

## Chairperson's Message



**İdil Yiğitbaşı**  
Chairperson of the Board of Directors

Our brand is  
synonymous  
with confidence  
and quality in  
consumers'  
minds.

**The pioneer and leader of the processed meat sector in Turkey, Pınar Et continued to increase both its sales and its market share in line with its corporate strategies in 2010 while further strengthening its front-rank position.**

Constrained by the global economic climate in 2009, the Turkish economy suffered a contraction that year but was nevertheless one of the first national economies to emerge from crisis. In 2010 Turkey made a strong recovery and resumed growing once again. With employment numbers showing improvement, the principal driving force of economic recovery was strong domestic demand although policy interest rates also supported the revival of economic activity by falling to historically low levels. In 2010 the Turkish economy registered an 8.9% rate of year-on growth, which ranked it first among all European countries. Our country's growth performance in 2010 was the fastest witnessed since 2004.

Our sector is distinguished by its dynamic structure and by its strongly promising future. The most important development impacting its production, trade, and competitive conditions last year was the persistently high rise in red meat prices that began in the second half of 2009 and continued throughout much of 2010. Confronted by this situation, producers sought to reflect at least some of their increased costs in their prices while having of course always to keep consumers' purchasing power in mind. These developments affected the charcuterie market, in which there was about a 3% overall decline in terms of volume. In the last quarter of the year, the government made changes in the rules pertaining to the importation of live animals and carcasses. Partly as a result of these changes, there was a decline in the shelf price of meat.

**In 2010 Pınar Et continued to focus on its strategy of producing and selling high added value, differentiated products while also undertaking infrastructure and process improvements aimed at increasing effectiveness, productivity, and customer satisfaction.**

In 2010 Pınar Et registered growth in its sales and market share in line with its strategies. By making correct use of its brand strengths, production experience, and effective distribution network, our company was able to minimize the impact that higher raw material costs had on its economic and commercial activities. In the process of this, it also demonstrated once again that it remains on course as a strong and enduring player in its business line.

In 2010 Pınar Et booked a total turnover amounting to TL 352.8 million. Over the last five years, the company's sales have achieved a compound annual growth rate of 9%. Total export revenues in 2010 amounted to USD 3.6 million.

While continuing to expand our product line, the improvements that we made in our cost base in 2010 are meaningful in that they underscore the inherent potential for growth and profitability that exists at Pınar Et. During 2010 our company continued to make successful progress in the direction of better controlling its costs. Despite uncertainties and rapid rises in red meat prices last year, Pınar Et was able to defend its overall profitability in absolute terms.

### Pınar Et defended its huge lead in all categories in 2010.

Pınar Et ranks first in the frozen foods market (consisting of meat, dough, and aquaculture products) with a 29% share of the market's aggregate turnover. On its own it accounts for an overwhelming 58% share of the frozen meat products category. The company also remains the leader of the charcuterie market, controlling individual market shares of 34% in salamis, 27% in sausages, and 16% in soudjouks and an overall market share of 20%.

Responding to rapid rises in red meat prices in 2010, the Turkish charcuterie market shrank by 2.7% in terms of tonnage even while growing by 10.8% on a turnover basis. Pınar Et for its part booked a 17% year-on rise in its charcuterie turnover, thereby successfully outperforming the sector. The company maintains its leading position in this category with a market share that is more than twice that of its nearest competitor.

### For Pınar Et, consumers and their unconditional satisfaction mean everything.

The Pınar brand owes its sustainable presence to the customers who trust it. In 2010 Pınar Et once again ranked foremost among the food labels that enjoy the highest levels of customer satisfaction and loyalty. Our name is synonymous with confidence and quality in consumers' minds. The fact that the consumer is everything is a reality that all of our employees sincerely acknowledge and is also the bedrock on which all of our activities are carried out. An ability to correctly define the demands of consumers, which may differ from one another on sometimes even very small details, combined with an ability to offer differentiated solutions is what gives the Pınar Et concept its life.

Quality and hygiene are of the utmost importance from the standpoint of consumers' unconditional satisfaction. As a company that produces according to international standards of food safety, we possess all the infrastructure required by our line of business to back up our assertion of quality. Quality assurance at Pınar Et is fundamentally inherent in the organization of the company's production processes. Embracing everything from our live animal procurements on the one hand to consumers' picking our products off the shelf, it is an essential element of our competitive edge.

Responding to the changing expectations of consumers is another fundamental goal at Pınar Et. Under this heading, we continue to engage in innovative efforts in both the diversity of our product line and in the flavors that we offer in order to increase customer satisfaction and the value of the goods that we provide.

### We continue to make an intensive effort to make our leadership even stronger and more sustainable in the future.

We are engaged in a wide range of activities involving everything from R&D, productivity, and human resources to packaging and logistics that will make the competitive strength of the Pınar brand sustainable, further strengthen our market position, and increase our profitability.

An important project that we completed in 2010 involved changes in our product packaging. These changes go far beyond just reflecting the latest international trends in food packaging and were focused on also making use of the most environment-friendly materials possible while also contributing towards more efficient waste management.

As a result of our committed and systematic efforts, the volume of recoverable packaging waste from the products that Pınar Et supplies to the market continues to increase year after year. While contributing towards protecting all aspects of the environment and making optimal use of energy and other natural resources, we also engage in an ongoing effort to do even better.

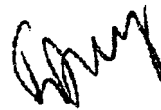
### Like our sector, we too are focused on growth.

We believe that there will be rapid growth in our country's processed meat sector paralleling the rapid growth and development taking place at the national level. Some of the strategies that we are committed to following exactly in order to achieve our goals in line with this expectation are these:

- We will increase our overall market share by pursuing above-average growth in all segments.
- We will improve our profitability throughout the value creation chain without sacrificing quality.
- We will improve communication with consumers and increase customer satisfaction by maintaining the highest levels of production quality.
- We will invest in our human resources in order to ensure the sustainability of our success.
- We make optimal use of all natural resources through efficient waste and energy management.

As we pursue the objectives which I have briefly outlined above, we will also remain firmly committed to our effective price management strategy. Another strategy that we will be deploying involves further enriching our product portfolio with new varieties that are capable of appealing to consumers in different segments. In 2011 and the years that follow, Pınar Et will continue to invest in broad-based distribution and marketing activities as it focuses on achieving above-market-average growth in every segment in which it commands a lead.

As one of the best-established players in the Turkish food industry, we are committed to offering our customers only the very best. This commitment, buttressed by the support of our esteemed shareholders, is what will enable Pınar Et to continue on its path of sustainable growth without interruption. In closing I extend my sincerest appreciation to all our customers for continuing to prefer Pınar Et quality as well as to all our stakeholders.



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