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# Arcelik

## The company ended 2025 with a net loss

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**Arcelik (ARCLK.TI; OP)** reported a net loss of TRY 1,640mn in 4Q25 (including the impact of TAS-29), which was 8% below our estimate of TRY 1,774mn and 23% below the market's median expectation of TRY 2,141mn. During 4Q25, weak demand conditions and intensifying competitive pressure limited pricing power, creating downward pressure on revenues. On the other hand, one-off expenses related to restructuring initiatives launched following the Whirlpool operations declined significantly in this quarter, leading to a notable decrease in other operating expenses. Meanwhile, lower net financial expenses and deferred tax charges helped narrow the net loss compared to the previous period, although the decline in net monetary position gains continued to weigh on profitability.

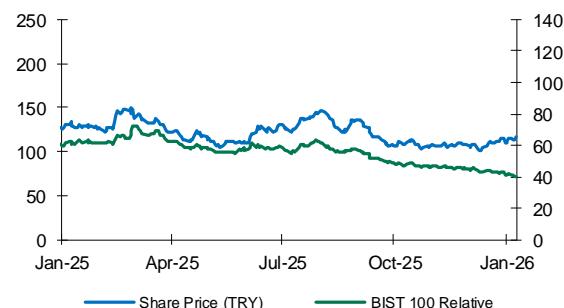
Including the TAS-29 impact, net sales revenues decreased by 9.6% YoY to TRY 128,146mn in 4Q25, coming in below our estimate of TRY 124,562mn and slightly under the market median expectation of TRY 129,131mn. Weak pricing dynamics and an unfavorable product mix in the domestic market damped sales performance, while soft demand conditions in international markets and intensified competition in Europe were the main drivers of the revenue contraction. In the first 11 months of 2025, growth continued in the UK, Italy, Spain, the Netherlands, and Belgium, whereas France, Germany, and Austria recorded contraction throughout the year. In Africa & the Middle East, sales revenues increased by approximately 10% in EUR terms in 2025, mainly driven by a strong performance in Africa. Defy increased its sales volume by more than 10% in the region, with growth reaching around 15% in 4Q. However, aggressive price cuts in the market limited EUR-based revenue growth to below 7% YoY. While demand remained resilient in South Africa, export volumes grew faster, particularly in Sub-Saharan markets. Defy maintained its pricing power and market leadership. Despite geopolitical instability in the Middle East, Arçelik-Hitachi achieved 7% USD-based growth through effective promotions and channel expansion.

Gross margin improved to 29.01% (4Q24: 26.85%), supported by favorable EUR/USD parity and lower raw material costs. EBITDA came in at TRY 6,552mn, slightly below our estimate of TRY 6,756mn and below the market median of TRY 6,844mn. EBITDA increased by 4.4% YoY, supported by improved gross profitability, ongoing synergies, and cost optimization measures. The EBITDA margin improved to 5.11% (4Q24: 4.43%) thanks to higher gross margins and restructuring initiatives.

**Leverage declined on the back of strong free cash flow generation.** As of year-end 2025, net debt decreased to TRY 138bn (vs. TRY 156.7bn in 3Q25), while the Net Debt/EBITDA ratio stood at 4.56x. Improved working capital management also supported strong free cash flow generation. Free cash flow reached TRY 5.7bn in 2025, marking a significant recovery compared to the TRY 11.4bn cash outflow recorded in 2024.

**OUTPERFORM**  
TP: TRY 149.50  
Previous TP: TRY 149.50  
Upside: 31.1%

	TRY	US\$	
Close	114,00	2,63	
BIST 100	13.838	319	
US\$/TRY (CB Bid Rate):	43,42		
52 Week High:	150,20	4,10	
52 Week Low:	101,00	2,36	
Bloomberg/Reuters Ticker:	ARCLK.TI / ARCLK.IS		
Number of Shares (Mn):	675,7		
	(TRY Mn)	(US\$ Mn)	
Current Mcap:	77.033	1.777	
Free Float Mcap:	13.866	320	
	1 M	YOY	YTD
TRY Return (%):	12,3	-11,8	12,9
US\$ Return (%):	11,0	-27,4	11,6
BIST 100 Relative (%):	-8,9	-35,8	-8,1
Avg. Daily Vol. (TRY Mn):	362,27		
Avg. Daily Vol. (US\$ Mn):	9,04		
Beta	0,86		
Volatility (Stock)	0,34		
Volatility (BIST 100)	0,25		
Shareholder Structure	%		
Koç Group	48,5		
Burla Group	5,6		
Teknosan Büro Makine	12,1		
Other	33,9		
Total	100,0		



