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**Review of 3Q17 Results
OCTOBER, 2017**

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Dogan Burda: Leading Magazine Group in Turkey

Women Health and Decoration

burda **elele** **ELLE** **ELLE** **-evim** **formsanté**
MAISON **diabetic**
FRANÇAISE **LIVING.**

Economy News and Law

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

People Youth Travel and Life Style

HELLO! **ISTANBUL** **ATLAS** **heygirl**
LIFE

Information Technology and Computers

CHIP

Hobbies Cooking and Special Interest

Lezzet

YACHT
Türkiye

Auto
SHOW

LEVEL

ATLAS **Tarih**

POPULAR
SCIENCE
GELECEK
BİZİM
SİMDİ

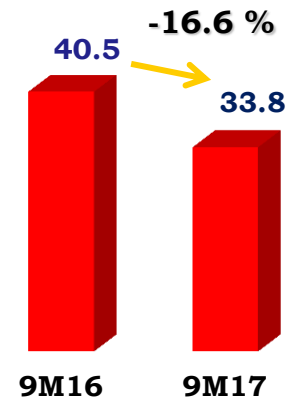
THE RAKE

- **Magazine market ad decline slowed in 3Q17:** Turkish magazine ad market in 9M17 was down by 13.6% yoy, but the decline in 3Q17 was 3.3% yoy.
- **Doğan Burda (DB) holds by far the leading position in the market:** Due to the closure of some titles for cost control, Dogan Burda's ad revenue decline was 16,6% in 9M17. But, DB ad revenue was stable in 3Q17 vs. 3Q16.

Magazine Advertising - Turkey (TRYm)



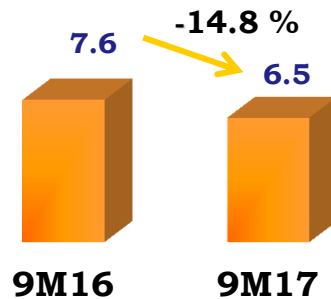
Doğan Burda Advertising Revenues (TRYm)*



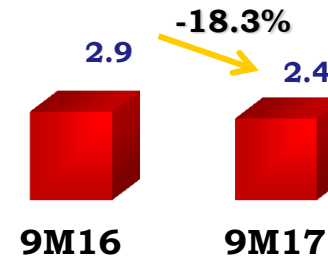
* Ad revenues = Reported ad revenues plus IAS adjustments & reclassifications.

- Turkish magazine circulation market contracted by 14.8% yoy in 9M17.
- DB's circulation figures was down to 0.5 mn; mainly due to ceased publications.
- **Diverse portfolio with well-known and leading brands:** DB maintained its leadership position with a 37% market share in magazine circulation in 9M17 with a total of 67 publications (sixteen monthlies, two weeklies, six magazines with special periods, and various other magazines).

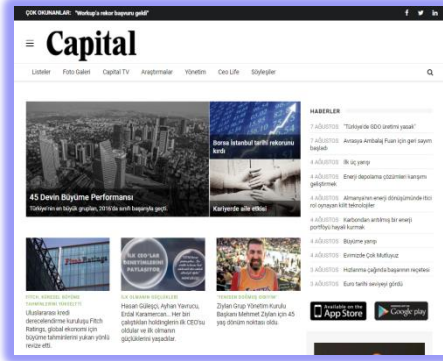
Total Net Circulation Units – Turkey (Units m)



Dogan Burda Net Circulation (Units m)



