



Review of FY 2012 Results

5 April 2013

From a leading newspaper to a 7/24 Hürriyet World

Hürriyet



FY12 Major Developments

Leadership is hard to achieve, sustaining leadership is even harder

Hürriyet is determined to be a leader for many more years to come

With this determination we started the year with structural changes

Turnaround story of TME

1

Convergence

- We now think print and online journalism “together”
- Content is allocated between i-pad, social media, web-TV as well as printed newspaper and website concurrently.
- We trained over 200 editorial staff in group of fifteen people.
- Editorial convergence is achieved, convergence in other departments is ongoing.

2

New headquarters : Hürriyet Dünyası

- **From a 13 storey building with many rooms to a 5 storey building open offices**
- **Easily monitored administrative expenses**
- **Much better communication environment**
- **Leaner organization**

After convergence news room



3

New innovative newspaper format

- **Starting from the second half of October, newspaper width is 3 cm narrower.**
- **Modern outlook**
- **Cost effective (to be fully effective in 2013)**

4

Monetizing this reach will our primary target



1.752.000



24.000



6.832.000

Hürriyet Dünyası

8.166.000



2.360.000



2.276.000



420.000

Turnaround story of TME



- Profitable for the first time after 2008 (5,8 mn \$)
- EBITDA margin is nearly doubled and reached to 12,2%.
- Online revenue share 25% (2011 : 18%)
- Significant cost control achievement
- 50% online revenue target in the years to come

irr.ru

JOB.RU

oglasnik.hr

posao.hr

nekretnine.net

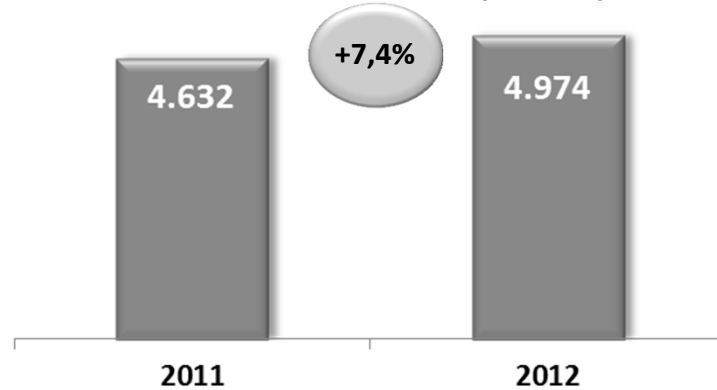
expressz.hu

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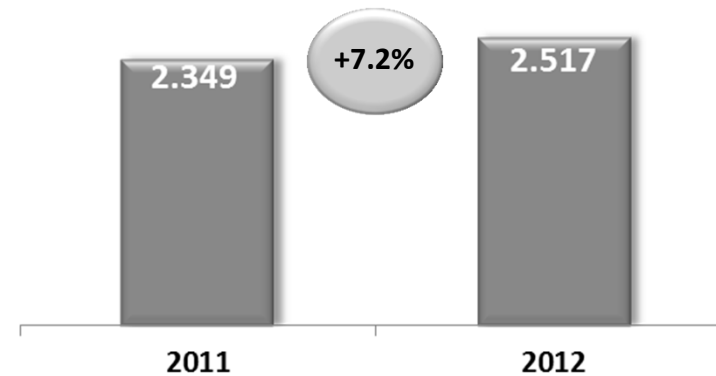
MojeDelo.com

FY12 Financial Results

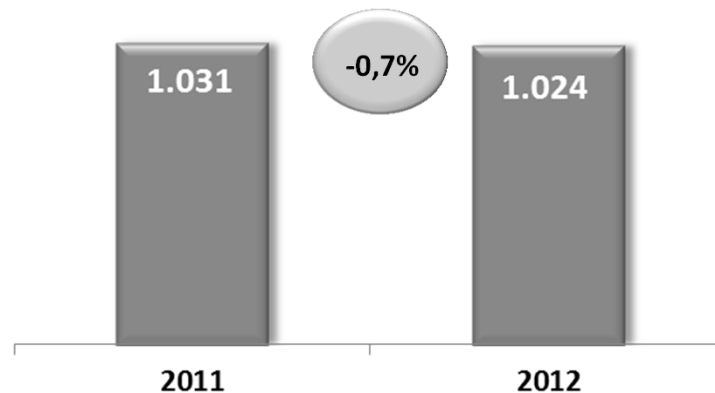
Total Ad Market (TL mn)



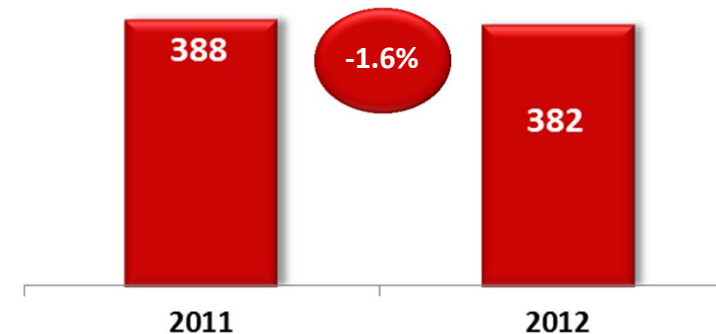
TV Advertising (TL mn)



Newspaper Advertising (TL mn)



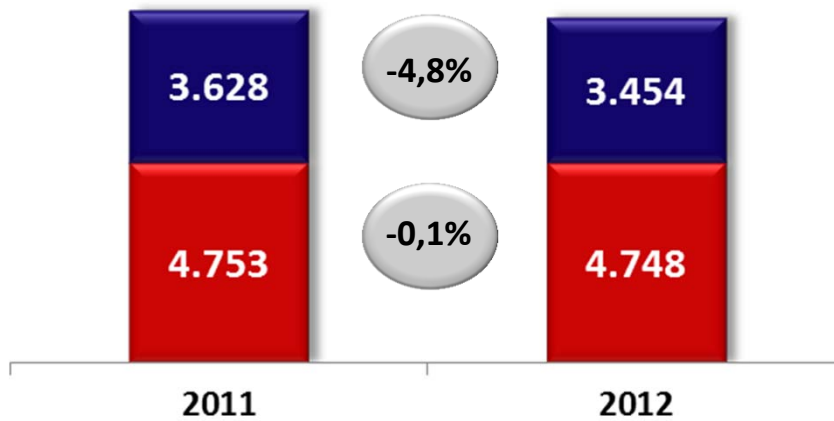
Hürriyet Domestic Ad Rev. (TL mn)**



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

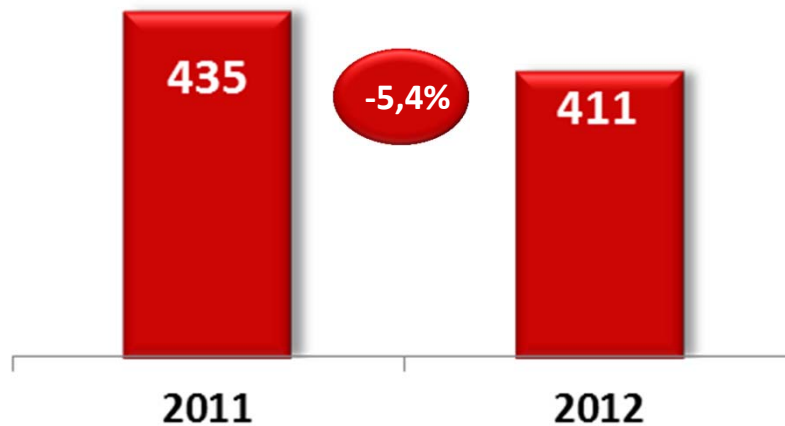
** Includes all domestic online & offline advertising revenues, minus all **IFRS** adjustments

National Circulation (000)

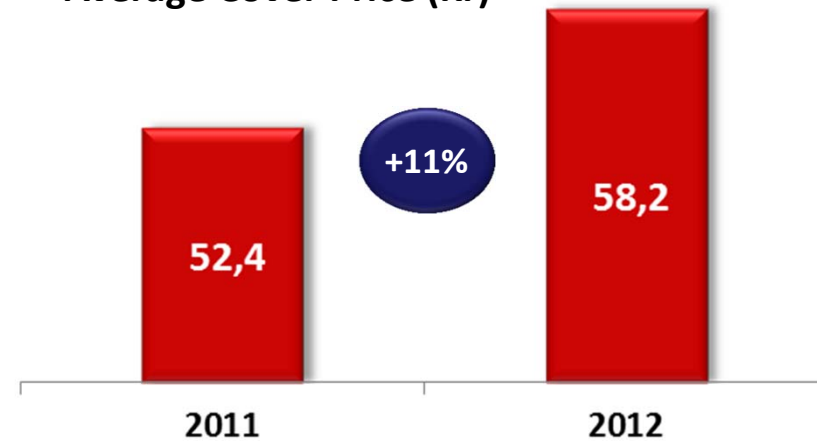


- Excluding market outliers and new entrants, the decrease is 4,8%.

