

# Dođan Gazetecilik A.Ş.

## Review of FY16 Results



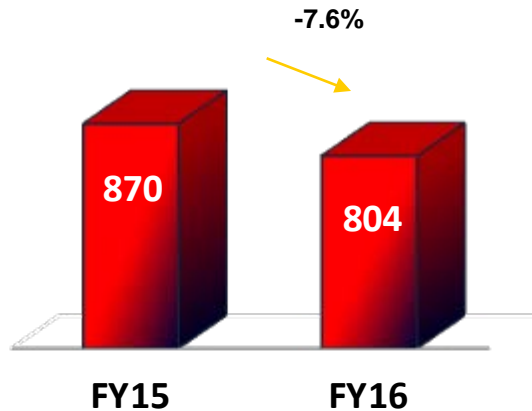
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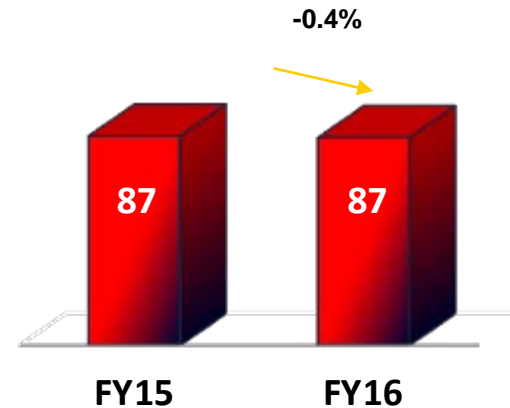
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Newspapers – Turkey (TLmn) <sup>(1)</sup>





Doğan Gazetecilik's Print Ad Revenues (TL mn) <sup>(2)</sup>



- Turkish newspaper ad market declined by 7.6% in FY16, yoy. But, Doğan Gazetecilik outperformed the market, as the decline in print ad revenues in FY16 was only 0.4%.
- In 4Q16, the decline in newspaper ad market in Turkey was 13.9%, yoy, while Doğan Gazetecilik's print ad revenues drop was 2.3% for the same term.

<sup>(1)</sup> Ad market statistics are estimates compiled by Doğan Media Group ad platform, based on 25 national newspaper.

<sup>(2)</sup> 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	FY15	FY16	FY16/15 Ch (%)
<b>CIRCULATION MARKET SHARE</b>	10.7%	11.4%	0.7 pp
<b>Doğan Gazetecilik Daily Average Circulation (*)</b>	480,773	414,032	-13.9%
 <b>POSTA</b>	345,237	300,636	-12.9%
 <b>FANATIK</b>	135,537	113,396	-16.3%
<b>Nationwide average circulation</b>	4,508,274	3,634,292	-19.4%

*The decline in nationwide average circulation figures is due to the closure of some titles.*

\* Source: Basın İlan

# Major Developments in FY16



The negative developments in Turkey in 2H16 had a negative impact on ad market.



In Turkey, newspaper circulation figures were down by 19% in FY16 yoy, mainly due to the closure of some titles. Doğan Gazetecilik was able to offset the negative impact of its circulation decline via newspaper cover price adjustments.



Organizational restructuring took place at Posta & Fanatik's advertising departments in 1Q16. This had a positive impact on FY results; as ad revenues only decreased by 0.4%, vs. market contraction of 7.6% in the same term.



Top 15 companies with the biggest newspaper advertising budget estimated to increase their ad spend by 0.5% yoy in FY16, while these companies ad spend solely on Posta increased by 8.7%.



Cover price adjustments in FY16 :

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

As of May 2016, the cover prices of Fanatik increased by 33% to TL1.00 for all days.



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



[www.fanatik.com.tr](http://www.fanatik.com.tr)

- 4.6 mn monthly UV
- 154.6 mn monthly PV



**Fanatik mobile**

- 5.1 mn monthly UV
- 108.4 mn monthly PV



[www.posta.com.tr](http://www.posta.com.tr)

