

Arçelik

2016 9-Month Financial Results

2016 Q3 Key Developments

- Domestic MDA market was stagnant in terms of industry sell-in sales
- Retail sales, on the other hand, were positive in the Turkish market
- Arçelik A.Ş., outperforming market-average growth in MDA, TV and A/C in domestic markets
- Ongoing organic growth in international markets, increasing market share in built-in segment
- Decreasing gross margin (QoQ) due to increasing steel costs and depreciating GBP
- Working Capital/Sales ratio stabilizing around 30% thanks to sustained structural measures
- Historically low leverage ratio
- Strong cash position composed of hard currency

2016 Q3 Sales Performance

Key factors impacting revenues

Domestic Market

Though industry sell-in sales (sales to dealers) were stagnant in MDA and down in A/C markets, retail sales, on the contrary, were strong in Q3.

Extension of Deadline in POS Cash Reg.

Deadline for the transition to new generation POS cash registers was extended until the end of 2017 for merchants with turnover up to 150 K TL, and estimated to account for around 50% of the replacement market.

International Growth

Continuing market share gains, especially in built-in segment.

Brexit

Depreciating GBP negatively affected sales in TRY terms (around 1% down YoY in 2016 Q3).

Key factors impacting margins

Raw Material Prices

Increasing steel costs have negatively affected gross margin in white goods.

Product Mix

Larger size TV sales and slightly better (QoQ) unit sales in POS cash registers helped gross margins in consumer electronics.

Depreciating GBP

Though it was partly mitigated with increasing sales volume in the UK, depreciation of GBP had a negative effect on margins in Q3.

Sales & Marketing Expenses

Investments to support our long-term branded sales in international markets have partly diluted the margins.

2016 9-Month Market Performance - Turkey

Respects
THE GLOBE
Respected
GLOBALLY

Market

- Growth in MDA and air conditioner markets
 - Due to flat sell-in MDA sales in Q3, cumulative unit growth down to 4% in 9-months
 - With shrinking sales (-12%) in Q3, the A/C sell-in market was up 9% in Jan-Sep '16
- Shrinking TV market (around 10%) due to issues with import brands and non-traditional retail channel

* MDA and A/C figures are based on BESD data.
The data for TV is based on retail panel.

Arçelik A.Ş.

- Above market-average growth in all major product groups (MDA, TV, A/C)
 - Outperforming unit growth (~%6) in MDA market
 - Around 10% unit growth in shrinking TV market
 - Around 20% increase in unit sales for A/C, especially due to the performance in June
 - Despite the slowdown in Q2-Q3, high increase (YoY) in POS cash register sales

* Based on company sell-in unit sales.

2016 9-Month Market Performance - International

Market

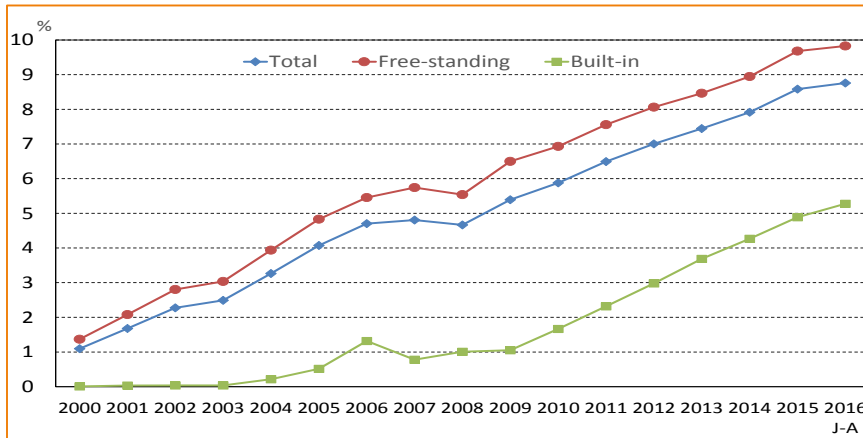
- Overall positive performance in European MDA markets
 - Despite the slowdown in Q3, cumulative growth in all major markets in Europe
 - Increasing growth in the UK after the Brexit decision
 - Ongoing strong demand in Romania
 - Ukraine turning into positive by August
- Continuing weakness in S. Africa in line with macroeconomic environment (2016 8M: -%8)

