



Arcelik

2019 – 6 Month Financial Results

Quarter **Highlights**

- Top line growth of 29%
- Slight decline in gross profitability due to TRY depreciation
- Improvement in OPEX/Sales (23.7%)
- Higher ETR, largely due to one-off items
- Flat NWC/Sales ratio despite strong domestic revenue
- Flat leverage QoQ at 2.4x

TRY8.4bn

Revenue

10.6%

EBITDA Margin*

28.4%

NWC/Sales Ratio

2.4x

Leverage

** IFRS 16 impact included*

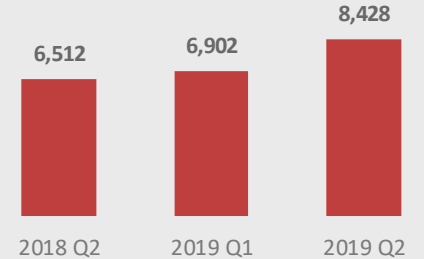
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Key Factors **Sales/Margins**

Revenue Growth

+29%

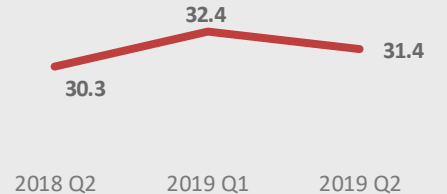
- ↑ 5.5% inorganic growth from Singer Bangladesh
- ↑ TRY depreciation continues to support top line
- ↑ Despite challenging market conditions, robust domestic sales



Gross Margin

31.4%

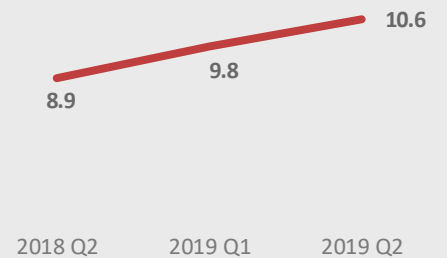
- ↑ Higher share of Turkey sales compared to 1Q19
- ▬ Stable raw material prices
- ↓ Negative impact of TRY depreciation on domestic margins






EBITDA Margin

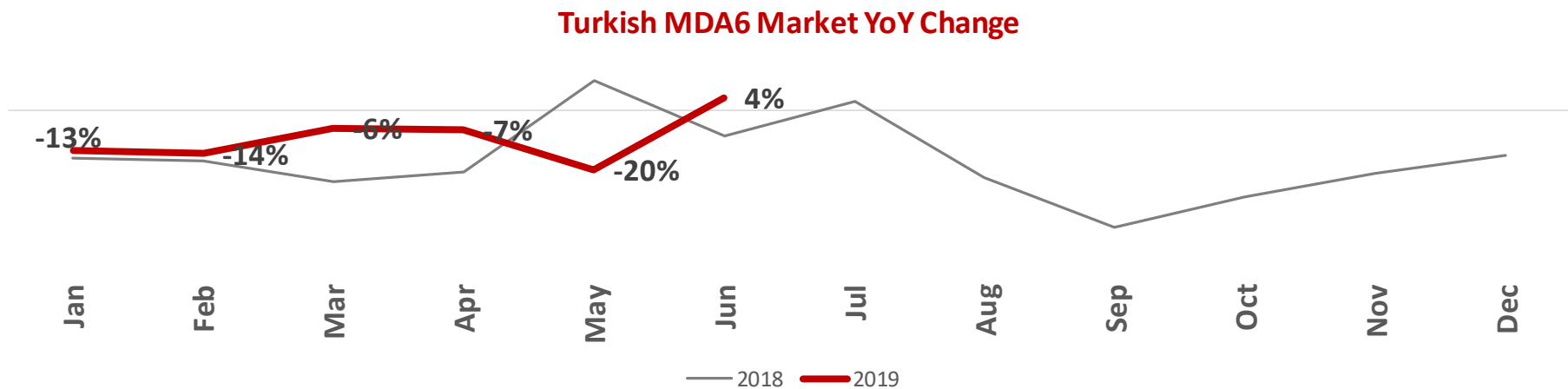
10.6%

- ↑ Positive impact of seasonality and strong domestic sales
- ↑ Support from TRY depreciation thanks to its high share in OPEX
- ▬ 100bps contribution from IFRS-16, similar to 1Q19 level



2019 Q2 Performance **Turkey**

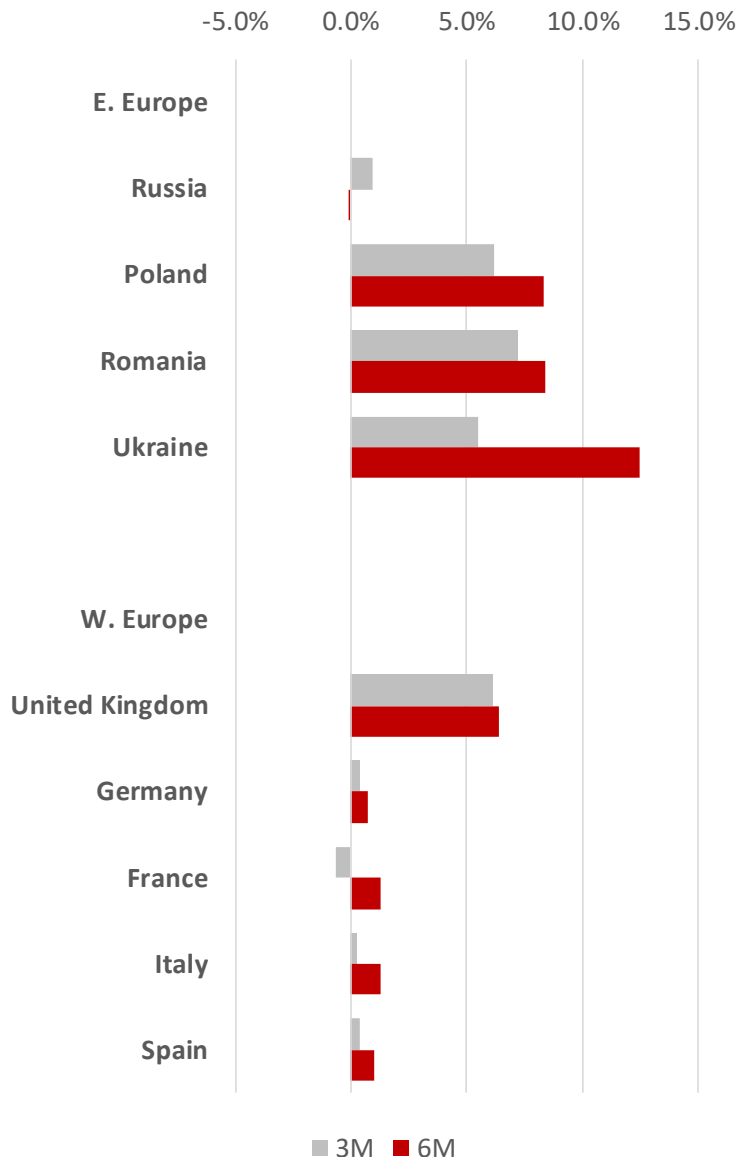
	 MDA-6	 Air-Conditioner	 TV
Market	-8%	-44%	-22%
Arçelik	+16%	Better than market	>25% Market Share Leading Position



