

PINAR SÜT MAMULLERİ SAN. A.Ş



Pinar Süt Highlights



- Innovator and pioneer
- More than 200 SKUs
- R&D expertise

Product Portfolio

- #1 milk brand that comes to mind*
- Best brand in dairy **
- Among Turkey's Superbrands***

Brand Equity

- Hygienic and EU standard producton
- Technical Expertise and sectoral know-how

Production

- Healthy, pure and standardized products
- ISO 9001-2008
- ISO 14001
- ISO 22000 HACCP

Quality

- YBP – Turkey's biggest nationwide cold and frozen distribution chain
- 155.000 sales points
- Technical know-how and expertise
- Synergy in the distribution of dairy and meat products

Distribution Network

- Supply from more than 21000 producers
- Continuous quality control in each step
- Strong relations with farmers
- More than 200 contracted farms

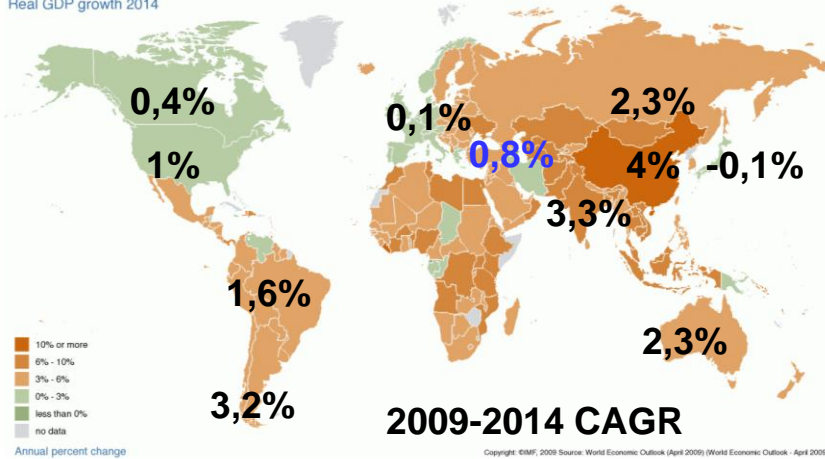
Supply

Market Dynamics



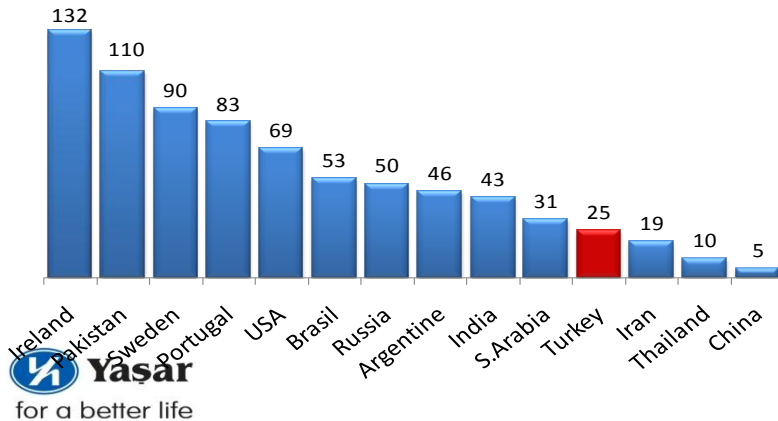
Growth in Global Milk Production

IMF Data Mapper
Real GDP growth 2014

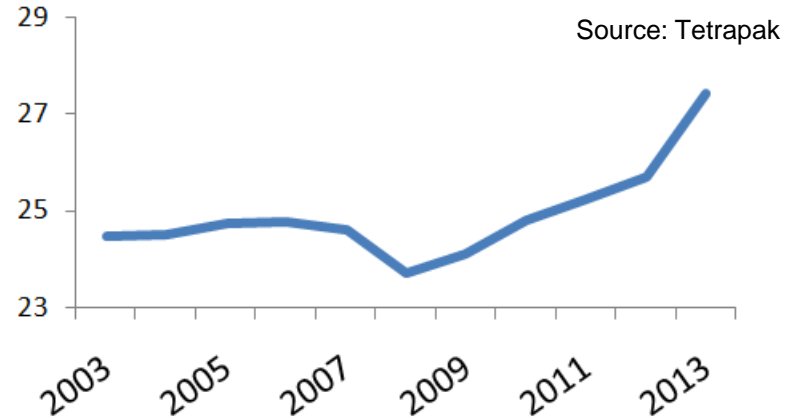


- ▶ Annual raw milk production is 714 million tons in the world; about 12 million tons in Turkey,
- ▶ Turkey is 15th in world's league,
- ▶ Growth is expected in the milk production/import of developing and growing countries.

Per Capita Milk Consumption (lt)



Per Capita Milk Consumption in Turkey (lt)



Market Dynamics - II

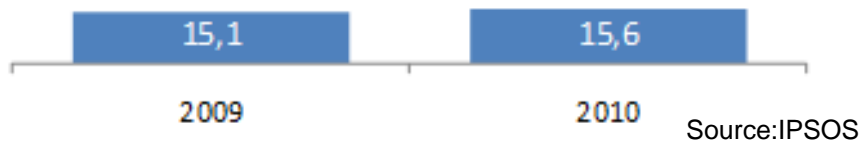


FMCG Growth

- FMCG market(exclud. tobacco) has grown by 8,9% in 2010 and reached **34 billion TL**.
- Share of F&B within FMCG has reached 78,2% in 2010.

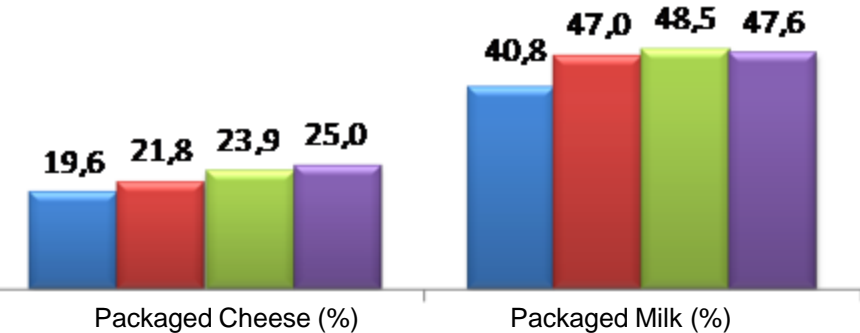
Source: Nielsen

Spending share of Dairy products within FMGC (%)



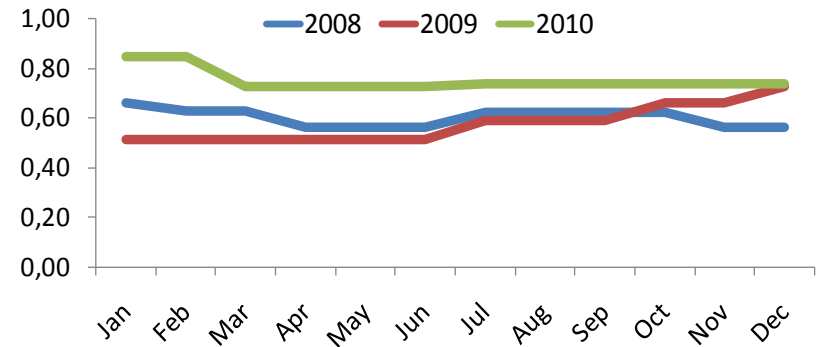
Shift from Unpackaged to Packaged (Volume)

