

*illa ki  
Pınar  
Sucuk!*

PINAR ENTEGRE ET VE UN SAN. A.Ş.



# Company History



**1985...**

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

**1998**

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

**2004**

Pınar Meat was granted TS ISO 14001 Environmental Management System

**2010**

- 'Open-End' sausage, salami, soudjouk product group that can be consumed at one time was created for our customers
- 'Pizzatto Italiano' has been added to Pınar Pizza family
- With various sizes and flavors, "Gourmet Burger" was added to the frozen product family

**1988**

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

**2001**

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

**1985**

**'88**

**'90**

**'95**

**'00**

**'02**

**'04**

**'06**

**'08**

**'09**

**'10**

**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 called by 'Clean Room'

**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.

**2008**

Pınar Et started Lean 6 Sigma implementation as a first implementing institution of Turkish Food Sector.

**2009**

New Launches

- Pınar Misket Köfte (Meatballs)
- Pınar Pizzatto Alaturka

# Distribution & Growth of Fast-Moving Consumer Goods

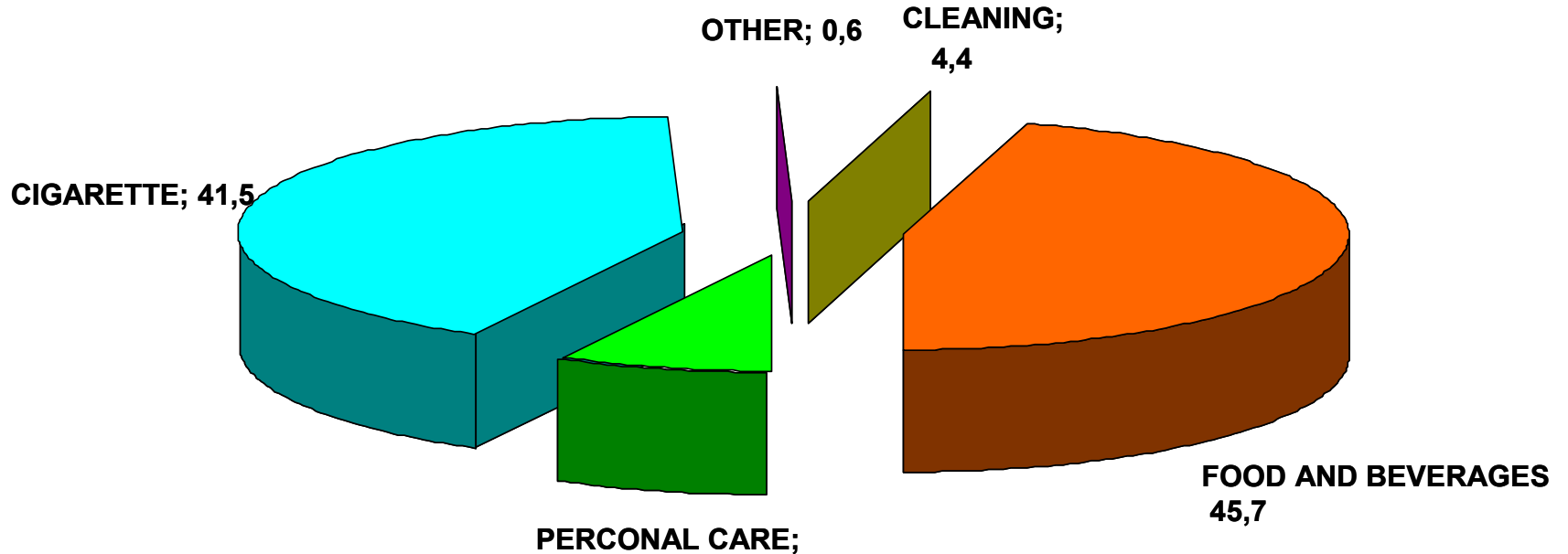
- ▶ Food & Beverage have 45,4 % of all FMCG

**Size of Total Market (000 TL)**  
**Fast-Moving Consumer Goods**  
**(Including Cigarette)**

**9M 2009** 37,799,000 **14,2 %** **9M 2010** 43,149,000

**Share of Size %**

9M 2010



# Category Turnovers and Growth



- ▶ Meat and Meat Products; Has the greatest share of food and beverages category by 18%.

