

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Earnings Presentation, H1 2016



H1 2016 | Highlights

- In the first half of 2016, the dairy* market turnover grew by 4.3% and its volume increased by 2.8%, YoY. In this period, all categories achieved growth except yoghurt.
- In the second quarter of 2016, increase in unprocessed food and energy prices affected consumer price index (CPI) rise. In the end of the second quarter, annual consumer price index (CPI) realized at 7.64% while annual food inflation increased by 6.63%. (CBRT)
- The raw milk base price which is set by National Milk Council has remained stable since July, 2014.
- The third plant, Şanlıurfa Factory, has been put into operation and the production volume and diversity at the facility are increasing gradually.
- In the first half of 2016, the company realized 544.6 m TL net sales and achieved EBITDA of 55.7 m TL and 43.3 m TL net profit.

* Milk, yoghurt, spreadable cheese, ayran, butter. (BİM&A101 excl., Nielsen)

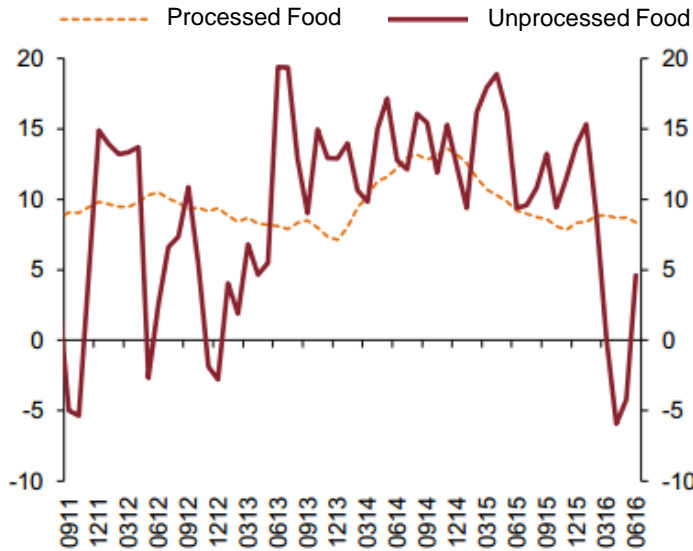
H1 2016 | Market Dynamics

Annual Milk Production in Turkey (m ton)

Source: TSI

Year	Milk Production
2002	8.4
2003	10.6
2004	10.7
2005	11.1
2006	12.0
2007	12.3
2008	12.2
2009	12.5
2010	13.5
2011	15.1
2012	17.4
2013	18.2
2014	18.6
2015	18.7

Food Prices (Annual Pct. Change)



Source: TSI, CBRT

- After sharp decrease in the unprocessed food inflation in the first quarter of 2016, it increased while the processed food inflation was decreasing slightly in the second quarter of 2016.

The Number of Animals in Turkey

	Ovine	Bovine	Total	Growth
2013	38.5 m	14.5 m	53.0 m	
2014	41.5 m	14.3 m	55.8 m	+5.3%
2015	41.9 m	14.1 m	56.1 m	+0.4%

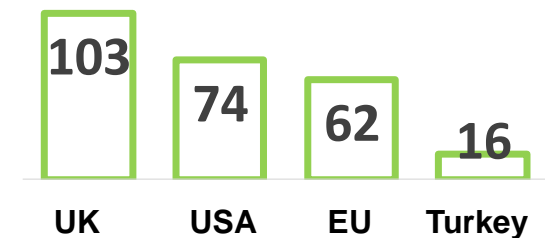
Source: TSI

Packaged Milk Products (%)

	2013	2014	2015	2016-H1
Milk	47.0%	46.9%	45.8%	40.6%
Cheese	37.2%	42.8%	46.1%	51.4%

