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# Gorenje Group Presentation

**Velenje, Slovenia**

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# One of Leading European Manufacturers of Products for Home

Gorenje Group

**CORE BUSINESS**
**Products and services for home**
(MDA, SDA, HVAC, kitchen furniture)

**R&D COMPETENCE CENTRES**
**Slovenia**
**Czech Republic**
**Sweden**
**Netherlands**

**NUMBER OF EMPLOYEES**
**10,617**

**OWN PRODUCTION**
**Slovenia**
**Serbia**
**Czech Republic**

**CONSOLIDATED REVENUE**
**EUR 1.225 billion**

**EXPORT**
**95%**
of sales

**GLOBAL PRESENCE**
**90 Countries Worldwide,**
mostly in Europe (92%), also in USA, Australia, Near and Far East

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# More than 60 Years of Tradition

**1950**
**Founded** in the village Gorenje

**1958**
**Manufacturing of stoves**

**1960**
**Production in Velenje begins**

**1961**
**First export** (to Western Germany)

**1961-1970**
Production of **washing machines and refrigerators**

**1964**
Production in Velenje, **New plant for cooking appliances**

**1971**
**First sales subsidiary** abroad (Munich)

**1961-1970**
**Acquisitions of companies** bringing synergies to the core Business **"Everything for Home"**

Setting-up **own distribution network** in Western Europe

**1991**
**Slovenia becomes independent,** loss of the former domestic market

**1991-1996**
**Strong expansion** abroad

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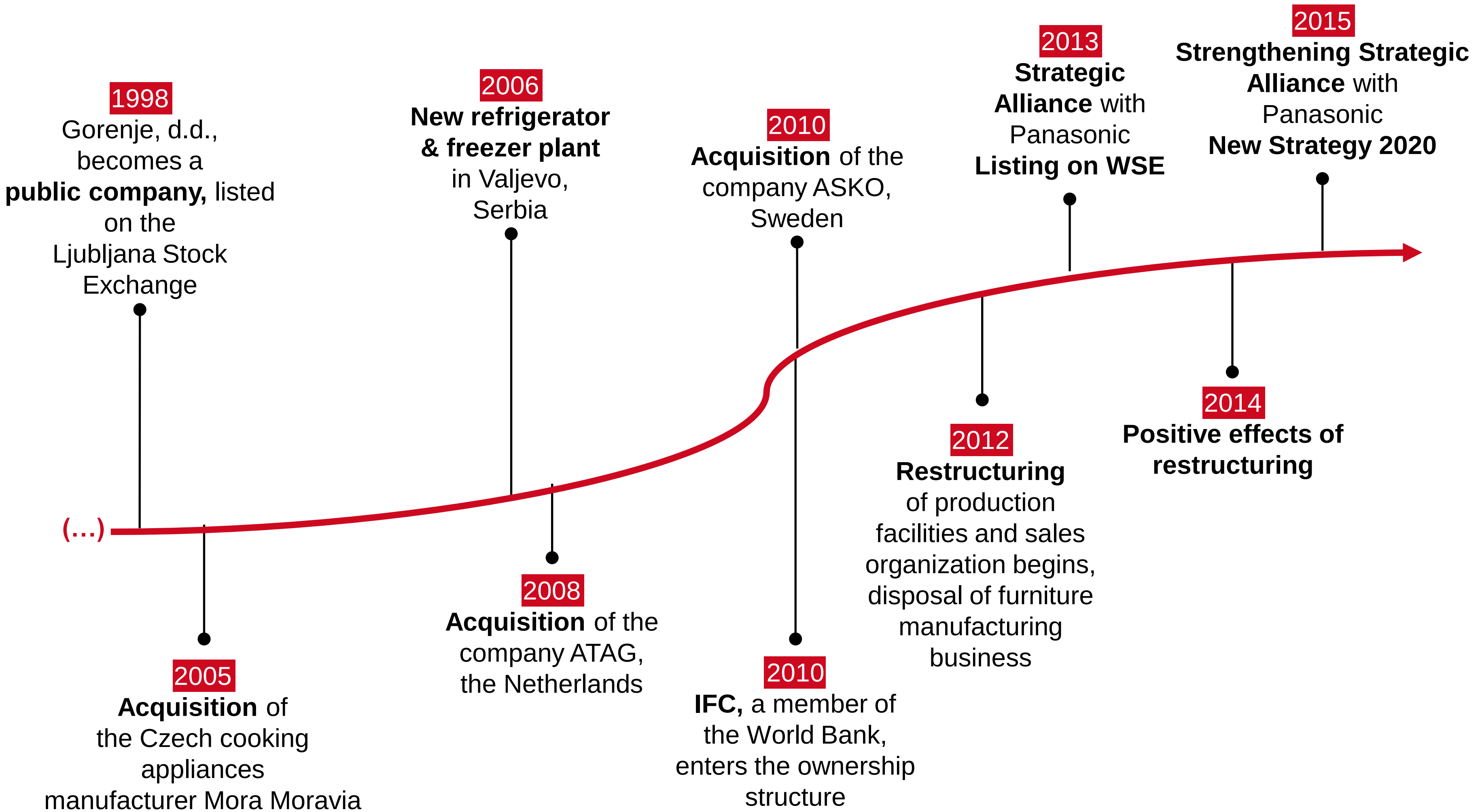
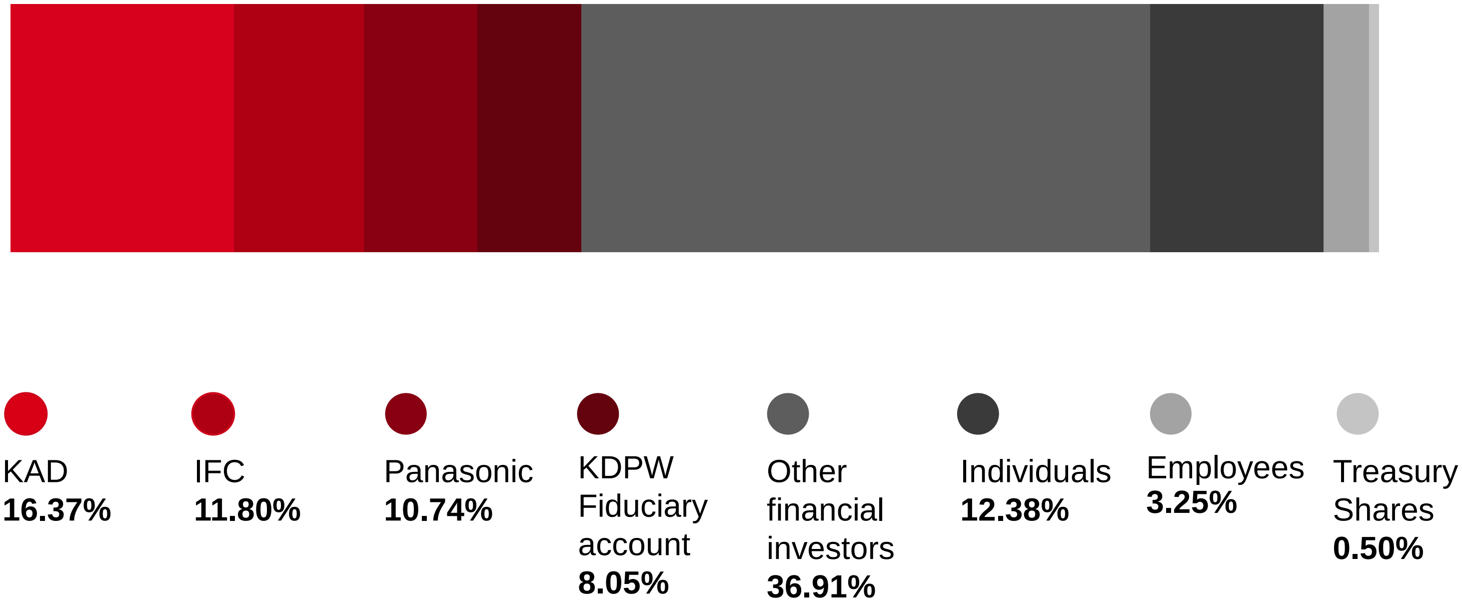
# Fast Development in the Last Decade



