

Arçelik

1Q15 Financial Results

1Q15 developments

Key developments

- Domestic appliances market: Slow start to the year, but volume growth accelerated in March (1Q15: 7% YoY growth, March-15: 16% YoY growth)
- European appliance markets overall robust. Especially Poland, Romania, Spain, and Germany
.....but strength negated by
 - weakness in Russia: decline in oil prices, price increases and prebuying in Dec
- Commodity prices continued downward trend in 1Q15
- EUR/USD rate declined from 1.37 in 1Q14 to 1.13 in 1Q15 impacting revenues and margins negatively
 - Initial signals of price increases in the European TV market
- Working capital/sales ratio at 37.2% in Mar-15 vs 39.2% in Mar-14
- Ground breaking ceremony for Thailand plant in January

1Q15 developments

Key factors impacting margins

(1) Commodity prices

Continued fall in commodity prices in 1Q15. The positive trend not fully reflected to Arcelik's COGS in 1Q15 due to duration gap (contract periods and inventory).

(2) FX rate

EUR/USD down from 1.37 in 1Q14 to 1.13 in 1Q15=> Negative impact on TRY based revenues, and margins.

(1)+ (2)= -ve impact on GPM

GPM down by 1.4pp YoY to 30.4%. White goods GPM was relatively resilient (lower USD exposure compared to electronics segment, and tailwinds from commodity prices).

Deferred tax income

Net tax income of TRY20mn in 1Q15=> Cash impact in the following periods

1Q15 developments

Key factors impacting revenues

Domestic white goods &
TV sales

Strong growth in domestic appliances and TV sales

Domestic A/C market

Lower volumes due to 1) transition to inverter A/Cs. 2) Stock reduction at dealers. Sell-out progression in 1Q15 significantly better than sell-in. Dealer inventories getting close to normalized levels.

FX rate

4% negative impact on consolidated revenues

International TV sales

High base impact in 1H14 pre FIFA World Cup

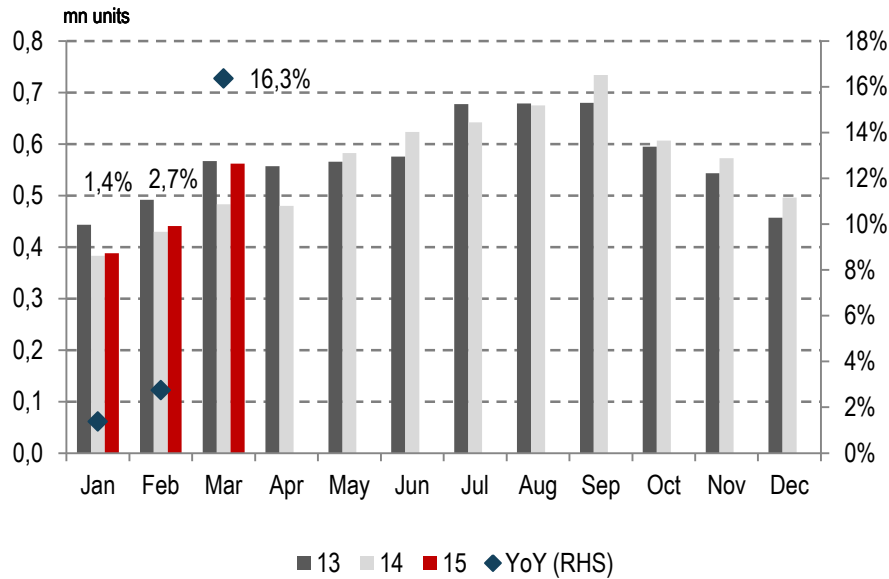
1Q15 developments

Other developments

- 60th year of Arcelik's establishment, Beko celebrates 25th year in UK
- Fitch Ratings has affirmed Arcelik 's long-term foreign and local currency Issuer Default Ratings at 'BB+' and outlook as stable
- Exemption on Resource Utilization Support Fund (KKDF) on imports on credit for selected raw materials and components