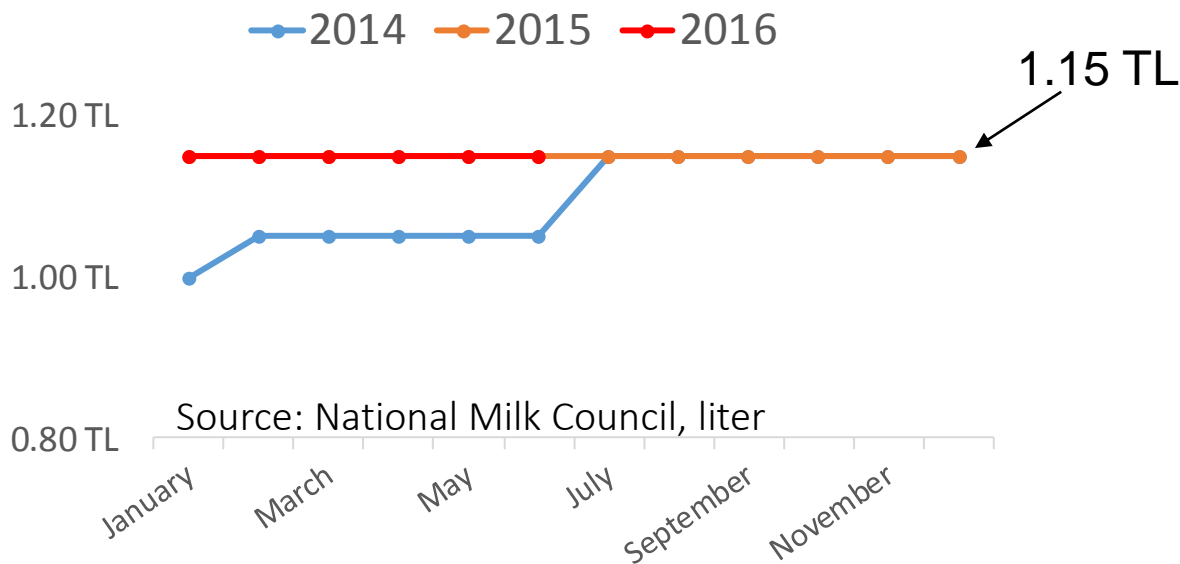
Souces: IPSOS

Per Capita Milk Consumption (Lt)



Source: NMC

H1 2016 | Market Dynamics



Raw Milk Prices

- The raw milk base price which is set by National Milk Council has remained stable since July, 2014.

In the second quarter of 2016, the raw milk base price remained at the same level in comparison with the same period of 2015.

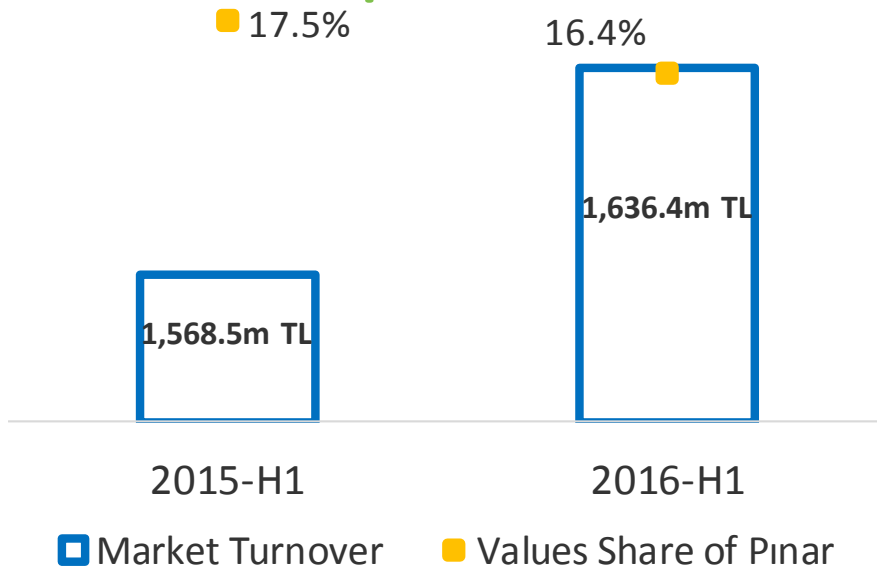
Packaged Milk Products

	Volume Share		Penetration	
	2015-H1	2016-H1	2015-1H	2016-1H
UHT Milk	42.8%	40.6%	90.7	91.2

- Increasing penetration

	Volume Share		Penetration	
	2015-H1	2016-H1	2015-1H	2016-1H
Packaged Cheese	44.9%	48.6%	89.4	91.5
Unpackaged Cheese	55.1%	51.4%	82.1	78.6

