



Pinar Süt

Earnings Presentation
2019-9M

PINAR SÜT AT A GLANCE



HIGHLIGHTS

1.213billion TL
Net Sales**8.8%**Net Sales
Growth**60.4**million TL
EBITDA**32.5**million USD
export sales**6.3**million TL
Capex**1,040**Empoloyees in
2019-9M

- In the first nine months of the year, drinking milk, yoghurt, cow cheese and ayran production respectively decreased by 9%, 1%, 8% and 5%, YoY. (TSI)
- In the last one-year period, the increase in raw milk prices on May 2019 was higher than the increase in unprocessed food and CPI.
- In the first nine months of 2019, 15% and 19% growth achieved in total milk and total cheese categories as turnover basis. In the total cheese category, there was a 0,6% increase in tonnage, while the tonnage decrease of total milk was 1.6%. (Nielsen, BIM Excl.)

MARKET DYNAMICS

PRODUCTION AND COST

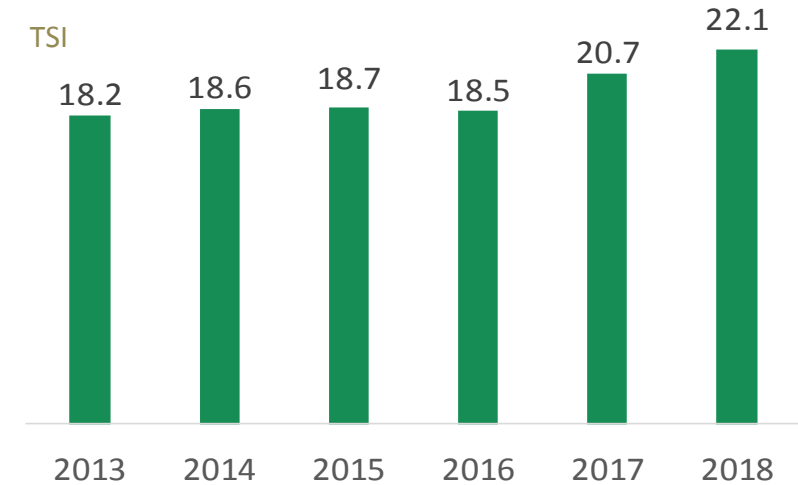
Production of Dairy Products in Turkey

TSI, thousand tons

Products	2018-8M	2019-8M	Change
Drinking Milk	1,133	1,029	-9%
Cow Cheese	496	455	-8%
Yoghurt	813	803	-1%
Ayran	492	469	-5%

