

# 3Q22 Financial Results

—  
**Arçelik**

October 21, 2022



# 3Q22 HIGHLIGHTS

**TRY34.3bn**

**Revenue**

**8.7%**

**EBITDA Margin**

**22.8%**

**OPEX / Sales**

**26.3%**

**NWC / Sales**

**2.68x**

**Leverage**

**Steady solid revenue growth on y/y while the cost pressure were persistent.. Diminishing costs on q/q resulted in slightly better operating margins..**



Robust revenue growth of 89% y/y driven by price increases & TRY depreciation. On a quarterly basis, the revenue growth was 6%.



Sell-out and sell-in were weak in Turkey, while contraction in consumer demand accelerated in both West & East Europe.



Improved OPEX/Sales ratio resulted in 125 bps EBITDA margin expansion, despite having contracted gross margin on a quarterly basis mainly as a result of further declining EURUSD parity.



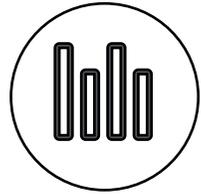
Net Working Capital/Sales was 26.3% thanks to strong collection.



Leverage was 2.68x, down by 0.47x compared to 2Q22 thanks to cash generation in the quarter. Excluding the impact of share buyback as of September, 2022 (0.29x impact), the leverage would be 2.38x.



Beko captured the market leadership position in Europe in 8M22 with an increased market share.

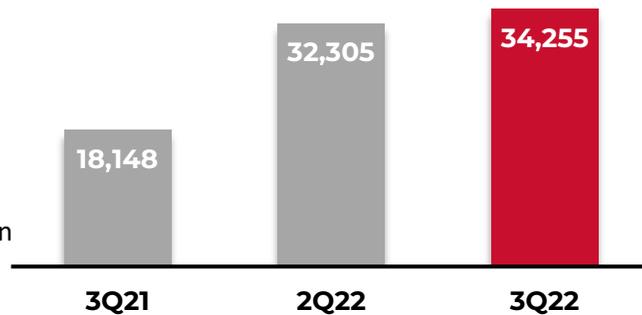


### REVENUE GROWTH

**89%**

- ↑ Price increases on both quarterly & yearly basis
- ↑ TRY depreciation on both quarterly & yearly basis
- ↓ Weaker demand on both quarterly & yearly basis

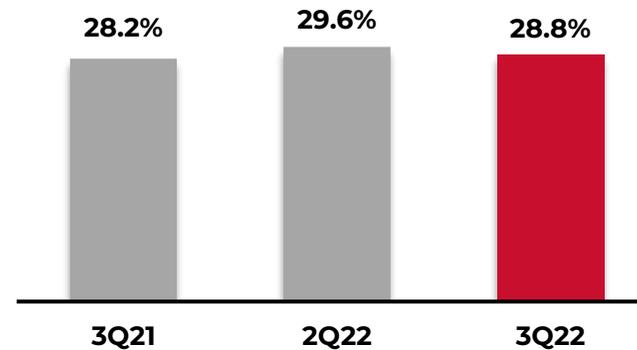
TRYmn



### GROSS MARGIN

**28.8%**

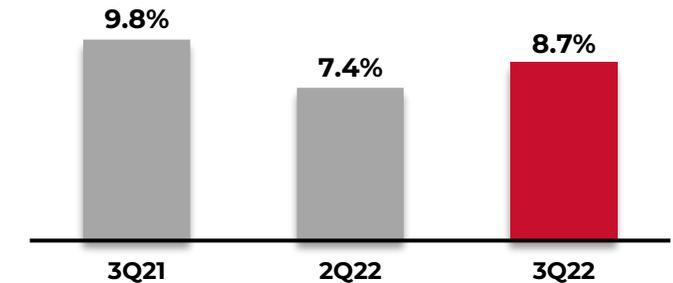
- ↓ Further weakened EUR against USD
- ↓ Minimum wage increase within the quarter
- ↓ Increased energy costs
- ↑ Eased raw material prices on a quarterly basis



### EBITDA MARGIN

**8.7%**

- ↑ Lower marketing & logistics expenses on a quarterly basis
- ↓ Higher logistic expenses on a yearly basis



# Operational Performance

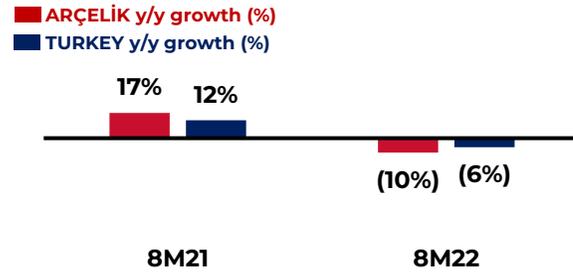


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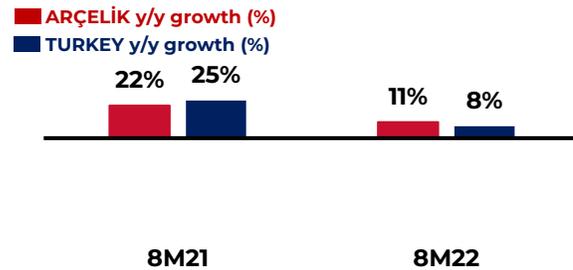
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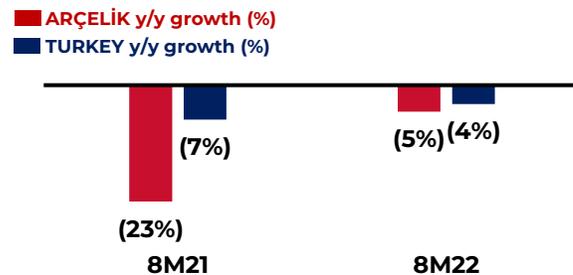
MDA6\*



