



Arcelik

2019 – 3 Month Financial Results

Quarter **Highlights**

- Top line growth of 31%
- Flat gross profit margin (QoQ) as higher TRY based costs offset positive impact from raw materials
- Deterioration in OPEX/Sales due to lower operational leverage
- 100bps positive contribution from IFRS-16 adjustments to EBITDA margin
- Continuing improvement in working capital management
- Leverage remained flat

TRY6.9bn

Revenue

9.8%

EBITDA Margin*

27.3%

NWC/Sales Ratio

2.3x

Leverage

* IFRS 16 impact included

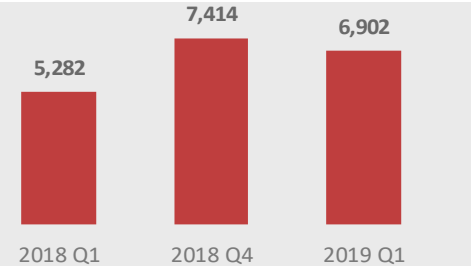
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Key Factors **Sales/Margins**

Revenue Growth

+31%

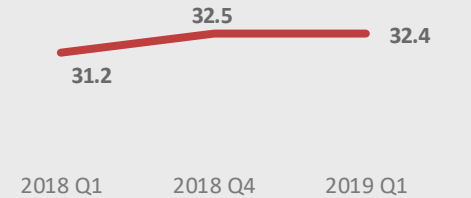
- ↑ International organic growth was realized at 9%
- ↑ TRY's YoY depreciation continued to support top line growth
- ↓ Domestic demand was weak mainly due to macro conditions



Gross Margin

32.4%

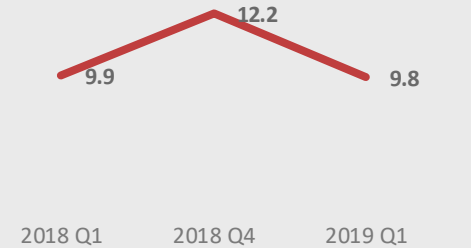
- ↑ Higher share of Turkey sales compared to 4Q18
- ↑ Lower raw material prices
- ↓ Increasing TRY based costs mainly due to wage hikes






EBITDA Margin

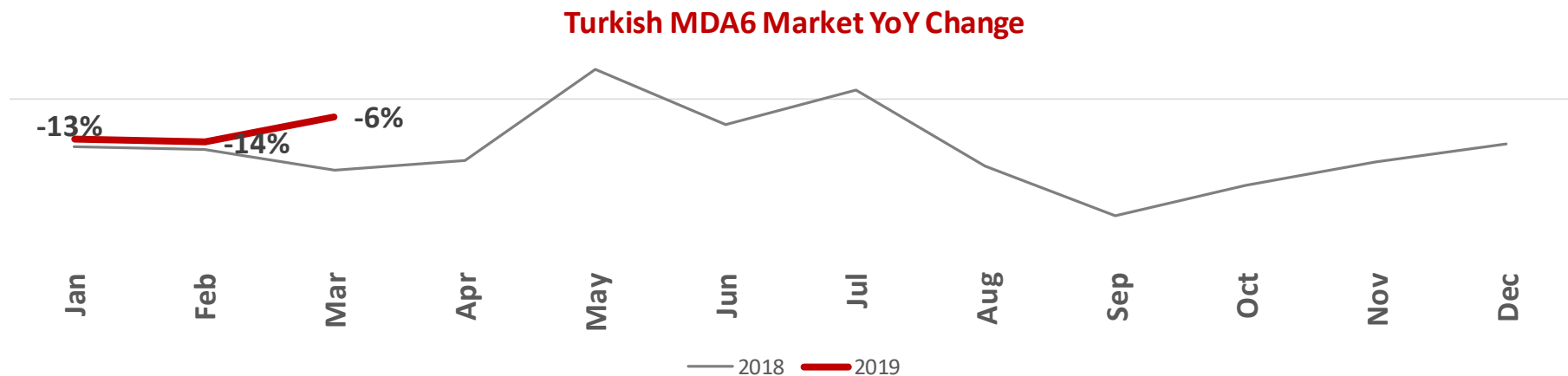
9.8%

- ↑ 100bps positive contribution from IFRS-16
- ↓ White Collar wage hikes
- ↓ Lower operational leverage due to seasonality



