

**Household
appliances...**

Turkey's
leading
Europe's
3rd largest
company

Televisions...

Turkey's
leading
company

**Air
conditioners...**

Turkey's
leading
company

Consumer Durables



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Global demand contraction gave way to difficult market conditions

The deepening global crisis in 2009 resulted in a rapid drop in worldwide consumption, a decline of consumer confidence indices to all time lows, and record levels of corporate bankruptcies.

The impact of the contraction in global demand was initially felt by companies manufacturing intermediate industrial goods. All sectors manufacturing consumption goods followed, suffering from the fall in final consumption.

The global demand conditions also took their toll on the companies operating in the household appliances sector, with the sales of many companies dropping below the previous year's level. In an effort to counter plummeting demand in the sector, governments introduced various incentives and tax reductions. On the other hand, the downturn in global demand also caused commodity prices to fall to very low levels, positively impacting profit margins.

The ongoing consolidation in the industry through mergers and acquisitions in various regions of the world and collaboration of Chinese consumer durables manufacturers were the main highlights of the year. Eastern European economies were more severely impacted by the crisis than Western Europe. The Western European market for household appliances contracted by 4% in 2009 while the Eastern European market declined by 25%.



Domestic sales declined by 4.5% while exports increased by 6.3%.

Meanwhile, in Turkey, the government acted to counter the declining demand by reducing the Special Consumption Tax (SCT) rate. The rates were applied as 0% for three months starting from March and then 2% for the subsequent three months beginning in June. The tax reductions succeeded to some extent in improving demand in the sector by encouraging the release of the pent-up demand.

According to the Turkish White Goods Association, the total sales in the domestic market in 2009 declined by 4.5% compared with that of 2008.

Exports, on the other hand, increased by 6.3% in 2009 year-on-year. Monthly export figures, which began to climb in April, reached 1.4 million units, their highest level for the year, in October. However, exports began sliding in the last two months of the year.

A year of continued growth for consumer electronics

The global consumer electronics market continued to expand in 2009, increasing by 4.3% to reach \$ 724 billion. The rapid development of the LCD television market continued in 2009, climbing by 37% to over 140 million units.

2009 LCD television sales in the Western Europe exceeded 38 million units, increasing by 17% compared to 2008, while the revenues were around \$ 22 billion.

In the Turkish television market, the transition from traditional CRT televisions to LCD televisions accelerated. As a result the CRT television market contracted by 60%, while the LCD market expanded by 36%. This growth did not completely counterbalance the contraction of the overall television market. Falling LCD panel prices and intense competition contributed to a rise in the number of LCD television sales. However, this was insufficient to result in a proportionate rise in revenues.

Koç Group Consumer Durables Segment

Koç Group consumer durables companies, which command the most extensive sales and after-sales service network in Turkey, maintained their market leadership in 2009 with over 50% share in household appliances. Koç Group companies also lead the television and air-conditioner markets.

Arçelik, which has manufacturing facilities in Turkey, Russia, Romania and China; is the leading player in the Turkish market and also the 3rd largest consumer durables company in Europe.

In 2009, Arçelik's share in Turkey's exports reached 46% in household appliances and 15% in televisions.

Koç Group companies maintained their undisputable leadership in the household appliances and television markets.

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- Market leader in household appliances, televisions and air-conditioners in Turkey
- The largest distribution and after-sales network
- Unrivalled brand recognition
- Manufacturing centers in Turkey, Romania, Russia and China
- Turkey's patent champion

Arçelik

Total Revenues:
\$ 4,261 million

Domestic Market Position:
Leader in household appliances, LCD television and air-conditioner market

Global Network:
17,000 employees
11 production facilities in 4 countries
Sales and marketing network in 18 countries
Products and services in over 100 countries

International Position:
2nd largest player in the UK with 15% market share
Market leader in Romania with 35% market share

