



**HÜRRİYET**  
**GAZETECİLİK ve MATBAACILIK A.Ş.**

# Investor Presentation Q3 2017

November 10, 2017

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□ Turkish ad market figures are estimates of DOHOL; based on currently available data. Ad market statistics may show inconsistency with IFRS figures.

# HÜRRİYET WORLD: The Most Effective Platform Bringing Readers and Advertisers Together

**PRINT MEDIA:**  
THE PIONEER OF THE  
TURKISH MEDIA

**DIGITAL CONTENT**  
THE STRONGEST NAME IN  
DIGITAL CONTENT  
PUBLISHING IN TURKEY

**E BUSINESS**  
ONE OF THE LEADERS OF  
DIGITAL CLASSIFIEDS

**OPERATIONS  
ABROAD**  
TME –TRADER MEDIA EAST  
HÜRRİYET ZWEIGN

**54 million**

IN 9M2017 HURRIYET.COM.TR  
HAS BEEN TO FIRST PLACE ON  
THE BASIS OF REAL USERS OF  
THE DIGITAL PLATFORMS ON  
WHICH IT HAS A PRESENCE AS  
MEASURED BY THE NUMBER OF  
THEIR AVERAGE MONTHLY  
USERS.

**70%**

A HUGE (SOMETHING LIKE  
%70) SHARE OF OUR  
SERVER ARCHITECTURE  
HAS BEEN MOVED INTO  
THE CLOUD.

**1.3 million**

THE NUMBER OF  
READERS THAT  
HÜRRİYET REACHES  
EVERYDAY.

**19**

THE NUMBER OF  
PRODUCTS PRINTED  
DAILY AT DOĞAN  
PRINTING CENTER  
REACHED 19 IN 9M2017.

HAVING INTRODUCED A HOST OF FIRSTS FROM AN APPLE WATCH APP TO NATIVE ADVERTISING,  
**HÜRRİYET WORLD'S** CLOUD-BASED BIG-DATA INFRASTRUCTURE GIVES IT THE ABILITY TO QUICKLY PRESENT USERS WITH  
PRECISELY-TARGETED ADVERTISEMENTS.



## 2017 Q3 HIGHLIGHTS

- **Market leadership in digital:**  
**Hürriyet** is one of the top 3 players in the market, including Facebook and Google with page views 1.8 bio and 206 mio visitor.
- **Market leadership in circulation** continues with +1 pp increase
- Despite the record high decline (19%) in print add market, thanks to our innovation efforts in print, revenue decline is below market (-11%)
- **Hürriyet Emlak revenue almost doubled**



- **Profitable growth in Digital Content with 31% EBITDA Margin in Q3 2017, doubled in yoy basis**
- Thanks to the actions taken under «Fit for Growth Programme», **total costs decreased in 9M 2017 versus last year despite to negative impacts of fx rates and inflation**

- Total loss as of 30 Sept 2017 is 116mTL; 103 mTL is related to noncash impairment expenses of Trader Media East Limited

- **Hürriyet has been entitled to receive “R&D Certificate” and will benefit from the incentives and exemptions granted to R&D Centers**
- Search continues to invest in alternative market places in Turkey to leverage our digital strength.

# TOTAL AD MARKET

## Ad Market in Turkey (\*)

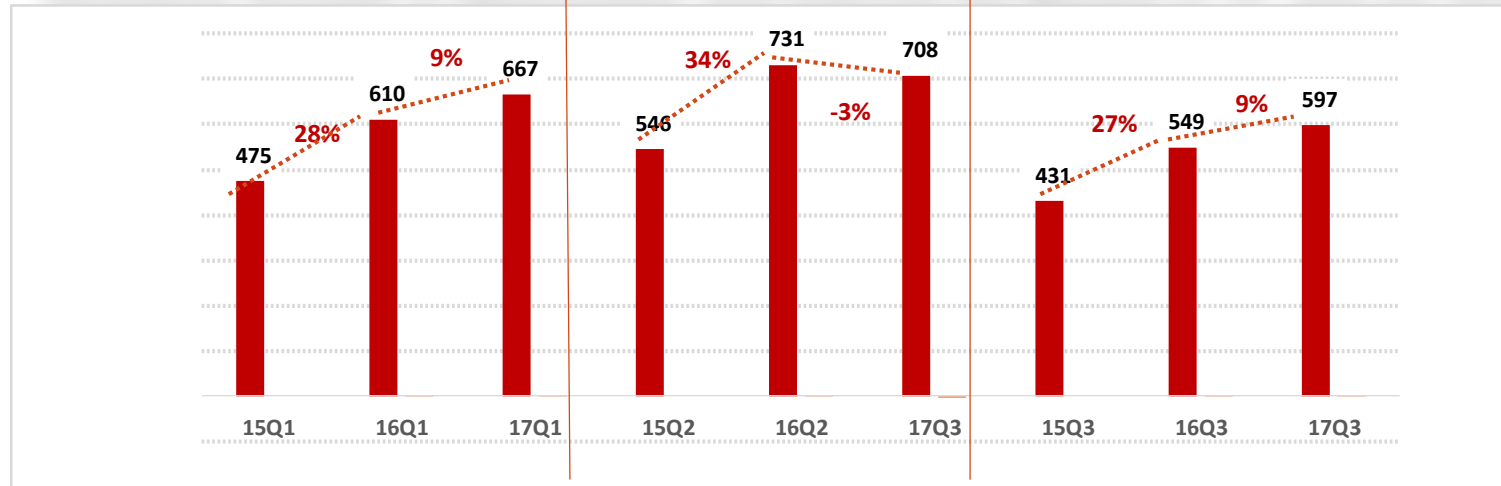
(mio TL)

	Sept YTD16	Sept YTD17	▲yoy	Sept 2017 Market Share
TV	2.499	2.551	2%	49%
Internet	1.293	1.485	15%	29%
Newspaper	601	487	-19%	9%
Outdoor	368	383	4%	7%
Radio	143	147	3%	3%
Magazine	81	70	-13%	1%
Cinema	52	54	3%	1%
Total Market	5.037	5.176	3%	100%

- Newspaper ad market decreased by 19% compared to Q3 2016. This is the highest decline in the print add market seen in last 10 years.
- Hürriyet's market share is 34% in total newspaper ad market.
- Internet ad market increased by 15% in Q3 2017 compared to last year and Hürriyet's market share is 6%.

