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**Review of 3Q15 Results  
NOVEMBER, 2015**

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# Dogan Burda: Leading Magazine Group in Turkey

## Women, Health and Decoration

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

## Economy, News and Law

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

## People, Youth, Travel and Life Style

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

## Information Technology and Computers

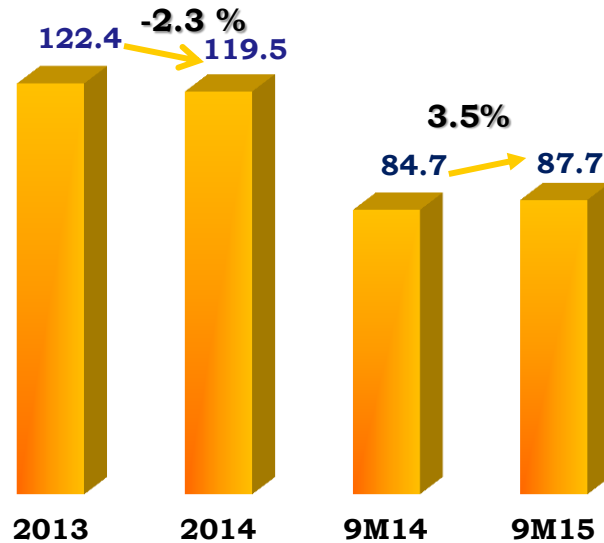
**CHIP** **PC**

## Hobbies, Cooking and Special Interest

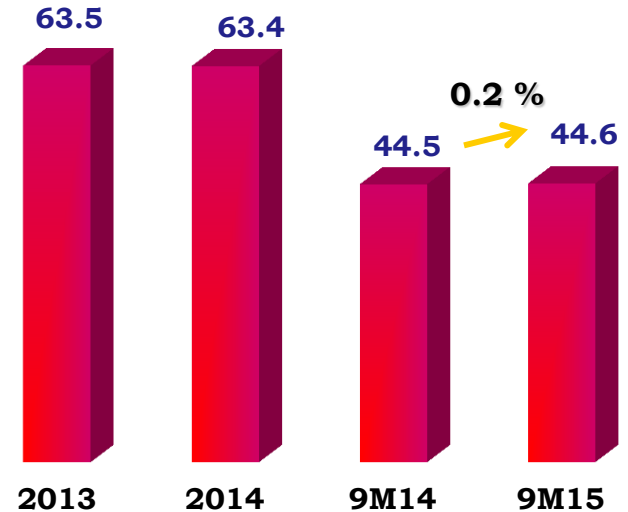
**Lezzet** **EvBahçe** **YACHT** **Auto** **LEVEL**  
**TEMPO** **ATLAS** **Tarih** **POPULAR** **SCIENCE** **REVOLUTION**  
**BEEF & FISH** **HOTELIER** **THE RAKE**  
KAZANIN TADINI DELENLER İÇİN  
INTERNATIONAL.COM

- With the contribution of new launches, mainly monthlies and spin-offs, Turkish magazine ad market realized growth of 3.5% in 9M15, yoy; after declining slightly for two consecutive years.
- Doğan Burda's (DB) ad revenue growth in the same term was 0.2% yoy. DB kept its leading position.

Magazine Advertising - Turkey (TRYm)



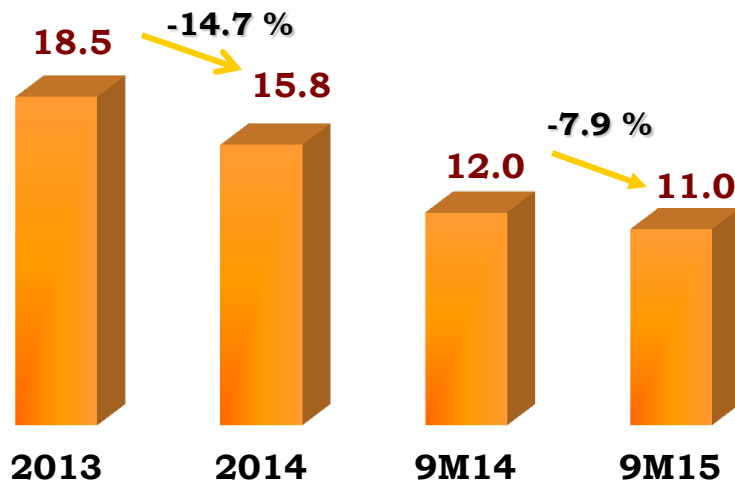
Doğan Burda Advertising Revenues (TRYm)\*



