



1H2024
Analyst Presentation

KOTON



A. BÜLENT
SABUNCU, PH.D.

CEO

5 Years at **KOTON**

32 Years of Experience

FLO



İLKAY
KESKİN

Chief Merchandising Officer

15 Years at **KOTON**

23 Years of Experience



MERT
SÖNMEZSOY

Chief Financial Officer

5 Years at **KOTON**

24 Years of Experience



mazars



A BRIEF
INTRODUCTION TO
KOTON

TRENDY, QUALITY AND AFFORDABLE FASHION



#1

Awarded women's brand ¹

Sales: 57% women, 25% men and 18% kids



440

Stores in 30+ countries with total presence in 70+ countries including e-commerce



300mn +

Customer visits ²



TL10.7bn

1H2024 consolidated sales



31%

Share of international sales



55%

1H2024 Gross profit margin



25%

1H2024 EBITDA margin



0.56x

Net financial debt /EBITDA*



≤ 2.5 years

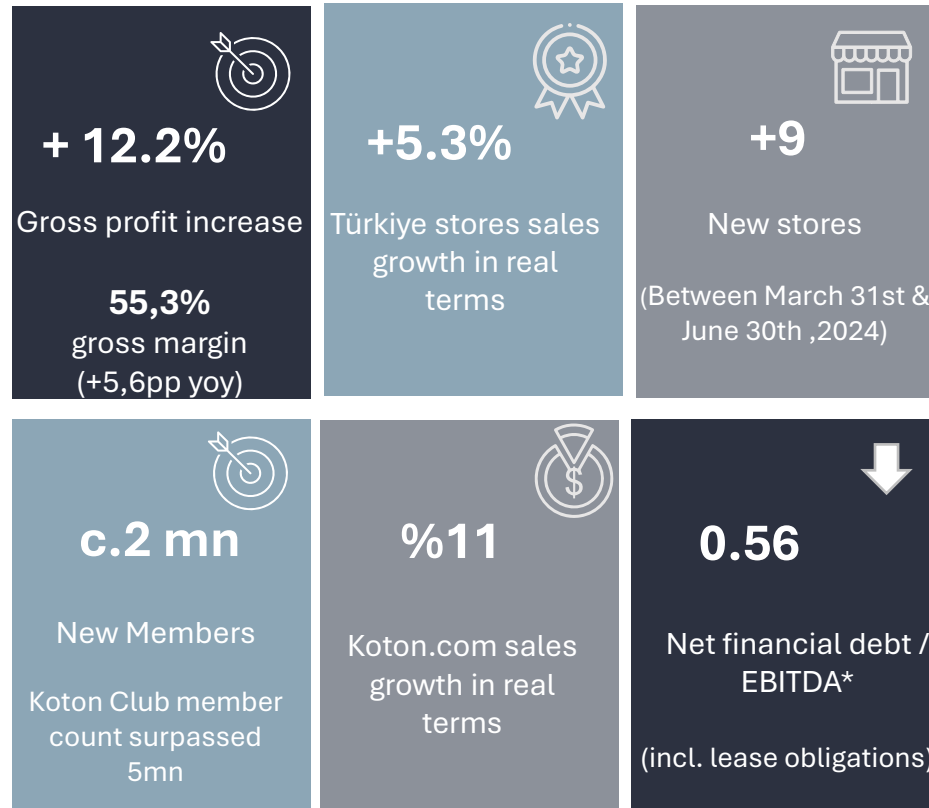
New stores pay-back rule


Notes: unless stated otherwise, based on 1H2024 interim report with inflation accounting applied figures. ¹For ten years between 2012-2023 in Türkiye according to the Association of Shopping Malls and Shopping Mall Investors; ² Total of offline and online figures, 2022; ³ As of 30 September 2023; ⁴ For in-season apparel excluding accessories in Türkiye. Company EBITDA calculation method as stated in the IPO prospectus and following financial reports: EBITDA: Profit before tax + net interest expense + net imputed interest + net investment income + amortization + IPO related expenses – monetary gain. *LTM EBITDA





