



PINAR SÜT MAMULLERİ SAN. A.Ş

2012 3Q Earnings Presentation

Pinar Süt Highlights



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

Product Portfolio

- #1 brand that comes to mind*
- Best brand in dairy **
- Most sincere milk brand ***
- Among top 4 brands Turkish consumers feel closest to****
- Best fruit juice brand *****
- One of the top ten most reputable brands *****

Brand

- Hygienic and EU standard production
- Technical Expertise and sectoral know-how
- Food Industry Contribution Award *****

Production

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

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 30000 producers
- Continuous quality control in each step
- Strong relations with farmers
- More than 200 contracted farms producing in EU standards
- Farms which are free of illness and approved
- Training and consultancy services

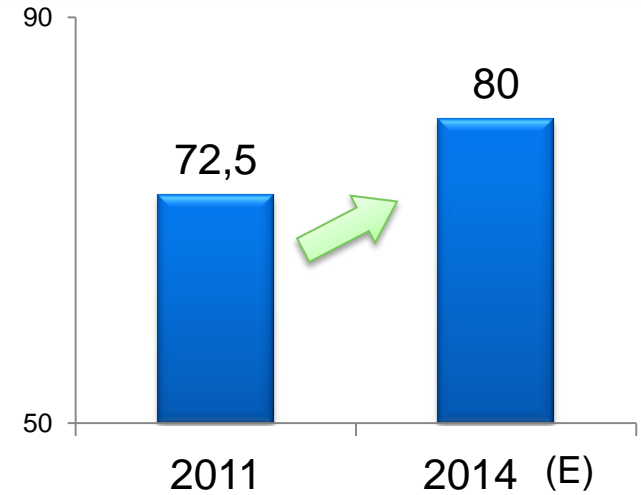
Supply

Market Dynamics - I

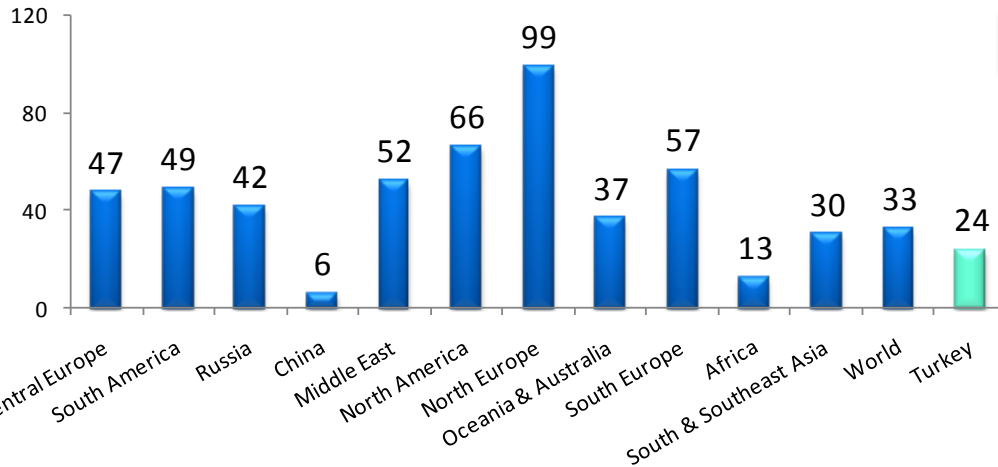


- ▶ Annual raw milk production is 714 million tons in the world; about 15 million tons in Turkey (Tetra Pak, Turk Stat)
- ▶ Turkey is 15th in world's league,
- ▶ Growth is expected in the milk production/import of developing and growing countries.
- ▶ Global milk market reached to 269 billion litres by growing CAGR %2,2 during 2006-2010 (Tetra Pak)

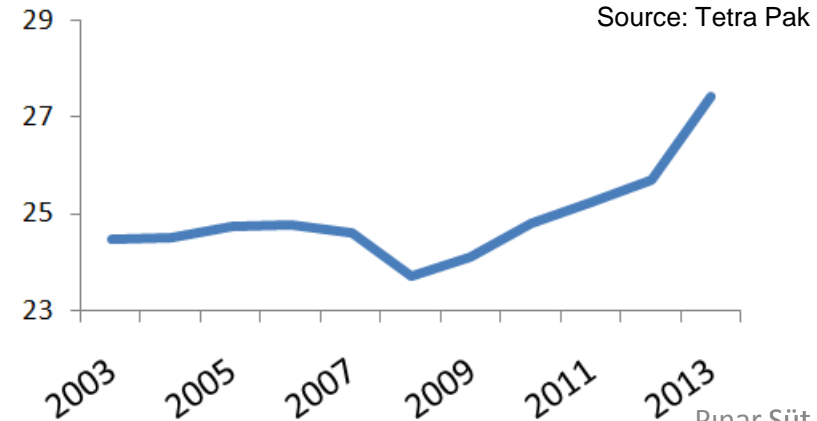
World Milk Consumption (billion Lt)



Per Capita Milk Consumption (lt)



Per Capita Milk Consumption in Turkey (lt)



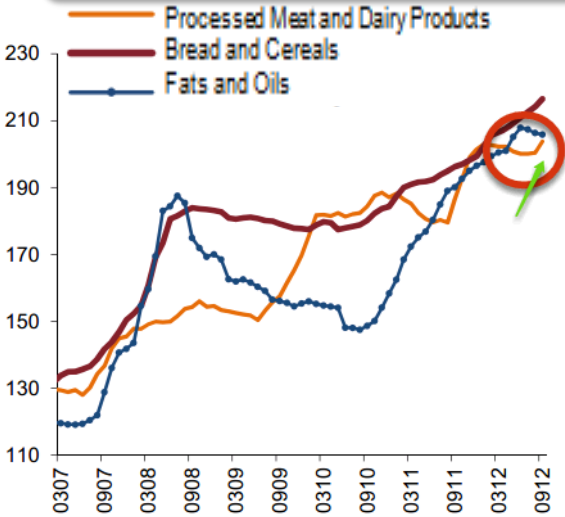
Source: Tetra Pak



daha iyi bir yaşam için

Market Dynamics - II

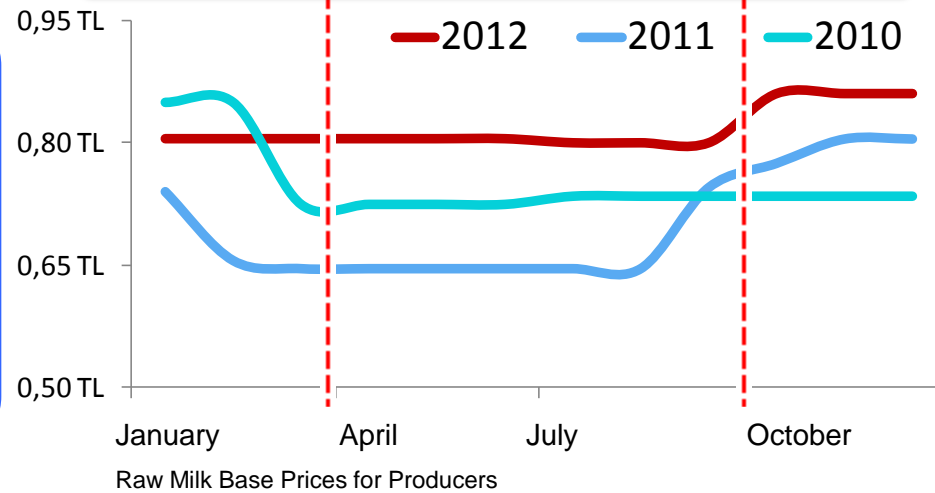
Processed Food Products Prices



▶ Processed milk and meat prices which decreased in the 2Q of 2012, have gone up in 2Q12.