Hürriyet Circulation (000)

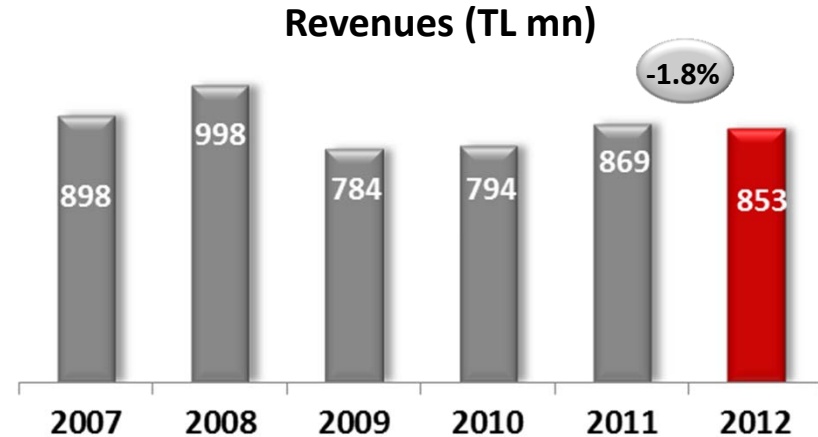


Average Cover Price (Kr)

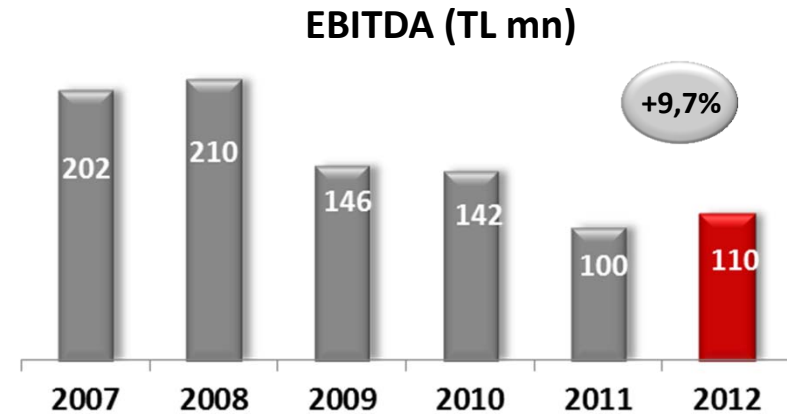


2012 Financial Results: Summary

- Net Profit : 150,7 mn TL (2011 : -234,0 mn TL)
- Consolidated EBITDA : 110mn TL (2011 : 100 mn TL)
- Consolidated EBITDA margin : 12,9% (2011: 11,5%)
- Consolidated Revenues : 853 mn TL (2011: 869 mn TL)

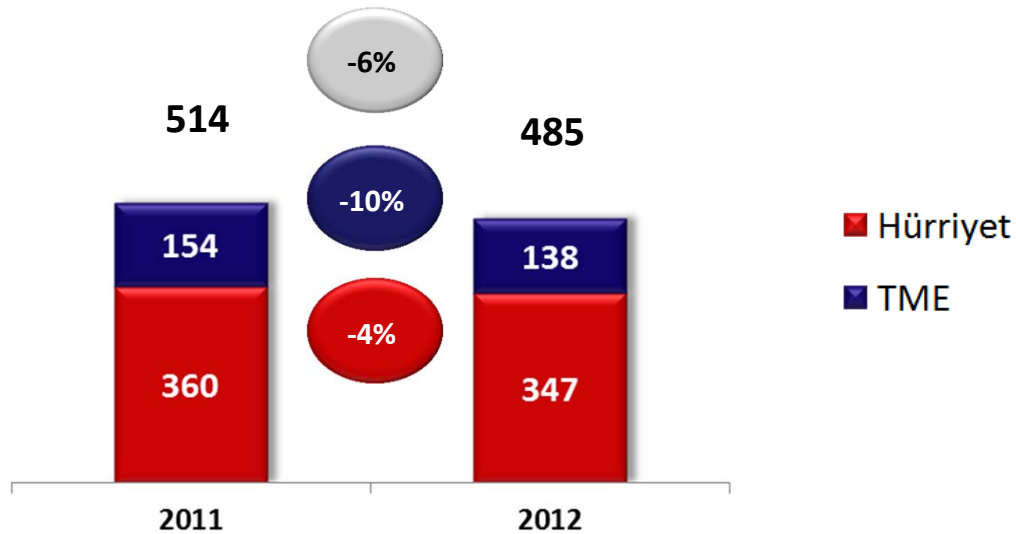


- TME Net Profit : 5,8 mn \$ (2011 : -26,7 mn \$)
- TME EBITDA : 15,3 mn \$ (2011 : 8,6 mn \$)
- TME EBITDA margin : 12% (2011: 6%)
- TME Revenues : 124,8 mn \$ (2011: 143,4 mn \$)

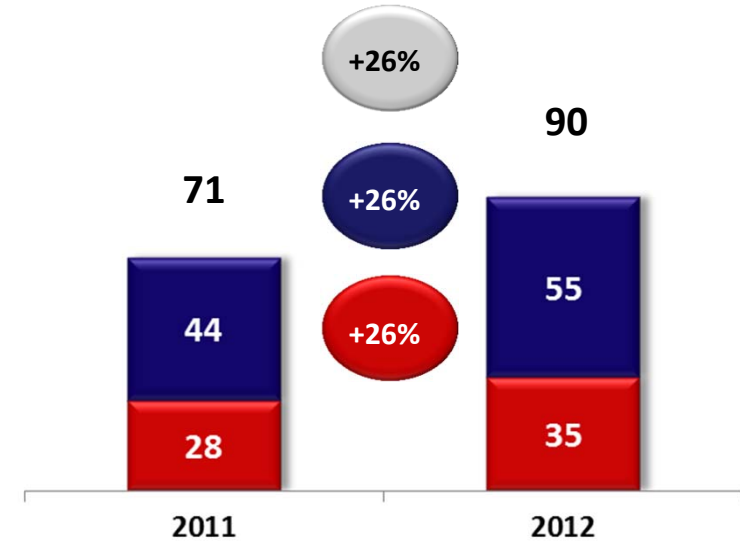


Print & Online Advertising Revenues

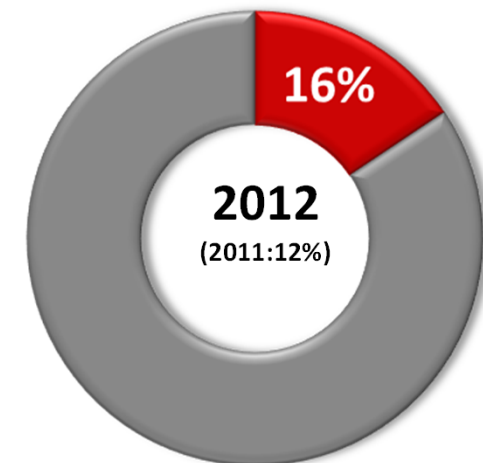
Print Ad Revenue (TL mn)



