

# PINAR ENTEGRE ET VE UN SAN. A.Ş.

Earnings Presentation, 2014



# Highlights



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

## Product Portfolio

- One of the top ten most admired companies in Turkey\*
- Among Turkey's Superbrands\*\*
- One of the top ten most reputable brands \*\*\*
- Golden Effie (Campaign of easy-open)
- ASD bronze award in the category of Graphic Design (Pınar Börek)

## Brand Equity

- Hygienic production according to EU norms
- Technological and industrial knowledge
- Energy-efficient industrial plant

## Production

- Food safety and quality at every stage from supply to final product
- ISO 9001-2008
- ISO 14001
- ISO18001
- FSSC 22000
- ISO 50001-2008
- TSE 17025

## Quality

- YBP – Turkey's largest nationwide cold and frozen distribution chain
- More than 155.000 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

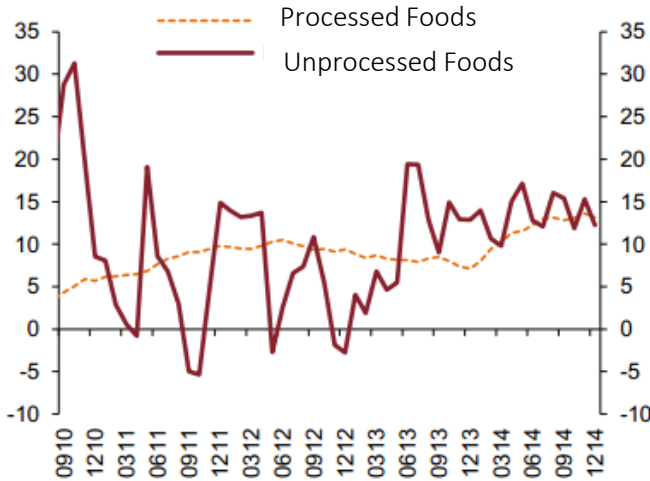
## Supply

# Market Dynamics



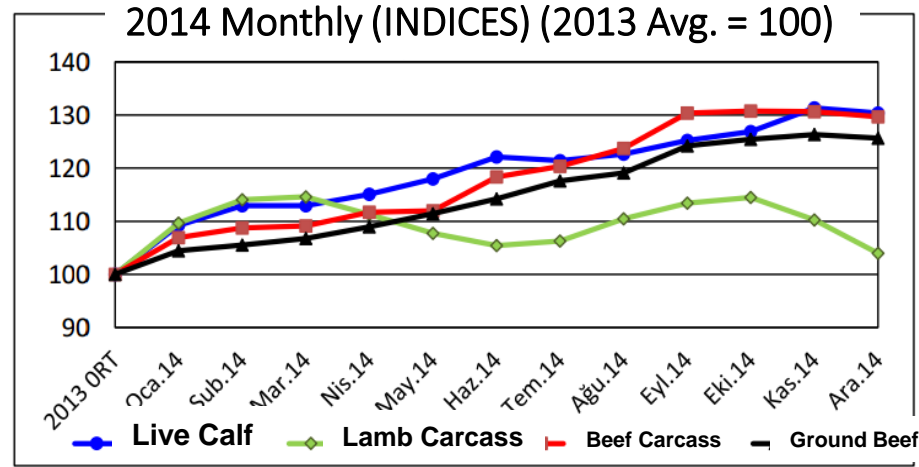
## Price of Food Products

Food Prices  
(% change)



In 2014 inflation in food prices occurred above the domestic inflation rate. In addition, the increase in meat prices exceeded the food inflation.

## Carcass Meat Average Prices (TL)



Source: National Red Meat Council

- Total red meat production in Turkey reached 1 m tones which was up by 1.2% in 2014.

## Read Meat Production in Turkey

**Total 1.008.272 tons**

Cattle	87.0%
Water Buffalo	0.1%
Sheep	9.9%
Goat	3.0%

Source: TURKSTAT 2014

- According to the National Red Meat Council, in 2014 beef carcass prices (kg) rose to TL 20.32 from TL 16.44 (2013 price) with a 23.6% increase.

