2Q23 Financial Results

Arçelik

July 21, 2023

Koç

2Q23 HIGHLIGHTS

TRY46.9bn
Revenue

10.8%
EBITDA Margin

23.6%
OPEX / Sales

24.4%
NWC / Sales

2.45x
Leverage

Consolidated revenue growth continued to be resilient in 2Q23.. Improved operating margins on the back of further eased costs and strong Türkiye performance..

Consolidated revenue growth of 45% y/y driven by strong unit growth in Türkiye, price increases, TRY depreciation and inorganic revenue contribution. Organically, annual growth was 38%. On a quarterly basis, revenue growth was 18%.

Strong wholesale & retail sales in Türkiye while international markets have experienced a persistent decline in demand.

EBITDA margin was 10.8%, up by 150 bps q/q and 327 bps y/y thanks to eased raw material costs and improved OPEX/Sales.

Net Working Capital/Sales was 24.4% as of 2Q23.

Leverage was down to 2.45x, despite FX conversion impact, thanks to increased EBITDA.

Key Factors Sales / Margins

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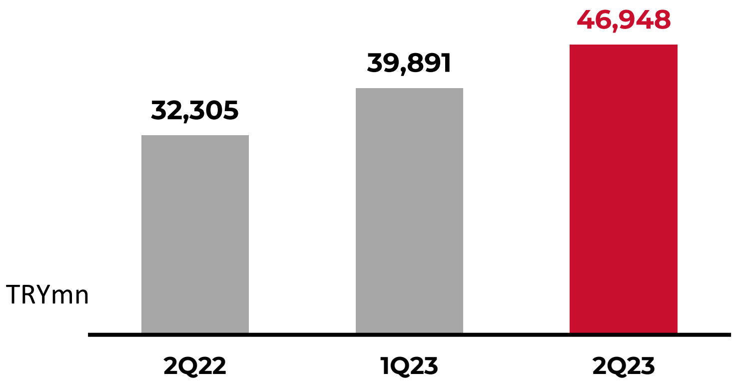
REVENUE GROWTH

45%*

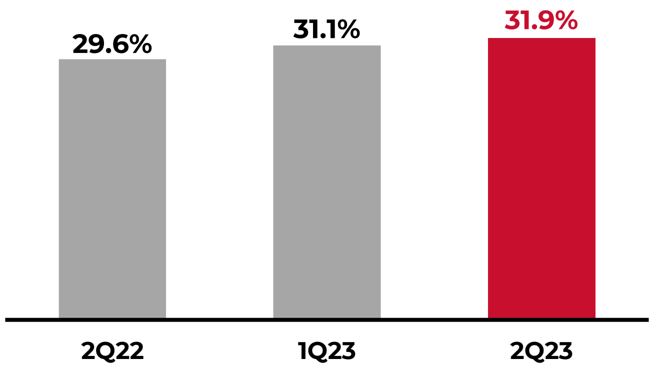
- Strong unit growth in Türkiye
- TRY depreciation on both q/q & y/y
- Price increases on both q/q & y/y
- Inorganic revenue growth on y/y



GROSS MARGIN

31.9%

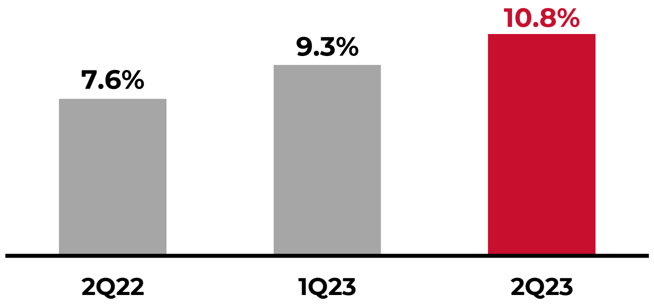
- Lower raw material costs on both q/q & y/y
- Favorable EURUSD parity on both q/q & y/y
- Higher capacity utilisation on q/q



EBITDA MARGIN

10.8%

- Better gross profitability on both q/q & y/y
- Improved OPEX/Sales on both q/q & y/y thanks to lower transportation costs



*Includes inorganic revenue contribution of Indesit International JSC and Whirlpool RUS LLC and Asogem acquisitions. Organically, annual revenue growth was 38% in 2Q23.

Operational Performance

2Q23 Financial Results

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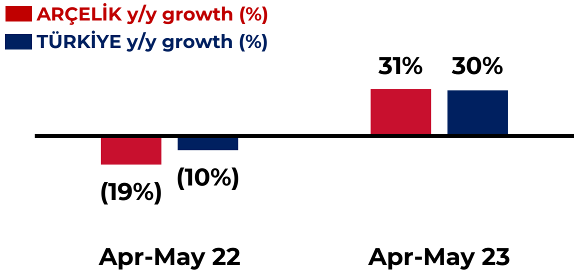
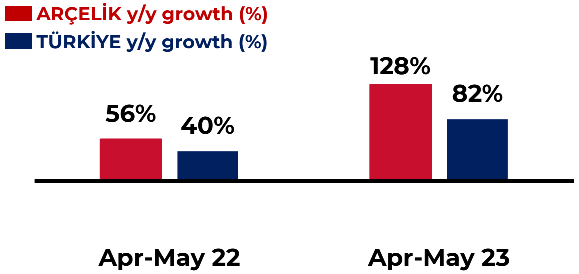
Another quarter of substantial revenue growth in Türkiye supported by strong demand and strategic pricing initiatives