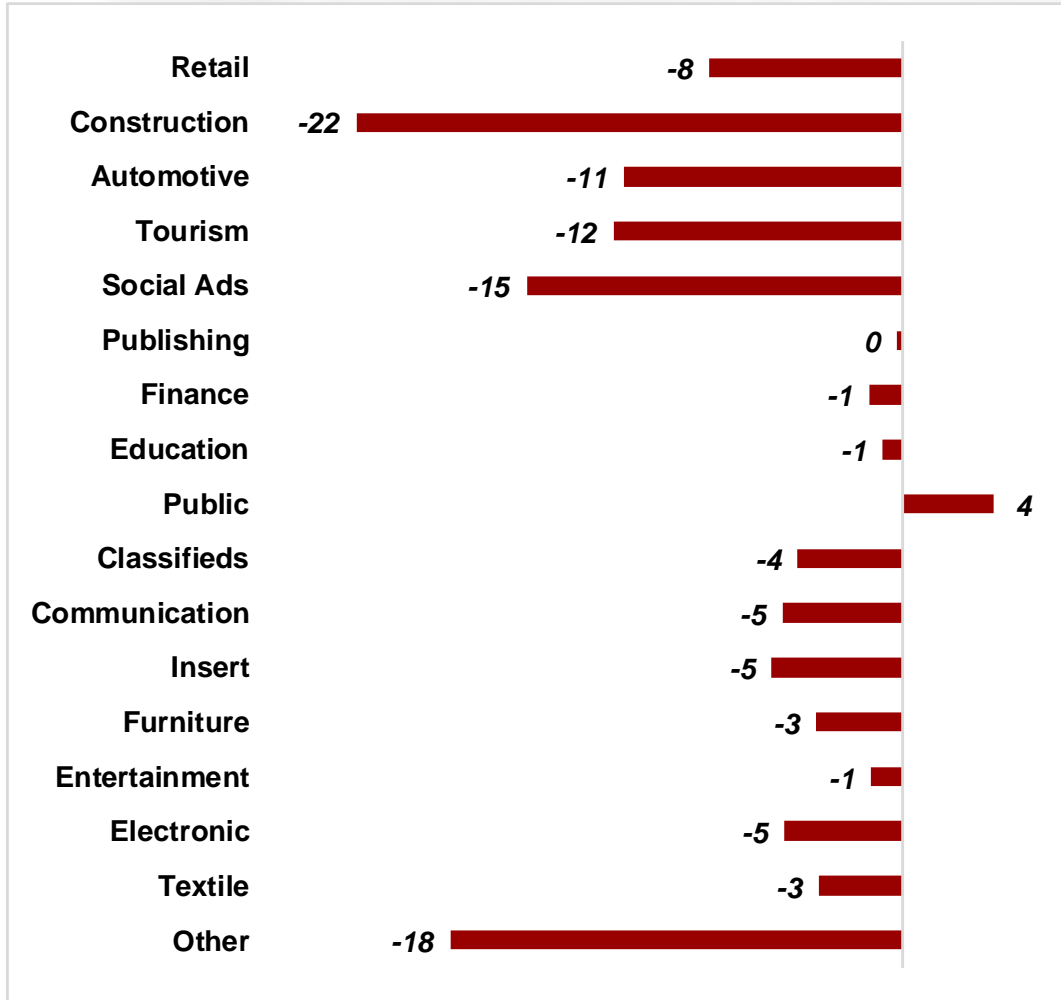
(\*) Estimated figures by Doğan Group/MedyaNet

## Quarterly Growth in Newspaper and Internet Ad Market in TL and y/y Growth



# NEWSPAPER AD MARKET

- Newspaper ad market decreased to 487 mio TL from 601 mio TL by 19% compared to 9M 2016.



