Company profile

Performance Indicators- 2014

Ticker: ARCLK TI

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>TL 12,514 mn USD 5,720 mn</td>
</tr>
<tr>
<td>Share of international sales</td>
<td>61%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>TL 1,334 mn</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>11.0%</td>
</tr>
<tr>
<td>Net Profit *</td>
<td>TL 638 mn</td>
</tr>
<tr>
<td>Production plants</td>
<td>14</td>
</tr>
<tr>
<td>Present in</td>
<td>+130 countries</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
</tr>
<tr>
<td>Blue Collar</td>
<td>20,517</td>
</tr>
<tr>
<td>White Collar</td>
<td>4,359</td>
</tr>
</tbody>
</table>

* Net income pre minority

Shareholder structure

- Listed on ISE since 1986
- Bonds trade on Irish Stock Exchange
  - 3.875% Notes due 2021 (EUR350mn)
  - 5% Notes due 2023 (USD500mn)
60 years of history

Domestic

- 1955: Arçelik establishment
- 1959: Washing machine launch
- 1960: Refrigerator launch
- 1977: Compressor production
- 1980: Economic Liberalization
- 1991: R&D center establishment

Regional

- 1996: Customs Union with EU
- 1999-2000: Consolidation of Arçelik’s Turkish operations
- 2002: International investments: Arctic (Romania), Blomberg (Germany), Electra Bregenz (Austria), Leisure (UK) and Flavel (UK)
- 2006: Arçelik plant in Russia

Global

- 2007: Acquisition of washing machine plant in China
- 2008: Grundig acquisition
- 2011: South African acquisition (Defy), sales and marketing Co in Australia
- 2012: Sales and marketing Co in Egypt, and Ukraine
- 2015: Thailand Investment
A global player

HQ (Turkey/Istanbul)
Production Plants
International Sales & Marketing

Arçelik A.Ş. / 60th Year
## Product groups

<table>
<thead>
<tr>
<th>Appliances</th>
<th>Consumer Electronics</th>
<th>HVAC</th>
<th>Small Household Appliances</th>
<th>Other</th>
</tr>
</thead>
</table>
| • Refrigerators  
• Freezers  
• Washing machines  
• Dryers  
• Dishwashers  
• Ovens  
• Hobs  
• Hoods  
• Microwave oven | • TVs  
• Home theatre systems  
• Hi-Fi systems  
• Portable audio systems  
• Dect & mobile phones  
• Notebooks & desktop PCs  
• POS cash register | • Air conditioners  
• Combi boilers  
• Water heaters  
• Room heaters | • Vacuum cleaners  
• Kitchen appliances  
• Personal care  
• Garment care  
• Steam cleaners  
• Fans  
• Warming drawers  
• Water dispensers & water filtration | • Hermetic compressors  
• Industrial motors  
• Appliances motor pumps  
• Ready-made kitchen |
Brand portfolio

**Turkey**

- **beko**
  - Largest appliance brand in the UK & a global brand sold in more than 100 countries.

- **GRUNDIG**
  - A well-known consumer electronics and personal care appliances brand in Western Europe. Recently expanded into white goods segment.

- **arçelik**
  - Leading home appliance brand in Turkey.

- **ALTUS**
  - The home appliance and television brand for price conscious consumers.

**Regional**

- **Blomberg**
  - German home appliance brand of advanced technology.

- **elektrabregenz**
  - A strong, prestigious household appliance brand in Austria.

- **arctic**
  - The leading brand in the Romanian household appliances market.

- **FLAVEL**
  - One of the strong cooking brands in the UK and Ireland.

**Global**

- **LEISURE**
  - The traditional brand for solo cooking appliances in the UK.