# Ownership Structure

## More than 55% of foreign shareholders



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# Strategic Alliance with Panasonic

LONG-TERM STRATEGIC ALLIANCE

## BUSINESS ALLIANCE

**R&D – joint development projects:** (new washing machines)

**Production:** Increased production capacity utilization; Exchange of manufacturing know-how

**Sales:** Possibility of joint sales-distribution channels

**Strategic cooperation expanded to new business segments:** (a) procurement of materials & components, (b) manufacturing innovation, (c) consumer (aftersales) services, (d) logistics, (e) quality assurance, (f) distribution of major and small domestic appliances on selected markets

## CAPITAL ALLIANCE

**Panasonic - a minority shareholder** in Gorenje

- **Standstill agreement -** Panasonic not to increase its stake in share capital above 13% till 2018

## GORENJE BENEFITS FROM THE STRATEGIC ALLIANCE

- Better absorption of fixed costs
- Improved capital structure
- Accelerated investment and R&D activities
- Better access to new financial sources
- **Additional annual revenues of up to EUR 80 m by 2018**
- **Gradual improvement of EBITDA of up to EUR 20 m on a yearly basis by 2018**

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# Business Segments

86%

14%

**CORE BUSINESS**

**Products and services for home**

**MDA**
(major domestic appliances)
•
**SDA**
(small domestic appliances)
•
**HVAC**
(heating, ventilation, air conditioning)

**PORTFOLIO**

**investments**

Ecology
•
Tool making
•
Engineering
•
Hotel and catering
•
Trade

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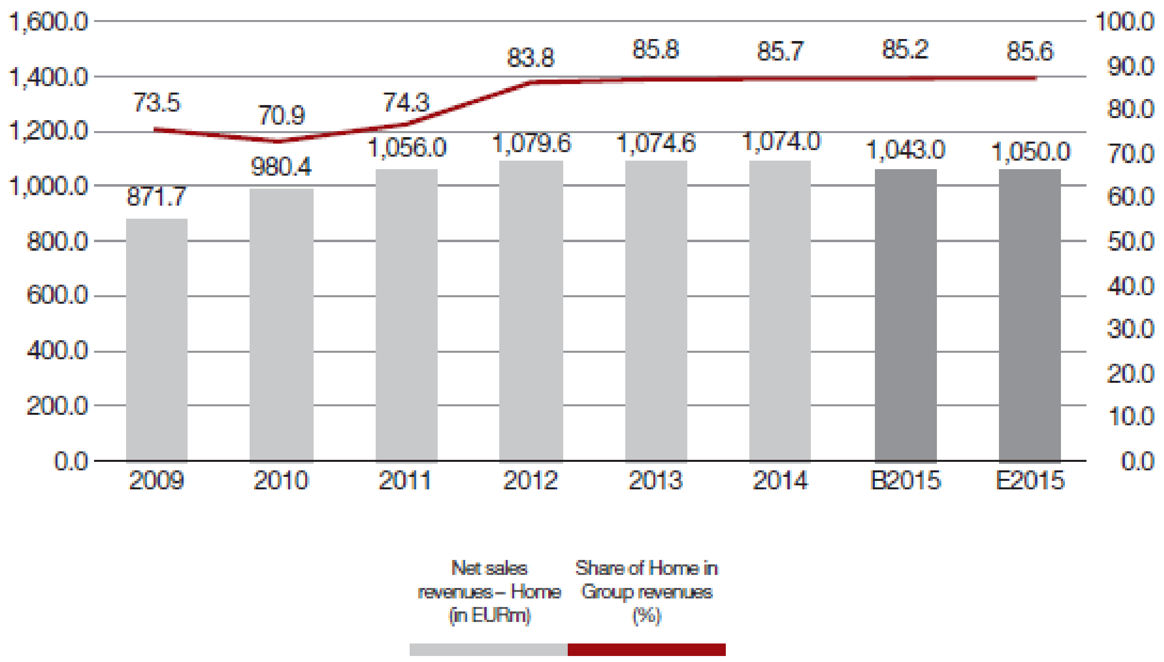
# Core Business (Home) Revenues and Share in Group Revenues, 2009-2015




