

PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

Earnings Presentation, 2016-Q1

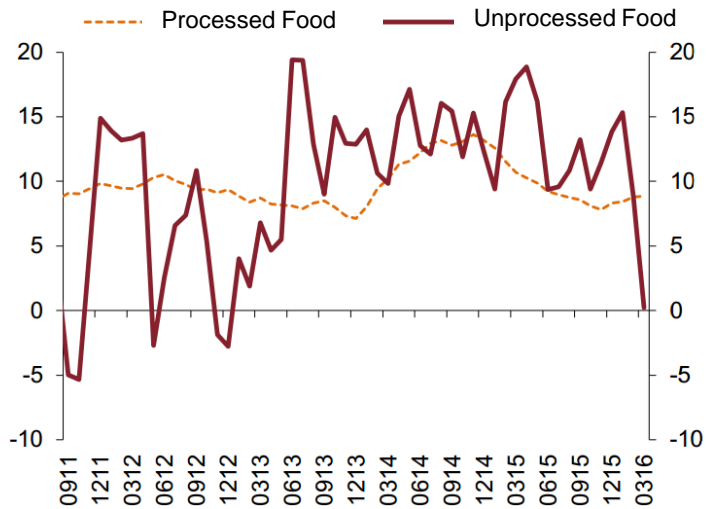


2016-Q1 | Highlights

- The total dairy* market turnover grew by 5.5% and its volume increased by 3.6% in the first quarter of 2016, YoY. Except yoghurt, all categories achieved growth.
- Decline in unprocessed food prices affected decrease in Consumer price index (CPI) in the first quarter of 2016. In that period, annual consumer price index (CPI) realized at 7.46% while annual food inflation was 4.06%. (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 quarter of 2016, the company realized 273.9 m TL net sales and achieved EBITDA of 30.9 m TL and 25.5 m TL net profit.

2016-Q1 | Dynamics

Food Prices



While the processed food inflation were increasing slightly, the unprocessed food inflation decreased sharply in the first quarter of 2016.

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%

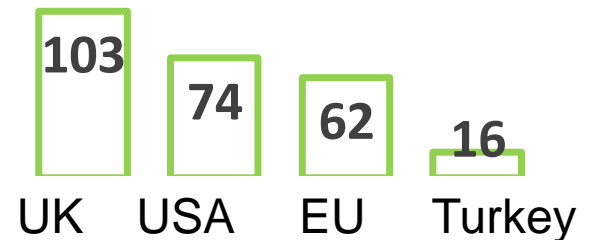
Source: TSI

Packaged Milk Products (%)

