

*illa ki  
Pınar  
Sucuk!*



PINAR ENTEGRE ET VE UN SAN. A.Ş.

2011 Earnings 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\*\*\*
- One of the top ten most reputable brands\*\*\*\*

## 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
- ISO 18001
- 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

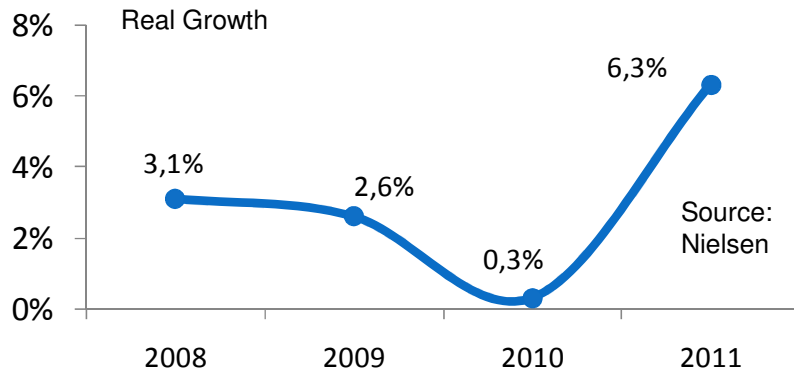
## Distribution Network

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

## Supply

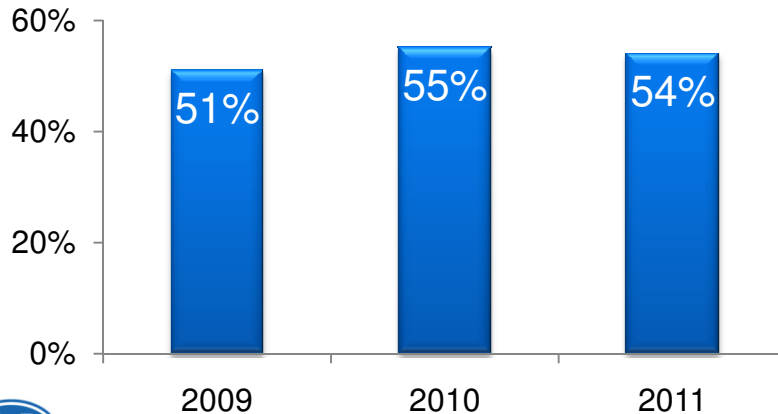
# Market Dynamics

## FMCG Value Growth (ex. tobacco)

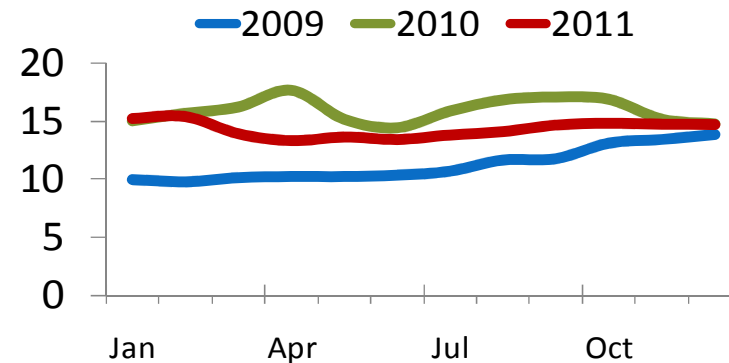


▶ Food category which has increased its share within FMCG from %46 to %48 through a value growth in 2011.

## Processed Meat Packaged (%)



## Carcass Meat Average Prices (TL)



▶ Red meat & Poultry production in 2010 is around 2,4 million tons. (TSI)

▶ Red meat market is 1 m tons, and nearly 10 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 (36Kg), though showing improvements, is still around world average.

▶ The penetration of Pinar Delicatessen Products is %38 in 2011. (2010:%37,7)

# Ahead of Competition



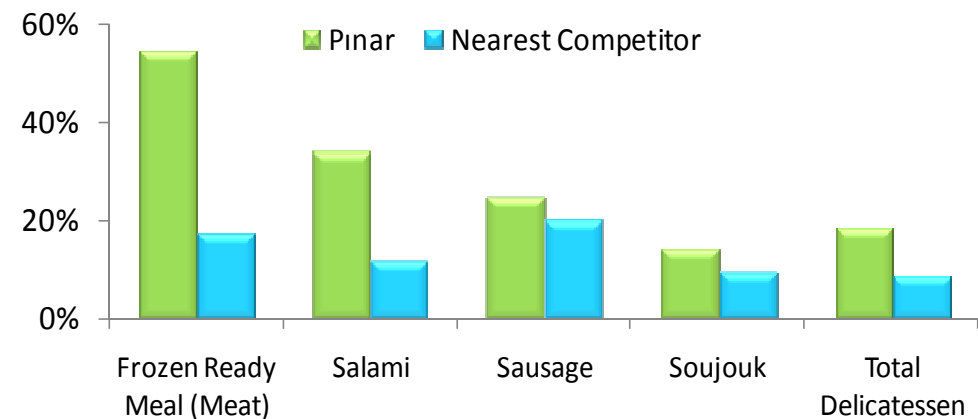
| Products                 | Market Share | Position |
|--------------------------|--------------|----------|
| Frozen Ready Meal (Meat) | 55%          | Leader   |
| Salami                   | 34%          | Leader   |
| Sausage                  | 25%          | Leader   |
| Soujouk                  | 15%          | Leader   |
| Total Delicatessen       | 19%          | Leader   |

- ▶ Pinar Et maintains its leadership with 19% market share, which is above twice the share of the nearest competitor.
- ▶ As the leader brand Pinar, brought new reforms to the category with new tastes.

