



FOR IMMEDIATE RELEASE

Arçelik and Hitachi Global Life Solutions Announce their Intention to Form a Joint Venture in the Global Home Appliances Business (excluding Japan)

The historic partnership creates a major player in Asia-Pacific - the world's largest home appliances market - and will expand global sales of Hitachi branded products through a joint competitive supply chain

ISTANBUL and TOKYO – (December 16, 2020) – Today Arçelik A.Ş. (ARCLK:IST, “Arçelik”) and Hitachi Global Life Solutions, Inc. (“Hitachi GLS”) have signed a share purchase agreement to establish a new joint venture company. As part of the transaction, Hitachi GLS will establish a new company into which it will transfer its global home appliances business outside of Japan. Arçelik will acquire 60% ownership in the new company, which both partners aim to establish in the spring of 2021, subject to regulatory approvals and satisfaction of other customary conditions.

The transaction value is calculated as USD 300 million on a cash-free and debt-free basis for 60% of the business, which is subject to customary adjustments based on the balance of net debt, net working capital of the Company, and minority shares adjustment for the outstanding minority shares as of the closing date.

Arçelik and Hitachi GLS plan to build a competitive value chain leveraging the complementarity of both companies' strategies and create growth opportunities that will increase their access to new markets, enhance their product ranges and sales capabilities, while delivering increased competitiveness across supply chain and production operations.

Arçelik has consistently expanded its home appliance business in over 145 countries around the world. The company has grown significantly in Europe in particular and achieved strong growth in South Asia over the last decade. Hitachi GLS currently operates its home appliance business mainly in Southeast Asia and the Middle East, where it enjoys a high-end brand image. The joint venture will manufacture, sell and provide after-sales services of Hitachi branded home appliances (including refrigerators, washing machines, vacuum cleaners etc.) globally outside of the Japanese market. Both partners will benefit from their complementarity in geographic coverage of sales channels and product line-ups as well as from management synergies arising from their collaboration.

The joint venture encompasses twelve Hitachi GLS group companies outside Japan (two manufacturing companies, ten sales companies) and approximately 3,800 employees. The portfolio generates a revenue of over JPY100bn in sales (approximately USD 1.0bn). Leveraging the sales network of Arçelik and Hitachi GLS, the joint venture will expand the sales of Hitachi branded products in Europe, South Asia and Africa as well as South East Asia and the Middle East. In addition, Arçelik and Hitachi GLS will combine their expertise in other key areas such as R&D, procurement and production systems, in order to optimize the joint venture's global supply chain and strengthen its competitive positioning in the market.

Sustainability is at the core of both Arçelik's and Hitachi's strategies. Through their combined leadership in energy efficiency and sustainable solutions related to the home, the partnership will increase competitiveness around these key issues in the broader market.

Comments from Arçelik's and Hitachi GLS's leaders

Fatih Kemal Ebiçlioğlu, President, Consumer Durables Group, Koç Holding (Arçelik's parent company):

"This joint venture is another significant achievement in our Silk Road strategy. The Asia-Pacific home appliances market offers a strong growth owing to a rise in the middle-class population, developing retail channels, an increase in the household income and developing lifestyles. We will combine our global expertise, with the strong market position and brand heritage of Hitachi to grasp the global and local market needs."

Hakan Bulgurlu, CEO, Arçelik:

"Hitachi GLS has strong presence in Southeast Asia, offers high-end home appliances in the rapidly growing Asian market and is a strong strategic fit for Arçelik in terms of geography, brand, and products. This historic joint venture with Hitachi GLS serves as a major step in our ambitious global expansion and our journey to becoming one of the world's top home appliances companies. This joint venture significantly advances Arçelik's and Hitachi's global strategies and has solid future growth prospects as it will benefit from synergies realized by the joining forces of two well-established players."

Keiji Kojima, Executive Vice President and Executive Officer, Hitachi, Ltd. (Hitachi GLS's parent company):

"Today, it is a great pleasure to be able to announce the establishment of a joint venture with Arçelik, who has a solid reputation for its high quality and operational efficiency. Hitachi Group aims to contribute to the creation of a sustainable society, resolving societal issues in each region through its "Social Innovation Business," which leverages our broad portfolio of technologies, including IT. With the pandemic caused by COVID-19, remote working is becoming the new normal, and the Hitachi GLS home appliances business, which has a mission to make home life more secure and comfortable, is strategically important for the Hitachi Group. Through the establishment of this joint venture, we look forward to contributing to the improvement of people's quality of life (QoL) by delivering Hitachi branded home appliances to broader areas."

Jun Taniguchi, President, Hitachi Global Life Solutions, Inc.:

"I am delighted to have agreed the establishment of a joint venture company with Arçelik. Our strategic partnership enhances the complementary relationship we have in our sales networks and product strategy. Leveraging the strengths of both companies, we will increase the competitiveness of our home appliance businesses in the global market. And through the advanced technologies of both companies, we will also strive to develop products and services that will meet the needs of the consumers and contribute to people's QoL."

About Arçelik

With 32,000 employees throughout the world, 12 brands (Arçelik, Beko, Grundig, Blomberg, ElektraBregenz, Arctic, Leisure, Flavel, Defy, Altus, Dawlance, Voltas Beko), sales and marketing offices in 34 countries, and 22 production facilities in 8 countries, Arçelik offers products and services in more than 145 countries. As Europe's second largest white goods company by market share (based on volumes), Arçelik reached a consolidated turnover of 5 billion Euros in 2019. With almost 70% of its revenues coming from international markets, Arçelik is the R&D leader in Turkey – holding more than 3,000 international patent applications to date with the efforts of 1,600 researchers in 15 R&D and Design Centers in Turkey and R&D Offices across five countries. Arçelik is named the “Industry Leader” in Durable Home Appliances category for the 2nd year in a row in Dow Jones Sustainability Index 2020 and in accordance with PAS 2060 Carbon Neutrality Standard, became carbon-neutral in global production plants in 2019 and 2020 fiscal years with its own carbon credits.

www.arcelikglobal.com

About Hitachi GLS

Headquartered in Tokyo, Japan, Hitachi Global Life Solutions, Inc., is a wholly owned subsidiary of Hitachi, Ltd. that provides engineering and maintenance services for home appliances, air conditioning equipment and other equipment and devices; as well as solutions utilizing digital technologies for the sale of home appliances. Working under the slogan of "360-degrees of happiness: a happy life for each and every customer," we seek to gain a closer understanding of customer lifestyles. By delivering well-designed functional products and sophisticated solutions to resolve individual customer lifestyle issues, through the utilization of the Hitachi Group's value chain and digital technologies, we aspire to be a company that contributes to improving the quality of life for customers around the world.

www.hitachi-gls.com/

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Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