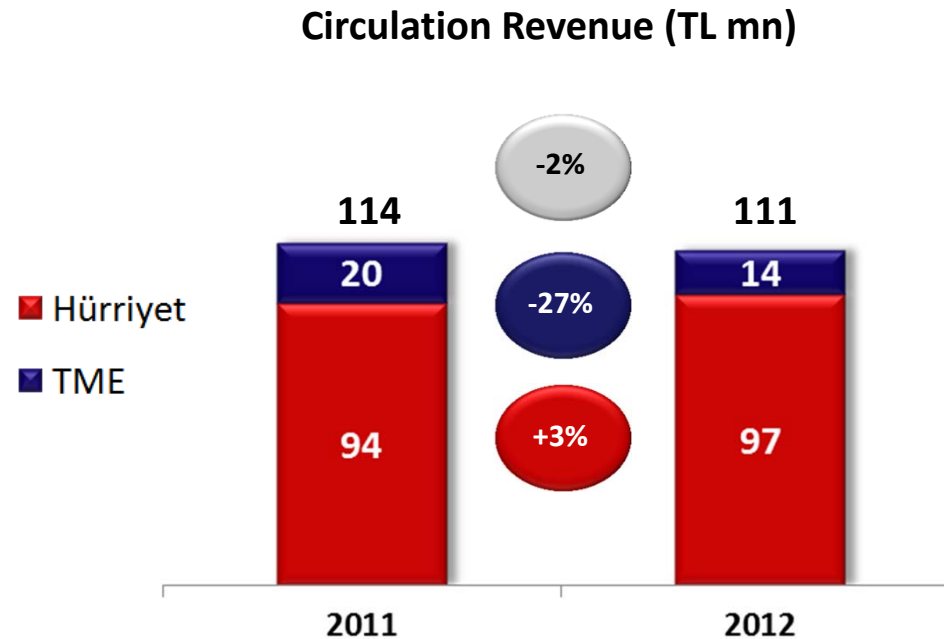
Online Revenue (TL mn)



Online Share in Ad Revenue

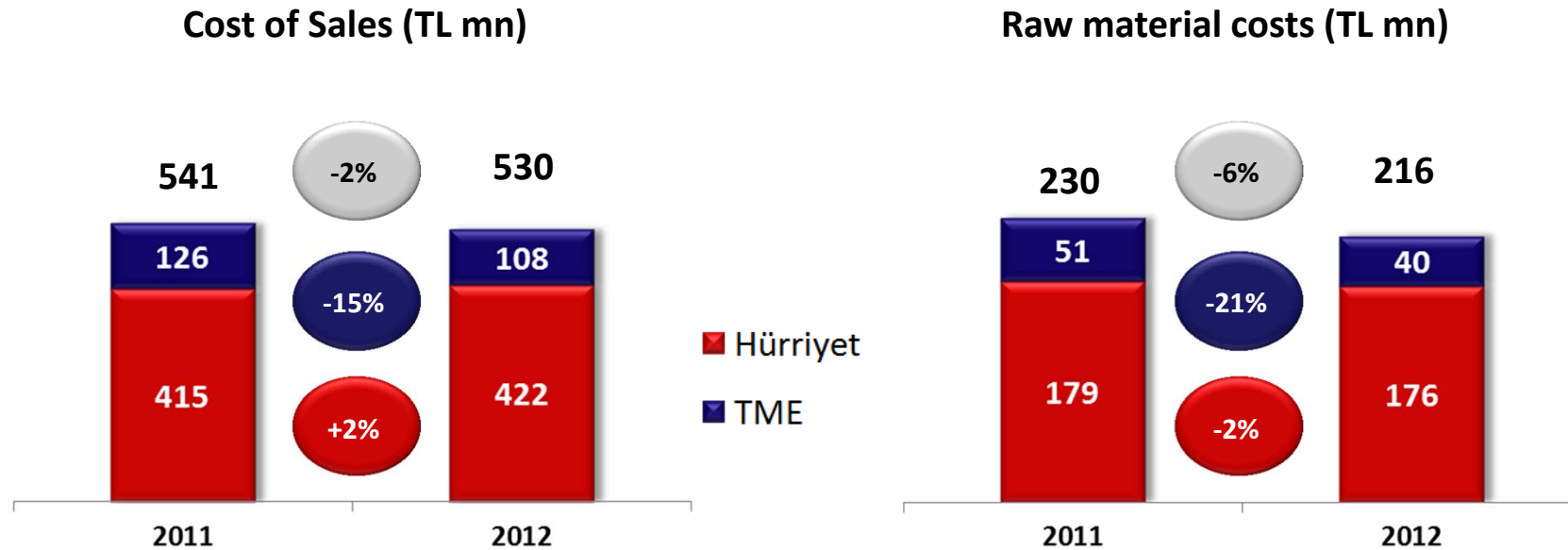


- Domestic online revenues grew by 26% which outperformed the market growth rate of 24%.
- TME's online revenues continued to grow favorably by 26%, even though there were no extensive marketing campaigns .



- Circulation revenues increased due to cover price changes which were fully effective in 2012 (11% average cover price increase).
- The decrease in TME's circulation revenues were no surprise due to online transition.

Production expenses

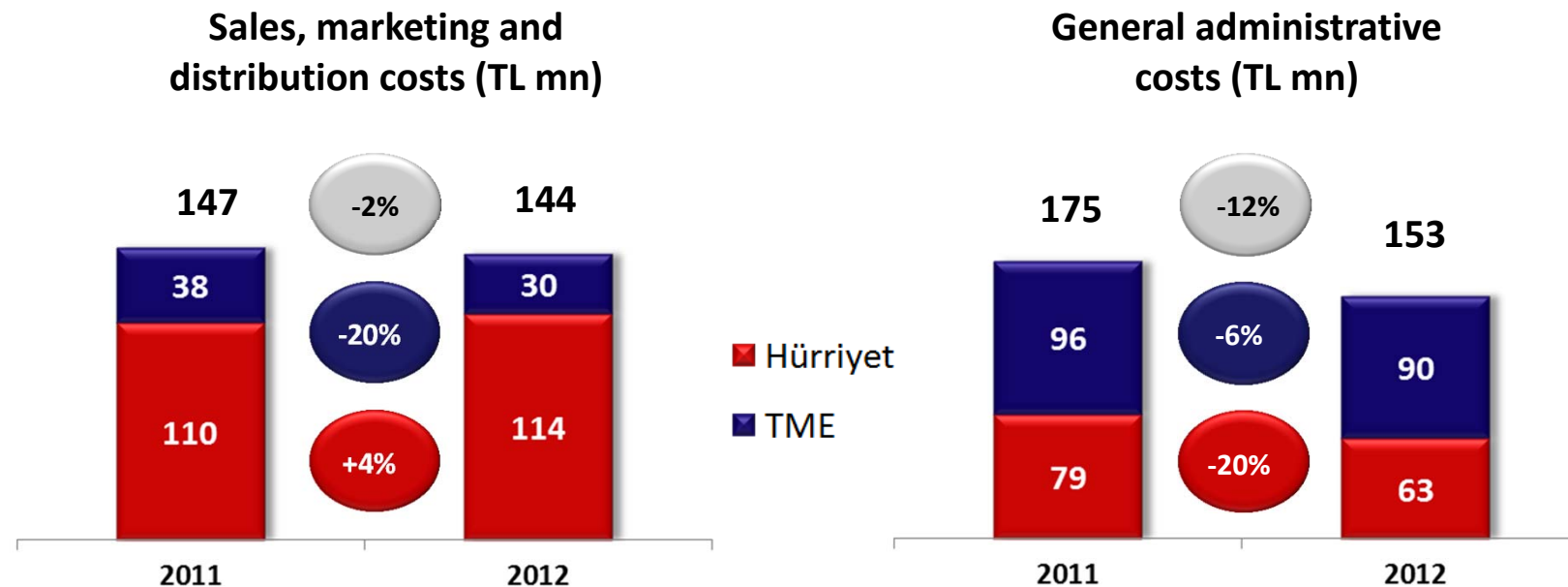


Hürriyet Newspaper	2011	2012	YoY (Ch.)
Average number of pages	81,55	79,28	-2,3
Main paper	38,4	38,2	-0,2
Supplements	43,2	41,1	-2,1

