

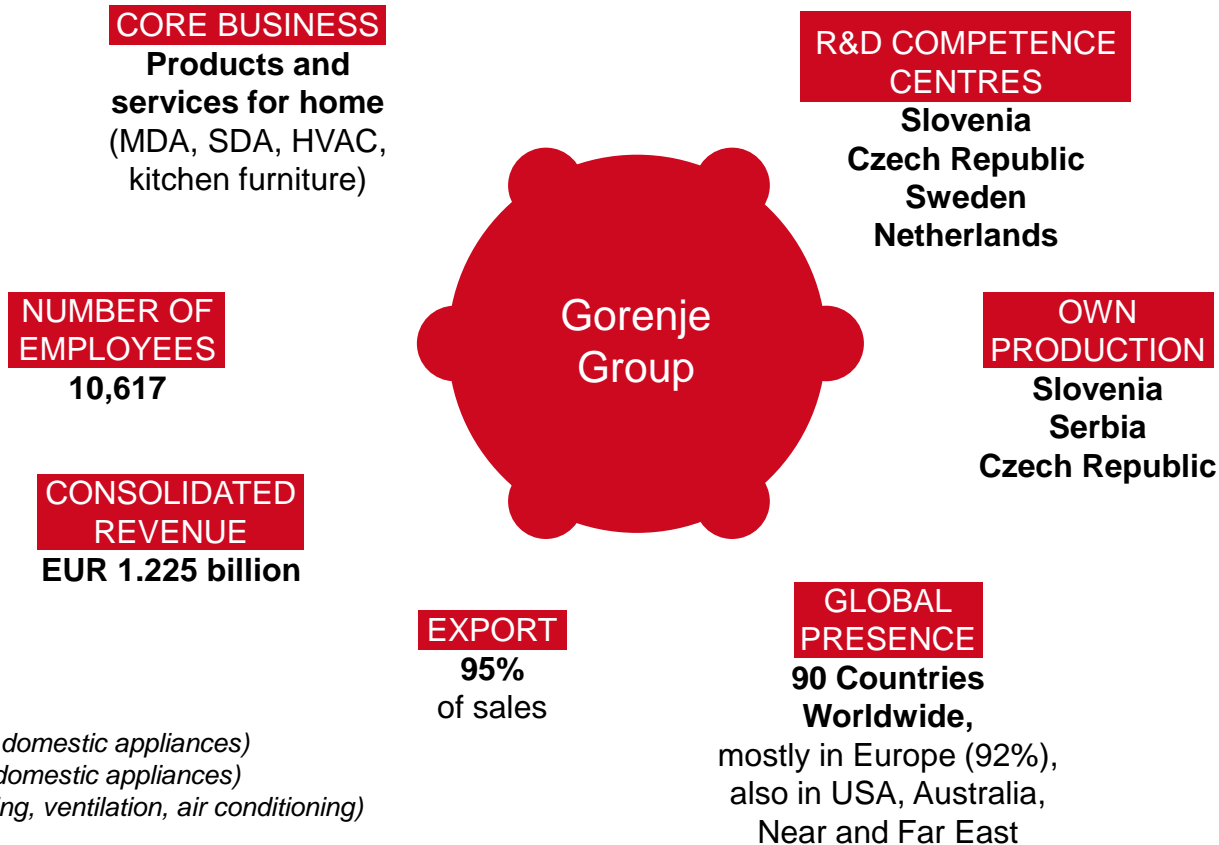
Presentation of the Gorenje Group for Investors

**6th Regional Investor
Conference**

Belgrade, 3 November, 2016

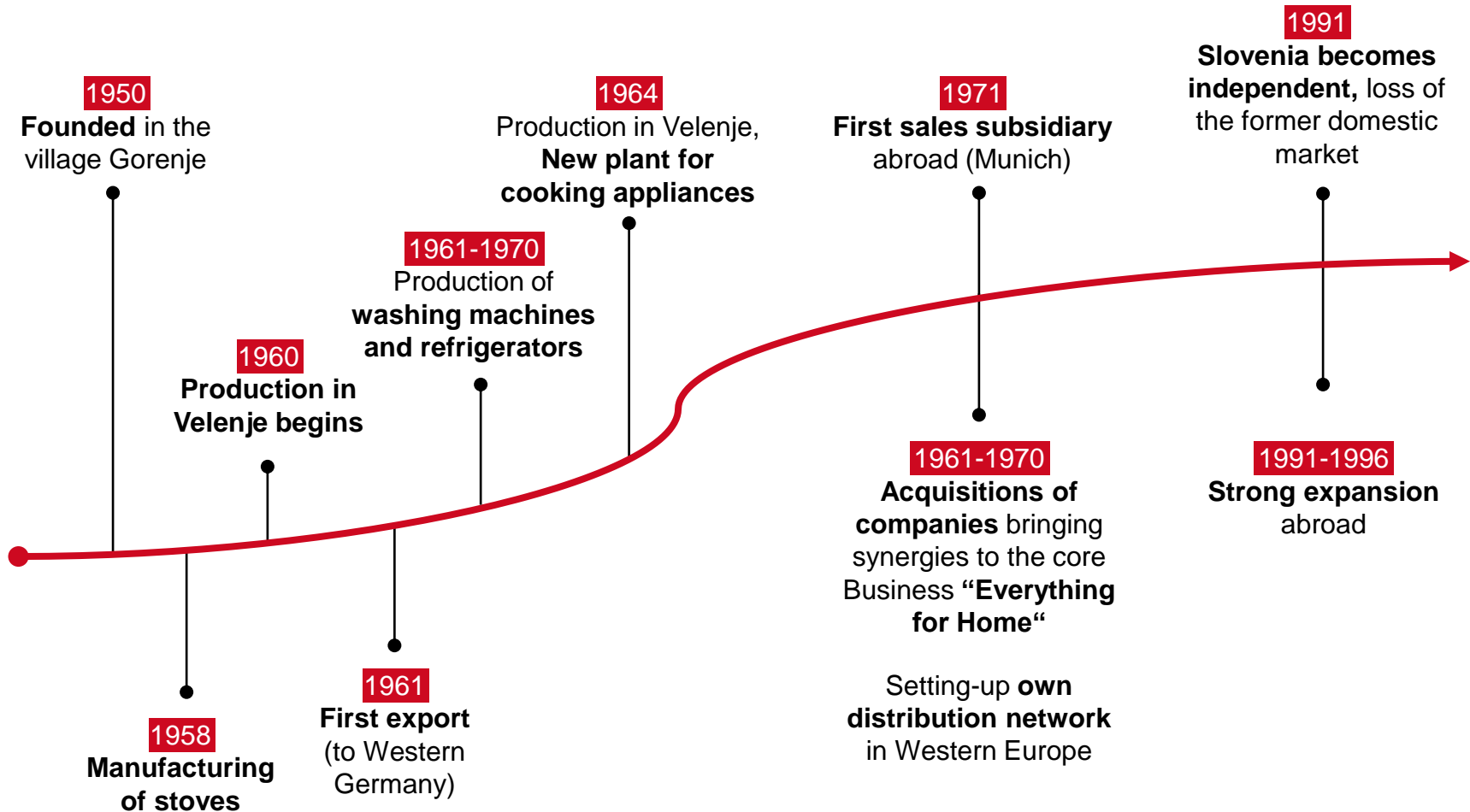


One of Leading European Manufacturers of White Goods

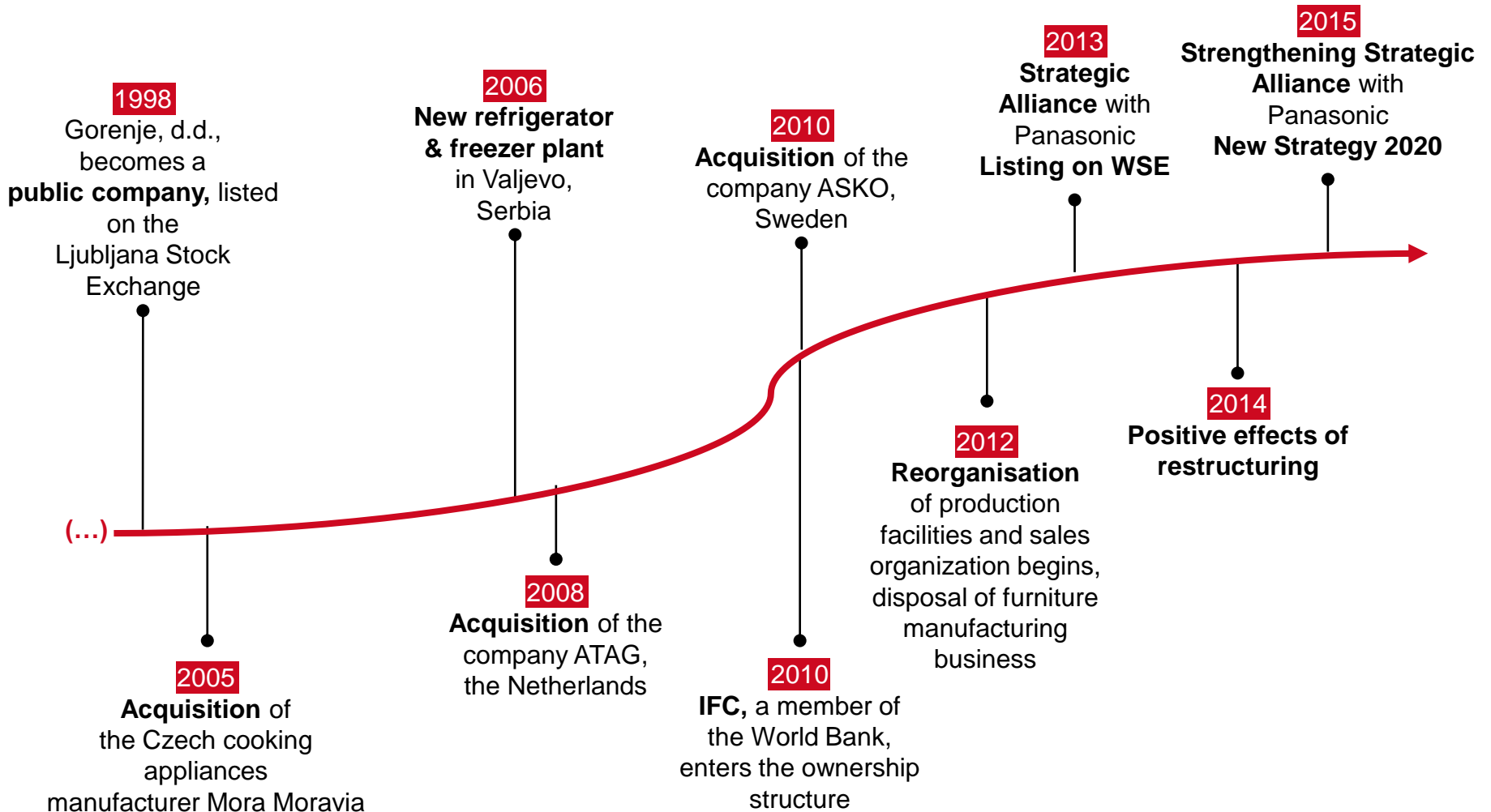


*MDA (major domestic appliances)
SDA (small domestic appliances)
HVAC (heating, ventilation, air conditioning)*

