

# PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Earnings Presentation, H1 2015



# H1 2015 – Highlights

- The total dairy market turnover grew by 9.9 in H1 2015, YoY. The market volume narrowed by 0.6% due to the contraction in yoghurt category.
- The cheese segment was the fastest-growing category in the market in terms of volume.
- Pınar Süt strengthened its power in the market.
- Although raw milk prices have remained stable the average base price was 10% higher year-on-year in H1 2015.
- The third plant, Şanlıurfa Factory, has been put into operation.

# Factories



## 1975 - İZMİR

**Total Area** 110,075 m<sup>2</sup>  
**Closed Area** 51,110 m<sup>2</sup>

## 1997 - ESKİŞEHİR

**Total Area** 150,000 m<sup>2</sup>  
**Closed Area** 35,825 m<sup>2</sup>

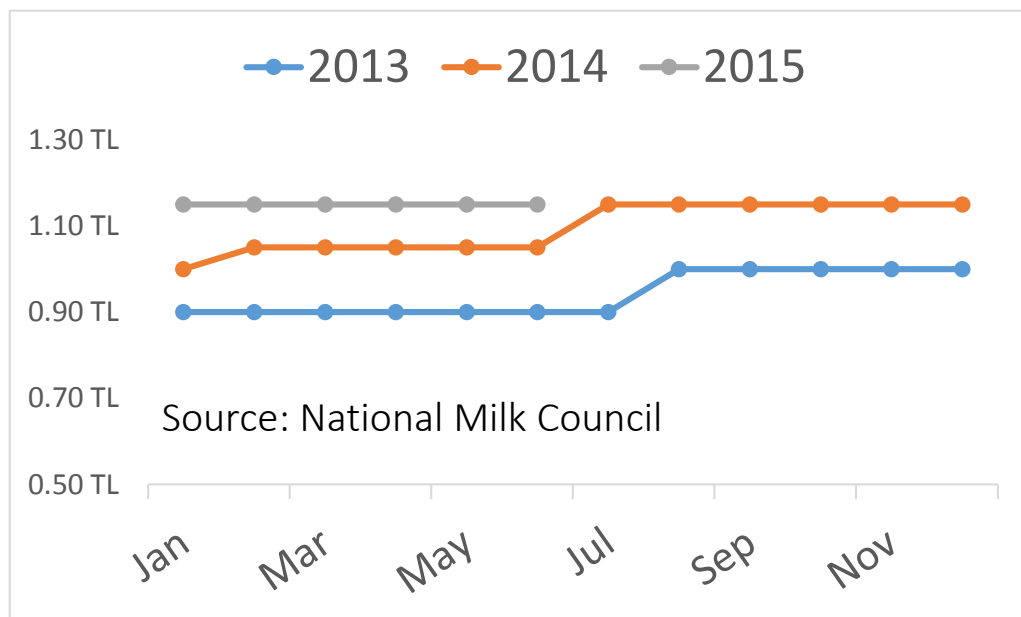
## 2015 - ŞANLIURFA

**Total Area** 96,962 m<sup>2</sup>  
**Closed Area** 18,239 m<sup>2</sup>

## PINAR SÜT

**Total Area** 356,342 m<sup>2</sup>  
**Closed Area** 105,174 m<sup>2</sup>

# Market Dynamics



## Raw Milk Base Prices

- The raw milk base price which is set by National Milk Council remained stable since July, 2014.
- As of June, the increase was %10 in processed food prices, YoY. (TurkStat)

# 10%

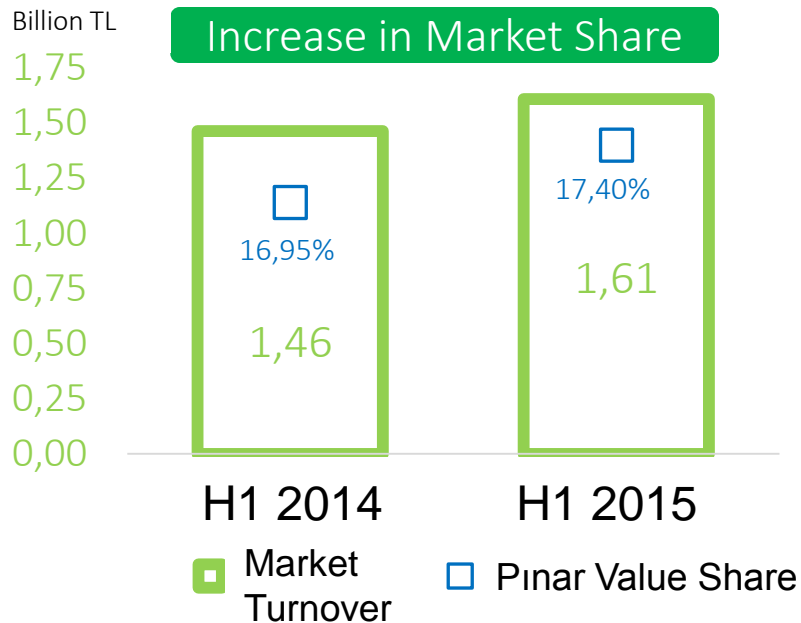
The average raw milk base prices was higher by 10% in H1 2015, compared to H1 2014.