	2011	2012	YoY (Ch.)
Average Newsprint Prices (\$/Ton)	759	748	-1,4%

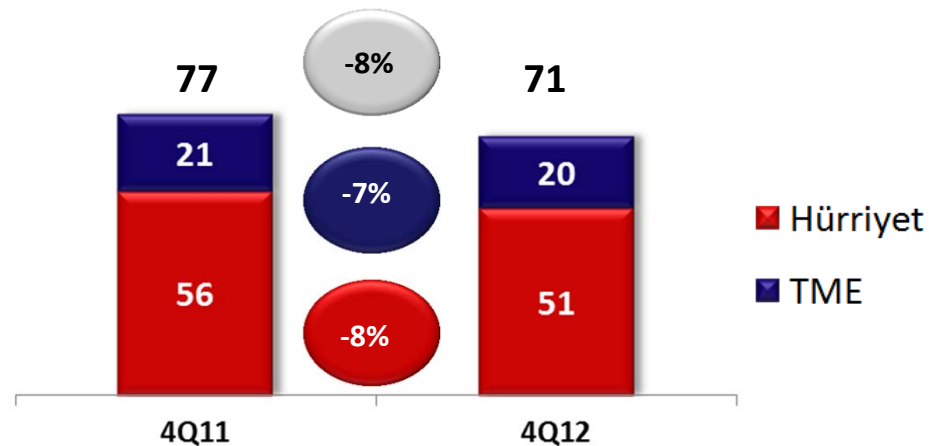
	2011	2012	YoY (Ch.)
Average USD/TL rate	1,6707	1,7922	7,3%

Operating expenses

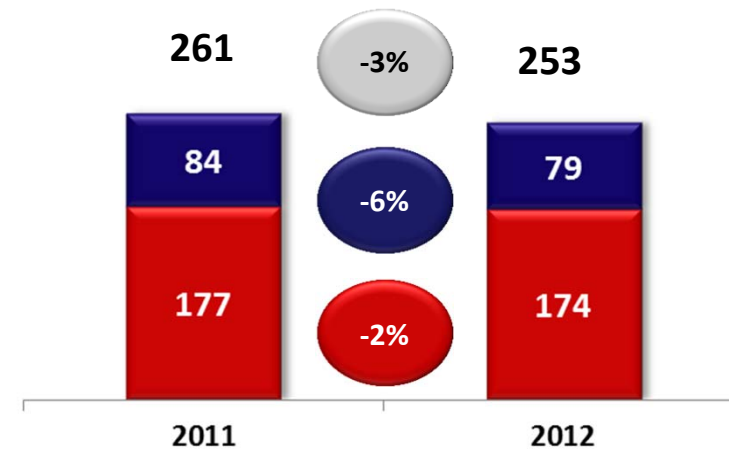


- The 20% decrease in TME's sales, marketing & distribution costs are mainly due to advertising expenses for online operations. Hürriyet advertising expenses decreased by 2%.
- General administrative costs decreases in both companies, are due to strict cost measures taken.

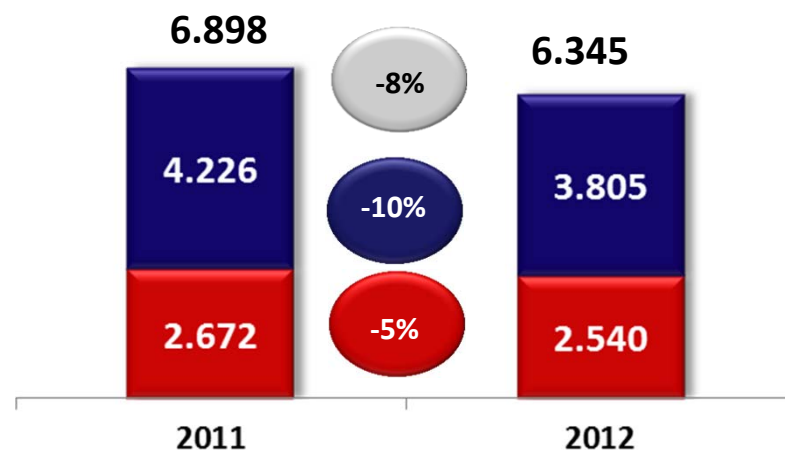
4Q Personnel Expenses (TL mn)



FY2012 Personnel Expenses (TL mn)



Personnel Numbers

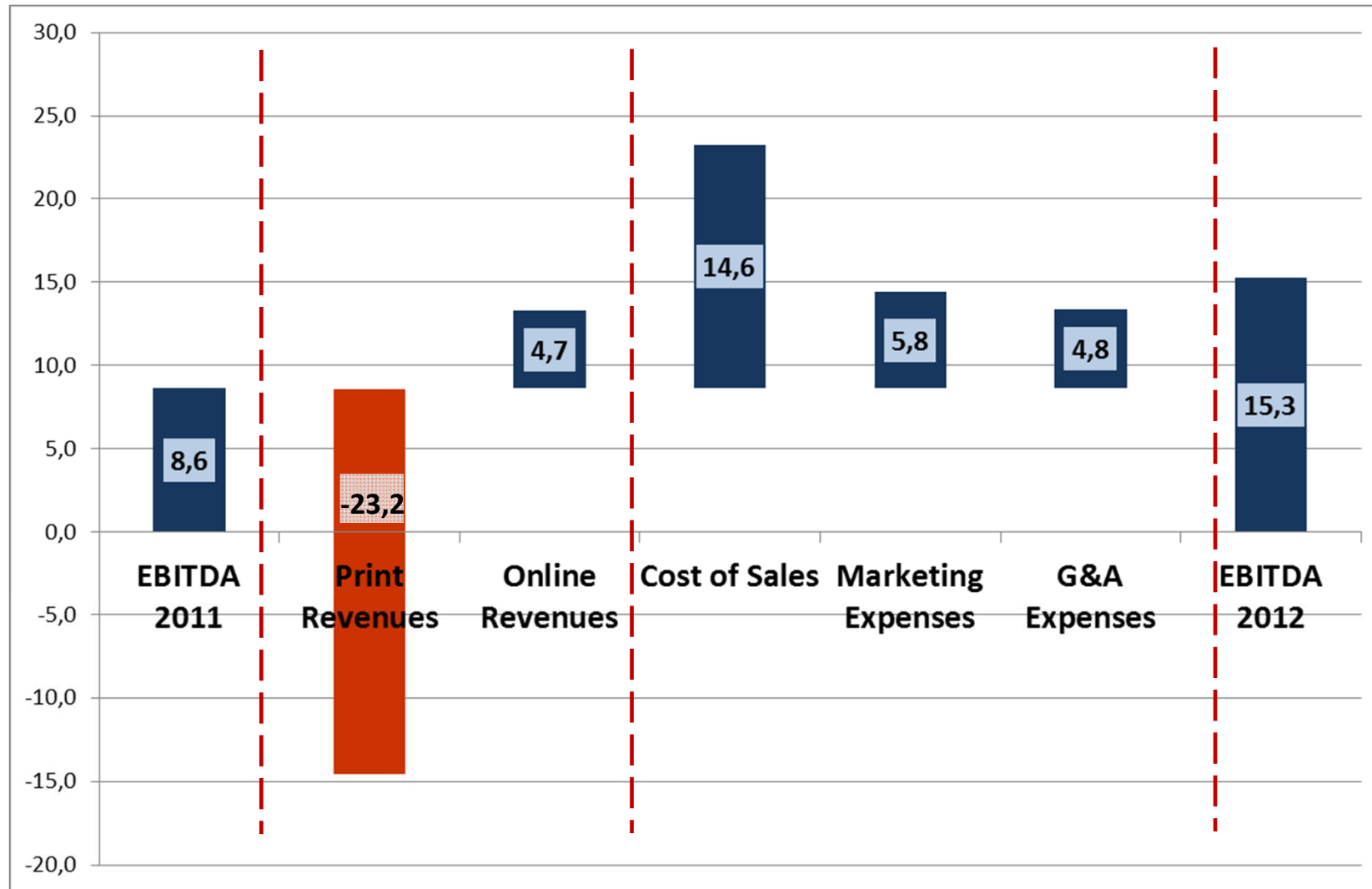


- 8% saving in domestic personnel costs due to convergence in 4Q
- 7% saving in foreign operations due to effective cost control in 4Q