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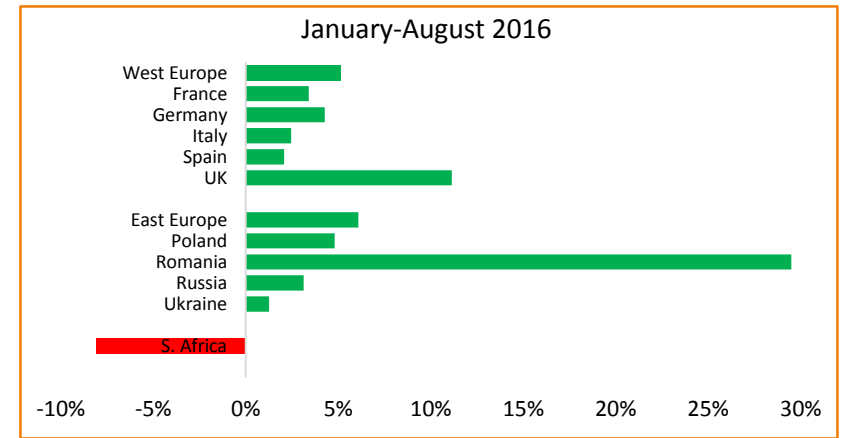
- Arçelik Group continuing to strengthen its position in international markets
 - More stable performance in free-standing segment as Beko is already N1 in Europe
 - Beko also capturing the leading position in total MDA market in East Europe
 - Continuing strong performance in built-in segment
 - Beko has become N1 also in built-in segment in the UK in Jan-Sep'16
 - Expansion of Grundig MDA goes on with sales growth of 63% in the first 3 quarters

2016 9-Month Market Figures

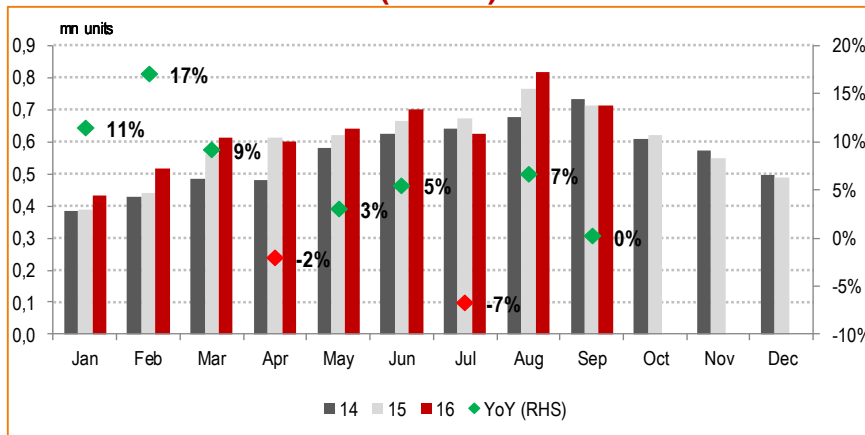
Beko Unit Market Share in Europe (%) (MDA 6)



Market Unit Growth in Europe (MDA 6)



Turkish MDA6 Total Market – Monthly Sell-in Figures (MDA 6)

