

Arçelik

2016 H1 Financial Results

2016 H1 Key Results

- Above market-average growth in major product categories in domestic market
- Ongoing organic growth in international markets, accompanied by market share gain and price index increase
- Increasing gross and EBITDA margin thanks to positive trend in €:\$ parity and raw material prices, and improvement in product mix sold
- Improved and sustained performance in working capital due to ongoing structural measures in receivables and inventory management
- Lower net leverage due to improvement in working capital and proceeds from sales of KFS shares
- Strong cash position composed of hard currency

2016 H1 Market Performance - Turkey

Market

- Growth in MDA and air conditioner markets
 - Despite the slowdown in second quarter, 6% increase in sell-in unit sales in MDA6
 - With the acceleration in Q2, an increase of 18% in sell-in unit sales for A/C
- Shrinking TV market (around 10%) due to issues with import brands and non-traditional retail channel

* MDA and A/C figures are based on BESD data.
The data for TV is based on retail panel.

Arçelik A.Ş.

- Above market-average growth in all major product groups
 - All time monthly-sales record in June 2016 both for Arcelik and Beko sales teams
 - Around 5% unit growth in shrinking TV market (highest market share within the last 5Y)
 - Around 50% increase in unit sales for A/C, especially due to the performance in June
 - High sales performance in POS cash register sales (2016 1H: ~%100)

* Based on company sell-in unit sales.

2016 H1 Market Performance - International

Market

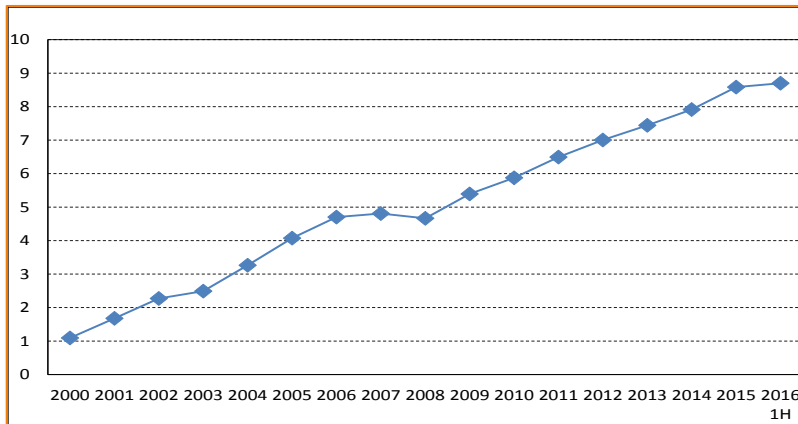
- Overall positive performance in European MDA markets
 - Growth in all major markets in West Europe
 - Improving demand in Russian market (2016 H1: %5 growth)
 - Around 30% unit growth in Romania
 - Weak market in Ukraine with limited recovery
- Decreasing demand in S. Africa in line with macroeconomic conditions (2016 H1: %7 down)

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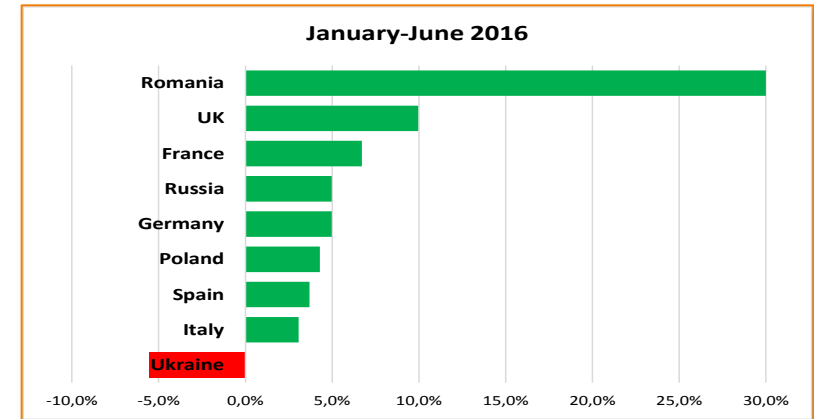
- Arçelik Group continuing to strengthen its position in international markets
 - Beko keeping runner-up position in European total MDA market, and ranking number 1 in free-standing segment
 - Expansion of Grundig MDA range into new markets and channels
 - Strong local brands (Arctic & Defy) that continue to reinforce their undisputed leading positions in home markets

