Gorenje Group's Business Plan for 2018 and its Performance Estimation for 2017

Management Board of Gorenje, d. d.
Velenje, Slovenia, January 2018

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PERFORMANCE ESTIMATION FOR 2017

- Based on the estimate, the Group generated EUR 1,307.4m of revenue in 2017, which is 3.9% more than in 2016 and in line with the targeted values.
- Revenue generated by the Domestic Appliances segment was recorded at EUR 1,076.3m and is on the comparable level of revenue recorded in 2016. Sales declined mostly on markets of Western Europe, particularly in Germany and Great Britain, in Poland and with certain industrial partners, hence revenue within this segment was lower from the planned. Higher revenue was recorded on markets of Russia, Ukraine, Kazakhstan, Slovakia, Hungary, Bulgaria, Bosnia and Herzegovina, the Netherlands, the Near and Far East, Asia, America and Australia, which however has not entirely compensated for the lower sales volume recorded in Western Europe.
- In 2017, the serial production and sale of the new generation of free-standing cookers, the new generation of premium washing machines and dryers, and the new generation of premium dishwashers was launched. The new built-in cooler-freezer appliances and connectable appliances are in the final development stage, which is accompanied by an intensive testing and system optimizing. By the year-end we started with the supply of connectable appliances to partners in the Netherlands under the Atag brand; they are to be fitted in smart apartments.
- Business operations were adversely impacted in the second half-year by mostly following elements: a lower sales volume by the Domestic Appliances segment relative to the dynamically planned volume, a sharp competition on the Western European markets, the price pressures in the area of labour costs, the upward trend in prices on purchase markets, and the increased production costs relating to the serial production of the new product generation.
- **EBITDA was EUR 76.3m** and shows a decrease of 4.9**%** over the comparable EBITDA in 2016[1].
- **EBIT amounted to EUR 21.7m**, which indicates a **34.6 percent decline** over the comparable EBIT in 2016. In view of the generated EBIT in 2016, the comparable EBIT is lower by EUR 11.5m, which is primarily attributable to higher amortisation and depreciation expense amounting to EUR 7.6m.
- Profit for the period amounts to **EUR 1.2m** indicating an **85.4 percent setback if compared to 2016.**
- As at 31 December 2017, net financial liabilities are recorded at **EUR 349.5m,** which is **2.3%** more than in 2016.

By limiting the impact of negative drivers on the implementation of the Group's targeted results for 2017 and improving its operations in 2018, Gorenje Group already in 2017 adopted numerous measures and activities:

- Target-oriented activities supported by marketing services for ensuring sales growth based on the adequate product and geographical sales structure and positioning of our brands.
- Further activities for ensuring cost efficiency and productivity of our processes aimed at minimizing the negative impacts on labour costs.

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[1] The comparable values for 2016 are adjusted by the effect of allowances for receivables, which were in the year 2016 recorded among finance income and expenses, while in year 2017 among operating income and expenses.

- Measures for improving the turnover of working capital by accelerating the financing of the supply chain and ensuring a decline of Group's indebtedness.
- Managing inventories based on projects and activities that focus on managing the supply chain, complexity and proper production co-ordination.
- The cycle of major investments was completed in 2017; the levels of investments in fixed assets and amortisation will be harmonized in the coming years.
- Further digital transformation activities in accordance with the adopted Group's digital business strategy.
- Focusing on the Domestic Appliances segment as the Group's core business by reviewing the option of disposing of Other Business and assets. Accordingly, we started in 2017 with the divestment of the largest company in the Other Business segment - Gorenje Surovina – and the divestment of the coal sale business.

SUMMARY OF THE 2018 BUSINESS PLAN

- We plan **EUR 1,328.0m of revenue**, which is **1.6%** more than the estimate for 2017 regardless the planned divestment within the Other Business segment. The planning process for 2018 included the projected decline in inventories of finished products in the amount of EUR 20.0m, while consequently the planned gross yield is lower by 1.7% if compared to 2017.
- Revenue generated by the **Domestic Appliances segment** will amount to **EUR 1,188.7m,** which is **10.4% more than the estimate for 2017**; the projected gross yield of this segment will exceed the generated gross yield in 2017 by 6.6%.
- Growth in revenue by the Domestic Appliances segment is planned:
    - based on the Gorenje brand (8.0% growth is planned) mostly on markets:
        - within the European Union: Germany, Poland, Hungary, Slovenia and Croatia;
        - beyond the European Union: Russia, Ukraine, Bosnia and Herzegovina, Serbia;
        - beyond Europe: Near and Far East, Asia, Thailand and with individual industrial business;
    - based on the Atag brand (12.8% growth is planned) on markets of the Netherlands and Belgium;
    - based on the Asko brand (20.9% growth is planned) on markets: Australia, Russia and Asia.
- Growth in sales revenue generated by the Domestic Appliances segment is planned based on the sale of:
    - **cooking appliances – 12.9% growth is planned;** based on the sales of the new generation of free-standing cookers and built-in ovens and cooking hobs, we will significantly improve the average sales prices under the Gorenje brand (primarily on the markets of Scandinavia, Slovenia, Hungary, Bosnia and Herzegovina, Russia, Near and Far East, Asia and Thailand) and the Asko brand (mostly the markets of Russia, Scandinavia, Asia);
    - **dryers and washing machines – 14.5% growth is planned;** 2018 shall be the first full sales year of the new generation of dryers and washing machines under the Asko brand, hence we plan an important increase in the average sales prices; in 2018, we will start with selling the new generation of dryers and washing

machines under the Gorenje brand (approximately 50% of production and sales under the Gorenje brand is planned based on sales of the new generation of products), which will also have an impact on increasing the average sales prices of washing machines and dryers under the Gorenje brand (significant improvement is projected in Germany, Croatia, Poland, Russia, Slovenia and Ukraine);

  - **dishwashers – 7.5% growth is planned;** further improvement of the sales structure is planned under the Gorenje brand (increase of average sales prices is planned) and Asko brand (increase of average sales prices is planned on the markets of Scandinavia, Australia and Asia); given the achieved high sales growth in 2017 over the year 2016, a lower sales growth is projected for 2018.

  As for the sale of small domestic appliances, in view of its high growth in 2017 over the previous year, we plan for 2018 a nearly equal sales volume as in 2017.

- **EBITDA shall amount to EUR 86.3m** and indicates a 13.1**%** increase of the estimated EBITDA in 2017.
- **An EBIT of EUR 25.3m is planned for 2018,** which is **16.5 percent more** relative to the 2017 estimate. The planned EBIT is to be significantly impacted in 2018 by higher amortisation and depreciation expense that is higher by EUR 6.4m over the 2017 estimate.
- The net profit is projected at **EUR 8.1m**, which is EUR 6.9m more than estimated for 2017.
- Material decline in net financial liabilities is planned that will at the year-end amount to EUR 274.4m or EUR 75.1m less than at the end of 2017. Lower net financial liabilities are mostly the result of planned divestment of companies of the Other Business segment, of adjusting the volume of investments to the scope of amortisation, of optimizing the working capital and generating positive cash flows from operating activities.
- In addition to activities and measures that we set already in 2017, we shall with additional measures directed towards:
  - increase of average prices of finished products on markets due to improved structure,
  - selective increase in product sales prices due to higher prices of material,
  - further optimisation of production processes,
  - cost efficiency on all levels of business operations,
  - lower employee benefits expense by means of reducing the number of employees in supporting functions as well as improving productivity in the direct production,
  - further divestment of non-core real estate and companies, as well as activities within the Other Business segment,

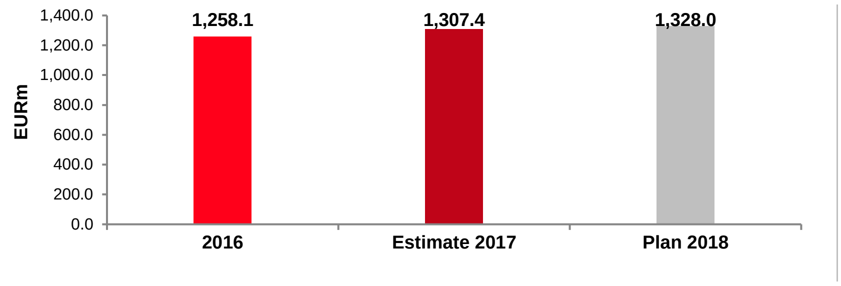
ensure the implementation of goals set for the fiscal year 2018.

