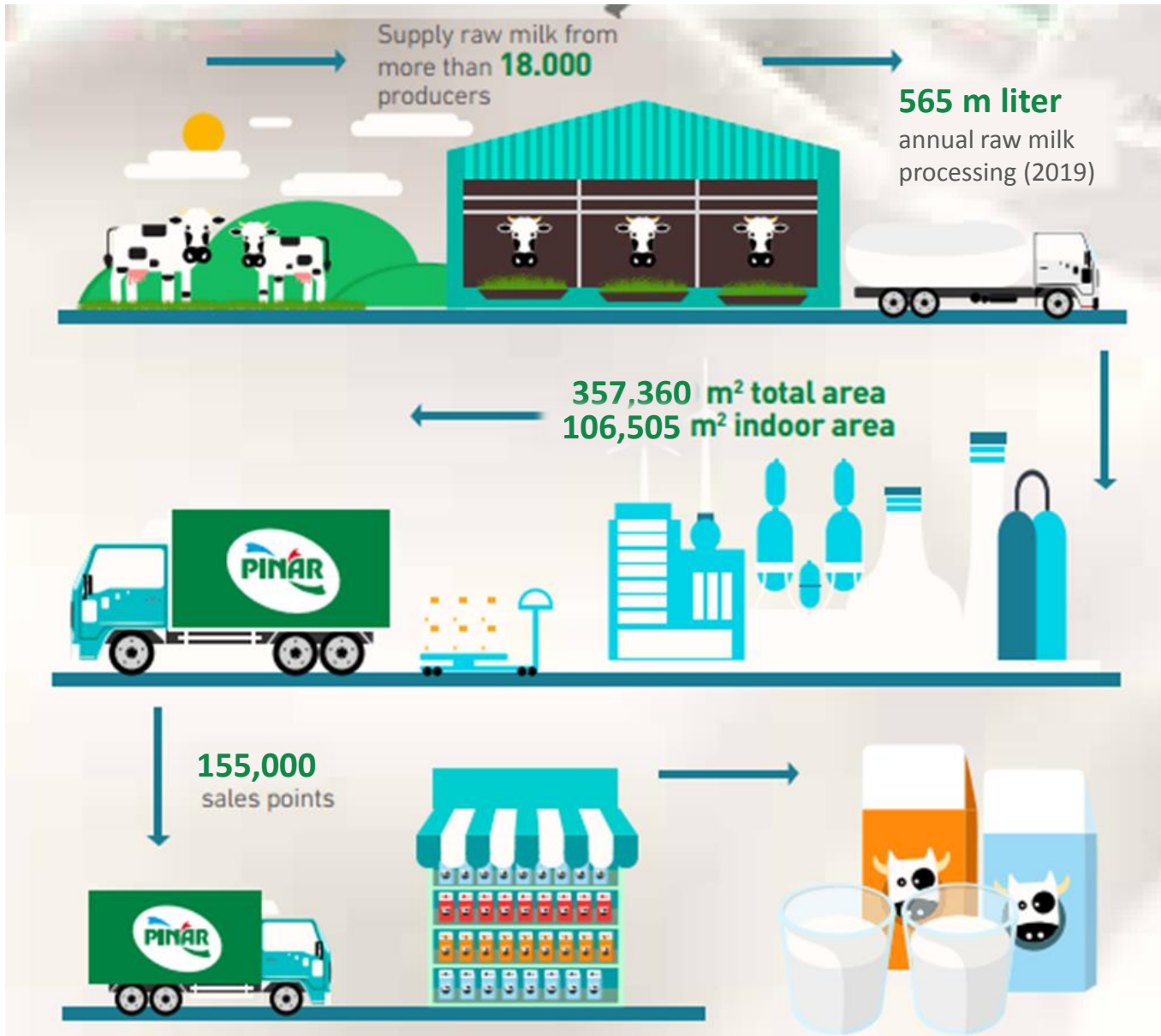




# Pinar Süt

Earnings Presentation  
2019

# PINAR SÜT AT A GLANCE



## HIGHLIGHTS

**1.665**billion TL  
Net Sales**11.9%**Net Sales  
Growth**13**New Product  
Launches**45.9**million USD  
Export Sales**14.5**million TL  
Capex**1,033**Empoloyees in  
2019

In 2019, comparing with the last year, number of milked animals rose by 4.6%, production on the raw milk showed an increase of 3.8% in Turkey. (TSI)

In 2019, production of drinking milk, cow cheese, yoghurt and ayran decreased by respectively 7%, 6%, 1%, 1%, YoY. (TSI)

Raw milk base price which is determined by the National Milk Council increased by 35% in 2019.

The increase in raw milk prices in 2019 is greater than the unprocessed food and CPI increases.

