

**Hürriyet**

trader  
media  
east

# Review of 1Q10 Results

13 May 2010

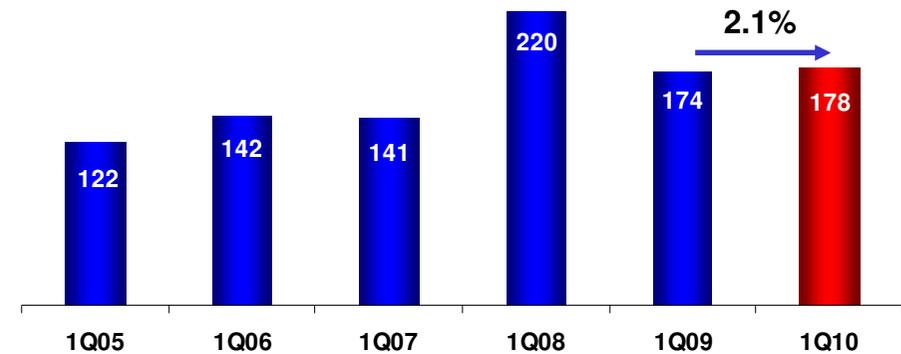
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- Turkish ad market figures are estimates of DYH; based on currently available data. Ad market statistics may show inconsistency with IFRS figures.

# 1Q10 Financial Results: Summary

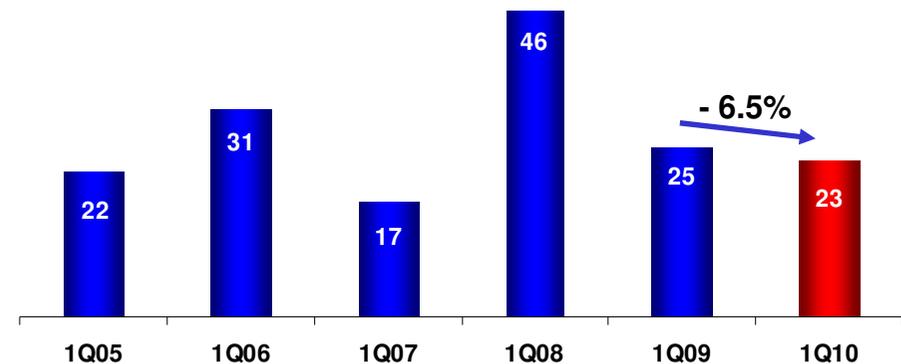


- Consolidated revenues increased by 2%, to TL 178 mn in 1Q10.
  - With the recovery in Turkish ad market, revenues from Hurriyet domestic operations rose by 11%,
  - TME revenues dropped by 16%.
- Online revenues increased by 36%. Hence, the share of online in total ad revenues rose to 10.1% in 1Q10, from 7.7% in 1Q09.
- Consolidated EBITDA amounted to TL 23.4 mn in 1Q10, slightly lower than TL 25 million in 1Q09.
- Consolidated EBITDA margin was 13.2% in 1Q10, compared to 14.4% in 1Q09.
  - EBITDA margin for domestic operations was registered as 15.3% in 1Q10, vs 15.6% in 1Q09.
  - TME's EBITDA margin amounted to 7.5% in 1Q10, vs 11.9% in 1Q09.
- There has been a net loss in the amount of TL 1.3 million, compared to a loss of TL 49.8 million in 1Q09.

Revenues (TL mn)



EBITDA (TL mn)



# 1Q10 Consolidated IFRS Results



(TL mn)	FY09	1Q10	1Q09	%Ch. (1Q10/1Q09)
<b>Total revenues</b>	<b>784,1</b>	<b>177,6</b>	<b>174,0</b>	<b>2,1%</b>
Ad revenues (print)(1)	456,8	100,0	98,5	1,5%
Ad revenues (online)	42,3	11,3	8,3	36,2%
Circulation revenues	117,7	29,9	26,4	13,4%
Printing revenues	121,1	26,4	28,7	-7,9%
Other revenues	46,2	10,0	12,2	-18,0%
<b>Cost of sales</b>	<b>-499,0</b>	<b>-112,8</b>	<b>-122,9</b>	<b>-8,2%</b>
<b>Operating expenses</b>	<b>-242,7</b>	<b>-65,3</b>	<b>-51,9</b>	<b>25,8%</b>
Marketing, sales and distribution	-85,6	-30,0	-16,3	83,8%
General administrative	-157,0	-35,2	-35,5	-0,9%
<b>Operating profit</b>	<b>42,4</b>	<b>-0,5</b>	<b>-0,7</b>	-
<b>Other operating expenses (net)</b>	<b>-48,3</b>	<b>-3,4</b>	<b>-0,8</b>	-
Income/loss from investments	-15,2	-2,5	-3,3	-
Financial expense (net)	-5,9	6,1	-62,5	-
<b>Profit before tax</b>	<b>-27,0</b>	<b>-0,2</b>	<b>-67,4</b>	-
Tax	-14,1	-2,4	9,2	-
<b>Net profit before minority</b>	<b>-41,1</b>	<b>-2,6</b>	<b>-58,2</b>	-
Minority Interest	6,1	1,3	8,4	-
<b>Net profit</b>	<b>-35,1</b>	<b>-1,3</b>	<b>-49,8</b>	-
Depreciation	87,1	21,4	21,5	-
Amortised cost valuation	9,5	2,5	4,3	-
Impairment of goodwill and intangible assets	6,7	0,0	0,0	-
<b>Adj.EBITDA</b>	<b>145,7</b>	<b>23,4</b>	<b>25,0</b>	<b>-6,5%</b>
EBITDA Margin	18,6%	13,2%	14,4%	-

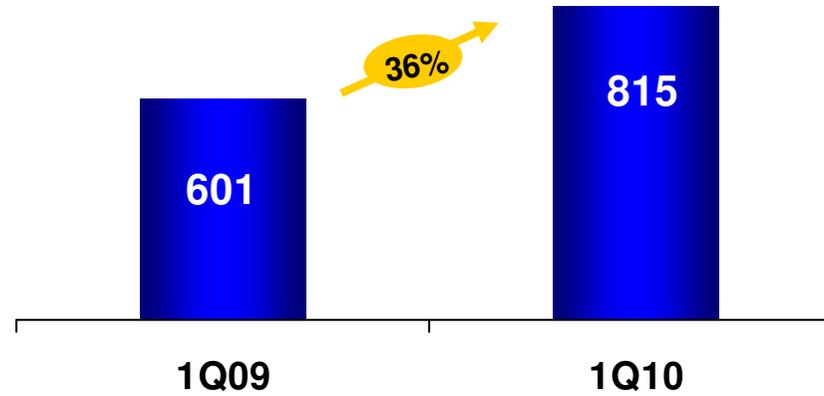
(1) Excludes amortized cost valuation income, which is part of ad revenues classified under interest income according to IFRS regulations.

