



# GORENJE, D.D.

www.gorenje.si

Sector:  
Household appliances

Ticker:  
GRVG SV

PRICE (15.09.2006)	EUR 23.10
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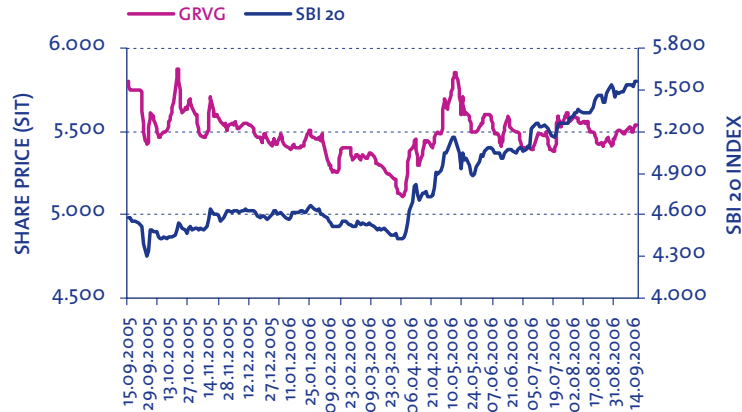
GRVG	
NO OF SHARES	12,200,000
MIN (52 WEEK)	EUR 21.32
MAX (52 WEEK)	EUR 24.50
MARKET CAP.	EUR 281.86 MN

BV (31.12.2005)	EUR 22.35
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RATIOS*	
P/E	13.42
P/B	1.05
EV/EBITDA	5.16
EPS	EUR 1.74

\* values based on H1 2006 annualized results and current price

Gorenje is a company with more than a 50-year-old tradition in manufacturing and retailing of household appliances. The company has 14 affiliates in Slovenia and 33 international subsidiaries. In reference to sales, at a level of 3 million of large household appliances, Gorenje is one of the top eight leading European manufacturers and has a market share of 4% of the European market of large household appliances. Gorenje has managed to keep the leading market share position on the Southeastern European markets and kept a strong leading manufacturers position in Eastern Europe as well. Gorenje, with more than 10,000 employees, is categorized as one of the largest Slovenian manufacturing companies and net exporters.



Gorenje group is organised into three divisions: household appliances division, home interior division and trade and service

division. The household appliances division manufactures and sells household appliances of its own production and other manufacturers. It sells supplementary programme of home electronics and small household appliances. It also manufactures and sells heating appliances. Home interior division produces and sells kitchen and bathroom furnishing, bathroom fittings and ceramic tiles. Trade and services division comprise energy and protection, engineering, agency services, restaurant and catering services, tourism and real estate management.

In 2005, Gorenje sold 3.5 mio units of large household appliances in 60 countries worldwide under the principal brand names: Gorenje, Sidex, Körting and Mora.

At the beginning of 2006, Gorenje also completed the construction of the plant for manufacturing household appliances for refrigerator and freezer division in Valjevo. Also a new subsidiary for sales of household appliances was founded in Dubai, United Arab Emirates.

Gorenje Group realized its net revenue from sales in the amount of EUR 477 mn in the first half of 2006, which is 0.2 % higher than in the same period last year. Operating profit before depreciation/amortization - EBITDA, amounted to EUR 35 mn, which is 1.7 % more than in the same period in 2005. Consolidated net profit in the amount of EUR 6.25 mn exceeds the figure reported in the same period in 2005 by 2.5 %.



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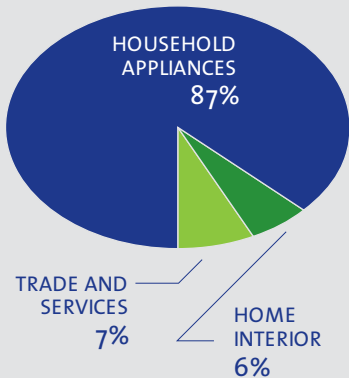
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### COMPANY PROFILE:

#### SALES STRUCTURE BY DIVISIONS



Gorenje was established in a small village called Gorenje in 1950. At the beginning, the company was involved in manufacturing agricultural machinery and the provision of building materials. Eight years later it expanded its operations to the production of solid-fuel cookers. Till 1970, Gorenje expanded its business to washing machines and refrigerators, becoming the leading household appliances company in Yugoslavia. In 1997, Gorenje d.d. became a public company. In 2005, Gorenje acquired Czech cooking appliances producer Mora Moravia a.s.

