



# TAT Gıda

## Corporate Presentation

August 2023

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# Agenda



1 Tat Gıda Business Overview

2 1H2023 Highlights

2 1H2023 Financial Results

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# 1 About Tat Gıda



# About Tat Gıda



## Plant-Based Portfolio



### FOCUS AREA

Reshaped portfolio in recent years and focus growth in core plant-based business

## Market Leader



### #1

Tomato Products, tomato paste, ketchup, pickles and ready-to eat food in domestic market

## Sustainable Agriculture



### LEADER

Only company in its sector with own digital farming

## Strong Position in Core Business



### #5

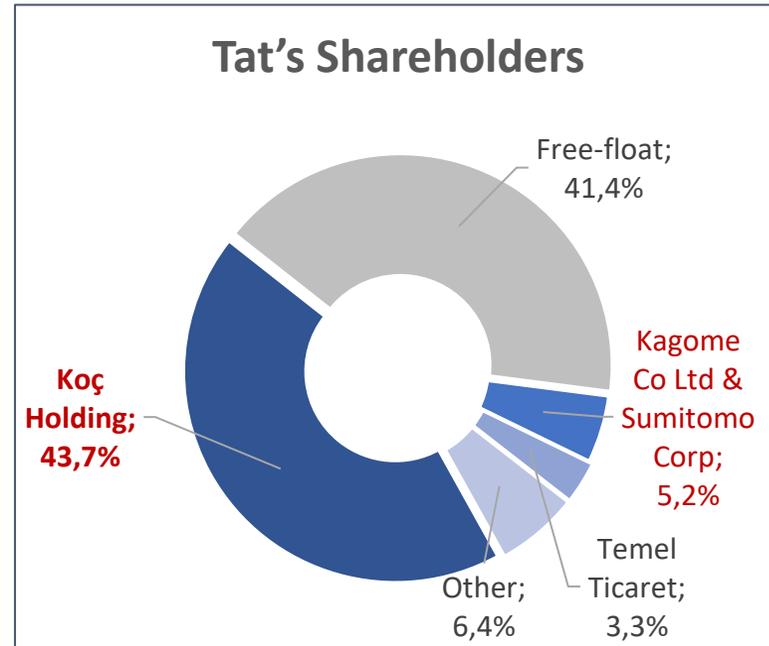
Based on annual processing amount among European producers

# Stable & Supportive Shareholding Structure



Koç Holding: Turkey's Leading Investment Holding Company

- Turkey's **largest** industrial and services group
- **Sustainability** oriented business model focusing on **profitable growth**
- Leading positions with clear competitive advantages in sectors with long term growth potential such as **energy, automotive, consumer durables & finance.**
- **Fortune Global 500** – only company from Turkey.



## Ongoing Partnerships with Kagome & Sumitomo

**Kagome** has been producing tomatoes and by-products since 1899 and ranks #1 in Japan in its business.

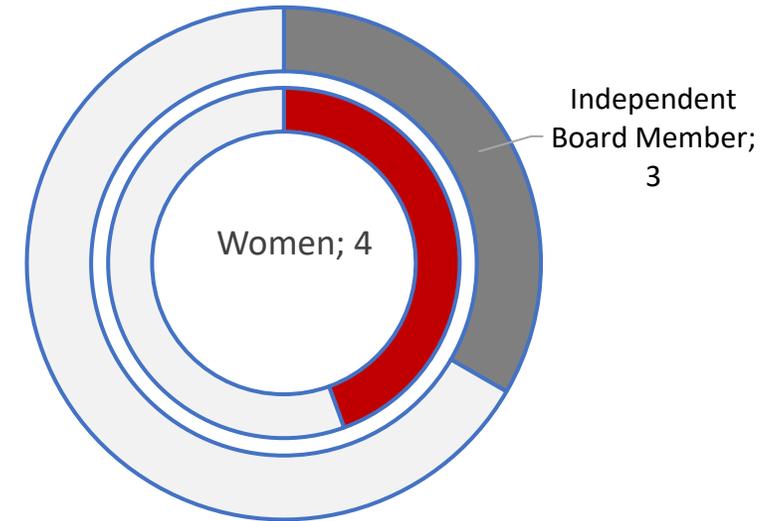
**Sumitomo Corporation**, established in 1919, is a global trading company and is ranked in the Fortune Global 500, for 27 years, as one of the global companies leading the world's development.

# Corporate Governance & Tat Gıda



- Tat Gıda has been trading on Borsa Istanbul (BIST) since 1993.
- BIST Sustainability, BIST Corporate Governance and BIST Dividend index member.
- Tat Gıda's Corporate Governance Rating revised up to 95.32% at 2022-end. Tat ranked 3<sup>rd</sup> among 6 rated Food and Beverage companies (out of 31 Food and Beverage companies that are listed in Borsa Istanbul).
- 9 Board Members: 3 independent members and 4 out of 9 Board members are women
- Tat Gıda adopted Board Diversity Policy in Feb 2022, in order to better respond to the expectations of local and international stakeholders in the field of compliance, considering local and international legislation and good practices on a global scale.

Tat Gıda 9 Board Members



## Out of 9 Board Members:

**3**

Independent Board Members

**4**

Women Members in the Board

# Change and Reshape for Future

- Between 2019-2022, Tat has reshaped its portfolio and increased its investments in its core area and “Tat” brand.

## Reshaped Portfolio for Growth

- Sale of PASTAVILLA brand (pasta operations) - worth TL8 mn – Oct 2019
- Sale of Pastavilla land (worth TL85.5 mn) –Nov 2020
- Sale of SEK (dairy milk & milk products); transaction value TL240 mn, and net cash inflow of TL182 mn – Mar 2021



- Generated cash inflow for capex
- Better resource allocation
- Plant-based focus
- Higher margins

## Revitalized core operation

- With a total investments worth €13 mn in FY21, €10 mn was spent on capex to increase tomato products and pickles capacity (completed in 3Q21)
- Focus on new categories for ready-to eat segment



- Higher volumes
- In house production of pickles
- Entry to new markets

## Business Development Areas

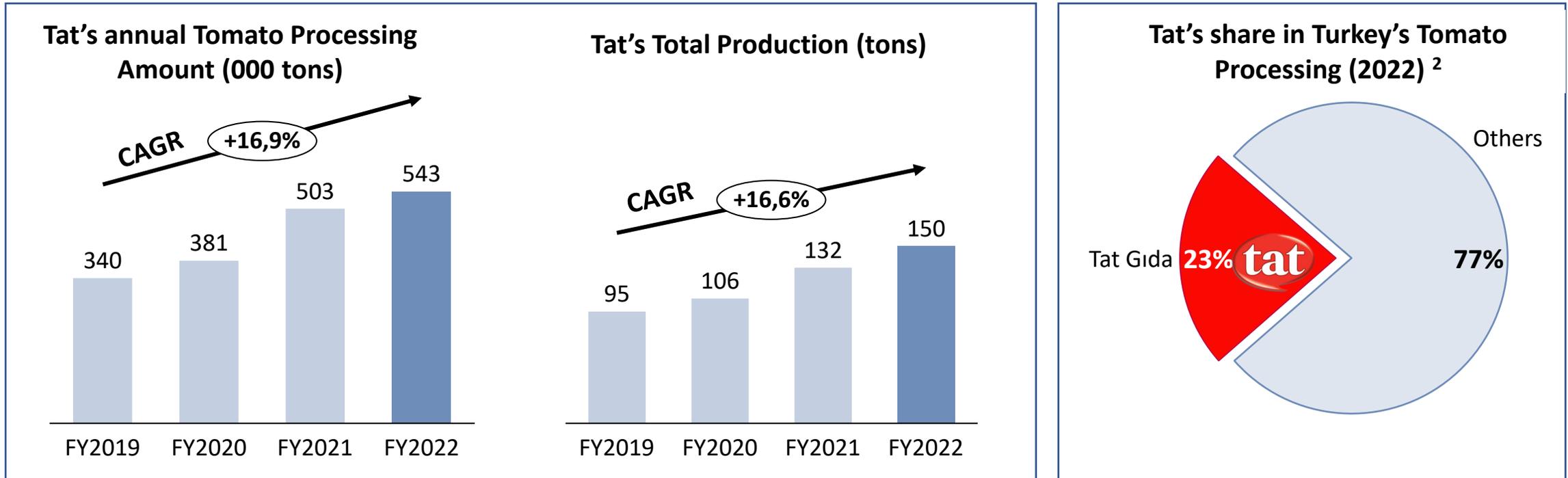
- Accelerated digital farming
- Growth in export markets
- Focus on sustainability