|                 | Volume Share |         | Penetration |         |
|-----------------|--------------|---------|-------------|---------|
|                 | H1 2014      | H1 2015 | H1 2014     | H1 2015 |
| UHT Milk        | 43.7%        | 42.8%   | 89.2        | 90.8    |
| Pastorised Milk | 2.8%         | 2.9%    | 15.9        | 18.1    |

## Packaged Dairy Products

|                   | Volume Share |         | Penetration |         |
|-------------------|--------------|---------|-------------|---------|
|                   | H1 2014      | H1 2015 | H1 2014     | H1 2015 |
| Packaged Cheese   | 41.7%        | 44.9%   | 87.0        | 89.4    |
| Unpackaged Cheese | 58.3%        | 55.1%   | 83.9        | 82.1    |

# Strong Position in the Market

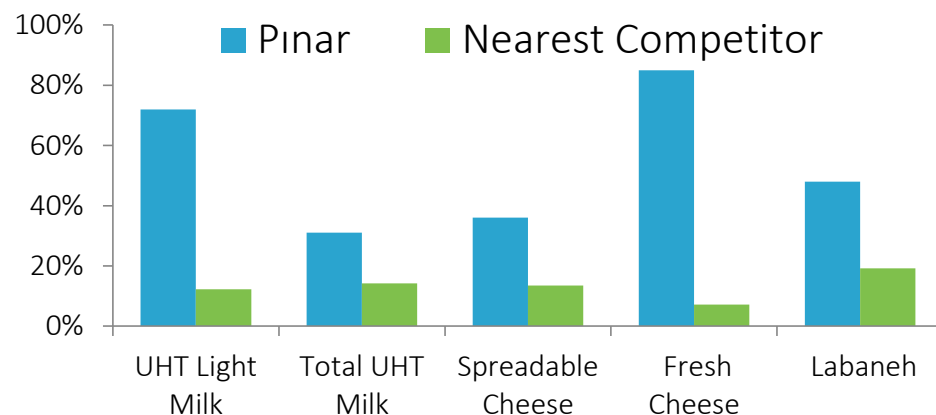


## Dairy Market\*

- Measurable dairy market grew by 9.9% in H1 2015, compared to the same period in 2014. The volume contraction was 0.6% in the market due to the narrow in yoghurt category.

\* milk, yoghurt, spreadable cheese, ayran, butter

| Product              | Share | Position |
|----------------------|-------|----------|
| UHT Light Milk       | 72%   | #1       |
| Total UHT Milk       | 31%   | #1       |
| Organic Milk (est)   | 92%   | #1       |
| Enriched Milk (Kids) | 77%   | #1       |
| Homogenized Yoghurt  | 10%   | #2       |
| Spreadable Cheese    | 36%   | #1       |
| Fresh Cheese         | 85%   | #1       |
| Labaneh              | 48%   | #1       |
| Cream Cheese         | 20%   | #1       |



Source: Nielsen, H1 2015 (exc. BIM&A101)

# New Products

## Value Added Products

The share of new products\* in net sales is 25%.