Share of International Revenues:
52%

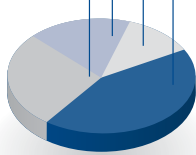
EBITDA:
\$ 601 million

Gross Profit Margin:
33.0%

Operating Profit Margin:
11.4%

Shareholder Structure:

Koç Holding
40.51%
Other Koç
16.69%
Burla Group
19.53%
Free Float
23.26%



www.arcelikas.com.tr

55 years' experience

Established in 1955, Arçelik A.Ş. has 11 production facilities located in Turkey, Russia, Romania and China. The Company has a wide international sales and marketing network, and provides products and services in over 100 countries with its 10 brands. Arçelik A.Ş. has the largest service network in Turkey, with around 3,600 authorized dealers and 600 after-sales service points. The Company continued its leadership position in the household appliances, LCD television and air conditioner markets in 2009.

Beko was among the top 10 white goods brands in the world

Having secured new distribution channels in its main export markets, Western Europe in particular, Arçelik A.Ş. was one of the companies recording the highest market-share growth rate in the sector with outstanding performance in the UK and Romania. The Company increased its UK market share in the 6 main household appliances product groups from 9% to 15%, reinforcing its number 2 position in the market. In Romania, it increased its market share to 35%, extending its leadership far ahead of competition. Beko repeated its 2008 success and closed 2009 among the top 10 white goods brands in the world in 8 main product groups.

Effective measures led to a year of record profitability

Arçelik significantly increased its profit margin mainly due to the Company's performance in the second and third quarters of the year. Improvements in inventory management and product mix, effective working capital management and efficiency gains in all business processes were the main factors leading to the Company's increased profitability. The Company's operating cash flow reached an all time high, enabling the net financial debt to decline by more than 60% during the year.

Enhancement of the supply chain management and the completion of the Arçelik and Grundig Elektronik merger by mid-2009 also made positive contributions to process management and profitability. Arçelik is one of the most profitable companies in the sector and the Company drew further ahead of its global peers in this regard in 2009. Going forward, Arçelik is expected to preserve a profitability level that is above the sector average.

Arçelik A.Ş.'s new vision: "Respects the Globe, Respected Globally"

In 2005, Arçelik set itself the vision to "become the owner one of the top 10 global brands by 2010". The Company successfully achieved this target two years in advance and has attained a strong and competitive position in the international arena. The Company now aims to carry its competitive structure to a global level with a new vision: "Respects the Globe, Respected Globally". To reach its vision, Arçelik has set sustainable profitable growth, increasing market share in all segments, innovation and creativity, and achieving a truly global organizational structure as its main business goals.

Unrivalled brand recognition

Arçelik has been the "most recalled brand", "the brand that the consumer feels closest to" and "the first recalled brand" in Turkey for 11 consecutive years and remained successful in this regard in 2009. The results of a brand research covering all sectors show that two of the five most recalled brands in Turkey belong to Arçelik.

Exclusive Stores

Arçelik's authorized dealership network is a cornerstone of the Company's success and it has established a similar network in foreign markets with the Exclusive Store system, through which Beko branded products are sold. This system has allowed Arçelik to rapidly penetrate global markets, in particular Eastern Europe, the Baltic Republics and the CIS countries.

45%
less
energy



The first and only Turkish company in the global patent league: Arçelik

Arçelik is Turkey's leading company in patent applications. With around 130 filings every year, Arçelik produces more than one third of Turkey's international patent applications. In 2008, the Company became the first and only Turkish company to be listed among the global top 500 companies in the World Intellectual Property Organization list, enabling Turkey to take the world's number two spot for the increase in the number of patent applications. Arçelik was the winner of the 1st prize awarded by the Turkish Patent Institute for highest number of patent applications between 1995 and 2008. The Company was also awarded for being the company with the highest number of patent applications, highest number of patent registrations, and the highest number of international patent applications.

In 2009, Arçelik launched several new products including the Ekonomist 8 kg. capacity washing machine, the least power consuming washing machine in the world with 30% lower energy consumption than competing Class A products; the quietest and most energy efficient built-in ovens in the world; the quietest and fastest dishwasher in the world with the least water consumption (7 liters); and Black Orbital, the first A++ No-Frost refrigerator, with the least energy consumption in its class in the world.