2016 H1 Market Figures

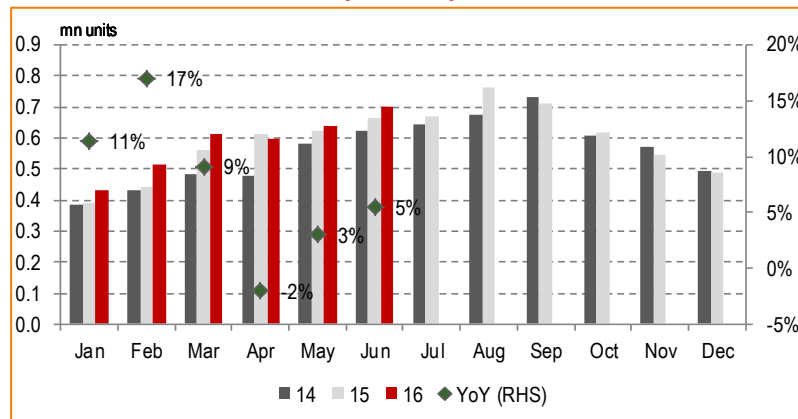
**Beko Unit Market Share in Europe (%)
(MDA 6)**



**Market Unit Growth in Europe
(MDA 6)**



**Turkish MDA6 Total Market – Monthly Figures
(MDA 6)**



**Turkish Market by Product Group
(MDA6)**

in 000's	6M16	6M15	YoY
Refrigerator	945	885	7%
Freezer	287	244	18%
Washing mach.	1,022	977	5%
Dryer	38	32	17%
Dishwashers	769	695	11%
Ovens	439	455	-3%
Total	3,500	3,288	6%

2016 H1 Sales Performance

Key factors impacting revenues

Domestic Market

Double-digit growth in major product categories, very strong sales performance in POS cash registers and air conditioners

International Growth

Continuing market share gains in growing European MDA market, increasing sales contribution from China and sales growth in TV market in France due to HD* transition

FX Gains from International Sales

Around 6% positive impact on consolidated revenues in 2016 H1 (No impact was seen in 2015 H1.)

* Transition to DVB-T2 MPEG4 to access to more HD broadcasting

Key factors impacting margins

Raw Material Prices

Both raw material and panel prices had a positive impact on MDA and TV margins in Q1 and Q2.

€:USD Parity

Slight appreciation of € against \$ in 2016Q2 has supported profit margins. (2016Q2: 1,13 - 2015Q2: 1,11)

Sales & Marketing Expenses

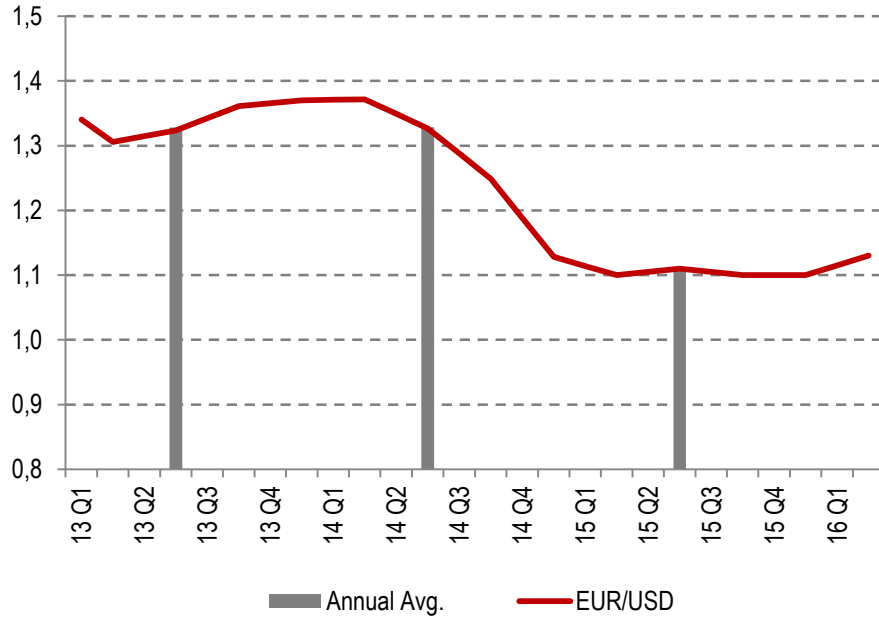
Investments to support our long-term branded sales in international markets have partly off-set the improvement in margins.