# 1Q10 IFRS Results: Hürriyet excluding TME

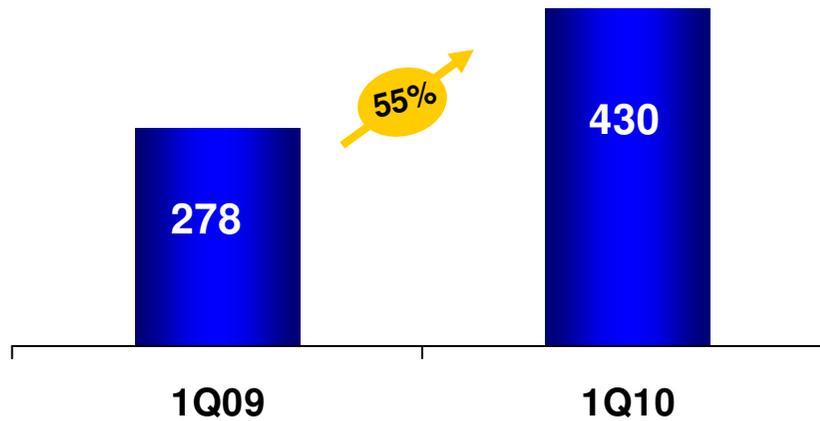


(TL mn)	FY09	1Q10	1Q09	%Ch. (1Q10/1Q09)
<b>Total revenues</b>	<b>547,0</b>	<b>129,3</b>	<b>116,3</b>	<b>11,1%</b>
<i>Ad revenues (print)(1)</i>	293,4	68,7	57,9	18,7%
<i>Ad revenues (online)</i>	20,0	5,4	3,8	40,3%
<i>Circulation revenues</i>	89,9	23,8	19,5	22,2%
<i>Printing revenues</i>	120,0	26,2	28,4	-7,8%
<i>Other revenues</i>	23,7	5,2	6,7	-22,0%
<b>Cost of sales</b>	<b>-382,8</b>	<b>-87,5</b>	<b>-94,3</b>	<b>-7,2%</b>
<b>Operating expenses</b>	<b>-124,0</b>	<b>-38,2</b>	<b>-22,0</b>	<b>74,0%</b>
<i>Marketing, sales and distribution</i>	-66,1	-26,1	-11,8	120,6%
<i>General administrative</i>	-57,9	-12,1	-10,1	19,5%
<b>Operating profit</b>	<b>40,2</b>	<b>3,6</b>	<b>0,0</b>	-
<b>Other operating expenses (net)</b>	<b>-46,0</b>	<b>-2,5</b>	<b>-0,6</b>	-
Depreciation	56,7	13,7	13,9	-
Amortised cost valuation	9,5	2,5	4,3	-
Impairment of goodwill and intangible assets	6,7	0,0	0,0	-
<b>Adj.EBITDA</b>	<b>113,1</b>	<b>19,8</b>	<b>18,2</b>	<b>8,8%</b>
EBITDA Margin	20,7%	15,3%	15,6%	-

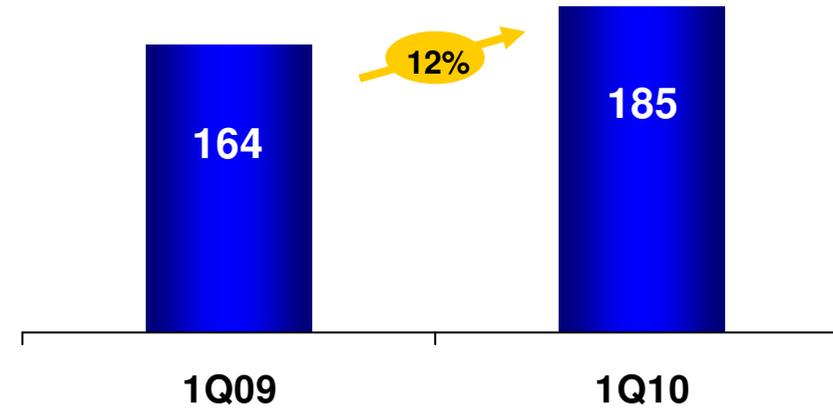
### Total Ad Market (TL mn)



### TV Advertising (TL mn)



### Newspaper Advertising (TL mn)

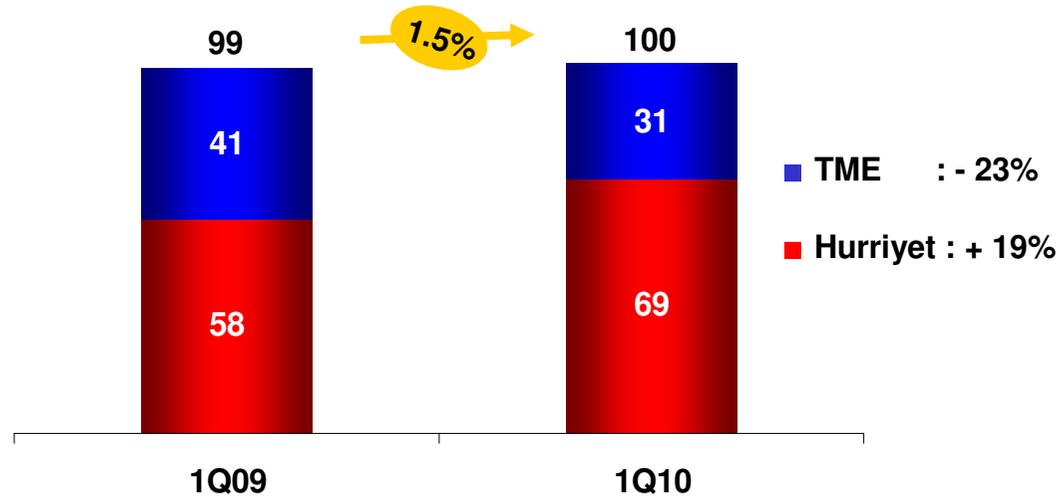


\* Ad market statistics are estimates compiled by DYH ad platform . Newspaper ad market size is estimated based on 28 national newspapers.

