



# PINAR SU SANAYİ VE TİCARET A.Ş.

## INVESTOR PRESENTATION

August 2007

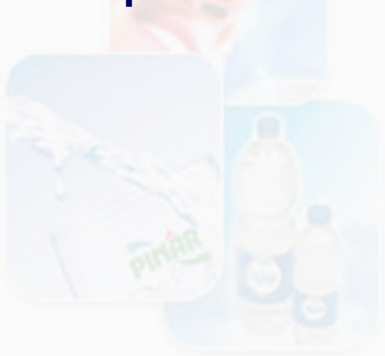




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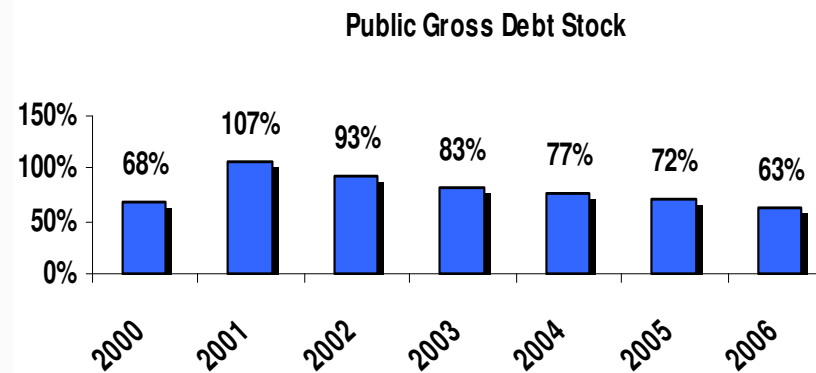
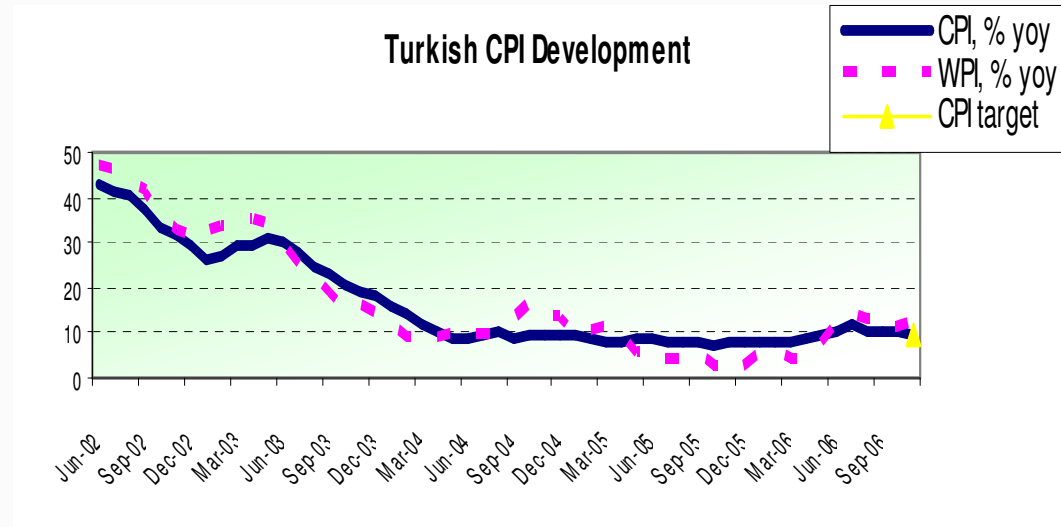
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## Macro Economic Review of Turkey

- Successful implementation of structural reforms and sound economic policies
- Inflation declined to single digits after 35 years
- Turkey turned into a favorite FDI destination (20,1 Billion USD in 2006)
- Privatization revenues exceeding government targets
- Increased levels of efficiency and productivity
- Debt dynamics improved on the back of significantly declining interest rates, strong YTL and tight fiscal policies
- Market confidence restored and sustained





## Yaşar Group At a Glance

- **Established in 1945**
- One of the Turkey's most important and highly respected conglomerates
- Core businesses: **Food & Beverage** and **Paint**
- Non-core businesses: Tissue, Trading and Services
- **24 companies, 3 foundations, over 6,700 employees**
- Consolidated revenues of approx. **US\$ 1,1 bn** and EBITDA of **US\$ 109 mn** in FY2006
- **Six subsidiaries listed on the Istanbul Stock Exchange**, combined market cap\* **YTL 907 mn.**
- Prominently in Turkish economy with 5 companies ranking **among top private 500 of Turkey**
- Widespread and effective **distribution network** in FMCG market
- **R&D** expertise, proven product innovation capabilities
- Strong track record as an **“innovator”** in Turkey
- **Marketing** expertise, strong brand portfolio
- **Strong presence** in Turkish food & beverage and paint industries
- **IT Systems**