- Sustainable agriculture
- Efficient production
- Balanced sales

# 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.

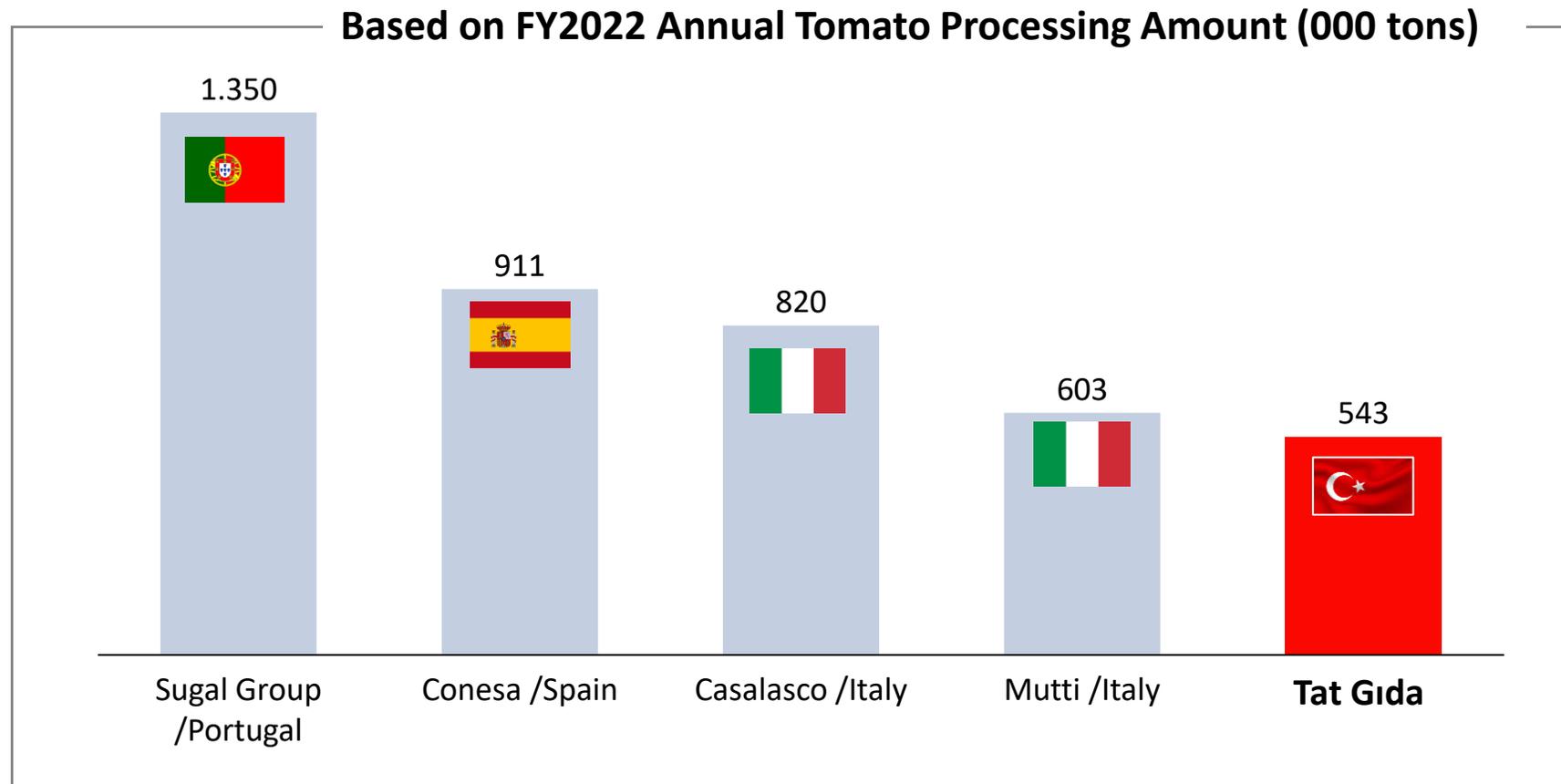


<sup>1</sup> Tat's 2022 total processing amount from July till mid-October 2022

# Tat ranks #5 among European Tomato Processing Groups



- Following its capex investments in FY2021; Tat ranks #5 among European producers with its annual tomato processing amount of 543K tons.



Source: TomatoNews



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



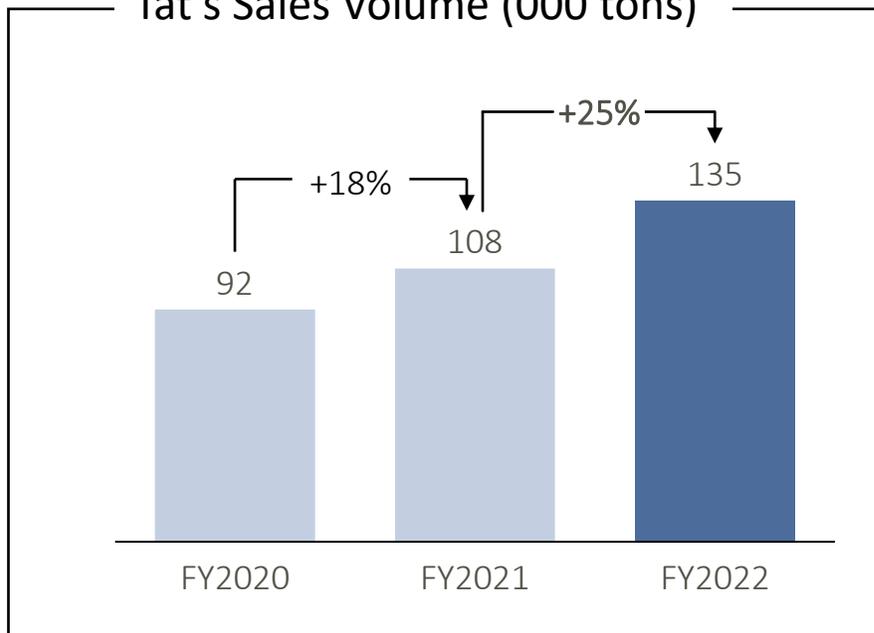
\*Based on Nielsen 1H2023 Report excluding Hard Discounters and based on share of sales (TL) --(Pickles & Ready to Eat Food category based on Scantrack data)

# Sales continue to grow

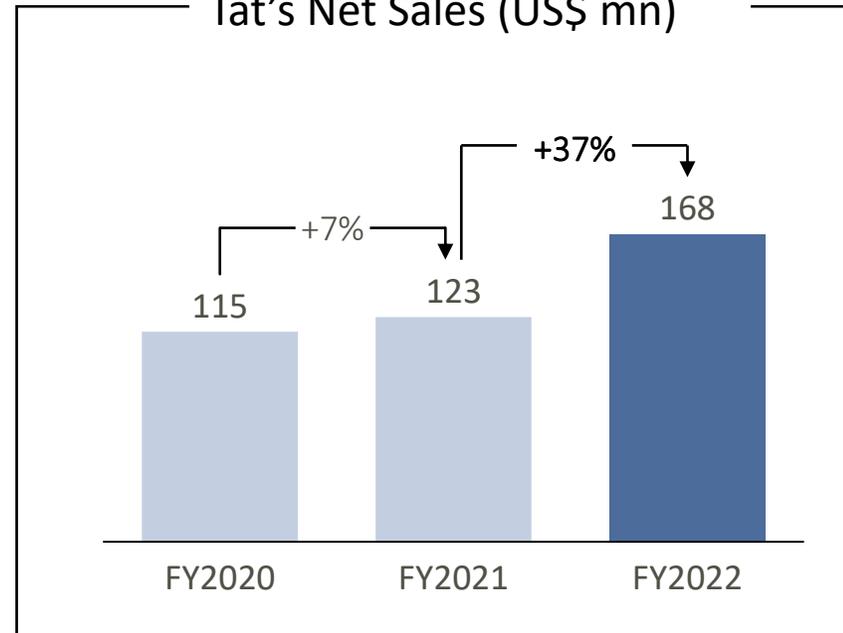
- Net sales continue to grow and reached TL2.8 bn (US\$168 mn), up by 155% in TL terms.
- In the domestic market; Tat focused on increasing and maintaining its market share in all categories and launched the new “Ready to Eat Plates”.



Tat's Sales Volume (000 tons)



Tat's Net Sales (US\$ mn)

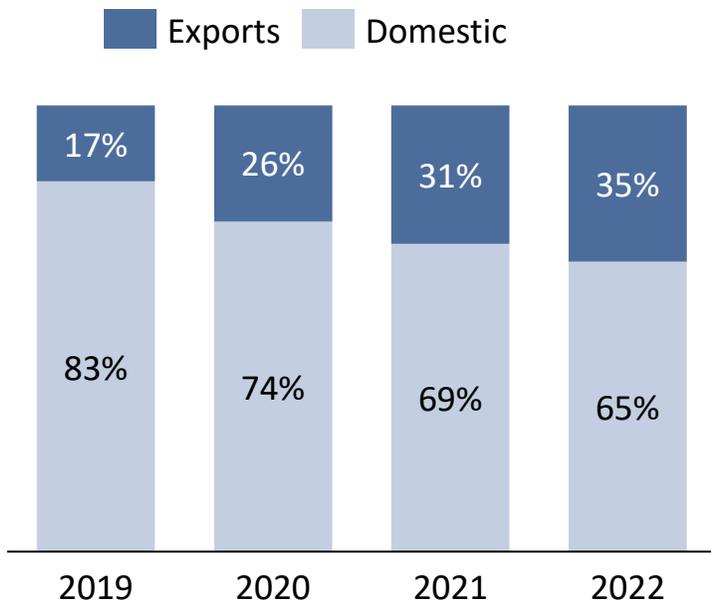


# Record level Exports

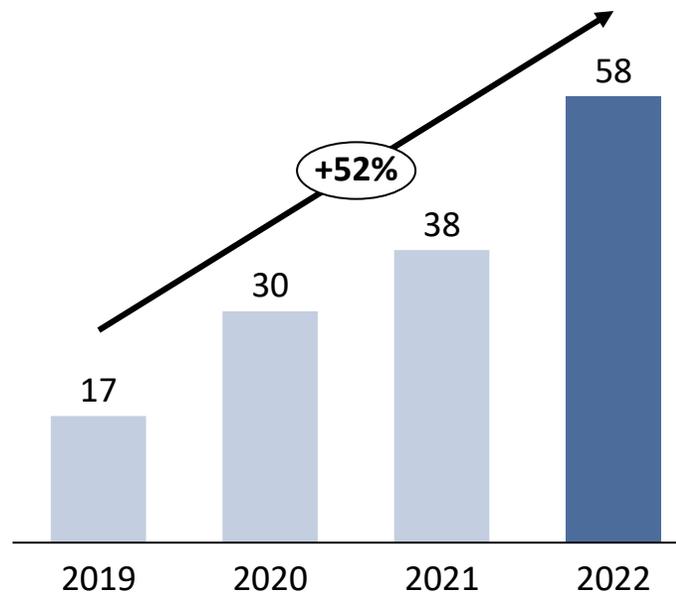


- Aiming to become a global brand, Tat continuously invests in marketing in foreign countries. In line with its marketing strategies, exports increased by 52% to US\$58 mn in FY2022.
- Main export products included Tomato Paste, Pickles and Tomato products; and main export markets were Europe and Asia-Pacific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

