



## Business Review & 1Q14 Financial Results

May 13, 2014

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## *1Q14 Highlights*

- Turkish ad market declined by 1% yoy in 1Q14, mainly led by lower ad spending of telecoms, finance and construction sectors.
- Based on estimated figures, TV ad market down by 2% yoy, while newspaper ad market contracted by 14% yoy.
- Internet registered 13% yoy growth, while increasing its share to 18%.

## Ad Market in Turkey\*

	FY13			1Q14		
	TL mn	Share	YoY	TL mn	Share	YoY
TV	3,008	54%	20%	669	54%	-2%
Internet	827	15%	13%	220	18%	13%
Newspaper	992	18%	-3%	194	16%	-14%
Outdoor	404	7%	6%	91	7%	3%
Radio	133	2%	1%	30	2%	3%
Magazine	123	2%	-1%	25	2%	-3%
Cinema	72	1%	29%	18	1%	24%
<b>Total Market</b>	<b>5,560</b>	<b>100%</b>	<b>12%</b>	<b>1,246</b>	<b>100%</b>	<b>-1%</b>

(\*) Estimated figures by the DYH Advertising Platform

## Ad Market by Sectors\*

1Q14 vs. 1Q13

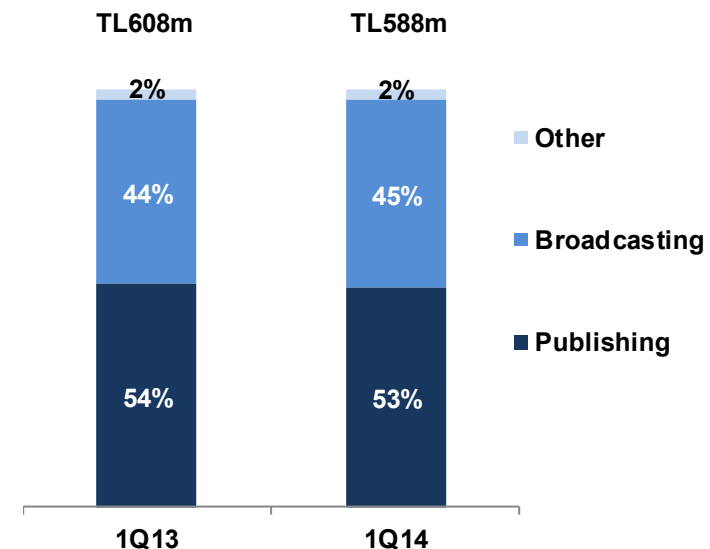
Sectors	Share	Δ Share	YoY
Food	11%	+0.8 pp	7%
Telecoms	6%	-0.9 pp	-14%
Media	5%	-0.2 pp	-4%
Cosmetics	5%	-0.1 pp	-2%
Public & Political Parties	5%	+2.9 pp	125%
Finance	5%	-4.2 pp	-46%
Retail	5%	+0.7 pp	17%
Beverages	4%	+0.2 pp	5%
Home Cleaning Products	4%	+0.9 pp	29%
Construction	3%	-1.4 pp	-30%
Other	46%	+1.2 pp	2%
<b>Total</b>	<b>100%</b>		<b>-1%</b>

- Consolidated revenues decreased by 3% yoy to TL588mn in 1Q14, due mainly to lower ad market.
- Digital platform subscription revenues were strong with 15% yoy growth.
- EBITDA loss was TL1 mn, mainly due to higher costs in broadcasting.
- Net financial expenses in 1Q14 was TL75 mn higher than TL47 mn attained in 1Q13, due to weak TL in this quarter.
- Cash inflows through the capital increase and asset sales led to a decline in net debt position from US\$754 mn in 2012 to US\$450 mn in 1Q14.
- Net loss (attributable to equity holders) stood at TL64 mn in 1Q14, as a result of lower revenues and higher costs.

Doğan Yayın Holding (TL mn)	P&L Consolidated Results		
	1Q13	1Q14	YoY
<b>Consolidated Revenues</b>	<b>608</b>	<b>588</b>	<b>-3%</b>
<i>Advertising</i>	290	262	-10%
<i>Circulation</i>	57	55	-3%
<i>Printing</i>	21	18	-16%
<i>Subscription</i>	94	109	15%
<i>Other</i>	146	144	-1%
<b>EBITDA*</b>	<b>59</b>	<b>-1</b>	<b>n.m.</b>
<i>EBITDA Margin</i>	9.6%	-0.2%	
<b>Net Profit (Loss)**</b>	<b>-28</b>	<b>-64</b>	<b>n.m.</b>