1Q15 developments

Domestic market monthly progression



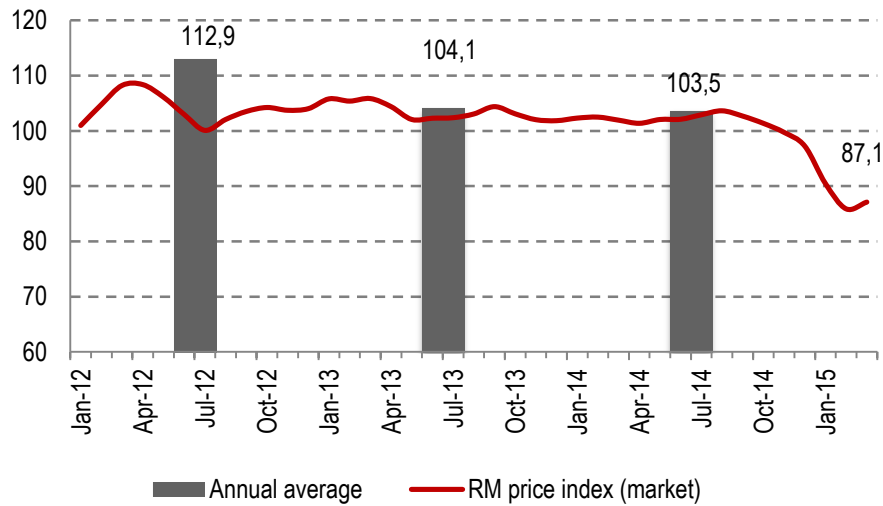
Domestic market in 1Q15

in 000's	1Q14	1Q15	YoY
Refrigerator	363	367	1%
Freezer	63	82	31%
Washing mach.	416	453	9%
Dryer	14	20	48%
Dishwashers	277	291	5%
Ovens	162	178	10%
Total	1,295	1,391	7%

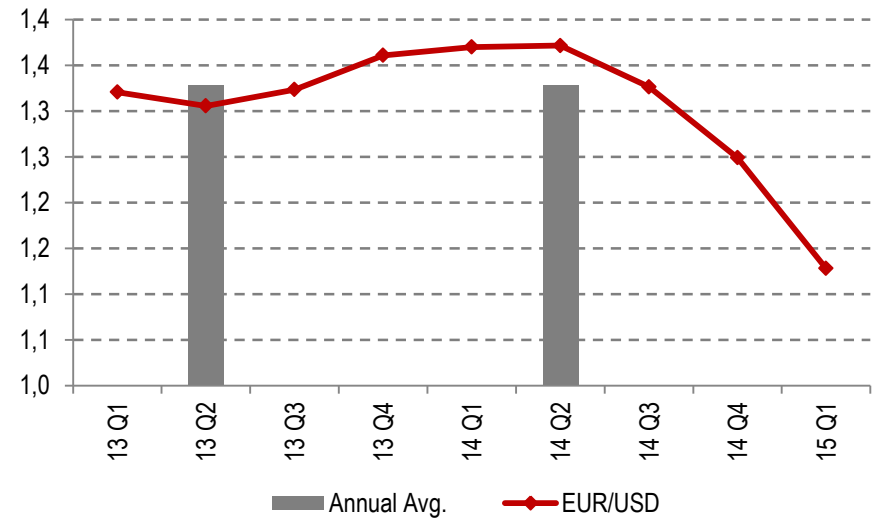
Source: TURKBESD

1Q15 developments

Raw material market price index



EUR/USD development



International growth

Thailand investment overview

Investment

- Investment of c.USD100mn (during initial 3 years), including working capital requirement
- 263k sqm plot at Hemaraj Rayong Industrial Land. Ground breaking ceremony on 6th January
- Expandable capacity
- Start-of production by YE15, exports by early 2016

ASEAN Market

- 620mn population
- Low penetration of white goods
- Expected GDP CAGR between 14 and 2017E: +5%
- Washing Machine market is estimated to be c.USD1.65bn and at c.6.8mn units
- Refrigerator market worth c.USD2.5bn at c.8.6mn units

Strategy

- Leverage Beko brand and its European image across the region
- Sourcing to 10 countries incl. Philippines, Vietnam, Malaysia, Singapore, Indonesia, Australia and New Zealand
- Local production for refrigerator from Thailand. WM sourced from other Arçelik plants.

