

PINAR SÜT

FINANCIAL PRESENTATION
2023-Q1

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PINAR SÜT AT A GLANCE



✓ Raw Milk Supply
from More than **20**
thousand Farmers

✓ More than **155**
thousand Sales Points

%17,5
the Share of Pınar Süt
in the Export of Milk
and Dairy Products
from Turkey

✓ **35**
Export
Countries

✓ Production facilities at **3** different locations in Turkey



Total
Production Area
357.360 m²

Indoor Area
111.095 m²

✓ **1.277**
Average
Number of
Employees

✓ **21.337**
Total Hours of
Training Given
to Employees

TRY **2.53** billion
Turnover

%88.62
Turnover Growth

TRY **14.7**
million in
Investment

TRY **746.4**
Gross Profit



1,284 Average Number of Employees

Income Statement Ratios

	01.01.2023-31.03.2023	01.01.2022-31.03.2022
Gross Profit Margin	11.5%	17.2%
Operating Profit Margin	4.7%	8.6%
Net Profit Margin	3.0%	7.8%

Balance Sheet Ratios

	31.03.2023	31.12.2022
Current Rate	1.1	1.1
Acid Test Ratio	0.8	0.8
Leverage Ratio	0.5	0.5
Debt/Equity	1.1	0.9

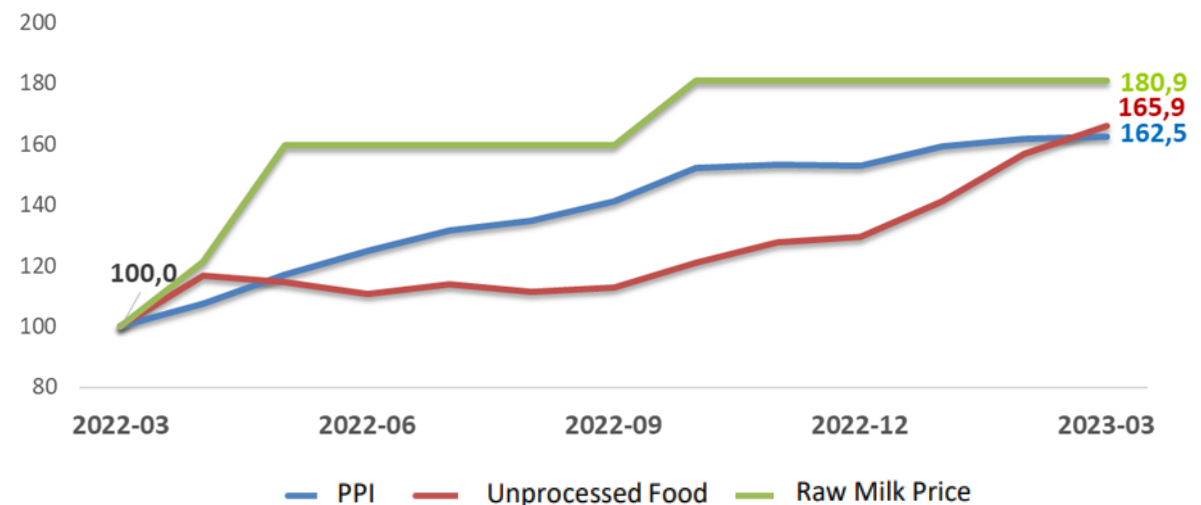
MARKET DYNAMICS - PRODUCTION AND COST



- The prices of food and non-alcoholic beverages increased by 3.84 percent in March, and the annual inflation rate for this group decreased by 1.44 points to 67.89 percent. Annual inflation for unprocessed food decreased by 0.19 points to 65.94 percent, while for processed food, it decreased by 2.19 points to 71.68 percent (CBRT - Monetary Policy Committee Meeting Summary, May 3, 2023).
- The annual inflation for food and non-alcoholic beverages decreased due to the inflation in fresh fruits and vegetables, while the inflation for other food items excluding fruits and vegetables remained relatively high. Prices of milk and dairy products increased due to the rise in raw milk prices (CBRT - Inflation Report 2023-II, May 4, 2023).
- The National Milk Council increased the price of raw milk, which contains 3.6% fat and 3.2% protein, from 7.50 TL **to 8.50 TL** as of October 15, 2022.

