

Arçelik

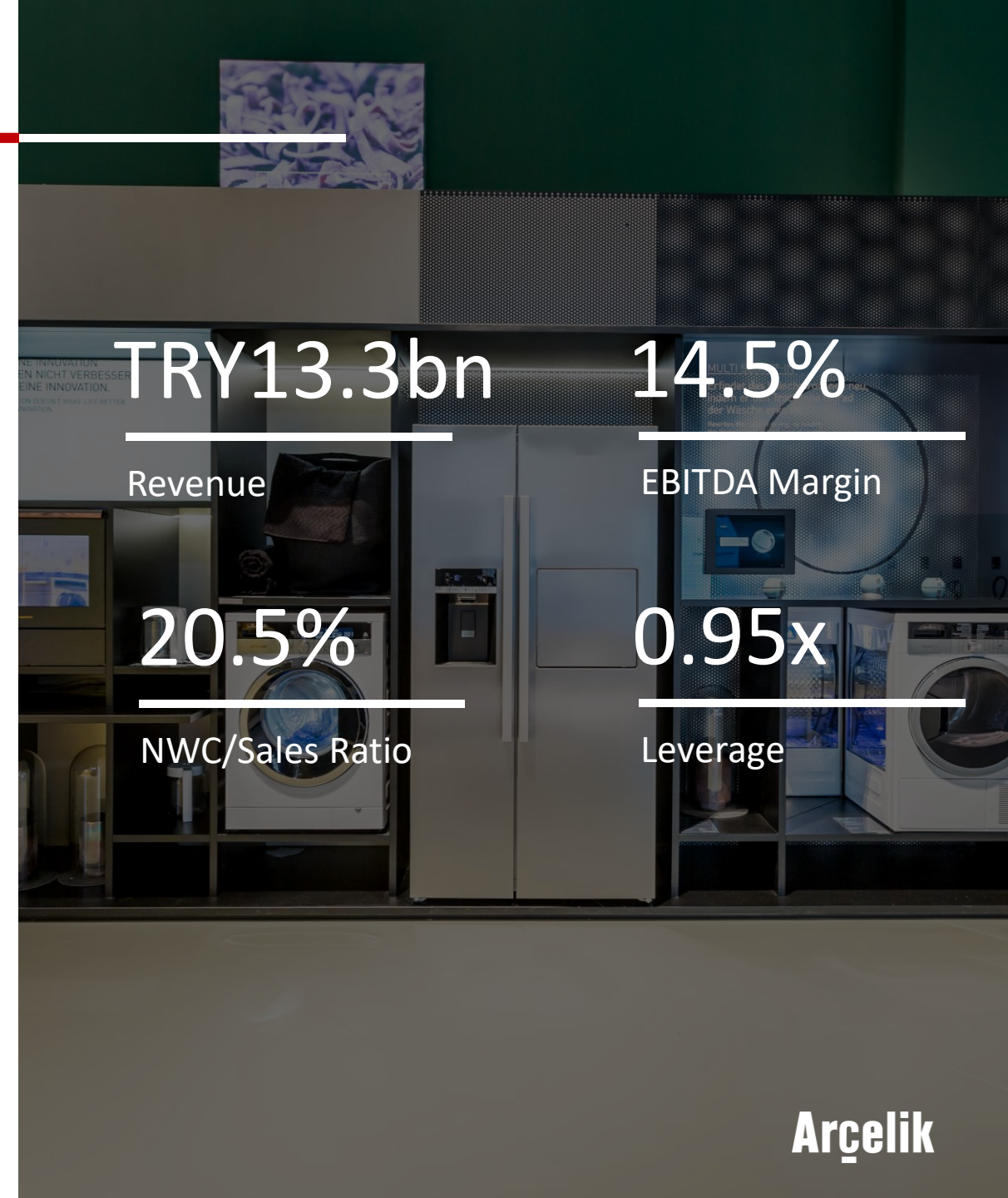
2020

Financial Results

2020 Q4 Highlights

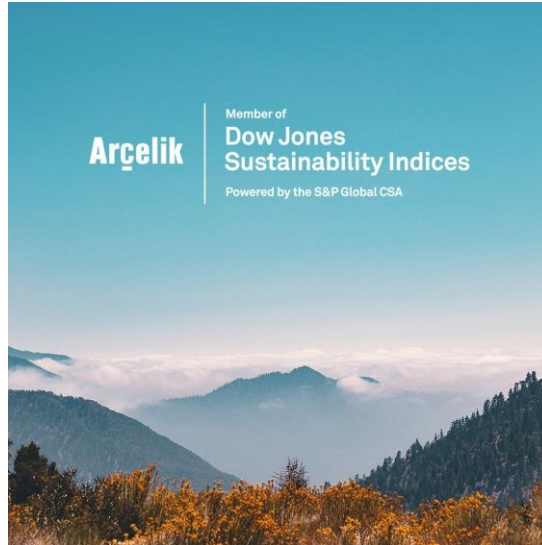
- Strong top line growth at 59%
- Strong demand continued in many markets
- High margins sustained as Q4 was the best quarter of 2020
- Positive performance in FCF (TRY 629 mn)
- Further improvement leads to historical lows in working capital and leverage
- Strategic partnership with Hitachi Global Life Solutions
- Recognized as the Industry Leader by DJSI for the second year in a row

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



Arçelik

Industry Leader in DJSI Again !



- Arçelik has once again been recognized as the Industry Leader by the DJSI.
- Arçelik is the only Turkish industrial company to be listed in DJSI in the Emerging Markets category for four consecutive years.

Top 3 Ranking	Total SAM ESG Score	
	2019	2020
Arçelik A.Ş	69	79
Competitor A	67	76
Competitor B	66	67



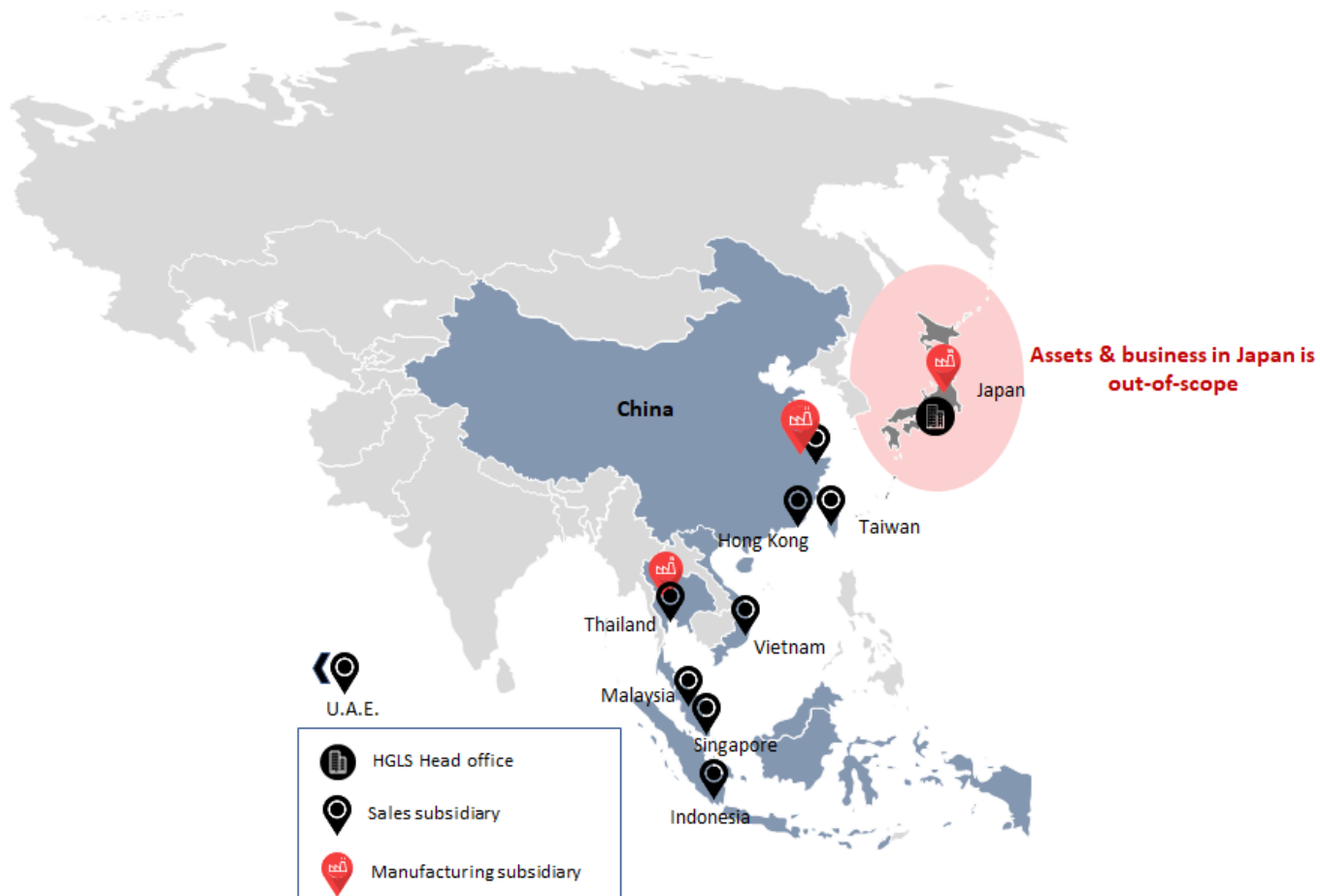
Arçelik A.Ş. - Dimensions	2019	2020
Total	69	79
Governance & Economic	68	74
Environmental	79	85
Social	62	83