\*As calculated by DYH

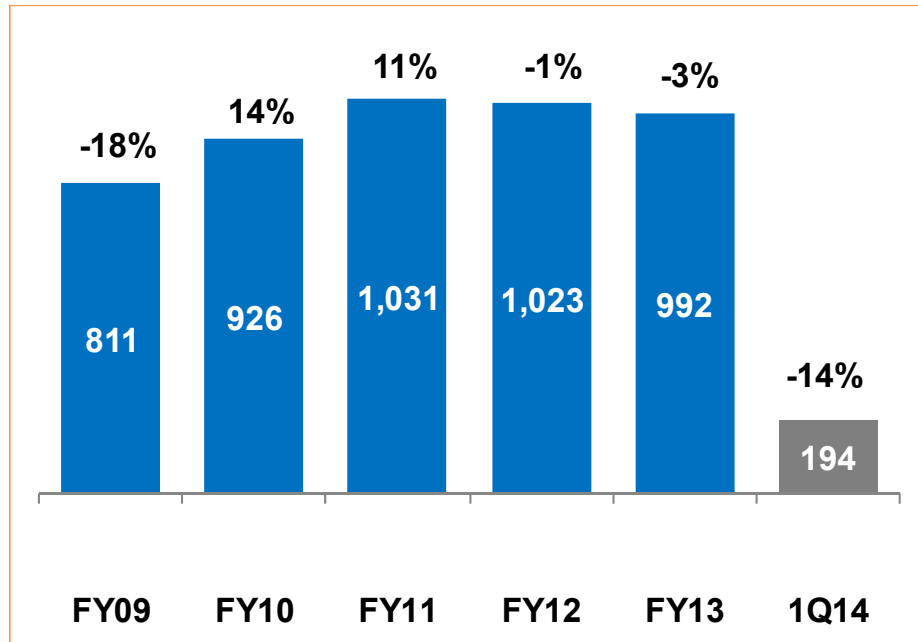
## Consolidated Revenues



## *Publishing Segment*

- Newspaper ad market continued to decline: down by 14%, yoy in 1Q14.
- Construction, automotive and finance sectors had cut down their ad spending in 1Q14.

**Newspaper Advertising in TL mn\***  
(yoy growth)



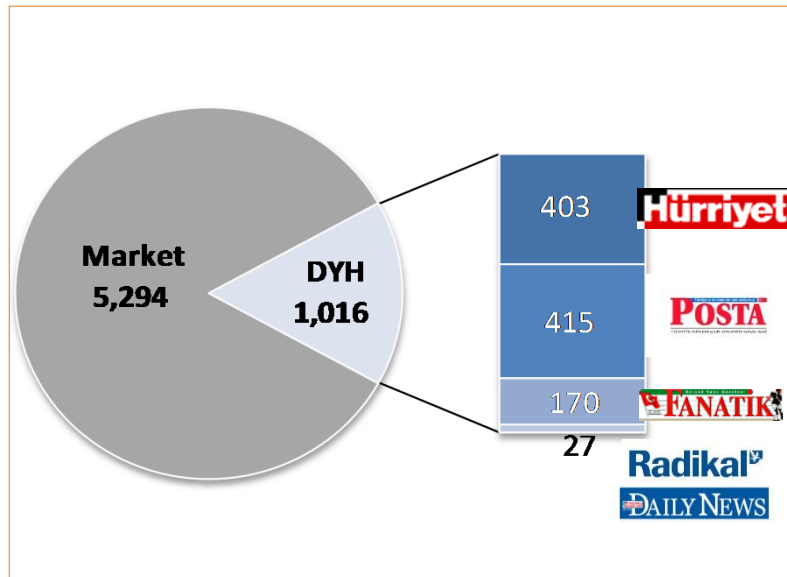
(\*) Estimated figures by the DYH Advertising Platform

**Newspaper Ad Market by Sectors\***  
1Q14 vs. 1Q13

Sectors	Share	Δ Share	YoY
Retail	14%	+4.2 pp	22%
Public & Political Parties	9%	+6.4 pp	179%
Construction	8%	-4.2 pp	-44%
Media	7%	-0.5 pp	-20%
Automotive	6%	-1.9 pp	-36%
Tourism	6%	+0.5 pp	-6%
Finans	5%	-2.9 pp	-47%
Education	3%	+0.3 pp	-5%
Furniture	3%	+0.1 pp	-12%
Telecoms	3%	-0.5 pp	-27%
Other	37%	-1.5 pp	-18%
<b>Total</b>	<b>100%</b>		<b>-14%</b>



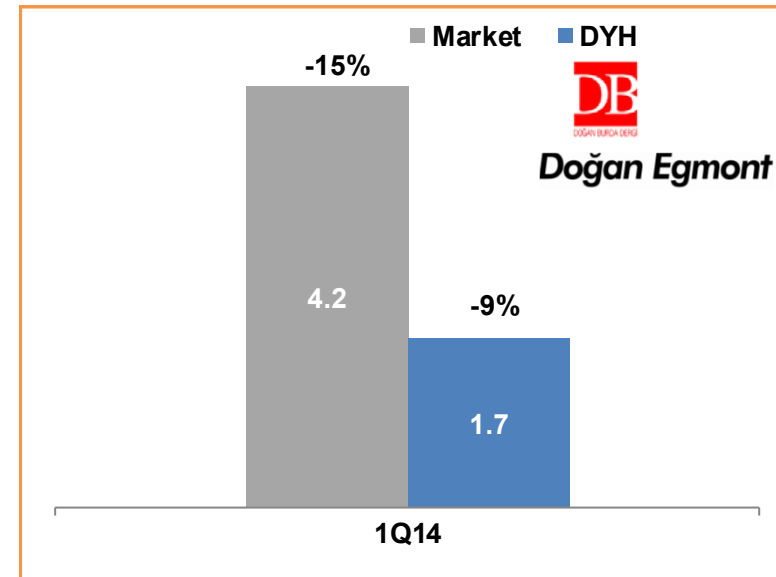
## Newspaper Circulation in 1Q14 (000 copies daily)



Source: Basın -İlan

- Average daily newspaper circulation in the market was 5.3 mn in 1Q14, up by 4% yoy; mainly led by higher free copies in the market and new entries.
- DYH maintained its leading position with 19% circulation market share (1.0 mn).

## Total Magazine Circulation in 1Q14 (Units m & yoy growth)



Source: DPP & Dogan Burda Dergi Yay.

