



Tat Gıda Sanayi A.Ş.

Tat Gıda Sanayi A.Ş. Full Year 2016 Financial Results Conference Call

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Conductors:

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Conference Call Conducted by Chorus Call Hellas



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OPERATOR: Good afternoon Ladies and Gentlemen, this is the Chorus Call Conference Operator.

Welcome and thank you for joining the Tat Gida Sanayi A.Ş. Full Year 2016 Financial Results.

At this time, I would like to turn the Conference over to Mr. Ahmet Çağışan Yılmaz, CFO.

Sir, you may now proceed.

ÇAĞIŞAN YILMAZ A: Hello, good afternoon, ladies and gentlemen. Welcome to the Quarterly Presentation of Tat Gida. We finished the year 2016 and I would like to give you some brief information about our operating results. So let's begin with the full year results by categories.

Tat Gida finished the year with 981 million Turkish lira of sales; it corresponds to 7.7% of sales increase. When we check segment break down, tomato segment sales realized 379 million Turkish lira; the growth in tomato segment is 3.3%. Dairy industry turnover is 544 million Turkish lira and its growth is 10.6%. Pasta segment turnover is 58 million lira, and its turnover growth is 11.9%. So as I indicated, in total year we grew 7.7%.

Let me briefly tell about the quantity growth in the total year 2016 with respect to 2015. In tomato segment, we grew in quantity 3.3%, in dairy we grew 10.2%, in pasta we grew 5.9% and the quantity growth in the total year is 7.8%. As you may see, the total turnover growth equals to the quantity growth in 2016. This is very specific for 2016. I will be indicating it when walking through the segments as well.

Let me briefly tell you about the Quarter's Turnover and the Turnover Growth in the Quarters by Amount and by Quantity. In quarter 4, we ended the quarter 4 with 239 million Turkish lira of sales; this is a growth of 1.1%. So in the Tomato segment, our turnover was 81.5 million Turkish lira, and we have experienced a minus 10% change. In Dairy segment our growth is 6.9% and the sales are 144 million Turkish lira. In Pasta segment, our sales are 14 million lira and our growth is 23.9%.

Let me briefly tell you about our Growth of Quantity in Q4. The total quantity sold by the Company including three segments is 2.3% in quarter 4. The Tomato segment growth is minus 10%, the Dairy segment growth is 7% the Pasta growth in quantity is 12.7%. After indicating briefly about our results on turnover, let me pass to the gross profit side.

The Total Year, the gross profitability was stronger than 2015. In the total year results, we finished the year with 23.5% gross profit margin; the total gross profit generated

by the Company is 230 million Turkish lira. In the previous year, the gross profit generated by the Company was 205 million Turkish lira. We can say that the total growth in gross profit is 12.1%, the increase in the total gross profits.

In Quarter Results as well, the quarterly gross profit margin is 22.7% and in the previous quarter of 2015, it was 22.51%. And we can say that we managed to increase our gross profit in quarter 4 as well.

Let me pass to the Operating Profit. So we finished the year 2016 with 6.4% of operating profit, which is in line with the previous year results, the previous year results were 6.4%. Operating profit increased 8%, the margin is the same; the operating profit generated by the Company is 63 million Turkish lira.

In the next slide, let us briefly tell to you about our EBITDA Margin. The EBITDA generated by the Company in 2016 is 74 million Turkish lira. It corresponds to 7.6% of EBITDA margin. And in the previous year of 2015, the EBITDA margin generated is 7.5%. So we have an improvement in EBITDA margin, 0.1 points.

Let us briefly tell you about Income Before Tax. We have generated an income before tax of 69 million Turkish lira, it is 7.1% of income before tax margin. The previous year the income before tax was 7%, here also 0.1 points of improvement we have experienced.

Let us briefly tell you about our Net Income. Our net income has been realized at 65 million Turkish lira. That seems to be a drop of around 0.8 points. The main reason for that is that we have some accumulated losses which we have inherited from Moova acquisition and we have merged Moova legal entity in 2015 and we have utilized these losses in 2016. So there is a spread now starting from quarter 3 that the profit before tax and profit after tax variation is something important which effects net income, I can say.

So let me briefly tell to you about Net Financial Debt to Assets Ratio. We still continued deleveraging the Company with stronger free cash flow, and as you have recognized in the previous slides, with the strong profit margins and this free cash flow enables us for the deleveraging.

Net Financial Debt is in the decreasing phase, when you compare it with 2015 our net financial debt 31 million has decreased around 56% compared to the previous year. We think that this trend will be continuing in 2017 as well, but not that sharp because we believe that we have come to a very satisfactory level in the deleveraging phase.

So in the next slide also you can see the Net Financial Debt to EBITDA Ratio of 0.4 at the end of 2016. So this ratio was around 1 in 2015. So what I would like to indicate to you is especially on this basis, if you have any questions with respect to segments or for the business outlook,

please don't hesitate to ask me, we come pass to the Q&A session part. Thank you very much for listening.