



PINAR SÜT MAMULLERİ SANAYİİ A.Ş.

2017-H1 Earnings Presentation



Dairy Market*

Compared to the same period of the last year;

- Market turnover grew by 11.7%, YoY
- Its volume increased by 4.0%, YoY
- All categories achieved turnover growth
- All categories achieved volume growth except yoghurt

Consumer Price Index

- Annual Consumer Price Index (CPI) was 10.9% at the end of June
- Annual change in CPI increased in the first four months of the year compared to the previous month, then declined in May and June.
- Annual unprocessed food inflation was 21.2% at the end of June
- In May, annual unprocessed food inflation (27.3%) reached the highest level since October 2010

Source: TSI

Raw Milk Prices

- The National Milk Council raised the base price of raw milk (liter) to 1.21 TL as of January 2017, to 1.30 TL as of August 2017.
- Raw milk quality criteria have been defined for the base prices that declared by the NMC.

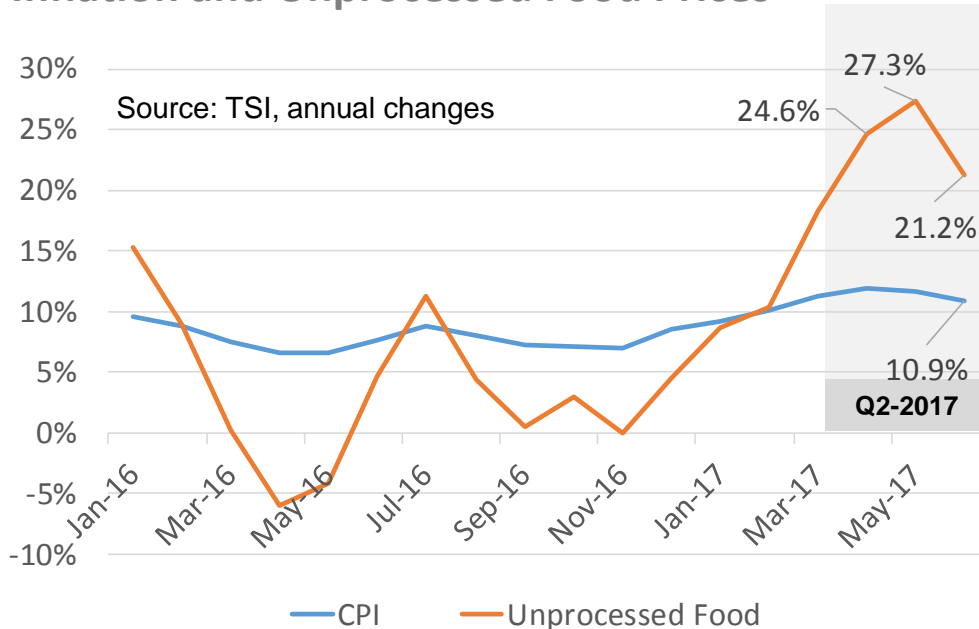
2017-H1 Financial Summary

- Compared to the same period of the last year, turnover grew by 5.9%.
- Net Sales; 576.6 million TL
- EBITDA 45.3 million TL
- Net profit; 28.9 million TL

* Milk, homogenized yoghurt, cheese, ayran, butter. (BİM excl., Nielsen)

2017-H1 | Market Dynamics

Inflation and Unprocessed Food Prices



- In the second quarter of the year, unprocessed food prices inflation was above general inflation significantly.

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

Number of Cattle Milked (Million)

Per Capita Milk Consumption (Lt)

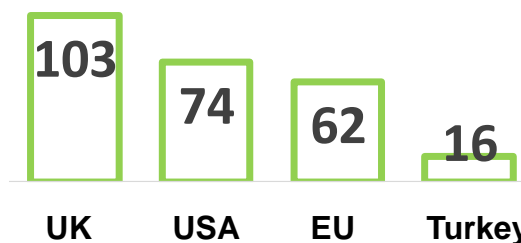
	Total Change
2014	5.6 m
2015	5.5 m -1.3%
2016	5.4 m -1.9%

Source: TSI

Packaged Milk Products (%)