More than 60 Years of Tradition



Fast Development in the Last Decade



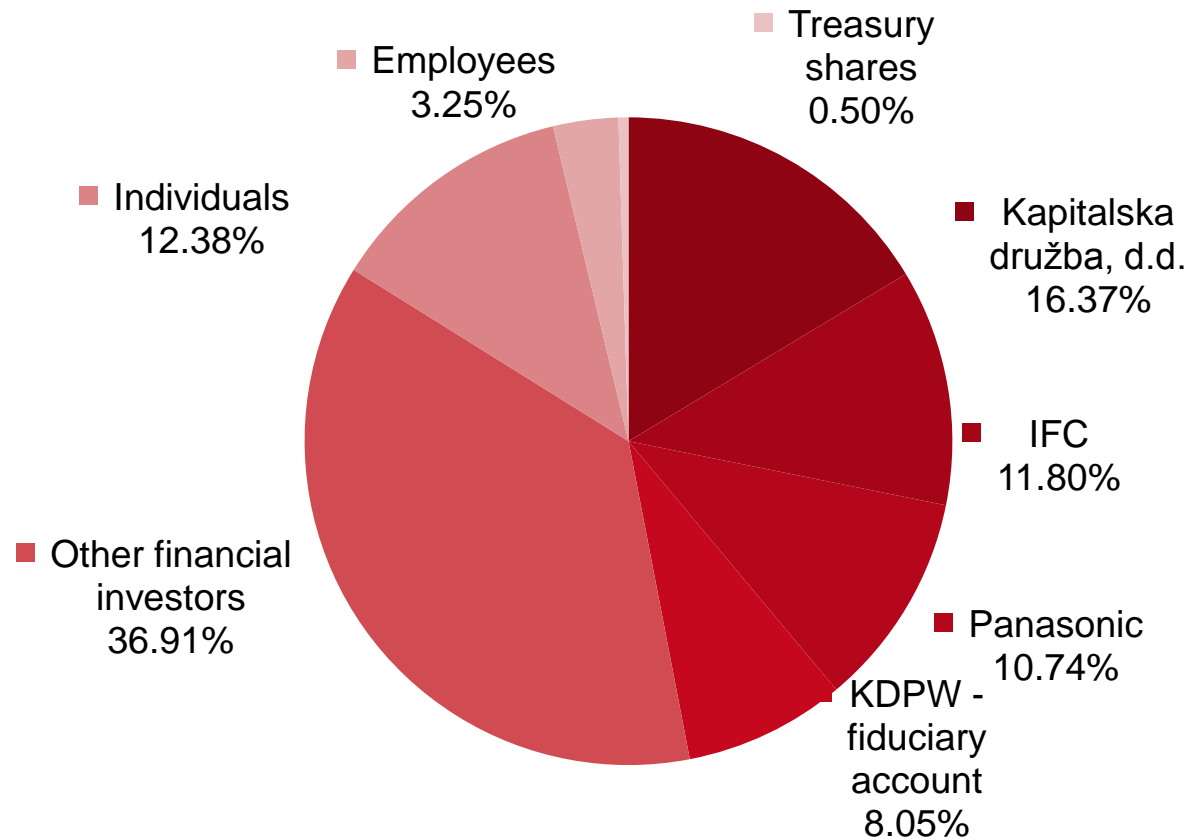
New design line in 2015



Gorenje by Starck line was created in cooperation with the globally renowned designer Philippe Starck.

Ownership Structure

More than 55% of foreign shareholders



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

Can be increased with Management Board and Supervisory board consent

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

Gorenje and Panasonic signed the agreement on conditions to perform a due diligence – Public Announcement, 25 July, 2016

On July 13th, 2016, Gorenje and Panasonic Corporation entered into a set of legal documents, which define various conditions under which Gorenje shall enable Panasonic Corporation to perform a due diligence of Gorenje Group in the time period until September 30th, 2016. These activities may or may not lead to Panasonic's decision to launch a bid to increase its shareholding in Gorenje, but no decision on entering into any transaction has been made yet. Among the conditions for the execution of the due diligence, both parties also agreed on the strategic guidelines for the future role of Gorenje within Panasonic Group, should Panasonic through these activities obtain effective control of Gorenje.

LINK: http://seonet.ljse.si/?doc=LATEST_PUBLIC_ANNOUNCEMENTS&doc_id=61189

Public Announcement, 22 August, 2016

At today's session, the Management Board gave an update to and answered questions from the Supervisory Board regarding the due diligence at Gorenje Group, conducted by the Panasonic Corporation. The Management Board and the Supervisory Board agree that the procedures are in compliance with the relevant regulations and legislation, and that the institute of postponement of insider information disclosure was, with the Supervisory Board's approval, used in the best interest of the company, and adopted based on the prior opinions by legal experts. Thus, both the President and CEO and the Management Board members continue to enjoy full trust and support of the Supervisory Board.

LINK: http://seonet.ljse.si/?doc=LATEST_PUBLIC_ANNOUNCEMENTS&doc_id=61308

End of Due Diligence Period, 30 September, 2016

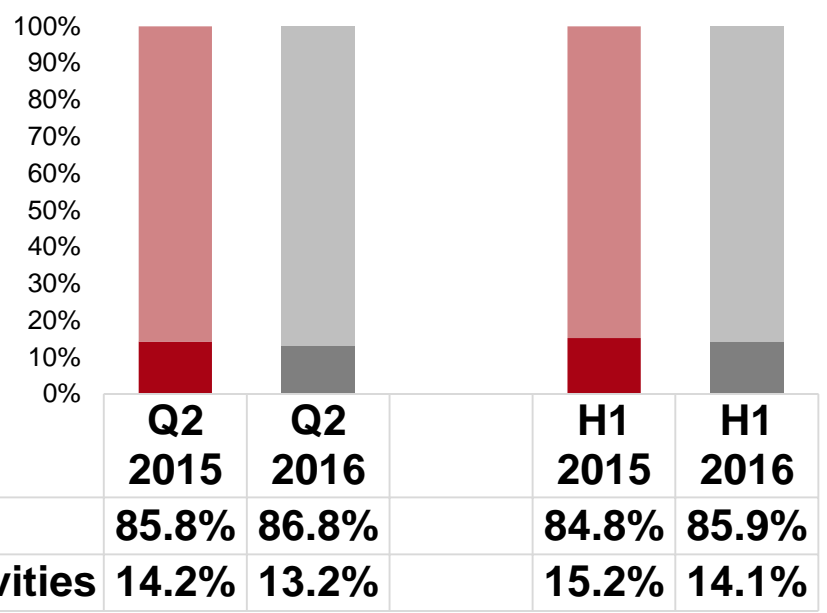
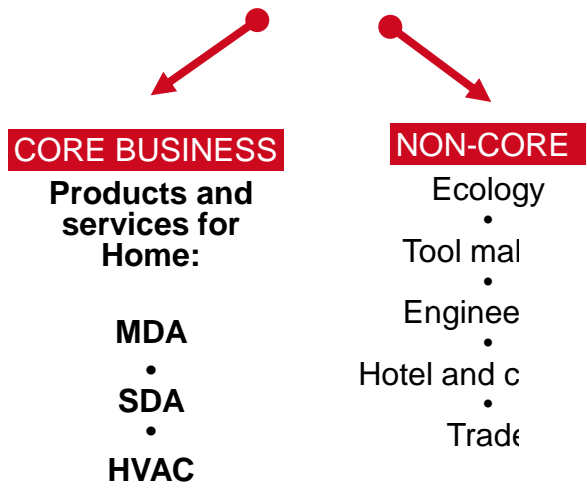
Further to the prior public announcement on Monday 25th July 2016 that a due diligence process is being undertaken on Gorenje by Panasonic Corporation, Gorenje can now confirm that the due diligence period finished on Friday 30th September 2016 as was previously guided.

As envisaged by the legal documents that were entered into between Gorenje and Panasonic Corporation on 13 July 2016, Panasonic Corporation is now evaluating its potential next steps. Any subsequent announcements will be made by 30th November 2016. These activities may or may not lead to Panasonic Corporation's decision to launch a bid to increase its shareholding in Gorenje, but no decision on entering into any transaction has been made yet.

The management of Gorenje continues to act in the best interests of the company.

LINK: http://seonet.ljse.si/default.aspx?doc=PUBLIC_ANNOUNCEMENTS_BY_PRIME_MARKET_ISSUERS&doc_id=61556

Business Activities



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

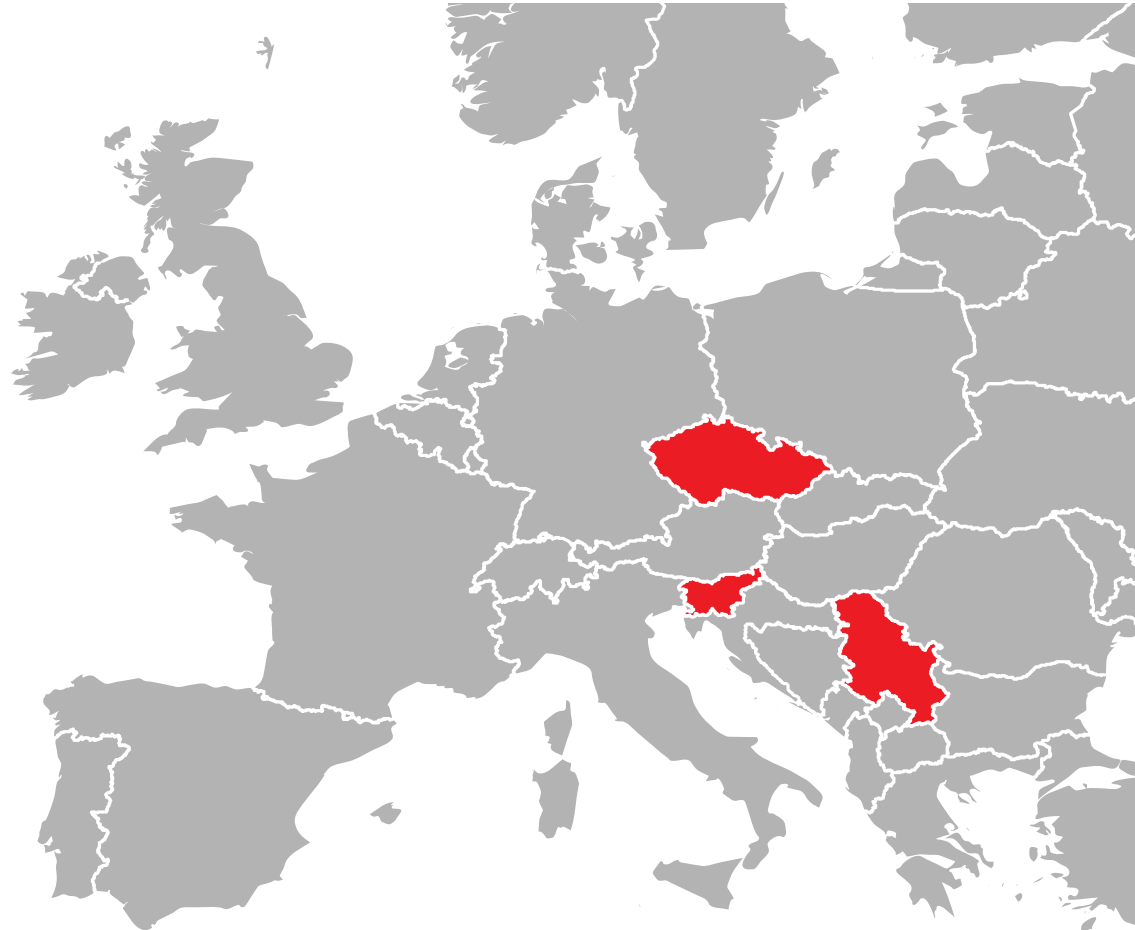
Velenje

Czech Republic

Mariánské údolí

Serbia

Valjevo, Stara Pazova, Zaječar



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	5

Note:

