



mavi

Nine Months 2018
RESULTS PRESENTATION
November 29, 2018

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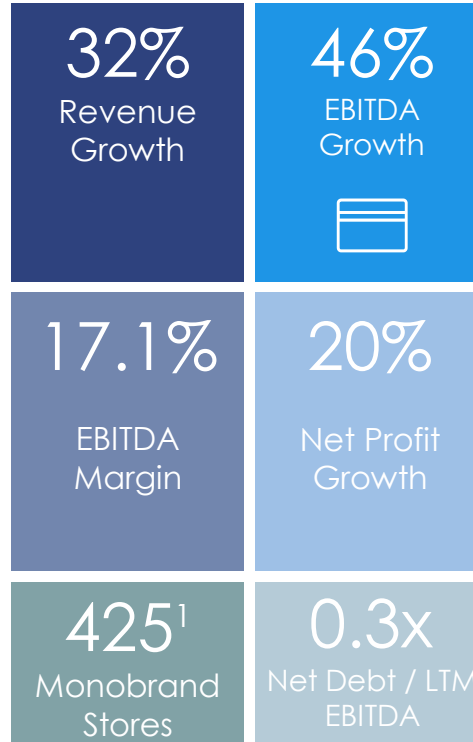
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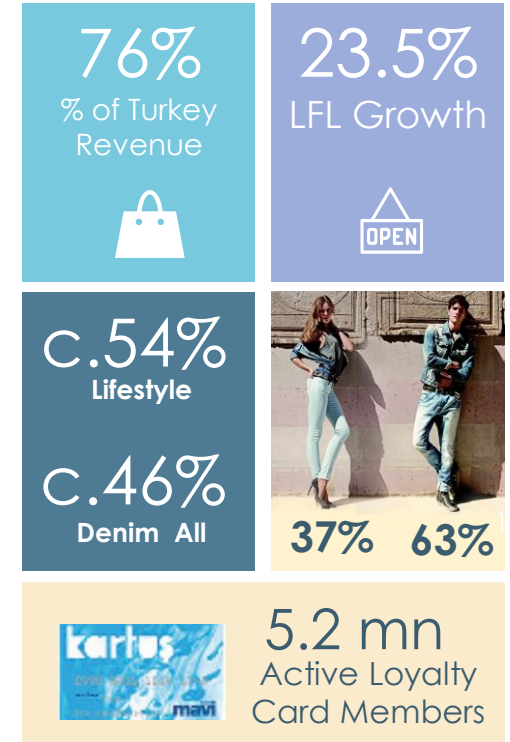
Continued Growth and Margin Improvement in 9M 2018

- Consolidated revenue increased by 32% to 1,778 TRYm
- EBITDA grew by 46% to 304 TRYm resulting in 17.1% EBITDA margin
- Net Profit grew by 20% and reached 101 TRYm
- 7 net new stores in 9M 2018, reaching a total of 294 own operated stores in Turkey and 425 globally
- Turkey Retail LFL revenue grew by 23.5 %
- With 905K new customers in 2018 active Kartuş card holders reached 5.2 mn²