Other Income

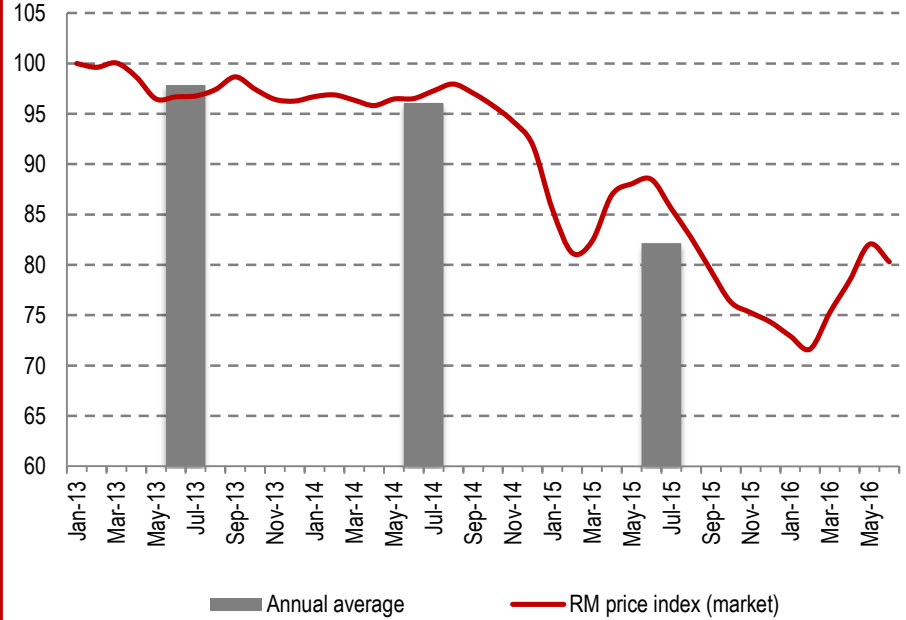
Increasing contribution from Turquality programme and proceeds from sales of KFS shares have positively affected profit margins.

Trends in Parity and Raw Material Index

EUR/USD Development



Raw material Market Price Index*



* Raw material price index for appliances category

2016 Q2 Other Developments: Brexit

- UK has a share of around 10% within our consolidated sales
- In the first half of the year, Arcelik Group has increased both its market share and price index in the UK market which grew by 10% in unit terms.
- None of our peers have production in the UK and therefore will be impacted by the currency movement.
- We have risk mitigation plans for various currency and demand scenarios and are closely monitoring the consumer demand and peer action in the market.

2016 Q2 Other Developments: Dawlance

- On June 30, 2016, we have signed an SPA to acquire Dawlance, Pakistan's leading home appliance company, for USD 258m. (EV: 6.4X EBITDA)
- The company has three production facilities, 2 in Karachi and 1 in Hyderabad and is market leader in cooling and microwave ovens (around 45% unit market share) and among the top players in laundry and A/C segments.
- With 16 sales offices, 181 after sales service centers and around 2.000 dealers, the company has an extensive distribution and service network within the country.
- In 2015, the company reported a total revenue of \$221m and an EBITDA of \$45m.
- Closing is subject to satisfactions of CPs and regulatory approvals from Competition Board in Pakistan and Ministry of Internal Affairs and is expected to be finalized by 31/12/2016.