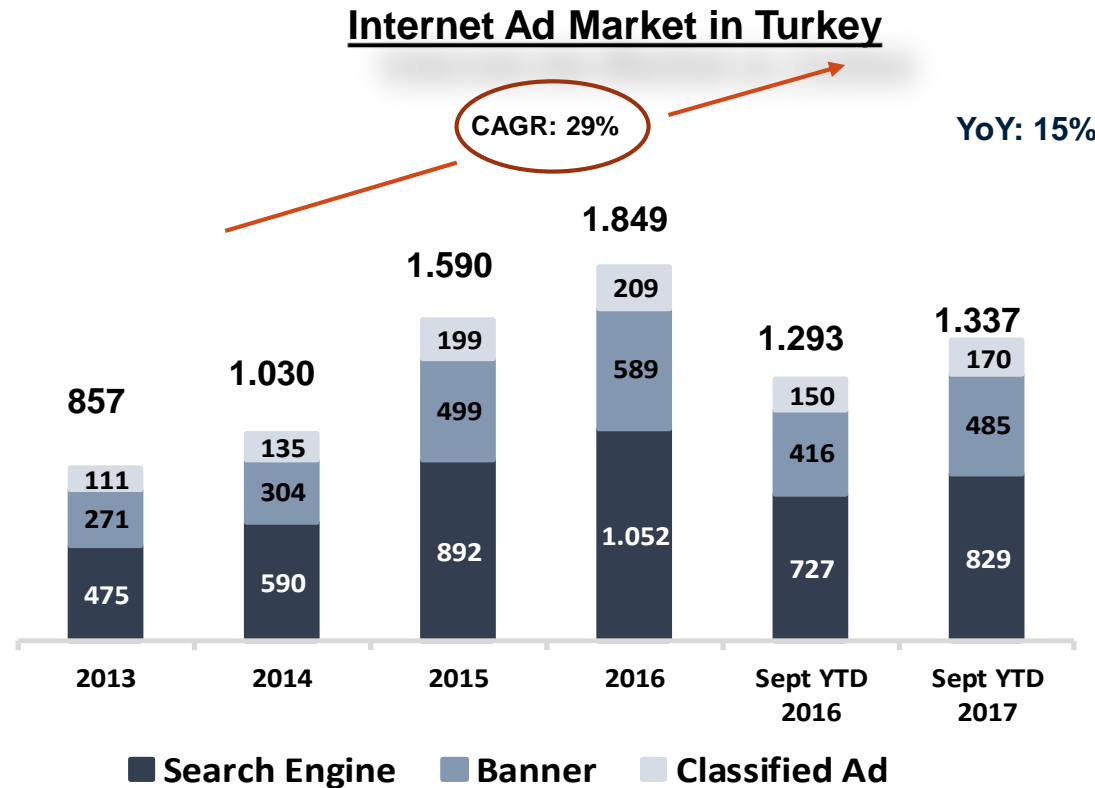
*mio TL Figures*

- 111mio TL decrease in newspaper ad market comes majorly from below sectors :

- ✓ Construction:  
-22 mio TL yoy decrease (-31%)
- ✓ Social Ads:  
-15 mio TL yoy decrease (-33%)
- ✓ Tourism:  
-12 mio TL yoy decrease (-27%)
- ✓ Automotive:  
-11 mio TL yoy decrease (-26%)

## INTERNET AD MARKET:

- Internet Ad Market growth of 29% CAGR in the last three years.
- In September 2017 Internet ad market increased by 15% compared to last year,
- 16% growth in Digital excluding one-off impact of Radikal closure in 2016 which is above market growth of 15% due to successful performance of particularly Digital Content Operational KPI's.



# KEY DRIVERS OF GROWTH IN DIGITAL CONTENT BUSINESS

## Convergence

Fit for  
growth  
(optimization  
of costs)



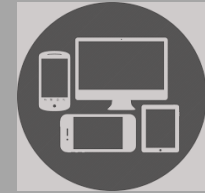
Monatization  
via new ad  
formats



Increase traffic  
and customer  
engagement



Digital  
premium  
subscription



Invest on alternative market places





# Internet and Digital Media Investments & Trends in Turkey – Internet Usage

- Hürriyet is among the top 3 players in the market including Facebook and Google

## Internet Population & Penetration



**%60**

Penetration of Internet Users

48 Million People



**%52**

Mobile Internet Penetration

42 Million People

### Top 3 Website (Total Unique User)



Female: 14.4M  
Male: 19.1M



Female: 11.5M  
Male: 15.8M



Female: 5.1M  
Male: 7.4M

**%75**

Smart Phone Penetration

**%51**

Laptop Penetration

**%17**

Tablet Penetration

## Social Media

**%60**

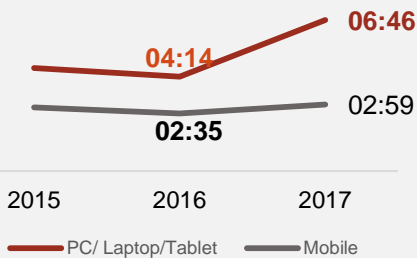
Active Social Media User  
48 million people

**3 Hour**

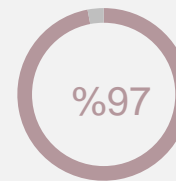
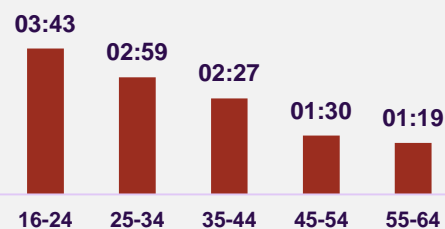
The average daily use of social media

## Mobile Internet

### Daily Time Spent on the Internet



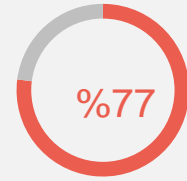
### Time Consumed on Mobile (Age Breakdown)



Having at least one social media account %



People who visited / used social media in the last month %

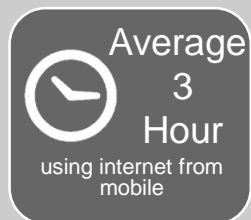
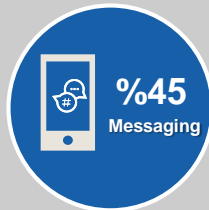