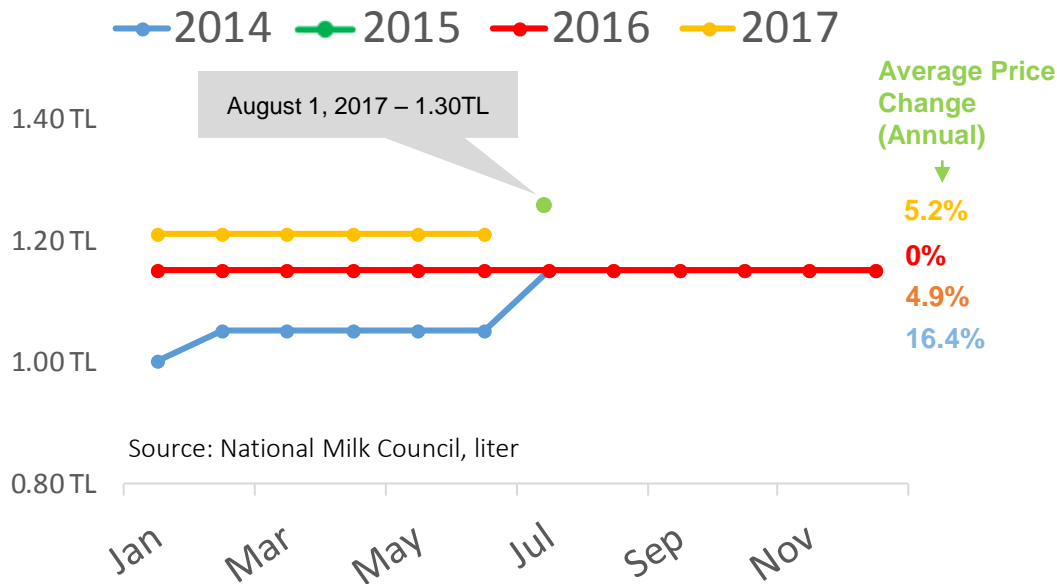
	2014	2015	2016	2017-1Y
Milk	46.9%	45.8%	43.5%	40.6%
Cheese	42.8%	46.1%	49.6%	50.8%

Sources: IPSOS



Source: NMC

2017-H1 | Market Dynamics



Raw Milk Prices

- After 30 months, at the beginning of 2017 the raw milk base prices were increased (1.21 TL/LT), consequently the prices were increased by 5.2% on average compared to the same period of the last year. In addition, raw milk base price increased to 1.30 TL/LT as of August 2017.

5.2%

The first six months of the year, the average raw milk base price for was 5.2% above the same period of the previous year.

	Volume Share		Penetration	
	2016-H1	2017-H1	2016-H1	2017-H1
UHT Milk	40.6%	37.5%	91.2	92.2

- Increasing Penetration

Packaged Milk Products

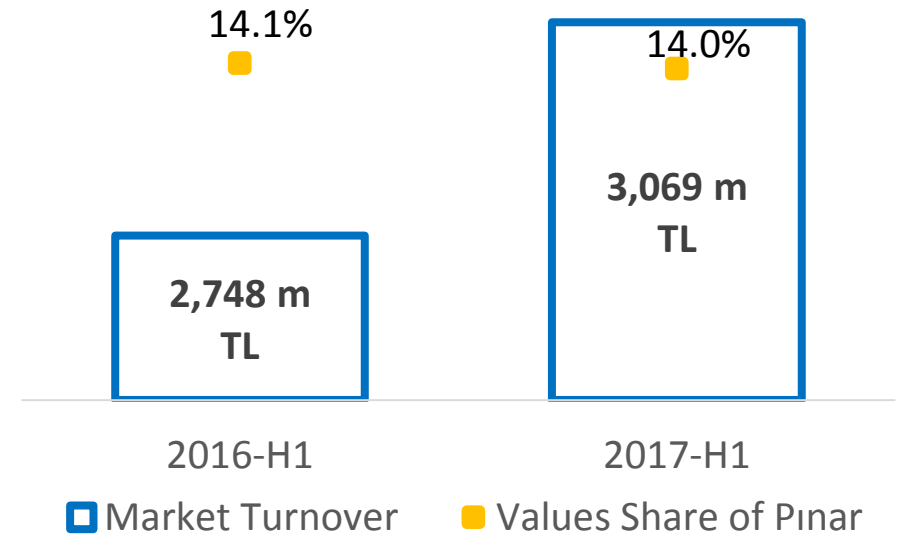
	Volume Share		Penetration	
	2016-H1	2017-H1	2016-H1	2017-H1
Packaged Cheese	48.6%	50.8%	91.5	93.3
Unpackaged Cheese	51.4%	49.2%	78.6	78.7

