



# PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

## INVESTOR PRESENTATION



April 2008



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## Yaşar Group At a Glance

- **Established in 1945**
- One of the Turkey's most important and highly respected conglomerates
- Core businesses: **Food & Beverage and Paint**
- Non-core businesses: Tissue, Trading and Services
- **24 companies, 2 foundations, over 6,600 employees**
- Consolidated revenues of approx. **US\$ 1,1 bn** and EBITDA of **US\$ 109 mn** in FY2006.
- **Six subsidiaries listed on the Istanbul Stock Exchange**, combined market cap\* **YTL 800 mn.**
- Prominently in Turkish economy with 5 companies ranking **among top private 500 of Turkey**
- Widespread and effective **distribution network** in FMCG market
- **R&D** expertise, proven product innovation capabilities
- Strong track record as an **“innovator”** in Turkey
- **Marketing** expertise, strong brand portfolio
- **Strong presence** in Turkish food & beverage and paint industries
- **IT Systems**
- **Signed the UN Global Compact** on 12 November 2007

\* As of April 21,2008



## Market Leader in Food and Beverages: PINAR

- Launched in 1975, Pınar is the market leader in many sub-segments of FMCG
- Pınar brand is internationally recognised, especially in the Gulf countries
- Selected among “Turkey’s Superbrands” in 2005 with 99% brand awareness and ranked #1 according to the brand potential index (*source: GFK-2005*)
- #1 Turkish brand that comes to mind in “milk“, “processed meat“ and “water“ (bottled and home&office delivery) categories (*source: ACNielsen-2006*)
- 6th most valuable brand in Turkey with an estimated brand value of \$802 million (*source: Brand Finance-2005*)
- As one of the most valuable Turkish brand, part of the Turquality project supported by the Turkish government
- According to the “Turkey Customer Satisfaction Index”, selected the best brand in meat and meat products sector (*source: Kalder-2007*)
- Online traceability of the production through



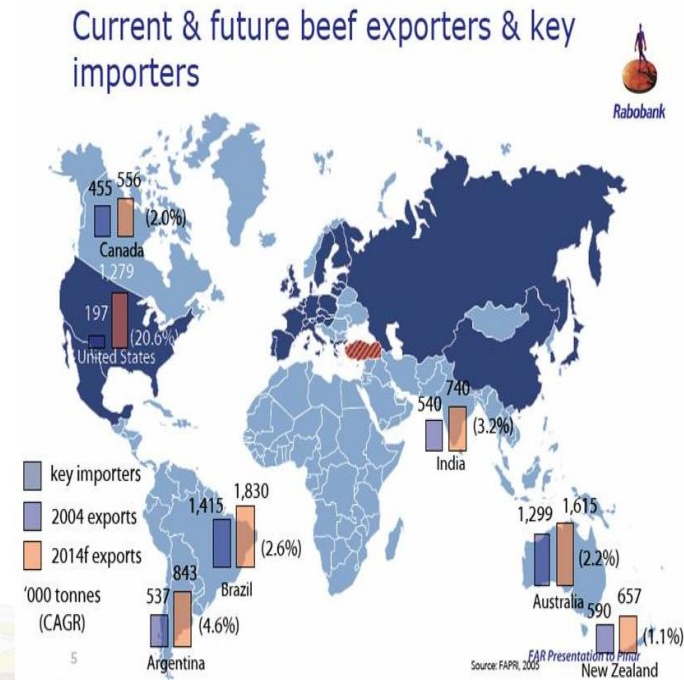
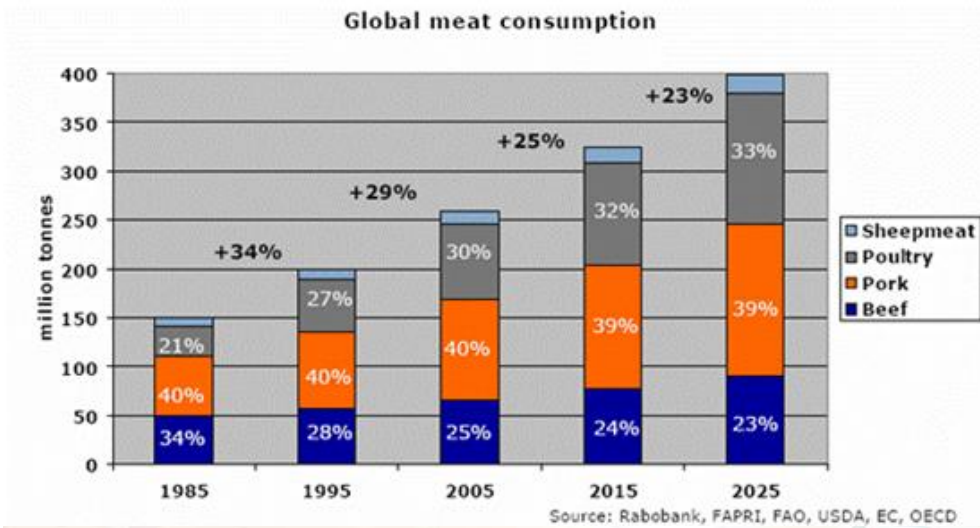


## MEAT & MEAT PRODUCTS SECTOR



# Meat and Meat Products Industry

- Global meat market expected to increase by 50% in the next 20 years
- Brazil, Argentina and India are expected to control the meat supply
- Custom barriers are expected to decrease
- Agricultural and export supports will decrease together with the increasing functionality of WTO.

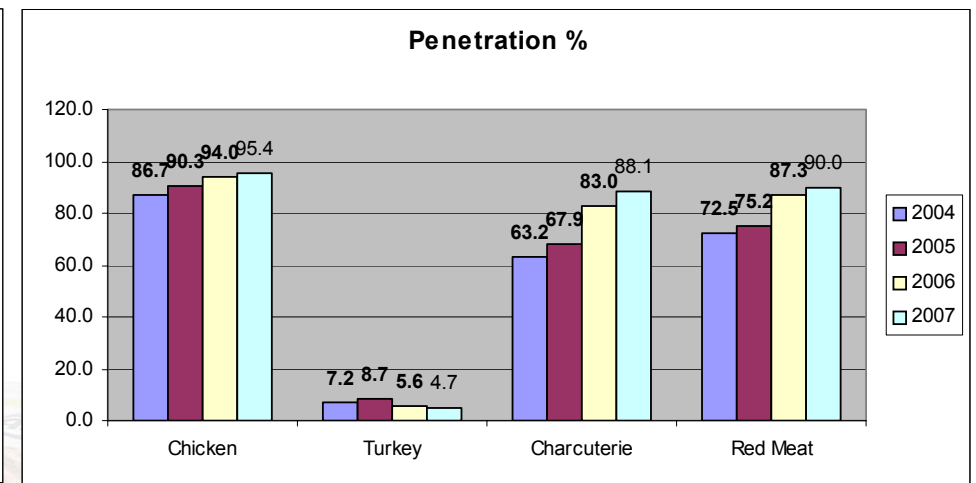
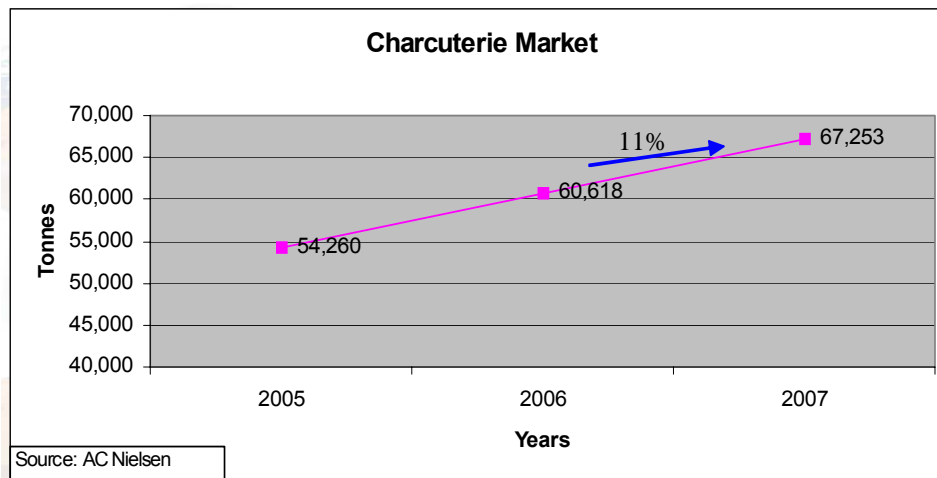






