

Review of 1Q11 Results

Doğan Gazetecilik A.Ş.

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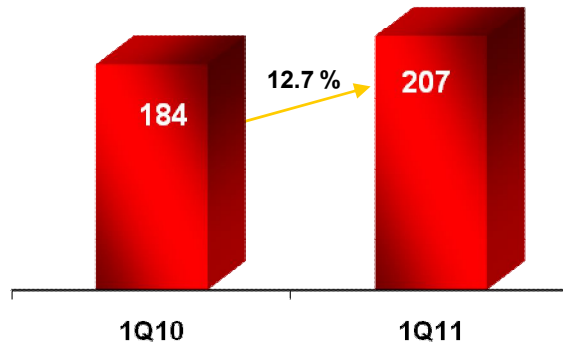


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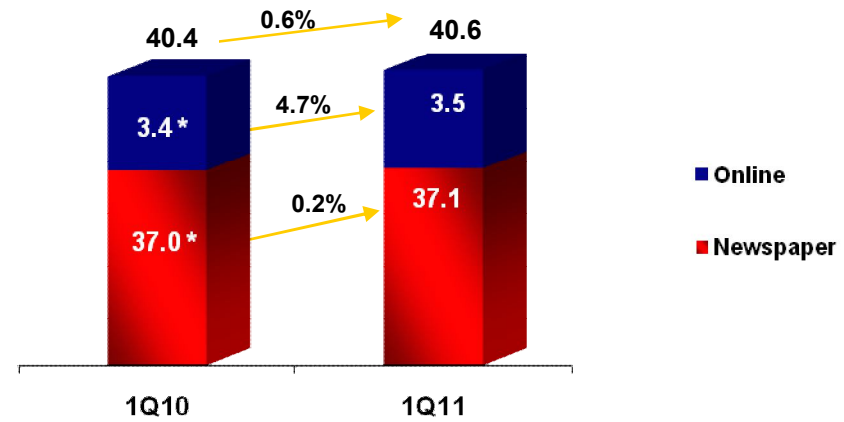
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Newspapers – Turkey (Est)
(TLm)







Doğan Gazetecilik Ad Growth*
(TL m)



* Including discontinued operations (Radikal), in 1Q10.

- Doğan Gazetecilik ad revenues remained stable in 1Q11 at TL41 mn: excluding discontinued Radikal in 1Q10, the yoy growth was 5%.
- Among Doğan Gazetecilik's newspaper portfolio, Posta title outperformed the market and its ad revenues increased by 17% yoy.
- News web sites had performed better than online classifieds: News portals total ad revenue growth was 30% in yoy.

- With the combination of factors such as price increases in the last two years, less aggressive promotion strategies in 2H10 and 1Q11, new entrants and market trends led to a decline in circulation market share by 1.7 pp.

Market Shares	FY10	1Q11	Ch vs. FY10
CIRCULATION MARKET SHARE (*)	21,6%	20,0%	-1,7 pp
Doğan Gazetecilik Daily Average Circulation (000 units) (**)	1.005	963	-4%
 Milliyet	176	165	-6%
 POSTA	495	494	0%
 VATAN	151	120	-21%
 FANATIK	183	184	1%
Nationwide average circulation (000 units)	4.646	4.820	3,8%

* Excluding Radikal

** Source: Basın İlan

Major Developments in 1Q11

- In advertising revenues, among Doğan Gazetecilik newspaper portfolio, Posta outperformed the market in 1Q11. Overall, Doğan Gazetecilik ad revenues registered 5% growth in 1Q11 (excluding discontinued Radikal), since the remaining titles' performances were below the market.
- 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.
- 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 March 2011, up by 30% 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. These two titles were present in 1Q11 financial results and their ad revenues made up c. 51% of total ad revenues.
- Net loss was TL19.4 mn in 1Q11, compared to a net loss of TL1.0 mn in 1Q10. The provisional expenses amounted 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



- Milliyet is the #2 online newsportal. (*)
- Monthly Unique Visitors as of March 2011 was 27 mn, up by 16% vs. 2010-end. (**)



- Posta.com.tr was launched as of October 2009
- Ranked 6th newsportal as of March 2011.(*)
- Monthly Page view as of March 2011 was 136 mn, up by 38% vs. 2010-end. (**)
- Monthly Unique Visitors as of 3.7 mn March 2011, up by 30% vs. 2010-end. (**)



- Ranked 5th newsportal in Turkey (*)
- Monthly Unique Visitors as of March 2011 was 9.1 mn, up by 17% vs. 2010-end. (**)



- Ranked #2 nd among web sites for sports in Turkey. (*)
- Monthly Unique Visitors 8.8 mn as of March 2011, up by 4% vs. 2010-end. (**)



- Ranked #2 nd among web sites for real estate in Turkey. (*)
- Monthly Unique Visitors 1.8 mn as of March 2011, up by 36% vs. 2010-end. (**)



- Market leader in Turkey in online Auto Category. (*)
- Monthly Unique Visitors 3.8 mn as of March 2011, up by 8% vs. 2010-end. (**)

