



Tat Gıda

9M2023 Financial Results Review

Oct 25, 2023

Agenda



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Key messages and Highlights

Tat's Purpose:

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

#hayatlaraTATkattik



9M2023 Highlights

Net Sales

TL 3,302 mn
(87% yoy growth)

Exports Share

30% of total sales
(vs. 33% in 9M2022)

Operating Profit*

TL 617 mn (109% yoy growth)

EBITDA*

TL 667 mn (107% yoy growth)

Net Profit:

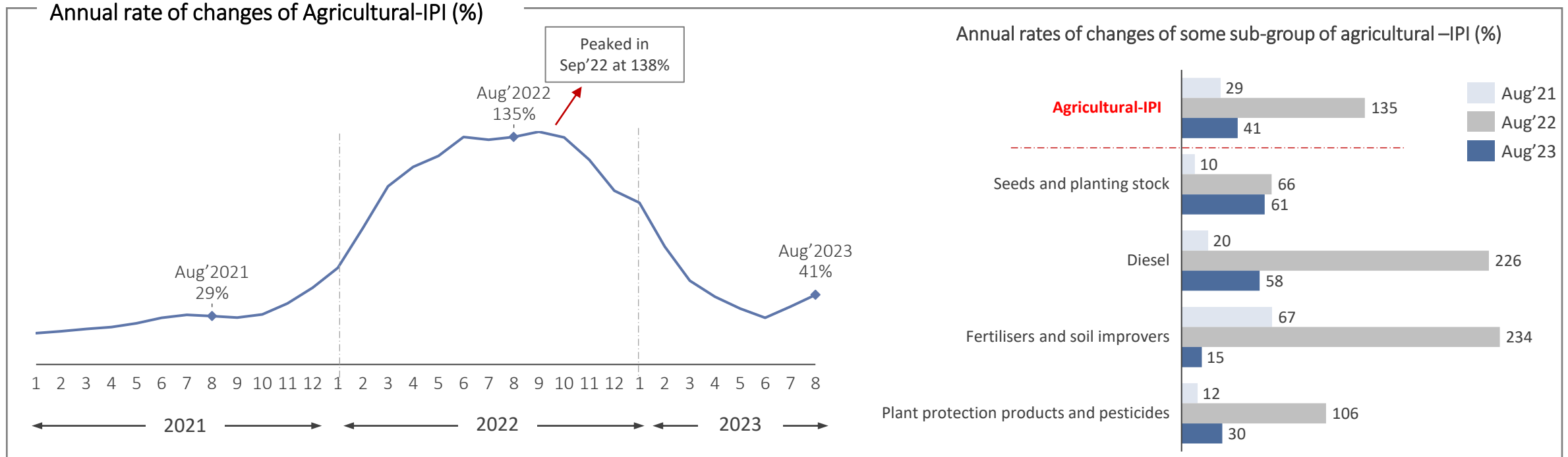
TL195 mn (-14% decline)

*Operating Profit & EBITDA includes Other Inc/Exp from operating activities

Better operating margins but higher financial expenses

- Production volumes in 9M23 was 118K tons vs. 127K tons in 9M22. 422K tons of tomatoes processed in this first nine months vs. 498K tons in 9M22.
- Net sales for 9M23 increased 87%, to TL 3.3 bn, led by inflation-driven higher prices.
- Stable FX rate vs. last season's high costs, and lackluster demand in local market had pressure on gross margin mainly in 1H2023. However gross profit margin came in at 28% in 3Q23, higher than 25% attained in 1H23, and close to 29% in FY2022 level.
- Despite higher personnel expenses due to inflationary impact, with further focus on operational efficiencies in the OPEX level, OPEX as percentage of net sales was 15% in 9M23 vs. 17% in 9M22.
- EBITDA was up by 107% yoy in 9M2023 with the contribution of higher *Other Income from operating activities*. EBITDA margin came in at 20%, vs. 18% in 9M22.
- Net Profit came in at TL195 mn in 9M23 vs. TL228 mn in 9M22 as a result of elevated net financial expenses (TL391 mn in 9M23, vs. TL58 mn in 9M22) due to higher interest rates and debt position.
- As disclosed previously, Koç Holding has initiated a project regarding its shares in Tat Gıda to explore strategic alternatives including their sale. No additional news so far.

- 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 2022 which coincided harvest season led to a jump in raw material costs and increased the financing need.
- In Aug 2023, Agriculture-IPI increased by 41% yoy, much lower than the previous year. Fertilizer and soil improvers with 15% and plant protection & pesticides with 30% were the subgroups that indicated low annual increase.