• DYH includes Dogan Burda & Dogan Egmont

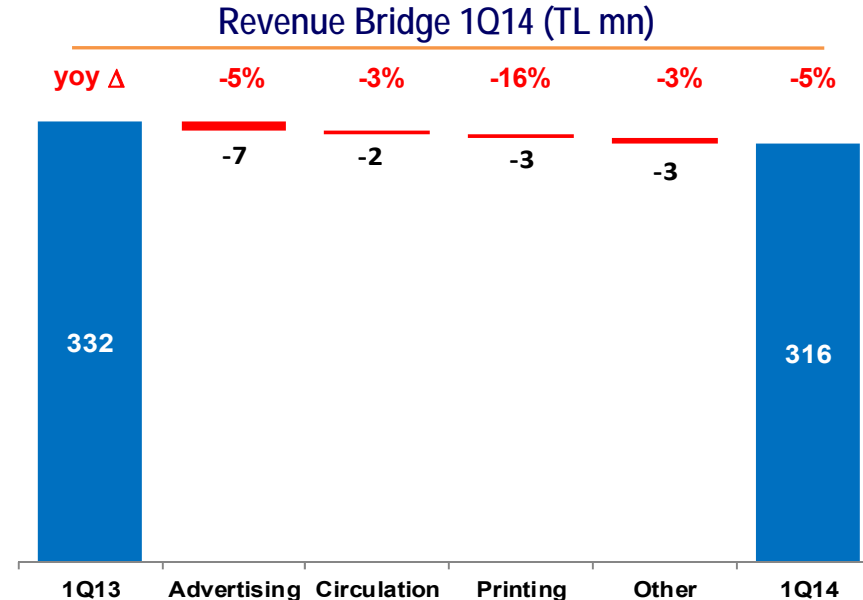
- Doğan Burda and Dogan Egmont's increased their total circulation market share.
- Dogan Burda launched internationally well-known Geo in Mar'13; and Spa & Wellness in Sept'13 and Revolution in Dec'13.
- Doğan Burda and Doğan Egmont had a total circulation market share of 40% in 1Q14.

**Lower revenues had negative impact on margins.**

- Publishing revenues down by 5% yoy in 1Q14.
- Domestic ad revenues were flat, thanks to Medyanet's contribution.
- Foreign operations' performances had a negative impact on revenues.
- Circulation & printing revenues were down by 7% due to lower circulation figures.
- Lower cash costs owing to cost cutting measures against the unfavorable ad market conditions in 1Q14.
- EBITDA was TL19 mn and margin was 6% in 1Q14.
- Net loss of TL25 mn in 1Q14, led by higher net financial expenses.

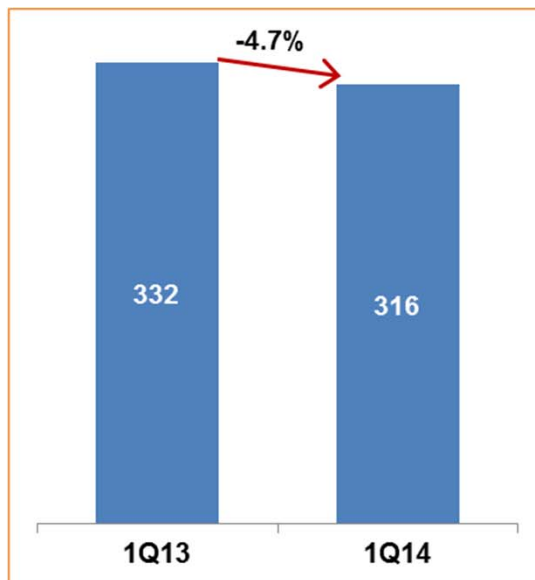
Publishing (TL mn)	P&L Results		
	1Q13	1Q14	YoY
<b>Revenues</b>	<b>332</b>	<b>316</b>	<b>-4.7%</b>
Advertising	145	138	-4.8%
<i>Domestic</i>	107	107	0.0%
<i>International</i>	38	31	-18.6%
Circulation	57	55	-3.3%
Printing Revenues	21	18	-15.9%
Other Revenues	109	106	-3.2%
<b>EBITDA*</b>	<b>27</b>	<b>19</b>	<b>-28.2%</b>
<i>EBITDA Margin</i>	8.1%	6.1%	
<b>Net Profit (Loss)</b>	<b>-5</b>	<b>-25</b>	<b>n.m.</b>

*\*As calculated by DYH; before intersegment eliminations*

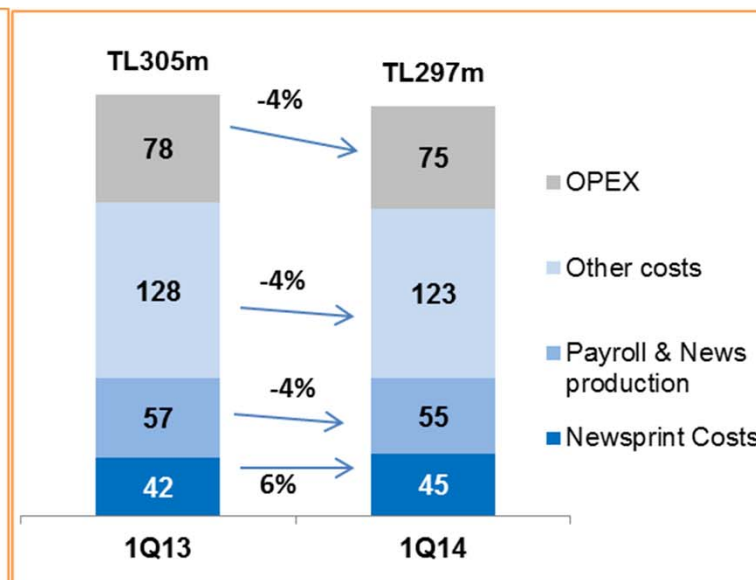


- Despite decline in paper consumption; newsprint costs up by 6% in 1Q14, yoy, due to weak TL compared to 1Q13.
- Newsprint prices in 1Q14 averaged at around US\$714 up by 1% yoy.
- Decline in margins mainly due to lower revenues from TME.
- EBITDA margin was 6.1%, vs. 8.1% in 1Q13.

