

**Hürriyet**

newspaper web mobile tablet



# Review of 1Q14 Results

## 12 May 2014

Slow advertising market in Turkey in 1Q14

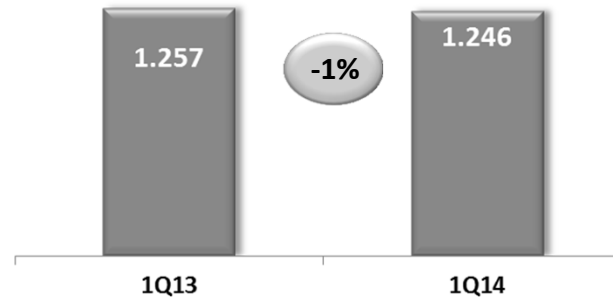
Hürriyet domestic online revenue growth continue to out perform the market

Production and operating expenses under control

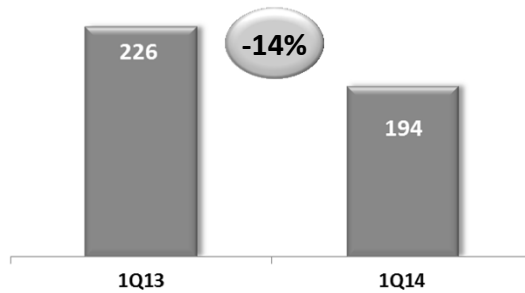
Negative impact of high fx rates in Turkey and Russia still effective

# Slow advertising market in Turkey in 1Q14

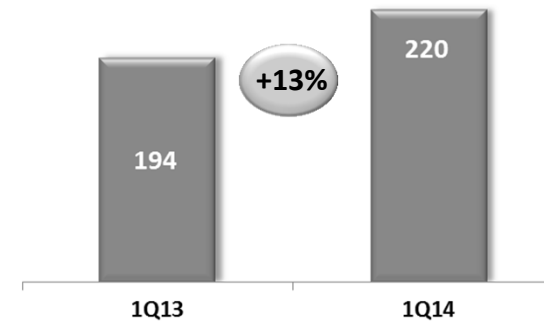
Total Ad Market\* (TL mn)



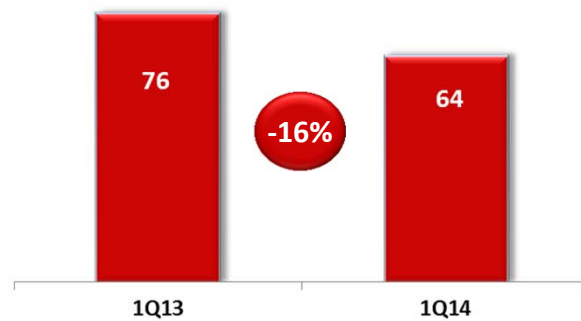
Newspaper Ad Market (TL mn)



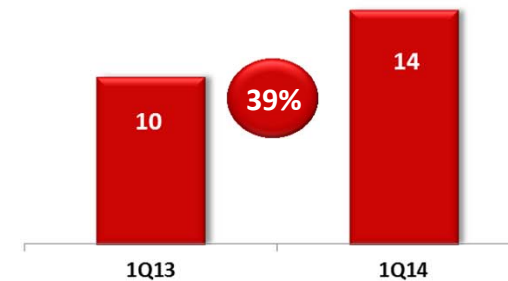
Online Ad Market (TL mn)



Hürriyet Print Ad Revenue (TL mn)



Hürriyet Domestic Online Ad Rev. (TL mn)



