

**Interim Report  
January-March 2014**



<b>EURm</b>	<b>Q1 2013</b>	<b>Q1 2014</b>	<b>Index</b>	<b>Plan 2014</b>	<b>Index</b>
<b>Revenue</b>	<b>289.4</b>	<b>290.7</b>	<b>100.5</b>	<b>1.286.5</b>	<b>22.6</b>
<b>EBITDA</b>	<b>16.1</b>	<b>20.8</b>	<b>129.0</b>	<b>93.7</b>	<b>22.2</b>
<i>Margin, %</i>	<i>5.6%</i>	<i>7.2%</i>	<i>/</i>	<i>7.3%</i>	<i>/</i>
<b>EBIT</b>	<b>5.7</b>	<b>10.2</b>	<b>178.0</b>	<b>46.4</b>	<b>22.0</b>
<i>Margin, %</i>	<i>2.0%</i>	<i>3.5%</i>	<i>/</i>	<i>3.6%</i>	<i>/</i>
<b>PBT</b>	<b>-1.0</b>	<b>2.5</b>	<i>/</i>	<b>16.4</b>	<b>15.4</b>
<b>PAT without discontinued operation</b>	<b>-2.3</b>	<b>1.4</b>	<i>/</i>	<b>13.2</b>	<b>10.9</b>
<b>PAT from discontinued operation</b>	<b>-1.9</b>	<b>-0.4</b>	<b>22.9</b>	<b>-1.2</b>	<b>37.2</b>
<b>PAT</b>	<b>-4.2</b>	<b>1.0</b>	<i>/</i>	<b>12.1</b>	<b>8.4</b>
<i>ROS (%)</i>	<i>-1.5%</i>	<i>0.3%</i>	<i>/</i>	<i>0.9%</i>	<i>/</i>

<b>EURm</b>	<b>Q1 2013</b>	<b>Q1 2014</b>	<b>Index</b>	<b>Plan 2014</b>	<b>Index</b>
<i>ROA (%)</i>	-1.4%	0.4%	/	1.0%	/
<i>ROE (%)</i>	-4.4%	1.1%	/	3.0%	/
<b>Financial debt</b>	<b>473.2</b>	<b>418.2</b>	<b>88.4</b>	<b>362.0</b>	<b>115.5</b>
<b>Net financial debt</b>	<b>451.9</b>	<b>392.6</b>	<b>86.9</b>	<b>333.6</b>	<b>117.7</b>
<b>Net financial debt / EBITDA</b>	<b>5.3</b>	<b>4.7</b>	<b>/</b>	<b>3.6</b>	<b>/</b>

<p><b>KEY FINANCIAL INDICATORS</b></p>	<ul style="list-style-type: none"> <li>➔ Revenue: EUR 290.7m (+0.5%)</li> <li>➔ Revenue in the core activity Home: EUR 242.4m (+1.1% growth; +5.0% organic growth if exchange rate fluctuations are excluded)</li> <li>➔ EBITDA: EUR 20.8m (+29.0%). EBITDA margin: 7.2% (+1.6 p.p.)</li> <li>➔ EBIT: EUR 10.2m and shows a +78.0% growth. EBIT margin: 3.5% (+1.5 p.p.)</li> <li>➔ Total effect of exchange losses recognised in the financial part as consequence of impairment of significant currencies against euro: EUR - 1.9m</li> <li>➔ Profit for the period: EUR 1.0m and indicates an increase of EUR 5.2m if compared to Q1 2013 (loss of EUR -4.2m)</li> </ul>
<p><b>SEGMENT HOME MARKETS</b></p>	<ul style="list-style-type: none"> <li>➔ The biggest growth: Germany, Austria, Great Britain, Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Herzegovina, Romania, North America and Russia</li> <li>➔ Lower sales: Ukraine, Scandinavia, Kazakhstan, and France.</li> <li>➔ A 13% sales growth on non-European markets</li> </ul>
<p><b>COST MANAGEMENT</b></p>	<ul style="list-style-type: none"> <li>➔ Labour costs: -9% ➔ successfully completed production relocations and the sales network restructuring process</li> <li>➔ Production sites recorded: EUR 4.2m of net cost savings</li> <li>➔ Group level: EUR 5.4m savings</li> </ul>

**INDEBTEDNESS**

- ➔ Gross indebtedness: EUR 418.2m (EUR -55.0m) ➔ lowering investments in net working capital and the improved profitability in business operations
- ➔ Net financial debt: EUR 392.6m (EUR -59.3m)
- ➔ Net financial debt / EBITDA: 4.7 (an improvement of 0.6)
- ➔ Cash flows on operating and investment activities: EUR -31.9m (an improvement of EUR 38.4m). This result is attributable primarily to improved profitability and lower investments made in net working capital. Negative cash flows from operating and investment activities in Q1 are of seasonal nature.