PROFITABLE GROWTH



TURKEY RETAIL HIGHLIGHTS

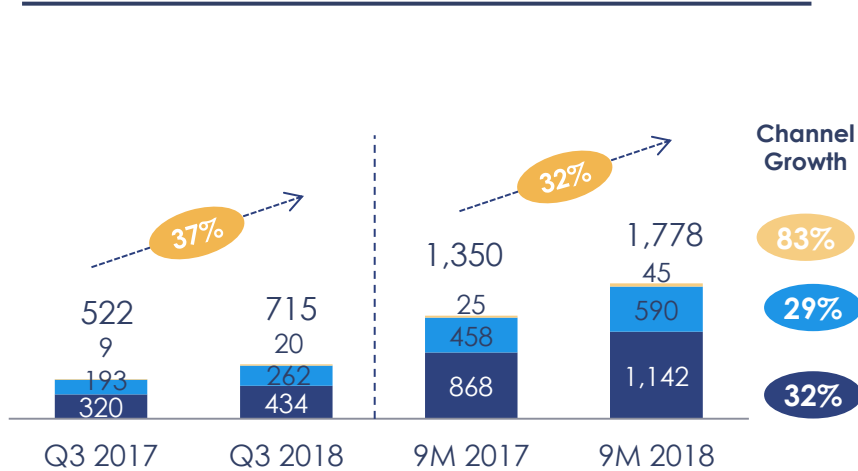


¹ Includes global franchise and owned stores

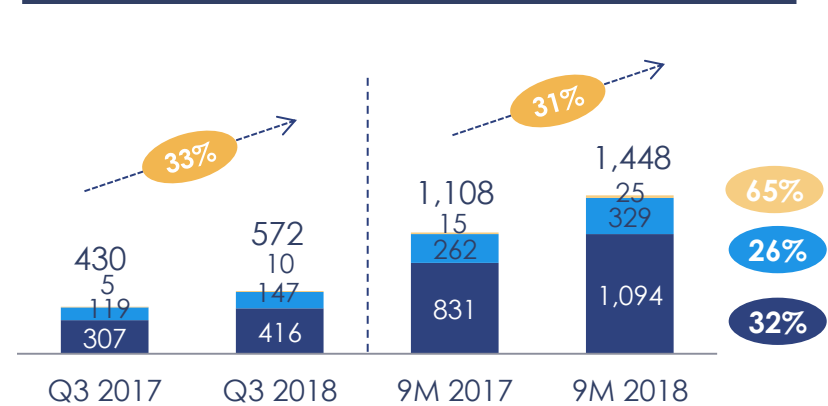
² Active means that the member has made a purchase of Mavi product over the last two years. Total number of Kartuş card holders is 7.1mn

Revenue Growth in All Sales Channels

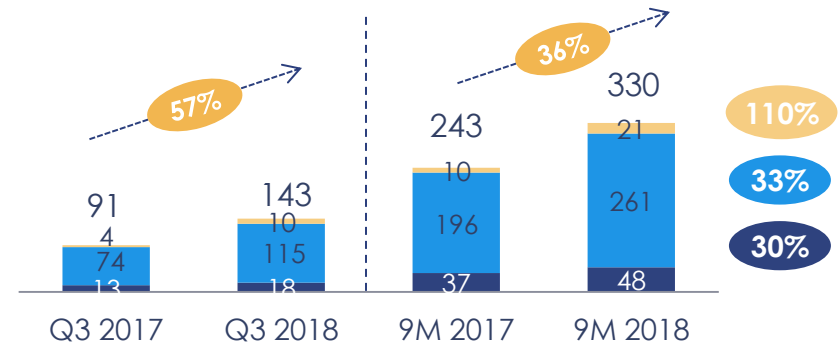
Global Revenue (TRYm)



Turkey Revenue (TRYm)



International Revenue (TRYm)

