



*illa ki  
Pınar  
Sucuk!*

PINAR ENTEGRE ET VE UN SAN. A.Ş.



2011 H1 Investor Presentation

# Pinar Et Highlights



- Innovative and pioneer
- More than 300 SKUs
- R&D expertise

## Product Portfolio

- #1 processed meat brand that comes to mind\*
- Most admired brand in packaged meat category \*\*
- Among Turkey's Superbrands\*\*\*

## Brand Equity

- Hygienic and EU standard production
- Technical expertise & sectoral know how

## Production

- Food safety and quality at every stage from supply to final product
- ISO 9001-2008
- ISO 14001
- ISO18001
- ISO 22000 HACCP

## Quality

- YBP – Turkey's biggest nationwide cold and frozen distribution chain
- More than 150.000 sales points
- Technical know-how and expertise
- Synergy in the distribution of dairy and meat products

## Distribution Network

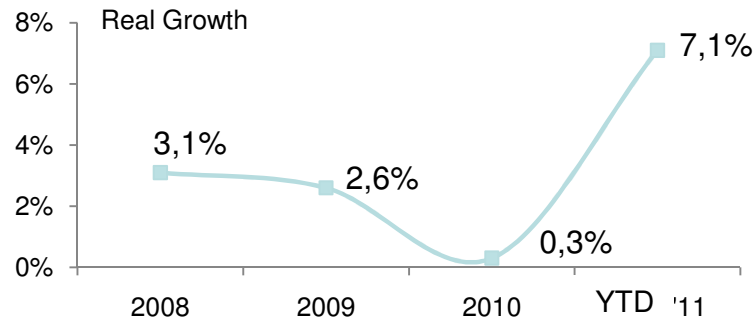
- Purchase operations spread out to 6 territories
- Strong relations with farmers
- Contractual stockfarming

## Supply

# Market Dynamics

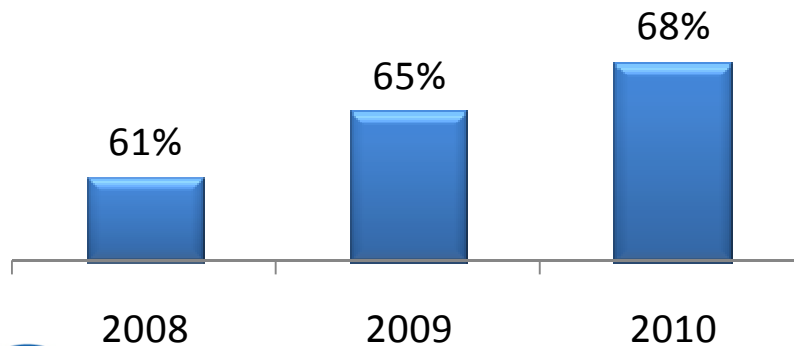


## FMCG Value Growth (ex. tobacco)



▶ Food category which has increased its share within FMCG from %45 to %48 through a value growth in 1H11, YoY. Source: Nielsen

## Processed Meat- Packaged (%)

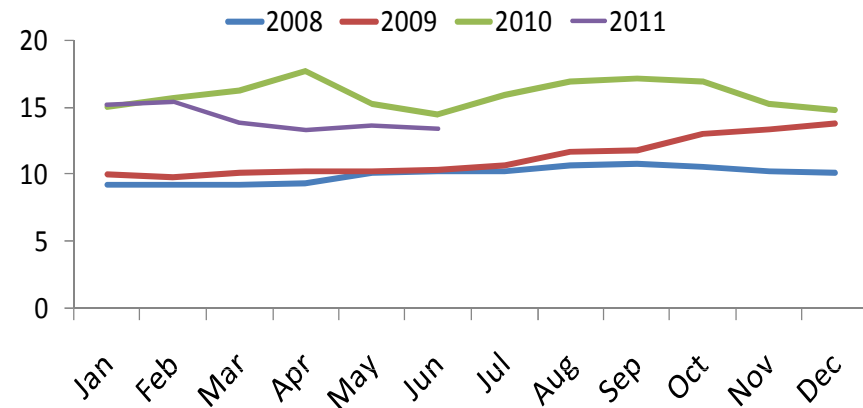


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Source: IPSOS

## Carcass Meat Average Prices (TL)



- ▶ Red meat & Poultry production in 2010 is around 2 million tons. (TSI)
- ▶ Red meat market is 800 tons, and nearly 8,5 billion USD
- ▶ Trend towards value -added products
- ▶ Registered delicatessen market over 100 thousand tons (1 billion USD) (Total market is estimated to be over 200 thousand tons)
- ▶ Per capita red meat consumption in Turkey (32Kg), though showing improvements, is still around world average.

# Ahead of Competition



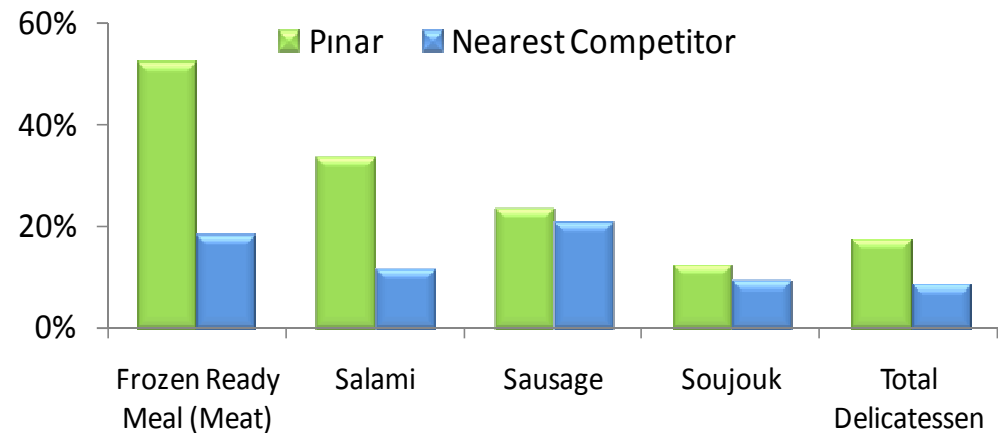
Products	Market Share	Position
Frozen Ready Meal (Meat)	<b>53%</b>	Leader
Salami	<b>34%</b>	Leader
Sausage	<b>24%</b>	Leader
Soujouk	<b>14%</b>	Leader
Total Delicatessen	<b>18%</b>	Leader