MDA-6 and A/C data (sell-in) is based on WGMA. TV market reflects the data of a retail panel market for 6M19



2019 Q2 International Markets



West Europe

- UK continues its strong performance
- France improved significantly in 2Q

East Europe

- Romania and Poland gained further pace
- Russia remained weak

Bangladesh

- Stable trading conditions before high season for cooling & AC

Pakistan

- Devaluation led to a decrease in consumer confidence, disposable income and hence poor sell-out

South Africa

- Retail demand slowing in Q2

2019 Q2 International Performance

42%

Europe

- Flat revenue YoY in hard currency
- Weak June sell-in affecting 2Q negatively
- High inventory at retailers
- Significant B/I share gains in Spain and Italy
- Increasing price index

7%

Africa

- Defy recorded low-teens revenue growth in ZAR in domestic sales
- Sub-Sahara exports had another strong quarter with ~30% growth in ZAR.
- First time in its history to record above ZAR 1 bln. in Q1 and Q2 each.

12%

Asia-Pacific

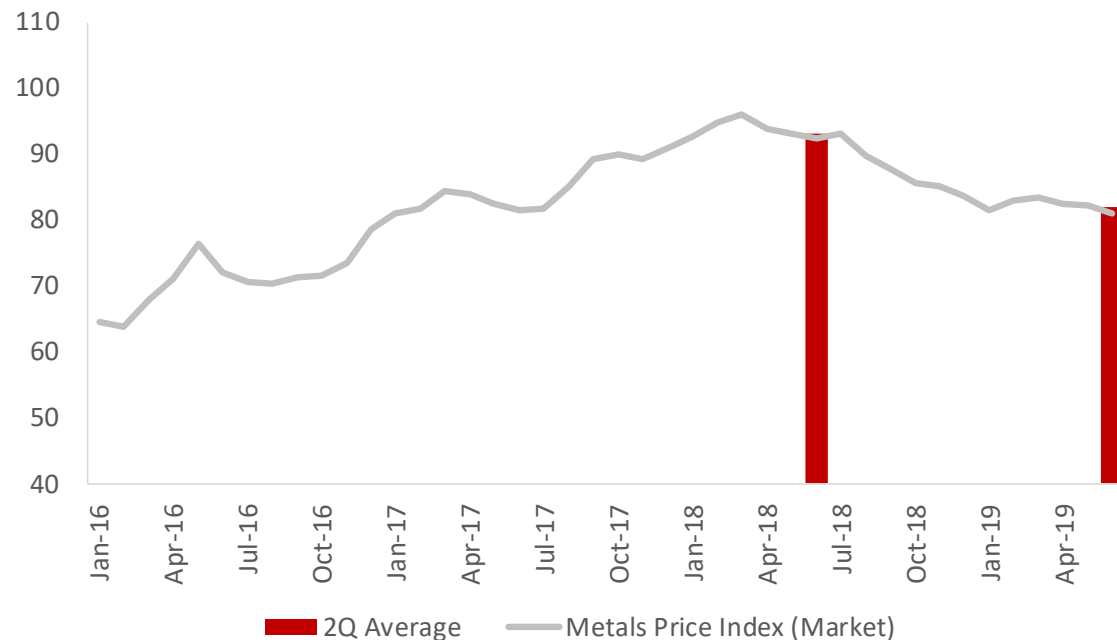
- Sales in **Pakistan** remained flat in PKR due to sluggish demand.
- Further pricing needed to offset recent PKR depreciation.
- Robust growth performance sustained in **Bangladesh** during the quarter
- **ASEAN** revenue realized at USD29mn.
- Production in **Thailand** reached 80K units

2019 Q2 Singer Bangladesh Results

BDT mn	2019 Q2	2018 Q2	2019 Q1	Δ% YoY	Δ% QoQ	2019 6M	2018 6M	Δ% YoY
Revenue	5,244	4,182	2,777	25	89	8,021	6,541	23
Gross Profit	1,488	1,126	824	32	81	2,312	1,817	27
<i>margin</i>	<i>28.4</i>	<i>26.9</i>	<i>29.7</i>			<i>28.8</i>	<i>27.8</i>	
EBIT	666	486	263	37	153	958	713	34
<i>margin</i>	<i>12.7</i>	<i>11.6</i>	<i>9.5</i>			<i>11.9</i>	<i>10.9</i>	
Profit Before Tax	560	397	185	41	203	745	573	30
<i>margin</i>	<i>10.7</i>	<i>9.5</i>	<i>6.7</i>			<i>9.3</i>	<i>8.8</i>	
Net Income	389	278	123	40	217	512	400	28
<i>margin</i>	<i>7.4</i>	<i>6.6</i>	<i>4.4</i>			<i>6</i>	<i>6</i>	
EBITDA	797	514	291	55	174	1,117	771	45
<i>margin</i>	<i>15.2</i>	<i>12.3</i>	<i>10.5</i>			<i>13.9</i>	<i>11.8</i>	

