



# Tat Gıda

FY2022 Financial Results Review

February 8, 2023

# Agenda



1 Key messages and Highlights

2 FY2022 Financial Results

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1

## Key messages and Highlights

### Tat's Purpose:

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

#hayatlaraTATkattik



## FY2022 Highlights

### Net Sales\*

**TL 2,787 mn**

(155% yoy growth)

### Exports Share\*

**35% of total sales**

(vs. 31% in FY2021)

### EBIT

**TL 384 mn (193% yoy growth)**

### EBITDA\*

**TL 418 mn (177% yoy growth)**

### Net Profit\*:

**TL295 mn (87% growth)**

\*From Continuing operations

## Delivered strong full year results, despite volatile environment

- Strong sales volume and price performance led to 155% growth in Net Sales.
  - Domestic sales increased by 142% yoy
  - Exports reached US\$58 mn, up by 52% in US\$ terms yoy and constituted 35% of sales vs. 31% in FY2021
- Harvesting season ended with a total tomato processing amount of 543K tons, up by 8% yoy on top of a strong base year; production volumes increased by 14% in and reached 150K tons.
- Pricing and productivity improvements substantially offset the negative impact of inflation. Growth in EBITDA and Net Earnings continued.
  - EBITDA margin was 15% in FY2022, vs. 13.8% in FY2021.
  - Profit from Continuing operations at TL295 mn, up by 87% yoy.
- Continued investments in innovation, quality, infrastructure, and maintenance; totaled at TL218 mn.
- Net debt at TL2.18 bn at FY2022-end (TL294 mn in FY2021 -with the contribution of dairy business divestiture in 1Q21).



**Tomato Paste**  
**# 1**

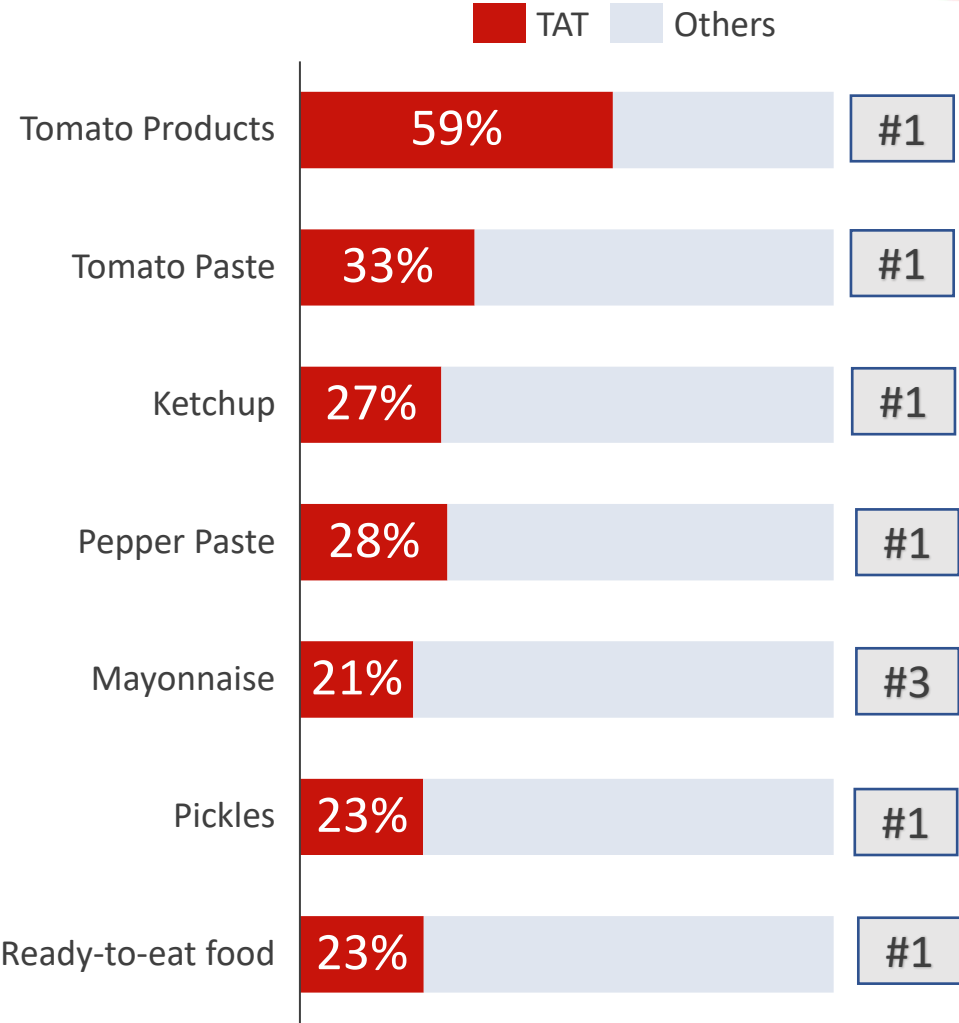
**Tomato Products**  
**# 1**

**Pickles**  
**# 1**

**Ketchup**  
**# 1**

**Mayonnaise**  
**# 3**

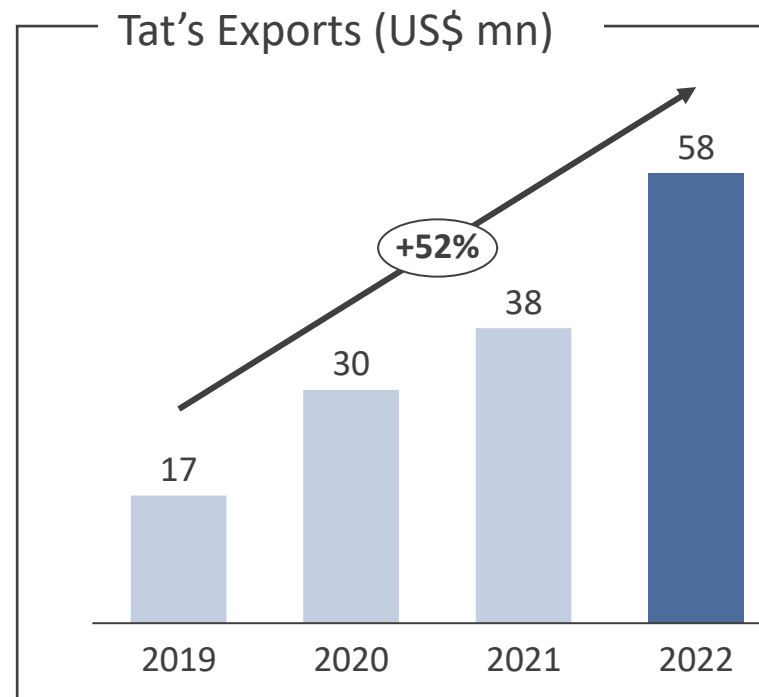
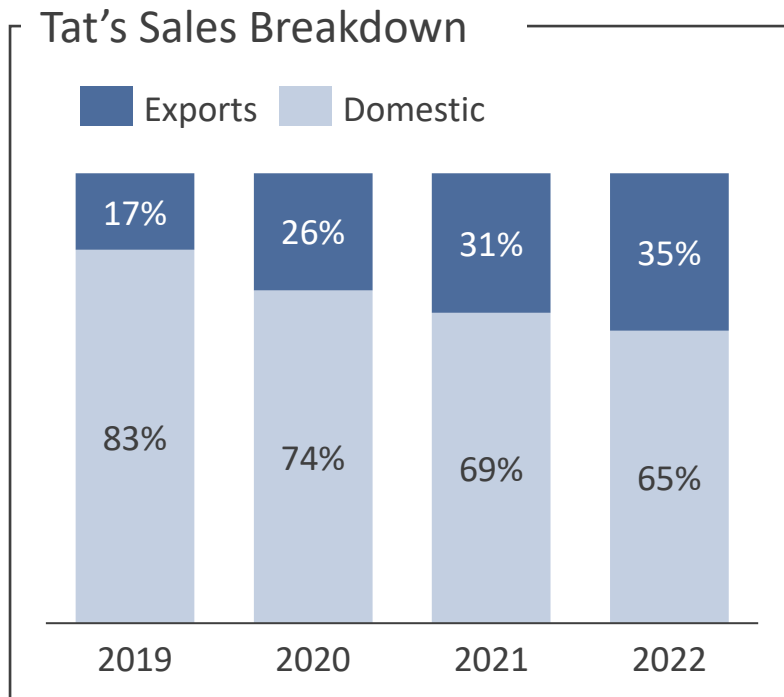
**Ready-to-eat food**  
**# 1**