MANAGEMENT REPORT

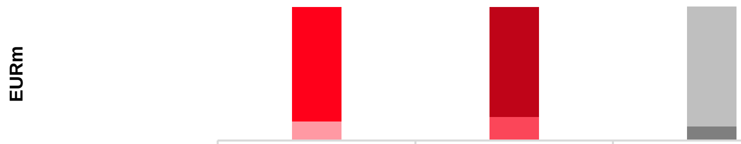
SALES AND MARKETS

The Gorenje Group shall generate EUR 1,328.0m of **revenue**, indicating an increase of 1.6% over the estimate for 2017.

Revenue of the Gorenje Group



Revenue of the Gorenje Group by segments

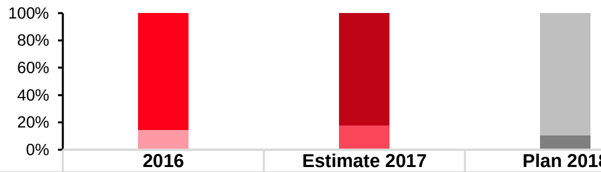


	2016	Estimate 2017	Plan 2018
Domestic Appliances	**1,077.3**	**1,076.3**	**1,188.7**
Other Business	**180.8**	**231.1**	**139.3**

Within the Domestic Appliances segment we shall generate EUR 1,188.7m of revenue, showing a 10.4 percent growth over the estimate for 2017.

Within the Other Business segment, EUR 139.3m of revenue shall be generated, which is 39.7% less than in the estimate for 2017. Lower projected revenue is the result of the planned divestments in the Other Business segment.

Group's revenue structure by segments



	2016	Estimate 2017	Plan 2018
Domestic Appliances	**85.6%**	**82.3%**	**89.5%**
Other Business	**14.4%**	**17.7%**	**10.5%**

The achieved **revenue structure by segments** indicates that the Domestic Appliances segment will generate 89.5% of the Group's total revenue (+7.2 p.p.). The share's change is attributable to the above-average growth of revenue generated by the **Domestic Appliances segment** and the divestments within the Other Business segment.

- We plan a 10.4 percent growth of revenue in the Domestic Appliances segment if compared to the revenue estimated for 2017. In addition to focused marketing activities, the sales growth is provided through the developed products of the new generation of the washers and dryers, the built-in cooking hobs and dishwashers that were launched in 2017.
- Significant growth in revenue is planned based on the sale of:
  - **Gorenje brand, where a 8% revenue growth** is planned relative to the estimated sales in 2017; **European Union markets,** which are projected an essential sales growth include:
    - **Germany**: due to launching the sale of the new generation of washing machines and dryers, further sales growth of dishwashers and sales growth of cookers, cooler and freezer appliances;
    - **Scandinavia**: due to launching sales of the new generation of free-standing cookers, where we plan a double sale if compared to 2017 based on higher sales prices; higher sales in view of increased average sales prices are planned for the sale of dishwashers; material sales growth is planned for the new generation of dryers and washing machines;
    - **Slovenia**: due to higher sales of cookers in view of higher average sales prices; sales growth is planned also for dryers and washing machines of the old generation based on higher average sales prices, as well as for dishwashers and cooler-freezer appliances;
    - **Croatia**: due to faster sales of cookers and dryers and washing machines of the new generation based on higher average sales prices;
    - **Poland, Hungary and Romania**.
  - **markets beyond the European Union**, where we plan essential sales growth comprise:
    - **Russia**: due to higher sales of cookers based on increased average sales prices;
    - **Bosnia and Herzegovina**: due to higher sales of dryers and washing machines of the new generation based on increased average sales prices, higher sales of dishwashers, higher sales of cookers based on increased average sales prices, particularly as a result of the new generation of free-standing cookers;
    - **Serbia**: due to higher sales of washing machines and dryers of the new generation, higher sales of cookers mainly as a result of the new generation of self-standing cookers;
  - **markets beyond Europe**, where we project significant sales growth comprise:
    - **Near and Far East:** due to higher sales of cookers due to expansion, based on increased average sales prices, higher sales of the new generation of dryers, washing machines and dishwashers;
    - **Thailand**: due to higher sales of cookers based on higher average sales prices, higher sales of cooler-freezer appliances based on increased average sales prices, and higher sales of other lines;
    - **The rest of Asia**: due to higher sales of cookers based on higher average sales prices, higher sales of dryers given the new generation of products and based on increased average sales prices, and faster growth of dishwashers;
    - as for the industrial partners, we plan a significant sales growth at one of European industrial partner;
  - **Atag brand, where a 12.8% revenue growth is planned** if compared to the estimated sales for 2017. An essential growth is

planned on the markets of the **Netherlands** as well as **Belgium.** Sales growth grounds mostly on the projected higher sale of cookers;

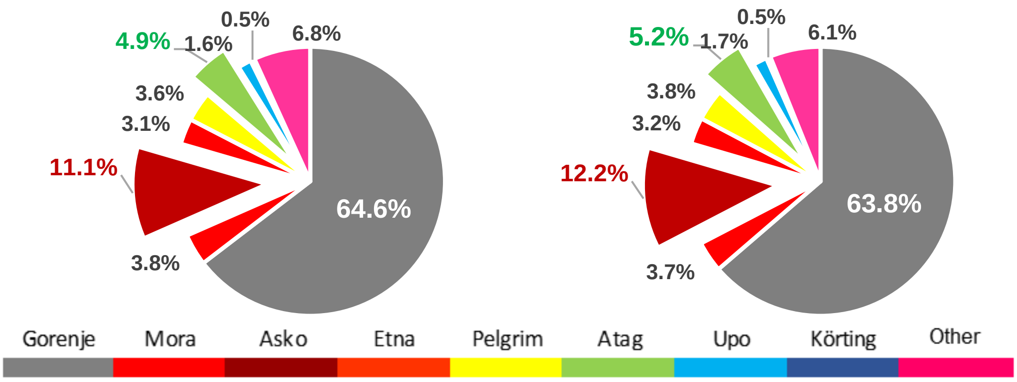
- **Asko** brand**, where more than a 20.9% revenue growth is planned** given the sales estimated for 2017; markets where highest growth is expected include:
  - **Australia**: due to higher sales of the new generation of dryers and washing machines based on increased average sales prices, higher sales of dishwashers based on increased average sales prices and cookers;
  - **Asia**: due to higher sales of cookers based on increased average sales prices, higher sales of the new generation of dryers and washing machines based on increased average sales prices, and due to double growth in dishwashers.

The new **generations of products** provide for **faster growth in sales of the Asko and Atag brand,** based on which we increase the sale of premium appliances. In the revenue structure of the Domestic Appliance segment, **the sale of products under the Asko brand will account for a 12.2 percent stake (+1.1 p.p. in view of the 2017 estimate) and a 5.2 percentage share under the Atag brand (+0.3 p.p. in view of the 2017 estimate).**

The new generations of products also provide for **changes in the structure of sales channels and in adapting the sales and price policies in** the **Gorenje** brand. Further, we **increase our sales on markets beyond Europe (Asia, Australia, America)**, which gradually reduced dependency from the European markets.