\* As of 22.08.2007



## Market Leader in Food and Beverages: PINAR

- Launched in **1975**, Pinar is the market leader in many sub-segments of FMCG
- Pinar brand is internationally recognised, especially in the Gulf countries
- Selected among “**Turkey’s Superbrands**” in 2005 with **99%** brand awareness and ranked #1 according to the brand potential index (*source: GFK-2005*)
- **#1** Turkish brand that comes to mind in “**milk**”, “**processed meat**” and “**water**” (bottled and home&office delivery) categories (*source: ACNielsen-2006*)
- **6th** most valuable brand in Turkey with an estimated brand value of **\$802 million** (*source: Brand Finance-2005*)
- As one of the most valuable Turkish brand, part of the **Turquality** project supported by the Turkish government
- According to the “**Turkey Customer Satisfaction Index**”, selected the **best brand** in non-alcoholic beverages sector (*source: Kalder-2006Q2*)
- **Online traceability** of the production through



## BOTTLED WATER MARKET





## Bottled Water Market In The World

### EU CONSUMPTION OF BOTTLED WATER PER COUNTRY

(EXC > 10 LITERS WATERCOOLERS OR DISPENSERS) – (LITERS PER CAPITA)

Italy	176
France	142
Belgium	139
Spain	143
Germany	140
Austria	101
Czech Republic	87
Portugal	84
Slovak Republic	64
Greece	79
Hungary	79

Slovenia	58
Poland	70
Latvia	37
Ireland	26
Lithuania	26
Estonia	25
UK	38
Sweden	20
Netherlands	19
Denmark	17
Finland	16

*The **most important asset** in the world will be “**water**” not “oil” after 30-40 years.*



## Turkish Market Overview

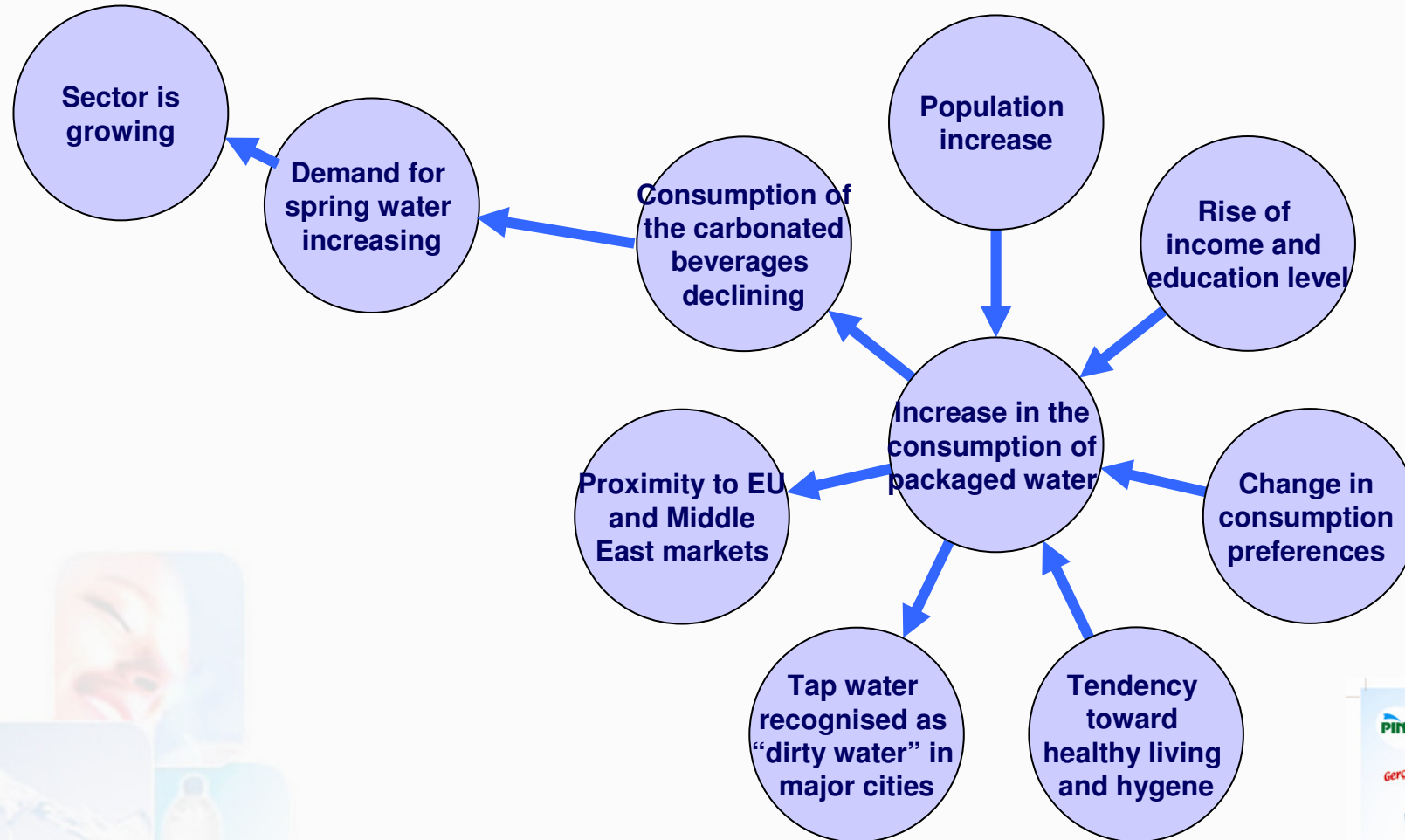
	2003	2004	2005	2006
Production (billion L)	5.7	6.2	7.0	7.8
Market size (billion \$)	0.6	0.8	1.0	1.2
Consumption per head (L)	81	83	93	105