# Meat & Meat Products Industry In Turkey

- Rapid growth in delicatessen market is observed.
- Production is expected to reach 3.0 mn tons (1.8 mn tons currently)
- Per capita consumption is expected to increase from 25 kg to 39 kg.
- Today there is a
  - Registered delicatessen market of 60.000 tons (1 bn USD) (Real market more than twice)
  - Red meat market of 4,8 bn USD





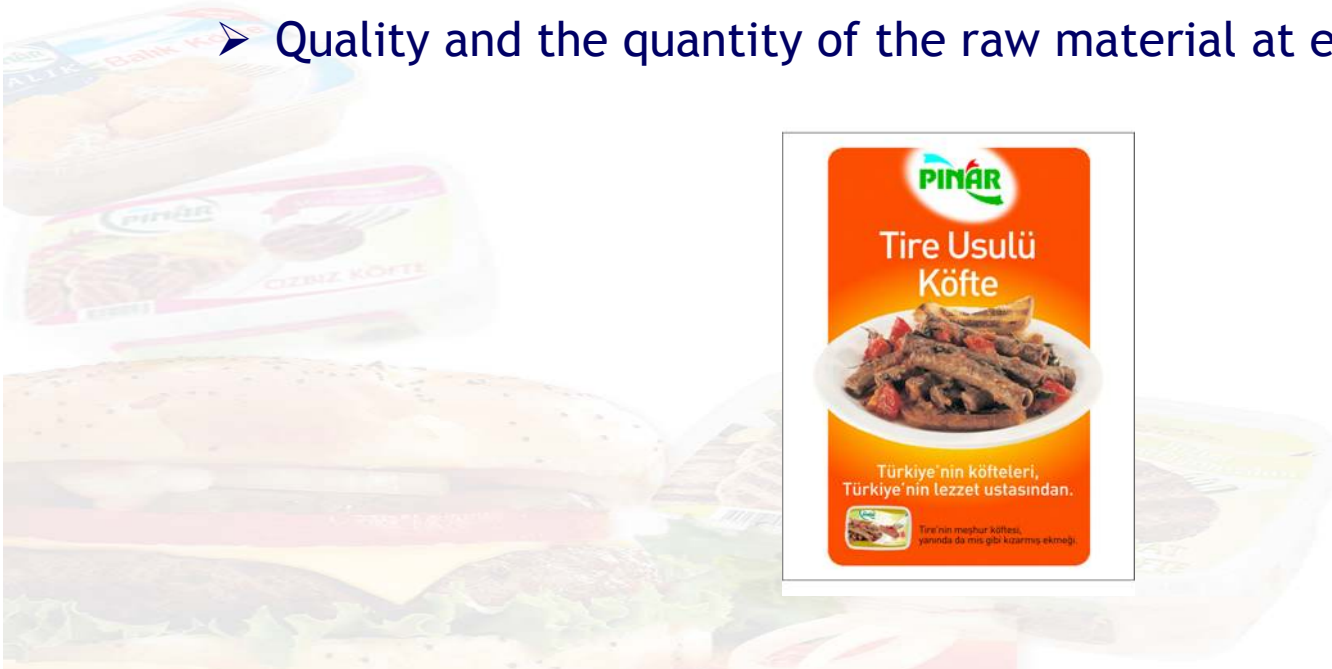
## Meat & Meat Products Industry In Turkey

- Total number of cattle is around 10,5 million heads and lamp&sheep 25 million heads.
- Annual beef production in Turkey is 800.000 tons. (half is registered.),
- Broiler production around 950.000 tons,
- Turkey meat production around 50.000 tons,
- %15 - 20 of the butcher quality cattle sourced from big farms,
- Packed meat products market is expected to grow %6 in 2007,
- Meat consumption per capita ;

	Red Meat	Poultry Meat	Fish
World	27,6	11,7	28,4
E.U. (25)	67,5	21,6	42,3
Turkey	9,4	12,5	6,5



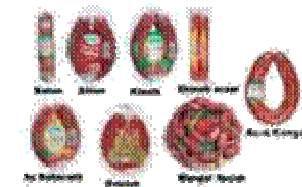
- An increase in the;
  - Registered meat production
  - Demand on packed meat and meat products
  - Quality awareness of consumers
  - Productivity
  - Demand on safe food
  - Quality and the quantity of the raw material at each step





## PINAR ET Is Ready for EU

- Certified “turkey processing plant” by the Ministry of Agriculture and Rural Affairs to export to the E.U.
- Modern processing technology
- Advanced laboratory competence,
- TSE-ISO-EN 9000 : Quality Management System Certificate,
- TSE-ISO-EN 14000 Environmental Management System Certificate
- TSE-ISO-EN 22000 Food Safety Management System Certificate
- EFSIS “European Food Safety Inspection Service” audits, Grade A, “High Operational Standards.”
- Supplier based performance measurement
- 100% traceability from farm to fork
- Sustainable qualified human resources





## Meat & Meat Products Sector Promises High Potential For Growth

- Significant **growth potential with 7-10% p.a. on average**, with major drivers of this growth including favourable Turkish economic and demographic developments and close proximity to **EU and Middle East markets**
  - Growing trends towards **packaged products** for health and hygiene reasons
  - Increase in the number of working women, leading to an increase in demand for **ready meals**
  - Rising education levels, affecting consumption decisions for **branded and healthy products**
  - Consumer trends towards **value-added and enriched products**
- **Branded Products: Pinar is ahead of competition on brand recognition, product quality, corporate image and reputation, customer loyalty and consistency of supply**
- **Reduction in VAT rates of delicatessen in June 2007 is expected to have positive effect**





## COMPANY OVERVIEW







Türkiye's first private integrated modern meat plant Pınar Meat was established. Meat obtained at slaughterhouse under hygienic conditions and fully-automated packages sausage flavoured with garlic, salami, sausages and other delicatessen products were appreciated by the consumers. **1988**

Birleşik Markets were established to sell carcass meat products by Pınar Meat.



**1998**

Pınar established first full-integrated turkey production facilities in Turkey and introduced white turkey meat.

**2001**

Pınar Meat produces traditional Turkish döner food, preserving its original taste, and offered for sale throughout Turkey.

**2004**

Pınar Meat was granted TS ISO 14001 Environmental Management System

1985

'88

'90

'95

'00

'02

'04

'06

2007

**1987**

First hamburger meatball in Türkiye was produced upon cooperation between Pınar Meat and McDonald's. Pınar Meat introduced frozen ready food to the Turkish people.

