

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Earnings Presentation, 2014 Q1



Highlights



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

Product Portfolio

- Most admired company in Turkey*
- Closest brand to mothers**
- Best fruit juice brand***
- One of the top ten most reputable brands****
- One of the top ten superbrands in Turkey*****

Brand

- 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

Production

- Healthy, pure and standardized products
- ISO 9001-2008
- ISO 14001
- ISO 22000 HACCP
- ISO 18001
- ISO 50001

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 25,000 producers
- Continuous quality control in each step
- Strong relations with farmers
- More than 210 contracted farms producing in EU standards
- Farms which are free of illness and approved
- Training and consultancy services

Supply



Yaşar

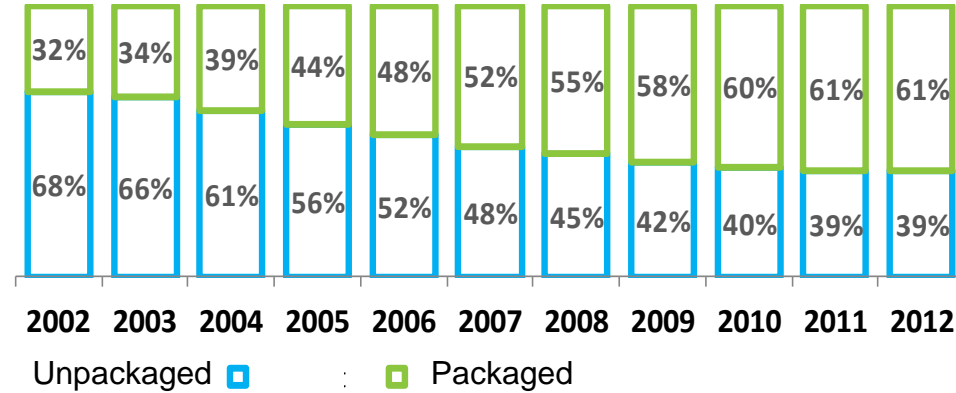
daha iyi bir yaşam için

* GFK&Capital ** Mom-Z Platform ***TMME-2013 **** GFK&Repsman 2013 ***** Superbrands

Market Dynamics

- Annual raw milk production is 770 m tons in the World (+%2,7 growth in 2012), and around 17,4 m tons in Turkey (2012 growth %15,6) (Source: USK, FAO, TÜİK),
- The amount of milk produced in our country is increasing in parallel to the amount of animals and productivity in milk production. Cow milk comprises 91,4 % of the total production. Turkey, with its production of 15,4 mn tons of cow milk, is 8th within IDF countries.
- Per capita milk equivalent consumption in the world is 109,1 kg per capita on average; per capita drinking milk consumption is 100-300 kg in developed countries and up to 70 kg in developing countries.
- Per capita milk consumption in Turkey, calculated as milk equivalent, has reached 223 kg in 2013, compared to 2012, showing an increase of 10%.
- Per capita drinking milk consumption in Turkey is estimated to be 33,1 kg.
- The total number of cows milked is 5.4 m with an increase of 14.8% in Turkey. The lactation yield in cow milk production is 2.942 lt with a 1.47% increase.
- The total number of animals reached 49.8 m with an increase of 11.2% in 2012. Breakdown; Cattle %27.9, Sheep %55.1, goats %16,8 and water buffalo 0.2%

Share of Packaged Milk

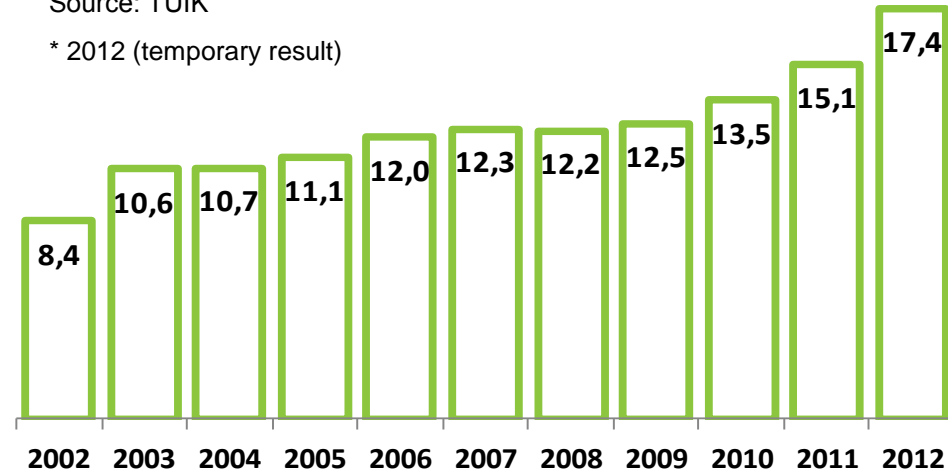


Source: Tetrapak

Milk Production in Turkey (million tons)

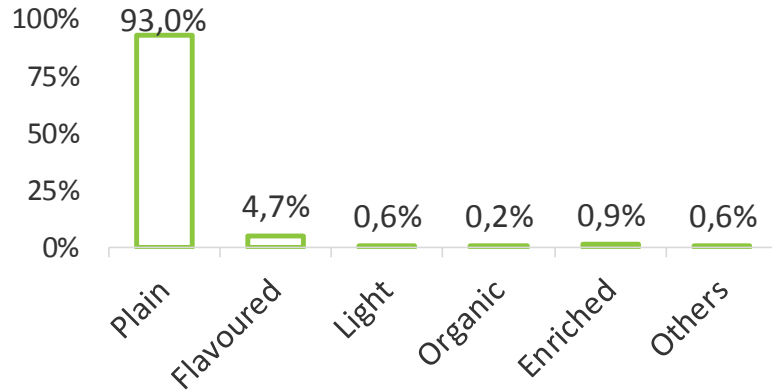
Source: TÜİK

* 2012 (temporary result)