- In line with the Group's policy, Singer maintained its focus on opex management.
- Volume growth across the board, particularly in Air-Conditioners
- Profitability improved YoY in each line

2019 Q2 Raw Material Trends

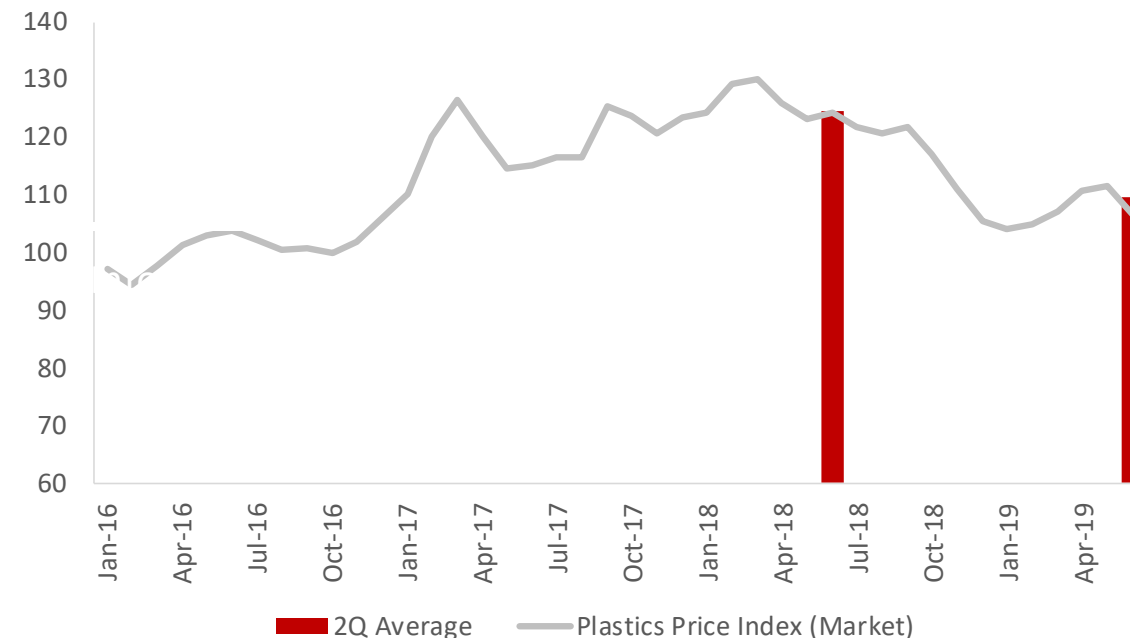


Metal Prices Index Quarterly Average - Market

4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
90	94	93	90	85	83	82

Source: Steel BB, Steel Orbis

Index includes: CRC, HRC, Galvanized Steel, Stainless Steel, Copper, Aluminium



Plastic Prices Index Quarterly Average - Market

4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
123	128	125	121	111	105	110

Source: ICIS - Chemical Industry News & Chemical Market Intelligence

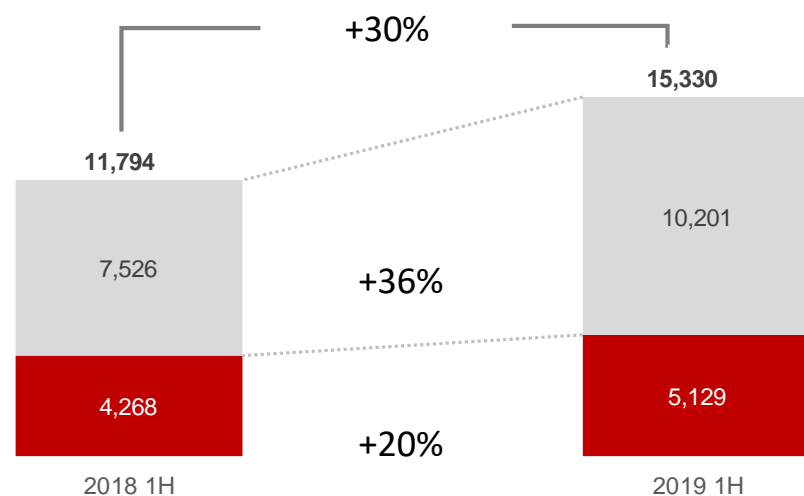
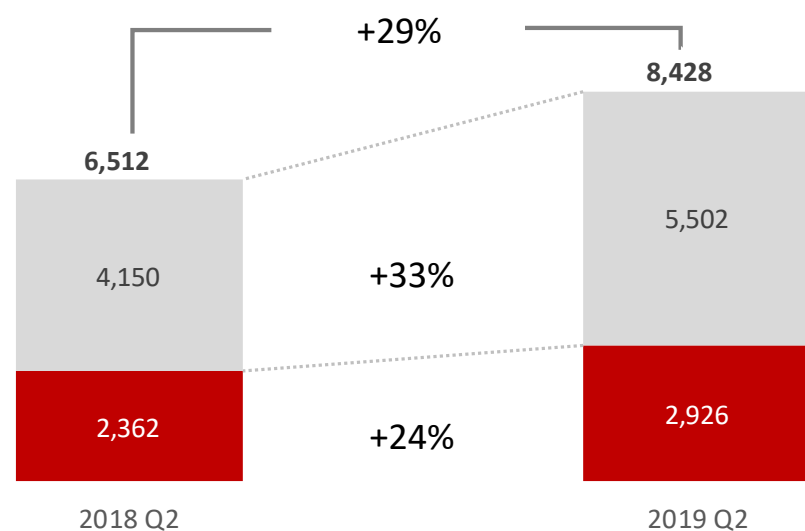
Index includes: ABS, Polystyrene, Polyurethane, Polypropylene

