

Mavi

Mavi reported revenue of TL 7.427 million, EBITDA of TL 1.215 million, and net profit of TL 512 million in 2Q24. Following the 2Q24 financial results, the company held an investor and analyst meeting on September 18. We maintain our 'Buy' recommendation for Mavi with a target price of TL 147 and continue to hold it in our Model Portfolio.

Key Highlights

Weak Results Due to Slowdown in Consumer Demand and High Base Effect... Mavi reported a net profit of TL512mn in Q2 2024. This figure represents a 31% decrease year-on-year and a 51% decrease quarter-on-quarter. During the same period, the company's sales revenue decreased by 7% year-on-year and 17% quarter-on-quarter, reaching TL7,427mn. Domestic sales declined by 4% year-on-year, while international revenues decreased by 11.3% assuming constant exchange rates. In Q2 2024, gross profit decreased by 3% year-on-year to TL3,791mn, while the gross profit margin increased by 2.1 percentage points to 51%. The control of costs supported gross profitability. During the same period, EBITDA amounted to TL1,215mn, with an EBITDA margin falling to 16.4% (Q2 2023 EBITDA margin: 19%). The 2.6 percentage point decline in the EBITDA margin was due to an increase in operating expenses/sales ratio resulting from the slowdown in sales performance. Mavi's net cash position stood at TL3,612mn as of Q2 2024 (Q1 2024 net cash: TL4,019mn).

Growth in Retail Sales Volume... Mavi's retail store count reached 342 in the first half of 2024 with the addition of six new stores. During the same period, six stores saw an increase in floor space. As of Q2 2024, the total sales area grew by 6% year-on-year to 179.2 thousand m², with the average store size being 524 m². In Q2 2024, after adjusting for inflation, same-store sales decreased by 4.4% in TL terms and by 1% in terms of units. However, thanks to the contribution of new store openings, total retail sales grew by 1.8% in terms of units. 90% of consolidated revenue came from Turkey, with 69.5% from the retail channel.

Q3 2024 Outlook and Expectations... Mavi has shared updated information for Q3 2024. According to the data, retail sales in Turkey grew by 53% in August 2024, while online sales increased by 63%. In the first 15 days of September, retail sales in Turkey grew by 57%, and online sales grew by 64%. The company has not changed its expectations for 2024. We view Mavi's Q2 2024 financial results, released on September 17, as negatively affected by the slowdown in consumer demand and high base effects, leading to contractions both year-on-year and quarter-on-quarter. However, we believe these negative impacts have been priced into the stock recently, so the results will have a limited effect on the market. We continue to favor the stock fundamentally and maintain it in our Model Portfolio with a target price of TL147.

MAVI

BUY

Target Price TL 147,00
Return potential 62%

Share Data

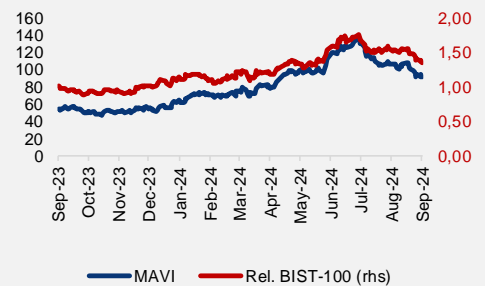
Ticker: MAVI TI
Share price (as of 18 Sept. 2024) 90,95
Share price (52 week range) 51 / 136
Market cap. (TL mn - USD mn) 36150,3 - 1066,7
of shares outstanding (mn) 396
Free Float 73%

Avg. trading volume 1M 3M 12M
USD mn 9,4 12,0 10,7

Price performance 1M 3M Y-t-D
TL -14% -19% 60%
USD -15% -22% 39%
Rel. to BIST-100 -12% -11% 25%

TL mn 2021 2022 2023
Revenues 4.619 21.038 26.293
EBITDA 1.016 4.181 4.854
Net Earnings 400 1.906 1.784

Valuation 2021 2022 2023
P/E 150,4x 10,0x 8,0x
P/BV 4,8x 4,3x 4,8x
EV/EBITDA 6,6x 4,4x 3,4x
EV/Sales 1,2x 1,0x 0,7x