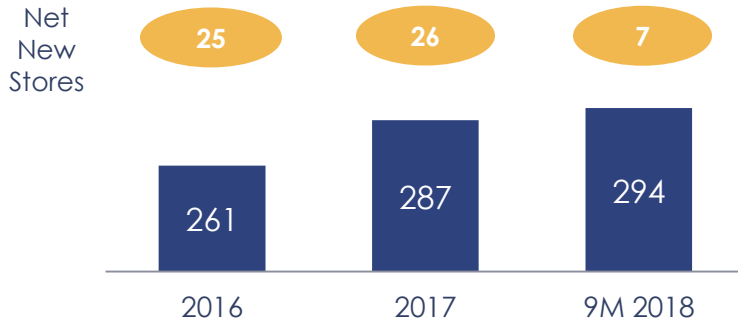


■ Retail ■ Wholesale ■ E-com

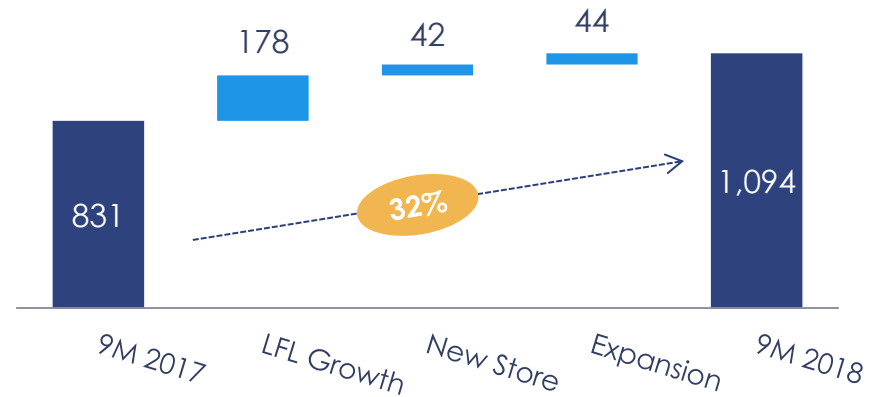
- Total revenue consists of 64.2% retail, 33.2% wholesale and 2.6% e-com
- 81% of consolidated revenue is from Turkey

Strong Performance of Turkey Retail Operations

of Retail Stores



Turkey Retail Revenue (TRYm)

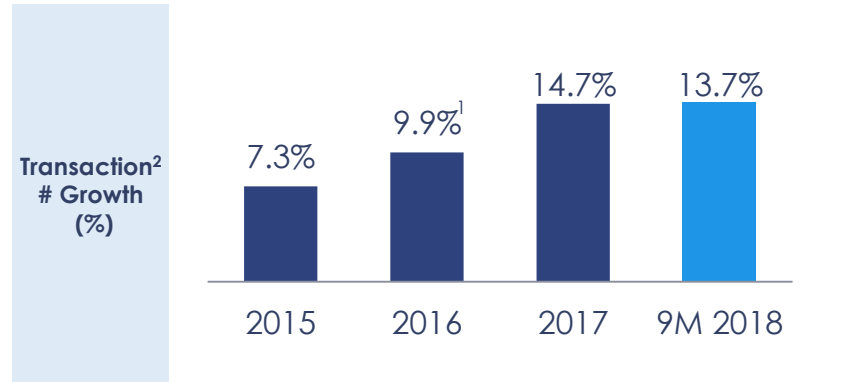
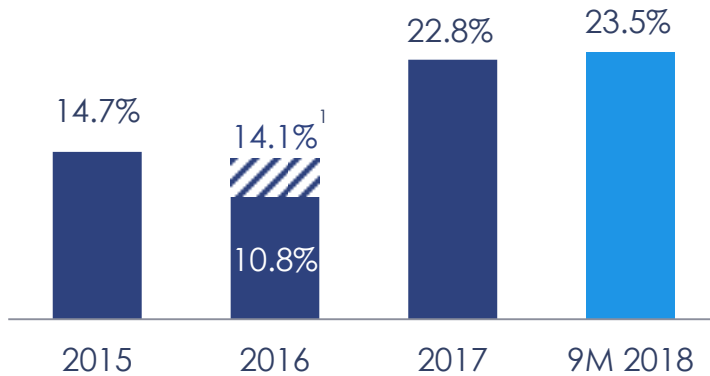


Gross Selling Space in Turkey (Sqm K)

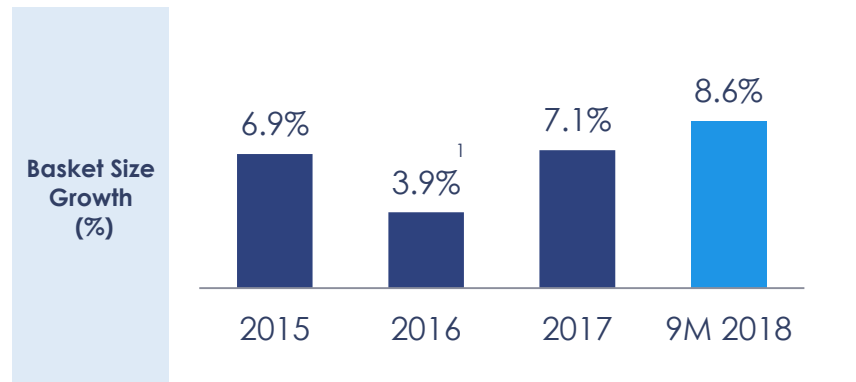


- 7 net new store openings in 9M 2018
- 9 stores expanded in 9M 2018
- Total selling space reached 146,5K sqm with average 498 sqm per store