Sales Performance

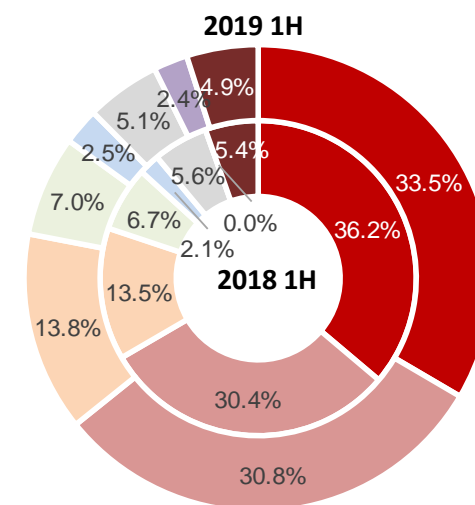
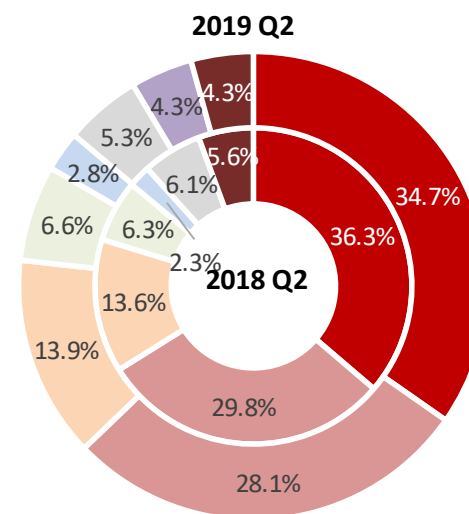


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2019 Q2 Sales by Region

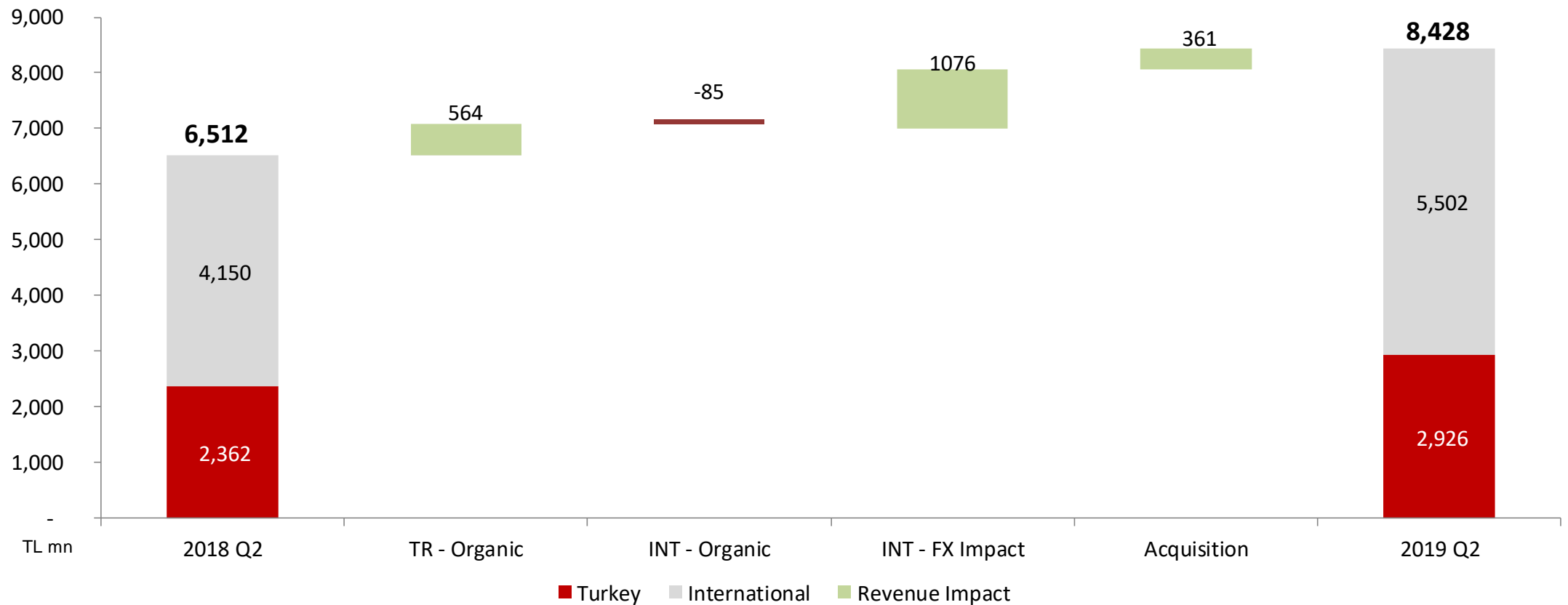


■ Turkey ■ International



■ Turkey ■ Western Europe
 ■ CIS&Eastern Europe ■ Africa
 ■ Middle East ■ Pakistan
 ■ Bangladesh ■ Other

2019 Q2 Sales Bridge



2019 Q2	Organic	Currency Effect	Acquisition	TOTAL
Domestic Growth	23.8%	0.0%	0.0%	23.9%
International Growth	-2.1%	25.9%	8.7%	32.6%
Total Growth	7.4%	16.5%	5.5%	29.4%