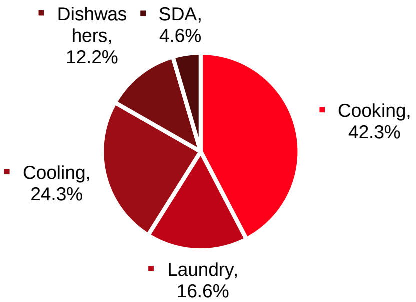
Domestic appliances revenue structure (2017 estimate; values)

Domestic appliances revenue structure (Plan 2018; values)

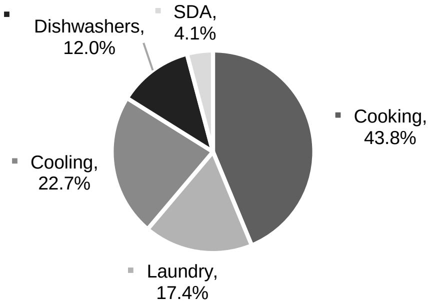


- Given the sale of **small domestic appliances,** we estimate for 2017 more than a **15.0 percent growth in revenue** if compared to 2016. The sale of small domestic appliances accounts in the revenue structure of the Domestic Appliances segment a share of **4.6%. Based on the high sales growth achieved in 2017, we plan to generate sales in 2018 that almost equal the level of 2017 estimate.** The planned share of small domestic appliances in the Domestic Appliances' sales structure is slightly decreasing as a result of a faster sales growth generated by other programs.

Revenue structure of domestic appliances by program (2017 estimate)



Revenue structure of domestic appliances by program (Plan 2018)



- **We will increase the sale of innovative[2] appliances**, whose share within the structure of revenue generated through the sales of major domestic appliance by the Domestic Appliances segment is growing to 22.2**% (+ 1.2 p.p.).** Growth will also be recorded by the sale of **premium[3] appliances,** whose share within the structure of revenue generated through the sales of major domestic appliance by the Domestic Appliances segment increases to **30.4% (+1.8 p.p.).**
- In support of the growing volume and the sales structure, **EUR 35.1m will be invested into marketing**, which accounts for a **2.6 percent share in revenue generated by** the Gorenje Group (increase by 0.4 p.p. with respect to the same period last year). The volume of investments made in marketing in 2018 is to be higher by EUR 5.8m relative to the investments estimated for 2017.

With respect to the favourable macroeconomic situation, significant increase in costs of material and components on world markets, which impacts the entire industry, the pressures on labour costs that refer to favourable conditions on the labour market and essentially reduces unemployment, Gorenje plans in 2018 a **selective price increase of its products** based on which the aforesaid adverse factors shall be partly neutralized.

DEVELOPMENT AND NEW PRODUCTS

- In line with the strategic goal, **3.3% of revenue generated by the Domestic Appliances segment or 2.9% of Group's revenue will be invested into product development**.
- In 2018 we will:
  - develop built-in induction, gas and electric hubs,
  - develop new platforms for built-in ovens and premium cookers,
  - upgrade the dryers and washing machines for the premium Asko brand,
  - develop a new generation of Asko Professional dryers and washing machines,
  - develop the Simplicity 2.1 designer line,
  - invest in the new platform of free-standing coolers (54 cm and 60 cm width) and proceed with the development of connectable appliances.

In 2017 we **completed the multiannual cycle of investments**, within which the Group provided for the new generations of products in all product groups for all key brands that are marketed in the segment of Domestic Appliances.

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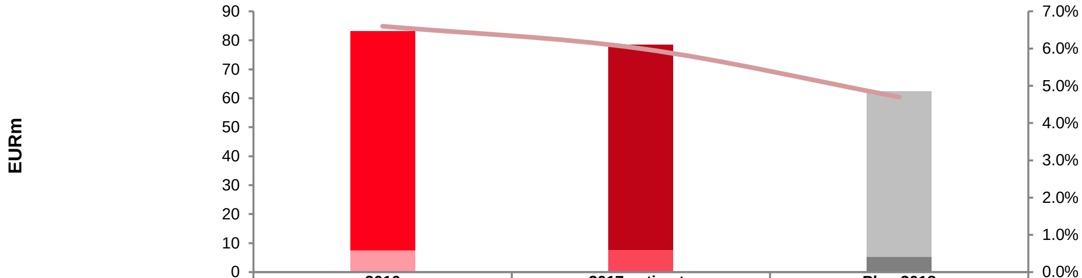
[2] Innovative appliances: appliances within individual group of products with the so-called »innovative functionalities« are more energy efficient (efficient storage, lower energy and water consumption).
[3] Premium appliances: Atag and Asko brands, appliances from the Gorenje design lines (Gorenje Simplicity, Gorenje Ora-Ito, Gorenje Pininfarina, Gorenje Classico, Gorenje One, Gorenje Karim Rashid, Gorenje Color edition, Gorenje +, Gorenje Retro, and Gorenje by Starck).

Hence, we started in 2017 with the serial production and sale of the new generation of free-standing cookers, the new generation of premium washing machines and dryers, and the new generation of premium dishwashers. The new built-in cooler-freezer appliances and connectable appliances are in the final development stage, which is accompanied by an intensive testing and system optimizing. The volume of investments will in 2018 achieve EUR 62.5m (EUR 16.0m less than in the 2017 estimate), which is on the comparable level and in line with the projected amortisation for 2018. Most of investments in the total value of EUR 57.2m is earmarked for investments made within the Domestic Appliances segment.

EUR 34.2m are planned to be invested in property, plant and equipment, whereof the largest part is earmarked for investments into technological equipment for new products (EUR 14.1m). EUR 28.3m within total investments relates to non-material investments, whereof its largest part (EUR 25.2m) represents investments made into developing new products (capitalised costs of development).

Investment within Other Business segment will amount to EUR 5.3m, whereof mostly for ecology, machine and tool manufacture.

Investments by segments



	2016	2017 estimate	Plan 2018
Domestic Appliances	75.7	70.8	57.2
Other Business	7.5	7.7	5.3
CAPEX margin (%)	6.6%	6.0%	4.7%
Total	83.2	78.5	62.5

EMPLOYEES

In 2018, Gorenje plans to have an average of **10,726 employees**, which is 489 on average less than in 2017. The Domestic Appliances segment projects to employ in average 137 less than in 2017 (decline of 1.5%). Lower number of employees is planned in order to improve productivity in the area of direct production, which is the result of process-related changes when planning the overall supply chain, the planned optimisation in the production process and primarily the production flow of new product generations, which in 2017 along the launch of the serial production of numerous new product generations had an adverse impact on the labour productivity in the production. In the period between 1 July 2017 and 30 September 2018 we also plan 296 less employees in the Group's supporting processes in accordance with activities that aim at increasing the productivity of supporting processes.

By means of these measures and in spite of increasing the lowest wages as required under the adopted amendments to the wage systems applicable for companies in Slovenia since 1 June 2017, employee benefits expense in the Domestic Appliances segment will be in 2018 higher only by 0.2% or EUR 0.5m than estimated for 2017. The development of projected employee benefits expense in Domestic Appliances segment for 2018 lags behind the development of the projected 2018 gross yield by 6.4 p.p. if compared to the 2017 estimate. The planned employee benefits expense of the Domestic Appliances grows solely 0.2% relative to the 2017 estimate, which is attributable to:

- planned improvement of productivity and projected lower number of employees in the direct production,
- unplanned costs for bonuses in 2018,
- planned lower severance costs (one-off unplanned payments in 2017),
- planned higher share of project work by employees in development department (consequently higher planned capitalisation of employee benefits expense than in the estimate).

