



Q2 2020
RESULTS PRESENTATION
September 14, 2020



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Covid-19 Update

Current Business Status

- All retail and franchise stores in Turkey are open since June 1, 2020
- Stores in Germany and Canada re-opened in May
- Stores in Russia opened gradually from June through August
- Mavi.com, marketplace and wholesale e-com channels remained open

Effective Business Measures

- Effective sell-through rates were achieved through planning efforts **preserving gross margins**
- In season orders were managed more dynamically with **shorter lead times** and open-to-buy planning
- Continued to **focus on cost saving**
- Successfully negotiated rents to **preserve rent ratios**
- ERP (SAP) transformation project and **digital investments continued** as planned

H1 2020 Highlights

- Consolidated revenue realized 925 TRYm, declining 31% due to Covid-19 business disruptions
- EBITDA for the period is 101 TRYm resulting in 10.9% EBITDA margin
- Net income resulted (58) TRYm
- Total number of monobrand stores² stands at 433
- Turkey online sales increased by 189% in H1 2020

GROUP HIGHLIGHTS¹

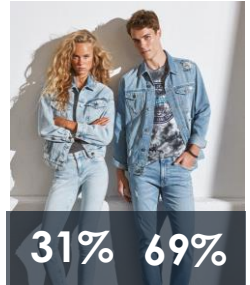
925 TRYm Revenue	101 TRYm EBITDA
10.9% EBITDA Margin	(58) TRYm Net Income
433 ² Monobrand Stores	0.34x Net Debt / LTM EBITDA

¹ Including IFRS 16 impacts as reported

² Includes global franchise and owned stores

TURKEY HIGHLIGHTS

(38%) Retail Sales Decline	189% Online Sales Growth
c.55% Lifestyle	c.45% Denim All
31% 69%	5.4 mn Active Loyalty Card Members ³

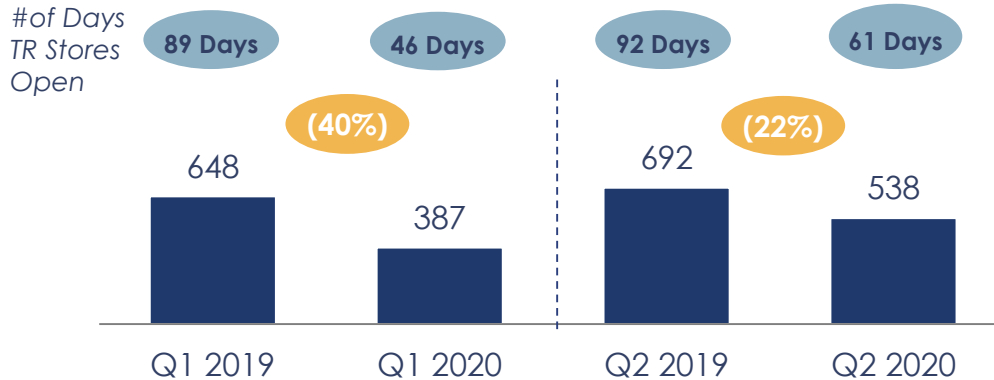


³Active means that the member has made a purchase of Mavi product in the last two years. Total number of Kartuş card holders is 8.2 mn

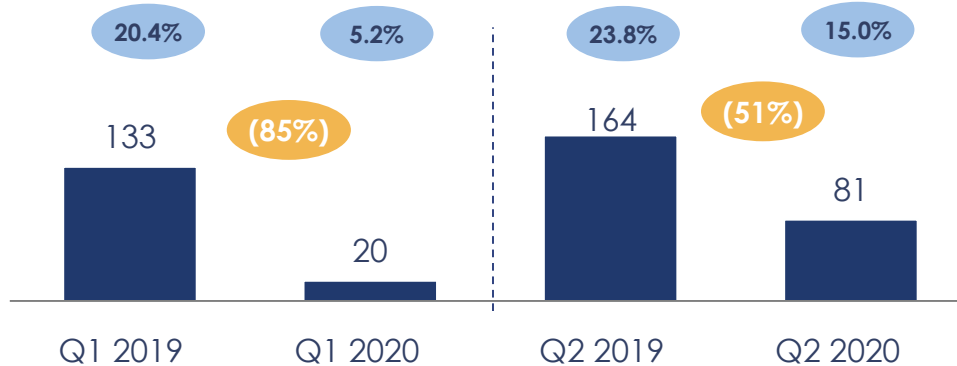
*Category and gender mix for Turkey Retail only

Business Trend in Q2 2020

Consolidated Revenue (TRYm)



Consolidated EBITDA (TRYm)



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.

