



**Q4 2020  
Results Presentation**

March 15, 2021

# Disclaimer

This document does not constitute or form part of any offer to sell or issue or invitation to purchase or subscribe for, or any solicitation of any offer to purchase or subscribe for, any securities of the Company. The information, statements and opinions contained in this presentation do not constitute any advice or recommendation regarding the securities of the Company, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

To the extent available, the industry, market and competitive position data contained in this presentation come from official or third party sources. We have not, however, independently verified the information in industry publications, market research or other publicly available information provided by third parties, although we believe the information contained therein to be from reliable sources. In addition, certain of the industry, market and competitive position data contained in this presentation come from our own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which we operate. Although we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources. We cannot, therefore, assure you of their accuracy, or that a third party using different methods would obtain the same results. Accordingly, you should not place undue reliance on any of the industry, market or competitive position data contained in this presentation. We do not intend, and do not assume any obligation, to update industry, market or competitive position data set forth in this presentation. As a result, you should be aware that data in this presentation and estimates based on those data may not be reliable indicators of future market performance or our future results.

This presentation includes forward-looking statements. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. You can identify forward looking statements by their use of words such as "anticipate", "estimate", "believe", "intend", "plan", "predict", "may", "will", "would", "should", "continue", "expect" and similar expressions, although these expressions are not the exclusive means of identifying forward-looking statements. Forward looking statements involve risks, uncertainties and other important factors over which we may have limited or no control. These factors could cause our actual results, performance or achievements to differ materially from any future circumstances, results, performance or achievements expressed or implied by such statements. As a result, you should not place undue reliance on such statements. Changes in customer tastes and spending patterns; changes in customer traffic; ability to accurately predict customer preferences and demands; ability to successfully implement new store rollout and retail strategy; effectiveness of brand awareness and marketing programmes; difficulties that can be observed in retail fashion and fragility that can be observed in customer loyalty; competitive factors in retail fashion; impact of extreme unseasonal weather conditions on retail fashion; ability to retain key management and personnel; circumstances affecting relationships with major suppliers and distributors; currency and interest rate risks and fluctuations and other changes in financial markets and macro economic conditions; changes in tax rates, applicable laws and government policies and operational disruptions, natural disasters, wars, terrorist activities, work stoppages, slowdowns or strikes are, without any limitation of the foregoing, among these risks, uncertainties and other important factors. You can find further details of the principal risks and uncertainties affecting the Company in the explanatory notes of financial statements and in the "Risk Management and Internal Control System" section of the Annual Report. The forward-looking statements included in this presentation represent the Company's views as of the date of this presentation. These views could change. In consequence, you should not rely on these forward-looking statements as representing the Company's views as of any date after the date of this presentation.

The information and opinions contained in this presentation, including the forward-looking statements described above, are provided as at the date of this presentation. They are subject to change without notice. The Company expressly disclaims any obligation to update any such information or opinions except any obligation arising from applicable capital markets regulations. By reading this presentation or attending or listening to any relevant meeting, conference call or podcast organized by the Company, you represent and warrant that you are a person to whom this presentation may lawfully be distributed, and you agree to be bound by the provisions above.

# 2020 Business Overview

---

## A Year Marked by Covid19 Pandemic

- Throughout 2020, our priority as a leading and responsible brand was to protect the health of our employees, customers, business partners, and the public. As the Mavi management, we would like to thank the entire Mavi team for standing in unity and working with great energy and dynamism in this challenging period
- Covid19 related lockdowns were imposed across the countries we operate in. Turkey operations experienced 92 days of store closures, which meant a 40% decline in trading hours. In the face of closures consolidated sales declined only 16% versus 2019
- Online sales remained strong with 110% growth globally compared to 2019 (152% growth in Turkey )
- Through rigorous supply chain management and product planning gross margin levels were preserved
- With rapid measures opex decreased by 6%. Turkey rent/revenue ratio kept stable at 16%
- Agile inventory and sell-through management capabilities enabled us to maintain year-end inventory levels flat in pieces (value increasing only 13% versus 2019)
- We closed the year with a commendable strong balance sheet position with a leverage ratio close to zero

# Future Ready Company

---

## **Towards a more digital future**

- Digitalization and CRM investments on the core of our strategy of winning
- SAP transformation project continues on-time, planned to go live June 2021
- Mavi.com platform globally attracts new customers with world class capabilities

## **Mavi : Love Brand**

- Continued product expansion with Mavi Black Pro, Mavi Icon, Sporty, and Sweat categories
- Celebrity campaigns and diversified usage of influencers to increase customer engagement
- Collaborations that create excitement and drive new and young customers

## **Sustainable growth through quality**

- First Turkish apparel brand to disclose carbon footprint transparently to CDP (Carbon Disclosure Project) receiving a score of B in environmental performance
- Signed UN Global Compact, the world's largest voluntary corporate sustainability initiative
- The sustainable collection All Blue (launched in 2019) more than doubled in product offering
- First eco-store opened in Istanbul Zorlu Shopping Mall

# 2020 Highlights

- Consolidated revenue realized 2.402 TRYm, declining 16% versus 2019
- EBITDA for the period is 392 TRYm resulting in 16.3% EBITDA margin
- Net income resulted 8 TRYm
- Total number of monobrand stores<sup>2</sup> stands at 439
- Turkey online sales increased by 152% in 2020

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

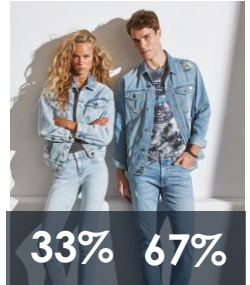
2,402 TRYm Revenue	392 TRYm EBITDA
16.3% EBITDA Margin	8 TRYm Net Income
439 <sup>2</sup> Monobrand Stores	0.2x Net Debt / EBITDA