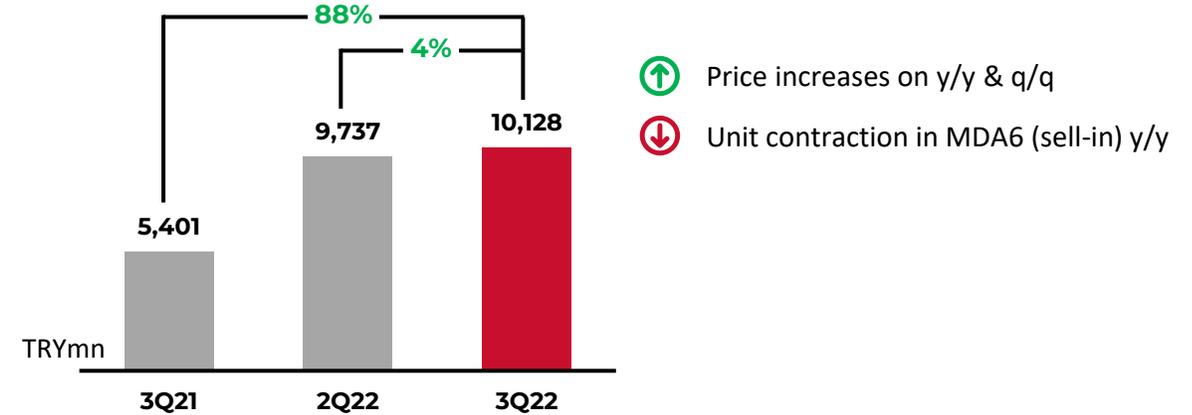
AIR CONDITIONER\*



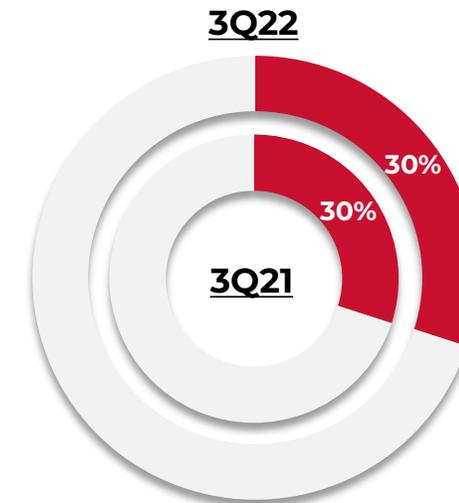
TELEVISION\*\*



Turkey Revenue Growth



Turkey Share in Total Revenue



\*MDA6 and A/C data (sell-in, in unit terms) is based on WGMA for 8M22 period on a cumulative basis.  
 \*\*TV market reflects the data of a retail panel market for 8M22 period in unit terms on a cumulative basis.



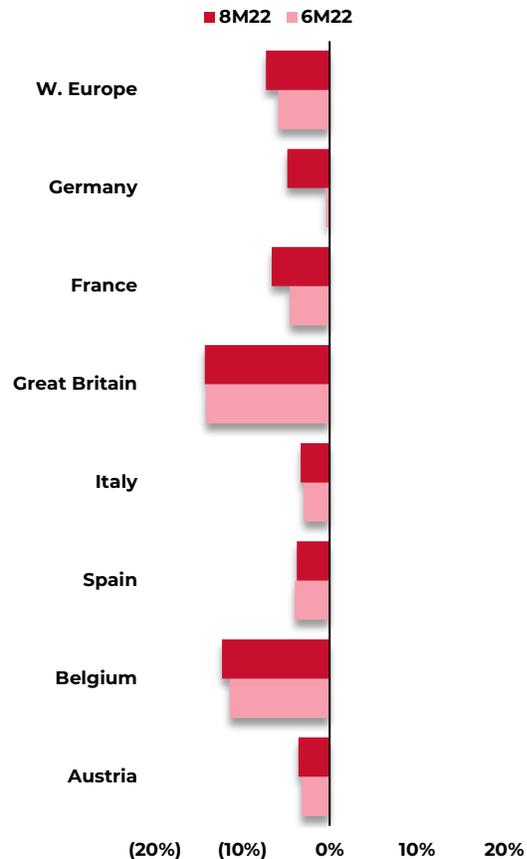
## Western Europe



## Eastern Europe

y/y market unit growth

### MDA6 Market



- Slowdown in consumer demand in Western Europe market accelerated in July & August mainly due to inflationary environment and changing consumer spending priorities.
- In Germany, Great Britain and France, consumer demand fell by double-digits on a yearly basis in both July and August.
- Despite having been contracted in unit terms, market remained flattish in 8M22 y/y in value terms, reflecting price increases and higher share of premium segment sales.

### Arçelik in Western Europe

- 14% y/y revenue contraction in EUR terms mainly due to lower units.
- Beko maintained leadership in the U.K.