- **DEFY**
  - The leading brand in South African household appliances market.
Main pillars

**Strength in Turkey**
- Leading producer of white goods with a c.50% market share
- Exclusive dealer network for Arçelik and Beko brands
- Exclusive authorized after-sales service points, the widest network in Turkey

**International growth**
- c.60% of sales from international markets
- Beko the second brand in Europe (up from 7th position in 2008)
- Arçelik the third largest white goods player in Europe
- Sales &marketing organizations in 26 countries, sales in +130 countries
- Expansion into higher segment via Grundig brand in appliances
- Further diversification via investment in Thailand

**Leading R&D capabilities**
- Manufacturing with its technology, no external licensing
- The only TR company repeatedly on the top 200 PCT applicants list of WIPO
- R&D activities in locations with favorable cost base
- Strategy: delivering an innovative product pipeline, energy efficient products with world records and cost competitiveness

**Cost competitiveness**
- Production in low cost regions
- Proximity to the key markets
- Manufacturing facilities are largest of their kind=> economies of scale
- Flexible manufacturing to address different local needs efficiently
Main pillars
Strength in Turkey

Strong sales and dealer network

**Dealer network**
- c.3,000 exclusive dealers in Turkey for Arçelik and Beko brands on long-term relationship
- Dealer network => customer loyalty, proximity, and brand awareness
- Arçelik manages marketing, store formats and dealer training
- Indirect consumer financing=> Arçelik supports dealers via payment terms, while dealers bear consumer risk

**After-sales service**
- After-sales services includes delivery, assembly, installation, repair and general customer support processes
- 10 regional after-sales service centers
- Widest after-sales service network in Turkey, +600 exclusive after-sales service points
- Strong technology infrastructure. Extensive database and immediate feedback on product performance
- Local call center to address customer issues quickly and effectively (7 days/24 hours)
Lovemark

Arçelik ranks first in most loved brand survey of IPSOS in general and respective categories

General
1. Arçelik
2. Adidas
3. Samsung
4. Nike
5. LC Waikiki

White Goods
1. Arçelik
2. Bosch
3. Beko
4. Siemens
5. Vestel

Consumer Electronics
1. Arçelik
2. Bosch
3. Samsung
4. Beko
5. LG

Source: IPSOS Lovemark survey, 2014
Strength in Turkey
Demand drivers

1- Favorable demographics
Population: ~78mn
• Population growth rate: 1.3%
• Population under age 30: 48%
• Population under age 15: 24%

Average household size: 3.6
• New household formation: c. 2-3%
• Number of marriages annually: ~600,000

2- Replacement sales
• Old appliance pool. 60-65% of refrigerators, and 45-50% of washing machines currently in use have energy rating below A+ level*.
• Transition to built-in

3- Penetration levels
• Low penetration in categories like dishwashers and dryers

Source: Turkstat
Source: Arçelik estimates, 2014 YE
International growth

- International sales account for c.60% of revenues
  - 3rd largest appliances company in Europe
  - Beko: 2nd brand in Europe
  - Leading positions in core markets
  - Third largest player in EMEA region
  - Leading manufacturer in South Africa
  - Investment in Thailand in progress

# countries present

Share of international sales

Share of international employees
International growth

Beko: Fastest growing white goods brand in the European market

- Beko: Fastest growing white goods brand in the European market for the last 7 years
- Beko moved from 22nd position in 2000 to 2nd position in 2014

Beko market share in EU25

market share 8%
7%
6%
5%
4%
3%
2%
1%
0%

Year 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14
Beko rank in EU25

Rank 00 01 02 03 04 05 06 07 08 09 10 11 12 13 14
22 7 5 5 4 3 3 2

Market share of top-5 manufacturers

Source: GFK, unit volume share

- Despite the ongoing consolidation, European market is still relatively fragmented => further organic growth opportunities

Source: GFK (2014), unit volume share
International growth

Virtuous cycle for growth

Scale economies

R&D investments and competitive product design capabilities

Expansion to new distribution channels and countries

Brand Investments

Positive buyer & retailer experience

Awards & endorsements

Product mix Improvement

Sustainable growth
International growth
Core positions in European markets

Beko is:
• The 2nd largest brand in Europe
• The leading brand in the UK white goods market
• Leader in France and Poland in the freestanding white goods market
• The fastest-growing brand in the German white goods market, doubling its market share in the last five years.
• Leader in Belgium in refrigerator and deep freezer segments
• Leader in Spain in deep freezer segment