(TL '000)	FY10	1Q10	1Q11	% Ch. 1Q11/10
Sales	353.869	84.535	78.321	-7%
Cost of sales	221.969	51.478	56.962	11%
Gross profit	131.899	33.057	21.359	-35%
Operating expenses	133.390	33.739	30.723	-9%
Adj.EBIT*	-1.491	-682	-9.364	n.a.
Adj.EBIT Margin	-0,4%	-0,8%	-12,0%	
EBITDA	12.745	1.486	-6.966	n.a.
EBITDA Margin	3,6%	1,8%	-8,9%	
Net Profit	-16.529	-1.023	-19.380	n.a.
Net Profit Margin	-4,7%	-1,2%	-24,7%	
<i>Amortised cost valuation income</i>	<i>2.816</i>	<i>350</i>	<i>666</i>	<i>90%</i>
<i>Depreciation & amortisation</i>	<i>7.494</i>	<i>1.819</i>	<i>1.732</i>	<i>-5%</i>



Revenues (TL '000) *	FY10	1Q10	1Q11	1Q11/10 Ch (%)
Circulation Revenues				
Revenue (TL '000)	161,083	43,445	37,634	-13%
Circulation (000) (daily average sales)	1,043	1,130	963	-15%
Advertisement Revenues				
Revenue (TL '000)	173,428	36,548	36,211	-1%
Internet Revenues				
Revenue (TL '000)	14,642	3,411	3,570	5%
Other Revenues				
Service and other (TL '000)	4,715	1,130	906	-20%
Total Revenues	353,869	84,535	78,321	-7%

* FY10 revenues and avg. daily circulation figures include 8 months of Radikal's operations; while 1Q10 figures include 3 months of Radikal's operations,

Newsprint costs increased by 13% yoy in 1Q11, despite lower newsprint consumption. This is mainly due to the higher average newsprint prices in 1Q11 (up by 26% in US\$ terms) and devaluation of TL against USD by 5%.

Costs	FY10	1Q10	1Q11	1Q11/10 Ch (%)
Cost of Sales (TL '000)	221,969	51,478	56,961	11%
Newsprint costs	90,990	20,955	23,626	13%
Printing & other costs	130,979	30,523	33,335	9%
Operating Expenses (TL '000)	133,390	33,739	30,723	-9%
General & Administrative Expenses	29,892	6,216	6,060	-3%
Sales & Marketing Expenses	103,498	27,523	24,663	-10%
Total Costs	355,359	85,217	87,684	3%

The decline in Operating Expenses in 1Q11 is mainly led by lower advertisement and promotion expenses.

(TL '000)

Profitability	FY10	1Q10	1Q11	1Q11/10
				Ch (%)
Adj. EBIT	(1,491)	(682)	(9,363)	n.a.
Other Income/(Expense) - net *	(4,908)	344	(9,518)	n.a.
Financial Income/(Expense) - net	(1,383)	(1,200)	(587)	-51%
Minority	99	(22)	36	n.a.
Profit before tax	(7,683)	(1,560)	(19,432)	n.a.
Taxation	(8,846)	537	52	-90%
- Corporate tax	(4,554)	(17)	(258)	n.a.
- Deferred tax	(4,292)	554	310	-44%
Net Income	(16,529)	(1,023)	(19,380)	n.a.

* The provisional expenses registered under other operating expenses item included TL8.2 mn registered for the purpose of tax immunity (TL6.1 mn) in accordance with the Law No. 6111 and the Competition Board fine (TL2.1 mn).

Investments & Financing (TL '000)	FY10	1Q11	ch%
CASH AND CASH EQUIVALENTS	5,316	5,110	-4%
S.T. BANK BORROWINGS	33,097	26,399	-20%
L.T. BANK BORROWINGS	-	-	-
NET CASH / (NET DEBT)	(27,781)	(21,289)	-23%
INVESTMENTS	2,033	330	-84%

1Q10-1Q11 CMB Reported EBIT - EBITDA Reconciliation

(TL'000)	1Q10	1Q11	ch%
Reported EBIT (*)	(338)	(18,882)	n.a.
Other Income-Expenses	344	(9,518)	n.a.
Adjusted EBIT	(682)	(9,364)	n.a.
Amortised cost valuation income	350	666	90%
Depreciation & Amortisation	1,819	1,732	-5%
EBITDA	1,486	-6,966	n.a.

* Reported EBIT figure included provisions for TL2.1 mn Competition Board fine and TL6.1 mn for tax immunity in 1Q11.

- Following a recovery of 14% in 2010, newspaper ad market continued its upward trend in 2011; 13% growth attained in 1Q11. Newspaper ad market growth in 2011 is likely to be around 12-14%, unless there is no 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 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.
- The sale of Milliyet and Vatan titles anticipated to have a positive impact in the long run as they had poor operational performance recently.
- Less aggressive strategies are expected in marketing and promotion campaigns in 2011.