Financial Performance

2019 Q2 **Income Statement**

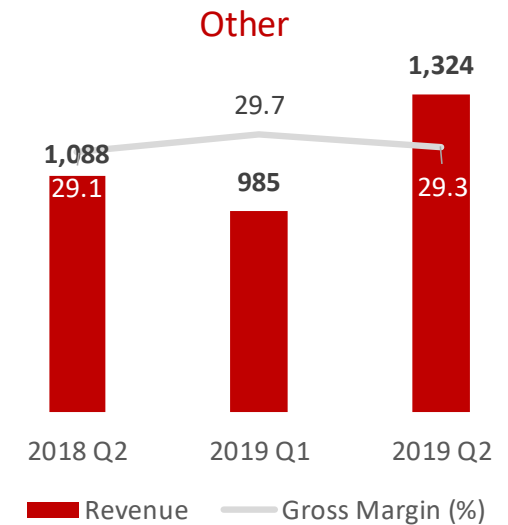
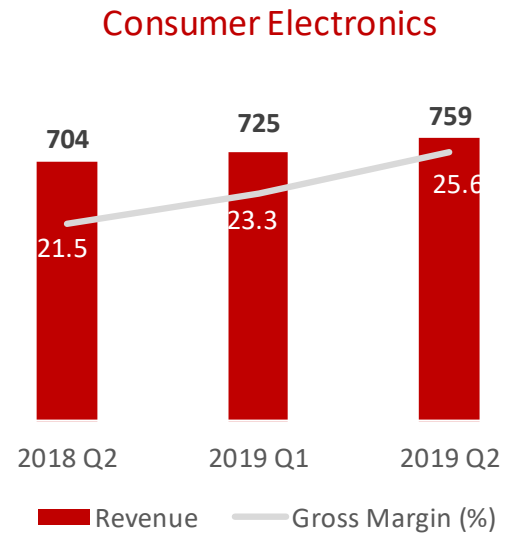
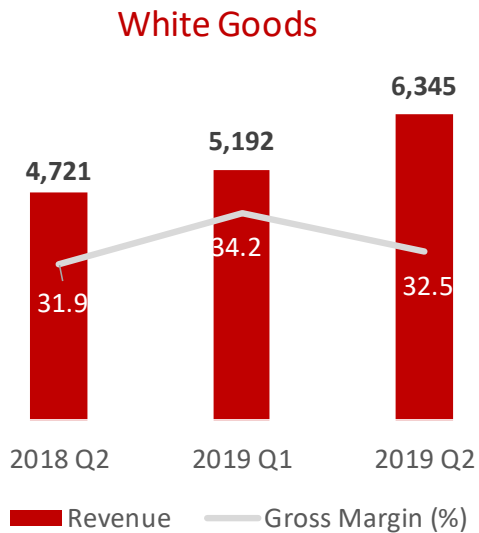
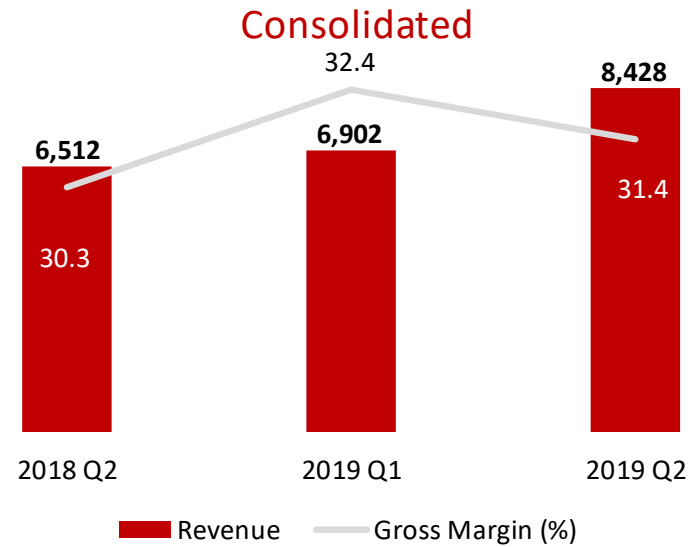
TL mn	Δ%							
	2019 Q2*	2018 Q2	2019 Q1*	Δ% YoY	QoQ	2019 6M*	2018 6M	Δ% YoY
Revenue	8,428	6,512	6,902	29	22	15,330	11,794	30
Gross Profit	2,643	1,974	2,239	34	18	4,882	3,625	35
<i>margin</i>	<i>31.4</i>	<i>30.3</i>	<i>32.4</i>			<i>31.8</i>	<i>30.7</i>	
EBIT **	629	418	430	50	46	1,058	792	34
<i>margin</i>	<i>7.5</i>	<i>6.4</i>	<i>6.2</i>			<i>6.9</i>	<i>6.7</i>	
Profit Before Tax	302	189	261	59	16	562	347	62
<i>margin</i>	<i>3.6</i>	<i>2.9</i>	<i>3.8</i>			<i>3.7</i>	<i>2.9</i>	
Net Income***	232	145	226	60	3	458	322	42
<i>margin</i>	<i>2.8</i>	<i>2.2</i>	<i>3.3</i>			<i>3.0</i>	<i>2.7</i>	
EBITDA**	893	579	679	54	32	1,571	1,102	43
<i>margin</i>	<i>10.6</i>	<i>8.9</i>	<i>9.8</i>			<i>10.2</i>	<i>9.3</i>	

*Only 2019 Q2 and Q1 financials include IFRS-16 implementation other periods are not re-stated.

