

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Earnings Presentation, 2014 9M



Highlights



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

Product Portfolio

- Most admired company in Turkey*
- Most familiar brand with 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 according to 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 largest 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 along each step
- Strong relations with farmers
- More than 210 contracted farms producing at EU standards
- Farms which are approved and free of illness
- Training and consultancy services

Supply

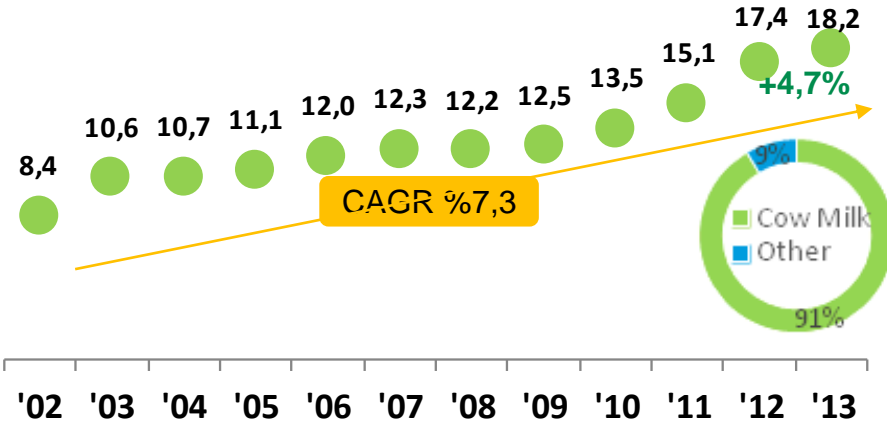
Market Dynamics



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%	

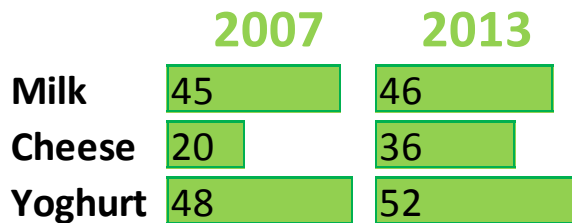
Raw Milk Base Prices in Turkey (Million Tons)



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

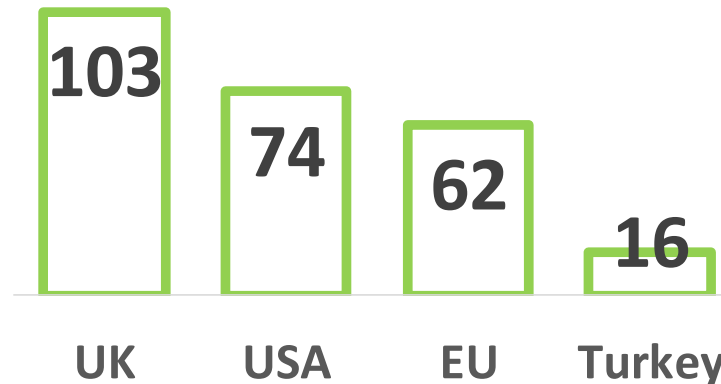
Increase in animal number and efficiency boosted the milk production

Packaged Milk Products (%)



Source: IPSOS

Per Capita Packaged Milk Consumption (LT)

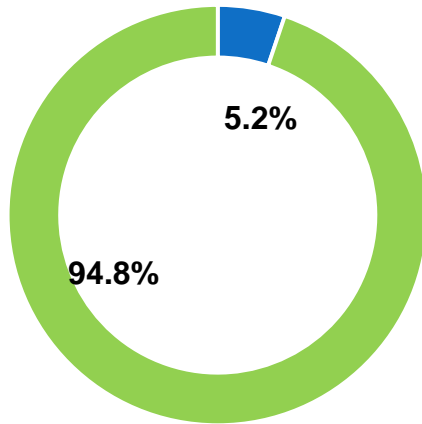


- Per capita milk equivalent consumption in Turkey has reached 223 kg. (world average 109 kg, EU average 280 kg)
- Drinking milk consumption remains low compared to developed economies.

