

Arçelik

1H15 Financial Results

2Q developments

Key developments

- Domestic appliances market: Volume growth accelerated in 2Q15 exceeding our expectations (1Q15: +7% YoY, 2Q15: +13% YoY)
- Divergent trends in international markets
- Arcelik continued to strengthen its international presence
- Positive trend in gross margin. Despite the strong base in 2Q14, GPM flat YoY in 2Q15 (vs. 1.4pp YoY decline in 1Q15)
- Mitigating negative impact of EUR depreciation via price adjustments and cost savings
- Working capital/sales ratio almost unchanged YoY despite the increasing share of domestic sales and inventory build-up pre vacation period at manufacturing facilities. Domestic receivable days improved YoY

2Q developments

International markets

- Divergent trends in international markets
 - European appliance markets overall robust. Especially Spain, Germany, UK and Romania.
 - Continuing weakness in Russia /Ukraine (c.40% decline in the market in 5M15)
 - Weakness in South African appliances demand (macro, store closures, credit constraints)
 - Middle East market continues to be negatively impacted from the instability in the region
 - Sharp decline in LCD market in Germany
- Arcelik continued to strengthen its international presence*
 - Beko moved to 2nd rank in East Europe from 5th rank last year. Top winner in Poland/Eastern Europe
 - Beko top winner in Germany, Spain and Italy. 2nd top winner in Western Europe
 - Our price index continued to improve in Europe

*Source: Panelmarket, in terms of unit market share, 5M15/ 5M14 data (Eastern Europe: 5M15/5M14).

2Q15 developments

Key factors impacting revenues

Domestic white goods, TV
and SDA sales

Strong growth in domestic appliances and TV sales
Strong growth in SDA category (partly due to pre-buying)

Domestic A/C sales

Soft volume trend due to adverse weather conditions in June and partly due to transition to higher priced inverter A/Cs. Revenue trend better due to improved product mix.

FX rate

c.3% positive impact on consolidated revenues in 2Q15 (0% in 1H15)

International volumes

Consumer Electronics: Decline in volumes due to high base impact in 1H14 pre FIFA World Cup, and impact of recent price increases. German LCD TV market declined by 27% in 2Q15 (15% decline in 1H15). *

A/Cs: Lower volumes due to instability in core A/C export markets

Appliances: Negative trend in volumes in France (channel restructuring)
South Africa (market), Russia /Ukraine (market)

*Source: Panelmarket data

2Q15 developments

Key factors impacting margins

Commodity prices

Commodity prices supported white goods margins in 2Q15

FX rate

EUR/USD down from 1.37 in 2Q14 to 1.10 in 2Q15=> Negative impact on margins.

Flat on GPM YoY

Despite EUR weakness, white goods GPM improved by 1.0pp YoY supported by commodity cost declines and price actions. Electronics margin declined by 5.1pp YoY to 19.9% due to USD appreciation. Actions (price increases/ cost savings) undertaken to address 'consumer electronics' margin weakness in the following quarters

OPEX

OPEX/sales ratio (including net other operating income) increased by 0.8pp YoY

Deferred tax income

Change in calculation of tax benefit related to investment incentives, following the favorable court ruling (Turkey). Net tax income of TL146 mn in 2Q15 (TL166 mn in 1H15). Positive cash impact in the future

