



PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

2016 Earnings Presentation



Dairy Market*

- In 2016, market turnover grew by 5.6% and its volume increased 4.9%, YoY.
- All categories achieved growth
- The categories that make the most contribution to the turnover growth are Cheese and Milk

Consumer Price Index

- Annual consumer price Index (CPI) is 8.53%
- While food inflation remained moderate until November, it showed an increase in December due to depreciation in TL and adverse weather conditions. However, with the waning tourism demand and the effect of the measures taken, the year ended with 5.65%. Source: CBRT, TSI

Raw Milk Prices

- The raw milk base price determined by the National Milk Council is 1.15 TL / LT in 2016 and has been raised to 1.21 TL / LT by 2017.

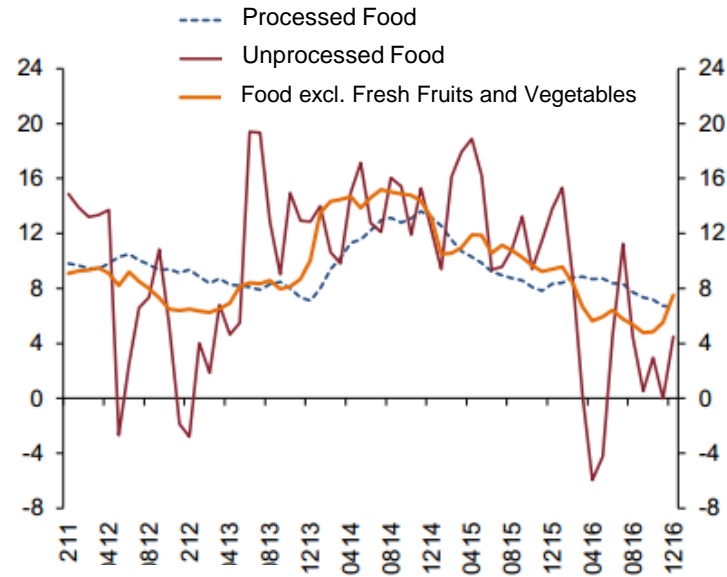
2016 Financial Summary

- 5.6% turnover growth, 4% volume growth
- Net Sales 1.07 billion TL
- EBITDA 92.9 million TL
- EBITDA margin 8.7%
- Net profit 60.0 million TL

* Milk, yoghurt, spreadable cheese, ayran, butter. (BiM excl., Nielsen)

2016 | Market Dynamics

Food Prices (Annual Pct. Change)



Source: TSI, CBRT

In the last quarter of 2016, processed food inflation declined, while unprocessed food inflation, which also had declined in October and November, showed a significant increase in December.

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
2016	18.5

The Number of Animals in Turkey

	Ovine	Bovine	Total	Growth
2014	41.5 m	14.2 m	55.7 m	
2015	41.9 m	14.0 m	55.9 m	+0.4%
2016	41.3 m	14.1 m	55.4 m	-0.9%

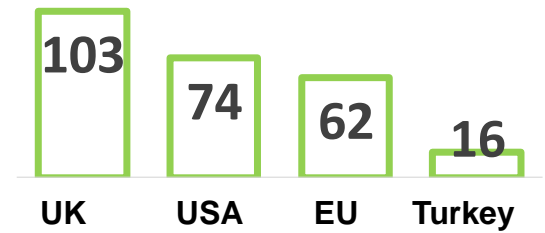
Source: TSI

Packaged Milk Products (%)