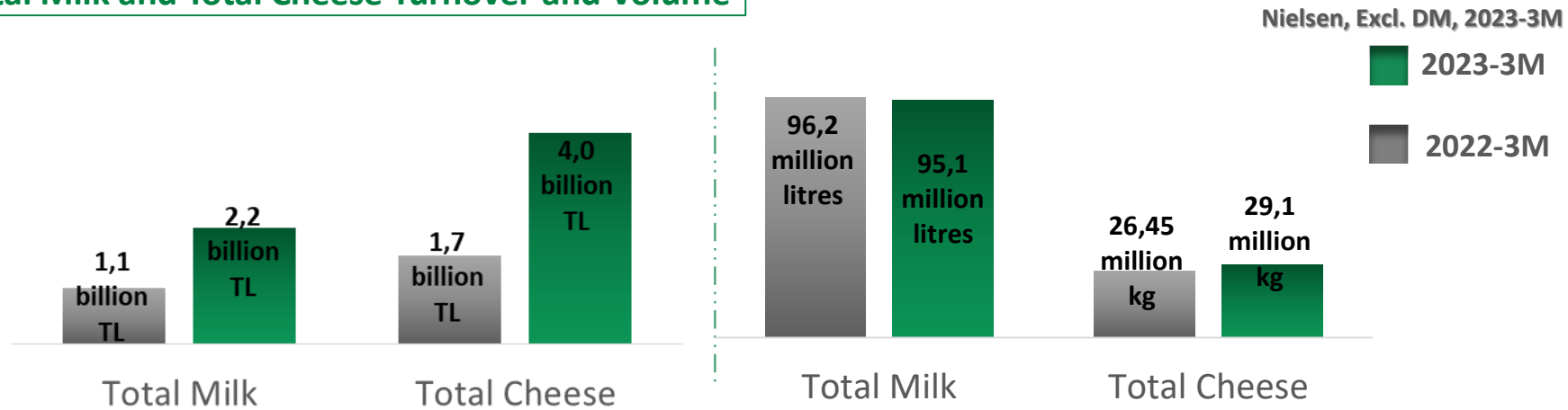
Inflation and Raw Milk Prices Progress

TURKSTAT, NMC

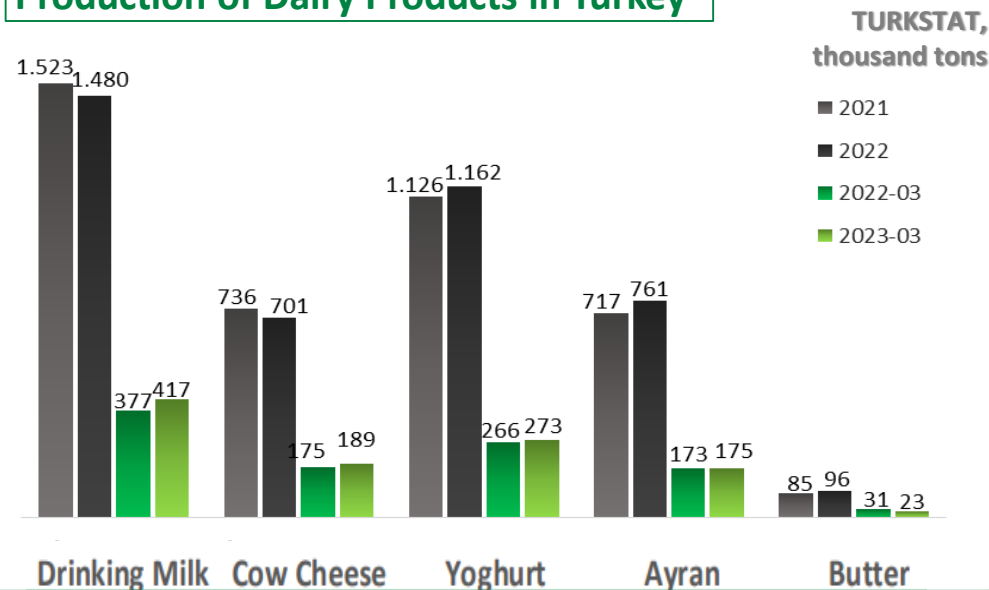


MARKET DYNAMICS - PRODUCTION AND COST

Total Milk and Total Cheese Turnover and Volume



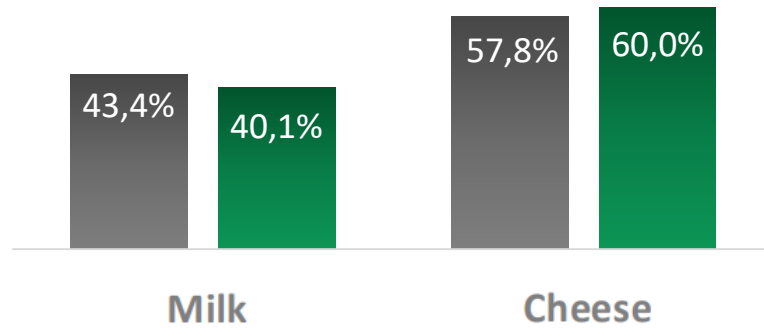
Production of Dairy Products in Turkey



- According to the latest data released by TURKSTAT, commercial dairy farms collected 2.58 million tons of cow's milk in the first three months of 2023 (March 2022: 2.48 million tons).
- Compared to the same period of the previous year, butter production decreased by 27%, while ayran production increased by 1%, yogurt production increased by 2%, cow cheese production increased by 8%, and drinking milk production increased by 11% (TURKSTAT, Milk and Dairy Products Production, March 2023).

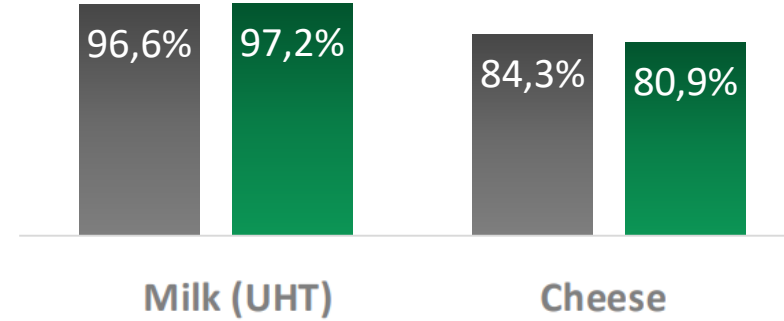
MARKET DYNAMICS - CONSUMPTION AND MARKET

Share of Packaged Products



Packaged Products Penetration

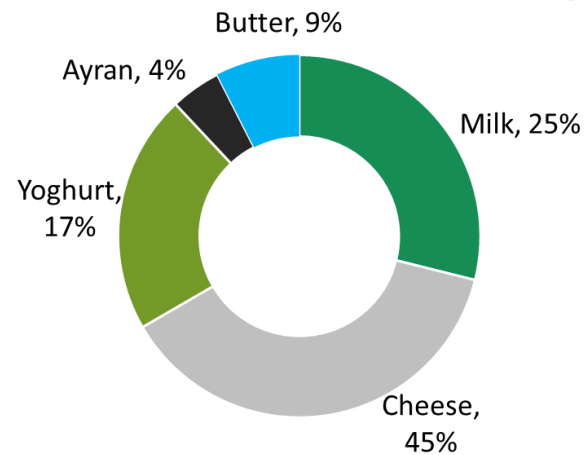
IPSOS



■ 2021 ■ 2022

Dairy Products Market Turnover Breakdown

Nielsen, Excl. DM,
2023-3M



- According to the Nielsen data for the 1st quarter of 2023, **the dairy products market** (milk, cheese, yogurt, ayran, butter) has seen a 3% increase in tonnage compared to the same period of the previous year and has **reached 8.9 billion TL by growing 127% in terms of turnover**. (Nielsen, Excluding Discount Stores, Q1 2023).



35
Export
Countries

TRY 8.8
million TL
Export Revenue

Pinar Süt increased its revenue by 88.62% in the first quarter of 2023.

- According to the results for the first three months of 2023, our company's net sales revenue increased by 88.62% compared to the first three months of 2022, reaching 1.956 million TL; the net profit for the period amounted to 58.8 million TL.
- The total investment made by our company in the first three months of 2023 reached 14.7 million TL.
- In global markets, Iraq, United Arab Emirates, Kuwait, Azerbaijan, and Northern Cyprus are at the top in trade, while the United States, China, and Qatar are among the significant export markets.
- Pinar Süt, now exporting to Albania, Sweden, Sierra Leone, and Thailand, has expanded its export reach to a total of 35 countries.
- In March 2023, Pinar Süt contributed to 17.5% of Turkey's total dairy product exports in terms of turnover.
- Exporting to 35 countries, Pinar Süt achieved an export revenue of 8.8 million USD in the first three months of 2023, paralleling the same period of the previous year..