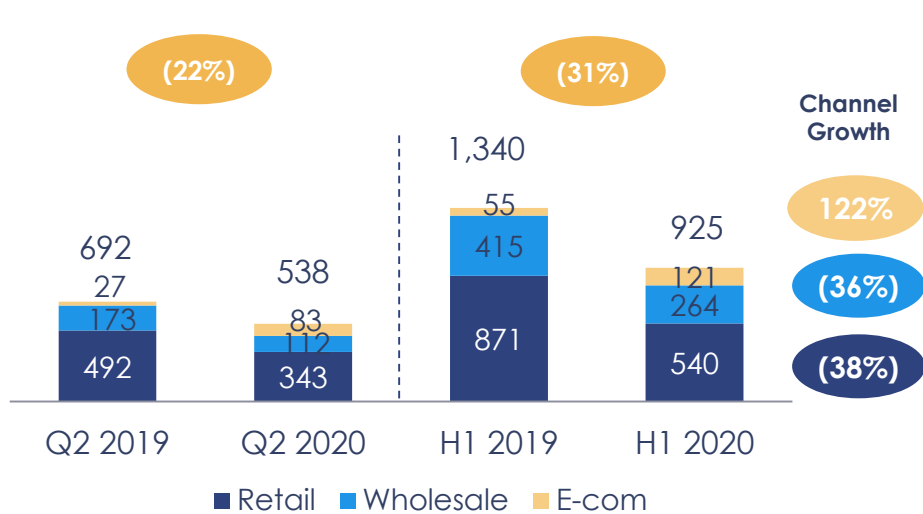
Q2 2020 HIGHLIGHTS



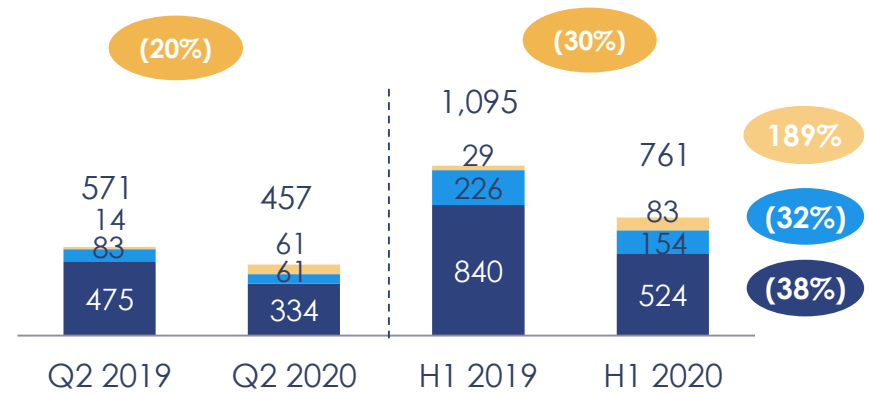
¹Same stores sales growth in Turkey retail including only open days and adjusting for holiday calendar shifts ²Opex calculation includes rent discounts received that are accounted under finance income and excludes other operational income/expense.

Revenue Evolution in Sales Channels

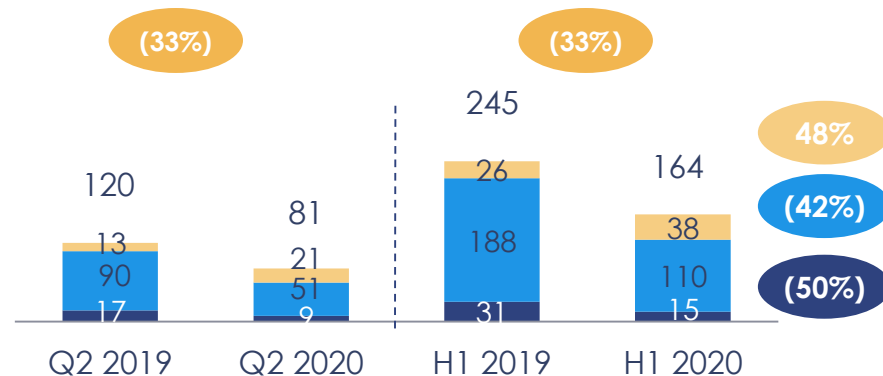
Global Revenue (TRYm)



Turkey Revenue (TRYm)