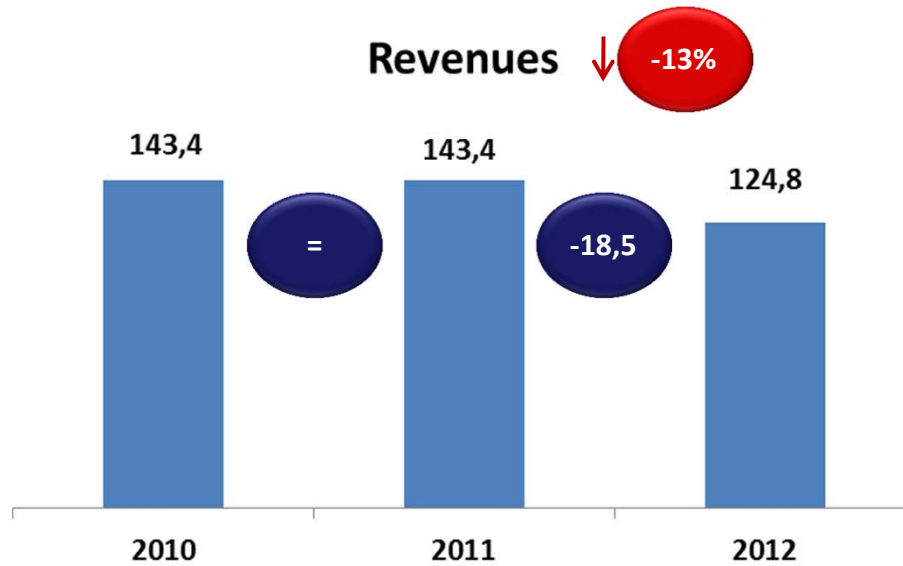
TME : Consolidated IFRS statements of operations (mn \$)

mn \$	2012	2011	YoY (%)
Sales	124,8	143,4	-13%
Cost of sales	-60,0	-75,5	-21%
Gross Profit	64,8	67,9	-5%
Gross Profit Margin	52%	47%	
Marketing, selling and distribution expenses	-17,8	-23,4	-24%
General administrative expenses	-39,7	-61,2	-35%
Other income	4,0	1,7	135%
Operating profit / (loss)	11,3	-15,0	-
EBITDA	15,3	8,6	77%
EBITDA margin	12%	6%	
Financial income / (expense), net	-0,4	-13,4	-
Monetary gain	0,1	0,2	-
Tax (expense) / (benefit)	-5,2	1,5	-
Net profit / (loss) for the year	5,8	-26,7	-
Attributable to:			
Equity holders of the parent	3,6	-29,1	-
Non-controlling interests	2,2	2,4	-

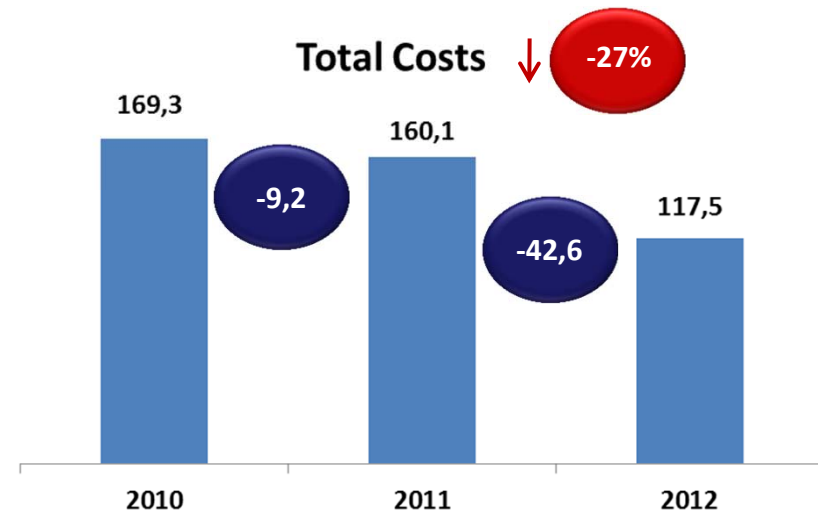
TME : Consolidated IFRS EBITDA Bridge 2012-2011 (mn \$)



Revenue vs Costs TME stand alone (mn \$)

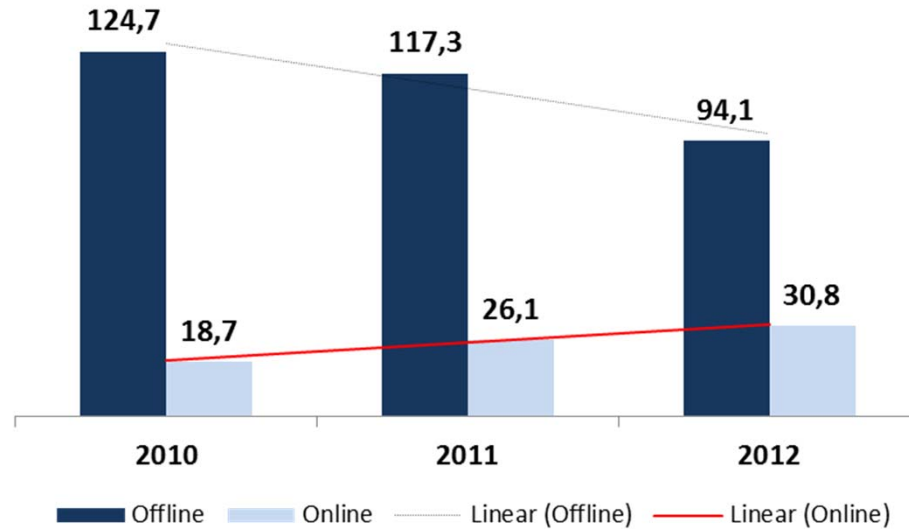


Cost control measures outperformed the decrease in revenues.



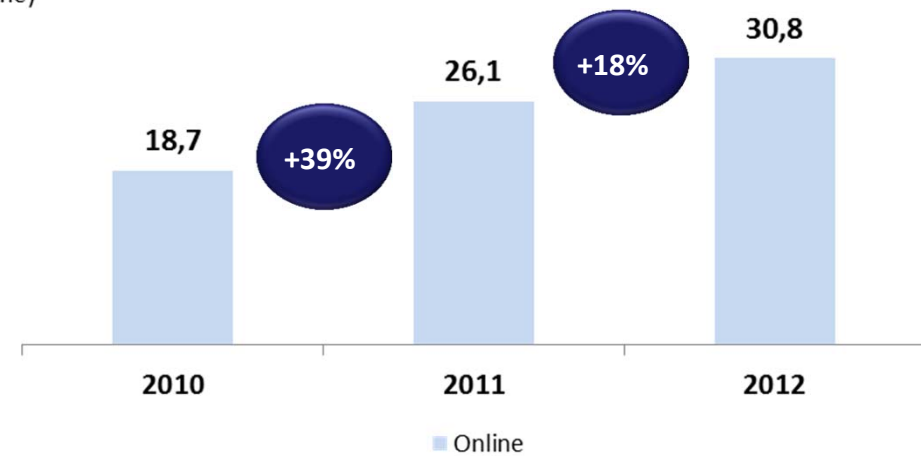
Revenue Analysis TME stand alone (mn \$)

Print vs Online share of revenues



Online transition will accelerate in the following years.

