

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Earnings Presentation, 2014 H1



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*****
- Pinar Milk Enlarge Bronze Effie Campaign

Brand

- Hygienic production in the EU norms
- Technological and industrial knowledge

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

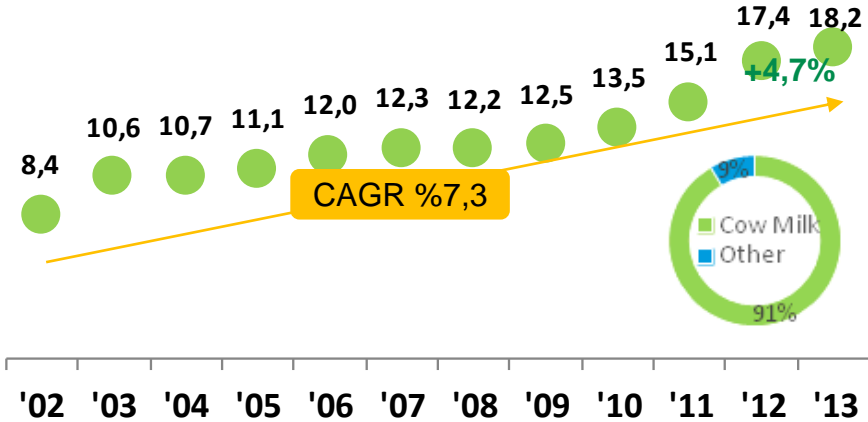
Market Dynamics



Total Number of Animals

	2012	2013	
Total Animals	49,8 Mn	53,0 Mn	+6,5%
Cattle	27,9%	27,2%	
Sheep	55,1%	55,2%	
Goats	16,8%	17,4%	
Water Buffalo	0,2%	0,2%	

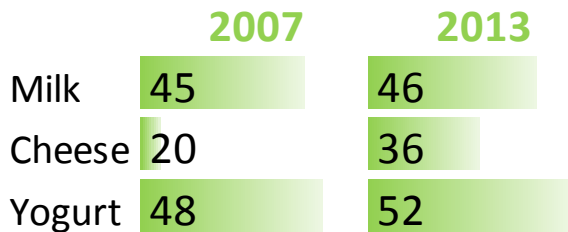
Raw Milk Base Prices in Turkey (Million Tons)



Raw milk production in the world in 2012 is 770 million tons.(FAO)

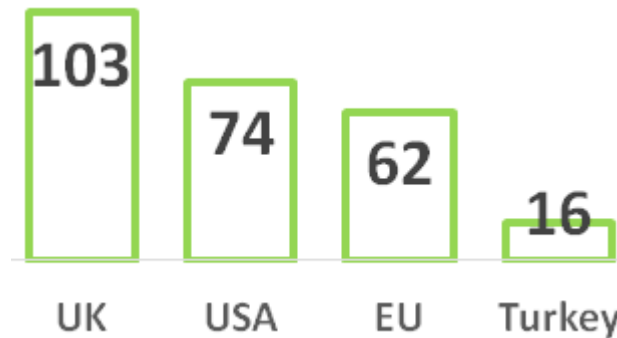
Increase in animal number and efficiency boosted the milk production

Packaged Milk Products (%)



Source: IPSOS

Per Capita Packaged Milk Consumption (LT)



- Per capita milk equivalent consumption in Turkey has reached 223 kg. (world average 109 kg, EU average 280 kg)
- Drinking milk consumption remains low compared to developed economies.

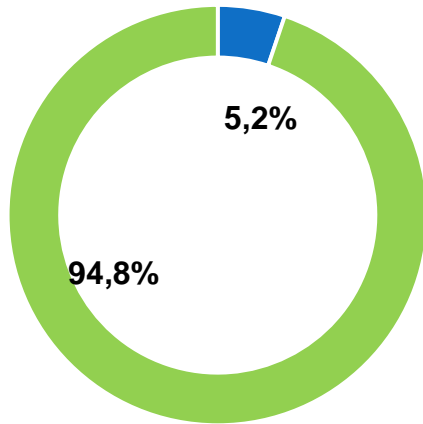


daha iyi bir yaşam için

Market Dynamics - II

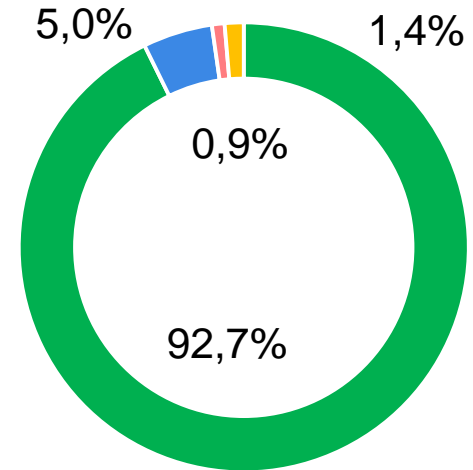
Packaged Milk Market (Value)

