

1Q23 Financial Results

Arçelik

April 19, 2023



1Q23 HIGHLIGHTS

TRY39.9bn

Revenue

9.3%

EBITDA Margin

24.4%

OPEX / Sales

22.7%

NWC / Sales

2.56x

Leverage

Continued resilience of revenue growth.. Raw material costs eased on both y/y & q/q while higher OPEX/Sales pressured EBITDA margin..



Revenue growth of 42% y/y driven by price increases, TRY depreciation and inorganic revenue contribution. Organically, annual growth was 36%.



Strong wholesale market in Türkiye in 2M23 while consumer demand has been negatively affected by the earthquake in Türkiye in February, following an annual growth in January.



Demand remained under pressure in international markets, particularly in Western & Eastern Europe.



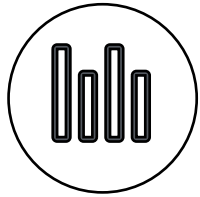
EBITDA margin was 9.3%, up by 11 bps q/q while contracted by 137 bps y/y due to higher OPEX/Sales.



Net Working Capital/Sales was 22.7% as of 1Q23, up by 1.7% compared to 2022 year-end mainly as a result of increased receivables.



Leverage was 2.56x, up by 0.32x (including 0.20x of FX conversion impact) compared to 2022 year-end due to increased funding needs.

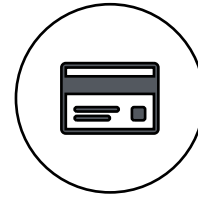
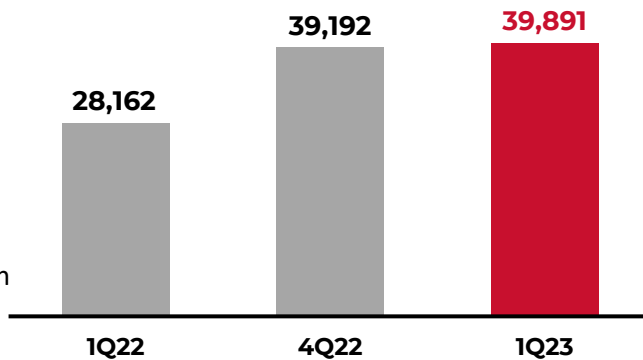


REVENUE GROWTH

42%*

- ↑ Price increases on both q/q & y/y
- ↑ TRY depreciation on y/y
- ↑ Slightly higher MDA6 units sold in Turkey on a yearly basis
- ↑ Inorganic revenue growth on y/y

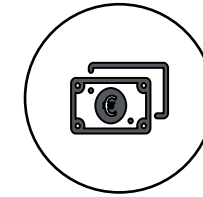
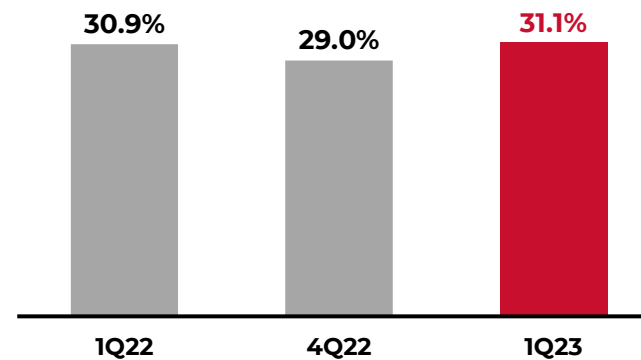
TRYmn



GROSS MARGIN

31.1%

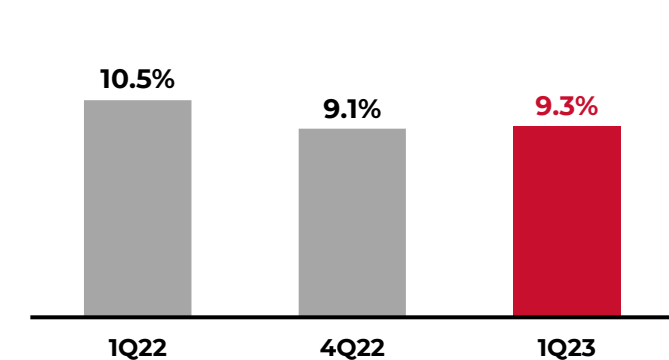
- ↑ Lower raw material costs on both q/q & y/y
- ↑ Favorable EURUSD parity on q/q
- ↓ Lower capacity utilisation on y/y



EBITDA MARGIN

9.3%

- ↑ Better gross profitability on both q/q & y/y
- ↓ Increased OPEX/Sales on both q/q & y/y due to higher G&A



*Includes inorganic revenue contribution of Indesit International JSC and Whirlpool RUS LLC and Asogem acquisitions. Organically, annual revenue growth was 36% in 1Q23.