► Pinar Et maintains its leadership with 18% market share, which is above twice the share of the nearest competitor.

Source: Nielsen, 1H 2011 - Value Share

► The competitors in the packaged market are Aytaç, Polonez, Banvit and Maret.

## Market Share Comparison



# New Products & Product Differentiations



## New Products:

- ▶ Pınar Şölen Kimyonlu sucuk
- ▶ Pınar Şölen Çemenli sucuk
- ▶ Pınar Delight sucuk
- ▶ Pınar Gurme sucuk
- ▶ Pınar Gurme sosıs
- ▶ Pınar Açıkbuře Delight salam
- ▶ Pınar Fıstıklı salam



New launches of up-premium Pınar Gurme Series to clinch the expert perception of Pınar Brand; of Pınar Delight series as first light charcuterie products in the category and of new Şölen types for those seeking different tastes, have been made.

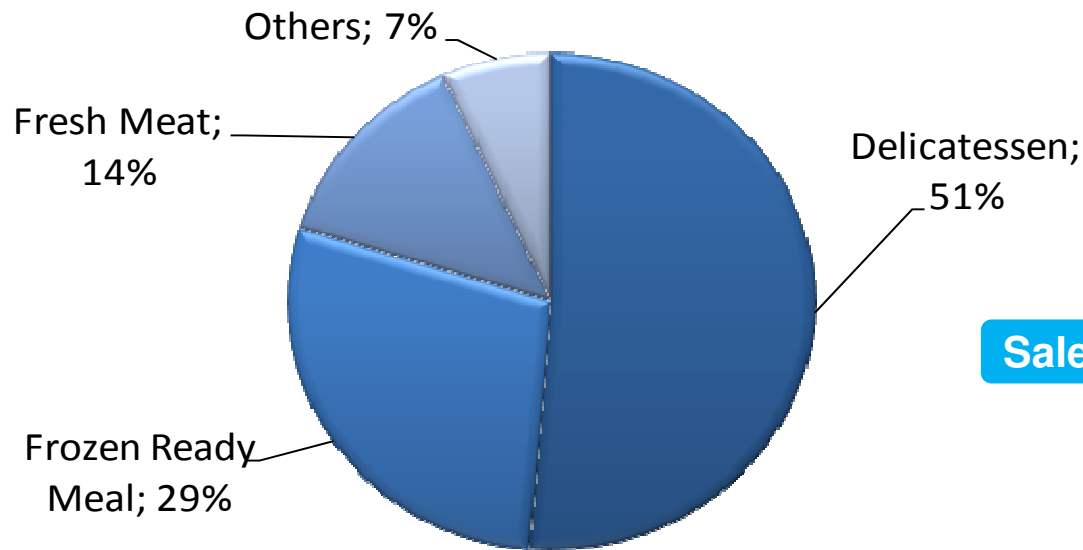


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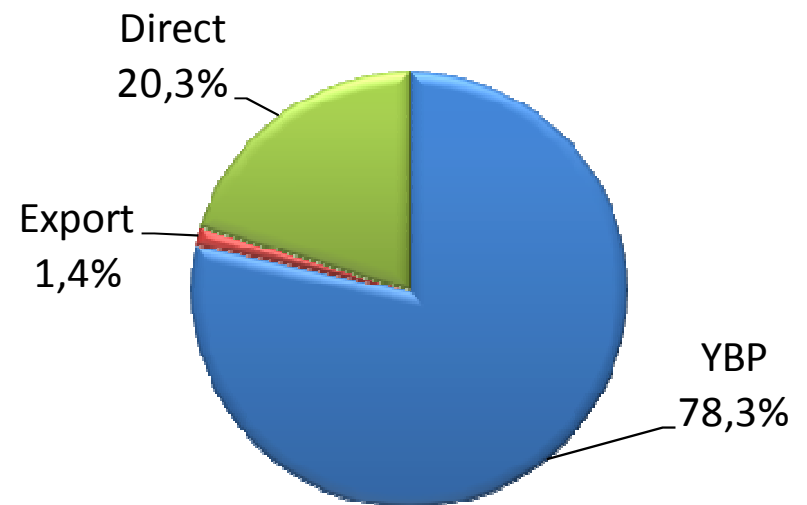
# Product Groups and Sales Channels



