



**mavi**

H1 2018

**RESULTS PRESENTATION**

September 11, 2018

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# Continued Profitable Growth in the First Half 2018

- Consolidated revenue increased by 28% to 1,062 TRYm
- EBITDA grew by 39% to 156 TRYm resulting in 14.7% EBITDA margin
- Net Profit grew by 48% and reached 53 TRYm
- Store roll-out continued with 7 net new stores in Turkey and 1 in Russia, to reach a total of 294 own operated stores in Turkey and 428 globally
- Turkey Retail LFL revenue grew by 20.9 %
- With 620K new customers Kartuş card holders reached 6.9 mn

## PROFITABLE GROWTH



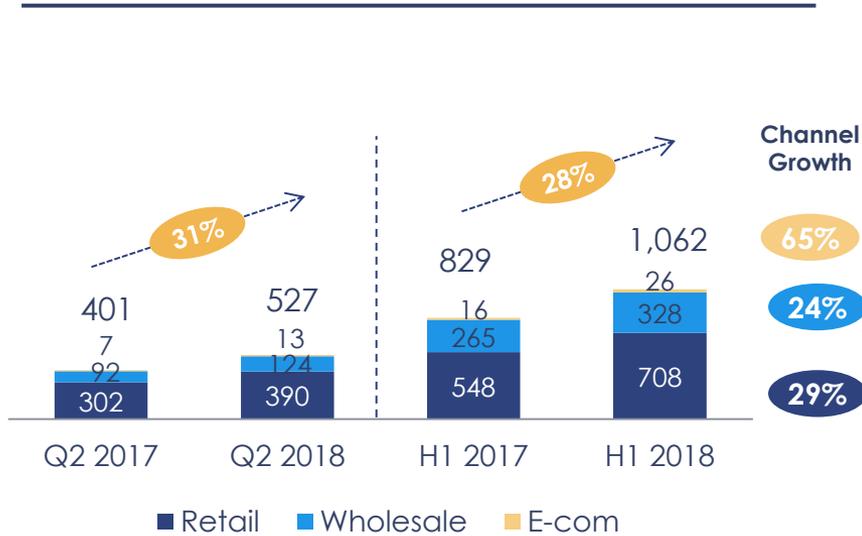
## TURKEY RETAIL HIGHLIGHTS



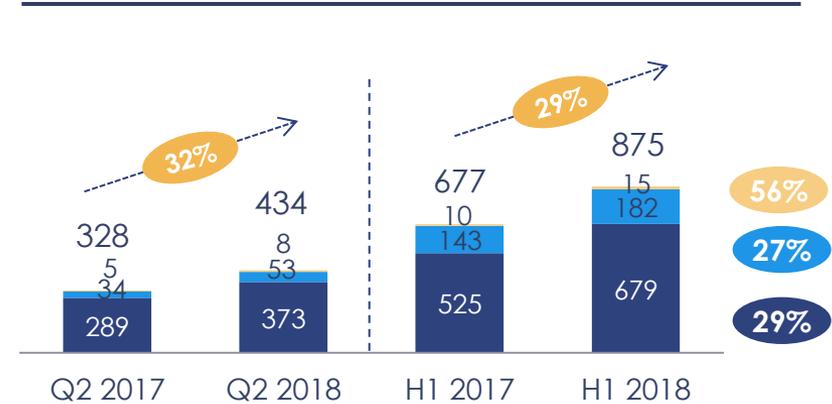
<sup>1</sup> Includes global franchise and owned stores

# Revenue Growth in All Sales Channels

## Global Revenue (TRYm)



## Turkey Revenue (TRYm)



## International Revenue (TRYm)



- Total revenue consists of 66.7% retail, 30.9% wholesale and 2.4% e-com.
- 82% of consolidated revenue is from Turkey

# Strong Performance of Turkey Retail Operations...

# of Retail Stores



Turkey Retail Revenue (TRYm)

