



mavi

## INVESTOR PRESENTATION

September 2019

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# MAVI BUSINESS OVERVIEW



mavi

## Why We Believe Mavi is Exciting

Aspirational **denim centric lifestyle brand** with broad customer appeal and celebrity endorsements

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**World-class products and well-segmented-ranges** with a focus on quality, proximity to sourcing and efficient supply chain

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**Global multi-channel execution** with **Turkey retail**, international footprint and **online** as key growth drivers

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**Customer-centric communication strategy** and best-in-class **loyalty card management** enhancing brand awareness across channels and regions

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**Experienced management team** & well-structured organization

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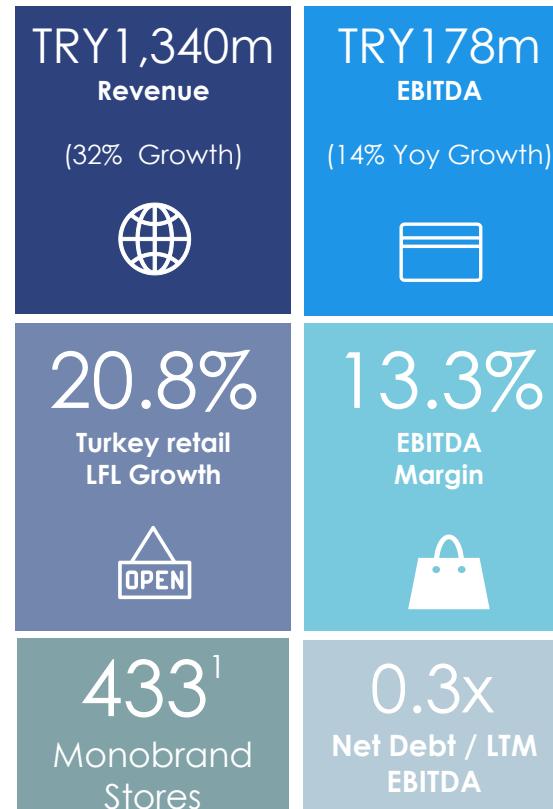
Consistent **strong financial performance**

# mavi : Highly Successful Lifestyle Brand...

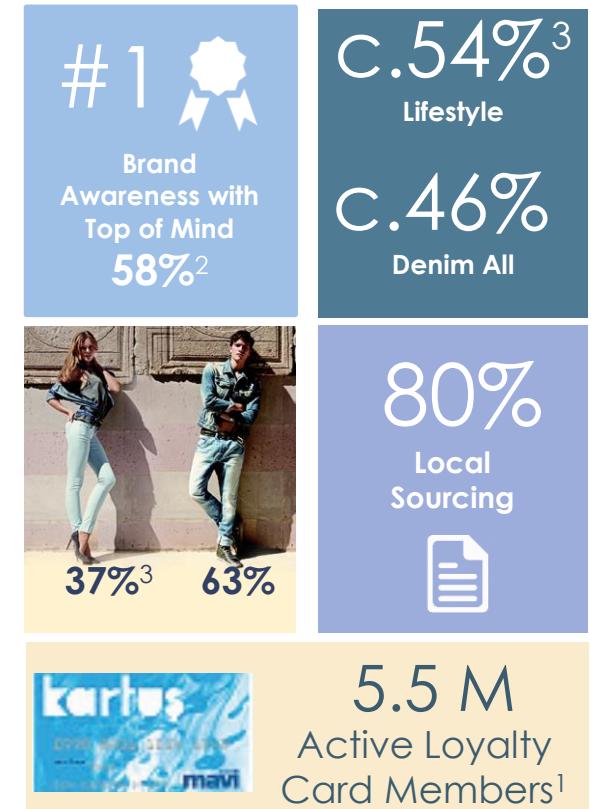
## Business Overview

- Started operations in Istanbul in 1991, Mavi today is **globally recognized** as a highly successful casual **lifestyle brand**
- With strong denim roots, Mavi has evolved into an international apparel and accessories brand, building its success on products of **superior quality** and **perfect fit**, with **9.6m denim items** sold globally in 2018 via **c.5,500 POS**
- In Turkey, Mavi started its retailization in 2008 and recorded an **exceptional growth track record** since then, reaching **376 mono-brand stores<sup>1</sup>** within Turkey
- Internationally, Mavi has built a world class reputation for quality denim, leveraging an international distribution platform of **57 mono-brand stores<sup>1</sup>** and strong wholesale and online partners .
- Extensive, best-in-class loyalty program (Kartus) with **c.5.5m active loyalty cardholders**
- 3,971 talented and dedicated employees** with Mavi regarded as employer of choice

## Key Metrics ( H1 2019 (exc IFRS16))



## Brand & Product (H1 2019)



Note: Throughout the presentation, LFL represents directly operated retail stores in Turkey that have been opened for at least 12 months excluding revenues attributable to stores that were closed during any period within 12 months. Points of Sales (POS) include the retail, franchise and wholesale channels. <sup>1</sup> Includes retail stores and franchised stores as of 31 July 2019. <sup>2</sup> In Turkey; Mavi Brand Perception Report prepared by GFK, 2017; All participants were asked to answer the questions: "What is the first brand that comes into your mind for jeans?", "Is there any other jean brand you know?", "Could you tell us whether you recognize the following brands?." <sup>3</sup>Data for H1 2019 Turkey retail only

# ...With Strong International Presence

 Canada  
# Retail Stores: 4  
# Wholesale Doors: c.1,650  
# FTEs: 68

 Europe  
# Retail Stores: 2  
# Wholesale Doors: c.1,700  
# FTEs: 71

 Russia  
# Retail Stores: 15  
# Franchised Stores: 16  
# Wholesale Doors: c.135  
# FTEs: 130



376  
Mono-Brand  
Stores in Turkey

57  
International Mono-  
Brand Stores

 US  
# Wholesale Doors: c.1,350  
# FTEs: 58

 Turkey  
# Retail Stores: 306  
# Franchised Stores: 70  
# Wholesale Doors: c.450  
# FTEs: 3,644

