

# Arçelik A.Ş.



## 2009 1st Quarter Financial Results

## 2009, 1st Quarter...

- Shrinking demand in all regions
- Increasing market share of Arcelik in key regions
- Continuation of rising profitability of consumer electronics
- Rapid decline in financial debt level



## Sales Performance

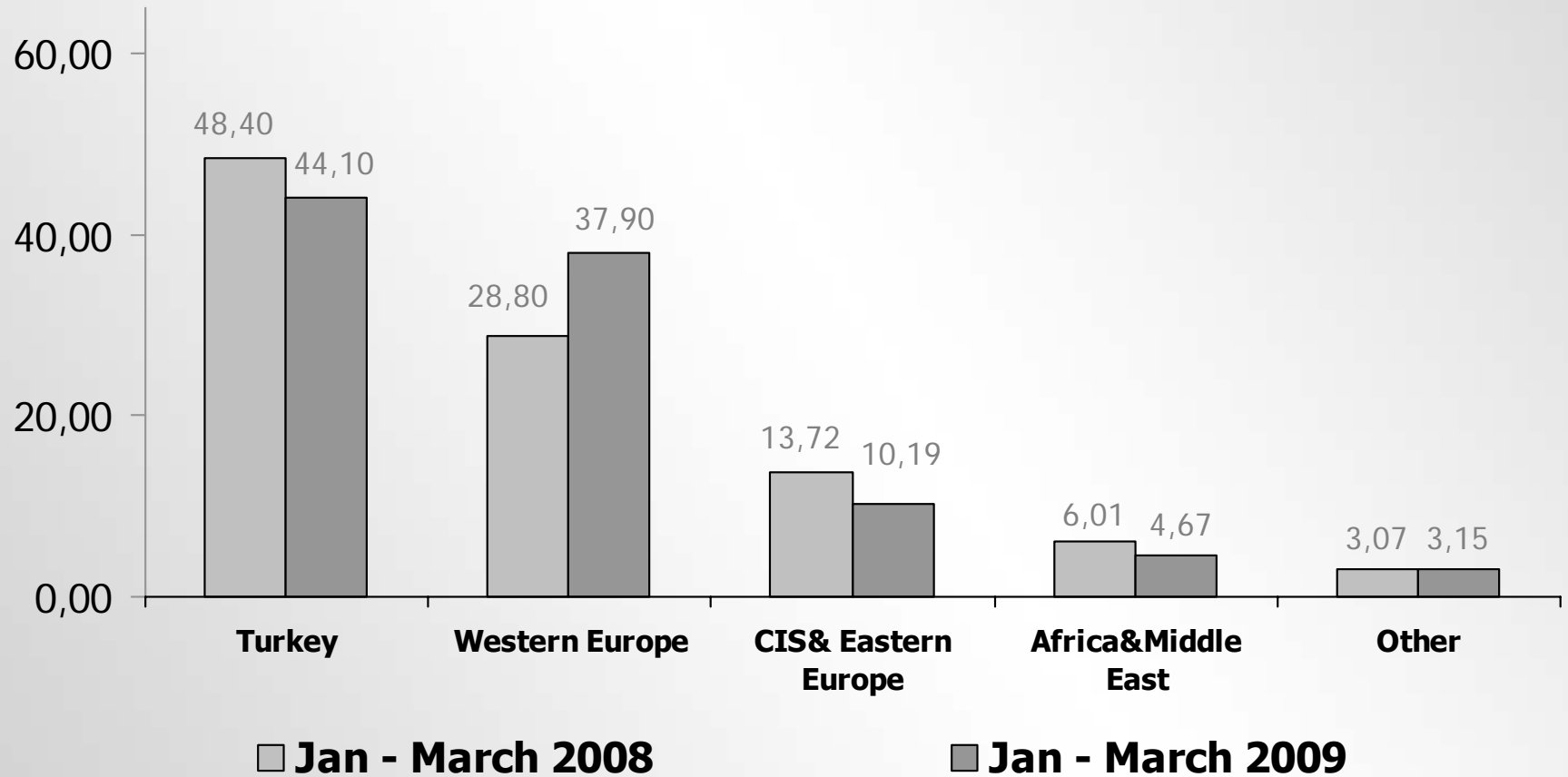
## Revenue and Gross Profit (TL)