	2013	2014	2015
Milk	47.0%	46.9%	45.8%
Cheese	37.2%	42.8%	46.1%

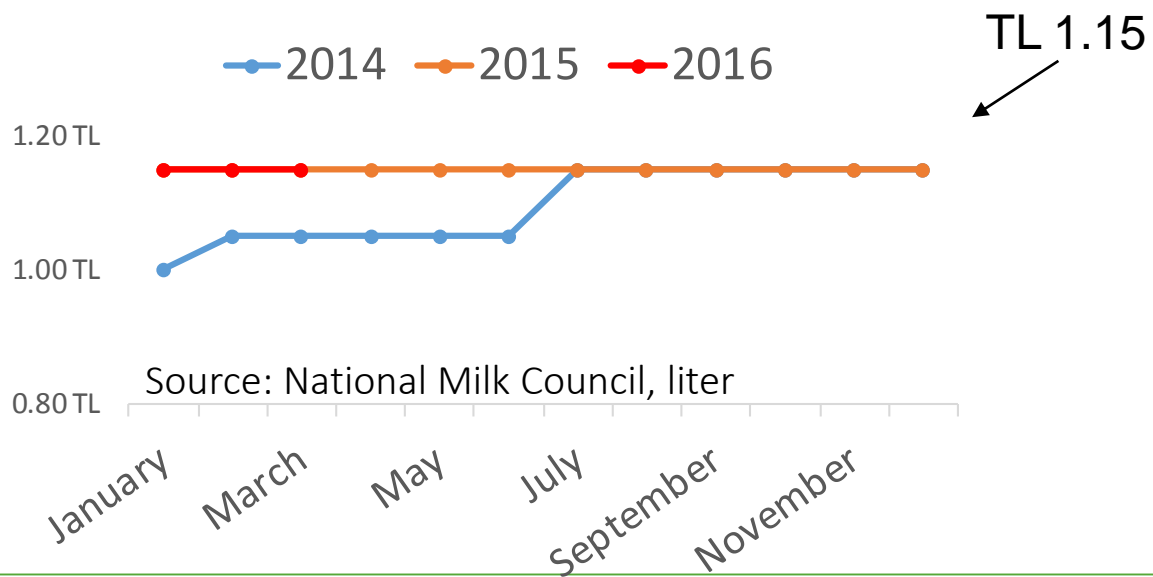
Source: IPSOS

Per Capita Milk Consumption (Lt)



Source: NMC

2016-Q1 | Dynamics



Raw Milk Prices

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

In the first quarter of 2016, the raw milk base price remained at the same level in comparison with the last year.

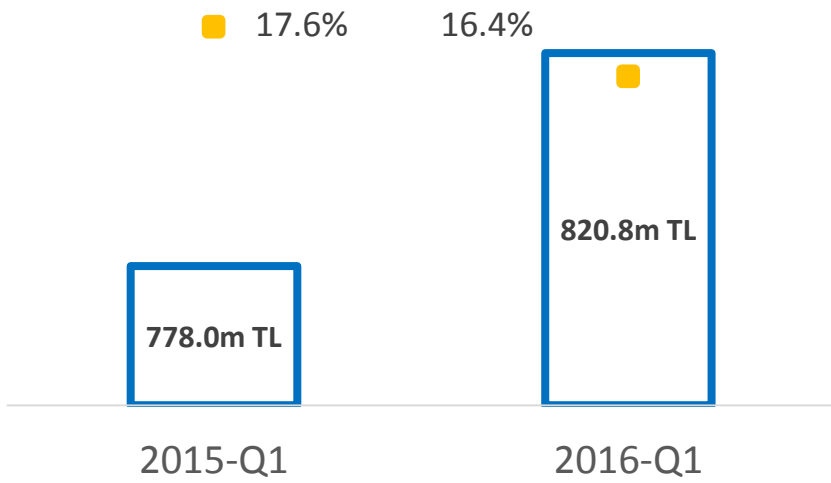
	Volume Share		Penetration	
	2014	2015	2014	2015
UHT Milk	44.1%	43.0%	93.4	94.2

Packaged Milk Products

	Volume Share		Penetration	
	2014	2015	2014	2015
Packaged Cheese	42.8%	46.1%	93.1	94.6
Unpackaged Cheese	57.2%	53.9%	90.0	88.4

- Increasing penetration

2016-Q1 | Market



■ Market Turnover ■ Values Share of Pinar

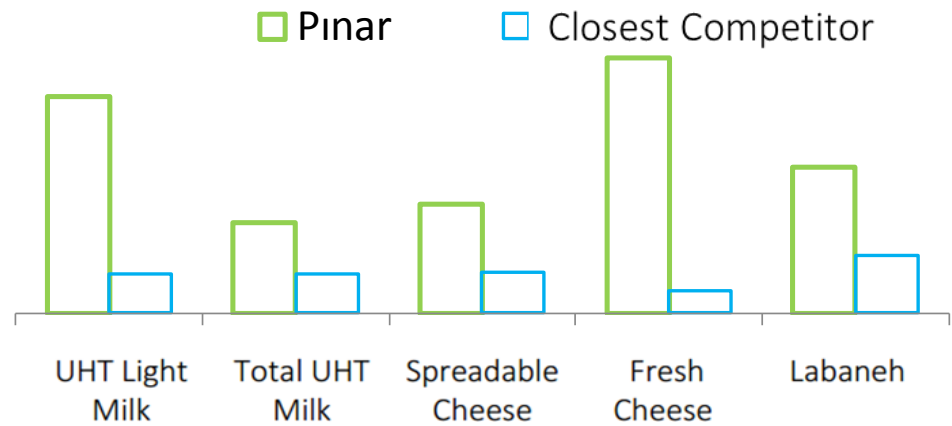
Source: Nielsen - Value Share, 2015 (BIM&A101 excl.)