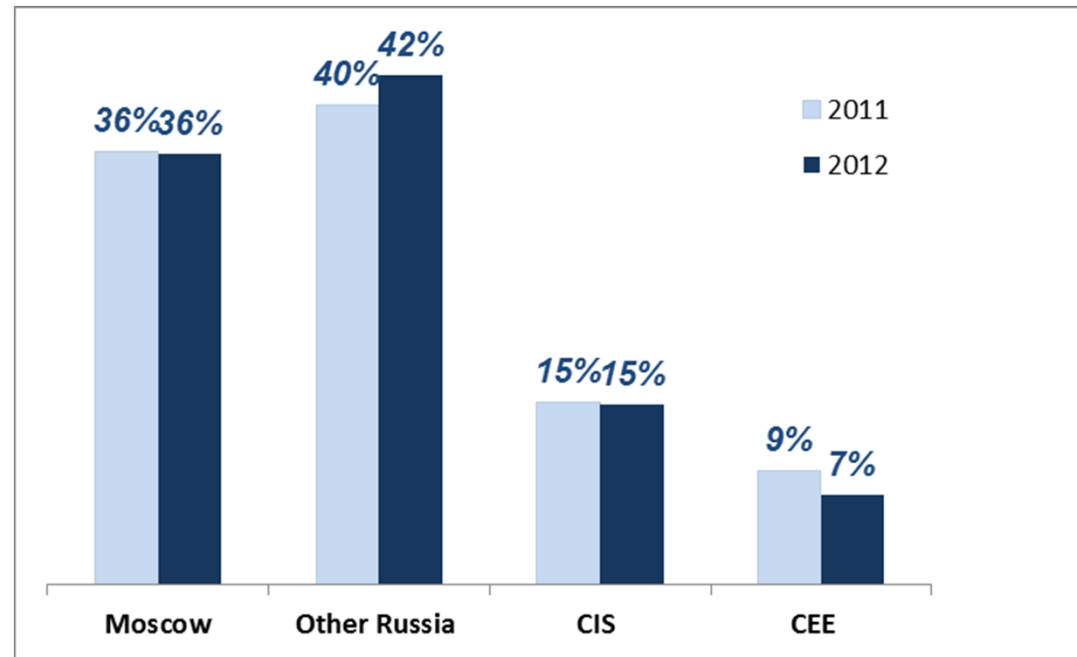
Online Revenues



Revenue Growth by Regions – TME stand alone

mn \$	4Q11	4Q12	% Ch. (USD)	% Ch. (LCY)	2011	2012	% Ch. (USD)	% Ch. (LCY)
Russia	24,6	24,8	1%	0%	108,1	97,0	-10,3%	-5%
Moscow	11,3	11,5	2%	0%	51,3	44,4	-13,4%	-8%
Other Russia	13,3	13,4	0%	-1%	56,8	52,6	-7,5%	-2%
CIS	7,0	5,1	-27,0%	-12%	21,7	18,6	-14,2%	5%
CEE	3,0	2,2	-28%	-27%	13,6	9,2	-31,9%	-25%
Total	34,6	32,1	-7%	-4,0%	143,4	124,8	-13%	-5%

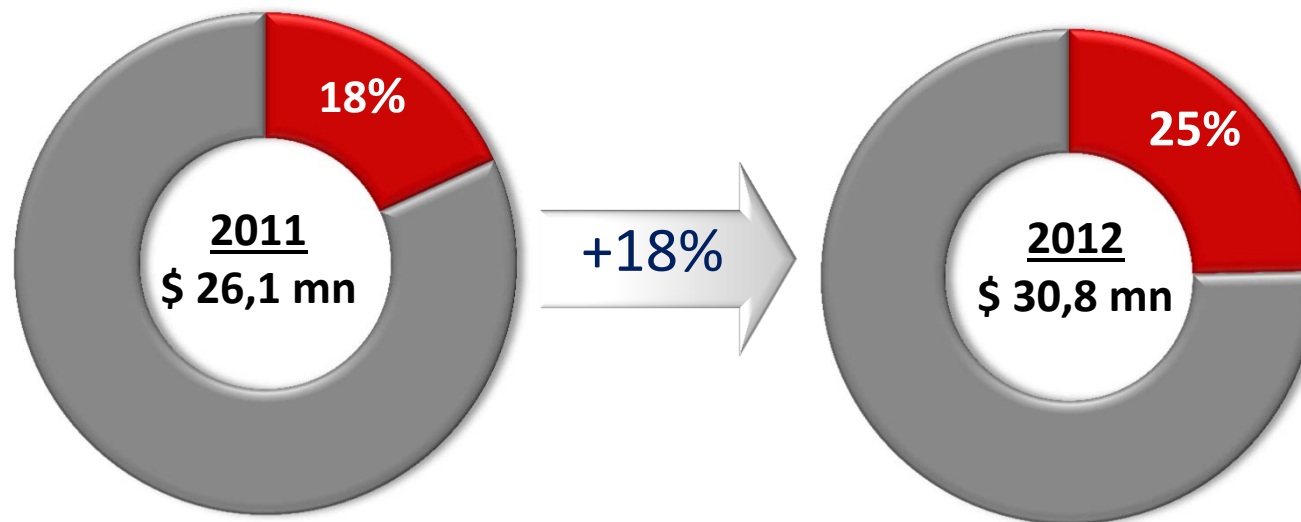
Revenue Breakdown by Regions (mn \$)



Online Revenue Growth by Regions – TME stand alone

Online Revenue (mn \$)	4Q11	4Q12	% Ch. (USD)	% Ch. (LCY)	2011	2012	% Ch. (USD)	% Ch. (LCY)
Russia	5,3	6,7	26,6%	38%	19,4	24,4	26%	33%
Moscow	3,7	4,7	26,5%	26%	14,3	17,4	21%	28%
Other Russia	1,5	2,0	26,9%	28%	5,1	7,0	39%	47%
CIS	0,7	0,7	2,7%	44%	1,7	2,3	32%	87%
CEE	1,1	1,0	-8,6%	-9%	5,0	4,1	-18%	-10%
Total	7,0	8,4	19%	37%	26,1	30,8	18%	32%

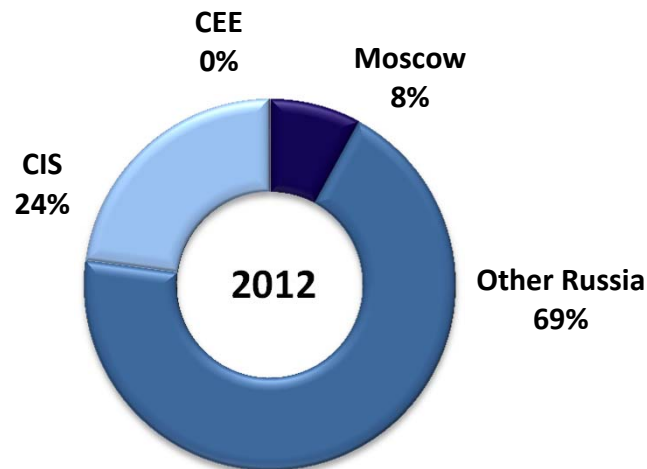
Online Share in Total Revenues



EBITDA by Regions – TME stand alone

mn \$	4Q11	4Q12	% Ch. (USD)	2011	2012	% Ch. (USD)
Russia	-3,27	3,94	N.A	6,4	14,2	121%
Moscow	-6,53	0,69	N.A	-4,6	1,5	N.A
Other Russia	3,27	3,25	0%	11,0	12,7	16%
CIS	1,51	0,99	-34%	4,5	4,2	-6%
CEE	-0,21	-0,16	-24%	0,7	0,0	-102%
Corporate Costs	-0,6	-1,0	74%	-3,0	-3,1	4%
Consolidated EBITDA	-2,53	3,79	N.A	8,6	15,3	77%

EBITDA Breakdown by Regions



EBITDA Margins by Regions – TME stand alone

mn \$	4Q11	4Q12	pp ch.	2011	2012	pp ch.
Russia	-13,3%	15,9%	29%	5,9%	14,6%	9%
Moscow	-57,9%	6,0%	64%	-8,9%	3,3%	12%
Other Russia	24,5%	24,3%	0%	19,3%	24,2%	5%
CIS	21,6%	19,4%	-2%	20,7%	22,6%	2%
CEE	-7,0%	-7,4%	0%	5,3%	-0,1%	-5%
C. EBITDA Margin	-7,3%	11,8%	19%	6,0%	12,2%	6%

Margins are doubled vs last year.