H1 2016 | Market



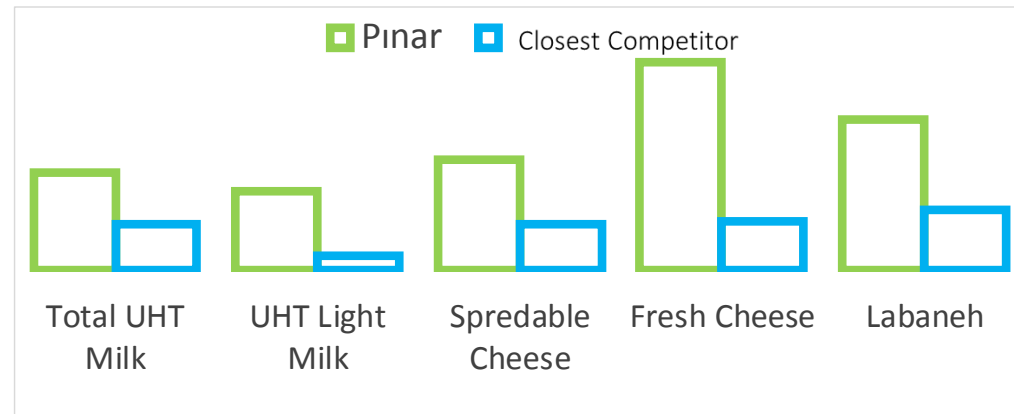
Source: Nielsen – Valu Share, 2016-H1 (BIM&A101 excl.)

Dairy Market*

- In the first half of 2016, measurable dairy market grew by 4.3% and its volume increased to 2.8%.

* milk, yoghurt, spreadable cheese, ayran, butter. (BIM&A101 excl.)

Product	Share	Position
Total UHT Milk	30.3%	#1
UHT Light Milk	24.8%	#1
Enriched Milk (Kids)	75.3%	#1
Spreadable Cheese	34.5%	#1
Fresh Cheese	64.9%	#1
Labaneh	46.7%	#1
Cream Cheese	16.7%	#2



Source: Nielsen – Valu Share, 2016-H1 (BIM&A101 excl.)



H1 2016 | New Products



- The new series including Cheddar, Mozzarella Cheese and Kashkaval Cheese in 20 gram packages launched.