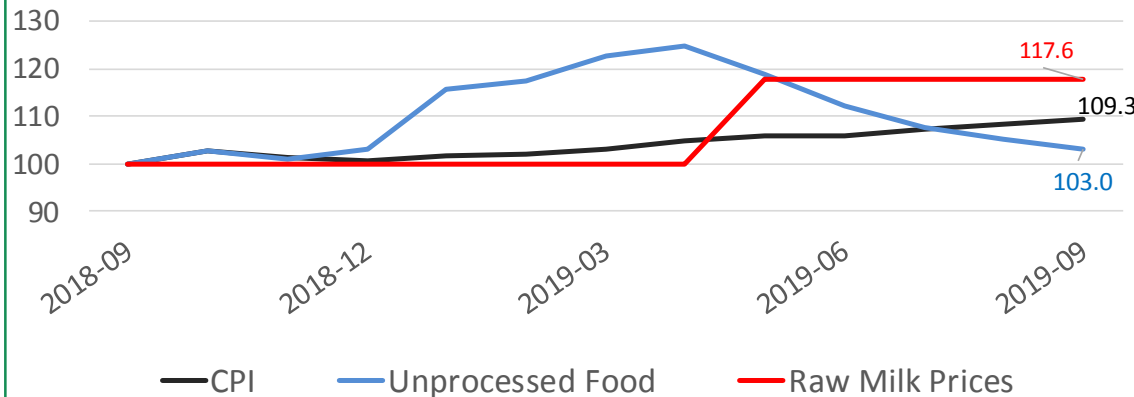
Raw Milk Production in Turkey

TSI



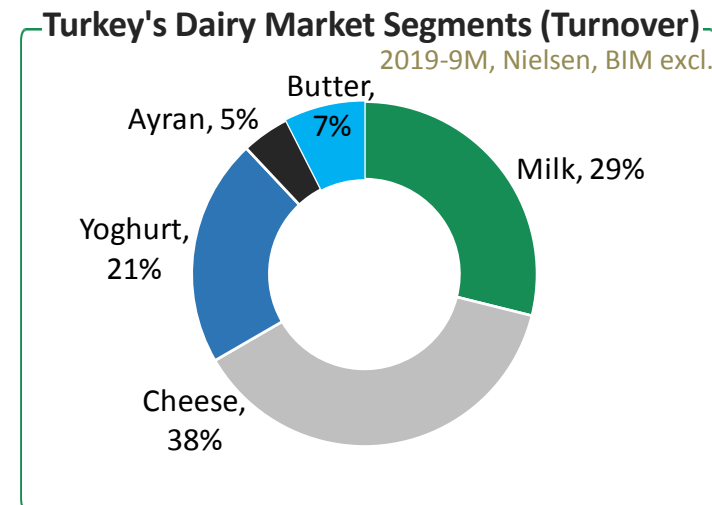
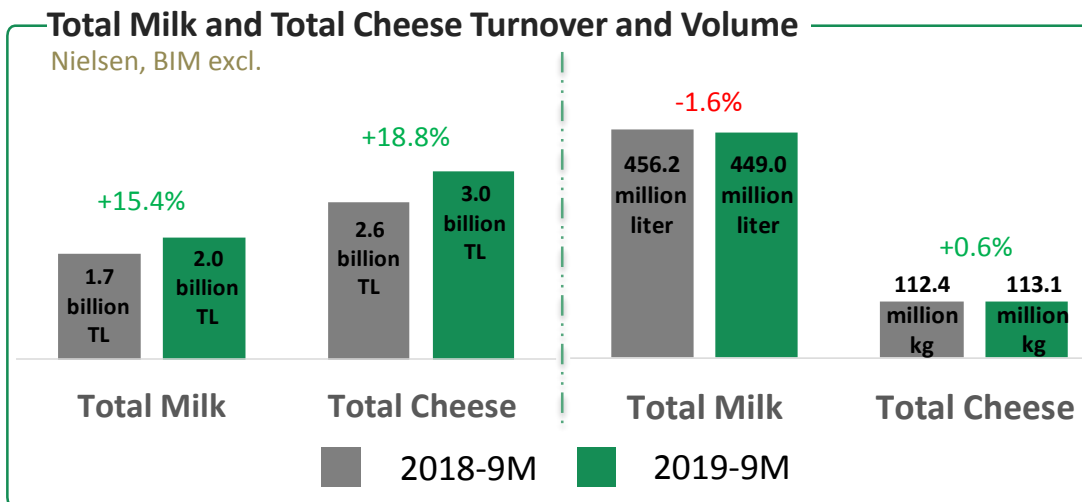
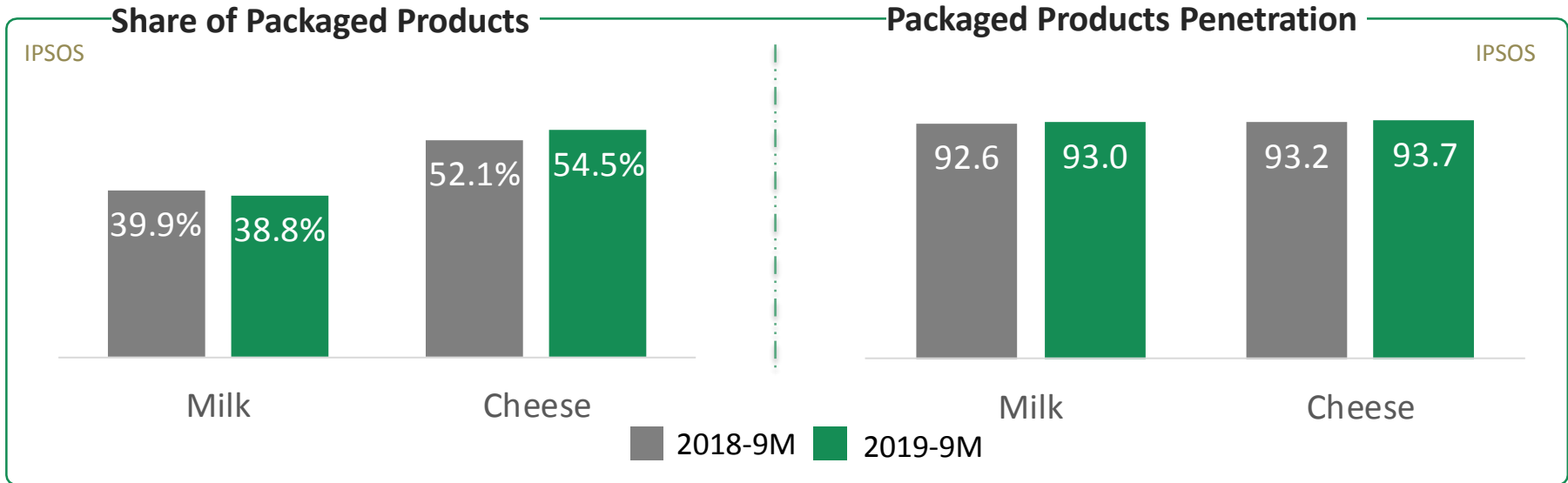
Inflation and Raw Milk Prices Progress