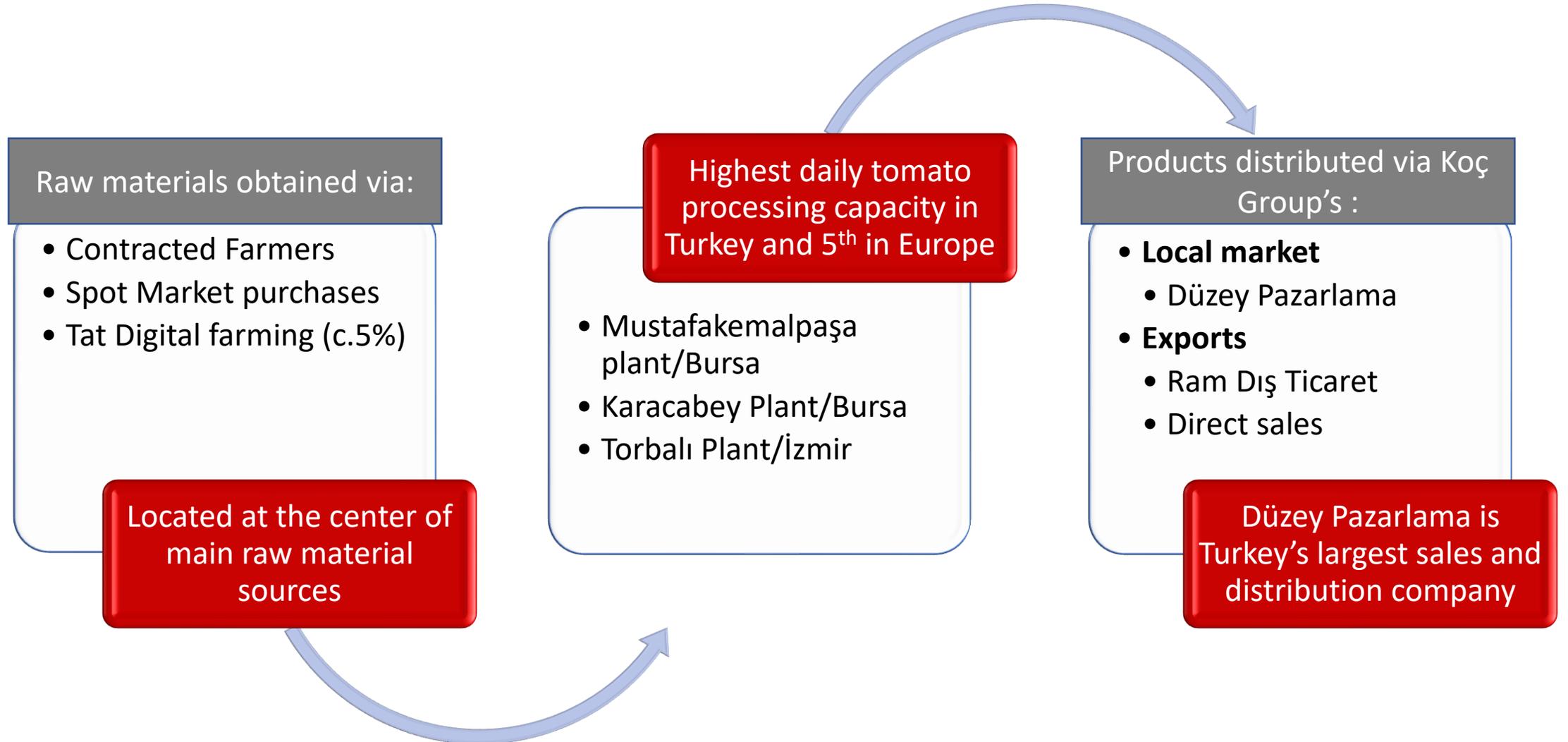
Tat's Sales Breakdown



Tat's Exports (US\$ mn)

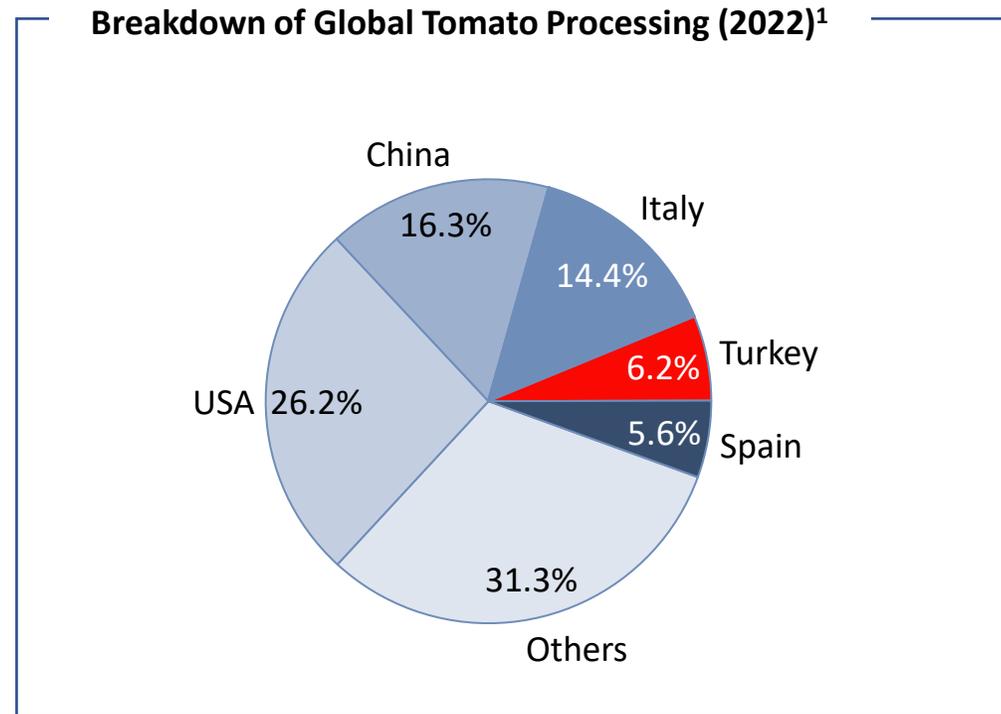
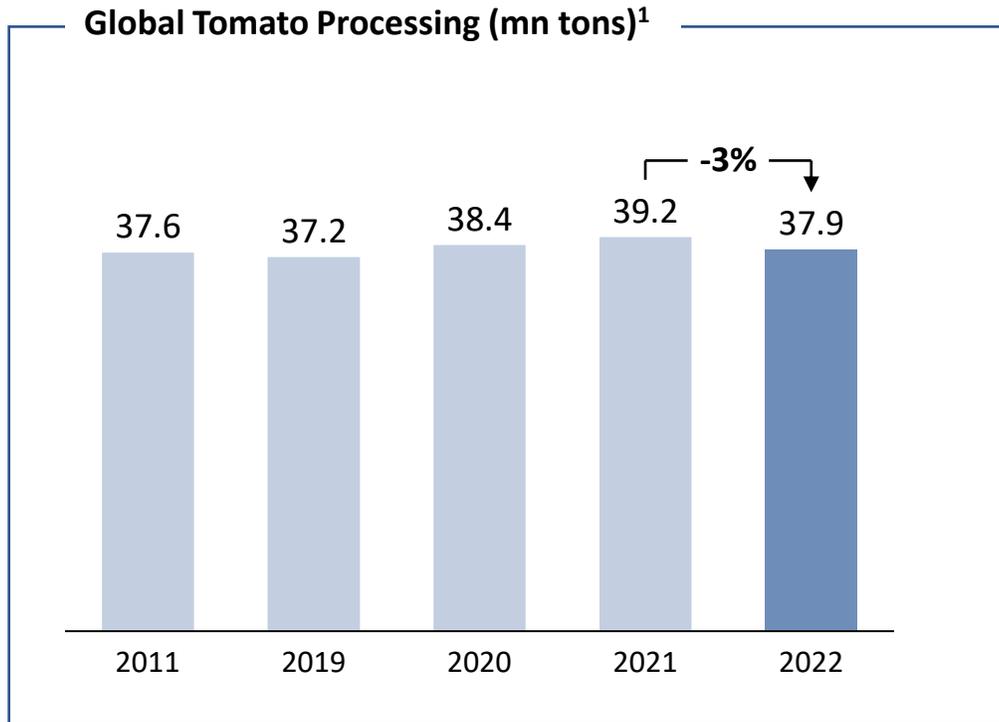


# Strong supply chain and distribution network



# Advantageous location for supply

- Turkey, with 2.35 million tons of tomato processing in 2022<sup>1</sup>, ranks 4<sup>th</sup> after the USA, China, and Italy; and represents 6% of the 38 mn tons of global tomato processing amount.



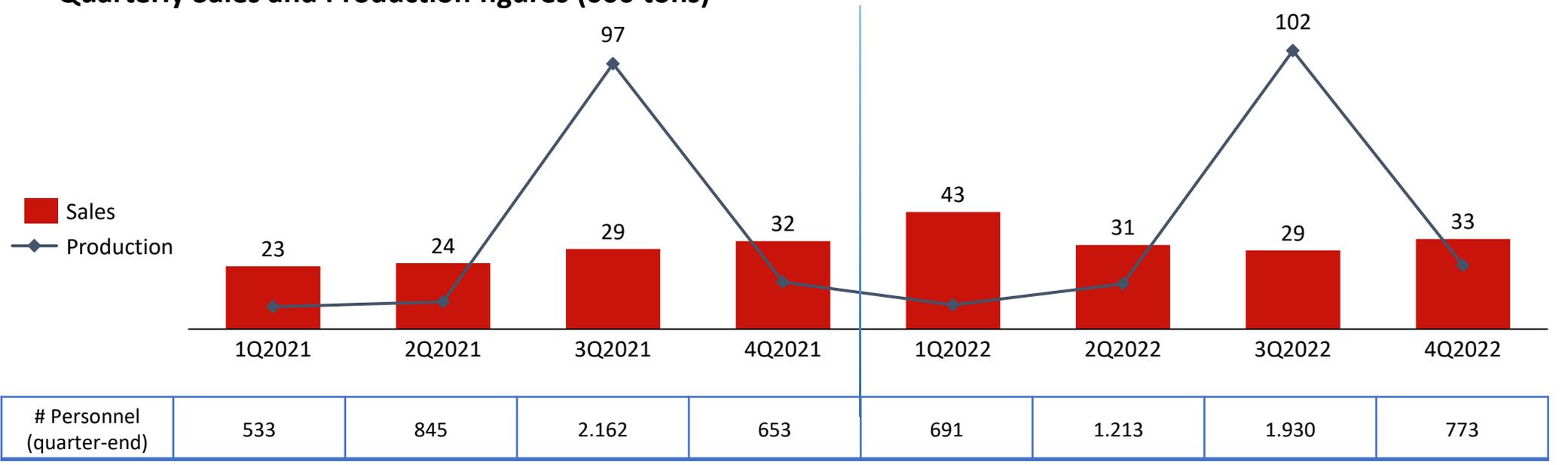
<sup>1</sup> WPTC World production estimate of tomatoes for processing; as of Jun 30, 2023

# Seasonality in Production



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Vegetable					[Red bar spanning May to Sep]							
Gherkin						[Red bar spanning Jun to Nov]						
Tomato							[Red bar spanning Jul to Oct]					
Pepper						[Red bar spanning Jun to Aug]			[Red bar spanning Sep to Nov]			

Quarterly Sales and Production figures (000 tons)



# TAT Digital Farming



- With a shift to digital agriculture, Tat raised tomato field yield to around 11 tons/decare with its own digital agricultural practices on an area of 2,500 decares; compared to an average yield of 7-8 tons in Turkey, and also similar to benchmark values.