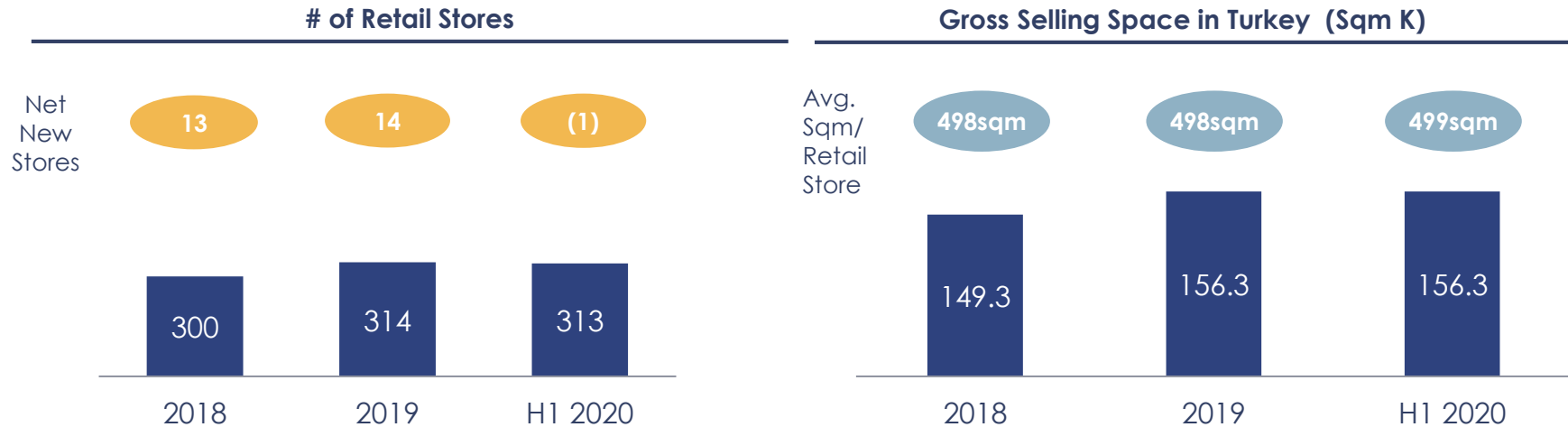


International Revenue (TRYm)



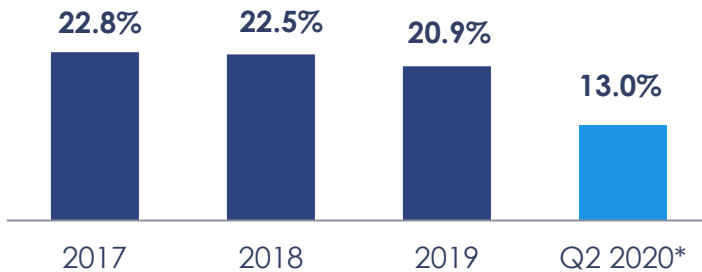
- Including the impact of store closures, total revenue consists of 58% retail, 29% wholesale and 13% e-com in H1 2020
- 82% of consolidated revenue is from Turkey

Turkey Retail Operations

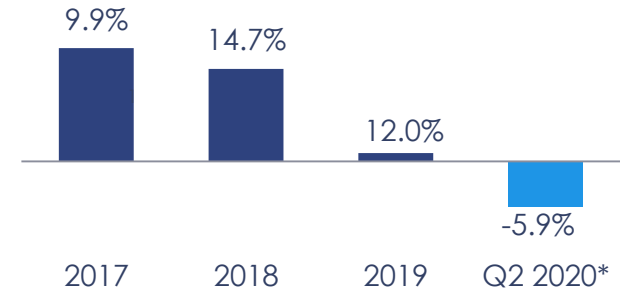


- With five openings and six closures in the first half of 2020, number of retail stores stands at 313 as of end-July 2020
- 7 store sqm expansions in H1 2020
- Total selling space stands at 156.3K sqm with average 499 sqm per store

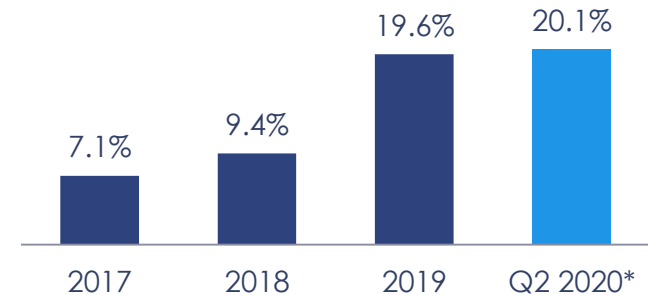
Same Store Sales Performance after Store Openings in Q2



Transaction¹
Growth
(%)



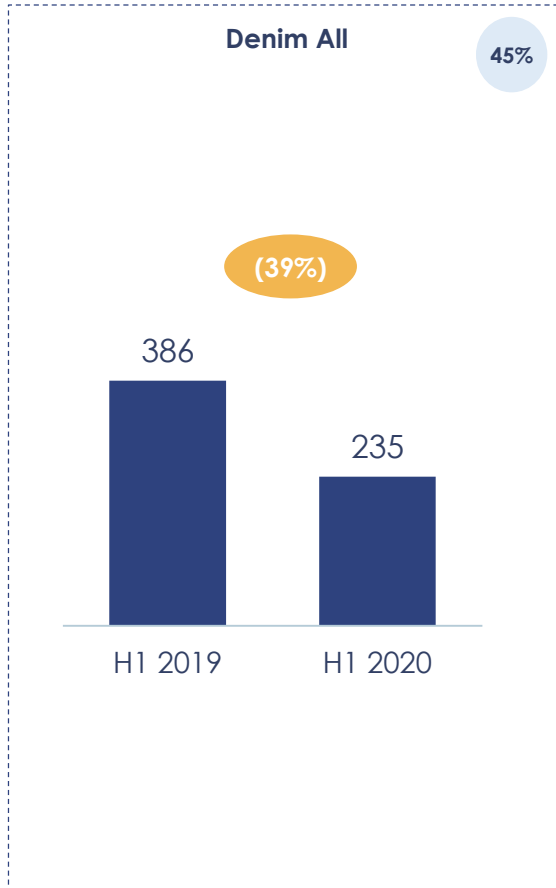
Basket Size
Growth
(%)



