

April 24, 2026

# Arcelik

## Reported a net loss significantly above expectation

Basak KAMBER  
Analyst  
bkamber@sekeryatirim.com

Arcelik (ARCLK.TI; OP) reported a net loss of TRY 1,817 million in 1Q26, including the impact of TMS-29. The reported net loss came in significantly above our expectation of TRY 400 million and the market consensus median estimate of TRY 416 million. In 1Q26, an unfavorable price and product mix in Türkiye, weak demand in international markets, and increasing competitive pressure in Europe limited pricing power, creating downward pressure on sales revenues. Meanwhile, the decline in operating profit, along with higher financial expenses and deferred tax expenses, also contributed to the net loss. **Arçelik's net sales, including the impact of TMS-29, declined by 8.8% year-on-year to TRY 130,272 million in 1Q26. Net sales came in in line with our expectation of TRY 131,800 million and the market consensus median estimate of TRY 131,380 million.** In the domestic market, the unfavorable pricing and product mix weighed on sales performance, while weak demand conditions in international markets and intensifying competition in Europe were the main drivers behind the decline in revenues. In Western Europe, sales volumes continued to recover at a limited pace in the first two months of the year. Despite a slight increase in volumes, sales declined marginally in EUR terms due to ongoing pricing pressure. In the first two months of 2026, market growth continued in the United Kingdom, Italy, Spain, and the Netherlands, while France showed initial signs of recovery. Demand remained weak in Germany, Belgium, and Austria. In Africa and the Middle East, revenues declined by more than 10% year-on-year in EUR terms in the first quarter. This decline was mainly driven by ongoing conflicts and persistent uncertainties in the Middle East, while demand in African markets remained relatively resilient throughout the quarter. In the Middle East, amid ongoing geopolitical tensions and a volatile news flow, Arçelik-Hitachi sales revenues contracted by more than 30% in USD terms. Shipment disruptions stemming from the US-Iran conflict were the main driver of the decline.

**Arçelik's gross profit margin reached 29.8% in 1Q26 (1Q25: 28.7%), supported by a favorable EUR/USD parity and cost advantages from raw material contracts secured prior to geopolitical tensions. During the same period, EBITDA came in at TRY 7,747 million, slightly below our expectation of TRY 7,950 million and the market consensus median estimate of TRY 7,900 million. EBITDA increased by 3.4% year-on-year, driven by improving gross profitability, ongoing synergies, and cost optimization efforts. The EBITDA margin stood at 5.95% (1Q25: 5.25%), supported by higher gross margins and restructuring initiatives.**

**Net debt increased.** As of March 2026, net debt reached TRY 169.8 billion (March 2025: TRY 151.9 billion), while the Net Debt/EBITDA ratio exceeded 5.06x. The company reported negative free cash flow of TRY 19.2 billion in 1Q26. This negative cash flow was mainly driven by an increase in working capital requirements due to seasonal effects. The rise in working capital led to cash outflows, resulting in higher net debt and increased leverage ratios.

**OUTPERFORM**  
TP: TRY 149.50  
Previous TP: TRY 149.50  
Upside: 29.8%

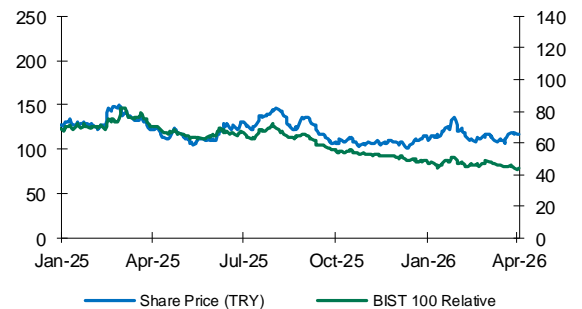
	TRY	US\$
Close	115,20	2,57
BIST 100	14.335	320
US\$/TRY (CB Bid Rate):	44,89	
52 Week High:	145,80	3,57
52 Week Low:	101,00	2,36
Bloomberg/Reuters Ticker:	ARCLK.TI / ARCLK.IS	

	675,7	(TRY Mn)	(US\$ Mn)
Number of Shares (Mn):			
Current Mcap:	77.844		1.737
Free Float Mcap:	14.012		313

	1 M	YOY	YTD
TRY Return (%):	-1,5	-5,3	14,1
US\$ Return (%):	-3,1	-19,4	9,1
BIST 100 Relative (%):	-10,4	-38,5	-10,4
Avg. Daily Vol. (TRY Mn):	353,84		
Avg. Daily Vol. (US\$ Mn):	8,46		

Beta	0,86
Volatility (Stock)	0,34
Volatility (BIST 100)	0,23

Shareholder Structure	%
Koç Group	48,5
Burla Group	5,6
Teknosan Büro Makine	12,1
Other	33,9
Total	100,0



**The Company updated its 2026 guidance.** It now expects domestic revenues to remain flat year-on-year, while previously anticipated low single-digit growth in international revenues has been revised to flat. Arçelik maintained its year-end adjusted EBITDA margin guidance in the range of 6.25%-6.50%. Additionally, the Company plans for EUR 250 million in capital expenditures by the end of the year.