Employee benefits expense will be on the Group level lower by EUR 4.2m or 1.7% if compared to the 2017 estimate; this is primarily the result of reduced employee benefits cost due to divestment of companies and activities of the Other Business segment.

GORENJE GROUP'S BUSINESS PERFORMANCE

EURm	2016*	Estimate 2017	Plan 2018	Index
Revenue	**1,258.1**	**1,307.4**	**1,328.0**	**101.6**
Gross yield	**1.285.4**	**1,342.5**	**1,320.1**	**98.3**
Value added	**315.6**	**326.4**	**332.2**	**101.8**
VA margin (%)	*24.5*	*24.3*	*25.2*	*/*
EBITDA	**80.2**	**76.3**	**86.3**	**113.1**
EBITDA margin (%)	*6.2*	*5.7*	*6.5*	*/*
EBIT	**33.2**	**21.7**	**25.3**	**116.5**
EBIT margin (%)	*2.6*	*1.6*	*1.9*	*/*
Profit before tax	**13.2**	**3.8**	**12.6**	**328.1**
Profit for the period	**8.4**	**1.2**	**8.1**	**662.7**
ROS (%)	*0.7*	*0.1*	*0.6*	*/*

* The comparable values for 2016 are adjusted by the effect of allowances for receivables, which were in the previous year recorded among finance income and expenses, while in years 2017 and in 2018 among operating income and expenses.

The higher planned value added in the amount of **EUR 332.2m (1.8 percent growth** relative to the estimated value added in 2017) will be in the sales segment mostly positively impacted by:

- higher **revenue** within the **Domestic Appliances** segment**,**
- planned increase of product prices and improved average prices due to a better planned product sales structure within the framework of all brands, mostly as a result of sales of the new generations of products throughout the year and targeted marketing activities,
- favourable **brand sales structure**, where mostly the sale of following brands shall be enhanced: **Asko (20.9 percent growth) and Atag, Pelgrim and Etna brands (12.8 percent growth),**
- favourable **product sales structure;** enhancing the sales share of **premium appliances – planned 30.4 percent** share in the sales structure of domestic appliances **(increase by 1.8 p.p.** given the estimated share in 2017), enhancing the sales share of **innovative appliances – planned 22.2 percent** share **(increase by 1.1 p.p.** given the estimated share in 2017), cookers **(12.9 percent** growth in revenue), dryers and washing machines **(14.5 percent growth in** revenue), **dishwashers (7.5 percent** growth in revenue) and nearly equal sales of **small domestic appliances;** the stated product groups of appliances are due to the new product generations

significant in view of achieved coverages and improvement of planned average sales prices.

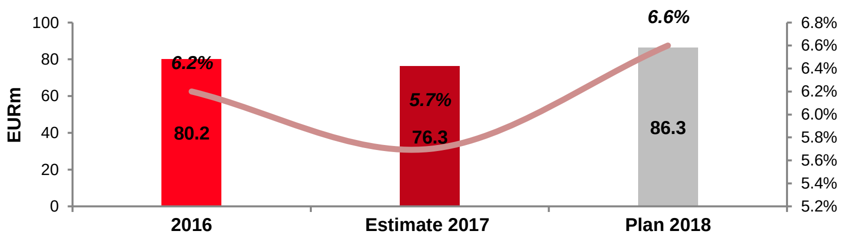
An adverse impact on the value added in 2018 if compared to the 2017 estimate, was caused mostly by following:

- higher costs of material and components, steel in particular (EUR 6.9m in the Domestic Appliances segment and EUR 1.2m in the production of water heaters, taking into account the same sales structure as in 2017),
- higher costs of purchased merchandise mostly due to the altered product structure and the expected higher costs of ship transport (EUR 2.6m in the Domestic Appliances segment), and
- effect from divesting activities and companies due to focusing on the core segment.

The planned **employee benefits expense in the amount of EUR 245.9m** declined over the estimate for 2017 by EUR 4.2m, primarily due to lower planned employee benefits expense in the Other Business segment as a result of divesting companies and activities. Employee benefits expense of the Domestic Appliances segment is projected at EUR 208.8m, which is 0.2% or EUR 0.5m more than in the 2017 estimate. Higher employee benefits expense result from the agreements with social partners and the projected growth of production's volume and structure. The effects of adopted agreements will have an impact throughout 2018, while 2017 was impacted solely in the second half-year. In addition, no bonuses to the management within the Domestic Appliances segment is planned in 2018 and also severance costs will decline. **Further reduction of employees in the support offices** are planned in 2018 (targeted employees reduction by 296 employees in the period between 1 July 2017 and the end of Q3 2018).

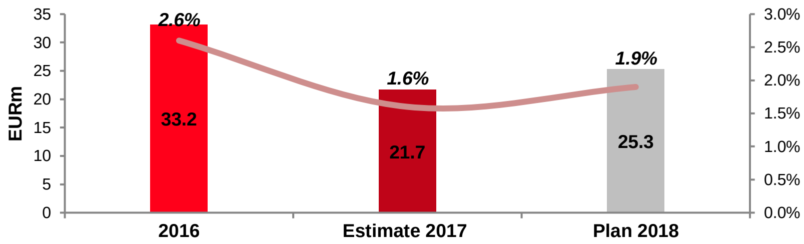
The **EBITDA** is planned at EUR 86.3m, which is EUR 10.0m or 13.1% more than the estimated EBITDA in 2017.

EBITDA and EBITDA margin



EBIT is projected in the amount of **EUR 25.3m,** which is EUR 3.6m or 16.5% more than the estimated EBIT for 2017. Higher amortisation and depreciation in the amount of EUR 6.4m if compared to 2017 is the result of the dynamics of capitalising costs of development and the accelerated investment cycle of the Domestic Appliances segment in previous periods.

EBIT and EBIT margin

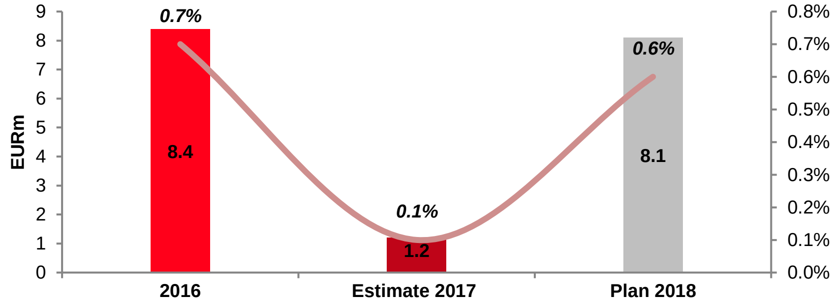


A negative result from financing activities is projected at EUR 13.1m, which shows an improvement of EUR 4.4m over the 2017 estimate. The improved result of financing activities is mostly attributable to the expected effects of divesting companies of the Other Business segment. In comparison to the 2017 estimate, we plan a higher negative impact caused by exchange differences.

Income tax expense is disclosed at EUR 4.4m and thus exceeds the estimated for 2017 by EUR 1.8m; it includes current and deferred corporation tax, as well as the withholding tax, which is to be accounted during international transactions referring to dividends, interest and compensations for using intangible assets.