- 500 ml
- 1000 ml



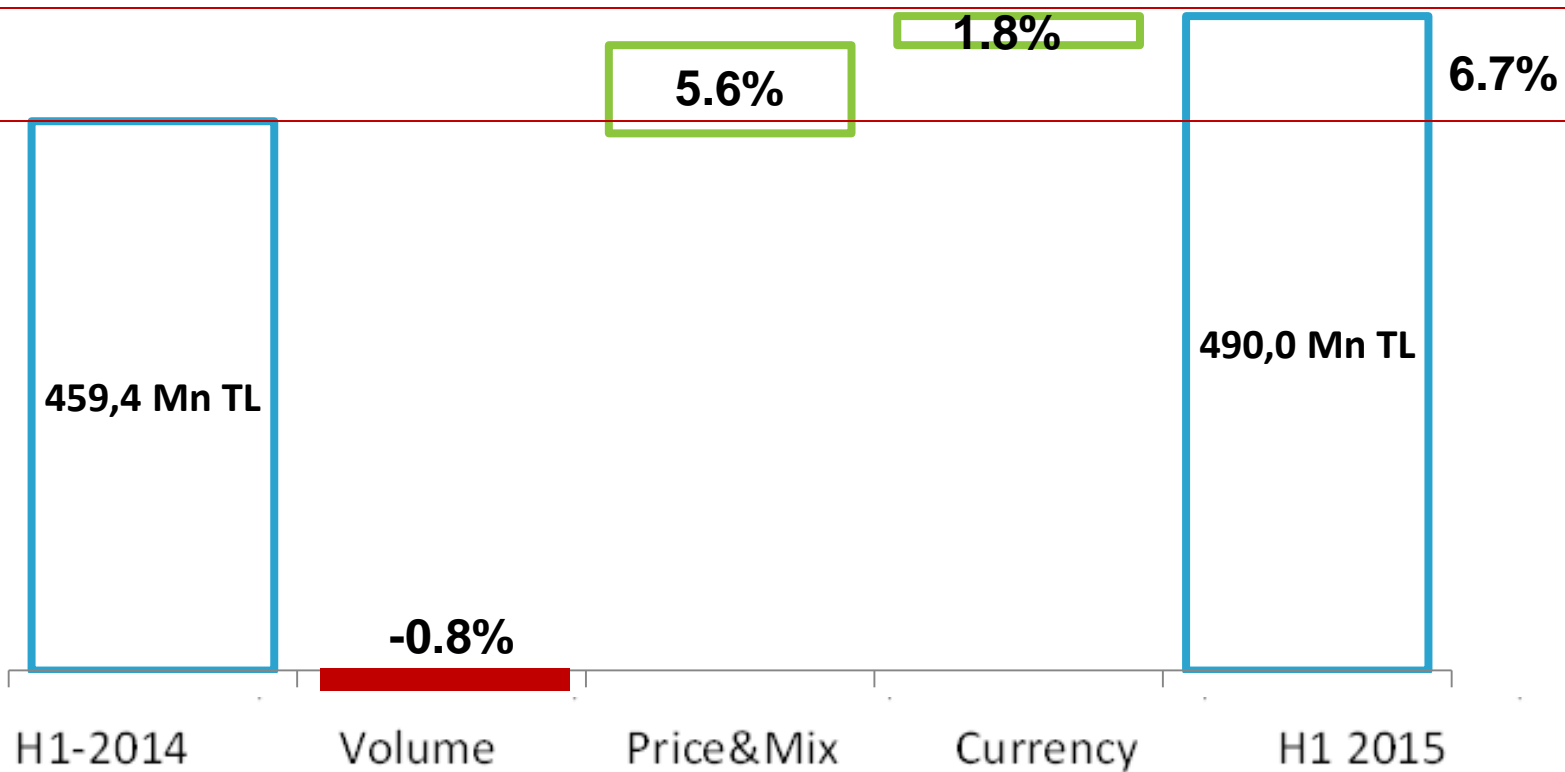
- 100 g
- 250 g
- 500 g
- 800 g

\* The new products and new packages launched since 2013.

# Income Statement

| (in million TL)                               | 30-Jun-15    | 30-Jun-14    | Difference   | % Change      |
|---|--------------|--------------|--------------|---------------|
| <b>Net Sales</b>                              | <b>490.0</b> | <b>459.4</b> | <b>30.6</b>  | <b>6.7</b>    |
| Cost of goods Sold                            | (407.9)      | (380.5)      | (27.4)       | 7.2           |
| <b>Gross Profit</b>                           | <b>82.1</b>  | <b>79.0</b>  | <b>3.2</b>   | <b>4.0</b>    |
| R&D Expenses                                  | (4.4)        | (3.6)        | (0.8)        | 23.3          |
| Sales, Distribution and Marketing Expenses    | (33.1)       | (32.6)       | (0.5)        | 1.4           |
| General Administration Expenses               | (16.8)       | (16.1)       | (0.7)        | 4.4           |
| <b>EBIT</b>                                   | <b>27.8</b>  | <b>26.6</b>  | <b>1.2</b>   | <b>4.3</b>    |
| Share of Results of Investments in Associates | 5.9          | 4.3          | 1.6          | 37.5          |
| Other Income                                  | 7.6          | 8.4          | (0.8)        | (9.7)         |
| Other Expenses                                | (5.9)        | (3.3)        | (2.5)        | 76.4          |
| Financial Expenses (Net)                      | (1.4)        | 0.1          | (1.6)        | (1,093.8)     |
| <b>Profit Before tax</b>                      | <b>34.0</b>  | <b>36.2</b>  | <b>(2.2)</b> | <b>(6.0)</b>  |
| Tax   | (3.3)        | 1.0          | (4.3)        | (417.8)       |
| <b>Net Profit for the Period</b>              | <b>30.7</b>  | <b>37.2</b>  | <b>(6.5)</b> | <b>(17.5)</b> |
| EBITDA  | 39.2         | 36.0         | 3.2          | 9.0           |