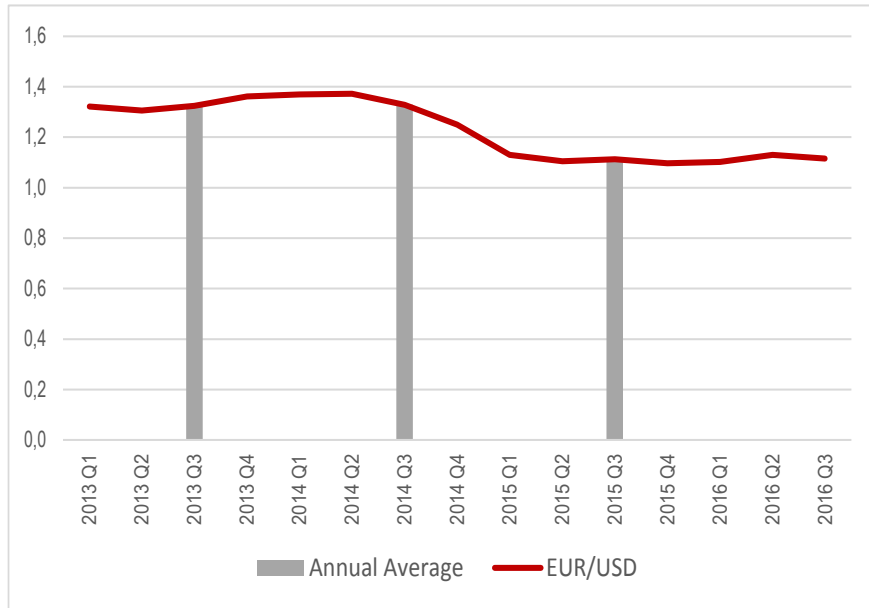


Turkish Market by Product Group (MDA6)

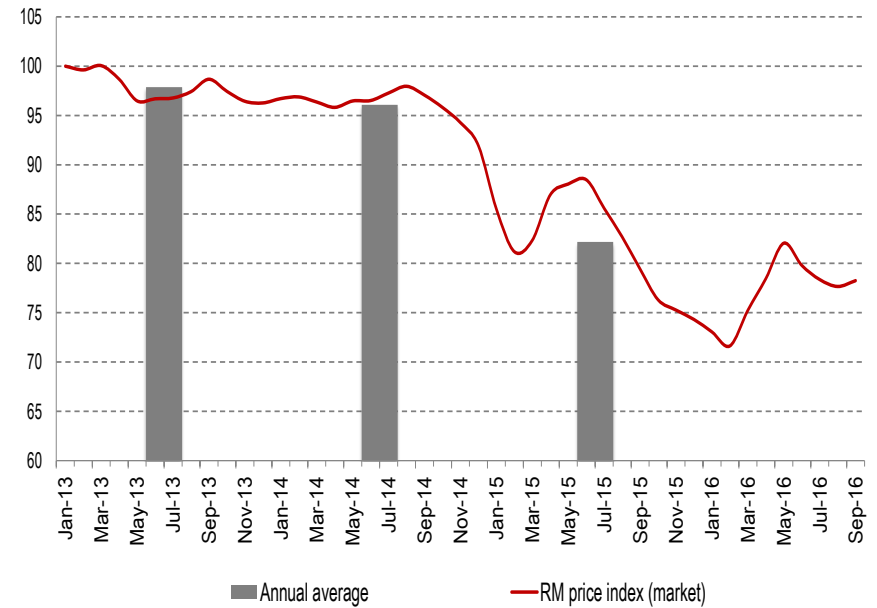
in 000	9M 2016	9M 2015	YoY
Refrigerator	1.561	1.503	4%
Freezer	590	526	12%
Washing mach.	1.579	1.517	4%
Dryer	55	46	18%
Dishwashers	1.154	1.111	4%
Ovens	717	734	-2%
Total	5.655	5.436	4%