- **Turkish bottled water market grew by 10% in 2006 and reached to 7.8 billion liters, expected as 8.2 billion liters in 2007.**
- **80% of the whole consumption in the bottled water sector belongs to 19 lt polycarbon water segment, the remaining 20% belongs to PET bottled water segment.**
- **More than 200 firms operating in two main categories (PET and PC)**
- **The polycarbon segment shared among about 140 licensed firms → divided structure**
- **Biggest 10 of them constitute 63%; Biggest 3 constitute 31% of the total PET market share. (AC Nielsen-2007)**





## Sector Is Growing and Expanding – Several Reasons





## Potential Effects of EU Conformity Period

- **Production and filling conditions** convenient with the regulations
- Increasing **Ministry controls**
- **Disappearing firms** which cannot complete their infrastructures in the sector
- Serious firms becoming more advantageous
- **Increasing sensitivity of the consumers** to the quality
- Increasing **demand for high quality water**
- **Consolidation of the firms** functioning in both categories (**PC and PET**)





## Turkey's Outstanding Global Power

- **Water** becomes the **most important asset** in the world
- **Turkey** has an **outstanding power with its resources**, as the **third country** after France and Spain.
- **9 countries share 60%** of available resources
- Currently **only 20%** of the usable natural water resources **is processed**
- Average **annual capacity usage** rate of the sector: **25%**
- **Turkey** realised a total **export** of **\$30 Mn** in 2006
- A **doubling of bottled water** market is forecasted **by 2012**, in the world.





## Distribution Channels

- The products of **PET bottled** water segment are serviced in two main channels: **retail market (houses)** and **foodservice market (hotels, restaurants, cafes, etc.)**. In the retail market, there are also **sub-channels like supermarkets, medium markets, groceries, dry fruit vendors, gas station markets**.
- In the **19 L packed polycarbon category (HOD)**, the sales are realized through **dealers (bayii)** channel.





