

TAT GIDA SANAYİ A.Ş.

Material Event Disclosure

Publish Date: December 21, 2022

Credit Rating Note

Summary Info	Credit Rating
Update Notification Flag	No
Correction Notification Flag	No
Postponed Notification Flag	No

Explanations:

JCR Eurasia Rating has assigned "AA+ (tr)" long term national rating for Tat Gıda and "J1+ (tr)" short term national rating with "Stable" outlook. JCR Eurasia Rating has assigned "BB" long term foreign and local currency rating for our company with "Stable" outlook.

We proclaim that our above disclosure is in conformity with the principles set down in "Material Events Communiqué" of Capital Markets Board, and it fully reflects all information coming to our knowledge on the subject matter thereof, and it is in conformity with our books, records and documents, and all reasonable efforts have been shown by our Company in order to obtain all information fully and accurately about the subject matter thereof, and we're personally liable for the disclosures.

This statement has been translated into English for informational purposes. In case of a discrepancy between the Turkish and the English versions of this disclosure statement, the Turkish version shall prevail.

Corporate Credit Rating

New Update

Sector: Food Products Industry
Publishing Date: 21/12/2022

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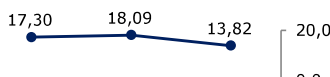
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RATINGS

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Negative	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Negative)	-
	Local Currency	BB (Negative)	-

* Assigned by JCR on Aug 18, 2022

EBITDA Margin (%)



ROAE (%)



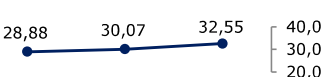
Current Ratio



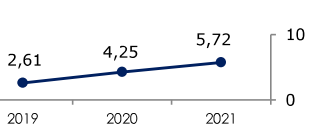
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



TAT GIDA SANAYİ A.Ş.

JCR Eurasia Rating has evaluated "TAT Gıda Sanayi A.Ş." in the high-level investment grade category and affirmed the ratings on the Long -Term National Issuer Credit Rating as "AA+ (tr)" and the Short-Term National Issuer Credit Rating as "J1+ (tr)" with "Stable" outlooks. On the other hand, the Long Term International Local and Foreign Currency Issuer Ratings and outlooks of the Company were assigned as "BB/Negative", parallel to the international ratings and outlooks of the Republic of Türkiye.

"TAT Gıda Sanayi A.Ş." (hereinafter referred to as "TAT Gıda" or the "Company") was established in 1967 under the corporate name "Tat Konserve Sanayi A.Ş." before changing its commercial title to "TAT Gıda Sanayi A.Ş." in 2013. The Company -whose main field of activity includes all kinds of commercial commodities, food, beverages, agricultural, animal foodstuffs and harvests, their raw and primary materials, including frozen, dried, powdered types, auxiliary, additives, sugary and unsweetened products and to carry out the production, distribution, marketing, domestic and international trade and brokerage of semi-finished and whole products of juice and canned food- is a subsidiary of "Koç Holding A.Ş."

The Company has been quoted on the Borsa Istanbul Stock Exchange (BIST) since 1993 and 41.40% of shares are publicly traded on the BIST with the ticker symbol "TATGD", while the controlling shareholder is "Koç Holding A.Ş.". As of FYE2021, TAT Gıda is the market leader in Türkiye in the tomato paste, ketchup and tomato products category under the corporate name of TAT brand. The Company's production activities are located in facilities in Mustafakemalpaşa-Bursa, Karacabey-Bursa and Torbalı-İzmir with an average staff of 1,025 employees in FY2021. As of FYE2021, the paid in capital and equity of TAT Gıda Sanayi A.Ş. stood at TRY 136mn and TRY 885.21mn, respectively. Koç Holding A.Ş. is the principal shareholder of the Company with a share of 43.7% at FYE2021.

Strengths

- Financial structure supported by strong debt metrics and moderate financial leverage in the analysed period
- Steady improvement in EBITDA generation capacity thanks to price and volume increases
- Investment policies and high utilisation rates result in considerable operating performance
- Upward trend in net working capital and FFO relieving liquidity management to a certain extent
- Maintenance of bottom-line profit and asset growth despite the headwinds of the economy in FY2021 and 9M2022
- Effective currency risk management by utilizing derivative instruments for hedge purposes
- Balanced sales growth in domestic and international markets and geographical diversification of exports
- Economic sustainability and supply guarantee with contract farming and digital farming practices
- High compliance with international quality standards along with supporting sustainability projects
- Being a subsidiary of one of the Türkiye's leading investment holding companies; Koç Holding

Constraints

- Deterioration in leverage profile in 9M2022 proven by net debt / EBITDA multiplier
- Pressured margins at FYE2021 due to the high costs in the new season
- Dependence on weather conditions and seasonality with drought, flood and disease effect
- Externally financed capex investments reducing FOCF
- Continuosity of high OpEx margin
- Long cash conversion cycle in tandem with the business model despite the slight improvement in FYE2021
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections

Considering the aforementioned drivers, the Company's the Long-Term National Issuer Credit Rating has been affirmed as "AA+ (tr)". The competitive advantage obtained through its predictable cash flows, profitability indicators, satisfactory debt service capacity, robust liquidity position, production and export power, competition and market efficiency in the inter/national market, the steady revenue and EBITDA growth trend and organizational framework compatible with the Group's size as well as deterioration on local and global economic outlook due to the ongoing geopolitical risks stemming from the Russia-Ukraine tension and global recessionary concerns increasing uncertainties constitute the principle reasons underlying the assignment the outlooks for the Long and Short-Term National Ratings as "Stable". The Company's equity level, fluctuations of the exchange rates, debt maturity and its level, cash flow and liquidity level, EBITDA margin and net profit indicators are the prior issues to be followed by JCR Eurasia Rating in the upcoming period. The macroeconomic indicators at national and international markets, as well as market conditions and legal frame about the sector will be continued to be monitored as well.