High Like-for-like Growth Figures



- Brand recognition leading to new customer acquisition and increased spending
- Right product at the right price coupled with superior service and quality
- Strong transaction growth with increased traffic and conversion rates

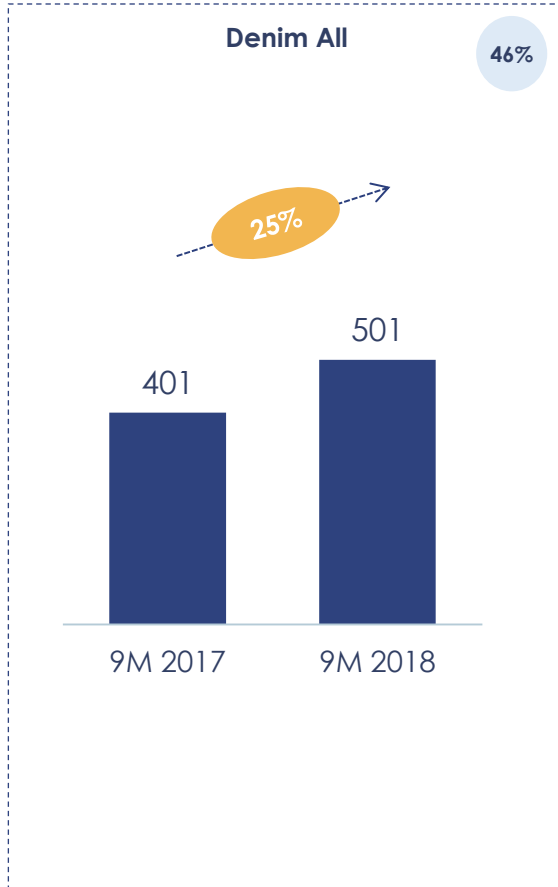


Turkey retail only, ¹ 2016 adjusted figures(excluding July performance of all Turkey retail stores, impacted by the Coup attempt and the performance of the Beyoğlu stores). The unadjusted LFL growth, Transaction Growth and Basket Size Growth are 10.8%, 6.8% and 3.7% respectively for 2016. ²Number of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

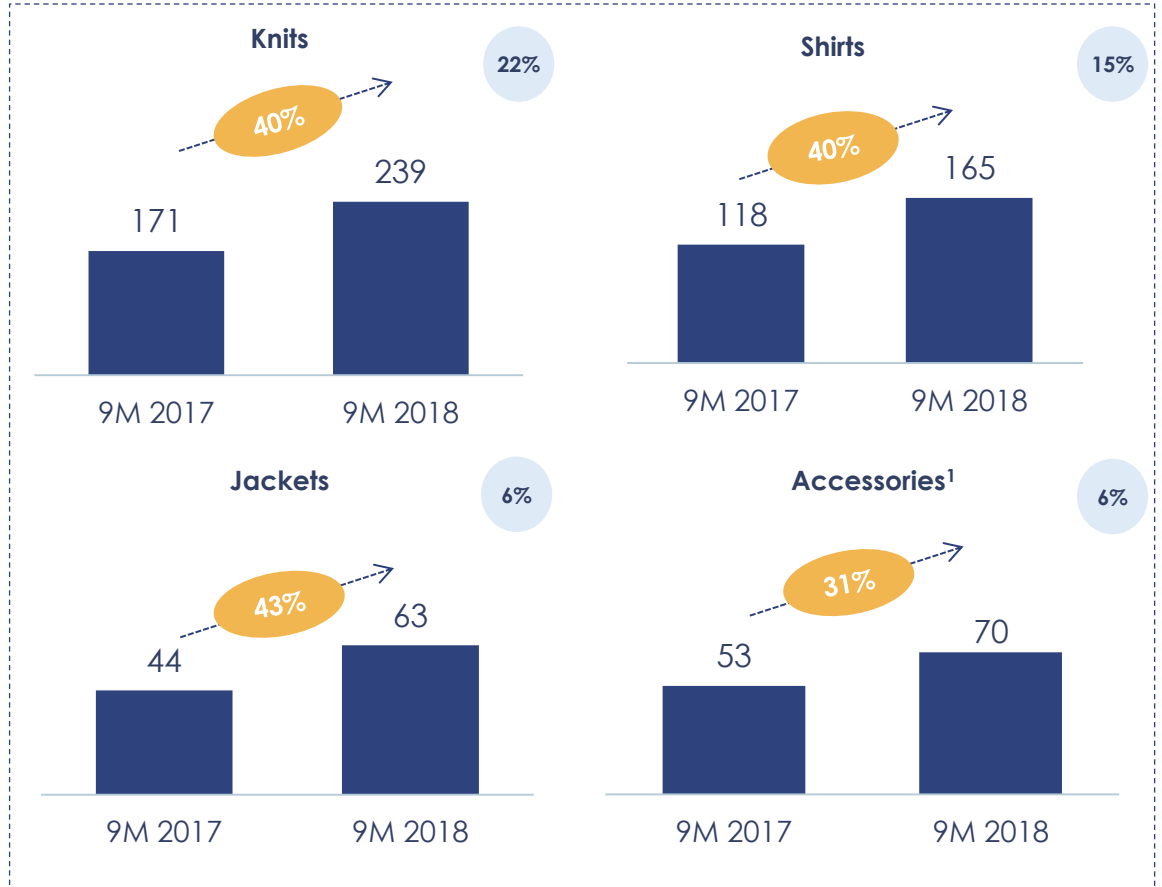
Note: LFL revenue constitutes 85.3% of Turkey retail revenue as of 9M 2018