Source: Nielsen 2011 - Value Share

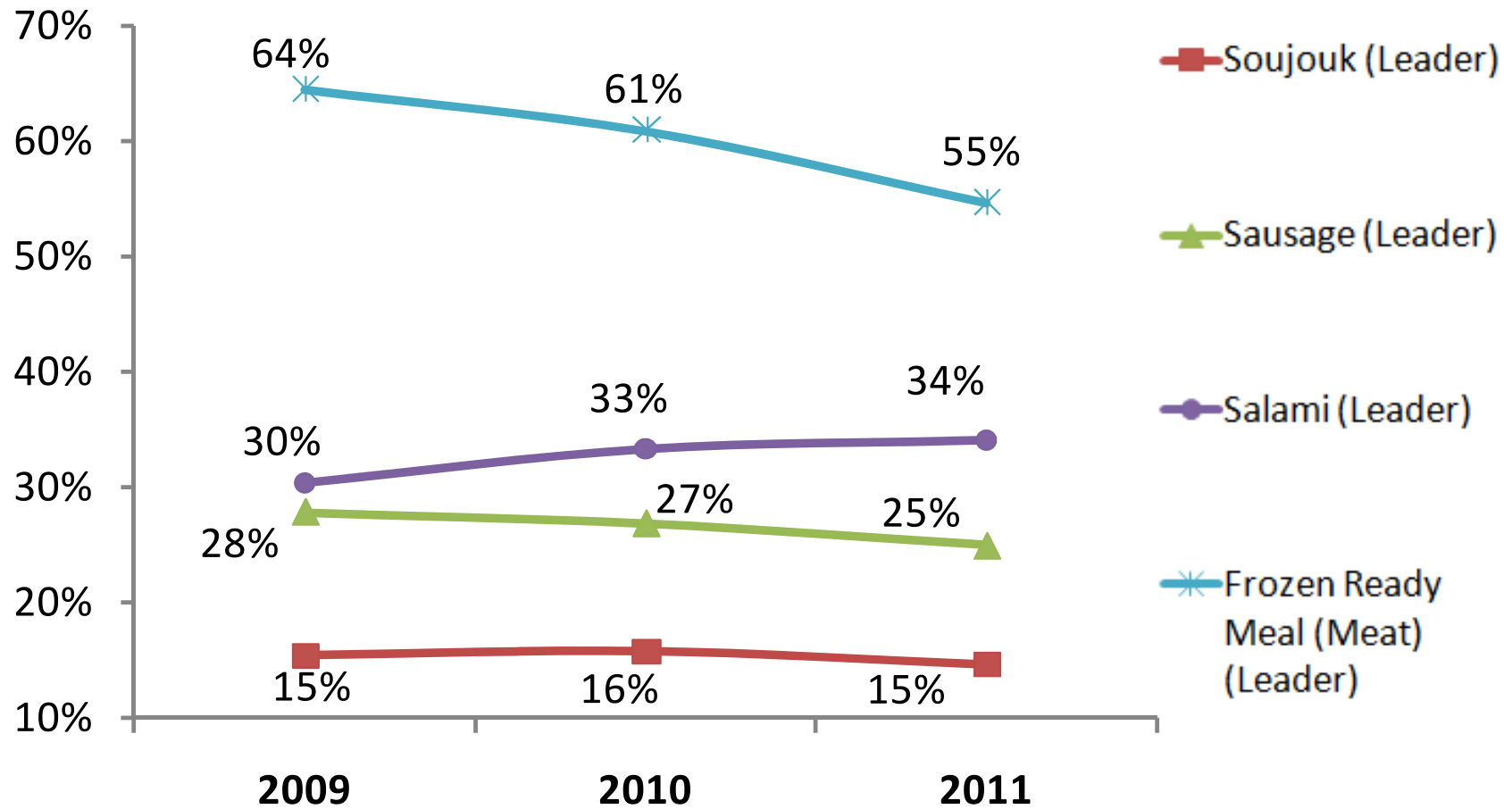
▶ The competitors in the packaged market are Aytaç, Polonez, Banvit, Namet and Maret.

## Market Share Comparison



Source: Nielsen, 2011 - Value Share

# Ahead of Competition



Source: Nielsen - Value Share

# New Products & Product Differentiations



## NEW TASTES



## PRODUCT DIFFERENTIATIONS



## NEW PACKAGE DESIGNS



## CATEGORY CREATING PRODUCTS



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

# Campaigns 2011



▶ Our marketing campaigns have continued in profitable and strategic categories.

Pizzatto was awarded Kristal Elma prize in press field.

## Major campaigns of 2011 :

▶ Pinar Soudjouk





# Campaigns 2012



▶ Our marketing campaigns have continued in profitable and strategic categories.

Facebook page “**Fathers and Sons**” have also been started in 2012.