Arçelik's 1Q26 results indicate that weak demand conditions, an unfavorable price and product mix, and increasing competitive pressure continued to weigh on sales revenues. Although synergy gains, disciplined cost management, and the contribution of the integration process in Europe supported operational performance, the ongoing weakness in sector demand, pressure on pricing power from intensifying competition, elevated net financial expenses, and deferred tax expenses led to a net loss significantly above expectation. Accordingly, we expect the market reaction to the 1Q26 results to be negative.

- Following the 1Q26 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 29.8%, we reiterate our OUTPERFORM recommendation.

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

TRY Million	1Q25	1Q26	YoY	4Q25	QoQ
<b>Revenues</b>	<b>142.797</b>	<b>130.272</b>	<b>-8,8%</b>	<b>141.015</b>	<b>-7,6%</b>
<b>Gross Profit</b>	<b>40.928</b>	<b>38.822</b>	<b>-5,1%</b>	<b>40.903</b>	<b>-5,1%</b>
<i>Gross Profit Margin</i>	<i>28,7%</i>	<i>29,8%</i>		<i>29,0%</i>	
<b>EBIT</b>	<b>1.313</b>	<b>2.121</b>	<b>61,6%</b>	<b>1.090</b>	<b>94,5%</b>
<i>EBIT Margin</i>	<i>0,9%</i>	<i>1,6%</i>		<i>0,8%</i>	
<b>EBITDA</b>	<b>7.490</b>	<b>7.747</b>	<b>3,4%</b>	<b>7.210</b>	<b>7,4%</b>
<i>EBITDA Margin</i>	<i>5,2%</i>	<i>5,9%</i>		<i>5,1%</i>	
<b>Net Profit</b>	<b>-2.146</b>	<b>-1.817</b>	<b>N.M.</b>	<b>-1.804</b>	<b>N.M.</b>
<i>Net Profit Margin</i>	<i>-1,5%</i>	<i>-1,39%</i>		<i>-1,3%</i>	

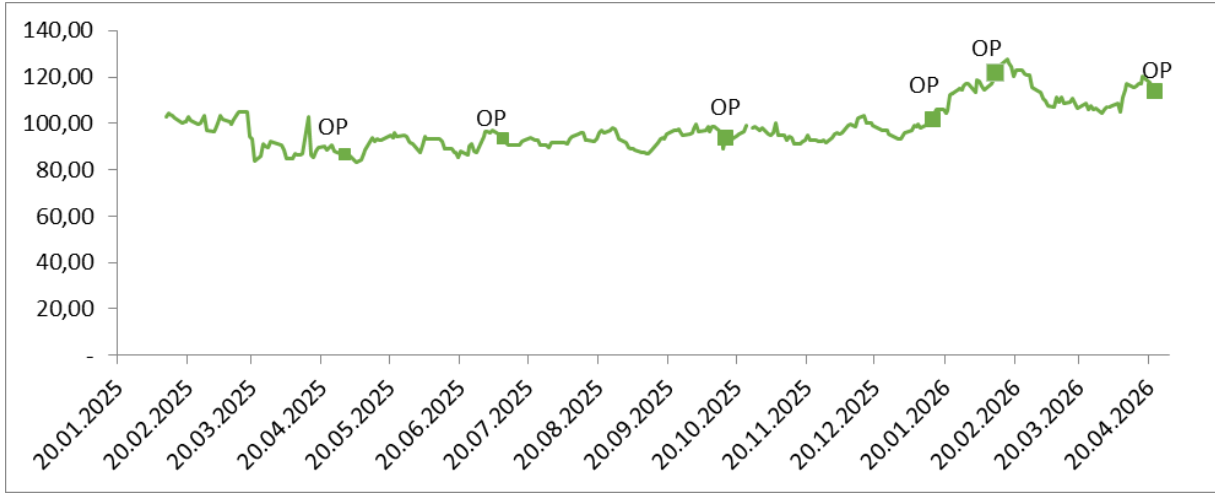
Figure 2: Key Financials (Including IAS-29)