## Product Groups (1H11)



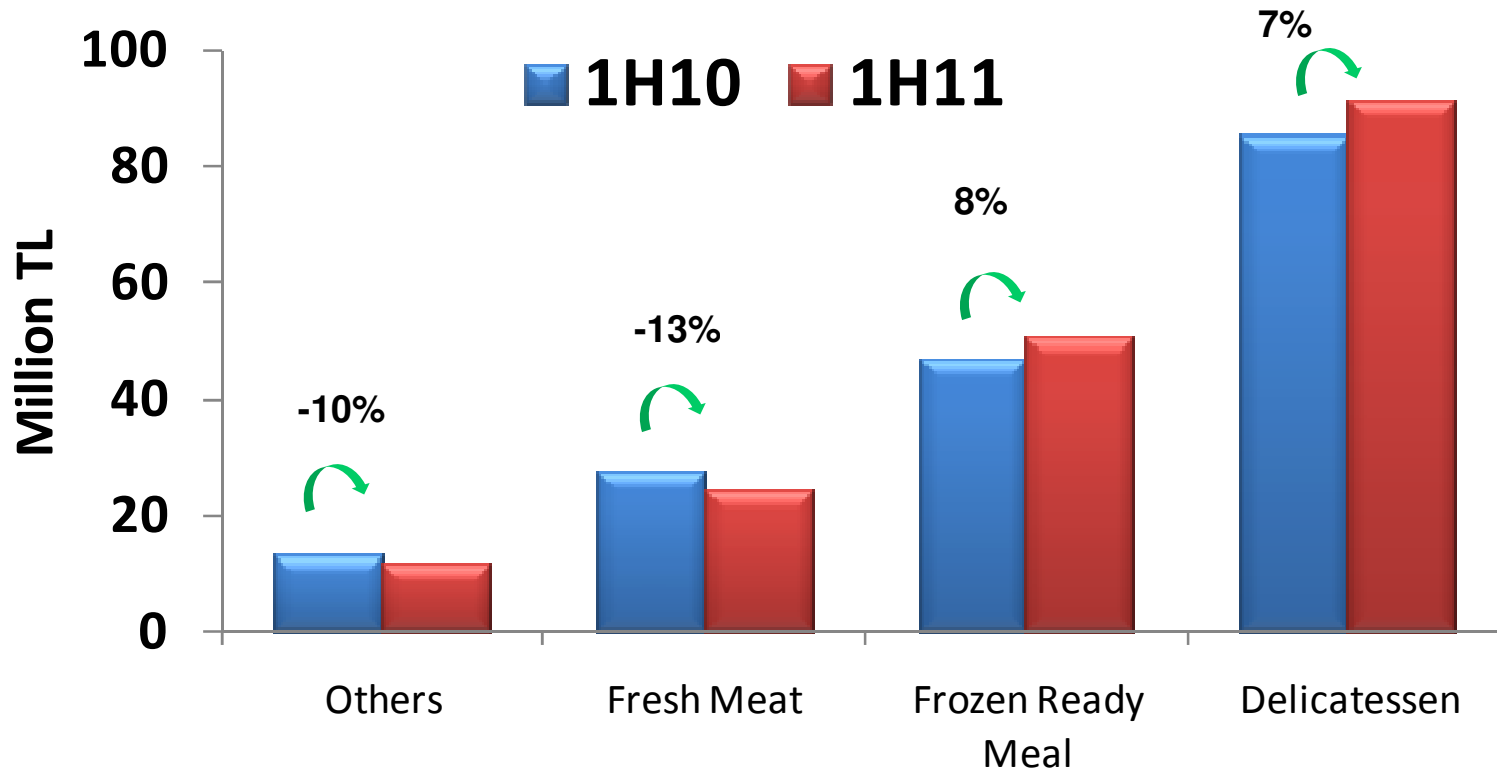
## Sales Channels (1H11)



