

CHAIRPERSON'S MESSAGE



ESTEEMED STAKEHOLDERS

Leadership

PINAR ET REGISTERED A 14.9% RISE IN ITS TOTAL TURNOVER IN 2014. THE COMPANY SUCCESSFULLY MAINTAINED ITS LEADING POSITION BY BOOSTING ITS MARKET SHARE IN EVERY PRODUCT CATEGORY IN WHICH IT IS ACTIVE.

The aftershocks of the economic crisis that began seven years ago and disrupted the global economy's balances continue to be felt albeit to a lesser degree. While 2014 was a year in which global economic activity gradually recovered, the positive outlook in the US economy is what set it most apart from other developed economies. Despite measures to counter it, the fragility of the eurozone's economy continued to pose risks.

Although it was among the earliest to emerge from the global economic crisis and has suffered relatively less from more recent global uncertainties, Turkey managed to sustain its growth in 2014 though with some loss of momentum. In the first nine months of the year, Turkey's GDP grew by just 2.8%, about two-thirds the previous year's 4.1% rate during the same period. The 3.3% and 4.0% growth rates posited in the government's Medium-Term Program for 2014 and 2015 respectively still look like being achievable however. The marked decline in oil prices in recent months can be expected to have a beneficial impact both on the current account deficit and on inflation in the period ahead.

Despite global uncertainties, precarious risks, and stiffer international competition, our own country nonetheless continues to have strong potential thanks to encouraging economic indicators, a singular geopolitical position, a dynamic home market, and a youthful population.

Although our sector is growing, its costs continue to soar.

While the demand for red meat is increasing strongly throughout the world, we see that production is unable to keep pace with it. As may be expected, the shortfall in supply is pushing up prices everywhere. This is certainly true in our own country, where the price of beef increased by 18.5% last year and the 3% or so rise in the price of poultry continued to make the latter a much more economically viable choice for consumers.

This global trend makes it more crucial than ever to develop strategies and to take measures to increase red meat production in Turkey. It is vitally important that the level of supply be capable of satisfying domestic demand. Unfortunately the sector's livestock feed raw materials largely have to be imported from abroad and this dependency not only raises costs and reduces profitability but also stunts domestic livestock industry's growth and development.

Total meat production in Turkey increased by 5.6% in 2014 and reached 2.95 million tons, of which 65.8% consisted of white (ie poultry) meat and 34.2% of red meat. On a twelve-month basis, white meat output was up by 8.1% while that of red meat increased by a mere 1.2%.

PINAR ET HAS MADE IT A FUNDAMENTAL PRINCIPLE TO DEVELOP INNOVATIVE, DISTINCTIVE PRODUCTS IN LINE WITH CONSUMERS' DEMANDS AND EXPECTATIONS.

We continued to grow and we maintained our market leadership in every category in 2014.

Pinar Et registered a 14.9% rise in its total turnover in 2014. The company successfully maintained its leading position by boosting its market share in every product category in which it is active.

A steadily upward trend in raw material prices exerted correspondingly substantial pressure on the cost of goods sold all year long. Despite this, we completed 2014 with a successful performance thanks partly to a disciplined approach to dealing with operational and financing costs and partly to significant improvements in revenues from our subsidiaries. Our net current profitable in 2014 was up by 15.7% year-on and reached TL 44.3 million.

Not only is our company the trailblazing leader of Turkey's processed and frozen meat and meat products market, it is also steadily increasing its household penetration rate year after year. In 2013 we controlled a 22.9% market share in the processed meats category; last year that was up to 24.9%. Pinar remains the brand that Turkish consumers prefer more than any other. In the case of frozen meat products, its market share has reached 46%.

Our innovative products set us apart in the market.

Ever since it was founded as Turkey's first privately-owned integrated meat-processing plant in 1983, Pinar Et has made it a fundamental principle to develop innovative, distinctive products in line with consumers' demands and expectations.

It should therefore be no surprise that new Pinar Et products appeared on shelves in 2014 as well. Besides high-added-value products capable of appealing to different consumers segments, we also focused on small-pack formats to make our products more compatible with people's purchasing power. Last year Pinar Et successfully introduced 17 new products: 9 for the domestic market, 4 for the away-from-home channel, and 4 for export.

We continued to invest in improving productivity and increasing capacity.

Efficiently-produced superior quality is a goal that we never lose sight of here at

Pinar Et. With this principle in mind, our company continued to undertake capacity increase, productivity, and modernization investments in 2014.

To keep pace with the steadily increasing demand for the sliced charcuterie products that were most popular with consumers in 2013, we commissioned an auxiliary sliced-salami line last year. We also sought to boost our share of the frozen fish market by means of new the product portfolio capacity made possible by our seafood processing and packaging plant (which became operational and went into production last year) and by additional investments.

Our Total Quality Approach

Pinar Et adheres to a total quality management system that is compatible with its goal of making and supplying consumers with products under conditions that are safe, healthy, and hygienic.

All processes and practices in all Pinar Et facilities are in full compliance with internationally accepted safe food procurement standards and with its FSSC 22000 Food Safety Management System + HACCP (Hazard Analysis & Critical Control Point) certification.

Effective corporate governance is one of our priorities.

Both as a publicly-traded company and as a member of the Yaşar Group of Companies, we are extremely mindful of corporate governance issues. Our company conducts all of its operations in keeping with the principles of commitment to ethical values, transparency, trust and sharing.

As a result of its strict and sustainable compliance with corporate governance principles and with the requirements of commercial and capital market laws and regulations, Pinar Et's corporate governance rating was raised to 9.11/10.00 in 2014.

Our sustainability approach

Pinar Et is a corporate citizen which is aware that it has not just economic but also environmental and social responsibilities as well. Our company possesses and constantly seeks to improve the effectiveness of its environment, energy, and occupational health & safety management systems.

In addition to its ongoing efforts to reduce its corporate carbon footprint, in 2014 Pinar Et began projects to quantify and reduce its water footprint as well. The Yaşar Group has set itself the goal of reducing the average carbon emissions generated per ton of manufacturing output by at least 15% by 2020. As its part in the fulfillment of this target, Pinar Et is currently working on making performance improvements at its identified carbon hotspots.

Pinar Et's environmental awareness was recognized by two awards that were received in 2014. In the Aegean Region Chamber of Industry's ranking of the environmental performance of the chamber's members, which was conducted in two separate categories ("Eco-Friendly Industrial Plant" and "Eco-Friendly Project") last year, Pinar Et placed among the top three in the former and among the top six in the latter.

In the Green Dot Environmental Awards Program conducted by ÇEVKO in 2014 for the first time, Pinar Et received a plaque of appreciation in the "Large-Scale Business" category.

Last year our company also continued to work on social responsibility projects in support of culture, art, education, and sport. Pinar Et undertakes such projects with the aim of benefiting all segments of society.

Our highly-motivated team of blue- and white-collar personnel play a very important role in our success as do of course all the suppliers, customers, and consumers who demonstrate their confidence by continuing to deal with us.

It is with that thought in mind therefore that I offer my thanks and respects to all of the stakeholders whose trust in and preference for the Pinar brand are what ensures that the added value we create remains sustainable.

Very truly yours,

Emine Feyhan Yaşar
Chairman of the Board of Directors