

## Assessment of 2010 Activities

# The leader with a market share double that of the nearest rival

### Undisputed leadership

With its superior success in the soudjouk, salami, and sausage categories, Pınar Et maintained its undisputed leadership in the overall charcuterie and frozen meat products business line in 2010.

By generating 20% of the processed meat products (charcuterie) market's total turnover, Pınar Et controlled a market share that was double that of its nearest rival. Charcuterie products are reported to have a household penetration rate of 87% in Turkey. According to the same report, 36% of households polled said they preferred Pınar-brand charcuterie products. (Source: IPSOS.)

Pınar Et is the market leader in all segments of the charcuterie group, in frozen meat products, and in fresh-cooked meat products (both turkey and red meat). Pınar Et also ranks first with a 29% share of turnover in all frozen foods when meat, pastry, and aquaculture products are taken into account. (Source: Nielsen.)

At a time when the Turkish economy has returned to the path of growth, the company has defined its marketing and communication strategies in line with changes in consumers' demands and expectations and by taking a proactive approach. By doing so, it has performed successfully thanks to its policies in the areas of production, branding, logistics, and product portfolio management.

By making correct use of its brand strengths, production experience, and effective distribution network in 2010, Pınar Et minimized the impact that higher raw material costs had on its economic and commercial activities and it achieved an overall profitability that was, in absolute terms, similar to that of 2009. In the process of this, Pınar Et focused on high added value products and further entrenched its market position by introducing smaller-sized, individual-portion packaged products that are better suited to consumers' purchasing power. In addition to reducing overhead, the company also turned its attentions to measures to cut production costs as well and it worked without letup on projects aimed at improving production efficiencies.





**Pınar Et performed successfully thanks to the policies it adhered to while maintaining its undisputed leadership of the sector in 2010 as well.**



**Pınar Et's fundamental marketing strategy may be summed up as one of being a company that focuses on high added value product groups, pursues growth in those categories, maintains its leading position, and always offers its consumers something better.**

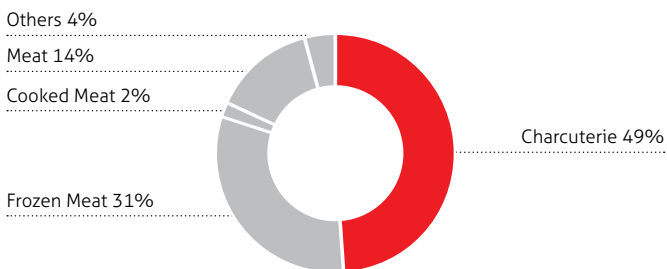


**17%** sales growth in 2010  
charcuterie products

**15%** sales growth in 2010  
frozen meat products

**38%** sales growth in 2010  
other products

#### Breakdown of Net Sales by Product Groups



#### Product groups, brand structure, and primary product segment results in 2010

##### Pınar Et Product Groups

- Charcuterie products (soudjouks, salamis, sausages, sliced meat products)
- Frozen meat products (hamburgers, koftas, breaded products)
- Frozen dough products (pizzas, puff pastries)
- Frozen aquaculture products (crispy fish, fish fingers, fish nuggets, shrimp, squid, anchovy, whiting fish, fish burgers)
- Cooked turkey meat products (doner, grilled koftas, burgers, Adana kebabs)
- Aquaculture products
- Meat varieties (turkey meat, beef meat, lamb meat)

##### Charcuterie Product Brand Structure

**Soudjouks:** Pınar Klasik, Pınar Şölen, Pınar Az Baharatlı, Pınar Mangal Keyfi, Pınar Hindi, Pınar Doyum, Pınar Büfe, Pınar Servis\*, Pınar Açbitir, Yörük, Yörük Büfe

**Salamis:** Pınar, Pınar Açık Büfe, Pınar Büfe, Pınar Doyum, Pınar Servis\*, Pınar Açbitir, Yörük Büfe

**Sausages:** Pınar, Pınar Doyum, Pınar Büfe, Servis\*, Pınar Açbitir, Yörük Büfe

\* Products designated "Servis" are intended for the food service industry.





