



PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

2016-Q3 Earnings Presentation



Dairy Market*

- In 2016-9M, market turnover grew by 3.4%, YoY
- In 2016-9M, its volume increased by 1.6%, YoY
- All categories achieved growth except yoghurt

Consumer Price Index

- Annual consumer price Index (CPI) is 7.28%
- The receded food inflation, which was 4.16%, attributed to the waning tourism demand and the contraction in exports to Russia.

Source: CBRT, TSI

Raw Milk Prices

- The raw milk prices which is set by National Milk Council has remained stable since July, 2014 at 1.15 TL per liter.

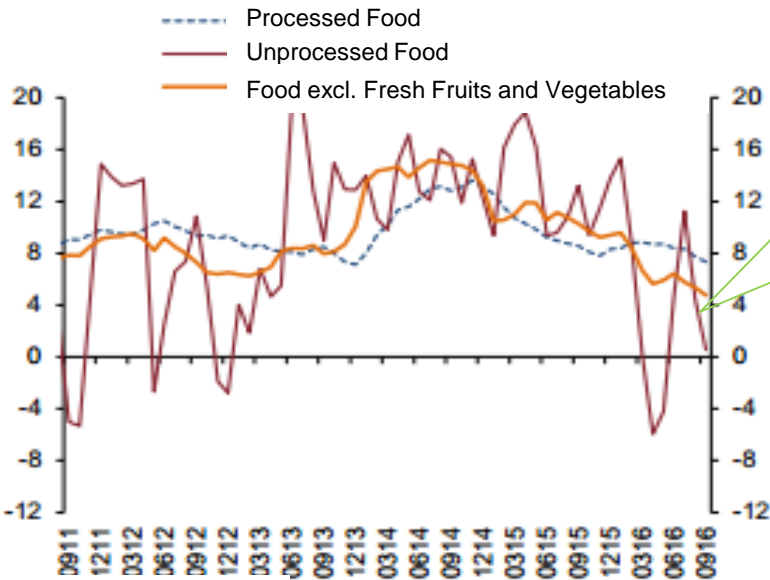
2016-9M Financial Summary

- Net sales; 798.4 million TL
- EBITDA; 75.9 million TL
- Net profit; 55.5 million TL

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

2016-Q3 | Market Dynamics

Food Prices (Annual Pct. Change)



In the third quarter of 2016, both processed food inflation and unprocessed food inflation have fallen.

Source: TSI, CBRT

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

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%

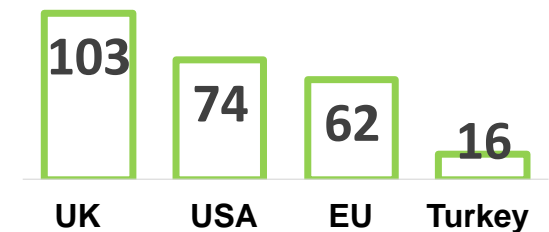
Source: TSI

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%

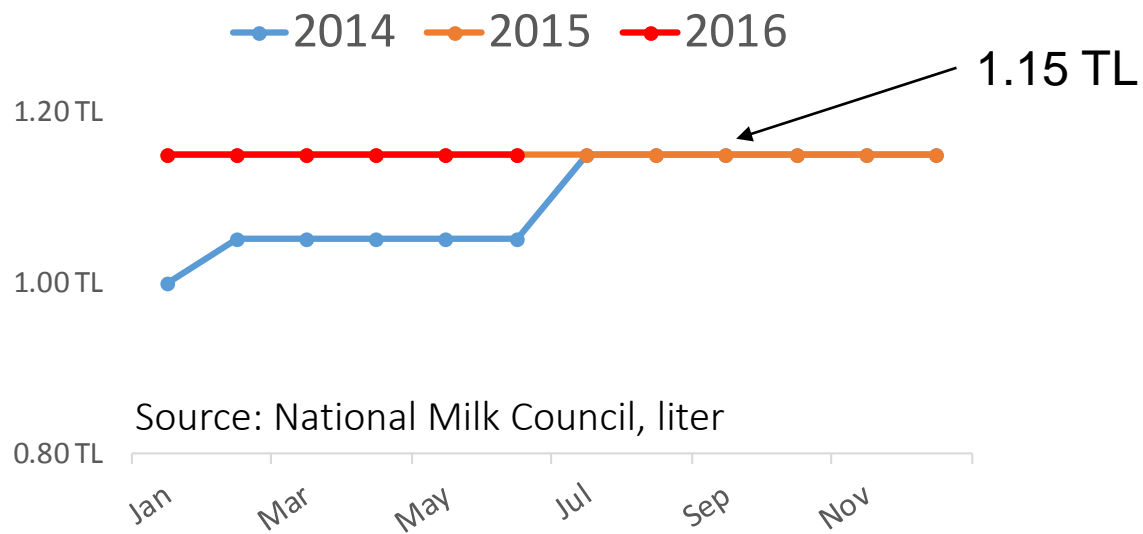
Sources: IPSOS

Per Capita Milk Consumption (Lt)