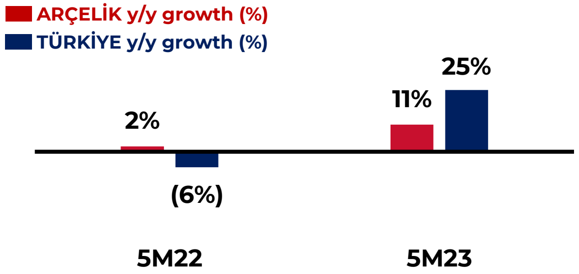
MDA6*



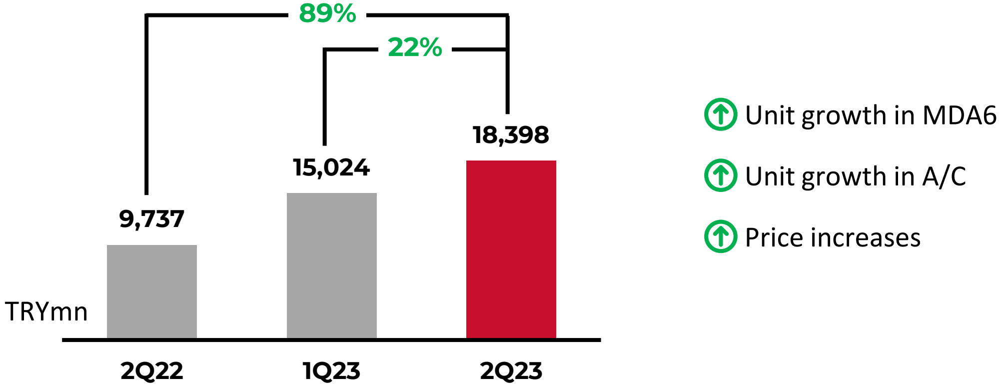
AIR CONDITIONER*



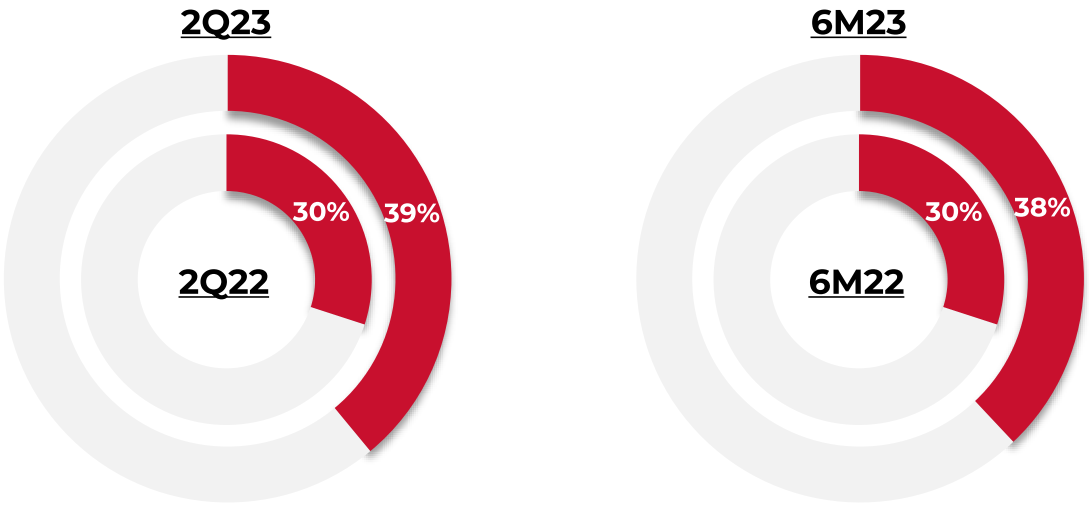
TELEVISION**



Türkiye Revenue Growth

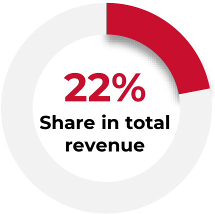


Türkiye Share in Total Revenue

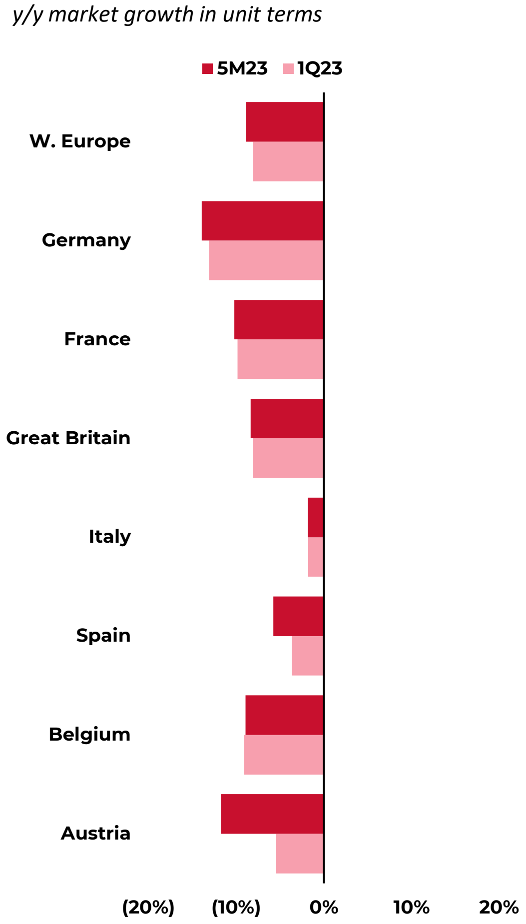


*MDA6 and A/C data (sell-in, in unit terms) is based on WGMA for April-May period on a cumulative basis.
**TV market reflects the data of a retail panel market for 5M23 period in unit terms on a cumulative basis.

