

# PINAR ENTEGRE ET VE UN SAN. A.Ş.

Earnings Presentation, 2015 Q1



# 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

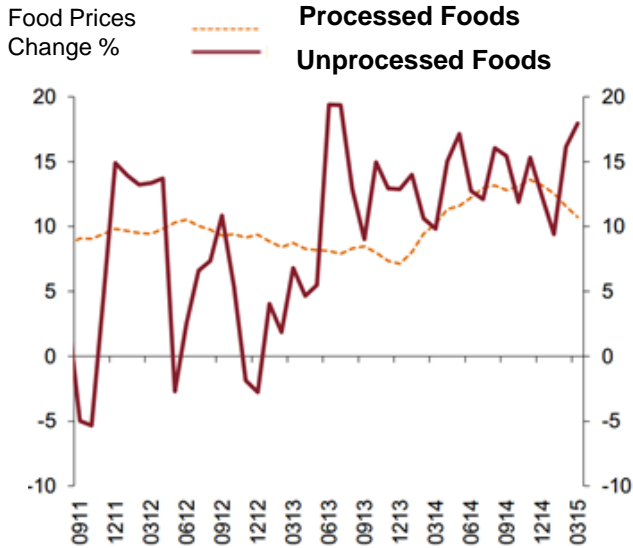
## Distribution Network

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

## Supply

# Market Dynamics

## Price of Food Products

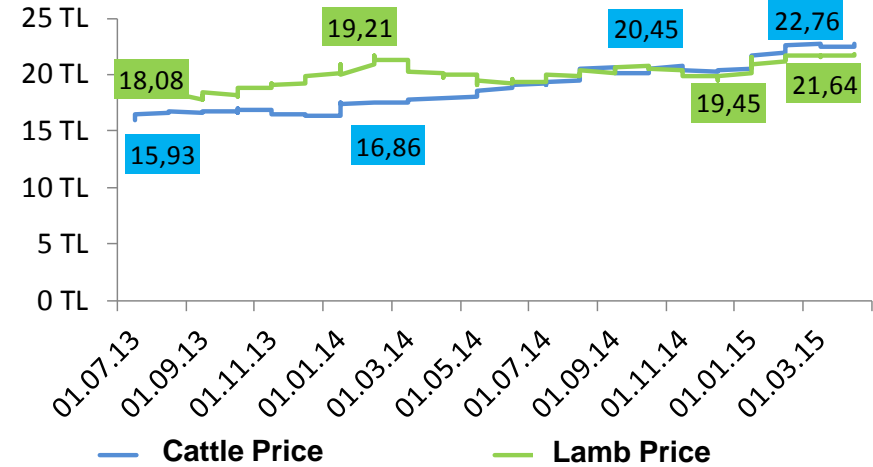


Unprocessed food inflation continued to rise and climbed to 17.93% in 2015 Q1.

Source: CBRT, Inflation Report

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

## Carcass Meat Average Prices (Kg/TL)



Source: National Red Meat Council

## 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. In the first Quarter of 2015 beef carcass prices (kg) rose to TL 22.46 (2014 price) with a 10.5% increase.

# Ahead of Competition - I

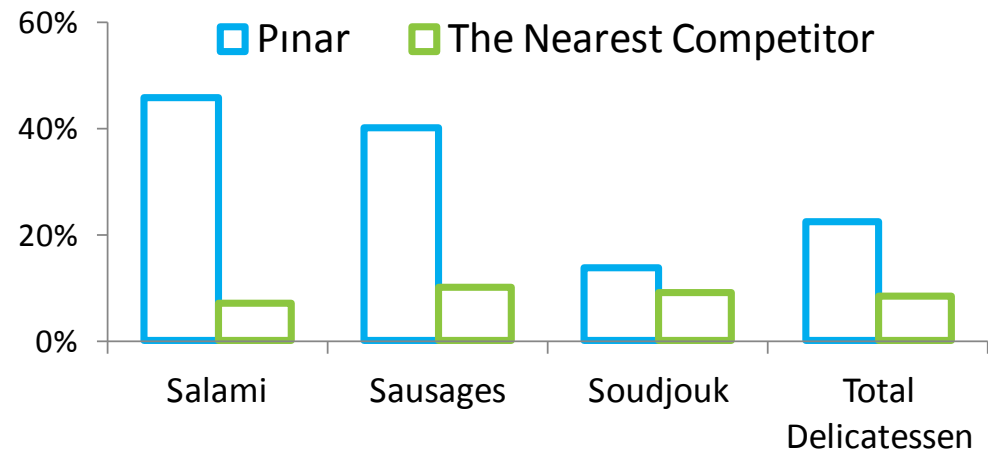
Products	Market Share	Position
<b>Salami</b>	<b>46.0%</b>	<b>Leader</b>
<b>Sausages</b>	<b>40.3%</b>	<b>Leader</b>
<b>Soudjouk</b>	<b>13.7%</b>	<b>Leader</b>
<b>Total Delicatessen</b>	<b>22.4%</b>	<b>Leader</b>