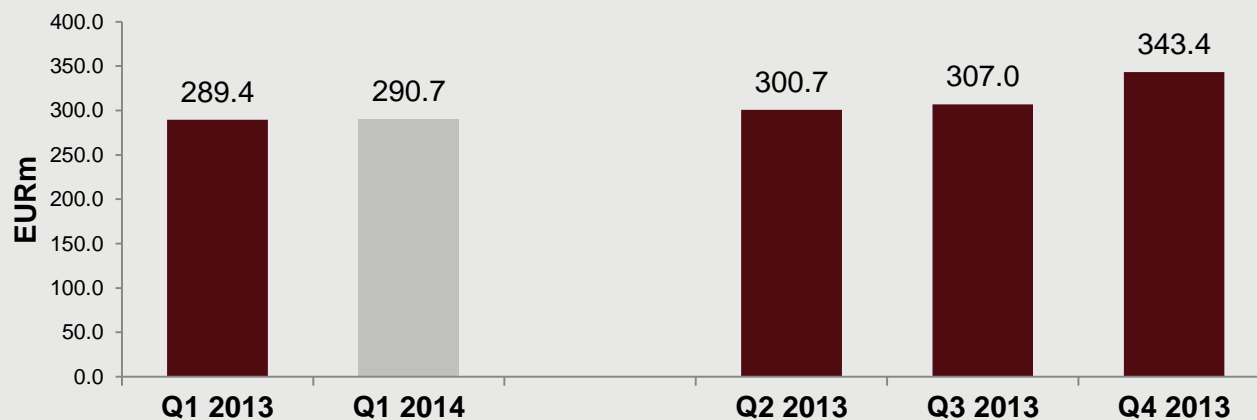
**R&D AND  
NEW  
PRODUCTS**

- ➔ New generation of innovative premium build-in ovens developed for Gorenje Group brands
- ➔ Asko product range was expanded with the Asko ProSeries™ kitchen appliances line
- ➔ Freestanding fridge freezer 600 mm in the final development stage (to be launched in Q2 2014).

## Q1 2014: Business Performance

EURm	Q1 2013	Q1 2014	Index	Plan 2014	Index
<b>Revenue</b>	289.4	290.7	100.5	1,286.5	22.6
<b>CM</b>	127.0	127.0	100.0	563.6	22.5
<i>CM, %</i>	43.9%	43.7%	/	43.8%	/
<b>EBIT</b>	5.7	10.2	178.0	46.4	22.0
<i>Margin, %</i>	2.0%	3.5%	/	3.6%	/
<b>PAT</b>	-4.2	1.0	/	12.1	8.4
<i>ROS, %</i>	-1.5%	0.3%	/	0.9%	/