Group's **profit for the period** is projected in the amount of EUR 8.1m or EUR 6.9m more than the estimated profit for 2017**.**

Profit for the period and ROS



KEY RISKS AND MEASURES

Group's key challenges in 2018:

- ensuring the planned sales volume and structure, in particular on the very competitive Western European markets,
- enforcing the planned product price increases,
- providing for the planned profitability of sales activities by further focusing on distribution channels and on key markets and strong competition, which increases pressure on end product prices,
- significant growth of prices of material and components on markets worldwide,
- pressure on employee benefits expense and unavailability of adequate workforce in Slovenia, Serbia and the Czech Republic,
- fluctuation in currency parity as a result of global economic and political circumstances (mostly RUB and USD), and
- implementing the projected divestment of companies within the Other Business segment and of non-core real estate in line with the expected economic grounds.

Aimed at limiting the effects of stated negative elements on the implementation of the Group's planned business results for 2018, following numerous measures are performed:

- Target-oriented activities supported by marketing services for ensuring sales growth based on the adequate product and geographical sales structure and the positioning of our brands, which is aimed at increasing the average achieved prices of our products on the market.

- Further activities for ensuring cost efficiency and productivity of our processes aimed at minimizing negative impacts on labour costs in the support offices, and cost efficiency on all levels of business operations.
- Measures for improving the turnover of working capital by accelerating the financing of the supply chain and ensuring a decline of Group's indebtedness.
- Managing inventories based on projects and activities that focus on managing the supply chain, complexity and proper production co-ordination.
- The cycle of major investments was completed in 2017; the levels of investments in fixed assets and amortisation and depreciation will be harmonized in the coming years.
- Further activities of digital transformation in accordance with the Group's adopted digital business strategy.
- Focusing on the Domestic Appliances segment as the Group's core segment. Within the aforesaid, we started in 2017 the divestment process of Gorenje's largest company of the Other Business segment - Gorenje Surovina, and at the year-end divested the coal sale business. Additional companies and activities within the production and sale of water heaters are planned to be divested in 2018, as well as non-core real estate, based on which we will provide for the projected decrease of the Group's net indebtedness.

FINANCIAL REPORT

WORKING CAPITAL MANAGEMENT

We plan in 2018 to reduce investments in net working capital[4] in the amount of EUR 30m and further improve the share of net working capital in revenue.

By means of a more precise sales planning as the basis for planning production, reducing complexity and by optimizing processes in the supply chain, we plan to gradually **reduce the volume of working capital tied in inventories.** While compiling the economic plan for 2018, we also integrated the projected interim reducing of inventories of finished products in the amount of EUR 20m that will, in addition to higher business activities, significantly increase the turnover of inventories and thereby lower the days of inventories' turnover.

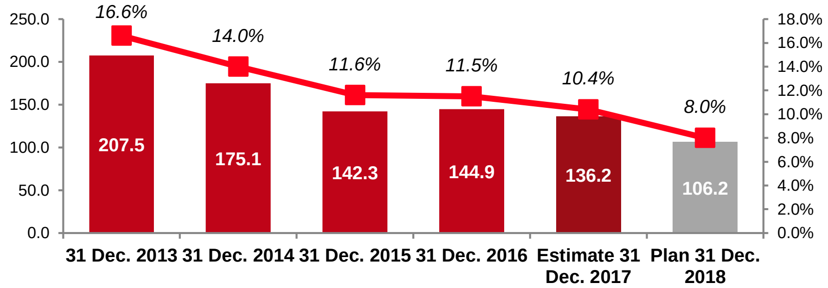
We are for some years now applying the system of permanent non-recourse-factoring, which is carried out when costs of such activities do not exceed the Group's average costs of financing or when these activities are used to reduce credit and currency risks. In 2018, we will continue with the systematic and permanent factoring on the comparable level of 2017 and thereby plan to **maintain comparable days of turnover** as in 2017 in view of higher business activities.

For the purpose of **extending the trade payables' days of turnover**, we introduced in 2017 a supplier (reverse) factoring. Within this the suppliers are – in exchange for significantly prolonging the payment term – offered access to the lines ensured by our bank partners and within which they can promptly and under favourable terms sell their outstanding trade receivables to Gorenje. The number of included suppliers, where the payment deadlines were extended and thus the related volume of supply, is significantly increasing hence we accordingly project by the end of 2018 – except companies that will be divested by the year-end of 2018 – an increase of trade payables by more than EUR 10m.

Investments in net working capital

EURm	31 Dec 2013	31 Dec 2014	31 Dec 2015	31 Dec 2016	31 Dec 2017 (estimate)	31 Dec 2018 (plan)	Difference 31 Dec 2018 / 31 Dec 2017
+ Inventories	236.4	219.8	225.9	225.9	225.6	200.1	-25.5
+ Trade receivables	208.6	182.6	161.0	165.8	179.4	170.2	-9.2
+ Other current assets	51.3	48.9	52.2	58.8	67.3	56.5	-10.8
- Trade payables	-214.0	-202.6	-221.0	-223.7	-239.4	-239.4	0.0
- Other current liabilities	-74.8	-73.6	-75.8	-81.9	-96.7	-81.2	+15.5
= Net working capital	**207.5**	**175.1**	**142.3**	**144.9**	**136.2**	**106.2**	**-30.0**

Movement of net working capital in the 2013-2018 period (EURm) and its share in the net revenue for the past 12 months (in %)



[4] Net working capital = inventories + trade receivables + other current assets – trade payables – other current liabilities

FINANCIAL LIABILITIES MANAGEMENT

The core goal of the Group's financial function is reducing the relative indebtedness and ensuring short-term and long-term financial stability with minimum possible costs and risks.

We have maintained a stable maturity profile structure of financial liabilities in 2017 – we estimate that non-current financial liabilities will account for 73.1% of Group's total financial liabilities at the year-end of 2017. A similar stable structure of financial sources is also planned for 2018. The Group observes the policy of replacing current portion of long-term financial sources by raising new long-term financial sources and spreading to bank and non-bank sources, whereby we focus on maintaining the quality of the maturity structure. In addition, we are constantly renewing and increasing short-term borrowings for the purpose of the liquidity reserve.

The volume of required refinancing of current portion of long-term borrowings in 2018 is recorded at EUR 69.4m and is the lowest in the last 10 years. The sources for their repaying will be **ensured mostly through divestment of non-core real estate and companies and activities within Other Business segment,** as well as the planned optimisation of net working capital.

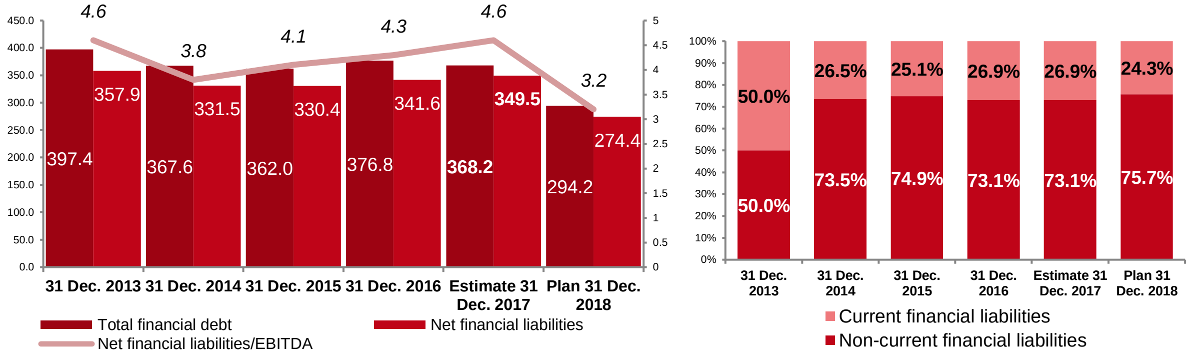
Due to the worsened economics of the Group, particularly in the second half-year of 2017, we failed to reach at the end of 2017 the level of financial covenant within the *net financial liabilities/EBITDA* ratio, as agreed in long-term loan contracts concluded with Gorenje Group's financial partners. All other financial covenants were met. We have received all the necessary consents for the waiver of the stated financial covenant for 2017. Accordingly, we suggested our financial partners following additional commitments with the aim to additionally consolidate our tendency to implement the objectives of reducing the Group's indebtedness:

- divesting non-core real estate and real estate in Other Business segment in the minimum amount of EUR 50m with the aim to achieve EUR 80m and the proceeds being earmarked for reducing the debt,
- adjusting the annual volume of investments based on amortisation and depreciation so that they will not exceed EUR 65m,
- company's Management Board will not propose a dividend payout,
- meeting with financial partners will be organized quarterly.