Source: GFK 2014 (volume share), Arctic position in Romania, Arçelik & Beko positions in Turkey, Beko in other countries

Data not available
International Growth
Leveraging on Sponsorships

**Beko-Basketball League Sponsorships**
- Germany: German Basketball League- Beko Basketball Bundesliga
- Italy: Premier Basketball League-Beko Lega Basket Serie A
- Lithuania: Lithuanian Basketball League-Beko LKL League

**Beko-Basketball Event Sponsorships**
Presenting Sponsor of
- 2015 EuroBasket European Basketball Championship (France, Germany, Latvia, Croatia)
- 2014 FIBA World Basketball Cup (Spain)
- 2013 EuroBasket European Basketball Championship (Slovenia)
- 2011 EuroBasket European Basketball Championship (Lithuania)
- 2010 FIBA World Basketball Cup (Turkey)
Main Sponsor of
- 2009 EuroBasket (Poland)
- 2009 FIBA Asian Championship (China)

**Other**
- Grundig: Sponsor of Fenerbahçe Volleyball Team
- Grundig: Main Sponsor of Norway Handball League - Grundig Liganen
- Beko: 2014 Major Home Appliance Sponsor of NRL Auckland Nines (New Zealand)

**Football Sponsorships**
- Beko: Sponsor of Beşiktaş Football Team (Turkey)
- Grundig: Official Technology Partner of Bundesliga
- Beko Sponsor of FA Cup in UK in 2012-2013 & 2013-2014
- Grundig: Partner of Borussia Dortmund
- Grundig: Sponsor of Nürnberg and 1.FC Nürnberg in Germany

**Beko FC Barcelona Premium Partner**

Beko and FC Barcelona are now team mates!
International growth
Southeast Asia 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

Source: GFK 2013
International growth

ASEAN countries overview

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (USDbn)</th>
<th>Population (mn)</th>
<th>GDP/capita (USD 000's)</th>
<th>GDP growth (14-17E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>$ 186</td>
<td></td>
<td>$/¥ 2.1</td>
<td>$↑ 5.9%</td>
</tr>
<tr>
<td>Laos</td>
<td>$ 12</td>
<td></td>
<td>$/¥ 1.7</td>
<td>$↑ 7.6%</td>
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<tr>
<td>Malaysia</td>
<td>$ 327</td>
<td></td>
<td>$/¥ 5.4</td>
<td>$↑ 3.9%</td>
</tr>
<tr>
<td>Singapore</td>
<td>$ 308</td>
<td></td>
<td>$/¥ 10.8</td>
<td>$↑ 4.9%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$ 889</td>
<td></td>
<td>$/¥ 56.3</td>
<td>$↑ 3.1%</td>
</tr>
<tr>
<td>Kerala</td>
<td>$ 327</td>
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<td>$/¥ 10.8</td>
<td>$↑ 4.9%</td>
</tr>
<tr>
<td>Philippines</td>
<td>$ 285</td>
<td></td>
<td>$/¥ 2.9</td>
<td>$↑ 6.3%</td>
</tr>
</tbody>
</table>

Source: WEO April 2015
R&D

1000+ R&D staff
• More than 1,000 researchers in 9 R&D Units in 5 countries
• Most active Turkish company in European research platforms (FP7/H2020)

Patent applications
• +2,000 patent applications
• The only Turkish company in top 200 of WIPO international list in the past five years
• 50% of the patents are actively used in products

Cost advantages
• R&D activities in locations with favorable cost base

Self reliant
• Manufacturing with own technology
• R&D capability in motors and compressors

