



PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

2017-Q3 Earnings Presentation



Dairy Market*

- Market turnover grew by 13.5%, YoY
- Its volume increased by 3.2%, YoY
- All categories achieved turnover growth
- All categories achieved volume growth except yoghurt and butter

Compared to the same quarter of the last year

Consumer Price Index

- Annual Consumer Price Index (CPI) was 11.2% at the end of September.
- Annual unprocessed food inflation, which was 11.4% in July, realized at 15.0% in September.

Source: TSI

Raw Milk Prices

- The National Milk Council raw milk base prices (liter):
Jan 2017 - 1.21 TL
Aug 2017 - 1.30 TL
Oct 2017 - 1.40 TL

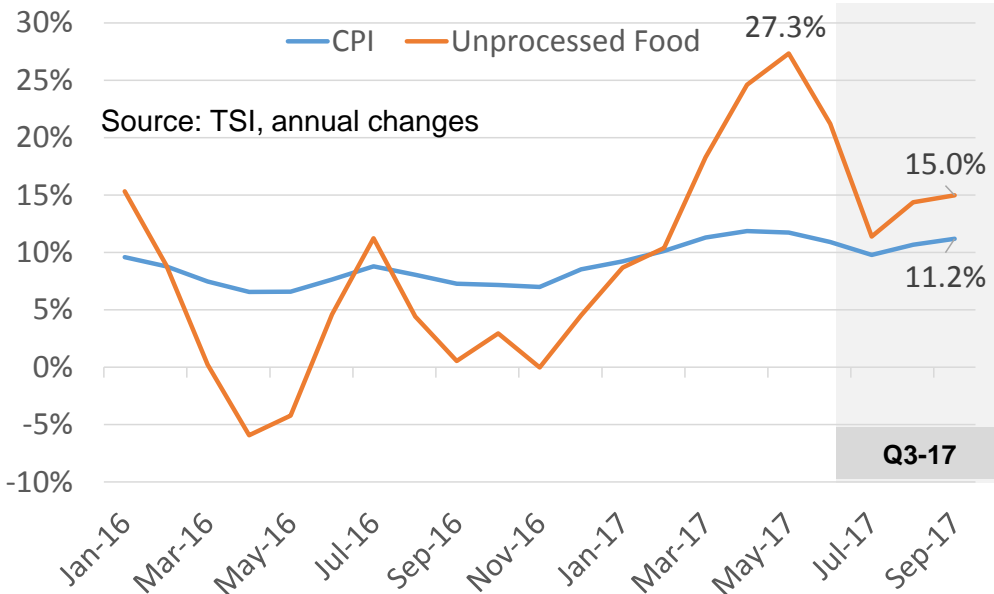
Financial Summary

- Compared to the same quarter of the last year, turnover grew by 26.3%.
- Net Sales; 320.6 million TL
- EBITDA 16.6 million TL
- Net profit; 6.6 million TL

* Total milk, total cheese, homogenized yoghurt, ayran, butter. (BiM excl., Nielsen)

2017-Q3 | Market Dynamics

Inflation and Unprocessed Food Prices



In Q3-2017 unprocessed food prices inflation was above general inflation.

Annual Milk Production in Turkey (m Ton)

Source: TSI

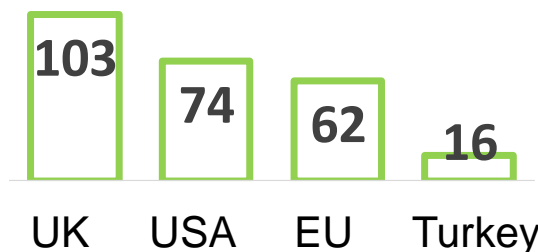
Year	Milk Production (m Ton)
2002	8.4
2003	10.6
2004	10.7
2005	11.1
2006	12.0
2007	12.3
2008	12.2
2009	12.5
2010	13.5
2011	15.1
2012	17.4
2013	18.2
2014	18.6
2015	18.7
2016	18.5

Number of Cattle Milked

Year	Total	Change
2014	5.6 m	
2015	5.5 m	-1.3%
2016	5.4 m	-1.9%

Source: TSI

Per Capita Milk Consumption (Lt)



Packaged Milk Products (%)