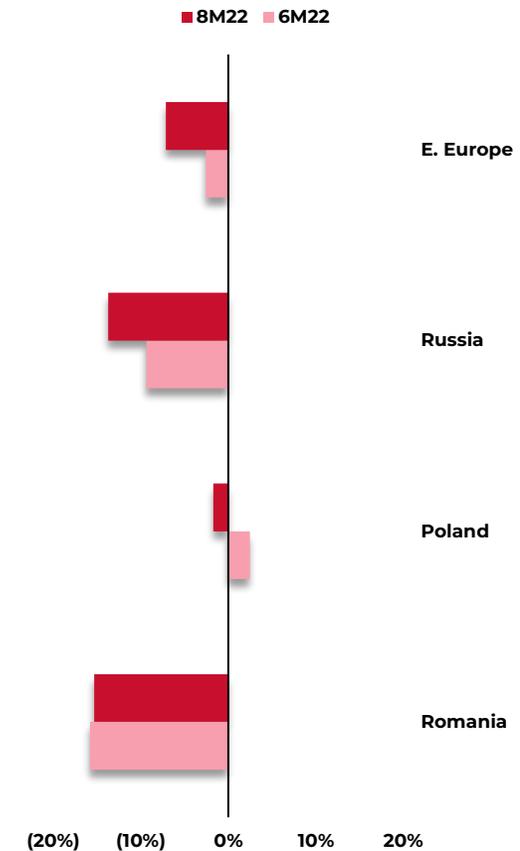
### MDA6 Market

- Consumer demand continued to contract significantly in July and August in Eastern Europe as it was accelerated in the major countries compared to previous months.
- Market grew significantly in value terms in July & August period on a cumulative basis thanks mainly to strong price increases in the market.

### Arçelik in Eastern Europe

- 35% y/y revenue growth in EUR terms thanks mainly to price increases and inorganic revenue contribution from recent acquisition. Organically, revenue growth was 30%.
- Arctic & Beko brands continued to hold the first and second position respectively in Romania in 8M22.

y/y market unit growth



MDA6 market charts show the growth of sell-out demand in the countries and the regions in both 6M22 and 8M22 y/y and reflect the data of a retail panel market.

Eastern European MDA6 market chart excludes Ukraine's figures.

Russia's share in Arçelik's total revenue in 9M22 was 3.5% (9M21: 1.9%). Ukraine's share in total revenue in 9M22 was 0.6% (9M21: 0.4%).



## Africa & Middle East

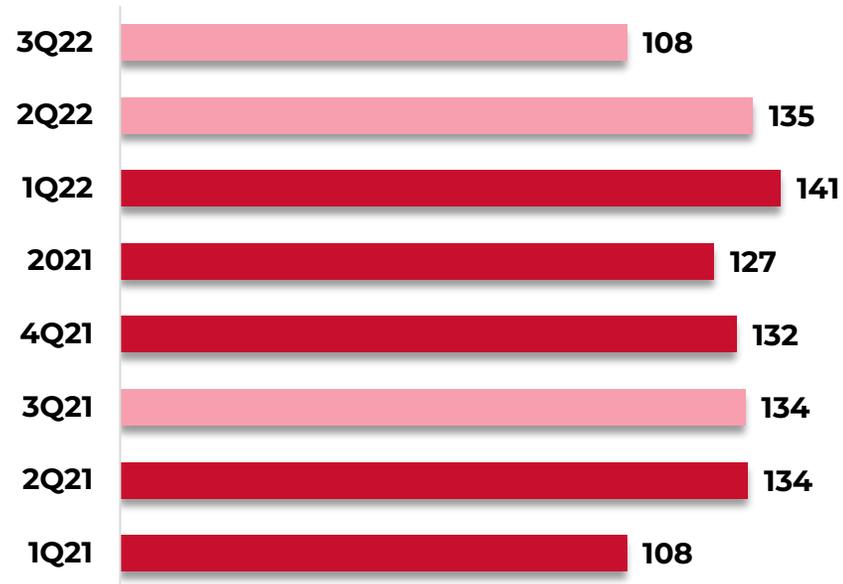
- Revenues from Africa & Middle East increased by c.48% y/y in 3Q22 in EUR terms thanks to significantly higher contribution of Middle East operations.
- Defy's domestic unit sales were flattish in the third quarter compared to a year ago while delivering mid single digit growth on a quarterly basis. Export units were down by mid-to-high single digit on a yearly basis and grew at low-teens on a quarterly basis.
- Defy's revenue increased by c.16% in both EUR & ZAR terms y/y in 3Q22 mainly thanks to price increases and grew by c.11% in EUR terms q/q due to higher units and price increases.
- Defy increased its market share significantly as of August y/y in South Africa and maintained its strong leadership in a declining demand environment.
- Beko Egypt registered c.48% y/y revenue growth in EUR terms thanks mainly to increased dishwasher and air conditioner units and price increases while on a quarterly basis, revenue fell by c.15% in EUR terms mainly due to the import regulation imposed by the government.