In the consumer electronics category, Arçelik launched LED televisions with reduced energy consumption, sleeker looks and a clear picture quality, and it developed the 200 Hz product series with increased contrast. Keeping pace with trends in digital broadcasting, the Company started producing integrated televisions with high definition (HD) picture quality that do not require additional boxes for cable and terrestrial broadcasts.

As part of its consumer electronics strategy of being the "company that respects the environment and nature", Arçelik launched the Eco Panel LCD televisions that provide 45% energy savings and consume zero electricity in stand-by mode. Arçelik's design process for environmentally friendly products that comply with Energy Star and Eco label standards is systematic and sustainable.

RANKING	POSITION CHANGES	APPLICANT'S NAME	COUNTRY OF ORIGIN	PCT APPLICATIONS PUBLISHED IN 2008	INCREASED OVER 2007
101	30	ARÇELİK ANONİM ŞİRKETİ	TR	143	47

Technological superiority confirmed by international awards

Arçelik's Black Orbital 5088 NF refrigerator won Appliance Design Magazine's (USA) Bronze Award for "Excellence in Design". The Company's tumble dryer with 30% less energy consumption than similar Class A products in the condenser segment, won the "Eco Top Ten" and "Plus X - Innovation" awards. It was also selected as "The Most Recommended Tumble Dryer" by Germany's and Belgium's leading consumer magazines. Arçelik's products also won awards in the ease-of-use and design categories.

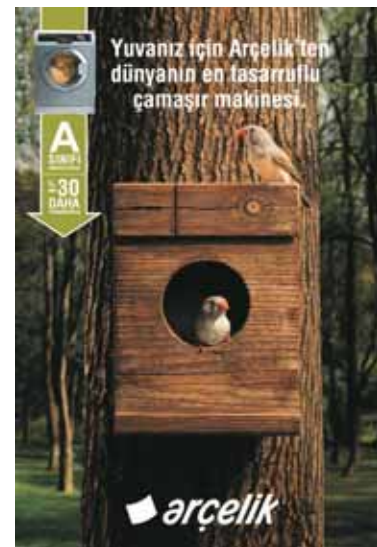
Other awards that Arçelik garnered in the consumer electronics category include: "2009 Good Design" award for the FineArts 40" LED television, "Award of the Year-2009" from The Russian Association of Consumer Electronics and Computer Hardware Sellers and Manufacturers for the GR 32 GBG 6500 LCD television, the Red Dot "Honorable Mention 2009" award for the Vision 9 LCD television and the Plus X awards.

Arçelik-LG Klima

Arçelik-LG Klima is the first integrated air conditioner manufacturer in Turkey and the largest in Europe, operating a production facility with two million units capacity established on 70,000 m² land. The Company is the domestic market leader with a 51% share, reflecting its innovative approach, strong technological infrastructure and distribution and service network. The Company also exports to more than 35 countries in the European, Middle Eastern and African markets.

Arçelik-LG Klima focuses on energy efficiency and balancing the seasonality in the air conditioning business and seeks to derive benefit from renewable energy sources. Arçelik-LG Klima's continued investment in manufacturing and technology to meet the increasing demand in the product range has been an important driver of its success over the past decade. In the short term, the Company's main objectives are to strengthen its R&D capabilities and increase its share in the commercial air-conditioning segment. In the longer term, Arçelik-LG Klima aims to create solutions for the entire heating and cooling needs of households and will become the largest air-conditioning manufacturer in the region.

Arçelik ranks 101st in the world among the companies with the highest number of patent applications.



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Artcool Frame Air Conditioner

Why Arçelik?

- 55 years' experience
- Turkey's leading, Europe's 3rd largest household appliances company
- Technological superiority and award-winning products
- One of the world's most profitable companies in its sector
- Among the world's top 10 white goods brands with Beko