

Dođan Gazetecilik A.Ş.

Review of 1Q16 Results



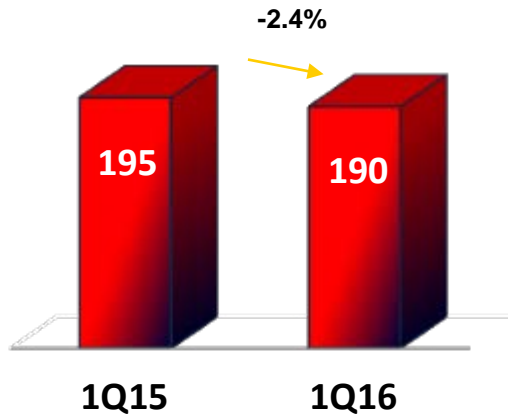
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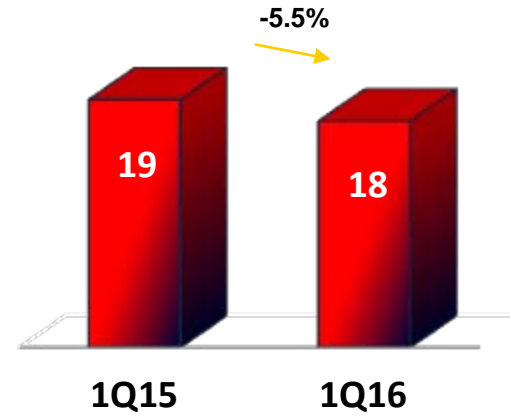
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Newspapers – Turkey (TLmn) ⁽¹⁾





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



- Turkish newspaper ad market declined by 2.4% in 1Q16, yoy, mainly with poor performance in 1Q16.

⁽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	4Q15	1Q15	1Q16	1Q16/15 Ch (%)
CIRCULATION MARKET SHARE	10.0%	11.5%	11.0%	-0.4 pp
Doğan Gazetecilik Daily Average Circulation (*)	433,452	532,529	441,944	-17.0%
 POSTA	313,043	387,194	323,144	-16.5%
 FANATIK	120,408	145,335	118,800	-18.3%
Nationwide average circulation	4,324,120	4,647,470	4,012,120	-13.7%

* Source: Basın İlan

Major Developments in 1Q16



Newspaper circulation and advertising figures were down by 14% and 2%, respectively in Turkey. This was partially offset by Doğan Gazetecilik with the support of newspaper cover price adjustments.



«Fanatik» positioned itself as "an integrated newspaper and digital platform channel for news and sports entertainment" and will continue to strengthen its position as a multi-platform channel.



Cover price adjustments in 1Q16 :

As of Jan 2016, the cover prices of Posta in all cities for weekdays increased by 25% to TL0.75.



Organizational restructuring in advertising departments that took place at Posta and Fanatik, aims to support advertising revenues in the next quarters of 2016.



