

Dođan Gazetecilik A.Ş.

Review of 9M16 Results



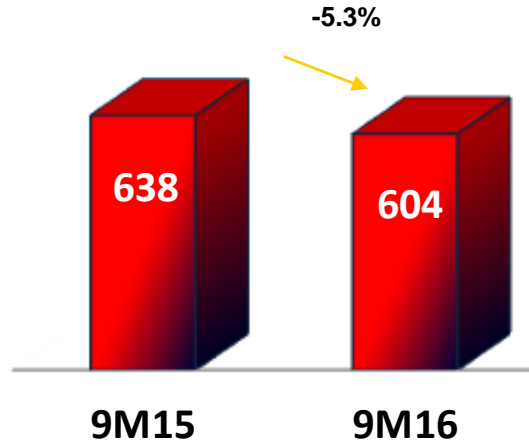
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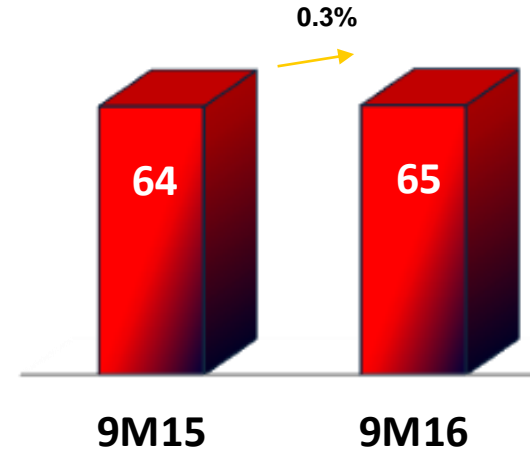
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Newspapers – Turkey (TLmn) ⁽¹⁾





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



- Turkish newspaper ad market declined by 5.3% in 9M16, yoy,
- Dogan Gazetecilik's print ad revenues outperformed the market; 0.3% yoy increase in 9M16, with the support of 2nd and 3rd quarter's performance.
- Top 10 sectors newspaper ad spending contracted by 4.3% in 9M16 yoy, while Posta's ad revenues from these sectors increased by 2.8%..

⁽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	9M15	9M16	9M16/15 Ch (%)
CIRCULATION MARKET SHARE	10.0%	10.9%	11.3%	0.4 pp
Doğan Gazetecilik Daily Average Circulation (*)	433,452	496,547	421,475	-15.1%
	313,043	355,968	304,968	-14.3%
	120,408	140,580	116,506	-17.1%
Nationwide average circulation	4,324,120	4,569,659	3,736,921	-18.2%

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

Major Developments in 9M16



In Turkey, newspaper circulation figures were down by 18% in 9M16 yoy, mainly due to closure of some titles. The negative market conditions were partially offset by Doğan Gazetecilik through newspaper cover price adjustments.



Organizational restructuring took place at Posta & Fanatik's advertising departments in 1Q16. This had a positive impact on 9M results; as ad revenues increased by 0.3%, vs. market contraction of 5.3% in the same term.



Top 15 companies with the biggest newspaper advertising budget estimated to increase their ad spend by 9.4% yoy in 9M16, while these companies ad spend solely on Posta increased by 17.3%.



Cover price adjustments in 9M16 :