MARKET POSITION



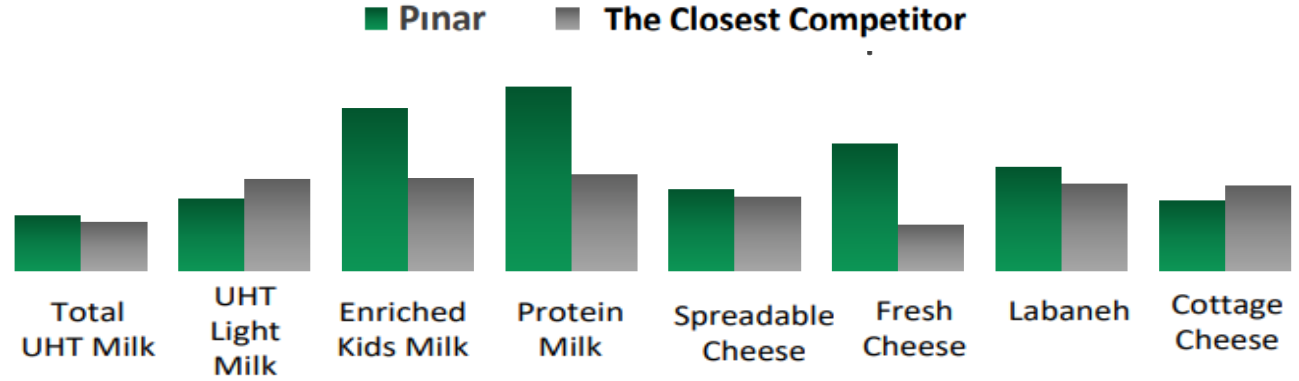
Market Shares of Pinar Süt

Nielsen, Excl. DM,
2023-3M

Product	Share	Position
Total UHT Milk	19.4%	1#
UHT Light Milk	25.1%	2#
Enriched Milk (Kids)	56.3%	1#
Protein Milk	63.4%	1#
Total Cheese	9.7%	3#
Spreadable Cheese	28.3%	1#
Fresh Cheese	44.1%	1#
Labaneh	35.8%	1#
Cottage Cheese	24.4%	2#

Pinar Süt and Competitors

Nielsen, Excl. DM,
2023-3M



300+
ÜRÜN

- Pinar Süt maintains its **leadership** in many categories.
- Pinar Süt continues to introduce its new products developed in the light of innovative projects to its consumers.

MARKET POSITION



AWARDS

- Pınar was selected **the Food Star in the Cheese and Milk categories for the year 2022 at Gıdanın Yıldızları Awards Ceremony**, determined by the votes of approximately 40,000 Yıldız Technical University students from Generation Z (ages 18-26) across 36 different categories, organized by the Yıldız Technical University Food and Healthy Nutrition Club.
- Pınar Süt was awarded the title of **the highest exporting company in the category of Milk and Dairy Products** in the awards presented by the **Aegean Exporters' Associations**.
- Furthermore, Pınar Süt was awarded in the "Sustainable Food Awards" organized for the first time by the Sustainability Academy, **in the Collaboration for Sustainable Food category** for its project titled 'The Future of Our Milk Lies in Conscious Hands', led by Pınar Institute



Pınar Süt participated in SIAL CHINA 2023.

For 50 years, Pınar Süt has been bringing its consumers together with healthy, delicious, innovative, and high-quality products for a healthy and happy generation. With 23 years of extensive experience in the Chinese food and beverage market, Pınar Süt participated in SIAL CHINA 2023, a global food industry event that sets the direction for the sector.

Pınar Süt, showcasing a wide range of products including Superior Taste award-winning Dried Tomato Labne, all Pınar Labne and Flavored Labne varieties, Pınar Beyaz, Protein Milk, Strained Cheese, Fresh Kashar, Long Shelf Life Milks, Protein Milk, and Functional Milk, received great attention from visitors at SIAL CHINA.