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

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

## TURKEY HIGHLIGHTS

(26%) Retail Sales Decline	152% Online Sales Growth
c.58% Lifestyle	c.42% Denim All
33% 67%	5.1 mn Active Loyalty Card Members <sup>3</sup>

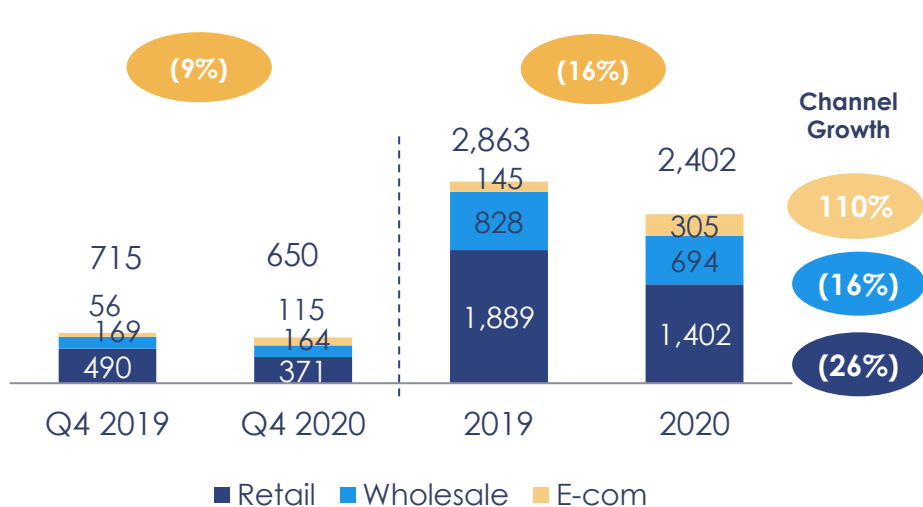


<sup>3</sup>Active means that the member has made a purchase of Mavi product in the last two years. Total number of Kartuş card holders is 8.1 mn

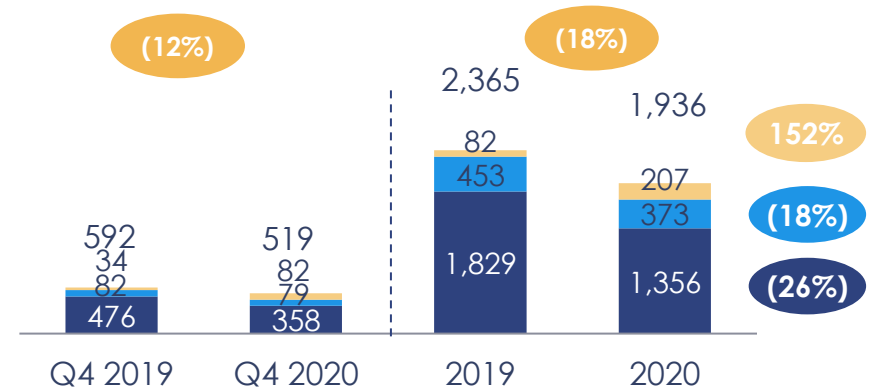
\*Category and gender mix for Turkey Retail only

# Revenue Evolution in Sales Channels

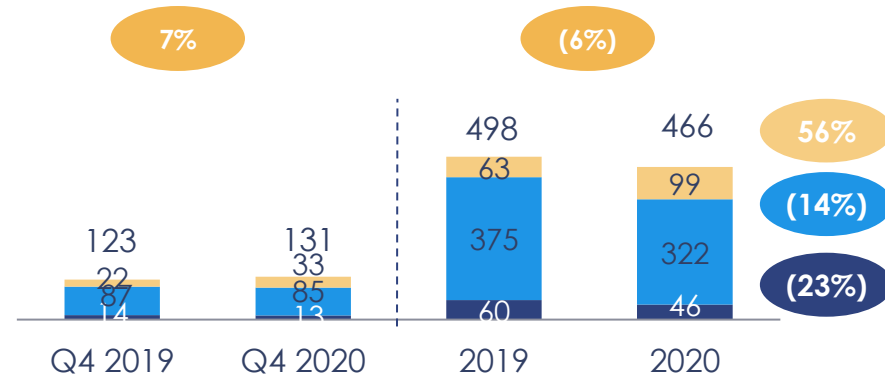
Global Revenue (TRYm)



Turkey Revenue (TRYm)

