

**Hürriyet**

trader  
media  
east

# Review of 1Q09 Results

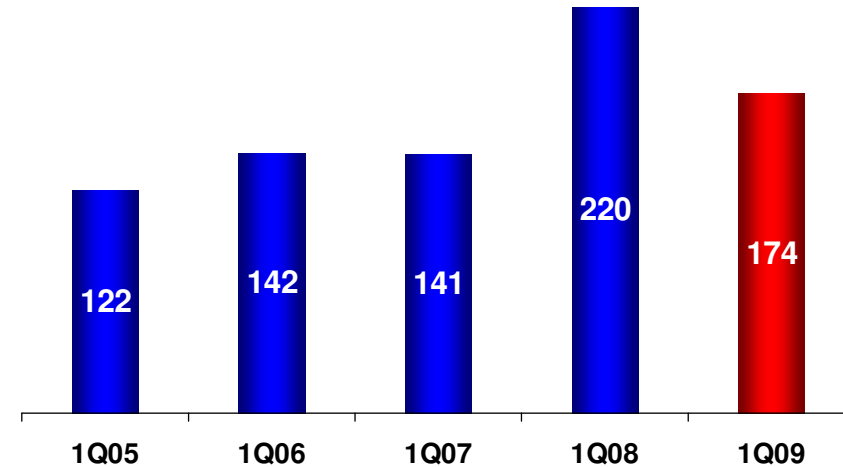
15 May 2009

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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.
- Balance sheet figures include TME. TME P&L figures were consolidated starting from 2Q07.
- CMB changed the reporting format as of March 2008. Balance sheet and P&L statements in this presentation are prepared accordingly.

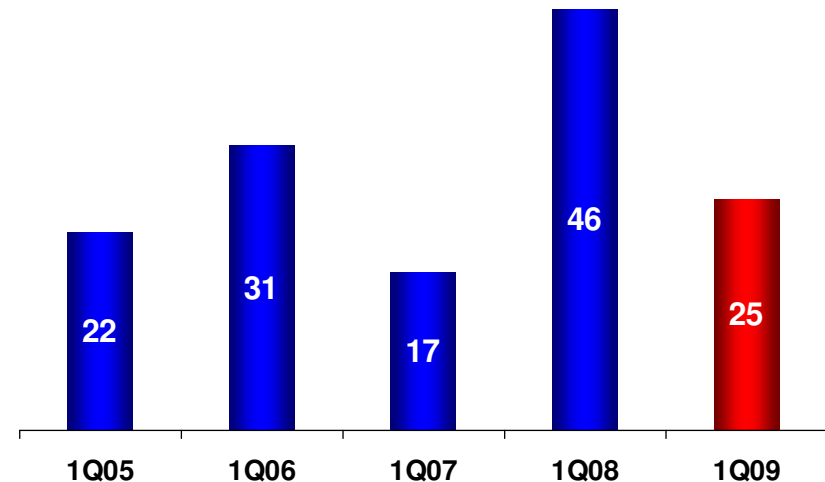
# 1Q09 Financial Results: Summary

- Consolidated revenues declined by 21%, to TL 174 million, in 1Q09.
  - Hürriyet ad revenues from domestic operations (i.e. Hurriyet excluding TME), declined by 29%. This fall in ad revenues was partly offset by the increase in circulation and printing revenues; and hence, the decline in total revenues amounted to 16%.
  - TME ad revenues declined by 33%.
- The outcome of the cost control measures was reflected on the financial results as 23% reduction in operating expenses.
- Consolidated EBITDA declined by 45%, to TL 25 million. Hence, the EBITDA margin was 14.4% in 1Q09, compared to 20.7% in 1Q08.
- The provisional financial losses resulting from TL depreciation led to a net loss of TL 50 million, compared to a net loss of TL 36 million in 1Q08.

Revenues (TL mn)



EBITDA (TL mn)



- Considerable slow-down in ad market
- Substantial cover price increase
- Closure of the free newspaper, 20dk
- Closure of weekly sports supplement
- Closure of loss-making publications in TME.
- Reduction in the weight of newsprint (Hürriyet), from 48.8 gr to 45 gr
- Reduction in the number of pages :  
*65 pages on average in 1Q09, compared to 87 pages in 2008.*
- Headcount restructuring
- Re-negotiation of all contracts, including newsprint contracts.

# 1Q09 Consolidated IFRS Results



(TL mn)	FY 2008	1Q08	1Q09	%Ch. (1Q09/1Q08)
<b>Total revenues</b>	<b>998,4</b>	<b>220,3</b>	<b>174,0</b>	<b>-21,0%</b>
Ad revenues (print)(1)	667,5	144,2	98,5	-31,7%
Ad revenues (online)	45,4	10,9	8,3	-24,0%
Circulation revenues	109,8	27,6	26,4	-4,3%
Printing revenues	119,8	26,7	28,7	7,2%
Other revenues	56,0	11,0	12,2	11,4%
<b>Cost of sales</b>	<b>-595,8</b>	<b>-130,0</b>	<b>-122,9</b>	<b>-5,5%</b>
<b>Operating expenses</b>	<b>-323,3</b>	<b>-67,0</b>	<b>-51,9</b>	<b>-22,5%</b>
Marketing, sales and distribution	-118,8	-27,1	-16,3	-39,8%
General administrative	-204,6	-39,9	-35,5	-10,8%
<b>Operating profit</b>	<b>79,3</b>	<b>23,4</b>	<b>-0,7</b>	<b>-</b>
<b>Other operating expenses (net)</b>	<b>-1,7</b>	<b>-0,2</b>	<b>-0,8</b>	<b>-</b>
Income/loss from investments	-8,8	-2,8	-3,3	-
Financial expense (net)	-157,6	-55,2	-62,5	-
Income/loss from discontinued operations	59,2	0,4	0,0	-
<b>Profit before tax</b>	<b>-29,5</b>	<b>-34,4</b>	<b>-67,4</b>	<b>-</b>
Tax	8,2	-0,2	9,2	-
<b>Net profit before minority</b>	<b>-21,3</b>	<b>-34,7</b>	<b>-58,2</b>	<b>-</b>
Minority Interest	-16,8	-1,0	8,4	-
<b>Net profit</b>	<b>-38,1</b>	<b>-35,6</b>	<b>-49,8</b>	<b>-</b>
Depreciation	84,1	19,1	21,5	-
Amortised cost valuation	13,6	3,1	4,3	-
Impairment of goodwill and intangible assets	32,8	0,0	0,0	-
<b>Adj.EBITDA</b>	<b>209,8</b>	<b>45,6</b>	<b>25,0</b>	<b>-45,1%</b>
EBITDA Margin	21,0%	20,7%	14,4%	-

(1) Excludes amortized cost valuation income, which is part of ad revenues classified under interest income according to IFRS5 regulations.