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

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



Most Important Sales 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

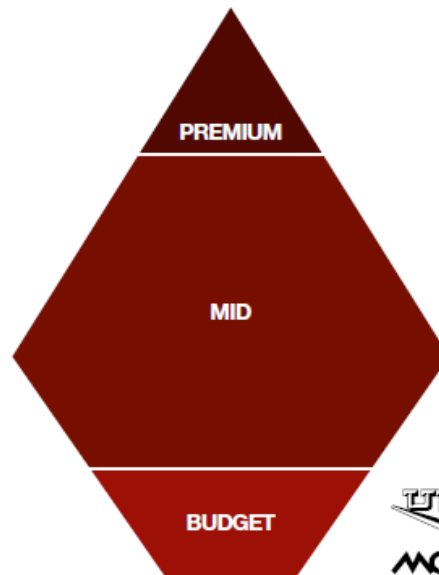


Gorenje Group Brand Portfolio

GLOBAL
BRANDS

ASKO

gorenje



PREMIUM

MID

BUDGET

LOCAL
BRANDS

ATAG

Pelgrim

TJPO
MORA

RETNA
körting

Benelux

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

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

2016-2020

we focus on

Growth

- improved sales structure
- overseas countries
- premium brands

Deleveraging

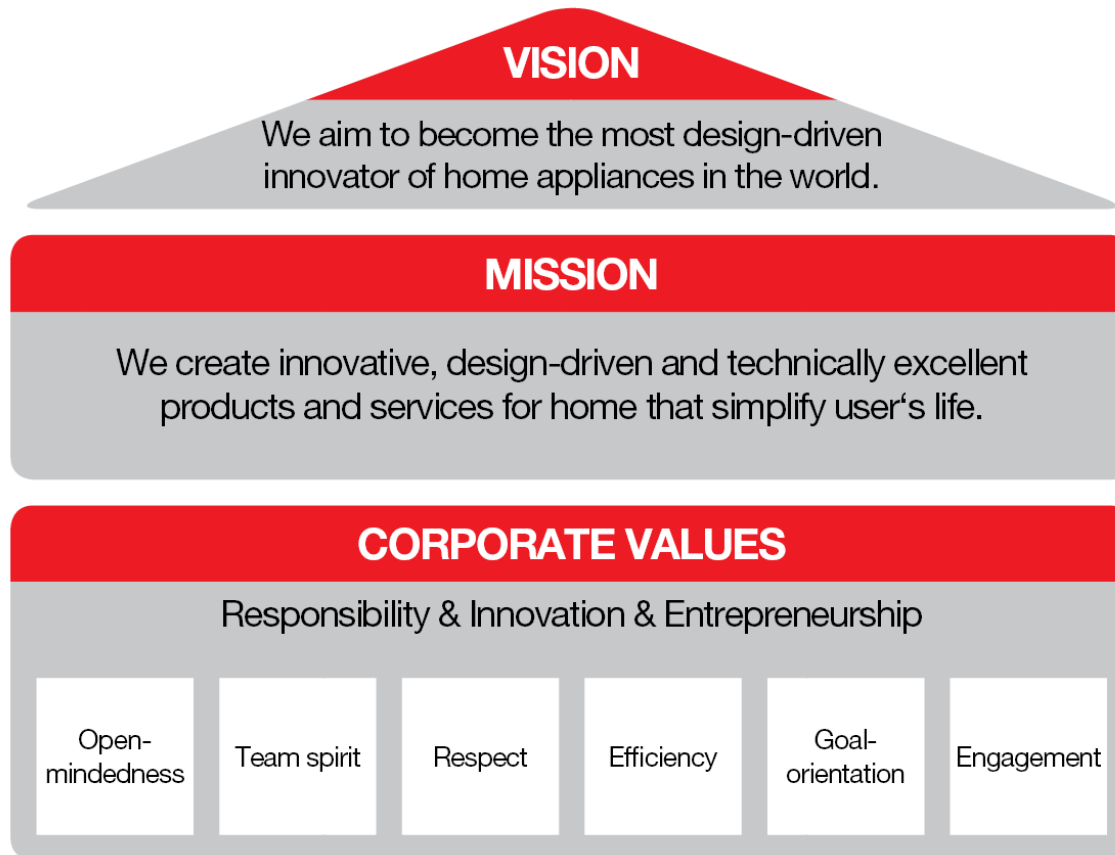
- improved working capital management

R&D

- new products development & innovation

Risk Management

Vision, Mission, Corporate Values



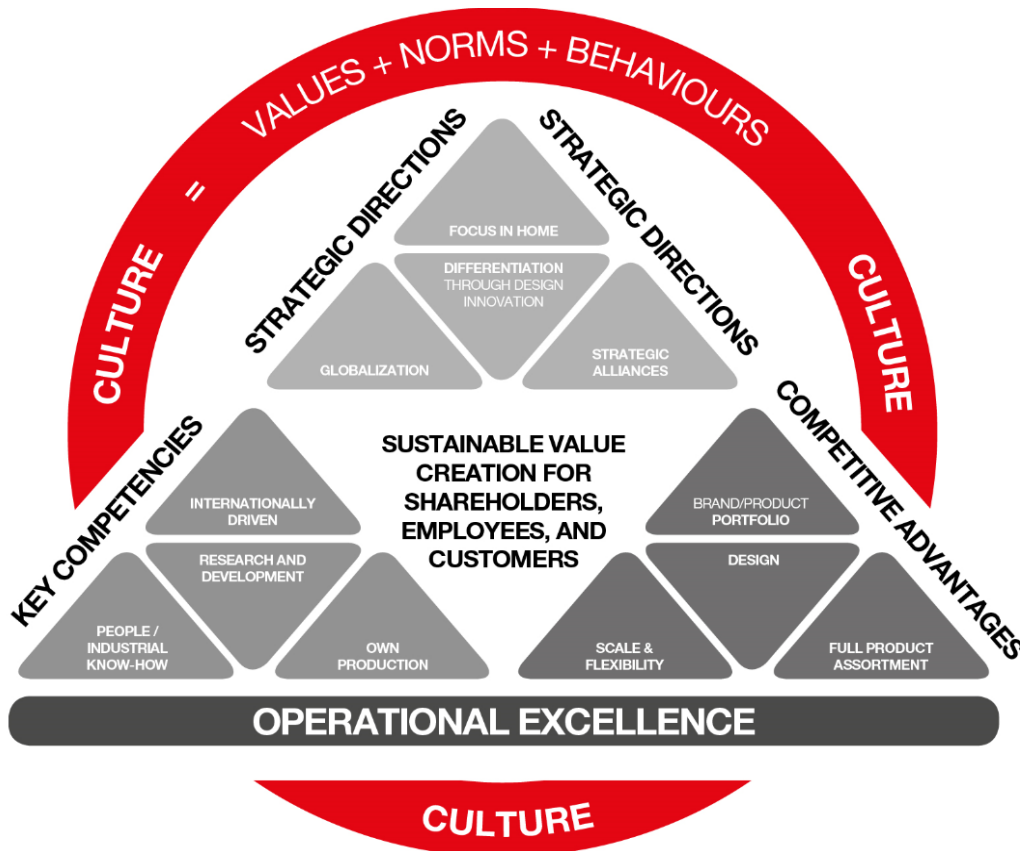
Two Key Strategic Directions

- Profitable growth
- Global presence



GorenjeGroupGrowsGlobal

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.

Strategic Pillars 2020

PROFITABLE GROWTH:
revenue of EUR 1.56 billion
with EBITDA margin of 9%

92% share of core segment	ASKO: EUR 206 million	EUR 196 million outside Europe	30% of innovative and premium segments	Net financial debt / EBITDA < 2.5	FCF EUR 25 million (in 2019)*
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Digitization

Growth in key European markets and outside Europe

All product categories for Home, with emphasis on innovation and design

Operational excellence

Strategic partnerships and synergies, business cooperations

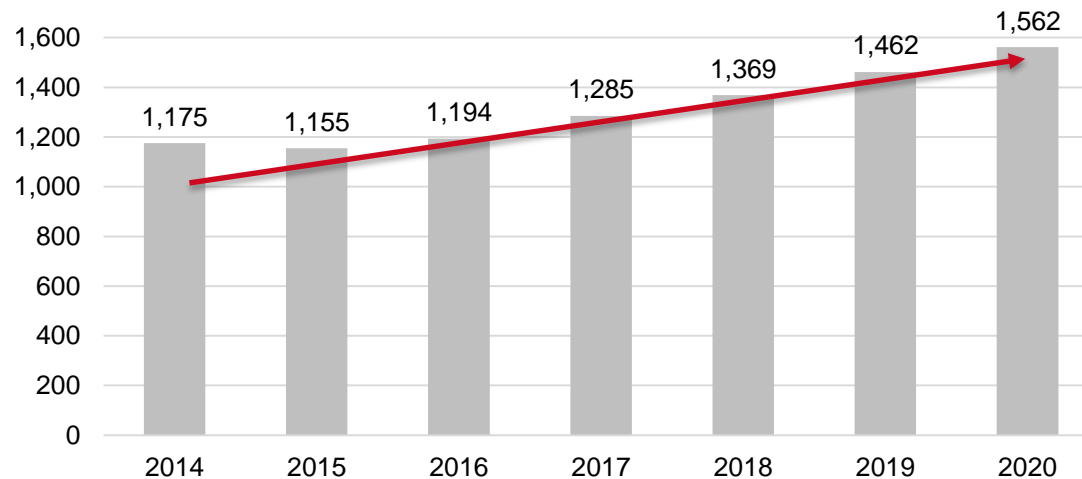
Employees, culture

Corporate Goals of Gorenje Group 2020



Corporate goal 2020: REVENUE OF EUR 1.56 BILLION

Gorenje Group net sales revenue (excluding divested Ecology) in EUR billion

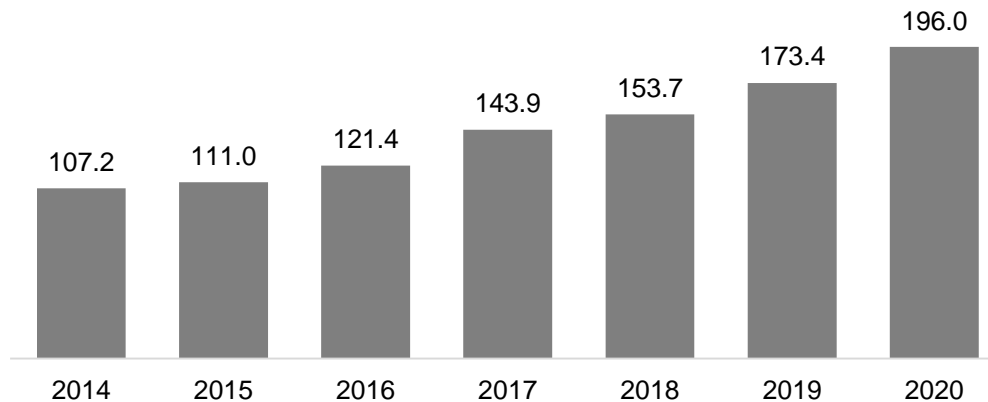


Corporate Goals of Gorenje Group 2020



**Corporate goal 2020: REVENUE OF EUR 196 MILLION
GENERATED OUTSIDE EUROPE**

Revenue from sales outside Europe (EUR million)