Deal with Hitachi : Increasing Foothold in APAC

Overview	▪ Hitachi GLS will establish an SPV, which owns sales & production subsidiaries outside Japan. ▪ Arcelik agreed to pay USD 300 mn* for 60% stake of the SPV ▪ License agreement for Hitachi brand, outside Japan
Rationale	▪ Increase Arçelik footprint in Asia ▪ Synergy opportunities for both brands in the global appliance market ▪ Inorganic growth and better balance sheet metrics
Financing	▪ Arçelik will finance the transaction with cash in hand.
Conditions	▪ Subject to approval from regulatory authorities
Timetable	▪ Expected closing : April 2021

** The total consideration will be subject to adjustment according to the change in the net working capital and net debt level and the value corresponding to the minority share in the affiliated companies as of the closing date.*

SPV Operational Review



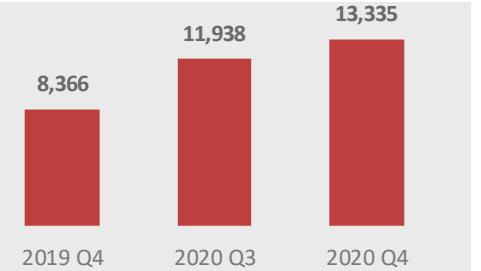
- Production facilities located in China and Thailand
 - **China:** Washing Machine
 - **Thailand:** Refrigerator, washing machine, vacuum cleaner, pump, rice cooker, shower heater
- Cumulative production capacity of around 3 mln. units for WM and REFs
- Sales companies are located in Thailand, China, Hong Kong, Taiwan, Singapore, Malaysia, Indonesia, Vietnam, Myanmar and UAE.
- A workforce of around 3,800 employees

2020 Q4 Key Factors **Sales/Margins**

Revenue Growth

+59%

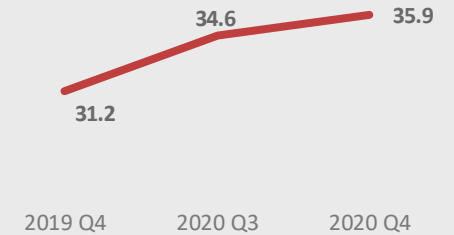
- ↑ Strong demand in all key markets
- ↑ TRY Depreciation (YoY)



Gross Margin

35.9%

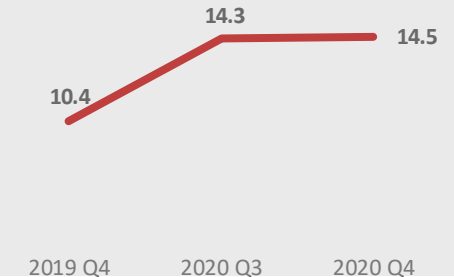
- ↑ Highest capacity utilization achieved for 2020 in Q4
- ↑ Weaker USD against EUR and GBP
- ↑ Stable raw material price due to longer contracts



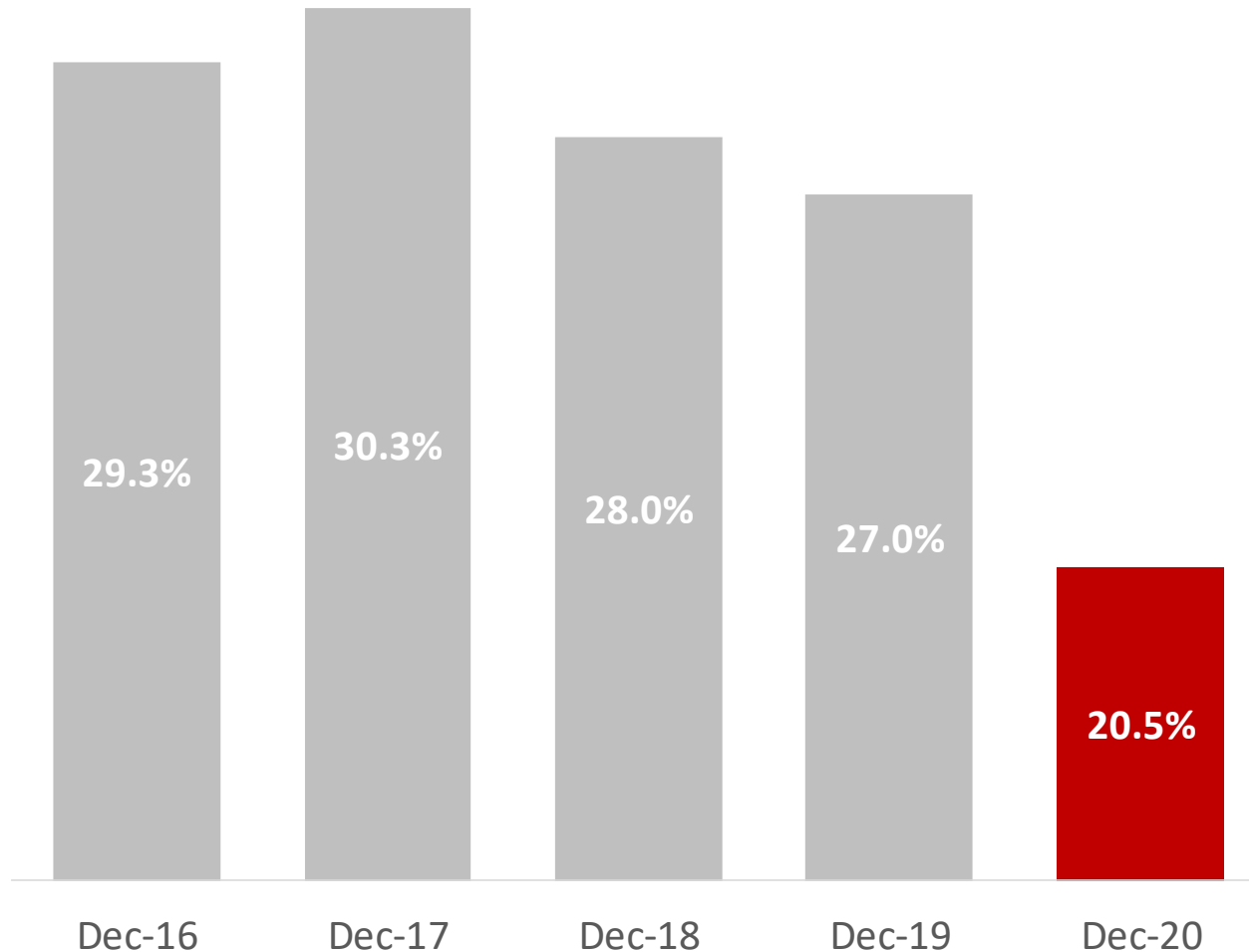
EBITDA Margin

14.5%

- ↓ Higher OPEX/Sales ratio (QoQ)