Further weakness has been experienced in European markets



Western Europe



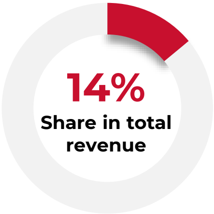
MDA6 Market

- The slowdown in consumer demand in the Western European market accelerated after 1Q23, leading to a high single digit contraction in unit terms on a yearly basis in 5M23.
- Price increases across the industry were not enough to cover unit contraction and the market has been contracted in value terms at close to mid single digit percentage in 5M23.
- Consumer demand has fallen at double-digit percentage in Germany and France in April-May period on a cumulative basis.

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 low-single digits in EUR terms y/y in 2Q23.
- Arçelik's price index as a group has been increased in 5M23 in Western Europe.

Eastern Europe

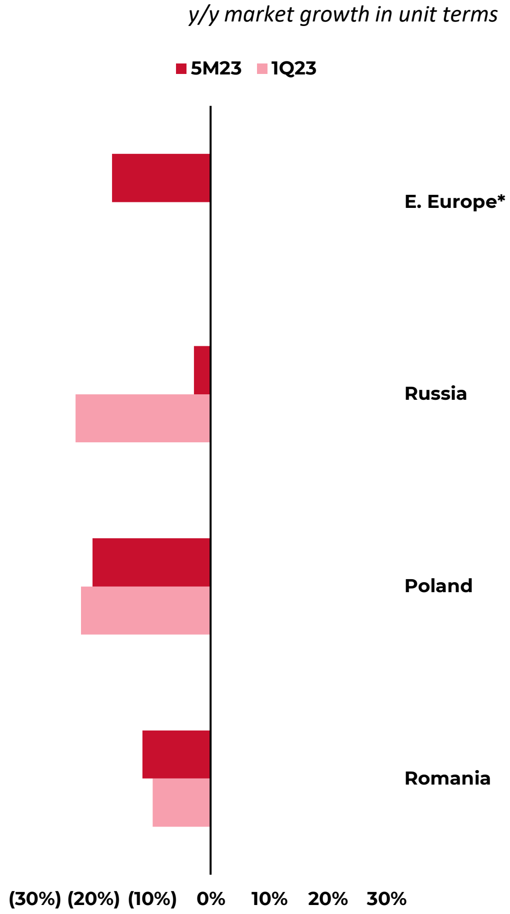


MDA6 Market

- Cycling quite a low base, consumer demand in Russia grew significantly in both months of April and May.
- Demand continued to fall in other major countries in Eastern Europe.
- Excluding Russia, despite industry-wide price increases, the market shrank by high single digit percentage in value terms during the first four months of 2023 on a yearly basis.

Arçelik in Eastern Europe

- 20% y/y revenue growth in EUR terms thanks mainly to price increases and inorganic growth.



MDA6 market charts and the market positionings reflect the data of a retail panel market.
*Annual growth in 4M23 and excludes Russia.

Key operating geographies were still affected by weak demand

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6%
Share in total revenue

Africa & Middle East

- Revenues generated from Africa & Middle East contracted by c.25% y/y in 2Q23 in EUR terms, reflecting the weakness of demand.
- Defy's domestic and export unit sales were contracted in the second quarter on a yearly basis due to declining markets, yet with a lower pace.
- Unit contraction was offset by price increases and Defy's net sales increased by c.1% in ZAR terms. In EUR terms, net sales were contracted at around high-teens percentage, reflecting the further depreciated ZAR against EUR.
- Following the first quarter of 2023, contraction of consumer demand in South Africa has experienced a slow down, yet there is still persistent weakness in demand. Defy maintained its strong market leadership as of June 2023.
- Despite lower units sold in 2Q23, Beko Egypt's revenue increased by c.29% y/y in EUR terms, attributable to pricing initiatives.
- Compared to the first four months of 2022, MDA6 market contracted at mid-single digit percentage in Egypt. In this period, Beko increased its market share in the country, in both unit and value terms.