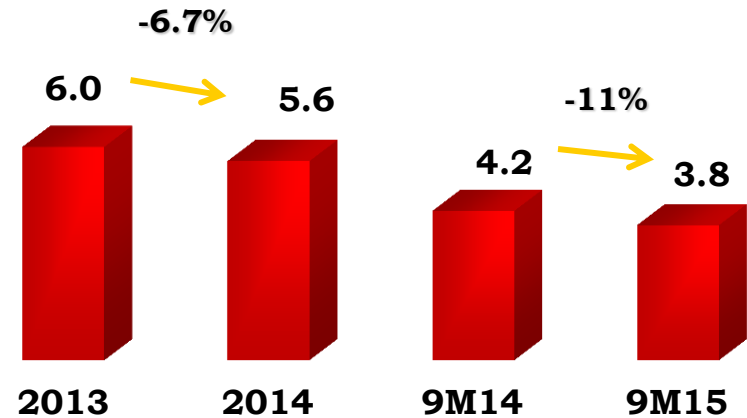
\* Ad revenues = Reported ad revenues plus IAS adjustments & reclassifications.

- Turkish magazine circulation market was down by 7.9% yoy in 9M15.
- Decline in youth and IT magazine circulation, delayed spin-offs and re-planning of distribution as a cost-cutting move resulted in a decline of DB's circulation figures.
- DB maintained its undisputed circulation market leadership position with 34% share in 9M15.

**Total Net Circulation Units – Turkey (Units m)**

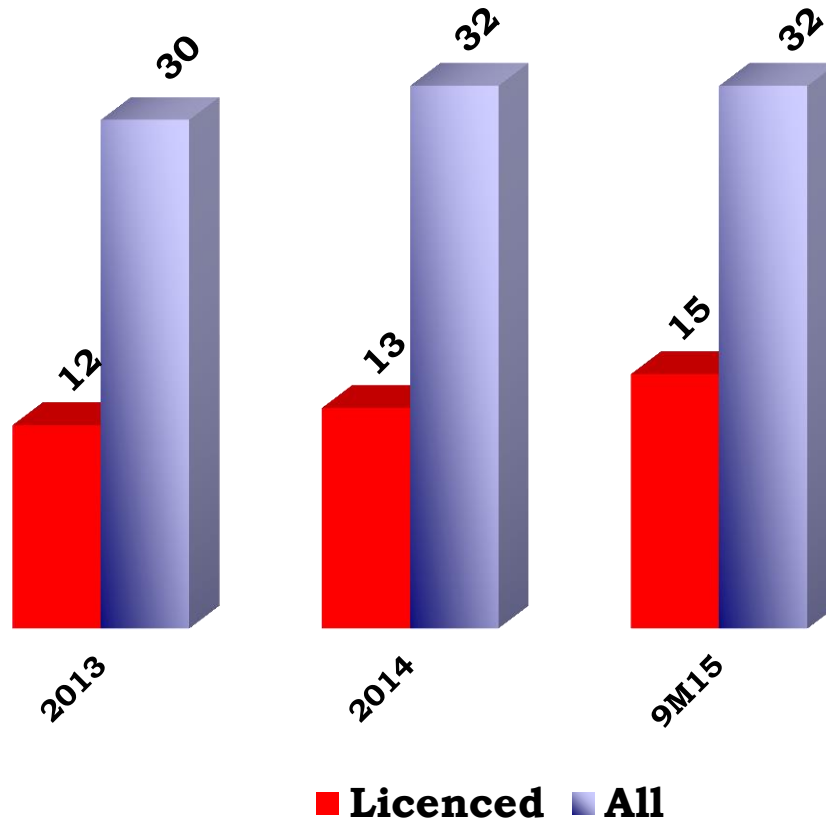


**Dogan Burda Net Circulation (Units m)**



## Number of Magazines (Period End)

■ Number of licenced magazines reached 15 after the launch of The Rake magazine on Apr'15, and Diabetic Living on May'15.