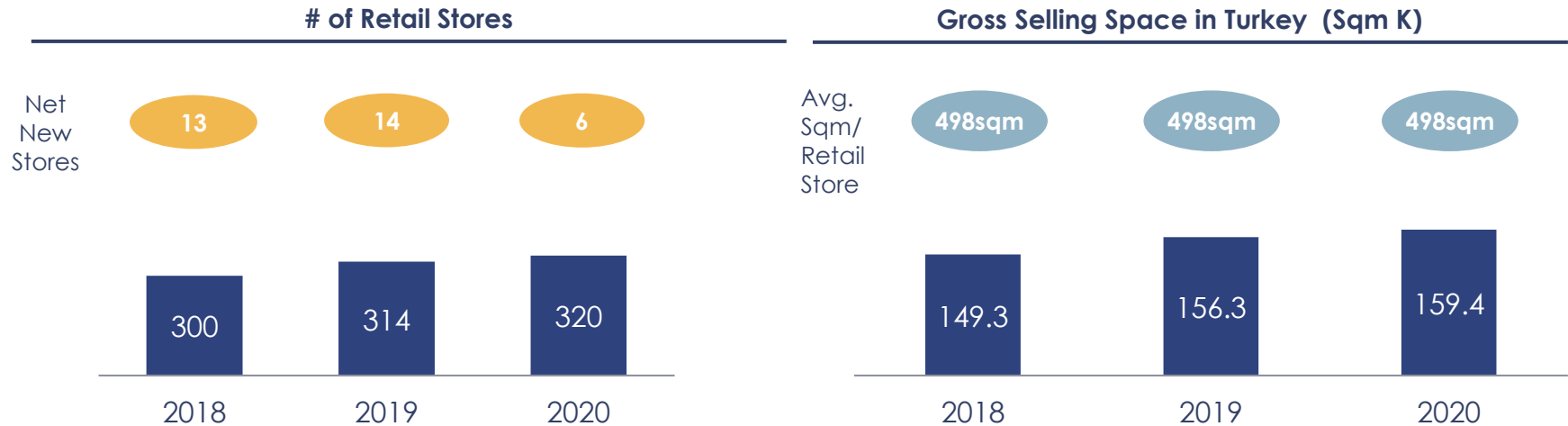


International Revenue (TRYm)



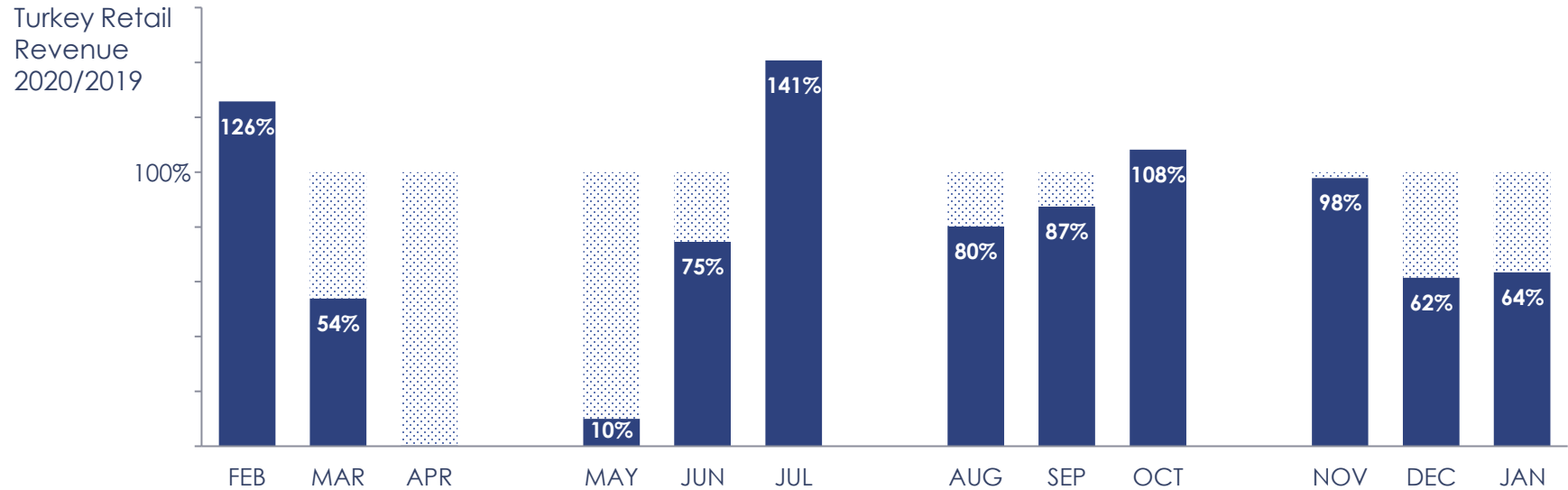
- Including the impact of store closures, total revenue consists of 58% retail, 29% wholesale and 13% e-com in 2020
- 81% of consolidated revenue is from Turkey

# Turkey Retail Operations



- With 15 openings and nine closures in 2020, number of retail stores in Turkey stands at 320 as of end-January 2021
- Seven store sqm expansions in 2020
- Total selling space stands at 159.4K sqm with average 498 sqm per store

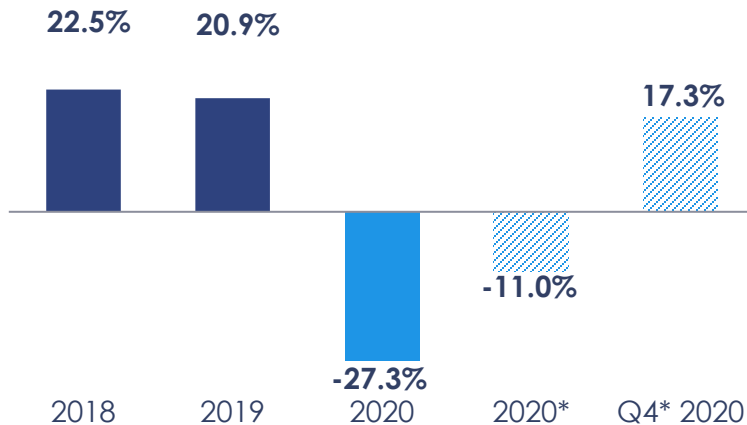
# Turkey Retail Business Performance 2020



