

Review of FY10 Results

Doğan Gazetecilik A.Ş.

March 28, 2011

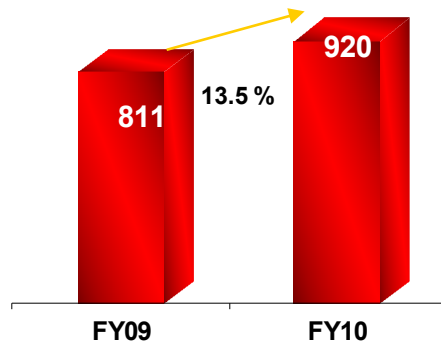


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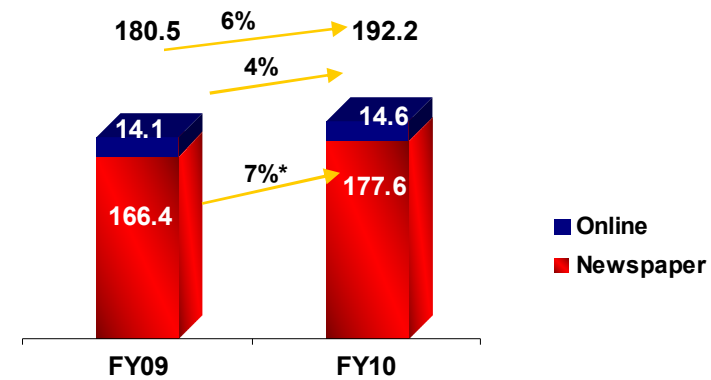
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Newspapers – Turkey (Est)
(TLm)







Dogan Gazetecilik Ad Growth*
(TL m)



* Excluding discontinued operations (Radikal), ad growth would stand at 9%

- Recovery in newspaper ad spend continued in 4Q10; newspaper ad spending increased by 13.5% in FY10, yoy.
- Among Doğan Gazetecilik’s newspaper portfolio, Posta title outperformed the market and its ad revenues increased by 18.7% yoy.
- News web sites had performed better than online classifieds: News portals total ad revenue growth was in line with internet advertising market which registered yoy growth of 32% in 2010.

- With the combination of factors such as price increases in the last two years, less aggressive promotion strategies mainly in 2H10, new entrants and market trends led to a decline in circulation market share by 2.2 pp.

Market Shares	FY09	FY10	Ch yoy
CIRCULATION MARKET SHARE (*)	23.9%	21.6%	-2.2 pp
Doğan Gazetecilik Daily Average Circulation (000 units)	1,141	1,005	-12%
 Milliyet	203	176	-13%
 POSTA	542	495	-9%
 VATAN	194	151	-23%
 FANATIK	202	183	-9%
Nationwide average circulation (000 units)	4,782	4,646	-2.8%

- In advertising revenues, among Doğan Gazetecilik newspaper portfolio, Posta outperformed the market in 2010.
- Mr. Servet Topaloğlu was appointed as the new CEO of Dogan Gazetecilik in February 2010
- Radikal title brandname and website domain name rights was sold to Hurriyet based on the valuation report with a value of 5,095,000 TL excluding VAT at June-end 2010.
- Vatan was relocated to the Company headquarters in July 2010, which led to cost savings in 2010.
- Milliyet's weekday cover prices in regions other than three major cities were increased by 25% in September 2010 and later weekend cover prices for these mentioned regions were upped by 25% in October 2010. The price adjustments implies 10% increase in Milliyet's monthly circulation revenue.
- As part of the regional strategy growth, Milliyet started Ankara supplement in October 2010.
- 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 2.8 mn as of December-end 2010.
- European publishing and distribution of Milliyet & Fanatik titles which have been published in Germany and distributed within Europe by Milliyet Verglas GMBH were ceased as of May 9, 2010.
- Tax settlement is concluded with the Tax Authority with a total amount of 10.2 mn TL (for the fiscal term 2004-2008) and payment made in 2010. The only outstanding tax issue amounting to 0.95 mn TL is in the appealing process (for the amount of 0.72 mn TL that resolved against the Company) with an injunction decision.

News web sites are well positioned in the market



- Milliyet is the #2 online newsportal. (*)
- Monthly Unique Visitors as of December 2010 was 23 mn, up by 15% vs. 2009-end. (**)



- Posta.com.tr was launched as of October 2009
- Ranked 9th newsportal as of December 2010.(*)
- Monthly Page view as of December 2010 was 98 mn, up by 672% vs. 2009-end. (**)
- Monthly Unique Visitors as of 2.8 mn December 2010, up by 362% vs. 2009-end. (**)



- Ranked 5th newsportal in Turkey (*)
- Monthly Unique Visitors as of December 2010 was 7.8 mn, down by 38% vs. 2009-end. (**)



- Ranked #2 nd among web sites for sports in Turkey. (*)
- Monthly Unique Visitors 8.5 mn as of December 2010, up by 39% vs. 2009-end. (**)



- Third most visited real estate web sites in Turkey. (*)
- Monthly Unique Visitors 1.3 mn as of December 2010, up by 28% vs. 2009-end. (**)



- Market leader in Turkey in online Auto Category. (*)
- Monthly Unique Visitors 3.5 mn as of December 2010, up by 38% vs. 2009-end. (**)

