

An innovative and pioneering leader



Chairperson's message

Setting trends and directing market evolution by pioneering new practices in its sector, Pınar Su once again introduced customer-focused innovations in 2013.

capacity

PET production capacity and speed were approximately doubled at both our Hendek and Isparta plants.

Esteemed shareholders,

A sales performance compatible with the sectoral environment

While the packaged water sector continued to grow in the one-way packaging segment, it experienced a contraction in the returnable-container segment last year. Over all, 2013 was a year in which there was intense price competition, especially in the non-returnable segment. Another of its hallmarks was major company acquisitions. Pınar Su's total sales increased by 1.0% and by 10.3% as measured by tonnage and turnover respectively last year. Our company's net sales revenues reached TL 109.9 million and goods worth a total of USD 4.5 million were sold abroad. This means that exports accounted for 7.6% of our total sales in 2013.

In the PET segment, Pınar Su defended its 7% market share in 2013. Despite our company's well-established reputation and strict adherence to product quality and hygiene standards that are higher than those required of the industry, bad publicity concerning the carboy segment adversely affected sales throughout the sector and this naturally had an impact on our own company as well.

We completed investments at our Hendek plant.

2013 was an "investment year" for Pınar Su. In the steadily-growing PET segment, two new high-speed production lines (0.5-liter and 5/10-liter) equipped with state-of-the-art technology were commissioned at the Hendek plant while two of its existing lines were relocated

to the Isparta plant. These changes have about doubled PET container manufacturing capacity and speed at both locations.

Awards and recognitions are witnesses to our quality and innovation.

We have always taken pride in the knowledge that the Pınar brand enjoys a strong and highly-prized reputation in the foods & beverages industry. Pınar's recognizability and credibility represents a precious asset for Pınar Su in that it imparts notions of quality and innovation in consumers' minds.

In a survey conducted by BrandSpark International in which about 15,000 consumers took part, Pınar Su received "Best New Product" awards for its five-liter carboy and season-liveried glass bottle packaging formats in the "Food & Beverages" category.

In the fourth Ay Yıldızları awards competition conducted by the Packaging Manufacturers Association to recognize excellence in packaging, Pınar Su's season-liveried series of glass bottles received a gold medal in 2013.

Pınar Su: The industry's name for innovation

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The decorations on the season-liveried collectible series of 75- and 33-cl glass bottles that are filled at the Madran plant were redesigned based on the winning

entries submitted in an inter-university design competition that was organized in 2013. The new bottles have been widely acclaimed. The designs on the Smurf-themed 0.5-liter Handy-Cap PET bottles specially created to appeal to children were replaced with the 3D characters from the recent The Smurfs movie. Smurf-themed trading cards were also specially produced and given away along with six-packs of this product.

Recognizing that one way of keeping ahead of one's competitors is to provide more efficient and convenient service, in 2013 Pınar Su launched specially-created apps which run on the Android and IOS platforms and which make it easy for consumers to place orders over the internet and using smartphones and tablets. The first of their kind in Turkey, these apps allow consumers to directly place orders by entering the appropriate product, date, time, and address information themselves.

Last year we introduced the newest member of the Pınar family in the form of "Pınar Denge Maden Suyu", a naturally-sparkling mineral water that both addresses consumer demand and rounds out our product portfolio. Besides plain, this product also comes in five fruit-flavored varieties, two of which are additionally enriched with vitamin C.

We launched a new export initiative.

An active player in international markets for about three decades, Pınar Su supplies other countries' markets with products that appeal to local tastes while also paralleling worldwide developments.

So far, Pınar Su has been focusing its attentions on making sales to European countries. In the period ahead, we plan to pursue additional growth in Gulf countries, Iraq, and Libya as well as in Europe. We are also exploring new market opportunities in Turkey's near abroad—especially in Ukraine, Russia, and Syria.

We received our first corporate governance rating.

The bedrock of the corporate governance structure that is accepted throughout the Yaşar Group is behavior that is always accountable, responsible, open, transparent, and fair. These are corporate values and principles that are completely internalized at Pınar Su as well and, in our capacity as a publicly-traded company, they

are kept up to date in line with the requirements of Capital Markets Board rules and regulations. Pınar Su underwent its first corporate governance audit last year and the 9.34 rating that it received qualified it for immediate inclusion in the Borsa İstanbul Corporate Governance Index.

We achieve and maintain the highest standards of quality.

Placing quality at the focal point of all of its business strategies, Pınar Su defines its production and distribution standards so as to be in compliance with internationally accepted norms. Our success in this is attested to by the quality management system certifications that the Company holds.

Bottling operations at our plants are carried out in a completely hygienic environment in which sterile air is maintained at a positive pressure inside to prevent contamination from outside while the interior air is constantly recirculated and refiltered to keep it clean. Bottling takes place without any manual intervention whatsoever. Extensive laboratory facilities allow the water to be subjected to a battery of physical, chemical, and microbiological tests at every stage of production.

In keeping with our central pledge to always maintain the highest levels of quality and hygiene, we will continue to increase our efforts on behalf of a sustainable future and in line with our commitment to provide our consumers with nothing but the very best while also protecting natural resources and constantly raising the bar by which our competencies are judged.

Speaking personally and on behalf of the Board of Directors, I offer our thanks to all of our stakeholders for their confidence and valued support.

İdil Yiğitbaşı

Chairperson of the Board of Directors

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