Trends in Parity and Raw Material Index

EUR/USD Development



Raw material Market Price Index*



* Raw material price index for appliances category

2016 Q3 Other Developments: Proposed Reorganization in Turkey

- Arçelik A.Ş. intends to separate its Turkish marketing and aftersales functions from its other operations (such as its production and R&D operations) and transfer these functions to a new wholly-owned subsidiary, **Arçelik Pazarlama A.Ş.**, in order to bring Turkish operations in line with global organization.
- The Proposed Reorganisation will be effected by dividing the balance sheet of Arçelik A.Ş. through a partial spin-off (using a procedure for restructurings provided for under Turkish law), with the relevant assets and liabilities being transferred to the new subsidiary.
- As Arçelik Pazarlama A.Ş. will be a wholly-owned subsidiary of Arçelik A.Ş., the Proposed Reorganisation is not expected to have any impact on the presentation of the Group's consolidated financial reports.
- Following the approval process from local authorities and shareholders, the Proposed Reorganisation is expected to become effective from 1 January 2017.

2016 Q3 Other Developments:

Respects
THE GLOBE
Respected
GLOBALLY

- Arçelik A.Ş. participated the **IFA 2016** Fair in Berlin with Beko and Grundig stands.
- Arçelik A.Ş., with its 5 products, was granted awards at the **Red Dot Awards**, which is one of the most important competitions of the design world besides being a quality approval recognised by authorities.

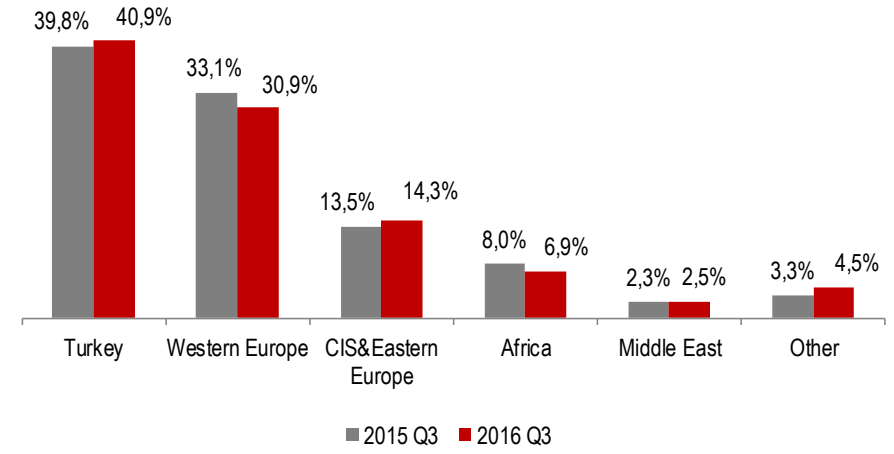
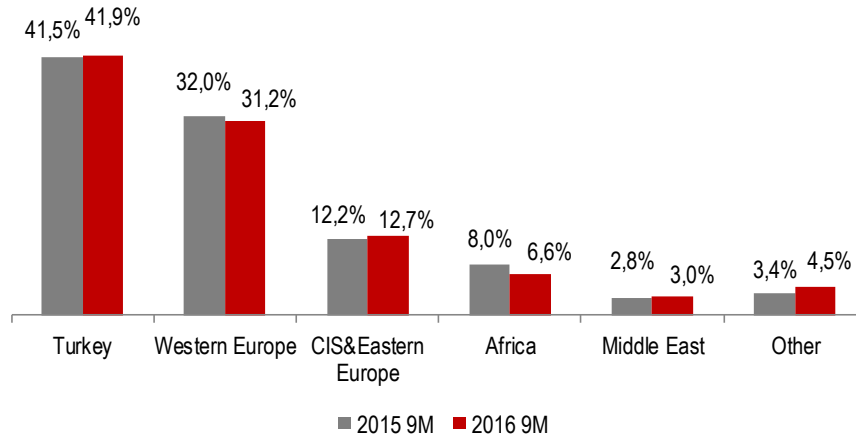
* A survey of senior executives conducted by monthly economy magazine Capital