## Remote sensing & image processing:

- Identifying tomato fields
- Crop monitoring
- Yield forecasting



## Digital soil analyzer:

- Soil analysis in 5 minutes
- Unlimited analysis
- Fast and effective fertilization suggestions



## Digital pheromone trapping:

- Remote monitoring of pest population
- Proactive plant protection practices



## Digital platforms:

- Tracking of field
- Advisory support to farmers
- Communication, announcements, news
- Fundamental analysis



## Field sensors:

- Monitoring temperature, humidity and soil conductivity values
- Determination of irrigation need



## Automatic steering system

- Effective land use



## Early warning system

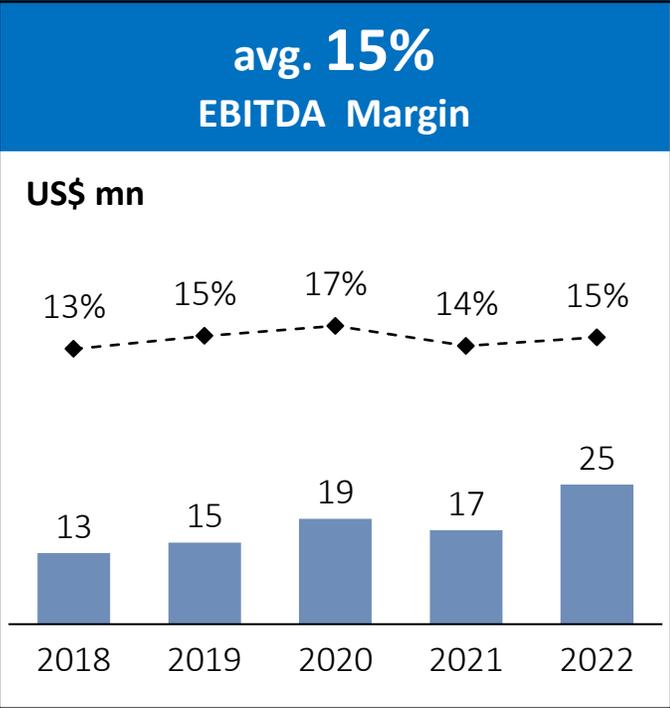
- Disease risk analysis
- Proactive plant protection practices



## Drone and satellite

- Plant health monitoring
- Detailed analysis of field development
- Fertilization, irrigation and plant control applications

# Ongoing Sustainable Performance



\* Based on ongoing operations

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2  
1H2023  
Highlights

**Tat's Purpose:**

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

#hayatlaraTATkattik



# Key Messages & Financial Highlights

## 1H2023 Highlights

### Net Sales

**TL 2,127 mn**

(109% yoy growth)

### Exports Share

**30% of total sales**

(vs. 38% in 1H2022)

### EBIT

**TL 235 mn (51% yoy growth)**

### EBITDA

**TL 253 mn (54% yoy growth)**

### Net Profit:

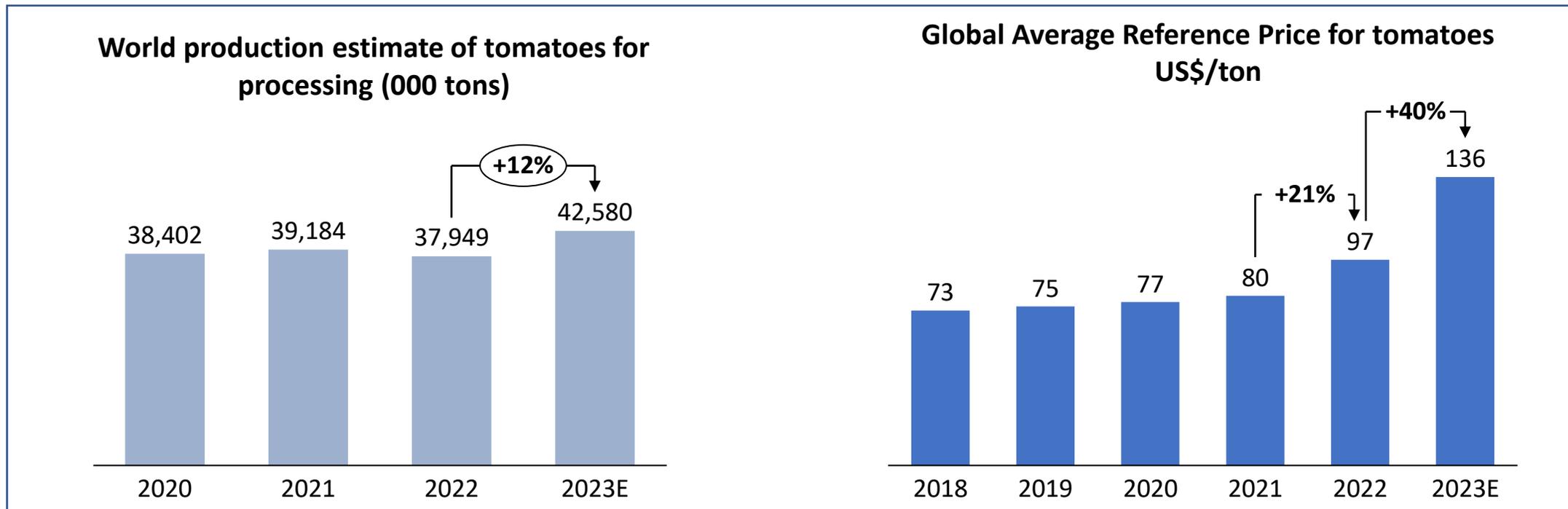
**TL174 mn (-3% decline)**

## Solid top-line growth; while financial expenses limited bottom-line growth

- Net sales for 1H23 increased 109%, to TL 2.1 bn, reflecting inflation-driven higher prices partially offsetting the negative impact of elevated 2022 seasonal costs.
- Stable FX rate vs. last season's high costs and lackluster demand in local market, continued to have pressure on gross margin: Gross profit margin came in at 25% in 1H23 vs. 34% in 1H2022, but close to 26.5% attained in 2H2022.
- Focused on operational efficiencies in the operating expenses level, OPEX as percentage of net sales was 14% in 1H2023 vs. 19% in 1H2022. EBITDA was up by 54% yoy in 1H2023. EBITDA margin came in at 12%, vs. 16% in 1H2022.
- Net financial expense was TL240 mn in the first half, vs. TL15 mn in 1H2022, primarily due to elevated financial debt in the last harvesting season and higher interest rates.
- Net Profit at TL174 mn were almost at the same levels attained in 1H22, as a result of higher financial expenses.
- As disclosed previously, Koç Holding has initiated a project regarding its shares in Tat Gıda to explore strategic alternatives including their sale. Koç Holding disclosed today (28 July 2023) that non-binding offers received from various international and local potential buyers have been evaluated and the second phase, which will include detailed due diligence and binding offer submission stages, has been initiated with the suitable candidates.

## Global average field-gate prices for tomatoes expected to be higher in 2023

- In 2023, global tomato processing amount is expected to increase by 12% to 42.6 million tons. The biggest increase is expected in California and China, while Turkey's processing amount is expected to reach 2.6 mn tons with an increase of 11%.
- Based on WPTC data, the worldwide average field-gate value of tomatoes for 2023 season is around USD 136/ton, up 40% vs 2022 level, and 60% higher than the overall average price for the previous three years.

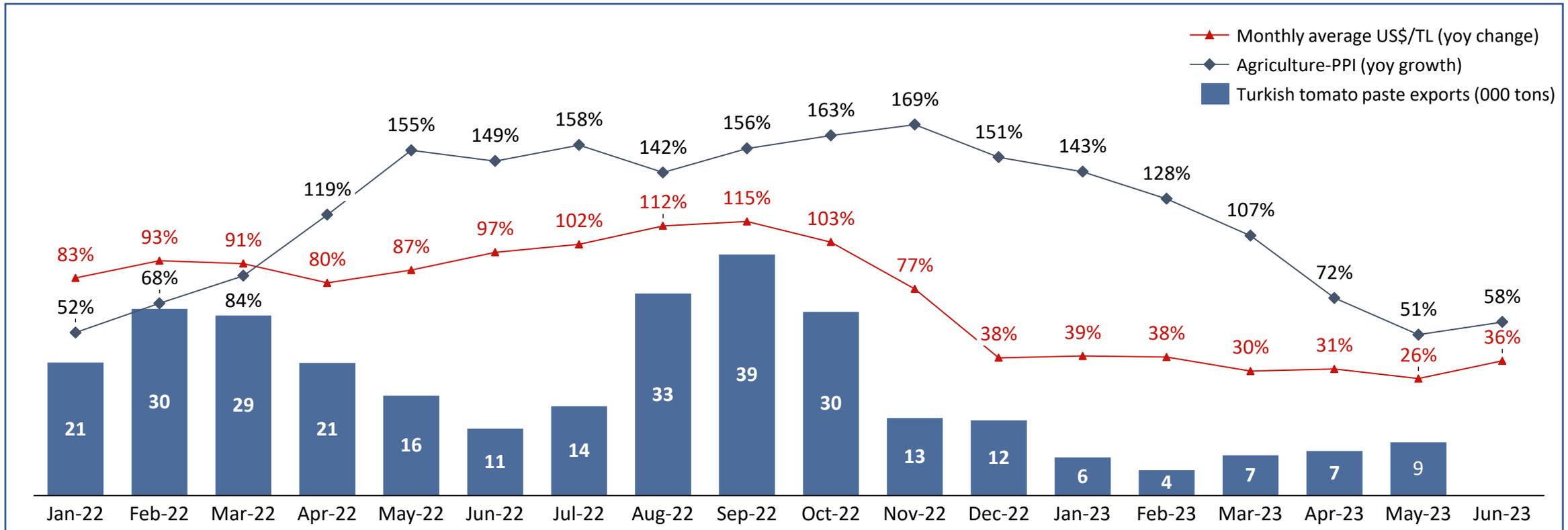


Source: TomatoNews, WPTC World production estimate of tomatoes for processing as of Jun 30, 2023

Source: TomatoNews (Jun 6, 2023): The weighted price (excluding various premiums and incentives) for the quantities scheduled in the main processing basins for tomatoes intended for the production

# Turkey's tomato paste exports came down in 2023

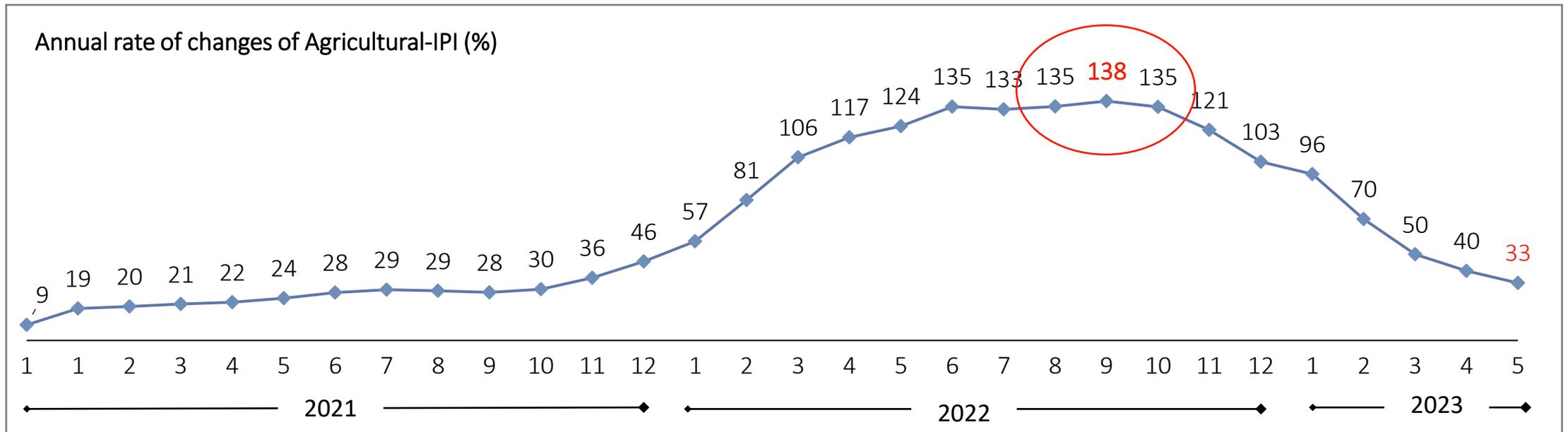
- Despite elevated input prices in 2H2022 in TL terms, the pressure on FX rates led to a drop in Turkey's tomato paste exports in volume terms in the first five months of 2023 (down by 72% to 32.6K tons).
- Producer Price Index of Agricultural Products (Agriculture-PPI) annual growth rate was much higher than the devaluation of Turkish Lira against US\$ in 2H2022 and 1Q2023, which negatively affects Turkish exporters' competitiveness.
- Tat continues to focus on its long export growth strategy despite negative market environment, still having high export to total sales ratio versus its peers.