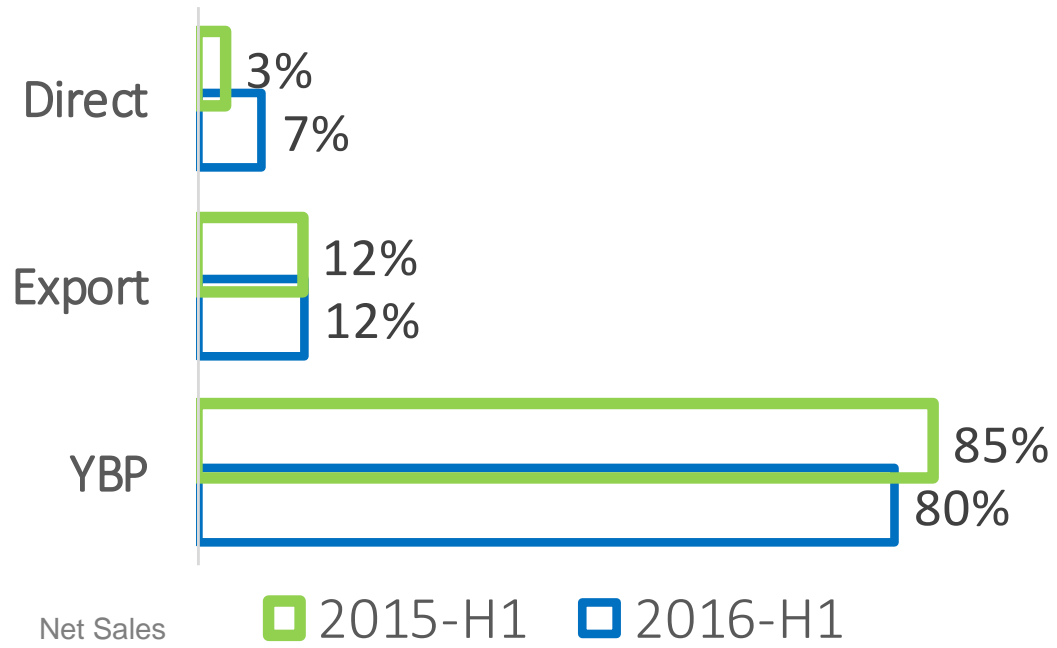
Pinar Go Portion Cheese

H1 2016 | Income Statement

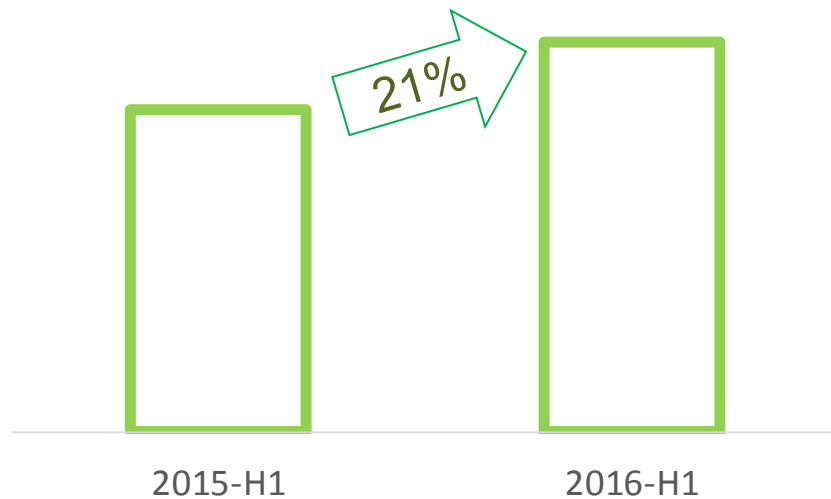
(Million TL)	30.06.2016	30.06.2015	Difference	% Change
Net Sales	544.6	490.0	54.6	11.1
Cost of Goods Sold	(439.0)	(407.9)	(31.1)	7.6
Gross Profit	105.6	82.1	23.5	28.6
R&D Expenses	(5.3)	(4.4)	(0.9)	19.4
Sales, Distribution and Marketing Expenses	(38.5)	(33.1)	(5.4)	16.4
General Administration Expenses	(19.4)	(16.8)	(2.6)	15.3
EBIT	42.4	27.8	14.6	52.5
Shares of Results of Investments in Associates	5.2	5.9	(0.7)	(11.7)
Other Expenses (Net)	3.9	1.7	2.2	126.1
Financial Income (Net)	(2.4)	(1.4)	(1.0)	66.8
Profit Before Tax	49.1	34.0	15.1	44.5
Tax	(5.8)	(3.3)	(2.5)	76.9
Net Profit for the Period	43.3	30.7	12.6	41.0
EBITDA	55.7	39.2	16.5	42.1
Total Assets	922.6	773.0	149.6	19.4
Equity	577.7	486.6	91.1	18.7

H1 2016 | Sales Breakdown

Sales Channels



Product Portfolio

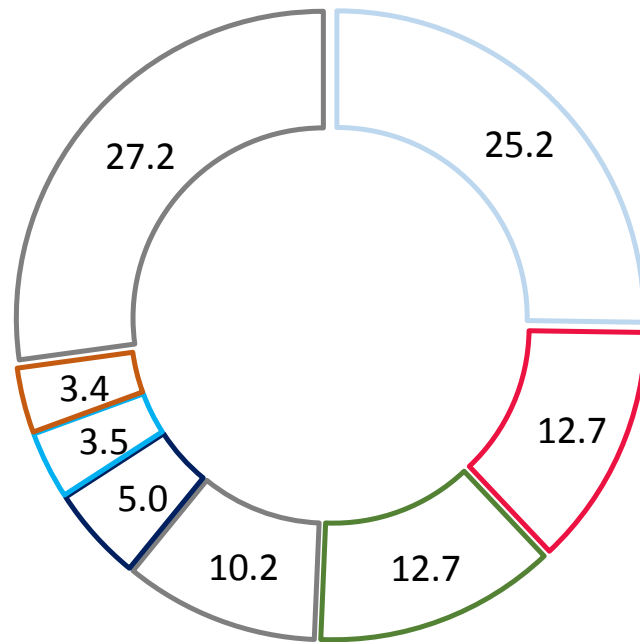


Growth in traditional cheese segment

H1 2016 | Sales Breakdown | Export

Exports Breakdown by Country (%)

