

## Suwen

Suwen reported a net profit of 76 million TL in the second quarter of 2024. The company's sales revenues increased by 22% year-on-year and 46% quarter-on-quarter, reaching 977 million TL. To assess Suwen's 2Q24 financial results, current operations, and future outlook, we attended Suwen's investor meeting yesterday (August 21). Suwen began trading on Borsa Istanbul on April 21, 2023. The company offers women's lingerie, homewear, beachwear, hosiery, and accessory products to customers through domestic and international retail stores, e-commerce, and wholesale channels.

### Highlights of the Meeting

**Operational results are in line with expectations...** Suwen reported a net profit of 76 million TL in the second quarter of 2024. During the same period, after adjusting for inflation, Suwen's sales revenues increased by 22% year-on-year and 46% quarter-on-quarter, reaching 977 million TL. The company's gross profit margin improved to 59%, up from 53% in the same period last year (2Q23). Operating expenses rose by 27% year-on-year, reaching 391 million TL. EBITDA reached 294 million TL, with an EBITDA margin of 30% (2Q23: 27%). According to company data, between July 1 and August 18, domestic retail grew by 85%, excluding inflation accounting, while e-commerce grew by 143%.

**Growth in domestic indicators...** In 2Q24, after adjusting for inflation, revenue from store operations in Turkey increased by 21% year-on-year. During the same period, the e-commerce segment recorded a growth of 32%. In the channel-based revenue distribution for 2Q24, domestic store revenues accounted for 84% of total turnover, while the share of e-commerce revenues was 12.5%. Last year, this ratio was 11.5%. The decrease in the number of tourists was offset by local customers. As of 2Q24, the company had 170 stores and 5 domestic franchises in Turkey, while the total number of stores, including international stores and franchises, increased to 193 (2023: 190). During the same period, the company's sales area reached 23,095 m<sup>2</sup>.

**International operations and diverse product range...** Suwen offers a wide range of products including women's lingerie, home wear, beachwear, socks, and accessories. As of 2Q24, 48.4% of the sales from retail and e-commerce channels in Turkey were from lingerie, 37.5% from home wear, and 9.8% from beachwear. Internationally, the company operates in 12 countries with a total of 18 stores through franchises and its own stores. Additionally, it conducts e-commerce activities through marketplace platforms abroad. In 2Q24, a significant portion of international e-commerce revenue was generated from Saudi Arabia. The company has not made any changes to its 2024 expectations, maintaining a forecast of 30% revenue growth after inflation adjustments and an improvement of 50-100 basis points in the EBITDA margin.

## SUWEN

### Share Data

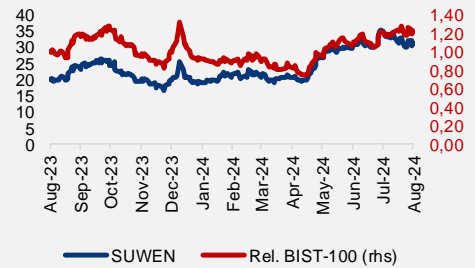
Ticker:	SUWEN TI		
Share price (as of 20 August 2024)	31,24		
Share price (52 week range)	17 / 35		
Market cap. (TL mn - USD mn)	6997,8 - 206,7		
# of shares outstanding (mn)	224		
Free Float	51%		

Avg. trading volume	1M	3M	12M
USD mn	1,0	1,1	1,4

Price performance	1M	3M	Y-t-D
TL	-11%	17%	23%
USD	-13%	12%	7%
Rel. to BIST-100	0%	29%	-8%

TL mn	2021	2022	2023
Revenues	360	1.757	2.504
EBITDA	114	413	546
Net Earnings	43	224	192

Valuation	2022	2023
P/E	17,5x	16,5x
P/BV	9,5x	9,8x
EV/EBITDA	8,1x	9,0x
EV/Sales	2,53x	2,14x