# Growth in Sales

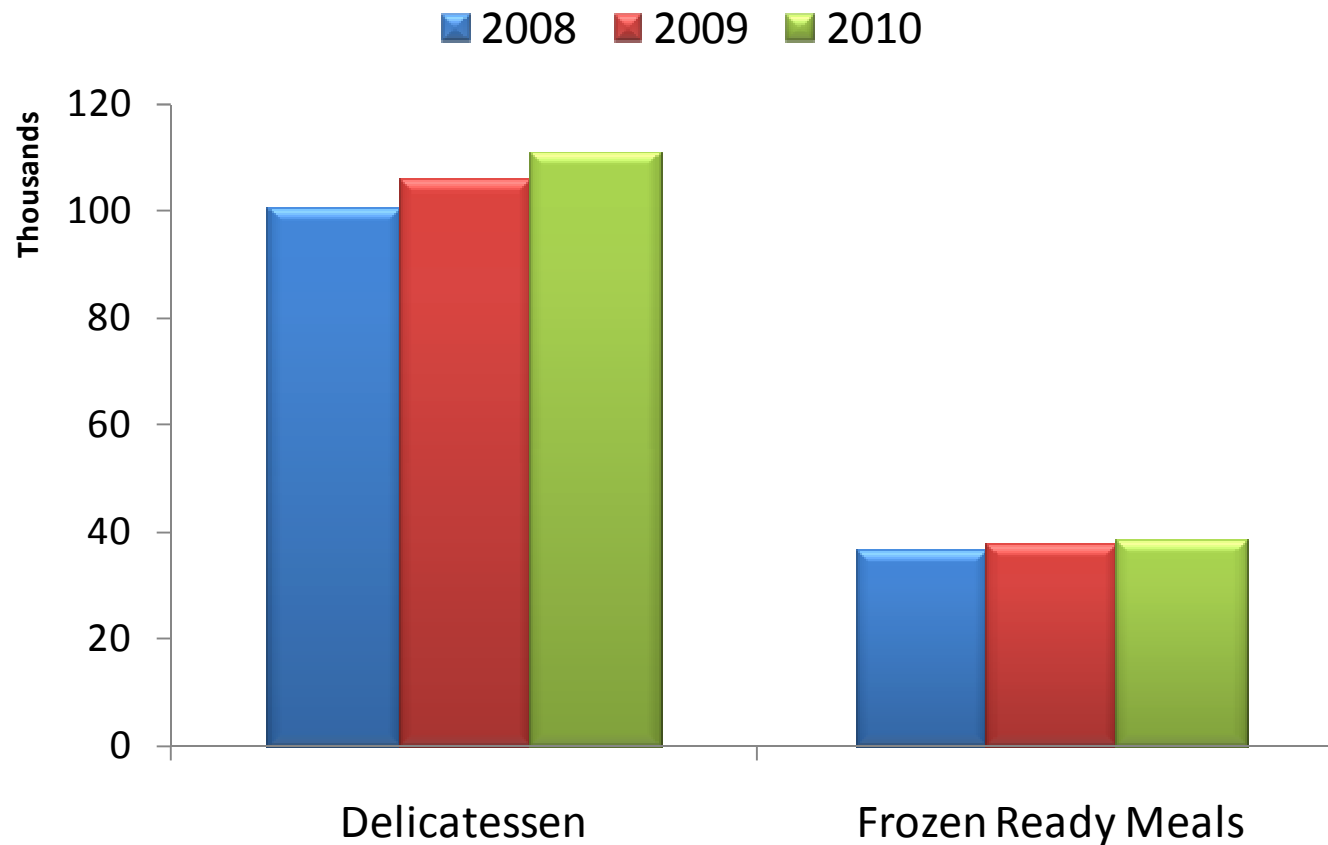


## Growth Rates of Product Groups



Net Sales has grown by 3% in 1H10 compared to 1H11

# Growth in the Number of YBP Customers





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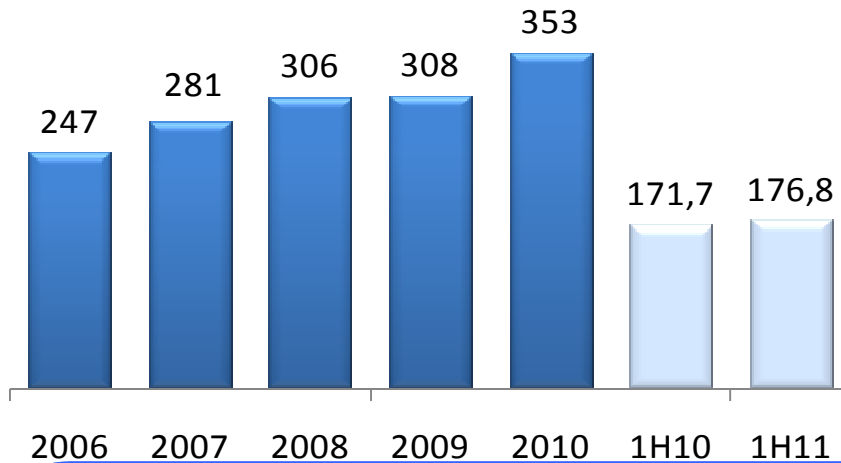


FINANCIAL  
RESULTS

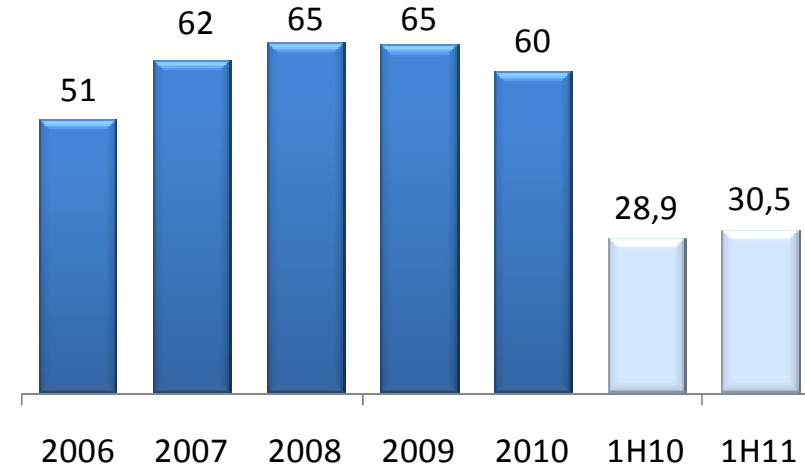
# Sales & Profitability



## Net Sales (Million TL)



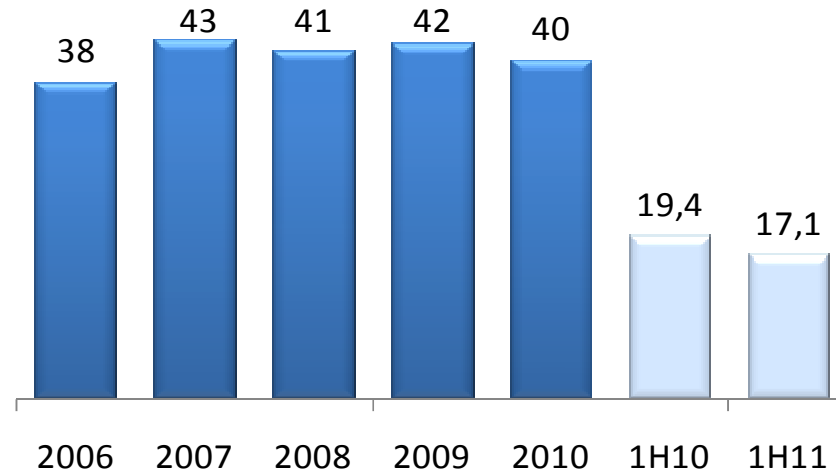
## Gross Profit (Million TL)



In the 1H2011;

- ▶ Our sales have increased by %3, YoY,
- ▶ Our gross profit, exceeded that of 1H2010 by %5,6, due to the governmental regulations for the import of live animals and carcass meat and decreased costs there of.
- ▶ Following our long term marketing strategies, marketing investments have continued.