 Rest of the World  
# Franchised Stores: 20  
# Wholesale Doors: 34

c.5,500  
Points of Sale



RETAIL EXPERTISE  
IN TURKEY

# Multi Pillar Growth Strategy in Turkey Retail

- New Store Openings  
**306 Stores in 80 Cities**

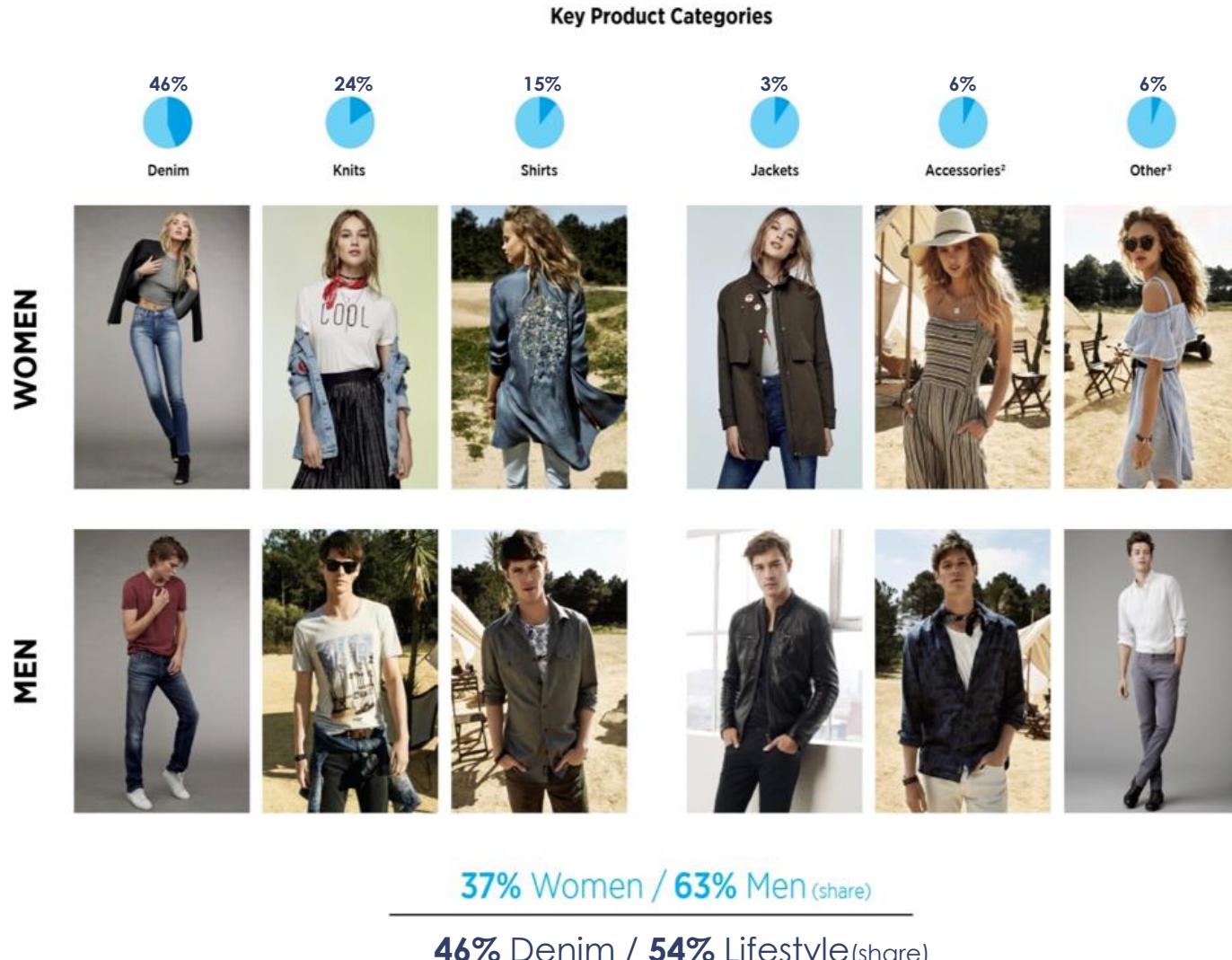
- **1+ mn new customer Acquisition**  
Every year



- **LFL Growth**  
Above 16% Every Year

- Expansion of store space  
**Average Selling Space 500 sqm**  
New Stores 600-800 sqm

# Offering a Lifestyle Product Portfolio Across Women and Men...

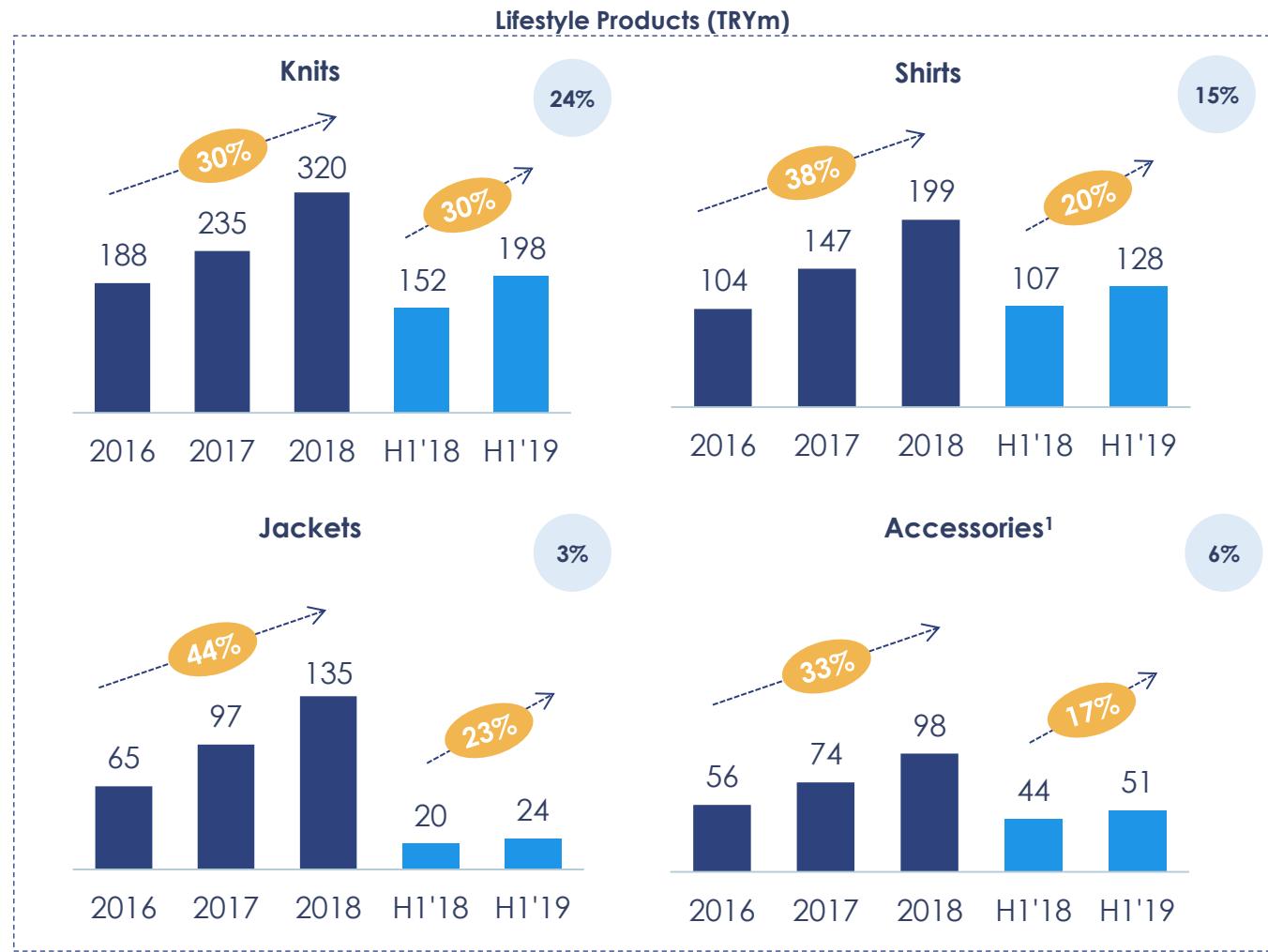
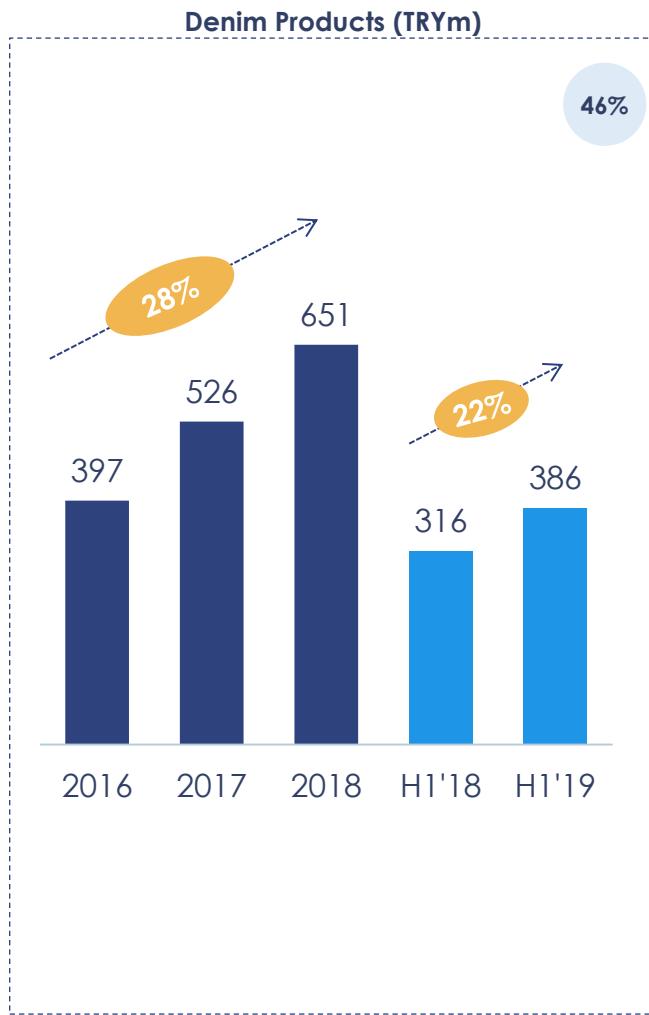


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<sup>1</sup> Data for Turkey retail only. <sup>2</sup> Including shoes. <sup>3</sup> Including kids, non-denim bottoms, skirts, dresses.

