



PINAR SÜT MAMULLERİ SAN. A.Ş

2012 Earnings Presentation

Pınar 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 *****
- Superbrands #10 *****

Brand

- 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
- 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

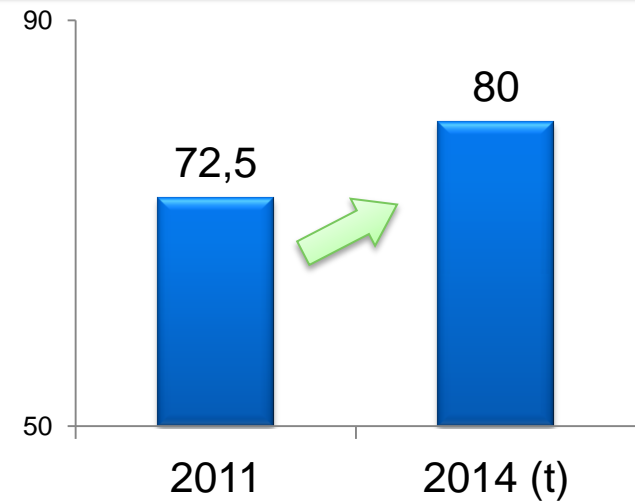
Supply

Market Dynamics - I

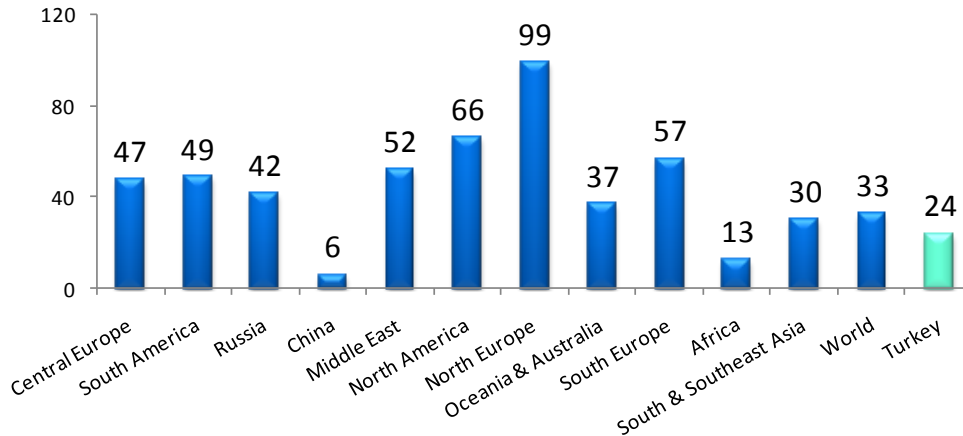


- ▶ Annual raw milk production is 714 million tons in the world; about 15 million tons in Turkey (Tetra Pak, Turk Stat)
- ▶ Turkey is 15th in world's league,
- ▶ Growth is expected in the milk production/import of developing and growing countries.
- ▶ World total milk and milk products market reached 300 bn liters in 2012. It constitutes 18% of all beverages.
- ▶ Per capita consumption of dairy products is 44 liters in the world. 47 liters is expected to come out in 2015.

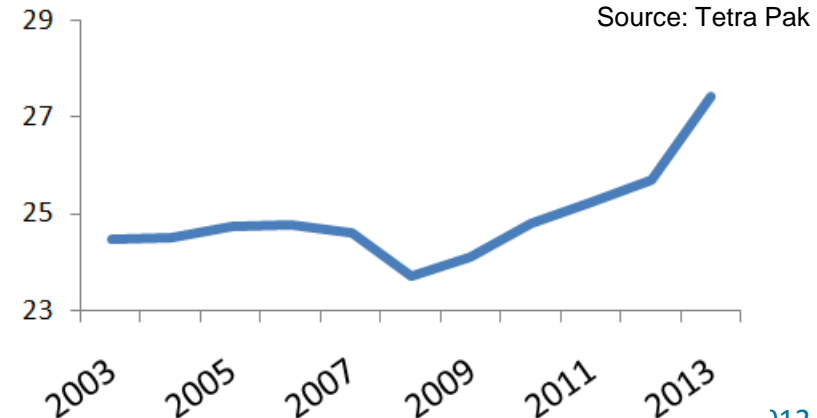
World Milk Consumption (billion Lt)



Per Capita Liquid Milk Consumption (lt)



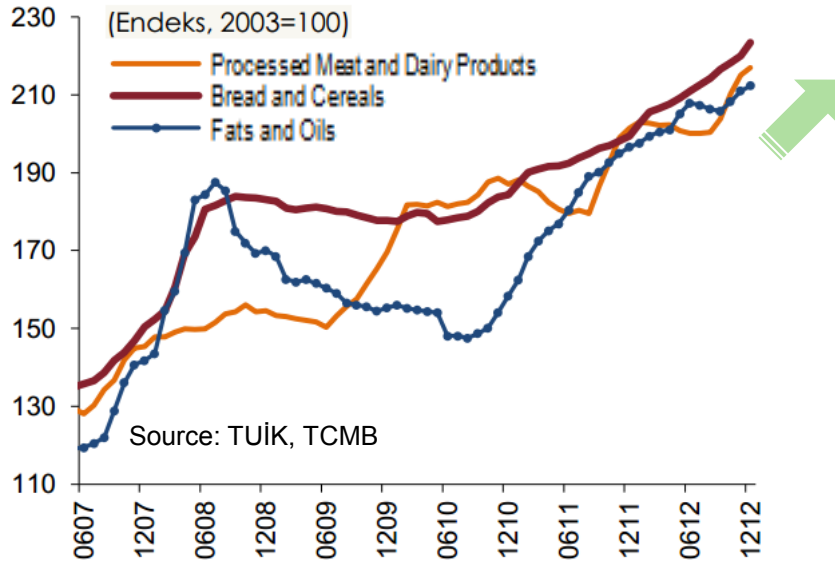
Per Capita Milk Consumption in Turkey (lt)