Source: IPSOS

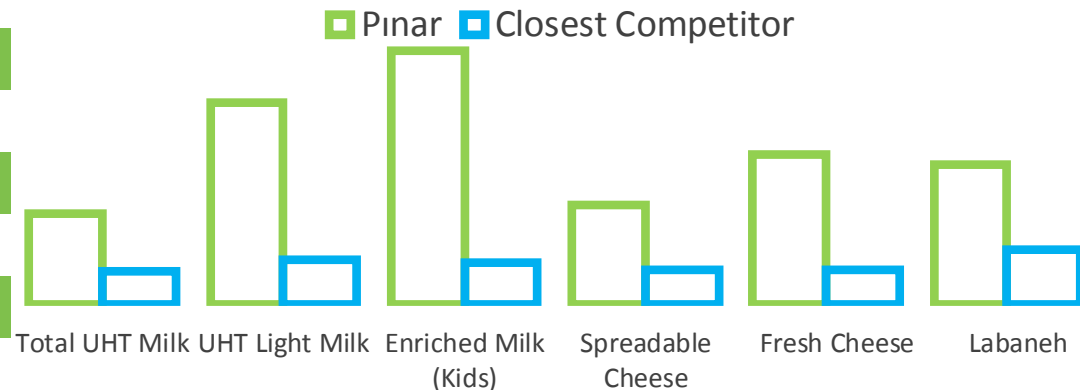
2017-H1 | Market

- In the first half of 2017, measurable dairy market turnover grew by 11.7% and its volume expanded by 4.0%, YoY.
- Total milk and total cheese constituted 73% of the market in terms of turnover.

Dairy Market*



* Milk, homogenized yoghurt, cheese, ayran, butter.
(BIM excl., Nielsen)



2017-H1 | New Products and Packages

- Pinar Protein Milk cocoa and vanilla 500 ml in new prism packages presented to consumers.