www.fanatik.com.tr

- 5.5 mn monthly UV
- 164.0 mn monthly PV



Fanatik mobile

- 3.6 mn monthly UV
- 82.1 mn monthly PV

Fanatik live score

- 335 k monthly UV
- 2.1 mn monthly PV



www.posta.com.tr

- 3.6 mn monthly UV
- 86.1 mn monthly PV

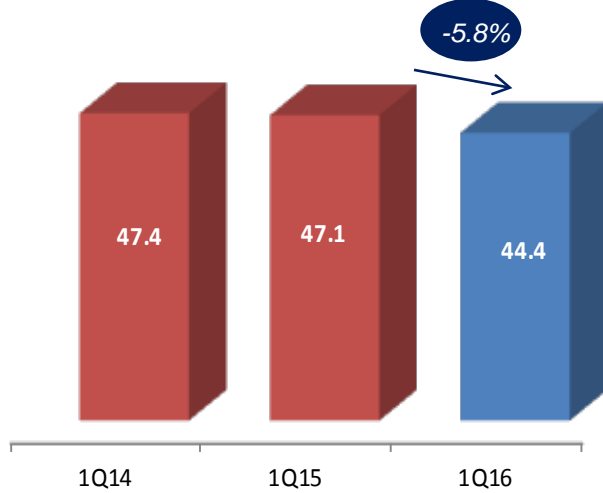


Posta mobile

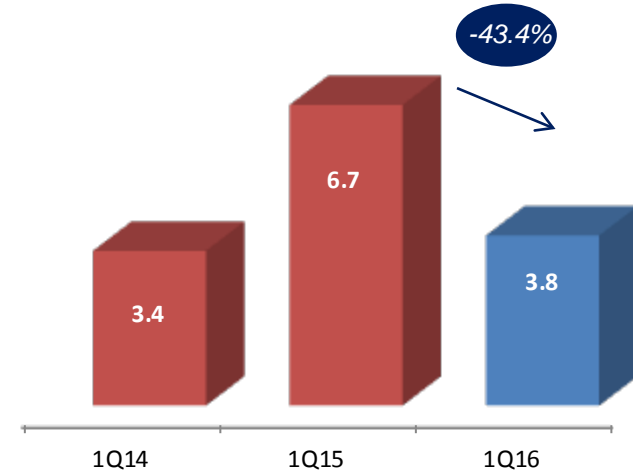
- 302 k monthly UV
- 4.4 mn monthly PV

(* Source :Gemius (Average Jan-Mar 2016)

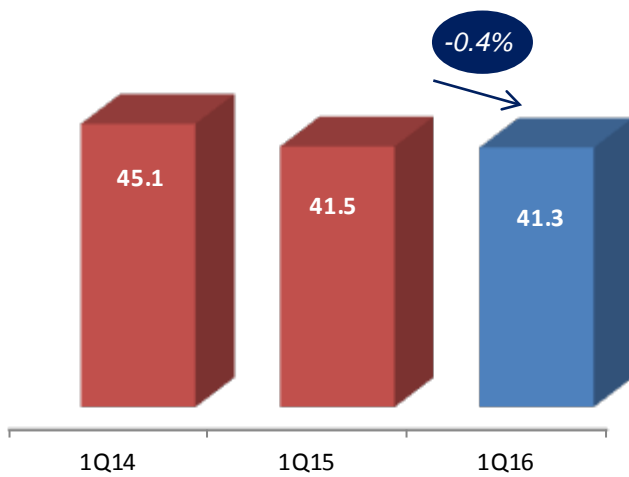
Revenues (TL mn)



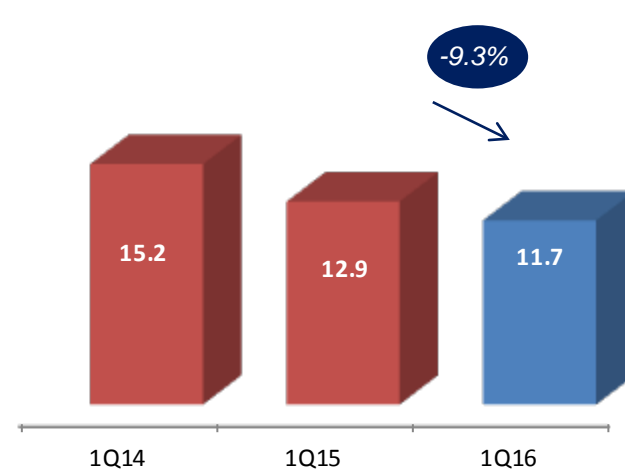
Ebitda (TL mn)



Total Costs (TL mn)



Raw Material (TL mn)



- EBITDA declined to TL 3.8 mn, with higher operating expenses to support circulation figures after cover price adjustments and the negative impact of average fx on newsprint costs in 1Q16 vs 1Q15 . EBITDA margin was 8.5%.
- Net Other Operating expense of TL1 mn in 1Q16, vs. income of TL11.9 mn in 1Q15; as a result of high cash position in fx and TL's appreciation against US\$ in 1Q16.