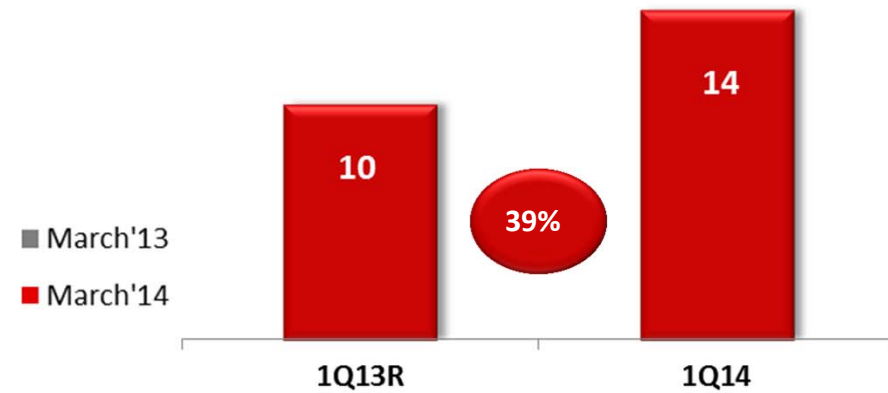
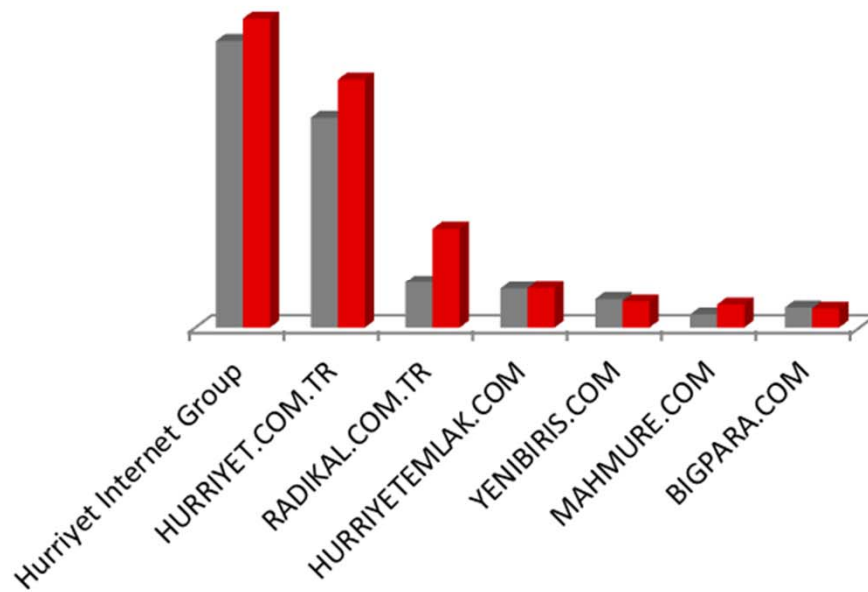
\* Ad market statistics are estimates compiled by DYH ad platform, based on 25 national newspapers.

\*\* Includes all domestic online & offline advertising revenues, minus all IFRS adjustments

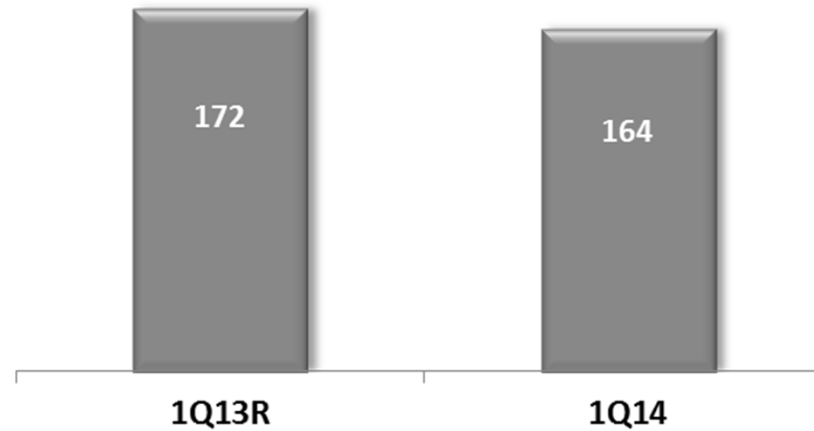
# Domestic online revenue growth outperform the market



- Domestic online revenues grew by 39% well above market average of 13%
- Domestic online revenues' share to total ad revenues has increased from 12% to 16%