- 2.9 mn monthly UV
- 73.6 mn monthly PV

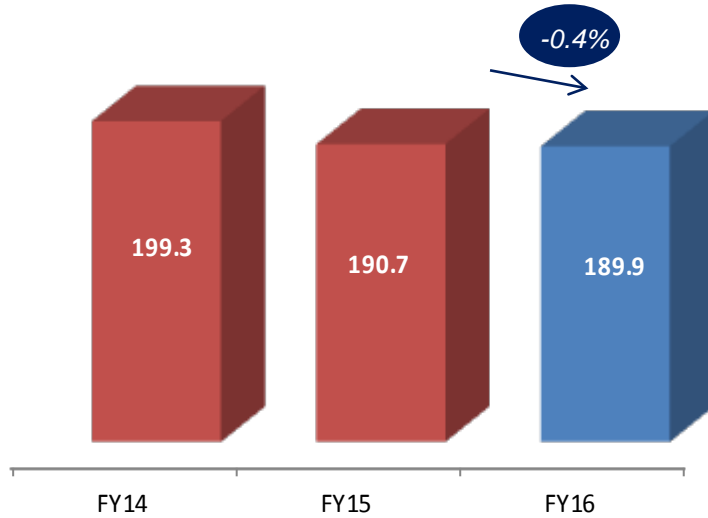


**Posta mobile**

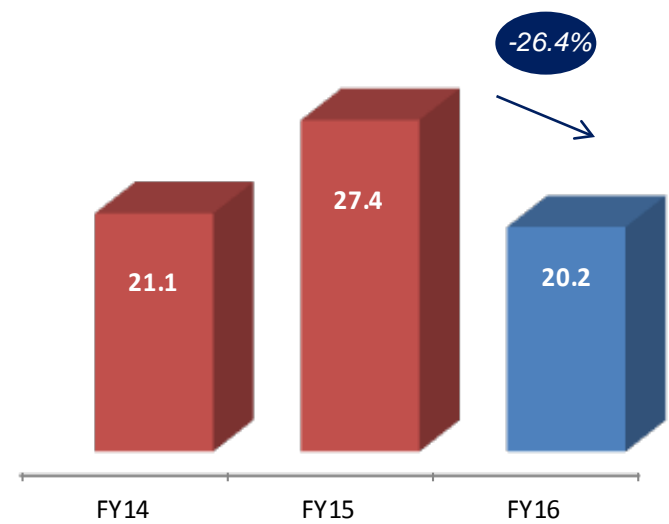
- 820 k monthly UV
- 11.8 mn monthly PV

(\* Source :Gemius Prism (Average Jan- Dec 2016)

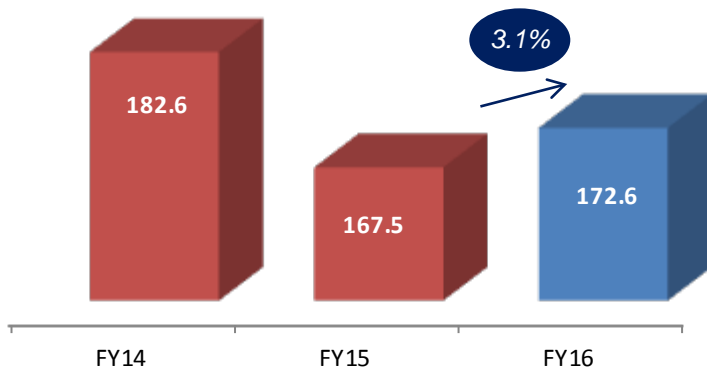
### Revenues (TL mn)



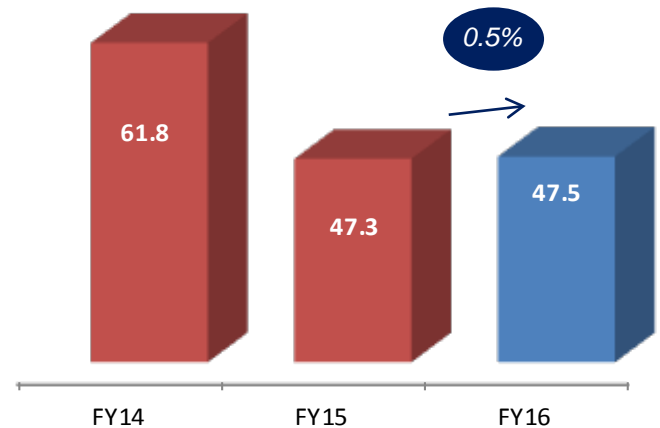
### Ebitda (TL mn)



### Total Costs (TL mn)



### Raw Material (TL mn)



- Revenues remained intact with 2015 figures: owing to better sales performance in the last 9 months, with the positive impact of cover price adjustments and restructuring of advertising department. EBITDA margin at 10.6% in FY16, were below FY15; due to higher COGS.
- Net Income from Investing Activities increased due to revaluation of investment property in 4Q16.

(TL '000)	FY15	FY16	% Ch FY16/15	4Q15	4Q16	% Ch 4Q16/15
Sales	190,681	189,895	0%	46,863	47,537	1%
(-) Cost of sales	108,580	114,754	6%	29,313	31,726	8%
Gross profit	82,102	75,141	-8%	17,550	15,810	-10%
(-) Operating expenses	58,881	57,891	-2%	16,753	15,805	-6%
<b>Operating profit</b>	<b>23,221</b>	<b>17,251</b>	<b>-26%</b>	<b>797</b>	<b>5</b>	<b>-99%</b>
<b>Operating profit margin</b>	<b>12.2%</b>	<b>9.1%</b>		<b>1.7%</b>	<b>0.0%</b>	
Other Operating Income/(Expenses)-net	26,571	28,382	7%	(6,439)	19,860	n.m
Income/(Expenses) from Investing Activities-net	25,710	55,216	115%	11,170	49,363	342%
Profit before tax	75,502	100,849	34%	5,528	69,228	1152%
Net Profit for the Period	60,817	88,224	45%	5,389	62,896	1067%
<i>Amortised cost valuation income</i>	1,118	995	-11%	333	233	-30%
<i>Depreciation &amp; amortisation</i>	3,099	1,950	-37%	701	473	-32%
<b>EBITDA</b>	<b>27,439</b>	<b>20,196</b>	<b>-26%</b>	<b>1,831</b>	<b>711</b>	<b>-61%</b>
<b>EBITDA Margin</b>	<b>14.4%</b>	<b>10.6%</b>		<b>3.9%</b>	<b>1.5%</b>	