Operational Performance

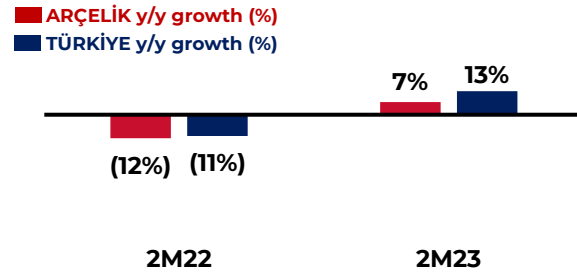


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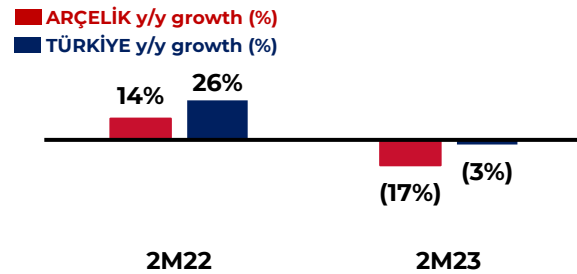
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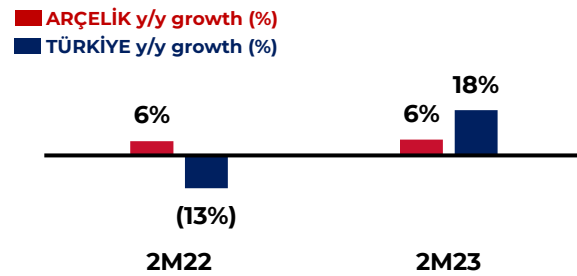
MDA6*



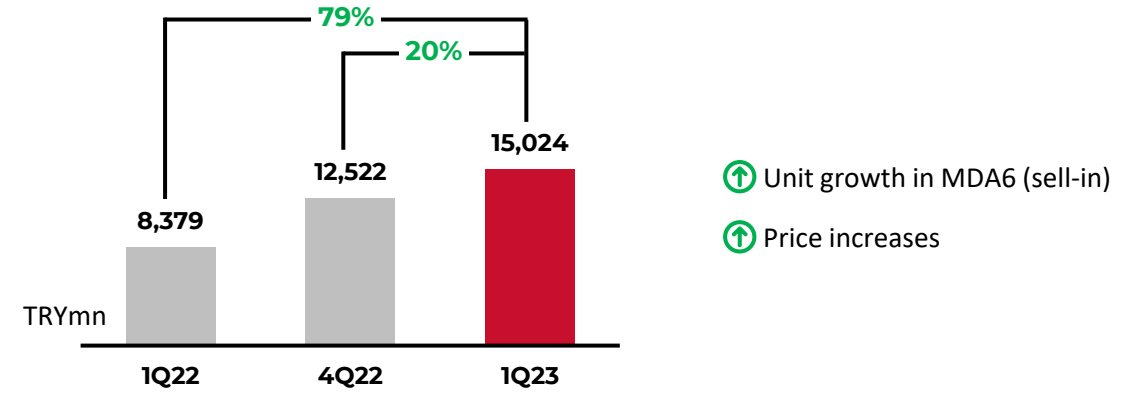
AIR CONDITIONER*



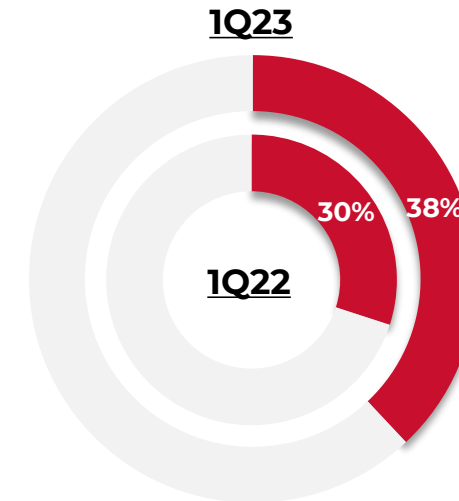
TELEVISION**



Türkiye Revenue Growth



Türkiye Share in Total Revenue



*MDA6 and A/C data (sell-in, in unit terms) is based on WGMA for 2M23 period on a cumulative basis.
**TV market reflects the data of a retail panel market for 2M23 period in unit terms on a cumulative basis.



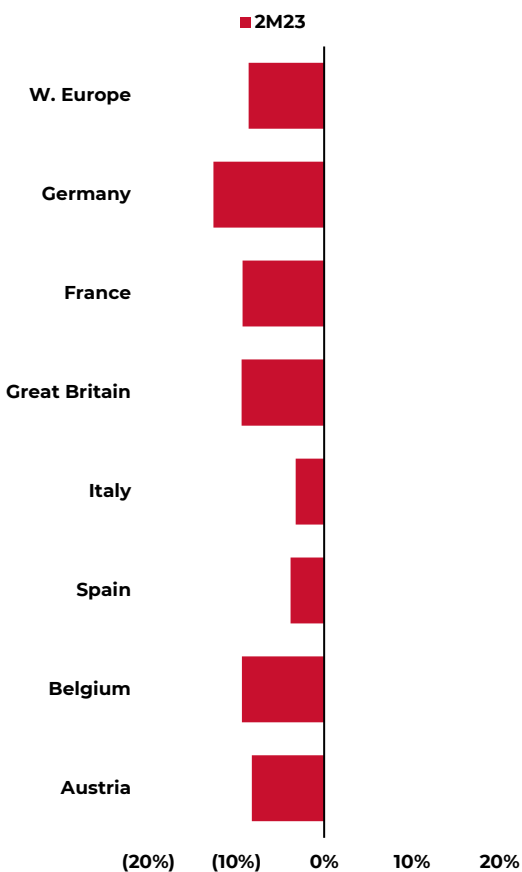
Western Europe



Eastern Europe

y/y market growth in unit terms

MDA6 Market



- The slowdown in consumer demand in the Western European market throughout 2022 remained persistent in the first two months of 2023, leading to a high single digit contraction in unit terms on a yearly basis.
- Price increases implemented across the industry were offset the unit contraction to some extent, yet the market has been contracted in value terms at low single digit percentage.
- Cycling a high growth last year, consumer demand has fallen the most in Germany, while strikes in France have affected the market.