■ 2007 ■ 2008 ■ 2009 ■ 2010



Source: IPSOS

Raw Milk Base Price in Turkey (TL/lt)



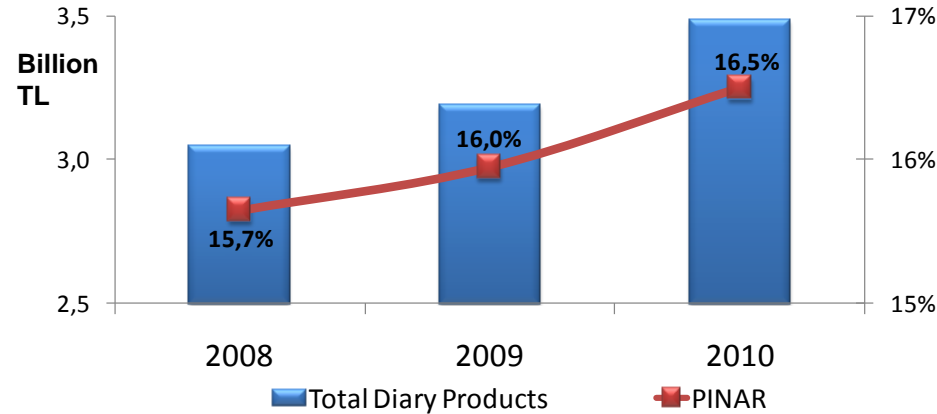
The average of base prices of Burdur ve South Marmara regions.

- ▶ Trend for packaged dairy goods,
- ▶ Economic segment as the first step for those transferring from unpackaged to packaged dairy food,
- ▶ Trend towards value-added/organic/natural products,
- ▶ Growth in "Away from Home" market,
- ▶ Increased price competition in the market.

Ahead of competition



- ▶ There are national (e.g. Ulker, Sutaş) and multinational (e.g. Danone, Nestle) competitors.

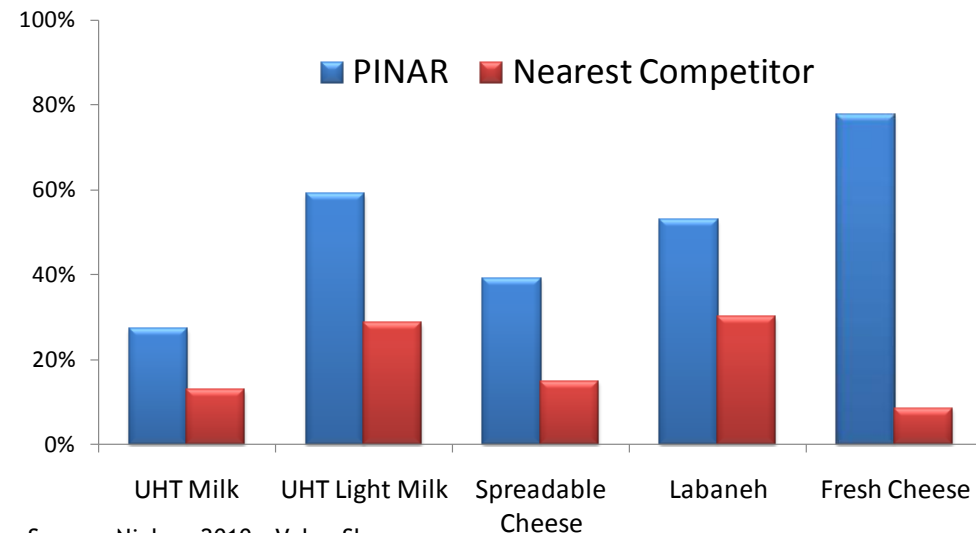


Product	Market Share (%)	Position
UHT LIGHT MILK	59%	LEADER
TOTAL UHT MILK	27%	LEADER
ORGANIC MILK	100%	FIRST&ONLY
ENRICHED MILK (KIDS)	50%	LEADER
BUTTER	18%	SECOND
HOMOGENIZED YOGHURT	11%	THIRD
SPREADABLE CHEESE	39%	LEADER
FRESH CHEESE	78%	LEADER
LABANEH	53%	LEADER
CREAM CHEESE	17%	LEADER

Source: Nielsen 2010 Value & Value Share

Total dairy products are included milk, yoghurt, spreadable cheese, butter and ayran.

- ▶ Dairy products market has grown by 8% (Nielsen) in 2010.
- ▶ Our marketing activities performed in 2010 to increase our market share will continue in also 2011.



Source: Nielsen 2010 - Value Share

Investment to Eskişehir Plant



- ▶ With the investment made to our Eskişehir Plant
 - ▶ Factory's closed area increased to 22.000m²
 - ▶ The dairy capacity of the plant increased by %30 to 300 million litres
 - ▶ New employment provided for the plant and sector



Eskişehir
(30 production lines)



İzmir
(38 production lines)

Marketing Campaigns



- ▶ Marketing campaigns have continued in profitable and strategic categories.

Major campaigns in 2010:"

- ▶ Pınar Çocuk
- ▶ Pınar Kido
- ▶ Ramadan ve Feast Campaigns
- ▶ Pınar Beyaz
- ▶ Labne

Pınar Çocuk Interactive Campaign won “Kristal Elma” ve Golden Effie awards

- ▶ “Kristal Elma” is a contest where original and creative works are awarded. “Pınar Çocuk” was awarded in the *Multi Channel Campaign* category.
- ▶ Effie, is a prestigious contest, conducted in various countries of the world and is awarded according to the measured effects of marketing activities on business results. Kid’s Milk, won Golden Effie for its 2009-2010 performance in Basic Food category.

▶ Ramadan ve Feast Campaigns

Ramadan and Feast Campaigns are performed for basic products category (Yoghurt, Butter, White Cheese, Kashkaval Cheese, Ayran).

▶ Pınar Kido Consumer Promotions

Performed various promotions in February-March, June-July and September-October periods.

▶ Pınar Kido web site

www.kido.com.tr was visited 1.255 thousand times in January-December 2010 period.

There are 400 thousand members of the web site.

▶ Pınar Kido Painting Contest

In 2010, 877.660 paintings competed in the contest that continued for 29 years

▶ Pınar Kido Kids’ Theater

Around 40 thousand people attended our play in 2010.