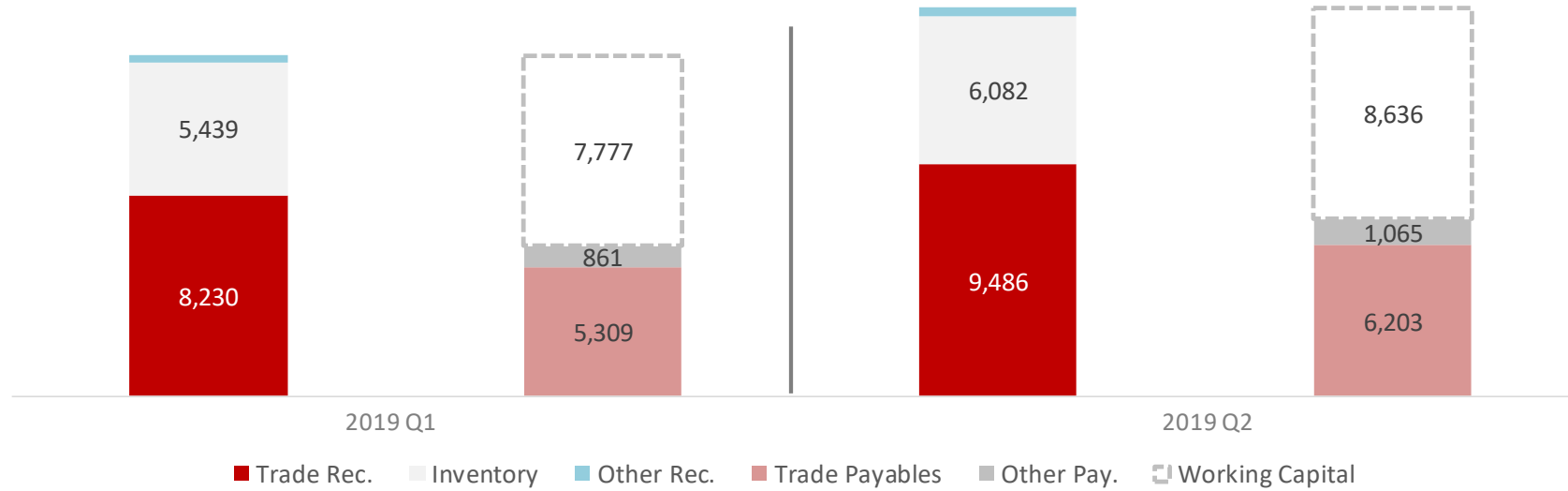
** EBIT was calculated by deducting the impact of foreign exchange gains and losses arising from trade receivables and payables, credit finance income and charges and cash discount expense and adding income and expenses from sale of property plant and equipment.