## Asia-Pacific

- Revenues from APAC were down by c.2% in EUR terms in 3Q22 y/y.
- In Pakistan, mainly due to the flood disaster in the country, units were contracted significantly on a quarterly basis. Thus, net sales were down by c.48% q/q in PKR terms (52% in EUR terms). On a yearly basis, thanks to price increases, net sales were increased by c.9% in PKR terms while due to PKR depreciation, net sales were contracted by c.7% in EUR terms.
- In Bangladesh, net sales were increased by c.13% in BDT terms in 3Q22 y/y driven by higher A/C, washing machine and SDA unit sales and price increases.

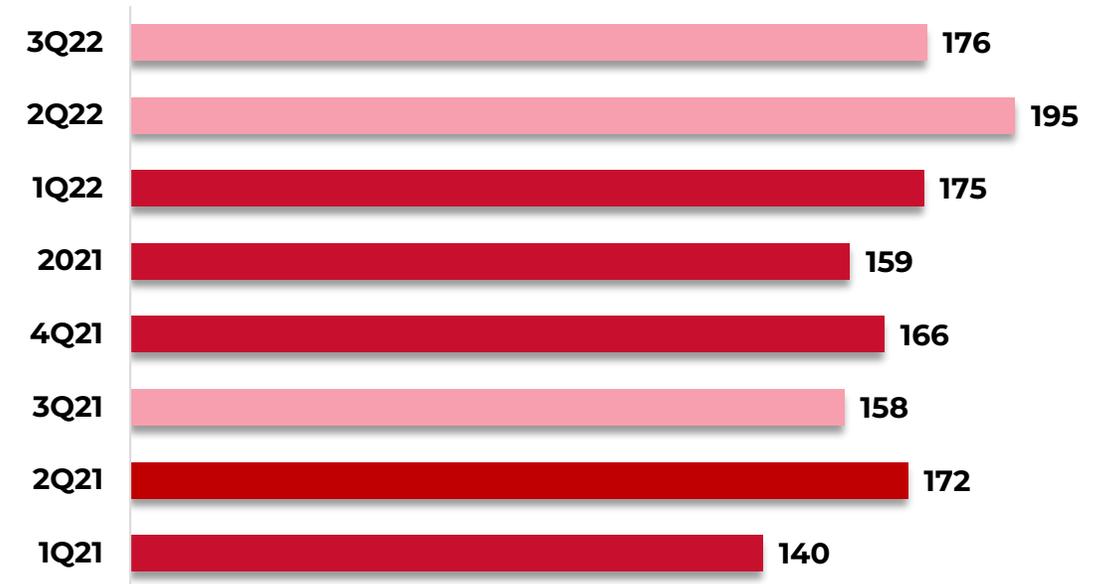
### Average Metal Prices Index - Market



- Shrunk demand continued to weigh on metal raw material prices in 3Q22.

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

### Average Plastic Prices Index - Market



- Increased oil, gas and energy prices due to the war between Russia & Ukraine impacted plastic raw material prices negatively starting from March.
- Declining demand resulted in lower plastic prices in 3Q22.

