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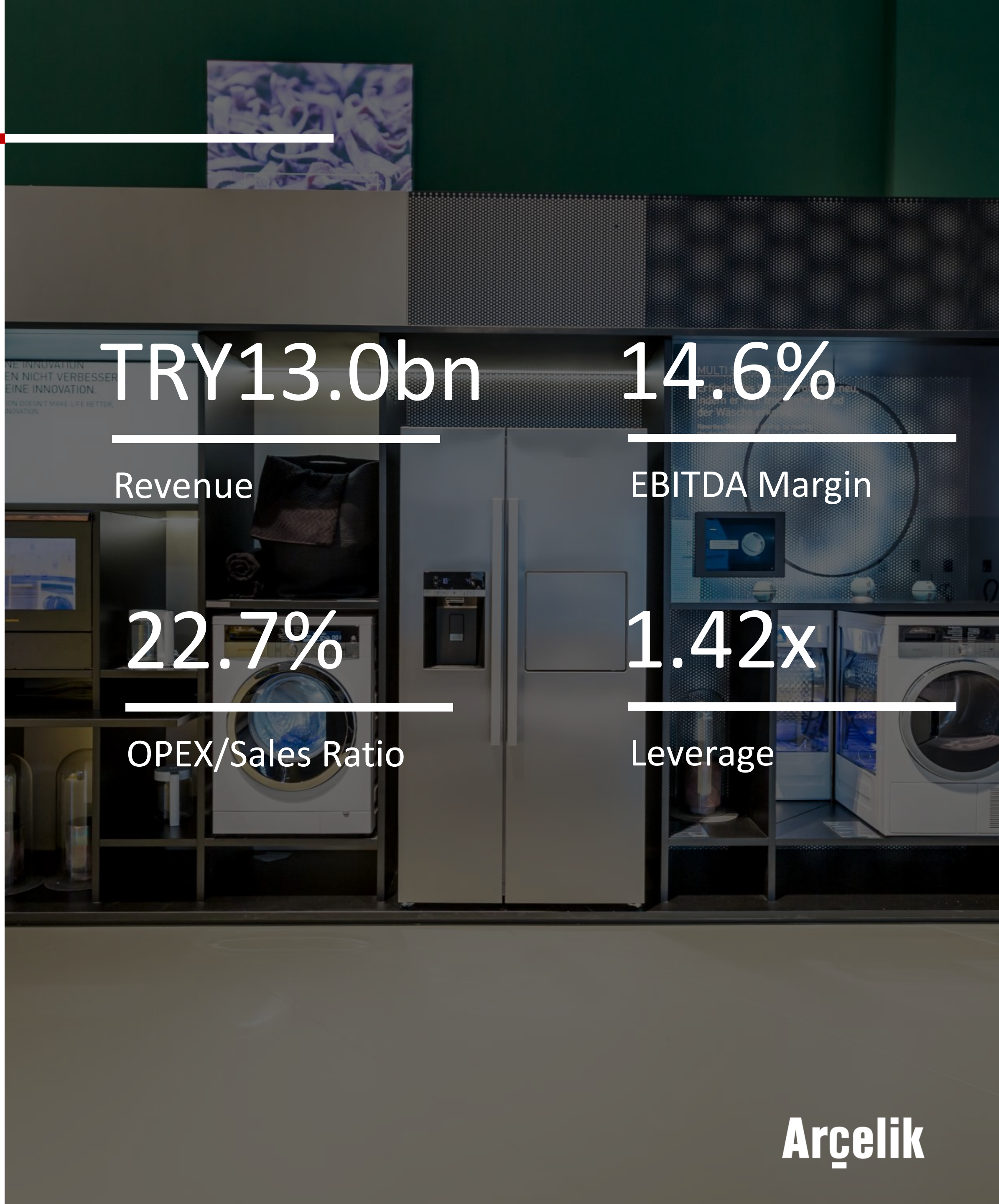
2021 – Q1 Financial Results

Koç

Quarter **Highlights**

- Robust top line growth of 67%
- Strong demand in many markets
- High gross margin sustained y/y thanks to strict cost management & pricing but slightly lower q/q due to higher raw material prices
- Improvement in OPEX/Sales on both quarterly (+150bps) & yearly basis (+429 bps)
- Increased WC needs due to higher sales impacting receivables, inventory levels and free cash flow



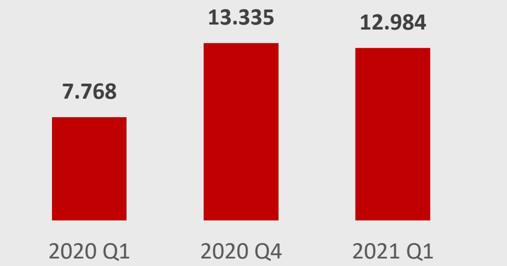
* *Free Cash Flow calculated as Net Operating Cash Flow + CAPEX*

Key Factors **Sales/Margins**

Revenue Growth

+67%

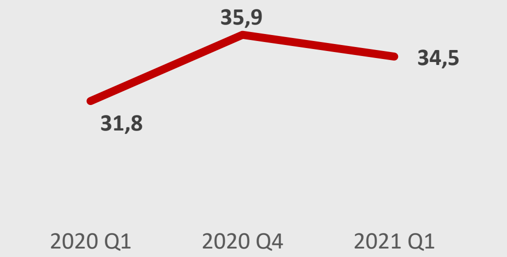
- ⬆ Solid unit growth in both Turkey & International markets
- ⬆ Strong EUR against TRY



Gross Margin

34.5%

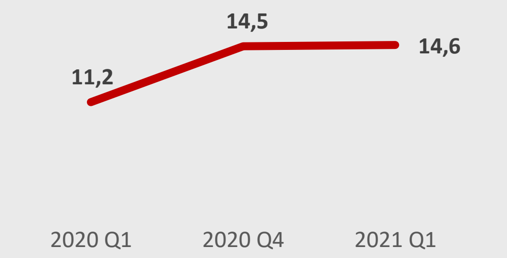
- ⬆ High capacity utilization
- ⬆ Strong EUR against USD
- ⬇ Upward trend in raw material prices (QoQ)



EBITDA Margin

14.6%

- ⬆ Strong revenue growth
- ⬆ Lower OPEX/Sales thanks to savings compared to 1Q20



