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Review of 1Q15 Results
APRIL, 2015

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Dogan Burda: Leading Magazine Group in Turkey

Women, Health and Decoration

burda **elele** **ELLE** **ELLE** **-evim** **formsanté**
MAISON FRANÇAISE **Spa** **seninle**
WELLNESS Kadın olmak güzel

Economy, News and Law

Ekonomist **Capital** **güncel hukuk**

People, Youth, Travel and Life Style

HELLO! **HAFTA SONU** **İSTANBUL LIFE** **ATLAS** **GEO** **heygirl** **blue JEan**

Information Technology and Computers

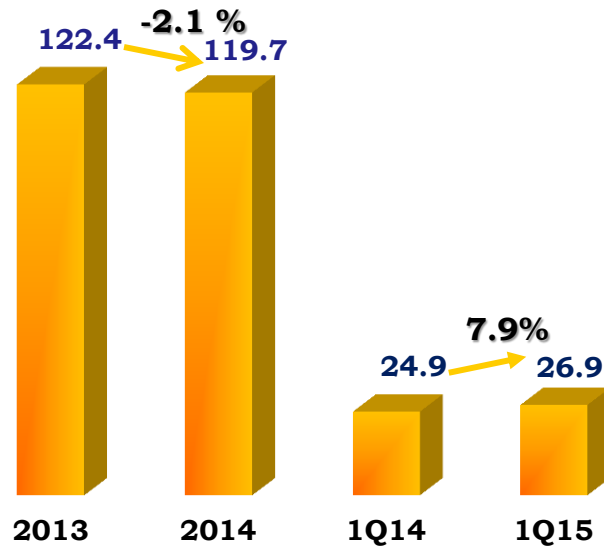
CHIP **PC**
DİJİTAL YAŞAM VE TEKNOLOJİ DERGİSİ

Hobbies, Cooking and Special Interest

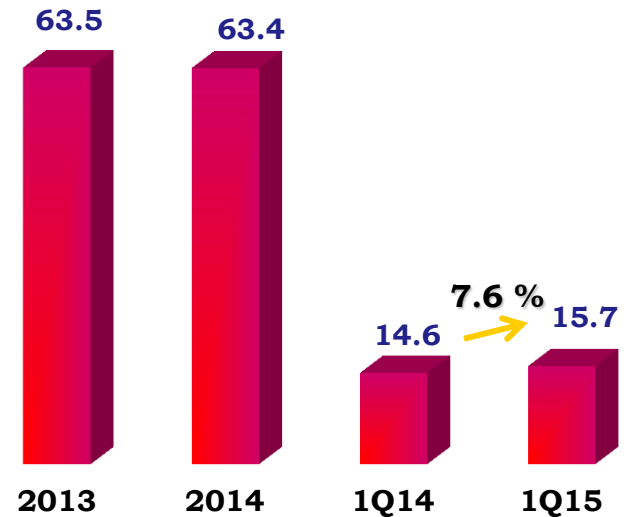
Lezzet **EvBahçe** **YACHT** **Auto SHOW** **LEVEL**
TEMPO **ATLAS Tarih** **POPULAR SCIENCE** **REVOLUTION**
BEEF & FISH **HOTELIER**
KEÇİMSİZ TADIMLI DİYENLER İÇİN INTERNATIONAL.COM

- Doğan Burda maintained its leading position in the sector in 1Q15: its ad revenues increased by 7.6% yoy.
- Turkish magazine advertising market enjoyed strong growth in 1Q15; increased by 7.9% yoy to TRY 26.9 mn as a result of combined effect of new launches, mainly monthlies and spin-offs.