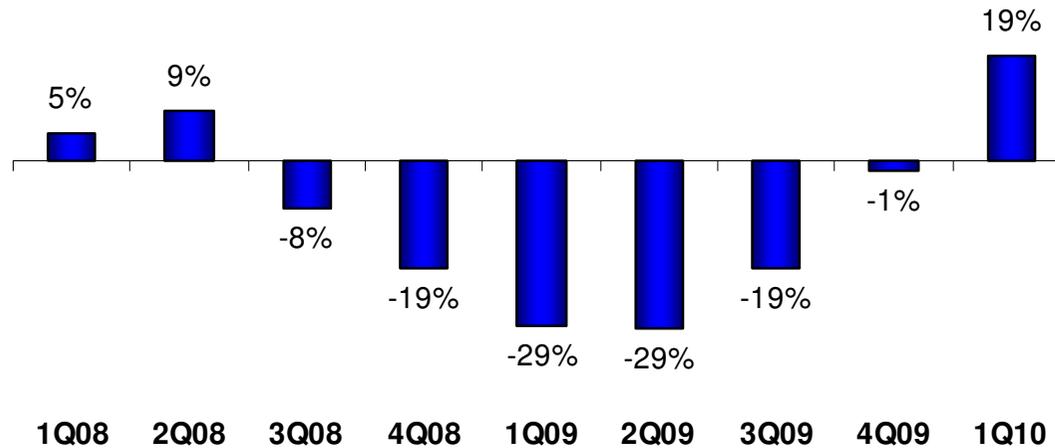
# Print advertising revenue



Print Ad Revenue (TL mn)

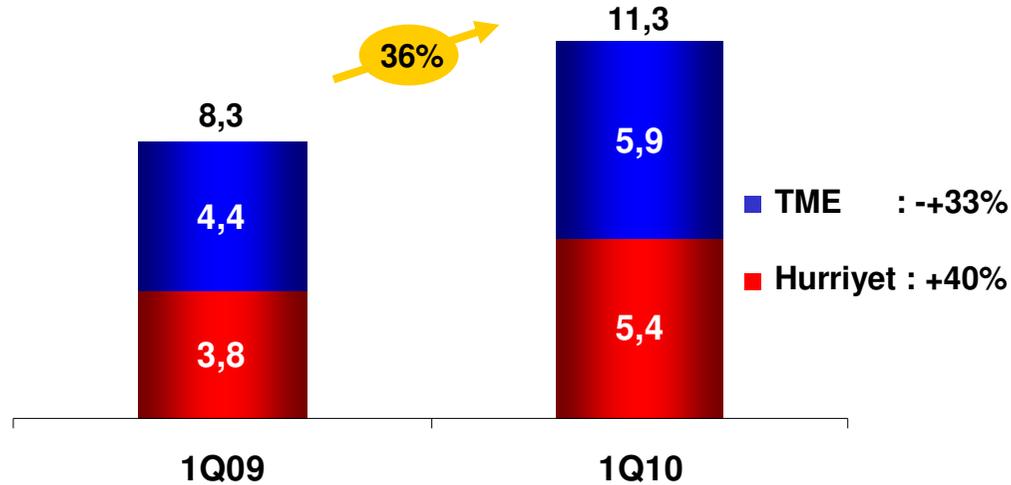


Print ad revenue growth for domestic operations



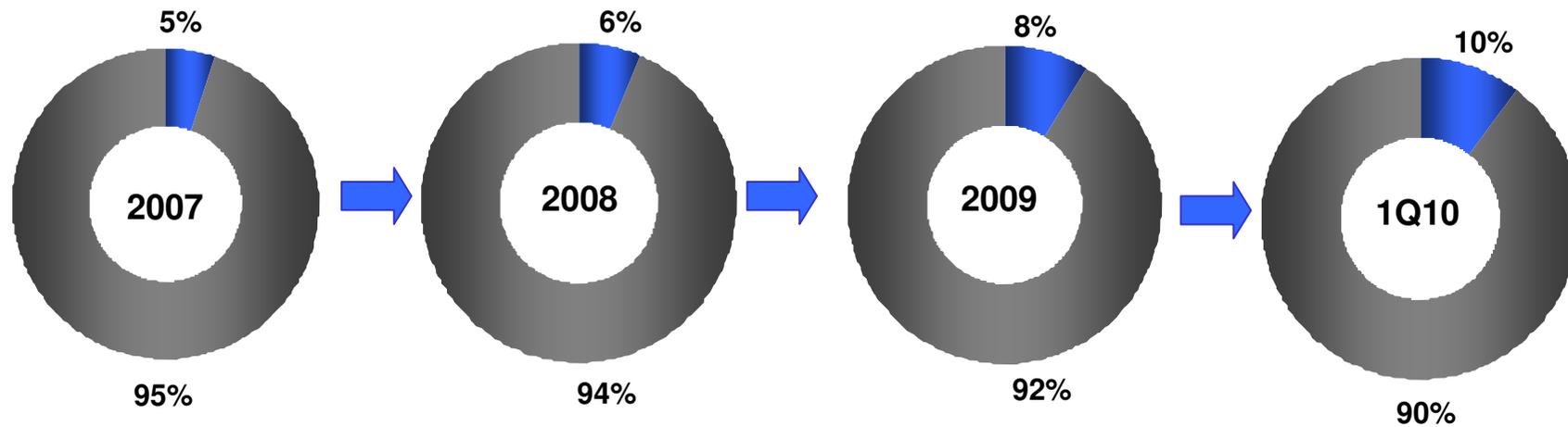
# Online revenue

### Online Revenue (TL mn)



- Fast recovery in online, both in domestic and TME operations.

