

# Review of 1H12 Results

## Doğan Gazetecilik A.Ş.

Aug 17, 2012

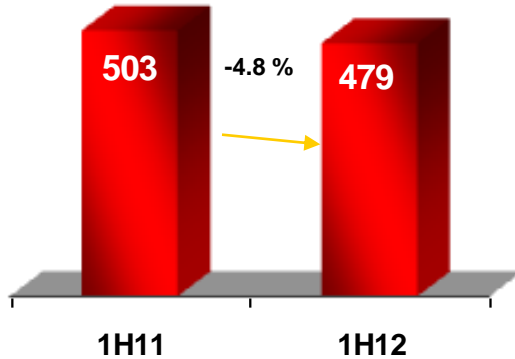


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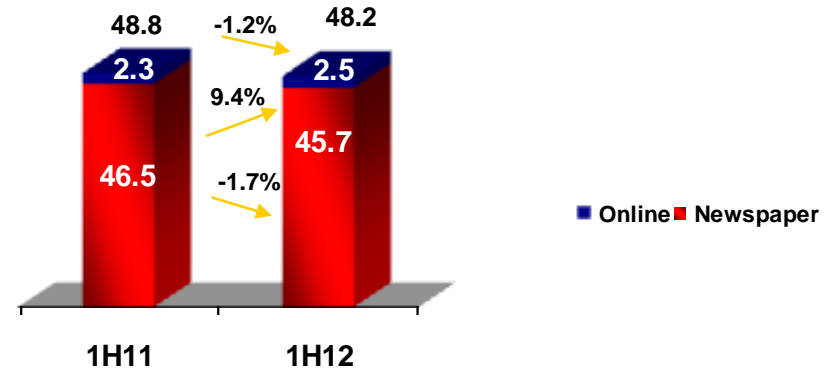
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**Newspapers – Turkey (Est)**  
(TLm)



**Continued Operations of Dogan Gazetecilik Proforma Ad Growth\* (TL m)**





- Newspaper ad spending in Turkey decreased by 4.8% in 1H12, yoy.
- Doğan Gazetecilik outperformed the newspaper ad market; as Posta title proforma ad revenues decreased by 1.5% yoy.

Moreover, as Posta and Fanatik titles' total ad revenues “before IAS adjustments & reclassifications” increased by 1% yoy.

- Excluding one-off revenue effect in 1H11 due to Milliyet & Vatan sale, the internet revenue growth in 1H12 was 31% yoy. ( posta.com.tr growth rate: 81%, fanatik.com.tr growth rate: 29%, arabam.com.tr growth rate: 23% )

\*Reported ad revenue plus amortised cost valuation income

<b>Market Shares</b>	<b>1H11</b>	<b>1H12</b>	<b>Ch vs. 1H12/11</b>
<b>CIRCULATION MARKET SHARE</b>	<b>13,7%</b>	<b>13,8%</b>	<b>0,0 pp</b>
<b>Doğan Gazetecilik Daily Average Circulation (000 units) (*)</b>	<b>670</b>	<b>648</b>	<b>-3,3%</b>
	483	459	-4,9%
	188	189	0,7%
<b>Nationwide average circulation (000 units)</b>	<b>4.882</b>	<b>4.713</b>	<b>-3,5%</b>

\* Source: Basın İlan

- Dogan Gazetecilik's ad revenues (excluding internet revenue) was down by 1.7%, yoy, but outperformed the newspaper ad market which contracted by 4.8%.
- 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 4.3 mn as of June 2012, up by 14% vs. June 2011. (\*)
- Posta title's weekend cover price increased by 20% as of January 1, 2012 in over all Turkey ( from 0,50 to 0,60 TL).

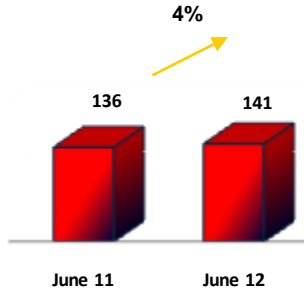
With higher average cover prices, circulation revenues were up by 4% yoy in 1H2012.

- In March 2012, moved our headquarters to a new location at Mecidiyekoy/Istanbul.