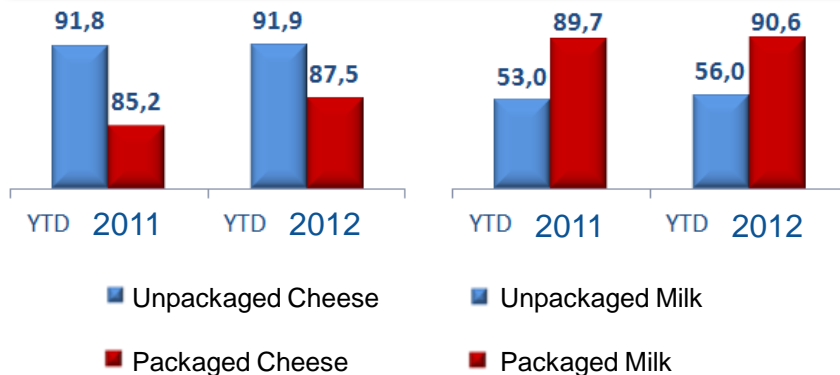
Source: Turk Stat, CBRT

Raw Milk Base Price in Turkey (TL/lt)



Raw Milk Base Prices for Producers

Milk and Cheese Penetrations



Source: IPSOS

▶ National Milk Council determines raw milk base prices for producers semiannually in April and October. Regulation of the market prevents unfair competition.

▶ Packaged milk products penetration shows an increase. Public spot broadcasting and convergence process to *acquis communautaire* have positively affected this trend.

▶ School Milk Project, applied in various countries, has been implemented also in Turkey.

▶ Per capita processed and packaged milk consumption of 15 lt in our country, is projected to increase to 16 lt in 2014. (Tetra Pak)

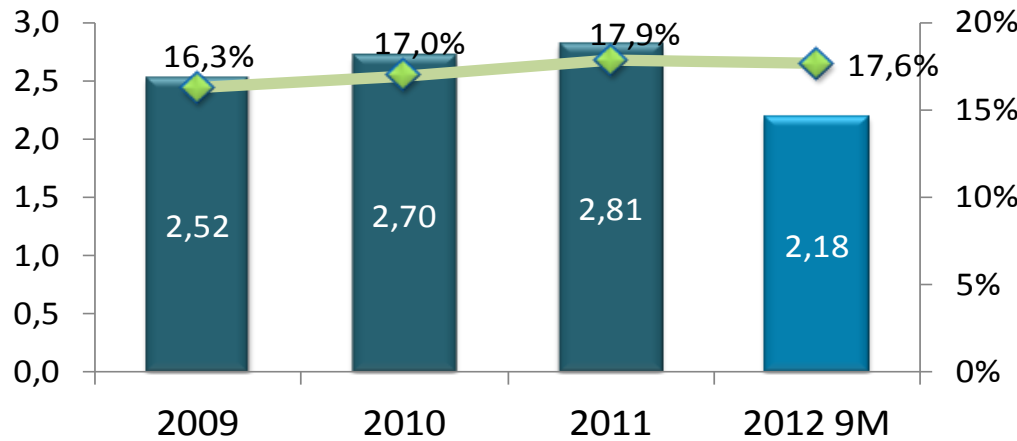
▶ Food category has decreased its share within FMCG from %48,7 to %47,3 in 2012 9M.

Ahead of Competition - I



▶ National (Sütaş, Ülker etc.) and multinational (Nestle etc.) competitors

■ Total Dairy Products (Bn TL) ◆ Pinar Value Share



Source: Nielsen

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

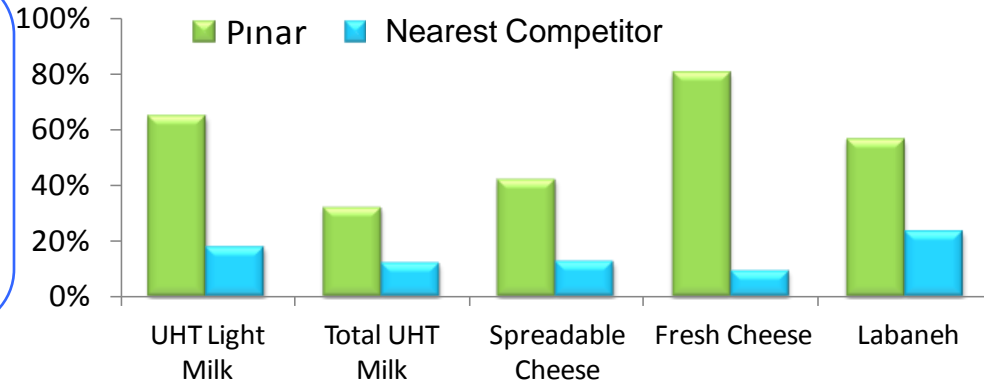
▶ Measurable dairy market has grown by 5,3% in terms of value in 2012 9M, YoY. (Nielsen)

▶ Flavored milk market has grown by 24% in the last four years. (Tetra Pak)