2020 Q4 Historically Low WC/Sales



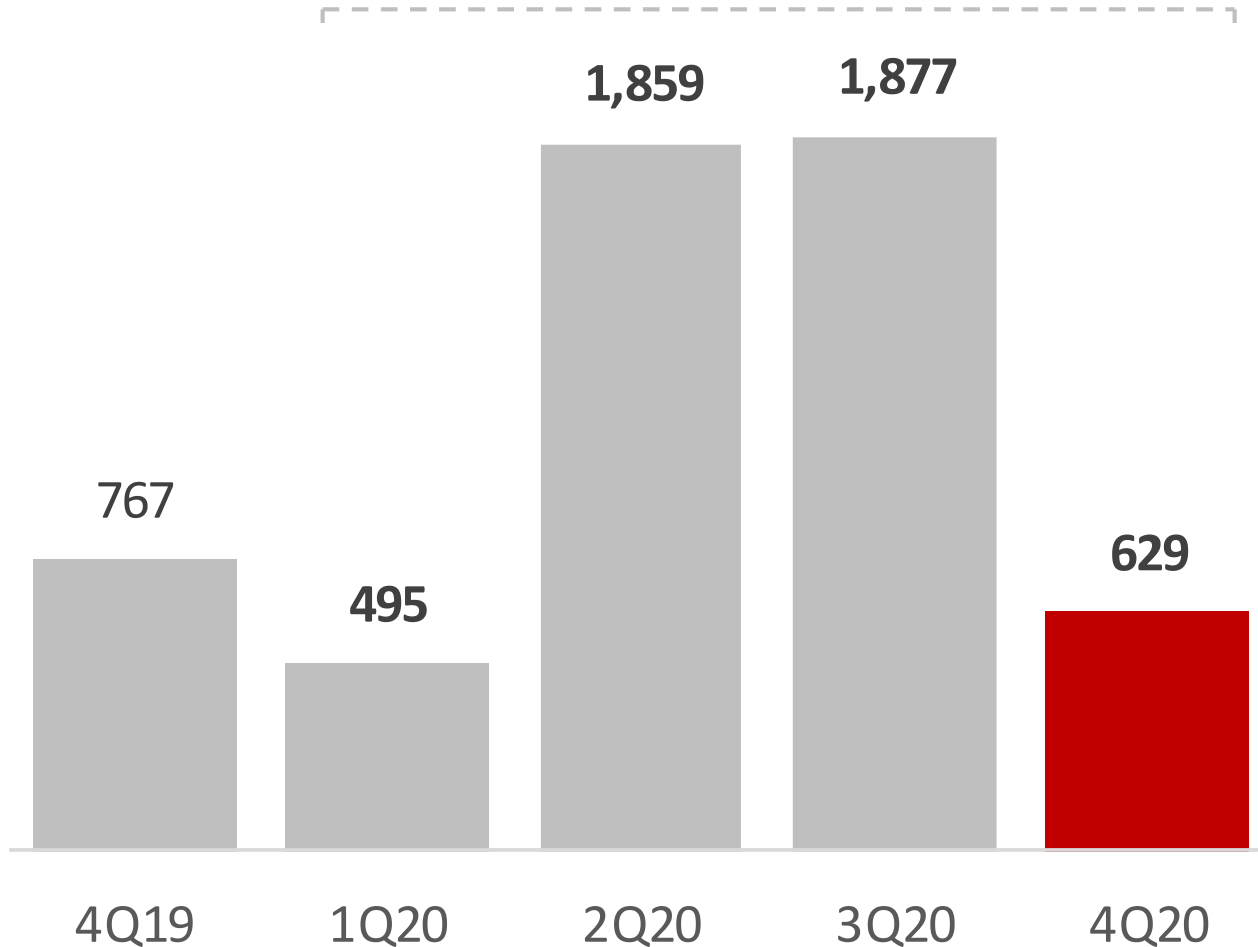
Continuing Improvement in WC Management

- Continue focusing on SKU optimization and inventory management
- Strong receivable collection performance in domestic market

2020 Q4 Strong **Cash Generation**

FCF Generation (TRYmn)

L12M FCF Yield:%20*



Strong Focus on FCF Generation

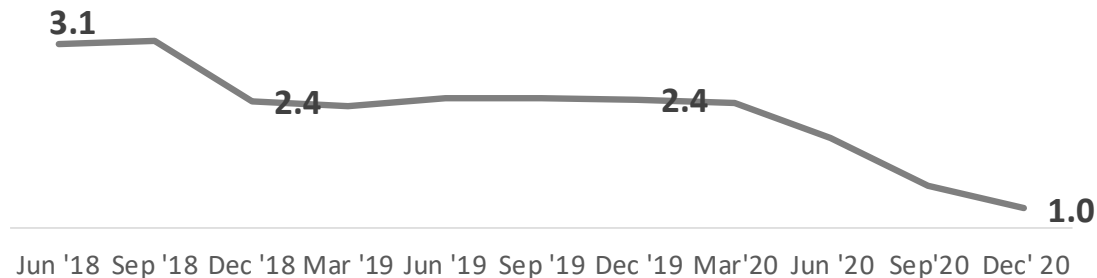
- Despite seasonally high CAPEX, FCF generation remained strong
- Capacity investments to catch-up with demand rebound
- Continuing improvement in WCR

* As of January 22, 2021

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2020 Q4 Strong **Balance Sheet**

Net Leverage



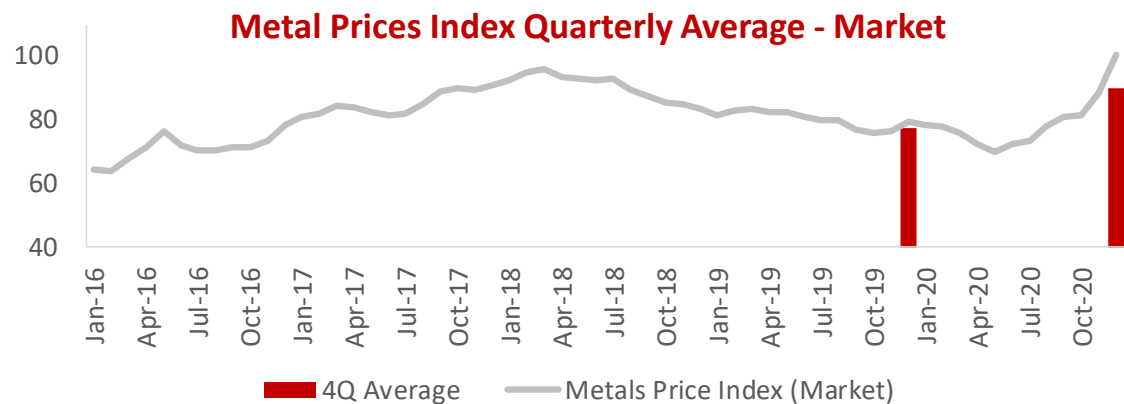
Great Flexibility and Strong Balance Sheet

- Around 60% of total financial debt is due in 2021
- Huge cash of TRY 12 billion in hand
- Net Leverage of ~1.0x gives flexibility in capital allocation
- Eurobond Roll-over options include: Investment loan, a normal issuance or a green bond (or a combination of several options)
- Comfortable in terms of timing and access to liquidity

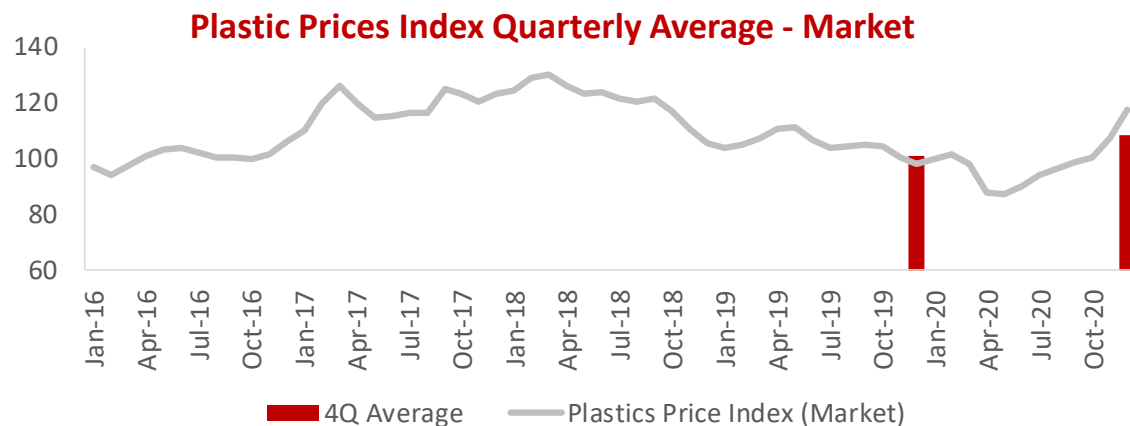
Bond Roll-overs in 2021

Currency	Amount	Maturity
TRY	500	Feb' 21
TRY	500	Jul' 21
EUR	350	Sep' 21

2020 Q4 Raw Material Trends



1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
83	82	79	77	77	72	77	90



1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
105	110	104	101	100	89	97	109

Limited Cost Pressure in Q4

- Market prices increased by 20-25% during the quarter (3Q20-end vs. 4Q20-end)
- Thanks to previously secured contracts, Arcelik's procurement cost did not change dramatically

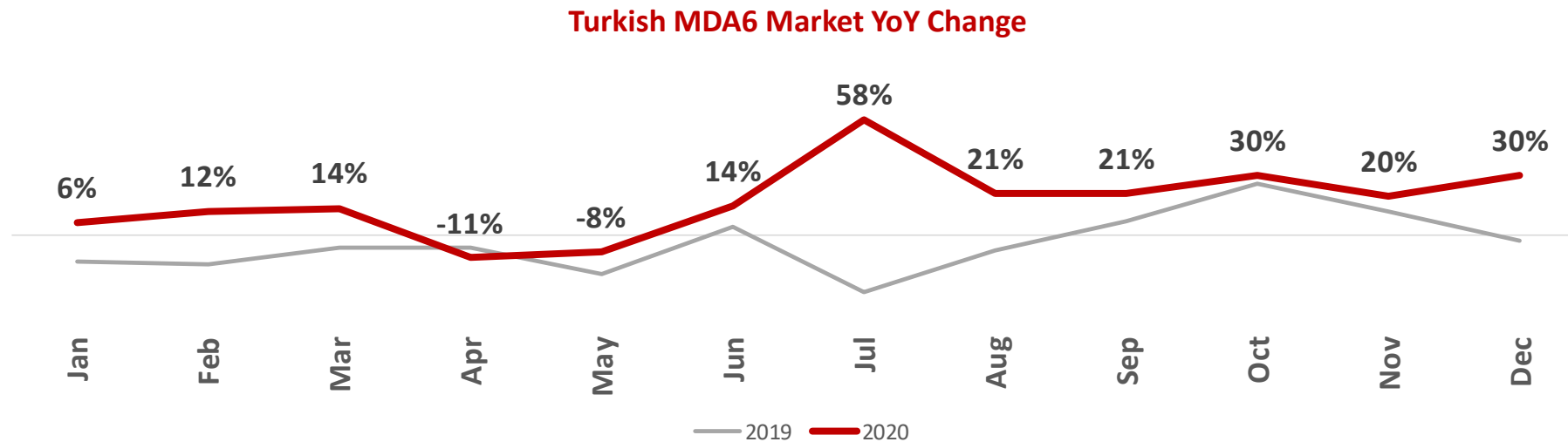
Source: Steel BB, Steel Orbis, ICIS - Chemical Industry News & Chemical Market Intelligence