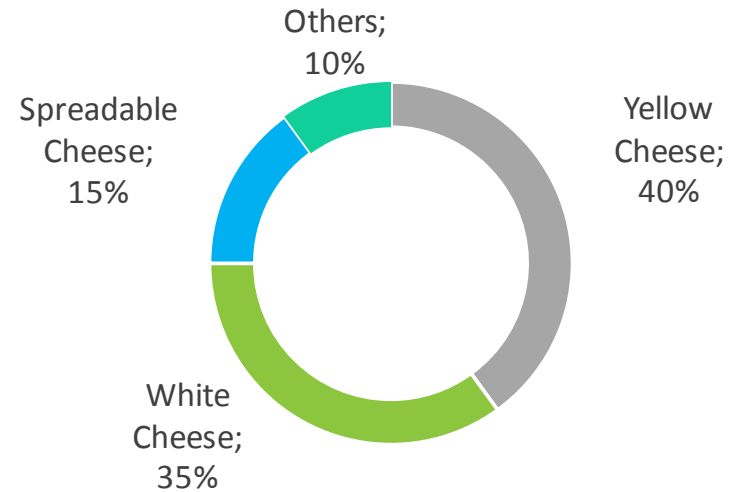
Market Dynamics - II

UHT Milk Market (Volume)



Source: IPSOS, 2013

Total Cheese Market (Value)

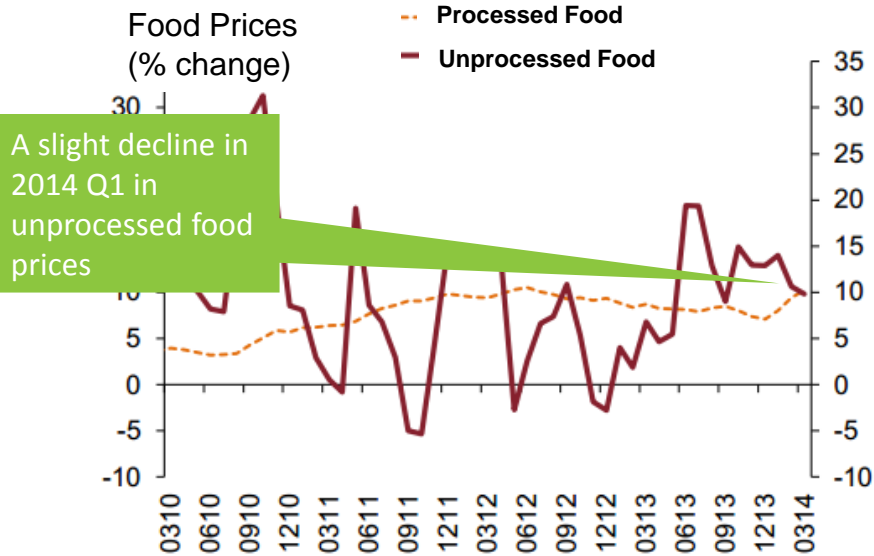


Source: Nielsen, 2013

Market Dynamics - III

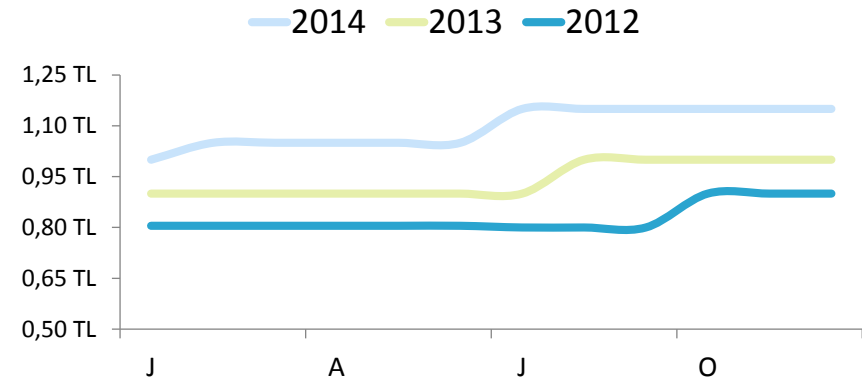


Price of Food Products



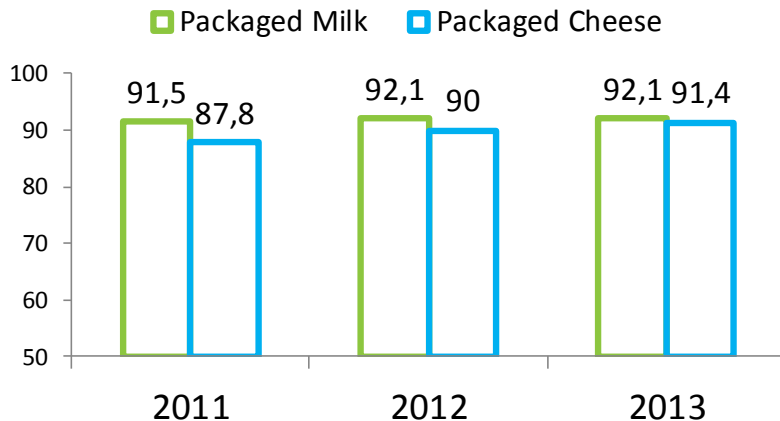
Source: TÜİK, TCMB.

Raw Milk Base Prices in Turkey (TL/lt)



Row Milk Base Prices

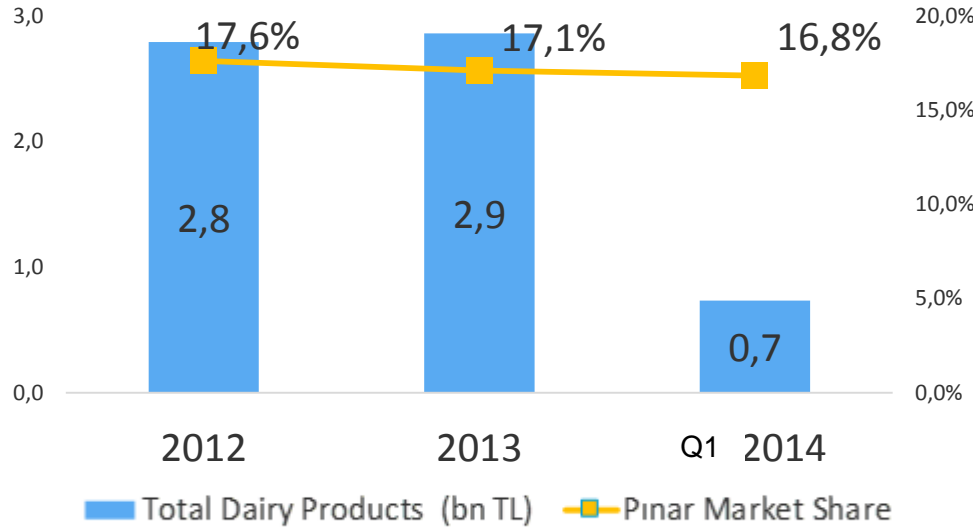
Penetration of Packaged Milk and Cheese



Source: IPSOS, 2013

- Increasing raw milk prices
- School Milk Project including 4.685 school
- The penetration of packaged milk is at the level of 2012 while packaged cheese penetration is increasing.
- Communications investments made by the producers.

