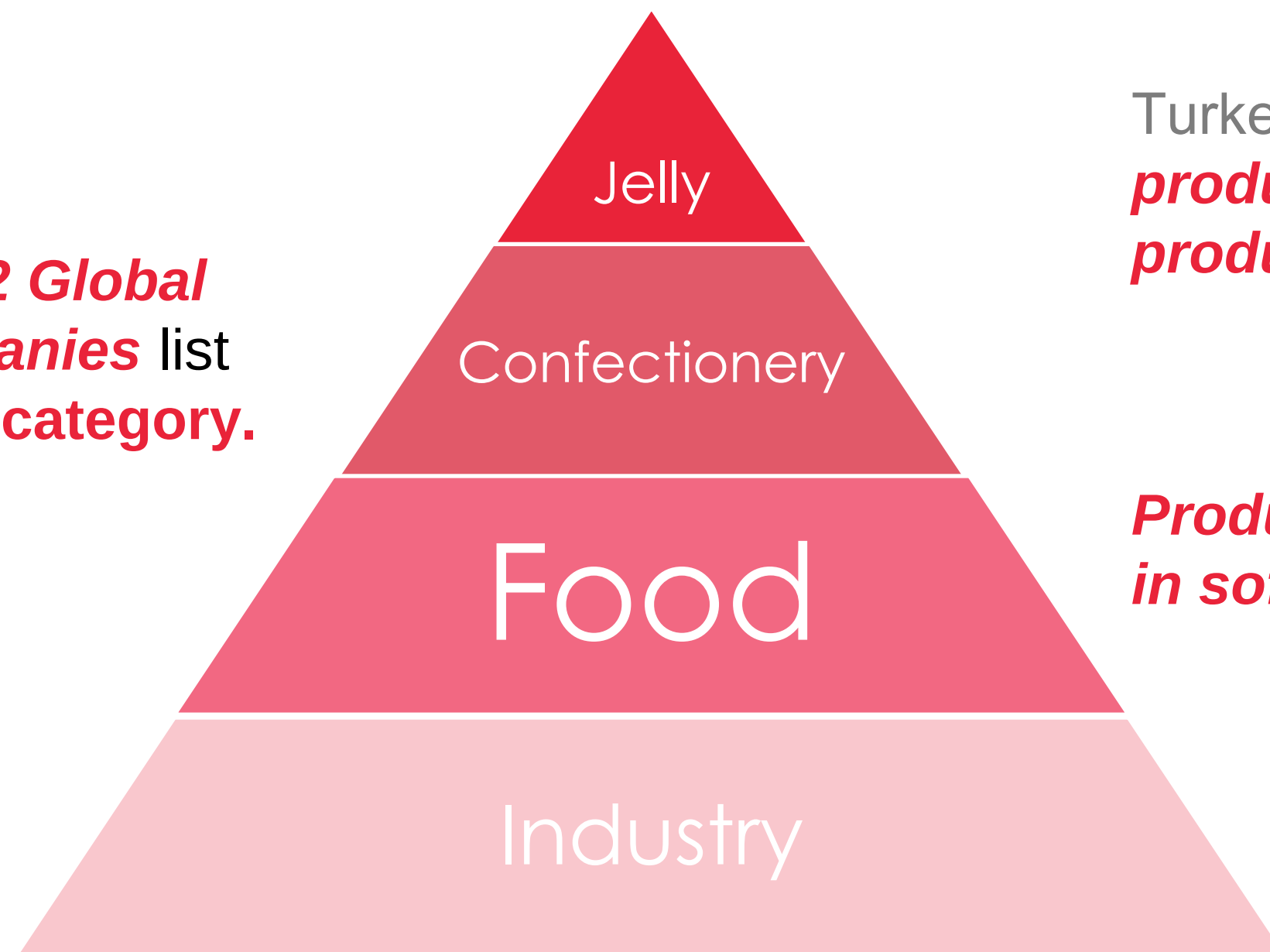




kervan

Sector

Ranked 82. in the *2022 Global Top 100 Candy Companies* list and ranked 6th in our category.



Turkey's leading *soft candy producer with the highest production capacity*



Producing the most varieties in soft candy in the world

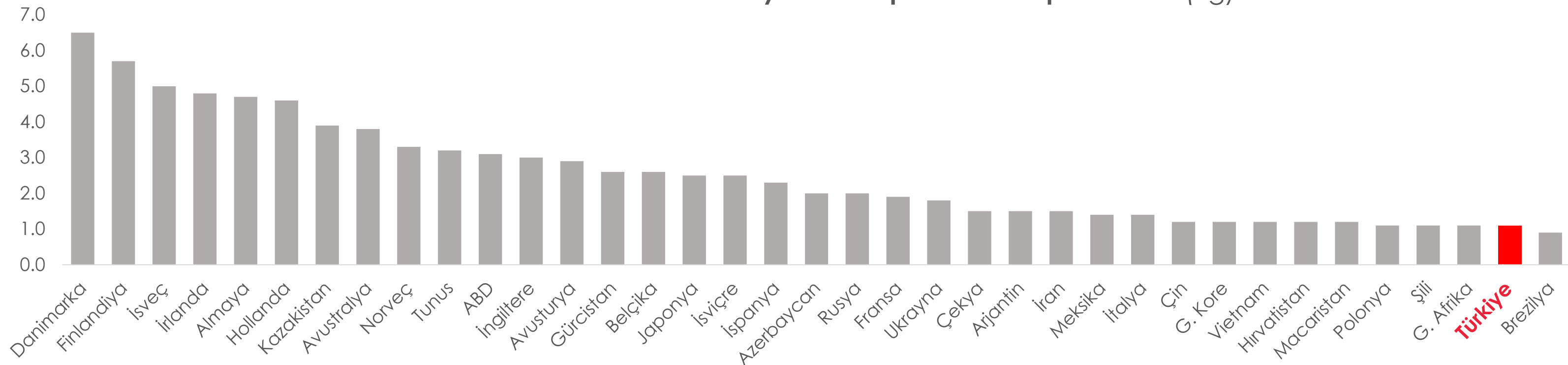
Global Confectionery Sector

Consumption per capita was **1,1 kg/year** in Turkey. When this data is evaluated on a global scale, it remains quite low. The countries that are in the top three in terms of per capita confectionery consumption are;

- **Denmark – 6,5 kg/year**
- **Finland – 5,7 kg/year**
- **Sweden – 5 kg/year**

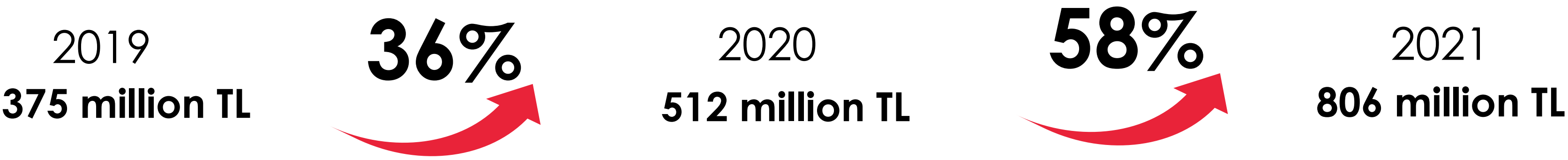
There is no clear relationship between per capita income and per capita confectionery consumption when we consider the country-based habit differences.

Global Confectionery Consumption Per Capita - 2021 (kg)



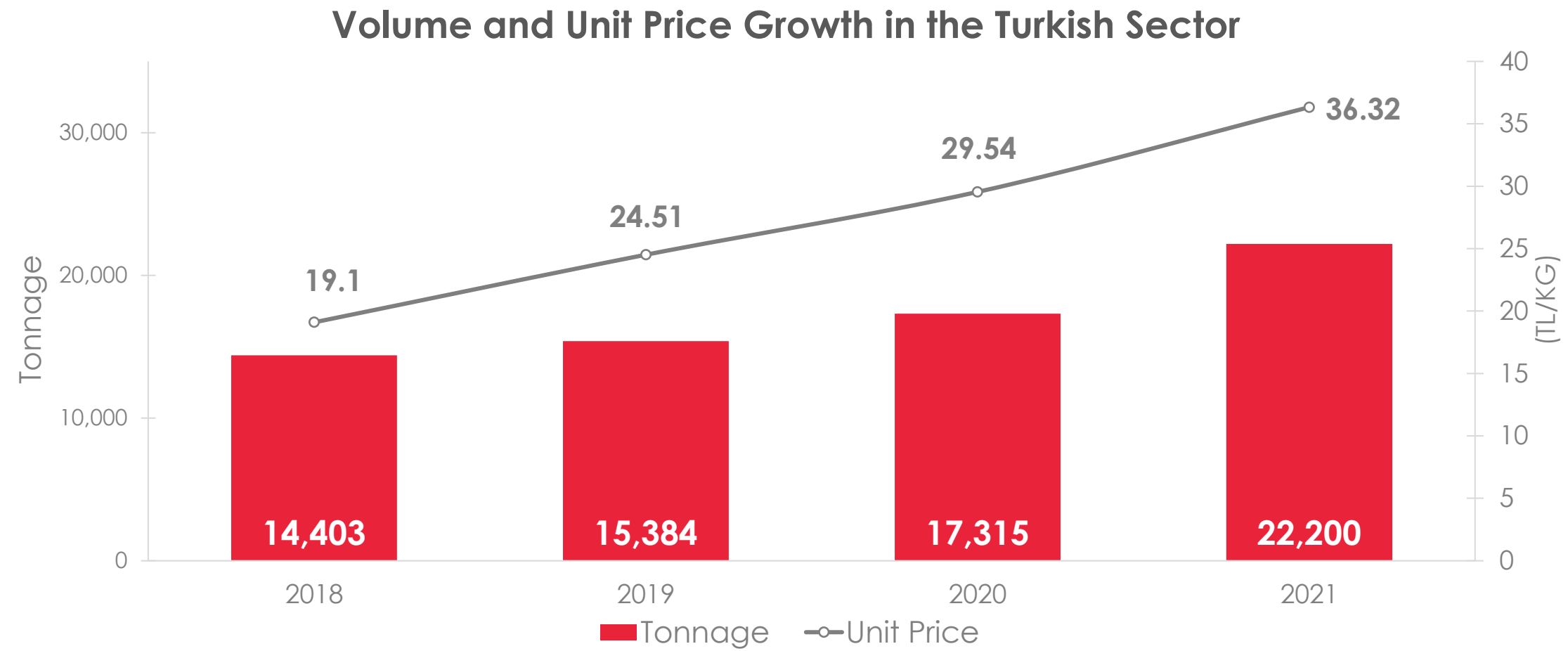
Source: Euromonitor, World Bank

Turkish Confectionery Sector



According to the tonnage-based market share data as of 2022Q1, Kervan Gıda's **Bebeto** brand ranks 2nd with a 21,2% share.

**2022 Q1
TONNAGE-BASED
MARKET SHARE
%49**



Source: Nielsen

Who are we?



Export to
85 Countries

Soft Candy
Highest Capacity





kervan



Kervan Gıda is **ranked 6th** in the Candy Industry **"2022 Global Top 100 Candy Companies"** list



Kervan Gıda is ranked **429th** in the list of **"Turkey's Top 500 Industrial Companies in 2021"** published by the Istanbul Chamber of Industry in 2022.

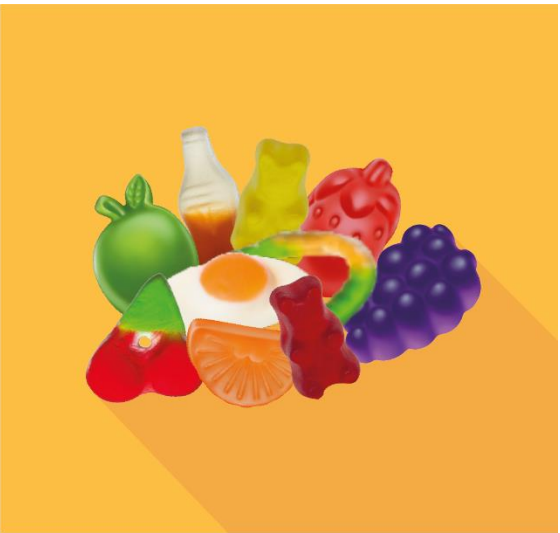


Kervan Gıda is ranked **65th** among the **Top 100 Most Valuable Turkish Brands** in Brandirectory (31 million USD) as of 2022.



Kervan Gıda is ranked **348th** in the list of Fortune 500 which includes the **500 Largest Companies in Turkey.**

Product Categories



Product-based Capacities



Jelly
46.500
tones/year



Licorice
17.500
tones/year



Gum
3.600
tones/year



Marshmallow
4.200
tones/year



Hard Candy
3.000
tones/year



Dragees
5.400
tones/year



Surprise Eggs
43,2 Millions
piece/year



Breakfast Products
4.800
tones/year

CURRENT CAPACITY:
Tonnage-based: 117.900 tones/year
Piece-based: 83,2 million piece/year



Toys
40 Millions
piece/year



Hard Candy
1.400
tones/year



Marshmallow
9.360
tones/year



Halva
2.150
tones/year



Chocolate Candy
5.600
tones/year



Snacks
3.750
tones/year



Bar
1.280
tones/year



Jelly
9.360
tones/year

2020 - 2021

Developments



Poland
Acquisition

ZPC Otmuchów and its subsidiary PWC Odra, leading soft candy manufacturers in Poland, joined Kervan Gıda.



Transformation
Movement

An inhouse transformation movement has been initiated aiming **optimized capacity utilization rate, efficiency and profitability** by **providing simplicity** in all processes.



UK
USA

Private label production for **Walmart in US market** and **ASDA in UK market** has started.



Sustainability
Projects

Solar energy investments, anaerobic waste water treatment plant investments and **efforts to reduce carbon emissions** in Akhisar factories have accelerated.

Digitalization

The goal is to manage company processes quickly and digitally.

It is planned to ensure data security and monitoring of data.



Simple and sustainable management style is aimed.

Production and Management standards are planned to be extended.

Profitability

It is designed to increase the profitability.

It is aimed to increase the profitability of the company in terms of both pricing and expenses.

Automation

It is designed to be strong in the competition and to increase the quality of products and services by increasing quickness and agility in production.

1

It is a transformation movement planned to provide simplicity in all processes while adapting to the growing business volume.

2

DOPA aims to improve processes and minimize errors while making optimum use of digitalization.

3

One of the most important goals is to use the capacity in the most efficient way, to create the highest level of value, to ensure permanent improvements in costs through standardization.

2020 – 2023 Sustainability Strategy

As Kervan Gıda, to create sustainable value in the fields of Environment, Social Responsibility and Governance for our stakeholders and community welfare.

24% of the Uçantay Plant's energy requirement is provided by solar energy.

Renewable
Energy
and
Waste Water
Investments



ZERO
Complaints in
Food Safety



Reducing
Carbon
Emission

Poland Acquisition

ZPC Otmuchów - PWC Odra

The company has more than 600 employees and 4 production facilities. The annual production capacity in these production facilities is 37.700 tones.

With the acquisition, Kervan Gıda's production capacity increased by 52% and reached 110.000 tons.



GRUPA
OTMUCHÓW

Efficiency Increase



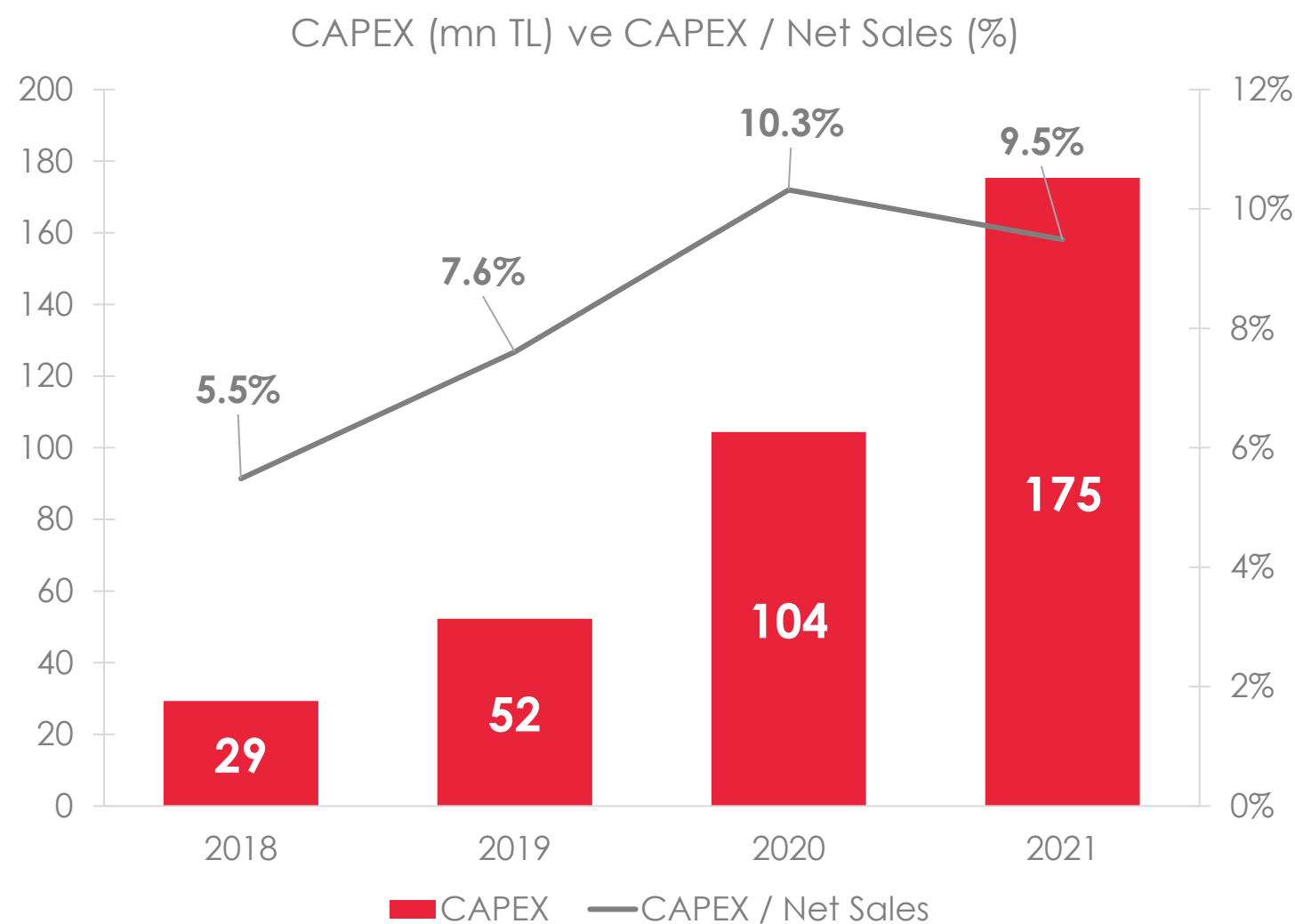
Updates:

- Bar and Halva lines will be consolidated at Nysa location.
- Brzeg plant will be moved to Nysa till the end of the year.
- The production will continue at 2 locations.

