

**Company Report**

07 January 2008

# Hurriyet

## TME acquisition turning up trumps

Re-initiated

**STRONG BUY**
**Media**
**Hurriyet oversold**

- 1) Hurriyet went into debt following the Trader Media East (TME) acquisition, but the organic growth created via this acquisition has been underestimated. 2) Hurriyet's financial results were unspectacular until 3Q07 due to tough advertising market conditions and irrational competition resulting in high promotion expenses. 3) TME's results also suffered from one-time costs associated with its acquisition.

**Positive Outlook**

- 1) The Turkish advertising market began recovering in 3Q07 and has more room for growth thanks to declining interest rates, political stability and increased FDI. 2) Already a market leader, Hurriyet is positioned best to benefit from any market recovery and we expect 2008 financials will reflect these improvements. 3) The TME acquisition transformed Hurriyet into a regional player in Russia and Eastern Europe, which supports growth prospects and provides diversification by reducing dependence on the Turkish market. Thus, this acquisition in markets with strong advertising growth is in line with Hurriyet's emerging market strategy. Also, the move of TME's headquarters from Paris to Istanbul should help cut overhead expenses.

**Recommendation: Strong Buy, Upside 46%**

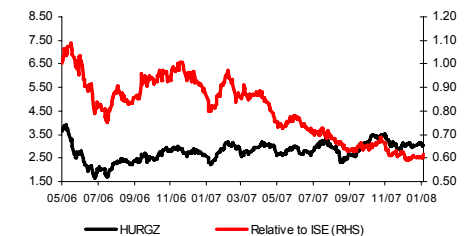
- We like the company because of its expected improvement in operational performance in Turkish and international markets, as well as its exposure to high growth markets with double-digit growth potential. With an equal blend of DCF and peer multiples, our fair value estimate for Hurriyet is USD1,867m, corresponding to an upside of 46%.

**Trading Data** as of Jan 4

Sector	Media		
Bloomberg	HURGZ.TI		
Reuters	HURGZ.IS		
EV (USDm)	1,640		
Mkt cap (USDm)	1,274		
Free float (%)	40.0		
Shares Outstanding (m)	421		
Ave. Daily Vol. (USDm)	8.73		
ISE-100 (TRY)	52,530		

Price (USD)	1M	3M	12M
ISE-100	45,859	45,809	27,692
Share Price	2.98	3.19	2.52
Absolute (%)	1.7	-5.1	20.3
Relative (%)	2.7	-4.2	-26.7

Share Price	Current	Target
USD	3.03	4.44
TRY	3.50	5.10

**Price Chart (USD)**

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Key Financials and Ratios	2005A	2006A	2007E	2008E	2009E
Net Sales (USDm)	437	442	784	948	1,038
EBITDA (USDm)	113	95	155	217	235
Net Profit (USDm)	65	73	85	78	110
EBITDA Margin	26%	22%	20%	23%	23%
ROE	14%	15%	14%	11%	15%
Debt/ Equity	39%	38%	103%	106%	95%
P/E (x)	19.6	17.5	15.0	16.4	11.6
EV/EBITDA (x)	14.5	17.2	10.6	7.5	7.0
EV/Sales (x)	3.8	3.7	2.1	1.7	1.6
Dividend Yield (%)	1%	3%	0%	5%	6%

Valuation Metrics	2005A	2006A	2007E	2008E	2009E
EV/Sales (x)	3.8	3.7	2.1	1.7	1.6
EV/EBITDA (x)	14.5	17.2	10.6	7.5	7.0
P/E (excl. extr. & amort.) (x)	12.7	11.9	9.8	10.0	8.0
P/E (x)	19.6	17.5	15.0	16.4	11.6
P/CF (x)	15.0	13.2	15.2	7.1	6.5
Price/BV (x)	2.6	2.6	1.8	1.8	1.6
Div Yield	1.0%	3.4%	0.0%	5.1%	5.6%
EPS before Ext. & Amort. (USD)	0.24	0.25	0.31	0.30	0.38
EPS (USD)	0.16	0.17	0.20	0.18	0.26
CFPS (USD)	0.20	0.23	0.20	0.43	0.47
BVPS (USD)	1.20	1.19	1.71	1.66	1.86
DPS (USD)	0.02	0.06	0.00	0.11	0.11
Av. # of Shares (m)	417	417	421	421	421
Av. Mkt cap (USDm)	1,094	1,263	1,231	1,274	1,274
Enterprise Value (USDm)	1,578	1,033	1,315	1,640	1,640

Income Statement (USD m)	2005A	2006A	2007E	2008E	2009E
Net Sales	437	442	784	948	1038
EBIT	77	61	110	168	186
Dep. & Amort.	9	17	26	35	9
Net Other Income/(Expenses)	21	27	2	20	31
Net Financial Income/(Expenses)	-7	-9	12	-74	-59
Net Monetary Gain/Loss	0	0	0	0	0
Minority Expense Income	0	1	-4	-4	-5
Earnings before Tax	91	80	120	109	154
Tax	-26	-7	-34	-31	-44
Net Income	65	73	85	78	110