Source: TURKSTAT (for products with HS12(GTIP) code:20029031, 20029039, 20029091, 20029099)

# Agricultural input price index on a declining pattern

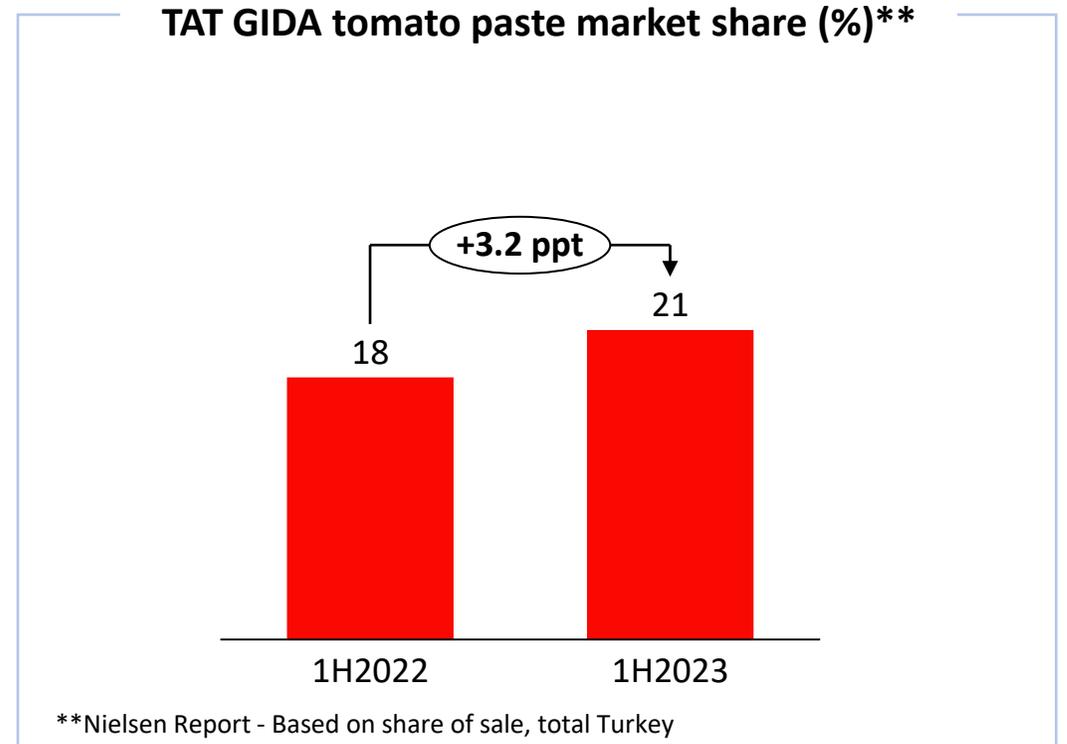
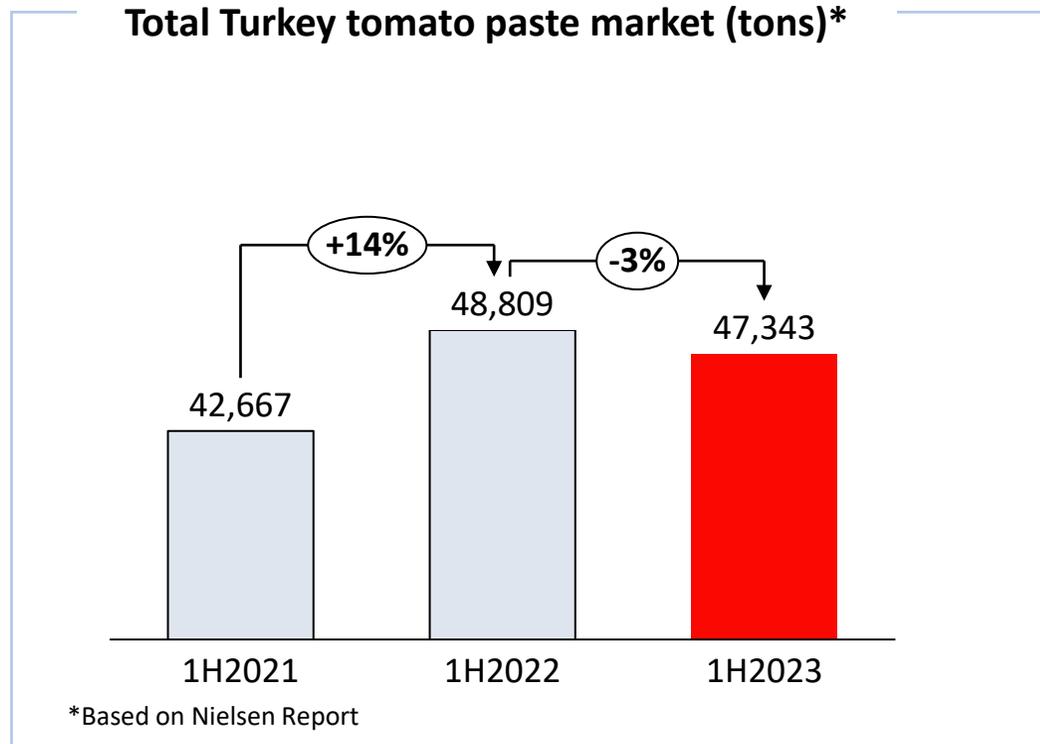
- Agricultural input price index (Agriculture-IPI) annual growth rate peaked in September 2022, reaching 138.15%: fertilizer and soil improvers with 227% and energy (diesel) with 237% were the subgroups that had the highest annual increase.
- The peak in September which coincided harvest season led to a jump in raw material costs and increased the financing need.
- In May 2023, Agriculture-IPI increased by 33.22% yoy and by 88% compared to 12-months moving averages.



Source: TURKSTAT

# Turkish tomato paste market has contracted in 1H2023

- Based on Nielsen report (total Turkey), Turkish total tomato paste market contracted by 3% yoy in 1H2023; whereas there was a yearly growth of 14% in 1H2022..
- Despite the contraction in the market, Tat was able to increase its market share in 1H2023 by volume growth
- Tat's market share in tomato paste increased by 3.2 ppt in value share.



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

Tat's market share based on Nielsen 1H2023 report - excluding Hard Discounters and based on share of sales



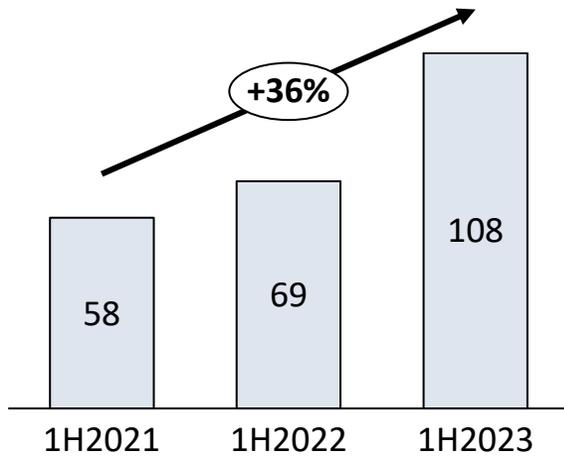
\*Based on Nielsen 1H2023 Report excluding Hard Discounters and based on share of sales (TL) --(Pickles & Ready to Eat Food category based on Scantrack data)



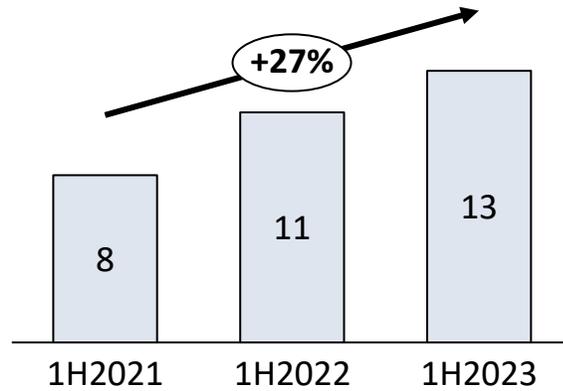
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# 1H2023 Financial Results

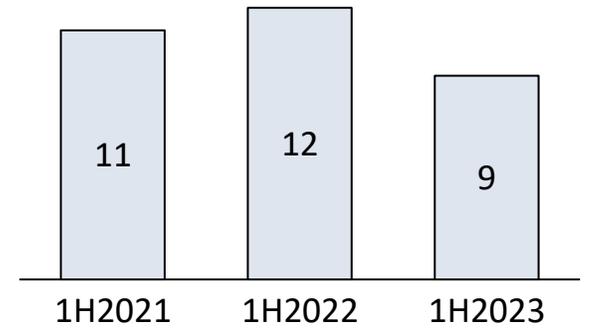
Net Sales (US\$ mn)



EBITDA (US\$ mn)