Besides the mother company, Gorenje group includes the following subsidiary companies:

#### THE COMPANIES OPERATING IN SLOVENIA:

Gorenje I.P.C. d.o.o., Velenje; Biterm d.o.o., Bistrica ob Sotli; Gorenje Notranja oprema d.o.o., Velenje; Gorenje Orodjarna d.o.o., Velenje; Gorenje Tiki d.o.o., Ljubljana; Gorenje GTI d.o.o., Velenje; Gorenje Gostinstvo d.o.o., Velenje; LINEA d.o.o., Velenje; Energygor d.o.o., Velenje; Opte Ptuj d.o.o., Ptuj; Kemis d.o.o., Radomlje; ZEOS d.o.o., Ljubljana; Istrabenz-Gorenje d.o.o., Ljubljana; IG Prodaja d.o.o., Nova Gorica.

#### THE COMPANIES OPERATING OUTSIDE SLOVENIA:

Gorenje Beteiligungs GmbH, Austria; Gorenje Austria Handels GmbH, Austria; Gorenje Vertriebs GmbH, Germany; Gorenje Körtling Italia S.r.l., Italy; Gorenje France S.A.S., France; Gorenje BELUX S.a.r.l., Belgium; Gorenje UK Ltd., UK; Gorenje Skandinavien A/S, Denmark; Gorenje AB, Sweden; Gorenje spol. s r.o., Czech Republic; Gorenje real spol. s r.o., Czech Republic; Gorenje Slovakia s r.o., Republic of Slovakia; Gorenje Budapest Kft., Hungary; Gorenje Polska Sp. z o.o., Poland; Gorenje Bulgaria EOOD, Bulgaria; Gorenje Zagreb d.o.o., Croatia; Gorenje Skopje d.o.o., Macedonia; Gorenje Commerce d.o.o., Bosnia and Herzegovina; Gorenje d.o.o., Serbia;

Gorenje Podgorica d.o.o., Montenegro; Gorenje OY, Finland; Gorenje AS, Norway; OÜ Gorenje, Estonia; SIA Gorenje, Latvia; Gorenje Romania S.R.L., Romania; Gorenje aparati za domačinstvo d.o.o., Serbia; Mora Moravia s.r.o, Czech Republic; Gorenje Küchen GmbH, Austria; Gorenje - kuchyne spol. s r.o., Czech Republic; Gorenje Imobilia, d.o.o., Serbia; Gorenje Adria Nekretnine d.o.o., Croatia; Kemis d.o.o., Croatia; Kemis BiH d.o.o., Bosnia and Herzegovina; Kemis d.o.o., Serbia; Nacionalni brendovi d.o.o., Serbia; Gorenje Gulf FZE, United Arab Emirates; Istrabenz-Gorenje d.o.o., Croatia; Gorenje Espana S.L., Spain; Gorenje Tiki, d.o.o., Serbia.

Gorenje d.d. also has representative offices in Moscow, Russia; Krasnojarsk, Russia; Kiev, Ukraine; Athens, Greece; Barcelona, Spain; Shanghai, China; Belgrade, Serbia; Priština, Serbia.

On the average there were 5,557 employees in the company in 2005 and 10,492 employees in the group. The number of the employees in the company increased by 0.3% and the number of the employees in the group increased by 10.4% compared to 2004.

With the agreement signed on 18 July 2006, Gorenje, d.d., purchased a 49.95 percent share in Istrabenz Energetski sistemi, d.o.o. This has made it an equal partner with the holding company Istrabenz, d.d., which has retained an equal 49.95 percent share in the company. The two companies have undertaken to join forces in the development of projects in the energy sector and investment in the power generation resources in the target energy markets in Slovenia and abroad.



