CONSUMER DURABLES

WE ARE BOLSTERING OUR PRESENCE IN THE INTERNATIONAL ARENA BY PROVIDING SEAMLESS INTEGRATION OF TECHNOLOGY AND DESIGN!
CONSUMER DURABLES

Robust AND SUSTAINABLE GROWTH

Developments in the consumer durables sector in 2015
It is estimated that, in 2015, the global consumer durables industry grew 1% in volume and shrank 7% in USD terms, while the global TV industry contracted 2% in volume and declined 13% in USD terms (based on eight months of data).

Turkey has maintained its position as the largest manufacturing center for consumer durables in Europe.

According to 2015 year-end data from the White Goods Manufacturers’ Association of Turkey (TURKBESD), exports grew more than 7% year-on-year to 18.1 million units, while the domestic market grew 5.7% to 7.1 million units.

Koç Group in the consumer durables sector
While maintaining its leadership in Turkey as well as being the third biggest consumer durables company in Europe in sales volume, Arçelik A.Ş. also continued to hold a significant lead in the Romanian and South African markets, with its Arctic and Defy brands, respectively.

Beko, Arçelik A.Ş.’s global brand, was the fastest growing consumer durables brand in terms of market share in the highly competitive European market between 2000 and 2015. Taking the leadership position in the European freestanding white goods market, Beko has increased its market share in major markets, including among others, Germany, Italy, Spain, Russia and Poland.

Beko retained its strong position in the Middle East and Europe. The Company has increased its export volume in Southeast Asia in line with its market diversification objective, reinforcing its presence with new companies in Malaysia and Vietnam, subsequent to its launching in Singapore and Thailand in 2014.

With the inclusion of the consumer durables category into its portfolio in 2013, Grundig became the only European brand to offer products in all categories of home electronics. Maintaining its growth in Germany, Scandinavia, and the United Kingdom, Grundig has introduced its white goods portfolio to consumers in Spain, Italy, Belgium, Croatia, France, Austria, Malta, South Korea, and South Africa.
The dominant leader of the Turkish durable goods industry, Arçelik is Europe’s third largest white goods manufacturer by sales.

Beko became the second largest brand in the overall white goods market in Europe in 2015.
CONSUMER DURABLES/ARÇELİK

R&D, innovation, and sustainability
By capitalizing on its 25-years of R&D experience, innovative power, and technological competence, Arçelik introduces distinctive, value-added, innovative, and environmentally-friendly products to global markets. In 2015, Arçelik opened an R&D center at the Cambridge University Science Park in the UK, which is an important step towards the expansion of global R&D activities for the Company.

Thanks to its R&D efforts in 2015, Arçelik developed:
• The most energy-efficient A++ energy class built-in oven in Europe,
• A+++ (-70%) energy class washing machine,
• A+++ (-10%) energy class drier,
• 75% energy saving washing machine with cold water washing program,
• A+ energy class 90 cm wall-type range hood,
• A+++ (-30%) energy class no-frost combi refrigerator,
• A+++ energy class no-frost side-by-side type refrigerator.

Some of the innovations include:
• The connective app HomeWhiz® that allows users to effortlessly control white goods with their smartphone, tablet or television and follow the operating status of the devices,
• A refrigerator with four cameras in the cabin, enabling users to check the content during shopping,
• A refrigerator that makes ice cubes in 40 minutes,
• VUX (Virtual User eXperience) interface controlling the dishwasher, cooker and range hood from a single center,
• Europe’s first automatic dosing system for dishwashers,
• ProSmart Inverter washing machine, minimizing energy and water consumption,
• New Fine Arts Curved TVs that come with the new smart TV platform UltraHD 4K

The Company continued to support global climate change initiatives in 2015. Indeed, Arçelik participated in the “New Global Alliance for Energy-Efficient Appliances” program by UNEP in South Africa and Thailand. It represented the Turkish white goods industry in the UNFCC – 21st Paris session of the Conference of the Parties in December 2015.

Arçelik has also contributed to the country’s energy saving corresponding to a total capacity of six wind turbines each with 2.5 megawatt by recycling over 100,000 products consuming a high level of energy at the Eskişehir and Bolu facilities, which is a first in the country’s industry.

Investments
The number of global sales and marketing companies reached 27 with new Beko offices in the Balkans, Malaysia and Vietnam.

The Thailand refrigerator production plant, which broke ground in January 2015, started production in December 2015.

Strong and consistent growth
Despite contractions and economic fluctuations in key markets, Arçelik A.Ş. has maintained its strong and consistent growth, boosting its operational profitability.

