



**mavi**

Q1 2017 RESULTS PRESENTATION

Istanbul, July 6<sup>th</sup> 2017

# 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.

This presentation is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933. The Company is not conducting an offering of securities in the United States.

The content of this presentation has not been approved by an authorized person within the meaning of the Financial Services and Markets Act 2000 of the United Kingdom. In the United Kingdom, this presentation is only being distributed to persons who are reasonably believed to be persons who fall within Articles 19(5) (investment professionals) or 49(2)(a) to (d) (high net worth entities etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or to other persons to whom this presentation may otherwise be lawfully distributed.

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.

Finally, behavior, preferences and trends in the marketplace may change.

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 or market 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. You can find further details of the principal risks and uncertainties affecting the Company in our filings with Borsa Istanbul.

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.

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.

# Key Highlights for Q1 2017

---

- Consolidated revenues increased by **38% to TRY 428 million** in Q1 2017.
- Gross profit grew by **39% to TRY 208 million**, corresponding to a margin of 48.6%.
- EBITDA **grew by 55%** and reached **TRY 56 million** with a margin of 13.0%.
- Net income grew by **71% to TRY 17 million**.
- Store roll-out continued with **10 new retail stores in Turkey** and **1 new retail store in Russia**.



Note: Growth statistics based on growth for Q1 2017 vs. Q1 2016. Financial figures presented above includes the acquisition effect of Mavi US and Canada businesses. On a pro-forma basis, consolidated revenues, gross profit, EBITDA and net income increased by 27% , 27%, 39% and 45% respectively.

# Revenue Growth by Geography

■ Turkey **sales increased by 25%** as a result of;

■ Strong **19.7% like-for-like** performance

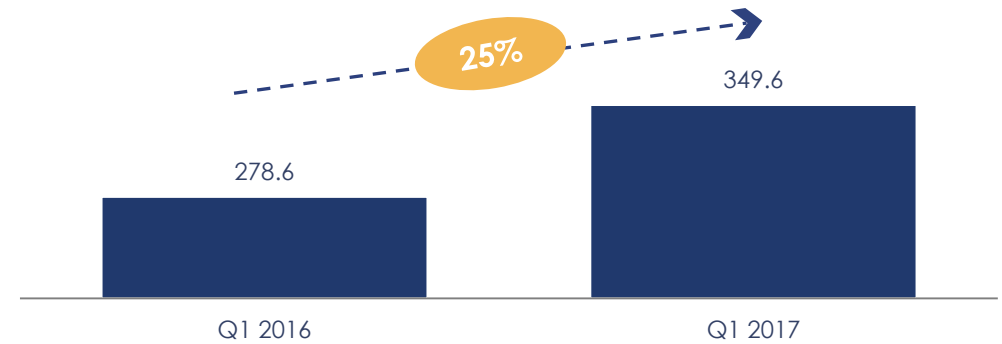
- 11.6% transaction
- 7.3% basket size

■ **10 new retail store openings** and **7 retail store expansions**

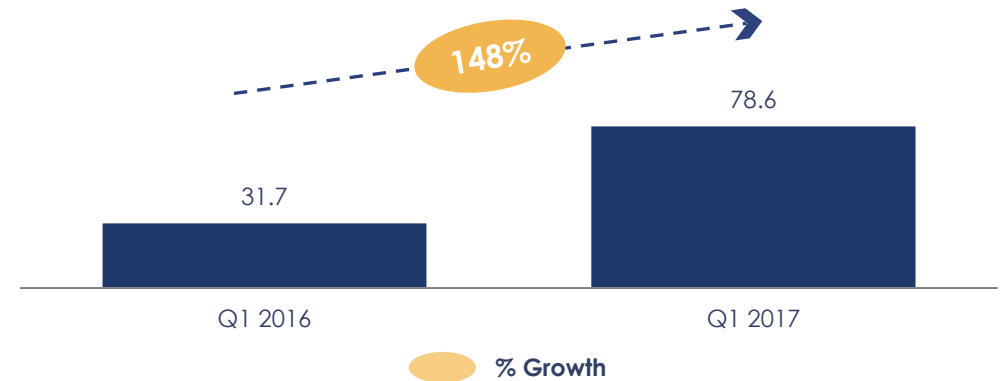
■ **42% mavi.com** sales growth

■ International sales increased by 148% to TRY 79 million. On a pro-forma basis, **sales increased by 34%**.