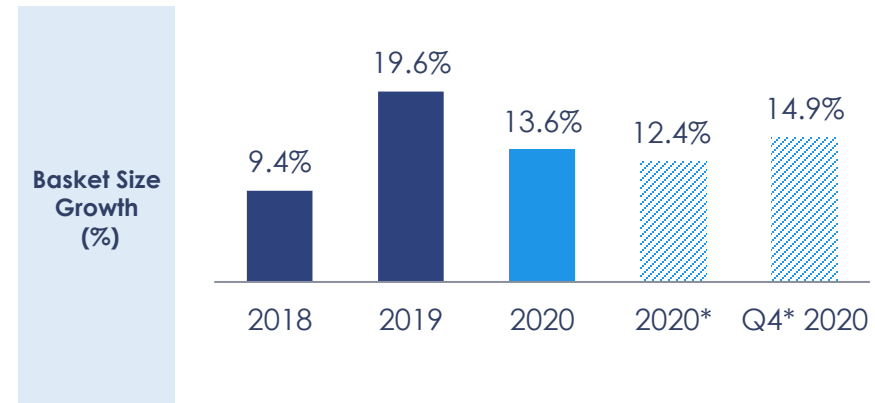
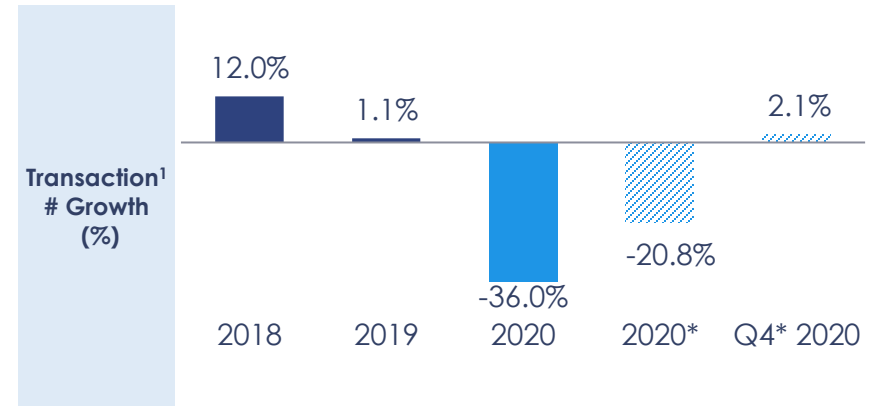
2020/2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Trading Hours	(47%)	(53%)	(25%)	(35%)
Traffic on Trading Days	(4%)	(33%)	(35%)	(28%)
Turkey Retail Revenue	(48%)	(30%)	(8%)	(25%)



# Same Store Sales Performance

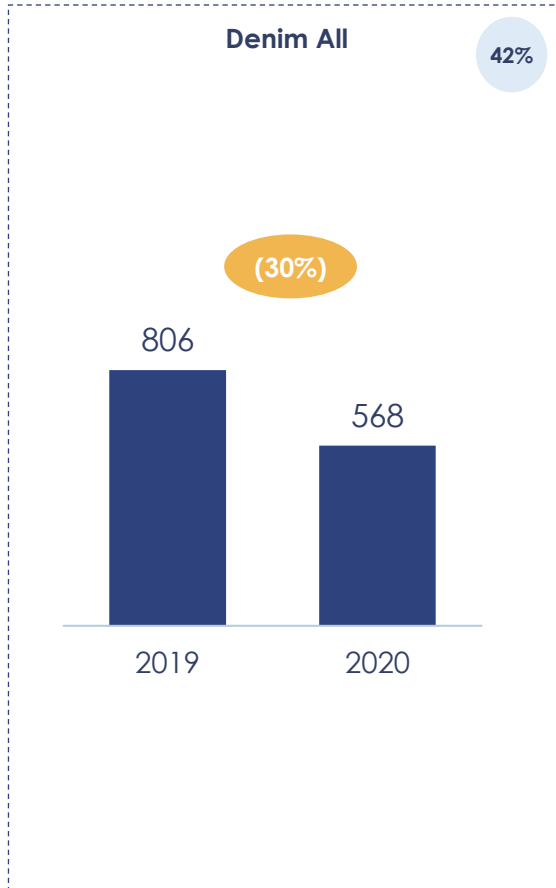


- 2020\* and Q4\* 2020 values are same store sales performance including only open days in the given period.
- On the open days of 2020, overall traffic was down 40% and was largely compensated by high conversion and unit per transaction.