Strong R&D infrastructure

R&D staff

Patent applications
R&D

World records in energy efficiency

Static combi (A+++)-%30

No-Frost combi (A+++)-%20

6 lt water consumption

Dryer with heat pump (A+++)-%10

Oven (Surf Technology)

(A+++)-%70

%45 Less Energy

(A+++)-%10

(A+++)-%20

R&D World records in energy efficiency
R&D

Innovative product launches in 2014

**Innovative products**

- HomeCream® Ice cream machine in a refrigerator
- A refrigerator that runs on solar energy for South African provinces without electricity
- IonFresh® technology, which prevents the release of unpleasant odors from dirty dishes in the dishwasher
- The VUX interface to control dishwasher, cooker, and range hood from a single center
- Everfresh® technology, which keeps fruits and vegetables fresh for up to 30 days in a climate-controlled compartment
- AirDry Washer and Dryer that dries without the use of water
- Auto Glass Shield® technology prolonging life of glasses by more than 20 times (dishwasher)
Cost competitiveness
Proximity to the markets

• strategically located in markets comprising c.50% of the global market share

• logistics cost is significantly lower than Asian manufacturers due to shorter distance to target markets

Source: GFK 2013

Source: Arçelik market estimates
Cost competitiveness

Production plants located in low labor cost countries

Hourly labour cost (exc. apprentices)
(EUR/employee)

- < 7
- [7-14)
- [14 – 24)
- [24 – 32)
- >32
- n.a.

Most labour intensive functions including headquarters and production plants are located in low labour costs countries (LCC)

Source: Eurostat, 2012, Arçelik estimates for Russia
Growth strategy

Organic growth

Turkey
• Growth in
  • Products with low penetration
  • Upper segment in white goods, built-in products and SDA
• Strengthen dealership network
  • Position dealer network as destination stores
  • Design focus on SDA and products creating customer traffic
  • Continued roll-out of dealer stores with the new concept
• Continue efficient utilization of CRM
• Focus on B2B

International
• Strengthen brand awareness and image
• Continue to improve product mix
• Improve market share of built-in
• Strengthen SDA position in international markets
• Improve the penetration in existing countries
• Grow Grundig brand in the more premium segment of appliance category (vs. Beko)
• Use internet channel more effectively

Overall
• Focus on R&D, innovation, design, brand and customers
• Continue rolling-out world leader products in resource efficiency and low noise levels
• Leverage on sponsorships

Inorganic growth

Access to high-end segment
Opportunistic M&A: Acquisition of a higher-end brand in developed markets

Growth in emerging markets
Via acquisitions, partnerships, and greenfield investments in:
• MEA
• South Asia and Southeast Asia (Thailand investment in progress)
Financial performance
## Income statement

<table>
<thead>
<tr>
<th>TL mn</th>
<th>2015 Q2</th>
<th>2014 Q2</th>
<th>2015 Q1</th>
<th>Δ% YoY</th>
<th>Δ% QoQ</th>
<th>2015 H1</th>
<th>2014 H1</th>
<th>Δ% YoY</th>
<th>2014</th>
<th>2013</th>
<th>Δ% YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3,355</td>
<td>3,076</td>
<td>2,867</td>
<td>9</td>
<td>17</td>
<td>6,222</td>
<td>5,878</td>
<td>6</td>
<td>12,514</td>
<td>11,098</td>
<td>13</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>1,082</td>
<td>990</td>
<td>872</td>
<td>9</td>
<td>24</td>
<td>1,953</td>
<td>1,882</td>
<td>4</td>
<td>3,979</td>
<td>3,388</td>
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<tr>
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<td>EBIT *</td>
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<td>278</td>
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<td>457</td>
<td>487</td>
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<td>7.7</td>
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<td>Profit Before Tax</td>
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<td>302</td>
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<tr>
<td>Net Income**</td>
<td>326</td>
<td>167</td>
<td>141</td>
<td>95</td>
<td>131</td>
<td>468</td>
<td>302</td>
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<td>638</td>
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<td>10.4</td>
<td>11.0</td>
<td>10.4</td>
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</tbody>
</table>

* EBIT includes net other income/expense from operating activities (part of operating income as per CMB reporting) and income and expenses from sale of PP&E, but excludes foreign exchange gains/losses arising from trade receivables and payables, credit finance income/charges and cash discount expense.