# Ahead of Competition - I



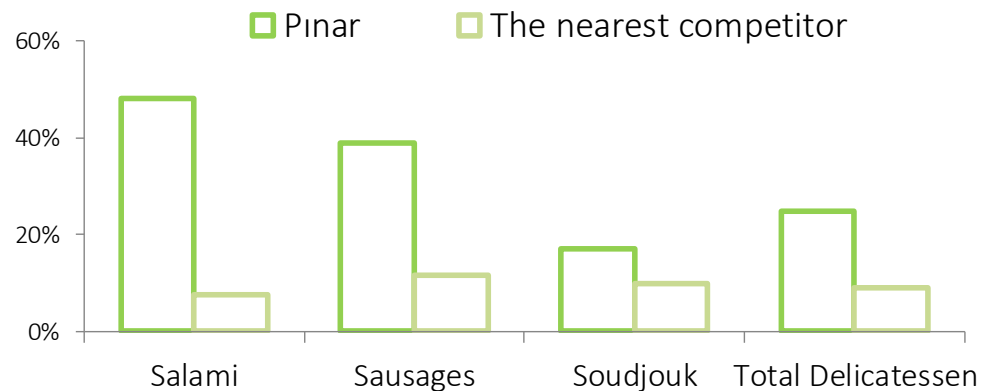
Products	Market Share	Position
Salami	48.0%	#1
Sausages	38.9%	#1
Soudjouk	17.1%	#1
Total Delicatessen	24.9%	#1

Source: Nielsen, 2014, Value Share

- Pinar Et has increased its market share in delicatessen market and has maintained its leadership with 24.9% market share in 2014. (close to three times the nearest competitor) (2013: 23%) (Nielsen)
- As the leading and pioneer brand, Pinar Et brings different flavors, innovative packaging and new concepts to support growth in the category.

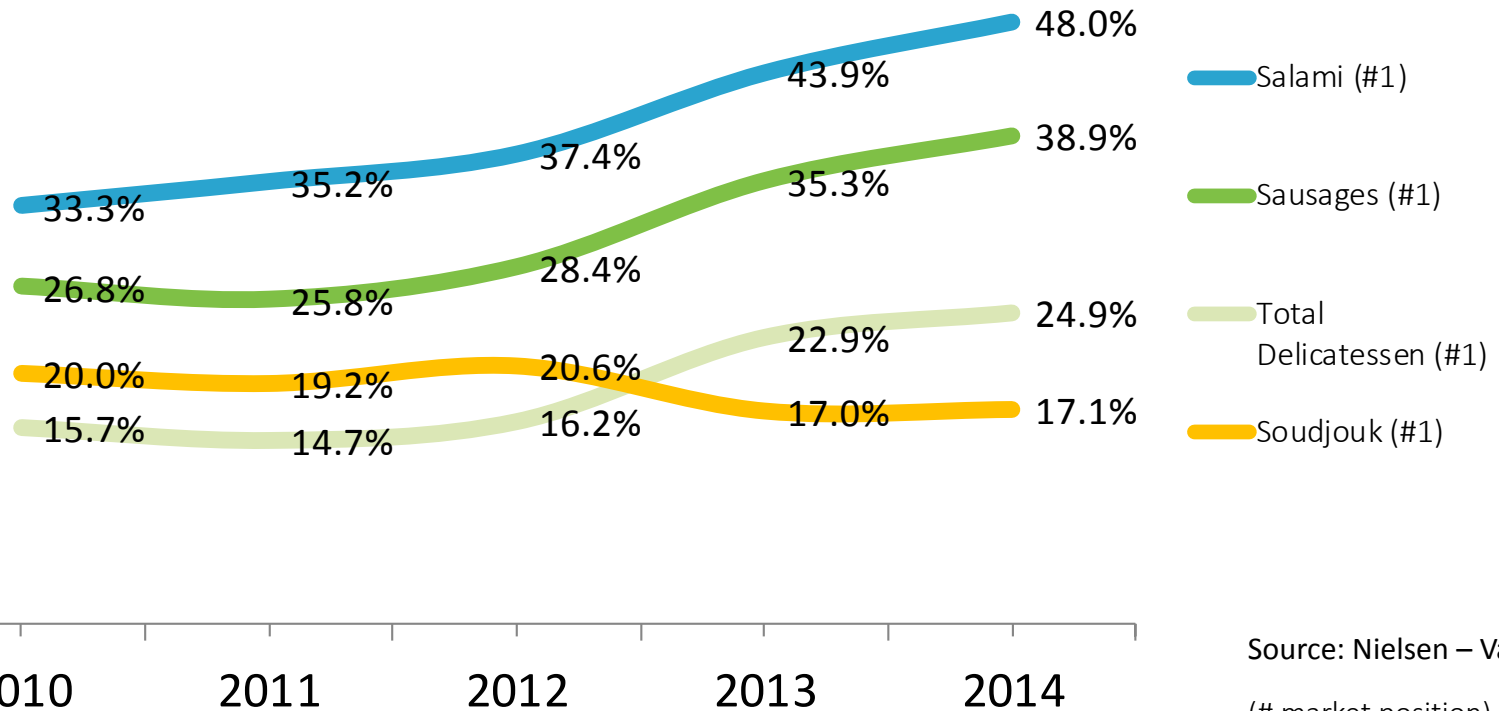
• The overall processed market grew in 2014 Q4 when compared to 2013 Q4. In this period, the market grew by 0.8% in terms of quantity and by 14.2% in terms of turnover as compared with the previous period. (Nielsen)

## Comparison of market shares



Source: Nielsen, 2014, Value Share

# Ahead of Competition - II



Source: Nielsen – Value Share  
(# market position)



Pınar Et maintained its leadership with a 1.81 percentage points increase in total processed meat market in 2014 when compared to 2013.