Sales Performance

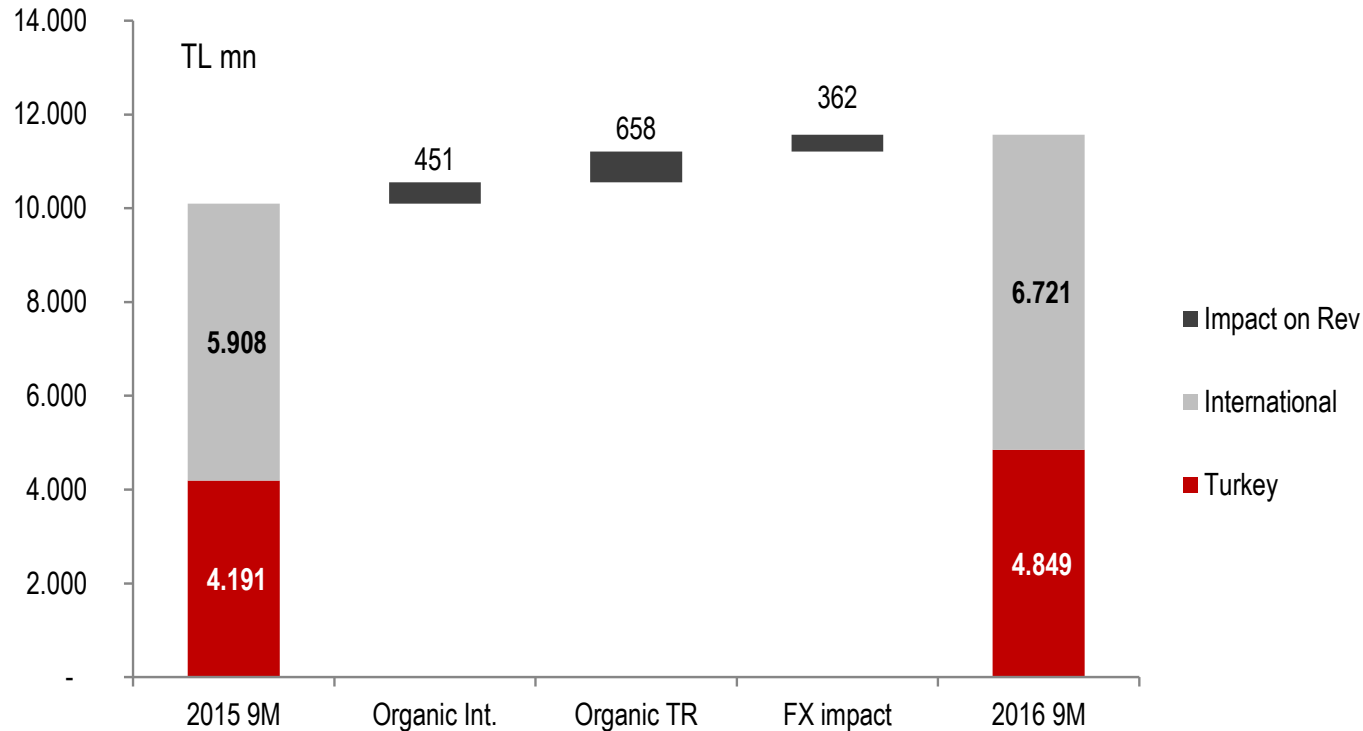
Sales by Region

Respects
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Respected
GLOBALLY

TL mn	2016 Q3	2015 Q3	2016 Q2	Δ% YoY	Δ% QoQ	2016 9M	2015 9M	Δ% YoY	2015	2014	Δ% YoY
Total Revenue	4.083	3.877	3.960	5	3	11.570	10.099	15	14.166	12.514	13
Turkey	1.669	1.542	1.724	8	-3	4.849	4.191	16	5.724	4.850	18
International	2.414	2.335	2.236	3	8	6.721	5.908	14	8.442	7.664	10



