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**Review of 4Q15 & 2015 Results**  
**FEBRUARY, 2016**

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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

- The volatility in Turkish markets in 4Q15 led to a slight decline of 0.3% yoy in Turkish magazine ad market in 2015.
- Social and political unrest in 4Q15 led cancelations on advertising activities especially events. Accordingly, Doğan Burda's (DB) ad revenues decreased by 5.5% yoy. DB kept its leading position.

Magazine Advertising -  
Turkey (TRYm)



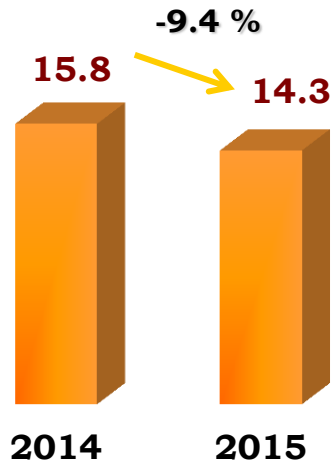
Doğan Burda Advertising  
Revenues (TRYm)\*



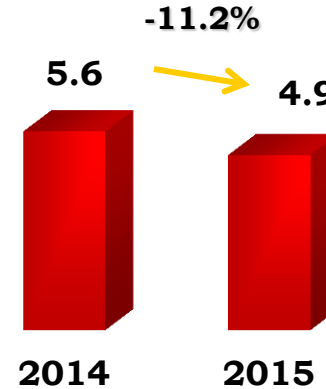
\* Ad revenues = Reported ad revenues plus IAS adjustments & reclassifications.

- Turkish magazine circulation market was down by 9.4% yoy in 2015.
- Decline in youth and IT magazine circulation, shifted 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 35% share in 2015.

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

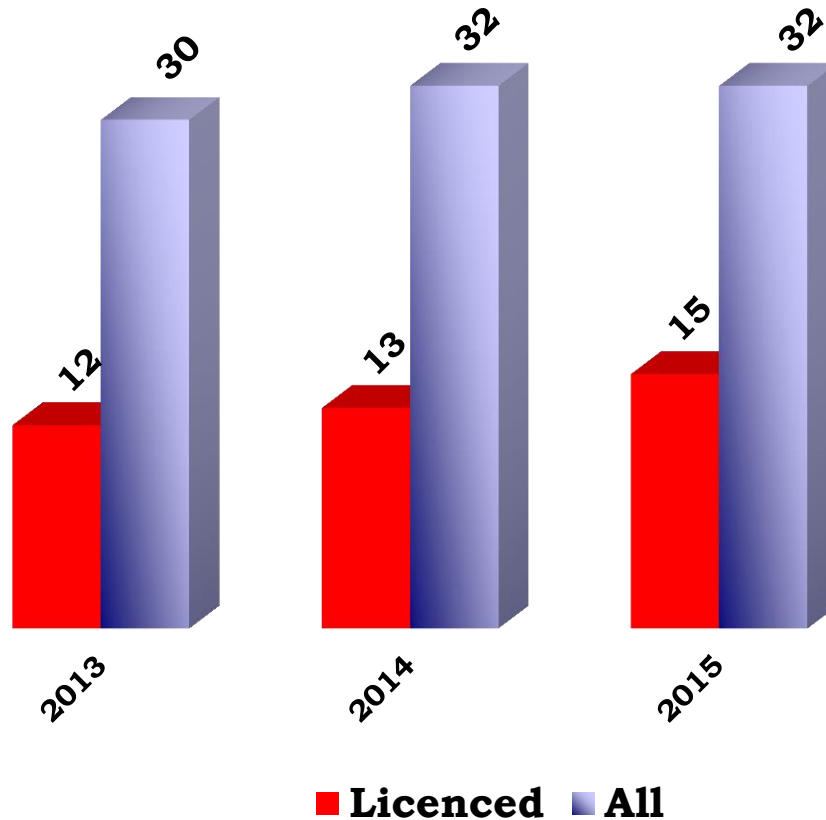


**Dogan Burda Net Circulation (Units m)**



## Number of Magazines (Period End)

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



- Successful seasonal brands continued to add value in 2015:
  - 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.
- The volatility in the markets led to a decline in ad revenues, especially in sponsorships in 4Q15. These declines occurred mainly in magazines with event volume.
- Whereas, the decline in newsstand sales was offset by higher cover prices in selected titles in 2015: as circulation revenues increased by 3% versus 2014.
- 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.
  - Elle Online has been re-launched.
  - All magazines are available on Tablets.
  - Ongoing studies for online pattern sales of Burda magazine
- Fx volatility has significant negative impact on major cost items, but its effect has been partly balanced thanks to the paper optimization & cost control strategies.
- 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.





