



# TAT GIDA

## INVESTOR PRESENTATION & 1H2021 FINANCIAL RESULTS REVIEW



- TAT Gıda at a Glance
- Business Overview
- 1H2021 Financial Results Review



# TAT GIDA AT A GLANCE



## STRONG REPUTATION IN LOCAL & INTERNATIONAL MARKETS

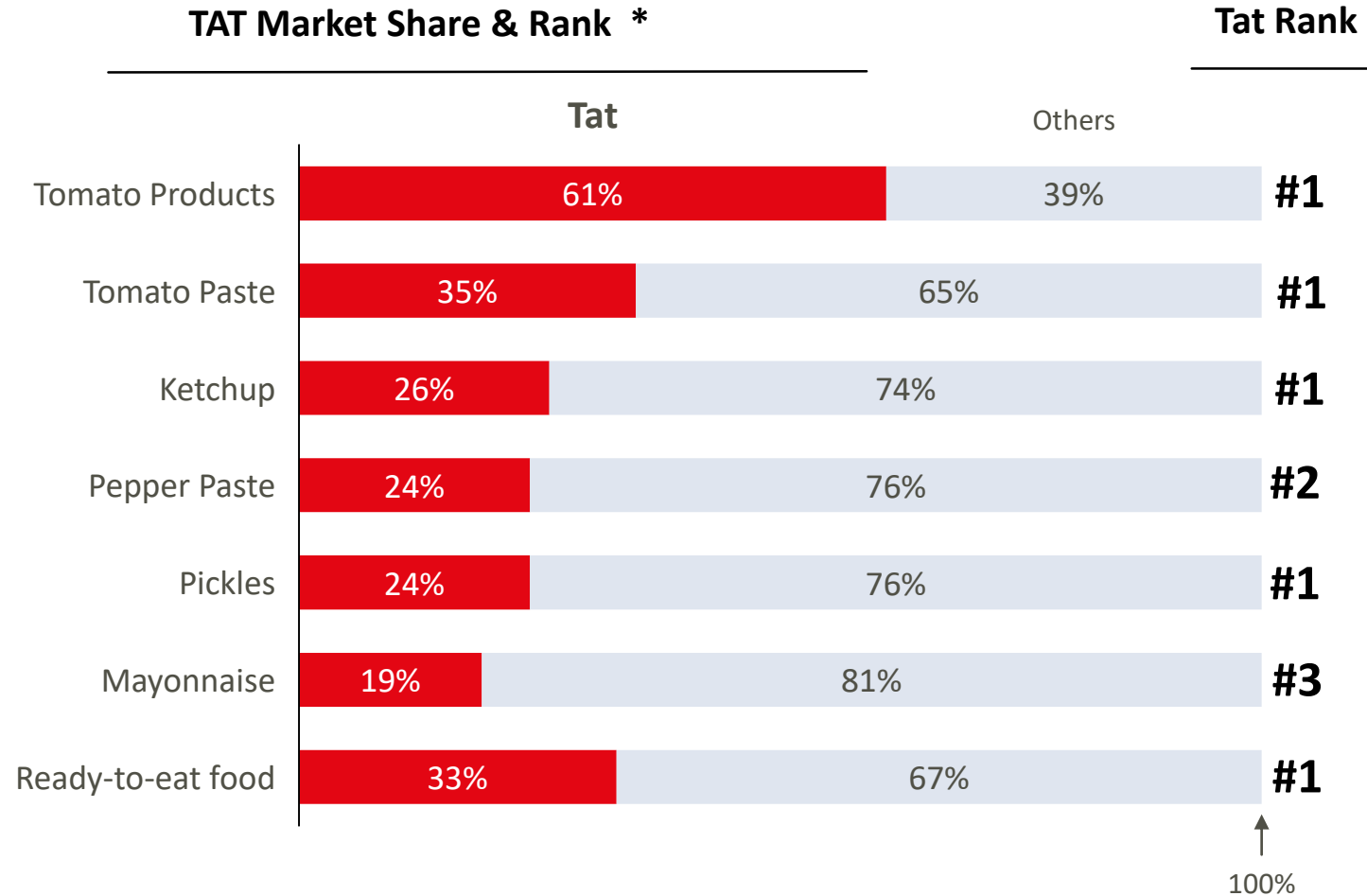
Tat, a well-established and pioneering company in Turkey, contributes to healthier lives with plant-based products and sustainable agriculture via digital farming and responsible agriculture operations aiming maximum yields with minimal resources.



\*FAO 2019 statistics



## WELL-KNOWN BRAND WITH LEADING MARKET POSITIONS IN TURKEY



Tat ranks # 1 in Turkish market\* in tomato products, tomato paste, ketchup, pickles, and ready-to-eat food while among the top 3 in most of its main production lines.

\*Based on Nielsen FY2020 Report (Pickles and Ready-to-Eat Food categories based on FY2020 Scantrack data); excluding Hard Discounters and based on share of sales (TL)



## TAT'S WIDE PRODUCT MIX WITH HEALTHY PLANT-BASED CHOICES



Tomato Paste



Tomato Products



Sauces



Organic Products



Vegetables & Beans



Ready To Eat Meals & Appetizers



Pickles



Jam & Marmalade

## 50+ YEARS OF KNOW-HOW AND EXPERIENCE

**Tat Gıda\*** was established in 1967 by Koç Group's founder Mr. Vehbi Koç.

### 1960s

- **Established in 1967**
- Mustafakemalpaşa plant (MKP) started production in 1968

### 1970s

- Karacabey plant share acquisition 1977-83

### 1980s

- Partnerships with Japanese Kagome and Sumitomo initiated in 1983.
- Yenisehir/Bursa plant acquisition (1989)
- Tat introduced diced tomato production technology to Turkey (1989)

### 1990s

- Tat shares started trading on the stock exchange in 1993

### 2000s

- Tat installed a diced tomato line, a welded cap technology that reduces the risk of aseptic diced tomatoes to one in a billion
- In 2006, Torbalı, İzmir, plant established increasing production capacity further (Yenisehir plant ended its operations and its equipment relocated to Torbalı plant)

### 2010s

- The company's name was changed to Tat Gıda Sanayi A.Ş. in 2013.
- PET bottle filling line introduced with, which enabled Tat to fill the transparent ketchup and mayonnaise bottles through cold fill technology (2017).
- Tat Gıda created the "Digital Agriculture Field" in 2018 .
- Tat Organic Series is introduced to the market (2019)

### 2020s

- Tat Gıda became the first company in its sector to be entitled to receive TSE COVID-19 Safe Production Certificate.

*\* initially known as Tat Konserve, later changed its name to Tat Gıda in 2013*



## RECENT DIVESTITURES AND FOCUS ON CORE CATEGORIES

- TAT concentrated on its tomato and canned vegetables business which had 32% gross and 17% EBITDA margin in FY2020; while divested its stake in SEK (dairy products business) in 1Q2021 and Pastavilla in FY2019. SEK had 10% gross margin and 4% of EBITDA margin in FY2020.

Oct 2019

- PASTAVILLA brand sale (worth TL8 mn). Tat ended its pasta production operations.

Pastavilla had sales and net profit of TL70 mn and TL4 mn, respectively in FY2019.

Nov 2020

- Sale of Ex-Pastavilla Land (worth TL85.5 mn)

March 2021

- SEK Sale (transaction value TL240 mn, and net cash inflow of TL182 mn after inventory & personnel adjustments). Tat ended its dairy milk & milk products operations.

SEK had 10% gross margin and 4% of EBITDA margin in FY2020 (13% & 4%, respectively in FY2019).

March 2021

Capacity expansion projects initiated:

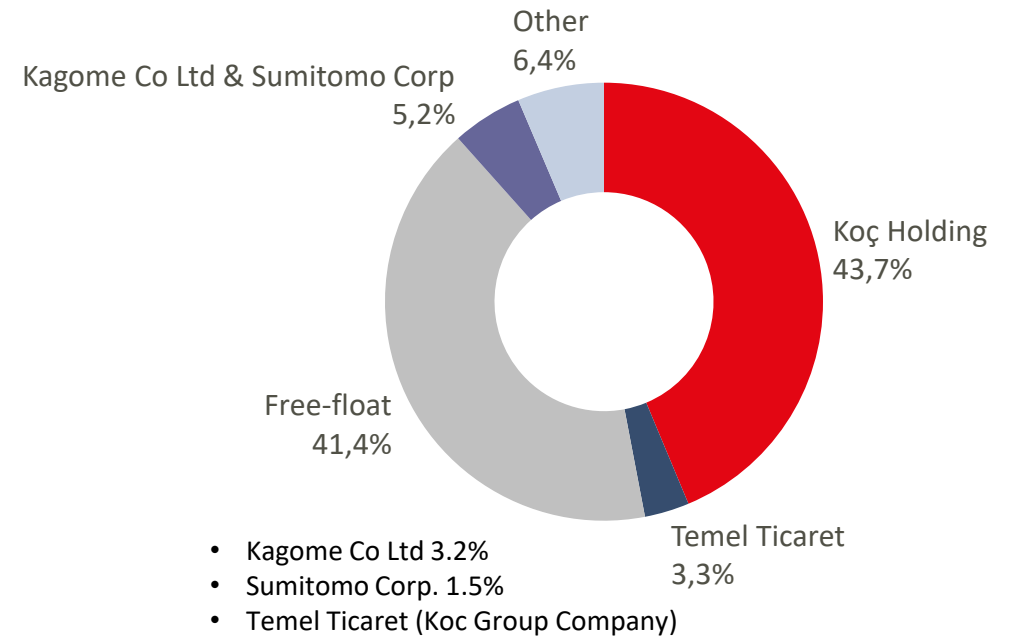
- Pickle capacity to be increased from 5K tons to 22K tons (€3.8 mn) at MKP plant.
- With new tomato paste line in Karacabey plant; total tomato paste capacity of Tat to be increased from 71K tons to 85K tons (worth €6 mn)



## STRONG SHAREHOLDER STRUCTURE

### Koç Holding

- Koç Holding <KCHOL>, founded in 1926 by Vehbi Koç, is Turkey's leading investment holding company.
- The only Turkish company in Fortune Global 500.
- Koç Holding has leading positions with strong competitive advantages in energy, automotive, consumer durables and finance sectors, which offer strong long-term growth potential.
- Koç Group's FY2020 combined revenues correspond to 6.4% of Turkey's GDP and exports account for 6.7% of Turkey's total exports.
- Koç Group companies include Yapı Kredi <YKBNK>, Tupras <TUPRS>, Ford Otosan <FROTO>, Arcelik <ARCLK>, TOFAS <TOASO>, Opet, and Aygaz <AYGAZ>.



### Ongoing Partnerships with Kagome & Sumitomo

- Kagome and Sumitomo partnerships had initiated with the sales agreements between these companies and Tat in 1983; and still continues. Kagome has been producing tomatoes and by-products since 1899 and ranks #1 in Japan in its business.
- Sumitomo Corporation, established in 1919, is a global trading company and is ranked in the Fortune Global 500, for 26 years, as one of the global companies leading the world's development.