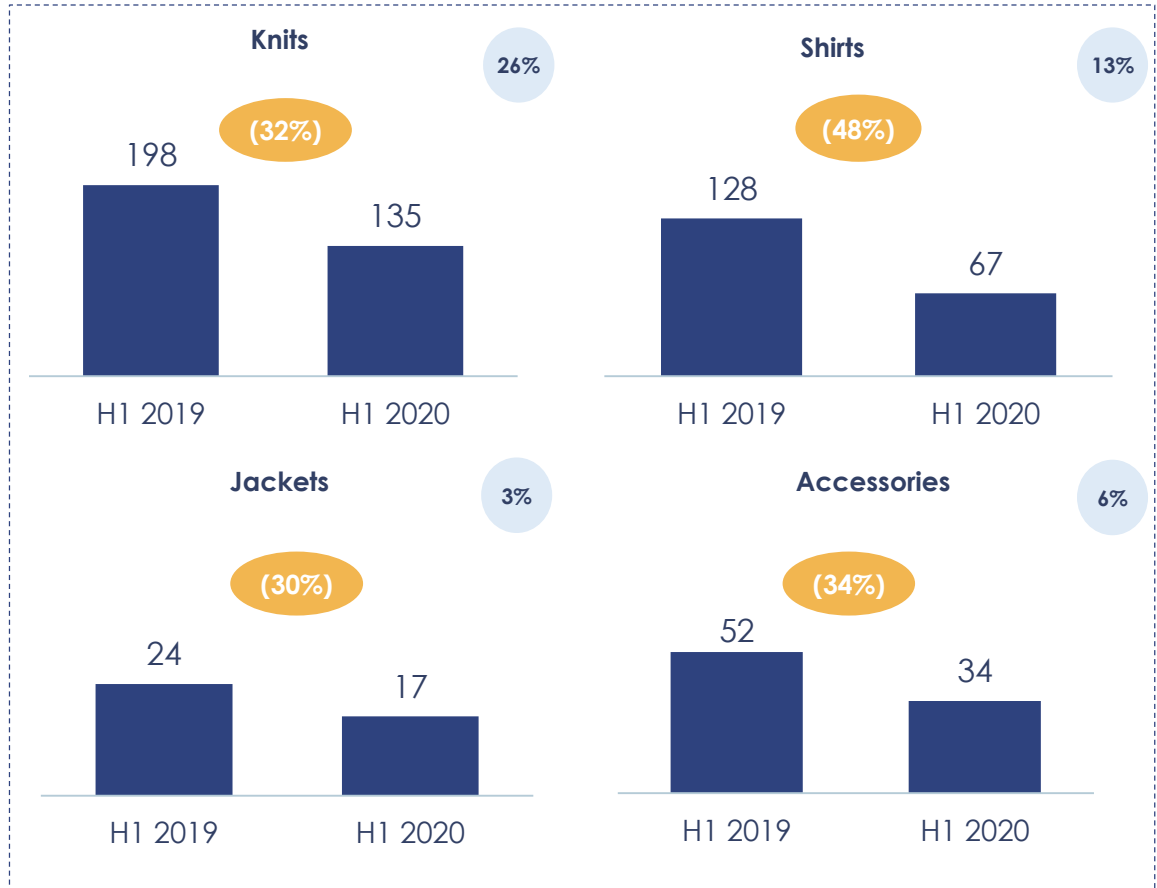
- There is no LFL store set in 2020. Q2 2020 data is same stores sales growth including only open days and adjusting for holiday calendar shifts
- In the same period, 33% lower traffic was compensated with 41% higher conversion and 17% increase in unit per transaction (UPT)

Sales in Denim & Lifestyle Categories

Denim Products (TRYm)



Lifestyle Products (TRYm)



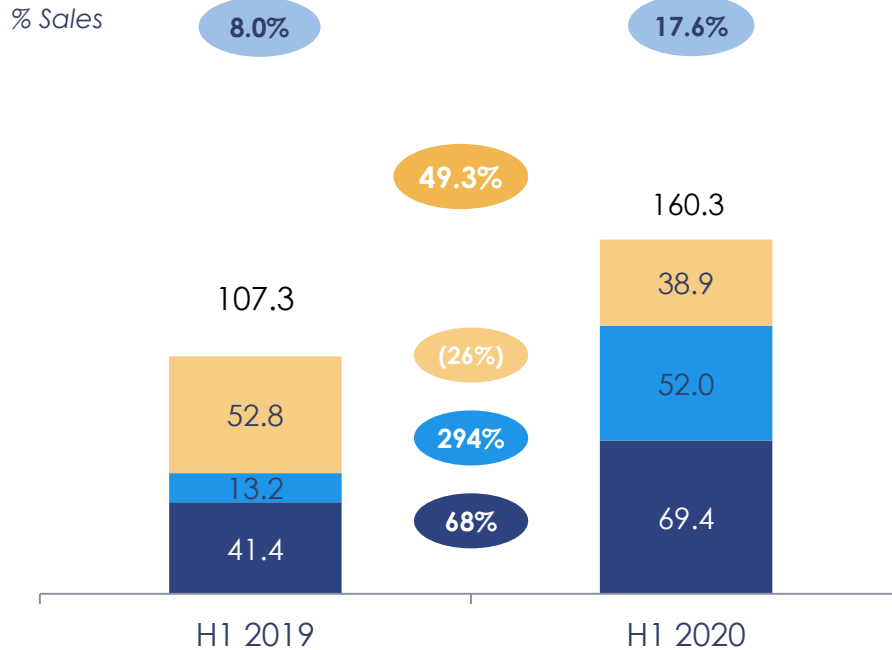
% Share in H1 2020 Turkey retail net sales