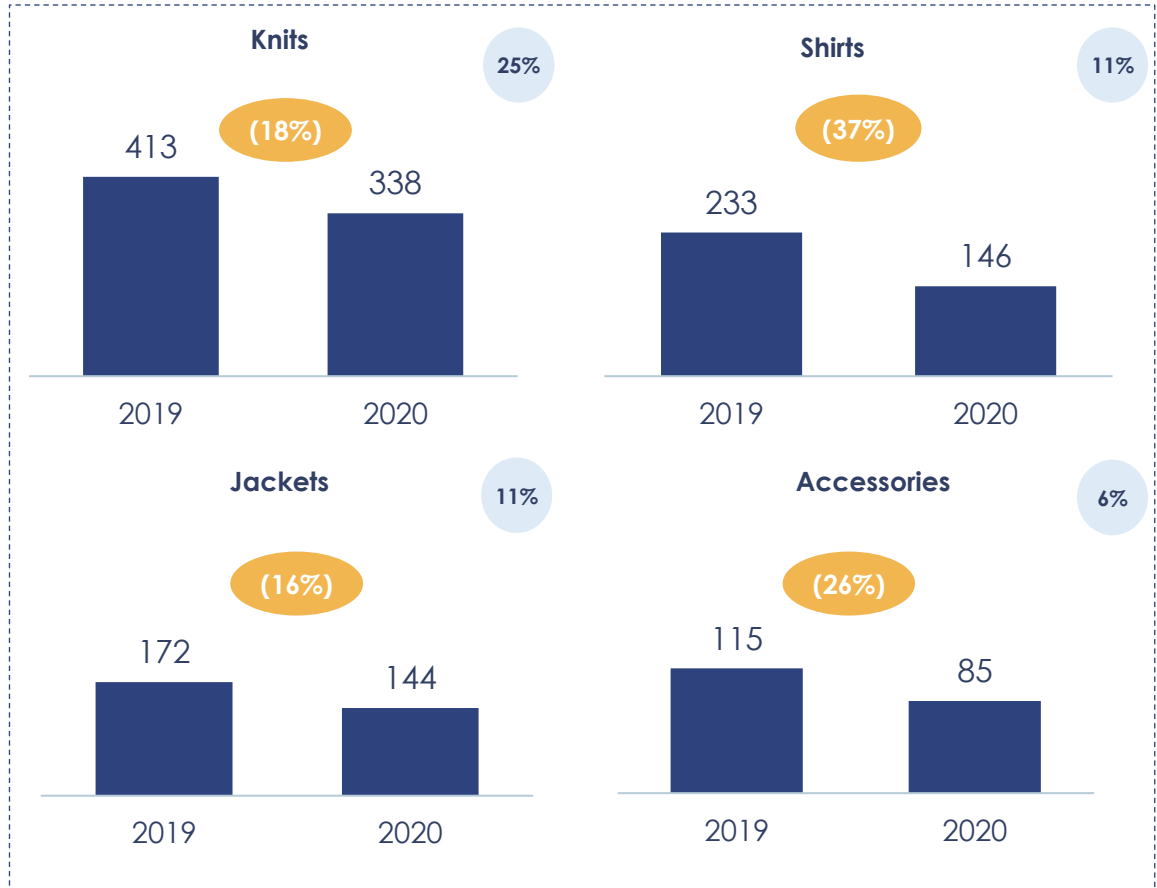


# Sales in Denim & Lifestyle Categories

## Denim Products (TRYm)



## Lifestyle Products (TRYm)



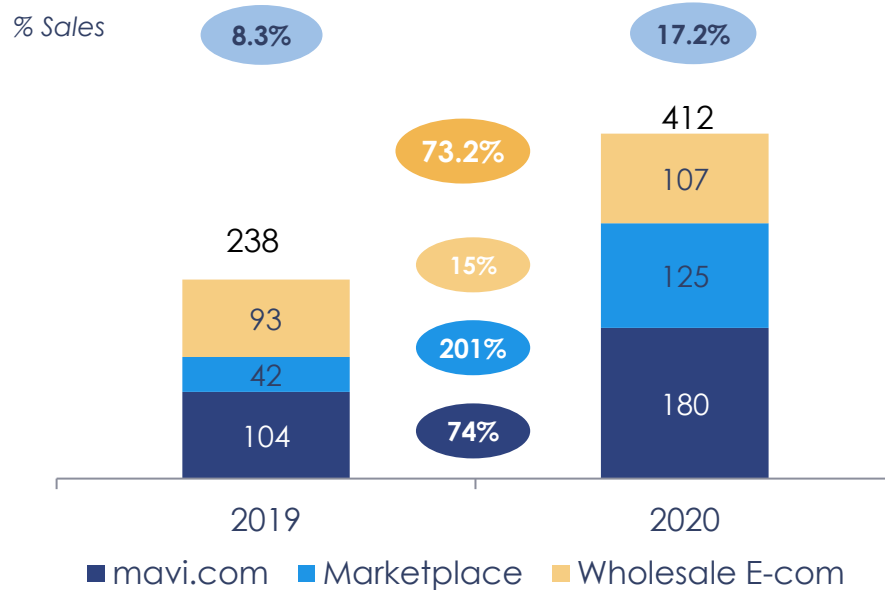
% Share in 2020 Turkey retail net sales

Total Decrease in Lifestyle Category : (23%)

Note: Turkey Retail Net Sales Only. Remaining 5% of net sales consist of non-denim bottoms, skirts, dresses and kids.

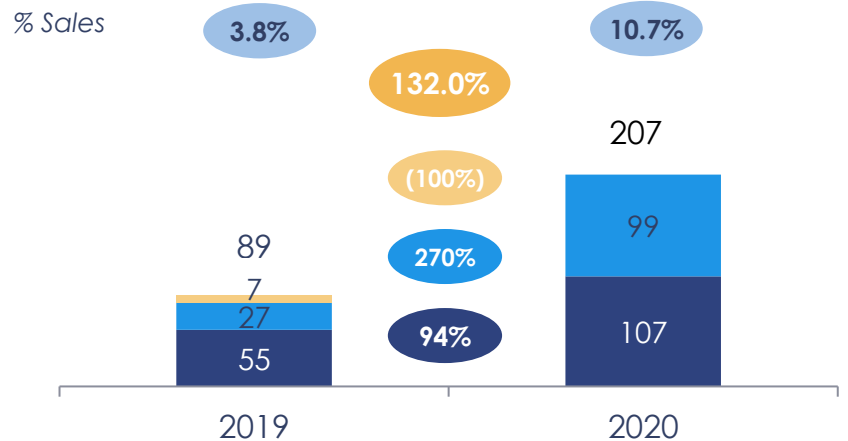
# Online Sales Growth (inc. wholesale partners)

Global Online Sales (TRYm)

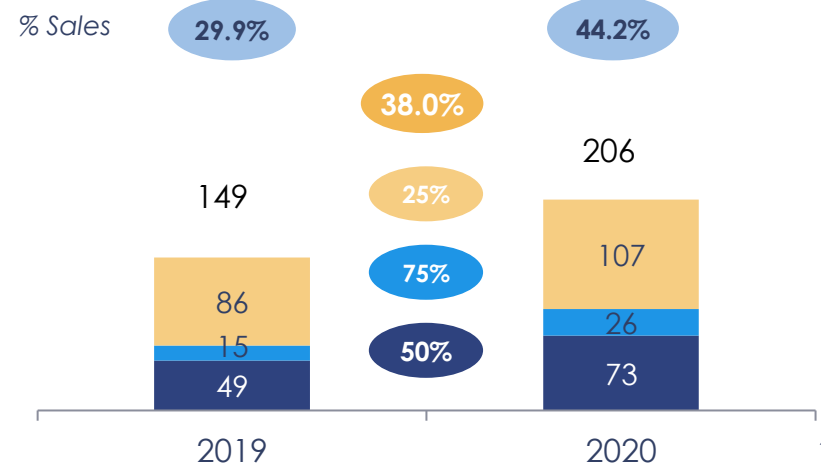


- Continuous investments in digital systems and online customers enable increased sales in e-commerce channels
- A full-price channel strategy across all categories with increased positive margin contribution