Cash Flow (USD m)	2005A	2006A	2007E	2008E	2009E
EBITDA	113	95	155	217	235
Change in NWC	-29	0	-72	-37	-39
Cash Flow from Operations	84	96	84	180	196
Taxes Paid	-26	-7	-34	-31	-44
Marketable Securities	-38	-28	-18	0	0
Capex Adjusted for Disposals	-26	-74	-26	-56	-59
Free Cash Flow	32	15	23	93	93
Net Other Operating Income (adj. for extr. items)	21	27	2	20	31
Net Financial Income	-7	-9	12	-74	-59
Dividends Paid	-8	-26	0	-46	-47
Extraordinary Items	0	0	0	0	0
Other	29	5	-447	23	82
Change in Interest Bearing Debt	-7	-19	421	42	18
Change in Cash & Cash Equivalents	60	-7	11	58	118

Balance Sheet (USD m)	2005A	2006A	2007E	2008E	2009E
Cash and Other Liquid Assets	127	117	135	179	284
ST Trade Receivables	110	110	169	175	194
Inventories	13	13	22	22	24
Goodwill	8	8	409	375	353
Tangible Fixed Assets	344	367	476	432	406
Intangible Fixed Assets	1	1	130	119	115
Interest Bearing Debt	55	33	493	492	481
Total Liabilities	195	189	741	739	744
Minority Interest	3	0	4	4	4
Shareholders' Equity	499	497	720	699	781
Paid-in-Capital	311	295	363	333	314
Total Liabilities and Shareholder's Equity	697	686	1461	1438	1525
Net Cash	68	75	-385	-338	-220

Ratio Analysis	2005A	2006A	2007E	2008E	2009E
EBITDA Margin (%)	25.8%	21.6%	19.8%	22.9%	22.7%
EBIT Margin (%)	17.7%	13.8%	14.1%	17.7%	17.9%
ROA	9.8%	11.4%	8.3%	5.4%	7.4%
ROE	13.9%	15.3%	14.4%	11.0%	14.9%
ROCE	18.7%	17.1%	11.5%	16.7%	18.3%
Net Debt /EBITDA (x)	nm	nm	2.2	1.6	1.0
Net gearing (%)	13.7%	14.5%	84.1%	80.0%	58.8%
Shareholder's Equity/Total Assets	71.6%	72.5%	49.3%	48.6%	51.2%

**Model updated on 04 January 2007**
**Company Description**

Hurriyet is the leading publisher in Turkey, Russia, CIS and Eastern Europe with an overall local newspaper advertising market share of 40%. Around 35% of revenues and 40% of EBITDA are generated in 9 countries outside of Turkey. Hurriyet's main shareholder is Dogan Yayin Holding (DYH), the largest media conglomerate in Turkey.

**Ownership Structure**

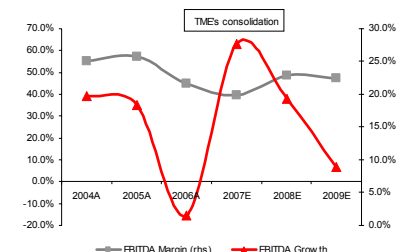
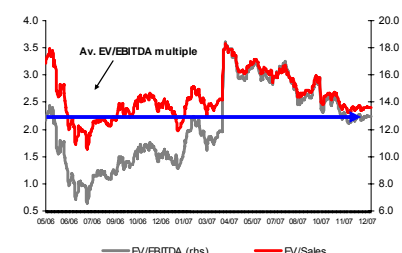
DYH	60%
Free Float	40%

**Management**

CEO	Vuslat Dogan Sabanci
CFO	Ahmet Toksoy
IR	Suzi Apalaci

**Company Website**

www.hurriyetkurumsal.com

**Operational Momentum**

**Valuation Chart**


## Valuation

Hurriyet's shares underperformed the ISE by 27% over the last 12 months, and we re-initiate coverage with a STRONG BUY rating. Hurriyet posted lacklustre operational results last year due to stiff competition within Turkey and costs related with the TME takeover and its restructuring. We expect a substantial improvement in operating margins both at home and abroad, as we believe Sabah's sale will bring more rational competition to the newspaper market and efforts to restructure TME will pay off this year and long into the future. Our target market capitalization for Hurriyet is USD1,867m and to justify our fair value we use a combination of DCF and peer comparison-based valuation models. This corresponds to TRY5.10 per share and suggests a 49% upside from its current market capitalization of USD1,274m. Our target 2008E EV/EBITDA of 10.2x multiple is in line with the peer group's average.

**Table 1: Valuation Summary**

(In millions)	
DCF-based Target Mkt cap	\$1,901
Peers' Multiple-based Target Mkt cap	\$1,834
Weight of DCF-based	50%
Weight of Peers' Multiple-based	50%
Average	\$1,867
Number of Shares	421.0
Target Price per Share	\$4.44
USD/TRY	1.157
Target Price per Share	TL5.10
Current Share Price	TL3.50
Upside Potential	46%

Source: YF Research

Our DCF model, using an 10.4% WACC, yields a USD1,901m target market capitalization, corresponding to a terminal implied EV/EBITDA of 6.7x and terminal implied P/E multiple of 12.0x. We have used consolidated financials which includes TME forecasts for our DCF model. We arrive at our WACC rate by using a 7.1% (30-yr Eurobond) risk free rate and 5% equity risk premium. Terminal value accounts for 58% of total fair value and the terminal growth rate is 3%. In our model, we estimate Hurriyet's revenues to grow at a CAGR of 10% between 2008 and 2017 on a USD basis on the back of low single-digit GDP growth in Turkey. According to the last five years' statistics, the advertising market has grown some 20-40% above the average GDP rate in Turkey. Conservatively, in our model we assumed the advertising market will grow 1.2x more than GDP going forward. For international markets we forecast low double-digit growth. Thanks to the high operating leverage nature of the sector, we assume the company's operating profit will grow at a CAGR of 11.5% over the same period (Please find forecast details in the "Financial Analysis and Forecasts" section of this report).