Product	Share	Position
Total UHT Milk	29.4%	#1
Organic Milk (est.)	92.0%	#1
Enriched Milk (Kids)	75.9%	#1
Homogenized Yoghurt	7.8%	#3
Spreadable Cheese	34.7%	#1
Fresh Cheese	68.1%	#1
Labaneh	46.5%	#1
Cream Chesees	17.4%	#2

Dairy Market*

- Measurable dairy market grew by 5.5% and its volume increased to 3.6% in the first quarter of 2016.

* milk, yoghurt, spreadable cheese, ayran, butter.



Source: Nielsen - Value Share, 2015 (BIM&A101 excl.)



2016-Q1 | New Products



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

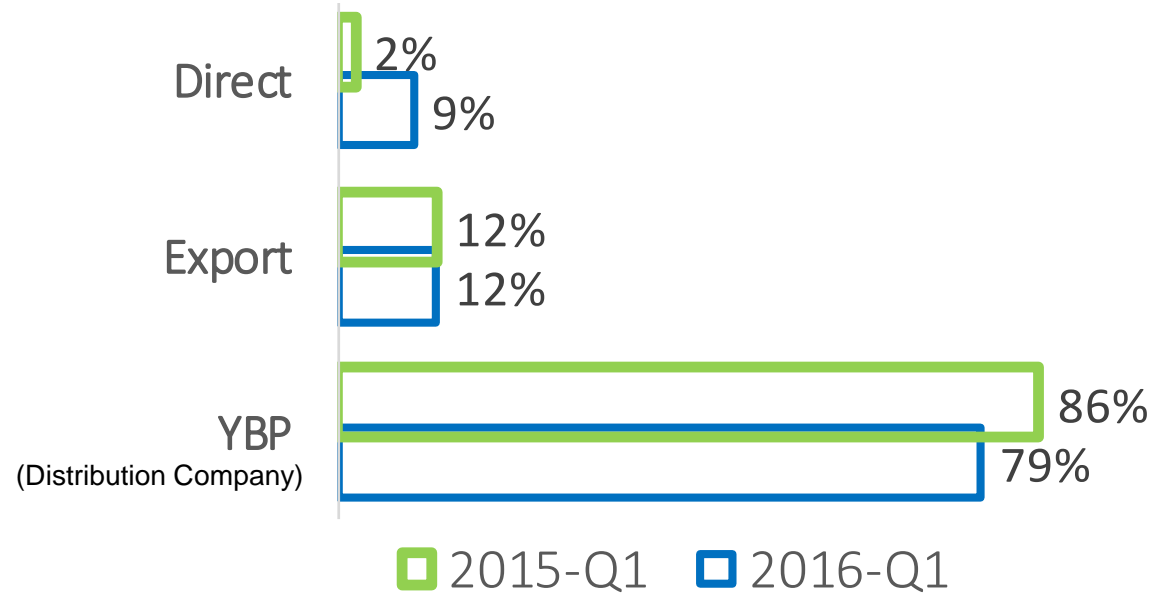
Pinar Go Portion Cheese

2016-Q1 | Income Statement

(Million TL)	31.03.2016	31.03.2015	Difference	% Change
Net Sales	273.9	239.4	34.5	14.4
Cost of goods Sold	(219.6)	(194.6)	(25.1)	12.9
Gross Profit	54.3	44.9	9.4	21.0
