

Arçelik

2019

Financial Results

2019 Highlights

- Revenue growth of 19%, 20% growth in EBITDA
- Outperformed the domestic market with huge share gains
- Continuing sales growth (in EUR) in strategic focus areas in Europe & MENA
 - ✓ 6% growth in B/I
 - ✓ 17% growth in SDA
 - ✓ 2% growth in Grundig MDA
- Singer Bangladesh acquisition; 4.7 % inorganic growth in international sales
- Prudent Working Capital management (lowest in the last decade)
- Increased focus on FCF* generation; TRY1.8 bn
- Tighter control on CAPEX
- Industry Leader in DJSI in Household Durables Category

TRY 31.9bn

Revenue

10.5%

EBITDA** Margin

6%

FCF*/Sales

4%

CAPEX/Sales

Arçelik

* Free Cash Flow calculated as Net Operating Cash Flow + CAPEX

** IFRS 16 impact included

Quarter **Highlights**

- Top line growth of 13%
- Lower gross profitability (QoQ) on geographical mix
- Stable raw material prices
- OPEX/Sales at 25.2% in 4Q19
- TRY 767 mn. FCF* in 4Q19
- Continuing improvement in NWC/Sales
- Flat leverage (QoQ)

TRY8.4bn

Revenue

10.5%

EBITDA** Margin

27.0%

NWC/Sales Ratio

2.4x

Leverage

Arçelik

* Free Cash Flow calculated as Net Operating Cash Flow + CAPEX

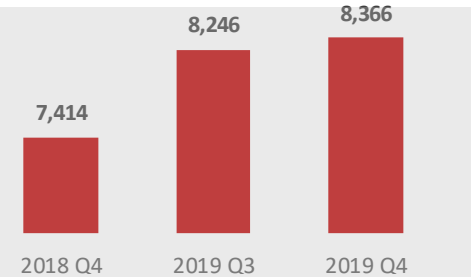
** IFRS 16 impact included

Key Factors **Sales/Margins**

Revenue Growth

+13%

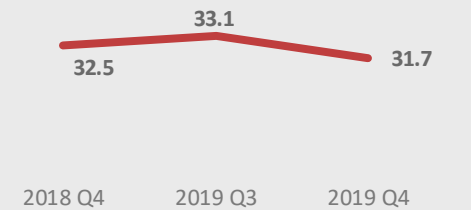
- ↑ Inorganic growth from Singer Bangladesh
- ↑ Organic growth in Turkey and international markets
- Flat TRY (YoY)



Gross Margin

31.7%

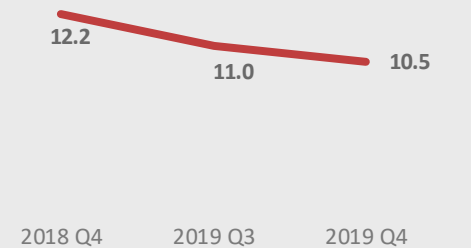
- Stable raw material prices
- ↓ Lower share of domestic sales due to seasonality






EBITDA Margin

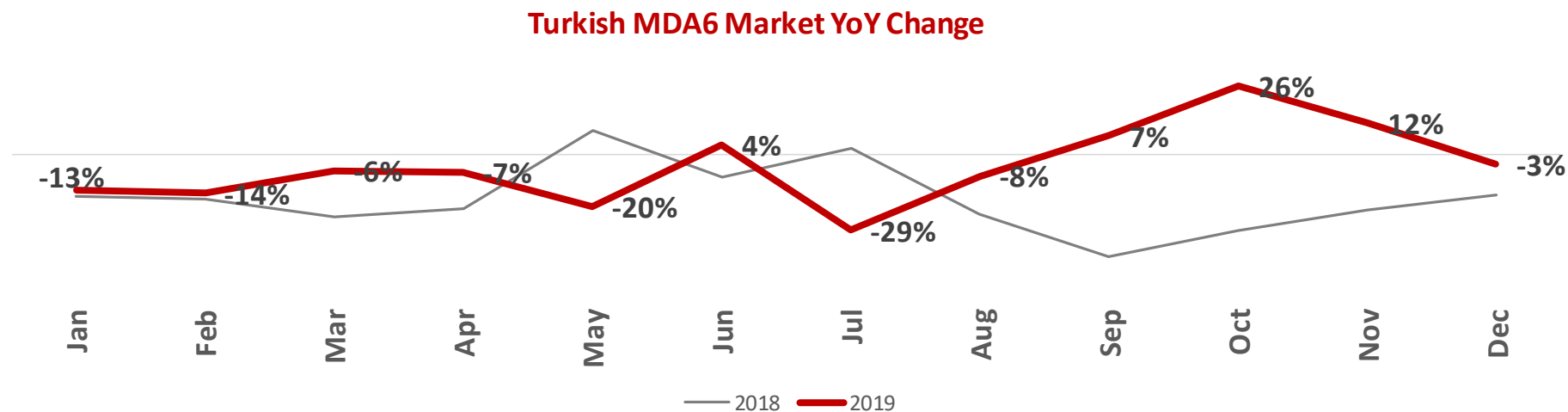
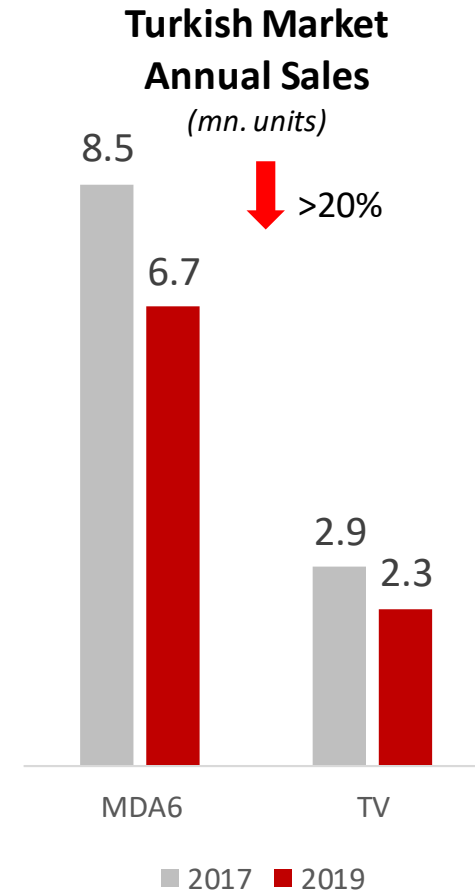
10.5%

- ↑ Higher contribution from incentives
- 105bps contribution from IFRS-16, slightly higher than 9M19
- Flat OPEX/Sales compared to 3Q19