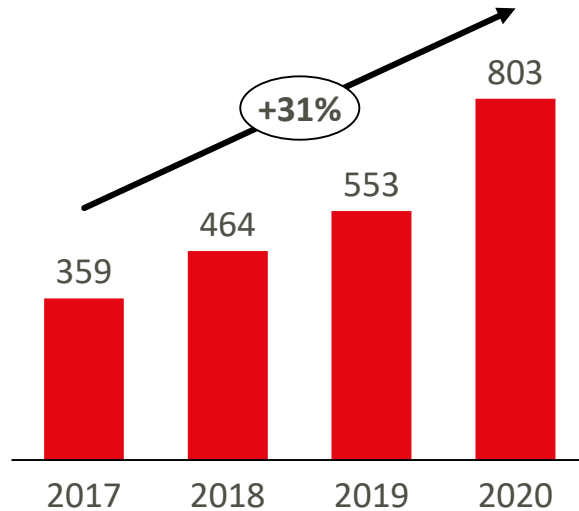
2017-2020  
performance\*

Net Sales  
30.8% CAGR

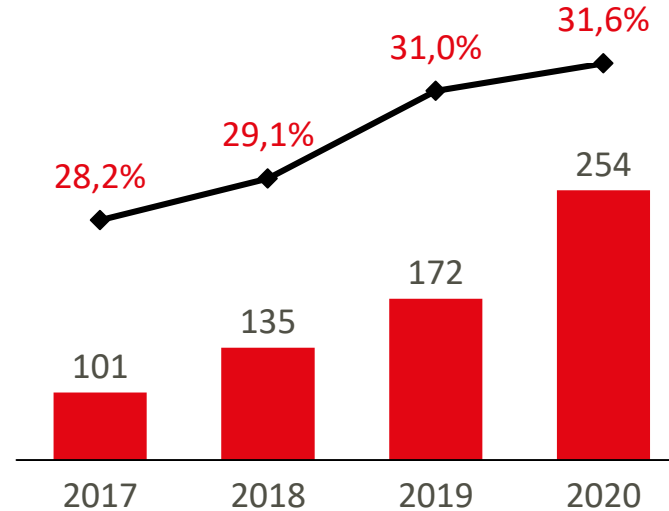
Gross Margin  
30.0% (avg)

EBITDA  
56.4% CAGR

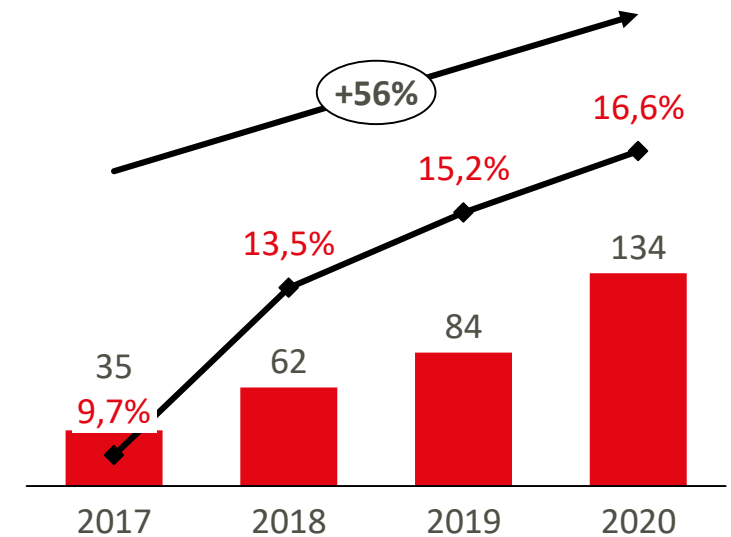
Net Sales (TL mn)\*



Gross Profit (TL mn) & Gross Margin (%)\*



EBITDA (TL mn) & EBITDA Margin (%)\*



\*continued operations

TAT IN NUMBERS

## Key Stok Data

Close (Jul 30, 2021)  
**8.73 TL/share**

Mcap  
**US\$140 mn**  
**TL1.19 bn**

Shares Outsanding  
**136 mn**

Free-Float  
**41%**

Volume (1 mth avg)  
**TL5.4 mn**

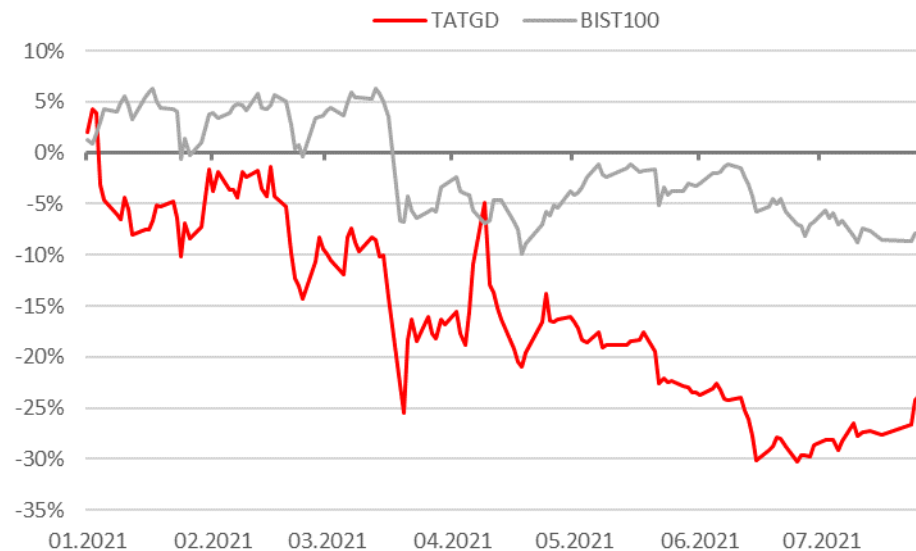
52 wk range  
**8.0 – 12.3 TL/share**

Latest Dividend (date)  
**TL34 mn (Mar 2021)**

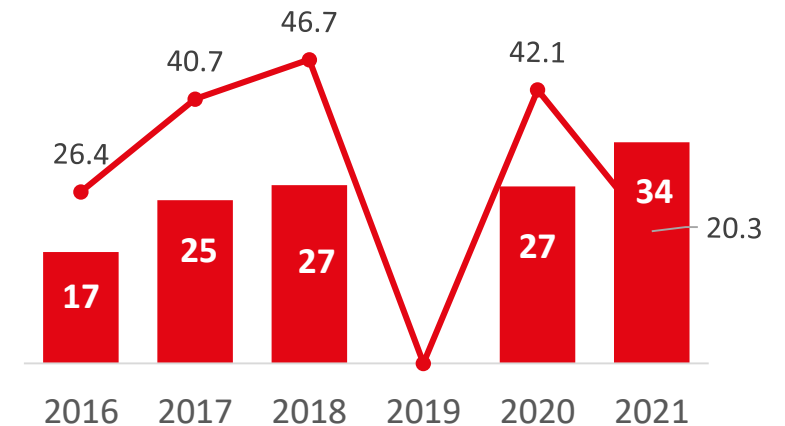
## SHARE PERFORMANCE <TATGD>

- TAT GIDA <TATGD> has been trading on Borsa Istanbul since 1993. The company is also included in BIST Sustainability Indices.
- TAT Gida's Dividend Payout Ratio was 20% in 2021 –excluding income from discontinued operations, the dividend payout ratio would be 48%.

Tat Gida <TATGD> YTD Share Performance



Dividend (TL mn)\* & Dividend Payout Ratio (%)



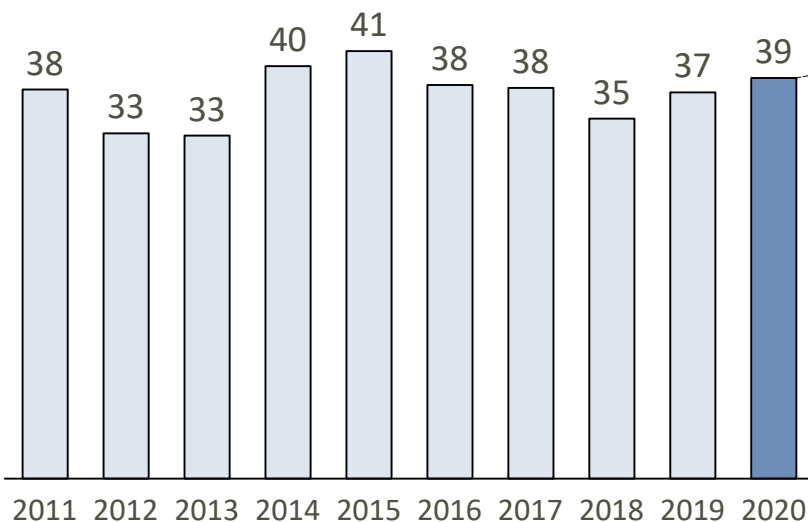
\*Cash dividend to shareholders

# BUSINESS OVERVIEW

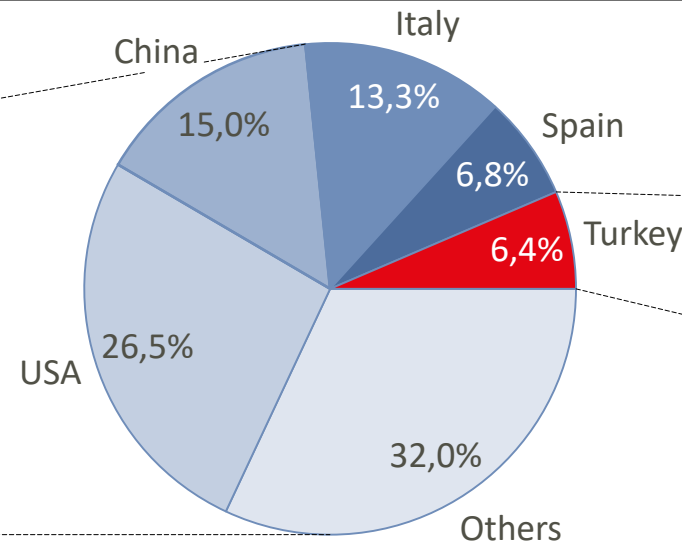
## TURKEY RANKS 5<sup>TH</sup> IN GLOBAL TOMATO PROCESSING INDUSTRY

- Two-thirds of the total global tomato processing amount takes place in top 5 countries, including Turkey.
- Turkey, with a production of 2.5 million tons of processed tomatoes in 2020, ranks 5<sup>th</sup> after the USA, China, Italy and Spain, and represents 6% of the global production.
- Tat Gıda, with 381K tons of processed tomatoes in 2020, commands 15% stake in Turkey's tomato processing industry.