Accelerated Sales Growth in All Categories

Denim Products (TRYm)



Lifestyle Products (TRYm)



Total Lifestyle Category Growth : 38%

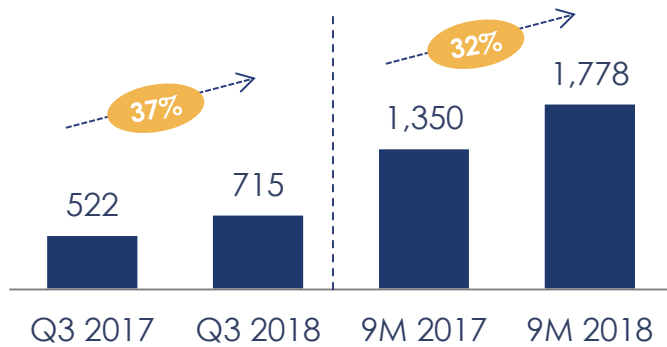
% Share in 9M 2018 Turkey retail net sales

Note: Turkey Retail Net Sales Only. ¹Including shoes

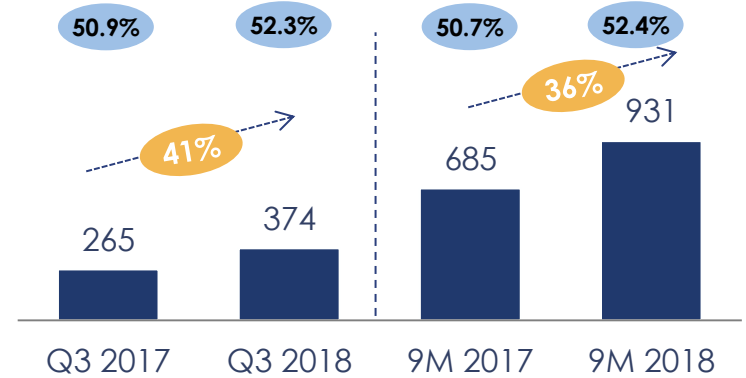
Strong Margin Improvements in GM and EBITDA

Negative FX Volatility Impact on Net Income

Revenue (TRYm)



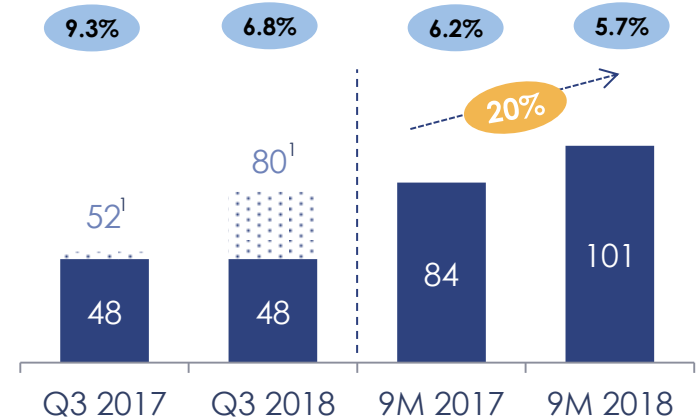
Gross Profit (TRYm)



