

Dođan Gazetecilik A.Ş.

Review of 9M17 Results



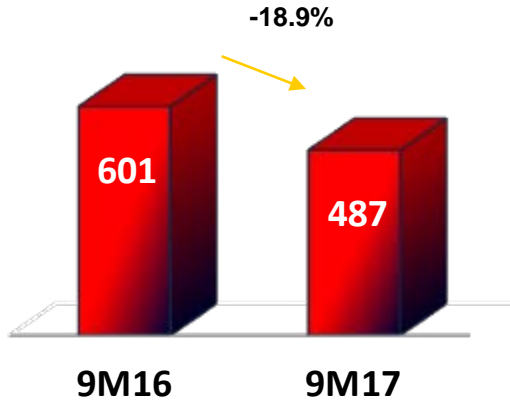
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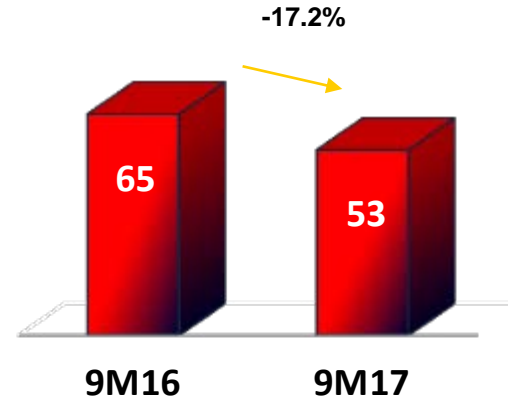
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Newspapers – Turkey (TLmn) ⁽¹⁾



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





- Negative market conditions led to a 19% yoy contraction in Turkish newspaper ad market; while Dogan Gazetecilik print ad revenues dropped by 17% in the same term yoy.

⁽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.

- Average daily newspaper circulation figures in Turkey were down by 12% yoy.
- Dogan Gazetecilik maintained its market share at 11%, together with Posta & Fanatik titles.

Market Shares	9M16	9M17	9M17/16 Ch (%)
CIRCULATION MARKET SHARE	11.3%	11.0%	-0.3 pp
Doğan Gazetecilik Daily Average Circulation (*)	421,475	362,824	-13.9%
 POSTA	304,968	260,621	-14.5%
 FANATIK	116,506	102,202	-12.3%
Nationwide average circulation	3,738,344	3,306,303	-11.6%

Major Developments in 9M17

- The political and economical uncertainty in Turkey in 9M17 had a negative impact on newspaper ad market. Newspaper ad market contracted by 18.9% yoy.
- Newspaper cover price adjustments 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 Jun 2017 by 25% to TL1.25 had a positive contribution in 3Q17 figures.
- The Board decided to contribute to the capital increase of Öncü Venture Capital Investment Trust ("Öncü") in April 2017. The cash outflow of TL20 mn from Doğan Gazetecilik took place on August 2, 2017, in return for 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.
- Doğan Gazetecilik invested in Doğan Faktoring A.Ş' bond, issued on September 20, 2017, in return for 8,272,251 Turkish Liras with a nominal value of 8,870,000 TL. The bond has a maturity of 177 days and an annual gross simple yield of 14.90%.

- As a result of restructuring, substantial increase in Posta's mobile traffic data.



www.fanatik.com.tr

- 5.2 mn (4.7 mn in 9M16) monthly UV
- 170.0 mn (165.5 mn in 9M16) monthly PV



Fanatik mobile

- 5.9 mn (5.1 mn in 9M16) monthly UV
- 145.4 mn (111.8 mn in 9M16) monthly PV

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



www.posta.com.tr

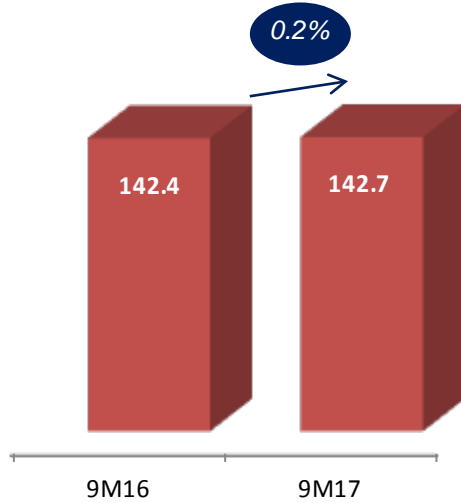
- 2.4 mn (3.2 mn in 9M16) monthly UV
- 120.0 mn (77.6 mn in 9M16) monthly PV