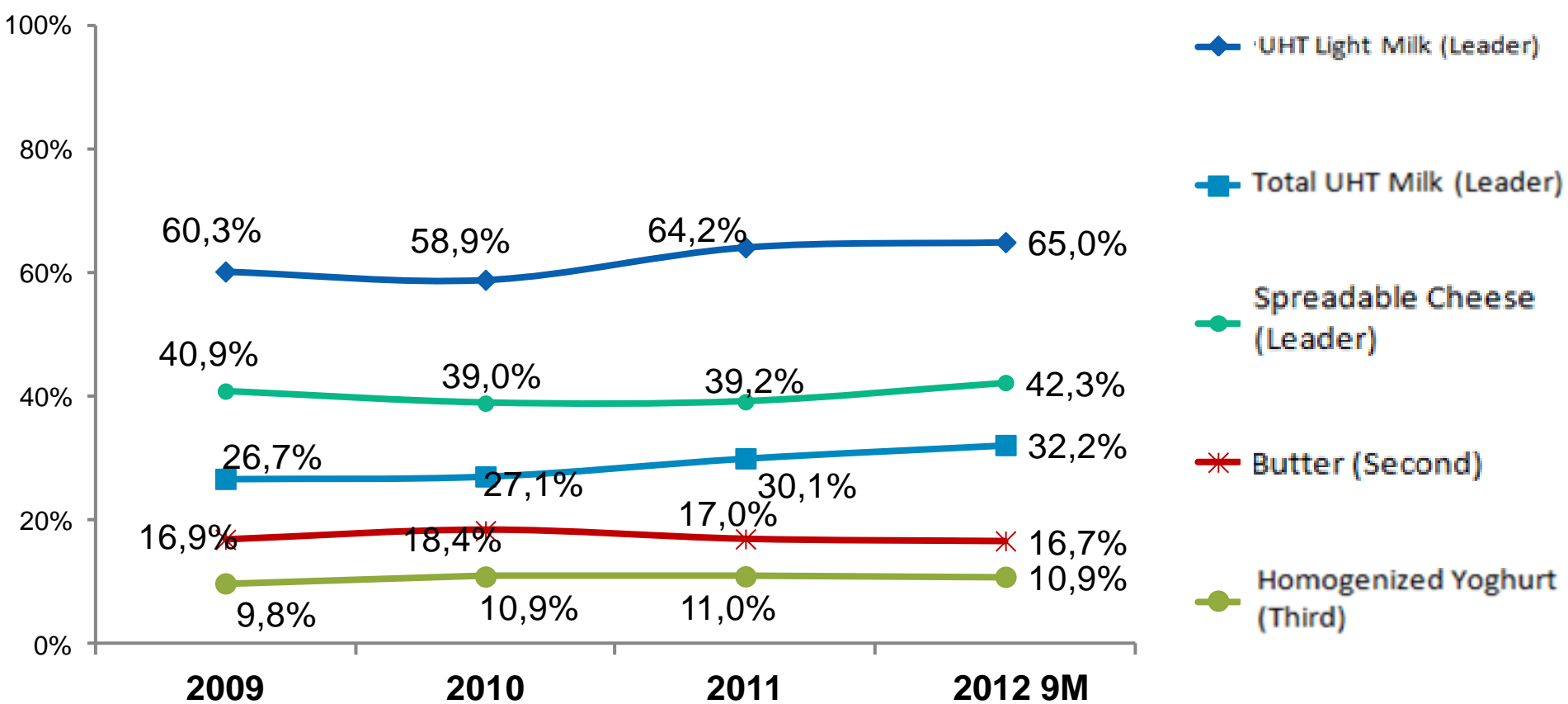
▶ Our marketing activities continued to increase the market share in 2012.

Products	Market Share	Position
UHT Light Milk	65%	Leader
Total UHT Milk	32%	Leader
Organic Milk	100%	Leader
Enriched Milk (Kids)	53%	Leader
Butter	17%	Second
Homogenized Yoghurt	11%	Third
Spreadable Cheese	42%	Leader
Fresh Cheese	81%	Leader
Labaneh	57%	Leader
Cream Cheese	24%	Leader

Source: Nielsen, 2012 9M - Value Share



Ahead of Competition - II



Source: Nielsen, Value Share

New Launches & Product Differentiations



New tastes that respond to market tastes , reinforcing our expertise. New launches for different consumer segments. Multipackages and promotions providing convenience for consumers.

Pinar Beyaz Campaigns



Pinar Labne Campaigns



facebook.com/pinarlabne

TV



Pinar Labneli Tarifi

İşte herkesin merak ettiği
Pinar Labneli!



Tam ekran izlemek için tıklayın

Malzemeler

Meşhur Tarif

4 4 İzlenim

ÇİLEKLİ PINAR LABNELİ

MALZEMELER

- 200 g Pinar Labne
- 2 su bardağı Pinar Süt
- 1 su bardağı çökeç
- 4 çorba kaşığı mavi nişasta
- 1 tatlı kaşığı gül suyu
- 2 küçük tulumu (havanda dövülmüş)
- 1/2 paket vanilya

ÇİLEKLİ SOS

- 150 g çilek
- 1 su bardağı toz şeker

Meşhur tarif için tıklayın >>

Pinar Cream Cheese Campaigns



TV



Flashmob



Pinar Kido Campaigns

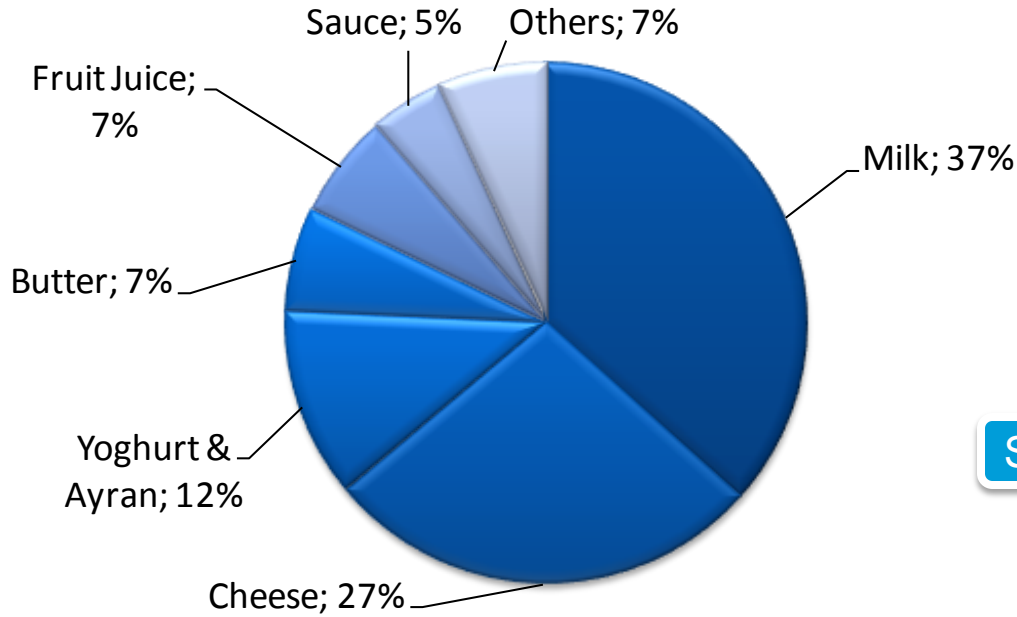


www.kido.com.tr

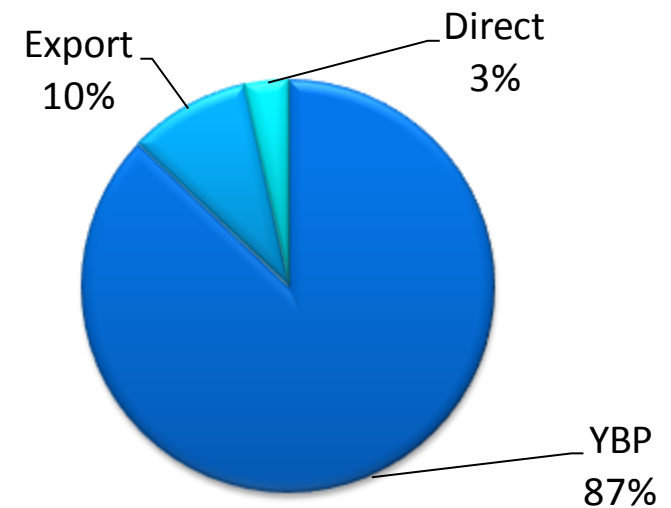
Breakdown of Net Sales by Product Groups & Sales Channels