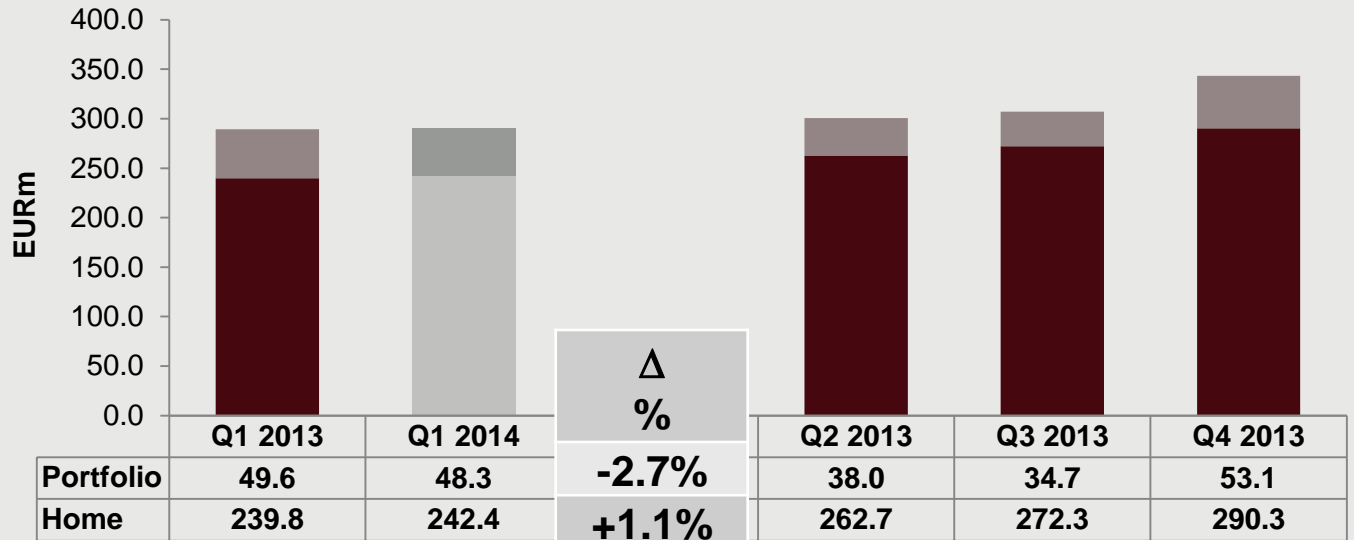
Revenue Group



**Q1 2014: Sales by regions**

<b>EURm</b>	<b>Q1 2013</b>	<b>%</b>	<b>Q1 2014</b>	<b>%</b>	<b>Δ %</b>
Western Europe	117.2	40.5	115.9	39.9	-1.1%
Eastern Europe	151.6	52.4	151.4	52.1	+0.0%
Rest of the World	20.6	7.1	23.4	8.0	+13.4%
<b>Group</b>	<b>289.4</b>	<b>100.0</b>	<b>290.7</b>	<b>100.0</b>	<b>+0.5%</b>
Western Europe	116.4	48.6	114.0	47.0	-2.1%
Eastern Europe	102.7	42.8	105.0	43.3	+2.3%
Rest of the World	20.7	8.6	23.4	9.7	+13.4%
<b>Home</b>	<b>239.8</b>	<b>100.0</b>	<b>242.4</b>	<b>100.0</b>	<b>+1.1%</b>

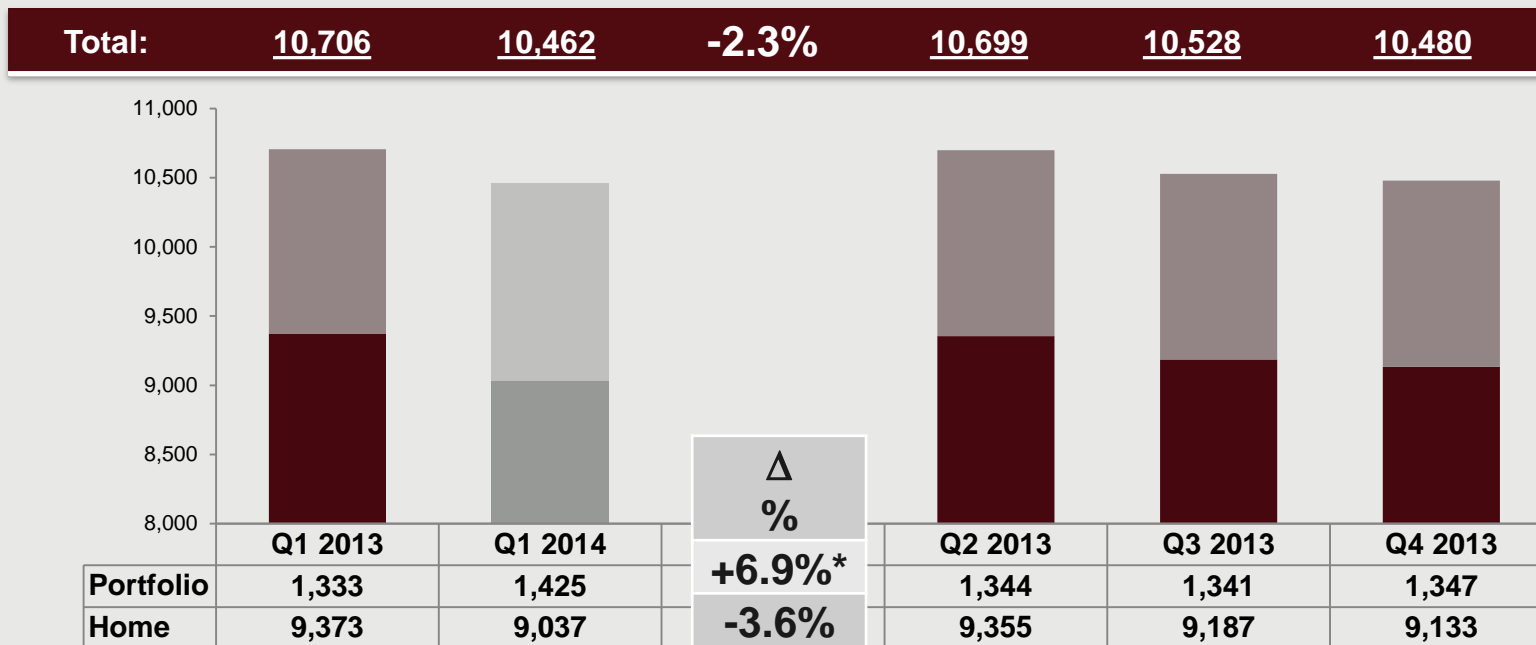
**Q1 2014: Revenue by Business Segments**