2021

CAPEX

- **6. Licorice Line** (5.000 tones/year)
- **Land Purchase** for the New Facility (Akhisar)
- Expansion of Akhisar Facility
- **Sustainability** (Solar Energy Systems / Annually 6000 kWp Saving)



2022

CAPEX

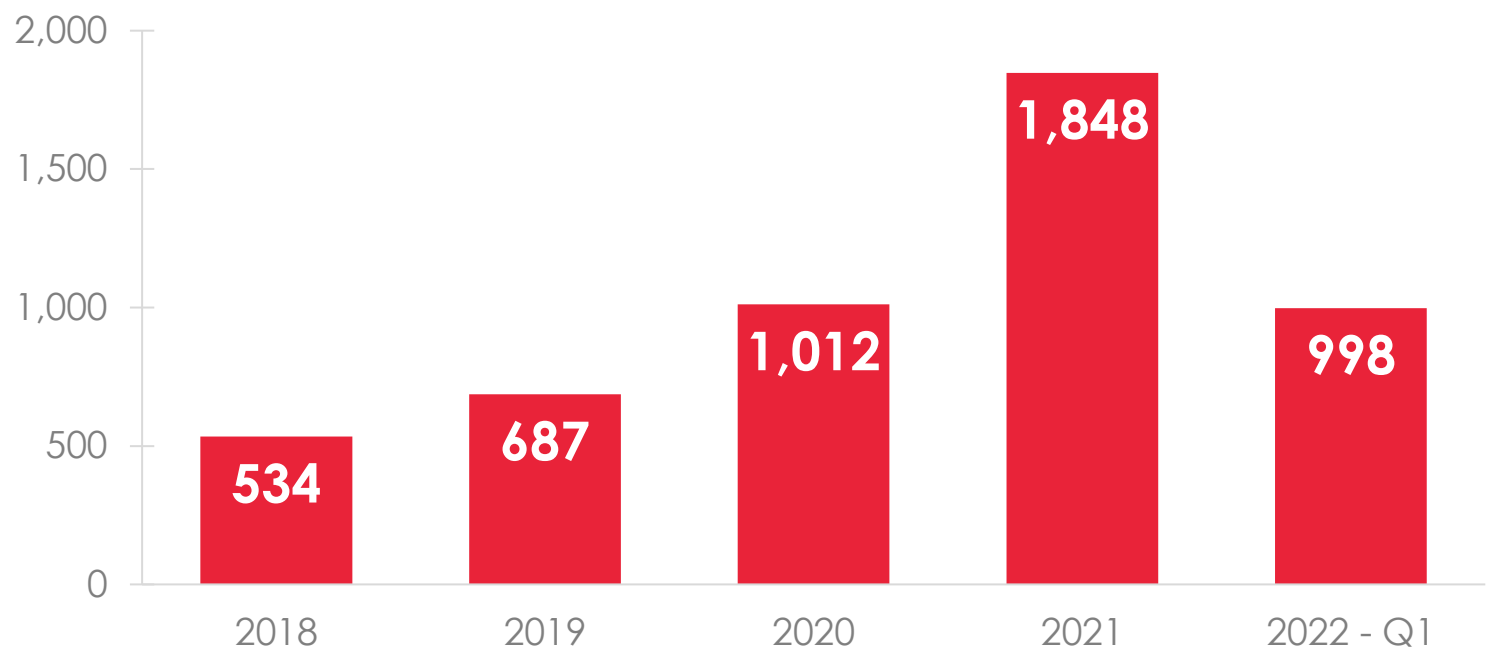
- **DOPA** (4 million EUR)
- **New Facility Construction in Akhisar and Moving of Istanbul Facility** (10 million EUR)
- Construction of a New Production Facility in Akhisar and Moving Istanbul Plant to Akhisar
- Construction of 17.000 Pallet (12.000 tons) Logistics Base in Akhisar
- **Establishment of 7. Licorice Line** (2 million EUR)
- **Solar Energy Investments in Akhisar** (2.5 million EUR)
- **Water Purification Facility Investment** (1.2 million EUR)
- Anaerobic waste water treatment plant investments
- **New Jelly and Licorice Line Investments in Poland** (10 million EUR)
- Increasing Jelly Capacity with the 2. Mogul Line and Moving 1 Licorice Line from Turkey to Poland

A TOTAL OF 30 MILLION EUR CAPEX IS PLANNED IN 2022.

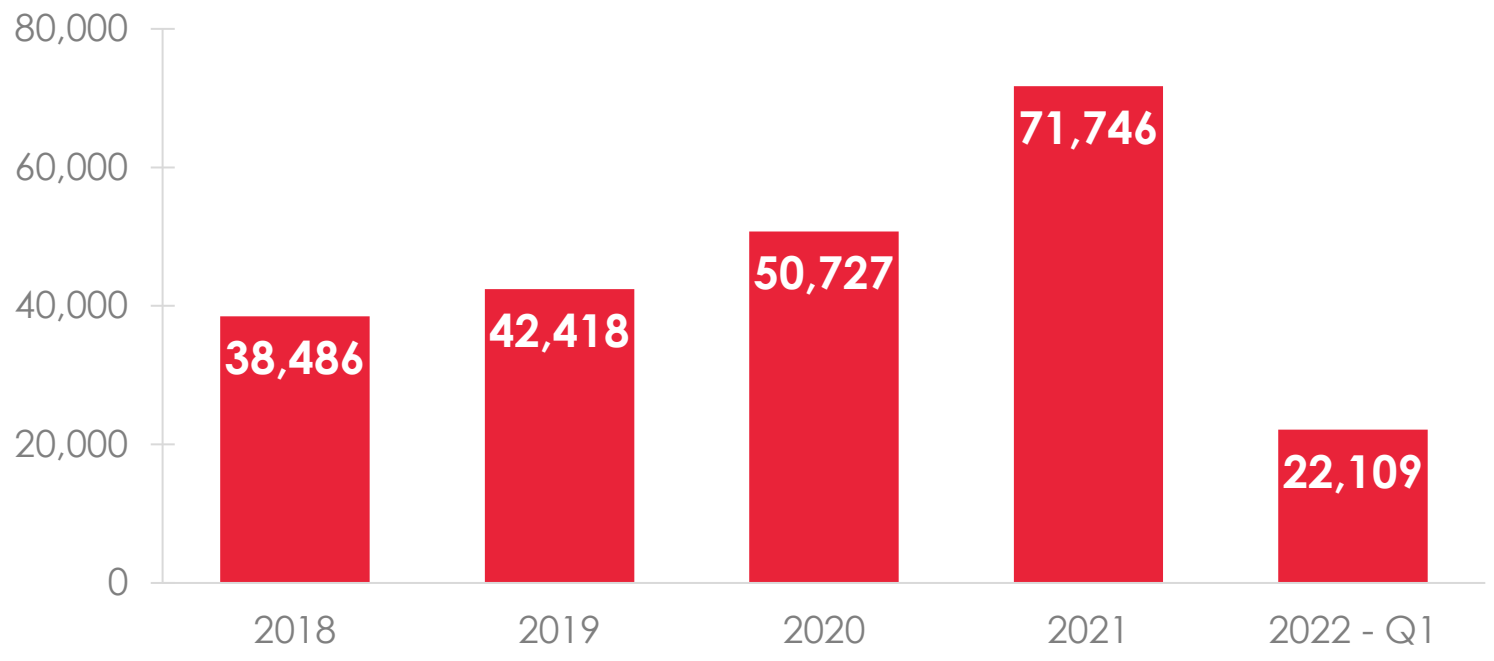
Sales - Consolidated



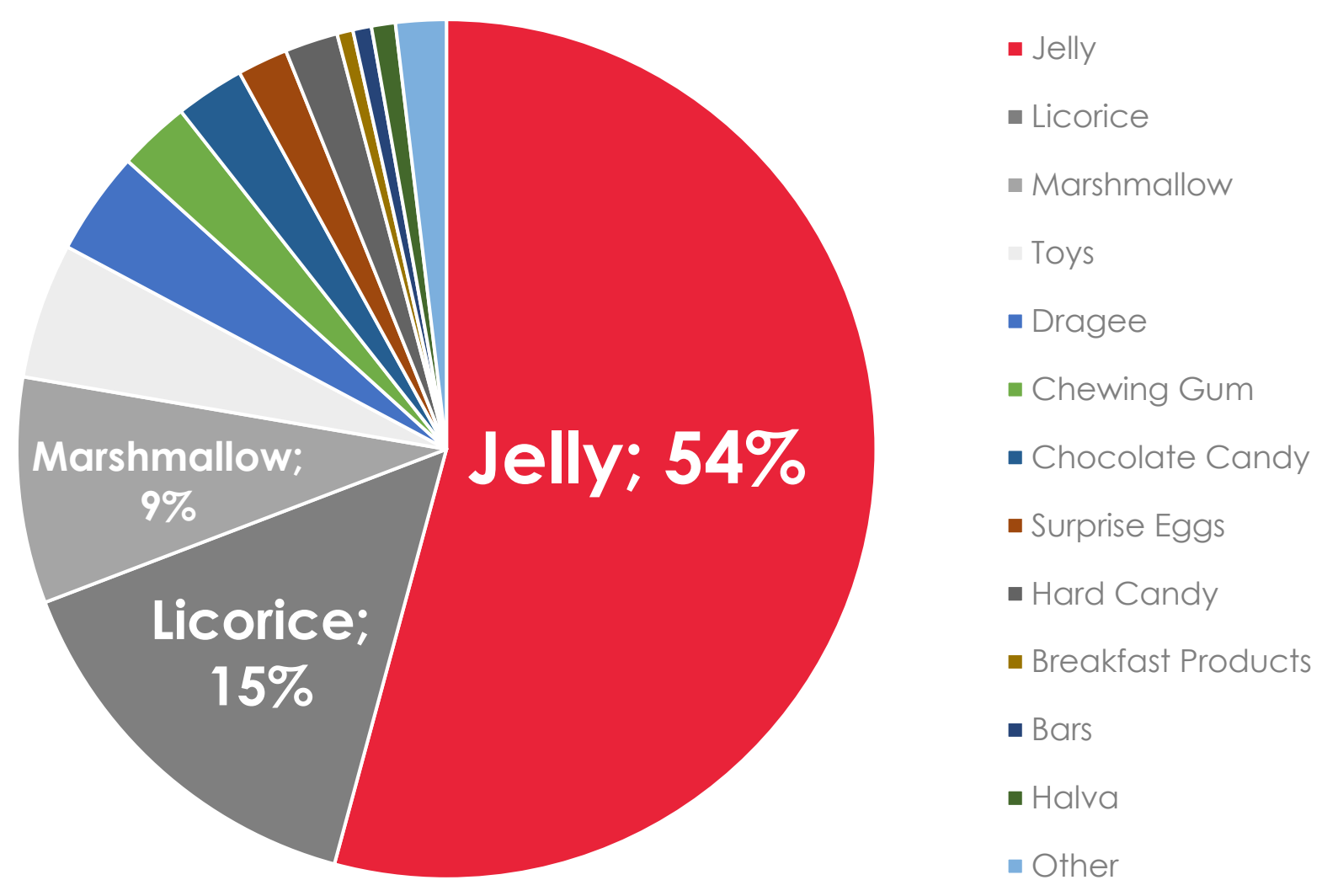
Kervan Gıda Consolidated Sales Revenue (mn TL)



Kervan Gıda Consolidated Sales Volume (tones)



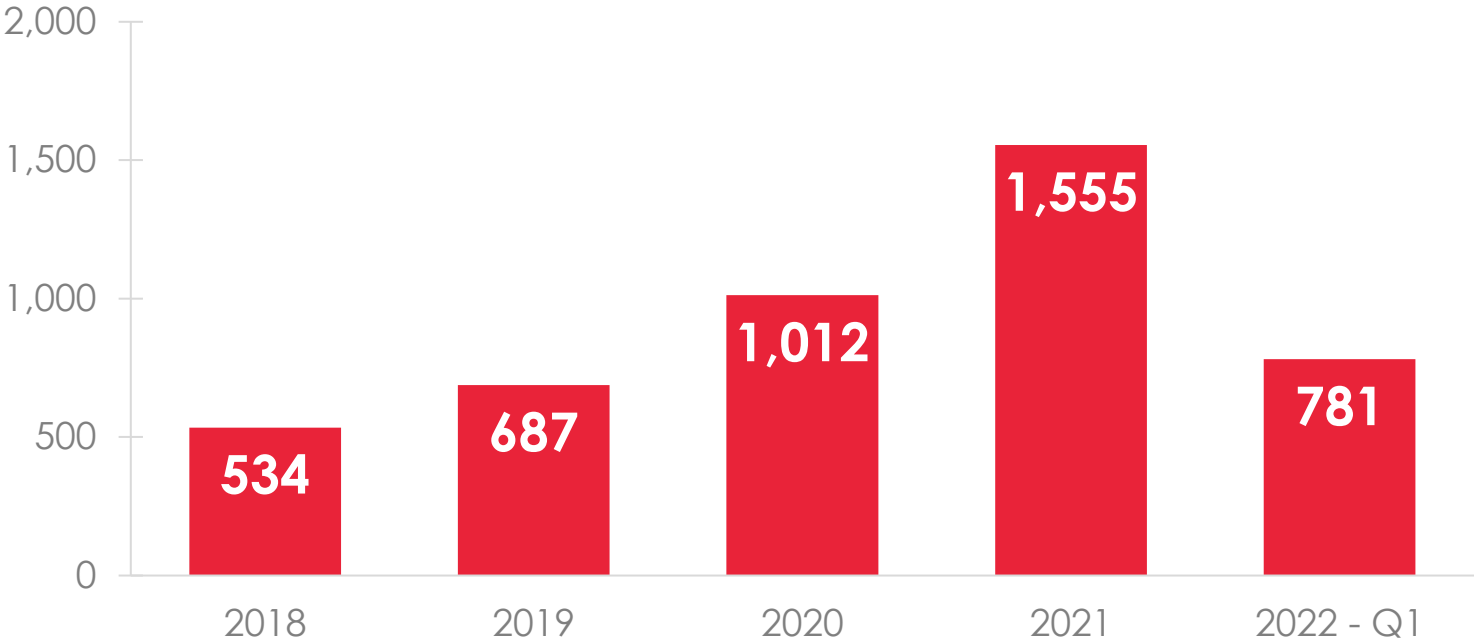
Sales Breakdown by Product - Consolidated (2022 Q1)



