



Tat Gıda

1H2023 Financial Results Review

July 28, 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



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)

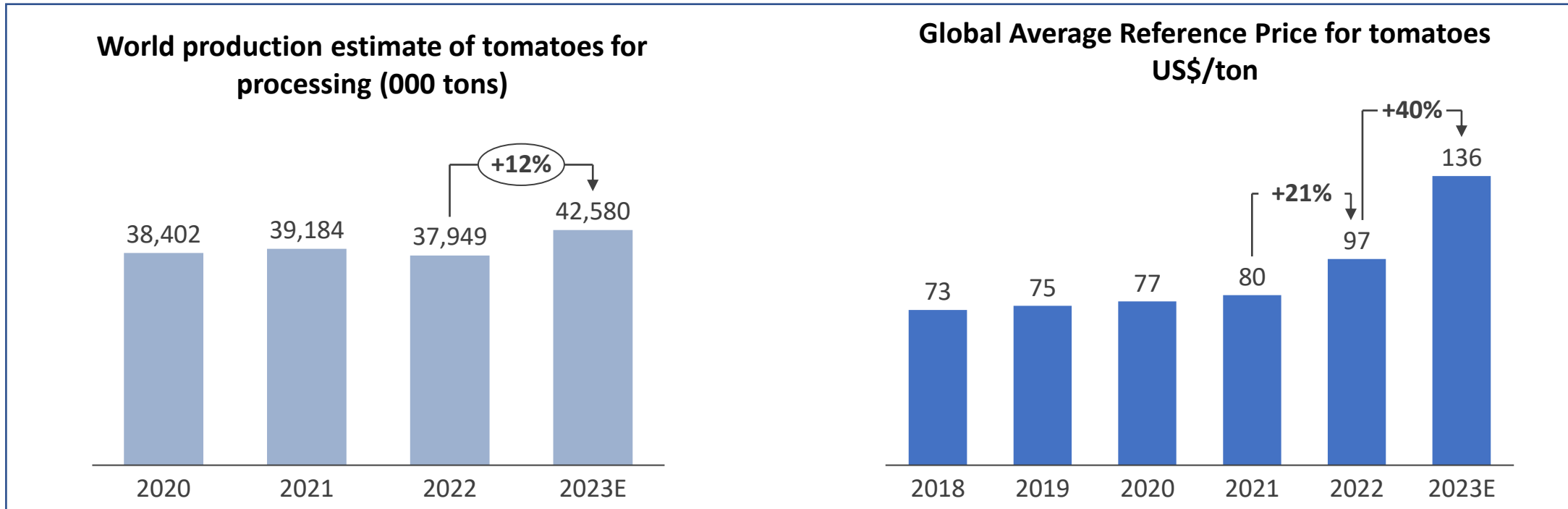
Solid top-line growth; while financial expenses limited bottom-line growth

- 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.



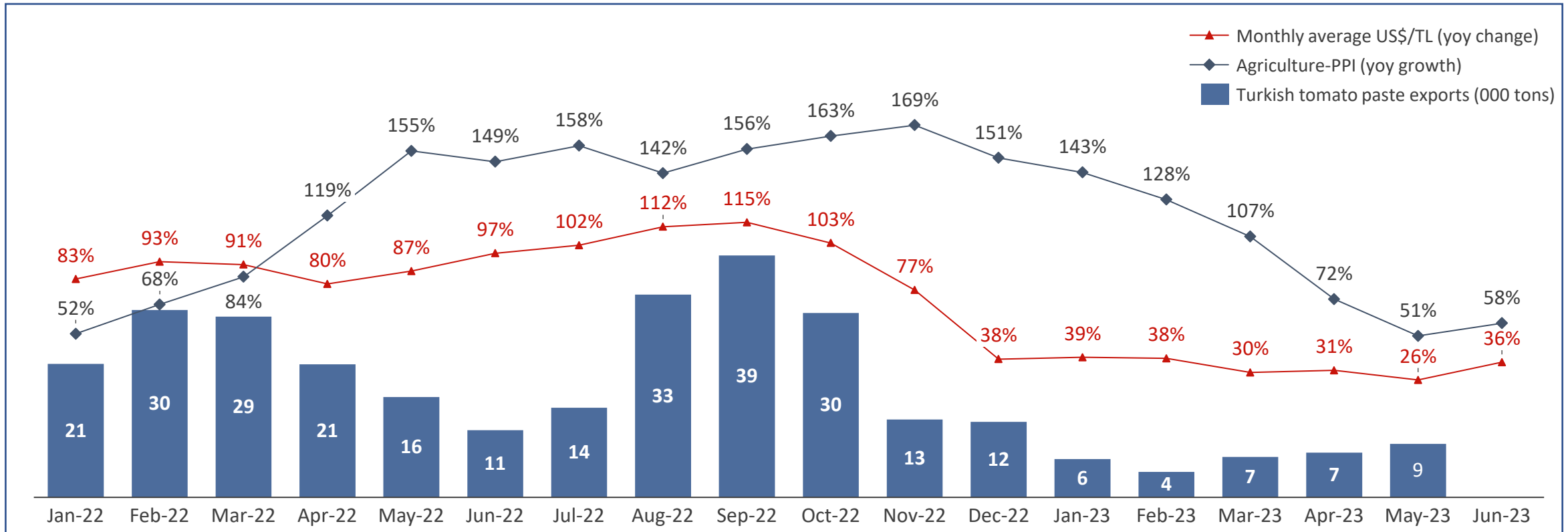
Source: TomatoNews, WPTC World production estimate of tomatoes for processing as of Jun 30, 2023

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.