! % of H1 2019 Net Sales<sup>1</sup>

## ...And Growing Significantly in Each Category



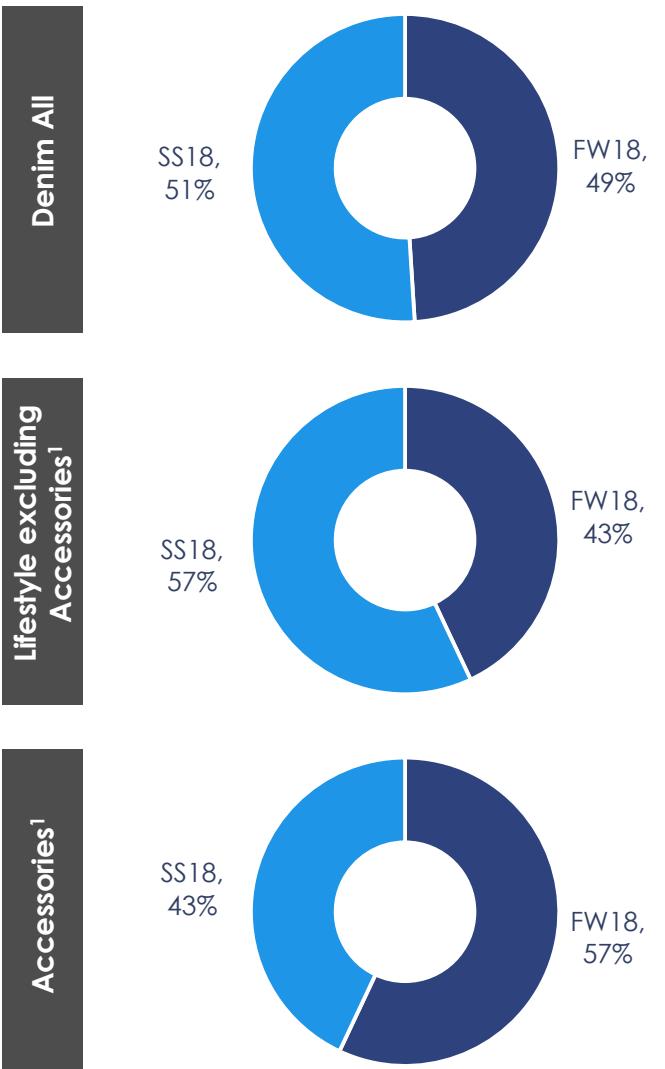
2016-2018 CAGR 28% Share in H1 2019 Net Sales

Note: Data for Turkey retail only; all values are net sales. <sup>1</sup> Including shoes

# Minimising Fashion Risk and Seasonality With Various Styles Across Lifestyle Product Offering



Breakdown by Season (units)



Note: Data for Turkey retail only

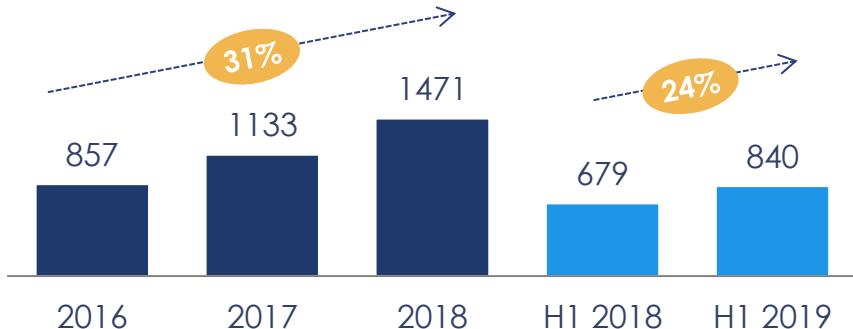
<sup>1</sup> Including shoes.

# Strong Track Record of Retailization in Turkey...

# of Retail Stores Evolution in Turkey



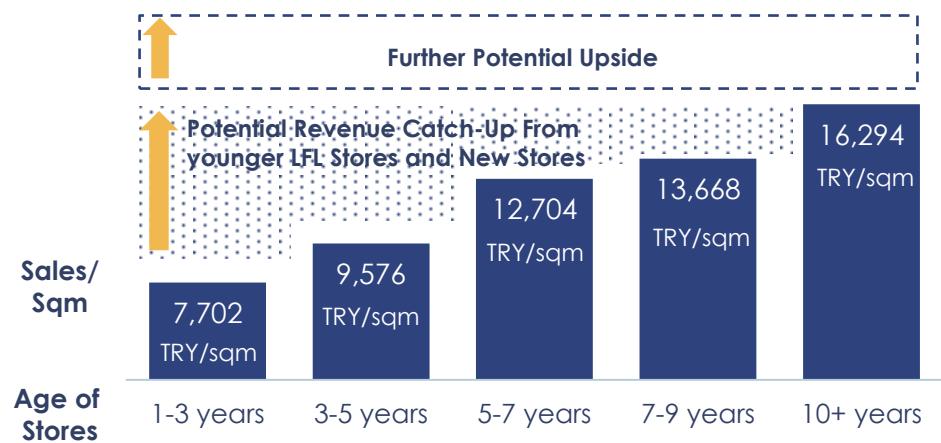
Turkey Retail Sales Evolution (TRYm)



Gross Selling Space Evolution in Turkey (Sqm k)

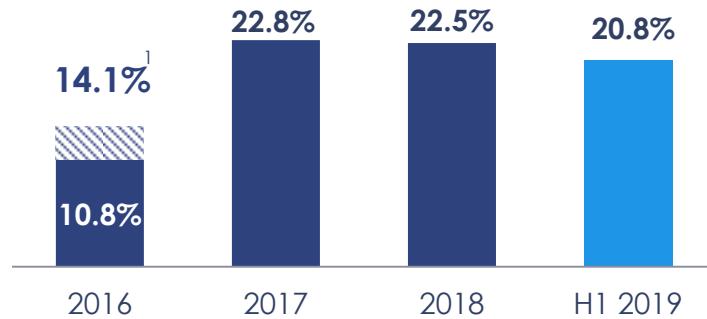


Significant LfL Upside Potential of Existing Stores<sup>1</sup>



<sup>1</sup> Based on H1 2019 LfL financials.