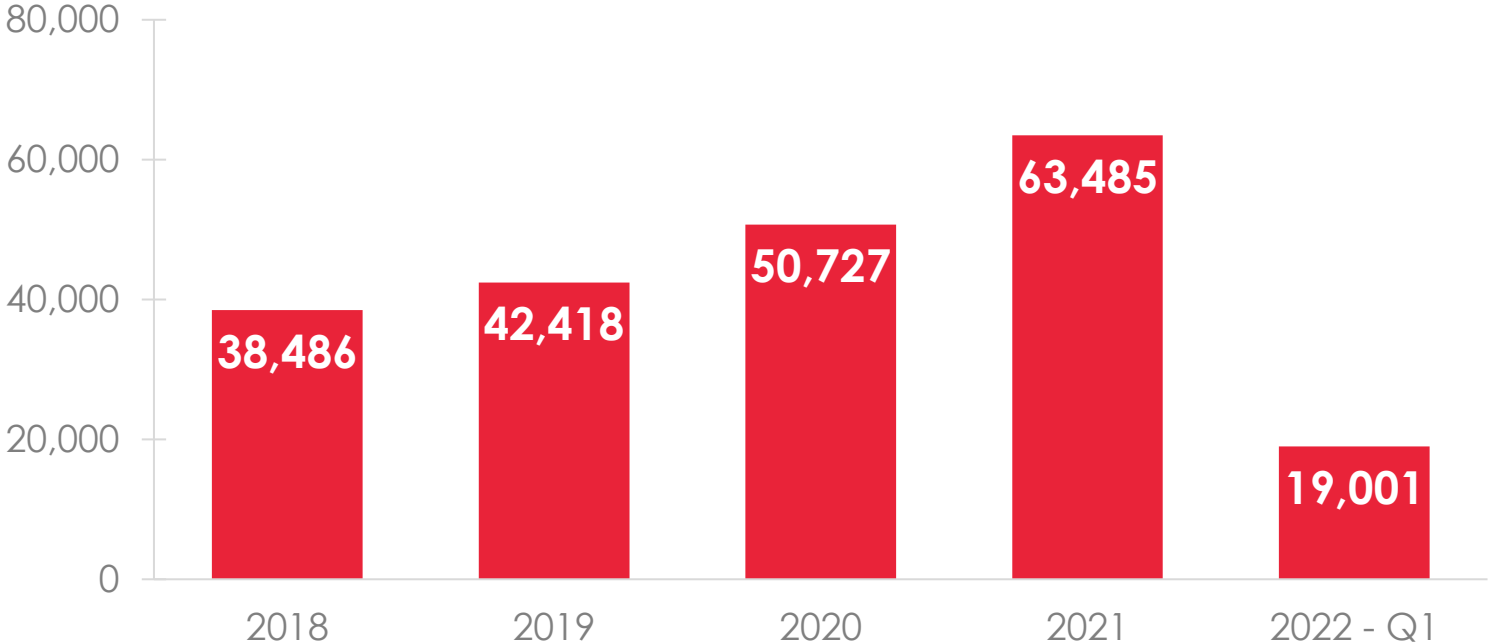
Sales - Turkey



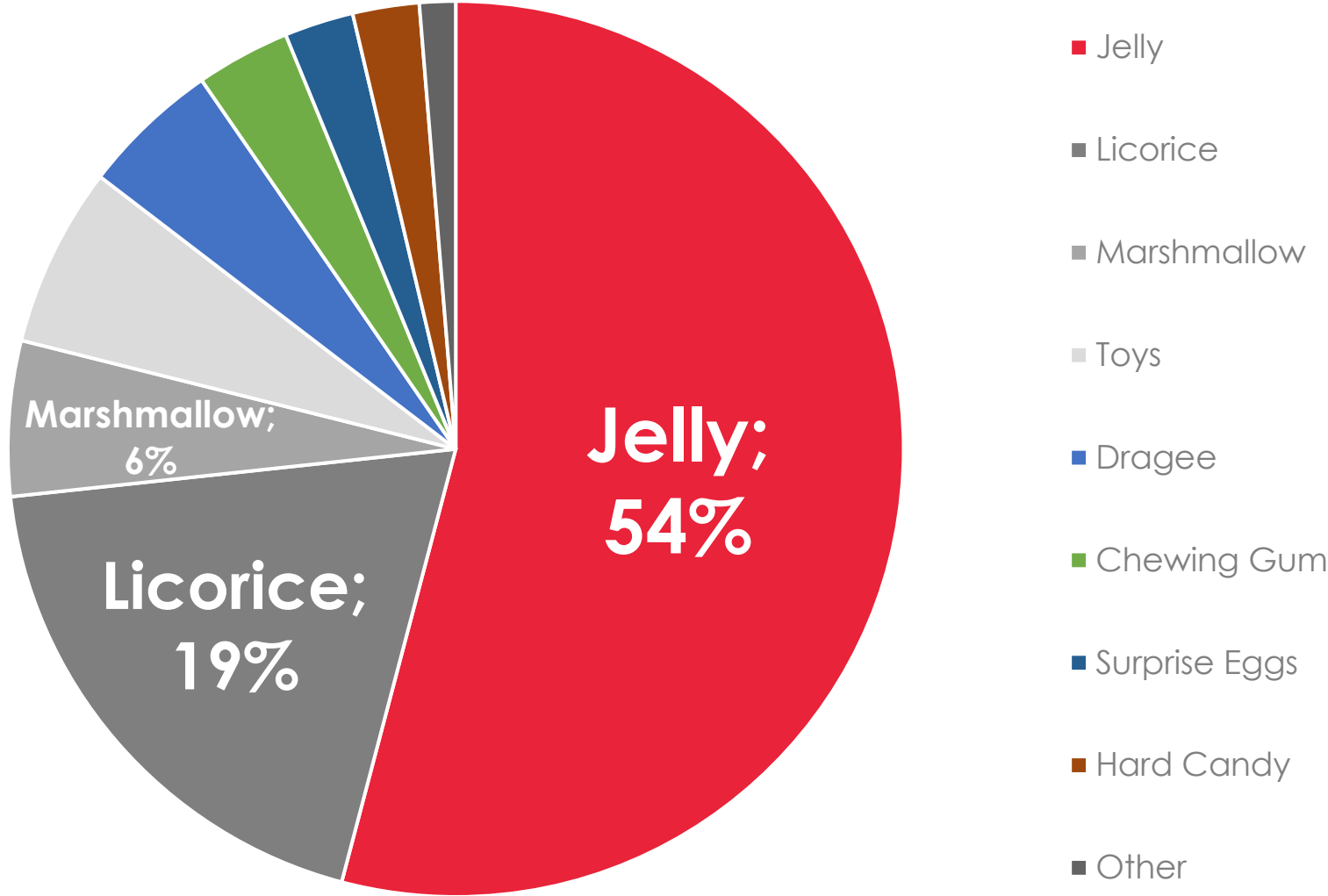
Kervan Gıda Sales Revenue - Turkey (mn TL)



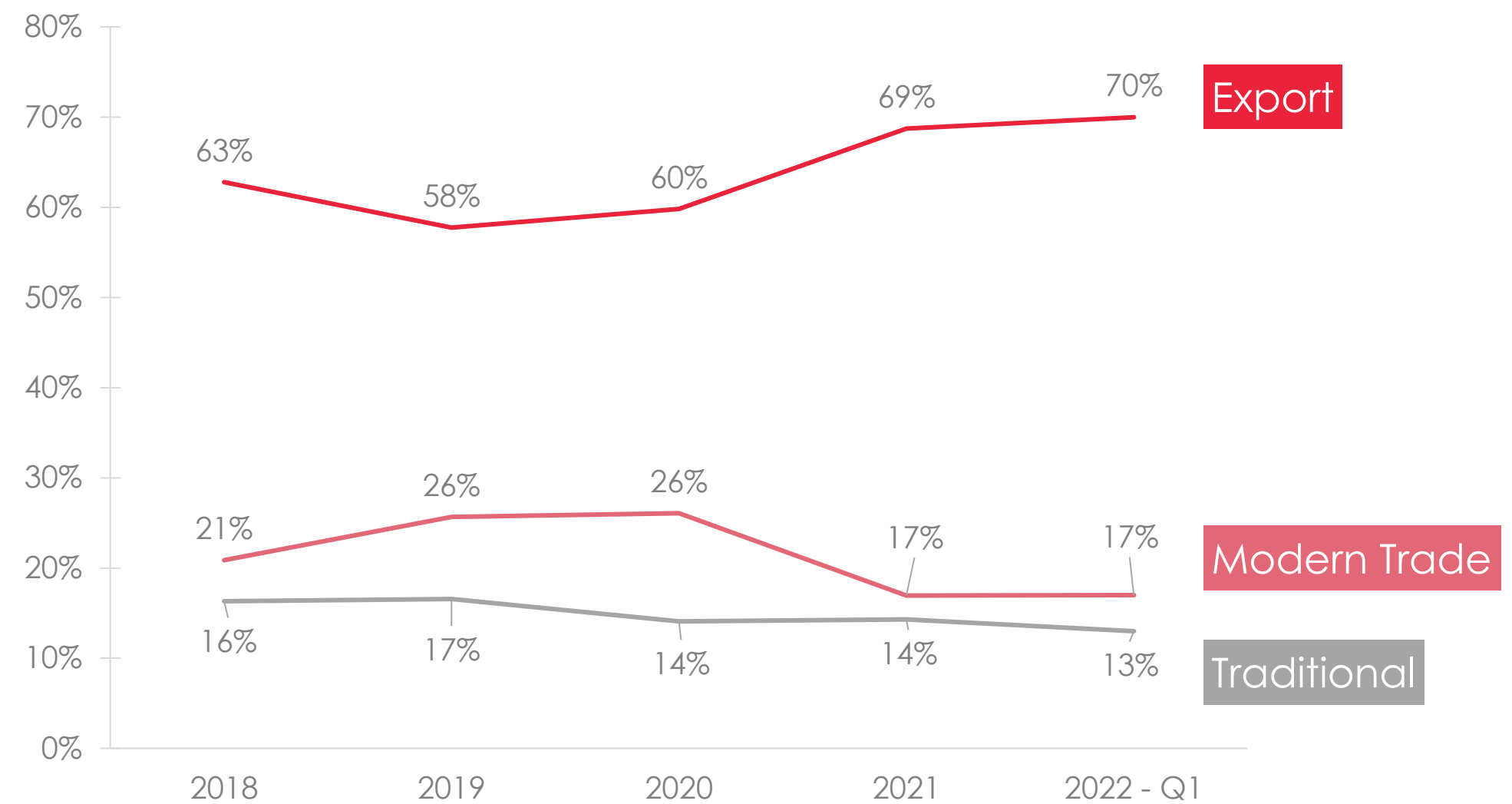
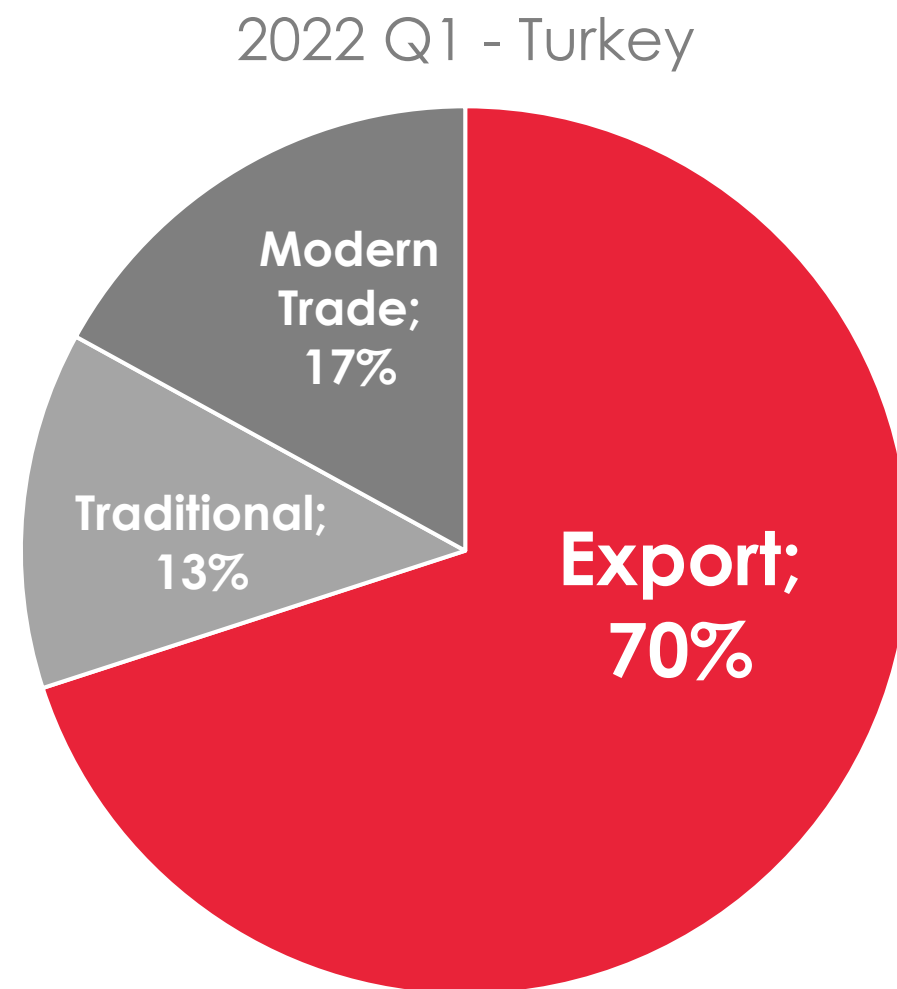
Kervan Gıda Sales Volume - Turkey (tones)



Sales Breakdown by Product – Turkey (2022 Q1)



Channel Based Sales (%) - Turkey



Export from Turkey - 2021



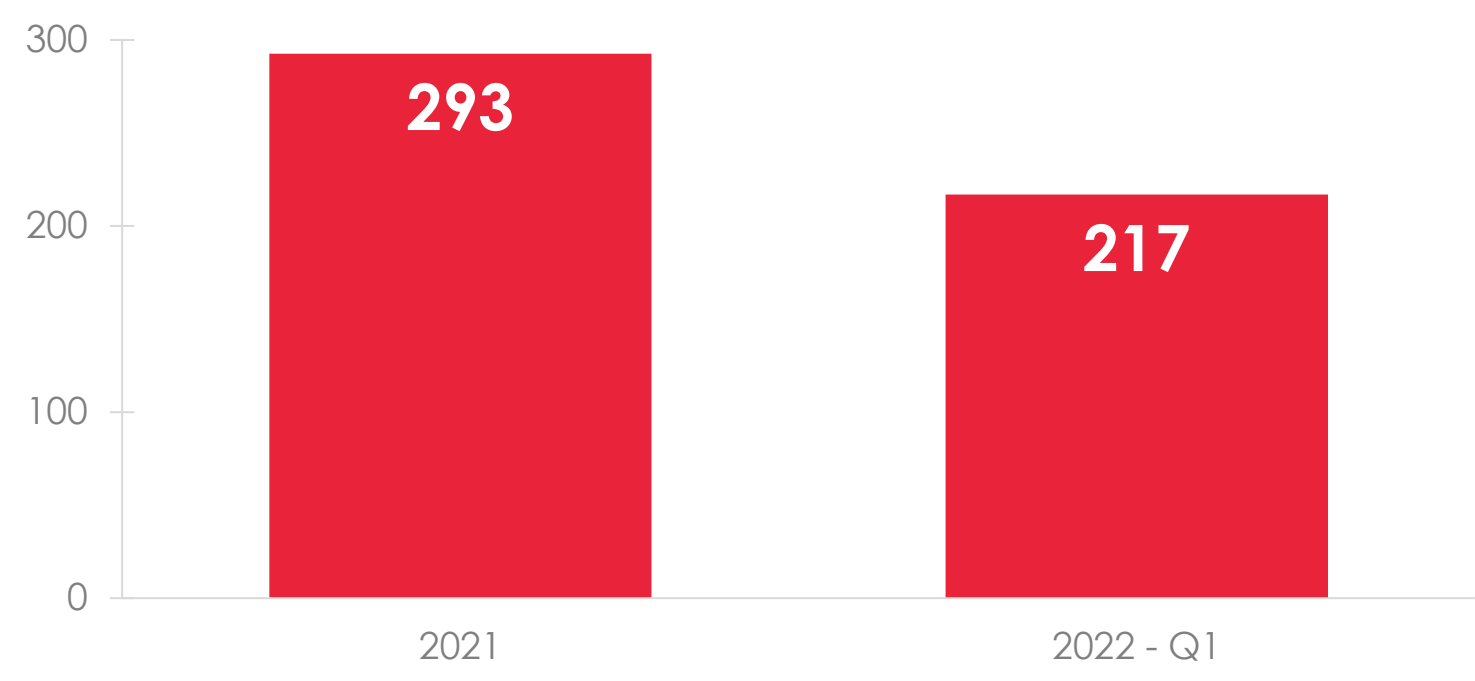
In 2021, **the share of exports** in total turnover was **69%**. While exports in 2021Q1 were 28 million USD, this amount increased by **41%** in 2022Q1 and reached **39 million USD**.

USA, UK and Iraq took the first 3 places in the ranking of the countries to which the most exports were made in 2021. Exports to these 3 countries correspond to **52% of total exports**.

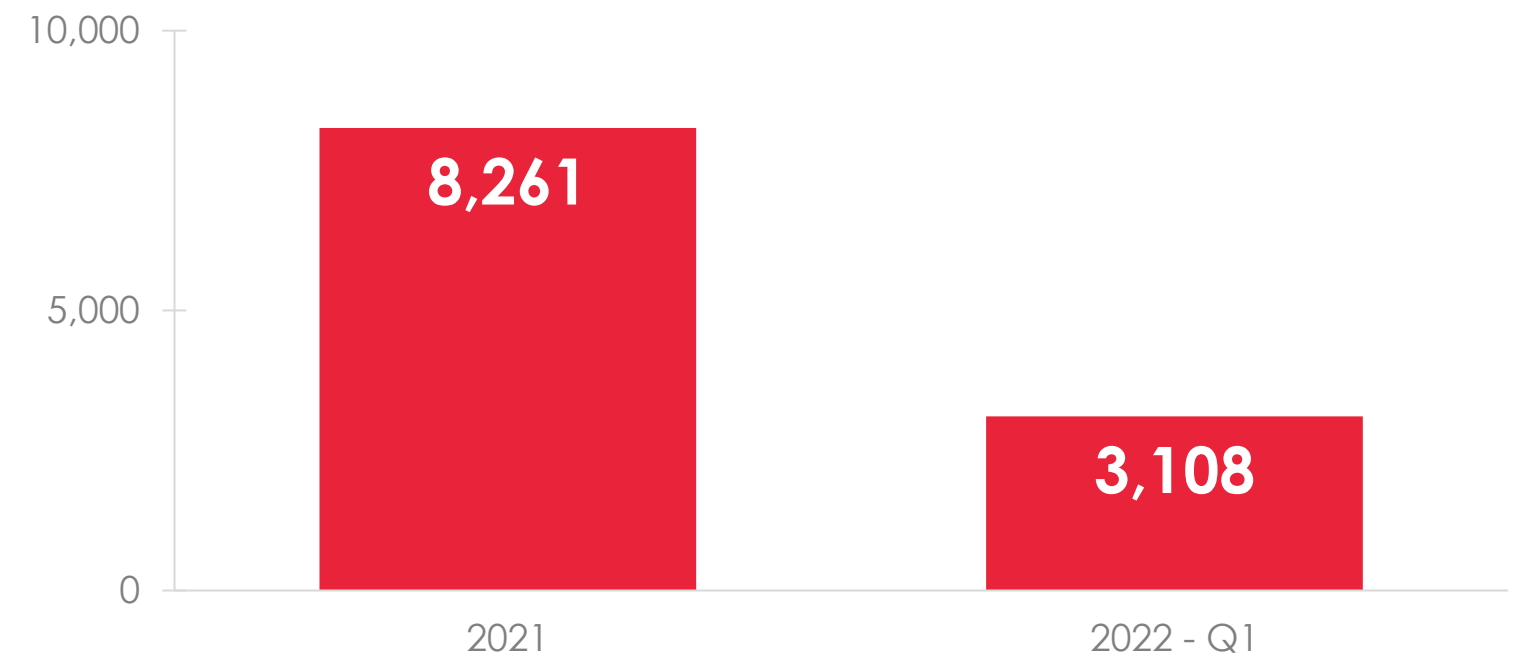
Sales - Poland



Kervan Gıda Sales Revenue - Poland (mn TL)