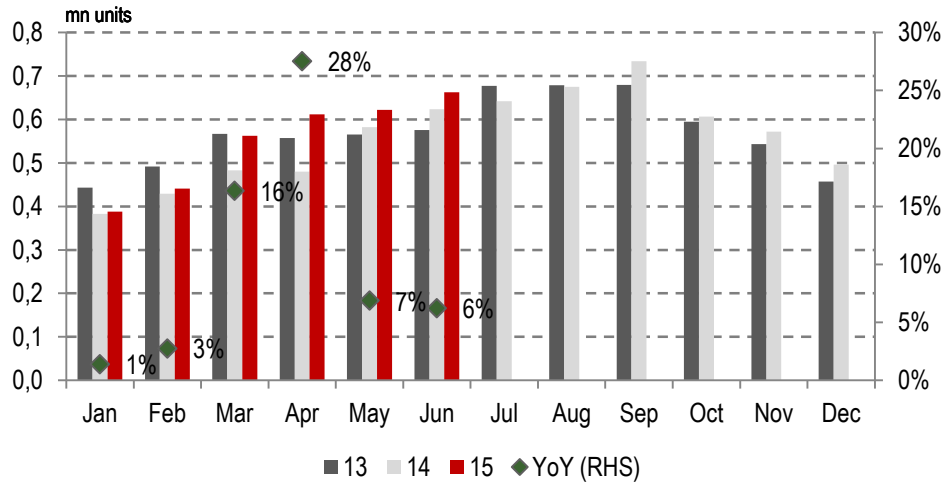
2Q15 developments

Other developments

- Continued to invest in technology and innovation
 - opened R&D center in Cambridge (UK)
 - acquired Computer Vision Interaction (Portugal)
- S&P affirmed Arçelik A.Ş.'s corporate credit rating as BB+ and outlook as stable
- In order to simplify our subsidiary structure, the remaining 50% stake in Beko plc (UK subsidiary) was acquired for GBP67.5 mn in June 2015.
- Hike in custom duties for small domestic appliances (SDA). We raised prices in July and are evaluating product supply alternatives for SDA category

2Q15 developments

Domestic market monthly progression



Source: TURKBESD

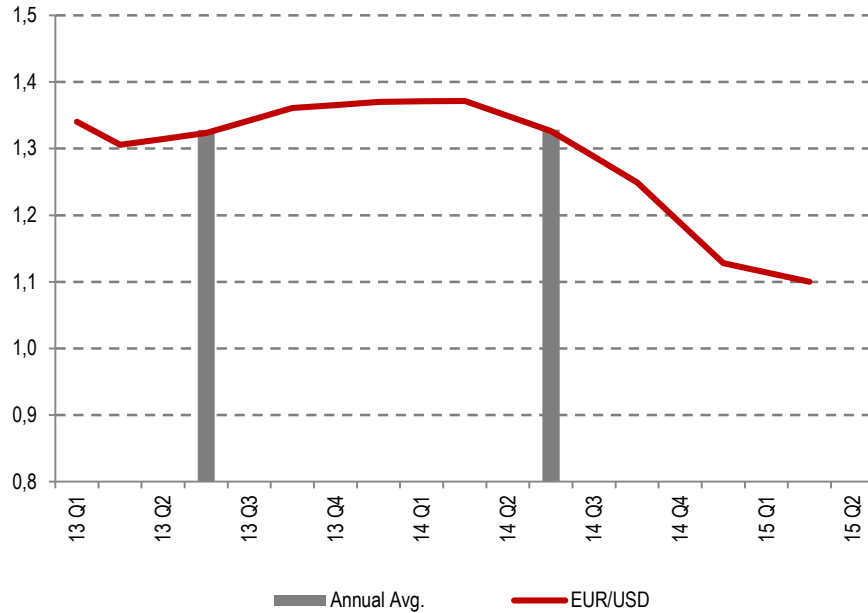
Domestic market in 1H15

in 000's	1H15	1H14	YoY
Refrigerator	885	822	8%
Freezer	244	238	2%
Washing mach.	977	855	14%
Dryer	32	21	52%
Dishwashers	695	657	6%
Ovens	455	388	17%
Total	3,288	2,981	10%

