Vestel Eurobond Investor Webcast Transcript

(00:31:41 - 00:01:21) Gülşah Beşikçioğlu: Welcome to the Vestel Eurobond investor presentation. Thank you for joining us today. My name is Gülşah Beşikçioğlu, Head of Investor Relations in Vestel Group. As many of you know, Vestel has been going through an operational and financial restructuring over the period. Vestel is one of Turkey's largest exporter and together with its suppliers. As a matter of principle, clear information matters.

Yesterday we published our announcement through the Euronext and the public disclosure platform together with the official documentation relating to the proposed financial restructuring process. The details of this transaction, restructuring proposal and the related documentation will be covered by our advisors. You will find their contact details at the end of today's presentation. You can reach them at your convenience.

Today's presentation will be shared by Vesta CEO and CFO and will be mainly focusing on the Vesta business, the challenges facing the company, the transformation currently underway.
And the management strategy to build stronger and more suitable business. The presentation should be covered together with the approved presentation materials and the applicable disclaimer language. We kindly ask participants to submit any questions in the written format throughout the design Q&A channel.

With that, I would like to hand over to Gökhan Sığın, CEO of Vestel, to share management's perspective on the business and the transformation currently underway.

(00:01:32 - 00:03:57) Gökhan Sığın: Thank you Gülşah and good afternoon everyone.

Thank you for taking the time to join us today.

Before discussing Vestel and the transformation we are undertaking, let me briefly introduce myself.

I joined Vestel as CEO in January 2026. Before joining the Company, I spent more than 25 years at Bosch Siemens Hausgeräte ("BSH"), the global home appliances group, where I held a number of senior commercial and leadership roles.

During the later part of my career at BSH, I served most recently as CEO responsible for Emerging Markets. My responsibilities gave me the opportunity to lead large-scale businesses across a broad range of markets, manage through different economic and industry cycles, and work closely with manufacturing operations, customers and distribution channels.

I also served as Chairman of TÜRKBESD, the White Goods Manufacturers' Association of Türkiye. That role provided a broader perspective on the structural changes affecting manufacturers in Türkiye and across our export markets.

The challenges that Vestel faces today are therefore familiar to me. I have spent most of my professional life in the same industry, across many of the same markets and against the same global competitors.

What attracted me to Vestel was the strength of its underlying industrial platform. Vestel has large-scale manufacturing capabilities, deep engineering expertise, recognised brands and long-standing customer relationships across domestic and international markets.

These strengths remain intact. However, the environment in which we deploy them has changed fundamentally.

My objective since joining Vestel has been to translate these strengths into a more focused, more profitable and more resilient business. This requires a shift from volume to value, greater discipline in the products, customers and markets we serve, and a

much stronger connection between strategic decisions, profitability and cash generation.

I will return shortly to explain the business environment and our strategic response in more detail. Before that, I would like to invite our CFO, Zeynep Sarsan, to introduce herself and outline the financial priorities supporting the transformation. Over to you, Zeynep.

(00:03:58 - 00:07:53) Zeynep Sarsan:

Thank you, Gökhan. Good afternoon, everyone. I joined Vestel as CFO in September 2026, bringing more than 25 years of experience in finance and leadership. I started my career in audit and later held senior finance positions at multinatinal companies. Since 2013, I have worked as CFO for several industrial companies within Kibar Holding. Most recently, I was the CFO of Assan Alüminyum, before joining Vestel.

Throughout my career, my responsibilities have gone far beyond traditional finance. I have led transformation projects covering treasury, financial planning, working capital, cost reduction, and operational efficiency. I have also been involved in several turnaround situations. These experiences have shaped my approach.

First, protect cash. Second, improve operational performance. Third, restore profitability. And finally, strengthen the financial structure and build a more sustainable business model.

That's the main reason why I joined Vestel. My mission is clear: To improve cash generation, to restore profitability, and to support the financial and operational turnaround of the company.

Since joining Vestel, I have focused on four key priorities.

The first priority is cash and working capital. We are improving collections, strengthening receivables management, and increasing cash visibility. Our goal is simple: to release cash from working capital and improve cash flow.

The second priority is cost and operational efficiency. We are reviewing our cost structure and looking for opportunities to reduce costs. At the same time, we are improving productivity and operational efficiency. Our focus is on long-term improvements, not just short-term savings.

The third priority is profitability. We are improving profitability analysis at product, customer, and business levels. This will help us identify where we create value and where we need to take action. We want to focus our resources on businesses and products / that can generate sustainable profits and cash.

The fourth priority is funding and financial discipline. We are exploring new funding alternatives, particularly in receivables financing. To diversify our funding sources and reduce pressure on working capital. At the same time, we are strengthening liquidity management and financial discipline.