Market Dynamics - II

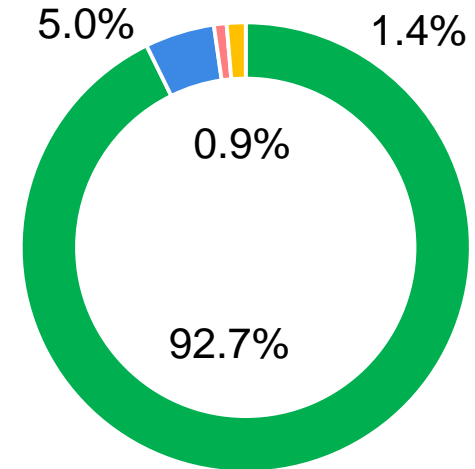
Packaged Milk Market (Value)

■ Pasteurized Milk ■ UHT Milk



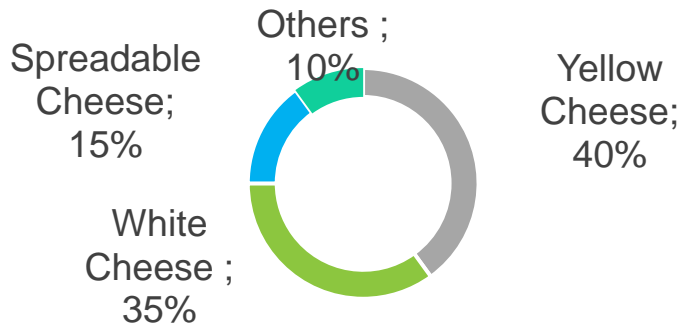
Source: IPSOS, 2014 H1

UHT Milk Market (Volume)



■ Plain ■ Flavoured ■ Light ■ Others

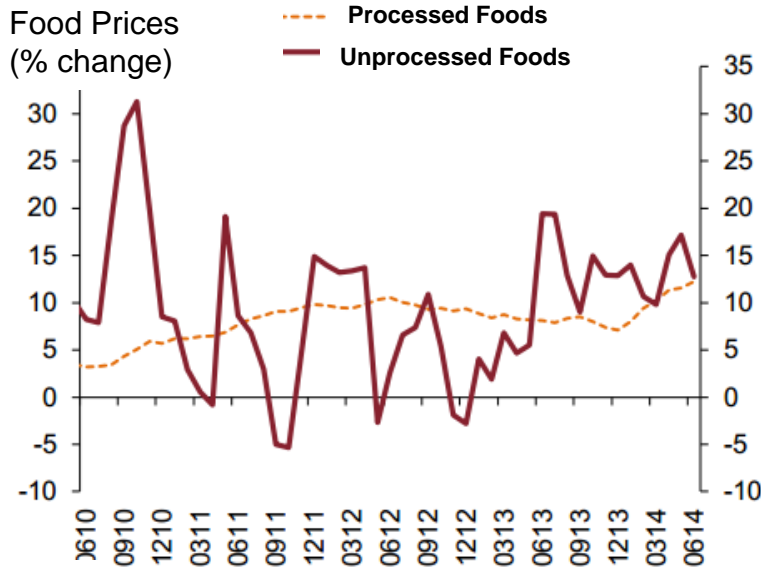
Total Cheese Market (Value)



Source: Nielsen 2013

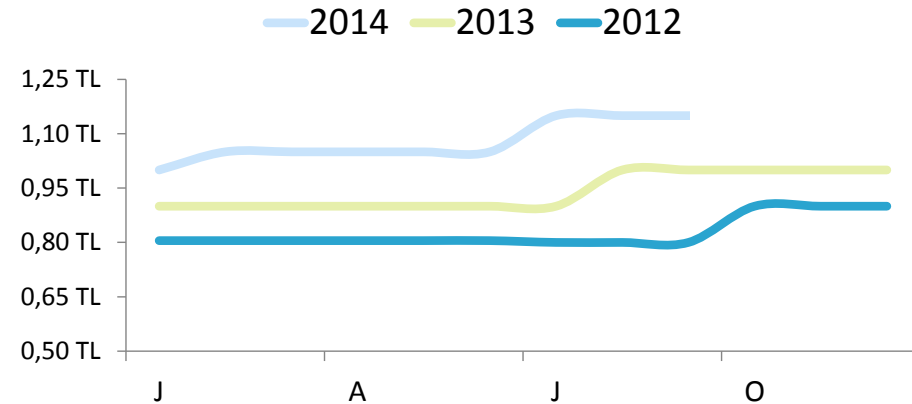
Market Dynamics - III

Price of Food Products



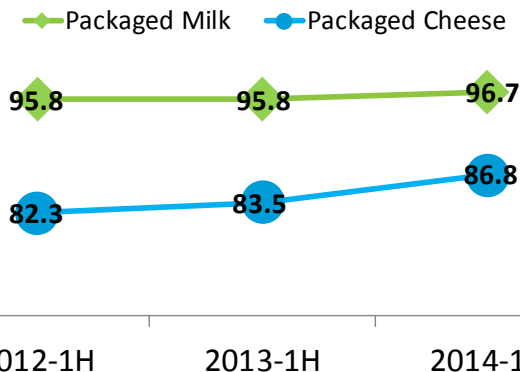
Source: CBT

Raw Milk Base Prices in Turkey (TL/lt)