- Pinar 100% fruit juices in new 200 ml packages



- Pinar yoghurt flower pot design

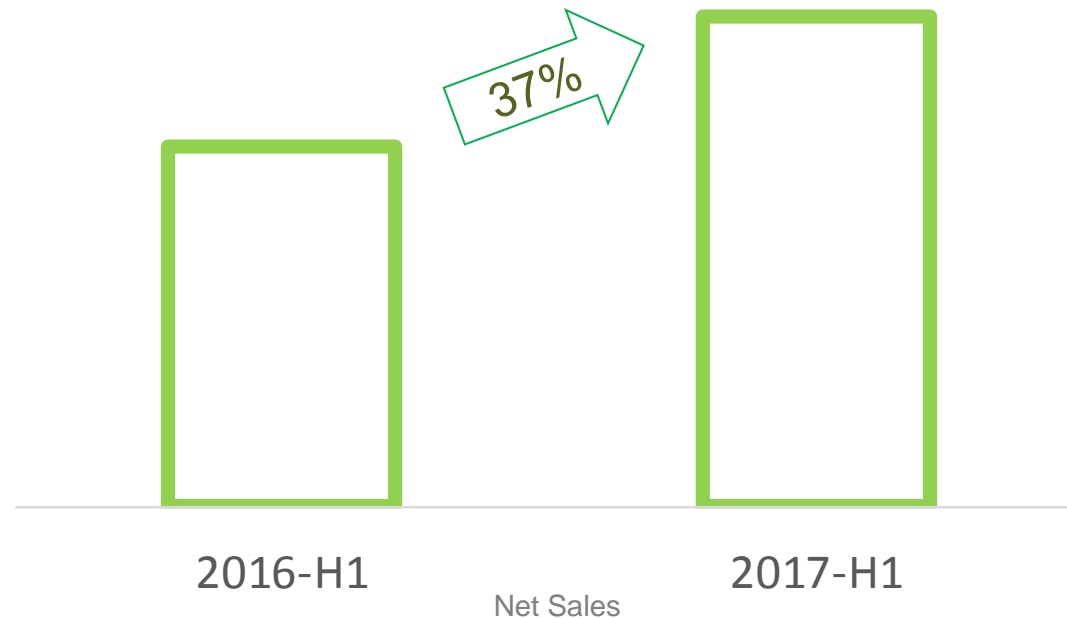


- Pinar with D vitamins 60% light milk

2017-H1 | Sales Breakdown

Growth in traditional cheese segment

Product Portfolio

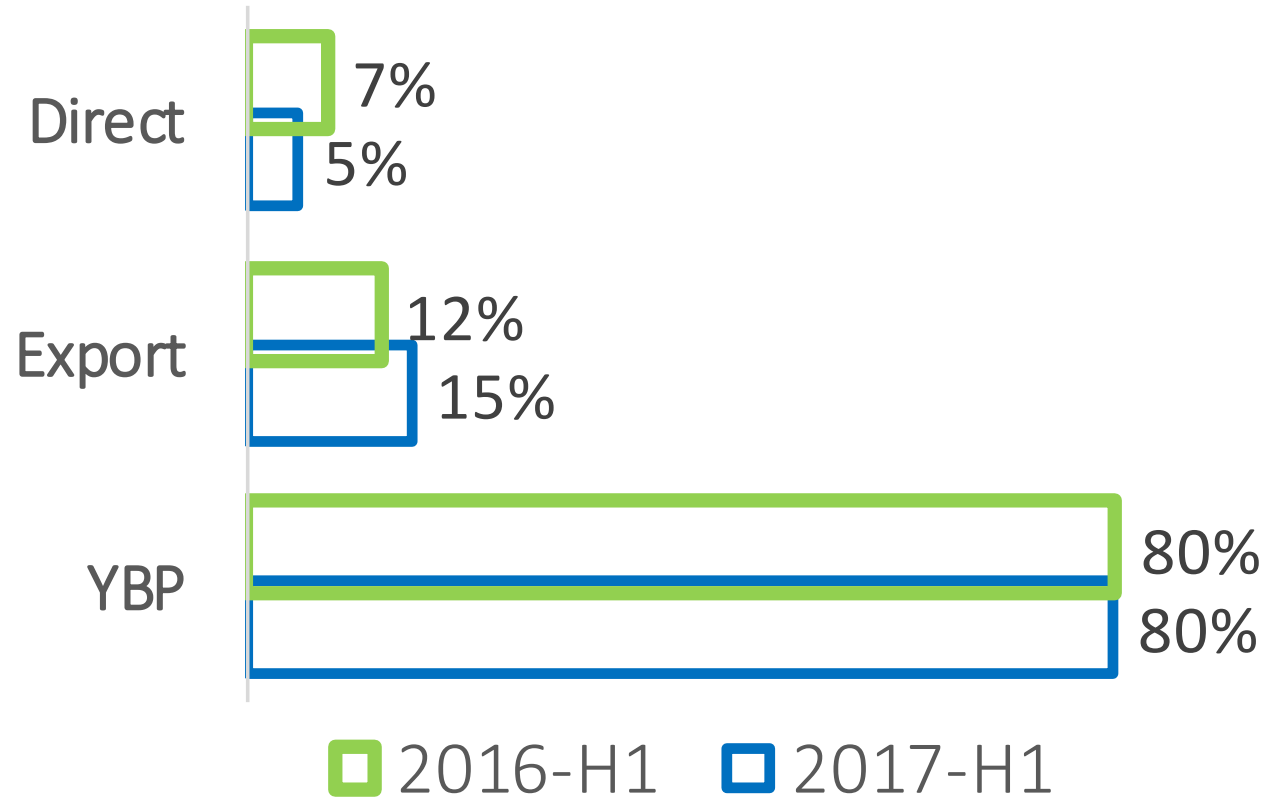


- After the launch, Pinar Cottage Cheese has been strengthening its position in the market and rose to the second position with a **16,6%** market share.

