

Inspired by a brand synonymous with confidence...



Chairperson's Message

The market leader in every category in which it is active, Pınar Et continues to expand its product portfolio with innovations that satisfy consumers' needs and expectations.

goal

Pınar Et is committed to advancing its leadership in 2013 and the years that follow through a strategy of sustainable growth.

The global economy continued to look unwell.

Euro-zone public-sector and banking-system problems had a decisive impact on the global economy in 2012. All year long, the world's agenda was preoccupied by presidential elections, weak employment figures, and fears of a self-imposed "fiscal cliff" in the United States; by public debt, banking sector, and confidence crises in the euro-zone; and by the likelihood of new policies focusing on growth fueled by quantitative easing (QE) in Japan.

The developed countries continued to adhere to loose-money policies in 2012. With different European countries implementing or at least considering QE programs of their own, the European Central Bank (ECB) launched a short-term bond purchasing program for countries with sovereign debt problems while its president pledged to do "whatever it takes" to save the euro. Efforts by the ECB and other authorities to shore up the EU's financial system did marginally improve expectations about the future of the world economy. For most developing economies however, the biggest problem in 2012 was slower growth rates while attentions were focused on the risks of inflation and exchange rate volatilities.

As this annual report goes to press, first-quarter 2013 figures make it clear that the real economy is still suffering at the global level and that confidence has not been entirely restored. Our own expectations are that the first half of 2013 is going to be pretty much a continuation of 2012. There are reasons to think that a moderate recovery will get underway in the second half of the year and that it will gain additional momentum in 2014 and thereafter.

The Turkish economy continued to distinguish itself in 2012.

In 2012 Turkey underwent a process of rebalancing designed to put its economy more firmly on the path of sound and sustainable growth. Tight-money policies adhered to by the Turkish Central Bank (CBT) had the effect of cooling down economic growth and moderating inflation. In the twelve months to end-2012, Turkey's GDP grew by just 2.2%.

Despite this seemingly lackluster performance, macroeconomic indicators, not least of them being the current account deficit, fetched up better than expected while Fitch Ratings, an international credit rating agency raised Turkey's long term credit rating to "investment grade" in November. The immediate effect of these two developments was to speed up the flow of short-term capital into the country. 2013 looks likely to be a relatively better year from the standpoint of the Turkish economy's growth, inflation, and current account performance.

Pınar Et remains a part of tens of millions of consumers' everyday lives with wholesome, safe, and tasty meats and meat products and to distinguish itself as an outstanding competitor thanks to high levels of customer satisfaction, and production, marketing, and sales prowess.

As Turkey's first fully integrated meat processor complying with both world and EU norms, Pınar Et's financial and operational performance in 2012 further strengthened its standing as industry leader.

Our company completed 2012 with a 20.7% share of the charcuterie market's total turnover. In the twelve months to year-end, it increased its gross sales revenues by 6.89% and its exports

turnover by 27%. Last year Pinar Et successfully penetrated 41% of all households in Turkey with its products.

Pinar Et's total gross sales reached TL 516 million in 2012. Last year the company continued to expand its exports by entering new markets, as a result of which efforts, the turnover on its exports grew by 27%.

The market leader in every category in which it is active, Pinar Et continues to expand its product portfolio with innovations that satisfy consumers' needs and expectations.

Pinar Et introduced ten new products to the market in 2012. Let me note here that all these new products proved to be very popular with consumers and that they were among the contributors to our success last year.

Supplying consumers with a wide range of high-quality meat, fish, and other products that provide them with the protein that is essential to good nourishment, Pinar Et regards the issues of food safety and traceability as fundamental elements of its commitment to consumers.

As happens every year, in 2012 Pinar Et was inspected by SAI Global for European Food Safety Inspection Service (EFSIS) and once again received high marks.

Looking at the company's performance on a product group basis:

- Pinar Et's 20.7% share of last year's admittedly somewhat smaller charcuterie market was still more than twice that of our nearest competitor.
- In soudjouks, which is the biggest single product category in the meat and meat products market, Pinar Et remained the brand that first comes to mind with a 16.1% share of the segment's turnover. Pinar-brand soudjouks had an overall household penetration rate of 20% in 2012.
- Pinar-brand salamis' turnover increased by 8% year-on and accounted for a 37.8% share of the total. Pinar-brand salamis had an overall household penetration rate of 23% in 2012.
- With a 28.3% share of total turnover, Pinar-brand sausages remained the segment's leader at eleven percentage points ahead of its nearest competitor.
- Pinar Et remained one of the top two brands in the frozen foods market for meat products, seafood products, and dough products with a 27% share of the segment's total turnover.

In the frozen meat products category, Pinar is by far the name most preferred by consumers with a 42% share; in the frozen pizza category, Pinar Et was once again the leader with a 28% market share.

Full compliance with changes in the Turkish Food Codex

A number of substantial changes were made in the Turkish Food Codex in 2012. An intensive and successful effort was made to bring Pinar Et's products into full compliance with these changes.

Pinar Et's quality management system is structured and managed so as to encompass all aspects of all products from original source to final consumer. The essential goal of this system is to ensure that our products reach the consumer under conditions which are safe, wholesome, and hygienic. This is the rock-solid foundation supporting Pinar Et's sustainable leadership.

2013 projects and expectations

Pinar Et is committed to advancing its leadership in 2013 and the years that follow through a strategy of sustainable growth. Expectations of our own growth parallel to those of the Turkish economy's growth.

Our company is in full compliance with the requirements of new regulations that went into effect in the first quarter of 2013. As a responsible corporate citizen, our aim is always to provide the consumer with nothing but the very best.

In 2013 we will be focusing on supporting our existing sub-brands and developing new ones.

Pinar Et's commitment to ethical values, its correctly-defined marketing and sales processes, and its superior quality will continue to advance our already strong market position. Consistency in quality and a brand name which is synonymous with confidence will further strengthen our ability to generate added value and enable us to create even more value for all of our stakeholders.

As the leading name in its sector, Pinar Et continues to expand its industry and to keep consumers supplied with the best. Our performance is made possible not just by the consumers who prefer our products but by the contributions of our other stakeholders as well and it is for this that I extend my sincerest thanks to you all.

İdil Yiğitbaşı

Chairperson of the Board of Directors

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