■ Pasteurized Milk ■ UHT Milk



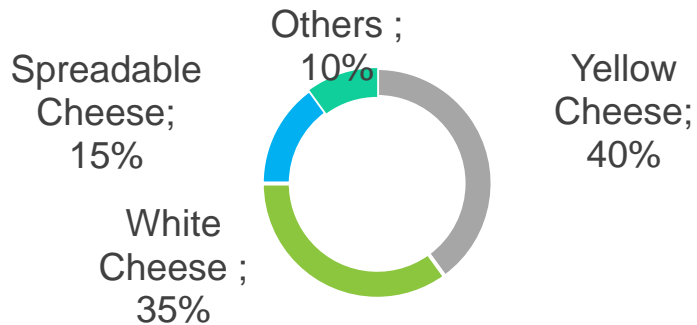
Source: Nielsen 2013

UHT Milk Market (Volume)



■ Plain ■ Flavoured ■ Light ■ Others

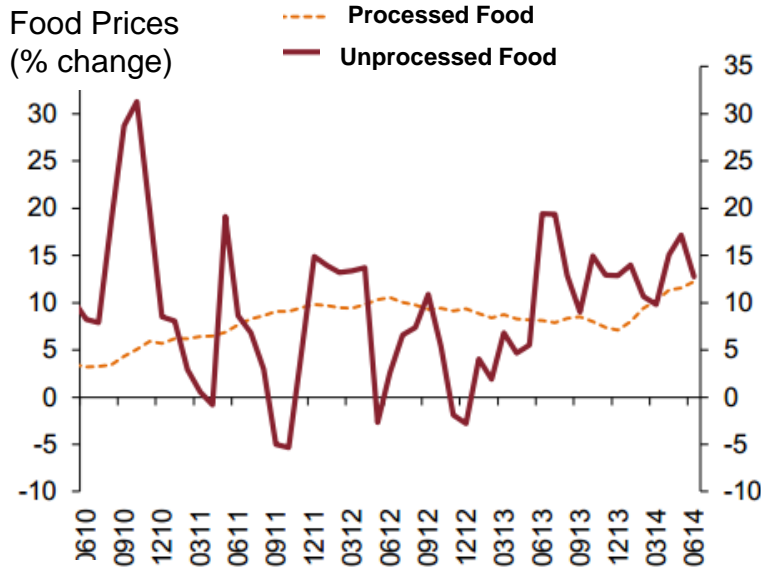
Total Cheese Market (Value)



Source: Nielsen 2013

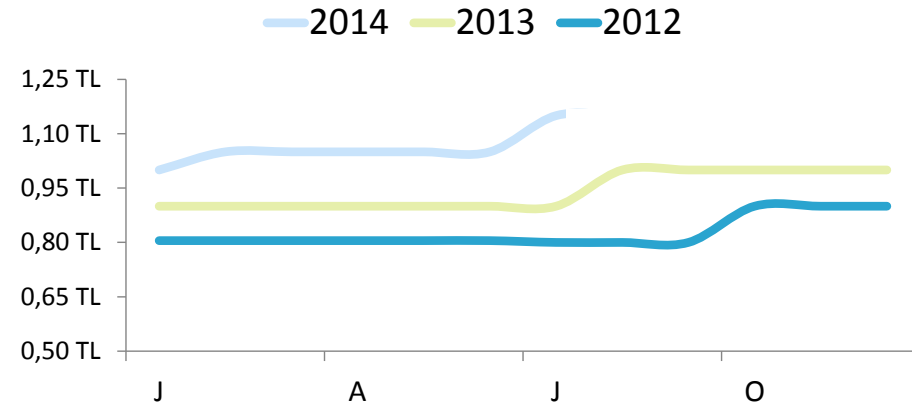
Market Dynamics - III

Price of Food Products



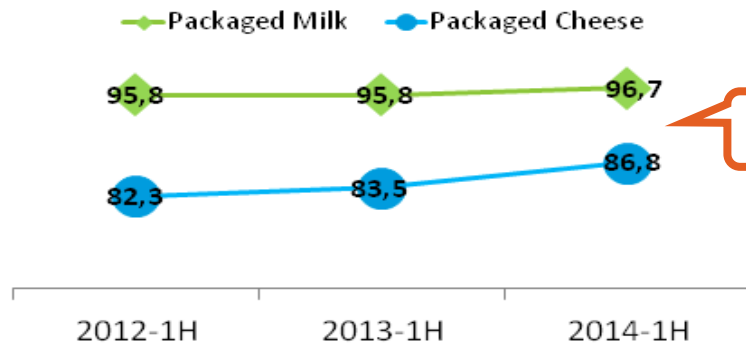
Source: CBT

Raw Milk Base Prices in Turkey (TL/lt)