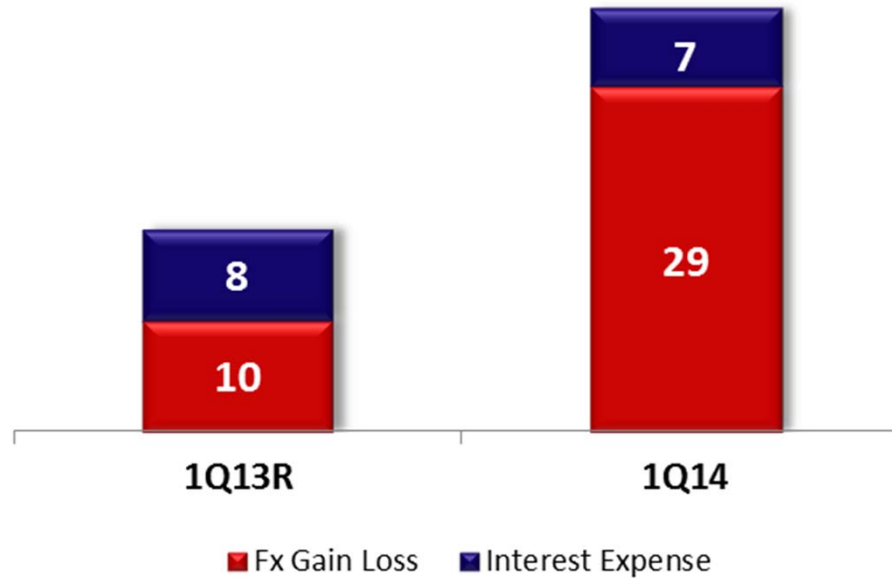
## Production and Operating Expenses\*



	1Q13	1Q14	Change
Personnel	65,1	61,2	-6%
Raw material	46,8	45,7	-2%
Advertising, promotion and sponsorship	17,4	12,9	-26%
Transportation and travel	7,0	6,6	-6%
Other	36,2	37,5	4%
<b>Total Production and Operating Expense</b>	<b>172,5</b>	<b>163,9</b>	<b>-5%</b>

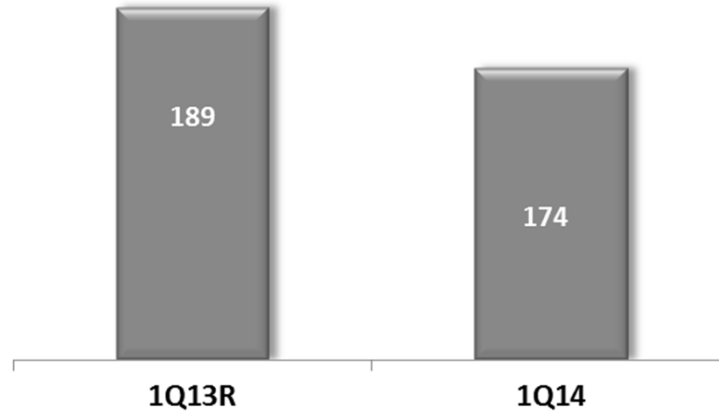
\* Total of cost of goods sold, marketing & selling and general administrative expenses excluding depreciation

## Financial Expenses

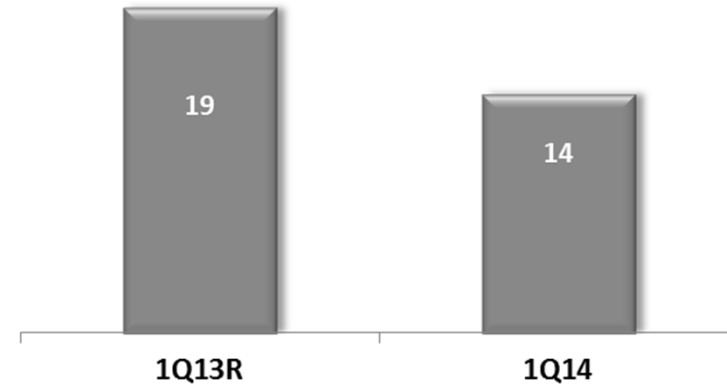


- The increase in financial expenses is due to fx losses incurred on borrowings
- 23,7 mn TL of the fx losses incurred in 1Q14 is due to TME's 70 mn USD of bank loans (1Q13: 7,0 mn TL)

## Revenues



## EBITDA



Number of pages	1Q13	1Q14
Main newspaper	38,83	34,64
Supplements	40,37	33,45

Cost	1Q13	1Q14
Paper Cost (USD/ton)	708	714

Consumption	1Q13	1Q14
Paper Consumption (ton)	16,975	13,674

Fx Rate	1Q13	1Q14
Average USD rate	1,7803	2,2146

- 15,5 mn TL lower revenues mainly due to lower print ad revenues
- Online revenues up 5,5 mn TL compared to print ad revenues down 17,4 mn TL
- Lower number of pages coupled with lower circulation helped raw material cost control inspite of the higher fx rates and unit costs