New Launches



New Launches:

- ▶ Pınar Lemonade
- ▶ Pınar Kido with Biscuit
- ▶ Pınar Kahvaltı Keyfi White Cheese
- ▶ Pınar Sliced Cheese 700g
- ▶ Pınar Çocuk with Honey
- ▶ Pınar Cream Cheese with Cheddar
- ▶ Pınar Cream Cheese with Thyme&Olive
- ▶ Pınar Triangle Cheese with Cheddar
- ▶ Pınar Triangle Cheese with Thyme&Olive



Multipacking/Consumer Promotion



New package designs

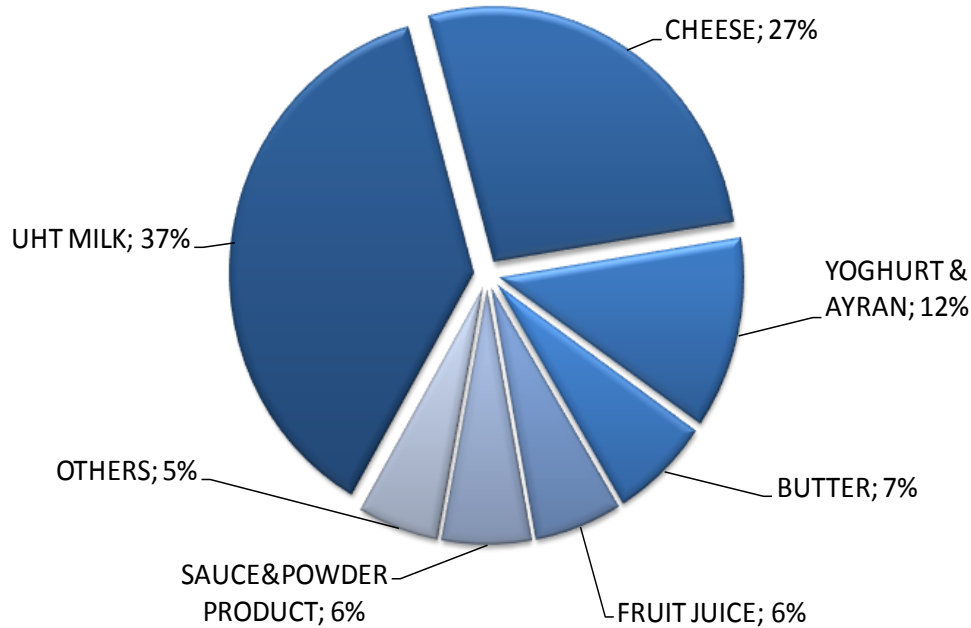


The new packaging diversification that responds to market : easy-open, optimum shelf life, smaller packaging