Turkey Revenues (TRYm)

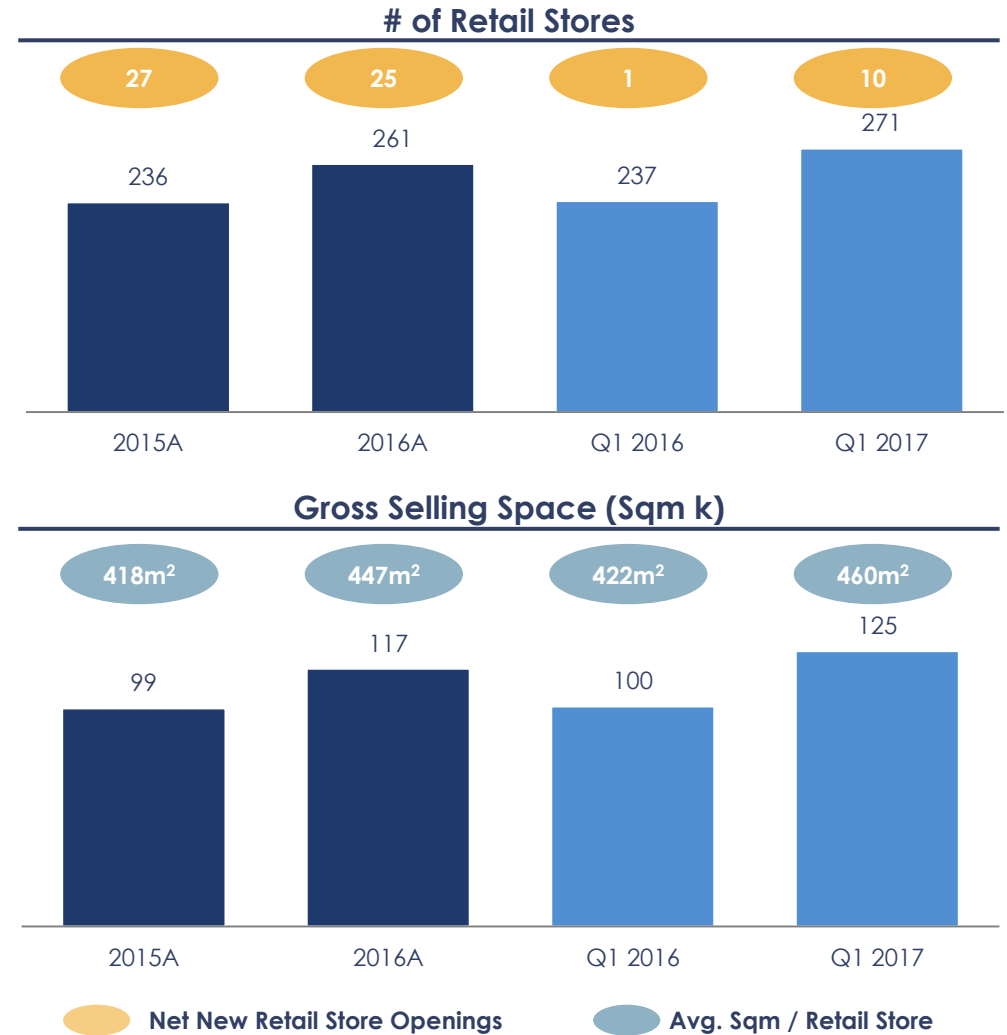


International Revenues (TRYm)