## EBITDA\* (Million TL)



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\* Earnings (ex. other income and expenditures) before tax, dep. and amortization.

# Income Statement

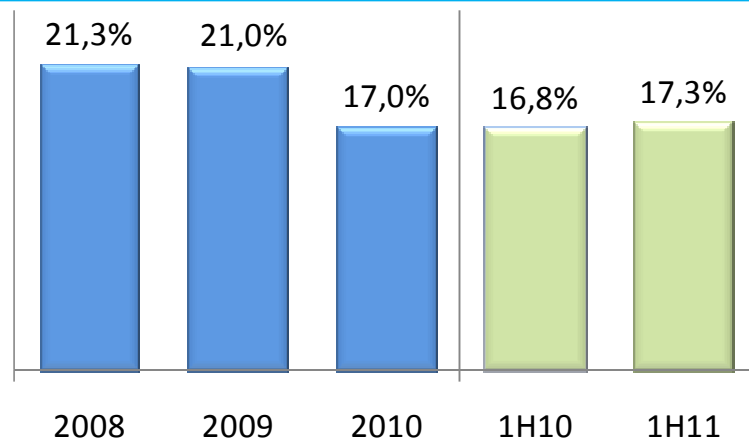


(Million TL)	June 30, 2011	June 30, 2010	Change	% Variance
<b>Net Sales</b>	<b>176,8</b>	<b>171,7</b>	<b>5,1</b>	<b>3,0</b>
Cost of goods Sold	(146,3)	(142,8)	(3,5)	2,5
<b>Gross Profit</b>	<b>30,5</b>	<b>28,9</b>	<b>1,6</b>	<b>5,6</b>
R&D Expenses	(0,5)	(0,4)	(0,0)	
Sales, Distribution and Marketing Exper	(11,5)	(7,3)	(4,2)	56,8
General Administration Expenses	(7,2)	(6,2)	(1,0)	16,4
<b>EBIT</b>	<b>11,3</b>	<b>15,0</b>	<b>(3,6)</b>	<b>(24,2)</b>
Share of Results of Investments in				
Associates	4,9	3,8	1,1	
Other Income	0,6	0,5	0,1	17,5
Other Expenses	(0,4)	(0,0)	(0,4)	5.137,3
Financial Income (Net)	1,1	1,9	(0,8)	(44,0)
<b>Profit Before tax</b>	<b>17,4</b>	<b>21,1</b>	<b>(3,7)</b>	<b>(17,5)</b>
Tax	(2,6)	(3,8)	1,1	(29,6)
<b>Net Profit for the Period</b>	<b>14,8</b>	<b>17,4</b>	<b>(2,6)</b>	<b>(14,9)</b>
<b>EBITDA</b>	<b>16,0</b>	<b>19,4</b>	<b>(3,4)</b>	<b>(17,4)</b>
Total Assets	347,4	350,2	(2,7)	(0,8)
Equity	262,8	256,0	6,8	2,7

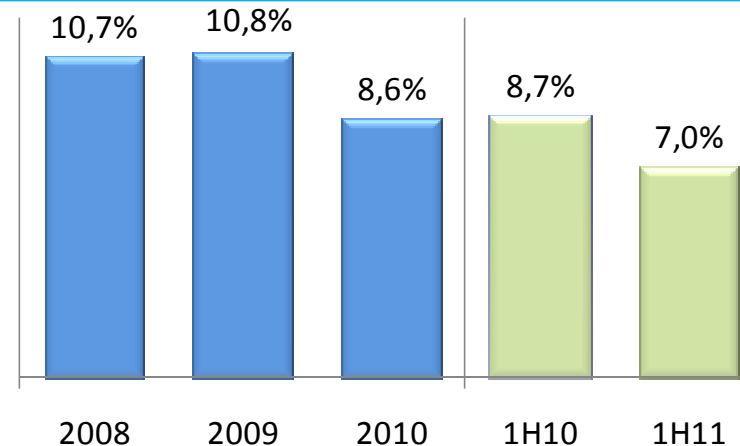
# Profit Margins



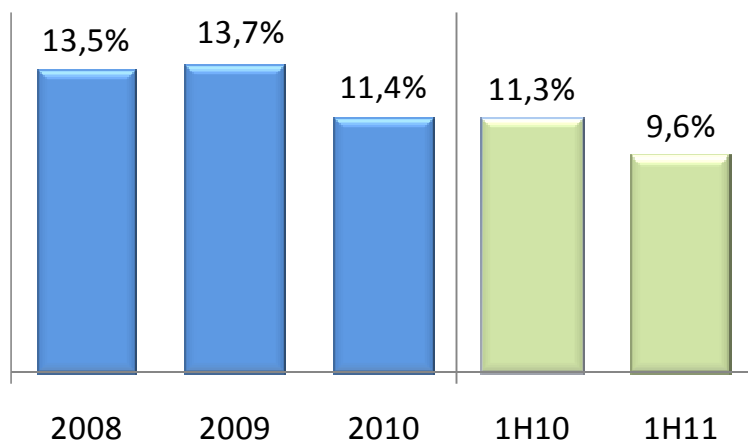
### Gross Profit Margins (%)



