



# Pinar Et

Earnings Presentation  
2018-H1

First private  
integrated meat  
processing plant

Production inline with  
Turkish Food Codex  
and EU standards

Partial backward  
integration



**150** thousand  
NUMBER OF SALES  
POINTS

**102** thousand bovine  
**408** thousand ovine  
**1.8** million turkey  
SLAUGHTERING AND  
PROCESSING CAPACITY



**260** thousand  
m<sup>2</sup> outdoor  
**47** thousand m<sup>2</sup>  
indoor  
PRODUCTION AREA



PURCHASING  
SPREADS OVER  
**6** REGIONS

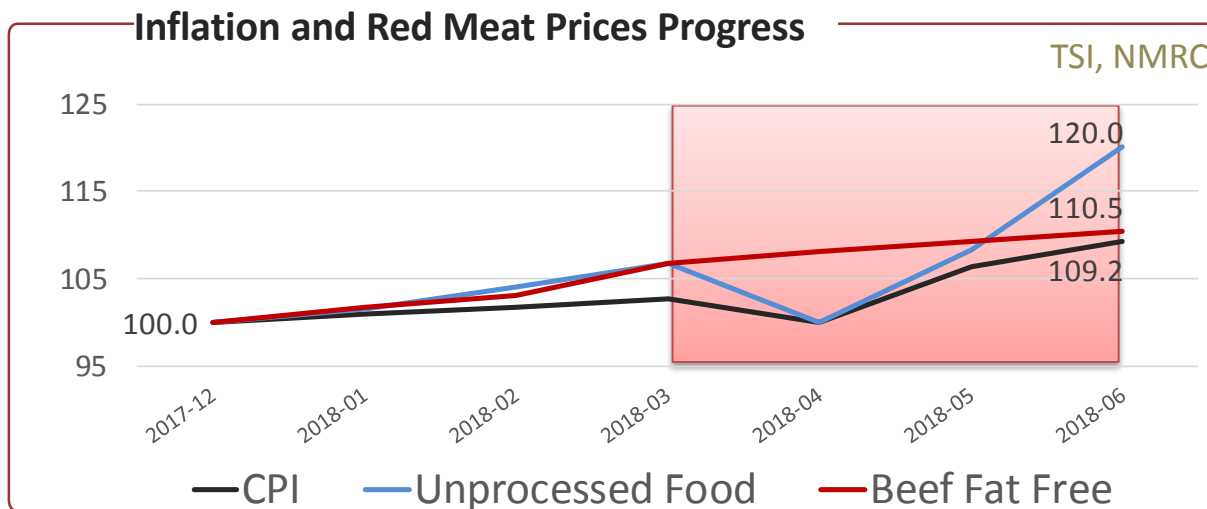
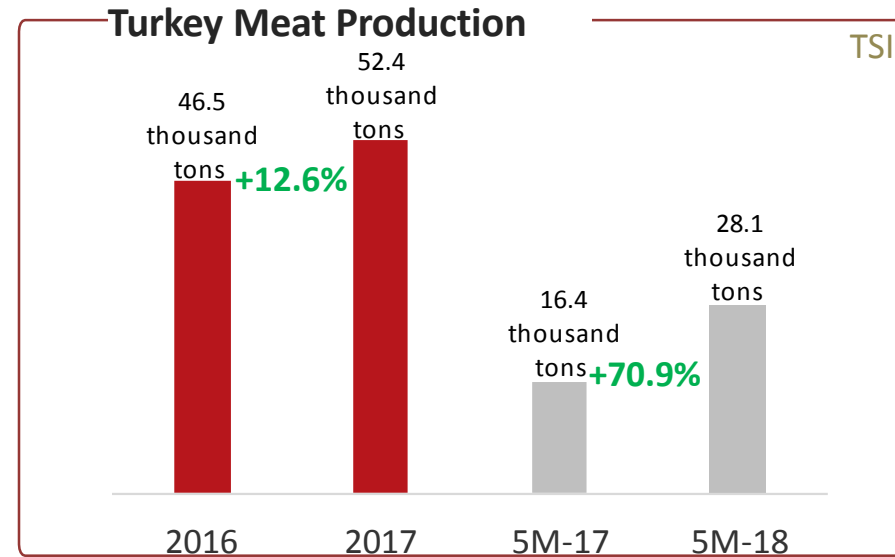
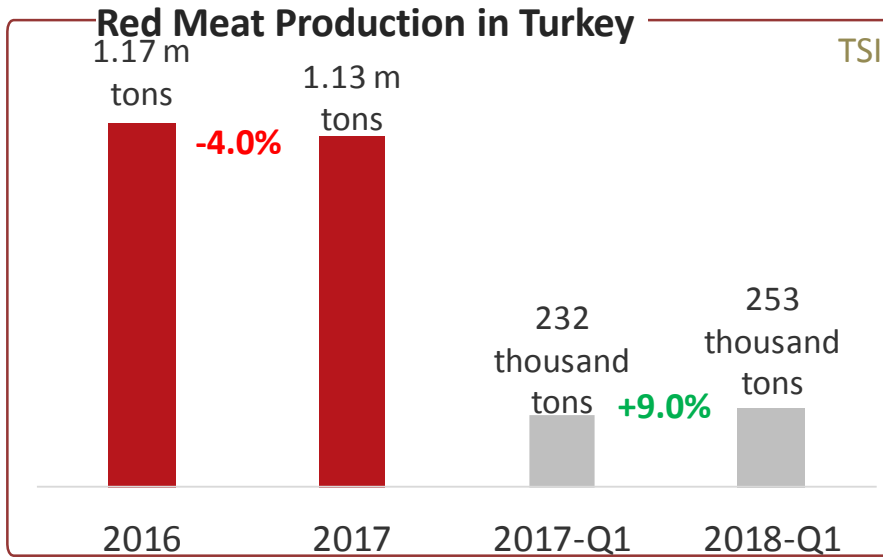
AVERAGE  
**350**  
PRODUCTS IN  
**5** CATEGORIES