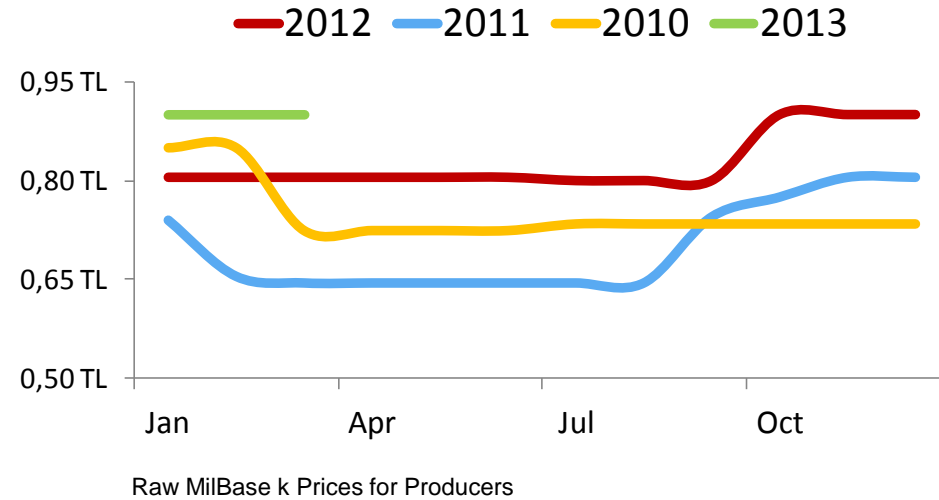
Source: Tetra Pak

Market Dynamics - II

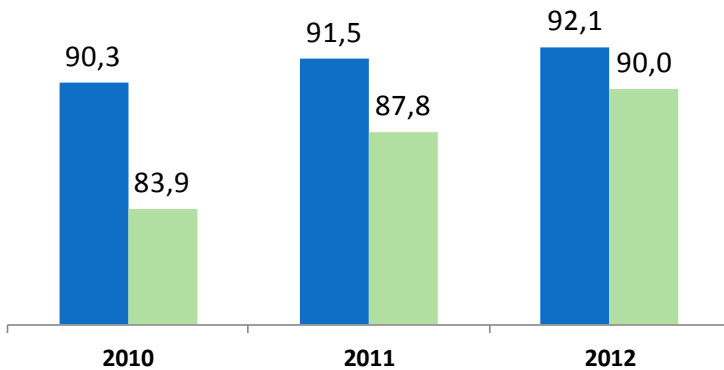
Processed Food Products Prices



Raw Milk Base Price in Turkey (TL/lt)



Packaged Milk and Cheese Penetrations

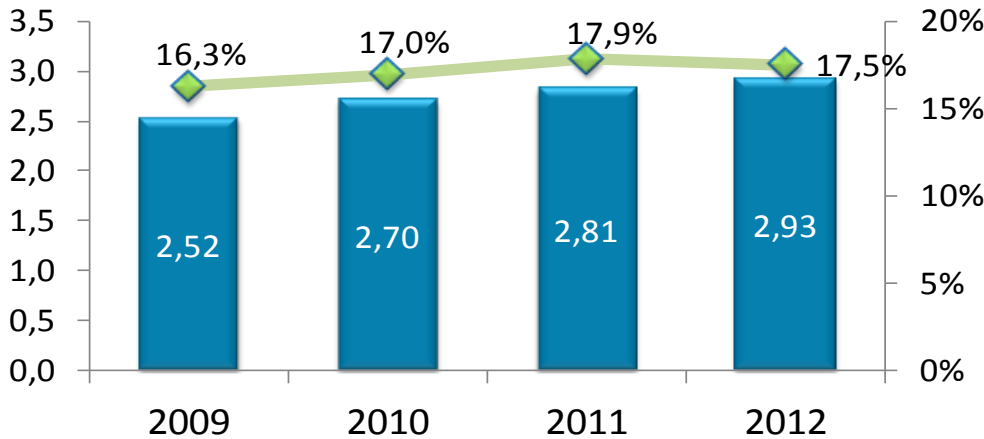


- ▶ Rising raw milk prices
- ▶ Increasing feed prices
- ▶ Processed Meat and Dairy Products retail prices had an upward movement in 2012.

Market Shares - I



■ Total Dairy Products (bn TL) ◆ Pinar Market Share (value)



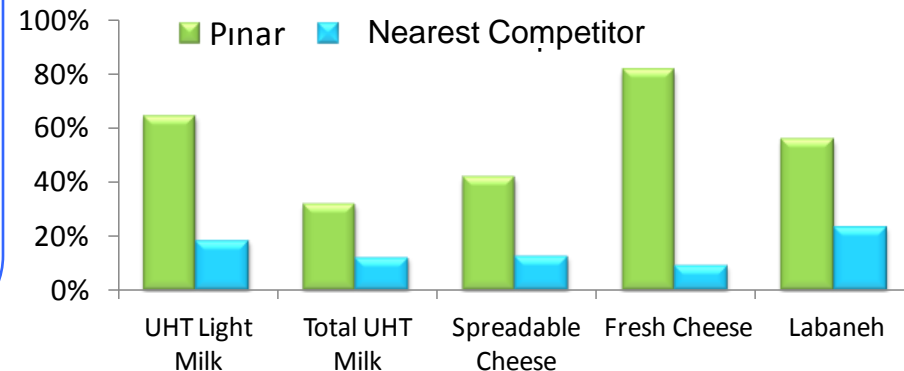
Source: Nielsen

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

- ▶ Measurable dairy market has grown by 4,4% in terms of value but has narrowed by %8,3 in terms of volume in 2012. (Nielsen)
- ▶ Food category has decreased its share within FMCG from %48,4 to %47,1 in 2012. (Nielsen)
- ▶ Plain milk comprises 65% of the total milk market and Pinar Süt has a share of 32% market share in this, which is more 2,5 times more than the nearest competitor. (Nielsen)
- ▶ Our marketing activities continued to increase the market share in 2012. Significant market share gains were obtained in our value-added products.

Products	Market Share	Position
UHT Light Milk	65%	Leader
Total UHT Milk	32%	Leader
Organic Milk	100%	Leader
Enriched Milk (Kids)	54%	Leader
Butter	17%	Second
Homogenized Yoghurt	10%	Third
Spreadable Cheese	42%	Leader
Fresh Cheese	82%	Leader
Labaneh	56%	Leader
Cream Cheese	24%	Leader