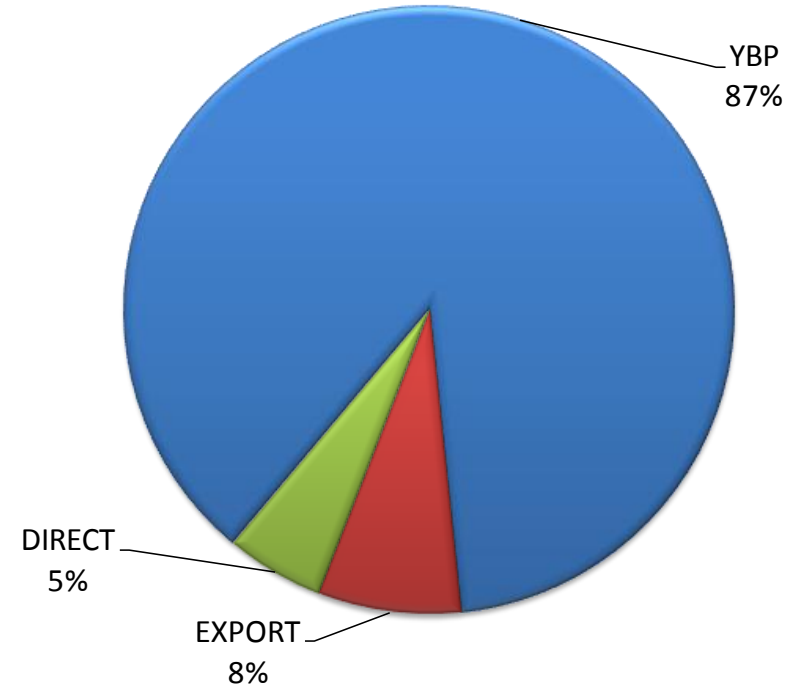
Product Groups & Sales Channels



Product Groups



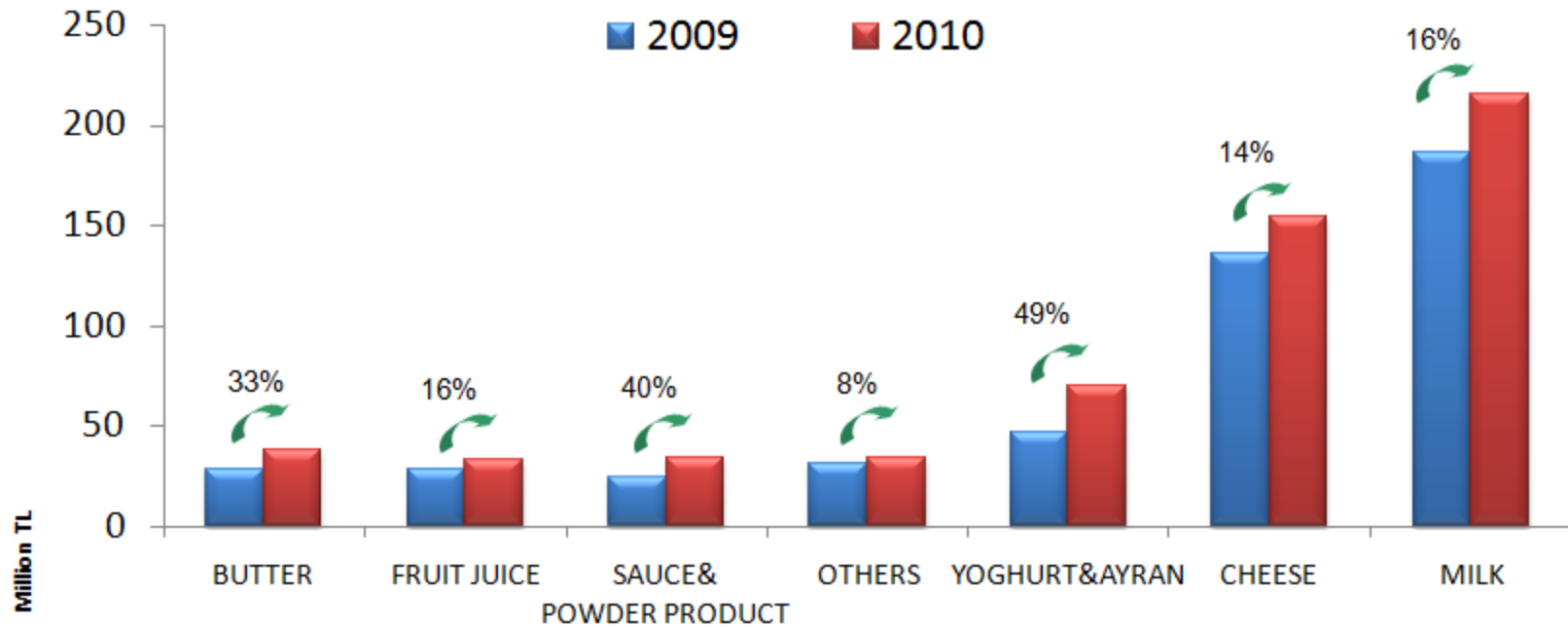
Sales Channel



Growth in Sales

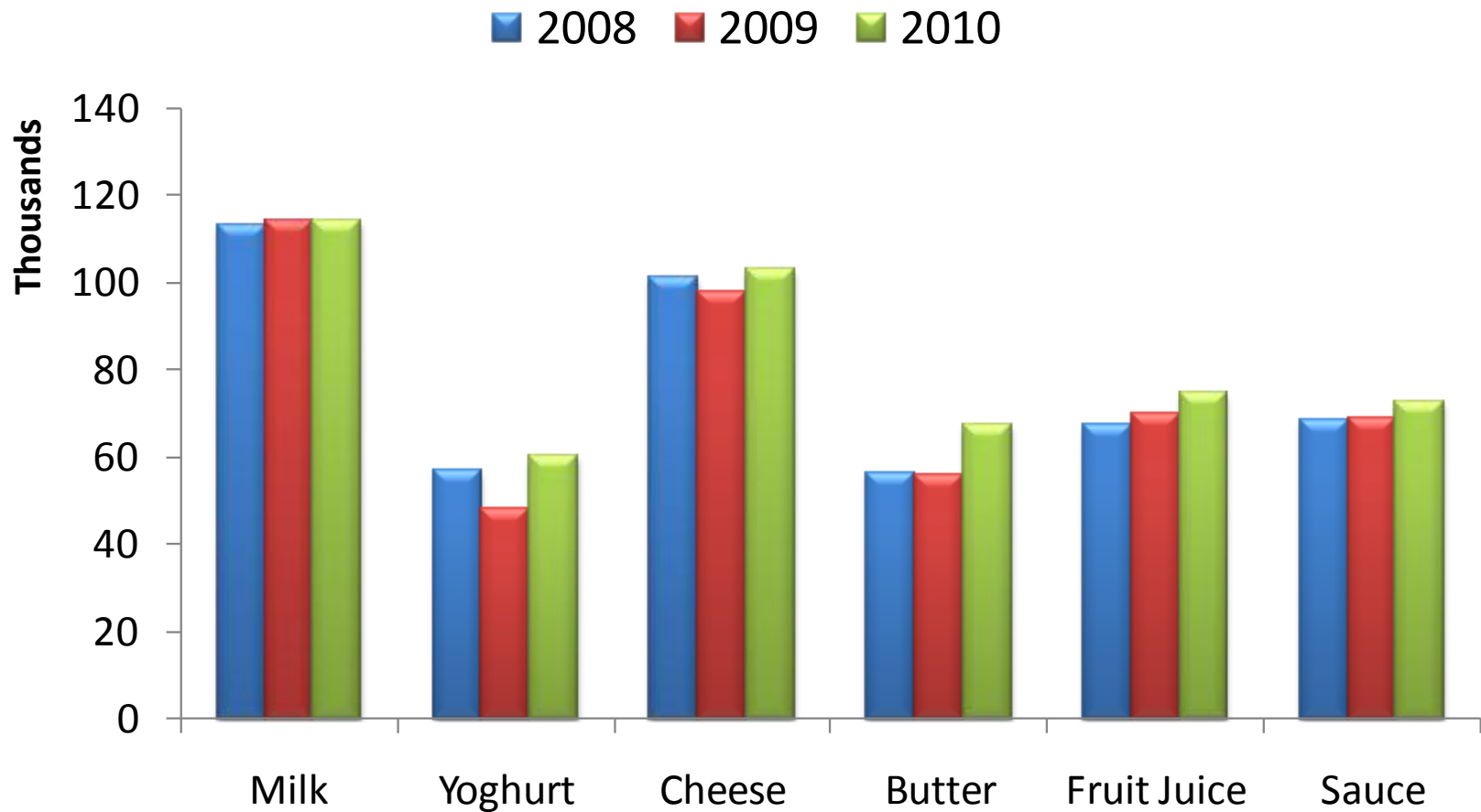


Growth Rates of Product Groups



Net Sales has grown by 20% in 2010 compared to 2009

Growth in the Number of YBP Customers



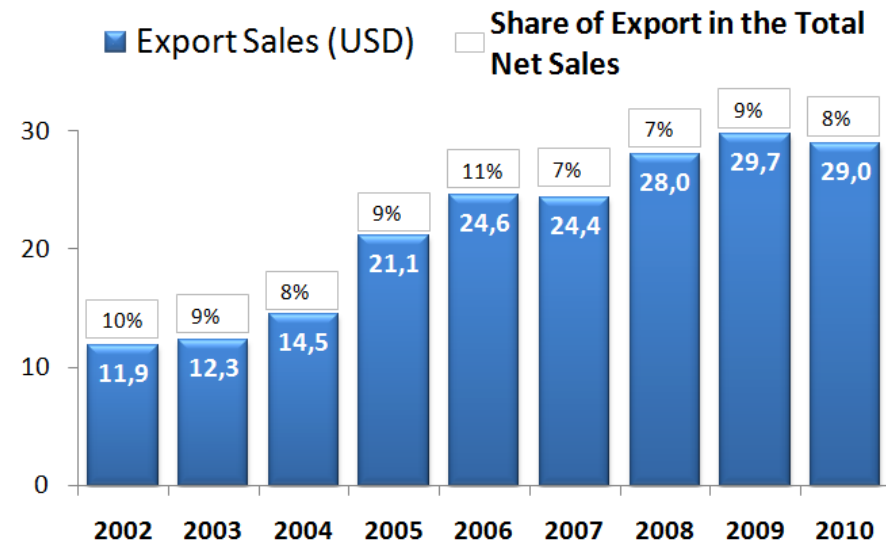
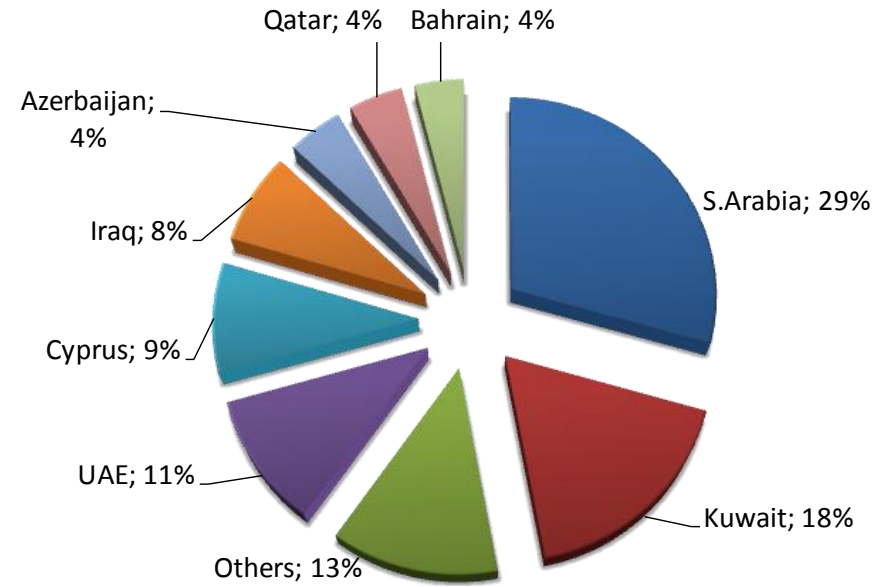
Export



- ▶ Pınar realizes 21% of Turkey's Dairy Products Exports bu itself
- ▶ Export to 29 countries from Middle East to Europe, from U.S.A. to Asia
- ▶ Market leader in Saudi Arabia and Kuwait with Packaged Labaneh Cheese with 45% market share
- ▶ Moreover, long-life milk, white cheese, Pınar Beyaz, whole cream, fruit juice, yoghurt and ayran is exported to Gulf countries.
- ▶ Export sales have tripled from 2002 to 2010
- ▶ As one of the most valuable Turkish brands, part of the

TURQUALITY roject supported by the Turkish government..

