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Arcelik

The year 2024 was completed with a net profit thanks to one-off negative goodwill

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In 4Q24, Arcelik's operating expenses remained high due to increased personnel, marketing, and sales costs following the European and MENA agreements with Whirlpool, while an operating profit of TRY 490mn was recorded. Upon completion of closing transactions related to the consolidation of Whirlpool operations, a negative goodwill of TRY 17,023mn was recognized as operating income. Additionally, restructuring expenses of TRY 10,875mn were recorded following the initiation of the restructuring process after the Whirlpool acquisition. Including net financial expenses of TRY 7,590mn and monetary gains of TRY 7,093mn, the company achieved a net profit of TRY 7,009mn this quarter, above the market's expectation of a TRY 1,306mn loss and above our TRY 5,453mn estimate, including the IAS-29 impact.

The company's net sales revenue, including the IAS-29 impact, increased by 19% YoY in 4Q24, reaching TRY 108,290mn—above our expectation of TRY 101,100mn but below the market's estimate of TRY 110,865mn. The inorganic growth in Europe, driven by the Whirlpool acquisition, played a key role in the annual sales revenue increase (Europe's share in total sales rose from 42% to 56%). In 4Q24, domestic sales contracted by a real 5.2% in TRY terms, while international sales grew by 32.1%. The decline in domestic demand aligns with our expectations, reflecting the impact of tight monetary policy.

Despite stronger-than-expected sales revenue, higher-than-expected costs and operational expenses caused EBITDA to fall short at TRY 4,796mn, compared to our forecast of TRY 6,556mn and the market consensus of TRY 5,494mn. The EBITDA margin stood at 4.4% (4Q23: 5.8%).

2024 Results: In 2024, revenues increased by 15% year-on-year to TRY 428,548mn. Despite flat domestic sales revenue and the negative impact of a relatively weak EUR/USD exchange rate, inorganic growth was supported by the inclusion of European and MENA acquisitions in the financials starting from 2Q24. Consequently, the company's expectations of stable real growth in the domestic market and approximately 50%+ growth in international revenues in FX terms were met. For the full year 2024, EBITDA amounted to TRY 22,297mn, with an EBITDA margin of 5.2%, falling short of the company's 5.8%-6.0% guidance.

2025 Expectations: In 2025, the company anticipates stable real growth in the domestic market and approximately 15%+ growth in international revenues in FX terms. The adjusted EBITDA margin is expected to improve to 6.5%, while capital expenditures of approximately EUR 300mn are planned.

OUTPERFORM
TP: TRY 195.65
Previous TP: TRY 235.52
Upside: 55%

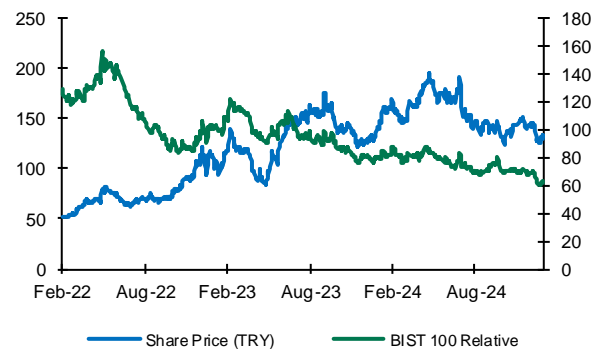
	TRY	US\$
Close	127,00	3,55
BIST 100	10.004	280
US\$/TRY (CB Bid Rate):	35,83	
52 Week High:	195,00	6,07
52 Week Low:	123,70	3,54
Bloomberg/Reuters Ticker:	ARCLK.TI / ARCLK.IS	

Number of Shares (Mn):	675,7	
	(TRY Mn)	(US\$ Mn)
Current Mcap:	85.817	2.400
Free Float Mcap:	12.873	360

	1 M	YOY	YTD
TRY Return (%):	-10,6	-10,3	-10,6
US\$ Return (%):	-11,8	-23,9	-11,8
BIST 100 Relative (%):	-12,1	-23,8	-12,1
Avg. Daily Vol. (TRY Mn):	483,71		
Avg. Daily Vol. (US\$ Mn):	14,76		

Beta	0,86
Volatility (Stock)	0,36
Volatility (BIST 100)	0,22

Shareholder Structure	%
Koç Group	57,2
Burla Group	17,6
Arcelik	10,2
Free Float	15,0
Total	100,0



We expect the first half of 2025 to be in line with 2024, while in the second half, we anticipate a recovery in both the domestic and export markets, especially in Europe, the main market, after interest rate cuts. We expect Arcelik's performance to move in parallel with sectoral dynamics. Additionally, with the closure of idle operations related to Whirlpool, we expect cost management to become more effective and margins to gradually improve. As a result, we expect improvements in both sales revenue and operational profitability. In summary, we may see better results for Arcelik in the second half of 2025.

In light of the 4Q24 financial results, we have revised our 12-month target price for Arcelik from TRY 235.52/share to TRY 195.65/share and maintain our OUTPERFORM recommendation. Our target price has 55% upside potential.

