

Dođan Gazetecilik A.Ş.

Review of 1H16 Results



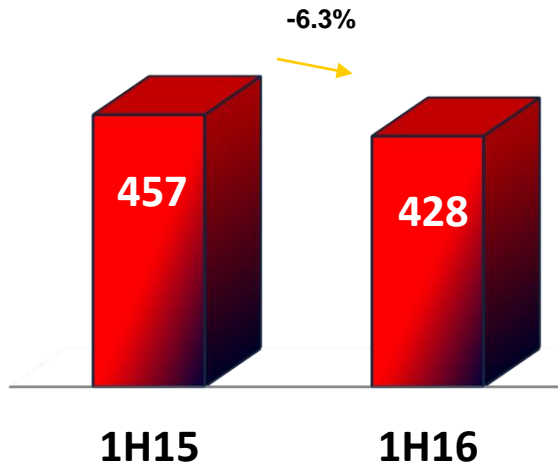
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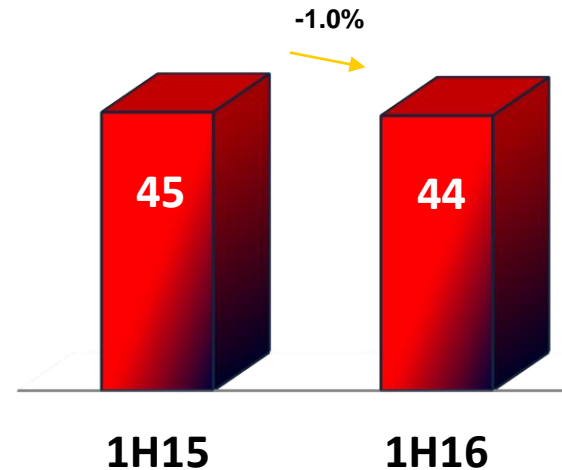
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Newspapers – Turkey (TLmn) ⁽¹⁾





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



- Turkish newspaper ad market declined by 6.3% in 1H16, yoy,
- Dogan Gazetecilik's print ad revenues outperformed the market; registering only 1.0% yoy decline in 1H16, with the support of 2nd quarter's performance.

⁽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	1H15	1H16	1H16/15 Ch (%)
CIRCULATION MARKET SHARE	10.0%	11.0%	11.3%	0.3 pp
Doğan Gazetecilik Daily Average Circulation (*)	433,452	510,468	427,934	-16.2%
 POSTA	313,043	369,919	310,628	-16.0%
 FANATİK	120,408	140,549	117,307	-16.5%
Nationwide average circulation	4,324,120	4,645,048	3,788,335	-18.4%

* Source: Basın İlan

Major Developments in 1H16



Newspaper circulation and advertising figures were down by 18% and 6%, respectively in Turkey. 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; this will support the advertising revenues in the next quarters of 2016.



Cover price adjustments in 1Q16 :

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.



Despite poor EBITDA performance in 1Q16 yoy, recovery realized in 2Q16; owing to cover price adjustments and restructuring at advertising departments.