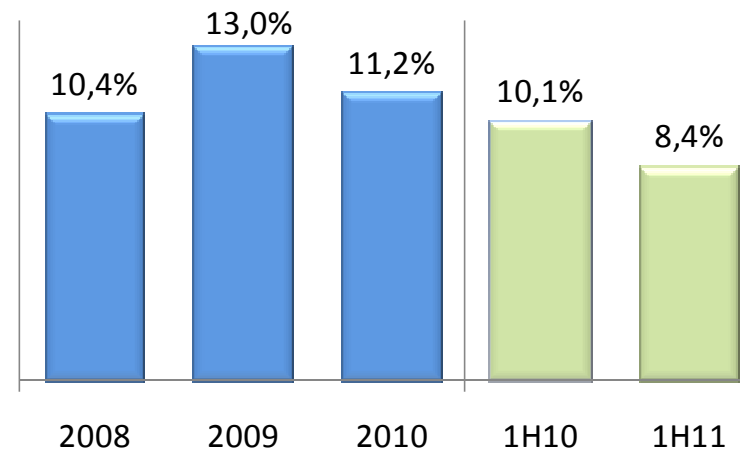
### Operation Profit Margins\* (%)



### EBITDA Margins\*\* (%)



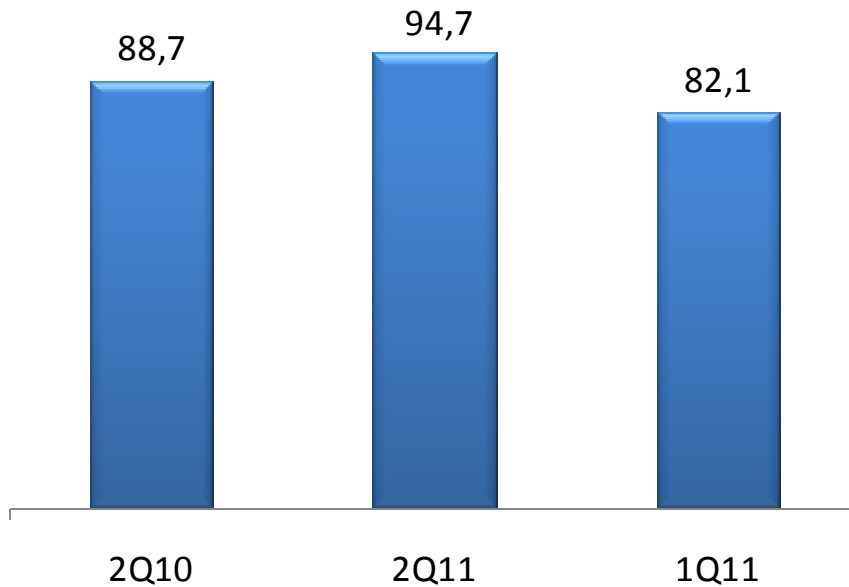
### Net Profit Margins (%)



# Quarterly Results



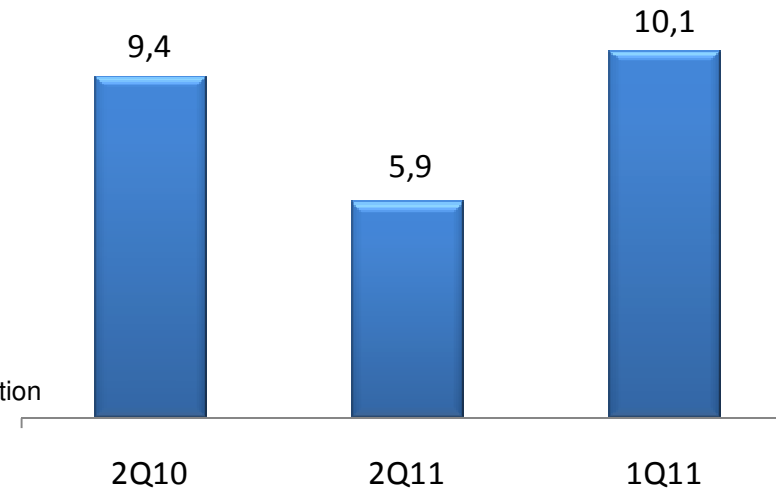
## Net Sales (Million TL)



► In 2Q2011 our net sales have grown successfully in both volume and value terms, compared to both 2Q2010 and 1Q2011.

- Focused on marketing investments in 2011, according to our strategies.
- Price competition is continuing in the market.

## EBITDA\* (Million TL)



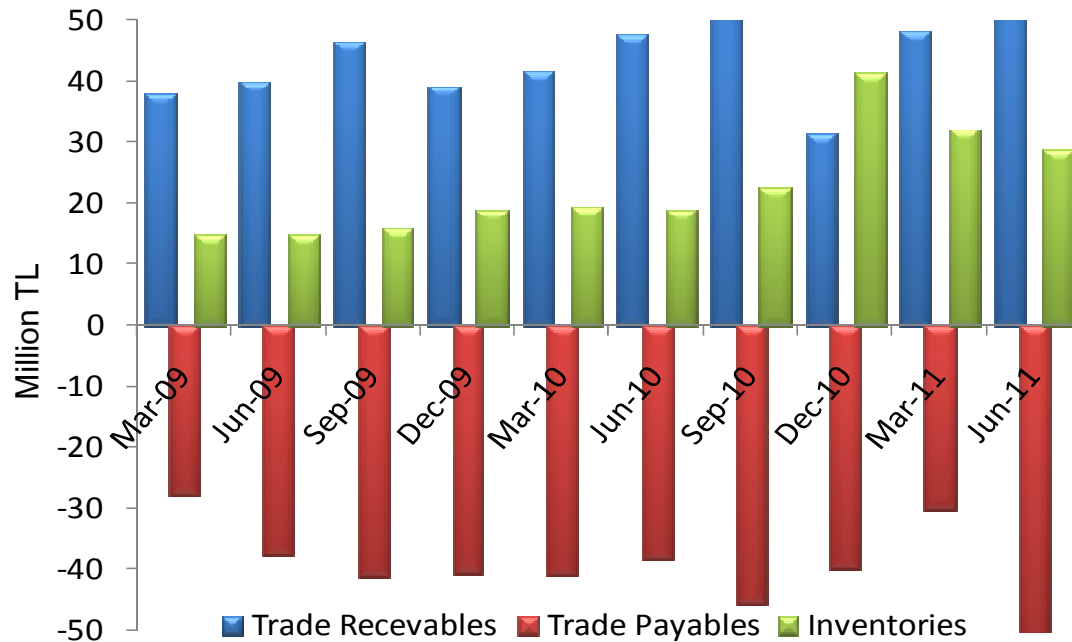
\* Earnings before Interest, Tax, Depreciation, and Amortization