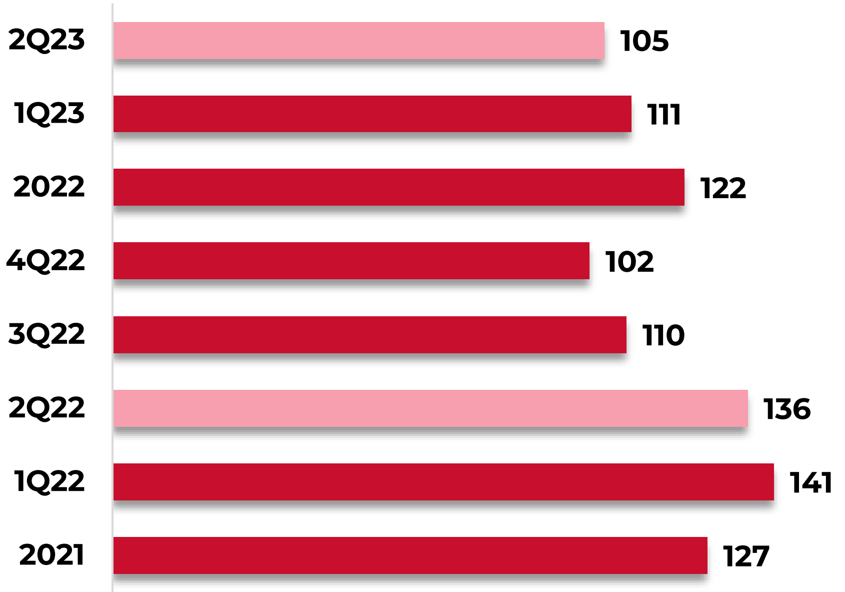
17%
Share in total revenue

Asia-Pacific

- Revenues from APAC were down by c.11% in EUR terms in 2Q23 y/y. The contraction was primarily as a result of weak demand environment.
- In Pakistan, net sales were decreased by c.23% y/y in PKR terms as a result of lower units sold due to unfavourable economic conditions, adversely affecting the consumer demand and market size. In EUR terms, net sales were contracted by c.48%, reflecting the further depreciation of PKR.
- In Bangladesh, net sales were significantly up by c.34% in BDT terms in 2Q23 y/y thanks mainly to unit growth in major products such as refrigerator, TV, washing machine and air conditioner, together with price increases. Despite further depreciation of BDT against EUR, net sales increased by c.9% y/y in 2Q23 in EUR terms.

Further decline in raw material prices have been supportive

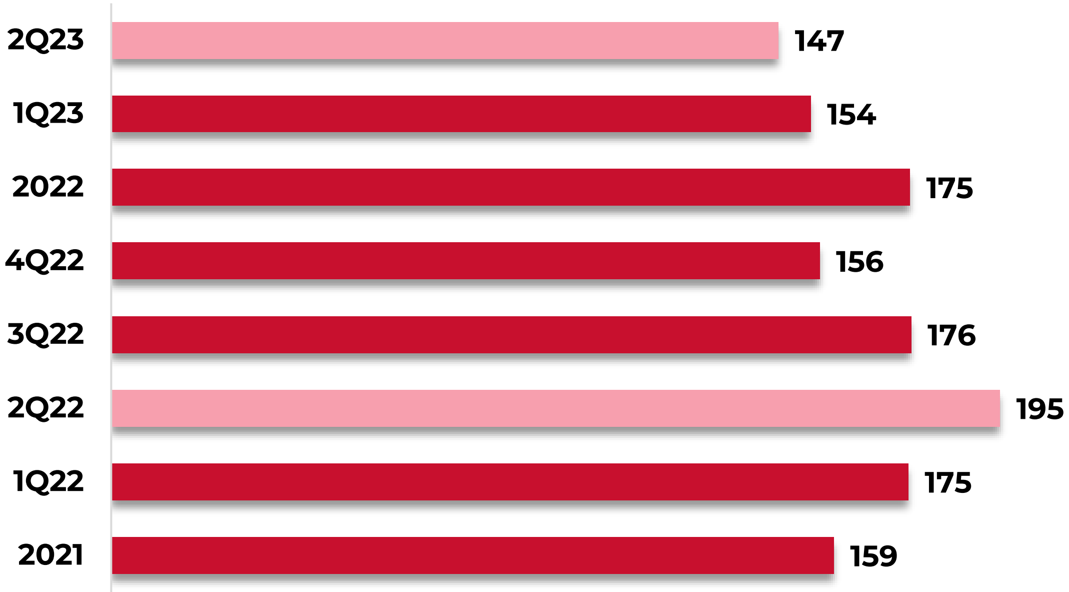
Average Metal Prices Index - Market



- Metal raw material prices have contracted on both quarterly and yearly basis mainly due to declined global demand and decreased energy & input costs.
- In Turkey metal raw material prices have been higher compared to other countries, primarily due to 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 declined on both quarterly and yearly basis in 2Q23 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