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

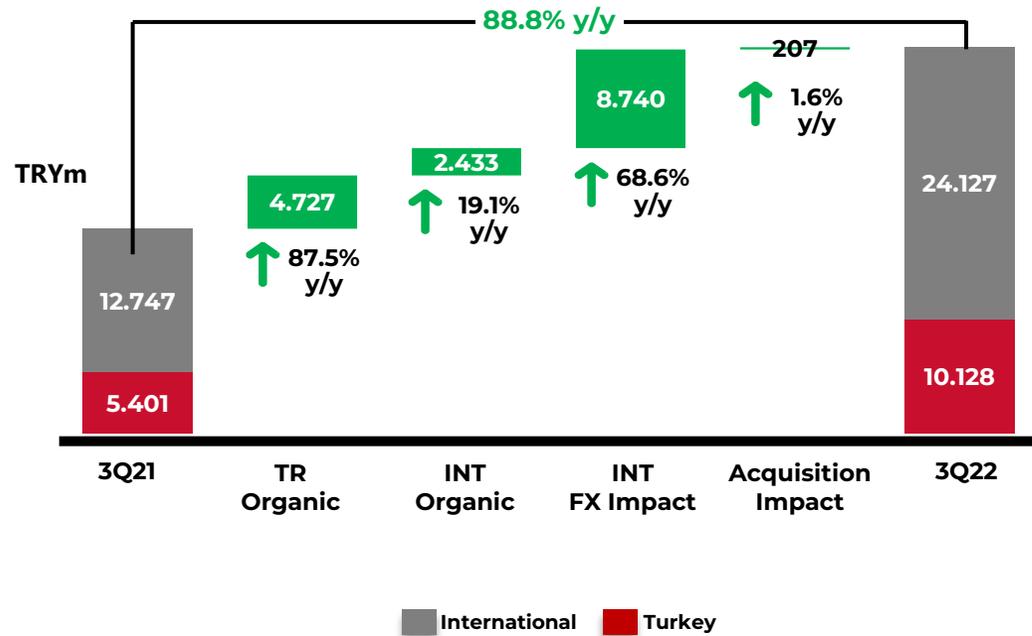
# Sales Performance



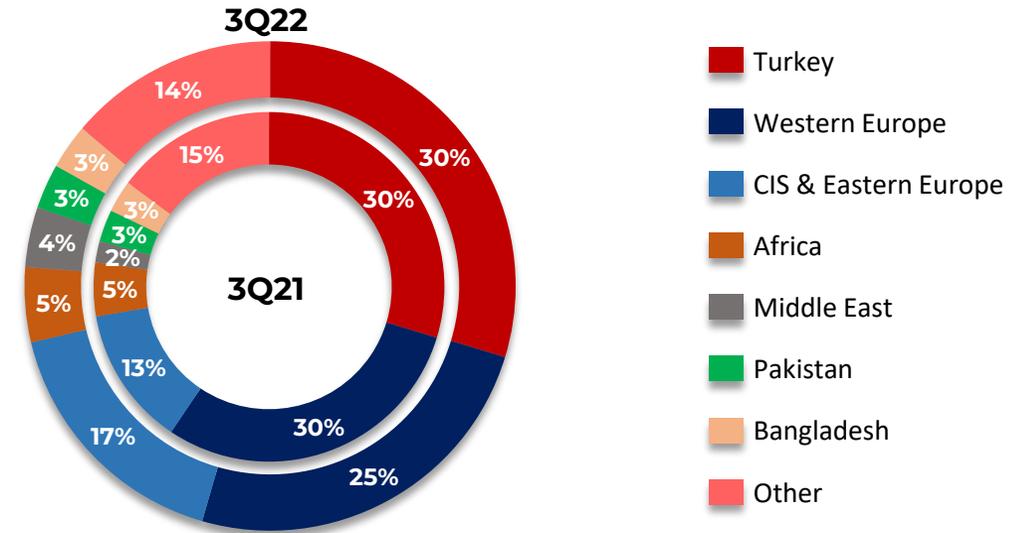
**3Q22 Financial Results**

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### Sales Bridge



### Sales Breakdown by Geography



# Financial Performance



**3Q22 Financial Results**

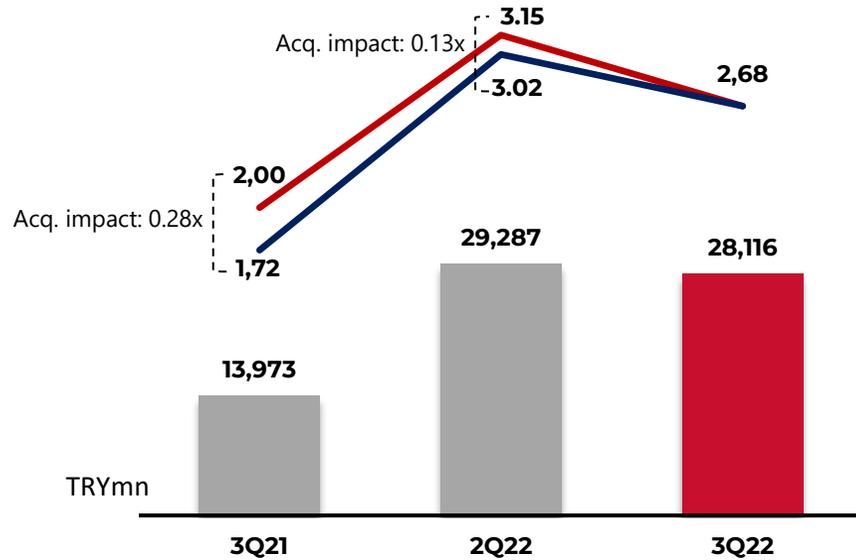
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TRYmn	3Q22	3Q21	y/y	2Q22	q/q	9M22	9M21	y/y
Revenue	34.255	18.148	89%	32.305	6%	94.724	45.666	107%
Gross Profit	9.861	5.125	92%	9.568	3%	28.116	14.002	101%
EBIT	2.100	1.321	59%	1.631	29%	6.013	3.912	54%
EBIT - exc. one-off items	2.046	1.321	55%	1.602	28%	5.930	3.912	52%
Profit Before Tax	231	770	(70%)	304	(24%)	1.987	2.648	(25%)
Net Income	495	717	(31%)	340	46%	2.059	2.358	(13%)
Net Income - exc. one-off items	441	717	(38%)	311	42%	1.977	2.358	(16%)
EBITDA	2.986	1.782	68%	2.412	24%	8.404	5.099	65%
EBITDA - exc. one-off items	2.932	1.782	65%	2.383	24%	8.321	5.099	63%
Gross Profit Margin	28,8%	28,2%	54 bps	29,6%	(83 bps)	29,7%	30,7%	(98 bps)
EBIT Margin	6,1%	7,3%	(115 bps)	5,0%	108 bps	6,3%	8,6%	(222 bps)
EBIT Margin - exc. one-off items	6,0%	7,3%	(131 bps)	5,0%	101 bps	6,3%	8,6%	(231 bps)
Net Profit Margin	1,4%	3,9%	(251 bps)	1,1%	39 bps	2,2%	5,2%	(299 bps)
Net Profit Margin - exc. one-off items	1,3%	3,9%	(266 bps)	1,0%	32 bps	2,1%	5,2%	(308 bps)
EBITDA Margin	8,7%	9,8%	(110 bps)	7,5%	125 bps	8,9%	11,2%	(229 bps)
EBITDA Margin - exc. one-off items	8,6%	9,8%	(126 bps)	7,4%	118 bps	8,8%	11,2%	(238 bps)