Metal Index includes: CRC, HRC, Galvanized Steel, Stainless Steel, Copper, Aluminium – Plastics Index Includes ABS, Polystyrene, Polyurethane, Polypropylene

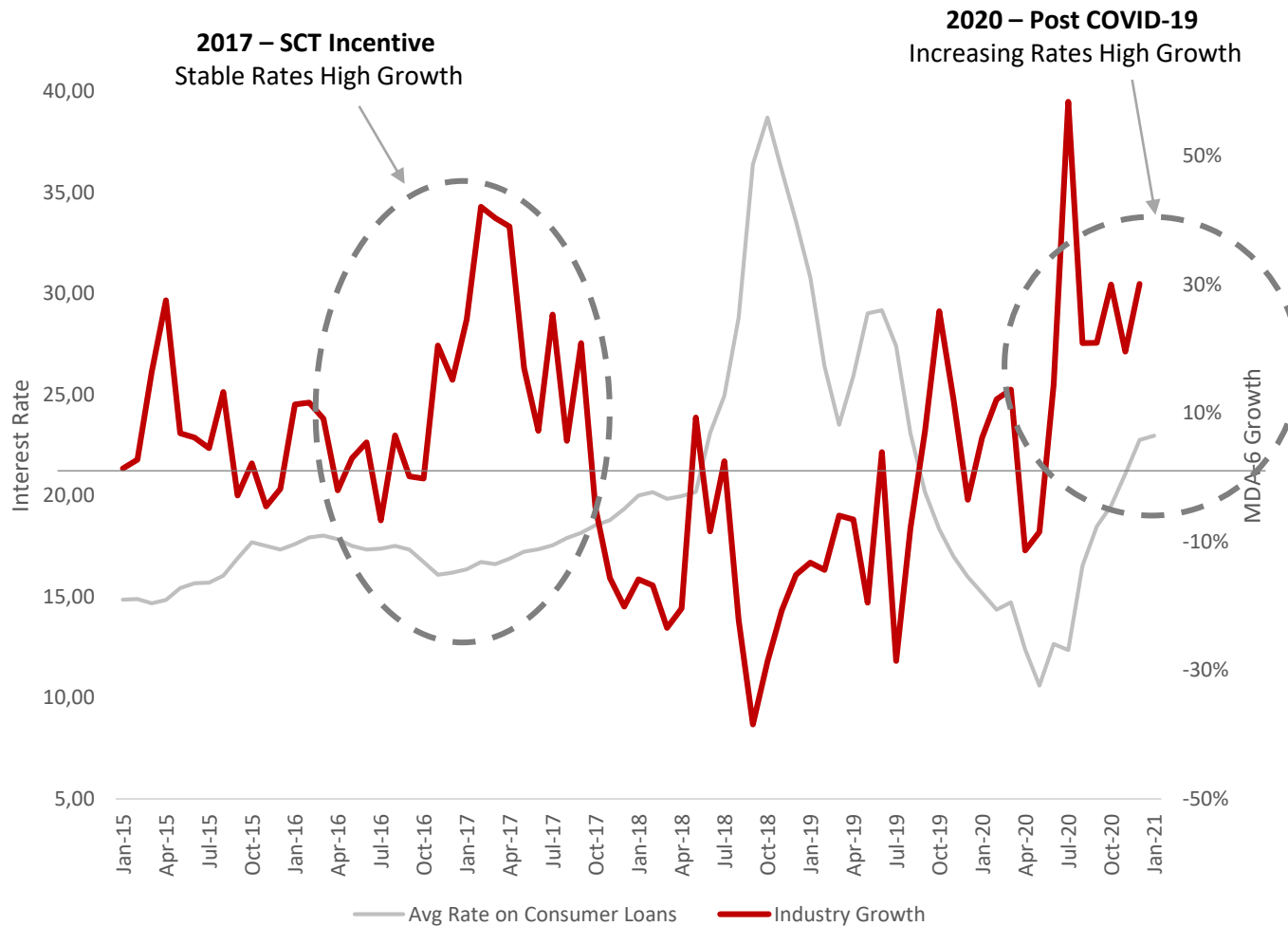
Regional Market Dynamics

2020 Q4 Turkish Market

Market	 MDA-6	 Air-Conditioner	 TV
	+26%	-3%	+1%



2020 Q4 Rates and Demand

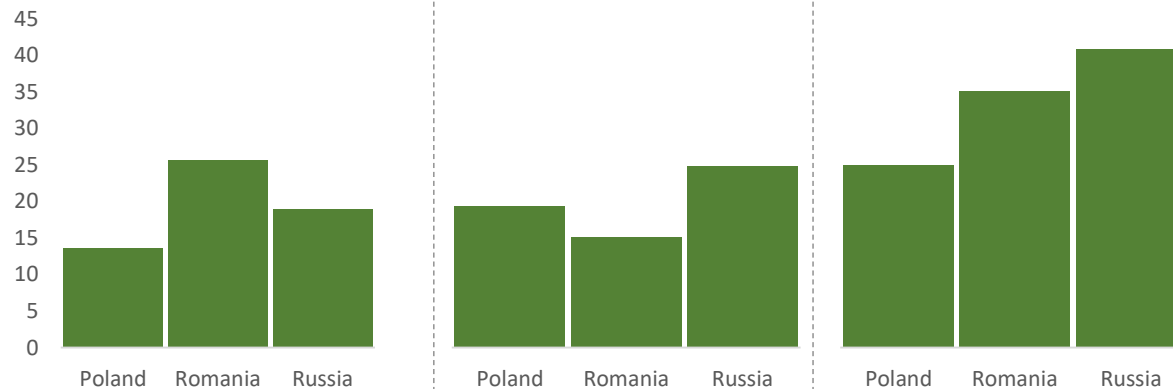
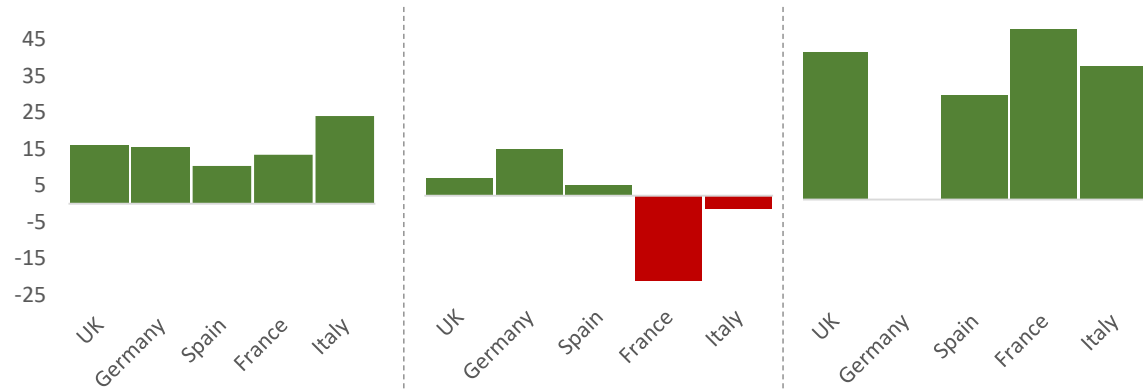


* Assuming an average retail price of ~TRY3,000 and 12 month installments
Source: CBRT

Limited correlation between interest rates and demand

- 10ppt hike in consumer loan rates only increases the monthly payment of the customer by ~TRY20*
- Indirect impact through higher liquidity
- Consumer confidence, consumer expectations and government incentives are main factors in replacement demand

2020 Q4 European Market



October

November

December

Stronger demand sustained

- Substantial growth during the quarter
- Black Friday shifted to December in some countries, resulting in a very strong year-end
- Both East and West Europe closed 2020 with a YoY growth despite lockdowns in 2Q20

2020 Q4 Arçelik Performance in **International**

52%

Europe

- Double digit revenue growth in **Spain, Italy, UK**, with negative performance only from **France**
- All major countries in **E. Europe**, recording double-digit topline growth
- Profitability supported by strong EUR, GBP and weak TRY

