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**Review of 1H17 Results
AUGUST, 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

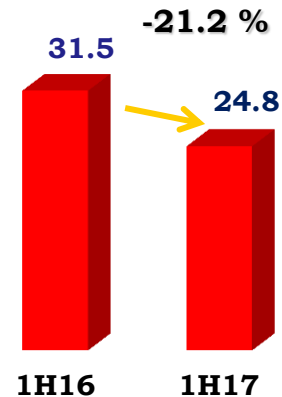
Lezzet **YACHT** **Auto** **LEVEL**
SHOW
ATLAS **Tarih** **POPULAR** **THE RAKE**
SCIENCE **GELECEK**
YAKIN **SİMDİ**

- **The unfavourable market environment continued in Turkey:** Turkish magazine ad market in 1H17 led to a 17.1% yoy drop.
- **Doğan Burda (DB) has 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 21% in 1H17. But, DB maintains its leading position.

Magazine Advertising - Turkey (TRYm)



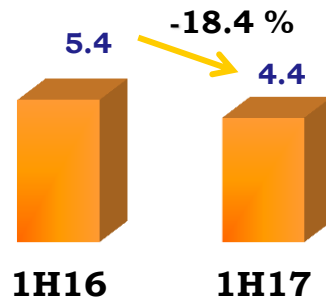
Doğan Burda Advertising Revenues (TRYm)*



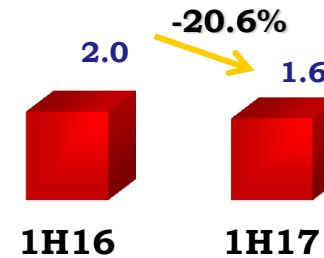
* Ad revenues = Reported ad revenues plus IAS adjustments & reclassifications.

- Turkish magazine circulation market contracted by 18.4% yoy in 1H17.
- DB's circulation figures was down to 1.6 mn; mainly due to ceased publications and shifted spin- offs.
- **Diverse portfolio with well-known and leading brands:** DB maintained its leadership position with a 36% market share in magazine circulation in 1H17 with a total of 48 publications (sixteen monthlies, two weeklies, six magazines with special periods, and various other magazines).

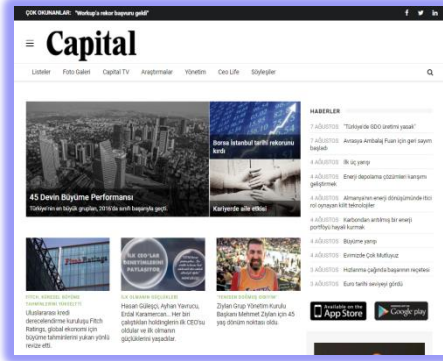
Total Net Circulation Units – Turkey (Units m)



Dogan Burda Net Circulation (Units m)



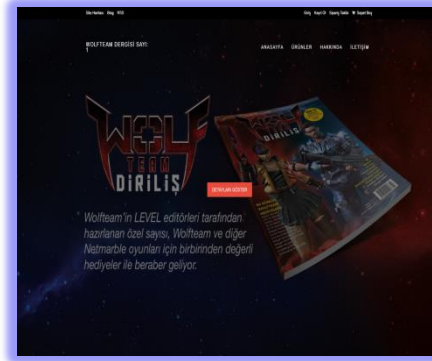
- Successful seasonal brands continued to add value in 1H17:
 - The launch of Wolfteam as sub-brand
 - Sudoku booklet has been published.
 - Chip magazine was re-launched on a seasonal period beginning from Jan'17.
- Cover price was increased for «Auto Show».
- Focusing on digital activities continued:
 - Capital.com.tr has been renewed & re-launched.
 - Doğan Burda's websites exceeded 10 mn monthly unique visitors.
 - Telecommunication Company's mobile e-mag app opened as a new revenue channel, reached more than 300 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.
- Board of Directors proposed not to distribute dividend in 2017 from 2016 earnings; and this was approved by the General Assembly.



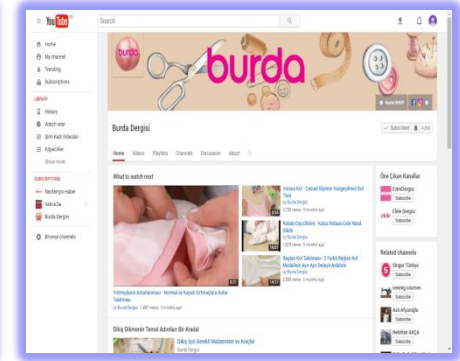
www.capital.com.tr



[Turkcell Dergilik](http://www.turkcell.com.tr/dergiler)



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



[Burda Youtube Channel](https://www.youtube.com/channel/UC...)