Source: NMC

2016-Q3 | Market Dynamics



Source: National Milk Council, liter

Raw Milk Prices

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

In the third 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

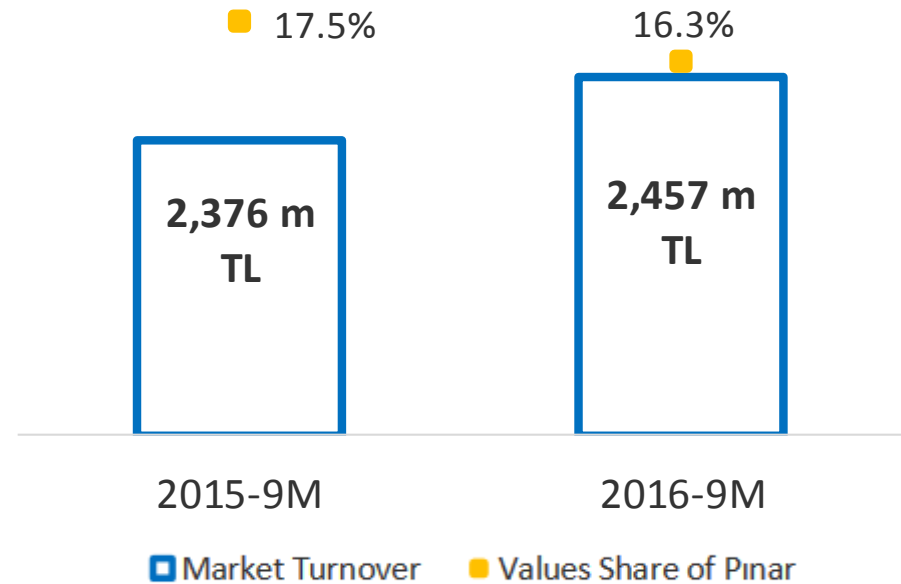


2016-Q3 | Market

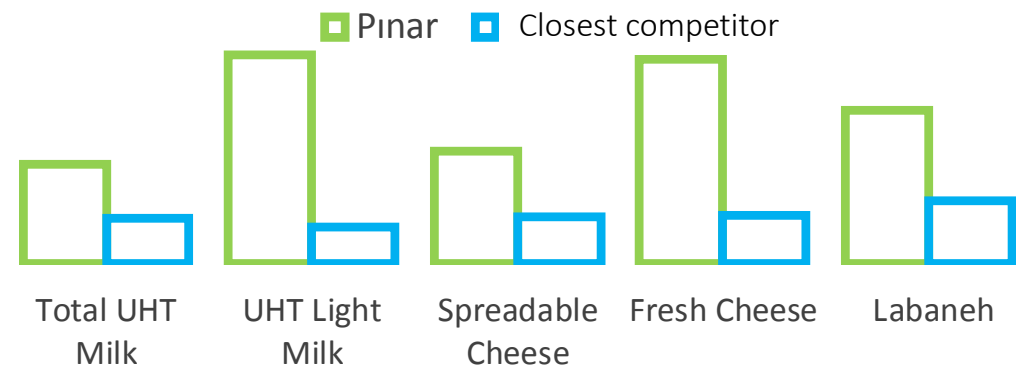
- In the first nine months of 2016, measurable dairy market grew by **3.4%** and its volume increased to **1.6%**.

