

## Corporate Credit Rating

New  Update

**Sector** Ready-Made Garment

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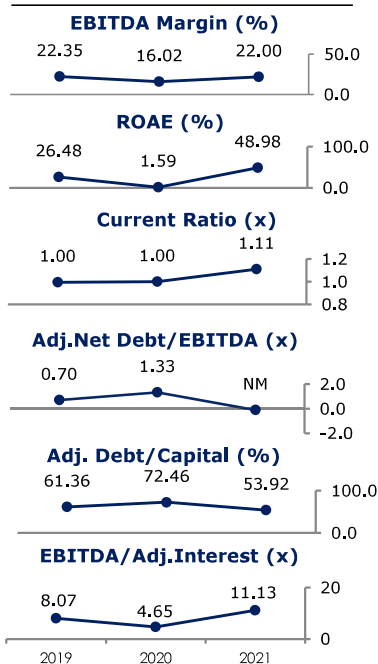
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	J3
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BB	J3
ISRs (Issue Specific Rating Profile)	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
Sovereign*	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021



## MAVİ GİYİM SANAYİ VE TİCARET ANONİM ŞİRKETİ

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi** (referred to as 'the Company or Mavi Giyim'), 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 34 countries selling its products through approximately ~4,500 points, including 457 Mavi shops. The Company 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 Company owns retail space of 166.2K m<sup>2</sup> with average 504 m<sup>2</sup> per store in Turkey and 457 monobrand stores globally as of April 30, 2022.

The main shareholder of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi is Akarlılar Family with the share of 27.19% as of 1Q2022. 72.60% of Company shares are publicly traded on the Borsa İstanbul (BIST) under the ticker symbol "MAVI" since 2017. The Company employed a staff force of 5,267 as of 1Q2022 (FYE2021: 5,111).

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

### Strengths

- High brand reputation via expanding its domestic and global footprint underpinning sustainable competitive advantages,
- Sectoral structure providing high growth potential for organized and modern retailers,
- Diversified product range and sales channel supporting revenue stream,
- Strong core profitability indicators,
- Robust financial position,
- High liquidity via solid cash generation metrics,
- Limited collection risk supporting asset quality,
- High level of compliance with corporate governance principles of CMB.

### Constraints

- Intense competition through pushing low-price,
- High dividend pay-out ratio restraining equity growth,
- Consistent high marketing & sales expenses may pressure bottom-line,
- Revenue composition exposed to different country risk elements.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been assigned as 'AA+ (tr)'. Long business track record, high brand reputation, successful operational performance, sustainable asset and sales growth, internal equity generation capacity, declared asset quality as well as geopolitical risks-driven uncertainties; have been evaluated as important indicators for the stability of ratings and the outlooks for Long- and Short-Term National ratings are determined as 'Stable'. The Company's level of debt ratio, profitability ratios, cash flow generation and the attainability of the Company's budgeted projections and geopolitical risks stemming from the Russia-Ukraine tension will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.