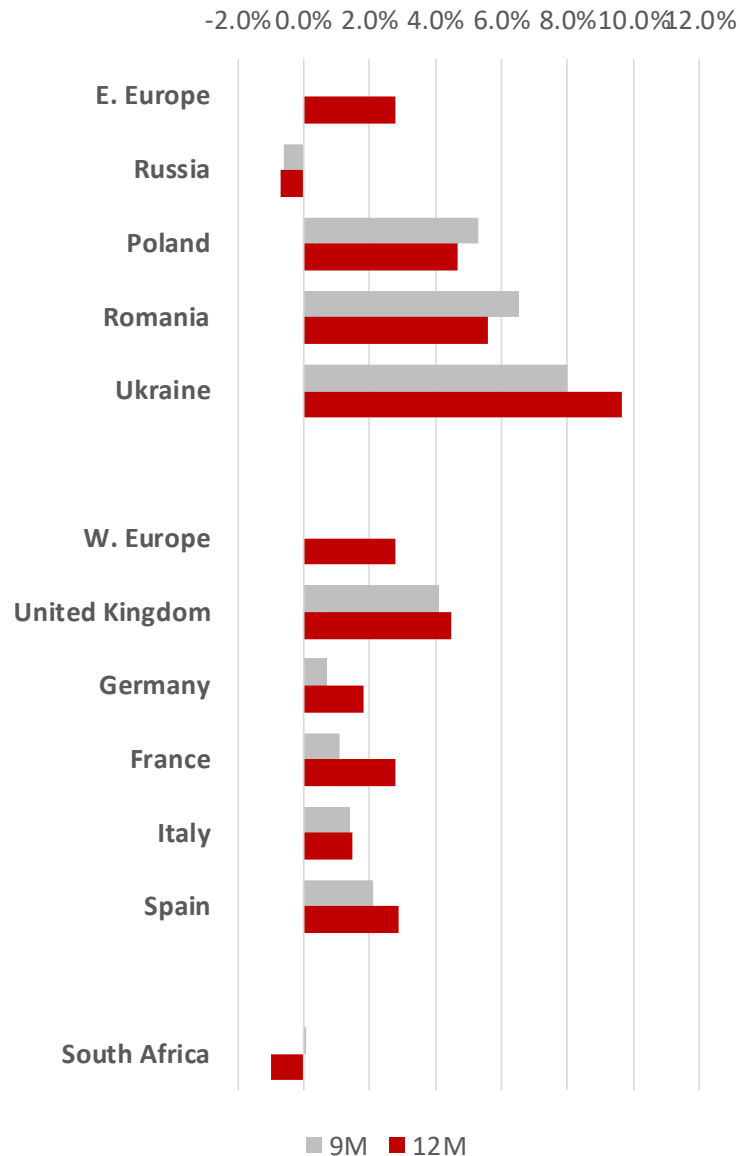
2019 Q4 Performance **Turkey**

	 MDA-6	 Air-Conditioner	 TV
Market	+12%	+37%	+17%
Arçelik	+8%	Better than market	~25% Market Share 2nd Place



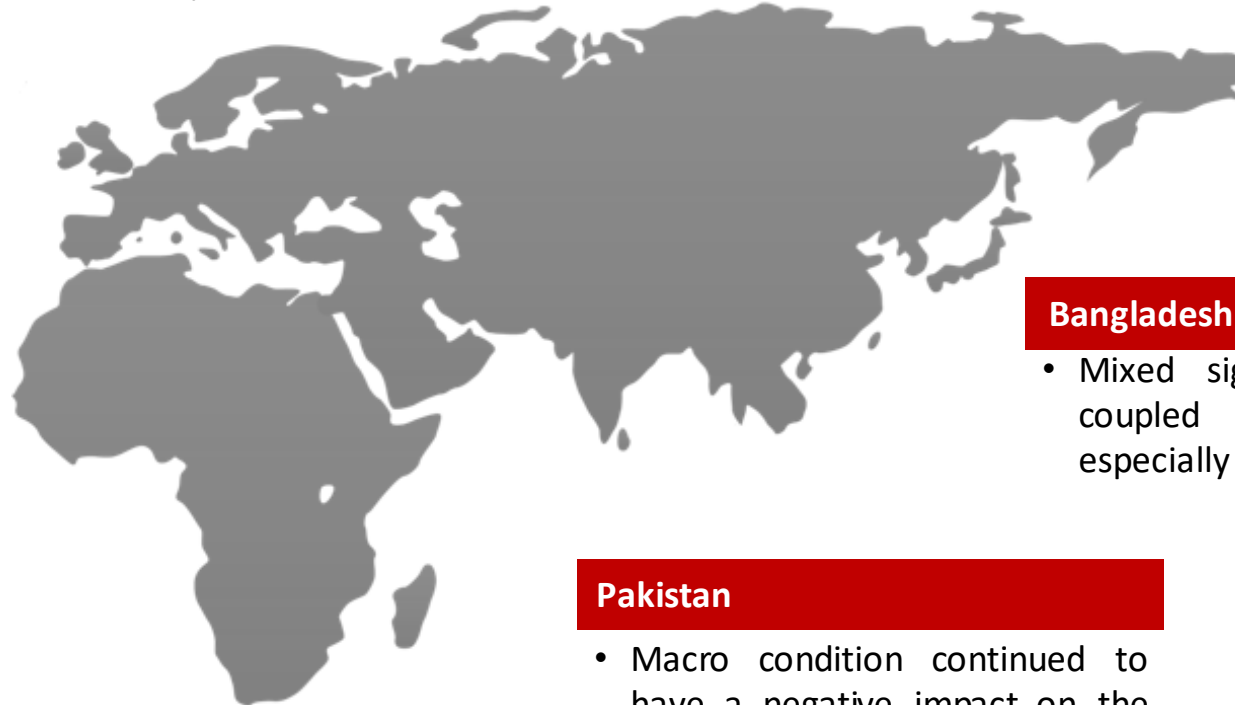
MDA-6 and A/C data (sell-in) is based on WGMA for 4Q19. TV market reflects the data of a retail panel market for October-December 2019

2019 Q4 International Markets



West Europe

- UK regained pace after a weak 3Q
- Improving demand in Germany, France and Spain



East Europe

- Romania and Poland slowed down in 4Q19
- Russia was slightly negative (~-1%)

Bangladesh

- Mixed signals for the macro coupled with lowest season, especially for cooling products

Pakistan

- Macro condition continued to have a negative impact on the market

South Africa

- Retail sales were negative in line with deteriorating macro

2019 Q4 **International Performance**

53%

Europe

- Low single digit increase YoY in EUR term on top of 4Q18's high base
- Mid-single digit revenue growth in **UK** in GBP term
- **Best quarter in 2019** in all major Western European countries in terms of volume market share
- Continuing market share gains in **built-in** segment

7%

Africa

- High sell-in performance with low-double digit topline growth in **S. African** market thanks to strong marketing campaigns
- Weakest quarter for Defy in export sales, which was marginally down
- Improving profitability (YoY) at all lines despite worsening economic climate

7%

Asia-Pacific

- Mid-teen revenue decline in **Pakistan** in **PKR** terms reflecting weak volumes
- Around 10% sales growth by **Singer** in the lowest season for durables in the country
- **ASEAN** revenue realized at USD28mn.
- Expanded production in **Thailand** into SKD washing Machines and SBS fridges.