Source: Nielsen, 2015 Q1, Value Share

- In the first quarter of 2015 Pinar Et maintained its leadership in total processed meat market. (close to three times the nearest competitor)
- As the leading and pioneer brand, Pinar Et brings different flavors, innovative packaging and new concepts to support growth in the category.

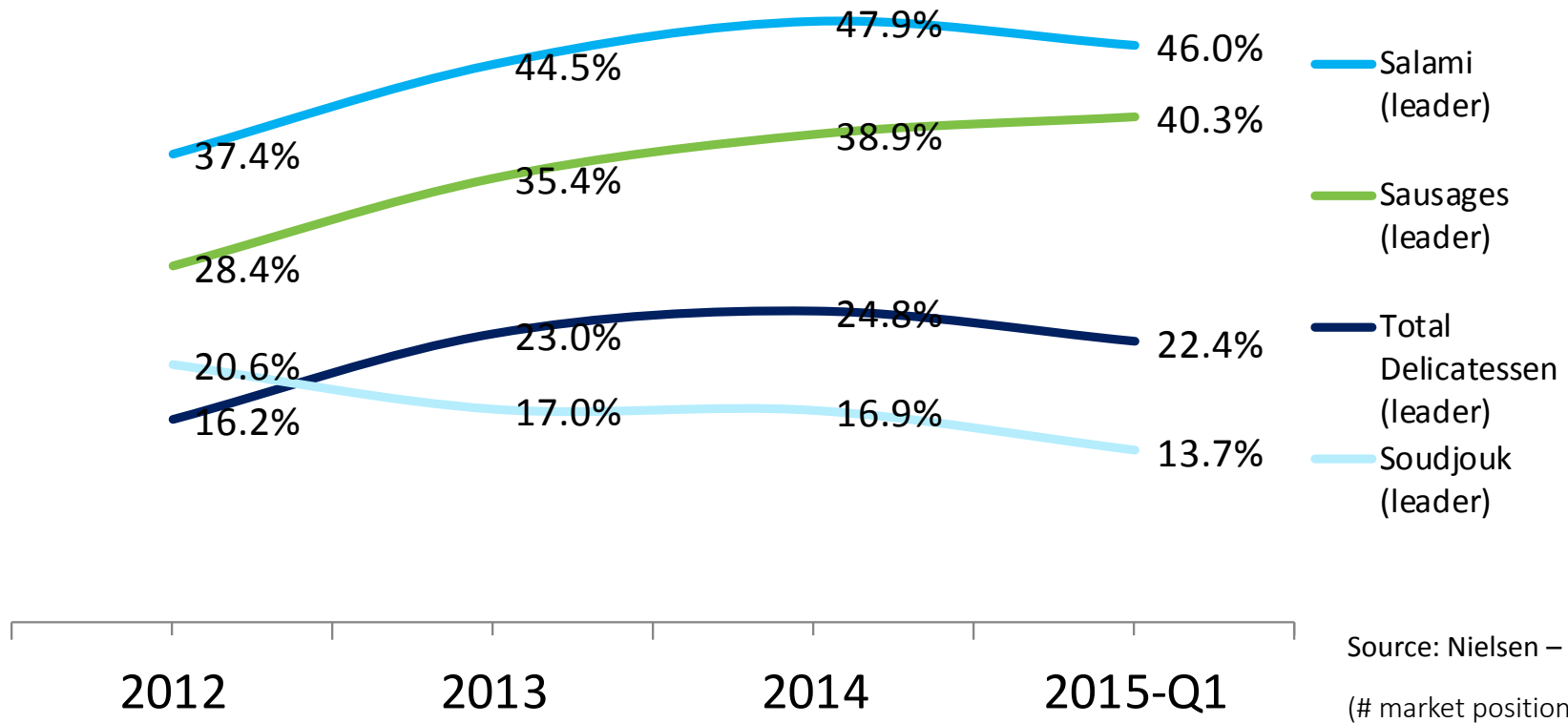
- The overall processed meat market grew in 2015 Q1 when compared to 2014 Q1. The growth of tonnage is 6.2%; turnover growth is 21.3 % (Nielsen)

