



# Tat Gıda

## 1Q2023 Financial Results Review

April 28, 2023

# Agenda



1 Key messages and Highlights

2 1Q2023 Financial Results

---

1

## Key messages and Highlights

### Tat's Purpose:

*We exist to lead the change that will deliver good and healthy food for all*

#hayatlaraTATkattik



## 1Q2023 Highlights

### Net Sales

**TL 1,123 mn**

(109% yoy growth)

### Exports Share

**28% of total sales**

(vs. 46% in 1Q2022)

### EBIT

**TL 156 mn (92% yoy growth)**

### EBITDA

**TL 164 mn (94% yoy growth)**

### Net Profit:

**TL98 mn (3% growth)**

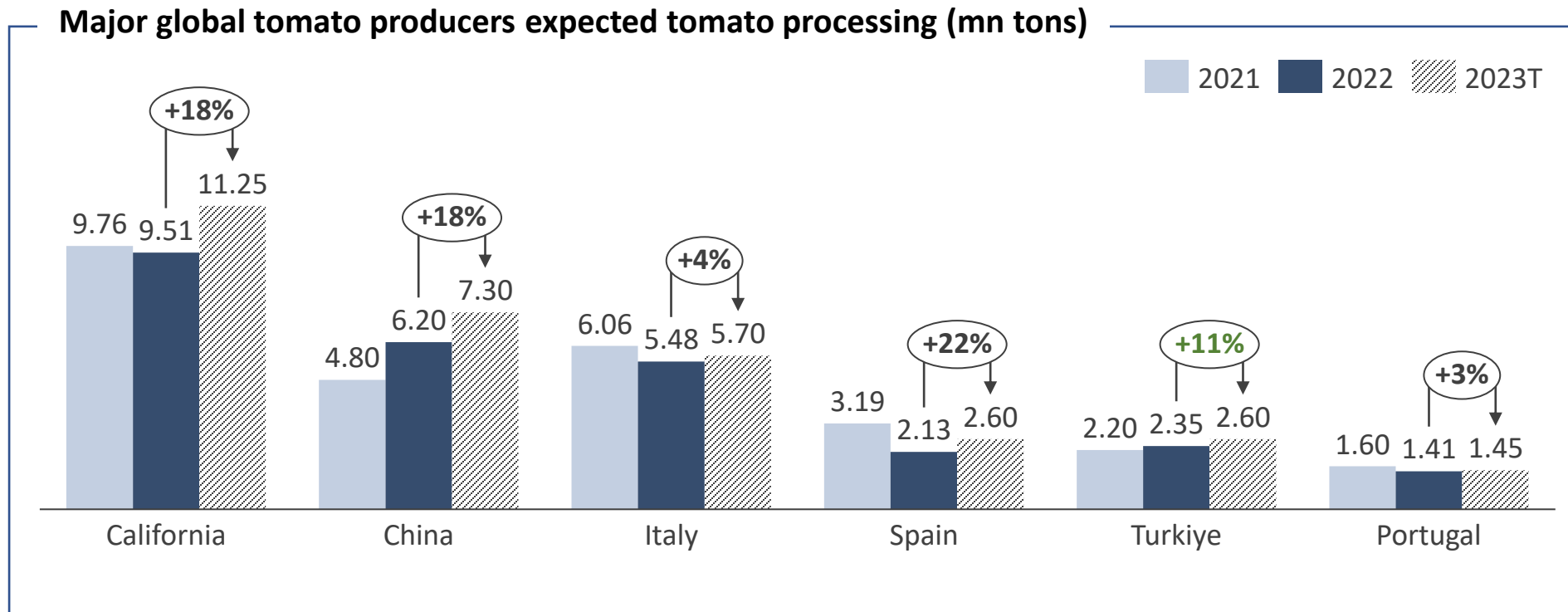
## Domestic sales supported top-line growth in 1Q2023

- First quarter Net Sales increased 109% yoy to TL1.1 bn.
  - Domestic sales increased by 178% yoy, thanks to higher sales volume and prices.
  - Exports came in at TL319 mn, up by 29% in TL terms and constituted 28% of sales vs. 46% in 1Q2022 -from the unfavorable impact of fx.
- Production volumes increased by 36% to 12K tons, mainly in sauces and ready-to eat segments' contribution (FY2022: 150K tons).
- Despite pricing and productivity improvements, season's high costs led to a pressure on gross margin. But, improvement in OPEX supported EBITDA growth. EBITDA margin was 14.6%, vs. 13.5% in 4Q2022, and 15.8% in 1Q2022.
- Net financial expense was TL128 mn in the quarter, vs. TL11 mn in 1Q2022, primarily due to elevated financial debt in the last harvesting season and higher interest rates.
- Net Profit at TL98 mn, up by only 3% yoy, as a result of higher financial expenses.
- Continued investments in innovation, quality, infrastructure, and maintenance; totaled at TL30 mn.

# Global tomato processing figures expected to increase in FY2023



- Global warming, water scarcity and higher costs of growing tomatoes as farmers are paying more for fuel and fertilizer led to a 3% decline in overall global tomato production to 37 mn tons in 2022.
- In 2023, global tomato for processing amount is expected to increase by 12.5% to 42.7 million tons. The biggest increase is expected in California and China's estimates, while Turkey's processing amount expected to reach 2.6 mn tons with an increase of 11%.