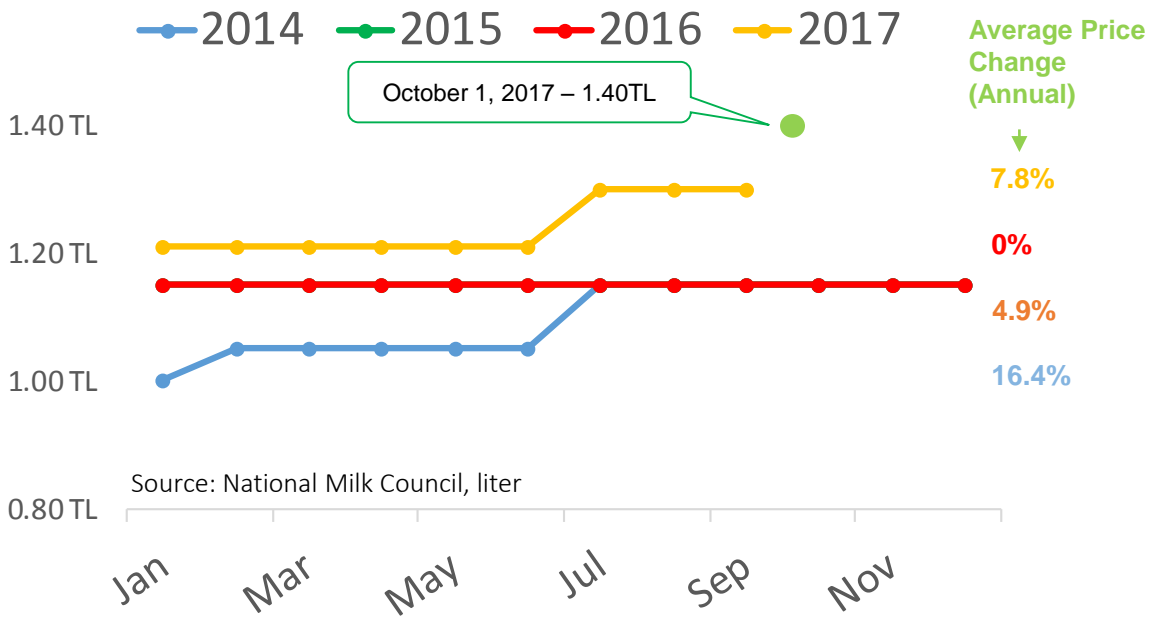
Source: NMC

	2014	2015	2016	2017-1Y
Milk	46.9%	45.8%	43.5%	40.6%
Cheese	42.8%	46.1%	49.6%	50.8%

Sources: IPSOS



2017-Q3 | Market Dynamics



Raw Milk Prices

- The raw milk base prices increased to 1.40 TL (liter) in October 2017.
- Since the beginning of 2017, the raw milk base price has increased by 22% cumulatively.

7.8% The average raw milk base price was above by 7.8% in 2017-9M, YoY

	Volume Share		Penetration	
	2016-H1	2017-H1	2016-H1	2017-H1
UHT Milk	40.6%	37.5%	91.2	92.2

Packaged Milk Products

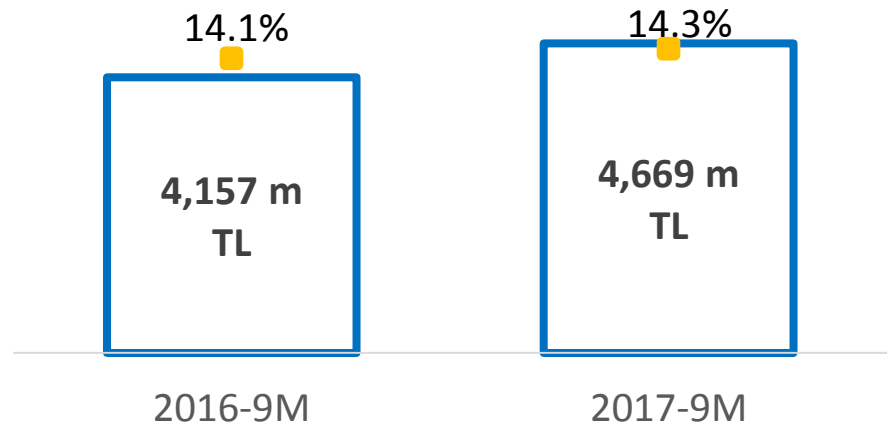
	Volume Share		Penetration	
	2016-H1	2017-H1	2016-H1	2017-H1
Packaged Cheese	48.6%	50.8%	91.5	93.3
Unpackaged Cheese	51.4%	49.2%	78.6	78.7

Increasing Penetration

2017-9M | Market

- In the first nine months of 2017, measurable dairy market* **turnover grew by 12.3%** and **its volume expanded by 3.8%**, YoY.
- Total milk and total cheese constituted **72%** of the market* in terms of turnover.