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



www.fanatik.com.tr

- 5.3 mn monthly UV
- 162.4 mn monthly PV



Fanatik mobile

- 3.9 mn monthly UV
- 93.3 mn monthly PV

Fanatik live score

- 277 k monthly UV
- 1.8 mn monthly PV



www.posta.com.tr

- 3.5 mn monthly UV
- 86.2 mn monthly PV

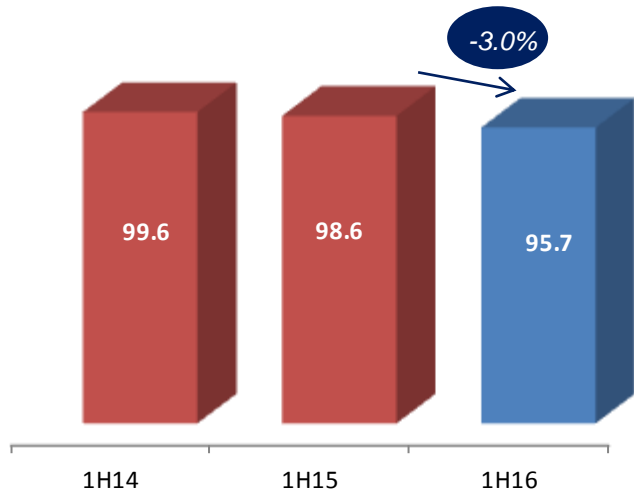


Posta mobile

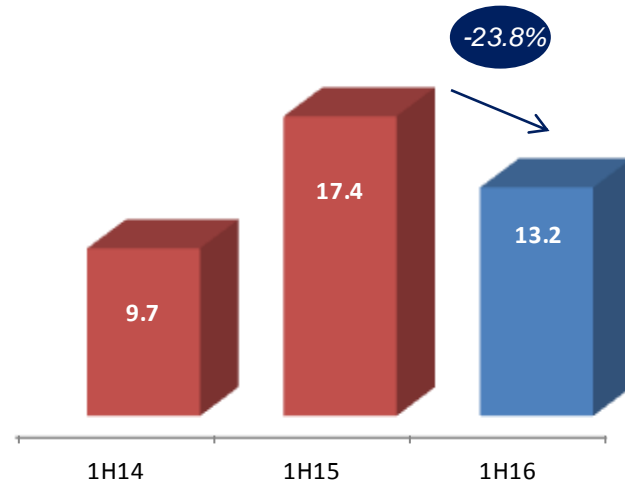
- 298 k monthly UV
- 4.4 mn monthly PV

(* Source :Gemius (Average Jan-June 2016)

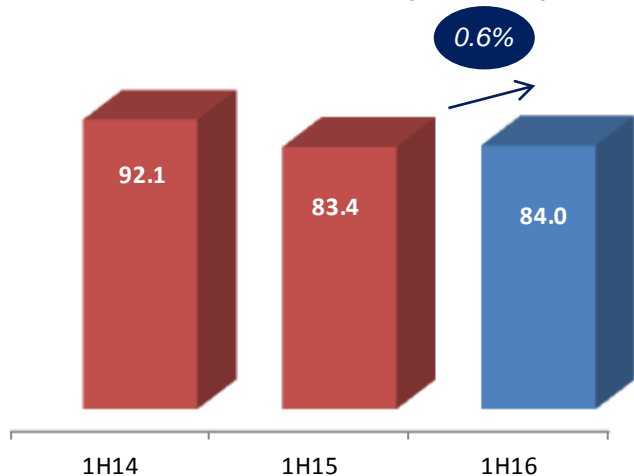
Revenues (TL mn)



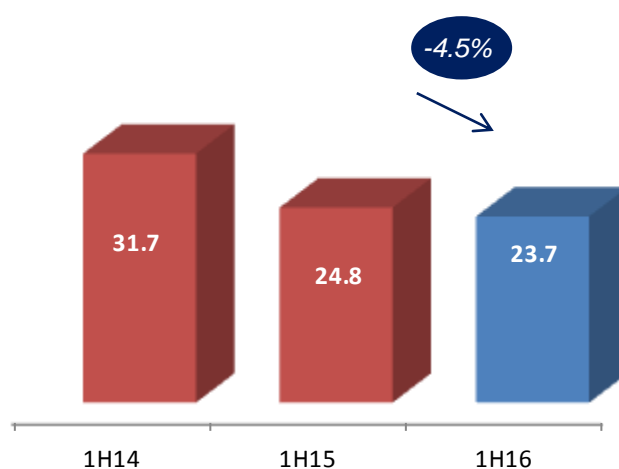
Ebitda (TL mn)



Total Costs (TL mn)



Raw Material (TL mn)



- Recovery in sales performance in 2Q16 vs. 1Q16 yoy, with the positive impact of cover price adjustments and restructuring of advertising department. EBITDA margin recovered to 18.5% in 2Q16, vs. 8.5% in 1Q16 and 13.8% in 1H16.
- Net other operating income was TL 2.6 mn in 1H16 vs. TL 17.4 mn in 1H15, as a result of lower fx gain due to high fx cash position and TL's appreciation against US\$ in 1H16 vs. 2015-end.