Together with existing bank and other partners, the Group is in the financial field engaged in following activities:

- **Ensuring short term interim business cycle financing** of seasonally impacted cash flows generation as a result of working capital's interim movement. For this purpose we plan in early 2018 the sixth commercial paper issue and using the short-term and long-term revolving lines of banks. We estimate that by the year-end of 2017 we will have a liquidity reserve of app. EUR 90m, which consists of undrawn yet approved revolving credit lines that shall be used for interim financing of seasonally conditioned working capital in 2018 and available bank accounts balances.
- **Long-term financing aimed at preserving the maturity profile structure of Group's financial liabilities** (approximately 75% of long-term sources) and optimising the volume of annually required financing in the coming years.
- **Providing further support in supply chain financing** (factoring and supplier (reverse) factoring).
- **Providing further support in other financial activities,** mostly in the field of financial risk management and cash management of the Gorenje Group.

Movement of total and net financial liabilities in the 2013-2018 period (EURm), movement of the net financial liabilities/EBIDTA ratio, and movements of the maturity structure of financial liabilities[5]



We project to significantly reduce total and net financial liabilities by the end of 2018. Accordingly, **net financial liabilities** are to amount at the end of 2018 to EUR 274.4m, which is EUR 75.1m less than the estimate for the year-end of 2017.

The projected ratio between the net financial liabilities at the year-end of 2018 and the planned EBITDA is recorded at 3.2.

The projected lowering of net financial liabilities is the result of:

- Divestment of non-core real estate and activities and companies of the Other Business segment, which is to generate around EUR 65m of funds that are to be used for Group's deleveraging.
- Optimising the working capital, in particular inventories and trade payables.
- Free cash flow generated from operating activities.
- Reduced volume of investments relative to the previous years; volume of investments made in property, plant and equipment and intangible assets is in 2018 aligned with the amortisation and depreciation level.

Planned divesting of non-core real estate and companies/segment

In accordance with the strategic guideline of focusing on the core segment, Gorenje examines the possibility of disposing activities and companies of the Other Business segment, and further selling the non-core real estate. Accordingly, we formally started to divest companies of the ecology segment in the last quarter of 2017. Upon the successful sale of Publicus and Ekogor companies in 2016 and the Erico company in 2017, we launched the sale of Gorenje Surovina and its subsidiaries in October 2017 (projected elimination from the Group as of 1 July 2018). We divested the coal sale business at the end of 2017.

At the beginning of 2018, we will start with the sale of the Gorenje Tiki water heater business (the elimination from the Group is projected in the last quarter). In addition we started to implement the accelerated sale and monetization of non-core real estate. We plan to generate EUR 65m of financial sources from divestments in 2018, which will be earmarked for Group's deleveraging; due to the formal procedures of the divestment activity, a part of assets generated thereunder are projected for 2019.

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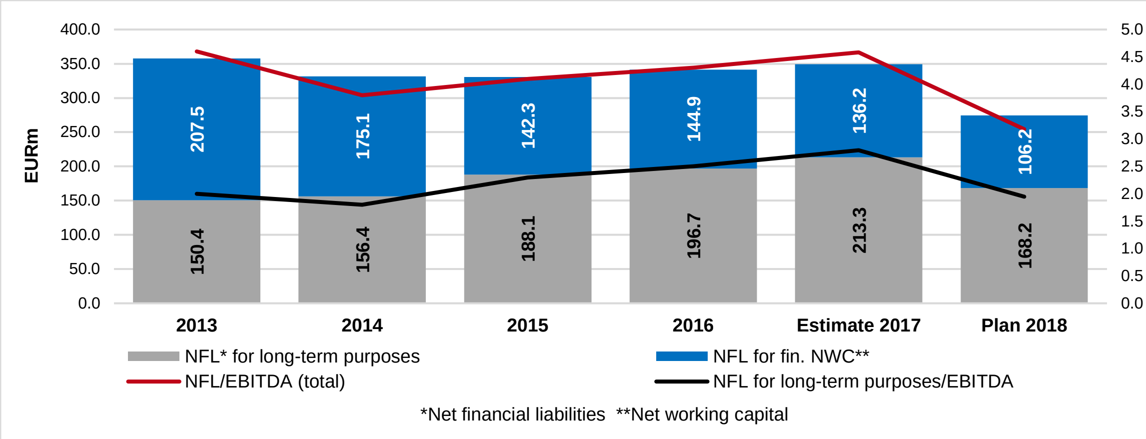
[5] The net financial liabilities/EBITDA ratio outlined in the graph is comparable for years 2016, 2017 and 2018.

The sale of stated activities impacts the Group's plan for 2018 as follows: elimination of revenue in the amount of EUR 71.0m, EUR 5.1m of EBITDA and EUR 3.5m of EBIT. The one-off positive effect on profit arising under the sale of aforesaid activities in 2018 is recorded at EUR 7.5m. The projected profit generated under the sale of non-core real estate is recorded at EUR 1.5m.

Structure of Group's net financial liabilities[6]



The interim high level of net working capital is released in the last quarter and significantly decreased, when the inventories are sold and a large portion of trade receivables cashed. Thus, the net working capital represents assets, which increase during the year through higher generated revenue and have concurrently a short period of transforming into cash by means of which the level of net financial liabilities is significantly reduced in the last quarter.

As at 31 December 2018, EUR 106.2m or 38.7% of net financial liabilities will refer to financing of Group's net working capital, whereas EUR 168.2m (61.3%) of net financial liabilities will relate to financing of non-current assets.

The short transformation cycle of net working capital is shown at the year-end of 2017 in the average turnover of individual items of net working capital: inventories at 70 days, receivables at 55 days and trade payables at 68 days, which is comparable to the last year's same period. In 2018, we plan to further shorten the turnover days of inventories and extending the turnover days of trade payables. This is reflected in the lower projected working capital at the end of 2018 and in the lower share of net working capital in the Group's revenue. Supplier (reverse) factoring was launched for the purpose of extending the turnover days for trade payables. The number of included key suppliers, whose payment terms were extended and thus the related supply volume, is growing on a daily basis and will thereby have in coming quarters a material impact on the amount of net working capital and the directly related amount of net financial liabilities.

The projected ratio between net financial liabilities – solely for financing non-current assets – and EBITDA is planned as at 31 December 2018 at only 1.9, while the ratio between total net financial liabilities and EBITDA will be at 3.2 as at 31 December 2018.

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[6] Movement of Group's total and net financial liabilities during the year is primarily related to the movement of the net working capital..

FINANCIAL RISK MANAGEMENT

The Group pays special attention to managing financial risks, in particular an efficient **credit risk** management. They are balanced through regular control of required and approved credit limits approved by credit insurance companies, the appropriate collection of receivables, and regular communication with credit insurance companies and business partners. The share of receivables, insured with qualitative insurance instruments, is growing in the past years and achieved nearly 75% of total receivables. The Group has also launched the system of permanent non-recourse factoring, which is carried out when costs of such activities do not exceed the Group's average costs of financing or when these activities are used to reduce credit and currency risks. The balance of receivables is reviewed and analysed on an on-going basis, and proper measures are implemented (e.g. collection, collection of insurances, adjustment of supplies to the approved credit limits and credit ratings of customers). We have a strict set of rules about credit risk management, including the defined acceptable instruments of insurance, levels of acceptable exposure to individual customers and markets. The rules of credit risk management are upgraded in a manner to ensure the highest possible stability of Group's business operations.