R&D Expenses	(2.3)	(2.1)	(0.3)	12.5
Sales, Distribution and Marketing Expenses	(18.5)	(15.3)	(3.2)	20.7
General Administration Expenses	(9.2)	(7.6)	(1.7)	21.9
EBIT	24.2	19.9	4.3	21.8
Share of Results of Investments in Associates	2.4	3.6	(1.3)	(35.2)
Other Income	6.8	5.7	1.1	19.2
Other Expenses	(2.8)	(1.9)	(0.9)	47.7
Financial Income (Net)	(0.5)	(1.3)	0.8	58.1
Profit Before tax	30.1	26.1	4.0	15.4
Tax	(4.6)	(2.8)	(1.8)	63.5
Net Profit for the Period	25.5	23.3	2.2	9.5
EBITDA	30.9	25.5	5.4	21.1
Total Assets	920.6	798.9	121.7	15.2
Equity	563.6	477.1	86.6	18.1

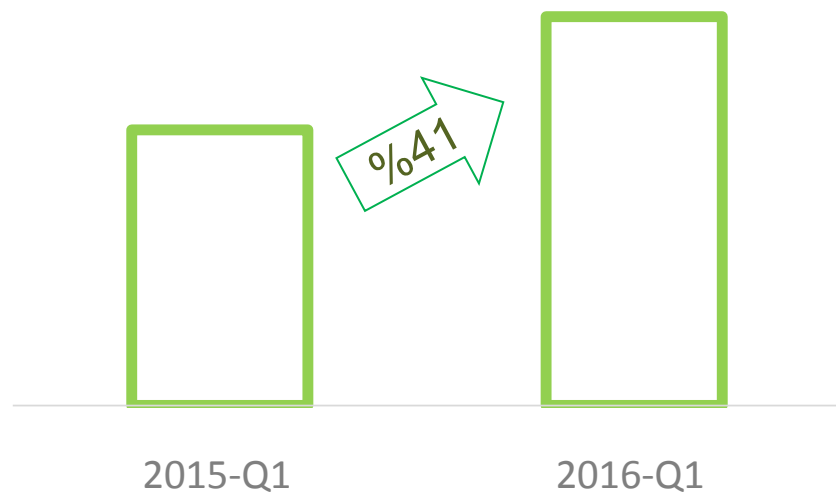
2016-Q1 | Sales Breakdown

Sales Channels



Product Portfolio

Net Sales

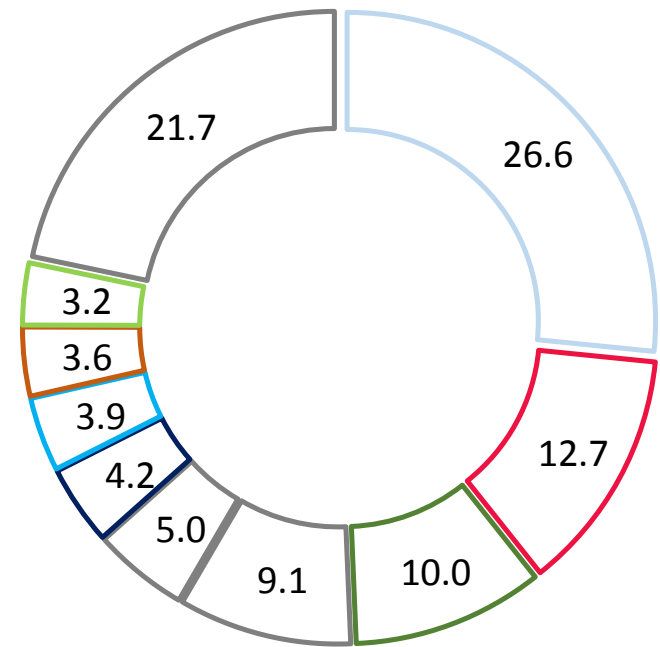


Growth in traditional cheese segment

2016-Q1 | Sales Breakdown | Export

Exports Breakdown by Country (%)