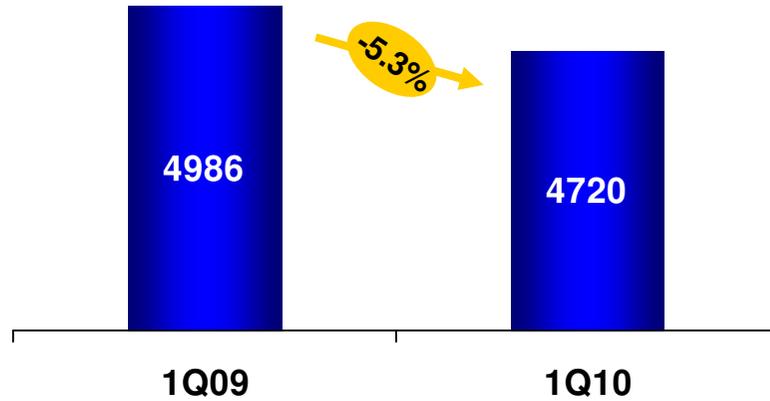
### Online share in ad revenue



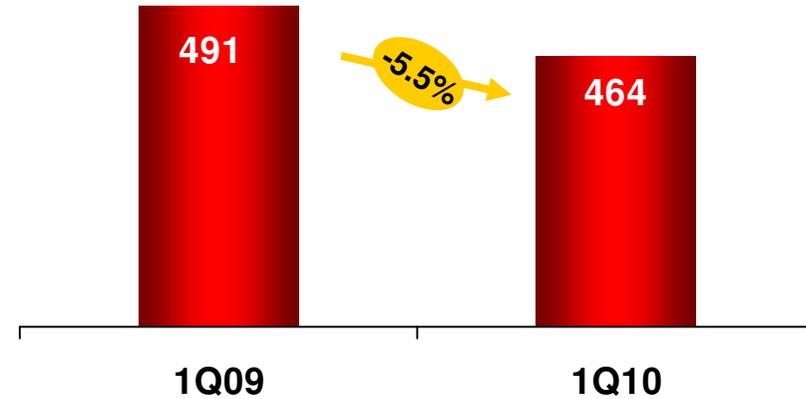
# Circulation market \*



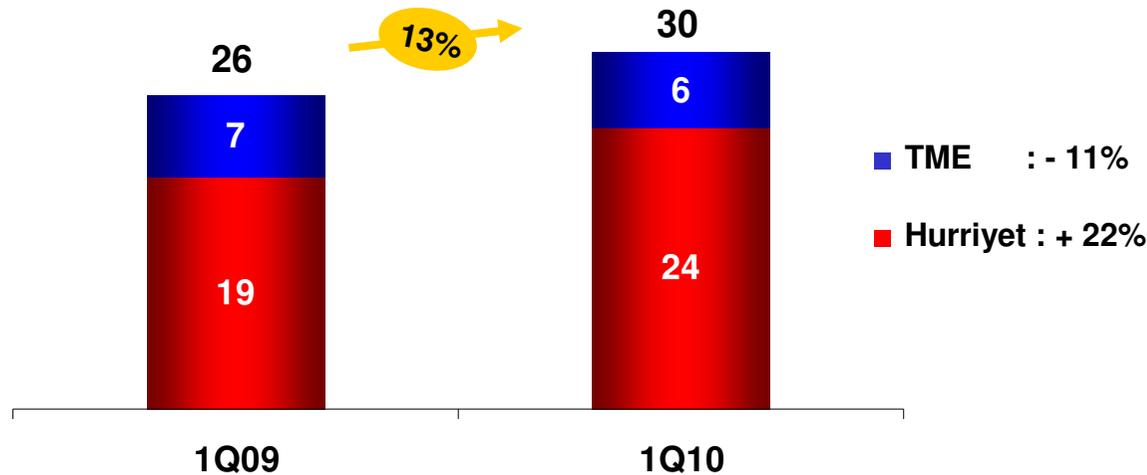
National Circulation (000) \*\*



Hürriyet Circulation (000)



Circulation Revenue (TL mn)

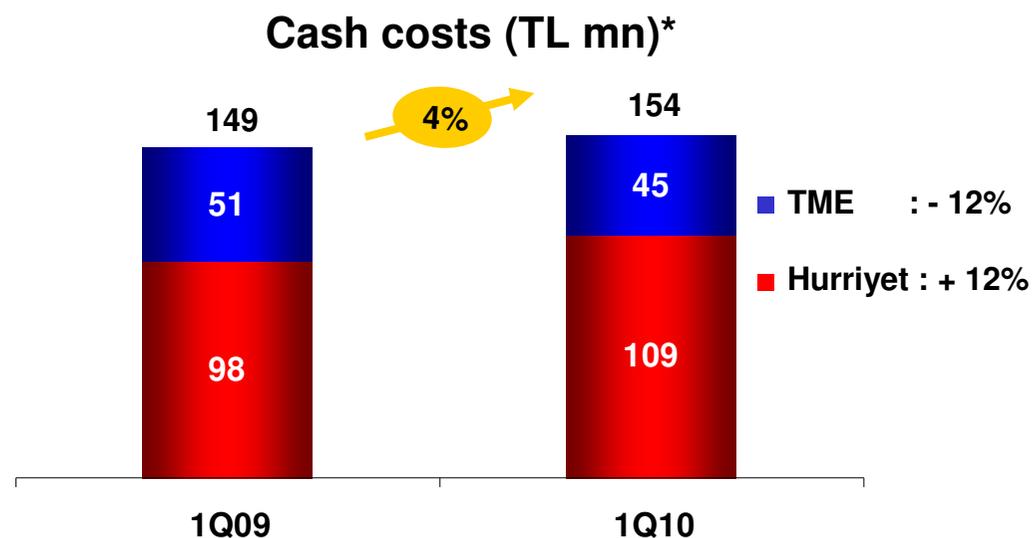


- Cover price increases for Hurriyet newspaper, initiated at 4Q08, continued until April 2009.

- Hence 1Q09 results does not fully reflect the price increases, leading to 22% rise in circulation revenue from domestic operations, in 1Q10.

\* Circulation figures are daily averages for related period. Total circulation figures are Dogan Dagitim estimates.