** Net income before minority
# Revenue and gross profit by segment

<table>
<thead>
<tr>
<th>TL mn</th>
<th>2015 Q2</th>
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<tbody>
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<td>Gross Profit %</td>
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<td>30.4</td>
<td></td>
<td></td>
<td>31.4</td>
<td>32.0</td>
<td></td>
<td>31.8</td>
<td>30.5</td>
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<td><strong>White Goods</strong></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Revenue</td>
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<td>2,031</td>
<td>7</td>
<td>18</td>
<td>4,437</td>
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<td>9,069</td>
<td>7,818</td>
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<td>Gross Profit</td>
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<td>766</td>
<td>671</td>
<td>10</td>
<td>26</td>
<td>1,517</td>
<td>1,425</td>
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<td>3,080</td>
<td>2,564</td>
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<tr>
<td>Gross Profit %</td>
<td>35.1</td>
<td>34.1</td>
<td>33.1</td>
<td></td>
<td></td>
<td>34.2</td>
<td>34.0</td>
<td></td>
<td>34.0</td>
<td>32.8</td>
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</tr>
<tr>
<td><strong>Consumer Electronics</strong></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>422</td>
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<td>861</td>
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<td>1,829</td>
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<tr>
<td>Gross Profit</td>
<td>84</td>
<td>103</td>
<td>92</td>
<td>-18</td>
<td>-8</td>
<td>176</td>
<td>213</td>
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<td>442</td>
<td>346</td>
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<tr>
<td>Gross Profit %</td>
<td>19.9</td>
<td>25.1</td>
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<td>20.6</td>
<td>24.8</td>
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<td>24.2</td>
<td>21.6</td>
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</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>527</td>
<td>424</td>
<td>406</td>
<td>24</td>
<td>30</td>
<td>933</td>
<td>826</td>
<td>13</td>
<td>1,616</td>
<td>1,673</td>
<td>-3</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>152</td>
<td>122</td>
<td>109</td>
<td>24</td>
<td>40</td>
<td>261</td>
<td>244</td>
<td>7</td>
<td>457</td>
<td>478</td>
<td>-4</td>
</tr>
<tr>
<td>Gross Profit %</td>
<td>28.9</td>
<td>28.8</td>
<td>26.8</td>
<td></td>
<td></td>
<td>28.0</td>
<td>29.5</td>
<td></td>
<td>28.3</td>
<td>28.6</td>
<td></td>
</tr>
</tbody>
</table>
## Sales by region

