

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 production
- 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
- More than 150.000 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

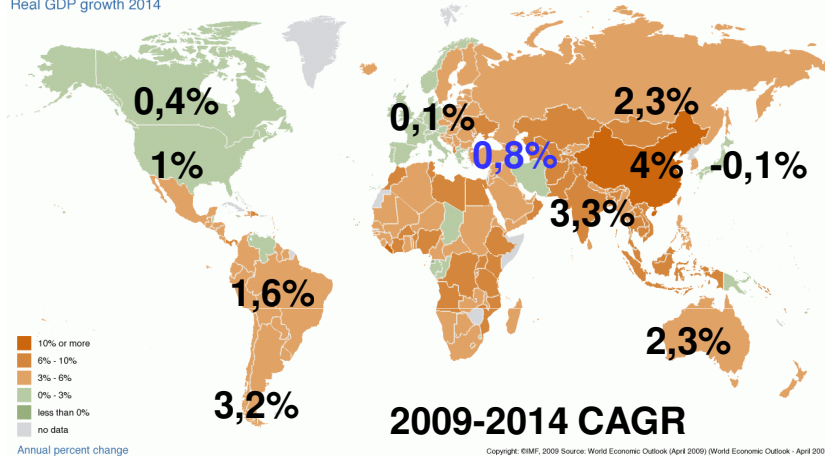
Supply

Market Dynamics



Growth in Global Milk Production

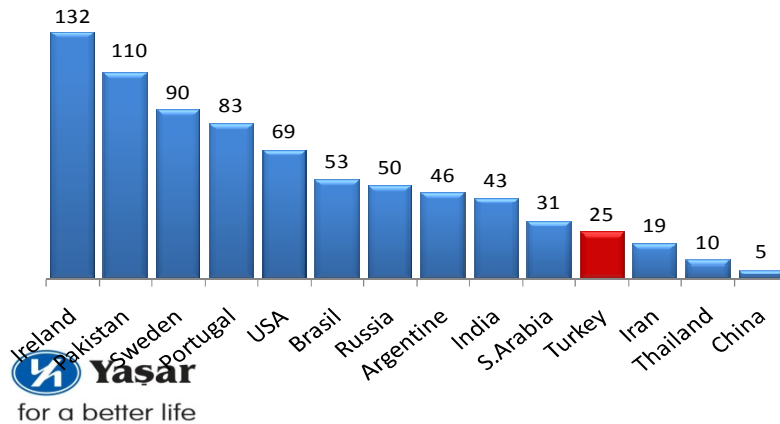
IMF Data Mapper
Real GDP growth 2014



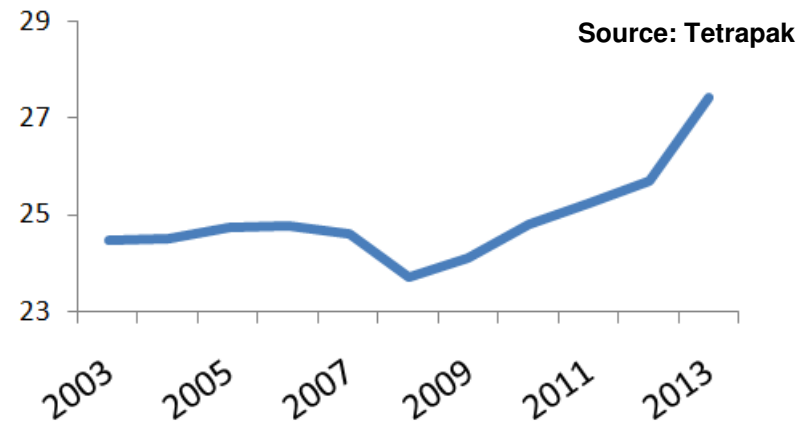
Source: OECD, IMF

- ▶ 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

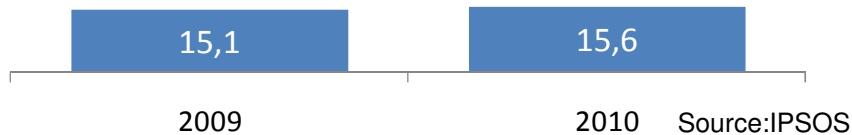


FMCG Growth

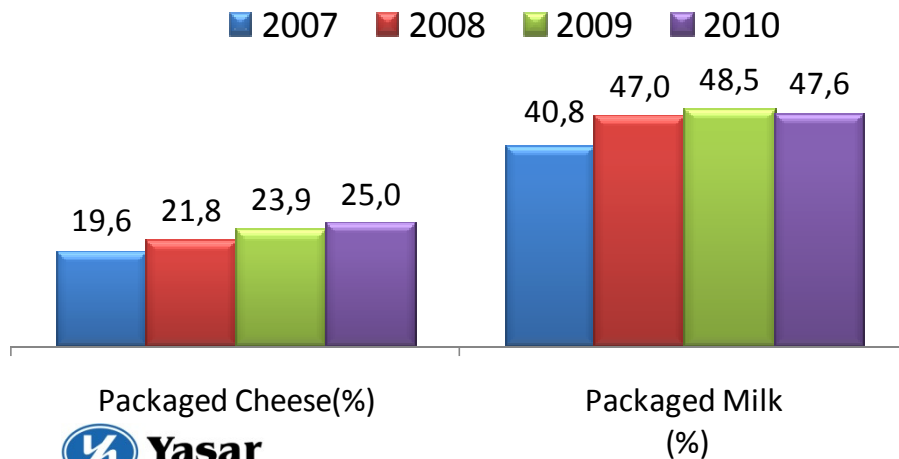
- FMCG market(exclud. tobacco) has grown by 8,9% in 2010 and reached **34 billion TL**.
- Share of F&B within FMCG has reached 78,2% in 2010.

Source: Nielsen

Spending share of Dairy products within FMGC (%)

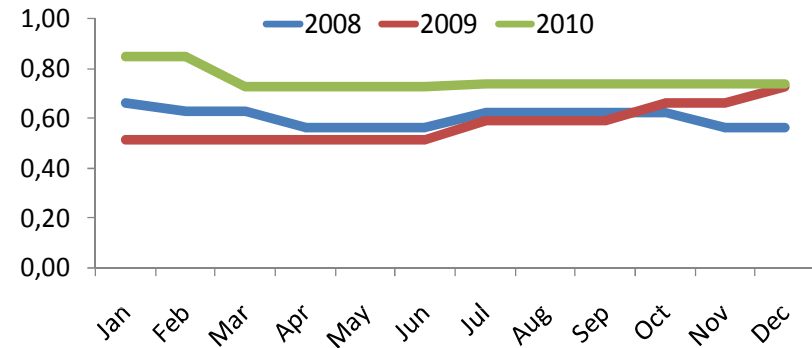


Shift from Unpackaged to Packaged (Volume)



Source: IPSOS

Raw Milk Base Price in Turkey (TL/lt)