	SPENDING SHARE %	
	9M 2009	9M 2010
FAST-MOVING CONSUMER GOODS	100	100
<b>Food &amp; Beverage</b>	86.0	85.6
General Food Products	15.5	15.3
<b>Meat &amp; Meat Products</b>	18.4	18.1
Oils	6.2	5.7
Dairy Products	15.1	15.7
Snacks	8.6	8.9
Beverage	13.2	13.2
Other Food Product	8.9	8.8
<b>Personal Care Products</b>	7.1	7.6
Body Care Products	2.6	2.8
Hair Care Products	1.3	1.4
Paper Products	3.2	3.4
<b>Cleaning Products</b>	6.5	6.5
Laundry - Dishwashing Products	5.1	5.0
Other Cleaning Products	1.4	1.4
<b>Other</b>	0.3	0.3

# Market at a Glance



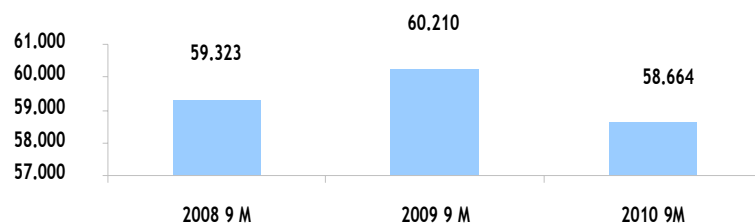
## Meat and Meat Products Sector in Turkey

- ▶ In 2009;
  - ▶ Approximately 2 million tons of meat production
  - ▶ Red Meat Market 800 thousand tons, and nearly 5.8 billion USD
  - ▶ Registered delicatessen market, 100 thousand tons (1 billion USD)  
(Total market is estimated to be around 200 thousand tons.)

	2010 9M (TL)
Delicatessen	913 Million
Ready Meals	81 Million
- Frozen Meat	14 Million
- Fresh cooked	67 Million

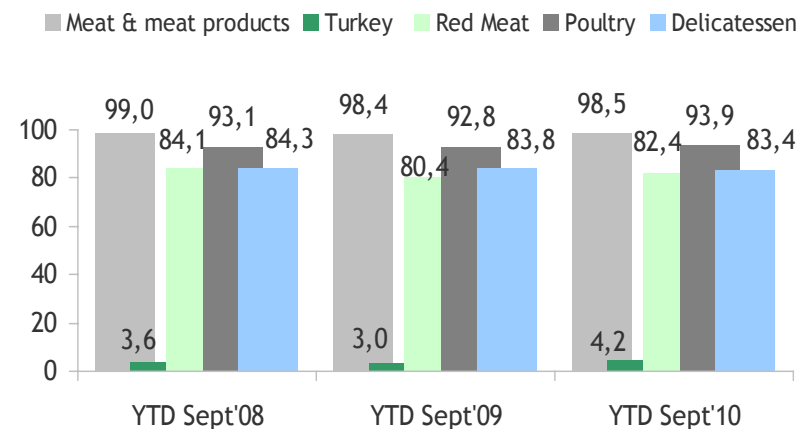
Source: Ipsos KMG, retail only

### PROCESSED MEAT MARKET (tons)



Source: Nielsen

### PENETRATION %



Source: IPSOS KMG

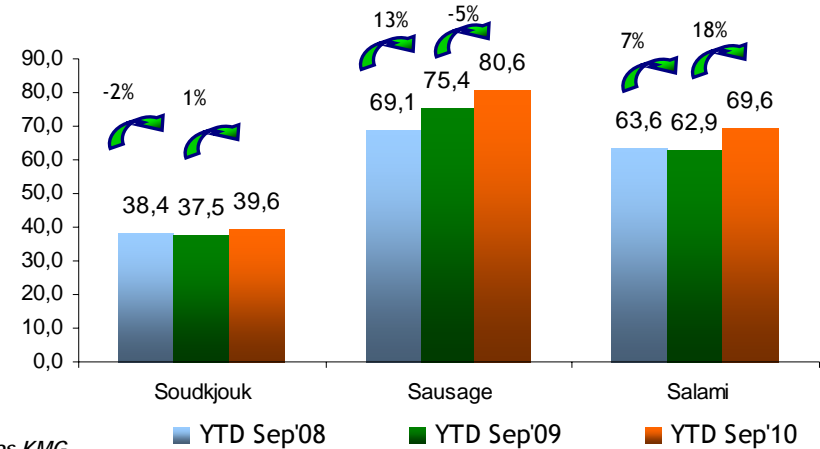
# Market at a Glance



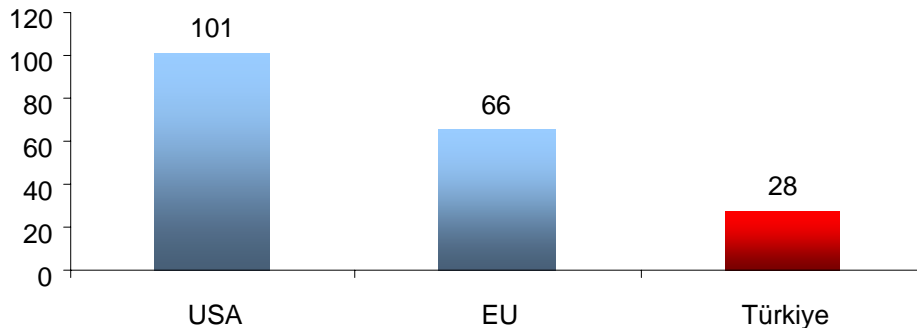
## Growth Potential

- ▶ Compound annual growth rate of processed meat market is 8.1% between 2003-2009.
- ▶ In the first nine months of 2010, approximately 83,4% of households in Turkey at least once consumed delicatessen products and 85% of these households repeated their purchases.