Dairy Market*



Market Turnover Values Share of Pinar

* Total milk, total cheese, homogenized yoghurt, ayran, butter. (BİM excl., Nielsen)

Product	Market Share	Position
Total UHT Milk	29.9%	#1
UHT Light Milk	63.2%	#1
Enriched Milk (Kids)	82.3%	#1
Spreadable Cheese	32.3%	#1
Fresh Cheese	49.0%	#1
Labaneh	45.4%	#1
Cream Cheese	13.1%	#3
Cottage Cheese	16.9%	#2
Total Cheese	11.3%	#2

Pinar Closest Competitor



2017-Q3 | New Products and Packages



- Pinar Protein Milk and Pinar Protein Yoghurt



- Pinar Latte Art Barista Milk



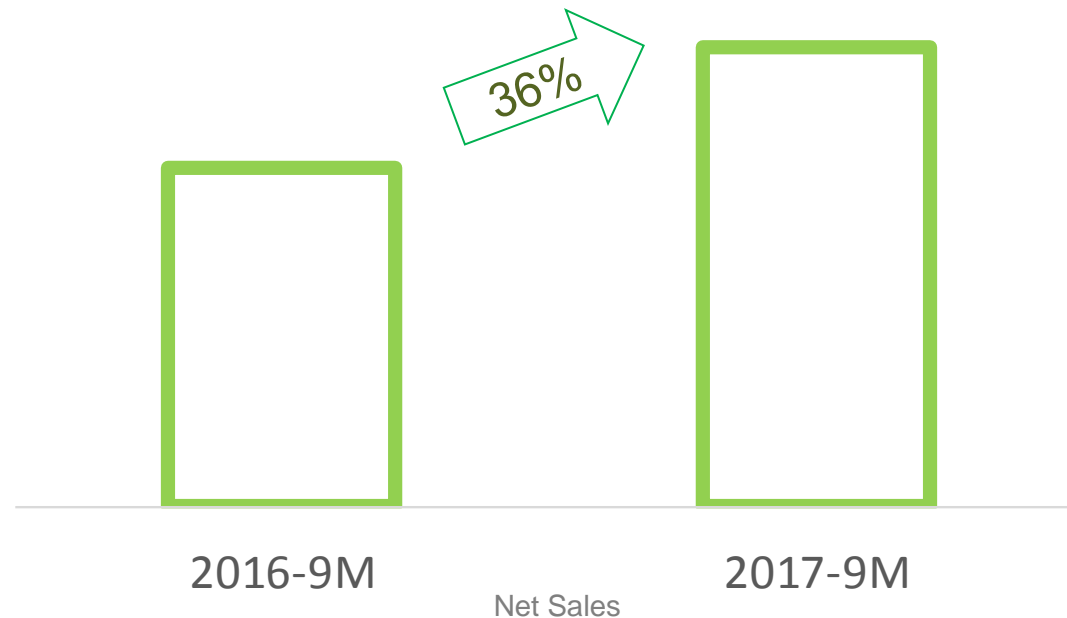
- Pinar Ayran in newly designed package



2017-Q3 | Sales Breakdown

Product Portfolio

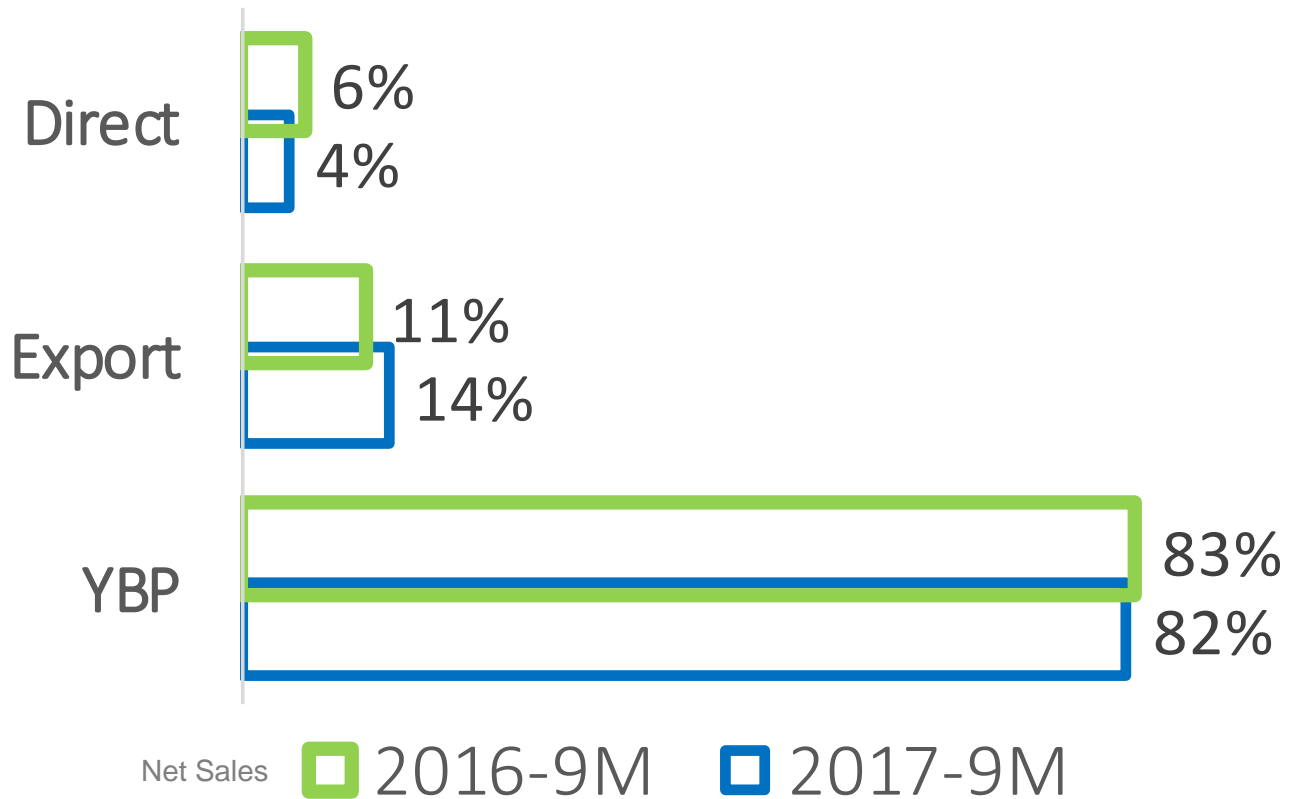
Growth in traditional cheese segment



- Pinar Cottage Cheese achieved a strong position in the market on short notice. It ranks second with a **16.9%** market share in 2017-9M. (BIM excl.)

