

Corporate Credit Rating

New Update

Sector: Ready-Made Garment
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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	-
ISRs (Issue Specific Profile)	International LC ICR	BB	-
	International LC ICR Outlooks	Stable	-
	National ISR	-	-
Sovereign*	International FC ISR	-	-
	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

MAVİ GİYİM SANAYİ VE TİCARET ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated the consolidated structure of "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 34 countries selling its products through approximately ~4,500 points, including 485 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 188,5K m² with average 535 m² per store in Türkiye and 485 monobrand stores globally as of January 31, 2025.

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 5,872 as of January 31, 2025 (January 31, 2024: 6,201).

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

Strengths

- Sustained profitability indicators and upward trend in sales revenues, driven by both volume growth and unit price increases,
- Maintaining a cash surplus position, along with solid leverage and coverage metrics in the analyzed periods,
- Adequate level of cash conversion cycle enhancing liquidity and cash flow metrics,
- High-quality receivables driven by a predominantly cash-based retail business model,
- Strong brand recognition and customer loyalty, supported by omni-channel sales across domestic and international markets,
- A longstanding operational history dating back to 1991, coupled with extensive industry expertise,
- Compliance with Corporate Governance Practices.

Constraints

- Severe competition environment throughout textile industry along with volatility in raw material prices may suppress profit margins,
- Regular dividend payment restraining equity growth,
- Exposure to high operating ratio arising from nature of business,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

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 and coverage profile, high 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 management expectations for 2025 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.