\*Based on Nielsen FY2022 Report excluding Hard Discounters and based on share of sales (TL)- (Pickles & Ready to Eat Food category based on Scantrack data)



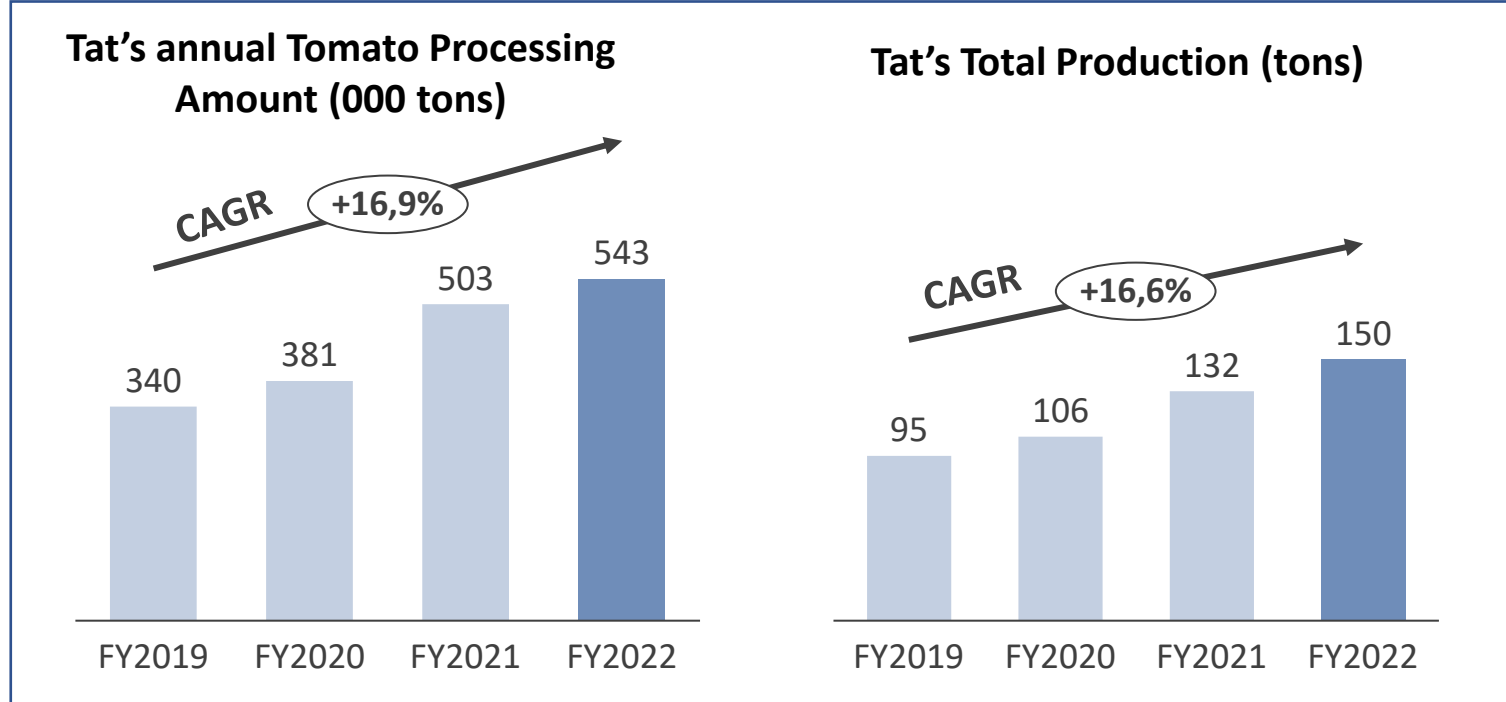
- Aiming to become a global brand, Tat continuously invests in marketing in foreign countries. In line with its marketing strategies, exports increased by 52% to US\$58 mn in FY2022.
- Main export products included Tomato Paste, Pickles and Tomato products; and main export markets were Europe and Asia-Pacific region.



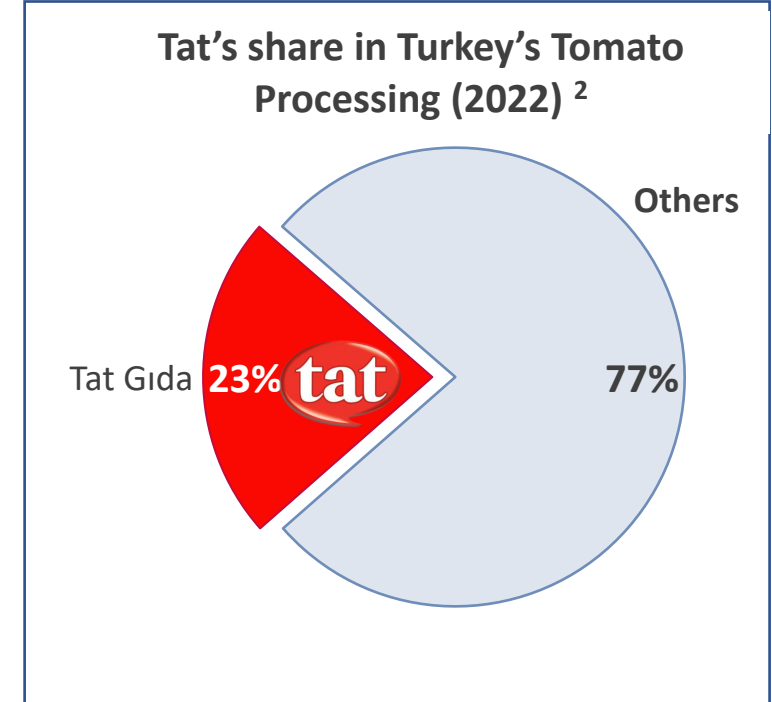
# Production record for two consecutive years



- Tat Gıda, with 543K<sup>1</sup> tons of processed tomatoes in 2022 (+40K tons/+8% yoy), took 23% stake in Turkey's tomato processing industry.