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

Dairy Market*



Product	Share	Position
Total UHT Milk	30.7%	#1
UHT Light Milk	63.8%	#1
Enriched Milk (Kids)	75.0%	#1
Spreadable Cheese	34.4%	#1
Fresh Cheese	62.6%	#1
Labaneh	47.1%	#1
Cream Chese	16.8%	#2



2016-Q3 | New Products



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

Pinar Go Portion Cheese

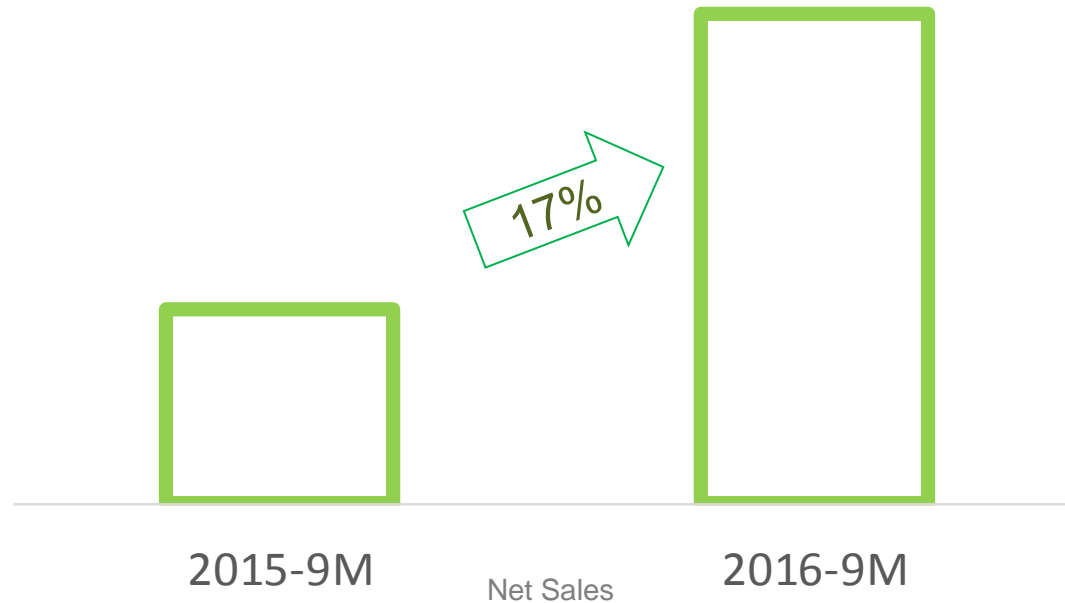
2016-Q3 | Income Statement

(Million TL)	30.09.2016	30.09.2015	Difference	% Change
Net Sales	798.4	750.4	48.1	6.4
Cost of Goods Sold	(653.6)	(631.5)	(22.2)	3.5
Gross Profit	144.8	118.9	25.9	21.8
R&D Expenses	(7.9)	(6.7)	(1.1)	16.9
Sales, Distribution and Marketing Expenses	(53.7)	(49.6)	(4.0)	8.1
General Administration Expenses	(27.6)	(24.9)	(2.7)	10.8
EBIT	55.6	37.5	18.1	48.1
Shares of Results of Investments				
In Associates	7.7	7.4	0.3	3.4
Other Expenses (Net)	2.6	(2.9)	5.5	(190.9)
Financial Expenses (Net)	(5.9)	(2.5)	(3.4)	133.9
Profit Before Tax	60.0	39.5	20.4	51.6
Tax	(4.5)	(1.4)	(3.1)	229.4
Net Profit for the Period	55.5	38.2	17.3	45.3
EBITDA	75.9	55.2	20.8	37.7
Total Assets	916.4	801.8	114.5	14.3
Equity	586.0	496.7	89.3	18.0

2016-Q3 | Sales Breakdown

Product Portfolio

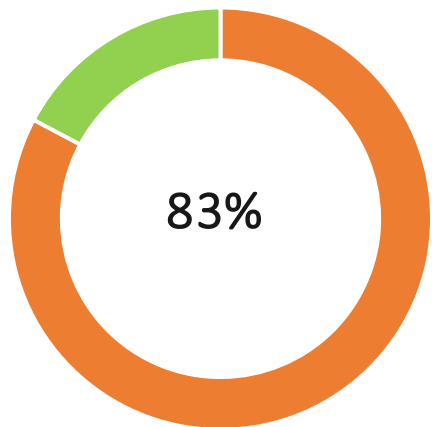
Growth in traditional cheese segment



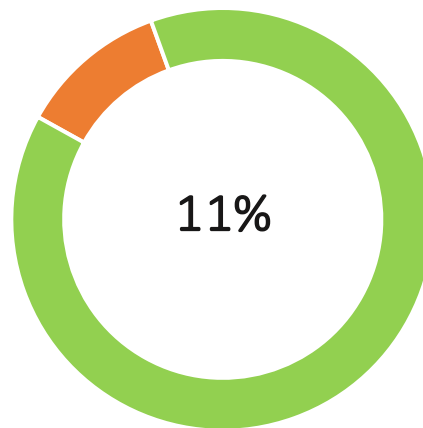
- In the first nine months of 2016, total net sales turnover grew by 6.4% and volume increased by 4.6%