Products Groups (2012 9M)



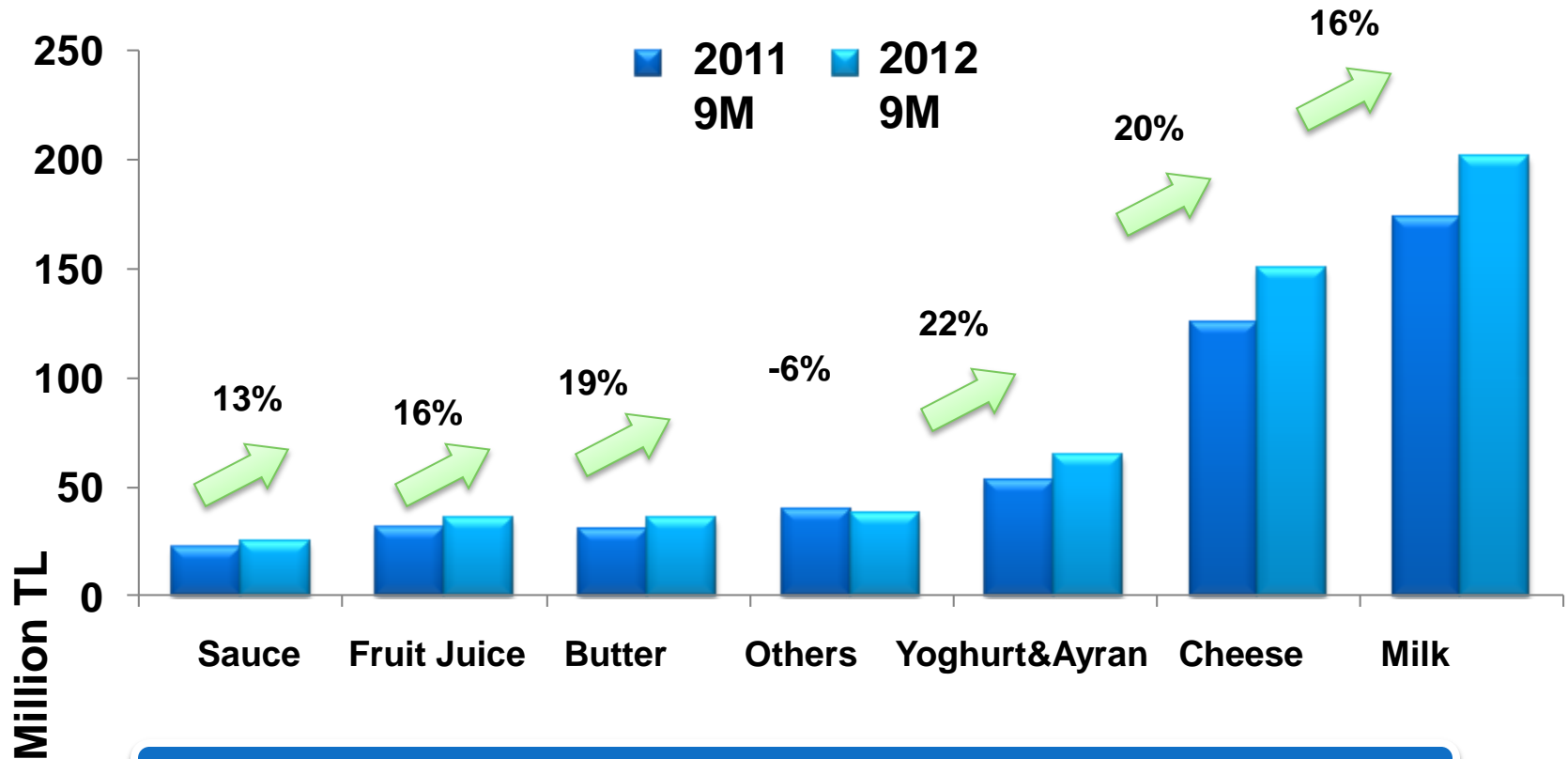
Sales Channels (2012 9M)



Growth in Sales



Growth Rates of Product Groups



Net Sales have grown by **16,0%** in 2012 9M, YoY.

Export

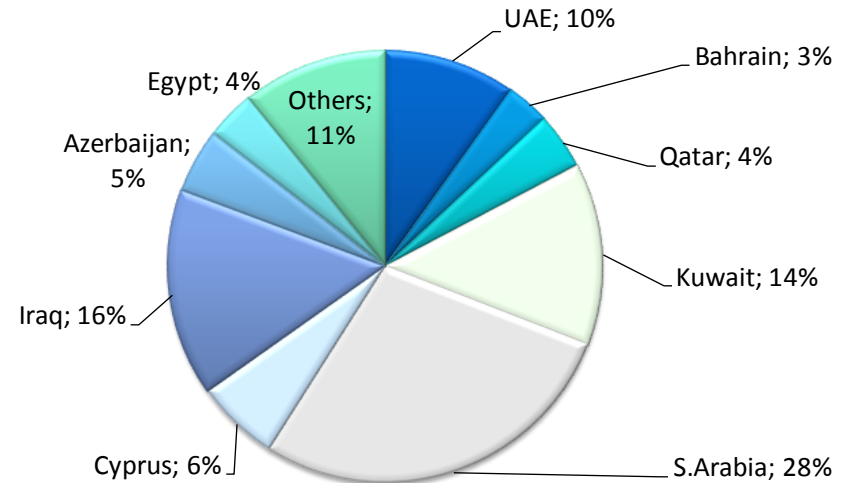


- ▶ Pinar realizes 17% of Turkey's Dairy Products Exports by itself
- ▶ Export to 29 countries from Middle East to Europe, from U.S.A. to Asia
- ▶ Market leader in labaneh in Saudi Arabia, Kuwait and UAE, with c.35%, c.50% and c.35% market shares in 2011, respectively (source: Nielsen-2011 retail data).
- ▶ Moreover, long-life milk, white cheese, Pinar 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

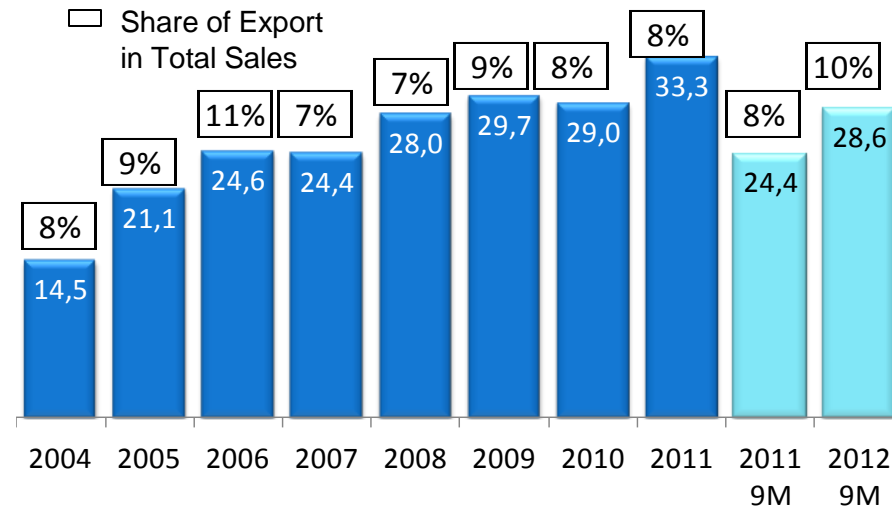
TURQUALITY® project supported by the Turkish government..