2016 Q2 Other Developments:

- Arcelik launched **HomeWhiz** integrated platform, the first of its kind in Turkey, that enables remote control of home appliances through smart phones, tablets or smart TVs.
- Keeping its leading position in Turkish Patent League, Arçelik has retained its title for **Number 1 in Turkey in terms of international patent applications.**
- On April 12-17, Arçelik participated Eurocucina, the world-renowned, prestigious kitchen and furniture fair in Milano, with its **Grundig built-in range.**
- Arçelik A.Ş. has been named Turkey's third '**Most Popular Company**' in general and the first in durable goods industry.*

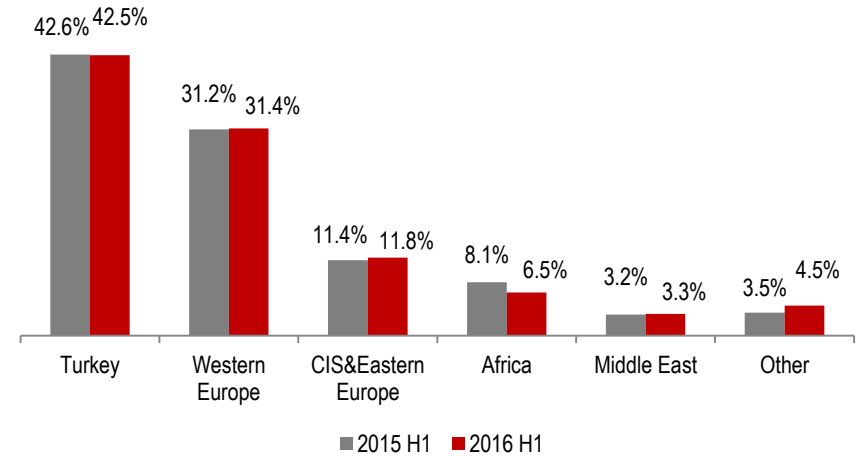
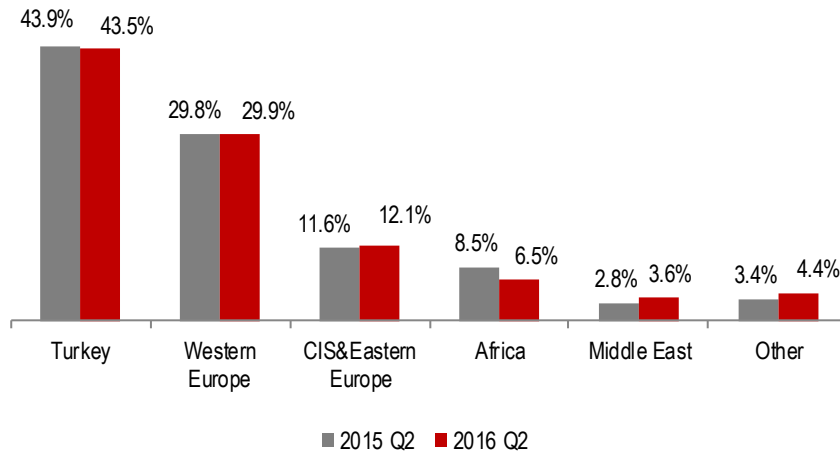
* A survey of senior executives conducted by monthly economy magazine Capital