	2013	2014	2015	2016
Milk	47.0%	46.9%	45.8%	43.5%
Cheese	37.2%	42.8%	46.1%	49.6%

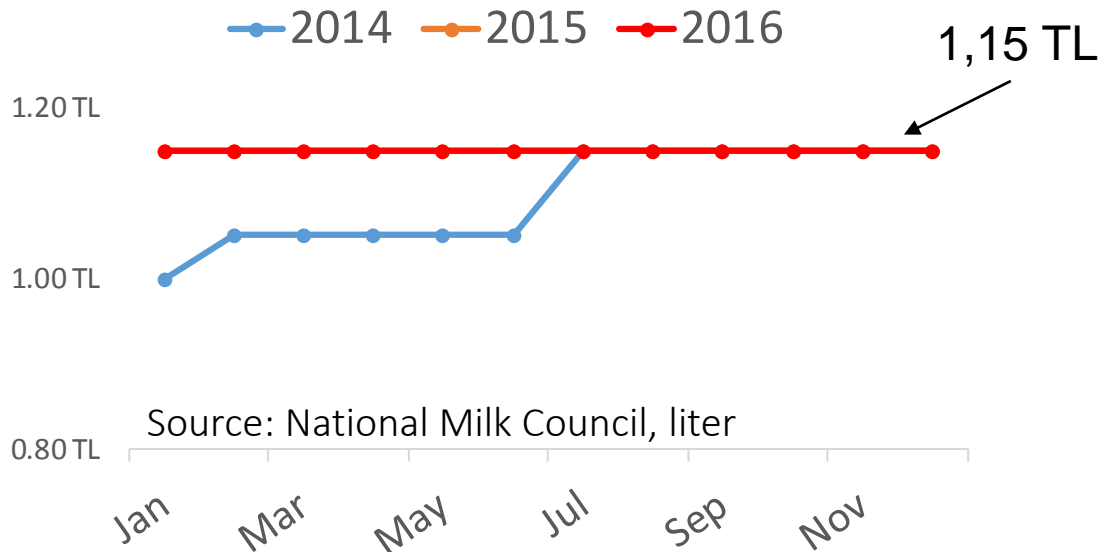
Sources: IPSOS

Per Capita Milk Consumption (Lt)



Source: NMC

2016 | Market Dynamics



Source: National Milk Council, liter

Raw Milk Prices

- The raw milk prices, which remained fixed by the National Milk Council from July 2014 to 2016 year-ended, increased to the level of 1.21 TL in the beginning of 2017.

The average raw milk base price remained at the same level in comparison with 2015.

Packaged Milk Products

	Volume Share		Penetration	
	2015	2016	2015	2016
UHT Milk	42.9%	40.6%	94.2	94.5

- Increasing penetration

	Volume Share		Penetration	
	2015	2016	2015	2016
Packaged Cheese	46.1%	49.6%	94.6	95.9
Unpackaged Cheese	53.9%	50.4%	88.4	86.8