Multiple comparison takes into account the peer group's 10x 2008E EV/EBITDA multiple, adjusted for net debt, yielding USD1,834m of fair value for Hurriyet. We do not value Hurriyet on a P/E basis, as FX estimates in the gloomy picture of word economies has been very difficult, while the company has a negative exposure to TRY depreciation due to increased indebtedness after the TME acquisition. We estimate the TRY to depreciate by 9% in 2008 after 18% appreciation in 2007, which will bring a lower net income in 2008. Moreover, we believe the EV/EBITDA multiple will reflect better the improvement in operations in 2008. All in all, on our 2008 estimates, Hurriyet

shares trade at 7.5x EV/EBITDA, corresponding to a 44% discount to the EV/EBITDA multiples of its global peers.

### Risks to our valuation

The media industry is sensitive to any reversal in economic conditions. A worsening economy in Turkey or Russia might substantially lower growth prospects. Hurriyet is highly leveraged and any devaluation in the TRY or RUB versus the USD would distress the bottom line. Increasing competition after Sabah newspaper's sale might erase a portion of its market share.

**Table 2: DCF Model**

(USD in millions)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EBIT	\$167.5	\$186.0	\$210.1	\$233.7	\$263.3	\$291.6	\$323.6	\$360.2	\$402.5	\$447.9
Effective Tax Rate	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%
Adj. Taxes	(48.0)	(53.3)	(60.2)	(66.9)	(75.4)	(83.5)	(92.7)	(103.1)	(115.2)	(128.3)
NOPLAT	\$119.6	\$132.8	\$149.9	\$166.8	\$187.9	\$208.1	\$230.9	\$257.0	\$287.2	\$319.7
Dep. & Amort.	60.2	60.0	62.3	65.5	69.1	72.3	75.8	79.8	84.9	90.6
Gross Cash Flow	\$179.8	\$192.7	\$212.3	\$232.3	\$257.0	\$280.4	\$306.8	\$336.9	\$372.1	\$410.2
Capital Expenditures	(55.9)	(58.8)	(56.2)	(60.3)	(64.6)	(59.8)	(63.4)	(68.8)	(76.4)	(84.6)
Change in Net Working Capital	(34.8)	(37.5)	(48.4)	(38.4)	(44.9)	(44.6)	(49.4)	(55.3)	(62.1)	(69.4)
<b>Unlevered Free Cash Flow</b>	<b>\$89.1</b>	<b>\$96.4</b>	<b>\$107.6</b>	<b>\$133.6</b>	<b>\$147.5</b>	<b>\$176.0</b>	<b>\$194.0</b>	<b>\$212.8</b>	<b>\$233.6</b>	<b>\$256.3</b>
Terminal Adjusted Free Cash Flow										<b>\$250.3</b>

#### Estimation of WACC

RFR	7.1%
Beta	1.0
Risk Premium	5.0%
Cost of Equity	12.1%
Cost of Debt	5.7%
Tax Rate	29%
Share in Equity	73%
Share in Debt	27%
<b>WACC</b>	<b>10.4%</b>

#### Implied Terminal EBITDA multiple

WACC	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
9.4%	6.6x	7.2x	7.7x	8.4x	9.3x
9.9%	6.2	<b>6.7</b>	<b>7.2</b>	<b>7.8</b>	8.5
10.4%	5.8	<b>6.2</b>	<b>6.7</b>	<b>7.2</b>	7.8
10.9%	5.5	<b>5.9</b>	<b>6.3</b>	<b>6.7</b>	7.3
11.4%	5.2	5.5	5.9	6.3	6.8

#### Implied Terminal P/E multiple

WACC	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
9.4%	11.9x	12.7x	13.6x	14.7x	15.9x
9.9%	11.3	<b>12.0</b>	<b>12.8</b>	<b>13.7</b>	14.7
10.4%	10.8	<b>11.4</b>	<b>12.0</b>	<b>12.8</b>	13.7
10.9%	10.3	<b>10.8</b>	<b>11.4</b>	<b>12.1</b>	12.9
11.4%	9.8	10.3	10.8	11.4	12.1

#### Equity Value per Share (USD)

	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
9.4%	\$4.89	\$5.15	\$5.45	\$5.80	\$6.22
9.9%	4.48	<b>4.70</b>	<b>4.95</b>	<b>5.24</b>	5.58
10.4%	4.12	<b>4.30</b>	<b>4.51</b>	<b>4.76</b>	5.03
10.9%	3.80	<b>3.96</b>	<b>4.14</b>	<b>4.34</b>	4.57
11.4%	3.52	3.66	3.81	3.98	4.17