**2025 Results:** In 2025, the Company's total revenues declined by 7% year-on-year to TRY 523,933mn. On a full-year basis, domestic revenues recorded a 6.6% contraction, underperforming the expectation of an approximately 5% decline. Meanwhile, international revenues posted a marginal 0.1% decrease in foreign currency terms, despite earlier expectations of 5-10% growth. During the same period, the Company generated EBITDA of TRY 30,247mn, while the adjusted EBITDA margin improved by 0.6 percentage points year-on-year to 5.9%. Despite higher operating expenses driven by wage inflation, improved gross profitability and cost savings resulting from restructuring initiatives supported the margin expansion. However, the EBITDA margin remained slightly below management's guidance range of 6.0-6.5%, settling at 5.9%. This outcome was mainly attributable to weaker demand conditions, particularly in the final quarter of the year, which weighed on revenue performance and limited the improvement in the adjusted EBITDA margin.

**2026 Expectations:** The Company expects flat domestic revenues and low single-digit foreign currency-based growth in international revenues. The adjusted EBITDA margin is projected to improve to 6.25-6.50%, while Net Working Capital/Sales is expected at around 22%. Capital expenditures are forecast at approximately EUR 250mn.

Overall, we view the recovery trend in EBITDA and the improvement in free cash flow generation observed in 4Q25 positively, supported by ongoing operational measures aimed at preserving profitability as well as continued synergy and efficiency-focused initiatives at Arçelik. Nevertheless, persistent weak demand conditions and intensifying competition, both in Türkiye and globally, continue to pressure pricing power across the sector. Although metal prices showed a limited uptrend in the last quarter, we do not expect these cost increases to exert a material pressure on margins, particularly in the first half of the year, thanks to long-term supply agreements secured under favorable terms. Meanwhile, while macroeconomic conditions in Türkiye remain challenging, potential policy rate cuts throughout the year could support demand dynamics, especially in the second half. Additionally, a possible ceasefire between Russia and Ukraine could provide meaningful upside potential for the overall European economic outlook.

- Following the 4Q25 financial results, we maintain our 12-month target price for Arçelik at TRY 149.50 per share. While our target price implies an upside potential of 31.1%, we reiterate our OUTPERFORM recommendation.

**Figure 1: Financials (Including IAS-29)**

TRY Million	YE24	YE25	YoY	4Q24	4Q25	YoY
<b>Revenues</b>	<b>560.937</b>	<b>523.933</b>	<b>-6,6%</b>	<b>141.744</b>	<b>128.146</b>	<b>-9,6%</b>
<b>Gross Profit</b>	<b>154.587</b>	<b>150.793</b>	<b>-2,5%</b>	<b>38.056</b>	<b>37.171</b>	<b>-2,3%</b>
<i>Gross Profit Margin</i>	27,6%	28,8%		26,8%	29,0%	
<b>EBIT</b>	<b>7.523</b>	<b>6.995</b>	<b>-7,0%</b>	<b>641</b>	<b>991</b>	<b>54,5%</b>
<i>EBIT Margin</i>	1,3%	1,3%		0,5%	0,8%	
<b>EBITDA</b>	<b>29.186</b>	<b>30.247</b>	<b>3,6%</b>	<b>6.277</b>	<b>6.552</b>	<b>4,4%</b>
<i>EBITDA Margin</i>	5,2%	5,8%		4,4%	5,1%	
<b>Net Profit</b>	<b>2.211</b>	<b>-8.356</b>	<b>N.M.</b>	<b>-17.616</b>	<b>-1.640</b>	<b>N.M.</b>
<i>Net Profit Margin</i>	0,4%	-1,6%		-12,4%	-1,3%	