7%

Africa

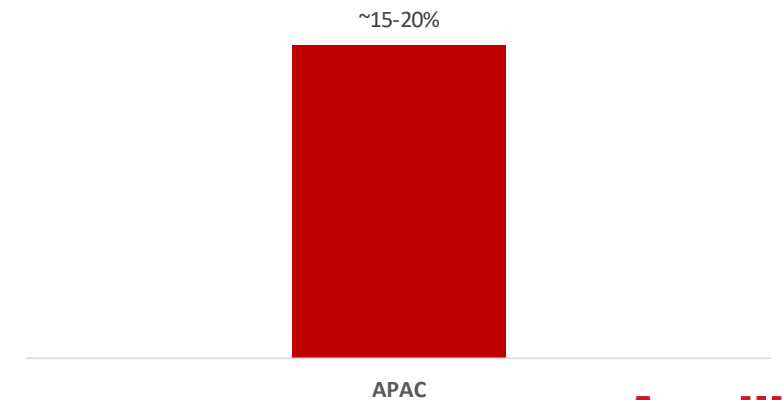
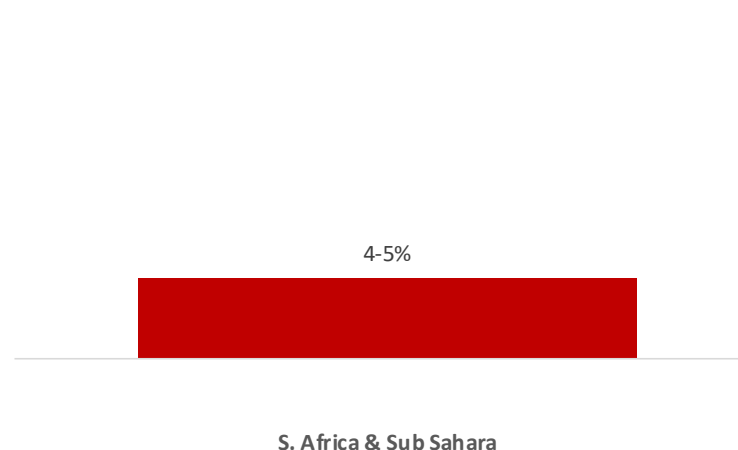
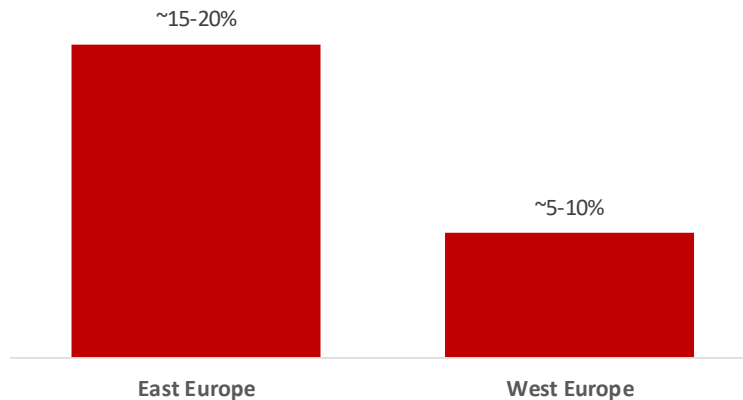
- Highest sales for 2020 was achieved in Q4 for **Defy** as topline was up by 12% in local currency
- Despite the worst quarter in Defy history (sales down 45% in Q2), yearly sales were almost in line with 2019.
- Annual profit margins improved for Defy thanks to tight expense control, price adjustments and lower interest rates

9%

Asia-Pacific

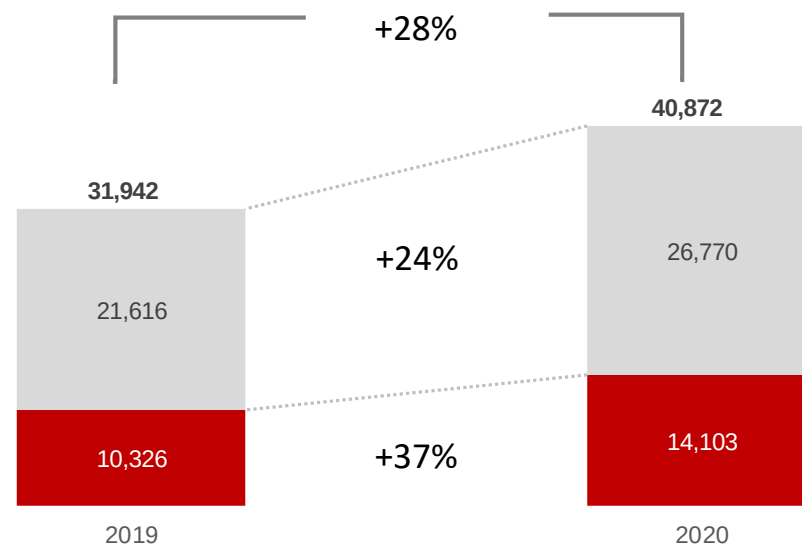
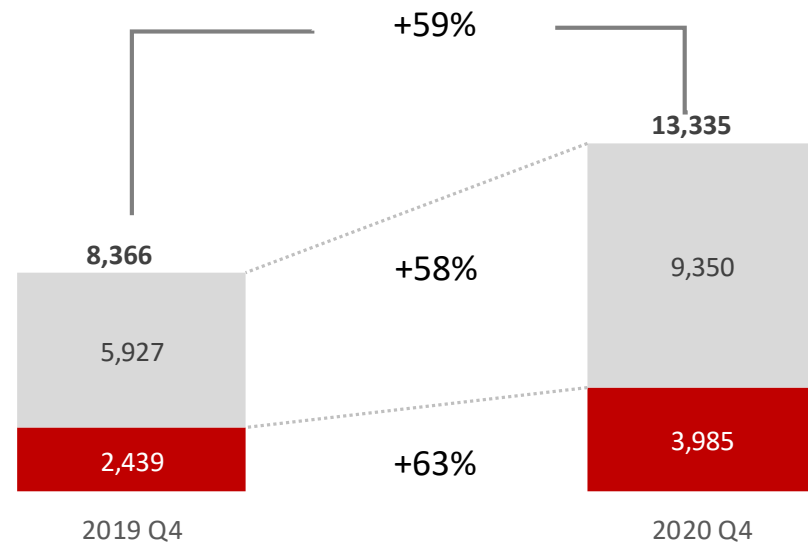
- Very strong demand in Q4 with sales up by 48% in **Pakistan**, bringing YTD decline to below 20% in local currency
- Thanks to strong business results in Q4 (sales up almost 29%), the year was almost flat for **Singer Bangladesh**, despite almost 2-month lockdown in Q2
- **ASEAN** revenue realized at USD27 mn

Arcelik Regional Sales Growth (YoY % in EUR)

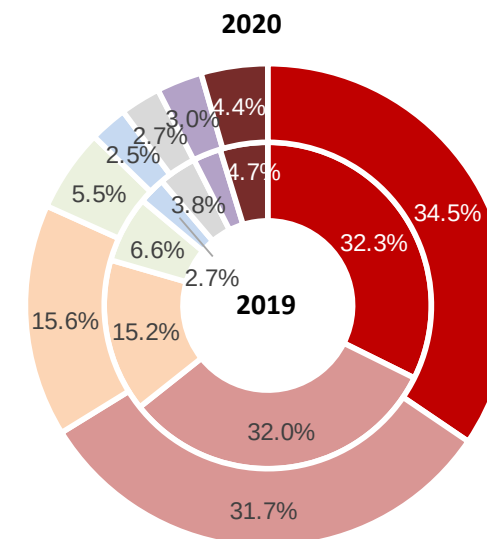
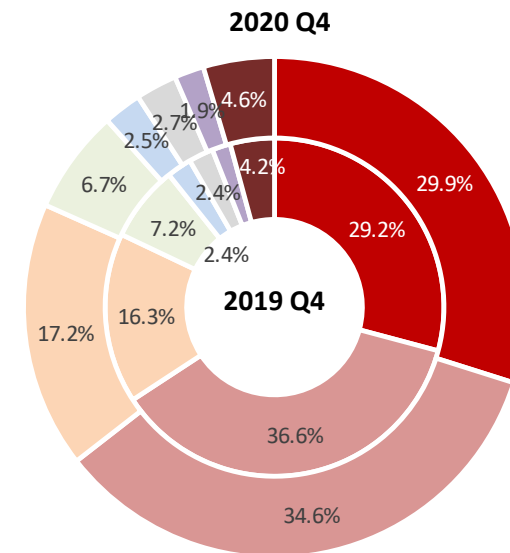