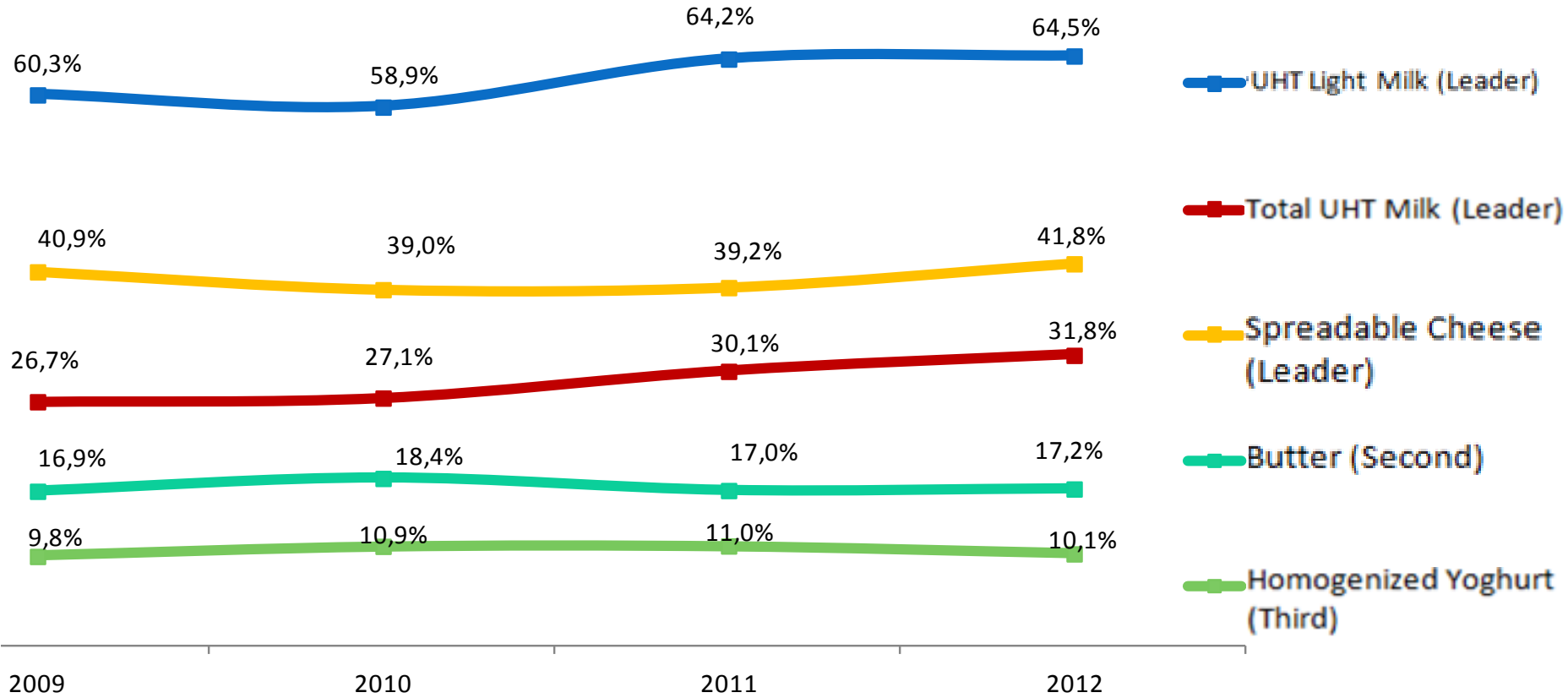
Source: Nielsen, 2012 - Value Share



Source: Nielsen, 2012 - Value Share

Pinar Süt - 2012

Market Shares - 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.

Pınar Beyaz Çikolatalı Campaings



TV



Outdoor Activities

Pınar 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 İzlenme

ÇİLEKLİ PINAR LABNELİ

MALZEMELER

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

ÇİLEKLİ SOS

- 150 g şeker
- 1 su bardağı taze şeker

Meşhur tarif için tıklayın >>

Pinar Cream Cheese Campaigns



TV



Flashmob



Pınar Kido Campaigns



Advertisements



www.kido.com.tr



Magazine



Book



Newspaper



Pinar Sade Süt Campaigns



TV



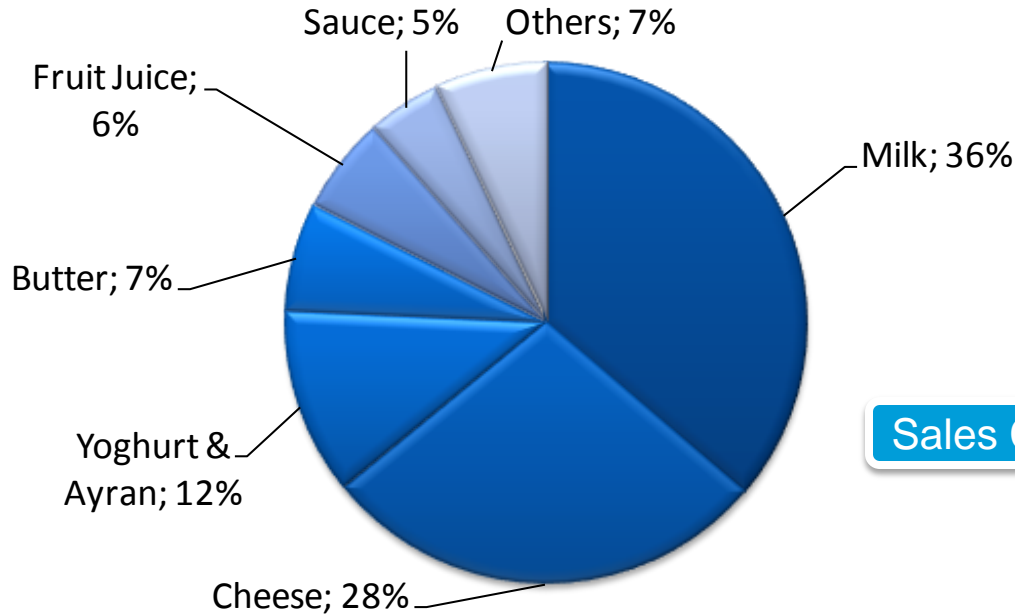
Classic Package



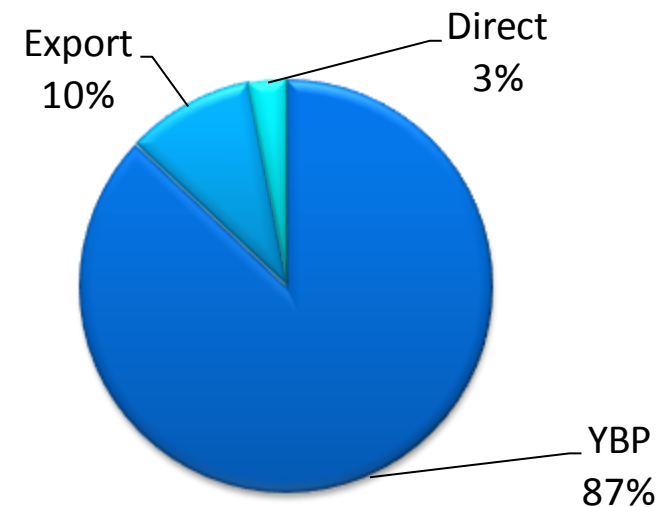
Breakdown of Net Sales by Product Groups & Sales Channels



Products Groups (2012)



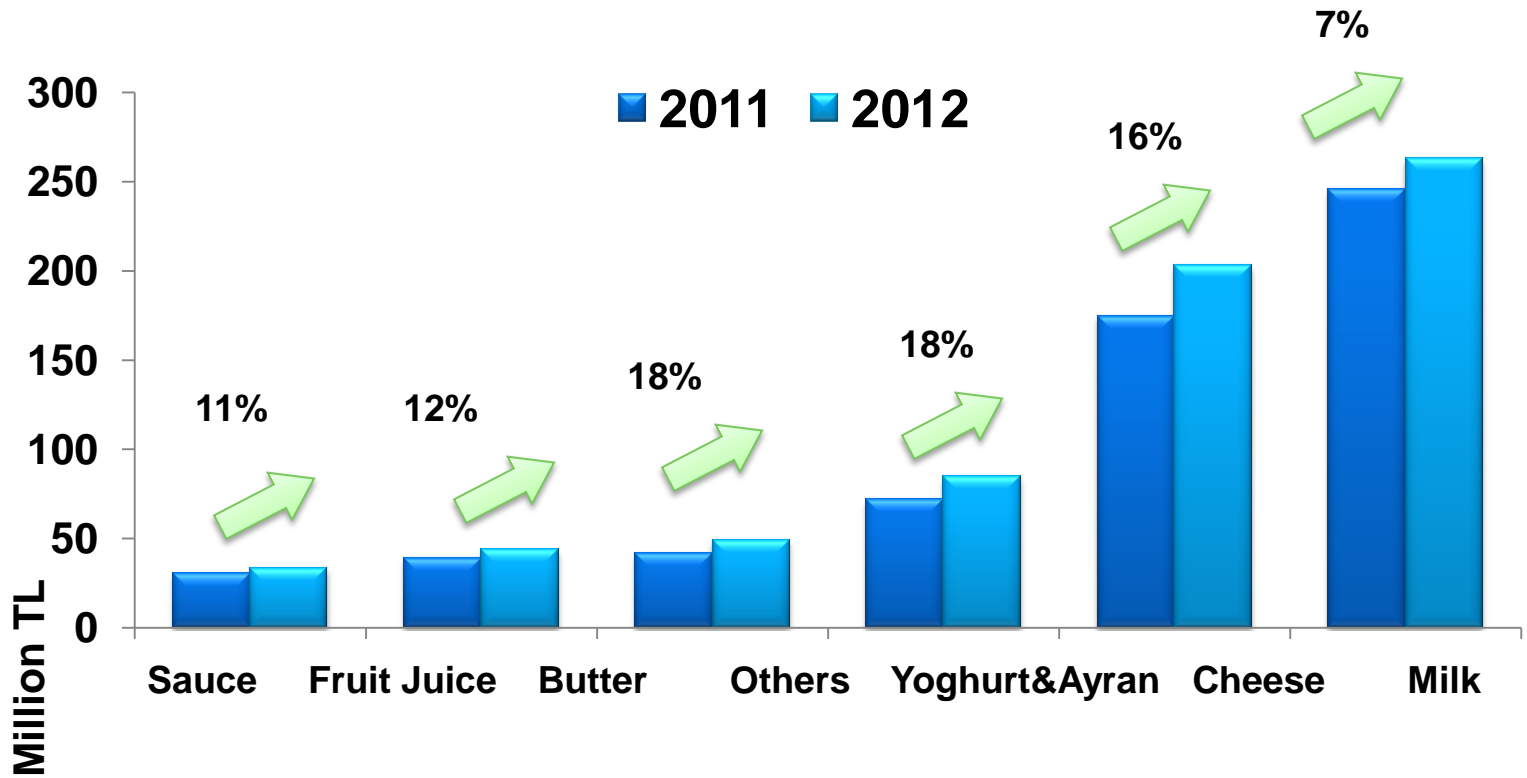
Sales Channels (2012)