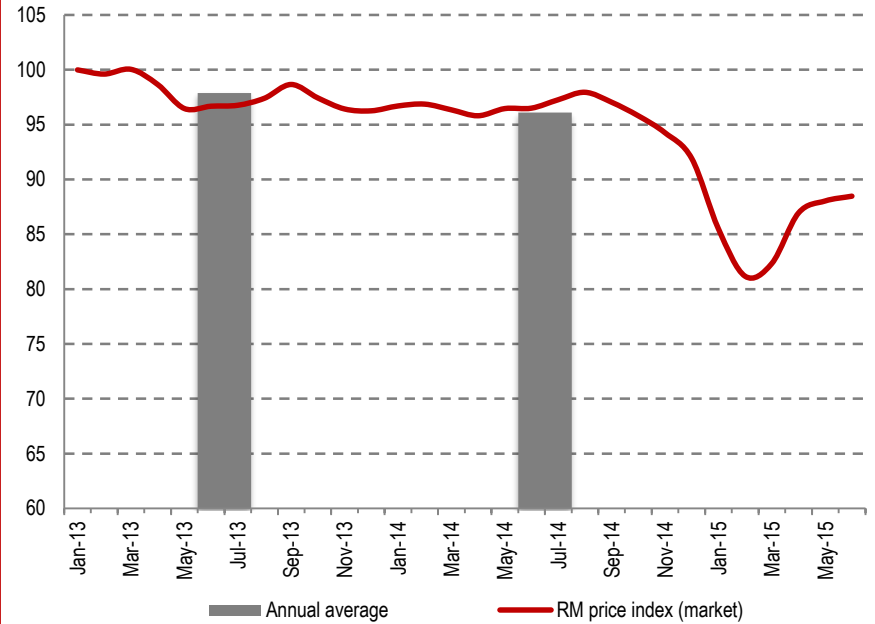
in 000's	2Q15	2Q14	YoY
Refrigerator	518	459	13%
Freezer	162	175	-8%
Washing mach.	524	439	19%
Dryer	12	7	61%
Dishwashers	404	379	6%
Ovens	277	226	23%
Total	1,896	1,686	13%

2Q15 developments

EUR/USD development



Raw material market price index*

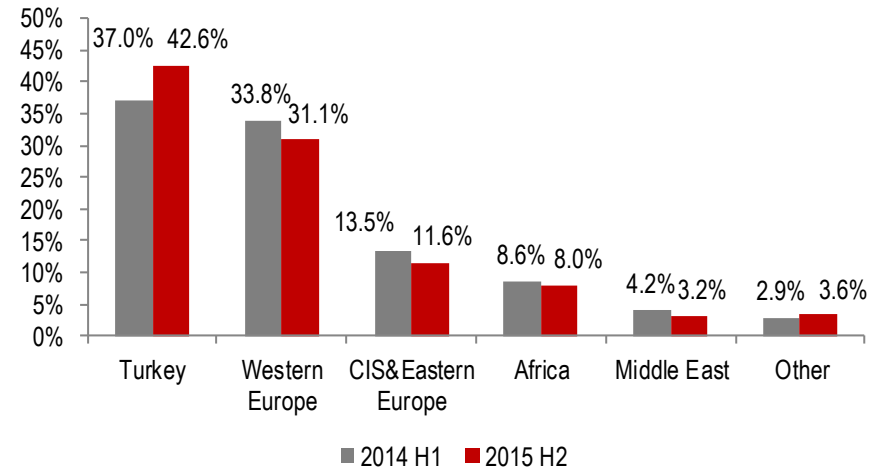
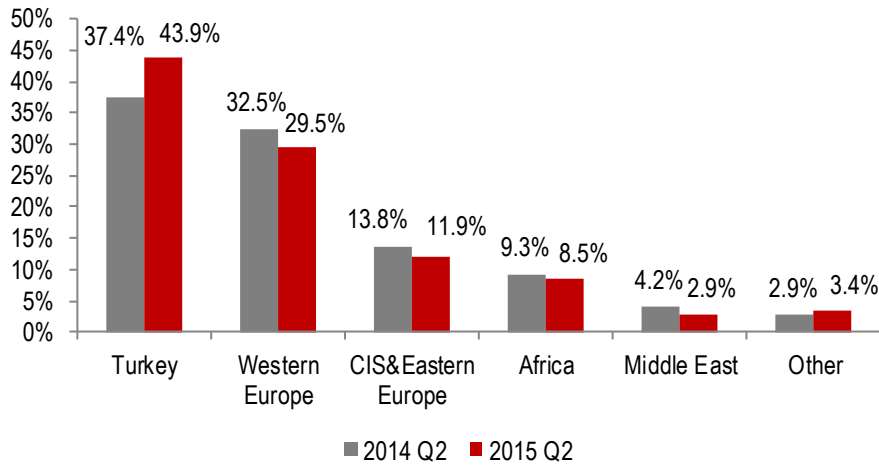