Sales Performance

2020 Q4 Sales by Region



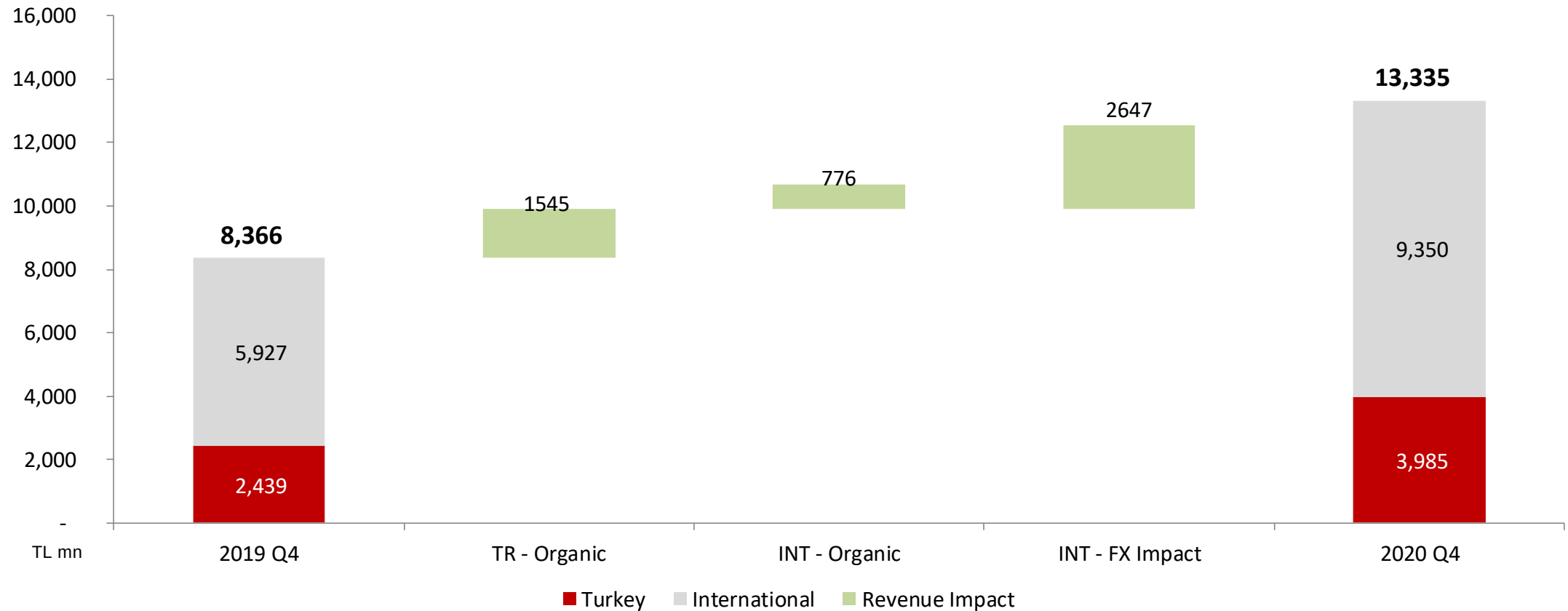
■ Turkey ■ International



■ Turkey ■ Western Europe ■ CIS&Eastern Europe ■ Africa ■ Middle East ■ Pakistan ■ Bangladesh ■ Other

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2020 Q4 Sales Bridge



2020 Q4	Organic	Currency Effect	TOTAL
Domestic Growth	63.3%	0.0%	63.3%
International Growth	13.1%	44.7%	57.8%
Total Growth	27.7%	31.6%	59.4%

Financial Performance

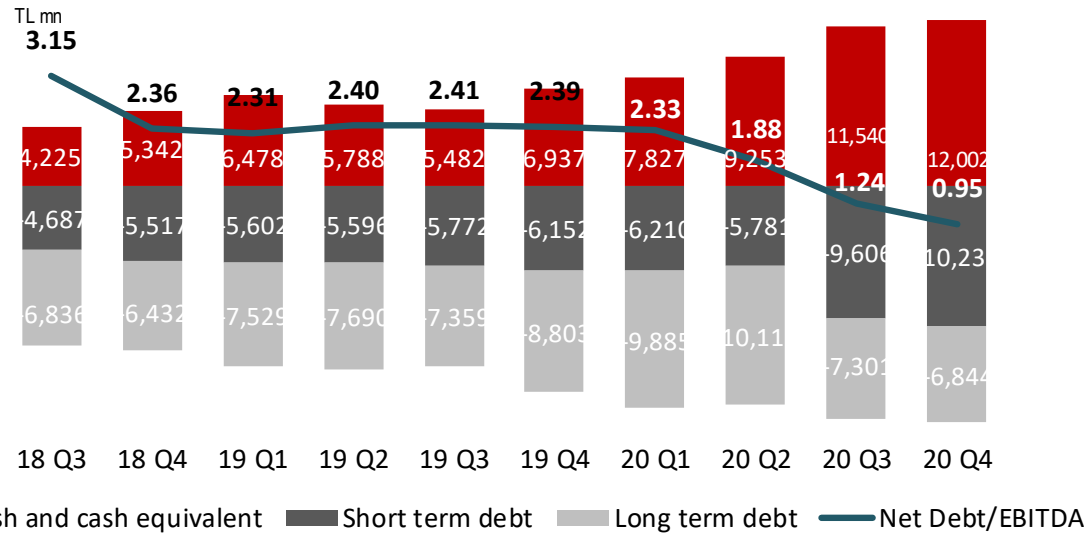
2020 Q4 Income Statement

TL mn	Δ%							
	2020 Q4	2019 Q4	2020 Q3	Δ% YoY	QoQ	2020 9M	2019 9M	Δ% YoY
Revenue	13,335	8,366	11,938	59	12	40,872	31,942	28
Gross Profit	4,786	2,607	4,132	84	16	13,806	10,215	35
<i>margin</i>	<i>35.9</i>	<i>31.2</i>	<i>34.6</i>			<i>33.8</i>	<i>32.0</i>	
EBIT *	1,607	593	1,368	171	17	4,135	2,296	80
<i>margin</i>	<i>12.0</i>	<i>7.1</i>	<i>11.5</i>			<i>10.1</i>	<i>7.2</i>	
Profit Before Tax	1,379	282	1,285	389	7	3,498	1,114	214
<i>margin</i>	<i>10.3</i>	<i>3.4</i>	<i>10.8</i>			<i>8.6</i>	<i>3.5</i>	
Net Income**	1,163	240	1,041	385	12	2,848	925	208
<i>margin</i>	<i>8.7</i>	<i>2.9</i>	<i>8.7</i>			<i>7.0</i>	<i>2.9</i>	
EBITDA*	1,932	872	1,713	122	13	5,357	3,351	60
<i>margin</i>	<i>14.5</i>	<i>10.4</i>	<i>14.3</i>			<i>13.1</i>	<i>10.5</i>	
EBITDA - ex.one-offs	1,932	872	1,713	122	13	5,073	3,351	51
<i>margin</i>	<i>14.5</i>	<i>10.4</i>	<i>14.3</i>			<i>12.4</i>	<i>10.5</i>	

* 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. 2020 Q3 EBITDA is also adjusted for TRY27mn loss arising from sale of manufacturing facility in China

** Net income before minority

2020 Q4 Cash & Financial Debt

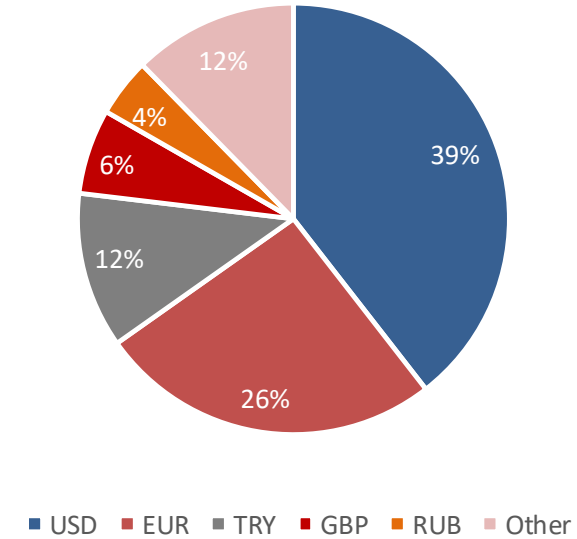


Financial Debt profile (as of Dec 31 2020)

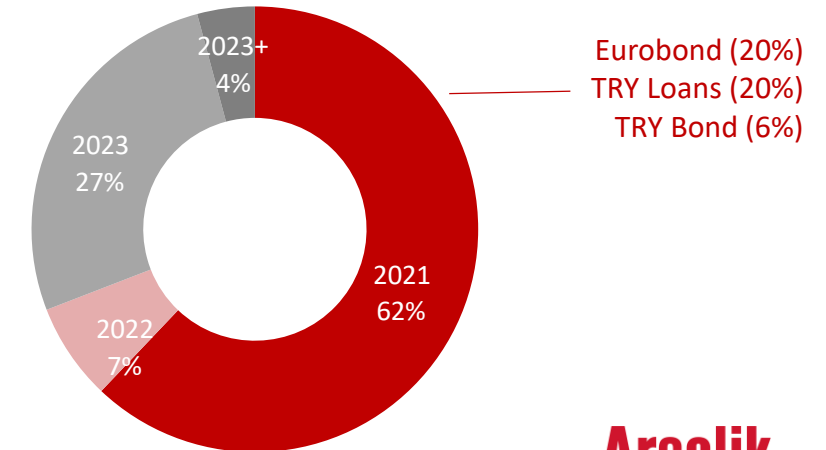
	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	11.9%	4,764	4,764
EUR	0.9%	211	1,896
GBP	0.6%	5	52
USD	2.1%	23	170
ZAR	5.1%	900	453
AUD	3.3%	13	74
RUB	2.0%	111	11
PKR	7.8%	13,963	635
BDT	7.0%	2,054	179
Total			8,233
USD	5.1%	506	3,712
EUR	4.0%	354	3,187
TRY*	19.1%	1,026	1,026
Total Bond			7,925
Total			16,158