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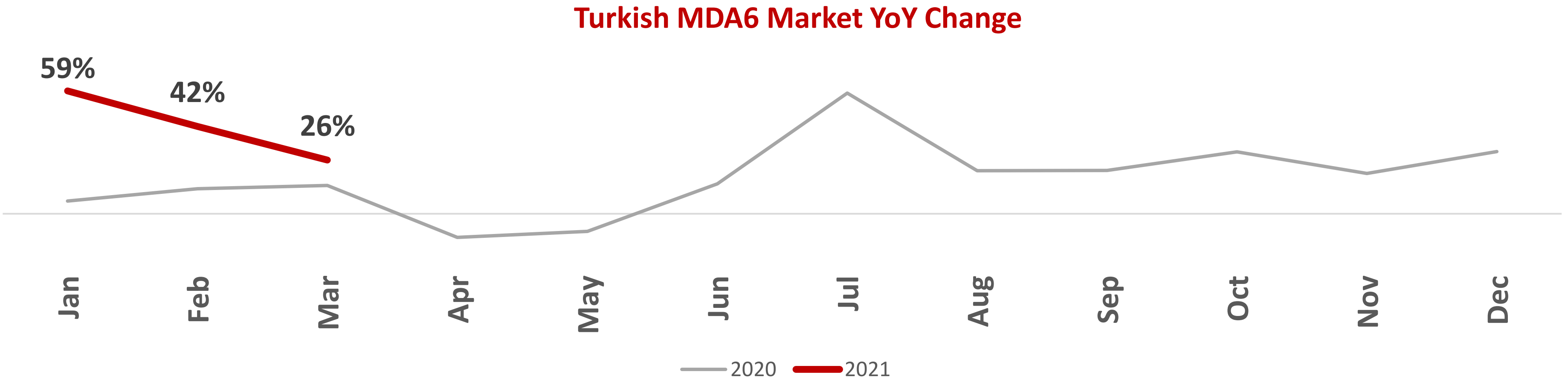
2021 Q1 Performance **Turkey**

	MDA-6	Air-Conditioner	TV
Arçelik	+48%	+57%	-2%
Market	+40%	+43%	-17%



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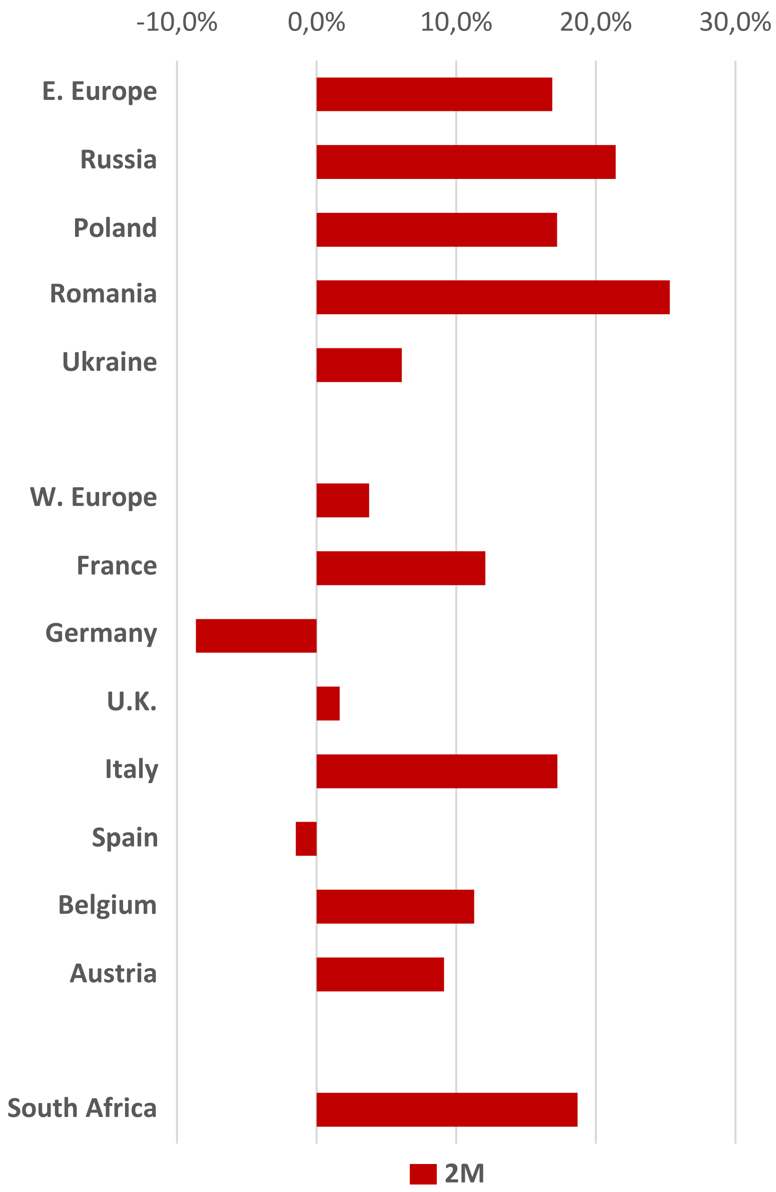
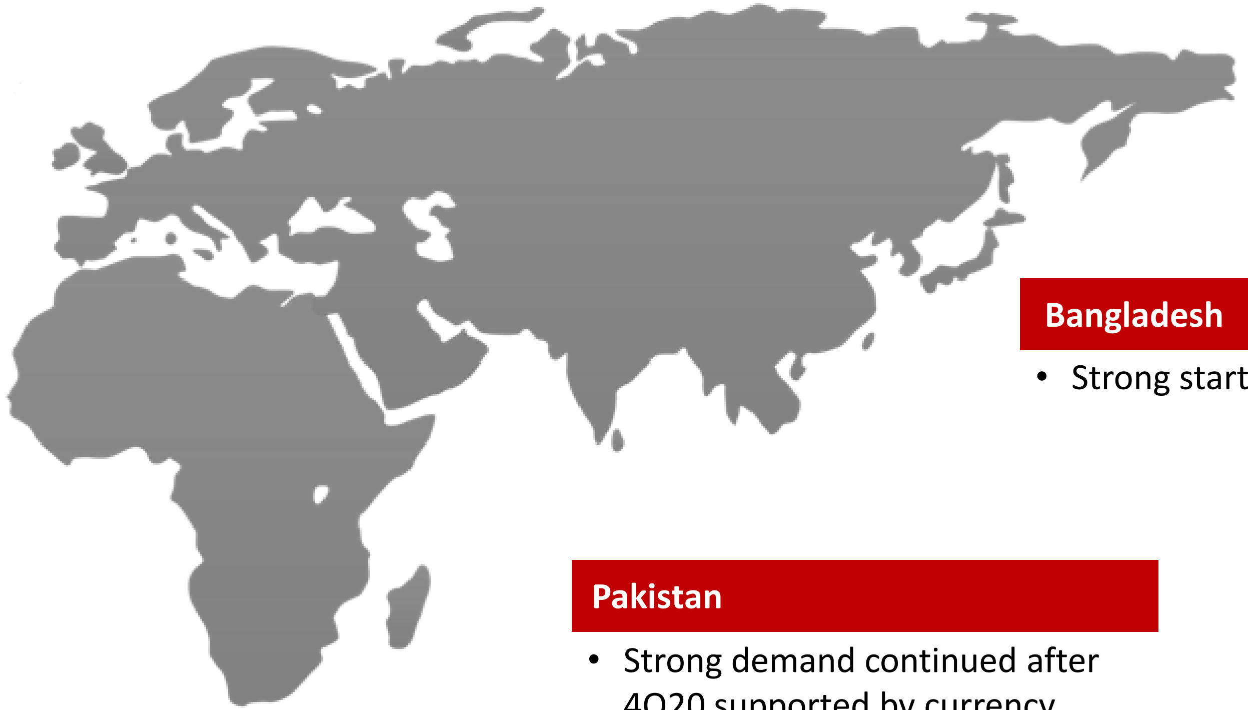
MDA-6 and A/C data (sell-in) is based on WGMA for 1Q21. TV market reflects the data of a retail panel market for January-February 2021.