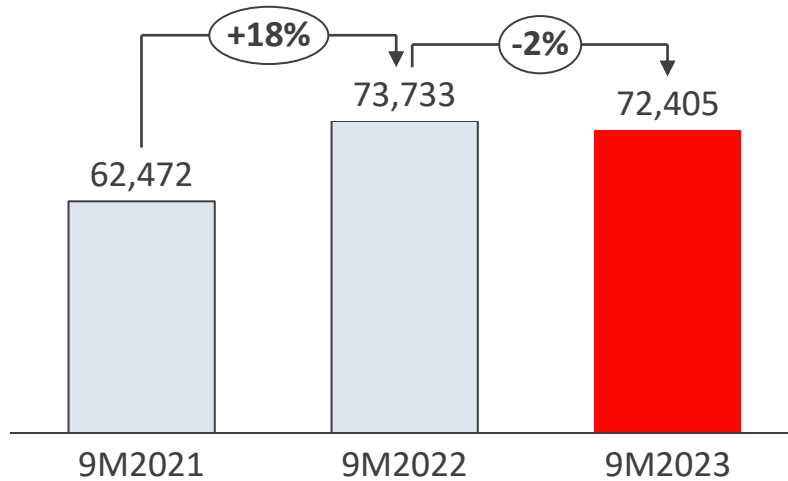
Source: TURKSTAT

Turkish tomato paste market relatively stable in 9M2023



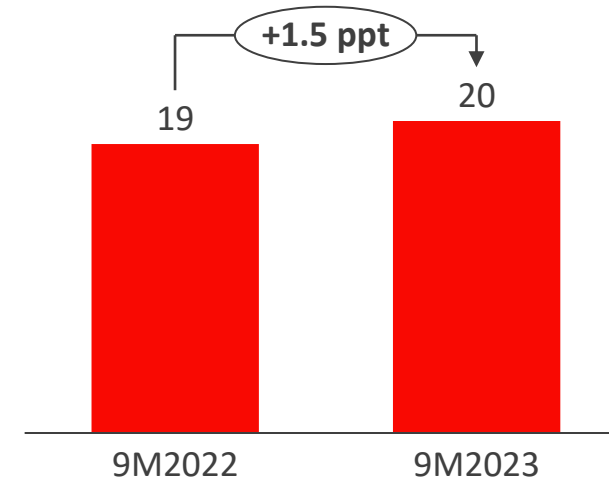
- Based on Nielsen report (total Turkey), Turkish total tomato paste market contracted slightly by 2% yoy in 9M2023; whereas there was a yearly growth of 18% in 9M2022.
- Despite the slight contraction in the market, Tat was able to increase its market share in 9M2023 by volume growth.
- Tat's market share in tomato paste increased by 1.5 ppt in value share.

Total Turkey tomato paste market (tons)*



*Based on Nielsen Report

TAT GIDA tomato paste market share (%)**

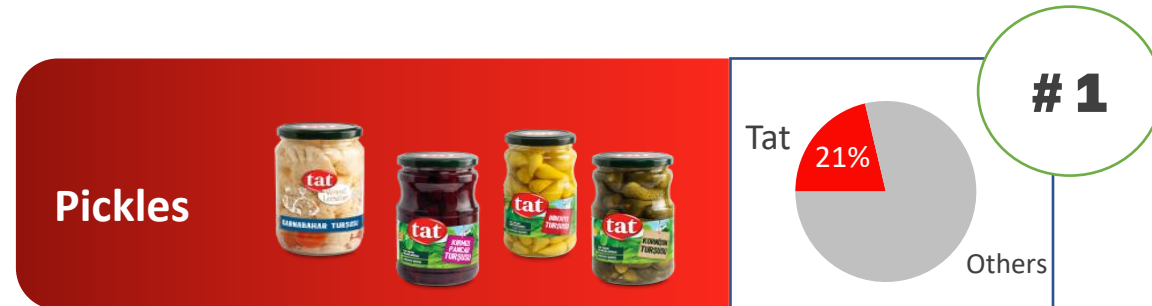
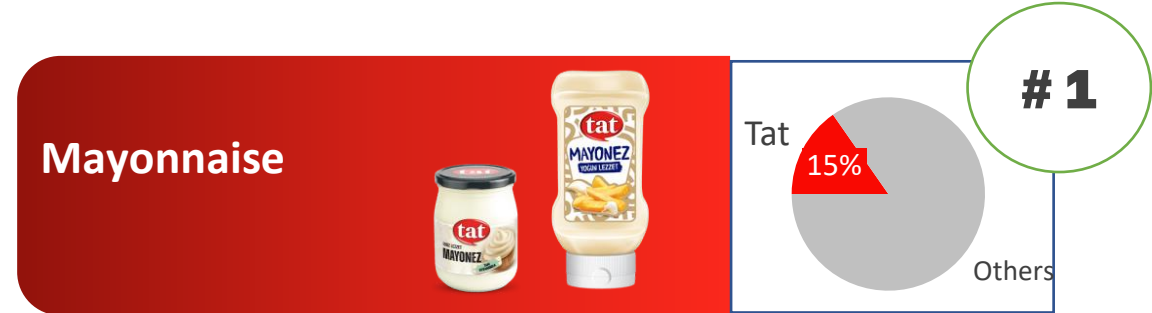
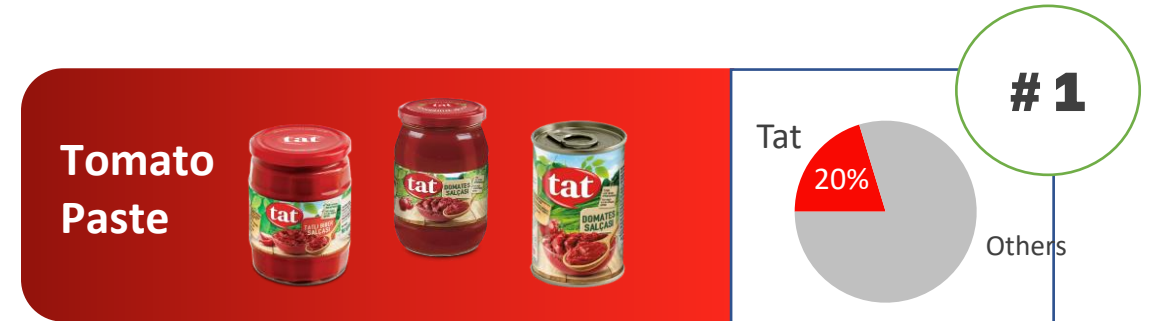


**Nielsen Report - Based on share of sale, total Turkey

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



Tat's market share based on Nielsen 9M2023 report – including Hard Discounters and based on share of sales



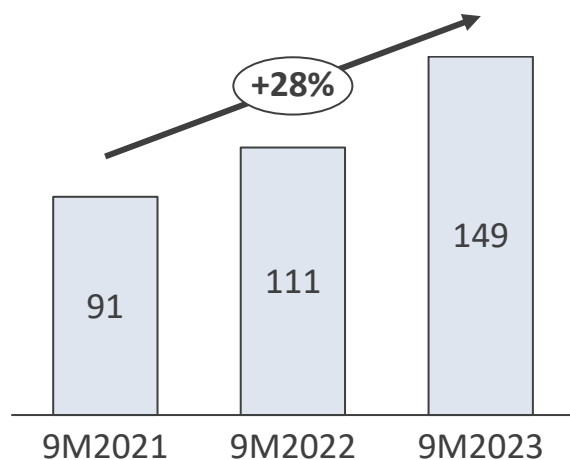
*Based on Nielsen 9M2023 Report including Hard Discounters and based on share of sales (TL) --(Pickles & Ready to Eat Food category based on Scantrack data)