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

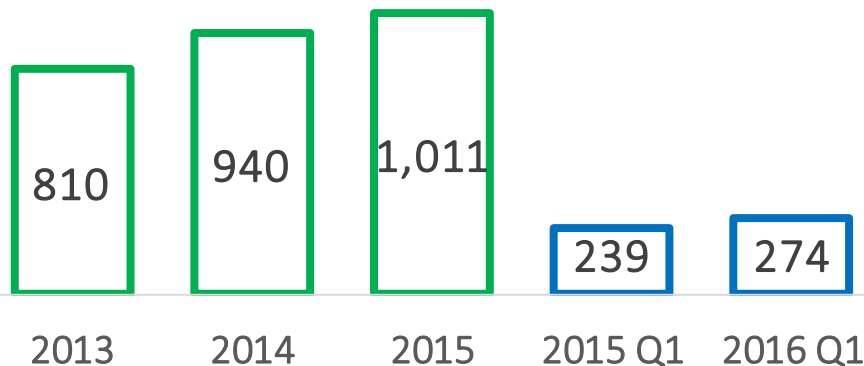


	2012	2013	2014	2015	2016/03
Shares of exports in sales	10.1%	10.9%	12.0%	12.3%	12.1%

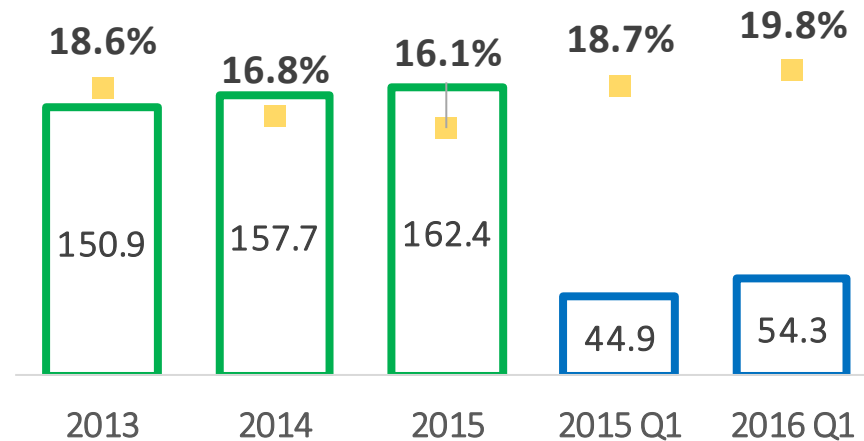
- The total export revenue was 10.5 m USD in the first quarter of 2016 which is accounting for a %14.1 increase in terms of TRY.

2016-Q1 | Sales and Profitability

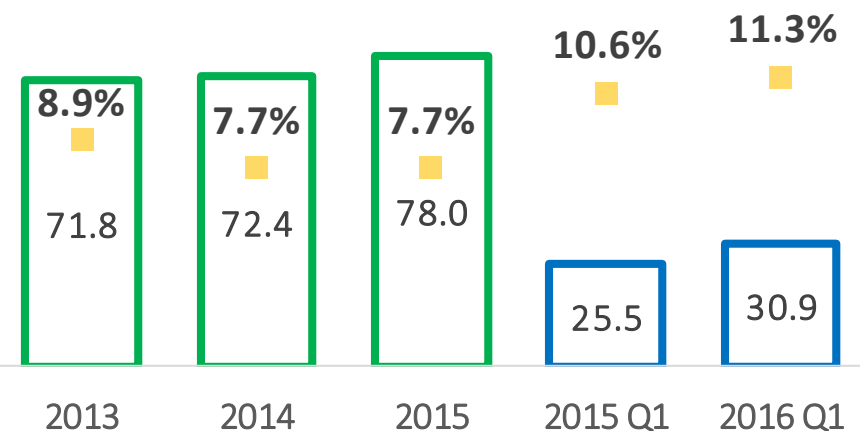
Net Sales (m TL)