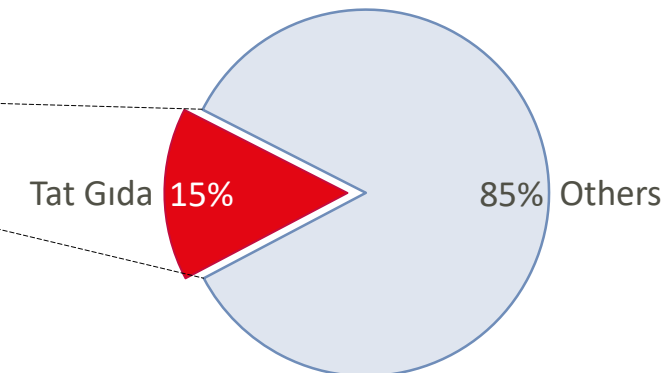
Global Tomato Processing (mn tons)



Breakdown of Tomato Processing (2020)



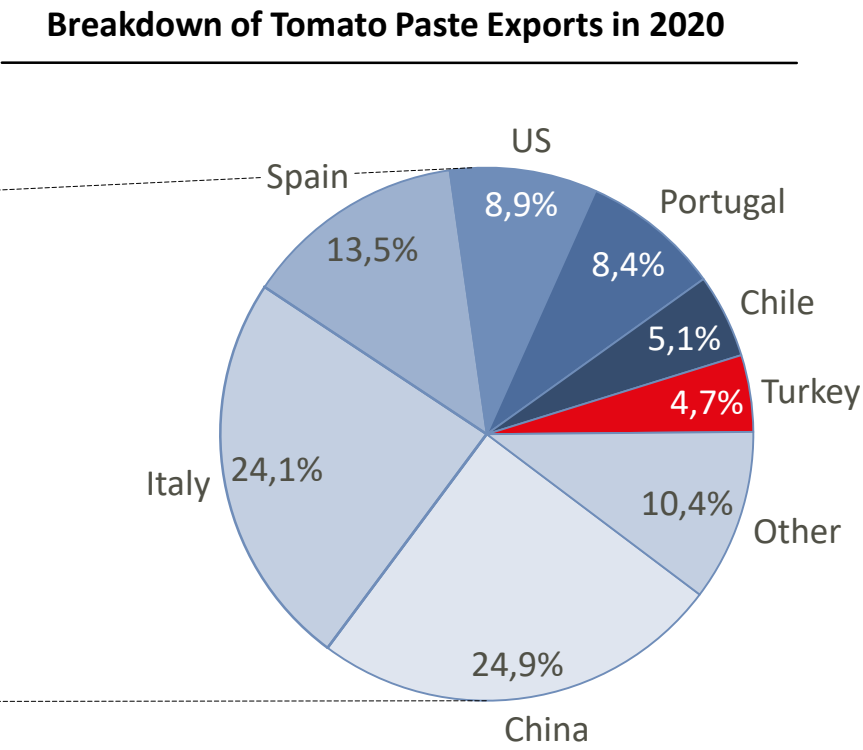
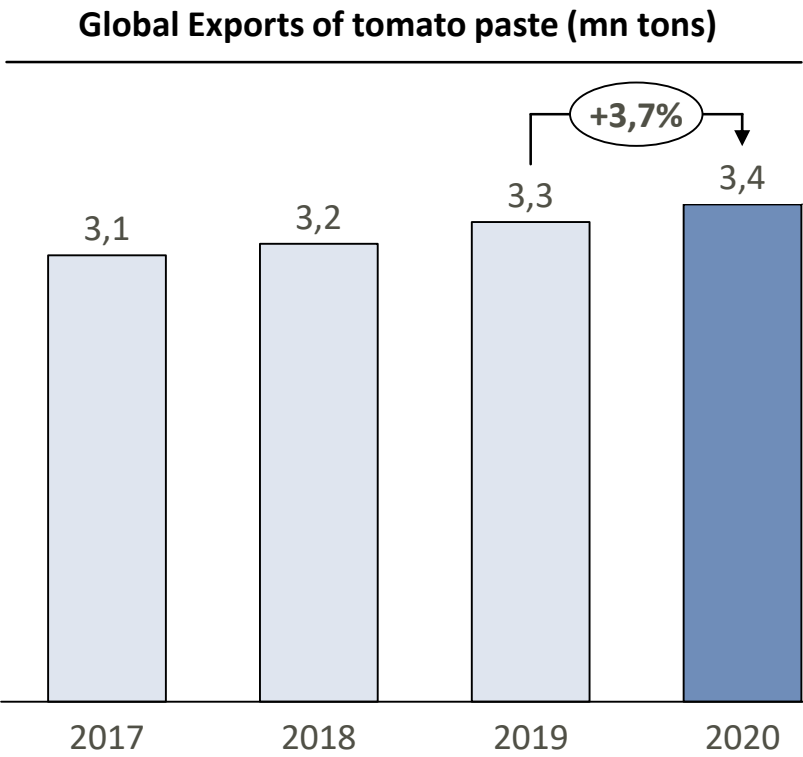
Tat's share in Turkey



Source: WPTC World production estimate of tomatoes for processing

# TURKEY IS AMONG THE TOP TOMATO PASTE EXPORTERS

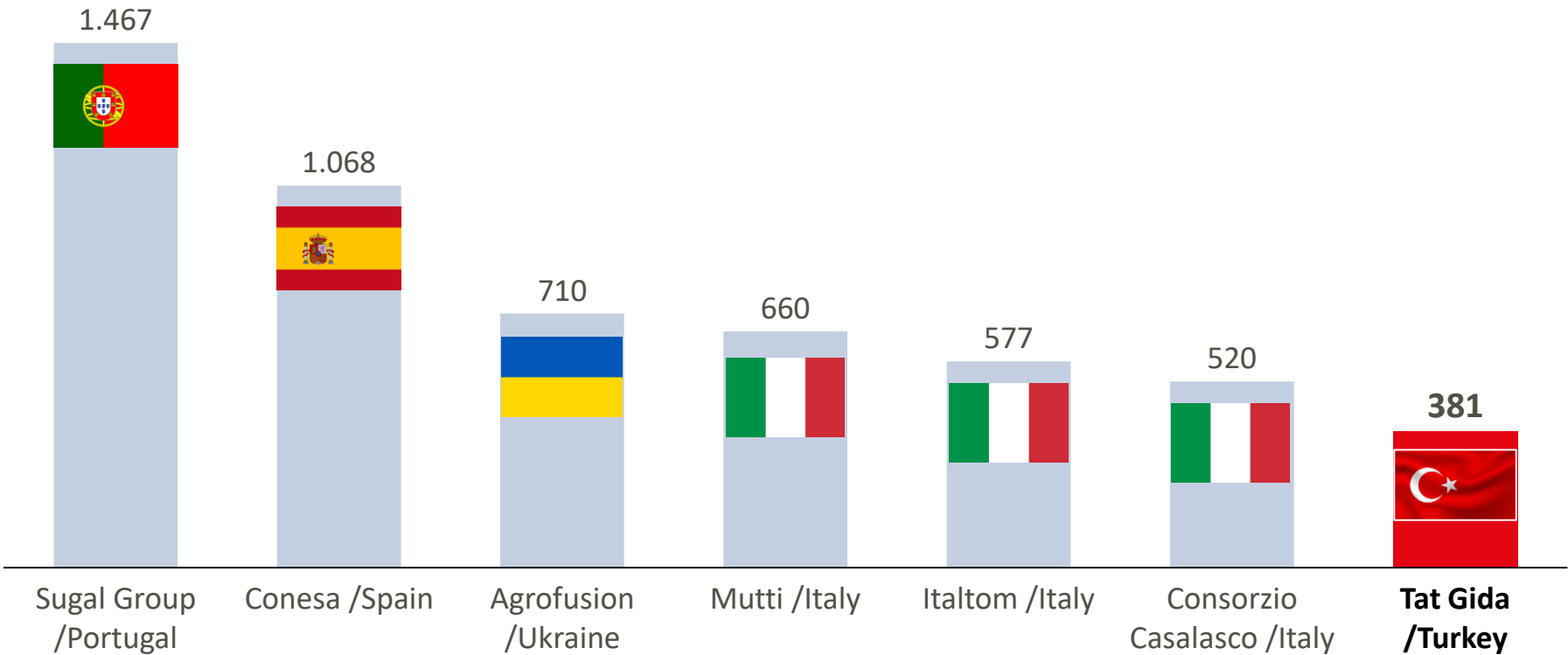
- Turkey ranked 7<sup>th</sup> worldwide among tomato paste exporters. Turkey's tomato paste exports was 160K tons in 2020, commanding 5% share in global total exports.



Source: Trade Data Monitor LLC (Tomato News)

