

Dođan Gazetecilik A.Ş.

Review of 1Q17 Results



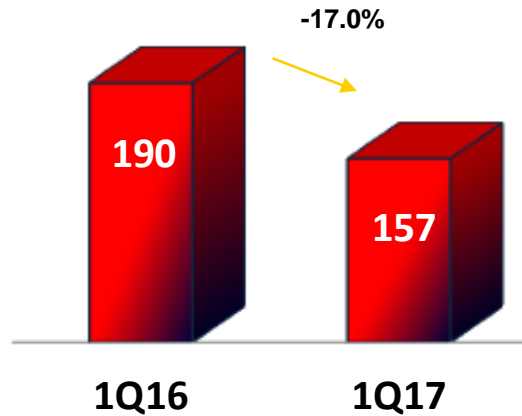
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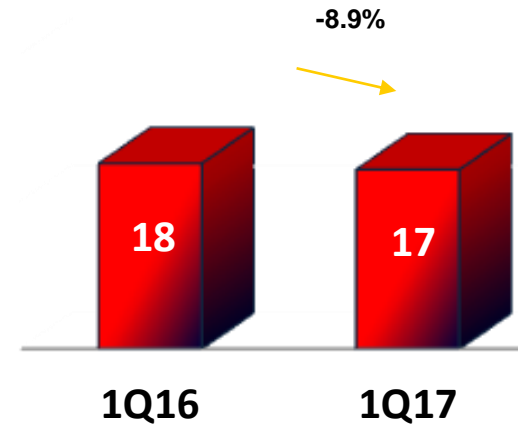
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Newspapers – Turkey (TLmn) ⁽¹⁾





Doğan Gazetecilik's Print Ad Revenues (TL mn) ⁽²⁾



- Turkish newspaper ad market declined by 17.0% in 1Q17, yoy. Doğan Gazetecilik outperformed the market, as the decline in print ad revenues was 8.9% in 1Q17.

⁽¹⁾ Ad market statistics are estimates compiled by Doğan Media Group ad platform, based on 25 national newspaper.

⁽²⁾ Ad revenues : To be comparable with the market data, the ad revenue figures are given as *“invoiced ad revenues before IAS adjustments & reclassifications”*, and so different from reported consolidated figures.

Market Shares	1Q16	1Q17	1Q17/16 Ch (%)
CIRCULATION MARKET SHARE	10.5%	11.4%	0.9 pp
Doğan Gazetecilik Daily Average Circulation (*)	441,944	375,315	-15.1%
 POSTA	323,144	273,546	-15.3%
 FANATIK	118,800	101,769	-14.3%
Nationwide average circulation	4,199,779	3,293,146	-21.6%

The decline in nationwide average circulation figures is due to the closure of some titles.

Major Developments in 1Q17

- The political and economical uncertainty in Turkey in 1Q17 had a negative impact on newspaper ad market. Newspaper ad market contracted by 17% yoy.
- Doğan Gazetecilik outperformed the newspaper ad market, as decline in its print ad revenues was 9%, owing to organizational restructuring took place at Posta & Fanatik's advertising departments in 2016.
- Newspaper cover price adjustments helped to offset the negative impact of lower circulation figures:
 - As of Jan 2017, the cover prices of Posta in all cities for all days increased by 33% to TL1.00, on top of adjustments took place in January 2016 by 25% in weekday prices.
 - Fanatik's cover price adjustment that took place in May 2016 by 33% to TL1.00 had a positive contribution as well.
- Due to the economic volatility and market uncertainties, the Board decided not to distribute dividend from 2016 earnings at this time period; but decided to reevaluate the issue depending on market conditions in this accounting period. The issue was proposed at the General Assembly and accepted.

