

# Mavi Giyim Sanayi Tic.A.S

**BUY**

## Review of 4Q25 Financials

**Upside Potential 61%**

### Actual vs Estimates

**Bottom-line missed the estimates due to higher-than-expected monetary losses.** Missing our house call and market estimate of TL145mn net income, Mavi reported TL60mn net loss in 4Q25 compared to TL124mn in 4Q24. Despite the strong operating performance, YoY decline in the bottom-line can be attributable to 168% YoY increase in monetary losses and TL641mn in tax expense, versus a TL135mn tax expense in the same period last year. There is a TL424mn one-off negative impact on net income in 4Q25 regarding the cancellation of inflation accounting in statutory financials

In-line with the estimates, net revenues came flatt in real terms at TL11.9bn in 4Q25. Türkiye revenues contracted by 1%, mainly due to weak consumer demand and pricing conditions. In Q4 2024, LFL sales contracted 6.7% in TL terms while sale volumes grew by 4.8% YoY in 4Q25. Including the new space total retail sales was flat in volume. International revenues registered 3% YoY. International revenues grew by 3% in real TL terms and 5.9% in constant currency in 4Q25.

Beating the estimates by 12%, 4Q25 EBITDA came in at TL1.94bn (+20% YoY). EBITDA margin improved by 2.8ppt to 16.3% mainly due to disciplined pricing strategy and opex management, as well as IAS-29 impacts., EBITDA margin also includes 1.1ppt negative impact of imputed interest in 4Q25. Without the impact of IAS-29, MAVI reported 4Q25 revenue of TL11.37bn (+31% YoY), EBITDA of TL2.36bn (+44% YoY), and net income of TL680mn (-5% YoY).

### Highlights of the Quarter

**Solid cash generation.** The net cash position of the Company stood at TL 6.8 billion in 2025 FY, compared to TL 7.07 billion at the end of 2024 FY. Operating cash flow was also flattish at TL8586mn in 2025. Net working capital as of LTM sales was at 6.0% vs. 5.6% in 2024. The Company noted that consolidated inventory is 12% lower in value and Türkiye inventory is 8% lower in number of pieces versus 2024YE and comprises of all fresh, new season products.

**Trading updates for 1Q26.** In February, Türkiye retail sales grew 27% (CPI:31%). The first 2 retail weeks of March show 74% growth in Türkiye retail with the positive impact of Ramadan Holiday sales. (Adjusted for the holiday calendar, sales growth is around 26%).

### Impact on Valuation & Outlook

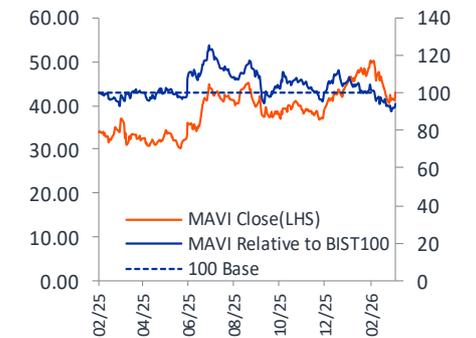
**2026 Guidance:** Under IAS-29, management guides for ~5% revenue growth ( $\pm 1\%$ ), an EBITDA margin of 18% ( $\pm 0.5\text{ppt}$ ), and a capex-to-sales ratio of 6% (vs. 5.5% in 2025) for 2026.

Stock Data	TL
Price	42.88
Target Price*	69.16
Prev.TP	68.22
Mcap (mn)	34,069
Float Mcap (mn)	24,724
Avg.Daily Volume (3M, mn)	430.2
No. of Shares Outstanding (mn)	795
Free Float (%)	73
Foreign Share (%)	42

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	-13.4	-1.5	18.5
US\$	-14.6	-4.3	-1.6
Rel.to BIST-100	-7.1	-16.1	-2.6