# Basic Ratios, Net Financial Debt & Net Working Capital



	June 30, 2011	December 31, 2010
<b>Current ratio</b>	1,82	2,22
<b>Leverage ratio</b>	0,24	0,21
<b>S/T Fin Debt/T. Fin Debt</b>	0,06	0,06
<b>Net Financial Debt/EBITDA</b>	0,19	0,23
<b>Total Fin Debt/Equity</b>	0,05	0,04

(Million TL)	June 30, 2011	December 31, 2010
<b>Cash &amp; Cash Equivalents</b>	5,6	1,8
<b>S/T Bank Borrowings</b>	0,7	0,6
<b>L/T Bank Borrowings</b>	11,7	10,2
<b>Net Financial Debt</b>	6,8	9,1



▶ A 101% rise in net cash generated from operating activities

**1H10**  
5,7 Million TL

**1H11**  
11,4 Million TL

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

# Overview of 1H 2011



- ▶ Due to the increase in the supply of red meat supply starting in the second half of 2009 and continuing also in 2010, red meat prices have raised extraordinarily. As a result of governmental arrangements, since the last quarter of 2010, regarding imports raw meat prices diminished. Accordingly our costs could be managed better.
- ▶ Continued to focus on high value added products, smaller packaged products suitable for purchasing power of consumers.
- ▶ Cost saving measures and projects to improve production efficiency have continued.

# Strategies and Targets



Growing above market growth rates in the segments we operate in, with;

- ▶ Effective price management
- ▶ Product portfolio targeting consumers of various segments
- ▶ Wide spread distribution
- ▶ Continued marketing investment.

## 2011 TARGETS

**Growth in Net Sales:** %5 - %7

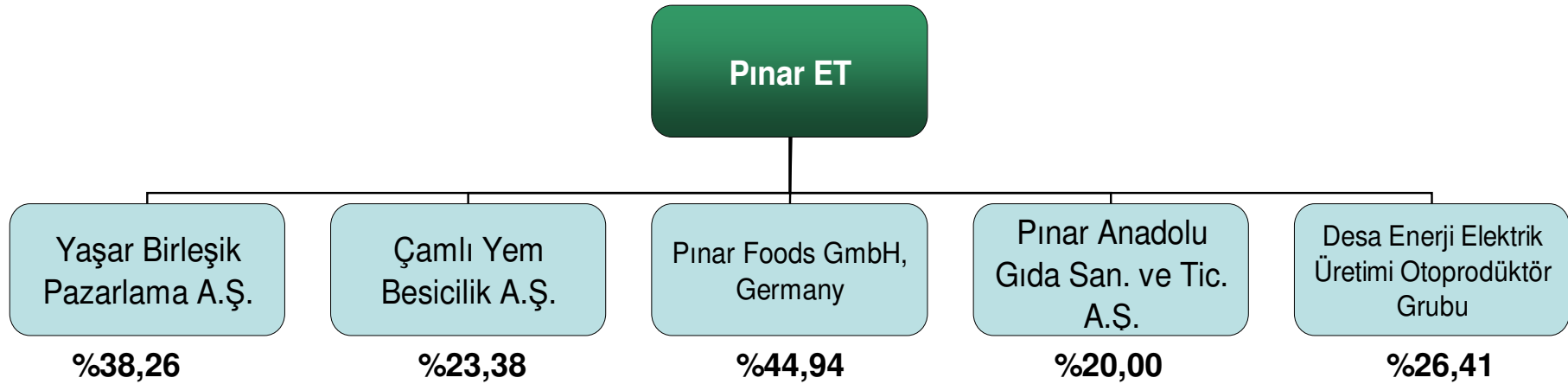
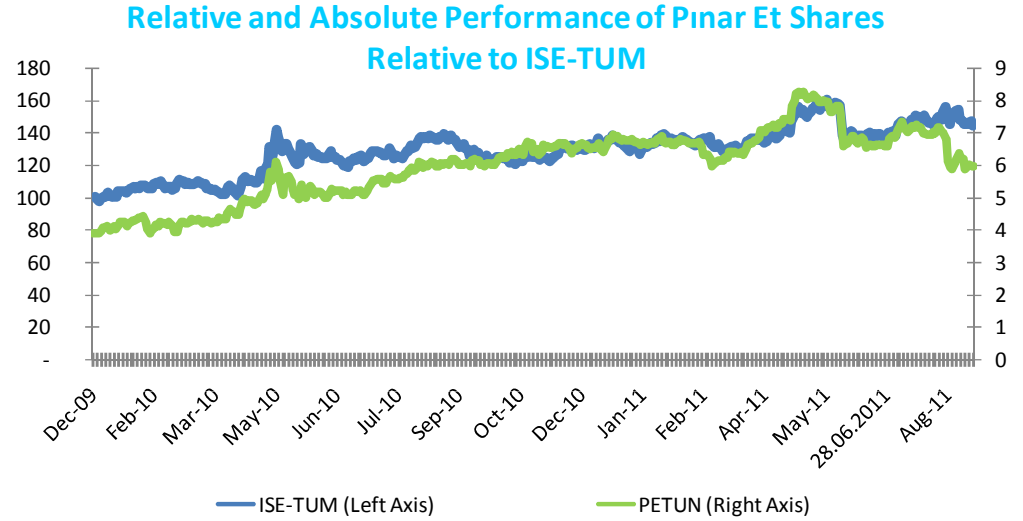
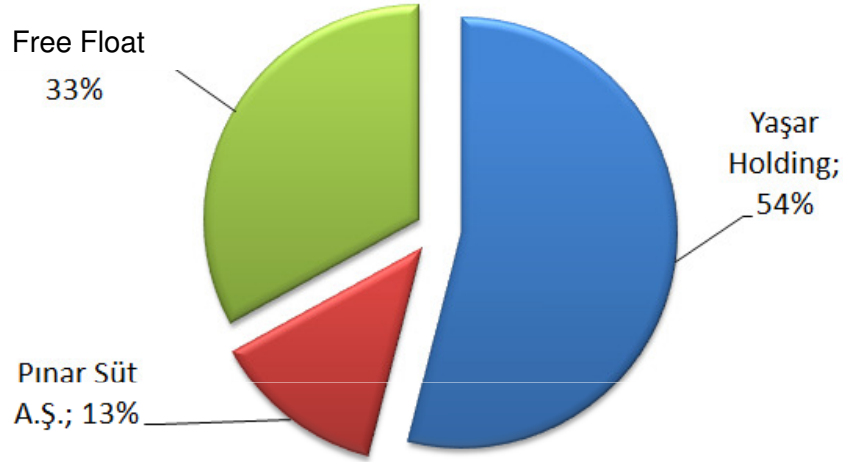
**EBITDA Margin:** %10 - %11