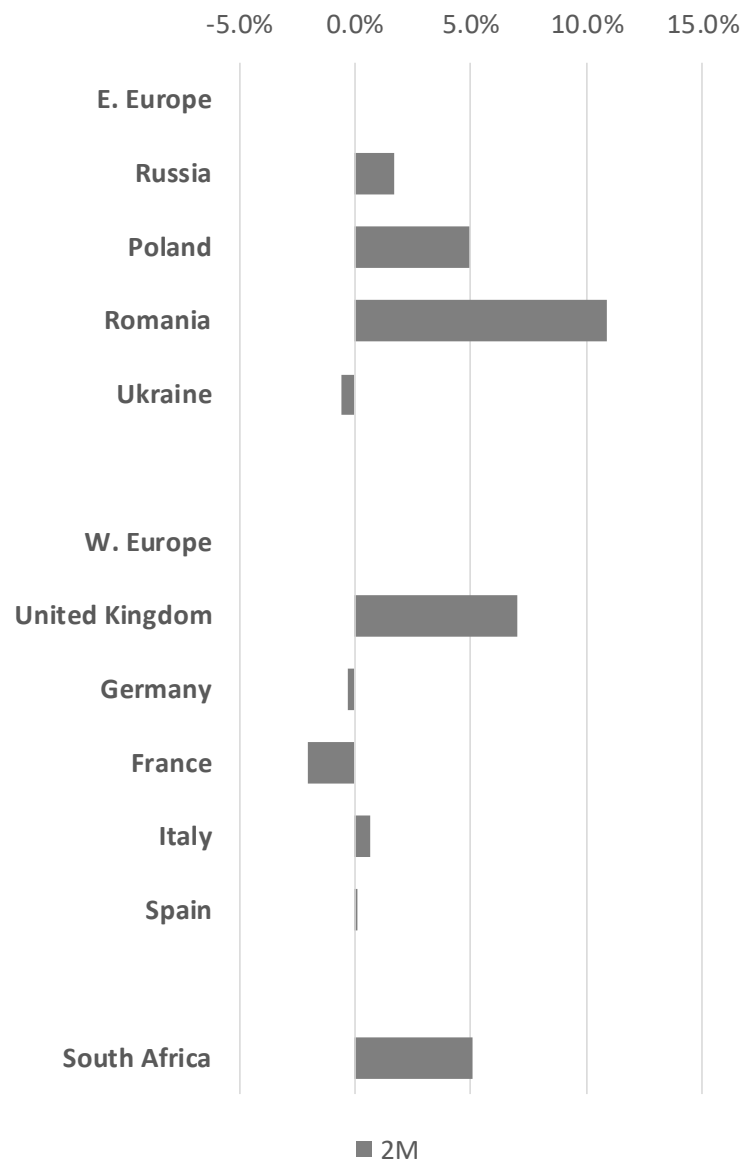
2019 Q1 Performance **Turkey**

	 MDA-6	 Air-Conditioner	 TV
Market	-11%	-48%	-14%
Arçelik	+2%	Better than market	>25% Market Share Leading Position



MDA-6 and A/C data is based on WGMA. TV market reflects the data of a panel market for 2M19

2019 Q1 International Markets



West Europe

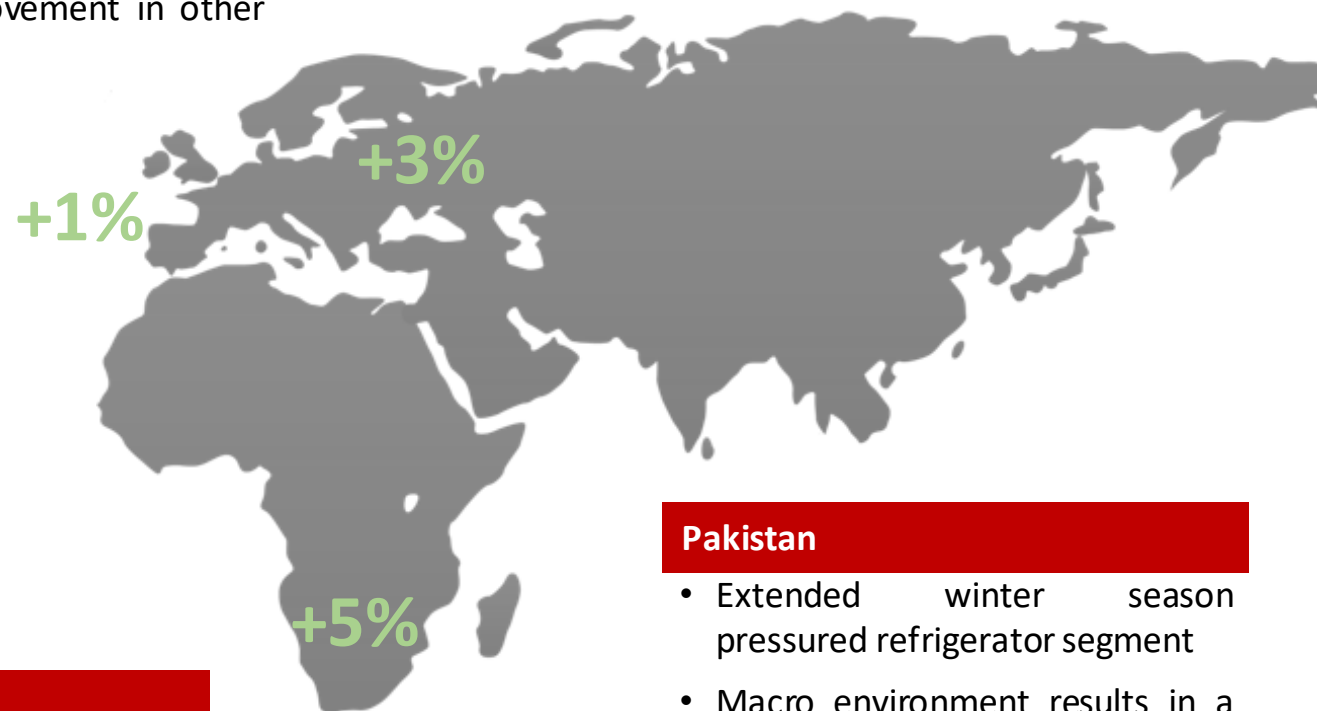
- Brexit related pre-buying in the UK
- No major improvement in other countries

South Africa

- Promising start contrary to expectations

East Europe

- Russia slowed down
- Romania had a strong start, followed by Poland



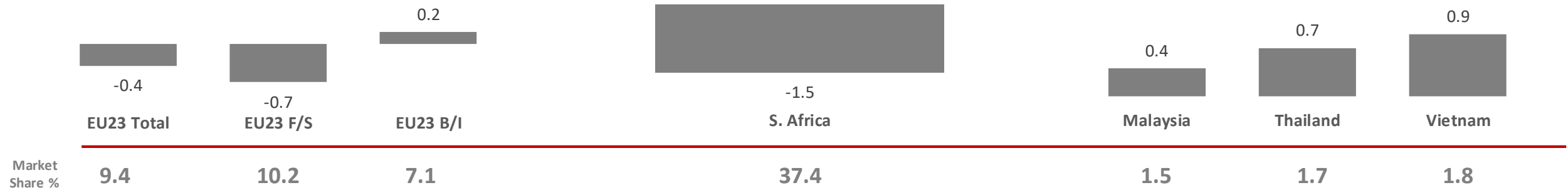
Pakistan

- Extended winter season pressured refrigerator segment
- Macro environment results in a «trade down» trend