Market Shares - I



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

Source: Nielsen

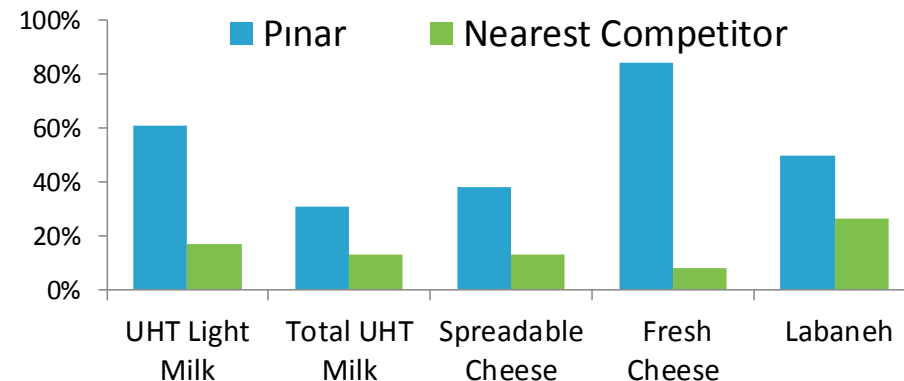
- Measurable dairy market, has grown by 4,0% in terms of value and shrank by 2,9% in volume terms in 2014 Q1, YoY.
- Food category has decreased its share within FMCG from %47 to %46,3 in 2013.

(Nielsen)

Product	Share	Position
UHT Light Milk	57%	#1
Total UHT Milk	30%	#1
Organic Milk *	92%	#1
Enriched Milk (Kids)	57%	#1
Butter	17%	#2
Homogenized Yoghurt	11%	#3
Spreadable Cheese	35%	#1
Fresh Cheese	87%	#1
Labaneh	47%	#1
Cream Cheese	20%	#1