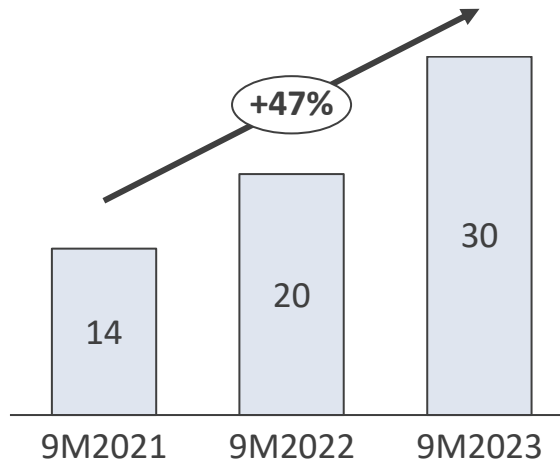
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9M2023 Financial Results

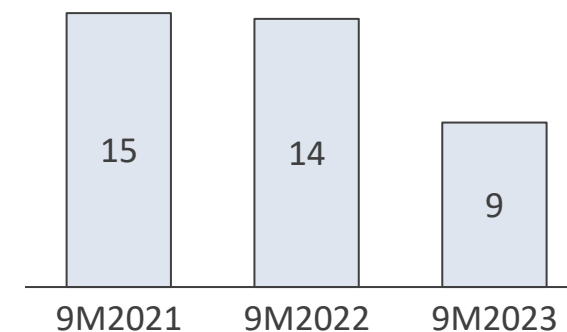
Net Sales (US\$ mn)¹



EBITDA (US\$ mn)^{1, 2}



Net Income (US\$ mn)¹



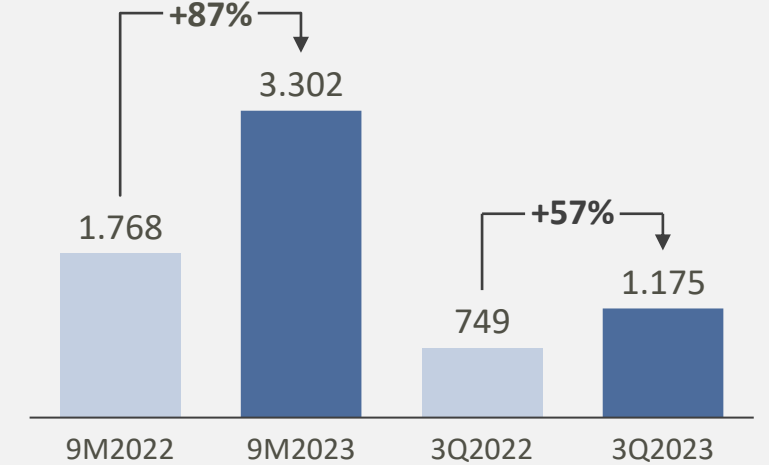
¹ Ongoing operations

² EBITDA : Operating Profit (including Other income/Expense from operating activities) + Depreciation

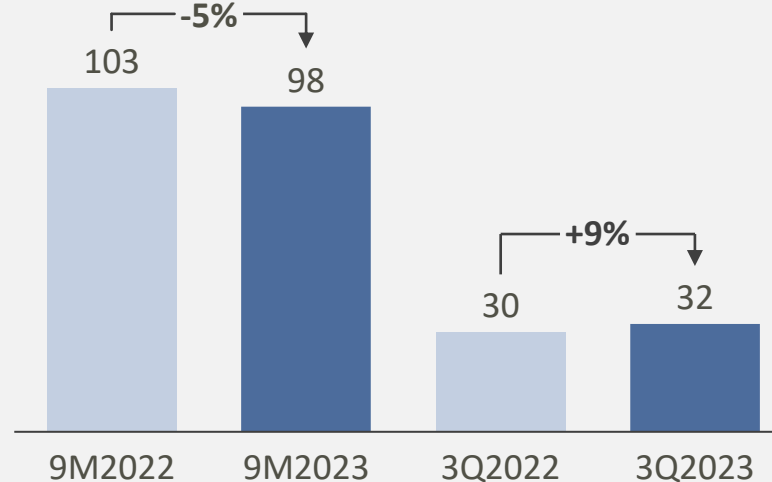
Revenues TL3.3 bn, up by 87% yoy

- Net sales was TL3.3 bn in 9M23; up by 87% yoy.
 - Total sales volume in 9M23 decreased by 5% yoy, mainly due to lower exports, especially in 1Q23. Sales volume in 3Q23 was up by 9% yoy, owing to strong local sales.
 - Domestic sales increased by 96% in 9M23, yoy, thanks to higher volume and higher prices.
 - Exports was up by 69% in TL terms.

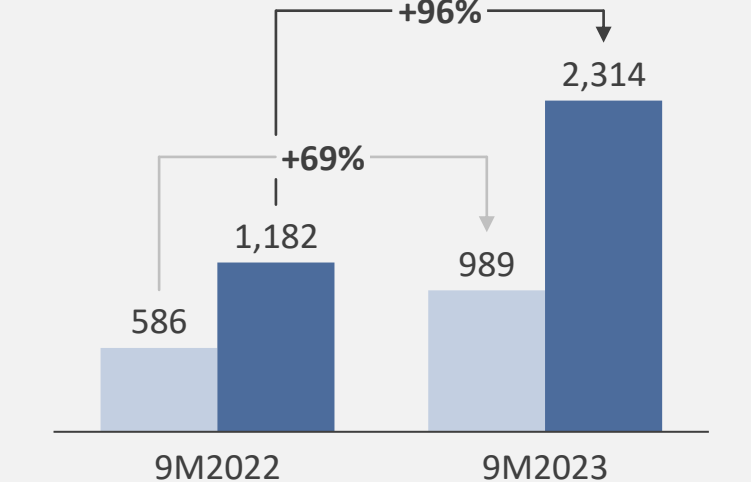
Net Sales (TL Mn)



Total Sales Volume (000 Tons)