<b>Structure</b>	<b>Q1 2013</b>	<b>Q1 2014</b>
Home	82.8%	83.4%
Portfolio	17.2%	16.6%

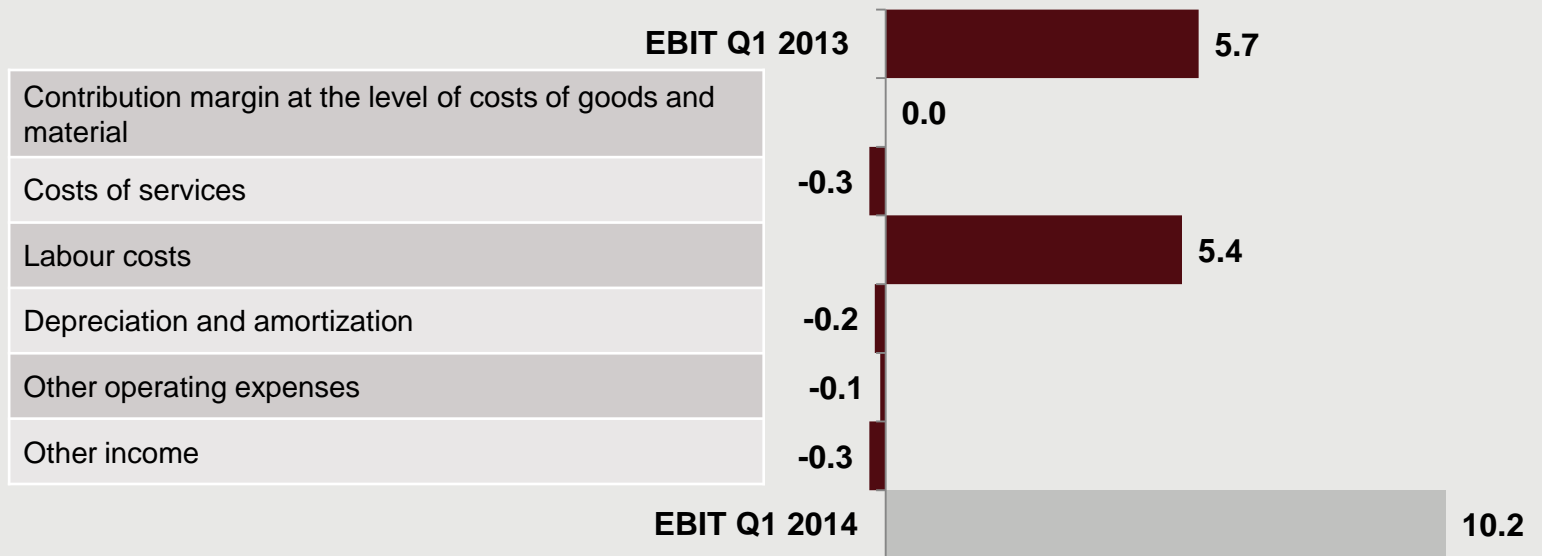
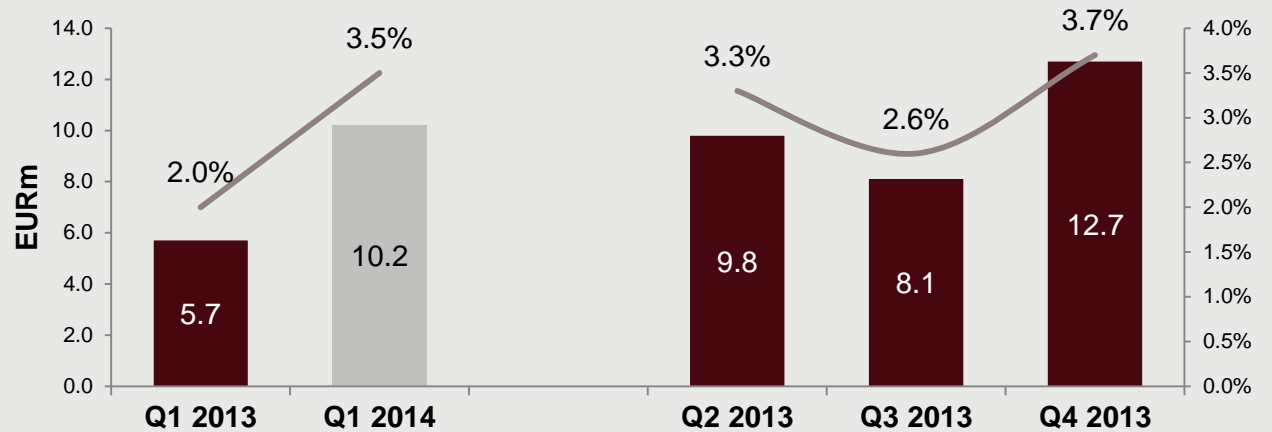
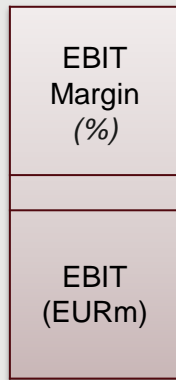