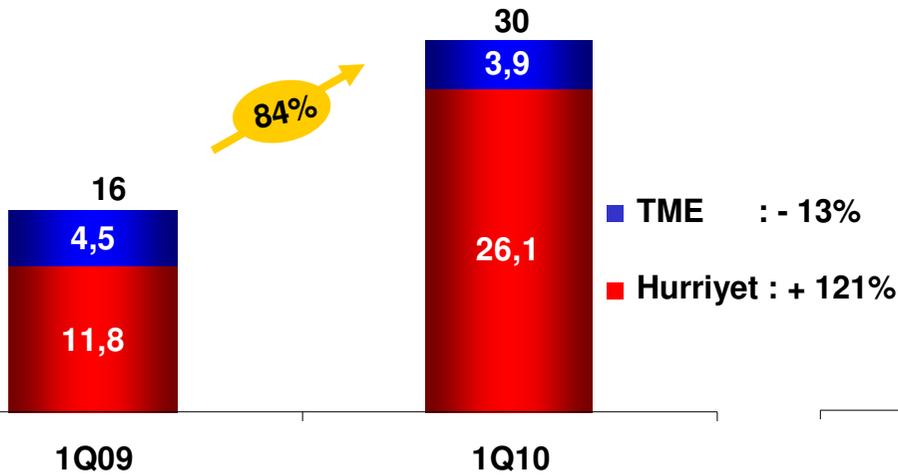
# Cost analysis: cash costs



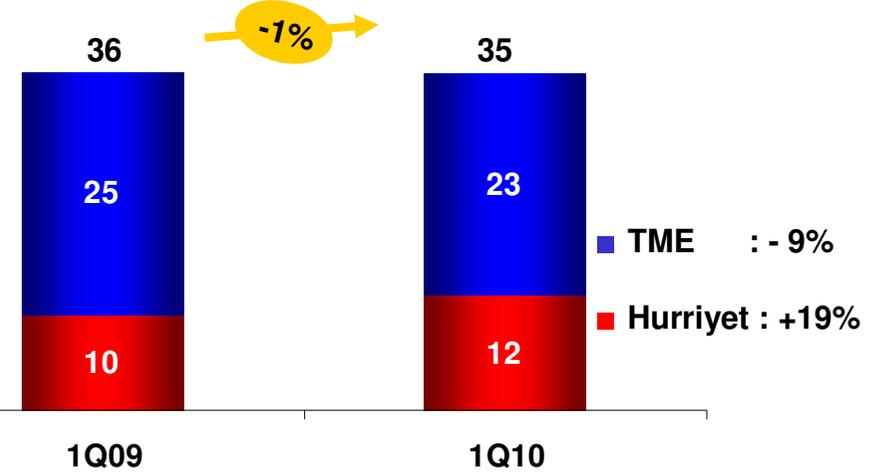
- The increase in cash costs remained limited in 1Q10, despite the weak base effect from 1Q09, a period where uncertainties were at peak.
- Higher increase in costs related to domestic operations, in line with fast recovery in ad market.
- The increase stemmed mainly from:
  - Higher promotional activity
  - Image advertising expenditures for Hurriyet

# Cost analysis: operating expenses

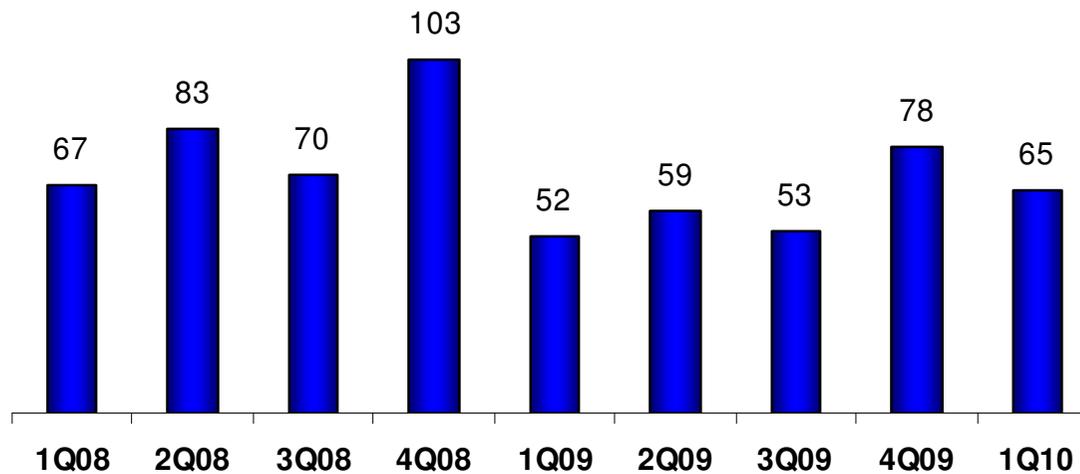
Sales, marketing and distribution costs (TL mn)



General administrative costs (TL mn)



Operating expenses (quarterly, TL mn)



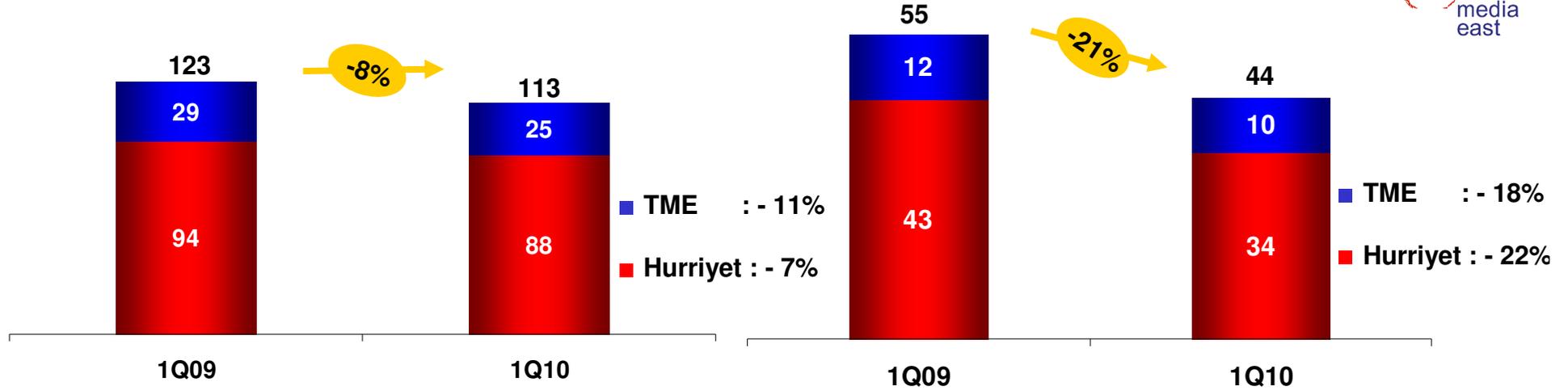
- Although there is a considerable increase in operating expenses compared to 1Q09, the level of expenditures is still well below the pre-crisis period; proving that there is no easing on the cost side.

\* Defined as sales, marketing and distribution costs + general administrative costs.