TL Million	Q1 2009	Q1 2008	% Change
Revenue	1.318	1.535	-14,2
<i>Gross Profit %</i>	<i>25,4</i>	<i>25,5</i>	
<i>White Goods Revenue</i>	<i>809</i>	<i>926</i>	<i>-12,6</i>
<i>Gross Profit %</i>	<i>30,9</i>	<i>32,2</i>	
<i>Electronics Revenue</i>	<i>286</i>	<i>342</i>	<i>-16,3</i>
<i>Gross Profit %</i>	<i>18,1</i>	<i>14,1</i>	
<i>Other</i>	<i>223</i>	<i>268</i>	<i>-16,8</i>
<i>Gross Profit %</i>	<i>14,9</i>	<i>16,9</i>	

# Breakdown of Revenue

TL Million	<b>Q1 2009</b>	<b>Q1 2008</b>
Total Revenue	1.318	1.535
<i>Turkey</i>	<i>583</i>	<i>743</i>
<i>International</i>	<i>735</i>	<i>792</i>

# Regional Breakdown of Revenue (%)



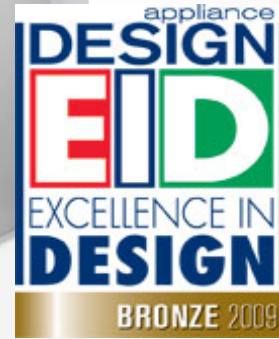
## Sales – 5 Main Goods

Units ' 000	Q1 2009	Q1 2008	% Change
<b>5 MAIN PRODUCTS-TOTAL</b>	<b>1.846</b>	<b>2.252</b>	<b>-18,0</b>
Refrigerator	674	773	-12,9
Washing Machine	507	651	-22,1
Dishwasher	302	384	-21,2
Oven	298	363	-17,9
Dryer	66	81	-19,1

# LCD TV Sales

Unit '000	Q1 2009	Q1 2008	% Change
Total	367	308	19,2%
<i>Turkey</i>	<i>74</i>	<i>54</i>	<i>37,0%</i>
<i>International</i>	<i>293</i>	<i>254</i>	<i>15,4%</i>





