

Press Release

April 7th, 2017

2016 Annual Results of F.G. EUROPE Group

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- **Sales increase of Group's durable consumer goods.**
 - **Sales increase of air conditioners placed in the domestic market.**
 - **Sales increase of ESKIMO products.**

Fiscal year 2016 could be characterized as a transitional year for the whole FG EUROPE Group, taking into consideration the closing of the 1st full operational year of the 100% subsidiary FG EUROPE ITALIA Spa, meaning that all air conditioners sales of FG EUROPE SA in Italian market are substantially affected through the Italian subsidiary.

Given the full activation of Italian and Turkish subsidiary, along with several modifications applied in Group's policy, figures appraisals between financial years should be based, from now on, on consolidated sales of durable consumer goods towards external customers and not on total sales achieved at the parent company level as applicable until 2015.

Correspondingly, consolidated sales of durable consumer goods toward external customers presented a slight increase, amounted to € 85.03 mil. against € 84.43 mil. in 2015.

Group's revenues arisen from the energy sector amounted to € 9.76 mil in 2016 against € 10.72 mil. received in 2015, presenting a 9.0% decrease mainly due to milder wind conditions during the last operating year.

Effective responses to new challenges had as a result the significant 1,137.8% increase of Group's net profitability in 2016 which amounted to € 2.49 mil. against € 0.20 mil. received in 2015.

At the Parent Company Level:

Company's total sales amounted to € 75.46 mil. versus € 86.89 mil. in 2015, decreased by 13.1%, mainly due to exports made in Italy and in Turkey. As previously mentioned, exports in Italy are now wholly effected through the Italian subsidiary and not directly from the Parent Company, while the financial and political instability in Turkey led to a drop of sales, over 60.0%, towards the respective market.

Therefore, exports in 2016 reached the level of € 47.76 mil. against € 59.85 mil. in 2015, readjusting the relation between foreign and domestic sales to the level of 63.0% and 37.0% against 69.0% and 31.0% in 2015 respectively.

Sales in domestic market rose by 2.4% and amounted to € 27.70 mil. from € 27.04 mil. in 2015, resulted from the increase in sales of both air conditioners and ESKIMO appliances.

Aforementioned changes in Company's policy prevent the principal figures of the Parent company, such as gross profit, gross profit margin, operating expenses, EBITDA etc., from being strictly comparable with those of the previous years. Therefore, the analysis on results is to be made on Group's financial data.

At the Group Level:

The Group's total sales presented a slight decrease and amounted to € 94.79 mil. from € 95.15 mil. in 2015, due to reduced revenues received from the Energy Sector.

The gross profit of the Group amounted to € 23.56 mil. against € 25.47 mil., reduced by 7.5% mainly due to reduced gross profit of the Parent Company. Gross profit margin is declined by 1.92 units, amounted to 24.8% from 26.7% in 2015.

Group's general expenses are reduced by 0.7%, amounting to € 19.21 mil. in 2016 against € 19.35 mil. in 2015 as a result of the significant 16.5% decrease of the Parent Company general expenses (€ 12.29 mil. in 2016 against € 14.73 mil. in 2015).

Operating profitability (EBITDA) reaches the level of € 11.06 mil. against € 11.75 mil. achieved in 2015, presenting a 5.8% decrease, while the ratio EBITDA over sales also readjusted to the point of 11.6% versus 12.3% in 2015.

Significantly decreased by 65.7% are the financial expenses of the Group mainly due to the respective significant decrease of the Parent Company financial results (-70.7%).

Trade and other receivables were reduced by 25.5%, amounting to € 34.53 mil. from € 46.35 mil in 2015 based on the respective 42.1% reduction at the Parent Company Level.

Group's total liabilities are reduced to the level of € 115.99 mil. against € 136.29 mil. in 2015. Said reduction of 14.8% is principally attributed to the reduction of Parent Company's trade and other liabilities by 35.0%.

Group's profitability before taxation (EBT) presents an upward movement of 184.9%, amounting to € 3.25 mil. in 2016 against € 1.14 mil. in 2015, adjusting the relevant profit ratio (EBT / sales) to the point of 3.4% from 1.2% in 2015.

The successful cooperation with MIDEA, after undertaking the representation and distribution of MIDEA air conditioners in Balkans (in 2015), it is further expanded in 2017 as FG EUROPE SA acquired the representation and distribution of MIDEA air conditioners both in UK and Irish market. To deal with that objective, FG EUROPE SA proceeded with the establishment of a new subsidiary FG EUROPE UK LIMITED, based in London and responsible for the exclusive distribution of MIDEA products in the aforementioned markets. It is also noticed that the Parent Company has already placed several orders to MIDEA for specific products directed to these markets.

Furthermore, in the 2nd quarter 2017 the distribution of air conditioners under the brand name ESKIMO is about to commence in the Italian and Turkish market. It is estimated that the specific strategic decision will provide significant boost in the sales of the two subsidiaries, since it will be the alternative (cheaper) proposal, regarding their range of products, compared with FUJITSU.

The Management believes that, despite the difficulties, the positive performance of both the Company and the Group will continue in the coming period.

Financial Statements of 31/12/2016 will be available to the public on the Company's website (URL: <http://www.fgeurope.gr>) under the section "Investors Relations" on Wednesday, 07/04/2017.

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