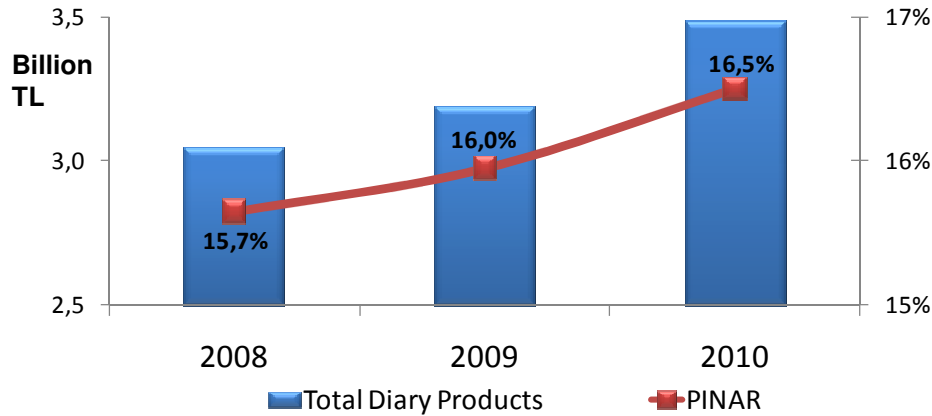
The average of base prices of Burdur ve South Marmara regions.

- ▶ 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.

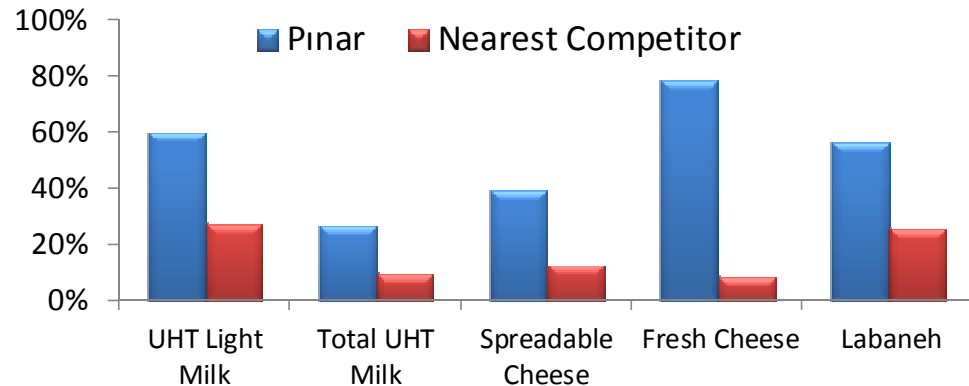


Source: Nielsen 2010 Value & Value Share

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

- ▶ Dairy products market has grown by 2% (Nielsen) in 1Q 2011.
- ▶ Our marketing activities performed in 2010 to increase our market share continue in also 2011.

Products	Market Share	Position
UHT Light Milk	61%	Leader
Total UHT Milk	27%	Leader
Organic Milk	100%	First&Only
Enriched Milk (Kids)	56%	Leader
Butter	17%	Second
Homogenized Yoghurt	11%	Third
Spreadable Cheese	40%	Leader
Fresh Cheese	79%	Leader
Labaneh	57%	Leader
Cream Cheese	17%	Leader



Source: Nielsen March, 2011 - 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)

New Launches



New Launches:

- ▶ 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
- ▶ Pınar Organic Yoghurt



Multipacking/Consumer Promotion



New package designs

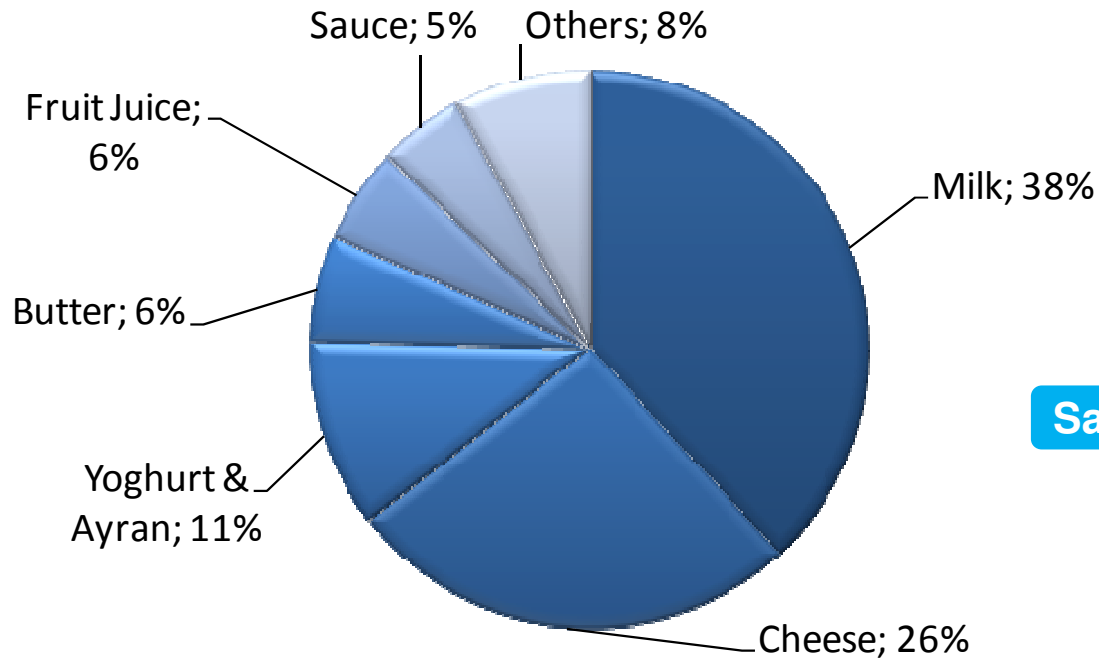


The new packaging diversification that responds to market : easy-open, optimum shelf life, smaller packaging

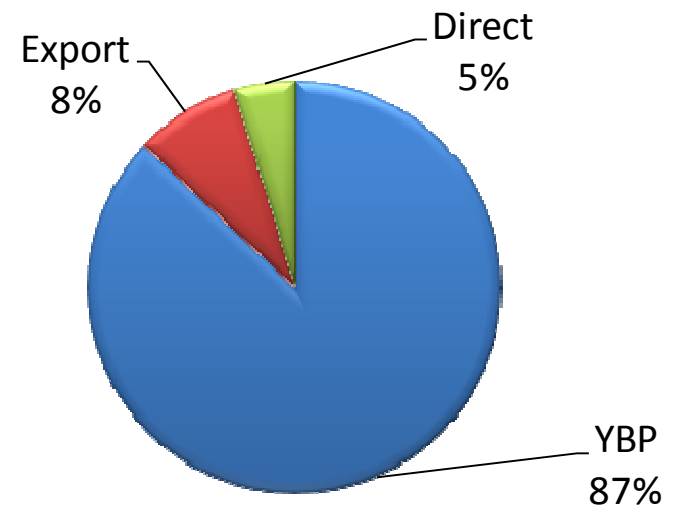
Product Groups & Sales Channels



Product Groups (1Q11)