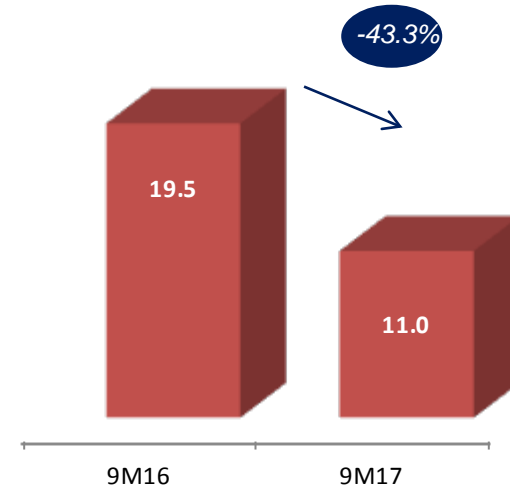
Posta mobile

- 3.1 mn (546k in 9M16) monthly UV
- 75.5 mn (5.8 mn in 9M16) monthly PV

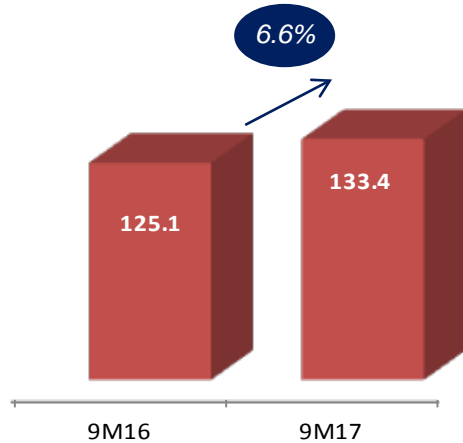
Revenues (TL mn)



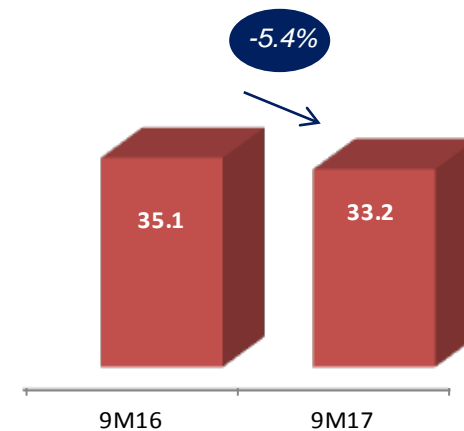
Ebitda (TL mn)



Total Costs (TL mn)



Raw Material (TL mn)



- Revenues at TL142.7 mn in 9M17 were at the same level as in 9M16, with the support of cover price adjustments. EBITDA came in at 7.7%, due to higher COGS and OPEX.

(TL '000)	FY16	9M16	9M17	% Ch 9M17/16	3Q16	3Q17	% Ch 3Q17/16
Sales	189,895	142,358	142,683	0%	46,698	48,101	3%
(-) Cost of sales	114,754	83,027	84,757	2%	27,910	26,732	-4%
Gross profit	75,141	59,331	57,926	-2%	18,788	21,369	14%
(-) Operating expenses	57,891	42,085	48,603	15%	13,243	18,250	38%
Operating profit	17,251	17,246	9,323	-46%	5,545	3,119	-44%
Operating profit margin	9.1%	12.1%	6.5%		11.9%	6.5%	
Other Operating Income/(Expenses)-net	28,382	8,522	6,780	-20%	5,918	3,485	-41%
Income/(Expenses) from Investing Activities-net	55,216	5,853	6,322	8%	2,017	2,159	7%
Profit before tax	100,849	31,621	22,425	-29%	13,480	8,764	-35%
Net Profit for the Period	88,224	25,328	18,057	-29%	10,778	6,951	-36%
<i>Amortised cost valuation income</i>	995	762	509	-33%	204	123	-40%
<i>Depreciation & amortisation</i>	1,950	1,477	1,206	-18%	496	380	-23%
EBITDA	20,196	19,484	11,039	-43%	6,246	3,622	-42%
EBITDA Margin	10.6%	13.7%	7.7%		13.4%	7.5%	