- Successful seasonal brands continued to add value in 9M15:
  - The launch of *Lezzet Kid Recipes*, *Burda Vintage*, *Elle Wedding*, *Pc Net Inventions*, *Pc Net Android*, *Pc Net Iphone*, *Pedal*, *Hey Girl Test*, *Coloring Book for Tempo and Star*, *Atlas Australia* as sub-brands; and both licensed *Diabetic Living*, *The Rake* as main brands.
- DB's differentiation in the sector helped the company maintain its leading position in spite of intensifying competition.
- Higher cover prices mainly in 3Q15 in selected titles was able to offset the decline in newsstand sales; as circulation revenues increased by 1% compared to 9M14.
- Focusing on digital activities continued:
  - Chip Online has been re-launched and designed as a comprehensive shopping guide with widgets such as product comparison on web.
  - Webinars have started on CHIP Online.
  - Started sponsored eNewsletters as a new revenue channel
  - A social and viral content platform NeoTempo.com's beta version has been launched.
  - All magazines are available on Tablets.
- Macroeconomic items have a significant negative impact on major cost items, but its effect has been partly balanced thanks to the paper optimization & cost control strategies and year-on-year growth in net sales.
- Gross cash dividend distribution of TRY 9.0 mn from 2014 earnings has been completed in April 2015; dividend pay out ratio\* was 127.7%.

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





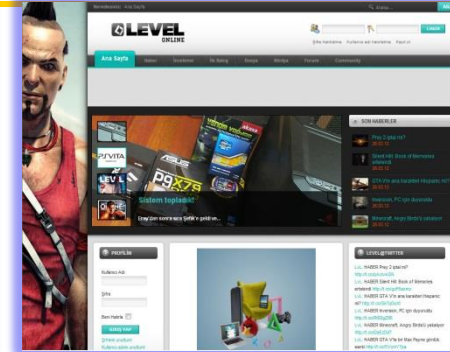
[www.chip.com.tr](http://www.chip.com.tr)



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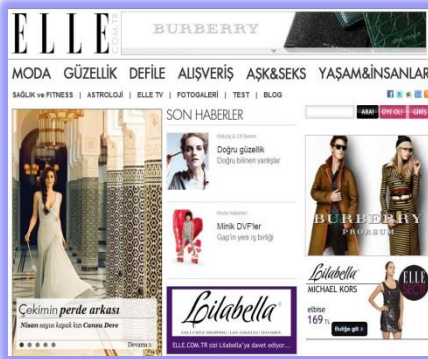
[www.capital.com.tr](http://www.capital.com.tr)



[www.level.com.tr](http://www.level.com.tr)



[www.lezzet.com.tr](http://www.lezzet.com.tr)



[www.elle.com.tr](http://www.elle.com.tr)



[www.kesfetmekicinbak.com](http://www.kesfetmekicinbak.com)



[www.ekonomist.com.tr](http://www.ekonomist.com.tr)

- NeoTempo.com, a lifestyle news portal, has been launched. Number of UVs in the first month is 1 Million.
- Atlas Online has been re-launched ([www.atlasdergisi.com](http://www.atlasdergisi.com)).
- Webinars and Live Video Streaming has started on CHIP Online ([www.chip.com.tr](http://www.chip.com.tr)).
- All magazines are available on Tablets. Total number of monthly downloads is more than 32.000.
- On web sites approximately 8,3 mn monthly unique visitors in total.

Sources: Google Analytics & Apple iTunes Connect



- Net sales increased by 1.5% to TRY 73.36 mn, led by ad revenue growth.
- Income from investing activities declined by 18.3% to TRY 4.12 mn, due to the impact of building sale income in June'14.
- In line with event oriented revenue increases, operational expenses increased by 5.5%.

<b>Million TRY</b>	<b>FY14</b>	<b>9M14</b>	<b>9M15</b>	<b>Ch.%</b>
<b>Net Sales</b>	<b>99.55</b>	<b>72.28</b>	<b>73.36</b>	<b>1.5</b>
<b>Cost of Goods Sold</b>	<b>58.19</b>	<b>42.57</b>	<b>43.70</b>	<b>2.7</b>
<b>Operating Exp.</b>	<b>39.23</b>	<b>27.93</b>	<b>29.46</b>	<b>5.5</b>
<b>Operating Profit/(Loss)</b>	<b>2.13</b>	<b>1.78</b>	<b>0.20</b>	<b>(88.7)</b>
<b>Other Operating Income, net</b>	<b>2.06</b>	<b>1.52</b>	<b>1.92</b>	<b>26.4</b>
<b>EBITDA*</b>	<b>3.42</b>	<b>2.81</b>	<b>1.07</b>	<b>(62.0)</b>
<b>Income/Expenses from Investing Activities</b>	<b>5.26</b>	<b>5.04</b>	<b>4.12</b>	<b>(18.3)</b>
<b>Operating Profit/(Loss) before Finance Exp.</b>	<b>9.44</b>	<b>8.34</b>	<b>6.24</b>	<b>(25.2)</b>
<b>Net Profit/(Loss)</b>	<b>6.96</b>	<b>6.59</b>	<b>4.67</b>	<b>(29.1)</b>

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

(\*\*) FY14 includes TRY 6,0 mn income from asset sale and 9M15 includes F/X gain of USD 5.0 mn notes receivable due date Oct. 05, 2015.

