



## Q3 2020 RESULTS PRESENTATION

December 1, 2020



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# Covid-19 Update

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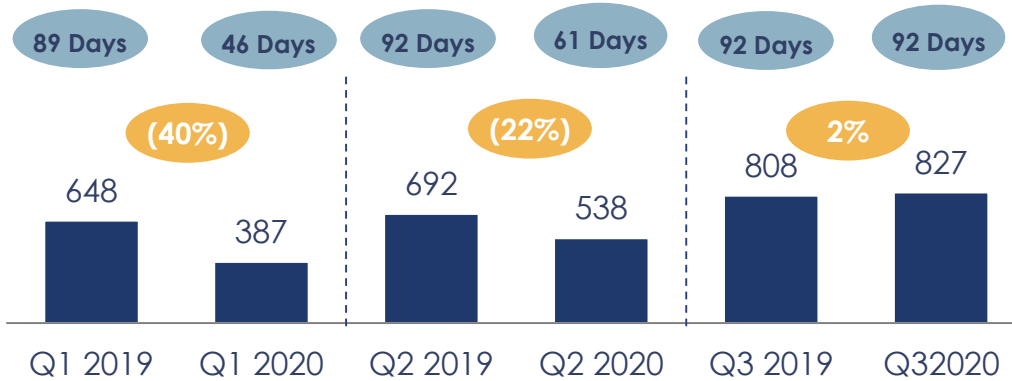
## Current Business Status

- All retail and franchise stores in Turkey are open since June 1, 2020. Working hour limitations on weekdays and weekend curfew (stores will be closed) imposed as of December 1
- European markets re-opened in May. Across the countries we operate, there are various Covid19 related restrictions
- US and Canada businesses resumed in May and continues uninterrupted
- Stores in Russia opened gradually from June through August. All stores open since August
- Mavi.com, marketplace and wholesale e-com channels remained open
- Focus on P&L management aiming stable gross margins and controlled opex
- Efficient inventory management and effective sell-through continue to be among management top priorities
- ERP transformation project and digital investments continue as planned

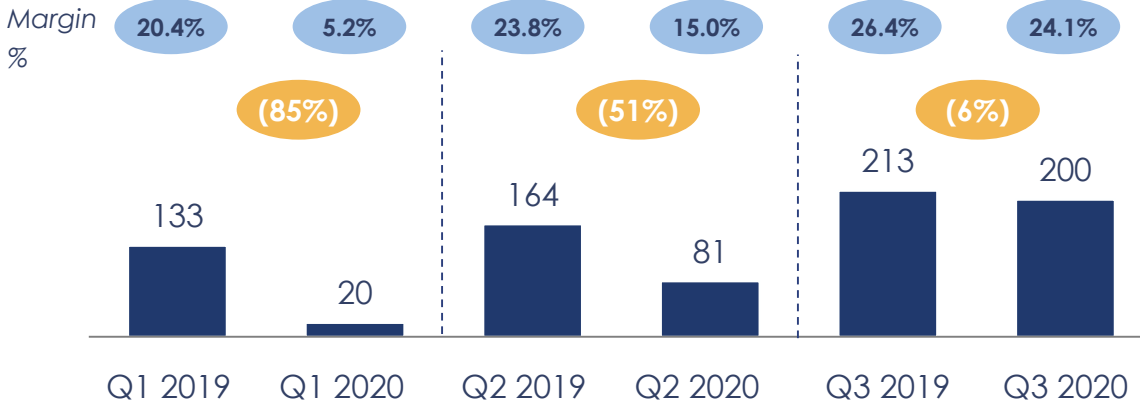
# Recovering Business Trend

Consolidated Revenue (TRYm)

#of Days  
TR Stores  
Open



Consolidated EBITDA (TRYm)



Q3 2020 HIGHLIGHTS



**Note:** Q2 2020 results include the negative impact of missing one holiday period sales in May and positive impact of second holiday period sales that was in Q3 in 2019, implying a negative impact on Q3.

# 9M 2020 Highlights

- Consolidated revenue realized 1.752 TRYm, declining 18% given the Covid-19 business disruptions
- EBITDA for the period is 301 TRYm resulting in 17.2% EBITDA margin
- Net income resulted 26 TRYm
- Total number of monobrand stores<sup>2</sup> stands at 436
- Turkey online sales increased by 161% in 9M 2020



## GROUP HIGHLIGHTS<sup>1</sup>

1,752 TRYm Revenue	301 TRYm EBITDA
17.2% EBITDA Margin	26 TRYm Net Income
436 <sup>2</sup> Monobrand Stores	0.1x Net Debt / LTM EBITDA