**824**  
2018-H1  
NUMBER OF  
EMPLOYEES

**338.4****MILLION TL NET SALES****28.3****MILLION TL EBITDA****16,843****TONS SALES VOLUME****1.0****BILLION TL 2018-H1 RETAIL  
PROCESSED MEAT MARKET VALUE**

- Red meat prices\* decreased relatively in the last quarter of 2017 thanks to the rise in livestock and carcass meat imports. In the first half of 2018 the price entered once again into an upward trend and showed up an increase of 10.5%. (\*fat-free beef prices of National Red Meat Council.)
- Red meat imports continued increasing in 2018. 24.0 thousand tons of carcass meat and total of 635 thousand livestock imported in 2018-H1. In the last year, these numbers came about 9.7 thousand tons and 782 thousand heads, respectively. (Ministry of Trade)
- Significant increase (+71%) also occurred in turkey meat production.
- Compared to the 2017-H1, total processed meat market achieved a growth of 2.1% in volume and 10.1% in turnover.
- «Pınar İllaki» soudjouk group products, meatball varieties and «Pınar Aç Bitir» thin and large slices salami varieties launched. The new products have been introduced to the consumers through advertising campaigns.

PRODUCTION AND COST

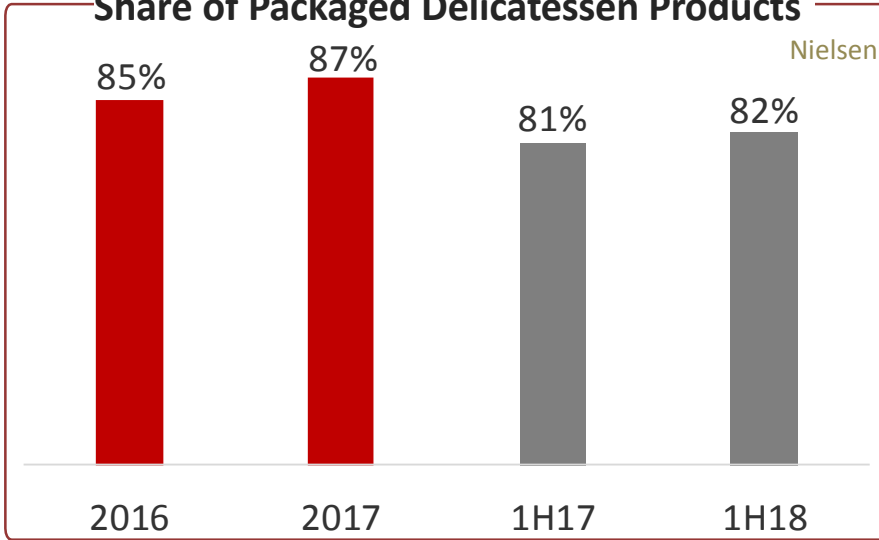


- Red meat prices rose by 5.6% in 2018-Q2 compared to the same period of last year.
- Custom tax rate has been fixed at 0% for livestock, 26% for butchery animal (0% for Meat and Milk Organization in quota) and 40% for carcass meat since January 2018.