2019 Q1 International Performance

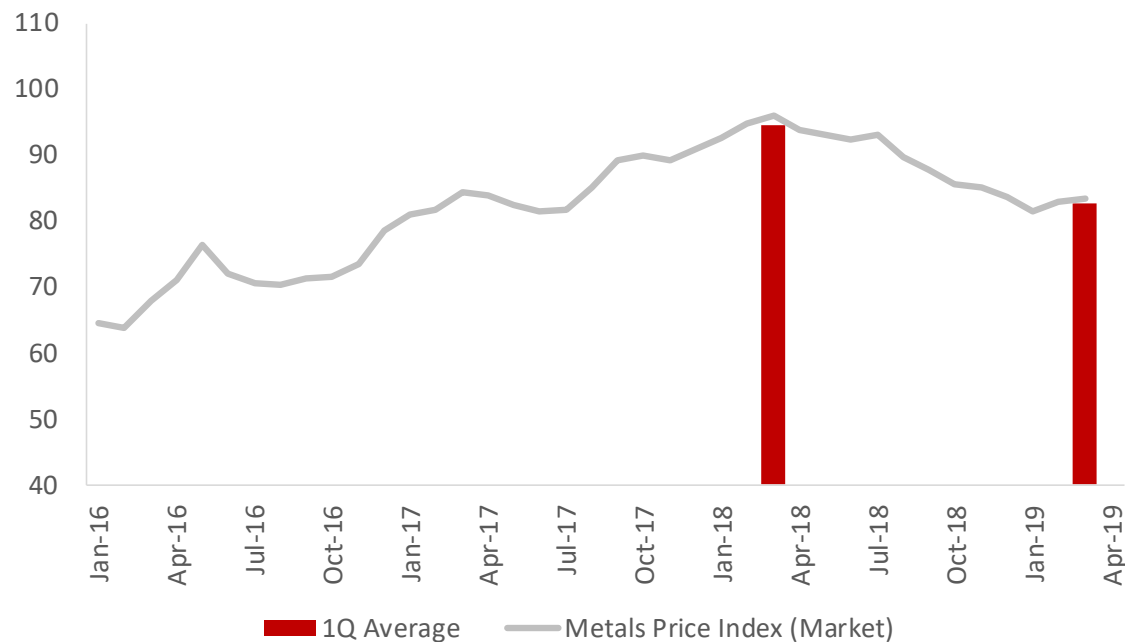
48%	Europe	7%	Africa	9%	Asia-Pacific
<ul style="list-style-type: none"> Mid single growth in hard currency Flat market share in W. Europe Some share losses in E. Europe Overall increase in price index in most of the countries Continuing market share gain in built-in segment 		<ul style="list-style-type: none"> Sell-in sales were strong and Defy recorded low teens growth in ZAR Share loss of Defy at retail level in S.Africa Export to Sub-Sahara was strong with ~50% growth in ZAR 		<ul style="list-style-type: none"> ASEAN revenue realized at USD 31 mn. Production in Thailand reached 100K units Sales in Pakistan increased by around 15% in PKR, accompanied by price hikes Limited sales to the JV in India due to existing inventory 	

Arçelik Group
2M19 - Unit Market Share Changes (YoY) (points) - MDA 6*



* 12M18 vs. 12M17 Cooling Category data for Malaysia, Thailand and Vietnam

2019 Q1 Raw Material Trends

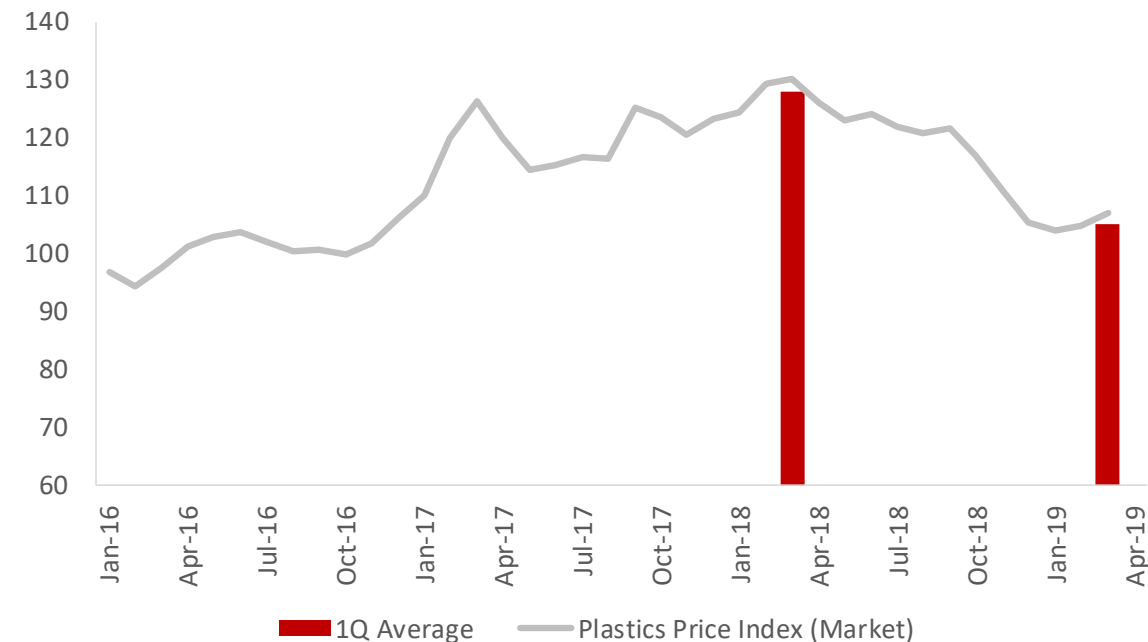


Metal Prices Index Quarterly Average - Market

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

Source: Steel BB, Steel Orbis

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



Plastic Prices Index Quarterly Average - Market

3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
119	123	128	125	121	111	105

Source: ICIS - Chemical Industry News & Chemical Market Intelligence

Index includes: ABS, Polystyrene, Polyurethane, Polypropylene

Singer Bangladesh

Why Bangladesh?

