

PINAR ENTEGRE ET VE UN SANAYİİ A.Ş.

Meeting Notes – March 02, 2017

In 2016, market turnover grew by 5.8% and its volume increased 1.5%, YoY. The red meat prices began the year in steady conditions then followed an upward trend through the year. The prices completed the year in a moderate range thanks to the measures taken in the Q4-2016. The measures are: Meat and Milk Board received an import-permission with zero import tax of 500 thousands animals for livestocking and butchery. Another measure is Import tax of livestocking was decreased from 60% to 10% for the private sector. This is very important because when the livestock are slaughtered domestically, its added-value is remained in our country. **[slide 1]**

While the number of bovine animals increased compared to the previous year, ovine animal number decreases. However, total red meat production rose by 2.1% and reached 1.2 million tons in 2016 via the increased productivity. The production of bovine meat is growing more. **[slide 2]**

The company has a market share of 21.2% in total delicatessen market which is about 2 fold than closest competitor. **[slide 3]**

Pinar Et launched new products such as gourmet pastrami, Şölen sausage, shrimp casserole and paçanga pastry in 2016. **[slide 4]**

The share of processed meat and frozen products was 84%. Also, there has been an increase in sales of red meat and turkey meat in fresh meat segment. Our domestic sales are made by YBP Company. Sales breakdown is 75% - YBP, 22% direct and 3% exports in 2016. **[slide 5-6]**

Net sales was TL 637.5 m in 2016 which is accounting for a 7.9% rise by the comparison with 2015. Gross profit was TL 106.2 m which is a 7.2% increase and EBIT was TL 52.0 m there was 9.4% increase. EBITDA realized TL 68.0 m in 2016. All parameters are seems positively. Pinar Et profit margins are similar levels to previous period in quarterly basis. **[slide 7-8-9]**

When Pinar Et 2016 balance sheet ratios are analyzed, it seems that the company has a strong balance sheet structure. **[slide 10]**

Pinar Et places importance on corporate governance principles and its corporate governance rating is revised to 9.26. **[slide 12]**

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Speaker: Hikmet Altan, Yaşar Holding CFO

Q&A

1. Do you expect an increase in EBITDA with the help of measures taken in the Q1-2017?

Government has already taken some measures to decrease raw material prices to make it accessible for consumers. These measures are allowing to import animals for slaughtering and livestocking in the country. Although it has a positive effect on EBITDA this will not be long-lasting not just for the company also for the sector. I should mention that we have already observed some positive effects of these measures on our margins in 2016 but not that much.

2. What is the impact of permission granted by the government to Meat And Milk Board for 500 thousand animals?

The animal population in Turkey is insufficient. If the animals will be imported for livestocking then we approach this situation positively. In this way, add-value will remained in the country. I guess this is not certain yet. Therefore, imports are important for the sector's growth.

3. Will dividend be distributed?

The announcement will be released soon.

4. Could you give information about your 2017 expectations?

2017 expectations were asked. However, couldn't be shared due to the regulations in the Capital Market Board.