### The invariable leader of the soudjouk category: Pınar Sucuk

In the soudjouk segment, which makes up the biggest single category of the market, Pınar Sucuk was once again the undisputed leader with a 16% share of total turnover in 2010. (Source: Nielsen.) Successfully defending its title as the soudjouk brand that first comes to mind in Turkey, Pınar Sucuk had a household penetration rate of 18% last year. (Source: IPSOS.)

### Pınar Salam: #1 with a 34% turnover market share

Pınar Salam increased its total turnover market share by 3.5 points in 2010 to 34%. (Source: Nielsen.)

Easily holding onto its leading position with a market share three times that of its nearest competitor, Pınar Salam's success last year was contributed to strongly by the introduction of two new products in late 2009: "Açbitir Salam" (salami - easy-open, smaller sized packs) and "Doyum Büfe Salam" (salami - targeted at the medium-price range).

### Pınar Sosis: The strongest name in the Turkish sausage market

In 2010 Pınar Sosis maintained its position as market leader with a 27% share of turnover. (Source: Nielsen.) Pınar Sosis had a household penetration rate of 14.4% last year. (Source: IPSOS.)

### #1 in frozen meat products

Pınar Et completed 2010 in first place with a 58% share of the frozen meat product market's turnover. In the overall frozen foods market, which includes frozen dough and aquaculture products as well as meat products, Pınar Et was also number 1 with a 29% turnover share.



**In 2010 Pınar Et diversified its packaging choices in line with new market trends: easy-open, smaller-sized packs with longer shelf lives.**

**4/10** Four out of every ten households prefer Pınar Et.

#### **Gourmet Burger**

**Continuing to develop new varieties and flavors for its product range in light of changing consumer demands, Pınar Et launched its "Gourmet Burger" product in September 2010.**



#### **Marketing strategies that focus on customer satisfaction and sustainable leadership**

Pınar Et's fundamental marketing strategy may be summed up as that of being a company that focuses on high added value product groups, pursues growth in those categories, maintains its leading position, and always offers its consumers something better.

By supplying at least one Pınar charcuterie product to four out of every ten households in Turkey, Pınar Et is the market leader in all categories of that product group.

With its superior quality and well-liked products, Pınar Et registered significant gains in the sales tonnages of nearly all its packaged and bulk charcuterie products last year. The distribution and penetration rates of all of the new products that were launched in 2010 quickly reached levels compatible with those of existing and corresponding Pınar products.

One of these successful launches involved the "Açbitir" series of products designed for immediate, one-time consumption. Still more new products are to be introduced in 2011 with the intention that they too will achieve a similar performance.

In parallel with its marketing efforts, Pınar Et carried out a variety of customer-based activity and action plans. During 2010 the company continued to be highly active in the market with free-sample, taste trial, discount-price, and other promotional activities both in supermarkets and elsewhere.

#### **New products and new flavors**

Continuously developing its product range with new varieties and flavors that it designs in light of changing consumer demands, in August 2010 Pınar Et launched "Pizzatto Italiano" the second member of its "Pizzatto" line. In September the company also introduced "Gourmet Burger", a product specially created to appeal to true burger connoisseurs.

Other products that Pınar Et put on the market for the first time in 2010 were Pınar Açbitir Salam (75 gram-pack), Pınar Açbitir Sucuk (75 and 90 gram-packs), Pınar Açbitir Sosis (200 gram-pack), Doyum Kokteyl Sosis (350, 400, and 1,000 gram-packs), Pınar Klasik Kantal Sucuk (double-pack), and Doyum Büfe Salam (500 and 1,250 gram-packs).

#### **In 2010 Pınar Et introduced new packaging with greater consumer appeal.**

In 2010 the company redesigned the packaging of premium-segment Pınar-brand charcuterie products. The new packaging started appearing on store shelves in the last quarter of the year. The new package designs retain all of the main elements of the Pınar brand but have incorporated them into a new style that seeks to enhance their shelf visibility through the use of different materials.