In 2015, the Company grew 13.2%, posting consolidated turnover of TL 14,166 million.

The Company’s net profit totaled TL 893 million. International revenues accounted for 59.6% of its consolidated turnover.
Arçelik provides products and services to its customers in more than 100 countries with its manufacturing plants in Romania, Russia, China, South Africa, and Thailand, in addition to Turkey.

**TOTAL REVENUES**

14,166 (TL million)

**PROFIT BEFORE TAX**

785 (TL million)

**NET INCOME**

893 (TL million)  
(Net Income After Minority Interest: TL 891 million)

**SHARE OF INTERNATIONAL REVENUES**

60%
Arçelik, the top ranked company in the Turkish Patent League, filed the highest number of international patent applications.

**Awards and achievements**
- Among the first 30 companies in BIST Sustainability Index, and an “AAA” rating in the Morgan Stanley Capital International (MSCI) Global Sustainability Index Series, the best ranking in the industry.
- 2015 Turkey CDP Leader.
- “E-waste Heroes” award by WEEE Management System.
- TPE, Turkish Patent League champion and the “Company with the Highest Number of International Patent Applications."
- Arçelik, the “Most Popular Brand” in white goods and consumer electronics category based on the Lovemarks of Turkey Survey.
- Beko, the first home appliances brand awarded with “Green Brands” in Germany.
- Grundig Drier with “Test Winner” award given by the German testing agency Stiftung Warentest.
- Two IF Design awards for LUMINIST Cast Cookers with VUX technology (Virtual User Experience).
- The Turkish Exporters’ Assembly “R&D Leadership” and “Technology Development Leadership” awards, as the only Turkish company to be the finalist at the International IMP³rove Innovation Contest, large-scale companies category.

**Outlook, targets and strategies for 2016**

In line with its long-term goals, Arçelik A.Ş. supports its vision “Respects the Globe, Respected Globally” with a sustainable profitable growth strategy. Having defined brand, design, quality, technology, and innovation as the main pillars of the Company strategy, Arçelik will continue to invest relentlessly in these areas in all regions. Arçelik aims to enhance its capability to offer pioneer, distinctive, value-added, innovative, and environmentally-friendly products and solutions. The Company will continue to consider new markets and business opportunities with higher potential, through its strong and consistent financial structure, reinforcing sustainable growth. In this regard, it will focus on growing in the ASEAN region with its plant established in Thailand, while maintaining its investments in its current businesses, and prioritizing the opportunities in regions where it is not currently operating.

Arçelik A.Ş. aims to bolster its global position by boosting its international revenues, firming up its domestic market leadership, and supporting its growth with new business fields and investments in new regions. The Company recognizes its employees as the greatest asset in its quest to set and achieve ambitious future goals, investing in current and new business fields. Therefore, Arçelik continues to invest in human resources by helping its employees to develop professionally, for the ultimate goal of maximizing the effectiveness of its global organization.
Arçelik LG is the leader in the air-conditioner industry with more than 50% market share.

Established in 2000 with a production capacity of 300 thousand units, Arçelik-LG today boasts a capacity of 1.5 million units and 686 personnel. Indirectly, the Company creates employment for around 1,000 individuals in the supply chain.

Arçelik-LG is the largest air-conditioner manufacturer in the Middle and Near East, and Europe. Its innovative approach, strong technological infrastructure and extensive distribution and service network help the Company to maintain leadership in the domestic market with a share of over 50%. The Company currently exports nearly 45% of its production mainly to Europe, the Middle East, Africa and the CIS.

In response to intensifying competition in the market, Arçelik-LG has completed R&D work on a new Inverter model with high energy efficiency (A++ and above) and lower cost, for roll out in 2016.

In the commercial air conditioner segment, Arçelik-LG’s R&D department has designed and produced domestically manufactured fan-coil units. As a result, Arçelik-LG now offers a competitive “Made in Turkey” product line.

Arçelik-LG can now manufacture exchangers domestically that were formerly imported by Arçelik Dryer Plant for its high efficiency dryers with heat pump. As a result, it has become a by-product supplier to an Arçelik plant for the first time.

Outlook, targets and strategies for 2016
Arçelik-LG provides Turkish consumers with high-quality energy-efficient products, while maintaining domestic market leadership. Outside Turkey, the Company’s strategic aim is to grow profitably in Europe, the Middle East, North Africa, Russia and the Turkic Republics. In addition, it continues to focus on increasing its market share and maintaining its leadership in the newly-developing commercial air-conditioner segment by expanding its product range.

Please use the adjacent QR code to reach detailed information about Arçelik-LG.