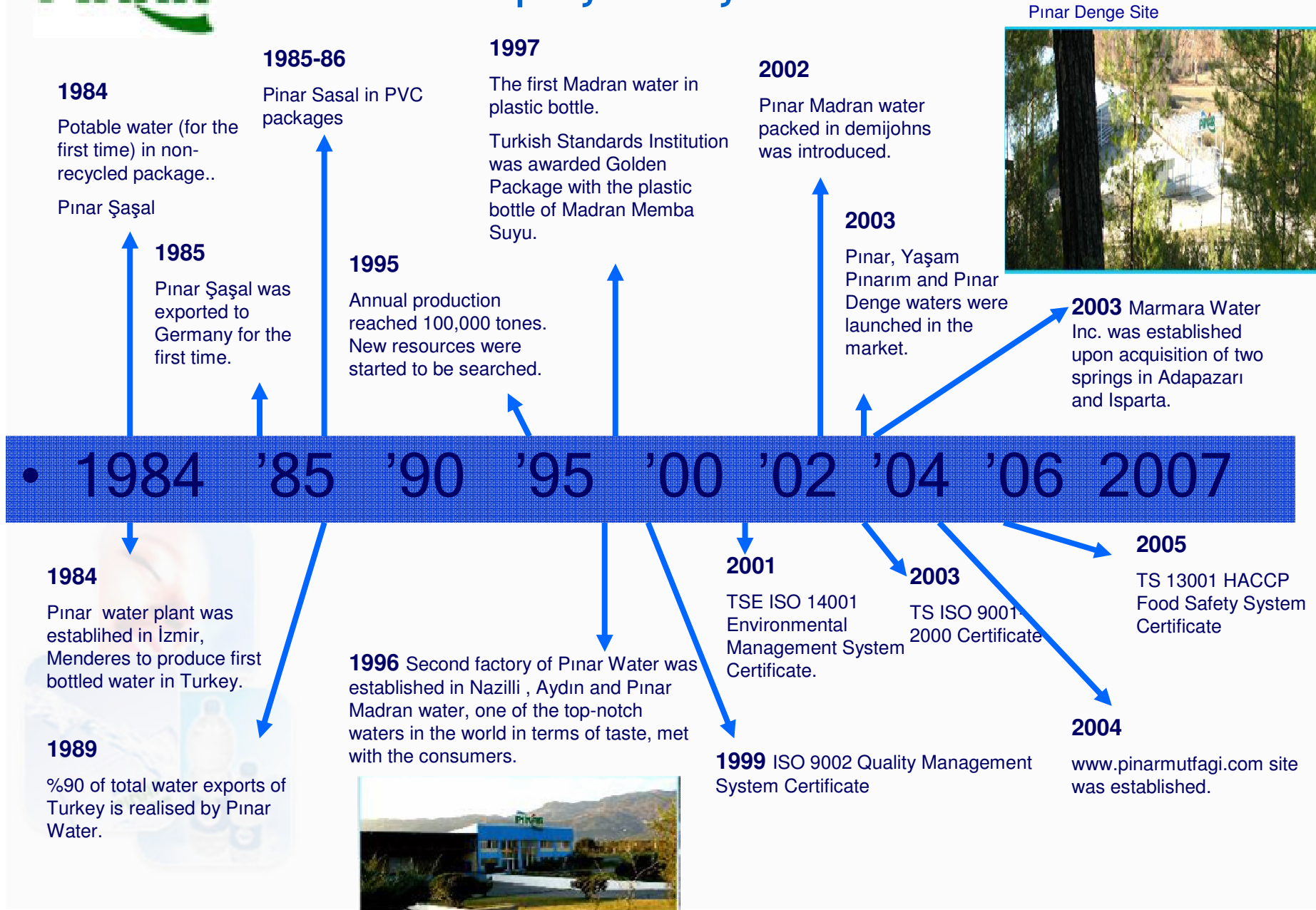
## COMPANY OVERVIEW







## Company History





## Product Range

- Under the brand name of **Pinar Madran**; production of PET bottled water of 0.33 L, 0.5L, 1.5 L, 2.5 L, 5 L ve 8 L, NRB glass bottle water in 0.33 L, 0.75 L. and polycarbonate demijohn water in 19 L is realized.



- Under the brand name of **Pinar Denge**, production of PET water in 0.5L, 1.5 L, 5 L is realized.



- Under the brand name of **Pinar Yaşam Pınarım**, production of PET water in 0.33 L, 0.5L, 1.5 L, 5 L and polycarbonate demijohn water in 19 L is realized.



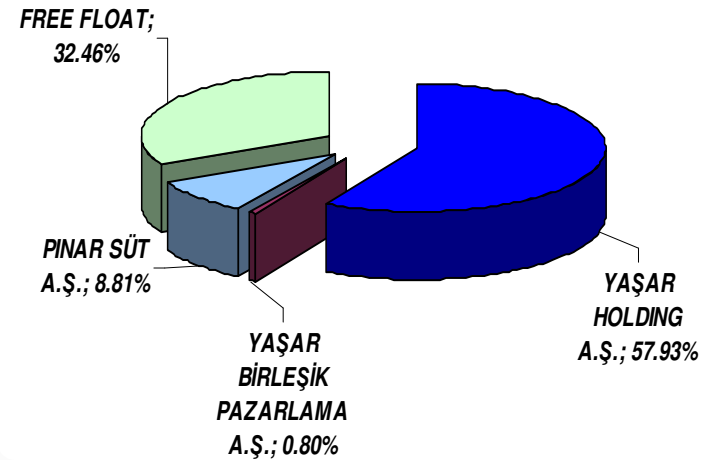
- Under the brand name of **Pinar Rain**, the first flavoured water produced from natural spring water, in Turkey is offered in the market with 4 different kinds.



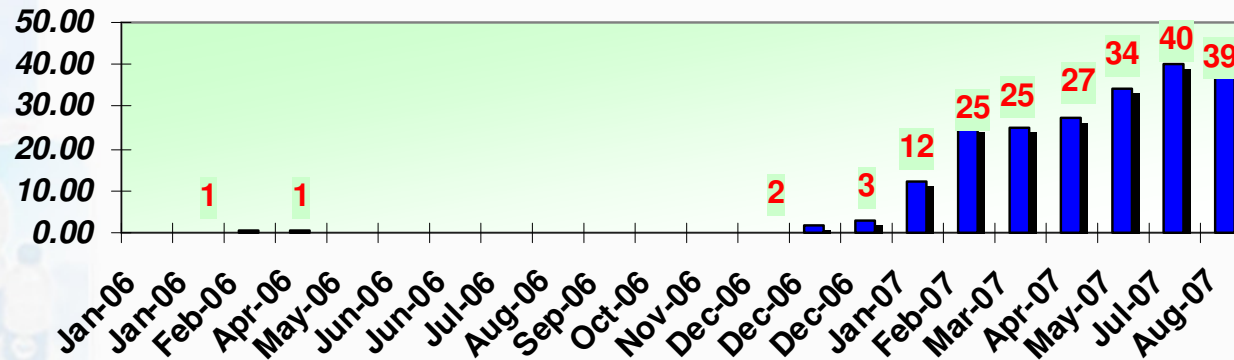


## Ownership Structure

- Listed in Istanbul Stock Exchange
- 32% of total outstanding shares in free float
- Price at August 21, 2007 → TRY 6,15
- Market Cap (\$mn) → 58,4
- Foreign stake in the free float has risen rapidly