- Strong Demographics
- Sustained, high GDP Growth (CAGR: 6.6% in 2012-18)
- Favorable appliance market (very low product penetration)

About Singer Bangladesh

- Leading Position in multiple categories
- Wide product range
- Extensive distribution and sales network
- Listed in Dhaka and Chittagong Stock Exchanges (43% of shares are publicly traded)
- 2018 Sales of USD 164 mn. with 12,4% EBITDA margin

About the Deal

- USD 75 mn for Retail Holding Bhold BV, which owns 57% of Singer Bangladesh
- Implied EV is USD 162 mn., with 8.2x EV/EBITDA multiple
- Closing is finalized on April 3, 2019

SINGER®
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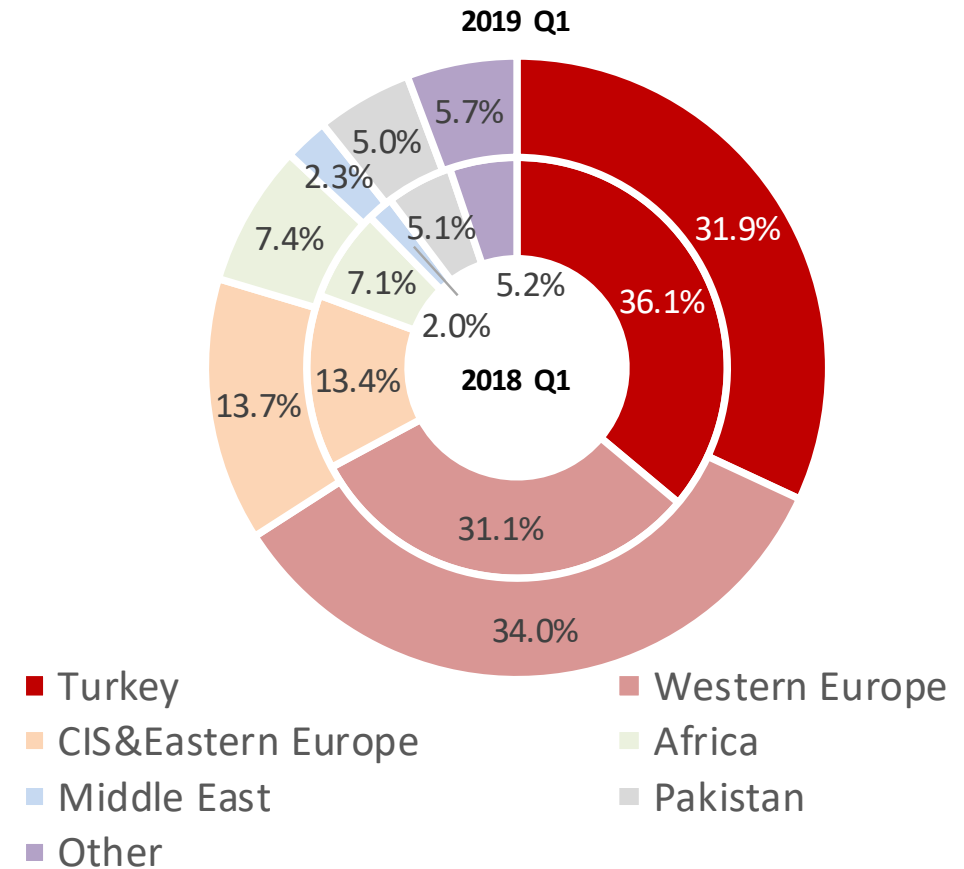
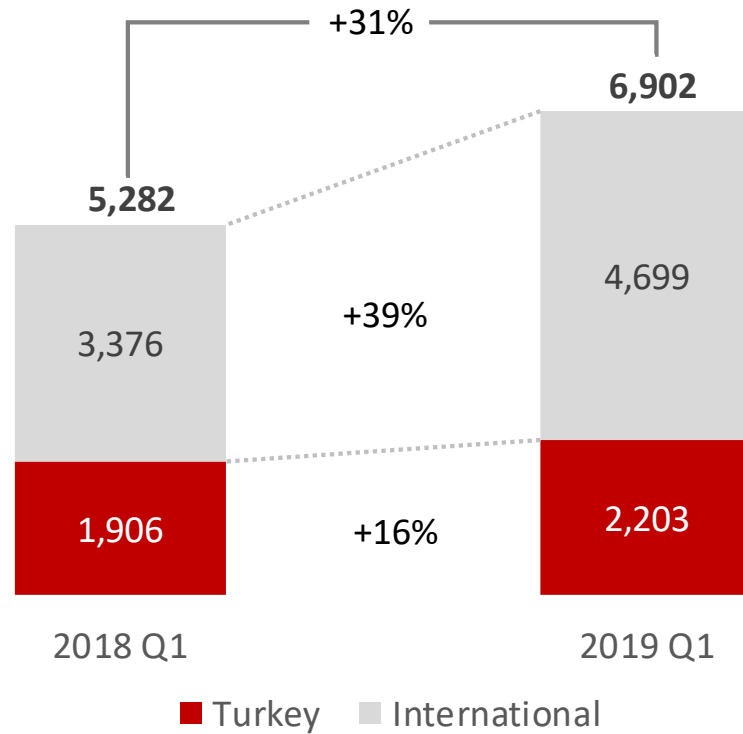