2016-Q3 | Sales Breakdown | Channels

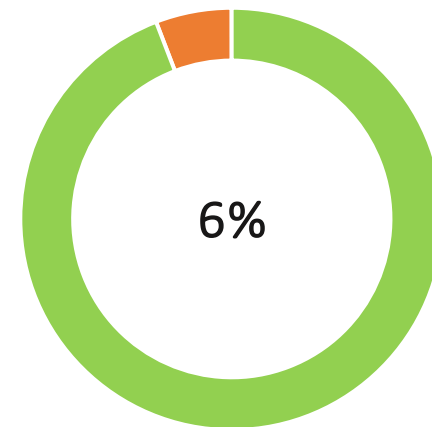
2016-9M



YBP



EXPORT

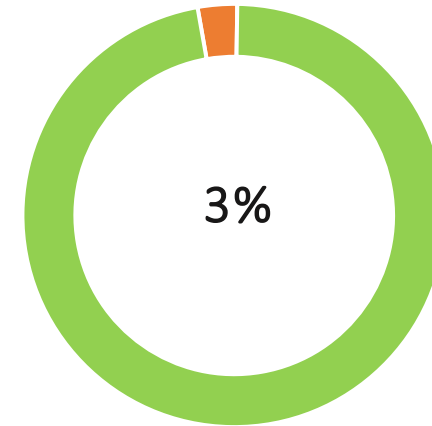
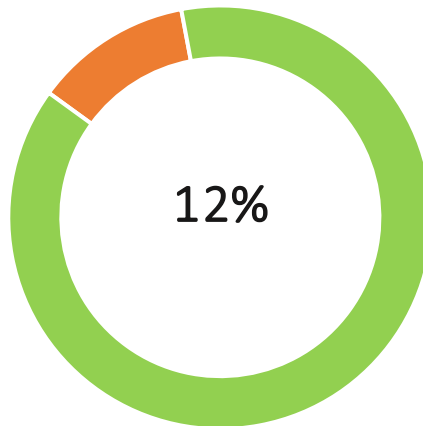
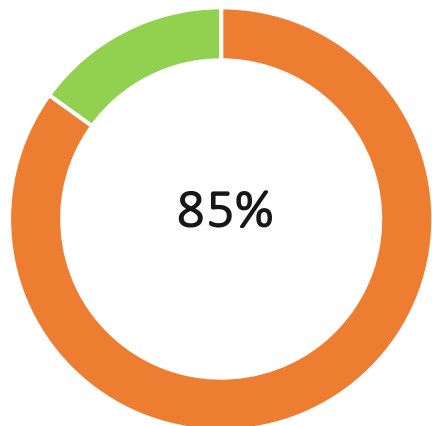


