

PRESS RELEASE

August 29th, 2014

1st Semester 2014 Financial Results of FG EUROPE S.A. Group

- **Dividend Distribution of 0.20 € / share**
- **Maintaining Profitability in Corporate Level**
- **Maintaining of adequate Cash & Cash Equivalents**

As at 28/08/2014 the Company started to distribute dividend of € 0.20 / share to its shareholders, following the decision of the Annual General Assembly of Shareholders taken on 30/6/2014.

In the 1st semester 2014, sales decrease in the sector of electrical and electronic devices in the Greek market, along with the prolonged period of unfavorable weather conditions in the countries of Southeast Europe, which affected the sales of air conditioning, made Company's total sales to drop by 22.94%, amounting to € 42.0 mil against € 54.5 mil achieved in the first half of 2013.

Said decline in sales resulted a 82.22% decrease in pre-tax profits which amounted to € 0.96 mil against € 5.40 mil in the corresponding period of 2013.

The proportion of domestic sales over exports in the first half of 2014, maintained at same level as that of the corresponding period of 2013 and more specifically 32% and 68% respectively.

Despite the decrease in sales abroad and especially in the Turkish market, it is estimated that the incorporation of the subsidiary in Turkey, which already started its activity, will significantly support the company to recover the drop of sales as well as to increase sales in the specific market. It is also believed that the contribution of the Italian subsidiary, whose activity is expected to commence in the following year, will also be significantly important.

Apart from Parent Company's sales decline, Group's revenues arising from the energy sector present a 31.35% decrease in the 1st semester 2014, mainly due to the unfavorable wind conditions in the first half of 2014 and the discount of € 1.14 mil, provided through credit notes, to LAGIE in April 2014 (10% of revenues arising from the energy sold in the fiscal year 2013) according to the provision of Law. 4254/04.07.2014

<i>(Amounts in .000 €)</i>	Group			Company		
	<u>1/1-30/6/2014</u>	<u>1/1-30/6/2013</u>	<u>Δ%</u>	<u>1/1-30/6/2014</u>	<u>1/1-30/6/2013</u>	<u>Δ%</u>
Sales	41,433	60,354	-31.35%	41,996	54,499	-22.94%
Cost of Goods Sold	-32,127	-43,624	-26.35%	-32,066	-40,529	-20.88%
Gross Profit	9,306	16,730	-44.38%	9,930	13,970	-28.92%
Gross Profit Margin	22.46%	27.72%	-5.26 μ.	23.65%	25.63%	- 1.98 μ.
General Expenses	-8,251	-8,676	-4.90%	-7,428	-7,637	-2.74%
Operating Profit	1,187	8,542	-86.10%	2,565	6,422	-60.06%
EBITDA	3,201	10,698	-70.08%	2,859	6,790	-57.89%
EBITDA / Sales	7.73%	17.73%	- 10.05 μ.	6.81%	12.46%	- 5.65 μ.
Net Financial Expenses	-2,146	-1,769	21.31%	-1,605	-1,022	57.05%
EBT	-959	6,773	-114.16%	960	5,400	-82.22%
Taxation	-170	-1,644	-89.66%	-284	-1,318	-78.45%
Net Income	-1,129	5,129	-122.01%	676	4,082	-83.44%
Distributed as follows:						
Parent Company Shareholders	-510	4,669	-110.92%			
Minority Rights	-619	460	-234.57%			
EPS	-0.0098	0.0884	n/a	0.0128	0.0773	-83.44%

At the Parent Company Level:

On 30/06/2014 air conditioners sales amounted to € 39.60 mil against € 52.50 mil in the corresponding period of 2013, decreased by 24.57%, while domestic sales amount to € 11.28 mil versus € 15.43 mil achieved on 30/06/2013.

Air conditioners exports amounted to € 28.32 mil from € 37.07 mil in the 1st semester 2013, presenting a 23.60% decrease.

Sales of white goods under the brand name ESKIMO presented a 1.80% increase and account for € 1.14 mil against € 1.12 mil in the 1st half of 2013.

Increased by 17.13% sales of SHARP products amounted to € 0.98 mil in the first half versus € 0.84 mil in the corresponding period of 2013.

Said drop in total sales made the gross profit to decrease by 28.92% (from € 13.97 mil on 30/06/2013 to € 9.93 mil in 2014), while the gross profit margin decreased by 1.98 points (from 25.63% on 30/06/2013 to 23.65% in 2014).