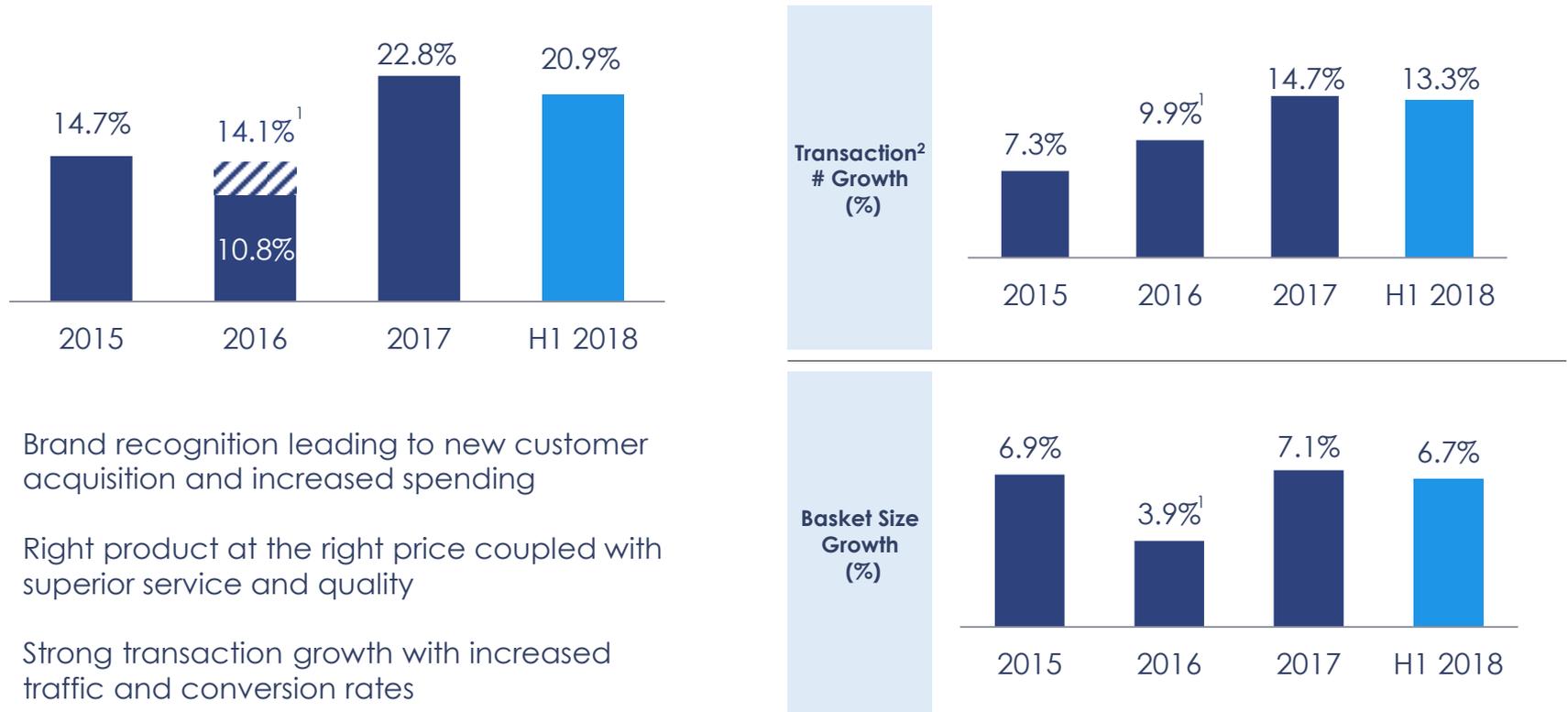


Gross Selling Space in Turkey (Sqm K)



- 7 net new store openings in H1 2018
- 8 stores expanded in H1 2018
- Total selling space reached 146K sqm with average 497 sqm per store

