

Doğan Gazetecilik A.Ş.

Review of 9M14 Results
Nov 07, 2014

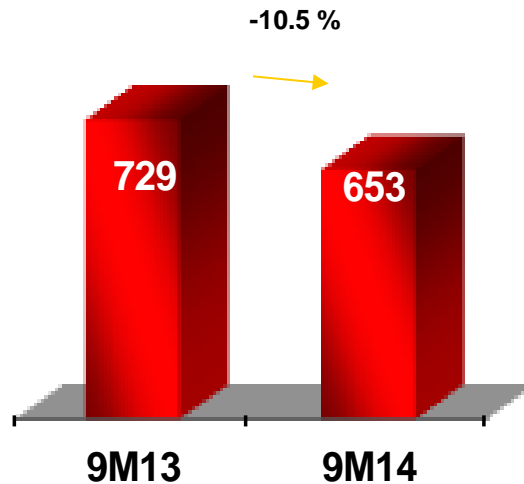
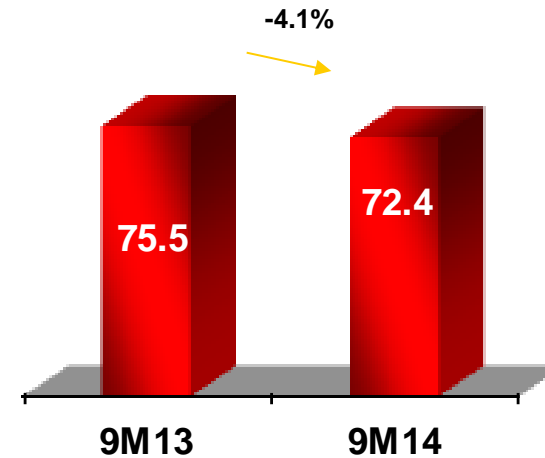


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Newspapers – Turkey (Est) (TLm) ⁽¹⁾Dogan Gazetecilik's Print Ad Growth Performance (TL mn) ⁽²⁾

- Newspaper ad spending in Turkey contracted by 10.5% in 9M14, yoy.
- Dogan Gazetecilik's print ad revenues outperformed the market; registering only 4.1% decline in 9M14, yoy.

(1) Ad market statistics are estimates compiled by DYH 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	9M13	9M14	Ch vs. 9M14/13
CIRCULATION MARKET SHARE	12.5%	11.4%	-1.1 pp
Doğan Gazetecilik Daily Average Circulation (000 units) (*)	637	569	-10.6%
	443	403	-8.9%
	194	166	-14.4%
Nationwide average circulation (000 units)	5,077	4,988	-1.8%

* Source: Basın İlan (Governmental Agency)

Major Developments in 9M14



Market share improved: Dogan Gazetecilik's ad revenues (excluding internet revenue) decreased by 4.2% in 9M14, yoy; vs. 10.5% decline in newspaper ad market.



For Posta title; Getting the best optimization in circulation/cost model; options for promotion - editorial page numbers - editorial content products continued to be implemented in an effective way.



Cover price adjustments in 9M14:

- As of Jan 2014, the cover prices of Posta in regional cities increased by 25% to TL0.50 for weekdays and by 25% to TL0.75 for weekends.
- As of June 2014, the cover prices of Fanatik increased by 20% to TL0.60 for all days.



Fanatic positioned itself as "an integrated newspaper and digital platform channel for news and sports entertainment".



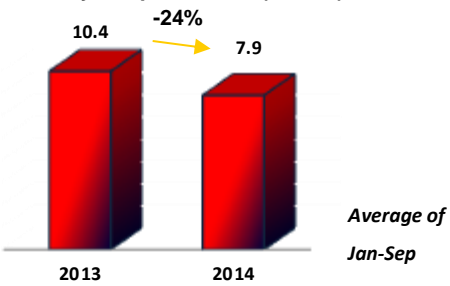
Decline in average page number in 9M14: Posta's average number of pages was 40.4 (vs. 44.5 in 9M13), while Fanatik's was 20.1 (vs. 20.1 in 9M13).



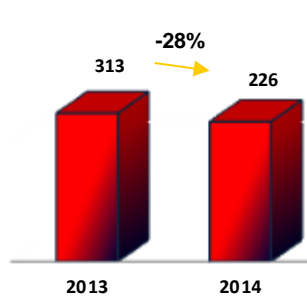
TL10.7 mn additional cash dividend was paid from FY13 earnings on April 2014. Together with the advance dividend payment, total dividends distributed for 2013 earnings reached TL20.3 mn.