In the last month, at least one share in social network %

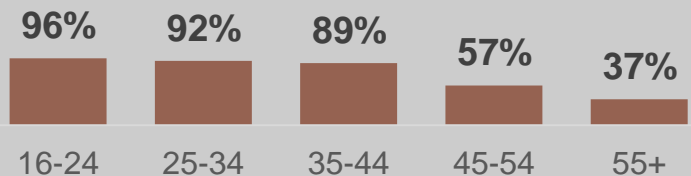
Source: GWI 2016Q4, Wearesocial 2017, Twitter, Facebook, LinkedIn 2017, Comscore Kadın Evren: 15.6M, Erkek Evren: 20.6M Last 3 months

# Internet and Digital Media Investments & Trends in Turkey – Mobile Usage

## Mobile Activities



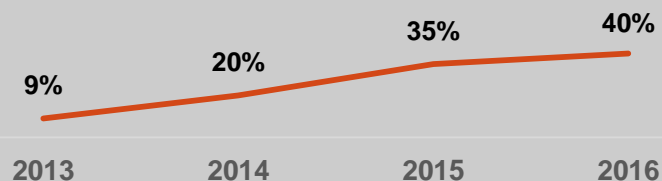
## Mobile Ownership



Target groups are rapidly turning into mobile platforms. According to age groups in Turkey, smartphone usage is at the peak of 16-24 age group.

## Mobile Videos Are on The Rise!

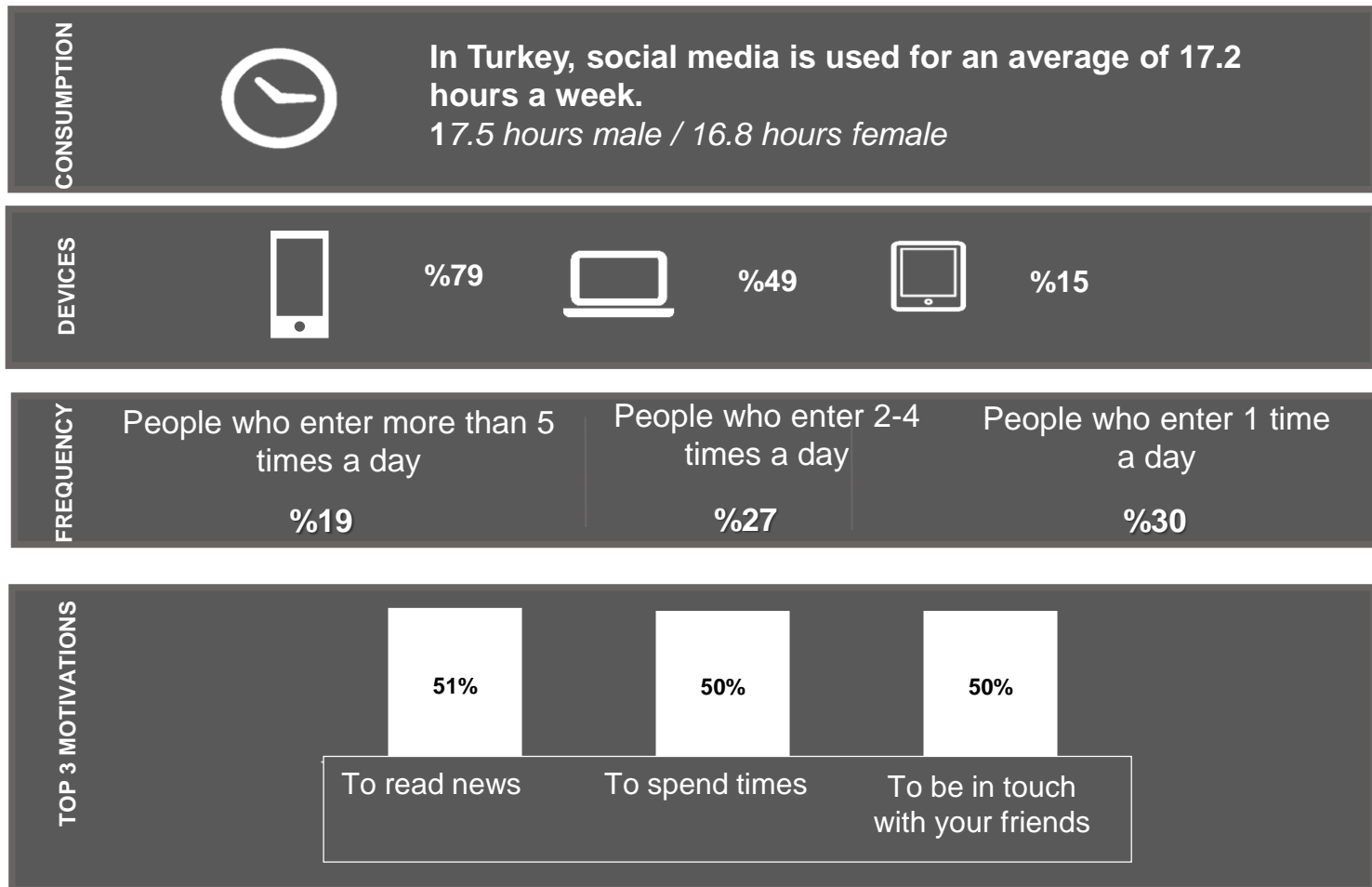
The recent rising trend; Watch videos from mobile.