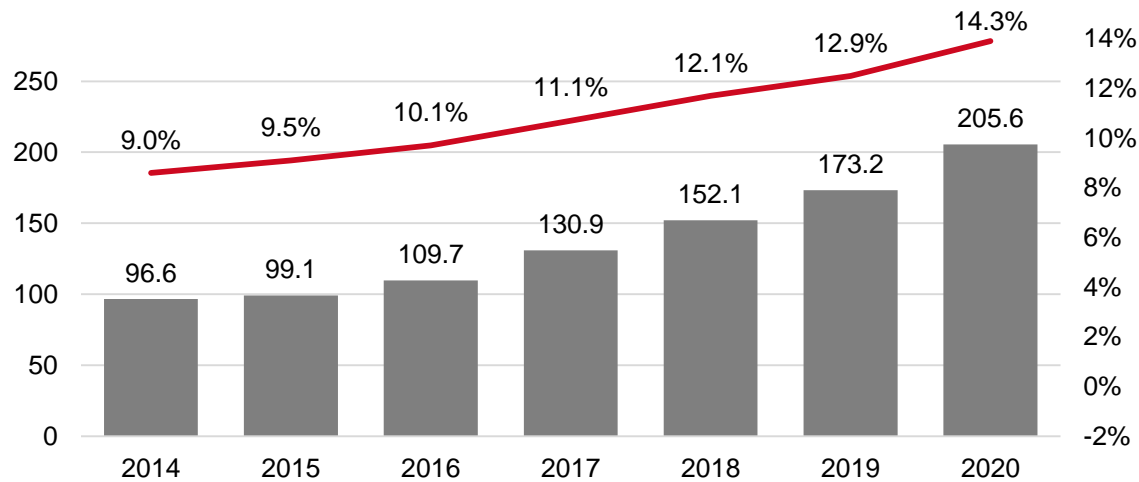


Corporate Goals of Gorenje Group 2020



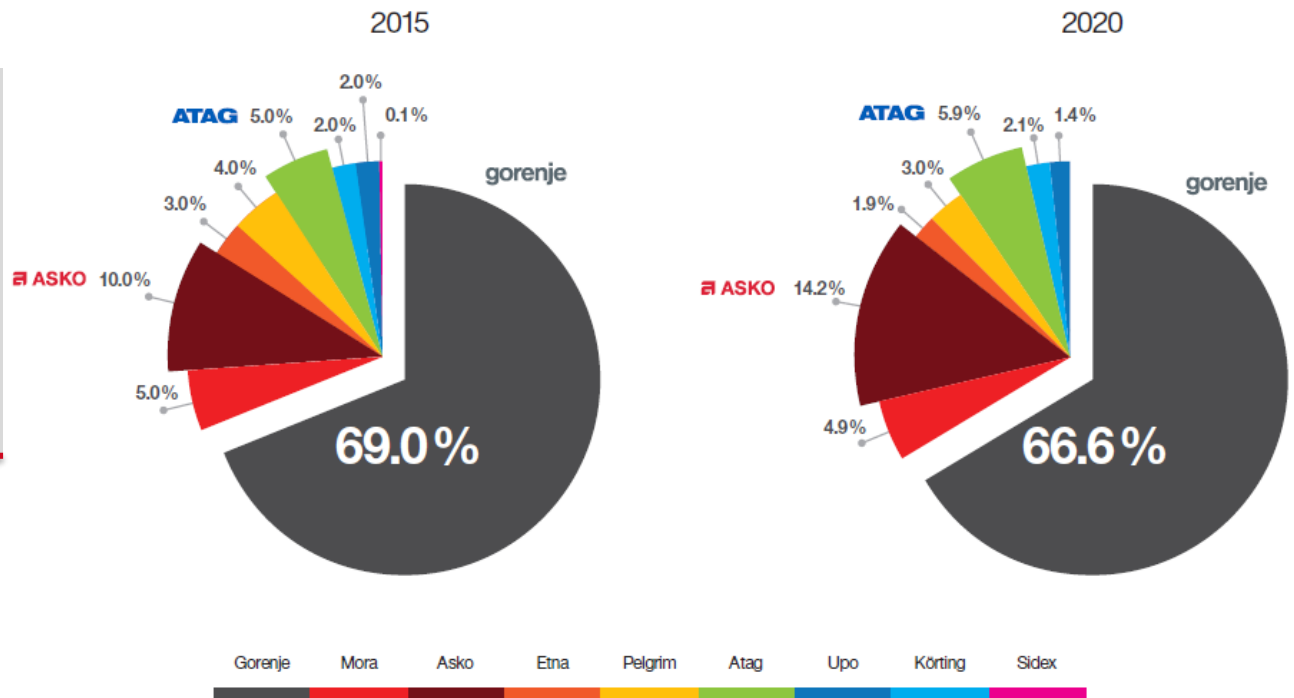
Corporate goal 2020: ASKO REVENUE OF EUR 206 MILLION

Net revenue from Asko sales (EUR million) and share in total core activity (Home) sales, in %



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.

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).

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
<i>EBITDA Margin (%)</i>	6.6%	7.1%	/
EBIT	32.8	37.6	114.9
<i>EBIT Margin (%)</i>	2.8%	3.1%	/
Profit before taxes	-4.7	11.2	/
Profit or loss for the period	-8.6	7.6	/
<i>ROS (%)</i>	-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 were not included at the time of preparation of the 2016 plan, due to the process of divestment (Gorenje Surovina d.o.o., Maribor, Kemis-BH, d.o.o., BiH, Kemis Valjevo d.o.o., Serbia, Cleaning System S, d.o.o., Serbia, PUBLICUS, d.o.o., Ljubljana, EKOGOR, d.o.o., Jesenice).*

Interim Report January-June 2016



gorenjegroup **Q2 2016 Highlights**

- **Solid performance** from Q1 of 2016 has continued in **Q2 2016**.
- Our **sales revenue** totalled at **EUR 295.8m** or **2.1% more** than in Q2 2015 (**core activity +3.2%**).
- Sales revenue amount and growth **are consistent with the Gorenje Group sales plans** for Q2 2016.
- **Sales revenue from core activity Home: EUR 256.7m** (up +3.2%) and comparable to the planned revenue dynamics.
- **EBITDA** amounted to **EUR 21.7m (+21.6%** more than last year).
- **EBITDA margin** was at **7.4%** (up +1.2 p.p. from Q2 2015).
- **EBIT** amounted to **EUR 9.9m (+58.7%** more than last year).
- **EBIT margin** at **3.4 %**, (+1.2 p.p. more than in the comparable period of 2015).
- **Our Q2 bottom line is a profit of EUR 1.5m**, which is better than in Q2 2015, that was wrapped up with a loss of EUR 4.8m. Gorenje Group is **profitable for the third consecutive quarter**.

gorenjegr^oup **H1 2016 Highlights**

- Our **sales revenue** totalled at **EUR 581.3m** or **+4.2% more** than in H1 2015 (**core activity +5.6%**).
- Revenue generated account for **48.4% of revenue planned on an annual basis**. With respect to the fact that the sales process of certain Ecology-related companies was not yet completed in H1, the planned revenue were generated at 45.3%, which is **in compliance with the annual plan's general dynamics**.
- **Sales revenue from core activity Home: EUR 499.5m** (up **+5.6%** relative to equivalent period of 2015) and **comparable to the planned revenue dynamics (8.0% organic growth** after adjusting for currency translation differences).

- **EBITDA amounted to EUR 40.2m (+19.5%** more than last year). With respect to the fact that the sales process of certain Ecology-related companies was not yet completed in the first half-year, the planned EBITDA was generated at 44.0%.
- **EBITDA margin was at 6.9%** (up 0.9 p.p. from last year's first half).
- **EBIT amounted to EUR 16.7m (+55.9%** more than last year). **44.4% of the planned EBIT** was generated in H1. With respect to the fact that the sales process of certain Ecology-related companies was not yet completed in H1, the planned EBIT was generated at 41.0%.
- **EBIT margin at 2.9%**, (1.0 p.p. more than in the comparable period of 2015).

gorenjegroup **H1 2016 Highlights - Sales**

- **2016 first half performance fuelled by successful performance in the Home activity, owing to:**
 - **high sales growth (+5.6%), for both major (+4.7%), and small (+25.5%) appliances, ...**
 - **favourable regional structure of sales with growing sales in the following markets:**
 - **Eastern Europe (+10.6%, +15.4% organic growth),**
 - **Benelux (+5.1%).**
 - **favourable brand structure of sales with growing sales of the following brands:**
 - **Asko (+7.9%),**
 - **Atag, Pelgrim and Etna (+5.1%).**

- **Favourable product structure of sales** with growing sales in the following segments:
 - **premium appliances** (7.2-percent volume growth; **16.5% share** in total MDA sales by volume and **27.3% share** in MDA revenue structure),
 - **innovative appliances** (20.5-percent volume growth; **9.9% share** in total MDA sales by volume, **increase by 1.1 p.p.**),
 - **cooking appliances** (+7.9% volume growth),
 - **dishwashers** (+18.7% volume growth).

- **Gaining market shares in the European markets:** increased market share in the 28 EU markets by **0.2 p.p** (**3.0% market share in volume**).