Sales Performance

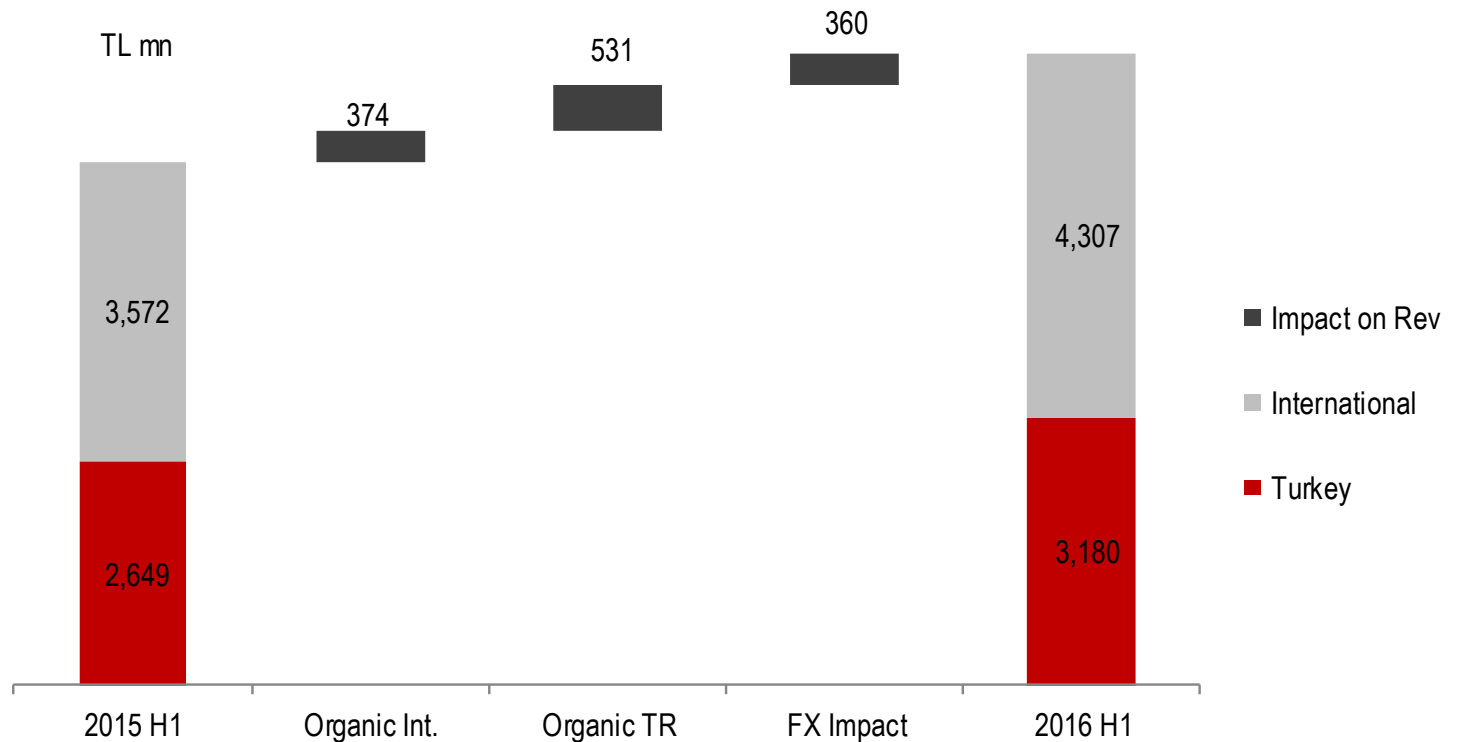
Sales by Region

Respects
THE GLOBE
Respected
GLOBALLY

TL mn	2016 Q2	2015 Q2	2016 Q1	Δ% YoY	Δ% QoQ	2016 H1	2015 H1	Δ% YoY	2015	2014	Δ% YoY
Total Revenue	3,960	3,355	3,527	18	12	7,487	6,222	20	14,166	12,514	13
Turkey	1,724	1,471	1,456	17	18	3,180	2,649	20	5,724	4,850	18
International	2,236	1,884	2,071	19	8	4,307	3,572	21	8,442	7,664	10