CONSUMPTION AND MARKET

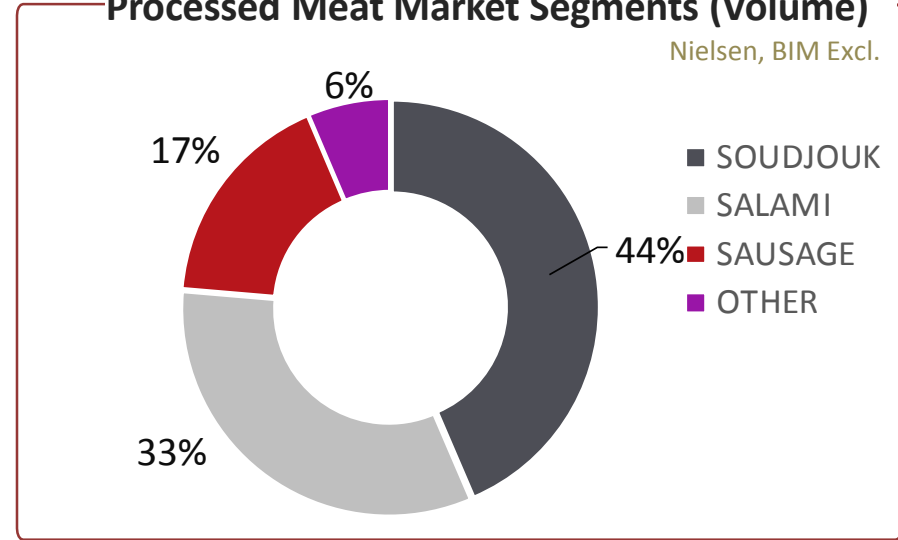
Share of Packaged Delicatessen Products

Nielsen



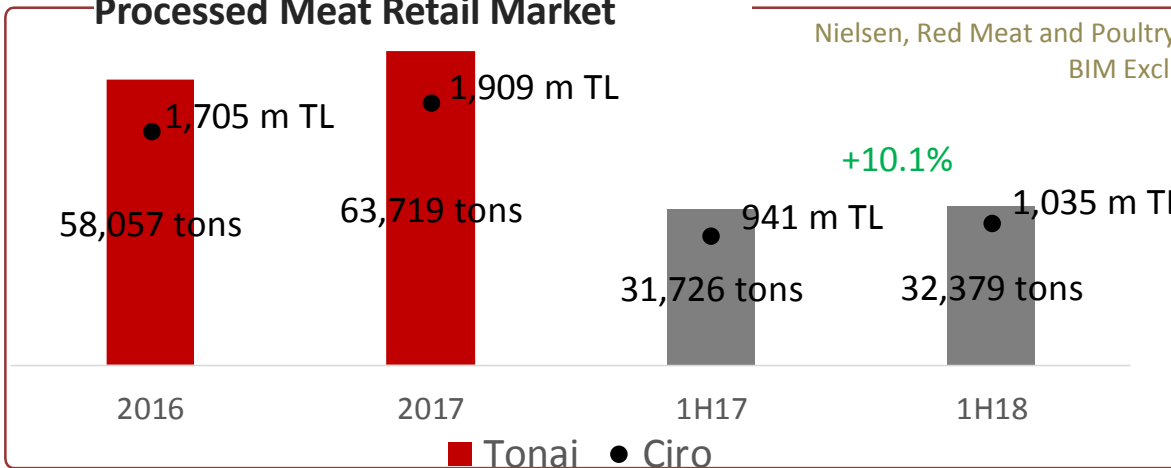
Processed Meat Market Segments (Volume)

Nielsen, BIM Excl.



Processed Meat Retail Market

Nielsen, Red Meat and Poultry  
BIM Excl.



- Processed meat market achieved a 2.1% volume growth and a 10.1% turnover growth in 2018-H1.
- The market grew by 2.5% in volume and 11.3% in turnover basis in 2018-Q2, YoY.

**Market Shares**

Nielsen, Sales value, 2018-6M, BIM Excl.