Source: IPSOS

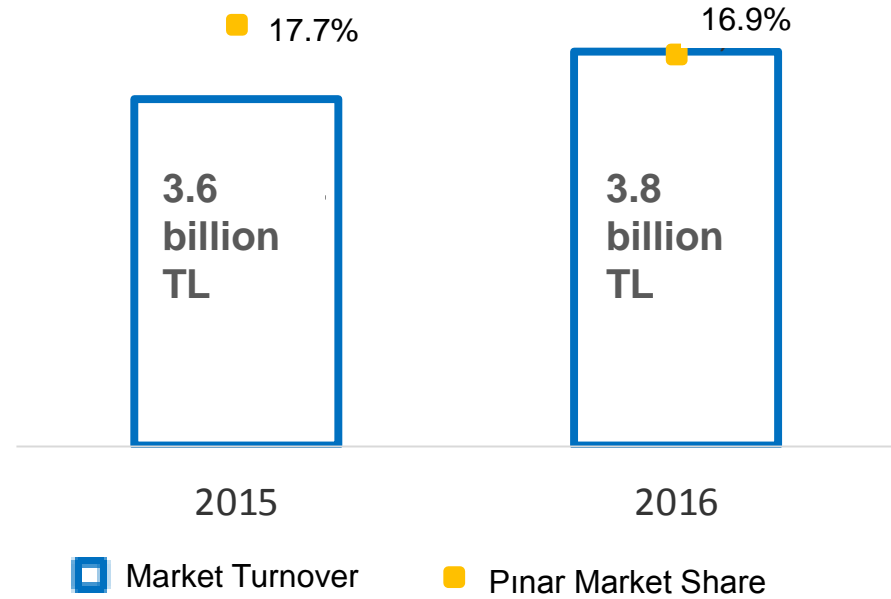


2016 | Market

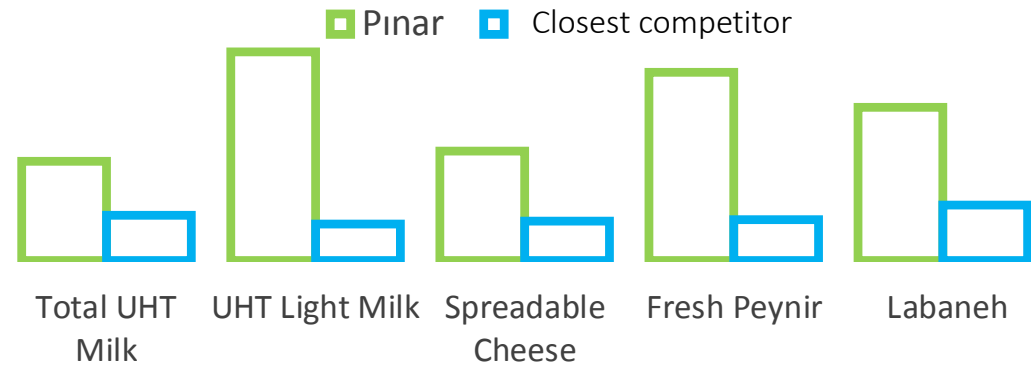
- In 2016, measurable dairy market grew by **5.6%**, and its volume increased to **4.9%**, YoY.

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

Dairy Market*



Product	Market Share	Position
Total UHT Milk	30.7%	#1
UHT Light Milk	63.8%	#1
Enriched Milk (Kids)	77.5%	#1
Spreadable Cheese	33.8%	#1
Fresh Peynir	57.7%	#1
Labaneh	46.8%	#1
Cream Cheese	14.6%	#3
Cottage Cheese	34.2%	#3
Sliced Cheese	34.2%	#1



Source: Nielsen – Value Share, 2016-12M (BIM excl.)