2017-Q3 | Sales Breakdown | Channels

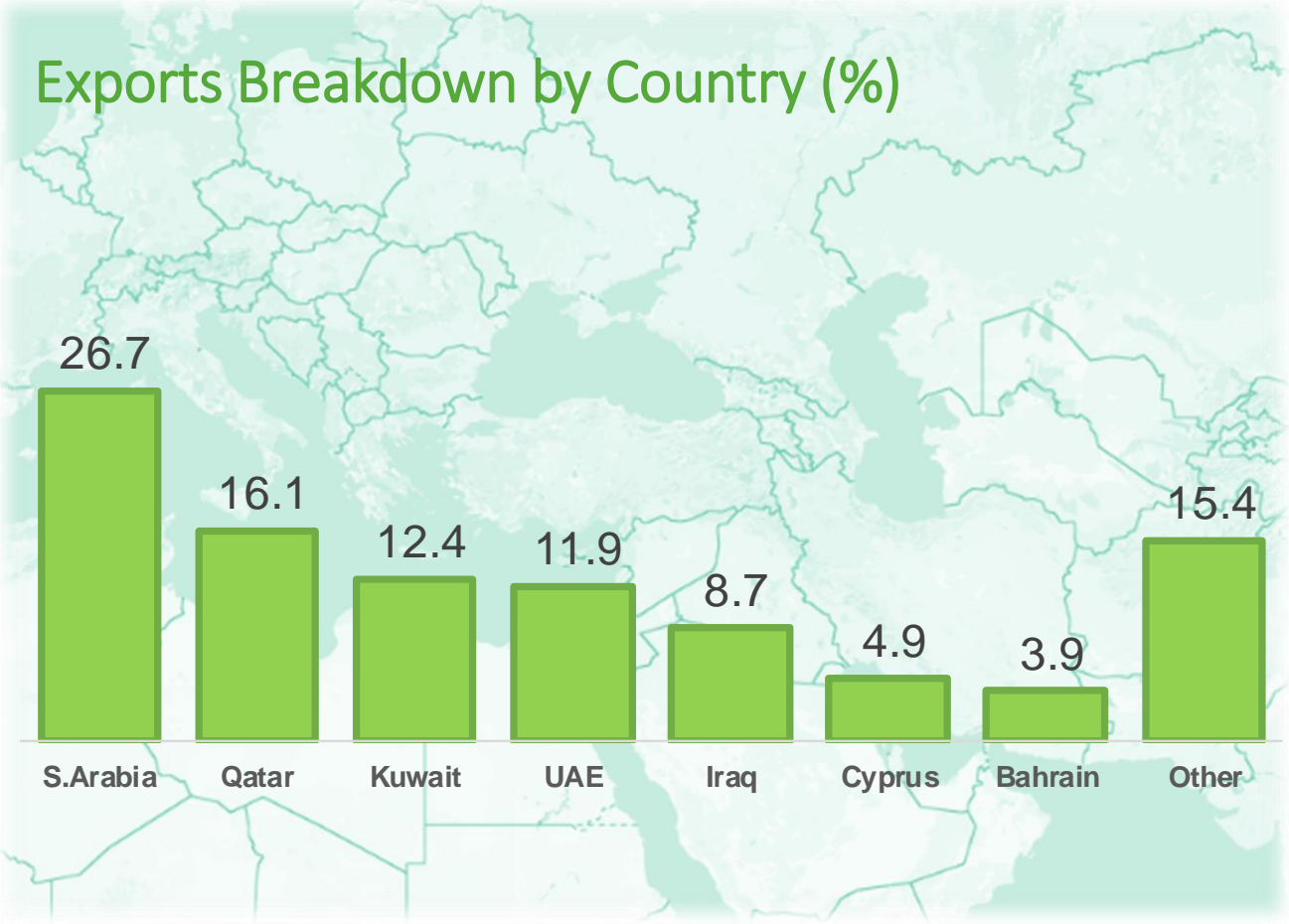
Sales Channels



- Yaşar Birleşik Pazarlama, which is the distribution company of Yaşar Food Group, ranks 116th in 2016 in the top 500 list of Fortune magazine.

2017-Q3 | Sales Breakdown | Export

Exports Breakdown by Country (%)



■ In 2017-9M, **\$ 34.3 million export** was realized and **the YoY growth rate was 10.7% in dollar terms**. The share of exports in net sales (TL) realized 13.6%.

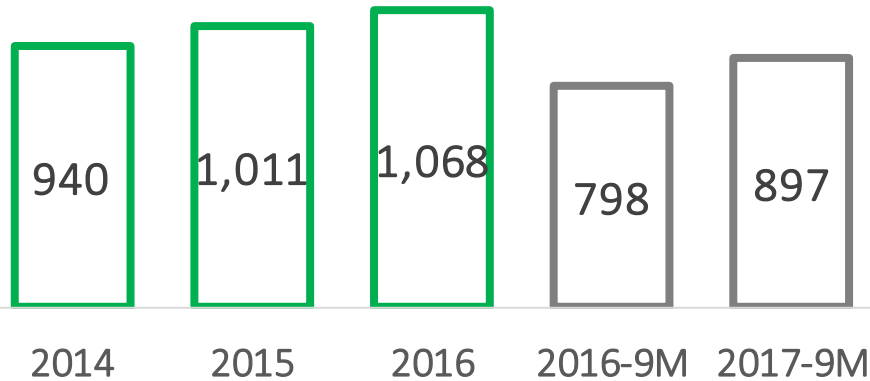
	2013	2014	2015	2016	2017-09
Shares of Exports in Sales	10.9%	12.0%	12.3%	11.9%	13.6%