Total Decrease in Lifestyle Category : (36%)

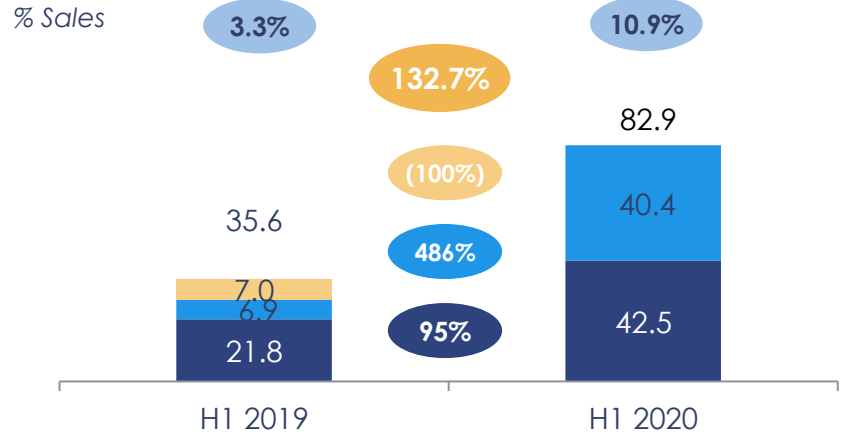
Note: Turkey Retail Net Sales Only. Remaining 7% of net sales consist of non-denim bottoms, skirts, dresses and kids.

Online Sales Growth

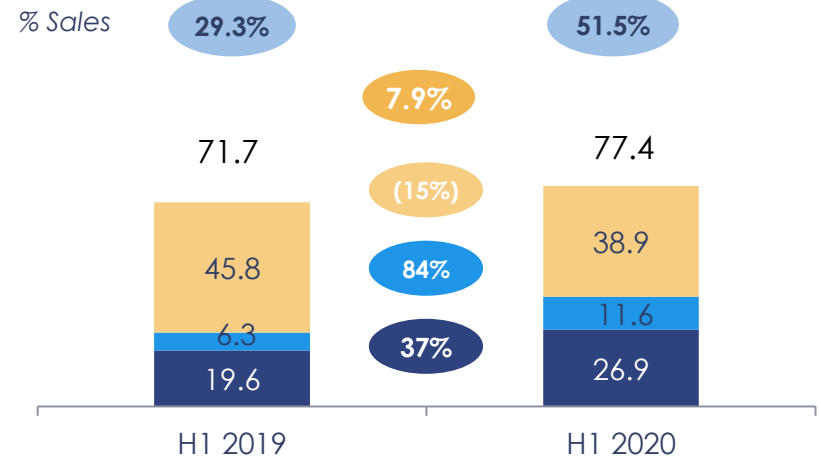
Global Online Sales (TRYm)



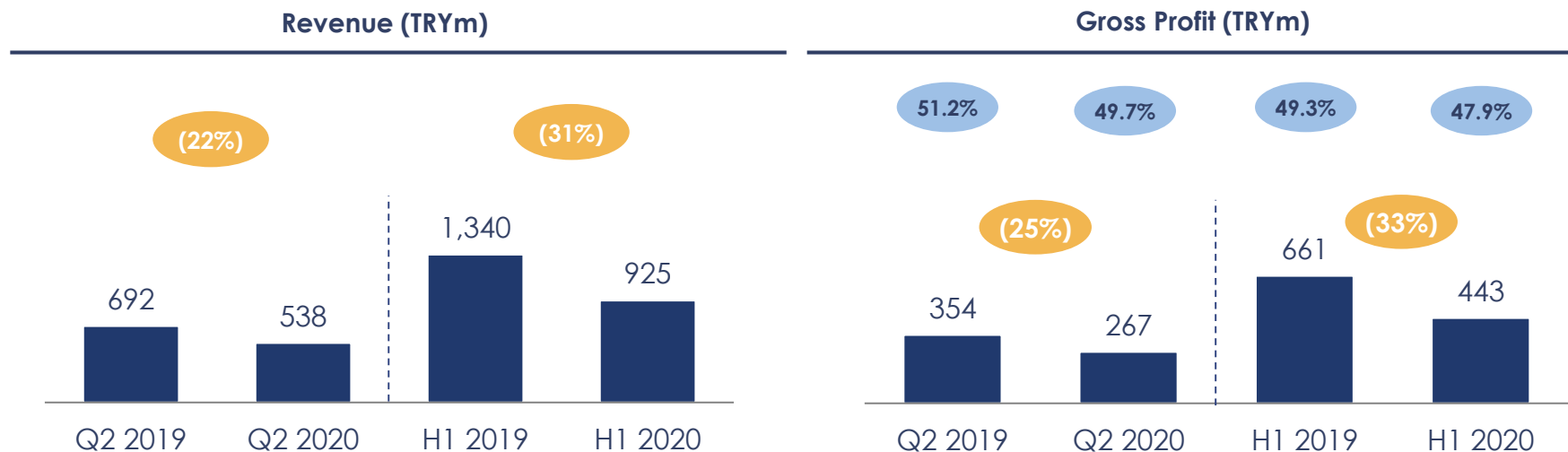
Turkey Online Sales (TRYm)