• Source: Wearesocial 2017 / Consumer Barometer/ Deloitte Türkiye Teknoloji

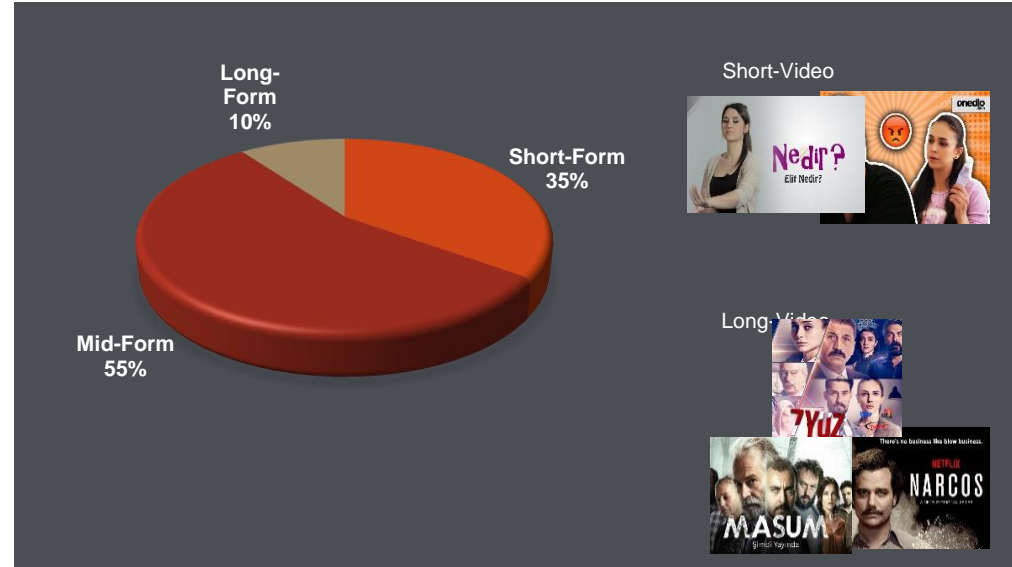
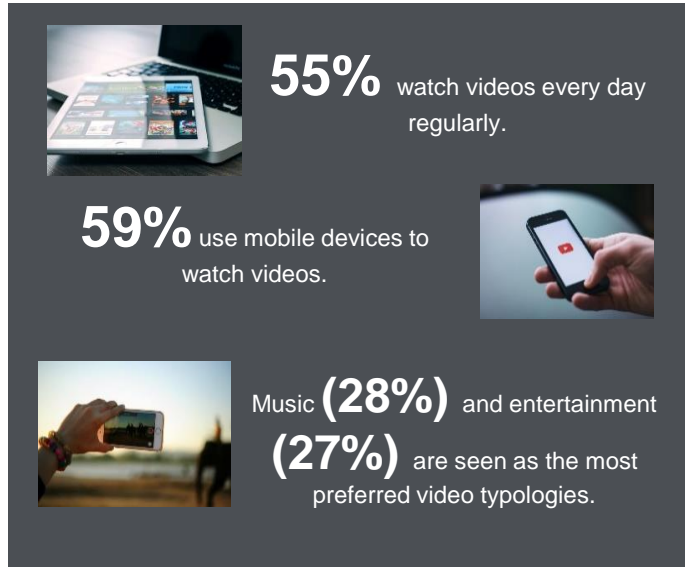
# Social Media Trends in Turkey

- **Hurriyet.com.tr** has reached to **1 million UV per day** in social media traffic and **50 million views** monthly on facebook,
- **Hurriyet.com.tr** is in the **LEADER** position in social media engagement on media sector.

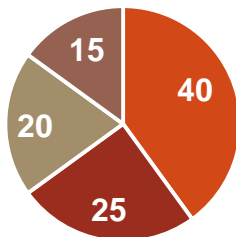


# Leader in video consumption via diversified categories and video formats

Hürriyet is the leader in video consumption in different categories with 90 mio views per month.



VIDEO CONSUMPTIONS BASED ON CATEGORIES



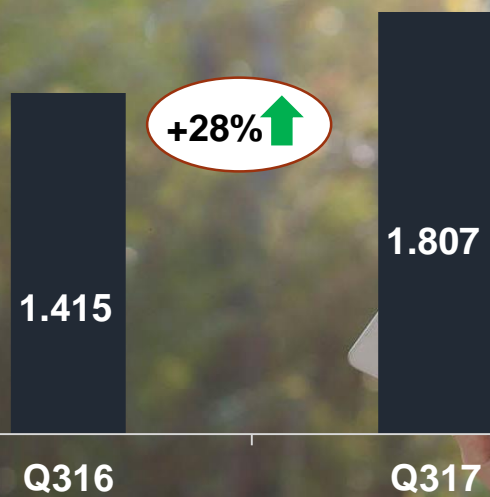
■ Daily News ■ Fun ■ Sport ■ Life Style

While video viewing motivations are mainly **fun** and **relaxation** among young people, other age groups are consuming video typologies **to get information for their interests**.

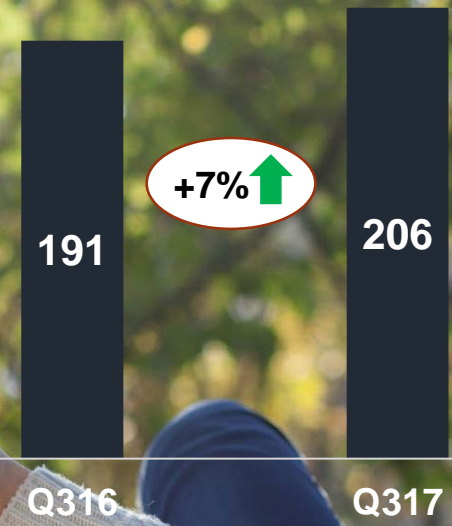
- Consumption of **long videos** has increased substantially with streaming sites..
- **Consumption of short videos** increased during the day as mobile internet became cheaper, internet speed improved and smart phone penetration increased.