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



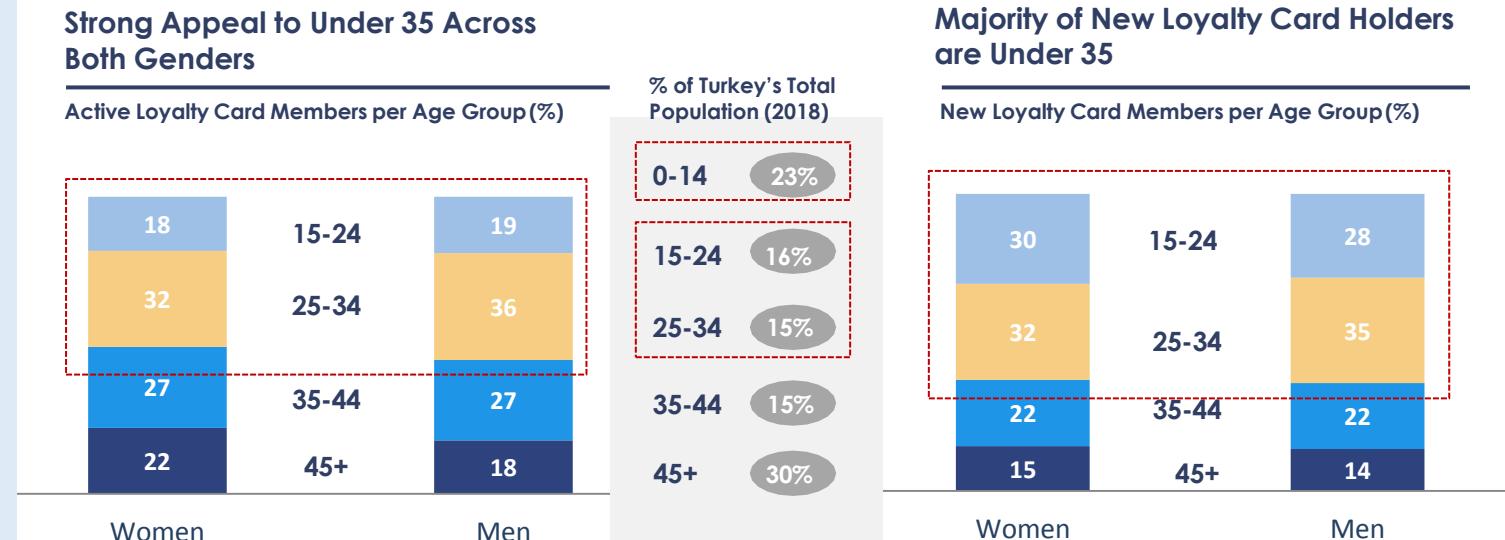
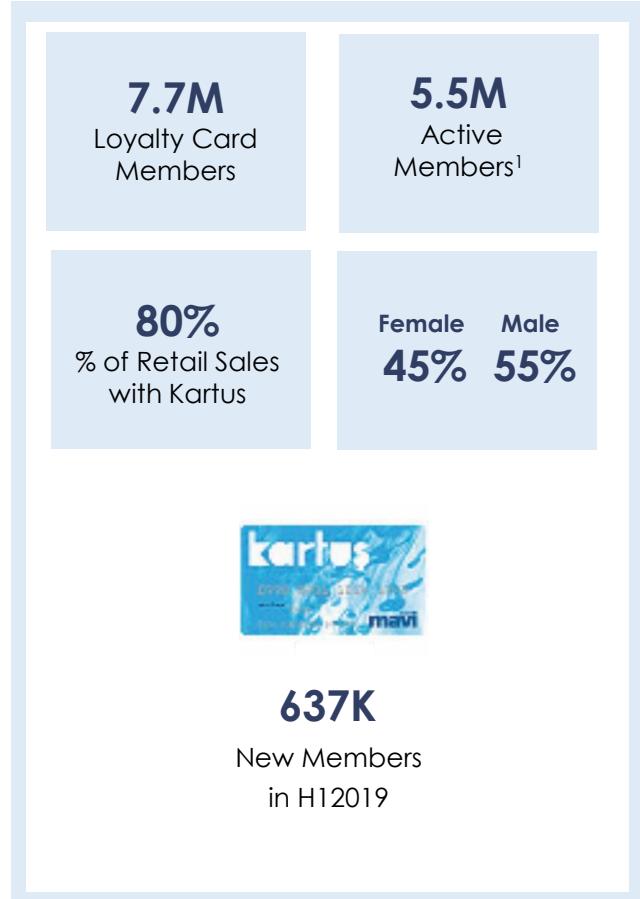
- Strong Q2 LFL performance (25.0%) with positive traffic and transaction growth
- Price positioning maintained despite inflationary environment
- Continued focus on brand, product investments and customer experience



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 92.6% of Turkey retail revenue in H1 2019

# Best-in-Class Loyalty Program ("Kartuş") Since 2007



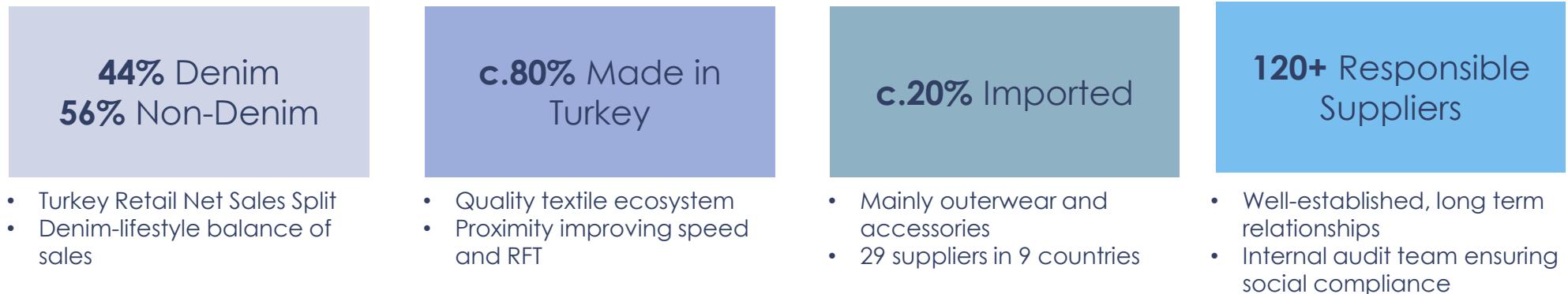
*"Mavi Kartuş, no. 1 in the apparel industry for the Most Successful Loyalty Cards Survey."*

(Digitalage, March 2017)

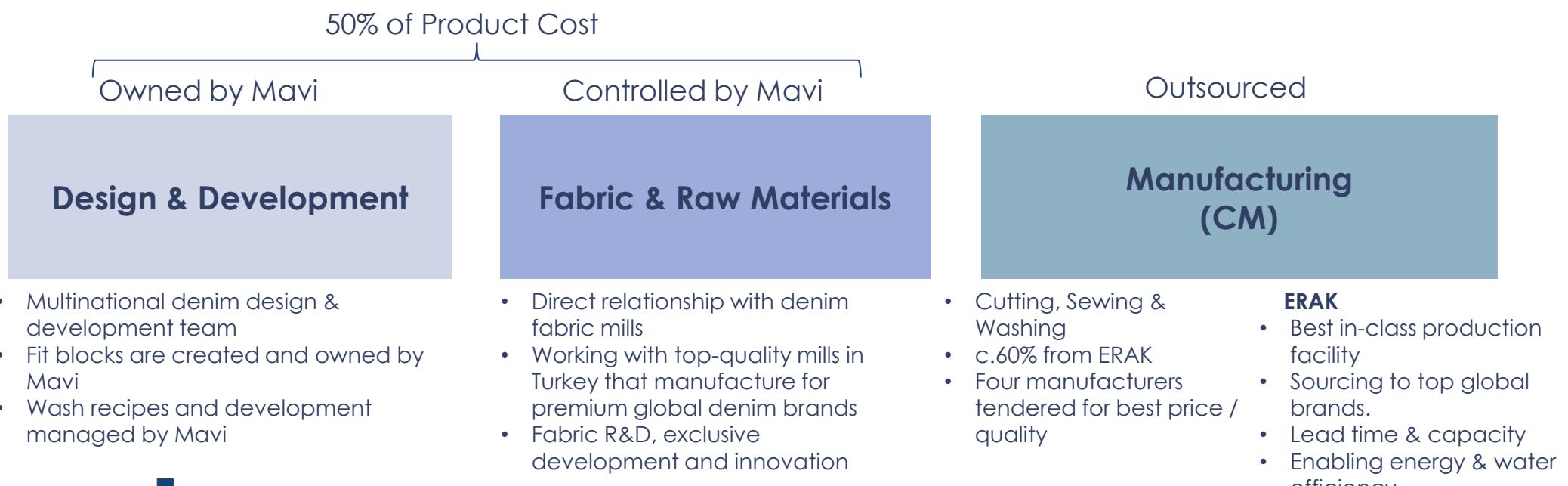
Note : Data for Kartuş customers as of July 2019, age and gender distribution as of January 2019. <sup>1</sup>Active means that the member has made a purchase of Mavi product over the last two years

# Diversified and Reliable Sourcing Model

## Quality Driven Efficient Sourcing Structure



## Mavi Denim Business





*"You won't catch me in a tie. I like comfortable clothes such as my Mavi Jeans, Belstaff jacket and Armani button-down shirt. They are comfortable enough for flights and nice enough for meetings."*