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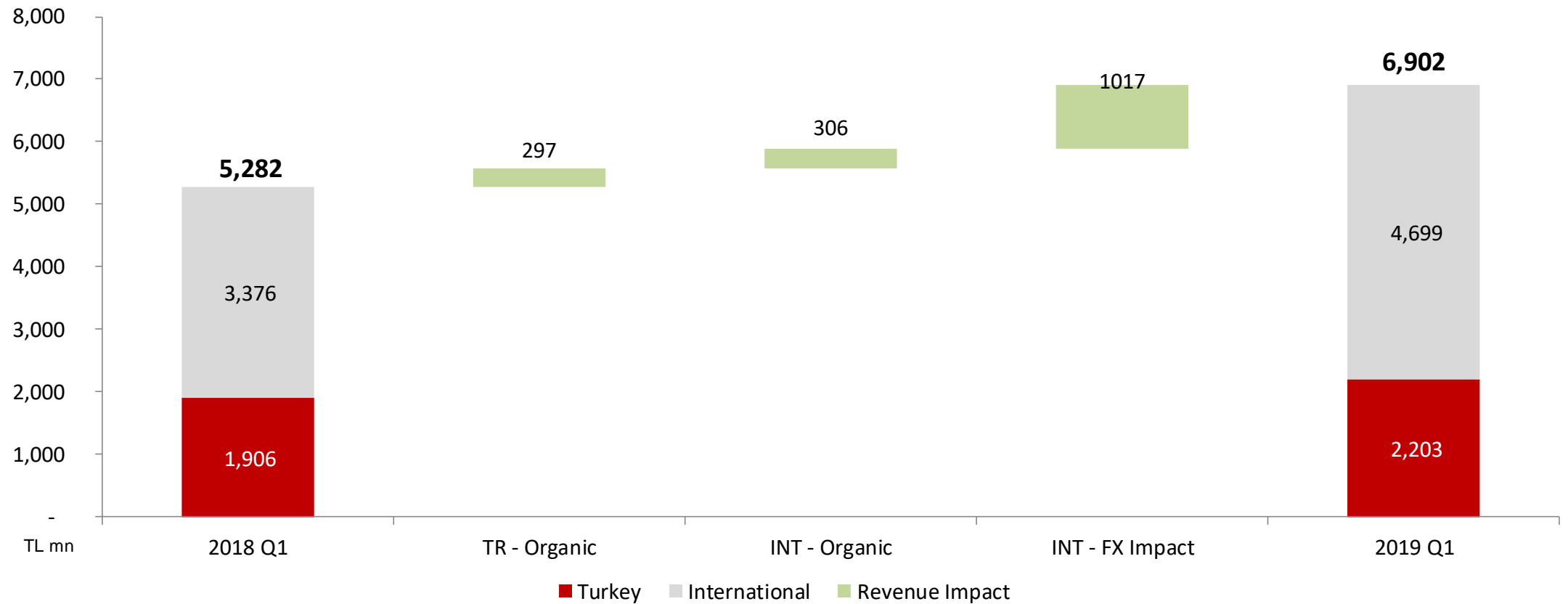
A white ABB industrial robotic arm is positioned in a factory setting, surrounded by metal frames and various mechanical components. The arm has 'ABB' written on its joints. In the background, there is a QR code on a wall and a computer monitor displaying some data. The overall scene is dimly lit, with the robot being the central focus.

Sales Performance

2019 Q1 Sales by Region



2019 Q1 Sales Bridge



2019 Q1	Organic	Currency Effect	TOTAL
Domestic Growth	15.6%	0.0%	15.6%
International Growth	9.1%	30.1%	39.2%
Total Growth	11.4%	19.3%	30.7%

Financial Performance

2019 Q1 **Income Statement**

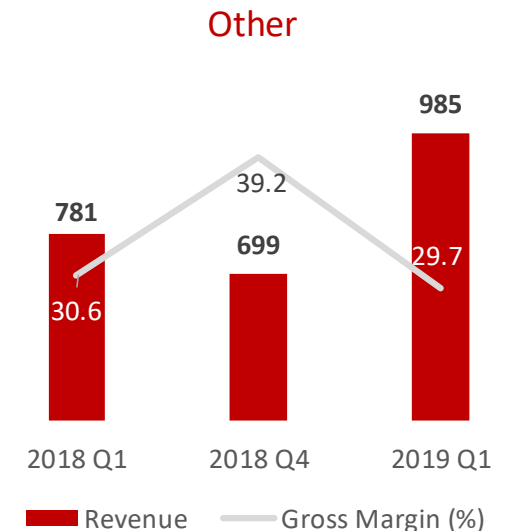
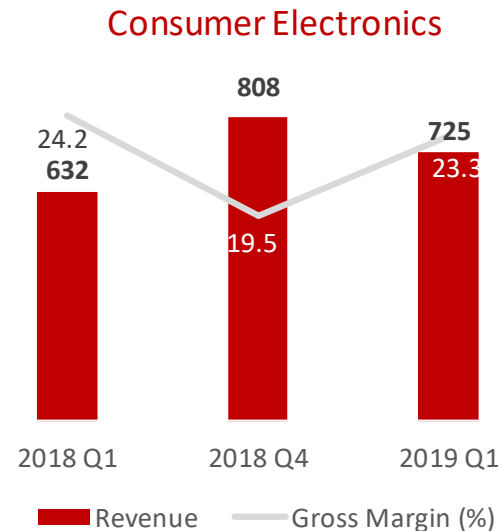
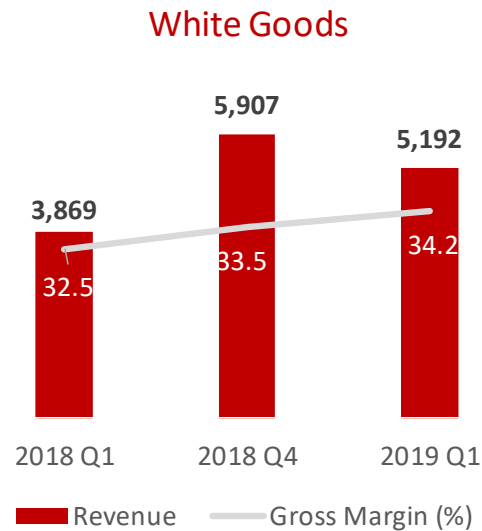
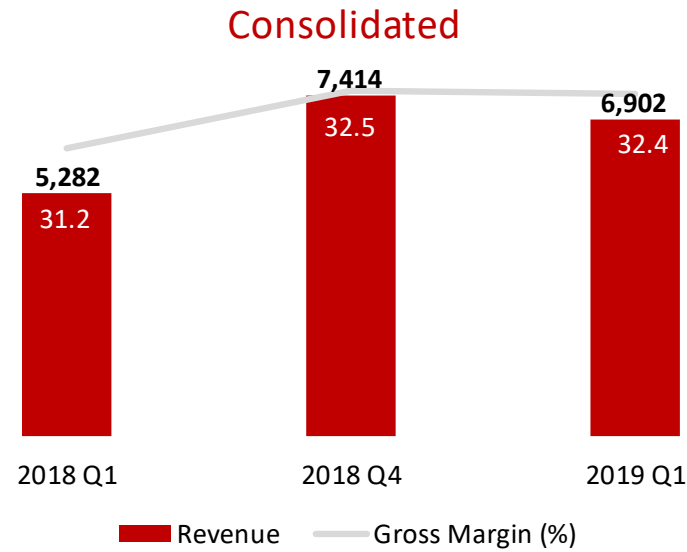
TL mn	2019 Q1*	2018 Q1	2018 Q4	Δ% YoY	Δ% QoQ
Revenue	6,902	5,282	7,414	31	-7
Gross Profit	2,239	1,651	2,410	36	-7
<i>margin</i>	32.4	31.2	32.5		
EBIT **	430	373	713	15	-40
<i>margin</i>	6.2	7.1	9.6		
Profit Before Tax	261	158	270	65	-3
<i>margin</i>	3.8	3.0	3.6		
Net Income***	226	178	281	27	-20
<i>margin</i>	3.3	3.4	3.8		
EBITDA**	679	523	908	30	-25
<i>margin</i>	9.8	9.9	12.2		