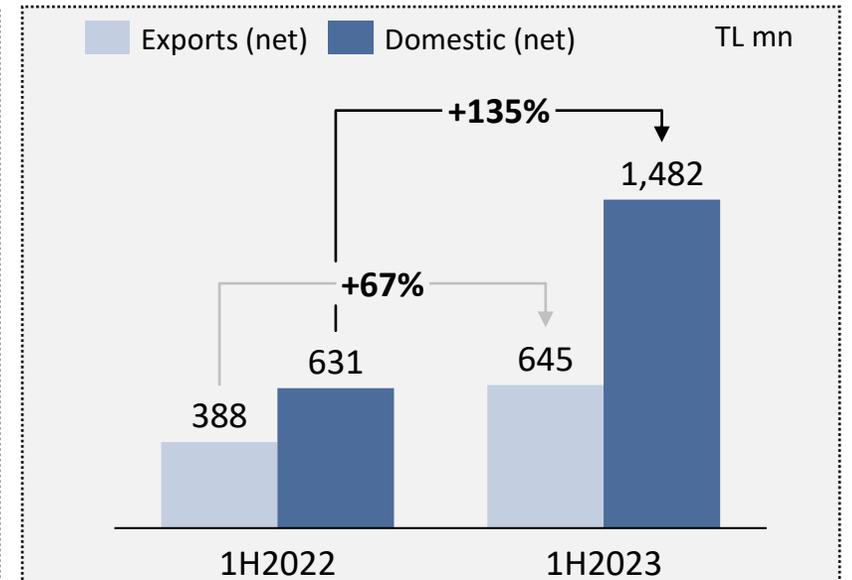
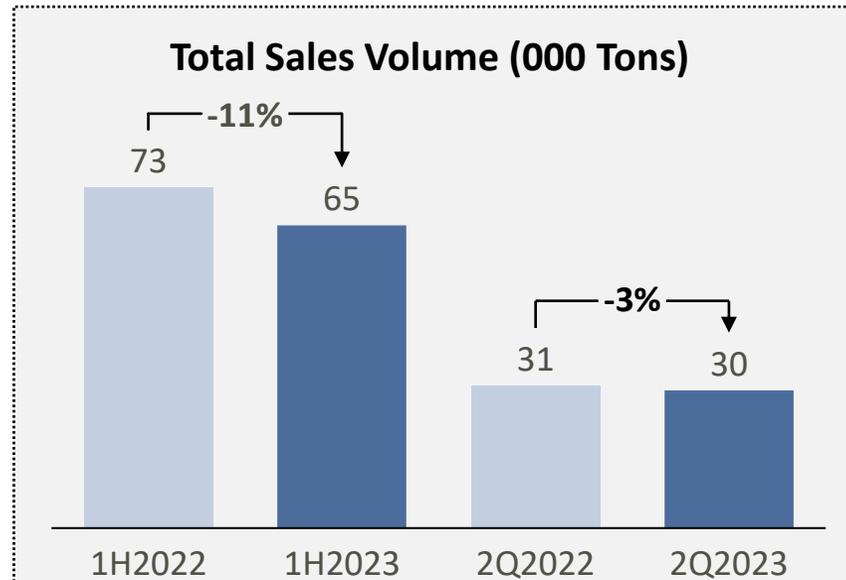
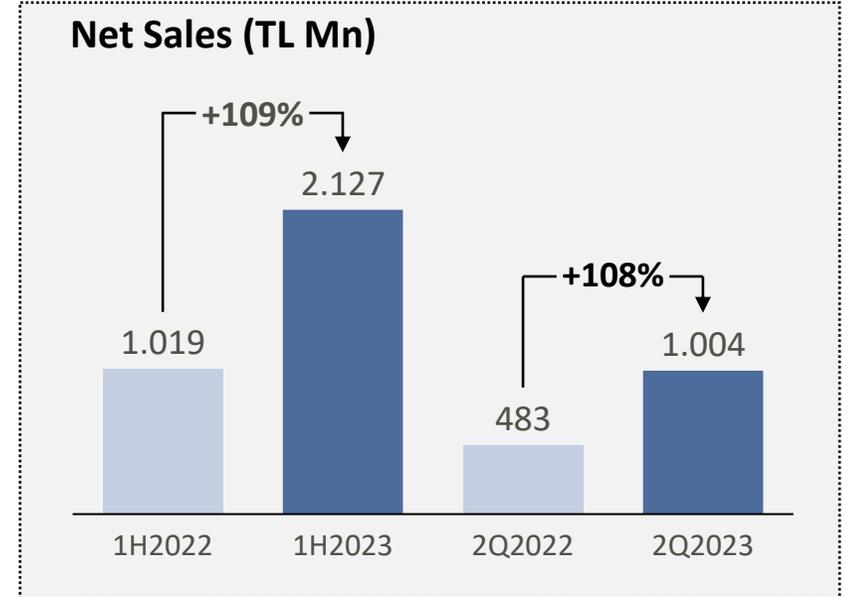


Net Income (US\$ mn)



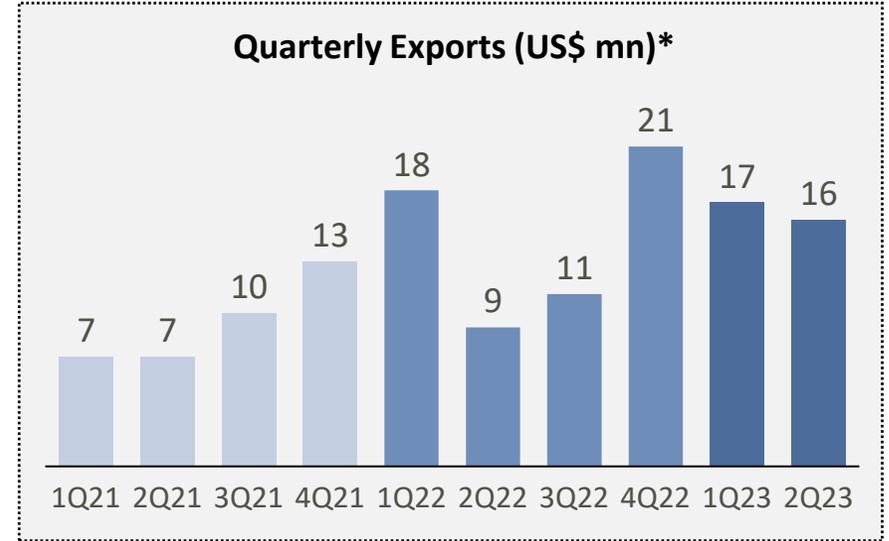
# Revenues TL2.1 bn, up by 109% yoy

- Net sales was TL2.1 bn in 1H23; up by 109% yoy.
  - Total sales volume in 1H23 decreased by 11% yoy, mainly due to lower exports, especially in 1Q23. Sales volume in 2Q23 was almost in line with 2Q2022.
  - Domestic sales increased by 135% in 1H23, yoy, owing to stable volumes and higher prices.
  - Exports was up by 67% in TL terms.

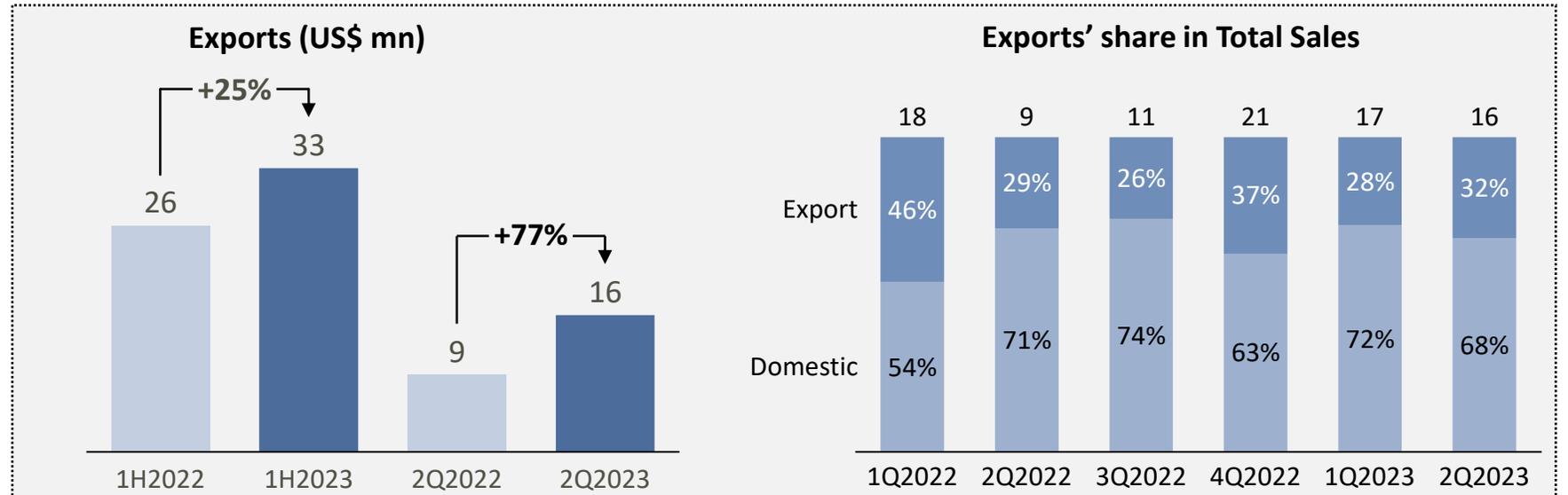


# Export growth was 25% in 1H2023 yoy

- Exports in 1H23 were at US\$33 mn, displaying 25% growth yoy in US\$ terms, while growth in 2Q23 was 77% yoy.
- Exports share in total sales was 32% in 2Q23, vs. 28% in 1Q23 and 29% in 2Q22.

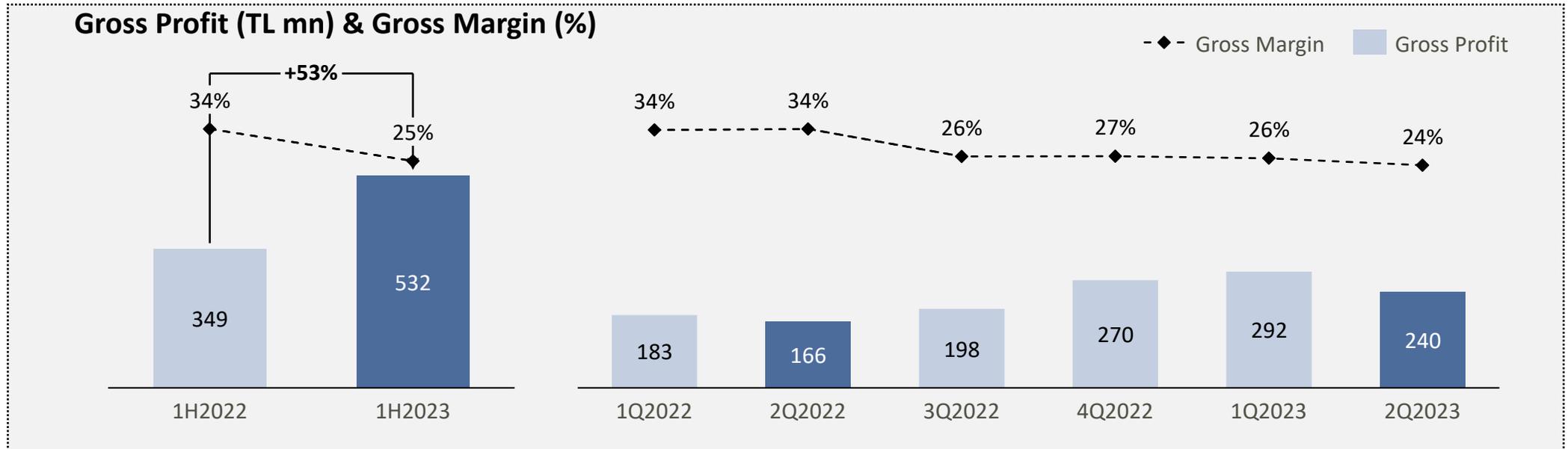
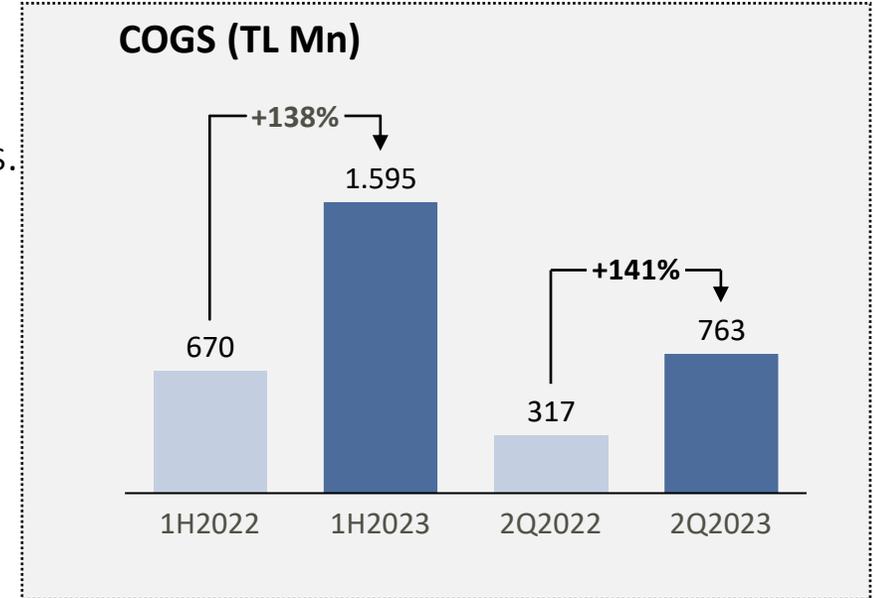


\*converted from TL to US\$, based on monthly average of Central Bank's US\$/TL rate



Last harvesting season costs kept COGS higher

- Elevated last harvesting season costs led to a pressure on margins in 2H22 and 1H23 results.
- Gross profit increased by 53% yoy to TL532 mn in 1H23; while gross margin came in at 25% in 1H23, vs. 26.5% in 4Q22 and 34% in 1H22.