# Growth Analysis

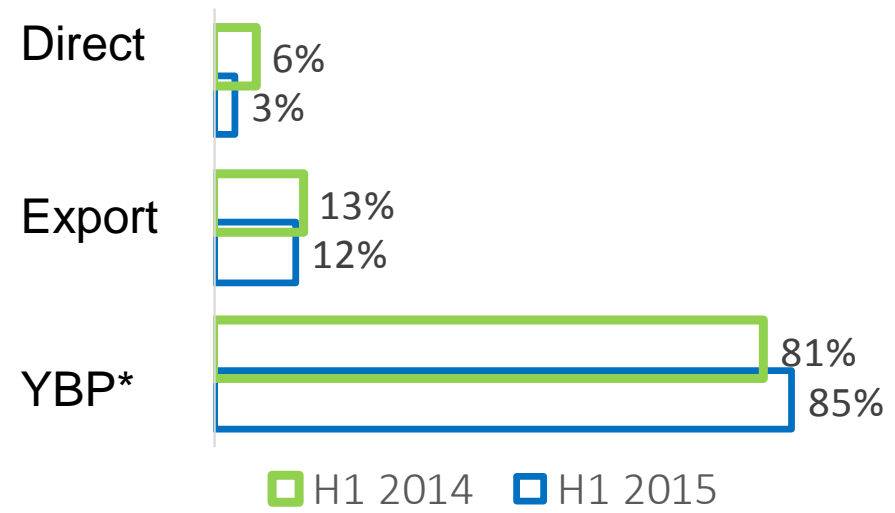




# The Breakdown of the Net Sales

## Sale Channels

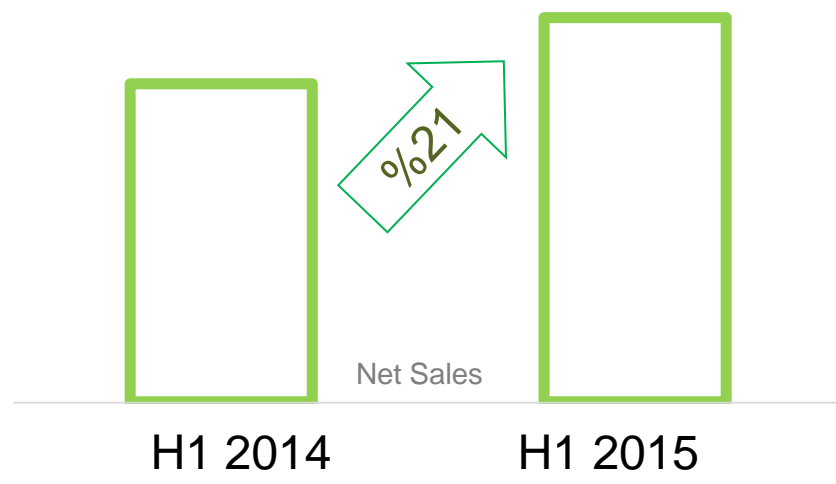
Net Sales



\*The Distribution Company

## Product Portfolio

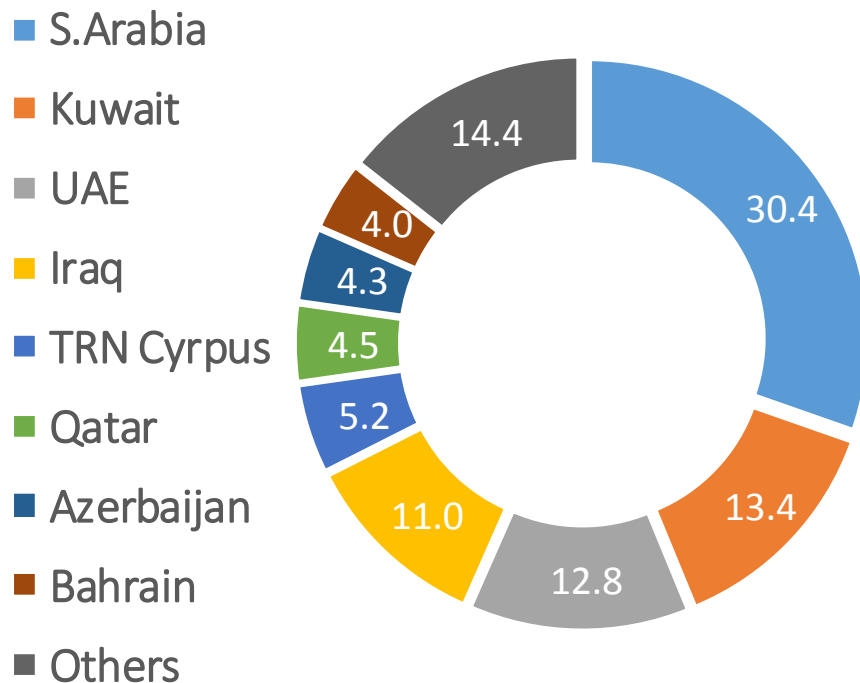
- Increasing share of value added products



Growth in Cheese

# Exports

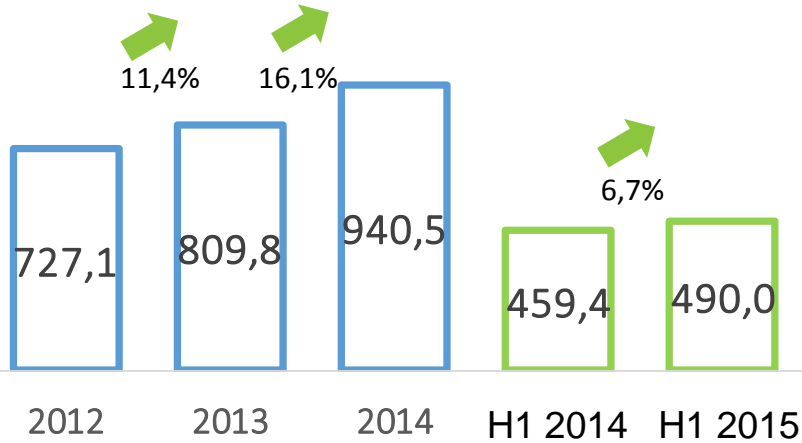