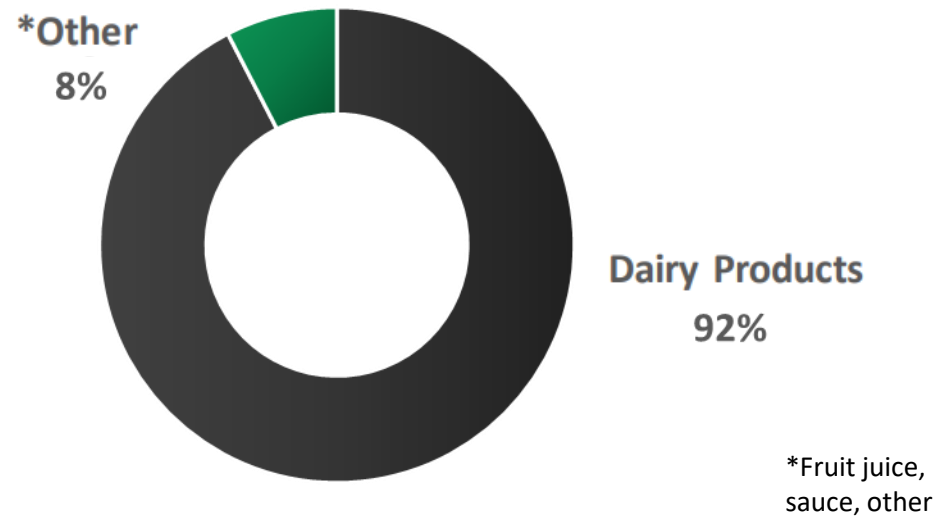


FINANCIAL RESULTS 2023 – 3M

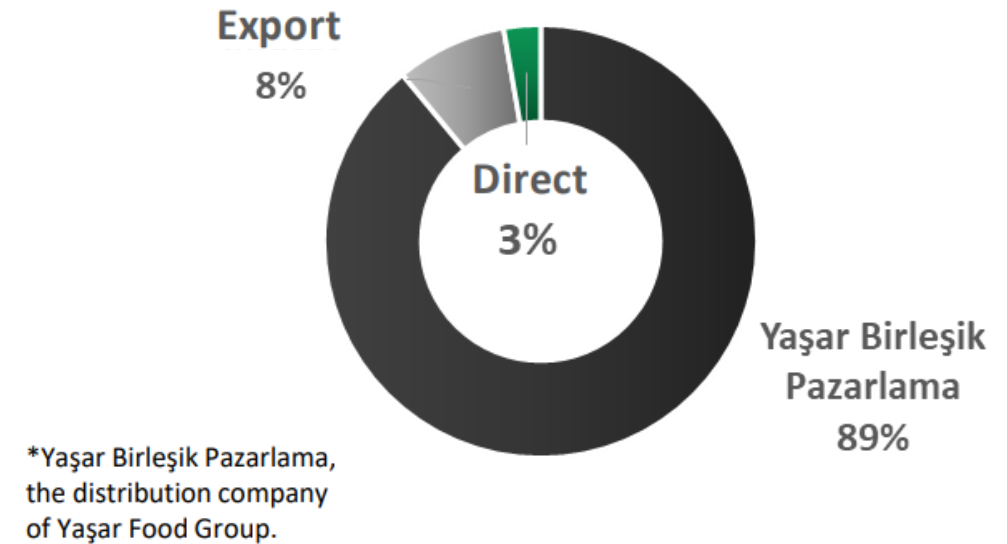


FINANCIAL RESULTS IN 2023-Q1 – NET SALES BREAKDOWN

Based on Products Groups



Based on Sales Channel



FINANCIAL RESULTS IN 2023-Q1 – INCOME STATEMENT



(Million TL)	01/01/23 31/03/23	01/01/22 31/03/22	Difference	Change
Net Sales	1,956.3	1,037.1	919.1	88.6%
Cost of Goods Sold	(1,731.5)	(858.3)	(873.2)	101.7%
Gross Profit	224.8	178.9	45.9	25.7%
R&D Expenses	(12.0)	(6.1)	(5.9)	96.2%
Sales, Distribution and Marketing Expenses	(83.9)	(59.8)	(24.0)	40.2%
General Administration Expenses	(37.0)	(24.1)	(13.0)	53.9%
EBIT	91.9	88.9	3.0	3.4%
EBITDA	125.2	111.4	13.8	12.4%
Shares of Results of Investments in Associates	(3.2)	3.7	(6.9)	-187.4%
Other Expenses (Net)	24.1	35.5	(11.4)	-32.1%
Financial Expenses (Net)	(44.1)	(31.4)	(12.7)	40.4%
Profit Before Tax	68.7	96.7	(28.0)	-29.0%
Tax	(9.9)	(15.9)	5.9	-37.3%
Net Profit for the Period	58.8	80.9	(22.1)	-27.3%