# TAT GIDA RANKS #7 AMONG EUROPEAN TOMATO PROCESSING GROUPS

2020 Top European Tomato Processing Groups (000 tons)

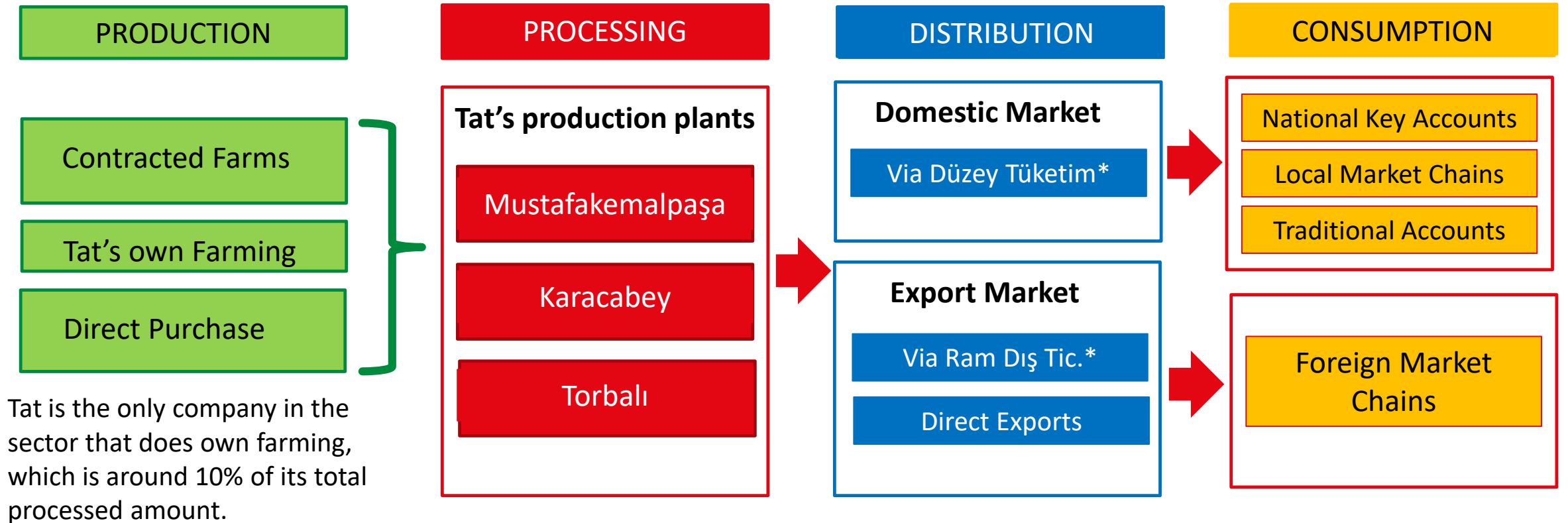


Source: TomatoNews



## PROCESS FROM SEED TO TABLE

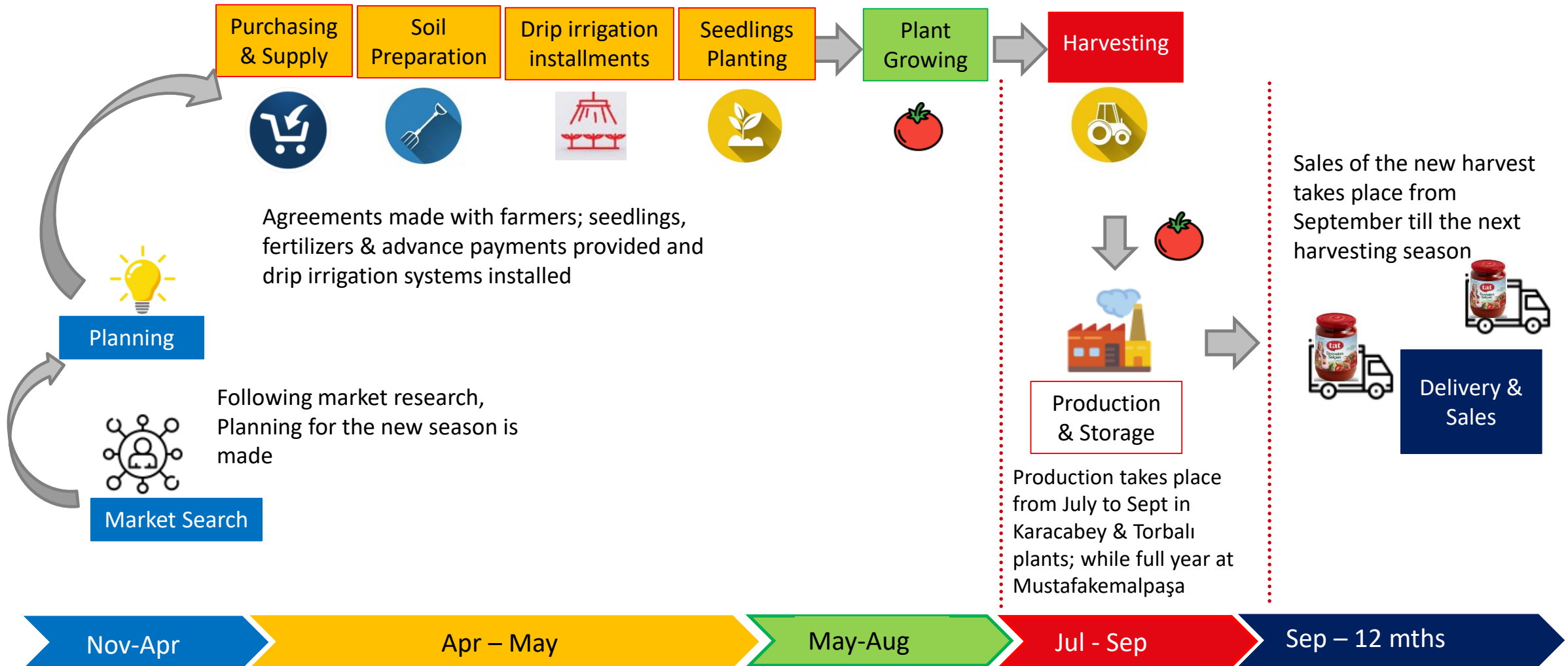
All local sales are distributed via Düzey Tüketim; a Koç Group sales & distribution company, specialized on FMCG in Turkey. Düzey also distributes world brands such as Ferrero and Pringles to over 70K outlets.



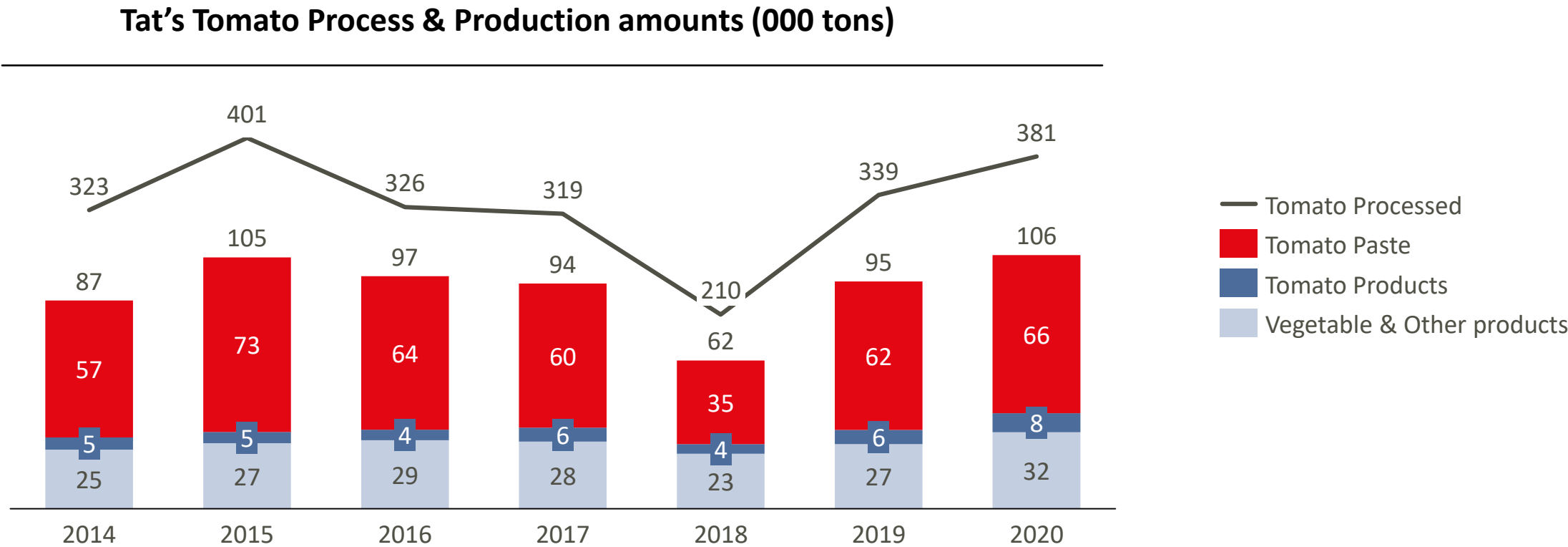
Tat is the only company in the sector that does own farming, which is around 10% of its total processed amount.

\* Koc Group Companies

# SEASONALITY IN PRODUCTION, SALES SPREAD OVER THE WHOLE YEAR

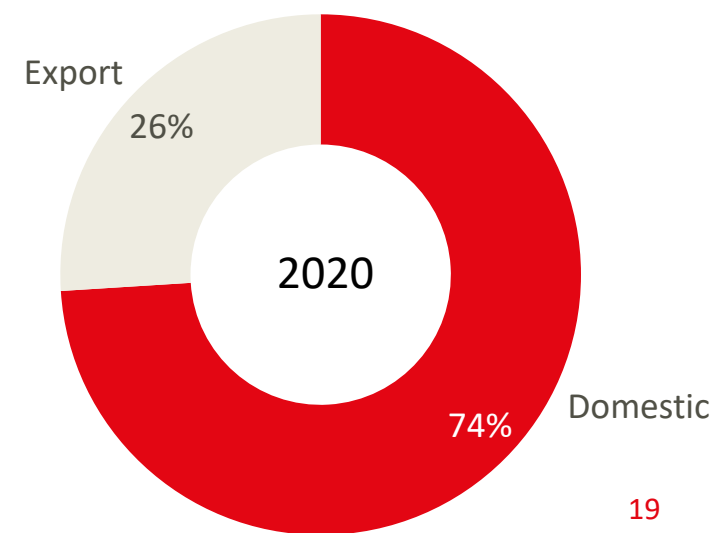
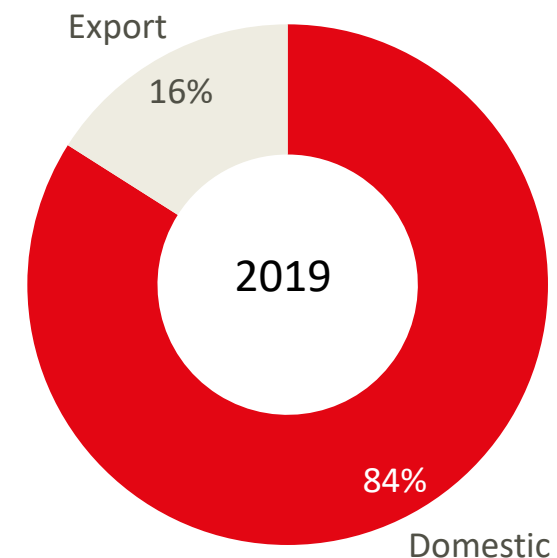


# TAT PROCESSED 381K TONS OF TOMATOES AND PRODUCED 106K TONS OF PRODUCTS IN 2020



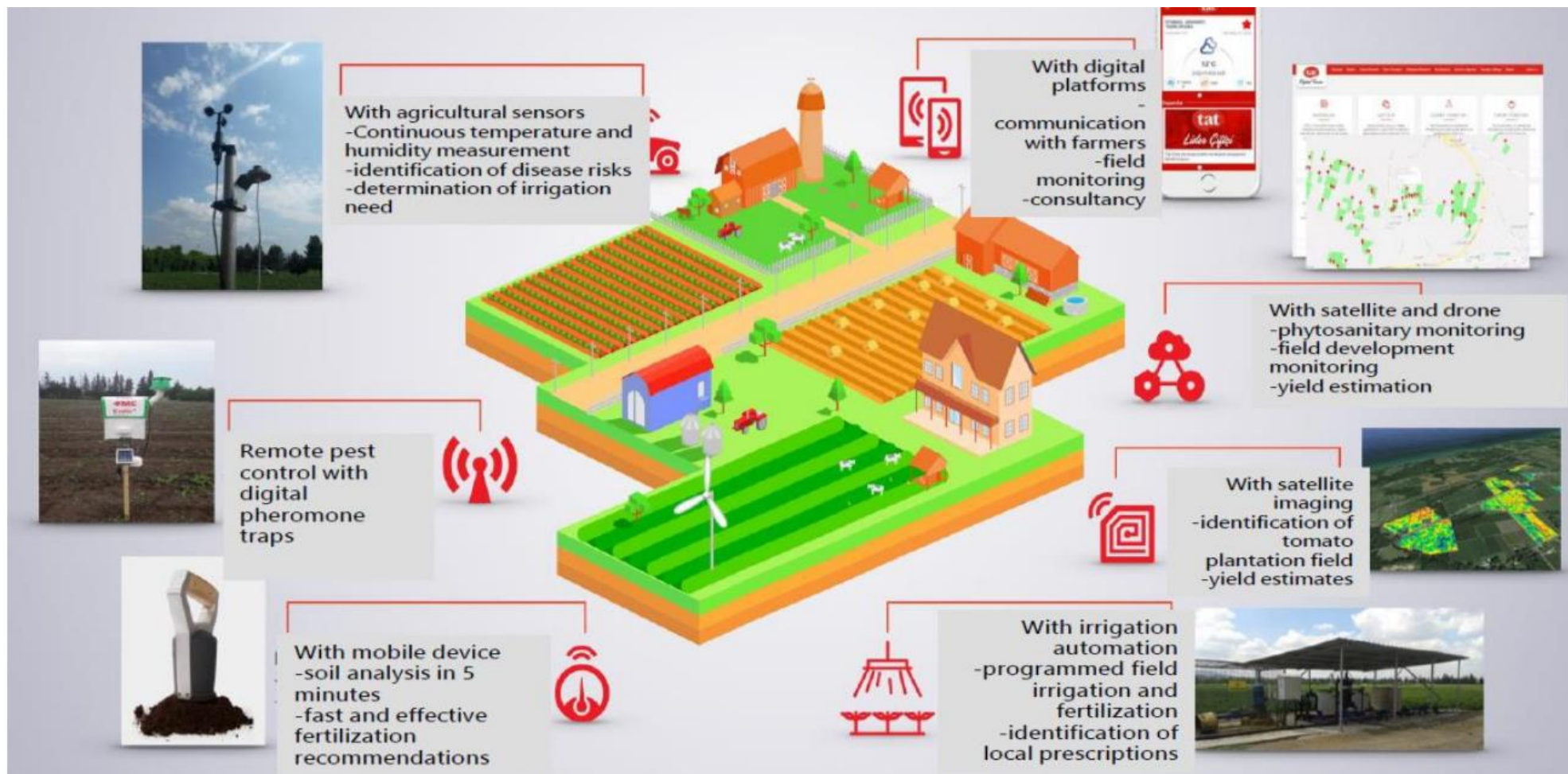
## EXPORTS ON A GROWING TREND

- Tat Gıda had a lucrative export year in 2020, delivering goods to consumers in 37 countries by adding Palestine, Romania, Ukraine, Oman, Italy and Israel to its export market.