International Online Sales (TRYm)

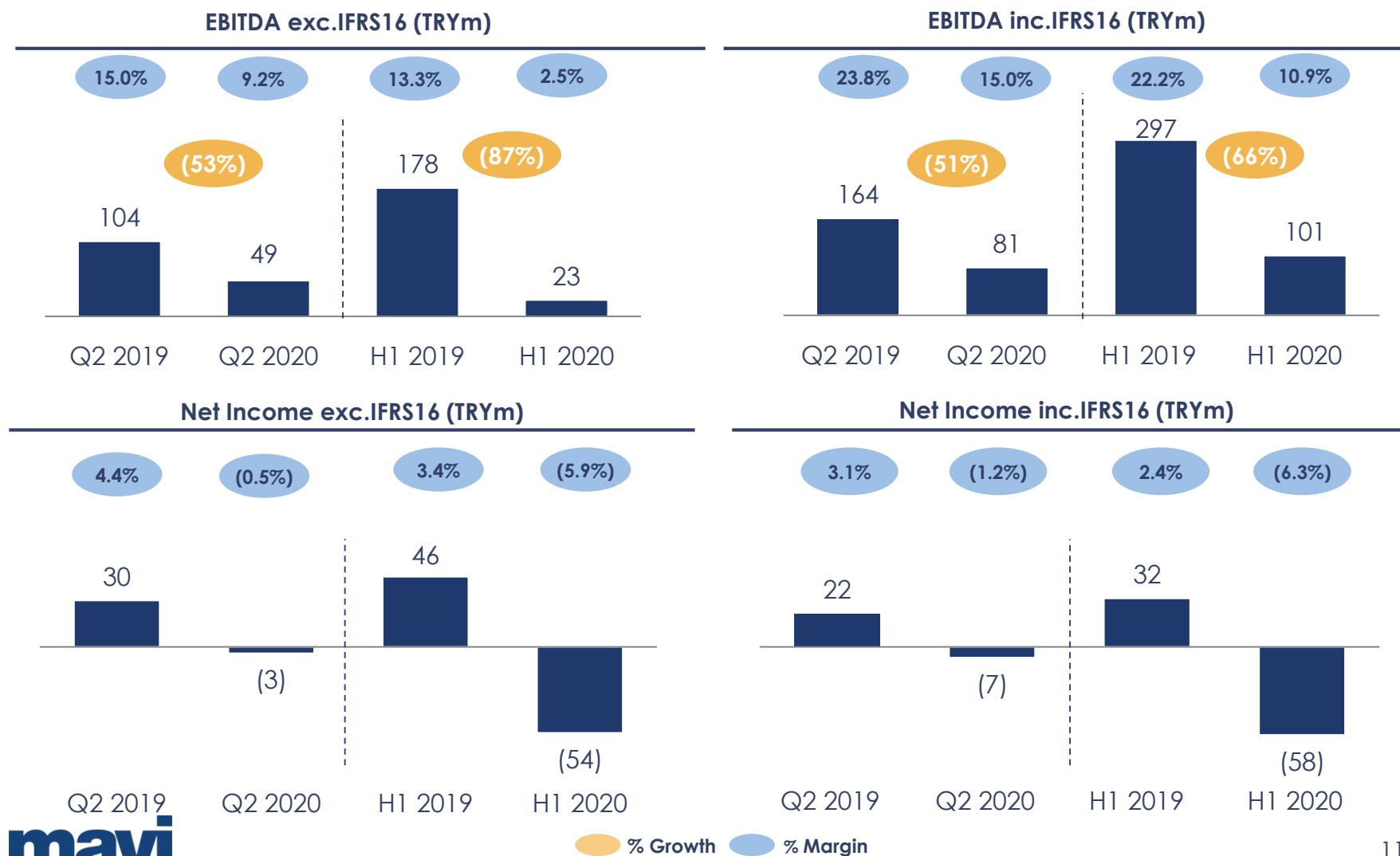


Consolidated Gross Margins



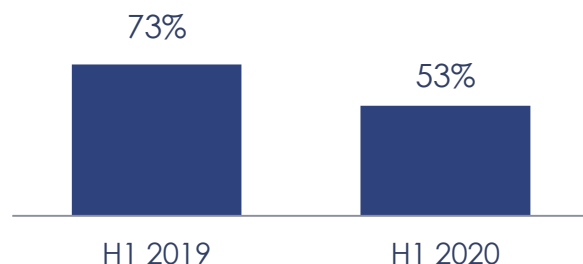
- Normalized gross margin with current imputed interest rate is 49.8% for Q2 2019 and 47.8% for H1 2019.
- Excluding the imputed interest rate impact, gross margins were preserved in H1 2020