The Group applies a centralised policy of exchange rate hedging within the policy of its **currency risk management**. The Group is exposed to changes in local currencies against the euro, which is the Group's main functional currency. This exposure is measured and managed in connection with cash flows planned in the annual period, and the revaluation of balance sheet items expressed in local currencies. The fundamental goal of currency risk management lies in hedging against the business plan's exposure by minimising the adverse impact of exchange rate fluctuations on the Group's net profit or loss and cash flows. In order to hedge against currency risks, we primarily apply the balancing of cash flows and the balance sheet items and entering into derivatives (particularly forward exchange contracts) for the currencies to which the Group is exposed.

Currency risks are to the greatest extent possible minimised through natural cash flow balancing for each currency that, in case of all group companies, is not possible to be fully implemented. The Group systematically applies short-term forward exchange contracts for most of the currencies that are not part of the euro zone in order to hedge transactions against currency risk. In addition, we are seeking additional possibilities for increasing the scope of natural hedging. In the medium term, we hedge against currency risk by adjusting sales prices on an on-going basis, by applying cost optimisation and by means of increasing natural hedging on the purchase/sale side.

The Group actively manages **interest rate risks**, which refer to the financial liabilities bearing the Euribor variable interest rate, in smaller part also local variable interest rates. With the purpose to hedge against interest rate risk, the Group applies derivatives by means of which it ensures long-term stability of the reference interest rate. When deciding on hedging, the Group takes into account the forecasts for interest rate fluctuations and the efficiency of the hedging instruments. Based on concluding EUR 290m worth of interest rate swaps (IRS) during Q3 2017 for the period from 2019 to 2022, the Group provided for a long-term stability of the interest rates' variable part.

We are qualitatively managing the **risk of short-term liquidity** by means of approved revolving credit lines per Group companies, approved bank account overdrafts, and bank balances. The liquidity reserve, which consists of the undrawn part of approved short-term and long-term borrowing lines and bank balances, exceeded at the year-end of 2017 the amount of EUR 100m and a similar volume is planned also for the year-end of 2018. Special attention is drawn to the centralised managing and controlling of Group's cash flows and liquidity so that it is at any moment capable to settle all its due liabilities.

We **renewed Gorenje's Group insurance programmes** for 2018 and adjusted them and the insurance limits with the basic principles of risk management. To the insurance company will accordingly be transferred solely those risks that have a material impact on the Group's business operations and assets. Furthermore, we have increased the coverages and limits for business interruption, recall of products, liability and entered into new insurance contracts that will secure the Gorenje Group coverage against the growing cyber risk.

PROJECTED FINANCIAL STATEMENTS OF THE GORENJE GROUP

Projected changes in the composition of the Gorenje Group

The Gorenje Group plans in 2018 substantial activities of divesting companies from the Other Business segment. Accordingly, the Group's consolidated financial statements include in its plan for 2018 the sale and consequently also the elimination of companies Gorenje Surovina, Kemis Valjevo, Kemis-BH in Gorenje Surovina RECE as of 1 July 2018 and the company Gorenje Tiki as of 1 October 2018.

CONSOLIDATED FINANCIAL STATEMENTS OF THE GORENJE GROUP

Balance Sheet of the Gorenje Group

EURk	Balance at 31 Dec 2016	Structure %	Balance/estimate at 31 Dec 2017	Structure (%)	Balance/plan at 31 Dec 2018	Structure %
ASSETS	**1,131,829**	**100.0%**	**1,143,988**	**100.0%**	**1,046,600**	**100.0%**
Non-current assets	**637,181**	**56.3%**	**642,387**	**56.2%**	**592,726**	**56.6%**
Intangible assets	208,872	18.4%	222,550	19.5%	228,762	21.9%
Property, plant and equipment	375,709	33.2%	370,586	32.4%	320,332	30.6%
Investment property	14,957	1.3%	6,803	0.6%	3,205	0.3%
Non-current investments	6,563	0.6%	3,399	0.3%	3,268	0.3%
Investments in associates	2,945	0.3%	3,778	0.3%	4,317	0.4%
Non-current trade receivables	2,481	0.2%	8,487	0.7%	7,978	0.7%
Deferred tax assets	25,654	2.3%	26,784	2.4%	24,864	2.4%
Current assets	**494,648**	**43.7%**	**501,601**	**43.8%**	**453,874**	**43.4%**
Non-current assets held for sale	314	0.0%	314	0.0%		0.0%
Inventories	225,954	20.0%	225,645	19.7%	200,090	19.1%
Current investments	8,821	0.8%	10,613	0.9%	7,215	0.7%
Trade receivables	165,786	14.6%	179,359	15.7%	170,186	16.3%
Other current assets	58,531	5.2%	66,958	5.9%	56,514	5.4%
Cash and cash equivalents	35,242	3.1%	18,712	1.6%	19,869	1.9%
EQUITY AND LIABILITIES	**1,131,829**	**100.0%**	**1,143,988**	**100.0%**	**1,046,600**	**100.0%**
Equity	**374,238**	**33.1%**	**365,364**	**31.9%**	**360,555**	**34.4%**
Non-current liabilities	**350,687**	**31.0%**	**343,393**	**30.0%**	**293,998**	**28.1%**
Provisions	64,143	5.7%	61,532	5.4%	64,343	6.1%
Deferred income	5,037	0.4%	7,254	0.6%	2,191	0.2%
Non-current operating liabilities	3,672	0.3%	3,205	0.3%	2,657	0.3%
Deferred tax liabilities	2,219	0.2%	2,308	0.2%	1,998	0.2%
Non-current financial liabilities	275,616	24.4%	269,094	23.5%	222,809	21.3%
Current liabilities	**406,904**	**35.9%**	**435,231**	**38.1%**	**392,047**	**37.5%**
Current financial liabilities	101,226	8.9%	99,101	8.7%	71,437	6.8%
Trade payables	223,725	19.8%	239,395	20.9%	239,361	22.9%
Other current liabilities	81,953	7.2%	96,735	8.5%	81,249	7.8%