- S.Arabia
- Kuwait
- UAE
- Iraq
- Cyprus
- Qatar
- Bahrain
- Other

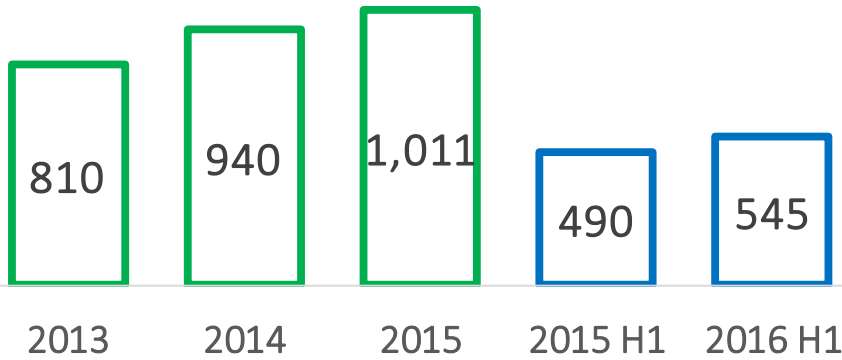


	2012	2013	2014	2015	2016/06
Shares of exports in sales	10.1%	10.9%	12.0%	12.3%	12.3%

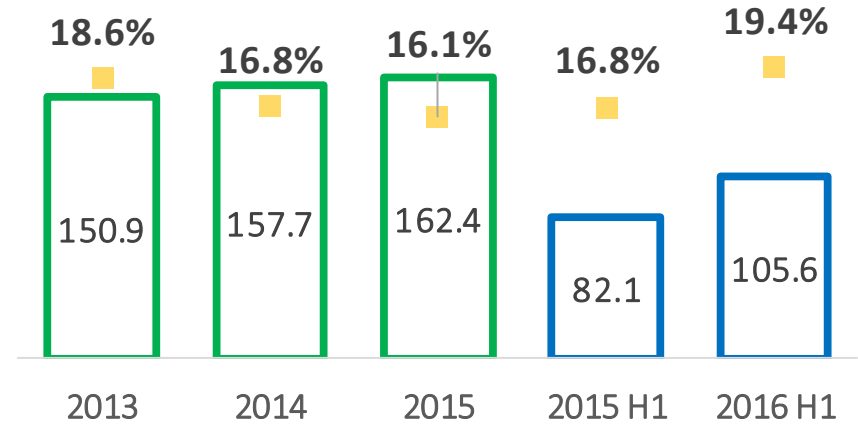
■ The export revenue was 22.3 million Usd in the first half of year 2016 which is accounting for a 13.3% increase in terms of TRY by the comparison with the same period of 2015.

H1 2016 | Sales and Profitability

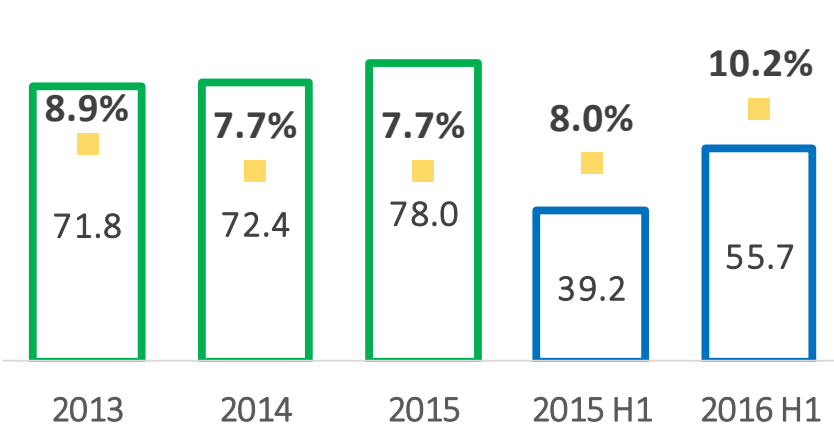
Net Sales (m TL)



