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lives of our customers.



Feriha Sertçelik Birol  
Arçelik  
R&D Specialist



Mehmet Cakcak  
Arçelik  
Dealer

**Leader in white goods,  
televisions and air  
conditioners in Turkey**

**3<sup>rd</sup> largest household  
appliances company in  
Europe**

**2<sup>nd</sup> largest market  
player in the UK**



Hande Sarıdal  
Arçelik  
Treasury Manager



Selçuk Gülman  
Arçelik LG Klima  
Assembly Management  
Maintenance Operator

# A year of growth

## CONSUMER DURABLES

The economic developments of 2010 benefited Western and Eastern Europe, Arçelik's main markets. The white goods sector grew by 2.8% in Western Europe and 8.6% in Eastern Europe.

### Important developments in the sector in 2010

The effects of the global economic crisis were largely overcome in 2010 as consumer confidence indices returned to the pre-crisis levels of early 2008.

This recovery reflected positively on the white goods sector as sales increased compared to the previous year. Commodity prices, which had fallen with the contraction in global demand, resumed their rise parallel to the economic recovery. Another important development of 2010 was the consolidation of the sector through mergers and acquisitions.

The economic developments of 2010 benefited Western and Eastern Europe, Arçelik's main markets. The white goods sector grew by 2.8% in Western Europe and 8.6% in Eastern Europe. In Turkey, the white goods market bounced back after the contraction in 2009. Turkish White Goods Association figures show that domestic white goods sales rose by 8.2% in 2010, while exports climbed by 9%.

### Continued growth in consumer electronics

The global LCD television market continued to expand in 2010 and reached \$100 billion, representing an increase of 19%. On a unit-basis the increase was 31%, where the total sales reached 190 million units.

In the Western European market, LCD television sales increased 18% to 39 million sets, with revenues reaching \$21 billion.

The conversion from traditional CRT televisions to LCD televisions continued in Turkey in 2010.



### Koç Group Consumer Durables Segment

Koç Group companies in the consumer durables sector maintained their leading positions in 2010. Providing the most extensive sales and after-sales service network in the country, they remain the leader in household appliances, with a market share of 50%. The Consumer Durables Group companies are frontrunners not only in household appliances, but also in televisions and air-conditioners in Turkey.

Koç Group has production facilities in Turkey, Russia, Romania and China and rank the 3<sup>rd</sup> largest household appliances company in Europe. Koç Group companies account for 46% of Turkish exports of household appliances and 15% of televisions.



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# We provide products and services to over 100 countries worldwide.

## ARÇELİK

### Total Revenues

**\$4,623 million**

### Domestic Market Position

Leader in household appliances, LCD television and air-conditioner markets

### Distribution Network

Turkey's most extensive service network with **3,600** authorized dealers and **590** after-sales service points

### Global Network

**19,000** employees

**11** production facilities in **4** countries

International sales and marketing organization

Products and services in more than **100** countries

### International Position

**2<sup>nd</sup>** in the UK with a **16.4%** market share in six main household appliance groups

Market leader in Romania with a **34%** market share

### Share of

### International Revenues

**51%**

### EBITDA

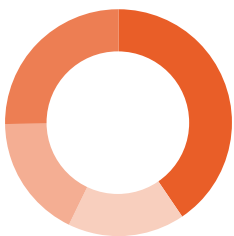
**\$553 million**

### Operating Profit Margin

**9.24%**

### Shareholder Structure

Koç Holding	<b>40.51%</b>
Other Koç	<b>16.69%</b>
Burla Group	<b>17.61%</b>
Free Float	<b>25.19%</b>



[www.arcelikas.com.tr](http://www.arcelikas.com.tr)

### 56 years of experience

Founded in 1955, Arçelik today has 11 production facilities in Turkey, Russia, Romania and China. Arçelik's international distribution and marketing companies sell its products and services under ten brands. The Company has approximately 3,600 authorized dealerships and 590 after-sales service points, endowing Arçelik with the most extensive service network in Turkey. In 2010, it retained its lead in the household appliance sector, where built-in products are rapidly becoming more popular, as well as in the LCD television and air-conditioning markets.

Arçelik was one of the best-performing companies in the international consumer durables sector in 2010. Having increased its market share in many regions, the Company secured new distribution channels and higher visibility. In addition, an improvement in product mix raised the average sales price.

Arçelik is one of the most profitable companies in the sector. Having retained a superior level of profitability compared to its peers in 2010 Arçelik expects to maintain higher profit margins than the sector average in the years ahead. In addition, Arçelik forecasts growth rapidly in the developing markets in the coming years, making it one of the fastest growing companies in the sector.

Arçelik posted one of the highest market share increases in the sector by securing new distribution channels, especially in Western Europe and its main export markets. The Company increased its UK market share in the six main household appliance groups to 16.4%, reinforcing its market position in the 2<sup>nd</sup> rank. It continued to be the market leader in Romania with a 34% market share. Arçelik doubled its market share in Spain while becoming one of the fastest growing companies in the French market.