These four priorities are closely connected. Our objective is not simply to identify problems or improvement opportunities. Our objective is to turn operational improvements into cash. And ultimately, to build a stronger financial foundation for Vestel. We have already started implementing these initiatives across the organisation.

However, meaningful improvements take time. The additional financial flexibility we are seeking will give us the time and flexibility to complete this transformation. It will also support our transition towards stronger free cash flow, a more sustainable capital structure, and a more resilient financial position.

Later in the presentation, I will explain in more detail how our operational transformation will improve cash generation and strengthen our financial position.

With that, I would like to hand over to Gökhan, who will cover the significant pressures facing our business.

(00:08:02 - 00:18:36) Gökhan Sığın: Thank you, Zeynep. In the next few minutes, I will try to give you a framework of significant pressures facing the business and then our repositioning and then later on our path to normalization and how is that happening.

To understand our strategy, it is important to understand how the operating environment has changed.

The pressures we face today did not appear suddenly in 2025 or 2026. Their origins go back several years, particularly to the period following the pandemic.

As supply-chain restrictions eased, a significant amount of Chinese manufacturing capacity returned to international markets. Europe became one of the key destinations for that capacity.

At the same time, European consumer demand weakened. The effects of the war, higher energy costs, economic uncertainty and lower consumer confidence all contributed to softer demand.

The result was straightforward: more supply entered markets in which demand was already under pressure. This created intense pricing competition, particularly in consumer electronics.

Meanwhile, the economics of manufacturing in Türkiye changed. Labour costs increased rapidly, domestic inflation remained high, and the depreciation of the Turkish lira did not offset the increase in local costs.

Vestel was particularly exposed to this combination because of its significant export business and fixed-cost manufacturing base. Lower volumes and constrained pricing therefore had a disproportionate effect on profitability.

The charts on this page illustrate the consequences: weaker revenues, margin compression and increasing pressure on liquidity.

I want to be clear that the management is not assuming that the old environment will simply return. Asian competition is likely to remain intense, and the Turkish cost base has structurally changed.

Our response is therefore not to wait. Our response is to adapt the business model to this new reality.

This is the strategy at the heart of the transformation.

I describe it as moving from volume to value.

This is not simply a slogan. It is a framework for the decisions we make.

Historically, companies in our industry often viewed volume growth and market share as the principal signs of success. In the current environment, volume by itself is not sufficient. We must consider profitability, cash generation and the returns earned on the capital and capacity we deploy.

That changes how we assess products, customers, markets and investment opportunities.

The first element is to shift from volume-driven growth towards profitable growth. We will focus resources on categories and commercial opportunities with stronger margin potential. We will grow branded and value-added business and apply stricter profitability criteria across our portfolio.

The second element is greater focus on household appliances.

Household appliances are an area in which Vestel has established manufacturing scale, engineering expertise and long-standing customer relationships. They also offer stronger profitability characteristics than many of the consumer electronics activities in which competition has become increasingly intense.

Investment and product development will therefore be directed more selectively towards household appliance categories with stronger long-term potential.

The third element is a more selective commercial model.

Not every customer, channel or market creates the same economic value. We will prioritise those capable of generating sustainable returns.

In Türkiye, Vestel-branded sales allow us to capture both manufacturing and brand economics and provide greater scope for differentiated pricing and value creation.

In international markets, the OEM model remains important, but we intend to increase its value added by becoming more selective in the customers, products and capacity commitments we accept.

We also need to compete on more than price. Vestel's advantages include speed, engineering capability, customer proximity, service and operational flexibility. Those capabilities are particularly valuable to European customers and are difficult to replicate through price alone.

This is not a strategy to make Vestel smaller. It is a strategy to make the quality of Vestel's revenues, earnings and capital deployment materially stronger.

The transformation is broader than a cost-reduction programme.

Cost efficiency is important, but sustainable recovery cannot be achieved through cost cutting alone. We are addressing the business model as a whole.

The programme covers the portfolio, organisation, processes, technology, working capital and capital allocation.

These elements are closely connected.

Portfolio optimisation means selecting the products, customers and markets that are capable of generating sustainable returns, while reducing exposure to structurally challenged consumer electronics activities.

Operational efficiency means simplifying the organisation and improving productivity across manufacturing, commercial and support functions. This includes automation, digital productivity, supplier consolidation and energy efficiency.

Working-capital discipline means improving collections and receivables management, but also strengthening demand forecasting and inventory management. Better decisions made earlier in the cycle result in less cash being tied up later.

Finally, disciplined capital allocation means applying more selective investment criteria and directing capital towards areas with stronger profitability and sustainable growth potential.

