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Arcelik

Despite improved operating profitability, a net loss was recorded due to financial expenses

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Arçelik recorded a net loss of TRY 2,336mn in Q2 2025, including the impact of TMS-29, thus higher than our expectations of TRY 1,100mn and the market's net loss of TRY 1,510mn. Despite the increase in EBITDA this quarter due to synergies and savings, increased financing and tax expenses contributed to the loss. The absence of a one-time gain from the Whirlpool acquisition also impacted the net loss.

The Company's net sales revenues, including the impact of IAS-29, decreased by 11.5% year-over-year to TRY 121,364mn in Q2 2025, falling short of our expectations of TRY 123,200mn and the market's expectations of TRY 122,168mn. Sales revenues in Türkiye decreased by 5.4% year-over-year in Q2 2025 due to stable demand, international sales declined by 14% year-over-year, primarily due to a weak performance in Europe, subdued demand in other international markets, and volume declines. In international markets, pressure from Chinese manufacturers in Europe has become evident. While slowdowns continue in France, Germany, and Austria, growth has been achieved in the UK, Italy, Spain, and Pakistan.

Among key raw materials, metal prices continued to decline year-on-year in the second quarter due to weak global demand, idle capacity, and increased Chinese exports. Plastic raw material prices declined significantly both year-over-year and quarter-over-quarter. Despite expectations for a limited increase in the final quarter, prices are expected to remain well below last year's average. EBITDA improved quarter-on-quarter thanks to a better gross margin and cost transformation efforts at Whirlpool's operations. **EBITDA in Q2 2025 reached TRY7,075mn, vs. our estimate of TRY6,795mn and the market's estimate of TRY6,968mn. The EBITDA margin increased to 5.8% in Q2 2025 (TRY2 2024: 4.6%).**

2025 guidance maintained: For 2025, the Company anticipates stable real domestic market growth 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 185.00
Previous TP: TRY 190.59
Upside: 46.83%

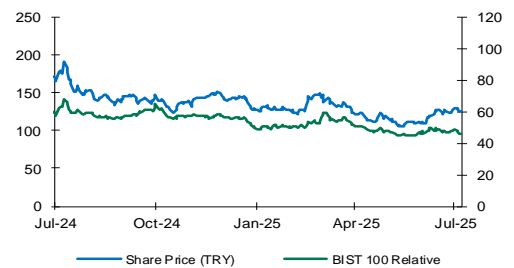
	TRY	US\$
Close	126,00	3,12
BIST 100	10.643	263
US\$/TRY (CB Bid Rate):	40,47	
52 Week High:	190,80	5,79
52 Week Low:	105,40	2,70
Bloomberg/Reuters Ticker:	ARCLK.TI / ARCLK.IS	

Number of Shares (Mn):	675,7	
	(TRY Mn)	(US\$ Mn)
Current Mcap:	85.142	2.108
Free Float Mcap:	21.285	527

	1 M	YOY	YTD
TRY Return (%):	7,5	-28,3	-11,3
US\$ Return (%):	5,3	-41,8	-22,6
BIST 100 Relative (%):	-4,9	-26,8	-18,0
Avg. Daily Vol. (TRY Mn):	331,45		
Avg. Daily Vol. (US\$ Mn):	9,25		

Beta	0,86
Volatility (Stock)	0,37
Volatility (BIST 100)	0,26

Shareholder Structure	%
Koç Group	41,4
Tekosan Büro Makine	12,1
Arcelik	10,0
Burla Group	5,6
Free Float	31,0
Total	100,0



Despite improved operational profitability resulting from lower raw material costs and the positive contribution of the EUR/USD exchange rate, increased financial expenses contributed to the Company's announcement of a net loss for this quarter. We expect the market reaction to the net loss, which exceeded market expectations, to be negative. We anticipate that cost management will remain effective, and margins will gradually recover with the closure of idle Whirlpool operations in 2025. As of Q2 2025, this process, which is expected to be completed within three years, is approximately two-thirds complete. We expect to see better results from Arçelik beyond the third quarter.

Following the announcement of 2Q25 financials, we have revised our 12-month target price for Arçelik from TRY 190.59/share to TRY 185.00/share. We maintain our OUTPERFORM recommendation. Our target price has 46.83% upside potential.