1H2024
FINANCIAL
RESULTS


KOTON




- 

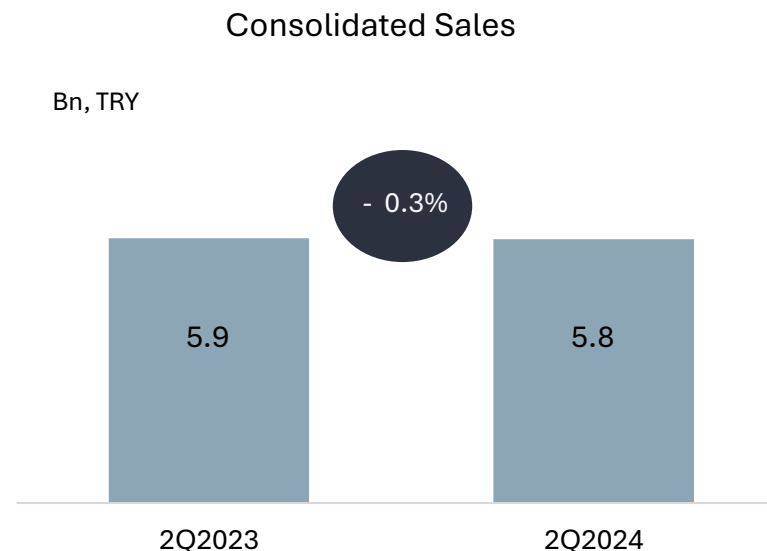
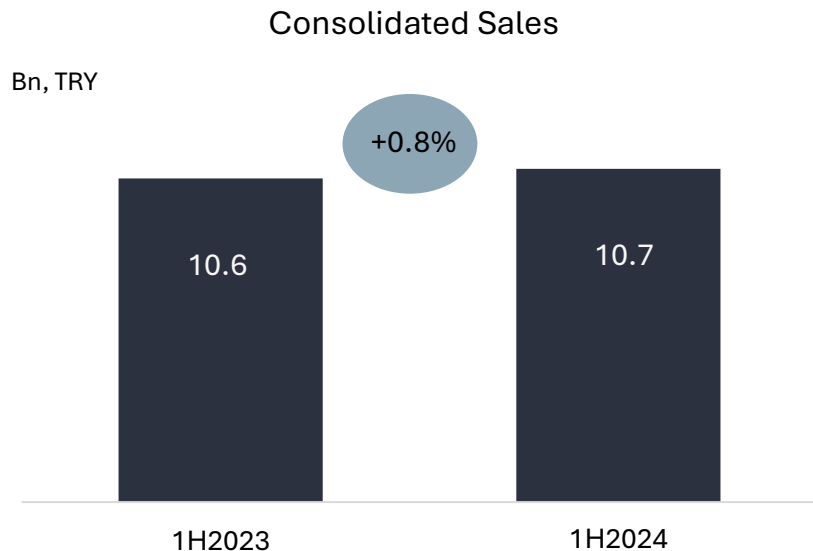
Gross profits increased 12.2% yoy as the procurement cost increases were below inflation levels thanks to Koton’s effective and flexible procurement strategy.
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Türkiye store sales grew 5.3% yoy in real terms.