TSI, NMC



- The raw milk base price, which was determined by the National Milk Council as of 1 May at 2.00 TL/liter, was determined as 2.30 TL/liter as of November.
- After the price increases in raw milk the average raw milk base price realized 20.2% above in 2019-9M while 21.7% was higher in 2019-Q3 compared to the same period of previous year.

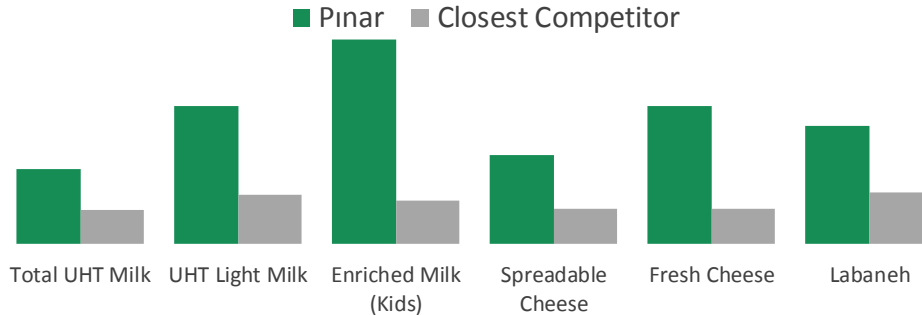
CONSUMPTION AND MARKET



MARKET POSITION

Pinar Süt and Competitors

2019-9M , Nielsen, BIM Excl.



- In the first nine months of 2019, a contraction occurred on a tonnage basis (-1.6%) in the total milk category compared to the same period of the previous year, while the total cheese category grew by 0.6% on a tonnage basis.
- Pinar Kefir category which was launched last year grew by more than two fold as volume basis in 2019-9M (Nielsen) compared to the same period of the previous year. Pinar Süt increase its share in this category each passing day.