2019 Q4 Singer Bangladesh Results

BDT mn	2019 Q4	2018 Q4	2019 Q3	Δ% YoY	Δ% QoQ	2019	2018	Δ% YoY
Revenue	2,026	1,819	5,439	11	-63	15,485	13,559	14
Gross Profit	543	480	1,498	13	-64	4,353	3,760	16
<i>margin</i>	<i>26.8</i>	<i>26.4</i>	<i>27.5</i>			<i>28.1</i>	<i>27.7</i>	
EBIT	260	175	656	49	-60	1,874	1,594	18
<i>margin</i>	<i>12.8</i>	<i>9.6</i>	<i>12.1</i>			<i>12.1</i>	<i>11.8</i>	
Profit Before Tax	128	107	598	20	-79	1,470	1,275	15
<i>margin</i>	<i>6.3</i>	<i>5.9</i>	<i>11.0</i>			<i>9.5</i>	<i>9.4</i>	
Net Income	80	80	440	0	-82	1,032	921	12
<i>margin</i>	<i>3.9</i>	<i>4.4</i>	<i>8.1</i>			<i>6.7</i>	<i>6.8</i>	

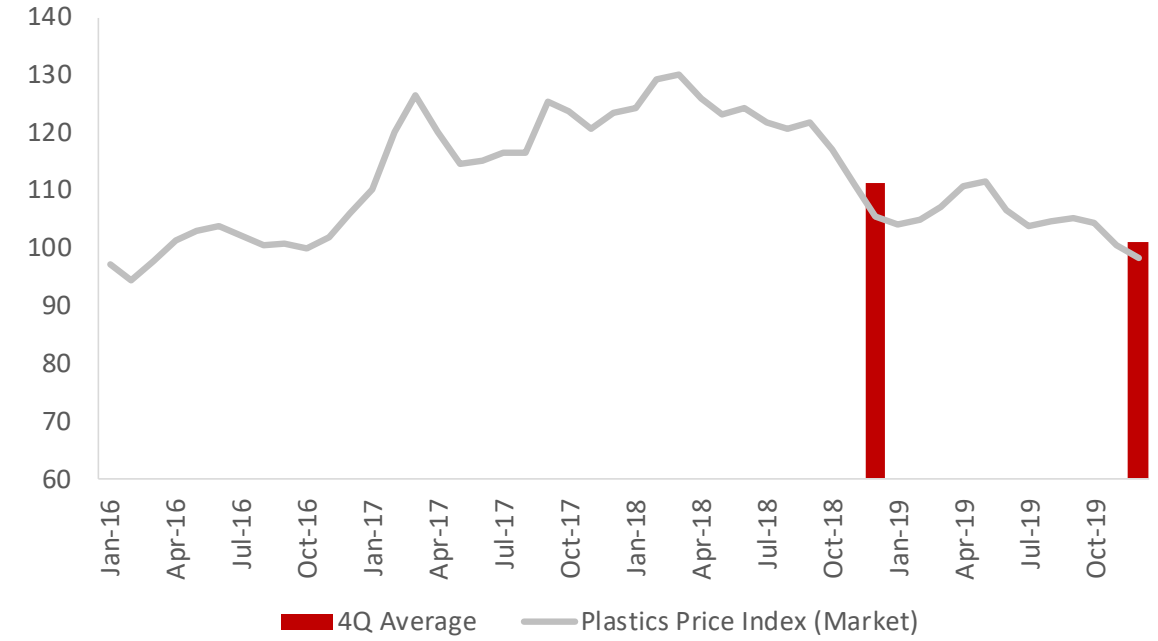
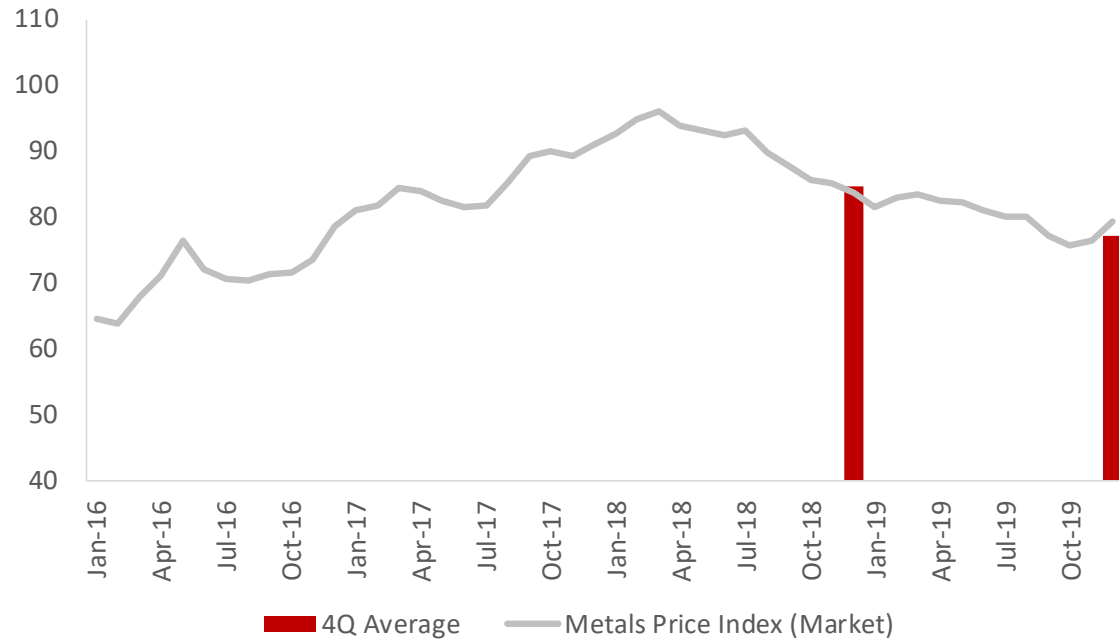
4Q19 Highlights

- Double digit top line growth during a challenging quarter
- Both QoQ and YoY improvement in EBIT margin

2019 Highlights

- Sustained mid-teen revenue growth
- Significant improvement in procurement processes, production efficiency and quality.
- Know-how transfer in after-sale services and customer care management.

