



# 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

10.5%

EBITDA Margin\*

28.4%

NWC/Sales Ratio

2.4x

Leverage

\* IFRS 16 impact included

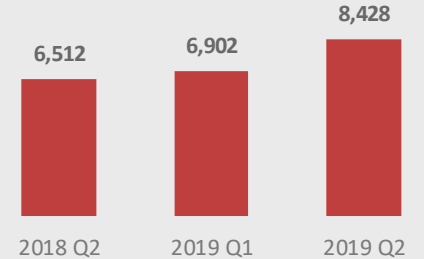
**Arçelik**

# Key Factors **Sales/Margins**

## Revenue Growth

**+29%**

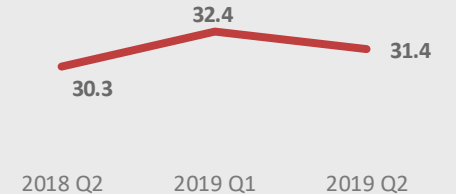
- ↑ 5.5% inorganic growth from Singer Bangladesh
- ↑ TRY depreciation continues to support top line
- ↑ Despite challenging market conditions, robust domestic sales



## Gross Margin

**31.4%**

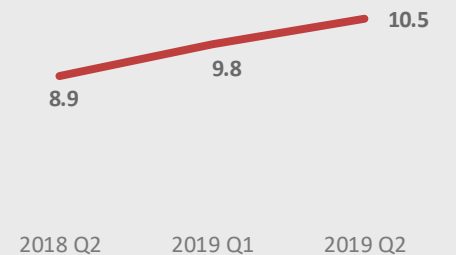
- ↑ Higher share of Turkey sales compared to 1Q19
- ▬ Stable raw material prices
- ↓ Negative impact of TRY depreciation on domestic margins