Richard Branson

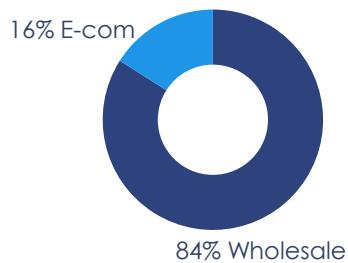
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# INTERNATIONAL & E-COM MARKETS

# Growing Global Footprint (FY 2018)

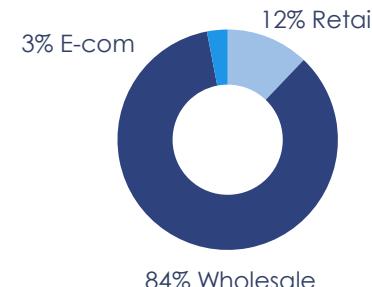


## USA



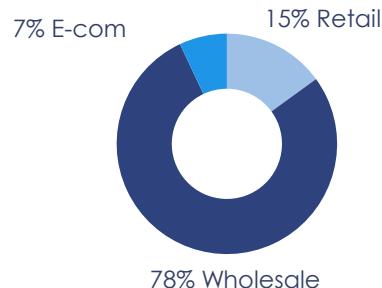
<b>c. 1,400 wholesale multi-brand doors</b>	Wholesale: <b>Nordstrom, Bloomingdale's, Von Maur, Lord&amp;Taylor, Patrick James</b>	Online wholesale partners: <b>Stitchfix, Amazon, Zappos, Nordstrom USA mavi.com</b>
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## EUROPE



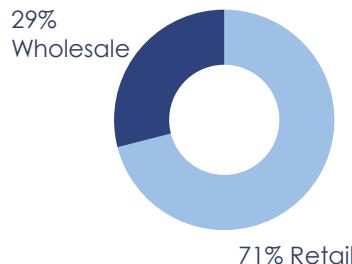
<b>c. 1,400 wholesale multi-brand doors</b>	Wholesale: <b>Peek&amp;Cloppenburg, Karstadt, Galeria, Breuninger, Wohrl</b> Online wholesale partners: <b>Amazon, Zalando, Outfittery</b>	Mono-brand retail stores : <b>3</b>
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## CANADA



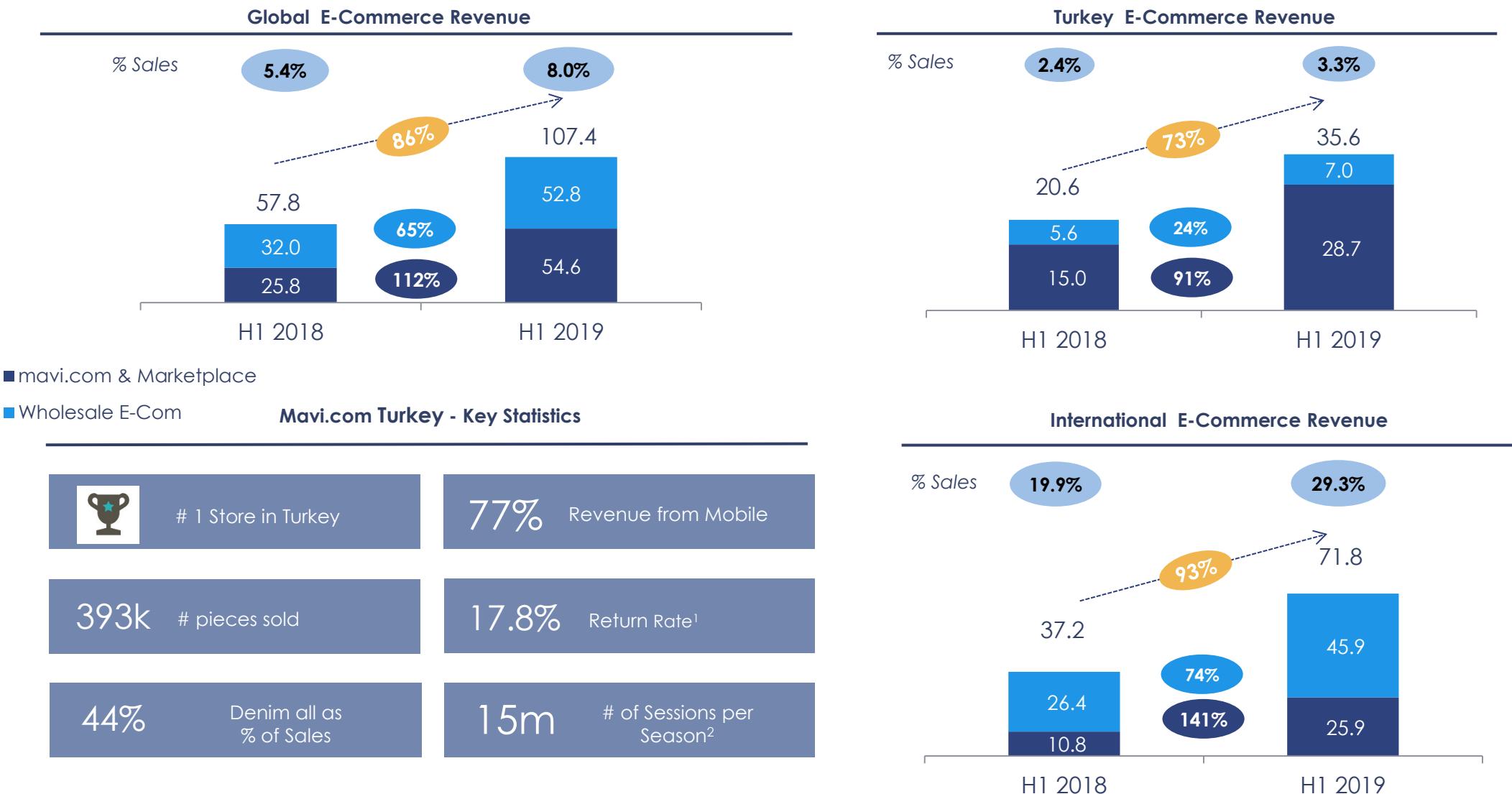
<b>c. 1,800 wholesale multi-brand doors</b>	Wholesale: <b>Nordstrom, Below the Belt, Bootlegger, Mark's, Color</b>	Mono-brand retail stores: <b>3</b> Canada <a href="#">mavi.com</a>
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## RUSSIA



<b>c. 125 wholesale multi-brand doors</b>	Franchise retail stores: <b>16</b>	Mono-brand retail stores: <b>14</b>
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# E-Commerce Platform to Deliver Future Growth

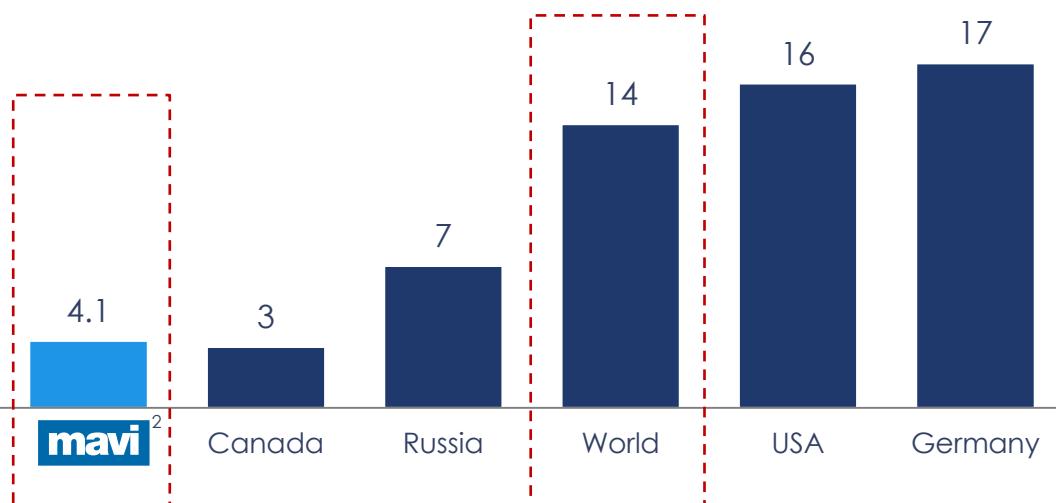


<sup>1</sup> Returned transactions/(net transactions+return transactions.) <sup>2</sup>Spring-Summer'19 season.

