



Tat Gıda

FY2023 Financial Results Review

March 2024

With the Capital Markets Board of Turkey's Bulletin dated 28.12.2023 numbered 2023/81, CMB announced that issuers and capital market institutions shall prepare their annual financial statements ending on 31.12.2023 or later, in accordance with IAS 29 inflationary accounting provisions.

Accordingly, this presentation on 2023 year-end financial results contain the Company's audited financial information prepared according to Turkish Accounting / Financial Reporting Standards by application of IAS 29 inflation accounting provisions, in accordance with CMB's decision dated 28.12.2023. In addition to these, given that the guidance information and the 2023 interim financial results announced so far were presented without the application of inflation accounting, in order to enable investors and analysts to conduct a full-fledged analysis, supplementary historical information for selected key performance indicators used in prior periods' investor presentations were provided. Such supplementary information is made available only for this period, and contains unaudited financial information prepared for management reporting purposes.

This presentation does contain forward-looking statements and figures that reflect the Company management's current views with respect to certain future events based on the base-case assumptions. Although it is believed that the expectations reflected in these statements are reasonable under current conditions, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ. Neither Tat Gıda nor any of its directors, managers, or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this presentation.

Agenda



- 1 Key messages and Highlights
- 2 FY2023 Financial Results
- 3 Appendix

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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



FY2023 Highlights

Net Sales

TL5,752 mn
(10% yoy growth)

Exports Share

33% of total sales
(vs. 35% in FY22)

EBIT¹

-TL 120 mn (vs. -TL212 mn in FY22)

EBITDA¹

TL74 mn (vs. - TL 72 mn in FY22)

Net Profit/Loss:

- TL86 mn (vs. -TL149 mn in FY22)

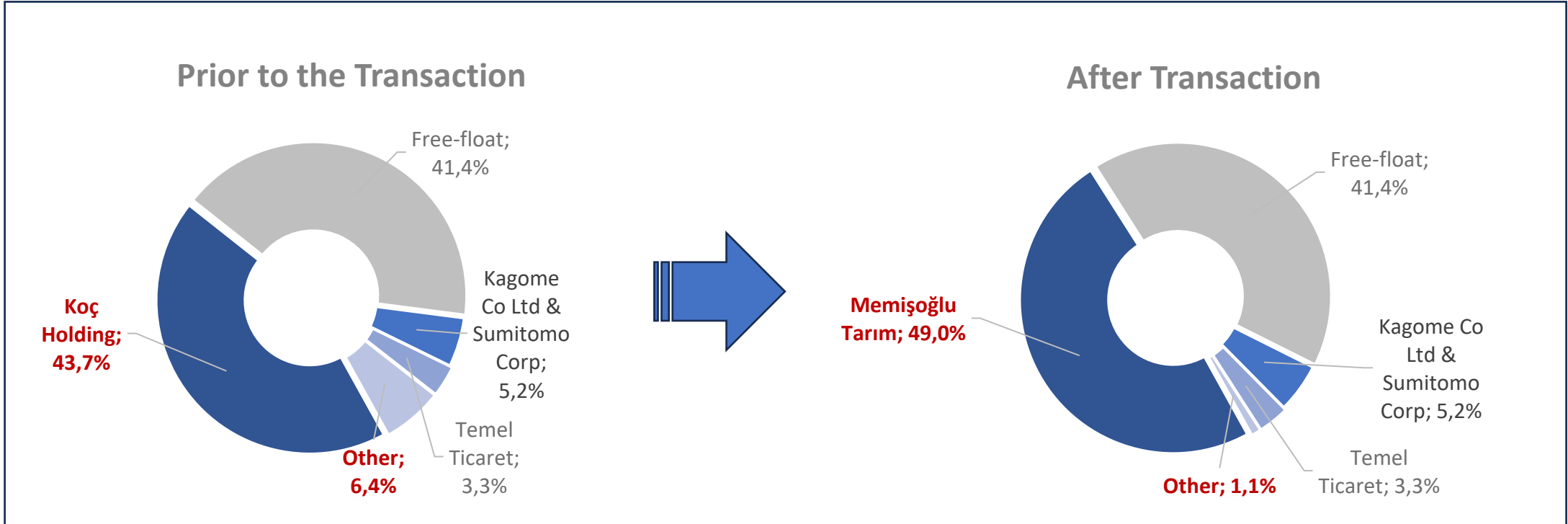
¹ EBITDA includes Other Inc/Exp from operating activities

- Net Sales increased by 10%, to TL5.75 bn in FY2023, largely led by higher prices. Production volumes in 2023 was 130K tons, a 10% drop vs. FY2022. 450K tons of tomatoes were processed in last harvesting season vs. 543K tons in 2022. With new sauce filling line investment in 2023, annual PET bottle sauce production capacity was up to 75 mn units from 45 mn.
- In the export market, higher global tomato output and stable exchange rates in the first half, amid high inflation and last season's significant costs, weakened export competitiveness and margins. Although Turkey's tomato paste exports came down by 53%, Tat Gıda's high export/sales ratio was maintained. In the local market, reduced purchasing power and subdued demand pressured prices and margins in 2023.
- Due to seasonality of production and high inventory days, the impact of inflation accounting was higher on COGS vs. Net Sales. Therefore, Gross profit was down by 22% to TL364 mn in FY2023; and gross margin came in at 6,3% vs. 8.9% in FY2022.
- Due to the adverse impact on COGS, EBIT came in at a loss of TL120 mn; a 43% improvement vs. TL212 mn loss in FY22. EBITDA was positive TL74 mn in FY2023 vs. loss of TL72 mn in FY2022. Despite increased personnel expenses due to high inflation, focusing more on operational efficiencies resulted in OPEX being 15.9% of net sales in FY2023 vs. 16.3% in FY22. Net Income/Exp from other operating activities at TL433 mn was 150% higher in FY23 due to income from maturity and FX differences.
- While net financial expenses more than doubled to TL750 mn in FY23 due to higher interest rates and debt position; Monetary Gain of TL798 mn in FY23 had positive impact on Profit Before Tax. With a lower tax expense of TL25 mn vs. TL84 mn in FY22, Net Loss came in at TL86 mn in FY2023 down from TL149 mn loss in FY22.

Change in Shareholding Structure



- **Koç Holding**, Koç Group companies including Arçelik and Aygaz, Koç Family Members and foundations associated with Koç Group, sold their total of **49.04% shares in Tat Gıda** to **Memişoğlu Tarım Ürünleri Tic. Ltd.Şti.** The closing of the transaction took place on Feb 19, 2024¹;
 - Based on the initial Share Purchase and Sale Agreement,² an option agreement has been signed between Koç Holding shareholder **Temel Ticaret ve Yatırım A.Ş.** and Memişoğlu, granting Temel Ticaret the right to sell all or some of its Tat Gıda shares corresponding to 3.26% of Tat Gıda's capital to Memişoğlu for a period of 6 months after the elapse of the 6-month period starting from Closing Date.
 - In line with the initial Share Purchase and Sale Agreement² ; the sale of Tat Gıda shares in **Ram Dış Ticaret A.Ş.** (7,5% share) and **Düzey Tüketim Malları Sanayi Pazarlama ve Ticaret A.Ş.** (1,1% share), to Koç Holding A.Ş. was completed at a total transaction value of TL32.3 mn on Jan 30, 2024³.
- Kagome & Sumitomo continues to be the shareholder of Tat Gıda