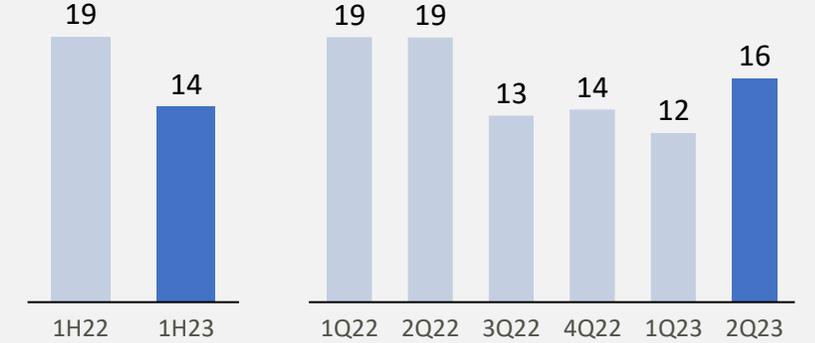
## OPEX/Net Sales: 14% in 1H23, vs.19% in 1H22

- Operating expenses in 2Q23 increased by 76% yoy, as a result of higher personnel expenses due to inflationary impact.
- As the effect of increasing personnel expenses were partially off-set with operational efficiencies, Opex-to-Net Sales ratio was 14% in 1H2023 vs. 19% in 1H2022.
- Comparing 2Q23 vs 1Q23: TL25 mn increase is mainly due to new ad campaign and severance payments.

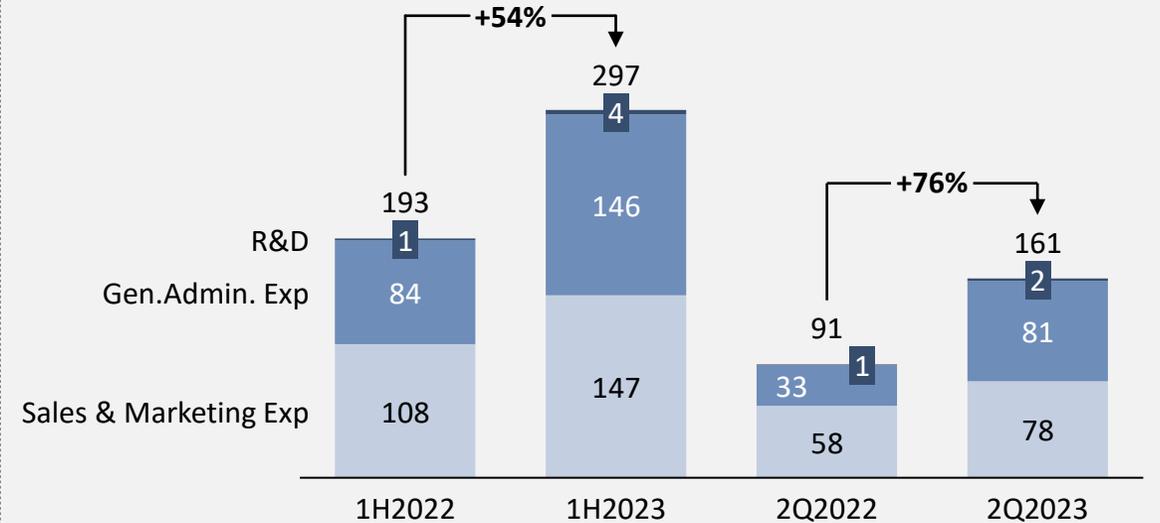
New advertising campaign for sauces with the slogan “The taste that will not stay on the plate” was launched in April 2023 on various channels (see page 21 for more details).



### OPEX-to-Net Sales %

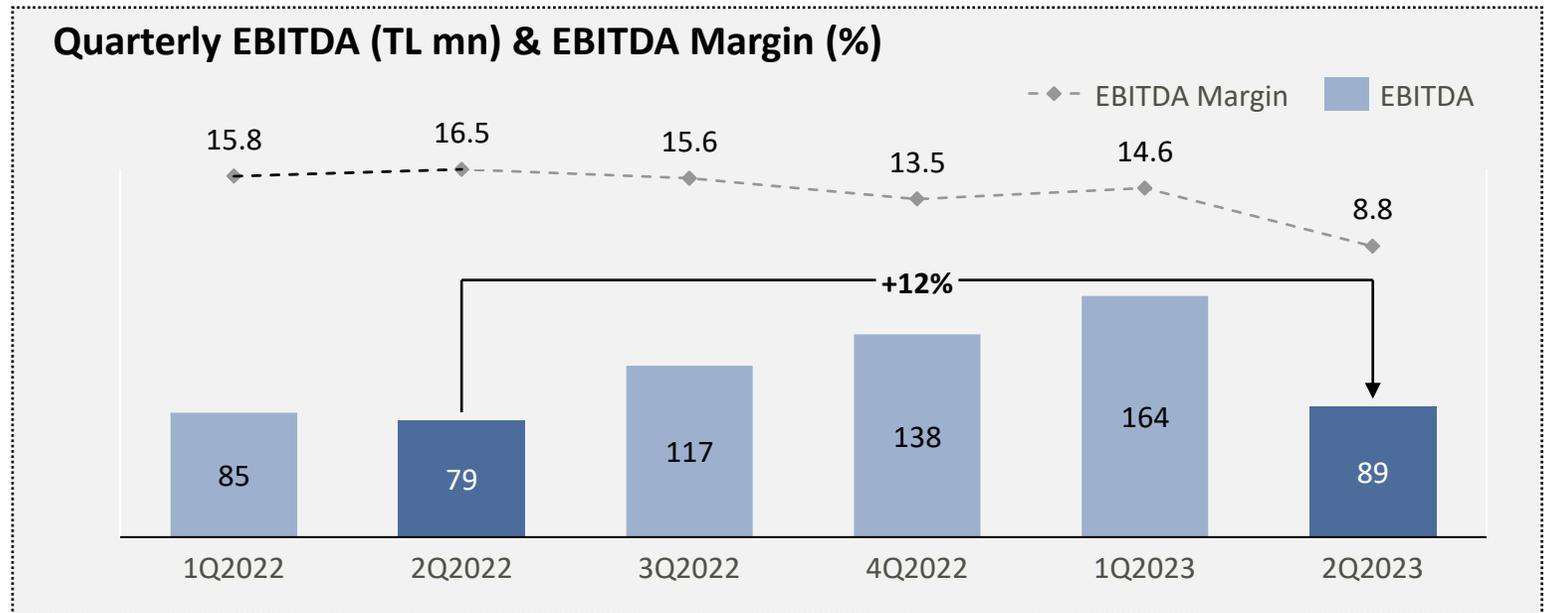
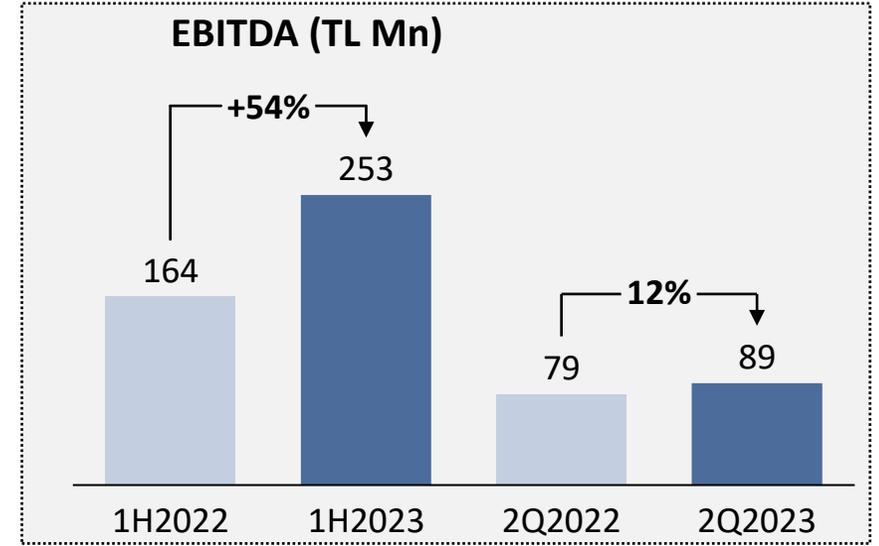


### Operating Expenses (TL mn)



# EBITDA at TL253 mn, up by 54%

- EBITDA at TL253 mn in 1H23, displayed a yoy increase of 54%; while EBITDA margin was 12% in 1H23 and 9% in 2Q23, vs. 16% in both 1H22 and 2Q22.
- Comparing 2Q23 vs 1Q23: TL75 mn decline in EBITDA, TL51 mn is led by lower gross profit and remaining is from higher OPEX.