Expectations

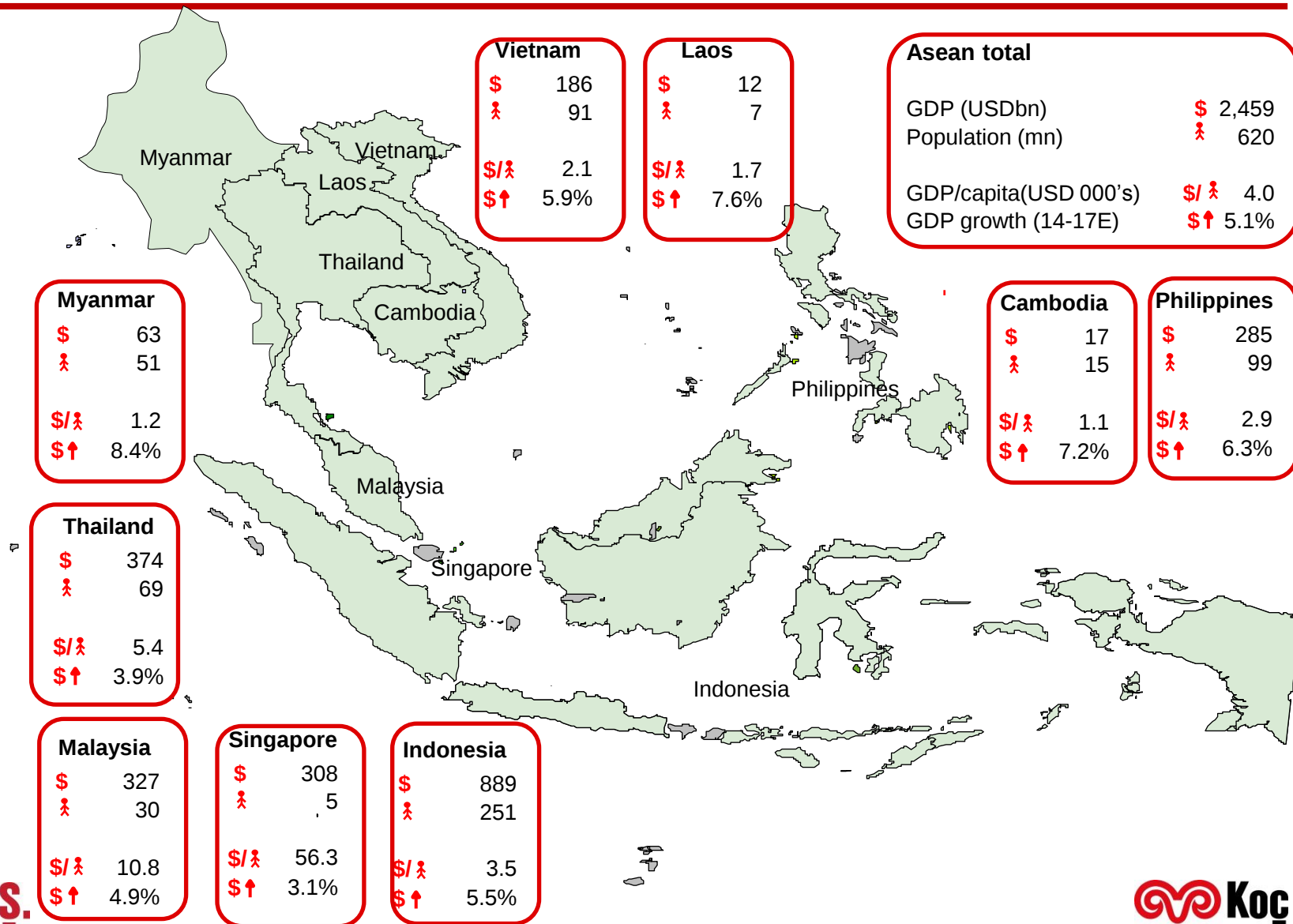
- c.90% of production will be exported
- c.USD500mn revenues and +800k units production in 3 years following the completion of the investment (cumulative)