2Q23 Financial Results

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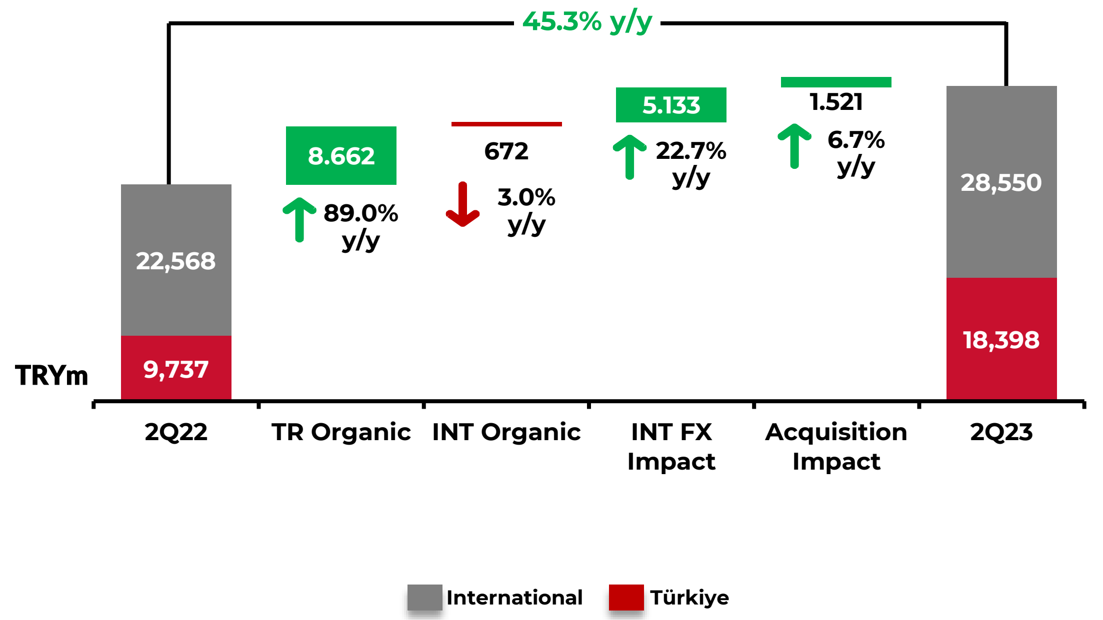
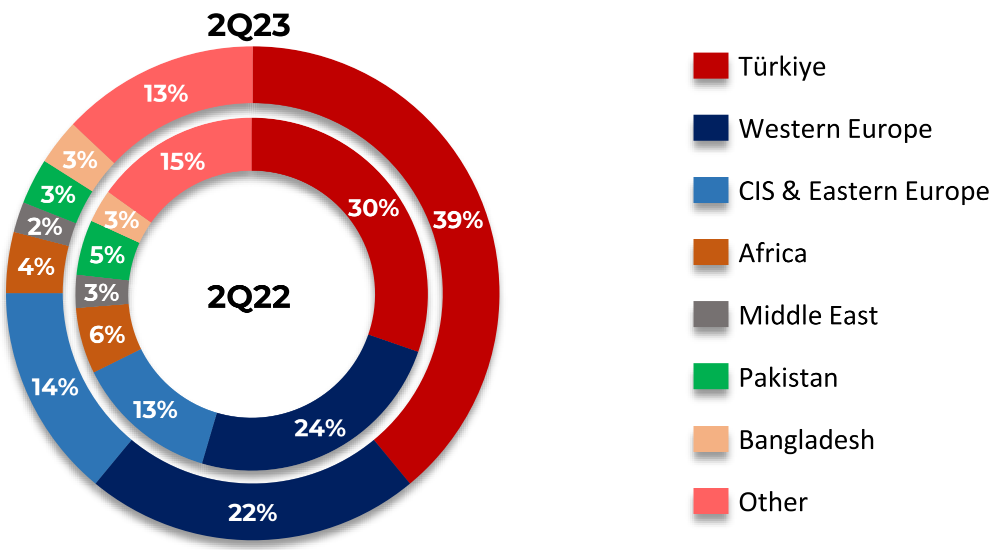
Resilient revenue composition through diversification

Sales Bridge



Sales Breakdown by Geography



Financial Performance

2Q23 Financial Results

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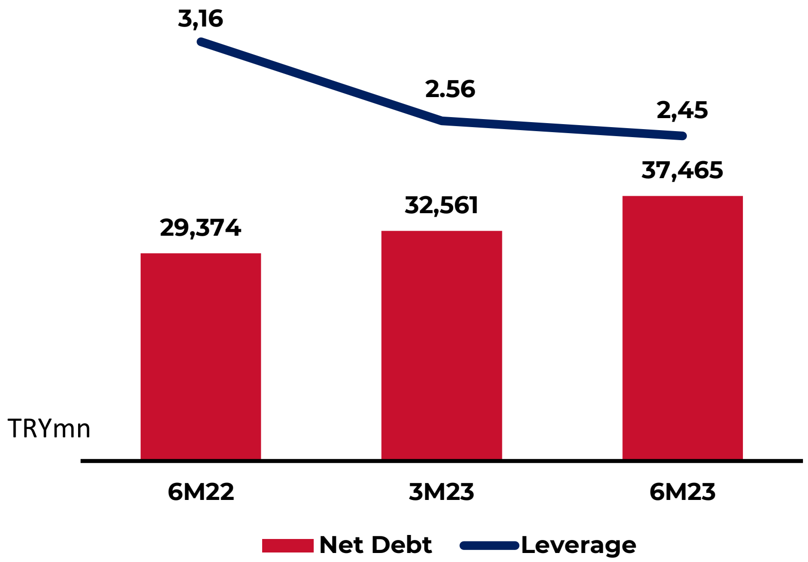
Summary financials

TRYmn	2Q23	2Q22	y/y	1Q23	q/q	6M23	6M22	y/y
Revenue	46.948	32.305	45%	39.891	18%	86.839	60.469	44%
Gross Profit	14.998	9.568	57%	12.416	21%	27.414	18.255	50%
EBIT	3.958	1.602	147%	2.693	47%	6.651	3.884	71%
EBIT - exc. one-off items	3.958	1.602	147%	2.693	47%	6.651	3.884	71%
Profit Before Tax	1.126	304	271%	710	59%	1.837	1.755	5%
Net Income	683	340	101%	1.159	(41%)	1.842	1.564	18%
Net Income - *exc. one-off items*	683	340	101%	1.159	(41%)	1.842	1.564	18%
EBITDA	5.047	2.418	109%	3.691	37%	8.738	5.388	62%
EBITDA - *exc. one-off items*	5.047	2.418	109%	3.691	37%	8.738	5.388	62%
Gross Profit Margin	31,9%	29,6%	233 bps	31,1%	82 bps	31,6%	30,2%	138 bps
EBIT Margin	8,4%	5,0%	347 bps	6,8%	168 bps	7,7%	6,4%	124 bps
EBIT Margin - *exc. one-off items*	8,4%	5,0%	347 bps	6,8%	168 bps	7,7%	6,4%	124 bps
Net Profit Margin	1,5%	1,1%	40 bps	2,9%	(145 bps)	2,1%	2,6%	(47 bps)
Net Profit Margin - *exc. one-off items*	1,5%	1,1%	40 bps	2,9%	(145 bps)	2,1%	2,6%	(47 bps)
EBITDA Margin	10,8%	7,5%	327 bps	9,3%	150 bps	10,1%	8,9%	115 bps
EBITDA Margin - *exc. one-off items*	10,8%	7,5%	327 bps	9,3%	150 bps	10,1%	8,9%	115 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