Sales Bridge



2016 9M	Organic	Currency Effect	Total
% International Growth	7,6%	6,1%	13,8%
% Total Growth	11,0%	3,6%	14,6%

Financial Performance

Income Statement

TL mn	2016 Q3	2015 Q3	2016 Q2	Δ% YoY	Δ% QoQ	2016 9M	2015 9M	Δ% YoY	2015	2014	Δ% YoY
Revenue	4.083	3.877	3.960	5	3	11.570	10.099	15	14.166	12.514	13
Gross Profit	1.361	1.260	1.353	8	1	3.908	3.214	22	4.536	3.979	14
<i>margin</i>	33,3	32,5	34,2			33,8	31,8		32,0	31,8	
EBIT *	375	330	331	14	13	1.029	787	31	1.157	1.024	13
<i>margin</i>	9,2	8,5	8,4			8,9	7,8		8,2	8,2	
Profit Before Tax	283	241	656	18	-57	1.093	543	102	785	732	7
<i>margin</i>	6,9	6,2	16,6			9,4	5,4		5,5	5,8	
Net Income**	264	214	653	24	-60	1.074	681	58	893	638	40
<i>margin</i>	6,5	5,5	16,5			9,3	6,7		6,3	5,1	
EBITDA*	484	423	441	14	10	1.346	1.063	27	1.527	1.370	11
<i>margin</i>	11,9	10,9	11,1			11,6	10,5		10,8	11,0	

* 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

Revenue and Gross Profit by Segment

Respects
THE GLOBE
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GLOBALLY

TL mn	2016 Q3	2015 Q3	2016 Q2	Δ% YoY	Δ% QoQ	2016 9M	2015 9M	Δ% YoY	2015	2014	Δ% YoY
Consolidated											
Revenue	4.083	3.877	3.960	5	3	11.570	10.099	15	14.166	12.514	13
Gross Profit	1.361	1.260	1.353	8	1	3.908	3.214	22	4.536	3.979	14
Gross Profit %	33,3	32,5	34,2			33,8	31,8		32,0	31,8	
White Goods											
Revenue	3.130	2.947	2.747	6	14	8.339	7.384	13	10.299	9.069	14
Gross Profit	1.079	1.038	1.070	4	1	3.039	2.555	19	3.578	3.080	16
Gross Profit %	34,5	35,2	38,9			36,4	34,6		34,7	34,0	
Consumer Electronics											
Revenue	528	465	529	14	0	1.633	1.317	24	1.966	1.829	7
Gross Profit	151	101	119	50	27	442	276	60	433	442	-2
Gross Profit %	28,7	21,6	22,6			27,1	21,0		22,0	24,2	
Other											
Revenue	426	466	684	-9	-38	1.598	1.399	14	1.901	1.616	18
Gross Profit	130	122	163	7	-20	427	383	12	524	457	15
Gross Profit %	30,6	26,2	23,9			26,7	27,4		27,6	28,3	

Balance Sheet

TL mn	30.09.2016	31.12.2015		30.09.2016	31.12.2015
Current Assets	10.760	9.406	Current Liabilities	6.151	5.236
Cash and Cash Equivalents	2.722	2.168	ST Bank Borrowings	2.370	2.185
Trade Receivables	5.275	4.791	Trade Payables	2.495	2.090
Inventories	2.402	2.140	Provisions	401	335
Other	362	308	Other	886	627
Non-current Assets	4.118	4.332	Non-current Liabilities	3.440	3.826
Property, Plant and Equipment	2.211	2.056	LT Bank Borrowings	2.843	3.269
Financial Investments	221	749	Other	597	557
Other	1.686	1.528	Equity	5.287	4.676
Total Assets	14.879	13.739	Total Liabilities	14.879	13.739