Arçelik in Western Europe

- The decrease in units sold was somewhat offset by higher prices, but this still led to a decline in revenue of around mid-single digits in EUR terms y/y in 1Q23.
- Beko remained as the top brand in the U.K. in unit terms.

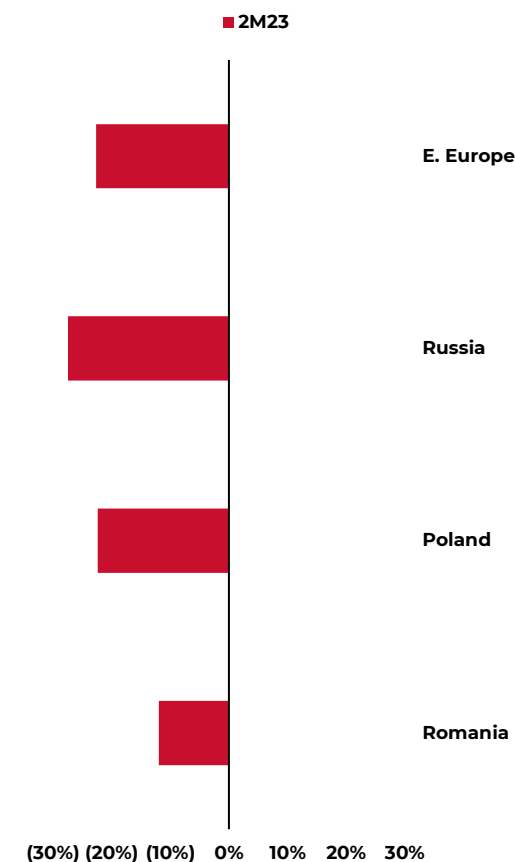
MDA6 Market

y/y market growth in unit terms

- Consumer demand in Eastern European market contracted by slightly higher than 20% y/y in in unit terms in the first two months of 2023, mainly due to the strong performance achieved in the same period of the last year.
- Ongoing political and macroeconomic challenges were among other factors behind the demand contraction.
- Despite industry-wide price increases, the market shrank by roughly a mid-teens percentage in value terms during the first two months of 2023 on a yearly basis.

Arçelik in Eastern Europe

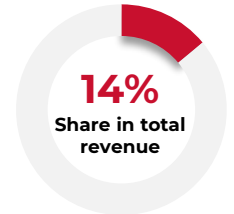
- 41% y/y revenue growth in EUR terms thanks mainly to price increases, higher units sold and inorganic growth. Organically, revenue growth was 16%.





Africa & Middle East

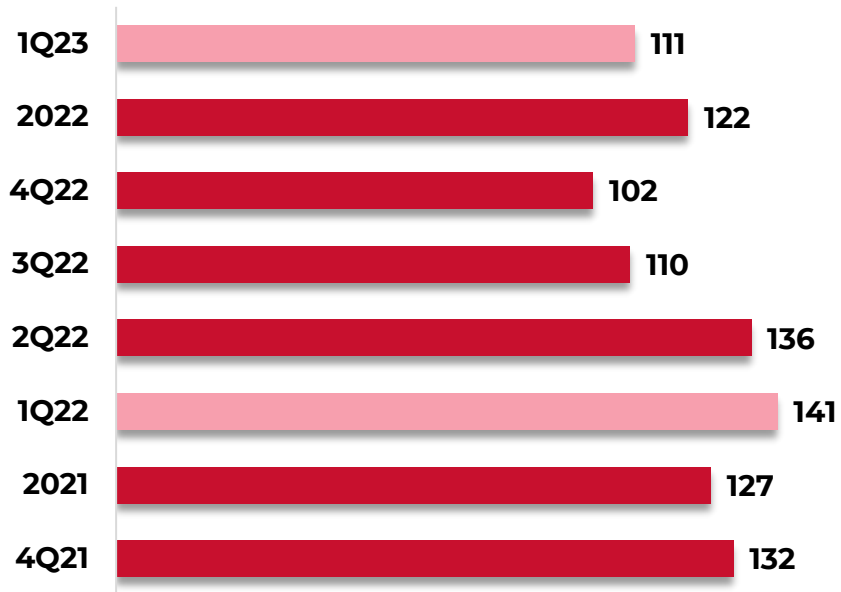
- Revenues generated from Africa & Middle East contracted by c.14% y/y in 1Q23 in EUR terms primarily due to weak performance of MENA operations.
- Defy's domestic and export unit sales were contracted in the first quarter on a yearly basis due to declining markets.
- Unit contraction was partially offset by price increases, yet Defy's revenues declined by c.4% in ZAR terms. In EUR terms, Defy's revenue was contracted at around mid-teens percentage, reflecting the depreciation of ZAR against EUR.
- Consumer demand in South Africa was significantly down at high-teens percentage, reflecting ongoing macro challenges. Defy maintained its strong market leadership as of February 2022.
- Beko Egypt's revenue declined by c.1% y/y in 1Q23 in EUR terms. Strategic pricing has mitigated the unit contraction.
- Compared to the first two months of 2022, MDA6 market remained flattish in Egypt. In this period, Beko substantially increased its market share in the country, in both unit and value terms.