# IMPRESSIVE GROWTH IN TRAFFIC

**Hürriyet Monthly Page View- Average**  
(million PV)



**Hürriyet Monthly Number of Visits- Average (Session)**  
(million visit)



- There is 28% increase in page view numbers in Q3 2017 compared to Q3 2016.
- This impressive growth comes majorly from mobile views.

- There is also also in number of visits as well.
- 7% growth in number of visits in Q3 2017 compared to Q3 2016, majorly comes from mobile visits.



# MONETIZATION IN DIGITAL CONTENT FOCUSING ON DIVERSIFIED VERTICALS



- In 9M 2017 monthly average Page View doubled to 193 million compared to Q3 2016.

Pageview	193.3 m
Session	11.3 m
Unique Visitor	9.7 m



- In 9M 2017 monthly average Page View increased to 27.6 million compared to Q3 2016 (4.7 million).

Pageview	27.6 m
Session	0.6 m
Unique Visitor	1.6 m



- In 9M 2017 monthly average Page View increased by 21%, to 1.395 million.

Pageview	1.395 m
Session	183 m
Unique Visitor	54 m

## bigpara

- In 9M 2017 monthly average Page View increased to 41 million.

Pageview	41.1 m
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Session	7.4 m
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Unique Visitor	3.6 m
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## hürriyet aile

- In 9M 2017 monthly average Page View is 15.8 million and increased by 7% compared to 2016 Q3.

Pageview	15.8 m
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Session	4.0 m
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Unique Visitor	2.7 m
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## mahmure.com

- In 9M 2017 monthly average Page View increased by 15 % to 25.3 million.

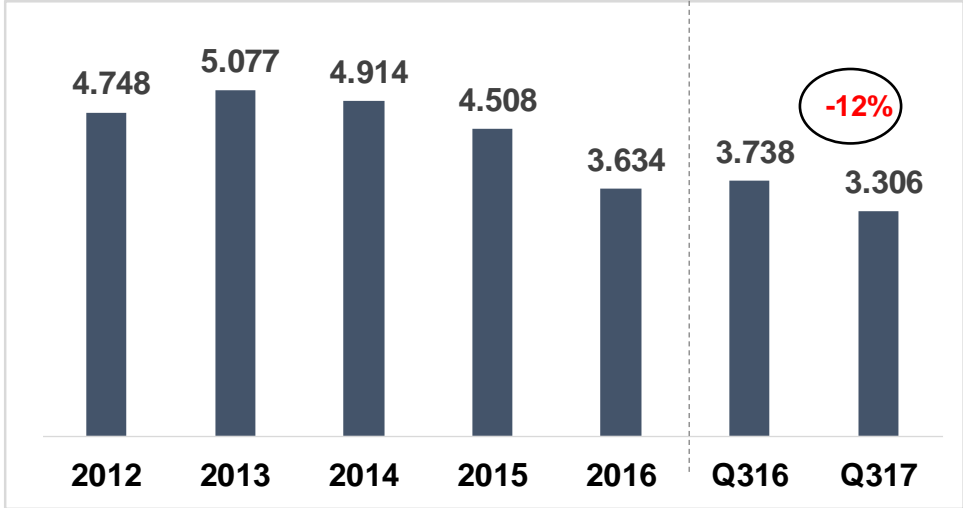
Pageview	25.3 m
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Session	4.1 m
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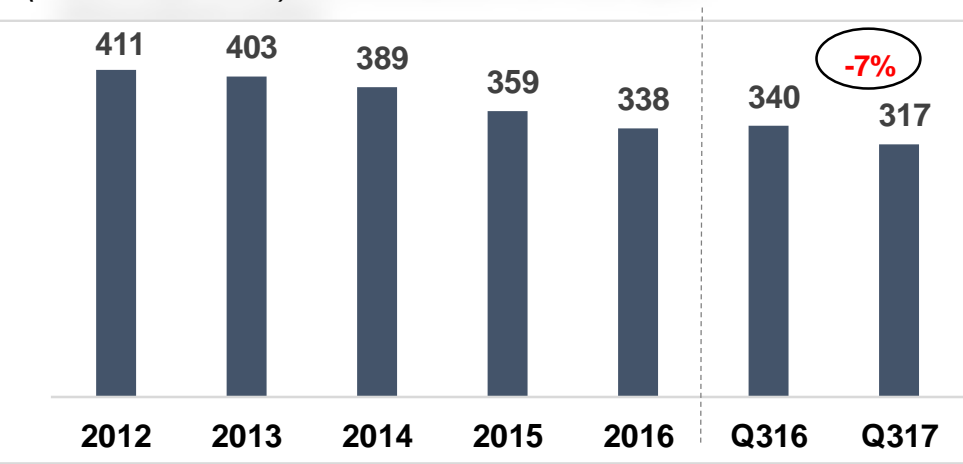
Unique Visitor	3.1 m
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# CIRCULATION MARKET SHARE; 1pp increase in Circulation market share