## Major campaigns of 20112:

- ▶ Pınar Şölen Soudjouk
- ▶ Pınar Gurme Soudjouk

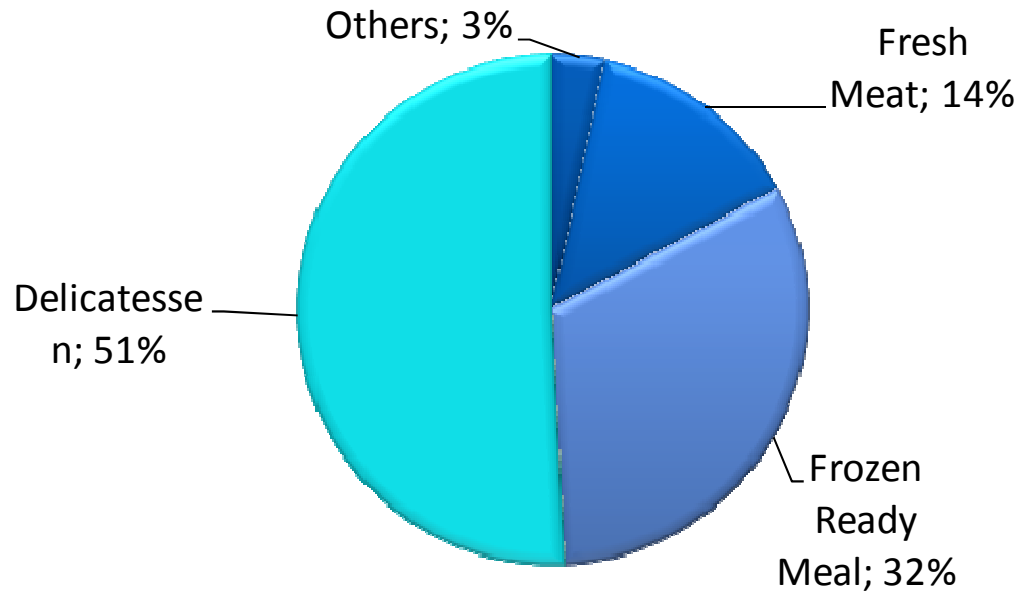




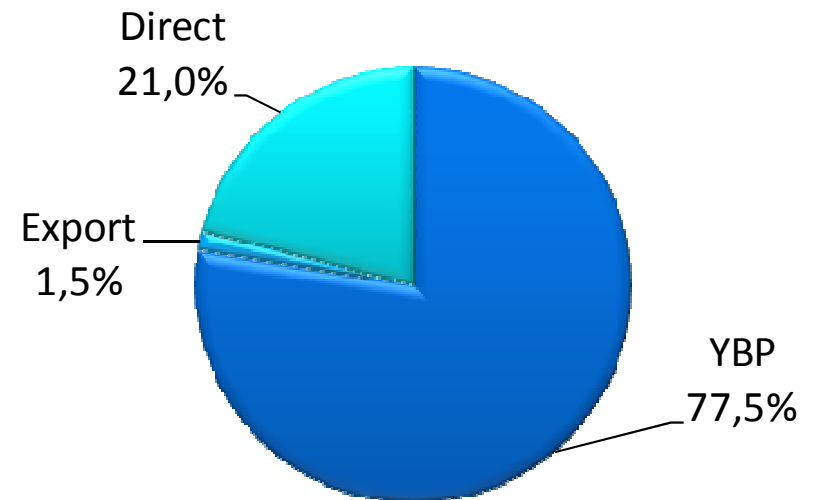
# Product Groups & Sales Channels

## Product Groups (2011)

Net Sales



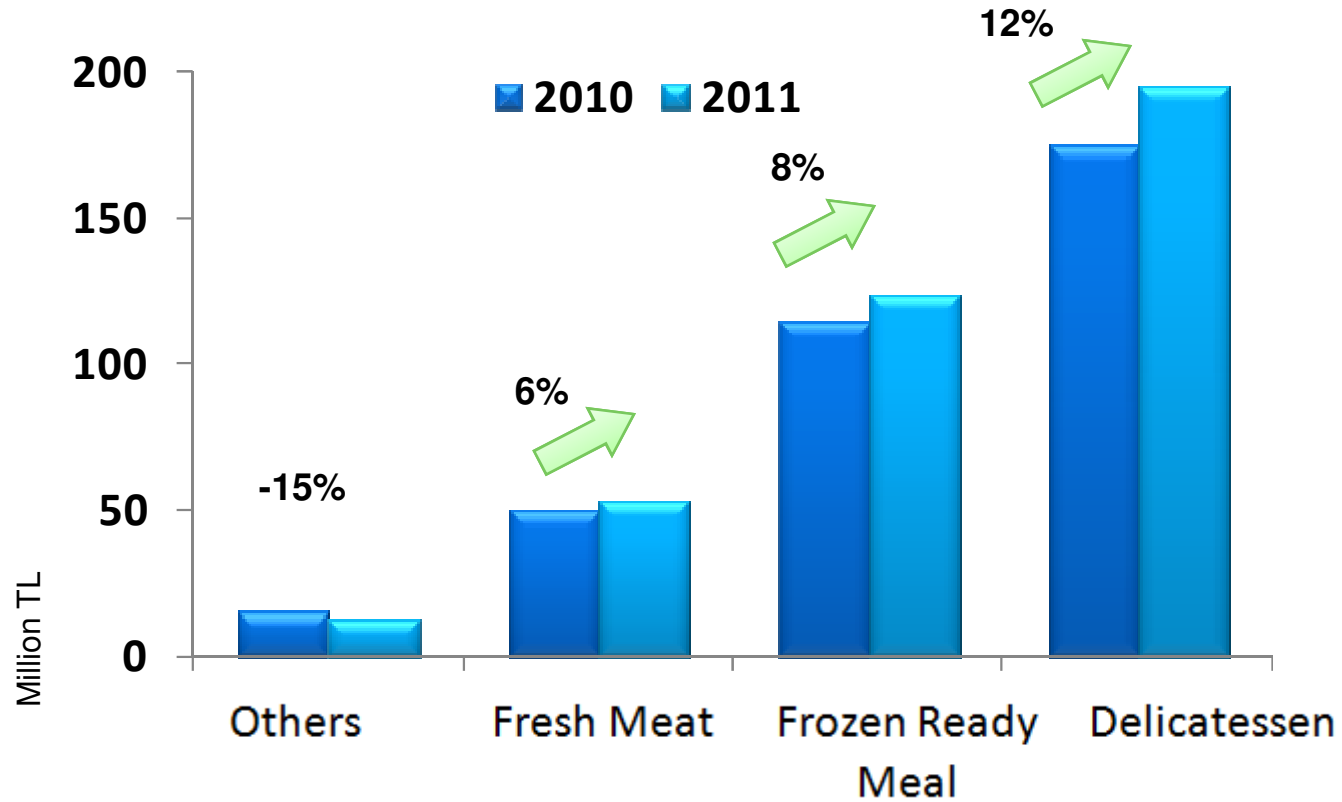
## Sales Channels (2011)