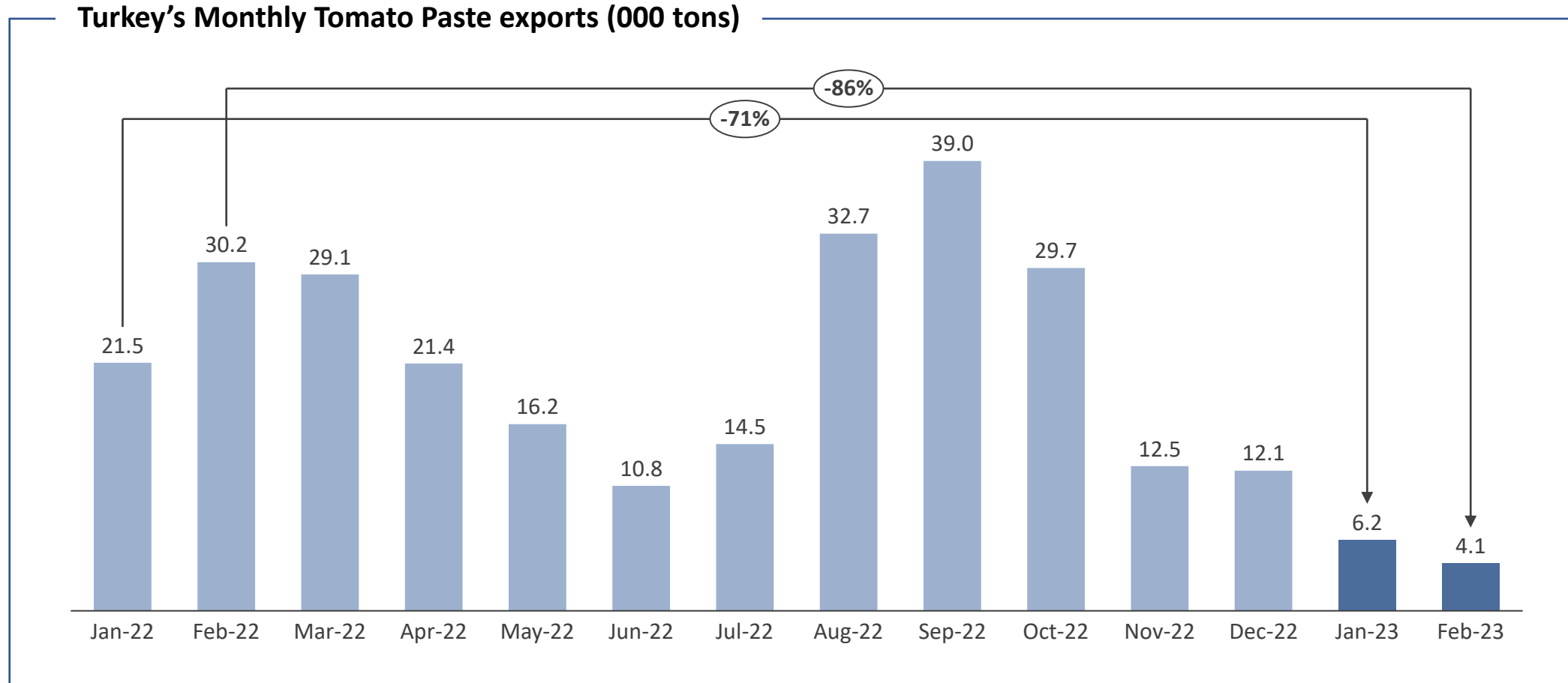


Source: TomatoNews, WPTC World production estimate of tomatoes for processing as of Mar 31, 2023

# Turkey's tomato paste exports came down in 2023

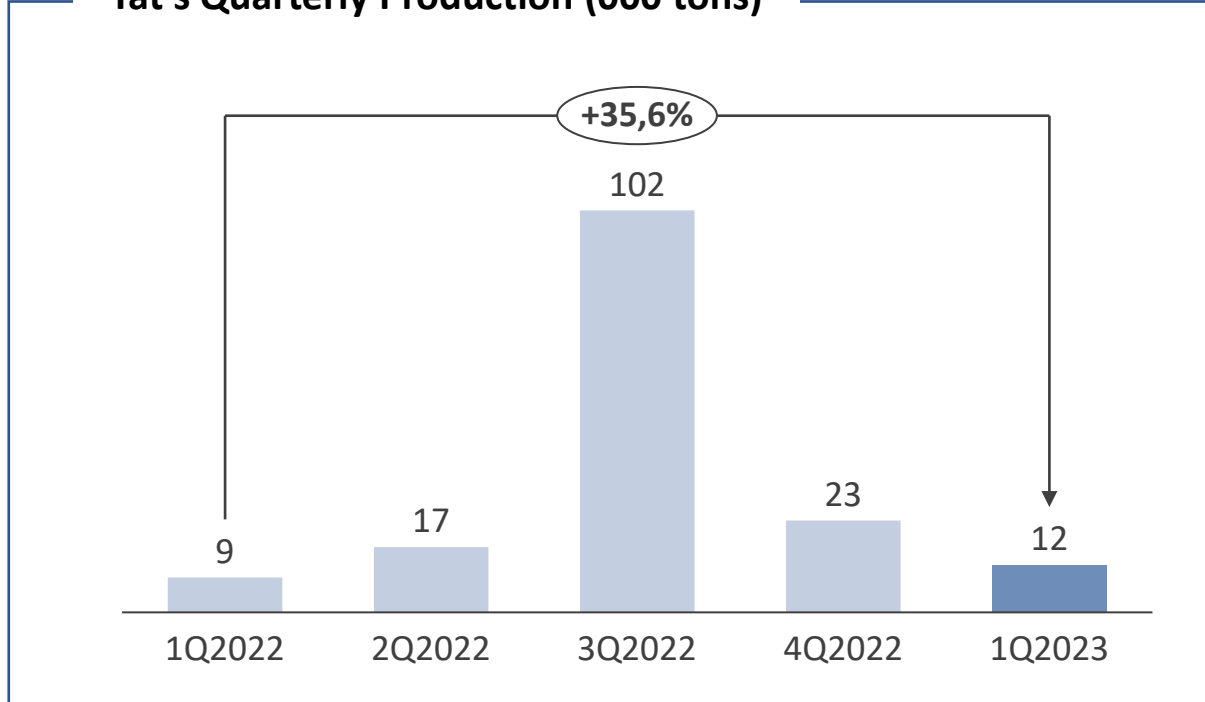


- Despite rising raw material costs in TL, the pressure on fx rates led to a drop in Turkey's tomato paste exports in volume terms in the first two months of 2023.



- Tat Gıda's production increased by 36% and reached 12K tons in 1Q2023. The increase is attributable to sauces and ready-to eat food segments contribution.

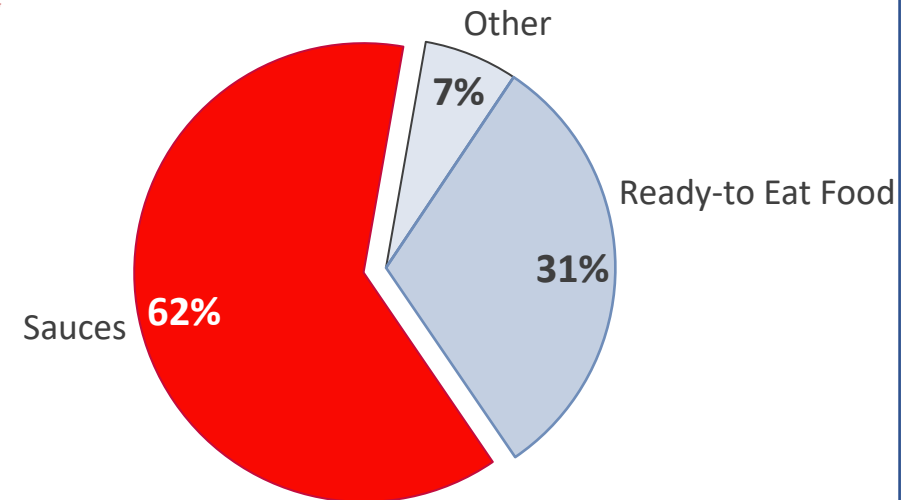
**Tat's Quarterly Production (000 tons)**