These are not four separate programmes. They reinforce one another.

A better portfolio supports stronger margins. A simpler operating model improves efficiency. Better working-capital discipline converts those improvements into cash. More disciplined capital allocation ensures that cash is reinvested where it can earn the strongest returns.

The objective is a business with improved profitability, stronger cash generation and a more resilient operating model.

A natural question is: if the Company becomes more selective, where will future growth come from?

Our answer is that growth will come from executing better, not from relying on aggressive assumptions.

The plan does not depend on building a new commercial platform, achieving significant market-share gains or adding major new capacity.

Vestel already has a substantial industrial platform. The opportunity is to use that platform more effectively.

As operational and financial stability is restored, we can improve the utilisation of our existing production infrastructure and re-engage with customers across the existing commercial base.

In the portfolio, we have already begun reducing the weight of television and increasing the focus on household appliances and higher-value categories.

In Türkiye, we have a recognised brand, a broad distribution network and an established customer base. The opportunity is not simply to increase sales. It is to improve how growth converts into profit through better product mix and channel-level profitability management.

Internationally, OEM remains an important part of our business. The aim is to improve the value added of that model by directing capacity towards more attractive customers, products and segments.

Growth will therefore be based on better-quality volume, better utilisation of existing capacity and the recovery of commercial stability.

That is why we describe this as a normalisation-led growth story rather than an aggressive expansion story.

Let me now provide some perspective on where we are in the implementation process.

We are not presenting the transformation as a completed programme, and we do not underestimate the work still ahead. However, the strategic review has been completed, priorities have been defined and implementation has begun across the key workstreams.

The organisation has been resized, and the rationalisation of our production and warehouse footprint is under way.

Consumer electronics rationalisation has been initiated, together with a broader review of products, customers and markets.

Operational-efficiency workstreams have been launched across automation, energy efficiency and supplier optimisation.

Working capital, inventory management and demand planning have become core management priorities, and initiatives to diversify funding sources are progressing.

These actions define the business we are building.

A normalised Vestel will be more focused on household appliances, have a stronger contribution from branded and value-added sales, and be more selective across products, customers and markets.

Profitability will be supported by a better product and channel mix and a more efficient operating structure.

This is the operating destination. I would now like Zeynep to explain how that operating transformation translates into cash generation, financial resilience and ultimately creditor recovery. Over to you, Zeynep.

(00:18:38 - 00:22:13) Zeynep Sarsan:

Thank you, Gökhan. This slide explains why we need additional time and financial flexibility to complete our turnaround. Our objective is clear: to strengthen our financial position and create long-term value for all financial stakeholders.

We are focusing on four key steps. The first step is to protect cash. Cash management is our top priority. We need to support daily operations, finance working capital, and maintain sufficient liquidity. At the same time, we are carefully controlling cash outflows to protect our financial resources. The second step is to improve operational performance. We are focusing on three main areas: Reducing costs, Improving our product portfolio, And increasing profitability through better commercial decisions. Together with stronger working capital management, these actions should improve EBITDA and cash generation. Our goal is to create real and sustainable improvements. The third step is to translate these operational improvements into sustainable profitability. We are focusing on more profitable products and customers. We are also simplifying our operating model / and improving commercial discipline. Our objective is not only to improve short-term results. We want to build a business that generates sustainable profits and cash. The fourth step is to strengthen our financial capacity. Improved profitability must turn into sustainable free cash generation. Stronger cash flow will help us improve our balance sheet and strengthen our ability to meet financial obligations. This is essential for Vestel's long-term financial stability.

These four steps are closely connected. First, we protect cash. Then, we improve operations. Next, we restore profitability. And finally, we strengthen our financial position. However, this transformation takes time. The additional financial flexibility we are seeking will give us the time needed to complete these actions. And allow operational improvements to translate into stronger earnings and cash flow.We understand that our bondholders expect real results. And ultimately, our success will be measured by our financial performance. That is why we are focusing on disciplined execution, clear accountability, and measurable progress. Our commitment is to turn these improvements into sustainable cash generation. During this transition, financial support remains important. The support provided under the financial restructuring framework will help us stabilise the business and maintain working capital capacity. At the same time, we are working on longer-term financial solutions.

Our ultimate goal is clear: To build a more profitable business, generate sustainable free cash flow, Strengthen our balance sheet and create long-term value for all stakeholders. Thank you.

I will now hand over to Gökhan for Closing Remarks

(00:22:16 - 00:24:37) Gökhan Sığın: Thank you Zeynep.

Let me conclude with three key messages.