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Summary

| (TLmn) | 2023/1Q | 2023/2Q | 2023/3Q | 2023/4Q | 2024/1Q | 2024/2Q | (y/y) |
|-------------------|---------|---------|---------|---------|---------|---------|-------|
| Revenues | 7.502 | 7.960 | 5.774 | 12.104 | 8.972 | 7.427 | -7% |
| EBITDA | 1.398 | 1.481 | 1.051 | 1.351 | 2.109 | 1.215 | -18% |
| Net Profit | 457 | 738 | 1.021 | -393 | 1.041 | 512 | -31% |

| Balance Sheet | 2020 | 2021 | 2022 | 2023 | Income statement | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------|--------------|--------------|---------------|---------------|------------------------------|--------------|--------------|---------------|---------------|
| Cash | 893 | 1.482 | 5.349 | 5.858 | Revenues | 2.402 | 4.619 | 21.038 | 26.293 |
| Accounts receivables | 231 | 394 | 1.435 | 1.583 | Gross profit | 1.160 | 2.372 | 10.358 | 12.674 |
| Inventory | 560 | 751 | 4.005 | 4.355 | Operating expenses | 1.087 | 1.714 | 7.695 | 9.430 |
| Other current assets | 92 | 168 | 459 | 355 | Operating profit | 73 | 658 | 2.662 | 3.244 |
| Current assets | 1.787 | 2.856 | 11.396 | 12.243 | EBITDA | 385 | 1.016 | 4.181 | 4.854 |
| Net fixed assets | 198 | 259 | 1.051 | 1.464 | Other income, net | 18 | 41 | 97 | 205 |
| Intangible assets | 74 | 131 | 410 | 394 | Financial income, net | -77 | -160 | -386 | -810 |
| Other non-current assets | 650 | 849 | 2.306 | 2.462 | Earnings before taxes | 12 | 539 | 2.402 | 2.669 |
| Non-current assets | 921 | 1.239 | 3.767 | 4.528 | Tax expense | -4 | -116 | -475 | -913 |
| Total assets | 2.708 | 4.095 | 15.163 | 16.770 | Net earnings - Parent | 5 | 400 | 1.906 | 1.784 |
| Short-term financial loans | 1.040 | 1.120 | 3.117 | 1.693 | Cashflow statement | | | | |
| Accounts payables | 638 | 1.189 | 4.881 | 4.101 | EBITDA | 385 | 1.016 | 4.181 | 4.854 |
| Other short-term payables | 108 | 262 | 976 | 1.475 | Tax expense | -4 | -116 | -475 | -913 |
| Current liabilities | 1.786 | 2.570 | 8.974 | 7.392 | Capital expenditures | -99 | -163 | -568 | -585 |
| Long-term financial loans | 366 | 277 | 478 | 1.121 | Chg. in NWC | 23 | -196 | 603 | 1.278 |
| Other long-term payables | 22 | 55 | 292 | 194 | Growth & margins | | | | |
| Non-current liabilities | 388 | 332 | 770 | 1.332 | Revenues | -16% | 92% | 355% | 25% |
| Shareholders' equity | 534 | 1.193 | 5.419 | 8.046 | EBITDA | -40% | 164% | 312% | 16% |
| Parent company | 510 | 1.115 | 5.124 | 7.611 | Net earnings | -95% | 8638% | 376% | -6% |
| Minorities | 24 | 79 | 295 | 436 | Gross margin | 48% | 51% | 49% | 48% |
| Total liabilities & equity | 2.708 | 4.095 | 15.163 | 16.770 | Operating margin | 3% | 14% | 13% | 12% |
| | | | | | EBITDA margin | 16% | 22% | 20% | 18% |
| | | | | | Net margin | 0% | 9% | 9% | 7% |

| Ratios | 2020 | 2021 | 2022 | 2023 | Per share (TL) | 2020 | 2021 | 2022 | 2023 |
|-----------------------------|-------|--------|--------|--------|------------------|-------|--------|-------|-------|
| Profitability | | | | | EPS | 0,01 | 1,01 | 4,80 | 4,49 |
| ROE | 0,9% | 46,4% | 57,6% | 26,5% | BVPS | 1,34 | 3,00 | 13,64 | 20,25 |
| Net margin | 0,2% | 8,7% | 9,1% | 6,8% | DPS | 0,00 | 0,08 | 0,30 | 1,08 |
| Asset turnover | 1,0x | 1,4x | 2,2x | 1,6x | Valuation | | | | |
| Leverage | 4,6x | 3,9x | 2,9x | 2,4x | P/E | 69,4x | 150,4x | 10,0x | 8,0x |
| ROA | 0,2% | 11,8% | 19,8% | 11,2% | P/BV | 4,9x | 4,8x | 4,3x | 4,8x |
| ROIC | 14,9% | 149,3% | 231,2% | 129,1% | EV/EBITDA | 5,3x | 6,6x | 4,4x | 3,4x |
| Leverage | | | | | EV/Sales | 1,1x | 1,2x | 1,0x | 0,7x |
| Financial debt/Total assets | 52% | 34% | 24% | 17% | | | | | |
| Net debt/Equity | 0,96 | -0,09 | -0,34 | -0,39 | | | | | |
| Net debt/EBITDA | 1,33 | -0,11 | -0,44 | -0,64 | | | | | |

Source: Bloomberg, Tacirler Investment

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

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