

## **Vestel Elektronik Sanayi ve Ticaret AŞ**

### **Questions and Answers at the Ordinary General Assembly Meeting held on May 9, 2018**

The questions posed and the answers provided at the General Assembly Meeting regarding the agenda items are given below.

**Question (Hamza İnan, an investor):** "There is an increase in revenues. This is a very good performance, but there is a decline in the gross profit margin. What is behind this decline? These numbers are supposed to change in the same direction, while it is the opposite case here."

**Answer (Alp Dayı, CFO of Vestel Group):** "Are you asking with regard to the gross profit margin? As a matter of fact, our sales revenues rose by 27 percent YoY to over 12 billion Turkish lira, a remarkable figure. Exports played a major role in this. At the same time, as you know, there has been a significant growth in domestic sales in 2017 due to the special consumption tax incentive. In fact, we grew more than the market average and expanded our market share during the year. Fluctuations in exchange rates can positively or negatively impact our gross profit margin. Usually, whenever the exchange rate increases, the gross profit margin also increases and vice versa. However, the increase or decline in gross profit caused by the exchange rate fluctuations is netted off against the gains/losses arising from the financial derivative instruments we use. Ultimately, there is a trade-off between them, but we achieved good results in terms of net profit."

**Ahmet Nazif Zorlu (Chairman):** Panel prices also have an effect on the gross profit margin.

**Alp Dayı:** Among our costs, panel prices, especially in the TV set segment, were on a rising trend. As you know, material costs are rising around the globe. We maintained our sales performance, but the increased raw material costs have led to some decline in our gross profit margin.

**An investor:** I was anticipating this, but I did not expect it to have such a big impact.

**Alp Dayı:** We can have a better picture if we consider the impact of the exchange rate as fluctuation and focus on the net profit because there is a trade-off between the two. I mean, there is a trade-off between the FX gains and losses recorded under financial income/expense and the gross profit margin. So when one is positive, the other is negative and the net profit is unaffected. That is why we use derivative instruments.

#### Closure:

Hamza İnan, a shareholder, took the floor and thanked each and every member of the Board of Directors, the employees, and everyone who had contributed to the successful results and stated that he was proud of this achievement. No one else took the floor.