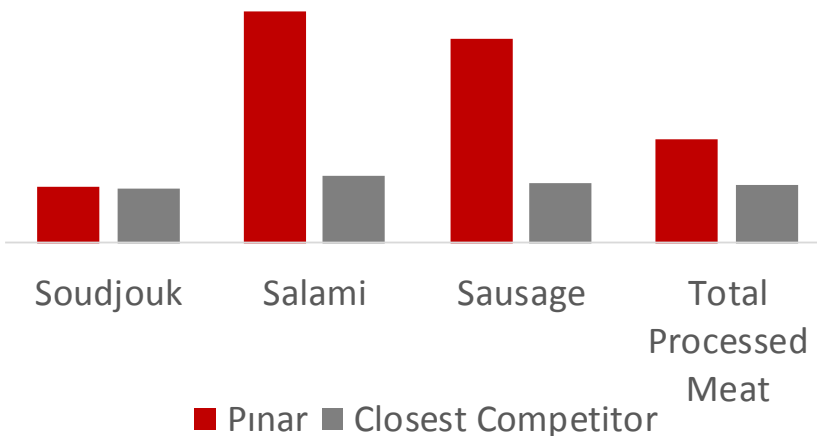
Products	Market Share	Position
Soudjouk	10.2%	#1
Salami	42.3%	#1
Sausage	37.3%	#1
Total Processed Meat	18.9%	#1

Nielsen, Sales value, 2018-6M, BIM Excl.

- Pinar Et keeps up the leader position in all categories with a 18.9% of market share in the total processed meat market.
- The company's market share in total processed meat market is situated about 2 fold than closest competitor.
- New product launches and advertising campaigns continued.

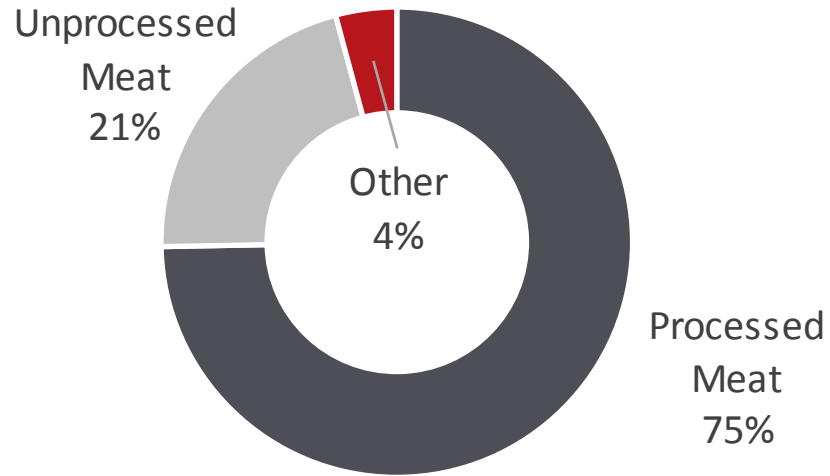
**Pinar Et and Competitors**

Nielsen, Sales value, 2018-6M, BIM Excl.