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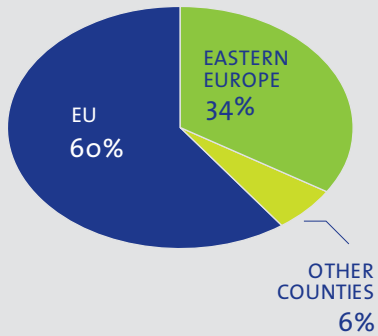
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### PERFORMANCE:

#### GEOGRAPHICAL SALES STRUCTURE



The net sales revenues of Gorenje group amounted to EUR 1.0 bn in 2005, which were 12.4% higher than in the previous year and exceeded the plan for 3.4%. The growth of the net sales revenue is mainly due to the integration of the Czech company Mora Morava into the group in January 2005. The company created EUR 639.9 mio net sale revenues or 6.4% more than in 2004.

The sales of Gorenje group were realized on the following markets: 60% within European Union countries, 34% in Eastern Europe and the remaining 6% in other countries. In total sales, household appliances had the largest stake with 87%, followed by the income from trade and services with a 7% stake and home interior with a 6% stake.

In 2005, Gorenje group created EUR 21.3 mio net profit or 0.8% more than in 2004, belonging to the major owner. The company realized EUR 10.2 mio profit. In comparison to the previous year, it increased its profit by 13.7%.

Gorenje Group realized net revenue from sales in the amount of EUR 477 mn in the first half of 2006, which is 0.2 % higher than in the same period last year. The net revenue from the sales in the first half of 2006 is not entirely comparable to the figure reported for the same period in the preceding year due to the divestment of the Hyundai companies in July 2005. Using comparable data, the net revenue from sales is higher by EUR 26.8 mn, which is equivalent to 6.0 % increase.

The operating profit before depreciation and amortisation amounted to EUR 35 mn, which is 1.7 % more than in the same period in 2005. The consolidated net profit in the amount of EUR 6.25 mn exceeds the figure reported in the same period in 2005 by 2.5 %. The net profit also includes the net profit share of minor

shareholders amounting to EUR 26 thousand.

The net revenue from the sales of Gorenje company in the amount of EUR 327 mn is 10.2 % higher than in the same period last year. The net revenue from the sales is not entirely comparable to the same period in the previous year and the annual plan due to the amalgamation of the subsidiary company Gorenje Indop, d.o.o. Using comparable data, the net revenue from the sales is higher by EUR 26 mn, which is equivalent to 8.8 % growth. The operating profit before depreciation and amortisation amounts to EUR 23 mn, which is 1.2 % more than in the same period in 2005. The net profit for the period amounts to EUR 3.5 mn, which is 14.1 % more than in the same period last year. The profit of the amalgamated subsidiary Gorenje Indop, d.o.o. in the amount of SIT 15.0 million is also included in the net profit.

By 2010, Gorenje group is planning its net sales revenues of EUR 1.25 bn with a 5% annual growth. With other acquisitions, the consolidated net revenues could raise to EUR 1.45 - 1.55 bn. The investments in tangible assets are planned at an annual average of EUR 40 - 50 mio. The annual average labour productivity growth is estimated at 4.7%.



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### SHAREHOLDERS:

On 17 August 2006, ten largest shareholders owned a 54.84% stake of the company:

SHAREHOLDER	NO OF SHARES	% STAKE	CUMULATIVE % STAKE
KAPITALSKA DRUŽBA, D.D.	3,073,579	25.19	25.19
GORENJE, D.D.	1,183,342	9.70	34.89
KD GALILEO, VZAJEMNI SKLAD	485,133	3.98	38.87
DELNIŠKI VZAJEMNI SKLAD TRIGLAV STEBER I	415,816	3.41	42.28
KD RASTKO, DELNIŠKI VZAJEMNI SKLAD	360,447	2.95	45.23
MAKSIMA, DELNIŠKA ID, D.D.	352,458	2.89	48.12
KRONA SENIOR, DELNIŠKA ID, D.D.	227,669	1.87	49.99
ZLATA MONETA II D.D.	217,130	1.78	51.77
PROBANKA D.D.	209,494	1.72	53.48
KD ID, DELNIŠKA ID, D.D.	165,040	1.35	54.84