## EBITDA Margin

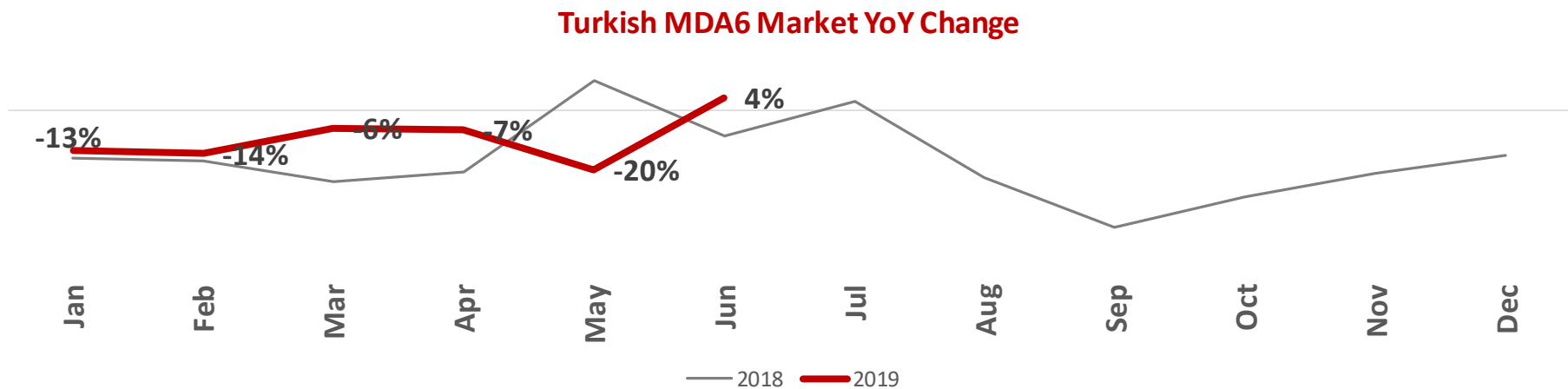
**10.5%**

- ↑ 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**

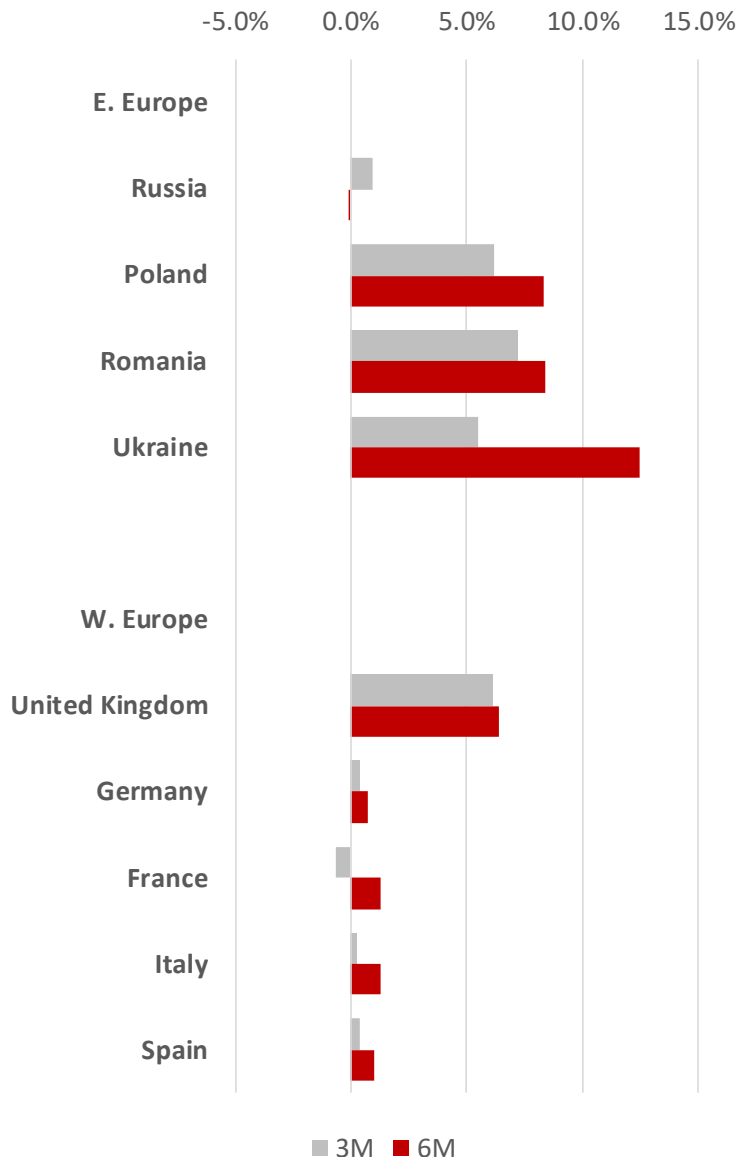
	 MDA-6	 Air-Conditioner	 TV
Market	-8%	-44%	-22%
Arçelik	+16%	Better than market	>25% Market Share Leading Position



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

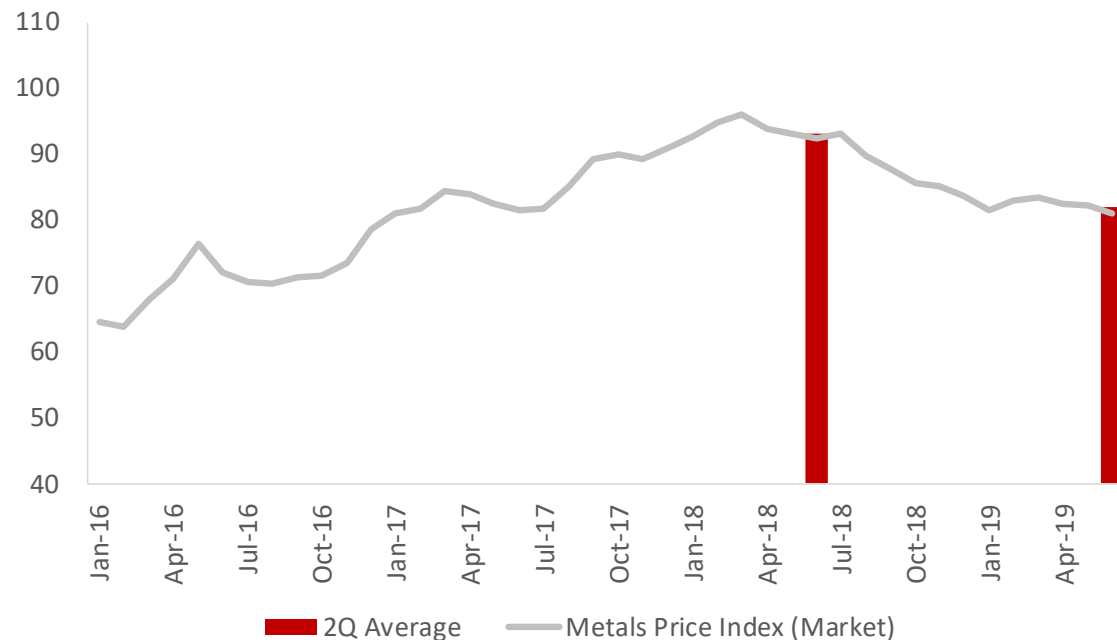
- Sales in **Pakistan** remained flat in PKR due to sluggish demand.
- Further pricing needed to offset recent PKR depreciation.
- Robust growth performance sustained in **Bangladesh** during the quarter
- **ASEAN** revenue realized at USD29mn.
- Production in **Thailand** reached 80K units