Incentives

- Corporate tax exemption for 8 years (capped at investment amount excluding land cost). Reduction on corporate tax during the following 5 years
- Exemption on import duties on machinery
- Partial exemption on duties on raw materials

International growth

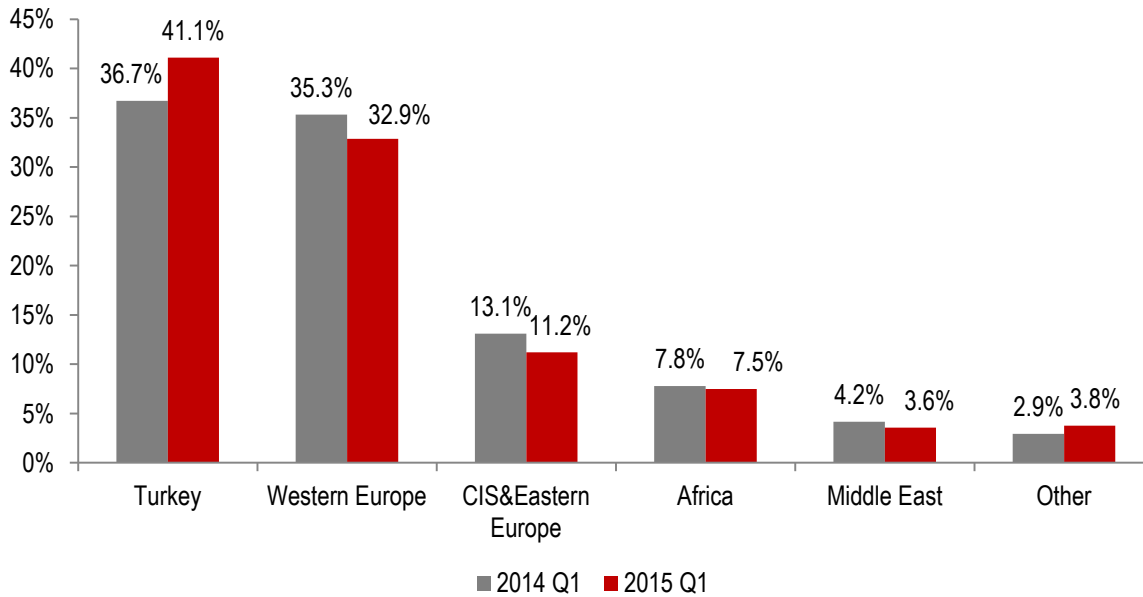
ASEAN countries overview



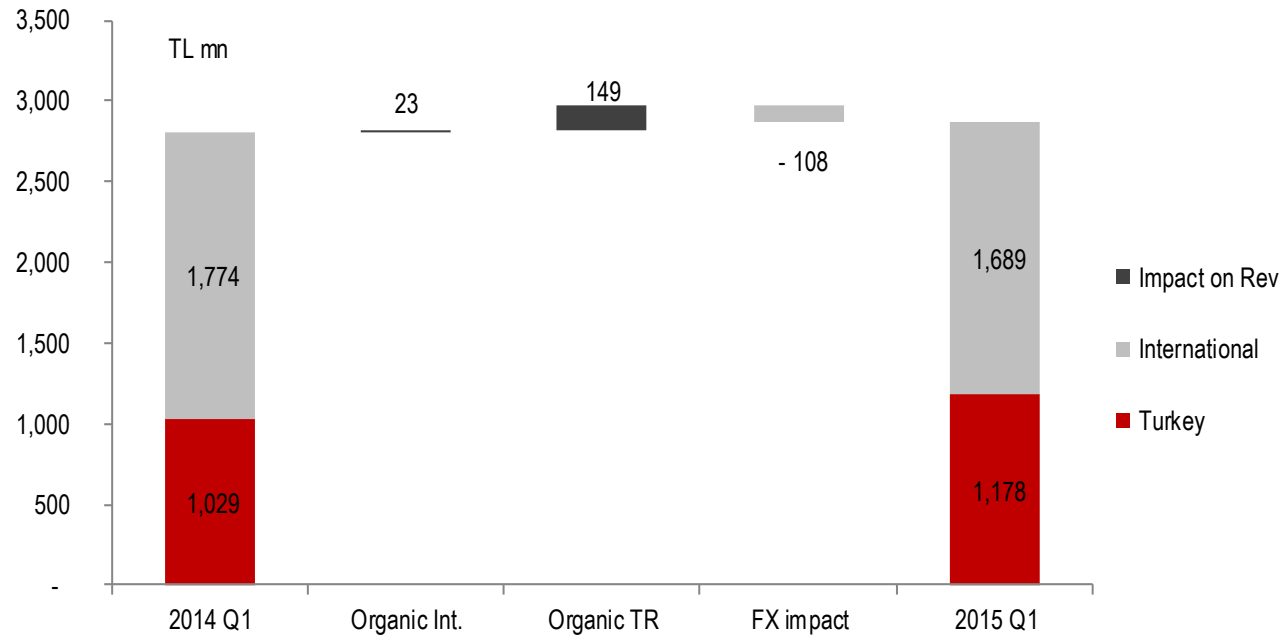
Sales performance

Sales by region

TL mn	2015 Q1	2014 Q1	2014 Q4	Δ% YoY	Δ% QoQ	2014	2013	Δ% YoY
Total Revenue	2,867	2,802	3,402	2.3	-15.7	12,514	11,098	12.8
Turkey	1,178	1,029	1,337	14.5	-11.9	4,852	4,617	5.1
International	1,689	1,774	2,065	-4.8	-18.2	7,662	6,481	18.2



Sales bridge



	Organic	Currency effect	Total
% International Growth	1%	-6%	-5%
% Total Growth	6%	-4%	2%

Financial performance

Income statement

TL mn	2015 Q1	2014 Q1	2014 Q4	Δ% YoY	Δ% QoQ	2014	2013	Δ% YoY
Revenue	2.867	2.802	3.402	2,3	-15,7	12.514	11.098	12,8
Gross Profit	872	892	1.050	-2,3	-17,0	3.979	3.388	17,4
<i>margin</i>	30,4	31,8	30,9			31,8	30,5	
EBIT DA*	270	293	351	-8,1	-23,2	1.370	1.155	18,6
<i>margin</i>	9,4	10,5	10,3			11,0	10,4	
