EIB FINANCING FOR SUPPORTING GORENJE GROUP R&D STRATEGY 2016 -2020

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One of Leading European Manufacturers of White Goods

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

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

- **CONSOLIDATED REVENUE**
  - EUR 1.225 billion

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

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

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

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

- **EXPORT**
  - 95% of sales
Production Facilities for MDA in 3 Countries

Slovenia
Velenje

Czech Republic
Mariánské údolí

Serbia
Valjevo, Stara Pazova, Zaječar
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

Year 2015
Implementing a multi-brand strategy with attention on the upper-mid and premium price segment.
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
Inspired by Scandinavia

From a wet premium specialist to a premium specialist offering the whole MDA range
In more than 60 years, we have always challenged the industry with a dearing design approach.
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
Numerous awards for design, innovation, quality and brand recognition:

red dot design award
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.
R&D Organization:
Research & Development centres

- **360 employees in R&D**, working on 30 major development projects, running in parallel.
- Increased investments in **R&D** to **3% of total revenue**.
R&D Organization (MDA).

Velenje
Slovenia

Cooking: FS Cookers, BI Ovens, BI Electric Hobs
Cooling: FS Cooling, BI Cooling
Laundry: Washing Machines, Dryers Professional washers/Dryers
Electronics and Joint Dev. Units

Duiven
The Netherlands

Cooking: BI Gas hobs, Cooker Hoods

Lidköping
Sweden

Dishwashing: BI Dishwashers, Professional Dishwashers

Mora Moravia
Czech

Cooking: FS Cookers 50cm
Challenging the use of colours

Nr.1 brand for appliances in colours in Germany since 1999
Challenging the use of black colour

The first black collection in MDA
Challenging the user interface

The first use of touch TFT display in MDA
Challenging the hob

The best performance of sensor cooking
CHALLENGING THE BEST DESIGNER IN THE WORLD

World premiere at IFA 2016: a fridge that was inspired by the legendary and iconic look of a VW Bulli van – ultimate and exclusive piece: Volkswagen BULLI refrigerator
Built like professional
OPEN INNOVATION APPROACH.

- Collaboration with strategic suppliers (competitive conditions)
- Strong collaboration with Institutes and Universities
Overview of trends on consumer goods market

- **Health and wellness**
  - Higher awareness and care for health and wellness
  - Growing offer of organic, healthy, nutritious and functional foodstuffs

- **Comfort and convenience**
  - Increased consumption "from the comfort of your couch"
  - Less time to cook and shop for food

- **Ageing population**
  - "Ageing world" will affect us in all fields.
  - Companies in the durables market will have to adapt and consider the needs of the ageing target market.

- **Concerned and distrustful consumer**
  - Consumers are more concerned about the future, despite the signs of economic recovery. Their confidence and trust in corporations and institutions is dwindling.

- **Trading up / trading down**
  - Middle class desires higher level of quality and style (trading up)
  - ...and therefore gives up other things (trading down) to be able to afford it.

- **A two-speed world**
  - Changing world in terms of economics.
  - Developed economies are losing growth traction while emerging economies continue to flourish.

- **Environmental/social awareness**
  - Awareness and care for environmental and social issues
  - Biodegradable food and beverage packaging
FUTURE INSIGHTS

As concern around the environmental impact of modern living continues to grow, **consumers** will seek out household appliances that **tackle waste, energy and water shortages without sacrificing function and quality.**
KEY STRATEGIC DIRECTIONS IN R&D

- **Innovations** – new or improved functionality of appliances / services through ECO friendliness that brings simplicity to our consumers.

- **Competitive product platforms**, based on **principles of modularity**, for Gorenje Group brands and strategic partners.

- **Quality** of products – performances, reliability and durability.
EIB COOPERATION

- Supporting Strategic plan 2016-2020 implementation,

- EIB finance a project of investments in research, development and innovation in the field of major domestic appliances (MDA)

- R&D activities include R&D on new products (app. 70 per cent of the project costs) as well as innovation activities to maintain the current product portfolio

EIB supports the Gorenje Group’s research in:
- improved performance,
- lower energy consumption and lower use of resources (such as water) for a range of such household goods,
- Functionality and user-friendliness enhancement and design.
The Project is carried out mainly in the Gorenje’s R&D centre and headquarters in Velenje (Slovenia) and to a lesser extent in the R&D centres in Duiven (The Netherlands), Lidköping (Sweden) and Mora Moravia (Czech Republic).

The Project is divided in many specific sub-projects for different product groups.

The project will be implemented in the period between 2016 and 2019.

The borrowing sum shall not, in any case, exceed 50 per cent of the total cost of the Project.
Steps taking in building cooperation:
1. Initial meeting
2. NDA signing
3. Meetings between specialized teams from R&D and finance areas
4. Data preparation for approval process
5. Approval
6. Signing of loan agreement

Conclusion:
The whole process was lead by EIB who was extremely supportive, helpful and professional.
The financing:

- Amount of the loan provided by EIB: EUR 50 million,
- Term: 6 years,
- Repayment: in semi-annual instalments, final maturity 6 years from the disbursement of each tranche,
- Interest: fixed or floating (determined at the drawdown of each disbursement)
- Unsecured: pari-passu, negative pledge
- Financial covenants
- Other covenants customary for this type of financing

Advantages for Gorenje Group:

- Competitive pricing, flexibility in disbursements and interest type (fix/ floating), favourable maturity.
- financed strategic activities will be reflected in the market through new products, product lines
Thank you!

Scandinavian design