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Total store count has increased to 440.
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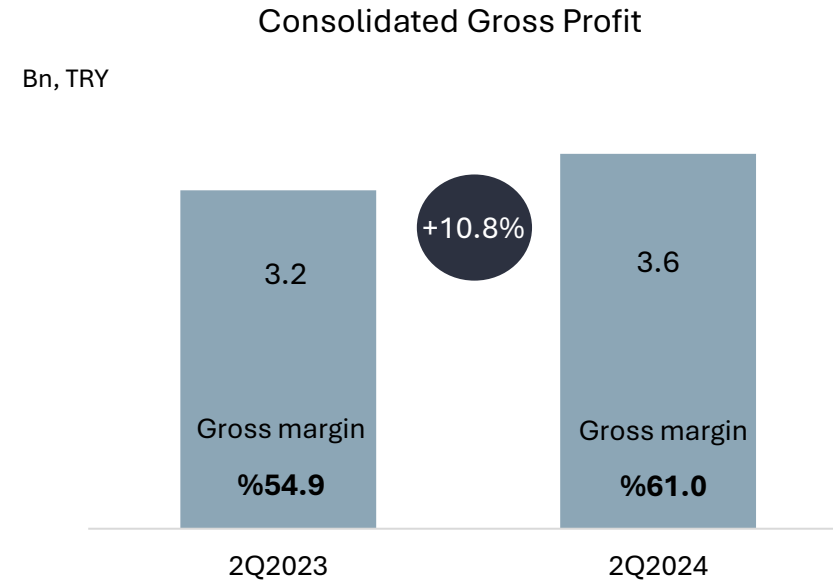
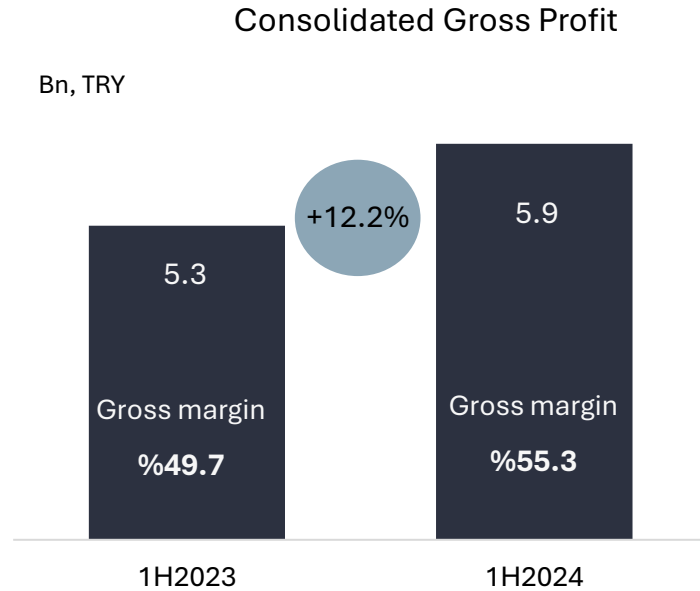
koton.com and Koton Club, key drivers of the omnichannel strategy continue to grow.
- 