- ▶ Turquality® is the first and unique branding program in the world supported by Turkish Government in order to create competitive Turkish brands worldwide.
- ▶ The vision of Turquality® is "Create 10 world brands in 10 years".





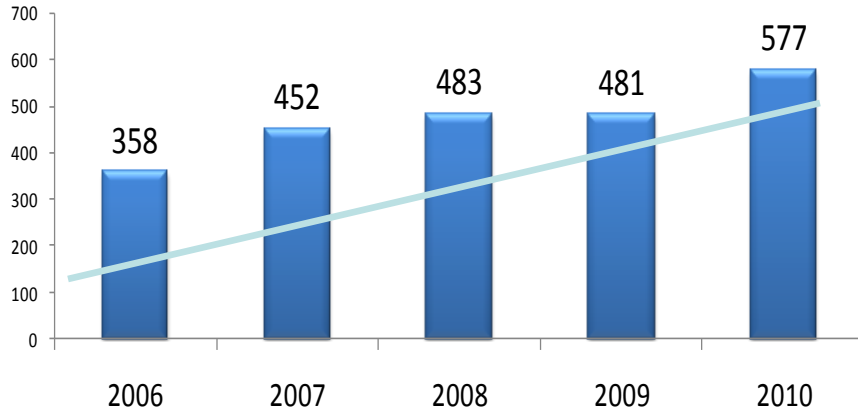
FINANCIAL RESULTS

2006 – 2010 Performances



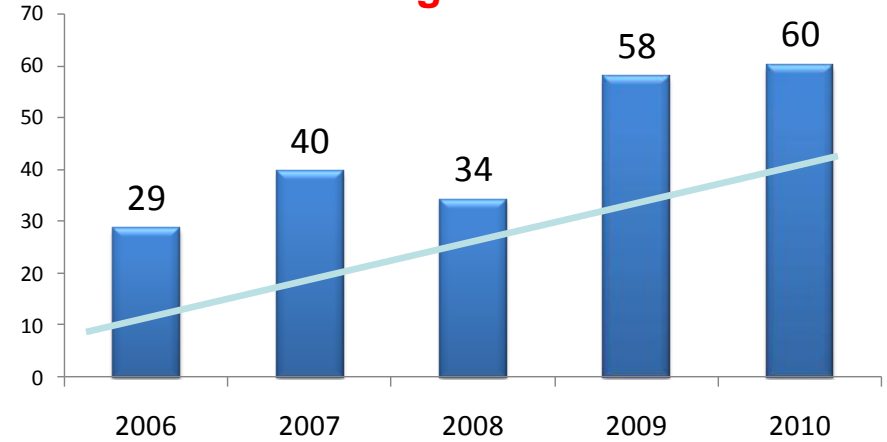
Net Sales (Million TL)

Cagr % 13



Net Profit (Million TL)

Cagr %20



► In accordance with our strategies, we have focused on market investments and achieved growth in sales and market shares.

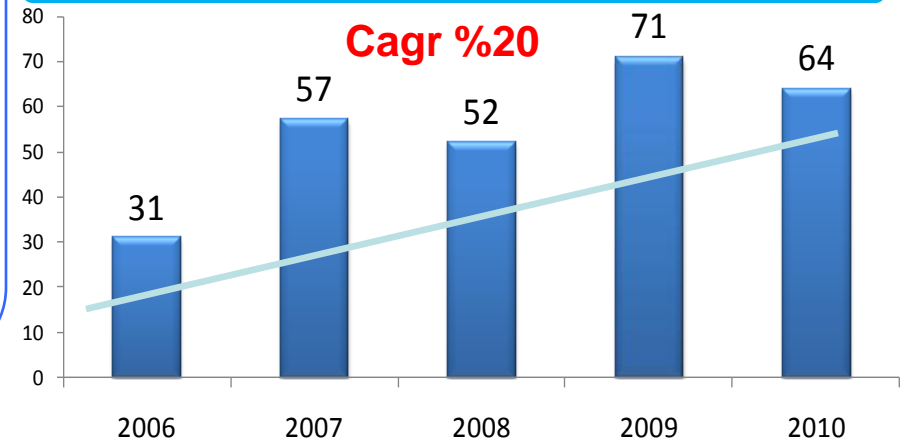
► Efficient cost control mechanisms (OCI-Lean Six Sigma projects) have been applied in all processes.

► A part of raw material cost increases have been passed on to product prices in 2010.

► Competition in the market is continuing.

EBITDA (Million TL)

Cagr %20



Income Statement

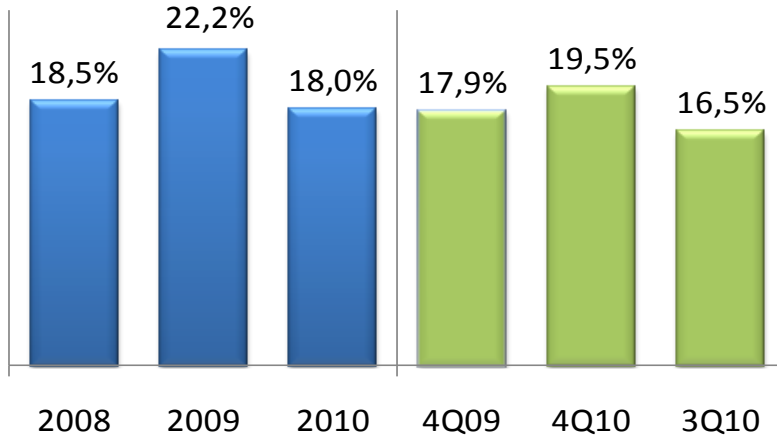


(Million TL)	December 31, 2010	December 31, 2009	Change	% Variance
Net Sales	577,1	480,7	96,3	20,0
Cost of goods Sold	-473,2	-374,3	-99,0	26,4
Gross Profit	103,8	106,5	-2,6	-2,5
R&D Expenses	-4,7	-3,8	-0,9	23,2
Sales, Distribution and Marketing Expe	-28,5	-26,3	-2,2	8,2
General Administration Expenses	-22,4	-20,0	-2,3	11,7
EBIT	48,3	56,3	-8,0	-14,3
Share of Results of Investments in Associates	12,7	8,8	3,8	43,1
Other Income	6,9	5,3	1,6	30,5
Other Expenses	-2,8	-4,0	1,1	-28,6
Financial Income (Net)	6,4	4,7	1,7	37,3
Profit Before tax	71,4	71,2	0,3	0,4
Tax	-11,4	-13,3	2,0	-14,9
Net Profit for the Period	60,1	57,8	2,3	3,9
EBITDA	63,4	70,9	-7,5	-10,5
Total Assets	532,6	479,0	53,6	11,2
Equity	384,8	350,2	34,6	9,9