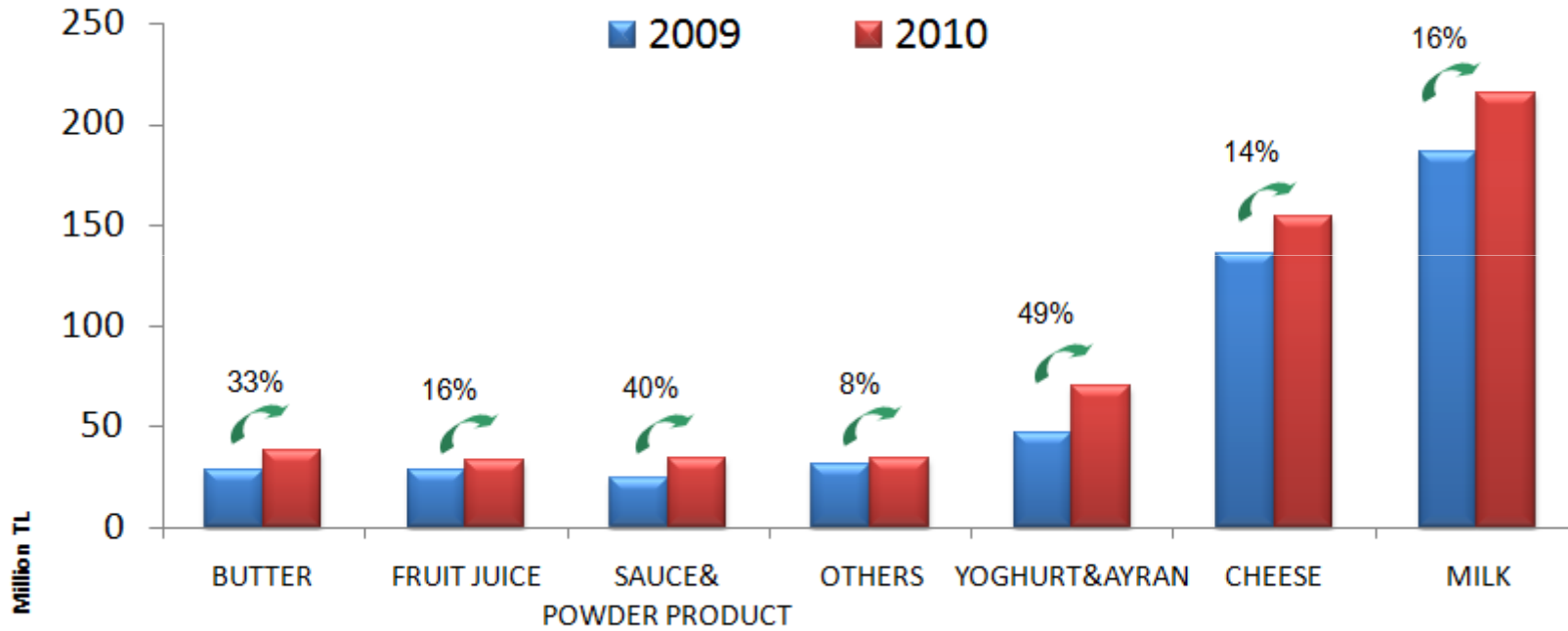
Sales Channels (1Q11)