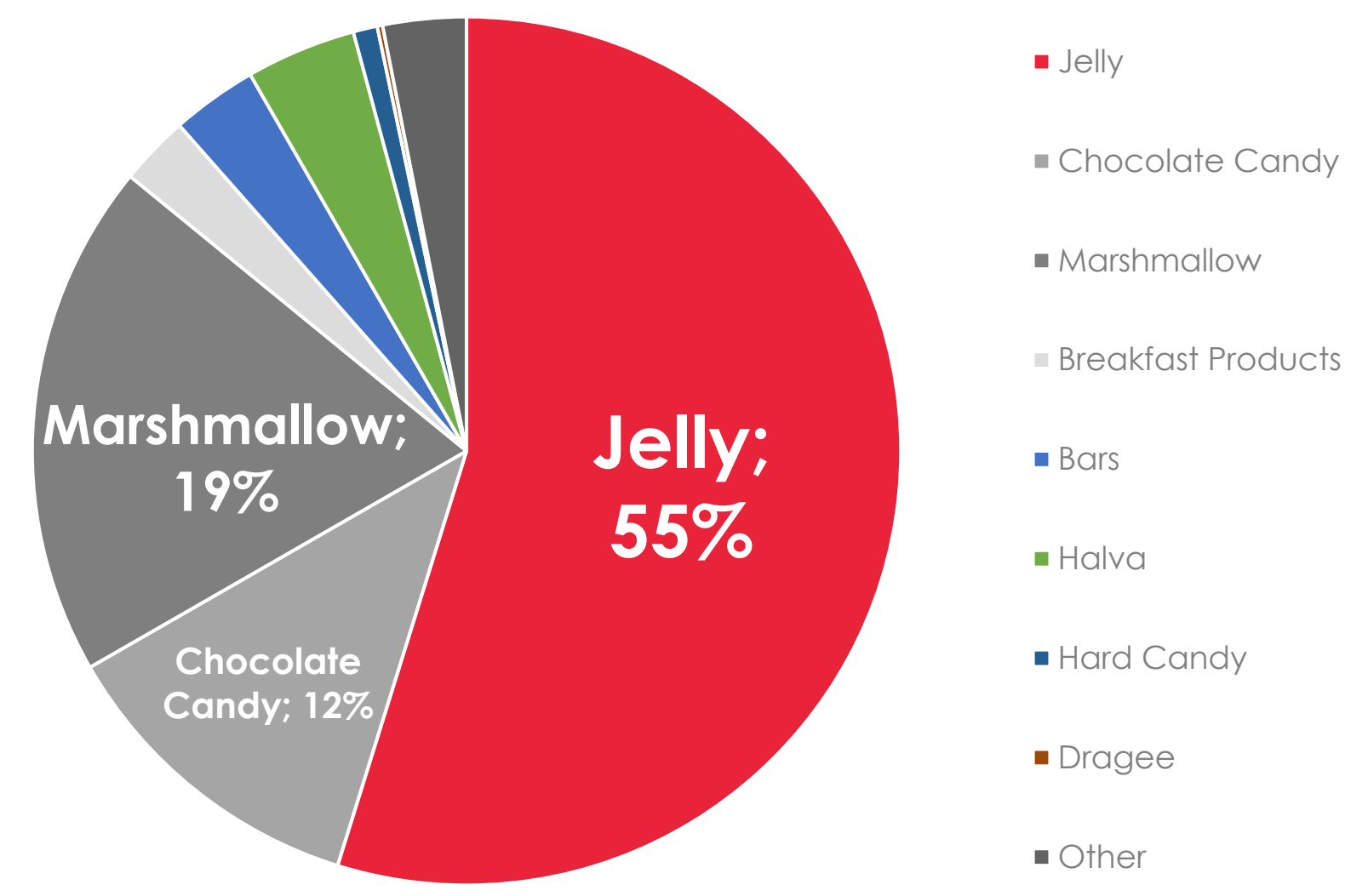


Kervan Gıda Sales Volume - Poland (ton)



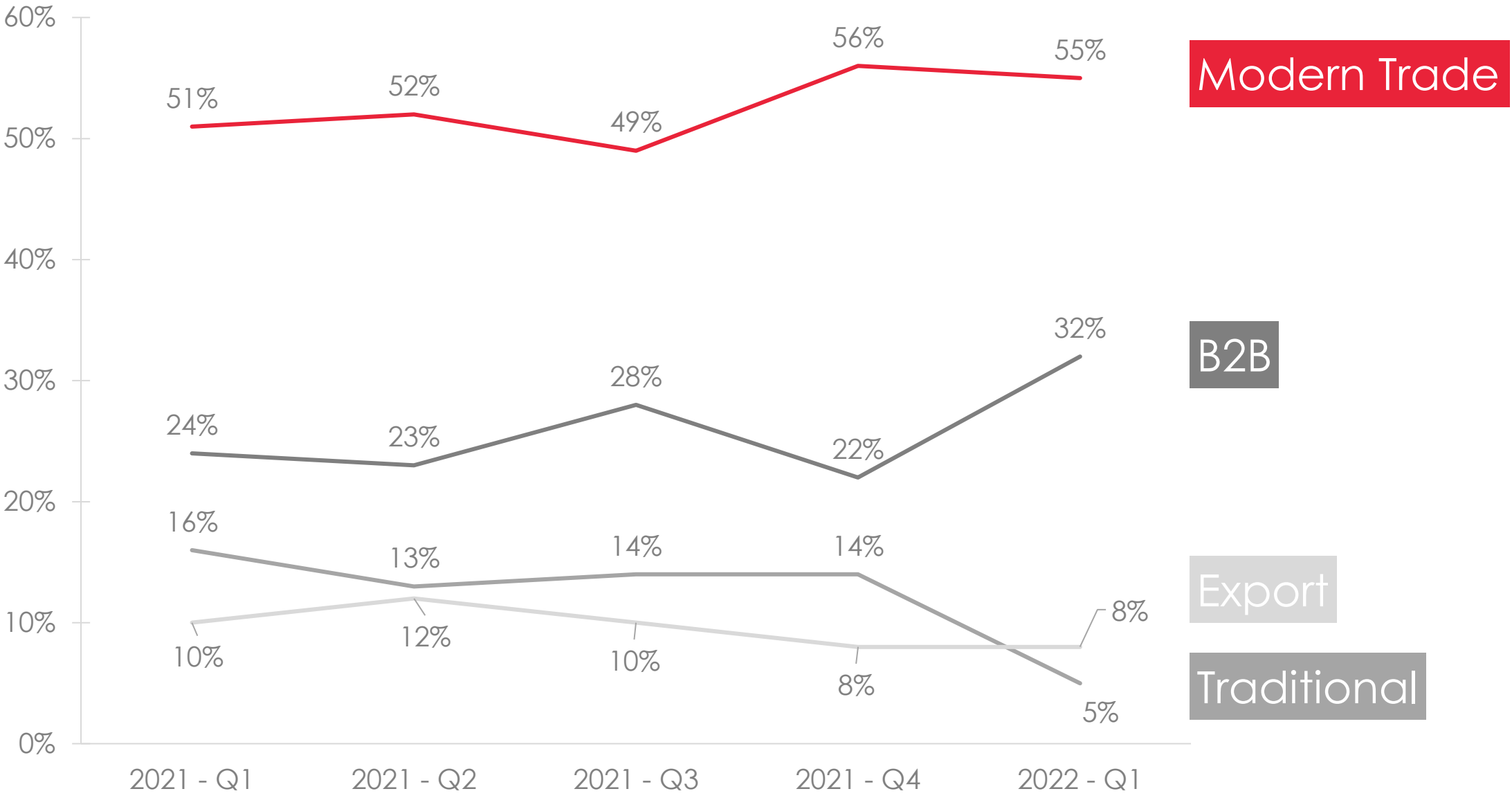
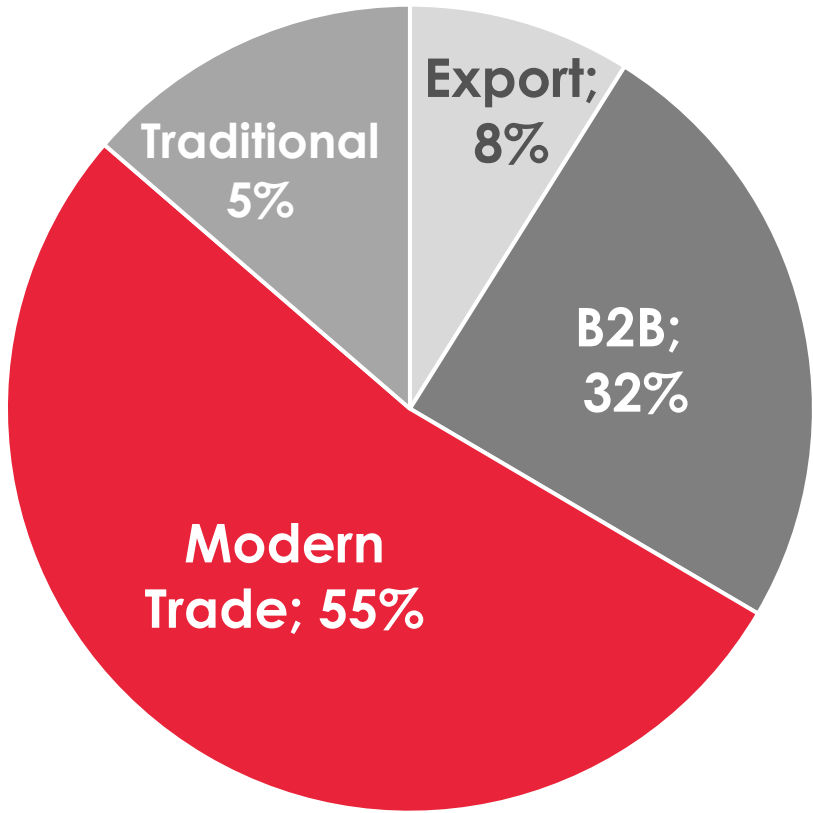
NOTE: The data for 2021 shows the second half of the year.

Sales Breakdown by Product - Poland (2022 Q1)



Channel Based Sales (%) - Poland

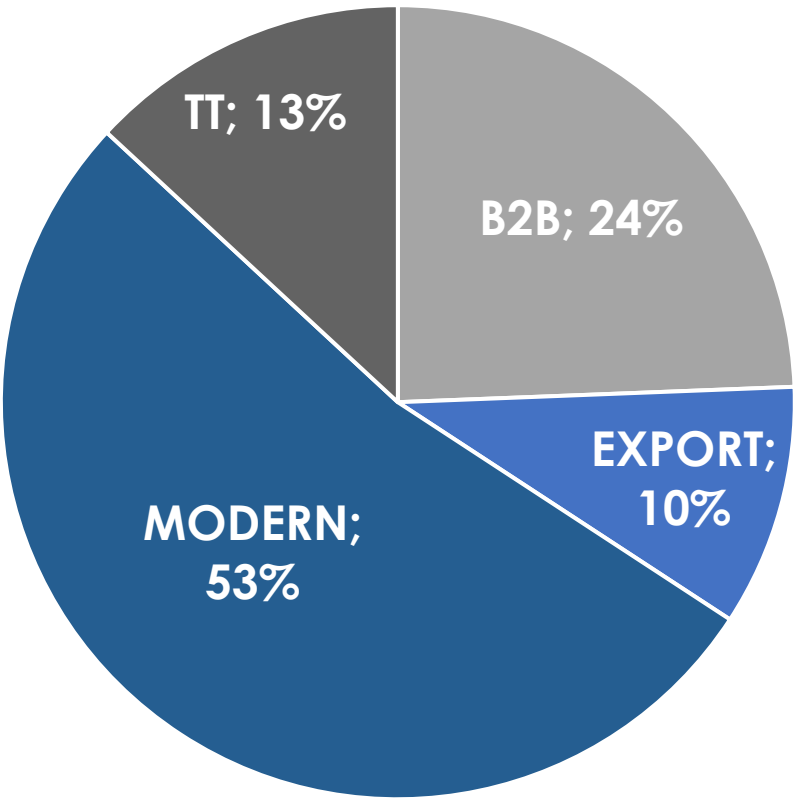
2022 Q1 - Poland



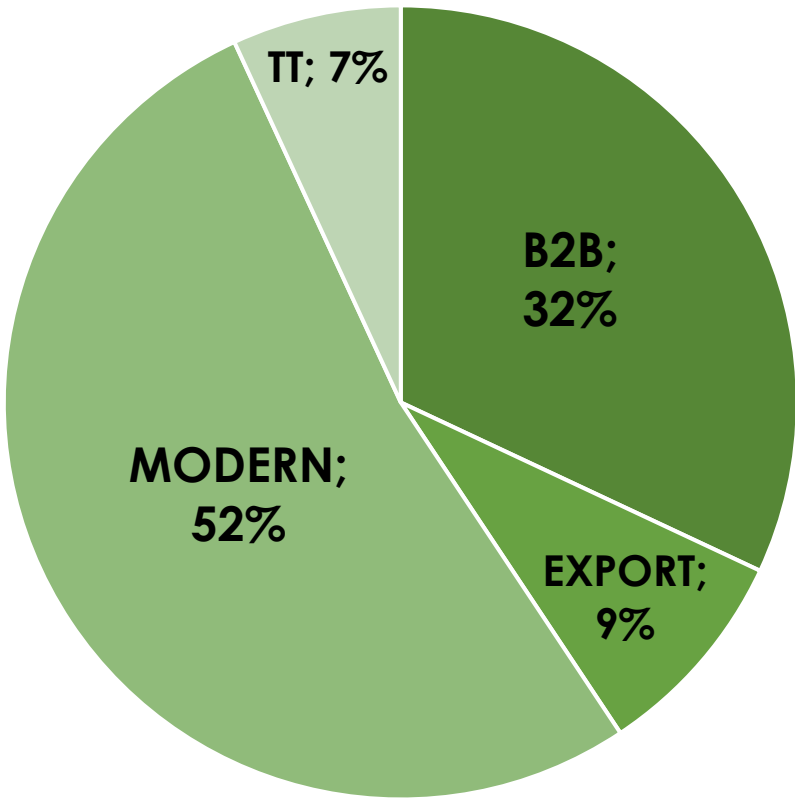
SALES CHANNELS

Channel Strategy - Poland

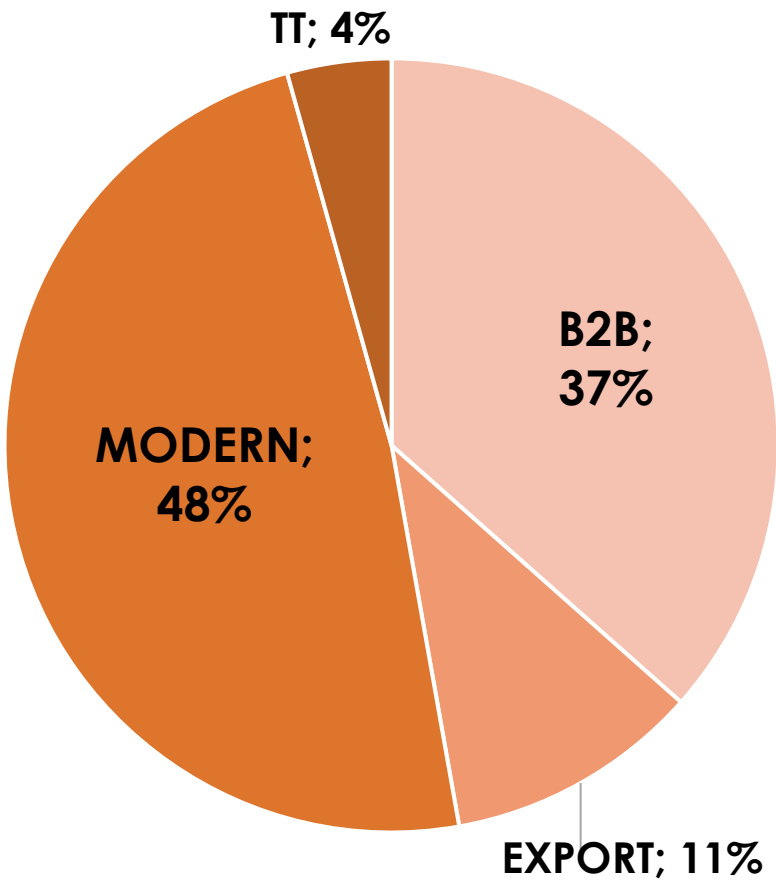
2021
REALIZED
[Sales Channels]



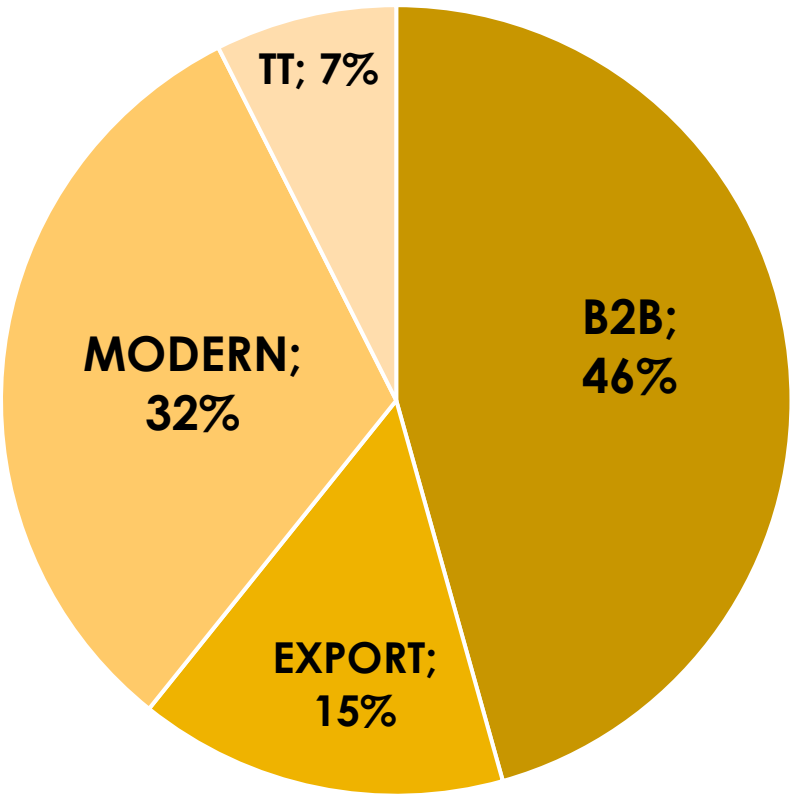
2022
4 MONTHS
REALIZED
[Sales Channels]



2022 – ANNUAL
FORECAST
[Sales Channels]