# New Products & Product Differentiations



Toast  
Pizza



Pinar Barbeque Soudjouk



Hindi Nugget

2014



Pinar Gourmet Delicatessen Products

# New Products & Product Differentiations



Kasap Style  
Meatball



Pinar Gourmet  
Manti



2014



Sea Food



Pinar Borek with  
Cheese



# Campaigns



## Pınar Açbitir Salami



Golden Effie Award  
(campaign easy-open)



## Pınar Gourmet Soudjouk



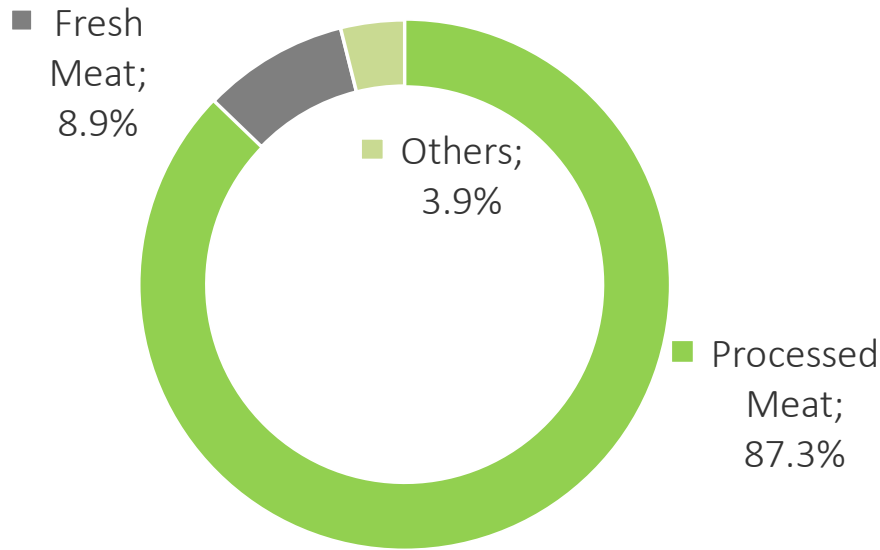
[www.lezzetfikirleri.com](http://www.lezzetfikirleri.com)