**Gorenje Group revenue growth was based on the core segment Home.**

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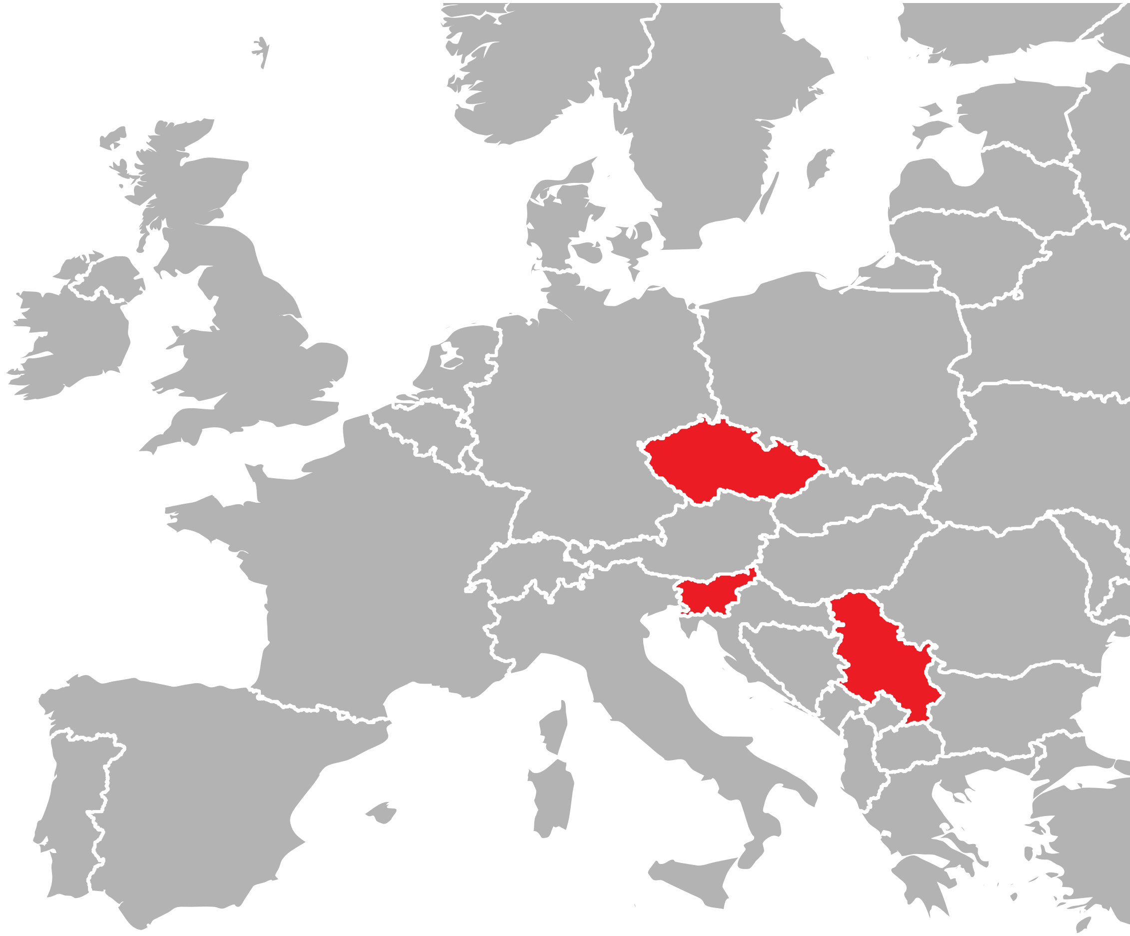
# R&D Competence Centres

Firm Foundations for Future Development of the Gorenje Group

**Cooperation** with international institutions, knowledge and excellence centres.

# Production Facilities for MDA in 3 Countries



**Slovenia**
**Velenje**

**Czech Republic**
**Mariánské údolí**

**Serbia**
**Valjevo, Stara Pazova, Zaječar**

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# Most Important Markets: Germany, Russia and the Netherlands

GERMANY
RUSSIA
THE NETHERLANDS

SERBIA
SLOVENIA
CZECH REPUBLIC
CROATIA
DENMARK

AUSTRALIJA
USA

UKRAINE
BIH
AUSTRIA
POLAND
BELGIUM
HUNGARY
FINLAND
NORWAY
RUMANIA
SLOVAKIA
SWEDEN
BULGARIA
GREAT BRITAIN
FRANCE
MONTENEGRO

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# Gorenje Group Macro-organization and Locations

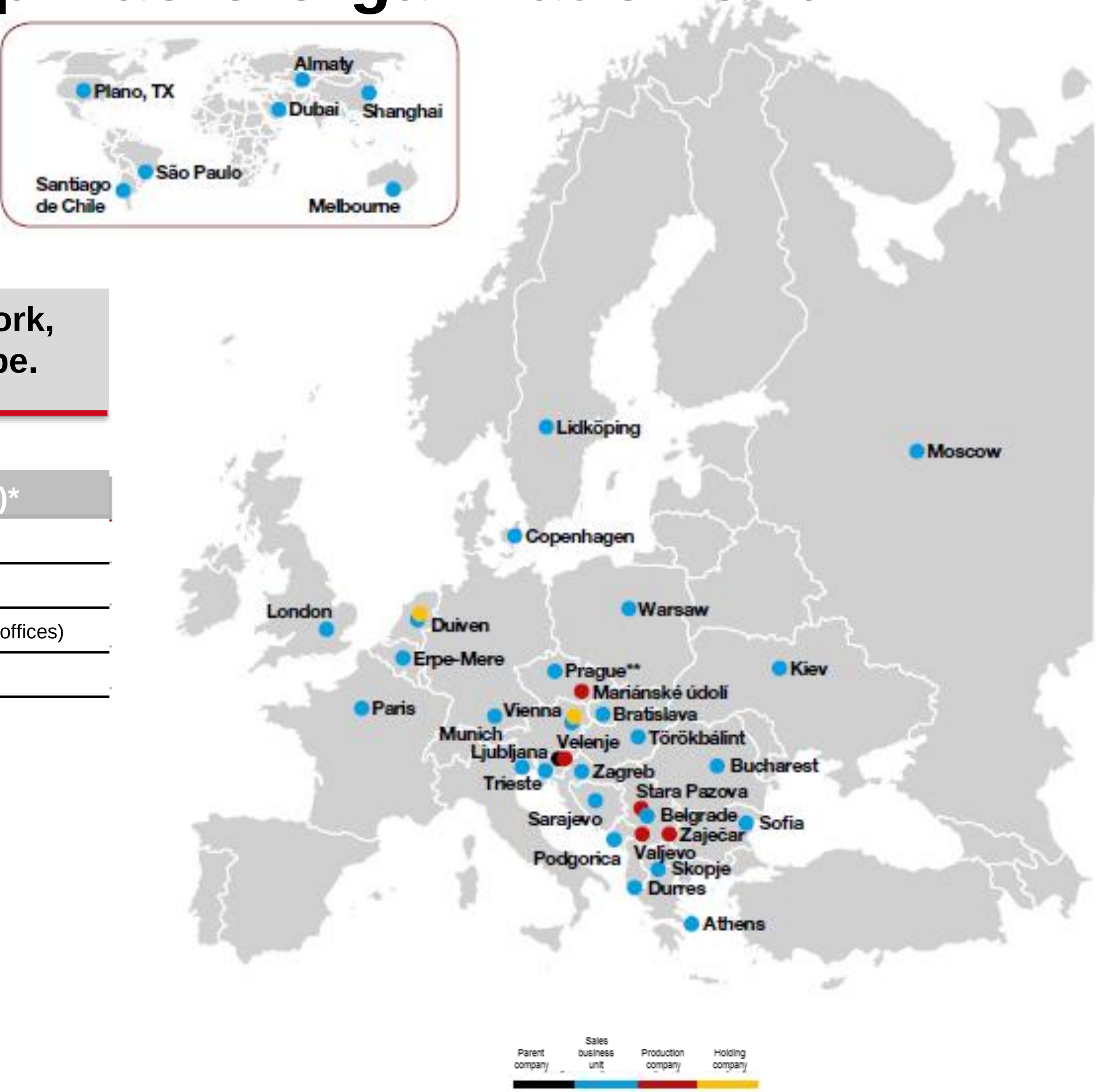
**Thoughtfully constructed sales network,** which will be **expanding outside Europe.**