2019 Q4 Raw Material Trends



Metal Prices Index Quarterly Average - Market

1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
94	93	90	85	83	82	79	77

Source: Steel BB, Steel Orbis
Index includes: CRC, HRC, Galvanized Steel, Stainless Steel, Copper, Aluminium

Plastic Prices Index Quarterly Average - Market

1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
128	125	121	111	105	110	104	101

Source: ICIS - Chemical Industry News & Chemical Market Intelligence
Index includes: ABS, Polystyrene, Polyurethane, Polypropylene

2019 Q4 Other Developments

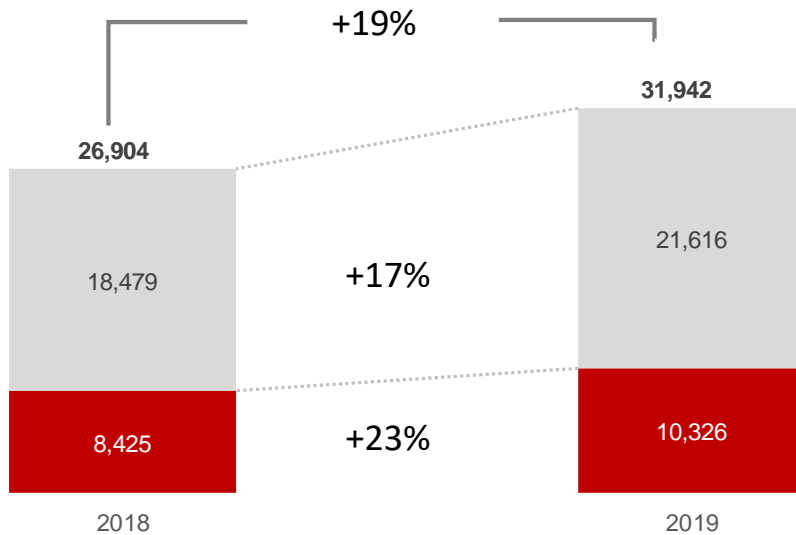
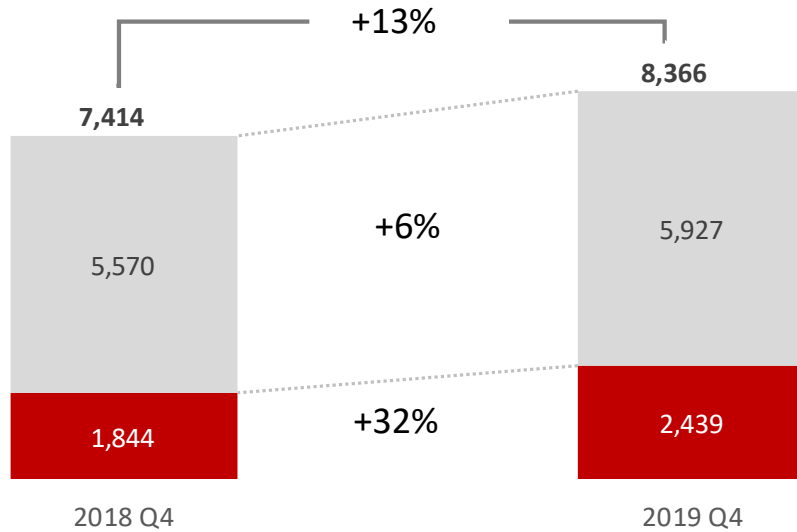
- Voltbek, the joint venture with Voltas, finished the construction of a refrigerator plant in India and started trial production. Official opening ceremony was held on January 30, 2020.
- The only Industry 4.0 factory in Romania and one of the few in Europe, the Arctic washing machine factory in Ulmi has received the LEED Platinum certificate, a recognition of sustainable production.
- Beko Italy succeeded to reach 1 million units of major domestic appliance sales in 2019.



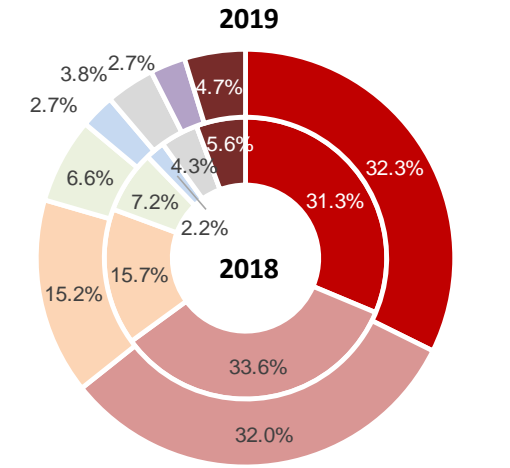
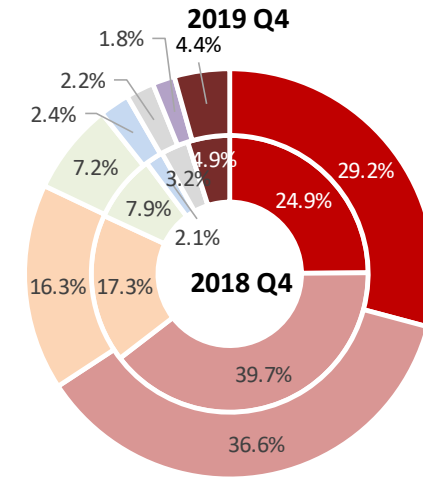
Sales Performance