- **Significant growth in market share of the Gorenje brand** in the markets of CIS by **0.8 p.p.** (to **4.8% in value**).

gorenjegroup **H1 2016 Highlights - Costs**

- **2016 first half performance fuelled by successful performance in the Home activity, owing to:**
 - **solid management of costs of raw and processed materials:**
 - by **renegotiation with suppliers** in the first half-year of 2016,
 - **prior favourable lease** of certain strategic raw materials (e.g. **sheet metal, plastics, etc.**),
 - **activities related to optimising the use of material** in direct production.
 - **Optimization of logistic costs in Home activity** (4.3% increase in logistics costs, with 5.6% % sales revenue growth in Home).
 - **Labour cost management consistent with the goals for 2016** (3.3% increase of labour cost by 4.2% increase in Gorenje Group revenue).
- **Increased investment into marketing and development (by EUR 3.4m compared to H1 2015):**
 - **Investment into development EUR 18.0m** (3.1% of the Group revenue; increase by 0.15 p.p. or **EUR 1.5m**).
 - **Investment into marketing EUR 11.4m**, (2.0% of the Group revenue; increase by 0.3 p.p. or **EUR 1.9m**).

Pursuant to the Group's strategic goal, we have increased investments in product development to 3.1% in the Group's revenue structure (0.15 p.p. more than in H1 2015).

Key innovations that were launched in H1 2016:

- upgraded **built-in under counter refrigerators (600 mm)**,
- **10 kg washing machine** for the strategic partner Panasonic,
- Asko Craft premium **built-in ovens** programme,
- new programme of **mid-price range dishwashers**.



gorenjegrgroup **H1 2016 Highlights - Financials**

- We cut our interest expense by 12.1% (EUR 1.1m lower than last year).**
- We reported a positive result of foreign exchange rate differences of EUR 1.4m (EUR 6.2m better than last year).**
- The net financial debt at EUR 411.4m remained at the comparable level of 2015.**
- We improved our net financial debt to EBITDA ratio from 5.3 in H1 2015 to 4.7 in H1 2016 (by 0.6 relative to H1 2015).**

H1 2016: Key financial indicators

- **Sound business operations** recorded in Q2 2016 **continued also in Q2 2016**.
- Volume and growth in revenue **comply with the planned sales** of the Group for H1 2016.
- Group recorded in H1 **profit of EUR 2.1m** showing an improvement over the H1 2015 balance, when we incurred a loss of EUR 6.9m.
- We recorded a **positive result of foreign exchange rate differences in the amount of EUR 1.4m** on the Group level in H1 2016, which shows an improvement of EUR 6.2m if compared to H1 2015.

EURm	Q2 2015	Q2 2016	Index	H1 2015	H1 2016	Index	Plan 2016*	Plan track
Revenue	289.8	295.8	102.1	557.8	581.3	104.2	1,201.0	48.4
EBITDA	17.9	21.7	121.6	33.7	40.2	119.5	84.9	47.4
EBITDA Margin (%)	6.2%	7.4%	/	6.0%	6.9%	/	7.1%	/
EBIT	6.3	9.9	158.7	10.7	16.7	155.9	37.6	44.4
EBIT margin (%)	2.2%	3.4%	/	1.9%	2.9%	/	3.1%	/
Profit before taxes	-4.6	3.0	/	-5.3	4.6	/	11.2	41.3
Profit or loss for the period	-4.8	1.5	/	-6.9	2.1	/	7.6	27.4
ROS (%)	-1.7%	0.5%	/	-1.2%	0.4%	/	0.6%	/

**Business Plan 2016 is exclusive of the companies of the Ecology segment, which were subject to divestment (Gorenje Surovina d.o.o., Maribor, Kemis-BH, d.o.o., BiH, Kemis Valjevo d.o.o., Serbia, Cleaning System S, d.o.o., Serbia, PUBLICUS, d.o.o., Ljubljana, EKOGOR, d.o.o., Jesenice).*

H1 2016: Key financial indicators

DELEVERAGING in Q2 2016 by EUR 7.6m compared to Q2 2015
NET FINANCIAL DEBT / EBITDA 4.7

EURm	Q2 2015	Q2 2016	Index	Plan 2016*	Plan track
Gross financial debt	438.4	430.8	98.3	333.4	129.2
Net financial debt	408.3	411.4	100.7	319.0	129.0
Net financial debt / EBITDA	5.3	4.7	/	3.8	/

- ➔ **Gross debt:** EUR 430.8m (EUR -7.6m).
- ➔ **Net financial debt:** EUR 411.4m (EUR +3.1m).

H1 2016: Markets of the Core activity Home

- ➔ By increasing the sales **we improve our sales structure** (increasing the share of premium appliances, premium brands).
- ➔ Favourable **sales structure of brands**, where we have increased primarily the sale of brands **Asko (7.9% growth)**; **10.3% in a sales structure (+0.2 p.p. relative to H1 2015)** and **Atag, Pelgrim and Etna brands (+5.1% growth)**; **growth was also recorded by the sale of Gorenje brand.**
- ➔ As for sales of **small household appliances**, the **sales recorded 25.5% growth revenue.**

EURm	Q2 2015	%	Q2 2016	%	Change (%)	H1 2015	%	H1 2016	%	Change (%)
Western Europe	109.9	44.2	110.0	42.8	+0.1%	219.5	46.4	225.5	45.1	+2.7%
Eastern Europe	107.8	43.3	119.1	46.4	+10.5% *	201.7	42.7	223.2	44.7	+10.6% *
Other	31.1	12.5	27.6	10.8	-11.2%	51.6	10.9	50.8	10.2	-1.6%
Total Home	248.8	100.0	256.7	100.0	+3.2%	472.8	100.0	499.5	100.0	+5.6%

H1 2016: Markets of the Core activity Home

- ➔ **Sales growth:** Slovenia, Hungary, Slovakia, Czech Rep., Romania, Bulgaria, Croatia, Montenegro, Macedonia, Russia and Ukraine (more than 25%), Benelux (mainly Netherlands), Germany and UK, North America (OEM), Caucasus, Asia, Brazil.
- ➔ **Increase of sales outside Europe.**
- ➔ **Drop in sales:** Scandinavia and France (brand name Gorenje).
- ➔ Higher sales under the brand name Asko was achieved in Scandinavia, France, America, Russia and Asia.

H1 2016: Markets of the Core activity Home

- ➔ **Higher share of innovative appliance sales to: 9.9% (+1.1 p.p.) / +14.7% sales growth**
- ➔ **Higher share of premium appliance sales to: 16.5% / +7% sales growth**

Innovative appliances

... are appliances within individual group of products with the so-called »innovative functionalities« which are more energy efficient (efficient storage, lower energy and water consumption).

Premium appliances

... are appliances of the brands 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).

gorenjegr^oup **H1 2016: Effects of foreign exchange rate fluctuations on sales**

- ▶ We recorded a **positive result of foreign exchange rate differences in the amount of EUR 1.4m** on the Group level in H1 2016, which shows an improvement of EUR 6.2m if compared to H1 2015.
- ▶ **Adjusting for effects of exchange rates, revenue in Home would have exceeded H1 2015 figure by 8.0%.** (organic growth).

Exchange rate differences

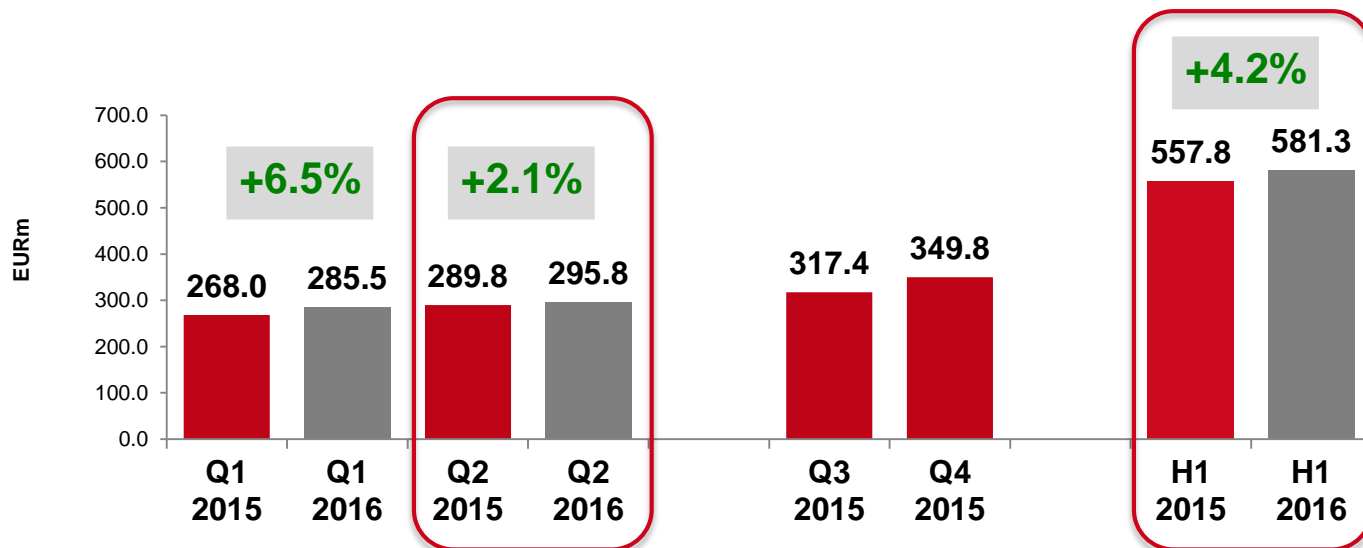
Home	Currency impact on revenue H1 2015	Actual revenue H1 2016	Actual revenue H1 2016 valued at exchange rate H1 2015	Impact of currency on revenue	Actual growth (%)	Organic growth (%)
EURm						
West	219.5	225.5	225.8	-0.3	+2.7%	+2.9%
East	201.7	223.2	232.6	-9.4	+10.6%	+15.4%
Other	51.6	50.8	52.3	-1.5	-1.6%	+1.3%
TOTAL	472.8	499.5	510.7	-11.2	+5.6%	+8.0%

gorenjegr^o H1 2016: Operating Performance

Improved contribution margin: **improved sales volume, sales and geographical structure, favourable sales structure of brands and product groups.**