2016 | New Products

- Pınar Aç Bitir Sliced Cheddar 60g



- Pınar Go Portion Cheese 20g



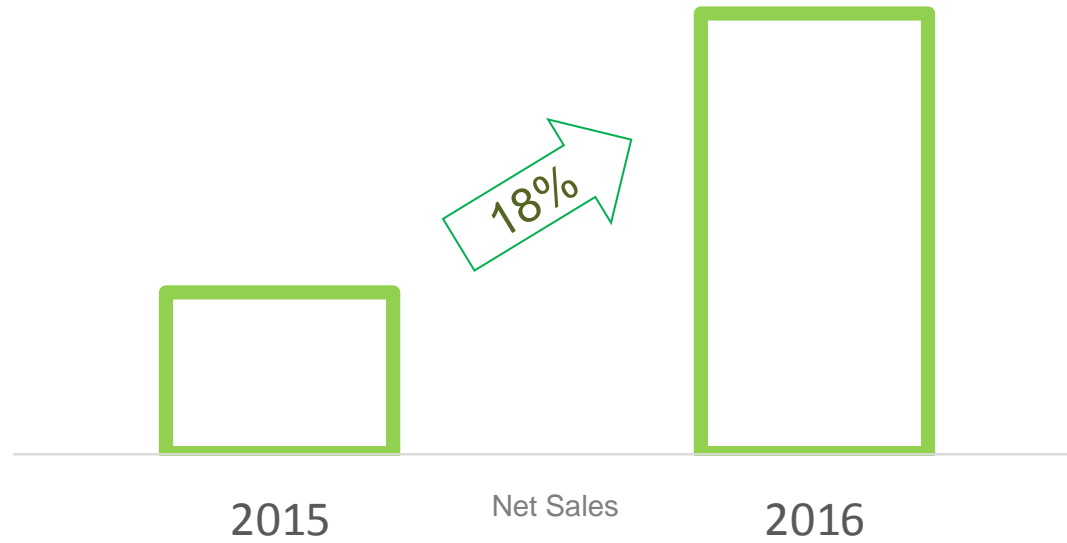
- Lactose-free White Cheese 400g



2016 | Sales Breakdown

Product Portfolio

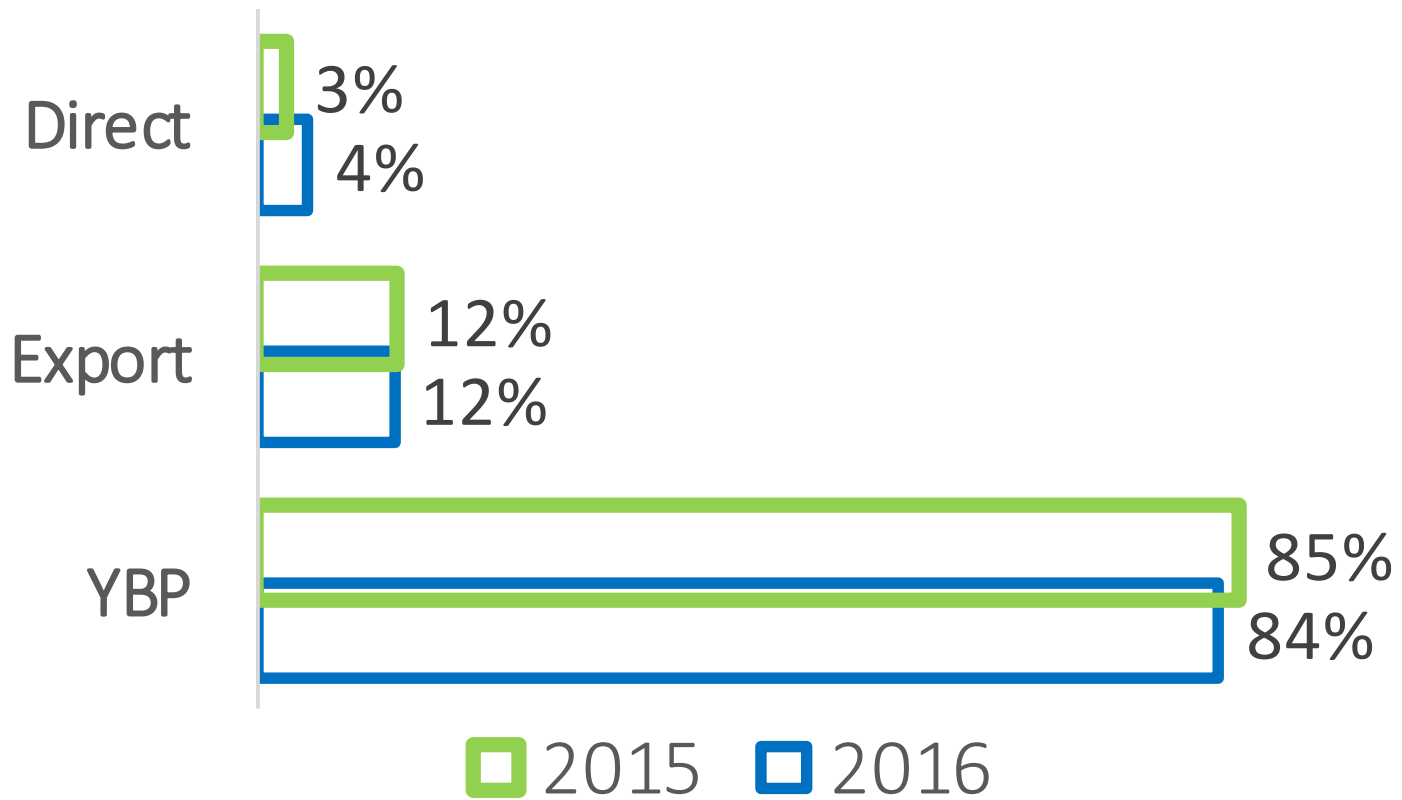
Growth in traditional cheese segment