2019 Q4 Sales by Region

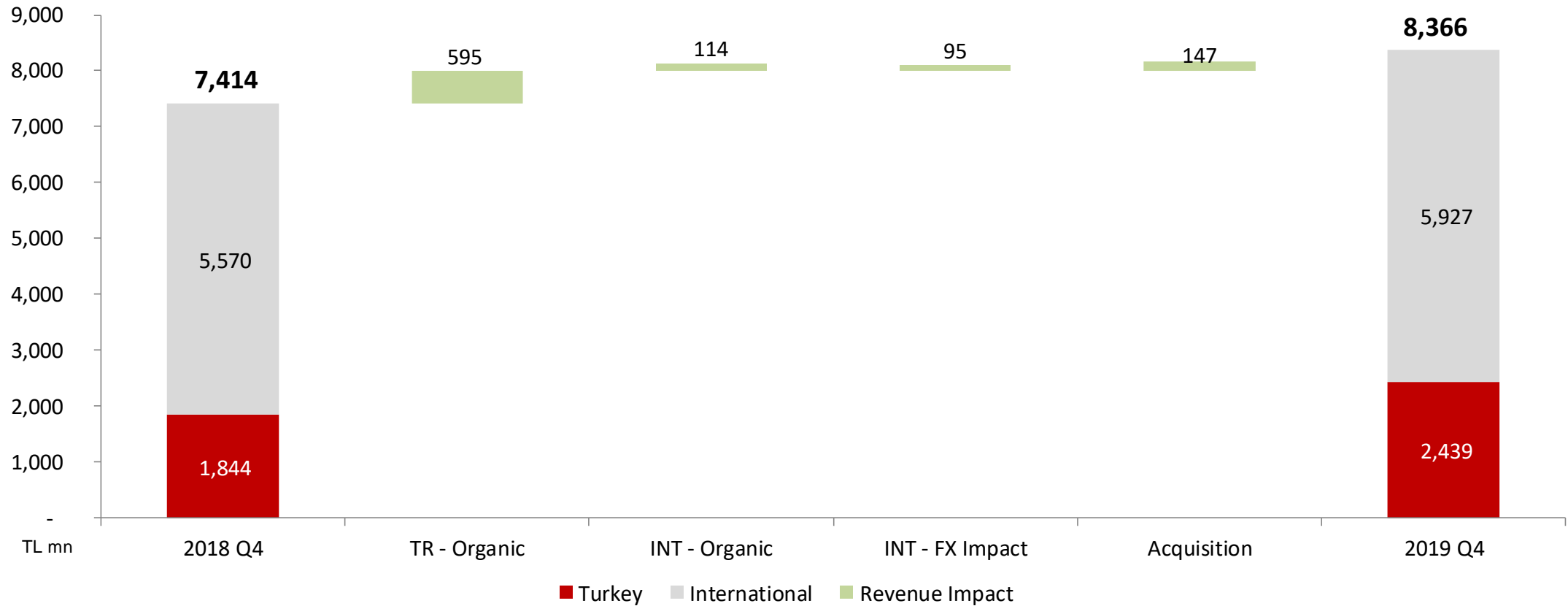


■ Turkey ■ International



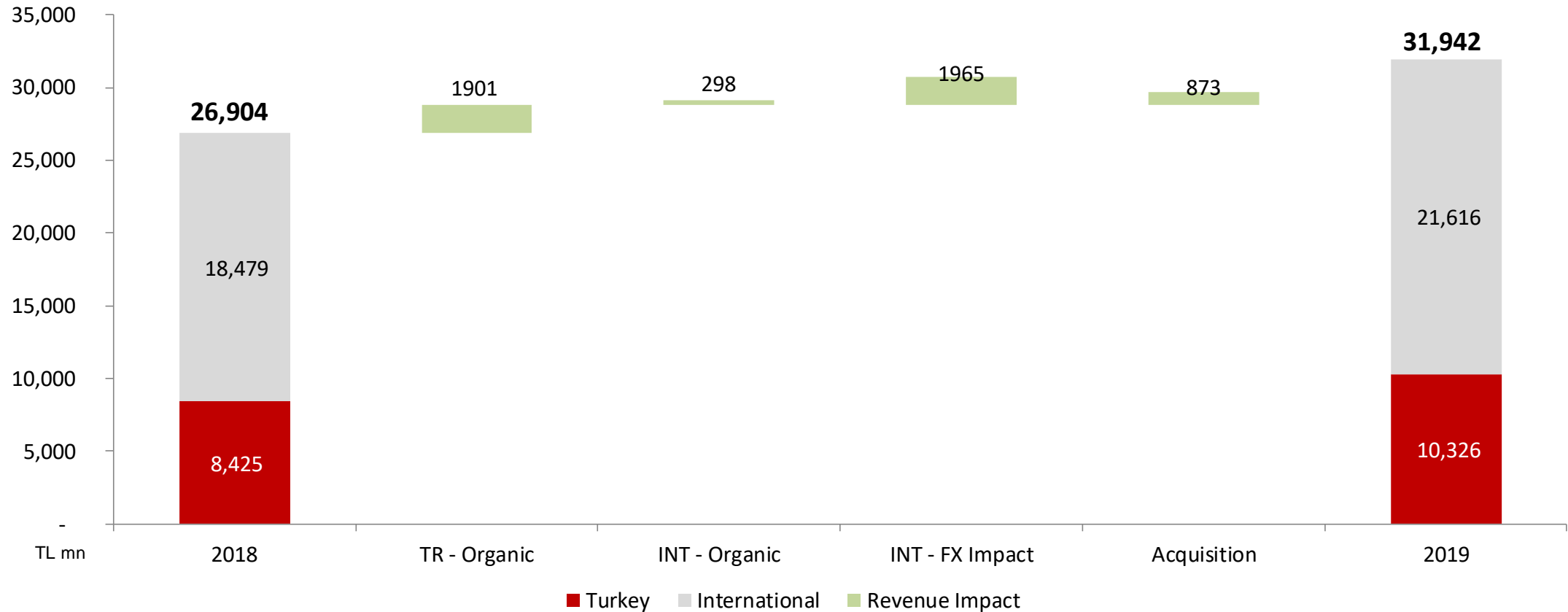
■ Turkey ■ Western Europe
 ■ CIS&Eastern Europe ■ Africa
 ■ Middle East ■ Pakistan
 ■ Bangladesh ■ Other

2019 Q4 Sales Bridge



2019 Q4	Organic	Currency Effect	Acquisition	TOTAL
Domestic Growth	32.3%	0.0%	0.0%	32.3%
International Growth	2.1%	1.7%	2.6%	6.4%
Total Growth	9.6%	1.3%	2.0%	12.8%

2019 Sales Bridge



2019	Organic	Currency Effect	Acquisition	TOTAL
Domestic Growth	22.6%	0.0%	0.0%	22.6%
International Growth	1.6%	10.6%	4.7%	17.0%
Total Growth	8.2%	7.3%	3.2%	18.7%