# Cost analysis: cost of sales

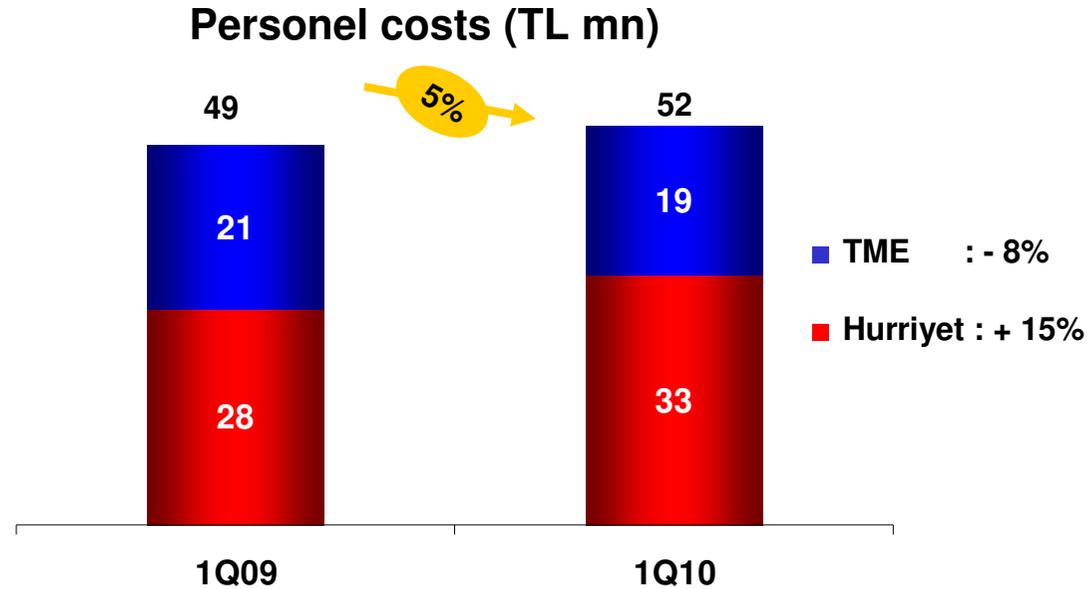
Cost of sales (TL mn)

Raw material costs (TL mn)



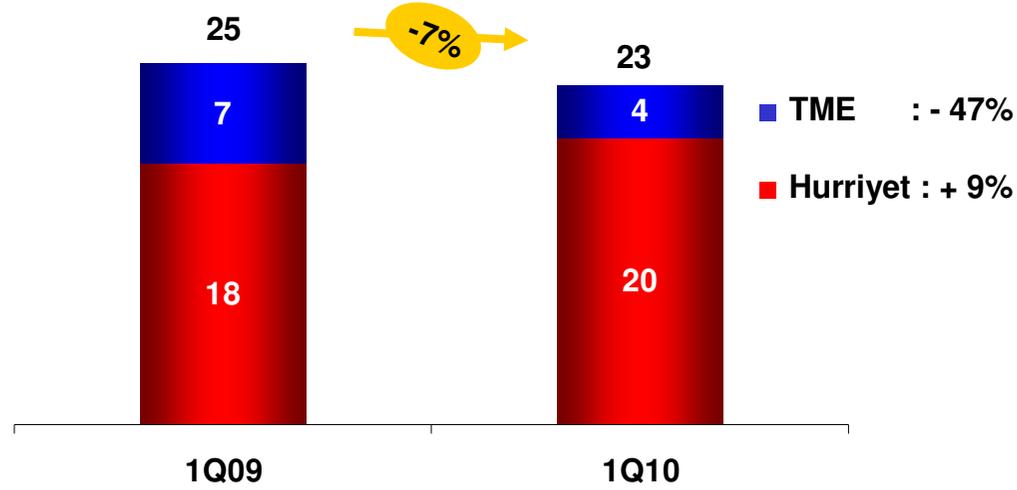
Hürriyet	1Q09	1Q10	Δ
Average number of pages	65	77	+12
Main paper	35	38	+3
Supplements	30	39	+9

# Cost analysis: personel costs



- Salaries in domestic operations adjusted in line with inflation.
- Headcount in domestic operations was almost the same as of March 2010 compared to March 2009.
- Headcount in TME was 11% lower as of March 2010 compared to March 2009.

## EBITDA (TL mn)



<i>EBITDA margin</i>	FY09	1Q09	1Q10
Consolidated	18.6%	14.4%	13.2%
Hürriyet	20.7%	15.6%	15.3%
TME	13.7%	11.9%	7.5%

# Net Debt Position

(mn TL)	31.12.2009	31.03.2010
Cash and Equivalents	296.7	272.5
S.T Bank Borrowings	291.8	290.7
L.T Bank Borrowings	250.7	208.1
<b>Net Cash / (Net Debt)</b>	<b>-245.8</b>	<b>-226.3</b>
Investments	69.7	7.3
Supplier Loans	103.4	96.0

(mn USD)	31.12.2009	31.03.2010
Cash and Equivalents	197	179
S.T Bank Borrowings	194	191
L.T Bank Borrowings	167	137
<b>Net Cash / (Net Debt)</b>	<b>-163</b>	<b>-149</b>
Investments	45	5
Supplier Loans	69	63

- Net debt position of TL 215 mn includes TME's net debt of TL 85 mn (USD 56 mn)
- The investment figure of TL 7.3 mn includes around TL 1.5 mn of assets (buildings) held for sale. The remaining TL 5.8 mn is capex.

# Loan repayment schedule \*

## Loan repayment schedule (principal payment, mn USD)

	April-December 2010			2011			2012		
	Hürriyet	TME	Total	Hürriyet	TME	Total	Hürriyet	TME	Total
Bank loans	66	0	66	77	12	90	54	16	70
Supplier loans	20	0	20	19	0	19	21	0	21
<b>Total</b>	<b>87</b>	<b>0</b>	<b>87</b>	<b>96</b>	<b>12</b>	<b>109</b>	<b>75</b>	<b>16</b>	<b>91</b>



\* Loan repayment schedule takes into consideration the loan restructuring of TME. Cash figures are as of 31 March 2010.