### Shift From Unpackaged to Packaged Volume (%)



### ▶ Per Capita Meat Consumption (Kg)



### Growth Potential

- ▶ Per capita meat consumption is increasing but still very low compared to EU (EU=66 kg ; TR=28 kg)
- ▶ Per capita meat consumption is expected to increase from 28 kg to 30 kg.
- ▶ Shift to packaged from unpackaged processed meat
- ▶ Approval of exporting poultry products to EU and Russian markets

# Key Players in Processed Meat Products Sector

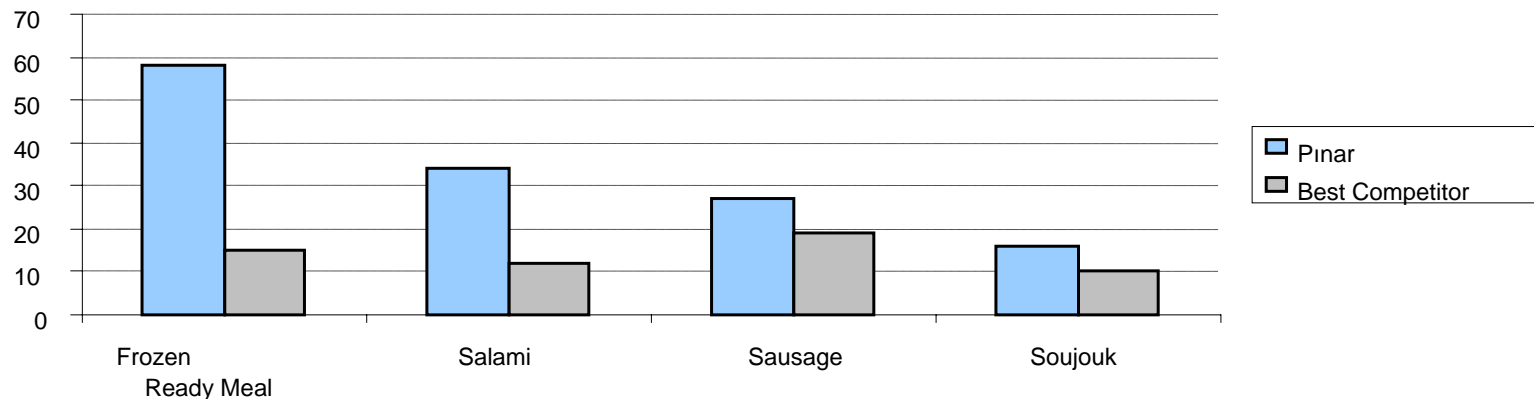


## Leader in processed meat category with 20% market share

- ▶ The packaged meat market is composed of national peers such as Aytac, Polonez, Banvit and Maret.
- ▶ Pınar is ahead of its competitors and is the market leader of the processed meat sector.

PRODUCT	MARKET SHARE	POSITION
FROZEN READY MEAL (MEAT)	57%	LEADER
SALAMI	34%	LEADER
SAUSAGE	27%	LEADER
SOUJOUK	16%	LEADER
TOTAL DELICATESSEN	20%	LEADER

### MARKET SHARE COMPARISON



# Marketing – New Products & Product Differentiations



*Many new products were launched to the market*

## New Products:

- ▶ Pınar Misket Köfte (meatballs)
- ▶ Pınar Pizzatto
- ▶ Pınar Aç Bitir Salam (easy open)
- ▶ Pınar Balık Köfte
- ▶ Pınar Çıtır Balık (fish)
- ▶ Pınar Kavurma
- ▶ Pınar Balık Burger



## Product Differentiation:

- ▶ Multiple Packaging



Diversification of the new packaging that responds to market trends :easy-open, optimum shelf life, smaller packaging