Raw Milk Base Prices set by National Milk Council

Penetration of Packaged Milk and Cheese



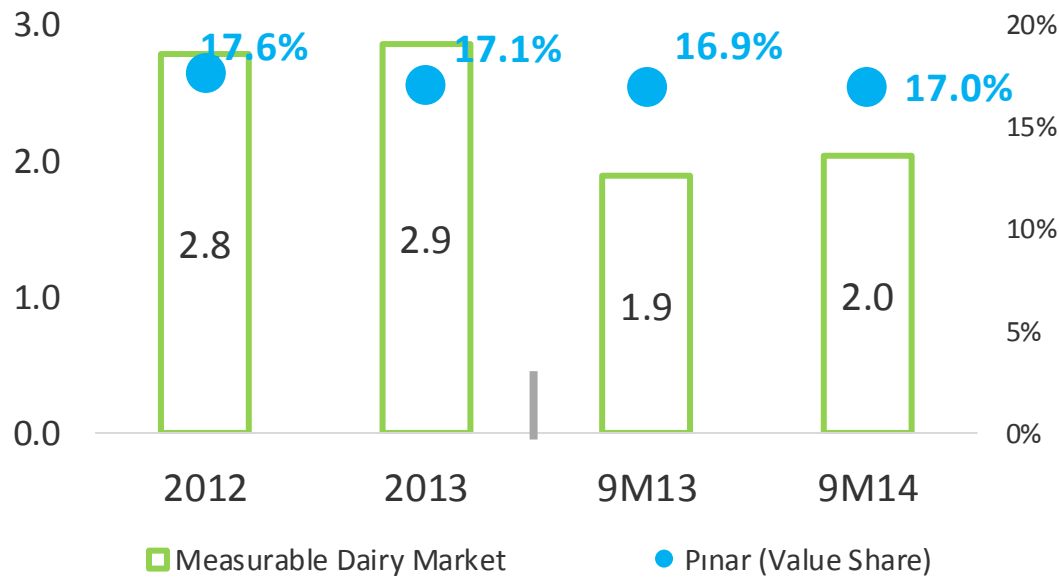
Increasing Penetration

- Fluctuating 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



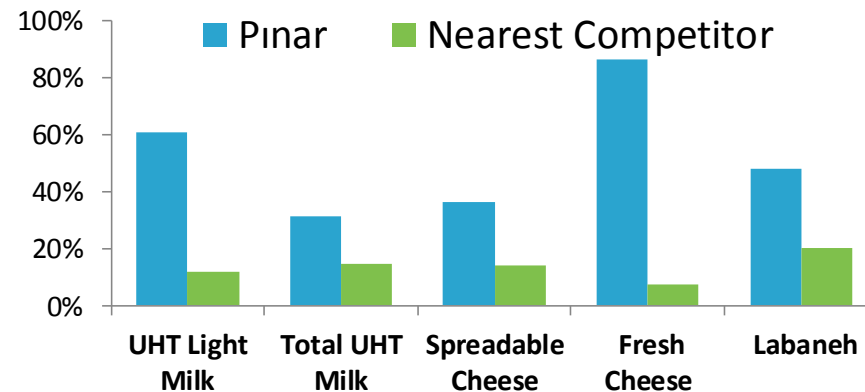
Source: IPSOS, 2013

Market Shares - I



Product	Share	Position
UHT Light Milk	61%	#1
Total UHT Milk	31%	#1
Organic Milk *	92%	#1
Enriched Milk (Kids)	63%	#1
Homogenized Yoghurt	11%	#2
Spreadable Cheese	37%	#1
Fresh Cheese	87%	#1
Labaneh	48%	#1
Cream Cheese	21%	#1