¹ <https://www.kap.org.tr/en/Bildirim/1250562>

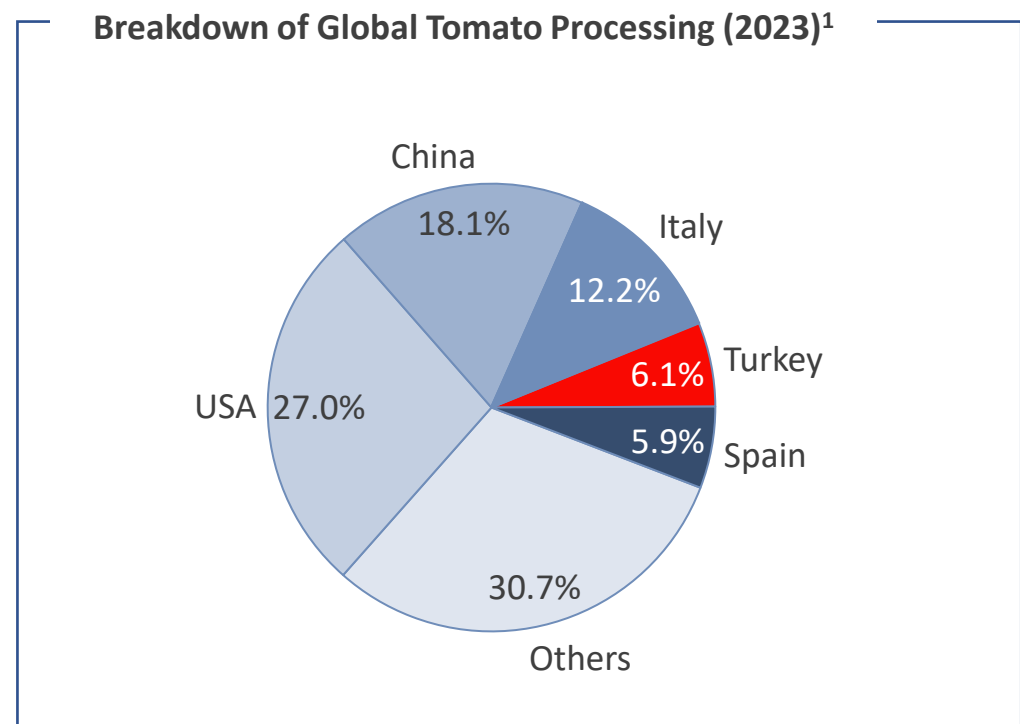
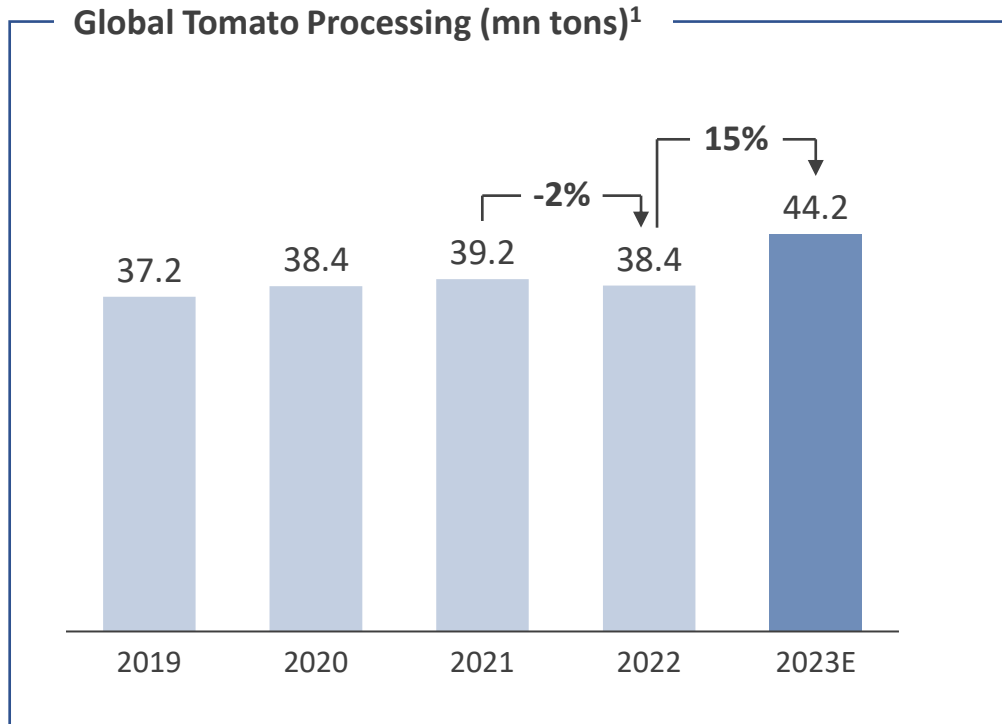
² <https://www.kap.org.tr/en/Bildirim/1234782>

³ <https://www.kap.org.tr/en/Bildirim/1243986>

Global Tomato Processing in FY2023

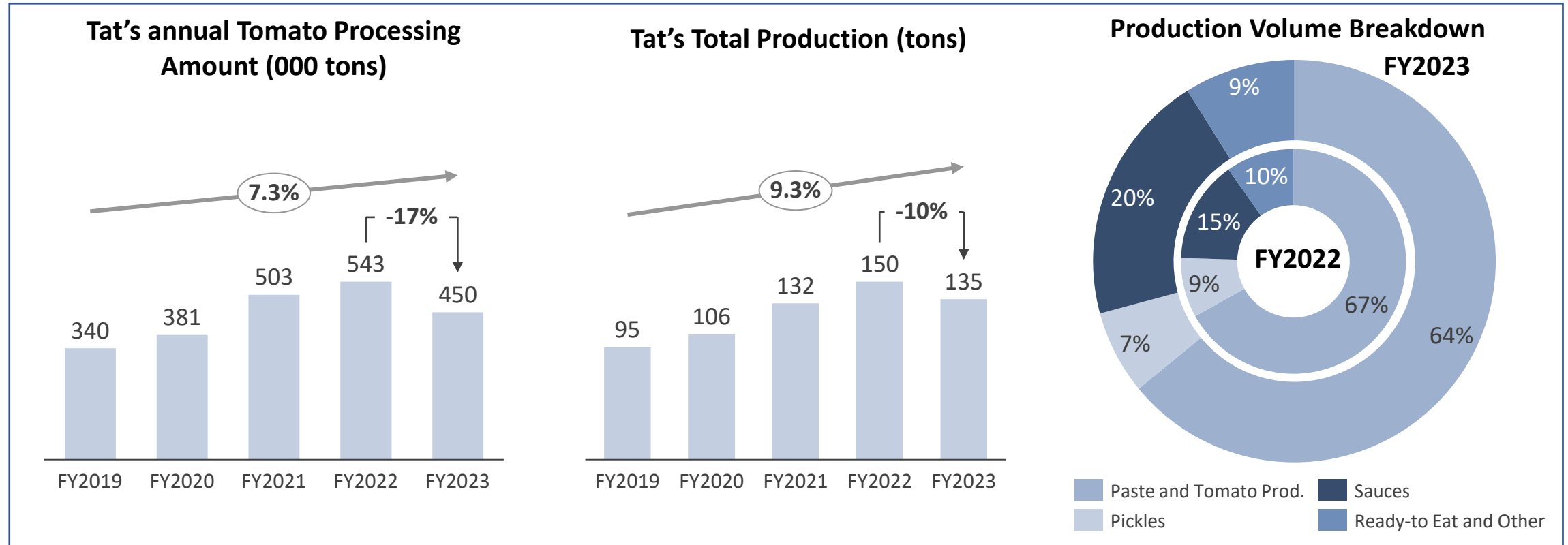


- Based on preliminary figures; Global tomato production rose by 15% to 44 mn tons from 38 million tons last year, with California and China accounting for 3.8 mn tons of the 5.7 mn ton increase. The unexpectedly high global supply and China's competition put pressure on prices.
- Turkey, with 2.7 million tons of tomato processing in 2023¹, ranks 4th after the USA, China, and Italy; and represents 6% of the 44 mn tons of global tomato processing amount.



¹ WPTC World production estimate of tomatoes for processing; as of Oct 26, 2023

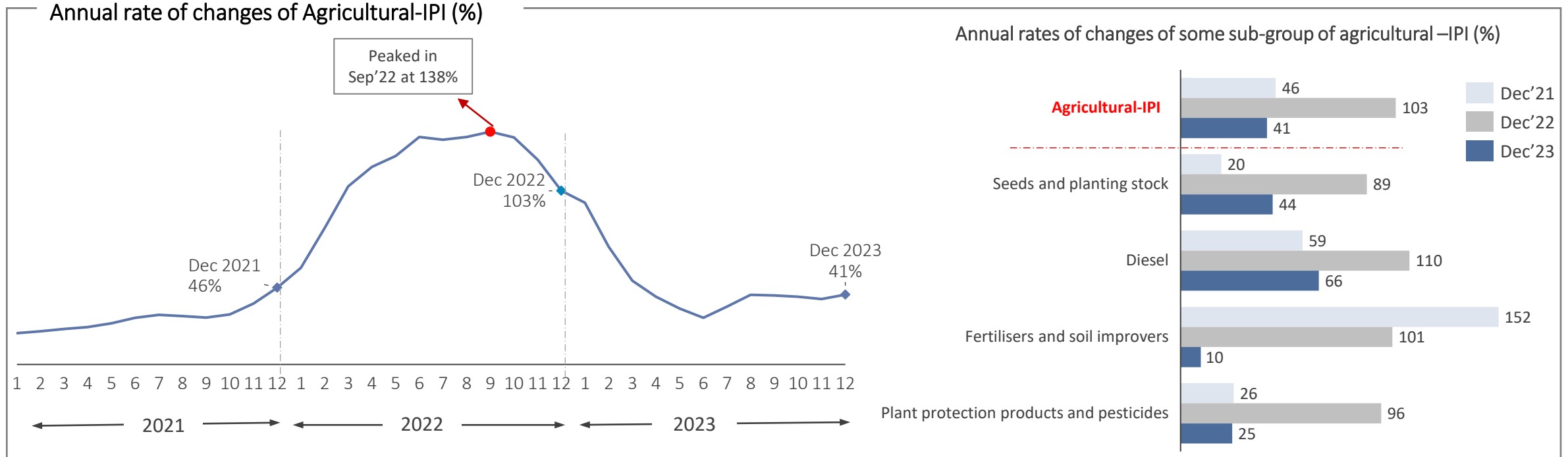
- Tat Gıda achieved a significant milestone by processing 503K tons of tomatoes in FY2021 —an impressive increase from the previous benchmark of 381K tons. This momentum continued into FY2022, with the figure rising to 543K tons.
- In FY2023, a decline in production was realized, settling at 450K tons, but remaining comfortably above the 350K to 380K tons pre-growth range, underscoring Tat's sustained strength in the industry. Tat secured 17% share in total Turkey's processing amount.
- With new sauce filling line investment in 2023, annual PET bottle sauce production capacity increased from 45 million units to 75 million units.