<table>
<thead>
<tr>
<th></th>
<th>2015 Q2</th>
<th>2014 Q2</th>
<th>2015 Q1</th>
<th>Δ% YoY</th>
<th>Δ% QoQ</th>
<th>2015 H1</th>
<th>2014 H1</th>
<th>Δ% YoY</th>
<th>2014</th>
<th>2013</th>
<th>Δ% YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>3,355</td>
<td>3,076</td>
<td>2,867</td>
<td>9</td>
<td>17</td>
<td>6,222</td>
<td>5,878</td>
<td>6</td>
<td>12,514</td>
<td>11,098</td>
<td>13</td>
</tr>
<tr>
<td>Turkey</td>
<td>1,472</td>
<td>1,149</td>
<td>1,178</td>
<td>28</td>
<td>25</td>
<td>2,650</td>
<td>2,178</td>
<td>22</td>
<td>4,852</td>
<td>4,617</td>
<td>5</td>
</tr>
<tr>
<td>International</td>
<td>1,883</td>
<td>1,927</td>
<td>1,689</td>
<td>-2</td>
<td>12</td>
<td>3,572</td>
<td>3,701</td>
<td>-3</td>
<td>7,662</td>
<td>6,481</td>
<td>18</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>2014 H1</th>
<th>2015 H2</th>
<th>2015 H2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>37.4%</td>
<td>43.9%</td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td>32.5%</td>
<td>29.5%</td>
<td></td>
</tr>
<tr>
<td>CIS &amp; Eastern Europe</td>
<td>13.8%</td>
<td>11.9%</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>9.3%</td>
<td>8.5%</td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td>4.2%</td>
<td>2.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Other</td>
<td>3.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>37.0%</td>
<td>42.6%</td>
<td></td>
</tr>
<tr>
<td>Western Europe</td>
<td>33.8%</td>
<td>31.1%</td>
<td></td>
</tr>
<tr>
<td>CIS &amp; Eastern Europe</td>
<td>13.5%</td>
<td>11.6%</td>
<td></td>
</tr>
<tr>
<td>Africa</td>
<td>8.6%</td>
<td>8.0%</td>
<td></td>
</tr>
<tr>
<td>Middle East</td>
<td>4.2%</td>
<td>3.2%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Other</td>
<td>3.6%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

*Note: TL mn = Turkish Lira million*
Sales bridge

2015 H1 | Organic | Currency effect | Total
--- | --- | --- | ---
% International Growth | -3% | 0% | -3%
% Consolidated Growth | 6% | 0% | 6%
## Working capital

### TL mn

<table>
<thead>
<tr>
<th></th>
<th>FX Basis</th>
<th>TL Basis</th>
<th>30.06.2015</th>
<th>FX Basis</th>
<th>TL Basis</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST Trade Rec.</td>
<td>2,055</td>
<td>2,760</td>
<td>4,815</td>
<td>874</td>
<td>1,007</td>
<td>1,815</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>42</td>
<td>44</td>
<td>86</td>
<td>204</td>
<td>155</td>
<td>359</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,220</td>
<td>1,170</td>
<td>2,390</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td></td>
<td></td>
<td><strong>2,239</strong></td>
<td><strong>2,812</strong></td>
<td></td>
<td><strong>5,051</strong></td>
</tr>
</tbody>
</table>

### TL mn

<table>
<thead>
<tr>
<th></th>
<th>FX Basis</th>
<th>TL Basis</th>
<th>31.12.2014</th>
<th>FX Basis</th>
<th>TL Basis</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST Trade Rec.</td>
<td>1,994</td>
<td>2,440</td>
<td>4,434</td>
<td>884</td>
<td>897</td>
<td>1,781</td>
</tr>
<tr>
<td>Other Receivables</td>
<td>27</td>
<td>32</td>
<td>59</td>
<td>246</td>
<td>58</td>
<td>304</td>
</tr>
<tr>
<td>Inventory</td>
<td>1,219</td>
<td>906</td>
<td>2,125</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td></td>
<td></td>
<td><strong>2,110</strong></td>
<td><strong>2,423</strong></td>
<td></td>
<td><strong>4,533</strong></td>
</tr>
</tbody>
</table>