Source: Nielsen, 2014 9M - Value Share *Estimated

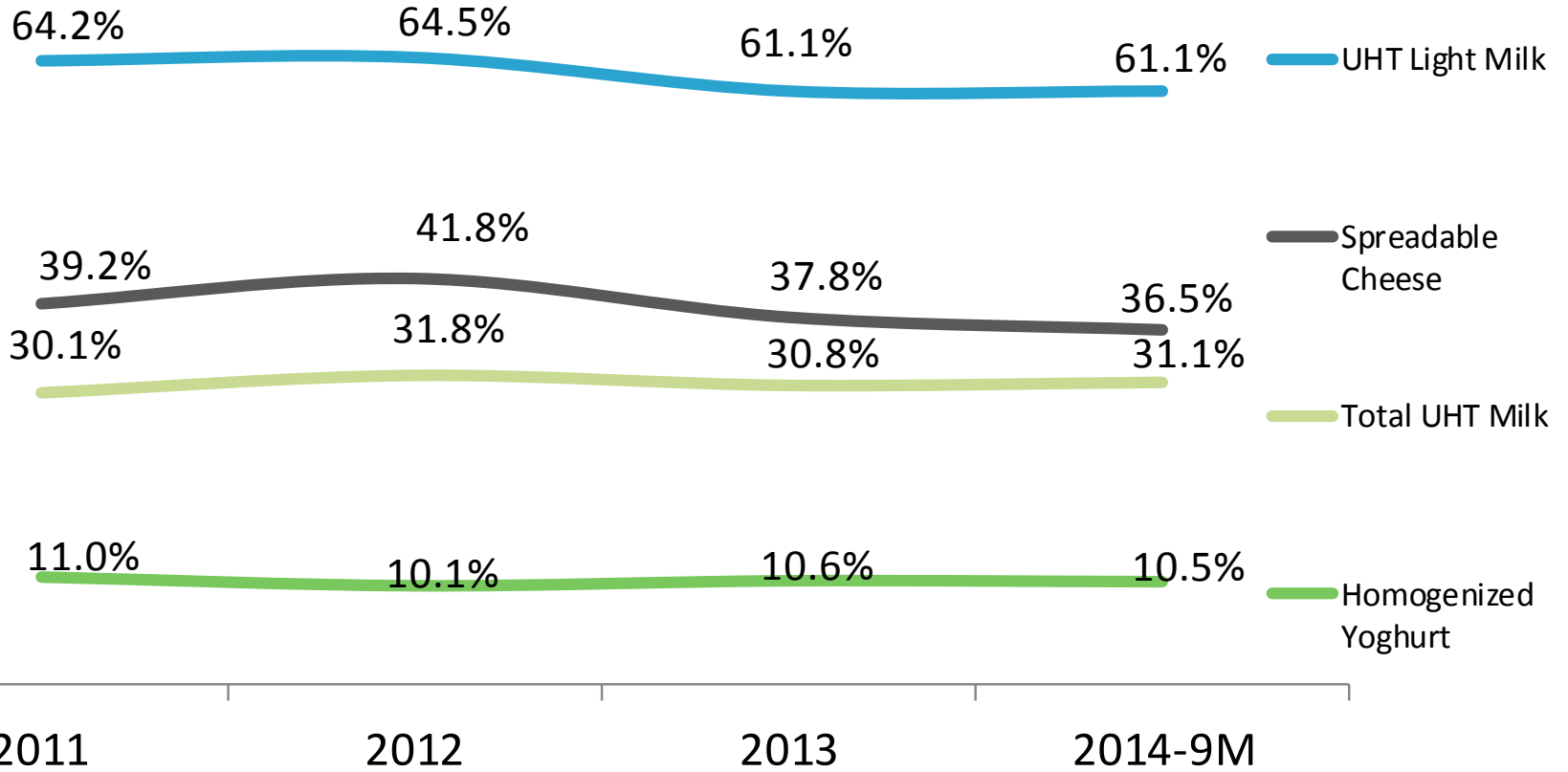


■ Measurable dairy market grew by 7.7 % in 2014 9M, compared to the same period in 2013.

* Total milk, total yogurt , total spreadable cheese and buttermilk (ayran) are included.

Source: Nielsen

Market Shares - II



Source: Nielsen, Value Share

New Products



Pinar Enjoyment Cheeses

- Pinar Haloumi Cheese
- Pinar Wire Cheese
- Pinar Braided Cheese
- Pinar String Cheese
- Pinar Cheddar Cheeses (Sliced)



