

Review of 1H11 Results

Doğan Gazetecilik A.Ş.

August 23, 2011

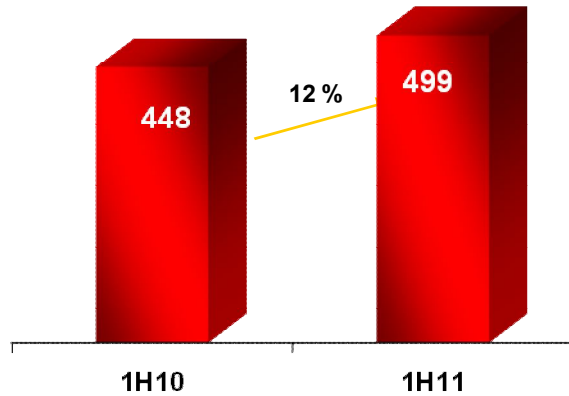


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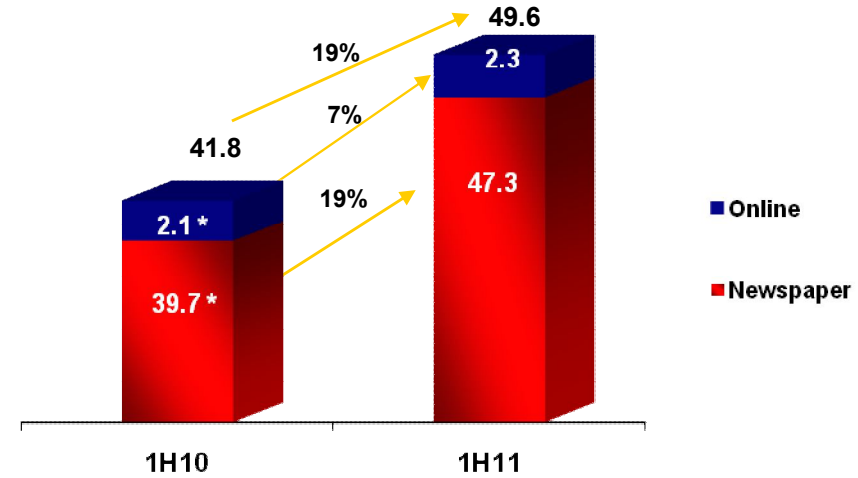
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Newspapers – Turkey (Est)
(TLm)





Continued Operations of Dogan Gazetecilik Proforma Ad Growth* (TL m)



- Recovery in newspaper ad spend continued in 2Q11; newspaper ad spending increased by 12% in 1H11, yoy.
- Doğan Gazetecilik outperformed the newspaper ad market newspaper (excluding discontinued Radikal in 1H10); as Posta title ad revenues increased by 21% yoy.
- News web sites had performed better than online classifieds: News portals total ad revenue growth was 43% in yoy.

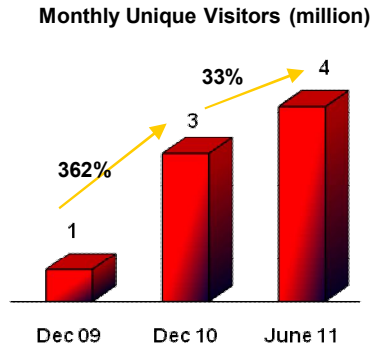
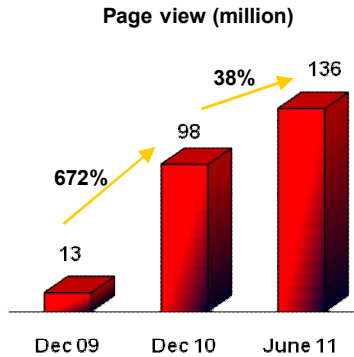
*Ad revenue plus amortised cost valuation income

Market Shares	FY10	1H11	Ch vs. FY10
CIRCULATION MARKET SHARE (*)	14,6%	13,7%	-0,9 pp
Doğan Gazetecilik Daily Average Circulation (000 units) (**)	678	670	-1,2%
 POSTA	495	483	-2,5%
 FANATIK	183	188	2,3%
Nationwide average circulation (000 units)	4.646	4.882	5,1%