<sup>1</sup> Including IFRS 16 impacts as reported

<sup>2</sup> Includes global franchise and owned stores

## TURKEY HIGHLIGHTS

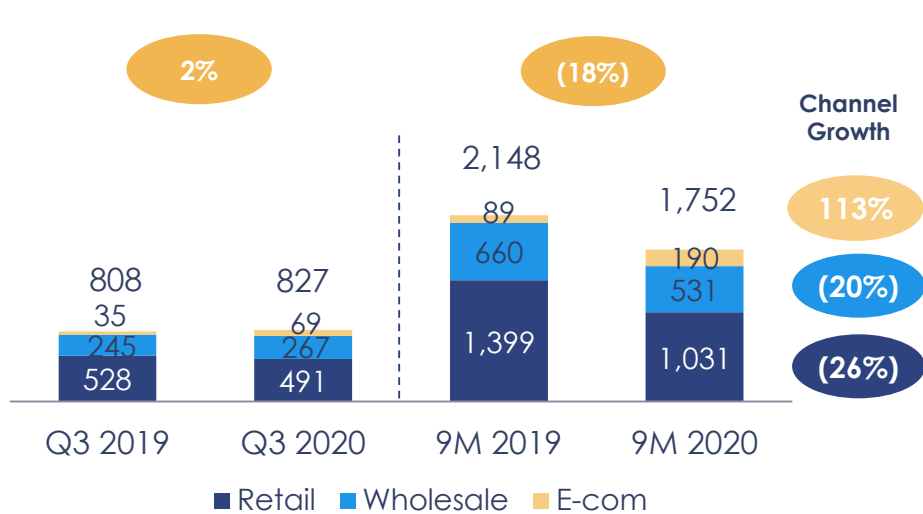
(26%) Retail Sales Decline	161% Online Sales Growth
c.56% Lifestyle	
c.44% Denim All	33% 67%
 5.3 mn Active Loyalty Card Members <sup>3</sup>	

<sup>3</sup>Active means that the member has made a purchase of Mavi product in the last two years. Total number of Kartuş card holders is 8.1 mn

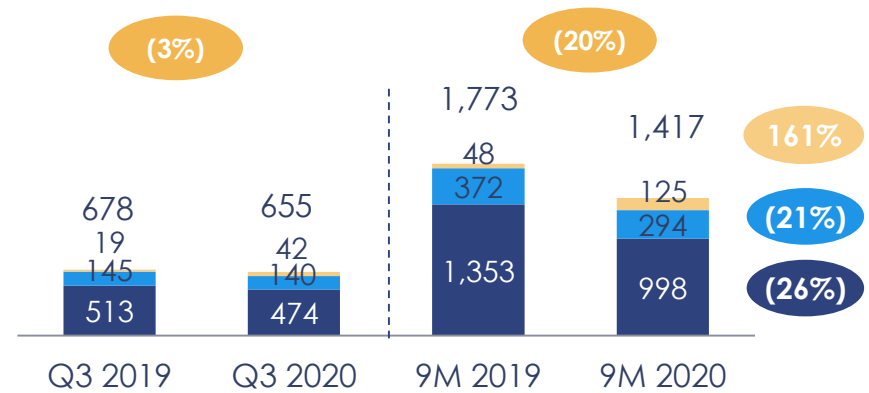
\*Category and gender mix for Turkey Retail only

# Revenue Evolution in Sales Channels

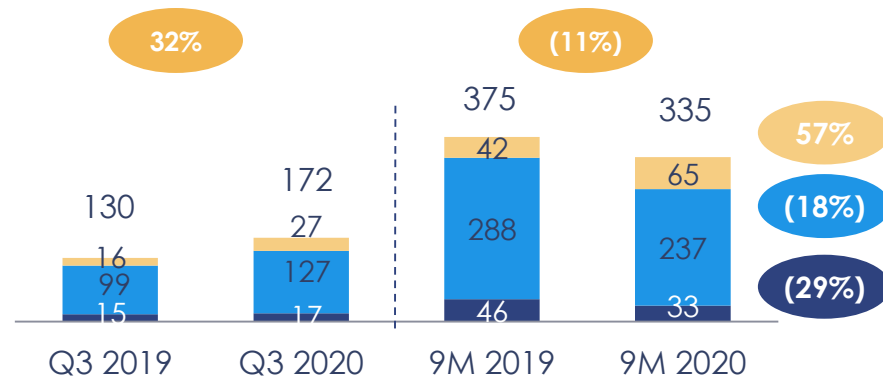
Global Revenue (TRYm)



Turkey Revenue (TRYm)