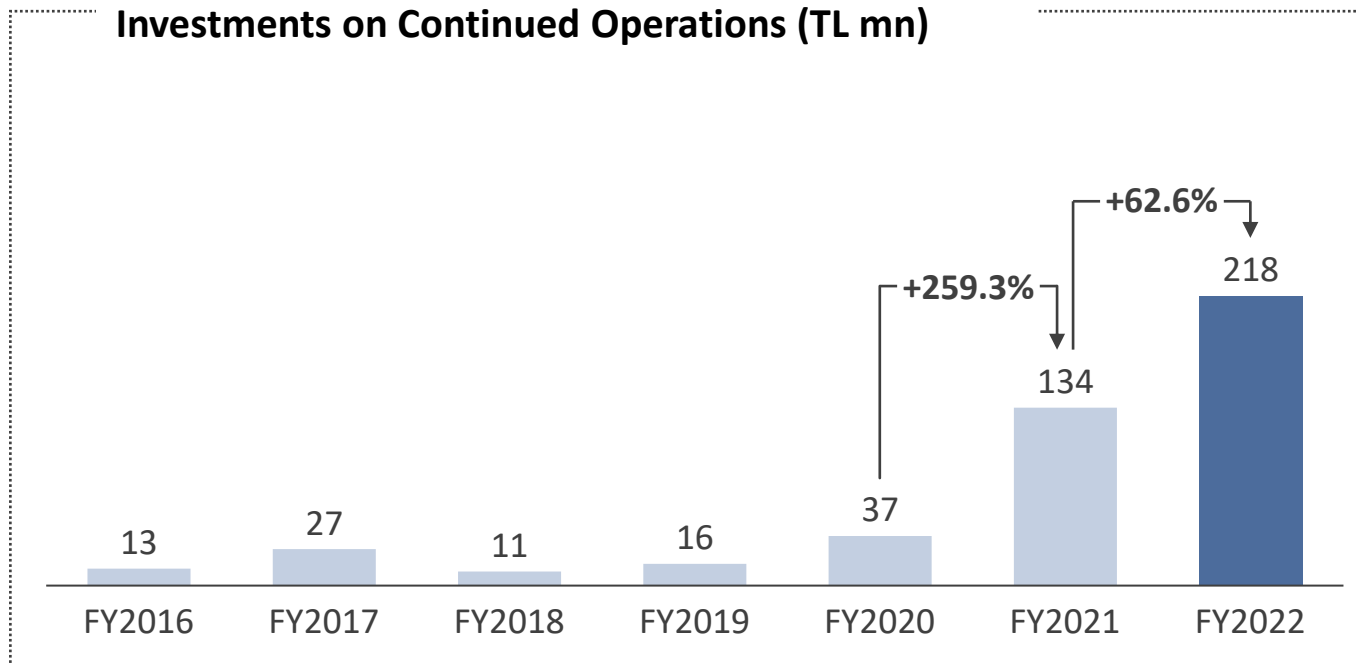


<sup>1</sup> Tat's 2022 total processing amount from July till mid-October 2022



<sup>2</sup> WPTC World production estimate of tomatoes for processing; preliminary figures as of Oct 2022

- Following investments worth TL134 mn in FY2021 (mainly on capex to increase tomato products and pickles capacity), Tat's investments continued in FY2022 on innovation, automation, quality, infrastructure, and maintenance projects. There are government incentives that allow Tat Gıda to pay reduced corporate tax for its various investments.
- Tat signed a contract with EBRD for the use of a loan in Euro or TL, corresponding to a maximum of €20 mn for the financing of various investment projects at production facilities in 2022 and 2023 such as efficiency, modernization, and working capital needs.

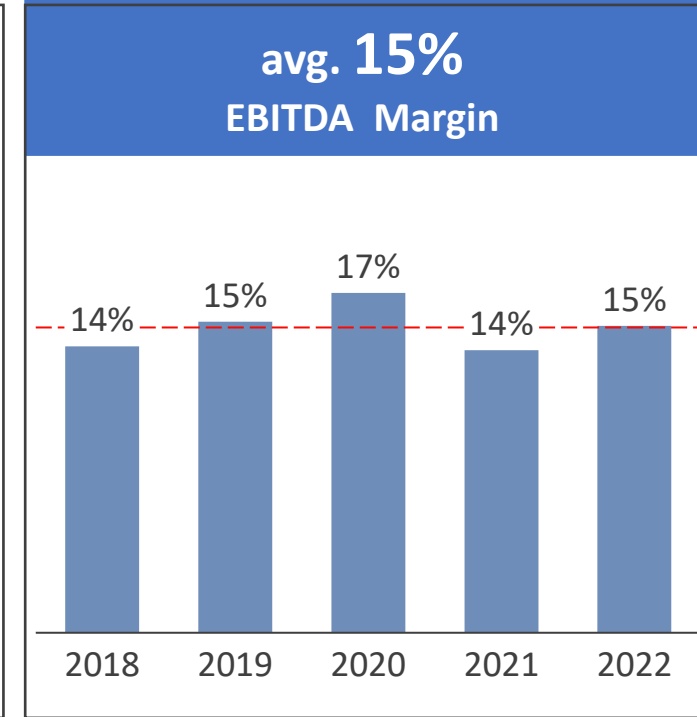




Tat has invested around 25 million TL in the last three years in digital agricultural technologies and plans to continue its investments.

## Completed and ongoing Projects;

- As a pioneer in the digital agriculture practices, Tat initiated own digital farming in 2018: managed to increase the average yield from 7-8 tons per decare to 10-11 tons, and able to decrease cultivation costs per 1 ton of tomatoes by 25% than average in the region.
- With smart agriculture practices in irrigation, **water consumption was reduced by 30 percent.**
- Aim **to reduce the electricity consumption by around 15%** in water resources management with “Smart Water Resource Management Using Artificial Intelligence” Project.
- With planned investment worth US\$ 1.7 mn, Tat’s Torbalı plant will be able to **supply all the electricity need of from solar energy.**
- Tat’s application with two different consortiums, KWORKS and BIGGTEAM, **was entitled to receive Tübitak’s support regarding Tübitak’s support program for capacity increase in innovation and entrepreneurship.**
- Initiated the project for the digitalization of production from farm-to-table with TTRACE traceability platform with Blockchain infrastructure: the **first phase of the project involving tracing of the tomatoes from the field to the plant in Tat Bursa Karacabey factory has been initiated.**



*\* Based on ongoing operations*

# 2

## FY2022 Financial Results



### Balance Sheet – Summary (TL mn)

	Dec 31, 2021	Dec 31, 2022
Current Assets	1.350	3.915
Non-Current Assets	288	522
Total Assets	1.638	4.437
Current Liabilities	553	3.107
Non-Current Liabilities	199	226
Shareholder's Equity	885	1.104
Total Liabilities & Equity	1.638	4.437

### Income Statement - Summary (TL mn)\*

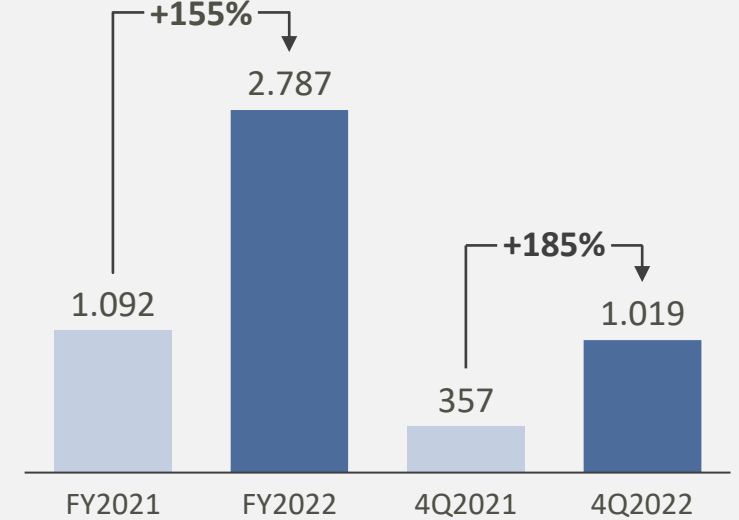
	FY2021	FY2022
Net Sales	1.092	2.787
EBITDA	151	418
Net Income from Other operations	7	81
Net Inc. (Exp) from Investment act.	2	3
Net Financial Inc. (Exp)	14	-178
Profit Before Tax	154	290
Net Profit from Ongoing operations	184	295

\* Ongoing operations

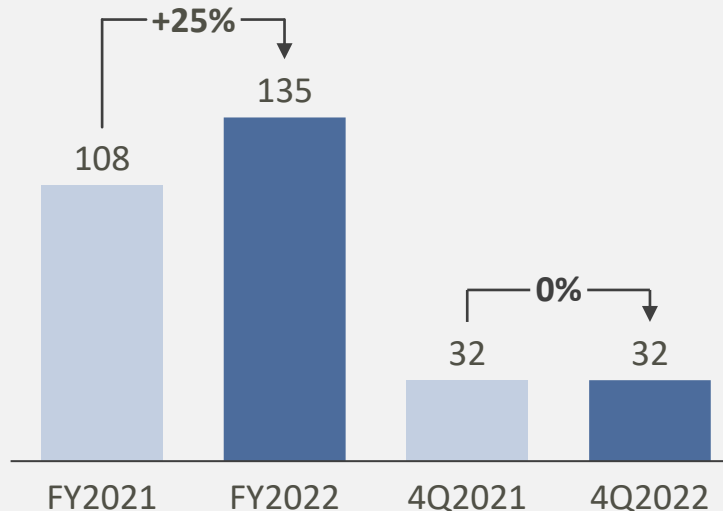
Revenues reached  
TL2.8bn, up by  
155% yoy

- Delivered strong sales performance, thanks to higher volumes and price adjustments.
  - Total sales volume in FY22 increased by 25% yoy to 135K tons.
  - Net sales reached TL2.8 bn in FY22; up by 155% yoy, and TL1 bn in 4Q22, up by 185%.
- Domestic sales increased by 142% in FY22, yoy; while exports surged by 184%.