Further improvement in leverage through increased EBITDA

Net Debt & Leverage

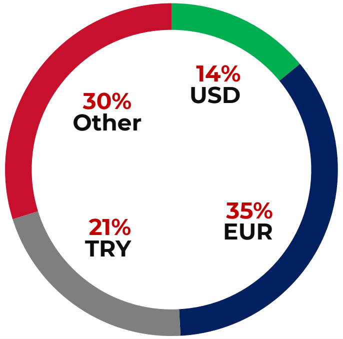


Debt Currency & Rates Breakdown

Currency	Effective Interest Rate p.a.	Original Currency (mn)	TRY Equivalent (mn)
TRY	16.1%	1,157	1,157
EUR	5.5%	1,149	32,337
USD	6.3%	117	3,030
GBP	0.0%	6	207
ZAR	9.7%	1,092	1,516
AUD	5.8%	29	506
PKR	21.8%	24,638	2,213
BDT	7.6%	7,937	1,896
RUB	10.5%	444	135
RON	7.6%	128	724
PLN	8.2%	71	452
SEK	3.4%	92	221
IDR	8.4%	94,622	163
MYR	6.0%	33	182
THB	5.2%	437	321
TOTAL LOANS			**45,061**
EUR	3.0%	351	9,882
TRY	25.7%	6,276	6,276
TOTAL BOND			**16,158**
TOTAL			**61,219**

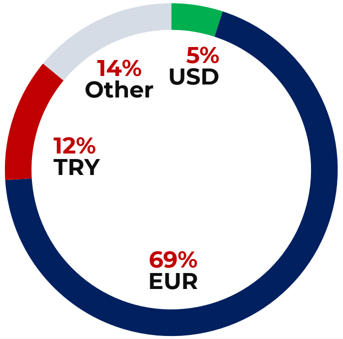
Cash Currency Breakdown

TRY28.7bn (EUR1.0bn)



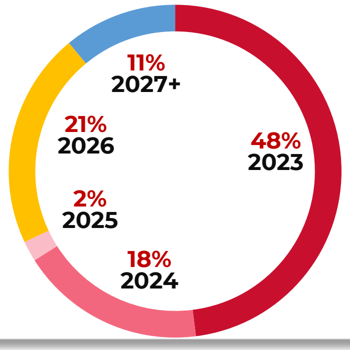
Debt Currency Breakdown

TRY61.2bn (EUR2.2bn)



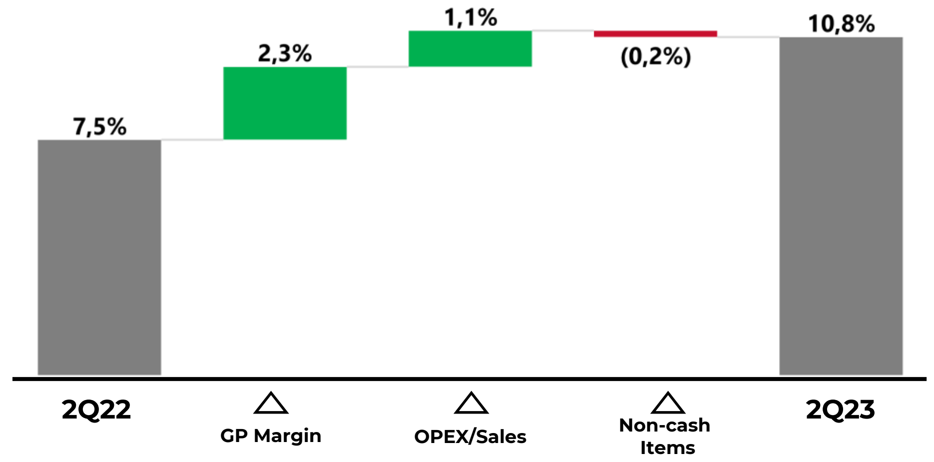
Debt Maturity Profile

TRY61.2bn (EUR2.2bn)

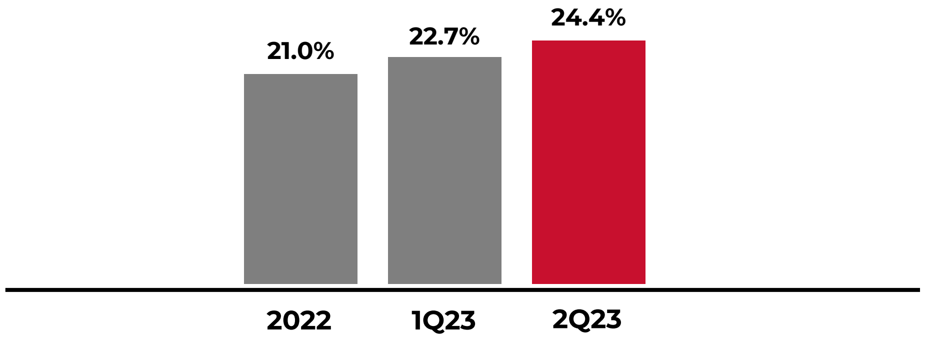


EBITDA margin expansion on eased costs & improved OPEX/Sales
FCF under pressure due to higher CAPEX and increased NWC