Monthly Unique Visitors (million)



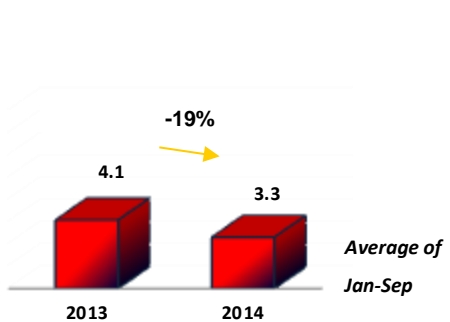
Page View (million)



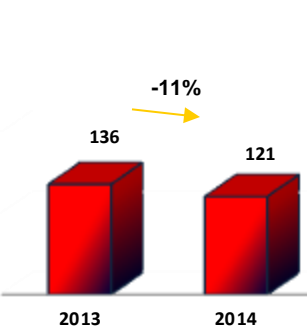
- Average page view in 9M14 was 226 mn, down by 28% vs. 9M13. (*)
- Average unique visitors in 9M14 was 7.9 mn, down by 24% vs. 9M13. (*)



Monthly Unique Visitors (million)



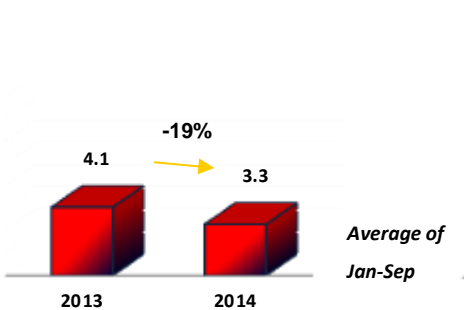
Page View (million)



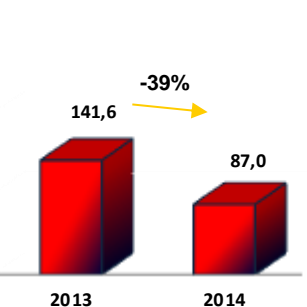
- Average page view in 9M14 was 121 mn, down by 11% vs. 9M13. (*)
- Average unique visitors in 9M14 was 3.3 mn, down by 19% vs. 9M13. (*)



Monthly Unique Visitors (million)

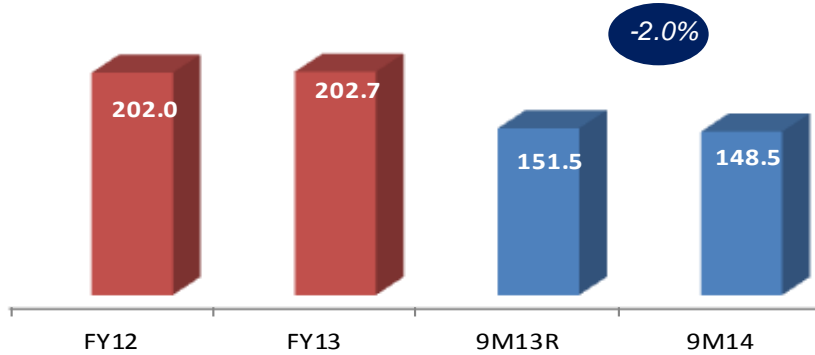


Page View (million)

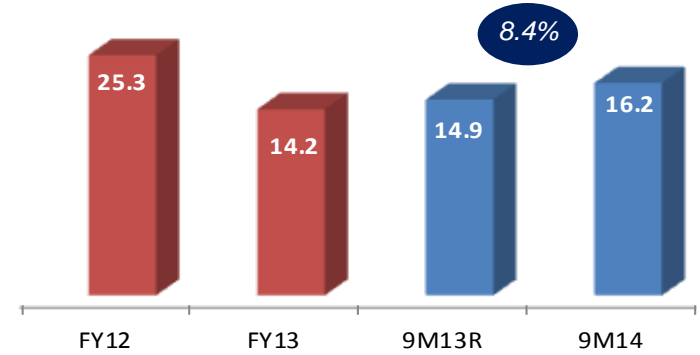


- Market leader in Turkey in online Auto Classifieds. (**)
- Average page view in 9M14 was 87 mn, down by 39% vs. 9M13; as a result of changes in calculation methods of page views. (*)
- Average unique visitors in 9M14 was 3.3 mn, down by 19% vs. 9M13. (*)

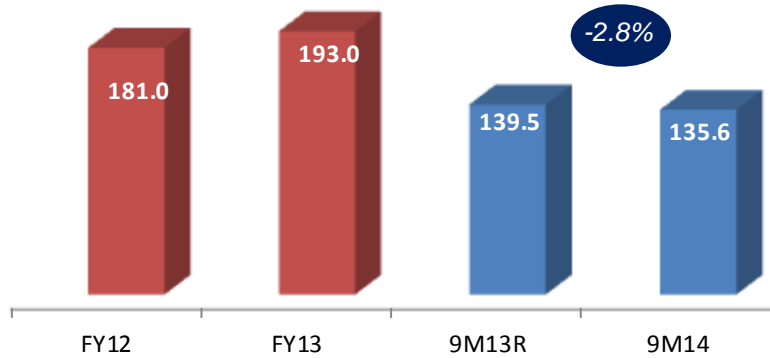
Revenues (TL mn)