Net Debt Position

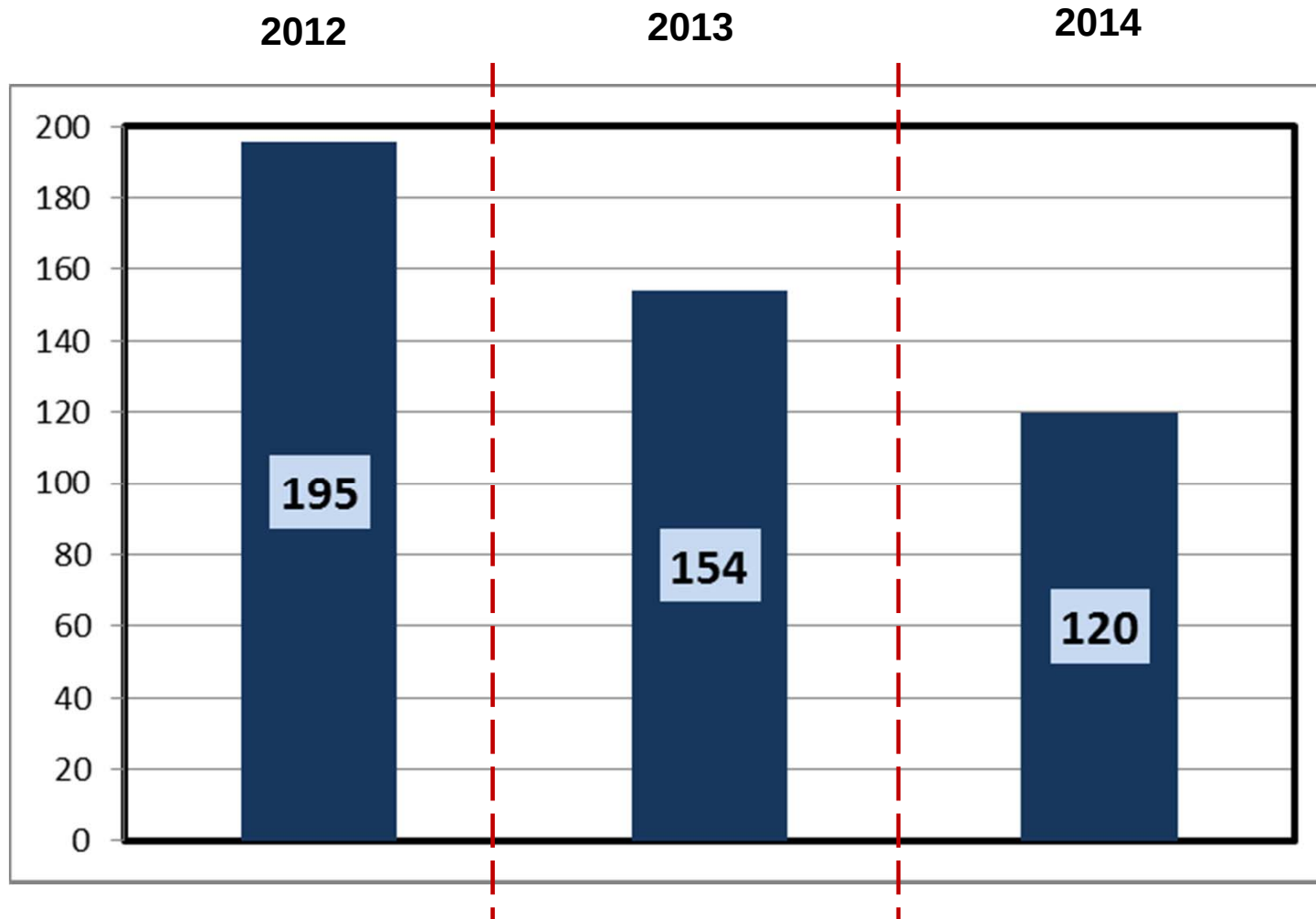
mn TL	31/12/2011	31/12/2012
Cash and Equivalents ¹	285	115
Cash collected by Irrevocable Factoring Agreement	77	-
Due to Dogan Holding ¹	97	-
S.T Bank Borrowings	233	262
L.T Bank Borrowings	303	201
Net Debt	-426	-348
Capex	32	62
Supplier Loans	67	41

includes TME's
net debt of TL 95 mn (\$53 mn).

mn \$	31/12/2011	31/12/2012
Cash and Equivalents ¹	151	64
Cash collected by Irrevocable Factoring Agreement	41	-
Due to Dogan Holding ¹	52	-
S.T Bank Borrowings	124	147
L.T Bank Borrowings	160	113
Net Debt	-226	-195
Capex	19	35
Supplier Loans	35	23

¹ Cash and cash equivalents included cash collection from Dogan Factoring and financial liabilities obtained from Dogan Holding.

Net Debt Position 2012 – 2014 (mn \$)



Notes receivable of 41 mn\$ and 34mn\$ from Nurol Gayrimenkul in 2013 and 2014 respectively.

1

Domestic newspaper ad market will be under pressure in 2013 which we plan to overcome by increasing our sales channels and making 360 degree sales (newspaper - web TV - tablet - mobile).

2

Domestic online revenues are expected to outperform the market significantly by a growth rate of over 30%.

3

Foreign online revenues are expected to grow over 30% which will be lead by the growth in Russia & CIS regions.

4

Average newsprint prices are estimated to be 2% to 4% below 2012 levels. Consolidated EBITDA margin is expected to be between 12 - 14%.

5

We are investing in video, tablet and mobile. Hürriyet tablet application is number one in free applications.

6

Subscription project took off in Dec 2012

7

CRM project will enable us to minimize promotional advertising.

Appendix

2012 Consolidated IFRS Results

mn TL	1Q12	2Q12	3Q12	4Q12	4Q11	YoY% Ch.	2012	2011	YoY% Ch.
Total revenues	199,1	231,5	195,3	227,2	238,7	-18%	853,1	868,7	-1,8%
Ad revenues (print) ¹	109,6	138,2	108,3	129,3	144,7	-25%	485,5	513,8	-5,5%
Ad revenues (online)	19,1	23,9	21,6	25,2	21,3	1%	89,8	71,2	26,2%
Circulation revenues	28,4	27,7	27,3	28,0	31,2	-13%	111,4	113,8	-2,1%
Printing revenues	31,4	29,6	28,7	32,6	33,6	-14%	122,4	122,7	-0,3%
Other revenues	10,5	12,0	9,4	12,1	7,9	20%	44,0	47,2	-6,7%
Cost of sales	-130,4	-134,0	-121,2	-144,4	-150,6	-20%	-529,9	-540,8	-2,0%
Operating expenses	-72,7	-75,9	-66,8	-82,2	-100,8	-34%	-297,6	-321,8	-7,5%
Marketing, sales and distribution	-33,0	-37,8	-30,8	-42,6	-50,4	-39%	-144,3	-147,2	-2,0%
General administrative	-39,7	-38,2	-35,9	-39,5	-50,4	-29%	-153,3	-174,6	-12,2%
Operating profit	-4,0	21,6	7,4	0,6	-12,8		25,6	6,1	317%
Other operating expenses (net)	141,4	-3,0	-2,3	6,1	-124,7	-98%	142,2	-154,6	
Income/loss from investments	-2,7	-3,0	-2,0	-4,3	-4,6		-12,0	-11,3	
Financial expense (net)	33,7	-24,8	8,0	-4,1	-19,9		12,8	-105,2	
Monetary gain/loss (net) ²	0	0	0	0,1	0,4		0,1	0,4	
Profit before tax	168,4	-9,2	11,1	-1,6	-161,6		168,8	-264,6	
Tax	-17,6	5,8	-3,0	-6,2	6,8		-20,9	8,7	
Net profit before minority	150,9	-3,3	8,0	-7,7	-154,9		147,9	-255,9	
Minority Interest	-0,9	3,6	-2,1	2,2	12,0		2,8	21,9	
Net profit	149,9	0,3	5,9	-5,5	-142,9		150,7	-234,0	
Depreciation	19,4	19,2	19,0	19,1	20,8	-8%	76,7	85,3	-10,0%
Amortised cost valuation income ²	2,1	3,3	2,1	0,0	2,8	-27%	7,4	8,7	-14,8%
Adj.EBITDA	17,5	44,1	28,5	19,7	10,8	163%	109,8	100,1	9,7%
EBITDA Margin	8,8%	19,1%	14,6%	8,7%	4,5%		12,9%	11,5%	