# Product Groups & Sales Channels

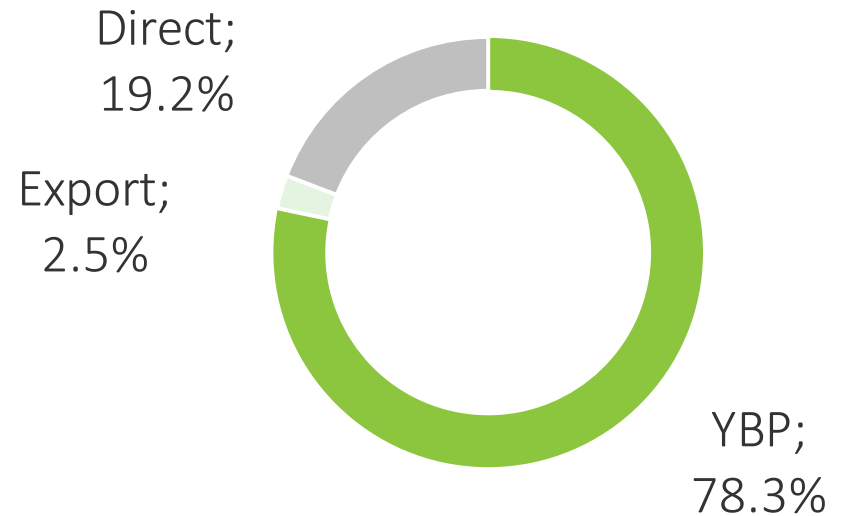


## Breakdown of Net Sales 2014



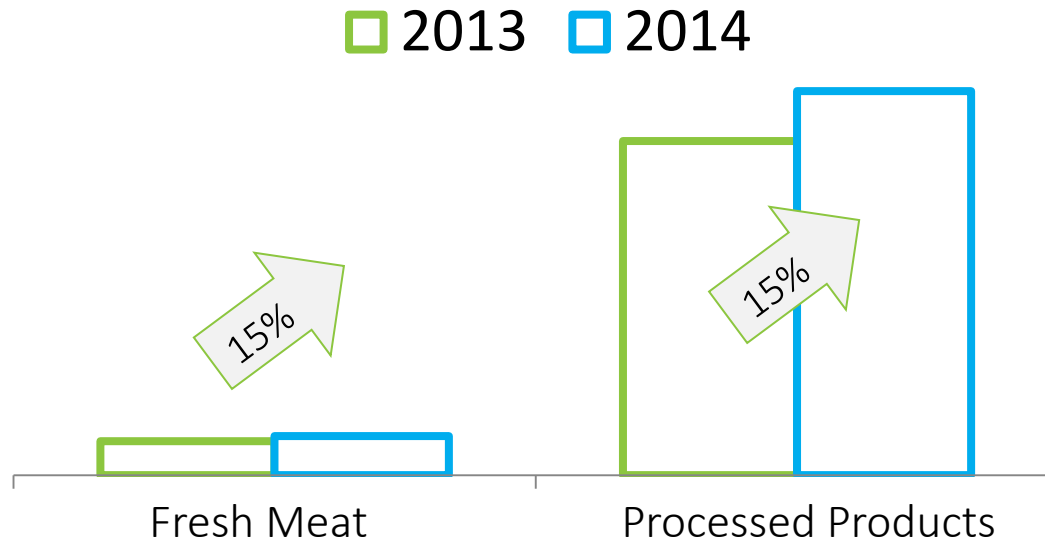
Continued to focus on high value added products.

## Breakdown of Distribution Channels 2014



6.4 million export sales in 2014

# Growth in Segments



The net sales grew by 15% in 2014.

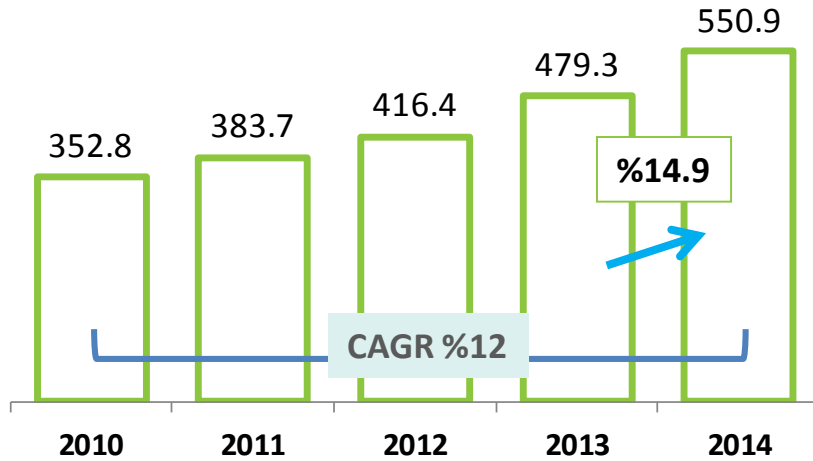
# PINAR ENTEGRE ET VE UN SAN. A.Ş.