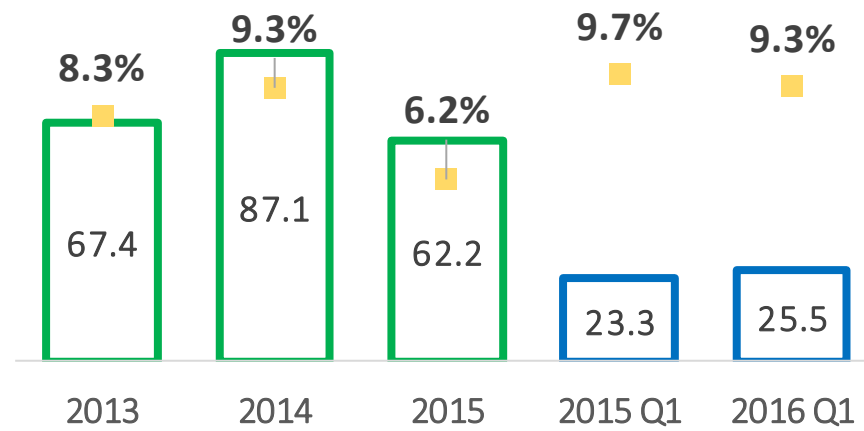
Gross Profit (m TL)



EBITDA* (m TL)



Net Profit (m TL)