2017-H1 | Sales Breakdown | Channels

Sales Channels

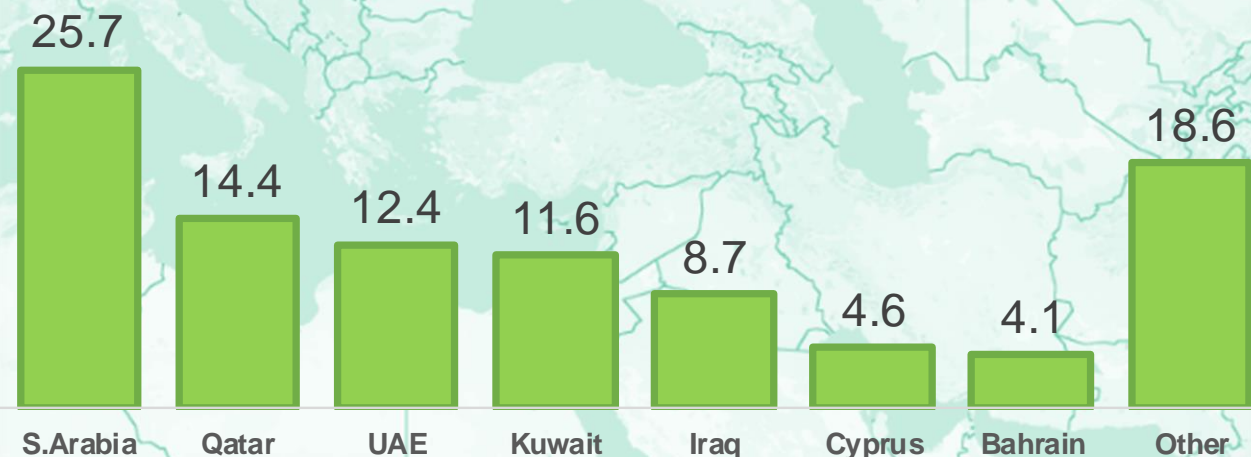
Net Sales



- Yaşar Birleşik Pazarlama, which is the distribution company of Yaşar Food Group, ranks 116th in 2016 in the top 500 rankings of Fortune magazine.

2017-H1 | Sales Breakdown | Export

Exports Breakdown by Country (%)



- \$23.6 million export was realized in the 2017-H1 accounting for a 5.7% increase in terms of US Dollar when compared to the same period of 2016.
- The share of exports in net sales reached up to 15.2%.

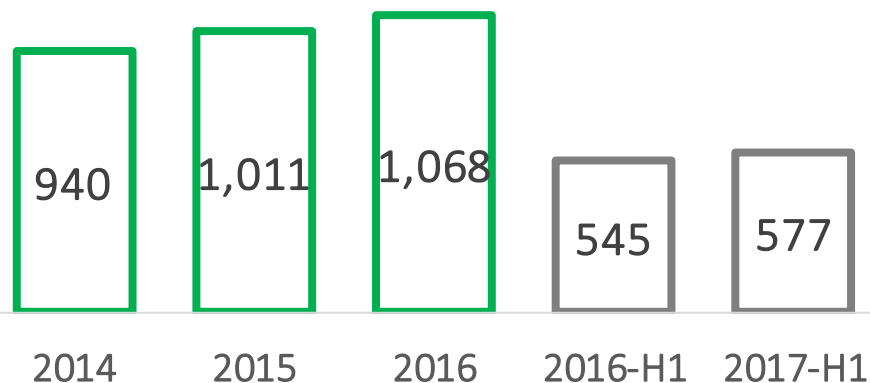
	2013	2014	2015	2016	2017-06
Shares of Exports in Sales	10.9%	12.0%	12.3%	11.9%	15.2%