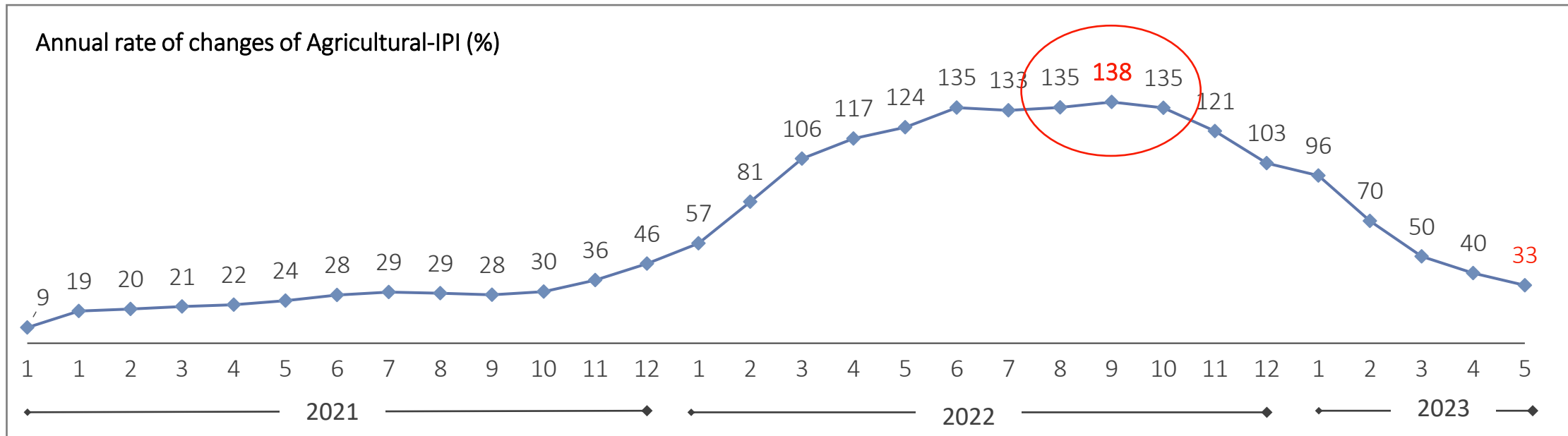


Source: TURKSTAT (for products with HS12(GTIP) code:20029031, 20029039, 20029091, 20029099)

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.

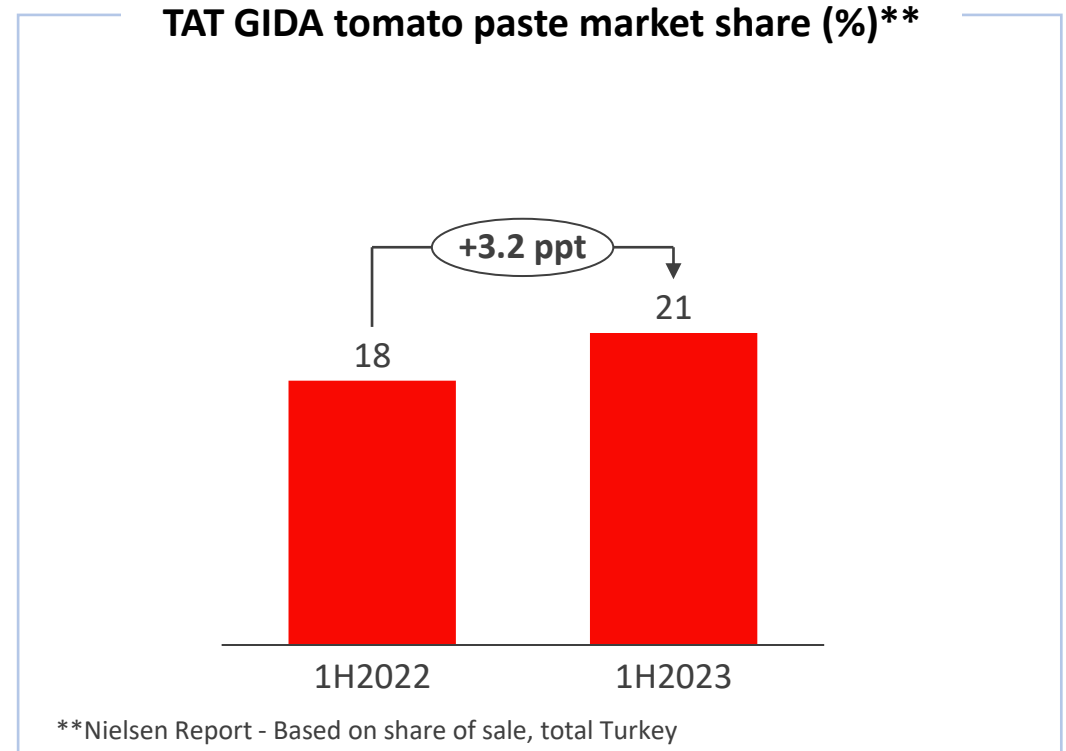
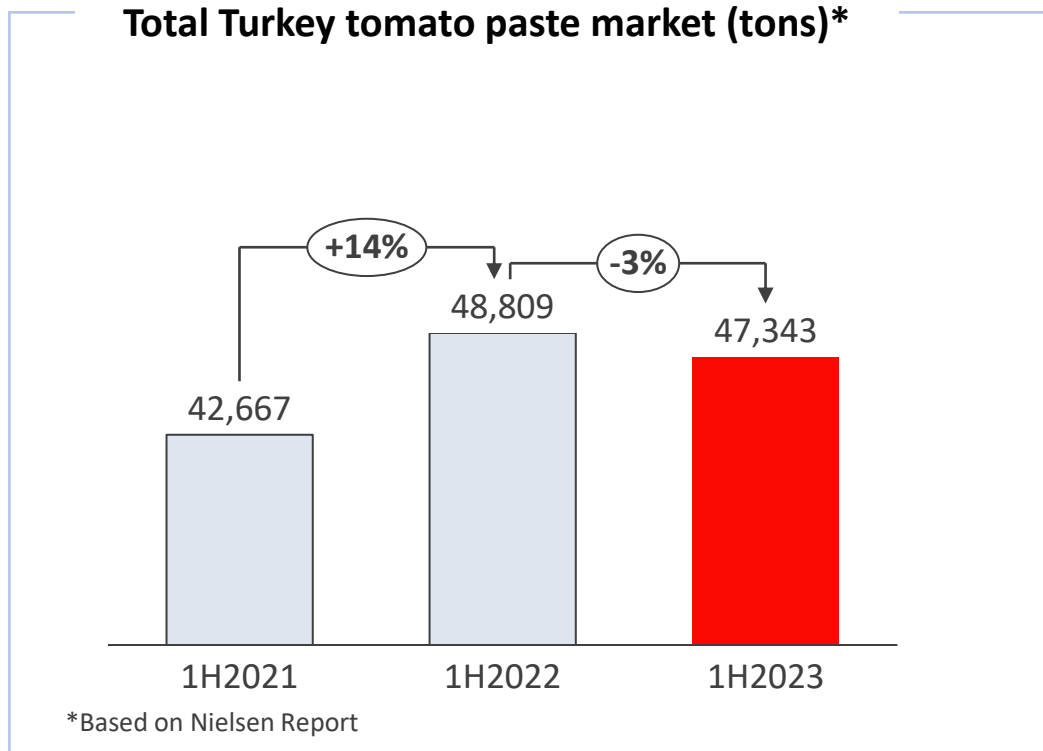