Source: Nielsen, 2014 Q1 - Value Share

* Estimated

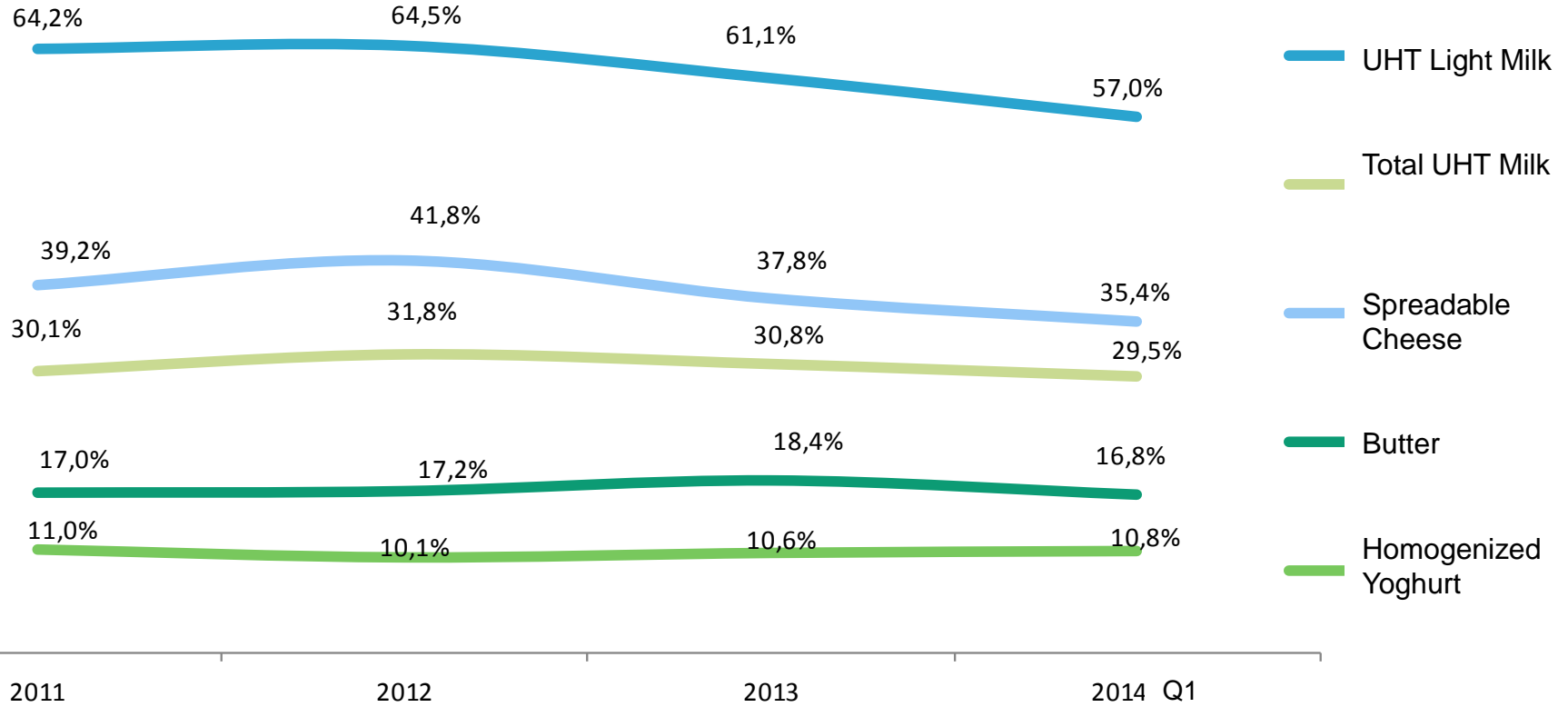


Source: Nielsen, 2014 Q1 - Value Share



daha iyi bir yaşam için

Market Shares - II



Source: Nielsen, - Value Share



daha iyi bir yaşam için

New Products



Chocolate Latte



Kremilla

Custard

Campaigns - I



Fruit Juices



Television



Campaigns - II



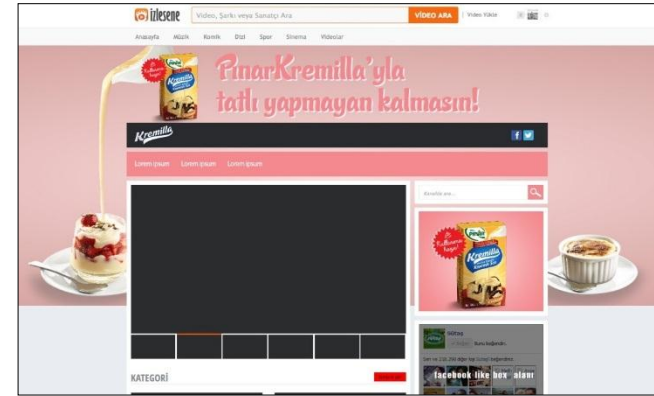
Pinar Cream Cheese, Pinar Beyaz Chocolate and Pinar Labaneh



Campaigns - III



Kremilla



Outdoor

izlesene.com



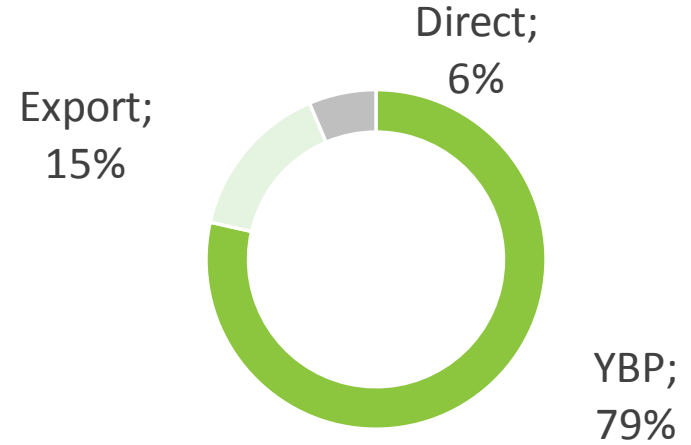
daha iyi bir yaşam için

Export

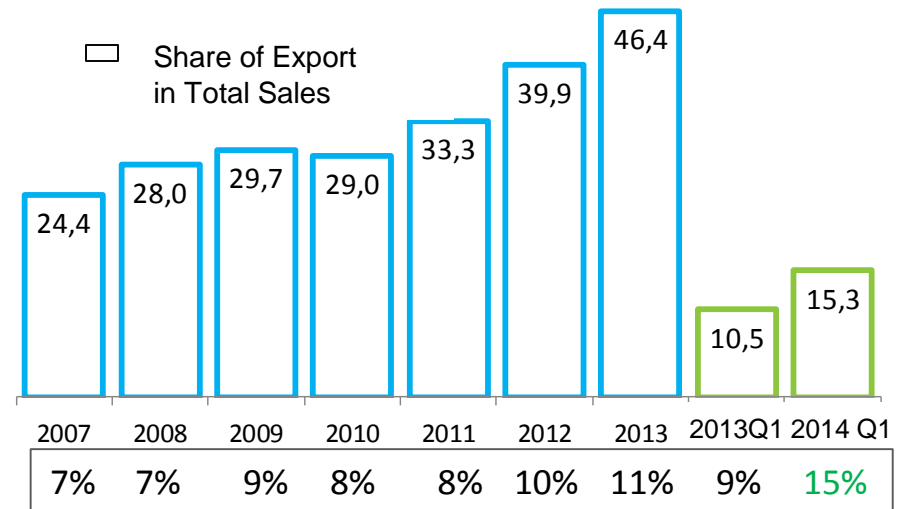


- Pinar realizes 16% of Turkey's Dairy Products Exports itself
 - **Export income was increased by %44 in USD in 2014 Q1, Yoy.**
- Exports to 28 different countries which are Middle East, Europe, USA and Asia. In 2013 Morocco and Greece joined into Pinar Süt exporting countries.
- Pinar Labane Cheese have high market shares In Saudi Arabia, Kuwait and UAE which are respectively %28, %51 ve %36.
- Moreover, long-life milk, white cheese, Pinar Beyaz, whole cream, fruit juice, yoghurt and ayran is exported to Gulf countries.
- 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 succesfully; taking part in second 5 year was obtained.
 - The vision of Turquality® is "Create 10 world brands in 10 years".

Breakdown of Net Sales (2014 Q1)



Foreign Sales by Years (million USD)



Şanlıurfa Investment



- Pınar Süt Şanlıurfa plant, which will be established on a land of 100 thousand m²
- Raw milk collected from Şanlıurfa and cities around it
- The milk and dairy products will be produced in the factory. The product range will be expanded depending on the needs.
- The benefits from the region's proximity to the export markets will be provided.
- Investment incentives of Region-6
- Foundation of the facility laid on May 12, 2013. The plant to commence its operations by the end of 2014.



PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

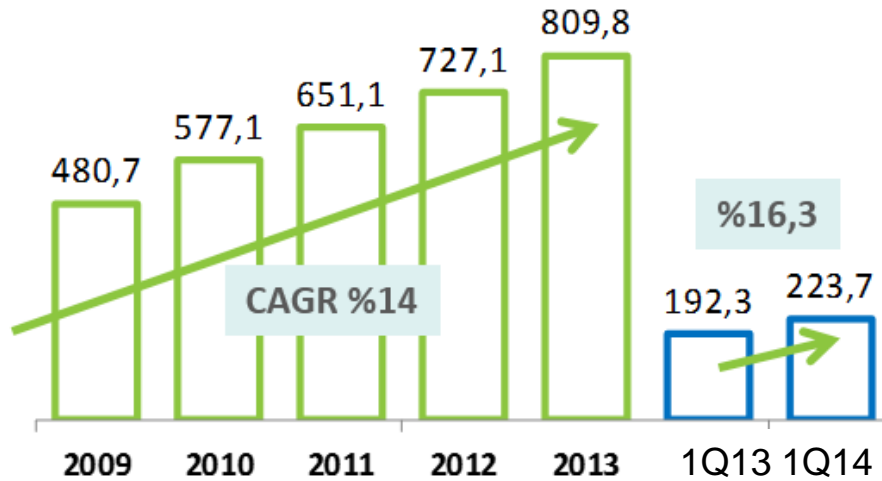
Financial Results



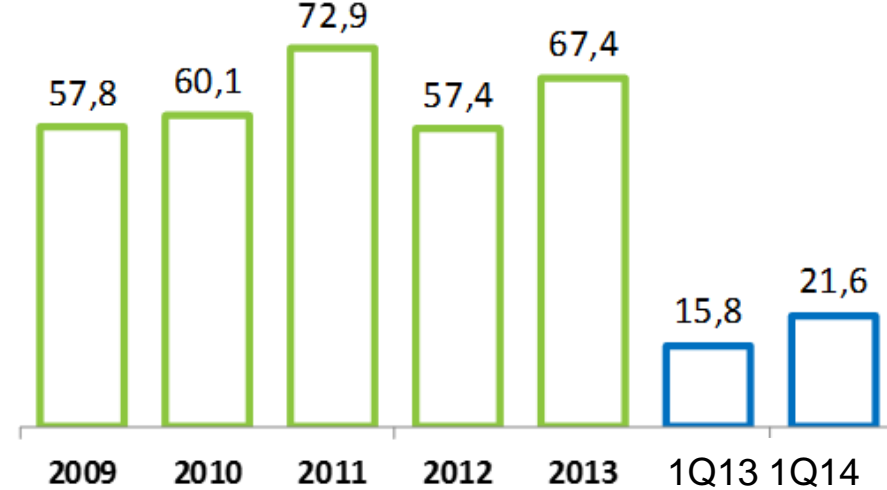
Sales and Profitability



Net Sales (mn TL)

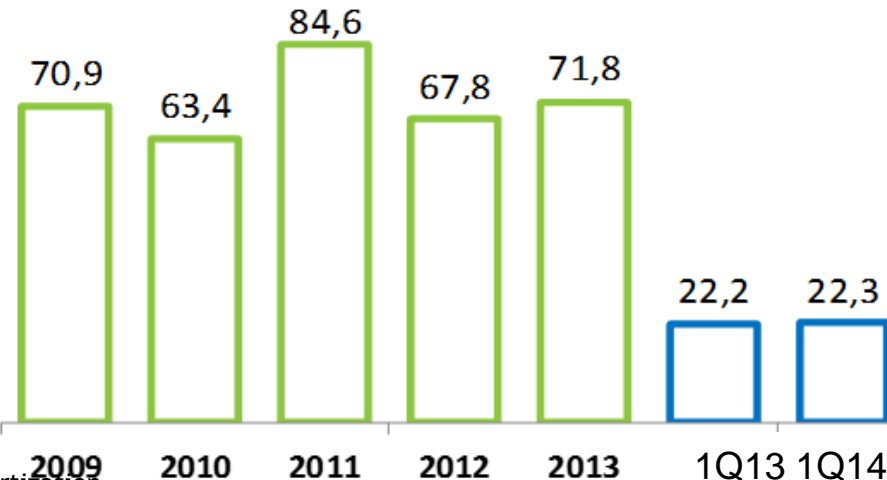


Net Profit (Mn TL)



- In 2014 Q1, compared to 2013 Q1, the net sales have grown by %16,3, in both value and volume terms. Growth in volume terms is by %2,5.
- The reflection of rising raw milk price into sale prices and improvement in the operational costs maintained an increase in gross and EBITDA margins when compared to last quarter of 2013.

EBITDA* (Mn TL)



Yaşar

daha iyi bir yaşam için Earnings before Interest, Tax, Depreciation, and Amortization

Income Statement

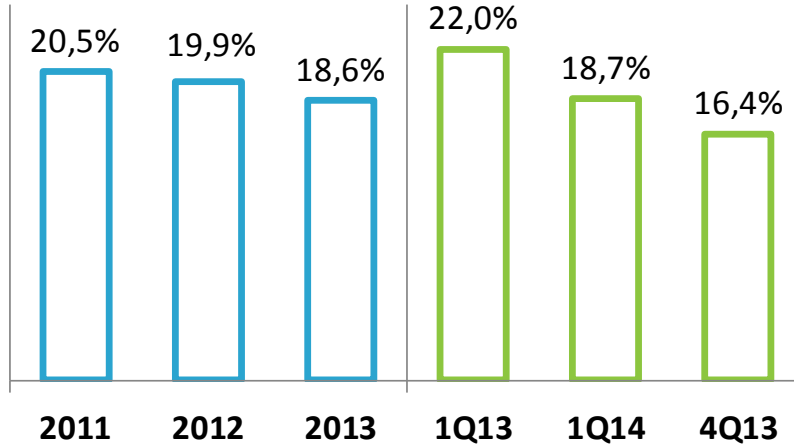


(Million TL)	March 31, 2014	March 31, 2013	Difference	% Change
Net Sales	223,7	192,3	31,4	16,3
Cost of goods Sold	(181,8)	(149,9)	(31,9)	21,3
Gross Profit	41,9	42,4	(0,5)	(1,2)
R&D Expenses	(1,7)	(1,7)	0,0	(0,5)
Sales, Distribution and Marketing	(15,2)	(15,4)	0,3	(1,6)
General Administration Expenses	(6,9)	(7,5)	0,6	(7,6)
EBIT	18,1	17,8	0,3	1,8
Share of Results of Investments in				
Associates	1,6	1,4	0,2	10,9
Other Income	5,5	1,5	4,0	270,1
Other Expenses	(2,1)	(1,6)	(0,4)	25,6
Financial Income (Net)	(0,1)	0,4	(0,4)	(118,0)
Profit Before tax	23,1	19,4	3,7	18,9
Tax	(1,5)	(3,7)	2,3	(60,1)
Net Profit for the Period	21,6	15,7	5,9	37,8
EBITDA	22,3	21,9	0,4	1,6
Total Assets	730,5	632,7	97,8	15,5
Equity	467,0	455,0	12,0	2,6