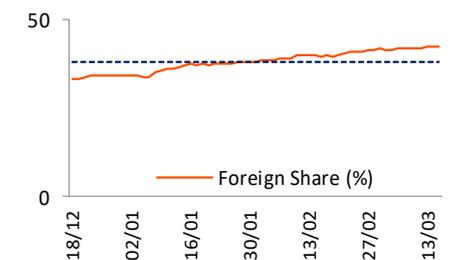
Multiples (\$)	2026	2027	2028
P/E	8.2	7.0	-
P/BV	2.1	2.0	-
EV/EBITDA	2.8	2.7	-

### Price / Relative Price



3M Range (Close TL)	40.52	50.05
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Foreign Share (%)	Cur.(%) :	42.45
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**Ezgi Akalan**

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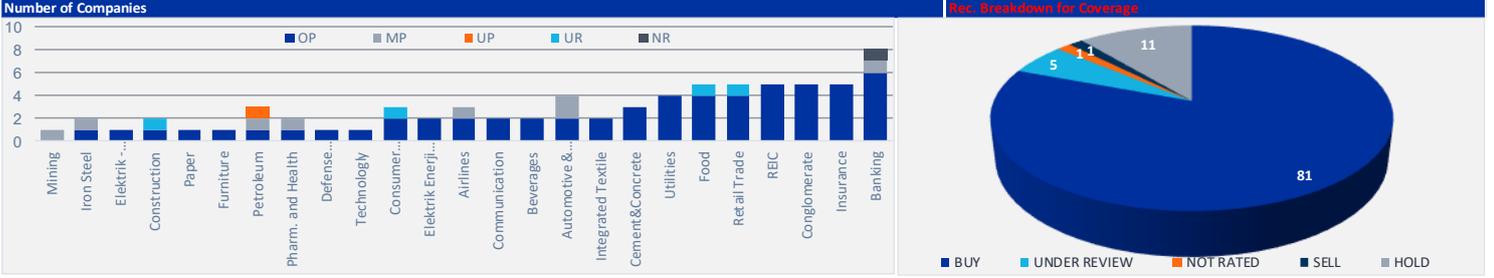
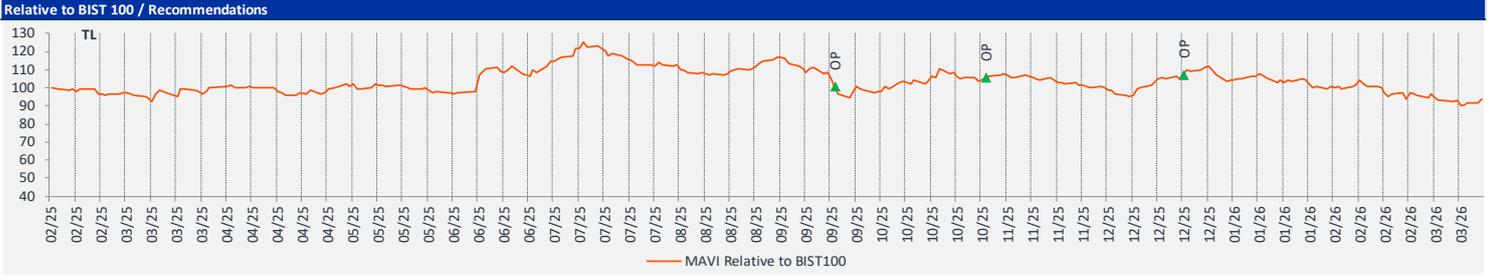
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The guidance implies a broadly flat EBITDA outlook, even though demand conditions are expected to be subdued and market conditions are expected to remain challenging, particularly in the first half of the year. On the operational side, the Company plans to open 15 net new stores, expand 15 stores, and renovate 30 stores in Türkiye. In North America, Mavi aims to open 6 new retail stores, continuing its footprint expansion in the region following 11 openings in 2025. Management did not provide guidance excluding IAS-29. While the top-line guidance came in slightly ahead of our expectations, the EBITDA margin outlook was somewhat softer than anticipated. We expect to gain further clarity on the underlying assumptions during the conference call scheduled for today.