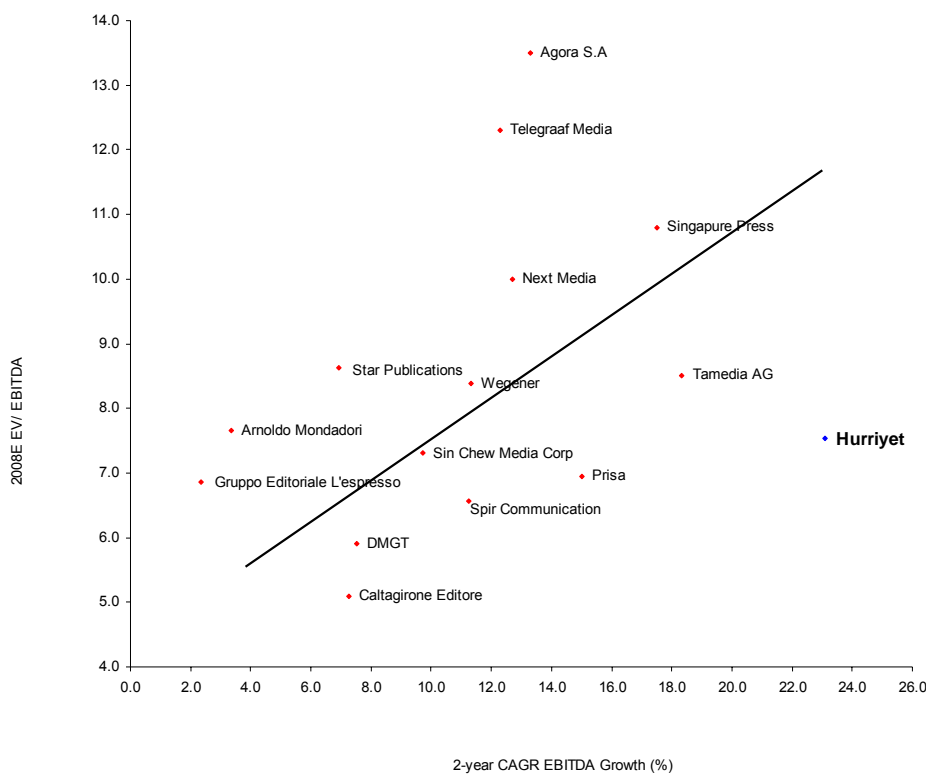
#### Equity Value per Share (TRY)

	Perpetuity Growth Rate				
	2.0%	2.5%	3.0%	3.5%	4.0%
9.4%	TL 5.65	TL 5.95	TL 6.30	TL 6.71	TL 7.20
9.9%	5.18	<b>5.43</b>	<b>5.72</b>	<b>6.06</b>	6.45
10.4%	4.76	<b>4.98</b>	<b>5.22</b>	<b>5.50</b>	5.82
10.9%	4.40	<b>4.58</b>	<b>4.79</b>	<b>5.02</b>	5.29
11.4%	4.07	4.23	4.40	4.60	4.83

Source: YF Research

**Table 3: Peer Comparison**

Company	Country	Mkt cap USD m	EV/EBITDA		EV/Sales		P/E		
			2008E	2009E	2008E	2009E	2008E	2009E	
Telegraaf Media	Netherlands	1,793	12.3	10.6	1.7	1.6	21.1	17.9	
Wegener	Netherlands	1,058	8.4	7.4	1.3	1.2	15.1	12.6	
Prisa	Spain	3,982	6.9	6.1	1.5	1.5	12.1	9.8	
Arnoldo Mondadori	Italy	2,039	7.7	7.2	1.0	1.0	12.6	11.5	
Caltagirone Editore	Italy	779	5.1	4.8	0.8	0.8	17.3	16.9	
Gruppo Editoriale L'Espresso	Italy	1,774	6.9	6.6	1.3	1.3	14.3	13.2	
New York Times	US	2,460	6.9	7.3	1.1	1.1	13.8	14.6	
Tamedia AG	Switzerland	1,361	8.5	8.0	1.6	1.6	12.4	11.3	
DMGT	UK	3,474	5.9	5.6	1.1	1.1	8.6	7.8	
EMAP	UK	3,899	11.4	10.9	2.8	2.9	14.9	14.1	
Johnston Press	UK	1,428	7.0	6.9	2.4	2.3	6.9	6.6	
Spir Communication	France	648	6.6	5.9	0.7	0.6	13.9	12.1	
Developed Markets Average			7.8	7.3	1.4	1.4	13.6	12.4	
B-Ray Media	China	970	24.0	21.3	9.0	7.7	38.8	33.4	
HT Media	India	1,492	23.2	17.2	4.8	4.0	39.3	28.2	
SCMP Group	Hong Kong	548	10.0	10.3	3.4	3.3	14.2	14.9	
Next Media	Hong Kong	872	10.0	8.8	1.9	1.8	15.0	13.8	
Singapore Press	Singapore	5,059	10.8	10.1	5.3	4.9	13.7	12.4	
Agora S.A	Poland	1,208	13.5	11.8	2.1	2.0	28.1	22.4	
Star Publications	Malaysia	791	8.6	8.3	2.7	2.7	15.2	14.4	
Sin Chew Media Corp	Malaysia	246	7.3	6.8	1.5	1.5	10.7	10.3	
Emerging Markets Average			13.4	11.8	3.9	3.5	21.9	18.7	
<b>Peer Group Average</b>			<b>10.0</b>	<b>9.1</b>	<b>2.4</b>	<b>2.2</b>	<b>16.9</b>	<b>14.9</b>	
<b>Hurriyet</b>			<b>1,274</b>	<b>7.5</b>	<b>7.0</b>	<b>1.6</b>	<b>1.4</b>	<b>16.4</b>	<b>11.6</b>