## Comparison of market shares



Kaynak: Nielsen, 2015 Q1, Turnover

# Ahead of Competition - II



Pınar Et maintained its leadership in total processed meat market in 2015.

# New Products



Pinar Küpetto



Pinar Gourmet Manti



Pinar Aç Bitir Beef Salami

Pinar Aç Bitir Smoked Turkey Breast



# Campaigns



## Pınar Açbitir Salami



Golden Effie Award  
(campaign easy-open)



## Pınar Gourmet Soudjouk



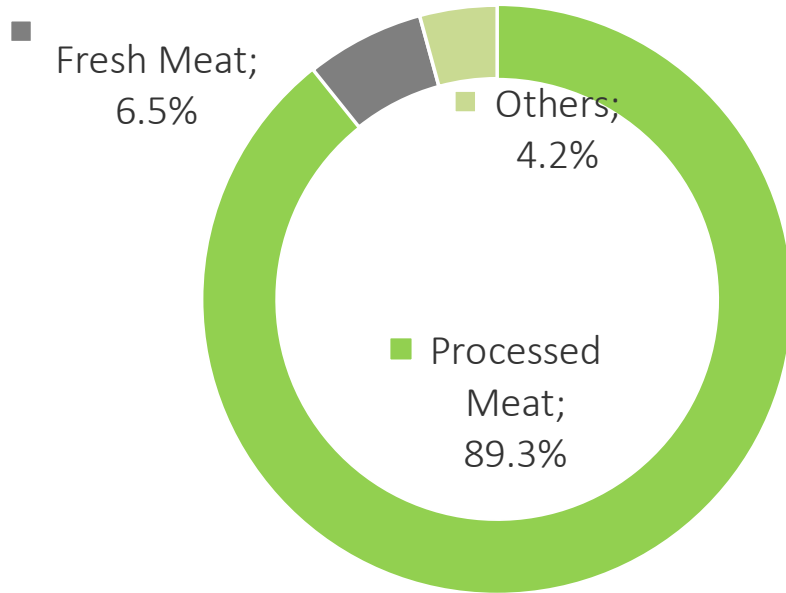
## Pınar Küpetto



# Product Groups & Sales Channels

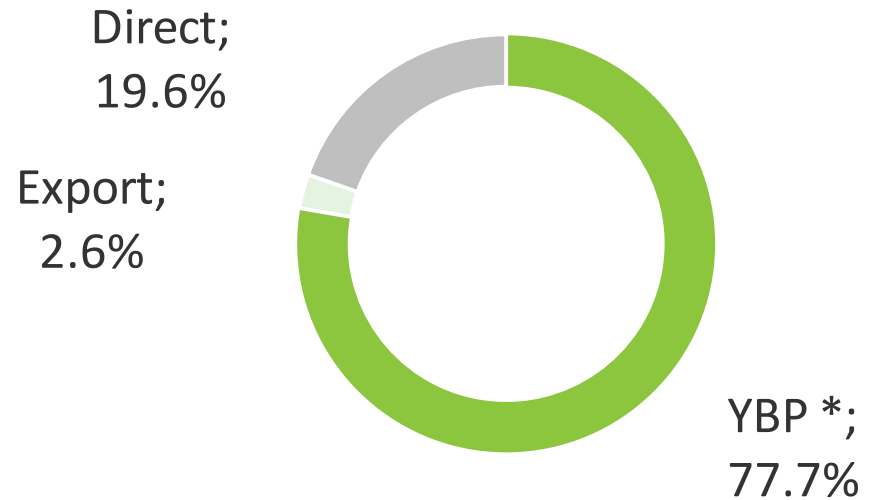


## Breakdown of Net Sales 2015-Q1



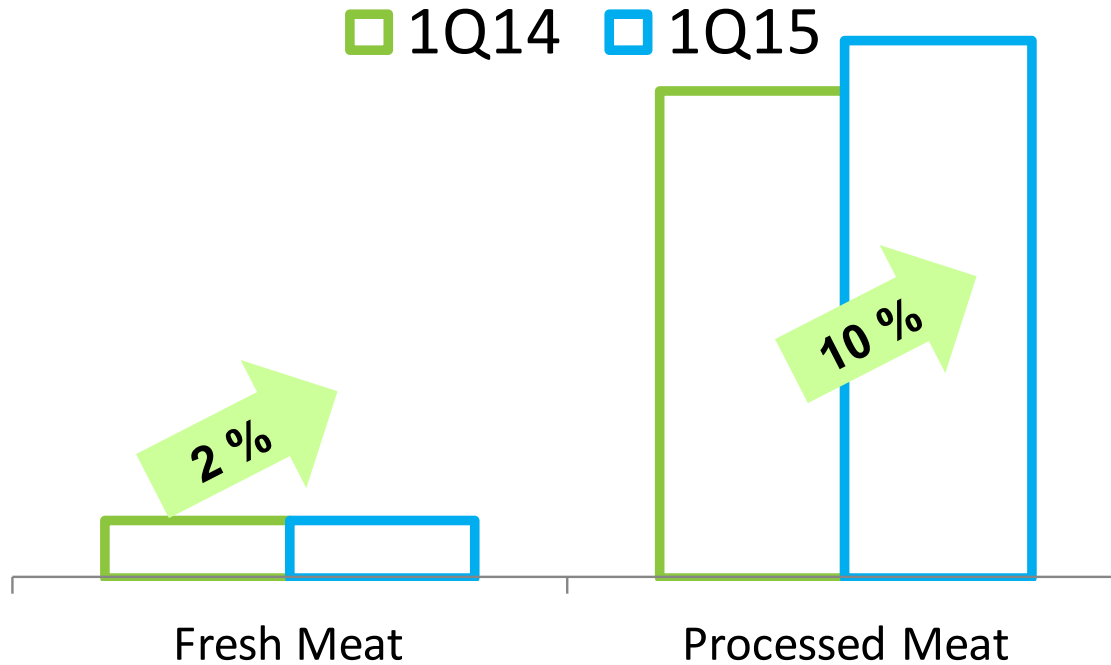
Continued to focus on high value added products.

## Breakdown of Distribution Channels 2015-Q1





# Growth in Segments



Net sales of Pınar Et grown up 6.3 % in 2015 Q1 when compared to 2014 Q1.