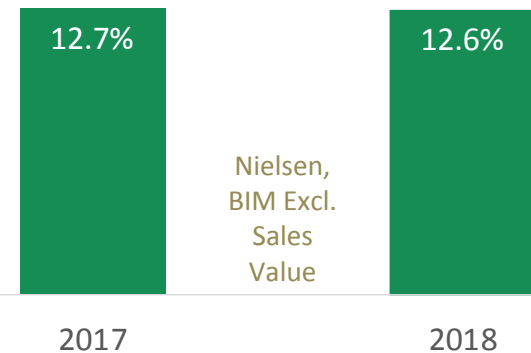
Market Shares Based on Products

2019-9M , Nielsen, BIM Excl.

Product	Share	Position
Total UHT Milk	27.5%	1#
UHT Light Milk	51.0%	1#
Enriched Milk (Kids)	75.3%	1#
Protein Milk	50.7%	1#
Total Cheese	10.6%	2#
Spreadable Cheese	32.7%	1#
Fresh Cheese	50.7%	1#
Labaneh	43.6%	1#
Cream Cheese	10.1%	3#
Cottage Cheese	18.6%	2#

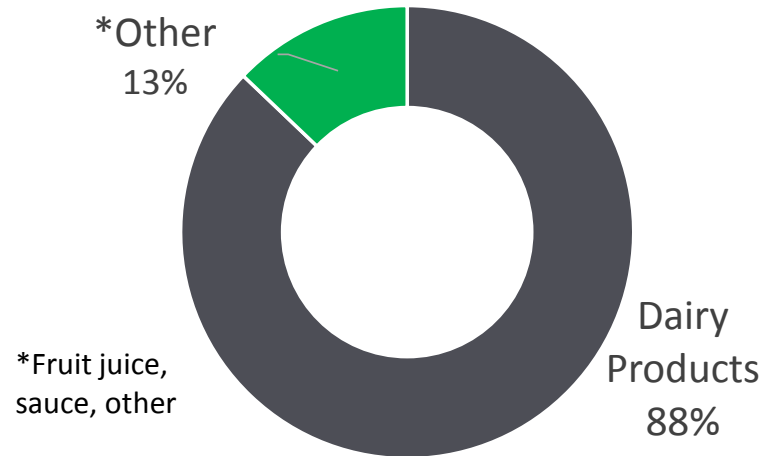
