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Arcelik

Expectations for 2025 have been revised downwards.

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Arcelik reported a net loss of TRY 2,055mn in 3Q25, exceeding our TRY 1,600mn expectation and significantly exceeding the market's median expectation of TRY 1,100mn, including the impact of IAS-29. The higher-than-expected net loss was driven by the decline in net sales revenues due to weakening demand in the sector, increased competitive pressure, and pricing power challenges. Furthermore, increased operating expenses following the merger, the continued high levels of net financing expenses despite declining year-on-year and quarterly, and deferred tax expense also contributed to the net loss.

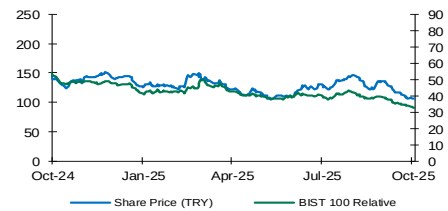
The Company's net sales revenues, including the impact of TAS-29, decreased by 11.4% year-over-year in 3Q25 to TRY 124,446 million, compared to our consensus of TRY 125,500 million and the market's median consensus of TRY 125,171 million. While demand remained moderate in the domestic market, unfavorable pricing and product mix contributed to the decline in sales revenue. Furthermore, volume contractions and pricing challenges persisted in international markets. In the first eight months of 2025, growth was maintained in the United Kingdom, Italy, Spain, the Netherlands, and Belgium, while demand remained weak in France, Germany, and Austria. Gross margin improved significantly to 29.1%, representing a 2.7 percentage point year-over-year and 0.7 percentage point quarter-over-quarter improvement, driven by the supportive euro/dollar parity and falling raw material prices (3Q24: 26.4%). During the same period, EBITDA of TRY 8,577 million fell 3.6% and 3% below our estimate of TRY 8,900 million and the market median expectation of TRY 8,808 million, respectively. EBITDA increased by 38.7% year-on-year and 13% quarter-on-quarter, driven by sustained synergies and cost optimization. The EBITDA margin increased by 2.5 percentage points to 7% (3Q24: 4.40%), driven by the contributions of gross profitability and restructuring measures.

Net debt decreased - As of September 30th, net debt stood at TRY 150.2 billion (TRY 155.9 billion in 2025/06), with a net debt/EBITDA ratio of 5.2x. During the same period, negative free cash flow of TRY 12.5 billion was realized. However, considering the negative free cash flow of TRY 25.7 billion in the first half of the year, a significant quarter-on-quarter improvement was observed.

2025 expectations have been revised downward. The Turkish market expectation previously flat, has been revised down to 5% contraction. The international market expectation, which was for 15% growth in foreign currency terms, is revised down to 5-10% growth. Furthermore, the Company's EBITDA margin guidance, which was 6.5%, is revised down to a range of 6-6.5%. APR/Sales are projected at 20-22% (previous: <20%), and capital expenditures, which were forecast at €300 million, are revised down to €250 million.

OUTPERFORM
TP: TRY 170.00
Previous TP: TRY 185.00
Upside: 52.6%

	TRY	US\$	
Close	111,40	2,66	
BIST 100	10.942	261	
US\$/TRY (CB Bid Rate):	41,92		
52 Week High:	151,50	4,35	
52 Week Low:	105,40	2,53	
Bloomberg/Reuters Ticker:	ARCLK.TI / ARCLK.IS		
Number of Shares (Mn):	675,7		
	(TRY Mn)	(US\$ Mn)	
Current Mcap:	75.276	1.799	
Free Float Mcap:	18.819	450	
	1 M	YOY	YTD
TRY Return (%):	-16,7	-21,2	-21,5
US\$ Return (%):	-17,8	-35,7	-34,1
BIST 100 Relative (%):	-13,4	-36,1	-29,5
Avg. Daily Vol. (TRY Mn):	338,54		
Avg. Daily Vol. (US\$ Mn):	8,90		
Beta	0,86		
Volatility (Stock)	0,34		
Volatility (BIST 100)	0,25		
Shareholder Structure	%		
Koç Group	41,4		
Burla Group	5,6		
Arcelik	10,0		
Teknosan Büro Makine	12,1		
Free Float	31,0		
Total	100,0		



We view the recovery in EBITDA and the improvement in operating cash flow as positive, driven by the synergy and efficiency measures implemented through Arçelik's efforts to maintain operational profitability in 3Q25. However, we expect a negative market reaction to ongoing weakness in demand, increased competition putting pressure on pricing power, the continued high level of net financing expenses, and the downward revision of 2025 expectations.

- In light of the downward revision to the company's 2025 guidance following the 3Q25 financials, we revise downward our 12-month target price per share from TRY 185.00 to TRY 170.00. Our target price has a 52.6% upside potential, and we maintain our OUTPERFORM recommendation.