# Growth in Sales



## Growth Rates of Product Groups



▶ Continued to focus on high value added products

Net Sales has grown by 8,7% in 2011 compared to 2010

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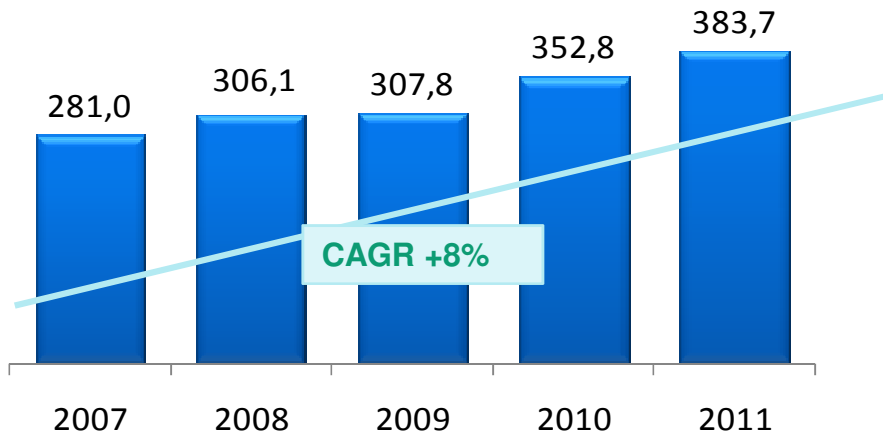
Financial Results



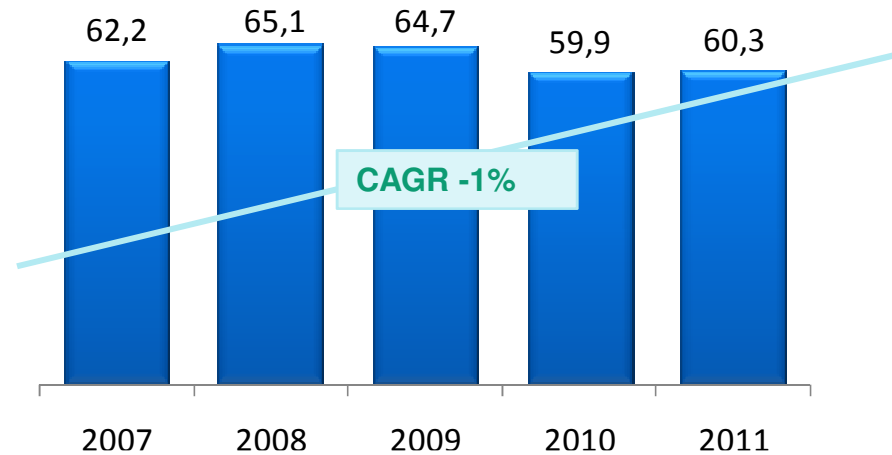
# Sales & Profitability



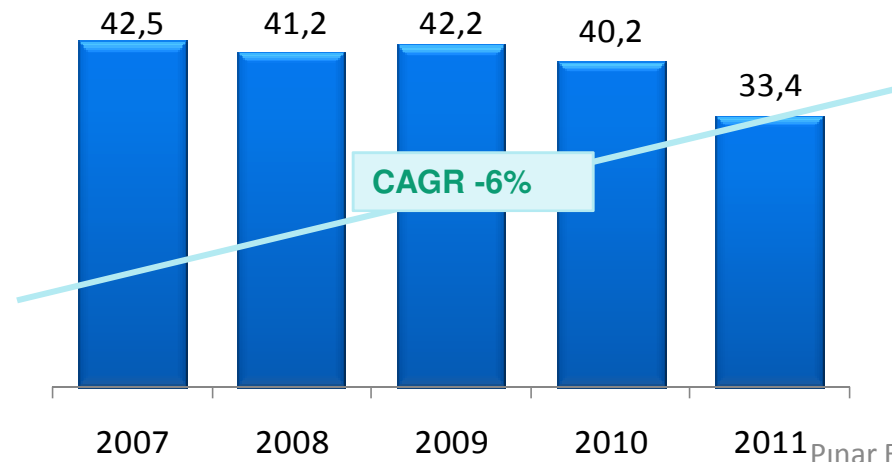
Net Sales (Million TL)



Gross Profit (Million TL)



EBITDA\* (Million TL)



- ▶ In 2011 our sales have increased by 8,7% YoY, driven from volume.
- ▶ Price competition is continuing in the market.
- ▶ Following our long term marketing strategies, marketing investments have continued.



**Yasar**

for a better life

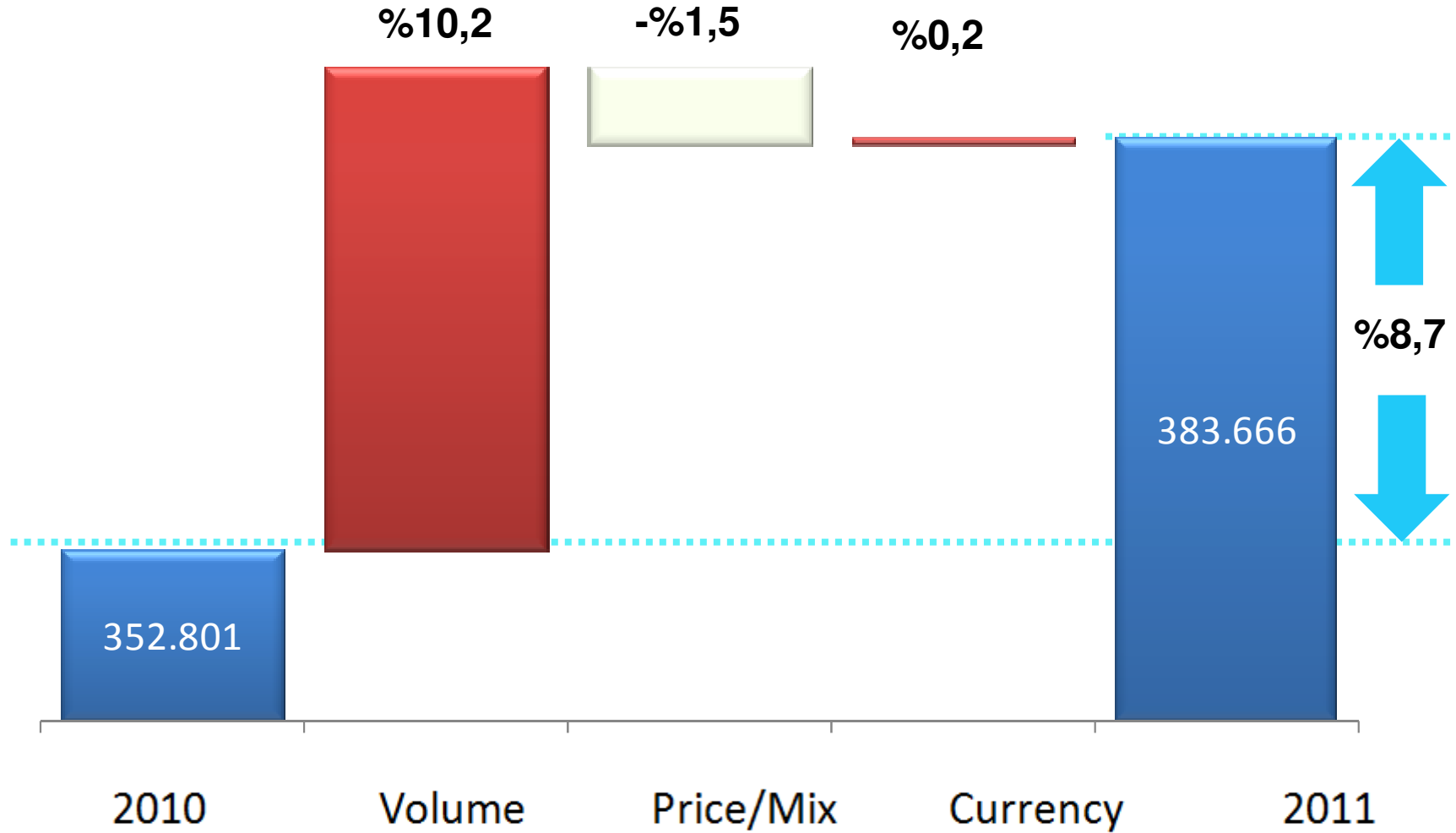
\* Earnings (ex. other income and expenditures) before tax, dep. and amortization.