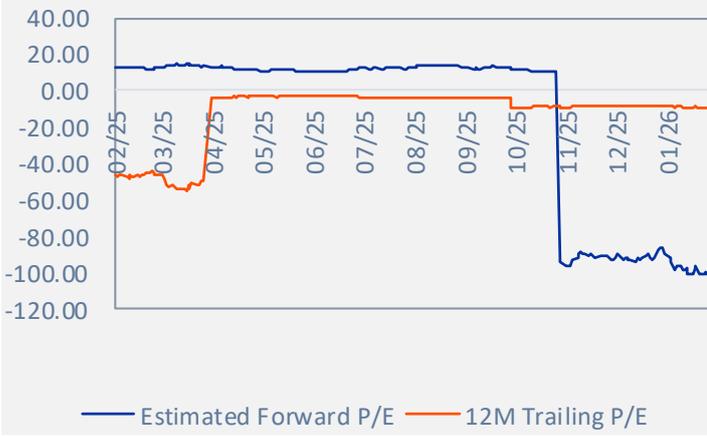
**Dividend distribution and cancelation of share buybacks:** Mavi announced that it will propose a gross dividend of TL1.67 per share at its upcoming General Assembly, implying a 4% dividend yield. The payout corresponds to 30% of pre-IAS 29 earnings (58% of reported distributable profit including IAS 29). The distribution date is set for May 6, 2026. On the capital allocation front, the Board has resolved to cancel all repurchased shares—including those already acquired and those to be bought until completion—via a cash-neutral capital reduction, in line with capital markets regulations. This decision reflects a commitment to enhancing shareholder value and aligning with international corporate governance standards. The buyback program, initially announced on June 10, 2025, will remain in effect until either the maximum number of shares is reached or June 10, 2026. To date, the Company has repurchased 10.9mn shares (representing 1.37% of paid-in capital) for a total consideration of TL421.8mn. The program has a maximum budget of TL1bn, corresponding to up to 79.4mn shares.

**Comment:** We may see an initial negative market reaction driven by the weaker-than-expected bottom-line performance. However, we expect this to be short-lived, supported by strong operating performance, solid cash generation, 2026 guidance, and the shareholder-friendly decision to cancel treasury shares. Despite the near-term pressure, we believe the stock is overly penalized, given Mavi's resilient business model, strong market positioning, and proven track record of delivering robust results across varying macro environments. Based on 2026 guidance, the stock trades at 3.6x Adj. EV/EBITDA (excl. IAS 29 and IFRS 16), implying a significant discount to both international peers and local food retailers. We maintain our BUY recommendation with a 12-month target price of TL69.2/share. We may revisit our estimates following the analyst call scheduled for today at 16:00.

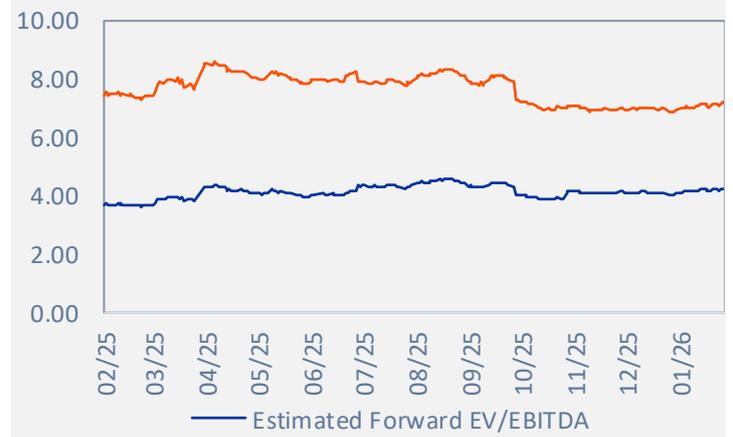
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Estimated Forward P/E & 12M Trailing P/E



Estimated Forward EV/EBITDA & 12M Trailing EV/EBITDA



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