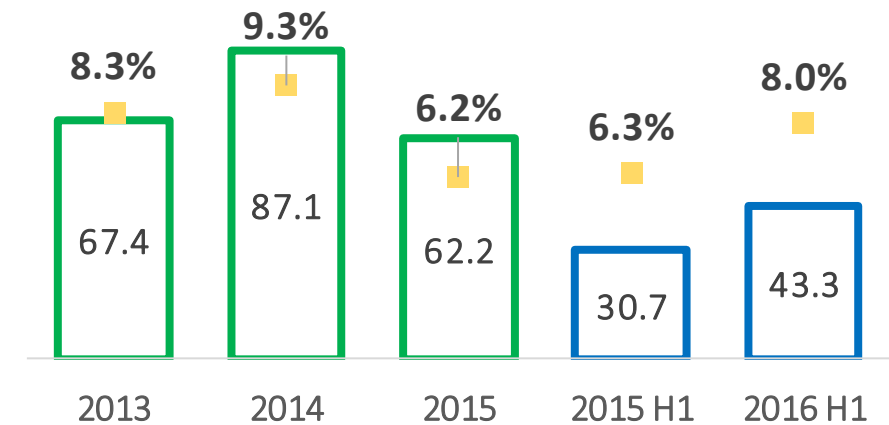
Gross Profit (m TL)



EBITDA* (m TL)



Net Profit (m TL)

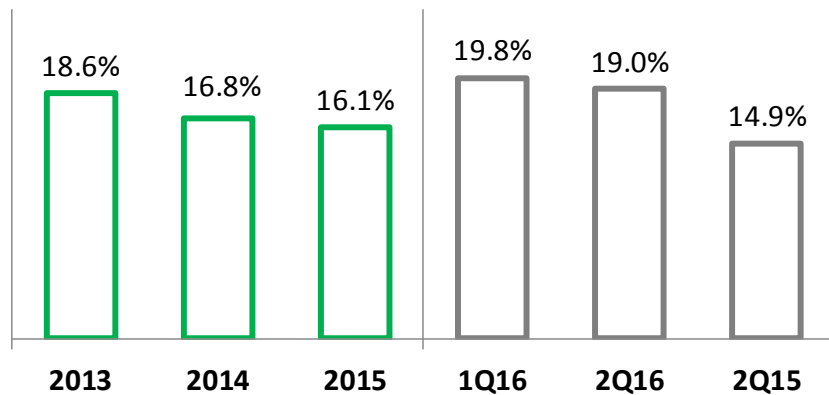


■ Profit Margins

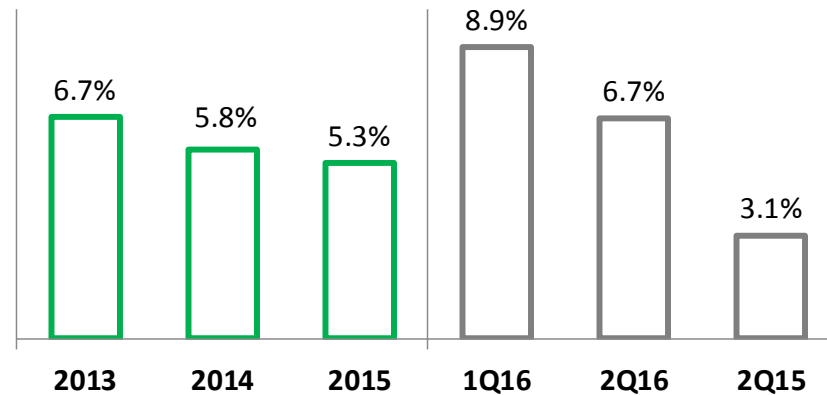
* Earnings before interest, tax, depreciation and amortization (Excl. other income and expenditures)