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 2022 which coincided with Tat Gıda's harvest season led to a jump in raw material costs and increased the financing need.
- In December 2023, Agriculture-IPI increased by 41% yoy, much lower than the previous year. Fertilizer and soil improvers with 10% and plant protection & pesticides with 25% were the subgroups that indicated low annual increase.

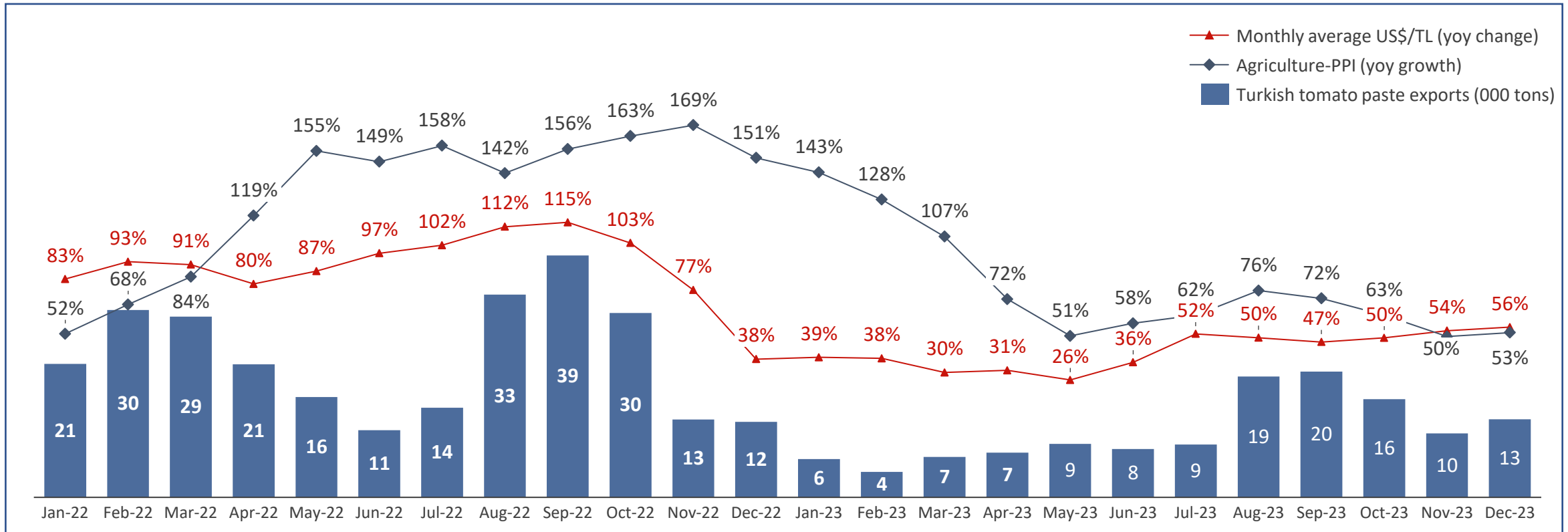


Source: TURKSTAT

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 fiscal year 2023 (down by 53% to 127K 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.



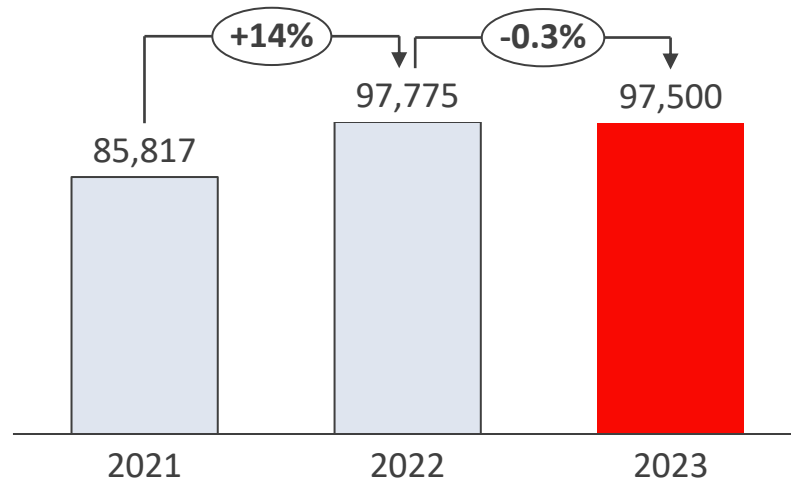
Source: TURKSTAT (for products with HS12(GTIP) code:20029031, 20029039, 20029091, 20029099)

Turkish tomato paste market relatively stable in FY2023



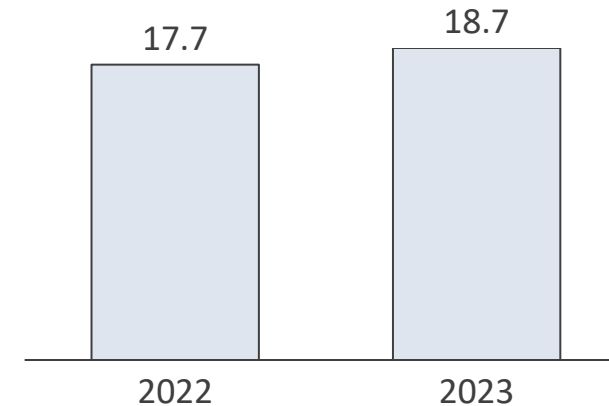
- Based on Nielsen report (total Turkey), Turkish total tomato paste market contracted slightly by 0.3% yoy in FY2023; whereas there was a yearly growth of 14% in FY2022.
- Despite the slight contraction in the market, Tat was able to increase its market share in FY2023 by volume growth.
- Tat's market share in tomato paste increased by 1 ppt to 18.7% based on value share.