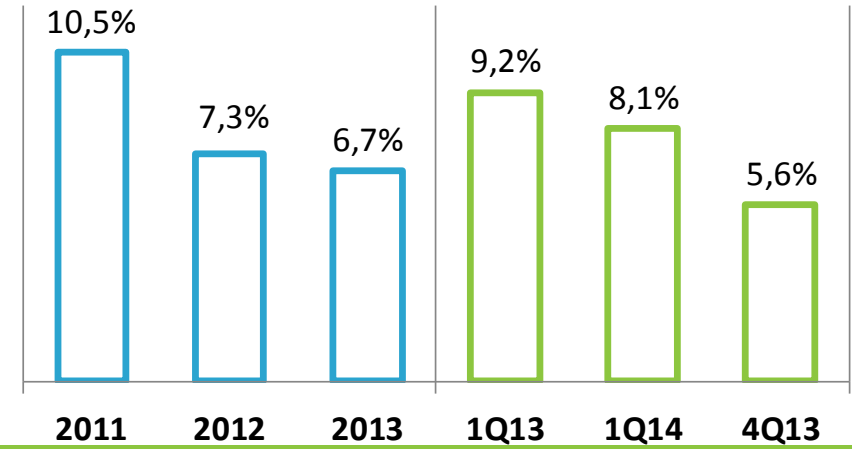
Profit Margins



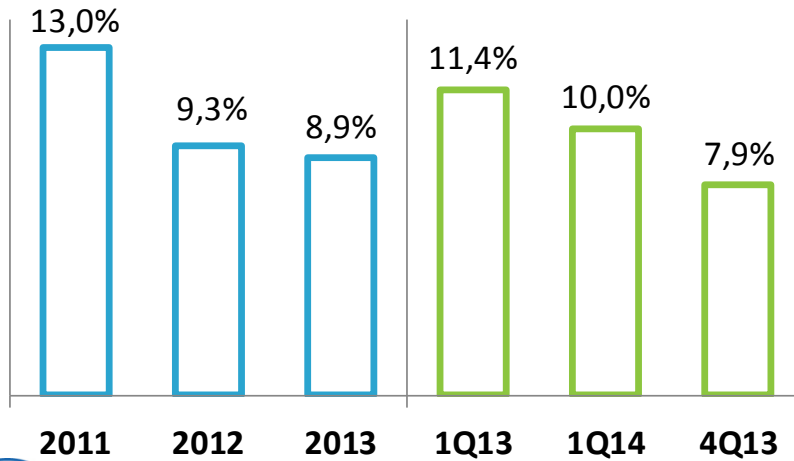
Gross Margin



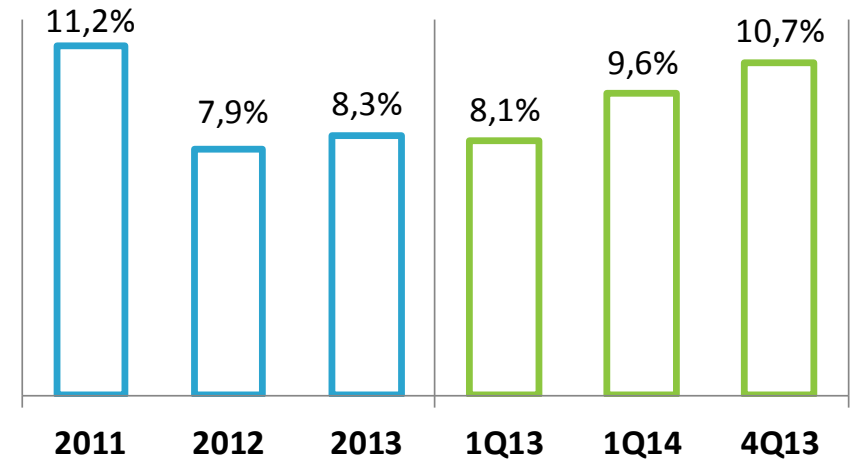
EBIT*



EBITDA**



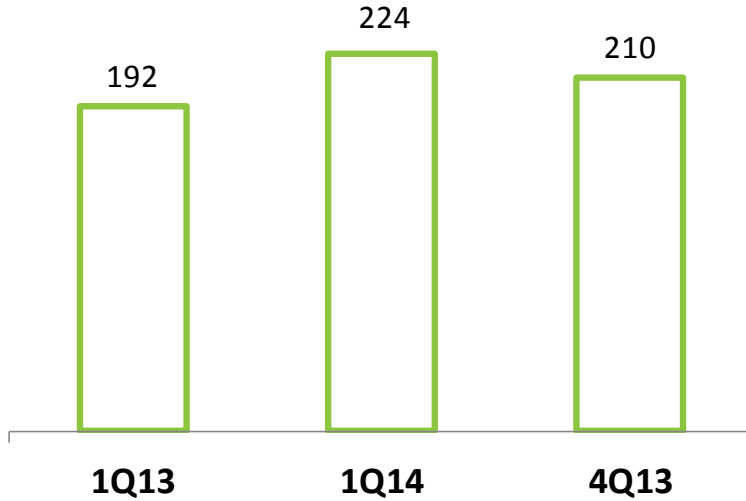
Net Profit



Quarterly Results



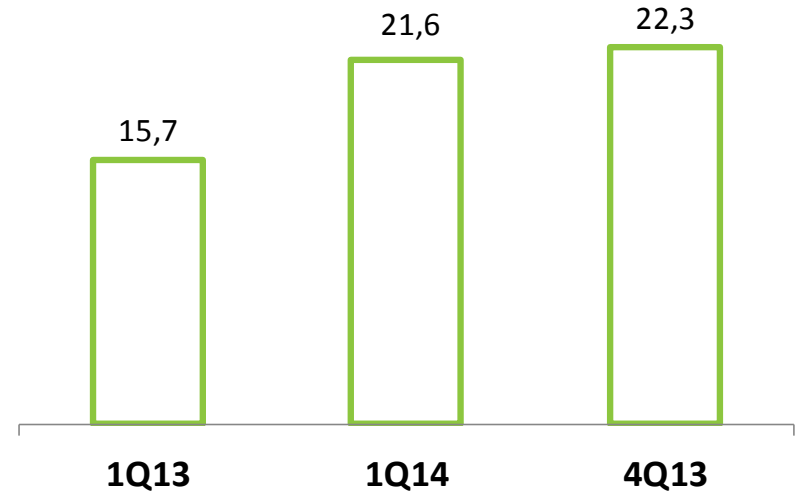
Net Sales (Mn TL)



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

- In 1Q14, sales rose either compared to 1Q13 (16%) or to 4Q13 (7%).
- Taking advantage of Şanlıurfa Investment and increased association revenues improved the net profit margin, compared to 1Q13 in 1Q14.