# E-Commerce Potential in Turkey

## Mavi Share of Online Sales Still Below Overall Comparable Markets

% Share of E-Commerce in Apparel and Footwear (2016)<sup>1</sup>



## Turkey Has a Strong E-Commerce Potential<sup>3</sup>

### E-Commerce Penetration



5.3%

E-Commerce penetration in Turkey (China 24%, USA 114%, UK 17%, Germany 11%)

### Internet Penetration



72%

Turkey is among the top countries with largest internet penetration, 59 mn internet users (world average 57%)

### Per Capita Spent Online



Eur160

Per Capita spent online in Turkey (world average 735 Euros)

### Mobile Share in E-commerce



75%

Mobile share in e-commerce in Turkey. 60 mn people own smartphones. 77% of transactions in Mavi.com Turkey in 2019 is mobile with the introduction of smart phone application



SUCCESSFUL  
BRAND STRATEGY

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# Best-in-Class Communication

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Leader in the jeans category in 'Turkey's Cool Brands' survey  
(Marketing Türkiye, September 2018)

Solid Brands Research, the most solid brand of the textile and ready-to-wear sector  
(Marketing Türkiye, February 2019)

Most Admired Brands Research, In Top 3 of the ready-to-wear clothing and retailing category. In Top 10 most liked brands of international marketing integration criterias with arketing, communications and sales strategies.

(Capital, December 2018)

Turkey Youth Awards: "Best Youth Brand 2018" Award

Most remembered celebrity commercial, Mavi-Kivanç Tatlıtuğ

Marketing Türkiye, September 2018

'TOM Brand – Celebrity Collaboration': Mavi & Kivanç Tatlıtuğ

(Brandage, June 2018)



# Brand Positioning Enhanced Through Global Collaborations

Turkey



2012  
Adriana Lima



2013  
Kivanç Tatlıtuğ  
Barbara Palvin



2014  
Serenay Sarıkaya



2015  
Serenay Sarıkaya  
Kerem Bürsin



2016  
Serenay Sarıkaya  
Kerem Bürsin



2016  
Serenay Sarıkaya  
Barbara Palvin



2016  
İlker Kaleli



2017-2018  
Kivanç Tatlıtuğ



2018  
Serenay Sarıkaya

3.3  
Milyon

Social Meida  
Followers



Global



2012  
Adriana Lima



2013  
Jon Kortajarena,  
Aline Weber



2014  
Magdalena  
Frackowiak,  
Frida Gustavsson



2015  
Francisco  
Lachowski,  
Frida Gustavsson



2016  
Lucky Blue Smith



2016  
Elsa Hosk, Jordan Barrett,  
Francisco Lachowski



2018  
Romee Strijd, Jordan Barrett

# Celebrities mavi

Richard Branson



Katherine Heigl



Heidi Klum



Kate Hudson



Colin Farrell



Kendall Jenner

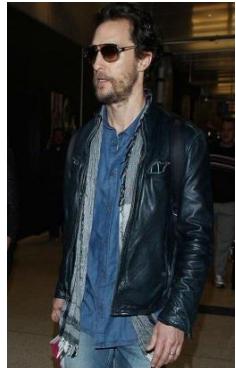


Liam Hemsworth



***“Mavi is a brand of superior quality, which is the foremost attribute I look for when I, as an entrepreneur, invest because quality is always appreciated.”***

Richard Branson  
(Istanbultalks, 2016)



Matthew McConaughey



Lady Gaga



Jessica Alba



Anna Heinrich



Fergie

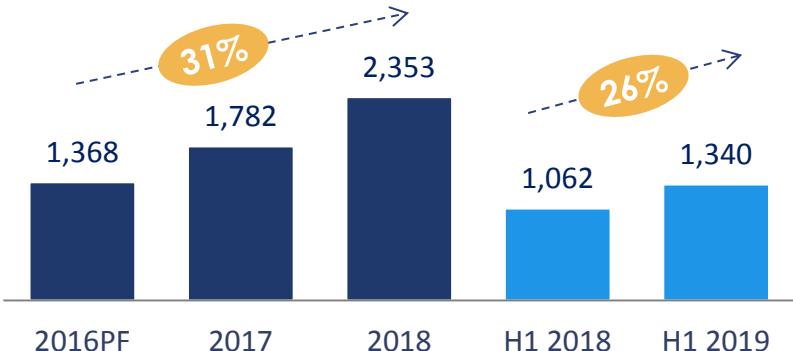


STRONG  
FINANCIAL  
PERFORMANCE

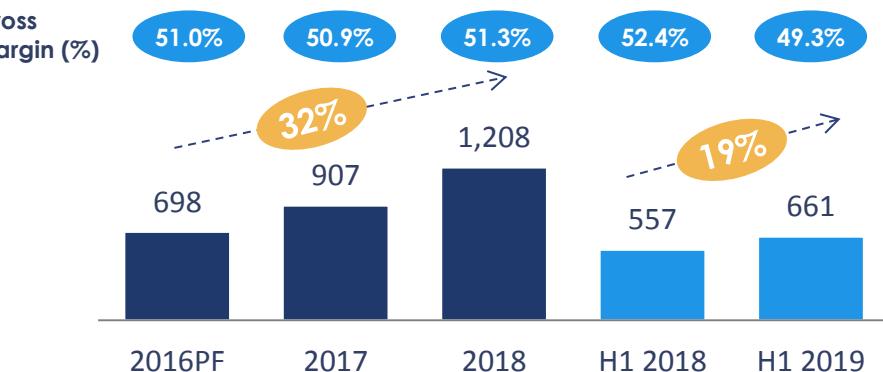
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# Mavi Delivers Strong Operational Results

