

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

Meeting Notes – August 17, 2016

Speaker: Tunç Tuncer, General Manager

Meat and Milk Board was commissioned by The Ministry to import livestock with the lower prices. The Board started book-building in May from the livestock industry. 50.000 head of cattle are on the road towards Turkey while the permission was given for 400.000 head. The raw meat average prices are 8% above in June 2016 when compared to the same period of the previous year. Recently, the livestock producers are not eager to sell the animals prior to the Sacrifice Holiday with the expectations of higher prices. This causes limited supply in the market these days. That is why volatility is expected in the prices currently. In this perspective, we may foresee an upward trend in the second half of this year due to the lack of the supply. **[Slide 1]**

The red meat importation started in 2010 and ended in 2013 including livestock. The price increases are suppressed thanks to allowance of livestock imports since 2015 February. This situation led to the realization of price increases relatively low in 2016. **[Slide 2]**

By observing the market trends we have created small portion products segment and we still have diversifications in this segment while we continue to dominate this market. **[Slide 3]**

We continue to expand our product portfolio with the value-added products. **[Slide 4]**

The net sales grew by 9.3% and amounted up to TL 310.8 million. In the first half of this year, we improved the profit margins via working on efficiencies, and focusing on value-added products. **[Slide 5]**

Besides our essential focus on value-added products, we pay regard to customer demands. In this scope, we observe an increase in the fresh meat segment. Thus, the weight of the processed meat and frozen products decreased slightly in this period in the portfolio. **[Slide 6]**

In the second quarter, we see lower margins than the first quarter due to several marketing campaigns stepped in. **[Slide 8]**

Pinar Et invested a total of TL 3.9 million of capital expenditures in the first six months of 2016. These Investments are mainly in modernization. **[Slide 9]**

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Speaker: Hikmet Altan, Yaşar Holding CFO

Q&A

1. Have appetite of the consumers diminished since July 15?

We have not feel anything after the first week. The market treads carefully. Experts of economy take precautions to support production and consumption.

2. If the stock market decreases unexpectedly, Do you think share buyback?

Share buyback is an option in perpetuity and also, legislation allows for it. On the other hand, we have not bought share back. Now we do not have a strategy in this respect.

3. Since the feed costs are linked to exchange rates an increase is mentioned in this period, is that correct?

As a matter of fact, the exchange rates rose up last year. Thus, no cost increase occurred related to foreign currency this year. Also widespread among producers make their own crop production. This is a stabilizing strategy on the costs which we believe become common in the future.

4. Revenues increased with the increase of minimum wage. Does this increase the consumption?

It is possible however our companies produce high segment products. Therefore, increase in minimum wage does not affect us.

5. Employees' wages have increased with the increase of minimum wage. How will this affect costs?

The number of employees which works for minimum wage is less. For that reason, increase of minimum wage affected the costs limitedly.