(TL '000)	% Ch.			% Ch.		
	FY09	FY10	FY10/09	4Q09	4Q10	4Q10/09
Sales	349,192	353,869	1%	90,131	87,175	-3%
Cost of sales	230,046	221,969	-4%	55,958	61,369	10%
Gross profit	119,146	131,899	11%	34,172	25,806	-24%
Operating expenses	122,760	133,390	9%	36,712	35,511	-3%
EBIT*	-3,614	-1,491	-59%	-2,540	-9,705	282%
EBIT Margin	-1.0%	-0.4%		-2.8%	-11.1%	
EBITDA	5,523	12,745	131%	-664	-2,055	210%
EBITDA Margin	1.6%	3.6%		-0.7%	-2.4%	
Net Profit	-16,255	-16,529	2%	-10,322	-20,231	96%
Net Profit Margin	-4.7%	-4.7%		-11.5%	-23.2%	
<i>Amortised cost valuation income</i>	<i>1,709</i>	<i>2,816</i>	<i>65%</i>	<i>351</i>	<i>1,580</i>	<i>350%</i>
<i>Depreciation & amortisation</i>	<i>7,428</i>	<i>7,494</i>	<i>1%</i>	<i>1,525</i>	<i>2,145</i>	<i>41%</i>



* EBIT figures are based on reported balances before other income /expenses and financial income /expenses

Revenues (TL '000) *	FY09	FY10	FY10/09 Ch (%)	4Q09	4Q10	4Q10/09 Ch (%)
Circulation Revenues						
Revenue (TL '000)	167,587	161,083	-4%	43,371	37,567	-13%
Circulation (000) (daily average sales)	1,180	1,043	-12%	1,149	934	-19%
Advertisement Revenues						
Revenue (TL '000)	164,128	173,428	6%	42,897	45,046	5%
Internet Revenues						
Revenue (TL '000)	14,137	14,642	4%	3,845	4,004	4%
Other Revenues						
Service and other (TL '000)	3,340	4,715	41%	19	558	n.a.
Total Revenues	349,192	353,869	1%	90,131	87,175	-3%

* 2010 revenues and units include 8 months of Radikal's operations, while 2009 revenues include full year operations of Radikal.

The decline in newsprint costs is linked to the drop in newsprint costs per ton in USD terms by 15% and revaluation of TL against USD by 3%. Additionally, decrease in tonnage has an effect of 1.4% decline in newsprint consumption.

Costs	FY09	FY10	FY10/09 Ch (%)	4Q09	4Q10	4Q10/09 Ch (%)
Cost of Sales (TL '000)	230,046	221,969	-4%	55,957	61,369	10%
Newsprint costs	113,492	90,990	-20%	23,164	24,403	5%
Printing & other costs	116,554	130,979	12%	32,793	36,966	13%
Operating Expenses (TL '000)	122,760	133,390	9%	36,713	35,511	-3%
General & Administrative Expenses	27,222	29,892	10%	7,648	10,244	34%
Sales & Marketing Expenses	95,538	103,498	8%	29,065	25,267	-13%
Total Costs	352,806	355,359	1%	92,670	96,880	5%

Increase in general & administrative expenses yoy is mainly due to the increase in personnel expenses, employee termination benefits and unused vacation provisions.

(TL '000)

Profitability	FY10/09			4Q10/09		
	FY09	FY10	Ch (%)	4Q09	4Q10	Ch (%)
EBIT	(3,614)	(1,491)	-59%	(2,540)	(9,705)	n.a.
Other Income/(Expense) - net	(9,600)	(4,908)	-49%	(7,865)	(5,662)	-28%
Financial Income/(Expense) - net	(4,913)	(1,383)	-72%	(225)	113	n.a.
Minority	(132)	99	n.a.	(130)	57	n.a.
Profit before tax	(16,549)	(7,683)	-54%	(10,760)	(15,197)	41%
Taxation	293	(8,846)	n.a.	438	(5,034)	n.a.
- Corporate tax	(2,276)	(4,554)	100%	268	(241)	n.a.
- Deferred tax	2,569	(4,292)	n.a.	170	(4,793)	n.a.
Net Income	(16,255)	(16,529)	2%	(10,322)	(20,231)	96%

Investments & Financing (TL '000)	FY09	FY10	ch%
CASH AND CASH EQUIVALENTS	1,231	5,316	332%
S.T. BANK BORROWINGS	20,015	33,097	65%
L.T. BANK BORROWINGS	-	-	-
NET CASH / (NET DEBT)	(18,784)	(27,781)	48%
INVESTMENTS	1,603	2,033	27%

2010-2009 CMB Reported EBIT - EBITDA Reconciliation

	FY09	FY10	ch%
CMB Reported EBIT	(13,214)	(6,399)	-52%
Other Income-Expenses	(9,600)	(4,908)	-49%
Adjusted EBIT	(3,614)	(1,491)	-59%
Amortised cost valuation income	1,709	2,816	65%
Depreciation & Amortisation	7,428	7,494	1%
Provisions for Employee Termination Benefit			
One-Off Item (Perior Year Expense)	-	3,926	n.a.
EBITDA	5,523	12,745	131%

- With the recovery in the Turkish economy by 8,9% in 2010, newspaper ad market increased by 14% yoy. Further 10-12% growth is anticipated in 2011.
- Posta title with its high reach in total readers is likely to continue to outperform in 2011.
- The full year impact of Vatan's relocation to company headquarters (took place in July 2010), discontinuation of Radikal and 10% (excluding Radikal direct employee and outsource personnel) cut in number of personnel will contribute positively to the profitability in 2011.
- Cover price increases in Milliyet in September and October 2010, will have a positive impact on circulation revenues. The price adjustments implies 10% increase in Milliyet's monthly circulation revenue.
- Less aggressive strategies are expected in marketing and promotion campaigns in 2011.
- Further growth expectation in advertising market and full-year impact of cost cutting strategies are likely to have a positive impact on operational performance in 2011.