*Average fixed rate at 19.1% through Interest Rate Swaps

Cash Breakdown by Currency



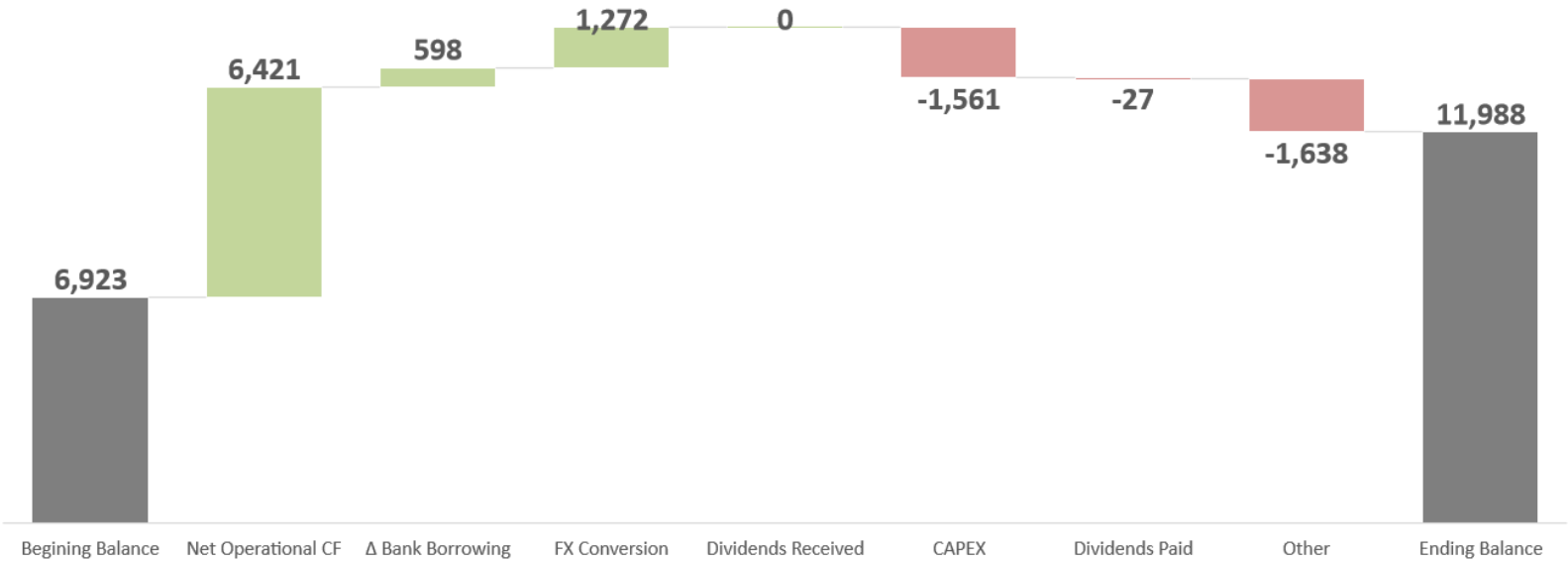
Debt Maturity Profile



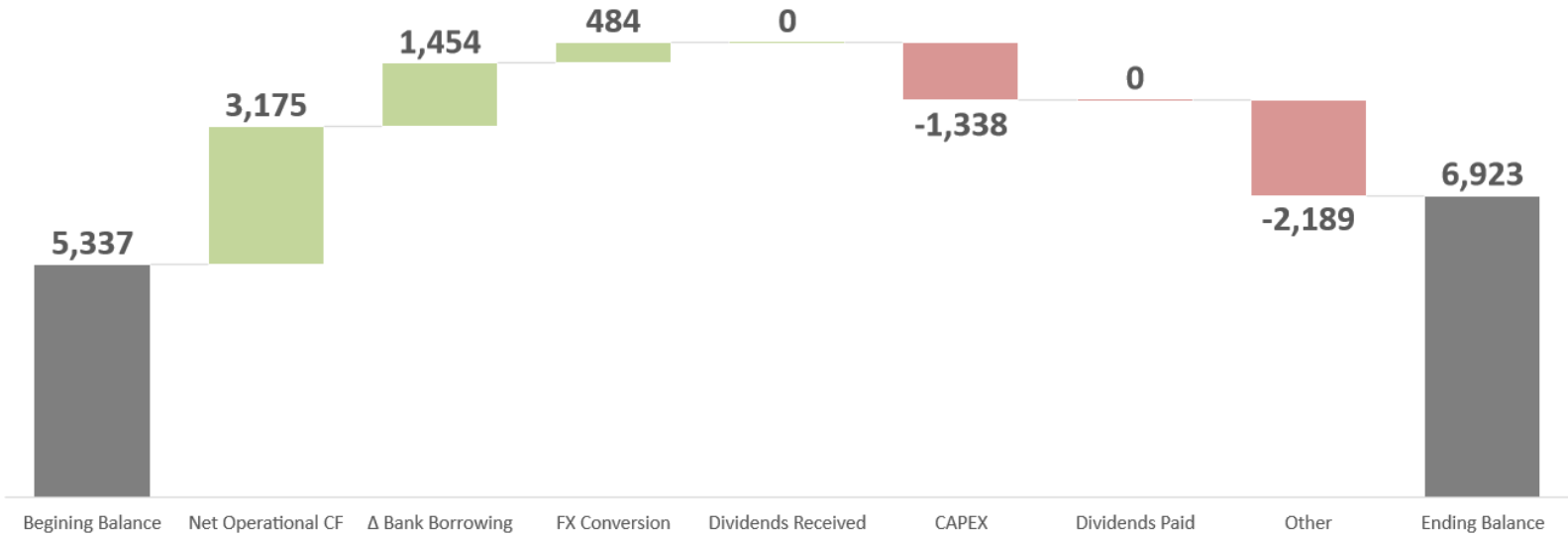
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2020 12M Cash Flow

2020 12M



2019 12M



2021 Guidance

2020 Guidance

		<i>Guidance</i>		<i>Realized</i>
Arçelik Revenue	Turkey (in TRY)	25-30% growth	✓✓	37% growth
	International (in FX)	< 5% decline	✓	2% decline
	Consolidated Total (in TRY)	20-25% growth	✓✓	28% growth
Profitability	EBITDA Margin	>11.5%	✓	13.1%
Working Capital/Sales		< 27%	✓	20,5%
CAPEX		Around EUR 180 mio.	☒	c. EUR 215 mio.

2021 Guidance

Arçelik Revenue

Turkey (in TRY)	15-20% growth
International (in FX)	>5% growth
Consolidated Total (in TRY)	c.20% growth

Profitability

EBITDA Margin	c.11.0%
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Working Capital/Sales

c.25%

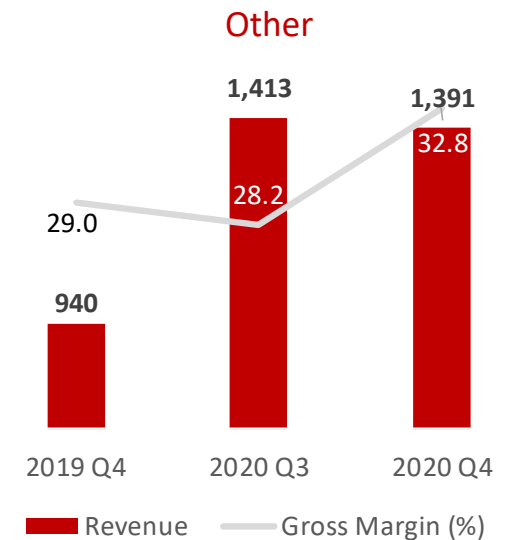
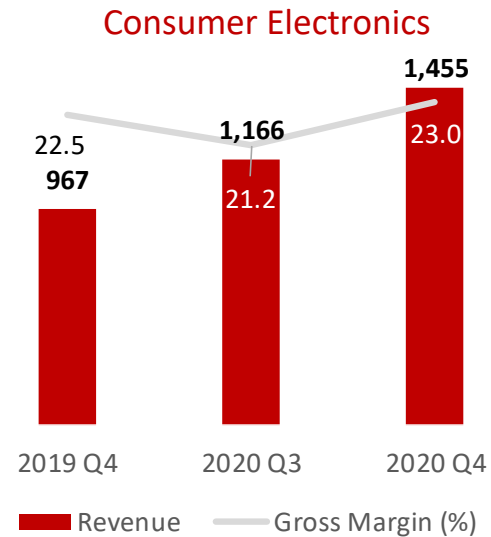
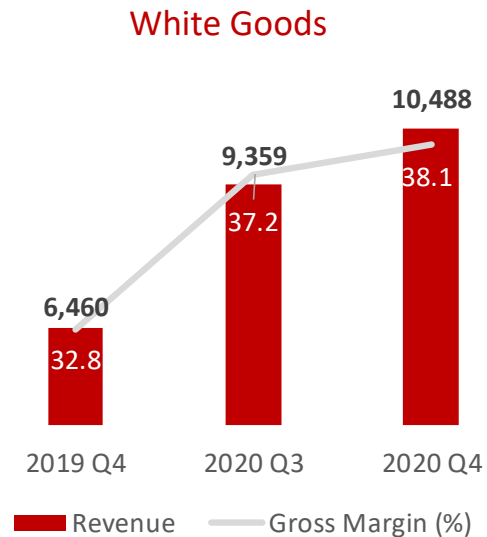
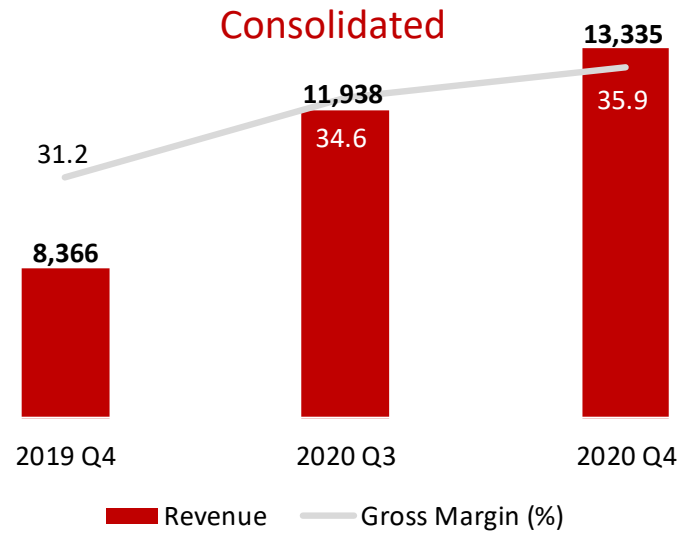
CAPEX