Income Statement of the Gorenje Group

EURk	Jan-Dec 2016	Structure (%)	Estimate Jan-Dec 2017	Structure (%)	Plan Jan-Dec 2018	Structure (%)
Revenue	**1,258,124**	**97.9%**	**1,307,449**	**97.4%**	**1,328,043**	**100.6%**
Change in inventories	5,200	0.4%	-1,528	-0.1%	-20,264	-1.5%
Other operating income	21,871	1.7%	36,582	2.7%	12,369	0.9%
Gross yield	**1,285,195**	**100.0%**	**1,342,503**	**100.0%**	**1,320,148**	**100.0%**
Costs of goods, materials and services	-942,154	-73.3%	-987,142	-73.5%	-961,563	-72.8%
Costs of goods sold	-250,392	-19.5%	-259,247	-19.3%	-235,742	-17.9%
Costs of materials	-475,798	-37.0%	-494,166	-36.8%	-499,698	-37.9%
Costs of services	-215,964	-16.8%	-233,729	-17.4%	-226,123	-17.1%
Other operating expenses	-20,470	-1.6%	-28,978	-2.2%	-26,342	-2.0%
Added value/AV	**322,571**	**25.1%**	**326,383**	**24.3%**	**332,243**	**25.2%**
Employee benefits expense	-235,325	-18.3%	-250,068	-18.6%	-245,898	-18.6%
EBITDA	**87,246**	**6.8%**	**76,315**	**5.7%**	**86,345**	**6.5%**
Amortisation and depreciation expense	-47,055	-3.7%	-54,611	-4.1%	-61,050	-4.6%
EBIT	**40,191**	**3.1%**	**21,704**	**1.6%**	**25,295**	**1.9%**
Result of financing activities	-27,035	-2.1%	-17,504	-1.3%	-13,089	-1.0%
Result of revaluations	-533	0.0%	-978	-0.1%	-3,250	-0.2%
Result of other financing movements	-26,502	-2.1%	-16,526	-1.2%	-9,839	-0.7%
Share in profits/losses of associates	84	0.0%	-367	0.0%	372	0.0%
Profit before tax	**13,240**	**1.0%**	**3,833**	**0.3%**	**12,578**	**1.0%**
Income tax expense	-4,810	-0.4%	-2,606	-0.2%	-4,446	-0.3%
Profit for the period	**8,430**	**0.7%**	**1,227**	**0.1%**	**8,132**	**0.6%**
Attributable to non-controlling interests	**436**	**0.0%**	**300**	**0.0%**	**229**	**0.0%**
Attributable to equity holders of the parent	**7,994**	**0.6%**	**927**	**0.1%**	**7,903**	**0.6%**
Basic and diluted earnings per share (in EUR)	0.33		0.04		0.33	

Statement of Cash Flows of the Gorenje Group

	EURk	Estimate Jan-Dec 2017	Plan Jan-Dec 2018
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit or loss for the period	**1,227**	**8,132**
	Adjustments for:		
	-Depreciation of property, plant and equipment	43,269	46,261
	-Amortisation of intangible assets	11,342	14,789
	-Investment income	-3,975	-8,545
	-Finance expenses	21,846	21,263
	-Gain on sale of property, plant and equipment	-457	-1,475
	-Income tax expense	2,606	4,446
	Cash flow from operating activities before changes in net operating current assets and provisions	**75,858**	**84,871**
	Change in trade and other receivables	-25,811	3,955
	Change in inventories	291	18,310
	Change in provisions	-275	-421
	Change in trade and other payables	30,426	-26,575
	Change in net operating current assets and provisions	**4,631**	**-4,731**
	Interest paid	-12,760	-12,072
	Income tax paid	-3,139	-4,446
	Net cash from operating activities	**64,590**	**63,622**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Proceeds from sale of property, plant and equipment	5,446	14,757
	Interest received	690	253
	Dividends received	-304	492
	Sale of subsidiary, exclusive of disposed assets	434	47,400
	Acquisition of property, plant and equipment	-53,702	-36,220
	Other investments	1,251	2,893
	Acquisition of intangible assets	-24,798	-26,313
	Net cash used in investing activities	**-70,983**	**3,262**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Borrowings/Repayment of borrowings	-7,707	-64,505
	Dividend payout	-2,430	0
	Net cash used in financing activities	**-10,137**	**-64,505**
	Net change in cash and cash equivalents	-16,530	2,379
	Cash and cash equivalents at beginning of period	35,242	17,490
	Cash and cash equivalents at end of period	18,712	19,869

Financial indicators

Following methodology is applied when calculating these ratios and indicators:

- indicators referring to individual average categories of the balance sheet are calculated on the basis of the average balance of the reporting period,
- indicators referring to the income statement are categories disclosed on the annual level.

	Estimate 2017	Plan 2018
INDICATORS OF PROFITABILITY		
Net return on sales (ROS)	0.1%	0.6%
Return on assets (ROA)	1.9%	2.3%
Net return on equity (ROE)	0.3%	2.2%
ASSET INDICATORS		
Asset turnover ratio	1.15	1.21
Inventory turnover ratio	5.79	6.24
Current trade receivables turnover ratio	7.58	7.60
INVESTMENT INDICATORS		
Fixed assets (PPE) to total assets	0.52	0.52
Current assets to total assets	0.56	0.57
INDICATORS OF FINANCIAL COMPOSITION		
Long-term coverage of non-current assets	1.10	1.10
Equity to total liabilities	0.32	0.34
Long-term to total liabilities	0.62	0.63
Equity to fixed assets (carrying value)	0.62	0.66
Quick ratio (liquid assets to current liabilities)	0.07	0.07
(Liquid assets + current receivables) to current liabilities	0.63	0.65
Current ratio	1.15	1.16
Net financial liabilities to equity	0.93	0.74
OPERATING PERFORMANCE INDICATORS		
Operating income to operating expenses	1.02	1.02
Revenue per employee (EUR)	116,580	123,815
Value added per employee (EUR)	29,102	30,975

INFORMATION REGARDING THE REPORT AND ITS PUBLIC ANNOUNCEMENT

Pursuant to provisions of the Code of Warsaw Stock Exchange, Rules and Regulations of the Ljubljana Stock Exchange and the applicable legislation, the company Gorenje, d.d., Partizanska 12, SI-3320 Velenje, hereby announces the **Gorenje Group's 2018 Business Plan and its Performance Valuation for 2017,** which were presented to the Supervisory Board at its **40th regular session** held on **11 January 2018**. The financial statements are available for review at the headquarters of Gorenje, d.d., at Partizanska 12, SI-3320 Velenje, whereas announcements are available in the Ljubljana Stock Exchange electronic info system, the SEOnet (www.ljse.si), the Warsaw Stock Exchange via the ESPI system (www.gpw.pl), and the company's web site at www.gorenjegroup.com, **on 12 January 2018**.

Forward-looking Statements

This announcement includes forward-looking information and forecasts – i.e. statements regarding the future, rather than the past, and regarding events within the framework and in relation to the currently effective legislation on publicly traded companies and securities and pursuant to the Rules and Regulations of the Ljubljana and Warsaw Stock Exchange. These statements can be identified by the words such as "expected", "anticipated", "forecast", "intended", "planned or budgeted", "probable or likely", "strive/invest effort to", "estimated", "will", "projected", or similar expressions. These statements include, among others, financial goals and targets of the parent company Gorenje, d.d., and the Gorenje Group for the upcoming periods, planned or budgeted operations, and financial plans. These statements are based on current expectations and forecasts and are subject to risk and uncertainty, which may affect the actual results, which may in turn differ from the information stated herein for various reasons. Various factors, many of which are beyond reasonable control by Gorenje, affect the operations, performance, business strategy, and results of Gorenje. Thus actual results, performance, or achievements of Gorenje may differ materially from the expected results, performance, or achievements as stated in these forward-looking statements. These factors include but are not necessarily limited to following: consumer demand and market conditions in geographical segments or regions and in industries in which the Gorenje Group is conducting its operating activities; effects of exchange rate fluctuations; competitive downward pressure on downstream prices; major loss of business with a major account/customer; the possibility of late payment on the part of customers; decrease in prices as a result of persistently harsh market conditions, in an extent much higher than currently expected by Gorenje's Management Board; success of development of new products and their implementation in the market; development of manufacturer's liability for the product; progress of attainment of operative and strategic goals regarding efficiency; successful identification of opportunities for growth and mergers and acquisitions, and integration of such opportunities into the existing operations; further volatility and aggravation of circumstances in capital markets; progress in attainment of goals regarding structural reorganisation and reorganisation in purchasing. If one or more risks or uncertainties are in fact materialised or if the said assumptions are proven wrong, actual results may deviate materially from those stated as expected, hoped for, forecast, projected, planned, probable, estimated, or anticipated in this announcement. Gorenje allows any update or revision of these forecasts in light of development differing from the expected events.