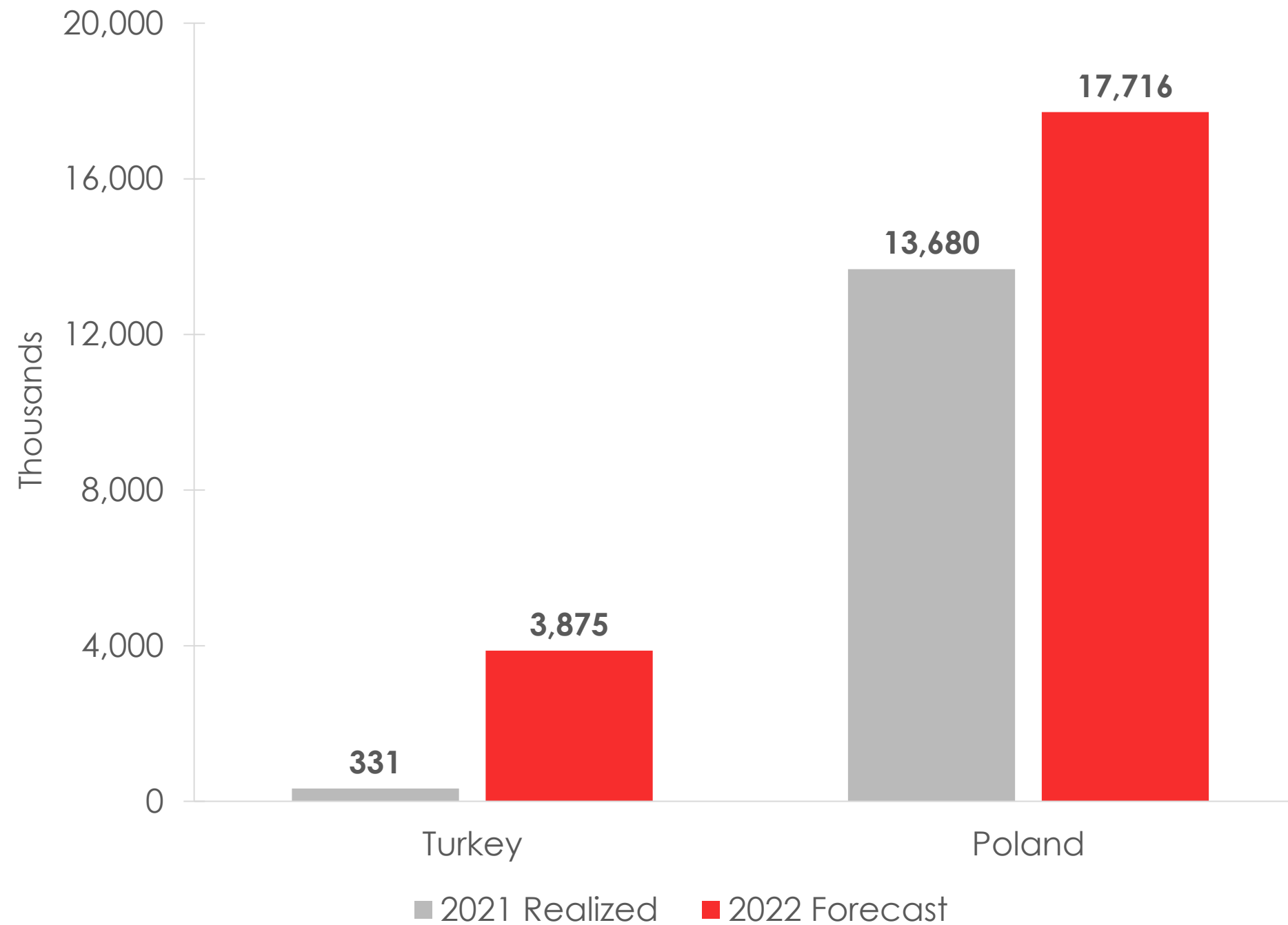
2023 – FORECAST
[Sales Channels]



SALES CHANNELS

OTC 2021 – 2022 Sales

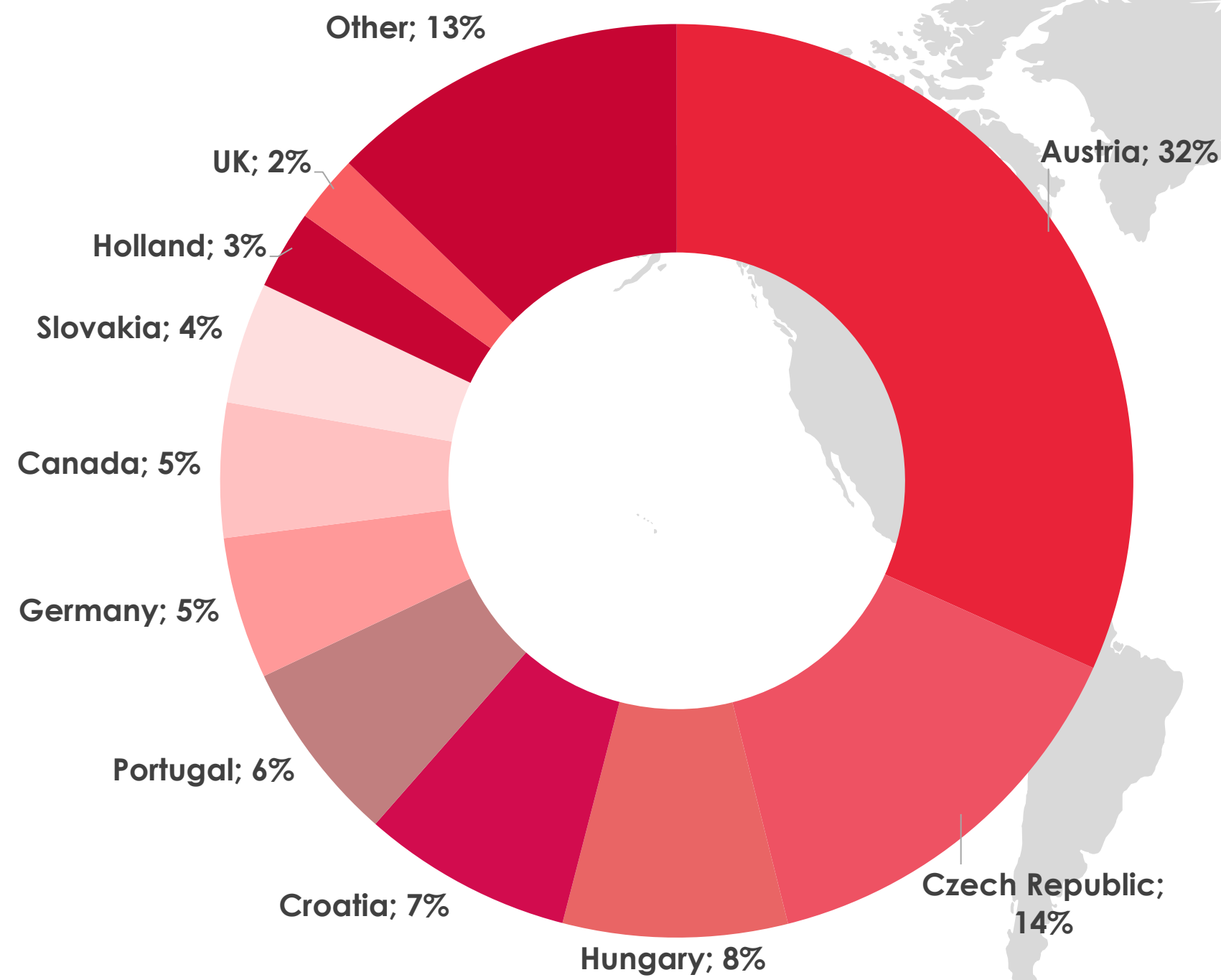
OTC Sales (thousands USD)



We have listed FreeYu Pharma brand on Amazon US.



POLAND 2021 EXPORT BREAKDOWN



2021
35 Countries

2022
50 Countries

Strategic Priorities



- Moving Istanbul Plant to Akhisar
- Efficient and Valua – Added Growth with DOPA
- Increasing Sales of Branded Products
- Sustainability Investments

- Consolidation of Facilities
- Increasing OTC and Export Sales Shares Up to 60 – 65%
- Delisting Unprofitable Categories
- Launch of Bebeto Brand in Poland

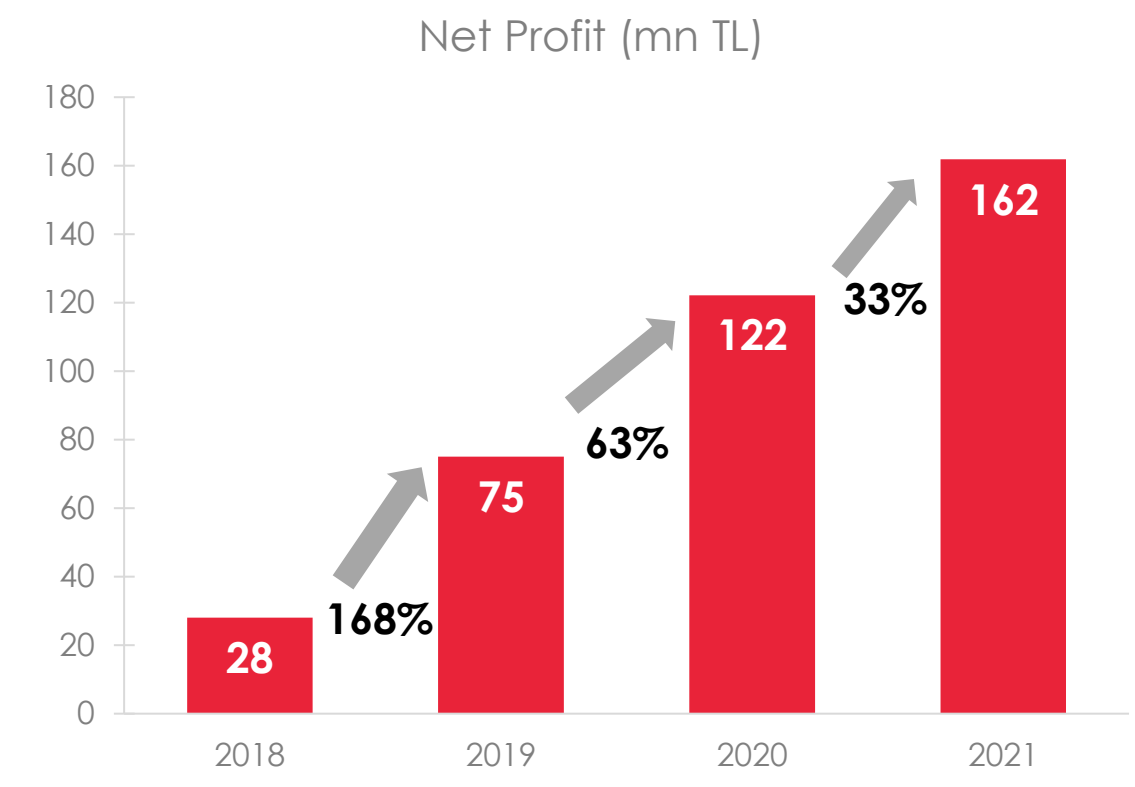
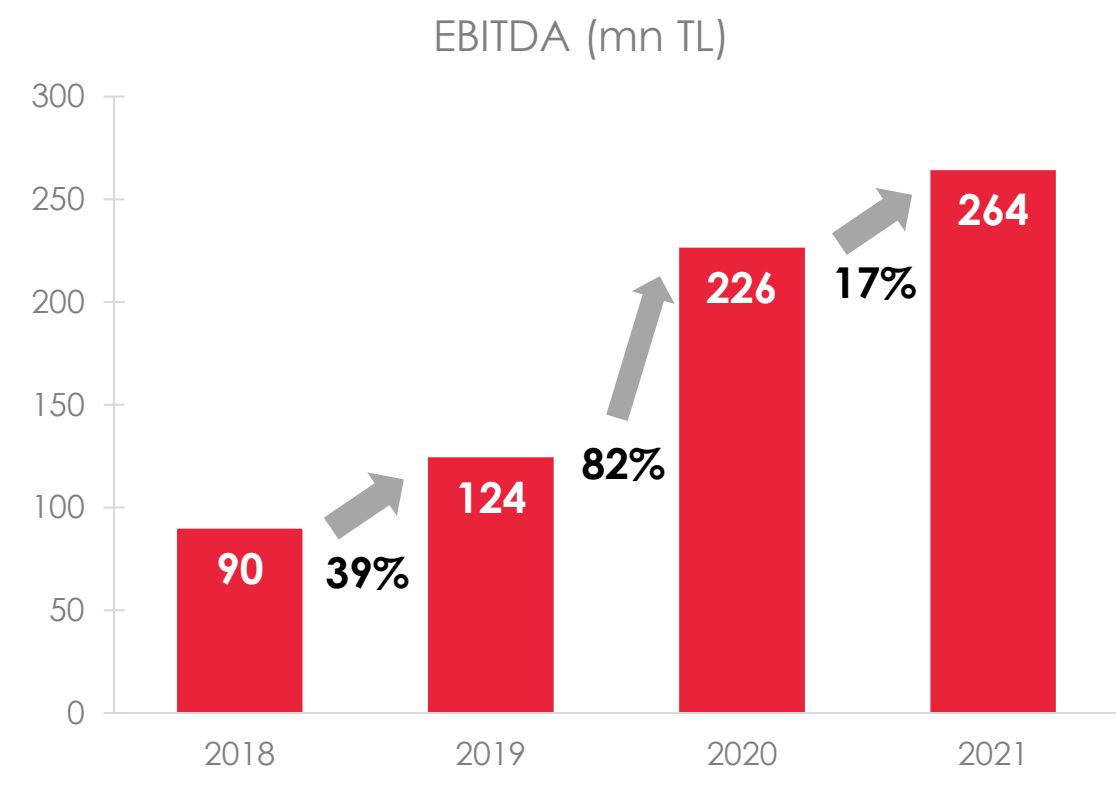
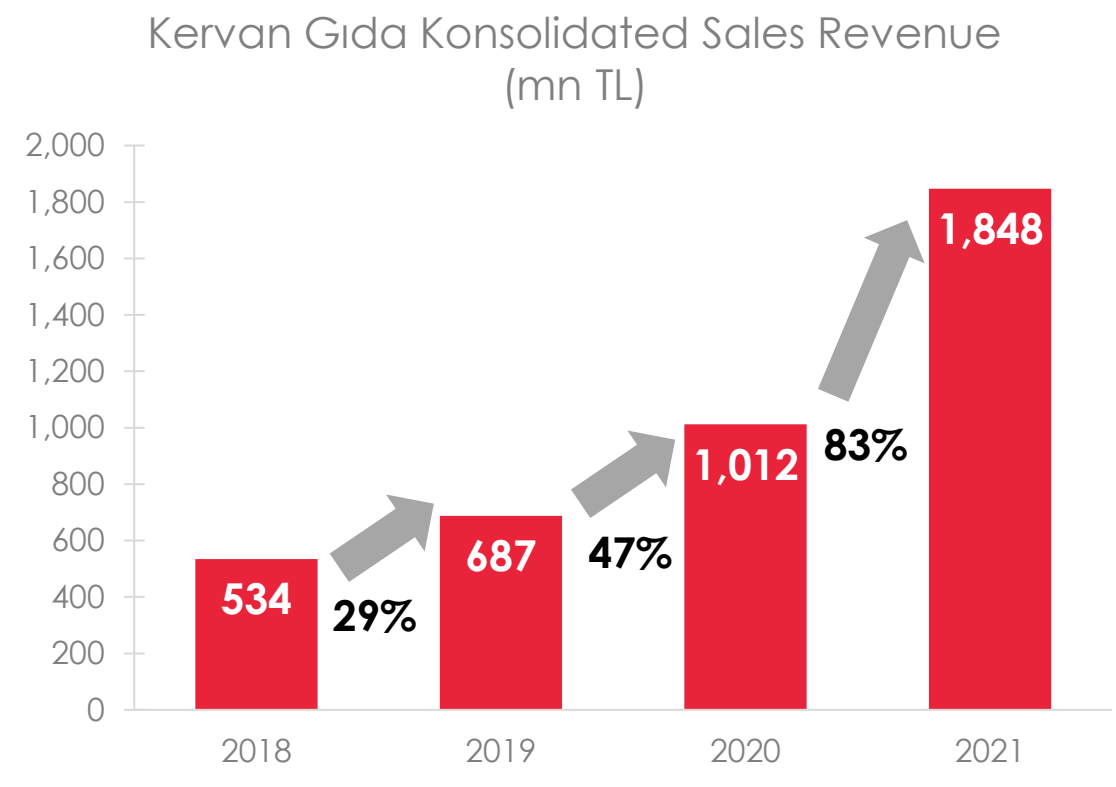
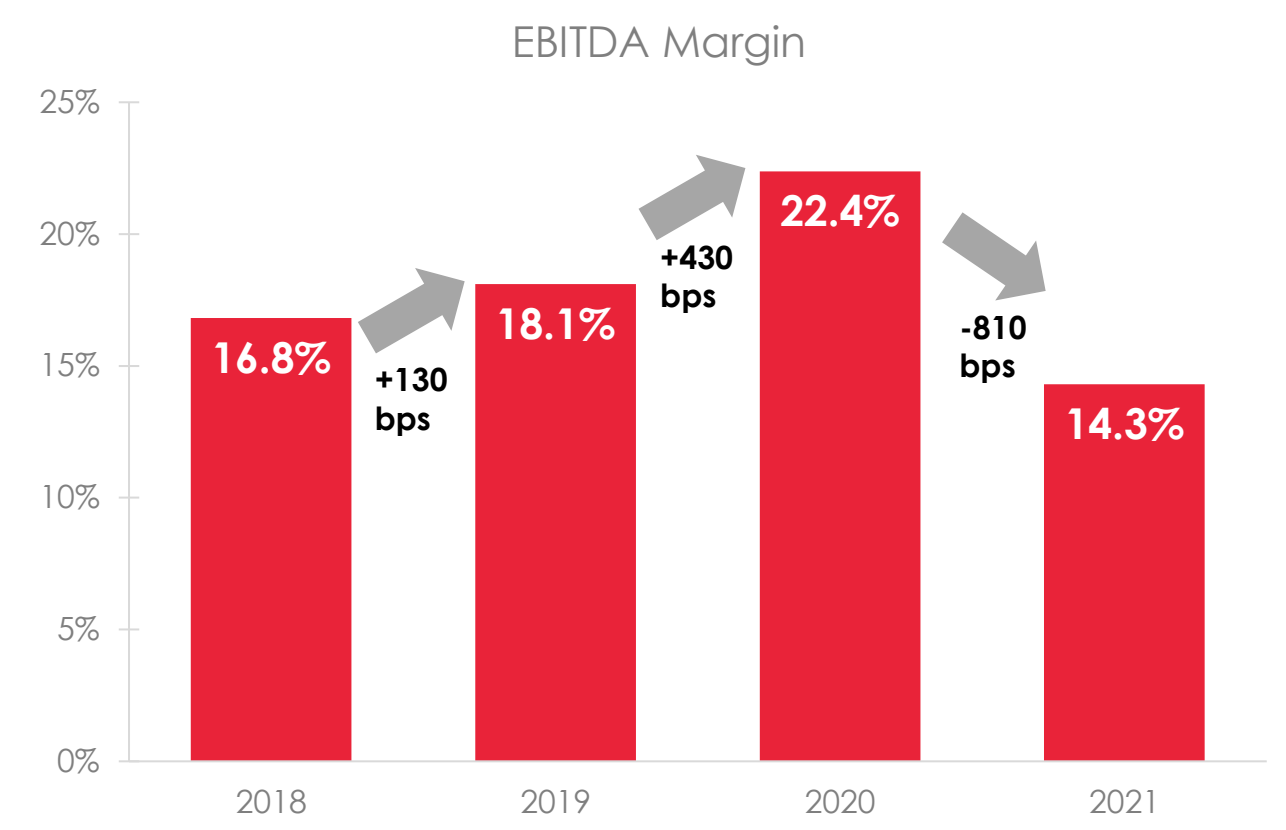
- Increasing Export Sales Share Up to 70%
- Increasing Capacity Utilisation Rates
- Reducing the Share of Imported Products Used in Production