**1994**

Pınar Meat became first meat production Company to which TS ISO 9002 Quality System Certificate has been awarded.

**2000**

Pınar Meat produced sliced delicatessen varieties at full-automated modern facilities.

**2001**

Pınar Meat realised production of frozen sea products.

**2003**

Pınar Meat passed to TS ISO 9001-2000 Certificate.

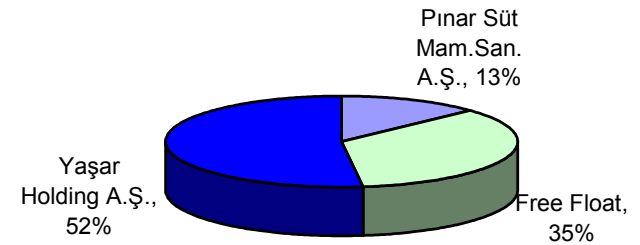
**2004**

Nine varieties of meat balls were introduced under the concept of Türkiye's Meat Balls.

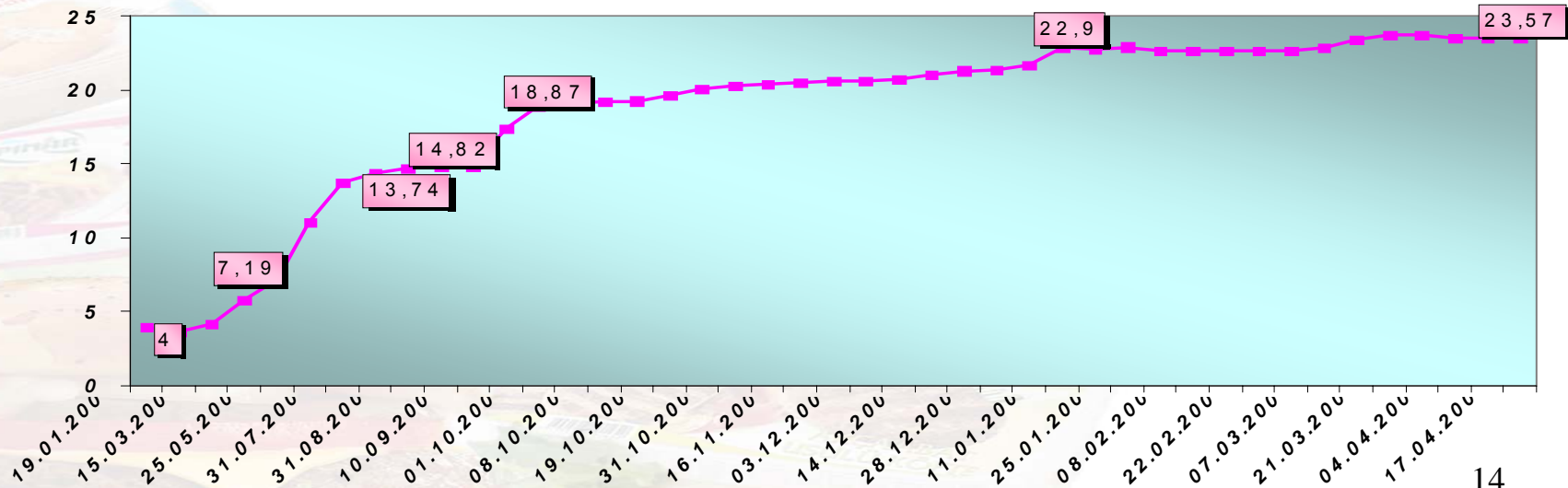


# Company Overview

- 1985 Pınar Et established as the first private integrated processed meat factory
- 1998 Turkey's first fully integrated Turkey meat facilities with the introduction of white Turkey meat
- Listed in Istanbul Stock Exchange
- % 33 of total outstanding shares in free float
- 545 employees
- Price at April 21,2008 → TRY 4,12
- Market Cap (\$mn) : 136



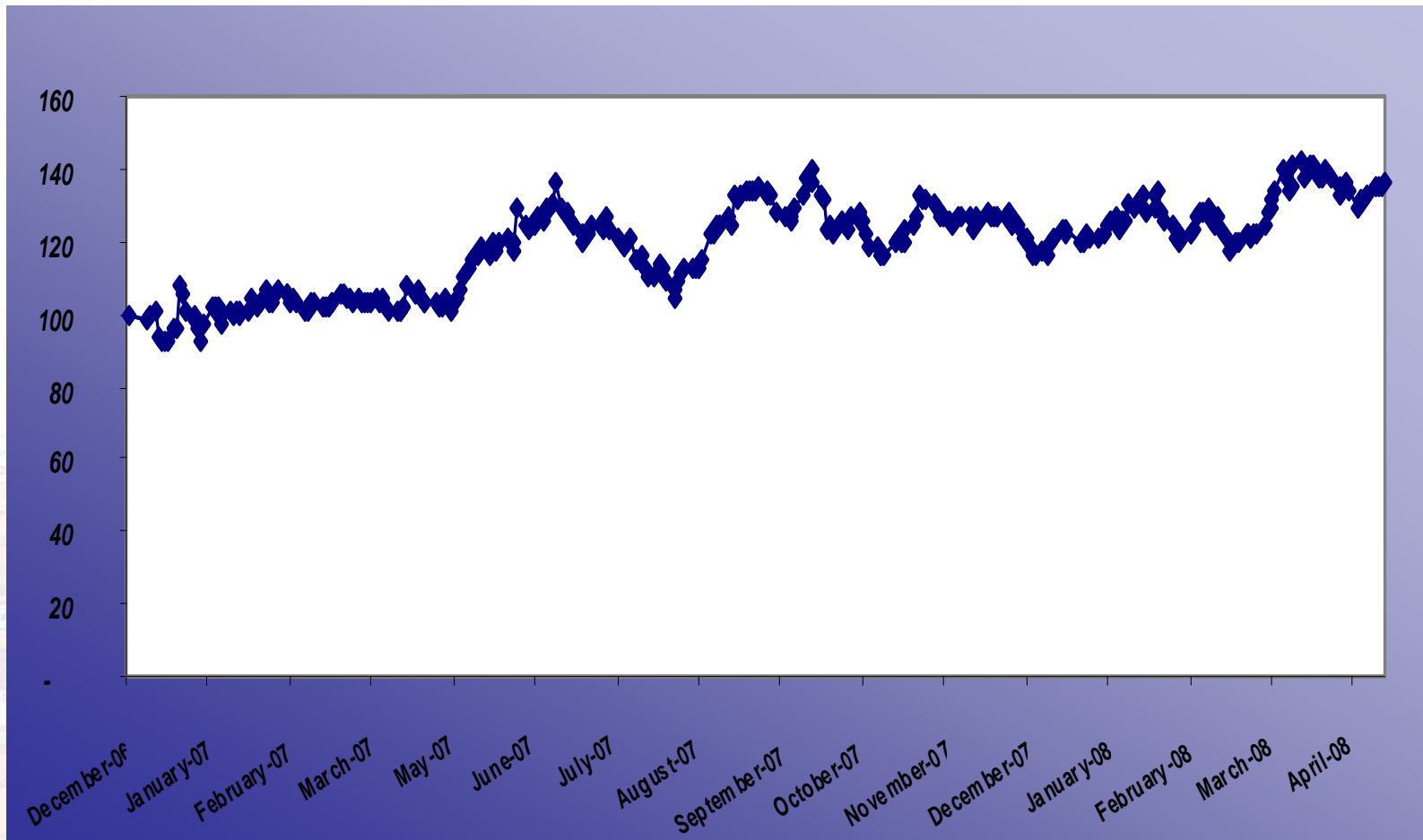
## Foreign Stake in the Free Float







# Relative Performance to ISE-100





## Notable Participation Value



Yaşar Birleşik  
Pazarlama Dağıtım  
Turizm ve Ticaret  
A.Ş. (YBP)

Ownership %  
38.26%

Carrying Value  
68.6 M YTL

Sales and distribution of  
products of Pınar Süt,  
Pınar Et & other food  
products



Çamlı Yem, Besicilik  
San. ve Tic. A.Ş.