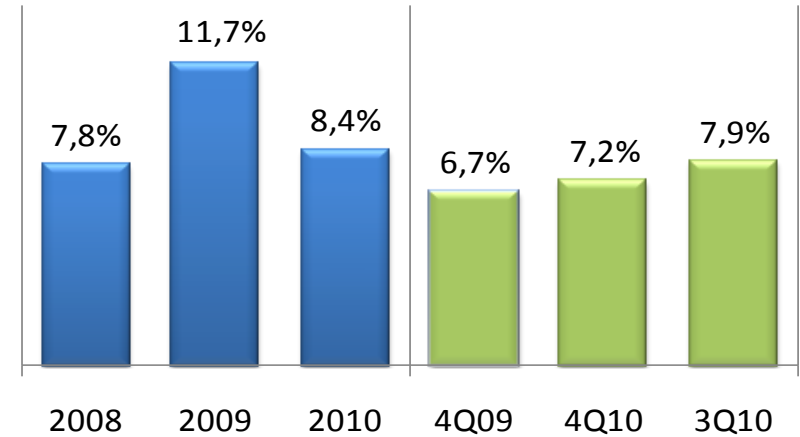
Profit Margins



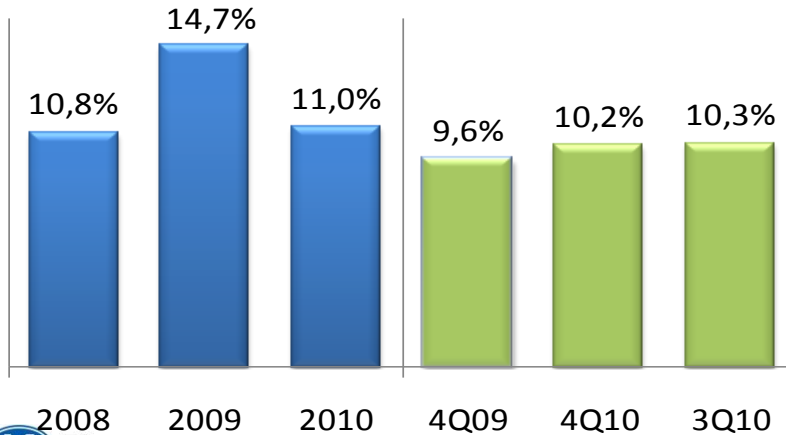
Gross Profit Margins (%)



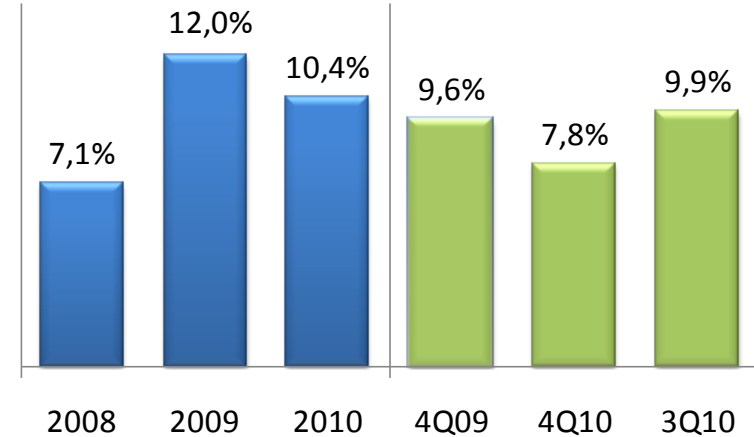
Operation Profit Margins* (%)



EBITDA Margins** (%)



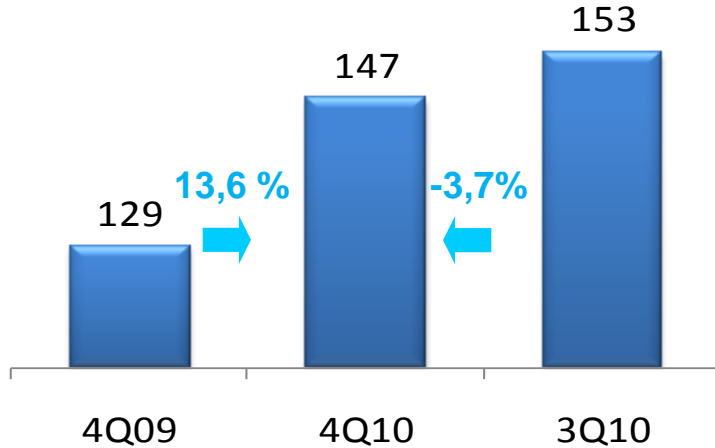
Net Profit Margins (%)



Quarterly Results



Net Sales (Million TL)



► Raw milk price increases which have started in the 3rd quarter of 2009, continued also in 2010.

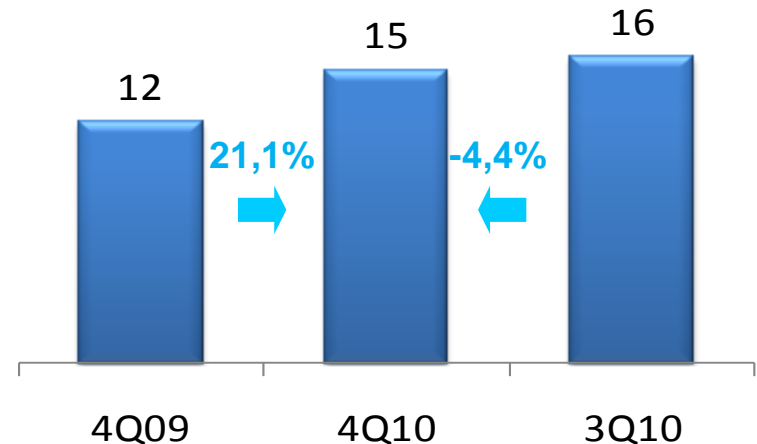
► Average EBITDA margin of 11% was attained in 2010, since part of the raw material price increases have been reflected on to the product prices and sales volume increases have been achieved.

► As part of our strategy to grow above market growth, our marketing investments have continued all year and accelerated towards the end of the year..

► Growth is realised when compared with last year's last quarter, due to growth in sales in both value and volume terms and our market shares have also increased.

► Selective price policies, which have continued in 2010, have resulted in lower volumes than 3rd quarter of the year, on the other hand our gross margin has improved. Besides, seasonal upswing in the raw milk productivity has also contributed to our gross margin.