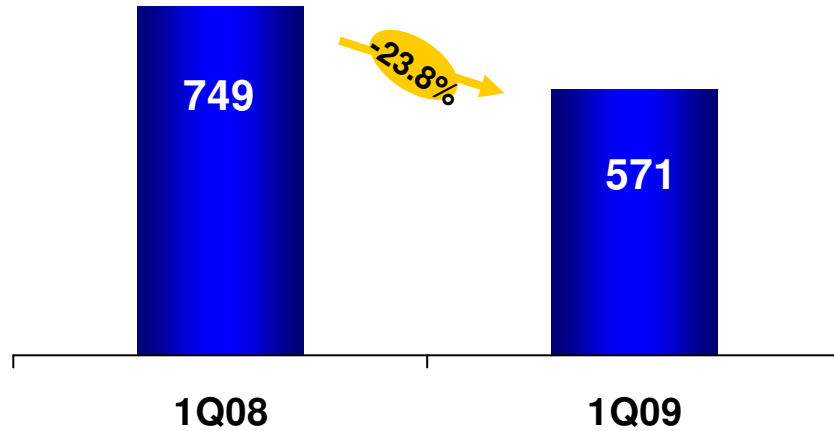
# 1Q09 IFRS Results: Hürriyet excluding TME



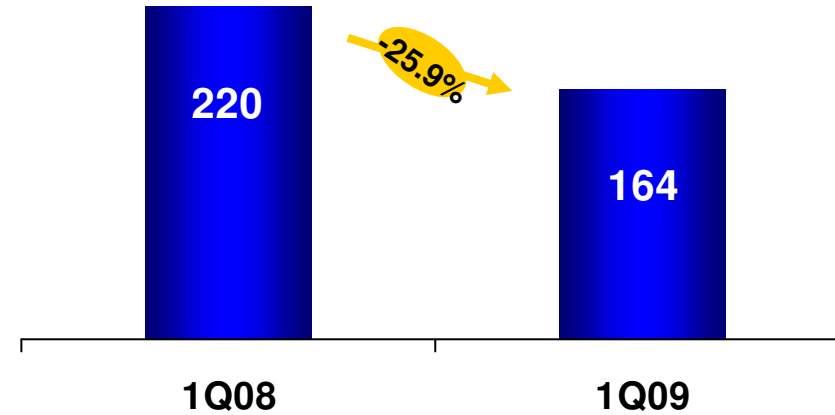
(TL mn)	FY 2008	1Q08	1Q09	%Ch. (1Q09/1Q08)
<b>Total revenues</b>	<b>613,5</b>	<b>138,1</b>	<b>116,3</b>	<b>-16%</b>
Ad revenues (print)(1)	370,0	81,7	57,9	-29%
Ad revenues (online)	21,4	5,7	3,8	-33%
Circulation revenues	76,4	18,7	19,5	4%
Printing revenues	118,3	26,3	28,4	8%
Other revenues	27,3	5,6	6,7	20%
<b>Cost of sales</b>	<b>-411,4</b>	<b>-90,3</b>	<b>-94,3</b>	<b>4%</b>
<b>Operating expenses</b>	<b>-163,7</b>	<b>-31,6</b>	<b>-22,0</b>	<b>-30%</b>
Marketing, sales and distribution	-79,5	-20,3	-11,8	-42%
General administrative	-84,3	-11,3	-10,1	-11%
<b>Operating profit</b>	<b>38,3</b>	<b>16,2</b>	<b>0,0</b>	<b>-</b>
<b>Other operating expenses (net)</b>	<b>3,5</b>	<b>0,6</b>	<b>-0,6</b>	<b>-</b>
Depreciation	53,4	12,9	13,9	-
Amortised cost valuation	13,6	3,1	4,3	-
Impairment of goodwill and intangible assets	32,8	0,0	0,0	-
<b>Adj.EBITDA</b>	<b>138,2</b>	<b>32,2</b>	<b>18,2</b>	<b>-44%</b>
EBITDA Margin	22,5%	23,3%	15,6%	-

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

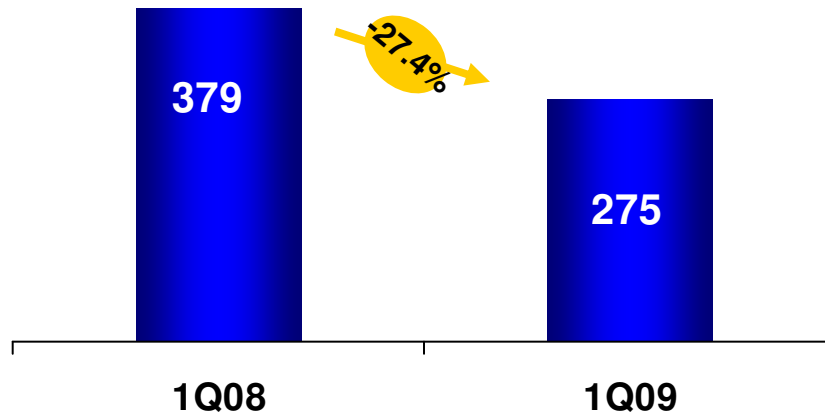
### Total Ad Market (TL mn)