*** Net income before minority

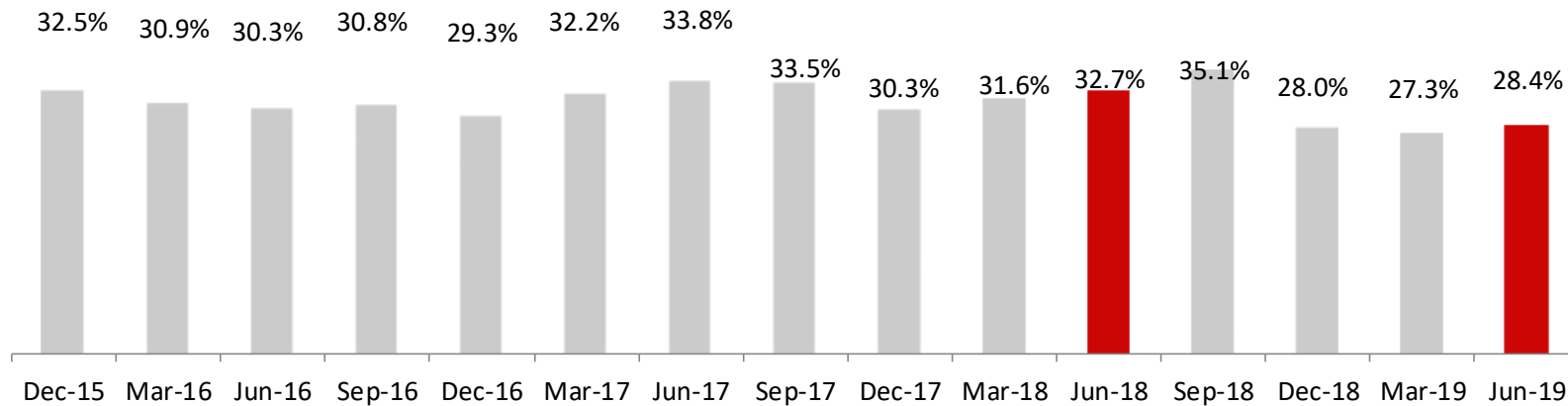
2019 Q2 Margin by Segments



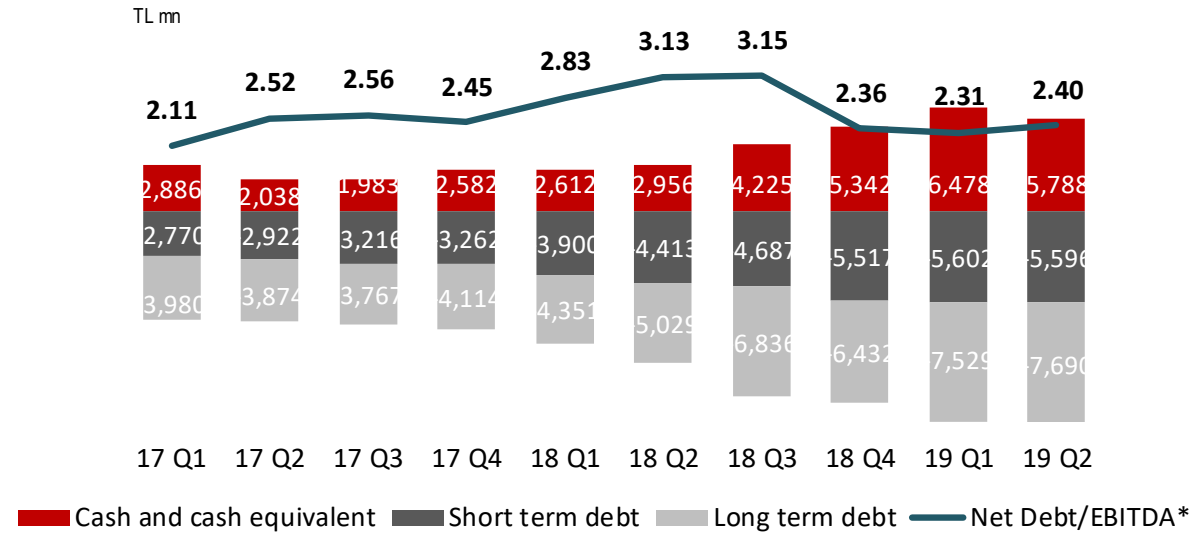
2019 Q2 Working Capital



Working Capital / Sales



2019 Q2 Cash & Financial Debt

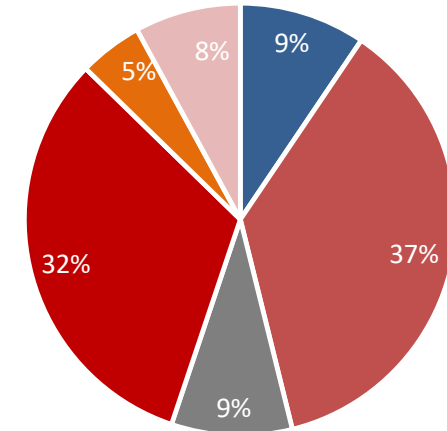


*All items exclude IFRS-16 adjustments for 2019 Q2 and Q1

Financial Debt profile (as of Jun 30 2019)

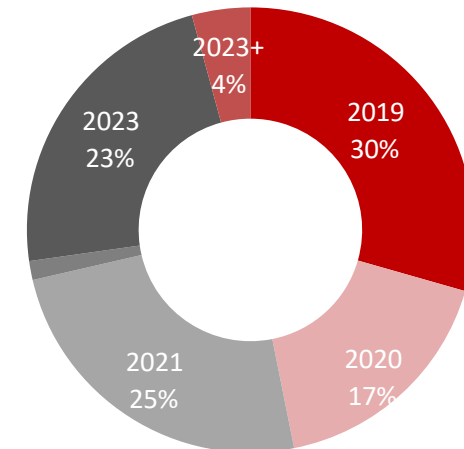
	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	25.0%	4,427	4,427
EUR	0.9%	273	1,787
GBP	1.4%	6	45
ZAR	9.6%	750	305
AUD	3.3%	15	61
RON	0.8%	32	44
PKR	11.5%	15,966	566
BDT	9.5%	3,925	268
Total			7,502
USD	5.1%	505	2,908
EUR	4.0%	360	2,359
TRY*	27.5%	517	517
Total Bond			5,784
Total			13,286

Cash Breakdown by Currency

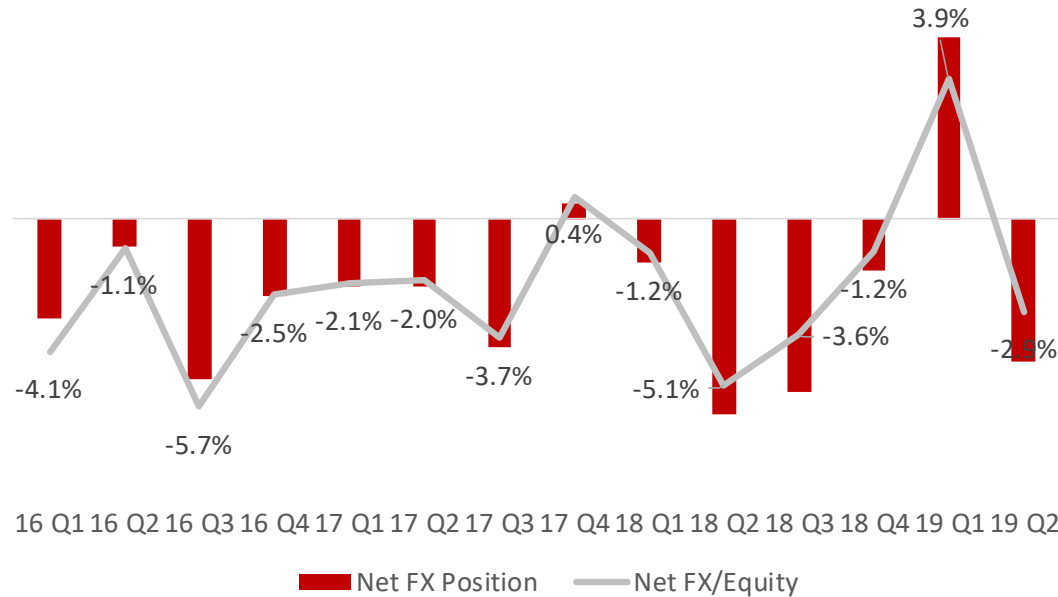


TRY USD GBP EUR RUB Other

Debt Maturity Profile



2019 Q2 FX Hedging



- FX hedging is a strictly pursued policy in Arçelik since more than 30 currencies are actively managed in global operations.
- It is a KPI for the company management not to have an FX exposure exceeding low single-digit % of equity.