- Business deals were made with Turkey's largest online-retail companies. Doğan Burda has started to work as a content provider.
- [Capital.com.tr](http://www.capital.com.tr) has been re-launched.
- The number of eMagazine downloads is more than 300K monthly on Turkcell Dergilik
- Burda sewing course channel reached 4.3 K subscribers.
- Level Wolfteam Special Digital Edition launched, and game keys delivered within the issue.

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

- All Doğan Burda websites were added to Gemius Audience Report.
- On websites approximately 10 mn monthly unique visitors in total.

Sources: Google Analytics , Apple iTunes Connect, Turkcell Dergilik

- The negative market conditions in 1H17 led to a decline in ad revenues and circulation figures.
- Total revenues decreased by 18.4% yoy in 1H17, due to ceased & shifted magazines.

Million TRY	FY16	1H16	1H17	Ch.%
Net Sales	89,49	49,95	40,77	(18,4)
Cost of Goods Sold (-)	56,02	27,92	23,64	(15,3)
Operating Exp. (-)	41,55	22,43	20,25	(9,7)
Operating Profit/(Loss)	(8,08)	(0,39)	(3,12)	690,1
Other Operating Income, net	3,78	0,72	0,63	(12,6)
EBITDA*	(7,16)	0,15	(2,73)	n.m
Income/Expenses from Investing Activities	0,01	(0,00)	0,01	n.m
Operating Profit/(Loss) before Finance Exp.	(4,30)	0,33	(2,49)	n.m
Net Profit/(Loss)	(3,98)	(0,11)	(2,11)	n.m.

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

Revenue & Cost Analysis – 1H17

- Total revenues down by 18.4%, mainly led by drop in both advertising and circulation revenues.
- Tight cost control continues; as COGS were down by 15.3%, despite the negative impact of 21% depreciation of Turkish Lira against average EUR rate in 1H17 yoy.
- Gross margin came down to 42% in 1H17, as the decline in revenues could not totally offset with cost control actions.

Million TRY	FY16	1H16	1H17	Ch.%
Total Revenues	89,49	49,95	40,77	(18,4)
Advertising	53,19	30,43	24,00	(21,1)
Circulation	31,31	16,36	12,93	(21,0)
Other	4,98	3,16	3,85	21,7
Total COGS	56,02	27,92	23,64	(15,3)
Production Costs	22,40	11,66	8,67	(25,6)
Depreciation	0,36	0,18	0,16	(12,6)
Other Costs	33,26	16,08	14,81	(7,9)
Gross Profit	33,46	22,03	17,13	(22,3)
Gross Margin	37,40	44,11	42,02	(2,1)

Operational Profitability –1H17

- Improvement both in Marketing, Sales & Dist. expenses and General Administrative expenses; led to a total of 9.7% yoy recovery in OPEX.

Million TRY	FY16	1H16	1H17	Ch.%
Total Operational Exp.(-)	41,55	22,43	20,25	(9,7)
Marketing, Sales & Distribution	29,45	16,77	15,65	(6,7)
General Administrative	12,10	5,66	4,60	(18,6)
Operating Profit/(Loss)	(8,08)	(0,39)	(3,12)	690,1
EBITDA*	(7,16)	0,15	(2,73)	n.m
Other Operating Income, net	3,78	0,72	0,63	(12,6)
Income/Expenses from Investing Activities	0,01	(0,00)	0,01	n.m
Operating Profit/(Loss) before Finance Exp.	(4,30)	0,33	(2,48)	n.m
Financial Expense, net	(0,21)	(0,11)	(0,11)	(2,8)
Profit Bef.Tax	(4,51)	0,21	(2,59)	n.m
Tax	0,53	(0,33)	0,48	n.m
Net Profit/(Loss)	(3,98)	(0,11)	(2,11)	1.789,9

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

Million TRY	Dec 31. 2016	Jun 30. 2017
Cash & Cash Equivalents	14.9	14.2
Net Cash/(Net Debt)	14.9	14.0
Total Assets	54.2	50.2
Shareholder's Equity	26.5	24.4

- Despite negative market conditions; Net cash position was TRY 14.0 mn at 1H17-end, almost intact with the level attained at 2016 year-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 second half of 2017.