Sales Bridge



2016 H1	Organic	FX Impact	Total
% International Growth	10.5%	10.1%	20.6%
% Consolidated Growth	14.5%	5.8%	20.3%

Financial Performance

Income Statement

Respects
THE GLOBE
Respected
GLOBALLY

TL mn	2016 Q2	2015 Q2	2016 Q1	Δ% YoY	Δ% QoQ	2016 H1	2015 H1	Δ% YoY	2015	2014	Δ% YoY
Revenue	3,960	3,355	3,527	18	12	7,487	6,222	20	14,166	12,514	13
Gross Profit	1,353	1,082	1,194	25	13	2,547	1,953	30	4,536	3,979	14
<i>margin</i>	34.2	32.2	33.9			34.0	31.4		32.0	31.8	
EBIT *	331	277	323	20	2	654	457	43	1,157	1,024	13
<i>margin</i>	8.4	8.2	9.2			8.7	7.3		8.2	8.2	
Profit Before Tax	656	180	154	264	324	810	302	169	785	732	7
<i>margin</i>	16.6	5.4	4.4			10.8	4.8		5.5	5.8	
Net Income**	653	326	157	100	317	810	468	73	893	638	40
<i>margin</i>	16.5	9.7	4.4			10.8	7.5		6.3	5.1	
EBITDA*	441	370	421	19	5	862	639	35	1,527	1,370	11
<i>margin</i>	11.1	11.0	11.9			11.5	10.3		10.8	11.0	

* 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.

** Net income before minority

Revenue and Gross Profit by Segment

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THE GLOBE
Respected
GLOBALLY

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Consolidated											
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Gross Profit	1,353	1,082	1,194	25	13	2,547	1,953	30	4,536	3,979	14
Gross Profit %	34.2	32.2	33.9			34.0	31.4		32.0	31.8	
White Goods											
Revenue	2,747	2,406	2,463	14	12	5,210	4,437	17	10,299	9,069	14
Gross Profit	1,070	846	889	27	20	1,959	1,517	29	3,578	3,080	16
Gross Profit %	38.9	35.1	36.1			37.6	34.2		34.7	34.0	
Consumer Electronics											
Revenue	529	422	576	25	-8	1,105	852	30	1,966	1,829	7
Gross Profit	119	84	171	42	-30	291	176	66	433	442	-2
Gross Profit %	22.6	19.9	29.8			26.3	20.6		22.0	24.2	
Other											
Revenue	684	527	489	30	40	1,173	933	26	1,901	1,616	18
Gross Profit	163	152	133	8	23	297	261	14	524	457	15
Gross Profit %	23.9	28.9	27.3			25.3	28.0		27.6	28.3	

Balance Sheet

Respects
THE GLOBE
Respected
GLOBALLY

TL mn	30.06.2016	31.12.2015		30.06.2016	31.12.2015
Current Assets	10,117	9,406	Current Liabilities	5,540	5,236
Cash and Cash Equivalents	2,467	2,168	ST Bank Borrowings	2,078	1,036
Trade Receivables	5,027	4,791	Trade Payables	2,406	2,090
Inventories	2,311	2,140	Provisions	378	335
Other	312	308	Other	677	1,776
Non-current Assets	3,958	4,332	Non-current Liabilities	3,653	3,826
Property, Plant and Equipment	2,131	2,056	LT Bank Borrowings	3,078	3,269
Financial Investments	211	749	Other	576	557
Other	1,616	1,528	Equity	4,882	4,676
Total Assets	14,076	13,739	Total Liabilities	14,076	13,739