**EBITDA Growth vs EV/EBITDA\***


Source: Bloomberg, YF Research

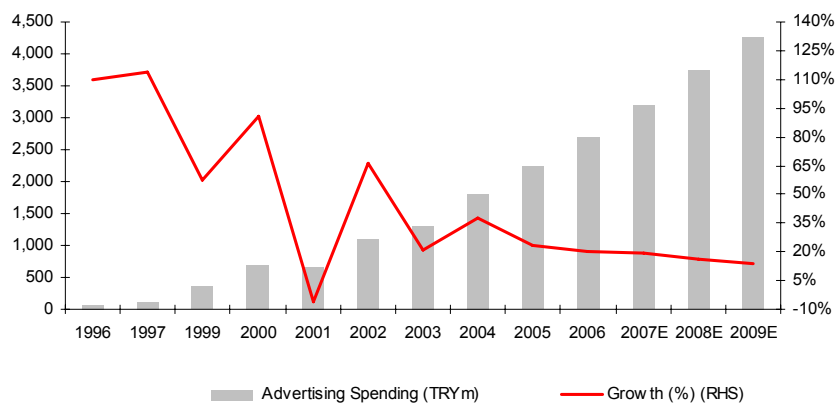
\*B-Ray Media, HT Media and other peers with negative growth prospects are not included in the graph

## Turkish Advertising Market Outlook

### The Turkish ad market started recovering; brighter days are on the way

The media sector is highly sensitive to macro variables like interest rates and political stability. The Turkish advertising market has been under pressure since the beginning of 1H06 until 1H07 due to pre-election uncertainty and a prolonged high interest rate environment, which curtailed consumer spending. Since the election period is over and the Central Bank of Turkey (CBT) started to cut interest rates from the beginning of September, the Turkish advertising market has also started recovering.

**Table 4: Turkey Advertising Growth Trend (TRY m)**



Between 2000 and 2007, the Turkish advertising market grew at a CAGR of 21% despite the contraction in the sector due to the devaluation of the TRY to the USD in 2001. Nevertheless, over the last five years, advertising spending has grown 20-40% higher than nominal Turkish GDP growth.

**Table 5: Newspaper Advertising Contribution by Sector (TRY m)**

	2004	2005	2006	2007E	9M 2006	9M 2007
Automotive	13%	16%	15%	11%	14%	11%
Finance	10%	10%	9%	9%	8%	9%
Communication	7%	5%	4%	6%	4%	5%
Real Estate	4%	7%	9%	10%	9%	9%
Food	7%	1%	2%	1%	1%	1%
FMCG	1%	1%	1%	1%	1%	1%
Furniture	3%	3%	4%	3%	3%	3%
Electronics	4%	2%	2%	3%	2%	2%
Retail	4%	6%	7%	7%	7%	7%
Beverages	3%	2%	2%	2%	2%	2%
Other	44%	47%	45%	47%	49%	50%

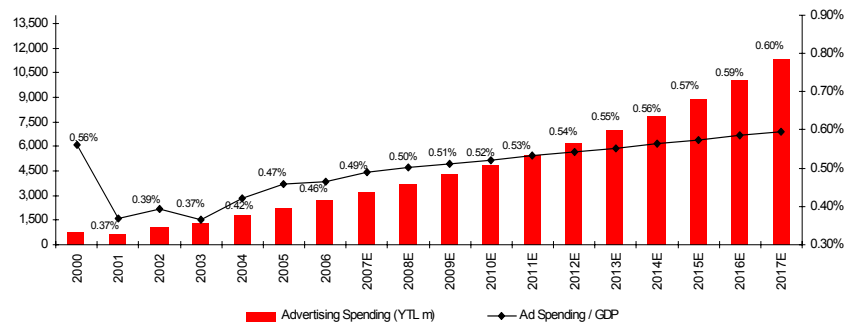
Source: DYH data & YF Research

Historically, the automotive, finance, retail and real estate sectors are the largest contributors to advertising spending in Turkey. In recent years, the AK Party government's efforts to develop the housing market have paid off. Accordingly, the real estate market's share of the total advertising market has doubled in 2007 compared to 2004 figures. Sales in the housing market slowed in recent months, creating surplus housing stock that in its turn forcing real estate developers to increase their advertising spending to draw clients. In contrast, the automotive sector's share of total advertising is expected to fall to 11% from 15% in 2006.

### Hurriyet is positioned best to benefit from advertising market growth

As the election period is over and the CBT has started cutting interest rates, the Turkish advertising market has begun to recover. Regarding 3Q07 results, newspaper ads grew by 12% and television ads 8% compared to the same period last year. Hence, our full year 2007 advertising growth estimates is 19% in TRY and 29% in USD terms. We believe that after the recovery, the sector will continue its structural growth and estimate that the Turkish advertising market can grow at a CAGR of 13% between 2007 and 2017.