 **arçelik**

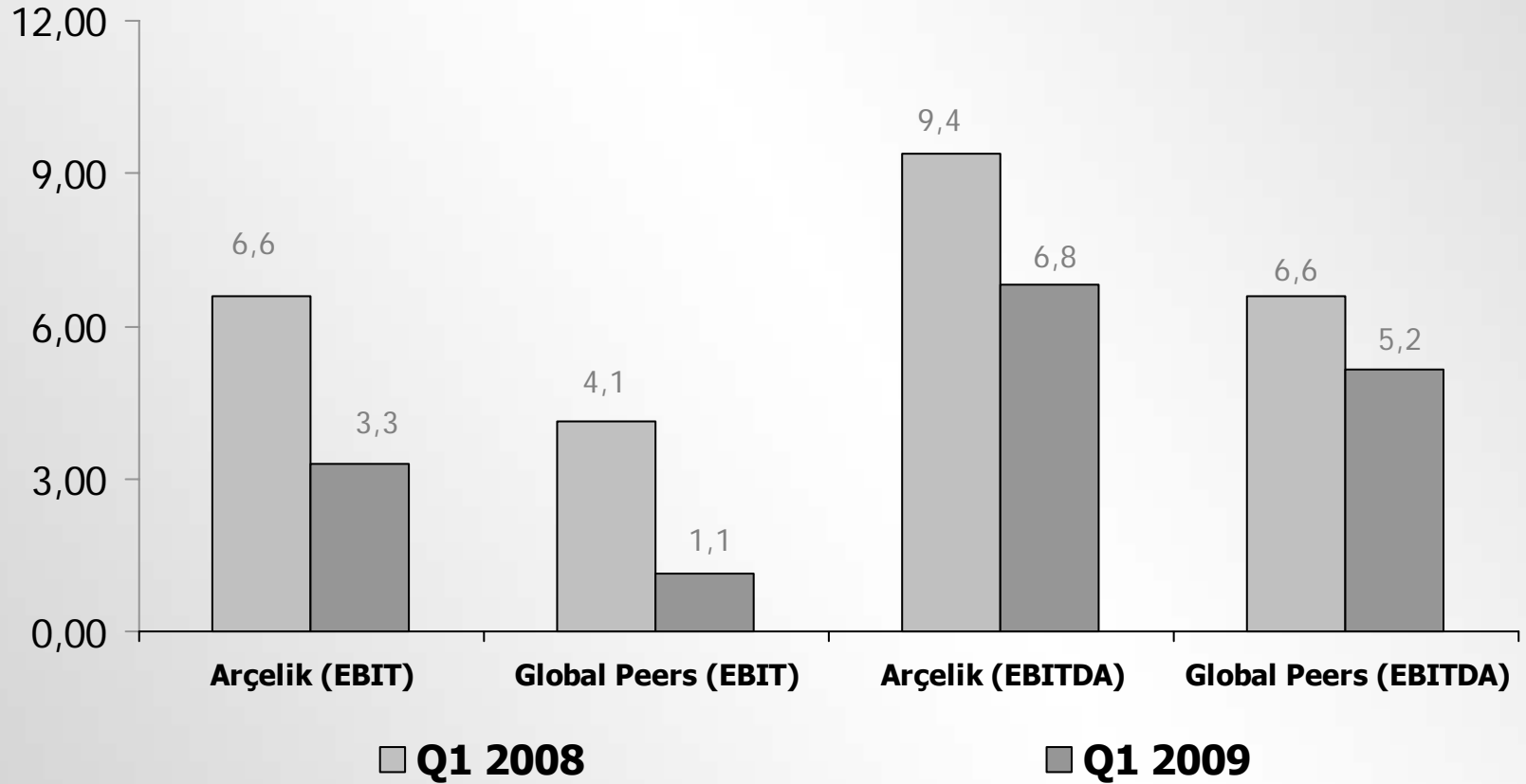
## Financial Performance

# Income Statement (TL)

TL Million	Q1 2009	Q1 2009 (*)	Q1 2008
Revenue	1.318	1.318	1.535
Gross Profit	335	335	391
<i>margin (%)</i>	<i>25,4</i>	<i>25,4</i>	<i>25,5</i>
EBITDA	199	89	144
<i>margin (%)</i>	<i>15,1</i>	<i>6,8</i>	<i>9,4</i>
EBIT	155	44	101
<i>margin (%)</i>	<i>11,7</i>	<i>3,3</i>	<i>6,6</i>
Net Income	53	-63	55
<i>margin (%)</i>	<i>4,1</i>	<i>-4,8</i>	<i>3,6</i>

\* Excluding one-off profit of KFS stake sale

# Margin Comparison



# Important factors that effect Q1 profitability - I

- **Running down inventories in distrubution channels :** Special measures taken to reduce both Company inventory and inventories that have accumulated in distribution channels, especially in Turkey:
  - Application of SCT (Special Consumption Tax) discount to the goods that were invoiced before the government's decision and that were already in the channel
  - Additional incentives and discounts (VAT+SCT discount campaing etc. ) applied for the stocks accumulated in the last quarter of 2008
  - Support for the dealers (Various promotions...)
- **Effect of declining production volume and lower capacity utilisation :**
  - High fixed costs
  - Increased labor cost per unit due to the re-arrenging the work force and due to legal annual leaves brought forward

# Important factors that effect Q1 profitability - II

- Increasing tendency of consumers towards relatively cheaper, i.e low margin products, especially in Western Europe
- Cost of entering new distribution channels in Europe :
  - As a result of economic conditions, initial penetration to the distribution channels were made with less profitable products
- Deteriorating market conditions in Russia, rapid contraction of the economy and devaluation of the Ruble
- Despite decreased raw material prices, higher average inventory cost partly due to the devaluation of TL
- Restructuring costs of Grundig Elektronik A.S and Grundig Multimedia
- Strategically keeping advertising and marketing expenses level as it is despite the decreased sales volumes