Net financial debt ratio declined to 0,56 including lease obligations.



- ✚ In the first half of the year, Türkiye store sales **5.3%** in real terms whereas consolidated Türkiye sales rose 2.5%.
- ✚ International sales rose **1.4%** (in USD terms*) in the first half of the year driven by **17%** growth in the second quarter.
- ✚ Consolidated sales were flattish in the second quarter of the year.

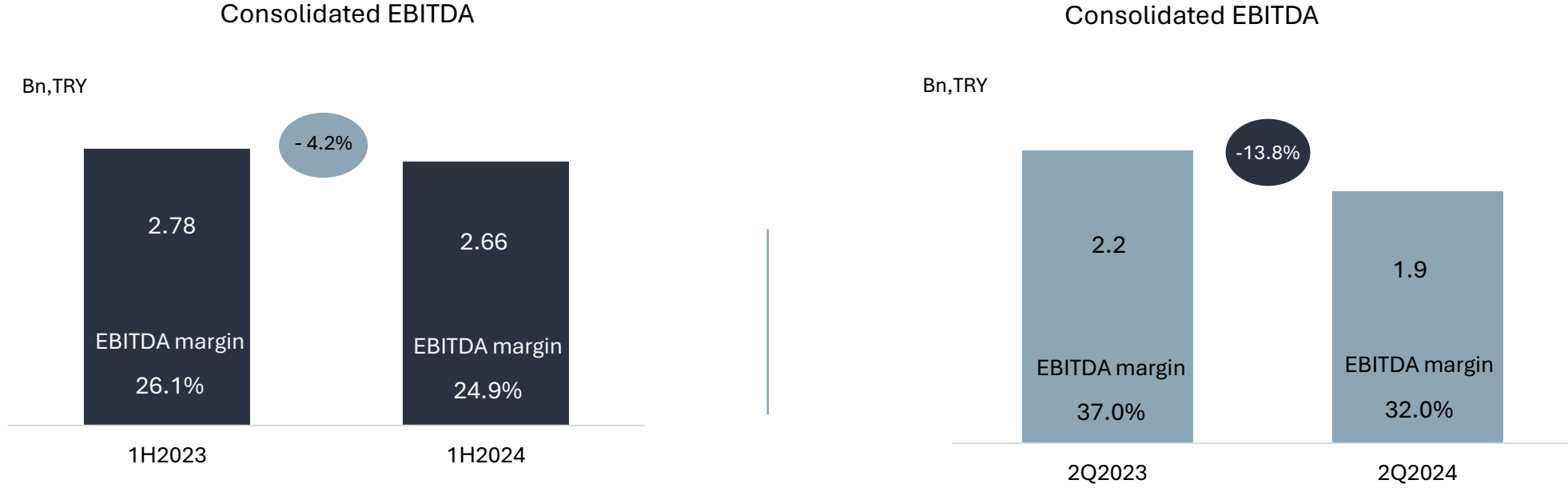
%55
marj



Thanks to the disciplined and flexible procurement strategy, gross profit increased by **12.2% yoy** while gross margin widened **5,6pp to 55,3%**. Türkiye gross margin improved from 52,8% to 60,5% whereas CIS region's gross margin improved from 47,7% to 53,1%. Despite the slower growth in the CIS region, Koton remained focused on profitability in 1H2024.

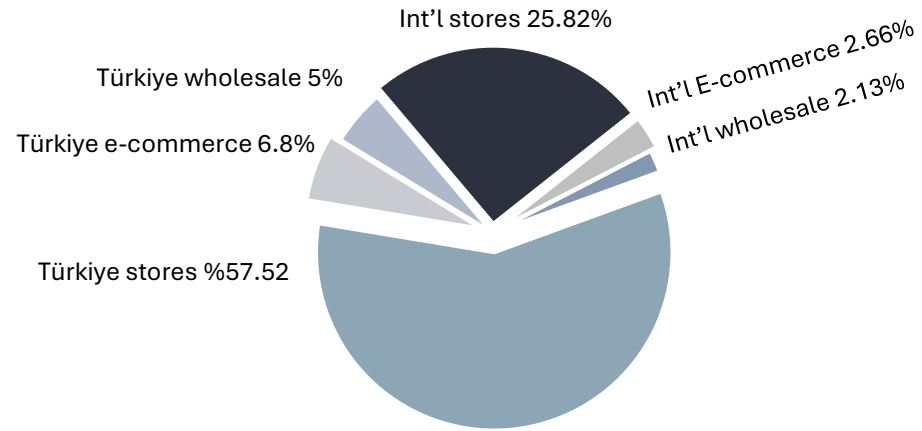
2Q2024 consolidated gross margin widened **6pp yoy** to **61%** where Türkiye gross margin increased **9pp** to **67%**.

1H2024 EBITDA MARGIN: 24.9%

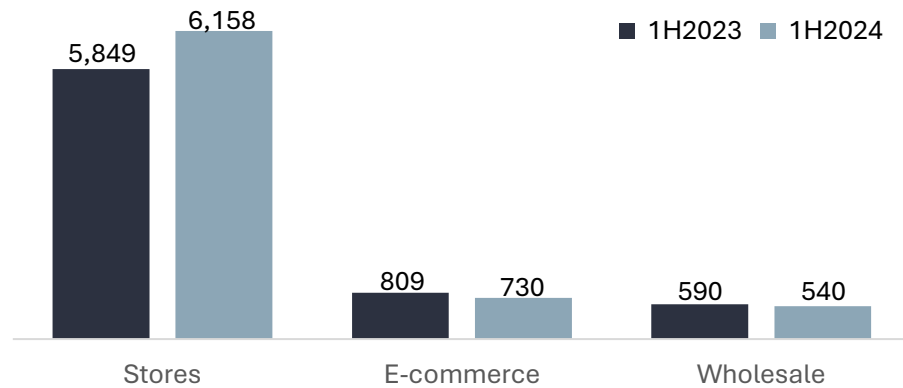


1H2024 EBITDA realized at TL2.66bn with an EBITDA margin of 24.9%. Change compared to last year was a result of above inflation labor cost and lower fx gains. In addition, IPO related expenses also weighed on 2Q EBITDA.