2016 | Sales Breakdown | Channels

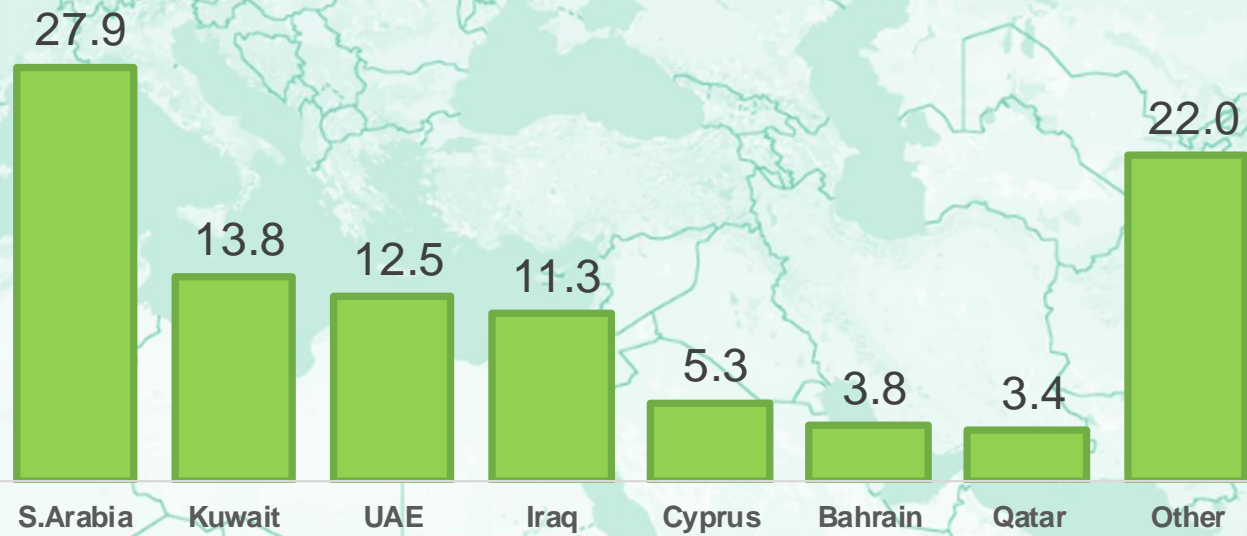
Sales Channels

Net Sales



2016 | Sales Breakdown | Export

Exports Breakdown by Country (%)



■ The export revenue was \$ 42.5 million in 2016.

	2012	2013	2014	2015	2016
Shares of Exports in Sales	10.1%	10.9%	12.0%	12.3%	11.9%