## Countries



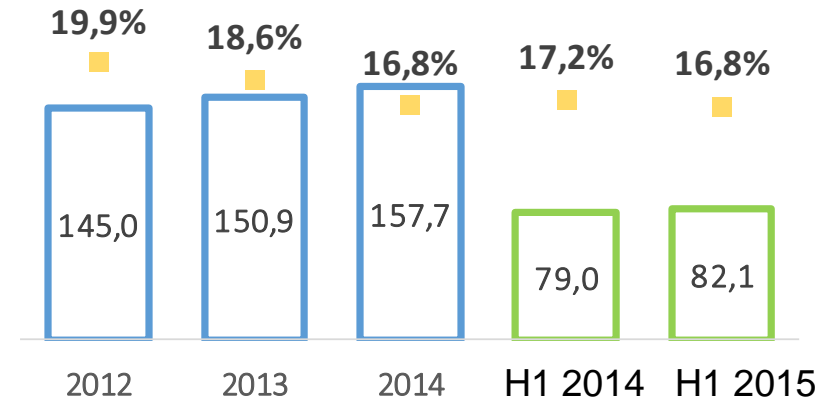
|                                   | 2007 | 2008 | 2009 | 2010 | 2011 | 2012  | 2013  | 2014  | 2015/06 |
|-----------------------------------|------|------|------|------|------|-------|-------|-------|---------|
| Share of exports in total revenue | 7,0% | 7,0% | 9,0% | 8,0% | 8,5% | 10,0% | 10,3% | 12,0% | 12,0%   |