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

- 4.7 mn monthly UV
- 165.5 mn monthly PV



Fanatik mobile

- 5.1 mn monthly UV
- 111.8 mn monthly PV

Fanatik live score

- 242 k monthly UV
- 1.4 mn monthly PV



www.posta.com.tr

- 3.2 mn monthly UV
- 77.6 mn monthly PV

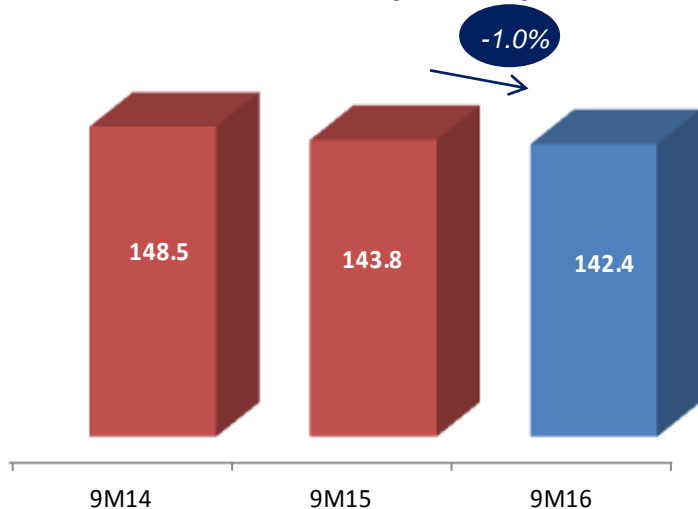


Posta mobile

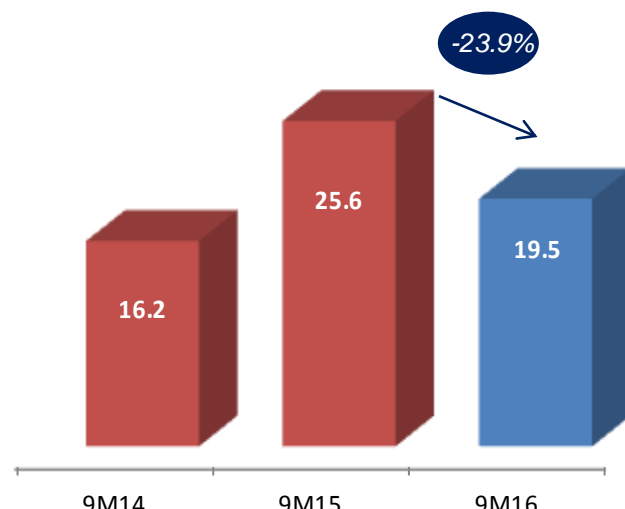
- 546 k monthly UV
- 5.8 mn monthly PV

(* Source :Gemius Prism (Average Jan- Sep2016)

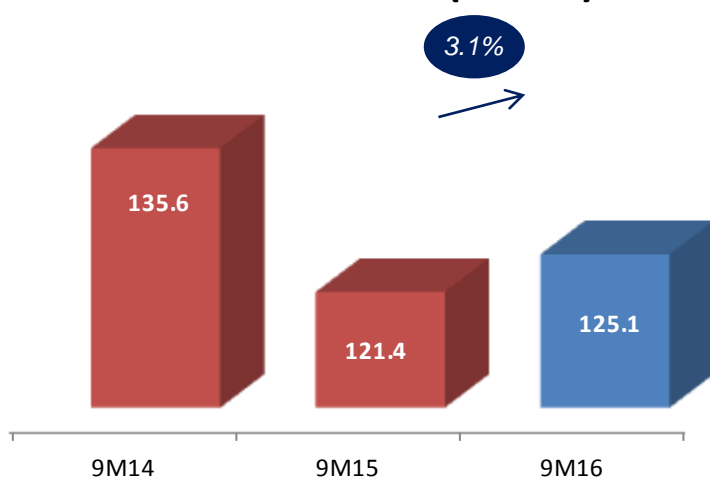
Revenues (TL mn)



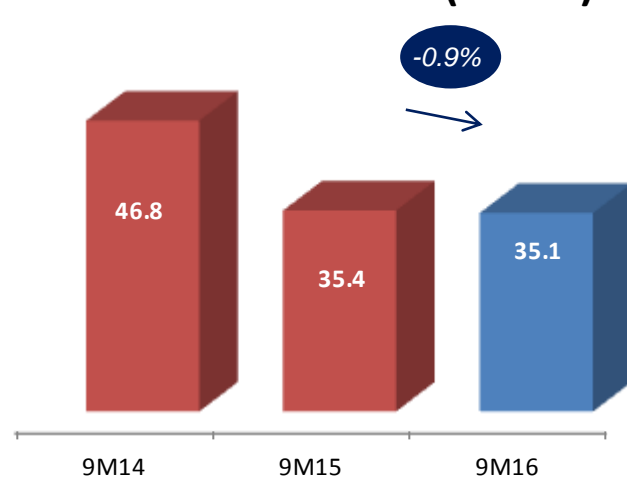
Ebitda (TL mn)



Total Costs (TL mn)



Raw Material (TL mn)



- Recovery in sales performance in the last 2 quarters yoy, with the positive impact of cover price adjustments and restructuring of advertising department. EBITDA margin lower at 13.7% in 9M16, vs. 9M15; due to higher COGS.
- Net other operating income was TL 8.5 mn in 9M16 vs. TL 33.0 mn in 9M15, as a result of lower fx gain due to high fx cash position and TL's appreciation against US\$ in 9M16 vs. 2015-end.
- Net Income from Investing Activities declined due to revaluation of investment property in 3Q15.

