



Review of 1Q05 Results

**Hürriyet Gazetecilik ve
Matbaacılık A.Ş.**

www.hurriyetkurumsal.com

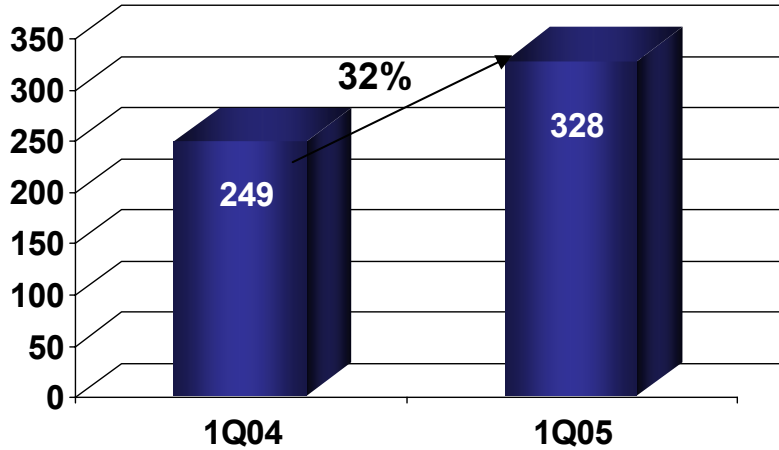
May 30, 2005

Conversion of figures from Turkish Liras to US dollars has been made on year end basis for balance sheet items. For income statement items, year-end rate is used for 2004 whereas average USD rate (1.3217 TL/USD) is used for the current period, as inflation accounting (IAS 29) is not applied in 2005 financials on the back of CMB's requirements.

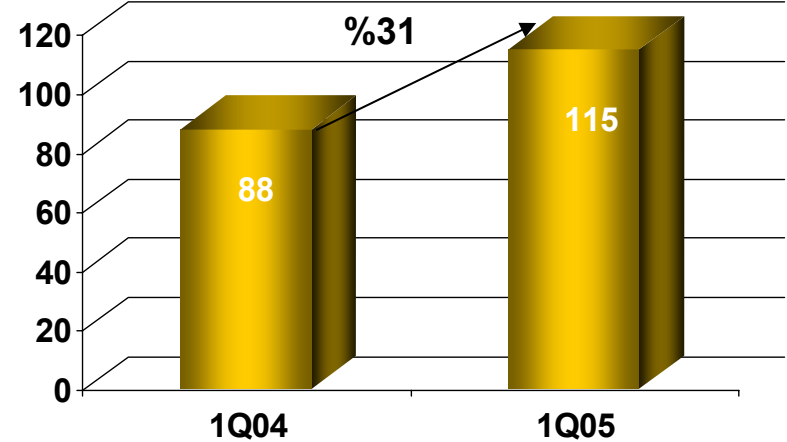
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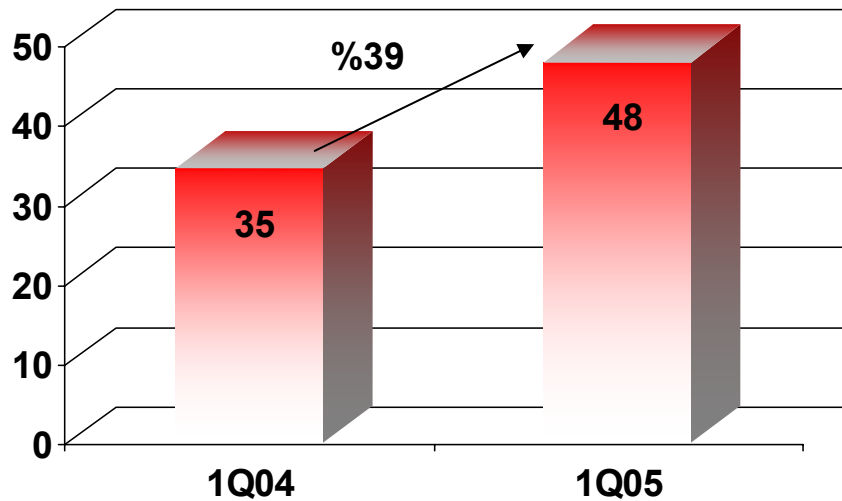
Total Ad Market (US\$m)



Total Newspaper Ads(US\$m)



Hürriyet's Ad Growth (US\$m)



**Market statistics are based on Management reports for market comparisons.*

Capturing market share thanks to successful launches of new supplements&content.