2021 Q1 International Markets





East Europe

- Robust growth in 2M21 in each country resulted in double-digit market growth

West Europe

- Volume growth led by France and Italy while Germany adversely affected by lockdowns

Bangladesh

- Strong start to the year

Pakistan

- Strong demand continued after 4Q20 supported by currency appreciation

South Africa

- Strong recovery vs last year with double-digit growth in volumes, yet coming from a low base due to lockdown in March, 2020

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2021 Q1 International Performance

44% Europe

- Strong double-digit top-line growth in EUR terms in 1Q21 on a yearly basis
- Highest Q1 revenue ever in **UK** in GBP term
- Slightly increased unit market share in both West & East in 2M21 period
- Improvement in price index in the U.K. & Spain thanks to price increases

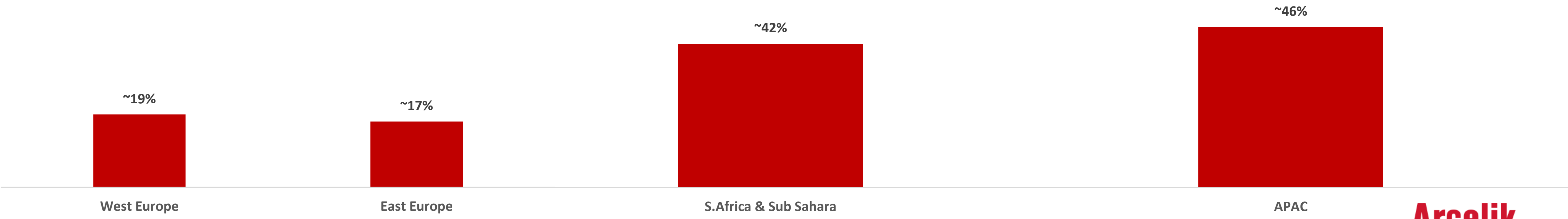
6% Africa

- Strong unit growth resulted in c.37% revenue growth in 1Q21 y/y
- Slightly gained market share despite price increases
- Defy's export units to Sub Saharan Africa countries posted 55% growth in 1Q21 on a yearly basis

10% Asia-Pacific

- Higher contribution from the region with almost doubled revenue in 1Q21 vs a year ago
- More than doubled revenue in **Pakistan** in **PKR** terms supported by new launches and recovering consumer demand despite third wave of COVID-19 together with low base effect
- Positive contribution from all products except TV and also low base effect led strong top line growth of 23% in **Bangladesh** in **BDT** terms despite rising COVID-19 cases

Arcelik Regional Sales Growth (YoY % in EUR)



APAC sales excludes Bangladesh for organic comparison

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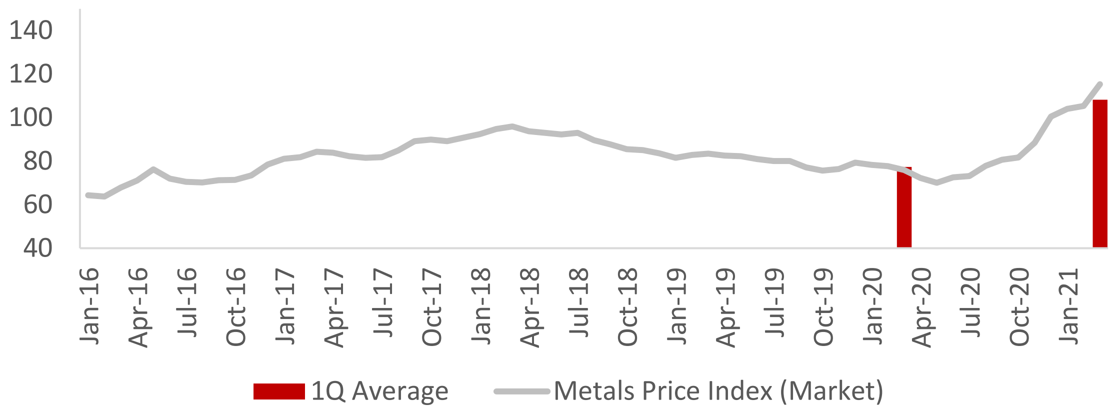
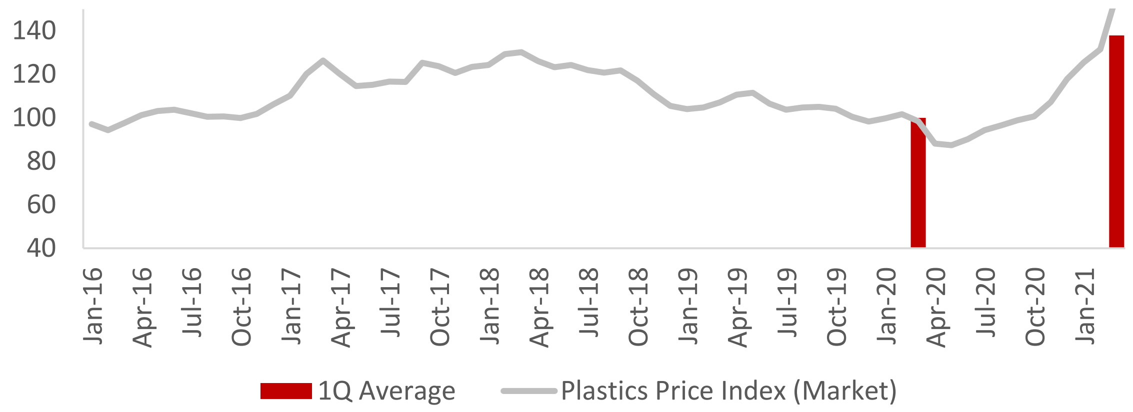
2021 Q1 **Raw Material Trends**