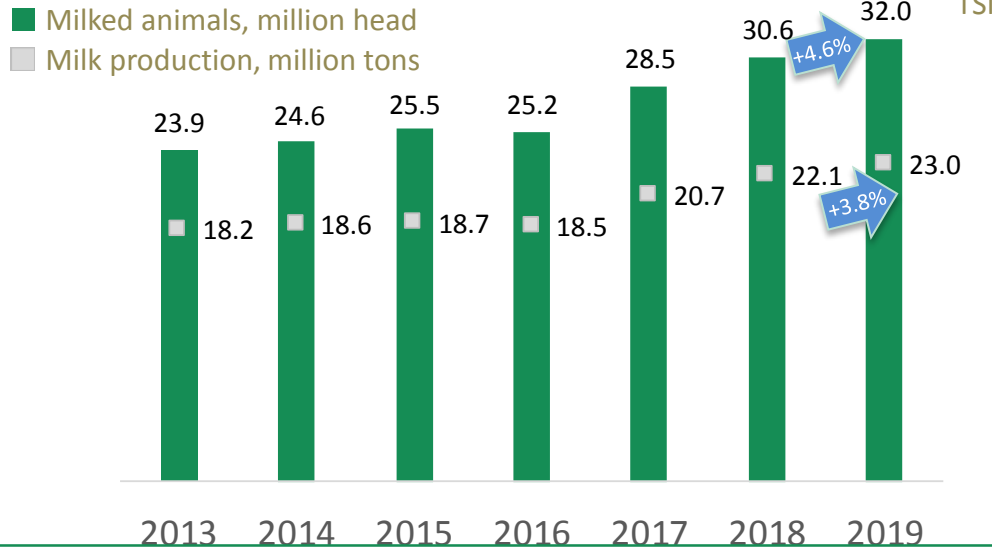
Pınar Süt was selected “Most Admired Company” in the category of “Milk and Dairy Products” based on “Most Admired Companies in the Business World” Research performed by Zenna Research and Consulting under the leadership of Capital Magazine.

Pınar Süt carried of the award of merit in “Turkey Reputation Repman League”, which was the largest and comprehensive reputation management research in Turkey to date.

Pınar Süt was awarded 2019 Gulfood Inovation Prize with Pınar Choco Labne in "Most Innovative Dairy Products" category at the Gulfood Fair held at the Dubai World Trade Center. Pınar Choco Labne developed specifically for the region.