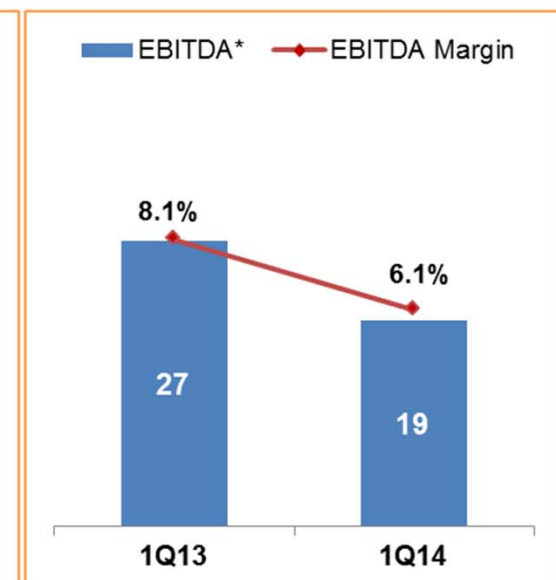
Revenue  
(TL mn)



Cash Costs Breakdown  
(TL mn)



EBITDA  
(TL mn)

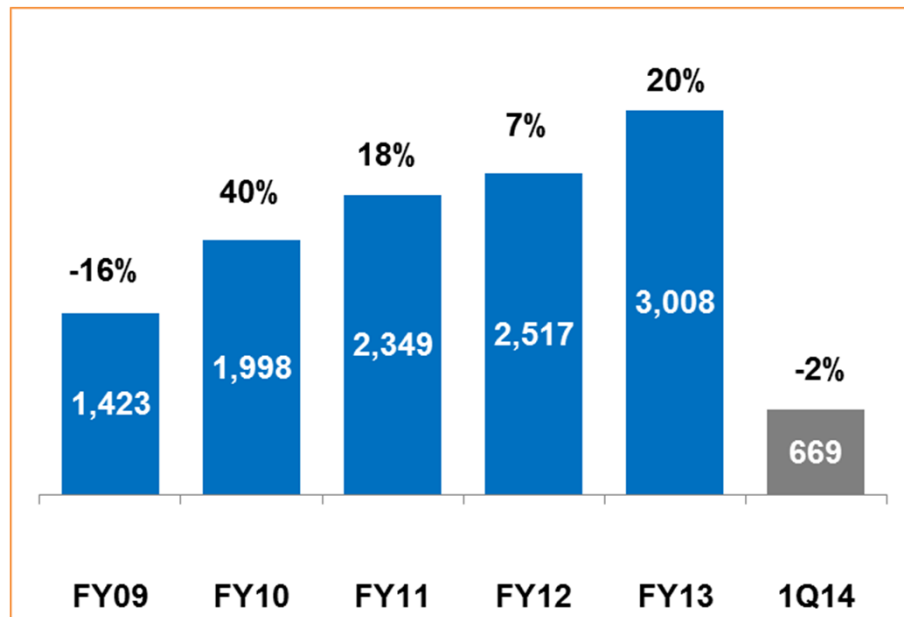


## *Broadcasting Segment*

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- TV ad market declined by 2% yoy growth in 1Q14.
- Food & Beverages increased their advertising budgets, while telecoms and finance cut their budgets.

TV Advertising in TL mn\*  
(yoy growth)



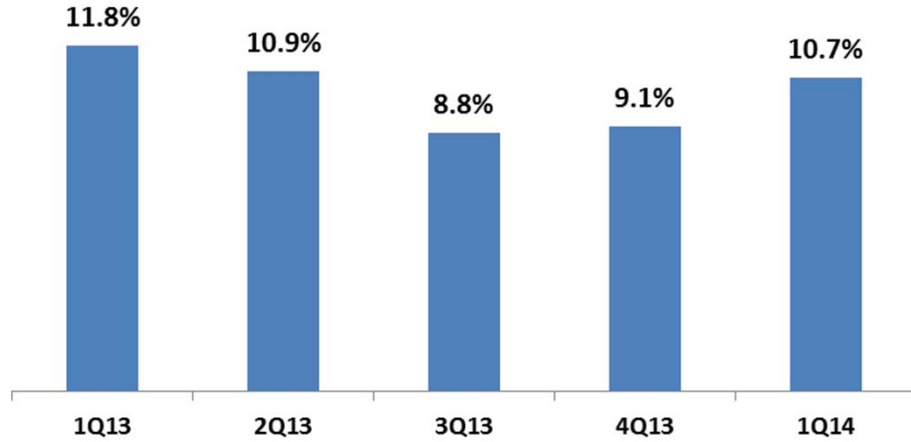
(\*) Estimated figures by the DYH Advertising Platform

TV Ad Market by Sectors\*  
1Q14 vs. 1Q13

Sectors	Share	Δ Share	YoY
Food	18%	+1.8 pp	10%
Cosmetics	8%	-0.0 pp	-2%
Telecoms	8%	-1.2 pp	-14%
Beverages	7%	+1.7 pp	31%
Home Cleaning Products	6%	+1.4 pp	28%
Media	6%	-0.4 pp	-7%
Finance	6%	-5.9 pp	-52%
Public & Political Parties	5%	+2.7 pp	95%
Furniture	4%	+0.4 pp	7%
Electrical Home Appliances	3%	+0.2 pp	4%
Other	28%	-0.6 pp	-4%
<b>Total</b>	<b>100%</b>		<b>-2%</b>



Kanal D Audience Share\*



\*Source: TNS (Total Individual/Total Day)

Kanal D's Total Day audience share started to improve, after lowest levels attained in 3Q13, with a shift in TV programs.