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

\*\*Net income before minority

### Net Debt & Leverage

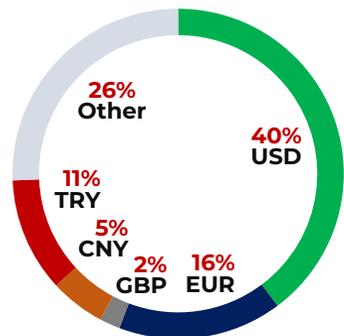


### Debt Currency & Rates Breakdown

Currency	Effective Interest Rate p.a.	Original Currency (mn)	TRY Equivalent (mn)
TRY	22,1%	6.609	6.609
EUR	1,7%	503	9.015
USD	5,8%	49	906
GBP	3,4%	7	142
ZAR	6,5%	1.027	1.058
AUD	4,1%	28	338
PKR	14,8%	42.064	3.379
BDT	6,6%	8.492	1.554
RUB	13,2%	7	2
RON	8,1%	127	456
PLN	9,0%	119	440
NOK	3,4%	28	47
SEK	1,0%	92	150
IDR	8,4%	88.966	108
MYR	6,0%	31	126
THB	3,9%	43	21
<b>TOTAL LOANS</b>			<b>24.351</b>
USD	5,0%	512	9.480
EUR	3,0%	353	6.334
TRY	23,2%	6.255	6.255
<b>TOTAL BOND</b>			<b>22.069</b>
<b>TOTAL</b>			<b>46.419</b>

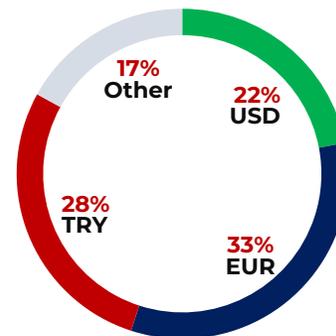
### Cash Currency Breakdown

TRY20.4bn (EUR1.1bn)



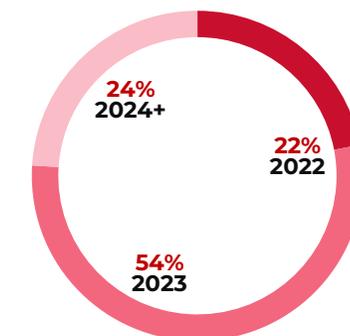
### Debt Currency Breakdown

TRY46.4bn (EUR2.6bn)

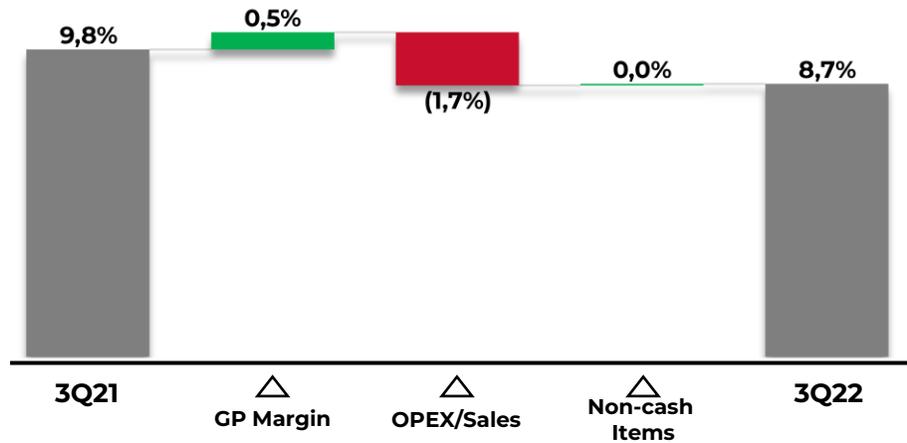


### Debt Maturity Profile

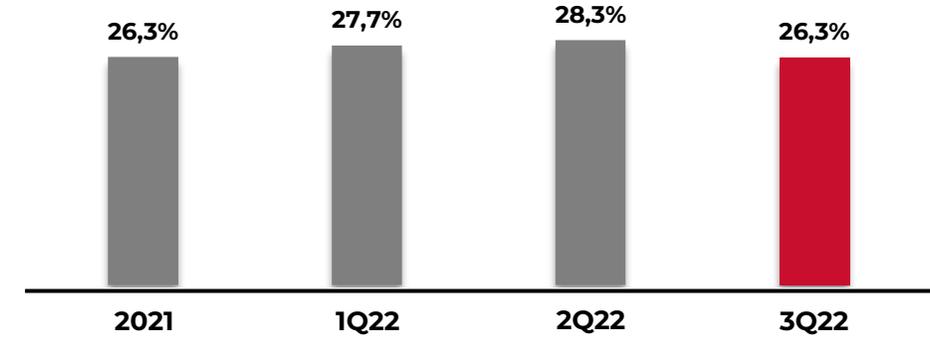
TRY46.4bn (EUR2.6bn)