# Financial Developments



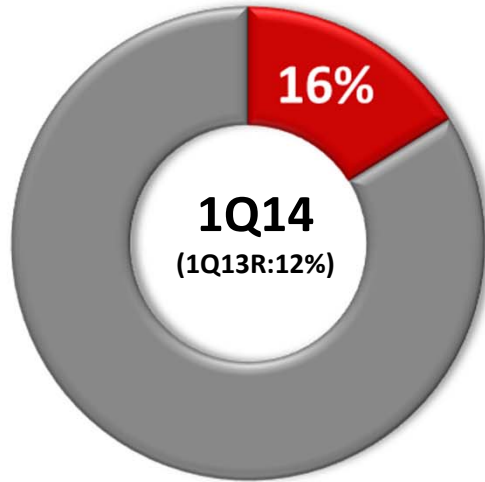
## 1Q14 IFRS Results: Hürriyet excluding TME



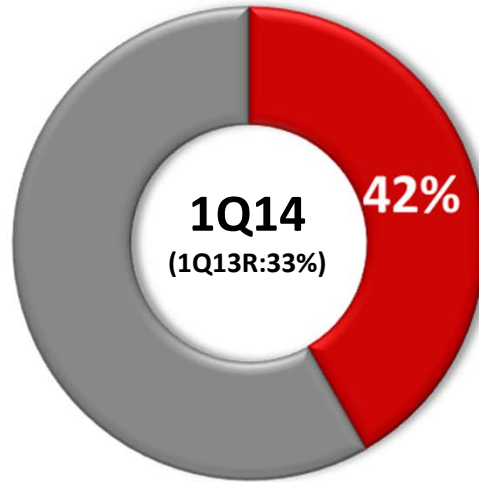
mn TL	1Q14	1Q13 R	YoY% Ch.
<b>Total revenues</b>	<b>138,3</b>	<b>148,5</b>	<b>-6,9%</b>
<i>Ad revenues (print)</i>	63,8	75,8	<b>-15,8%</b>
<i>Ad revenues (online)</i>	13,9	10,0	<b>39,0%</b>
<i>Circulation revenues</i>	23,2	25,2	<b>-7,9%</b>
<i>Printing revenues</i>	29,5	30,2	<b>-2,3%</b>
<i>Other revenues</i>	7,9	7,4	<b>6,8%</b>
<b>Cost of sales</b>	<b>-102,9</b>	<b>-102,1</b>	<b>0,8%</b>
<b>Operating expenses</b>	<b>-35,2</b>	<b>-41,8</b>	<b>-15,8%</b>
<i>Marketing, sales and distribution</i>	-19,7	-25,5	<b>-22,7%</b>
<i>General administrative</i>	-15,5	-16,3	<b>-4,9%</b>
<b>Operating profit</b>	<b>0,3</b>	<b>4,6</b>	<b>-93,5%</b>
<b>Other operating expenses (net)</b>	<b>0,0</b>	<b>-4,9</b>	<b>-100,0%</b>
Depreciation	12,2	11,9	<b>2,5%</b>
Amortised cost valuation income	2,7	2,3	<b>17,4%</b>
<b>Adj.EBITDA</b>	<b>15,2</b>	<b>18,8</b>	<b>-19,1%</b>
EBITDA Margin	11,0%	12,6%	