2017-Q3 | Income Statement

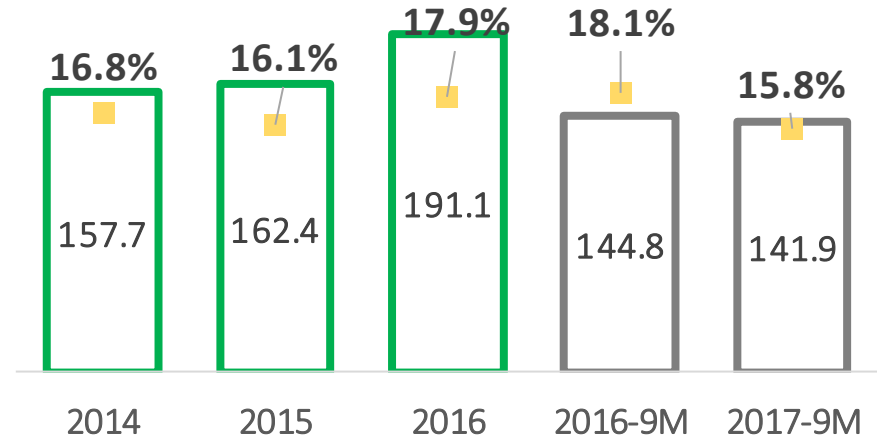
(Million TL)	9M-2017	9M-2016	Difference	% Change
Net Sales	897.1	798.4	98.7	12.4
Cost of Goods Sold	(755.3)	(653.6)	(101.6)	15.5
Gross Profit	141.9	144.8	(2.9)	(2.0)
R&D Expenses	(8.9)	(7.9)	(1.0)	13.1
Sales, Distribution and Marketing Expenses	(64.6)	(53.7)	(10.9)	20.4
General Administration Expenses	(28.8)	(27.6)	(1.2)	4.3
EBIT	39.5	55.6	(16.1)	(29.0)
Shares of Results of Investments				
In Associates	5.2	7.7	(2.5)	(32.2)
Other Expenses (Net)	6.0	2.6	3.4	129.1
Financial Expenses (Net)	(16.7)	(5.9)	(10.8)	182.7
Profit Before Tax	34.0	60.0	(26.0)	(43.3)
Tax	1.5	(4.5)	6.0	(133.9)
Net Profit for the Period	35.5	55.5	(20.0)	(36.0)
EBITDA	61.9	75.9	(14.0)	(18.5)
Total Assets	1,034.9	916.4	118.6	12.9
Equity	581.4	586.0	(4.6)	(0.8)

2017-Q3 | Sales and Profitability

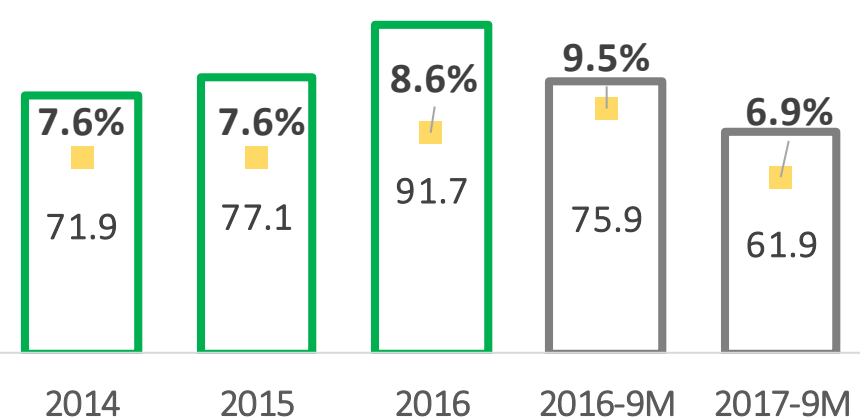
Net Sales (m TL)