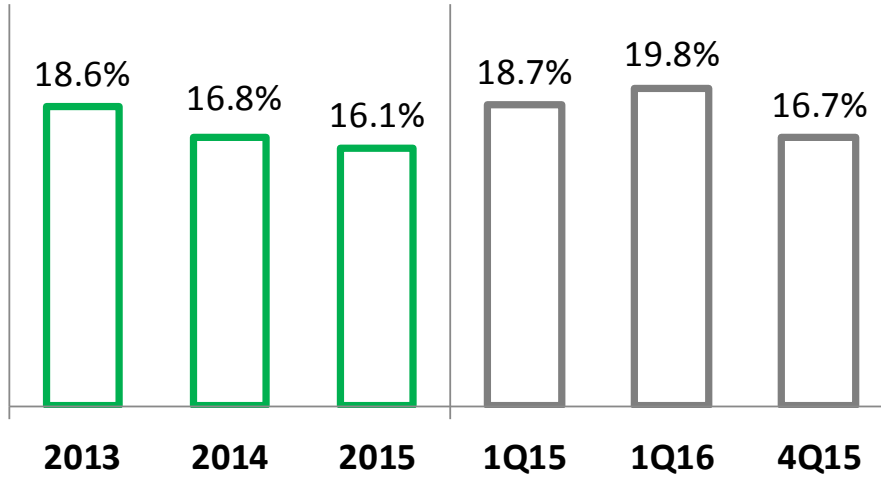


■ Profit margins

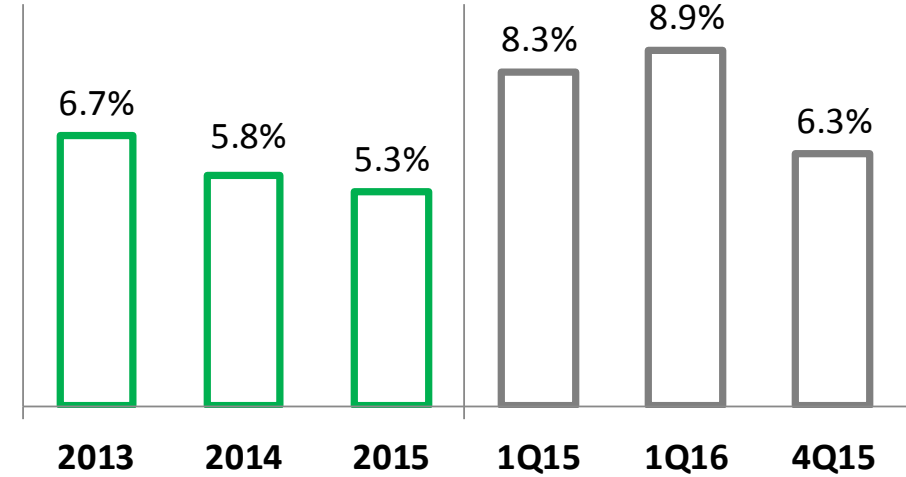
* Earnings before interest, tax, depreciation and amortization (Excl. other income and expenditures)

2016-Q1 | Profit Margins

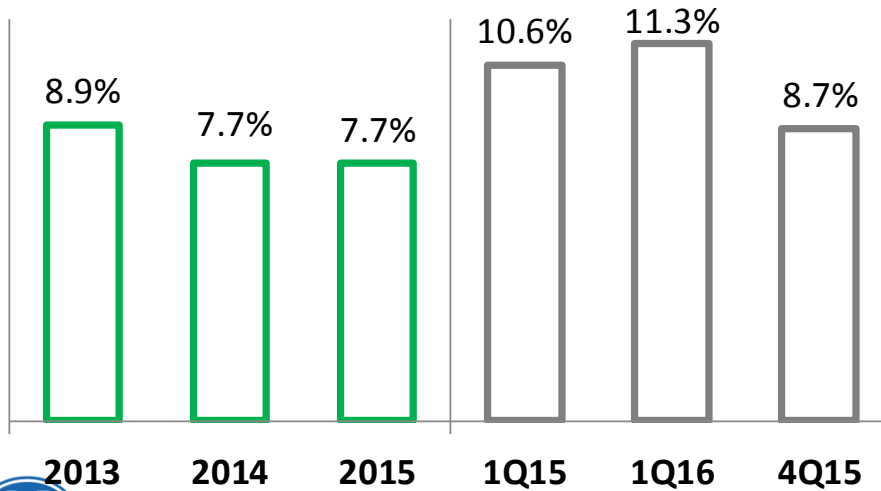
Gross Profit



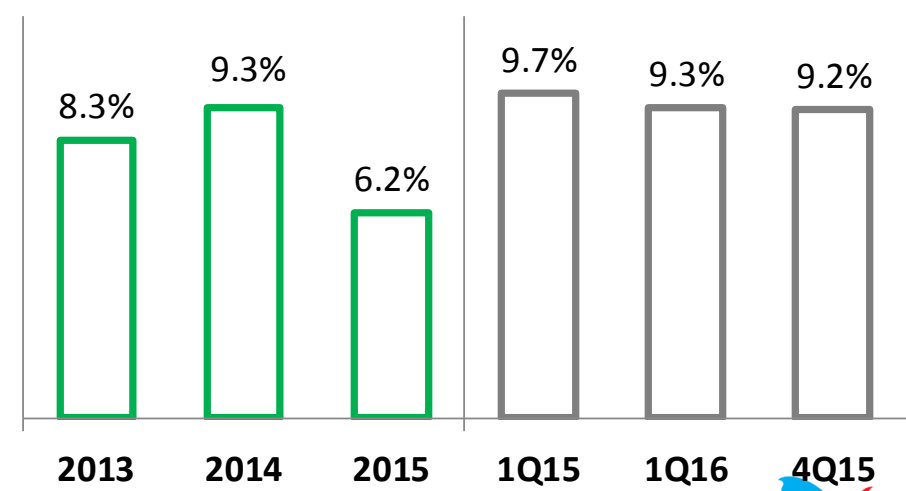
EBIT



EBITDA*



Net Profit



2016-Q1 | Investments

Şanlıurfa Factory

- The facility commenced its operations in May 2015.
- 65 million TL CAPEX

Pınar Süt Raw Milk Processing Capacity (annually)

Before

After

600 m lt

710 m lt

- Capable of producing dairy and juice products
- 5.4 million TL capital expenditures were realized in the first quarter of 2016.