## Q1 2014: Number of Employees by Business Segments

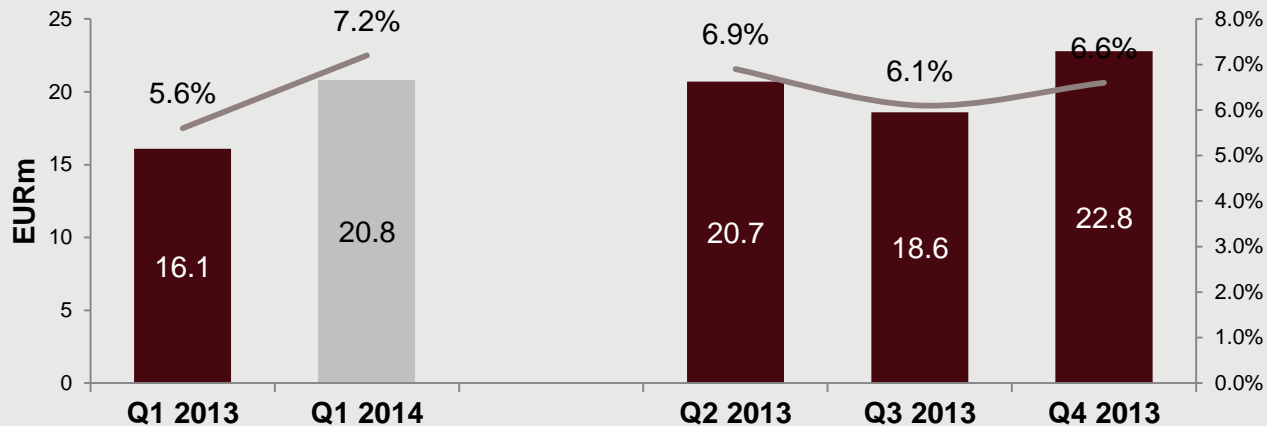
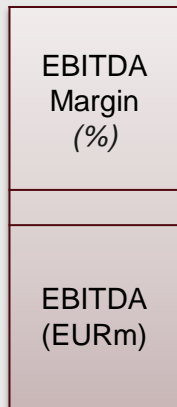


- The number of employees in the business segment Portfolio Investments increased as business activities were extended to new markets (ecology services and tool manufacturing in Serbia).