2017-H1 | Income Statement

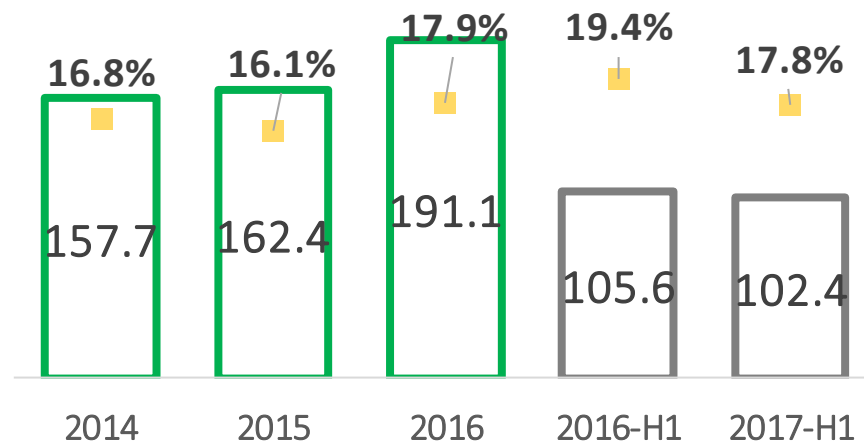
(Million TL)	H1-2017	H1-2016	Difference	% Change
Net Sales	576.6	544.6	32.0	5.9
Cost of Goods Sold	(474.1)	(439.0)	(35.1)	8.0
Gross Profit	102.4	105.6	(3.2)	(3.0)
R&D Expenses	(5.8)	(5.3)	(0.5)	9.9
Sales, Distribution and Marketing Expenses	(46.6)	(38.5)	(8.1)	21.2
General Administration Expenses	(19.4)	(19.4)	0.0	(0.1)
EBIT	30.6	42.4	(11.8)	(27.9)
Shares of Results of Investments				
In Associates	2.6	5.2	(2.6)	(50.3)
Other Expenses (Net)	5.6	3.9	1.7	42.7
Financial Expenses (Net)	(9.5)	(2.4)	(7.1)	294.6
Profit Before Tax	29.2	49.1	(19.9)	(40.5)
Tax	(0.3)	(5.8)	5.5	(94.8)
Net Profit for the Period	28.9	43.3	(14.4)	(33.1)
EBITDA	45.3	55.7	(10.4)	(18.7)
Total Assets	982.8	922.6	60.2	6.5
Equity	575.7	577.7	(2.0)	(0.3)

2017-H1 | Sales and Profitability

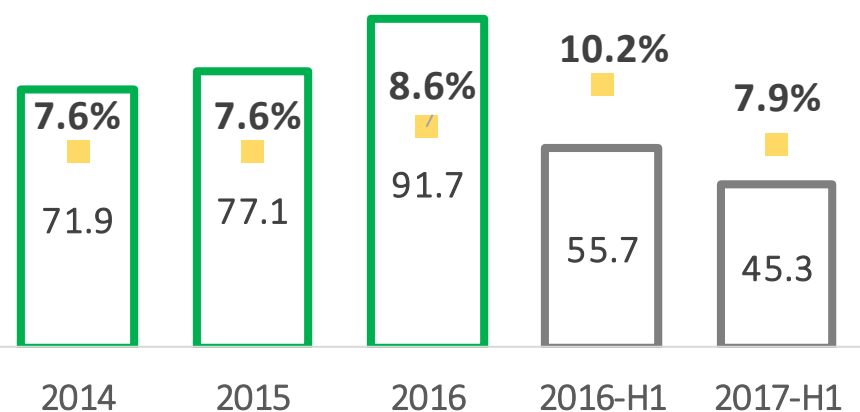
Net Sales (m TL)



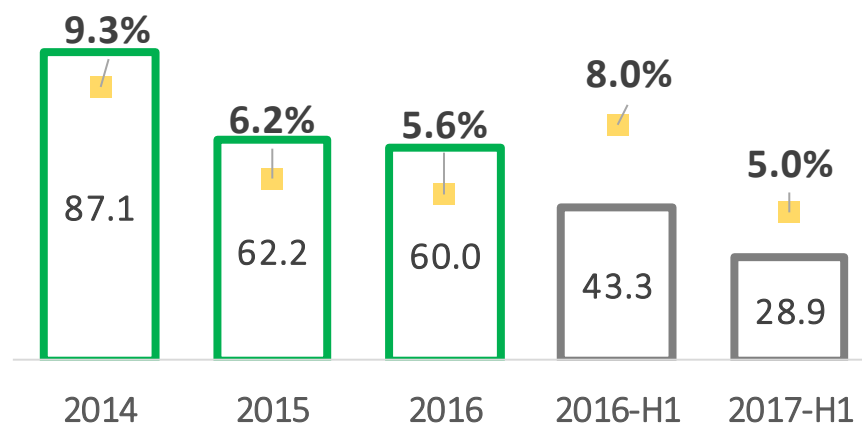
Gross Profit (m TL)