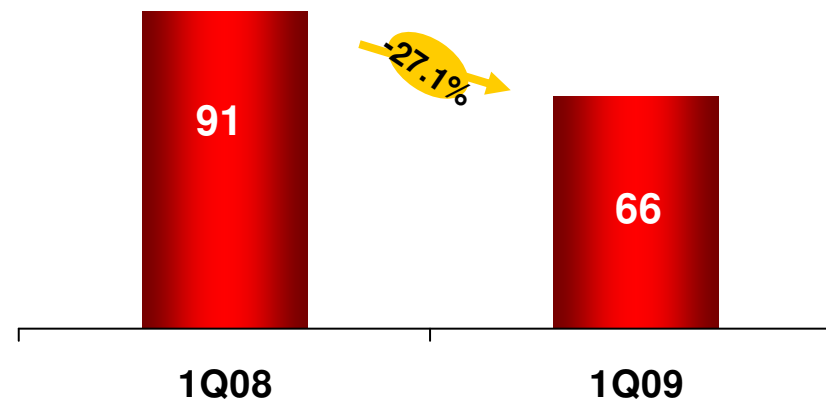
### Newspaper Advertising (TL mn)



### TV Advertising (TL mn)



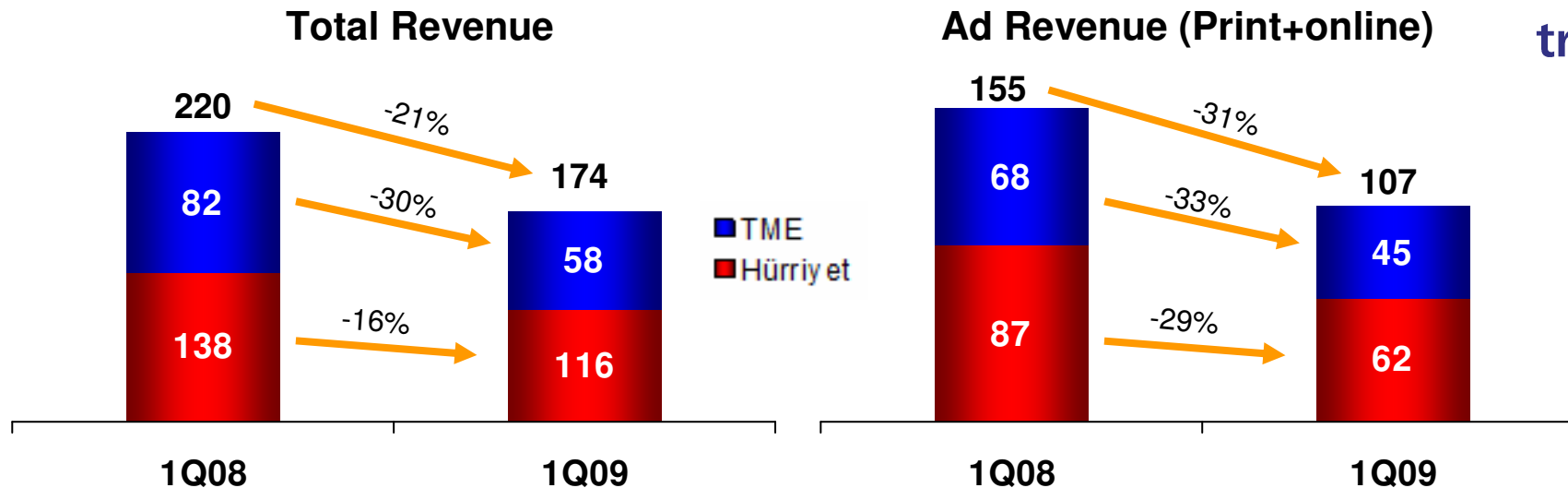
### Hürriyet Ad Growth \*\* (TL mn)



\* Ad market statistics are estimates compiled by DYH ad platform .

\*\* Hürriyet ad revenue figures include Referans, Daily News and internet ad revenues; excludes TME. Adjusted for amortized cost valuation income. 7