Asia-Pacific

- Revenues from APAC were down by c.18% in EUR terms in 1Q23 y/y. The contraction was primarily as a result of lower sales contribution from Arçelik-Hitachi business due to weak demand environment.
- In Pakistan, further depreciation of PKR against EUR, lower units sold due to deteriorated consumer sentiment and recently imposed import constraints on raw materials, have resulted in annual revenue contraction of c.32% in EUR terms in 1Q23. In PKR terms, thanks to price increases, revenue contraction was c.7% in the same period.
- In Bangladesh, macroeconomic challenges and early monsoon has affected the market. Net sales were down by c.4% in BDT terms in 1Q23 y/y as a result of lower units sold. In EUR terms, net sales were down by c.19% due to continued depreciation of BDT against EUR.

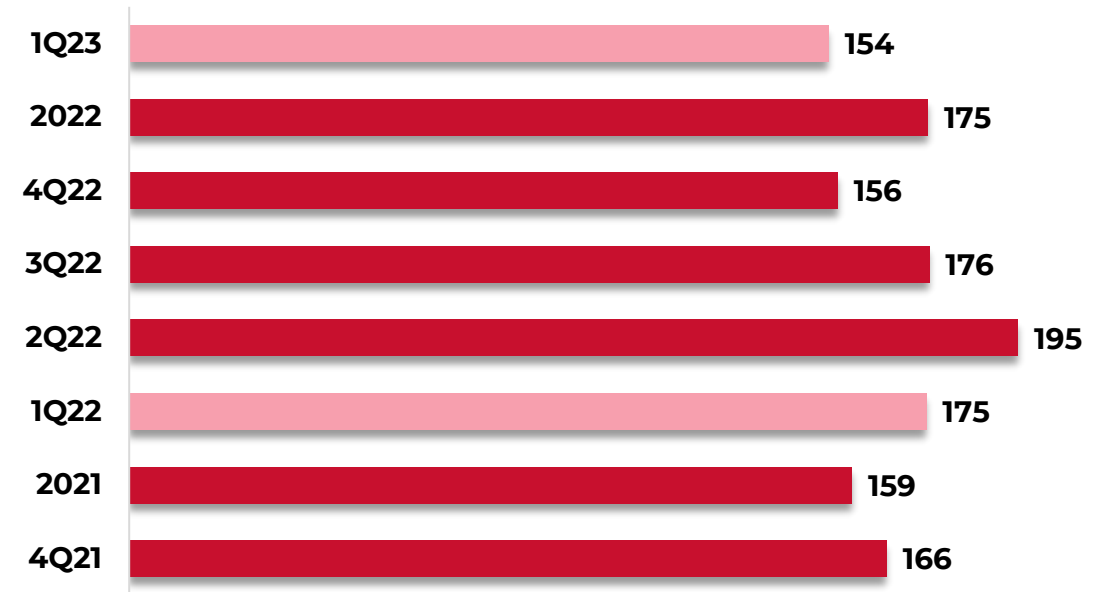
Average Metal Prices Index - Market



- In anticipation of an improved demand outlook resulting from the alleviation of recessionary concerns on a global scale and the lifting of COVID restrictions in China, metal raw material prices increased on a quarterly basis.
- Turkey experienced a more significant rise in metal raw material prices, primarily driven by tax hikes on steel products and the sudden surge in demand & the decline in supply after the earthquake.

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

Average Plastic Prices Index - Market



- Plastic raw material prices were stable in 1Q23 compared to a quarter ago while significantly contracted compared to a year ago as a result of lower demand and decreased energy and transportation costs.