EBITDA (TRYm)



Net Income (TRYm)

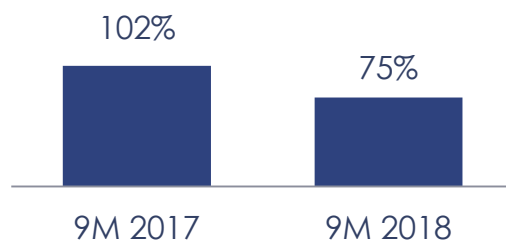


● % Growth ● % Margin

¹ Net income in Q3 2018 would have improved 54% excluding the fx gain/loss impact

Strong Cash Conversion, Efficient Working Capital Management

Cash Conversion



TRYm	9M 2017	9M 2018	(%)
EBITDA	207.8	304.3	46.5%
Δ in NWC ¹	4.5	(74.8)	
Operating Cash Flow	212.3	229.6	8.1%

¹ Working Capital as per the cash flow statement and including main working capital items as well as deferred revenues and employee benefits paid among others

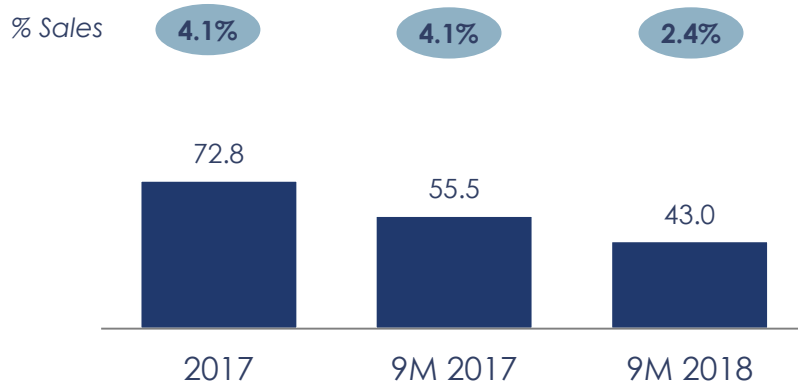
Main Working Capital Items

TRYm	2017	9M 2017	9M 2018
Trade & Other Receivables	140.2	211.5	242.0
% LTM Sales	7.9%	12.6%	11.0%
Inventories	320.4	292.4	435.9
% LTM COGS	36.6%	35.3%	41.3%
Trade & Other Payables	372.7	400.8	524.7
% LTM COGS	42.6%	48.4%	49.7%
Main NWC	87.9	103.0	153.3
% LTM Sales	4.9%	6.1%	6.9%

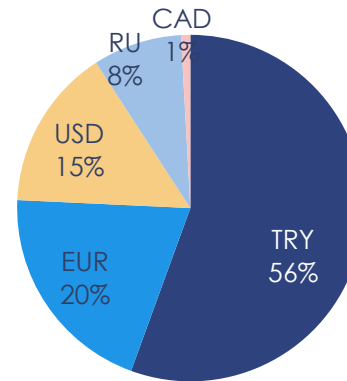
Continue to focus on efficient inventory management delivering strong sell through rates

Efficient Capex Management and Healthy Leverage Ratios

CAPEX



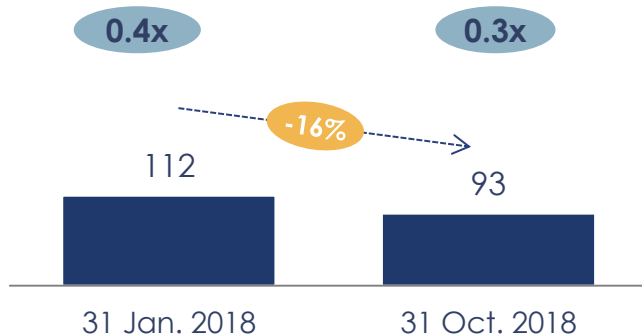
Debt Breakdown (31 October 2018)