## ...Supported by High Like-for-like Growth Figures

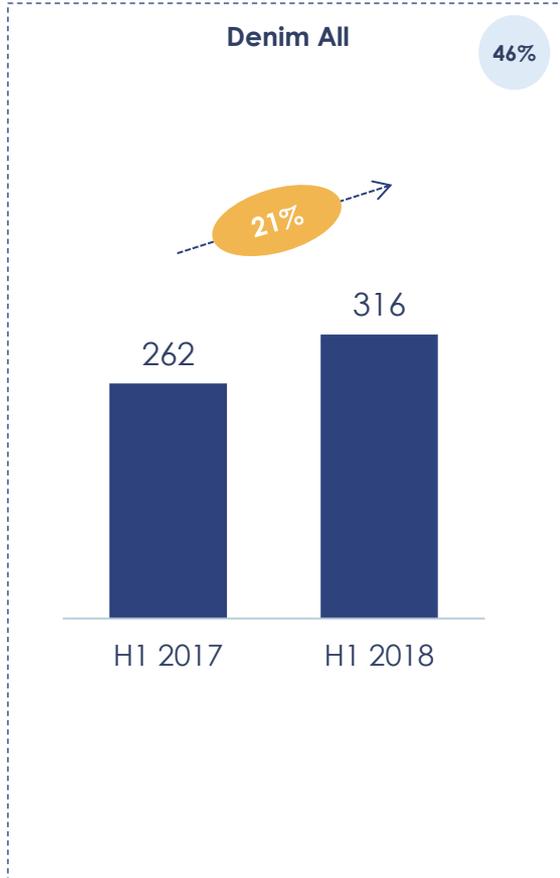


Turkey retail only, <sup>1</sup> 2016 adjusted figures(excluding July performance of all Turkey retail stores, impacted by the Coup attempt and the performance of the Beyoğlu stores). The unadjusted LFL growth, Transaction Growth and Basket Size Growth are 10.8%, 6.8% and 3.7% respectively for 2016. <sup>2</sup>Number of transactions refers to number of issued invoices.

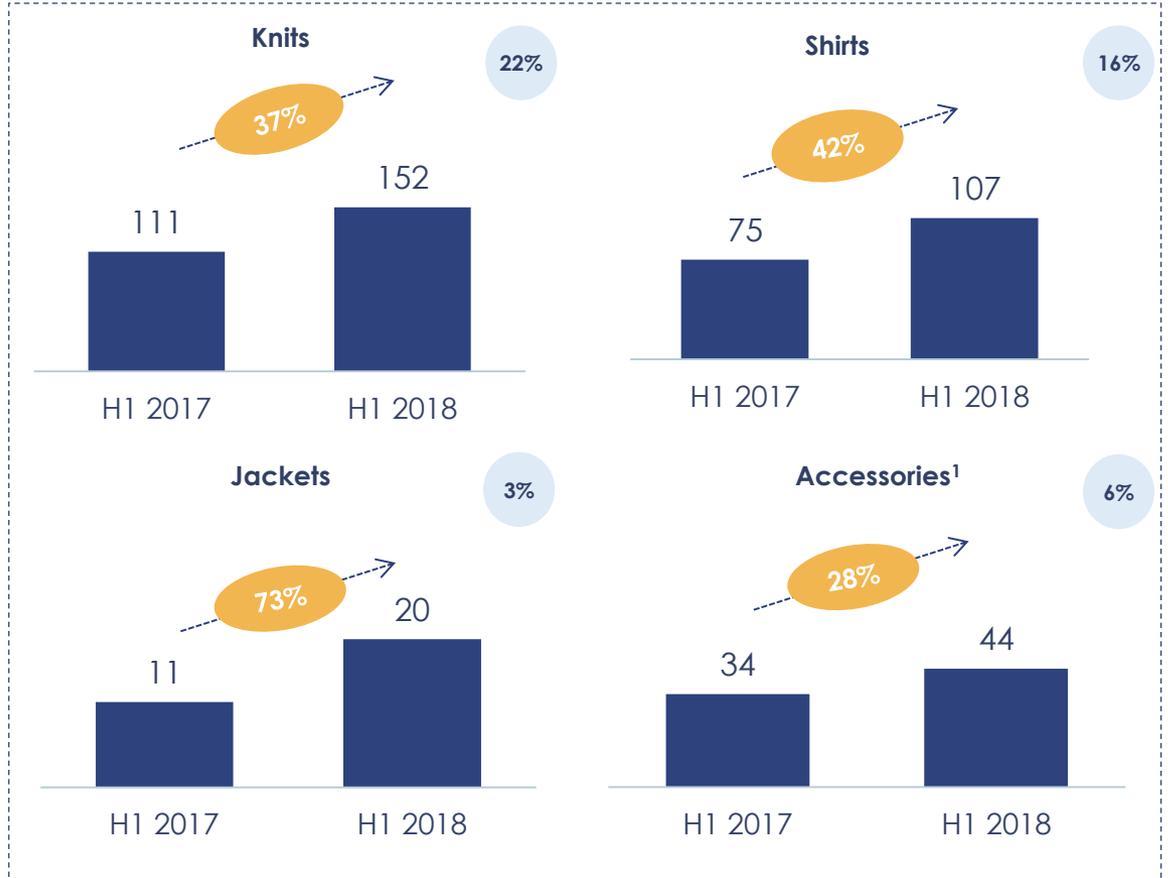
Note: LFL revenue constitutes 84% of Turkey retail revenue as of H1 2018