Magazine Advertising - Turkey (TRYm)



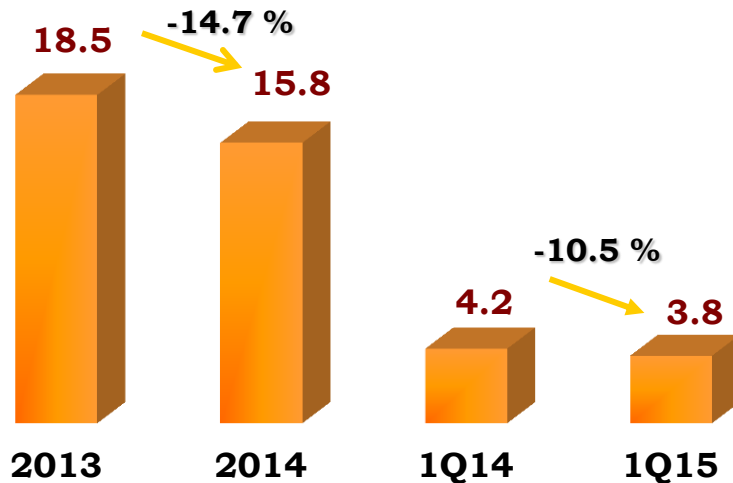
Doğan Burda Advertising Revenues (TRYm)*



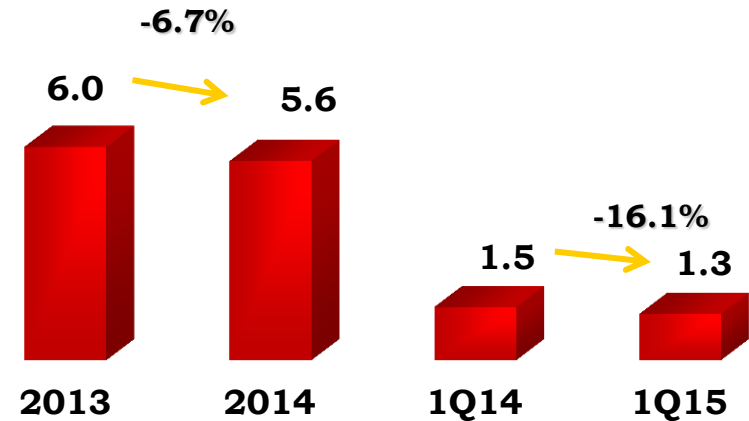
* Ad revenues = Reported ad revenues plus IAS adjustments & reclassifications.

- Turkish magazine circulation market was down by 10.5% yoy in 1Q15.
- DB's circulation figures declined as a result of drop in youth magazines circulation, some delayed spin-offs and re-planning of distribution as a cost-cutting move.
- DB maintains its circulation market leadership with 33% share in 1Q15.

Total Net Circulation Units – Turkey (Units m)

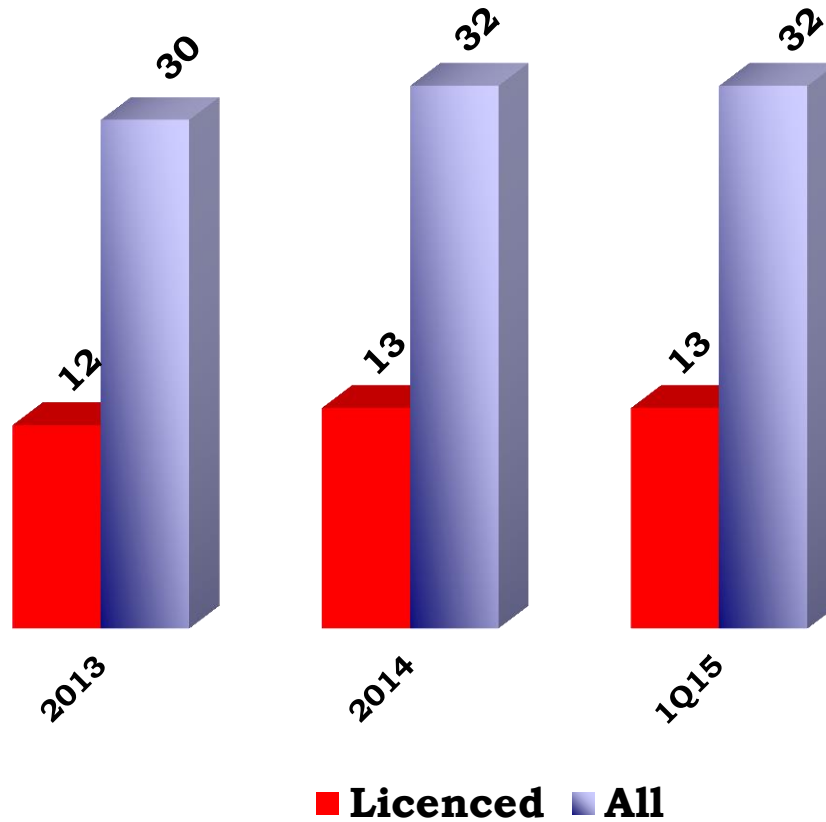


Dogan Burda Net Circulation (Units m)



Number of Magazines (Period End)

■ Number of licenced magazines reached to 13 after launching of Hotelier magazine end of 2014.