PRODUCTION AND COST

Number of Milked Animals and Raw Milk Production

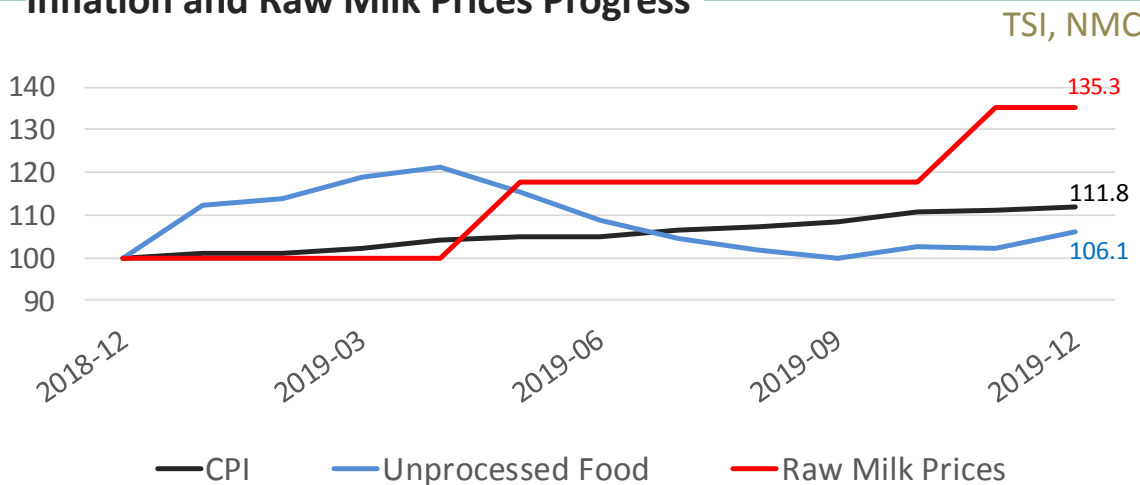


Production of Dairy Products in Turkey

TSI, thousand tons

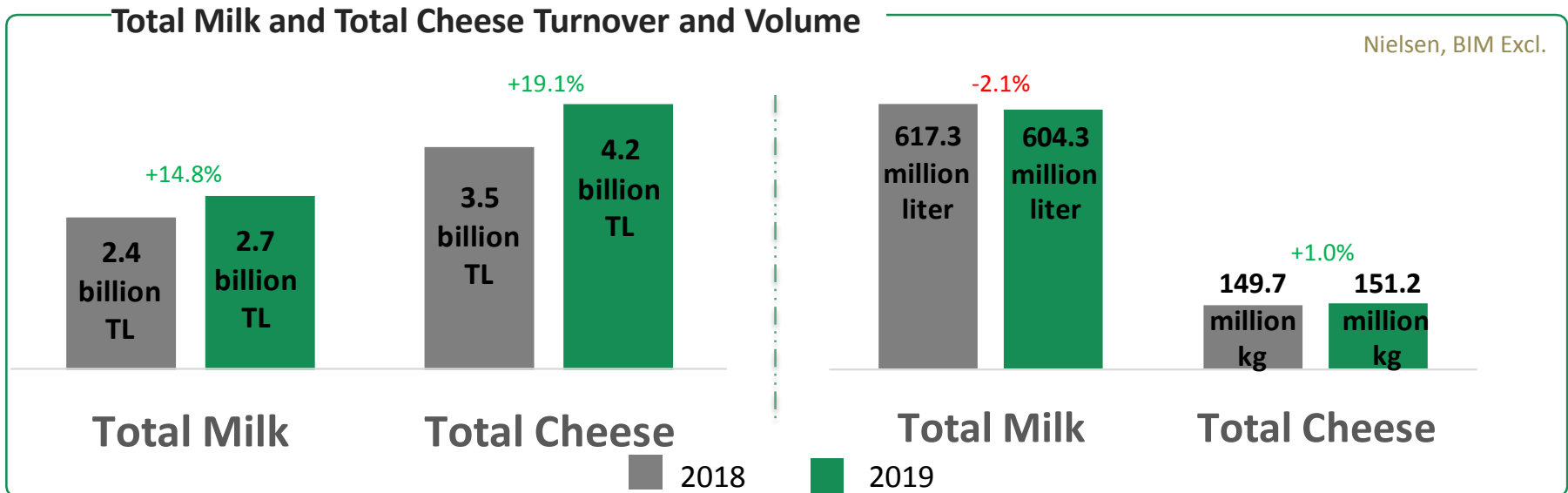
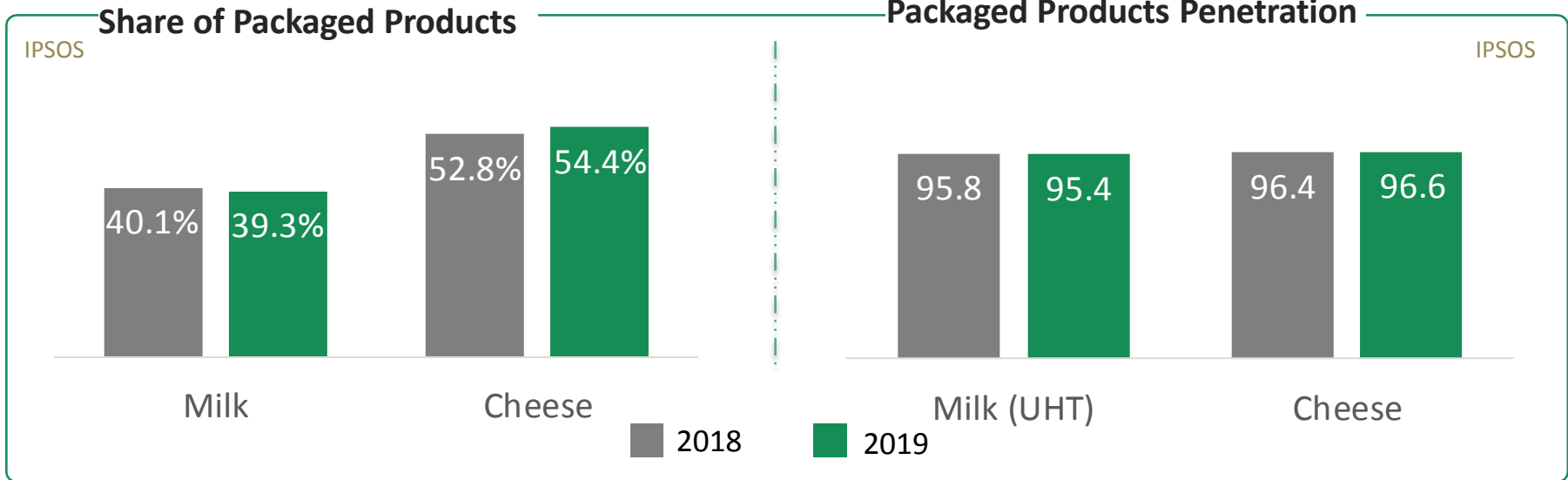
Products	2019	2019	Change
Drinking Milk	1.661	1.540	-7%
Cow Cheese	723	679	-6%
Yoghurt	1.199	1.181	-1%
Ayran	731	720	-1%
Butter	66	74	12%

Inflation and Raw Milk Prices Progress



- The raw milk base price which had been disclosed at the level of 1.70 TL on January 1, 2019 by the National Milk Council, was increased to 2 TL on May 1, 2019, as of November 15, 2019 it has been increased to 2.30 TL.
- Following the price increases in raw milk, the average raw milk base price realized as 22.6% more than previous year.