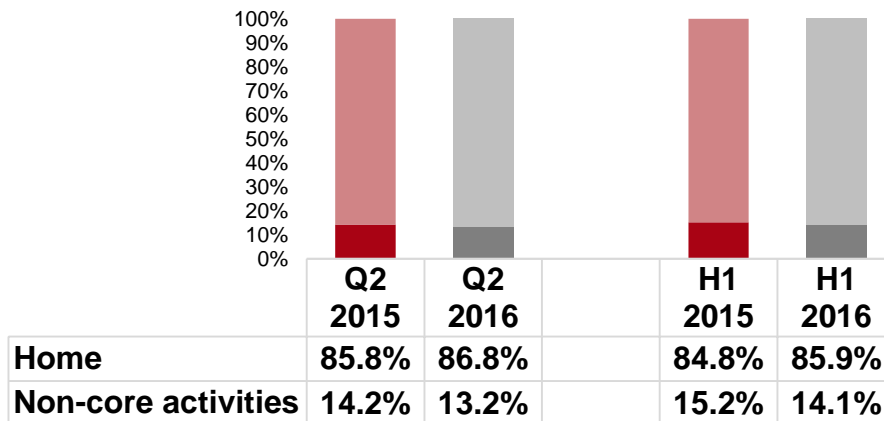
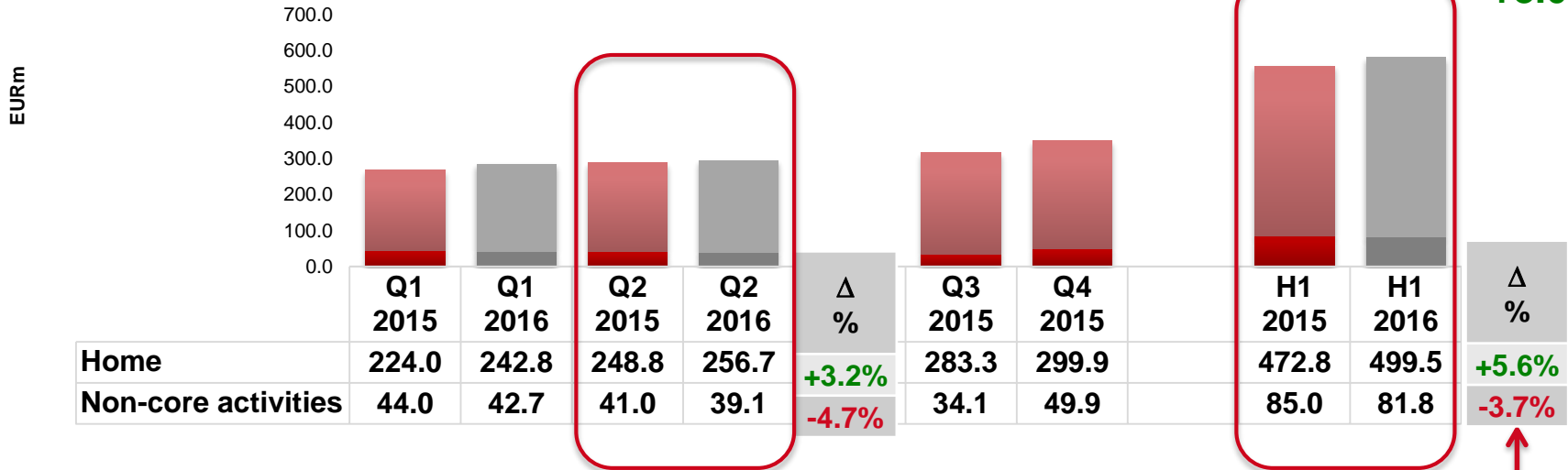
EURm	Q2 2015	Q2 2016	Index	H1 2015	H1 2016	Index
Revenue	289.8	295.8	102.1	557.8	581.3	104.2
CM	123.4	131.6	106.6	241.6	251.6	104.1
CM (%)	42.6%	44.5%	/	43.3%	43.3%	/
EBIT	6.3	9.9	158.7	10.7	16.7	155.9
EBIT margin (%)	2.2%	3.4%	/	1.9%	2.9%	/
Profit or loss for the period	-4.8	1.5	/	-6.9	2.1	/
ROS (%)	-1.7%	0.5%	/	-1.2%	0.4%	/

Group Revenue



H1 2016: Revenue by activities

Organic growth Home
+8.0%



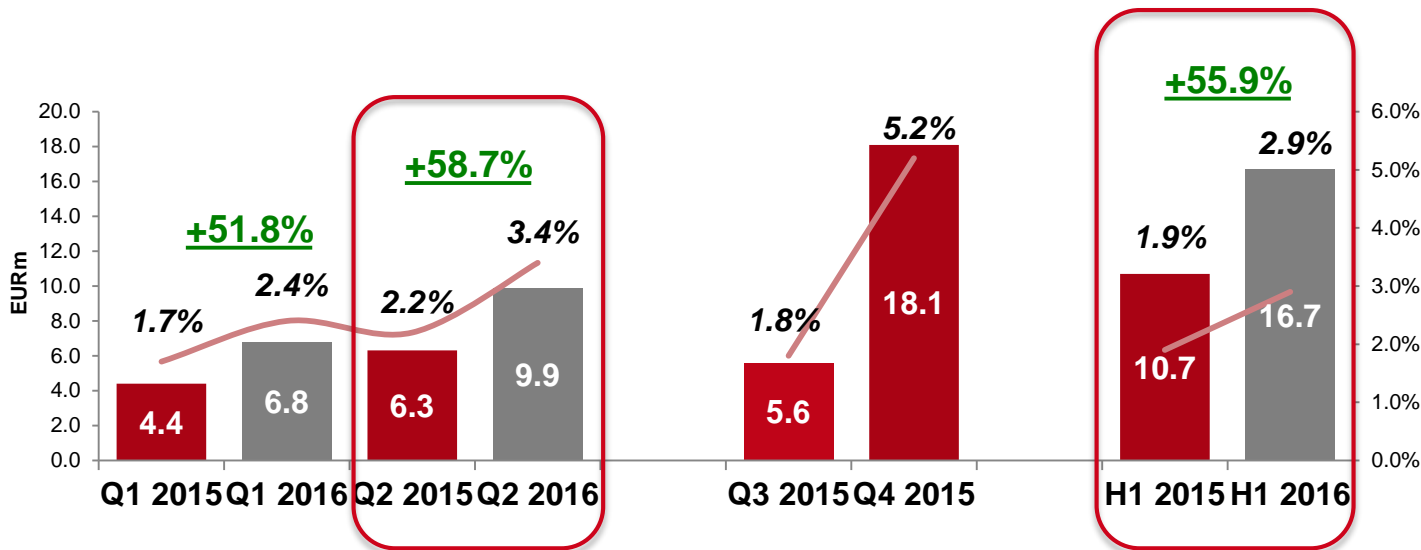
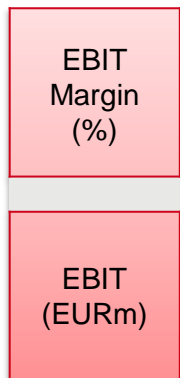
Lower revenue from sales of:

- Ecology, lower prices of secondary raw materials market (Gorenje Surovina),
- machine building and toolmaking.

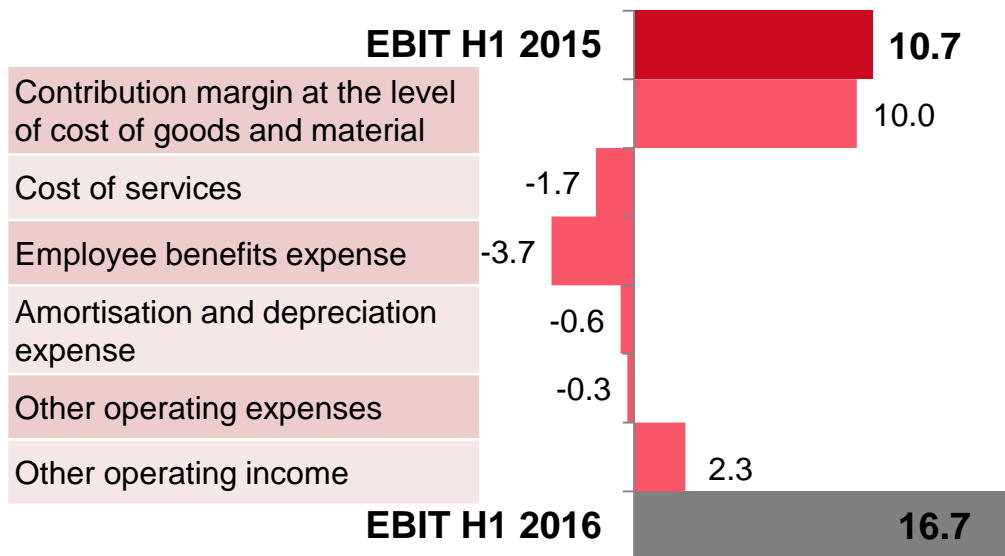
Higher sales revenues:

- coal,
- with the expansion of catering and
- sales of ceramics.

H1 2016: EBIT

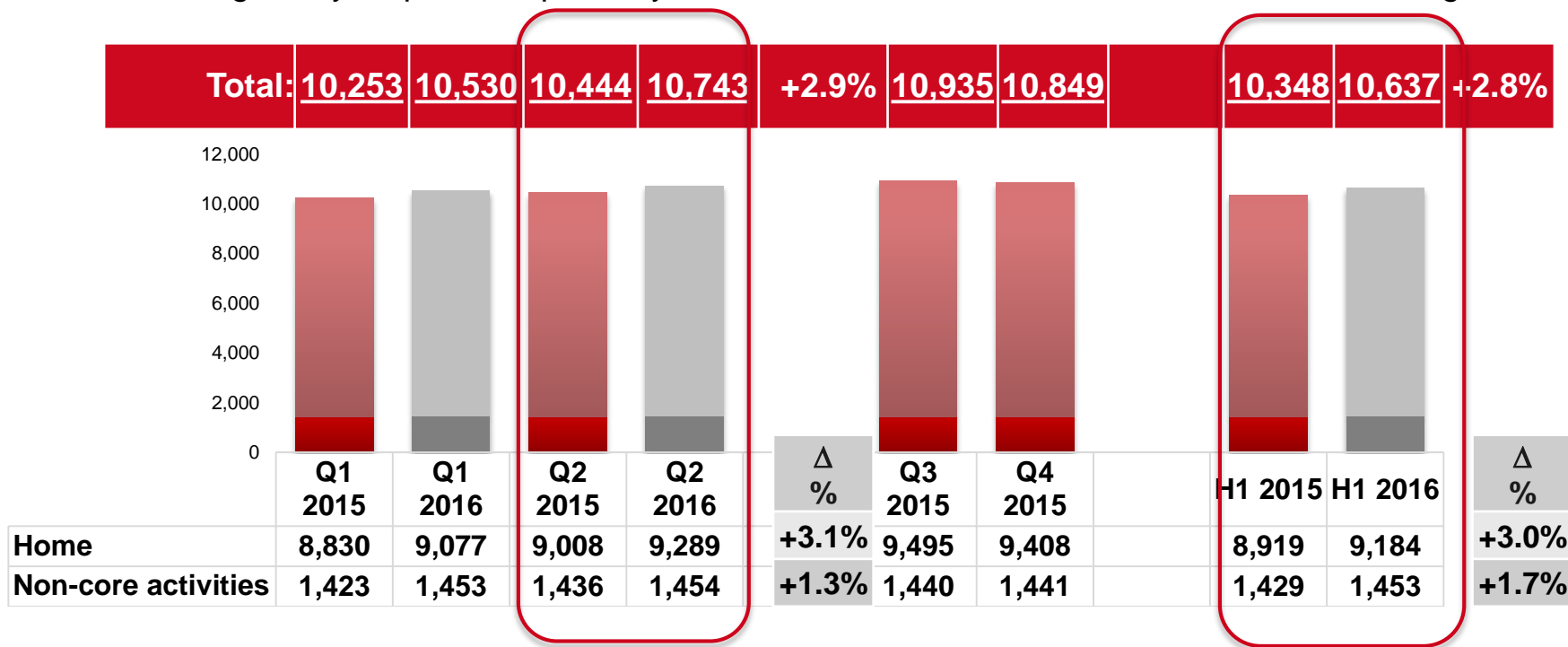


- ➔ **Contribution margin: EUR +10.0m** ➔ Higher sales volume, good cost management of raw materials, favourable geographical sales structure, favourable sales structure of brands and product groups.
- ➔ **Cost of services: +1.8%** (EUR -1.7m ➔ increased investments in marketing by 18.2%; increased costs of logistics by 4.3%; Quality-related costs in connection with repairs in warranty periods have declined by EUR 0.25m (improved quality of products).
- ➔ **Employee benefits expense: EUR -3.7m** ➔ planned promotions, wage adjustments, retirement benefits.
- ➔ **Other operating income: EUR +2.3m** (Subsidies received for the employees in Serbia - Valjevo)