| CURRENT MACRO ORGANIZATION (HOME)* | |
|---|---|
| PARENT COMPANY | Gorenje, d.d. |
| HOLDING COMPANIES | 2 |
| SALES BUSINESS UNITS | 44 (incl.representative offices) |
| PRODUCTION COMPANIES | 6 |

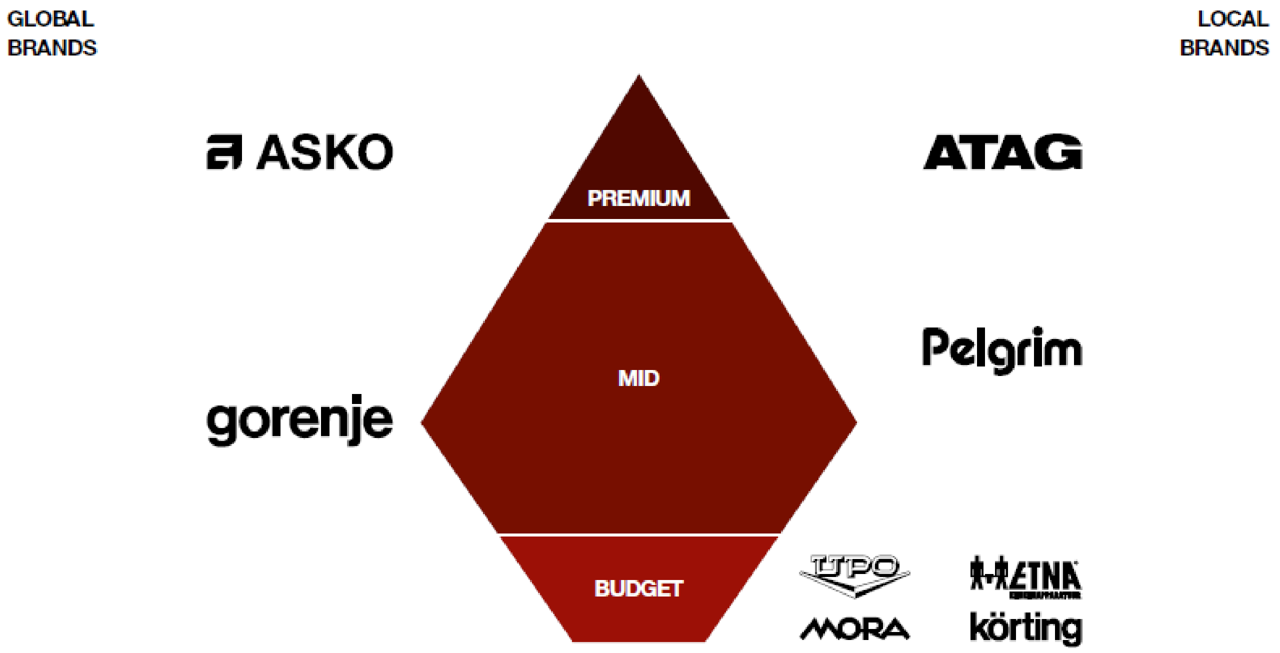
**Note:**

* Copenhagen is the regional hub for Scandinavia (Gorenje Group Nordic)

** Prague (Gorenje Spol) is the regional hub for the Czech Republic and Slovakia



# Gorenje Group Brand Portfolio




Implementing a multi-brand strategy with attention on the upper-mid and premium price segment.