(TL '000)	FY15	1H15	1H16	% Ch 1H16/15	2Q15	2Q16	% Ch 2Q16/15
Sales	190,681	98,645	95,661	-3%	51,506	51,271	0%
(-) Cost of sales	108,580	54,501	55,118	1%	26,792	28,098	5%
Gross profit	82,102	44,145	40,543	-8%	24,714	23,173	-6%
(-) Operating expenses	58,881	28,924	28,842	0%	15,161	14,574	-4%
Operating profit	23,221	15,221	11,701	-23%	9,553	8,599	-10%
Operating profit margin	12.2%	15.4%	12.2%		18.5%	16.8%	
Other Operating Income/(Expenses)-net	26,571	17,418	2,604	-85%	5,550	3,676	-34%
Income/(Expenses) from Investing Activities-net	25,710	1,005	3,837	282%	(1,218)	1,910	n.m
Profit before tax	75,502	33,644	18,141	-46%	13,885	14,184	2%
Net Profit for the Period	60,817	25,395	14,550	-43%	10,006	11,350	13%
<i>Amortised cost valuation income</i>	1,118	549	558	2%	336	360	7%
<i>Depreciation & amortisation</i>	3,099	1,594	980	-38%	801	503	-37%
EBITDA	27,439	17,363	13,239	-24%	10,690	9,462	-11%
EBITDA Margin	14.4%	17.6%	13.8%		20.8%	18.5%	

- Total revenues in 2Q16 remained at the same level as in 2Q15.
 - Newspaper cover price adjustments limited the decline in circulation revenues, as circulation revenues were down only by 1.3% in 2Q16, vs. 3.3% in 1H16, yoy.
 - Online revenues declined by 23.3% in 1H16. But, based on adjusted comparative figures (without the impact of «arabam.com» sale), there would be a growth of 11% yoy.

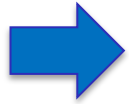
Revenues (TL '000)	FY14	FY15	1H15	1H16	1H16/15 Ch (%)	2Q15	2Q16	2Q16/15 Ch (%)
Circulation Revenues	98,826	99,934	52,445	50,727	-3.3%	25,247	24,920	-1.3%
Avg. Daily Circulation	562,906	480,773	510,468	427,934	-16.2%	488,407	413,924	-15.3%
Total Ad Revenues	94,326	86,806	44,696	43,399	-2.9%	25,535	25,577	0.2%
- Print Ad Revenues	87,283	78,584	40,691	40,326	-0.9%	23,246	23,865	2.7%
- Online Ad Revenues	7,043	8,222	4,005	3,074	-23.3%	2,289	1,711	-25.2%
Other Revenues	6,143	3,942	1,504	1,535	2.0%	724	773	6.8%
Total Revenues	199,295	190,681	98,645	95,661	-3.0%	51,506	51,271	-0.5%

Despite the 14% increase in average US\$ rate in 1H16 vs 1H15; newsprint costs were down by 4.5%, because of lower circulation figures, and 9% drop in average newsprint/ton prices in US\$ terms.

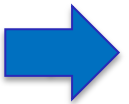
Costs (TL '000)	FY14	FY15	1H15	1H16	1H16/15 Ch (%)	2Q15	2Q16	2Q16/15 Ch (%)
Cost of Sales	122,399	108,580	54,501	55,118	1.1%	26,792	28,098	4.9%
- Newsprint costs	61,761	47,286	24,798	23,679	-4.5%	11,924	11,996	0.6%
- Printing & other costs	60,638	61,293	29,703	31,439	5.8%	14,868	16,101	8.3%
Operating Expenses	60,175	58,881	28,924	28,842	-0.3%	15,161	14,574	-3.9%
- General & Administrative Expenses	15,402	15,757	6,845	7,373	7.7%	3,512	3,871	10.2%
- Sales & Marketing Expenses	44,773	43,124	22,079	21,469	-2.8%	11,649	10,704	-8.1%
Total Costs	182,574	167,460	83,424	83,960	0.6%	41,954	42,672	1.7%

- Despite the cash dividend payment of TL37.1 mn and the negative impact of fx volatility in 1H16, net cash position was TL140.9 mn at June 30, 2016 (with fx cash position of US\$46.1 mn), vs. TL 160.5 mn in December 31, 2015, with the support of cash inflows from operational performance.

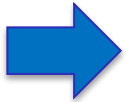
Net Cash Position (TL '000)	31.12.2014	31.12.2015	30.06.2016	ch%
Cash And Cash Equivalents	97,623	161,140	141,509	-12%
S.T. Bank Borrowings	542	602	646	7%
Net Cash	97,081	160,538	140,863	-12%



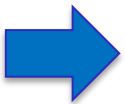
Getting the best optimization in circulation/cost model for «Posta»: options for promotion, editorial page numbers and editorial content will be continued to be implemented in an effective way.



«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.



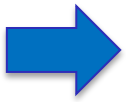
Strong cash position and profitability will be maintained in 2016 and onwards, which will be the potential for consistent cash dividend payment.



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 negative economic and market surprises; better EBITDA performance in 2H16 is expected due to positive contribution of ad revenues based on the restructuring of ad departments.