Source: TURKSTAT

Turkish tomato paste market has contracted in 1H2023



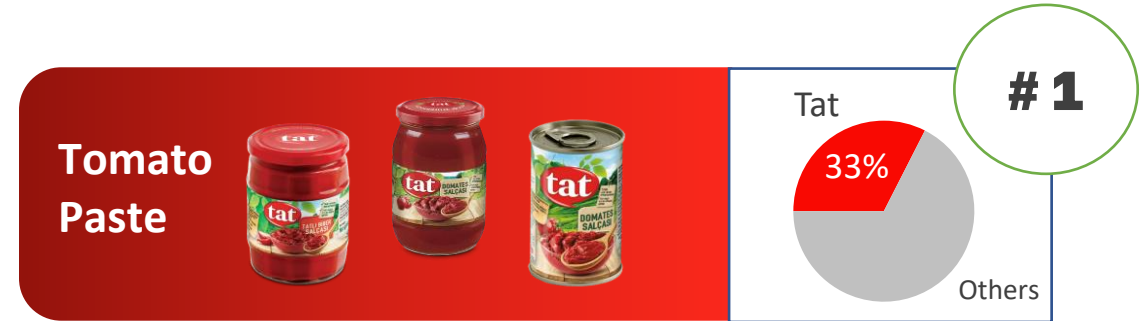
- Based on Nielsen report (total Turkey), Turkish total tomato paste market contracted by 3% yoy in 1H2023; whereas there was a yearly growth of 14% in 1H2022..
- Despite the contraction in the market, Tat was able to increase its market share in 1H2023 by volume growth
- Tat's market share in tomato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



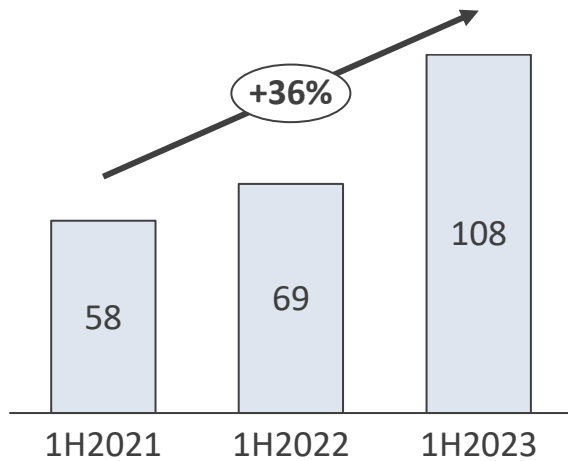
*Based on Nielsen 1H2023 Report excluding Hard Discounters and based on share of sales (TL) --(Pickles & Ready to Eat Food category based on Scantrack data)



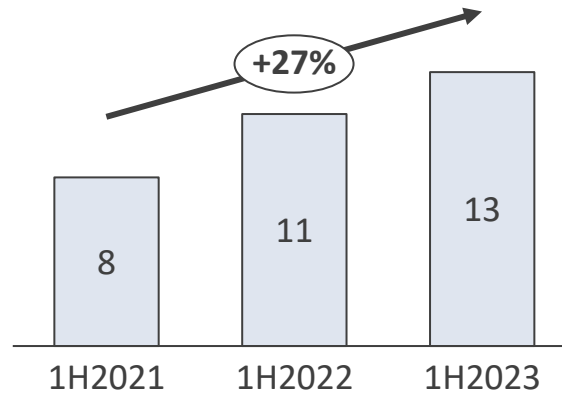
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1H2023 Financial Results