Financials Summary

'18-'21 Net Sales
CAGR **51%**
1.848
Million TL

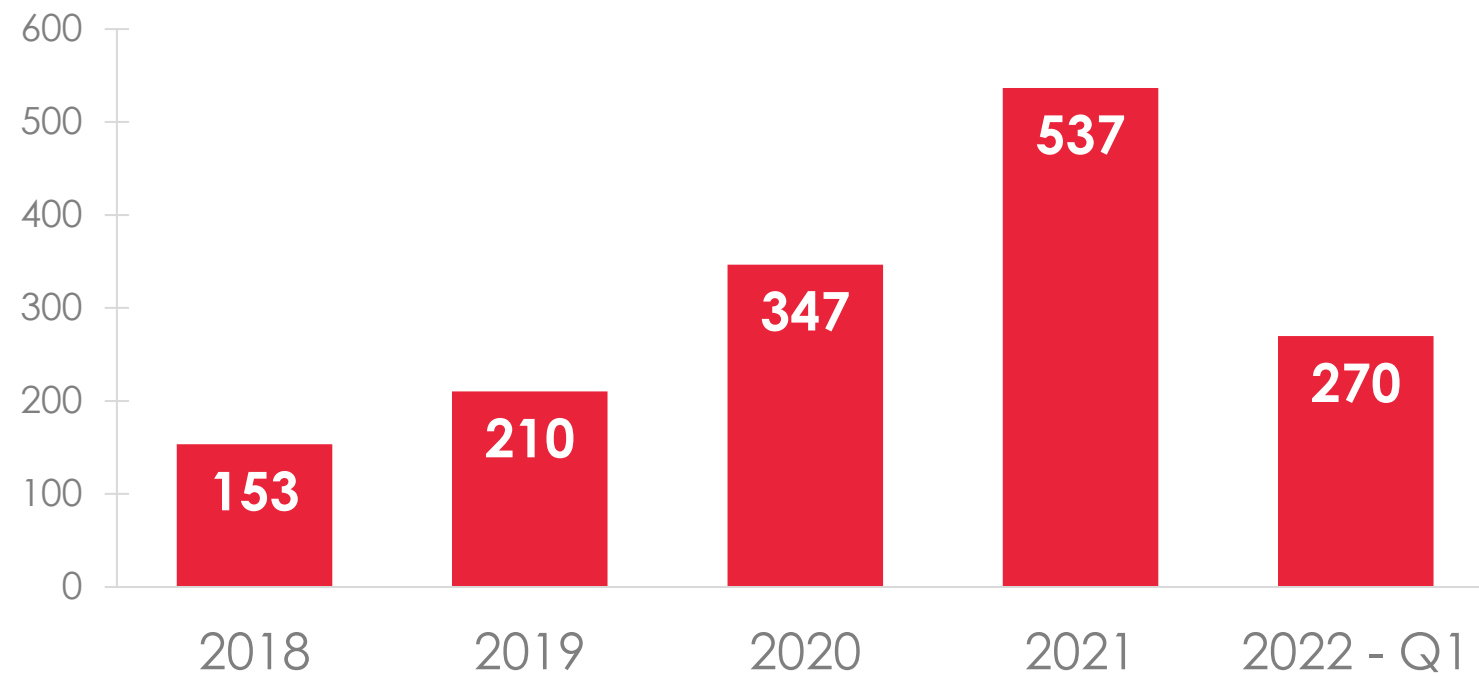
'18 -'21 EBITDA
CAGR **43%**
264
Million TL

'18 - '21 Net Profit
CAGR **79%**
162
Million TL

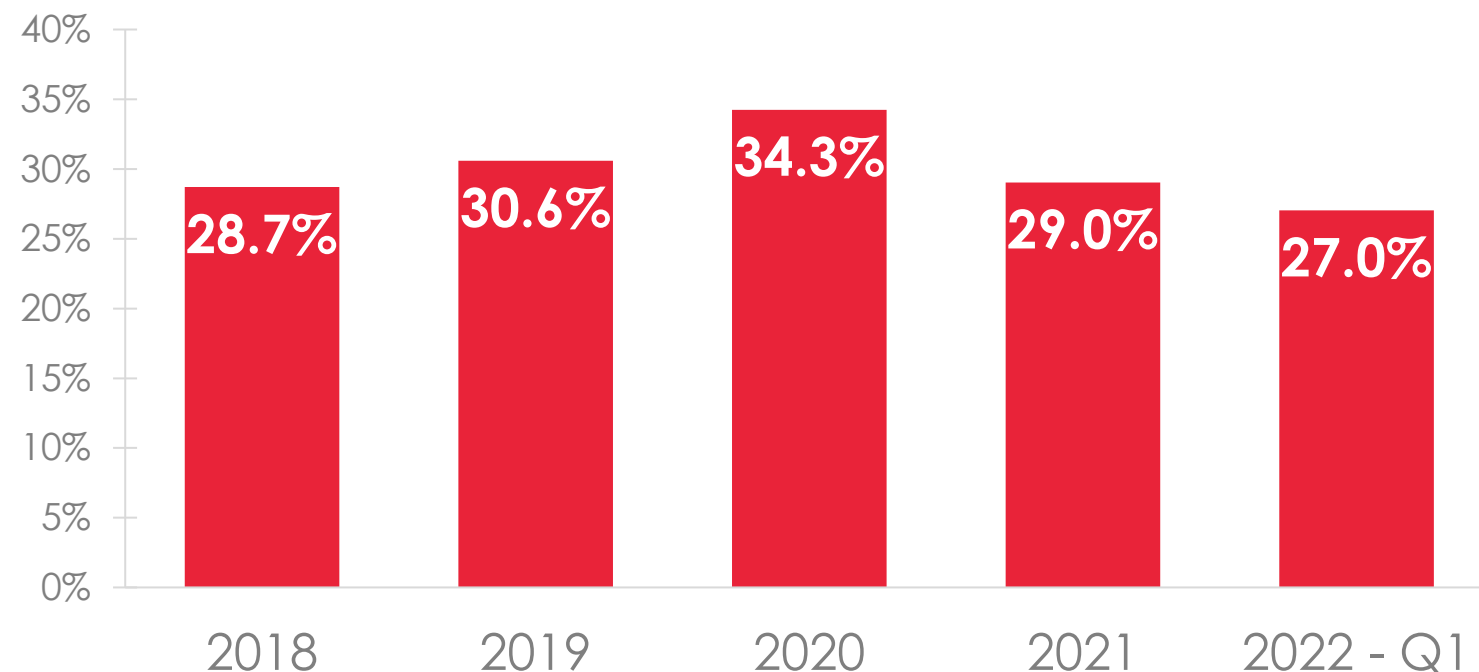


Gross Profit and Gross Profit Margin – Consolidated

Gross Profit (mn TL)



Gross Profit Margin



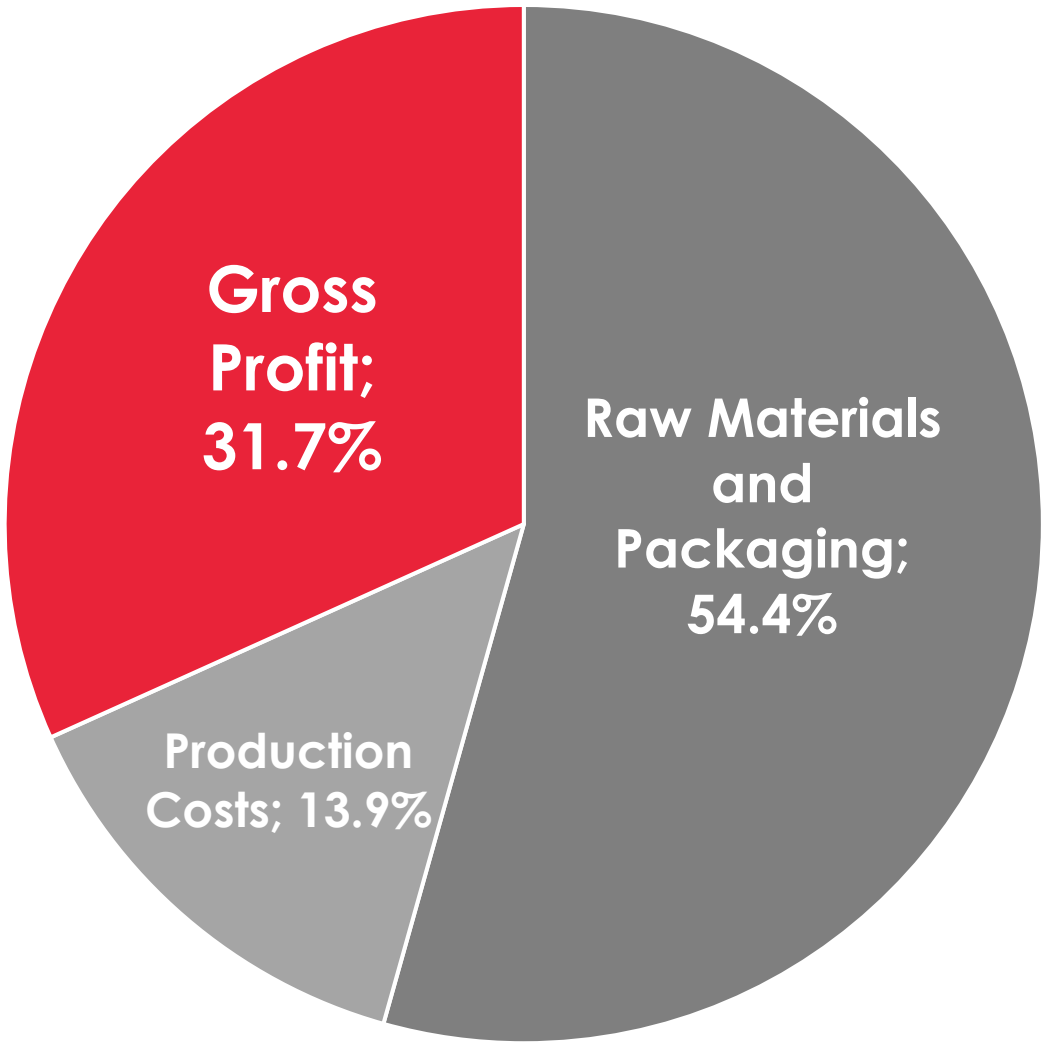
- Kervan Gıda's consolidated gross profit margin for 2021 was 29.0%. Compared to 2020, the gross profit margin decreased by 5.3%.
- Extraordinary increases in raw material prices, energy costs and freight costs raised the cost of goods sold significantly. At the same time, the low profit margins of the company in Poland, which has been consolidated since 2021H2, also suppressed the gross profit.

Factors Putting Pressure on Profitability

- Extraordinary increases in raw material and commodity prices
- Increases in energy costs
- Increases in freight and transport prices
- Having significant business volume with modern channel customers, which price increases take a long time, in both Turkey and Poland

Gross Profit Margin - Turkey

COGS and Gross Profit Margin - Turkey

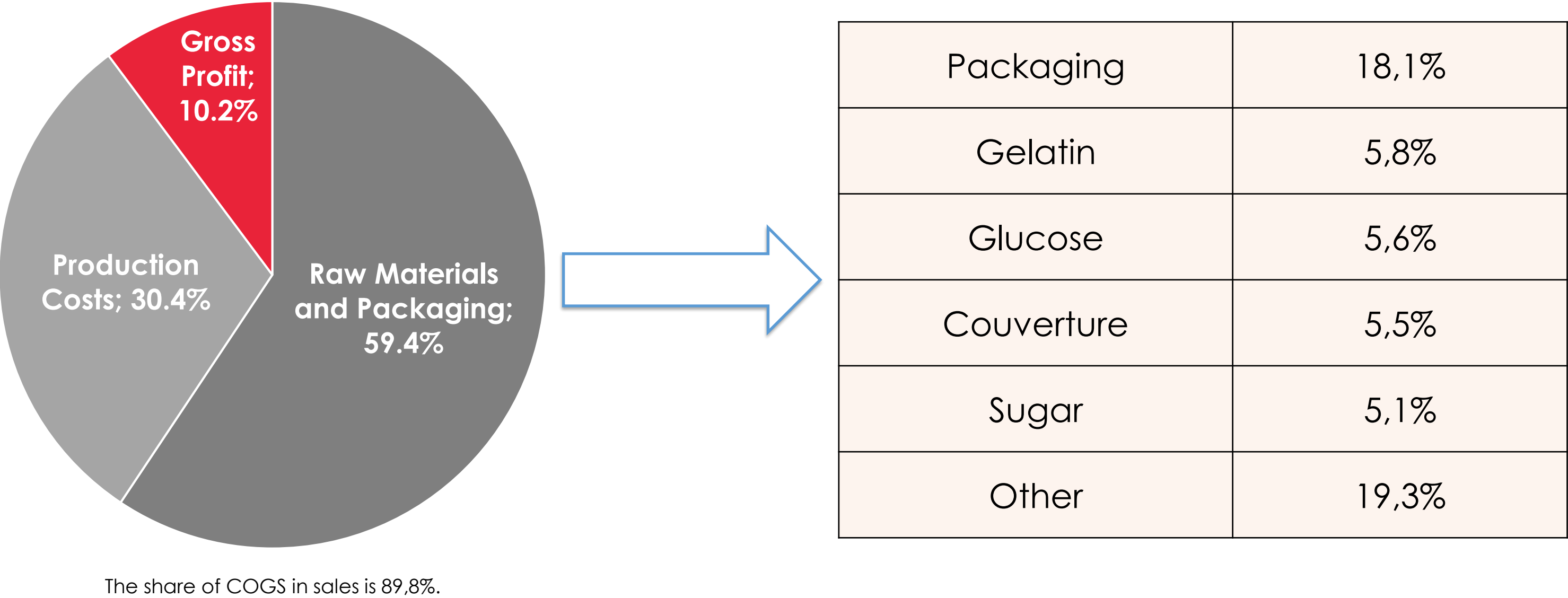


The share of COGS in sales is 68,3%.

Packaging	18,9%
Sugar	8,2%
Gelatin	7,1%
Glucose	5,0%
Other	15,2%

Gross Profit Margin - Poland

COGS and Gross Profit Margin - Poland



Changes in Raw Material Prices

Material	Jan'21	June'21	Dec'21	Current	Increase Rate*
Glucose - USD	\$0,27	\$0,27	\$0,41	\$0,58	115%
Glucose – TL	₺2,60	₺4,00	₺6,37	₺15,00	477%
Sugar	₺3,26	₺3,73	₺4,46	₺20,50	529%
Plastic	\$0,11	\$0,17	\$0,17	\$0,20	82%
OPP	\$2,70	\$3,30	\$3,70	\$4,20	56%
Gelatin	\$5,45	\$5,45	\$5,25	\$9,00	65%
Aroma	\$5,90	\$5,90	\$7,20	\$10,50	78%
Colorant	€ 17,00	€ 17,00	€ 24,50	€ 24,50	44%
Carton	₺0,43	₺0,44	₺1,62	₺1,70	295%
Paper	₺3,34	₺4,97	₺10,03	₺10,03	200%
Starch	\$0,35	\$0,35	\$0,60	\$0,72	106%

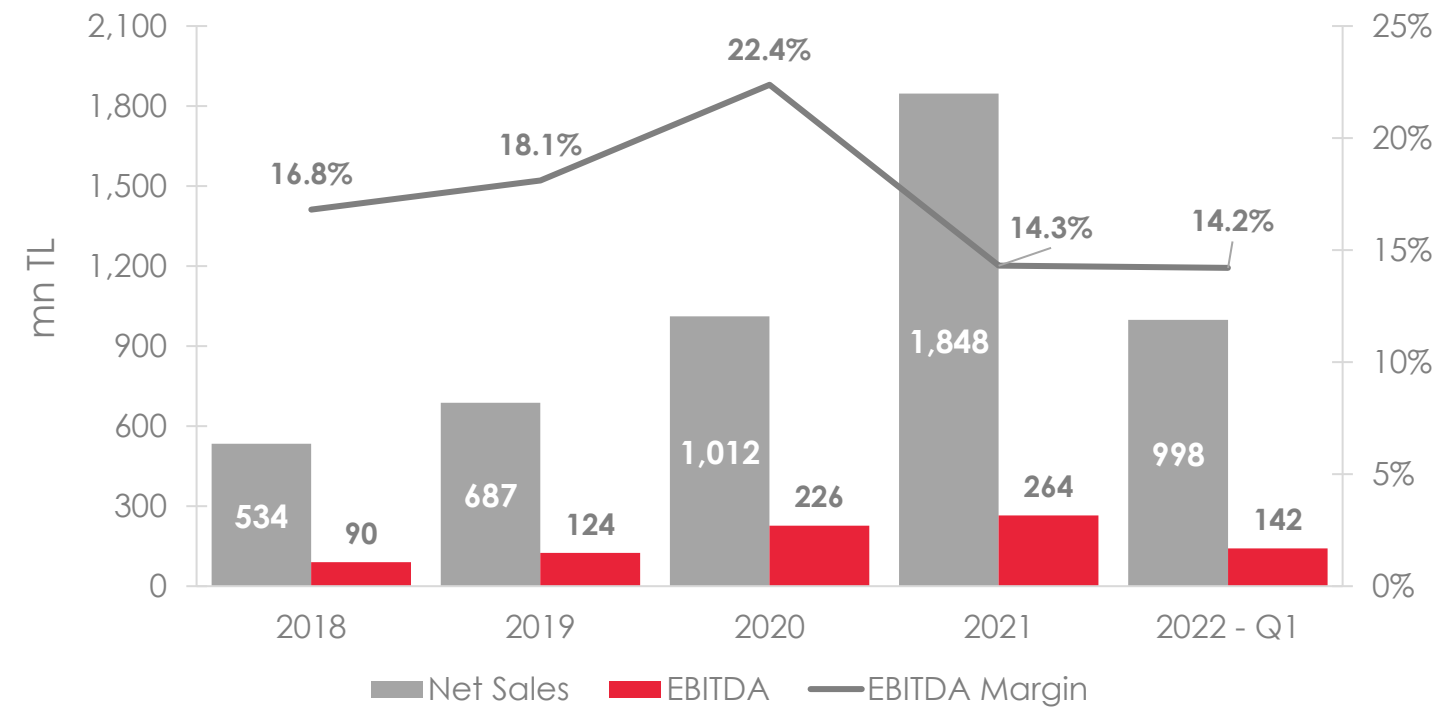
*Rates of increase since Jan'21

Foreign currency-based increases in raw material prices in 2021 and 2022 had a significant impact on costs.