Metal Prices Index Quarterly Average - Market

2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
82	79	77	77	72	77	90	108

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

Plastic Prices Index Quarterly Average - Market

2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
110	104	101	100	89	97	109	138

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

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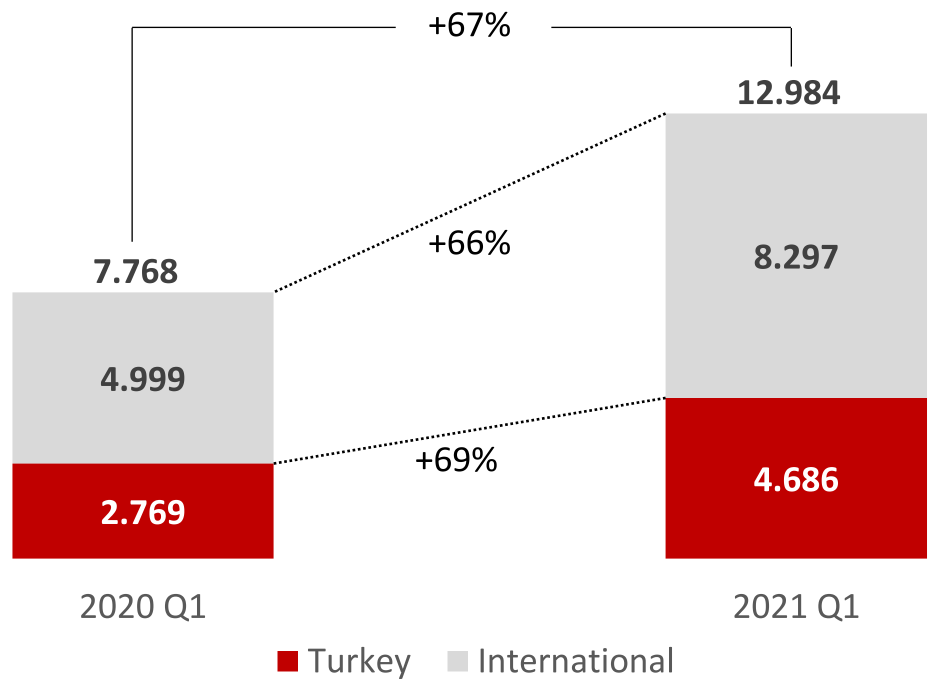
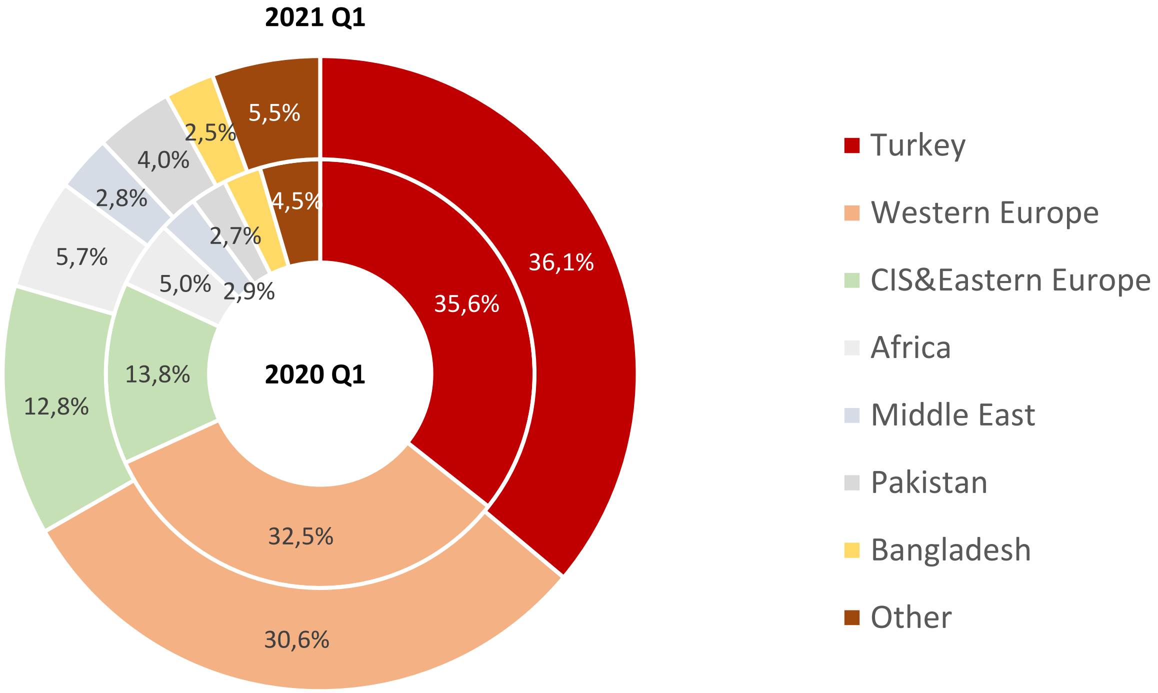
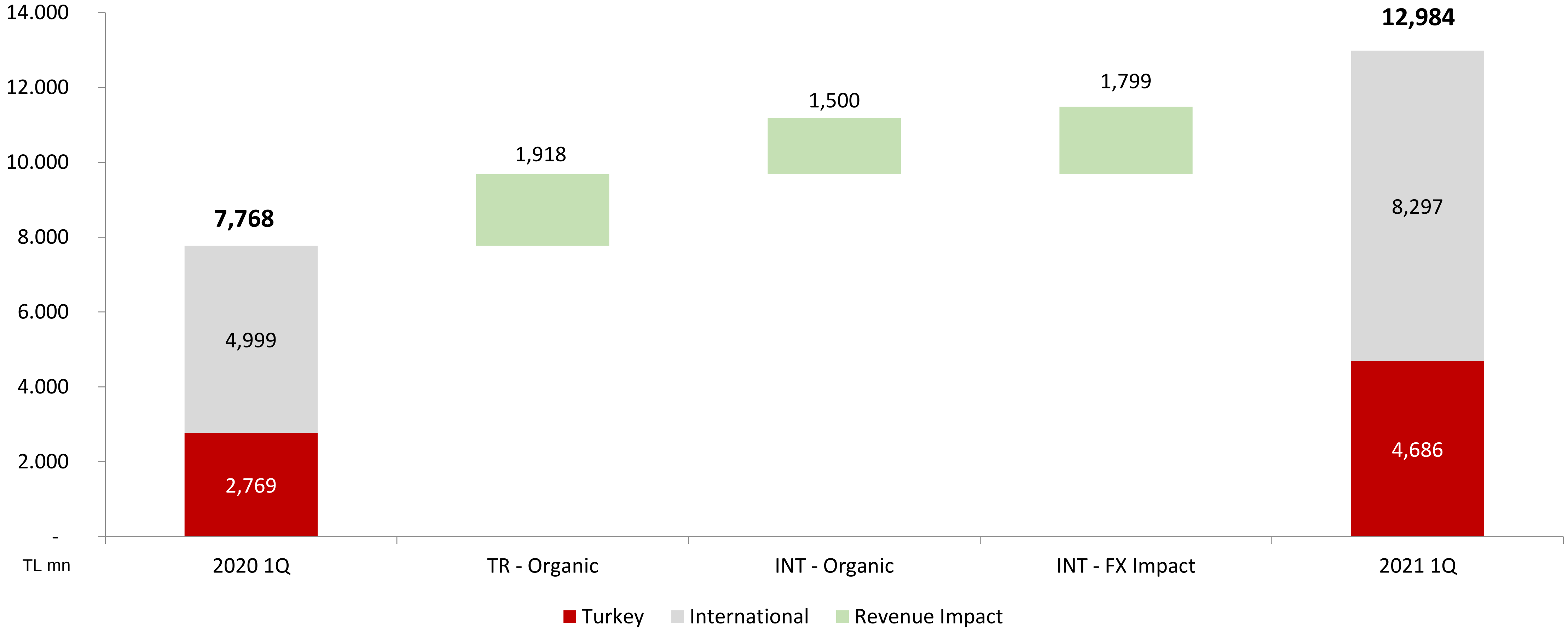
Sales Performance