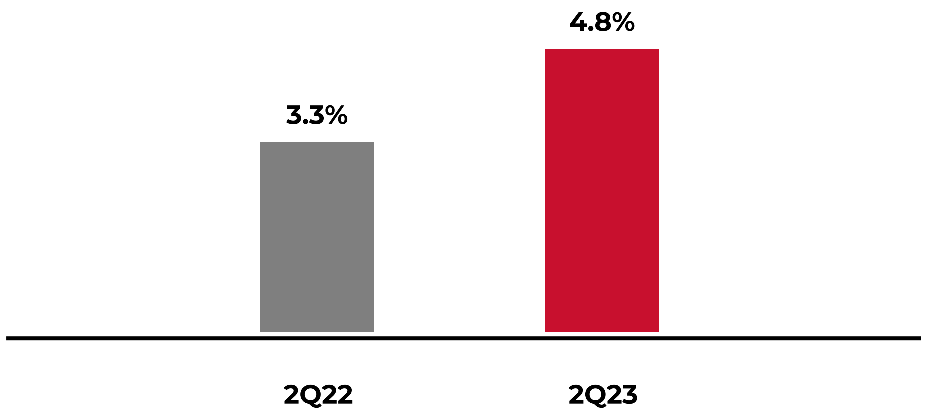
EBITDA Margin



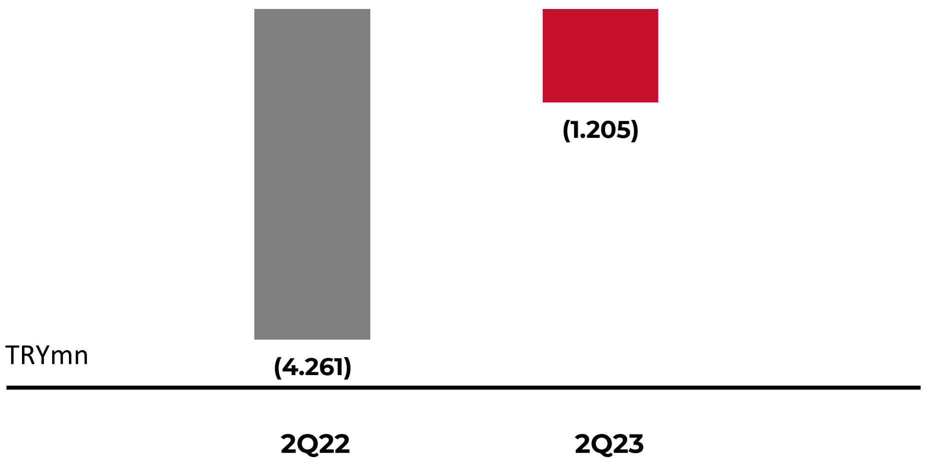
Working Capital/Sales



CAPEX/Sales



Free Cash Flow



Guidance

2023 Guidance

Revenue	
• Turkey (in TRY)	c.60% growth
• International (in FX)	b/w c. (-) 2% and c.+2%
EBITDA Margin	c.10.5%
WC/Sales	<25%
CAPEX	c.300 mio EUR

Q&A

2Q23 Financial Results

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Appendix

2Q23 Financial Results

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Margins by segments

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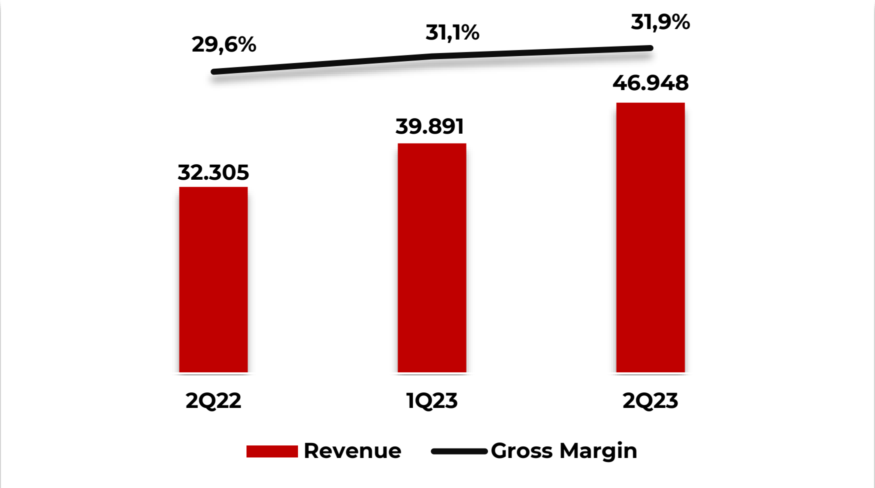
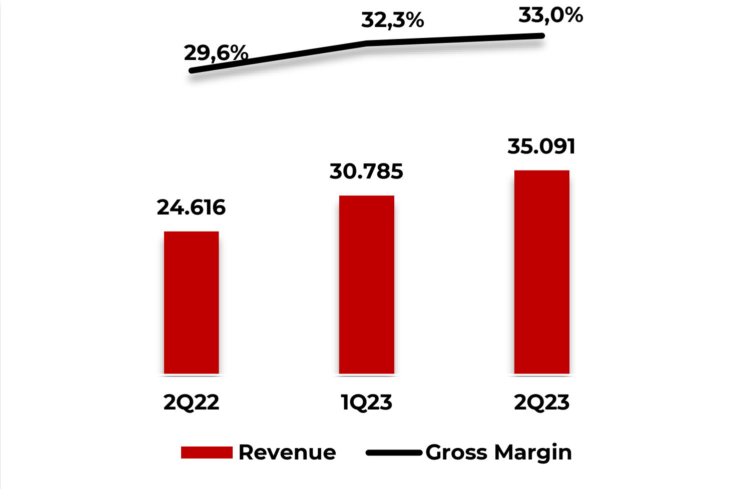
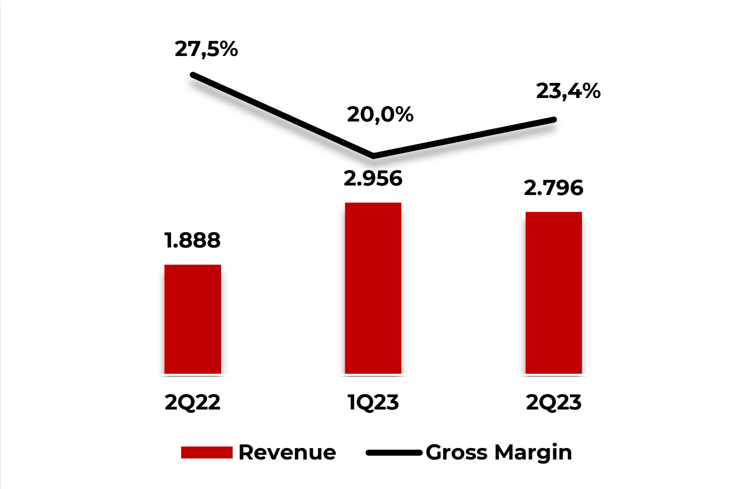
Consolidated