Raw Milk Base Prices set by National Milk Council

Penetration of Packaged Milk and Cheese

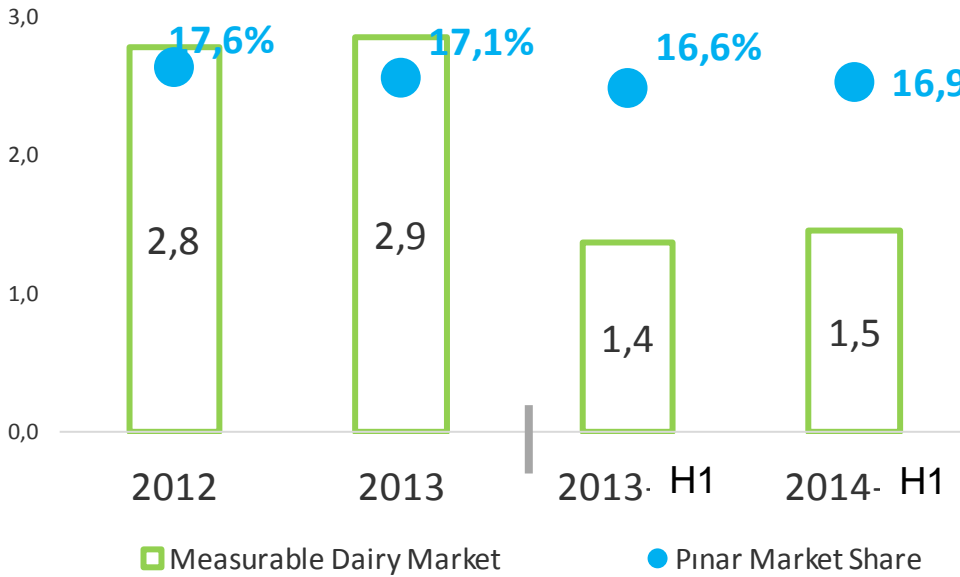


Increasing Penetration

- Fluctuant raw milk prices
- School Milk Project
- Increasing penetration in packaged milk and cheese
- Growth in Away-from-Home segment
- Communications investments made by the producers



Market Shares - I



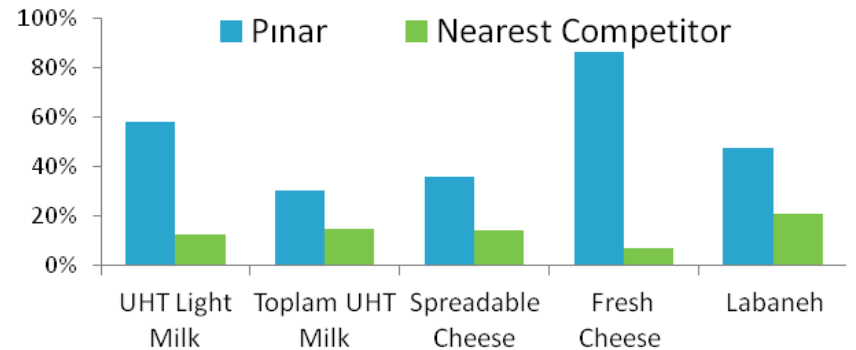
■ Measurable dairy market grew by 7.0 % in 2014 H1, compared to the same period in 2013. (Nielsen)

* Total milk, total yogurt , total spreadable cheese, butter and buttermilk are included.

Product	Share	Position
UHT Light Milk	58%	#1
Toplam UHT Milk	30%	#1
Organic Milk *	92%	#1
Enriched Milk (Kids)	59%	#1
Butter	17%	#2
Homogenized Yoghurt	11%	#2
Spreadable Cheese	36%	#1
Fresh Cheese	86%	#1
Labaneh	48%	#1
Cream Cheese	21%	#1