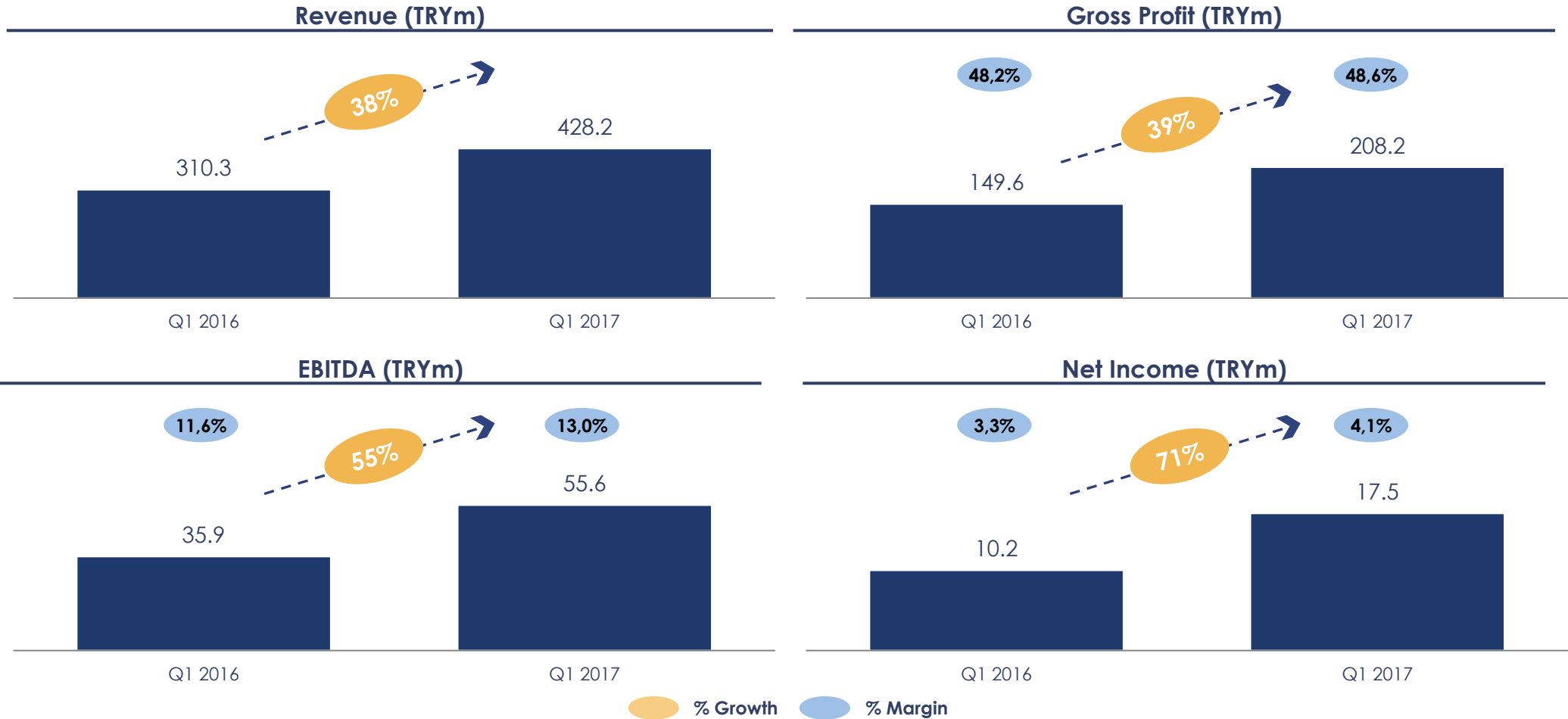


# New Retail Store Openings and Expansion of Existing Retail Stores in Turkey

- **10 new retail stores** with an average selling space of 586 sqm
- **Expansion of 7 existing retail stores** corresponding to 2,111 sqm in total
- Average sqm of retail stores increased to 460 sqm with a **total of 271 retail stores**



# Key Income Statement Items

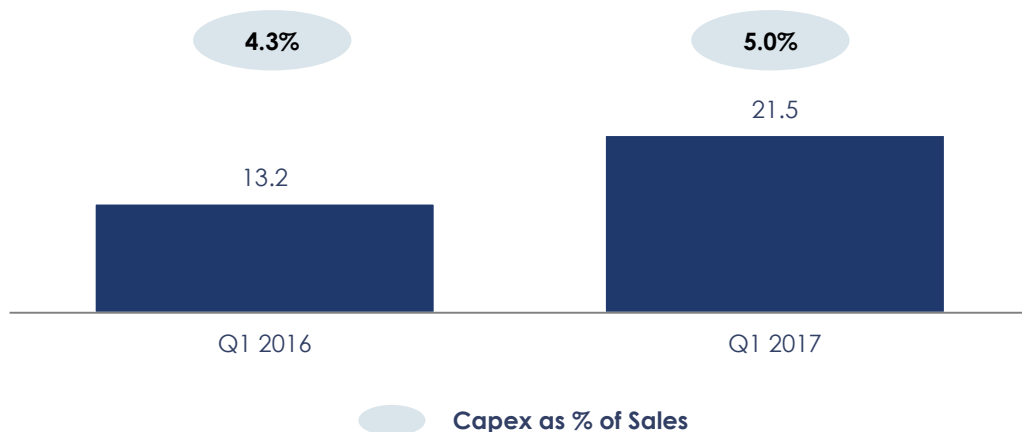


Note: Growth statistics based on growth for Q1 2017 vs. Q1 2016. Financial figures presented above includes the acquisition effect of Mavi US and Canada businesses. On a pro-forma basis, consolidated revenues, gross profit, EBITDA and net income increased by 27% , 27%, 39% and 45% respectively.