# 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

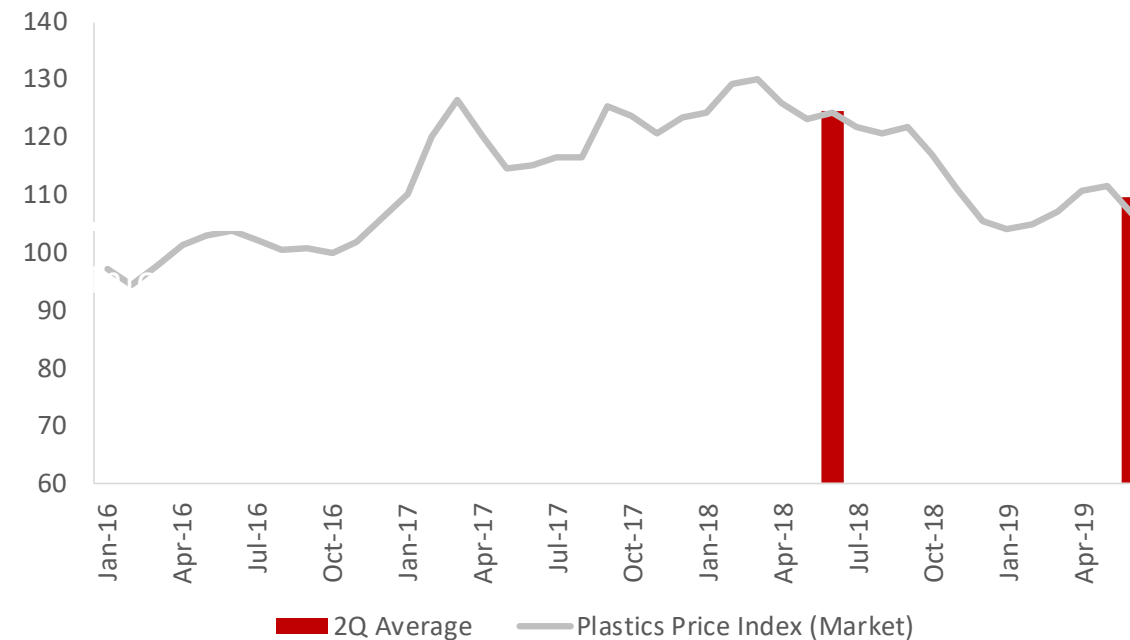


**Metal Prices Index Quarterly Average - Market**

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

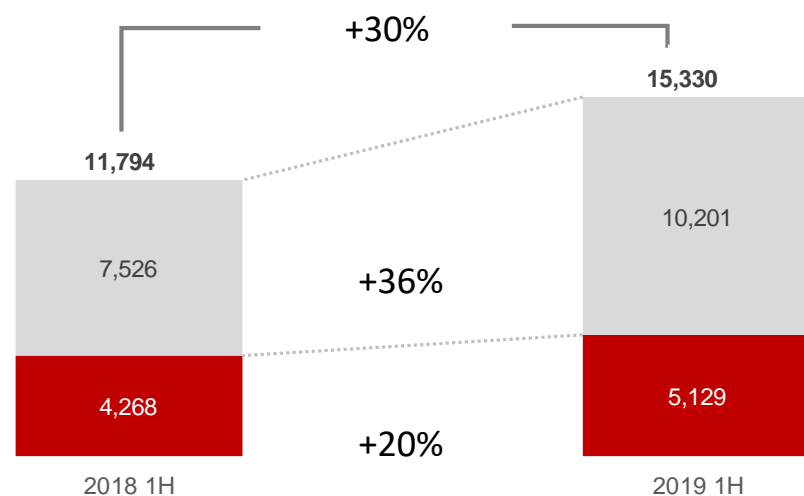
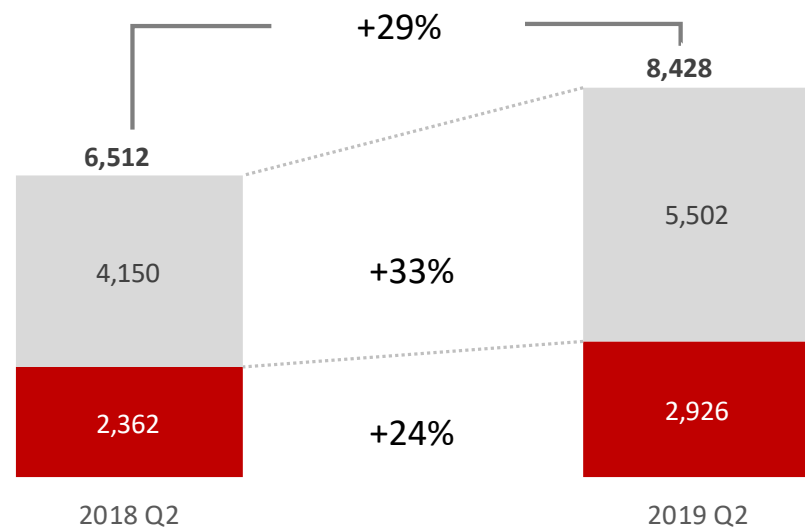


# Sales Performance

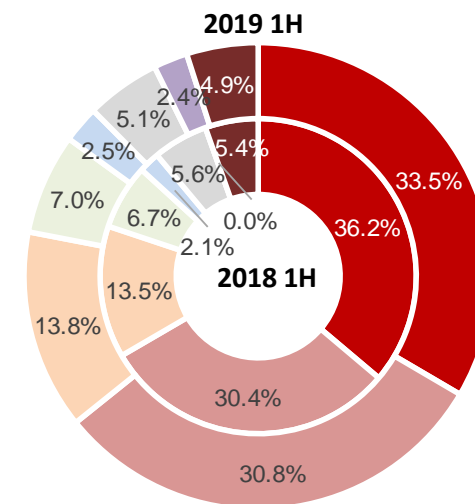
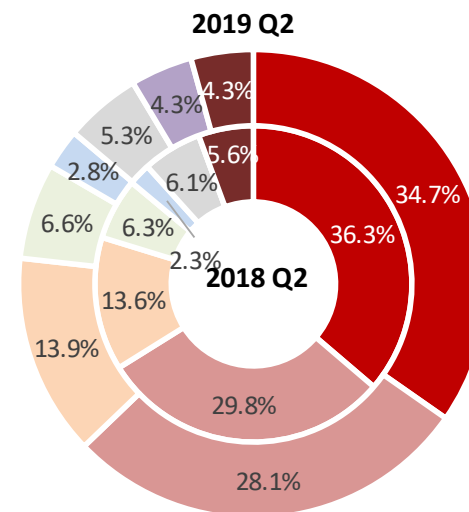