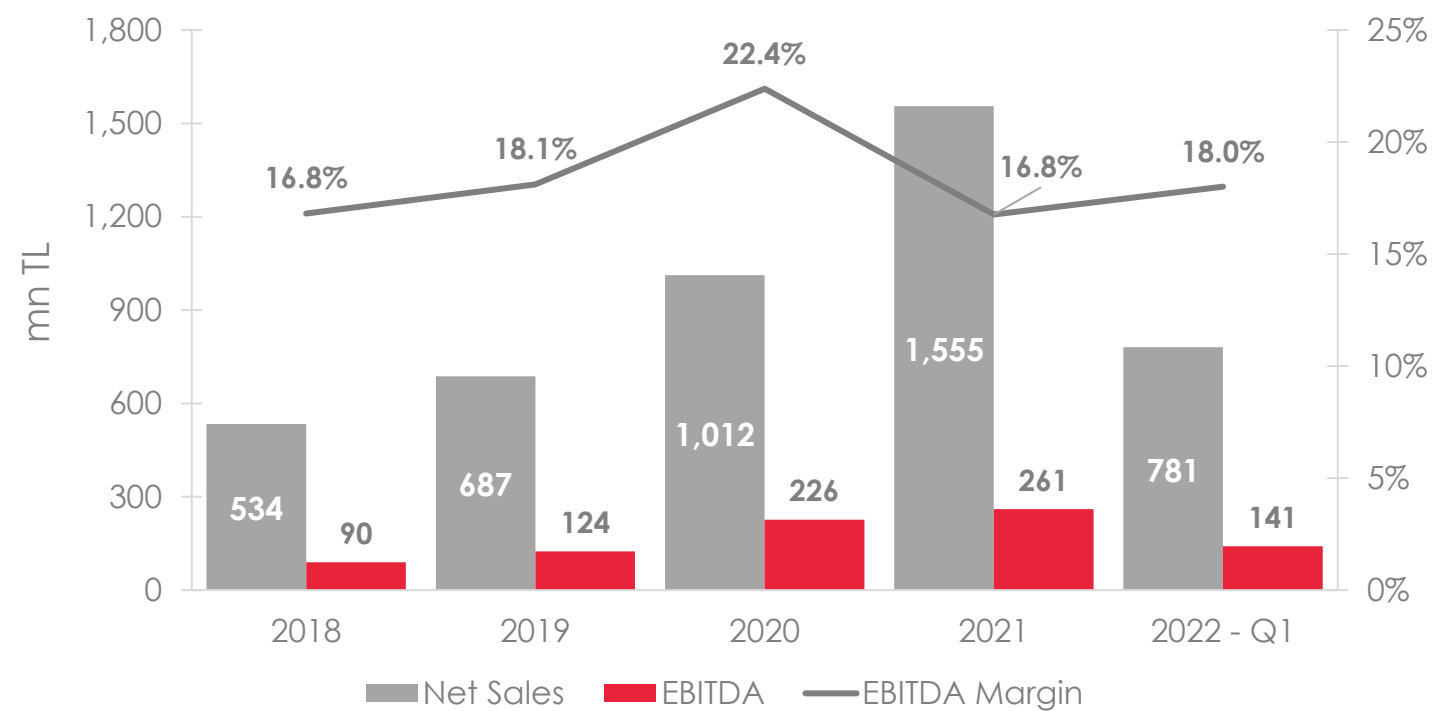
These high price increases in the main raw material items caused the costs to increase. Profitability level was realized below the expectations as the cost increases could not be reflected to the sales prices at the same level.

EBITDA and EBITDA Margin

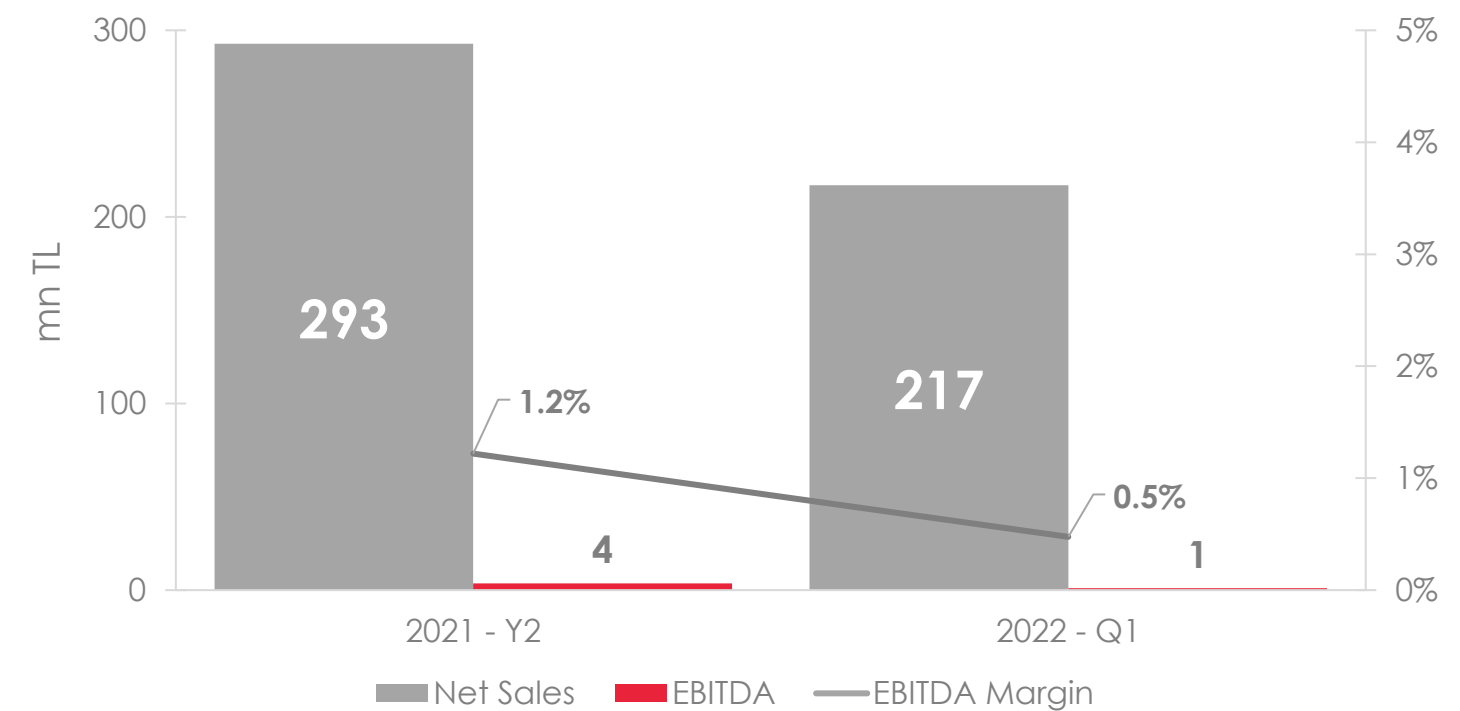
Consolidated - Net Sales and EBITDA



Turkey - Net Sales and EBITDA



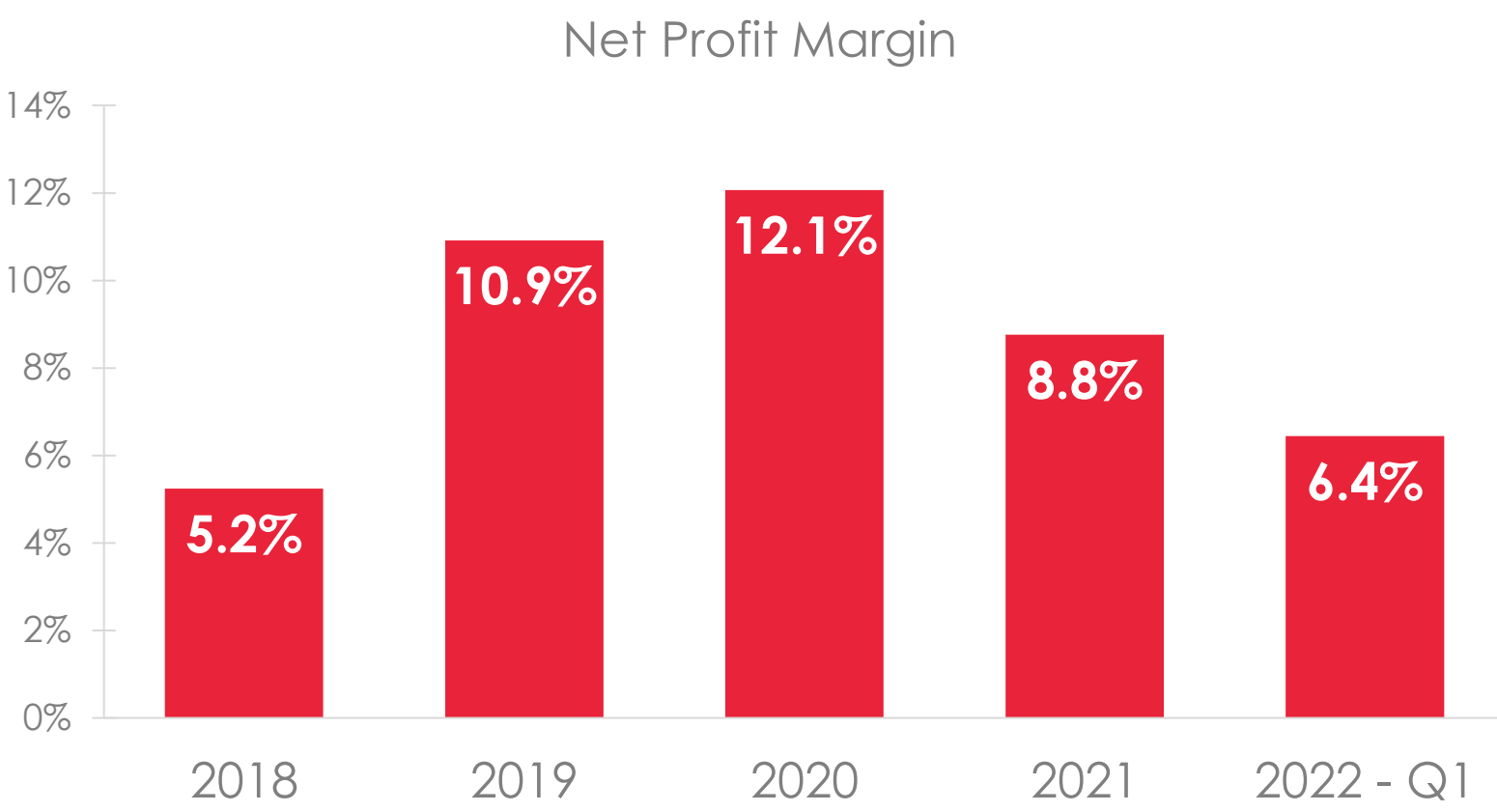
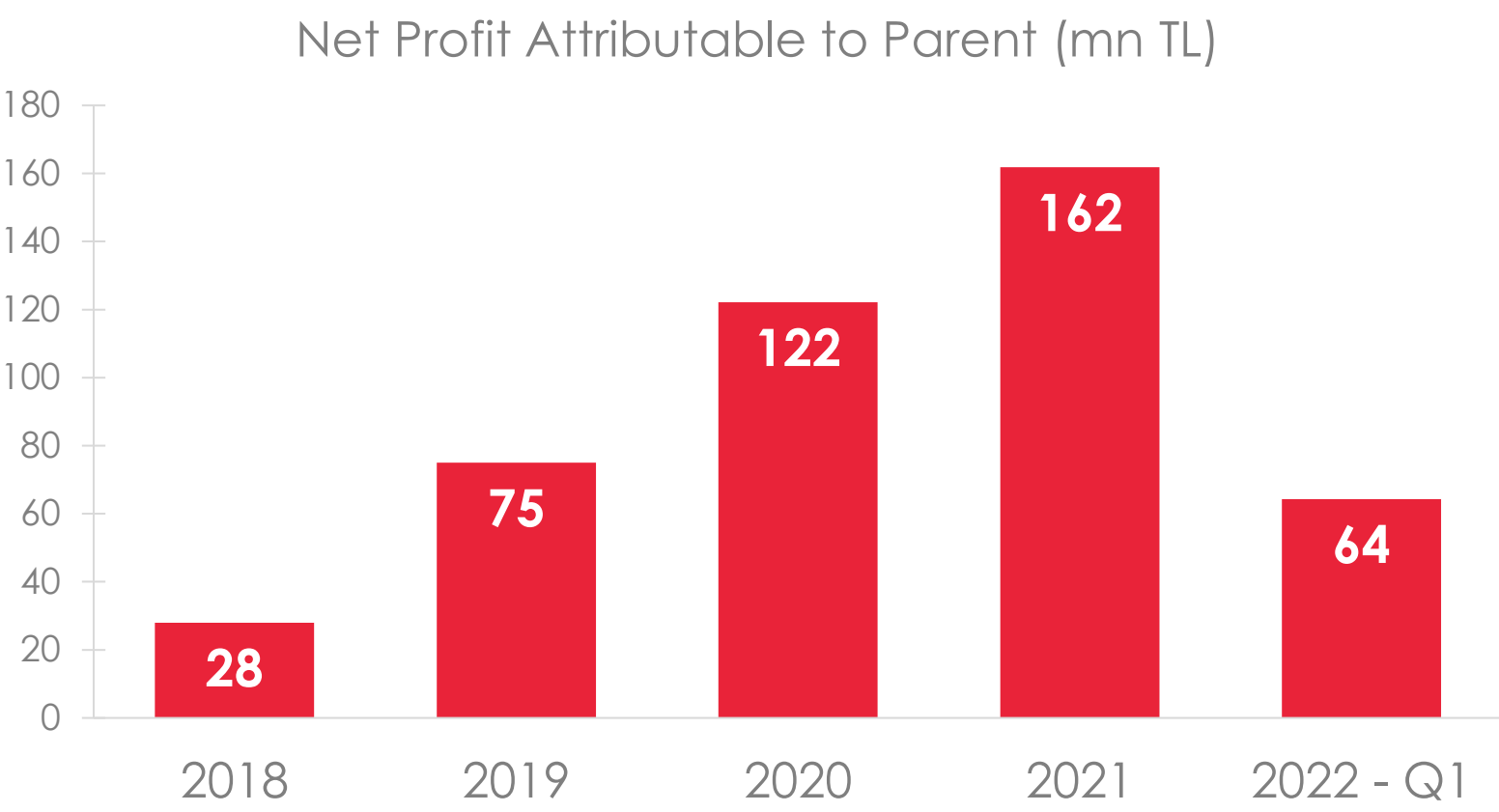
Poland - Net Sales and EBITDA