### Unsurpassed brand strength

Arçelik was the "Brand with the Highest Recognition" and the "Brand the Consumer Feels Closest to" in 2010 for the 12<sup>th</sup> consecutive year, according to Nielsen's Brand Research survey of all sectors.

### Leading holder of patents

Arçelik aims to protect the environment and preserve natural resources. Its environmentally sound policies, which are based on the principle of sustainable development, emphasize energy-efficient products that use fewer resources.

Arçelik is the first and the only Turkish company to be listed in World Intellectual Property Organization's 2008 top-500 list of companies with the highest patent applications. The Company has more intellectual property and patent applications than any other Turkish company and applied for 142 patents in 2010.

The Turkish Patent Institute awarded Arçelik in 2010 for filing the highest number of patent applications, having the highest number of patent registrations and submitting the highest number of international patent applications in 2009.

### The world's most energy and water efficient products

Arçelik believes that management principles should include preserving and sustaining natural resources and aims to develop and offer consumer products that are compatible not only with today's standards, but also with those of the future.

Arçelik's countless innovations have enabled it to manufacture the most energy-efficient products in each class. For example, the Ekonomist washing machine, which consumes 50% less power than A class standards, is the most energy efficient product of its type in the world. It also outperforms A+++ , the most energy-efficient class according to new energy label regulations, which became effective at the end of 2010.

Similarly, the new Black Orbital has the lowest energy consumption level in its class in the world and it is the first A+++ No-Frost refrigerator, consuming 60% less energy than existing A-class No-Frost products of the same capacity. The new Ecologist is not only the world's least water-consuming dishwasher as it uses just six liters of water per cycle, but also the world's fastest.

#### Awards and achievements

The design of Arçelik's household appliances and LCD televisions have received "Plus X" awards in the areas of ease of use, ecology and technology. "Which?", a leading independent consumer product magazine in the UK chose the Company's products as "Best Buys".

Arçelik was one of the three finalists in the "Management" category in the European Union Environment Awards 2010-Europe Program. It is the first time since these awards began in 1987 that a non-EU company has become a finalist.



In order to achieve a competitive position on a global scale, Arçelik has adopted a new vision to take the company forward: "Respects the Globe, Respected Globally". To attain this vision, Arçelik focused on maintaining sustainable and profitable growth, increasing market share in all segments, providing innovative solutions and becoming a truly global organization.

Beko Plc was named as the "Best Consumer Durables Company" and "Fastest Growing Household Appliance Company" in the UK on the basis of its commercial and financial performance. Beko LLC received the "Best Company Producing Energy Saving Products" award at the "Save the Energy!" ceremony in Moscow, in which companies working in the energy saving field are acknowledged by the Russian Energy Commission.

Arçelik's Eskişehir refrigerator plant received the "TPM Special Award for Total Efficiency Management" from the Japan Institute of Plant Maintenance, becoming the first business in the household appliance sector in the world to receive this award.

#### Arçelik in the future

In 2005, Arçelik declared its vision to become "one of the top ten world brands in 2010". It has achieved this vision two years earlier than targeted and attained a powerful and competitive position in the international arena. In order to achieve a competitive position on a global scale, Arçelik has adopted a new vision to take the Company forward: "Respects the Globe, Respected Globally". To attain this vision, Arçelik focused on maintaining sustainable and profitable growth, increasing market share in all segments, providing innovative solutions and becoming a truly global organization.

## ARÇELİK-LG KLİMA

Arçelik-LG began operations in 2000 with a production capacity of 300,000 units and 261 employees. Today, the Company enjoys an annual production capacity of 2 million units and a workforce of 1,500 people. It is the first air-conditioner manufacturer in Turkey and currently the largest one in the Near East and Europe. Arçelik-LG's innovative approach, strong technological infrastructure and extensive distribution and service network have made it the domestic market leader with a 51% market share. It currently exports to more than 50 countries, mainly in Europe, the Middle East and the CIS.

Domestic and international unit sales increased in 2010 and this trend is expected to continue in 2011. Particularly in the commercial air-conditioner segment, which Arçelik-LG entered in 2008, revenues are expected to reach TL70 million in 2011, increasing by TL20 million, in line with market share growth.

#### Energy-saving products are shaping the air-conditioner market

Arçelik-LG is striving to meet consumer expectations while it places great importance on developing environment friendly products, in line with its environmental awareness and sense of social responsibility.

Arçelik-LG is the largest manufacturer of household and commercial air-conditioners in Turkey and, as part of its 2010 growth strategy, it has raised the efficiency of its technologically advanced products and increased its market strength. Maintaining a clear lead in the sector, the Company has instigated, under its growth strategy, air-conditioning and engineering systems, renewable energy and total solution services as new lines of business.

#### New strategies target sustainable growth

In 2010, which marks the 10<sup>th</sup> anniversary of its founding, Arçelik-LG set its target to be a global power in the sector and "to be the first choice in air-conditioning" as stated in its vision. To support these targets and maintain continuous growth, the Company is determined to maintain supremacy in the domestic home air-conditioner market and grow in export markets by focusing on air-conditioning and engineering systems, renewable energy and total solution services.