Ownership %  
23.38%

Carrying Value  
18.5 M YTL

Agribusiness- Feed  
production, fish, cattle  
and turkey farming



Pınar Foods GmbH,  
Germany

Ownership %  
44.94%

Carrying Value  
1.4 M YTL

Production and  
distribution of water and  
food products in Europe



Pınar Anadolu Gıda  
San. ve Tic. A.Ş.

Ownership %  
20.00%

Carrying Value  
1 M YTL

Production of dairy and  
meat products in Yozgat

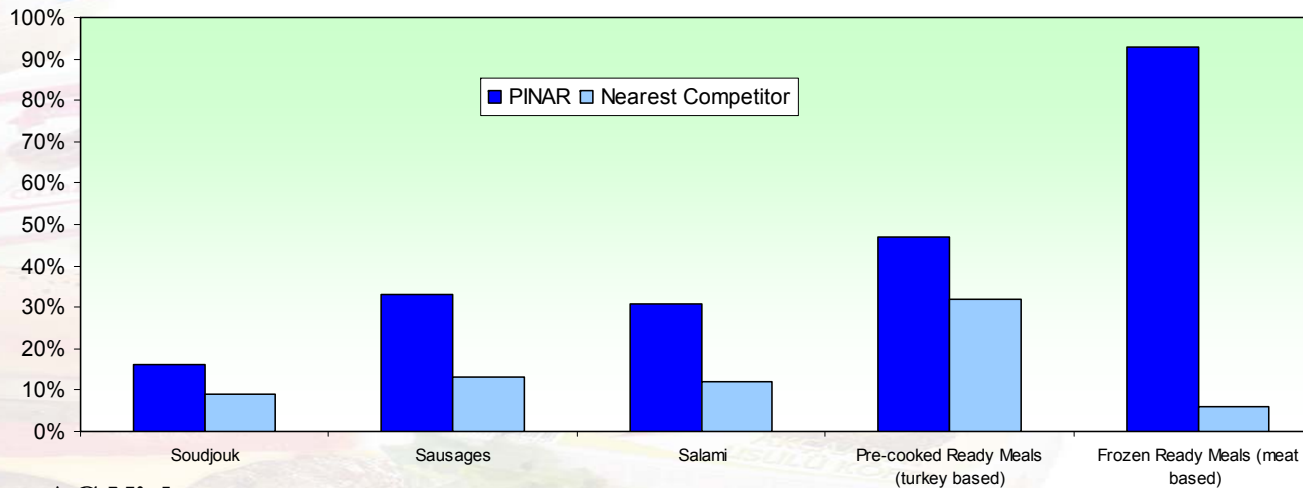


# Market Position

PRODUCT	MARKET SHARE (%)	POSITION
FROZEN READY MEALS (MEAT BASED)	67	LEADER
SALAMI	31	LEADER
SAUSAGES	30	LEADER
SOUDJOUK	15	LEADER



Market Share Comparison

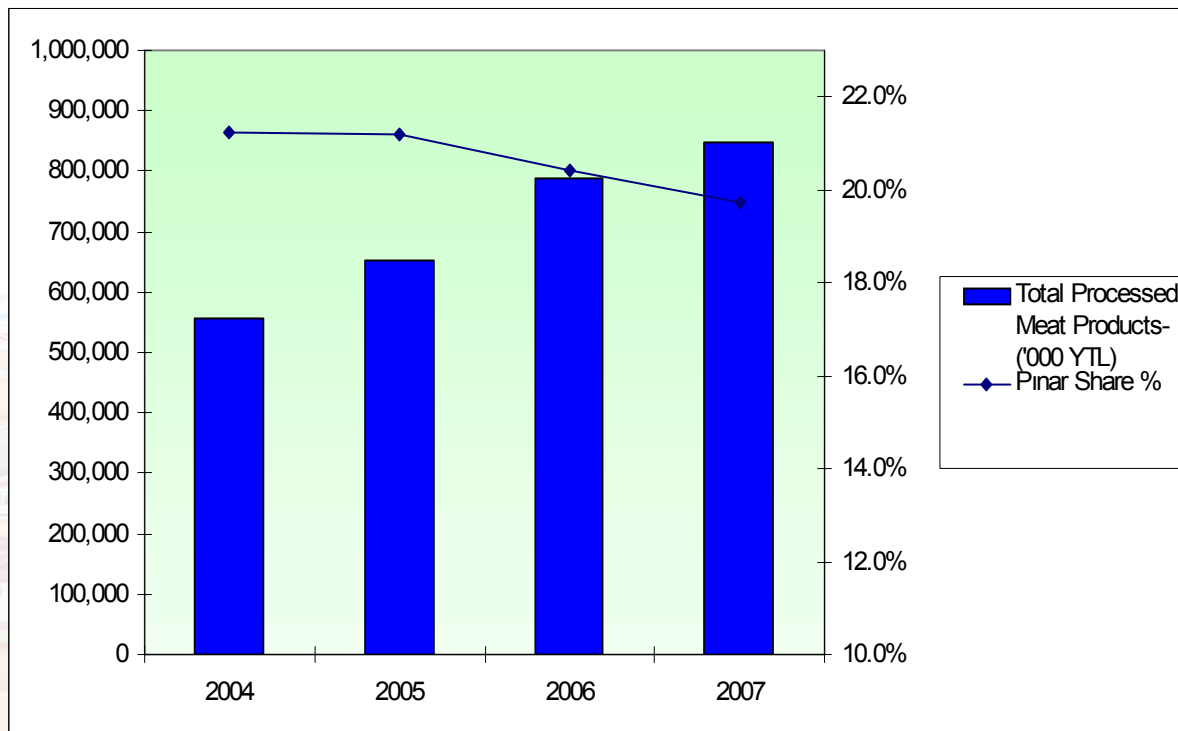


Source: AC Nielsen



## Marketing Expertise

- The market is continuously growing
- Pinar Et is maintaining the leadership in the market