# Share of Online Ad Revenues (mn TL)

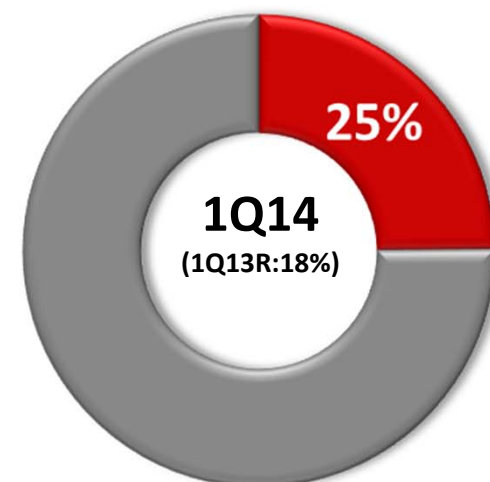
Hürriyet



TME



Consolidated

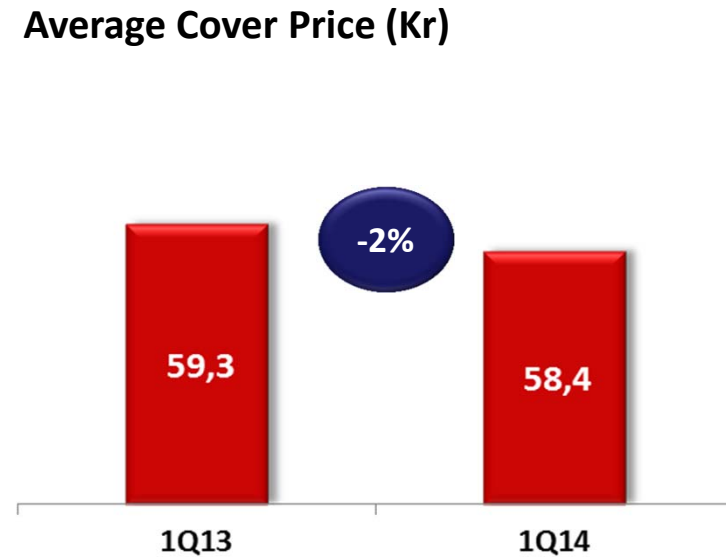
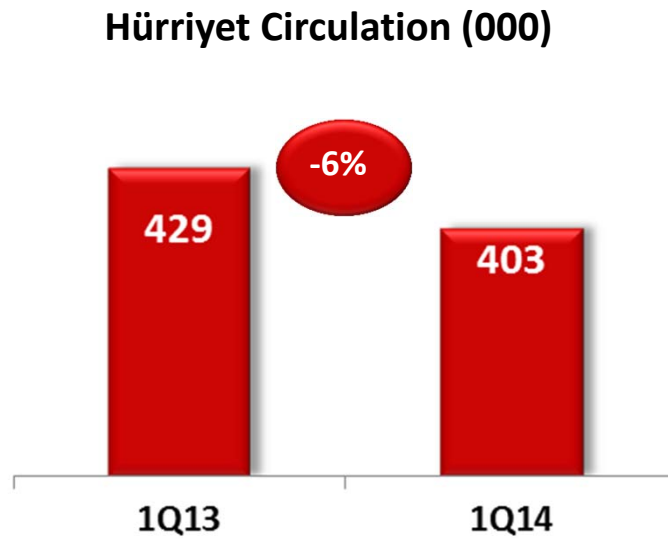
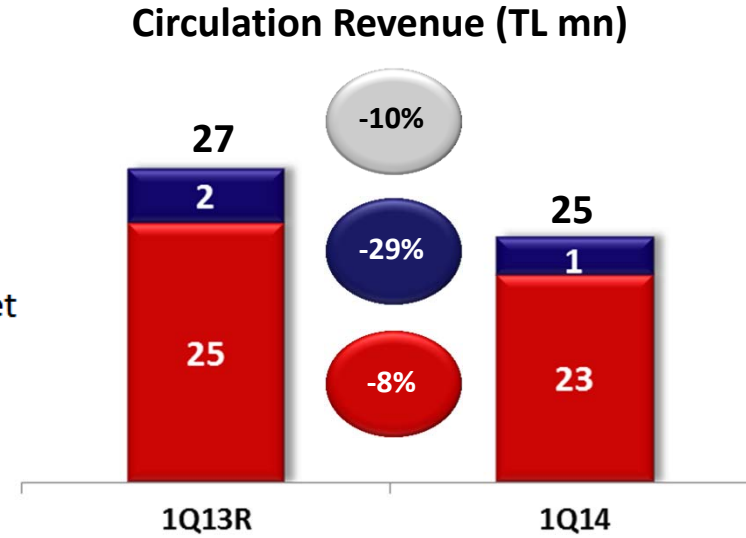
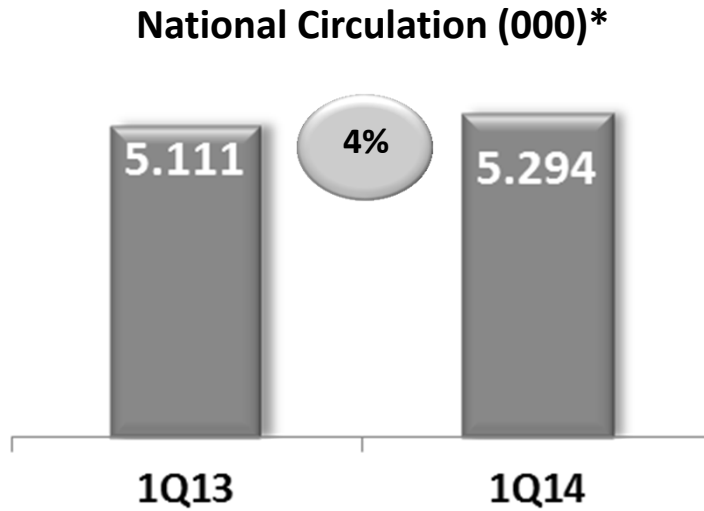