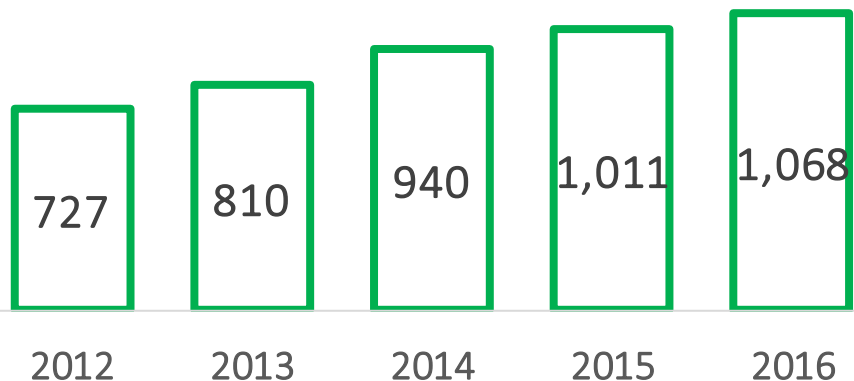
2016 | Income Statement

(Million TL) 12/31/2016 12/31/2015 Difference % Change

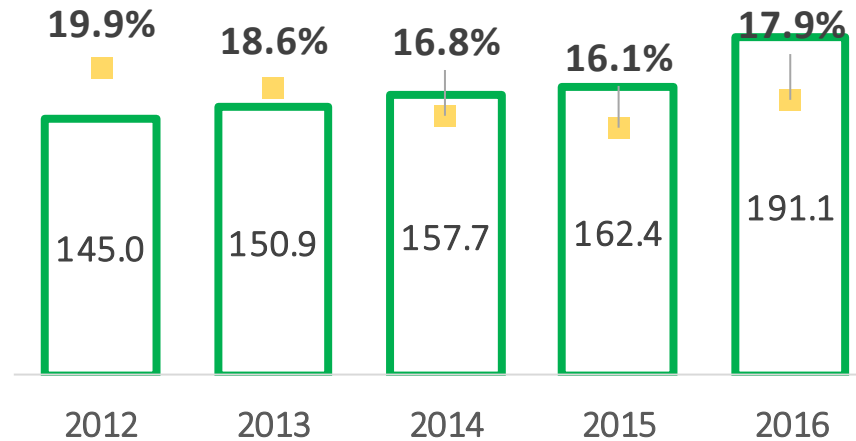
Net Sales	1,067.8	1,011.2	56.6	5.6
Cost of Goods Sold	(876.7)	(848.8)	(27.9)	3.3
Gross Profit	191.1	162.4	28.7	17.7
R&D Expenses	(11.0)	(9.2)	(1.8)	19.5
Sales, Distribution and Marketing Expenses	(77.3)	(65.4)	(11.9)	18.2
General Administration Expenses	(37.8)	(33.9)	(3.9)	11.4
EBIT	65.1	53.9	11.1	20.6
Shares of Results of Investments				
In Associates	8.4	17.2	(8.8)	(51.2)
Other Expenses (Net)	2.7	(1.1)	3.8	(339.3)
Financial Expenses (Net)	(12.5)	(2.4)	(10.1)	415.6
Profit Before Tax	63.7	67.6	(3.9)	(5.8)
Tax	(3.7)	(5.4)	1.7	(31.7)
Net Profit for the Period	60.0	62.2	(2.2)	(3.6)
EBITDA	92.9	78.0	14.9	19.2
Total Assets	933.6	883.8	49.8	5.6
Equity	593.3	587.1	6.2	1.1

2016 | Sales and Profitability

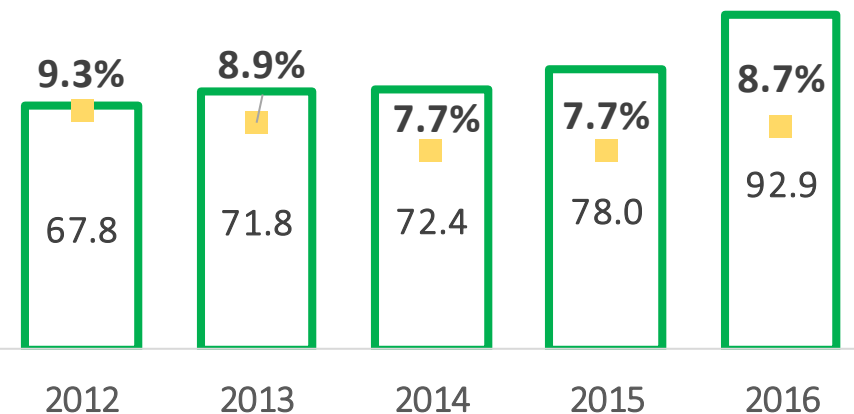
Net Sales (m TL)



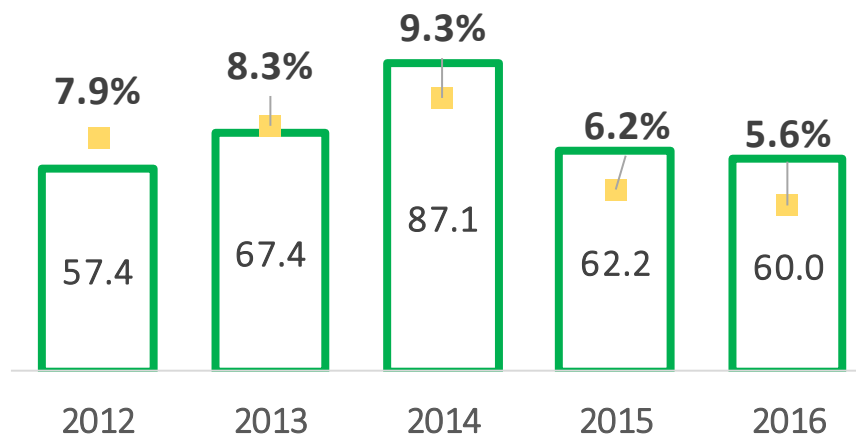
Gross Profit (m TL)



EBITDA* (m TL)



Net Profit (m TL)