Financial Performance

2019 Q4 Income Statement

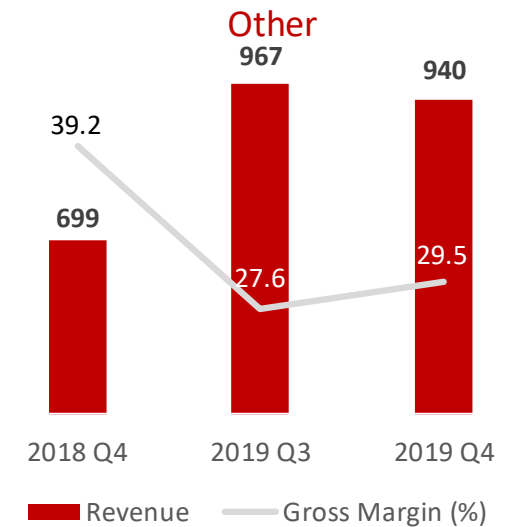
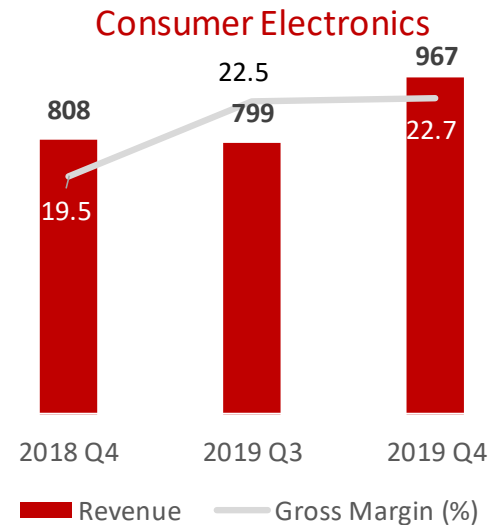
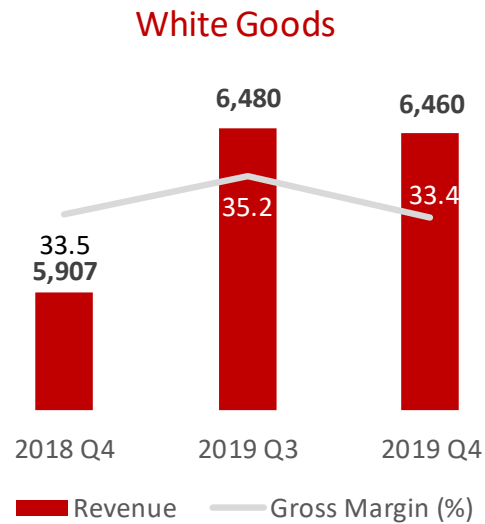
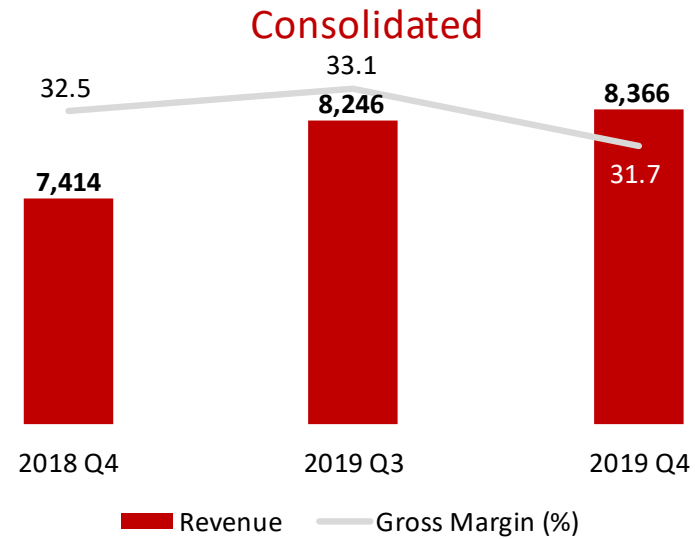
TL mn	2019 Q4*	2018 Q4	2019 Q3*	Δ% YoY	Δ%		2019*	2018	Δ% YoY
					QoQ				
Revenue	8,366	7,414	8,246	13	1		31,942	26,904	19
Gross Profit	2,652	2,410	2,725	10	-3		10,259	8,546	20
<i>margin</i>	<i>31.7</i>	<i>32.5</i>	<i>33.1</i>				<i>32.1</i>	<i>31.8</i>	
EBIT **	598	713	640	-16	-7		2,296	2,107	9
<i>margin</i>	<i>7.1</i>	<i>9.6</i>	<i>7.8</i>				<i>7.2</i>	<i>7.8</i>	
Profit Before Tax	282	270	270	4	5		1,114	949	17
<i>margin</i>	<i>3.4</i>	<i>3.6</i>	<i>3.3</i>				<i>3.5</i>	<i>3.5</i>	
Net Income***	242	281	253	-14	-4		953	856	11
<i>margin</i>	<i>2.9</i>	<i>3.8</i>	<i>3.1</i>				<i>3.0</i>	<i>3.2</i>	
EBITDA**	876	908	910	-3	-4		3,351	2,797	20
<i>margin</i>	<i>10.5</i>	<i>12.2</i>	<i>11.0</i>				<i>10.5</i>	<i>10.4</i>	

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

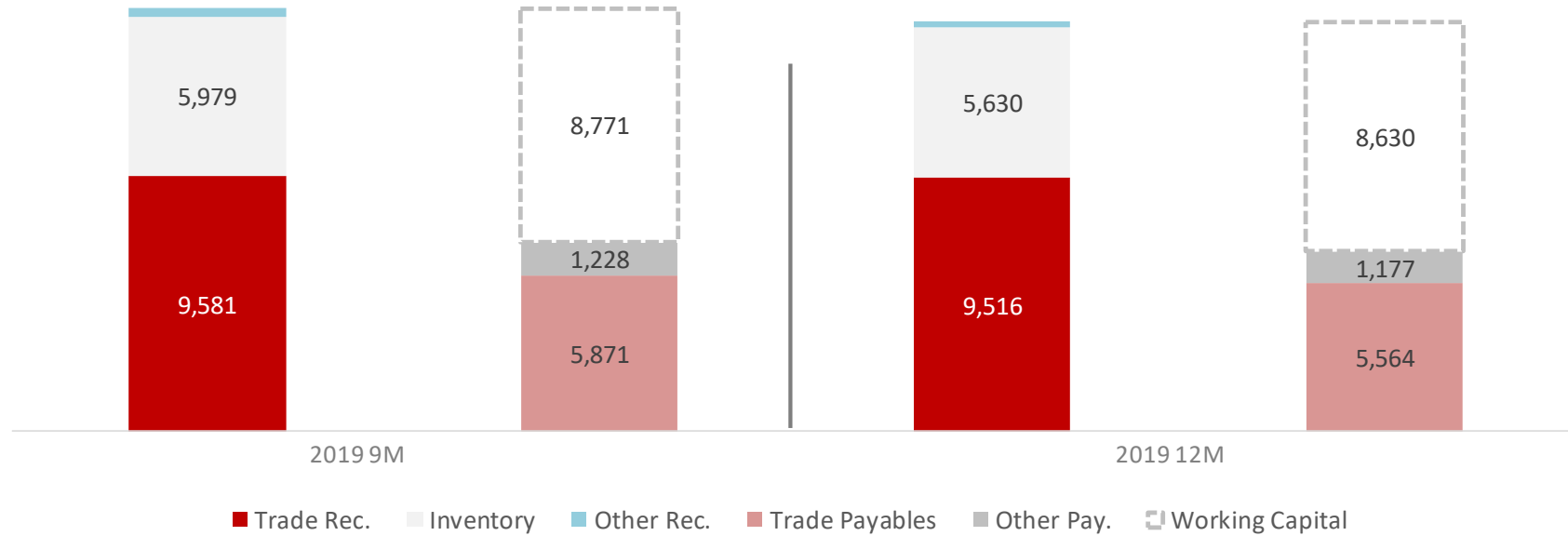
** EBIT was calculated by deducting the impact of foreign exchange gains and losses arising from trade receivables and payables, credit finance income and charges and cash discount expense and adding income and expenses from sale of property plant and equipment.