c.220 mio.

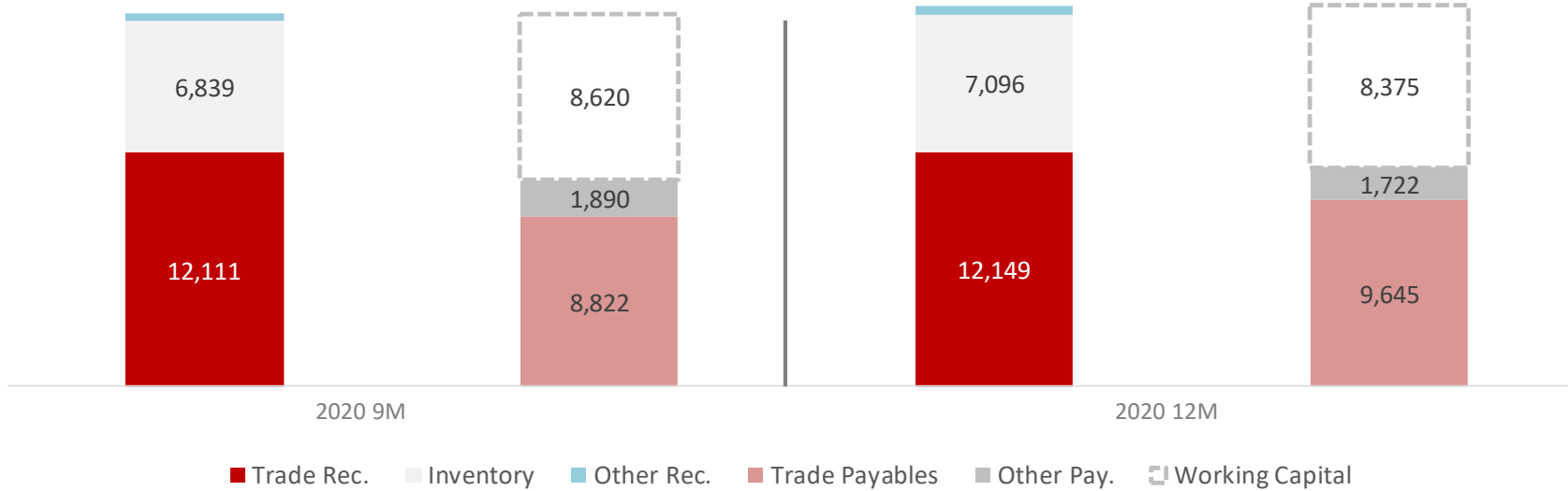
APPENDIX:

Other Financial Statements

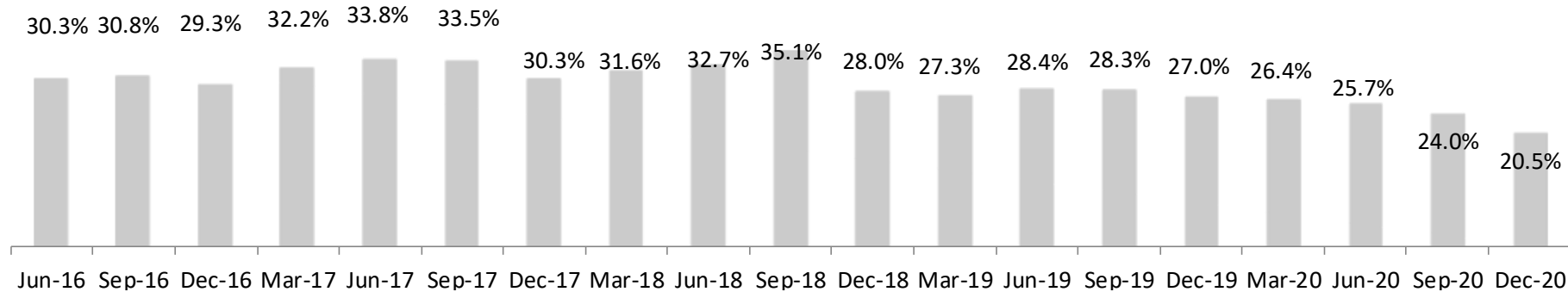
2020 Q4 Margin by Segments



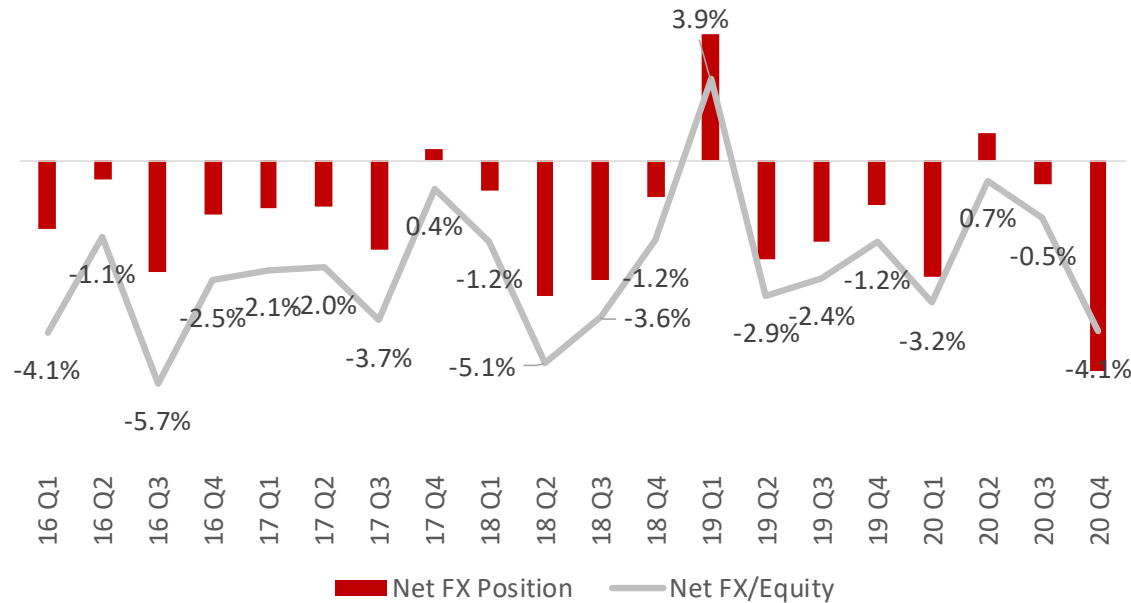
2020 Q4 **Working Capital**



Working Capital / Sales



2020 Q4 FX Hedging



- 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.

(TRYmn)	Before Hedge	Hedged Position	Net Position
EUR	-15	14	-2
USD	10	-18	-8
GBP	11	-11	0
Other	1,347	-1,907	-560
TOTAL	1,353	-1,923	-570
Net FX Position/Equity			-4.1%

- 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.

Contacts for Investor Relations

Polat Şen

CFO

Tel: (+90 212) 314 34 34

Özkan Çimen

Finance Director

Tel: (+90 212) 314 39 01

Orkun İnanbil

Investor Relations Manager

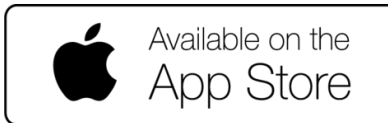
Tel: (+90 212) 314 31 14

Kerimcan Uzun

Investor Relations Specialist

Tel: (+90 212) 705 96 81

Investor Relations App



www.arcelikas.com

investorrelations@arcelik.com

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