Total Turkey tomato paste market (tons)*



*Based on Nielsen Report

TAT GIDA tomato paste market share (%)**

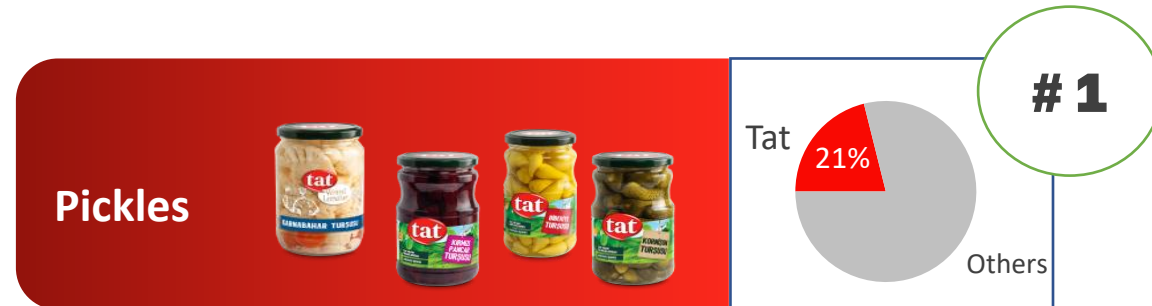
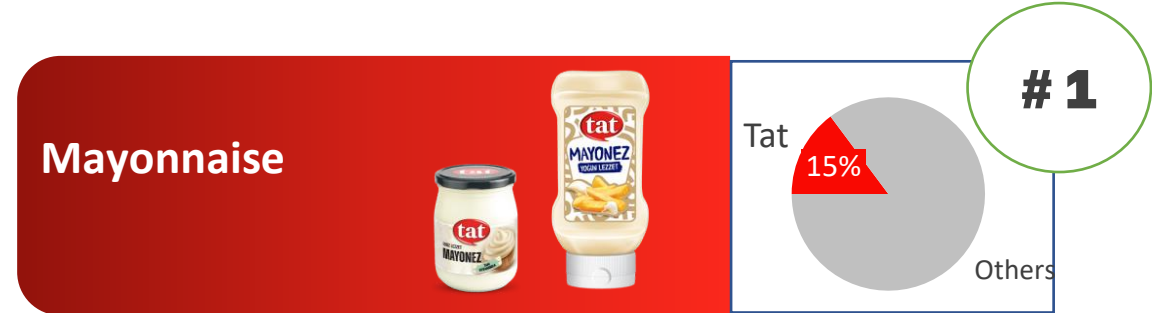
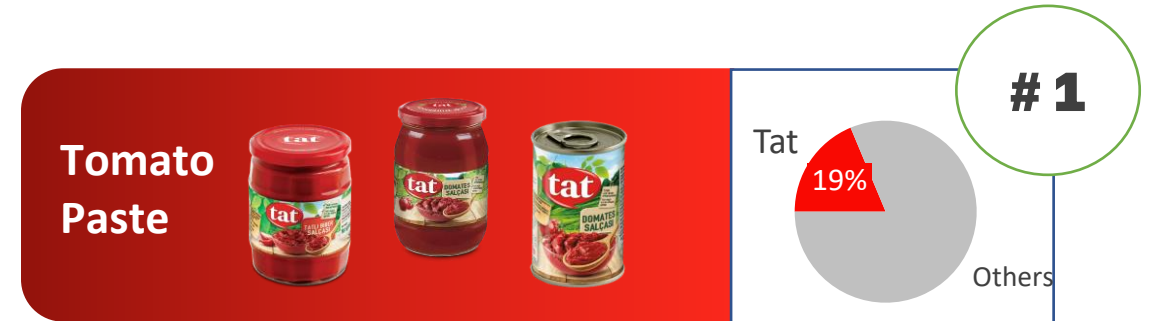


**Nielsen Report - Based on share of sale in TL, total Turkey

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



Tat's market share based on Nielsen FY2023 report – including Hard Discounters and based on share of sales



*Based on Nielsen FY2023 Report including Hard Discounters and based on share of sales (TL) --(Pickles & Ready to Eat Food category based on Scantrack data & Ready to Eat Food Category is for the term Jan-Nov 2023)



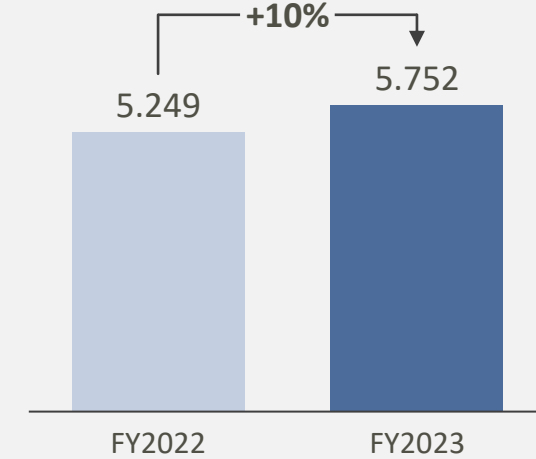
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FY2023 Financials

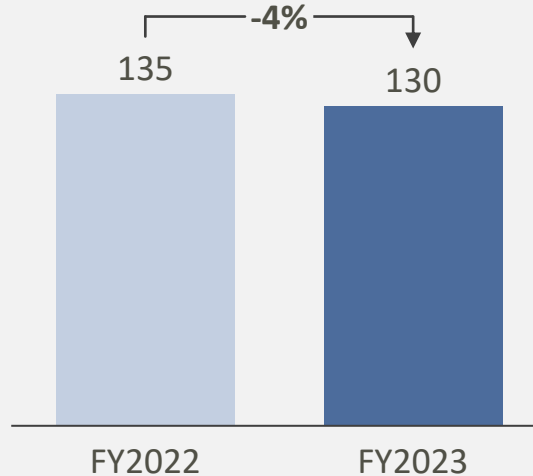
Revenues TL5.8 bn, up by 10% yoy

- Net sales was TL5.8 bn in FY23; up by 10% yoy.
 - Annual sales volume dropped slightly 4% in FY23.
 - Domestic sales in TL terms increased by 13% in FY23, yoy, thanks to higher prices; while Exports was up by 3% in TL terms.
 - Exports share in total sales was 33% this year vs. 35% in FY22.

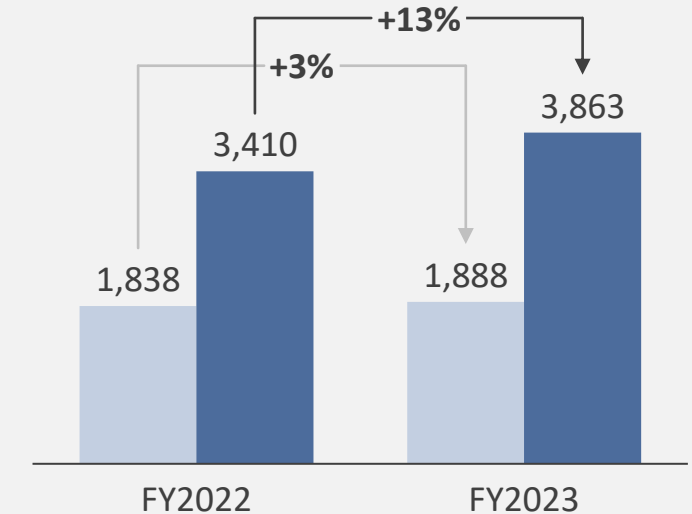
Net Sales (TL Mn)



Total Sales Volume (000 Tons)



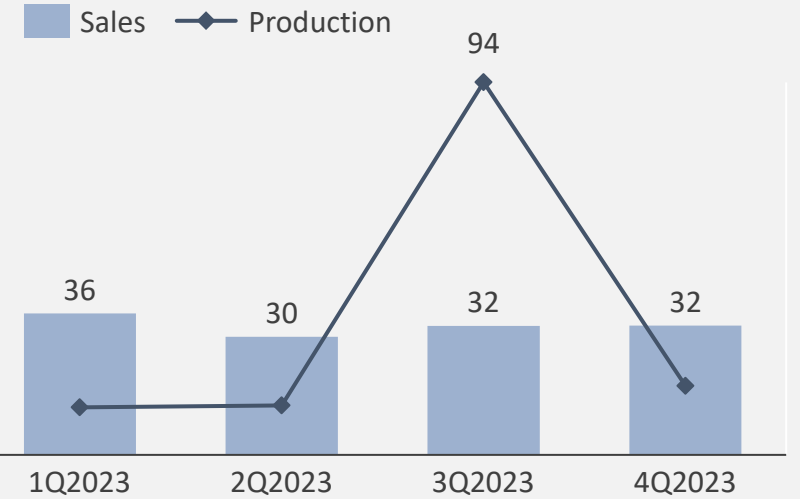
Exports Domestic TL mn



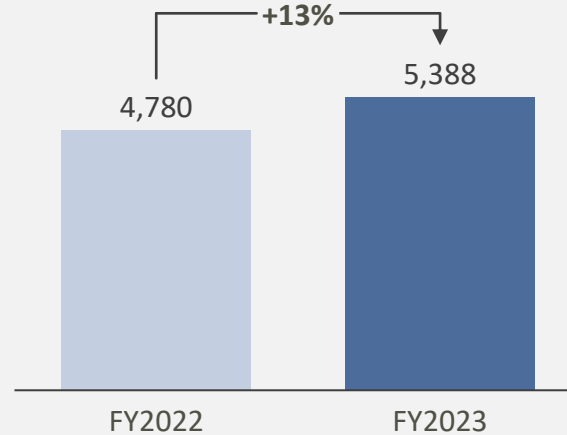
Gross Profit declined due to seasonality impact on COGS

- Due to seasonality of production and high inventory days, COGS is indexed for a longer period than Sales. Consequently, the impact of inflation accounting on COGS is higher vs. its impact on Sales.
- COGS in FY23 was up by 13% yoy to TL5,4 bn. As a result of higher COGS, Gross Profit came down by 22% to TL364 mn in FY23.
- Gross margin was 6,3% in FY23, vs. 8,9% in FY22.