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# 2019 Q2 Sales by Region

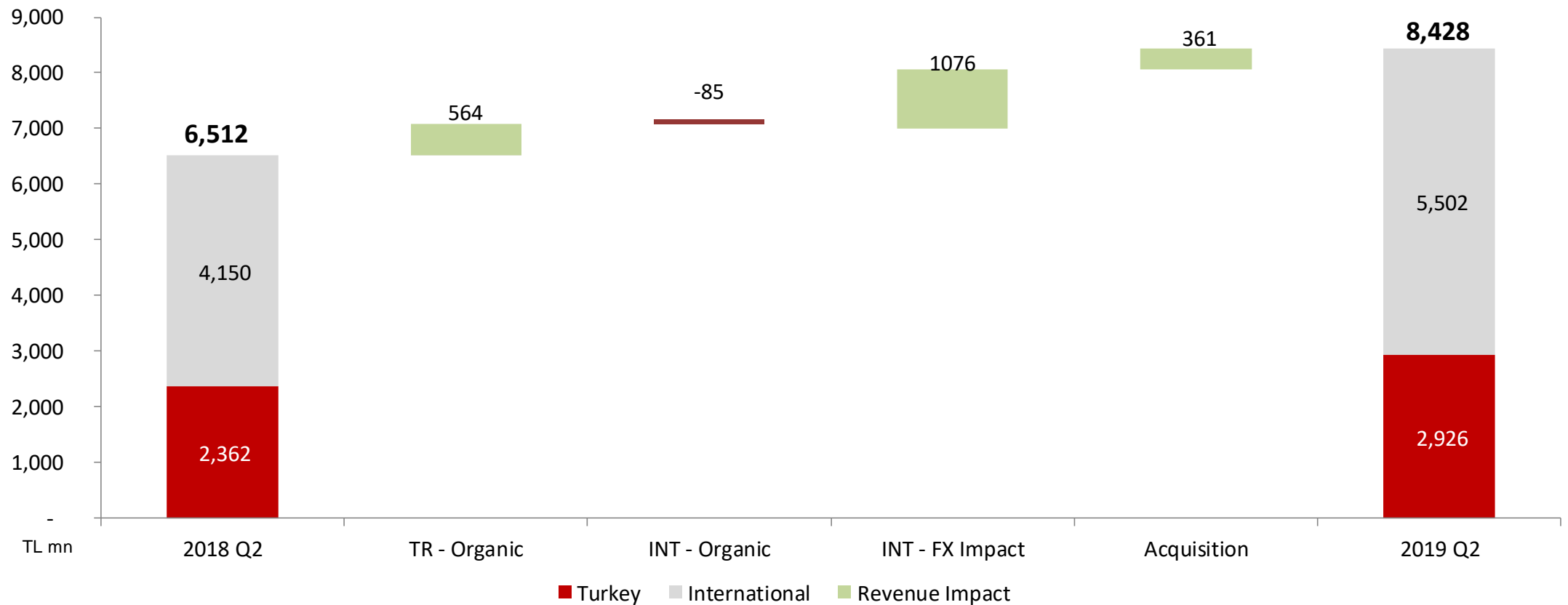


■ Turkey ■ International



■ 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%
<b>Total Growth</b>	<b>7.4%</b>	<b>16.5%</b>	<b>5.5%</b>	<b>29.4%</b>