### Working capital /sales

![Graph showing working capital/sales from Dec-12 to Jun-15]
### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>8,533</td>
<td>8,472</td>
<td>5,065</td>
<td>4,431</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>1,053</td>
<td>1,621</td>
<td>ST Bank Borrowings</td>
<td>2,274</td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>4,815</td>
<td>4,434</td>
<td>Trade Payables</td>
<td>1,881</td>
</tr>
<tr>
<td>Inventories</td>
<td>2,390</td>
<td>2,125</td>
<td>Provisions</td>
<td>307</td>
</tr>
<tr>
<td>Other</td>
<td>274</td>
<td>292</td>
<td>Other</td>
<td>602</td>
</tr>
<tr>
<td>Non-current Assets</td>
<td>4,180</td>
<td>3,923</td>
<td>Non-current Liabilities</td>
<td>3,310</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>1,888</td>
<td>1,813</td>
<td>LT Bank Borrowings</td>
<td>2,785</td>
</tr>
<tr>
<td>Financial Investments</td>
<td>837</td>
<td>894</td>
<td>Other</td>
<td>525</td>
</tr>
<tr>
<td>Other</td>
<td>1,455</td>
<td>1,217</td>
<td>Equity</td>
<td>4,338</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>12,713</strong></td>
<td><strong>12,395</strong></td>
<td>Total Liabilities</td>
<td><strong>12,713</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Financial Debt/Equity</td>
<td>0.92</td>
<td>0.76</td>
<td>0.72</td>
<td>0.72</td>
<td>0.58</td>
</tr>
<tr>
<td>Total Liabilities/Total Assets</td>
<td>0.66</td>
<td>0.66</td>
<td>0.65</td>
<td>0.64</td>
<td>0.62</td>
</tr>
</tbody>
</table>
Debt profile

Debt profile (as of 30 June 2015)

<table>
<thead>
<tr>
<th>Effective Interest Rate p.a. (%)</th>
<th>mn Original Currency</th>
<th>TL mn Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRY</td>
<td>10.5%</td>
<td>1,744</td>
</tr>
<tr>
<td>EUR</td>
<td>1.6%</td>
<td>217</td>
</tr>
<tr>
<td>ZAR</td>
<td>8.6%</td>
<td>750</td>
</tr>
<tr>
<td>RUB</td>
<td>8.7%</td>
<td>904</td>
</tr>
<tr>
<td>CNY</td>
<td>5.4%</td>
<td>110</td>
</tr>
<tr>
<td>Other</td>
<td>1.7%</td>
<td>1</td>
</tr>
<tr>
<td>Total Bank Borrowings</td>
<td></td>
<td>2,646</td>
</tr>
<tr>
<td>USD</td>
<td>5.1%</td>
<td>502</td>
</tr>
<tr>
<td>EUR</td>
<td>4.0%</td>
<td>357</td>
</tr>
<tr>
<td>Total Eurobond</td>
<td></td>
<td>2,414</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>5,060</td>
</tr>
</tbody>
</table>

Debt maturity profile
### Cash flow*

<table>
<thead>
<tr>
<th>TL mn</th>
<th>2015 H1</th>
<th>2014 H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>1,621</td>
<td>1,266</td>
</tr>
<tr>
<td>Net Operational Cash Flow</td>
<td>266</td>
<td>270</td>
</tr>
<tr>
<td>CapEx</td>
<td>-222</td>
<td>-188</td>
</tr>
<tr>
<td>Acquisition of minority interest</td>
<td>-282</td>
<td>0</td>
</tr>
<tr>
<td>Fixed Asset Sales</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Dividend Paid</td>
<td>-350</td>
<td>-300</td>
</tr>
<tr>
<td>Dividends Received</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>Changes in Bank Borrowings</td>
<td>34</td>
<td>218</td>
</tr>
<tr>
<td>Bonds Issued</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Other Financial &amp; Investing Activities</td>
<td>-144</td>
<td>-171</td>
</tr>
<tr>
<td>Differences due to FX Conversion</td>
<td>96</td>
<td>-25</td>
</tr>
<tr>
<td>Changes in Cash</td>
<td>-568</td>
<td>-167</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>1,052</td>
<td>1,098</td>
</tr>
</tbody>
</table>

2014 figure reclassified
2015 expectations
2015 expectations

- **Market share**: Stable or higher market share in key regions
- **White goods volume growth**: Turkey: > 5%, International: c.2%
- **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**
Appendix
Arçelik conducts a dividend policy within the framework of the provisions of the Turkish Commercial Code, Capital Markets Legislation, Tax Regulation, other relevant legislation and the provisions of the Articles of Association governing the distribution of profits. A balanced and consistent policy incorporating shareholders’ and Company requirements in line with Corporate Governance Principles is followed.