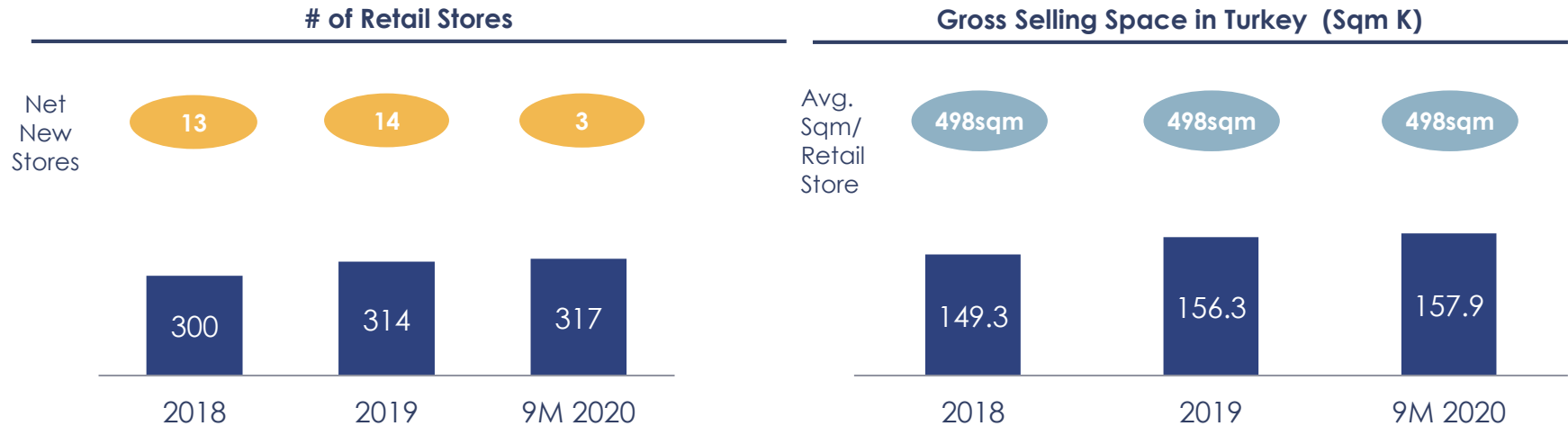


International Revenue (TRYm)



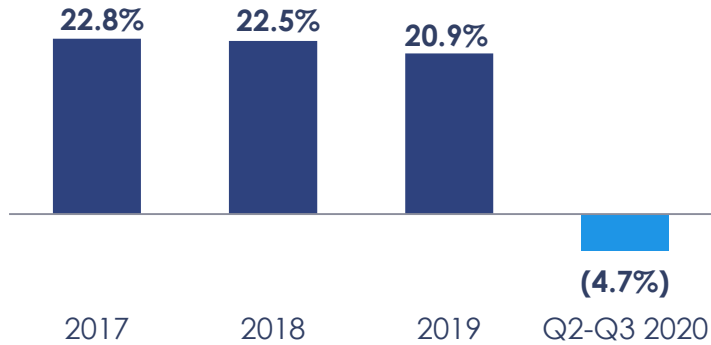
- Including the impact of store closures, total revenue consists of 59% retail, 30% wholesale and 11% e-com in 9M 2020
- 81% of consolidated revenue is from Turkey

# Turkey Retail Operations

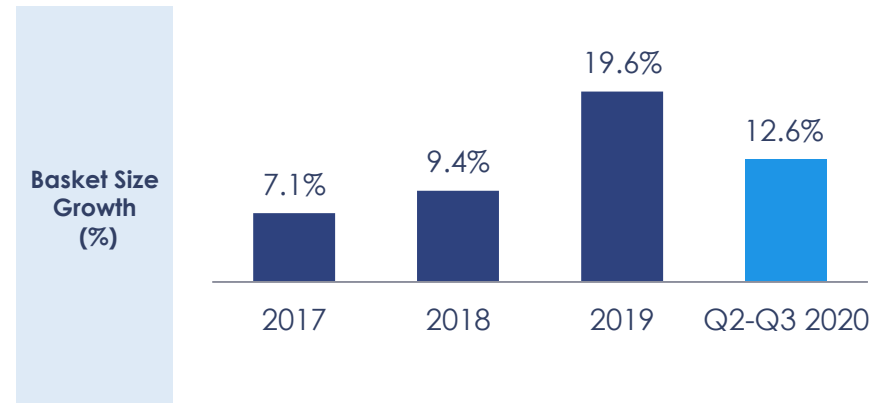
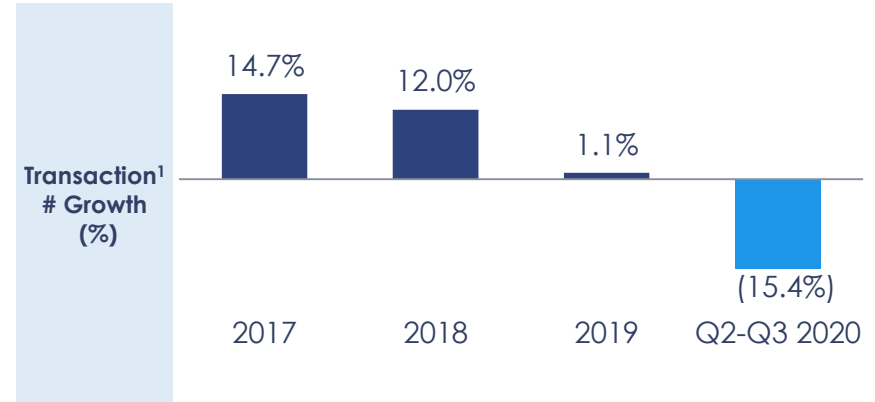


- With ten openings and seven closures in the first nine months of 2020, number of retail stores stands at 317 as of end-October 2020
- Seven store sqm expansions in 9M 2020
- Total selling space stands at 157.9K sqm with average 498 sqm per store