*** Net income before minority

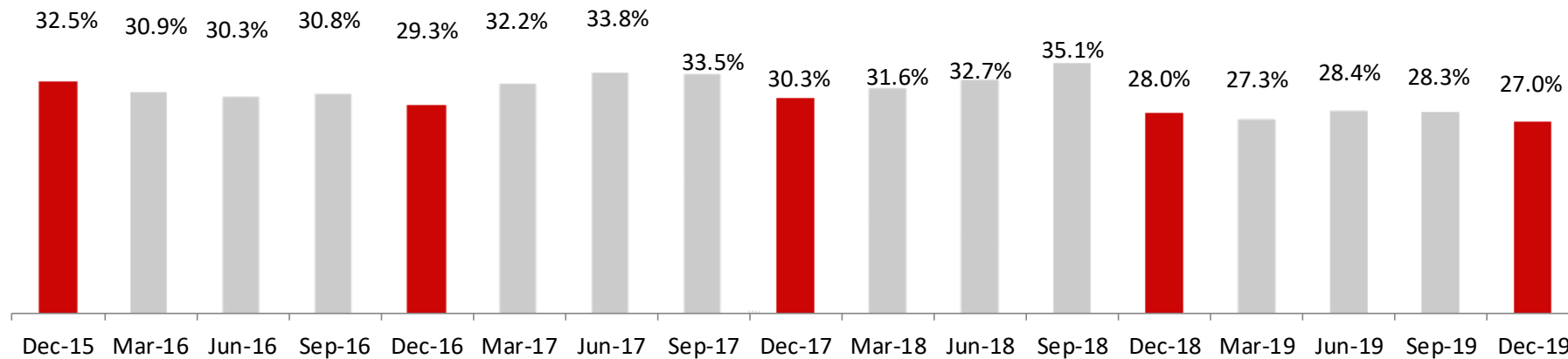
2019 Q4 Margin by Segments



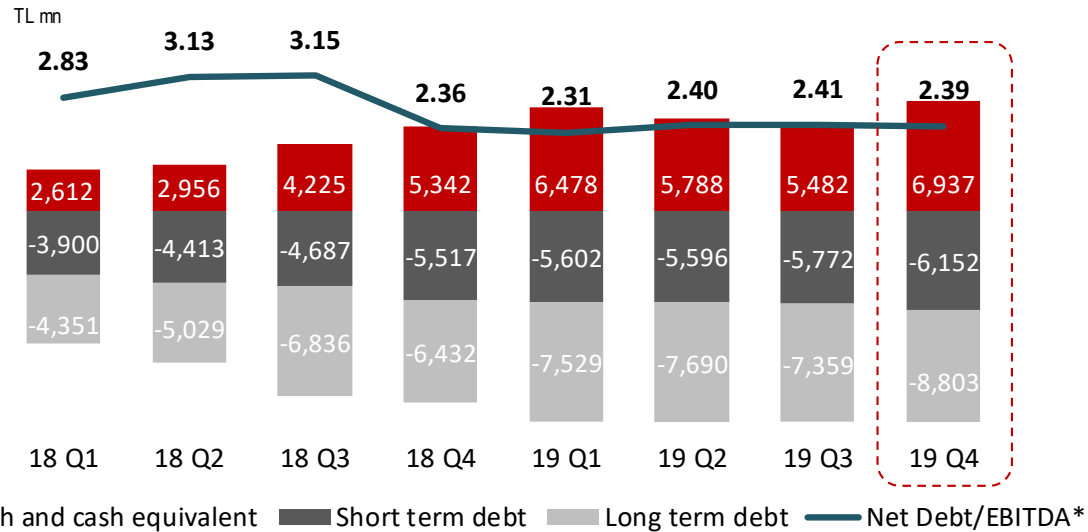
2019 Q4 Working Capital



Working Capital / Sales



2019 Q4 Cash & Financial Debt



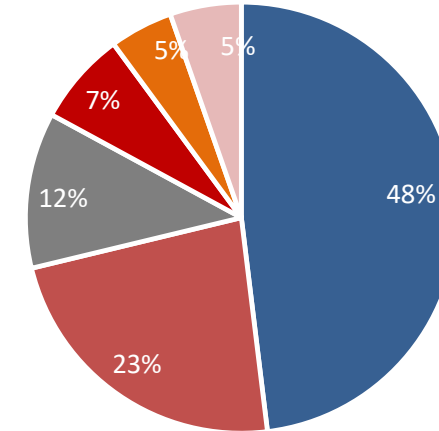
*Only 4Q19 figures include IFRS-16 items. Other quarters are adjusted for IFRS-16 impact.

Financial Debt profile (as of Dec 31 2019)

	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	18.6%	4,708	4,708
EUR	0.9%	239	1,591
GBP	1.4%	7	57
USD	2.4%	1	8
ZAR	8.1%	855	361
AUD	3.3%	14	58
RON	3.6%	200	277
PKR	13.7%	16,857	643
BDT	9.2%	2,000	140
Total			7,842
USD	5.1%	505	3,002
EUR	4.0%	354	2,351
TRY*	19.1%	1,024	1,024
Total Bond			6,378
Total			14,220

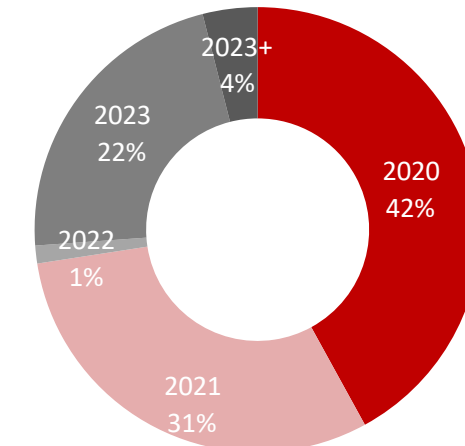
*Average fixed rate at 19.1% through Interest Rate Swaps

Cash Breakdown by Currency

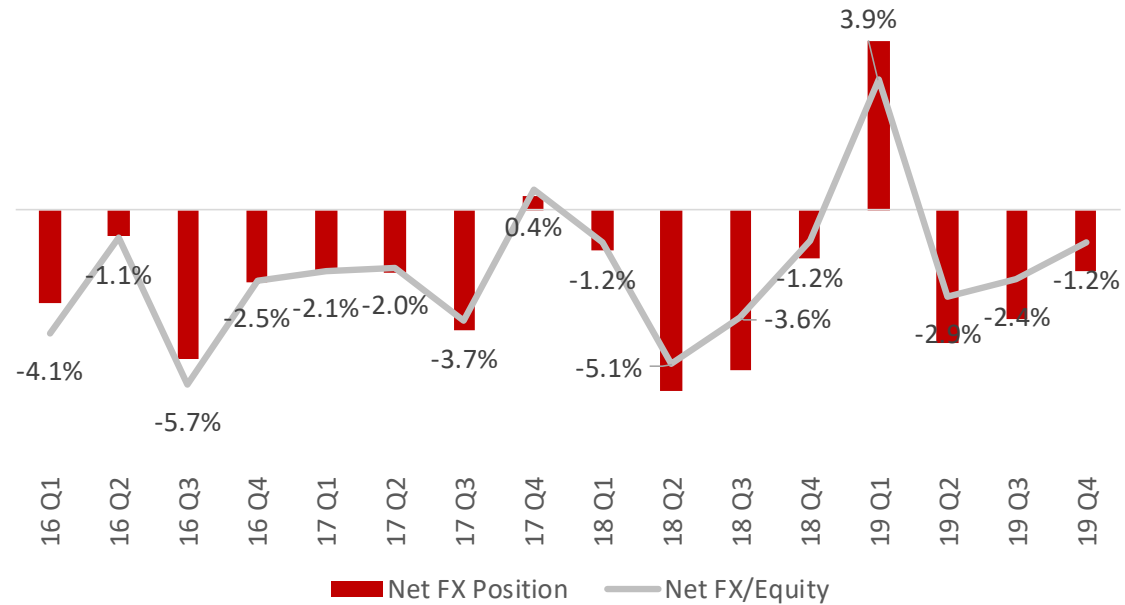


Legend: USD (blue), EUR (red), TRY (grey), GBP (dark red), RUB (orange), Other (light grey)