2021 Q1 **Sales by Region**





2021 Q1 **Sales Bridge**



2021 1Q	Organic	Currency Effect	Acquisition	TOTAL
Domestic Growth	69,3%	0,0%	0,0%	**69,3%**
International Growth	30,0%	36,0%	0,0%	**66,0%**
Total Growth	**44,0%**	**23,2%**	**0,0%**	**67,2%**

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Financial Performance

2021 Q1 **Income Statement**

TL mn		2021 Q1	2020 Q1	2020 Q4	Δ% YoY	Δ% QoQ
Revenue		12.984	7.768	13.335	67	-3
Gross Profit		4.483	2.468	4.803	82	-7
	margin	*34,5*	*31,8*	*36,0*		
EBIT*		1.545	589	1.607	162	-4
	margin	*11,9*	*7,6*	*12,0*		
Profit Before Tax		1.294	308	1.379	320	-6
	margin	*10,0*	*4,0*	*10,3*		
Net Income**		1.100	259	1.170	327	-6
	margin	*8,5*	*3,3*	*8,8*		
EBITDA*		1.890	871	1.932	117	-2
	margin	*14,6*	*11,2*	*14,5*		
EBITDA - *ex.one-offs*		1.890	654	1.932	189	-2
	margin	*14,6*	*8,4*	*14,5*		

* 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

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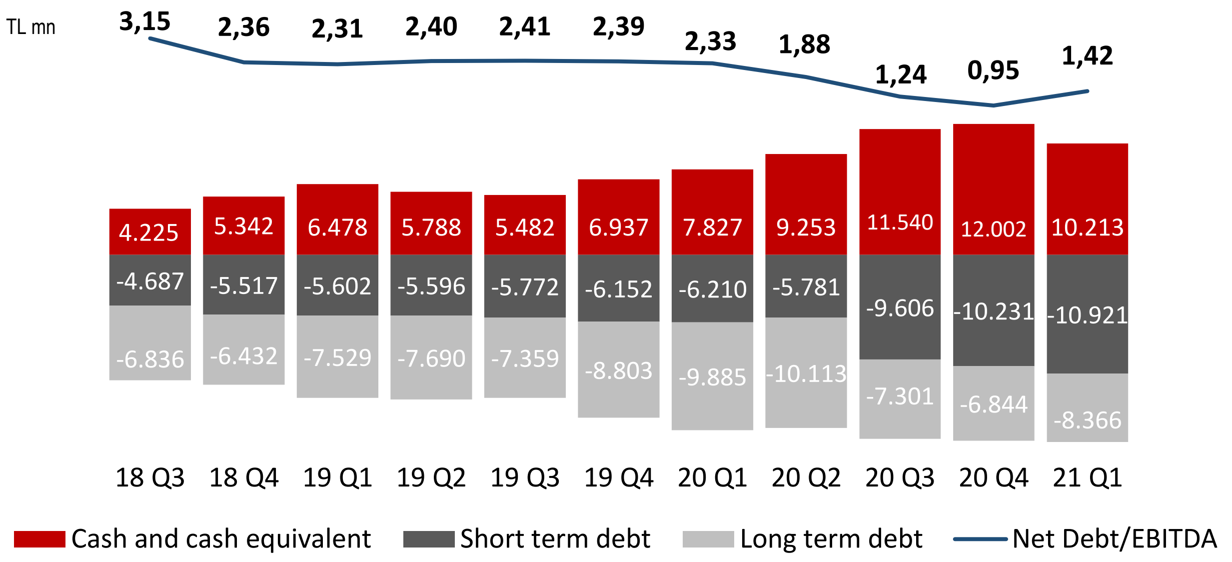
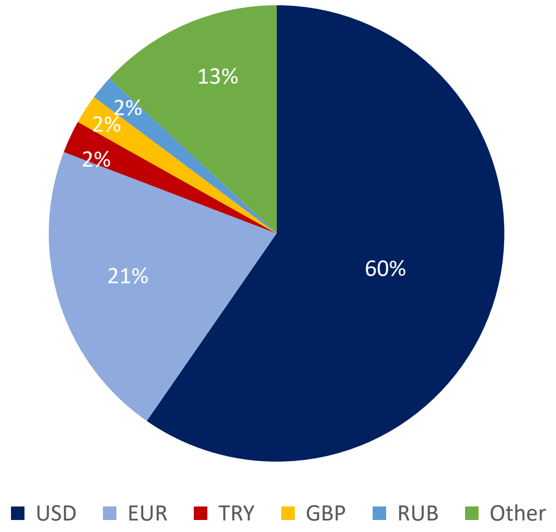
2021 Q1 Cash & Financial Debt