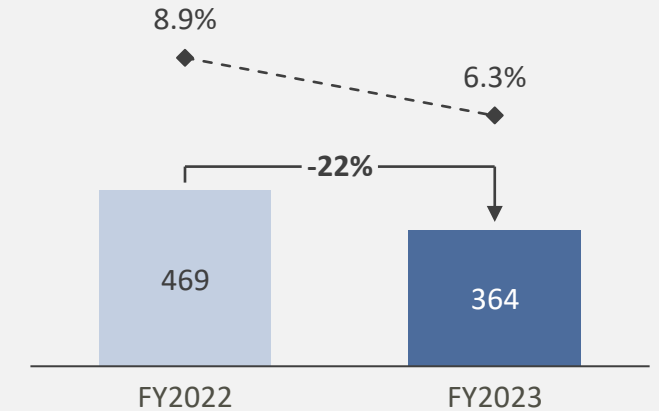
Sales & Production Volume (000 tons)



COGS (TL Mn)

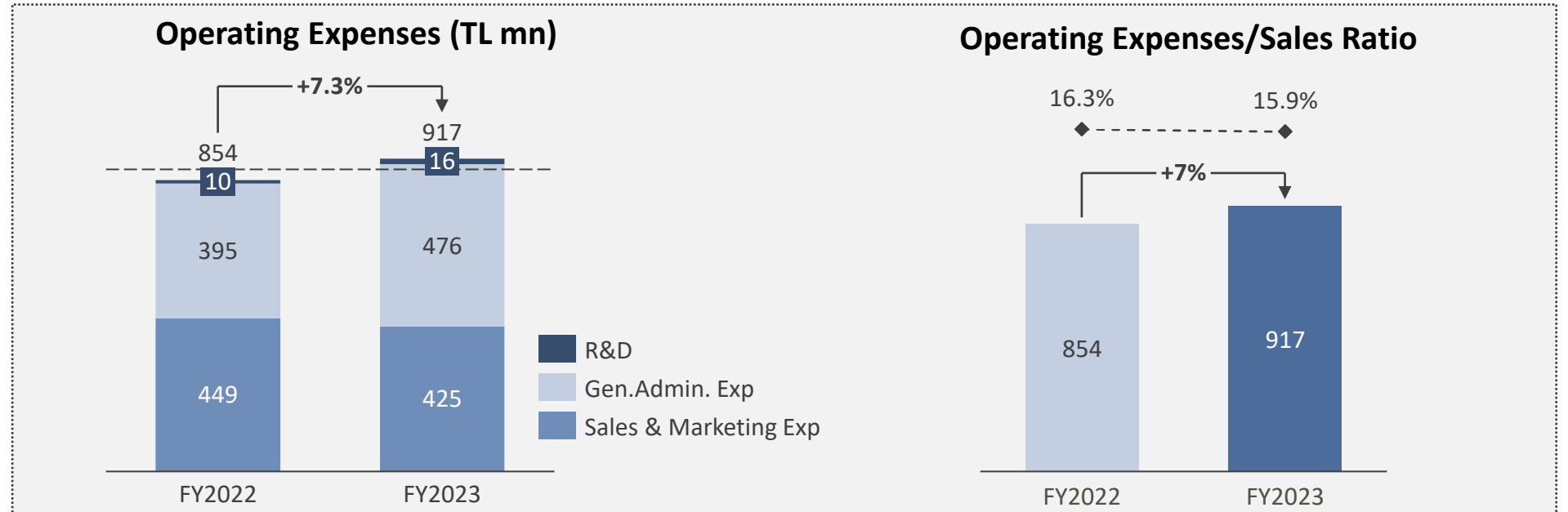
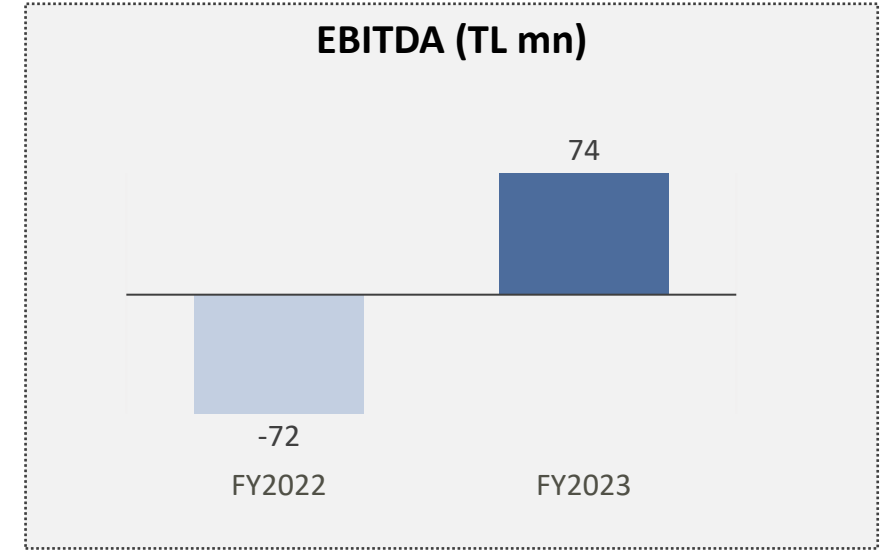


Gross Profit (TL mn) & Gross Margin (%)



EBITDA¹ at TL74 mn in FY23

- Operating Expenses increased by 7.3%, mainly due to higher General & Administrative expenses. Opex/Sales ratio was 15.9%, 0.3 points lower than FY22
- Net Income/Exp from other operating activities of TL433 mn was 150% higher in FY23 due to income from maturity and fx differences.
- EBITDA was TL74 mn in FY23, vs. –TL72 mn in FY22.

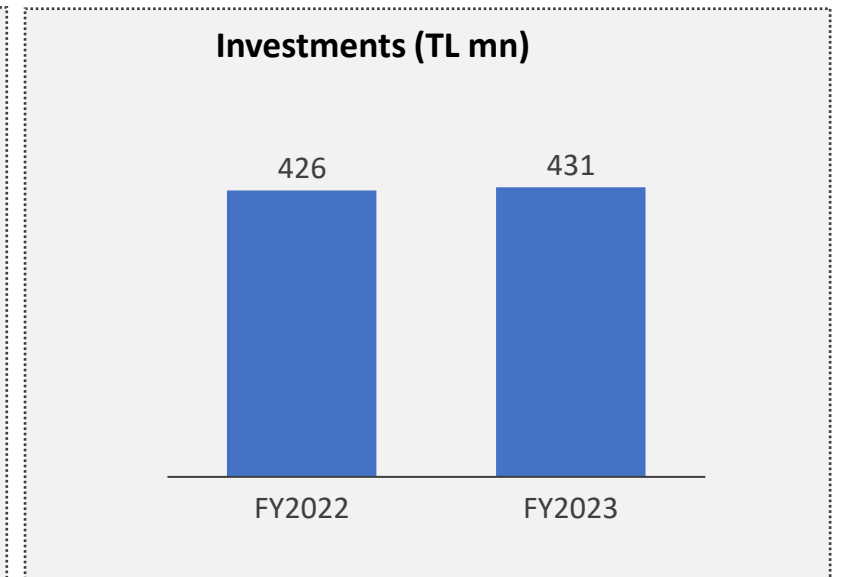
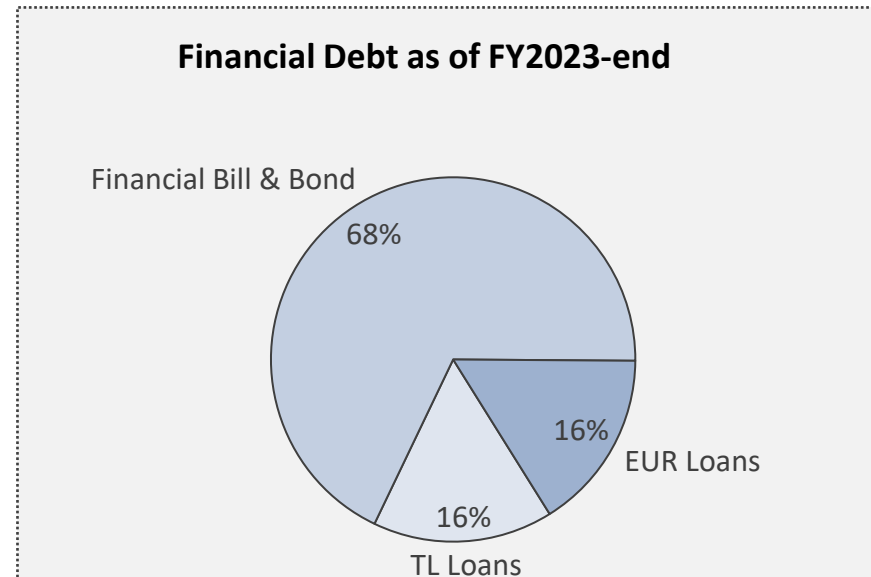


Net Financial debt at TL2.9 bn

- Net Financial Debt was TL2.9 bn at FY2023-end.
- Diversified funding sources, via EBRD loan and issue of bond offerings
- As of 2023-end, 16% of TL2.9 bn financial debt is in FX.
- Investments reached TL431 mn in FY23, vs. TL426 mn in FY22.

