

Whirlpool partners Arcelik in Europe, quits Middle East and Africa

By [Akanksha Khushi](#) and [Shubham Kalia](#)

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Home appliances maker Whirlpool is folding its European business into a new company controlled by Turkish rival Arcelik, reducing its exposure to a market where it had warned attractive profit margins could be some way off.



Source: Reuters/Daniel Becerril/File Photo

Whirlpool also said it had agreed to sell its Middle Eastern and African businesses to Arcelik, which the Turkish firm said was for €20m (\$21.65m) in cash. The moves come after Whirlpool launched a review of its Europe, Middle East and Africa (EMEA) operations in April 2022 and said it planned to focus on higher-margin businesses.

Global firms have been cutting their European operations due to sluggish growth and high energy costs. Turkish exporters, meanwhile, have gained a competitive edge from a plunge in the country's lira currency to record lows, making goods produced in Turkey cheaper to overseas buyers.

"This allows us to participate in significant value creation from the repositioning of the business and cost synergies through our minority interest," said Whirlpool chief executive officer Marc Bitzer.

The new firm will include Arcelik's European units such as major domestic appliances, small domestic appliances and consumer electronics. Whirlpool will own 25% and Arcelik will own 75%, the US-based company said on Tuesday, 17 January.



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Arcelik's shares were up 5.1% at 1055 GMT, after rising as much as 9.4% following the announcement.

"This new business will increase the competitiveness of Koc Group and Arcelik and create great value for both our country and our stakeholders," said Levent Cakiroglu, chief executive of Turkish conglomerate Koc Holding, which owns Arcelik.

The combined entity is expected to have annual sales of €6bn and is likely to have more than 20,000 employees across multiple European countries.

KitchenAid in EMEA retained

Whirlpool will retain ownership of its EMEA KitchenAid unit, it said.

The US firm said the Middle Eastern and African businesses being sold to Arcelik had sales of around \$4.2bn in 2021. The entirety of Whirlpool's EMEA business reported sales of \$5.01bn last year.



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The transactions will negatively impact Whirlpool's full-year earnings per share by \$26 to \$28 on a GAAP accounting basis, the company said, adding it took a writedown of about \$1.5bn on its EMEA business in the fourth quarter.

The deals are expected to be completed in the second half of the 2023, subject to regulatory approval, Arcelik said.

ABOUT THE AUTHOR

Reporting by Akanksha Khushi and Shubham Kalia in Bengaluru and Canan Sevgili and Berna Suleymanoglu in Gdansk; Editing by Matt Scuffham, Rashmi Aich and Mark Potter

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