EBIT *	181	209	263	-13,6	-31,3	1.024	853	20,0
<i>margin</i>	6,3	7,5	7,7			8,2	7,7	
Net Income**	141	135	176	5,0	-19,6	638	623	2,5
<i>margin</i>	4,9	4,8	5,2			5,1	5,6	

*The effects of foreign exchange gains and losses arising from trade receivables and payables, credit finance income and charges and cash discount expense are deducted from operating profit and the effects of income and expenses from sale of property plant and equipment are added to operating profit in order to maintain consistency in the presentation with prior years EBITDA calculation.

** Net income before minority

Revenue and gross profit by segment

TL mn	2015 Q1	2014 Q1	2014 Q4	Δ% YoY	Δ% QoQ	2014	2013	Δ% YoY
Revenue	2,867	2,802	3,402	2.3	-15.7	12,514	11,098	12.8
Gross Profit %	30.4	31.8	30.9			31.8	30.5	
White Goods Revenue	2,031	1,948	2,434	4.3	-16.6	9,069	7,818	16.0
Gross Profit %	33.1	33.8	33.0			34.0	32.8	
Electronics Revenue	430	452	552	-5.0	-22.2	1,829	1,607	13.8
Gross Profit %	21.3	24.5	23.1			24.2	21.6	
Other	406	402	416	1.0	-2.3	1,616	1,673	-3.4
Gross Profit %	26.8	30.2	28.8			28.3	28.6	