- Successful seasonal brands continue to add value in 1Q15, main and sub brands' various magazines launched during the period. e.g. *Lezzet Kid Recipes*, *Burda Vintage*, *Elle Wedding*, *Pc Net Inventions* and *Pc Net Android* sub-brands had positive contributions in circulation and ad revenues.
- Maintained its leading position together with expansion of magazine ad market in spite of new launches of other competitors.
- Focusing on digital activities continues:
 - Elle and Atlas Online has been re-launched on web.
 - Webinars has started on CHIP Online. Revenue generation actions are in process.
 - 8 more tablet magazine apps has been launched. In total, there are 22 tablet magazine apps in App Store and Google Play.
- Uludag Economic Summit, organized by Dogan Burda's *Capital* and *Economist* magazines, was held in March 2015 in Bursa with the participation of Turkey's leading economists, businessmen and administrators with contribution of several international speakers.
- Fluctuations in EUR/USD exchange rate had a negative impact on major cost items, but its effect has been balanced thanks to the paper optimization & cost control strategies.
- Completed gross cash dividend distribution of TRY 9.0 mn in April 2015 from 2014 earnings; dividend pay out ratio* was 127.7%.

* The ratio of proposed dividend to shareholders to net distributable income.



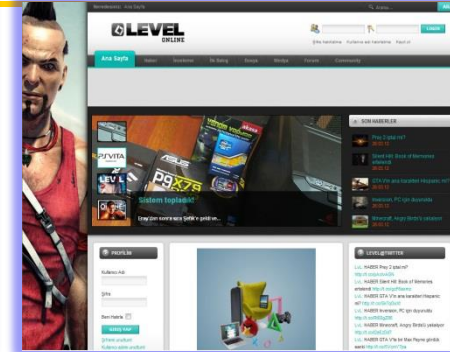
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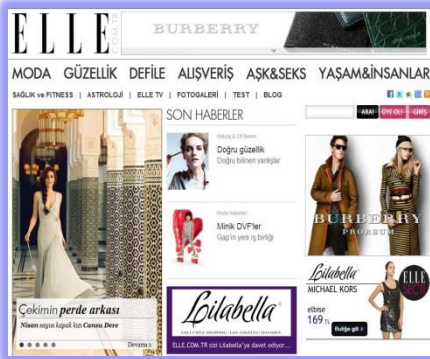
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www.lezzet.com.tr



www.elle.com.tr



www.kesfetmekicinbak.com



www.ekonomist.com.tr

- CHIP Online has been re-launched (www.chip.com.tr).
- 8 new tablet magazine Apps has been launched.
- Webinars and Live Video Streaming has started on CHIP Online (www.chip.com.tr).
- Elle Online (www.elle.com.tr) has been re-launched.
- All magazines are available on Tablets. Total number of monthly downloads is more than 40.000.
- On web sites approximately 7.5 mn monthly unique visitors in total

*Sources: Google Analytics, iTunes. Including monthly figures (December 2014).

- Net sales increased by 6.3% to TRY 24.4 mn, led by higher ad revenues.
- Together with the savings in COGS, increase in net sales had a positive impact on margins in 1Q15.

Million TRY	FY14	1Q14	1Q15	Ch.%
Net Sales	99.55	22.96	24.42	6.3
Cost of Goods Sold	58.19	13.07	12.97	(0.8)
Operating Exp.	39.23	9.98	10.92	9.4
Operating Profit/(Loss)	2.71	0.06	3.77	n.m.
EBITDA*	3.42	0.22	0.86	282.7
Income/Expenses from Investing Activities**	6.73	(0.00)	0.12	n.m
Operating Profit/(Loss) before Finance Exp.	9.44	0.05	3.89	n.m.
Net Profit/(Loss)	7.52	0.20	3.02	1,444.2

(*) Adjusted EBITDA by net IAS 39 impact and excluding other operational income/(exp.).