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

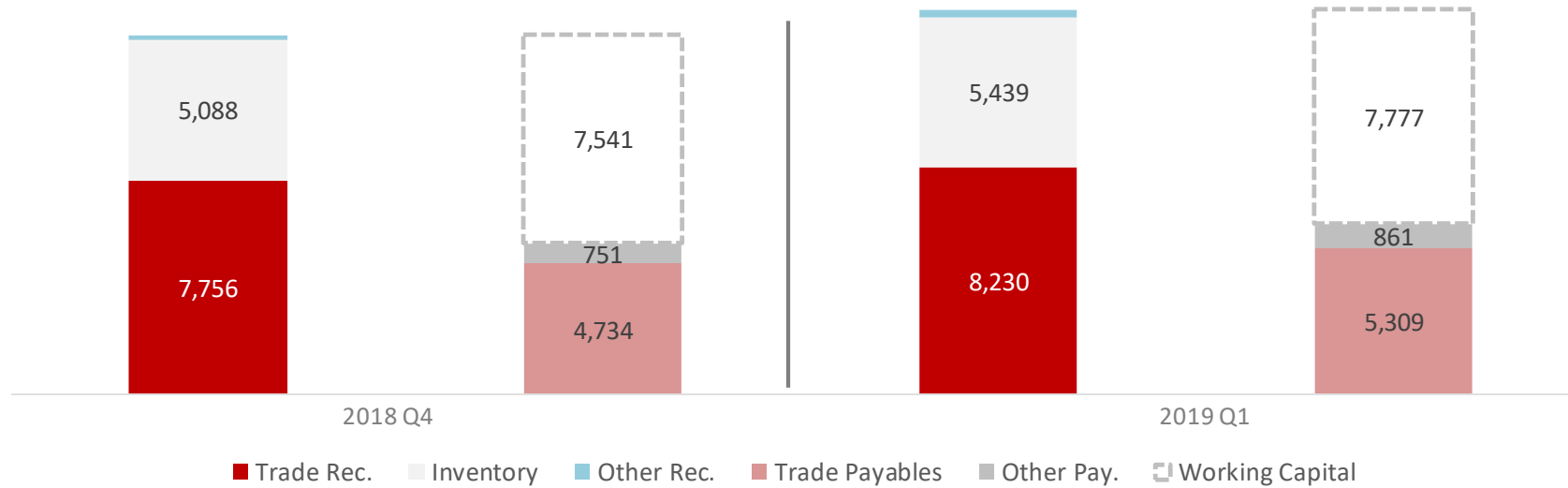
** EBIT was calculated by deducting the impact of foreign exchange gains and losses arising from trade receivables and payables, credit finance income and charges and cash discount expense and adding income and expenses from sale of property plant and equipment.