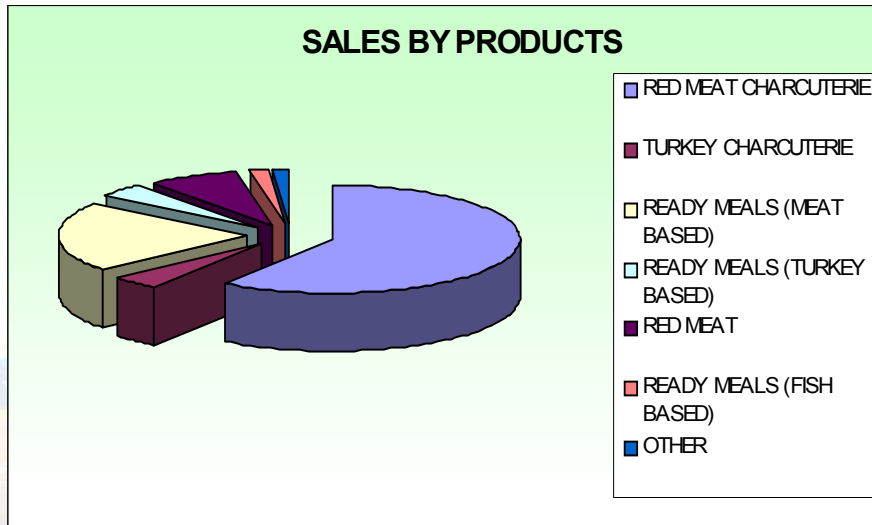


## FINANCIAL PERFORMANCE

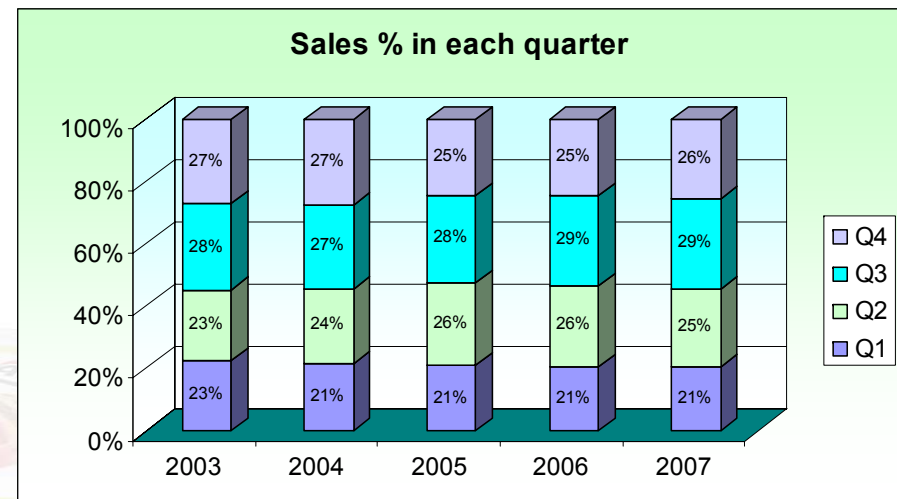
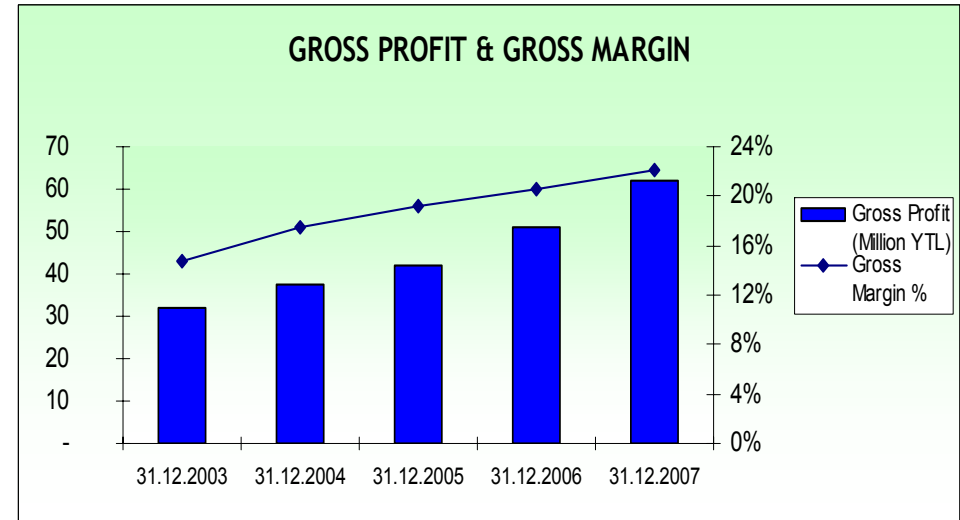




# Gross Profit Margin & Sales by Product & Seasonality



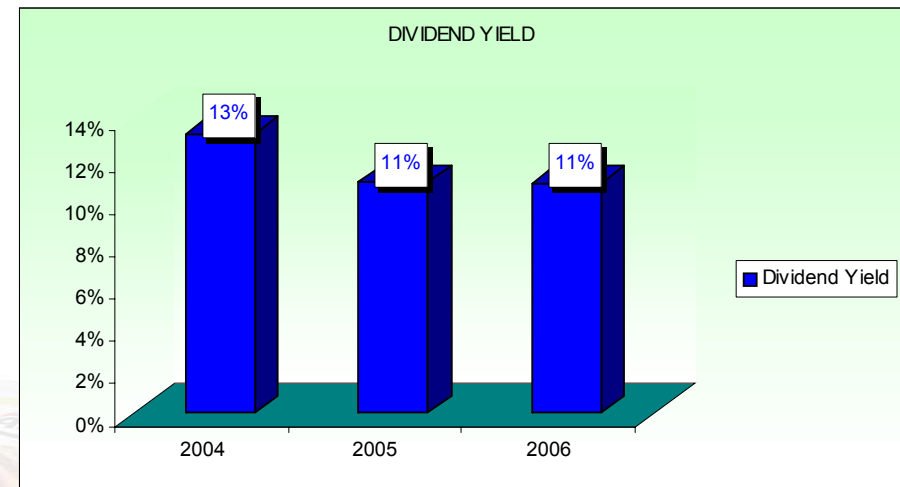
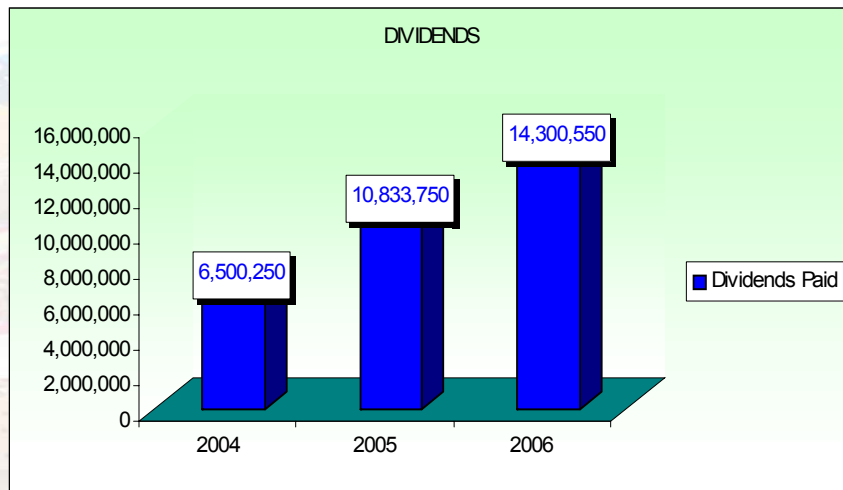
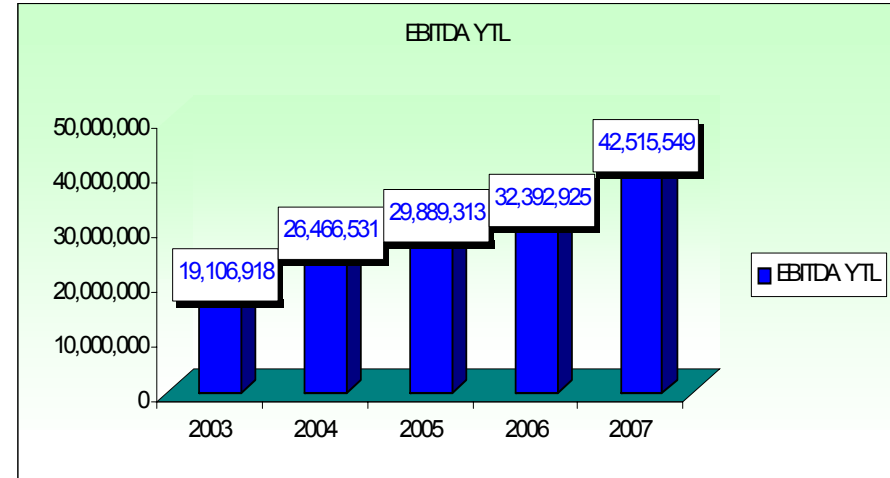
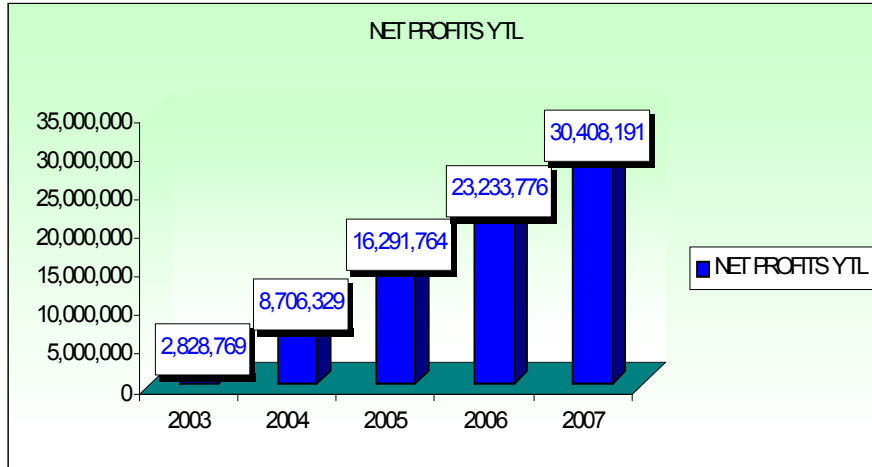
➔ There is no significant seasonality for sales of Pınar Et