<sup>1</sup> Tat's 2022 total processing amount from July till mid-October 2022



**Tat's Breakdown of production (1Q 2023)**





# Market Leader: Ranks #1 in almost all its categories in local market



\*Based on Nielsen 1Q2023 Report excluding Hard Discounters and based on share of sales (TL) --(Pickles & Ready to Eat Food category based on Scantrack data)



# 2

## 1Q2023 Financial Results



### Balance Sheet – Summary (TL mn)

	Dec 31, 2022	Mar 31, 2023
Current Assets	3.915	3.978
Non-Current Assets	522	612
Total Assets	4.437	4.590
Current Liabilities	3.107	2.540
Non-Current Liabilities	226	854
Shareholder's Equity	1.104	1.197
Total Liabilities & Equity	4.437	4.590

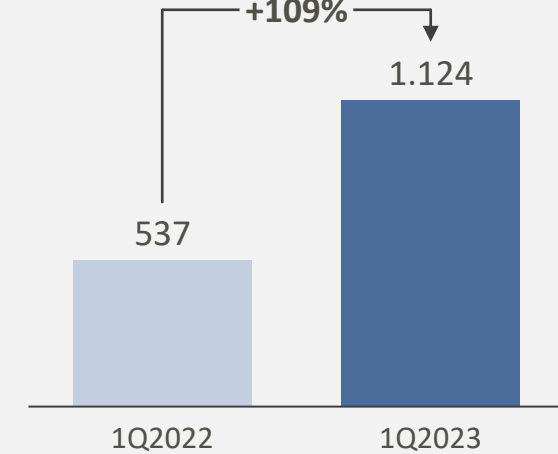
### Income Statement - Summary (TL mn)

	1Q2022	1Q2023
Net Sales	537	1.124
EBITDA	85	164
Net Income from Other operations	19	63
Net Inc. (Exp) from Investment act.	2	4
Net Financial Inc. (Exp)	-11	-128
Profit Before Tax	91	94
Net Profit from Ongoing operations	95	98

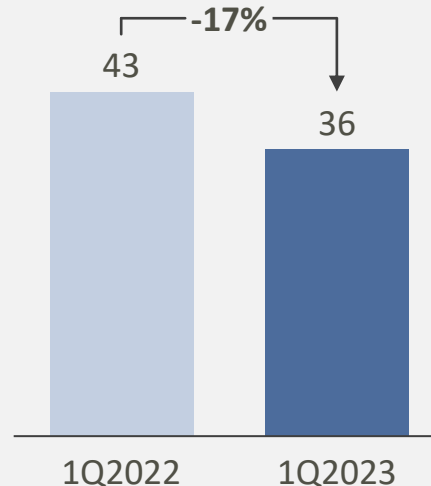
Revenues  
TL1.1 bn, up by  
109% yoy

- Net sales was TL1.1 bn in 1Q23; up by 109% yoy.
  - On top of a strong 1Q22 figures; total sales volume in 1Q23 decreased yoy to 36K tons, due to lower exports.
  - Domestic sales increased by 178% in 1Q23, yoy, owing to higher volume and prices;
  - Exports was up by 29% in TL terms.