H1 2016 | Profit Margins

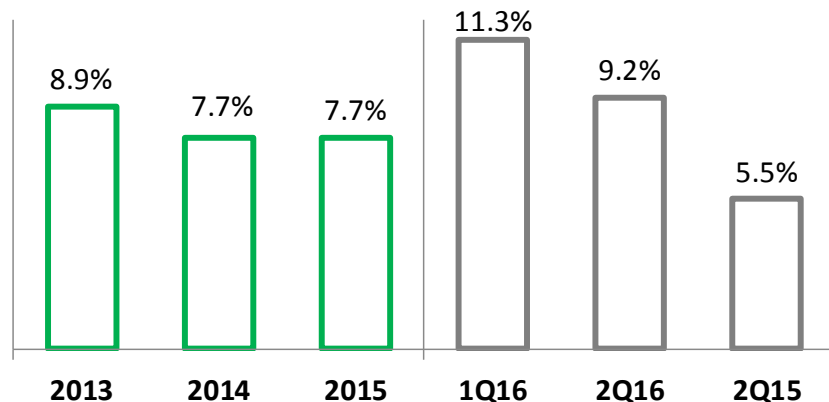
Gross Profit



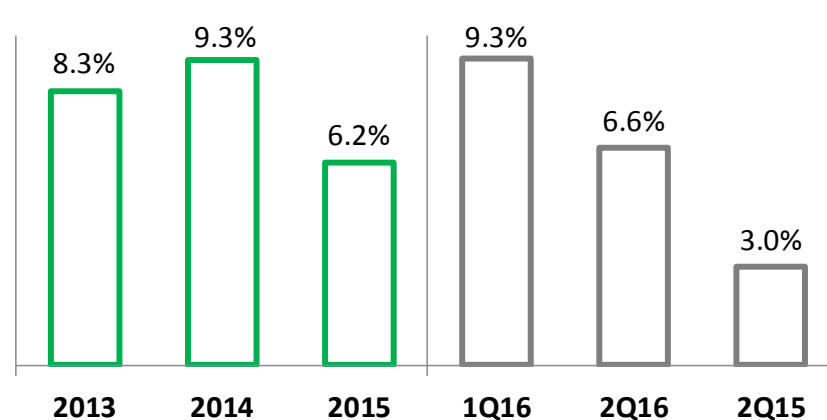
EBIT



EBITDA*



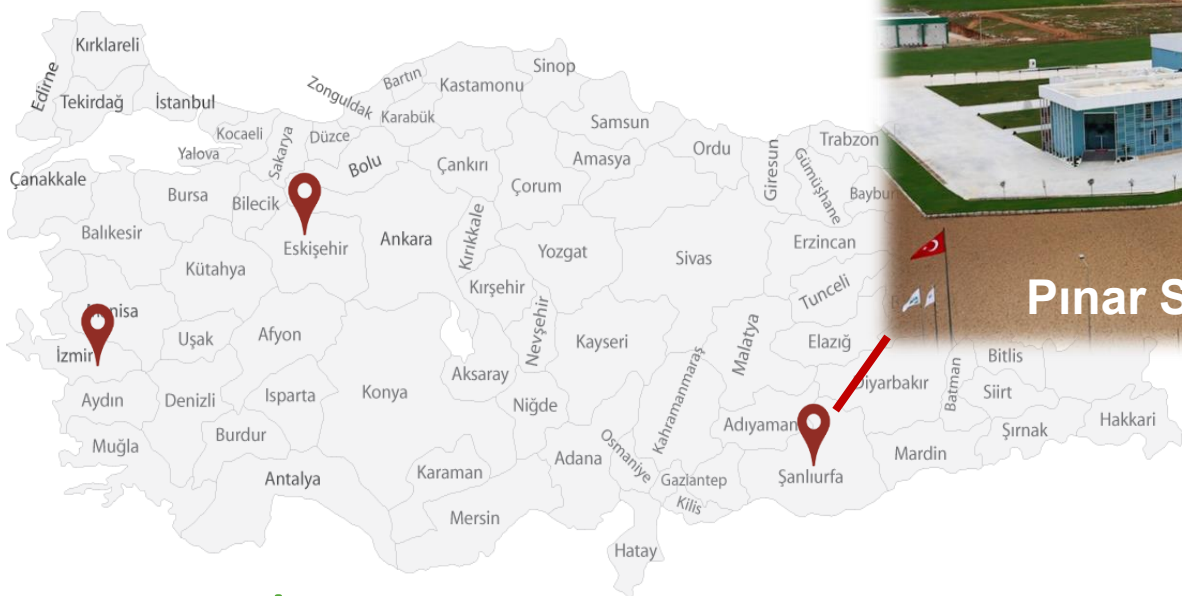
Net Profit



H1 2016 | Plant and Investments

Plants

- 710 m liter annual capacity of raw milk processing in 3 plants.