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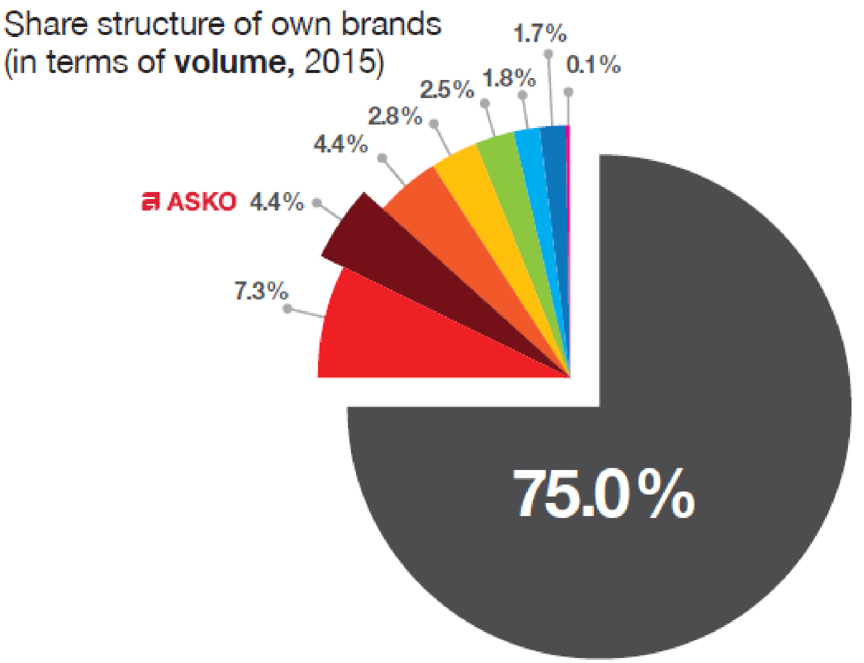
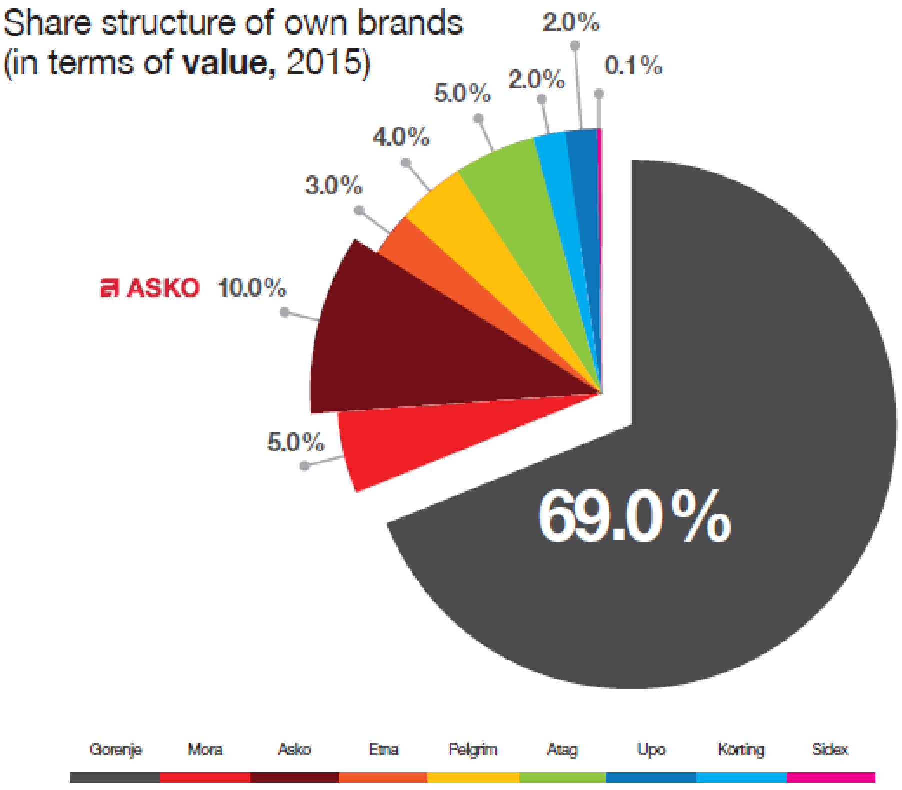
# Share Structure of Sales by Brands in 2015




Asko appliances represent only **4%** of our appliances **produced.** However, because of higher pricing Asko appliances represent **10% in our revenues**.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Passion for design.

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# The difference is built on design and innovation.

**Numerous awards for design, innovation, quality and brand recognition:**

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# gorenje

**In more than 60 years, we have always challenged the industry with a daring design approach.**


**Challenging the washing machine**

SIMPLE&LOGICAL

# The first washing machine without buttons

1996

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Challenging the conventional design of MDA

pininfarina

# First co-branded design series in MDA

2000

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Challenging the use of black colour

pininfarina

# The first black collection in MDA

2005

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**Challenging the fashion**

# The first use of creative material (Swarovski crystals) in the industry

**2006**

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Challenging the use of white glass

ora-ito

# The first white glass collection in MDA

2008

**Challenging the fashion**

NIKA ZUPANC

# First induction hob with a soul

2009

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Challenging the use of colours

# Nr.1 brand for appliances
# in colours
# in Germany

since 1999

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Challenging the light

# The use of first mood light in MDA

2009

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Challenging the user interface

# The first use of touch TFT display in MDA

2011

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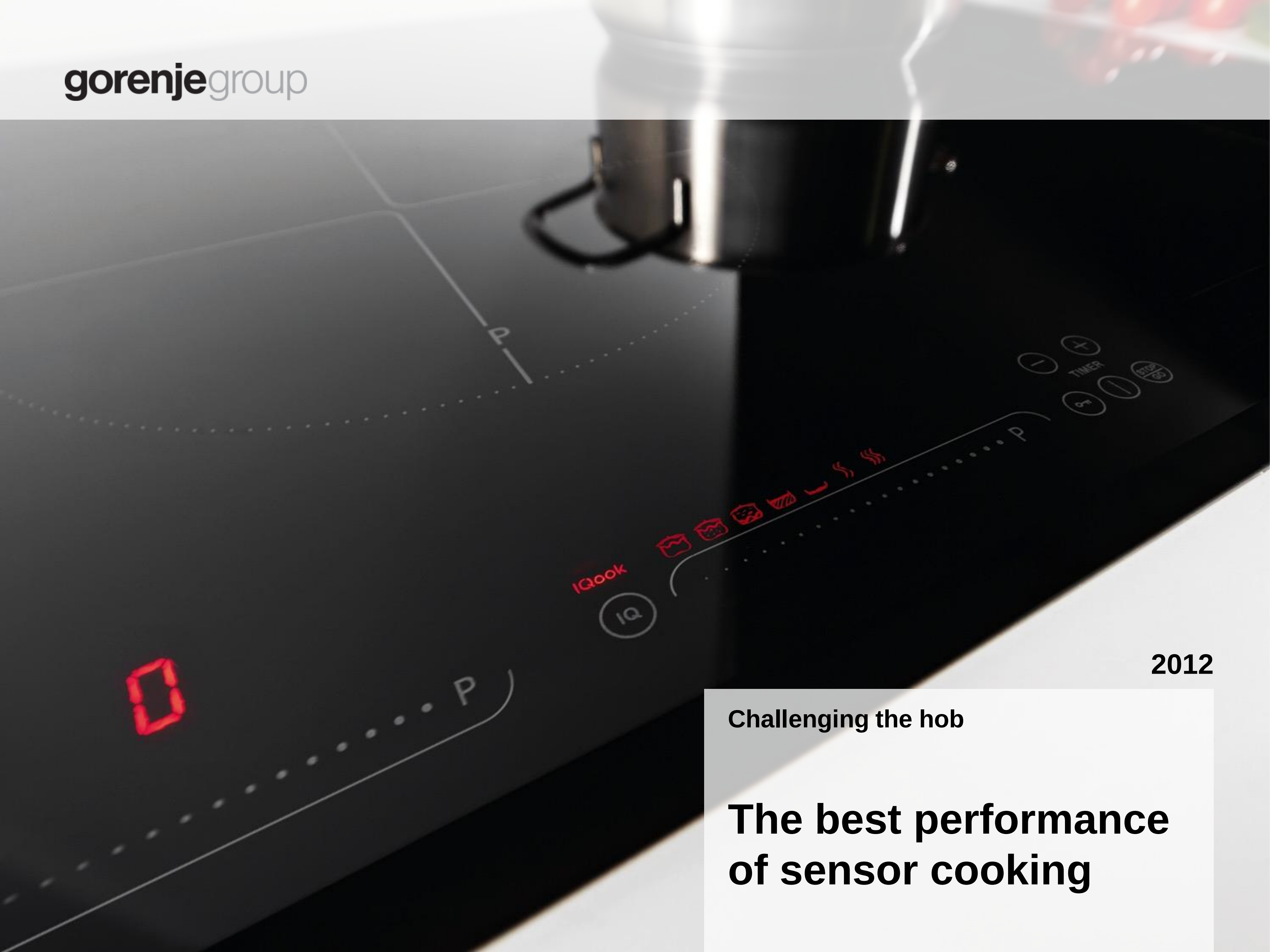