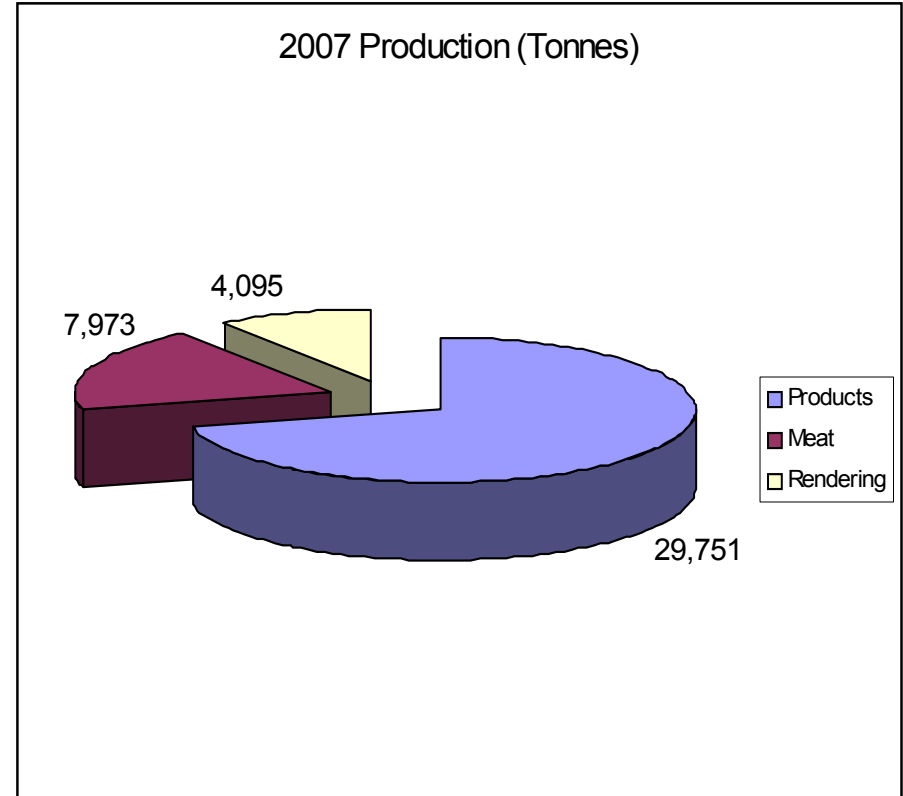
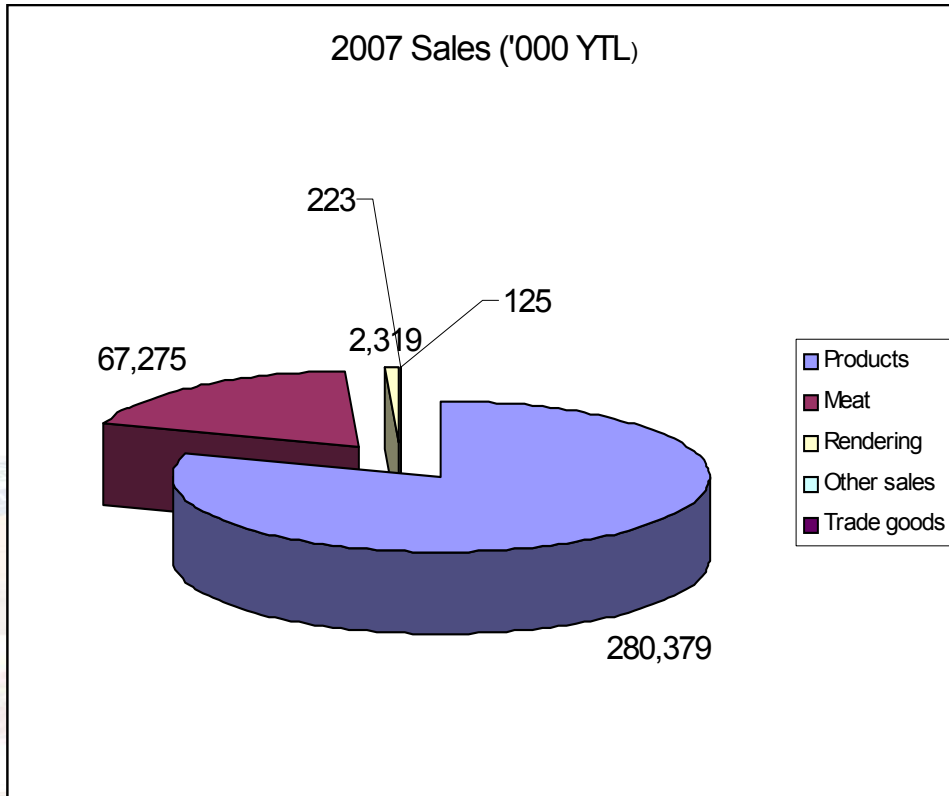