DIRECT

Sales Channels

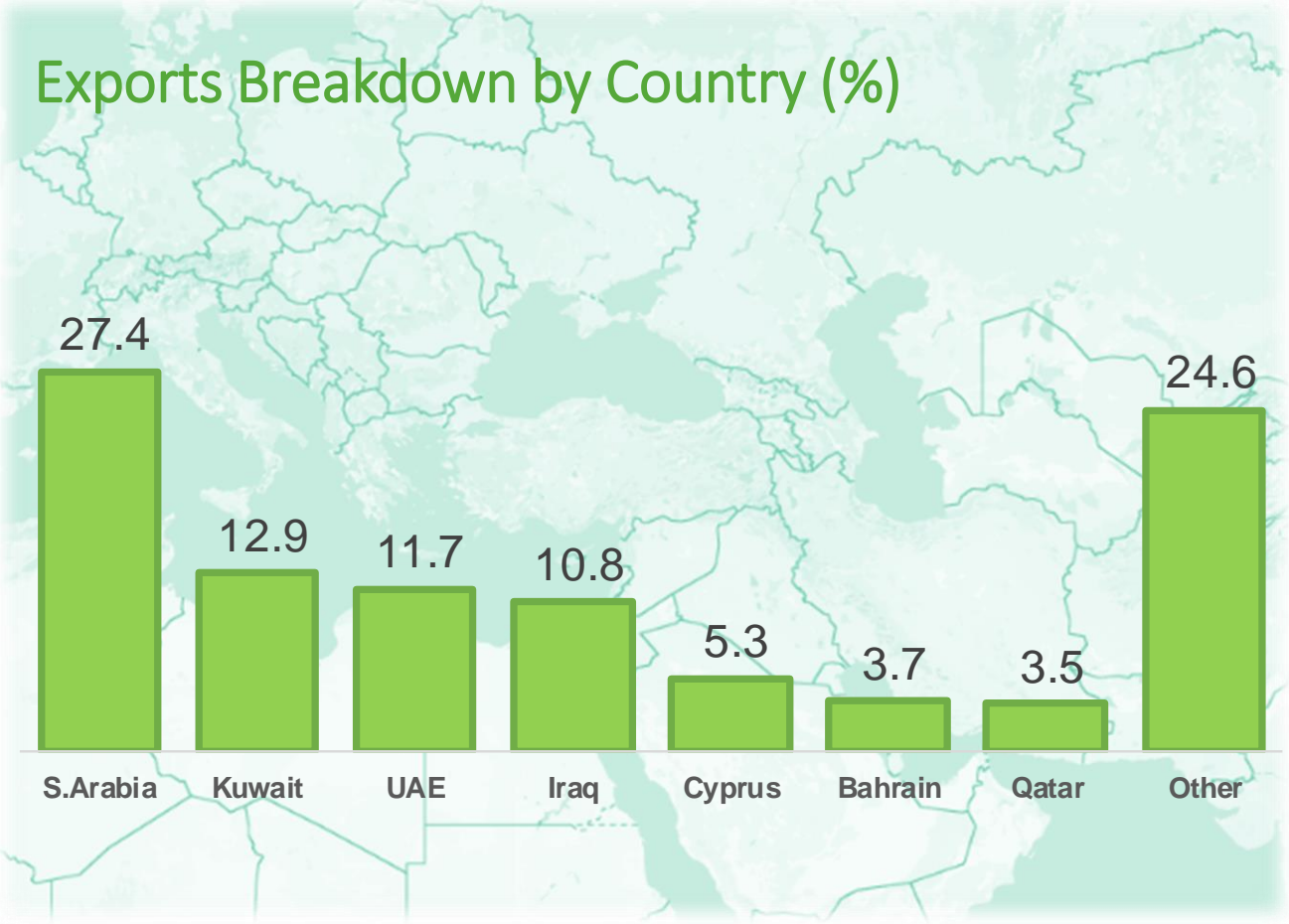
Net Sales

2015-9M



2016-Q3 | Sales Breakdown | Export

Exports Breakdown by Country (%)

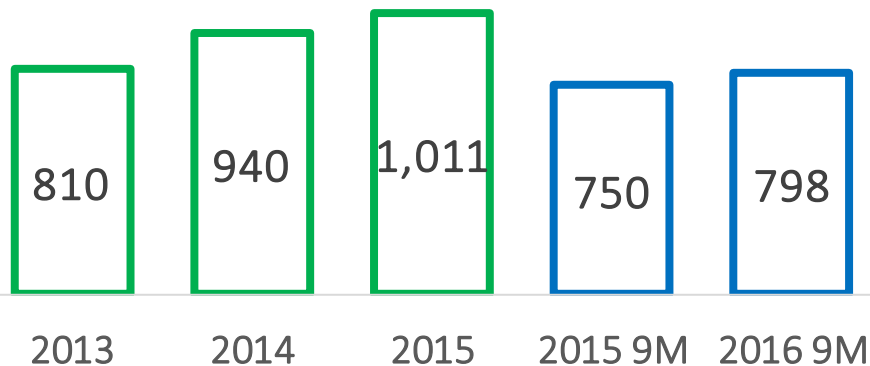


■ The export revenue was \$ 31.0 million in the first nine months of 2016 accounting for a 0.9% increase in terms of TRY by the comparison with the same period of 2015.

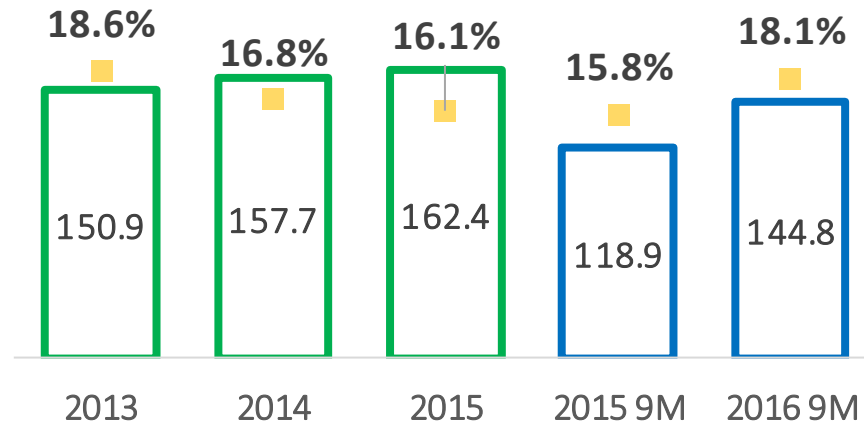
	2012	2013	2014	2015	2016/09
Shares of Exports in Sales	10.1%	10.9%	12.0%	12.3%	11.4%