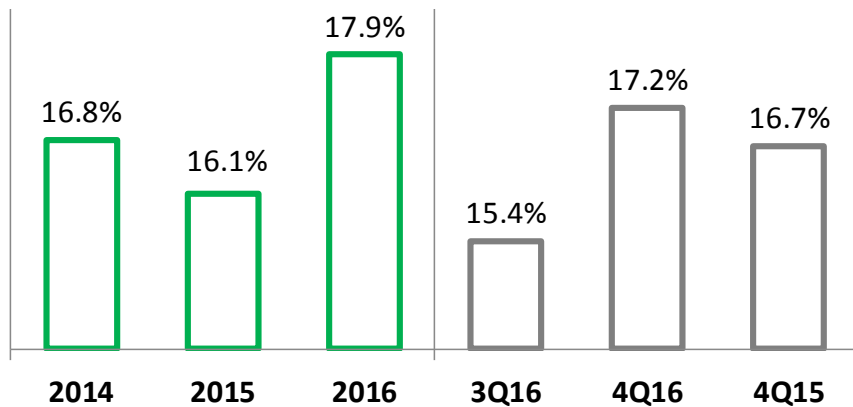
■ Profit Margin

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

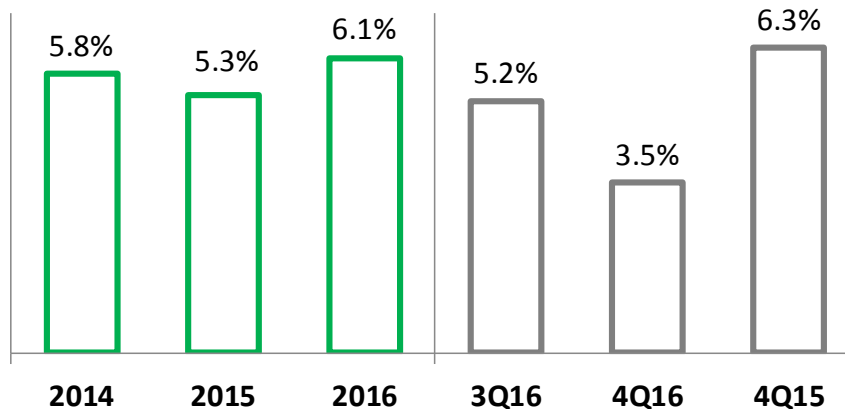


2016 | Profit Margins

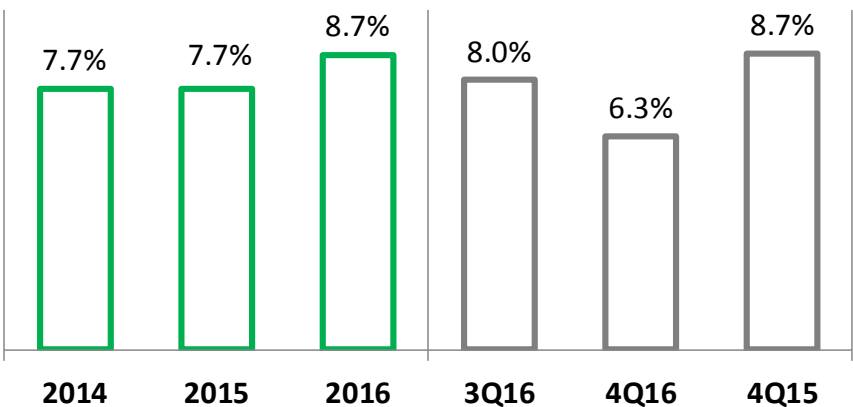
Gross Profit



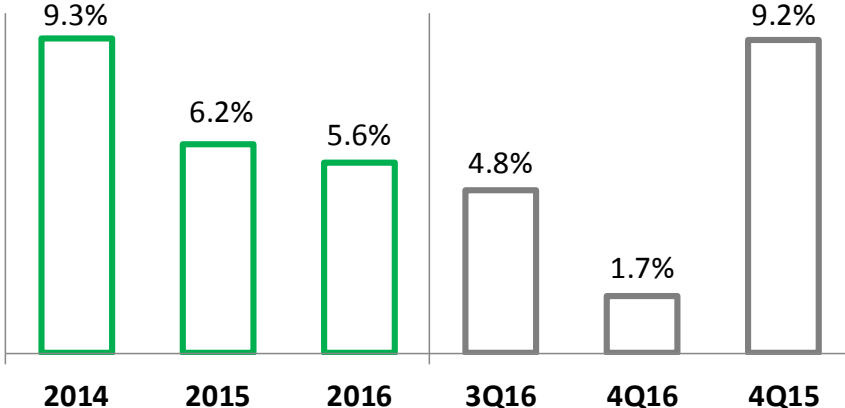
EBIT



EBITDA*



Net Profit



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

2016 | Plants and Investments

Plants

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



Pınar Süt Şanlıurfa Plant



Capital Expenditures

- In 2016 36.7 million TL capital expenditures were realized.