# PINAR ENTEGRE ET VE UN SAN. A.Ş.

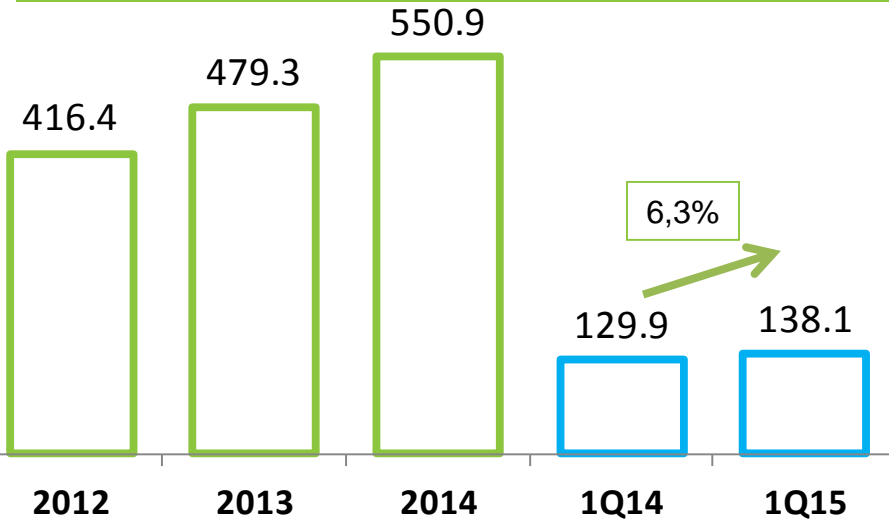
## Financial Results



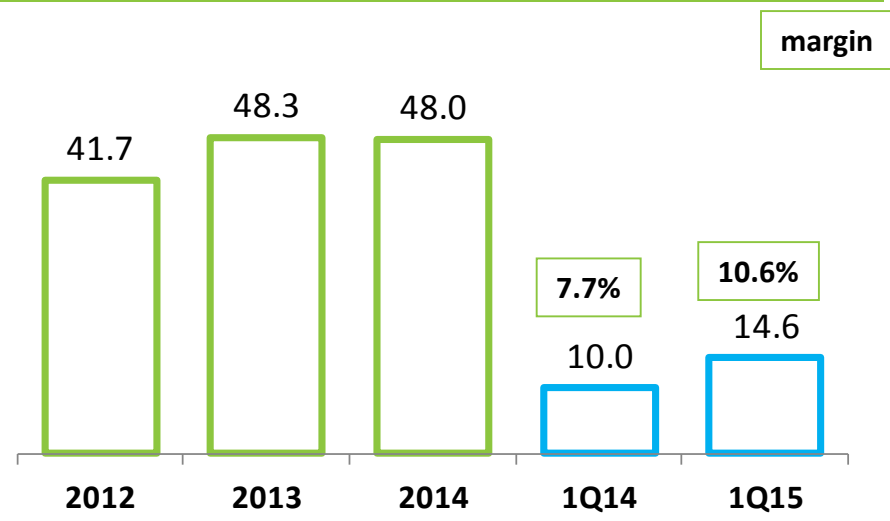
# Sales and profitability



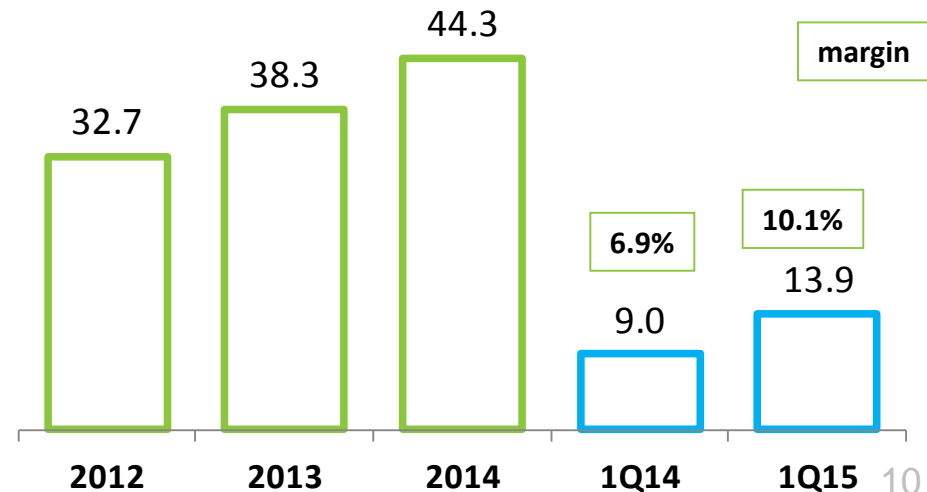
Net Sales (M TL)



EBITDA (M TL)



Net Profit (M TL)



- The net sales grew by 6.3% which was driven by price increases, in 2015 Q1 YoY.
- In 2015 Q1, the average raw material prices were %27 higher than 2014 Q1. Our profit margins improved by reflecting this rise on the sale prices. The increase in the revenues of participations also had a positive impact.