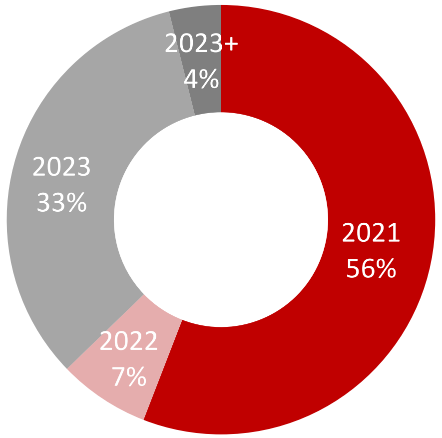
Financial Debt profile (as of Mar 31 2021)

	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	12,4%	4.371	4.371
EUR	0,9%	232	2.271
USD	2,0%	18	153
ZAR	5,4%	946	527
AUD	3,3%	15	94
RUB	0,8%	127	14
PKR	7,9%	16.972	919
BDT	6,3%	3.886	382
Total			**8.730**
USD	5,1%	512	4.263
EUR	4,0%	357	3.491
TRY*	18,8%	1.748	1.748
Total Bond			**9.502**
Total			**18.232**

Cash Breakdown by Currency



Debt Maturity Profile



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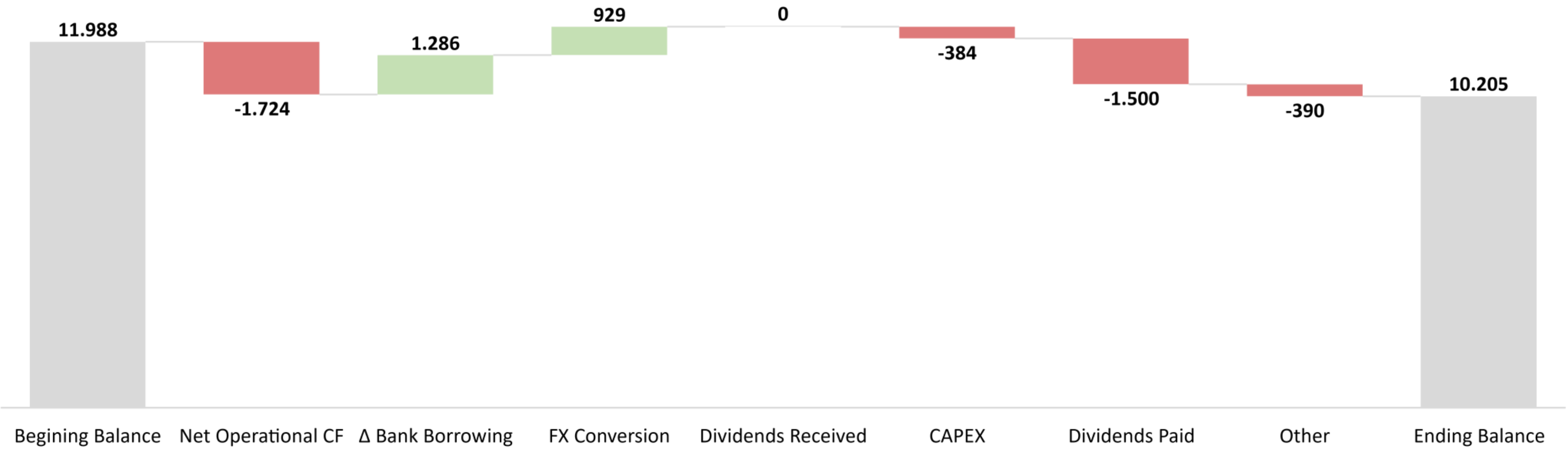
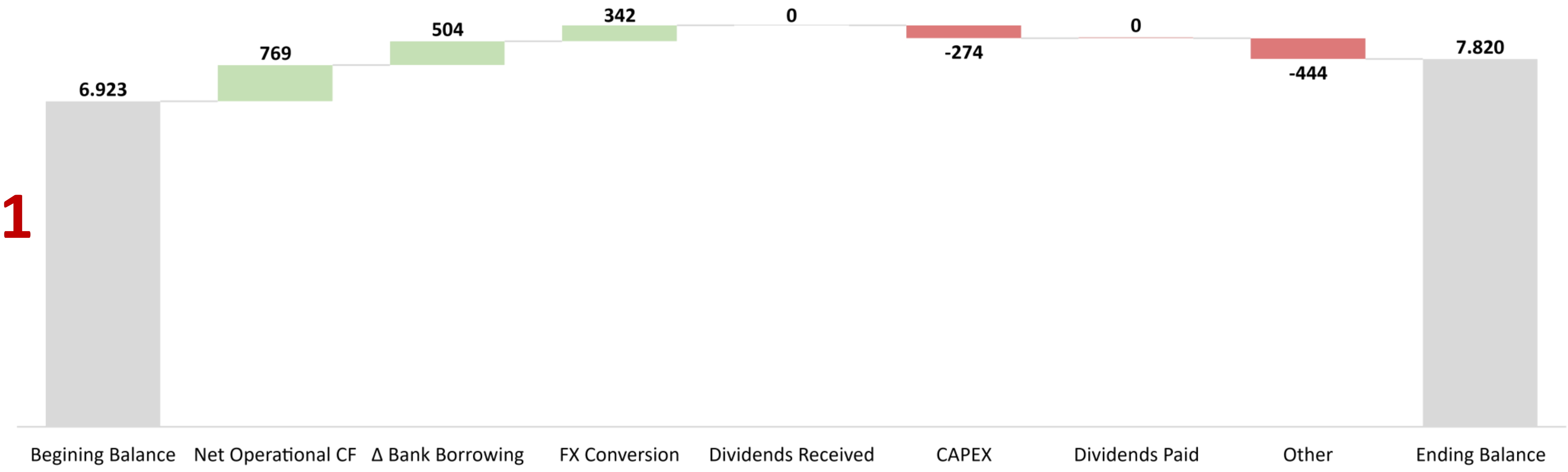
2021 Q1 **Cash Flow**