Balance sheet

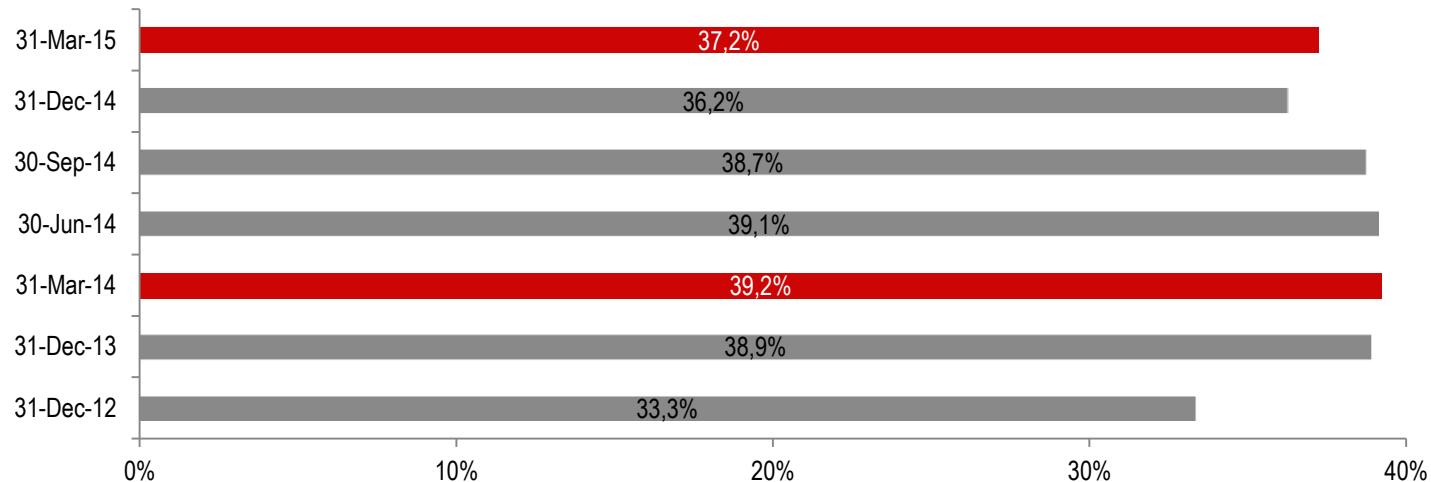
TL mn	31.03.2015	31.12.2014		31.03.2015	31.12.2014
Current Assets	8,371	8,472	Current Liabilities	4,669	4,431
Cash and Cash Equivalents	1,645	1,621	ST Bank Borrowings	1,982	1,803
Trade Receivables	4,306	4,434	Trade Payables	1,547	1,781
Inventories	2,123	2,125	Provisions	284	264
Other	297	292	Other	857	583
Non-current Assets	4,127	3,923	Non-current Liabilities	3,535	3,566
Property, Plant and Equipment	1,862	1,813	LT Bank Borrowings	2,943	2,965
Financial Investments	884	894	Other	591	601
Other	1,380	1,217	Equity	4,294	4,399
Total Assets	12,498	12,395	Total Liabilities	12,498	12,395