# Income Statement

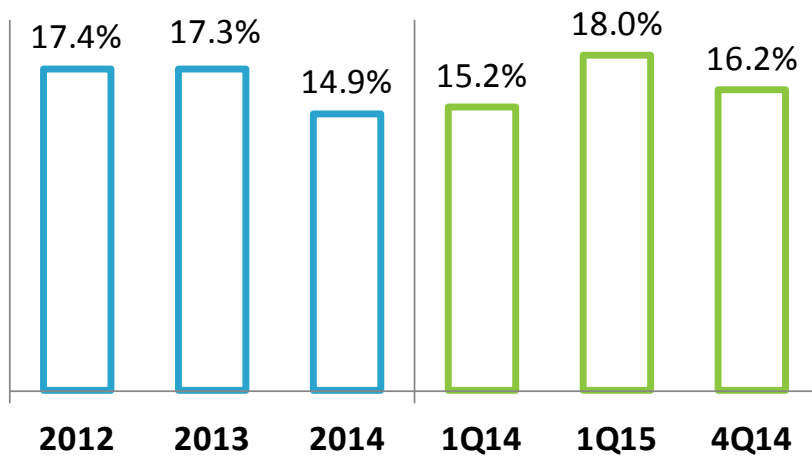


(in million TL)	31-Mar-15	31-Mar-14	Difference	% Change
<b>Net Sales</b>	<b>138.1</b>	<b>129.9</b>	<b>8.1</b>	<b>6.3</b>
Cost of goods Sold	(113.1)	(110.1)	(3.0)	2.7
<b>Gross Profit</b>	<b>24.9</b>	<b>19.8</b>	<b>5.1</b>	<b>25.9</b>
R&D Expenses	(0.4)	(0.3)	(0.1)	52.0
Sales, Distribution & Marketing Expense	(8.6)	(7.4)	(1.1)	15.4
General Administration Expenses	(4.6)	(4.6)	0.0	(0.6)
<b>EBIT</b>	<b>11.3</b>	<b>7.5</b>	<b>3.9</b>	<b>51.7</b>
Share of Results of Investments in				
Associates	3.8	2.1	1.7	80.1
Other Income	0.9	1.0	(0.2)	(15.2)
Other Expenses	(0.7)	(0.2)	(0.5)	237.9
Financial Income (Net)	0.5	0.5	0.0	1.5
<b>Profit Before tax</b>	<b>15.8</b>	<b>10.9</b>	<b>4.9</b>	<b>45.4</b>
Tax	(1.9)	(1.8)	(0.0)	1.2
<b>Net Profit for the Period</b>	<b>13.9</b>	<b>9.0</b>	<b>4.9</b>	<b>54.5</b>
EBITDA	14.6	10.0	4.5	45.2
<b>Total Assets</b>	<b>471.7</b>	<b>455.0</b>	<b>16.7</b>	<b>3.7</b>
Equity	330.4	309.4	21.0	6.8

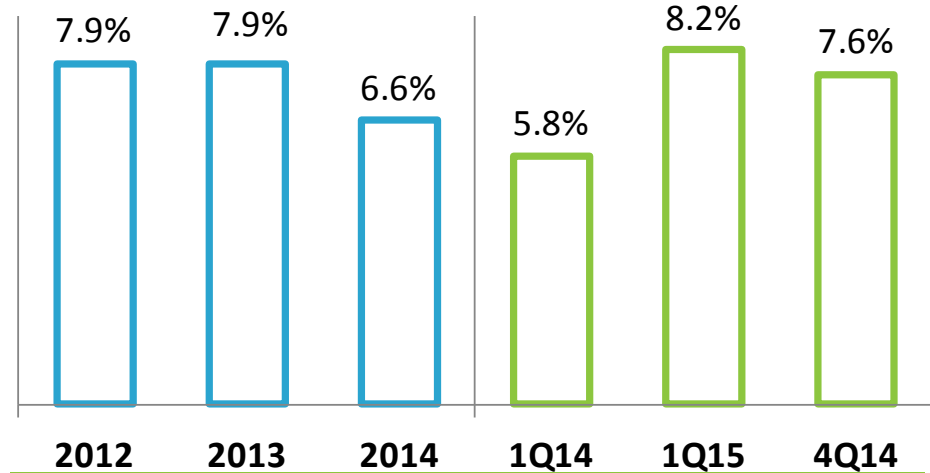
# Profit Margins



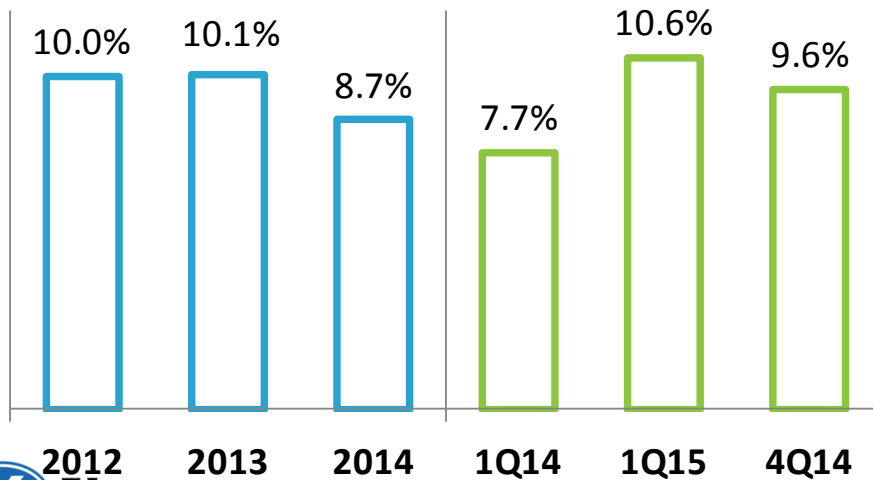
## Gross Margin (%)