# Income Statement



| (Million TL)                      | 31.12.2011   | 31.12.2010   | Change        | % Variance    |
|-----------------------------------|--------------|--------------|---------------|---------------|
| <b>Net Sales</b>                  | <b>383,7</b> | <b>352,8</b> | <b>30,9</b>   | <b>8,7</b>    |
| Cost of goods Sold                | (323,4)      | (292,9)      | (30,5)        | 10,4          |
| <b>Gross Profit</b>               | <b>60,3</b>  | <b>59,9</b>  | <b>0,3</b>    | <b>0,6</b>    |
| R&D Expenses                      | (1,0)        | (0,9)        | (0,1)         | 9,5           |
| Sales, Distribution and Marketing | (20,8)       | (14,8)       | (6,0)         | 40,8          |
| General Administration Expenses   | (14,5)       | (13,8)       | (0,7)         | 5,1           |
| <b>EBIT</b>                       | <b>24,0</b>  | <b>30,5</b>  | <b>(6,5)</b>  | <b>(21,2)</b> |
| Share of Results of Investments   |              |              |               |               |
| in Associates                     | 9,2          | 12,5         | (3,4)         | (26,8)        |
| Other Income                      | 1,3          | 1,3          | (0,1)         | (4,2)         |
| Other Expenses                    | (1,7)        | (1,1)        | (0,6)         | 61,7          |
| Financial Income (Net)            | 2,5          | 3,6          | (1,2)         | (32,2)        |
| <b>Profit Before tax</b>          | <b>35,2</b>  | <b>46,9</b>  | <b>(11,7)</b> | <b>(24,9)</b> |
| Tax                               | (5,5)        | (7,4)        | 1,9           | (25,7)        |
| <b>Net Profit for the Period</b>  | <b>29,7</b>  | <b>39,5</b>  | <b>(9,8)</b>  | <b>(24,8)</b> |
| EBITDA                            | 33,4         | 40,2         | (6,7)         | (16,7)        |
| <b>Total Assets</b>               | <b>423,8</b> | <b>353,8</b> | <b>70,0</b>   | <b>19,8</b>   |
| Equity                            | 310,5        | 281,2        | 29,3          | 10,4          |