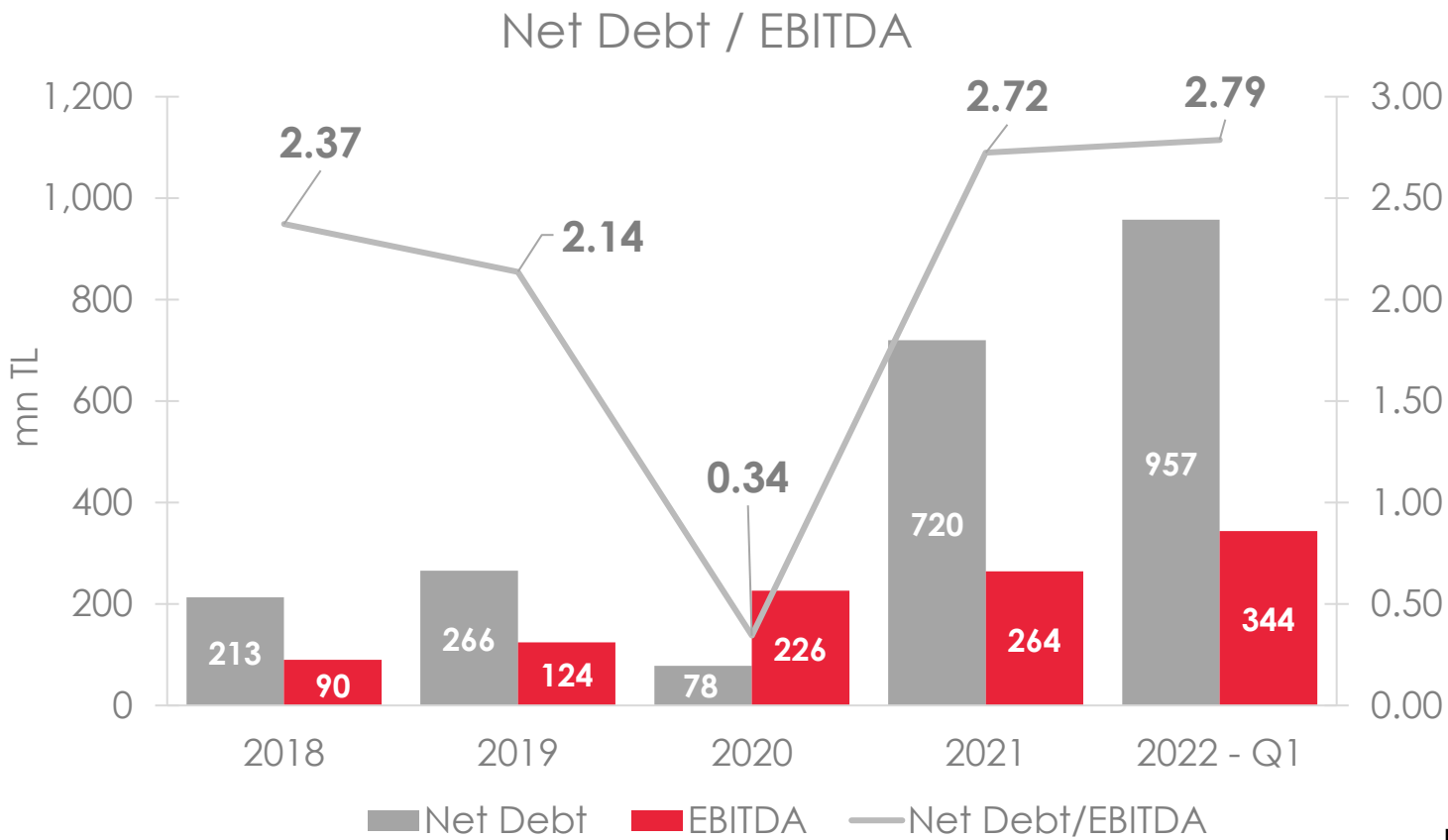
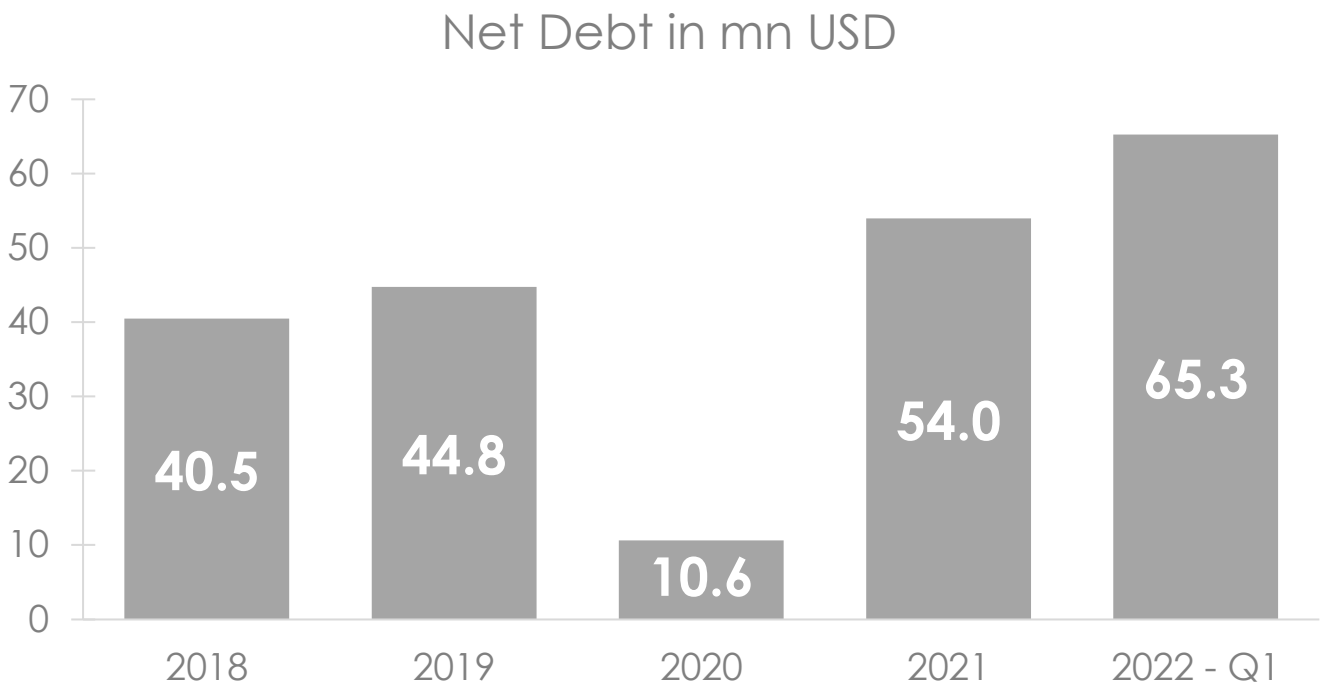
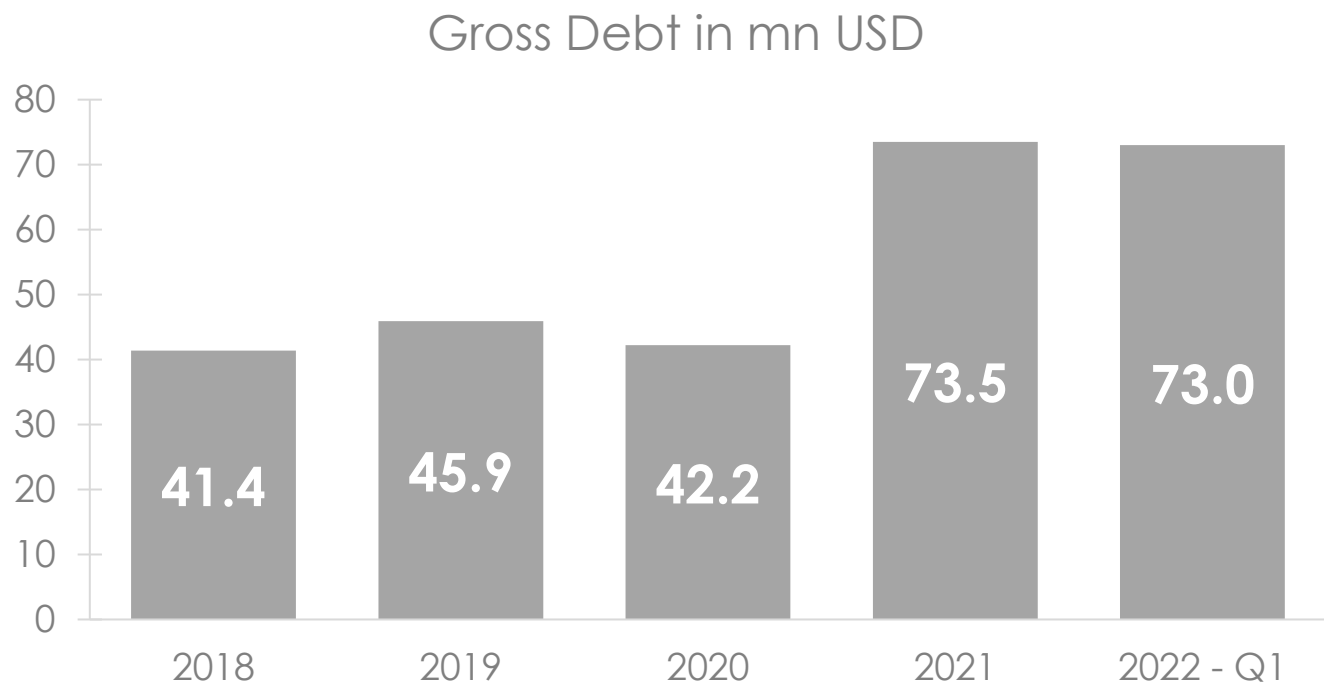
Net Profit and Net Profit Margin

The company's net profit margin decreased by 3,3% in 2021 to 8,8%. The net loss of the company acquired in Poland, the high depreciation expense since the revaluation for fixed assets from the company acquired in Poland and the significant increase in the foreign exchange losses in 2021Q4 due to the open position on the Turkish side put pressure on the net profit margin.

The net profit attributable to parent company is 64 million TL in 2022Q1. The net profit margin was 6,4% in 2022Q1 due to the pressure of the reasons above.



Indebtness

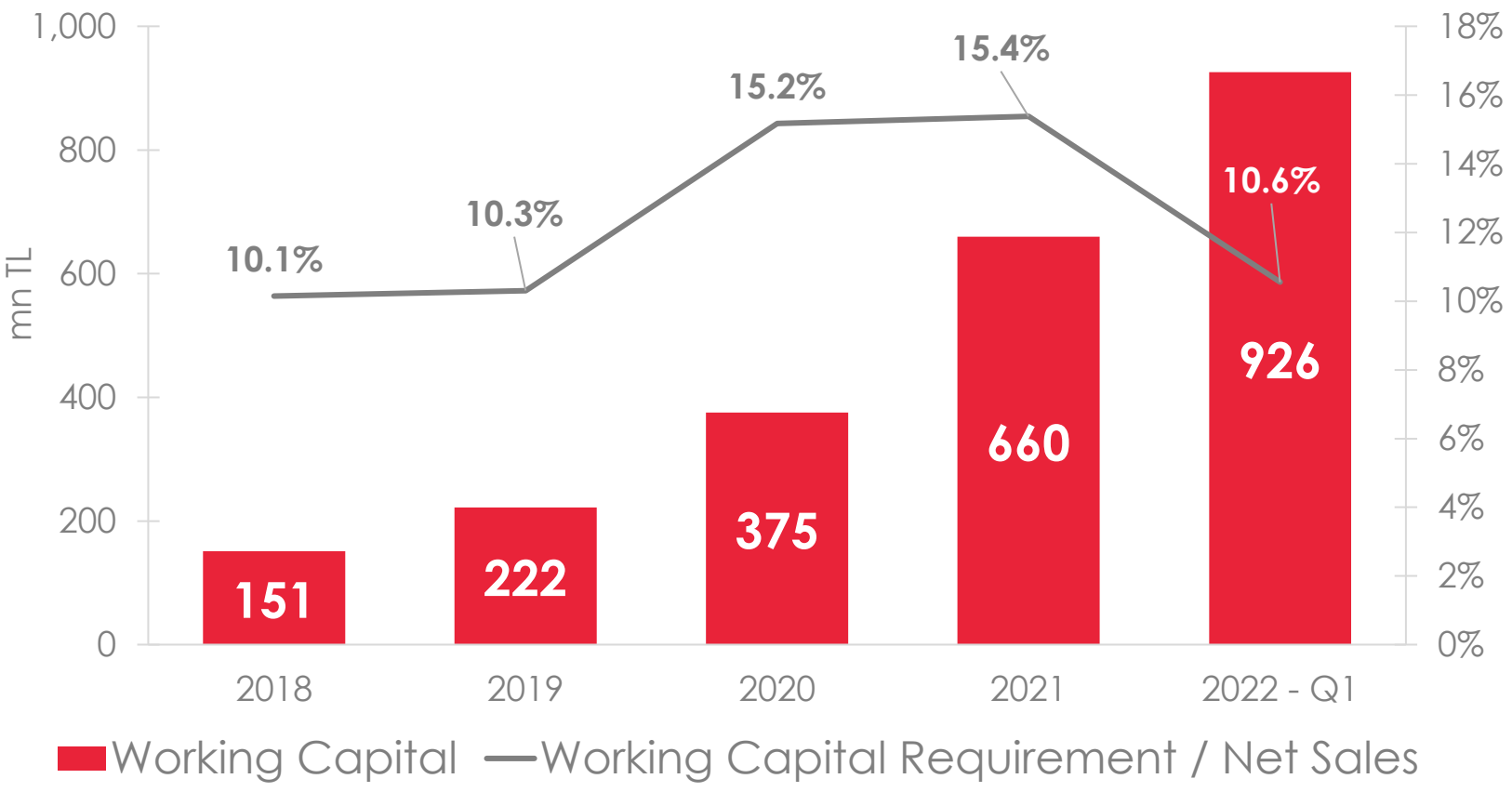


Net Debt = (Short-Term Borrowings + Short-Term Portion of Long-Term Borrowings + Long-Term Borrowings) – Cash and Cash Equivalents

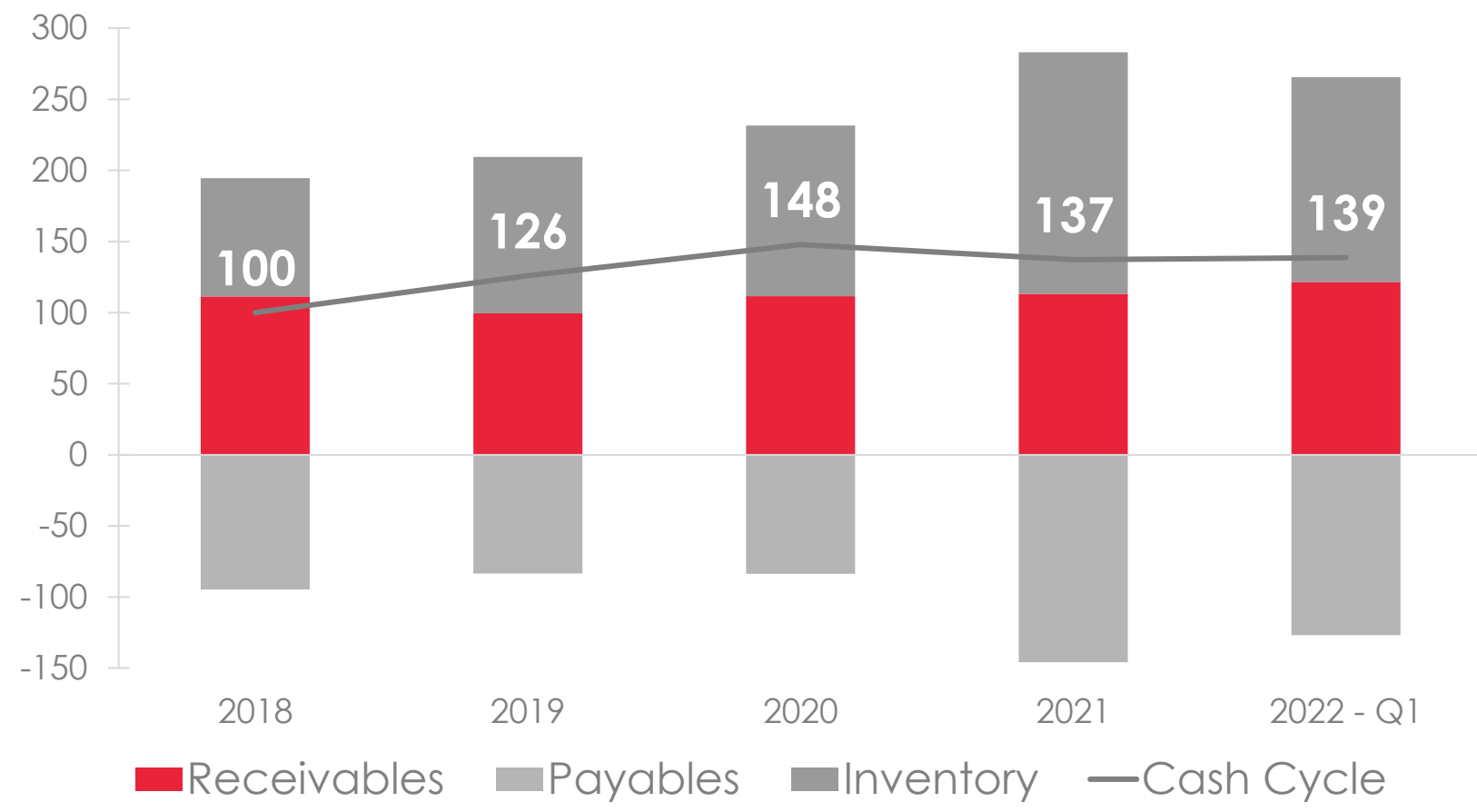
Working Capital



Working Capital and Working Capital Requirement / Net Sales (%)



Cash Cycle (Days)



2022 Expectations - Revised

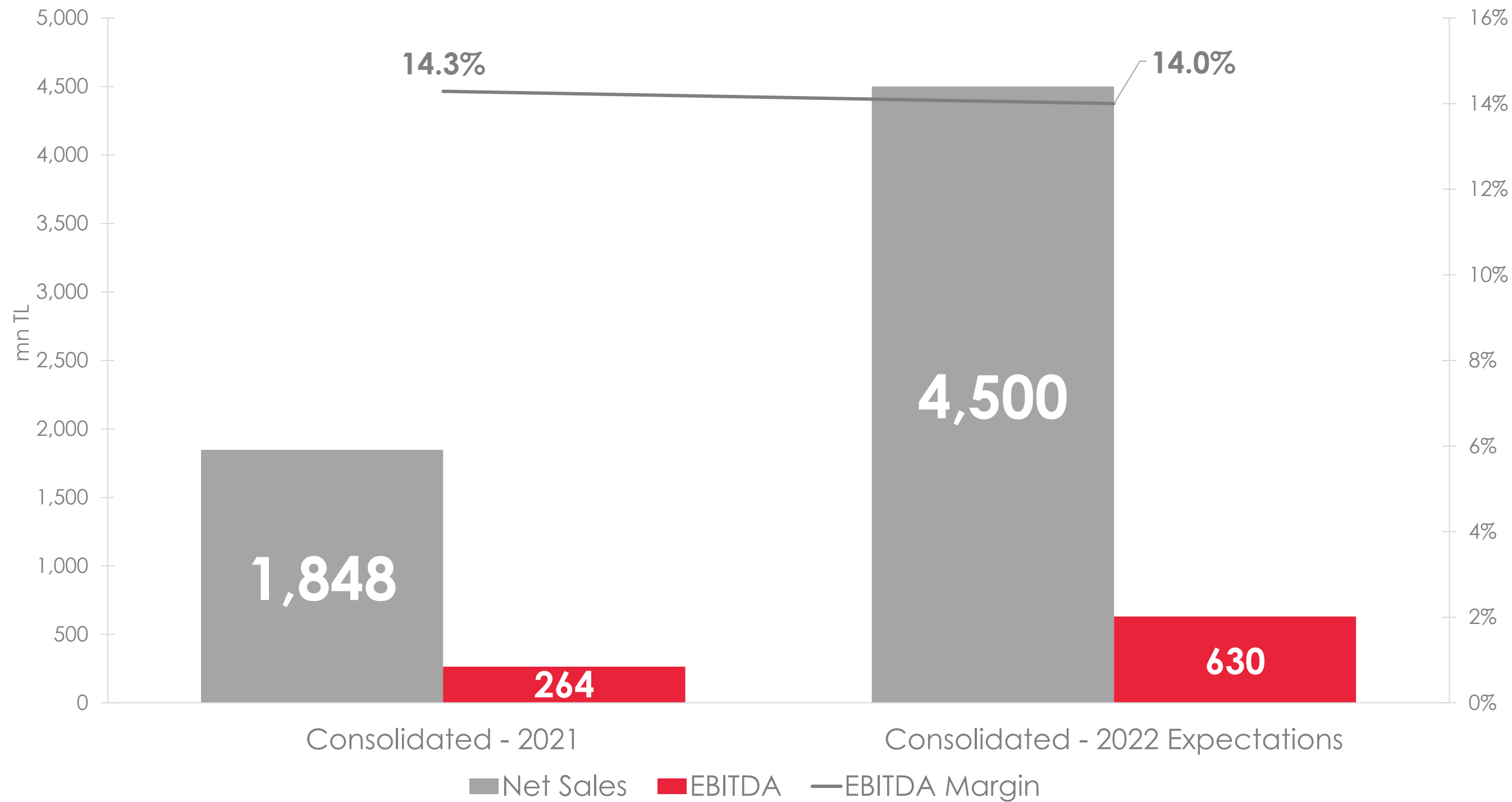
- Kervan Gıda had 1,8 billion TL consolidated net sales in 2021. The consolidated net sales expectation for 2022 is **4,5 billion TL with an increase of 150%**. (min: 4,3 billion TL, max: 4,7 billion TL, median: 4,5 billion TL)
- Kervan Gıda had 264 million TL consolidated EBITDA in 2021 with 14,3% consolidated EBITDA margin. The consolidated EBITDA expectation for 2022 is **630 million TL with %14,0 consolidated EBITDA margin**. (min: 610 million TL, max: 650 million TL, median: 630 million TL)

NOTE: The results for 2022Q2 will be published on Tuesday, August 16, 2022 and they will be evaluated with an online analyst meeting on Wednesday, August 17, 2022.



Result

Consolidated Net Sales and EBITDA Comparison



- The consolidated net sales expectation for 2022 is 4,5 billion TL.
- The consolidated EBITDA expectation for 2022 is 630 million TL with %14,0 consolidated EBITDA margin.

NOTE: The above-mentioned expectations are based on the median of the company expectation range.

THANK YOU