# Same Store Sales Performance after Store Openings

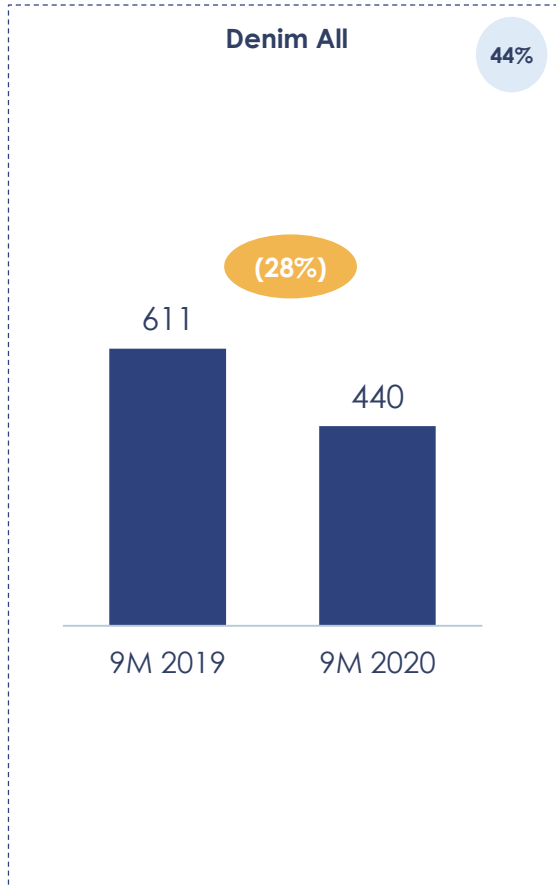


- There is no meaningful LFL store set in 2020. Q2-Q3 data is same stores sales growth after store openings (June-October)
- In this period, 38% lower traffic was compensated with 35% higher conversion and 14% increase in unit per transaction (UPT)
- Same store sales declined 9.6% in Q3 2020 and turned positive with 6.4% increase in October