2021 Q1



2020 Q1



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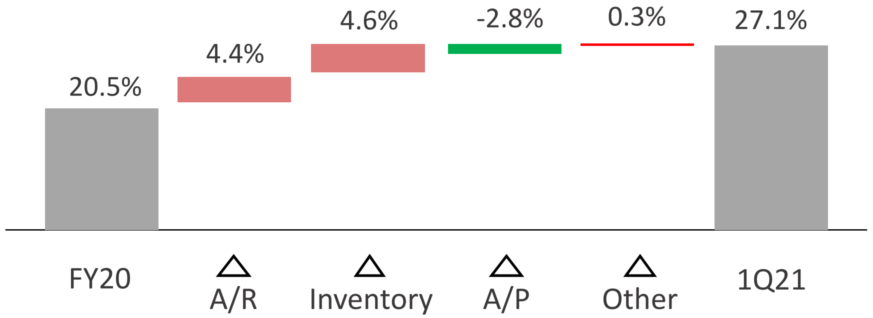
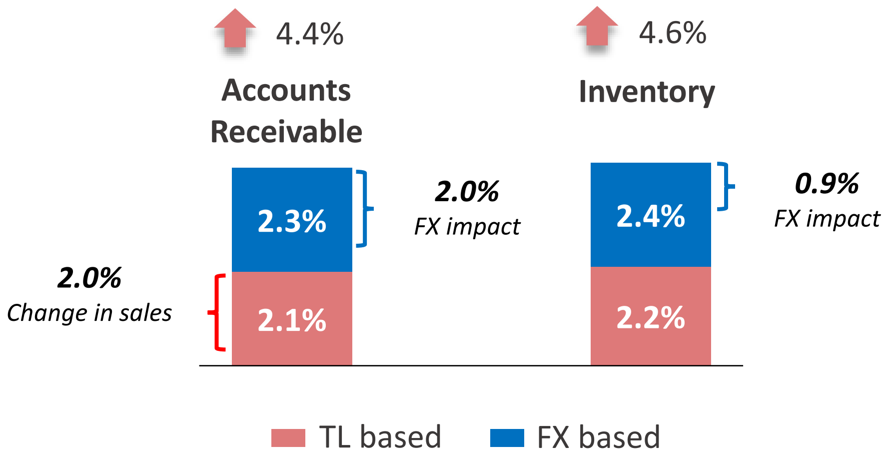
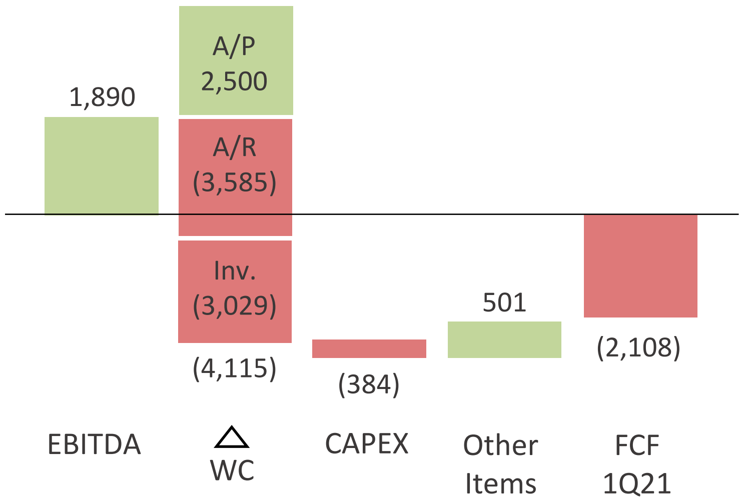
Strong Revenue Growth Led Solid EBITDA But Impacting Working Capital & FCF

Working Capital / Sales





Free Cash Flow



Strong EBITDA through;

- Unit growth
- Pricing
- TRY depreciation

Higher receivables & inventory levels due to;

- TRY depreciation
- Increased receviables of Turkey operation as a result of higher sales QoQ
- Increased production to meet market demand in the coming quarters

Resulted in negative FCF

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2021 Guidance

2021 **Expectations**

Arçelik Revenue	Turkey (in TRY)	c.25% growth
	International (in FX)	>10% growth
	Consolidated Total (in TRY)	>30% growth
Profitability	EBITDA Margin	c.12%
Working Capital/Sales		c.25%
CAPEX		c.220 mio. EUR