Consolidated EBITDA and Net Income



Operational Cash Flow and Working Capital Management

Cash Conversion (exc. IFRS16)



Main Working Capital Items

TRYm	H1 2019	H1 2020
EBITDA	177.8	22.7
Δ in NWC ¹	(48.2)	(10.6)
Operating Cash Flow	129.6	12.1

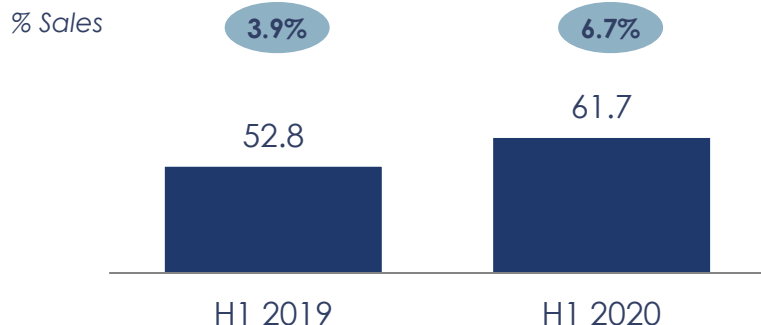
¹ Working Capital as per the cash flow statement, include main working capital items as well as deferred revenues and employee benefits paid among others

TRYm	2019	H1 2019	H1 2020
Trade & Other Receivables	251.6	218.2	210.8
% Sales	8.8%	8.3%	8.6%
Inventories	496.1	515.0	590.5
% COGS	34.0%	39.1%	46.8%
Trade & Other Payables	604.1	581.0	675.8
% COGS	41.4%	44.1%	53.6%
Main NWC	143.5	152.1	125.4
% Sales	5.0%	5.8%	5.1%

- Successful planning resulted in controlled inventory levels that consists mainly of seasonal lifestyle products and seasonless denim
- Cash conversion is in an improving trend with efficient working capital management in Q2'20

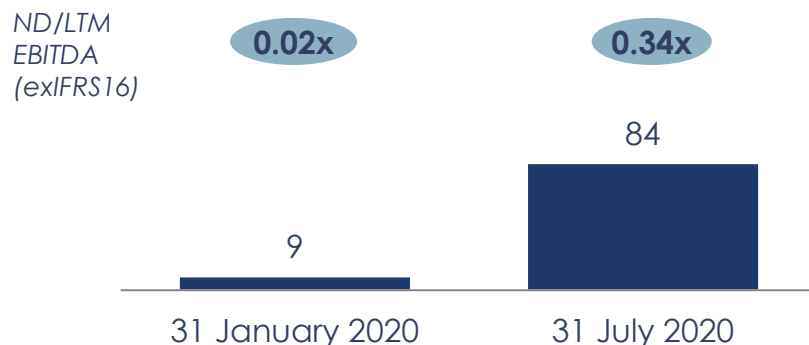
Capex and Leverage Ratios

CAPEX (TRYm)

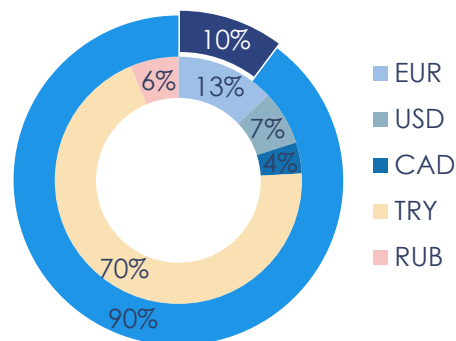


- Capex/Sales ratio is distorted given the revenue decline in H1. It is planned to be in-line with 4% target by year-end.

Net Debt exc.IFRS16 (TRYm)



Debt Breakdown (31 July 2020)



■ Local Currency
■ Foreign Currency

Average Cost of Debt

TRY	9.5%
EUR	1.0%
USD	3.3%
RUB	12.9%
CAD	3.0%
Blended	7.9%

- 20% of total consolidated debt is carried by Mavi US, Mavi EU, Mavi CA and Mavi RU - all denominated in their local currencies. Only 10% of total debt is in foreign currency and naturally hedged
- Keeping no FX position is management priority

Management Outlook for 2020FY

	Updated Outlook
Consolidated Revenue Growth	-11% (\pm 2%)
Turkey Retail Stores	4 net new stores 10 store expansions
EBITDA Margin	8.0% (\pm 1%) (exc. IFRS16) 16.0% (\pm 1%) (inc. IFRS16)
Net Debt/EBITDA	0.1x (exc. IFRS16)
CAPEX	4% of consolidated sales

Important Notice: The uncertainties regarding Covid19 prevail for the second half of the year. This outlook assumes all stores continue to be open in all regions for the rest of the year.