2016 | Financial Ratios

Balance Sheet Ratios

	2012	2013	2014	2015	2016
Current Ratio	1.64	1.51	1.42	1.16	1.23
Leverage Ratio	0.29	0.30	0.32	0.34	0.36
Current Borrowings/Total I	0.99	1.00	0.55	0.93	0.56
Net Borrowings/EBITDA	0.17	0.05	0.16	0.35	0.78
Net Borrowings/Equity	0.03	0.01	0.02	0.05	0.12
Return on Equity (ROE)	13.12%	14.73%	17.26%	11.15%	10.17%

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

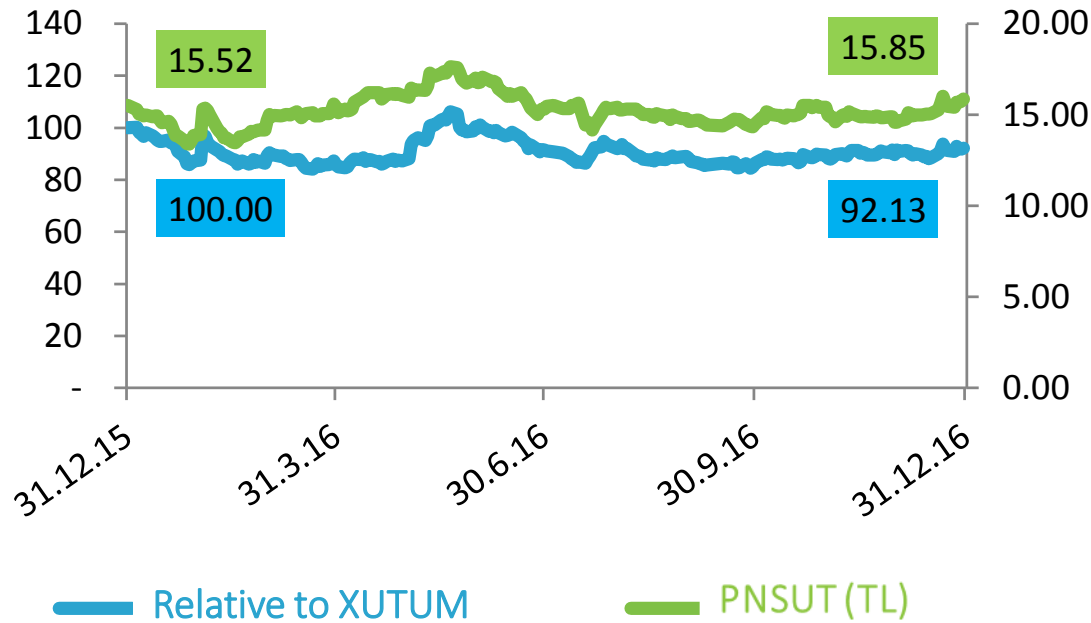
Breau Veritas

Food and Drug Administration

Corporate Governance

Saha Rating

Stock Performance



(TL)

Corporate Governance Rating: 9.24

Borsa İstanbul Ticker Symbol: PNSUT

Date of Listing: 03.02.1986

Disclaimer and Contact Information

This presentation does not constitute an offer or invitation to purchase or subscription for any securities and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This presentation contains forward-looking statements that reflect the company management's current views with respect to certain future events. Although it is believed that the expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially. Neither Pınar Süt Mamulleri San. A.Ş. nor any of its affiliates, advisors, representatives, directors, managers or employees nor any other person shall have any liability whatsoever for any loss arising from any use of this presentation or its contents or otherwise arising in connection with it.

Company's financial statements are available on www.kap.gov.tr and www.pinar.com.tr websites.

Investor Relations Department

Tel: 90 232 495 00 00

Fax: 90 232 484 17 89

investorrelations@pinarsut.com.tr



Thank you

