

## PRESS RELEASE

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### **1<sup>st</sup> Quarter Financial Results of F.G. EUROPE S.A. Group**

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- **Significant increase in profitability for both the Parent Company and the Group.**
- **Sales increase in foreign markets.**
- **Sales increase in the renewable energy sector.**
- **Limitation of debt and other liabilities.**
- **Amelioration of capital structure.**

With the remarkable growth of pre-tax profits both for the Company and the Group in the 1<sup>st</sup> quarter of 2015, FG EUROPE left behind the sole negative parenthesis (fiscal year 2014) in its long and successful track record. Being more specific, Company's pre-tax profits totaled € 2.02 mil against € 0.05 mil in the 1<sup>st</sup> quarter of 2014, while Group's pre-tax profitability rose to € 3.27 mil from losses 0.94 mil in the corresponding period, presenting a significant increase of 3,851% and 446.7% respectively.

In the 1<sup>st</sup> quarter of 2015, air conditioners sales presented a 59.6% increase while exports augmented by 87.8%, readjusting the relation between domestic and foreign sales to the level of 23.0% and 77.0% against 37.0% and 63.0% in the 1<sup>st</sup> quarter of 2014.

Significantly elevated by 157.2% is the revenue acquired from the renewable energy sector, contributing substantially to the increase of Group's profitability.

Sales escalation along with the revenue acquired from the energy sector lead to a remarkable improvement of EBITDA, which for the Company rose to € 3.04 mil against € 1.19 mil in the 1<sup>st</sup> quarter of 2014 (155.5% increase) and for the Group to € 5.47 mil against € 1.33 mil in the same period in 2014 (311.3% increase). The relevant indexes clearly display the amelioration of operating profitability both for the Company and the Group since they adjusted to 14.8% and 24.9% against 9.0% and 9.1% respectively in the 1<sup>st</sup> quarter of 2014.

#### **At the Parent Company Level:**

In the 1<sup>st</sup> quarter of 2015 total sales increased by 54.5% and amounted to € 20.54 mil against € 13.30 mil in the respective period of 2014.

Air conditioners sales amounted to € 19.84 mil against € 12.43 mil in 03/2014, presenting an upward movement of 59.6%.

A 49.3% increase presented the sales of white appliances under the brand name ESKIMO, which for the 1<sup>st</sup> quarter of 2015 rose to the level of € 0.54 mil against € 0.36 mil in the respective period of 2014.

At the same time FG EUROPE decided to limit the sales of SHARP products in the Greek market, liquidating its existing stock, taking into consideration the identified financial problems of the parent company SHARP, the change which occurred in the European representation of SHARP (from Austria to Poland) as well as the current decision of SHARP to produce the products oriented to European market in factories outside of Japan (with potential impact on products' quality).

Said increase in sales improves Company's gross profit to € 6.43 mil versus € 4.35 mil in the 1<sup>st</sup> quarter of 2014 while its gross profit margin slightly decreased by 1.5 units to the level of 31.3% against 32.7% in 2014.

Despite the increase in sales, operating expenses presented a 7.8% reduction, amounted to € 3.48 mil against € 3.21 mil in the 1<sup>st</sup> quarter of 2014.

Net financial expenses increased to € 1.23 mil against € 0.85 mil in the 1<sup>st</sup> quarter of 2014, mainly due to negative exchange differences of € 1.26 mil (€ 0.15 mil in the respective period of 2014), arising from the current downward movement of the Euro versus the US dollar.

Despite the rise of net financial expenses, Company's net profit presented a 5,776% increase, accounting for € 1.23 mil against € 0.02 mil achieved in the corresponding period of 2014.

Said increase in sales during the 1<sup>st</sup> quarter lead to a remarkable 22.0% drop of Company's inventories to € 33.88 mil versus € 43.43 mil as at 31/12/2014. Trade and other receivable respectively increased by 20.8% to the level of € 30.35 mil against € 25.13 mil in 2014.

Finally, during the 1<sup>st</sup> quarter of 2015, FG EUROPE ameliorates its current capital structure, managing to enhance its total equity with the amount of € 1.23 mil (€ 31.52 mil from €30.29 mil as at 31/03/2014), to reduce its debt by € 4.88 mil (€ 53.12 mil form € 58.00 mil in 2014) and to re-characterize its outstanding bank debt as a long term liability.

#### **At the Group Level:**

The Group's total sales amounted to € 21.96 mil from € 14.65 mil in the corresponding period of 2014, increased by 49.9%.

The Group's revenues from the energy sector amounted to € 3.48 mil against € 1.35 mil in the 1<sup>st</sup> quarter of 2014, presenting an increase of 157.22%, with the actual increase in sales (due to improvement of wind potential of the period considered) amounting to 39.61%, given that the Group had issued a credit note of € 1.14 mil to LAGIE S.A. in the 1st quarter of 2014.

The gross profit of the Group significantly grew, amounting to € 8.76 mil against € 4.10 mil in the previous corresponding period of 2014, increased by 113.7%.

The general expenses (Administrative - Distribution - Other) are reduced by 5.0%, amounting to € 3.77 mil against € 3.97 mil in the 1st quarter of 2014.

The net financial result of the Group increased to € 1.75 mil against € 1.11 mil (cost) occurred in 1st quarter of 2014, mainly due to exchange differences charged to the Parent Company.

The net after taxes profit of the Group amounted to € 2.03 mil in against loss of € 0.78 mil in the previous corresponding period of 2014.

The Group's total liabilities decreased to € 118.71 mil on 31/03/2015 from € 126.12 mil on 31/12/2014, due to the reduction in bank debt and trade liabilities of the Parent Company.

Based on the data to date, the Group's Management looks forward to further support the sales both in domestic market and abroad. The subsidiary company R.F. ENERGY S.A., having paid a big part of its debt obligations and free from extraordinary burden of taxation, expects a clear improvement in revenues and results, the normalization in the procedure of the recovery of receivables and the successful completion of the licensing procedure of its energy projects in Evia (cluster of wind farms with total capacity of 225MW).

Financial Statements for the 1st quarter of 2015 will be available to the public on the Company's website (URL: <http://www.fgeurope.gr>) under the section "Investors Relations" on Thursday, 28/05/2015.

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