Ad Revenue	1Q13R	1Q14
Online	10	14
Offline	76	64

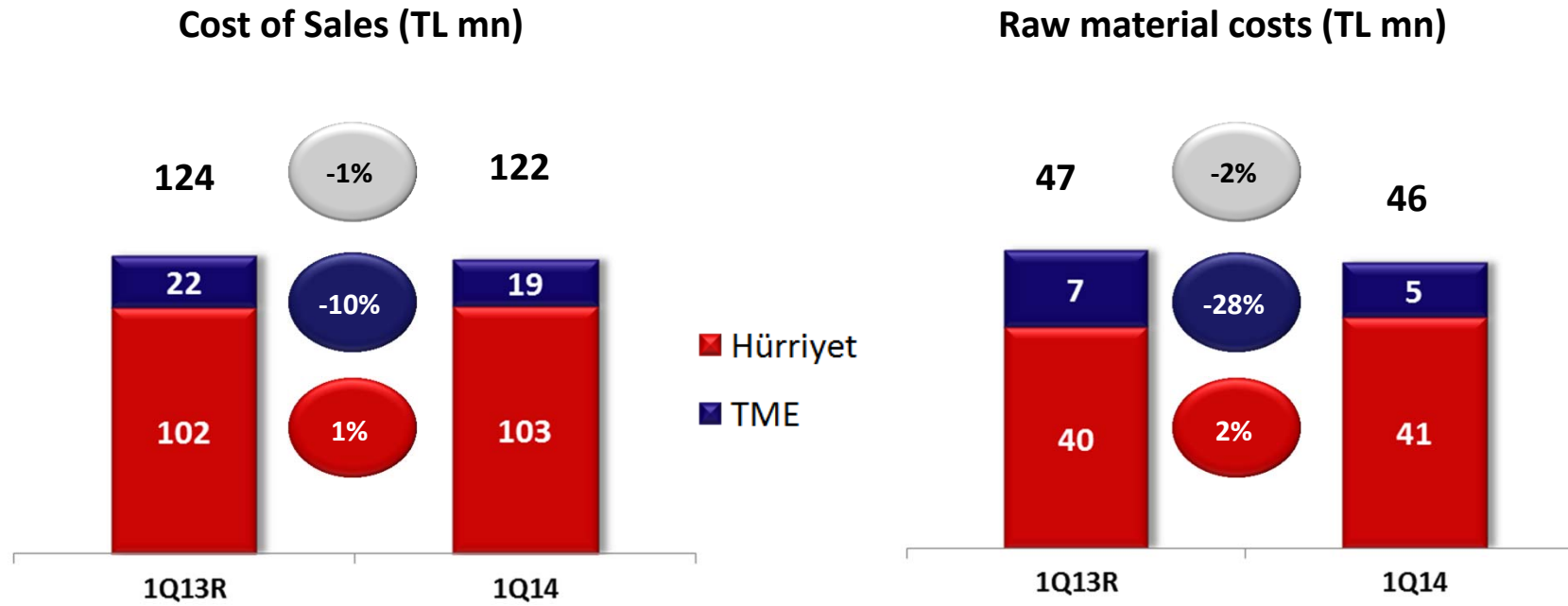
Ad Revenue	1Q13R	1Q14
Online	12	13
Offline	24	19

Ad Revenue	1Q13R	1Q14
Online	22	27
Offline	100	83

# National Newspaper Circulation & Hürriyet



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



# Net Debt Position

mn TL	31/03/2014	31/12/2013
Cash and Equivalents <sup>1</sup>	64	47
S.T Bank Borrowings	155	149
L.T Bank Borrowings	232	261
<b>Net Debt</b>	<b>-324</b>	<b>-364</b>
Capex	6	20
Supplier Loans	2	7

includes TME's  
net debt of 63,6 mn USD  
(31.12.2013: 61 mn USD).

mn \$	31/03/2014	31/12/2013
Cash and Equivalents	29	22
S.T Bank Borrowings	71	70
L.T Bank Borrowings	106	123
<b>Net Debt</b>	<b>-148</b>	<b>-170</b>
Capex	2	10
Supplier Loans	1	3

<sup>1</sup> In 2014, net debt position does not include 3,5 mn USD (31.12.2013: 17,1 mn USD) blocked deposits classified under other current assets.