Growth in Sales

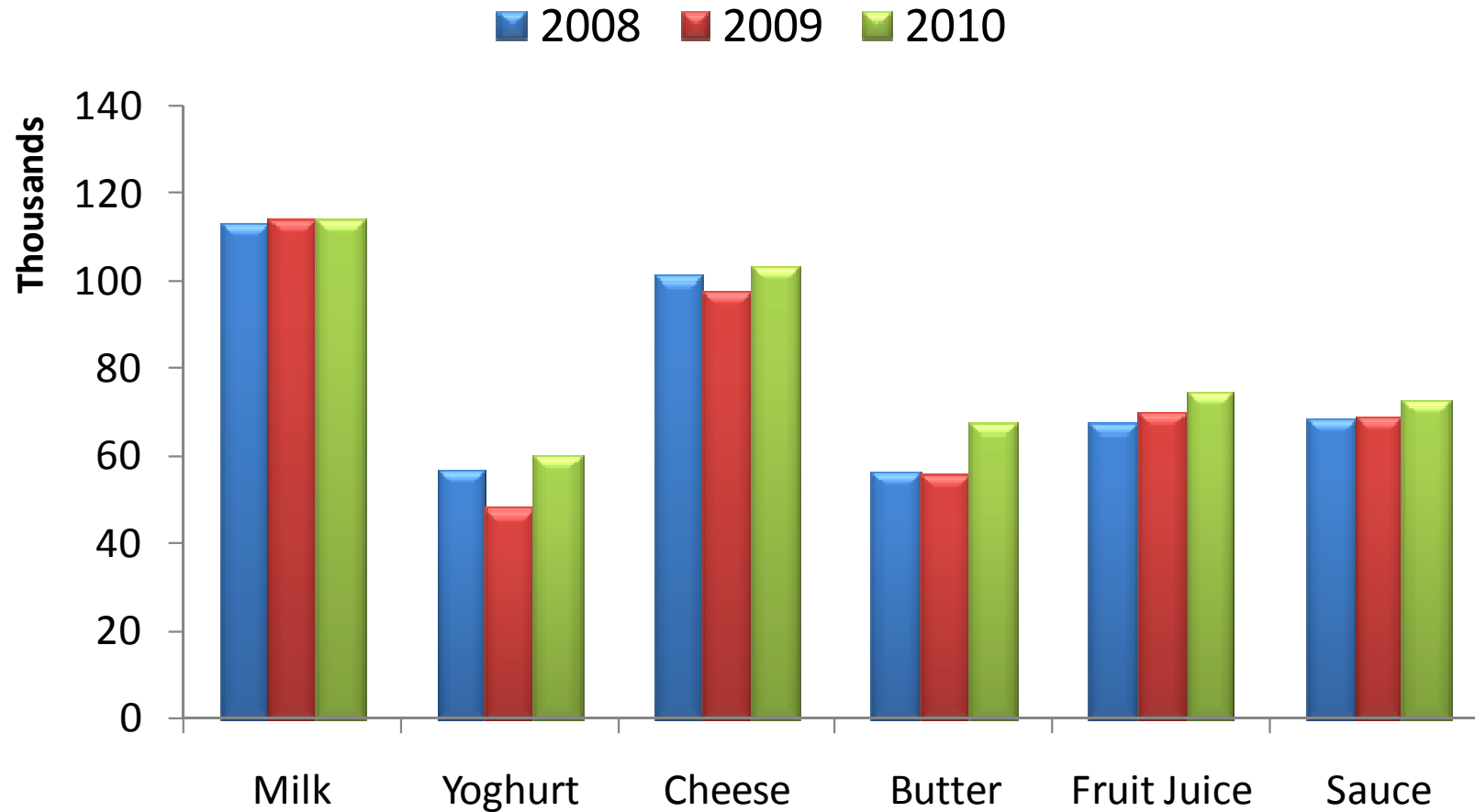


Growth Rates of Product Groups



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

Growth in the Number of YBP Customers



Export

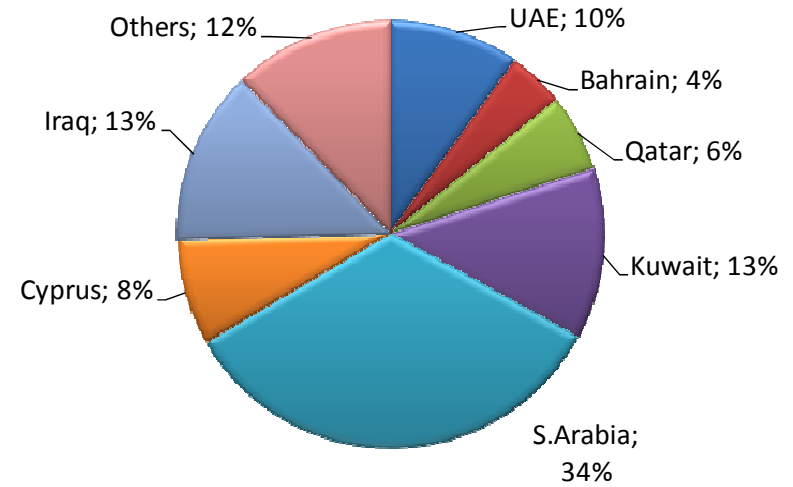


- ▶ Pınar realizes 21% of Turkey's Dairy Products Exports bu itself
- ▶ Export to 29 countries from Middle East to Europe, from U.S.A. to Asia
- ▶ Market leader in Saudi Arabia and Kuwait with Packaged Labaneh Cheese with 45% market share
- ▶ Moreover, long-life milk, white cheese, Pınar Beyaz, whole 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

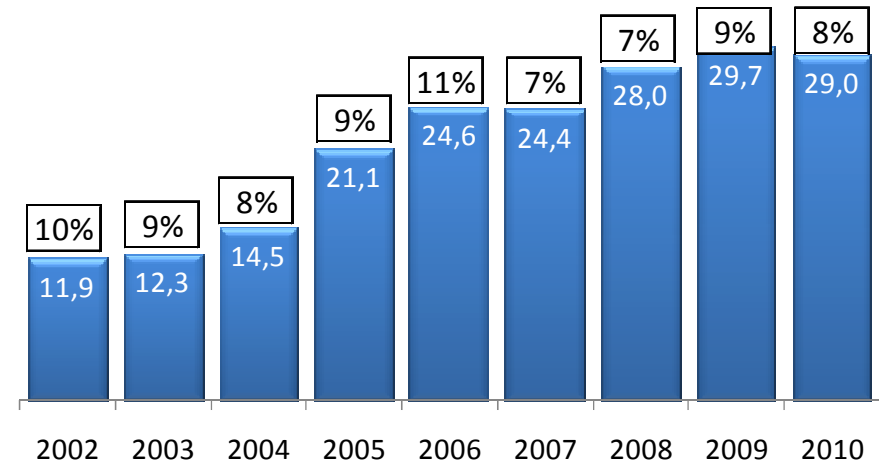
TURQUALITY project supported by the Turkish government..

- ▶ 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".

Foreign Sales by Countries (1Q11)



■ Export Sales (million USD) □ Share of Export in Total Sales





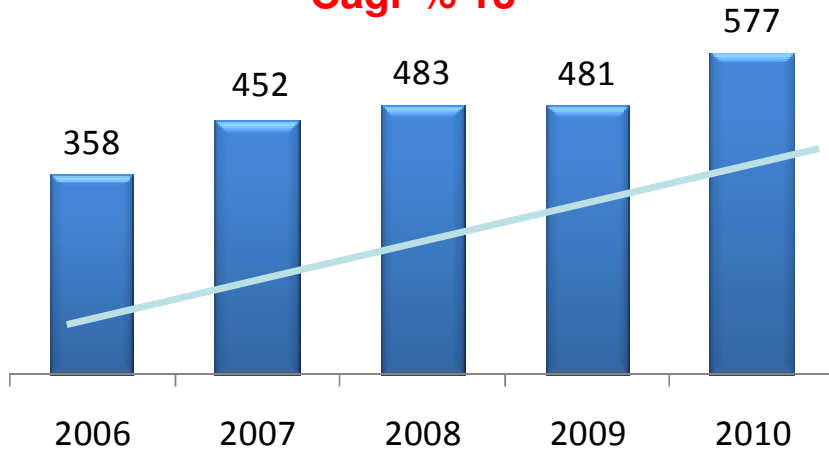
FINANCIAL RESULTS

2006 – 2010 Performances



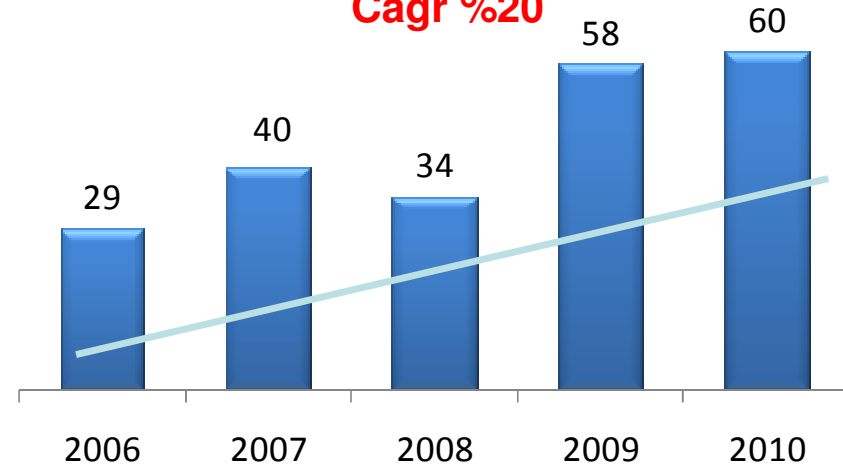
Net Sales (Mn TL)

Cagr % 13



Net Profit (Mn TL)

Cagr %20



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

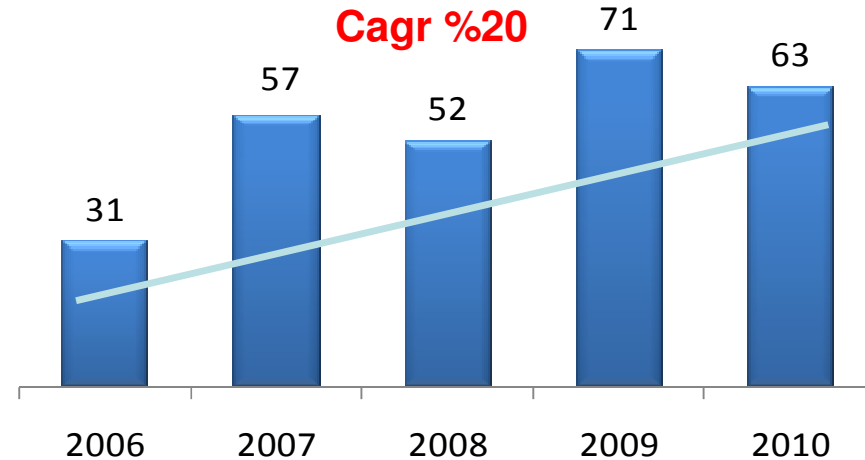
► Efficient cost control mechanisms (OCI-Lean Six Sigma projects) have been applied in all processes.