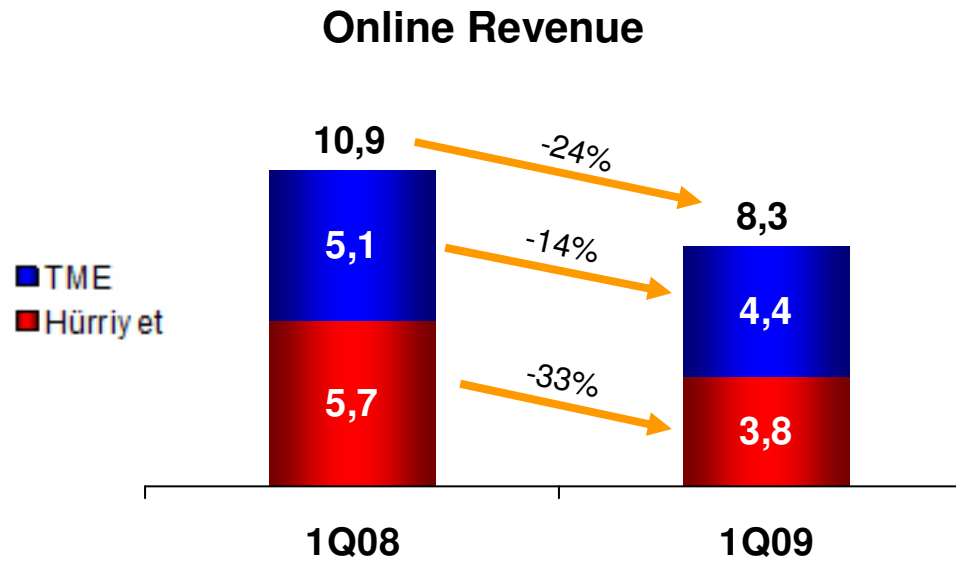
# Revenue growth \*



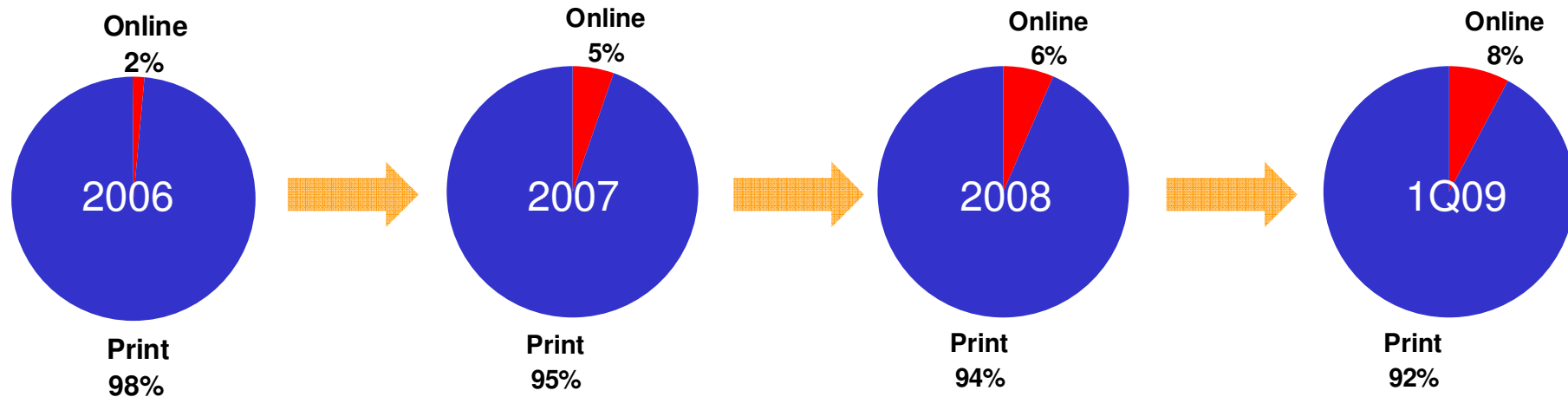
- Besides being the weakest quarter of the year, the ad market contracted severely in the first quarter as a result of the economic slow-down.
- Ad revenues declined around 30% both in domestic operations and TME operations.
- Among the top advertisers of Hürriyet, automotive and finance were the ones with the highest contraction in ad spending. Meanwhile, tourism sector increased its ad spending in 1Q09, in addition to higher ad spending of political parties during local election period.



# Online revenue growth \*

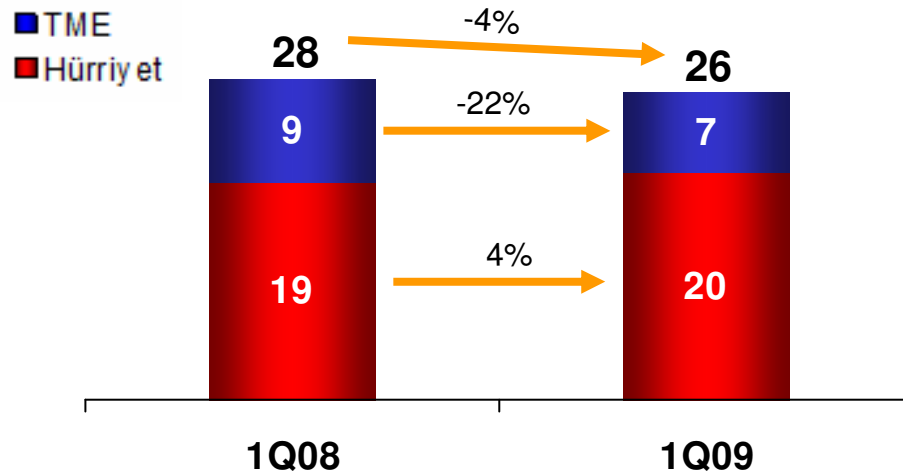


### Online share in ad revenue



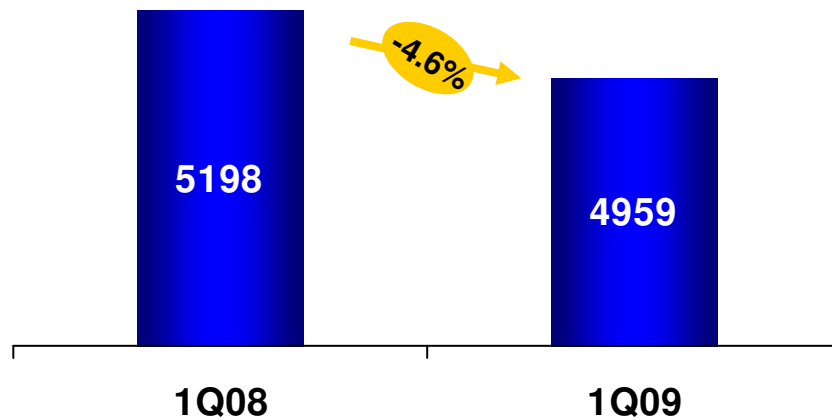
\* Figures are TL mn.

### Circulation Revenue (TL mn)

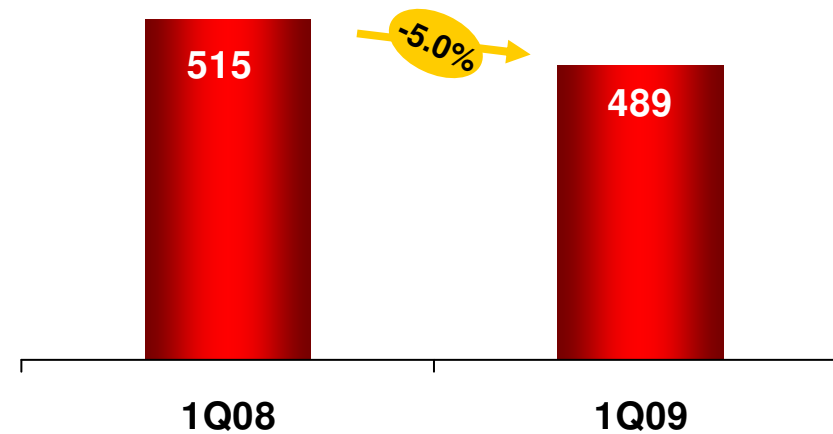


- Cover prices of Hürriyet increased by an average of 14% in 1Q09, compared to 1Q08.
- Hürriyet's average daily circulation declined by 5%, in line with the fall in national circulation.
- Loyal readership base did not change significantly, despite the price increases.
- Circulation revenues in domestic operations rose by 4%.
- Cover price increases continued in April as well.