(TL '000)	FY15	1Q15	1Q16	% Ch 1Q16/15
Sales	190,681	47,139	44,390	-6%
(-) Cost of sales	108,580	27,708	27,020	-2%
Gross profit	82,102	19,431	17,370	-11%
(-) Operating expenses	58,881	13,762	14,268	4%
Operating profit	23,221	5,668	3,102	-45%
Operating profit margin	12.2%	12.0%	7.0%	
Other Operating Income/(Expenses)-net	26,571	11,867	(1,072)	-109%
Investing Activities Income/(Expenses)-net	25,710	2,223	1,927	-13%
Profit before tax	75,502	19,759	3,957	-80%
Net Profit for the Period	60,817	15,390	3,200	-79%
<i>Amortised cost valuation income</i>	1,118	212	197	-7%
<i>Depreciation & amortisation</i>	3,099	792	478	-40%
EBITDA	27,439	6,673	3,777	-43%
EBITDA Margin	14.4%	14.2%	8.5%	

- With the support of newspaper cover price increases, the decline in total revenues were limited at 5.8% yoy in 1Q16.
- Decline in online revenues was due to the impact of «arabam.com» sale: the growth in online revenues would be 21% with adjusted comparative figures.

Revenues (TL '000)	FY14	FY15	1Q15	1Q16	1Q16/15 Ch (%)
Circulation Revenues	98,826	99,934	27,197	25,806	-5.1%
Avg. Daily Circulation	562,906	480,773	532,529	441,944	-17.0%
Total Ad Revenues	94,326	86,806	19,161	17,823	-7.0%
- Print Ad Revenues	87,283	78,584	17,446	16,461	-5.6%
- Online Ad Revenues	7,043	8,222	1,715	1,362	-20.6%
Other Revenues	6,143	3,942	780	761	-2.4%
Total Revenues	199,295	190,681	47,139	44,390	-5.8%

Despite the negative impact of average fx in 1Q16 vs 1Q15; newsprint costs were down by 9%, owing to lower circulation figures, and 14% drop in average newsprint/ton prices in US\$ terms.

Costs (TL '000)	FY14	FY15	1Q15	1Q16	1Q16/15 Ch (%)
Cost of Sales	122,399	108,580	27,708	27,020	-2.5%
- Newsprint costs	61,761	47,286	12,874	11,682	-9.3%
- Printing & other costs	60,638	61,293	14,834	15,337	3.4%
Operating Expenses	60,175	58,881	13,762	14,268	3.7%
- General & Administrative Expenses	15,402	15,757	3,333	3,503	5.1%
- Sales & Marketing Expenses	44,773	43,124	10,430	10,766	3.2%
Total Costs	182,574	167,460	41,471	41,288	-0.4%

- Despite the negative impact of fx volatility in 1Q16, net cash position reached TL168.2 mn at 1Q16-end (with fx cash position of US\$49.3 mn), vs. 160.5 mn TL in FY15, as a result of cash inflows from operational performance.

Net Cash Position (TL '000)	FY14	FY15	1Q16	ch%
Cash And Cash Equivalents	97,623	161,140	168,616	5%
S.T. Bank Borrowings	542	602	439	-27%
Net Cash	97,081	160,538	168,177	5%



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 through 2016. Following Posta's cover price adjustment, Fanatik is also evaluating cover price increase possibilities for 2H16.



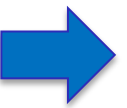
Strong cash position and profitability will be maintained in 2016 and onwards, which will be the potential for consistent cash dividend.



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\$.



TL37.1 mn gross cash dividend distributed from FY15 earnings in April 2016.
(TL0.35 cash dividend per share)



As of 2Q16 better EBITDA performance is expected due to positive contribution of ad revenues based on the restructuring of ad departments