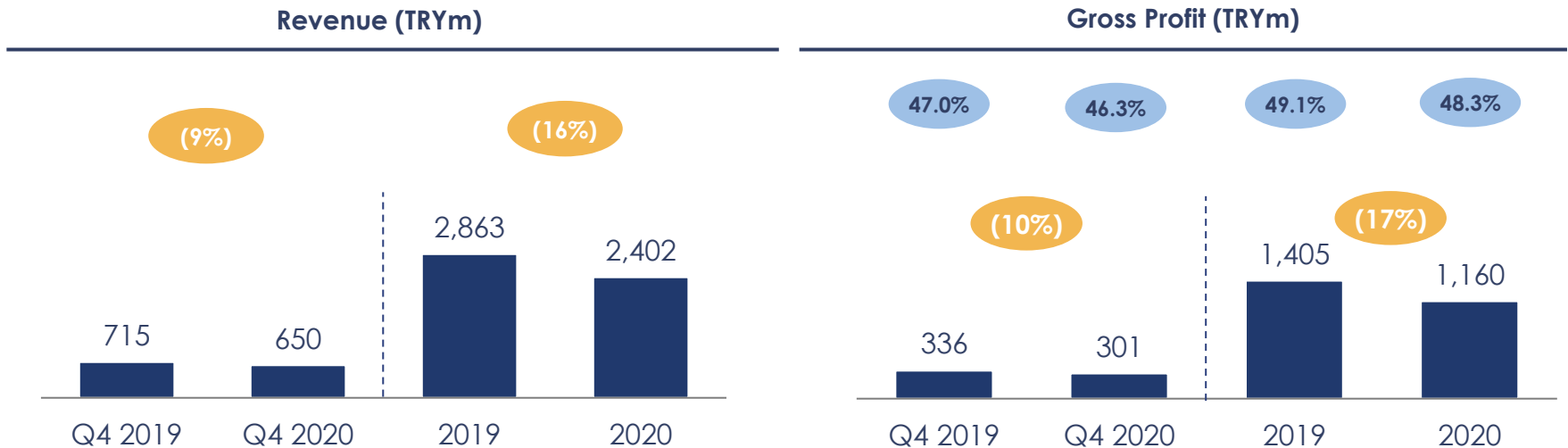
Turkey Online Sales (TRYm)



International Online Sales (TRYm)