	2004	1Q04	1Q05	% ↑↓
Hürriyet Newspaper Ad Market Share	40,4%	39,3%	41,7%	6%
Hürriyet Total Ad Market Share	14,4%	14,0%	14,8%	6%
Circulation Share	10,9%	10,4%	10,3%	-1%
Hürriyet Circulation*	495	474	516	9%
Total Average Circulation*	4.541	4.557	5.037	11%

Inexpensive newspapers gaining market share, Posta, Takvim...

*Circulation figures are yearly averages. Hurriyet circulation is obtained from Yaysat, average circulation in Turkey includes Yaysat estimates for dailies distributed by Merkez Dağıtım Planlama.

Key Figures

(US \$ 000)	2004	1Q04	1Q05	▲ Change (05-04)
REVENUES	352.842	70.204	91.938	31%
GROSS PROFIT	123.964	24.603	27.154	10%
EBIT	54.322	7.875	10.678	36%
EBITDA	97.872	18.559	21.526	16%
PROFIT BEFORE TAX	48.914	9.128	12.654	39%
NET PROFIT	20.267	3.759	10.016	166%
USD Rate Applied	1,3421	1,311286	1,3217	0.8%

Strong ad rate improvement in main title-only (43% in US\$ terms)

Revenues

(US\$ '000)	2004	1Q04	1Q05	% Share	% ↑↓
REVENUES	352.842	70.204	91.939	100%	31%
AD REVENUES**	197.681	33.648	47.564	52%	41%
Column/ Cm (000)*	8.819	2.216	2.507		13%
Average price* (1)	20,71	15,59	19,11		23%
CIRCULATION REVENUES**	54.314	12.591	13.411	15%	7%
Daily average circulation (000)- Hürriyet	495	474	516		9%
Average cover price*	0,23	0,26	0,24		-8%
PRINTING REVENUES	76.383	15.675	19.667	21%	25%
OTHER REVENUES	24.464	8.290	11.297	12%	36%

17% increase(TL) in copy price in 4Q03

Printing Revenues: (US\$m)

	2004	2005
Hürriyet	4,7	5,2
Germany Branch	7	10,3
D.Ofset	3,9	4,2

* Hürriyet only.

** Hürriyet, Gözcü, Referans

(1) Average price is based on management figures. IFRS figures reclass a portion of ad revenues as financial income which is shown on page 9 as "amortised cost valuation income".

Supplements' Ad Revenues Grew Above Average Due to Successful Strategies Summarized below:

- Kelebek launched on 16 March 2004.
- Frequency of regional supplements increased.
- Hürriyet Bursa launched in April 2004.
- HR supplement distributed nationwide instead of Istanbul only.
- Increases in Color Printing Capacities in 2004

MANAGEMENT REPORT AD REVENUE DETAILS

Million \$	2004	1Q04	1Q05	%
Main Title (incl inserts and classified)	142,12	27,10	34,82	28%
Supplements	40,54	7,45	13,09	76%
TOTAL	182,66	34,55	47,91	39%
Share of suppl. in ad revenues	22%	22%	27%	

Major Supplements : Kelebek(Women's Daily), Real Estate(launched in 1Q05), HR, Friday/Saturday/Sunday, Keyif(Cinema&Entertainment), Regional Supplements

Management report totals are not equal to IFRS figures because:

- 1) Average USD rate is used for all periods in management reports.
- 2) IFRS 39, reclasses a portion of ad revenues as financial income namely "amortised cost valuation" income (Page 9)

	2004	1Q04	1Q05	% ↑↓
COST OF SALES (000 \$)	228.878	45.600	64.784	42%
HURRIYET GROUP	159.302	30.617	41.674	36%
RAW MATERIAL COSTS	64.181	11.190	17.588	57%
Average Number of Pages	72,2	60,2	71,5	19%
Main Paper	39,6	37,1	36,6	-2%
Supplements	32,6	23,1	34,9	51%
Paper Consumption (000 Tons)	81.689	15.967	20.610	29%
Cost Per Ton (\$)	563	542	678	25%
DEPRECIATION	20.824	4.506	5.265	17%
O. COSTS OF PRODUCTION	74.297	14.921	18.821	26%
SUBSIDIARIES	69.576	14.983	23.111	54%