EBITDA (Million TL)



Basic Ratios, Net Financial Debt & Net Working Capital

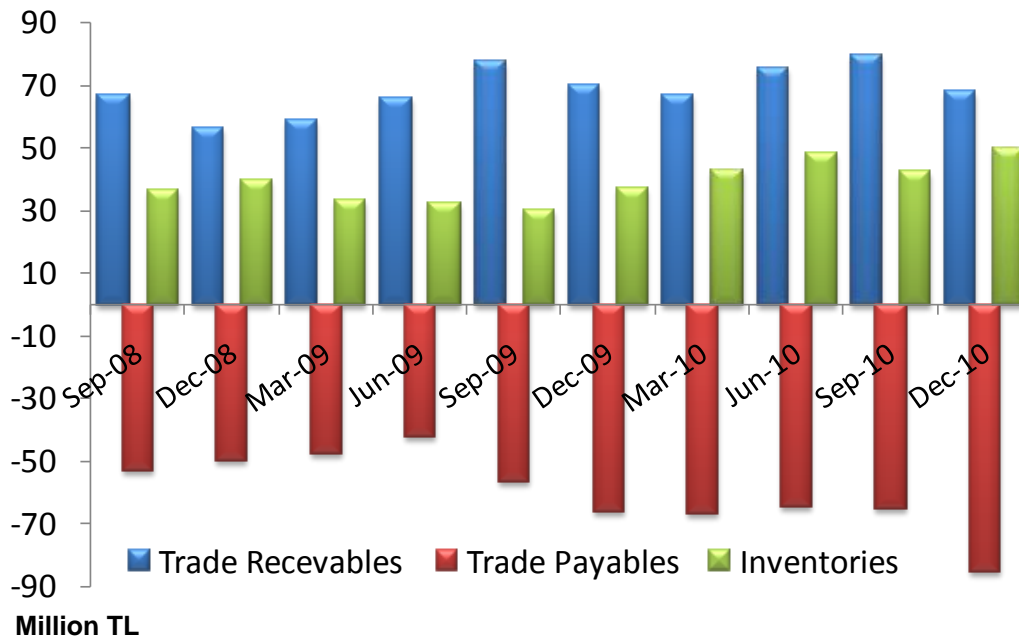
December 31, 2010 December 31, 2009

	December 31, 2010	December 31, 2009
Current ratio	1,92	2,17
Leverage ratio	0,28	0,27
S/T Fin Debt/T. Fin Debt	0,13	0,26
Net Financial Debt/EBITDA	-0,04	0,24
Total Fin Debt/Equity	0,04	0,06

(Million TL)

December 31, 2010 December 31, 2009

	December 31, 2010	December 31, 2009
Cash & Cash Equivalents	17,2	3,3
S/T Bank Borrowings	1,9	5,3
L/T Bank Borrowings	13,0	14,8
Net Financial Debt	(2,3)	16,7



▶ A 32% rise in net cash generated from operating activities

2009
49,8 Million TL → **2010**
65,7 Million TL

▶ Continuous focus on risk management and productivity

▶ Effective working capital management

▶ Strong balance sheet and liquidity management

Overview of 2010



- ▶ Raw milk price increases which have started in the 3rd quarter of 2009, continued also in 2010
- ▶ Part of raw material price increases have been reflected to the product prices and sales volume increases have been achieved
- ▶ New Product Launches and New Packaging Diversifications based on market trends have been performed
- ▶ Projects that improve efficiency in production have continued
- ▶ UHT Milk Product Line in Eskişehir plant is put into service
- ▶ Our profitability has been sustained in the first term of 2010 as a result of brand power, know-how and power of distribution network

Growing above market growth rates in the segments we operate in, with ;

- ▶ Effective price management
- ▶ Product portfolio targeting consumers in various segments
- ▶ Widespread distribution network
- ▶ Continued marketing investment.

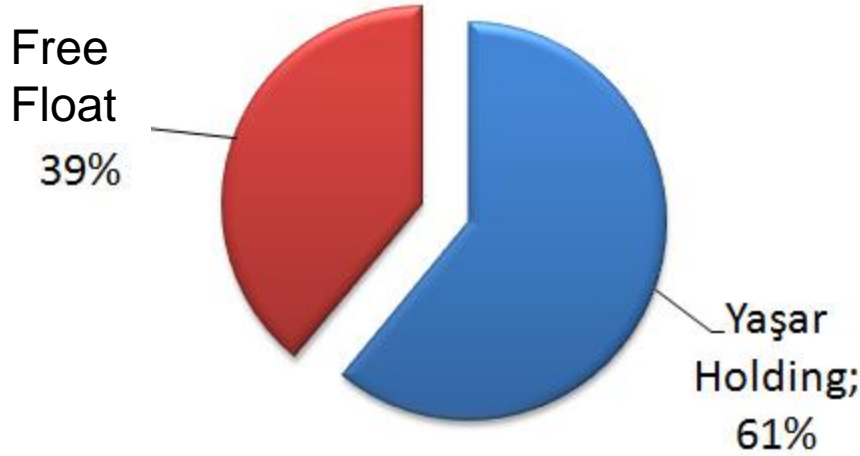
2011 TARGETS

Growth in Net Sales: %10-%12

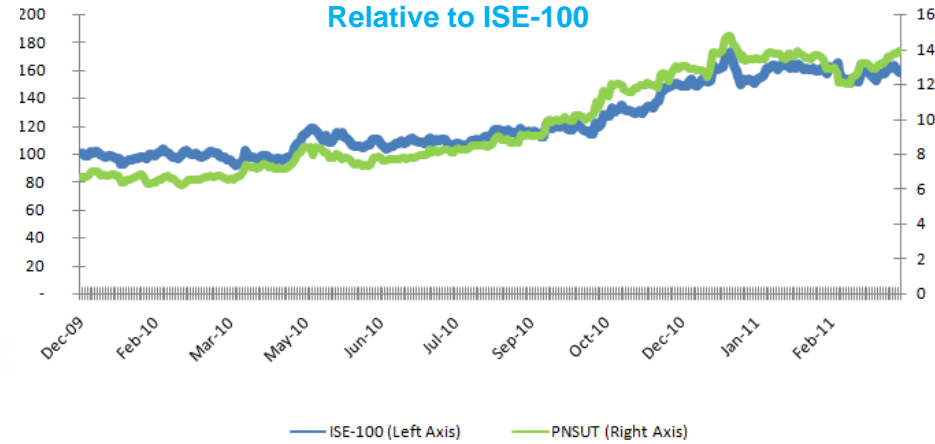
EBITDA Margin: %11-%12

Capex: 45-50 Million TL

Ownership & Participation Structure – Share Performance



Relative and Absolute Performance of Pınar Süt Shares



Pınar Süt

Yaşar Birleşik
Pazarlama A.Ş.

%31,95

Pınar Foods
GmbH, Germany

%44,94

Desa Elektrik Üretimi
Otoprodüktre Grubu

%30,52

Pınar Anadolu
Gıda San. ve Tic.
A.Ş.

%20,00

Pınar Entegre Et
ve Un San. A.Ş.

%12,58

Çamlı Yem
Besicilik San. Tic.
A.Ş.

%5,47

Pınar Su San. Tic.
A.Ş.

%8,77

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Company's financial statements are available on www.kap.gov.tr and www.pinar.com.tr websites.