Pinar Süt Şanlıurfa Plant

Capital Expenditures

- In the first half of 2016, 21.2 million TL capital expenditures were realized.

H1 2016 | Financial Ratios

Balance Sheet Ratios

	2012/12	2013/12	2014/12	2015/12	2016/06
Current Ratio	1.64	1.51	1.42	1.16	1.07
Leverage Ratio	0.29	0.30	0.32	0.34	0.37
Current Borrowings/ Total	0.99	1.00	0.55	0.93	1.00
Net Borrowings/ EBITDA	0.17	0.05	0.16	0.35	0.58
Net Borrowings/ Equity	0.03	0.01	0.02	0.05	0.09
Return on Equity (ROE)	13.12%	14.73%	17.26%	11.15%	14.06%

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

Strategy and Targets

- Effective price management
- Widespread distribution network
- Efficient utilization of social media
- Developments in Away From Home channel
- Increasing export sales
- Continuous marketing investments
- Growing above market growth rates in the segments we operate in

Ownership | Participations | Auditors

Ownership Structure

Yaşar Holding A.Ş.	61%
Free Float	39%

Participations

Participation	Share in Capital %
Yaşar Birleşik Pazarlama A.Ş.	31.8
Bintur Catering A.Ş.	1.3
Desa Enerji A.Ş.	30.5
Çamlı Yem A.Ş.	5.5
Pınar Su A.Ş.	8.8
Pınar Et A.Ş.	12.6
Yaşar Dış Ticaret A.Ş.	1.8
Pınar Foods Gmbh	44.9

Auditors

Financial Affairs

Price Waterhouse Coopers
Ernst&Young

Production

TSE

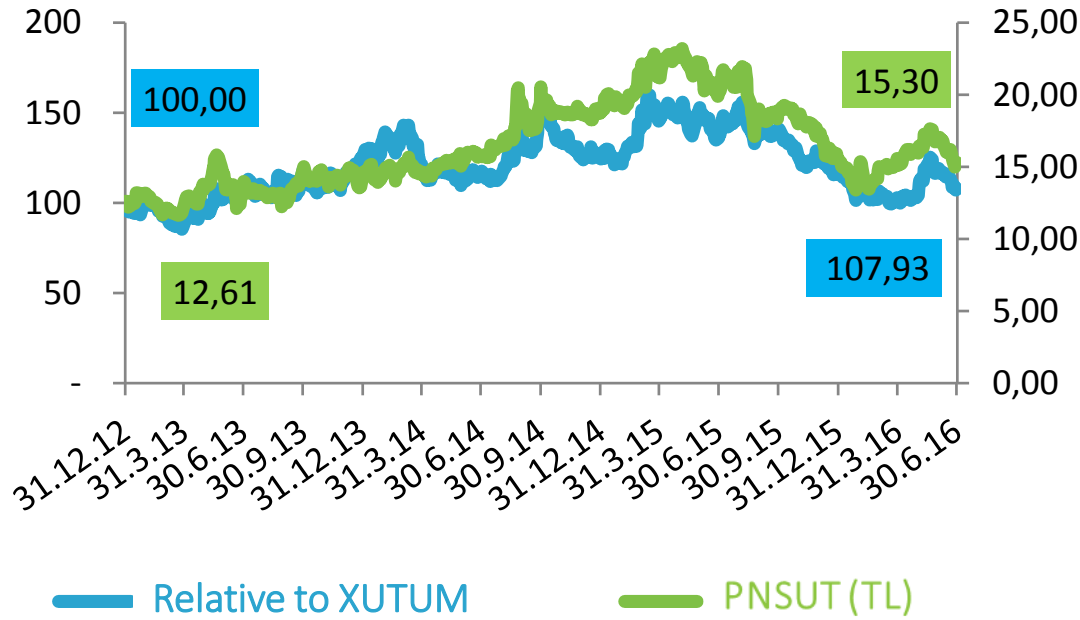
Breau Veritas

Food and Drug Administration

Corporate Governance

Saha Rating

H1 2016 | Stock Performance



(TL)

Corporate Governance Rating: 9.18

Borsa İstanbul Ticker Symbol: PNSUT

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Thank you!