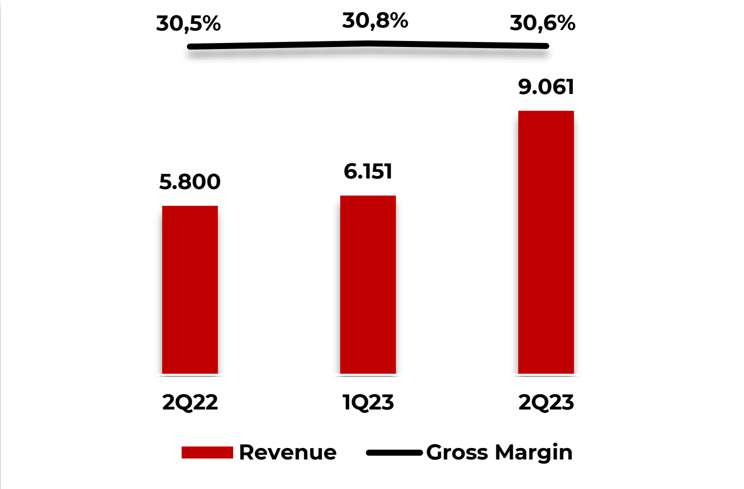
White Goods



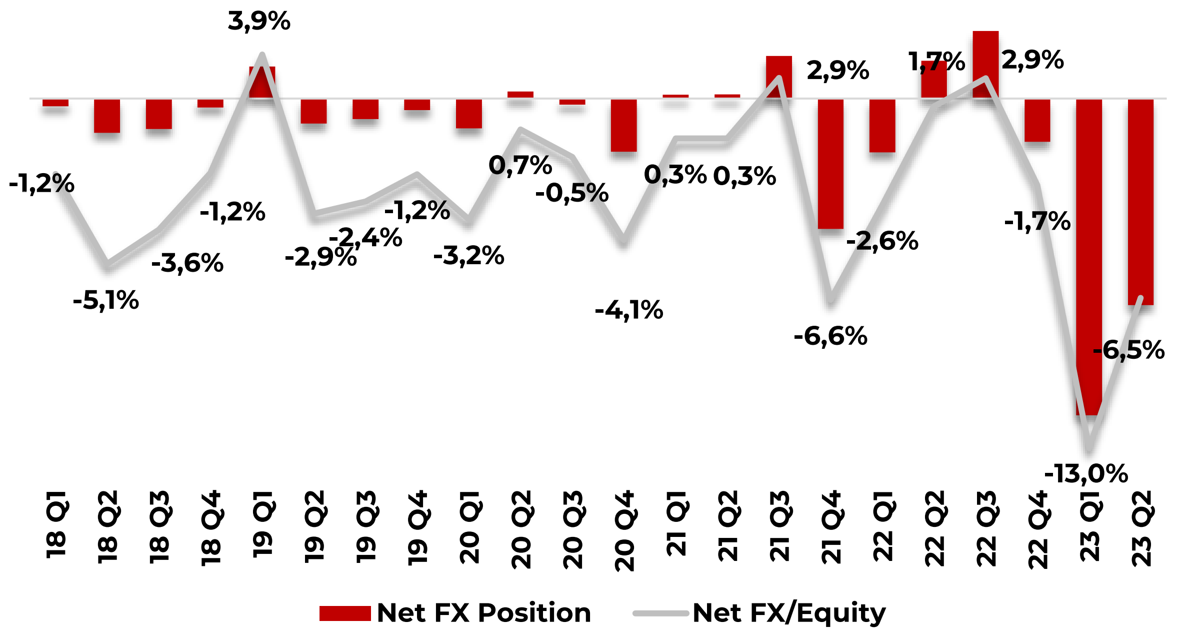
Consumer Electronics



Other



Close watch on FX risk, proactively taken actions



TRYm	Before Hedge	Hedged Position	Net Position
EUR	(27,910)	26,068	(1,842)
USD	(2,228)	3,238	1,010
GBP	1,552	(1,591)	(39)
Other	(818)	(519)	(1,337)
TOTAL	**(29,404)**	**26,804**	**(2,209)**
Net FX Position / Equity			**(6.5%)**

- 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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