### Investments in effective, ongoing communication

Throughout the year Pınar Et continued to conduct campaigns focused on communicating its brand value correctly. Some of the highlights of these activities are presented below.

- In the last quarter of 2010, a Pınar Sucuk campaign featuring comedian Kadir Çöpdemir was conducted. In March-April and then in May-June, a highly popular Pınar Sosis campaign with a child actor was also carried out.
- For the month of Ramadan, which is an important season for charcuterie sales, a corporate advertising film was broadcast during which attention was drawn to a number of such products, including Pınar Sucuk.
- Another important development in 2010 was the completion of strategy-related activities for the Pınar Sucuk line.

### Pınar: A brand whose quality is known and preferred in markets outside Turkey

Pınar Et exports charcuterie, frozen, and aquaculture products to Australia, Azerbaijan, Bahrain, Iraq, Kazakhstan, Kyrgyzstan, Kuwait, Qatar, Saudi Arabia, Turkish Republic of Northern Cyprus, Turkmenistan, United Arab Emirates, Uzbekistan, and Yemen. In 2010 Pınar Et booked export revenues worth USD 3.6 million.

### Strategic investment plan

During 2010 Pınar Et once again continued its investment activities focused on increasing total output and quality in all matters pertaining to production, environmental protection, and people. Pınar Et's total investment expenditures last year amounted to TL 2,671 thousand, of which TL 102 thousand was spent on buildings, TL 1,203 thousand on machinery and plant, TL 272 thousand on vehicles, TL 1,030 thousand on fixtures, and TL 63 thousand on proprietary rights.

### Pınar Communication Center: Strategic junction of consumer/company relations

The Pınar Communication Center is a communication channel through which consumers' wishes and suggestions are received, registered, examined, and quickly resolved. The center continued to conduct its operations successfully in 2010.

The Pınar Communication Center receives and responds to incoming calls without interruption between the hours of 7:00 and 23:00 every day. The Pınar Communication Center is accessible on 444 7627 via fixed and mobile lines from anywhere in Turkey without the need for dialing an area code. A communication satisfaction survey is conducted among consumers who contact the center in order to systematically quantify service levels.

Process improvement activities continued at the Pınar Communication Center as part of the company's Six Sigma Project in 2010. New customer relationship management software is scheduled to be brought online in early 2011.

### Human resources: Our most valuable asset

The real foundations of Pınar Et's success are rooted in its human resources. Conducting its operations in line with its mission of being a source of health, taste, and innovation for consumers of every age group while never sacrificing quality, Pınar Et seeks to have and to hold human resources who are productive, motivated, and high-performing. Believing that improving its employees' performance improves its own corporate performance as well, Pınar Et successfully achieved its objectives in 2010 with 502 people on its payroll.





**Pınar Et gives special importance to its employees' career progression. In 2010 the company provided a total of 16,580 hours of training time for its personnel.**



#### **Human resources training and development**

Pınar Et gives special importance to its employees' career progression. In 2010 the company provided a total of 16,580 hours of training time for its personnel. Last year Pınar Et provided traineeship positions for 150 lycee and university students while also taking part in university campus career days and providing students with information about itself and its sector.

During 2010 company employees were again given training under regularly planned programs that focus on a variety of issues such as defense against contagious diseases, general and personal hygiene, pest control, food industry hazard analysis critical control point (HACCP) training, family planning, substance abuse, and breast cancer.

In 2010 Pınar Et continued to provide specialized occupational training for workers employed in the performance of heavy and dangerous jobs. Last year the company also provided training to improve its employees' competencies in such areas as on-the-job safety, fire prevention, personal development, and other subjects.

#### **The "People First" approach at Pınar Et**

The objectives of Pınar Et's "People First" approach are summarized below.