2012

Challenging the hob

# The best performance of sensor cooking

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2013

## Challenging simplicity

simplicity COLLECTION

# One of the first adaptable MDA collections with 360° simplicity approach

The best designer
in the world

**New design line
in 2015**

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# 2015

## the year of

1. unstable business environment
   - Ukrainian and Russian crisis
   - exchange rates volatility

2. greater financial strength
   - better working capital management
   - lower net debt
   - improved maturity profile

3. enhancing the strategic partnership with Panasonic

4. development of new markets and business cooperation
   - development of the Asko brand
   - development of innovative appliances
   - growth in overseas markets

5. new strategic plan 2016-2020

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# Business Plan 2016

- **First year of the new 2016-2020 strategic period, consistently with the key strategic goals.**
- **Further growth of sales revenue planned for:**
  - Gorenje Group (+4.0%)
  - Home segment (+4.6%)
- **Increase in Gorenje Group profitability**
  - EBITDA: + 11.6%
  - EBIT: + 14.9%
  - Net profit: EUR 7.6 million
- **Improvement projects at all levels of operations.**
- Further **working capital optimization** and **positive cash flow.**
- **Focus on the core activity.**
- **Relative deleveraging** (net financial debt to EBITDA ratio).

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# Business Plan 2016 (*excluding the companies from the Ecology)

| EUR million | 2015** | Budget* 2016 | Index B16/15 |
|---|---|---|---|
| **Consolidated revenue** | **1,154.8** | **1,201.0** | **104.0** |
| **EBITDA** | **76.0** | **84.9** | **111.6** |
| *EBITDA Margin (%)* | *6.6%* | *7.1%* | / |
| **EBIT** | **32.8** | **37.6** | **114.9** |
| EBIT Margin (%) | *2.8%* | *3.1%* | / |
| **Profit before taxes** | **-4.7** | **11.2** | / |
| **Profit or loss for the period** | **-8.6** | **7.6** | / |
| ***ROS (%)*** | **-0.7%** | ***0.6%*** | / |

**For comparability between the years 2015 and 2016, the 2015 is provided in comparable terms, excluding the companies from the Ecology segment, which are in the process of divestment.

# 2016-2020

## we focus on

### Growth

- improved sales structure
- overseas countries
- premium brands

### Deleveraging

- improved working capital management

### R&D

- new products development & innovation

### Risk Management

# Two Key Strategic Directions

- Profitable growth
- Global presence

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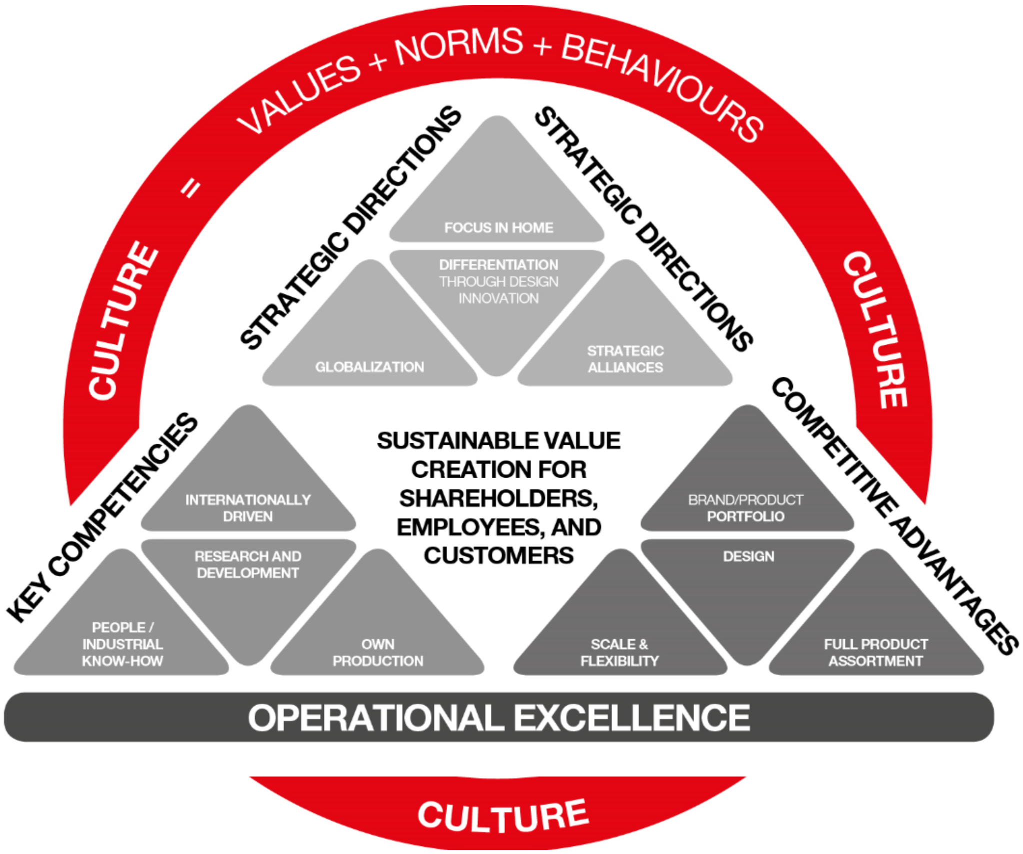
# Business Model and the Importance of Corporate Culture