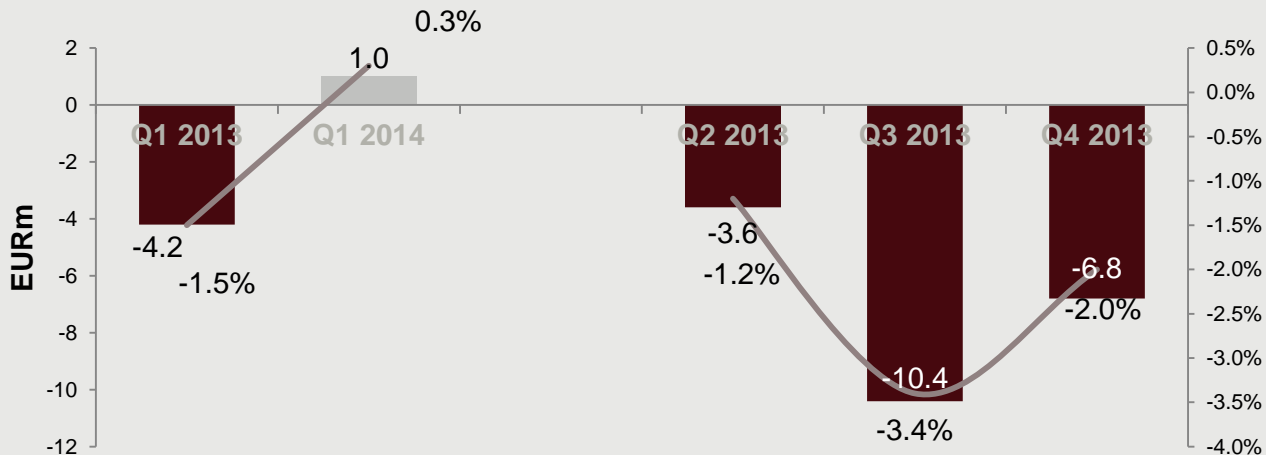
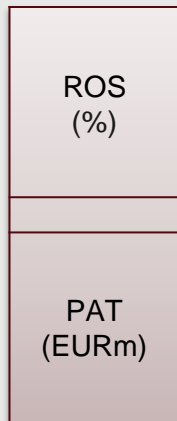
**Q1 2014: EBIT – Group**