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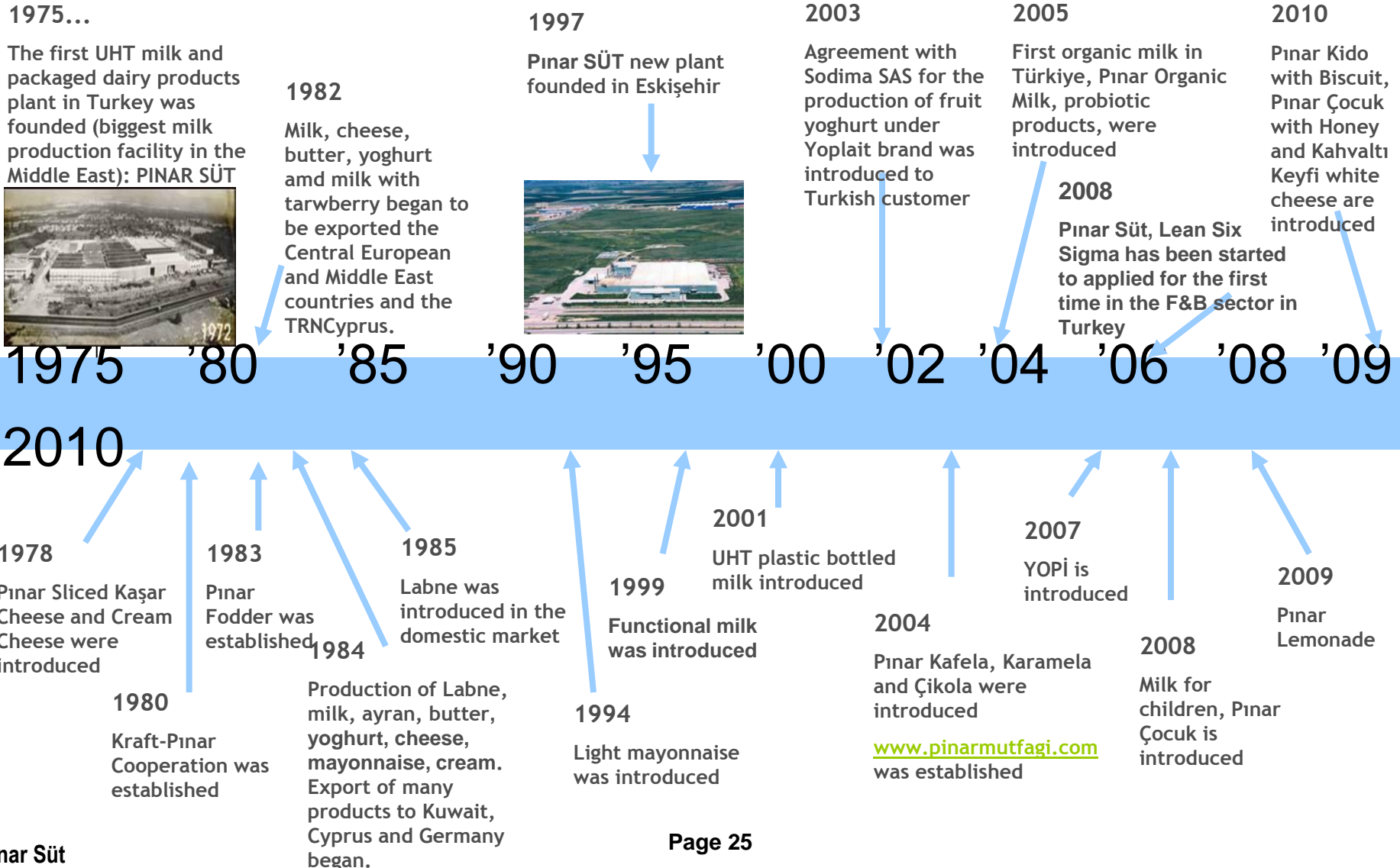
APPENDIX



Company History



Pioneer and Leader of Modern Turkish Dairy

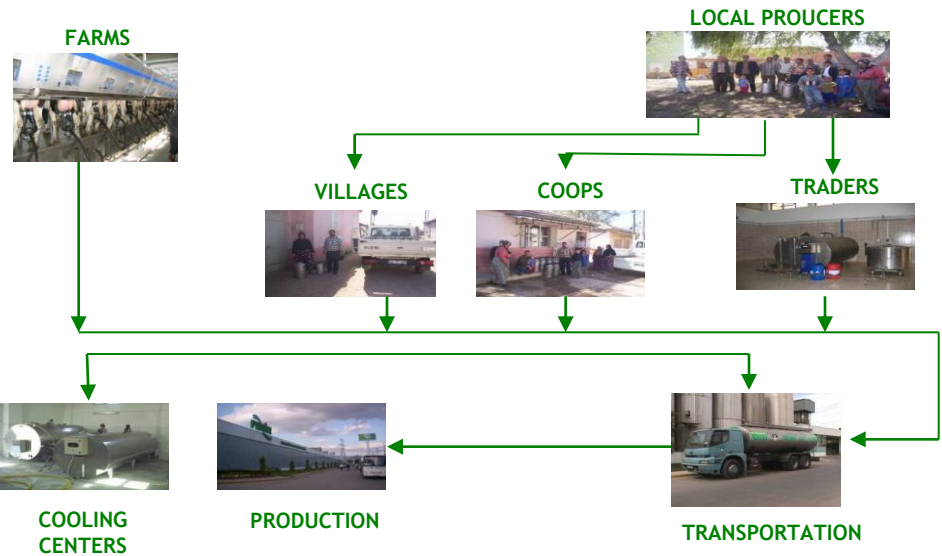


Supply - Raw Milk Collection Process



Keen focus on milk collection processes:

- ▶ Route optimization; increase in truck fill rate and L/km rate (TL 1m cost savings)
- ▶ Successful Raw milk supply constitutes an important entry barrier to potential competitors



- ▶ Competitive advantage due to strong long term relationship with milk suppliers since 1975
- ▶ Agreements with suppliers to ensure a steady raw milk supply
- ▶ Continuous quality and control in each step of milk collection (fully complied with EU requirements, 6000 tests in raw milk laboratories on daily basis)
- ▶ Raw milk from 327 cooling centers through advanced collecting systems twice a day
- ▶ 53 % total of milk is obtained from circa 217 units farms.
- ▶ As of June 2005, the first and only organic milk production in Turkey.

- ▶ Yaşar Birleşik Pazarlama; Turkey's biggest nationwide cold & frozen distribution chain
- ▶ The distribution of food & beverage products are realized in -18°C vehicles for frozen products, $+4^{\circ}\text{C}$ vehicles for fresh products and classic vehicles for the rest
- ▶ The know-how and strong track record in the cold chain applications with a cold and frozen distribution chain and storage conditions is a considerable asset for the Group
- ▶ Strategically located distribution network throughout Turkey, by latest technology and flexible organization; over 155,000 sales points with a dedicated sales personnel
- ▶ Group sales reflects homogeneous regional dispersal all around the Turkey

YBP OWNERSHIP STRUCTURE