Working capital

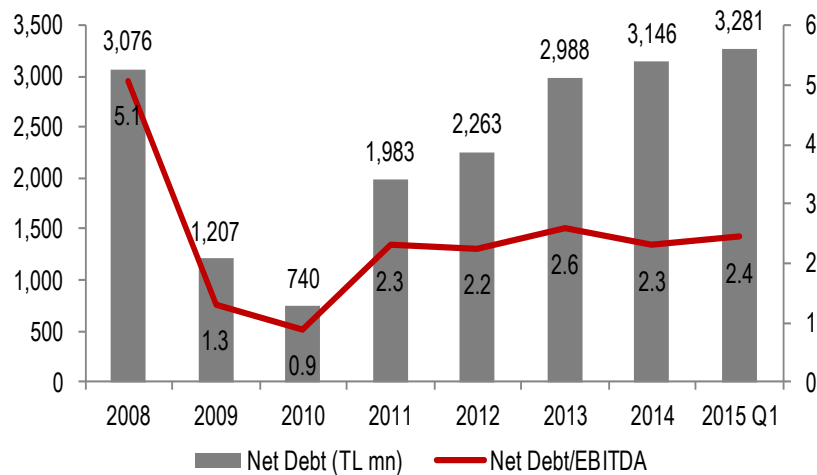
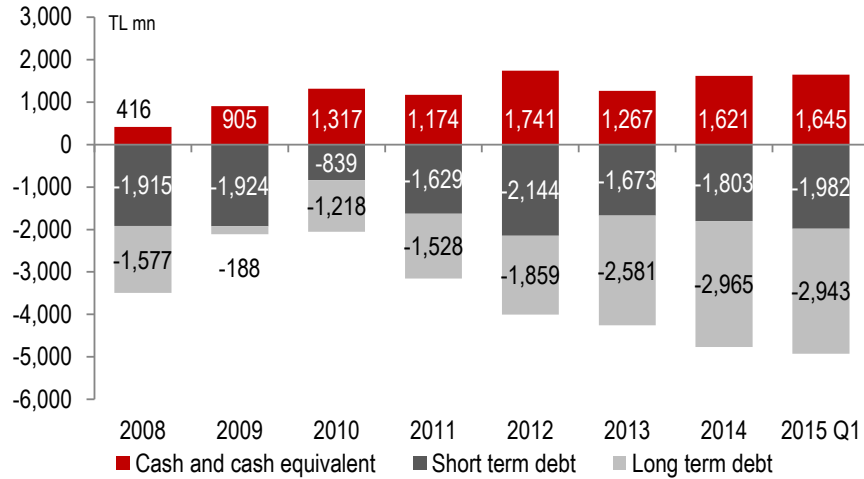
TL mn	FX Basis	TL Basis	3/31/2015		FX Basis	TL Basis	Total
ST Trade Rec.	1,840	2,466	4,306	ST Trade Payables	767	780	1,547
Other Receivables	38	44	82	Other Payables	209	75	284
Inventory	1,047	1,076	2,123	Working Capital	1,949	2,731	4,680

TL mn	FX Basis	TL Basis	12/31/2014		FX Basis	TL Basis	Total
ST Trade Rec.	1,994	2,440	4,434	ST Trade Payables	884	897	1,781
Other Receivables	27	32	59	Other Payables	246	58	304
Inventory	1,219	906	2,125	Working Capital	2,110	2,423	4,533

Working capital /sales



Debt profile



	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	10.3%	1,474	1,474
EUR	1.9%	308	873
ZAR	8.6%	750	162
RUB	8.9%	928	41
CNY	5.6%	110	46
Other	1.9%		3
Total Bank Borrowings			2,599
USD	5.1%	508	1,326
EUR	4.0%	353	1,000
Total Eurobond			2,327
Total			4,925

Cash flow*

TL mn	31.03.2015	31.03.2014
Beginning Balance	1,621	1,266
Net Operational Cash Flow	149	124
Fixed Asset Sales	9	1
CapEx	-116	-80
Dividend Paid	0	0
Changes in Bank Borrowings	-21	278
Bonds Issued	0	0
Other Financial & Investing Activities	-36	-38
Differences due to FX Conversion	38	1
Changes in Cash	24	287
Ending Balance	1,644	1,552

2014 figure reclassified

2015 expectations

2015 expectations

Market share	Stable or higher market share in key regions
White goods volume growth	Turkey* : 3 to 5 %, International : > 6%
Revenue growth	c.10% in TL
EBITDA margin (2015)**	c.10.5%
Long-Term EBITDA margin**	c.11%

*5 main products, in compliance with WGMA data.

**EBITDA margin calculations are inline with the methodology used in calculation of historical values

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