# Pinar Et Highlights



*One of the leading enterprises in FMCG sector in Turkey*

Strong brand equity, market segment leader in many sub FMCG

More than 300 SKU's

1000 employees

High levels of consumer satisfaction

Diversified suppliers of live animals

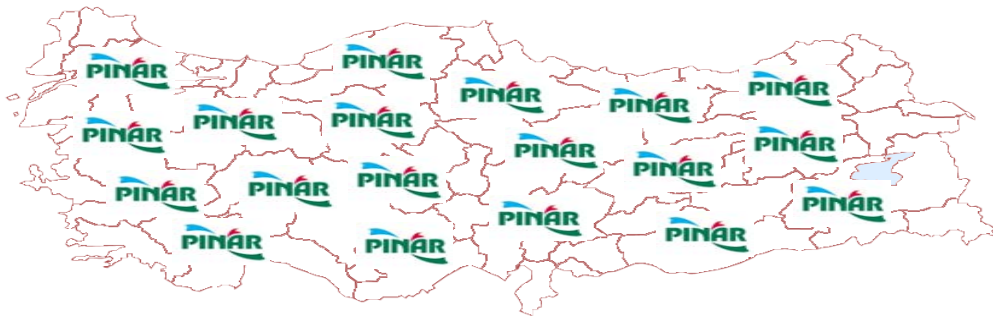
Powerful distribution network (access to 155 000 sales points)

Technical experience & industry technical knowledge (know how)

High quality, hygienic production in the EU standards

Competitive cost structure and ongoing cost improvement

Advanced IT (Information Technology) applications (SAP systems connected to the dealers)



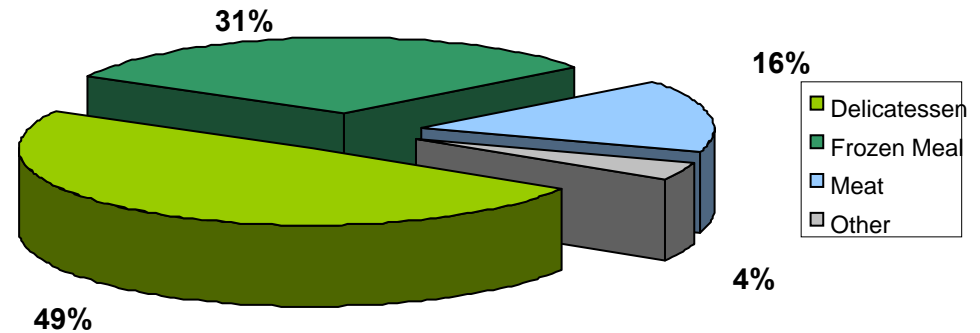
*In 2009,, 75% of all households in Turkey bought at least one Pinar Product*

*Source: IPSOS Household Panel  
December '09*

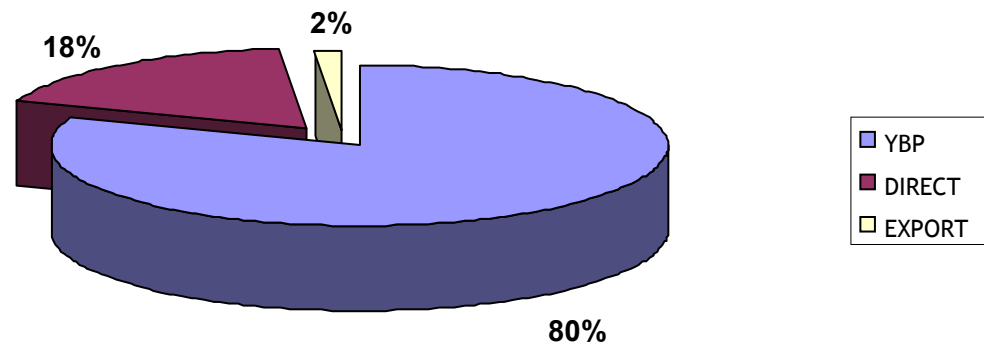
# Sales of the Product Groups and Distribution Channels



## Product Groups



## Distribution Channels



According to net sales for 2010 1H.

*Know how, strong relationship with farmers, high quality in supplied meat*

- ▶ Purchase operations spread out 6 territories with 10 vets and agriculture engineers, 7,000 farmers, yearly 50,000 cattles supply.
- ▶ Improves and supports “Contracted Stockfarming” in order to supply best quality cattle under control of Vets
- ▶ Red meat is procured primarily from cattle farmers in Turkey
- ▶ All live turkeys and a small part of cattles is sourced from the Group’s agribusiness unit, Çamlı Yem Besicilik
- ▶ The Group aims to sustain and further develop its competitive advantage in the meat industry by continuing to adopt policies for food safety and traceability



# Production



*Quality & Hygiene at all stages of production, and more rigorous internal quality control*

- ▶ Turkey's first integrated meat process facility
- ▶ Through continuous investment in modern and efficient production technologies
- ▶ Use of modern technology in production lines