# Accelerated Sales Growth in All Categories

## Denim Products (TRYm)



## Lifestyle Products (TRYm)

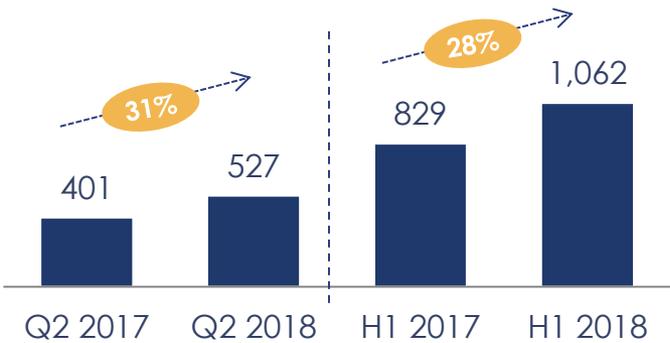


% Share in H1 2018 Turkey retail net sales

Note: Turkey Retail Net Sales Only. <sup>1</sup>Including shoes

# Margin Targets Remain on Track

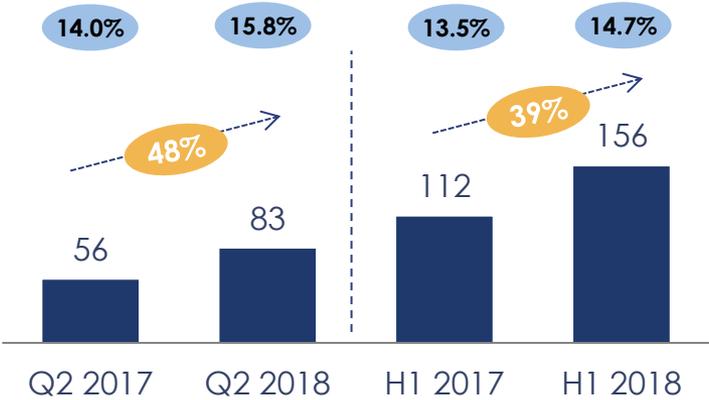
Revenue (TRYm)



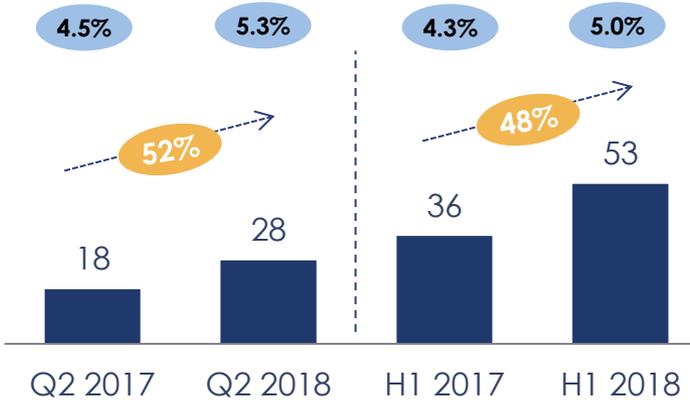
Gross Profit (TRYm)