TL mn	FY2022	FY2023
Cash and cash equivalents	474	93
ST Financial Debt	3.826	2.125
LT Financial Debt	247	865
Net Financial Debt (Cash)	3.599	2.897

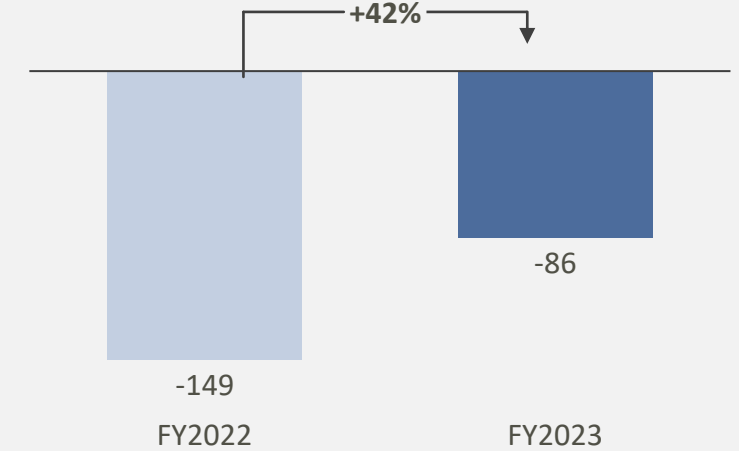
**Leasing liabilities not included*



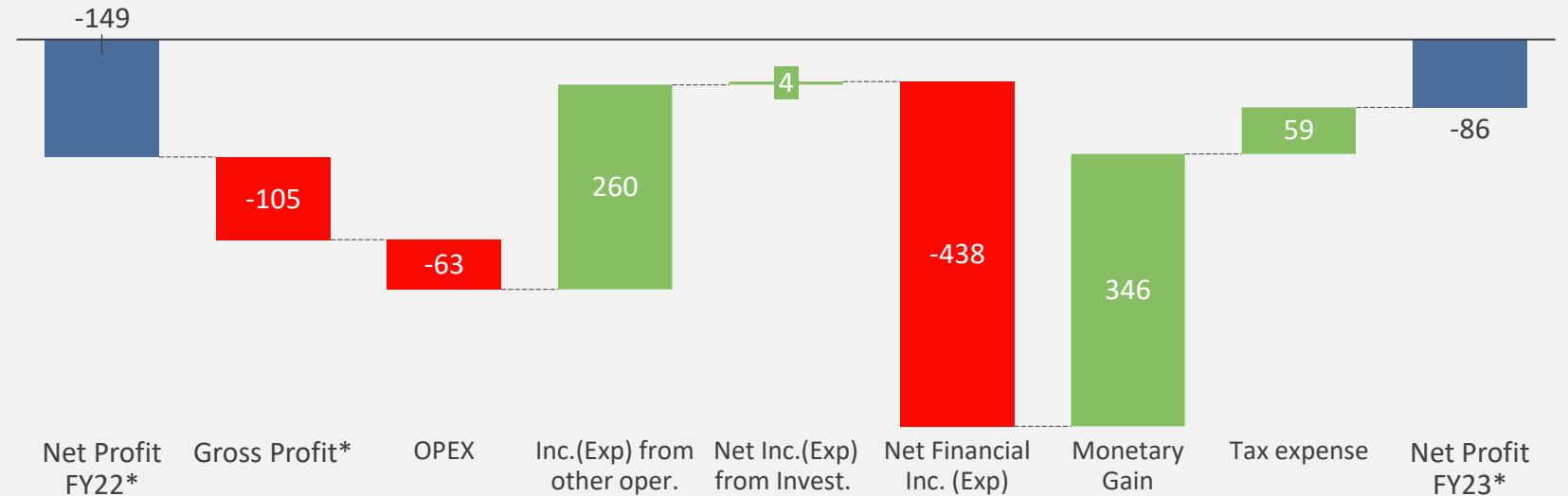
Net Loss of TL 86 mn

- Net loss of 86 mn TL; improved by 42% from the 149 mn TL loss in FY22.
- Despite more than doubling net financial expenses (TL750 mn in FY23 vs. TL312 mn in FY22) due to higher interest rates and debt position; Monetary Gain (TL798 mn TL in FY23 vs. TL452 mn in FY22) had a positive impact
- Tax expense was TL 25 mn at FY2023 vs. TL84 mn in FY22.

Net Profit (TL mn)



Net Profit Bridge (TL mn)



TL mn	FY2022	FY2023	Δ %
Sales	5.249	5.752	10%
Domestic sales	3.410	3.863	13%
Exports	1.838	1.888	3%
Cost of sales (-)	4.780	5.388	13%
Gross profit	469	364	-22%
Operating Expenses (-)	854	917	7,3%
Marketing expenses (-)	449	425	-5%
General administrative expenses (-)	395	476	20%
Research and development expenses (-)	10	16	63%
Other Income(Exp) from Operating Act., net	173	433	150%
Operating Profit/(Loss)	-212	-120	43%
EBITDA	-72	74	-
Income(Exp) from Investing Act., net	6	10	68%
Finance Income/ (Expense), net	-312	-750	140%
Monetary Loss Gain	452	798	76%
Profit/(Loss) before tax	-65	-62	-
Tax expense	-84	-25	-71%
Current tax expense	-34	-59	73%
Deferred tax income (expense)	-50	34	-169%
Net Profit/(Loss)	-149	-86	42%
Gross Margin	8,9%	6,3%	-3 pp
Operating Margin	-4,0%	-2,1%	2 pp
EBITDA Margin	-1,4%	1,3%	3 pp
Net Profit Margin	-2,8%	-1,5%	1 pp

Balance Sheet -Summary (TL mn)	FY2022	FY2023
Current Assets	6.776	4.925
Cash	474	93
Trade receivables	1.391	1.339
Inventories	4.264	3.077
Non-current Assets	1.430	1.682
Total Assets	8.207	6.608
Current Liabilities	5.120	3.215
Short-term financial borrowings	3.152	1.400
Short-term portion of long-term borrowings	674	725
Trade payables	1.049	885
Non-current Liabilities	483	1.036
Long-term financial borrowings	247	865
Shareholder's Equity	2.603	2.357
Total Liabilities & Equity	8.207	6.608
Net Financial Debt	3.599	2.897

Ratios	FY2022	FY2023
Current Ratio	1,32	1,53
Liquidity Ratio	0,49	0,58
Net Financial Debt/Equity	1,38	1,23
Working Capital (TL Mn)	4.605	3.531



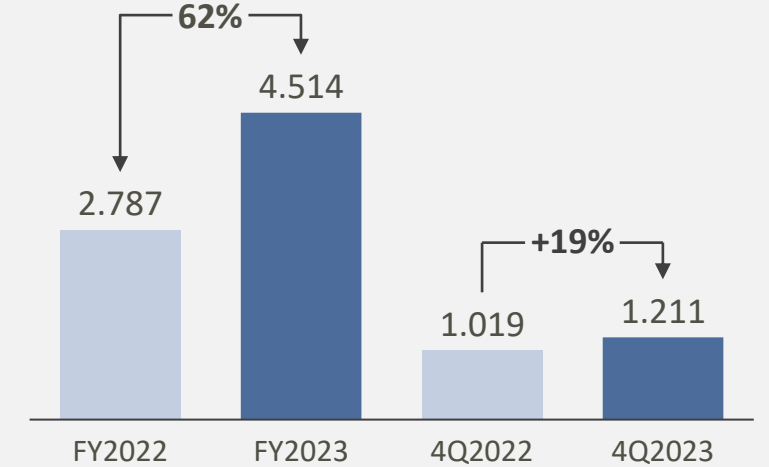
Appendix

Historical Financials

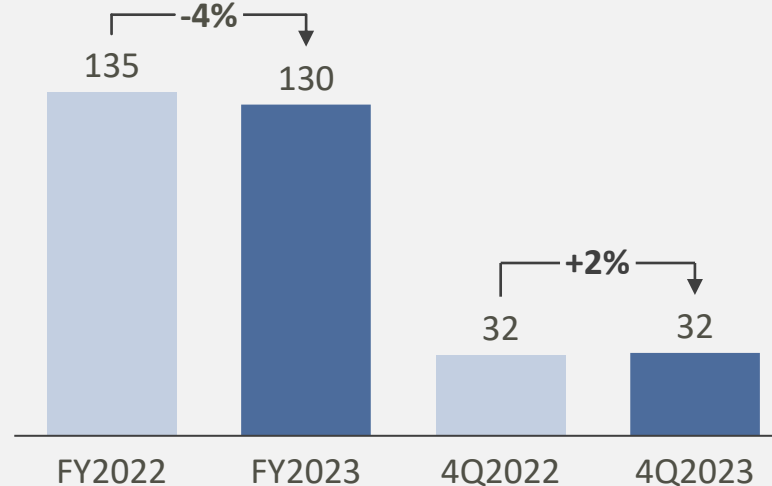
Revenues
TL4.5 bn, up by
62% yoy

- Net sales was TL4.5 bn in FY23; up by 62% yoy.
 - Annual sales volume dropped slightly 4% in FY23 vs FY22, but realized a 2% increase in 4Q.
 - Domestic sales in TL terms increased by 66% in FY23, yoy, thanks to higher prices; while Exports was up by 54% in TL terms.