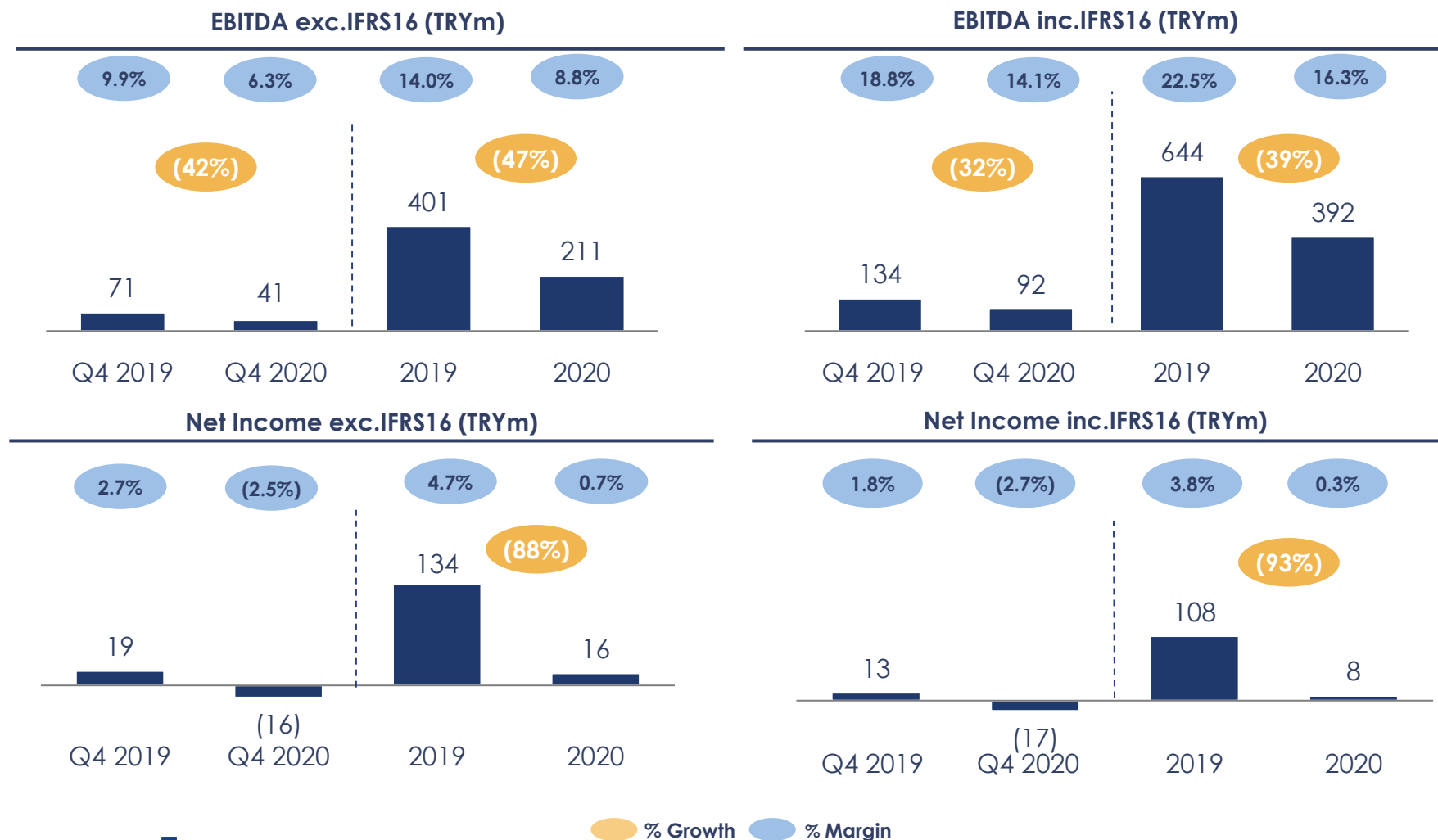


# Consolidated Gross Margins



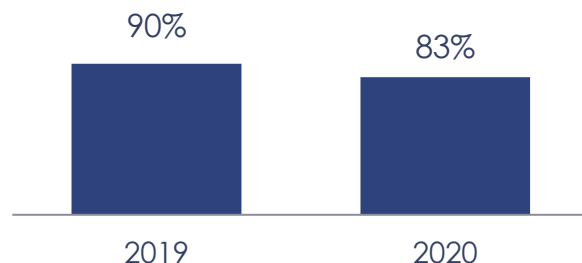
- Normalized gross margin with current imputed interest rate is 47.4% for Q4 2019 and 48.5% for 2019.
- Strong brand positioning coupled with efficient product-price planning enabled gross margin to slide only 20bps in 2020 excluding the interest rate impact

# Consolidated EBITDA and Net Income



# Operational Cash Flow and Working Capital Management

## Cash Conversion (exc.IFRS16)



## Main Working Capital Items

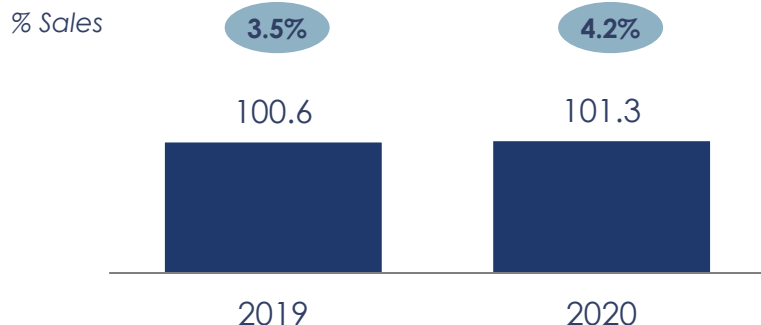
TRYm	2019	2020
EBITDA	400.7	210.5
Δ in NWC <sup>1</sup>	(38.3)	(34.8)
Operating Cash Flow	362.4	175.7

TRYm	2019	2020
Trade & Other Receivables	251.6	247.9
% Sales	8.8%	10.3%
Inventories	496.1	560.1
% COGS	34.0%	45.1%
Trade & Other Payables	604.1	642.1
% COGS	41.4%	51.7%
Main NWC	143.5	165.9
% Sales	5.0%	6.9%

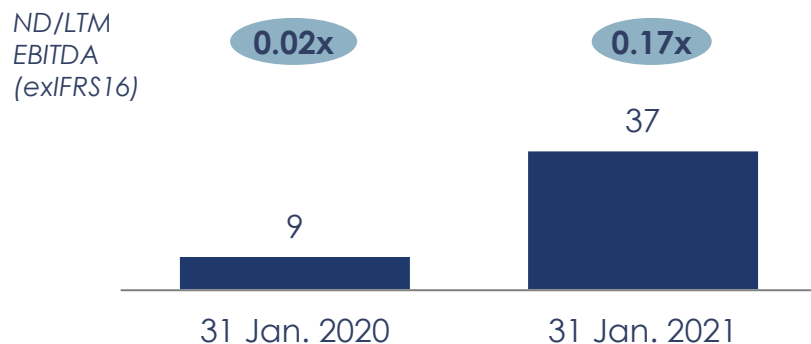
- Efficient planning and successful sell-through led to healthy inventory levels that is largely flat in number of pieces compared to 2019-year end
- Year-end inventory includes mainly fresh new season products
- Positive cash generation resulting with favorable cash conversion level at 83%

# Capex and Leverage Ratios

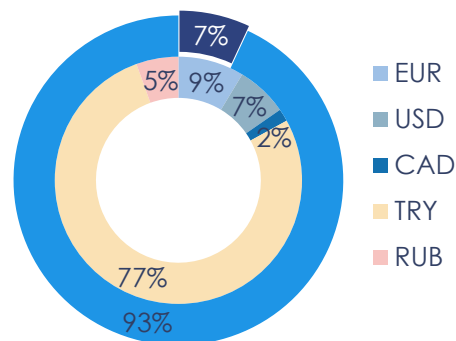
CAPEX (TRYm)



Net Debt exc. IFRS16 (TRYm)



Debt Breakdown (31 January 2021)



Average Cost of Debt		
TRY		11.5%
EUR		0.9%
USD		3.3%
RUB		12.5%
CAD		3.0%
Blended		9.9%

- 16% of total consolidated debt is carried by Mavi US, Mavi EU, Mavi CA and Mavi RU - all denominated in their local currencies. Only 7% of total debt is in foreign currency and is naturally hedged
- Keeping no FX position is management priority

# Outlook into 2021

---

Restrictions continue across the countries we operate, and the timeline is still uncertain. We refrain from providing guidance for 2021 at this time.