(**) FY14 includes TRY 6,0 mn income from asset sale and 1Q15 includes F/X gain of USD 5.0 mn notes receivable due date Oct. 05, 2015.

Revenue & Cost Analysis – 1Q15

- Controlled COGS together with a rise in total revenues led to a growth of 15.7% in gross profit.
- Well managed negative F/X effects on COGS helped to reach 47% gross margin in 1Q15 vs. 43% in 1Q14

Million TRY	FY14	1Q14	1Q15	Ch.%
Total Revenues	99.55	22.96	24.42	6.3
Advertising	61.10	14.13	15.20	7.6
Circulation	34.79	7.38	7.13	(3.4)
Other	3.66	1.45	2.09	43.9
Total COGS	58.19	13.07	12.97	(0.8)
Production Costs	42.02	10.54	9.96	(5.5)
Depreciation	0.39	0.10	0.09	(9.4)
Other Costs	15.78	2.43	2.93	20.2
Gross Profit	41.36	9.89	11.45	15.7
Gross Margin	41.55	43.07	46.88	3.8

Operational Profitability –1Q15

- Higher advertising & promotion expenses in 1Q15 is led by income-generating event expenses and launch of sub-brands.

Million TRY	FY14	1Q14	1Q15	Ch.%
Total Operational Exp.(-)	39.23	9.98	10.92	9.4
Advertising&Promotion	7.37	3.01	3.60	19.7
Depr.&Amortization	0.67	0.18	0.15	(12.2)
Other Marketing Exp.	12.57	2.70	2.72	0.7
Overhead&Gen.Admin	18.62	4.10	4.45	8.4
Net other operational inc. (exp.)	0.58	0.15	3.24	n.m.
Operating Profit/(Loss)	2.71	0.06	3.77	n.m.
EBITDA*	3.42	0.22	0.86	282.7
Income/Expenses from Investing Activities**	6.73	(0.00)	0.12	n.m.
Operating Profit/(Loss) before Finance Exp.	9.44	0.05	3.89	n.m.
Financial Income, net	(0.25)	(0.05)	(0.06)	22.3
Profit Bef.Tax	9.19	0.00	3.83	n.m.
Tax	(1.67)	0.19	(0.81)	n.m
Net Profit/(Loss)	7.52	0.20	3.02	1,444.2

(*) Adjusted EBITDA by net IAS 39 impact and excluding net other operational inc./ (exp.).

(**) FY14 includes TRY 6,0 mn income from asset sale and 1Q15 includes F/X gain of USD 5.0 mn notes receivable due date Oct. 05, 2015.

Million TRY	2014	2015
Cash & Cash Equivalents	4.2	14.6
Net Cash/(Net Debt)	4.2	14.6
Total Assets	64.8	69.8
Shareholder's Equity	39.9	33.9

- Increase in Cash & Cash Equivalents is stemming mainly from USD 3 mn collected on Jan. 05, 2015, regarding the Hadımkoş building sale that took place in Jun 2014.
- Net cash position was TL 14.6 mn in 1Q15.
- Gross cash dividend of TRY 9.0 mn distributed on April 6, 2015.

- As a result of strong revenue growth mainly in advertising, together with successful cost management, gross profit increased by 15.7% and reached TRY 11.45 mn in 1Q15.
- The pace of expansion in the advertising market started to accelerate in 1Q15 and is dependable on the economical and political stability in subsequent quarters.
- Ongoing studies for 360 degree publishing, including all digital channels for improving new revenue streams, such as:
 - Custom Video streaming become a promising revenue channel after successful process on CHIP online. Other online platforms are in plan in 2015.
 - The number of tablet magazine apps will be increased covering all the brands targeting to increase the total reach and ads revenue.
- Seeking opportunities for new brands both in local and licensed alternatives.
- Further cash inflow through asset sale: Regarding the Hadımkoş building sale that took place in June 2014 for a total of US\$10 mn, the remaining balance of US\$5 mn will be collected on October 5, 2015.