* Raw material price index for appliances category

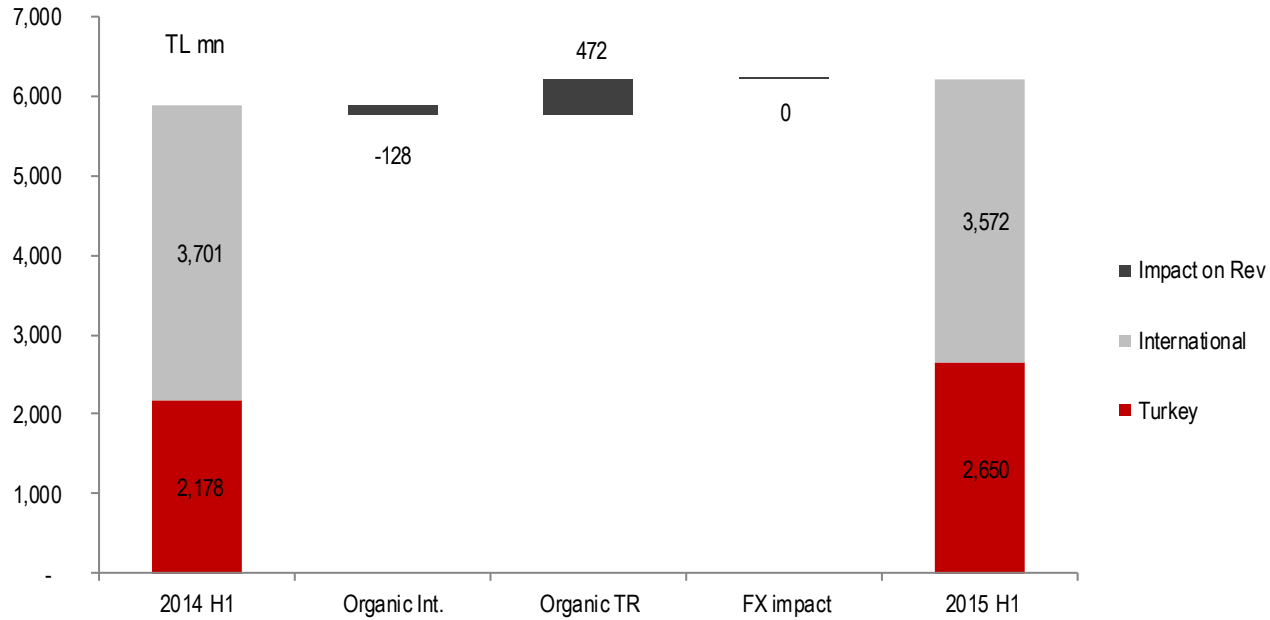
Sales performance

Sales by region

TL mn	2015 Q2	2014 Q2	2015 Q1	Δ% YoY	Δ% QoQ	2015 H1	2014 H1	Δ% YoY	2014	2013	Δ% YoY
Total Revenue	3,355	3,076	2,867	9	17	6,222	5,878	6	12,514	11,098	13
Turkey	1,472	1,149	1,178	28	25	2,650	2,178	22	4,852	4,617	5
International	1,883	1,927	1,689	-2	12	3,572	3,701	-3	7,662	6,481	18