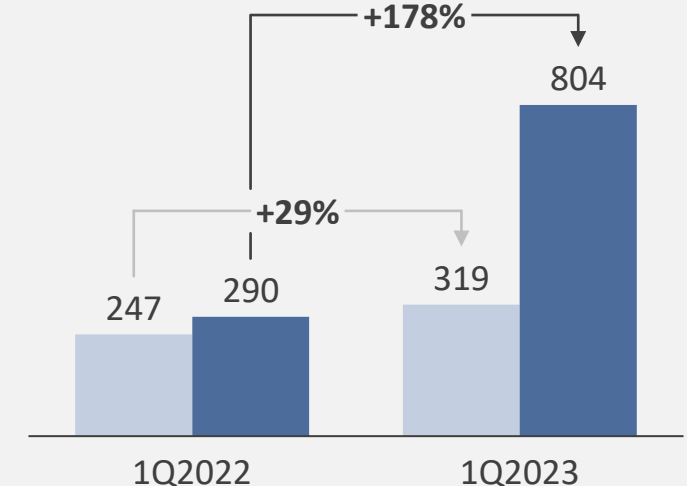
**Net Sales (TL Mn)**



**Total Sales Volume (000 Tons)**

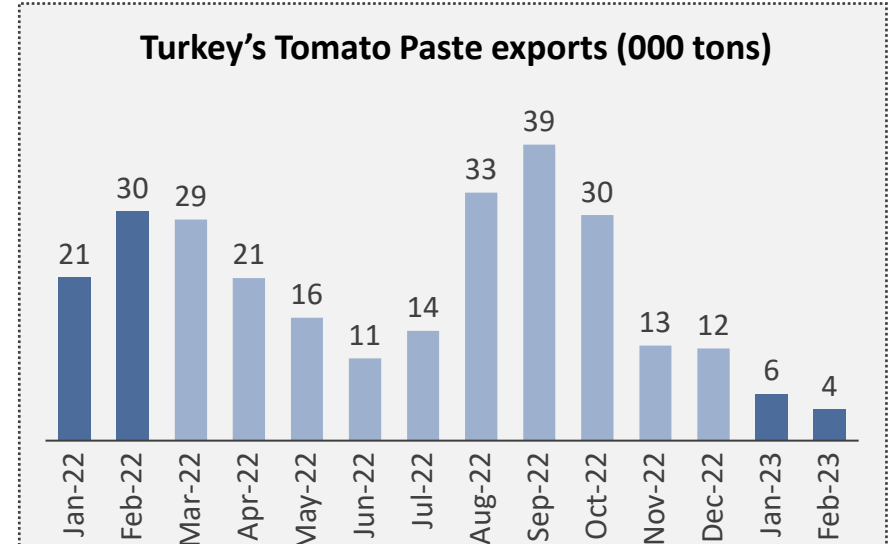


Exports (net) Domestic (net) TL mn

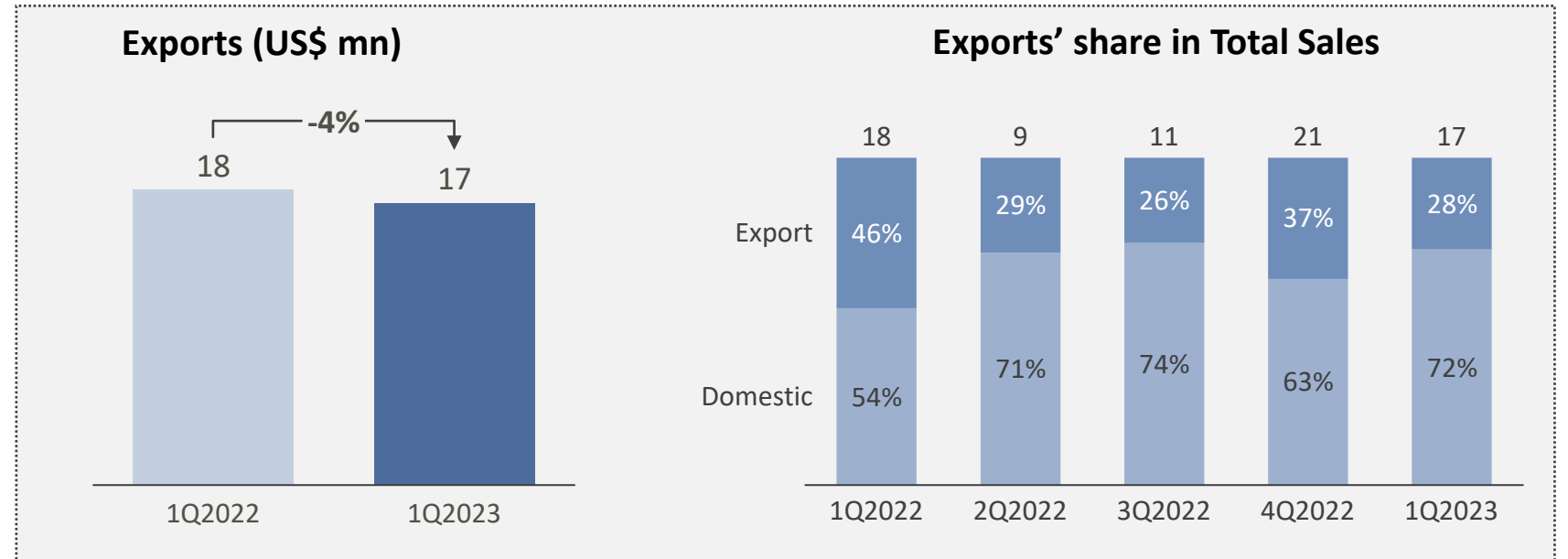


# Export growth slowed down in 1Q

- Exports in 1Q23 were at TL319 mn (US\$17mn ), displaying 29% growth yoy in TL terms and 4% decline in US\$ terms.
- Despite soaring input prices, the Turkish lira's stability is hurting exporters' competitiveness.
- Exports share in total sales was 28% in 1Q23, vs. 37% in 4Q22 and 46% in 1Q22.



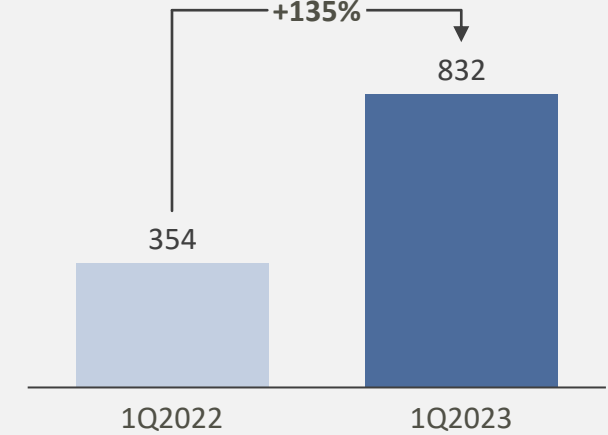
Source: TURKSTAT



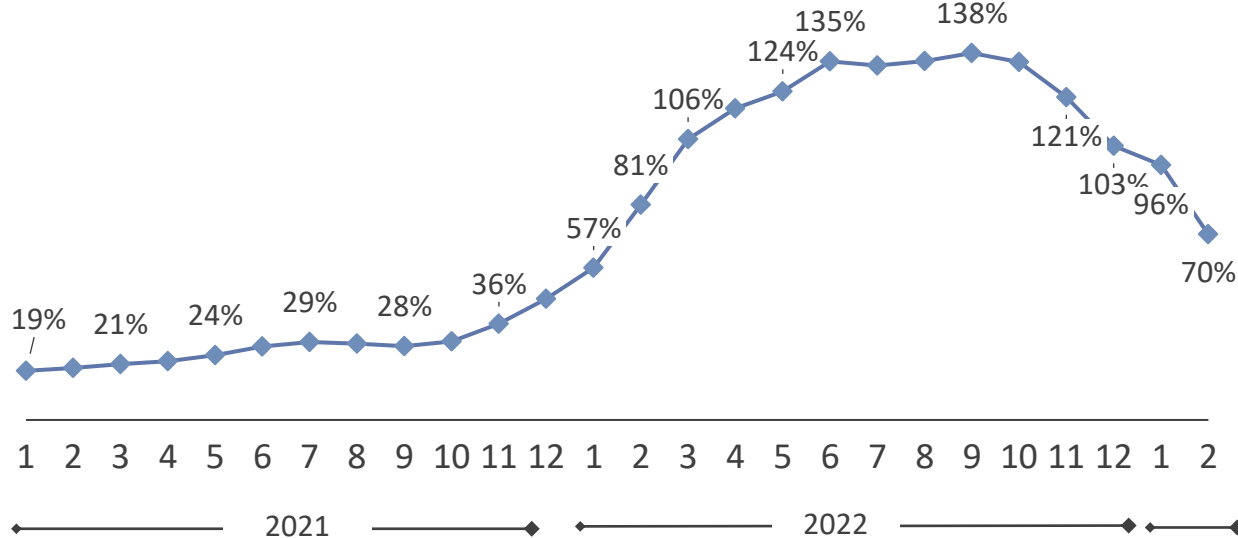
## Last harvesting season costs kept COGS higher

- Elevated last harvesting season costs led to a pressure on margins in 2H22 and 1Q23 results.
- Agricultural input price index increased by 70% yoy and by 115% compared to twelve months moving averages, in February 2023. The highest annual increase was 83% in seeds and planting stocks and 78% in fertilizer and soil improvers subgroups.