Total Capital Expenditure

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

Balance Sheet Ratios

	2012/12	2013/12	2014/12	2015/12	2016/03
Current Ratio	1.64	1.51	1.42	1.16	1.07
Leverage Ratio	0.29	0.30	0.32	0.34	0.39
Current Borrowings/Total	0.99	1.00	0.55	0.93	1.00
Net Borrowings/EBITDA	0.16	0.05	0.14	1.04	0.89
Net Borrowings/Equity	0.03	0.01	0.02	0.05	0.05
Return on Equity (ROE)	13.12%	14.73%	17.26%	11.15%	11.20%

Working Capital

	2012/12	2013/12	2014/12	2015/12	2016/03
Working Capital/Revenue	10.24%	9.33%	6.14%	15.95%	17.70%

Strategies

- Effective price management
- Widespread distribution network
- Efficient utilization of social media
- Developments in “Away From Home” channel
- Increasing export sales also in countries falling outside Gulf region
- Continuous marketing investment
- 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

Breau Veritas

TSE

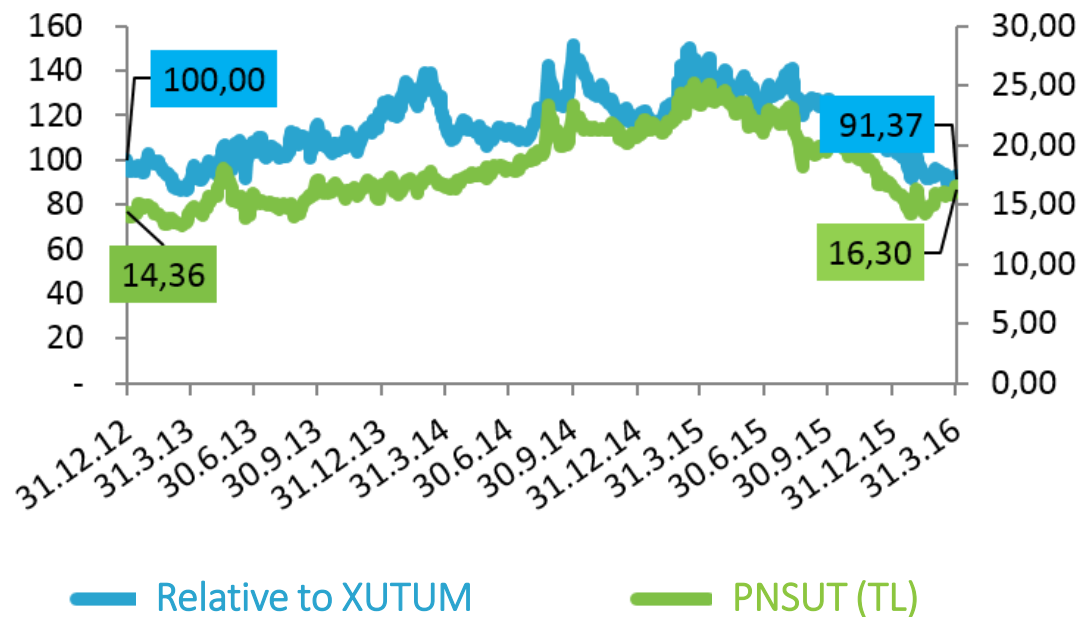
Alberk QA

Food and Drug Administration

Corporate Governance

Saha Rating

2016-Q1 | Stock Performance



(TL)

Corporate Governance Rating : 9.18

Borsa İstanbul Ticker Symbol: PNSUT

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Thank you!