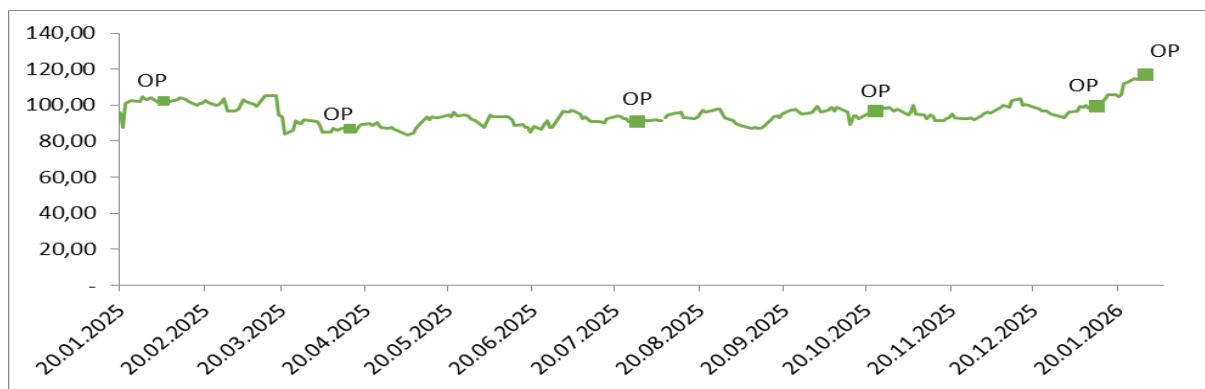
Source: Finnet, Şeker Invest Research

**Figure 2: Key Financials (Including IAS-29)**

BALANCE SHEET (TRY Mn)	2024/12	2025/12	% Chg
PP&E	118.871	112.152	-5,7%
Intangibles	58.719	61.071	4,0%
Other Non-Current Assets	42.649	39.562	-7,2%
Trade Receivables	121.634	116.613	-4,1%
Cash&Equivalents	66.514	97.829	47,1%
Other Current Assets	112.205	116.305	3,7%
<b>Total Assets</b>	<b>520.593</b>	<b>543.532</b>	<b>4,4%</b>
Long Term Debt	99.185	87.950	-11,3%
Other Non current liabilities	33.572	39.021	16,2%
Short Term Debt	67.250	115.029	71,0%
Trade Payables	134.020	130.363	-2,7%
Other current liabilities	88.313	95.264	7,9%
Total Liabilities	422.340	467.626	10,7%
Total Equity	98.252	75.905	-22,7%
<b>Total Equity&amp;Liabilities</b>	<b>520.593</b>	<b>543.532</b>	<b>4,4%</b>
INCOME STATEMENT (TRY Mn)	2024/12	2025/12	% Chg
Revenues	560.937	523.933	-6,6%
COGS	406.350	373.140	-8,2%
Gross Profit (Loss)	154.587	150.793	-2,5%
Operating Expenses	147.064	143.798	-2,2%
Operating Profit/(Loss)	7.523	6.995	-7,0%
Net Other Ope. Rev. / (Exp.)	1.800	3.499	94,4%
Income/(Loss) from Investing Activities	1.154	41	-96,5%
Financial Expenses	(33.048)	(30.019)	N.M.
Gains (losses) on net monetary positions	20.694	14.977	-27,6%
<b>Profit Before Tax (Loss)</b>	<b>(2.108)</b>	<b>(4.737)</b>	N.M.
Tax	(781)	(5.063)	N.M.
<b>Net Profit (Loss)</b>	<b>(2.889)</b>	<b>(9.799)</b>	N.M.
Majority Interest	2.211	(8.356)	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)	185,00
9-Jan-26	Outperform (OP)	149,50
2-Feb-26	Outperform (OP)	149,50

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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