### National Circulation (000)



### Hürriyet Circulation (000)

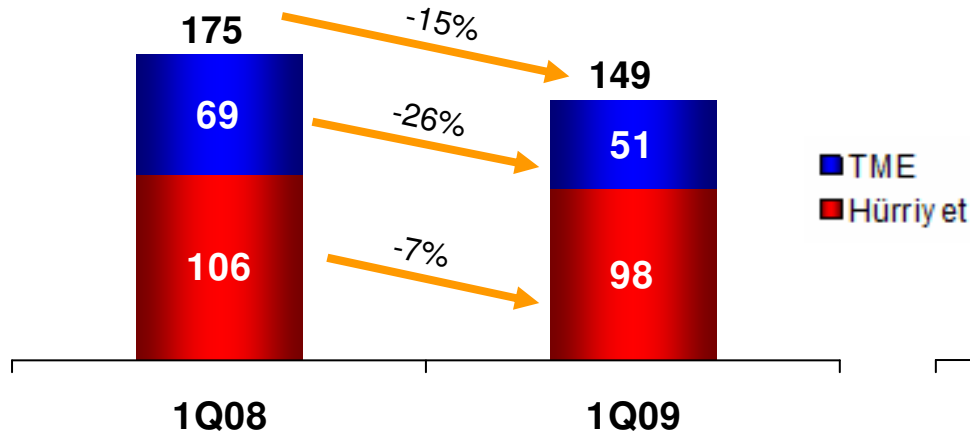


\* Circulation figures are daily averages for related period. Total circulation figures are Dogan Dagitim estimates.

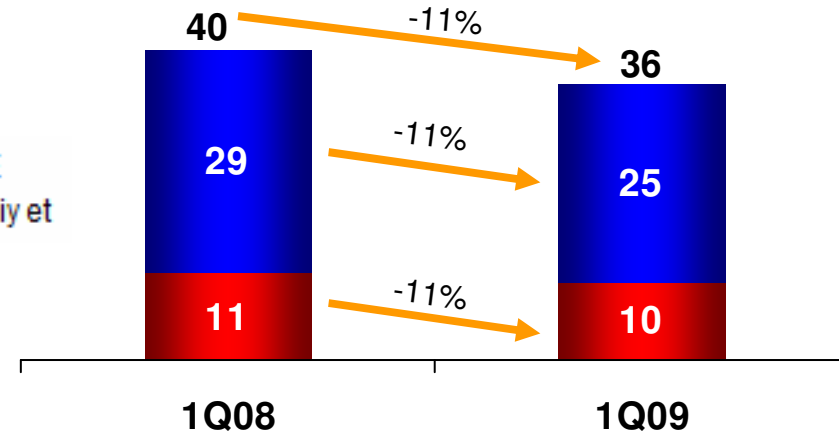
# Cost analysis: reflecting the results of tight cost control measures\*