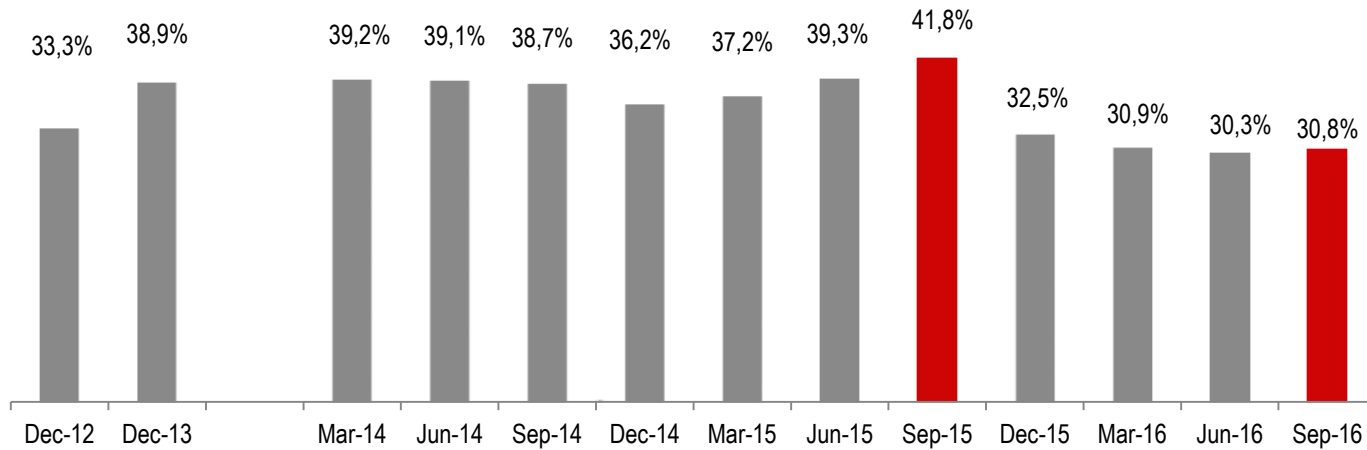
	30.09.2016	31.12.2015	31.12.2014	31.12.2013
Net Financial Debt/Equity	0,47	0,70	0,72	0,72
Total Liabilities/Total Assets	0,64	0,66	0,65	0,64

Working Capital

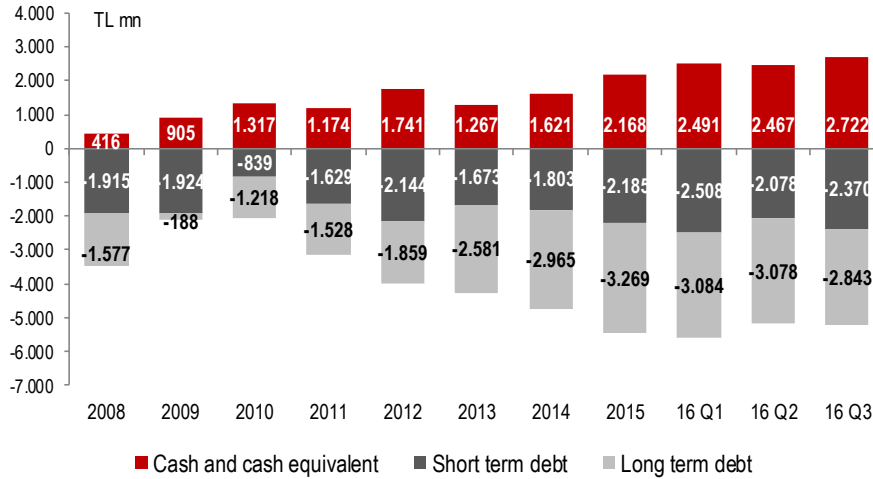
TL mn	FX Basis	TL Basis	30.09.2016		FX Basis	TL Basis	Total
ST Trade Rec.	2.021	3.254	5.275	ST Trade Payables	1.074	1.421	2.495
Other Receivables	44	76	120	Other Payables	217	263	480
Inventory	1.225	1.177	2.402	Working Capital	1.999	2.823	4.822