Source: Nielsen, 2014 H1 - Value Share

* Estimated



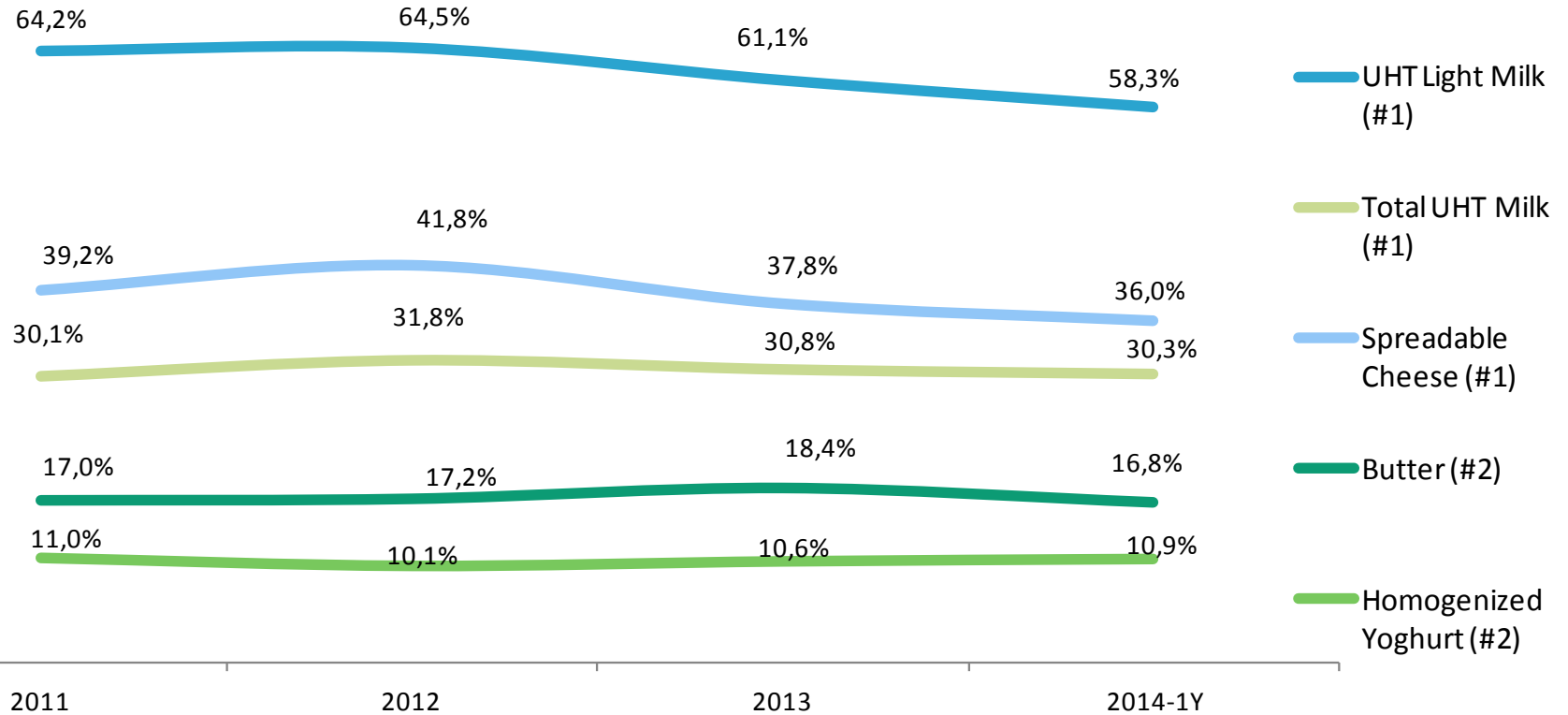
Source: Nielsen, 2014 H1 - Value Share

Source: Nielsen



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

TV



Campaigns - III



Plain Milk Campaigns



TV



Outdoor



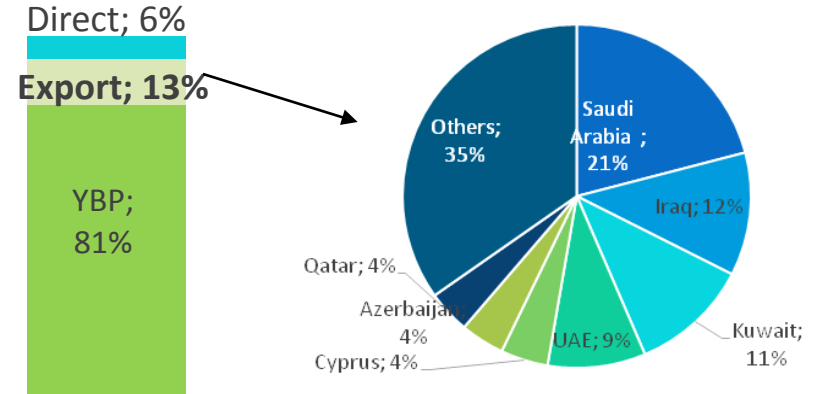
Internet

Export



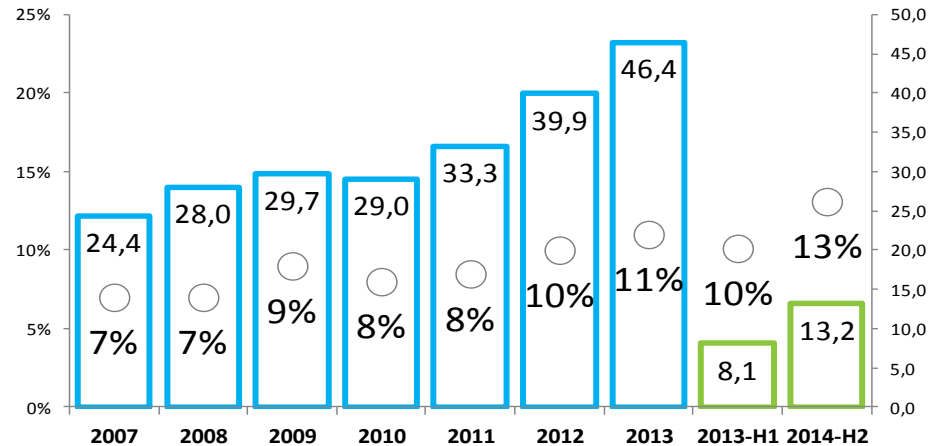
- Pinar realizes 16% of Turkey's Dairy Products Exports itself
 - Export income was increased by %24 in USD in 2014 H1, Yoy. The share of exports in net sales is 13%.