Sales bridge



2015 H1	Organic	Currency effect	Total
% International Growth	-3%	0%	-3%
% Consolidated Growth	6%	0%	6%

Financial performance

Income statement

TL mn	2015 Q2	2014 Q2	2015 Q1	Δ% YoY	Δ% QoQ	2015 H1	2014 H1	Δ% YoY	2014	2013	Δ% YoY
Revenue	3,355	3,076	2,867	9	17	6,222	5,878	6	12,514	11,098	13
Gross Profit	1,082	990	872	9	24	1,953	1,882	4	3,979	3,388	17
<i>margin</i>	32.2	32.2	30.4			31.4	32.0		31.8	30.5	
EBIT *	277	278	181	0	53	457	487	-6	1,024	853	20
<i>margin</i>	8.2	9.0	6.3			7.3	8.3		8.2	7.7	
Profit Before Tax	180	190	122	-5	48	302	351	-14	732	745	-2
<i>margin</i>	5.4	6.2	4.2			4.8	6.0		5.8	6.7	
Net Income**	326	167	141	95	131	468	302	55	638	623	2
<i>margin</i>	9.7	5.4	4.9			7.5	5.1		5.1	5.6	
EBITDA*	370	363	270	2	37	639	656	-3	1,370	1,155	19
<i>margin</i>	11.0	11.8	9.4			10.3	11.2		11.0	10.4	

* EBIT includes net other income/expense from operating activities (part of operating income as per CMB reporting) and income and expenses from sale of PP&E, but excludes foreign exchange gains/losses arising from trade receivables and payables, credit finance income/charges and cash discount expense.

** Net income before minority

Revenue and gross profit by segment

TL mn	2015 Q2	2014 Q2	2015 Q1	Δ% YoY	Δ% QoQ	2015 H1	2014 H1	Δ% YoY	2014	2013	Δ% YoY
Consolidated											
Revenue	3,355	3,076	2,867	9	17	6,222	5,878	6	12,514	11,098	13
Gross Profit	1,082	990	872	9	24	1,953	1,882	4	3,979	3,388	17
Gross Profit %	32.2	32.2	30.4			31.4	32.0		31.8	30.5	
White Goods											
Revenue	2,406	2,243	2,031	7	18	4,437	4,191	6	9,069	7,818	16
Gross Profit	846	766	671	10	26	1,517	1,425	6	3,080	2,564	20
Gross Profit %	35.1	34.1	33.1			34.2	34.0		34.0	32.8	
Consumer Electronics											
Revenue	422	409	430	3	-2	852	861	-1	1,829	1,607	14
Gross Profit	84	103	92	-18	-8	176	213	-18	442	346	28
Gross Profit %	19.9	25.1	21.3			20.6	24.8		24.2	21.6	
Other											
Revenue	527	424	406	24	30	933	826	13	1,616	1,673	-3
Gross Profit	152	122	109	24	40	261	244	7	457	478	-4
Gross Profit %	28.9	28.8	26.8			28.0	29.5		28.3	28.6	

Balance sheet

TL mn	30.06.2015	31.12.2014		30.06.2015	31.12.2014
Current Assets	8,533	8,472	Current Liabilities	5,065	4,431
Cash and Cash Equivalents	1,053	1,621	ST Bank Borrowings	2,274	1,803
Trade Receivables	4,815	4,434	Trade Payables	1,881	1,781
Inventories	2,390	2,125	Provisions	307	264
Other	274	292	Other	602	583
Non-current Assets	4,180	3,923	Non-current Liabilities	3,310	3,566
Property, Plant and Equipment	1,888	1,813	LT Bank Borrowings	2,785	2,965
Financial Investments	837	894	Other	525	601
Other	1,455	1,217	Equity	4,338	4,399
Total Assets	12,713	12,395	Total Liabilities	12,713	12,395