2016-Q3 | Sales and Profitability

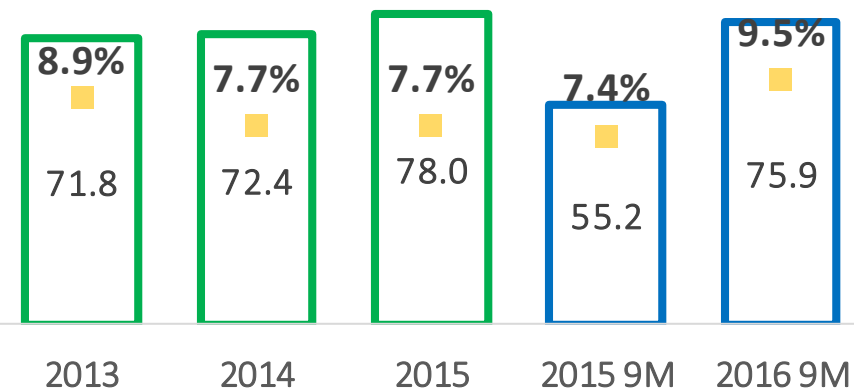
Net Sales (m TL)



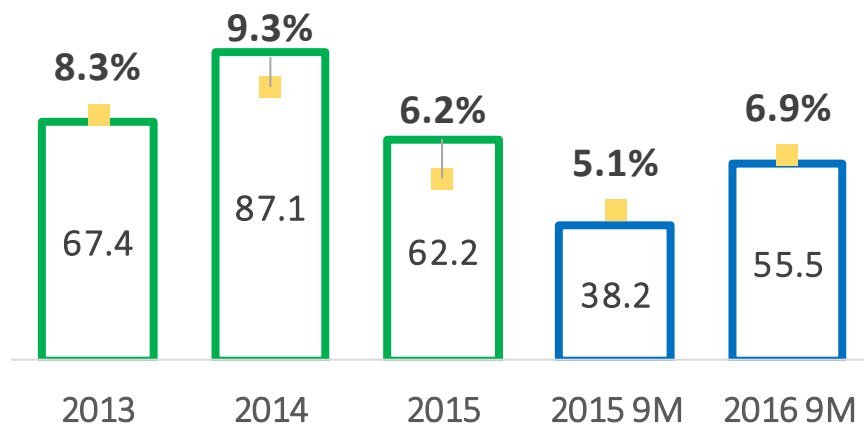
Gross Profit (m TL)



EBITDA* (m TL)



Net Profit (m TL)