- Pınar Et engages in competency-based selection and placement practices in line with its twin principles of "Put the right person in the right job" and "Give priority to in-house promotion".
- Pınar Et ensures that company and individual objectives coincide and are achieved with the aid of a performance evaluation system.
- Pınar Et monitors all of its employees' personal development, career planning, compensation, and merit award processes based on the results of such evaluations.

## Food & Beverage Group Subsidiaries

### Çamlı Yem Besicilik Sanayi ve Ticaret A.Ş.

Originally commencing operations in 1983 as a producer of cattle feed, Çamlı Yem Besicilik's innovations eventually made it a leader of the Turkey's farming and stock raising industry as it contributed towards the creation of a sector that was both modern and strongly competitive.

Simultaneously engaged in several different business lines, Çamlı is today a farming, ranching, and fishing concern that has a presence in every link in the food chain from source to final consumer with hundreds of products in the areas of animal feed, turkey ranching, cattle ranching, fish farming, and plant fertilizers.

In 2010 Çamlı introduced many innovations both at the corporate level and in its product lines. In the cattle feed product group, it launched feeds intended for use in organic and probiotic dairy and meat production. The company also began sending customers information about all of its campaigns by SMS. Another product that was launched last year was that of "mini-turkeys" that are raised on special aromatic and organic-content feeds. The company undertook the trial production and sale of chicken products under the "Çamlı Çiftliği" brand in 2010.

In addition to cooked Angus beef and cooked turkey products, Çamlı Çiftliği Market has begun selling Pınar Süt and Pınar Et products as well. The store also provides consumers with cooking and home delivery services as well.

In the year to end-2010, Çamlı booked total sales amounting to 161,408 tons and exports amounting to 1,894 tons. Most of the latter consists of farmed fish, which is shipped to customers mainly in Greece, Holland, Qatar, Spain, United Arab Emirates, and USA.

### Yaşar Birleşik Pazarlama

Yaşar Birleşik Pazarlama is a logistics and distribution company that operates as a member of the Yaşar Group Food & Beverages Division.

YBP ensures that all the Pınar-labeled goods which are produced by the group's food & beverage manufacturers reach consumers by being successfully sold and distributed through a national network of dealerships, regional offices, and more than 150,000 sales points. YBP regularly handles a huge array of goods consisting of more than 530 different varieties in 16 different product categories. Every product group consists of subgroups which have not only many different temperature requirements but also shelf lives ranging from three days to a year.

With its customer-focused sales specialists and experienced dealers numbering more than a hundred, the company continues to build on its productivity-based widespread distribution strategy day by day. In addition to its own (Pınar) brand products, since 2004 YBP has also been successfully selling and distributing Nutella, Kinder, and Bueno-brand goods made by Ferrero, the giant Italian manufacturer of chocolate and other confectionery products.

Expanding its automobile and van fleet in line with requirements in 2010 and ranking among Turkey's 100 biggest concerns from the standpoint of turnover, Yaşar Birleşik Pazarlama owns and operates the biggest and most extensive frozen and cold chain sales and distribution network in Turkey.

### Pınar Foods GmbH

Advancing rapidly towards its goal of becoming a globally recognized name in the foods sector, the Yaşar Group Food & Beverages Division set up Pınar Foods GmbH in Germany in order to increase its effectiveness in the European market. This company is responsible for the production and sale of Pınar-brand dairy products and Şölen-brand meat products. It also sells Pınar-brand water imported from Turkey.

Among the products that the Yaşar Group Food & Beverages Division supplies to the European market are Pınar bottled water; Pınar-brand full-fat and semi-fat white cheeses, kashkaval cheese, sheep-milk cheeses, cream cheese, homogenized yoghurt, condensed yoghurt, yoghurt drink, and fruit juices; and Şölen-brand grilling soudjouks, beef salamis, and beef sausages.

In 2010 Pınar Foods GmbH booked gross sales worth EUR 15.3 million. 75% of the company's sales consisted of dairy products.