In principle, subject to be covered by the resources existing in legal records, by taking into consideration market expectations, long-term strategy, investment and financing policies, profitability and cash position, other legislation, and financial conditions, minimum 50% of the distributable profit for the period calculated within the framework of the Capital Markets Legislation is distributed in the form of cash or stock.

The dividend distribution date is determined by General Assembly and targeted to be within one month after General Assembly Meeting date. General Assembly, or if authorized Board of Directors, could decide to pay dividend in installments within the framework of Capital Markets Legislation.

According to Company’s Articles of Association, Board of Directors can distribute advance dividend with the condition of being authorized and compliant with Capital Markets Legislation.
Financial risk management

**Receivable risk**
Credit risk of receivables is managed by securing receivables with collaterals covering receivables at the highest possible proportion.
Apart from bank guarantees (guarantee letters, LOC etc.), Arçelik utilizes credit insurance for international receivables and mortgages for receivables in Turkey.
In credit risk control, for the customers which are not secured with collaterals, the credit quality of the customer is assessed by taking into account its financial position, past experience and other factors.

**Liquidity risk**
Arçelik seeks to minimize gap risk in its financial and commercial liabilities by managing its balance sheet according to expected cash flows. Maturities of financial liabilities are arranged according to maturities of assets, and where possible, a mismatch between the maturities is eliminated.
Average maturity of debt extended via issuance of two bonds (due in 2021 and 2023) => now at +3 years

**FX risk**
Arçelik targets to maintain a net FX position close to zero and limit its exposure to set amounts as a % of capital.
On top of the on-balance sheet natural hedge and financial liability management, derivatives are also employed to maintain the FX risk at targeted levels.
## Turkish white goods market

<table>
<thead>
<tr>
<th>mn units</th>
<th>06</th>
<th>07</th>
<th>08</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooling</td>
<td>2.1</td>
<td>1.9</td>
<td>1.9</td>
<td>1.7</td>
<td>1.9</td>
<td>2.2</td>
<td>2.3</td>
<td>2.6</td>
<td>2.4</td>
</tr>
<tr>
<td>Laundry</td>
<td>1.8</td>
<td>1.6</td>
<td>1.5</td>
<td>1.5</td>
<td>1.6</td>
<td>1.9</td>
<td>1.9</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>0.8</td>
<td>1.1</td>
<td>1.1</td>
<td>1.2</td>
<td>1.3</td>
<td>1.6</td>
<td>1.5</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Oven</td>
<td>0.7</td>
<td>0.8</td>
<td>0.7</td>
<td>0.7</td>
<td>0.6</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
</tr>
<tr>
<td>Total</td>
<td>5.4</td>
<td>5.4</td>
<td>5.2</td>
<td>5.0</td>
<td>5.4</td>
<td>6.5</td>
<td>6.5</td>
<td>6.8</td>
<td>6.7</td>
</tr>
</tbody>
</table>
European markets

Western European market development

Volume indexed (2006=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>100</td>
</tr>
<tr>
<td>2009</td>
<td>100</td>
</tr>
<tr>
<td>2010</td>
<td>100</td>
</tr>
<tr>
<td>2011</td>
<td>100</td>
</tr>
<tr>
<td>2012</td>
<td>100</td>
</tr>
<tr>
<td>2013</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: GFK (MDA6), Arçelik estimates for 2014, EE includes Russia

Eastern Europe market development

Volume indexed (2006=100)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>100</td>
</tr>
<tr>
<td>2007</td>
<td>100</td>
</tr>
<tr>
<td>2008</td>
<td>100</td>
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<td>2009</td>
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<td>2010</td>
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<td>2011</td>
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<td>2012</td>
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<tr>
<td>2013</td>
<td>100</td>
</tr>
<tr>
<td>2014</td>
<td>100</td>
</tr>
</tbody>
</table>
www.arcelikas.com

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