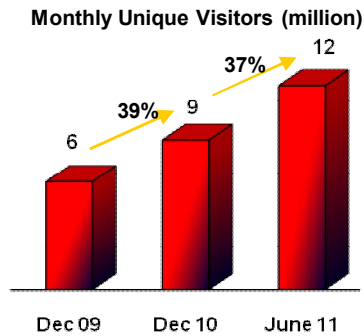
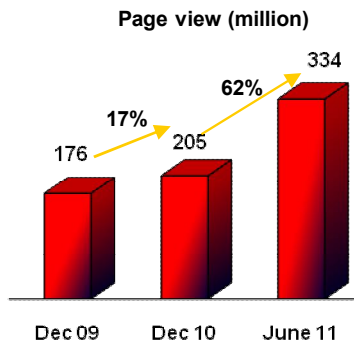
- Dogan Gazetecilik recurring ad revenues grew by 19%, which higher than the market growth of 12%
- Posta.com.tr was launched at 2009-end with a strategy to differentiate from other news web sites and reached a monthly unique visitor of 3.7 mn as of June 2011, up by 33% vs. 2010-end.
- Milliyet and Vatan titles were sold to Demiroren & Karacan Group in May 2, 2011 for US\$74 mn (prior to closing adjustments and interest accruals charges): Milliyet trademark was sold US\$48 mn (incl. VAT) and Vatan was sold at US\$26 mn.
- EBITDA of TL11 mn from continued operation would turn into EBITDA loss of TL 1.4 mn with discontinued operations of Milliyet & Vatan
- The total one-off expenses amounting to TL8.2 mn, registered for the purpose of tax immunity* (TL6.1 mn) in accordance with the Law No. 6111 and for the Competition Board fine (TL2.1 mn).

* Tax examination immunity

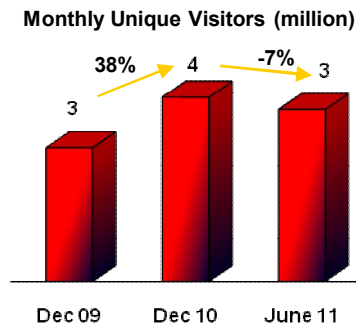
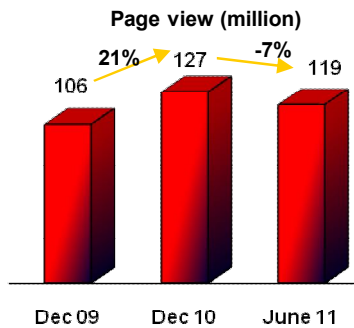
News web sites are well positioned in the market



- Posta.com.tr was launched as of October 2009
- Ranked 6th newsportal as of June 2011.(*)
- Monthly Page view as of June 2011 was 136 mn, up by 38% vs. 2010-end. (**)
- Monthly Unique Visitors as of 3.7 mn June 2011, up by 33% vs. 2010-end. (**)



- Ranked #2 nd among web sites for sports in Turkey (*).
- Monthly Unique Visitors 11.7 mn as of June 2011, up by 37% vs. 2010-end. (**)



- Market leader in Turkey in online Auto Category. (*)
- Monthly Unique Visitors 3.3 mn as of June 2011, down by 7% vs. 2010-end. (**)

Continued Operations Summary Results

Quarterly Analysis (TL '000)	% Ch.			% Ch.		
	2Q10	2Q11	2Q11/10	1H10	1H11	1H11/10
Sales	52.806	53.794	2%	98.486	98.017	0%
Cost of sales	28.697	31.801	11%	53.003	60.585	14%
Gross profit	24.110	21.993	-9%	45.483	37.432	-18%
Operating expenses	16.502	17.311	5%	30.025	28.411	-5%
Ebit*	7.607	4.682	-38%	15.458	9.021	-42%
Ebit Margin	14,4%	8,7%		15,7%	9,2%	
Continued Operations Ebitda	8.296	5.901	-29%	16.872	11.046	-35%
Ebitda Margin	15,7%	11,0%		17,1%	11,3%	
Net Profit for the Period (Incl. Discontinued Operations)	1.641	16.530	n.m	640	-2.803	n.m
Net Profit Attributable to Equity Holders of the Company	1.593	16.536	n.m	614	-2.761	n.m
<i>Amortised cost valuation income</i>	<i>227</i>	<i>484</i>	<i>113%</i>	<i>395</i>	<i>828</i>	<i>110%</i>
<i>Depreciation & amortisation</i>	<i>463</i>	<i>736</i>	<i>59%</i>	<i>1.019</i>	<i>1.197</i>	<i>17%</i>

Continued Operations Revenues

Revenues (TL '000) (*)	2Q10	2Q11	2Q11/10 Ch (%)	1H10	1H11	1H11/10 Ch (%)
Circulation Revenues						
Revenue (TL '000)	26.010	24.292	-7%	52.103	48.677	-7%
Circulation (000) (daily average sales)	725	663	-9%	726	670	-8%
Advertisement Revenues						
Revenue (TL '000)	25.365	27.271	8%	43.806	45.792	5%
Internet Revenues						
Revenue (TL '000)	1.155	1.518	32%	2.123	2.282	7%
Other Revenues						
Service and other (TL '000)	277	713	158%	454	1.266	179%
Total Revenues	52.806	53.794	2%	98.486	98.017	0%