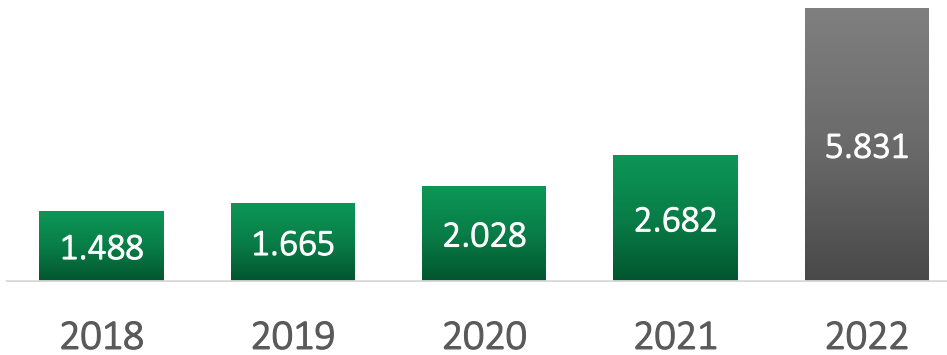
Other expenses (net) is calculated by netting out income/expense from main activities and income/expense from investment activities.

FINANCIAL RESULTS - SALES AND PROFITABILITY BY THE ANNUALLY

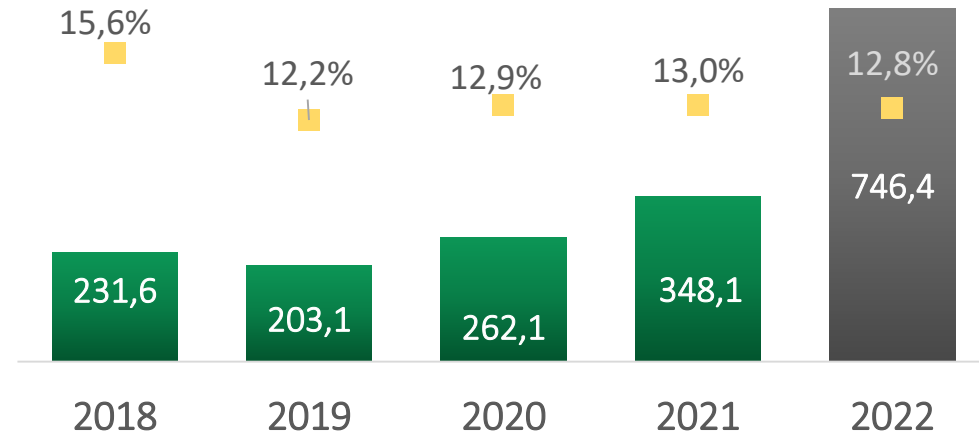


Net Sales

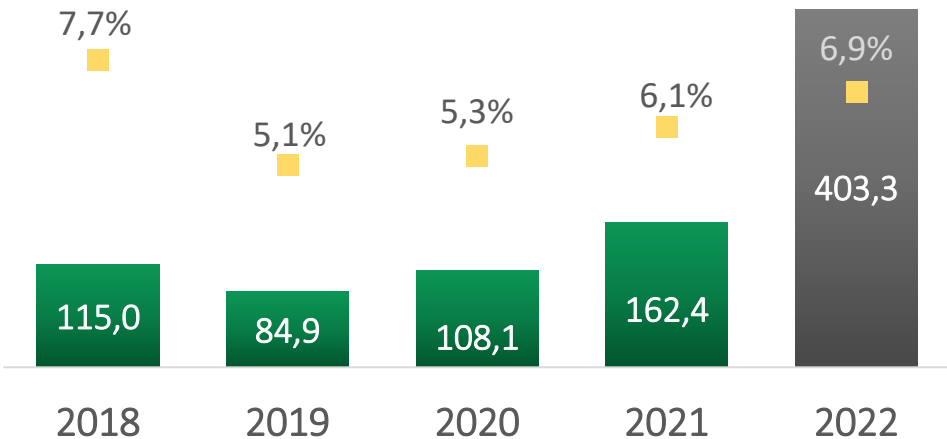
million TL



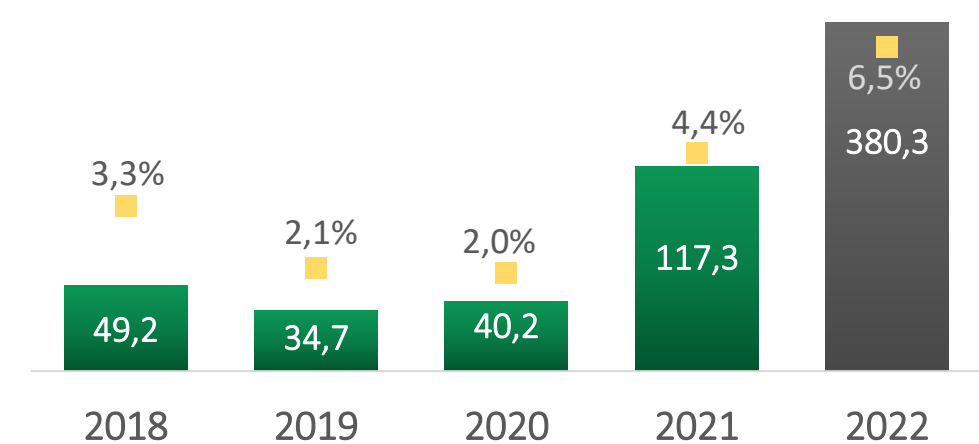