 - Exports to 28 different countries which are Middle East, Europe, USA and Asia. In 2013 Morocco and Greece joined into Pinar Süt exporting countries.
- Pinar Labaneh Cheese** have high market shares In Saudi Arabia, Kuwait and UAE which are respectively %27, %53 and %41. (2014 H1)
- 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 H1)



Breakdown of Net Sales

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 in the last quarter of 2014.



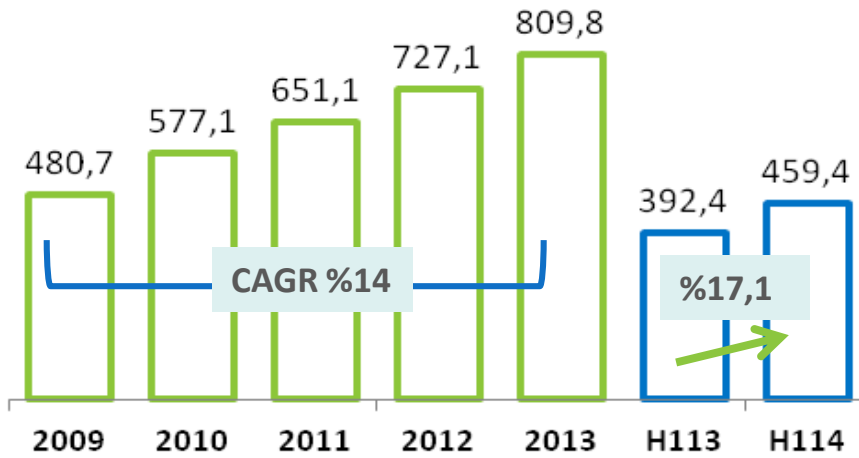
PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Financial Results

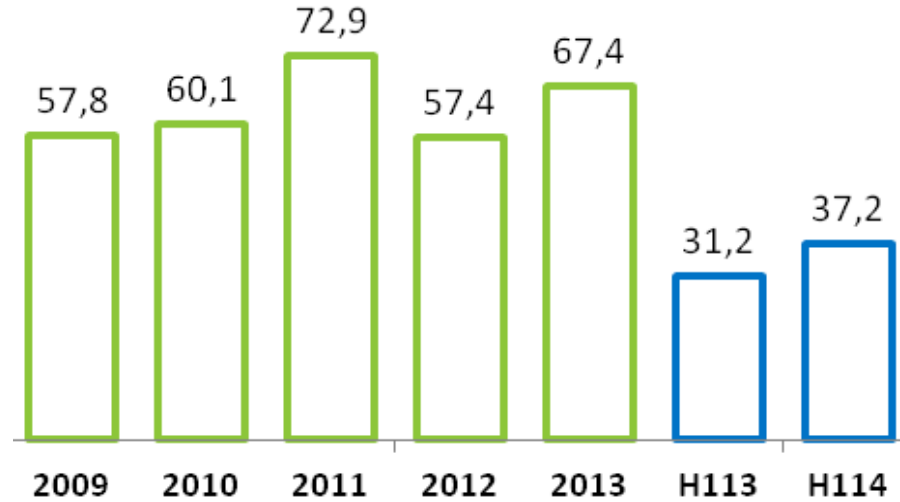


Sales and Profitability

Net Sales (mn TL)