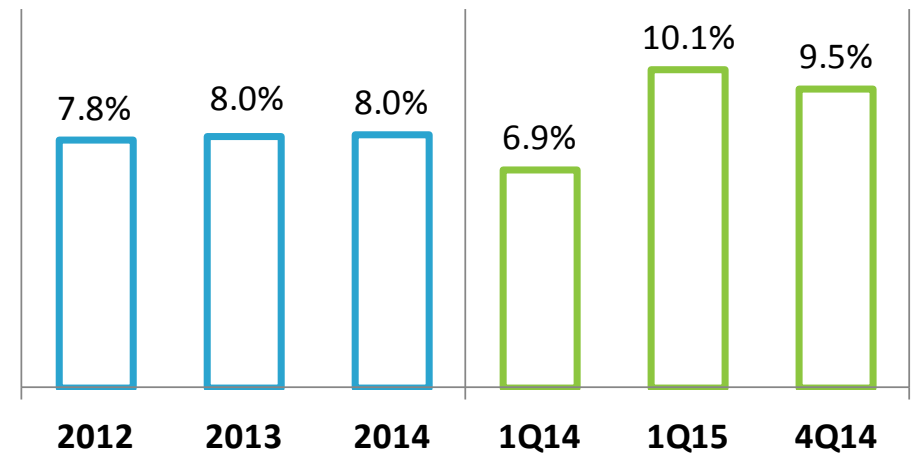
## EBIT Margin \*(%)