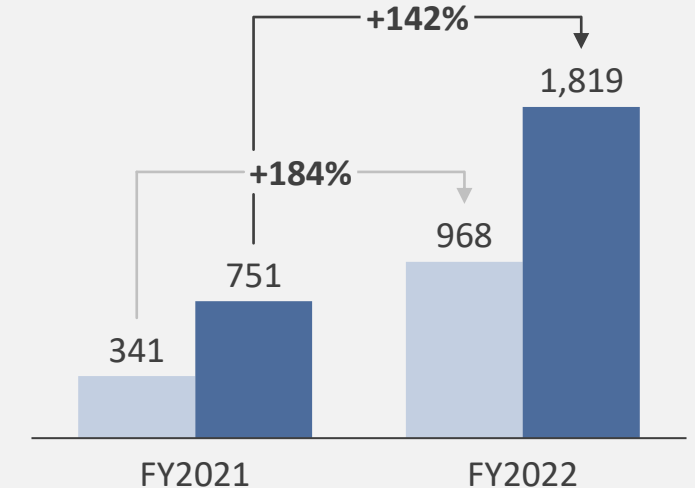
**Net Sales (TL Mn)**



**Total Sales Volume (000 Tons)**



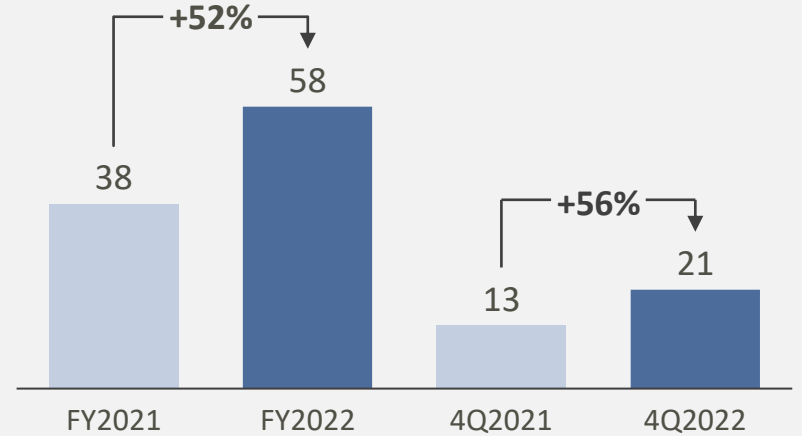
**Exports (net) Domestic (net) TL mn**



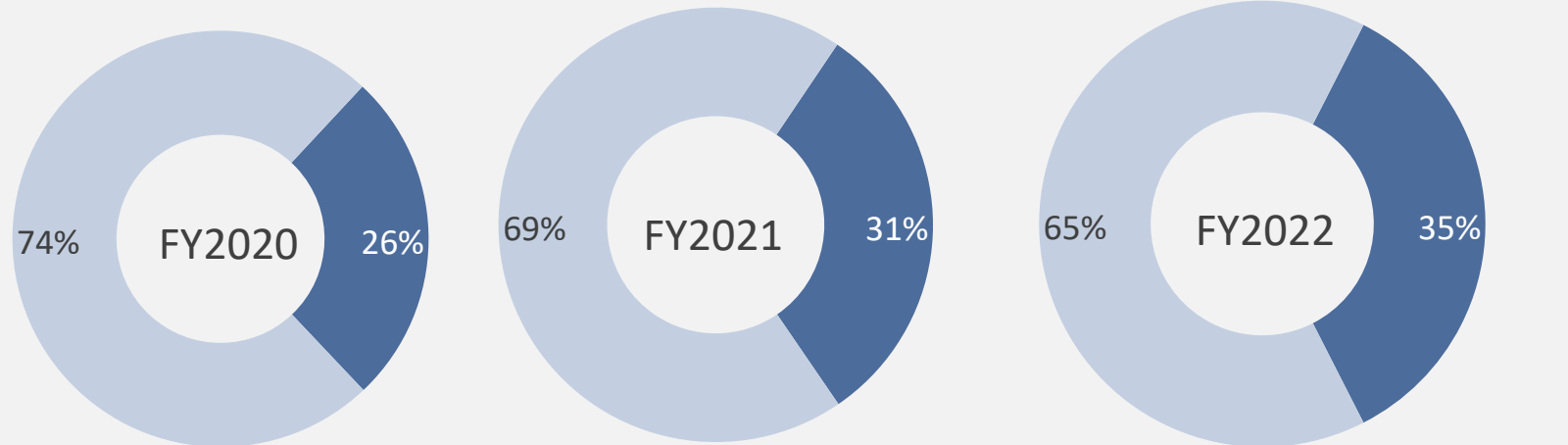
## Export strategy support growth

- Total exports in FY2022 reached TL968 mn (US\$58 mn ), displaying 184% growth yoy in TL terms and 52% in US\$ terms.
- Exports share in total sales reached 35% in FY2022 vs. 31% in FY2021.

Exports (US\$ mn)