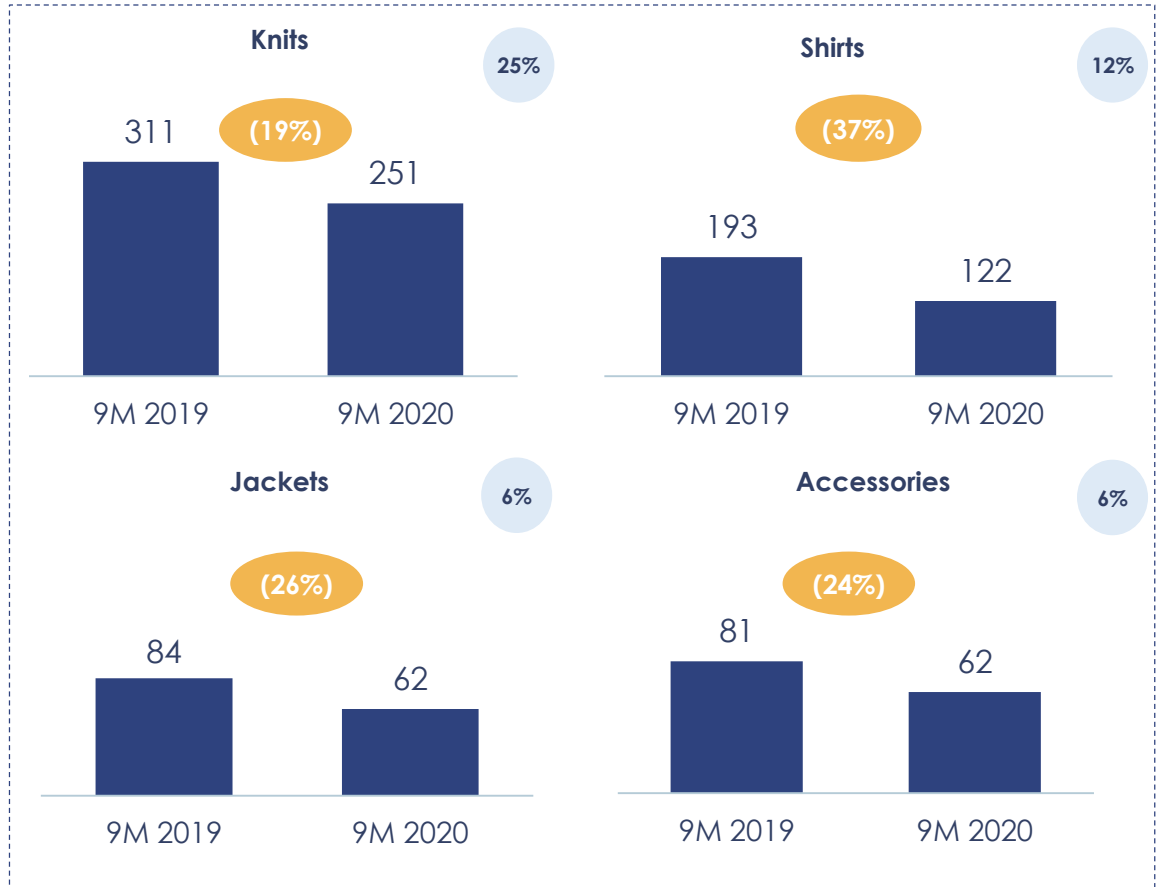


# Sales in Denim & Lifestyle Categories

## Denim Products (TRYm)



## Lifestyle Products (TRYm)



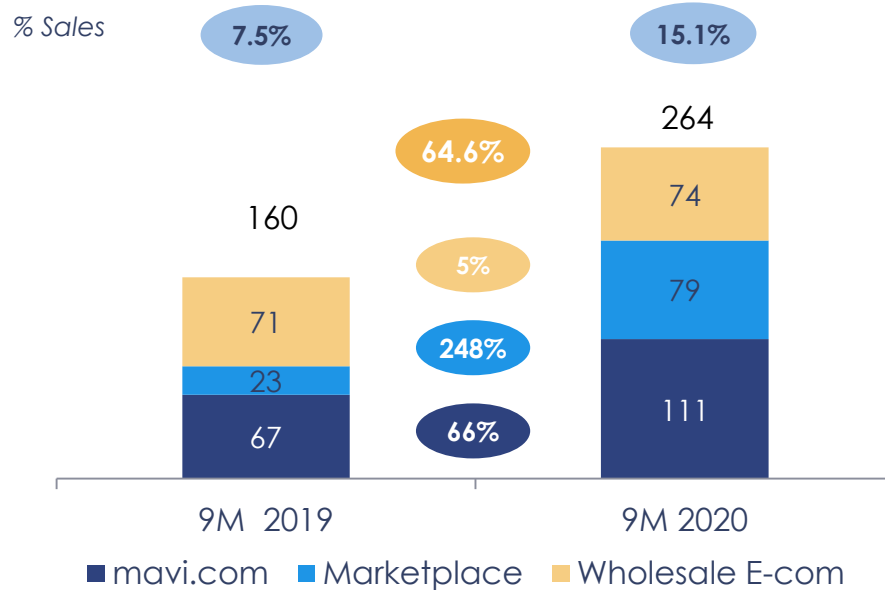
% Share in 9M 2020 Turkey retail net sales

Total Decrease in Lifestyle Category : (25%)

Note: Turkey Retail Net Sales Only. Remaining 6% of net sales consist of non-denim bottoms, skirts, dresses and kids.

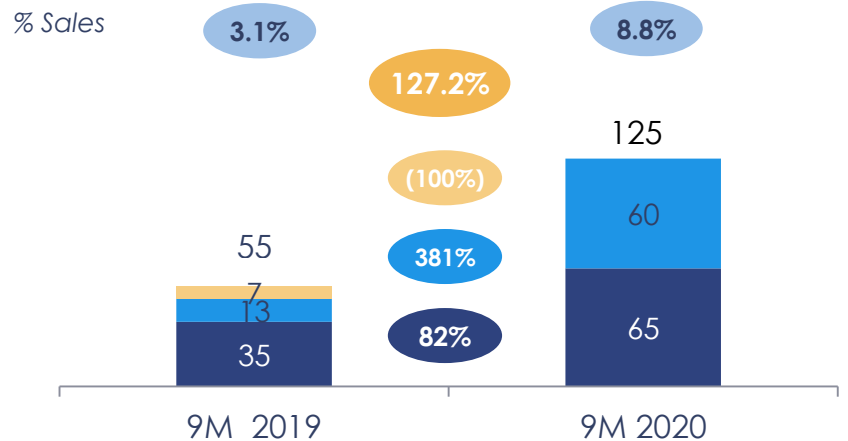
# Online Sales Growth (inc. wholesale partners)

Global Online Sales (TRYm)

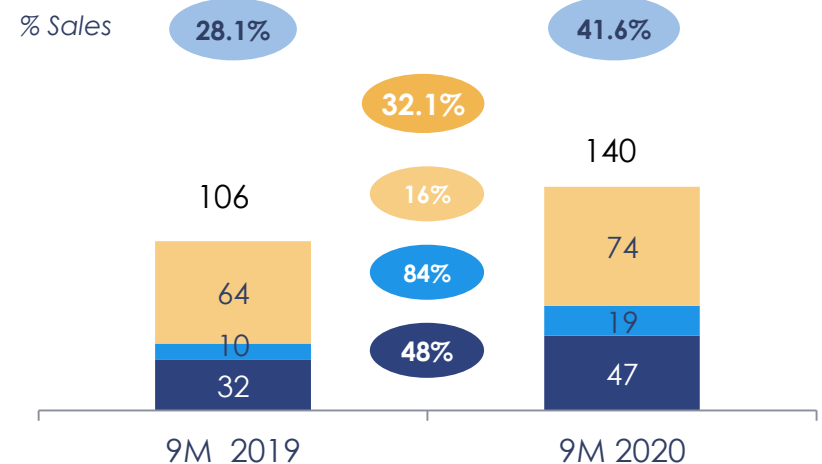


- Continuous investments in digital systems and online customers enable increased sales in e-commerce channels
- A full-price channel strategy across all categories with positive margin contribution

