

Corporate Credit Rating

New Update

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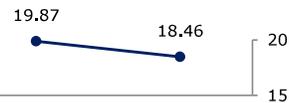
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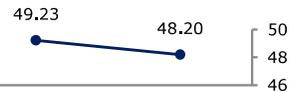
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	National ISR	-	-
	International FC ISR	-	-
	International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

* Assigned by JCR on May 10, 2024

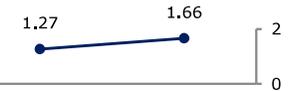
EBITDA Margin (%)



Gross Profit Margin (%)



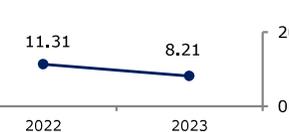
Current Ratio (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



MAVİ GİYİM SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Mavi Giyim Sanayi ve Ticaret Anonim Şirketi" in the investment grade category with very high credit quality and affirmed the Long-Term National Issuer Credit Rating at 'AA+ (tr)' and Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi (hereinafter "Mavi Giyim" or "the Group") 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 37 countries selling its products through approximately ~4,000 points, including 471 Mavi shops. The Group has offices and showrooms in New York, Vancouver, Moscow, New Jersey, Los Angeles, Atlanta, Dallas, Toronto, Montreal, Düsseldorf, Munich, Hamburg, Leipzig, Heusenstamm, Zurich, Salzburg, Prague and Almere. The Group owns retail space of 174.5K m² with average 519 m² per store in Türkiye and 471 monobrand stores globally as of January 31, 2024.

Mavi Giyim has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 2017. 72.60% of shares are publicly traded on the BIST with the ticker symbol "MAVI", while the rest of the shares belong to Akarlılar Family (27.19%) and Blue International (0.22%). The Group employed a staff force of 6,201 as of January 31, 2024 (January 31, 2023: 5,670).

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

Strengths

- Increase in inflation adjusted real sales revenues and sales volumes in FY2023,
- Maintaining operational performance thanks to presence in diversified geography and sales channels,
- Strong demand and cost management supporting profitability margins,
- Robust level of leverage and coverage profile with generated EBITDA improved cash surplus position,
- Asset quality strengthened by the low collection risks,
- Solid liquidity and sufficient cash flow metrics supported by increasing FFO and CFO coupled with an adequate level of cash conversion cycle,
- Deep-rooted operating history dating back to 1991 and accumulated know-how in the sector,
- High level of compliance regarding corporate governance implementations.

Constraints

- Intense competition through pushing low-price and shift the selections quickly in the readymade garment industry by fast-fashion retailers,
- Regular dividend payment restraining equity growth,
- Exposure to high operating ratio arising from nature of business,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at 'AA+ (tr)'. The Group's market position, operational performance, sustainable asset and sales growth, cash flow metrics, profitability indicators, leverage level, declared asset quality, successful track record in the sector and corporate governance practices, as well as, vulnerability of the sector to macroeconomic conditions and sectoral metrics have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'.

The Group's financial structure and attainability of the Group's budgeted projections will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators in national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.