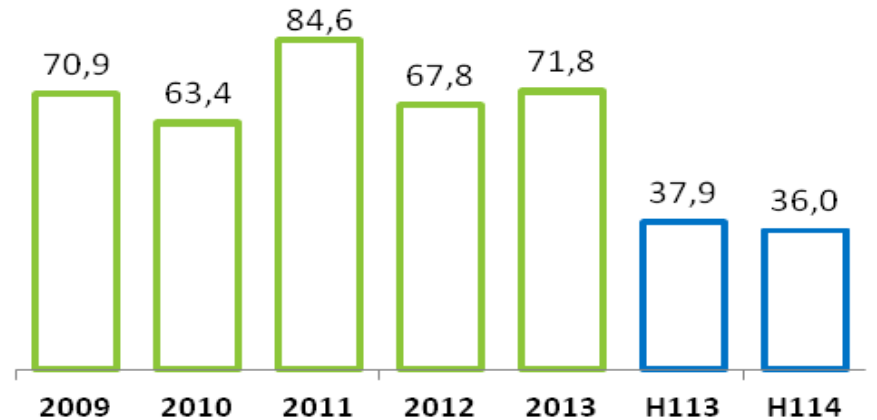


Net Profit (Mn TL)



- In 2014 H1, the net sales grew by %17.1 in both value and volume terms, compared to 2013 H1. The volume growth was up by %5.
- The increase in raw milk prices, which was more than 16%, has a negative impact on profit margins. An Improvement achieved through the operating expenses. Taking advantage of Şanlıurfa Investment and increased association revenues improved the net profit margin.

EBITDA* (Mn TL)



Income Statement

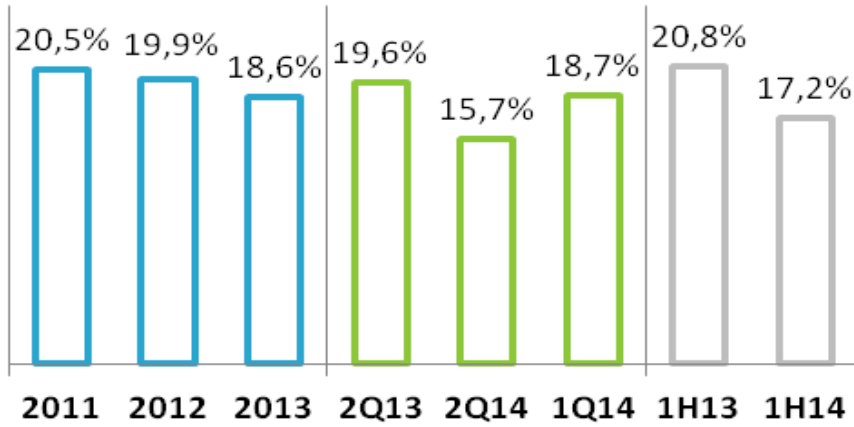


(Million TL)	30.06.2014	30.06.2013	Difference	% Change
Net Sales	459,4	392,4	67,1	17,1
Cost of goods Sold	(380,5)	(310,7)	(69,8)	22,5
Gross Profit	79,0	81,7	(2,7)	(3,3)
R&D Expenses	(3,6)	(3,9)	0,2	(6,5)
Sales, Distribution and Marketing Expenses	(32,6)	(33,8)	1,2	(3,7)
General Administration Expenses	(16,1)	(14,1)	(2,1)	14,7
EBIT	26,6	29,9	(3,3)	(11,0)
Share of Results of Investments in Associates	4,3	2,1	2,2	108,7
Other Income	8,0	9,2	(1,2)	(13,2)
Other Expenses	(2,9)	(6,9)	3,9	(57,3)
Financial Income (Net)	0,1	(0,3)	0,4	127,1
Profit Before tax	36,1	34,0	2,1	6,1
Tax	1,0	(2,8)	3,8	(137,0)
Net Profit for the Period	37,2	31,2	5,9	19,0
EBITDA	36,0	37,9	(1,9)	(5,0)
Total Assets	738,0	617,3	120,7	19,6
Equity	477,5	419,9	57,6	13,7