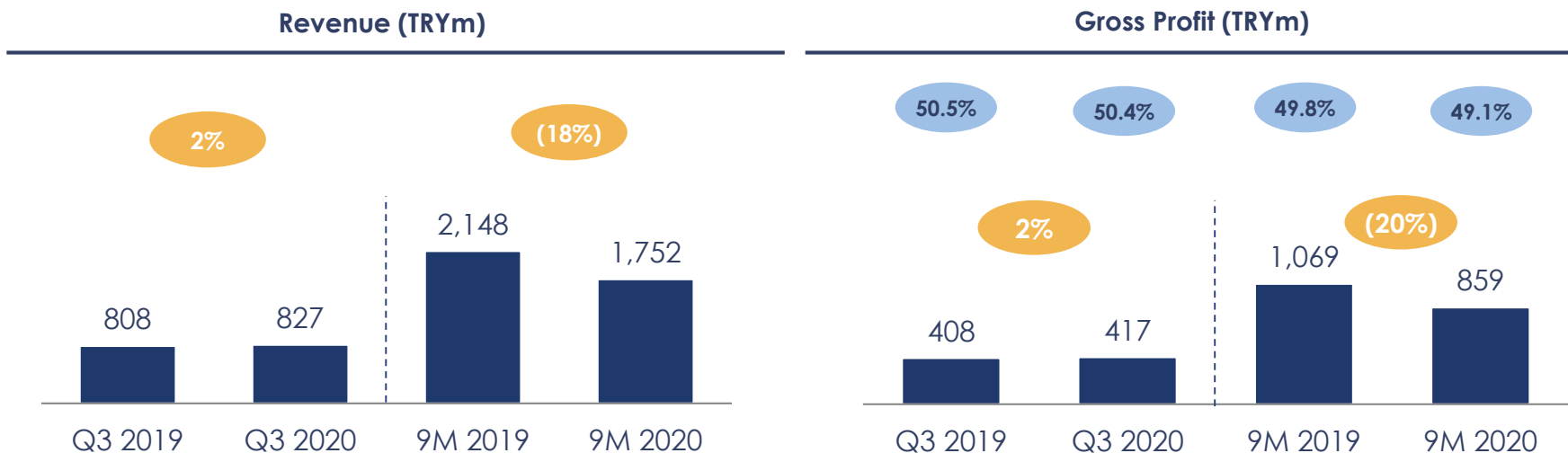
Turkey Online Sales (TRYm)



International Online Sales (TRYm)

