

PRESS RELEASE

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F.G. EUROPE Group's Financial Results for the fiscal year 2014

- **Limitation of financial performance at both Company and Group level, attributable to the crisis in the sector of electrical and electronic appliances and unfavorable climatic conditions during fiscal year 2014.**
- **Significant increase of 38% in the sales from the energy sector in the 1st quarter of 2015**

The reduction in the sales of the fiscal year 2014 to 23.0%, compared to 2013 resulted in losses of € 2.15 mil against profit of € 2.93 mil in 2013.

The ratio of domestic sales/ sales abroad in 2014 was 65% and 35% respectively, against 70% and 30% in 2013.

The Group's financial figures were affected further by the decline in the revenues from the energy sector, due to a) the credit note (€ 1.14 mil – 10% on the revenues in 2013) issued by LAGIE S.A., according to the provisions of Law 4254/2014, b) the reduction, from 1/4/2014, of invoice price of produced energy to LAGIE S.A. by 3.28% and c) unusually low wind capacity during 2014 that resulted in reduction in revenues by 26.0%.

In conclusion, the performance of both the Company and the Group was affected by the general decline in sales in the Greek market of electrical and electronic appliances and the prolonged period of unfavorable, for air conditioning, climatic conditions in Southeast Europe.

The loss for the fiscal year in conjunction with the tax recognition of losses on valuation of investments and securities of previous years creates, through deferred tax, a significant tax advantage for the next five years, as entitled to tax exemption on profits up to € 3.55 mil.

The temporary drop in the Group's financial performance is expected to reverse within 2015. Based on the current available data, in the 1st quarter of 2015, the sales both in Greece and abroad appear to be increased compared to the corresponding period in 2014 and the Company has returned to profitability.

Furthermore, the full, now, activation of the subsidiary of the Company in Turkey, the activation, from 1/4/2015, of the subsidiary in Italy (which is expected to contribute significantly to the rise in sales in this specific market) and the sales in the energy sector that are significantly increased by 38.0% in the 1st quarter of 2015, resulted in Company's return to profitability.

At the Parent Company Level:

For the fiscal year 2014, the sales of air conditioning moved downward in almost all sectors where the Company operates in, while the total reduction amounts to 26.0% and the total income is limited to € 61.52 mil against € 83.17 mil in 2013.

Sales of ESKIMO white appliances presented a significant 8.28% increase in 2014, accounting for € 2.53 mil, against € 2.34 mil in 2013.

The reduction in total sales by 23.2%, reaching to € 67.35 mil in 2014 from € 87.74 mil, resulted in the limitation of Gross Profit to € 14.62 mil from € 21.51 mil in 2013.

The Gross Profit Margin was limited to 21.7% against 24.5% in 2013.

The Company's General Expenses were slightly decreased by 2.2%, amounting to € 14.79 mil from € 15.12 mil in 2013. However, the significant increase in net financial expenses to € 5.69 mil in 2014 from € 2.6 mil in 2013, attributable mainly to the high cost of borrowing for the Company in relation to previous years, led to losses before tax of € 5.7 mil against profit of € 3.96 mil in 2013.

Trade and Other receivables were reduced marginally by 5.2%, amounting to € 25.13 mil from € 26.51 mil in 2013. However, the noted decline in the sales of air conditioners, combined with the fact that the orders for air conditioners, which constitute the bulk of stocks, were made, like every year, at the end of the previous year, resulted in the increase by 6.91% of the stock level and particularly in € 43.43 mil from € 40.43 mil in 2013.

The total Liabilities amounted to € 78.34 mil against € 68.81 mil on 31/12/2013, increased by 13.8%, mainly due to both the increase in bank loans and trade and other liabilities of the Company.

At the Group Level:

The Group's total sales were reduced, in correspondence with the sales of the Parent Company, by 26.6%, amounting to € 72.72 mil from € 99.10 mil in 2013, clearly influenced by the decline in revenues from the energy sector (€ 7.0 mil from € 11.39 mil in 2013).

This development resulted in the restriction of the Gross Profit of the Group to € 15.26 mil against € 26.42 in 2013 and the limitation of the Gross Profit Margin from € 26.7% in 2013 to 21.0% on 31/12/2014.

Despite the decrease in the operating expenses by 3.4%, the increase in the Parent Company's financial expenses contributed to the formation of negative results before and after tax to € 8.2 mil and € 4.8 mil, respectively.

The Group's total liabilities were increased by 6.4% (€ 126.13 mil from € 118.54 mil on 31/12/2013), due to the increase of liabilities of the Parent Company.

On 10/01/2015, the Company proceeded to the payment of the 2nd installment of the Common Bond Loan amounting to € 5.05 mil, equally limiting its bank's obligations.

Strategic objectives of the Management within the current financial year are the recovery of sales of fiscal year 2013 in the Greek market, the support for FG EUROPE KLIMA TEKNOLOJILERI SAN.VE in order to consolidate the Turkish market and the commencement of the operation, from 1/4/2015, of FG EUROPE ITALIA SPA in Italy. Meanwhile, the Management aims to maintain and further boost the Company's presence in other Balkan countries.

The renewed range of ESKIMO products and their clear qualitative upgrade acquires progressively greater response from customers with estimated sales moving upward.



Finally, the installation of a new computerized system within the next months is expected to be completed, the activation of which is expected to contribute significantly to the development of inter-group communication, most comprehensive control of trade circuit and further enhancement of its profitability.

It should be noted that the operation of the new system in the subsidiary in Italy starts within April.

Financial Statements for the fiscal period 2014 will be available to the public on the Company's website (URL: <http://www.fgeurope.gr>) under the section "Investors Relations" on Tuesday, 31/03/2015.

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