**İzmir- (16 product lines)**

Total Area : 330,000 m<sup>2</sup>

Closed Area : 46.000 m<sup>2</sup>



- ▶ The first Quality management system documents owned in its sector, TSE-ISO-EN 9000, 14000, 18001, 22000
- ▶ Cooperation with McDonald's from the beginning of its operations in Turkey.
- ▶ SAI GLOBAL independent organization audits each year

**High level of hygiene and quality at every stage**

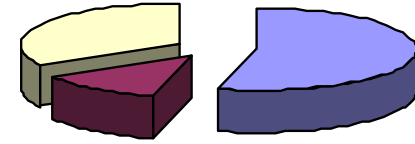
# PINAR ET SHAREHOLDERS STRUCTURE



## As of 11 November 2010;

- ▶ Stock value> 6.60 TL
- ▶ Market value> 286 million TL
- ▶ Paid-in capital> 43.335.000 TL
- ▶ Free float> 33%
- ▶ Foreign share in free float> 24%

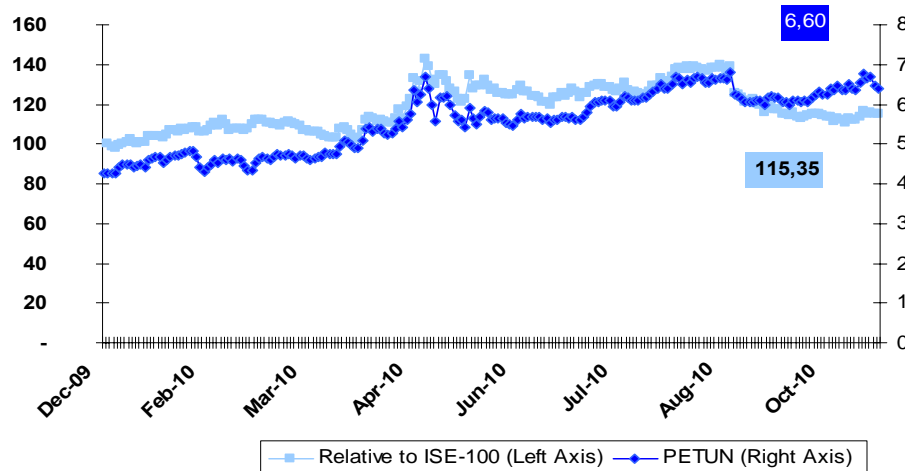
Free Float  
33%



Yaşar  
Holding  
A.Ş.  
54%

Pınar Süt  
A.Ş.  
13%

Absolute and Relative Performance of Pınar Et  
(Relative to ISE-100)





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

Share %  
38.26%

Carrying Value  
71.7 M TL

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



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

Share %  
23.38%

Carrying Value  
17.3 M TL

Agriculture-Food  
production, fish, veal and  
turkey for fattening



Pınar Foods GmbH,  
Germany

Share %  
44.94%

Carrying Value  
2.7 M TL

Distribution and sale of milk  
and meat products being  
produced in Europe and  
distribution of imported  
Pınar Su products .



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

Share %  
20.00%

Carrying Value  
0.6 M TL

Production of milk and meat  
products in Yozgat



Desa Enerji Elektrik  
Üretimi Otoprodüktör  
Grubu

Share %  
26.41%

Carrying Value  
2.9 M TL

Energy production in İzmir

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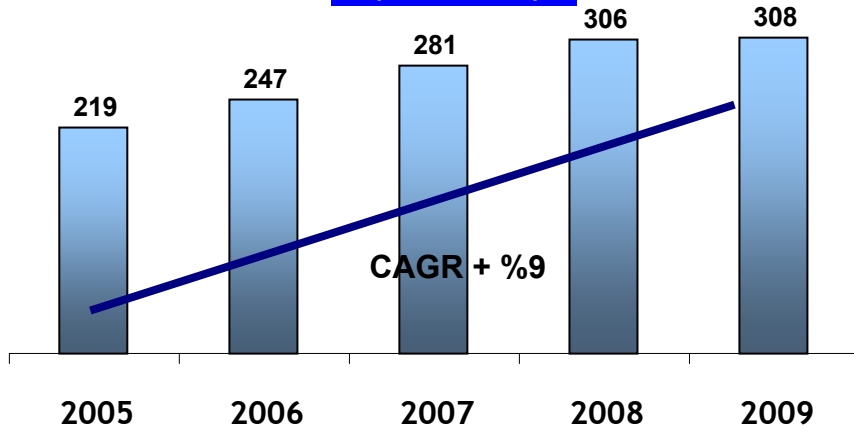