EBITDA* (m TL)



Net Profit (m TL)

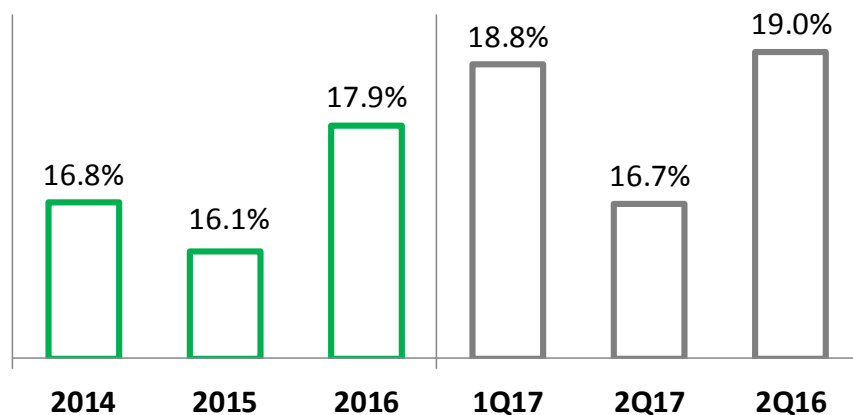


■ Profit Margin

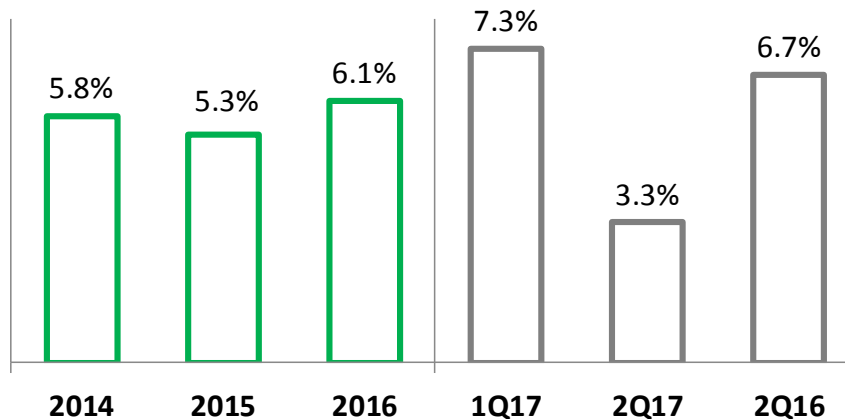
* Earnings before interest, tax, depreciation and amortization (Excl. other income and expenditures)