**Table 6: Ad spending projections relative to GDP**



Source: DYH, YF Research

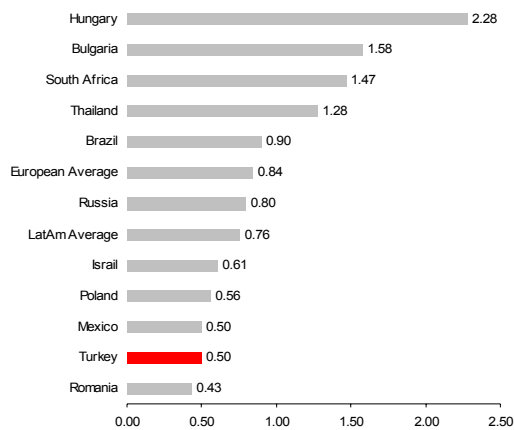
Factors such as the increase in privatizations (namely Turk Telecom, Ereğli Demir Celik, Petrol Ofisi, and Tupras) and rises in FDI, especially with the M&A deals in the banking, communication and retail sectors, has led to a more competitive environment which saw companies increase their advertising budgets.

We also expect that the CBT will ease another 150 base points in 2008, in line with its 175 bps decrease in rates since September. Decreasing interest rates drive up consumer demand and reflect positively on the finance, auto, and real estate markets, which account for about 1/3 of newspaper ads, and also in turn should help drive up advertising growth. Accordingly, we expect advertising spending growth to remain in the double digits and realize 16% for the full year in 2008, corresponding to TRY3.7m. Thus, with its dominant newspaper market share of 40% and strong pricing power, Hurriyet is positioned best to benefit from the potential growth in the Turkish advertising market.

### The advertising sector/GDP ratio is relatively small in Turkey when compared with its peers

Despite the double-digit growth of recent years, the Turkish advertising market is still highly under-penetrated. We expect the strong GDP growth outlook to continue to drive advertising, with advertising growth trailing above GDP growth as the market is still unsaturated with an ad spend/GDP ratio of 0.5%, below that found in Eastern Europe.

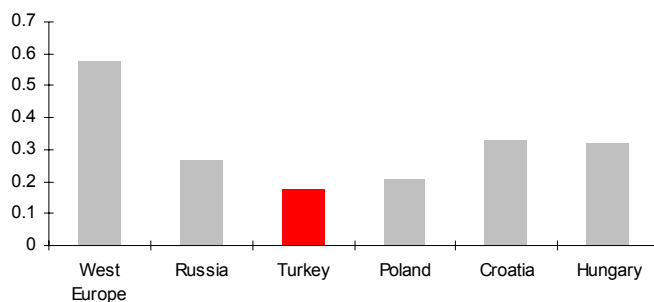
Among EU members, while in Germany advertising sector volume is USD20bn, it is only around USD2bn in Turkey. Ad spending per capita in Turkey is USD18, while this amount is USD244 in France and USD207 in Germany. However, if we compare in terms of advertising spending growth rates among these countries, in 2006 Turkey occupies the first rank with an advertising spending growth rate of 21% compared to 3% in France and 2% in Germany.

**Table 7: Turkish Ad Spending relative to GDP (2006)**


Source : DYH, YF Research

### We also expect internet revenues to help boost advertising growth

The region is still immature in terms of internet use. Besides its popular news portal ([www.hurriyet.com.tr](http://www.hurriyet.com.tr)), Hurriyet has already started investing in internet growth in anticipation of the rise of its utilization in Turkey via the launch of new websites in addition to old ones; a real estate search portal ([www.hurriyetemlak.com](http://www.hurriyetemlak.com)), a job search portal ([www.yenibiris.com](http://www.yenibiris.com)), and an auto portal ([www.hurriyetoto.com](http://www.hurriyetoto.com)). A community portal for mothers and baby care ([www.aneyiz.biz](http://www.aneyiz.biz)) was recently acquired. Note that Hurriyet owns 22 leading classified websites in the real estate, auto, recruitment and generalist sector. In addition, new launches are planned in Russia and Hungary. Therefore, Hurriyet is relatively well positioned to capture market share on that front as internet use increases.

**Table 8: 2006 Internet penetration rates**


Source : DYH, YF Research

### Turkey is the 5<sup>th</sup> largest circulation market in Europe

Turkey is one of the few markets with increasing newspaper circulation, displaying growth over the last 5 years mainly due to increasing education levels and strong population growth. A high income, well-educated readership base allows Hurriyet to differentiate itself from competitors. Hurriyet defends its 11% circulation market share, despite the irrational competition in the newspaper business. Also note, cover prices in Turkey are low compared to Europe. For the future, we estimate that the circulation market will gradually lose some part in the advertising market compared to television mainly because television slots are still inexpensive in Turkey. However, the management insists on the idea that newspaper advertising and television

advertising do not have the same effects on the audience, thus for certain products newspaper advertising is much more efficient at targeting consumers.