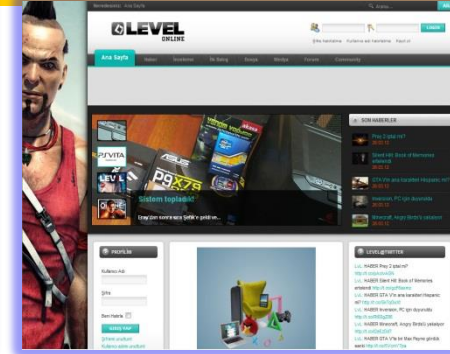
[www.chip.com.tr](http://www.chip.com.tr)



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



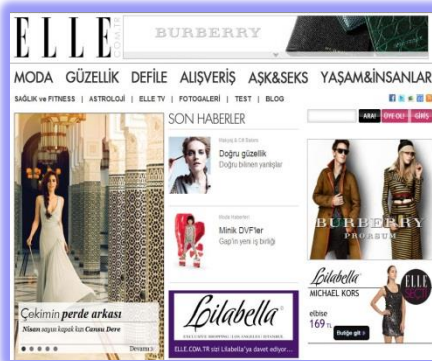
[www.capital.com.tr](http://www.capital.com.tr)



[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 is 1 Million.
- CHIP Online has been re-launched ([www.chip.com.tr](http://www.chip.com.tr)).
- Webinars and Live Video Streaming has started on CHIP Online ([www.chip.com.tr](http://www.chip.com.tr)).
- Elle Online ([www.elle.com.tr](http://www.elle.com.tr)) has been re-launched.
- All magazines are available on Tablets. Total number of monthly downloads is more than 30.000.
- On websites approximately 8.5 mn monthly unique visitors in total.
- Ongoing studies for online pattern sales of Burda magazine

Sources: Google Analytics & Apple iTunes Connect



- Significant negative impact of 4Q15's social and political unrest, which led to a decline in ad revenues.
- With the support of cover price increases and new international magazines in the portfolio, the decline in total revenues were limited at 1.6% yoy in 2015.
- Income from investing activities declined by 40.2% to TRY 4.03 mn, with the absence of one-off building sale income that took place in June'14.
- In line with event marketing revenues increases, operational expenses increased by 2%.

Million TL	4Q14	4Q15	Ch.%	2014	2015	Ch.%
<b>Net Sales</b>	<b>27.27</b>	<b>24.59</b>	<b>(9.84)</b>	<b>99.55</b>	<b>97.95</b>	<b>(1.6)</b>
<b>Cost of Goods Sold</b>	<b>15.63</b>	<b>15.61</b>	<b>(0.09)</b>	<b>58.19</b>	<b>59.31</b>	<b>1.9</b>
<b>Operating Exp.</b>	<b>11.30</b>	<b>10.55</b>	<b>(6.64)</b>	<b>39.23</b>	<b>40.01</b>	<b>2.0</b>
<b>Operating Profit/(Loss)</b>	<b>0.34</b>	<b>(1.57)</b>	<b>n.m</b>	<b>2.13</b>	<b>(1.37)</b>	<b>n.m</b>
<b>Other Operating Income, net</b>	<b>-0.94</b>	<b>0.21</b>	<b>n.m</b>	<b>0.58</b>	<b>2.13</b>	<b>266.3</b>
<b>EBITDA*</b>	<b>0.62</b>	<b>-1.35</b>	<b>n.m</b>	<b>3.42</b>	<b>(0.29)</b>	<b>n.m</b>
<b>Income/Expenses from Investing Activities**</b>	<b>1.69</b>	<b>(0.09)</b>	<b>n.m</b>	<b>6.73</b>	<b>4.03</b>	<b>(40.2)</b>
<b>Operating Profit/(Loss) before Finance Exp.</b>	<b>1.10</b>	<b>(1.46)</b>	<b>n.m</b>	<b>9.44</b>	<b>4.79</b>	<b>(49.3)</b>
<b>Net Profit/(Loss)</b>	<b>0.93</b>	<b>-1.16</b>	<b>n.m</b>	<b>7.52</b>	<b>3.52</b>	<b>(53.3)</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 2015 includes F/X gain of USD 5.0 mn building receivable collected at Oct. 05, 2015.

## Revenue & Cost Analysis – 2015

- Despite contraction in circulation & ad market in Turkey; DB's total revenues were almost flat
- Cost control and planning efforts kept COGS increase at minimum levels, even though fluctuating fx rates.