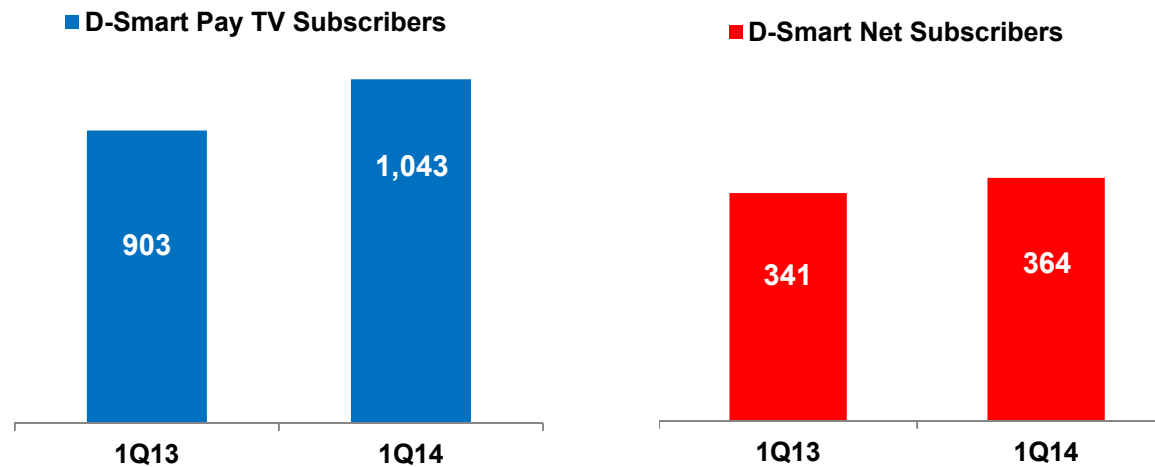
- Attractive demographics and viewing trends
  - Young population in Turkey and increasing number of households.
  - Average daily TV viewing time above 5 hours in Turkey.
- D-Smart will benefit from the attractive demographics and viewing trends:
  - 41 HD Channels currently, exclusive sports content including Champions League, UEFA League, La Liga, NBA, Formula 1, Moto GP and Turkish Airlines Basketball Euroleague.
  - D-Smart BLU, launched in 2012 (for HD+ devices only) has been providing access to D-Smart content since February'13 through internet connected devices such as PCs, laptops, tablets, and smartphones. (available both for IOS and Android). D-Smart BLU is offered with a differentiated sales model as bundled with D-Smart.net internet since September'13. Also available for non-paytv users as a standalone OTT TV service.

## #2 digital pay TV operator in Turkey

- Pay TV subscribers reached 1,04 mn by 1Q14, up by 16%, yoy.
- D-Smart Net ADSL subscribers 364 K, up by 7%.



### D-Smart Statistics (in thousands)





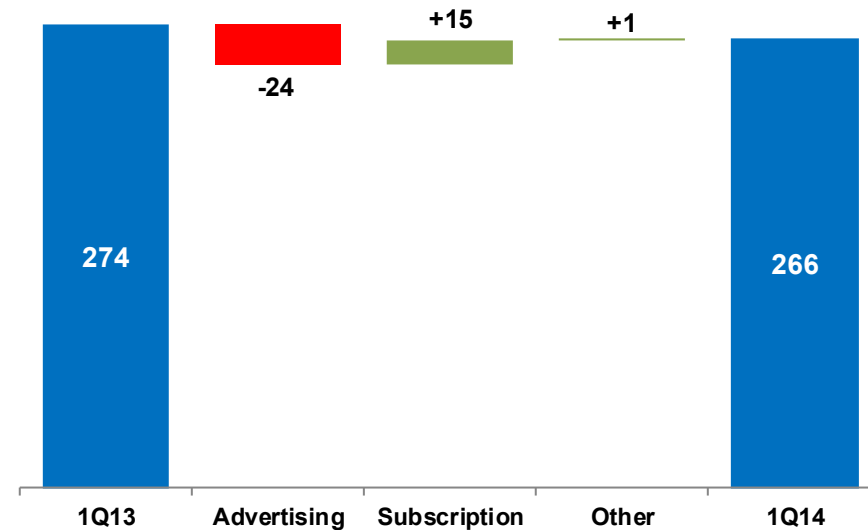
## ***Subscription revenues continue to grow.***

- Total broadcasting revenues decreased by 3% yoy in 1Q14.
- Ad revenues down by 16% yoy.
- Positive impact on revenues from D-Smart: 15% yoy increase in D-Smart's number of Pay TV subscribers led to higher subscription revenues.
- Higher programming costs due to weak TL in 1Q14 and shifts in programs.
- EBITDA loss was TL25 mn, due to higher cash costs.
- High fx losses also had a negative impact; net loss was TL69 mn.

Broadcasting (TL mn)	P&L Results		
	1Q13	1Q14	YoY
<b>Revenues</b>	<b>274</b>	<b>266</b>	<b>-3%</b>
Advertising	151	127	-16%
Subscription	94	109	15%
Other Revenues	30	31	4%
<b>EBITDA*</b>	<b>31</b>	<b>-25</b>	n.m.
<i>EBITDA Margin</i>	11%	-9%	
<b>Net Profit (Loss)</b>	<b>-20</b>	<b>-69</b>	<b>n.m.</b>