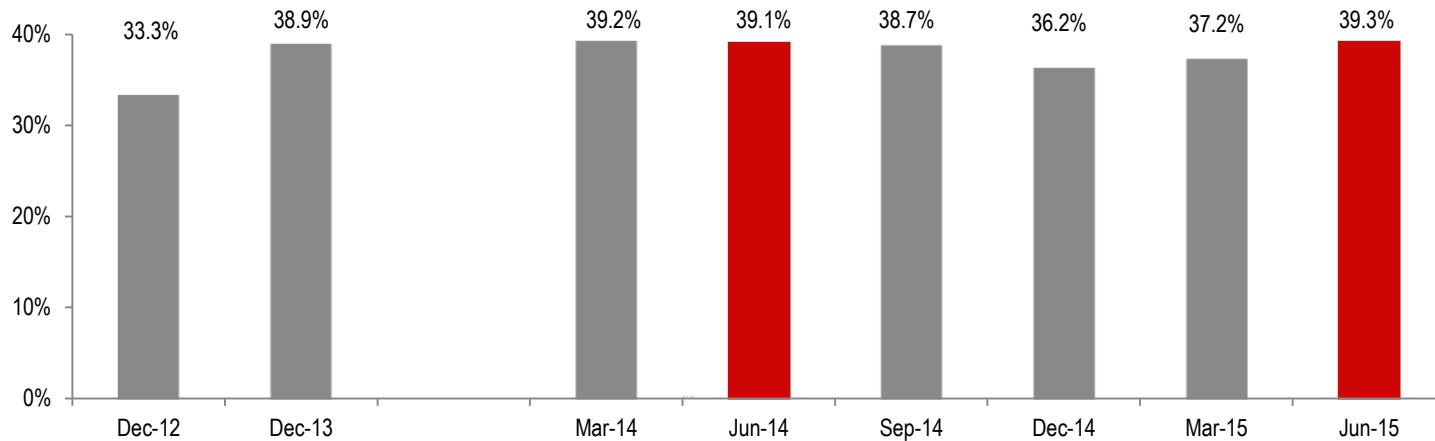
	30.06.2015	31.03.2015	31.12.2014	31.12.2013	31.12.2012
Net Financial Debt/Equity	0.92	0.76	0.72	0.72	0.58
Total Liabilities/Total Assets	0.66	0.66	0.65	0.64	0.62

Working capital

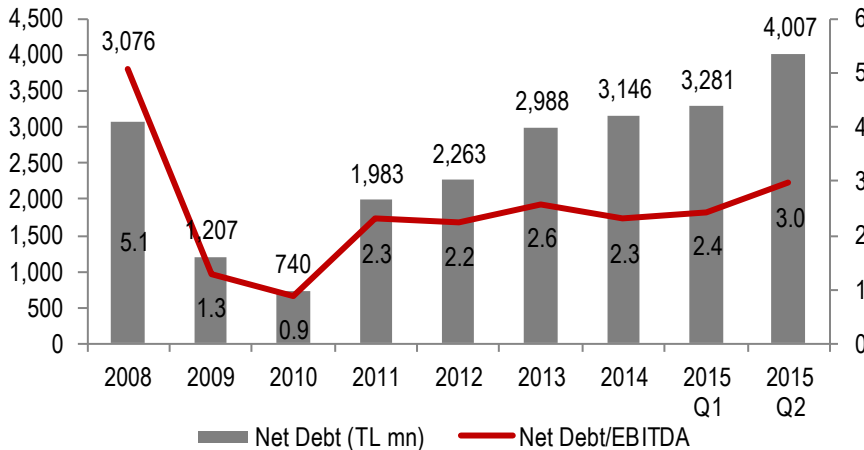
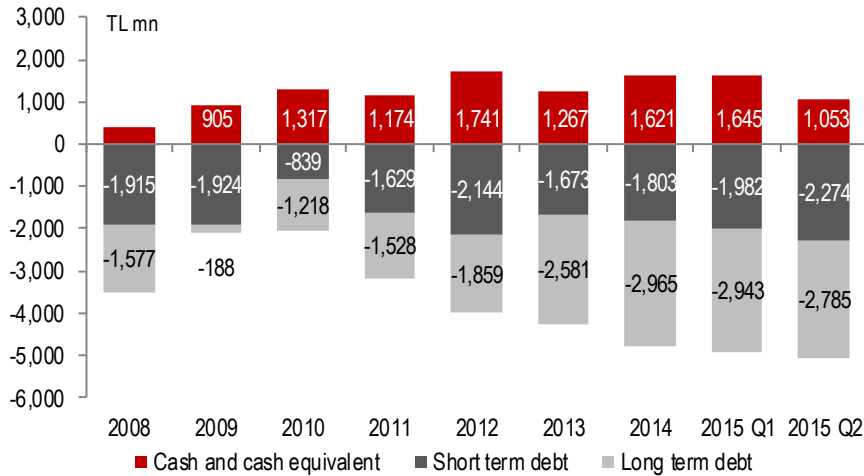
TL mn	FX Basis	TL Basis	30.06.2015		FX Basis	TL Basis	Total
ST Trade Rec.	2,055	2,760	4,815	ST Trade Payables	874	1,007	1,881
Other Receivables	42	44	86	Other Payables	204	155	359
Inventory	1,220	1,170	2,390	Working Capital	2,239	2,812	5,051