- ▶ 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

Foreign Sales by Countries (2012 9M)



Foreign Sales by years (Million USD)



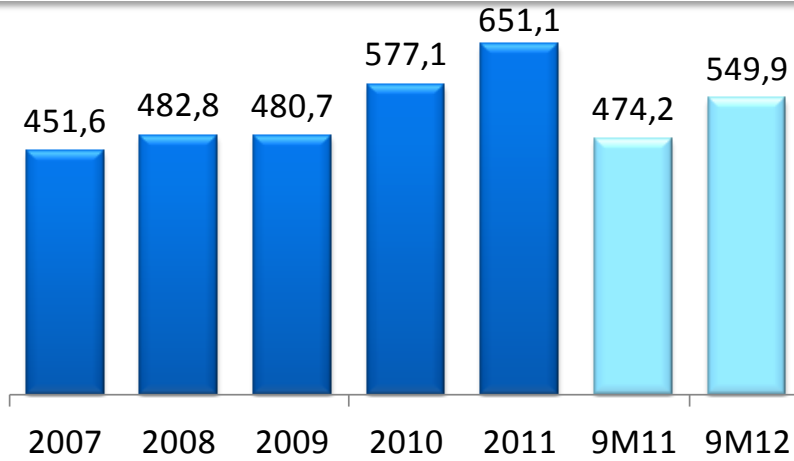


FINANCIAL RESULTS

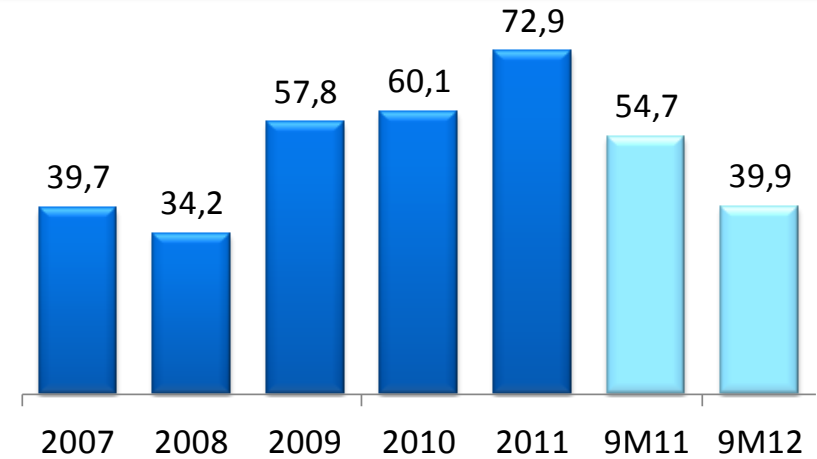
Sales and Profitability



Net Sales (Mn TL)



Net Profit (Mn TL)

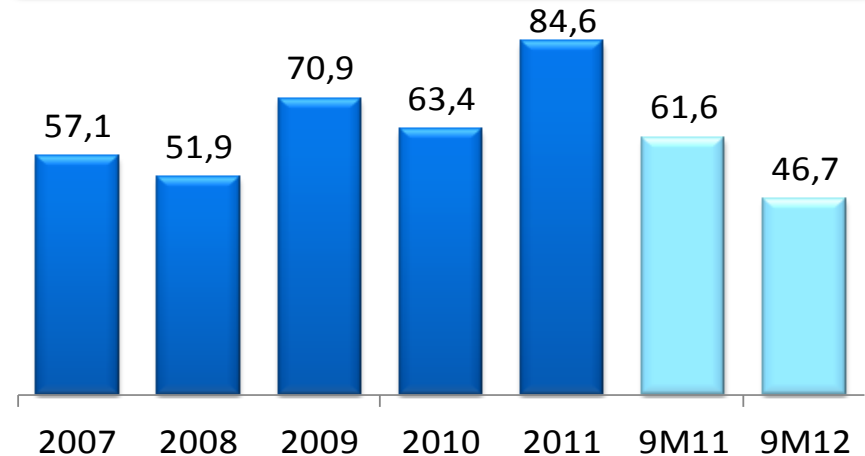


► In 2012 sales have grown by %16,0, in both value and volume terms. Growth in terms of volume is by %7.

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

► Base raw milk price system is in place, as a result of National Milk Council's practices. Raw milk prices, remaining at 4Q11 levels, were higher than those of 9M11 in 9M12 and affected our profitabilities negatively.

EBITDA* (Mn TL)



Income Statement

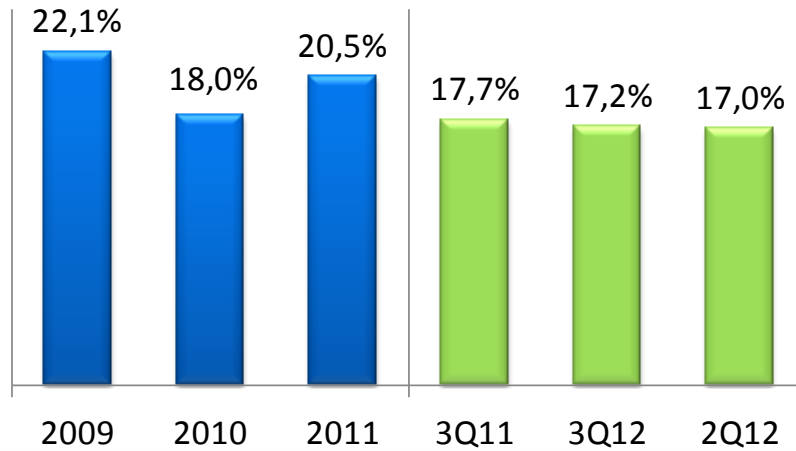


(Million TL)	30.09.2012	30.09.2011	Difference	% Change
Net Sales	549,9	474,2	75,7	16,0
Cost of goods Sold	(449,4)	(378,6)	(70,8)	18,7
Gross Profit	100,5	95,6	4,9	5,2
R&D Expenses	(5,2)	(4,1)	(1,1)	27,1
Sales, Distribution and Marketing Expenses	(38,8)	(24,4)	(14,4)	59,0
General Administration Expenses	(21,4)	(17,6)	(3,8)	21,9
EBIT	35,1	49,5	(14,4)	(29,1)
Share of Results of Investments in Associates	2,1	5,5	(3,4)	(61,5)
Other Income	6,5	6,4	0,0	0,1
Other Expenses	(1,7)	(0,6)	(1,1)	180,4
Financial Income (Net)	3,7	0,4	3,4	920,9
Profit Before tax	45,7	61,2	(15,6)	(25,4)
Tax	(5,7)	(6,5)	0,7	(11,6)
Net Profit for the Period	39,9	54,7	(14,8)	(27,0)
EBITDA	46,7	61,6	(14,9)	(24,3)
Total Assets	581,8	546,2	35,6	6,5
Equity	411,3	382,6	28,6	7,5