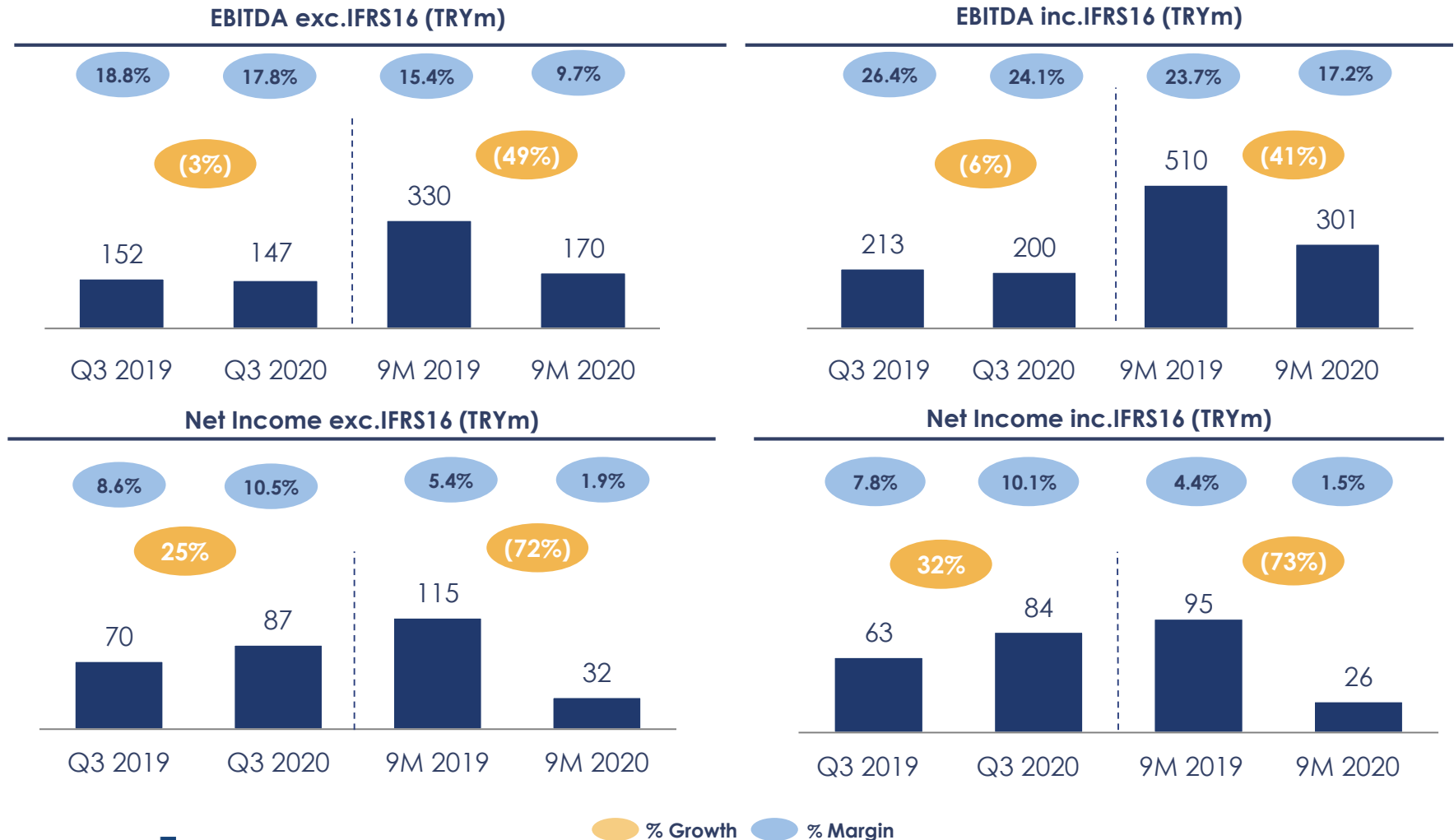


# Consolidated Gross Margins



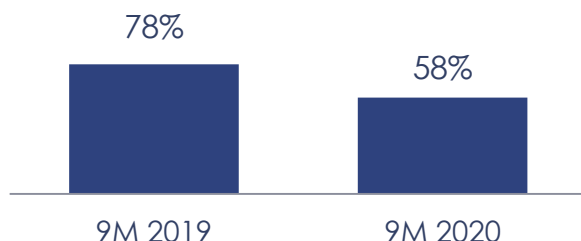
- Normalized gross margin with current imputed interest rate is 50.4% for Q3 2019 and 48.8% for 9M 2019.
- Strong brand positioning coupled with efficient product-price planning enabled gross margin to improve 30bps in 9M 2020 excluding the interest rate impact

# Consolidated EBITDA and Net Income



# Operational Cash Flow and Working Capital Management

## Cash Conversion (exc.IFRS16)



TRYm	9M 2019	9M 2020
EBITDA	329.9	169.6
Δ in NWC <sup>1</sup>	(72.9)	(72.0)
Operating Cash Flow	257.0	97.6

<sup>1</sup> Working Capital as per the cash flow statement, include main working capital items as well as deferred revenues and employee benefits paid among others

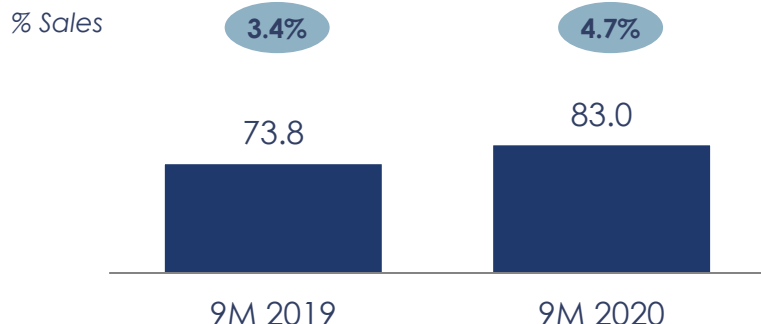
## Main Working Capital Items

TRYm	2019	9M 2019	9M 2020
Trade & Other Receivables	251.6	274.4	290.3
% Sales	8.8%	10.1%	11.8%
Inventories	496.1	515.0	648.2
% COGS	34.0%	37.4%	51.0%
Trade & Other Payables	604.1	625.1	741.1
% COGS	41.4%	45.4%	58.3%
Main NWC	143.5	164.3	197.4
% Sales	5.0%	6.0%	8.0%

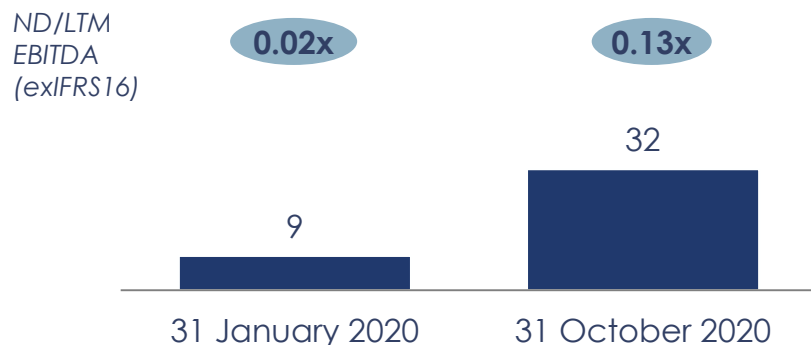
- Controlled inventory levels consists mainly of seasonal products.
- Cash conversion continues its improving trend with efficient working capital management

# Capex and Leverage Ratios

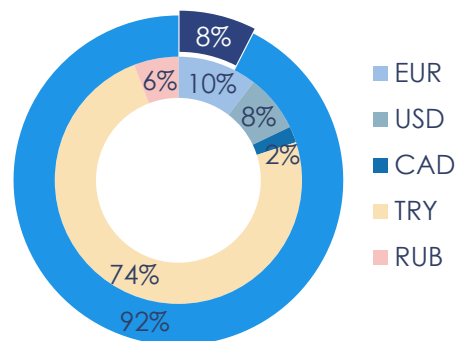
CAPEX (TRYm)



Net Debt exc. IFRS16 (TRYm)



Debt Breakdown (31 October 2020)



■ Local Currency  
■ Foreign Currency

Average Cost of Debt		
TRY		10.3%
EUR		1.2%
USD		3.3%
RUB		12.9%
CAD		3.0%
Blended		8.8%

- 18% of total consolidated debt is carried by Mavi US, Mavi EU, Mavi CA and Mavi RU - all denominated in their local currencies. Only 8% of total debt is in foreign currency and is naturally hedged
- Keeping no FX position is management priority

## Outlook for 2020FY

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- Our current results are within our latest outlook disclosed in September
- New restrictions in Turkey including weekend lockdowns effective as of December 1, 2020 will have a significant impact on our revenue stream
- The timeline for the restrictions is uncertain at the time
- We are well prepared in terms of liquidity and balance sheet positioning
- We will continue to focus on P&L management and inventory management
- Health and safety of our employees and customers remain our first priority