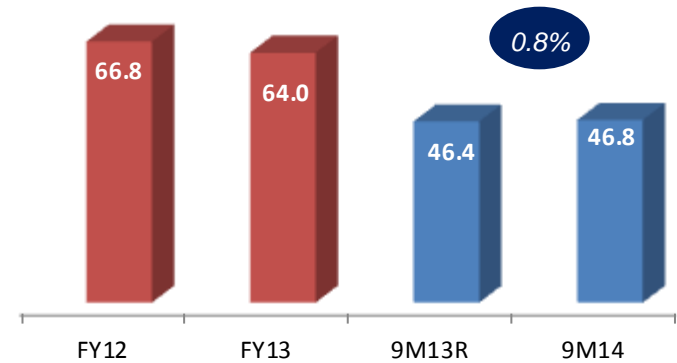
Ebitda (TL mn)



Total Costs (TL mn)



Raw material (TL mn)



- EBITDA margin improved to 10.9% in 9M14, vs. 9.9% in 9M13.

(TL '000)	FY13	9M13	9M14	% Ch. 9M14/13
Sales	202,728	151,482	148,461	-2%
(-) Cost of sales	129,683	92,726	93,060	0%
Gross profit	73,046	58,756	55,402	-6%
(-) Operating expenses	63,352	46,728	42,514	-9%
<i>Operating profit</i>	<i>9,694</i>	<i>12,028</i>	<i>12,887</i>	<i>7%</i>
<i>Operating profit margin</i>	<i>4.8%</i>	<i>7.9%</i>	<i>8.7%</i>	
Other Operating Income/(Expenses)-net	4,269	5,454	3,294	-40%
Investing Activities Income/(Expenses)-net	20,157	11,791	6,349	-46%
Profit before tax	34,119	29,272	22,530	-23%
Net Profit for the Period	27,703	6,665	5,636	-15%
<i>Amortised cost valuation income</i>	<i>1,528</i>	<i>996</i>	<i>1,010</i>	<i>1%</i>
<i>Depreciation & amortisation</i>	<i>2,966</i>	<i>1,906</i>	<i>2,289</i>	<i>20%</i>
EBITDA	14,188	14,930	16,186	8%
EBITDA Margin	7.0%	9.9%	10.9%	

- Total ad revenue (print and online) decreased by 3,2% in 9M14.