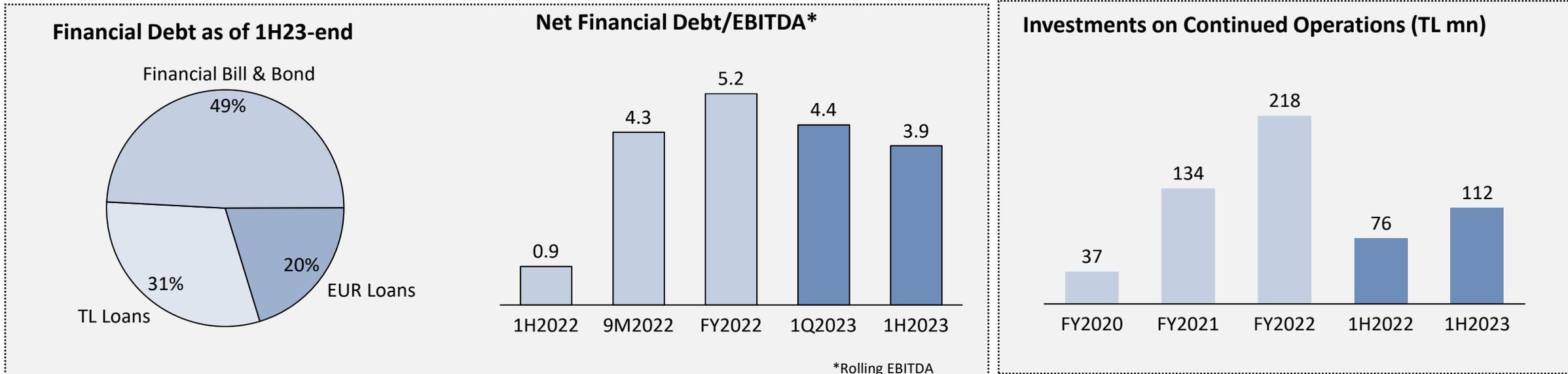
# Net Financial debt at TL2.0 bn

- Due to seasonality and elevated harvesting season costs, Net Financial Debt reached TL2.2 bn at FY2022-end, and came down to TL2 bn 1H23-end.
- Diversified funding sources, via EBRD loan and issue of bond offerings
- As of June-end 2023, 20% of TL2 bn financial debt is in FX.
- 50% of Financial Debt is long term

TL mn	1Q2022	FY2022	1H2023
Cash and cash equivalents	252	288	91
ST Financial Debt	294	2,322	1,039
LT Financial Debt	90	150	1,043
<b>Net Financial Debt (Cash)</b>	<b>132</b>	<b>2,184</b>	<b>1,991</b>

*\*Leasing liabilities not included*

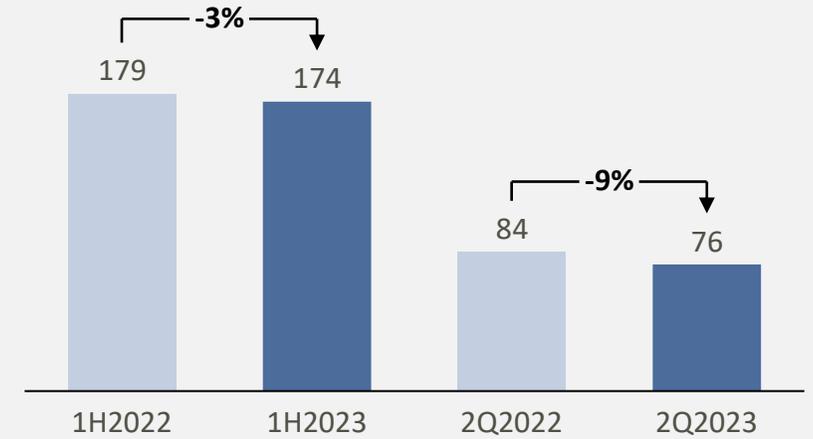
- Investments reached TL112 mn in 1H23, vs. TL76 mn in 1H22.



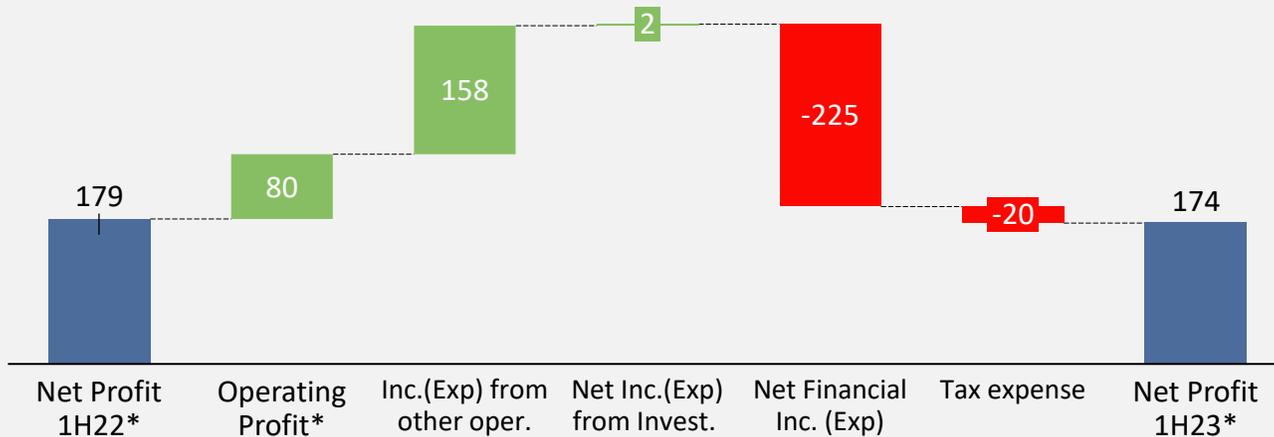
# Net Profit came in at TL174 mn

- Net Profit at TL174 mn in 1H23, remained intact at the levels attained in 1H22 due to higher financial expenses.

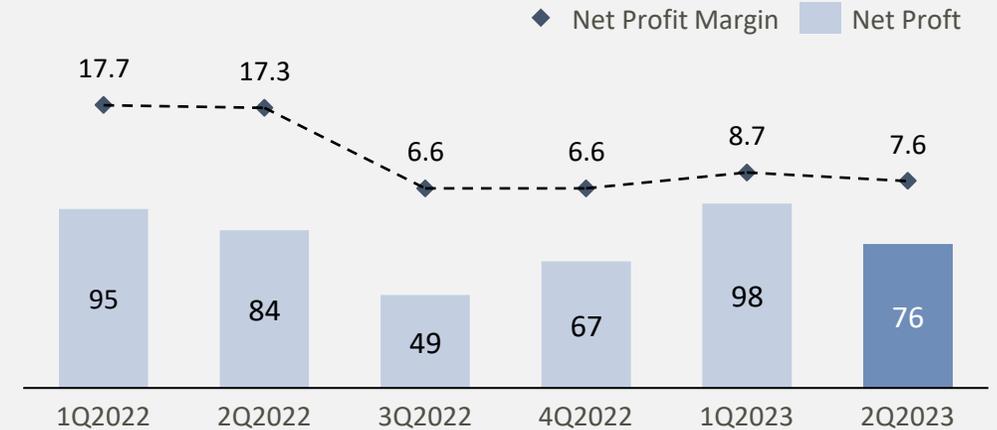
**Net Profit (TL mn)**



**Net Profit (TL mn)**



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



## Getting ready for a more favorable harvesting season

- Agricultural *Inflation indices growing at a lower pace coupled with expected higher tomato output in the new season may limit increases in tomato price.*
- Global tomato purchasing prices expected to be higher in the new season as reported, which *may be favorable for Turkish exporters.*
- Expected global tomato yield may be lower due to high temperature levels in Europe which may *increase demand for Turkish exporters.*
- As currency movements are more favorable versus last harvesting season, *exports and margins anticipated to gear up in the coming quarters.*
- Demand dynamics and inflationary movements in the *domestic market may create room for further price adjustments.*

Income Statement - Summary (TL mn)	1H2022	1H2023	Δ YoY	2Q2022	2Q2023	Δ YoY
<b>Net Sales</b>	<b>1.019</b>	<b>2.127</b>	<b>109%</b>	<b>483</b>	<b>1.004</b>	<b>108%</b>
Cost of Sales (-)	670	1595	138%	317	763	141%
<b>Gross Profit</b>	<b>349</b>	<b>532</b>	<b>53%</b>	<b>166</b>	<b>240</b>	<b>45%</b>
Operating Expenses (-)	193	297	54%	91	161	76%
<b>Operating Profit</b>	<b>156</b>	<b>236</b>	<b>51%</b>	<b>75</b>	<b>80</b>	<b>7%</b>
<b>EBITDA</b>	<b>164</b>	<b>253</b>	<b>54%</b>	<b>79</b>	<b>89</b>	<b>12%</b>
Net Income(Exp) from Other Operating Act.	40	198	397%	21	135	540%
Net Income(Exp) from Investing Act.	2	5	93%	0	1	94%
Net Financial Income (Exp)	-16	-240	n.m.	-5	-112	n.m.
<b>Profit before Tax from continuing operations</b>	<b>183</b>	<b>198</b>	<b>8%</b>	<b>91</b>	<b>104</b>	<b>14%</b>
Tax expense	-4	-24	518%	-8	-28	266%
<b>Profit for the period</b>	<b>179</b>	<b>174</b>	<b>-3%</b>	<b>84</b>	<b>76</b>	<b>-9%</b>
<hr/>						
Gross Margin	34%	25%		34%	24%	
Operating Margin	15%	11%		15%	8%	
EBITDA Margin	16%	12%		16%	9%	
<b>Net Profit Margin</b>	<b>18%</b>	<b>8%</b>		<b>17%</b>	<b>8%</b>	

<b>Balance Sheet -Summary (TL mn)</b>	<b>1H2022</b>	<b>9M2022</b>	<b>FY2022</b>	<b>1Q2023</b>	<b>1H203</b>
<b>Current Assets</b>	<b>1.788</b>	<b>3.669</b>	<b>3.915</b>	<b>3.978</b>	<b>3.278</b>
Cash	301	85	288	565	91
Trade receivables	597	748	844	1.079	1.319
Inventories	596	2.456	2.392	1.876	1.453
<b>Non-current Assets</b>	<b>369</b>	<b>458</b>	<b>522</b>	<b>612</b>	<b>695</b>
<b>Total Assets</b>	<b>2.157</b>	<b>4.127</b>	<b>4.437</b>	<b>4.590</b>	<b>3.973</b>
<b>Current Liabilities</b>	<b>1.067</b>	<b>3.018</b>	<b>3.107</b>	<b>2.540</b>	<b>1.658</b>
Short-term financial borrowings	195	1.141	1.913	1.641	778
Short-term portion of long-term borrowings	301	369	409	361	261
Trade payables	505	1.393	637	367	465
<b>Non-current Liabilities</b>	<b>86</b>	<b>56</b>	<b>226</b>	<b>854</b>	<b>1.130</b>
Long-term financial borrowings	40	0	150	777	1.043
<b>Shareholder's Equity</b>	<b>1.004</b>	<b>1.054</b>	<b>1.104</b>	<b>1.197</b>	<b>1.185</b>
<b>Total Liabilities</b>	<b>2.157</b>	<b>4.127</b>	<b>4.437</b>	<b>4.590</b>	<b>3.973</b>
<b>Net Financial Debt (TL mn) *</b>	236	1425	2184	2213	1991

<b>Ratios</b>	<b>1H2022</b>	<b>9M2022</b>	<b>FY2022</b>	<b>1Q2023</b>	<b>1H203</b>
Current Ratio	1,7	1,2	1,3	1,6	2,0
Liquidity Ratio	1,1	0,4	0,5	0,8	1,1
Net Financial Debt/Equity	0,2	1,4	2,0	1,8	1,7
Working Capital (TL Mn)	689	1.811	2.599	2.589	2.308

*\*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

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