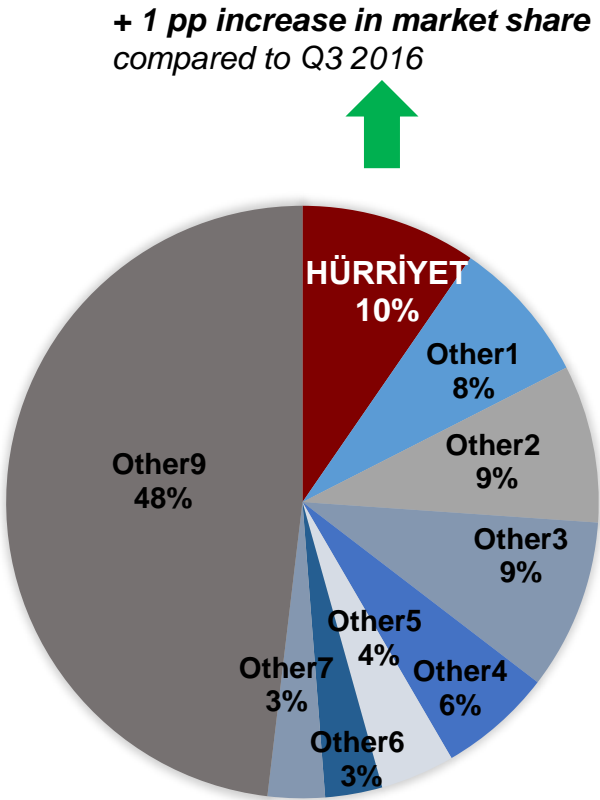
Average Daily Newspaper Circulation  
(thousand units)



Average Daily Circulation of Hürriyet  
(thousand units)



Circulation Market Share (%)  
(January-September 2017)

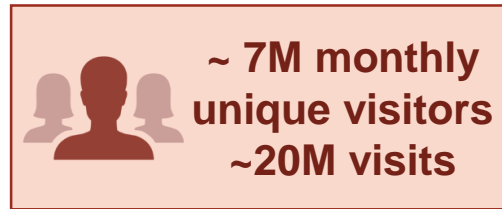


*The most reputable and known real estate classifieds brand in Turkey*

\* Based on Future Bright Research Market Study in 2016



\* As of Jan 2017



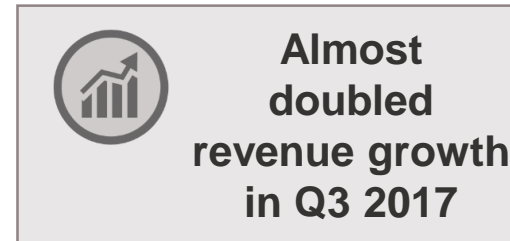
\* As of Jan 2017, including app traffic



\* 2016 year-average, excluding individual listers



\* Estimated revenue share based on sector interviews



***Vision: To become the market leader in the Real Estate  
Classifieds Vertical by 2021***

Source: Company Information, National Statistics, Desk Research

## CONSOLIDATED REVENUE – Revenue Growth YoY %

**Consolidated -4%** ↓

- ✓ Consolidated Revenue in 9M 2017 is 402 mTL, decreases by 4% compared to 2016.

**Print Media -11%** ↓

- ✓ 11% decline in print media,
- ✓ Parallel to the print ad market decline (-20%)

**Digital Content +16%** ↑

- ✓ 16% growth in Digital, excluding one-off impact of Radikal closure in 2016, which is above market growth of 15%

**E- Business +50%** ↑

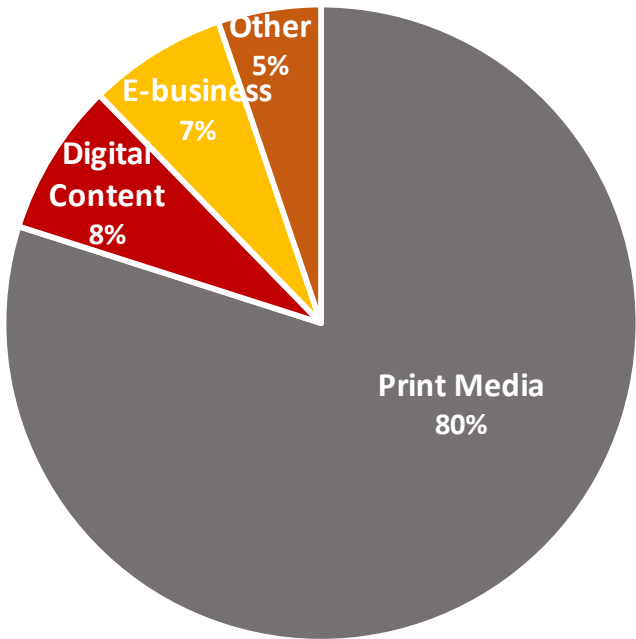
- ✓ Solid growth in Hürriyet Emlak revenue (+96%)

	Q1 2017	Q2 2017	Q3 2017	9M 2017	▲ yoy Q3	▲ yoy 9M
Consolidated Revenue	131	143	128	402	-1%	-4%
Print Media	98	107	94	298	-8%	-11%
Digital Content	15	12	11	38	28%	16%
E-business	12	16	16	44	57%	50%