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

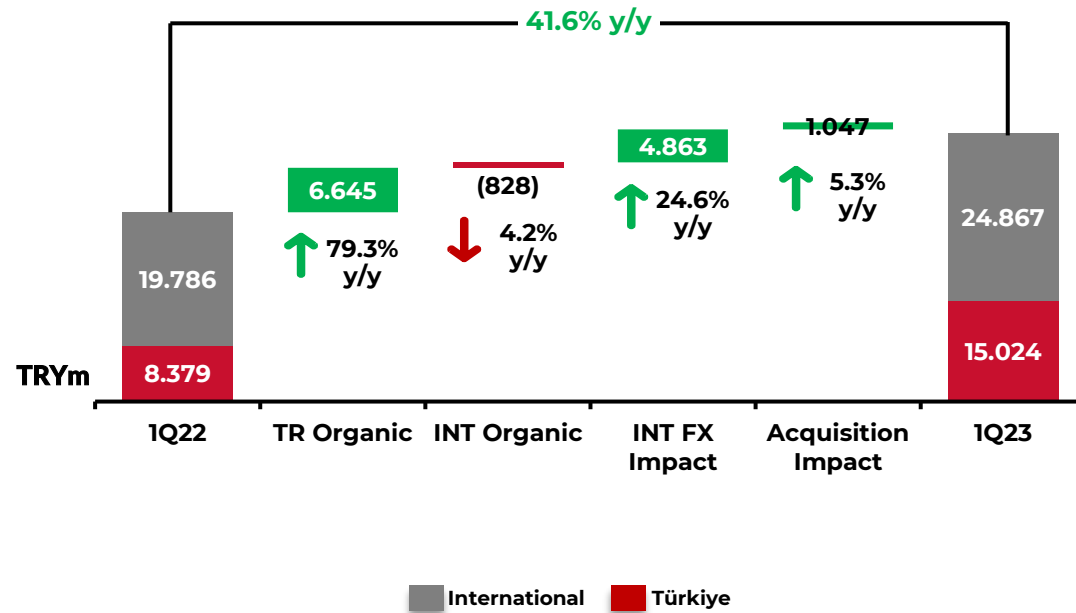
Sales Performance



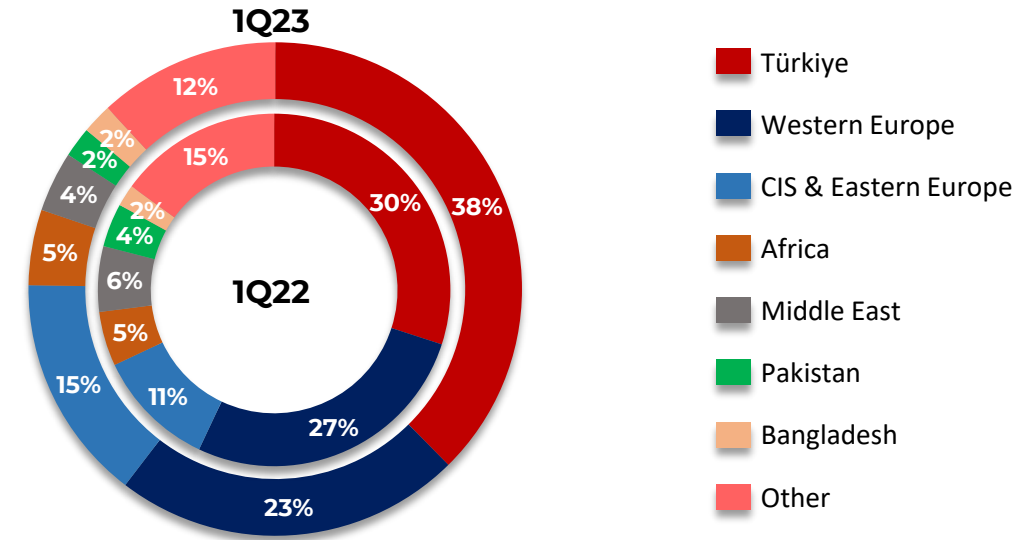
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Sales Bridge



Sales Breakdown by Geography



Financial Performance



1Q23 Financial Results

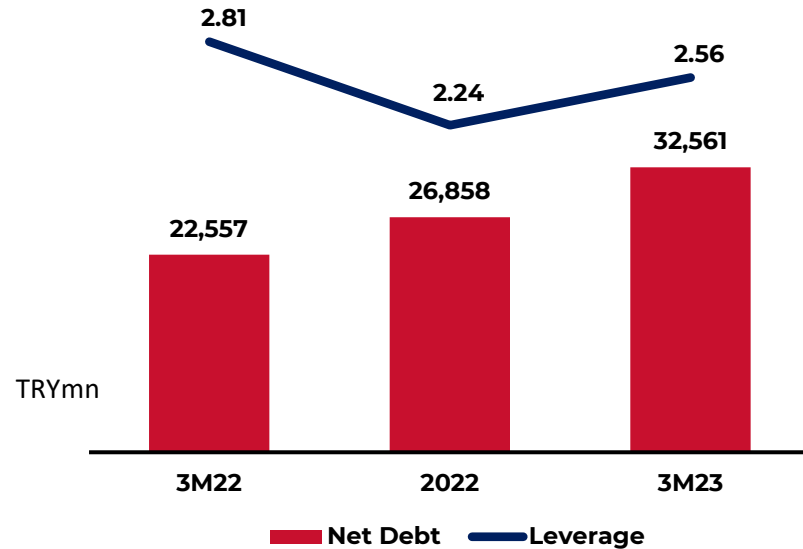
Arçelik

TRYmn	1Q23	1Q22	y/y	4Q22	q/q
Revenue	39.891	28.164	42%	39.192	2%
Gross Profit	12.416	8.687	43%	11.377	9%
EBIT	2.693	2.282	18%	2.663	1%
EBIT - exc. one-off items	2.693	2.282	18%	2.663	1%
Profit Before Tax	710	1.451	(51%)	2.231	(68%)
Net Income	1.159	1.224	(5%)	2.664	(57%)
Net Income - exc. one-off items	1.159	1.224	(5%)	1.265	(8%)
EBITDA	3.691	2.993	23%	3.582	3%
EBITDA - exc. one-off items	3.691	2.993	23%	3.582	3%
Gross Profit Margin	31,1%	30,8%	28 bps	29,0%	210 bps
EBIT Margin	6,8%	8,1%	(135 bps)	6,8%	(4 bps)
EBIT Margin - exc. one-off items	6,8%	8,1%	(135 bps)	6,8%	(4 bps)
Net Profit Margin	2,9%	4,3%	(144 bps)	6,8%	(389 bps)
Net Profit Margin - exc. one-off items	2,9%	4,3%	(144 bps)	3,2%	(32 bps)
EBITDA Margin	9,3%	10,6%	(137 bps)	9,1%	11 bps
EBITDA Margin - exc. one-off items	9,3%	10,6%	(137 bps)	9,1%	11 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