Growth in Sales



Growth Rates of Product Groups



Net Sales have grown by 11,7% in 2012.

Export

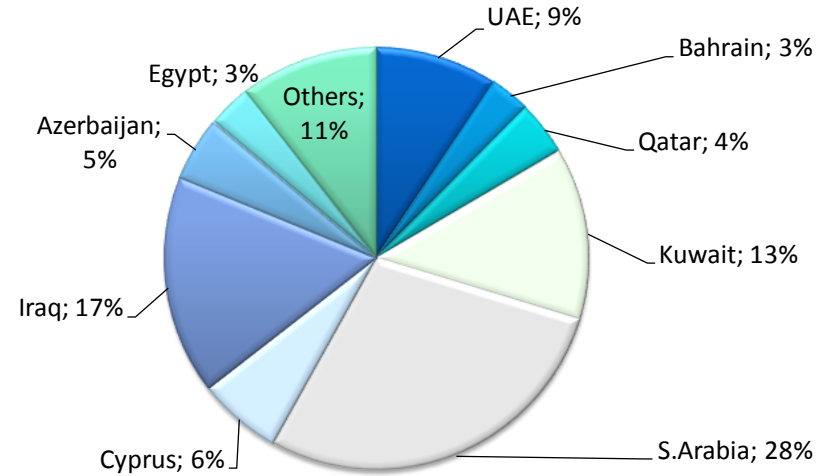


- ▶ Pinar realizes 22% of Turkey's Dairy Products Exports itself
 - ▶ **Export income was increased by %20 in terms of USD and %33 in terms of TL.**
- ▶ Exports to 29 different countries which are Middle East, Europe, USA and Asia. In 2012 in Switzerland, Hong Kong and Afghanistan joined into Pinar Süt exporting countries.
- ▶ Pinar Labane Cheese have high market shares In Saudi Arabia, Kuwait and UAE which are respectively %35, %50 ve %35.
- ▶ 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 2011.
- ▶ As one of the most valuable Turkish brands, part of the

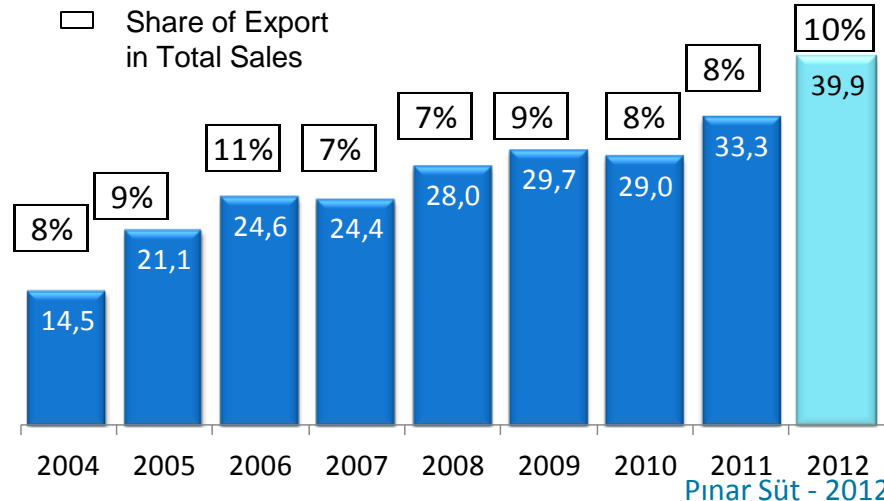
TURQUALITY project supported by the Turkish government..

- ▶ Pinar Süt is among the first companies included in Turquality Project. The first 5 years of project completed successfully; taking part in second 5 year was obtained.
- ▶ The vision of Turquality® is "Create 10 world brands in 10 years".

Foreign Sales by Countries (2012)



Foreign Sales by years (Million USD)



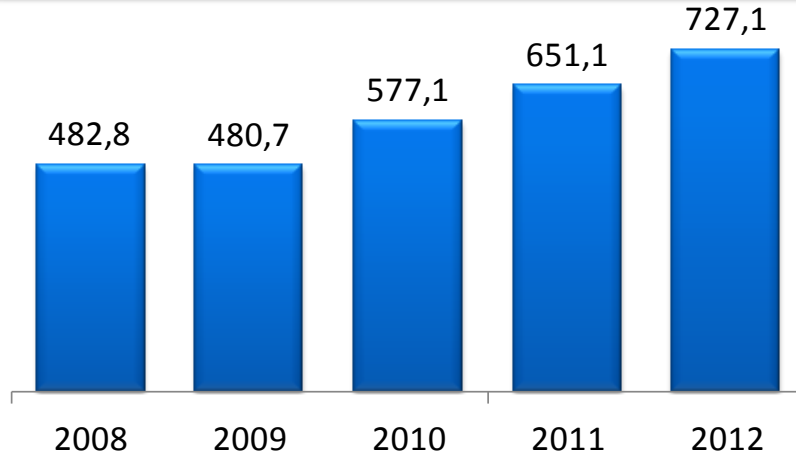


FINANCIAL RESULTS

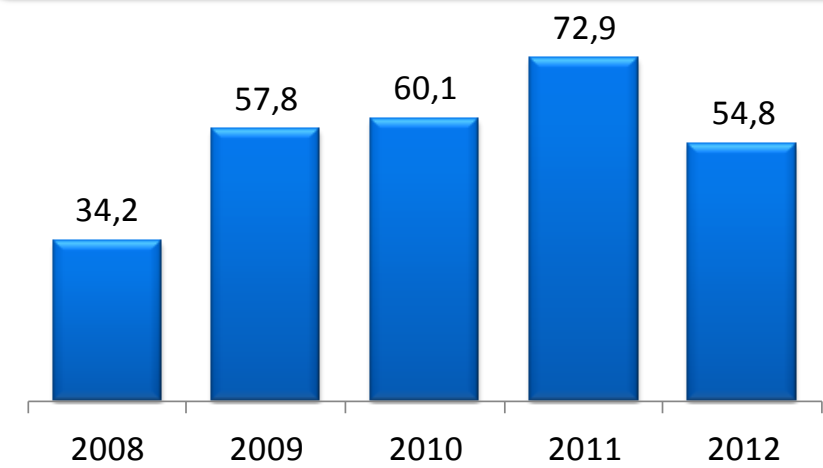
Sales and Profitability



Net Sales (Mn TL)