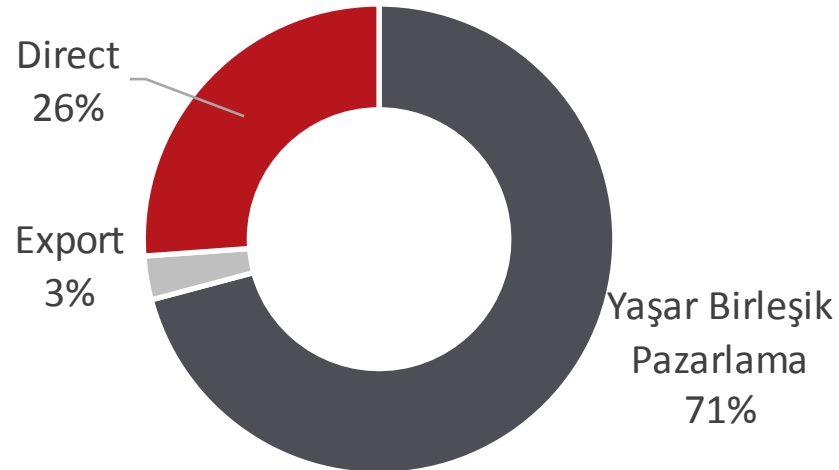


NET SALES BREAKDOWN

Based on Product Groups



Based on Sales Channel





## INCOME STATEMENT

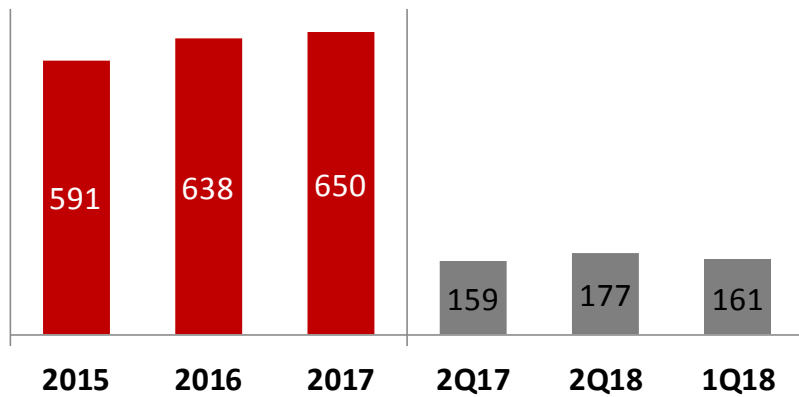
(Million TL)	H1-2018	H1-2017	Difference	Change
<b>Net Sales</b>	<b>338.4</b>	<b>311.9</b>	<b>26.5</b>	<b>8.5%</b>
Cost of Goods Sold	(290.1)	(266.1)	(24.0)	9.0%
<b>Gross Profit</b>	<b>48.3</b>	<b>45.8</b>	<b>2.5</b>	<b>5.4%</b>
R&D Expenses	(1.4)	(0.9)	(0.6)	63.7%
Sales, Distribution and Marketing Expenses	(15.4)	(12.1)	(3.3)	27.4%
General Administration Expenses	(11.0)	(10.4)	(0.6)	6.0%
<b>EBIT</b>	<b>20.5</b>	<b>22.5</b>	<b>(2.0)</b>	<b>-8.9%</b>
<b>EBITDA</b>	<b>28.3</b>	<b>30.9</b>	<b>(4.7)</b>	<b>-8.4%</b>
Shares of Results of Investments in Associates	9.9	3.8	6.1	161.9%
Other Expenses (Net)	1.9	1.1	0.8	78.7%
Financial Expenses (Net)	(0.2)	1.8	(2.0)	-109.3%
<b>Profit Before Tax</b>	<b>32.2</b>	<b>29.2</b>	<b>3.0</b>	<b>10.2%</b>
Tax	(3.6)	(3.7)	0.2	-4.6%
<b>Net Profit for the Period</b>	<b>28.6</b>	<b>25.5</b>	<b>3.1</b>	<b>12.3%</b>