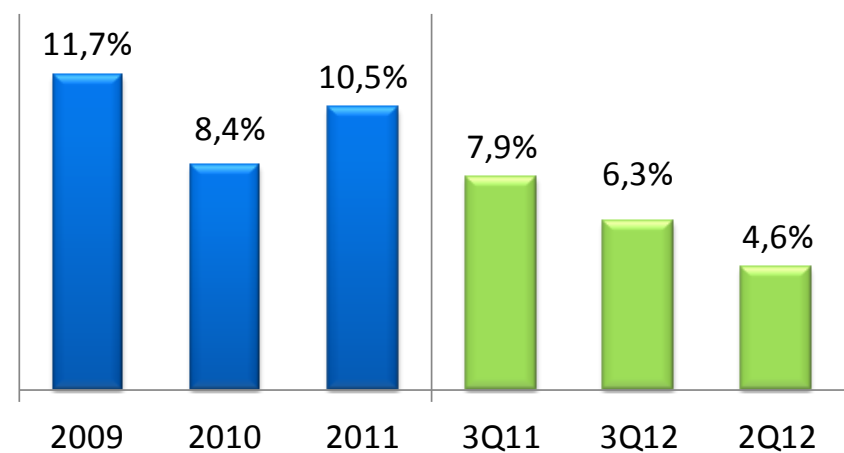
Profit Margins



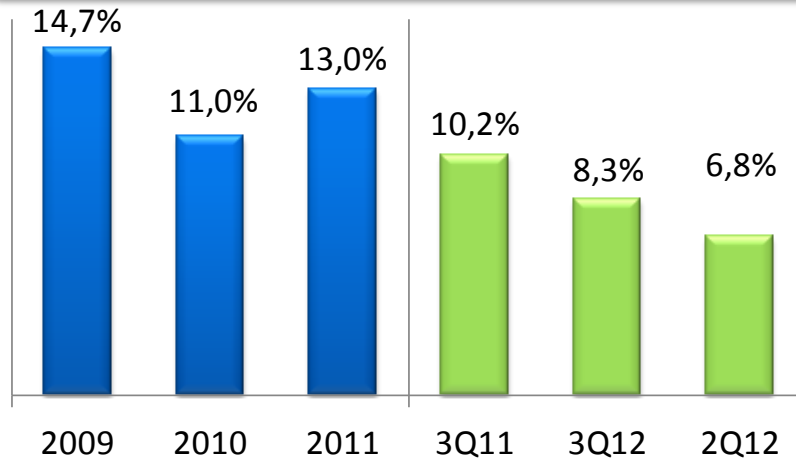
Gross Profit Margins(%)



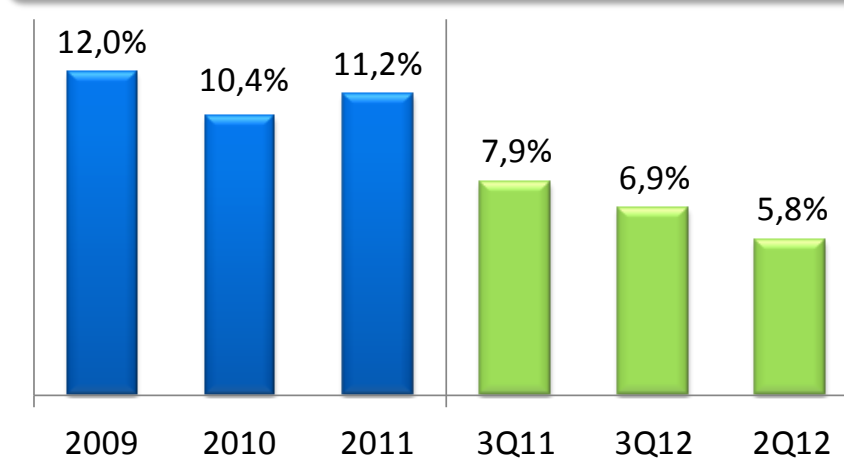
Operating Margins* (%)



EBITDA Margins ** (%)



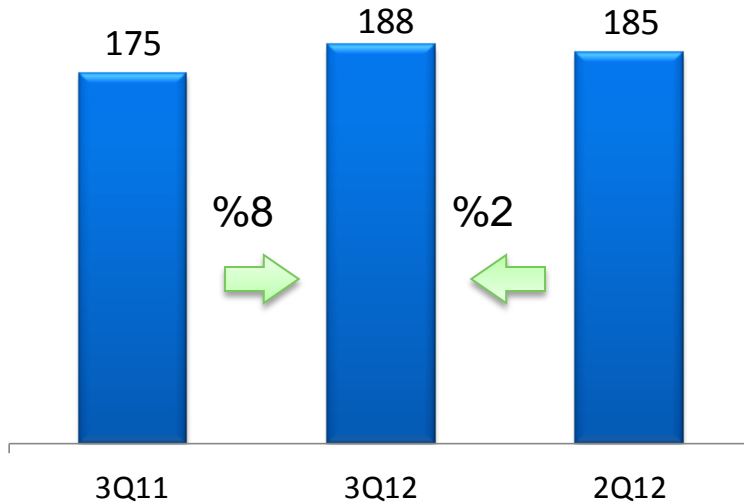
Net Profit Margins (%)



Quarterly Results



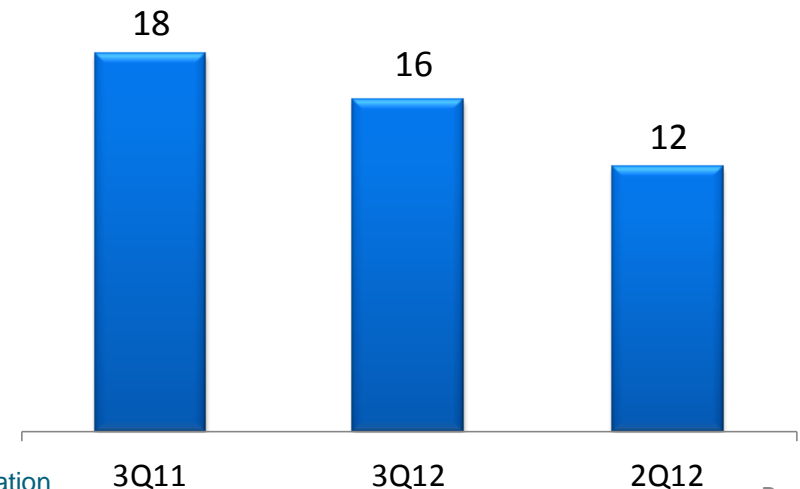
Net Sales (Mn TL)



- ▶ Net sales have grown by %16,0 in 2012, YoY.
- ▶ Price competition is continuing in the market.

