



Review of 9M10 Results

Doğan Gazetecilik A.Ş.

November 09, 2010

 **Milliyet**

 **POSTA**

 **VATAN**
İNTERNETİN EN HIZLI YOKSÜZLER GAZETESİ

 **Radikal**

 **FANATİK**

 **Milliyet.com.tr**
BASIRCA GÜVEN

 **arabam.com**

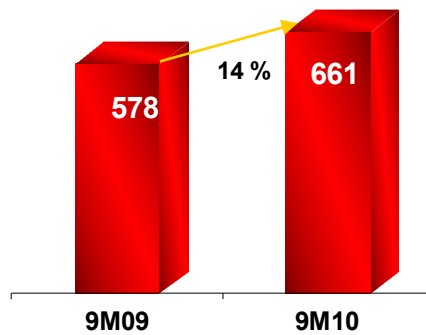
 **milliyetmlak.com**
TÜRKİYEİN EN BÜYÜK EMLAK SİTESİ

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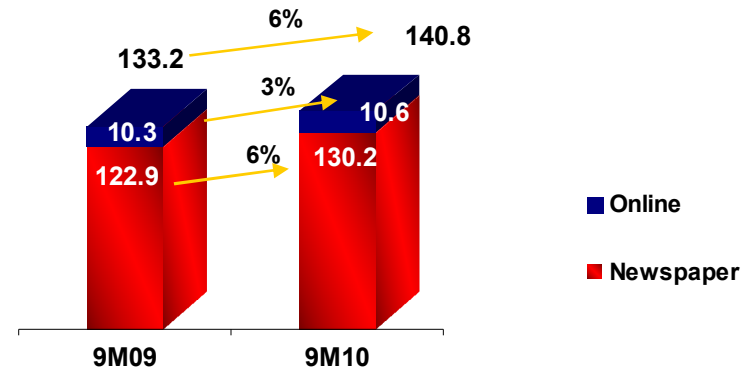
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Newspapers – Turkey (Est)
(TLm)








Doğan Gazetecilik Ad Growth*
(TL m)



- Recovery in newspaper ad spend continued in 3Q10; newspaper ad spending increased by 14% in 9M10, yoy.
- Posta title outperformed the market and its ad revenues increased by 19% yoy, whereas Doğan Gazetecilik's other titles underperformed the market.

- Average cover prices in 9M10 were around 11% higher compared to 9M09. Due to cover price increases, circulations were under pressure.

Market Shares	9M09	9M10	Ch yoy
CIRCULATION MARKET SHARE	24.7%	22.9%	-1.8%
Doğan Gazetecilik Daily Average Circulation (000 units)	1,192	1,066	-10%
 Milliyet	195	183	-6%
 POSTA	550	503	-9%
 VATAN	198	157	-21%
 Radikal *	41	38	-7%
 FANATİK	208	186	-11%
Nationwide average circulation (000 units)	4,821	4,656	-3.4%

Major Developments in 9M10

- In advertising revenues, Posta outperformed the market in 9M10. Overall, Doğan Gazetecilik ad revenues increased by 6%, as the remaining titles' performances were below the market.
- Mr. Servet Topaloğlu was appointed as the new CEO of Dogan Gazetecilik in February 2010
- Radikal title brandname and website domain name rights have been sold to Hurriyet based on the valuation report with a value of 5,095,000 TL excluding VAT at June-end 2010.
- Raised weekday cover prices of Milliyet by 25% in regions other than three major cities in September 2010.
- Vatan was relocated to the Company headquarters in July 2010, which will lead to further cost savings.
- Posta.com.tr was launched at 2009-end with a strategy to differentiate from other news web sites.
- European publishing and distribution of Milliyet & Fanatik titles which have been published in Germany and distributed within Europe by Milliyet Verglas GMBH were ceased as of May 9, 2010.
- Tax settlement is concluded with the Tax Authority with a total amount of 10,224,305 TL (for the fiscal term of 2004-2008) and payment made in 2010. Currently, there is 948,012 TL outstanding tax issues (for the fiscal term of 2003) in legal process.

News web sites are well positioned in the market



- Milliyet is the #2 online newsportal. (*)
- Monthly Unique Visitors as of September 2010 was 21 mn, up by 1% vs. 2009-end. (**)



- Posta.com.tr was launched as of October 2009
- Ranked 10th newsportal as of September 2010.(*)
- Monthly Page view as of September 2010 was 64 mn, up by 402% vs. 2009-end. (**)
- Monthly Unique Visitors as of 2.3 mn September 2010, up by 275% vs. 2009-end. (**)



- Ranked 5th newsportal in Turkey (*)
- Monthly Unique Visitors as of September 2010 was 7 mn, down by 44% vs. 2009-end. (**)



- Ranked #2 nd among web sites for sports in Turkey. (*)
- Monthly Unique Visitors 8.3 mn as of September 2010, up by 34% vs. 2009-end. (**)



- Third most visited real estate web sites in Turkey. (*)
- Monthly Unique Visitors 1 mn as of September 2010, up by 4% vs. 2009-end. (**)



- Ranked #2 nd among online Auto Category in Turkey (*)
- Monthly Unique Visitors 3 mn as of September 2010, up by 20% vs. 2009-end. (**)