- As a result of restructuring, Posta's web and mobile applications total PV increased by 80% yoy.



www.fanatik.com.tr

- 4.7 mn monthly UV
- 146.9 mn monthly PV



Fanatik mobile

- 6.1 mn monthly UV
- 145.7 mn monthly PV



www.posta.com.tr

- 2.4 mn monthly UV
- 104.7 mn monthly PV

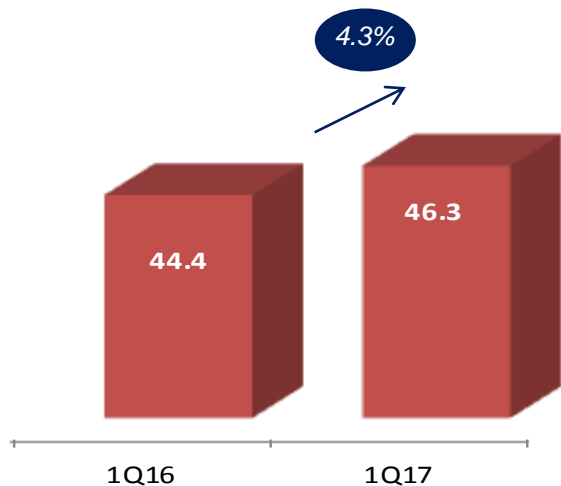


Posta mobile

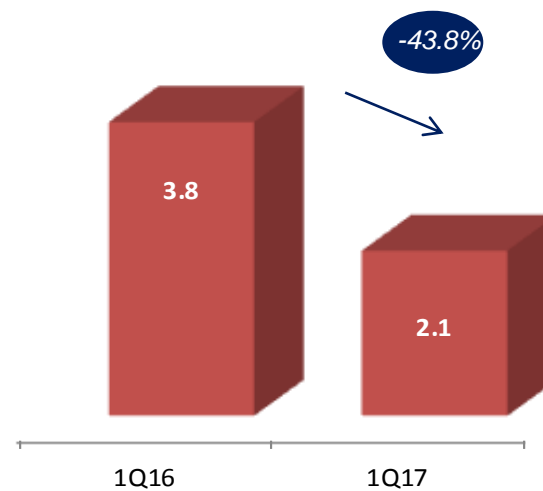
- 2.5 mn monthly UV
- 58.5 mn monthly PV

(* Source :Gemius Prism (Average Jan- Mar 2017)

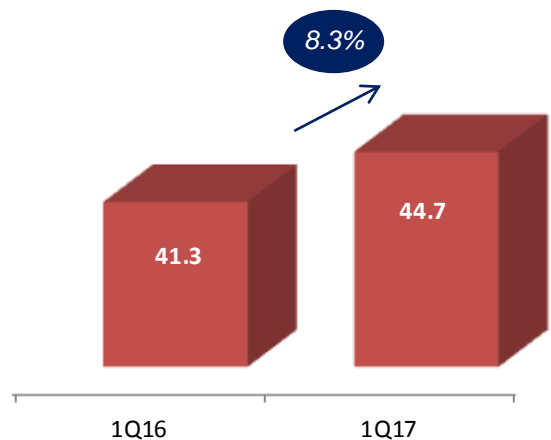
Revenues (TL mn)



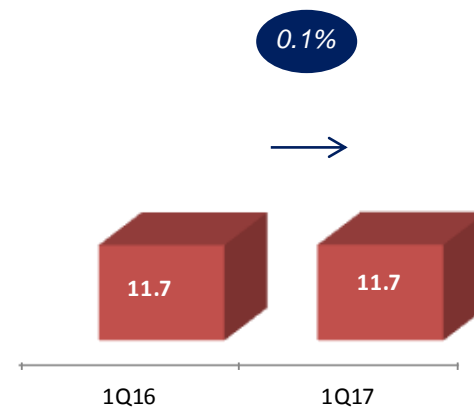
Ebitda (TL mn)



Total Costs (TL mn)



Raw Material (TL mn)



- Revenues at TL46.3 mn was up by 4% in 1Q17 yoy, with the support of cover price adjustments; while EBITDA came in at 5%, due to higher COGS.
- Net Other Operating income was TL6.9 mn in 1Q17, vs. TL1 mn expense in 1Q16; as a result of high cash position in fx and weak TL against US\$ in 1Q17.