Despite the further containment of Company's overheads by 2.74%, the aforementioned decline in sales and therefore in gross profit, affected operating results (EBITDA), which stood at € 2.86 mil against € 6.79 mil in the 1st semester 2013.

The 57.05% increase in financial expenses (principally due to the higher interest rate of the new € 65.0 mil bond loan issued earlier this year, compared to the respective rate of the previous loan), along with the reduction of sales, resulted the reduction of net after tax profit to € 0.68 mil versus € 4.08 mil on 30/06/2013.

Trade and other receivables are increased by 41.71%, amounting to € 37.56 mil against € 26.51 mil as at 31/12/2013. Said increase is attributed to the credit policy adopted by the Company, with a view to support the sales of the current period, as well as the nature of the activities of the Company, which is governed by seasonal sales, and contributes to larger outstanding balances during the interim reporting period. Over the next few months, with the realization of these receivables, the outstanding balance of customers would be significantly reduced and reverted to normal levels.

As at 30/06/2014 inventories present a 20.18% increase, amounting to € 48.59 mil from € 40.43 mil on 31/12/2013, due to observed reduction in sales (the order of air conditioners, which are the basic volume of company's stock, are given towards the end of the previous year). The level of stock will be normalized from the forthcoming sales in the following semester.

Cash in hand on 30/06/2014 amounted to € 16.90 mil against € 10.71 mil on 31/12/2013, increased by 57.82%.

Total liabilities on 30/06/2014 amounted to € 104.61 mil against € 68.81 mil on 31/12/2013, due to a) the extension of the bulk of the credit period provided by the Company's main supplier, Fujitsu General Ltd, b) the increase in borrowings by issuing a new Bond Loan and c) recording of obligation to pay dividends to shareholders, amounting to € 10.56 mil after the relevant decision of the Annual General Assembly of Shareholders on 30/06/2014.

At the Group level:

Group's total sales in the 1st Semester 2014 amounted to € 41.43 mil against € 60.35 mil of the corresponding Semester in 2013, posting a decrease of 31.35%, influenced both by the decrease in Parent Company's sales and the decreased revenue arising from the energy sector (€ 3.21 mil against € 5.80 mil on 30/06/2013). The decline in Group's revenue from the energy sector is attributed to both the deducted wind capacity in the 1st Semester 2014 (revenue reduction of € 1.45 mil) and the discount provided to LAGIE by issuing credit notes of € 1.14 mil., according to the provisions of L.4254/14.



The Gross Profit of the Group amounted to € 9.31 mil against € 16.73 mil in the previous corresponding period in 2013, decreased by 44.38%, due to the decrease in Group's total revenues.

Despite the reduction in general expenses by 4.90% (€ 8.25 mil against € 8.68 mil during the first half of 2013), EBITDA amounted to € 3.20 mil against € 10.70 mil during the first half of 2013, while the EBITDA margin is limited to 7.73% from 17.73% in the corresponding period of 2013.

The Financial Expenses of the Group are increased, amounting to € 2.15 mil against € 1.77 mil on 30/6/2013 due to said increase in financial expenses of the Parent Company.

Group's total liabilities amounted to € 149.97 mil on 30/06/2014 against € 118.54 mil on 31/12/2013, increased by 26.51%, mainly due to the increase in trade and other liabilities of the Parent company. However, the 6.91% reduction of Group's long-term liabilities (€ 42.85 mil against € 46.02 mil on 31/12/2013) derived mainly from the decrease in borrowings of the subsidiaries of RF ENERGY S.A., is considered to be quite significant.

Group's Net Profit before taxes amounted to loss of € 0.96 mil in the 1st Semester 2014 against profit of € 6.77 mil on 30/06/2013.

Group's Net Profit after taxes amounted to a loss of € 1.13mil on 30/6/2014 against profit of € 5.13 mil on 30/6/2013.

Management believes that sales of both the Company and the Group will present upward movement during the following months, taking into account the complete activation of the subsidiary in Turkey, the improvement of the economic climate in the internal market and the improvement of the wind conditions, which will enhance Group's revenues from the energy sector.

Financial Statements for the six month period ended June 30st, 2014 will be available to the public on the Company's website (URL: <http://www.fgeurope.gr>) under section "Investors Relations" on Thursday 29/8/2014.

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