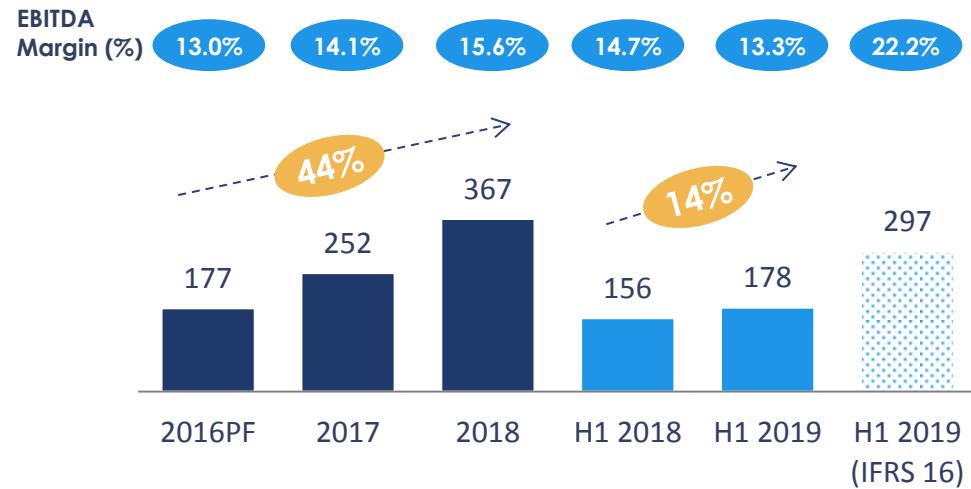
**Revenue Evolution (TRYm)**



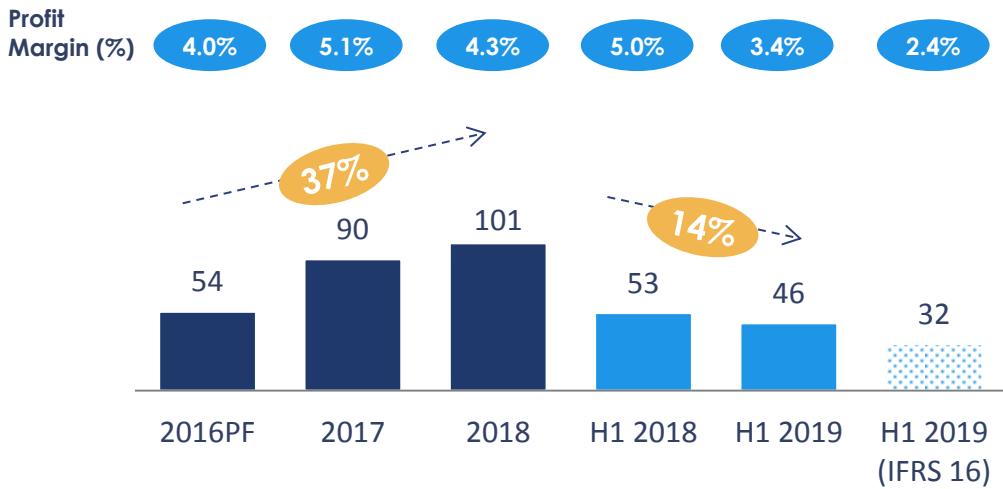
**Gross Profit Evolution (TRYm)**



**EBITDA Evolution (TRYm)**



**Net Profit (TRYm)**

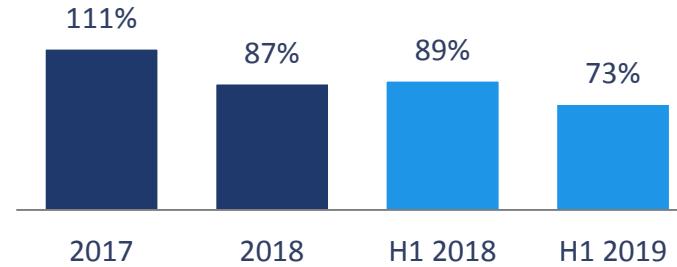


<sup>1</sup> Mavi pro-forma financials including the estimated effects of US and Canada businesses acquisition as if had occurred on 1-Feb-2016.

2016-2018 CAGR

# Strong Cash Conversion

## Cash Conversion<sup>1</sup> (exc. IFRS 16)



## Main Working Capital Items

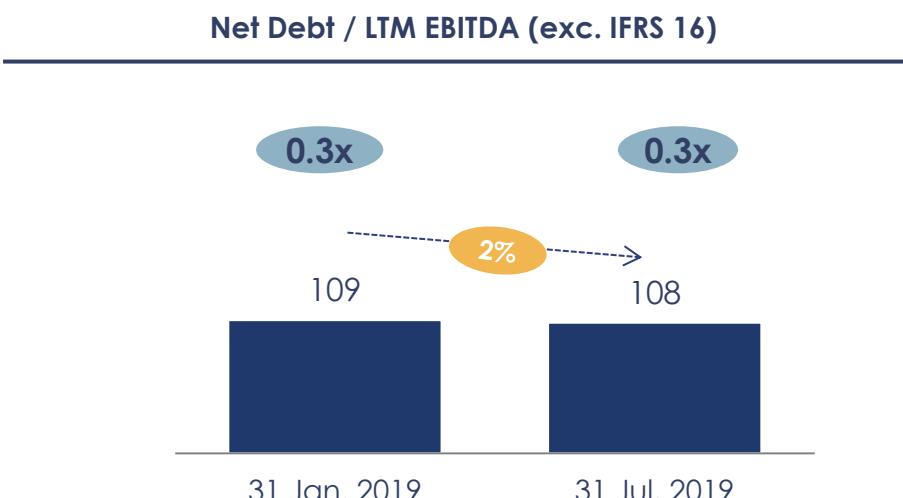
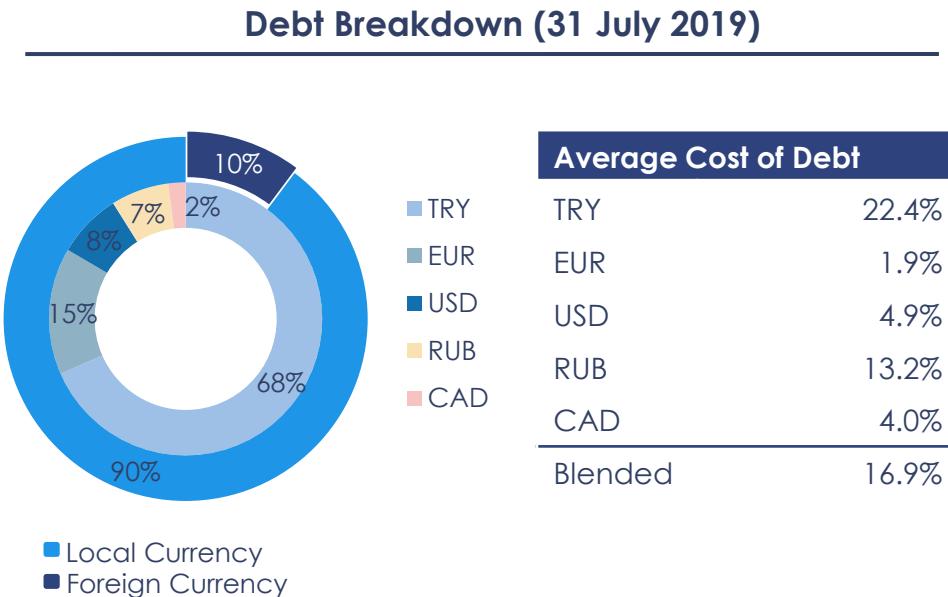
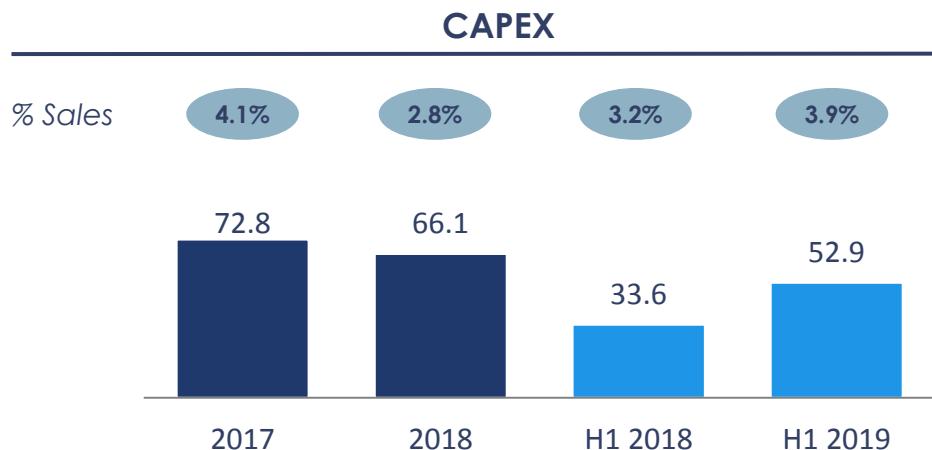
TRYm	2017	2018	H1 2018	H1 2019
EBITDA	252.1	367.1	155.8	177.8
Δ in NWC	27.9	(48.1)	(17.4)	(47.3)
Operating Cash Flow <sup>2</sup>	279.9	319.0	138.4	130.5

TRYm	2017	2018	H1 2018	H1 2019
Trade & Other Receivables <sup>3</sup>	140.2	188.1	151.7	218.2
% Sales	7.9%	8.0%	7.5%	8.3%
Inventories	320.4	457.2	393.9	515.0
% COGS	36.6%	39.9%	40.5%	39.1%
Trade & Other Payables <sup>4</sup>	372.7	516.5	458.9	581.0
% COGS	42.6%	45.1%	47.2%	44.1%
Main Net Working Capital	87.9	128.8	86.6	152.1
% Sales	4.9%	5.5%	4.3%	5.8%

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

<sup>1</sup> Defined as Operating Cash Flow / EBITDA. <sup>2</sup> Operating Cash Flow calculated as EBITDA – Change in Working Capital. 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. <sup>3</sup> Trade & Other Receivables includes Current Trade Receivables, Current Other Receivables and Non-Current Other Receivables. <sup>4</sup> Trade & Other Payables includes Current Trade Payables, and Current Payables to Third Parties.