*** Net income before minority

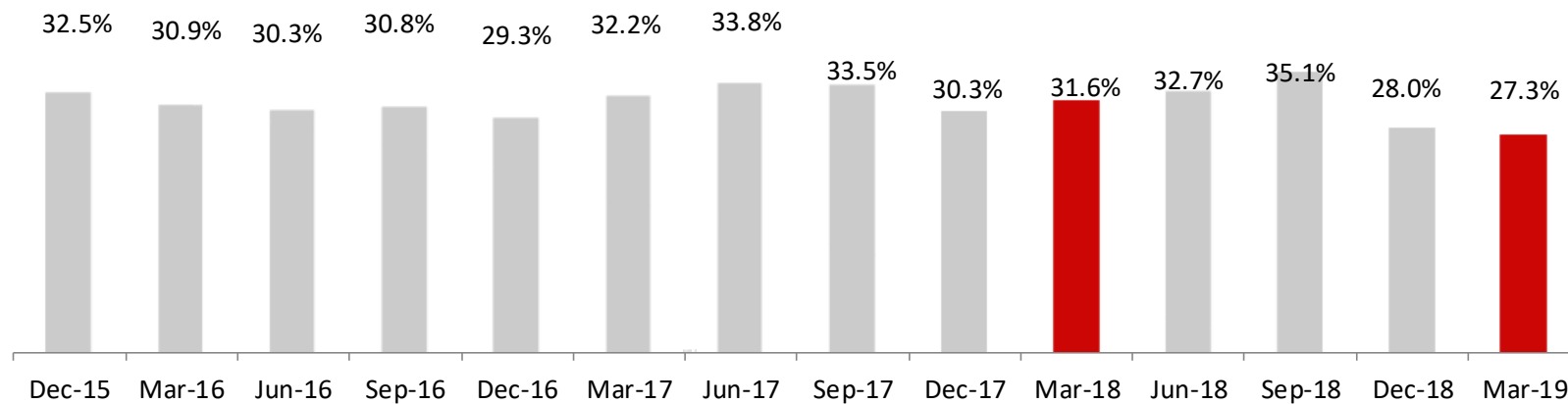
2019 Q1 Margin by Segments



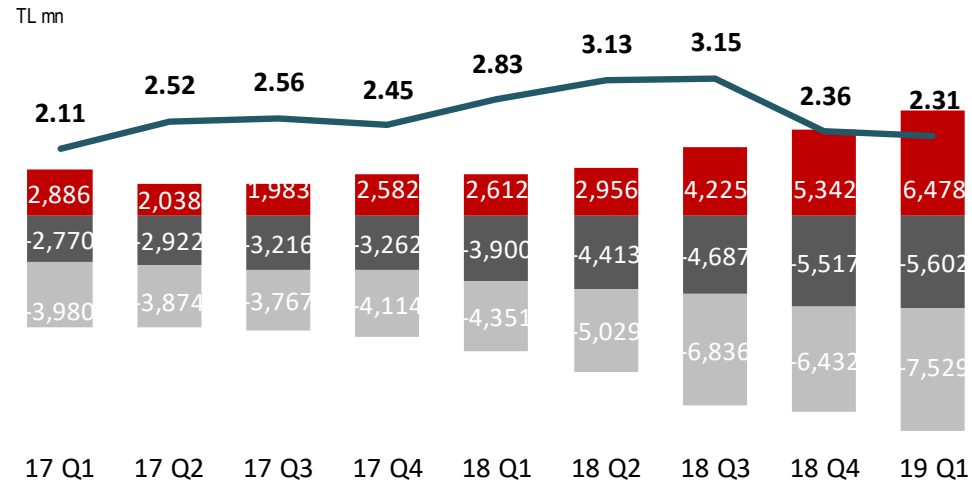
2019 Q1 Working Capital



Working Capital / Sales



2019 Q1 Cash & Financial Debt



■ Cash and cash equivalent ■ Short term debt ■ Long term debt — Net Debt/EBITDA*

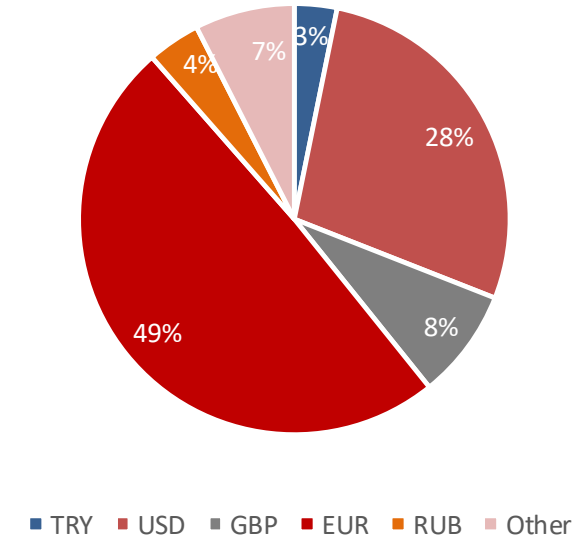
*All items exclude IFRS-16 adjustments for 2019 Q1

Financial Debt profile (as of Mar 31 2019)

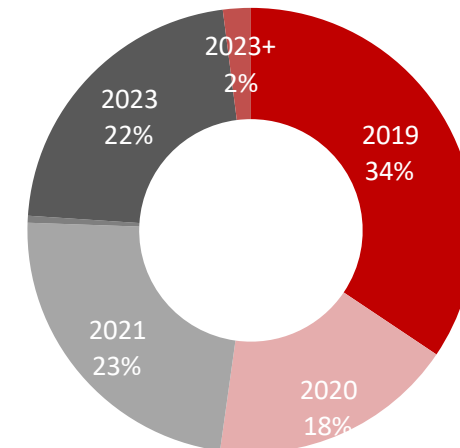
	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	23.2%	4,687	4,687
EUR	1.0%	271	1,711
GBP	1.4%	7	49
ZAR	9.6%	750	291
RUB	9.9%	106	9
SEK	5.2%	21	28
PKR	10.8%	17,853	710
Total			7,484
USD	5.1%	511	2,878
EUR	4.0%	357	2,254
TRY*	24.8%	515	515
Total Bond			5,647
Total			13,131