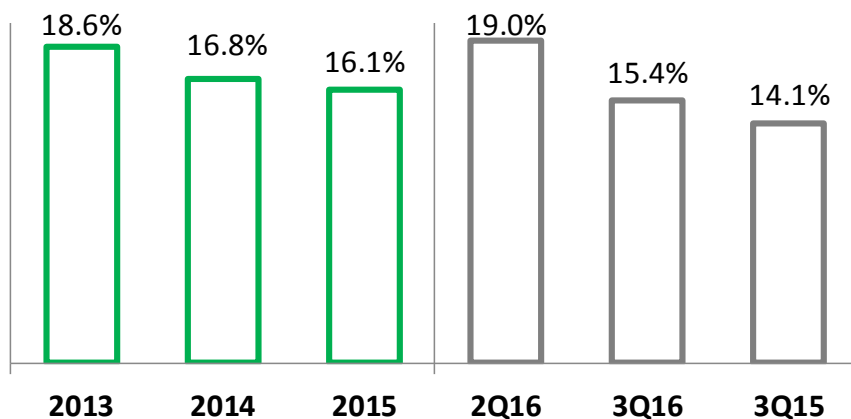


■ Profit Margin

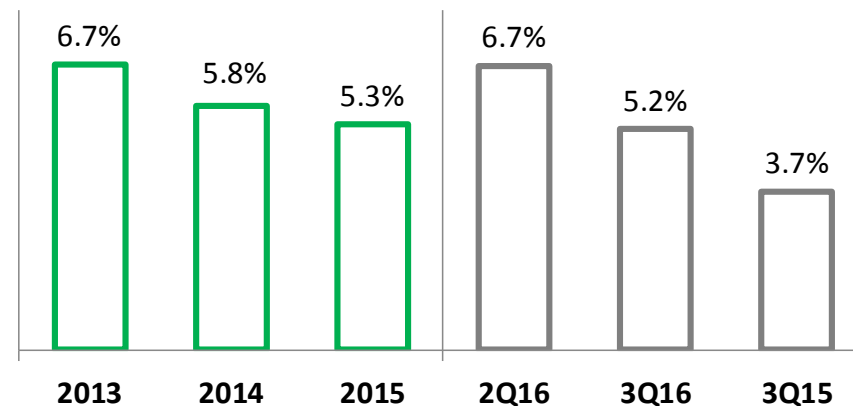
* Earnings before interest, tax, depreciation and amortization (Excl. other income and expenditures)