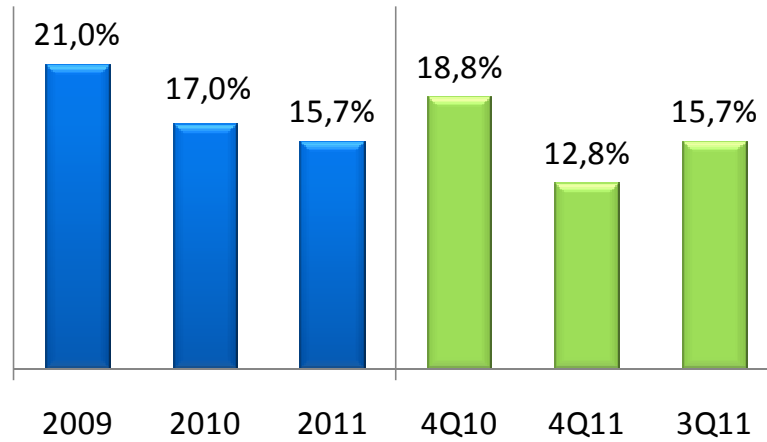
# Growth Analysis



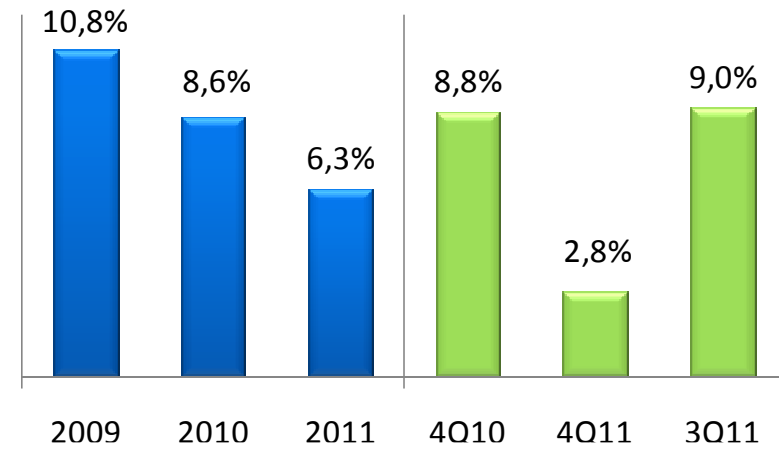


# Profit Margins

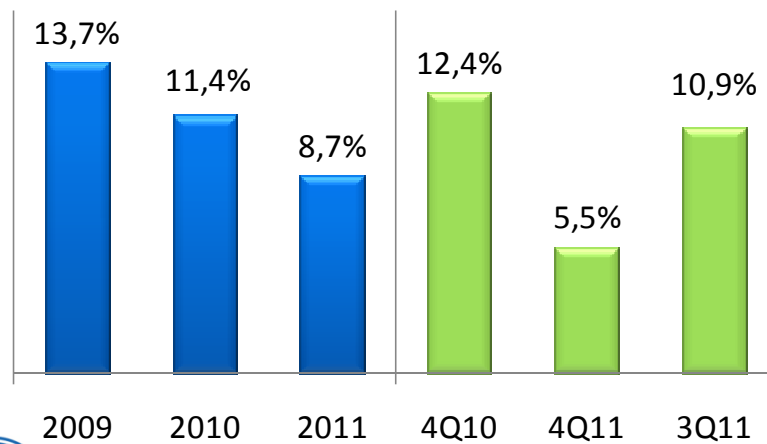
### Gross Profit Margins (%)



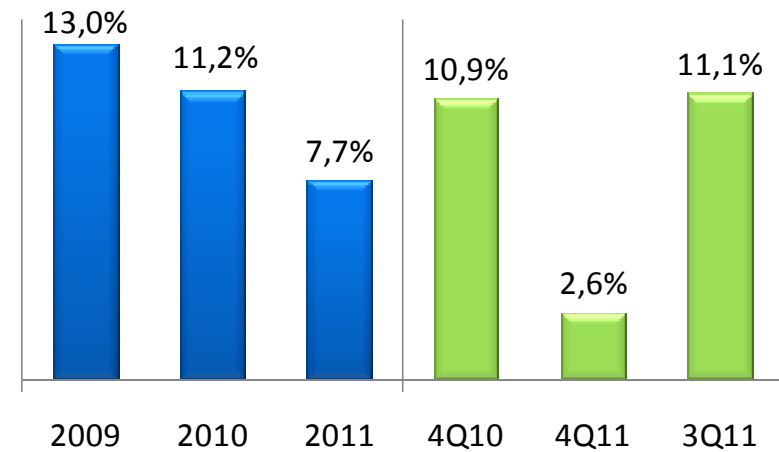
### Operation Profit Margins\* (%)



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

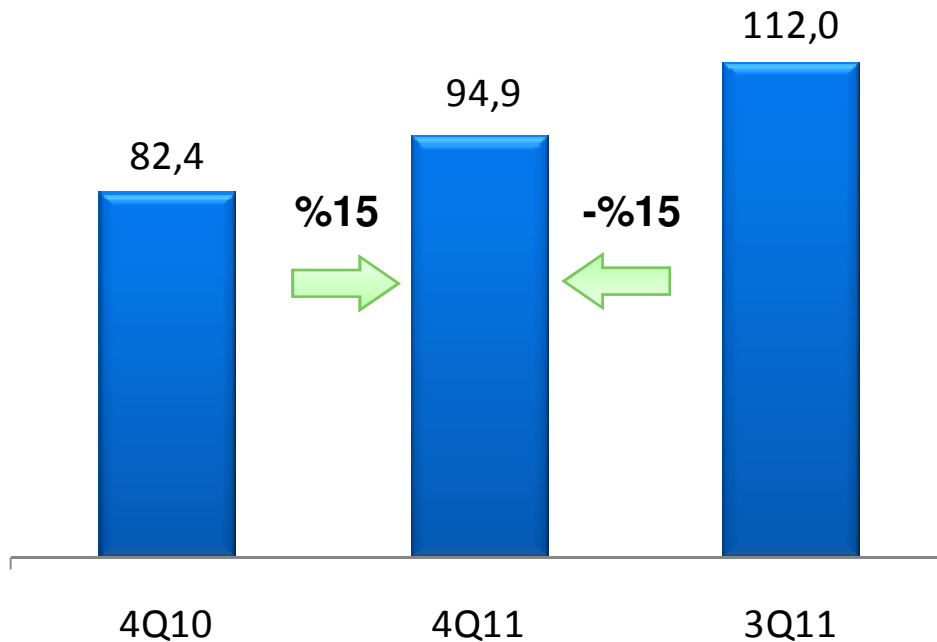


### Net Profit Margins (%)



# Quarterly Results

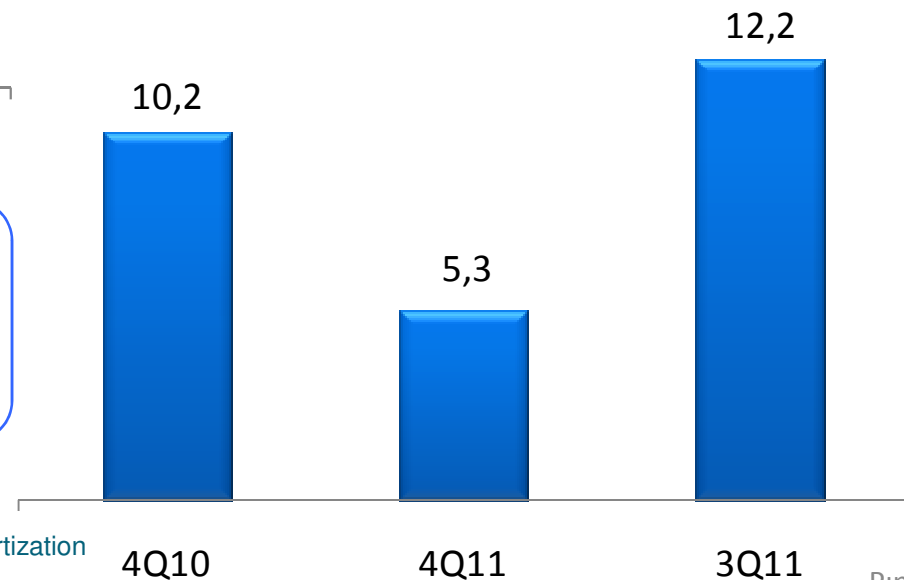
## Net Sales (Million TL)



► In 4Q11, our net sales have grown by %15 compared to 4Q10.