## Financial Results

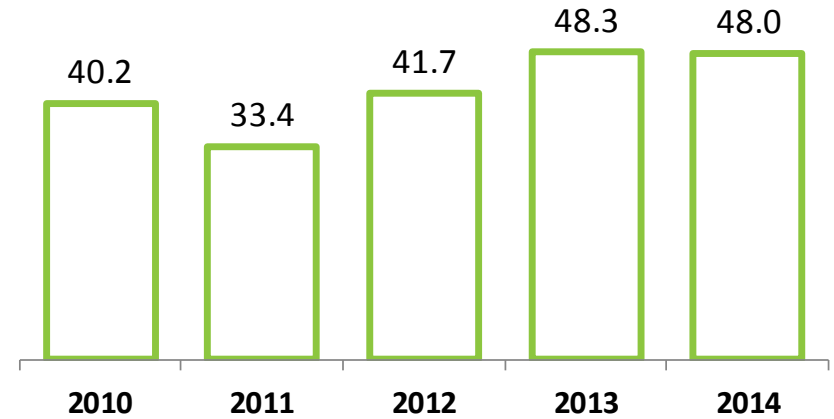


# Sales and profitability

## Net Sales (M TL)

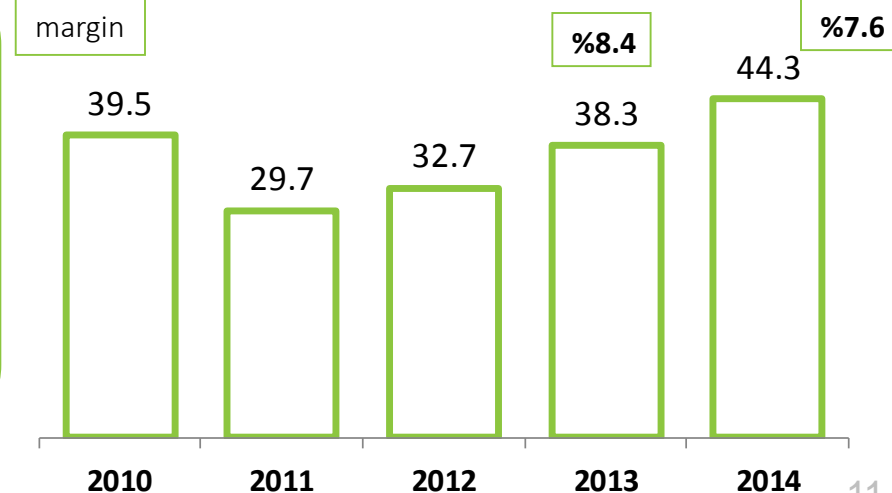


## EBITDA (M TL)



- In 2014, net sales grew by 14.9%, (YoY). This growth was achieved due to the price increases and product mix changes.
- In 2014, a %23.6 increase in raw material prices had a pressure on the margins.