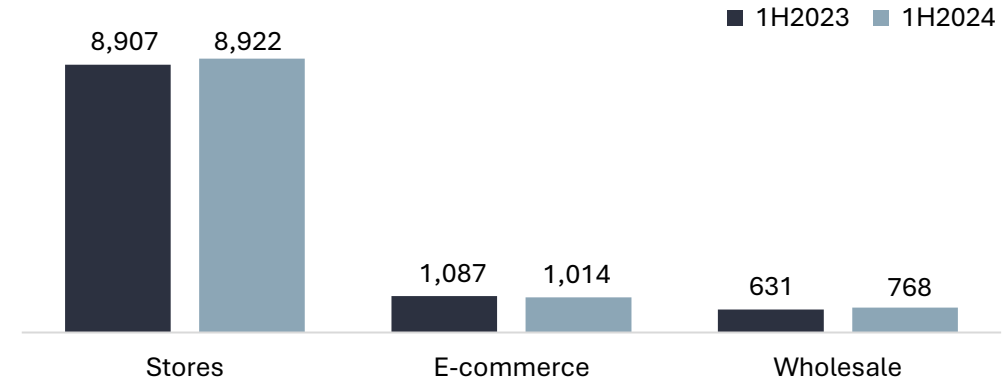
Sales breakdown (1H2024)



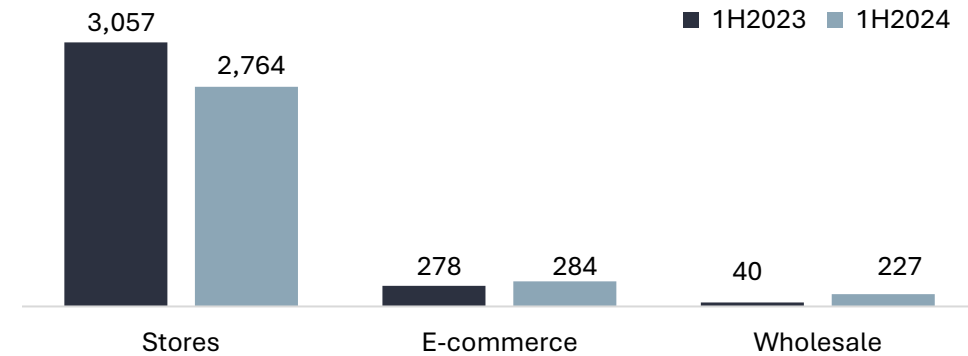
Türkiye Sales (Mn, TRY)



Consolidated Sales (Mn, TRY)



International Sales (Mn, TRY)

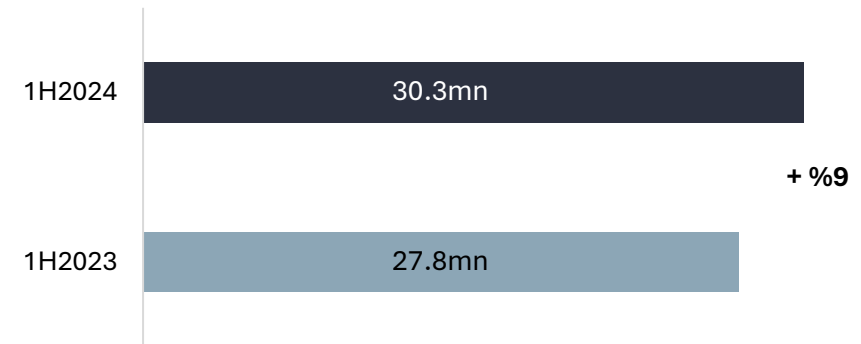


koton.com, Türkiye B2C marketplaces and international marketplaces (B2C) **grow steadily**

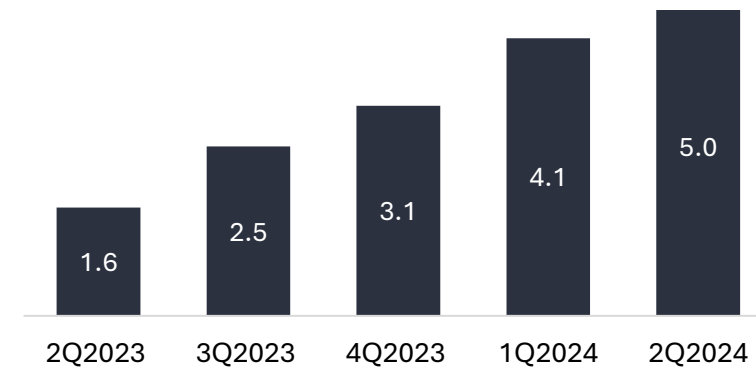
Sales* (Mn, TRY)	1H2023	1H2024	Change (%)
Koton.com (Türkiye, B2C)	221	247	+ 11%
Marketplace (Türkiye, B2C)	221	313	+ 42%
Int'l E-commerce	278	284	+ 2.1%