Net Profit (Mn TL)

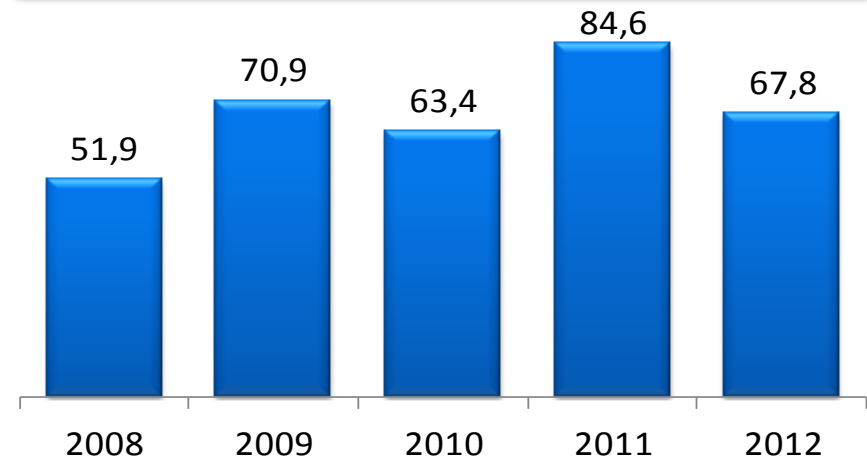


► In 2012 sales have grown by %11,7, in both value and volume terms. Growth in volume terms is by %2.

► 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. The higher average milk prices, which is above by %18 YoY, narrowing market and increasing competition in the market have had a negative impact on our profitability.

EBITDA* (Mn TL)

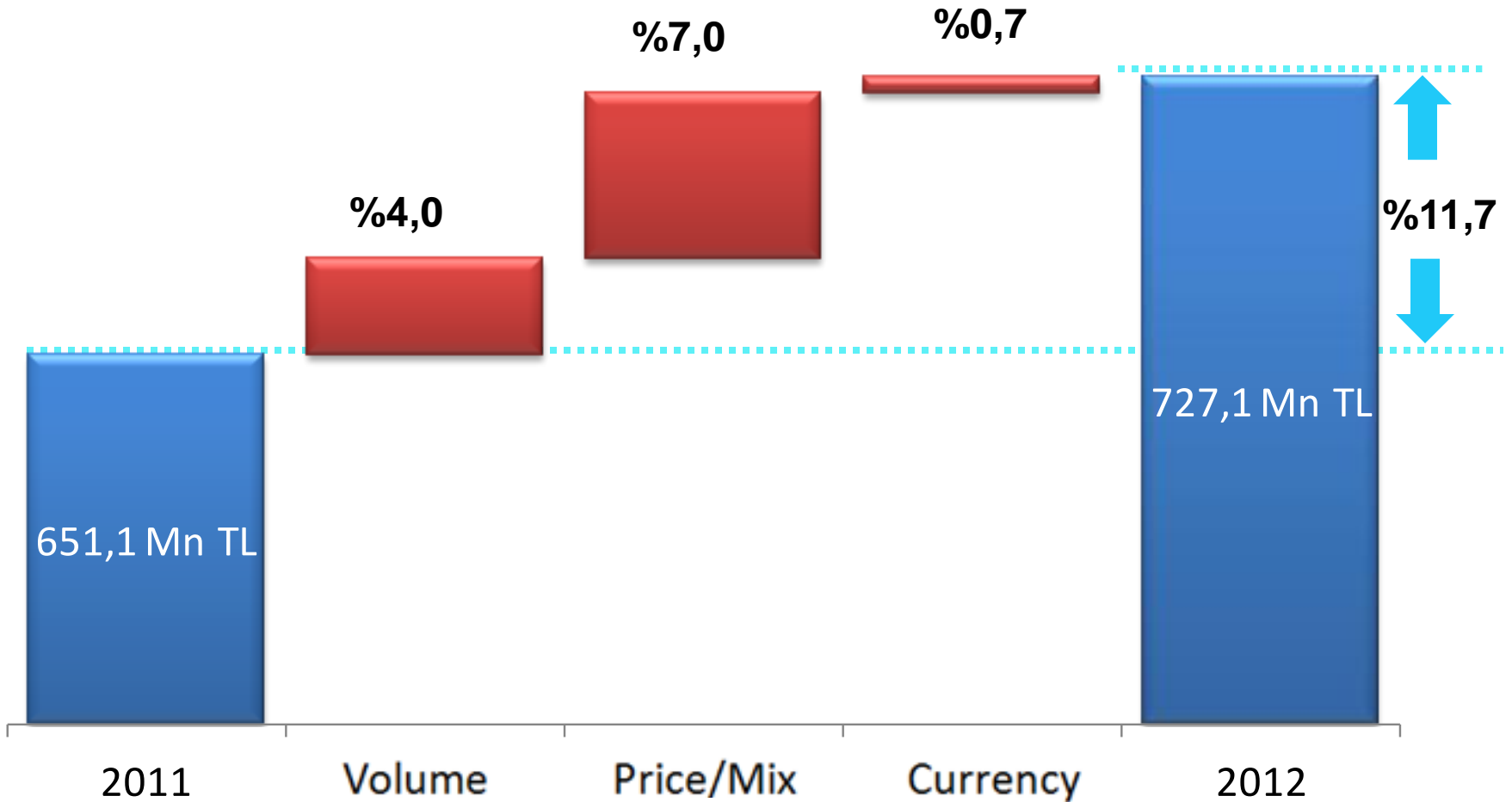


Income Statement



(Million TL)	31.12.2012	31.12.2011	Difference	% Change
Net Sales	727,1	651,1	76,0	11,7
Cost of goods Sold	(582,2)	(517,3)	(64,8)	12,5
Gross Profit	145,0	133,8	11,2	8,4
R&D Expenses	(7,2)	(5,6)	(1,7)	29,9
Sales, Distribution and Marketing Expenses	(54,9)	(35,3)	(19,6)	55,5
General Administration Expenses	(33,1)	(24,5)	(8,6)	35,0
EBIT	49,8	68,4	(18,6)	(27,3)
Share of Results of Investments in				
Associates	3,1	7,4	(4,2)	(57,3)
Other Income	7,5	8,6	(1,2)	(13,5)
Other Expenses	(2,0)	(2,8)	0,8	(29,3)
Financial Income (Net)	3,4	1,7	1,7	103,0
Profit Before tax	61,8	83,3	(21,5)	(25,8)
Tax	(7,0)	(10,4)	3,4	(32,5)
Net Profit for the Period	54,8	72,9	(18,1)	(24,8)
EBITDA	67,8	84,6	(16,8)	(19,9)
Total Assets	616,9	625,6	(8,7)	(1,4)
Equity	435,7	439,0	(3,2)	(0,7)

