

ANNUAL REPORT FOR THE 2014 FISCAL YEAR

Gorenje Group announces audited Annual Report for the 2014 fiscal year

Velenje, April 24, 2015 - After Gorenje, d.d., Supervisory Board reviewed in mid-March the unaudited financial statements of the Gorenje Group and its parent company for the year 2014, it approved at the session held on April 22, 2015, the audited Annual Report for the year 2014. Despite the exceptional and unexpected aggravation of conditions in Ukraine and Russia, the Group ended the year 2014 with results that are a substantial improvement over 2013. The Supervisory Board finds the Group performance successful, especially considering the very harsh conditions at the end of last year.

Revenue up by 0.4%

In 2014, Gorenje Group increased its revenue by 0.4% to EUR 1.24 billion. Higher revenue was generated in numerous European markets, including Russia, although the revenue in the latter market fell short of the plan due to dramatic depreciation of the rouble. Revenue generated in non-European markets also rose – by 10.7% relative to 2013 – partly offsetting the loss of revenue in some other markets and reaching just over 10% of the total core activity sales. Moreover, sales of upmarket appliances were up by 2 percentage points to account for 16.4% of total major appliance sales.

EBIT grows by 19.8%

The Group's EBIT in 2014 was at EUR 43.5 million, or 19.8 percent more than in the 2013. The improvement is a result of improved structure of sales, both in terms of products and regions, as well as the effects of restructuring of manufacturing operations and sales network, which has resulted especially in lower labour costs, service costs, and in improved management of raw and processed material prices.

The Group wrapped up the year with a profit of EUR 1.2 million, which is a considerable improvement over the EUR 25 million of net loss reported in 2013.

Debt cut by EUR 27.1 million

Gorenje Group cut its net debt by further EUR 27.1 million, to a total of EUR 331.8 million. As the EBITDA improved by 10.6% to EUR 86.5 million, the net debt to EBITDA ratio at the end of 2014 was cut to 3.8, a low of several years. This year, Gorenje Group is looking to bring the indicator down to 3.5.

As of May 1, President and CEO also in charge of corporate marketing

At the session, the Supervisory Board approved the change in responsibilities of the President and CEO. As of May 1, President and CEO Franjo Bobinac will also be in charge of the newly founded field of corporate marketing.

Plans for 2015

The headwinds remain strong in this year, especially in the first half. The Group has introduced a number of measures to alleviate the effects of the hostile conditions. Russia is the major source of uncertainty and as a result, different business plan scenarios have been developed for this year. The Group is expecting the revenue in Russia to drop relative to 2014, which will also affect revenue at the Group level. According to the realistic scenario, Group revenue is expected at EUR 1.22 billion, or 2.4% less than in 2014. EBITDA is planned at EUR 92.9 million; EBIT is expected at EUR 43.1 million; and net profit for the year is anticipated at EUR 6.1 million.