- Pinar Mozzarella



Kido Flavoured Milk

Campaigns - I



Fruit Juices



Pınar Kido Campaigns



Pınar Ayran Campaigns



Pinar Cream Cheese and Pinar Labaneh



Campaigns - III



Plain Milk Campaigns



2014 FIBA Women's World Championship Official Beverage Supplier

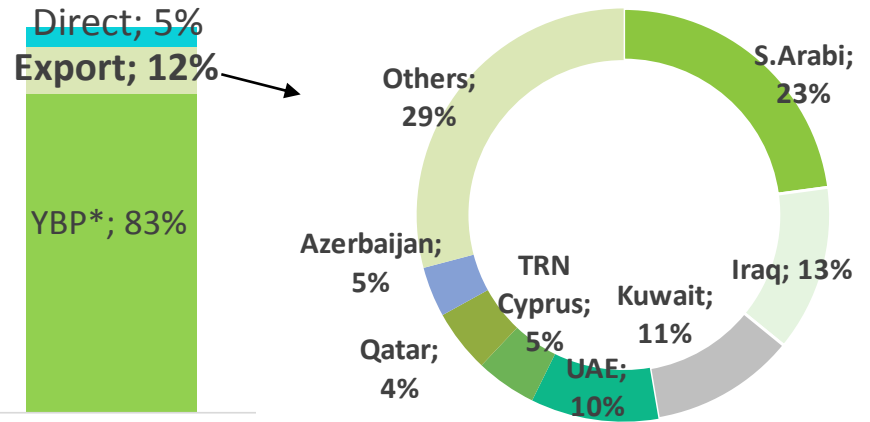


Export



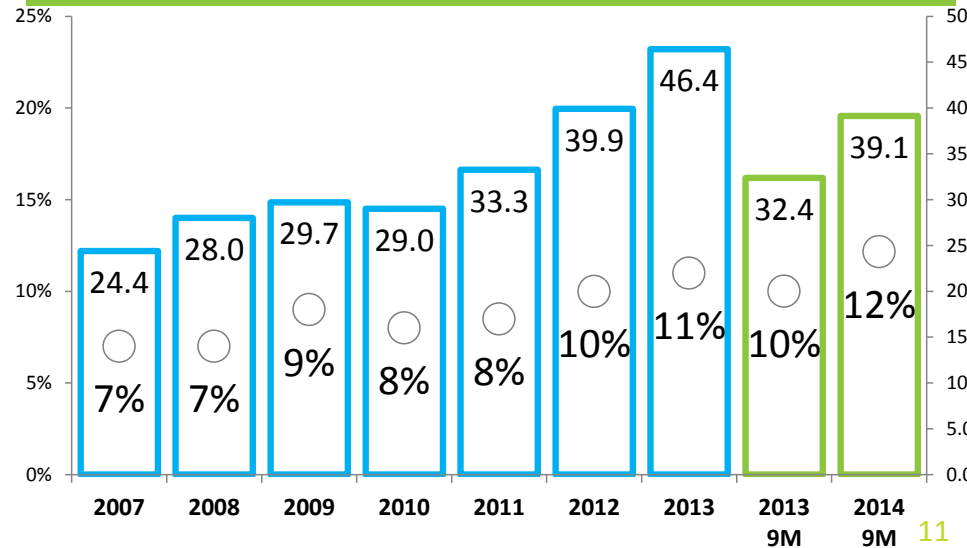
- Pinar accounted for 16% of Turkey's Dairy Products Exports itself
 - Export income has increased by %21 in USD in 2014 9M, compared to the same period in 2013
 - Exports to 28 different countries which include Middle East, Europe, USA and Asia. In 2013 Morocco and Greece joined into Pinar Süt exporting countries.
- Pinar Labaneh Cheese has high market shares In Saudi Arabia (27%), Kuwait (53%) and UAE (41%) (2014 H1).**
- In addition: long-life milk, white cheese, Pinar Beyaz, whole cream, fruit juice, yoghurt and ayran is exported to Gulf countries.
- As one of the most valued Turkish brands, part of the **TURQUALITY®** project supported by the Turkish government
 - Pinar Süt was among the first companies included in Turquality Project. The first 5 years of project were successfully completed and we were commissioned to stay on board for the next 5 years.
 - The vision of Turquality® is "Create 10 world brands in 10 years".

Breakdown of Net Sales (2014 9M)



Channel Breakdown

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.
- Foundation of the facility laid on May 12, 2013. The plant to commence its operations in the last quarter of 2014.



- Increasing product distribution efficiency by logistical advantages
- The benefits from the region's proximity to the export markets
- Investment incentives of Region-6