Gross Profit



EBITDA



Net Profit



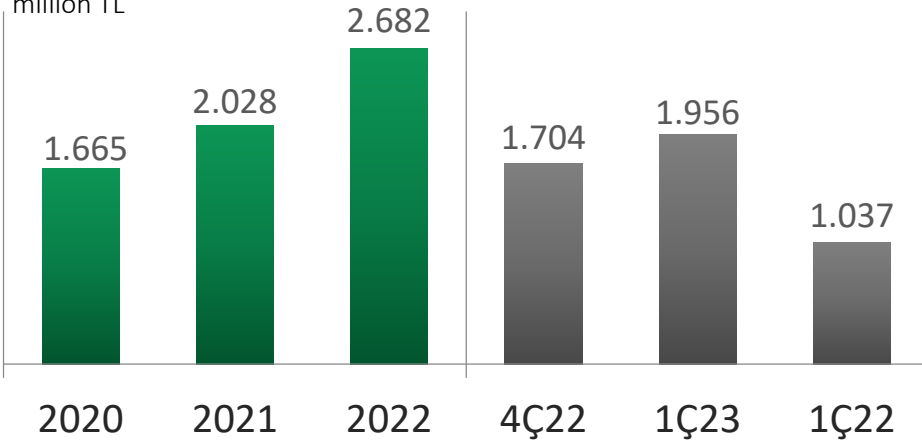
EBITDA is calculated by adding depreciation and provisions for severance pay (in operating expenses) to operating income, excluding other income /expenses.

FINANCIAL RESULTS IN 2023-Q1

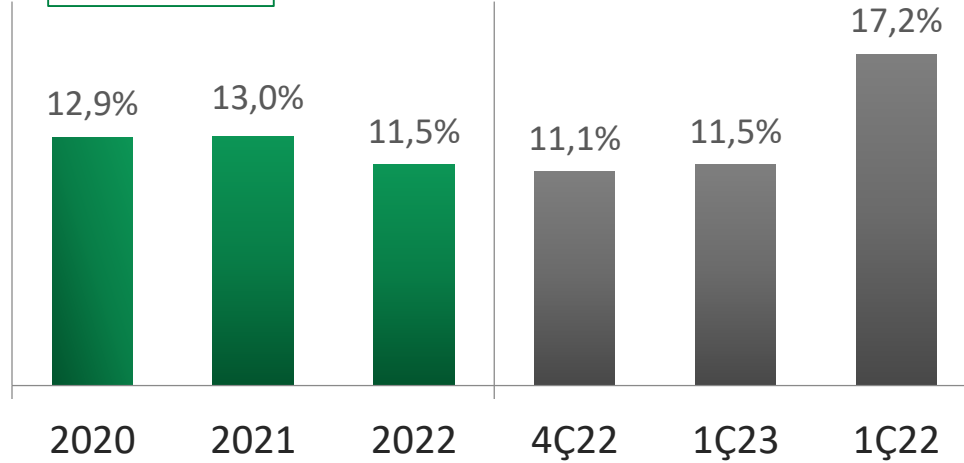
SALES AND PROFITABILITY BY THE QUARTERLY