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

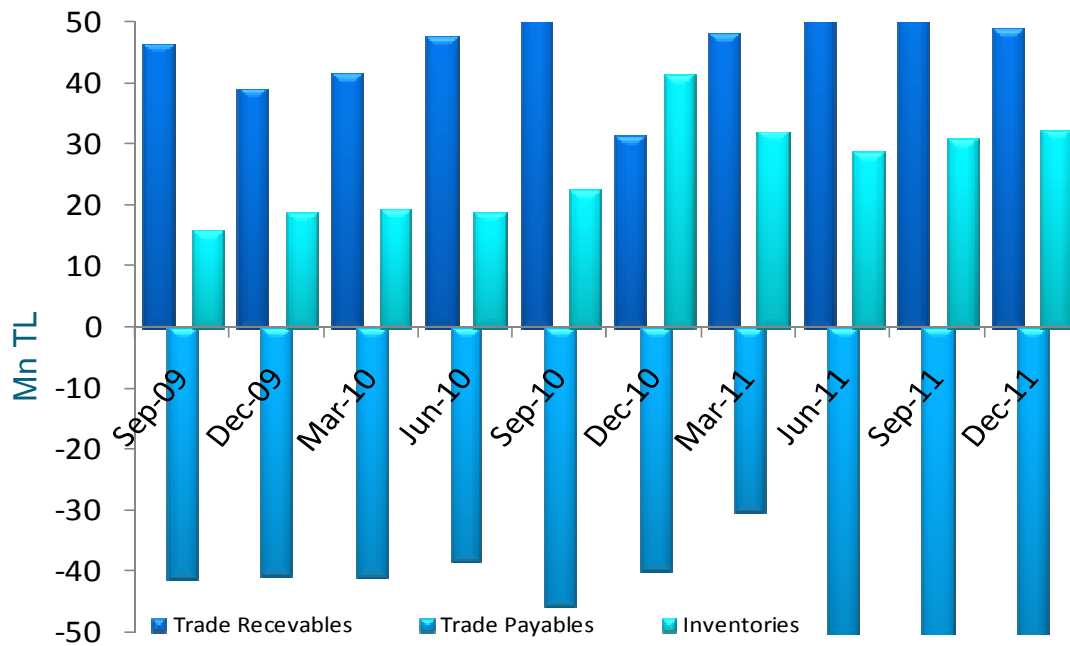
## EBITDA\* (Million TL)



# Basic Ratios, Net Financial Debt & Net Working Capital



|                                  | December 31, 2011 | December 31, 2010 | (Million TL)                       | December 31, 2011 | December 31, 2010 |
|----------------------------------|-------------------|-------------------|------------------------------------|-------------------|-------------------|
| <b>Current ratio</b>             | 1,75              | 2,22              | <b>Cash &amp; Cash Equivalents</b> | 4,13              | 1,75              |
| <b>Leverage ratio</b>            | 0,27              | 0,21              | <b>S/T Bank Borrowings</b>         | 22,15             | 0,64              |
| <b>S/T Fin Debt/T. Fin Debt</b>  | 0,64              | 0,06              | <b>L/T Bank Borrowings</b>         | 12,22             | 10,25             |
| <b>Net Financial Debt/EBITDA</b> | 0,90              | 0,23              | <b>Net Financial Debt</b>          | 30,24             | 9,13              |
| <b>Total Fin Debt/Equity</b>     | 0,11              | 0,04              |                                    |                   |                   |



▶ A 125% rise in net cash generated from operating activities

**2010** → **2011**  
 13,5 Million TL → 30,6 Million TL

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

# Overview of 2011



- ▶ The decrease in the red meat supply starting in the second half of 2009 and continuing also in 2010, caused price volatility leading to extraordinary red meat prices. Governmental arrangements regarding imports put in effect since the last quarter of 2010, caused a downturn in raw meat prices . As a result, due to the dual price structure consisting of expensive domestic meat and cheaper imported meat , prices have started to move up and down within this range and a partial price stability has been attained. In total, Turkey has imported 140.000 tons of carcass meat in 2011, which makes 20% of our consumption.
- ▶ 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.
- ▶ We have started supply of meat and meat products to IKEA as of end of 2011.

# 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
- ▶ Efficient utilization of social media
- ▶ Concentration on “Away from Home” market
- ▶ Continued marketing investment.

