

Press Release

November 28th, 2014

3rd Quarter Financial Results of FG EUROPE S.A. Group.

- **Financial crisis and unfavorable climatic conditions negatively affected sales and financial results of FG EUROPE S.A. Group**

As at 30/09/2014, sales decrease in the Greek market of electric and electronic devices due to the existing financial crisis, as well as the extended period of unfavorable weather conditions in the South East Europe, which significantly affected the figures in air conditioning sector, led to a 27% decrease of Company's sales, accounting for € 52.17 mil against € 71.55 mil in the respective period 2013.

Said decrease in Company's sales had as a result losses of € 2.04 mil against € 3.32 mil profit in the 3rd quarter 2013.

As at 30/09/2014, the ratio between domestic and foreign sales stands for 35% and 65% respectively compared to the rates of 30% and 70% in the 9 month period 2013.

Notified decline in figures is characterized as coincidental by the management team, since it is mainly due to unfavorable, for air conditioning sales, climatic conditions. Additionally, it is strongly believed that within 2015 when the two newly established subsidiaries in Turkey and Italy become fully operated, the sales and the performance of the Company in the specific markets will be significantly ameliorated.

Besides the aforementioned decline in Parent Company's sales, Group's revenue arising from the energy sector presented a 31.61% decrease due to the credit note of €1.14 mil (10% of energy revenues received in 2013) issued in favor of LAGIE in April 2014 based on the provisions of law 4254/7-4-2014 as well as the ongoing unfavorable wind condition on sites.

At the Parent Company Level:

As at 30/09/2014 air conditioning sales amounted to € 47.90 mil against € 68.37 mil in the respective period 2013, presenting a 30% decrease.

Sales of ESKIMO white appliances presented a 6% increase, amounted to € 1.93 mil against € 1.81 mil in the first 9 months 2013.

Sales of SHARP and MIDEA products also presented an upward movement of 7.5% as accounting for € 1.44 mil against € 1.34 mil achieved in the 3rd quarter 2013.

Nevertheless, total sales reduction triggered a 32.49% gross profit reduction (€ 11.35 mil against € 16.81 mil as at 30/09/2013). The gross profit margin stood at 21.75% compared to the 23.49% in the corresponding period of 2013.

Company's general expenses presented a 3.84% decrease, amounted to € 11.08 mil against €11.52 mil in the 3rd quarter 2013.

As at 30/09/2014, the increased financial expenses along with the extended negative exchange differences of the current period led to net financial losses of € 3.06 mil against net financial losses of € 1.02 mil in the respective period 2013.

Trade and other receivables reached the level of € 32.14 mil against € 26.51 mil as at 31/12/2013, presenting a 21.25% increase. Said increase comes as a result of the credit policy applied by the Company in order to further support its sales. In the forthcoming months, with the realization of these receivables, customers' outstanding balance will be significantly reduced to regular levels.



Company's stock increased by 31.15% and amounted to € 53.03 mil over € 40.43 mil in 2013. Said increase is mainly due to the aforementioned significant decrease in sales, taking also into consideration that placing of orders for new air conditioners for each current year, which constitute the basic volume of Company's stock, takes place at the end of each previous year. Nevertheless it is expected that sales of the forthcoming months will normalize the level of company's stock.

Company's total liabilities rose to € 93.22 mil against € 68.81 mil at 31/12/2013, mainly due to credit extension provided by the company's core supplier; Fujitsu General Ltd which led to an increase in trade and other payables at € 31.75 mil versus € 10.54 mil at the end of 2013.

At the Group Level:

Group's total sales presented a 31.60% decrease (€54.83 mil against € 80.17 mil in the 3rd quarter 2013), affected by the notified decline in Parent Company's sales and the limited revenues received from the energy sector (€ 4.71 mil against € 8.55 mil as at 30/09/2013).

Said decline in sales led Group's gross profit to account for € 11.08 mil against € 20.65 mil in the respective period 2013, performing a 46.34% decrease.

Group's financial expenses increased to the level of € 6.45 mil against € 4.15 mil in the 3rd quarter 2013, mainly due to the said increase in Parent Company's financial expenses.

Group's total liabilities extended by 16.6% to the level of € 138.22 mil against € 118.54 mil at the end of 2013, mainly affected by the rise of trade and other payables of the Parent Company.

As at 30/09/2014 Group presents before and after taxes losses which reach the level of € 4.92 mil and € 4.03 mil respectively.

Financial Statements for the 9 month period ended September 30th, 2014 will be available to the public on the Company's website (URL: <http://www.fgeurope.gr>) under the section "Investors Relations" on Friday, 28/11/2014.

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