# Efficient Capex Management and Healthy Leverage Ratios



- 21% of total consolidated debt is carried by Mavi US, Mavi EU, Mavi CA and Mavi RU - all denominated in their local currencies
- Keeping no short FX positions is management priority

# FY 2019 Guidance Unchanged

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- Consolidated Revenue Growth : 25%
- Turkey Retail Stores : Net 15 store openings and 10 store sqm expansions
- Turkey Retail LFL Growth : 18%
- EBITDA margin 14.5%
- Net Debt / EBITDA below 1x
- Capex 4% of Revenue



# THANK YOU

Contact : [investorrelations@mavi.com](mailto:investorrelations@mavi.com)  
[duygu.inceoz@mavi.com](mailto:duygu.inceoz@mavi.com)

**mavi**

# Highly Experienced Board of Directors



**Ersin Akarlılar**  
Chairperson

- With Mavi since 1991
- Primarily responsible for Mavi's international strategy
- Chairman of Mavi US



**Ahmet Ashaboglu**  
Independent Non-Executive Director

- CFO of Koc Holding since 2006
- Previously worked at McKinsey & Co and UBS Warburg



**Cüneyt Yavuz**  
CEO

- Mavi's Chief Executive Officer since 2008
- Previously worked at Procter & Gamble



**Elif Akarlılar**  
Executive Director

- With Mavi since 1991. Mavi's Global Brand Director since 2008
- Previously held various Product and Brand Management positions within Mavi Istanbul and NY.



**Nevzat Aydin**  
Independent Non-Executive Director

- Founder and CEO of Yemeksepeti, a pioneering online food delivery business in Turkey
- Seasoned e-commerce investor



**Seymur Tari**  
Vice-Chairperson  
Non-Executive Director

- Founder and CEO of Turkish Private Equity
- Previously worked at McKinsey & Co and Caterpillar Inc.

# Financial Statements

## *Income Statement (2019 figures inc. IFRS 16)*

TRYM	Q2 2018	Q2 2019	Change (%)	H1 2018	H1 2019	Change (%)
Revenue	526.6	691.8	31.4%	1,062.5	1,340.1	26.1%
Cost of Sales	(237.0)	(337.4)	42.4%	(505.5)	(678.8)	34.3%
Gross Profit	289.6	354.4	22.4%	557.0	661.3	18.7%
Gross Margin	55.0%	51.2%		52.4%	49.3%	
Administrative Expenses	(34.3)	(42.6)	24.3%	(64.1)	(79.3)	23.7%
Selling and Marketing Expenses	(183.7)	(212.3)	15.5%	(358.5)	(410.1)	14.4%
R&D Expenses	(6.9)	(6.3)	(9.1%)	(13.5)	(11.4)	(15.1%)
Other Income / (Expenses), net	6.0	(4.5)		1.6	(0.0)	
Operating Profit	70.8	88.7	25.4%	122.4	160.5	31.1%
Profit/(Loss) from Investment Activities	(0.5)	0.0	(104.6%)	(0.6)	(0.2)	(69.0%)
Operating Profit before Financial Income	70.2	88.8	26.4%	121.9	160.3	31.6%
Operating Margin	13.3%	12.8%		11.5%	12.0%	
Financial Expenses, Net	(35.0)	(60.1)	71.7%	(54.0)	(119.5)	121.3%
Profit Before Tax	35.2	28.6	(18.7%)	67.9	40.8	(39.8%)
Income Tax Expense	(7.5)	(7.1)	(5.0%)	(15.1)	(9.2)	(38.7%)
Profit	27.7	21.5	(22.4%)	52.8	31.6	(40.1%)
Profit Margin	5.3%	3.1%		5.0%	2.4%	
EBITDA	83.4	164.3	97.0%	155.8	296.9	90.6%
EBITDA Margin	15.8%	23.8%		14.7%	22.2%	

# Financial Statements

## Balance Sheet (2019 figures inc. IFRS 16)

TRYm	31 January 2018	31 July 2019	Change (%)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents			
Cash and Cash Equivalents	266.6	399.0	49.7%
Trade Receivables	168.6	203.0	20.4%
Inventories	457.2	515.0	12.6%
Other Current Assets	92.9	83.0	(10.7%)
Total Current Assets	985.3	1,200.0	21.8%
<b>Non-Current Assets</b>			
Property and Equipment	159.7	175.0	9.5%
Right of Use Assets	-	420.7	n.m.
Intangible Assets	194.5	207.0	6.5%
Other Non-Current Assets	4.4	5.5	23.8%
Total Non-Current Assets	358.6	808.2	125.4%
Total Assets	1,343.9	2,008.1	49.4%
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Short-Term Borrowings	284.1	384.3	35.3%
Short-Term Contractual Lease Liabilities	-	190.2	n.m.
Trade Payables	510.3	574.1	12.5%
Other Current Liabilities	102.6	104.3	1.7%
Total Current Liabilities	896.9	1,253.0	39.7%
<b>Non-Current Liabilities</b>			
Long-Term Financial Liabilities	92.0	122.4	33.0%
Long-Term Contractual Lease Liabilities	-	246.6	n.m.
Other non-current Liabilities	17.8	8.5	(52.4%)
Total Non-Current Liabilities	109.8	377.5	243.8%
Total Liabilities	1,006.7	1,630.4	62.0%
<b>Equity</b>			
Total Equity	337.2	377.7	12.0%
Total Equity & Liabilities	1,343.9	2,008.1	49.4%

# Financial Statements

## Cash Flow Statement (2019 figures inc. IFRS 16)

TRYm	H1 2018	H1 2019
Profit <sup>1</sup>	52.8	31.6
D&A Expense	34.9	136.4
Net Finance Expense / (Income)	43.5	120.6
Tax Expense	15.1	9.2
Other Non-Cash Items	11.3	6.1
<b>Cash Flow from Operating Activities</b>	<b>157.5</b>	<b>304.0</b>
Δ in Net Working Capital <sup>2</sup>	(17.4)	(47.3)
Income Tax Paid	(13.8)	(0.4)
<b>Net Cash from Operating Activities</b>	<b>126.3</b>	<b>256.3</b>
<b>Cash Flows from Investing Activities</b>		
Capex	(33.6)	(52.8)
Other Investing Cash Flow <sup>3</sup>	(14.1)	3.4
<b>Net Cash Flow Used in Investing Activities</b>	<b>(47.7)</b>	<b>(49.5)</b>
<b>Cash Flows from Financing Activities</b>		
Debt Issued / (Repaid)	(62.8)	126.9
Payment of Contractual Lease Liabilities	-	(119.1)
Other Financial Payments <sup>4</sup>	(27.6)	(44.3)
Dividends Paid	(25.9)	-
Interest Paid	(15.6)	(38.6)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(131.8)</b>	<b>(75.2)</b>
<b>Net Cash Flow</b>	<b>(53.2)</b>	<b>131.6</b>
<b>Cash and Cash Equivalents at the Beginning of the Period<sup>5</sup></b>	<b>266.3</b>	<b>262.0</b>
<b>Cash and Cash Equivalents at the End of the Period<sup>5</sup></b>	<b>213.1</b>	<b>393.6</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.

# Financial Statements – IFRS 16 Impacts

**IFRS 16 APPLIED AS OF FEBRUARY 1, 2019**

(TRY in millions)	H1 2019 Effect	
RENT EXPENSE 	-119.1	Decrease as all non-performance leases are capitalized and are subjected to depreciation and interest expense
DEPRECIATION & AMORTIZATION 	+100.3	Increase due to depreciation of capitalized operating lease assets
OPERATING PROFIT 	+18.8	Higher as lease expense is replaced by depreciation and interest
FINANCIAL EXPENSE 	+36.9	Increase due to interest cost component of rents booked in financial expenses
INCOME TAX EXPENSE 	-4.0	Lower in the first years due to higher deferred tax assets rising from lower net income
<b>NET INCOME</b> 	<b>-14.0</b>	Lower due to higher interest expense in the first years; neutral over time
EBITDA 	<b>+119.1</b>	Higher as lease expense is replaced by depreciation and interest
TOTAL ASSETS 	+419.1	Increase as lease contracts are capitalised
<b>TOTAL NET DEBT</b> 	<b>+436.8</b>	Increase as capitalised lease contracts assumed as financial debt