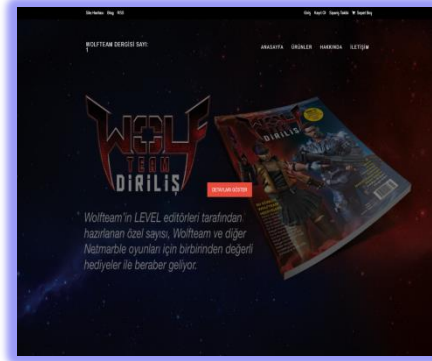
- Successful seasonal brands continued to add value in 9M17 :
 - The launch of Wolfteam as sub-brand
 - Sudoku booklet has been published.
 - Turkish Cuisine Book and Tempo Crossword has been relaunched.
 - Chip magazine was re-launched on a seasonal period beginning from Jan'17.
- Cover price was increased for «Auto Show» in Jan'17.
- Focusing on digital activities continued:
 - Capital.com.tr has been renewed & re-launched.
 - Second Elle Beauty Box has been launched in Sept 2017.
 - Doğan Burda's websites exceeded 10 mn monthly unique visitors.
 - Telecommunication Company's mobile e-mag app supported the new revenue channel, reached more than 400 K number of monthly downloads in a short time.
- Uludag Economic Summit, organized by Dogan Burda's «Capital» and «Ekonomist» magazines, was held in March 2017 in Bursa with the participation of Turkey's leading economists, businessmen and economy related ministers with the contribution of several national & international speakers.



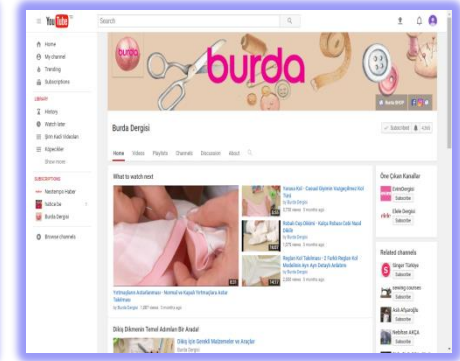
www.capital.com.tr



Turkcell Dergilik



<https://wolfteam.level.com.tr/>



Burda Youtube Channel

- The number of eMagazine downloads is more than 300K monthly on Dergilik
- Elle.com.tr, Evimdergisi.com.tr, Heygirl.com.tr, Capital.com.tr has been re-launched.
- Elle Beauty Box released and all boxes were sold out. Elle Beauty Box 2 released
<https://beautybox.elle.com.tr/>
- Burda sewing course channel was created on Youtube and reached 6.7 K subscribers
<https://www.youtube.com/c/BurdaDergisiTR>
- Business deals were made with Turkey's largest online-retail companies and we started to work as a content provider.
- Level Wolfteam Special Digital Edition launched, and game keys delivered within the issue.
<https://wolfteam.level.com.tr/>
- All Doğan Burda web sites were added to Gemius Audience Report.
- On web sites approximately 10 mn monthly unique visitors in total.

Sources: Google Analytics , Apple iTunes Connect, Turkcell Dergilik

- The negative market conditions in 9M17 led to a decline in ad revenues and circulation figures.
- Total revenues decreased by 14.5% yoy in 9M17, mostly due to ceased & shifted magazines.
- Net profit/(loss) decreased in 3Q17 vs 3Q16.

Million TRY	FY16	3Q16	3Q17	Ch.%	9M16	9M17	Ch.%
Net Sales	89.49	17.08	16.53	(3.2)	67.03	57.31	(14.5)
Cost of Goods Sold (-)	56.02	12.53	11.82	(5.7)	40.44	35.46	(12.3)
Operating Exp. (-)	41.55	8.42	7.66	(9.0)	30.85	27.91	(9.5)
Operating Profit/(Loss)	(8.08)	(3.87)	(2.95)	(23.8)	(4.26)	(6.07)	42.3
Other Operating Income, net	3.78	0.40	0.43	6.6	1.13	1.06	(5.7)
EBITDA*	(7.16)	(3.64)	(2.74)	(24.7)	(3.49)	(5.47)	56.6
Income/Expenses from Investing Activities	0.01	0.01	0.00	n.m	0.00	0.01	n.m
Operating Profit/(Loss) before Finance Exp.	(4.30)	(3.46)	(2.52)	(27.3)	(3.13)	(5.00)	59.7
Net Profit/(Loss)	(3.98)	(3.15)	(2.05)	(34.9)	(3.26)	(4.16)	27.5