## 2012 TARGETS

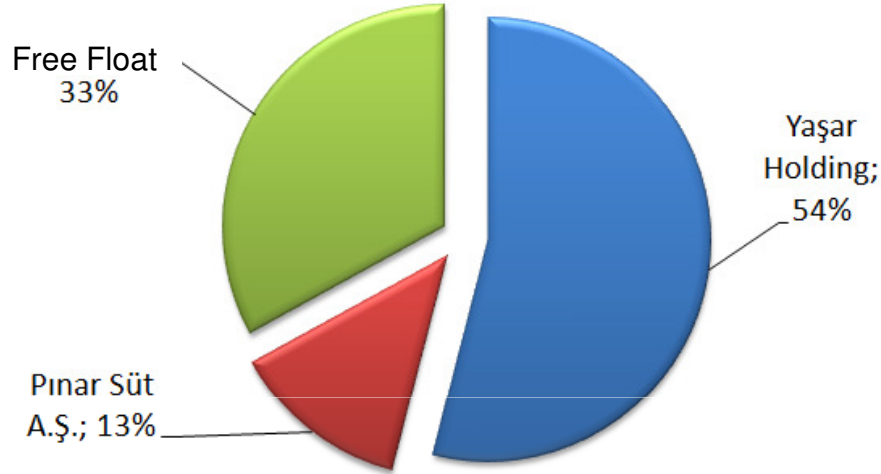
**Growth in Net Sales:** %15 - %18

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

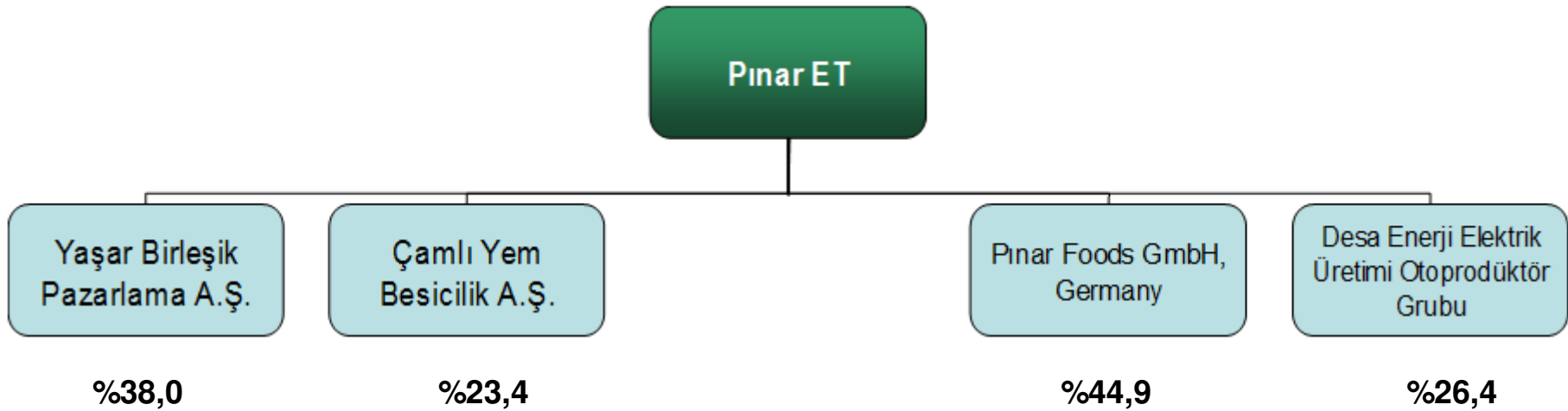
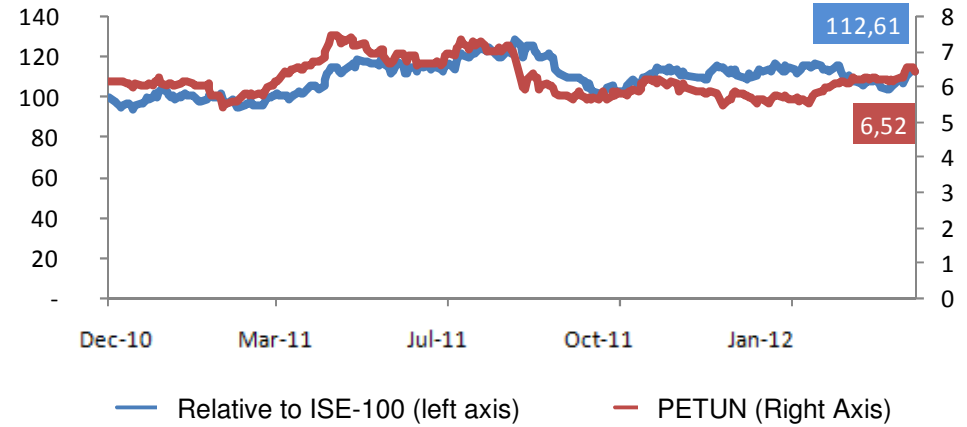
**Capex:** 20 - 30 Million TL

# Ownership & Participation Structure

## Share Performance



### Relative and Absolute Performance of Pınar Et Shares





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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**



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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

2011

- Şölen spicy soudjouk
- Gurme soudjouk and sausages
- Delight products

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.



for a better life

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'

23

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.

Pınar Et

2005

New Launches

- Pınar Misket Köfte (Meatballs)
- Pınar Pizzatto Alaturka

# 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



Izmir- (16 product lines)

Total Area : 330,000 m<sup>2</sup>  
Closed Area : 46.000 m<sup>2</sup>



High level of hygiene and quality at every stage

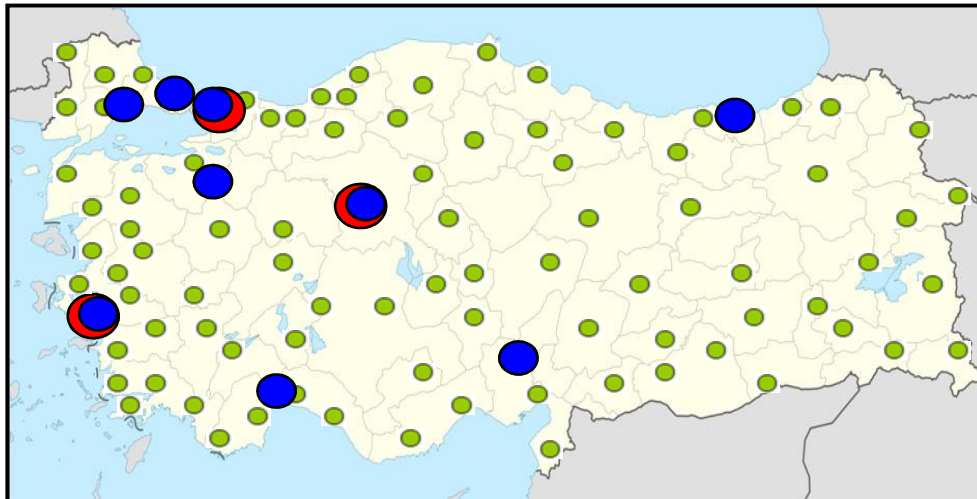
- ▶ The first Quality management system documents owned in its sector, TSE-ISO-EN 9000, 14000, 18001, 22000
- ▶ Cooperation with McDonald's from the beginning of its operations in Turkey.
- ▶ SAI GLOBAL independent organization audits each year



# 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 155,000 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