# Capex and Net Debt Analysis

### Capex (TRYm)



### Net Debt (TRYm)



- 5x more increase in Turkey retail selling space in Q1 2017 compared to Q1 2016.
- Capex as a percentage of sales increased by 0.7pp as a result of increase in Turkey retail selling space investment.

- TRY199 million net debt at the end of Q1 2017 is 1.0x EBITDA and in line with 2016A.

# **mavi**

## **Q&A**





# Appendix

# mavi: Highly Successful Lifestyle Brand...2016FY

## Business Overview - 2016

- Started operations in Istanbul in 1991, **Mavi** is today **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 **7.5m denim items<sup>5</sup>** sold globally in 2016 via **c.5,500 POS**
- In Turkey, Mavi started its retailization in 2008 and recorded an **exceptional growth track record** since then, reaching **331 mono-brand stores<sup>1</sup>** in 2016 within Turkey
- Internationally, Mavi has built a world class reputation for quality denim, with **1.6m denim items sold in 2016<sup>5</sup>**, leveraging an international distribution platform of **61 mono-brand stores<sup>1</sup>** and strong wholesale and online partners with **c.4,700 POS**
- Extensive, best-in-class loyalty program (Kartus) with **c.5.7m loyalty cardholders**
- 3,340 talented and dedicated employees** with Mavi regarded as employer of choice
- Founding Family and Turkish Private Equity Fund II are the two shareholders