FINANCIAL RESULTS

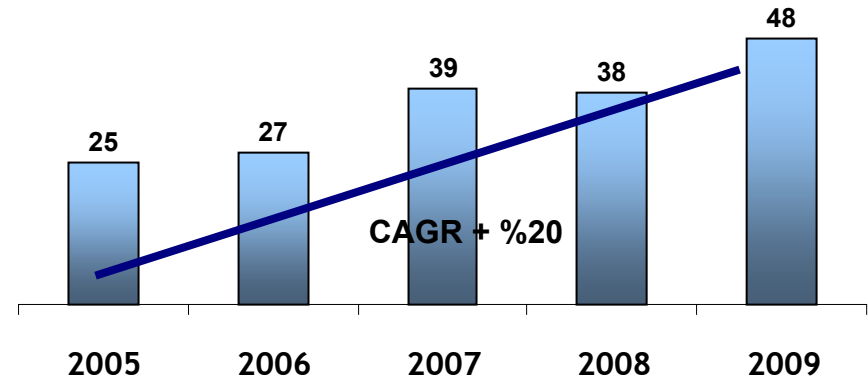
# 2005-2009 Performances



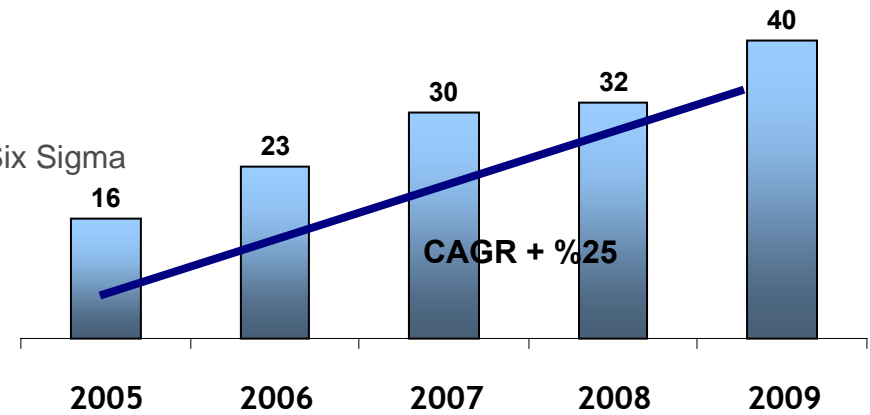
**NET SALES**  
(Million TL)



**EBITDA**  
(Million TL)



**NET PROFIT**  
(Million TL)



- ▶ Diversified product portfolio
- ▶ Effective cost control in all process
- ▶ Training, OMI-cost improvements through methods such as Lean Six Sigma



# Income Statement

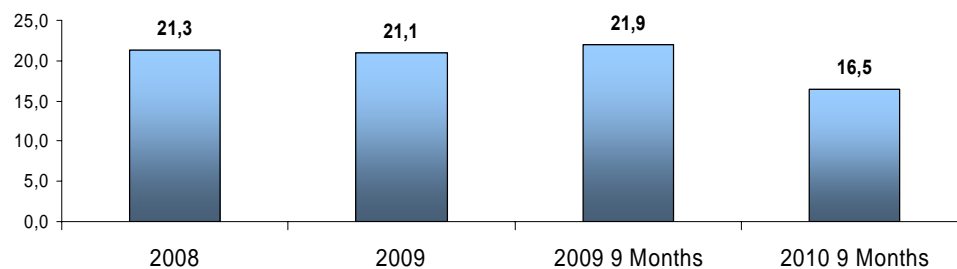


(Million TL)	30 September 2010	30 September 2009	Diff.	% Change
<b>Operating Revenue</b>	<b>270,5</b>	<b>229,0</b>	<b>41,5</b>	<b>18,1</b>
Cost of Sales	(226,0)	(178,8)	(47,2)	26,4
<b>Gross Profit</b>	<b>44,6</b>	<b>50,2</b>	<b>(5,7)</b>	<b>(11,3)</b>
Ar&Ge Giderleri	(0,6)	(0,6)	(0,1)	12,9
Selling and Marketing Expenses	(11,4)	(13,6)	2,2	(16,5)
General and Administrative Expenses	(9,4)	(8,8)	(0,6)	7,1
<b>EBIT</b>	<b>23,2</b>	<b>27,3</b>	<b>(4,1)</b>	<b>(15,1)</b>
Share of Results of Investments in Associates	9,1	6,7	2,4	35,2
Other Income	0,8	1,0	(0,1)	(12,5)
Other Expenses	(0,0)	(1,8)	1,8	(98,5)
Financial Income / (Expense) - (Net)	3,2	2,5	0,6	25,6
<b>INCOME BEFORE TAX</b>	<b>36,2</b>	<b>35,7</b>	<b>0,5</b>	<b>1,5</b>
Taxes on Income	(5,7)	(6,2)	0,6	(9,2)
<b>NET PROFIT FOR THE YEAR</b>	<b>30,5</b>	<b>29,4</b>	<b>1,1</b>	<b>3,8</b>
<b>EBITDA</b>	<b>29,9</b>	<b>33,8</b>	<b>(4,0)</b>	<b>(11,7)</b>
Total Assets	348,2	333,7	14,5	4,4
Shareholders' Equity	269,3	259,2	10,0	3,9