Pınar Süt Şanlı Urfa Factory

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

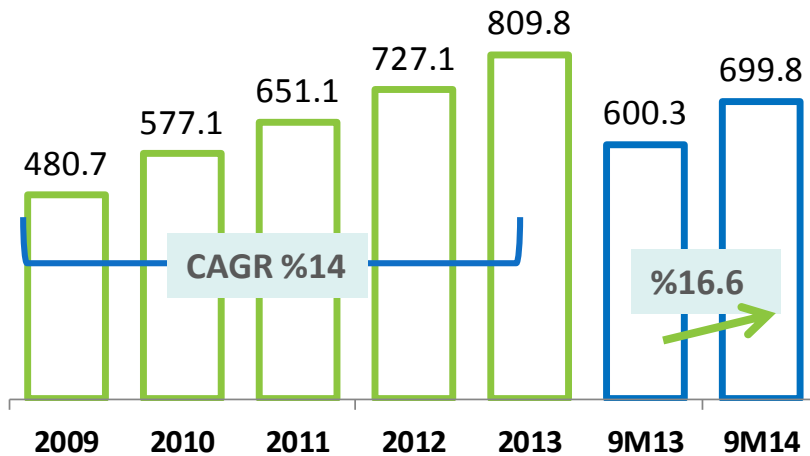
Financial Results



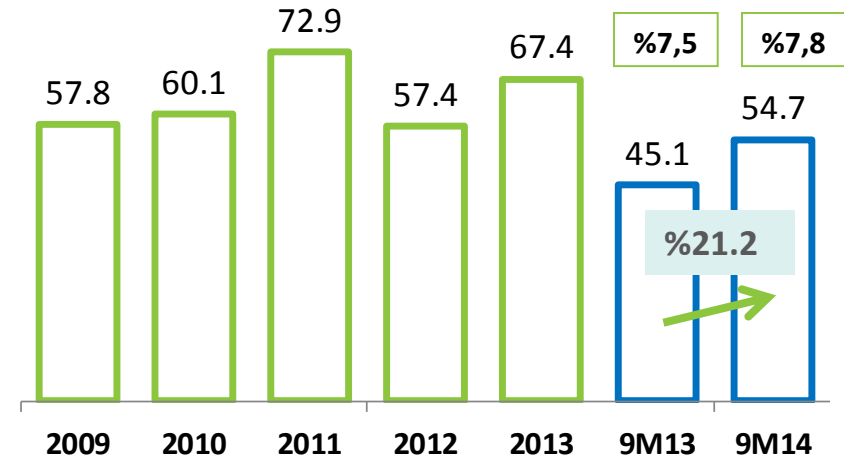
Sales and Profitability



Net Sales (m TL)

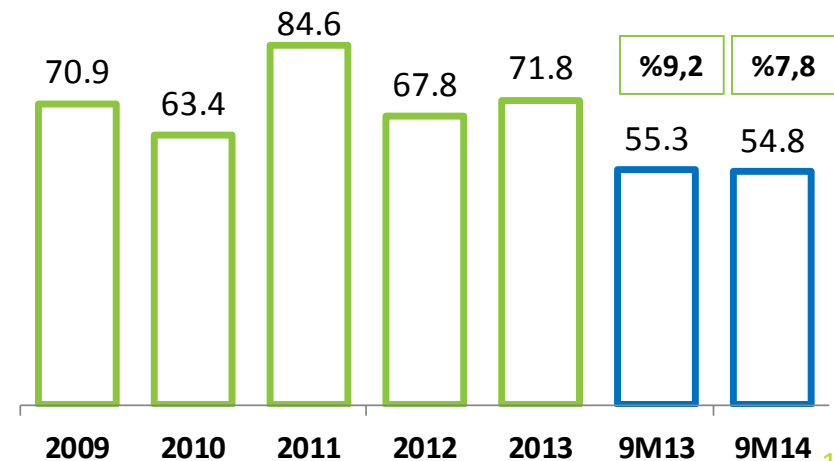


Net Profit (m TL)



- In 2014 9M, Net Sales grew by %16.6 in terms of both value and volume compared to 2013 9M. The volume growth was up by %1.
- The increase in raw milk prices, which was more than 17%, had a negative impact on profit margins. An Improvement however was achieved through cost-cutting in the operating expenses. Şanlıurfa Investment gains and increased association revenues improved the net profit margin.

EBITDA* (m TL)