TL mn	FX Basis	TL Basis	31.12.2014		FX Basis	TL Basis	Total
ST Trade Rec.	1,994	2,440	4,434	ST Trade Payables	884	897	1,781
Other Receivables	27	32	59	Other Payables	246	58	304
Inventory	1,219	906	2,125	Working Capital	2,110	2,423	4,533

Working capital /sales



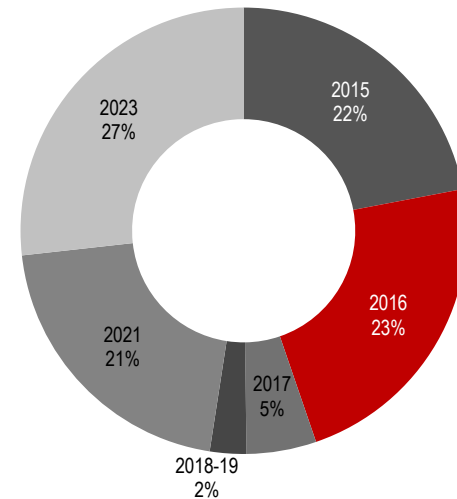
Debt profile



Debt profile (as of 30 June 2015)

	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	10.5%	1,744	1,744
EUR	1.6%	217	646
ZAR	8.6%	750	164
RUB	8.7%	904	44
CNY	5.4%	110	47
Other	1.7%		1
Total Bank Borrowings			2,646
USD	5.1%	502	1,349
EUR	4.0%	357	1,065
Total Eurobond			2,414
Total			5,060

Debt maturity profile



Cash flow*

TL mn	2015 H1	2014 H1
Beginning Balance	1,621	1,266
Net Operational Cash Flow	266	270
CapEx	-222	-188
Acquisition of minority interest	-282	0
Fixed Asset Sales	10	1
Dividend Paid	-350	-300
Dividends Received	24	27
Changes in Bank Borrowings	34	218
Bonds Issued	0	1
Other Financial & Investing Activities	-144	-171
Differences due to FX Conversion	96	-25
Changes in Cash	-568	-167
Ending Balance	1,052	1,098

2014 figure reclassified

2015 expectations

2015 expectations

Market share	Stable or higher market share in key regions
White goods volume growth	Turkey :> 5% International : c.2%
Revenue growth	c.10% in TL
EBITDA margin (2015)**	c.10.5%
Long-Term EBITDA margin**	c.11%

* 5 main products, in compliance with WGMA data.

**EBITDA margin calculations are inline with the methodology used in calculation of historical values

www.arcelikas.com

Contacts for Investor Relations

Polat Şen

CFO

Tel: (+90 212) 314 34 34

Doğan Korkmaz

Finance Director

Tel: (+90 212) 314 31 85

Gözde Çullas

Investor Relations

Tel: (+90 212) 314 3390

investorrelations@arcelik.com

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