We are **responsible** to the people, customers, partners, employees, shareholders, society and the environment. We respect the commitment to efficiency and goal orientation.

We operate in a spirit of continuous **improvement**. Therefore, we support innovation, bringing up new ideas in all fields, open-mindedness and encourage **entrepreneurial thinking**.

We remain loyal to the key goal of our corporation: **creation of value** for the shareholders, employees, business partners, and the environment**.**

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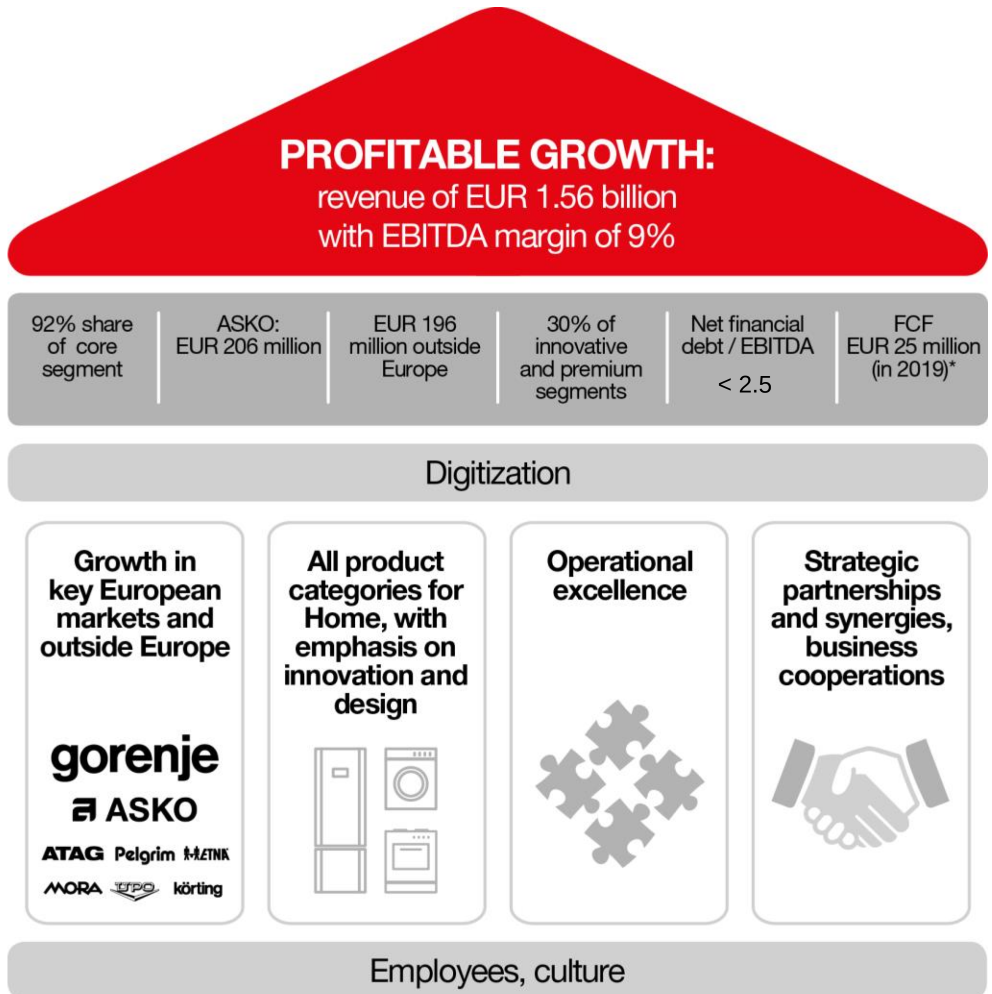
# Strategic Pillars 2020




* In 2020, cash flow is planned to be negative due to an investment into a new plant.

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ASKO

# Global premium brand

Main markets: USA, Australia, Scandinavia, Russia, Asia (selected markets)