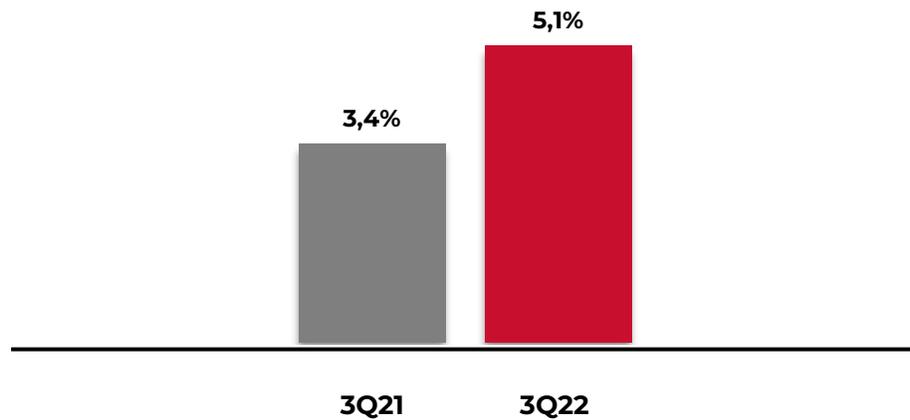
### EBITDA Margin



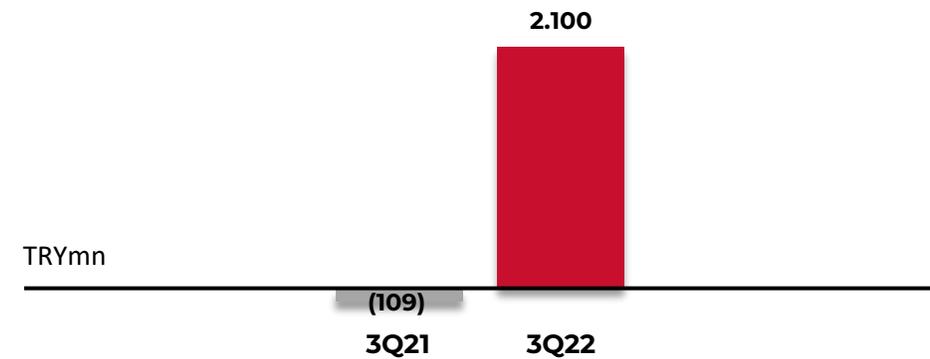
### Working Capital/Sales



### CAPEX/Sales



### Free Cash Flow



# Guidance



**3Q22 Financial Results**

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## Revenue

- Turkey (in TRY) >70% growth
- International (in FX) >20% growth
- Consolidated (in TRY) >90% growth



## EBITDA Margin

c.9.5%



## WC/Sales

c.25%



## CAPEX

c.260 mio EUR

**Q&A**



**3Q22 Financial Results**

**Arçelik**

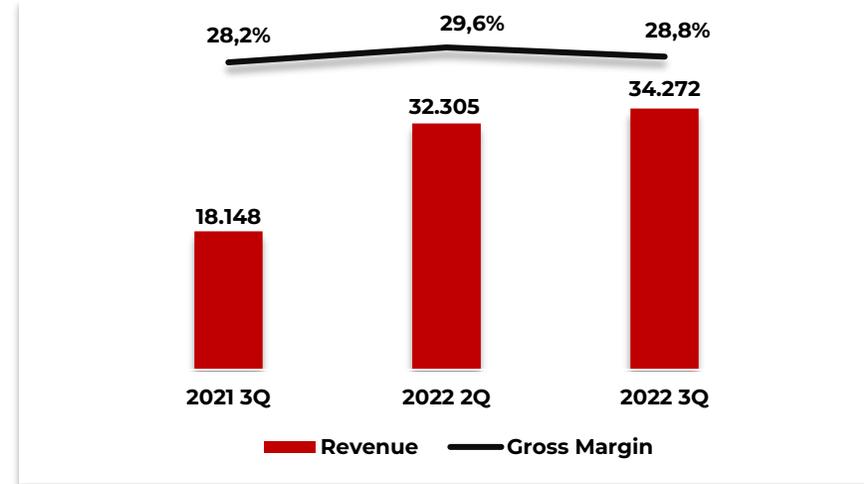
# Appendix



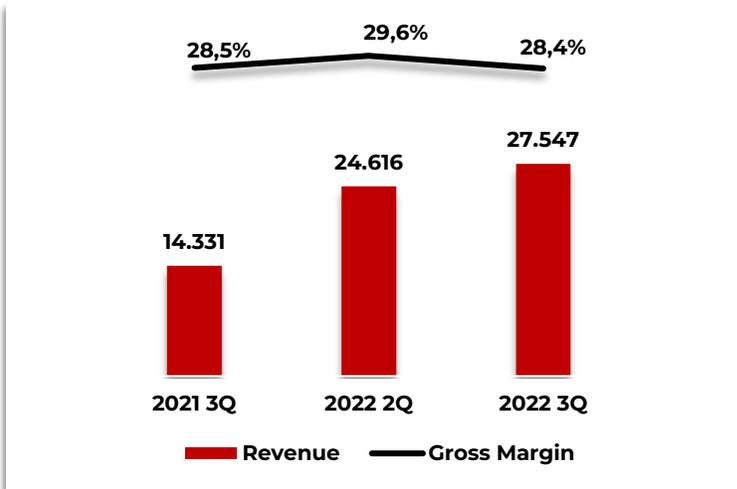
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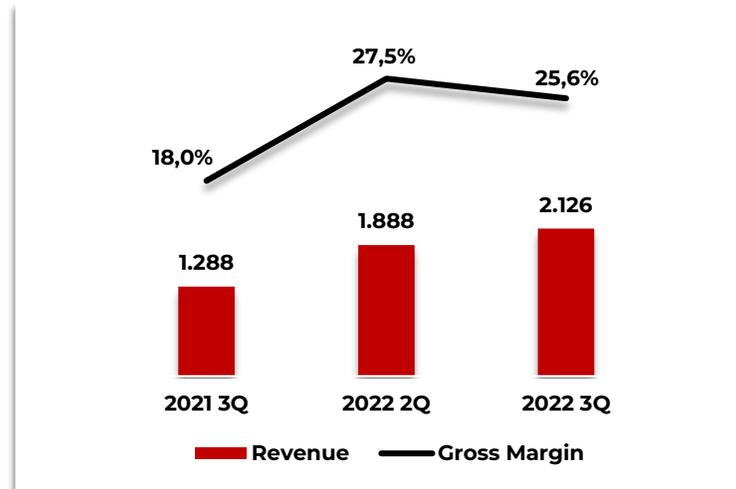
### Consolidated