Income Statement

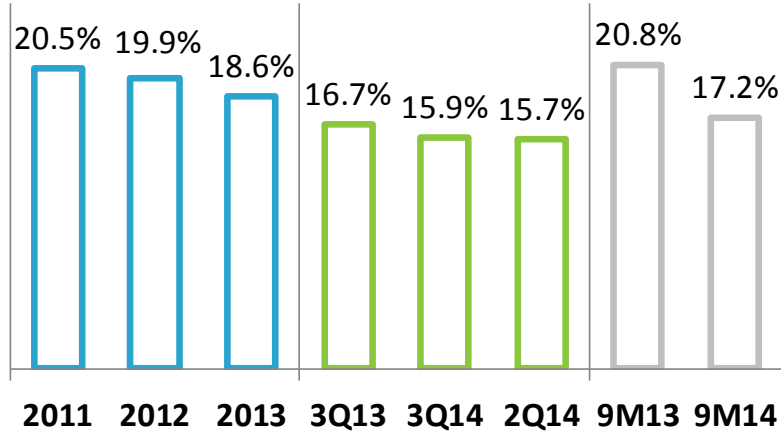


YTD	(in million TL)	30-Sep-14	30-Sep-13	Difference	% Change
Net Sales		699.8	600.3	99.5	16.6
Cost of goods Sold		(582.7)	(483.9)	(98.8)	20.4
Gross Profit		117.1	116.4	0.7	0.6
R&D Expenses		(5.6)	(5.7)	0.1	(1.5)
Sales, Distribution and Marketing Expenses		(23.0)	(46.9)	23.9	(51.0)
General Administration Expenses		(47.2)	(21.2)	(26.0)	122.5
EBIT		41.4	42.7	(1.3)	(3.0)
Share of Results of Investments in Associates		5.4	3.9	1.5	38.6
Other Income		8.8	6.8	1.9	28.6
Other Expenses		(6.1)	(3.8)	(2.3)	60.7
Financial Income (Net)		(0.3)	(2.0)	1.6	83.5
Profit Before tax		49.2	47.7	1.5	3.2
Tax		5.5	(2.5)	8.0	(314.8)
Net Profit for the Period		54.7	45.1	9.6	21.2
EBITDA		54.8	55.3	(0.5)	(0.9)
Total Assets		756.7	641.1	115.6	18.0
Equity		494.9	455.0	39.9	8.8