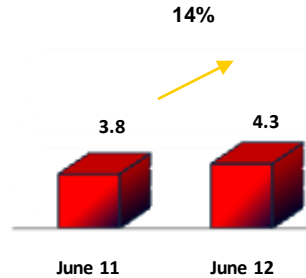
# News web sites are well positioned in the market



Page view (million)



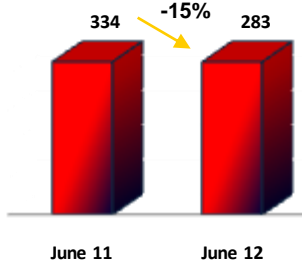
Monthly Unique Visitors (million)



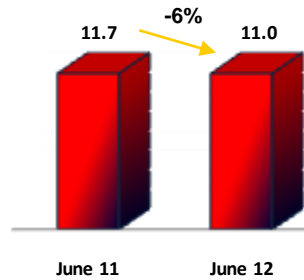
- Posta.com.tr was launched as of October 2009
- Ranked 6th newsportal as of June 2012.(\*)
- Monthly Page view as of June 2012 was 141 mn, up by 4% vs. June 2011. (\*\*)
- Monthly Unique Visitors as of 4.3 mn June 2012, up by 14% vs. June 2011. (\*\*)



Page view (million)



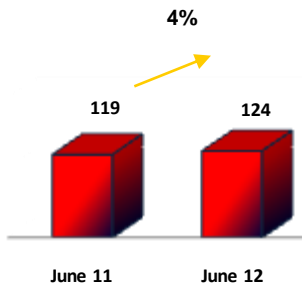
Monthly Unique Visitors (million)



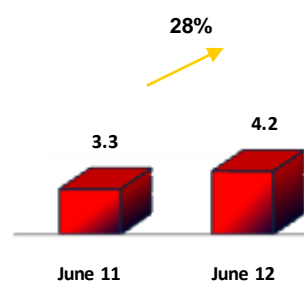
- Monthly Page view as of June 2012 was 283 mn, down by 15% vs. June 2011. (\*\*)
- Monthly Unique Visitors as of 11.0 mn June 2012, down by 6% vs. June 2011. (\*\*)



Page view (million)



Monthly Unique Visitors (million)



- Market leader in Turkey in online Auto Category. (\*)
- Monthly Page view as of June 2012 was 124 mn, up by 4% vs. June 2011. (\*\*)
- Monthly Unique Visitors as of 4.2 mn June 2012, up by 28% vs. June 2011. (\*\*)

# Continued Operations Summary Results

(TL '000)	FY11	1H11	1H12	1H12/11	% Ch.
Sales	193.166	97.143	99.259		2%
Cost of sales	126.377	60.585	65.246		8%
Gross profit	66.789	36.558	34.013		-7%
Operating expenses	56.951	28.411	28.792		1%
Operating profit	9.838	8.147	5.221		-36%
Operating profit margin	5,1%	8,4%	5,3%		
Net Profit for the Period (Incl. Discontinued Operations)	8.848	-2.802	1.032		nm
Net Profit Attributable to Equity Holders of the Company	8.891	-2.760	1.046		nm
<i>Amortised cost valuation income</i>	1.856	828	814		-2%
<i>Depreciation &amp; amortisation</i>	2.910	1.197	1.781		49%
<b>Continued Operations EBITDA</b>	<b>14.604</b>	<b>10.172</b>	<b>7.815</b>		<b>-23%</b>
EBITDA Margin	7,6%	10,5%	7,9%		

\* Operating profit figures are based on reported balances before the net of other operational income /expenses.

# Continued Operations Revenues

- Despite the newspaper ad market decline, ad revenues (including internet) in 1H2012 remained at the same levels attained in 1H11.