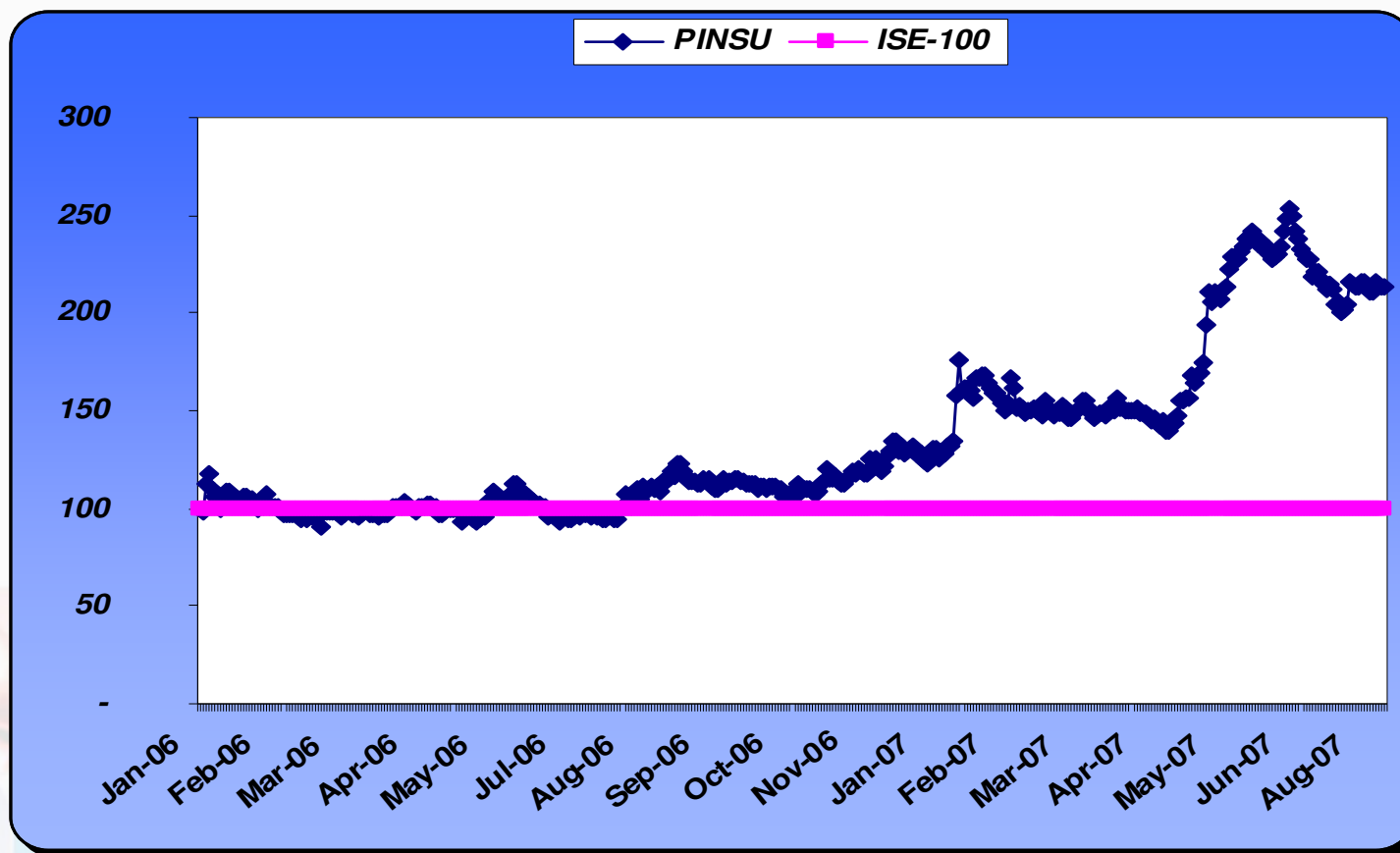
### FOREIGN STAKE IN THE FREE FLOAT (%)







## Relative Performance to ISE-100





## Competitive Advantages of Pinar Su

- Brand recognition
- Corporate image and reputation
- Customer loyalty
- Clean Room Technology
- Consistency of supply
- The compatibility of **Pinar Madran** natural spring water with EU's "Natural Mineral Waters Regulation" and norms has been certified.
  - **Pinar Madran** is the first and the only Turkish beverage company which gained the right to receive sufficiency certificate from **National Sanitation Foundation (NSF)**
  - The quality of **Pinar Madran** has been inspected and approved by **Fresenius Institute** of Germany
- Continuing leader position in the export of bottled water
- Possession of **HACCP Food Security Management System**
- Strong production-technical substructure, know-how.
- Widespread and effective distribution network
- Online traceability of the production through