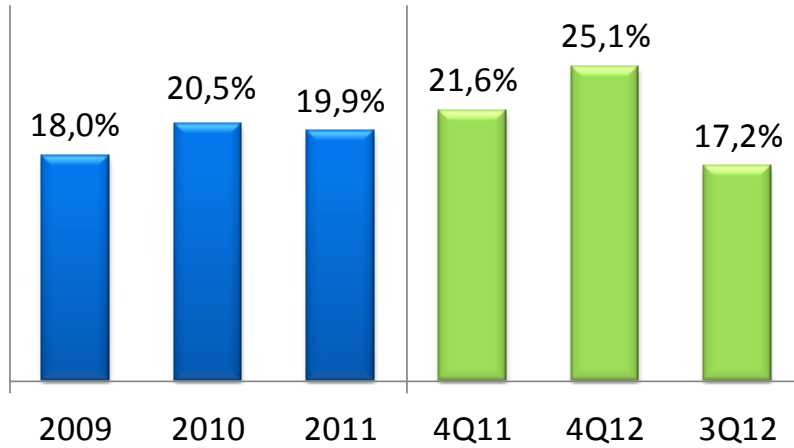
Growth Analysis



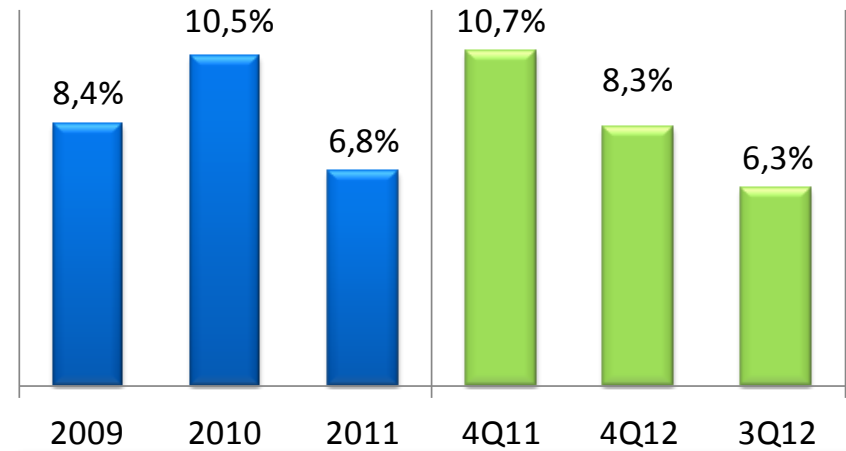
Profit Margins



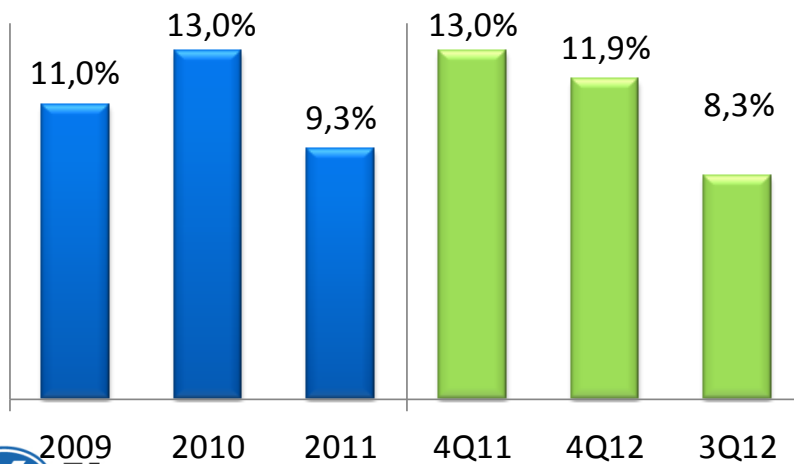
Gross Profit Margins(%)



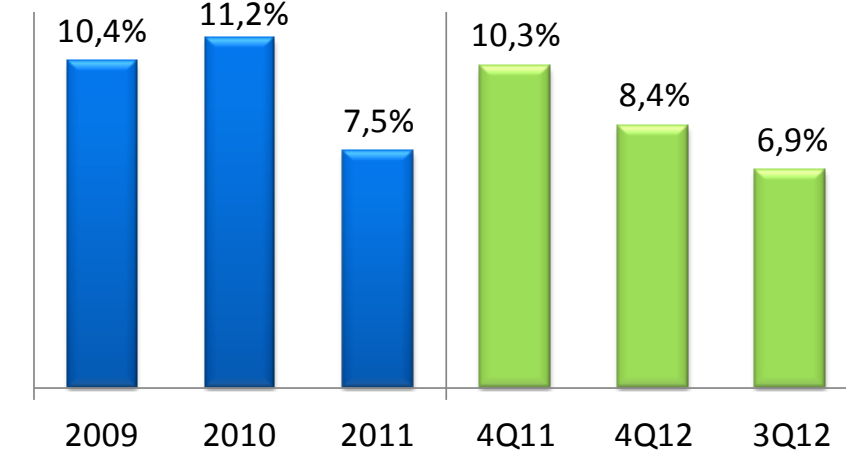
Operating Margins* (%)



EBITDA Margins ** (%)



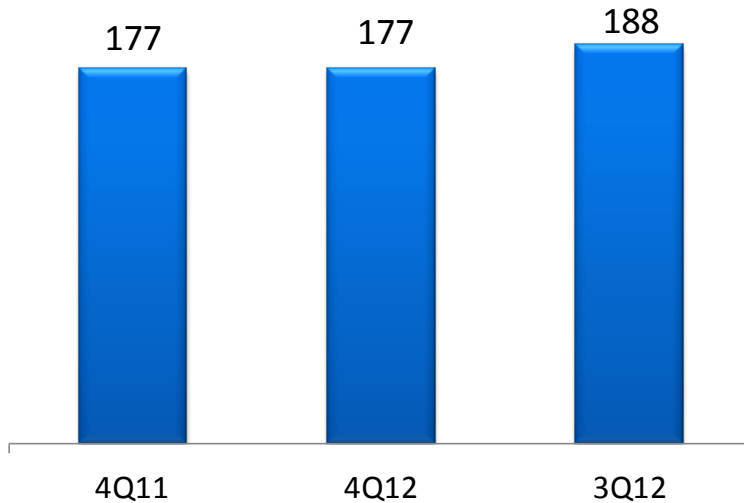
Net Profit Margins (%)