(TL '000)	FY16	1Q16	1Q17	1Q17/16
Sales	189,895	44,390	46,279	4%
(-) Cost of sales	114,754	27,020	29,565	9%
Gross profit	75,141	17,370	16,713	-4%
(-) Operating expenses	57,891	14,268	15,159	6%
Operating profit	17,251	3,102	1,554	-50%
Operating profit margin	9.1%	7.0%	3.4%	
Other Operating Income/(Expenses)-net	28,382	(1,072)	6,876	n.m
Income/(Expenses) from Investing Activities-net	55,216	1,927	2,071	7%
Profit before tax	100,849	3,957	10,501	165%
Net Profit for the Period	88,224	3,200	8,466	165%
<i>Amortised cost valuation income</i>	995	197	127	-36%
<i>Depreciation & amortisation</i>	1,950	477	442	-7%
EBITDA	20,196	3,777	2,123	-44%
EBITDA Margin	10.6%	8.5%	4.6%	

- Total Revenues increased by 4.3% in 1Q17 yoy.
 - Circulation revenues were up by 12%: 15% yoy decline in average daily circulation figures was totally offset by newspaper cover price adjustments.
 - Total ad revenues declined by 7.2% yoy.

Revenues (TL '000)	FY15	FY16	1Q16	1Q17	1Q17/16 Ch (%)
Circulation Revenues	99,934	101,785	25,806	28,957	12.2%
Avg. Daily Circulation	480,773	414,032	441,944	375,315	-15.1%
Total Ad Revenues	86,806	84,684	17,823	16,540	-7.2%
- Print Ad Revenues	78,584	78,834	16,461	15,113	-8.2%
- Online Ad Revenues	8,222	5,849	1,362	1,427	4.8%
Other Revenues	3,942	3,427	761	782	2.7%
Total Revenues	190,681	189,895	44,390	46,279	4.3%

Despite 25.6% increase in average US\$ rate in 1Q17 vs 1Q16; newsprint costs were in line with 1Q16 levels, due to lower circulation figures and 1.3 % drop in average newsprint/ton prices in US\$ terms. Total costs were up by 8.3% due to higher Printing & Other costs; and Sales & Marketing Expenses.

Costs (TL '000)	FY15	FY16	1Q16	1Q17	1Q17/16 Ch (%)
Cost of Sales	108,580	114,754	27,020	29,565	9.4%
- Newsprint costs	47,286	47,541	11,682	11,689	0.1%
- Printing & other costs	61,293	67,212	15,337	17,877	16.6%
Operating Expenses	58,881	57,891	14,268	15,159	6.2%
- General & Administrative Expenses	15,757	15,076	3,503	3,070	-12.4%
- Sales & Marketing Expenses	43,124	42,815	10,766	12,090	12.3%
Total Costs	167,460	172,644	41,288	44,724	8.3%

- Net cash position was TL183.8 mn at March 31, 2017 (with fx cash position of US\$44.8 mn), vs. TL 177.8 mn in December 31, 2016, with the effect of currency valuation.

Net Cash Position (TL '000)	31.12.2015	31.12.2016	31.03.2017	ch%
Cash And Cash Equivalents	161,140	177,807	184,464	4%
S.T. Bank Borrowings	602	-	679	n.m
Net Cash	160,538	177,807	183,785	3%

- The macroeconomic developments in Turkey, may put pressure on ad revenues in 2017. Further actions will be taken to prevent negative deviation of circulation and ad revenues.
- Cash position in fx eliminates the foreign currency risk in operational costs: Company is exposed to foreign currency risk through the newsprint and printing costs which is dependent on US\$.
- Restructuring in newsportals will support digital revenues in the coming quarters.
 - A new editor in chief was appointed to posta.com.tr in November 2016. New strategies will follow with this restructuring.
 - Fanatik positions itself as a multi-platform channel for news and sports entertainment and will focus more on mobiles with fanatik.com.tr.
- Getting the best optimization in circulation/cost model for «Posta»: options for promotion, editorial page numbers and editorial content will be continued to be implemented in an effective way.
- The positive impact of cover price increases, will be in effect throughout 2017. Following Posta's cover price adjustment, Fanatik is also evaluating cover price increase possibilities for 2H17.
- The Board decided to contribute to the capital increase of Öncü Venture Capital Investment Trust ("Öncü") in April 2017. The cash outflow from Doğan Gazetecilik will be TL20 mn and will have 25% stake in Öncü. Founded in 2014 by Doğan Holding, Öncü aims to invest in Turkey-based startup enterprises that have the capability to generate cash and high profits.