**Capex:** 5 - 7 Million TL



# Ownership & Participation Structure

## Share Performance



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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.

## **Investor Relations Department**

Tel: 90 232 482 22 00

Fax: 90 232 484 17 89

[investorrelations@pinaret.com.tr](mailto:investorrelations@pinaret.com.tr)

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APPENDIX

# 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.

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

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

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-to-cook to the Turkish people.

1994

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

2001

Pınar Meat, realised production of frozen sea products.

2004

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

2005

New Launches

- Pınar Misket Köfte (Meatballs)
- Pınar Pizzatto Alaturka

2000

Pınar Meat produced sliced delicatessen varieties at full-automated modern facilities called by 'Clean Room'

2003

Pınar Meat passed to TS ISO 9001-2000 Certificate.

2008

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



# Supply



- ▶ 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 are 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



- ▶ 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>



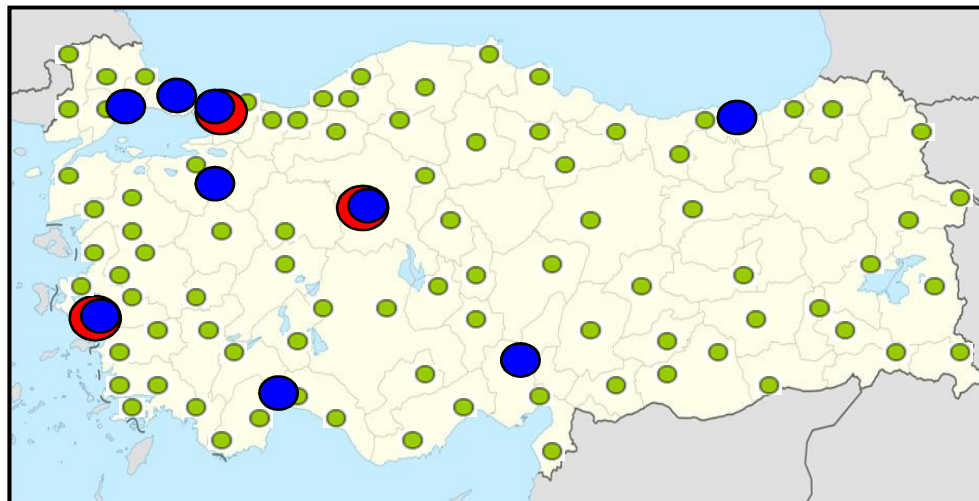
- ▶ The first Quality management system documents owned in its sector, TSE-ISO-EN 9000, 14000, 18001, 22000
- ▶ Cooperation with McDonald's from the beginning of its operations in Turkey.
- ▶ SAI GLOBAL independent organization audits each year

High level of hygiene and quality at every stage

# Sales & Distribution



- ▶ Yaşar Birleşik Pazarlama; Turkey's biggest nationwide cold & frozen distribution chain
- ▶ The distribution of food & beverage products are realized in  $-18^{\circ}\text{C}$  vehicles for frozen products,  $+4^{\circ}\text{C}$  vehicles for fresh products and classic vehicles for the rest
- ▶ The know-how and strong track record in the cold chain applications with a cold and frozen distribution chain and storage conditions is a considerable asset for the Group
- ▶ Strategically located distribution network throughout Turkey, by latest technology and flexible organization; over 150,000 sales points with a dedicated sales personnel
- ▶ Group sales reflects homogeneous regional dispersal all around the Turkey



 Directorate HQ       District Offices       Dealers



## YBP Ownership Structure