## Key Metrics



## Brand & Product



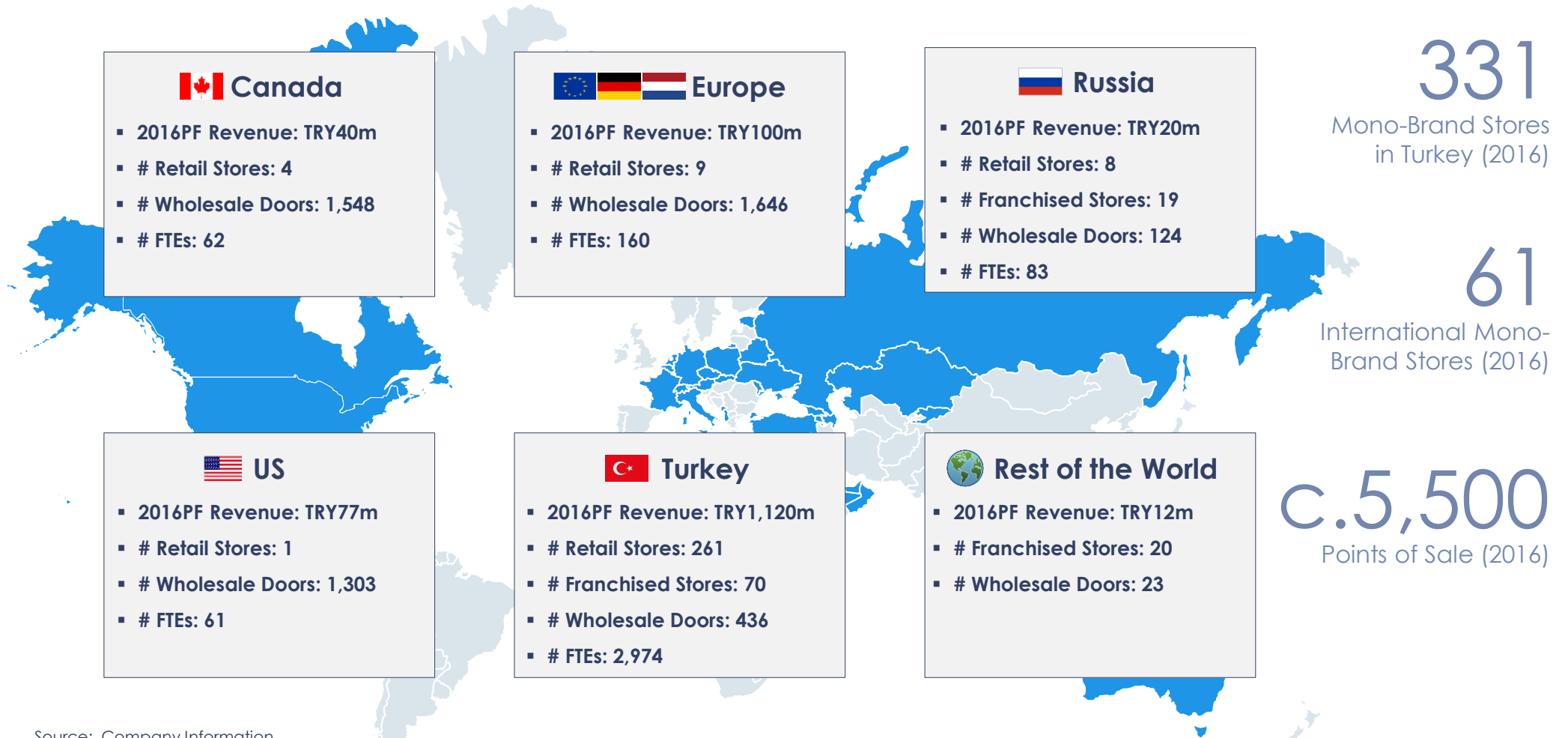
## Key Milestones



Source: Company Information

Note: Mavi pro-forma financials including the estimated effects of US and Canada businesses acquisition as if had occurred on 1 February 2016, i.e. including Mavi Giyim Sanayi ve Ticaret A.S. consolidated actuals as of 31 January 2017 and 7 months period-end actuals of US and Canada before acquisition date (August 2016) and other pro-forma adjustments impacts such as eliminations, depreciation and amortizations and income taxes. Throughout the presentation, FY2016, FY2015 and FY2014 refer to FYE Jan-2017, FYE Jan-2016 and FYE Jan-2015 respectively. Throughout the presentation, LFL represents the percentage change in revenues from directly operated retail stores in Turkey that have been opened for at least 12 months between one financial period and the comparable preceding financial period, excluding changes in revenues attributable to stores that were closed during any of the periods that are being compared. Points of Sales (POS) include the retail, franchise and wholesale channels. <sup>1</sup> Data as of Jan-2017. Includes retail stores and franchised stores. <sup>2</sup> In Turkey; Mavi Brand Perception Report prepared by GFK, 2016; All participants were asked to answer the questions: "What is the first brand coming 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> Turkey only, 2013A-2016A average adjusted LFL calculated using the 2016A adjusted LFL sales (excluding July performance, impacted by the Coup attempt and the performance of the Beyoğlu stores). The adjusted and unadjusted LFL for 2016A was 14.1% and 10.8%, respectively. <sup>4</sup> Data for Turkey retail only. <sup>5</sup> Excluding Russia and Australia.

# ...With Strong International Presence – 2016FY



Source: Company Information

Note: Shaded countries on the map denote presence of Mavi via retail and/or wholesale operations, as well as exports. Number of Retail Stores and Franchised Stores in map as of Jan-2017. 2016 Revenue for Europe includes revenue from Netherlands and German exports to other European countries. Rest of the World accounts for exports from Turkey and royalty income from Australia. Mavi pro-forma financials including the estimated effects of US and Canada businesses acquisition as if had occurred on 1 February 2016, i.e. including Mavi Giyim Sanayi ve Ticaret A.S. consolidated actuals as of 31 January 2017 and 7 months period-end actuals of US and Canada before acquisition date (August 2016) and other pro-forma adjustments impacts such as eliminations, depreciation and amortizations and income taxes.