# Performance Highlights





# 2007 Sales & Production Breakdown





## Consolidated Income Statement (Mn YTL)

	FY07	FY06	FY05	FY04
<b>OPERATING REVENUE</b>	<b>281</b>	<b>247</b>	<b>219</b>	<b>213</b>
Net Sales	281	247	219	213
Cost of Sales	-219	-196	-177	-176
<b>GROSS PROFIT</b>	<b>62</b>	<b>51</b>	<b>42</b>	<b>37</b>
Operating Expenses	-28	-27	-22	-22
<i>Research &amp; Development Cost</i>	-1	-1	-1	0
<i>Selling &amp; Marketing Expenses</i>	-16	-16	-11	-12
<i>General % Administrative expenses</i>	-11	-10	-10	-9
<b>NET OPERATING PROFIT</b>	<b>34</b>	<b>24</b>	<b>20</b>	<b>15</b>
Other Income	19	14	12	6
Other Expenses	-6	-3	-4	-3
Financial Expenses	-7	-7	-3	-5
<b>OPERATING PROFIT</b>	<b>41</b>	<b>27</b>	<b>25</b>	<b>13</b>
<b>PROFIT BEFORE TAXATION ON INCOME</b>	<b>41</b>	<b>27</b>	<b>25</b>	<b>13</b>
Taxes on Income	-10	-4	-9	-4
<b>NET PROFIT FOR THE YEAR</b>	<b>30</b>	<b>23</b>	<b>16</b>	<b>8</b>
<b>EBITDA</b>	<b>43</b>	<b>32</b>	<b>30</b>	<b>26</b>



## Improving Metrics

	FY07	FY06	FY05	FY04
EBITDA	43	32	30	26
EBITDA %	15.1%	13.1%	13.7%	12.4%
EBIT	12.3%	9.8%	9.3%	7.1%
GROSS MARGIN	22.1%	20.6%	19.2%	17.5%
NET PROFIT MARGIN	10.8%	9.4%	7.4%	3.9%





## FINANCIAL OVERVIEW

- Consolidated net sales of app. YTL 281 mn and EBITDA of YTL 43mn for 2007.
- EBITDA margin of 15.1%
- Pınar Et has increased its sales over the years

KEY PERFORMANCE INDICATORS (IFRS-CONSOLIDATED)			
	31.12.2007	31.12.2006	Change (%)
NET SALES (YTL)	280,950,742	247,226,676	13.6%
COST OF GOODS SOLD (YTL)	(218,750,180)	(196,392,729)	11.4%
GROSS PROFIT (YTL)	62,200,562	50,833,947	22.4%
GROSS PROFIT MARGIN	22.1%	20.6%	7.7%
EBITDA (YTL)	42,515,549	32,392,925	31.2%
EBITDA MARGIN	15.1%	13.1%	15.5%



## Key Ratios & Net Financial Debt: Improved Financial Standing

	Dec 31, 2007	Dec 31, 2006
Current Ratio	1.81	1.61
Leverage Ratio	21%	27%
Interest Coverage Ratio	7.99	8.91
S/T Financial Debt/Total Financial Debt	0.24	0.34
Net Financial Debt /EBITDA	0.10	0.38
Total Financial Debt / Equity	0.07	0.11

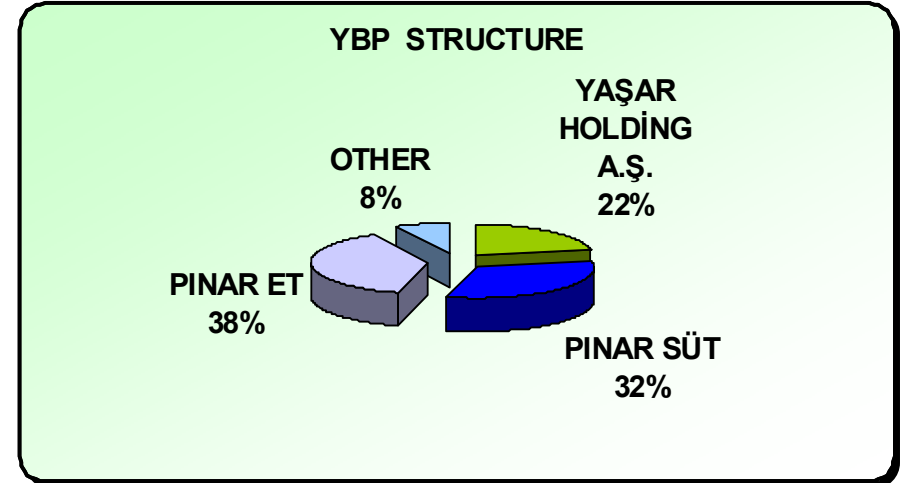
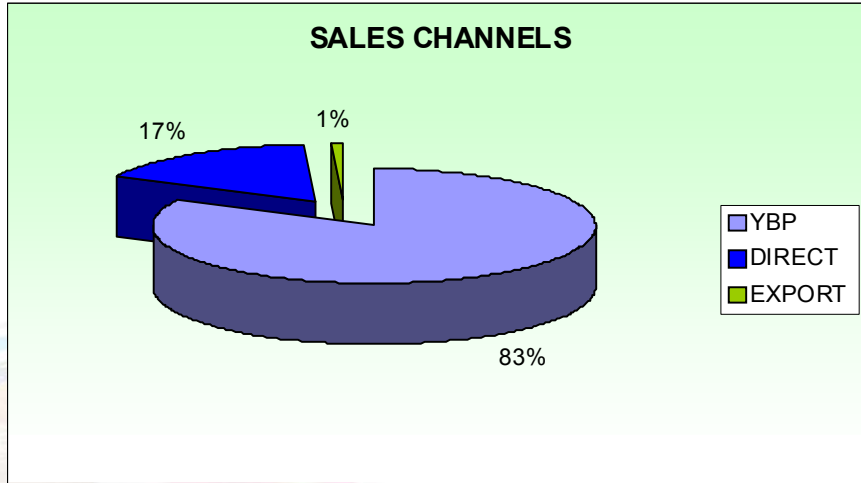
(Mn YTL)		
Cash & Cash Equivalents	9	7
S/T Borrowings	2	6
L/T Borrowings	10	11
Net Financial Debt	3	10





## Sales and Distribution

➤ Domestic sales of Pınar Et are realised through Yaşar Birleşik Pazarlama A.Ş. (YBP)





## YBP - Yaşar Birleşik Pazarlama A.Ş.

- **The second biggest food sales & distribution network in Turkey**
- **Specialised in one-way, packaged, high-quality, fast moving consumer goods**
- **Approximately US\$ 500 Mn/year turnover, 1000 employees with 7 profit centers**
- **132 distributors** with warehouses covering **all over Turkey** in addition to direct sales team in major cities
- **Having a distribution team fleet of 762 trucks, composed of 267 Direct Sales and 495 Sub-Distributors trucks**
- **6 distribution centers in major cities, each with +4C, -18C and dry storage facilities**
- **Approximately 155.000 points of sale covered**





## YBP Product Portfolio

### ➤ DAIRY (PINAR SÜT&PINAR ANADOLU)

- ▶ Milk (UHT, Pasteurized, Flavoured)
- ▶ Yoghurt (Plain, Fruit, yoghurt drink)
- ▶ Functional dairy products
- ▶ Butter
- ▶ Fruit Juices
- ▶ Powder Products (Pudding, Cream, Milk Powder)
- ▶ Sauce (mayonnaise, ketchup, mustard, chocolate), honey, jam
- ▶ Cheese Products