* 1H10 revenues and avg. daily circulation figures include 6 months of Radikal's operations; while 2Q10 figures include 3 months of Radikal's operations,

Continued Operations Costs

Newsprint costs increased by 28% yoy in 1H11, despite lower newsprint consumption. This is mainly due to the higher average newsprint prices in 1H11 (up by 24% in US\$ terms) and devaluation of TL against USD (3%).

Costs	2Q11/10			1H11/10		
	2Q10	2Q11	Ch (%)	1H10	1H11	Ch (%)
Cost of Sales (TL '000)	28.697	31.801	11%	53.003	60.585	14%
Newsprint costs	13.678	16.927	24%	25.143	32.181	28%
Printing & other costs	15.019	14.875	-1%	27.860	28.404	2,0%
Operating Expenses (TL '000)	16.502	17.311	5%	30.025	28.411	-5%
General & Administrative Expenses	2.526	4.537	80%	4.560	6.418	41%
Sales & Marketing Expenses	13.977	12.774	-9%	25.465	21.993	-14%
Total Costs	45.199	49.113	9%	83.028	88.995	7%

Increase in general & administrative expenses yoy is mainly due to personnel and consultancy expenses

(TL '000)

Profitability	2Q11/10			1H11/10		
	2Q10	2Q11	Ch (%)	1H10	1H11	Ch (%)
Adj.EBIT	7.607	4.682	-38%	15.458	9.021	-42%
Other Income/(Expense) - net (*)	5.226	1.432	-73%	5.638	(1.675)	n.m
Financial Income/(Expense) - net	156	3.980	n.m	128	3.850	n.m
Profit from Continued Operations	12.989	10.093	-22%	21.223	11.196	-47%
Taxation	(3.186)	(4.546)	43%	(3.205)	(4.527)	41%
- Corporate tax	(2.554)	(2.662)	4%	(2.571)	(2.920)	14%
- Deferred tax	(632)	(1.884)	n.m	(634)	(1.607)	n.m
Net Profit from Continued Operations	9.803	5.547	-43%	18.018	6.669	n.m
Net Profit / (Loss) from Discontinued Operations	(8.162)	10.983	n.m	(17.378)	(9.472)	-45%
Net Income for the Period	1.641	16.530	n.m	640	(2.803)	n.m
Attributable to non-controlling interests	(48)	6	n.m	(26)	41	n.m
Attributable to Equity Holders of the Company	1.593	16.536	n.m	614	(2.761)	n.m

Calculation of Discontinued Operations Net Loss 1H10-4M11

(TL'000)	1H10	4M11	ch%
Net Loss from Discontinued Operations	(17.378)	(22.390)	29%
Profit on Sale Trademark and Subsidiary	-	19.459	
Taxation Expense Profit on Sale	-	(6.541)	
After Taxation Net Loss from Discontinued Operations	(17.378)	(9.472)	-45%

Investments & Financing (TL '000)	FY10	1H11 *	ch%
CASH AND CASH EQUIVALENTS	5.316	13.856	161%
S.T. BANK BORROWINGS	33.097	25.148	-24%
L.T. BANK BORROWINGS	-	-	-
NET CASH / (NET DEBT)	(27.781)	(11.292)	-59%
INVESTMENTS	2.033	545	-73%

* Discontinued operations are excluded from 1H11 Balance Sheet figures.

Continued Operations 1H10-1H11 CMB Reported EBIT - EBITDA Reconciliation

(TL'000)	1H10	1H11	ch%
Reported EBIT	21.095	7.347	-65%
Other Income-Expenses	5.638	(1.675)	n.a.
Adjusted EBIT	15.458	9.021	-42%
Amortised cost valuation income	395	828	110%
Depreciation & Amortisation	1.019	1.197	17%
EBITDA	16.872	11.046	-35%

- Following a recovery of 14% in 2010, newspaper ad market continued its upward trend in 2011; 12% growth attained in 1H11. Newspaper ad market growth in 2011 is likely to be around 12-14%, unless there is unexpected negative development in the global markets.
- Posta title with its high reach in total readers is likely to continue to outperform in 2011.
- The sale of Milliyet and Vatan titles anticipated to have a positive impact on profitability margins in the long run.
- Less aggressive strategies are expected in marketing and promotion campaigns in 2011.