Exports (net) Domestic (net) TL mn

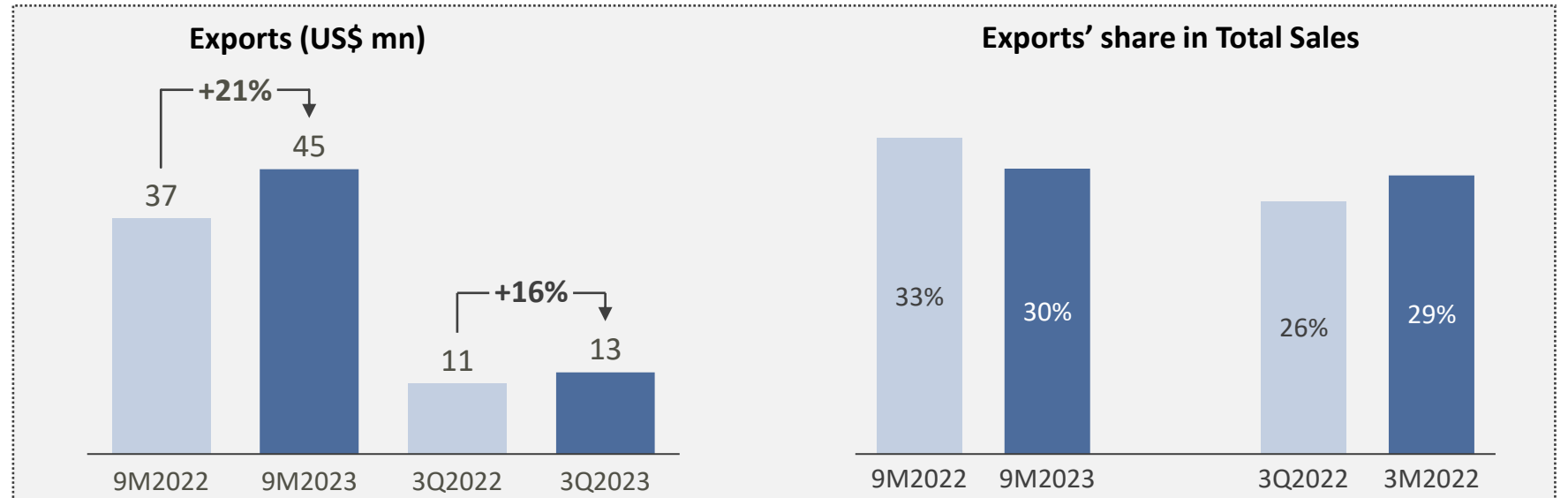


Growth in Exports was 21% yoy in US\$ terms

- Exports in 9M23 were at US\$45 mn, displaying 21% growth yoy in US\$ terms, while growth in 3Q23 was 16% yoy.
- In 9M23, exports share in total sales was 30% vs. 33% in 9M22, whereas in 3Q23 exports share in total sales was 29% vs. 26% in 3Q22.

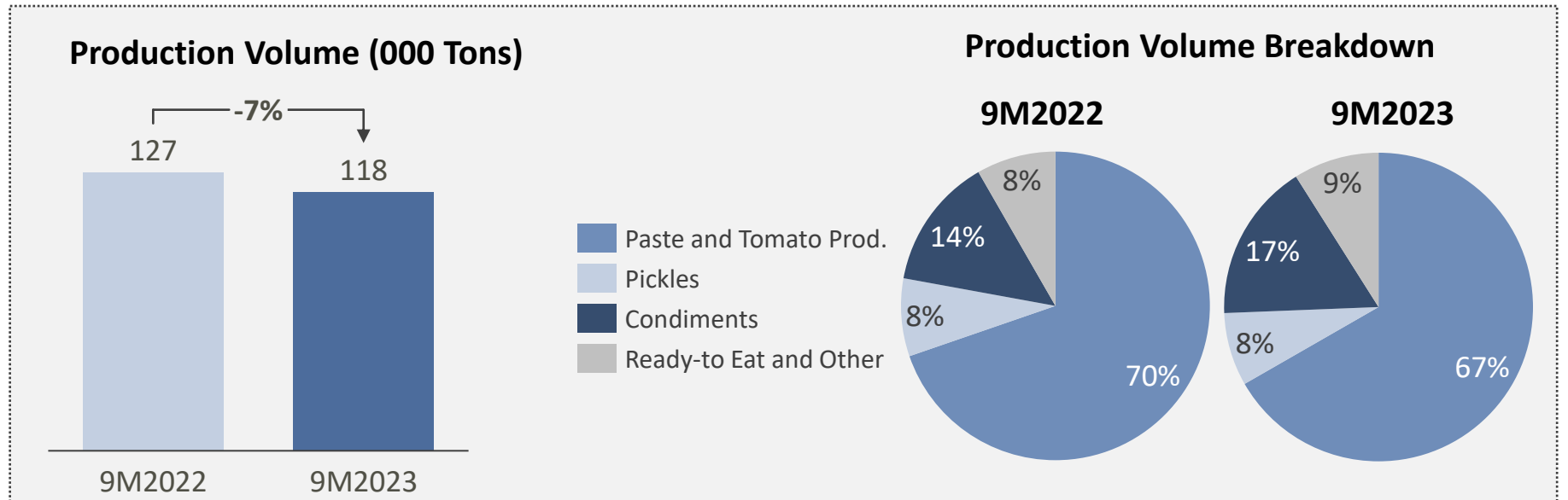
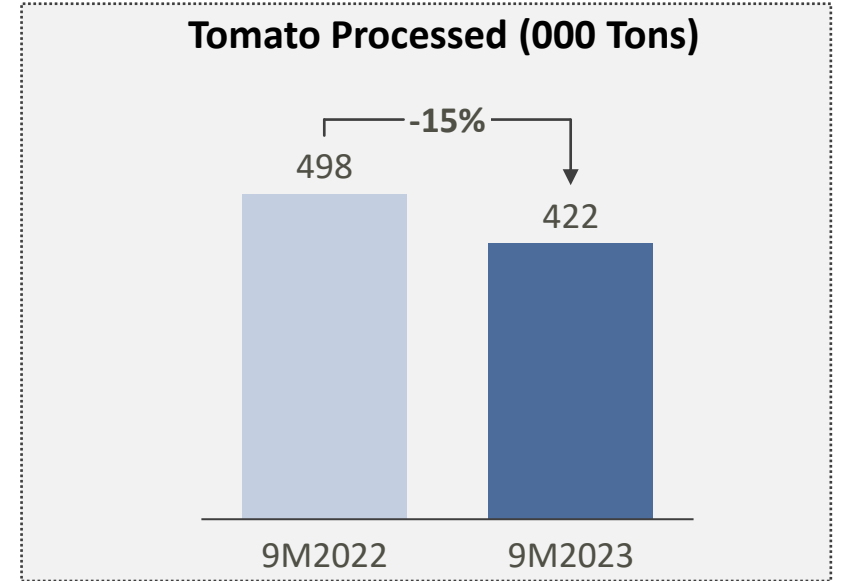