## EBITDA Margin \*\* (%)



## Net Profit Margin (%)

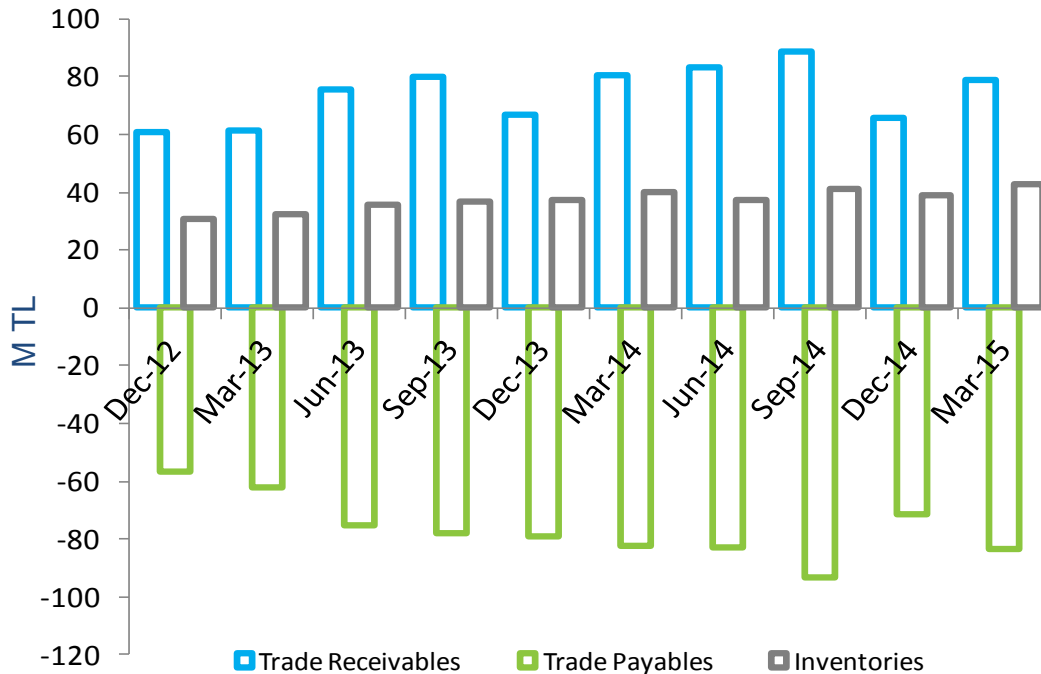


# Basic Ratios, Borrowings and Working Capital



	31-Mar-15	31-Dec-14
<b>Current Ratio</b>	1.23	1.47
<b>Leverage Ratio</b>	0.30	0.23
<b>Current Borrowings/Total Borrowings</b>	1.00	1.00
<b>Net Borrowings / EBITDA</b>	-	-
<b>Total Borrowings/Paid-in Capital</b>	0.004	0.002

(in million TL)	31-Mar-15	31-Dec-14
<b>Cash and Cash Equivalents</b>	10.50	1.74
<b>Current Borrowings</b>	1.35	0.86
<b>Long Term Borrowings</b>	0.00	0.00
<b>Net Borrowings</b>	(9.1)	(0.9)



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



# Overview of 2015 Q1



- The ongoing upward trend since 2013 in the raw material prices continued in the first quarter of 2015. Pınar Et reflected the cost increases on sales prices. The company concentrated on the marketing investments at this period.