## **TME STANDALONE IFRS RESULTS (mn \$)**

## Financial Summary (IFRS)

	Restated***			
(US\$ millions)	1Q14	1Q13	Change*	Org ch.**
<b>Revenue</b>	<b>16,0</b>	<b>22,5</b>	<b>(28,9%)</b>	<b>(17,5%)</b>
Russia	13,3	19,5	(31,8%)	(20,2%)
CIS	2,7	3,0	(10,0%)	0,0%
<b>Operating EBITDA</b>	<b>(1,2)</b>	<b>0,6</b>		
- Corporate Cost	(0,4)	(0,5)	(20,0%)	
<b>Consolidated EBITDA</b>	<b>(1,6)</b>	<b>0,1</b>		
<b>Net (loss)/profit from continuing operations</b>	<b>(1,7)</b>	<b>1,7</b>		
<b>Operating EBITDA Margin %</b>	<b>(7,5%)</b>	<b>2,7%</b>		
<b>Consolidated EBITDA Margin %</b>	<b>(10,0%)</b>	<b>0,4%</b>		

	Restated***			
(US\$ millions)	1Q14	1Q13	Change*	Org ch.**
<b>Online Revenue</b>	6,1	6,3	(3,2%)	7,0%
Share of total revenue	38,1%	28,0%		

\*Change: Change is calculated in USD terms.

\*\*Organic change: Change in local currency terms, including only continuing operations.

\*\*\*2013 comparative figures have been restated to: i) retrospectively designate the Group's Ukrainian subsidiaries as investments in associates following the Group's reassessment of control under IFRS 10, and ii) present the Group's Hungarian, Croatian and Eastern European operations as discontinued operations in accordance with the requirements of IFRS 5.