Market Share in Dairy Market

Milk, Cheese, Yoghurt, Ayran, Butter

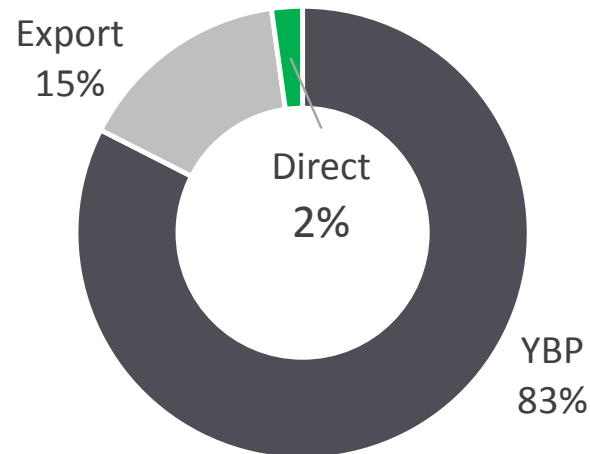


NET SALES BREAKDOWN

Based on Product Groups



Based on Sales Channel



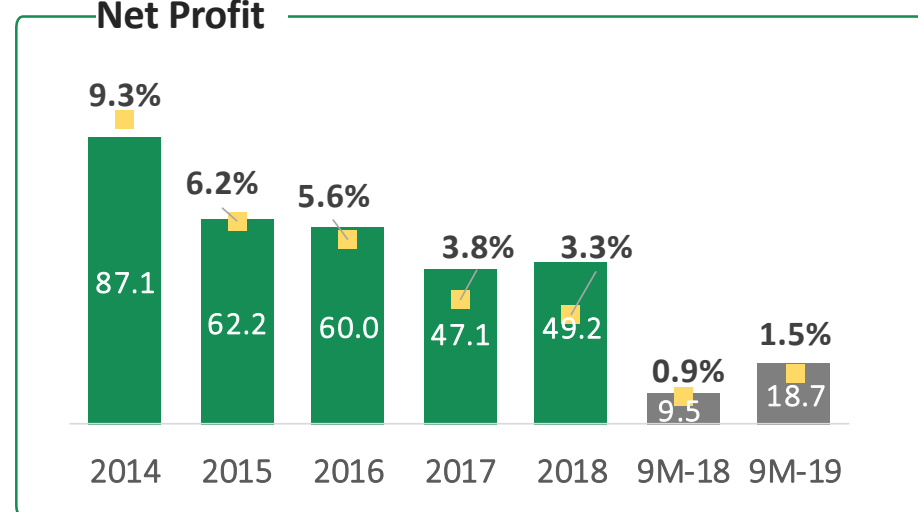
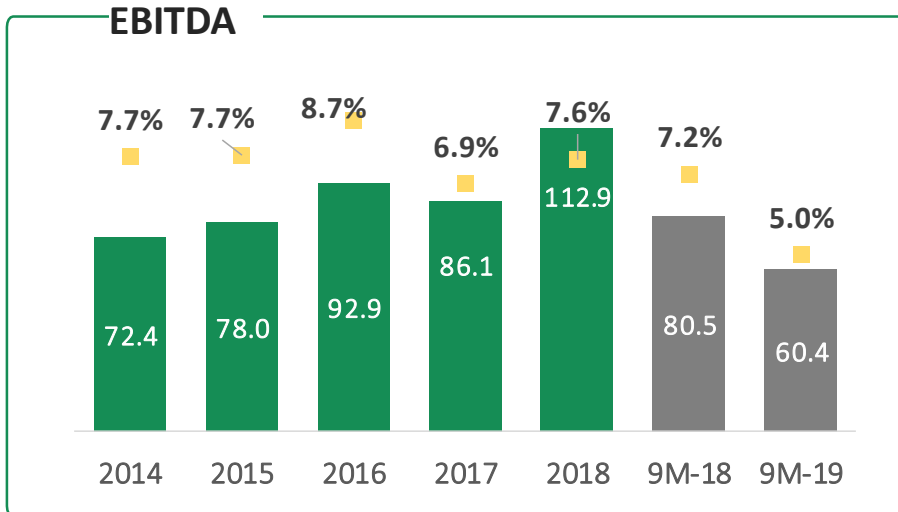
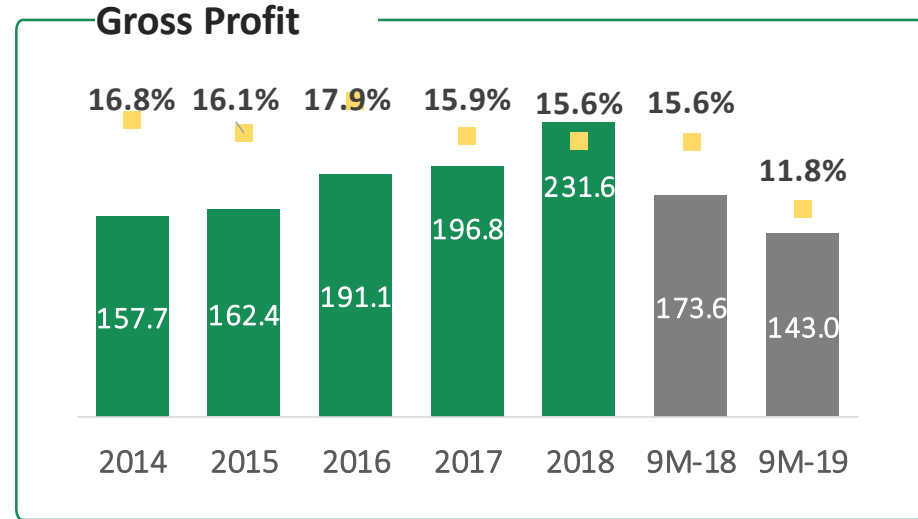
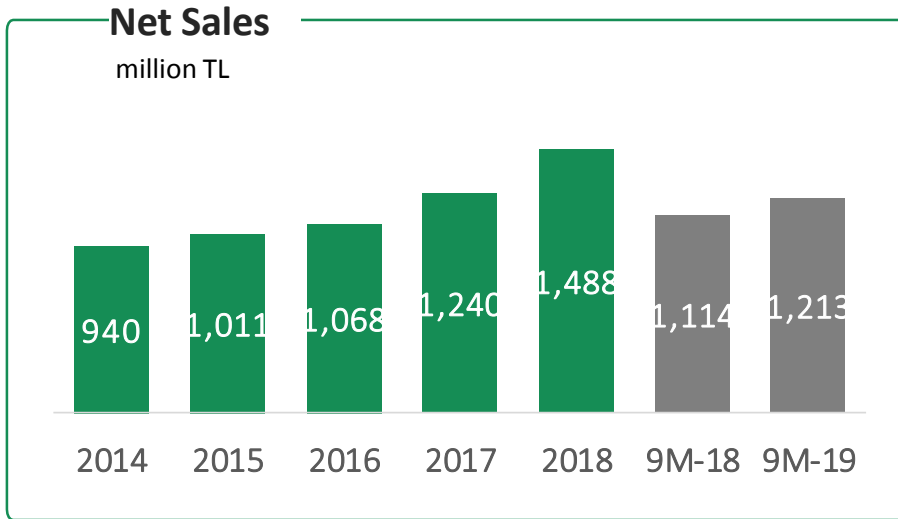
32.5 million Dollar