BALANCE SHEET (TRY Mn)	2025/12	2026/03	% Chg
PP&E	123.412	117.222	-5,0%
Intangibles	67.203	64.666	-3,8%
Other Non-Current Assets	43.534	41.218	-5,3%
Trade Receivables	128.321	134.310	4,7%
Cash&Equivalents	107.651	79.462	-26,2%
Other Current Assets	127.982	124.925	-2,4%
<b>Total Assets</b>	<b>598.103</b>	<b>561.803</b>	<b>-6,1%</b>
Long Term Debt	96.780	89.466	-7,6%
Other Non current liabilities	42.939	39.495	-8,0%
Short Term Debt	126.578	126.095	-0,4%
Trade Payables	143.452	135.493	-5,5%
Other current liabilities	104.828	92.897	-11,4%
Total Liabilities	514.577	483.446	-6,0%
Total Equity	83.526	78.357	-6,2%
<b>Total Equity&amp;Liabilities</b>	<b>598.103</b>	<b>561.803</b>	<b>-6,1%</b>

INCOME STATEMENT (TRY Mn)	2025/03	2026/03	% Chg
Revenues	142.797	130.272	-8,8%
COGS	101.869	91.450	-10,2%
Gross Profit (Loss)	40.928	38.822	-5,1%
Operating Expenses	39.615	36.701	-7,4%
Operating Profit/(Loss)	1.313	2.121	61,6%
Net Other Ope. Rev./(Exp.)	1.965	(1.887)	N.M.
Income/(Loss) from Investing Activities	34	(74)	N.M.
Financial Expenses	(10.106)	(6.077)	N.M.
Gains (losses) on net monetary positions	5.682	6.155	8,3%
<b>Profit Before Tax (Loss)</b>	<b>(1.247)</b>	<b>301</b>	<b>N.M.</b>
Tax	(1.307)	(2.515)	N.M.
<b>Net Profit (Loss)</b>	<b>(2.554)</b>	<b>(2.214)</b>	<b>N.M.</b>
Minority Interest	(408)	(398)	N.M.
Majority Interest	(2.146)	(1.817)	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
24-Apr-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.

## ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.  
Buyukdere Cad. No:171 Metrocity  
A Blok Kat 4-5 34330 SİSLİ /IST  
TURKEY

TEL: +90 (212) 334 33 33  
Fax: +90 (212) 334 33 34  
E-mail: [research@sekeryatirim.com](mailto:research@sekeryatirim.com)  
Web: <http://www.sekeryatirim.com/english/index.aspx>

## For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	<a href="mailto:ktezeller@sekeryatirim.com">ktezeller@sekeryatirim.com</a>
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	<a href="mailto:bdemirbilek@sekeryatirim.com">bdemirbilek@sekeryatirim.com</a>
Atasav Can Tuglu	Retail, Automotive, Aviation, Beverages	+90 (212) 334 33 33-334	<a href="mailto:atuglu@sekeryatirim.com.tr">atuglu@sekeryatirim.com.tr</a>
Basak Kamber	Glass, Pharm., Defense, Food, Telcos., Cons. Dur.	+90 (212) 334 33 33-251	<a href="mailto:bkamber@sekeryatirim.com">bkamber@sekeryatirim.com</a>
M. Mucahid Yildirim	Banking	+90 (212) 334 33 33-150	<a href="mailto:myildirim@sekeryatirim.com">myildirim@sekeryatirim.com</a>
Yusuf Kemal Erdekli	Cement, Conglomerates, Real Estate	+90 (212) 334 33 33-115	<a href="mailto:verdekli@sekeryatirim.com">verdekli@sekeryatirim.com</a>
O. Furkan Ozdemir	Iron & Steel, Oil, Gas, & Derivatives	+90 (212) 334 33 33-245	<a href="mailto:oozdemir@sekeryatirim.com">oozdemir@sekeryatirim.com</a>

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	<a href="mailto:adogan@sekeryatirim.com">adogan@sekeryatirim.com</a>
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Institutional Sales

Deniz Keskin	Trader	+90 (212) 334 33 36	<a href="mailto:dkeskin@sekeryatirim.com">dkeskin@sekeryatirim.com</a>
Kerim Culum	Trader	+90 (212) 334 33 33-316	<a href="mailto:kculum@sekeryatirim.com.tr">kculum@sekeryatirim.com.tr</a>

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