Quarterly Results

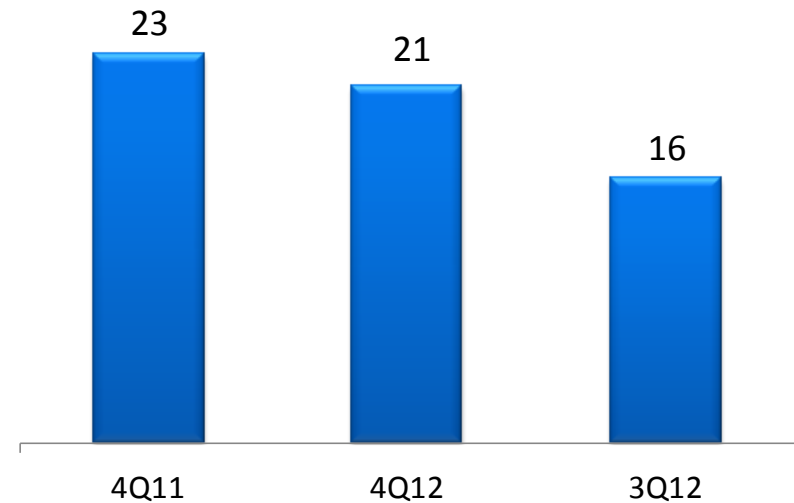


Net Sales (Mn TL)



- ▶ Product price increases, depending on the positive developments in the market, have improved our gross margin in 2012 4Q compared to 2011 4Q.
- ▶ Similarly, a significant improvement was achieved in the profit margins in 2012 4Q, compared to the third quarter of 2012

EBITDA* (Mn TL)



- ▶ Price competition is continuing in the market.
- ▶ In accordance with our strategy of growing beyond market, we have focused on market investments.

Basic Ratios, Net Financial Debt & Net Working Capital



Dec 31, 2012 Dec 31, 2011

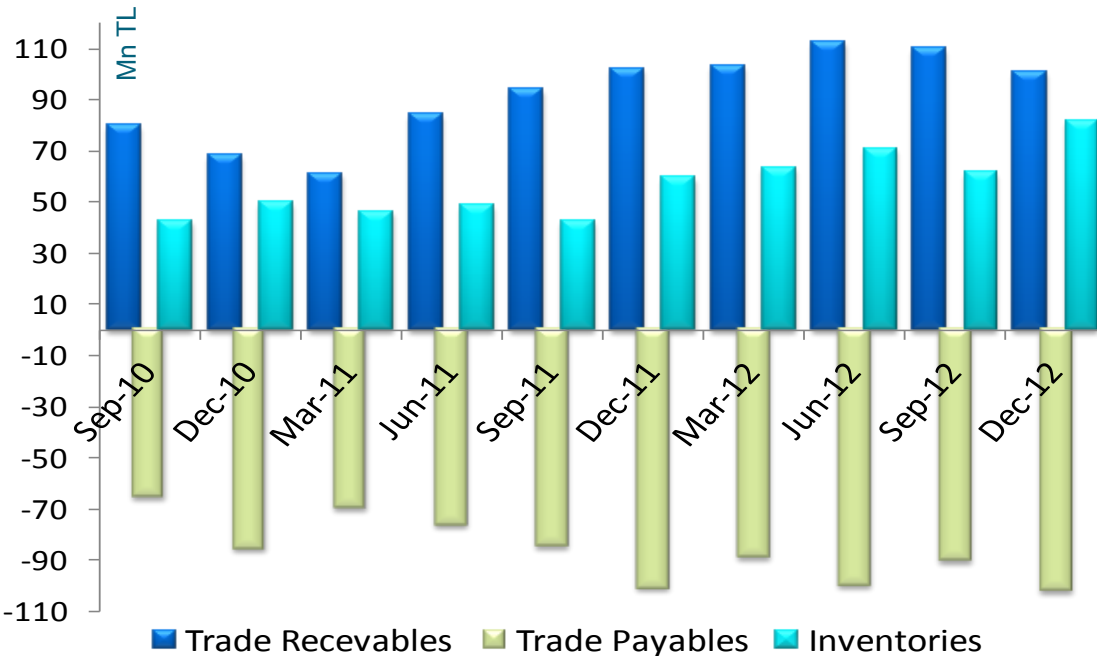
(Milyon TL)

Dec 31, 2012

Dec 31, 2011

	Dec 31, 2012	Dec 31, 2011
Current ratio	1,64	1,81
Leverage ratio	0,29	0,30
S/T Fin Debt/T. Fin Debt	0,99	0,58
Net Financial Debt/EBITDA	0,16	0,36
Total Fin Debt/Equity	0,04	0,08

	Dec 31, 2012	Dec 31, 2011
Cash & Cash Equivalents	4,51	4,99
S/T Bank Borrowings	15,52	20,45
L/T Bank Borrowings	0,13	15,07
Net Financial Debt	11,15	30,54