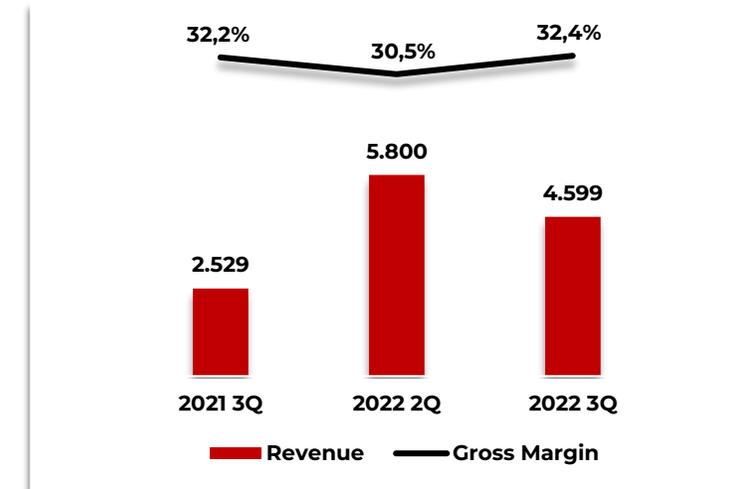
### White Goods

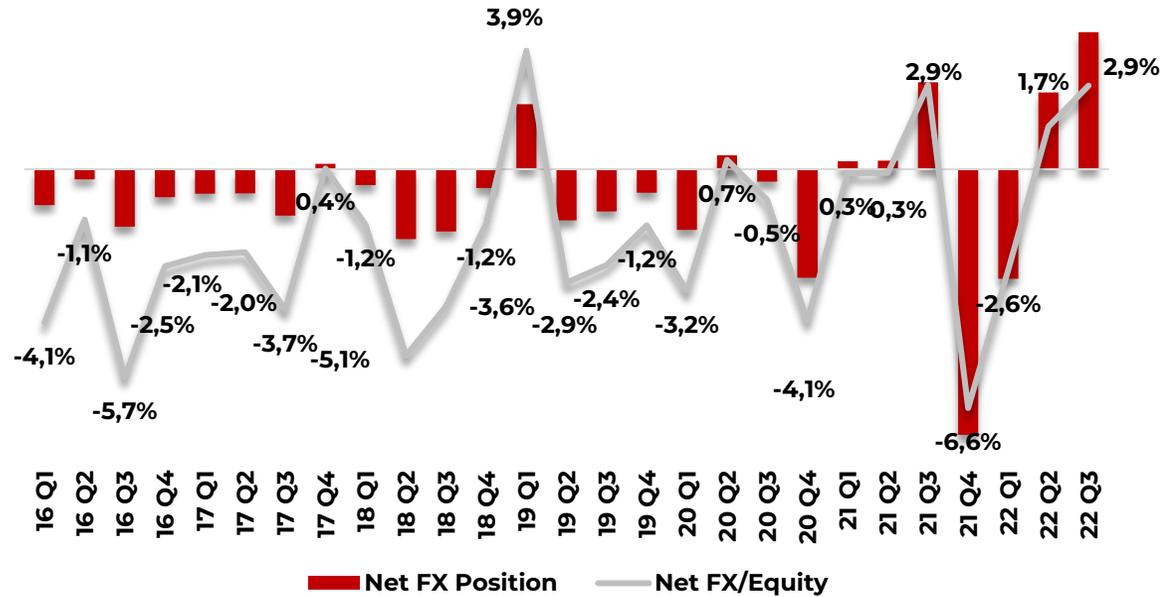


### Consumer Electronics



### Other





TRYm	Before Hedge	Hedged Position	Net Position
EUR	(8,962)	8,830	(133)
USD	(4,306)	5,047	742
GBP	1,553	(1,384)	169
Other	(3,443)	3,385	(54)
<b>TOTAL</b>	<b>(15,158)</b>	<b>15,882</b>	<b>724</b>
<b>Net FX Position / Equity</b>			<b>2,9%</b>

- 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 a FX exposure exceeding low single-digit % of equity.

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

**Özkan Çimen**

CFO

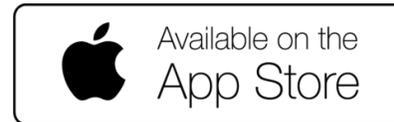
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