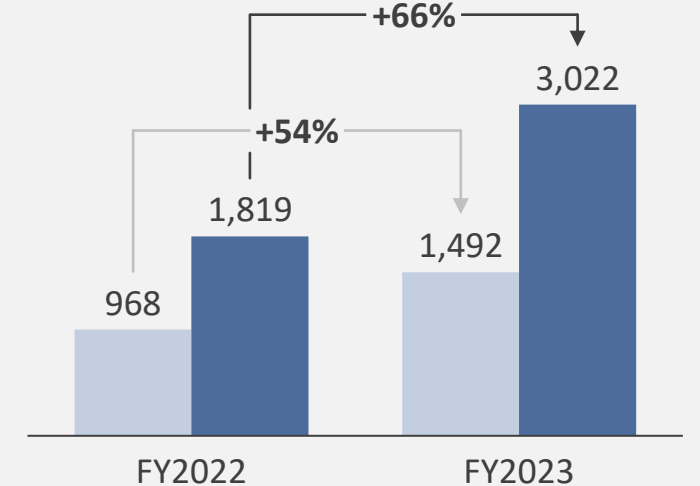
Net Sales (TL Mn)



Total Sales Volume (000 Tons)



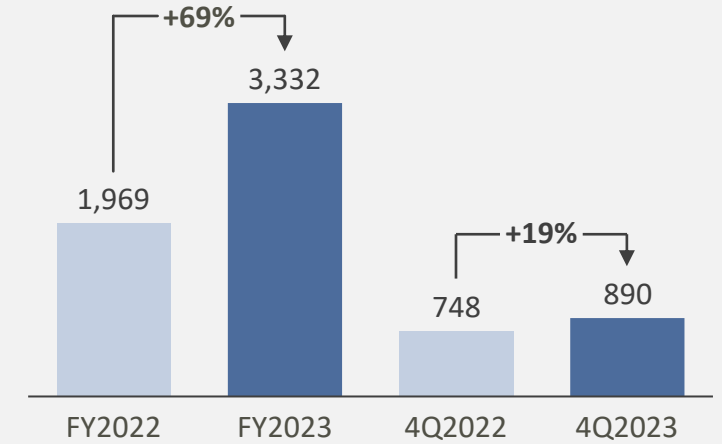
Exports (net) Domestic (net) TL mn



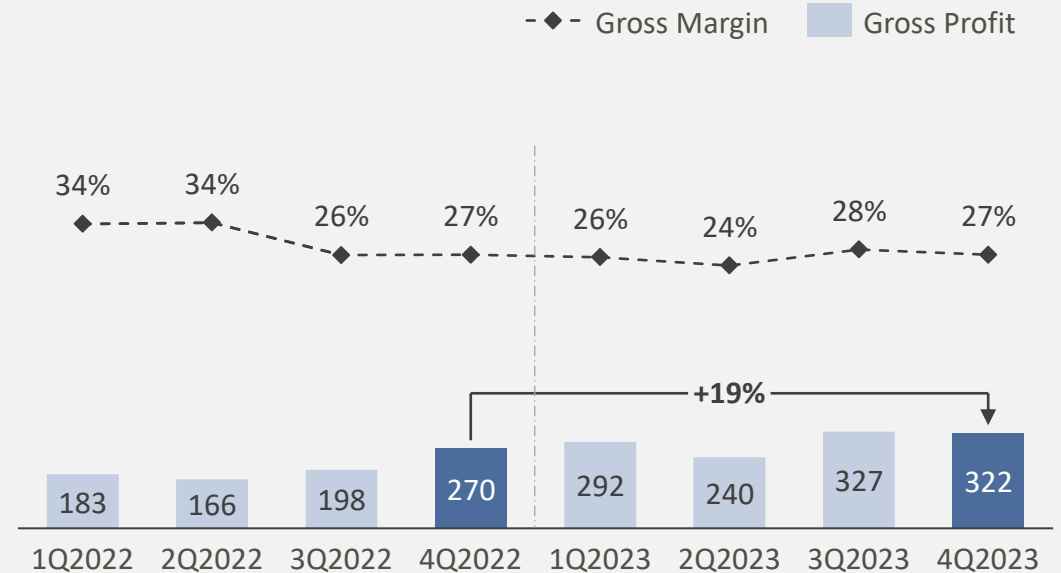
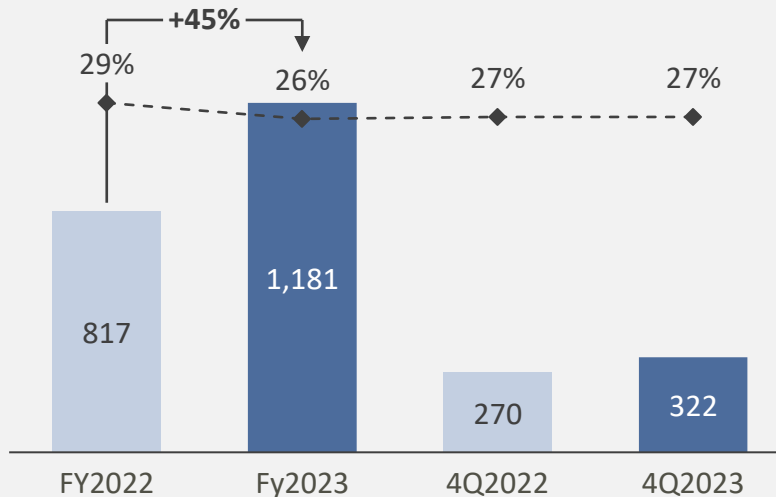
New season cost increases much lower vs. a year ago

- Elevated harvesting season costs in 2022 led to a pressure on margins in 2H22 and 1H23 results.
- COGS in 4Q23 was up by 19% yoy, vs. 69% in FY23. Gross profit increased by 46% yoy to TL1,181 mn in FY23.
- Gross margin was 26% in FY23, vs. 29% in FY22; whereas it was 27% in 2H23, the same levels attained in 2H22.

COGS (TL Mn)