# Financial Performance

# 2019 Q2 Income Statement

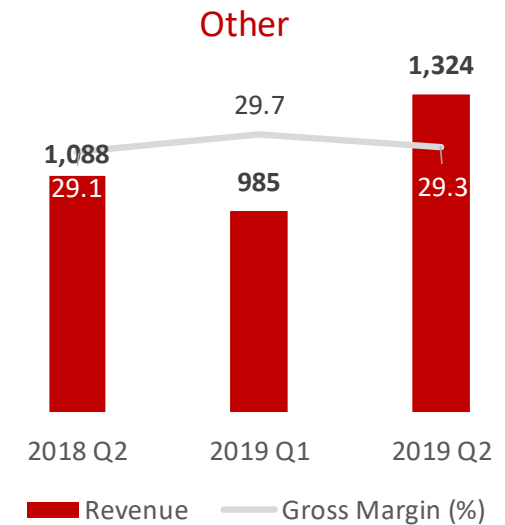
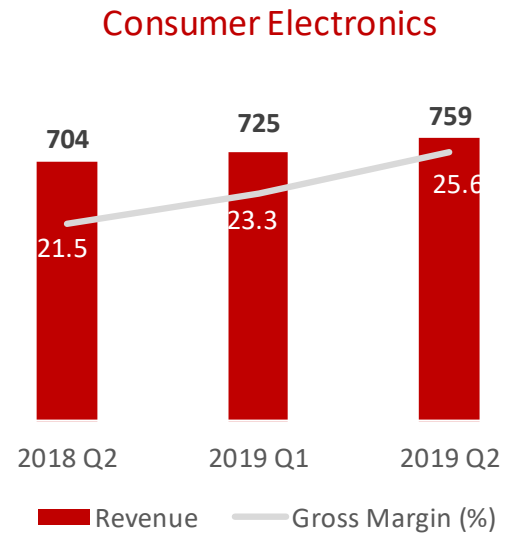
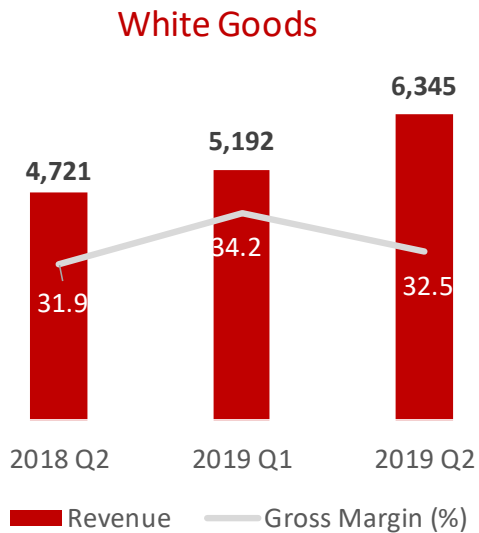
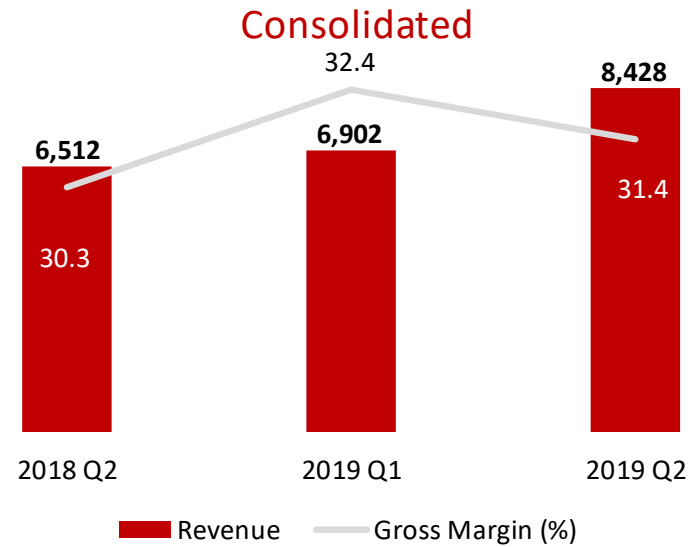
TL mn	2019 Q2*	2018 Q2	2019 Q1*	Δ% YoY	Δ%		2019 6M*	2018 6M	Δ% YoY
					QoQ				
Revenue	8,428	6,512	6,902	29	22		15,330	11,794	30
Gross Profit	2,643	1,974	2,239	34	18		4,882	3,625	35
margin	31.4	30.3	32.4				31.8	30.7	
EBIT **	629	418	430	50	46		1,058	792	34
margin	7.5	6.4	6.2				6.9	6.7	
Profit Before Tax	302	189	261	59	16		562	347	62
margin	3.6	2.9	3.8				3.7	2.9	
Net Income***	232	145	226	60	3		458	322	42
margin	2.8	2.2	3.3				3.0	2.7	
EBITDA**	887	579	679	53	31		1,565	1,102	42
margin	10.5	8.9	9.8				10.2	9.3	

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

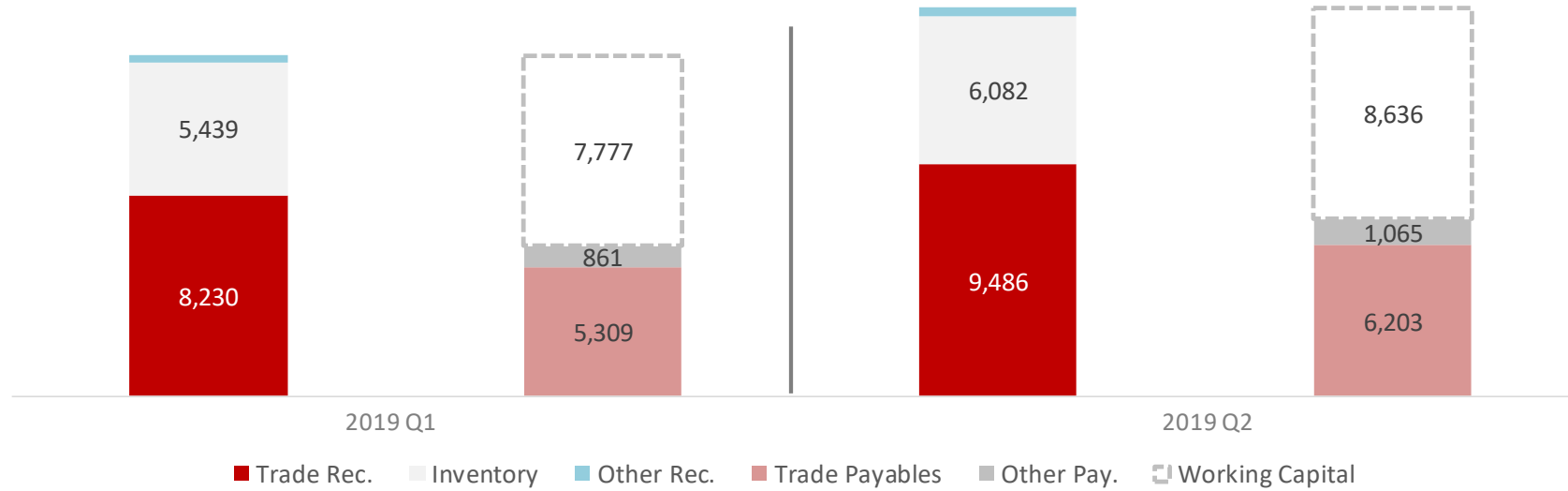
\*\* EBIT was calculated by deducting the impact of foreign exchange gains and losses arising from trade receivables and payables, credit finance income and charges and cash discount expense and adding income and expenses from sale of property plant and equipment.