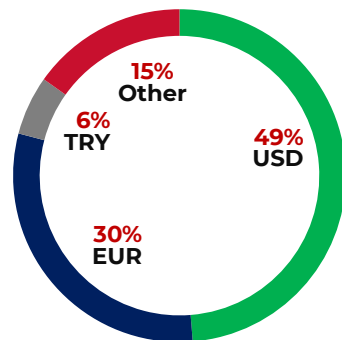


Debt Currency & Rates Breakdown

Currency	Effective Interest Rate p.a.	Original Currency (mn)	TRY Equivalent (mn)	Share (%)
TRY	24,2%	4.194	4.194	7,2%
EUR	3,7%	1.022	21.261	36,8%
USD	5,3%	119	2.286	4,0%
GBP	0,0%	7	169	0,3%
ZAR	9,4%	1.095	1.163	2,0%
AUD	5,3%	29	372	0,6%
PKR	19,6%	29.462	1.982	3,4%
BDT	7,5%	7.110	1.270	2,2%
RON	7,4%	145	605	1,0%
PLN	7,9%	73	325	0,6%
NOK	4,1%	33	60	0,1%
SEK	4,0%	98	179	0,3%
IDR	8,4%	92.737	118	0,2%
MYR	6,0%	32	141	0,2%
THB	4,9%	370	207	0,4%
TOTAL LOANS			34.338	59,4%
USD	5,0%	512	9.810	17,0%
EUR	3,0%	359	7.466	12,9%
TRY	26,4%	6.239	6.239	10,8%
TOTAL BOND			23.514	40,6%
TOTAL			57.852	

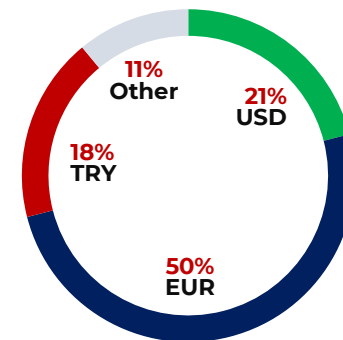
Cash Currency Breakdown

TRY29.3bn (EUR1.4bn)



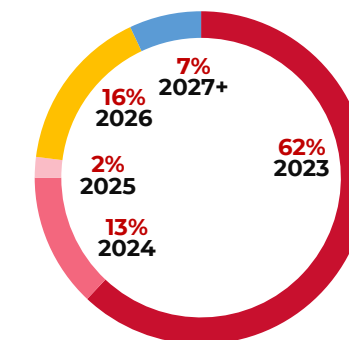
Debt Currency Breakdown

TRY57.9bn (EUR2.8bn)



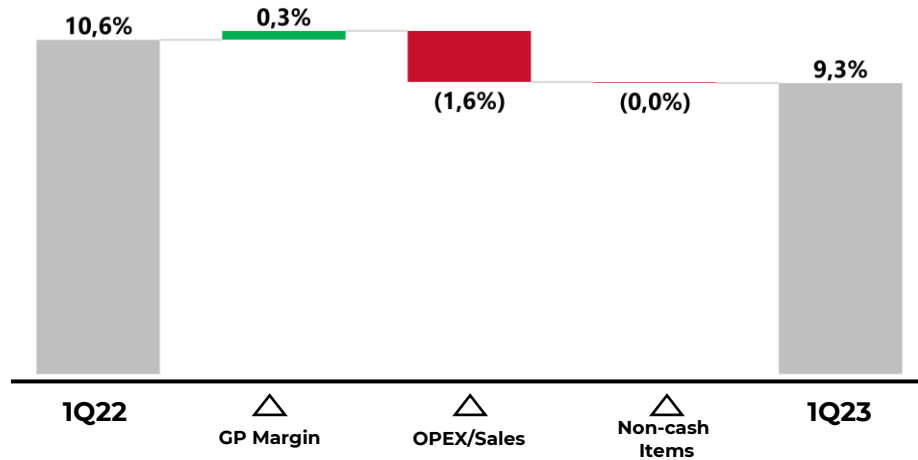
Debt Maturity Profile

TRY57.9bn (EUR2.8bn)