Figure 1: Financials (Including IAS-29)

TRY Million	9M24	9M25	YoY	3Q24	3Q25	YoY
Revenues	401.698	379.269	-5,6%	140.480	124.446	-11,4%
Gross Profit	111.667	108.881	-2,5%	37.091	36.180	-2,5%
<i>Gross Profit Margin</i>	27,8%	28,7%		26,4%	29,1%	
EBIT	6.594	5.754	-12,7%	458	2.776	506,7%
<i>EBIT Margin</i>	1,6%	1,5%		0,3%	2,2%	
EBITDA	21.952	22.706	3,4%	6.183	8.577	38,7%
<i>EBITDA Margin</i>	5,5%	6,0%		4,4%	6,9%	
Net Profit	19.000	-6.436	-133,9%	-5.592	-2.055	-63,2%
<i>Net Profit Margin</i>	4,7%	-1,7%		-4,0%	-1,7%	

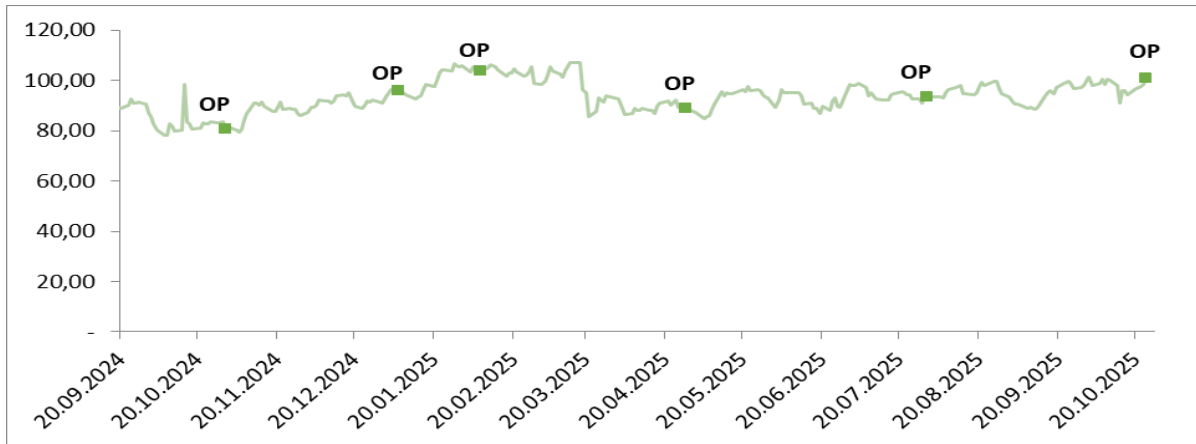
Source: Finnet, Seker Invest Research

Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2024/12	2025/09	% Chg
PP&E	113.910	109.234	-4,1%
Intangibles	56.268	56.643	0,7%
Other Non-Current Assets	40.870	41.457	1,4%
Trade Receivables	116.558	125.329	7,5%
Cash&Equivalents	63.738	71.440	12,1%
Other Current Assets	107.522	114.078	6,1%
Total Assets	498.866	518.181	3,9%
Long Term Debt	95.046	79.286	-16,6%
Other Non current liabilities	32.171	38.521	19,7%
Short Term Debt	64.443	105.867	64,3%
Trade Payables	128.427	118.765	-7,5%
Other current liabilities	84.627	101.670	20,1%
Total Liabilities	404.714	444.110	9,7%
Total Equity	94.152	74.071	-21,3%
Total Equity&Liabilities	498.866	518.181	3,9%
INCOME STATEMENT (TRY Mn)	2024/09	2025/09	% Chg
Revenues	401.698	379.269	-5,6%
COGS	290.031	270.389	-6,8%
Gross Profit (Loss)	111.667	108.881	-2,5%
Operating Expenses	105.072	103.127	-1,9%
Operating Profit/(Loss)	6.594	5.754	-12,7%
Net Other Ope. Rev./ (Exp.)	16.697	2.170	-87,0%
Income/(Loss) from Investing Activities	1.263	41	-96,8%
Financial Expenses	(22.922)	(24.396)	N.M.
Gains (losses) on net monetary positions	15.255	12.342	-19,1%
Profit Before Tax (Loss)	16.578	(4.239)	N.M.
Tax	1.298	(3.499)	N.M.
Net Profit (Loss)	17.876	(7.738)	N.M.
Minority Interest	(1.124)	(1.303)	N.M.
Majority Interest	19.000	(6.436)	N.M.

Source: Finnet, Şeker Invest Research

Historical Recommendations and Target Prices



Date	Rec	Target Price (TRY)
23-Oct-23	Outperform (OP)	190,88
11-Jan-24	Outperform (OP)	217,97
4-Mar-24	Outperform (OP)	217,97
29-Apr-24	Outperform (OP)	217,97
31-Jul-24	Outperform (OP)	282,90
28-Oct-24	Outperform (OP)	267,50
7-Jan-25	Outperform (OP)	235.52
3-Feb-25	Outperform (OP)	195.65
28-Apr-25	Outperform (OP)	190,59
28-Jul-25	Outperform (OP)	185,00
27-Oct-25	Outperform (OP)	170,00

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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