EBITDA (TRYm)



Net Income (TRYm)



● % Growth ● % Margin

# Strong Cash Conversion, Efficient Working Capital Management

## Cash Conversion



TRYm	H1 2017	H1 2018	(%)
EBITDA	111.8	155.8	39.3%
Δ in NWC	28.2	(17.4)	
Operating Cash Flow	140.0	138.4	(1.2%)

## Main Working Capital Items

TRYm	2017	H1 2017	H1 2018
Trade & Other Receivables	140.2	123.2	151.7
% LTM Sales	7.9%	7.9%	7.5%
Inventories	320.4	296.4	393.9
% LTM COGS	36.6%	38.9%	40.5%
Trade & Other Payables	372.7	341.6	458.9
% LTM COGS	42.6%	44.9%	47.2%
Main NWC	87.9	78.0	86.6
% LTM Sales	4.9%	5.0%	4.3%

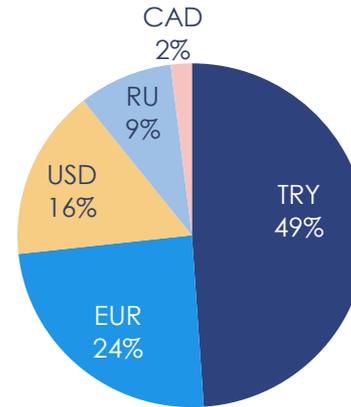
- Leading brand for on-time, clean-cut, fresh inventory
- Efficient inventory management results in strong sell-through rates

# Efficient Capex Management and Healthy Leverage Ratios

## CAPEX



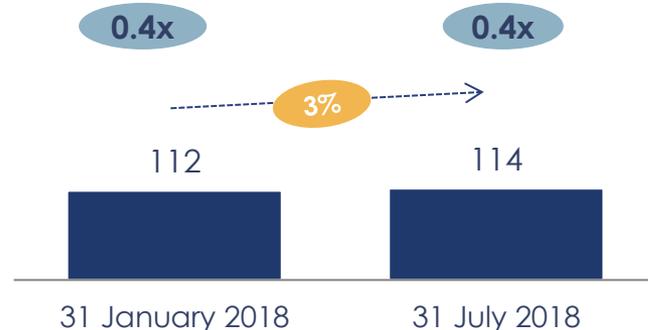
## Debt Breakdown (31 July 2018)



### Cost of Debt

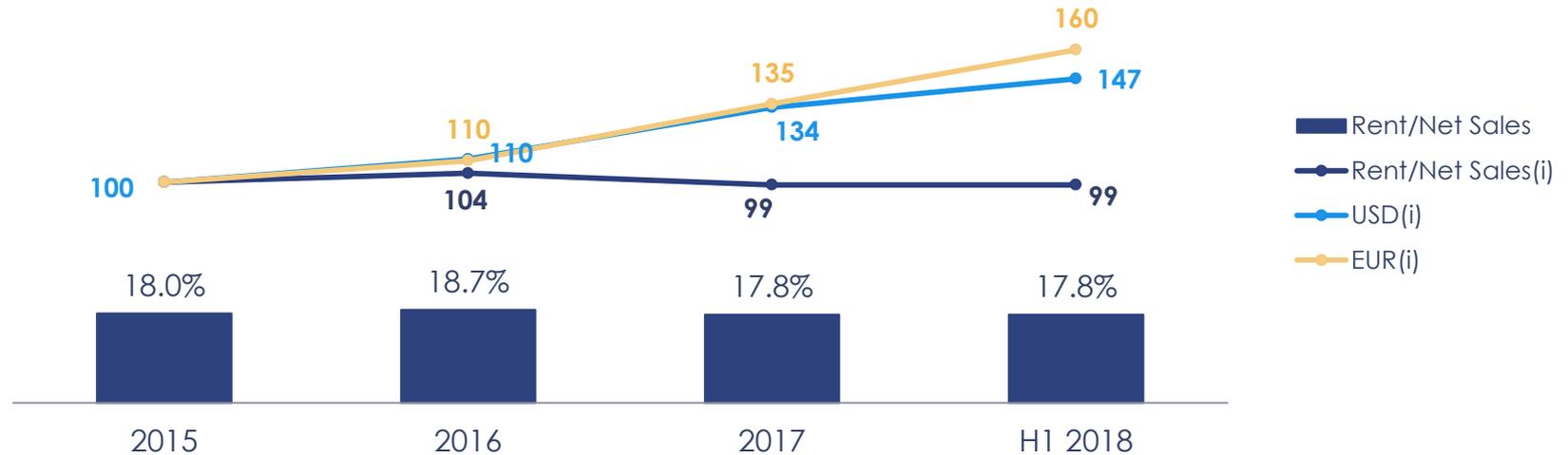
TRY	13.91% - 23.71%
USD	4.05% - 5.35%
EUR	0.00% - 3.50%
RUB	12,95%
CAD	3.70%
Blended	10.2%