*converted from TL to US\$, based on monthly average of Central Bank's US\$/TL rate



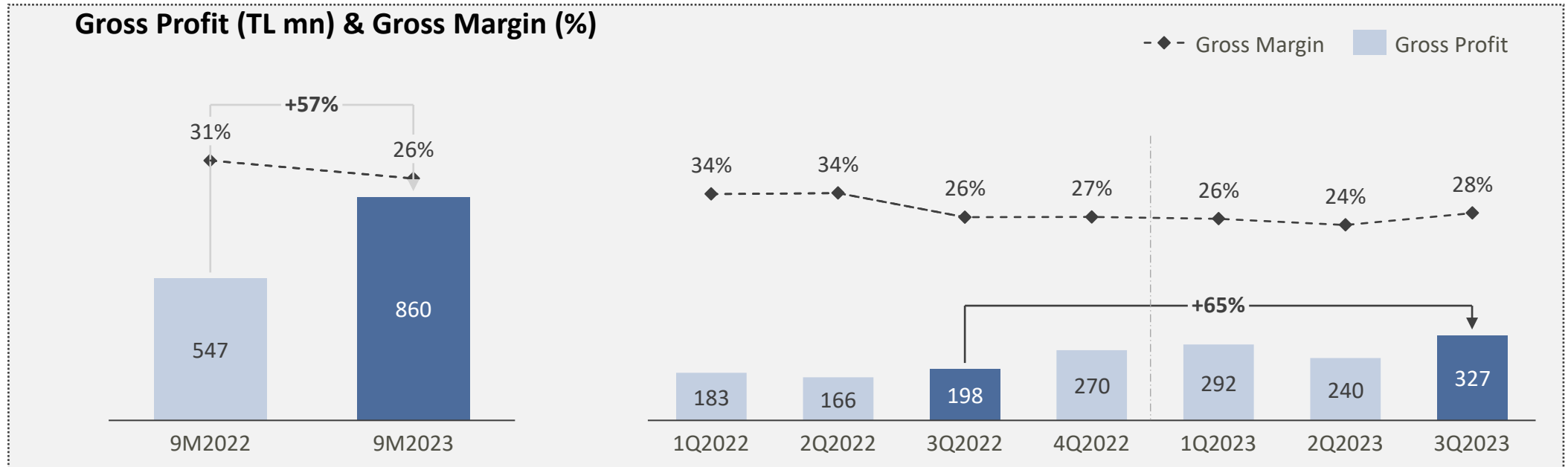
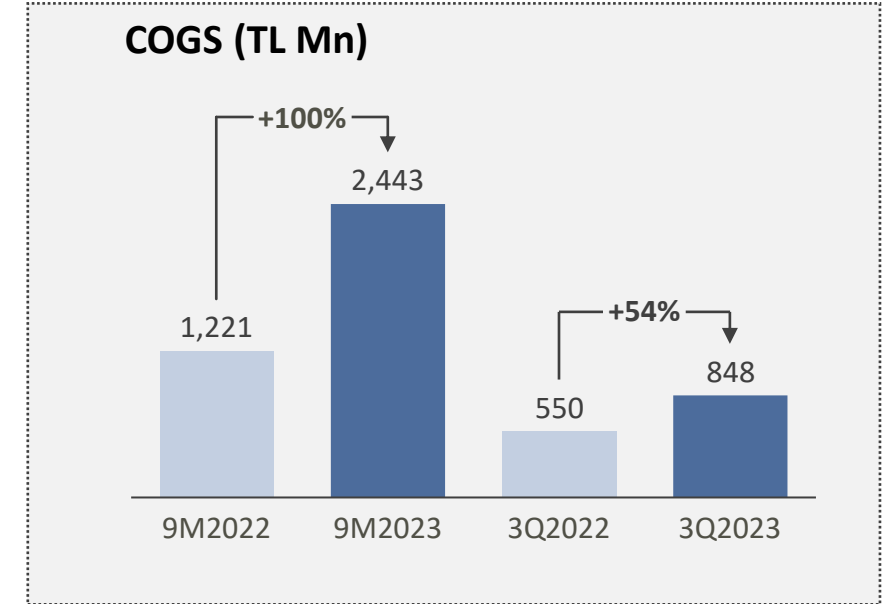
Focused growth in condiments

- Tat processed 422K tons of tomatoes in 9M2023, vs. 498K tons in 9M2022.
- Total production volume reached 118K tons in 9M2023, down by 7%, due to lower tomato paste production this season.
- With new sauce filling line investment in 2023, annual PET bottle sauce production capacity increased from 45 million units to 75 million units.



New season
cost increases
much lower vs.
a year ago

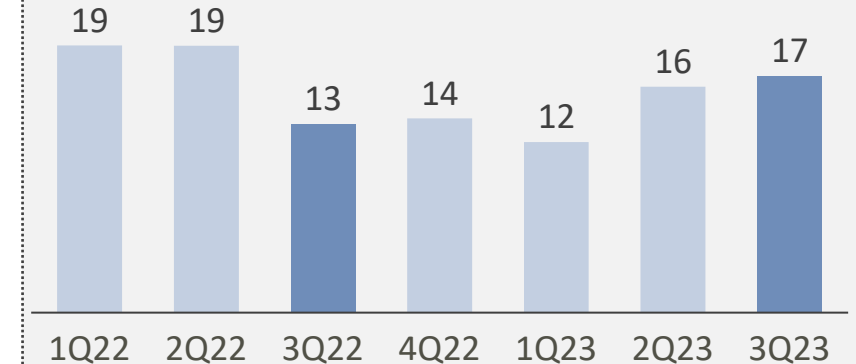
- Elevated harvesting season costs in 2022 led to a pressure on margins in 2H22 and 1H23 results.
- COGS in 3Q23 was up by 54% yoy, vs. 100% in 9M23. Gross profit increased by 57% yoy to TL860 mn in 9M23.
- Gross margin was 26% in 9M23, vs. 31% in 9M22; whereas it was 28% in 3Q23, vs. 26% in 3Q22.