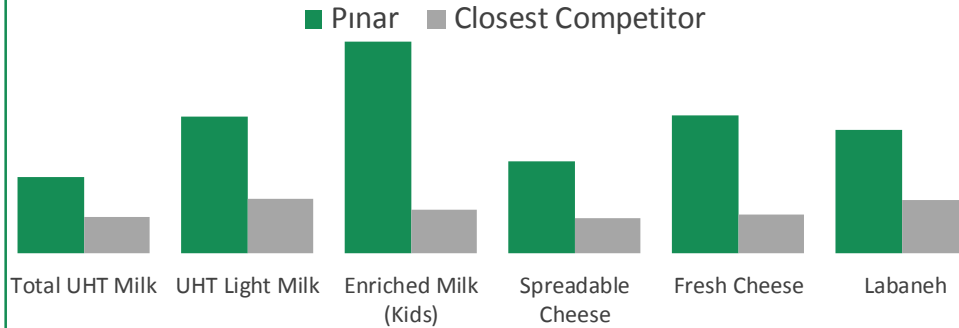
CONSUMPTION AND MARKET



# MARKET POSITION

## Pinar Süt and Competitors

2019, Nielsen, BIM Excl.



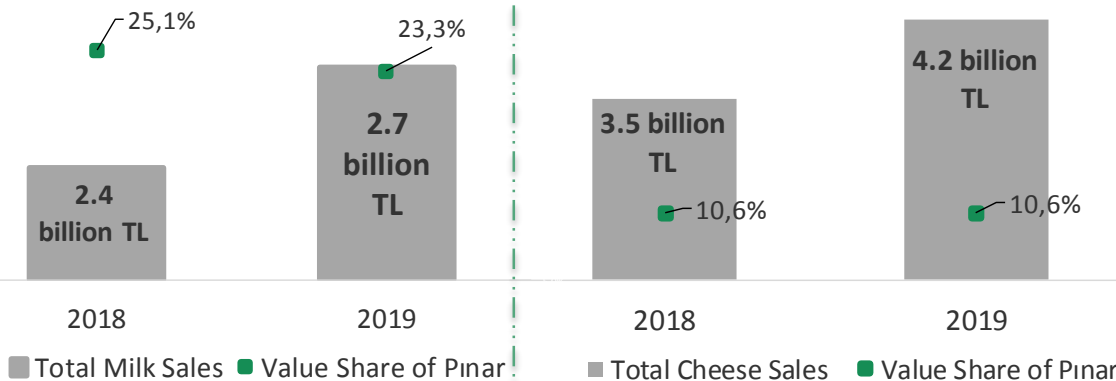
## Market Shares Based on Products

2019, Nielsen, BIM Excl.

Product	Share	Position
Total UHT Milk	27.1%	1#
UHT Light Milk	48.5%	1#
Enriched Milk (Kids)	75.3%	1#
Protein Milk	50.6%	1#
Total Cheese	10.6%	2#
Spreadable Cheese	32.7%	1#
Fresh Cheese	48.9%	1#
Labaneh	44.1%	1#
Cream Cheese	9.9%	3#
Cottage Cheese	20.0%	2#
Kefir	5.3%	4#

## Market Share of Pinar in Total Milk and Total Cheese Categories

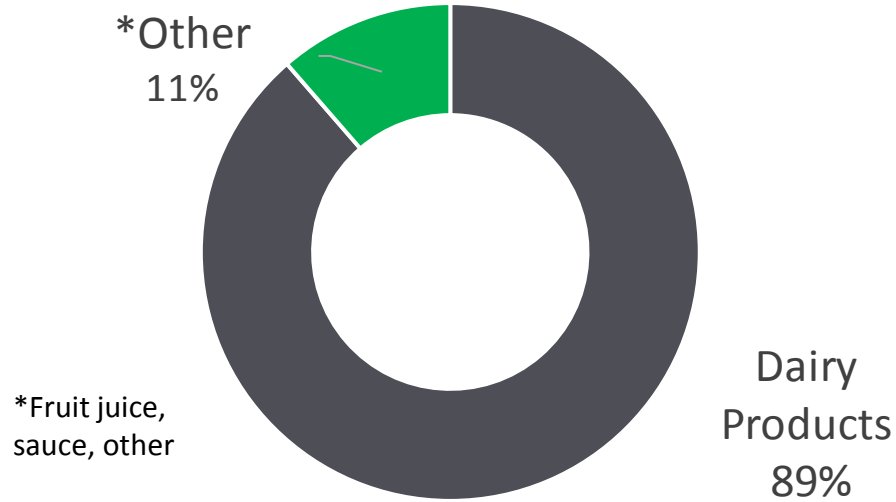
Nielsen, BIM Excl., Sales Value



- In 2019, a contraction occurred on tonnage basis (-2.1%) in the total milk category, while the total cheese category grew by 1.0% in terms of volume, YoY.
- “Pinar Kefir”, which launched last year, enlarged more than two fold as volume basis in 2019 while total kefir category grew by 23.0% in 2019, YoY.