Figure 1: Financials (Including IAS-29)

TRY Million	12M23	12M24	YoY	4Q23	4Q24	YoY
Revenues	371.203	428.548	15,4%	90.630	108.290	19,5%
Gross Profit	108.830	118.102	8,5%	25.410	29.075	14,4%
<i>Gross Profit Margin</i>	<i>29,3%</i>	<i>27,6%</i>		<i>28,0%</i>	<i>26,8%</i>	
EBIT	16.771	5.747	-65,7%	2.353	490	-79,2%
<i>EBIT Margin</i>	<i>4,5%</i>	<i>1,3%</i>		<i>2,6%</i>	<i>0,5%</i>	
EBITDA	29.354	22.297	-24,0%	5.297	4.796	-9,5%
<i>EBITDA Margin</i>	<i>7,9%</i>	<i>5,2%</i>		<i>5,8%</i>	<i>4,4%</i>	
Net Profit	19.505	1.689	-91,3%	14.703	7.009	-52,3%
<i>Net Profit Margin</i>	<i>5,3%</i>	<i>0,4%</i>		<i>16,2%</i>	<i>6,5%</i>	

Source: Finnet, Seker Invest Research

Figure 2: Key Financials (Including IAS-29)

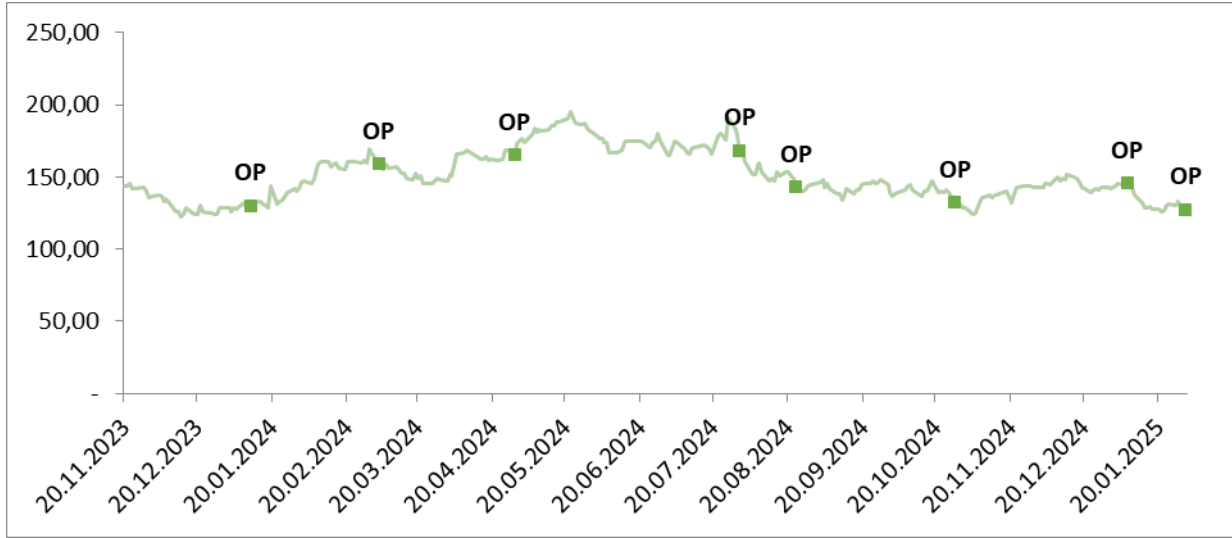
BALANCE SHEET (TRY Mn)	2023/12	2024/12	%
PP&E	64.380	90.816	41%
Intangibles	39.226	44.860	14%
Other Non-Current Assets	21.738	32.584	50%
Trade Receivables	96.041	92.927	-3%
Cash&Equivalents	70.445	50.816	-28%
Other Current Assets	80.866	85.723	6%
Total Assets	372.696	397.726	7%
Long Term Debt	64.192	75.776	18%
Other Non current liabilities	23.552	25.649	9%
Short Term Debt	74.336	51.378	-31%
Trade Payables	78.260	102.390	31%
Other Current Liabilities	46.359	67.470	46%
Total Liabilities	286.700	322.662	13%
Total Equity	85.997	75.064	-13%
Total Equity&Liabilities	372.696	397.726	7%

INCOME STATEMENT (TRY Mn)	2022/12	2023/12	2024/12	%
Net Sales	371.302	371.203	428.548	15
COGS	272.156	262.373	310.446	18
Gross Profit / (Loss)	99.146	108.830	118.102	9
Operating Expenses	87.368	92.059	112.355	22
Operating Profit / (Loss)	11.778	16.771	5.747	(66)
Net Other Operational Gain/ (Loss)	1.796	(2.105)	1.375	N.M.
Income/ (Loss) from Investing Activities	3.767	(75)	881	N.M.
Financial Income/ (Expense)	(17.267)	(17.837)	(25.248)	N.M.
Monetary Gain / (Loss)	7.928	22.712	11.287	(50)
Share of profit of equity accounted investments	(1.069)	(695)	(176)	N.M.
Profit Before Tax (Loss)	10.452	18.771	(1.610)	N.M.
Tax	333	(1.786)	597	N.M.
Net Profit/ (Loss)	10.118	20.557	(2.207)	N.M.
Minority Interest	1.043	1.051	(3.896)	N.M.
Parent Equity	9.075	19.505	1.689	(91,3)

ARCLK

Source: Şeker Invest

Historical Recommendations and Target Prices



ARCLK

Basis for 12m Equity Ratings

Outperform: The total return is expected to exceed the return of the BIST 100 by more than 10%.

Underperform: The total return is expected to fall below the return of the BIST 100 by more than 10%.

Market Perform: The total return is expected to be in line with the return of the BIST 100.

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