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

► Competition in the market is continuing.

EBITDA* (Mn TL)

Cagr %20



daha iyi bir yaşam için*

Earnings before Interest, Tax, Depreciation, and Amortization

Income Statement

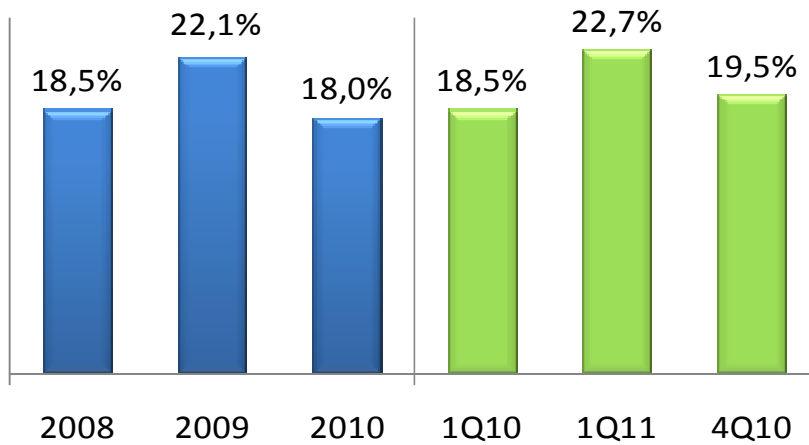


(Million TL)	March 31, 2011	March 31, 2010	Change	% Variance
Net Sales	144,6	137,9	6,7	4,8
Cost of goods Sold	(111,8)	(112,3)	0,6	(0,5)
Gross Profit	32,8	25,6	7,3	28,4
R&D Expenses	(1,1)	(1,1)	0,0	(2,3)
Sales, Distribution and Marketing Exper	(6,8)	(4,7)	(2,1)	43,5
General Administration Expenses	(5,7)	(5,0)	(0,7)	13,8
EBIT	19,2	14,7	4,5	30,8
Share of Results of Investments in Associates	2,2	1,7	0,5	31,7
Other Income	0,7	0,7	(0,0)	(3,3)
Other Expenses	(0,2)	(0,5)	0,3	(61,9)
Financial Income (Net)	0,2	2,5	(2,3)	(91,4)
Profit Before tax	22,1	19,1	3,1	16,0
Tax	(4,1)	(3,6)	(0,5)	14,3
Net Profit for the Period	18,1	15,5	2,6	16,4
EBITDA	23,2	18,4	4,8	26,2
Total Assets	538,0	492,4	45,6	9,3
Equity	403,1	369,7	33,4	9,0

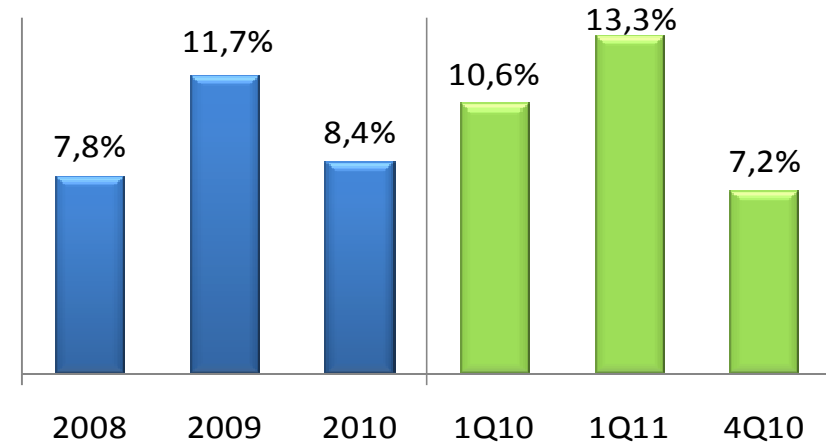
Profit Margins



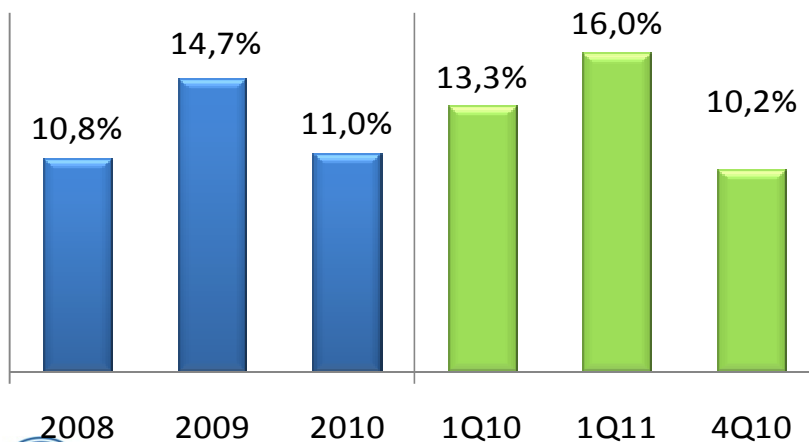
Gross Profit Margins (%)



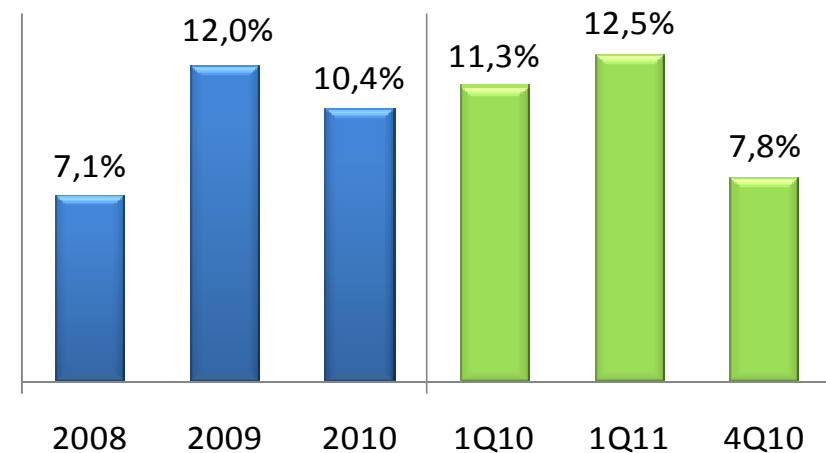
Operation Profit Margins* (%)