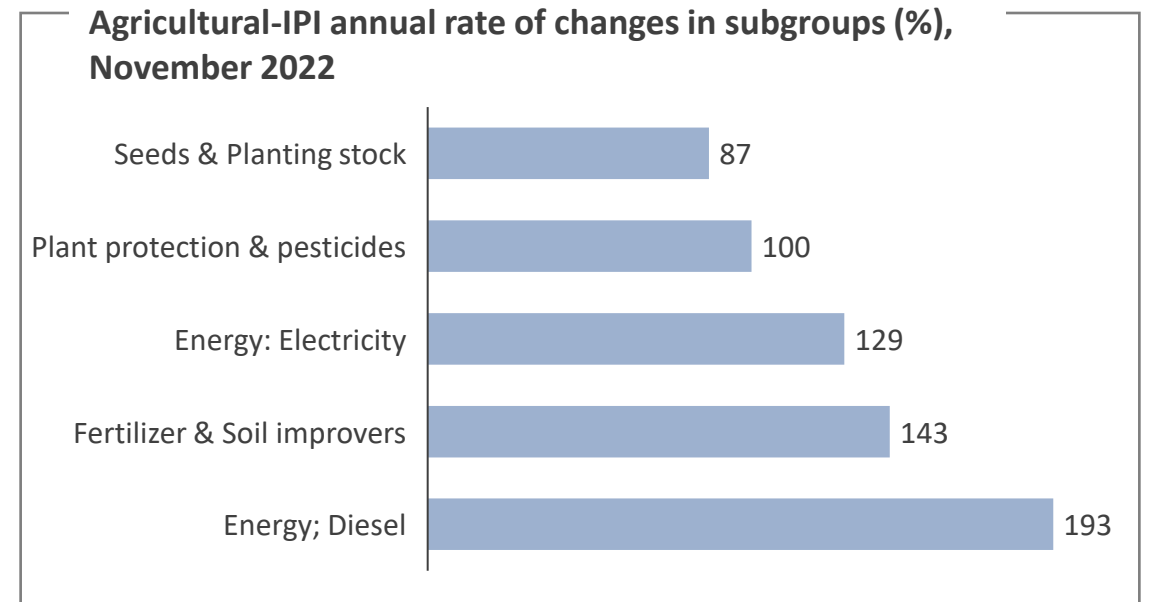
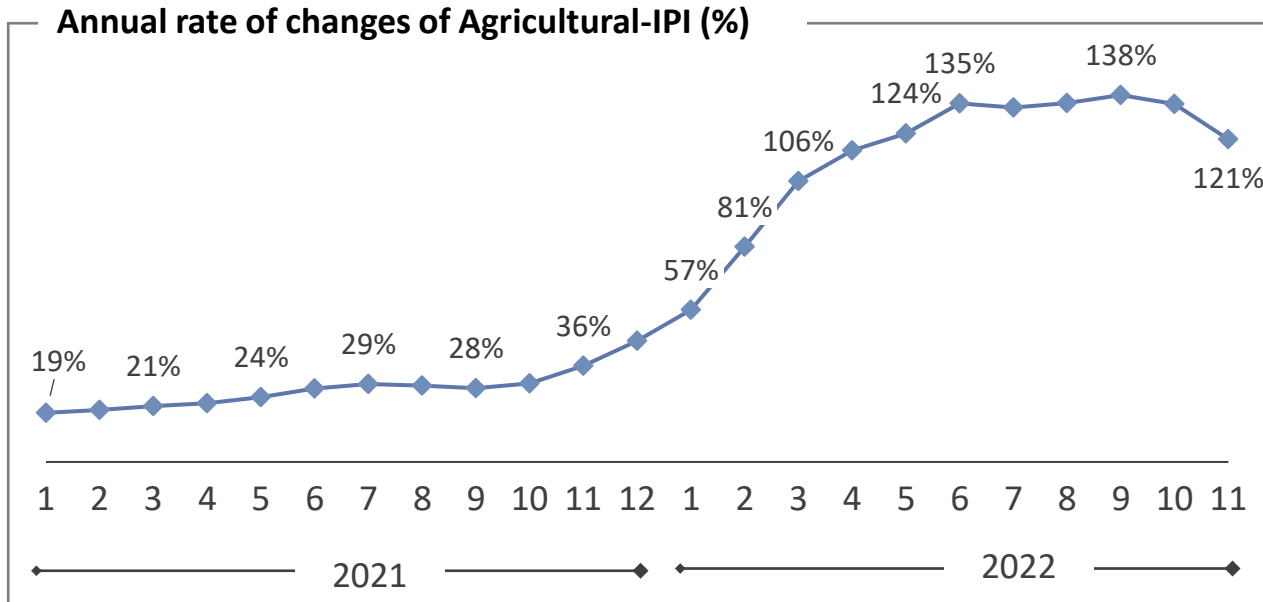
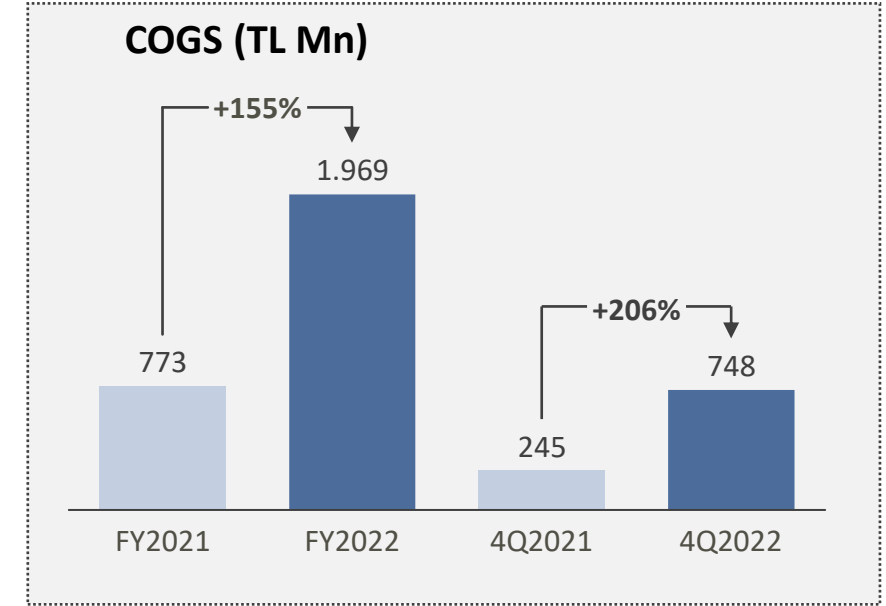


Exports' share in Total Sales



## Challenging operating environment

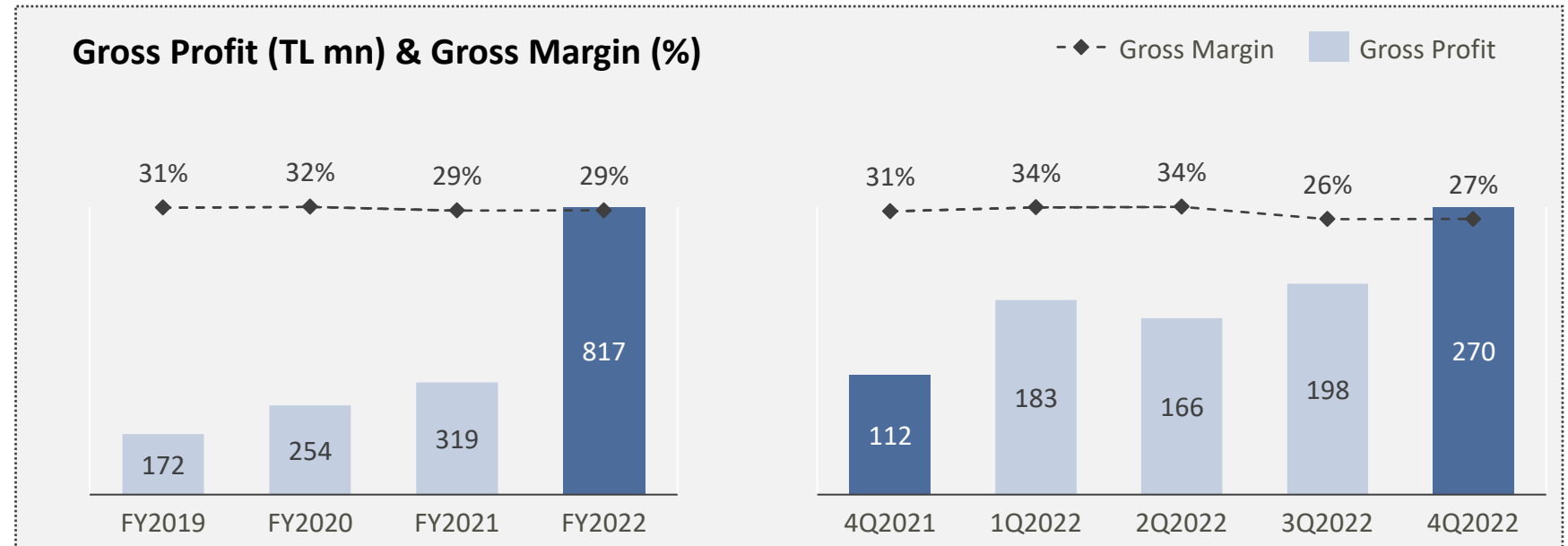
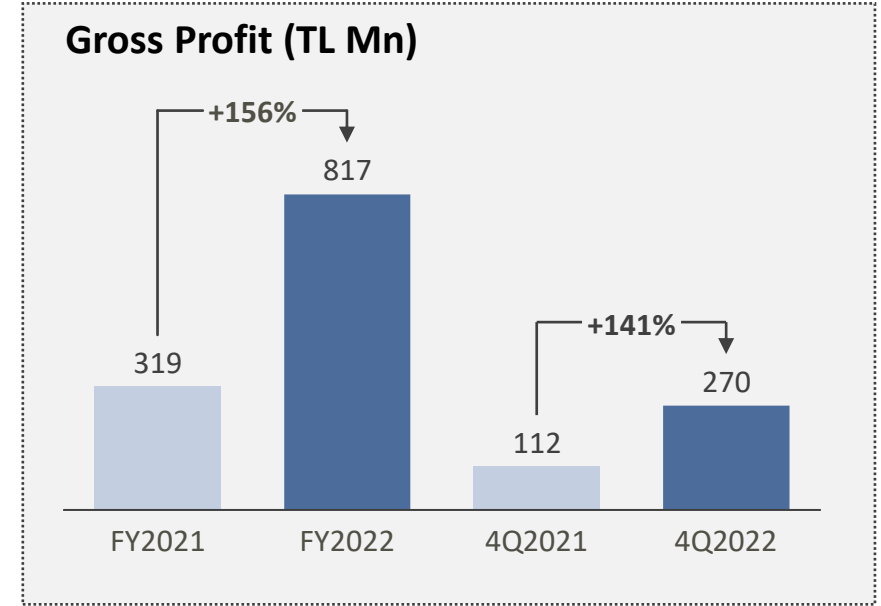
- Due to seasonality, higher COGS due to elevated new season prices, combined with weak TL led to a pressure on margins in 2H2022 results.
- Agricultural input price index (Agricultural-IPI) increased by 121% in November, annually. The highest annual increase was 193% in diesel and 143% fertilizer and soil improvers subgroups.