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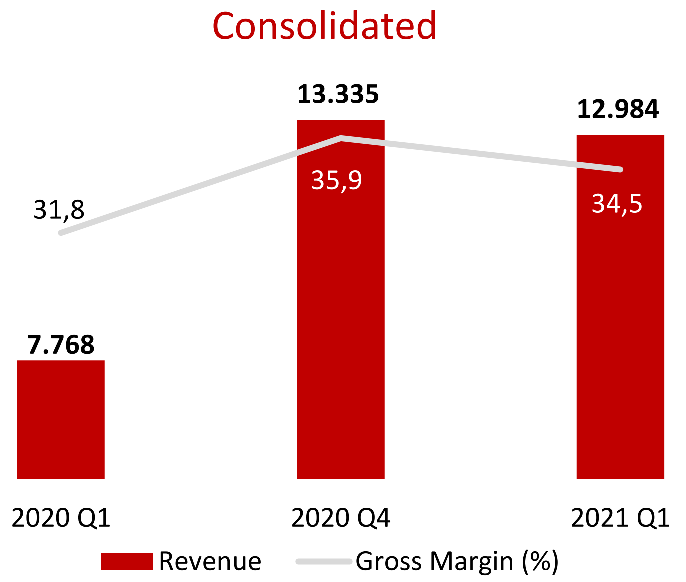
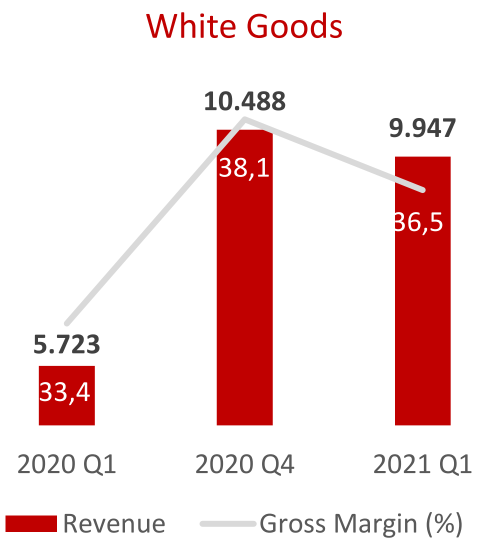
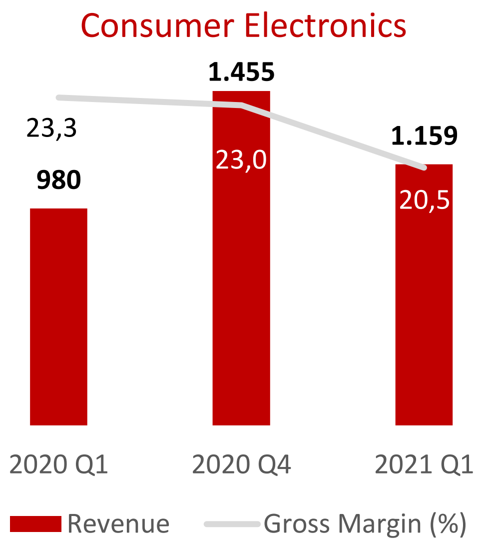
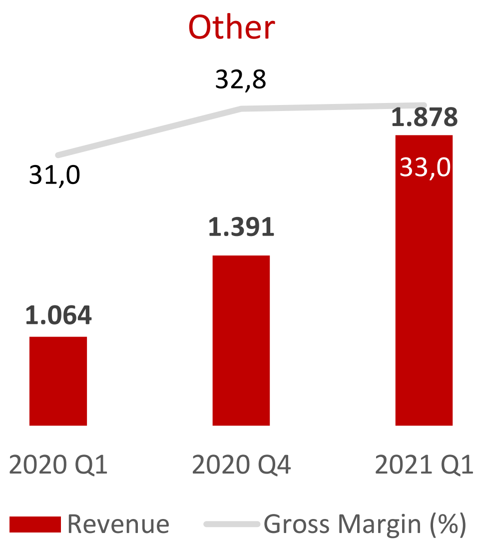
APPENDIX:
Other Financial Statements

2021 Q1 **Margin by Segments**









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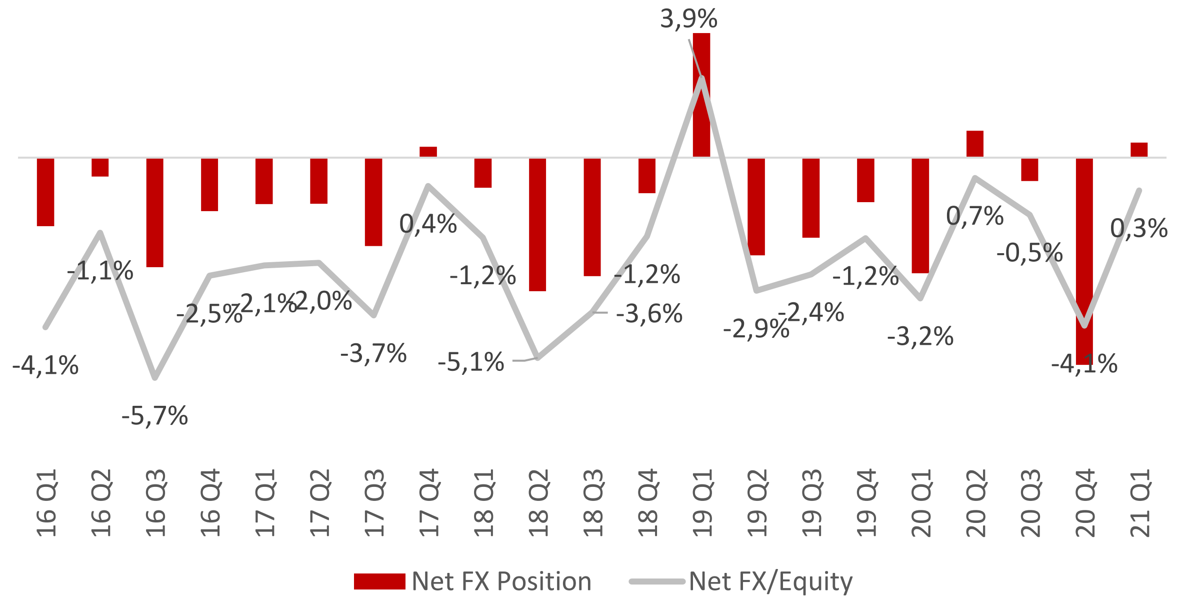
2021 Q1 **FX Hedging**



(TRYmn)	Before Hedge	Hedged Position	Net Position
EUR	(1.766)	1.843	77
USD	54	(124)	(69)
GBP	1.266	(1.219)	47
Other	947	(960)	(13)
TOTAL	501	(460)	41
Net FX Position/Equity			**0,3%**

- 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.

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