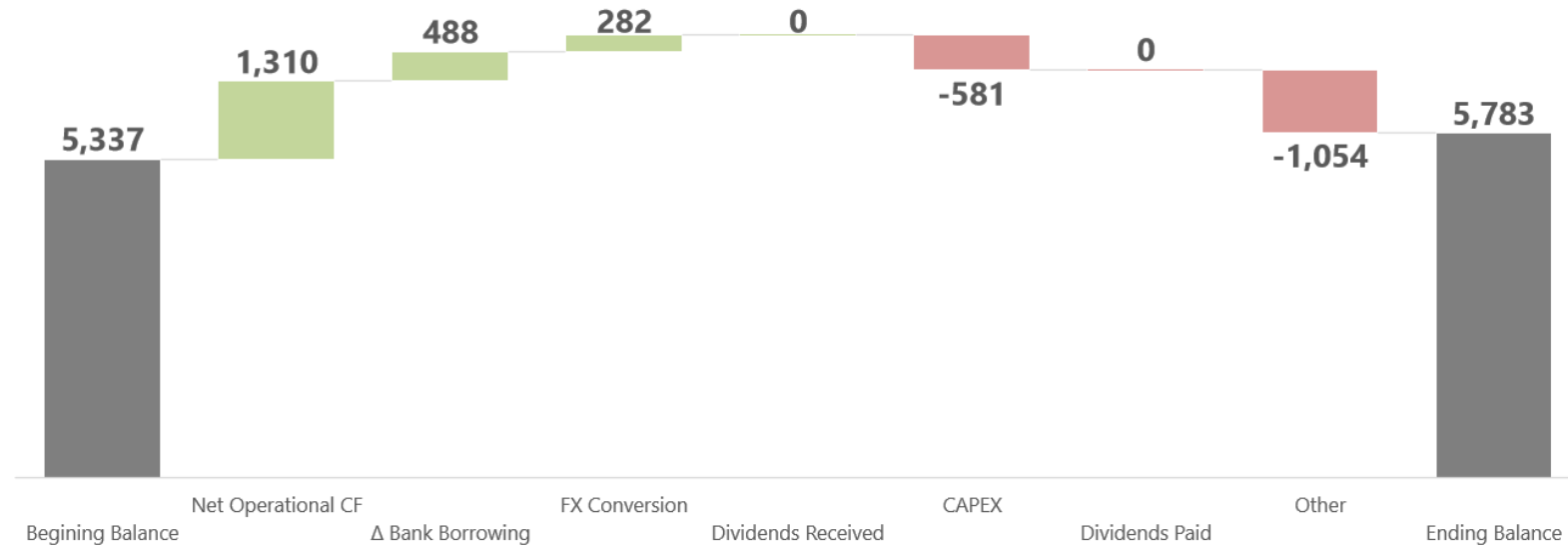
(TRYmn)	Before Hedge	Hedged Position	Net Position
EUR	-877	748	-130
USD	-1,218	1,083	-135
GBP	660	-655	6
Other	828	-838	-10
TOTAL	-607	338	-269

Net FX Position/Equity	-2.9%
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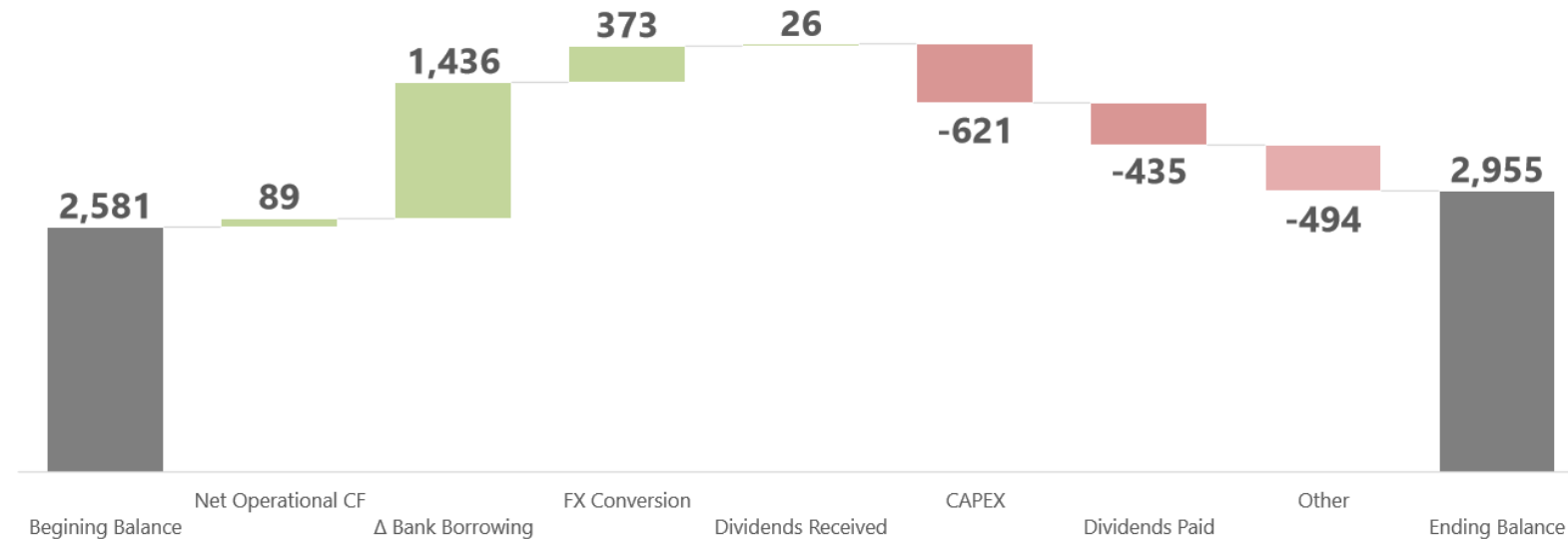
- The primary strategy is on balance sheet hedging mainly through cash, receivables, payables and financial liabilities, and the remaining part is hedged through financial derivatives.

2019 Q2 Cash Flow

2019 H1



2018 H1



2019 Guidance



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2019 Guidance

White Goods Market
Volume Growth

Global: ~2% Growth

Turkey: ~-15% Contraction (*previous ~-10%*)

Revenue Growth

20-25% in TRY (*previous 25-30%*)

EBITDA Margin 2019*

Around 10.5% (*previous c. 11,5%*)

EBITDA Margin
Long Term*

Around 12%

*EBITDA margin calculations are inline with the methodology used in calculation of historical values and include IFRS-16 implementation

Contacts for Investor Relations

Polat Şen

CFO

Tel: (+90 212) 314 34 34

Hande Sarıdal

Finance Director

Tel: (+90 212) 314 31 85

Orkun İnanbil

Investor Relations Manager

Tel: (+90 212) 314 31 14

Kerimcan Uzun

Investor Relations Specialist

Tel: (+90 212) 705 96 81

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www.arcelikas.com

investorrelations@arcelik.com

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