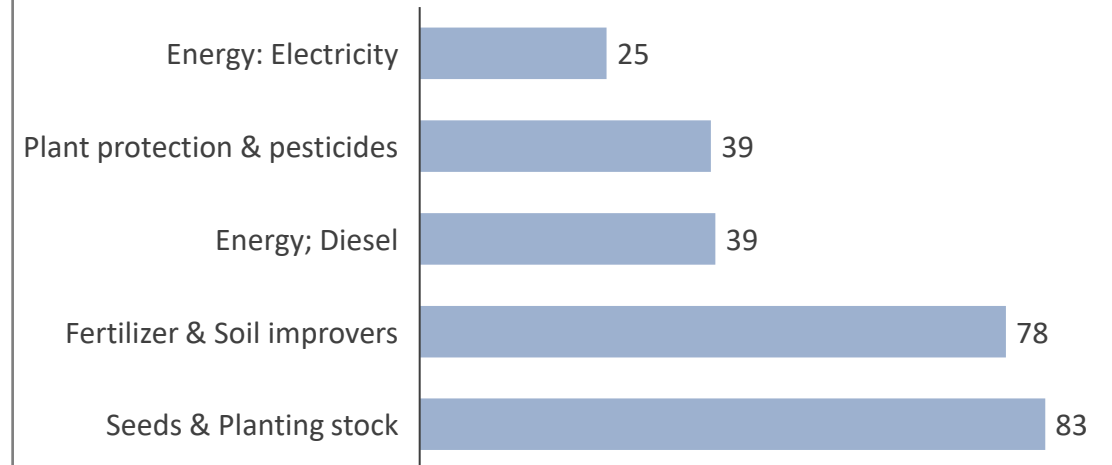
### COGS (TL Mn)



### Annual rate of changes of Agricultural-IPI (%)

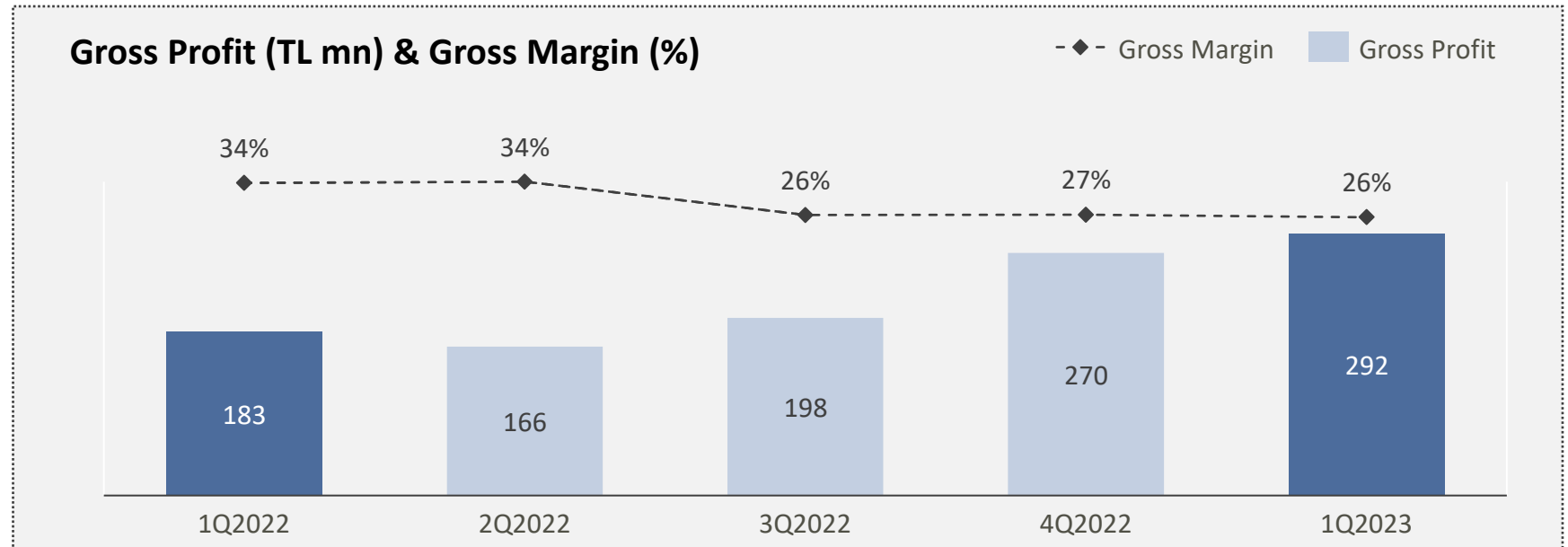
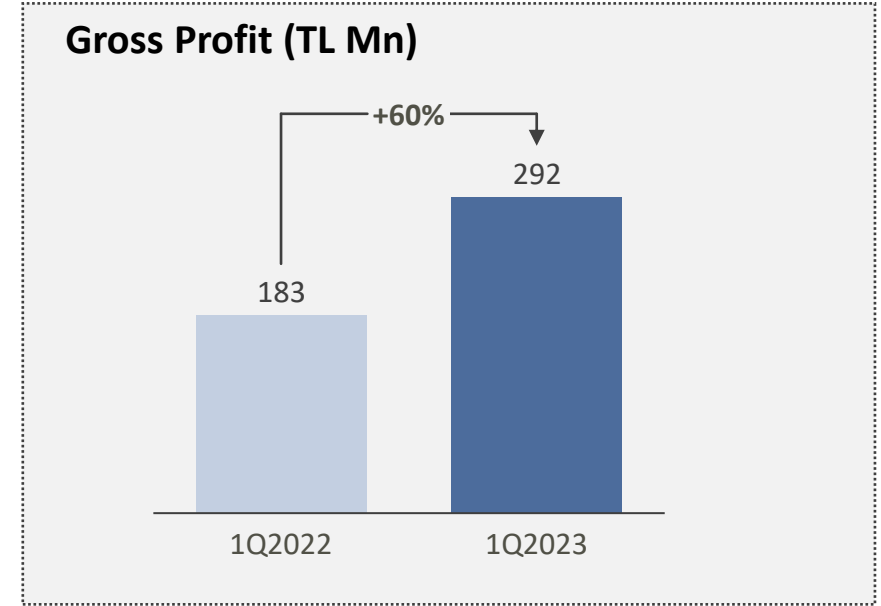


### Agricultural-IPI annual rate of changes in subgroups (%), Feb 2023



# Gross profit up by 60% in 1Q23 yoy

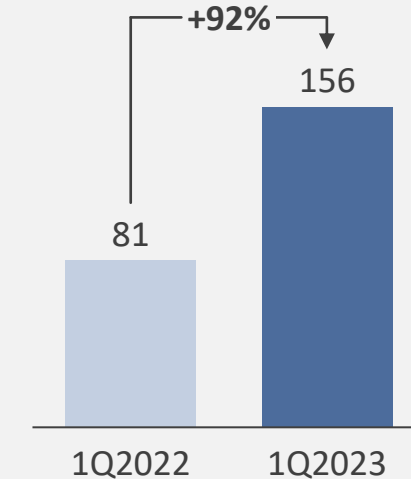
- Elevated harvesting season costs put pressure on gross margin since 3Q2022. Trying to minimize the impact with effective sales mix and price management, together with productivity improvements and cost saving initiatives.
- Gross profit increased by 60% yoy to TL292 mn in 1Q23; while gross margin came in at 26% in 1Q23, vs. 26.5% in 4Q22 and 34% in 1Q22.