# Historical Financial Statements (1/3)

## *Income Statement*

Income Statement			
TRYm	Q1 2016	Q1 2017	Change (%)
Revenue	310.3	428.2	38.0%
Cost of Sales	(160.7)	(219.9)	36.9%
Gross Profit	149.6	208.2	39.2%
Gross Margin	48.2%	48.6%	
Administrative Expenses	(16.6)	(23.6)	41.9%
Selling and Marketing Expenses	(103.5)	(138.5)	33.9%
R&D Expenses	(4.4)	(5.5)	25.6%
Other Income / (Expenses), net	0.4	1.0	146.0%
Operating Profit	25.5	41.5	62.8%
Operating Margin	8.2%	9.7%	
Financial Expenses, Net	(12.2)	(18.7)	53.1%
Profit Before Tax	13.3	22.8	71.6%
Income Tax Expense	(3.1)	(5.3)	74.1%
Profit	10.2	17.5	70.9%
Profit Margin	3.3%	4.1%	23.9%
Non-controlling Interest	-	0.5	n.a.
Profit Attr. to Owners' Equity	10.2	17.0	66.2%
Operating Profit	25.5	41.5	62.8%
D&A Expense	10.4	14.1	35.2%
EBITDA	35.9	55.6	54.8%
EBITDA Margin	11.6%	13.0%	

# Historical Financial Statements (2/3)

## Balance Sheet

Balance Sheet			
TRYm	31 January 2017 <sup>1</sup>	30 April 2017	Change (%)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	158.1	156.3	(1.1%)
Trade Receivables	109.4	185.4	69.5%
Inventories	287.8	289.5	0.6%
Current Tax Assets	5.3	0.3	(95.3%)
Other Current Assets	64.8	75.6	16.6%
<b>Total Current Assets</b>	<b>625.4</b>	<b>706.9</b>	<b>13.0%</b>
<b>Non-Current Assets</b>			
Property and Equipment	136.6	144.3	5.7%
Intangible Assets <sup>2</sup>	156.0	144.1	(7.6%)
Other Non-Current Assets	8.8	12.0	35.7%
<b>Total Non-Current Assets</b>	<b>301.4</b>	<b>300.4</b>	<b>(0.3%)</b>
<b>Total Assets</b>	<b>926.8</b>	<b>1,007.3</b>	<b>8.7%</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Short-Term Debt	230.8	229.7	(0.5%)
Trade Payables	299.5	348.6	16.4%
Other Current Liabilities	134.1	133.0	(0.9%)
<b>Total Current Liabilities</b>	<b>664.5</b>	<b>711.3</b>	<b>7.0%</b>
<b>Non-Current Liabilities</b>			
Long-Term Financial Liabilities	105.2	125.2	19.0%
Other non-current Liabilities	16.7	15.5	(7.1%)
<b>Total Non-Current Liabilities</b>	<b>121.9</b>	<b>140.7</b>	<b>15.4%</b>
<b>Total Liabilities</b>	<b>786.3</b>	<b>852.0</b>	<b>8.3%</b>
<b>Equity</b>			
Total Equity	140.5	155.4	10.6%
<b>Total Equity &amp; Liabilities</b>	<b>926.8</b>	<b>1,007.3</b>	<b>8.7%</b>

<sup>1</sup> Please refer to restated IFRS financial statements as at and for the three months ended 30 April 2017. <sup>2</sup> Including goodwill.

# Historical Financial Statements (3/3)

## Cash Flow Statement

### Cash Flow Statement

TRYm	Q1 2016	Q1 2017
Profit <sup>1</sup>	10.2	17.5
D&A Expense	10.4	14.1
Net Finance Expense / (Income)	10.4	17.5
Tax Expense	3.1	5.3
Other Non-Cash Items	9.3	14.3
Cash Flow from Operating Activities	43.4	68.6
Δ in Net Working Capital <sup>2</sup>	(37.7)	(55.9)
Income Tax Paid	-	-
Net Cash from Operating Activities	5.7	12.7
<b>Cash Flows from Investing Activities</b>		
Capex	(13.2)	(21.5)
Other Investing Cash Flow <sup>3</sup>	0.1	0.2
Net Cash Flow Used in Investing Activities	(13.1)	(21.3)
<b>Cash Flows from Financing Activities</b>		
Debt Issued / (Repaid)	9.2	23.3
Other Proceeds	(6.1)	(5.3)
Dividends Paid	-	-
Interest Paid	(3.6)	(8.0)
Net Cash Flows Used in Financing Activities	(0.5)	10.0
Net Cash Flow	(7.9)	1.4
Cash and Cash Equivalents at the Beginning of the	111.4	154.8
Cash and Cash Equivalents at the End of the Period <sup>4</sup>	103.5	156.3

<sup>1</sup> Pre non-controlling interest. <sup>2</sup> Working Capital includes main working capital items as well as Deferred revenues and Employee benefits paid among others. <sup>3</sup> Other Investing Cash Flow includes proceeds from asset sales and interest received among others. <sup>4</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.