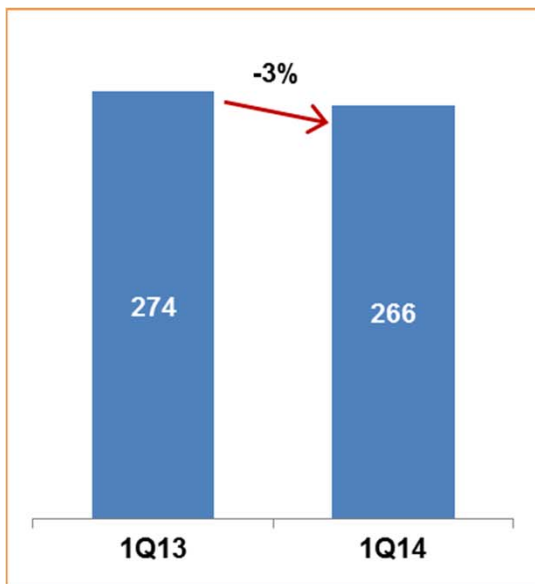
*\*As calculated by DYH; before intersegment eliminations*

Revenue Bridge (TL mn)

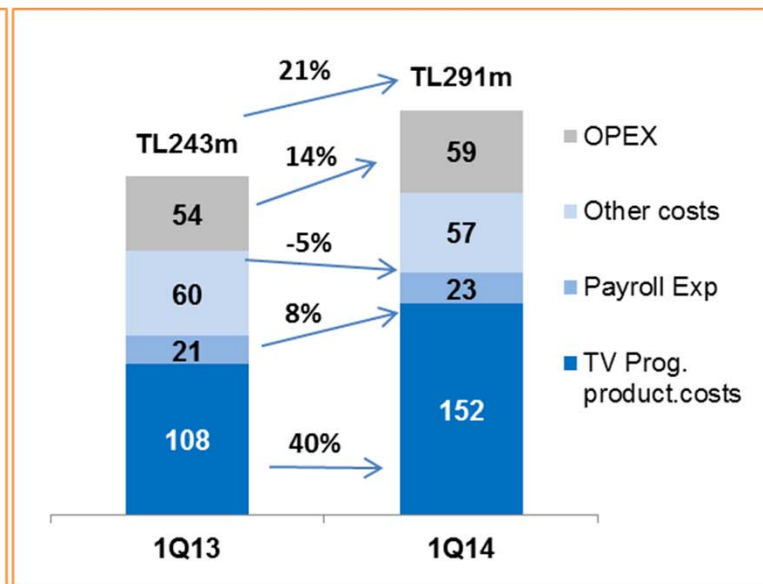


- Volatility in TL and shifts in TV programs to increase audience share led to an increase in programming costs.
- Higher marketing and personnel expenses led to a rise in operating costs.
- Cash costs were up by 21% yoy due to higher operating and programming costs.
- EBITDA loss was TL25 mn in 1Q14.

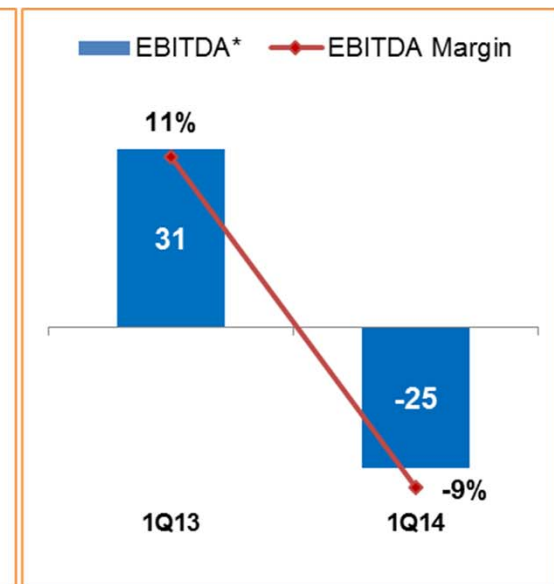
Revenue  
(TL mn)



Cash Costs Breakdown  
(TL mn)



EBITDA\*  
(TL mn)



## *Investments & Financing*

	in US\$ mn				in TL mn			
	FY12	FY13	1Q14	Δ vs. FY13	FY12	FY13	1Q14	Δ vs. FY13
<b>Cash &amp; Bank and Mark. Sec.</b>	268	249	237	-5%	478	531	519	-2%
<b>S/T Bank Borrowings</b>	549	425	438	3%	979	906	959	6%
<b>L/T Bank Borrowings</b>	316	258	238	-8%	563	551	520	-6%
<b>Other Financial Liabilities*</b>	157	14	12	-15%	280	30	26	-13%
<b>Net Debt/(Cash)</b>	754	448	450	1%	1,344	956	986	3%

\* Other financial liabilities include options, supplier loans and leasing credits

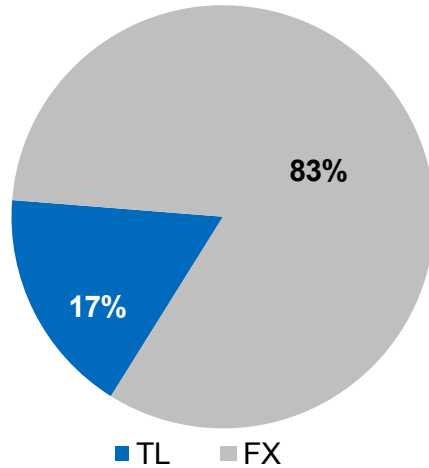
### 1Q14

#### INVESTMENTS (TL mn)

	Publishing	Broadcasting	Other	TOTAL
<b>Fixed Assets</b>	6,475	23,384	9	29,868
<b>Programme Rights</b>		25,429		25,429
<b>TOTAL</b>	6,475	48,813	9	55,297