Revenues (TL '000)	FY11	1H11	1H12	1H12/11 Ch (%)
<b>Circulation Revenues</b>				
Revenue (TL '000)	97.123	48.677	50.580	4%
Avg. Daily Circulation (000)	663	670	648	-3%
<b>Advertisement Revenues</b>				
Revenue (TL '000)	87.527	44.918	44.385	-1%
<b>Internet Revenues</b>				
Revenue (TL '000)	4.554	2.282	2.497	9%
<b>Other Revenues</b>				
Service and other (TL '000)	3.961	1.266	1.797	42%
<b>Total Revenues</b>	<b>193.165</b>	<b>97.143</b>	<b>99.259</b>	<b>2%</b>



# Continued Operations Costs

Newsprint costs increased by 11% yoy in 1H12. This is mainly due to the higher average newsprint prices in 1H12 (up by 6.6% in US\$ terms) and devaluation of TL against USD (15%).

Costs	FY11	1H11	1H12	1H12/11 Ch (%)
<b>Cost of Sales (TL '000)</b>	<b>126.377</b>	<b>60.585</b>	<b>65.246</b>	<b>8%</b>
Newsprint costs	70.041	32.181	35.639	11%
Printing & other costs	56.336	28.404	29.607	4,2%
<b>Operating Expenses (TL '000)</b>	<b>56.951</b>	<b>28.411</b>	<b>28.792</b>	<b>1%</b>
General & Administrative Expenses	16.129	6.418	7.675	20%
Sales & Marketing Expenses	40.822	21.993	21.117	-4%
<b>Total Costs</b>	<b>183.328</b>	<b>88.995</b>	<b>94.038</b>	<b>6%</b>

Increase in general & administrative expenses yoy is mainly due to personnel, consultancy expenses. The reason of the increases in personnel and consultancy expenses is classification from discontinued operations to continued operations.

Meanwhile, lower promotion and advertising expenses led to a decline in sales & marketing expenses.

(TL '000)

Profitability	FY11	1H11	1H12	1H12/11 Ch (%)
<b>Operating profit</b>	<b>9.838</b>	<b>8.147</b>	<b>5.221</b>	<b>-36%</b>
Other Income/(Expense) - net	(4.091)	(4.569)	(591)	-87%
Financial Income/(Expense) - net	16.976	3.850	(2.991)	n.a
<b>Profit from Continued Operations</b>	<b>22.723</b>	<b>7.428</b>	<b>1.639</b>	<b>-78%</b>
Taxation	(7.517)	(3.871)	(608)	-84%
- Corporate tax	(6.564)	(2.920)	(830)	-72%
- Deferred tax	(954)	(951)	222	n.a
Net Profit from Continued Operations	15.206	3.557	1.032	-71%
Net Profit / (Loss) from Discontinued Operations (*)	(6.359)	(6.359)	-	-100%
<b>Net Income for the Period</b>	<b>8.847</b>	<b>(2.802)</b>	<b>1.032</b>	<b>n.a</b>
Attributable to non-controlling interests	43	(42)	14	n.a
<b>Attributable to Equity Holders of the Company</b>	<b>8.890</b>	<b>(2.760)</b>	<b>1.046</b>	<b>n.a</b>

\* Discontinued operations are related with the sale of Milliyet and Vatan brand.

<b>Investments &amp; Financing (TL '000)</b>	<b>FY11 *</b>	<b>1H12</b>	<b>ch%</b>
<b>CASH AND CASH EQUIVALENTS</b>	<b>340</b>	<b>9.171</b>	<b>2597%</b>
<b>S.T. BANK BORROWINGS</b>	<b>5.166</b>	<b>-</b>	<b>-100%</b>
<b>L.T. BANK BORROWINGS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH / (NET DEBT)</b>	<b>(4.826)</b>	<b>9.171</b>	<b>n.a</b>
<b>INVESTMENTS</b>	<b>1.222</b>	<b>4.103</b>	<b>236%</b>

- In 2012, Dogan Gazetecilik's print ad revenue growth is expected to be above the ad market growth.
- Posta title with its high reach in total readers is likely to support ad revenues in 2012.
- Less aggressive strategies are expected in promotion campaigns in 2012; similar to FY11.
- Posta title's weekend cover price is increasing by 25% as of July 7, 2012 in Istanbul, Ankara and Izmir ( from 0,60 to 0,75 TL).
- Cover price increases in 4Q11, 1Q12 and 3Q12 is expected to support circulation revenues in 2012.
- Started to collect rent income from Hürriyet Gazetecilik Company in May 2012. Overall; relocation of headquarters will have a possitive contribution to the bottom line 2012.