TL mn	FX Basis	TL Basis	30.06.2016		FX Basis	TL Basis	Total
ST Trade Rec.	1.744	3.283	5.027	ST Trade Payables	954	1.452	2.406
Other Receivables	40	58	98	Other Payables	163	195	358
Inventory	1.055	1.256	2.311	Working Capital	1.722	2.950	4.672

Working Capital / Sales

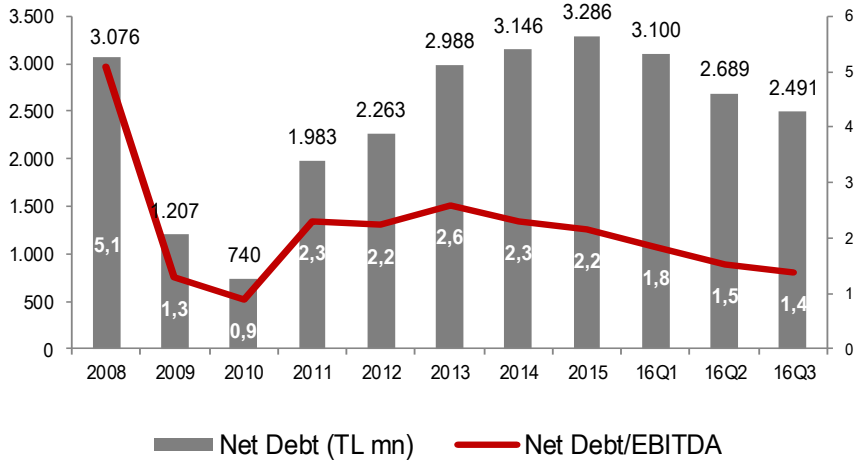


Debt Profile

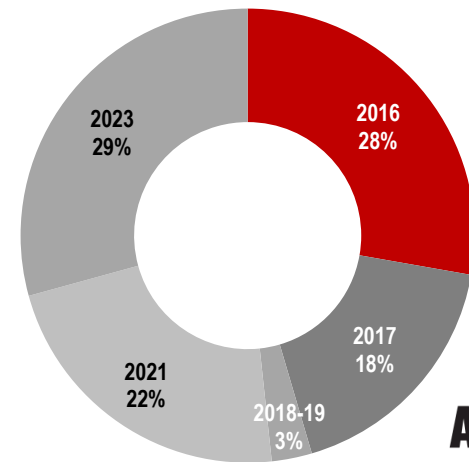


Debt profile (as of 30 Sep 2016)

	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	11,8%	1.715	1.715
EUR	1,7%	162	543
ZAR	9,9%	750	163
RUB	8,9%	475	22
CNY	4,4%	110	49
GBP	1,1%	5	19
USD	1,3%	2	6
Other			0
Total Bank Borrowings			2.518
USD	5,1%	509	1.526
EUR	4,0%	348	1.169
Total Eurobond			2.695
Total			5.213



Debt maturity profile



Cash Flow

TL mn	2016 9M	2015 9M
Beginning Balance	2.166	1.621
Net Operational Cash Flow	1.211	454
CapEx	-439	-414
Acquisition of minority interest	0	-282
Fixed Asset Sales	9	11
Financial Asset Sales	559	0
Dividend Paid	-262	-350
Dividends Received	13	24
Changes in Bank Borrowings	-361	474
Other Financial & Investing Activites	-288	-197
Differences due to FX Conversion	113	222
Changes in Cash	555	-57
Ending Balance	2.721	1.563

2016 Expectations

2016 Expectations

White goods market volume growth	Turkey* : 3% - 5% International : c.2%
Market Share	Stable or higher market share in key regions
Revenue Growth	c. 12% in TL
EBITDA Margin (2016)**	c.11%
Long-Term EBITDA margin**	c.11%

* 6 main products, in compliance with WGMA data.

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

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