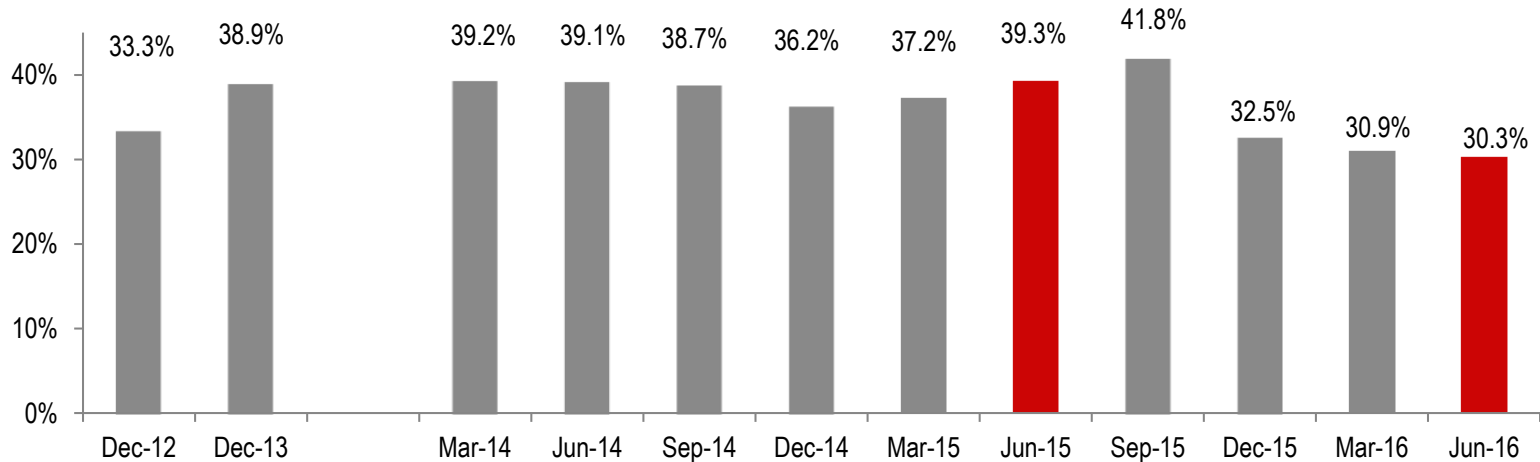
	30.06.2016	31.12.2015	31.12.2014	31.12.2013
Net Financial Debt/Equity	0.55	0.70	0.72	0.72
Total Liabilities/Total Assets	0.65	0.66	0.65	0.64

Working Capital

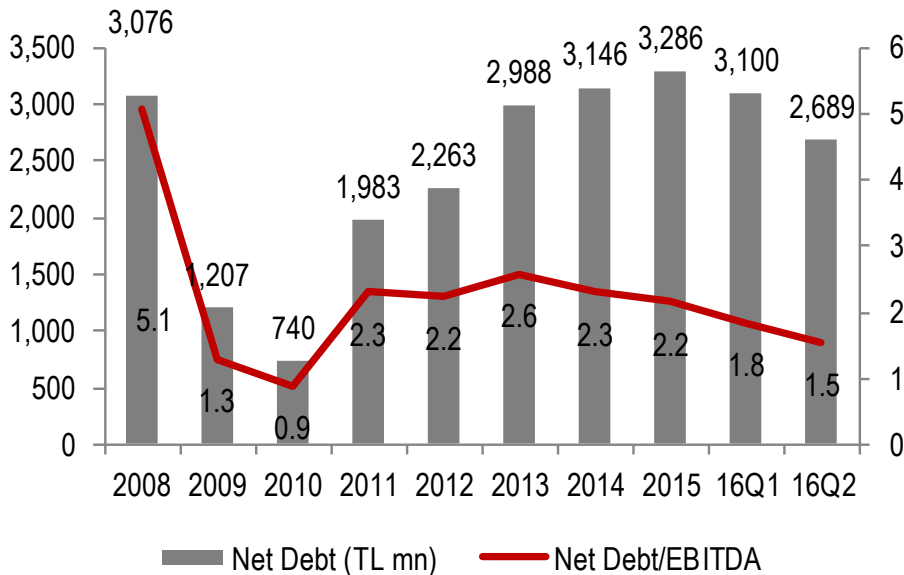
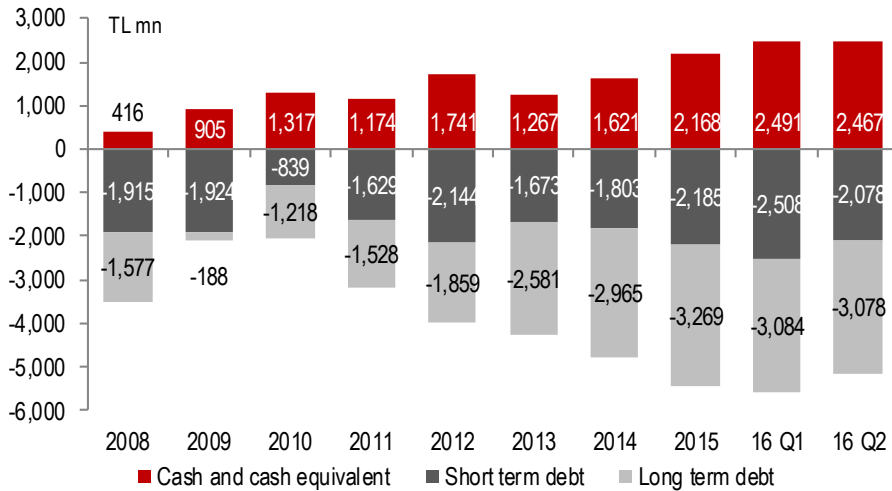
TL mn	FX Basis	TL Basis	30.06.2016		FX Basis	TL Basis	Total
ST Trade Rec.	1,744	3,283	5,027	ST Trade Payables	954	1,452	2,406
Other Receivables	40	58	98	Other Payables	163	195	358
Inventory	1,055	1,256	2,311	Working Capital	1,722	2,950	4,672