NET SALES BREAKDOWN

Based on Product Groups

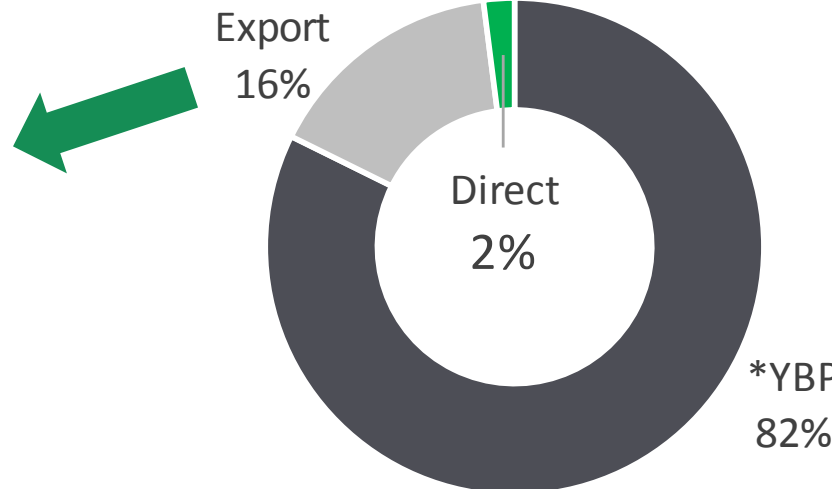


\*Fruit juice, sauce, other

Based on Sales Channel

45.9 million Dollar

S. Arabia	26.9%
Kuwait	11.8%
Iraq	11.1%
UAE	9.2%
Cyprus	5.3%
Qatar	4.5%
Bahrain	4.0%
Azerbaijan	3.7%
Other	23.5%



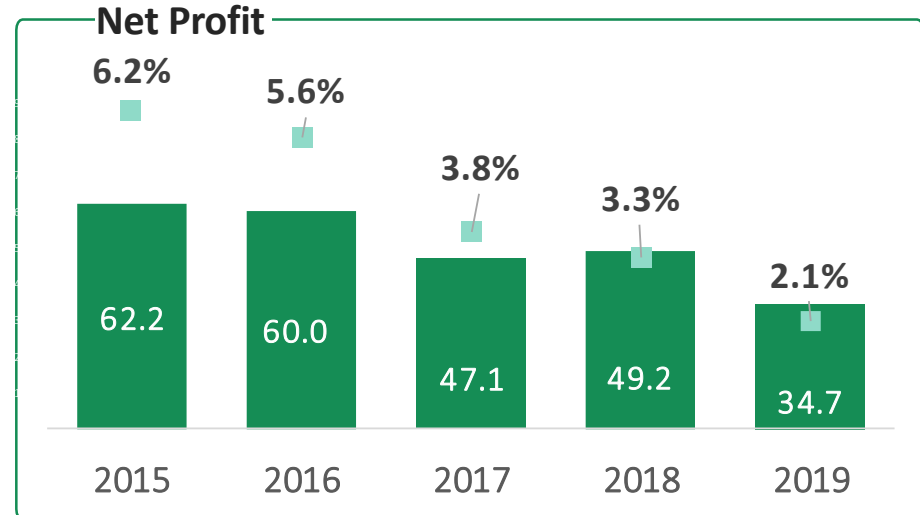
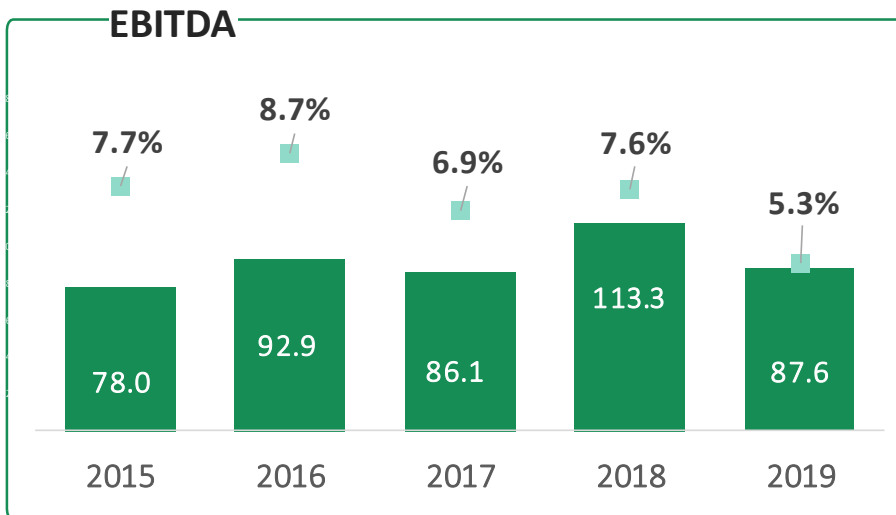
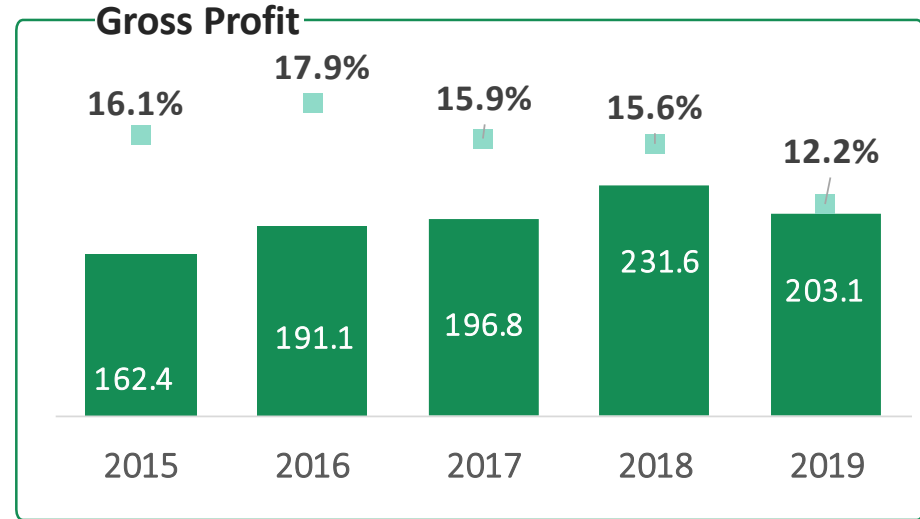
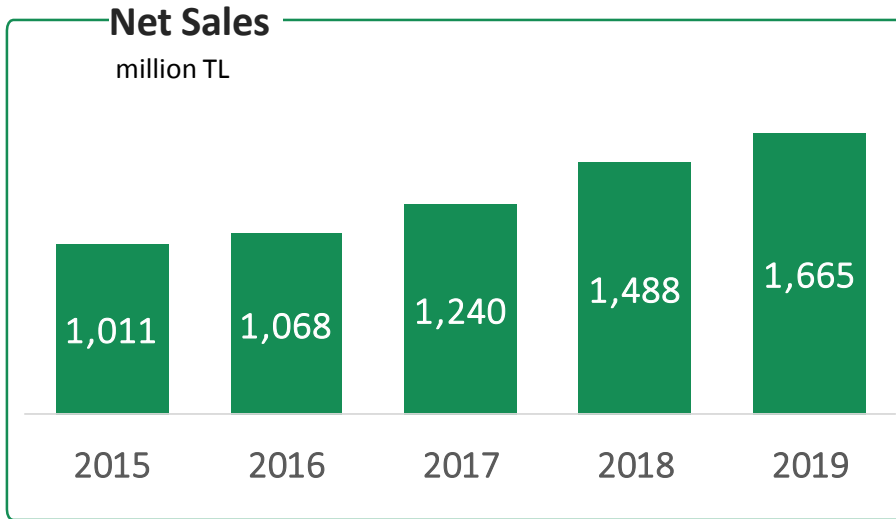
\*Yaşar Birleşik Pazarlama, the distribution company of Yaşar Food Group, ranks 139th in 2018 in the top 500 rankings of Fortune magazine.

**INCOME STATEMENT**

(Million TL)	1/1/2019 12/31/2019	1/1/2018 12/31/2018	Difference	Change
<b>Net Sales</b>	<b>1,664.6</b>	<b>1,487.8</b>	<b>176.8</b>	<b>11.9%</b>