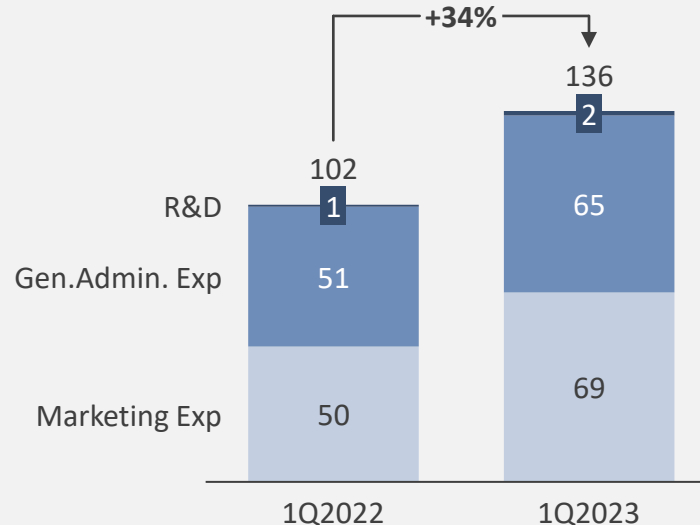
EBITDA at  
TL164 mn,  
up by 94%

- Operating expenses increased by 34% year on year in 1Q23. Opex-to-Net Sales ratio was 12% in 1Q23 vs. 14% in 4Q2022 and 19% in 1Q22.
- Operating profit was up by 92% in 1Q23, yoy to TL16 mn thanks to cost saving initiatives.
- EBITDA at TL164 mn in 1Q23, displayed a yoy increase of 94%; while EBITDA margin was 15% in 1Q23, vs. 16% in 1Q22.

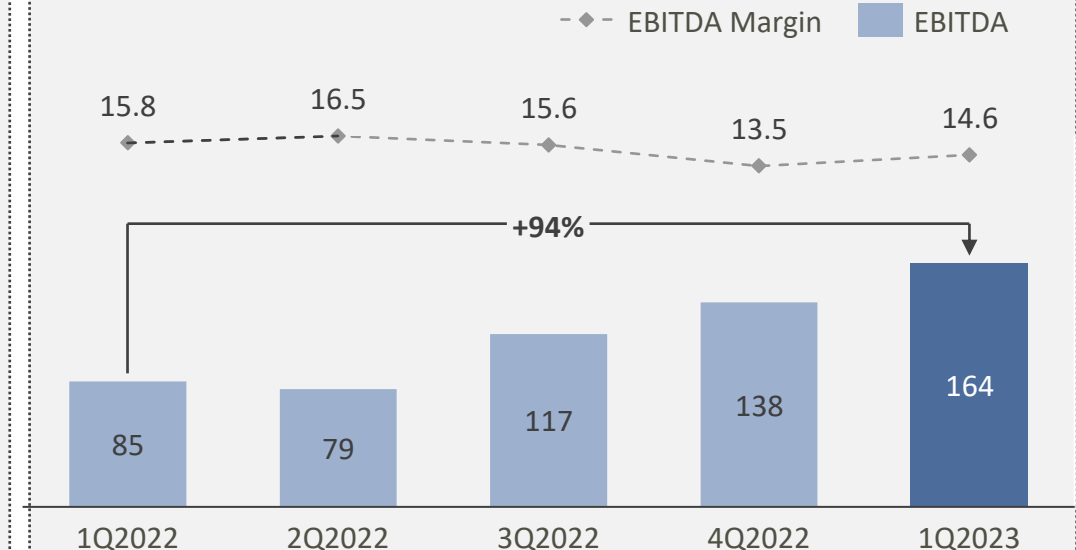
### Operating Profit (TL Mn)