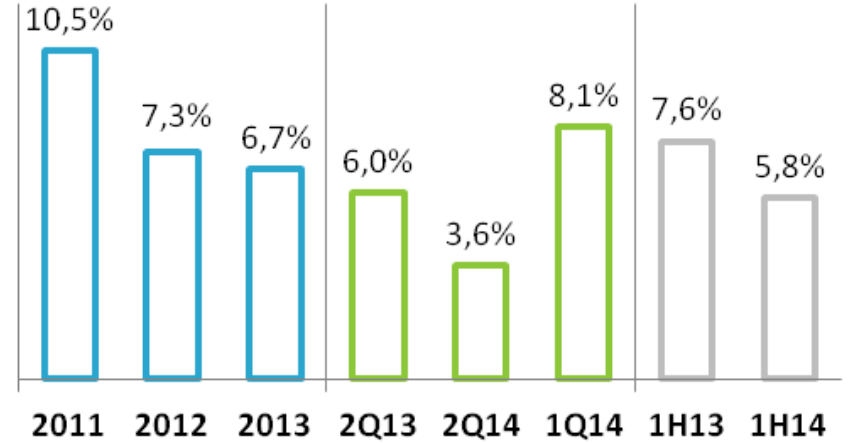
Profit Margins



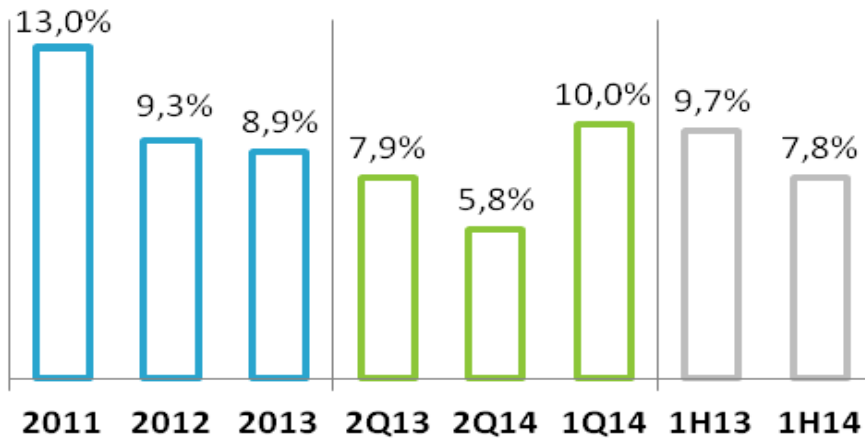
Gross Margin



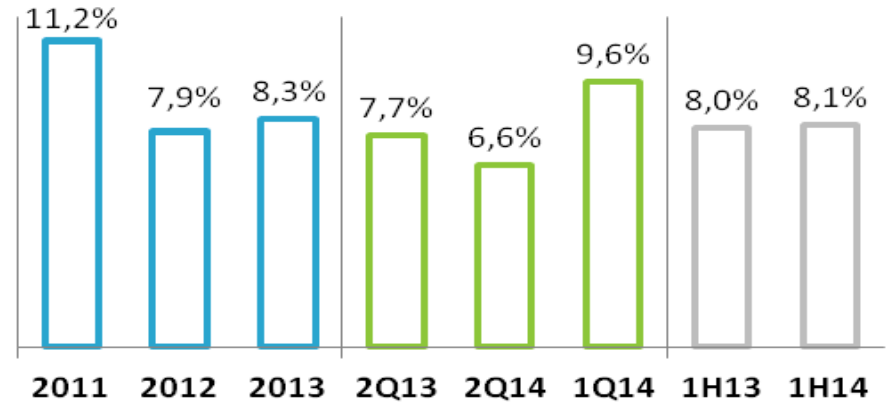
EBIT*



EBITDA**



Net Profit



Basic Ratios, Net Financial Debt & Net Working Capital



30.06.2014 31.12.2013

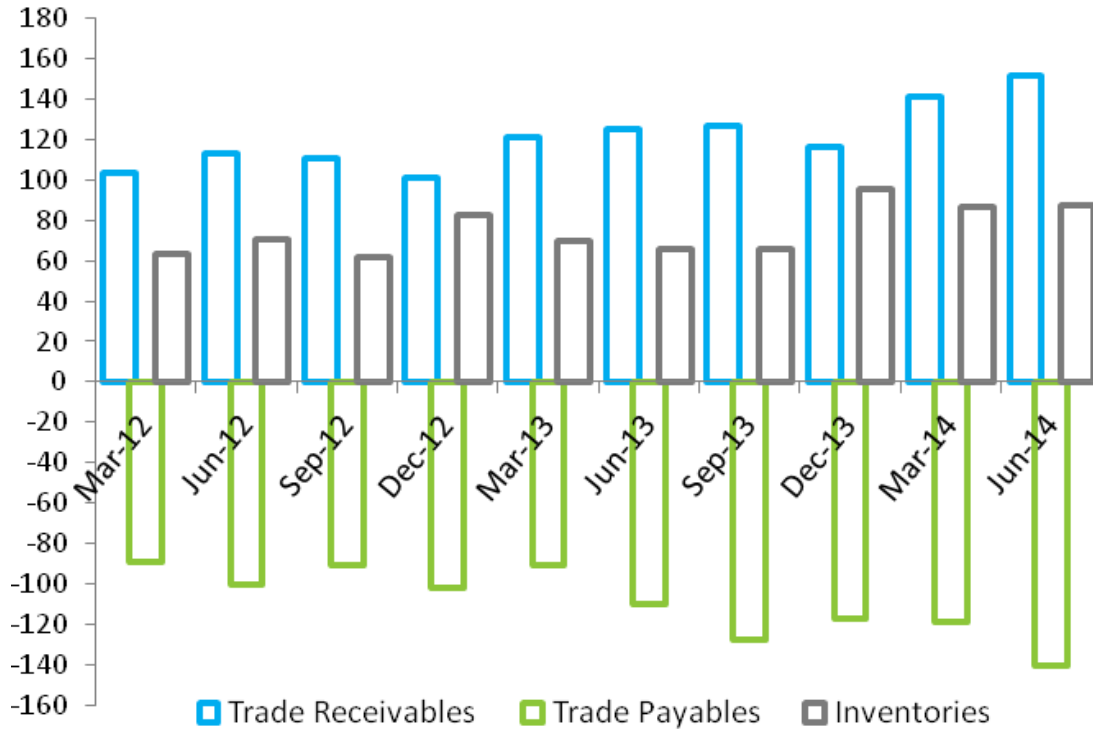
(Million TL)

30.06.2014 31.12.2013

30.06.2014 31.12.2013

Current ratio	1,28	1,51
Leverage ratio	0,35	0,30
S/T Fin Debt/T. Fin Debt	0,35	1,00
Net Financial Debt/EBITDA	0,17	0,05
Total Fin Debt/Equity	0,03	0,01

Cash & Cash Equivalents	0,54	0,82
S/T Bank Borrowings	4,38	4,53
L/T Bank Borrowings	8,00	0,00
Net Financial Debt	11,84	3,70



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

- Despite the extraordinary circumstances in 2014 H1, the net sales increased by %17.1, compared to 2013 H1.
- The Şanlıurfa investment is still in progress and our goal is to commence production in the last quarter of 2014. Contribution of Investment incentives is observed in the financial statements in the first half of the year.