- Pınar 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.
- 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 Structure

Yaşar Holding	54%
Pınar Süt	13%
Others	33%

## Participations

Participation	Share in Capital
Yaşar Birleşik Pazarlama	42.8%
Bintur	1.3%
Desa Enerji	26.4%
Çamlı Yem	23.4%
Yaşar Dış Ticaret	1.8%
Pınar Foods	44.9%

## Auditors

### Financial Affairs

Nexia

Ernst&Young

### Production

SAI Global

TSE

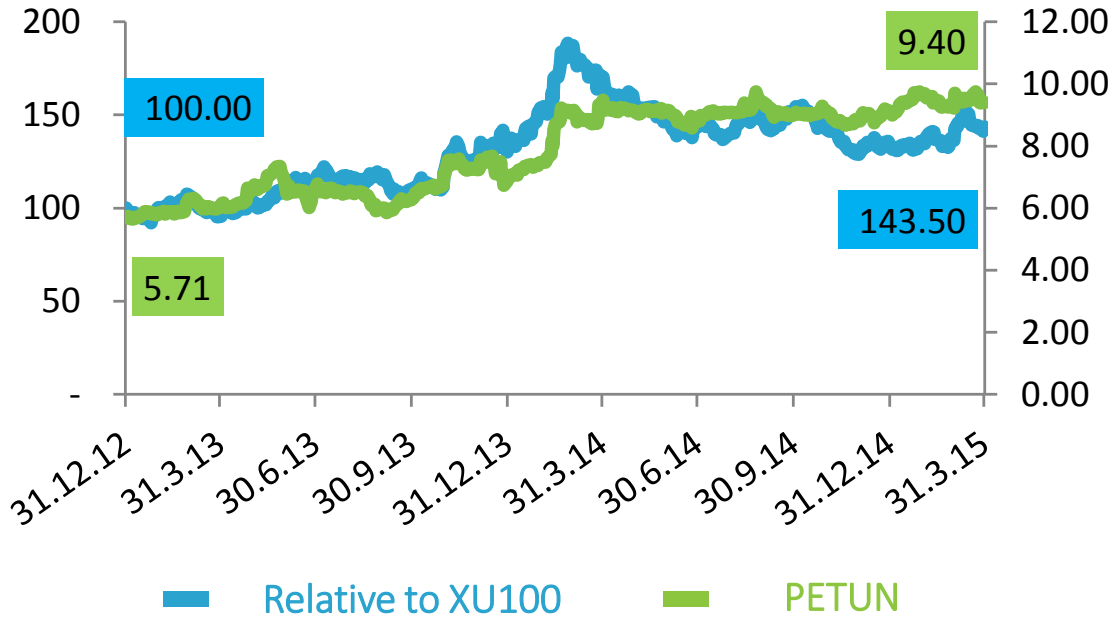
Alberk QA

Intertek

### Corporate Governance

Saha Rating

# Stock Performance



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Corporate Governance Rating : **9,11**

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Borsa İstanbul Ticker Symbol: **PETUN**

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Date of Listing : **03.02.1986**

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Thank you

