

## **Gorenje in the first half with a very sound business performance; Stand-up against the high prices of raw materials, with the higher value added products.**

The Supervisory Board of the company Gorenje, d.d., has today at its 20<sup>th</sup> Meeting informed with the business performance of the Gorenje Group in the first half 2008. In the opinion of the Supervisory Board the business performance was good, so as for a comparable period as also to the planned objectives for 2008. The profitability of the Gorenje Group has been improved, due to the timely favourable purchase of the raw materials and of restructuring of the sales assortment on the markets and production programs, and additional to these also the companies within the Trade and services division contributed to the improving of the results.

Gorenje Group is continuing with very sound business performance in the first half 2008. The Group managed to reach EUR 619.2 million of Consolidated Revenue, implying almost flat growth 1H 2008. The revenue is not fully comparable with revenue achieved in 2007, due to the fact that the revenue from 1H 2007 included also the revenue from the disposal of the company Austrian Power Vertriebs GmbH, Austria. With the comparable data's revenue increased by 10.4%.

Good  $\frac{3}{4}$  of the consolidated revenue, the Group created from sales of the Household appliances. The fastest growths were achieved on the markets of Ukraine, Russia, Serbia, Romania, Czech Republic, Slovakia and Slovenia. Below planned growths and last year revenue were Croatia, Germany, Poland, France, Spain and Italy.

EBITDA amounts almost EUR 46 million, which is 13.1 % more than in the same period in 2007. The decrease in costs of goods, materials and services has positive impact on EBITDA growth and is mainly a result of restructuring of the sales assortment, the replacement of the more costly components with the lower priced from other commodity markets and the timely favourable purchase of the raw materials for the first half of the year. Higher and not planned growth of the personal expenses has not favourable impact on EBITDA growth.

EBIT amounted to EUR 17.4 million, with the strong 22.9% growth. Higher growth of EBIT in comparison with the EBITDA is a result of faster revenue growth of the Trade and services division, which is less fixed assets bounded and consecutive to this also less Depreciation and amortization expense involved.

Profit before Tax (PBT) in the amount to EUR 11.3 million, exceeds the figure reported in the same period in 2007 by 20.4 %. A bit slower growth as the growth of EBIT, as a result of less favourable result of the net financial income/expenses.

Consolidated net profit in the amount of EUR 8.2 million exceeds the figure reported in the same period in 2007 by 25.3 %. This higher growth was boosted by the lower tax from the profit, as a result of the additional tax deductions, from R&D.

The second half of the year 2008 will be mainly affected by the conclusion of the acquired company Atag into the Gorenje Group and the fact is, that the prices of the raw materials, due to the circumstances at the purchasing markets, are remaining the biggest uncertainty. Additional to these, there are also pressures of the commodity costs (electric energy, crude oil, and others) and also of the personal expenses, and that's why the effective economic operation can be assured by carrying out all planned measures. The new products and services are developing without interruption, and these will enable stronger competitive position, higher priced products and set up higher value added in the future. At the same time we are continuing with the supply chain optimization, and with the searching for the alternative and new sources, and by the investments, the new products and markets are first in line. For the reaching the planned results, effective risk management, due to the high changeable business environment Gorenje is exposed, is need it, and also increasing effectiveness of the working capital management, above all trade receivables and inventories.

The complete Half-Yearly Report and the Summary can be viewed at the company headquarters of Gorenje d.d., Partizanska 12, Si-3503 Velenje, Slovenia.

The information of this announcement will be available on the official web site of the company Gorenje, d.d., Velenje, Slovenia, [gorenje.com](http://gorenje.com), at least 5 years from the date of the announcement.

Gorenje, d.d.,  
Management Board