## Participations

**Yaşar Birleşik  
Pazarlama Dağıtım  
Turizm ve Ticaret  
A.Ş. (YBP)**

**Ownership %**  
**4.79**

**Carrying Value**  
**8.7 M YTL**

**Sales and distribution of  
products of Pınar Süt,  
Pınar Et & other food  
products**

**Birmaş Tüketim  
Malları Ticaret A.Ş.**

**Ownership %**  
**25**

**Carrying Value**  
**0.3 M YTL**

**Sales and distribution of  
products of Pınar Su**

**Yaşar Dış Ticaret  
A.Ş.**

**Ownership %**  
**2**

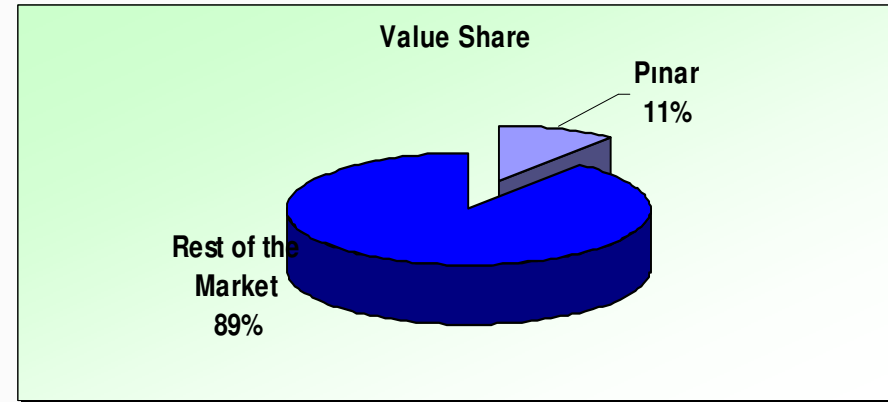
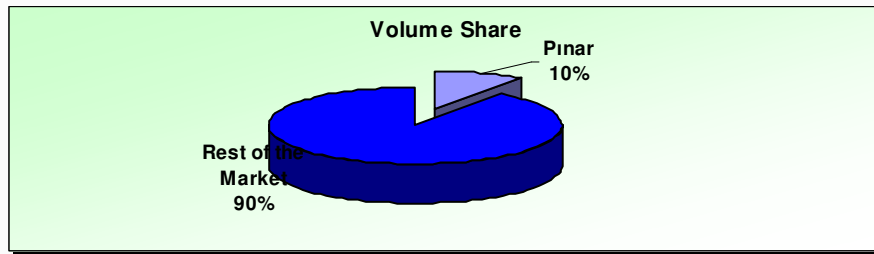
**Carrying Value**  
**0.3 M YTL**

**Foreign trade**

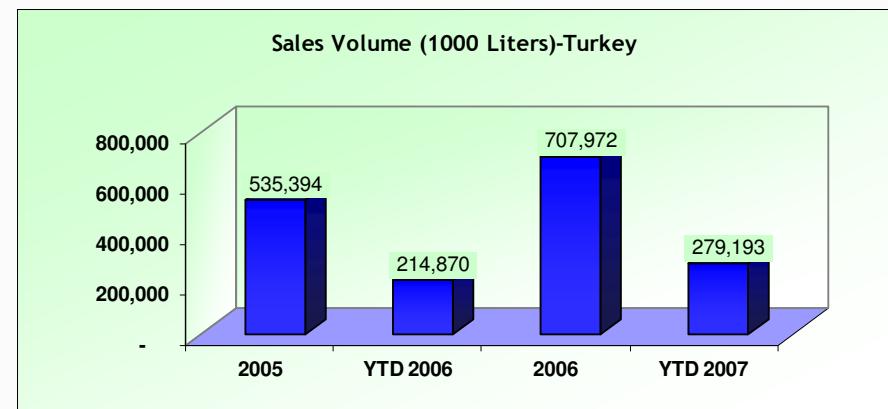




## Market Size & Market Share



- A rapidly expanding market
- **29%** YTD sales volume increase in Turkey
- Each of the **biggest 5** companies in Turkey possesses a share **%9-13** of the total market

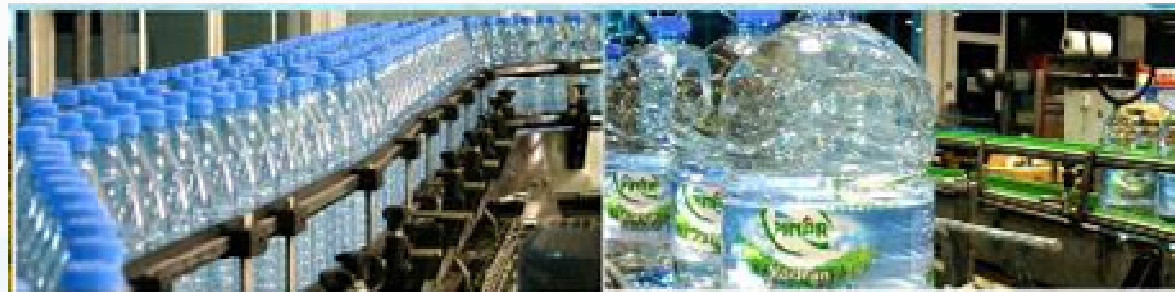


\* Based on May 2006-May 2007 1 year AC Nielsen Retail data.



## Marketing Success- Market Researches

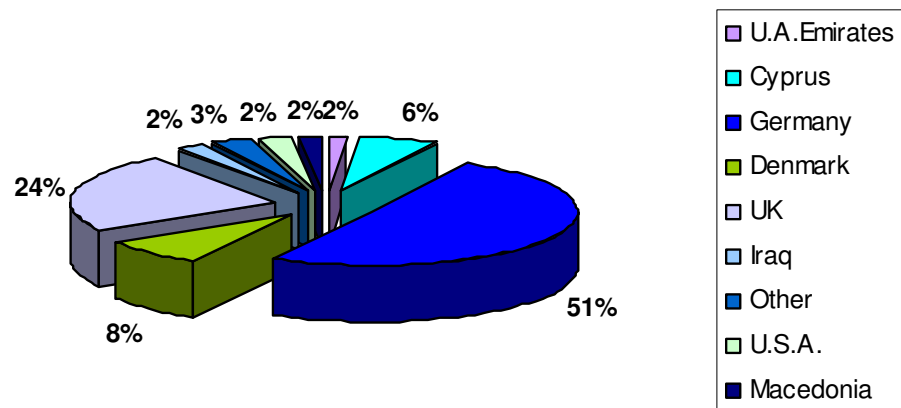
- **Pınar Su** is the first brand that comes to the consumer mind in the PET and PC bottled water categories (AC Nielsen 2006).
- When the spontaneous and aided brand awareness in water category is examined, it was seen that **“Pınar”** is the best known brand with the rate of **86.6%** (Procon, 2005).
- According to the **“Turkey Customer Satisfaction Index”**, selected the best brand in non-alcoholic beverages sector (source: **Kalder-2006Q2**)





## Leader in the Export of Natural Spring Water

- Pinar Su exports to totally 12 countries from Middle East to Europe
- **Germany** forms 51 percent of the total exports
- Share of exports in total sales is around **10%**.