First, we recognise the challenges facing our industry, but we trust Vestel will fix financial performance because the foundations of the business remain strong. Vestel retains a strong industrial platform, large-scale manufacturing capabilities, deep engineering expertise, recognised brands and long-standing customer relationships across Türkiye and international markets. These strengths are valuable and would be difficult to replicate. What has changed is the market environment in which we operate.

Second, recovery is being driven by a clear and actionable transformation plan. We have defined the business model required to compete in this new environment, and implementation has already begun. Our strategy is not based on waiting for market conditions to improve. It is based on actions within our control: shifting from volume to value, increasing our focus on household appliances, improving portfolio quality, strengthening operational efficiency, enhancing working capital discipline and allocating capital more selectively.

Third, additional time and financial flexibility can create better outcomes for all stakeholders. Our proposal will provide the runway required to complete that transformation, restore earnings, rebuild debt-servicing capacity, and secure long-term stability, resilience and sustainable profitability for a more focused Vestel. We trust that this is the path that best preserves the value of the business and supports stronger long-term outcomes for all stakeholders, including our bondholders.

Vestel is fully focused on delivering the transformation, improving performance and building a more profitable, more resilient and more sustainable company.

Thank you for your time, your engagement and the support you have provided to date.

We are now happy to attend to your questions.

00:24:43 Gülşah Beşikçioğlu: Thank you, Gökhan Bey. We will now move on to the Q&A session. Participants can submit their questions via the Q&A box on the platform. We will try to answer questions as many as possible in the time available. I will now ask the first question. First question is for you Gökhan Bey:

00:25:35 Gökhan Sığın:

Thanks for the question. This is exactly why we are changing our business model.

We do not believe it is sustainable to compete purely on volume or purely on price. Chinese manufacturers benefit from significant scale and are aggressive in pursuing market share, particularly in commoditised segments.

Our response is to focus on areas where we can create value beyond price. That means a greater focus on household appliances, stronger emphasis on branded business, a more selective approach to customers and markets, and greater discipline in capital allocation.

We also believe Vestel has important competitive advantages in areas such as engineering capability, customer proximity, speed, flexibility and service. These capabilities are particularly valued by European customers and are difficult to replicate through price alone.

Ultimately, our objective is not to sell more units than our competitors. Our objective is to generate sustainable profitability and cash generation.

00:26:56 Gülşah Beşikçioğlu: Thank you, Gökhan Bey. The next question is for you, Zeynep Hanım. What measures are you taking to mitigate the effects of the high interest rates and strong Turkish lira?

00:27:12 Zeynep Sarsan: Thank you, Gülşah. On financing, our priority is the Financial Restructuring process. Our goal is to improve our maturity profile, reduce financing pressure and strengthen the balance sheet.

On currency, we actively use natural hedging and other risk-management tools. We are also increasing the share of domestic sales to create a more balanced revenue mix.

On operations, we are focused on efficiency. Production efficiency, digitalisation, automation, energy efficiency and supply-chain optimisation are our main priorities.

In today's environment, working capital is just as important as profitability. Making a profit is important, but turning that profit into cash is equally important.

That is why we are focused on collections, inventory management and demand planning. The objective is simple: improve cash conversion and free up cash.

We are also very focused on risk management. We actively monitor our customer portfolio, diversify our exposure and insure a significant portion of our receivables.

On the commercial side, we are focused on profitable growth, not growth at any cost. We are becoming more selective and placing greater emphasis on pricing discipline and channel profitability.

00:28:53 Gülşah Beşikçioğlu:

Thank you, Zeynep Hanım. And one more question from our investors.

What's the most difficult part of your turnaround program? Maybe it’s over to you Gökhan Bey.

00:29:09 Gökhan Sığın: Well, thank you for that question.

The most difficult part of any turnaround is not identifying what needs to change. In most cases, the actions are clear.

The challenge is executing those actions consistently while continuing to serve customers, operate factories and manage day-to-day business activity.

In our case, we are transforming the business at a time when the industry environment remains highly competitive and customer demand remains uncertain.

That requires difficult decisions around portfolio priorities, resource allocation with discipline.

However, I would also say that the management team has a clear understanding of the challenges and a clear view of the actions required. For me, the key to success is disciplined execution over an extended period of time rather than any single initiative.

Transformations are rarely won through one major decision. They are usually won through hundreds of smaller decisions executed consistently and with discipline.

00:30:33 Gülşah Beşikçioğlu:

Thank you. Thanks Gökhan Bey. Investor can reach out the advisors for further queries through e-mail addresses listed on this slide.

This concludes the Vestel Eurobond Investor Presentation. Thank you for your time and interest. Any unanswered questions or follow-up requests may be directed to the advisor team through contacts provided below. We appreciate your participation and look forward to continuing the dialogue with the investor community.

Thank you.