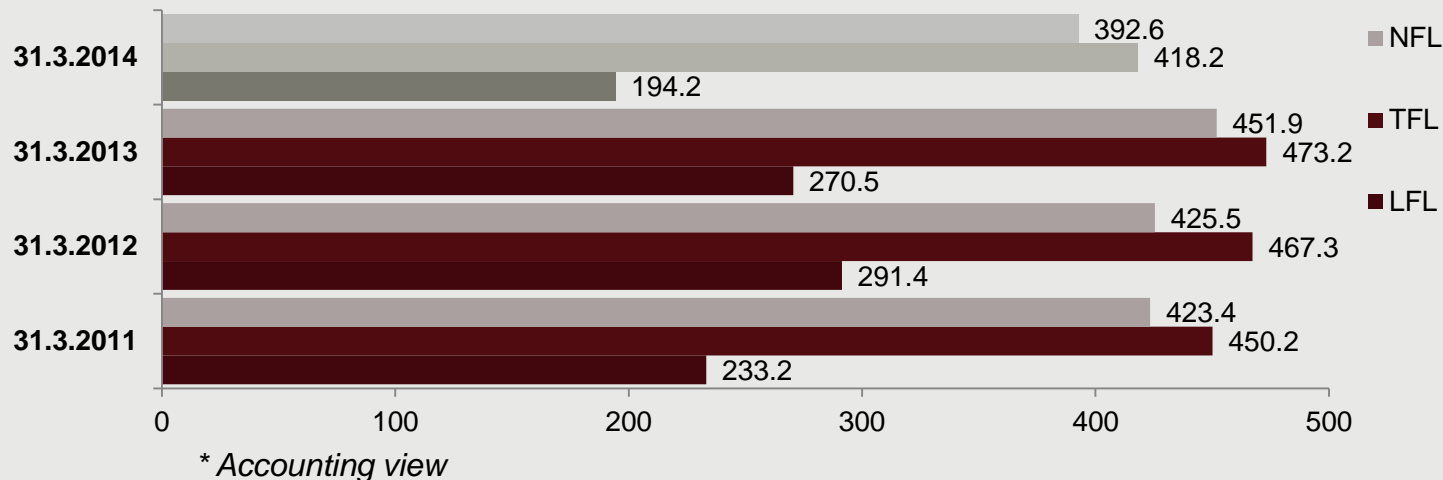
**Q1 2014: EBITDA**



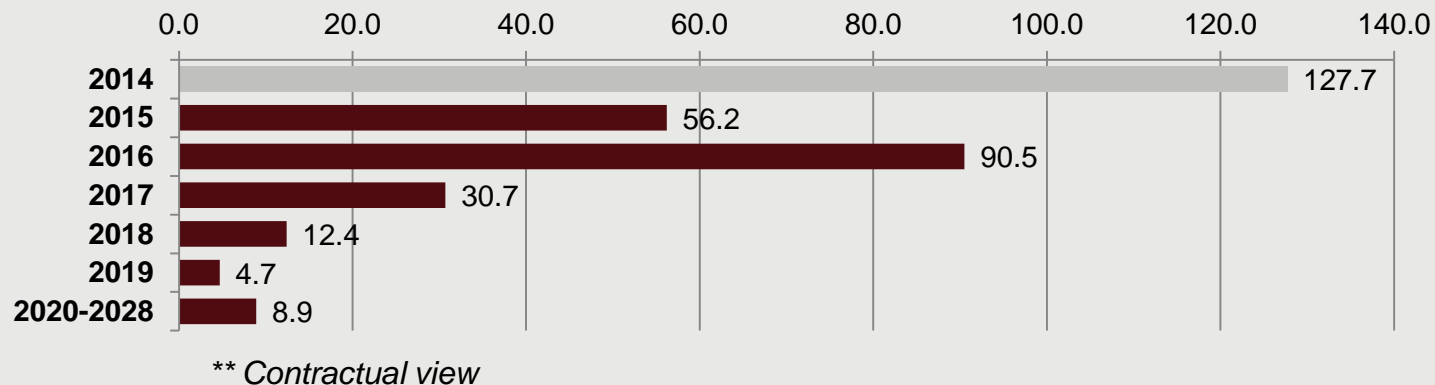
**Q1 2014: PAT Performance**



Development of total (TFL), long-term (LFL) and net financial (NFL) liabilities over the period of Q1 2011-2014, in EURm\*



Repayment of principal of long-term loans at 31 Mar. 2014 in the coming years, EURm\*\*



**Q1 2014**

**1. PROFITABILITY**

- SALES GROWTH
- BETTER SALES STRUCTURE
- COST CUTTING

**2. DEBT REDUCTION**

- DIVESTMENTS
- WORKING CAPITAL OPTIMISATION

## Factors Affecting Forward-looking Statements

*This Presentation contains "forward-looking" statements and information – that is, statements related to future, not past, events, within the meaning of the Securities Market Act and the Rules and Regulations of the Ljubljana and Warsaw Stock Exchange. These statements may be identified by words such as "expects," "looks forward to," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "project" or words of similar meaning. Such statements include, among others, the financial goals and targets of parent company Gorenje, d.d., and Gorenje Group for future periods and future business and financial plans. These statements are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially due to a variety of factors. A variety of factors, many of which are beyond Gorenje's control, affect Gorenje's operations, performance, business strategy and results and could cause the actual results, performance or achievements of Gorenje to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include, but may not be limited to the following: consumer demand and market conditions in the geographical areas and industries in which Gorenje Group operates, effects of currency fluctuations, competitive pressures to reduce prices, significant loss of business from major retailers, the possibility that customers may delay the conversion of booked orders into revenue or that prices will decline as a result of continued adverse market conditions to a greater extent than currently anticipated by Gorenje's management, the success in developing new products and marketing initiatives, developments in product liability litigation, progress in achieving operational and capital efficiency goals, the success in identifying growth opportunities and acquisition candidates and the integration of these opportunities with existing businesses, continued volatility and a further deterioration of the capital markets, progress in achieving structural and supply-chain reorganization goals. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Gorenje does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.*