## **Q1 2021 Turkey Retail Update:**

- Total lock-down on the weekends and weekday evenings continued in February resulting in 49% decline in traffic and 23% decline in same stores sales
- Gradual normalization started in March with weekend curfews either fully lifted or limited to Sundays. As a result, in the first two weeks of March, same stores sales grew 37%

## **Management Priorities for 2021**

- Getting back to our sustainable and profitable growth trend
- New store openings and online investments to continue
- Newness in design and product supported by efficient inventory management will continue to be key, focusing on responsiveness and speed to shelf
- Branding and customer communication investments targeted at gaining market share
- Overall sustainability strategy, road-map and reporting will remain high on the agenda





[investorrelations@mavi.com](mailto:investorrelations@mavi.com)

# Financial Statements

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

TRYm	Q4 2019	Q4 2020	Change (%)	2019	2020	Change (%)
Revenue	714.6	649.9	(9%)	2,862.9	2,401.8	(16%)
Cost of Sales	(379.1)	(349.2)	(8%)	(1,458.3)	(1,241.7)	(15%)
Gross Profit	335.5	300.7	(10%)	1,404.6	1,160.1	(17%)
Gross Margin	47.0%	46.3%		49.1%	48.3%	
Administrative Expenses	(44.6)	(52.2)	17%	(162.0)	(173.3)	7%
Selling and Marketing Expenses	(224.1)	(232.3)	4%	(857.2)	(880.1)	3%
R&D Expenses	(7.6)	(9.1)	20%	(25.9)	(33.7)	30%
Other Income / (Expenses), net	0.1	(2.3)	n.m.	2.4	17.6	640%
Operating Profit	59.3	4.8	(92%)	362.0	90.6	(75%)
Profit/(Loss) from Investment Activities	(0.1)	(0.2)	n.m.	(0.8)	(1.4)	n.m.
Operating Profit before Financial Income	59.3	4.6	(92%)	361.2	89.2	(75%)
Operating Margin	8.3%	0.7%		12.6%	3.7%	
Financial Expenses, Net	(44.4)	(23.5)	(47%)	(223.7)	(76.8)	(66%)
Profit Before Tax	14.9	(19.0)	n.m.	137.5	12.5	(91%)
Income Tax Expense	(1.9)	1.5	n.m.	(29.6)	(4.4)	(85%)
Profit	12.9	(17.5)	n.m.	107.9	8.0	(93%)
Profit Margin	1.8%	(2.7%)		3.8%	0.3%	
EBITDA	134.2	91.7	(32%)	644.4	392.1	(39%)
EBITDA Margin	18.8%	14.1%		22.5%	16.3%	

# Financial Statements

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

TRYm	31 January 2020	31 January 2021	Change (%)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	310.8	889.9	186%
Trade Receivables	231.1	231.4	0%
Inventories	496.1	560.1	13%
Other Current Assets	80.7	105.4	31%
<b>Total Current Assets</b>	<b>1,118.7</b>	<b>1,786.7</b>	<b>60%</b>
Property and Equipment	180.7	197.7	9%
Right of Use Assets	406.7	435.0	7%
Intangible Assets	222.4	262.7	18%
Other Non-Current Assets	8.9	25.6	187%
<b>Total Non-Current Assets</b>	<b>818.8</b>	<b>921.0</b>	<b>12%</b>
<b>Total Assets</b>	<b>1,937.4</b>	<b>2,707.8</b>	<b>40%</b>
Short-Term Financial Liabilities	235.7	821.0	248%
Short-Term Contractual Lease Liabilities	198.0	218.6	10%
Trade Payables	597.3	638.2	7%
Other Current Liabilities	92.1	108.3	18%
<b>Total Current Liabilities</b>	<b>1,123.0</b>	<b>1,786.0</b>	<b>59%</b>
Long-Term Financial Liabilities	84.1	105.6	26%
Long-Term Contractual Lease Liabilities	240.8	260.0	8%
Other non-current Liabilities	11.9	22.1	86%
<b>Total Non-Current Liabilities</b>	<b>336.7</b>	<b>387.7</b>	<b>15%</b>
<b>Total Liabilities</b>	<b>1,459.8</b>	<b>2,173.7</b>	<b>49%</b>
<b>Total Equity</b>	<b>477.7</b>	<b>534.0</b>	<b>12%</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,937.4</b>	<b>2,707.8</b>	<b>40%</b>

# Financial Statements

## Cash Flow Statement (inc. IFRS 16)

TRYm	2019	2020
Profit <sup>1</sup>	107.9	8.0
Adjustments	565.6	441.4
<b>Cash Flow from Operating Activities</b>	<b>673.5</b>	<b>449.4</b>
Δ in Net Working Capital <sup>2</sup>	(38.3)	(34.8)
Income Tax Paid	(32.0)	(25.2)
<b>Net Cash from Operating Activities</b>	<b>603.2</b>	<b>389.4</b>
Capex	(100.6)	(101.3)
Other Investing Cash Flow <sup>3</sup>	(4.8)	57.1
<b>Net Cash Flow Used in Investing Activities</b>	<b>(105.4)</b>	<b>(44.3)</b>
Debt Issued / (Repaid)	(47.2)	564.0
Payment of Contractual Lease Liabilities	(243.5)	(180.6)
Other Financial Payments <sup>4</sup>	(79.1)	(66.9)
Interest Paid	(79.3)	(82.6)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(449.0)</b>	<b>233.9</b>
<b>Net Cash Flow</b>	<b>48.8</b>	<b>579.0</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>	310.8	889.9

<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 January 2021