## Net Debt / LTM EBITDA



- Management prefers group companies to borrow in local currency
- 28% of total consolidated debt belongs to Mavi US, Mavi EU, Mavi CA and Mavi RU denominated in their local currencies.
- Only debt that is exposed to currency fluctuations is exim bank credit (around 30% of Turkey debt) with favorable interest rates.

# KPI-Based Rent Management for Turkey Retail Stores



<sup>1</sup> Calculated as ratio of Turkey Retail Rent Expenses divided by Turkey Retail Revenue.  
(i) : indexed at 2015=100

- Around 60% of the rent contracts are in hard currency
- All contracts are negotiated continuously in order to maintain target KPIs such as rent/sales and store contribution
- Rent/Sales ratio continues to remain stable as of August and September 2018

## FY 2018 Guidance Revised Up

	Initial Guidance	Revised Guidance
Consolidated Revenue Growth	25%	<b>30%</b>
Turkey Retail Stores	25 net new stores	<b>20</b> net new stores <b>15</b> store expansions
Turkey Retail LFL Growth	16%	<b>20%</b>
EBITDA Margin	Above 14%	Above 14% maintained
Net Debt/EBITDA	Below 1x	Below 1x maintained
CAPEX	Up to 5% of consolidated sales	Up to 5% of consolidated sales maintained

Q3 2018 trading environment continues to be positive in Turkey with 26.4% like-for-like growth in August 1–September 10, 2018.

**mavi**

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# Financial Statements

## *Income Statement*

	2Ç 2017	2Ç 2018	Değişim (%)	1.YY 2017	1. YY 2018	Değişim (%)
Revenue	400.6	526.6	31.5%	828.8	1,062.5	28.2%
Cost of Sales	(189.5)	(237.0)	25.1%	(409.4)	(505.5)	23.5%
Gross Profit	211.2	289.6	37.1%	419.4	557.0	32.8%
Gross Margin	52.7%	55.0%		50.6%	52.4%	
Administrative Expenses	(22.3)	(34.3)	53.4%	(46.0)	(64.1)	39.5%
Selling and Marketing Expenses	(141.4)	(183.7)	29.9%	(279.9)	(358.5)	28.1%
R&D Expenses	(5.7)	(6.9)	20.9%	(11.2)	(13.5)	20.1%
Other Income / (Expenses), net	(0.1)	(0.1)		0.9	0.0	
Operating Profit	41.6	64.6	55.3%	83.2	120.9	45.3%
Operating Margin	10.4%	12.3%		10.0%	11.4%	
Financial Expenses, Net	(17.7)	(29.4)	66.2%	(36.4)	(53.0)	45.6%
Profit Before Tax	23.9	35.2	47.2%	46.8	67.9	45.1%
Income Tax Expense	(5.7)	(7.5)	30.9%	(11.1)	(15.1)	36.2%
Profit	18.2	27.7	52.3%	35.7	52.8	47.9%
Profit Margin	4.5%	5.3%		4.3%	5.0%	
EBITDA	56.2	83.4	48.5%	111.8	155.8	39.3%
EBITDA Margin	14.0%	15.8%		13.5%	14.7%	