Cost of Goods Sold	(1,461.5)	(1,256.3)	(205.3)	16.3%
<b>Gross Profit</b>	<b>203.1</b>	<b>231.6</b>	<b>(28.5)</b>	<b>-12.3%</b>
R&D Expenses	(14.3)	(13.5)	(0.8)	6.2%
Sales, Distribution and Marketing Expenses	(105.7)	(98.9)	(6.8)	6.9%
General Administration Expenses	(50.1)	(42.4)	(7.7)	18.0%
<b>EBIT</b>	<b>33.0</b>	<b>76.8</b>	<b>(43.8)</b>	<b>-57.0%</b>
<b>EBITDA</b>	<b>87.6</b>	<b>113.3</b>	<b>(25.7)</b>	<b>-22.7%</b>
Shares of Results of Investments in Associates	4.4	13.6	(9.3)	-67.9%
Other Expenses (Net)	25.6	8.8	16.8	189.7%
Financial Expenses (Net)	(37.6)	(62.8)	25.2	-40.1%
<b>Profit Before Tax</b>	<b>25.4</b>	<b>36.5</b>	<b>(11.1)</b>	<b>-30.4%</b>
Tax	9.3	12.7	(3.4)	-27.0%
<b>Net Profit for the Period</b>	<b>34.7</b>	<b>49.2</b>	<b>(14.5)</b>	<b>-29.5%</b>