Net Sales

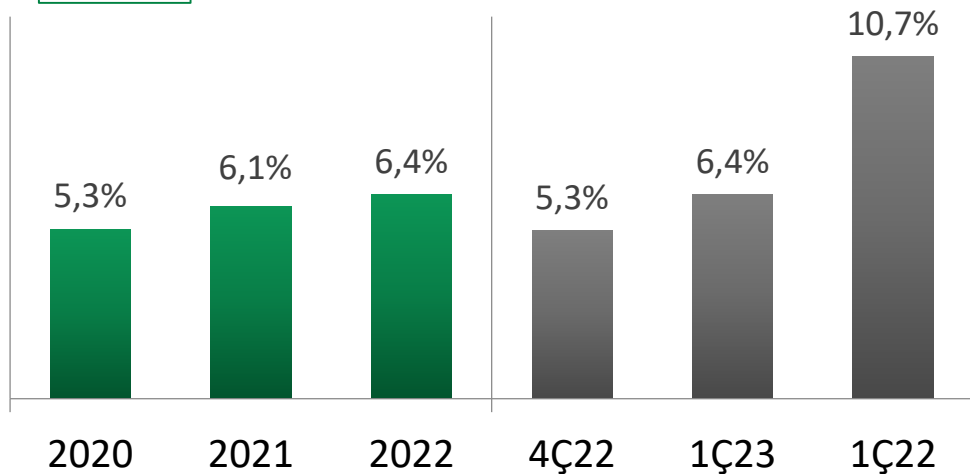
million TL



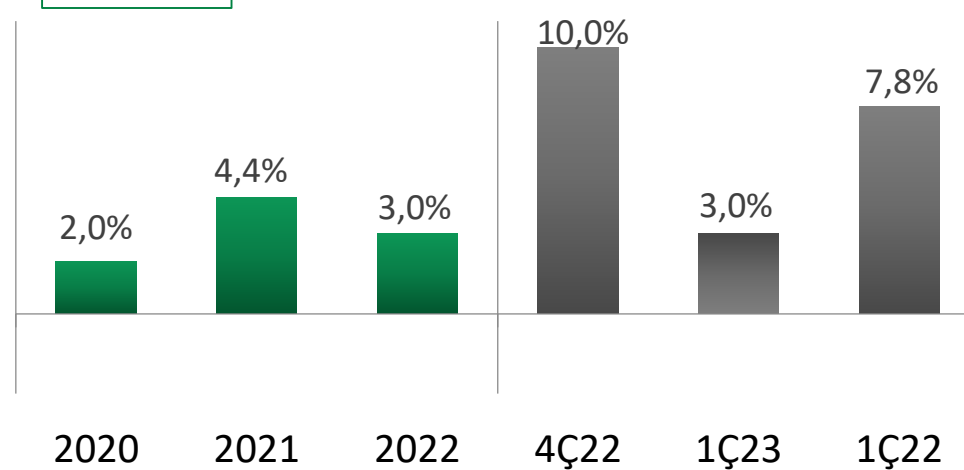
Gross Profit



EBITDA



Net Profit



FINANCIAL RESULTS IN 2023-Q1



FINANCIAL RATIOS

	2018/12	2019/12	2020/12	2021/12	2022/12	2023/03
Current Ratio	1.07	1.23	1.10	1.12	1.11	1.05
Leverage Ratio	0.44	0.42	0.45	0.42	0.43	0.52
Current Borrowings/Total Borrowings	0.81	0.44	0.74	0.86	0.98	0.98
Net Fin. Borrowings/EBITDA	1.14	1.62	2.85	2.91	3.40	12.65
Net Fin. Borrowings/Equity	0.17	0.15	0.29	0.24	0.34	0.42
Return on Equity (ROE)(%)	6.69	4.13	4.10	7.79	12.82	12.53

INVESTMENTS

	2018	2019	2020	2021	2022	2023-03
Capital Expenditures	67.6 m TL	14.5 m TL	47,1 m TL	56.0 m TL	77.1 m TL	14.7 m TL

CREDIT RATING SCORE

Credit rating score was given by JCR Eurasia Rating on January 31, 2023;

- Long Term National Rating: A (Tr) / (Stable)
- Short-Term National Rating: J1 (Tr) / (Stable)

- Long Term International Foreign Currency Rating: BB / (Negative)
- Long Term International Local Currency Rating : BB / (Negative)

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