Cost of Debt

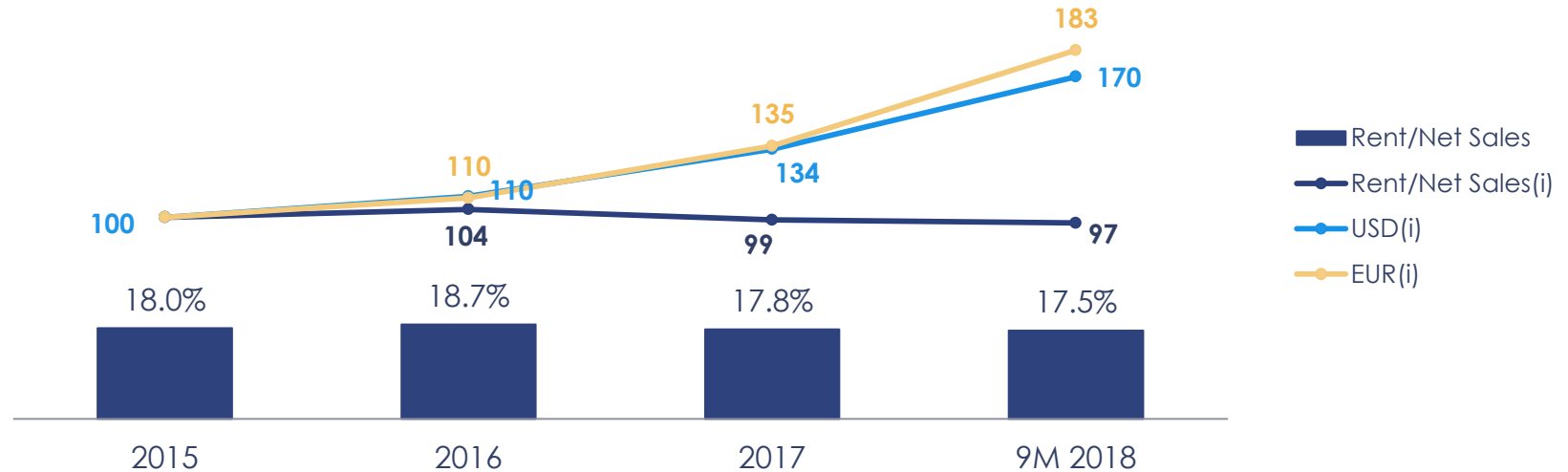
TRY	13.91% - 37.75%
USD	4.05% - 5.35%
EUR	0.00% - 2.99%
RUB	13.00%
CAD	3.70%
Blended	14.63%

Net Debt (TRYm) / LTM EBITDA



- 23% of total consolidated debt is carried by Mavi US, Mavi CA and Mavi RU - all denominated in their local currencies
- All fx denominated debt of Mavi Turkey is fully hedged
- Deleveraging remains a priority

KPI-Focused Rent Management for Turkey Retail Stores



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

- We continue to manage rental costs with a focus on target rent/sales ratio which has improved in Q3 2018 despite high exchange rate volatility
- In accordance with the recent regulation, all rent contracts are in Turkish Lira as of October 2018

FY 2018 Guidance Revised

	<u>Initial Guidance</u>	<u>Revised Guidance</u>
Consolidated Revenue Growth	25%	30%
Turkey Retail Stores	25 net new stores	16 net new stores 13 store expansions
Turkey Retail LFL Growth	16%	Above 20%
EBITDA Margin	Above 14%	15%
Net Debt/EBITDA	Below 1x	Below 1x
CAPEX	Up to 5% of consolidated sales	Up to 4% of consolidated sales