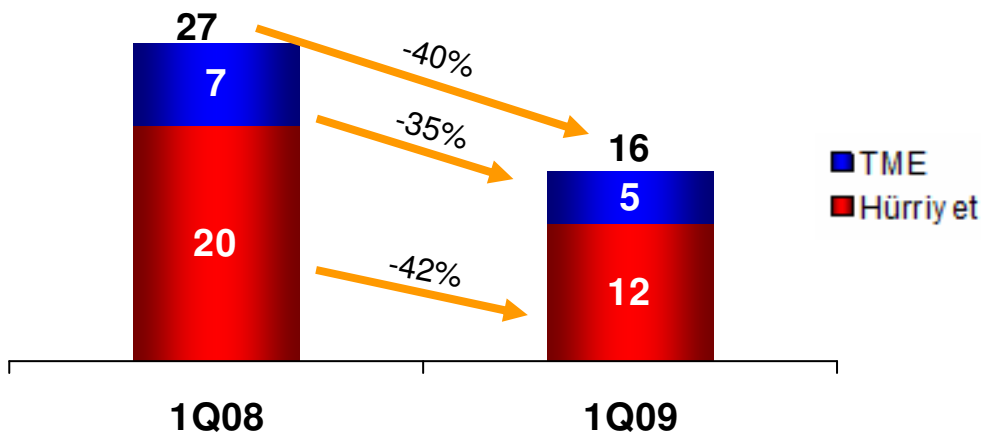
**Cash costs \*\***



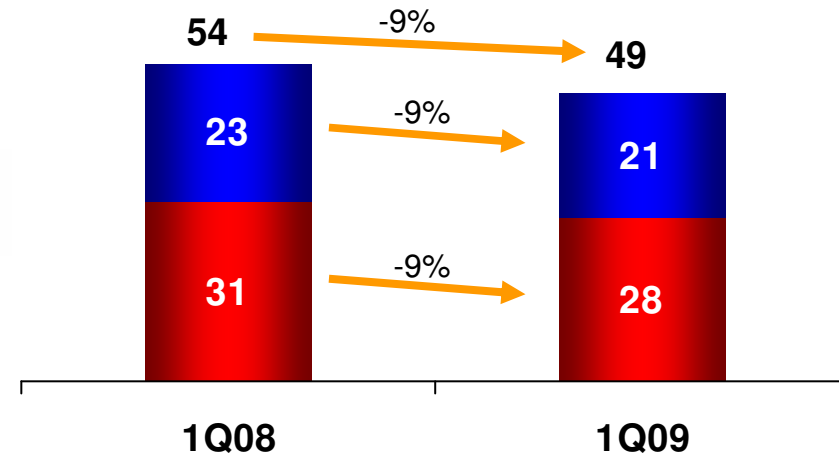
**General administrative costs**



**Sales, marketing and distribution costs**



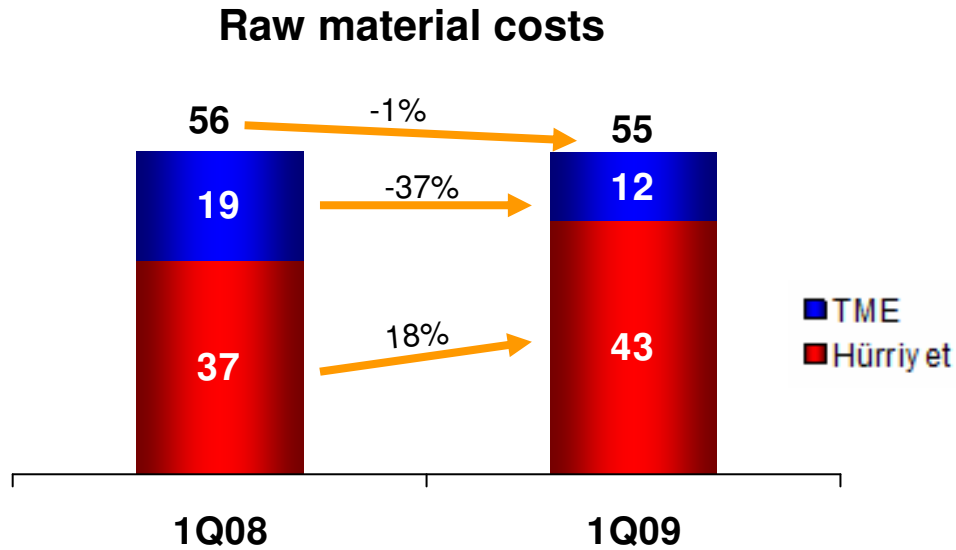
**Personel costs**



\* Figures are TL mn.

\*\* Defined as EBITDA - Revenues

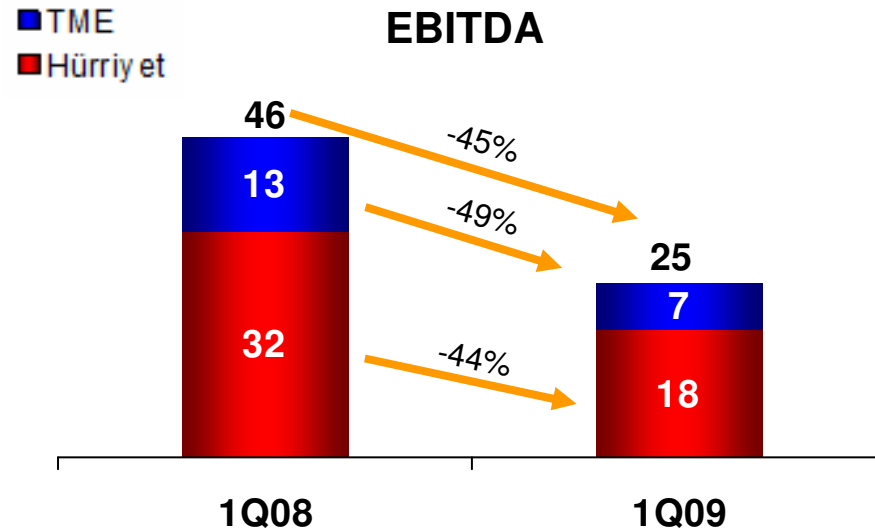
# Raw material costs \*



- Significant decline in TME's raw material costs parallel to the decline in advertising.
- Close-down of some supplements and daily management of the number of pages according to ads / news ratio helped to contain the increase in raw material prices for Hürriyet newspaper, despite:
  - the 38% depreciation of the TL in 1Q09 vs. 1Q08
  - the 21% increase in US\$ prices of newsprint.

Hürriyet	2008	1Q08	1Q09	Δ (1Q09/1Q08)
Average number of pages	87	82	65	-17
Main paper	38	35	35	0
Supplements	49	47	30	-17

\* Figures are TL mn.



	1Q08	1Q09
EBITDA – Consolidated	45.6	25.0
Hürriyet	32.2	18.2
TME	13.4	6.8
EBITDA margin – Consolidated	20.7%	14.4%
Hürriyet	23.3%	15.6%
TME	16.3%	11.9%

# Net Debt Position

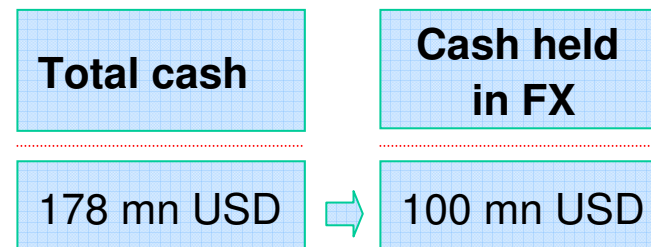
(mn TL)	31.12.2008	31.03.2009
Cash and Equivalents	370.3	300.2
S.T Bank Borrowings	244.4	197.7
L.T Bank Borrowings	537.6	523.1
<b>Net Cash / (Net Debt)</b>	<b>-411.7</b>	<b>-420.6</b>
Investments	68.0	25.1
Supplier Loans	114.6	129.7

- Net debt position of TL 421 mn includes TME's net debt of TL 112 mn

# Loan repayment schedule \*

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

	April - December 2009			2010		
	Hürriyet	TME	Total	Hürriyet	TME	Total
Bank loans	32	36	68	78	36	115
Supplier loans	18	0	18	21	0	21
<b>Total</b>	<b>50</b>	<b>36</b>	<b>86</b>	<b>100</b>	<b>36</b>	<b>136</b>