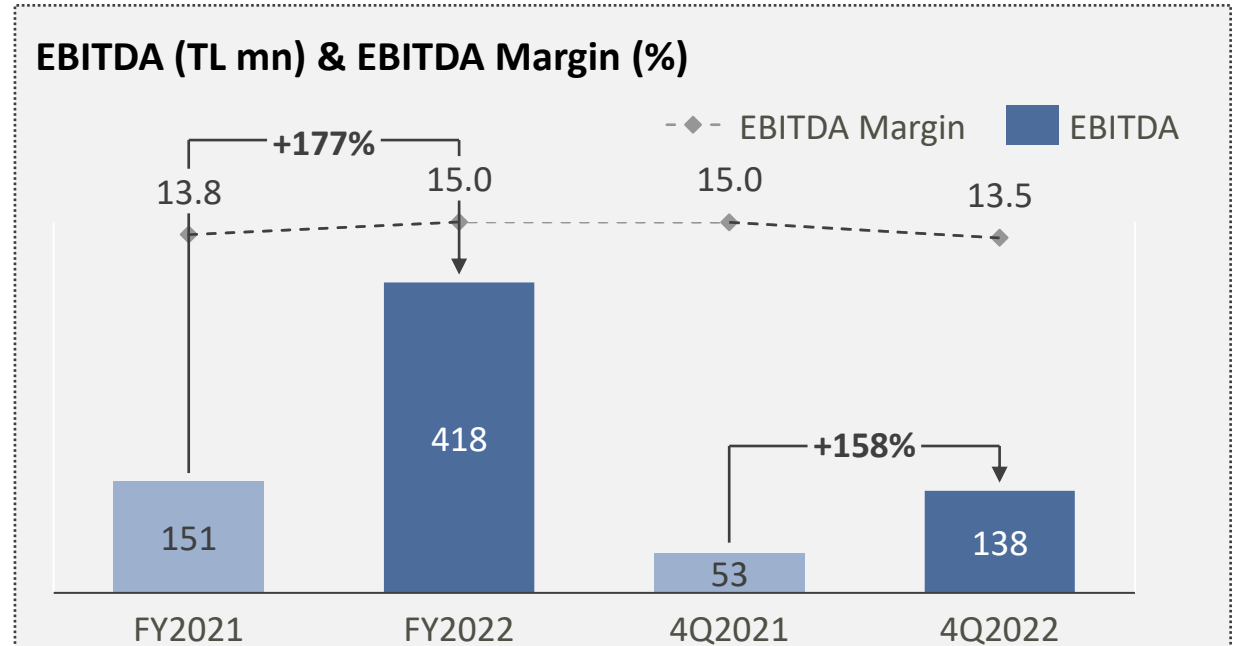
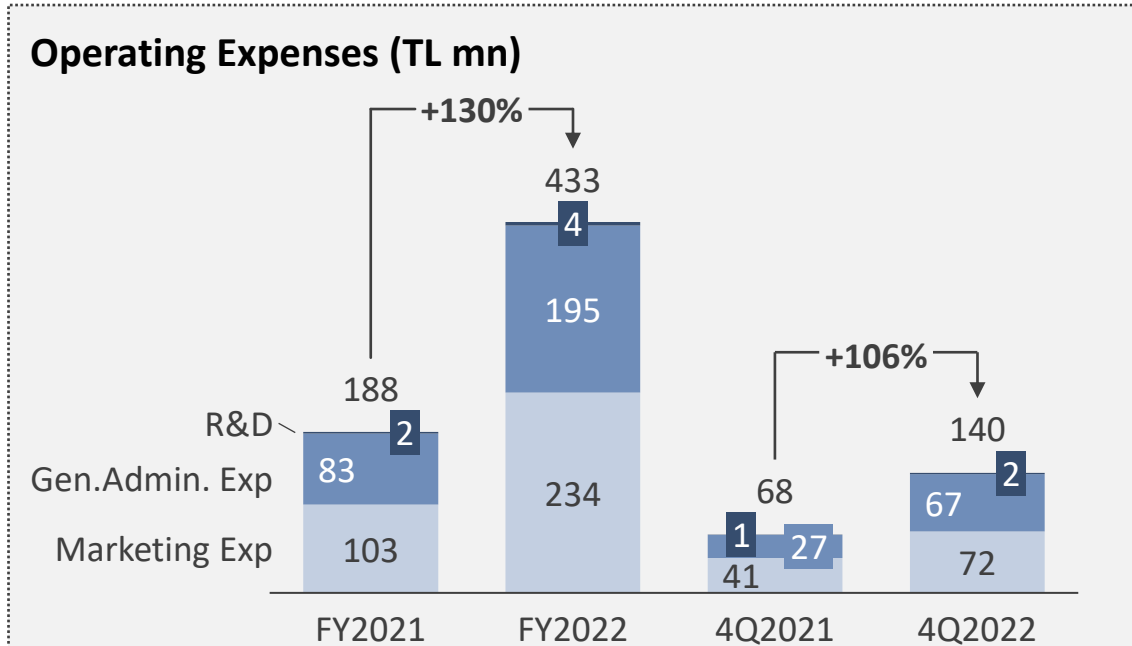
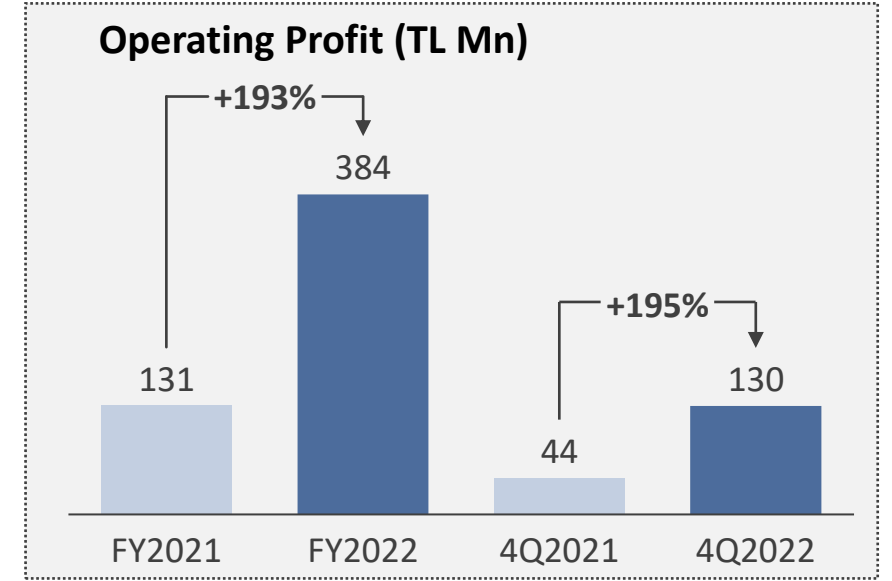
# Gross profit up by 156% in FY2022 yoy

- Balance pressure on costs with effective sales mix and price management, productivity improvements and cost saving initiatives.
- Gross profit increased by 156% yoy to TL817 mn in FY2022 and by 141% to TL270 mn in 4Q22; while gross margin came in at 29% in FY22 and 27% in 4Q22.