mavi

investorrelations@mavi.com

Financial Statements

Income Statement

TRYm	Q3 2017	Q3 2018	Change (%)	9M 2017	9M 2018	Change (%)
Revenue	521.6	715.2	37.1%	1,350.4	1,777.7	31.6%
Cost of Sales	(256.3)	(340.9)	33.0%	(665.7)	(846.5)	27.2%
Gross Profit	265.3	374.3	41.1%	684.7	931.3	36.0%
Gross Margin	50.9%	52.3%		50.7%	52.4%	
Administrative Expenses	(23.6)	(32.3)	36.9%	(69.5)	(96.4)	38.6%
Selling and Marketing Expenses	(155.8)	(205.8)	32.1%	(435.7)	(564.3)	29.5%
R&D Expenses	(5.5)	(5.8)	5.1%	(16.8)	(19.3)	15.1%
Other Income / (Expenses), net	0.4	0.9		1.2	1.5	
Operating Profit	80.8	131.4	62.6%	164.0	252.8	54.2%
Gain/Loss from Investment Activities	0.0	0.0		0.0	(0.6)	
Operating Profit before Financial Income/Expense	80.8	131.4	62.6%	164.0	252.2	53.8%
Operating Margin	15.5%	18.4%		12.1%	14.2%	
Financial Expenses, Net	(23.2)	(68.5)	195.6%	(59.6)	(121.5)	103.9%
Profit Before Tax	57.7	62.9	9.2%	104.4	130.8	25.3%
Income Tax Expense	(9.2)	(14.5)	56.8%	(20.3)	(29.5)	45.6%
Profit	48.4	48.5	0.1%	84.1	101.2	20.4%
Profit Margin	9.3%	6.8%		6.2%	5.7%	
EBITDA	96.0	148.6	54.7%	207.8	304.3	46.5%
EBITDA Margin	18.4%	20.8%		15.4%	17.1%	

Financial Statements

Balance Sheet

TRYm	31 January 2018	31 October 2018	Change (%)
Assets			
Current Assets			
Cash and Cash Equivalents	266.3	283.7	6.5%
Trade Receivables	113.0	225.1	99.2%
Inventories	320.4	435.9	36.1%
Other Current Assets	61.8	77.3	25.2%
Total Current Assets	761.4	1,022.0	34.2%
Non-Current Assets			
Property and Equipment	156.0	157.8	1.1%
Intangible Assets	147.6	200.0	35.5%
Other Non-Current Assets	10.2	23.8	132.7%
Total Non-Current Assets	313.9	381.6	21.6%
Total Assets	1,075.2	1,403.6	30.5%
Liabilities			
Current Liabilities			
Short-Term Debt	309.1	284.1	(8.1%)
Trade Payables	366.5	517.4	41.2%
Other Current Liabilities	66.6	155.6	133.6%
Total Current Liabilities	742.2	957.2	29.0%
Non-Current Liabilities			
Long-Term Financial Liabilities	68.7	92.9	35.2%
Other non-current Liabilities	17.1	17.6	2.9%
Total Non-Current Liabilities	85.9	110.6	28.7%
Total Liabilities	828.1	1,067.7	28.9%
Equity			
Total Equity	247.2	335.9	35.9%
Total Equity & Liabilities	1,075.2	1,403.6	30.5%

Financial Statements

Cash Flow Statement

TRYm	9M 2017	9M 2018
Profit ¹	84.1	101.2
D&A Expense	43.8	52.1
Net Finance Expense / (Income)	50.0	75.0
Tax Expense	20.3	29.5
Other Non-Cash Items	13.9	36.8
Cash Flow from Operating Activities	212.2	294.6
Δ in Net Working Capital ²	4.5	(74.8)
Income Tax Paid	(10.9)	(25.6)
Net Cash from Operating Activities	205.8	194.2
Cash Flows from Investing Activities		
Capex	(55.5)	(43.0)
Other Investing Cash Flow ³	(42.3)	(10.4)
Net Cash Flow Used in Investing Activities	(97.8)	(53.4)
Cash Flows from Financing Activities		
Debt Issued / (Repaid)	(47.2)	(21.2)
Other Financial Payments ⁴	(25.2)	(51.0)
Dividends Paid	-	(25.9)
Interest Paid	(23.6)	(26.4)
Net Cash Flows Used in Financing Activities	(96.0)	(124.5)
Net Cash Flow	12.0	16.2
Cash and Cash Equivalents at the Beginning of the Period ⁵	154.8	262.5
Cash and Cash Equivalents at the End of the Period ⁵	166.8	278.7

¹ Pre non-controlling interest. ² Working Capital includes main working capital items and employee benefits paid as well as deferred revenues. ³ Other Investing Cash Flow includes acquisition of subsidiary shares net of cash acquired and interest received. ⁴ Other Financial Payments include proceeds from derivatives, imputed interest and financial commissions. ⁵ 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 October 2018