EBITDA* (Mn TL)

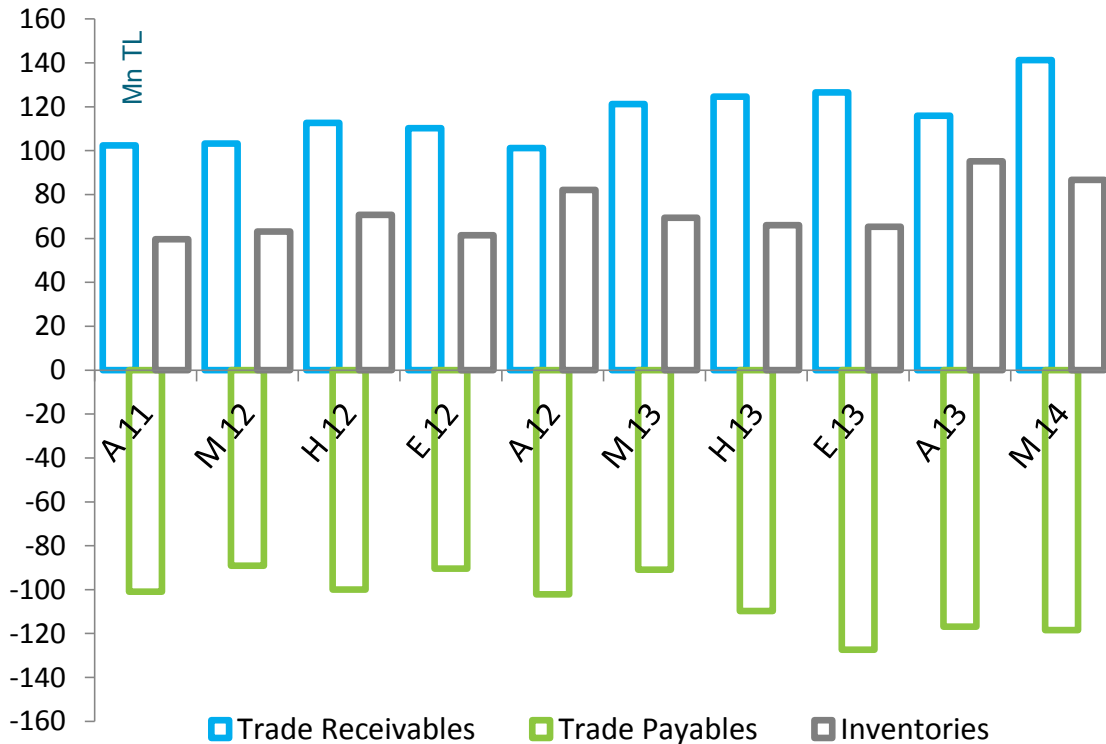


Basic Ratios, Net Financial Debt & Net Working Capital



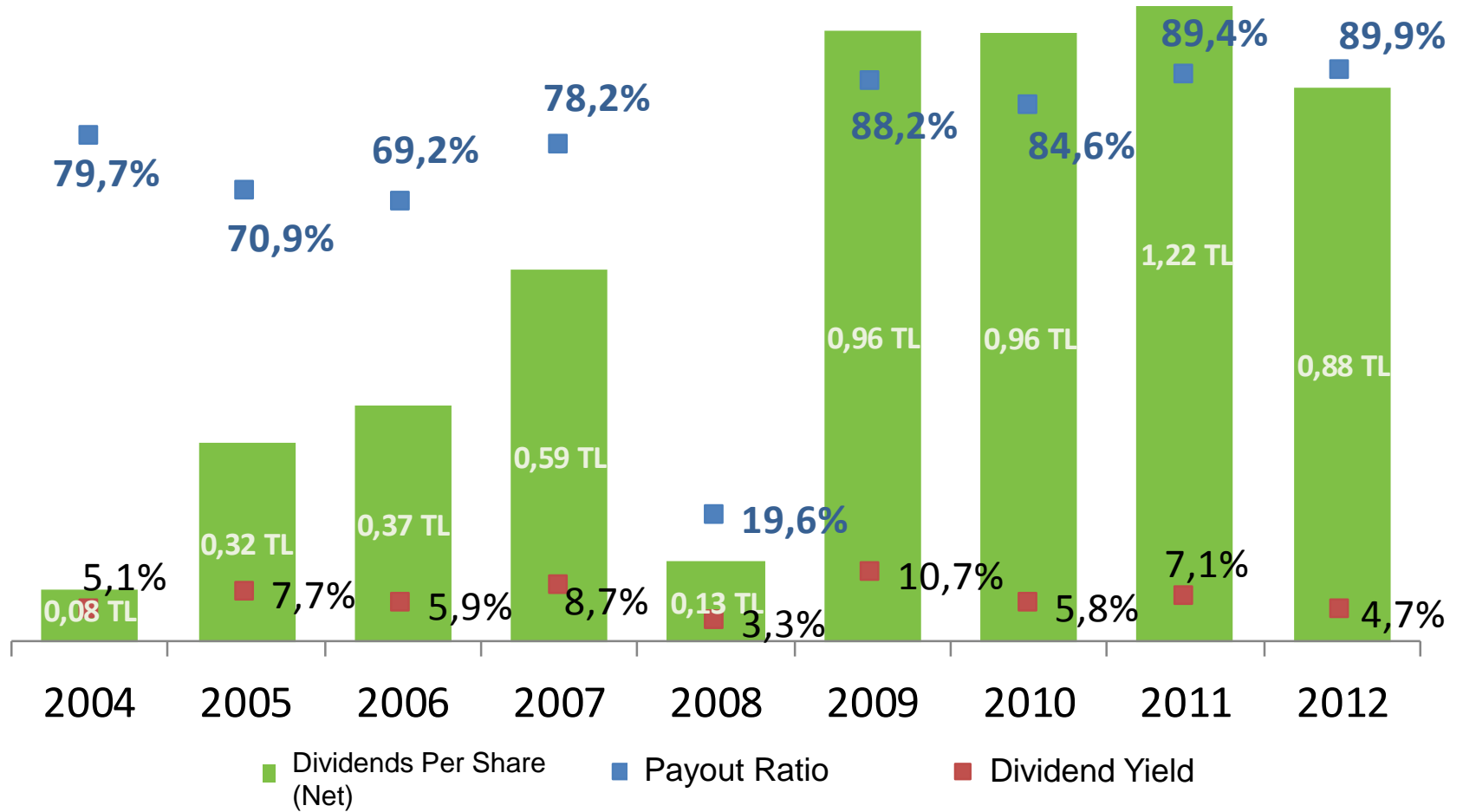
	March 31, 2014	December 31, 2013
Current ratio	1,26	1,51
Leverage ratio	0,36	0,30
S/T Fin Debt/T. Fin Debt	0,41	1,00
Net Financial Debt/EBITDA	0,12	0,05
Total Fin Debt/Equity	0,03	0,01