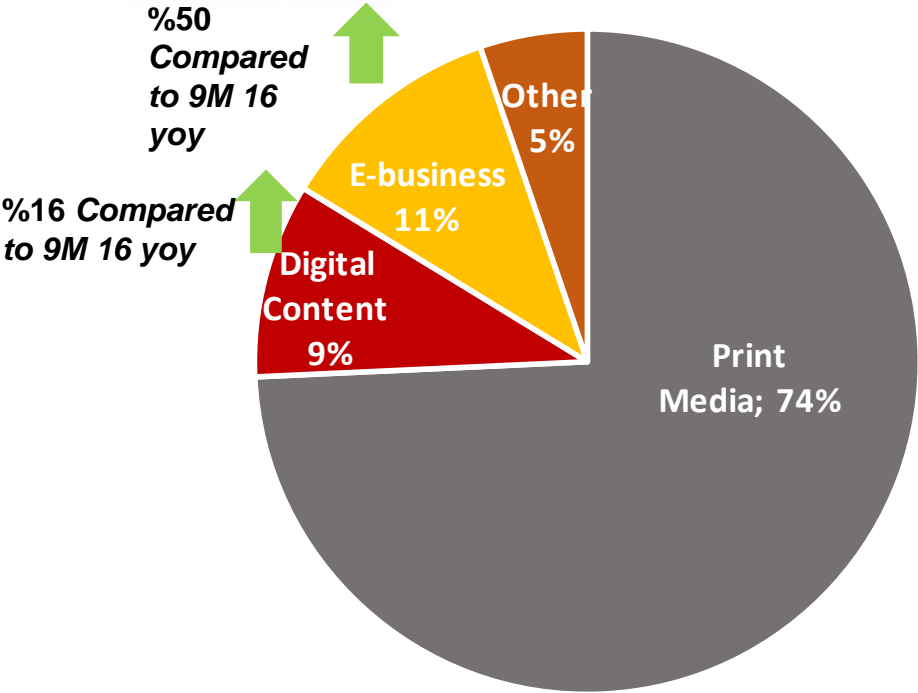


# REVENUE – BREAKDOWN BY SEGMENT

Share of Segments in Total Revenue  
(January-Sept 2016)



Share of Segments in Total Revenue  
(January-Sept 2017)



**Total share of Digital Content and E-Business in total revenue is 20 % in 9M 2017**

- Share of Print Media in total 9M 2017 Revenue decreases to 74%, by 6pp compared to last year.
- Share of Digital Content in total 9M 2017 Revenue increases to 9%, by 1pp compared to last year.
- Share of E-Business in total 9M 2017 Revenue increases to 11%, by 4pp compared to last year.

## SEGMENTED FINANCIAL HIGHLIGHTS

### Consolidated Financials mTL (TME excluded)

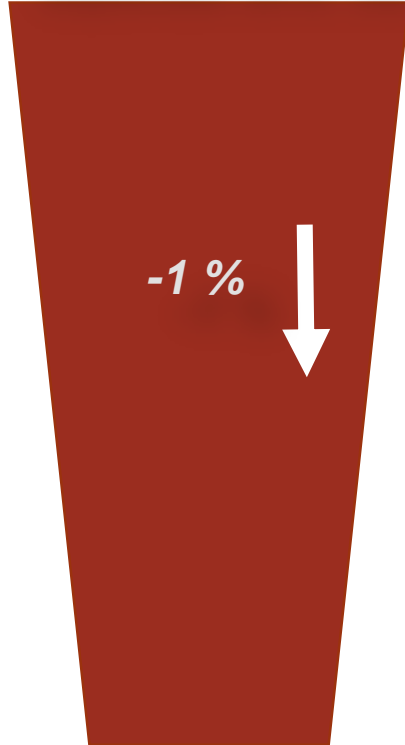
Revenue (mTL)	9M 2016	9M 2017	▲ yoy
<b>Consolidated</b>	<b>398</b>	<b>381</b>	<b>-4%</b>
<b>Digital Content</b>	<b>33</b>	<b>38</b>	<b>16%</b>
<b>Print Media</b>	<b>336</b>	<b>298</b>	<b>-11%</b>
<b>Hürriyet Emlak</b>	<b>18</b>	<b>36</b>	<b>96%</b>
<b>Other</b>	<b>11</b>	<b>9</b>	<b>-23%</b>
Total Cost	(348)	(345)	-1%
Consolidated EBITDA	50	36	-27%
<b>EBITDA Margin %</b>	<b>13%</b>	<b>10%</b>	<b>(5 pp)</b>

- As of 2017 Q3, Trade Media East (TME) has 20 mTL revenue and 104 mTL net loss in the consolidated financials.

Thanks to the actions taken under «Fit for Growth Programme» , total costs decreased in 9M 2017 versus last year despite to negative impacts of fx rates and inflation.

## Cost Control Actions

January –  
September 2016: 348 mtl



January –  
September 2017: 345 mtl

### - Personnel Cost

- Personnel optimization in print centers
- Optimization by 360 convergence

### - Raw Material Cost

- 5% saving on Paper usage
- Saving in Paper Price
- Optimizing in paper cost through alternative global vendors
- Minimizing FX rate risk by hedging

### -Distribution Cost

- Distribution costs optimization
- Optimization in SEO and Lead Generation traffic spending
- Optimization in insert, packaging and other marketing expenses

### - Dpc print centers optimization

### - Marketing expenses

- Optimization in SEO and Lead Generation traffic spending
- Optimization in insert, packaging and other marketing expenses

# BALANCE SHEET

in mio TL	30.09.2017	31.12.2016
Total Cash	47	24
Investment Properties	196	228
Tangible Assets	124	130
<b>Total Assets</b>	<b>817</b>	<b>934</b>
<b>Total Debt</b>	<b>306</b>	<b>288</b>
Net Debt	259	263
<b>Total Equity</b>	<b>308</b>	<b>417</b>

## ▪ Restructure of Loans

Lower interest rates ranging between 10.63% and 15.30%, with 141 mTL short term, 163 mTL long term

## ▪ To lever fx exposure

All loans are converted to TL and raw material purchases is supported by hedge instruments

## ▪ Total Cash

Due to significant increase in barter house sales and sale of some investment properties during 2017, cash position of Hürriyet is improved.

## • Investment Properties:

Total amount of investment properties comprised from land and buildings, amounting to 149 mTL and 47 mTL respectively. During 2017, 23 mTL land and 18 mTL building had been sold.

## More information available at investor relations:

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