EBITDA Margins** (%)



Net Profit Margins (%)



daha iyi bir yaşam için

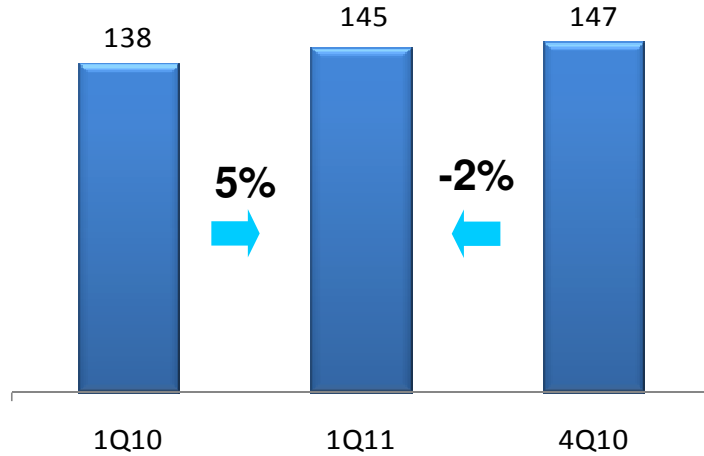
* Ex. Other income and expenditures

** Earnings before Interest, Tax, Depreciation, and Amortization

Quarterly Results



Net Sales (Million TL)



► Net sales has grown relative to 1Q 2010, driven by volume growth and our market shares have also increased.

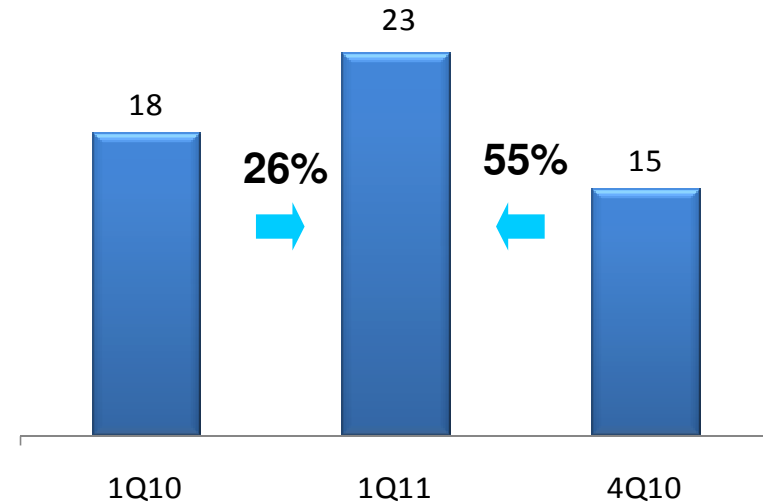
► Our profitability has been effected positivley from both our continued selective price policies and the downward trend in raw milk prices, in 1Q2011.

► Raw milk prices have decreased around by %15 in 1Q 2011.

► %16 EBITDA Margin is realised in 1Q 2011. Our sales volume has grown by %5 YoY.

► Our market investments have continued also in 1Q 2011.

EBITDA (Million TL)

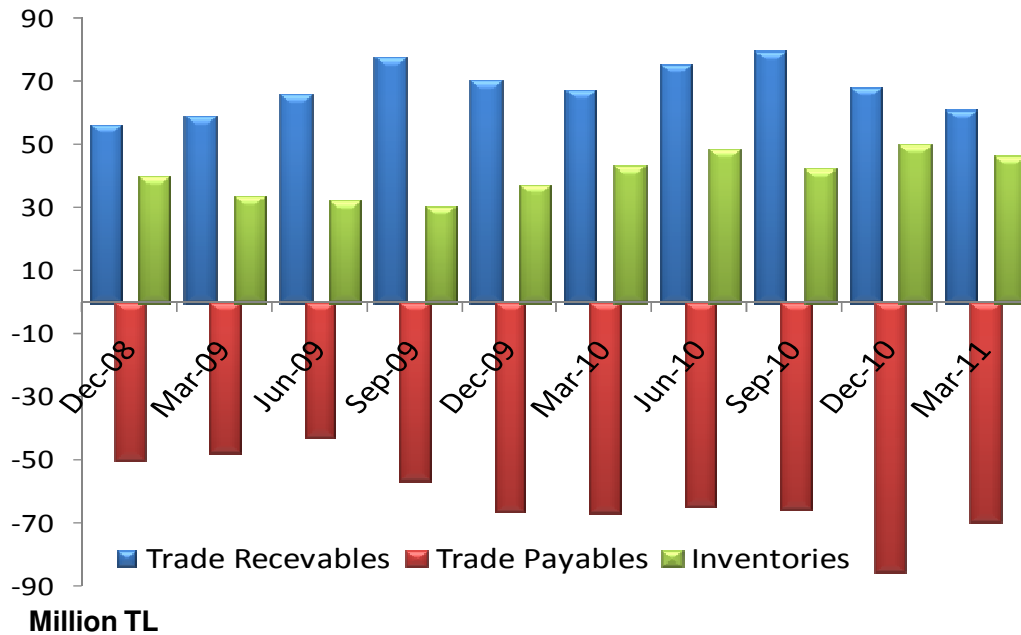


Basic Ratios, Net Financial Debt & Net Working Capital



	March 31, 2011	March 31, 2010
Current ratio	2,33	2,45
Leverage ratio	0,25	0,25
S/T Fin Debt/T. Fin Debt	0,12	0,10
Net Financial Debt/EBITDA	0,12	0,42
Total Fin Debt/Equity	0,04	0,04

(Million TL)	March 31, 2011	March 31, 2010
Cash & Cash Equivalents	12,7	7,9
S/T Bank Borrowings	1,8	1,6
L/T Bank Borrowings	13,7	13,9
Net Financial Debt	2,8	7,6



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

1Q10
12,9 Million TL → **1Q11**
17,1 Million TL

▶ Continuous focus on risk management and productivity

▶ Effective working capital management

▶ Strong balance sheet and liquidity management

Overview of 1Q 2011



- ▶ Raw milk price increases which have started in 3Q 2009 and continued in 2010, have shown a diminution in 1Q 2011.
- ▶ Cost savings, measures to decrease expenses and projects improving efficiency in production have continued.
- ▶ Decrease in raw milk prices has effected positively our profit margins.

Strategies and Targets



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.