### Operating Expenses (TL mn)



### Quarterly EBITDA (TL mn) & EBITDA Margin (%)



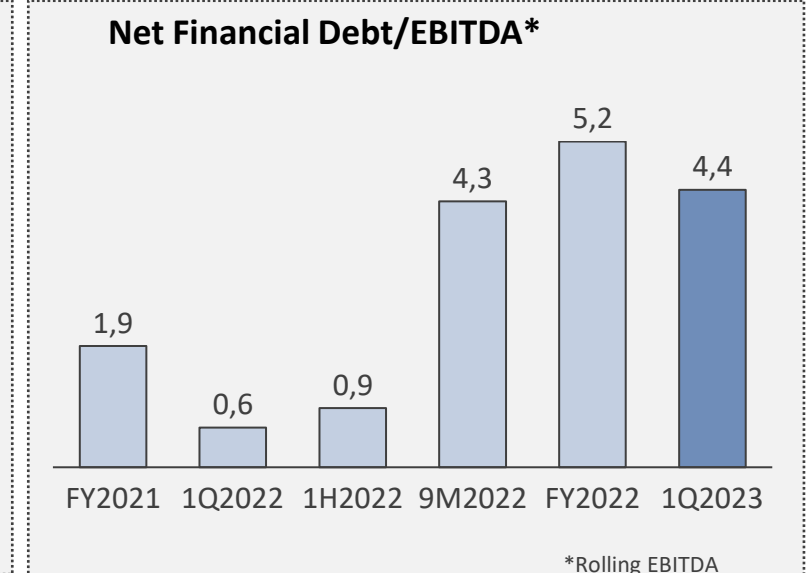
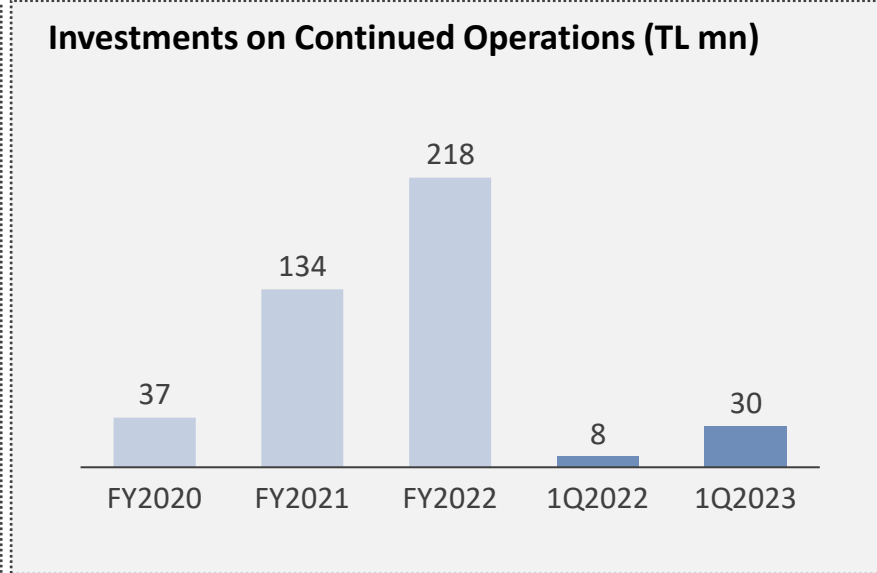
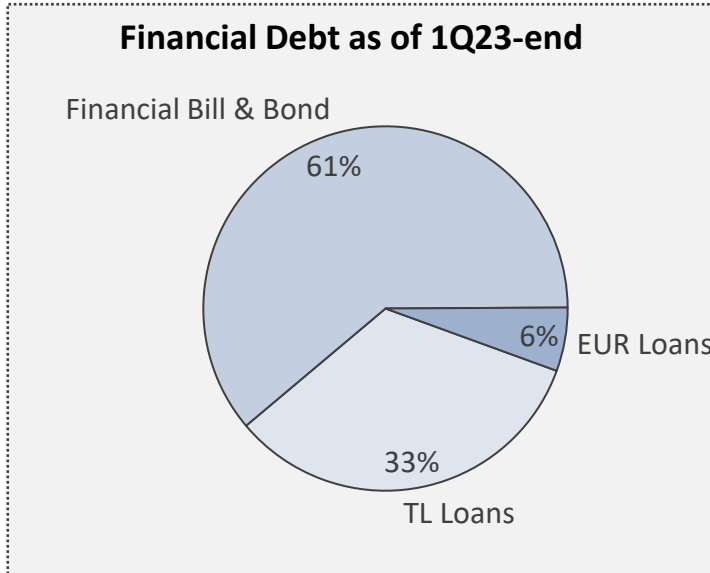


# Net Financial debt at TL2.2 bn

- Due to seasonality and elevated harvesting season costs, Net Financial Debt reached TL2.2 bn at FY2022-end, and remained intact in 1Q23-end.
- Diversify funding sources, via EBRD loan and issue of bond offerings.
- As of Mar-end 2023, only 6% of TL2.78 bn financial debt is in fx.
- Investments reached TL30 mn in 1Q23, vs. TL8 mn in 1Q22.

TL mn	1Q2022	FY2022	1Q2023
Cash and cash equivalents	252	288	565
ST Financial Debt	294	2.322	2.001
LT Financial Debt	90	150	777
<b>Net Financial Debt (Cash)</b>	<b>132</b>	<b>2.184</b>	<b>2.213</b>

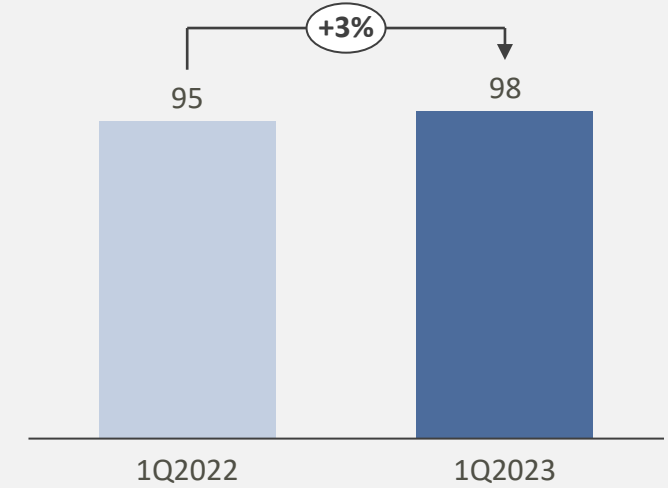
*\*Leasing liabilities not included*



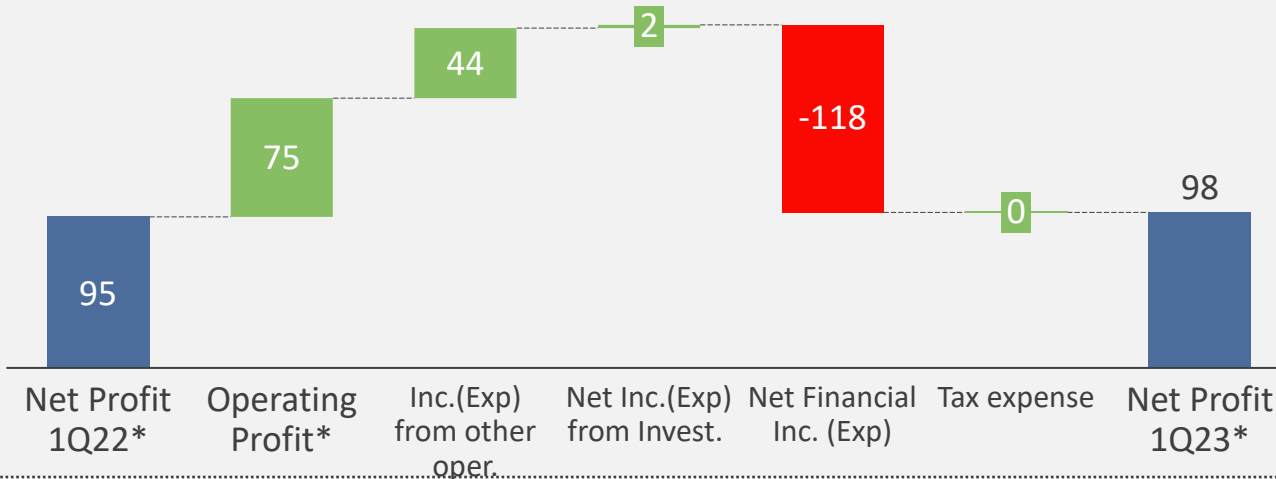
# Net Profit came in at TL97 mn

- Net Profit at TL98 mn in 1Q23, remained intact at the levels attained in 1Q22 due to higher financial expenses.