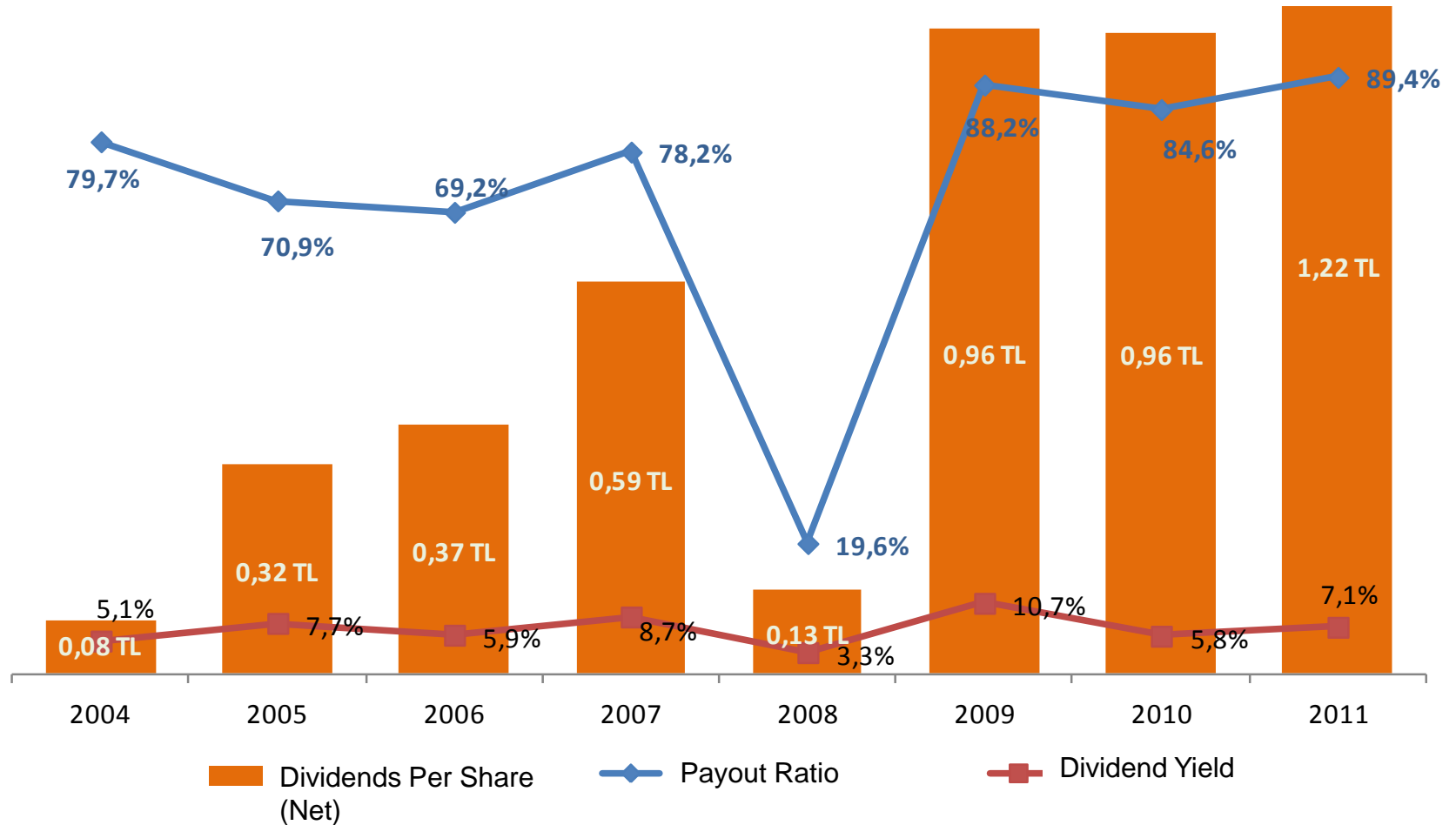


▶ A 49% rise in net cash generated from operating activities

2011 32,9 Mn TL → **2012** 49,0 Mn TL

- ▶ Continuous focus on risk management and productivity
- ▶ Effective working capital management
- ▶ Strong balance sheet and liquidity management

Dividends



- ▶ Volatility in the raw milk prices was decreased as a result of National Milk Council's base price system. However, the average raw milk prices were %18 above 2011 in 2012.
- ▶ The costs have increased in 2012, particularly a %19 increase in the energy costs.
- ▶ Following our strategy of increasing our market shares we have focused on marketing investments and increased our market shares in 2012.
- ▶ New products and new variations in packaging have been launched.
- ▶ 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.

Ownership & Participation Structure

Share Performance

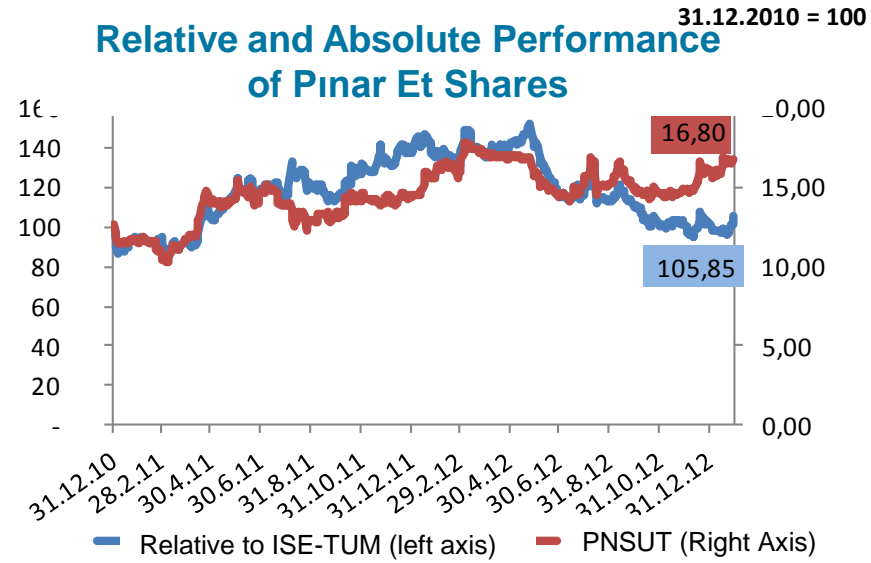


Ownership



Share Performance

Relative and Absolute Performance of Pınar Et Shares



Pınar Süt

CORPORATE GOVERNANCE RATING: 8,87

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

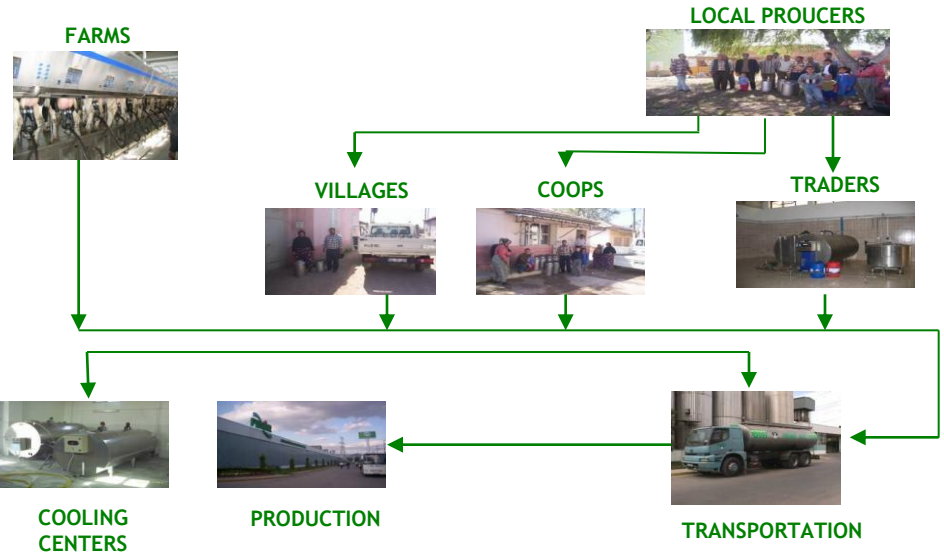
Pınar Lemonade

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

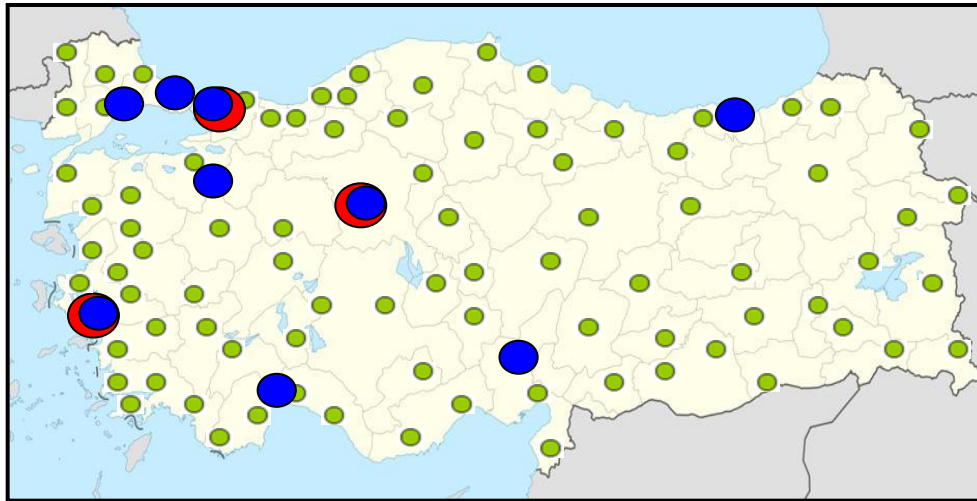


- ▶ Competitive advantage due to strong long term relationship with milk suppliers since 1975
- ▶ Agreements with suppliers to ensure a steady raw milk supply
- ▶ Continuous quality and control in each step of milk collection (fully complied with EU requirements, tests in raw milk laboratories on daily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