# Appendix

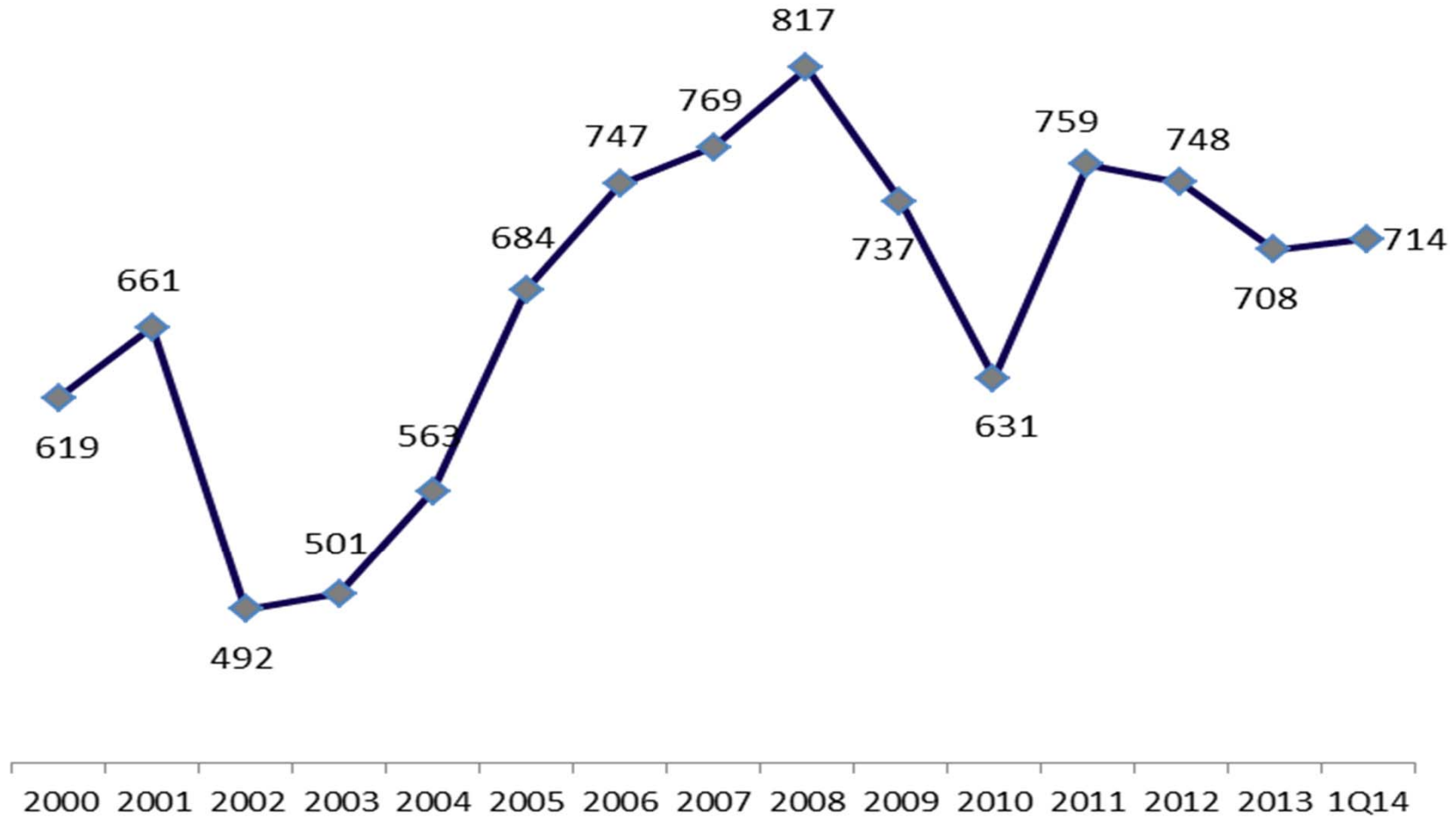


# 1Q14 Consolidated IFRS Results

mn TL	1Q14	1Q13 R	YoY% Ch.
<b>Total revenues</b>	<b>173,6</b>	<b>189,1</b>	<b>-8,2%</b>
<i>Ad revenues (print)</i>	82,6	100,0	-17,4%
<i>Ad revenues (online)</i>	27,3	21,8	25,2%
<i>Circulation revenues</i>	24,7	27,3	-9,5%
<i>Printing revenues</i>	29,5	30,2	-2,3%
<i>Other revenues</i>	9,5	9,8	-3,1%
<b>Cost of sales</b>	<b>-122,3</b>	<b>-123,6</b>	<b>-1,1%</b>
<b>Operating expenses</b>	<b>-62,0</b>	<b>-68,3</b>	<b>-9,2%</b>
<i>Marketing, sales and distribution</i>	-26,8	-31,8	-15,7%
<i>General administrative</i>	-35,2	-36,5	-3,6%
<b>Operating profit</b>	<b>-10,6</b>	<b>-2,8</b>	<b>278,6%</b>
<b>Other operating expenses (net)</b>	<b>-1,3</b>	<b>-5,1</b>	<b>-75%</b>
Income/loss from investments	-0,1	-2,1	-95,2%
Financial expense (net)	-24,0	-6,2	
Monetary gain/loss (net)	0,0	0,0	
<b>Profit before tax</b>	<b>-36,1</b>	<b>-16,2</b>	
Tax	3,9	0,0	
<b>Net profit before minority</b>	<b>-32,2</b>	<b>-16,2</b>	
Minority Interest	7,6	3,8	
Profit/loss from discontinued op.	0,0	-0,8	
<b>Net profit</b>	<b>-24,6</b>	<b>-13,1</b>	
Depreciation	20,3	19,5	4,1%
Amortised cost valuation income	2,7	2,3	17,4%
<b>Adj.EBITDA</b>	<b>12,4</b>	<b>18,9</b>	<b>-34,4%</b>
EBITDA Margin	7,2%	10,0%	

(\* ) 1Q13 results were restated due to discontinuation of Croatian and Hungarian operations of TME.

Average Newsprint Costs (US\$) \*



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

Sectors	1Q13	1Q14
Real Estate	16%	10%
Tourism	9%	11%
Retail	8%	11%
Social	8%	10%
Classifieds (incl. HR)	8%	8%
Automotive	8%	6%
Finance	6%	4%
Publishing	4%	3%
Entertainment, Culture, art & sports	4%	4%
Education	4%	4%
<b>First 10 Total</b>	<b>74%</b>	<b>70%</b>
<b>Others</b>	<b>26%</b>	<b>30%</b>

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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.

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