BALANCE  
SHEET

ooo EUR	GROUP				COMPANY			
	31.12.2005	31.12.2004	30.06.2006	05 / 04	31.12.2005	31.12.2004	30.06.2006	05 / 04
<b>ASSETS</b>	<b>815,848</b>	<b>747,923</b>	<b>853,663</b>	<b>9.1%</b>	<b>568,294</b>	<b>525,007</b>	<b>598,099</b>	<b>8.2%</b>
<b>Non-current assets</b>	<b>380,983</b>	<b>363,956</b>	<b>384,303</b>	<b>4.7%</b>	<b>309,77</b>	<b>299,82</b>	<b>317,300</b>	<b>3.3%</b>
Intangible assets	23,443	13,882	22,452	68.9%	16,65	12,646	14,249	31.7%
Property, plant and equipment	328,988	326,429	327,681	0.8%	199,74	201,029	196,529	-0.6%
Investment property	888	2,456	942	-63.8%	797	2,365	797	-66.3%
Non-current investments	16,511	18,359	24,470	-10.1%	2,085	9,37	99,216	-77.8%
Trade and other receivables	3,567	2,541	643	40.4%	5,442	4,125	484	31.9%
Deferred tax assets	7,586	289	8,115	2522.3%	5,342	544	6,025	882.6%
<b>Current assets</b>	<b>434,865</b>	<b>383,967</b>	<b>469,359</b>	<b>13.3%</b>	<b>258,523</b>	<b>225,186</b>	<b>280,799</b>	<b>14.8%</b>
Inventories	168,948	158,442	191,472	6.6%	74,599	65,057	79,572	14.7%
Trade and other receivables	229,744	196,817	243,878	16.7%	164,37	141,53	185,859	16.1%
Current investments	22,83	17,891	14,642	27.6%	18,298	16,719	7,928	9.4%
Deferred costs (expenses) and accrued revenue	2,706	3,132	9,459	-13.6%	1,214	1,841	7,393	-34.1%
Cash and cash equivalents	10,636	7,686	9,908	38.4%	42	40	46	5.4%
<b>Off balance sheet items</b>	<b>131,567</b>	<b>107,314</b>		<b>22.6%</b>	<b>61,619</b>	<b>45,232</b>		<b>36.2%</b>
<b>EQUITY AND LIABILITIES</b>	<b>815,848</b>	<b>747,923</b>	<b>853,663</b>	<b>9.1%</b>	<b>568,294</b>	<b>525,007</b>	<b>598,099</b>	<b>8.2%</b>

ooo EUR	GROUP				COMPANY			
	31.12.2005	31.12.2004	30.06.2006	05 / 04	31.12.2005	31.12.2004	30.06.2006	05 / 04
<b>Equity and minority interest</b>	<b>245,035</b>	<b>254,023</b>	<b>240,469</b>	<b>-3.5%</b>	<b>210,502</b>	<b>223,403</b>	<b>202,746</b>	<b>-5.8%</b>
Share capital	50,833	50,833	50,833	0.0%	50,833	50,833	50,833	0.0%
Capital reserves	96,305	96,305	96,305	0.0%	78,587	78,587	78,587	0.0%
Legal and statutory reserves	18,816	18,816	31,275	0.0%	18,816	18,816	37,426	0.0%
Retained earnings	74,862	74,086	63,557	1.0%	75,203	76,596	54,964	-1.8%
Own shares	-15,255	-2,795	-21,404	445.7%	15,255	2,795	2,259	445.7%
Capital revaluation and translation adjustment	18,412	15,76	18,654	16.8%	2,241	1,29	21,406	73.7%
Minority interest	840	191,07	1,027	-99.6%				
<b>Non-current liabilities</b>	<b>178,782</b>	<b>146,167</b>	<b>196,862</b>	<b>22.3%</b>	<b>122,756</b>	<b>89,655</b>	<b>144,888</b>	<b>36.9%</b>
Provisions	49,851	30,56	50,748	63.1%	27,057	16,970	27,583	59.4%
Provisions formed from ceded assets	7,469	7,418	7,629	0.7%	0	0		
Deferred tax liabilities	1,018	330,58	762	-99.7%	0	408	0	-100.0%
Financial liabilities	120,221	106,783	137,457	12.6%	95,699	72,277	117,305	32.4%
Non-current collaterals	223	26	266	760.0%	0	0		
<b>Current liabilities</b>	<b>392,032</b>	<b>347,734</b>	<b>416,332</b>	<b>12.7%</b>	<b>235,036</b>	<b>211,948</b>	<b>250,466</b>	<b>10.9%</b>
Financial liabilities	139,399	130,433	203,404	6.9%	56,509	55,733	105,363	1.4%
Trade and other payables	234,925	206,858	185,305	13.6%	172,876	153,246	133,694	12.8%
Accrued costs (expenses) and deferred revenue	17,707	10,443	27,623	69.6%	5,651	2,969	11,408	90.3%
Off balance sheet items	131,567	107,314		22.6%	61,619	45,232		36.2%