## FINANCIAL PERFORMANCE



**Now you don't have to scale the heights for purity and refreshment**

Pinar Madran Natural Spring water comes from high up in the snow-capped peaks of the Madran Mountains. And from the time it flows from the spring 'til the time you pour it into your glass, it is never once touched by human hands. Natural purity, natural freshness, delivered to you, naturally. Plus, with a hardness rating of just 1.65 and minerals you need for good health, it's one of the softest, easiest drinking spring waters in the world. So it's not surprising that the world is lining up to get a taste of Pinar Madran.

Pinar Madran Natural Spring Water is brought to you exclusively by Pinar, which sells 70% of the water exported from Turkey.

visit us **ANUSA A.28 Hat 8 11.3**

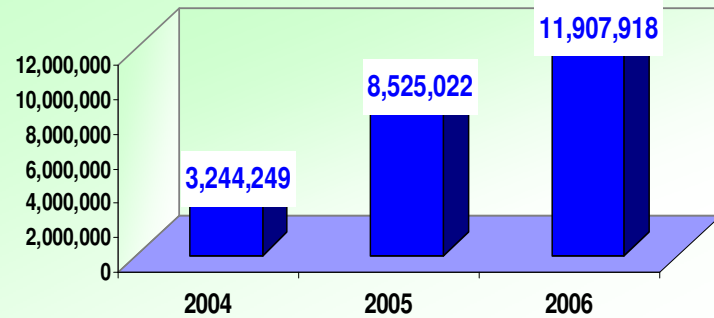
Contact: Pinar Su Sanayi ve Ticaret A.Ş. Phone: +90 232 204 74 00 [www.pinar.com.tr](http://www.pinar.com.tr)  
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**Yasar**

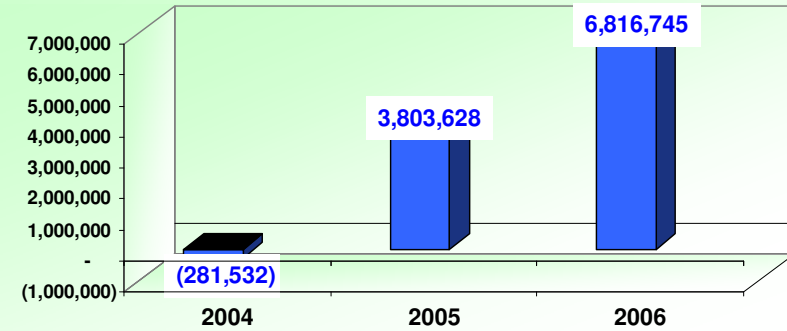


## Performance Highlights

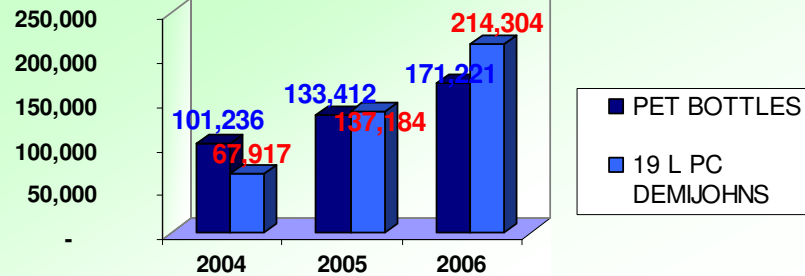
EBITDA (YTL)



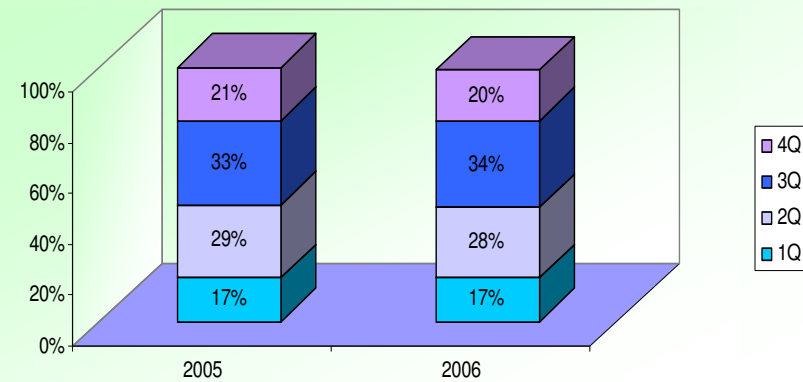
NET PROFITS (YTL)



PRODUCTION (TONS)