- Following our strategy of increasing our market shares we have sustained marketing investments in 2014. The "other" segment products, such as fruit juice, increased market shares and revenue in 2014 H1 as well as dairy products.
- New entrants to the sector, ongoing acquisitions and their impact to the market are kept close watch.
- 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
- 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
- Continuous marketing investment

Ownership & Participation Structure & Share Performance

Ownership Structure

Yaşar Holding A.Ş.

61%

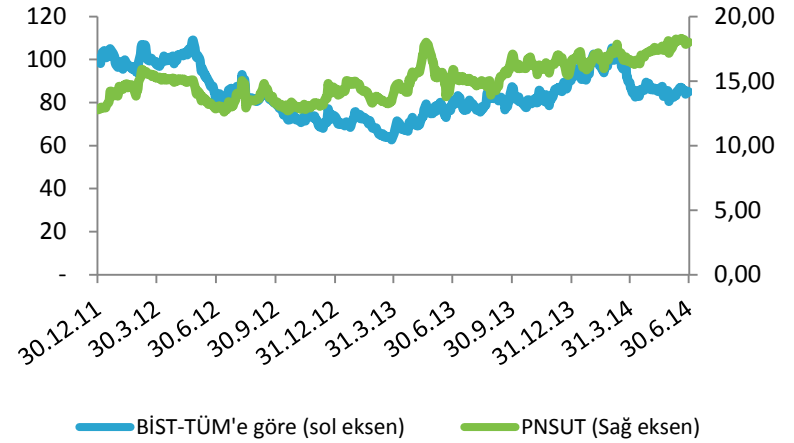
Free Float

39%

Participations

	Participation Rate %
Yasar Birleşik Pazarlama A.Ş.	31,8
Bintur Catering A.Ş.	1,3
Desa Enerji A.Ş.	30,5
Camlı Yem A.Ş.	5,5
Pınar Su A.S	8,8
Pınar Et A.Ş.	12,6
Yaşar Dış Ticaret A.Ş.	1,8
Pınar Foods GmbH	44,9

Share Performance



Corporate Governance Rating Notu: 8,99

Ticker: PNSUT

Date of Listing : 03.02.1986

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Thank You