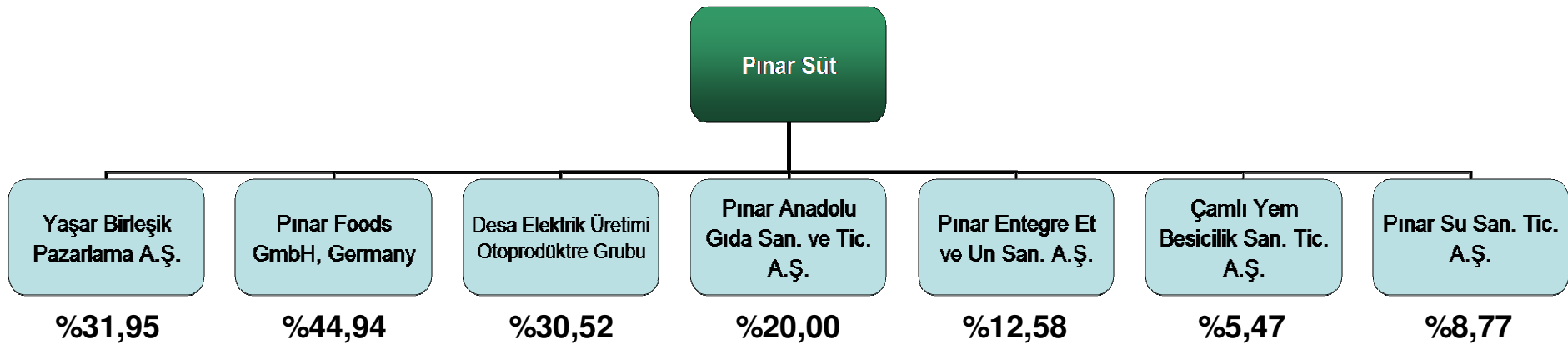
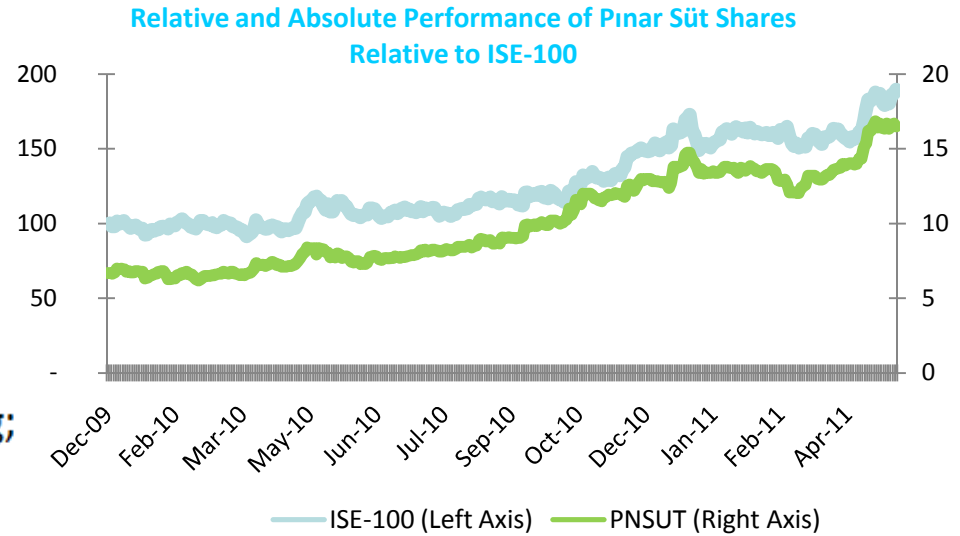
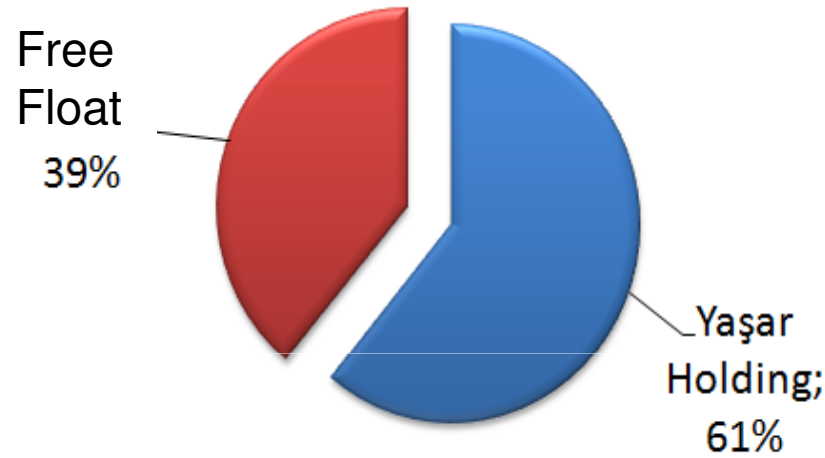
2011 TARGETS

Growth in Net Sales: %10-%12

EBITDA Margin: %11-%12

Capex: 45-50 Million TL

Ownership & Participation Structure – Share Performance



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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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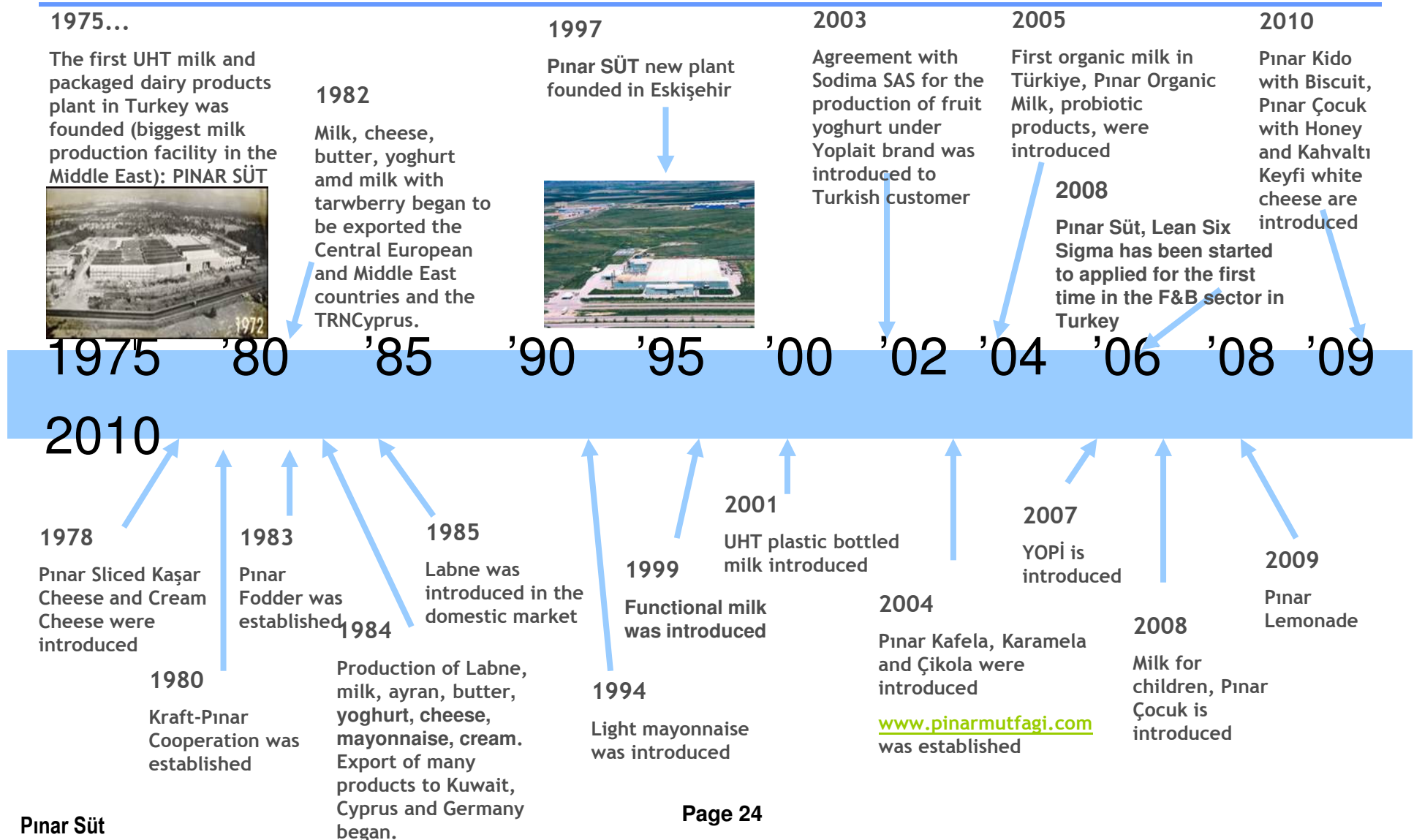
APPENDIX