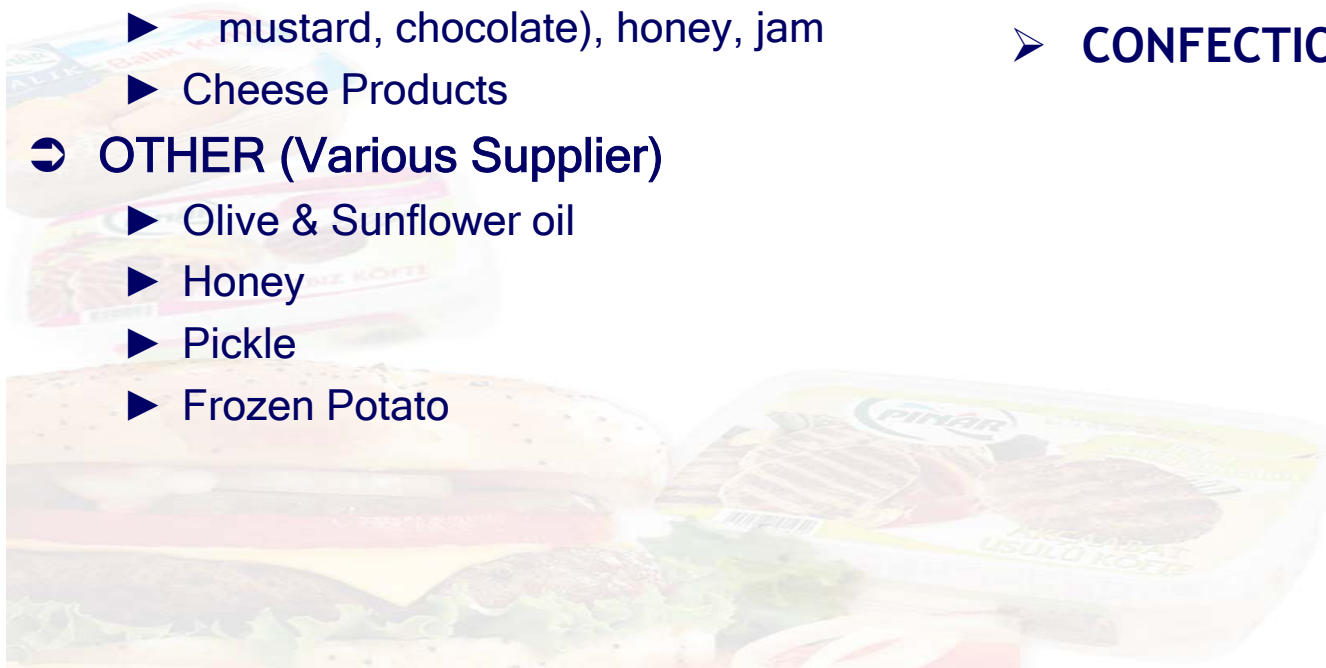
### ➤ OTHER (Various Supplier)

- ▶ Olive & Sunflower oil
- ▶ Honey
- ▶ Pickle
- ▶ Frozen Potato

### ➤ PROCESSED MEAT (PINAR ET&PINAR ANADOLU)

- ▶ Meat & meat products
- ▶ Frozen meat balls
- ▶ Turkey based products
- ▶ RTE meat&turkey products
- ▶ RTE Fish Meals
- ▶ RTE Sea Foods

### ➤ CONFECTIONARY (Ferrero)





## Investment Highlights

- Leader in Turkish Processed Meat Sector
- Modern and efficient production processes
- High quality, hygienic and EU standard production
- Expected growth in the livestock sector
- Wide-spread distribution network, strong brand with very high brand awareness
- Advanced R&D facilities with competencies in product development
- Growth in consumer wealth and Turkey's favourable demographics are expected to expand the market
- Group synergies
- Strong supply network





## APPENDICES







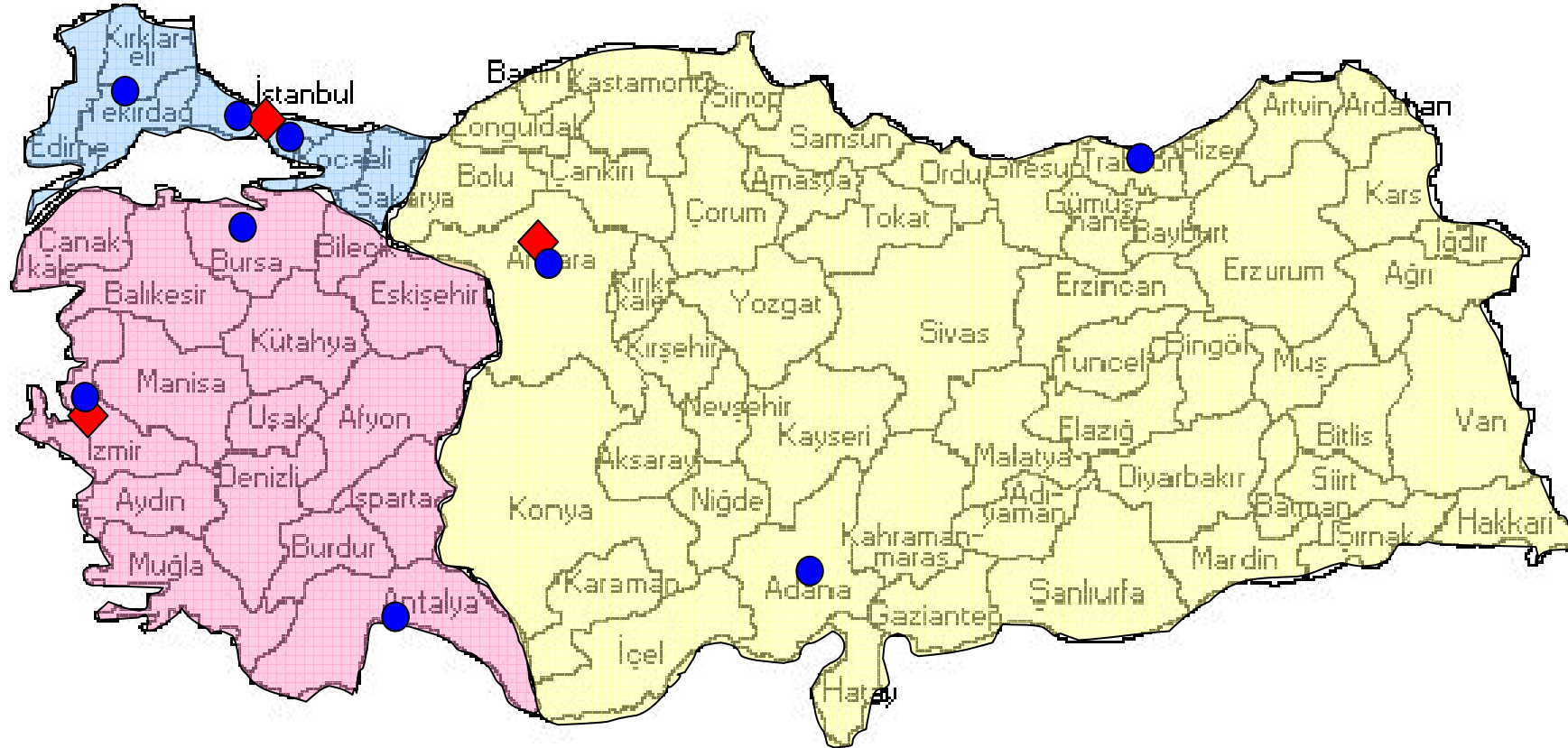
## PINAR ET - KEMALPAŞA / İZMİR

- Total area  
176,000 sqms
- Closed area  
46,000 sqms





# YBP PROFIT CENTERS



- ◆ Region Sales Directors
- Area Sales Managers