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## Summary

(TLmn)	2023/1Q	2023/2Q	2023/3Q	2023/4Q	2024/1Q	2024/2Q	y/y	q/q
<b>Revenues</b>	553	802	667	1.084	670	977	22%	46%
<b>EBITDA</b>	45	218	108	108	82	294	35%	259%
<b>Net Profit</b>	29	64	123	-28	18	76	19%	317%

Balance Sheet	2021	2022	2023	Income statement	2021	2022	2023
Cash	10	206	229	<b>Revenues</b>	<b>360</b>	<b>1.757</b>	<b>2.504</b>
Accounts receivables	14	54	53	Gross profit	215	928	1.298
Inventory	104	537	621	Operating expenses	145	750	1.053
Other current assets	21	52	99	Operating profit	70	178	245
<b>Current assets</b>	<b>149</b>	<b>848</b>	<b>1.003</b>	<b>EBITDA</b>	<b>114</b>	<b>413</b>	<b>546</b>
Financial investments	0	0	0	Other income, net	1	-6	-13
Net fixed assets	31	144	251	Financial income, net	-16	105	102
Intangible assets	2	15	35	Earnings before taxes	56	287	334
Other non-current assets	82	337	538	Tax expense	13	63	143
<b>Non-current assets</b>	<b>115</b>	<b>496</b>	<b>824</b>	<b>Net earnings - Parent</b>	<b>43</b>	<b>224</b>	<b>192</b>
<b>Total assets</b>	<b>264</b>	<b>1.344</b>	<b>1.827</b>				
				<b>Cashflow statement</b>			
Short-term financial loans	83	187	227	EBITDA	<b>114</b>	<b>413</b>	<b>546</b>
Accounts payables	45	257	166	Taxes on EBIT	13	63	143
Other short-term payables	17	66	122	Capital expenditures	19	74	135
<b>Current liabilities</b>	<b>145</b>	<b>510</b>	<b>515</b>	Chg. in NWC	53	260	176
Long-term financial loans	59	125	207				
Other long-term payables	1	21	72	<b>Growth &amp; margins</b>			
<b>Non-current liabilities</b>	<b>60</b>	<b>145</b>	<b>278</b>	Revenues	141%	388%	42%
<b>Shareholders' equity</b>	<b>59</b>	<b>688</b>	<b>1.034</b>	EBITDA	156%	263%	32%
Parent company	59	688	1.034	Net earnings	2797%	422%	-15%
Minorities	0	0	0				
<b>Total liabilities &amp; equity</b>	<b>264</b>	<b>1.344</b>	<b>1.827</b>	Gross margin	60%	53%	52%
				Operating margin	19%	10%	10%
Net debt	132	106	205	EBITDA margin	32%	24%	22%
Net working capital	77	320	486	Net margin	12%	13%	8%
Net working capital (Operating)	73	333	509				
Invested Capital	110	478	772				

Ratios				Per share (TL)		
<b>Profitability</b>				EPS	1,00	0,86
ROE	115,2%	60,1%	22,2%	BVPS	3,07	4,62
Net margin	11,9%	12,8%	7,7%	DPS	0,00	0,13
Asset turnover	1,7x	2,2x	1,6x			
Leverage	5,7x	2,2x	1,8x	<b>Valuation</b>		
ROA	20,3%	27,9%	12,1%	P/E	17,5x	16,5x
ROIC	73,5%	48,5%	31,3%	P/BV	9,54x	9,77x
				EV/EBITDA	8,1x	9,0x
<b>Leverage</b>				EV/Sales	2,53x	2,14x
Financial debt/Total assets	54%	23%	24%	Dividend Yield	n.a.	0,7%
Net debt/Equity	2,25	0,15	0,20			
Net debt/EBITDA	1,16	0,26	0,37			

Source: Bloomberg, Tacirler Investment

\* All figures are stated in millions of TL unless otherwise stated.

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