## Net Profit (M TL)

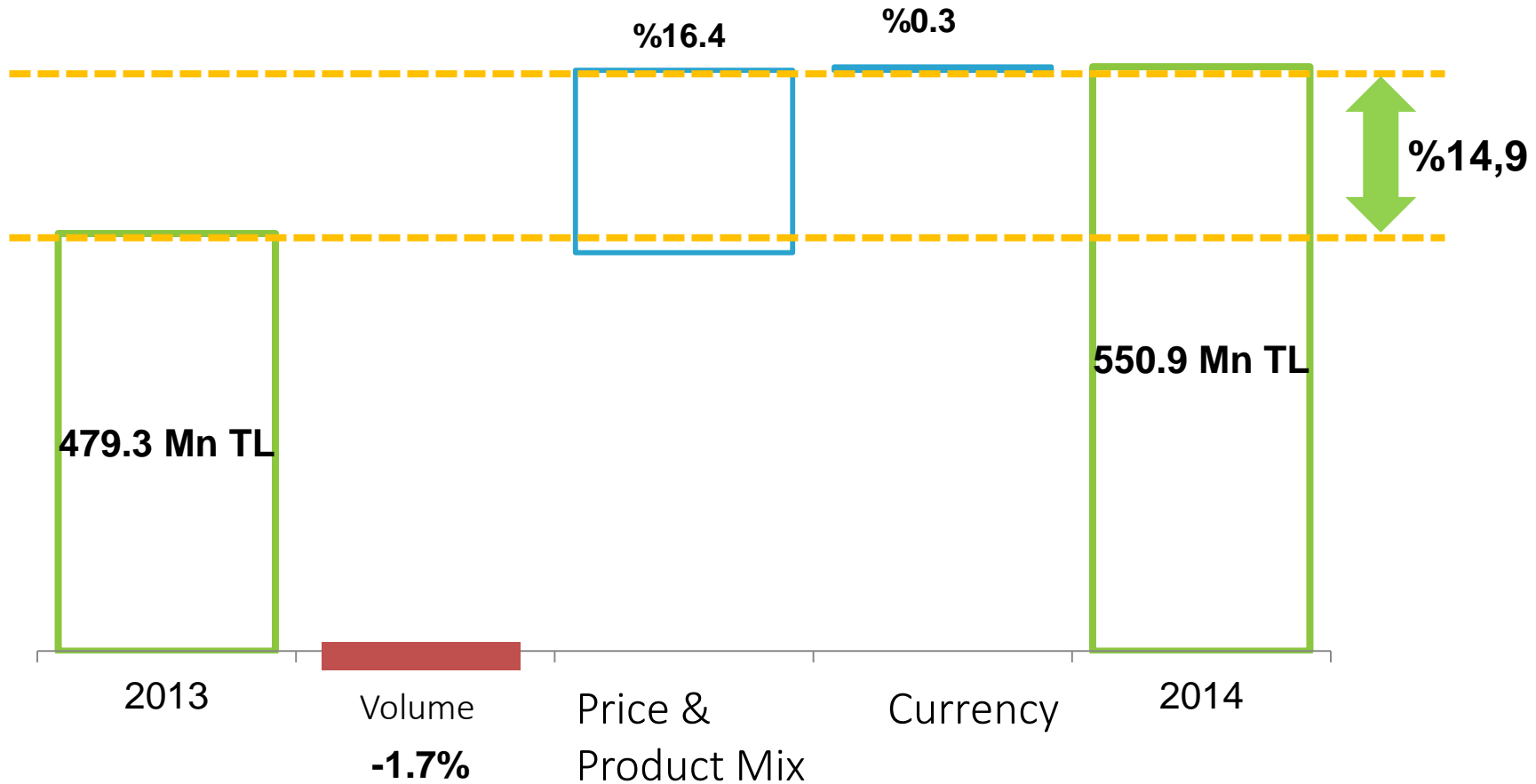


# Income Statement



(in million TL)	Dec 31, 2014	Dec 31, 2013	Difference	% Change
<b>Net Sales</b>	<b>550.9</b>	<b>479.3</b>	<b>71.6</b>	<b>14.9</b>
Cost of goods Sold	(468.7)	(396.2)	(72.4)	18.3
<b>Gross Profit</b>	<b>82.3</b>	<b>83.1</b>	<b>(0.8)</b>	<b>(1.0)</b>
R&D Expenses	(1.4)	(1.1)	(0.3)	23.2
Sales, Distribution & Marketing Expenses	(26.7)	(28.1)	1.4	(5.0)
General Administration Expenses	(18.1)	(16.1)	(2.0)	12.5
<b>EBIT</b>	<b>36.2</b>	<b>37.8</b>	<b>(1.7)</b>	<b>(4.4)</b>
Share of Results of Investments in Associates	9.9	4.2	5.7	135.7
Other Income	3.2	5.5	(2.2)	(41.1)
Other Expenses	(1.6)	(2.7)	1.2	(42.4)
Financial Income (Net)	1.7	0.8	0.9	117.6
<b>Profit Before tax</b>	<b>49.4</b>	<b>45.6</b>	<b>3.9</b>	<b>8.5</b>
Tax	(5.2)	(7.3)	2.1	(29.3)
<b>Net Profit for the Period</b>	<b>44.3</b>	<b>38.3</b>	<b>6.0</b>	<b>15.7</b>
EBITDA	48.0	48.3	(0.3)	(0.6)
<b>Total Assets</b>	<b>444.8</b>	<b>441.3</b>	<b>3.5</b>	<b>0.8</b>
Equity	344.4	333.0	11.4	3.4