- Total Revenues in 9M17 remained intact with the same levels attained in 9M16, owing to higher cover prices.
 - Circulation revenues were up by 12.4%: 13.9% yoy decline in average daily circulation figures was totally offset by newspaper cover price adjustments.
 - Total ad revenues declined by 15.3% yoy.

Revenues (TL '000)	FY15	FY16	9M16	9M17	9M17/16 Ch (%)	3Q16	3Q17	3Q17/16 Ch (%)
Circulation Revenues	99,934	101,785	76,932	86,437	12.4%	26,205	29,898	14.1%
Avg. Daily Circulation	480,773	414,032	421,475	362,824	-13.9%	408,555	354,847	-13.1%
Total Ad Revenues	86,806	84,684	62,983	53,316	-15.3%	19,584	17,115	-12.6%
- Print Ad Revenues	78,584	78,834	58,564	48,613	-17.0%	18,238	15,471	-15.2%
- Online Ad Revenues	8,222	5,849	4,420	4,703	6.4%	1,346	1,643	22.1%
Other Revenues	3,942	3,427	2,443	2,931	20.0%	909	1,089	19.8%
Total Revenues	190,681	189,895	142,358	142,683	0.2%	46,698	48,101	3.0%

Despite 22.6% increase in average US\$ rate and 1.6% increase in average newsprint/ton prices in US\$ terms in 9M17 vs 9M16; newsprint costs declined by 5.4% 9M17 yoy, due to page number optimizations and lower circulation figures. Total costs were up by 6.6% yoy; due to higher operating expenses.

Costs (TL '000)	FY15	FY16	9M16	9M17	9M17/16 Ch (%)	3Q16	3Q17	3Q17/16 Ch (%)
Cost of Sales	108,580	114,754	83,027	84,757	2.1%	27,910	26,732	-4.2%
- Newsprint costs	47,286	47,541	35,145	33,246	-5.4%	11,441	10,372	-9.3%
- Printing & other costs	61,293	67,212	47,882	51,511	7.6%	16,469	16,360	-0.7%
Operating Expenses	58,881	57,891	42,085	48,603	15.5%	13,243	18,250	37.8%
- General & Administrative Expenses	15,757	15,076	10,867	12,991	19.5%	3,493	6,431	84.1%
- Sales & Marketing Expenses	43,124	42,815	31,219	35,612	14.1%	9,749	11,819	21.2%
Total Costs	167,460	172,644	125,113	133,360	6.6%	41,153	44,982	9.3%

- Despite cash outflow of TL20 mn for 25% stake in Öncü Venture Capital Investment Trust; net cash position was TL170 mn at Sep 30, 2017 (with fx cash position of US\$43.9 mn and €1.0 mn), vs. TL 178 mn in 2016-end.

Net Cash Position (TL '000)	31.12.2015	31.12.2016	30.09.2017	ch%
Cash And Cash Equivalents	161,140	177,807	161,250	-9%
Financial Investments	-	-	8,309	n.m
S.T. Bank Borrowings	602	-	-	n.m
Net Cash	160,538	177,807	169,559	-5%

- The negative newspaper ad market may continue to pressure ad revenues in 4Q17. Further actions will be taken to lessen the negative impact of downward trend in print advertising and circulation.
- 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.
 - Following the appointment of new editor in chief in posta.com.tr in 4Q16, positive PV figures realized in newsportal's web traffic in 2017.
 - 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 cover price increases will have a positive impact also in 4Q17. On top of Posta's cover price adjustment in Jan 2017, the cover price of Fanatik for all days were also revised up by 25% to TL 1.25 as of July 2017.
- BoD decided to propose gross cash dividend of TL30.0 mn for 2016 earnings.