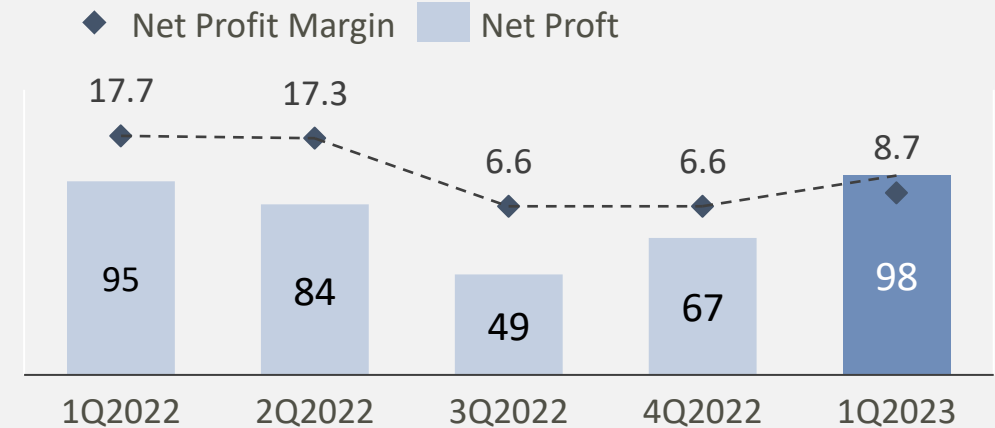
## Net Profit (TL mn)



## Net Profit (TL mn) from Ongoing Operations



## Net Profit (TL mn) & Net Profit Margin (%)



*Solid top-line growth owing to domestic sales performance; while financial expenses limited bottom-line growth.*

- Last harvesting season's elevated costs had pressure on margins. ***Inflation indices continue to grow but at a lower pace vs. last year.***
- Domestic sales performance supported topline growth in 1Q2023, ***anticipate exports to gear up in the coming quarters.***
- ***Curbed expenses in 1Q23 but will continue marketing investments in domestic and foreign markets in order to expand growth and product range.*** Recently launched ad campaign for sauces with new labels in local market.
- ***Net debt to come down manageable levels in 1H2023.*** Net debt increased 2H22 due to elevated last harvesting season costs. Growing sales and cash inflow in the coming quarters will have a positive impact on debt levels.

Income Statement - Summary (TL mn)	FY2022	Δ YoY	1Q2022	1Q2023	Δ YoY
<b>Net Sales</b>	<b>2.787</b>	<b>155%</b>	<b>537</b>	<b>1.124</b>	<b>109%</b>
Cost of Sales (-)	1969	155%	354	832	135%
<b>Gross Profit</b>	<b>817</b>	<b>156%</b>	<b>183</b>	<b>292</b>	<b>60%</b>
Operating Expenses (-)	433	130%	102	136	34%
<b>Operating Profit</b>	<b>384</b>	<b>193%</b>	<b>81</b>	<b>156</b>	<b>92%</b>
<b>EBITDA</b>	<b>418</b>	<b>177%</b>	<b>85</b>	<b>164</b>	<b>94%</b>
Net Income(Exp) from Other Operating Act.	81	1031%	19	63	236%
Net Income(Exp) from Investing Act.	3	43%	2	4	93%
Net Financial Income (Exp)	-178	n.m.	-11	-128	n.m.
<b>Profit before Tax from continuing operations</b>	<b>290</b>	<b>88%</b>	<b>91</b>	<b>94</b>	<b>3%</b>
Tax expense	5	n.m.	4	4	-1%
<b>Profit for the period</b>	<b>295</b>	<b>32%</b>	<b>95</b>	<b>98</b>	<b>3%</b>
Gross Margin	29%		34%	26%	
Operating Margin	14%		15%	14%	
EBITDA Margin	15%		16%	15%	
<b>Net Profit Margin (Continuing Operations)</b>	<b>11%</b>		<b>18%</b>	<b>9%</b>	

Balance Sheet -Summary (TL mn)	1Q2022	1H2022	9M2022	FY2022	1Q2023
<b>Current Assets</b>	<b>1.388</b>	<b>1.788</b>	<b>3.669</b>	<b>3.915</b>	<b>3.978</b>
Cash	252	301	85	288	565
Trade receivables	467	597	748	844	1.079
Inventories	474	596	2.456	2.392	1.876
<b>Non-current Assets</b>	<b>297</b>	<b>369</b>	<b>458</b>	<b>522</b>	<b>612</b>
<b>Total Assets</b>	<b>1.685</b>	<b>2.157</b>	<b>4.127</b>	<b>4.437</b>	<b>4.590</b>
<b>Current Liabilities</b>	<b>630</b>	<b>1.067</b>	<b>3.018</b>	<b>3.107</b>	<b>2.540</b>
Short-term financial borrowings	181	195	1.141	1.913	1.641
Short-term portion of long-term borrowings	113	301	369	409	361
Trade payables	249	505	1.393	637	367
<b>Non-current Liabilities</b>	<b>131</b>	<b>86</b>	<b>56</b>	<b>226</b>	<b>854</b>
Long-term financial borrowings	90	40	0	150	777
<b>Shareholder's Equity</b>	<b>924</b>	<b>1.004</b>	<b>1.054</b>	<b>1.104</b>	<b>1.197</b>
<b>Total Liabilities</b>	<b>1.685</b>	<b>2.157</b>	<b>4.127</b>	<b>4.437</b>	<b>4.590</b>
<b>Net Financial Debt (TL mn)*</b>	132	236	1.425	2.184	2.213

Ratios	1Q2022	1H2022	9M2022	FY2022	1Q2023
Current Ratio	2,2	1,7	1,2	1,3	1,6
Liquidity Ratio	1,5	1,1	0,4	0,5	0,8
Net Financial Debt/Equity	0,1	0,2	1,4	2,0	1,8
Working Capital (TL Mn)	693	689	1.811	2.599	2.589

\*Leasing liabilities not included

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.

Neither Tat Gıda nor any of its directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this presentation.





# Thank you

For further questions please contact:

Banu amlitepe - head of IR

[banu.camlitepe@tat.com.tr](mailto:banu.camlitepe@tat.com.tr)

**Tat Gıda A.Ş.**

**[investorrelations@tat.com.tr](mailto:investorrelations@tat.com.tr)**

Taşdelen Mahallesi

Sırrı elik Bulvarı No: 7

ekmeköy - İstanbul