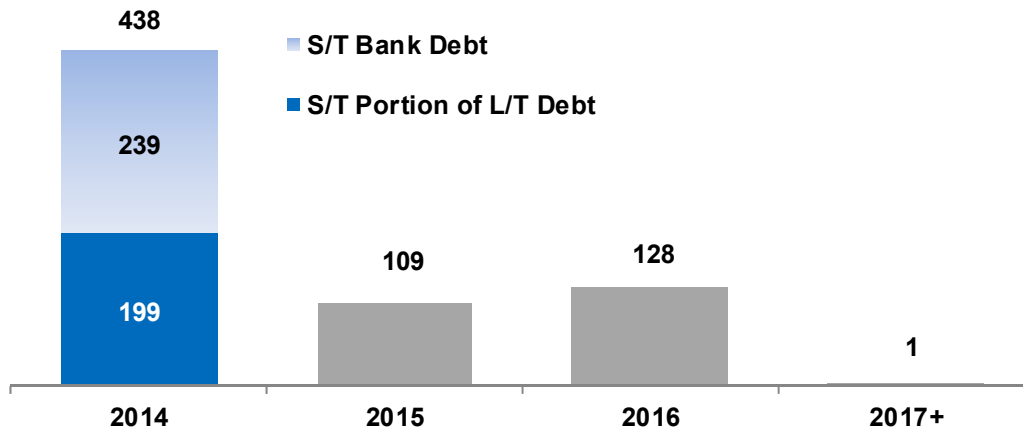
\* Investment properties are excluded.

Total Bank Debt as of 1Q14-end  
US\$676 mn (TL1,479 mn)



- DYH increased its capital in December 2013 to TL2,429 mn in cash and all 428.55 mn shares allocated to the parent company Doğan Holding at TL0.70/share, by “entirely” restricting the new share acquisition rights of the existing shareholders. A cash inflow of TL300 mn realized at 2013-end.
- Total bank debt was US\$676 mn in 1Q14.
- DYH’s stand-alone net cash was US\$25 mn.

Bank Debt Payment Schedule\*, as of 1Q14-end (US\$)



## *Outlook*

- Following dismal ad market performance in 1Q14, we anticipate low single digit ad market growth in 2014.
- Focus on cost controls continues.
- Shifts in TV programs in 2014 expected to support audience shares and ad revenues.
- Continue to look for opportunities in digital media.
- The merger with Doğan Holding; It has been decided that DYH will be merged under the umbrella of Doğan Holding through all its assets and liabilities being “taken over” as a whole by DYH’s main shareholder Doğan Holding.
  - The proposed merger will lead to a simpler structure and decision-making process, as well as cost savings.
  - Regarding the merger; application has been filed with the Capital Market Board (CMB), and work on establishing the “merger ratio” and the “change ratio” is still underway.
- Better financial structure through cash inflows:
  - Net debt declined from US\$754 mn in FY12-end to US\$450 mn in 1Q14.
  - TL300 mn cash inflow through capital increase in December 2013.
  - From the remaining payments of the asset sales that took place in FY11 and FY12; US\$611 mn was received and further US\$44 mn is expected.

## *Financials*



	in US\$ mn			in TL mn		
	1Q13	1Q14	Δ YoY	1Q13	1Q14	Δ YoY
<b>REVENUES</b>	<b>342</b>	<b>265</b>	<b>-22%</b>	<b>608</b>	<b>588</b>	<b>-3%</b>
GROSS PROFIT	89	44	-50%	158	98	-38%
<b>EBIT<sup>1</sup></b>	<b>6</b>	<b>-24</b>	<b>n.m.</b>	<b>11</b>	<b>-54</b>	<b>n.m.</b>
<b>EBITDA<sup>2</sup></b>	<b>33</b>	<b>0</b>	<b>n.m.</b>	<b>59</b>	<b>-1</b>	<b>n.m.</b>
NET OTHER OPERATING INCOME/(EXP.)	4	12	186%	8	27	256%
SHARE OF GAIN ON INVESTMENTS ACC. BY EQUITY METHOD	0	0	4%	1	1	29%
NET INCOME/(EXP.) FROM INVESTMENT ACTIVITIES	1	0	n.m.	3	-1	n.m.
NET FINANCIAL INCOME/(EXP.)	-26	-34	n.m.	-47	-75	n.m.
<b>PROFIT BEFORE TAX from continued operations</b>	<b>-14</b>	<b>-45</b>	<b>n.m.</b>	<b>-24</b>	<b>-101</b>	<b>n.m.</b>
TAX INCOME/(EXP.)	-5	3	n.m.	-8	7	n.m.
INCOME/(LOSS) FROM DISCONTINUED OPERATIONS	0	0	n.m.	-1	0	n.m.
<b>NET PROFIT (After Minority)</b>	<b>-16</b>	<b>-29</b>	<b>n.m.</b>	<b>-28</b>	<b>-64</b>	<b>n.m.</b>

(<sup>1</sup>) EBIT: Before other operating income and expenses.

(<sup>2</sup>) EBITDA: Adjusted by net IAS 39 impact.

(TL mn)	FY12	FY13	Δ YoY	1Q13	1Q14	Δ YoY
<b>Publishing</b>	<b>1,391</b>	<b>1,369</b>	<b>-2%</b>	<b>332</b>	<b>316</b>	<b>-5%</b>
Advertising	647	651	1%	145	138	-5%
Circulation	233	222	-5%	57	55	-3%
Printing Revenues	80	92	15%	21	18	-16%
Other Revenues	431	404	-6%	109	106	-3%
<b>Broadcasting</b>	<b>1,090</b>	<b>1,152</b>	<b>6%</b>	<b>274</b>	<b>266</b>	<b>-3%</b>
Advertising	619	619	0%	151	127	-16%
Subscription	304	401	32%	94	109	15%
Other Revenues	168	131	-22%	30	31	4%
<b>Other Revenues</b>	<b>60</b>	<b>57</b>	<b>-6%</b>	<b>13</b>	<b>15</b>	<b>12%</b>
<b>Cumulative Total</b>	<b>2,541</b>	<b>2,578</b>	<b>1%</b>	<b>620</b>	<b>597</b>	<b>-4%</b>
Intersegment Eliminations (-)	-81	-54	-33%	-11	-10	-16%
<b>Total</b>	<b>2,460</b>	<b>2,524</b>	<b>3%</b>	<b>608</b>	<b>588</b>	<b>-3%</b>

\* As reported; 2012 figures were stated due to changes in IFRS regulations.