# Sales and Profitability

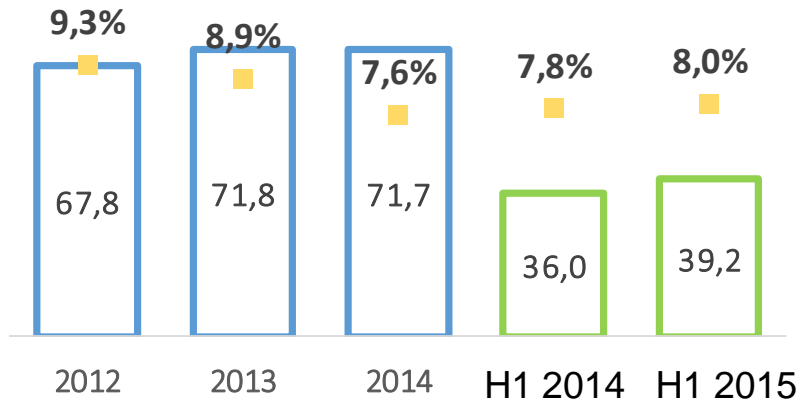
## Net Sales (m TL)



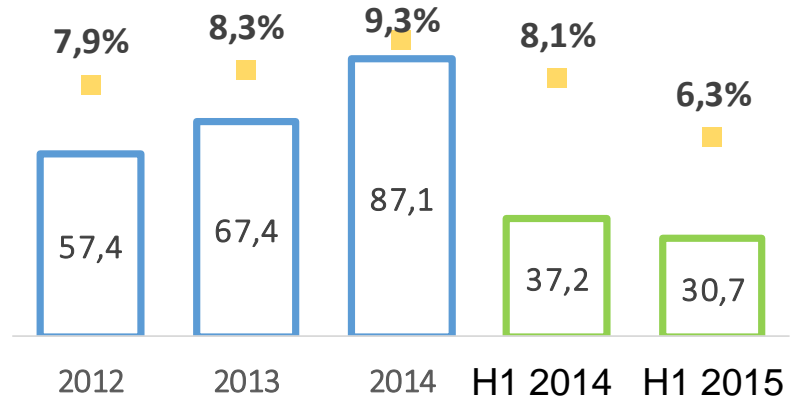
## Gross Profit (m TL)



## EBITDA\* (m TL)



## Net Profit (m TL)

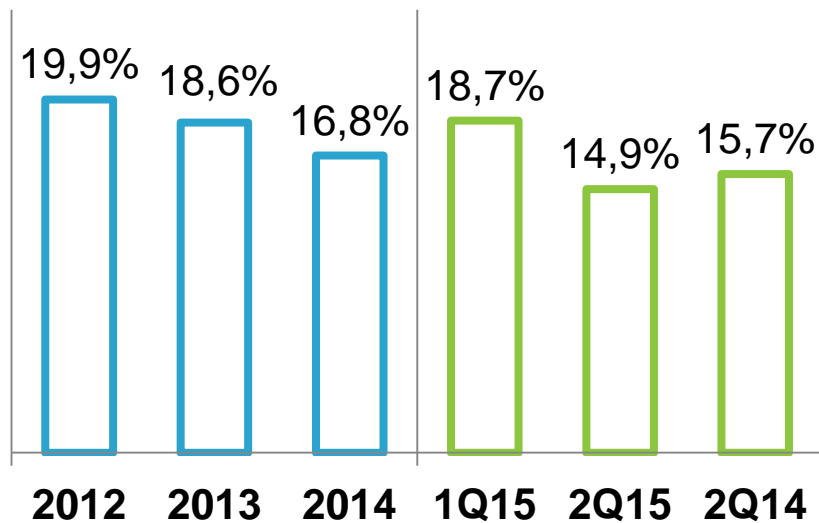


■ Margins

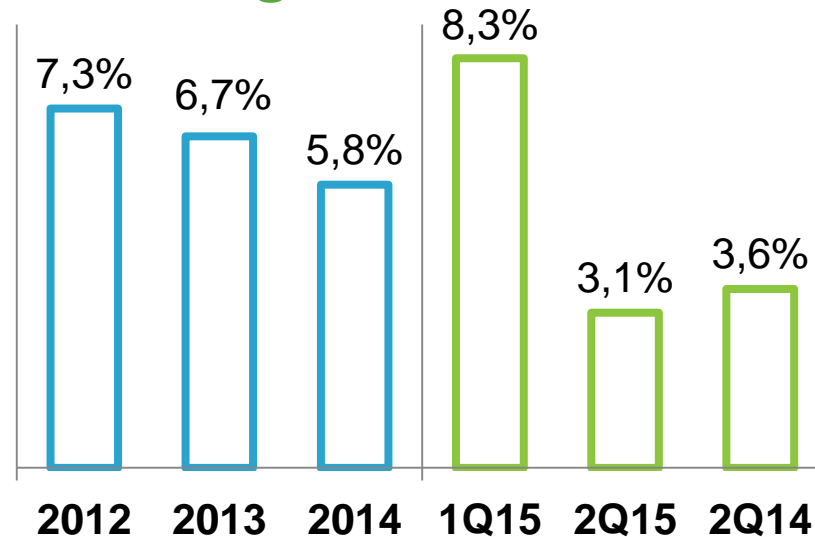
\* Earnings before interest, tax, depreciation and amortization (Excl. other income and expenditures)