- ❖ Koton continues to shrink B2B part of the e-commerce business as part of its profitability and risk management strategy.
- ❖ Koton.com sales rose by 11% in 1H2024 where traffic grew by 9% yoy.
- ❖ Koton Club, a key pillar of the omnichannel strategy continues to grow. Koton Club members tend to shop more frequently and spend more.

koton.com (Traffic Figures)



Koton Club Members (mn)

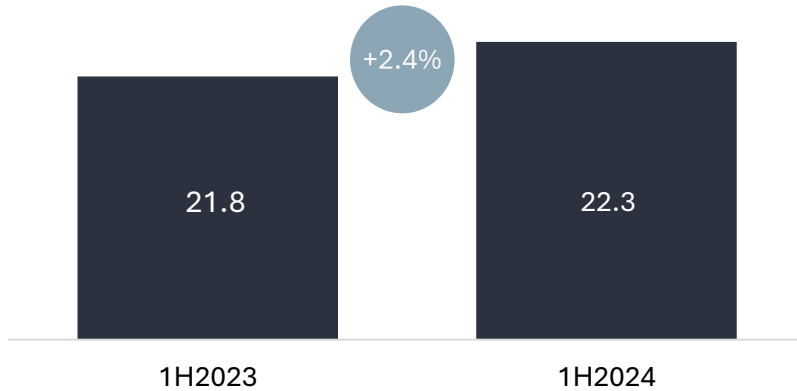


Notes: *Based on inflation accounting applied figures

1H2024 LFL Consolidated Store Volumes +2.4% yoy

Same Store Volumes (Consolidated)

(Units, mn)

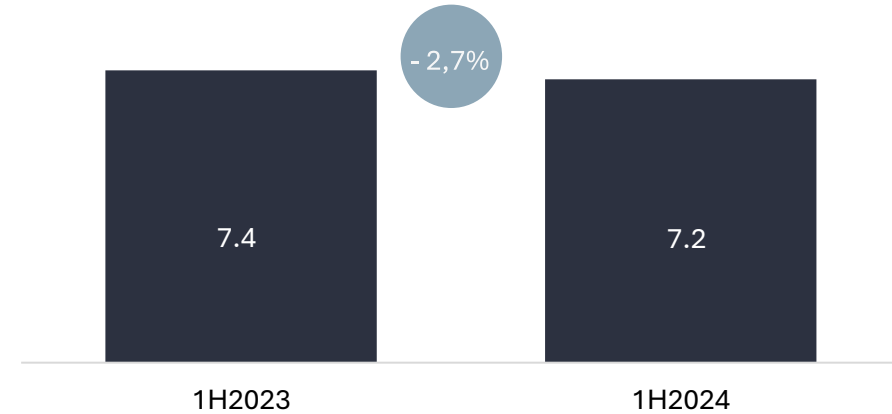


- ❖ Türkiye same store volumes were up 5.9%.
- ❖ International same store volumes were down 6.5%.

1H2024 LFL Consolidated Store Sales -2.7% yoy

Same Store Sales (Consolidated)