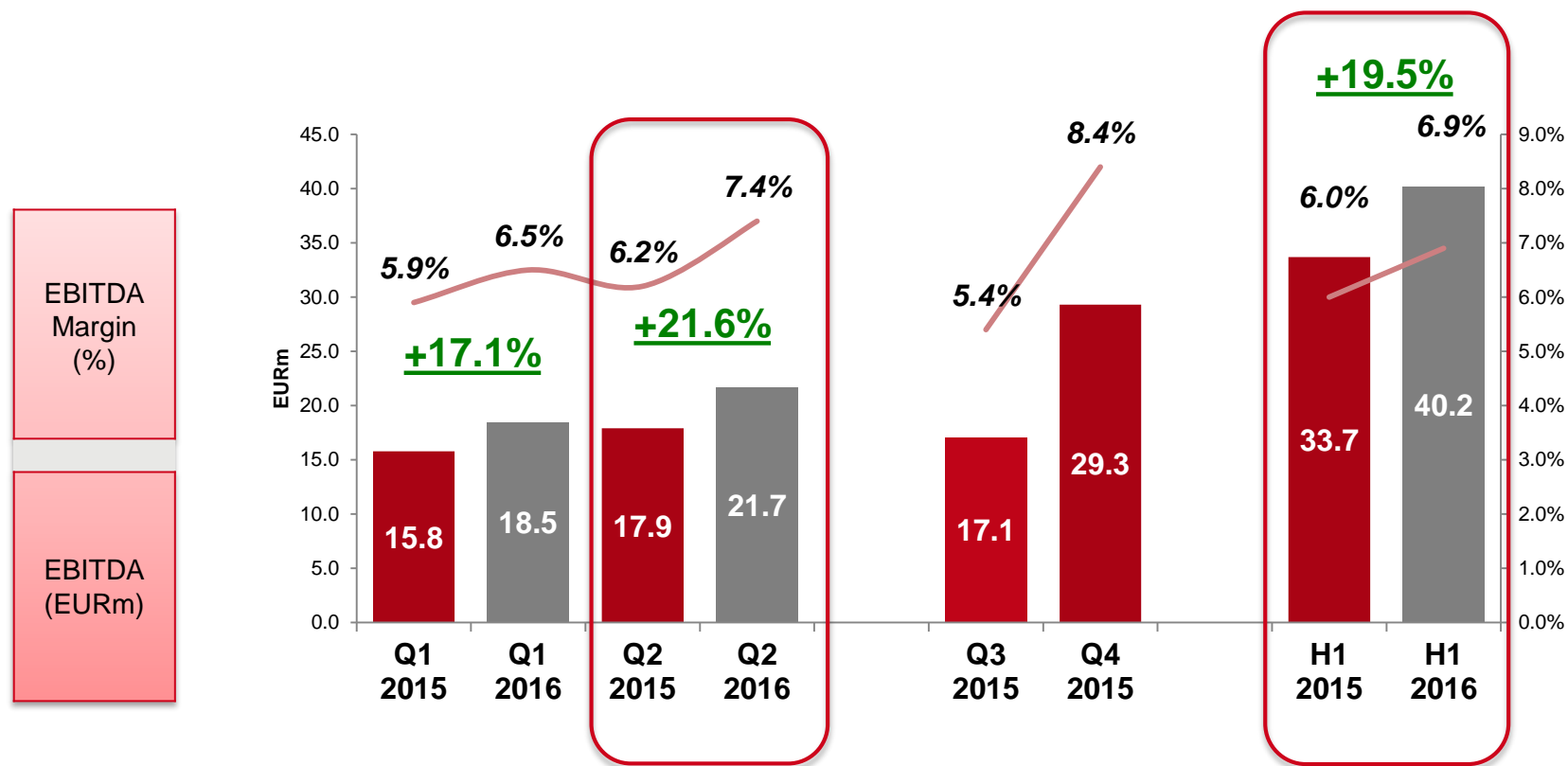


H1 2016: Average number of employees by activities

- **Average number of employees in H1 2016 by 289 higher than in H1 2015**
- Most of new employments refer to the Home Core activity's manufacturing companies, where the average number of employees grew by 265 (mostly in Valjevo, Velenje and Stara Pazova due to higher production activities), whereby in the Home activity's trading companies the number of employees increased by 92 due to the changed business model in the retail studios in Eastern Europe (employment of staff that was previously employed via employment agencies) and the higher number of staff on the markets of Benelux. The number of employees in Non-core activities grew by 24 persons, primarily due to increased sales volume in the area of catering.

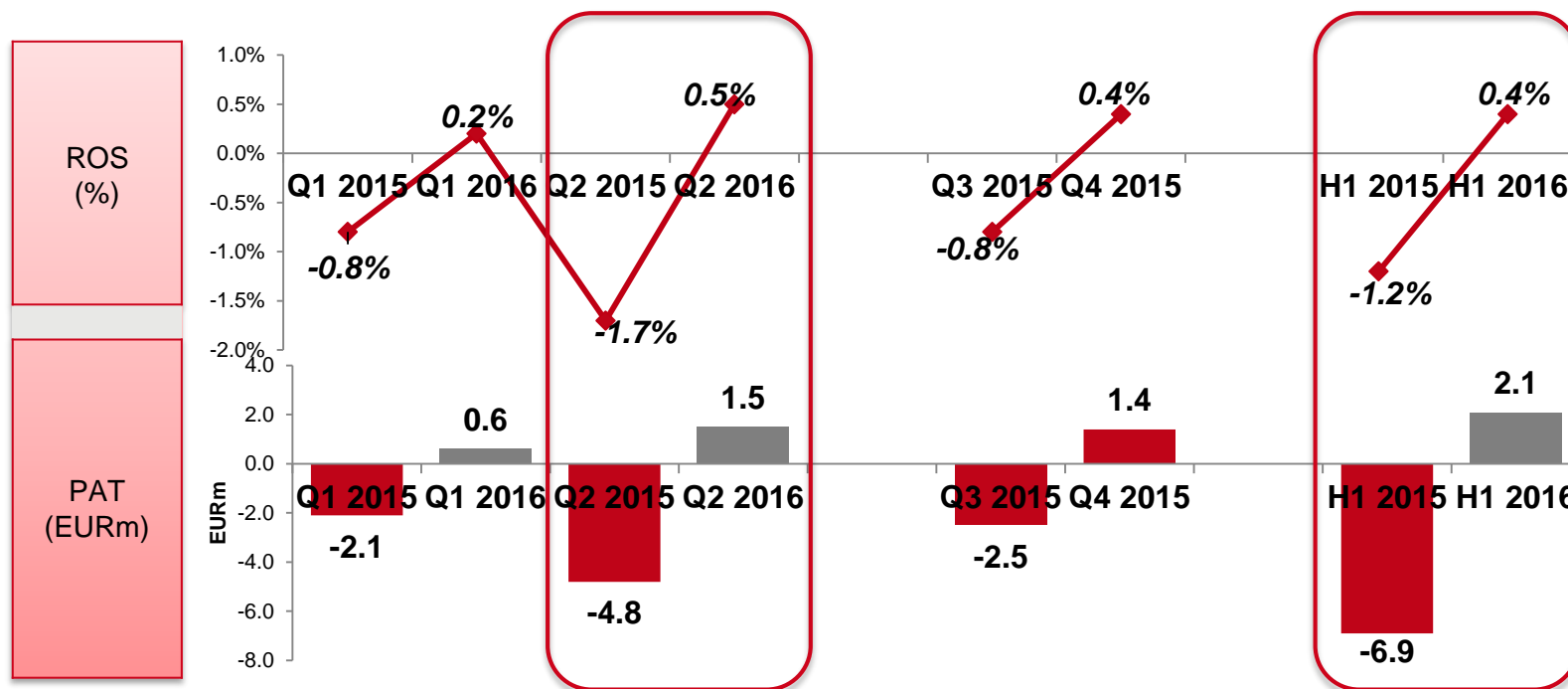


gorenjegrup H1 2016: EBITDA



- **EBITDA** was EUR 40.2m and shows a 19.5% increase over the H1 2015.
- **EBITDA margin** at 6.9% was higher by 0.9 p.p.
- We have generated **47.4% of the planned EBITDA** in the H1 2016.
- With respect to the fact that the sales process of certain Ecology-related companies was not yet completed in the H1, the planned EBITDA was generated at 44.0%.