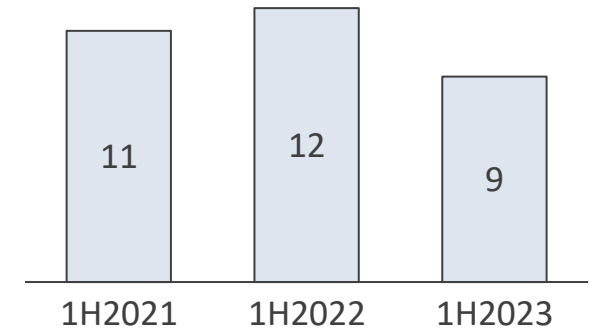
Net Sales (US\$ mn)*



EBITDA (US\$ mn)*

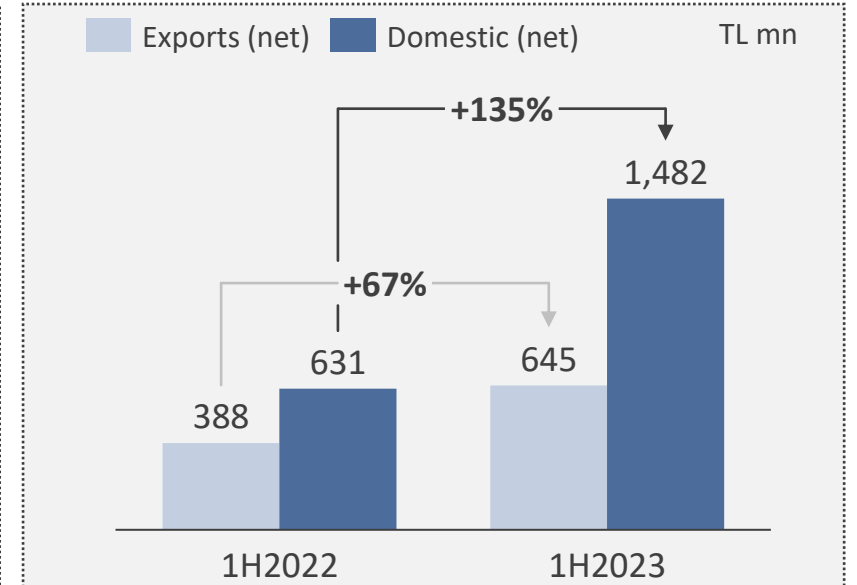
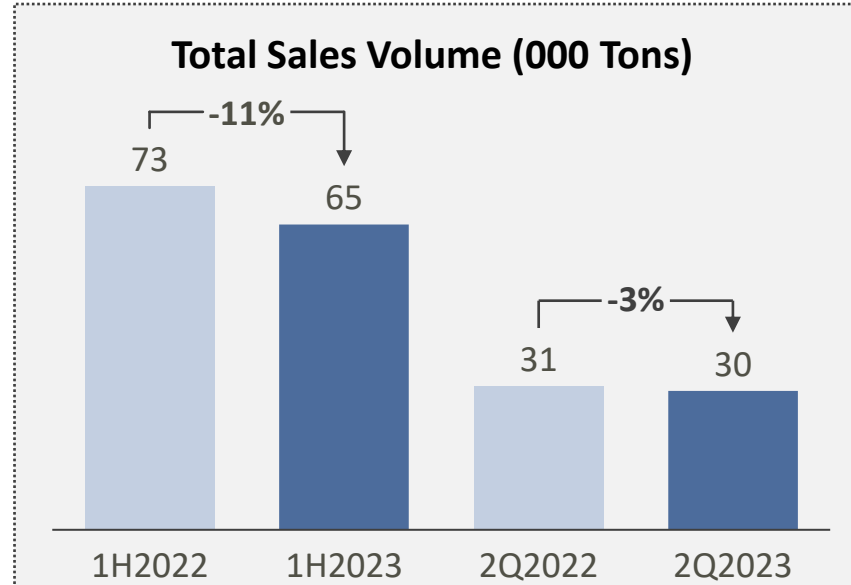
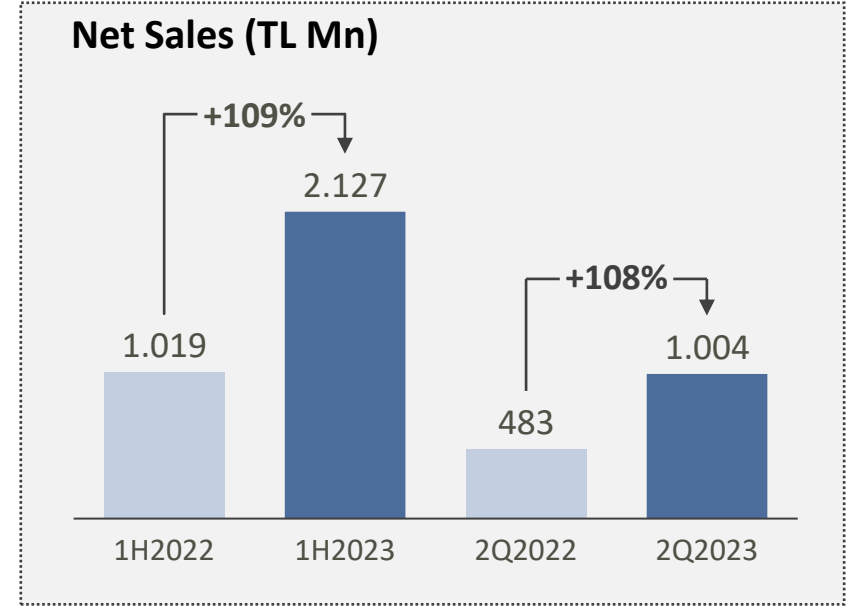


Net Income (US\$ mn)*



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.

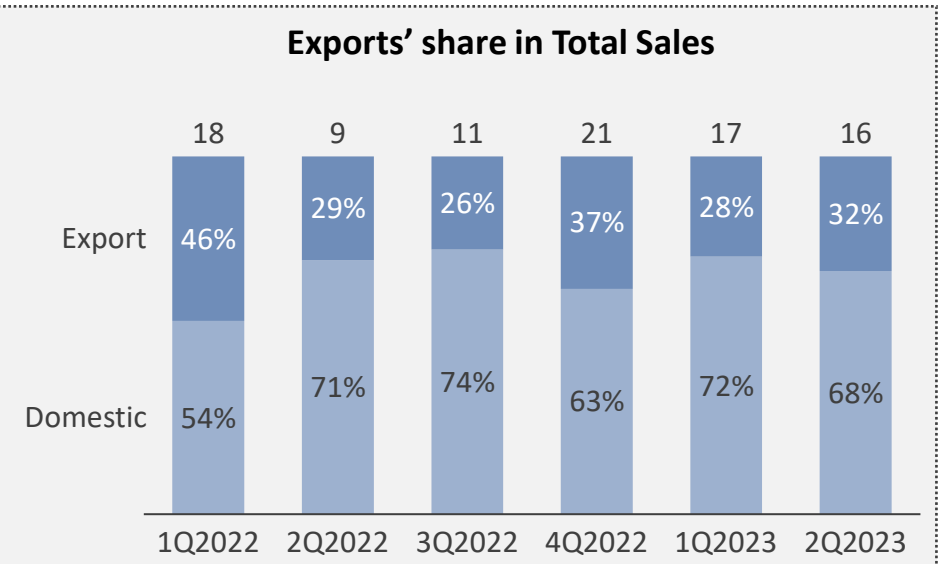
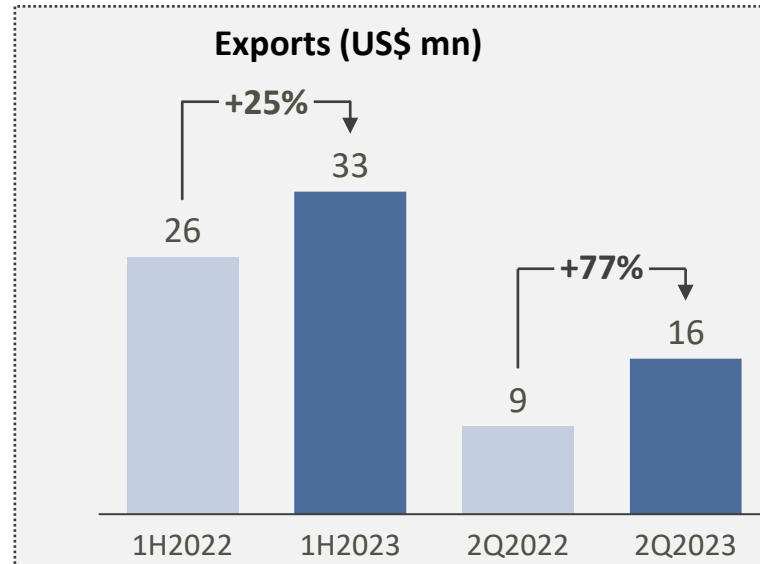