- Revenues were flat at TL190 mn in FY16 yoy: following a 3% yoy decline in 1H16, a 2.3% growth in 2H16 yoy led to stable revenues overall in FY16 vs. FY15.
  - Circulation revenues were up by 2% yoy in FY16: 14% yoy decline in average daily circulation figures was totally offset through newspaper cover price adjustments.
  - Ad revenue decline of 4.3% yoy in 4Q16 led to an overall 2.4% decline in FY16 (excluding the impact of arabam.com, which was sold in 2015, there will be slight yoy growth of 0.24% in ad revenues in FY16)

Revenues (TL '000)	FY14	FY15	FY16	FY16/15 Ch (%)	4Q15	4Q16	4Q16/15 Ch (%)
<b>Circulation Revenues</b>	98,826	99,934	101,785	1.9%	22,359	24,853	11.2%
Avg. Daily Circulation	562,906	480,773	414,032	-13.9%	468,706	408,555	-12.8%
<b>Total Ad Revenues</b>	94,326	86,806	84,684	-2.4%	22,676	21,700	-4.3%
- Print Ad Revenues	87,283	78,584	78,834	0.3%	20,331	20,271	-0.3%
- Online Ad Revenues	7,043	8,222	5,849	-28.9%	2,345	1,430	-39.0%
<b>Other Revenues</b>	6,143	3,942	3,427	-13.1%	1,829	983	-46.2%
<b>Total Revenues</b>	199,295	190,681	189,895	-0.4%	46,863	47,537	1.4%

Despite the 11% increase in average US\$ rate in FY16 vs FY15; newsprint costs were up by only 0.5%, due to lower circulation figures, and 4.0 % drop in average newsprint/ton prices in US\$ terms.

Higher printing & other costs mainly in 2H16 yoy, led to an increase in COGS.

Costs ( TL '000)	FY14	FY15	FY16	FY16/15 Ch (%)	4Q15	4Q16	4Q16/15 Ch (%)
<b>Cost of Sales</b>	<b>122,399</b>	<b>108,580</b>	<b>114,754</b>	<b>5.7%</b>	<b>29,313</b>	<b>31,726</b>	<b>8.2%</b>
- Newsprint costs	61,761	47,286	47,541	0.5%	11,862	12,422	4.7%
- Printing & other costs	60,638	61,293	67,212	9.7%	17,451	19,304	10.6%
<b>Operating Expenses</b>	<b>60,175</b>	<b>58,881</b>	<b>57,891</b>	<b>-1.7%</b>	<b>16,753</b>	<b>15,805</b>	<b>-5.7%</b>
- General & Administrative Expenses	15,402	15,757	15,076	-4.3%	5,331	4,209	-21.0%
- Sales & Marketing Expenses	44,773	43,124	42,815	-0.7%	11,422	11,596	1.5%
<b>Total Costs</b>	<b>182,574</b>	<b>167,460</b>	<b>172,644</b>	<b>3.1%</b>	<b>46,066</b>	<b>47,531</b>	<b>3.2%</b>

- Despite the cash dividend payment of TL37.1 mn in April 2016 , net cash position was TL177.8 mn at December 31, 2016 (with fx cash position of US\$44.6 mn), vs. TL 160.5 mn in December 31, 2015, with the support of cash inflows from operations.

Net Cash Position (TL '000)	31.12.2014	31.12.2015	31.12.2016	ch%
Cash And Cash Equivalents	97,623	161,140	177,807	10%
S.T. Bank Borrowings	542	602	-	-100%
Net Cash	97,081	160,538	177,807	11%



The recent developments in Turkey, may put a pressure on both circulation and ad revenues in 2017. Further actions will be taken to prevent negative deviation of circulation and ad revenues.



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.



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



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\$.



A new editor in chief was appointed in posta.com.tr. and with new restructuring, targets were revised. Fanatik.com.tr focuses more on mobiles.



Cover price adjustments in 1Q17 :  
As of Jan 2017, the cover prices of Posta in all cities for all days were revised up by 33% to TL 1.00



Strong cash position and profitability will be maintained in 2017 and onwards, which will be the potential for consistent cash dividend payment.