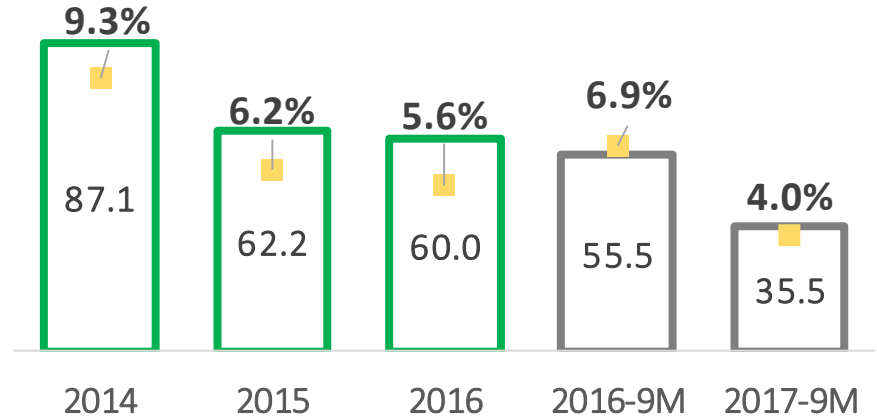
Gross Profit (m TL)



EBITDA* (m TL)



Net Profit (m TL)