## Revenue & Cost Analysis – 9M15

- Total revenues at TRY 73.36 mn in 9M15, increased by 1.5% compared to 9M14, with the support of cover price increases.
- Cost control and planning efforts kept COGS increase on minimum level, even though fluctuating fx rates.

Million TRY	FY14	9M14	9M15	Ch.%
<b>Total Revenues</b>	<b>99.55</b>	<b>72.28</b>	<b>73.36</b>	<b>1.5</b>
Advertising	61.10	42.95	43.07	0.3
Circulation	34.79	26.31	26.59	1.0
Other	3.66	3.02	3.70	22.4
<b>Total COGS</b>	<b>58.19</b>	<b>42.57</b>	<b>43.70</b>	<b>2.7</b>
Production Costs	26.14	19.67	19.14	(2.7)
Depreciation	0.39	0.30	0.26	(10.5)
Other Costs	31.66	22.60	24.30	7.5
<b>Gross Profit</b>	<b>41.36</b>	<b>29.71</b>	<b>29.66</b>	<b>(0.2)</b>
<b>Gross Margin</b>	<b>41.55</b>	<b>41.11</b>	<b>40.43</b>	<b>-0.7pp</b>

## Operational Profitability –9M15

- Despite volatility in fx and higher operating expenses; positive bottom-line attained: net profit for the term was TRY 4.67 mn.

<b>Million TRY</b>	<b>FY14</b>	<b>9M14</b>	<b>9M15</b>	<b>Ch.%</b>
<b>Total Operational Exp.(-)</b>	<b>39.23</b>	<b>27.93</b>	<b>29.46</b>	<b>5.5</b>
Marketing, Sales & Distribution	29.43	21.50	22.72	5.7
General Administrative	9.80	6.43	6.74	4.7
<b>Operating Profit/(Loss)</b>	<b>2.13</b>	<b>1.78</b>	<b>0.20</b>	<b>(88.7)</b>
<b>EBITDA*</b>	<b>3.42</b>	<b>2.81</b>	<b>1.07</b>	<b>(62.0)</b>
Other Operating Income (Expenses), net	2.06	1.52	1.92	26.4
Income/Expenses from Investing Activities**	5.26	5.04	4.12	(18.3)
<b>Operating Profit/(Loss) before Finance Exp.</b>	<b>9.44</b>	<b>8.34</b>	<b>6.24</b>	<b>(25.2)</b>
Financial Expense, net	(0.25)	(0.16)	(0.17)	11.5
<b>Profit Bef.Tax</b>	<b>9.19</b>	<b>8.19</b>	<b>6.07</b>	<b>(25.9)</b>
Tax	(1.67)	(1.60)	(1.40)	(12.7)
<b>Net Profit/(Loss)</b>	<b>7.52</b>	<b>6.59</b>	<b>4.67</b>	<b>(29.1)</b>

(\*) 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 9M15 includes F/X gain of USD 5.0 mn notes receivable due date Oct. 05, 2015.

<b>Million TRY</b>	<b>Dec 31, 2014</b>	<b>SEP 30, 2015</b>
Cash & Cash Equivalents	4.2	5.7
Net Cash/(Net Debt)	4.2	5.7
<b>Total Assets</b>	<b>64.8</b>	<b>66.6</b>
<b>Shareholder's Equity</b>	<b>39.9</b>	<b>35.6</b>

- Net cash position was TRY 5.7 mn at 9M15-end.
- Maintaining sufficient liquidity cushion to meet any short-term operational funding.

- Growth in the advertising market in FY15 will be dependent on stability in last quarter.
- Ongoing studies for 360 degree publishing, for improving new revenue streams continues including all digital channels , such as:
  - Targeting to focus more on Custom Video streaming and live broadcasting.
  - Native Ad revenue is growing and expected to be one of the main digital revenue channels in the following years.
  - Focus on enhancing content by videos and building mobile app's in 2016
  - Infrastructure investments in e-commerce (e.g. Burda Style's online pattern) and apps to strengthen existing revenue channels.
- Targeting profitable growth by seeking opportunities for new brands both in local and one shot magazines.
- Sustainability remains at the core of our operations and strategies in order to keep revenue growth, together with strong cash position.
- The positive impact of cover price increases will be expected to support circulation revenues in 4Q15 and in 2016.
- 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 collected on October 5, 2015.