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

Revenue & Cost Analysis – 9M17

- Total revenues down by 14.5%, mainly led by drop in both advertising and circulation revenues.
- Despite the negative impact of 25% depreciation of Turkish Lira against average EUR rate in 9M17 yoy, tight cost controls led to an improvement in COGS by 12.3%, yoy.
- Gross profit increased by 3.6% in 3Q17 vs. 3Q16.
- Gross margin was 38.1% in 9M17, vs. 39.7% in 9M16; as the decline in revenues could not totally offset with cost control actions.

Million TRY	FY16	3Q16	3Q17	Ch.%	9M16	9M17	Ch.%
Total Revenues	89.49	17.08	16.53	(3.2)	67.03	57.31	(14.5)
Advertising	53.19	8.66	8.63	(0.3)	39.10	32.63	(16.5)
Circulation	31.31	7.71	6.89	(10.6)	24.07	19.82	(17.6)
Other	4.98	0.71	1.01	42.5	3.87	4.85	25.5
Total COGS	56.02	12.53	11.82	(5.7)	40.44	35.46	(12.3)
Production Costs	22.40	5.05	4.47	(11.5)	16.70	13.14	(21.4)
Depreciation	0.36	0.09	0.08	(16.6)	0.27	0.24	(13.9)
Other Costs	33.26	7.39	7.28	(1.5)	23.47	22.09	(5.9)
Gross Profit	33.46	4.55	4.71	3.6	26.59	21.85	(17.8)
Gross Margin	37.40	26.65	28.51	1.9	39.66	38.12	(1.5)

Operational Profitability – 9M17

- Improvement both in Marketing, Sales & Dist. expenses and General Administrative expenses; led to a total of 9.5% yoy recovery in OPEX.

Million TRY	FY16	9M16	9M17	Ch.%
Total Operational Exp.(-)	41.55	30.85	27.91	(9.5)
Marketing, Sales & Distribution	29.45	22.85	21.60	(5.5)
General Administrative	12.10	8.00	6.32	(21.1)
Operating Profit/(Loss)	(8.08)	(4.26)	(6.07)	42.3
EBITDA*	(7.16)	(3.49)	(5.47)	56.6
Other Operating Income, net	3.78	1.13	1.06	(5.7)
Income/Expenses from Investing Activities	0.01	0.00	0.01	n.m.
Operating Profit/(Loss) before Finance Exp.	(4.30)	(3.13)	(4.99)	59.4
Financial Expense, net	(0.21)	(0.15)	(0.14)	(7.2)
Profit/Loss Bef.Tax	(4.51)	(3.28)	(5.13)	56.3
Tax	0.53	0.02	0.97	n.m.
Net Profit/(Loss)	(3.98)	(3.26)	(4.16)	27.5

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

Million TRY	Dec 31. 2016	Sep 30. 2017
Cash & Cash Equivalents	14.9	12.7
Net Cash/(Net Debt)	14.9	12.7
Total Assets	54.2	48.0
Shareholder's Equity	26.5	22.4

- Net cash position was TRY 12.7 mn at 9M17-end.
- Maintaining sufficient liquidity cushion to meet any short-term operational funding.

- Continue focusing on sales activities and core operations, while developing strategies for securing long-term audience.
- Intensive studies for 360 degree publishing, for improving existing and creating new ones especially in digital, such as (content, video, native, etc.)
 - Focusing on premium Content & Event Studio; in order to invest in key growth areas such as native advertising and branded content.
 - After success of e-commerce Elle Beauty Box project, looking potentials via other brands to launch Box projects and second one for Elle.
 - Expecting improving results on e-mag revenues.
 - In order to capture the native ad revenue opportunity and attract new generation of viewers planning to produce more videos.
- Unless no major political and economic surprises; relatively better operational performance expected in the last quarter of 2017.