# Growth Analysis

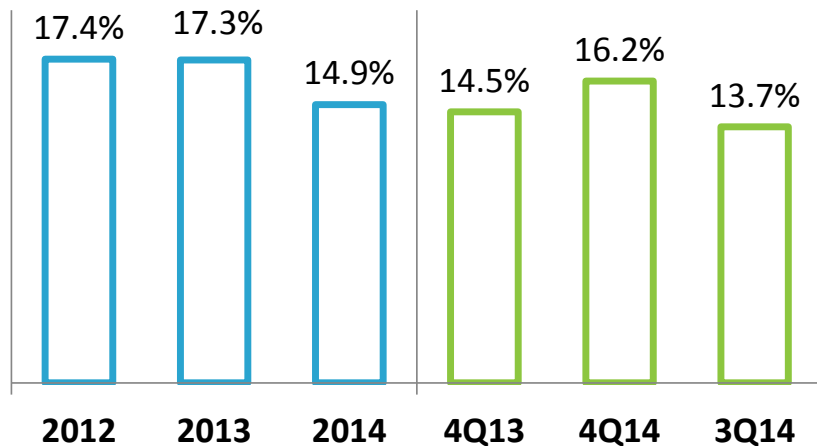




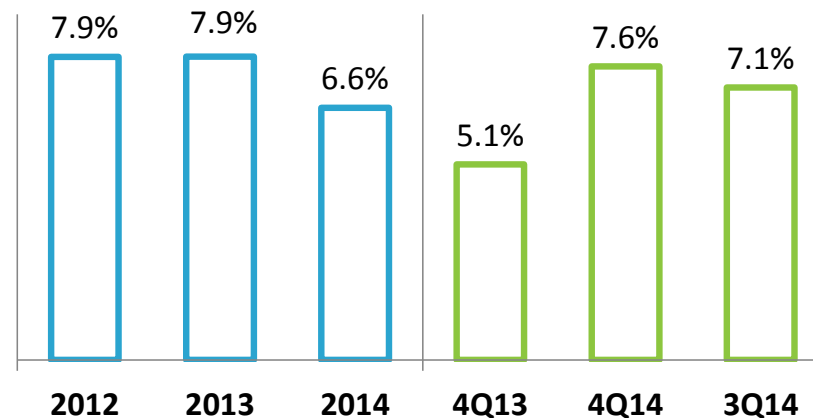
# Profit Margins



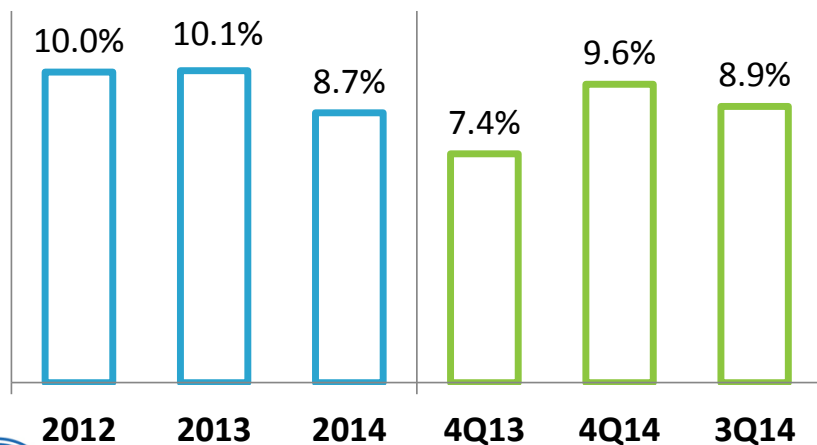
## Gross Margin (%)



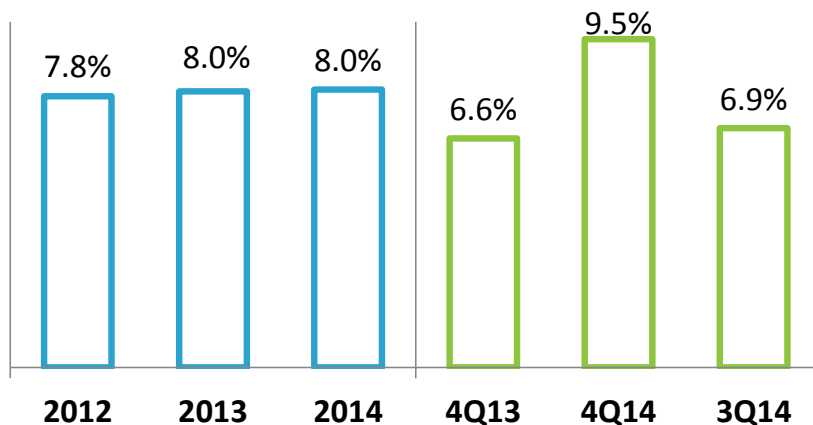
## EBIT Margin \*(%)



## EBITDA Margin \*\* (%)



## Net Profit Margin (%)



# Basic Ratios, Borrowings and Working Capital

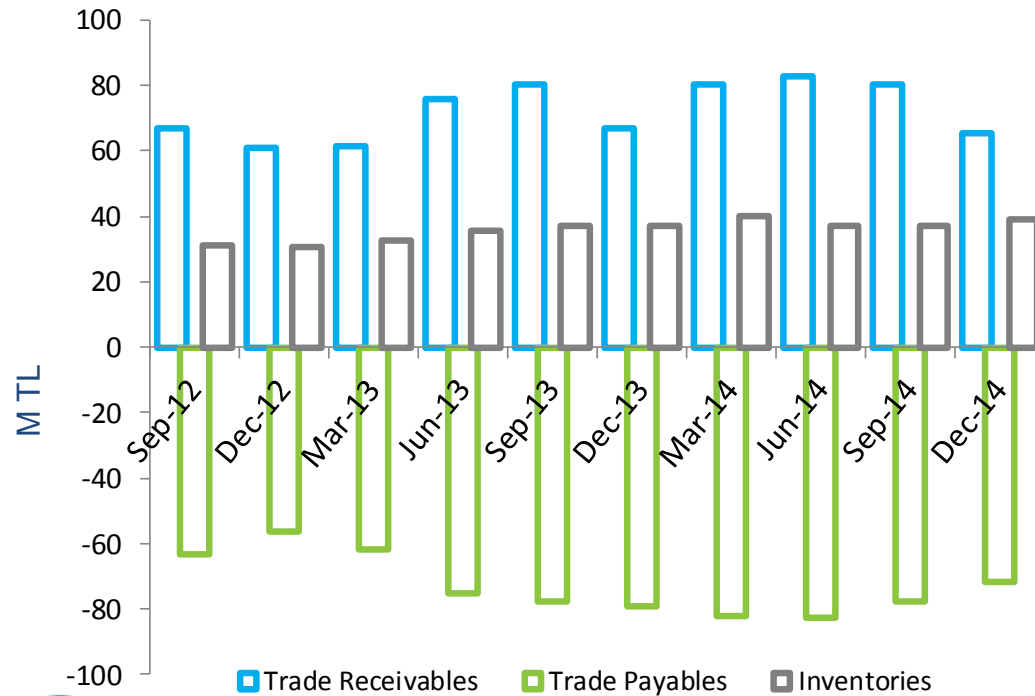
Dec 31, 2014 Dec 31, 2013

(Milyon TL)