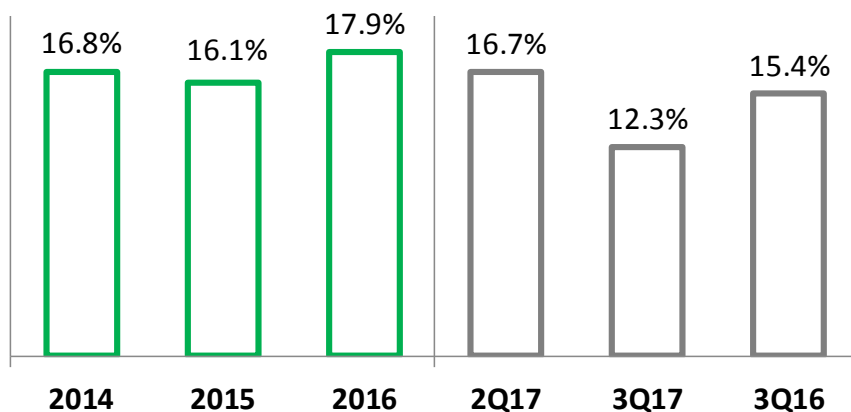
■ Profit Margin

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

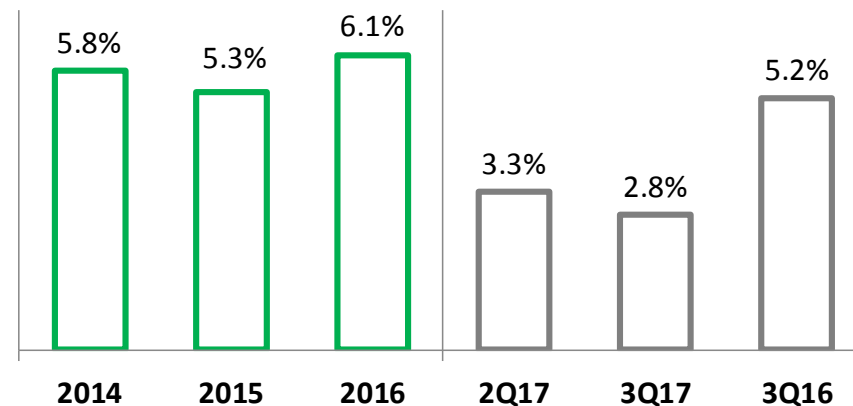


2017-Q3 | Quarterly Profit Margins

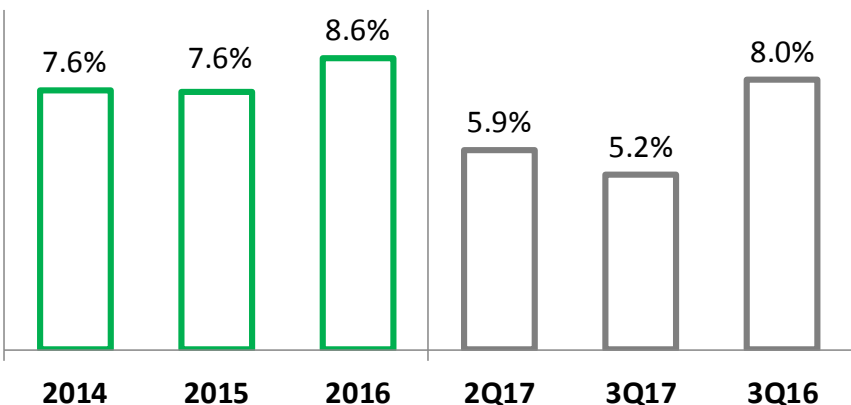
Gross Profit



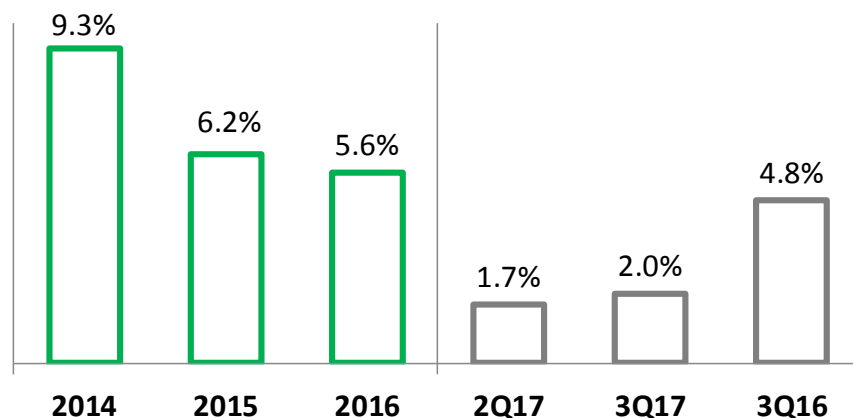
EBIT



EBITDA*



Net Profit



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

2017-Q3 | Financial Ratios

Balance Sheet Ratios

	2013/12	2014/12	2015/12	2016/12	2017/09
Current Ratio	1.51	1.42	1.16	1.23	1.13
Leverage Ratio	0.30	0.32	0.34	0.36	0.44
Current Borrowings/Total Borrowings (Fin.)	1.00	0.55	0.93	0.56	0.83