(Million TL)	March 31, 2014	December 31, 2013
Cash & Cash Equivalents	4,59	0,82
S/T Bank Borrowings	5,55	4,53
L/T Bank Borrowings	8,00	0,00
Net Financial Debt	8,95	3,70



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

Dividends



Overview of 2014 Q1



- The fluctuation in raw milk prices has decreased depending on the method applied by National Milk Council; On the other hand, the raw milk base price was at higher level by %16,7 in 2014 Q1 when compared to 2013 Q1.
- In line with our growth strategy, the foundation of 3rd Facility was laid in Şanlıurfa. Technological power and knowledge was transformed into competitive advantage via this investment.
- Following our strategy of increasing our market shares we have focused on marketing investments in 2014.
- Cost savings, measures to decrease expenses and projects improving efficiency in production have continued. (OMI-Lean Six Sigma Projects)

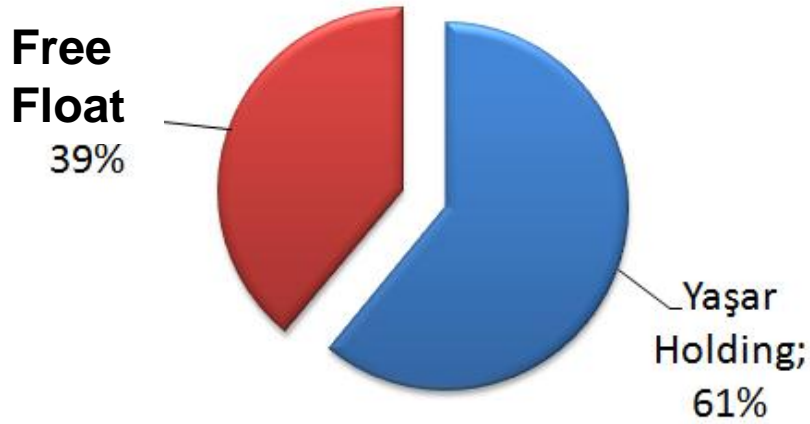
- Growing above market growth rates in the segments we operate in, with ;
- Effective price management
- Widespread distribution network
- Efficient utilization of social media
- Developments in “Away From Home” channel
- Increasing export sales also in countries falling outside Gulf region
- Continued marketing investment.

Ownership & Participation Structure

Share Performance

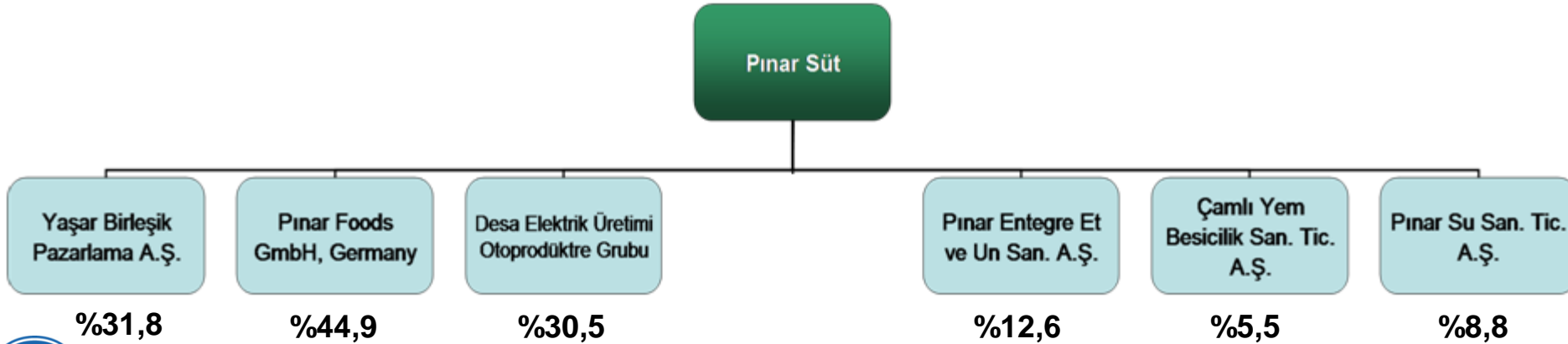
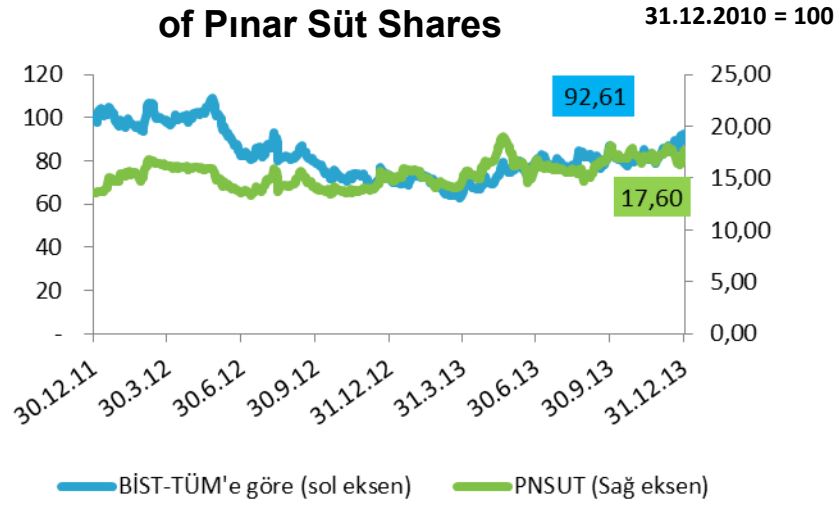


Shareholder Structure



Share Performance

Relative and Absolute Performance of Pınar Süt Shares



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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