# Financial Statements

## Balance Sheet

TRYm	31 January 2018	31 July 2018	Change (%)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	266.3	217.9	(18.2%)
Trade Receivables	113.0	136.0	20.4%
Inventories	320.4	393.9	23.0%
Other Current Assets	61.8	66.8	8.2%
<b>Total Current Assets</b>	<b>761.4</b>	<b>814.7</b>	<b>7.0%</b>
<b>Non-Current Assets</b>			
Property and Equipment	156.0	161.0	3.2%
Intangible Assets	147.6	181.4	22.9%
Other Non-Current Assets	10.2	18.5	81.0%
<b>Total Non-Current Assets</b>	<b>313.9</b>	<b>360.8</b>	<b>15.0%</b>
<b>Total Assets</b>	<b>1,075.2</b>	<b>1,175.5</b>	<b>9.3%</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Short-Term Debt	309.1	222.2	(28.1%)
Trade Payables	366.5	453.5	23.8%
Other Current Liabilities	66.6	82.3	23.5%
<b>Total Current Liabilities</b>	<b>742.2</b>	<b>758.0</b>	<b>2.1%</b>
<b>Non-Current Liabilities</b>			
Long-Term Financial Liabilities	68.7	110.1	60.2%
Other non-current Liabilities	17.1	19.7	15.0%
<b>Total Non-Current Liabilities</b>	<b>85.9</b>	<b>129.8</b>	<b>51.1%</b>
<b>Total Liabilities</b>	<b>828.1</b>	<b>887.9</b>	<b>7.2%</b>
<b>Equity</b>			
Total Equity	247.2	287.6	16.4%
<b>Total Equity &amp; Liabilities</b>	<b>1,075.2</b>	<b>1,175.5</b>	<b>9.3%</b>

# Financial Statements

## Cash Flow Statement

TRYm	H1 2017	H1 2018
Profit <sup>1</sup>	35.7	52.8
D&A Expense	28.6	34.9
Net Finance Expense / (Income)	33.3	43.5
Tax Expense	11.1	15.1
Other Non-Cash Items	9.0	11.3
<b>Cash Flow from Operating Activities</b>	<b>117.7</b>	<b>157.5</b>
Δ in Net Working Capital <sup>2</sup>	28.2	(17.4)
Income Tax Paid	(6.6)	(13.8)
<b>Net Cash from Operating Activities</b>	<b>139.3</b>	<b>126.3</b>
<b>Cash Flows from Investing Activities</b>		
Capex	(36.1)	(33.6)
Other Investing Cash Flow <sup>3</sup>	(39.5)	(14.1)
<b>Net Cash Flow Used in Investing Activities</b>	<b>(75.5)</b>	<b>(47.7)</b>
<b>Cash Flows from Financing Activities</b>		
Debt Issued / (Repaid)	9.4	(62.8)
Other Financial Payments <sup>4</sup>	(11.8)	(27.6)
Dividends Paid	-	(25.9)
Interest Paid	(16.1)	(15.6)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(18.5)</b>	<b>(131.8)</b>
<b>Net Cash Flow</b>	<b>45.3</b>	<b>(53.2)</b>
Cash and Cash Equivalents at the Beginning of the Period <sup>5</sup>	158.1	266.3
<b>Cash and Cash Equivalents at the End of the Period<sup>5</sup></b>	<b>203.3</b>	<b>213.1</b>

<sup>1</sup> Pre non-controlling interest. <sup>2</sup> Working Capital includes main working capital items and employee benefits paid as well as deferred revenues. <sup>3</sup> Other Investing Cash Flow includes acquisition of subsidiary shares net of cash acquired and interest received. <sup>4</sup> Other Financial Payments include proceeds from derivatives, imputed interest and financial commissions. <sup>5</sup> Cash and Cash Equivalents in the Cash Flow Statement includes Bank Overdraft as negative cash. Excluding Bank Overdraft, net cash at the end of the period is equal to Cash and Cash Equivalents on the Balance Sheet for the same fiscal year.

# Global Footprint as at 31 July 2018