*3M TRYIBOR+75 bps

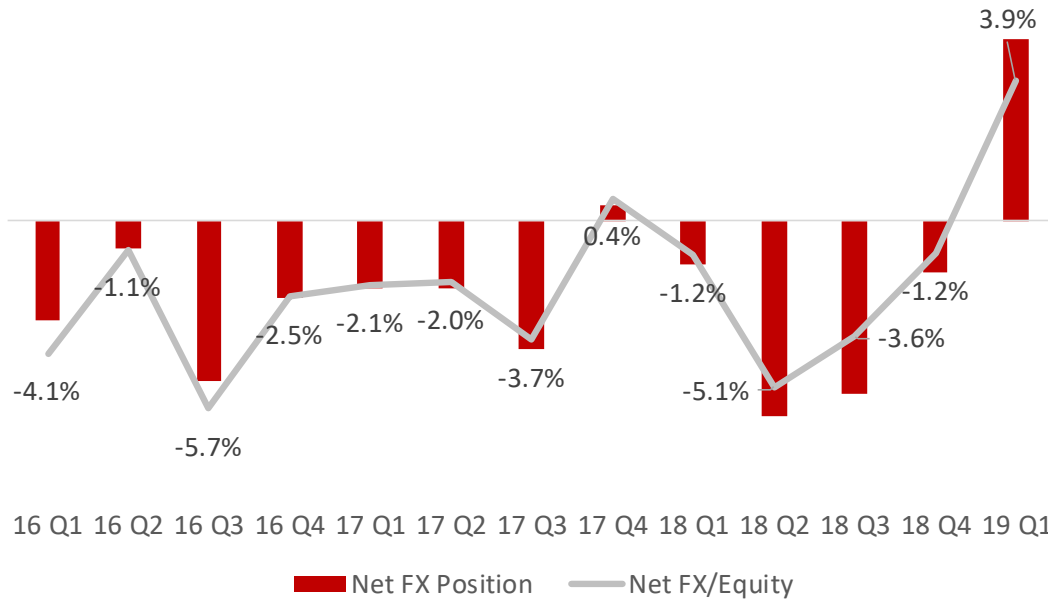
Cash Breakdown by Currency



Debt Maturity Profile



2019 Q1 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.

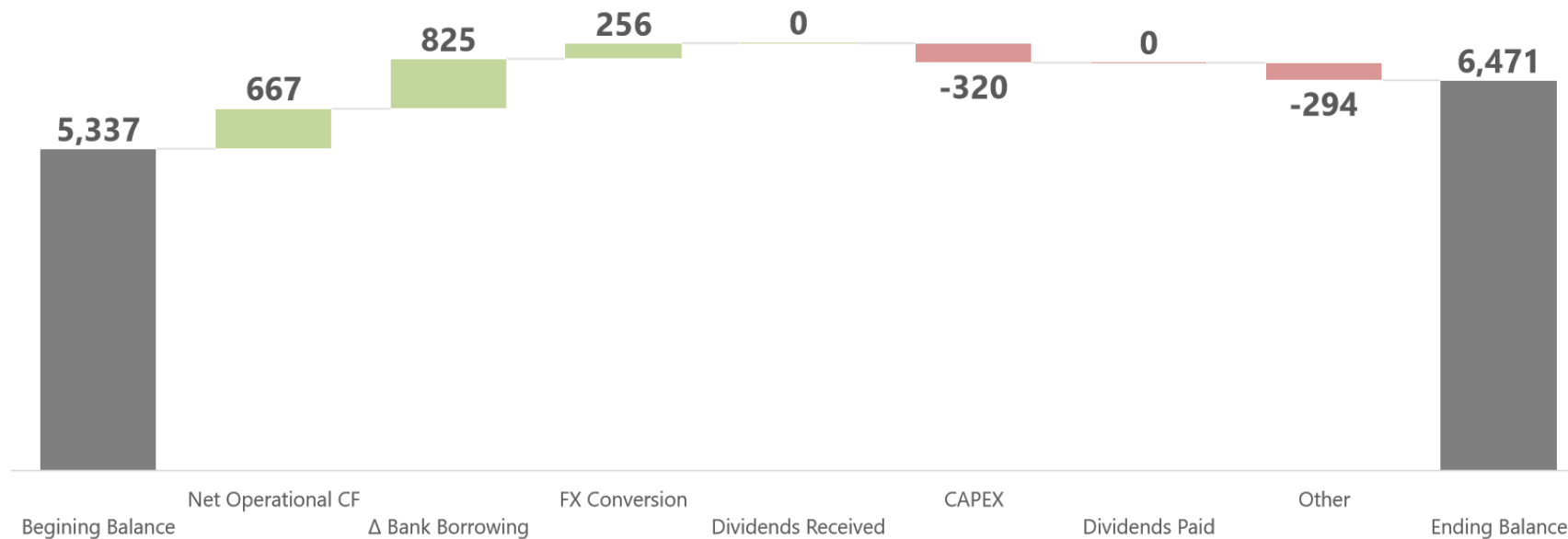
(TRYmn)	Before Hedge	Hedged Position	Net Position
EUR	694	-424	270
USD	-1,293	1,364	71
GBP	721	-716	5
Other	946	-949	-4
TOTAL	1,068	-726	342

Net FX Position/Equity	3.9%
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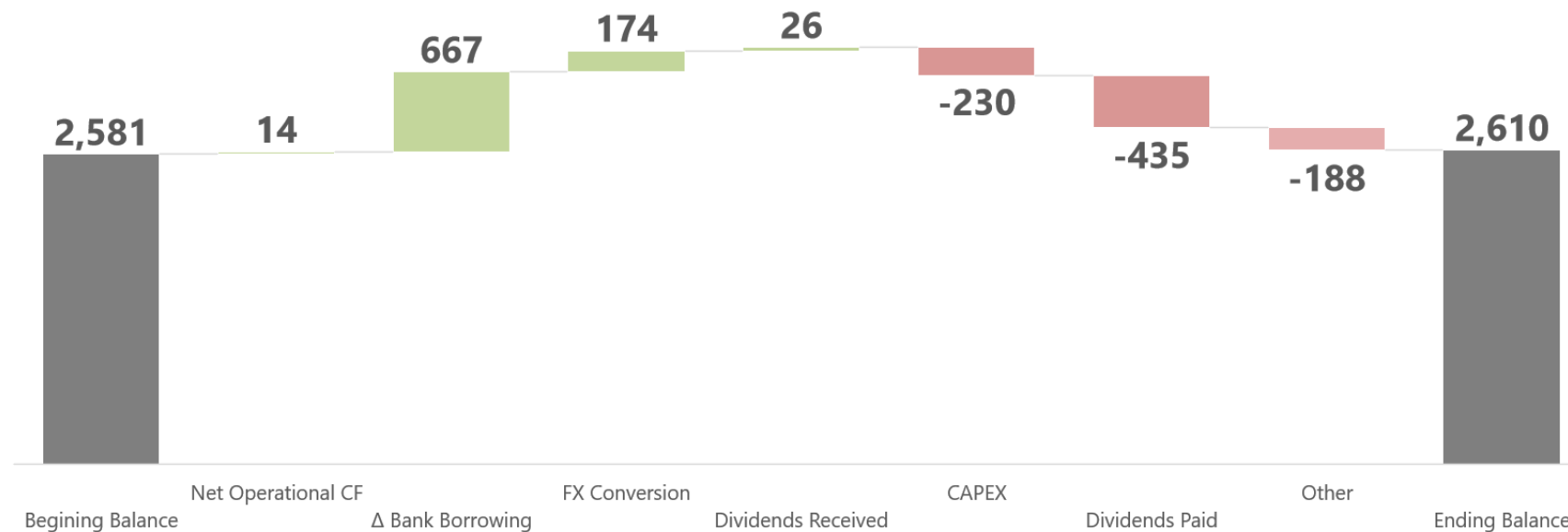
- The primary strategy is on balance sheet hedging mainly through cash, receivables, payables and financial liabilities, and the remaining part is hedged through financial derivatives.

2019 Q1 Cash Flow

2019 Q1



2018 Q1



2019 Guidance



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2019 Q1 Guidance

White Goods Market
Volume Growth

Global: ~2% Growth
Turkey: ~-10% Contraction

Revenue Growth

25-30% in TRY

EBITDA Margin 2019*

Around 11.5%

EBITDA 2019

Around TRY3.7-4.2bn

EBITDA Margin
Long Term*

Around 12%

Guidance for EBITDA (2019 and LT) margins
are updated, following IFRS 16
implementation by 2019 Q1.

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

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