(TL mn)	FY12	FY13	Δ YoY	1Q13	1Q14	Δ YoY
<b>Publishing</b>	<b>640</b>	<b>644</b>	<b>1%</b>	<b>143</b>	<b>136</b>	<b>-4%</b>
Hurriyet Grup excluding TME	380	369	-3%	85	77	-9%
TME	163	152	-7%	36	29	-19%
Dogan Gazetecilik	95	98	3%	22	21	-4%
DMG International	8	6	-30%	1	1	-13%
Other	0	26		0	9	n.m.
<i>Interseg. Elim. (-)</i>	<i>-6</i>	<i>-8</i>	<i>n.m.</i>	<i>-2</i>	<i>-1</i>	<i>n.m.</i>
<b>Broadcasting</b>	<b>605</b>	<b>610</b>	<b>1%</b>	<b>147</b>	<b>125</b>	<b>-15%</b>
Doğan TV	594	580	-2%	144	117	-19%
Kanal D Romanya	25	39	57%	7	10	41%
<i>Interseg. Elim. (-)</i>	<i>-14</i>	<i>-10</i>	<i>n.m.</i>	<i>-3</i>	<i>-1</i>	<i>n.m.</i>
<b>Total Advertising</b>	<b>1,245</b>	<b>1,254</b>	<b>1%</b>	<b>290</b>	<b>262</b>	<b>-10%</b>
<b>Total Combined</b>	<b>1,265</b>	<b>1,271</b>	<b>0%</b>	<b>295</b>	<b>264</b>	<b>-10%</b>

\* 2012 figures were stated due to changes in IFRS regulations.

(TL mn)	FY12	FY13	Δ YoY	1Q13	1Q14	Δ YoY
<b>Revenues</b>	<b>2,460</b>	<b>2,524</b>	<b>3%</b>	<b>608</b>	<b>588</b>	<b>-3%</b>
Publishing	1,391	1,369	-2%	332	316	-5%
Broadcasting	1,090	1,152	6%	274	266	-3%
Other	60	57	-6%	13	15	12%
Intersegment Eliminations	-81	-54	n.m.	-11	-10	n.m.
<b>COGS</b>	<b>1,736</b>	<b>1,871</b>	<b>8%</b>	<b>451</b>	<b>489</b>	<b>9%</b>
Publishing	974	971	0%	239	236	-2%
Broadcasting	771	891	16%	207	251	21%
Other	44	38	-13%	9	8	-12%
Intersegment Eliminations	-53	-30	n.m.	-5	-5	n.m.
<b>Operating Expenses</b>	<b>579</b>	<b>639</b>	<b>10%</b>	<b>146</b>	<b>152</b>	<b>4%</b>
Publishing	368	389	6%	90	86	-4%
Broadcasting	209	258	24%	59	68	14%
Other	29	16	-45%	5	3	-44%
Intersegment Eliminations	-26	-24	n.m.	-7	-4	n.m.

\* As reported; 2012 figures were stated due to changes in IFRS regulations.

(TL mn)	FY12	FY13	Δ YoY	1Q13	1Q14	Δ YoY
<b>EBIT</b>	<b>146</b>	<b>14</b>	<b>-91%</b>	<b>11</b>	<b>-54</b>	<b>n.m.</b>
Publishing	49	9	-82%	3	-6	n.m.
Broadcasting	110	3	-97%	8	-52	n.m.
Other	-12	3	n.m.	-1	4	n.m.
Intersegment Eliminations	-1	-1	n.m.	0	0	n.m.
<b>EBITDA</b>	<b>316</b>	<b>212</b>	<b>-33%</b>	<b>59</b>	<b>-1</b>	<b>n.m.</b>
Publishing	139	101	-28%	27	19	-28%
Broadcasting	189	108	-43%	31	-25	n.m.
Other	-10	4	n.m.	0	4	n.m.
Intersegment Eliminations	-1	-1	n.m.	0	0	n.m.
<b>Consolidated EBIT Margin</b>	<b>5.9%</b>	<b>0.5%</b>		<b>1.9%</b>	<b>-9.2%</b>	
Publishing	4%	1%		1.0%	-1.8%	
Broadcasting	10%	0%		3.0%	-19.7%	
Other	-20%	5%		-4.6%	28.0%	
<b>Consolidated EBITDA Margin</b>	<b>12.9%</b>	<b>8.4%</b>		<b>9.6%</b>	<b>-0.2%</b>	
Publishing	10%	7%		8.1%	6.1%	
Broadcasting	17%	9%		11.4%	-9.3%	
Other	-17%	7%		-2.5%	29.1%	

\* As reported; 2012 figures were stated due to changes in IFRS regulations.

(TL mn)	FY13	1Q13	1Q14	Δ YoY
Operating Profit (EBIT)	14	11	-54	n.m.
Depreciation & Amortization (+)	207	46	59	28%
Programme Rights Amortization (-)	-42	-6	-15	n.m.
Net IAS Impact (+)	33	7	8	20%
<b>EBITDA</b>	<b>212</b>	<b>59</b>	<b>-1</b>	<b>n.m.</b>

(1) EBIT: Before other operating income and expenses.

For further information

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