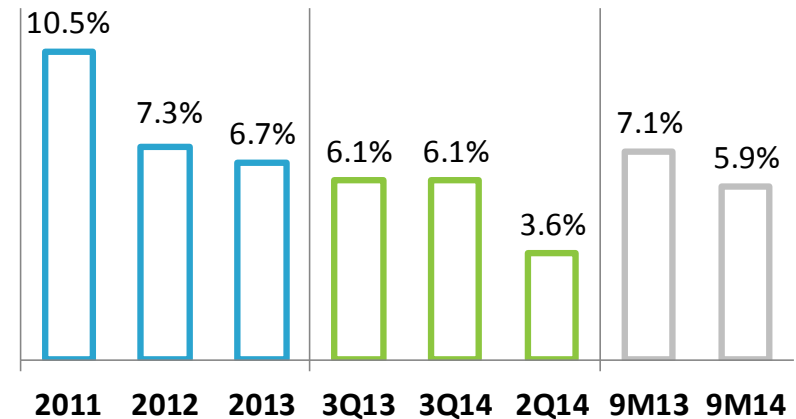
Profit Margins



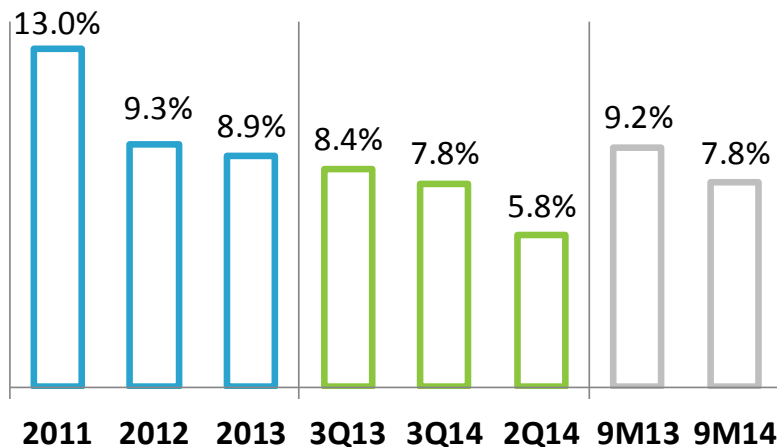
Gross Margin



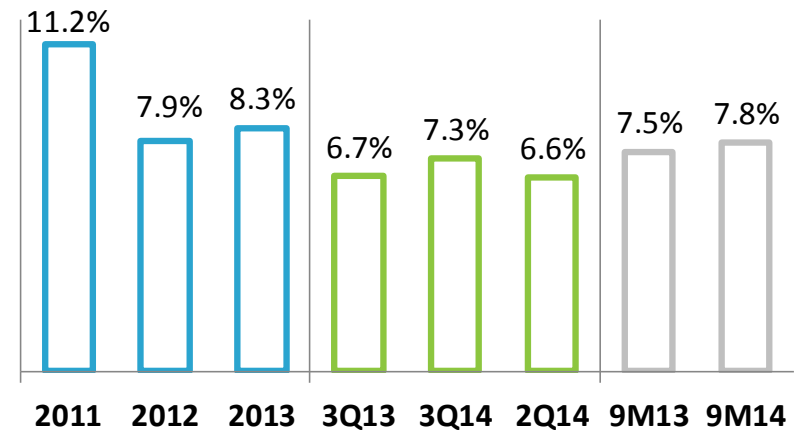
EBIT*



EBITDA**



Net Profit

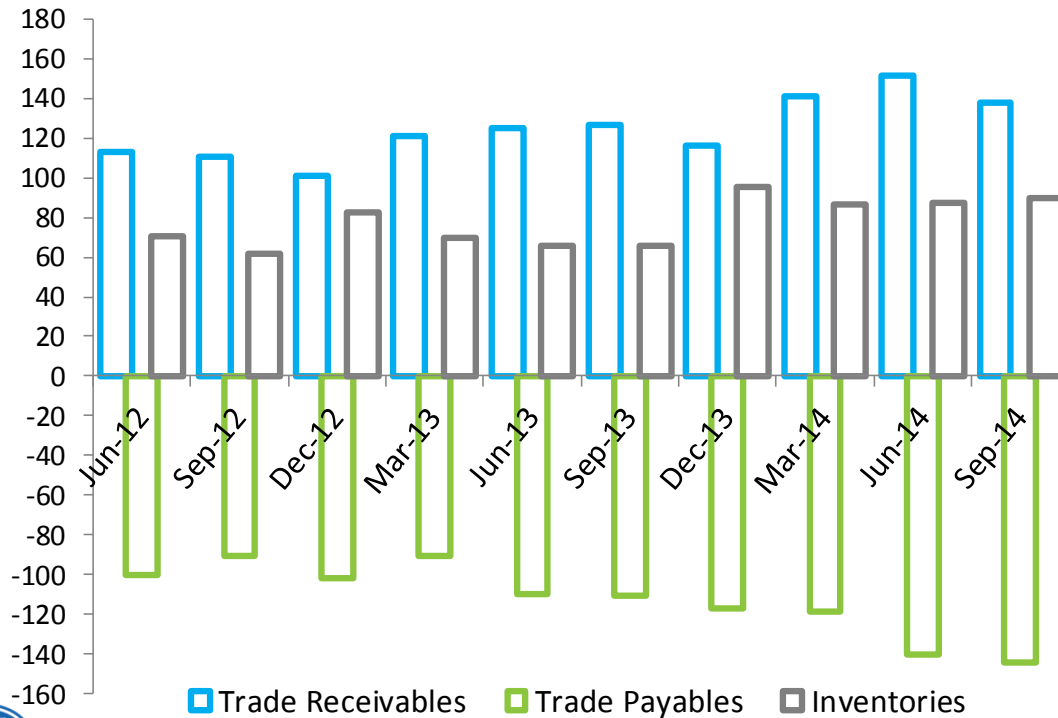


Basic Ratios, Net Borrowings, Working Capital



	30-Sep-14	31-Dec-13
Current Ratio	1.24	1.51
Leverage Ratio	0.35	0.30
Current Borrowings/Total Borrowings	0.51	1.00
Net Borrowings / EBITDA	0.13	0.05
Total Borrowings/Paid-in Capital	0.02	0.01

(in Million TL)	30-Sep-14	31-Dec-13
Cash and Cash Equivalents	2.78	0.82
Current Borrowings	6.15	4.53
Long Term Borrowings	6.00	0.00
Net Borrowings	9.37	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 9M, the net sales increased by %16.6, compared to 2013 9M.
- 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.
- Following our strategy of increasing our market shares we have sustained marketing investments in 2014. We have maintained our leadership position in the most segments. We gained significant market share in enriched milk category thanks to the campaigns in 2014 9M.
- 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)

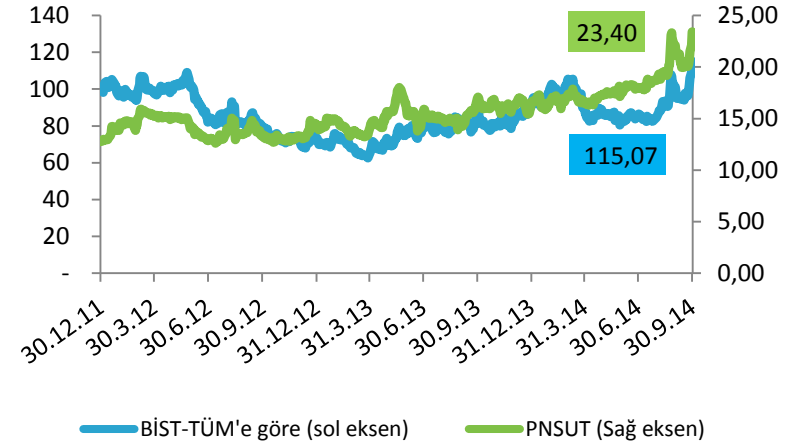
- Growing above market growth rates in the segments we operate in
- Effective price management
- Widespread distribution network
- Efficient utilization of social media
- Developments in “Away From Home” channel
- Increasing export sales also in countries falling outside Gulf region
- Continuous marketing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

Ownership Structure

Yaşar Holding A.Ş. **61%**

Free Float **39%**

Share Performance



Participations

Share in Capital %

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

Corporate Governance Rating : 9,09

Ticker: PNSUT

Date of Listing : 03.02.1986

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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