**mavi**

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# Financial Statements

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

TRYm	Q3 2019	Q3 2020	Change (%)	9M 2019	9M 2020	Change (%)
Revenue	808.1	827.0	2%	2,148.3	1,751.9	(18%)
Cost of Sales	(400.4)	(410.4)	2%	(1,079.2)	(892.5)	(17%)
Gross Profit	407.7	416.6	2%	1,069.1	859.5	(20%)
Gross Margin	50.5%	50.4%		49.8%	49.1%	
Administrative Expenses	(38.1)	(43.9)	15%	(117.4)	(121.1)	3%
Selling and Marketing Expenses	(223.0)	(246.8)	11%	(633.1)	(647.8)	2%
R&D Expenses	(6.8)	(9.3)	36%	(18.3)	(24.6)	35%
Other Income / (Expenses), net	2.3	12.3	430%	2.3	19.9	766%
Operating Profit	142.2	129.0	(9%)	302.7	85.8	(72%)
Profit/(Loss) from Investment Activities	(0.6)	0.2	n.m.	(0.7)	(1.2)	n.m.
Operating Profit before Financial	141.6	129.2	(9%)	301.9	84.7	(72%)
Operating Margin	17.5%	15.6%		14.1%	4.8%	
Financial Expenses, Net	(59.8)	(21.6)	(64%)	(179.3)	(53.2)	(70%)
Profit Before Tax	81.8	107.7	32%	122.7	31.5	(74%)
Income Tax Expense	(18.5)	(23.8)	29%	(27.7)	(6.0)	(79%)
Profit	63.4	83.8	32%	95.0	25.5	(73%)
Profit Margin	7.8%	10.1%		4.4%	1.5%	
EBITDA	213.3	199.6	(6%)	510.2	300.6	(41%)
EBITDA Margin	26.4%	24.1%		23.7%	17.2%	

# Financial Statements

## *Balance Sheet (inc. IFRS 16)*

TRYm	31 January 2020	31 October 2020	Change (%)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	310.8	905.8	191%
Trade Receivables	231.1	279.8	21%
Inventories	496.1	648.2	31%
Other Current Assets	80.7	96.6	20%
<b>Total Current Assets</b>	<b>1,118.7</b>	<b>1,930.3</b>	<b>73%</b>
Property and Equipment	180.7	201.9	12%
Right of Use Assets	406.7	428.3	5%
Intangible Assets	222.4	295.5	33%
Other Non-Current Assets	8.9	28.6	222%
<b>Total Non-Current Assets</b>	<b>818.8</b>	<b>954.3</b>	<b>17%</b>
<b>Total Assets</b>	<b>1,937.4</b>	<b>2,884.6</b>	<b>49%</b>
Short-Term Financial Liabilities	235.7	772.1	228%
Short-Term Contractual Lease Liabilities	198.0	209.7	6%
Trade Payables	597.3	728.5	22%
Other Current Liabilities	92.1	131.7	43%
<b>Total Current Liabilities</b>	<b>1,123.0</b>	<b>1,842.0</b>	<b>64%</b>
Long-Term Financial Liabilities	84.1	165.4	97%
Long-Term Contractual Lease Liabilities	240.8	261.0	8%
Other non-current Liabilities	11.9	22.3	88%
<b>Total Non-Current Liabilities</b>	<b>336.7</b>	<b>448.7</b>	<b>33%</b>
<b>Total Liabilities</b>	<b>1,459.8</b>	<b>2,290.6</b>	<b>57%</b>
<b>Total Equity</b>	<b>477.7</b>	<b>594.0</b>	<b>24%</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,937.4</b>	<b>2,884.6</b>	<b>49%</b>

# Financial Statements

## Cash Flow Statement (inc. IFRS 16)

TRYm	9M 2019	9M 2020
Profit <sup>1</sup>	95.0	25.5
Adjustments	438.4	365.1
<b>Cash Flow from Operating Activities</b>	<b>533.4</b>	<b>390.6</b>
Δ in Net Working Capital <sup>2</sup>	(72.9)	(72.0)
Income Tax Paid	(12.0)	(9.2)
<b>Net Cash from Operating Activities</b>	<b>448.5</b>	<b>309.4</b>
Capex	(73.8)	(83.0)
Other Investing Cash Flow <sup>3</sup>	(5.6)	35.5
<b>Net Cash Flow Used in Investing Activities</b>	<b>(79.3)</b>	<b>(47.5)</b>
Debt Issued / (Repaid)	21.4	567.2
Payment of Contractual Lease Liabilities	(180.3)	(130.0)
Other Financial Payments <sup>4</sup>	(65.2)	(43.6)
Interest Paid	(67.4)	(60.6)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(291.5)</b>	<b>333.0</b>
<b>Net Cash Flow</b>	<b>77.7</b>	<b>594.9</b>
Cash and Cash Equivalents at the Beginning of the Period <sup>5</sup>	262.0	310.8
Cash and Cash Equivalents at the End of the Period <sup>5</sup>	339.7	905.8

<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 proceeds from sale of tangible assets 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 of 31 October 2020