Figure 1: Financials (Including IAS-29)

TRY Million	1H24	1H25	YoY	2Q24	2Q25	QoQ
Revenues	242.984	237.036	-2,4%	137.188	121.364	-11,5%
Gross Profit	69.370	67.626	-2,5%	37.972	34.472	-9,2%
<i>Gross Profit Margin</i>	28,5%	28,5%		27,7%	28,4%	
EBIT	5.708	2.770	-51,5%	1.092	1.707	56,3%
<i>EBIT Margin</i>	2,3%	1,2%		0,8%	1,4%	
EBITDA	14.669	13.142	-10,4%	6.307	7.075	12,2%
<i>EBITDA Margin</i>	6,0%	5,5%		4,6%	5,8%	
Net Profit	22.875	-4.075	-117,8%	20.304	-2.336	-111,5%
<i>Net Profit Margin</i>	9,4%	-1,7%		14,8%	-1,9%	

Source: Şeker Invest Research

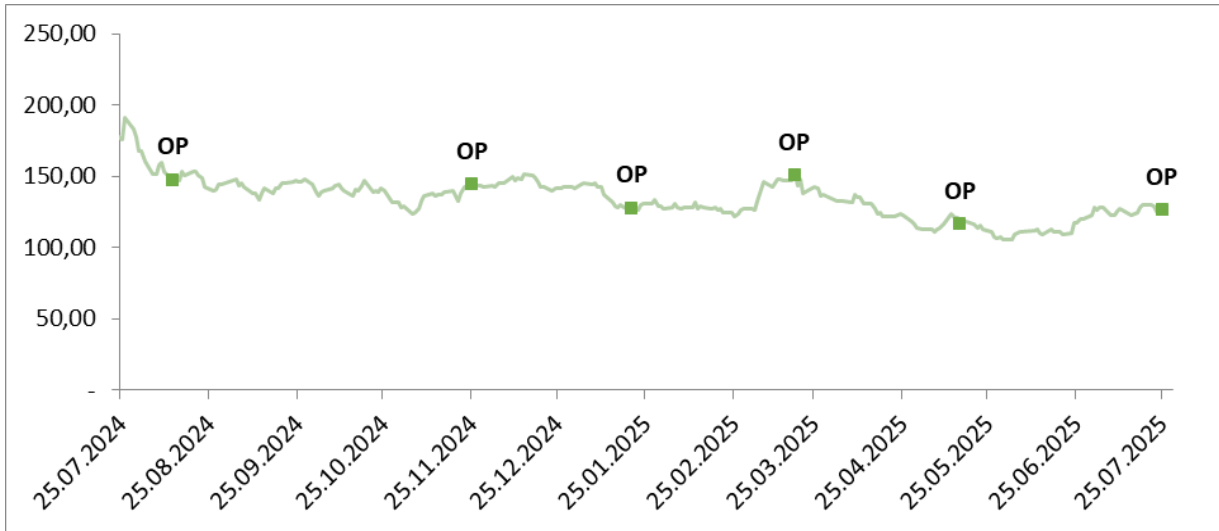
Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2024/12	2025/06	% Chg
PP&E	105.958	105.491	-0,4%
Intangibles	52.340	53.490	2,2%
Other Non-Current Assets	38.017	40.710	7,1%
Trade Receivables	108.422	131.044	20,9%
Cash&Equivalents	59.289	60.075	1,3%
Other Current Assets	100.017	112.002	12,0%
Total Assets	464.043	502.812	8,4%
Long Term Debt	88.411	75.110	-15,0%
Other Non current liabilities	29.925	36.762	22,8%
Short Term Debt	59.945	84.931	41,7%
Trade Payables	119.462	123.049	3,0%
Other current liabilities	78.719	107.750	36,9%
Total Liabilities	376.463	427.601	13,6%
Total Equity	87.580	75.211	-14,1%
Total Equity&Liabilities	464.043	502.812	8,4%

INCOME STATEMENT (TRY Mn)	2024/06	2025/06	% Chg
Revenues	242.984	237.036	-2,4%
COGS	173.614	169.410	-2,4%
Gross Profit (Loss)	69.370	67.626	-2,5%
Operating Expenses	63.661	64.856	1,9%
Operating Profit/(Loss)	5.708	2.770	-51,5%
Net Other Ope. Rev./(Exp.)	18.348	2.526	-86,2%
Income/(Loss) from Investing Activities	1.194	55	-95,4%
Financial Expenses	(12.452)	(16.603)	N.M.
Gains (losses) on net monetary positions	10.175	8.036	-21,0%
Profit Before Tax (Loss)	22.661	(3.285)	N.M.
Tax	(80)	(1.738)	N.M.
Net Profit (Loss)	22.581	(5.023)	N.M.
Minority Interest	(294)	(948)	N.M.
Parent Equity	22.875	(4.075)	N.M.

Source: Şeker Invest, ARCLK

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 BIST 100's return.

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