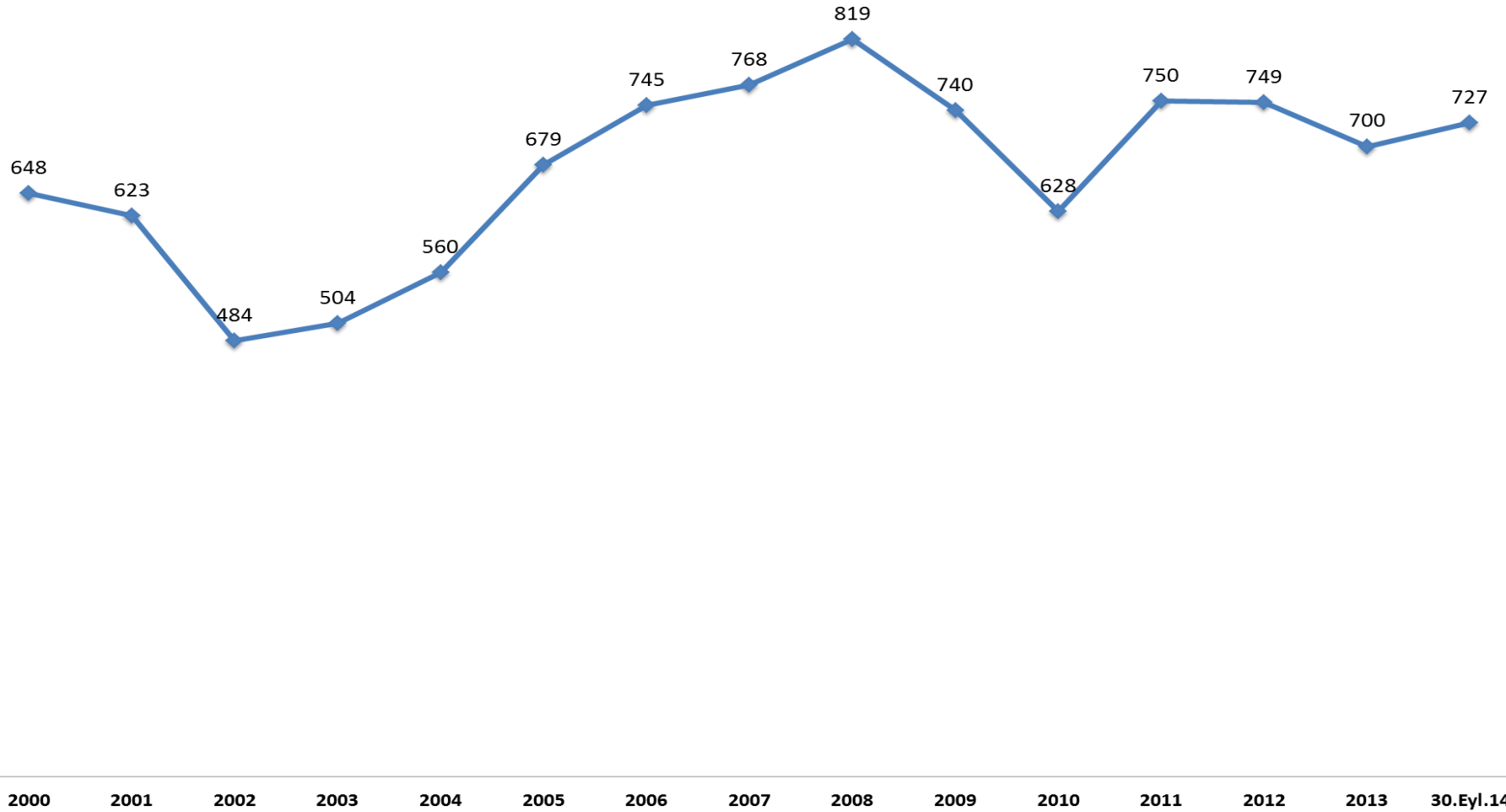
Revenues (TL '000)	FY12	FY13	9M13	9M14	9M14/13 Ch (%)
Circulation Revenues	102,501	98,679	75,607	74,701	-1.2%
Avg. Daily Circulation (000 unit)	645	627	637	569	-10.6%
Total Ad Revenues	94,646	97,654	72,177	69,890	-3.2%
- <i>Print Ad Revenues</i>	89,565	91,118	67,679	64,820	-4.2%
- <i>Online Ad Revenues</i>	5,081	6,537	4,498	5,070	12.7%
Other Revenues	4,829	6,395	3,698	3,871	4.7%
Total Revenues	201,976	202,728	151,482	148,461	-2.0%

Despite the decline in circulation and average page numbers; newsprint costs increased slightly due to newsprint/ton prices in US\$ terms (%5) and the currency impact.

Costs	FY13	9M13	9M14	9M14/13
				Ch (%)
Cost of Sales (TL '000)	129,683	92,726	93,060	0.4%
- Newsprint costs	63,986	46,404	46,794	0.8%
- Printing & other costs	65,697	46,323	46,266	-0.1%
Operating Expenses (TL '000)	63,352	46,728	42,514	-9.0%
- General & Administrative Expenses	15,062	11,028	10,931	-0.9%
- Sales & Marketing Expenses	48,290	35,700	31,584	-11.5%
Total Costs	193,035	139,454	135,574	-2.8%

With the absence of the one-off expenses for the launch of Posta and Fanatik's e-newspaper in 2013, the sales & marketing expenses in 9M14 was lower.

Doğan Gazetecilik (P+F) Average Newsprint Costs (US\$)



Cash Position & Investment

• Together with the advance dividend of TL9.6 mn in September 2013, total dividends distributed for 2013 reached TL20.3 mn.

Despite cash outflows through dividend payments, net cash position reached TL92.2 mn at 9M14-end, vs. net cash of 59.2 mn TL 2013-end, as a result of cash inflows from both operational performance and the collection of the receivables of Milliyet - Vatan titles sale.

Cash Position & Investments (TL '000)	FY12	FY13	9M14	ch%
CASH AND CASH EQUIVALENTS	34,903	59,764	92,758	55%
S.T. BANK BORROWINGS	456	561	535	-5%
NET CASH	34,447	59,203	92,223	56%
INVESTMENTS	4,862	1,982	552	-72%



Print ad market is expected to continue its decline in 2014 and onwards.



Cover price adjustment in Posta and Fanatik newspaper in 1H14 expected to support circulation revenues in 2H14, and 2015.



Posta and Fanatik titles will continue to perform better than ad market in 2014 thanks to their high readership ratios (print and online operations).



Posta title: the implementation of the circulation/cost optimization model is expected to keep promotion expenses under control, while continue to support leadership in circulation.



Fanatik title: continue to increase its digital presence, while maintaining its strong position in printed media.



Strong cash position and profitability will be maintained in 2014 and onwards, which will be the potential for consistent cash dividend.



After the dividend payment from 2013 earnings in April 2014, Board of Directors decided to distribute TL7.9 mn “cash dividend advance” for 2014 earnings on November 19,2014.