## INNOVATION IN AGRICULTURE: DIGITAL FARMING

With a shift to digital farming, Tat raised its agricultural productivity to around 10 decare/ton vs. 7-8 decare/ton in the region. Tat planted around 2K decares land on average in 2019 and 2020.



# FINANCIAL RESULTS

## 1H2021 HIGHLIGHTS

## 1H21 Highlights

### Net Sales\*

TL 454 mn  
(15% yoy growth)

### Exports Share\*

24% of total sales  
(vs. 17% in 1H2020)

### EBITDA\*

TL 67 mn  
(10% yoy decline)

### Net Profit: TL155 mn

*Net Profit\* : TL89 mn*

*Net Profit\*\* : TL66 mn*

\*From Continuing operations

\*\*From Discontinued operations

## INVESTING TO STRENGTHEN PORTFOLIO

- Finalized previously announced disposal of non-core business (SEK) in 1Q2021 and focus further on continuing operations.
- Top-line growth was 15% yoy in 1H21 and 25% yoy in 2Q2021, despite high March and April 2020 effect.
- Capacity expansion investments ongoing to further up tomato paste and pickle capacity with an estimated total investment amount of Euro 10 mn.
- Strong Liquidity with net cash of TL93 mn, despite total dividend distribution of TL42 mn\* in March 2021 and total investment expenditures of TL 58 mn in 1H2021.
- Net Profit from continued operations was TL89 mn vs. TL44 mn in 1H2020.

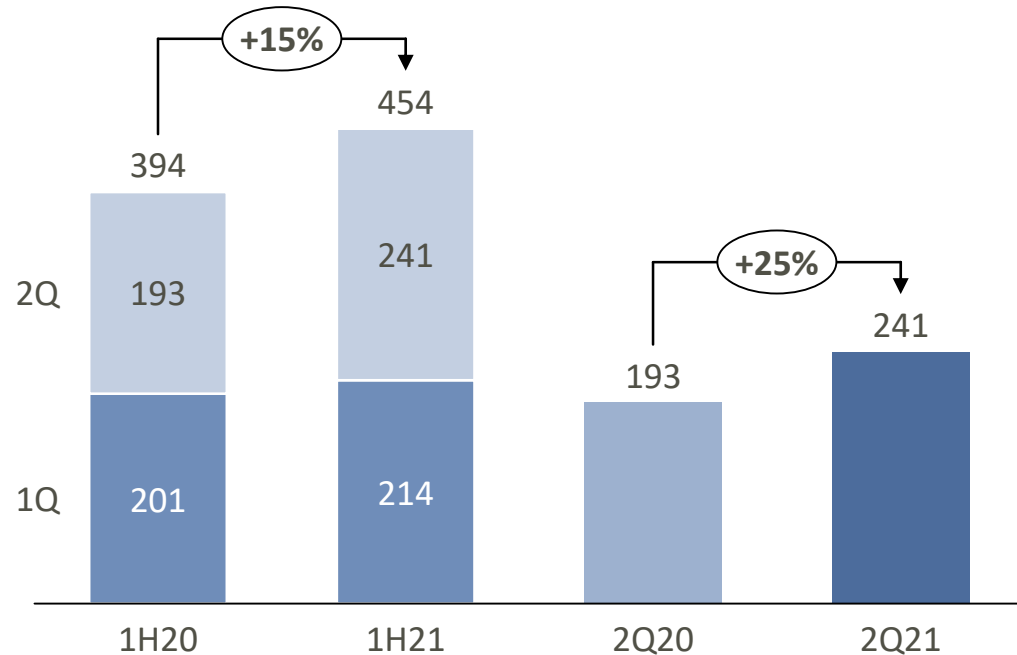
\* TL 34 mn cash dividend to shareholders and rest as Dividend to Owners of Redeemed Shares



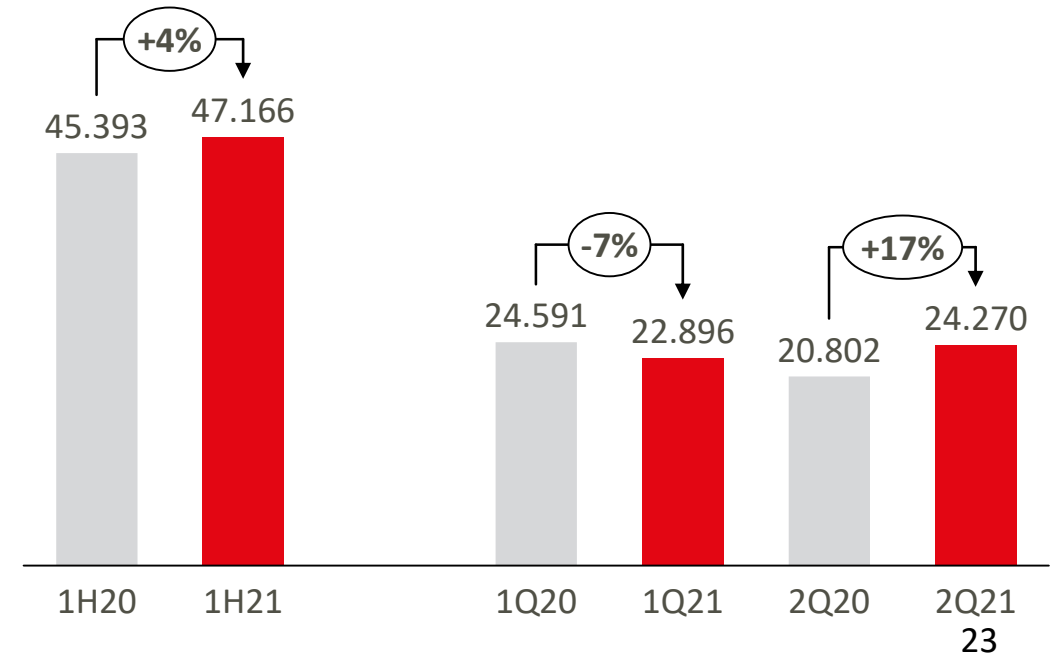
## NET SALES UP BY 25% YoY IN 2Q21

- Net sales reached TL454 mn; representing a 15% year-on-year growth, despite strong sales performance in March and April 2020 due to the initial outbreak of Covid-19. In 2Q21, net sales growth was 25% yoy.
- Total sales volume in 1H21 increased by 4% year-on-year and by 17% in 2Q21 yoy; thanks to strong exports in 1H21 and better local sales performance in 2Q21.

Net Sales (TL Mn)



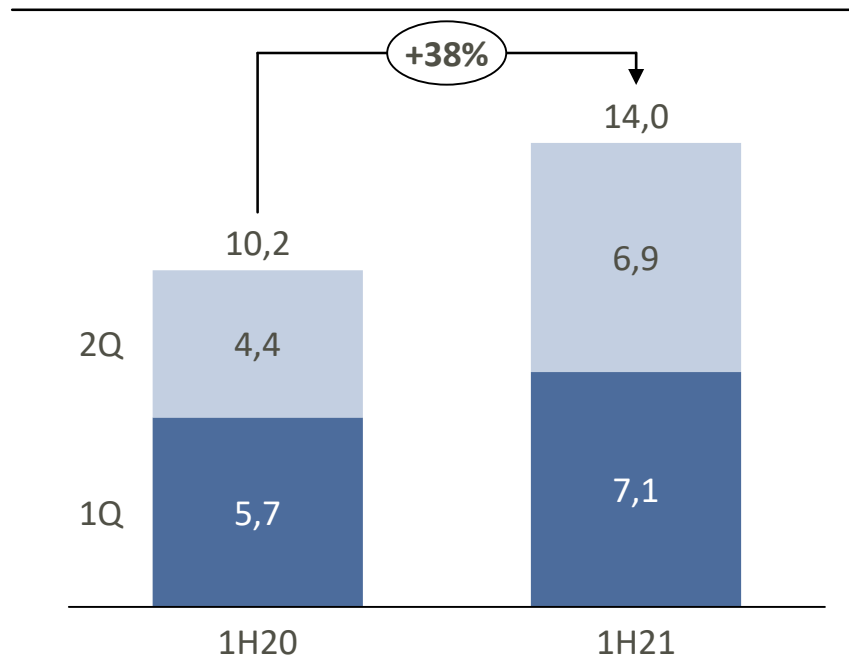
Total Sales Volume (Tons)



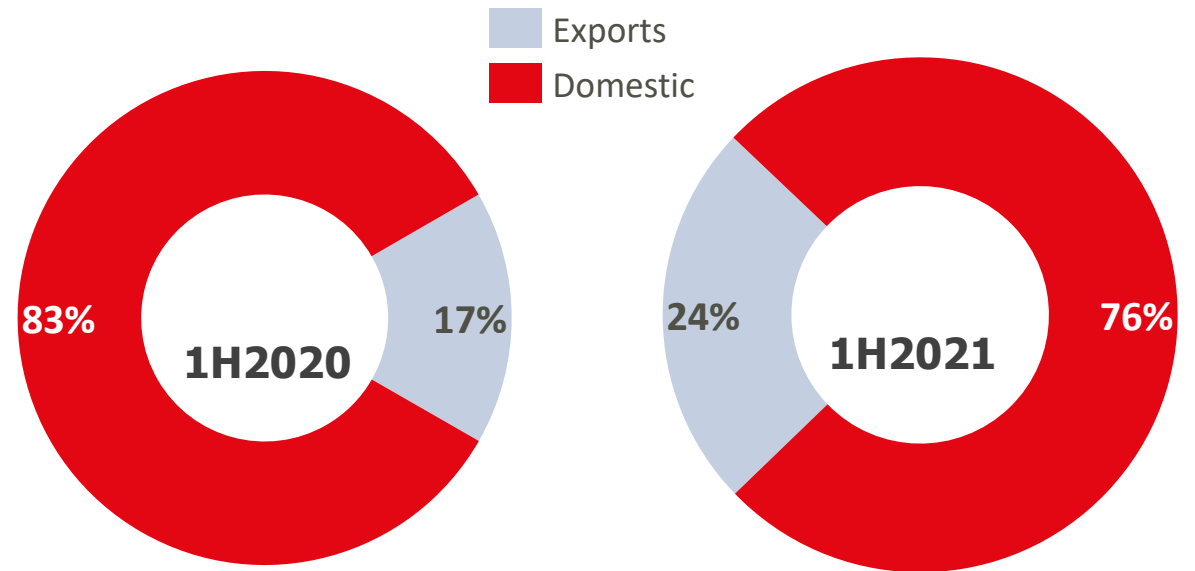
## STRONG EXPORT VOLUMES

- Total exports in 1H21 reached TL110 mn (US\$14 mn), displaying 69% growth yoy in TL terms and 38% in US\$ terms. This represents 24% share in total sales vs. 17% in 1H2020