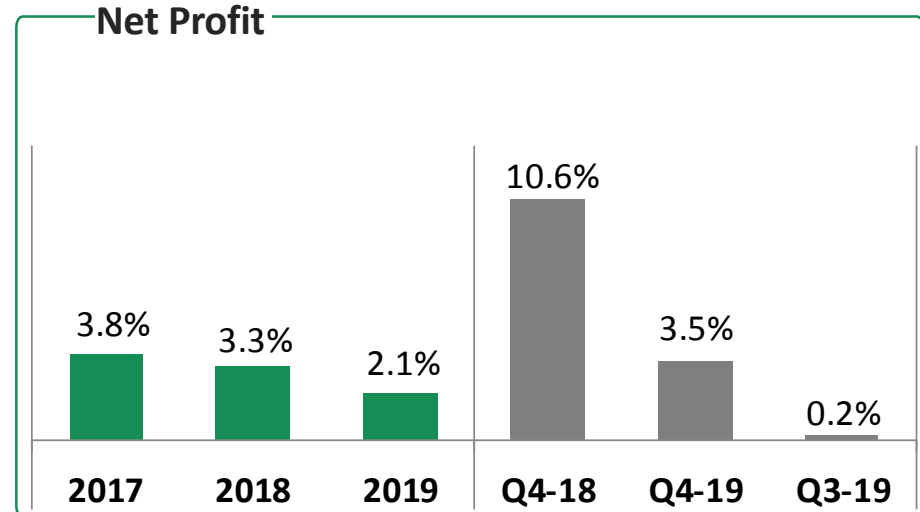
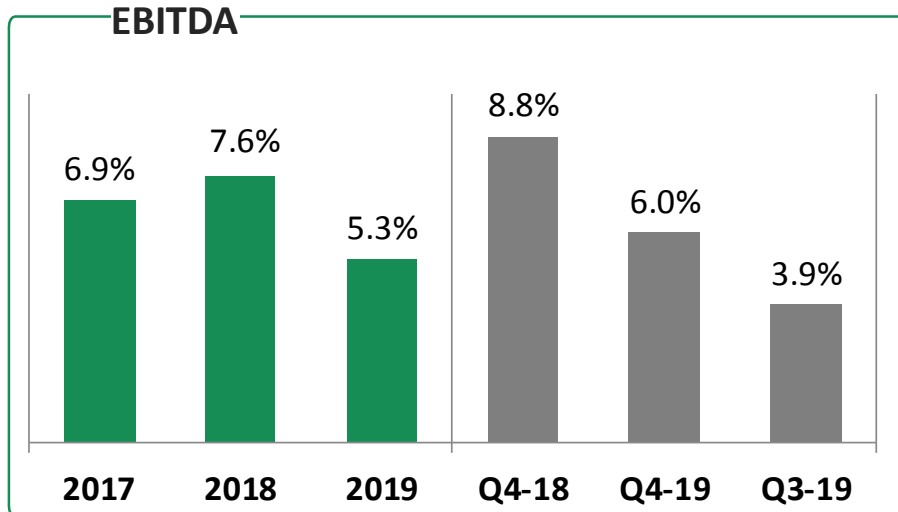
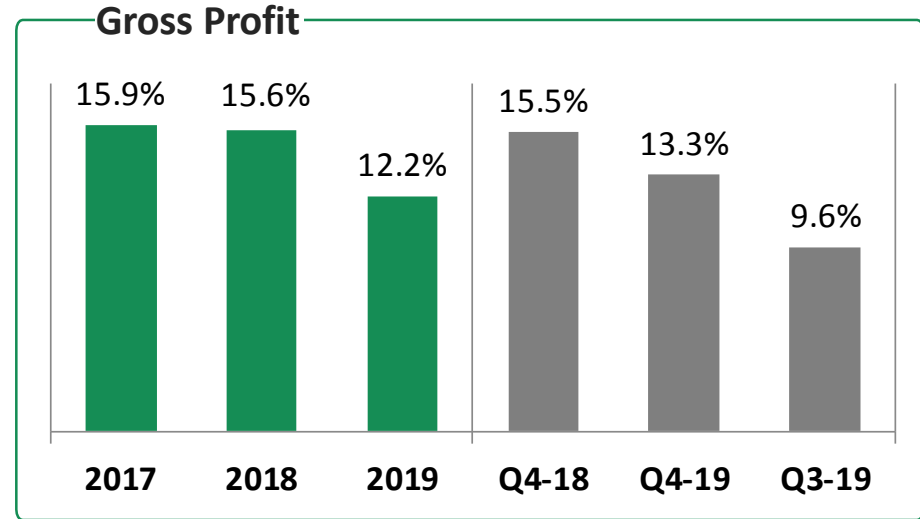
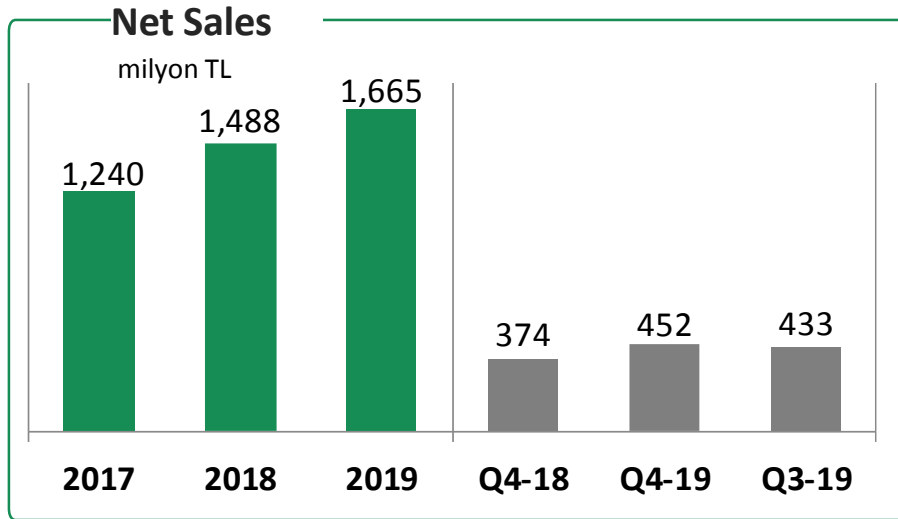