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Financial Statements

Income Statement (inc. IFRS 16)

TRYm	Q2 2019	Q2 2020	Change (%)	H1 2019	H1 2020	Change (%)
Revenue	691.8	537.8	(22%)	1,340.1	924.9	(31%)
Cost of Sales	(337.4)	(270.7)	(20%)	(678.8)	(482.1)	(29%)
Gross Profit	354.4	267.1	(25%)	661.3	442.8	(33%)
Gross Margin	51.2%	49.7%		49.3%	47.9%	
Administrative Expenses	(42.6)	(38.0)	(11%)	(79.3)	(77.2)	(3%)
Selling and Marketing Expenses	(212.3)	(219.8)	4%	(410.1)	(401.1)	(2%)
R&D Expenses	(6.3)	(7.4)	18%	(11.4)	(15.3)	34%
Other Income / (Expenses), net	(4.5)	3.6	n.m.	(0.0)	7.6	
Operating Profit	88.7	5.4	(94%)	160.5	(43.1)	n.m.
Profit/(Loss) from Investment Activities	0.0	(1.0)	n.m.	(0.2)	(1.4)	n.m.
Operating Profit before Financial Income	88.8	4.4	(95%)	160.3	(44.5)	n.m.
Operating Margin	12.8%	0.8%		12.0%	(4.8%)	
Financial Expenses, Net	(60.1)	(13.5)	(78%)	(119.5)	(31.7)	(74%)
Profit Before Tax	28.6	(9.1)	n.m.	40.8	(76.2)	n.m.
Income Tax Expense	(7.1)	2.4	n.m.	(9.2)	17.9	n.m.
Profit	21.5	(6.7)	n.m.	31.6	(58.3)	n.m.
Profit Margin	3.1%	(1.2%)		2.4%	(6.3%)	
EBITDA	164.3	80.8	(51%)	296.9	101.0	(66%)
EBITDA Margin	23.8%	15.0%		22.2%	10.9%	

Financial Statements

Balance Sheet (inc. IFRS 16)

TRYm	31 January 2020	31 July 2020	Change (%)
Assets			
Current Assets			
Cash and Cash Equivalents	310.8	738.2	137%
Trade Receivables	231.1	198.5	(14%)
Inventories	496.1	590.5	19%
Other Current Assets	80.7	101.5	26%
Total Current Assets	1,118.7	1,628.7	46%
Property and Equipment	180.7	199.4	10%
Right of Use Assets	406.7	420.4	3%
Intangible Assets	222.4	252.4	13%
Other Non-Current Assets	8.9	29.8	235%
Total Non-Current Assets	818.8	902.1	10%
Total Assets	1,937.4	2,530.8	31%
Short-Term Financial Liabilities	235.7	607.3	158%
Short-Term Contractual Lease Liabilities	198.0	202.4	2%
Trade Payables	597.3	661.5	11%
Other Current Liabilities	92.1	105.4	14%
Total Current Liabilities	1,123.0	1,576.5	40%
Long-Term Financial Liabilities	84.1	215.4	156%
Long-Term Contractual Lease Liabilities	240.8	255.8	6%
Other non-current Liabilities	11.9	22.5	90%
Total Non-Current Liabilities	336.7	493.7	47%
Total Liabilities	1,459.8	2,070.2	42%
Total Equity	477.7	460.6	(4%)
Total Equity & Liabilities	1,937.4	2,530.8	31%

Financial Statements

Cash Flow Statement (inc. IFRS 16)

TRYm	H1 2019	H1 2020
Profit ¹	31.6	(58.3)
Adjustments	273.3	208.0
Cash Flow from Operating Activities	304.9	149.6
Δ in Net Working Capital ²	(48.2)	(10.6)
Income Tax Paid	(0.4)	(7.7)
Net Cash from Operating Activities	256.3	131.3
Capex	(52.8)	(61.7)
Other Investing Cash Flow ³	3.4	19.9
Net Cash Flow Used in Investing Activities	(49.5)	(41.9)
Debt Issued / (Repaid)	126.9	480.0
Payment of Contractual Lease Liabilities	(119.1)	(77.5)
Other Financial Payments ⁴	(44.3)	(23.0)
Interest Paid	(38.6)	(41.5)
Net Cash Flows Used in Financing Activities	(75.2)	338.0
Net Cash Flow	131.6	427.4
Cash and Cash Equivalents at the Beginning of the Period ⁵	262.0	310.8
Cash and Cash Equivalents at the End of the Period ⁵	393.6	738.2

¹Pre non-controlling interest. ²Working Capital includes main working capital items and employee benefits paid as well as deferred revenues. ³Other Investing Cash Flow includes proceeds from sale of tangible assets and interest received. ⁴Other Financial Payments include proceeds from derivatives, imputed interest and financial commissions. ⁵Cash 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 at 31 July 2020