# TME: Consolidated statements of operations (IFRS)



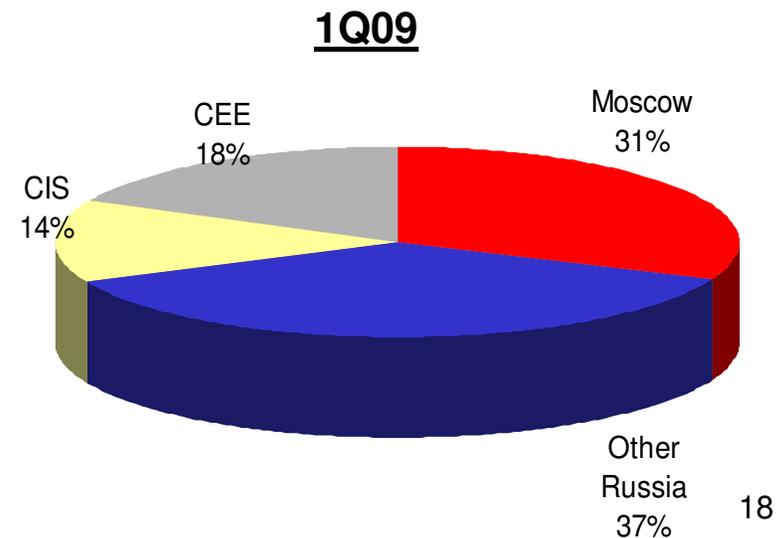
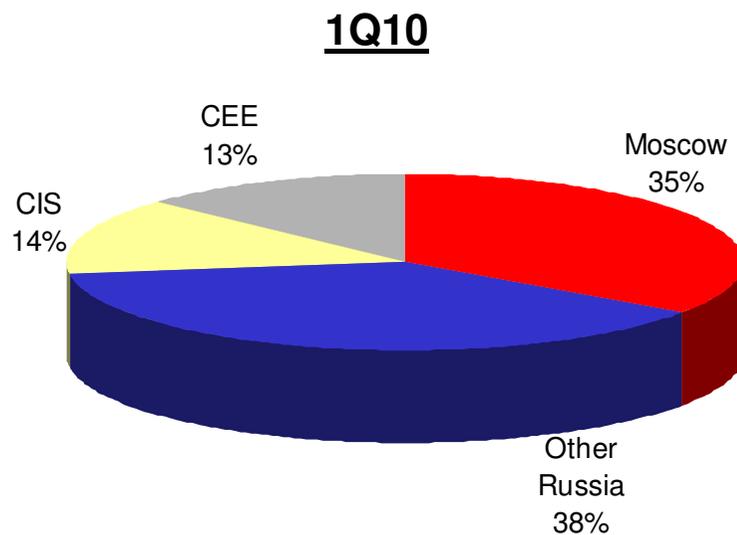
(USD mn)	1Q10	1Q09	%Ch.
Sales	32,2	35,0	-8,0%
Cost of sales	-16,8	-17,7	-5,1%
Marketing, selling and distribution expenses	-2,8	-3,1	-9,7%
General administrative expenses	-13,7	-12,8	7,0%
Other income / expense, net	0,1	0,2	-50,0%
<b>Operating profit</b>	<b>-1,0</b>	<b>1,6</b>	-
Financial income / expense, net	1,5	-16,2	-
<b>(Loss)/profit before income taxes</b>	<b>0,5</b>	<b>-14,6</b>	-
Income tax expense	-0,7	0,3	-
<b>Net (loss)/profit for the year from continuing operations</b>	<b>-0,2</b>	<b>-14,3</b>	-
<b>Attributable to:</b>			
Equity holders of the parent	-0,4	-14,7	-
Minority interest	0,1	0,4	-

# Revenue Growth by Regions – TME standalone



Mn USD	1Q10	1Q09	Growth
<b>Russia</b>	23.4	23.8	-1.7%
<b>Moscow</b>	11.2	11.0	1.7%
<b>Other Russia</b>	12.2	12.8	-4.6%
<b>CIS</b>	4.6	5.0	-8.6%
<b>CEE</b>	4.2	6.2	-32.5%
<b>Total</b>	32.2	35.0	-8.1%

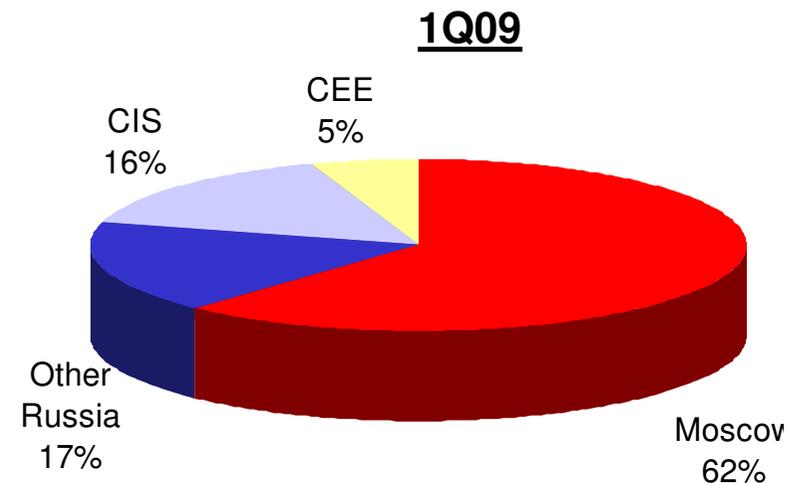
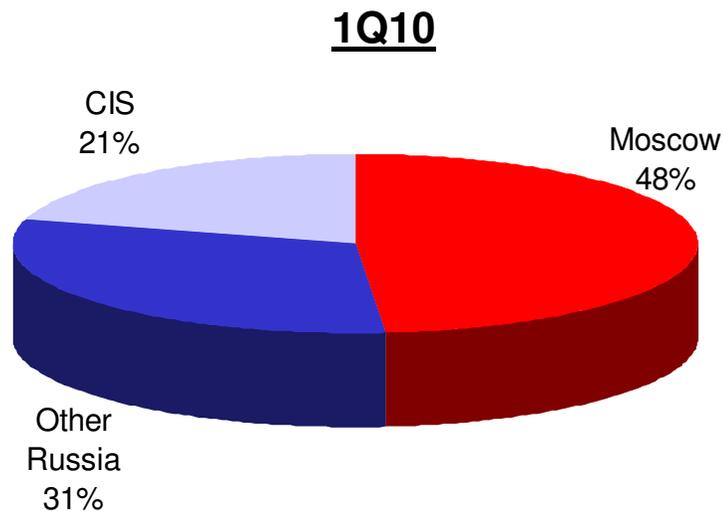
## Revenue Breakdown by Regions