\*\*\* Net income before minority

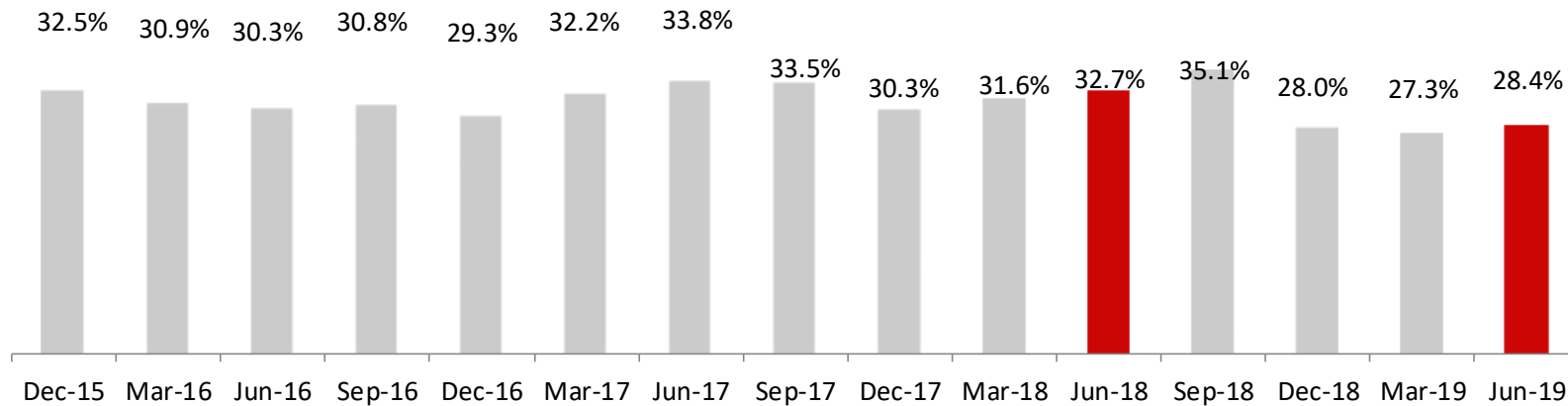
# 2019 Q2 Margin by Segments



# 2019 Q2 Working Capital

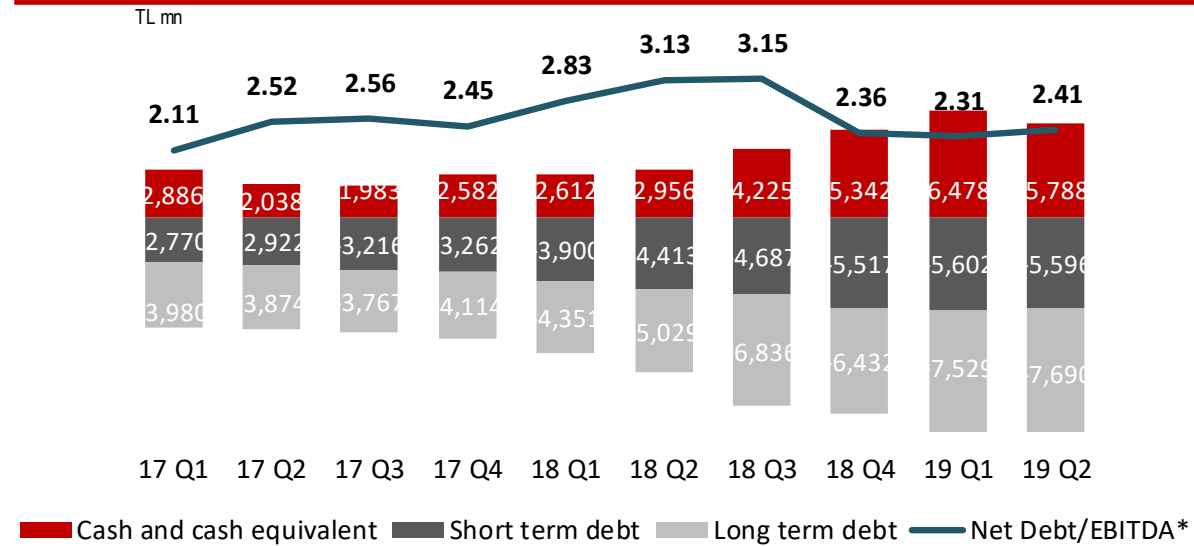


## Working Capital / Sales





# 2019 Q2 Cash & Financial Debt

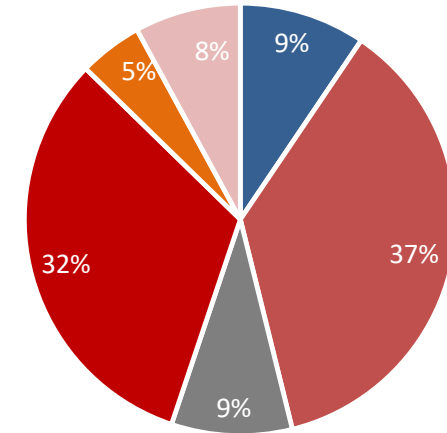


\*All items exclude IFRS-16 adjustments for 2019 Q2 and Q1

## Financial Debt profile (as of Jun 30 2019)

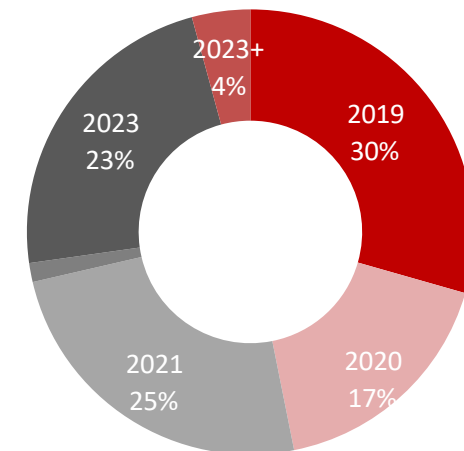
	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	25.0%	4,427	4,427
EUR	0.9%	273	1,787
GBP	1.4%	6	45
ZAR	9.6%	750	305