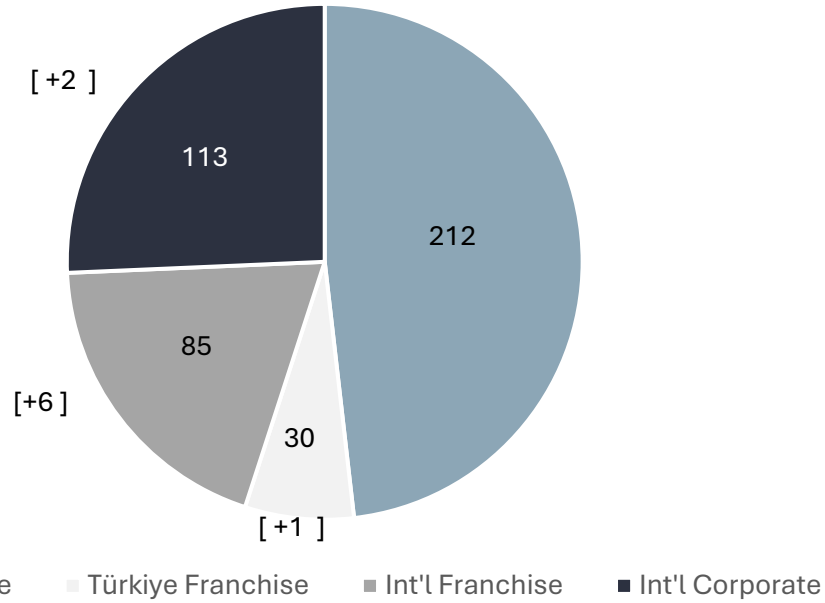
Bn, TRY



- ❖ Türkiye same store sales were up 3.5%.
- ❖ Due mostly to relatively strong Turkish lira, same store sales were down in the CIS region while were up in the Balkans and North Africa.

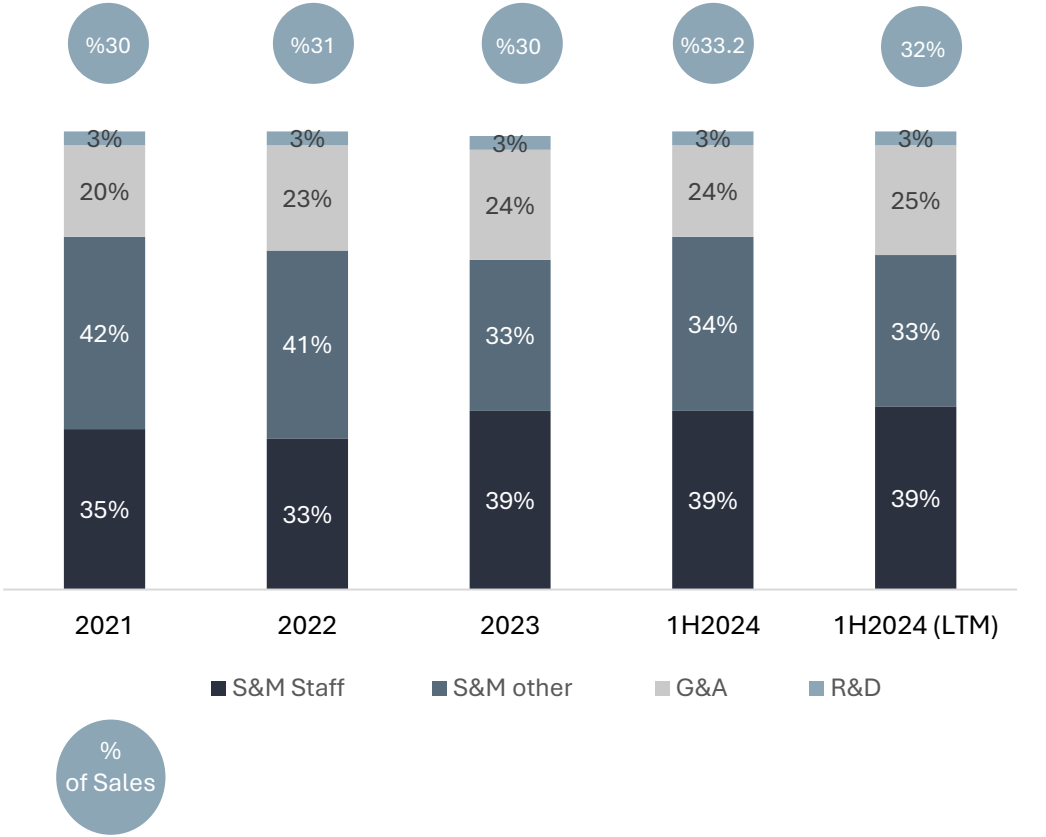
NEW STORE OPENINGS CONTINUE WITH AN EMPHASIS ON INT'L STORES

Total store count reached to **440** with an additional 9 stores opened in 2Q2024