Short-term: extend product portfolio and strengthen position on key markets

Mid-term: expand to new markets

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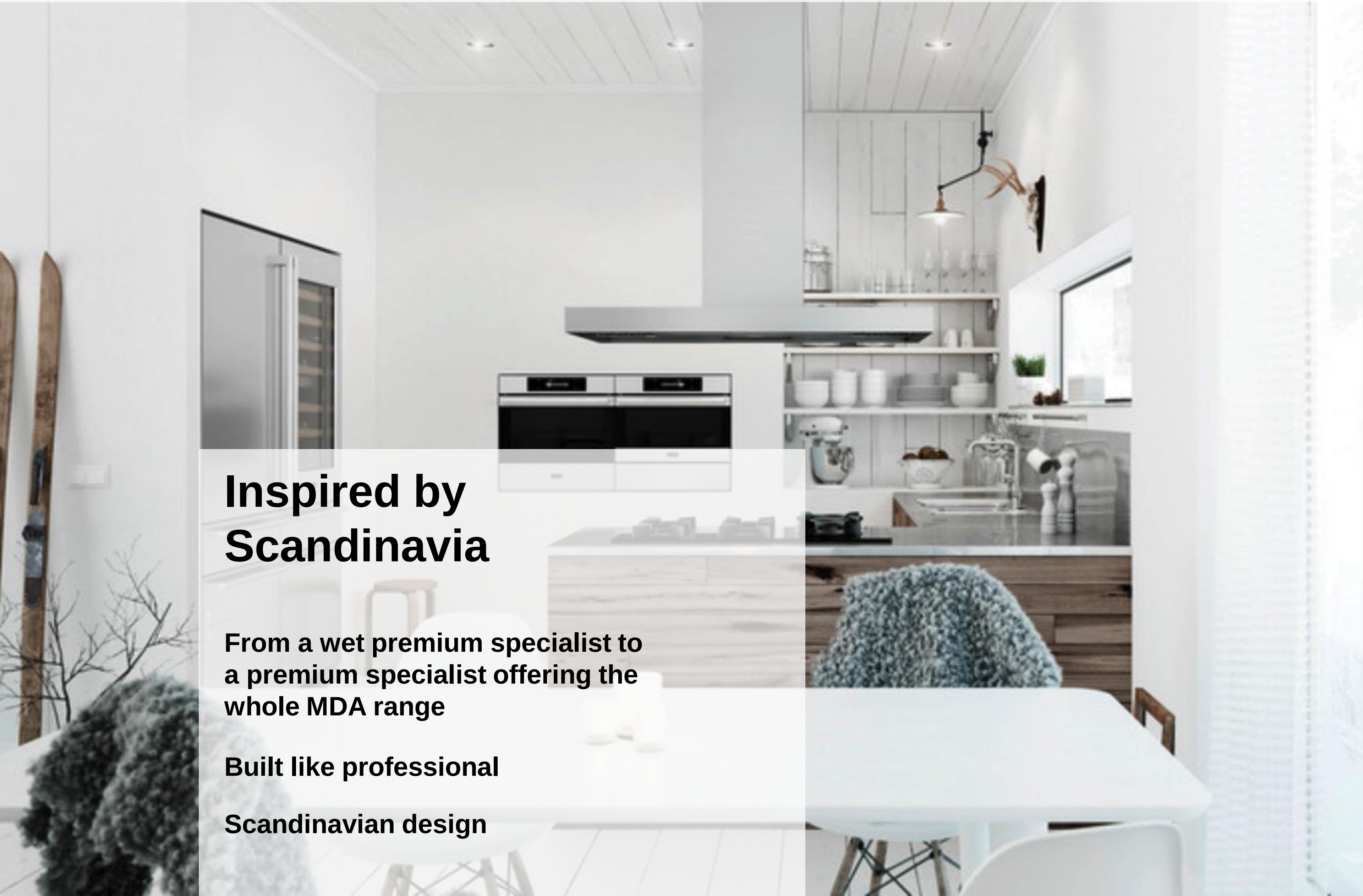

# Inspired by Scandinavia

**From a wet premium specialist to a premium specialist offering the whole MDA range**

**Built like professional**

**Scandinavian design**

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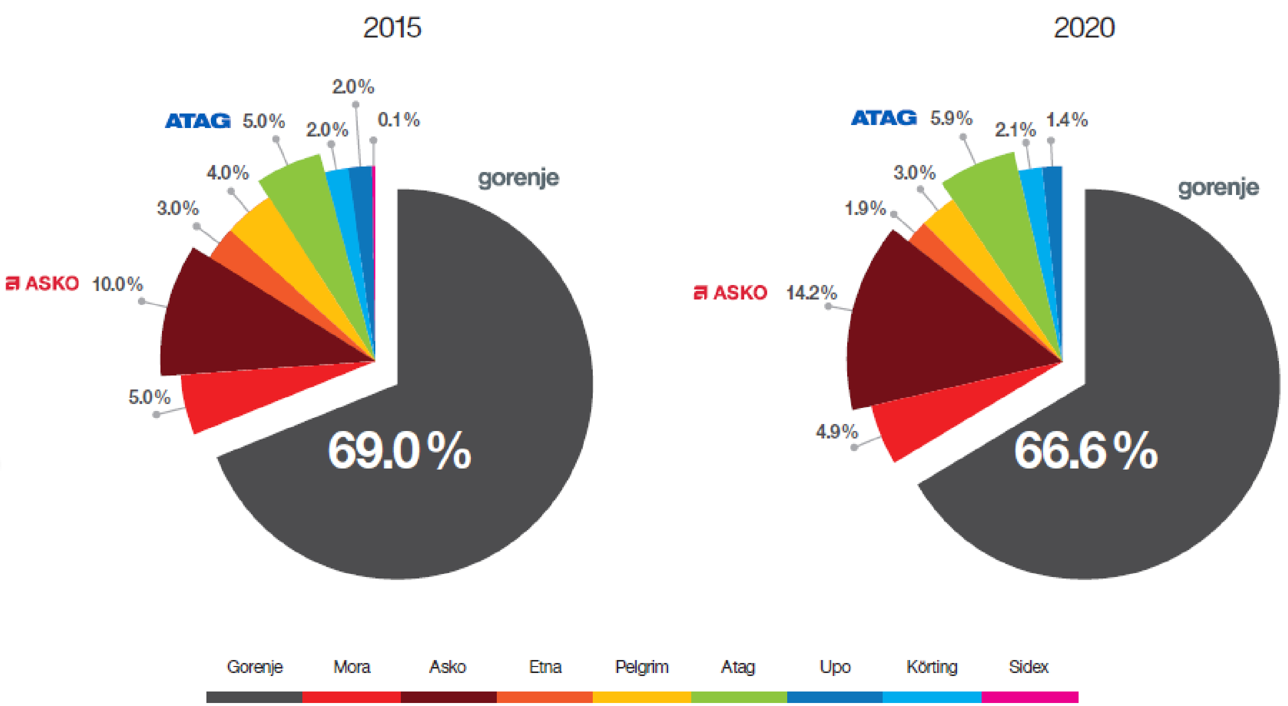
# Share Structure of Sales by Brands in Value – 2015 & 2020

Doubled sales in innovative and premium segment which will amount to 30% of total sales in 2020




Asko appliances represent **10% in our revenues in 2015, in 2020** will represent **14.2%** in value due to extension of product portfolio and expansion on new markets and strengthening the position on the existing markets.

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# Vision, Mission, Corporate Values

## VISION

We aim to become the most design-driven innovator of home appliances in the world.

## MISSION

We create innovative, design-driven and technically excellent products and services for home that simplify user‘s life.

## CORPORATE VALUES

Responsibility & Innovation & Entrepreneurship

- Open-mindedness
- Team spirit
- Respect
- Efficiency
- Goal-orientation
- Engagement

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# Thank you
# for your attention.