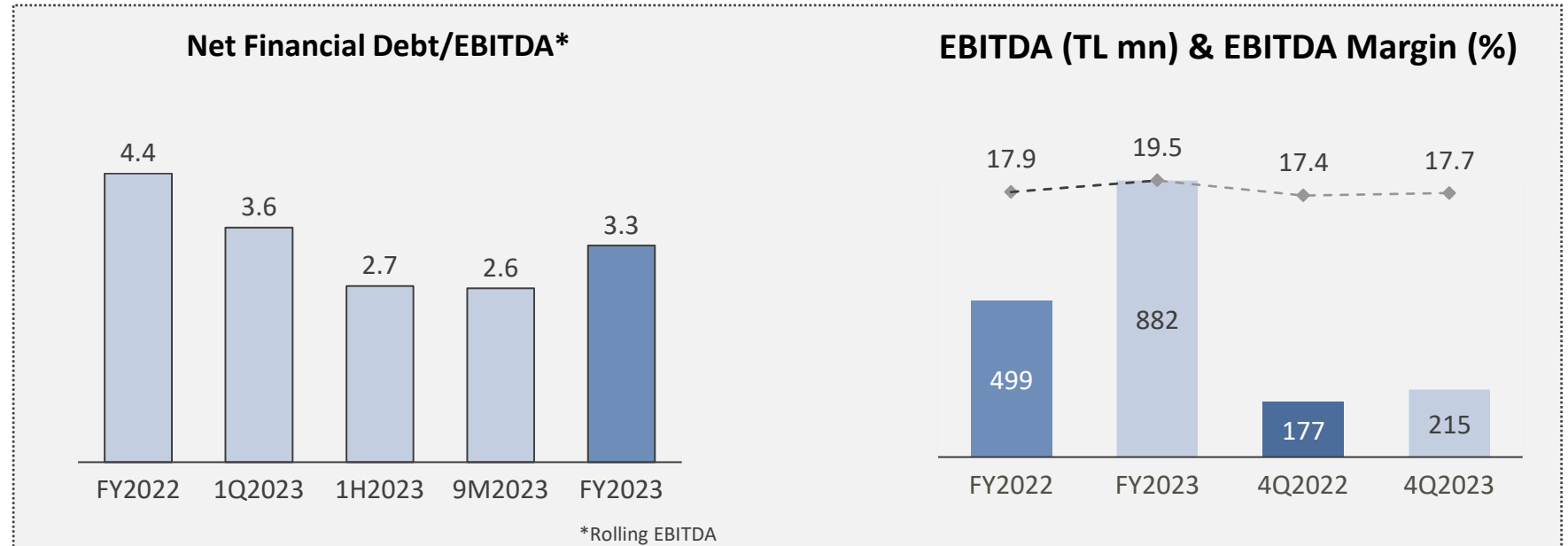
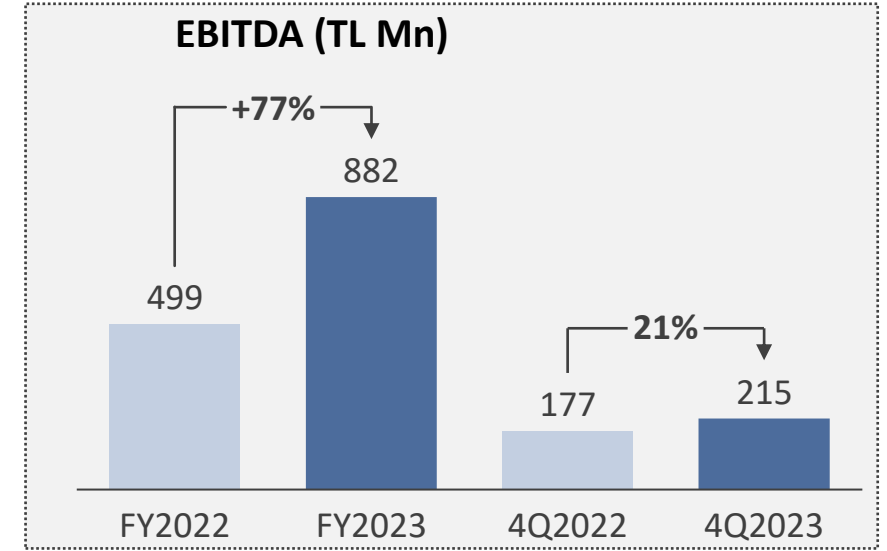


Gross Profit (TL mn) & Gross Margin (%)



EBITDA¹ at
TL882 mn,
up by 77%

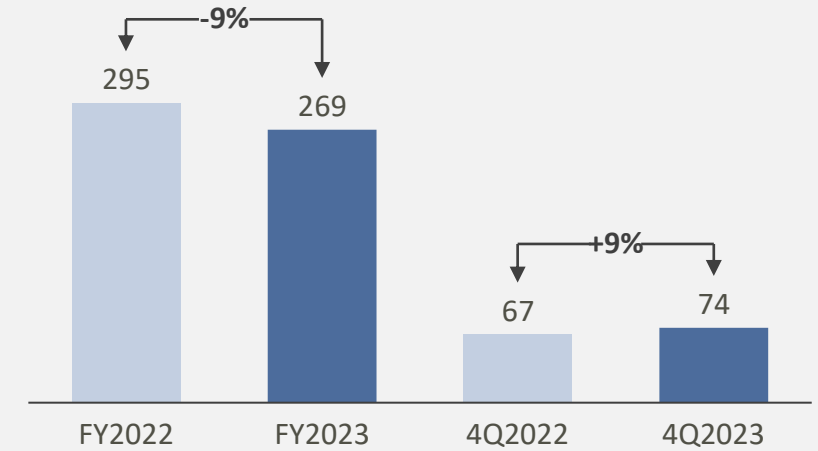
- EBITDA at TL882 mn in FY23, displayed a yoy increase of 77%; while EBITDA margin was 1,6 points higher with 19.5% in FY23 vs. 17.9% in FY22.
- Income/Exp from operating activities was higher in FY23 due to income from maturity and fx differences.
- Comparing 4Q23 vs 4Q22: EBITDA margin came in at 17.7% in 4Q23, vs. 17.4% attained in 4Q22.



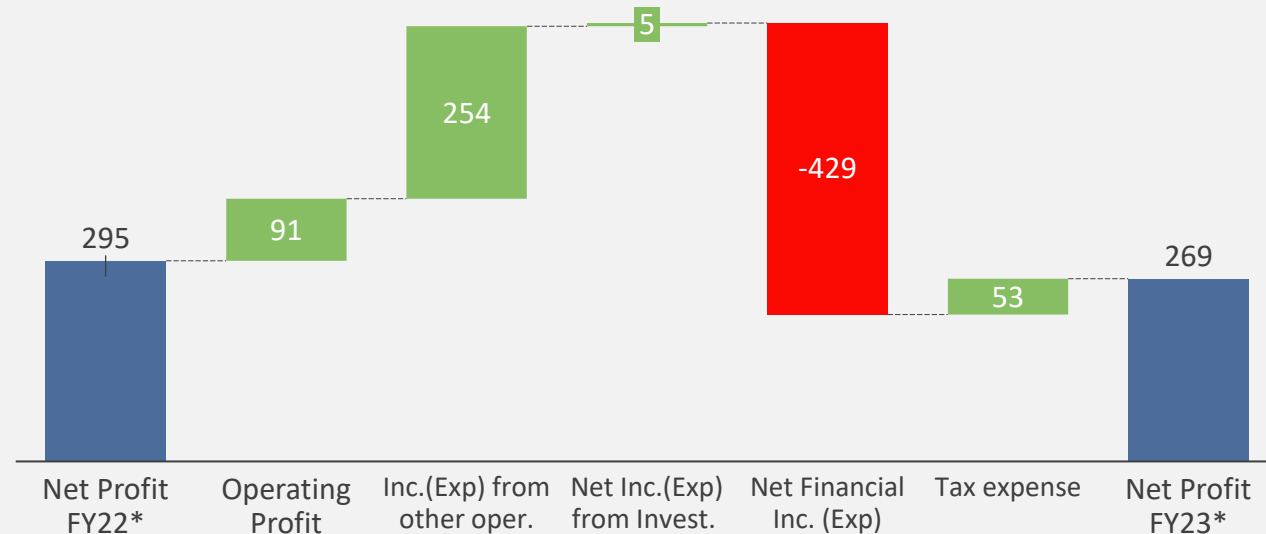
Net Profit came in at TL269 mn

- Net Profit at TL269 mn in FY23, vs. TL295 mn in FY22 due to higher financial expenses.

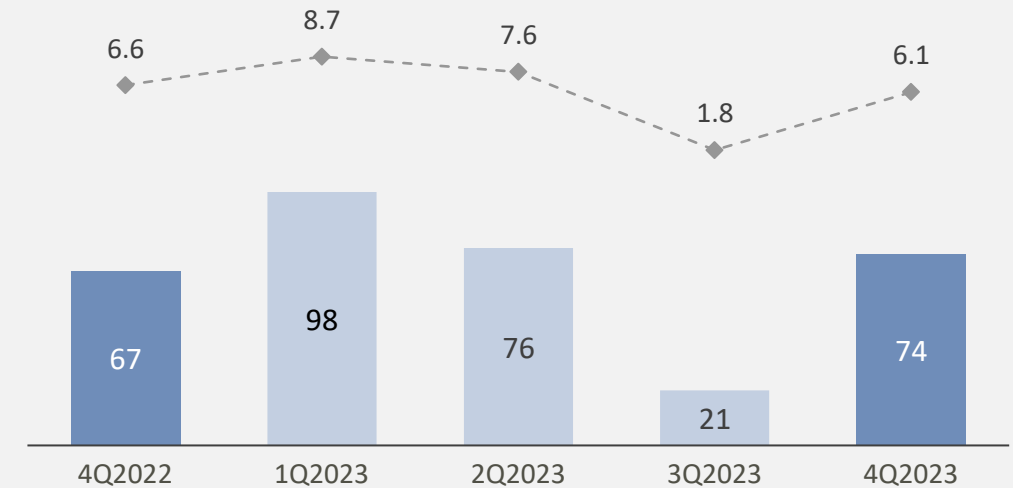
Net Profit (TL mn)



Net Profit Bridge (TL mn)



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





Thank you

For further questions please contact:

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