Net Fin. Borrowings/EBITDA	0.05	0.16	0.35	0.78	1.03
Net Fin. Borrowings/Equity	0.01	0.02	0.05	0.12	0.13
Return on Equity (ROE)	14.7%	17.3%	11.1%	10.2%	6.9%

- In 2017-9M, 28.3 million TL capital expenditures were realized.

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

PricewaterhouseCoopers

Ernst&Young

Production

TSE

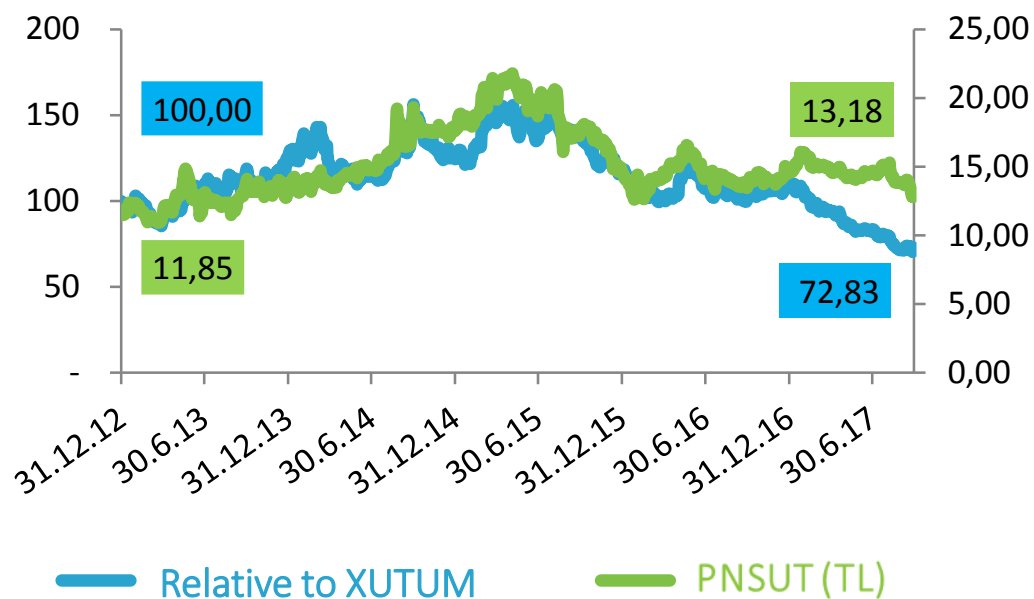
Breau Veritas

Food and Drug Administration

Corporate Governance

Saha Rating

Stock Performance



Corporate Governance Rating: 9.24

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Thank you