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

(2) TL 1.8 mn has been reclassified as a net of to financial expenses in 2Q12. Therefore, the same amount has been netted off 1Q12 as well, since it is been originated in 1Q12.

2012 IFRS Results: Hürriyet excluding TME

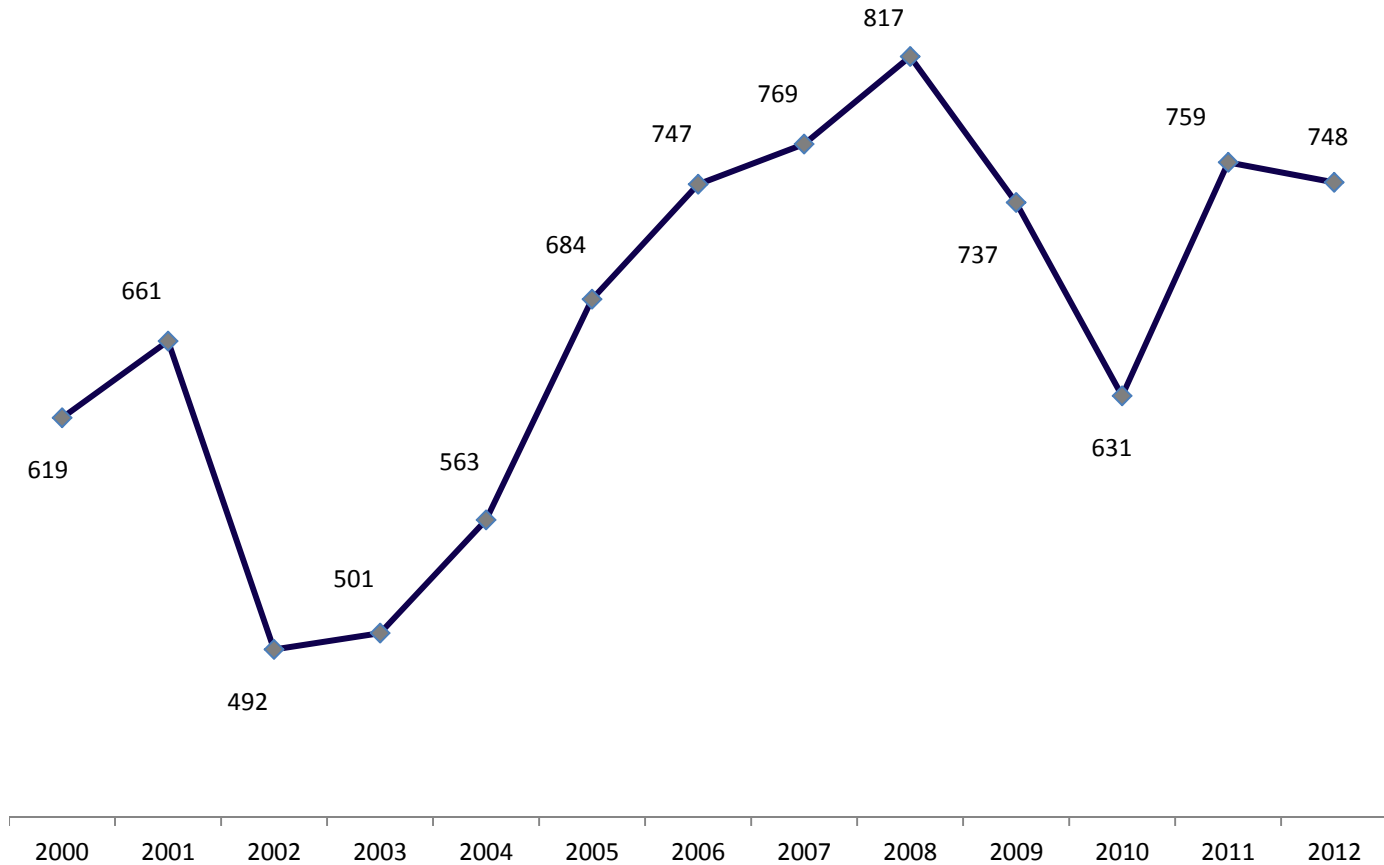


mn TL	1Q12	2Q12	3Q12	4Q12	4Q11	YoY% Ch.	2012	2011	YoY% Ch.
Total revenues	148,1	171,9	139,6	169,8	175,1	-20,30%	629,4	629,2	0,0%
Ad revenues (print) ¹	77,9	101,5	73,4	94,4	103,7	-29,2%	347,2	360,3	-3,6%
Ad revenues (online)	7,4	9,7	7,4	10,3	8,6	-14,3%	34,7	27,6	25,7%
Circulation revenues	24,5	24,2	23,7	24,6	24,0	-1,3%	97,0	94,0	3,1%
Printing revenues	31,4	29,6	28,7	32,6	33,5	-14,2%	122,3	122,1	0,2%
Other revenues	7,0	6,9	6,4	8,0	5,3	19,8%	28,2	25,2	11,9%
Cost of sales	-104,1	-105,7	-95,5	-117,1	-118,4	-19,4%	-422,4	-414,6	1,9%
Operating expenses	-43,1	-45,5	-37,7	-51,2	-57,3	-34,2%	-177,5	-188,4	-5,8%
Marketing, sales and distribution	-26,8	-30,1	-23,4	-34,0	-32,0	-26,9%	-114,3	-109,6	4,3%
General administrative	-16,3	-15,5	-14,3	-17,1	-25,3	-43,4%	-63,2	-78,7	-19,7%
Operating profit	0,9	20,6	6,4	1,5	-0,5		29,5	26,2	12,3%
Other operating expenses (net)	141,3	-2,7	-2,6	6,5	-114,0	-97,7%	142,5	-142,5	
Depreciation	12,0	11,0	11,2	11,4	12,5	-10,4%	45,5	51,5	-11,6%
Amortised cost valuation income ²	2,1	3,3	2,1	0,0	2,8	-27,3%	7,4	8,7	-14,8%
Adj.EBITDA	15,0	35,0	19,7	12,9	14,8	32,9%	82,4	86,5	-4,7%
EBITDA Margin	10,1%	20,3%	14,1%	7,6%	8,4%		13,1%	13,7%	

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

(2) TL 1.8 mn has been reclassified as a net of to financial expenses in 2Q12. Therefore, the same amount has been netted off 1Q12 as well, since it is been originated in 1Q12.

Average Newsprint Costs (US\$) *



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

Sectors	2011	2012
Real Estate	20%	18%
Retail	10%	10%
Automotive	8%	9%
Social	7%	8%
Classifieds (incl. HR)	9%	8%
Tourism	6%	7%
Finance	5%	5%
Education	3%	4%
Entertainment, Culture, art & sports	3%	3%
Textile	3%	3%
First 10 Total	75%	75%
Others	25%	25%

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