EBITDA reached  
TL418 mn,  
up by 177%

- Operating expenses increased by 130% year on year in FY2022. Opex-to-Net Sales ratio was 13.8% in 4Q2022 vs. 19.1% in 4Q2021.
- Operating profit was up by 193% in FY2022, yoy to TL384 mn thanks to strong sales performance.
- EBITDA at TL418 mn in FY2022, displayed a yoy increase of 177%; while EBITDA margin was 15% in FY2022, vs. 14% in FY2021.



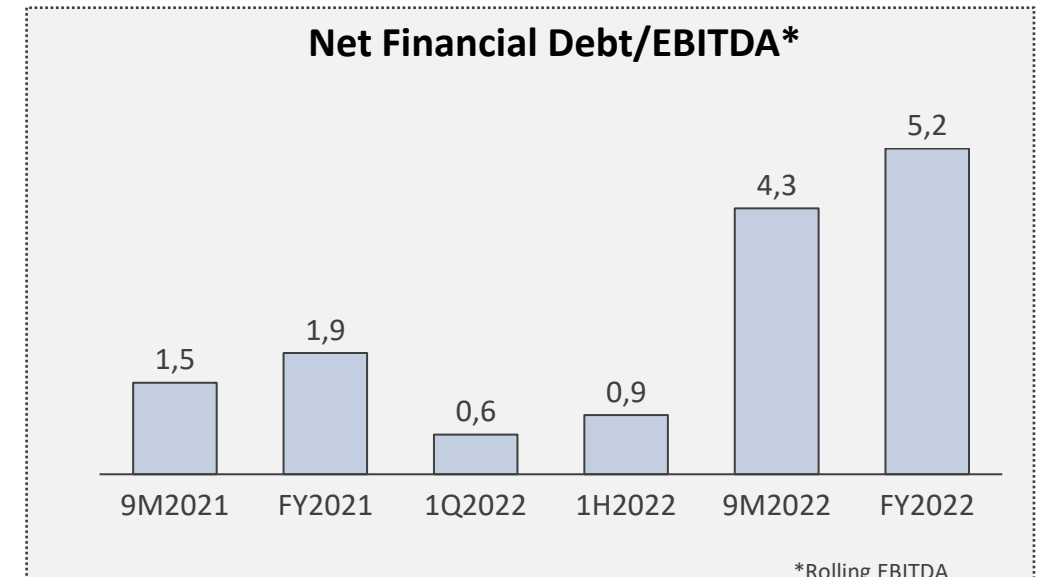
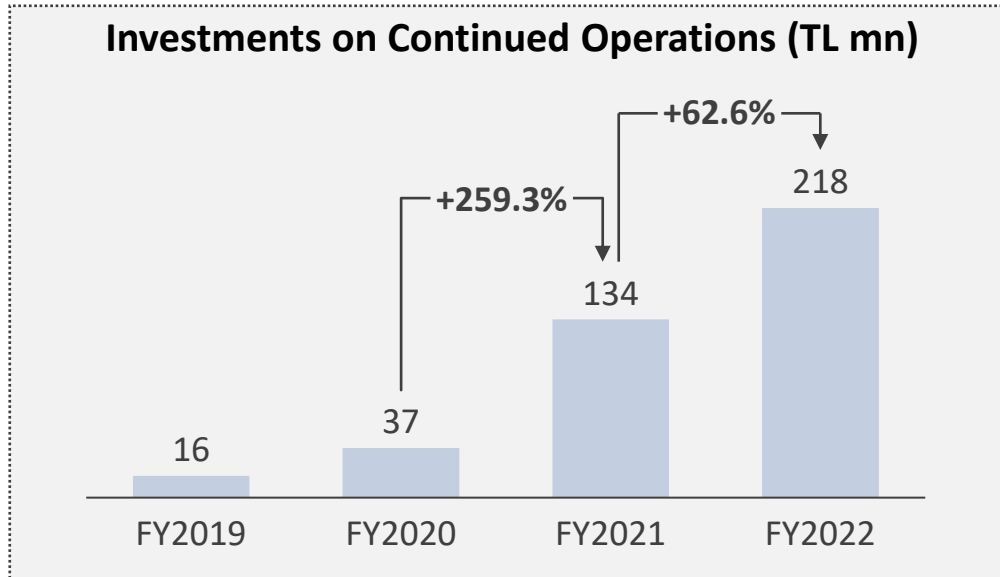
# Net Financial debt at TL2.18 bn

- Due to seasonality and elevated harvesting season costs, Net Financial Debt reached TL1.4 bn at Sept 2022-end and TL2.18 bn at FY2022-end.
- Diversify funding sources, via EBRD loan and issue of bond offerings.
- Cash outflow of TL56\* mn via total dividend distribution in March 2022; and investments of TL218 mn in FY2022.

TL mn	FY2021	FY2022
Cash and cash equivalents	106	288
ST Financial Debt	240	2.322
LT Financial Debt	160	150
<b>Net Financial Debt (Cash)</b>	<b>293</b>	<b>2.184</b>

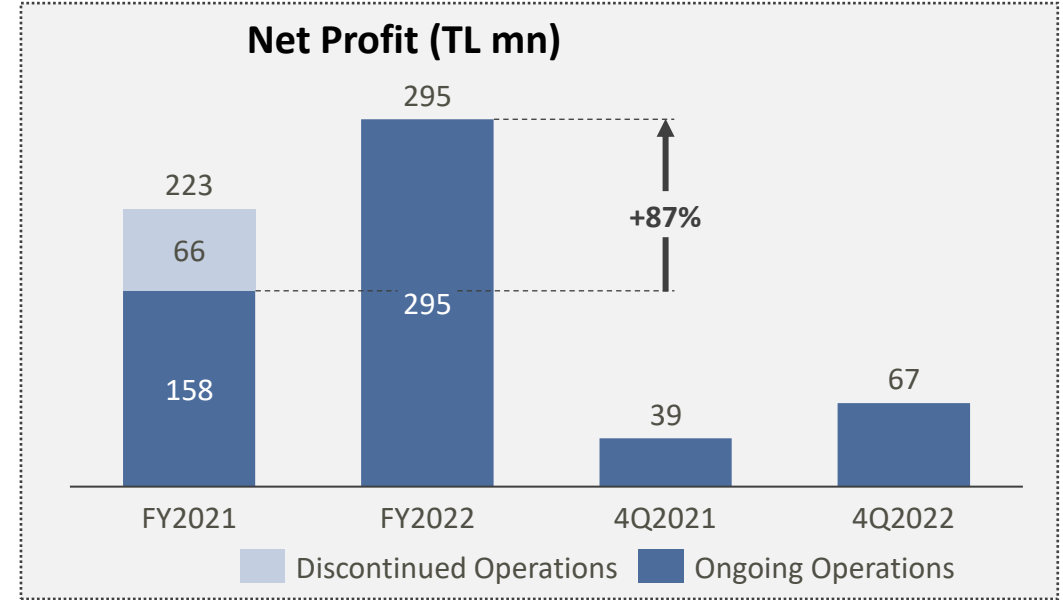
*\*Leasing liabilities not included*

*\* TL 45.6 mn cash dividend to shareholders and rest as Dividend to Owners of Redeemed Shares*