SALES AND PROFITABILITY – ANNUALLY



EBITDA is calculated by adding depreciation and provisions for severance pay (in operating expenses) to operating income, excluding other income /expenses.

SALES AND PROFITABILITY – QUARTERLY



EBITDA is calculated by adding depreciation and provisions for severance pay (in operating expenses) to operating income, excluding other income /expenses.

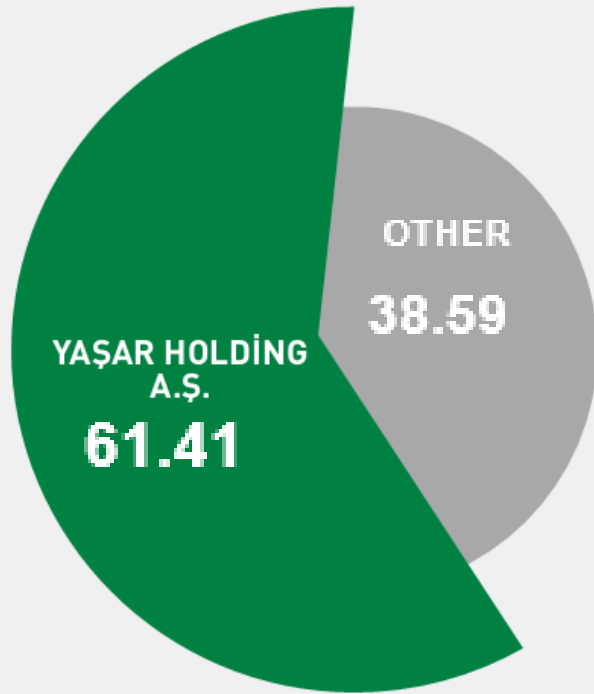
**FINANCIAL RATIOS**

	2015/12	2016/12	2017/12	2018/12	2019/12
Current Ratio	1.16	1.23	1.21	1.07	1.23
Leverage Ratio	0.34	0.36	0.43	0.44	0.42
Current Borrowings/Total Borrowings (Fin.)	0.93	0.56	0.64	0.81	0.44
Net Fin. Borrowings/EBITDA	0.28	0.82	1.29	1.49	1.57
Net Fin. Borrowings/Equity	0.05	0.12	0.21	0.17	0.15
Return on Equity (ROE)	11.1%	10.2%	7.3%	6.7%	3.9%

**CAPITAL EXPENDITURES**

	2015	2016	2017	2018	2019
Capital Expenditures	19 m TL	65 m TL	55 m TL	68 m TL	14.5 m TL

## SHAREHOLDING STRUCTURE OF PINAR SÜT (%)



Shareholder	Share Rate (%)	Share Amount(TL)
YAŞAR HOLDİNG A.Ş.	61.41	27,603,901.57
OTHER	38.59	17,347,149.68
<b>Total</b>	<b>100.00</b>	<b>44,951,051.25</b>

The company's shares are traded at Borsa İstanbul Main Market-Group 1 under the ticker symbol PNSUT.

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