Total Exports (in US\$ mn)



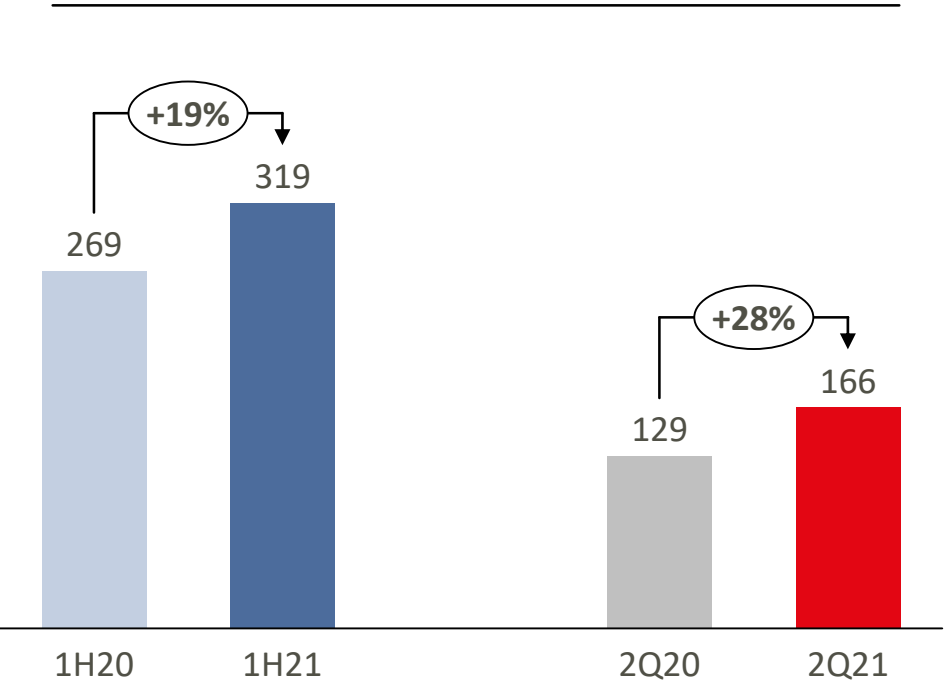
Exports' Share in Total Sales



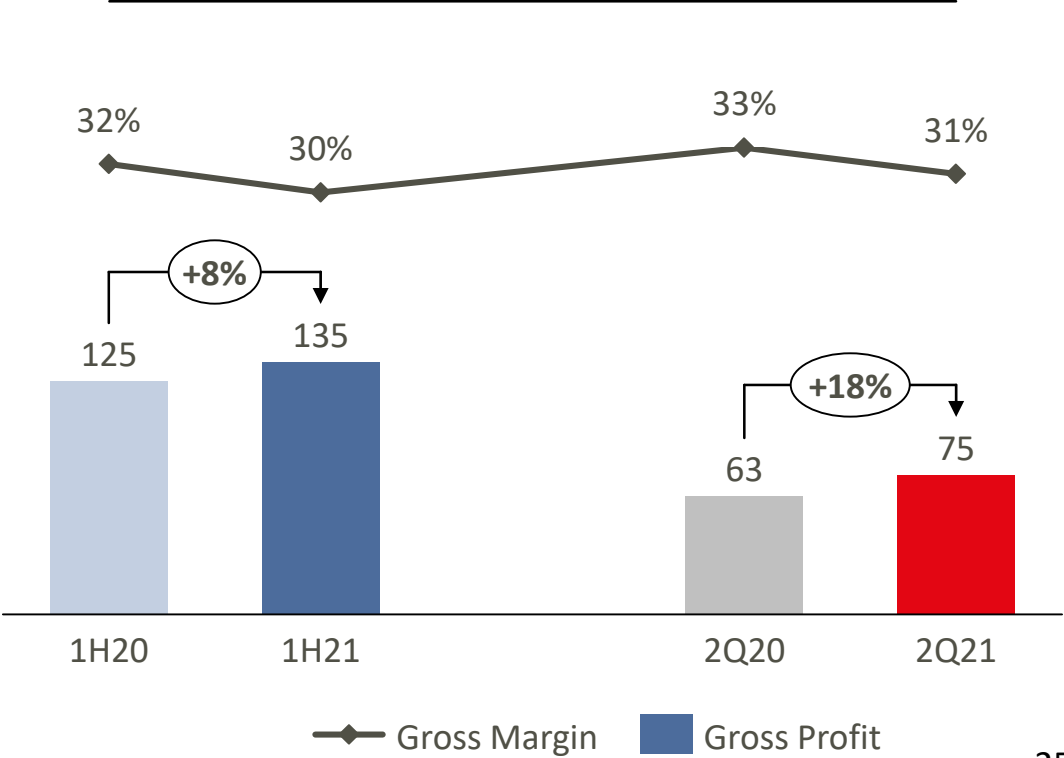
# TOUGHER MARKET CONDITIONS PUT PRESSURE ON MARGINS

- Higher raw material prices due to inflation and weak TL depressed margins, as product prices could not be adjusted accordingly due to lower consumer demand.

COGS (TL mn)



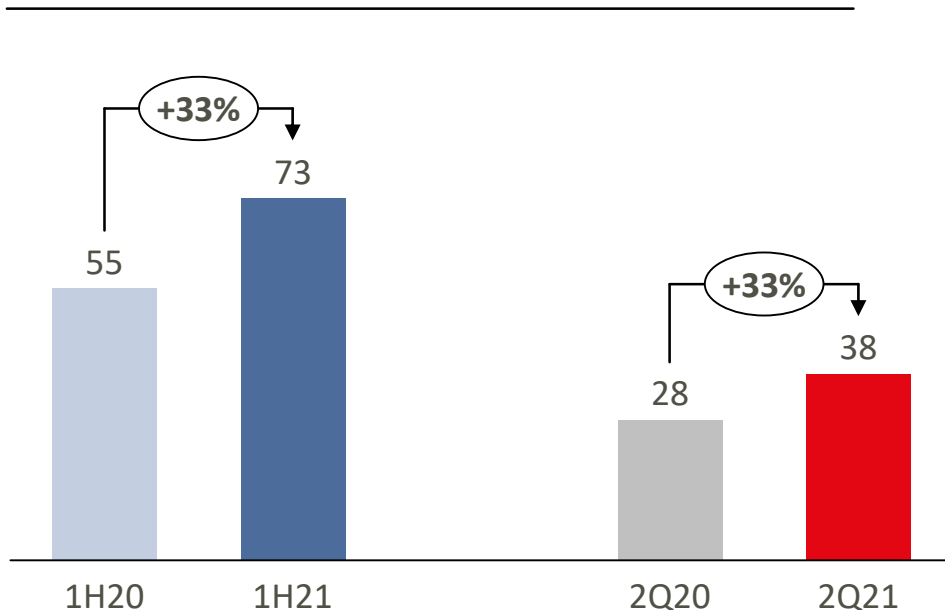
Gross Profit (TL mn) & Gross Margin



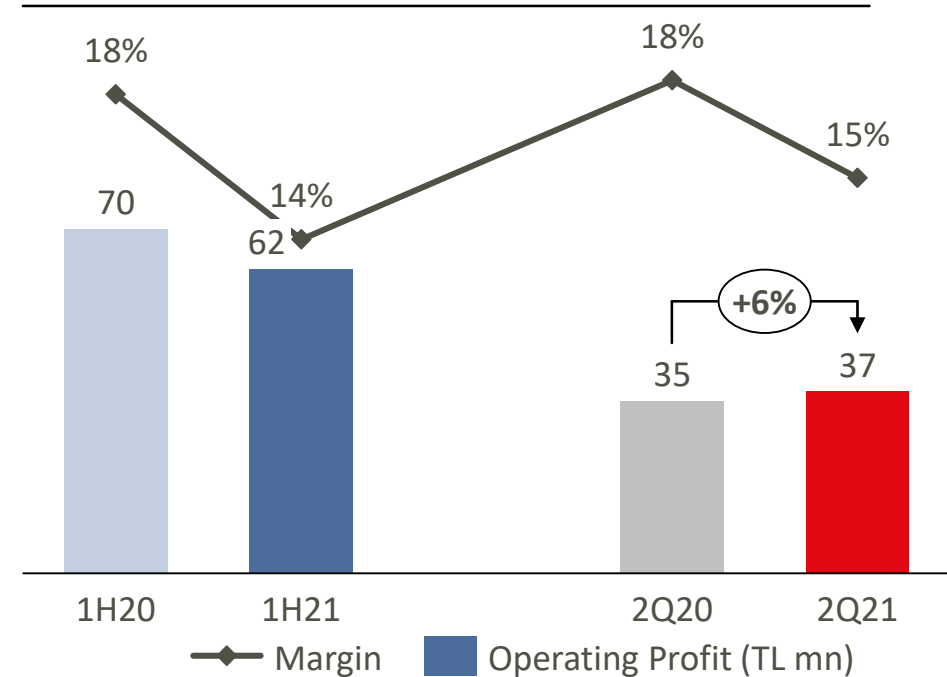
## OPERATING PROFIT RECOVERED BY 6% IN 2Q2021

- Operating expenses were kept lower in 1H2020, due to uncertainties related to COVID
- In line with Tat's domestic and export strategies; Marketing expenses were higher in 1H2021 compared to 1H2020.
- Thanks to strong export performance that supported overall sales performance, Operating profit displayed a 6% increase in 2Q2021, year-on-year; following a contraction in 1Q21.