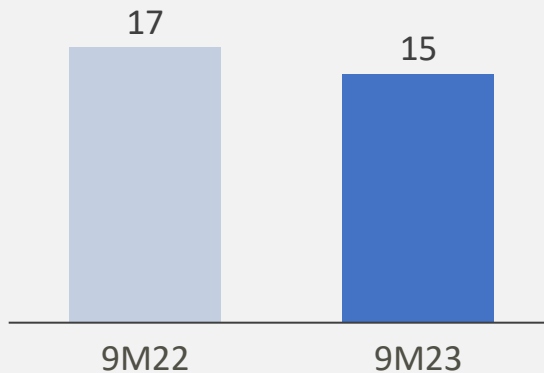
OPEX/Net Sales:
15% in 9M23,
vs.17% in 9M22

- Operating expenses in 9M23 increased by 69% yoy, mainly due to higher personnel expenses. Inflationary trend had a negative impact on all expenses.
- As the effect of elevated personnel expenses were partially off-set with operational efficiencies, Opex-to-Net Sales ratio was 15% in 9M2023 vs. 17% in 9M2022.

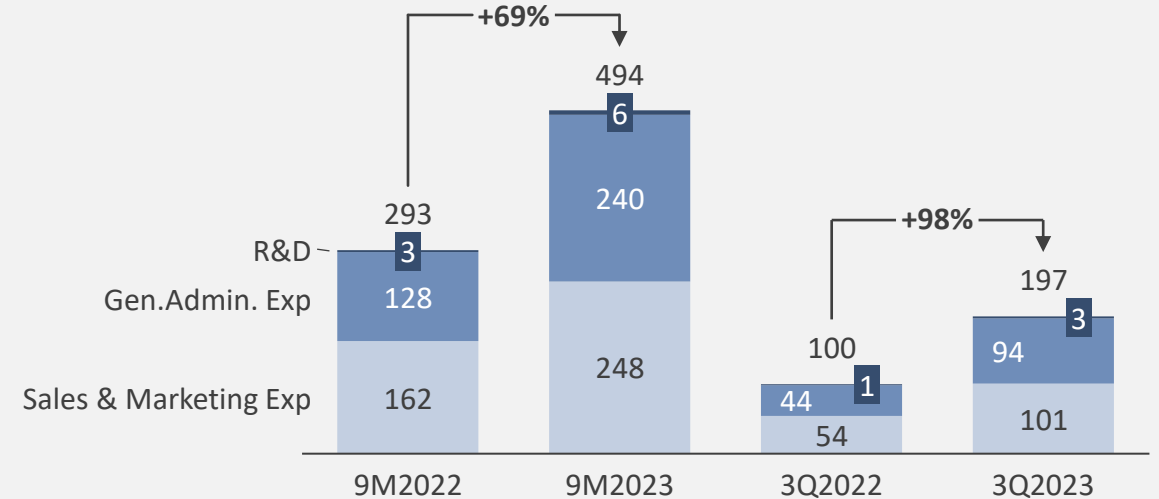
OPEX-to-Net Sales (Quarterly) %



OPEX-to-Net Sales %

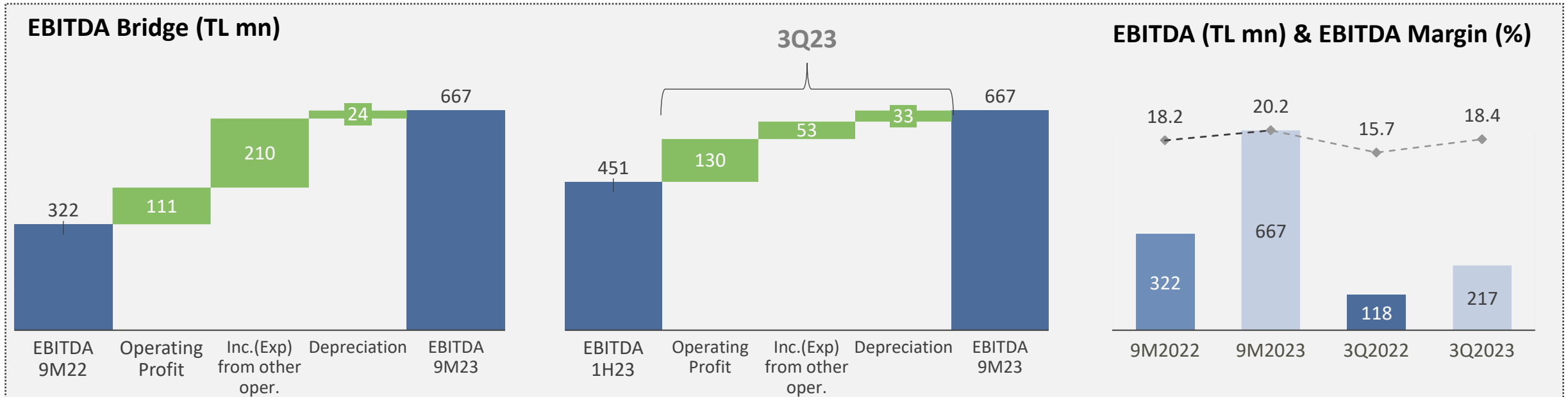
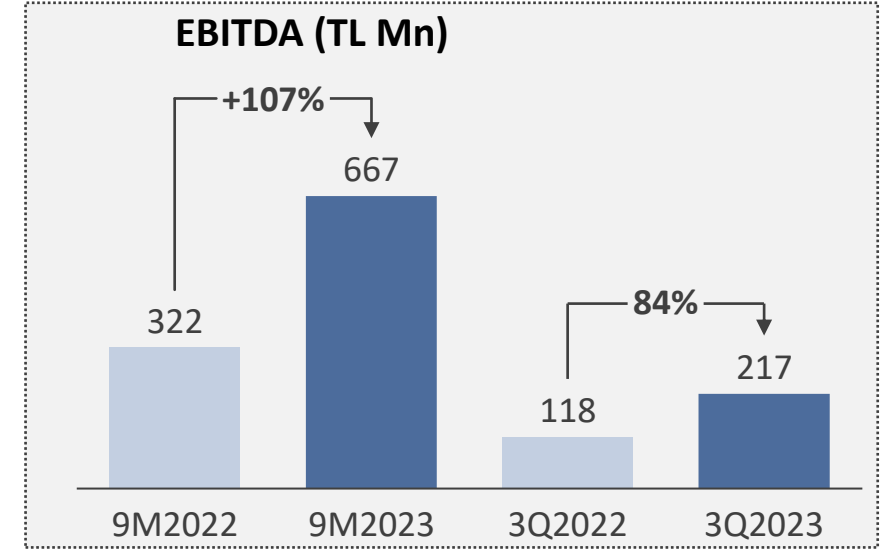


Operating Expenses (TL mn)



EBITDA¹ at TL667 mn, up by 107%

- EBITDA at TL667 mn in 9M23, displayed a yoy increase of 107%; while EBITDA margin was 20% in 9M23 vs. 18% in 9M22.
- Income/Exp from operating activities was higher in 9M23 due to income from maturity and fx differences.
- Comparing 3Q23 vs 3Q22: EBITDA margin was 18% in 3Q23 vs. 16% in the same term last year.