- ▶ Despite maintaining the level of 4Q11, average raw milk prices were above 9M11 levels, in 9M12. This situation has an effect on the gross margin, YoY.
- ▶ In accordance with our strategy of growing beyond market, we have focused on the marketing investments. 9M12 marketing S&D expenses were more than 9M11 by %59. In 3Q12, marketing and S&D expenses have decreased compared to first two quarters of 2012.

EBITDA* (Mn TL)



* Earnings before Interest, Tax, Depreciation, and Amortization

Basic Ratios, Net Financial Debt & Net Working Capital



September 30, 2012 December 31, 2011

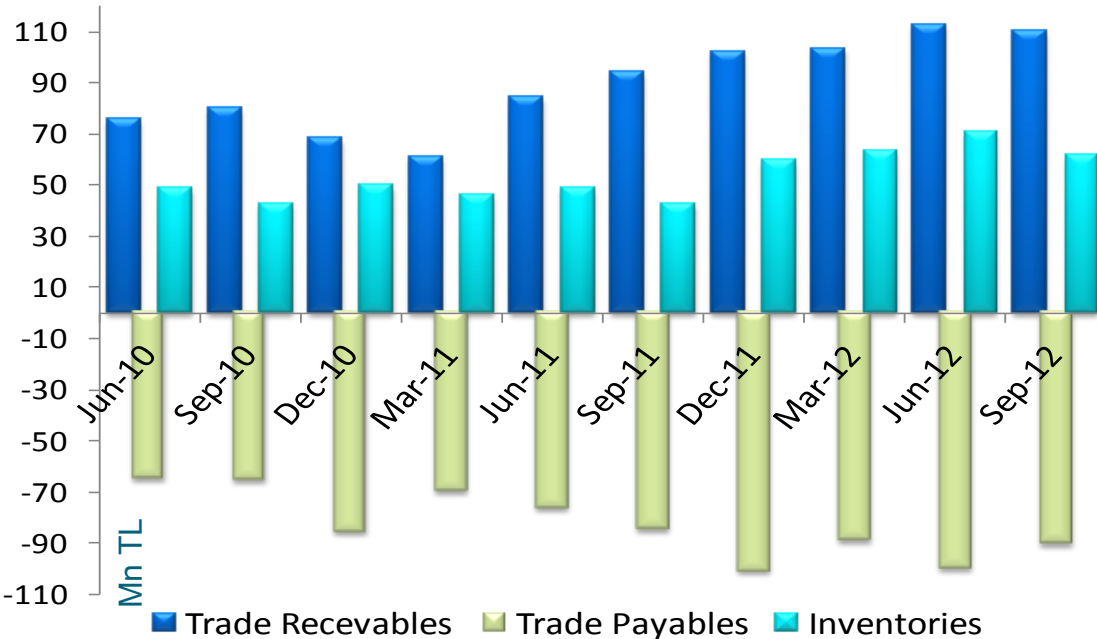
(Million TL)

September 30, 2012

December 31, 2011

Current ratio	1,59	1,81
Leverage ratio	0,29	0,30
S/T Fin Debt/T. Fin Debt	0,98	0,58
Net Financial Debt/EBITDA	0,13	0,36
Total Fin Debt/Equity	0,03	0,08

Cash & Cash Equivalents	5,37	4,99
S/T Bank Borrowings	14,12	20,45
L/T Bank Borrowings	0,26	15,07
Net Financial Debt	9,01	30,54



▶ A 67% rise in net cash generated from operating activities

9M11
23,2 Mn TL



9M12
38,7 Mn TL

▶ Continuous focus on risk management and productivity

▶ Effective working capital management

▶ Strong balance sheet and liquidity management

Overview of 2012 9M



- ▶ Raw milk prices had remained at the level of 4Q11 in 1H12 which have increased slightly in 3Q12. Base raw milk prices will be determined twice a year in April and October, according to National Milk Council regulations.
- ▶ Following our strategy of increasing our market shares we have focused on marketing investments and increased our market shares in 2012 9M compared to 2011 year-end.
- ▶ New products and new variations in packaging have been launched. In this context, fruit juices in prism shaped packages have been launched in 2012.
- ▶ Cost savings, measures to decrease expenses and projects improving efficiency in production have continued. (OMI-Lean Six Sigma Projects)

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

- ▶ Effective price management
- ▶ Widespread distribution network
- ▶ Efficient utilization of social media
- ▶ Developments in “Away From Home” channel
- ▶ Increasing export sales also in countries falling outside Gulf region
- ▶ Continued marketing investment.

2012 TARGETS

Growth in Net Sales: %16-%18

EBITDA Margin: %9-%10

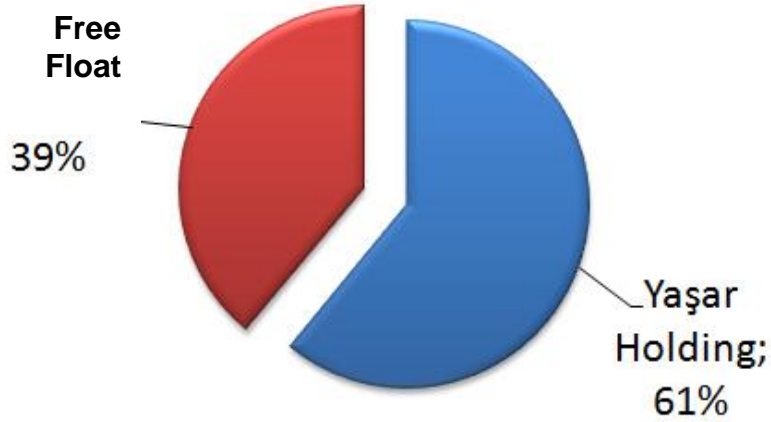
Capex: 25 - 30 Million TL

Ownership & Participation Structure

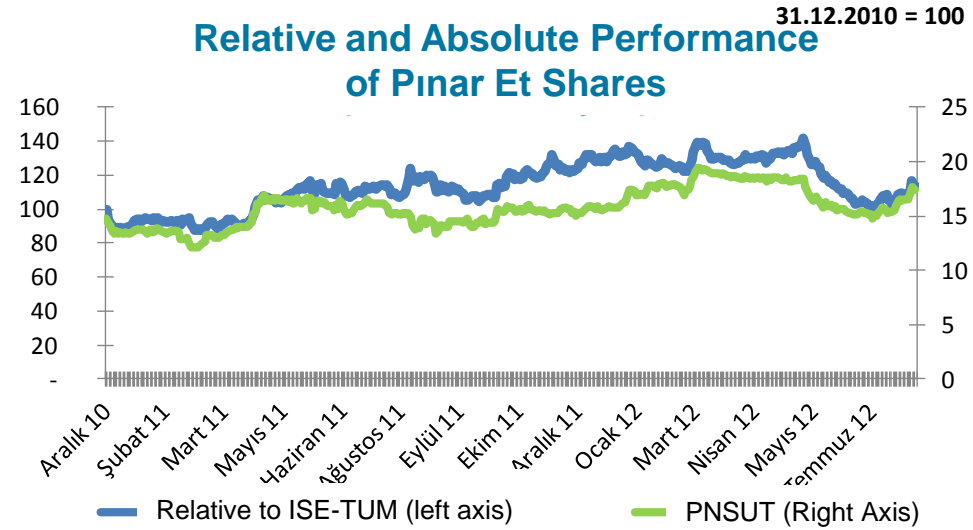
Share Performance



Ownership



Share Performance



Pınar Süt

CORPORATE GOVERNANCE RATING: 8,34

Yaşar Birleşik Pazarlama A.Ş.