# EBITDA by Regions – TME standalone

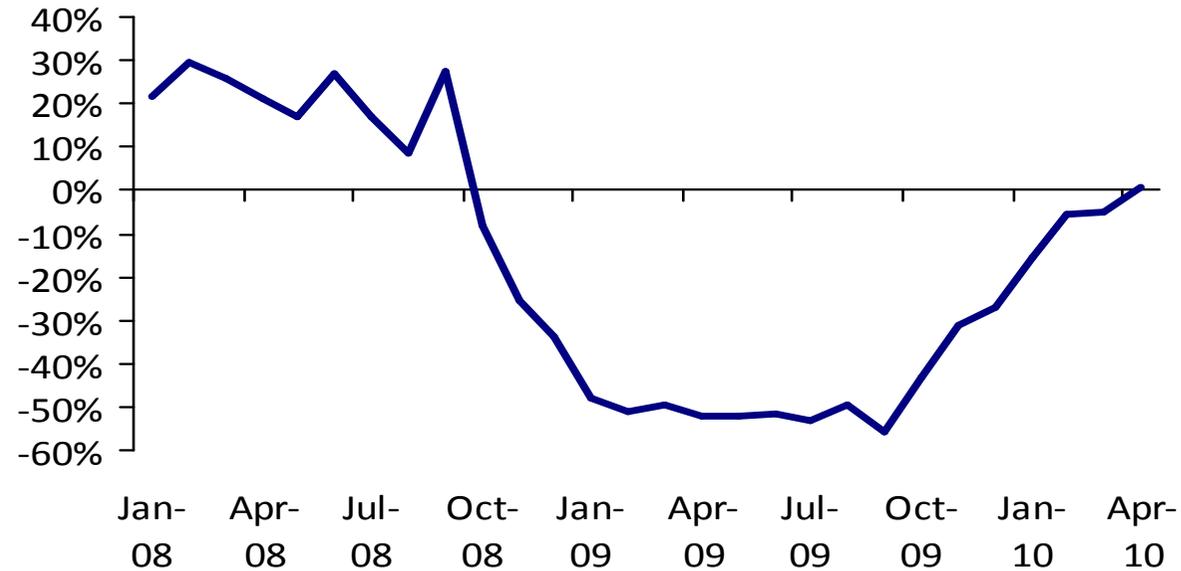
Mn USD	2009	2008	Growth	EBITDA margin 2009	EBITDA margin 2008
<b>Russia</b>	3.1	4.6	-33.8%	13.1%	19.5%
<b>Moscow</b>	1.9	3.6	-48.8%	16.6%	33.0%
<b>Other Russia</b>	1.2	1.0	19.1%	9.9%	8.0%
<b>CIS</b>	0.8	0.9	-11.7%	17.9%	18.5%
<b>CEE</b>	-0.2	0.3	-	-4.9%	4.3%
<b>Operational EBITDA</b>	3.7	5.8	-36.9%	11.4%	16.6%
<b>Consolidated EBITDA</b>	2.5	4.0	-37.6%	7.7%	11.4%

## EBITDA Breakdown by Regions



# TME: monthly trends in revenues

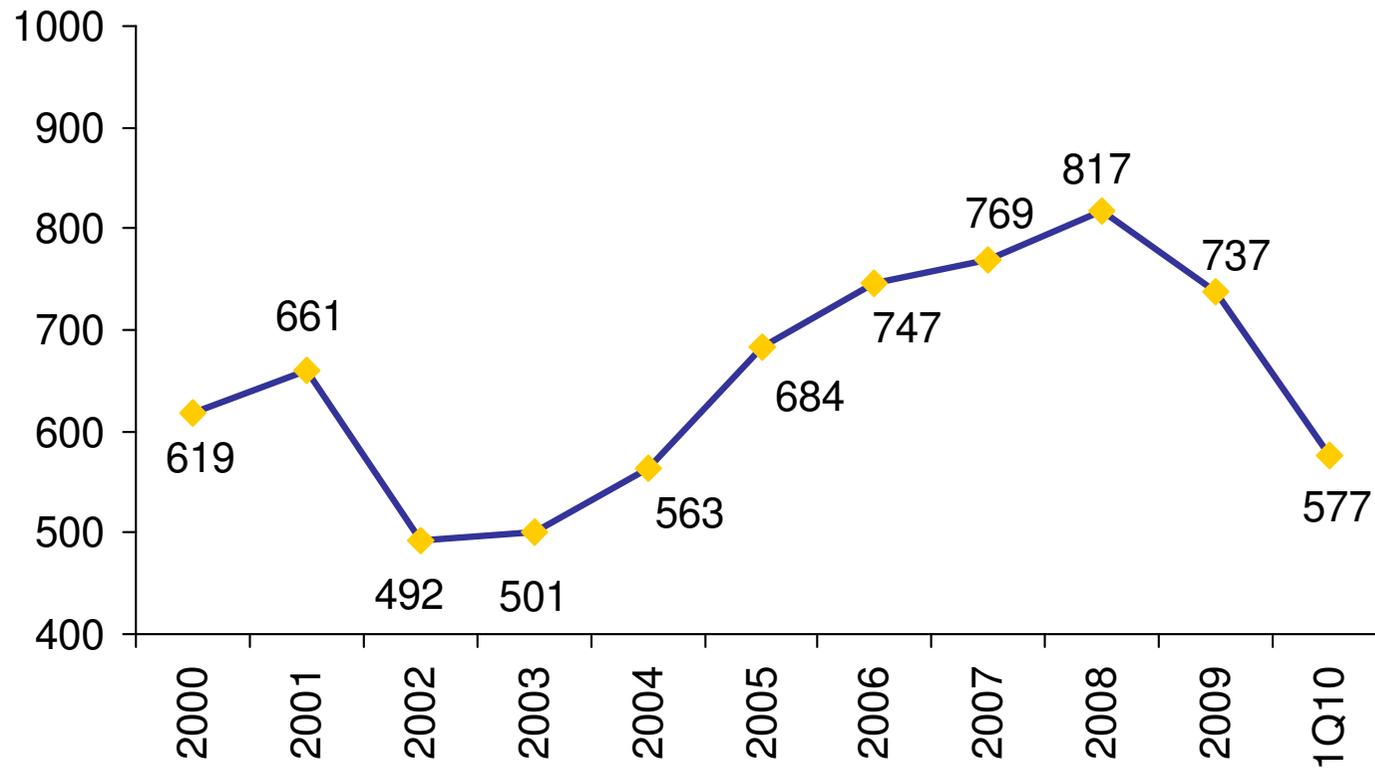
**TME revenue growth (y-o-y, %)**



Source: Management reports

- Hürriyet print ad revenue in domestic operations is expected to increase around 13% in 2010.
- Hürriyet online revenue in domestic operations is expected to increase by 40% in 2010.
- TME revenue is estimated to increase around 10% in local currency in 2010.
- Consolidated EBITDA margin is expected to be 21%-22%.
- Average newsprint prices is estimated to decline to 650 \$ / ton in 2010.
- With increased emphasis for the development of internet business, we continue to invest in internet.

## Average Newsprint Costs (US\$) \*



\* Including all costs and expenses like custom duties, transportation etc.

# Hürriyet's major advertisers



Sectors	1Q10	1Q09
Classifieds (incl. HR)	14%	14%
Real Estate	13%	13%
Social	10%	10%
Retail	9%	9%
Automotive	8%	8%
Tourism	8%	8%
Finance	6%	6%
Entertainment, culture, art & sports	5%	4%
Publishing	3%	2%
Food	2%	2%
First 10 Total	78%	76%
Others	22%	24%

## Investor Contact

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