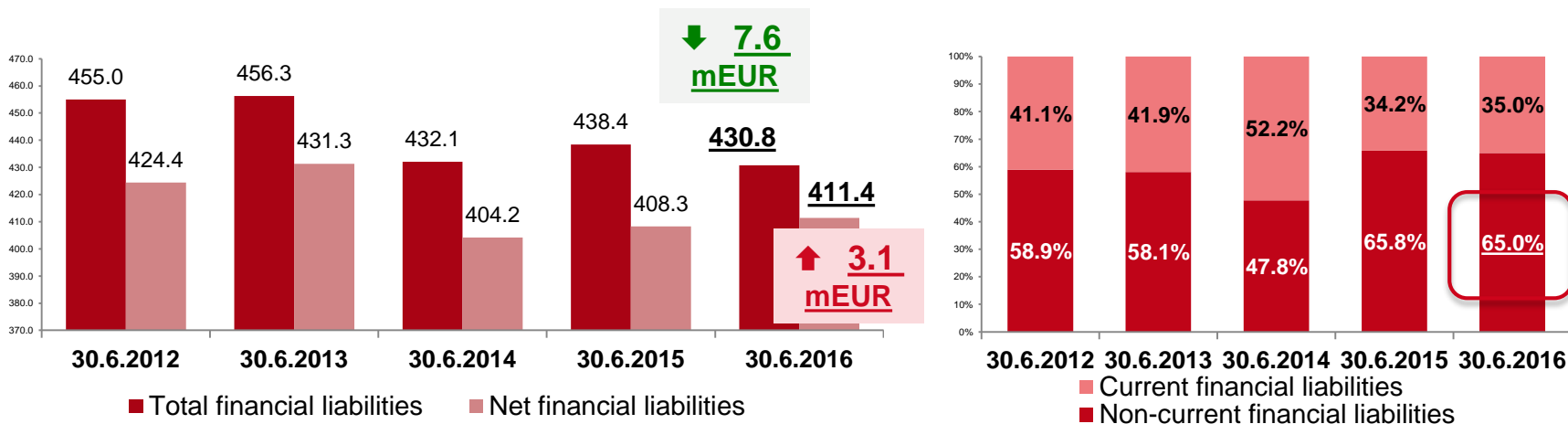
H1 2016: Net Result Performance



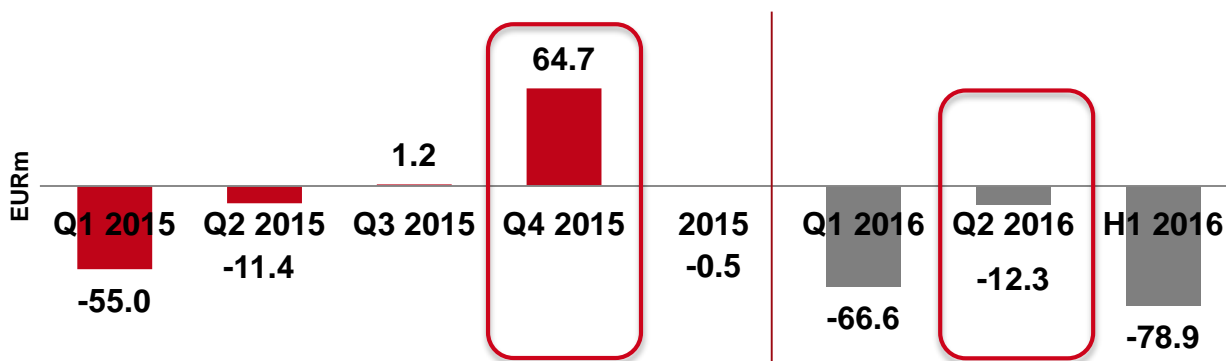
- ➔ **Negative result from financing activities:** EUR 12.0m (by EUR 4m better in comparison to H1 2015). The negative result was primarily impacted by **interest expenses** that in H1 2016 show a **decline by 12.1%**, compared to H1 2015. A positive result of **foreign exchange rate differences** on the Group level were **recorded at EUR 1.4m**, showing an improvement of EUR 6.2m over the H1 2015 balance.
- ➔ **Income tax expense:** EUR 2.6m, higher by EUR 1.0m in comparison to H1 2015, includes current and deferred income tax.

H1 2016: Financial performance

Movement of total and net financial liabilities in Q2 for the period 2012-2016 (EURm) and the maturity structure of financial liabilities

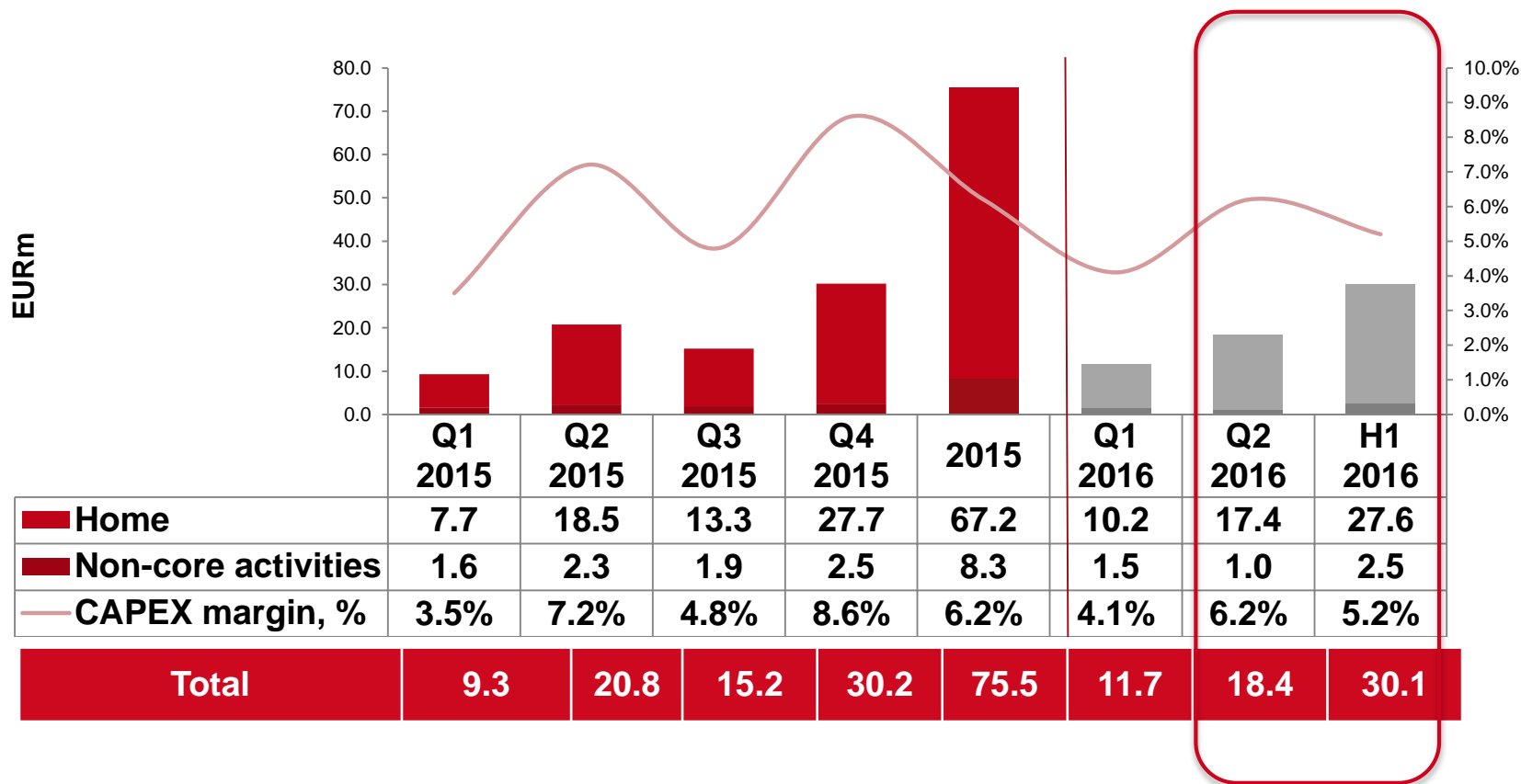


Cash flows from operating and investing activities



- Very strong positive cash flow from Q4 2015,
- Very low level of net working capital recorded as at 31 December 2015.
- These dynamics are typical, as the Group generates most of its negative cash flows from operating and investing activities in H1 of the year.

H1 2016: Investment activities

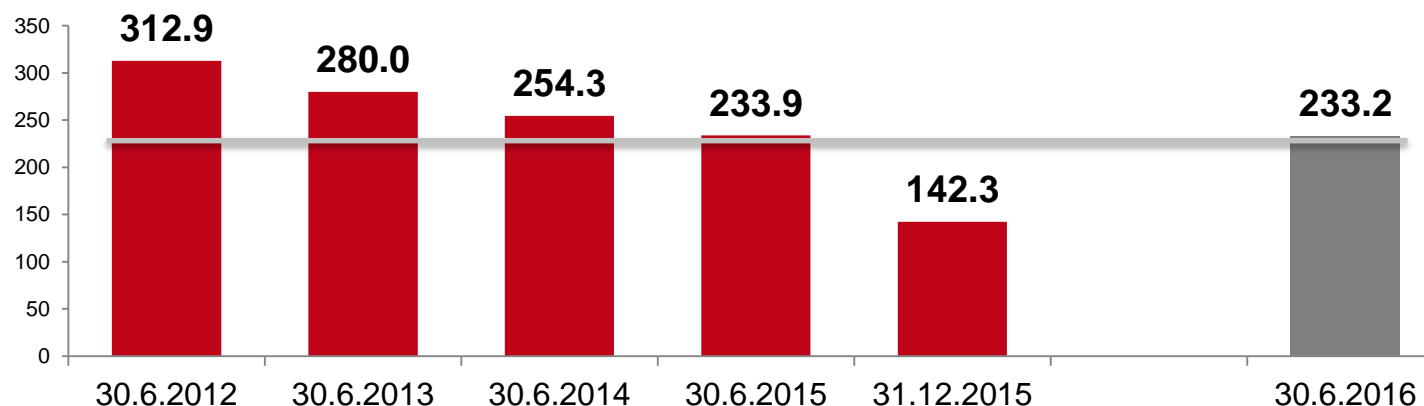


H1 2016: Working Capital

Investments in net working capital

EURm	30 Jun 2012	30 Jun 2013	30 Jun 2014	30 Jun 2015	31 Dec 2015	30 Jun 2016
+ Inventories	255.0	267.5	256.0	248.8	225.9	245.7
+ Trade receivables	272.4	228.2	229.1	203.9	161.0	192.8
+ Other current assets	51.0	58.1	45.6	45.7	52.2	55.7
- Trade payables	-171.2	-183.3	-189.7	-177.6	-221	-171.2
- Other current liabilities	-94.3	-90.5	-86.7	-86.9	-75.8	-89.8
= Net working capital	312.9	280.0	254.3	233.9	142.3	233.2

Movement of net working capital in the 2012-2015 period (EURm)



gorenjegr^o H1 2016: Balance Sheet

- **Further decrease of net working capital:**
 - **Inventories:** declined by EUR 3.1m; Inventory turnover amounted to 73 days (-3 days).
 - **Trade receivables:** declined by EUR 11.1m; The average turnover of receivables was 55 days (-7 days).
 - **Trade payables:** reduced by EUR 6.4m; Turnover of liabilities was 79 days (+2 days).
- **Further deleveraging**

EURm	30 Jun 2015	30 Jun 2016
Net non-current assets	510.7	525.4
Inventories	248.8	245.7
Trade receivables	203.9	192.8
Trade payables	-177.6	-171.2
Other current assets / liabilities	-41.3	-34.2
Net working capital	233.9	233.2
NET ASSETS	744.5	758.6

EURm	30 Jun 2015	30 Jun 2016
Equity	360.8	368.4
Non-current financial liabilities	288.4	279.9
Current financial liabilities	150.0	150.9
Cash and cash equivalents	-30.1	-19.4
Net debt capital	383.7	390.2
Financial investments	-24.6	-21.2
NET INVESTED CAPITAL	744.5	758.6

Key managerial actions

➤ Focus **2016:**

Sales

- Growth (Asko, outside Europe, Atag, Eastern Europe)
- Improved sales structure (innovative / premium appliances)

Cost reduction

- Material
- Services (logistics etc.)
- Labour costs (productivity)

Reducing the debt

- Divestment
- Working capital management

Increasing investments in Marketing R&D

- Supporting increased sales volumes
- New product development and innovation

Processes

- Supply Chain Management
- Complexity

Projects

- Lean organisation, TQM, forecasting

Development of the premium brand Asko

Strategic partnership with the company Panasonic

Risk management

Organizational structure and corporate governance

Strategy 2020

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**Thank you
for your attention!**

Forward-looking statements

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