# Profit Margins

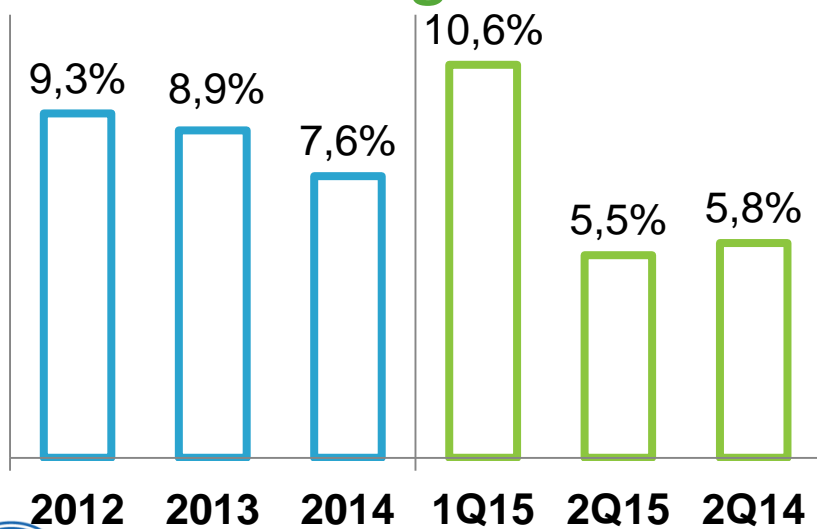
## Gross Margins



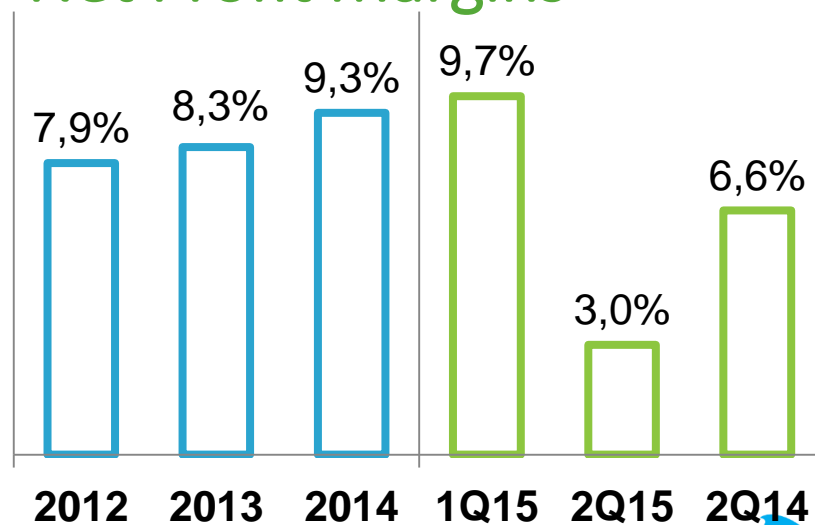
## EBIT Margins



## EBITDA\* Margins



## Net Profit Margins



# Investments

## Şanlıurfa Investment

- The facility commenced its operations in May 2015.
- 65 million TL CAPEX

### Pınar Süt Raw Milk Processing Capacity (annually)

| Before   | After    |
|----------|----------|
| 600 m lt | 710 m lt |

- Capable of producing dairy and juice products

## Capital Expenditures

|       | 2012      | 2013      | 2014      | H1 2015   |
|-------|-----------|-----------|-----------|-----------|
| Capex | 31.4 m TL | 49.5 m TL | 64.1 m TL | 11.7 m TL |