AUD	3.3%	15	61
RON	0.8%	32	44
PKR	11.5%	15,966	566
BDT	9.5%	3,925	268
<b>Total</b>			<b>7,502</b>
USD	5.1%	505	2,908
EUR	4.0%	360	2,359
TRY*	27.5%	517	517
<b>Total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

## Cash Breakdown by Currency



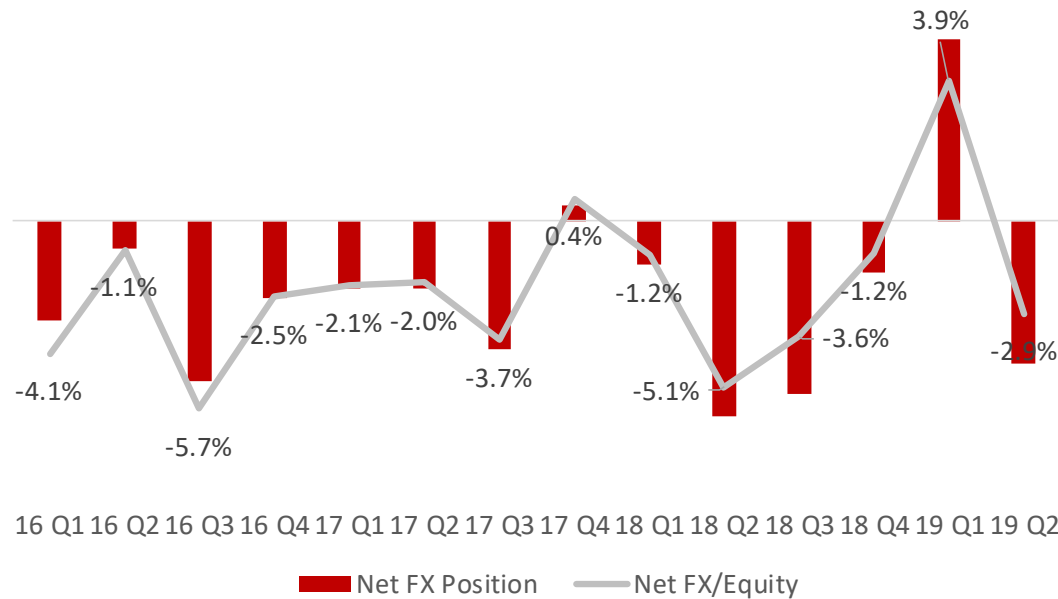
Legend: TRY (Blue), USD (Red), GBP (Dark Grey), EUR (Red), RUB (Orange), Other (Light Grey)

## Debt Maturity Profile





# 2019 Q2 FX Hedging



(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
<b>TOTAL</b>	<b>-607</b>	<b>338</b>	<b>-269</b>

