

Corporate Credit Rating

New Update

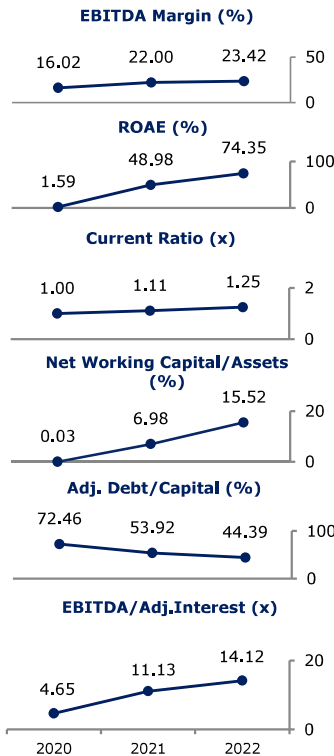
Sector: Ready-Made Garment
Publishing Date: June 20, 2023

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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022



MAVİ GİYİM SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Mavi Giyim Sanayi ve Ticaret Anonim Şirketi" in the very high investment-grade category and affirmed the Long-Term National Issuer Credit Rating as 'AA+ (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' in parallel to the international ratings and outlooks of Republic of Türkiye.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi (hereinafter "Mavi Giyim" or "the Group") established in 1991, engages in wholesale and retail sales of ready-to-wear denim apparel. The product range includes knit and woven shirts, t-shirts, sweaters, jackets, skirts, dresses, accessories and denim items for men, women and children. Export sales operations started in 1994. Mavi Giyim has a presence in 35 countries selling its products through approximately ~4,000 points, including 457 Mavi shops. The Group has offices and showrooms in New York, Vancouver, Moscow, New Jersey, Los Angeles, Atlanta, Dallas, Toronto, Montreal, Düsseldorf, Munich, Hamburg, Leipzig, Sindelfingen, Heusenstamm, Zurich, Salzburg, Prague, Brussels and Almere. The Group owns retail space of 167.7K m² with average 510 m² per store in Türkiye and 457 monobrand stores globally as of April 30, 2023.

Mavi Giyim has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 2017. 72.60% of shares are publicly traded on the BIST with the ticker symbol "MAVI", while the rest of the shares belong to Akarlılar Family (27.19%) and Blue International (0.22%). The Group employed a staff force of 5,818 as of 1Q2023 (FYE2022: 5,670).

Key rating drivers, as strengths and constraints, are provided below:

Strengths

- Maintaining operational performance thanks to presence in diversified geography and sales channels,
- Strong demand, cost management improving profitability margins,
- Strong liquidity management and sound liquidity ratios,
- Robust leverage profile proven by further improved cash surplus position in 2022,
- Solid market influence thanks to its long-lasting presence in the sector and successful track-record,
- Limited collection risk supporting asset quality,
- High level of compliance regarding corporate governance implementations.

Constraints

- Intense competition through pushing low-price and shift the selections quickly in the readymade garment industry by fast-fashion retailers,
- Regular dividend payment restraining equity growth,
- Exposure to high operating ratio arising from nature of business.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed as 'AA+ (tr)'. The Group's market position, operational performance, sustainable asset and sales growth, cash flow metrics, profitability indicators, leverage level, declared asset quality, successful track record in the sector and corporate governance practices, as well as, vulnerability of the sector to macroeconomic conditions and sectoral metrics have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'.

The Group's financial structure and attainability of the Group's budgeted projections will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.