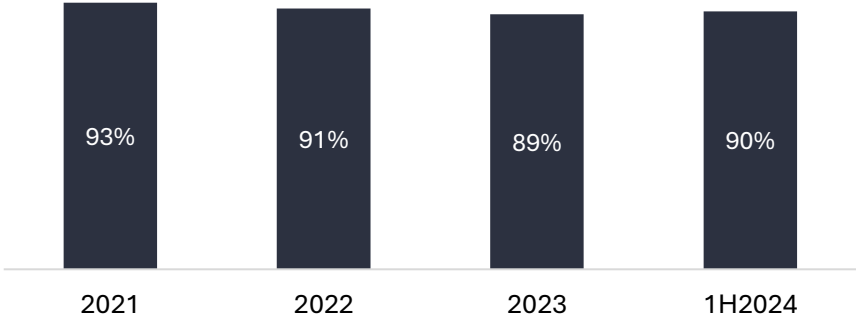


With the additional 9 new stores, total store area and sales area increased to 505k m2 and 387k m2 respectively.

Opex Breakdown (excluding D&A and other income/expense)



Consistent Sell-through ¹



Note: sell-through calculation: (EBITDA – CAPEX) / EBITDA



Medium Term Goals

- ❖ Opening **130-150 new stores** with financial discipline in mind
 - Most of the new store openings will take place abroad with **mostly franchise** stores
 - Target regions are GCC, CEE, MENA and India
- ❖ Share of international revenues to increase from current 30-33% levels to **40%**
- ❖ **Improving sales area efficiency** in existing stores
- ❖ Gradually increasing the share of e-commerce from current c.10% levels to **15%** and above

2024 Expectations

- ❖ **Sales:** Full year consolidated sales growth rate to be **around 5%** in inflation adjusted terms
- ❖ **Gross Margin:** Full year gross margin to be **above 50%**
- ❖ **Store Count:** Year-end store count to exceed **450 stores**

Appendix

Balance Sheet Summary	30 June 2024	31 December 2023
Total current assets	10.477.514.206	9.155.975.947
Total non-current assets	6.220.477.679	6.171.204.837
Total Assets	16.697.991.885	15.327.180.784
Total S/T liabilities	7.791.920.187	7.776.037.909
Total L/T liabilities	2.377.100.468	2.517.538.731
Total Liabilities	10.169.020.655	10.293.576.640
Total Equity	6.528.971.230	5.033.604.144
Total Equity & Liabilities	16.697.991.885	15.327.180.784

Income Statement Summary	1 Jan – 30 June 2024	1 Jan – 30 June 2023
Revenues	10.706.270.678	10.626.308.950
Gross Profit	5.925.504.740	5.279.346.221
Operating Profit (loss)	637.374.247	965.816.227
Profit Before Tax	592.080.534	1.135.409.113
Net Profit (Loss)	649.508.722	1.153.820.719
EBITDA	2.661.983.365	2.777.766.348

Notes: Company EBITDA calculation method as stated in the IPO prospectus and following financial reports: EBITDA: Profit before tax + net interest expense + net imputed interest + net investment income + amortization + IPO related expenses – monetary gain

	1 Jan - 30 June 2024	1 Jan – 30 June 2023
Revenues	10.706.270.678	10.626.308.950
Gross Profit	5.925.504.740	5.279.346.221
Gross Profit Margins	%55,3	%49,7
Net Income (loss)	649.508.722	1.153.820.719
EBITDA	2.661.983.365	2.777.766.348
EBITDA Margin	%24,90	%26,10

	30 June 2024	31 December 2023
Cash & Cash Equivalents	1.425,3	447,9
Bank Loans	(1.857,4)	(1.877,0)
Lease Obligations	(2.683,6)	(2.758,5)
Net Financial Debt	(3.115,7)	(4.187,6)
Net Financial Debt (<i>USD</i>)	-95	-128
Net Financial Debt /EBITDA*	0,56	0,73
Net Financial Debt (excl. Lease obligations)	(432,1)	(1.429,1)

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