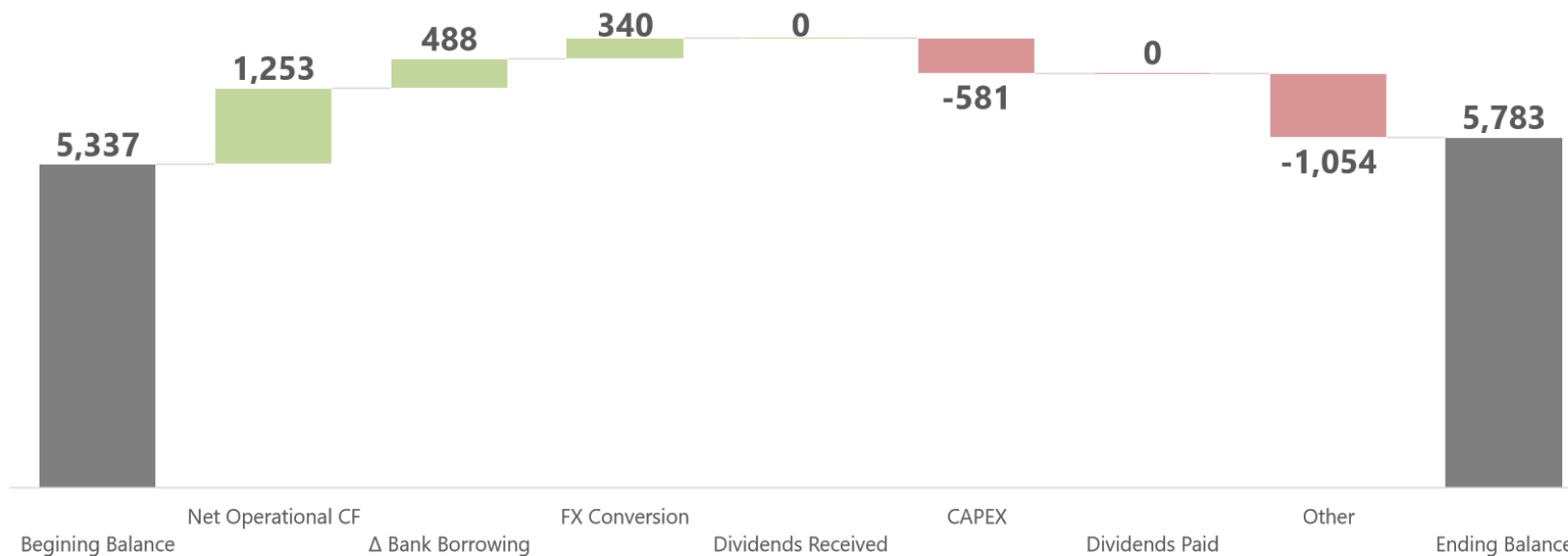
<b>Net FX Position/Equity</b>	<b>-2.9%</b>
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- FX hedging is a strictly pursued policy in Arçelik since more than 30 currencies are actively managed in global operations.
- It is a KPI for the company management not to have an FX exposure exceeding low single-digit % of equity.

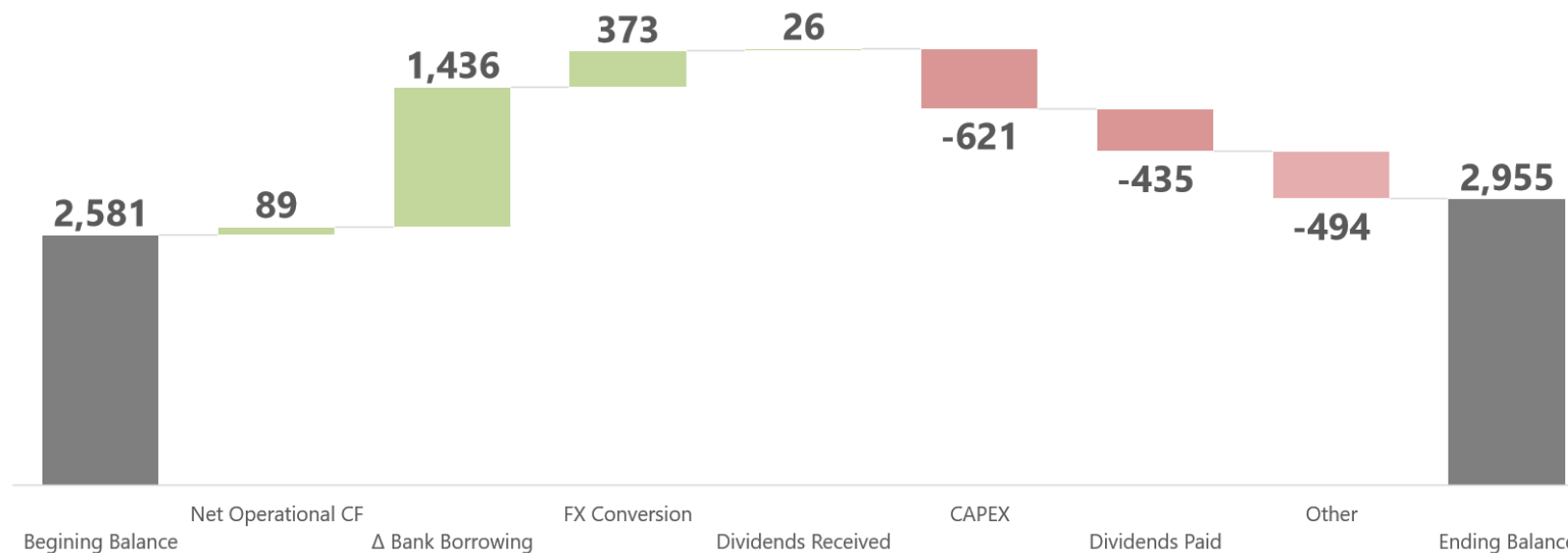
- The primary strategy is on balance sheet hedging mainly through cash, receivables, payables and financial liabilities, and the remaining part is hedged through financial derivatives.

# 2019 Q2 Cash Flow

2019 H1



2018 H1



# 2019 Guidance



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# 2019 Guidance

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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

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