Export growth was 25% in 1H2023 yoy

- 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.

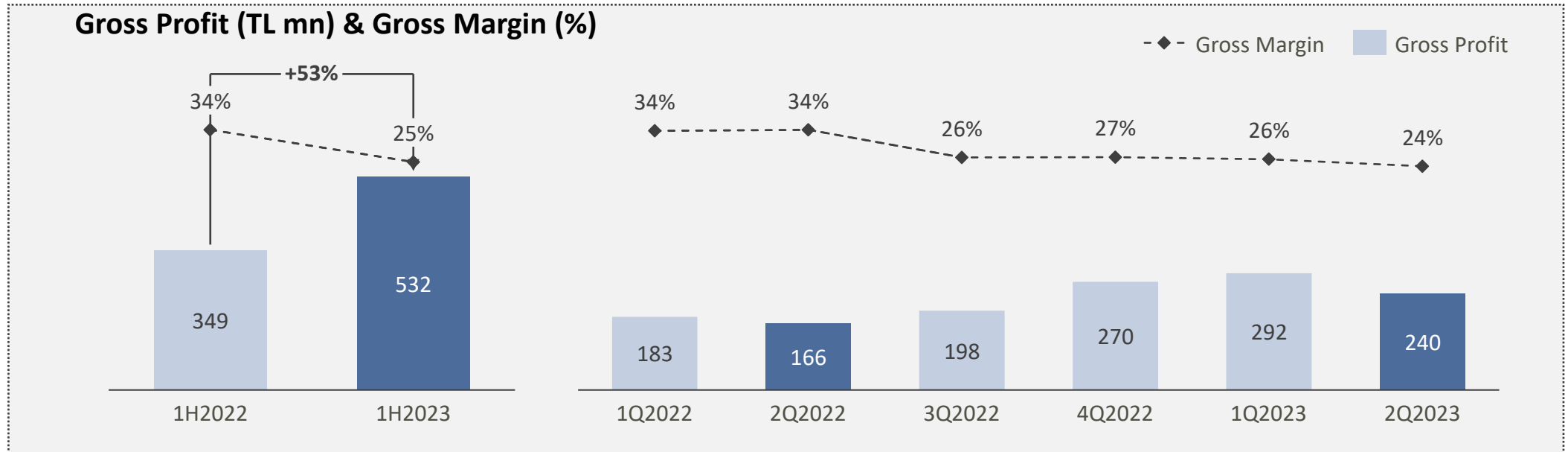
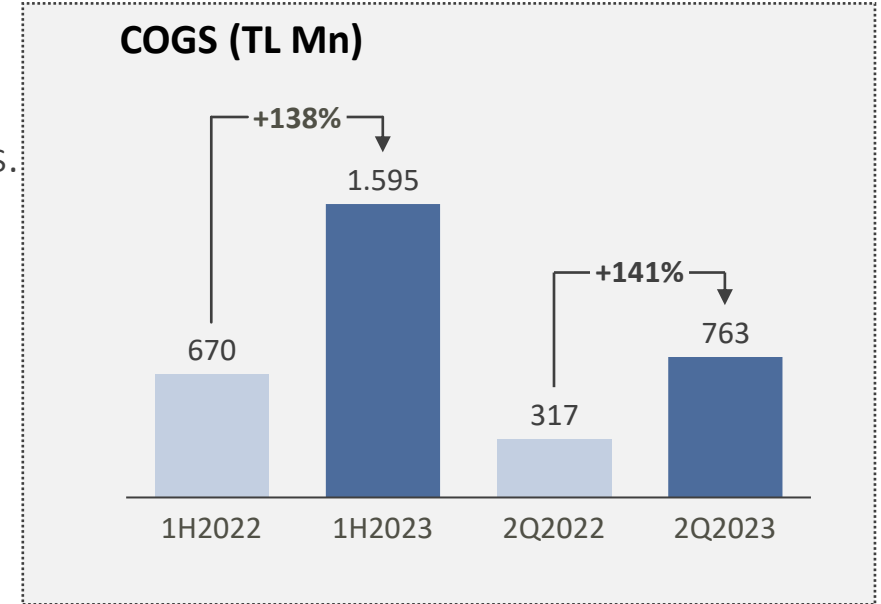


*converted from TL to US\$, based on monthly average of Central Bank's US\$/TL rate