# Financial Ratios

## Balance Sheet Ratios

|                                     | 2012/12 | 2013/12 | 2014/12 | 2015/03 | 2015/06 |
|-------------------------------------|---------|---------|---------|---------|---------|
| Current Ratio                       | 1.64    | 1.51    | 1.42    | 1.10    | 1.13    |
| Leverage Ratio                      | 0.29    | 0.30    | 0.32    | 0.40    | 0.37    |
| Current Borrowings/Total Borrowings | 0.99    | 1.00    | 0.55    | 0.74    | 0.69    |
| Net Borrowings/EBITDA               | 0.17    | 0.05    | 0.15    | 0.20    | 0.11    |
| Total Borrowings/Equity             | 0.04    | 0.01    | 0.03    | 0.03    | 0.03    |
| Return on Equity                    | 13.12%  | 14.73%  | 17.26%  | 18.80%  | 16.72%  |

- Focus on risk management
- Effective working capital management
- Strong balance sheet and liquidity management

|                      | H1 2014   | H1 2015   |
|----------------------|-----------|-----------|
| Cash from Operations | 32.2 m TL | 58.2 m TL |

**+%81**

## Working Capital

|                            | 2013/12 | 2014/12 | 2015/03 | 2015/06 |
|----------------------------|---------|---------|---------|---------|
| Working Capital /Net Sales | 10.2%   | 10.5%   | 11.5%   | 10.7%   |

# Strategies

- 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
- Growing above market growth rates in the segments we operate in

# Ownership & Participation Structure & Auditors

## Ownership Structure

|                    |     |
|--------------------|-----|
| Yaşar Holding A.Ş. | 61% |
| Free Float         | 39% |

## 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               |

## Auditors

### Financial Affairs

Nexia

Ernst&Young

### Production

Breau Veritas

TSE

Alberk QA

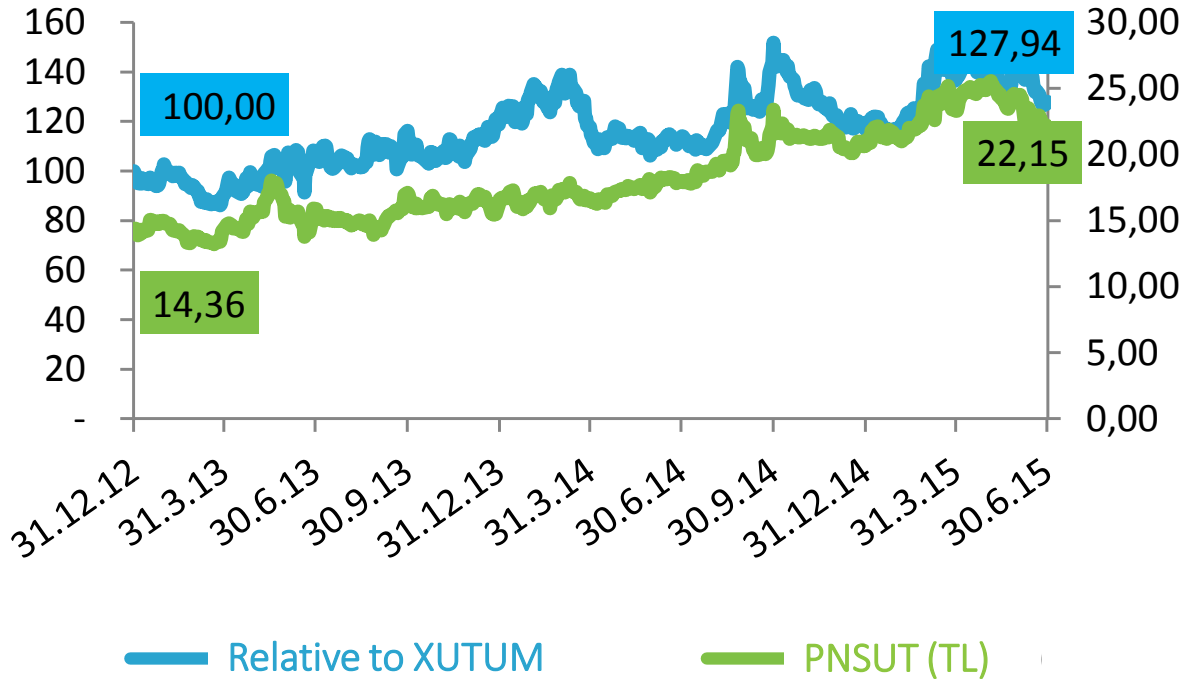
Food and Drug Administration

### Corporate Governance

Saha Rating



# Stock Performance



Corporate Governance Rating : 9,09

Borsa İstanbul Ticker Symbol: PNSUT

Date of Listing : 03.02.1986

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