(TL '000)	FY09	3Q09	3Q10	% Ch. 3Q10/09	9M09	9M10	% Ch. 9M10/09
Sales	350,364	89,322	85,428	-4%	259,061	266,694	3%
Cost of sales	230,046	52,127	52,438	1%	174,087	160,600	-8%
Gross profit	120,318	37,195	32,990	-11%	84,974	106,094	25%
Operating expenses	122,760	27,201	28,394	4%	86,048	97,879	14%
Ebit*	-2,442	9,994	4,596	-54%	-1,074	8,215	n.m
Ebit Margin	-0.7%	11.2%	5.4%		-0.4%	3.1%	
Ebitda	6,696	12,198	6,800	-44%	6,187	14,800	139%
Ebitda Margin	1.9%	13.7%	8.0%		2.4%	5.5%	
Net Profit	-16,255	6,274	3,088	-51%	-5,933	3,702	n.m
Net Profit Margin	-4.6%	7.0%	3.6%		-2.3%	1.4%	
<i>Amortised cost valuation income</i>	<i>1,709</i>	<i>264</i>	<i>440</i>	<i>67%</i>	<i>1,358</i>	<i>1,236</i>	<i>-9%</i>
<i>Depreciation & amortisation</i>	<i>7,428</i>	<i>1,940</i>	<i>1,764</i>	<i>-9%</i>	<i>5,903</i>	<i>5,349</i>	<i>-9%</i>



* EBIT figures are based on reported balances before other income /expenses and financial income /expenses

Revenues (TL '000)	FY09	3Q09	3Q10	3Q10/09 Ch (%)	9M09	9M10	9M10/09 Ch (%)
Circulation Revenues							
Revenue (TL '000)	167,587	43,232	40,338	-7%	124,217	123,516	-1%
Circulation (000) (daily average sales)	1,181	1,148	1,023	-11%	1,192	1,066	-11%
Advertisement Revenues							
Revenue (TL '000)	164,129	41,487	40,436	-3%	121,233	128,382	6%
Internet Revenues							
Revenue (TL '000)	14,137	3,417	3,308	-3%	10,292	10,638	3%
Other Revenues							
Service and other (TL '000)	4,511	1,186	1,346	13%	3,320	4,158	25%
Total Revenues	350,364	89,322	85,428	-4%	259,062	266,694	3%

Main reasons of the decrease in newspaper costs by 26% are the decline in circulation and 24% decline in newsprint costs per ton in USD terms and revaluation of USD against TL by 3%.

Costs	FY09	3Q10/09			9M10/09		
		3Q09	3Q10	Ch (%)	9M09	9M10	Ch (%)
Cost of Sales (TL '000)	230.046	52.127	52.438	1%	174.088	160.600	-8%
Newsprint costs	113.492	23.286	22.276	-4%	90.328	66.589	-26%
Printing & other costs	116.554	28.841	30.162	5%	83.760	94.011	12%
Operating Expenses (TL '000)	122.760	27.201	28.394	4%	86.048	97.879	14%
General & Administrative Expenses	27.222	6.751	6.333	-6%	19.574	19.648	0%
Sales & Marketing Expenses	95.538	20.450	22.061	8%	66.473	78.231	18%
Total Costs	352.806	79.328	80.832	2%	260.136	258.479	-1%

Increase in sales & marketing expenses yoy is mainly due to promotion campaigns for Posta and Milliyet titles and related advertising and distribution expenses.

(TL '000)		3Q10/09			9M10/09		
Profitability	FY09	3Q09	3Q10	Ch (%)	9M09	9M10	Ch (%)
EBIT	(2,442)	9,994	4,596	-54%	(1,074)	8,215	n.m
Other Income/(Expense) - net	(9,600)	(525)	(1,112)	n.m	(1,735)	753	n.m
Financial Income/(Expense) - net	(4,376)	(1,342)	673	n.m	(2,977)	(1,495)	-50%
Minority	(131)	(2)	67	n.m	2	42	n.m
Profit before tax	(16,549)	8,125	4,224	-48%	(5,788)	7,514	n.m
Taxation	294	(1,851)	(1,135)	-39%	(145)	(3,812)	n.m
- Corporate tax	(2,275)	(2,470)	(1,742)	-29%	(2,544)	(4,313)	70%
- Deferred tax	2,569	619	607	-2%	2,399	501	-79%
Net Income	(16,255)	6,274	3,088	-51%	(5,933)	3,702	n.m

Investments & Financing (TL '000)	FY09	9M10	ch%
CASH AND CASH EQUIVALENTS	1.231	10.194	n.m
S.T. BANK BORROWINGS	20.015	18.084	-9,6%
L.T. BANK BORROWINGS	-	-	-
NET CASH / (NET DEBT)	(18.784)	(7.890)	-58,0%
INVESTMENTS	1.603	1.604	0,1%

- Strong recovery in ad market continued in 3Q10; supporting overall 2010 Turkish ad market figures. Newspaper ad spend in 4Q10 is expected to grow in line with the growth attained in 9M2010
- Posta title with its high reach in total readers is likely to continue to outperform in 2010.
- Marketing and promotion campaigns in 4Q10 is expected to be in line with 3Q10 levels.
- In addition to strong ad revenues, Vatan's relocation to company headquarters and Radikal title's sales will contribute positively to the profitability in the remaining quarter of 2010 and 2011.
- Following 25% increase in Milliyet's weekday cover prices in regions other than three major cities, weekend prices in these regions were also raised by 25% as of October 2010. The price adjustments is anticipated to increase Milliyet's monthly circulation revenue by 10%.
- According to the court verdict regarding the court case initiated related to the tax penalty amounting to TL948,012 for FY2003; TL725,462 of the total amount was resolved against the company, while the remaining portion was in favor. The court verdicts resulted against the Company was appealed within its deadline with the injunction request.