2016-Q3 | Profit Margins

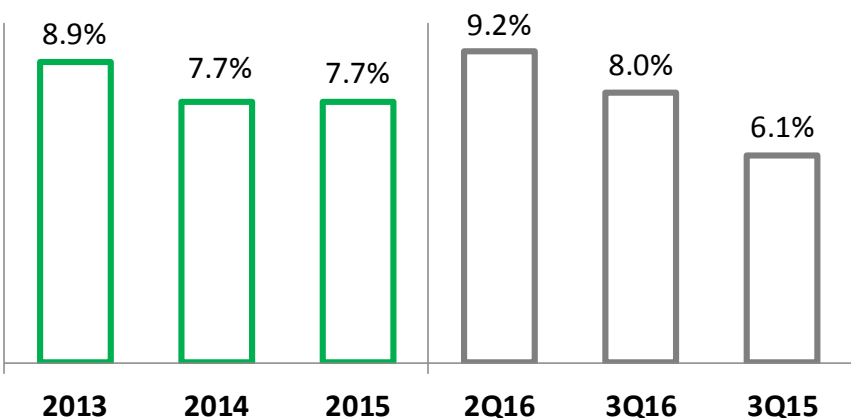
Gross Profit



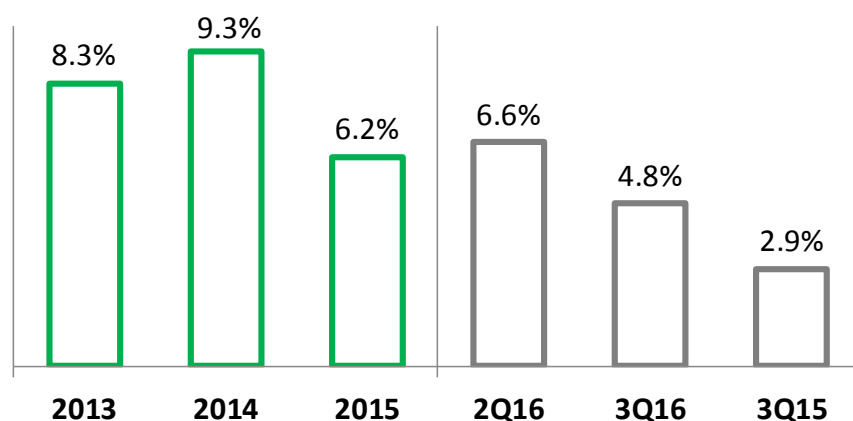
EBIT



EBITDA*



Net Profit



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

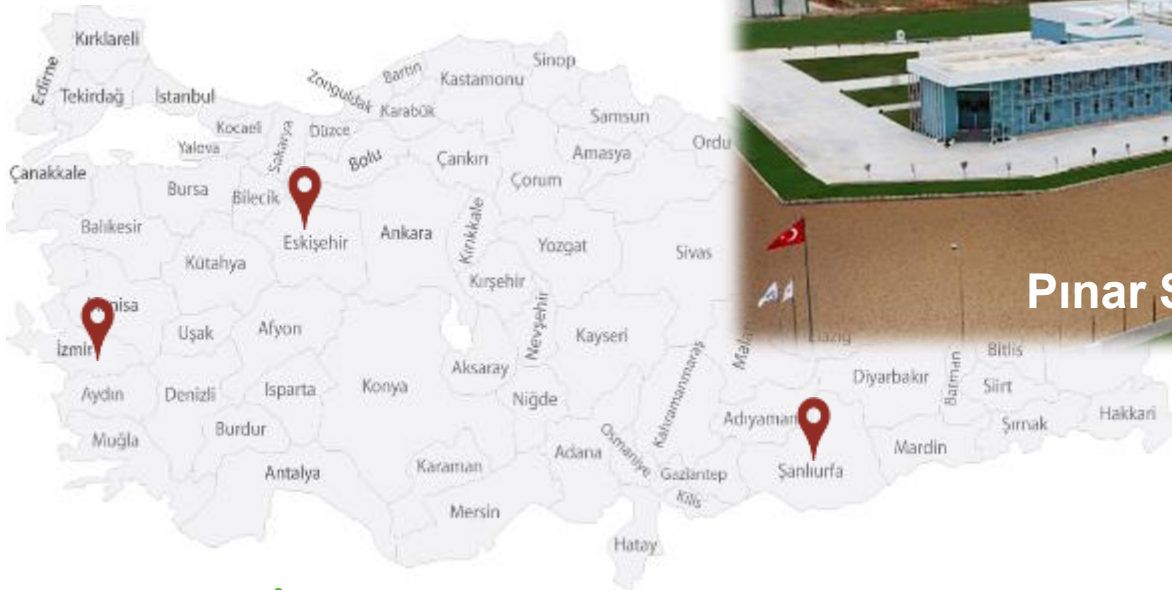
2016-Q3 | Plants and Investments

Plants

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



Pinar Süt Şanlıurfa Plant



Capital Expenditures

- In the first nine months of 2016, 27.2 million TL capital expenditures were realized.

2016-Q3 | Financial Ratios

Balance Sheet Ratios

	2012/12	2013/12	2014/12	2015/12	2016/09
Current Ratio	1.64	1.51	1.42	1.16	1.25
Leverage Ratio	0.29	0.30	0.32	0.34	0.36
Current Borrowings/Total	0.99	1.00	0.55	0.93	0.48
Net Borrowings/EBITDA	0.17	0.05	0.16	0.35	0.61
Net Borrowings/Equity	0.03	0.01	0.02	0.05	0.10
Return on Equity (ROE)	13.12%	14.73%	17.26%	11.15%	14.69%

- 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

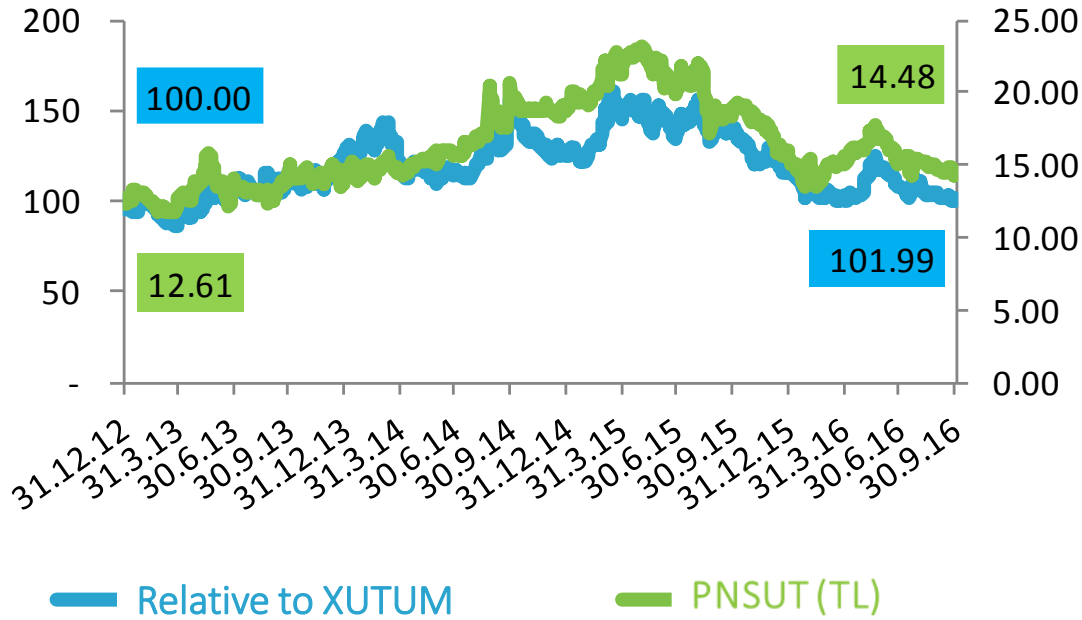
Breau Veritas

Food and Drug Administration

Corporate Governance

Saha Rating

Stock Performance



(TL)

Corporate Governance Rating: 9.18

Borsa İstanbul Ticker Symbol: PNSUT

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Thank you