# Balance Sheet

TL Million	Q1 2009	2008	Q1 2009	2008	
Current Assets	3.941	4.494	Current Liabilities	2.206	3.061
Cash and Cash Equivalents	387	416	ST Financial Liabilities	1.211	1.915
Trade Receivables	2.262	2.645	Trade Payables	573	705
Inventories	1.158	1.304	Provisions	180	198
Other	134	129	Other	242	243
Non-current Assets	2.178	2.436	Non-current Liabilities	1.974	1.867
Property, Plant and Equipment	1.243	1.272	LT Financial Liabilities	1.686	1.577
Financial Investments	293	543	Other	288	290
Other	642	620	<b>Equity</b>	<b>1.939</b>	<b>2.001</b>
<b>Total Assets</b>	<b>6.119</b>	<b>6.929</b>	<b>Total Liabilities</b>	<b>6.119</b>	<b>6.929</b>

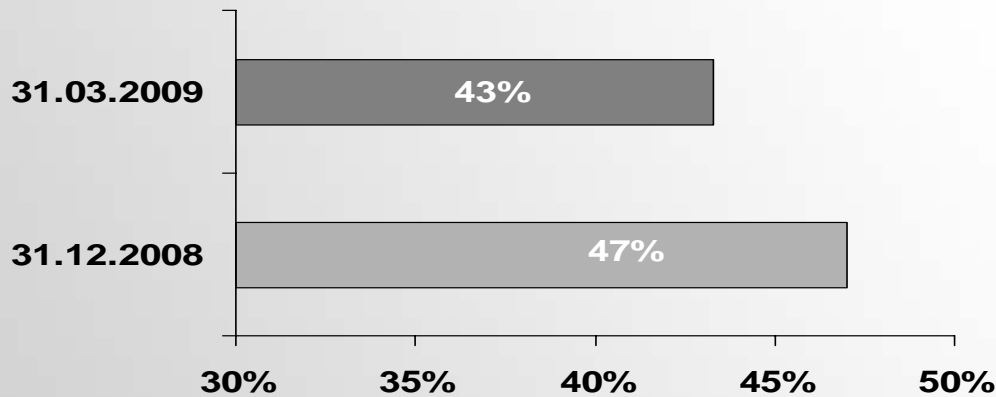
	Q1 2009	2008
Current Ratio	1,79	1,47
Leverage (%)	0,68	0,71
S.T. Fin. Debt/Tot. Fin. Debt	0,42	0,55

# Working Capital

TL Million	FX Basis	TL Basis	31.03.2009	TL Million	FX Basis	TL Basis	Total
ST Trade Rec.	942	1.320	2.262	ST Trade Payables	378	171	549
Other Receivables	85	20	105	Other Payables	88	46	134
Inventory	479	678	1.158	<b>Working Capital</b>	<b>1.039</b>	<b>1.802</b>	<b>2.841</b>

TL Million	FX Basis	TL Basis	2008	TL Million	FX Basis	TL Basis	Total
ST Trade Rec.	1.121	1.524	2.645	ST Trade Payables	398	307	705
Other Receivables	67	16	83	Other Payables	66	34	99
Inventory	479	825	1.304	<b>Working Capital</b>	<b>1.204</b>	<b>2.024</b>	<b>3.228</b>

## Working Capital/Sales



# Cash Flow

TL Million	Q1 2009	Q1 2008
<b>Beginning Balance</b>	<b>416</b>	<b>401</b>
Net Operational Cash Flow	453	67
CapEx (Net)	226	-93
Dividend Paid	0	0
Other Financial Operations	-118	-50
Changes in Cash	561	-76
Changes in Financial Borrowings	-590	167
<b>Ending Balance</b>	<b>387</b>	<b>492</b>