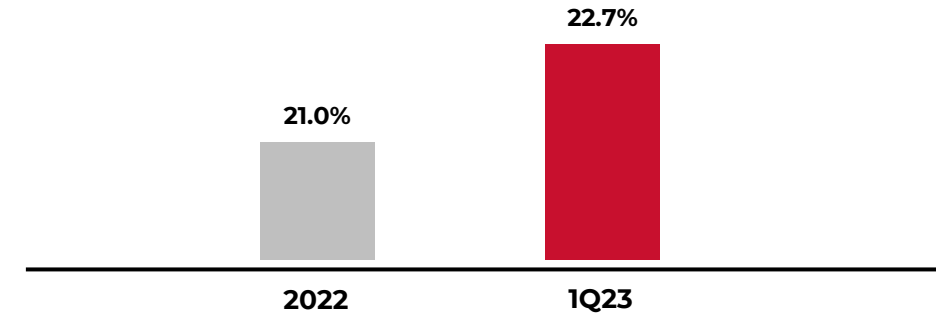


Higher G&A resulted in EBITDA margin contraction y/y Increase in working capital led to negative FCF

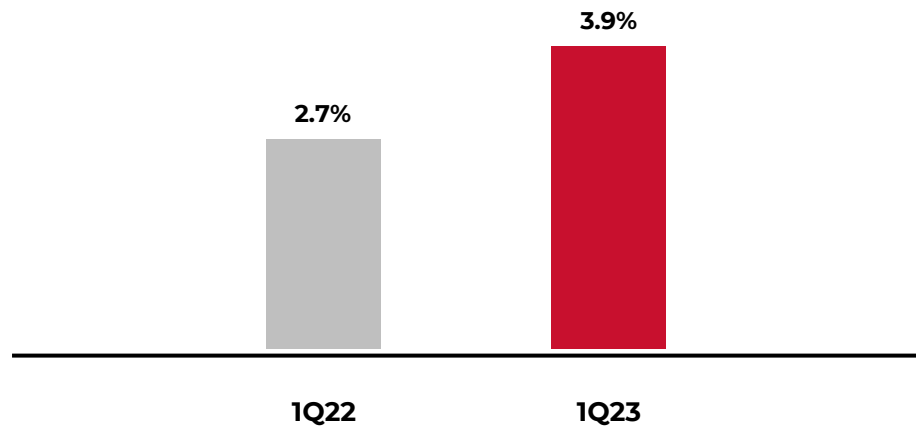
EBITDA Margin



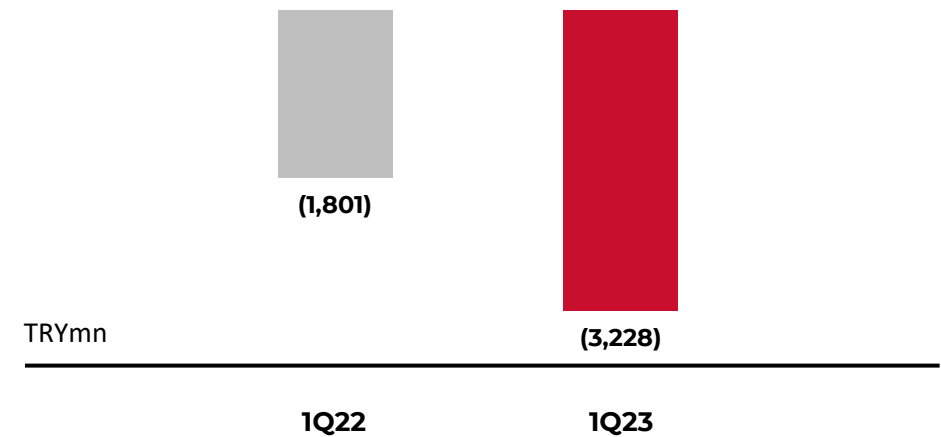
Working Capital/Sales



CAPEX/Sales



Free Cash Flow



Guidance



1Q23 Financial Results

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Revenue

- Turkey (in TRY) **c.45% growth**
- International (in FX) **c.6% growth**
- Consolidated (in TRY) **c.45% growth**



EBITDA Margin

c.10%



WC/Sales

23% - 25%



CAPEX

c.300 mio EUR

Q&A



1Q23 Financial Results

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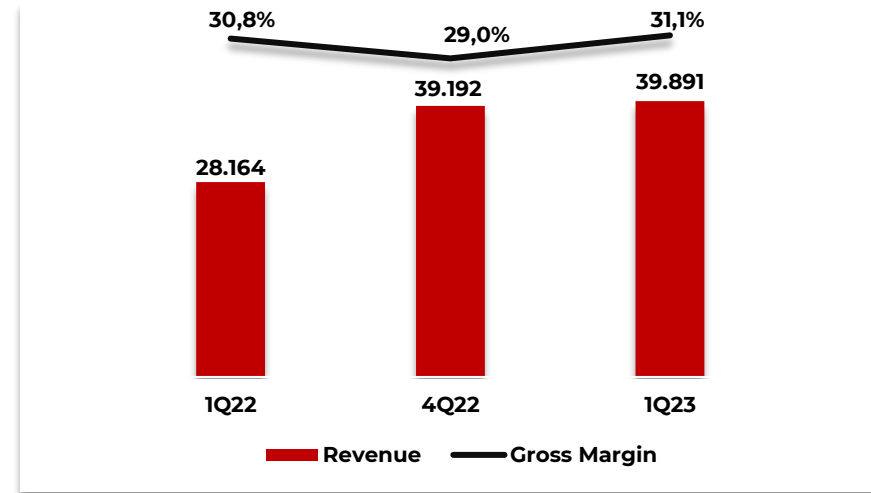
Appendix