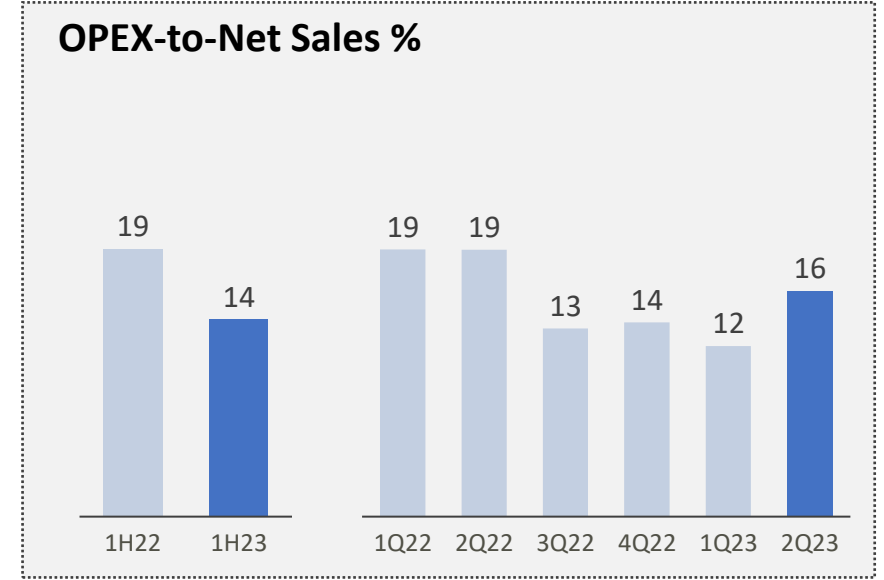
Last harvesting season costs kept COGS higher

- 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.

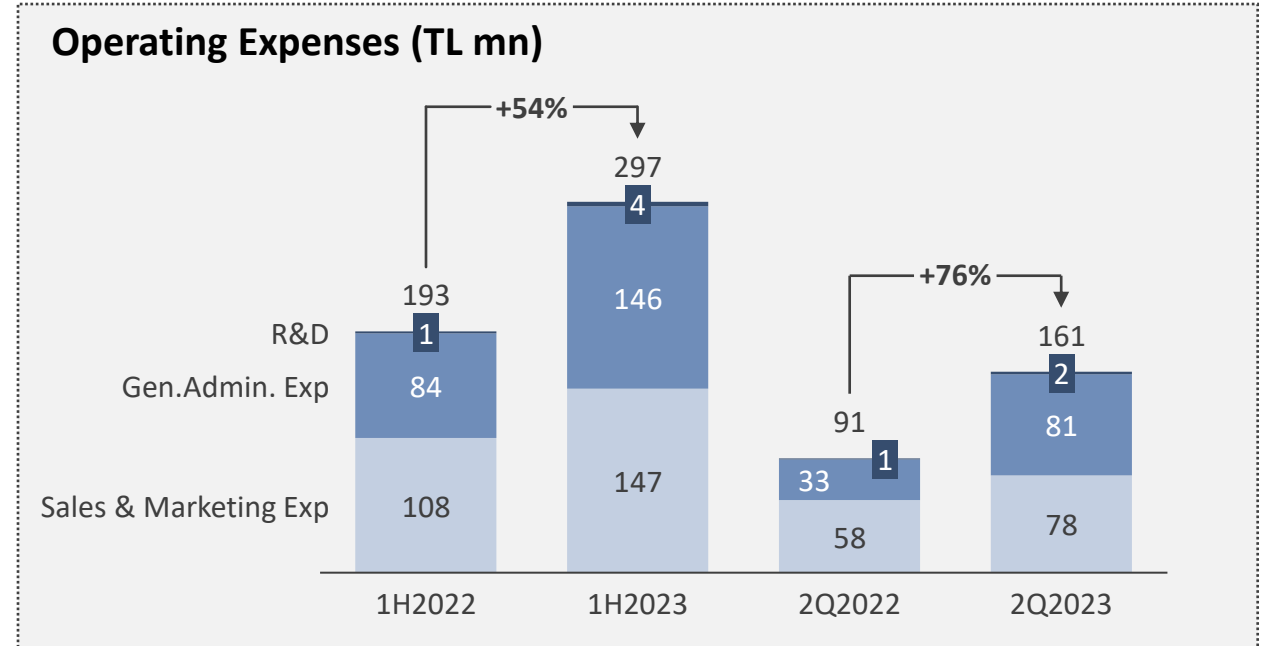


OPEX/Net Sales:
14% in 1H23,
vs.19% in 1H22

- 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.