(TL '000)	FY15	9M15	9M16	% Ch 9M16/15	3Q15	3Q16	% Ch 3Q16/15
Sales	190,681	143,818	142,358	-1%	45,173	46,698	3%
(-) Cost of sales	108,580	79,266	83,027	5%	24,766	27,910	13%
Gross profit	82,102	64,552	59,331	-8%	20,407	18,788	-8%
(-) Operating expenses	58,881	42,128	42,085	0%	13,204	13,243	0%
Operating profit	23,221	22,424	17,246	-23%	7,203	5,545	-23%
Operating profit margin	12.2%	15.6%	12.1%		15.9%	11.9%	
Other Operating Income/(Expenses)-net	26,571	33,010	8,522	-74%	15,592	5,918	-62%
Income/(Expenses) from Investing Activities-net	25,710	14,540	5,853	-60%	13,535	2,017	-85%
Profit before tax	75,502	69,974	31,621	-55%	36,331	13,480	-63%
Net Profit for the Period	60,817	55,428	25,328	-54%	30,033	10,778	-64%
<i>Amortised cost valuation income</i>	1,118	785	762	-3%	237	204	-14%
<i>Depreciation & amortisation</i>	3,099	2,398	1,477	-38%	805	496	-38%
EBITDA	27,439	25,608	19,484	-24%	8,244	6,246	-24%
EBITDA Margin	14.4%	17.8%	13.7%		18.3%	13.4%	

- Gradual recovery in revenues: up by 3.4% in 3Q16 yoy, vs. 5.8% and 0.5% declines yoy in 1Q16 and 2Q16 respectively.
 - Circulation revenues : up by 4.3% in 3Q16 yoy; compared to decline in two consecutive quarters yoy: 5.1% in 1Q16 & 1.3% in 2Q16.
 - Ad revenues: up by 0.8% in 3Q16, and 0.2% in 2Q16, vs. 7% decline in 1Q16.

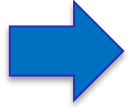
Revenues (TL '000)	FY14	FY15	9M15	9M16	9M16/15 Ch (%)	3Q15	3Q16	3Q16/15 Ch (%)
Circulation Revenues	98,826	99,934	77,575	76,932	-0.8%	25,130	26,205	4.3%
Avg. Daily Circulation	562,906	480,773	496,547	421,475	-15.1%	468,706	408,555	-12.8%
Total Ad Revenues	94,326	86,806	64,130	62,983	-1.8%	19,434	19,584	0.8%
- Print Ad Revenues	87,283	78,584	58,253	58,564	0.5%	17,562	18,238	3.8%
- Online Ad Revenues	7,043	8,222	5,877	4,420	-24.8%	1,872	1,346	-28.1%
Other Revenues	6,143	3,942	2,113	2,443	15.6%	609	909	49.1%
Total Revenues	199,295	190,681	143,818	142,358	-1.0%	45,173	46,698	3.4%

Despite the 11% increase in average US\$ rate in 9M16 vs 9M15; newsprint costs were down by 0.9%, because of lower circulation figures, and 4.8 % drop in average newsprint/ton prices in US\$ terms. Higher printing & other costs in 3Q16 yoy, led to an increase in COGS.

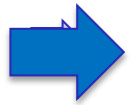
Costs (TL '000)	FY14	FY15	9M15	9M16	9M16/15 Ch (%)	3Q15	3Q16	3Q16/15 Ch (%)
Cost of Sales	122,399	108,580	79,266	83,027	4.7%	24,766	27,910	12.7%
- Newsprint costs	61,761	47,286	35,424	35,119	-0.9%	10,626	11,441	7.7%
- Printing & other costs	60,638	61,293	43,842	47,908	9.3%	14,139	16,469	16.5%
Operating Expenses	60,175	58,881	42,128	42,085	-0.1%	13,204	13,243	0.3%
- General & Administrative Expenses	15,402	15,757	10,426	10,867	4.2%	3,581	3,493	-2.4%
- Sales & Marketing Expenses	44,773	43,124	31,702	31,219	-1.5%	9,623	9,749	1.3%
Total Costs	182,574	167,460	121,394	125,113	3.1%	37,970	41,153	8.4%

- Despite the cash dividend payment of TL37.1 mn, net cash position was TL150.8 mn at September 30, 2016 (with fx cash position of US\$44.2 mn), vs. TL 160.5 mn in December 31, 2015, with the support of cash inflows from operational performance.

Net Cash Position (TL '000)	31.12.2014	31.12.2015	30.09.2016	ch%
Cash And Cash Equivalents	97,623	161,140	151,495	-6%
S.T. Bank Borrowings	542	602	672	12%
Net Cash	97,081	160,538	150,823	-6%



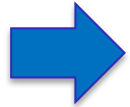
Getting the best optimization in circulation/cost model for «Posta»: options for promotion, editorial page numbers and editorial content will be continued to be implemented in an effective way.



«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.



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



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\$.



Cover price increases will have a positive impact during 2016.



Unless no major political, economic and market surprises; better operational performance expected in last quarter with the positive contribution of ad revenues based on the restructuring of ad departments and cover price adjustment of Posta and Fanatik.