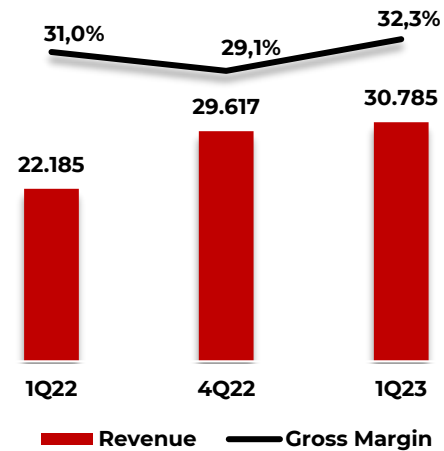
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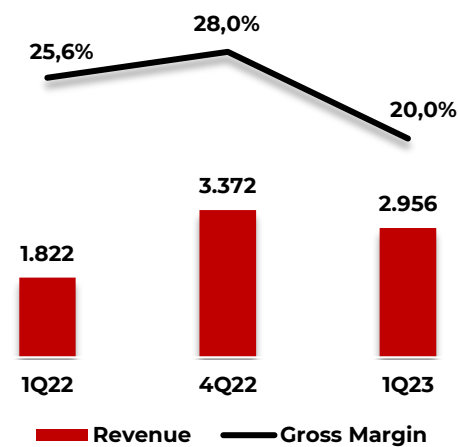
Consolidated



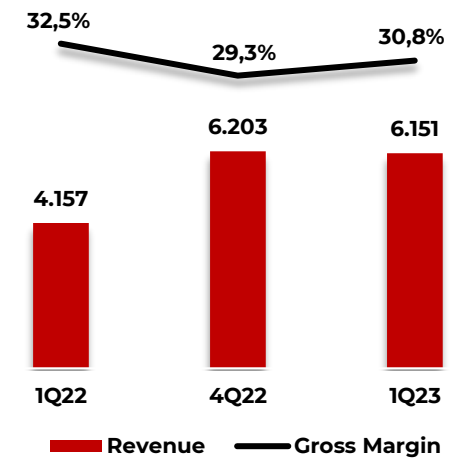
White Goods

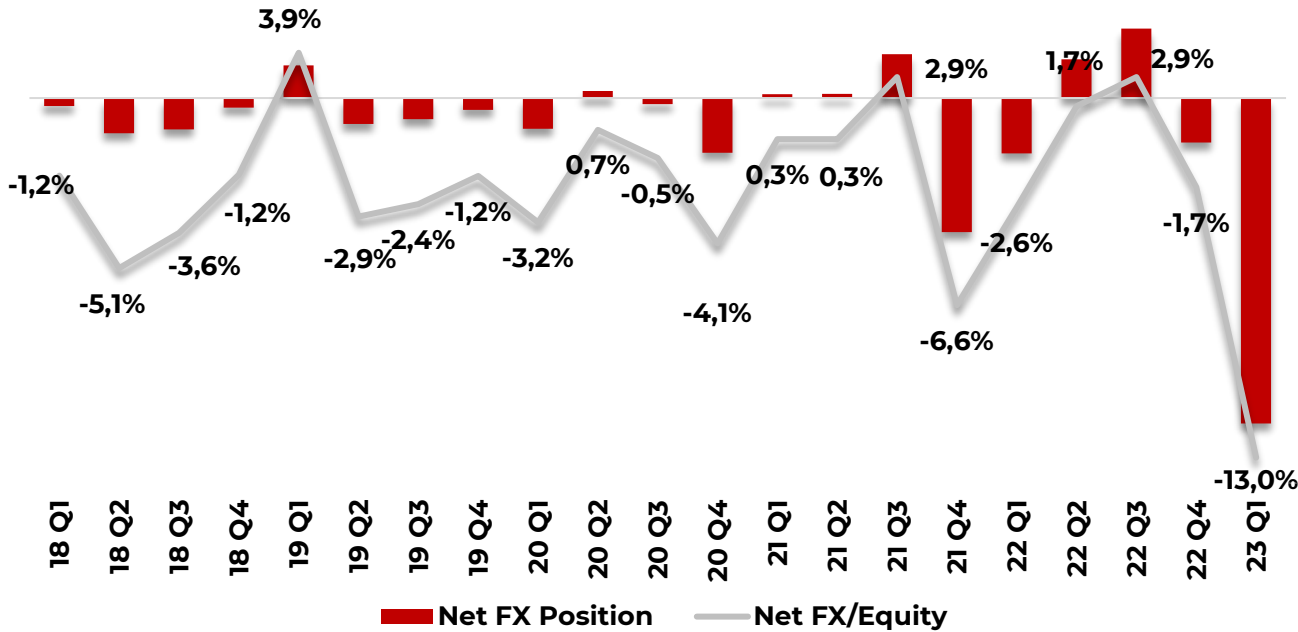


Consumer Electronics



Other





TRYm	Before Hedge	Hedged Position	Net Position
EUR	(15,030)	13,917	(1,112)
USD	(2,044)	(42)	(2,087)
GBP	1,250	(1,109)	141
Other	(466)	136	(330)
TOTAL	(16,290)	12,902	(3,388)
Net FX Position / Equity			(13.0%)

- 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.

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