Net Financial debt at TL2.2 bn

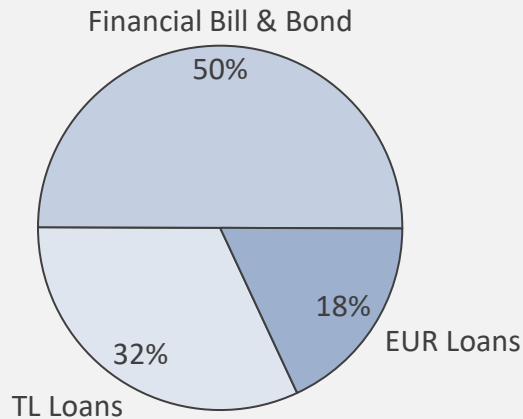
- Net Financial Debt was TL2.2 bn at 9M23-end, close to the levels attained at FY2022-end.
- Diversified funding sources, via EBRD loan and issue of bond offerings
- As of Sept-end 2023, 18% of TL2.5 bn financial debt is in FX.

TL mn	9M2022	FY2022	9M2023
Cash and cash equivalents	85	288	256
ST Financial Debt	1,510	2,322	1,424
LT Financial Debt	0	150	1,056
Net Financial Debt (Cash)	1,425	2,184	2,225

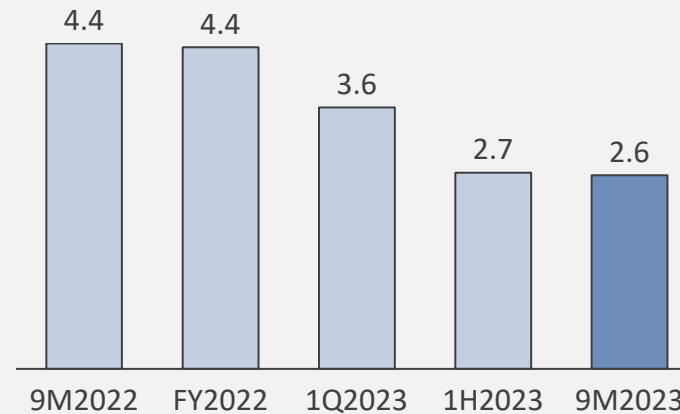
**Leasing liabilities not included*

- Investments reached TL206 mn in 9M23, vs. TL147 mn in 9M22.

Financial Debt as of 9M23-end

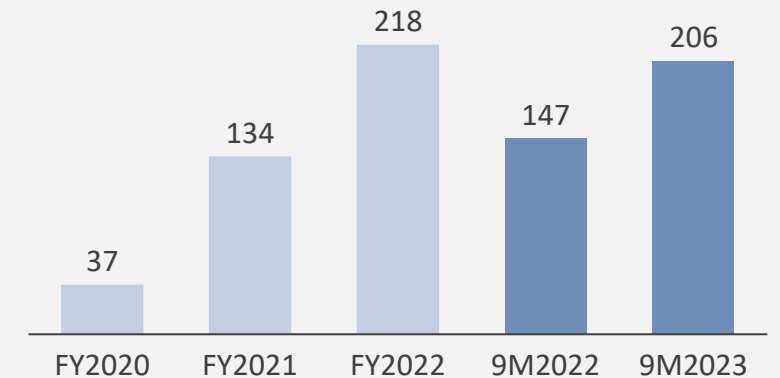


Net Financial Debt/EBITDA*



**Rolling EBITDA*

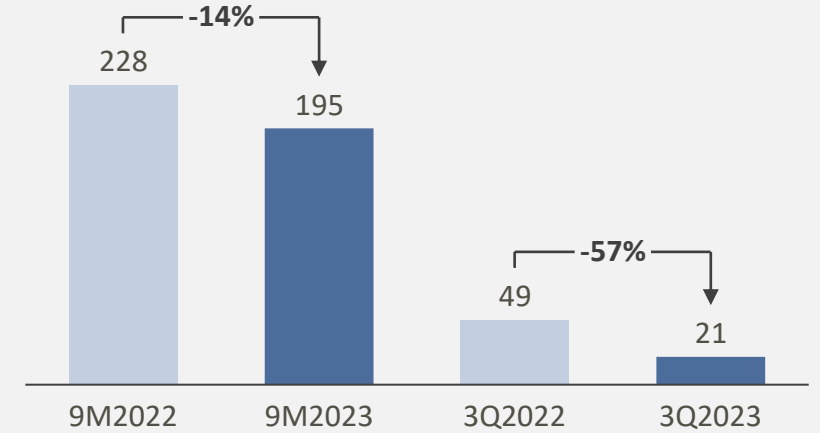
Investments on Continued Operations (TL mn)