INCOME  
STATEMENT:

ooo EUR	GROUP			COMPANY		
	2005	2004	05 / 04	2005	2004	05 / 04
Revenue	1,014,657	902,383	12.4%	639,952	601,411	6.4%
Changes in inventories of finished goods and work in progress	11,750	23,630	-50.3%	5,087	4,767	6.7%
Other operating income	16,690	19,499	-14.4%	6,472	8,044	-19.5%
<b>Gross operating yield</b>	<b>1,043,097</b>	<b>945,512</b>	<b>10.3%</b>	<b>651,511</b>	<b>614,222</b>	<b>6.1%</b>
Cost of goods, materials and services	-772,180	-694,407	11.2%	-503,314	-472,441	6.5%
Employee benefits expense	-181,003	-165,283	9.5%	-97,713	-92,810	5.3%
Amortisation and depreciation expense	-48,792	-42,132	15.8%	-32,979	-31,294	5.4%
Impairment loss	-7,055	-5,193	35.8%	0	0	
Other operating expenses	-7,111	-9,482	-25.0%	-2,533	-2,171	16.7%
<b>Operating profit</b>	<b>26,956</b>	<b>29,015</b>	<b>-7.1%</b>	<b>11,501</b>	<b>13,761</b>	<b>-16.4%</b>
Financial income	16,988	15,551	9.2%	10,370	9,866	5.1%
Financial expenses	-20,129	-22,168	-9.2%	12,339	14,646	-15.8%
<b>Profit before tax</b>	<b>23,815</b>	<b>22,398</b>	<b>6.3%</b>	<b>9,532</b>	<b>8,981</b>	<b>6.1%</b>
Income tax expense	-2,447	-288,720	-99.2%	681	0	
<b>Profit for the period</b>	<b>21,368</b>	<b>21,193</b>	<b>0.8%</b>	<b>10,213</b>	<b>8,981</b>	<b>13.7%</b>
Minority interest	57	104	-44.9%			
Equity holders of the parent	21,311	21,089	1.1%			
Earnings per share (in eur )	1,86	1,77	4.9%			



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### COMPARATIVE ANALYSIS

FIRM	COUNTRY	MARKET CAPITALIZATION (MN EUR)	ROE	ROA	P/E	EST P/E	P/B	P/S
Electrolux	Sweden	558,090.92	7.12	2.24	36.58	13.22	1.86	0.28
Whirlpool	USA	7,214.29	25.19	5.14	12.23	14.37	2.28	0.39
Arcelik	Turkey	6,978.41	16.92	8.21	10.23	9.51	1.81	0.69
SEB	France	1,493.23	13.81	5.34	14.56	15.11	1.86	0.61
Indesit	Italy	992.05	10.81	1.98	19.26	13.74	1.95	0.31
BSH	Turkey	2,299.77	26.45	11.59	13.34	-	3.20	0.85
De Longhi	Italy	343.40	4.33	1.50	16.76	14.77	0.73	0.35

Gorenje	Slovenia	275.41	7.8	2.6	13.23	12.89	1.03	0.28
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Average - adjusted		3,795.55	14.77	4.58	15.23	14.02	1.95	0.47
Min		343.40	4.33	1.50	10.23	9.51	0.73	0.28
Max		558,090.92	26.45	11.59	36.58	15.11	3.20	0.85

Comparative price					26.00	24.58	42.81	37.92
Weight					0.20	0.30	0.15	0.35

PEER VALUE PER SHARE	32.27
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Source:  
Bloomberg and Ilirika's estimates



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