Company History



Pioneer and Leader of Modern Turkish Dairy



Supply - Raw Milk Collection Process

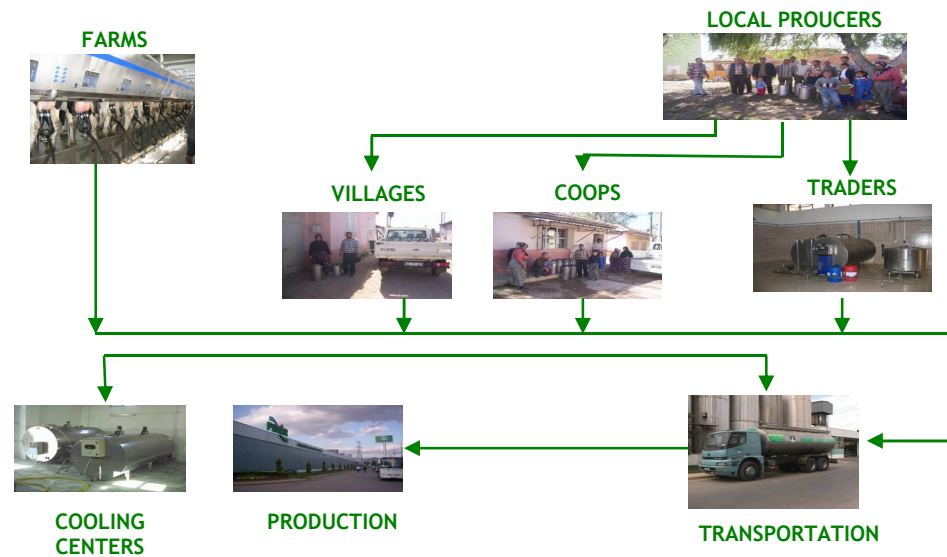


Keen focus on milk collection processes:

- ▶ 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



for a better life

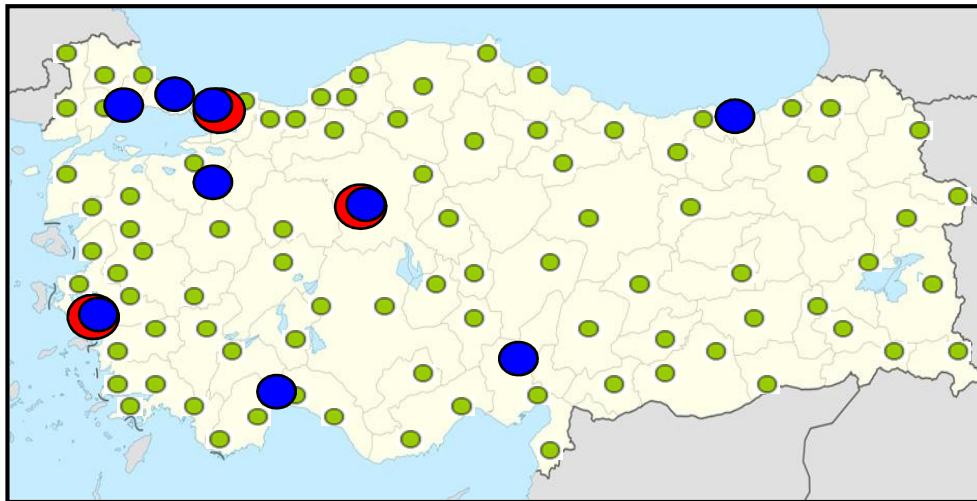


- ▶ Competitive advantage due to strong long term relationship with milk suppliers since 1975
- ▶ Agreements with suppliers to ensure a steady raw milk supply
- ▶ Continuous quality and control in each step of milk collection (fully complied with EU requirements, 6000 tests in raw milk laboratories on 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.

Sales & Distribution



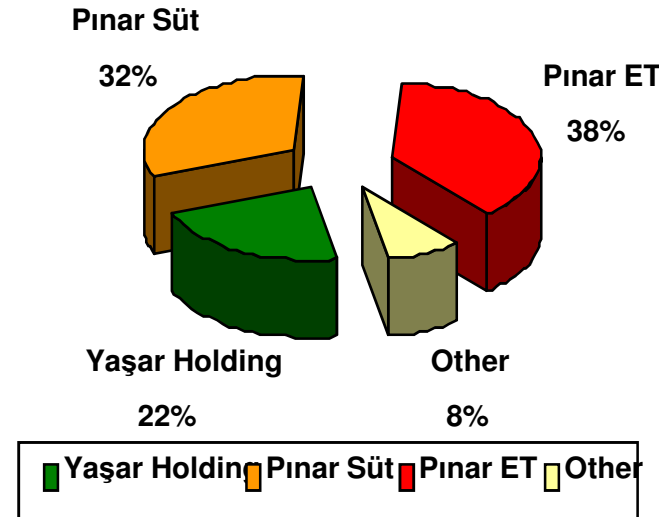
- ▶ Yaşar Birleşik Pazarlama; Turkey's biggest nationwide cold & frozen distribution chain
- ▶ The distribution of food & beverage products are realized in -18°C vehicles for frozen products, $+4^{\circ}\text{C}$ vehicles for fresh products and classic vehicles for the rest
- ▶ The know-how and strong 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 150,000 sales points with a dedicated sales personnel
- ▶ Group sales reflects homogeneous regional dispersal all around the Turkey



 Directorate HQ
 District Offices
 Dealers

 Yaşar
for a better life

YBP OWNERSHIP STRUCTURE



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.