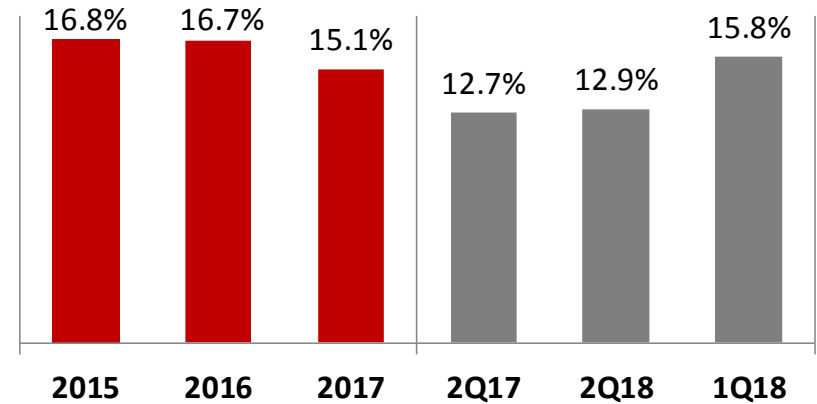


### SALES AND PROFITABILITY - QUARTERLY

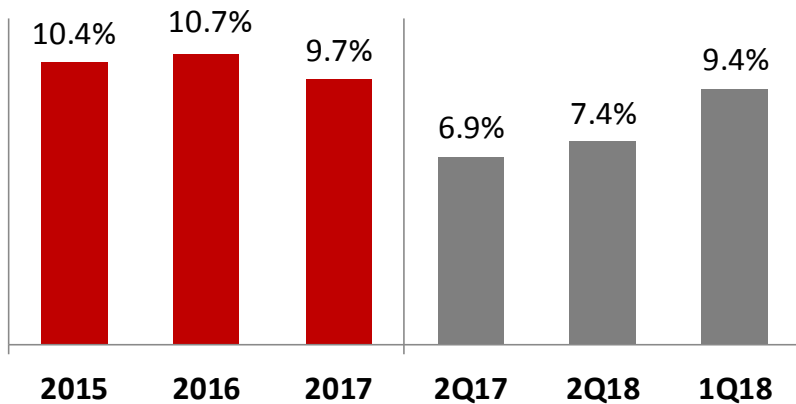
Net Sales



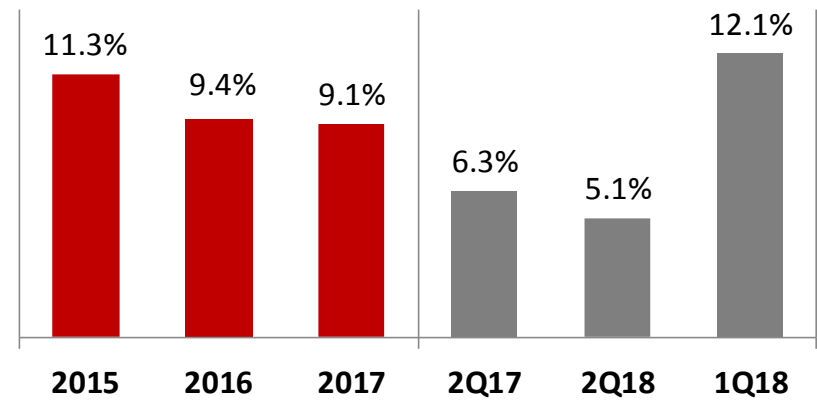
Gross Profit



EBITDA



Net Profit



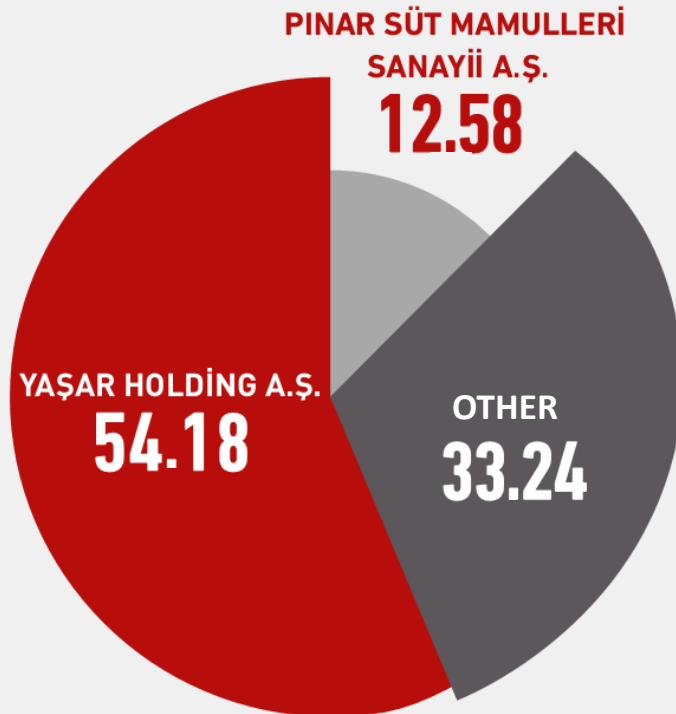
**FINANCIAL RATIOS**

	2015/12	2016/12	2017/12	2018/03	2018/06
Current Ratio	1.65	1.67	1.61	1.43	1.52
Leverage Ratio	0.22	0.23	0.23	0.28	0.27
Current Borrowings/Total Borrowings (Fin.	1.00	1.00	1.00	1.00	1.00
Net Fin. Borrowings/EBITDA	0.02	0.04	0.05	-	0.02
Net Fin. Borrowings/Equity	0.00	0.01	0.01	-	0.00
Return on Equity (ROE)	17.7%	14.5%	12.9%	14.3%	13.8%

**CAPITAL EXPENDITURES**

	2014	2015	2016	2017	2017/06	2018/06
Capital Expenditures	20,5 m TL	14,7 m TL	16,0 m TL	17,9 m TL	5.7 m TL	7.1 m TL

## SHAREHOLDING STRUCTURE OF PINAR ET (%)



Shareholder	Share Rate (%)	Share Amount (TL)
YAŞAR HOLDİNG A.Ş.	54.18	23,476,894.71
PINAR SÜT MAMULLERİ SANAYİİ A.Ş.	12.58	5,451,752.25
OTHER	33.24	14,406,353.04
<b>Total</b>	<b>100.00</b>	<b>43,335,000.00</b>

The company's shares are traded at Borsa İstanbul «Star Market» under the ticker symbol of PETUN.

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