2017-H1 | Profit Margins

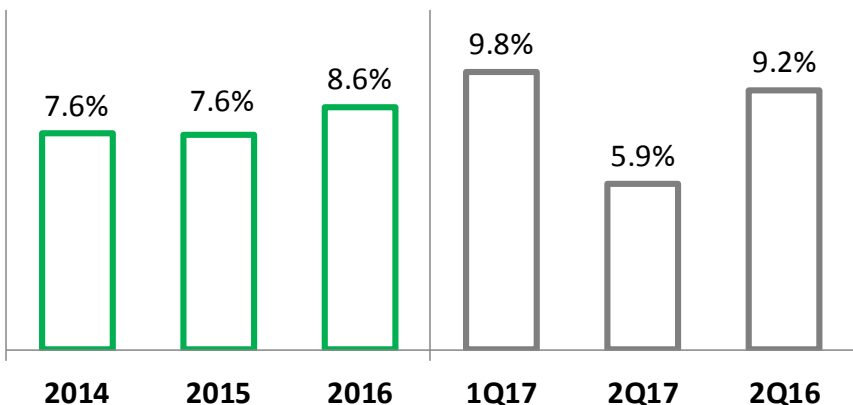
Gross Profit



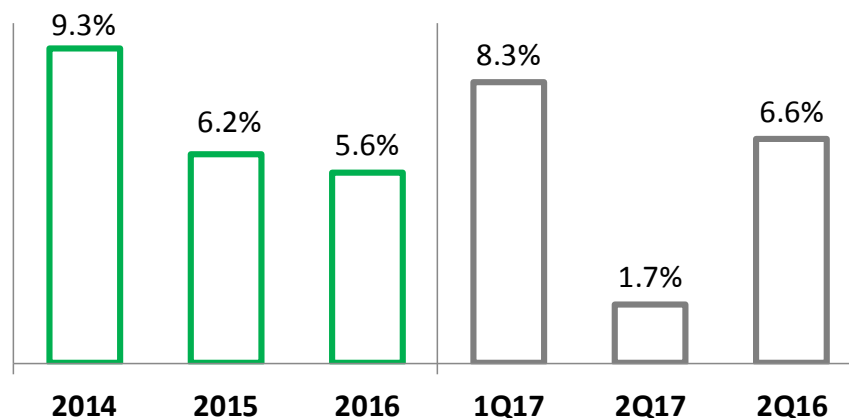
EBIT



EBITDA*



Net Profit



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

2017-H1 | Financial Ratios

Balance Sheet Ratios

	2013/12	2014/12	2015/12	2016/12	2017/06
Current Ratio	1.51	1.42	1.16	1.23	1.16
Leverage Ratio	0.30	0.32	0.34	0.36	0.41
Current Borrowings/Total Borrowings (Fin.)	1.00	0.55	0.93	0.56	0.65
Net Fin. Borrowings/EBITDA	0.05	0.16	0.35	0.78	0.98
Net Fin. Borrowings/Equity	0.01	0.02	0.05	0.12	0.13
Return on Equity (ROE)	14.73%	17.26%	11.15%	10.17%	7.92%

- In the first half of 2017, 14.9 million TL capital expenditures were realized.

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

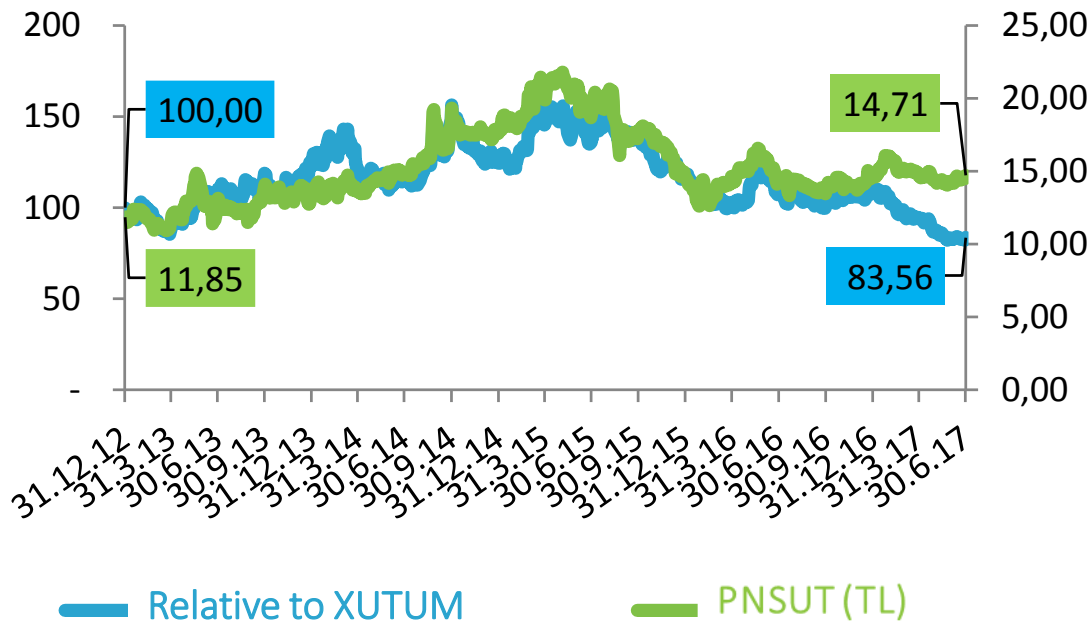
Breau Veritas

Food and Drug Administration

Corporate Governance

Saha Rating

Stock Performance



(TL)

Corporate Governance Rating:	9.24
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Borsa İstanbul Ticker Symbol:	PNSUT
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Thank you