D. Ofset ▲ US\$2.6m

Orta Anadolu ▲ US\$5.7m

Key Developments:

- The increase in average pages was due to expansion in the range and size of supplements which was the main part of advertisement strategy. Major supplements issued in 2004 were Kelebek (women's daily supplement), Bilbul (daily crossword supplement), Bursa City Supplement.
- Newsprint costs and consumption was up 25% and 29% respectively. (Hürriyet only)

Operational Profitability

	2004	1Q04	1Q05	% ↑↓
GROSS PROFIT	123.964	24.603	27.154	10%
<i>Gross Margin</i>	<i>35,1%</i>	<i>35,0%</i>	<i>29,5%</i>	
OPERATING EXPENSES	69.643	16.728	16.477	-2%
EBIT	54.322	7.875	10.678	36%
<i>EBIT Margin</i>	<i>15%</i>	<i>11%</i>	<i>12%</i>	
EBITDA	97.872	18.510	21.526	16%
<i>EBITDA Margin</i>	<i>28%</i>	<i>26%</i>	<i>23%</i>	
TOTAL DEPRECIATION	33.386	7.893	8.880	13%

Main reasons for margin pressure in 1Q05 were,

- 29% Increase in newsprint consumption and 25% increase in newsprint prices.
- No cover price increase in real terms. Hürriyet is still the most expensive newspaper in its category.
- Same raw material pressure on Dogan Ofset, magazine printing. (US\$2.6m increase in costs)
- The impact of first time consolidation of Orta Anadolu (US\$6m revenues, US\$5.7m costs)

	2004	1Q04	1Q05	%
O. OPERATING INCOME/ (EXPENSES)- NET	6.853	1.370	- 2.947	-315%
FINANCIAL INCOME/ (EXPENSE)- NET	14.685	5.829	5.022	-14%
Amortised Cost Valuation Income (IFRS 39)	9.984	2.791	1.968	-29%
Interest Income	16.819	3.592	3.778	5%
Interest Expense	- 7.433	- 1.974	- 1.920	-2%
FX Gain/ (Loss)- Net	- 2.632	1.825	819	-55%
Other Financial Income/ (Expense)- Net	- 2.052	- 405	377	-193%
MINORITY	716	- 127	-97	-24%
MONETARY GAIN/ (LOSS)	- 13.337	- 6.021	-	-
PROFIT BEFORE TAX	48.914	9.128	12.654	39%
TAX	- 28.647	- 5.369	- 2.640	-51%
NET PROFIT	20.267	3.759	10.016	166%

Key Developments:

- There is no monetary loss in 2005 as IFRS 29 (inflation accounting) is not applied in first quarter of 2005.
- Additional provisions for tax(YTL2.385m) and commercial cases(YTL3,134m) reached YTL5.6million (US\$4.2m in 1Q05). Commercial case risks and tax risks are almost fully covered with additional provisions.
- Tax rate declines due to deferred tax income in 1Q05, also driven by investment incentives.

Investments&Financing

	2004	1Q04	1Q05	% ↑↓
CASH & CASH EQUIVALENTS	79.097	94.839	83.633	-12%
S.T BANK BORROWINGS	-15.747	-26.096	-15.223	-42%
L.T BANK BORROWINGS	-45.547	-41.407	-49.159	19%
NET CASH	17.804	27.336	19.251	-30%
INVESTMENTS	33.281	7.652	12.699	66%
DIVIDENDS	19.024	-	-	
NET WORKING CAPITAL	61.743	48.090	63.999	33%

Majority of investments in 1Q05 arise from Hürriyet Germany's machinery and land investments(US\$7m) in Frankfurt due to increasing third party orders.

- **Growth in Ad revenues continues, at a stronger pace in the second quarter.**
- **Ad Strategy works ; Growth in supplements(volume) and strong ad rates in Main Title.**
- **Material costs are likely to be stabilised at first quarter levels. No further increases expected.**
- **No significant increase on average pages in 2005, except new supplements where the management may see high profitability opportunities, such as “Real Estate” supplement launched in 1Q05**
- **Operating expenses under control.**
- **Competitive pressure on copy prices are expected to lessen in the coming quarters.**