TL mn	FX Basis	TL Basis	31.03.2016		FX Basis	TL Basis	Total
ST Trade Rec.	1,680	2,811	4,491	ST Trade Payables	911	1,047	1,958
Other Receivables	39	48	87	Other Payables	161	125	286
Inventory	1,084	1,171	2,255	Working Capital	1,731	2,858	4,588

Working Capital / Sales



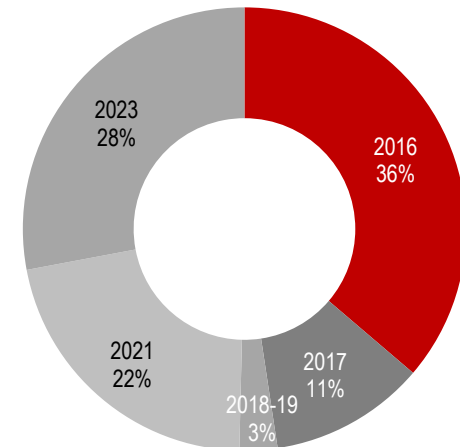
Debt Profile



Debt profile (as of 30 Jun 2016)

	Effective Interest Rate p.a. (%)	mn Original Currency	TL mn Equivalent
TRY	11.9%	1,819	1,819
EUR	1.6%	157	502
ZAR	9.7%	750	145
RUB	8.9%	475	21
CNY	4.4%	110	48
GBP	1.3%	5	18
USD	1.4%	1	3
Other			0
Total Bank Borrowings			2,555
USD	5.1%	503	1,455
EUR	4.0%	358	1,146
Total Eurobond			2,601
Total			5,156

Debt maturity profile



Cash Flow

TL mn	2016 H1	2015 H1
Beginning Balance	2,166	1,621
Net Operational Cash Flow	766	266
CapEx	-289	-222
Acquisition of minority interest	0	-282
Fixed Asset Sales	4	10
Financial Asset Sales	559	0
Dividend Paid	-262	-350
Dividends Received	13	24
Changes in Bank Borrowings	-324	34
Other Financial & Investing Activities	-185	-145
Differences due to FX Conversion	18	96
Changes in Cash	300	-568
Ending Balance	2,466	1,052

2016 Expectations

2016 Expectations

White goods market volume growth	Turkey* : 3% - 5% International : c.2%
Market Share	Stable or higher market share in key regions
Revenue Growth	>13% in TL
EBITDA Margin (2016)**	c.11%
Long-Term EBITDA margin**	c.11%

* 6 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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