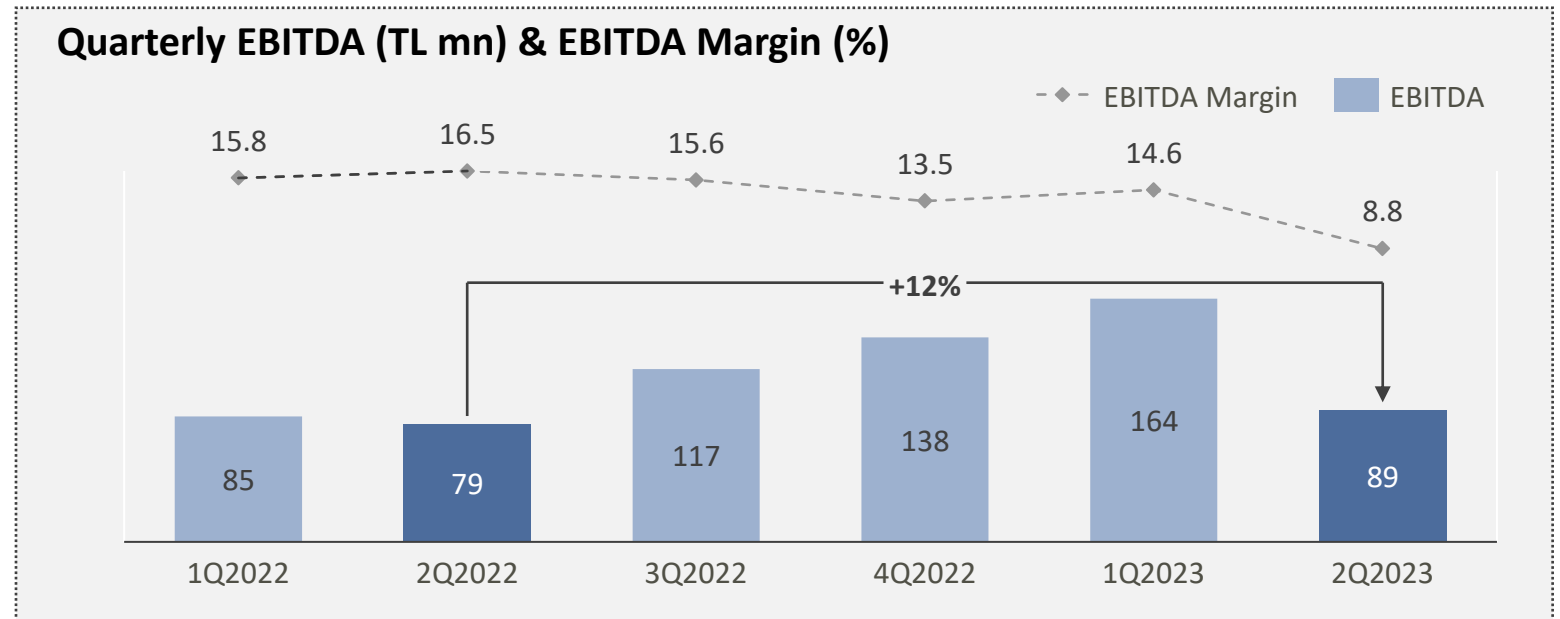
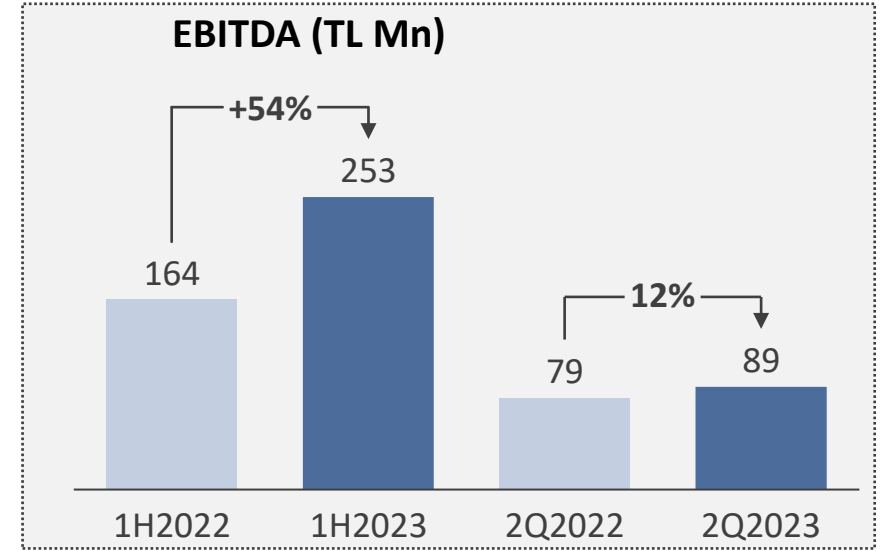


New advertising campaign for sauces with the slogan “The taste that will not stay on the plate” was launched in April 2023 on various channels (see page 21 for more details).



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.



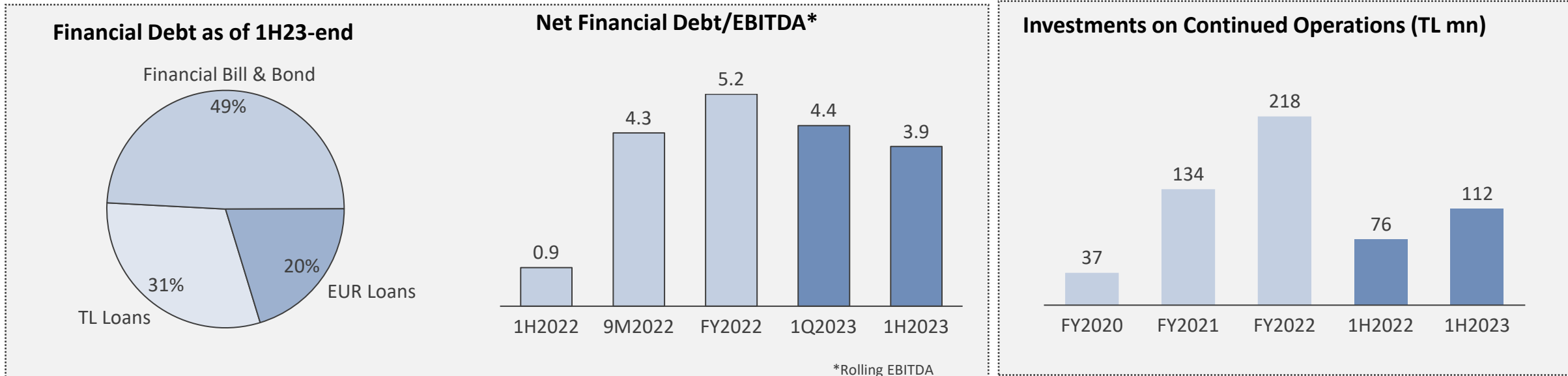
Net Financial debt at TL2.0 bn

- 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
Net Financial Debt (Cash)	132	2,184	1,991

**Leasing liabilities not included*

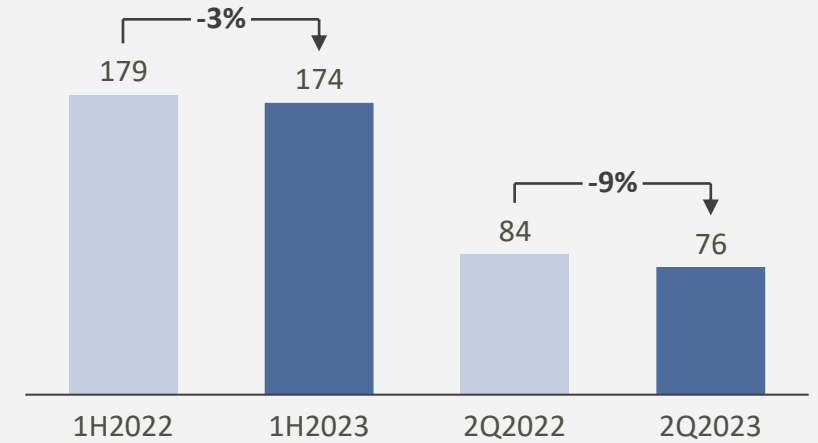
- Investments reached TL112 mn in 1H23, vs. TL76 mn in 1H22.