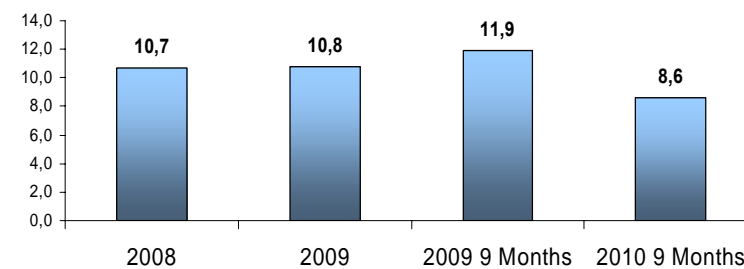
# Profit Margins



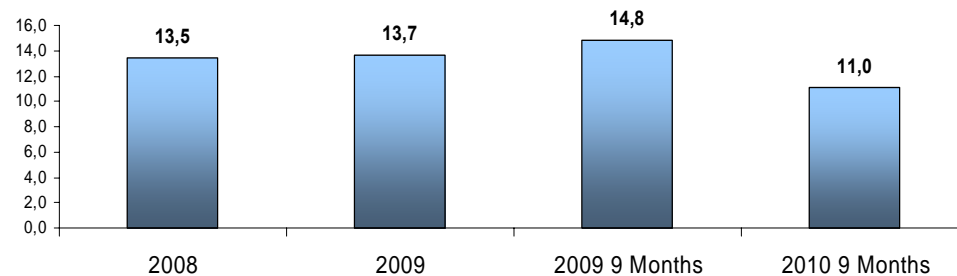
**GROSS PROFIT MARGINS (%)**



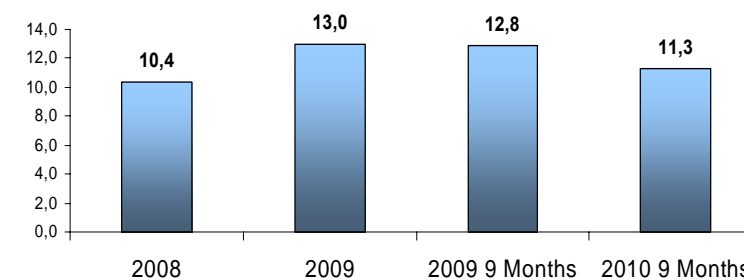
**OPERATING PROFIT MARGINS \***



**EBITDA MARGINS \*\* (%)**



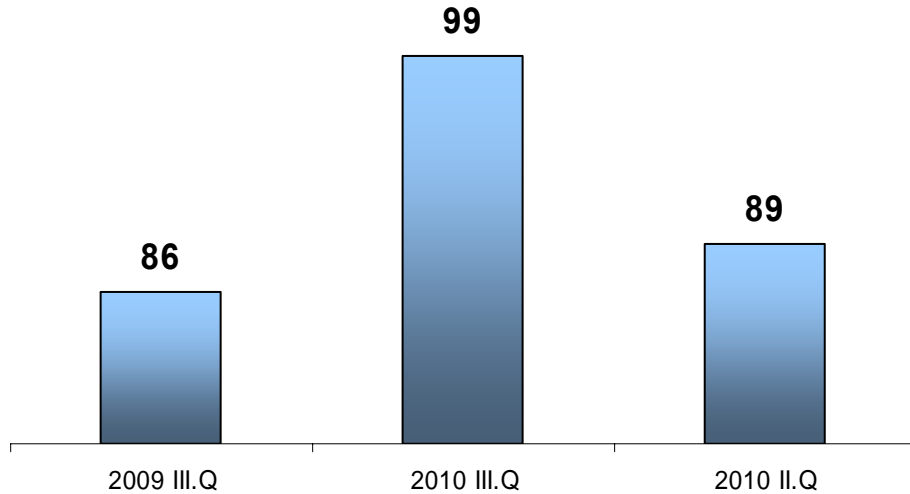
**NET PROFIT MARGINS (%)**



Ex. Other income and expenditures

\*\* Earnings before Interest, Tax, Depreciation, and Amortization

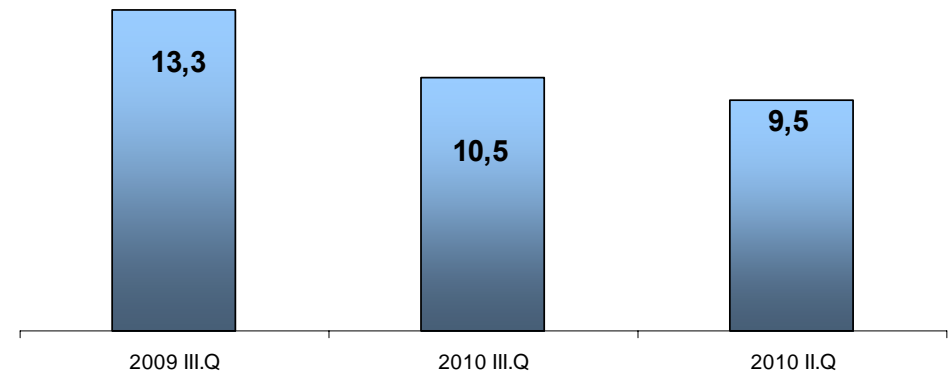
**NET SALES (Million TL)**



- ▶ High increases in raw material prices in 2010.
- ▶ Rising raw material costs were reflected to the product prices in certain rate considering consumer purchasing power.
- ▶ Effective cost control, product portfolio management and savings in costs made profitability remains at the same level compared to last year.

- ▶ Sales of high value added products were increased.
- ▶ Small weight products were produced appropriate for purchasing power of consumers
- ▶ Increase in net sales compared to last year stems mainly form price increases.

**EBITDA (Million TL)**

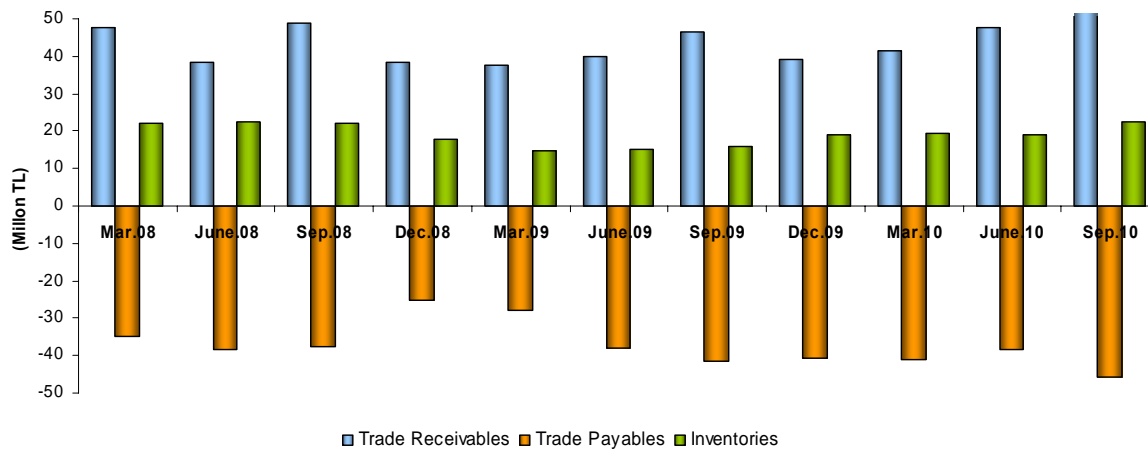


# Basic Ratios, Net Financial Debt & Net Working Capital



	30 September 2010	31 December 2009
Current Ratio	1,9	2,0
Leverage Ratio	0,2	0,2
ST Fin'al Debt/Total Fin'al Debt	0,2	0,1
Net Fin'al Debt/EBITDA	0,4	0,2
Total Fin'al Debt/Equity	0,05	0,04

(Million TL)	30 September 2010	31 December 2009
Cash & Cash Equivalents	0,3	2,3
S/T Bank Borrowings	2,3	0,6
L/T Bank Borrowings	9,9	10,8
Net Financial Debt	11,8	9,1



- ▶ Continuous focus on risk management and productivity
- ▶ Effective working capital management
- ▶ Strong balance sheet and liquidity management

- ▶ Starting in the second half of 2009 and continued in 2010 due to a decrease in the supply of red meat, red meat as an extraordinary rise in prices took place.
- ▶ Rise of the raw material inputs could not be totally reflected to prices because of the lower change in purchasing power of the consumers.
- ▶ Focused on high value added products.
- ▶ Smaller package products were produced appropriate for purchasing power of the consumers.
- ▶ Cost saving measures, effective inventory management and lower costs
- ▶ Projects designed to improve efficiency in production have continued.
- ▶ With the power of our brand, production expertise and effective distribution channels, in the first 9 months of 2010, we attained similar level of profitability to 2009.

# Disclaimer and Contact Details

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Company's financial statements are available on [www.kap.gov.tr](http://www.kap.gov.tr) and [www.pinar.com.tr](http://www.pinar.com.tr) websites.

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**Thank You**

**Questions &  
Answers**