Operating Expenses (TL mn)



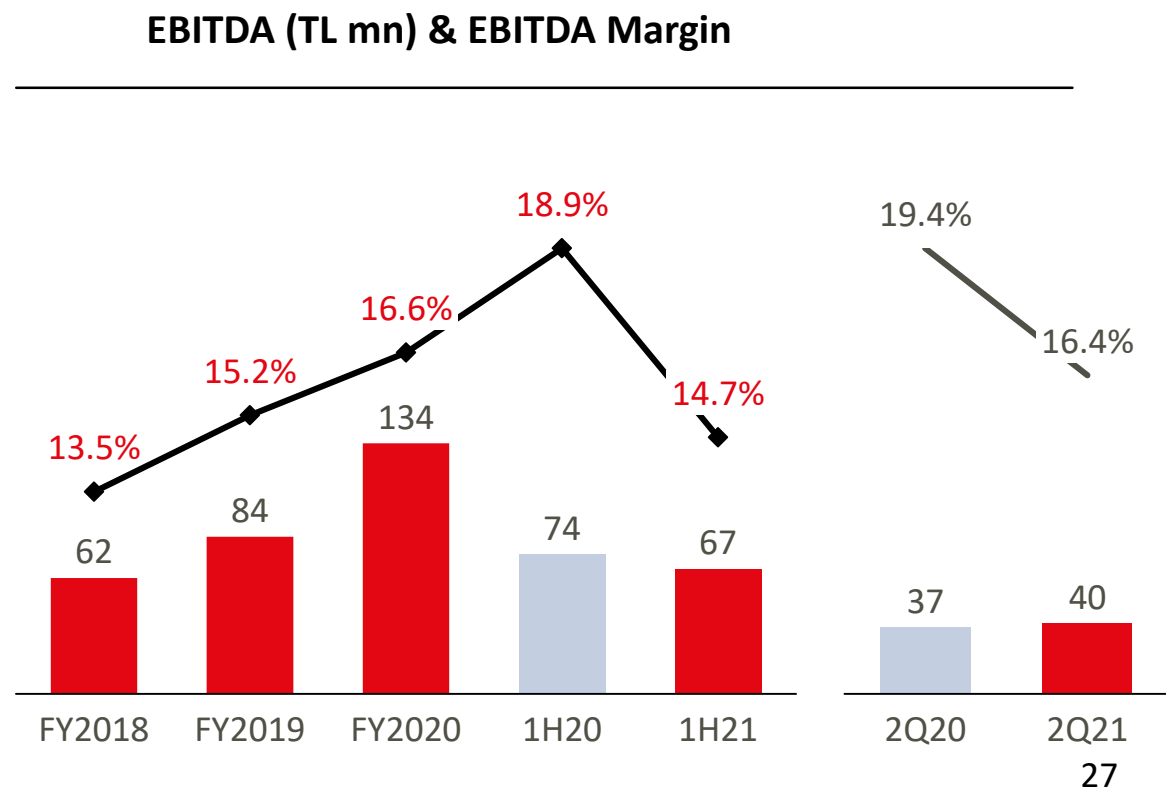
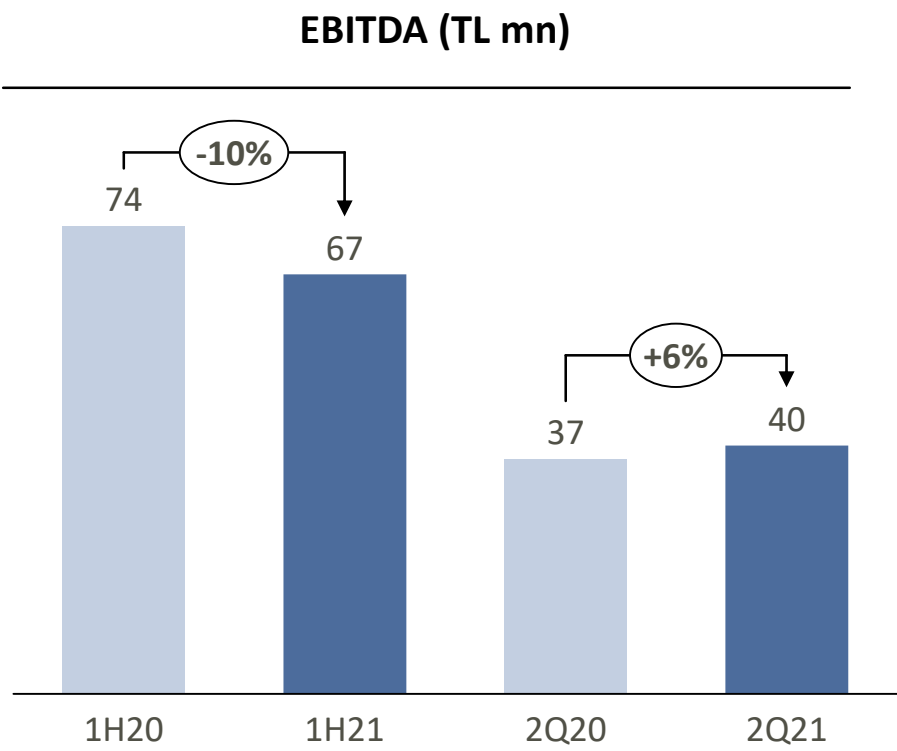
Operating Profit \* (TL mn) & Margin (%)



\*Operating Profit is calculated as Gross Profit – OPEX; Net Income(Exp) from Other Operating Activities excluded

# STRONG SALES VOLUME IN 2Q21 SUPPORTED EBITDA PERFORMANCE

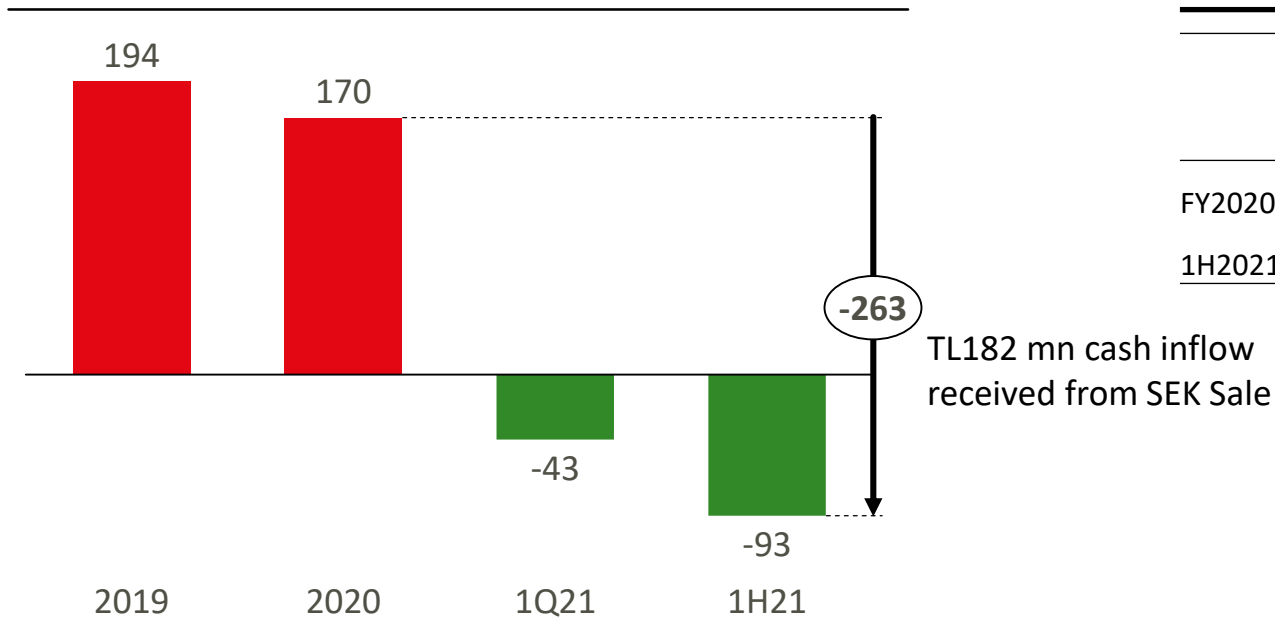
- EBITDA reached TL40 mn in 2Q21, displaying a year-on-year growth of 6%



## NET FINANCIAL DEBT TURN INTO NET CASH AFTER SEK SALE

- Net Cash position of TL93 mn as of 1H21 vs. Net Debt of TL170 mn at FY2020-end.

**Net Financial Debt (Cash) (TL mn)**



TL mn	FY2020	1Q2021	1H2021
Cash and cash equivalents	121	337	275
ST Financial Debt	116	270	182
LT Financial Debt	175	25	0
Net Financial Debt (Cash)	170	-42	-93

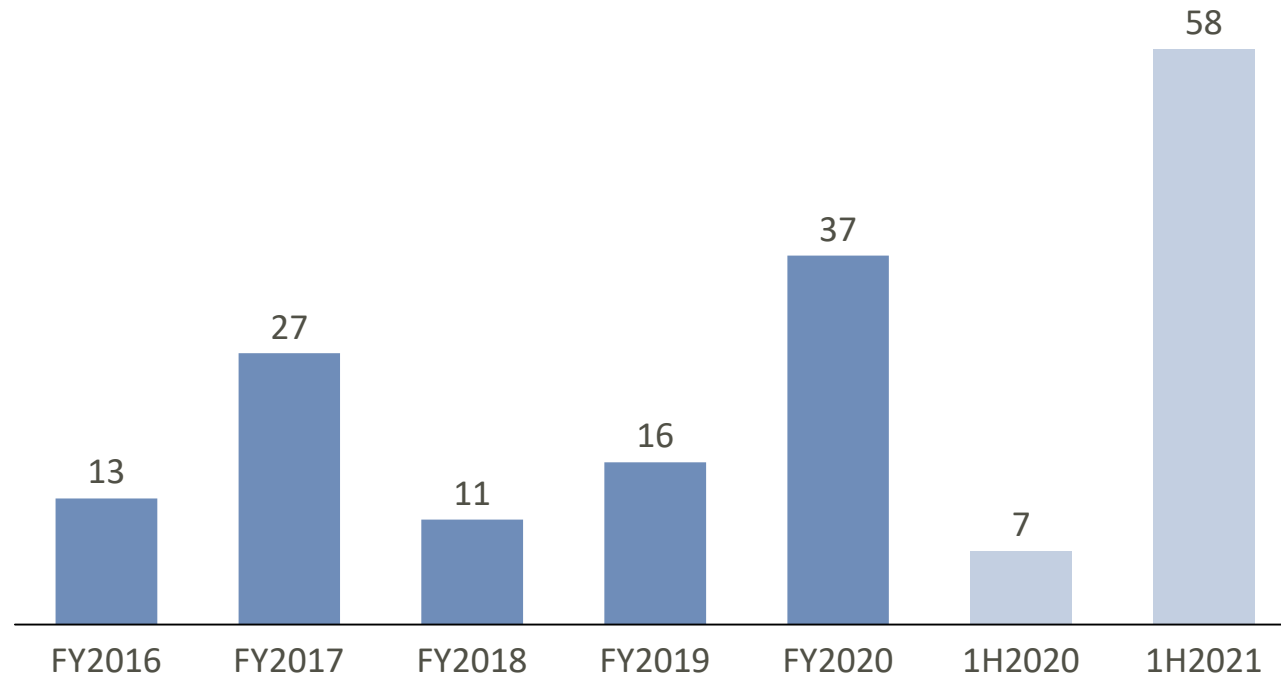
	Financial Debt	Cash	Net Financial Debt	EBITDA	Net Financial Debt/EBITDA
FY2020	291	121	170	134	1.27
1H2021*	182	275	-93	124	-0.75

\* 1H2021 Rolling EBITDA

## CAPEX INVESTMENTS ONGOING

- Investment expenditures reached TL58 mn as of 1H2021 vs. TL7 mn in 1H2020.

