

Surpassing set targets and increasing market shares >>>

In the first nine months the net sales revenue of the Gorenje Group reached SIT 114 bn, a 20% increase in comparison to the identical period last year. During this period the net revenue was SIT 2,57 bn or 30% more than in the previous year. A major contribution to the increase in the net revenue was through domestic appliances, furniture and services. Nonetheless, the importance of other activities for the net revenue is still expanding and represents 16.5%. It increased by 2.1 percentage points in comparison to the same period last year. In the first nine-month period, SIT 9.8 bn were spent on new investments, SIT 8.4 bn of which were used in the holding company.

Besides investments in the refrigerating-freezing appliance factory and the new electroplating unit, other important investments included development and design of energy compliant appliances for individual markets, development of new integrated appliances and extension of our product range with higher/taller combined fridge-freezers, high spin washing machines, improved dryers, updated cookers of 600mm width that include various types of hobs, ovens with heat insulated doors and others.

In spite of the market recession, Gorenje is still exceeding its projected results and increasing its market shares. A common feature to all situations occurring on various markets is enormous competition and a huge pressure to reduce prices, while in the countries with a decreasing economic growth there is a drop in demand in consumer commodities. The most significant drop in demand can be seen on the German market which caused problems to several traders with domestic appliances and furniture. Quite on the contrary, however, Gorenje experienced an extremely fast growth on the Scandinavian markets and there are incentive sales trends on the Eastern European markets, too. In this year there has been an important increase in the sales share on the markets of the former Yugoslavia, especially in Croatia. However, in the majority of these countries the economic situations are such that the purchasing strength of population is stagnating and the favourable conditions for marketing are being restored far too slowly which has an overall negative influence on establishing new sales opportunities.

Gorenje is increasingly exploiting synergies that arise through combining different sections of the Group, particularly in the sales of kitchens, domestic appliances, water heaters, ceramic tiles and bathroom equipment. Particularly good sale results come from the Czech Republic where Gorenje built a national network of its own outlets and franchises. The establishment of sales-storage centres will assist the sales on some of the markets (Poland, Croatia) and contribute to Gorenje's search for new and more attractive locations for integral presentation of their products (Hungary). Finally, Gorenje remains devoted to establishing its own furniture production plants in the areas of the former Yugoslavia.

Gorenje's expectations for the rest of the calendar year are optimistic and we are certain that the Gorenje Group will end its business year 2001 according to its forecasts.