#### **Sale of daily “Sabah” should rationalize competition**

The Turkish advertising market is still not fully penetrated, and the market is broadly split between two large media groups, Dogan Yayin Holding and the Merkez Group. Leading players in the newspaper segment such as Sabah and Hurriyet continue to hold promotions by giving out free publications, which drive up costs both due to the cost of the promotions, as well as by increasing circulation, which in turn drives up newsprint costs. Thus, the aggressive competition in newspaper publishing and promotions eroded profits at a time when published advertising was already under pressure. This is only rational if these players can increase their advertising market shares. Since both of the leading players do this, it does not have a meaningful impact on advertising share and only serves to put pressure on margins. The Merkez Group, the-second largest media player in Turkey and currently in the SDIF portfolio, is on the way to being sold to Calik Group for USD1.1bn. Calik Group operates in a variety of sectors such as construction, energy, textiles, finance, trade and logistics. According to Hurriyet’s management, the sale of Sabah will rationalize competition in the sector, which will have visible effects on margins in turn. The transfer of Sabah/ATV will be completed once the approvals from the Competition Board and the Higher Radio and Television Board (RTUK) are received.

## Business Overview

### Strategy for 2008

We believe Hurriyet management has three important strategic initiatives worth highlighting, all of which will go a long way towards ensuring Hurriyet's dominance in the newspaper market.

1. Hurriyet defends its market share in Turkey by giving out supplements, inserts and regional editions.
2. Hurriyet has already invested in the internet growth in anticipation of the rise of internet usage rates. Therefore, Hurriyet is relatively well positioned to capture market share on that front as internet usage increases.
3. Hurriyet wants to be a regional player with the acquisition of TME.

Supplements, inserts, regional editions and internet are improving ad revenue shares. Following Hurriyet's success with periodical supplements, regional editions and websites (like entertainment and job search), the company's strategy is now to increase advertising in them. There are various benefits to this strategy:

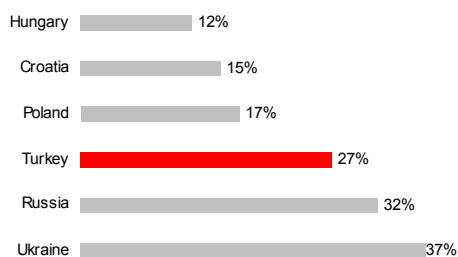
1. They permit the penetration of a new reader and advertiser base.
2. They tend to be cost efficient: they do not require substantial editorial input, and add no additional cost to getting the newspaper out to the regions.
3. These supplements and websites can tap into new advertisers who do not need or cannot afford to advertise nationally. As Turkish advertising prices go up, this strategy also allows advertisers who cannot afford to advertise in the main paper to shift over to substitutes.

### Hurriyet's desire to expand into high growth markets is shown by the TME acquisition

Hurriyet wants to expand into new countries with high growth and high margins, which TME's business structure fits with. Back in March 2007, Hurriyet acquired 67.29% of TME for USD336.5m by offering USD10 per share to TME's shareholders; hence TME was valued at USD500m for the acquisition. Since March 2007, TME's GDRs rose by 50% to USD15 per GDR, according to the 4 January closing price. Note that, the IPO of the company took place at a price of USD13 per GDR on the London Stock Exchange on 13 February, 2006.

TME is a leading provider of print and online classified advertising in the Russian, CIS, Baltic and Eastern Europe regions, with a potential for double-digit growth with solid margins, particularly in Russia and the CIS region. TME also brings online growth potential and opportunities. With this acquisition, Hurriyet has become a regional player in a market of 350m people in 9 countries, namely Belarus, Croatia, Hungary, Ukraine, Kazakhstan, Lithuania, Poland, Russia and Slovenia.

**Table 9: 2003-2006 CAGR of advertising spending**



Source: DYHOL

## Trader Media East

TME is a leader of online and print classified advertising with strong local brands serving local markets in Central and Eastern Europe. TME produces 193 print titles, with 5m readers per week and hosts 15 websites, with 6.6 m unique monthly visitors.

TME's Major Publications and Websites					
	General	Classifieds			Community
		Auto	Housing	Employment	
<b>Russia &amp; CIS</b>	Iz Ruk v Ruki ( <a href="http://irr.ru">irr.ru</a> ),	Automania (1Q08)	Domania (1Q08)	job.ru	EYE TO EYE
<b>Hungary</b>	Expressz ( <a href="http://expressz.hu">expressz.hu</a> ).	Kepes Auto 2Q08	Kepes Ingatlan	allas-expressz.hu	
<b>Poland</b>	Kupsprezedaj.pl	Auto Bit, Auto Biznes Autotrader.pl, tabor24.pl	Domiporta.pl		
<b>Croatia</b>	Oglasnik, (oglasnik.hr)	Auti.hr	Nekretnine.net	posao.hr	
<b>Slovenia, Serbia, Bosnia</b>				Mojedelo.com, boljiposao.com, boljiposao.ba	

Source: Hurriyet

The company's revenues are classified as print and online revenues. Print revenues comprise display, classified ads, circulation and service & other. The company generates nearly 95% of its revenues from the printing segment and the rest comes from the online segment.

**Table 10: TME's Revenue Generation**

(USD m)	2006	%	2007E	%
<b>Printing Revenues</b>	<b>202</b>	<b>96%</b>	<b>253</b>	<b>94%</b>
Display	94	45%	117	43%
Classified Ads	70	33%	91	34%
Circulation	27	13%	33	12%
Service and other	12	6%	14	5%
<b>Online Revenues</b>	<b>9</b>	<b>4%</b>	<b>18</b>	<b>7%</b>
<b>Total</b>	<b>211</b>	<b>100%</b>	<b>271</b>	<b>100%</b>

Source: Hurriyet, YF Research

**Print Revenues:** TME's primary source of print revenue is through the sale of space in its publications, whether as display ads or classifieds. Circulation revenues are earned mainly through kiosks, newsstands and other sales points. Service and other revenues primarily include warranty services in Hungary and printing for third parties in Russia. In addition, other revenue includes the sale of prepaid cards used by customers to purchase advertising space.

