

OPENING SPEECH

Speaker: Senem DEMİRKAN – Yaşar Holding A.Ş. Capital Markets Coordinator

Distinguished participants and audience,

I would like to welcome you all to the webcast where we will evaluate the first half-year results attained by the five publicly-held companies of Yaşar Group.

Participants to today's meeting are Mr. Hikmet ALTAN, Yaşar Holding CFO, Mr. Ergun AKYOL, Pınar Süt General Manager, and Mr. Zeki ILGAZ, Pınar Et General Manager. They will be sharing their assessments on the presentations. You will be able to use the program to ask your questions via IM during the webcast and the Q&A session. We will respond to your questions following the completion of presentations. Our presentations and the Q&A session may include forward-looking opinions and projections, which reflect the company management's current views with respect to certain future events and incorporate certain assumptions. However, actual results may differ depending on the developments in the underlying assumptions. You can download the presentations of our publicly-held companies in English and in Turkish from the webcast module. Now I would like to give the floor to Mr. Hikmet ALTAN, Yaşar Holding CFO.

Speaker: Hikmet ALTAN – Yaşar Holding A.Ş. CFO

Company: Pınar Su San. ve Tic. A.Ş.

First I would like to briefly talk about Pınar Su. In the first half of 2011, the Turkish PET market expanded 8% in terms of volume and 10% in terms of turnover. Pınar Su sales grew 12% and 16% in volume and turnover, respectively, which means that it slightly outgrew the sector. Therefore, Pınar Su also increased its market share slightly. As you can see in the chart here, the market share of Pınar Su is 5.3%. You will remember that this was around 5% in previous quarters. There is of course international as well as local competition. Global companies like Nestle, Danone and Coca Cola continue with their investments here and we are competing with them in Turkey. The sector's trend, in fact, did not change much as we have stated in our previous presentations. The ongoing trend in the market is to increase the number of spring sources to optimize logistic costs and to remain centered on local spring sources. Actually we keep working on this. As you know we have spring sources in three different locations in Turkey in keeping with this trend; yet, we keep working on this, and we will try and capitalize on any relevant opportunities.

The export sales of this company increased by around 21% in the first half of the year. Germany is our largest market, which receives about 35% of this company's total exports. When we look at the breakdown of PET vs. PC, there is an equal distribution at our company. 50.2% of our sales is generated on PET and 49.8% on PC. I am referring to the 19 liter PC bottles sold to households. This corresponds to the form of sales we desire strategically, plus or minus one point.

As we said, our sales went up by about 10% in the first half of the year, but profitability did not follow the same course. There are two key reasons, the first one being the increase in the raw material; resin price at the origin rose independently from the US dollar, independently from the exchange differences. There has been a significant rise in raw material prices. At the time of the presentation we gave in İstanbul, we had thought that raw material prices would stand still for a while but this was not the case. Quite simply, raw material prices at the origin went up in the first half of the year. On the other hand, these products are sold in foreign currency. The concurrent rise of the foreign currency increased our costs and we did not fully reflect these costs on our prices; you clearly see the extent of our reflection in our profitability. Frankly, we are strategically OK with pocketing it partly so that it will not hinder our sales. We are expecting some improvement in the profitability of Pınar Su in the second half of the year. However, that will be somewhat below the budget estimates we have given at the start of the year; I mean profitability will be above than what it was in the first half-year, but below the estimates at the start of the year, but we will keep increasing our sales and market share. This is our objective. At the bottom-line, our net sales in the first half-year amounted to 38 million and our EBITDA is TL 0.5 million. It was actually TL 3.5 million like we said last year, but this figure will change in the next six months in favor of this year; this is our expectation.

Overall, in the first half of 2011, local, small-sized and low-cost brands have mostly been very aggressive in the Turkish market. As you know, there were signals of a crisis exit in the economic conditions of 2010, but consumption preferences in this market resemble crisis-period preferences; that did not change much. In other words, demand for inexpensive products still lives on. We launched our Order Hotline last year and we have quickly started reaping its positive results in 2011. Therefore, our quantity grew. We had introduced a new product in the first quarter, the 10-liter PET bottle. It is a new segment in the market and it brought us significant growth in sales. As you know, Pınar Su does not utilize bank loans, it is financially at ease. In the first half-year, we incurred advertisement expenses that we had not incurred in earlier years. You know, we had TV advertising campaigns, which had an impact on our EBITDA. We think the second half-year will be free from all of these. Assuming that this economic volatility in the world and in Turkey will not increase its depth much, Pınar Su will achieve better results in the second half-year than it did in the first. That is our target.

CLOSING SPEECH

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I thank you all for participating. I guess you don't have any more questions. If there are no other questions, we will conclude our meeting. Have a nice day. The presentations will be posted on the Internet in Turkish and English. You can click this link at any time to replay our meeting from Thomson Reuters. Once again we thank you all and wish you a happy holiday. Goodbye.