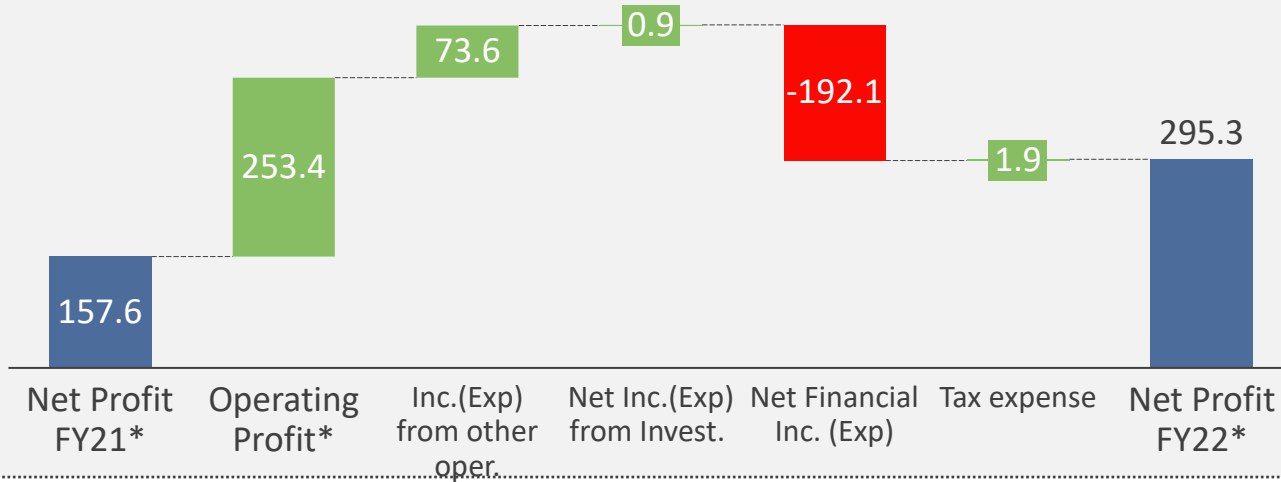


# Net Profit from ongoing operations up by 87%

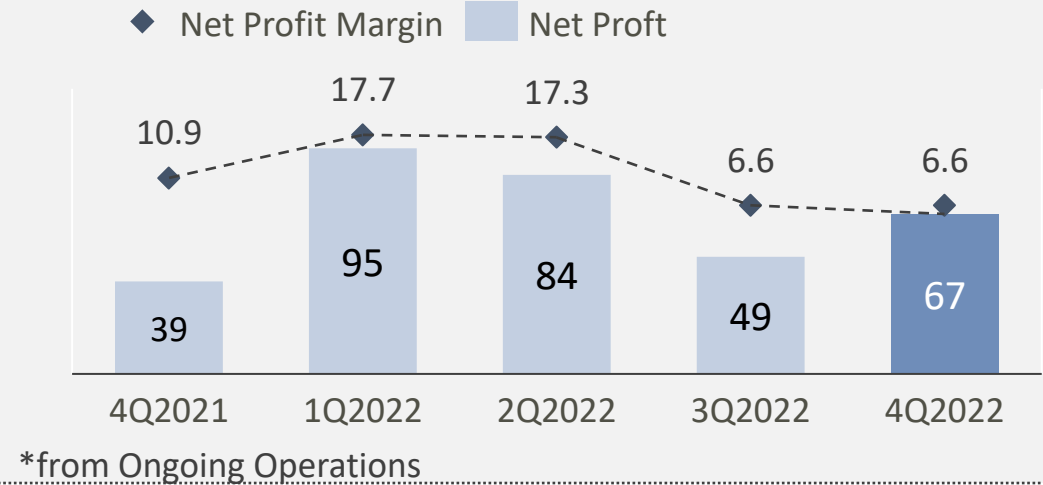
- Net Profit from ongoing operations reached TL295 mn in FY2022, almost doubled the FY2021 level of TL158 mn, thanks to strong operational performance.



## Net Profit (TL mn) from Ongoing Operations



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



*Achieved solid fourth quarter and full year results despite a volatile operating environment and well positioned to drive sustainable profitable growth moving forward.*

- ***Started FY2023 with higher production volumes*** – produced 14% more volume. This new season production will be sold until the next harvesting season.
- ***Continue marketing investments in domestic and foreign markets in order to expand growth and product range.***
- ***Expect to overcome challenging production costs in coming quarters*** with price adjustments that will have positive impact thanks to strong market position in almost all categories.
- ***Net debt to come down manageable levels in 1H2023.*** Net debt increases in second half as a result of seasonality as production takes place mainly in this quarter and coupled with higher new season costs. Growing sales and cash inflow in the coming quarters will have a positive impact on debt levels.
- ***Remain focused on Sustainable profit growth*** via continuous investments in core business, executing strategy to achieve efficient product mix and sales channels, operational efficiencies, strengthen leadership in domestic market, and sustainable agriculture.

Income Statement - Summary (TL mn)	FY2021	FY2022	Δ YoY	4Q2021	4Q2022	Δ YoY
<b>Net Sales</b>	<b>1.092</b>	<b>2.787</b>	<b>155%</b>	<b>357</b>	<b>1.019</b>	<b>185%</b>
Cost of Sales (-)	773	1969	155%	245	748	206%
<b>Gross Profit</b>	<b>319</b>	<b>817</b>	<b>156%</b>	<b>112</b>	<b>270</b>	<b>141%</b>
Operating Expenses (-)	188	433	130%	68	140	106%
<b>Operating Profit</b>	<b>131</b>	<b>384</b>	<b>193%</b>	<b>44</b>	<b>130</b>	<b>195%</b>
<b>EBITDA</b>	<b>151</b>	<b>418</b>	<b>177%</b>	<b>53</b>	<b>138</b>	<b>158%</b>
Net Income(Exp) from Other Operating Act.	7	81	1031%	-9	40	n.m.
Net Income(Exp) from Investing Act.	2	3	43%	-0,3	0,2	n.m.
Net Financial Income (Exp)	14	-178	n.m.	8	-120	n.m.
<b>Profit before Tax from continuing operations</b>	<b>154</b>	<b>290</b>	<b>88%</b>	<b>43</b>	<b>50</b>	<b>17%</b>
Tax expense	3	5	n.m.	-4	17	n.m.
<b>Profit for the period from continuing operations</b>	<b>158</b>	<b>295</b>	<b>87%</b>	<b>39</b>	<b>67</b>	<b>73%</b>
Profit / (loss) for the period from discontinued operations	66	0	n.m.	0	0	n.m.
<b>Profit for the period</b>	<b>223</b>	<b>295</b>	<b>32%</b>	<b>39</b>	<b>67</b>	<b>73%</b>
Gross Margin	29%	29%		31%	27%	
Operating Margin	12%	14%		12%	13%	
EBITDA Margin	14%	15%		15%	14%	
<b>Net Profit Margin (Continuing Operations)</b>	<b>14%</b>	<b>11%</b>		<b>11%</b>	<b>7%</b>	



Balance Sheet -Summary (TL mn)	FY2021	1Q2022	1H2022	9M2022	FY2022
<b>Current Assets</b>	<b>1.350</b>	<b>1.388</b>	<b>1.788</b>	<b>3.669</b>	<b>3.915</b>
Cash	106	252	301	85	288
Trade receivables	474	467	597	748	844
Inventories	628	474	596	2.456	2.392
<b>Non-current Assets</b>	<b>288</b>	<b>297</b>	<b>369</b>	<b>458</b>	<b>522</b>
<b>Total Assets</b>	<b>1.638</b>	<b>1.685</b>	<b>2.157</b>	<b>4.127</b>	<b>4.437</b>
<b>Current Liabilities</b>	<b>553</b>	<b>630</b>	<b>1.067</b>	<b>3.018</b>	<b>3.107</b>
Short-term financial borrowings	92	181	195	1.141	1.913
Short-term portion of long-term borrowings	147	113	301	369	409
Trade payables	258	249	505	1.393	637
<b>Non-current Liabilities</b>	<b>199</b>	<b>131</b>	<b>86</b>	<b>56</b>	<b>226</b>
Long-term financial borrowings	160	90	40	0	150
<b>Shareholder's Equity</b>	<b>885</b>	<b>924</b>	<b>1.004</b>	<b>1.054</b>	<b>1.104</b>
<b>Total Liabilities</b>	<b>1.638</b>	<b>1.685</b>	<b>2.157</b>	<b>4.127</b>	<b>4.437</b>
<b>Net Financial Debt (TL mn)*</b>	<b>293</b>	<b>132</b>	<b>236</b>	<b>1425</b>	<b>2184</b>

Ratios	FY2021	1Q2022	1H2022	9M2022	FY2022
Current Ratio	2,4	2,2	1,7	1,2	1,3
Liquidity Ratio	1,3	1,5	1,1	0,4	0,5
Net Financial Debt/Equity	0,3	0,1	0,2	1,4	2,0
Working Capital (TL Mn)	844	693	689	1.811	2.599

\*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.

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# Thank you

For further questions please contact:

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