Dec 31, 2014 Dec 31, 2013

	Dec 31, 2014	Dec 31, 2013
<b>Current Ratio</b>	1.47	1.70
<b>Leverage Ratio</b>	0.23	0.25
<b>Current Borrowings/Total Borrowings</b>	1.00	1.00
<b>Net Borrowings / EBITDA</b>	-	-
<b>Total Borrowings/Paid-in Capital</b>	0.00	0.00

	Dec 31, 2014	Dec 31, 2013
<b>Cash and Cash Equivalents</b>	1.74	13.78
<b>Current Borrowings</b>	0.86	0.80
<b>Long Term Borrowings</b>	0.00	0.00
<b>Net Borrowings</b>	(0.9)	(13.0)



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

# Overview of 2014



- Pinar Et continued to focus on high value-added products and to reach consumers by developing products in smaller size packs in line with the purchasing power of our customers.
- A pressure on the margins due to an upward trend on raw material prices was balanced with the improvements in operational expenses in 2014. The association incomes had a positive effect on the net margin.
- Total capital expenditure was TL 20.5 m.
- Export sales grew by 21% in 2014 when compared to 2013. The main driver for the growth was Gulf Countries sales.
- Cost saving measures and projects to improve production efficiency have continued. (OMI-Lean Six Sigma Projects)

- An effective inventory management,
- A product portfolio targeting needs of various segments
- A wide spread distribution
- An efficient utilization of social media
- Developments in “Away from Home” market
- Continuing marketing investment
- On the growth segments of the market in providing strategic priority

# Ownership & Participation Structure



## Ownership Structure

Yaşar Holding	54%
Pınar Süt	13%
Others	33%

## Participations

Participation	Share in Capital
Yaşar Birleşik Pazarlama	42.80%
Bintur	1.30%
Desa Enerji	26.40%
Çamlı Yem	23.40%
Yaşar Dış Ticaret	1.80%
Pınar Foods	44.90%

## Auditors

### Financial Affairs

Nexia

Ernst&Young

### Production

SAI Global

TSE

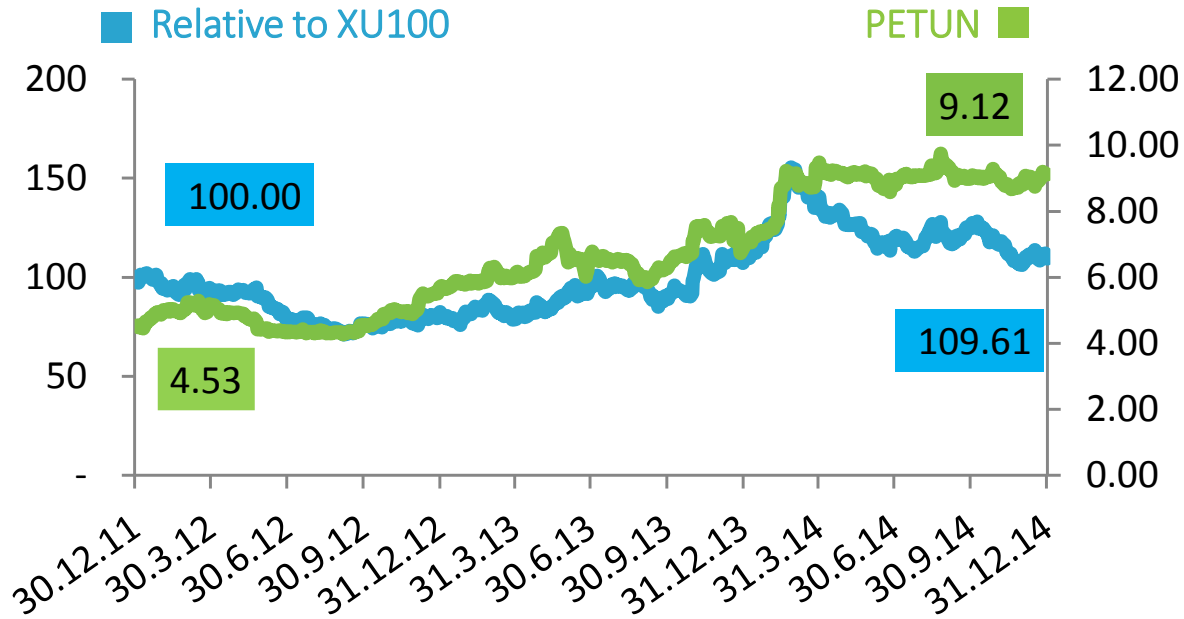
Alberk QA

Intertek

### Corporate Governance

Saha Rating

# Stock Performance



Corporate Governance Rating : 9,11

Borsa İstanbul Ticker Symbol: PETUN

Date of Listing : 03.02.1986



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# Thank You

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