# TME: Consolidated statements of operations (IFRS)



mn USD	1Q08	1Q09	%change
Sales	69,6	35,0	-50%
Cost of sales	-34,0	-17,7	-48%
Marketing, selling and distribution expenses	-6,3	-3,1	-51%
General administrative expenses	-20,8	-12,8	-38%
Other income	-0,9	0,2	-
<b>Operating profit</b>	<b>7,6</b>	<b>1,6</b>	<b>-79%</b>
Financial income / expense (net)	2,3	-16,2	-
<b>Profit/ (loss) before tax from continuing operations</b>	<b>9,9</b>	<b>-14,6</b>	-
Income tax expense	-6,7	0,3	-
<b>Net profit/ (loss) from continuing operations</b>	<b>3,2</b>	<b>-14,3</b>	-
Net profit/ (loss) from discontinued operations	0,2	0,0	-
<b>Net profit/ (loss) for the year</b>	<b>3,4</b>	<b>-14,3</b>	-
<b>Attributable to:</b>			
Equity holders of the parent	2,0	-14,7	-
Minority interest	1,4	0,4	-

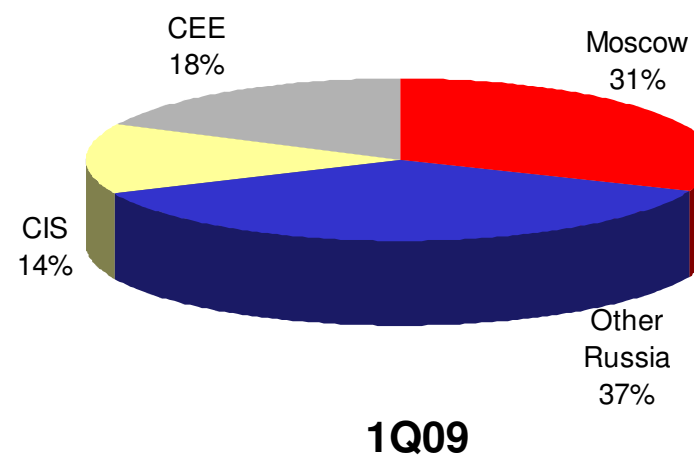
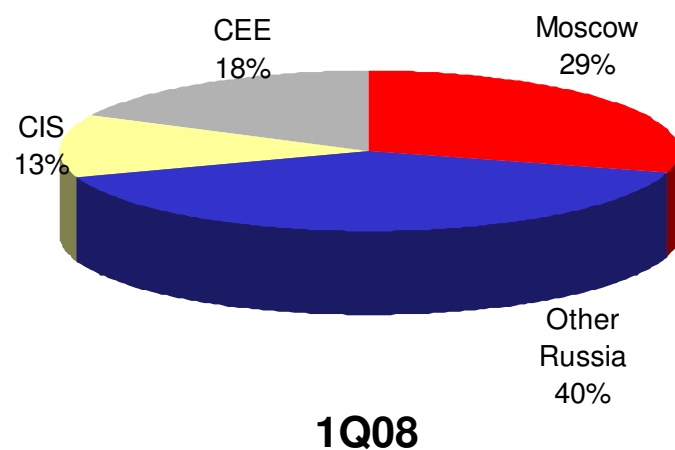


# Revenue Growth by Regions – TME standalone



Mn USD	1Q08	1Q09	Growth (USD)	Growth (LCY)
<b>Russia</b>	48.5	23.8	-50.9%	-30.9%
<b>Moscow</b>	20.5	11.0	-46.6%	-24.9%
<b>Other Russia</b>	27.9	12.8	-54.0%	-35.4%
<b>CIS</b>	8.7	5.0	-43.0%	-22.0%
<b>CEE</b>	12.4	6.2	-49.9%	-37.6%
<b>Total</b>	69.6	35.0	-49.7%	-31.1%

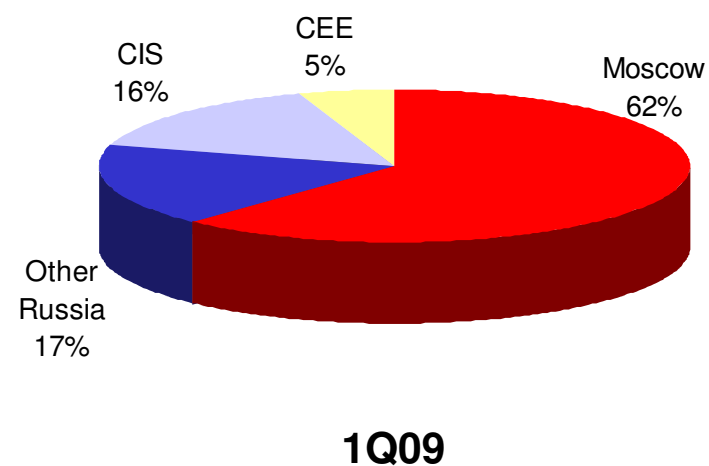
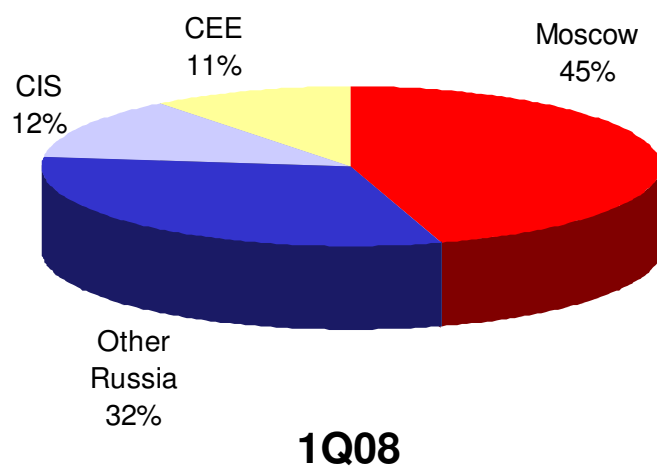
## Revenue Breakdown by Regions