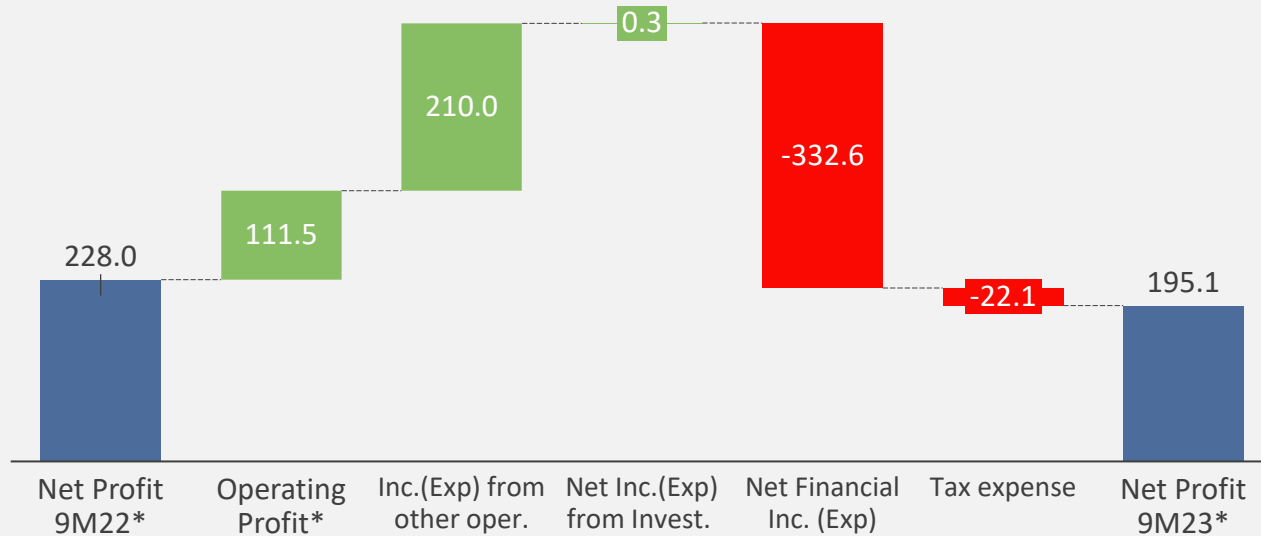
Net Profit came in at TL195 mn

- Net Profit at TL195 mn in 9M23, vs. TL228 mn in 9M22 due to higher financial expenses.

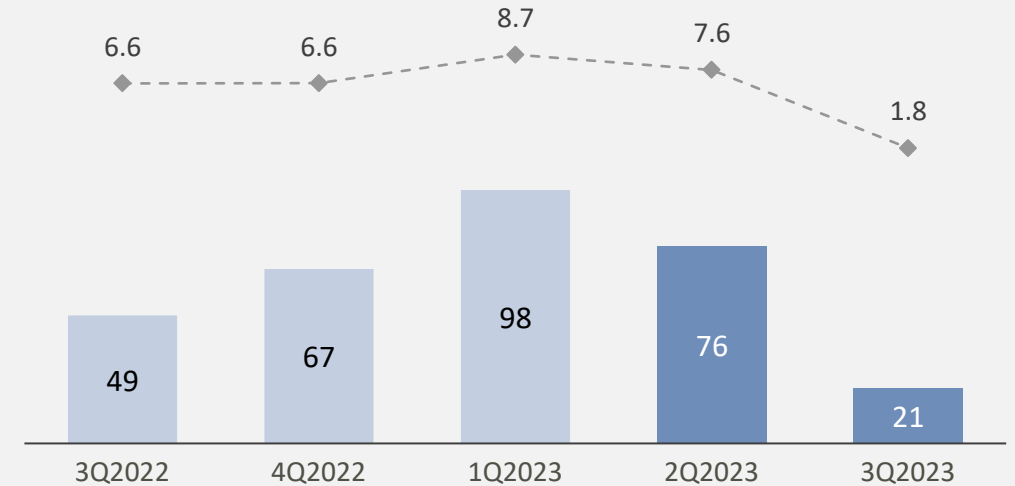
Net Profit (TL mn)



Net Profit Bridge (TL mn)



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



- Agricultural *Inflation indices growing at a lower pace coupled with expected higher tomato output in the new season limited increases in tomato prices as expected.*
- Narrowing gap between season costs and the devaluation of Turkish Lira against US\$ may increase Turkish exporters' competitiveness in next quarters.
- 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.*
- *Net Debt will increase in 4Q as season production and related payments continue in October but expected to be on a declining trend starting in 1Q24.*

Income Statement - Summary (TL mn)	9M2022	9M2023	Δ YoY	3Q2022	3Q2023	Δ YoY
Net Sales	1.768	3.302	87%	749	1.175	57%
Cost of Sales (-)	1221	2443	100%	550	848	54%
Gross Profit	547	860	57%	198	327	65%
Operating Expenses (-)	293	494	69%	100	197	98%
Operating Profit	254	366	44%	98	130	32%
Net Income(Exp) from Other Operating Act.	41	251	510%	1	53	3825%
EBITDA *	322	667	107%	118	217	84%
Net Income(Exp) from Investing Act.	3	3	12%	0	-2	n.m.
Net Financial Income (Exp)	-58	-391	573%	-43	-150	253%
Profit before Tax from continuing operations	240	229	-4%	57	31	-45%
Tax expense	-12	-34	184%	-8	-10	25%
Profit for the period	228	195	-14%	49	21	-57%
Gross Margin	31%	26%		26%	28%	
Operating Margin	14%	11%		13%	11%	
EBITDA Margin	18%	20%		16%	18%	
Net Profit Margin	13%	6%		7%	2%	

* EBITDA : Operating Profit + Other income/Expense from operating activities + Depreciation

Balance Sheet -Summary (TL mn)	9M2022	FY2022	1Q2023	1H203	9M23
Current Assets	3.669	3.915	3.978	3.278	4.819
Cash	85	288	565	91	256
Trade receivables	748	844	1.079	1.319	1.237
Inventories	2.456	2.392	1.876	1.453	2.964
Non-current Assets	458	522	612	695	831
Total Assets	4.127	4.437	4.590	3.973	5.651
Current Liabilities	3.018	3.107	2.540	1.658	3.260
Short-term financial borrowings	1.141	1.913	1.641	778	1.232
Short-term portion of long-term borrowings	369	409	361	261	192
Trade payables	1.393	637	367	465	1.467
Non-current Liabilities	56	226	854	1.130	1.185
Long-term financial borrowings	0	150	777	1.043	1.056
Shareholder's Equity	1.054	1.104	1.197	1.185	1.206
Total Liabilities	4.127	4.437	4.590	3.973	5.651
Net Financial Debt (TL mn)*	1425	2184	2213	1991	2225

Ratios	9M2022	FY2022	1Q2023	1H203	9M23
Current Ratio	1,2	1,3	1,6	2,0	1,5
Liquidity Ratio	0,4	0,5	0,8	1,1	0,6
Net Financial Debt/Equity	1,4	2,0	1,8	1,7	1,8
Working Capital (TL Mn)	1.811	2.599	2.589	2.308	2.734

*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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