Million TL	4Q14	4Q15	Ch.%	2014	2015	Ch.%
<b>Total Revenues</b>	<b>27.27</b>	<b>24.59</b>	<b>(9.84)</b>	<b>99.55</b>	<b>97.95</b>	<b>(1.6)</b>
Advertising	18.15	14.69	(19.11)	61.10	57.76	(5.5)
Circulation	8.48	9.23	8.85	34.79	35.81	3.0
Other	0.64	0.68	5.71	3.66	4.38	19.4
<b>Total COGS</b>	<b>15.63</b>	<b>15.61</b>	<b>(0.09)</b>	<b>58.19</b>	<b>59.31</b>	<b>1.9</b>
Production Costs	6.47	6.61	2.17	26.14	25.74	(1.5)
Depreciation	0.10	0.09	(7.87)	0.39	0.35	(9.9)
Other Costs	9.06	8.92	(1.62)	31.66	33.21	4.9
<b>Gross Profit</b>	<b>11.65</b>	<b>8.98</b>	<b>(22.91)</b>	<b>41.36</b>	<b>38.64</b>	<b>(6.6)</b>
<b>Gross Margin</b>	<b>42.70</b>	<b>36.51</b>	<b>(6.19)</b>	<b>41.55</b>	<b>39.45</b>	<b>(2.1)</b>

# Operational Profitability -2015

- Despite volatility in fx and higher operating expenses; positive bottom-line attained: net profit for 2015 was TRY 3.52 mn.
- Strong contribution to net income from other operating income, mainly led by fx gains.

Million TL	4Q14	4Q15	Ch.%	2014	2015	Ch.%
<b>Total Operational Exp.(-)</b>	<b>11.30</b>	<b>10.55</b>	<b>(6.64)</b>	<b>39.23</b>	<b>40.01</b>	<b>2.0</b>
Marketing, Sales & Distribution	7.93	6.96	(12.25)	29.43	29.68	0.8
General Administrative	3.37	3.59	6.57	9.80	10.33	5.4
<b>Operating Profit/(Loss)</b>	<b>0.34</b>	<b>-1.57</b>	<b>n.m</b>	<b>2.13</b>	<b>(1.37)</b>	<b>n.m</b>
<b>EBITDA*</b>	<b>0.62</b>	<b>-1.35</b>	<b>n.m</b>	<b>3.42</b>	<b>(0.29)</b>	<b>n.m</b>
Other Operating Income, net	-0.94	0.21	n.m	0.58	2.13	266.3
Income/Expenses from Investing Activities**	1.69	-0.09	n.m	6.73	4.03	(40.2)
<b>Operating Profit/(Loss) before Finance Exp.</b>	<b>1.10</b>	<b>-1.46</b>	<b>n.m</b>	<b>9.44</b>	<b>4.79</b>	<b>(49.3)</b>
Financial Income, net	(0.10)	(0.06)	(39.64)	(0.25)	(0.23)	(8.4)
<b>Profit Bef.Tax</b>	<b>1.00</b>	<b>-1.52</b>	<b>n.m</b>	<b>9.19</b>	<b>4.55</b>	<b>(50.4)</b>
Tax	(0.07)	0.36	n.m	(1.67)	(1.04)	(37.7)
<b>Net Profit/(Loss)</b>	<b>0.93</b>	<b>-1.16</b>	<b>n.m</b>	<b>7.52</b>	<b>3.52</b>	<b>(53.3)</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 2015 includes F/X gain of USD 5.0 mn building receivable collected of Oct. 05, 2015.

<b>Million TRY</b>	<b>Dec 31, 2014</b>	<b>Dec 31, 2015</b>
Cash & Cash Equivalents	4.2	17.9
Net Cash/(Net Debt)	4.2	17.7
<b>Total Assets</b>	<b>64.8</b>	<b>61.1</b>
<b>Shareholder's Equity</b>	<b>39.9</b>	<b>34.9</b>

- Net cash position was TRY 17.9 mn at 2015-end.
- Maintaining sufficient liquidity cushion to meet any short-term operational funding.

- 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.
- Cash position in fx eliminates the foreign currency risks in operational costs: Company is exposed to foreign currency risk through raw material costs which is dependent on fx.
- Sustainability remains at the core of operations and strategies in order to keep revenue growth, together with strong cash position.
- Board of directors will propose gross cash dividend of TRY 4.05 mn for 2015 at the General Assembly meeting, with a pay out ratio\* of 122.1%

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