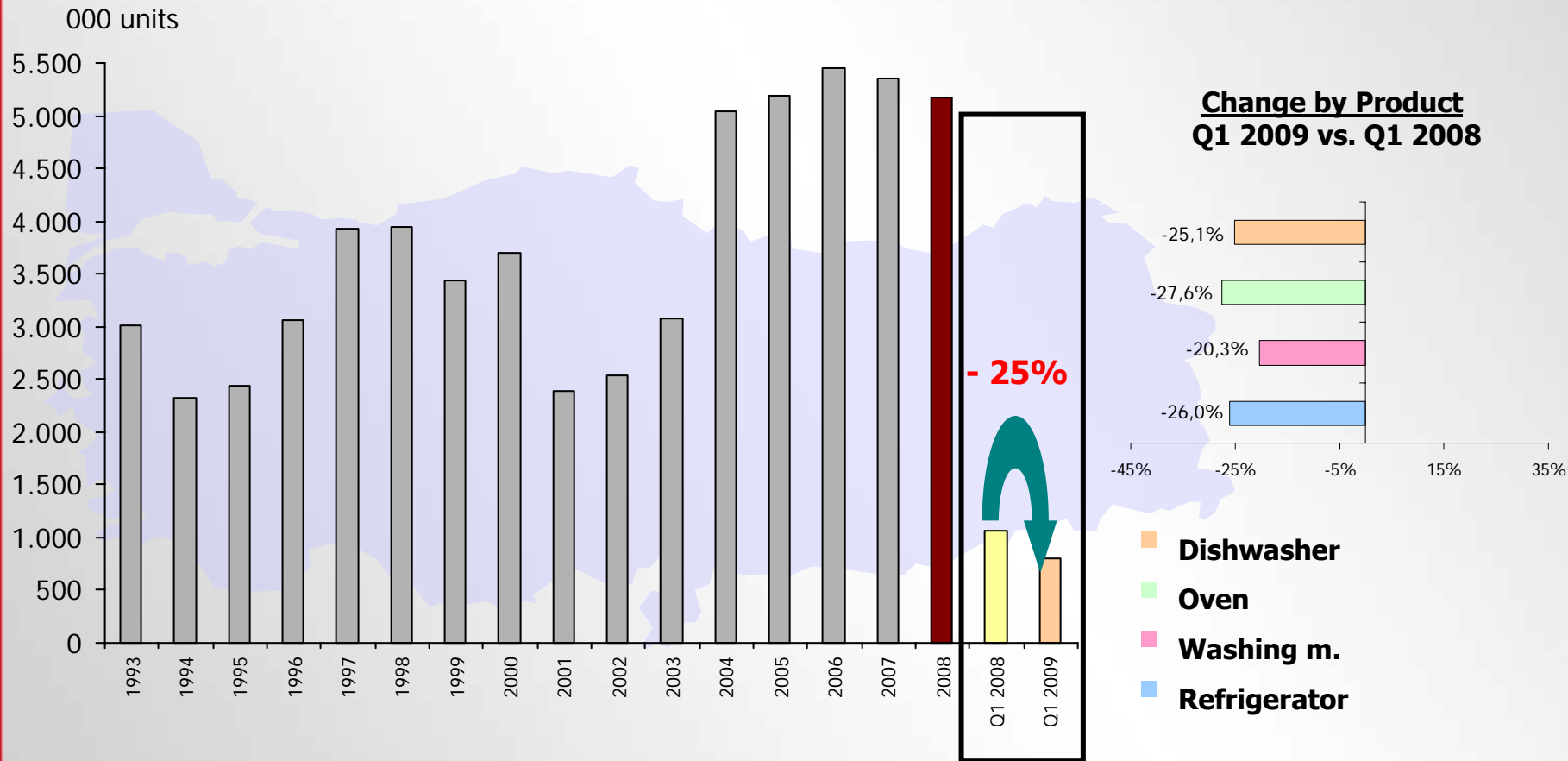
# Market Developments

# Market Developments

- Decreasing demand in all regions
- Consumers increased tendency towards more economic products
- Increased credit risk
- Devaluation of developing country's currencies
- Revival of retail sales in Turkish market following the withdrawal of SCT
- Continuing vitality in Turkish LCD TV market

# Turkish White Goods Market

- ❖ The market shrank by 25% in Q1 2009, and the unit sales of 4 main white goods<sup>(\*)</sup> fell to 804 thousand units.



Refrigerator, washing machine, dishwasher, oven

Source : WGMA



## 2nd Quarter Expectations

## Expectations- Sales

- Increasing white goods sales and recovering market conditions in the second quarter
- Continuing growth in LCD TV sales in the Turkish market, shrinkage in other markets
- Increasing white goods market share of Arçelik in key regions

## Expectations - Profitability

- Decreasing average cost of inventory
- Increase in capacity utilisation
- Decrease in opex/sales ratio
- Decrease in financial indebtedness and financing cost

Increasing  
profitability  
ratios

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