Debt Maturity Profile



2019 Q4 FX Hedging



(TRYmn)	Before Hedge	Hedged Position	Net Position
EUR	-698	702	3
USD	-44	-56	-99
GBP	798	-815	-17
Other	880	-890	-10
TOTAL	936	-1,059	-122

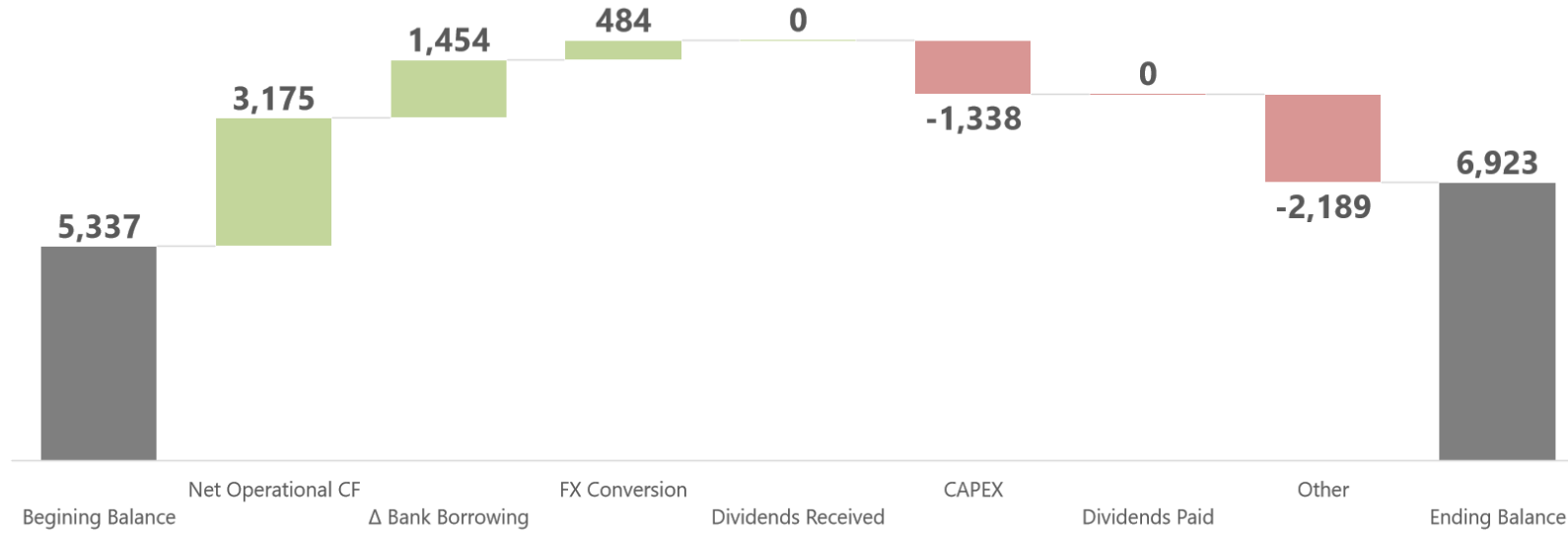
Net FX Position/Equity	-1.2%
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- FX hedging is a strictly pursued policy in Arçelik since more than 30 currencies are actively managed in global operations.
- It is a KPI for the company management not to have an FX exposure exceeding low single-digit % of equity.

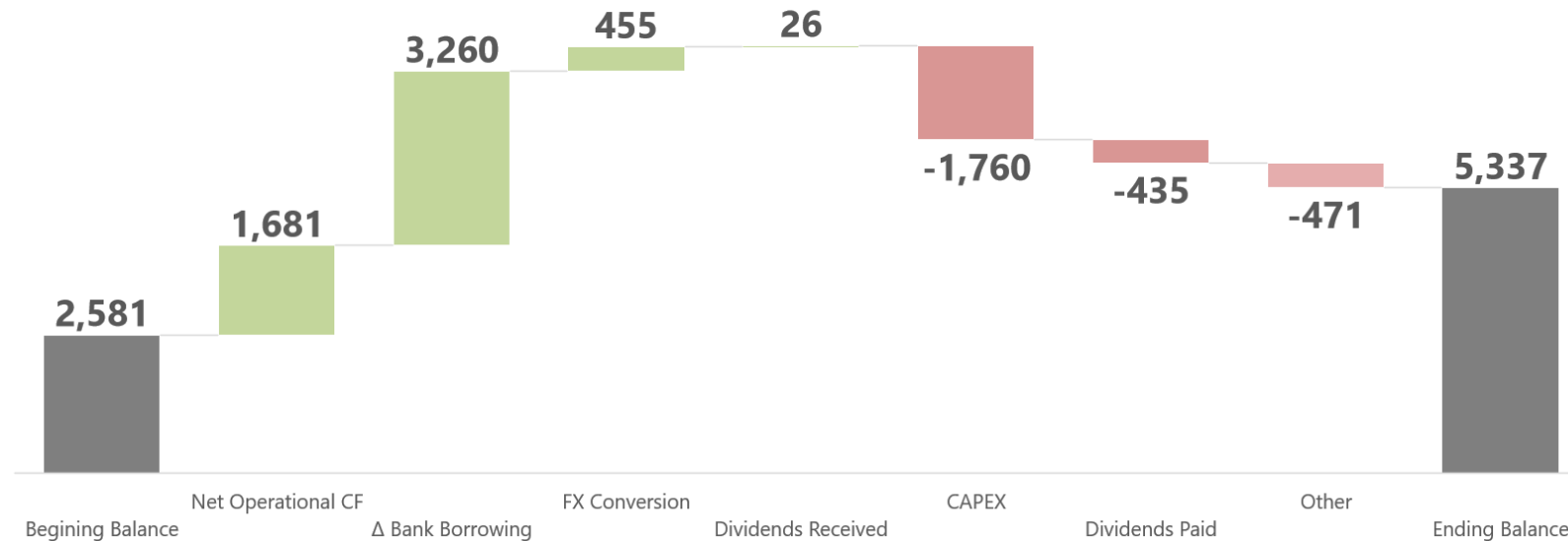
- The primary strategy is on balance sheet hedging mainly through cash, receivables, payables and financial liabilities, and the remaining part is hedged through financial derivatives.

2019 Q4 Cash Flow

2019



2018



2020 Guidance



2020 Guidance

Arcelik Revenue		Organic	Inorganic	→ 10-15% in TRY
	Turkey (TRY)	10-15%		
International (FX)	2-3%		1%	

Profitability

2020 EBITDA Margin: c.10.5%

Long Term EBITDA Margin: >11.5%

CAPEX

EUR 200-250 mn.

Working Capital/Sales

Below 30%

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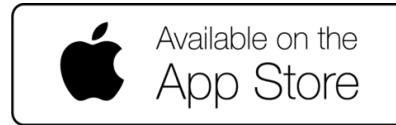
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