### Investments on Continued Operations (TL mn)



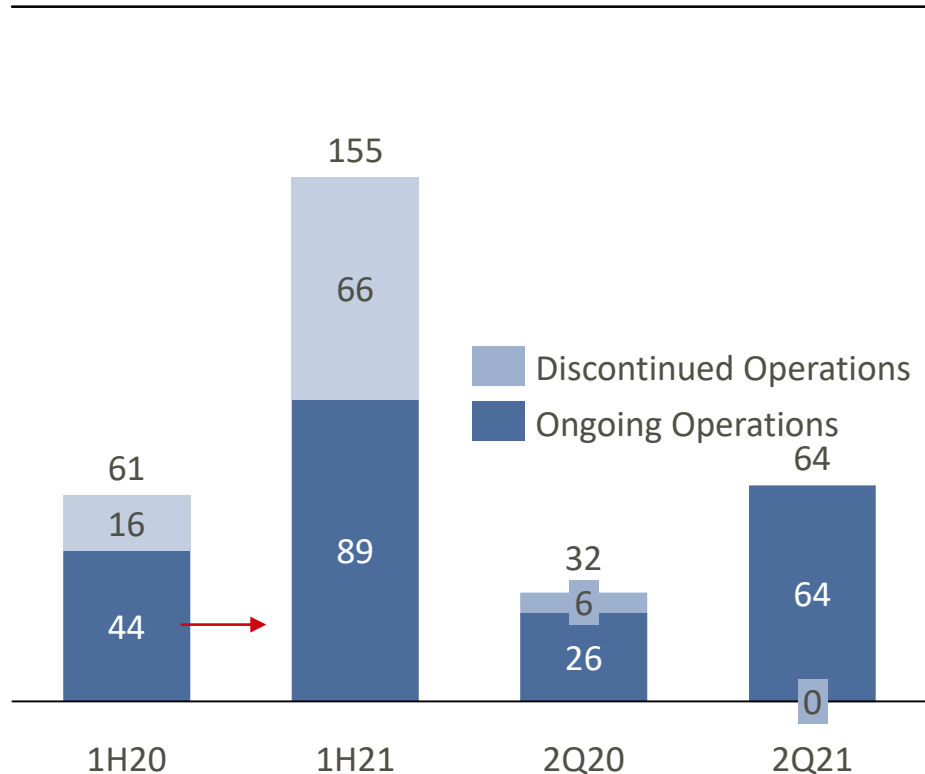
- Tat has initiated new capacity expansion investments as disclosed in March 2021.
  - Pickle capacity to be increased from 5K tons to 22K tons at Mustafakemalpaşa plant (€3.8 mn)
  - With new tomato paste line at Karacabey plant; total tomato paste capacity of Tat to be increased from 64K tons to 76K tons (€6 mn)



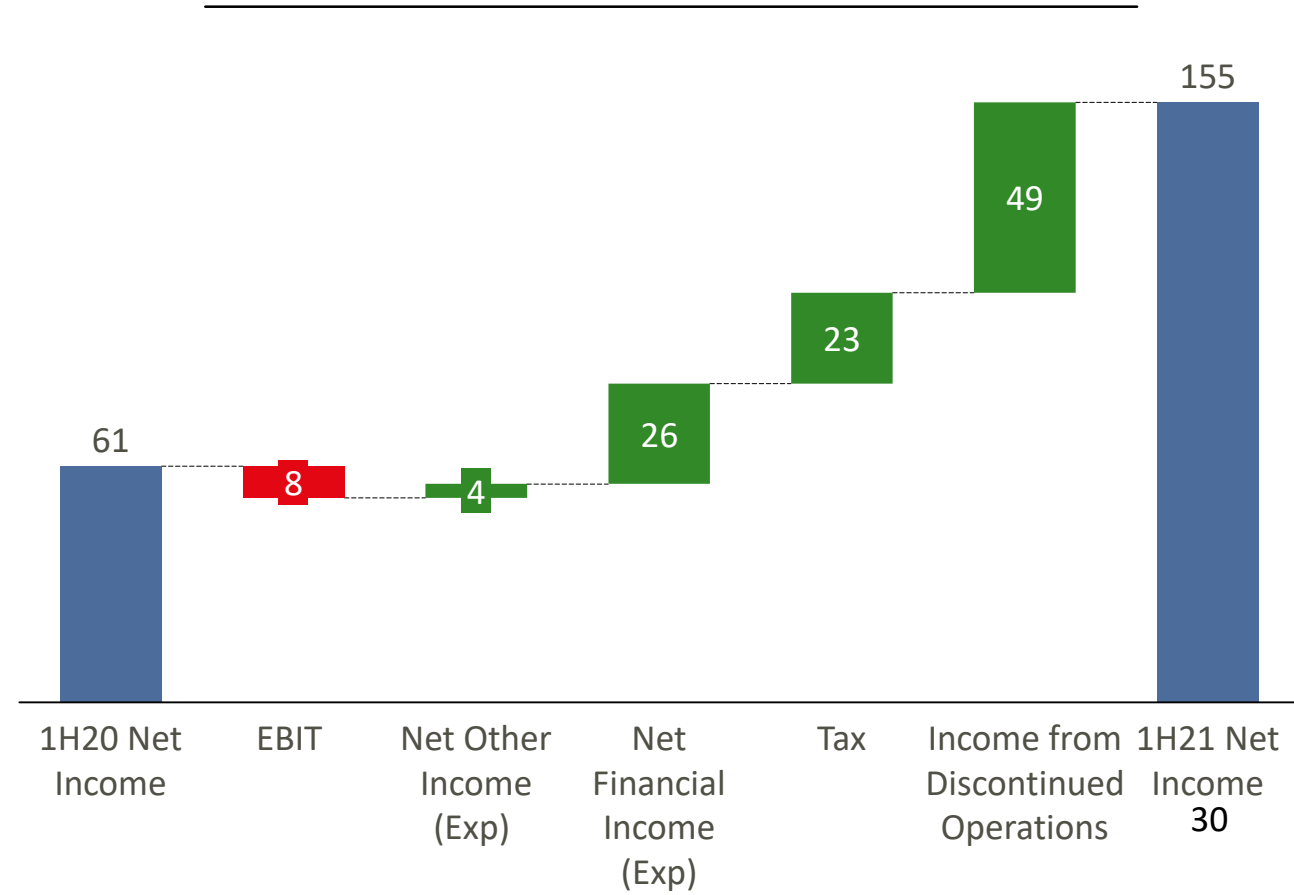
# NET PROFIT FROM ONGOING OPERATIONS REACHED TL89 MN IN 1H2021

- With the contribution of higher net financial income and the impact of tax incentives, Net Profit from ongoing operations reached TL 89 mn in 1H2021 vs. TL 44 mn.

Net Profit (TL mn)



Net Profit Bridge (TL mn)



<b>Income Statement - Summary (TL mn)</b>	<b>1H20</b>	<b>1H21</b>	<b>Δ YoY</b>	<b>2Q20</b>	<b>2Q21</b>	<b>Δ YoY</b>
<b>Sales</b>	<b>394</b>	<b>454</b>	<b>15%</b>	<b>193</b>	<b>241</b>	<b>25%</b>
Cost of Sales (-)	269	319	19%	129	166	28%
<b>Gross Profit</b>	<b>125</b>	<b>135</b>	<b>8%</b>	<b>63</b>	<b>75</b>	<b>18%</b>
Operating Expenses	55	73	33%	28	38	33%
<b>Operating Profit</b>	<b>70</b>	<b>62</b>	<b>-12%</b>	<b>35</b>	<b>37</b>	<b>6%</b>
<b>EBITDA</b>	<b>74</b>	<b>67</b>	<b>-10%</b>	<b>37</b>	<b>40</b>	<b>6%</b>
Net Income(Exp) from Other Operating Act.	9	11	24%	6	6	-5%
Net Other Income(Exp)	0.5	2	301%	0.4	0.3	-21%
Net Financial Income (Exp)	-16	10	n.m.	-7	6	n.m.
<b>Profit before Tax from continuing operations</b>	<b>64</b>	<b>85</b>	<b>34%</b>	<b>35</b>	<b>49</b>	<b>43%</b>
Tax expense	-19	4	n.m.	-8	14	n.m.
<b>Profit for the period from continuing operations</b>	<b>44</b>	<b>89</b>	<b>101%</b>	<b>26</b>	<b>64</b>	<b>143%</b>
Profit / (loss) for the period from discontinued operations	16	66	298%	6	0	n.m.
<b>Profit for the period</b>	<b>61</b>	<b>155</b>	<b>154%</b>	<b>32</b>	<b>64</b>	<b>98%</b>
Gross Margin	32%	30%		33%	31%	
Operating Margin	18%	14%		18%	15%	
EBITDA Margin	19%	15%		19%	16%	
<b>Net Profit Margin (Continuing Operations)</b>	<b>11%</b>	<b>20%</b>		<b>14%</b>	<b>26%</b>	

<b>Balance Sheet -Summary (TL mn)</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>Jun 30,20</b>
<b>Current Assets</b>	<b>563</b>	<b>641</b>	<b>780</b>	<b>1,173</b>	<b>1,049</b>
Cash	13	28	10	121	275
Trade receivables	281	323	384	446	388
Inventories	232	238	338	361	296
<b>Non-current Assets</b>	<b>223</b>	<b>223</b>	<b>247</b>	<b>136</b>	<b>191</b>
<b>Total Assets</b>	<b>786</b>	<b>864</b>	<b>1,026</b>	<b>1,309</b>	<b>1,239</b>
<b>Current Liabilities</b>	<b>271</b>	<b>247</b>	<b>275</b>	<b>411</b>	<b>401</b>
Short-term financial borrowings	45	48	-	42	7
Short-term portion of long-term borrowings	57	6	54	73	175
Trade payables	141	167	181	213	171
<b>Non-current Liabilities</b>	<b>22</b>	<b>117</b>	<b>191</b>	<b>193</b>	<b>20</b>
Long-term financial borrowings	8	102	150	175	0
<b>Shareholder's Equity</b>	<b>493</b>	<b>501</b>	<b>561</b>	<b>705</b>	<b>818</b>
<b>Total Liabilities</b>	<b>786</b>	<b>864</b>	<b>1,026</b>	<b>1,309</b>	<b>1,239</b>

<b>Net Financial Debt (TL mn)</b>	97	128	194	170	-93
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<b>Ratios</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>Jun 30,20</b>
Current Ratio	2.1	2.6	2.8	2.9	2.6
Liquidity Ratio	1.2	1.6	1.6	2.0	1.9
Net Financial Debt/Equity	0.2	0.3	0.3	0.2	-0.1

## DISCLAIMER

This presentation does contain information and analysis on financial statements that reflect the Company management's current views. Although it is believed that the information and analysis are correct and expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially.

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# THANK YOU

FOR FURTHER QUESTIONS PLEASE CONTACT:

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TAŞDELEN MAHALLESİ

SIRRI ÇELİK BULVARI NO: 7

ÇEKMEKÖY - İSTANBUL