<i>S. Arabia</i>	24.9%
<i>Kuwait</i>	11.8%
<i>Iraq</i>	11.0%
<i>UAE</i>	8.4%
<i>Qatar</i>	5.3%
<i>Cyprus</i>	5.1%
<i>Bahrain</i>	4.3%
<i>Other</i>	29.2%

INCOME STATEMENT

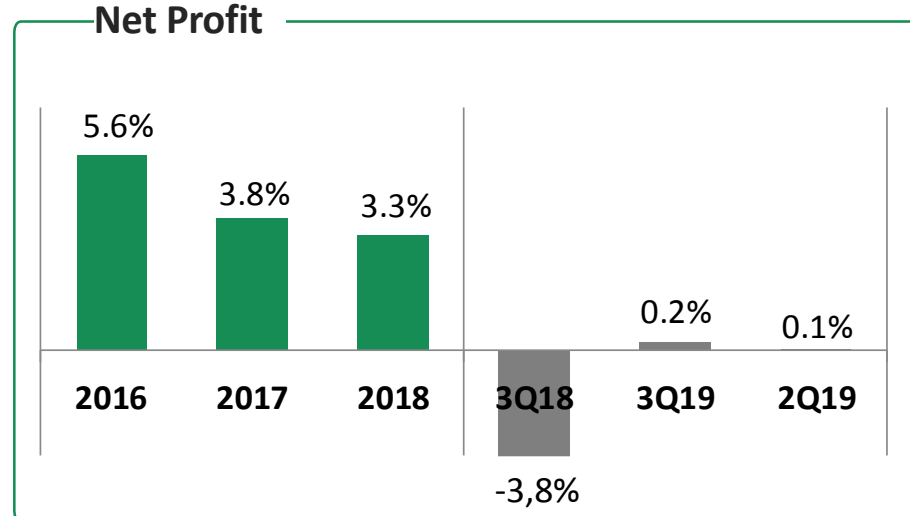
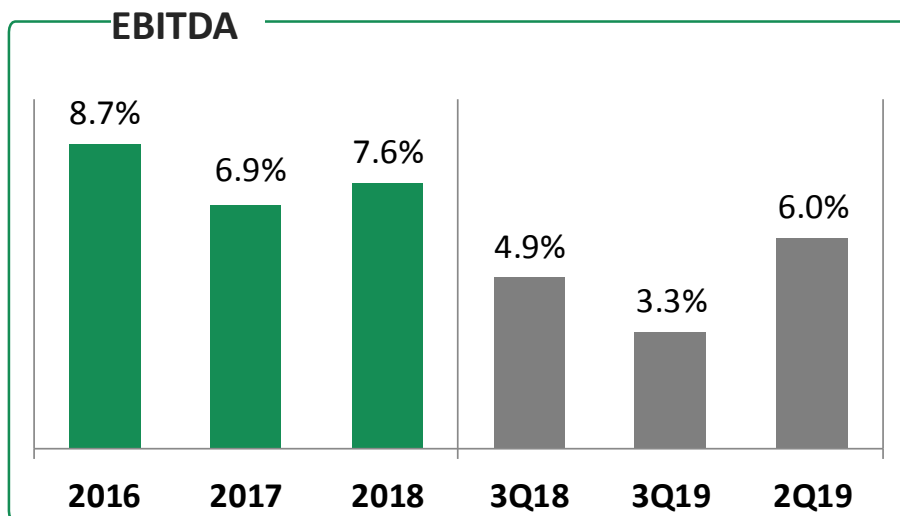
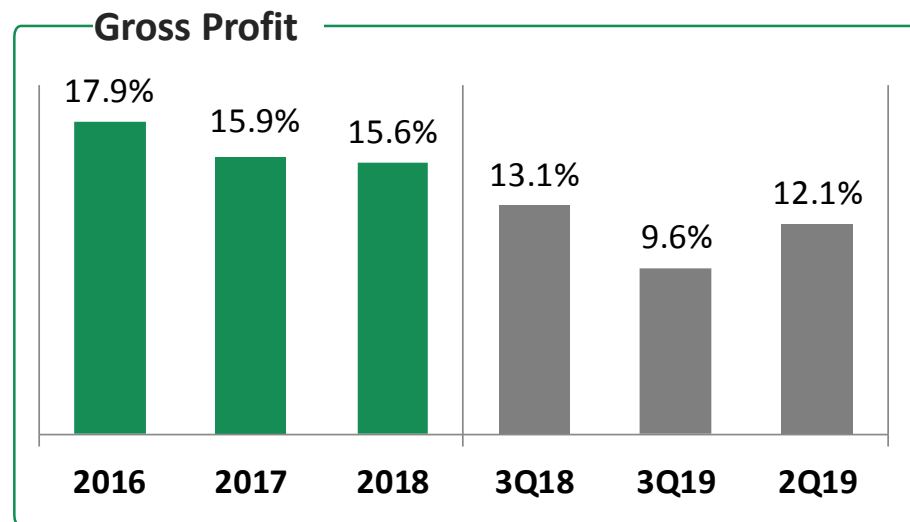
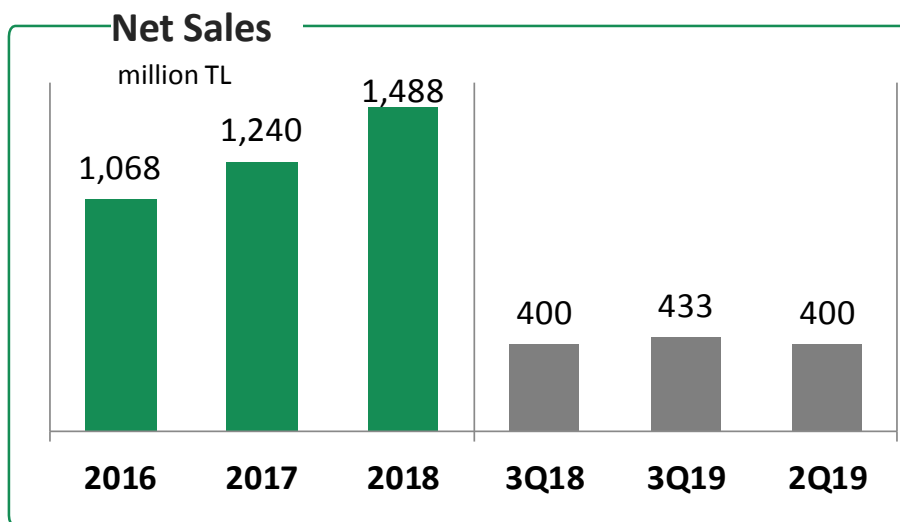
(Million TL)	1/1/2019 9/30/2019	1/1/2018 9/30/2018	Difference	Change
Net Sales	1,212.6	1,114.1	98.5	8.8%
Cost of Goods Sold	(1,069.5)	(940.4)	(129.1)	13.7%
Gross Profit	143.0	173.6	(30.6)	-17.6%
R&D Expenses	(10.8)	(9.4)	(1.4)	14.8%
Sales, Distribution and Marketing Expenses	(73.7)	(79.1)	5.4	-6.8%
General Administration Expenses	(37.1)	(31.6)	(5.5)	17.5%
EBIT	21.4	53.5	(32.1)	-60.0%
EBITDA	60.4	80.5	(20.0)	-24.9%
Shares of Results of Investments in Associates	3.4	7.5	(4.1)	-54.3%
Other Expenses (Net)	22.5	16.0	6.5	40.5%
Financial Expenses (Net)	(26.4)	(72.0)	45.6	-63.3%
Profit Before Tax	20.9	5.1	15.8	312.2%
Tax	(2.2)	4.4	(6.6)	-149.4%
Net Profit for the Period	18.7	9.5	9.2	97.5%