%31,8

Pınar Foods GmbH, Germany

%44,9

Desa Elektrik Üretimi Otoprodüktre Grubu

%30,5

Pınar Entegre Et ve Un San. A.Ş.

%12,6

Çamlı Yem Besicilik San. Tic. A.Ş.

%5,5

Pınar Su San. Tic. A.Ş.

%8,8

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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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Thank You





APPENDIX



Company History



Pioneer and Leader of Modern Turkish Dairy

1975...

The first UHT milk and packaged dairy products plant in Turkey was founded (biggest milk production facility in the Middle East): PINAR SÜT



1982

Milk, cheese, butter, yoghurt and milk with tarwberry began to be exported the Central European and Middle East countries and the TRNCyprus.

1997

Pınar SÜT new plant founded in Eskişehir



2003

Agreement with Sodima SAS for the production of fruit yoghurt under Yoplait brand was introduced to Turkish customer

2005

First organic milk in Türkiye, Pınar Organic Milk, probiotic products, were introduced

2008

Pınar Süt, Lean Six Sigma has been started to applied for the first time in the F&B sector in Turkey

2010

Pınar Kido with Biscuit, Pınar Çocuk with Honey and Kahvaltı Keyfi white cheese are introduced

2011

Cream Cheese with cheddar and thyme-olive

Organic Yoghurt

1975 '80 '85 '90 '95 '00 '02 '04 '06 '08 '09 10 11

1978

Pınar Sliced Kaşar Cheese and Cream Cheese were introduced

1983

Pınar Fodder was established

1985

Labne was introduced in the domestic market

1984

Production of Labne, milk, ayran, butter, yoghurt, cheese, mayonnaise, cream. Export of many products to Kuwait, Cyprus and Germany began.

1980

Kraft-Pınar Cooperation was established

1999

Functional milk was introduced

1994

Light mayonnaise was introduced

2001

UHT plastic bottled milk introduced

2004

Pınar Kafela, Karamela and Çikola were introduced

www.pinarmutfagi.com was established

2007

YOPI is introduced

2008

Milk for children, Pınar Çocuk is introduced

2009

Pınar Lemonade

Supply - Raw Milk Collection Process

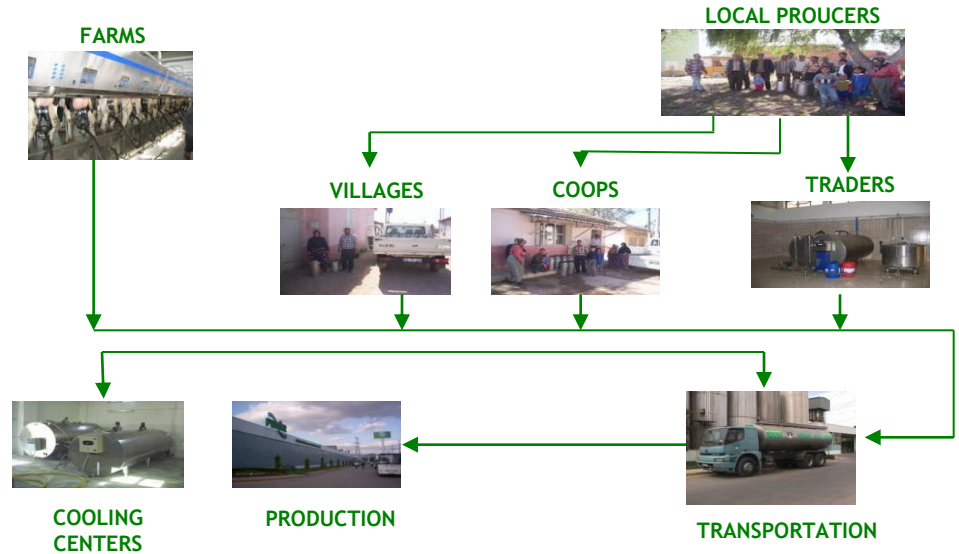


Keen focus on milk collection processes:

- ▶ 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



ORGANIC MILK

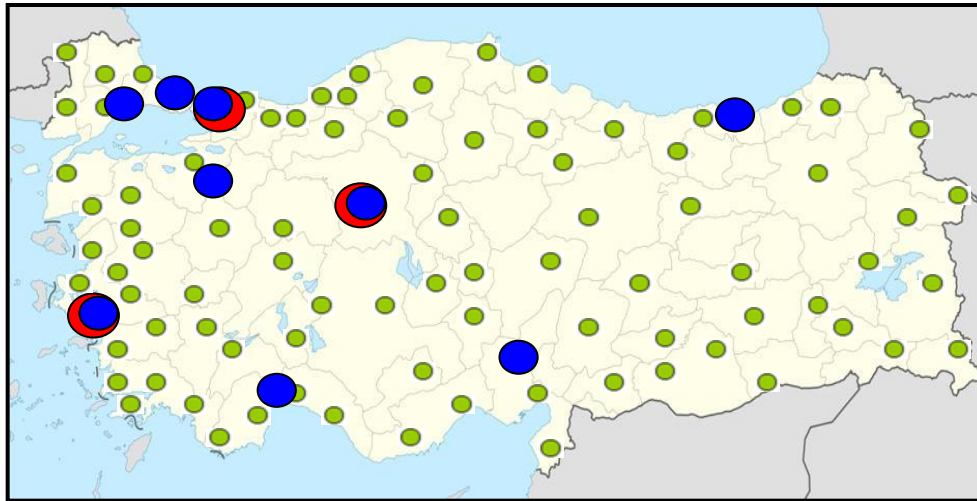


- ▶ Competitive advantage due to strong long term relationship with milk suppliers since 1975
- ▶ Agreements with suppliers to ensure a steady raw milk supply
- ▶ Continuous quality and control in each step of milk collection (fully complied with EU requirements, tests in raw milk laboratories on daily basis)
- ▶ Raw milk from 380 cooling centers through advanced collecting systems twice a day
- ▶ More than 200 contracted farms producing in EU standards

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

YBP Ownership Structure