SEASONALITY







## Consolidated Income Statement (Mn YTL)

	1Q07	FY06	4Q06	9M06	3Q06	1H06	2Q06	1Q06	FY05
<b>OPERATING REVENUE</b>	13.2	48.6	9.8	38.8	16.7	22.1	13.6	8.4	43.8
Net Sales	13.2	48.6	9.8	38.8	16.7	22.1	13.6	8.4	43.8
Cost of Sales	(8.8)	(32.9)	(7.4)	(25.5)	(11.0)	(14.5)	(9.1)	(5.4)	(27.1)
<b>GROSS PROFIT</b>	4.4	15.7	2.4	13.3	5.7	7.6	4.5	3.0	16.7
Operating Expenses	(2.1)	(7.6)	(1.8)	(5.8)	(2.4)	(3.4)	(1.9)	(1.5)	(11.6)
<b>NET OPERATING PROFIT</b>	2.3	8.1	0.6	7.5	3.3	4.2	2.6	1.5	5.1
Other Income	0.3	3.4	(1.2)	2.8	1.9	0.9	0.5	0.4	0.8
Other Expenses	(0.1)	(1.0)	(0.6)	(0.4)	(0.3)	(0.2)	(0.0)	(0.1)	(0.9)
Financial Expenses	(0.1)	(2.8)	1.7	(2.7)	(1.9)	(0.7)	(0.5)	(0.2)	(1.7)
<b>OPERATING PROFIT</b>	2.4	7.7	0.5	7.2	3.0	4.2	2.6	1.6	3.3
<b>PROFIT BEFORE TAXATION ON INCOME</b>	2.4	7.7	0.5	7.2	3.0	4.2	2.6	1.6	3.3
Taxes on Income	(1.0)	(0.9)	(0.1)	(0.8)	0.7	(1.5)	(0.9)	(0.6)	0.5
<b>NET PROFIT FOR THE YEAR</b>	1.4	6.8	0.4	6.4	3.7	2.7	1.7	1.0	3.8
<b>EBITDA</b>	3	11	1	10	4	6	3	2	9
<b>EBITDA MARGIN</b>	25%	23%	15%	26%	25%	26%	25%	27%	19%
<b>EBIT</b>	17%	17%	6%	19%	20%	19%	19%	18%	12%
<b>GROSS MARGIN</b>	33%	32%	24%	34%	34%	34%	33%	36%	38%
<b>NET PROFIT MARGIN</b>	11%	14%	4%	17%	22%	12%	13%	12%	9%



## Financial Overview

- Net sales of app. YTL 13 mn and EBITDA of YTL 3,8 mn
- EBITDA margin of 29%
- Pınar Su has increased its net sales over the years

KEY PERFORMANCE INDICATORS (IFRS-CONSOLIDATED)			
	31.03.2007	31.03.2006	Change (%)
NET SALES (YTL)	13,172,746	8,441,941	56%
COST OF GOODS SOLD (YTL)	8,806,584	5,360,909	64%
GROSS PROFIT (YTL)	4,366,162	3,081,032	42%
GROSS PROFIT MARGIN	33%	36%	-8%
EBITDA (YTL) (*)	3,313,393	2,298,788	44%
EBITDA MARGIN	25%	27%	-8%



## Key Ratios and Net Financial Debt

	December 31, 2006	December 31, 2005
Current Ratio	0.92	0.67
Leverage Ratio	0.17	0.54
Interest Coverage Ratio	67.11	18.85
S/T Financial Debt/Total Financial Debt	N/A	0.23
Net Financial Debt /EBITDA	(0.21)	1.07
Total Financial Debt / Equity	0.0	0.25

(Mn YTL)		
Cash & Cash Equivalents	(2,345,445)	(653,218)
S/T Borrowings	-	2,329,662
L/T Borrowings	-	7,621,657
Net Financial Debt	(2,345,445)	9,298,102



## Investment Highlights

- Strong brand image
- Hygienic and EU standard production
- Competitive cost structure
- High quality production
- Professional management
- Increasing export potential
- Advanced IT structure
- Strong financials
- Group synergies
- Wide-spread distribution network



*En iyi suyu  
anneler  
bilir!*

Çocukları için herşeyin  
en iyisini düşünen anneler,  
**Pinar Madran**'i tercih ederler.

Çünkü **Pinar Madran**,  
dünyanın en ileri teknolojisi olan  
**clean room** sistemiyle,  
**hijyenik koşullarda** şişelenir.

Bu nedenle, **bebeklere** bile  
**kaynatmadan içirilebilecek**  
kadar **sağlıklı ve güvenilir**dir.



 Pinar Ücretsiz Danışma Hattı  
Tel: 0 800 415 51 17  
www.pinar.com.tr info@pinar.com.tr



## Awards and Certificates

- **Pınar Su Aydın / Bozdoğan facility** gained the right to receive **TS EN ISO 9001:2000** Quality Management Certificate, **TS 13001 HACCP** Food Security Management System Certificate and **TS EN ISO 14001** Environment Management System Certificate.
- **Pınar Su Hendek/Sakarya and Eğirdir / Isparta facilities** are certified by **TS EN ISO 9001:2000** Quality Management System and **TS 13001 HACCP** Food Security Management System Certificates. All these management systems are periodically inspected by TSE.
- **Pınar Madran, Pınar Yaşam Pınarım and Pınar Denge brands** have proven their qualities with their certificates indicating consistency with TSE and capability for manufacturing.
- According to the “**Turkey Customer Satisfaction Index**”, selected the **best brand** in non-alcoholic beverages sector (source: Kalder-2006Q2)