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.

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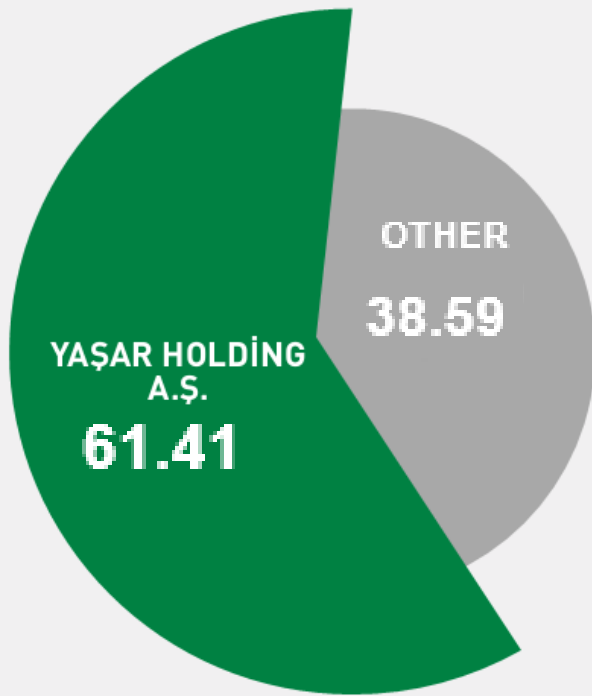
FINANCIAL RATIOS

	2015/12	2016/12	2017/12	2018/12	2019/09
Current Ratio	1.16	1.23	1.21	1.07	1.06
Leverage Ratio	0.34	0.36	0.43	0.44	0.44
Current Borrowings/Total Borrowings	0.93	0.56	0.64	0.81	0.95
Net Fin. Borrowings/EBITDA	0.34	0.76	1.69	1.16	1.86
Net Fin. Borrowings/Equity	0.05	0.12	0.21	0.17	0.22
Return on Equity (ROE)	11.1%	10.2%	7.3%	6.7%	7.4%

CAPITAL EXPENDITURES

	2015	2016	2017	2018	2018/09	2019/09
Capital Expenditures	19 m TL	65 m TL	55 m TL	68 m TL	22.5 m TL	6.3 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
Total	100.00	44,951,051.25

The company's shares are traded at Borsa İstanbul Star Market under the ticker symbol PNSUT.

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