# EBITDA by Regions – TME standalone

Mn USD	1Q08	1Q09	Growth (USD)	Growth (LCY)	EBITDA margin 1Q08	EBITDA margin 1Q09
<b>Russia</b>	12.4	4.6	-62.6%	-47.5%	25.6%	19.5%
<b>Moscow</b>	7.3	3.6	-50.3%	-30.1%	35.4%	32.9%
<b>Other Russia</b>	5.1	1.0	-80.1%	-72.0%	18.4%	8.0%
<b>CIS</b>	2.0	0.9	-54.2%	-34.3%	23.1%	18.5%
<b>CEE</b>	1.7	0.3	-84.1%	-80.1%	13.5%	4.3%
<b>Operational EBITDA</b>	16.1	5.8	-63.8%	-49.6%	23.1%	16.6%
<b>Consolidated EBITDA</b>	12.2	4.0	-67.4%	-50.5%	17.5%	11.4%

## EBITDA Breakdown by Regions



- Hurriyet ad revenues in domestic operations is expected to decline around 20% in 2009.
- Ad spending is expected to contract in TME operating countries as well.
- The domestic ad market outlook in the second quarter is better than the first quarter.
- Costs will continue to be monitored tightly, both domestically and in TME operations.
- Declining newsprint prices beginning from April 2009. Average newsprint prices is expected to be in the 780-800 \$ / ton in 2009.
- Increasing emphasis for the development of internet businesses, which have been consolidated under a single management, to maximize synergy and increase efficiency.

# Some facts about our internet business

**Hürriyet**

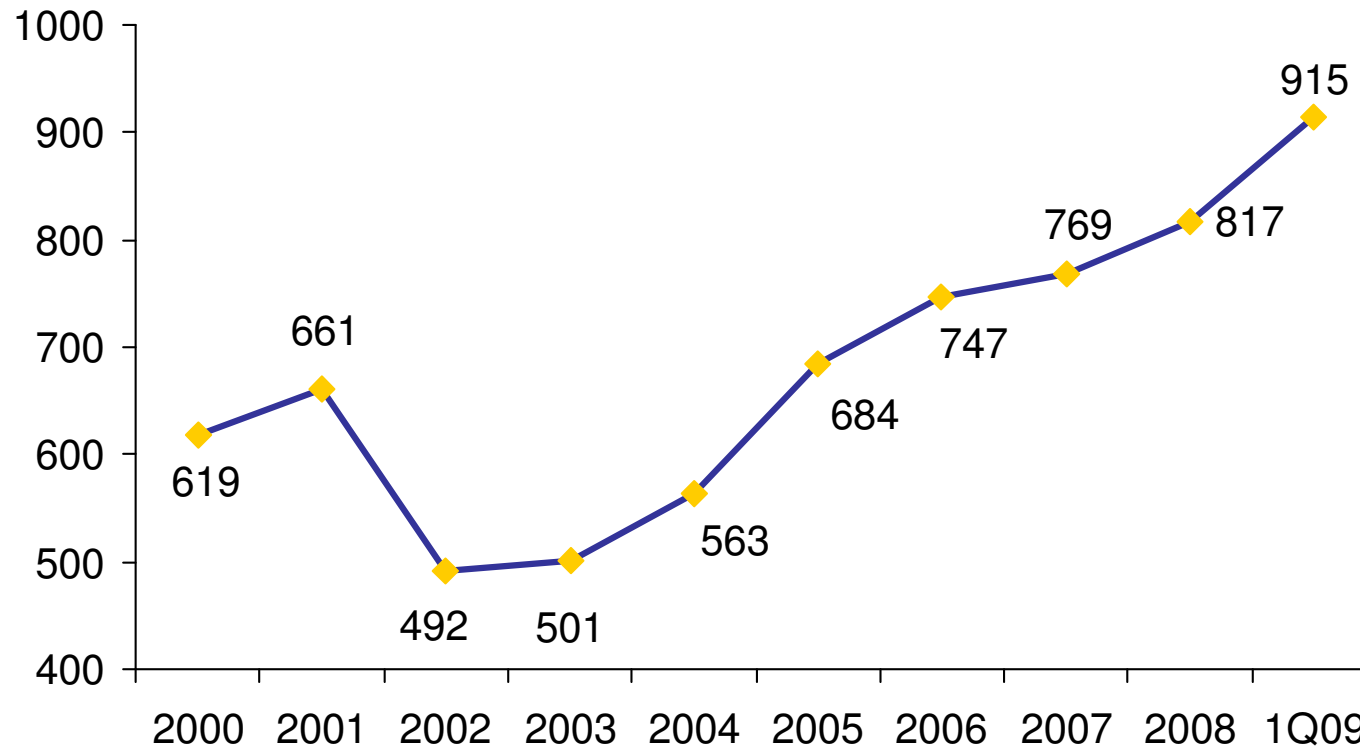
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- Hurriyet.com.tr: One of the top websites in Turkey and the most visited newsportal and the most visited Turkish website

Rank		Site	Type
Turkey	World		
1		google.com.tr	Search
2		facebook.com	Social network
3		google.com	Search
4		live.com	Search
<b>5</b>	<b>305</b>	<b>hurriyet.com</b>	<b>News</b>
6		youtube.com	Video
7		milliyet.com	News
8		mynet.com	Portal
9		blogger.com	Blog
10		rapidshare.com	Sharing

- High traffic in all our websites
  - Hurriyet.com (1Q09) : 21.2 million UMV
  - Yenibiris.com : 1.1 million UMV
  - Hurriyetemlak.com : 1.2 million UMV
  - Hurriyetoto.com : 1.2 million UMV
  - Anneyiz.biz : 1.1 million UMV
- Although revenues are under pressure, most of our websites are generating positive EBITDA :
  - Hurriyet.com.tr
  - Hurriyetemlak.com
  - Anneyiz.biz
- Recovery in revenues observed in the second quarter.

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



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

# Hürriyet's major advertisers



Sectors	1Q08	1Q09
Real Estate	13%	13%
Classifieds (incl. HR)	17%	13%
Retail	9%	9%
Automotive	11%	8%
Tourism	4%	7%
Social	6%	7%
Finance	8%	6%
State enterprises & political parties	1%	4%
Entertainment, culture, art & sports	3%	4%
Textile	3%	2%
First 10 Total	75%	73%
Others	25%	27%

## Investor Contact

<http://www.hurriyetcorporate.com>

<http://www.dyh.com.tr>

<http://www.tmeast.com>

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