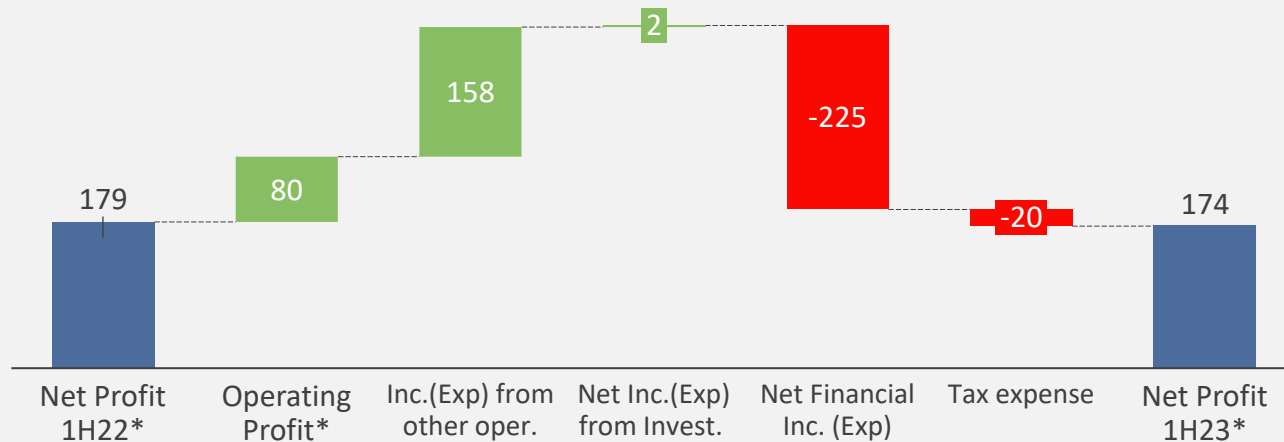
Net Profit came in at TL174 mn

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

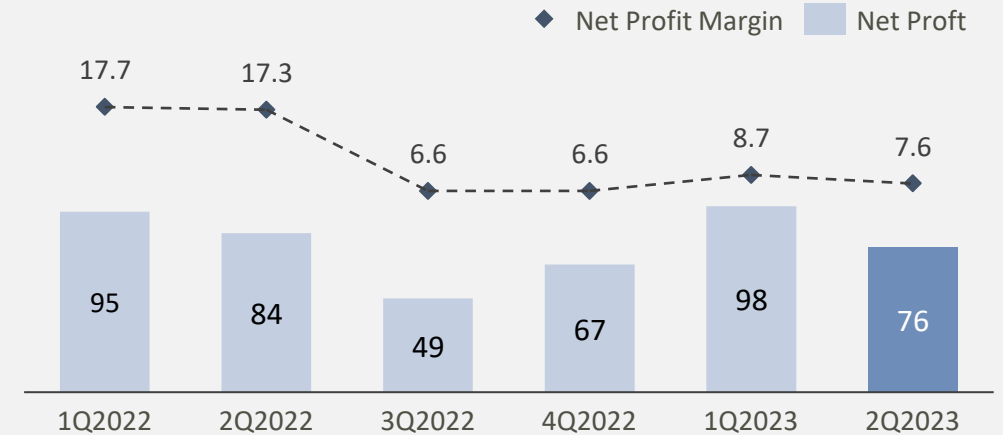
Net Profit (TL mn)



Net Profit (TL mn)



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



- 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
Net Sales	1.019	2.127	109%	483	1.004	108%
Cost of Sales (-)	670	1595	138%	317	763	141%
Gross Profit	349	532	53%	166	240	45%
Operating Expenses (-)	193	297	54%	91	161	76%
Operating Profit	156	236	51%	75	80	7%
EBITDA	164	253	54%	79	89	12%
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.
Profit before Tax from continuing operations	183	198	8%	91	104	14%
Tax expense	-4	-24	518%	-8	-28	266%
Profit for the period	179	174	-3%	84	76	-9%
<hr/>						
Gross Margin	34%	25%		34%	24%	
Operating Margin	15%	11%		15%	8%	
EBITDA Margin	16%	12%		16%	9%	
Net Profit Margin	18%	8%		17%	8%	

Balance Sheet -Summary (TL mn)	1H2022	9M2022	FY2022	1Q2023	1H203
Current Assets	1.788	3.669	3.915	3.978	3.278
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
Non-current Assets	369	458	522	612	695
Total Assets	2.157	4.127	4.437	4.590	3.973
Current Liabilities	1.067	3.018	3.107	2.540	1.658
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
Non-current Liabilities	86	56	226	854	1.130
Long-term financial borrowings	40	0	150	777	1.043
Shareholder's Equity	1.004	1.054	1.104	1.197	1.185
Total Liabilities	2.157	4.127	4.437	4.590	3.973
Net Financial Debt (TL mn) *	236	1425	2184	2213	1991
Ratios	1H2022	9M2022	FY2022	1Q2023	1H203
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

TV & Radio



ıştebu



In Sauces

360 Degree Campaign

ıştebu



New Slogan and Packaging

"The taste that will not stay on the plate"

Mass Transportation screens

Koç



Intensive Display & Insert



Sponsorships



University Stands & Events



Social Media and Influencer Marketing



Tabakta Kalmayacak Tat



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Thank you

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