**Online Revenues:** Online revenues are derived primarily from classified ads and display ads. Online revenues also include revenues on products sold solely via the website and revenues for contracts providing both print and online advertising.

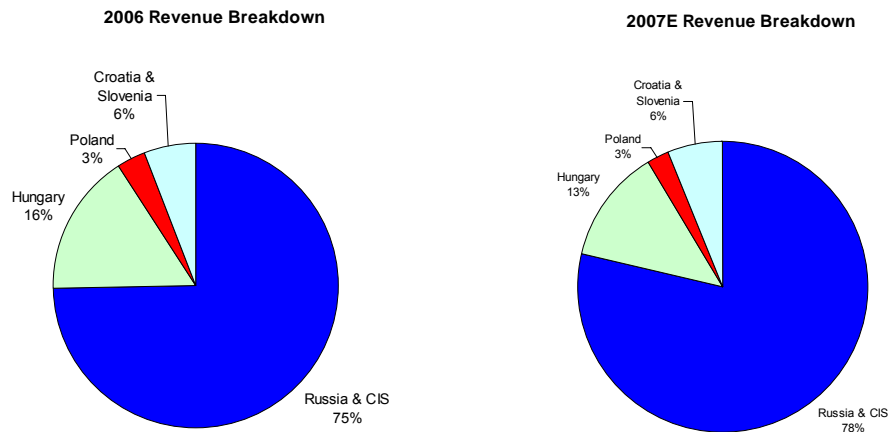
### TME's revenue recognition by region

#### Russia & CIS

In 2006, TME generated 75% of its revenues from Russia and the CIS region, and we believe this ratio will reach 78% in 2007 and 81% in 2008. Analysts forecast for 2008 that the Russian economy will continue to grow (+9% yoy) due to strong growth in consumption (+15% yoy) and

investment (which accelerated to 18% yoy in 2007), partially financed by foreign capital inflows. Moscow represents an outstanding growth of 15% in revenues driven also by steady growth in the regions outside of the capital. For 2007 and 2008 we expect respectively 35% and a conservative 20% growth from Russia and the CIS.

**Table 11: TME Revenue recognition by region**



Source: Hurriyet, YF Research

### Hungary

Hungary's revenue growth has suffered from difficult market conditions in 2006, and so the management decided to reduce head account and office space, and appoint a new general manager. Despite these measures, we do not expect to see significant revenue growth from the Hungarian operations.

### Poland

Poland's revenues grew only 9% in 2006 due to a tough automotive market and growing online competition, despite the boom in the real estate market. We do not expect to see significant revenue growth from Poland in 2007 and 2008. However, for the following years our growth expectation is 5%.

### Croatia & Slovenia

Croatia showed solid growth of around 20% from the classified advertising segment, and Slovenia has been recently added to its portfolio. Hence, we estimate 30% growth from that region in 2007 and 10% growth for the years following.

### TME continues to grow through acquisitions

In January 2007, Pronto-Moscow finalized the acquisition of 68.5% of shares of Impress Media in Russia. Impress Media is one of the leaders in commercial real estate advertising in the Russian market through its publication "Commercial Real Estate". Impress Media's product portfolio includes, among others, magazines such as Tvoya Ipoteka ("Your Mortgage"), Novy Adress ("New Address") and "Flooring Professional". In June 2007, TME acquired a 55% interest in Moje Delo in Slovenia, a recruitment services company.

### Hurriyet is relocating TME's headquarter from Paris to Istanbul

The relocation of the Paris headquarters serves two prime purposes; Hurriyet's management thinks that a closer alignment with TME's field operations and Hurriyet's headquarters in Istanbul

will provide a more efficient contribution to TME's performance. More importantly, the relocation of the Paris organization to Istanbul will lower overhead costs by 40-45%.

**Resignation of Trader Media East's Chief Executive Officer, Pierre-François Catté**

Trader Media East Limited announced that Pierre-François Catté, Chief Executive, had resigned as of 26 October 2007. According to Hurriyet management, the process of appointing a successor will be finalized soon. In the interim period, Vuslat Dogan Sabanci, Vice-Chairman, acts as CEO.

## Financial Analysis and Forecasts

**Table 12: Hurriyet Quarterly Financial Results**

<b>Income statement Quarterly (USDm)</b>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>	<b>4Q06</b>	<b>1Q07</b>	<b>2Q07</b>	<b>3Q07</b>	<b>4Q07E</b>
Revenues	106.9	130.5	105.7	110.6	100.1	199.0	198.0	303.9
Gross Profit	35.8	49.0	30.7	30.8	26.1	97.1	94.3	108.4
Operating Expense	-23.4	-24.4	-16.7	-21.2	-24.6	-64.3	-63.8	-50.0
EBIT	12.4	24.6	13.9	9.6	1.5	32.8	30.5	58.4
EBITDA	21.5	33.0	24.3	16.4	10.2	44.5	42.5	71.4
Net Other Income/Expense	6.9	12.3	5.7	2.0	4.9	-7.8	7.1	-2.1
Financial Expenses	-1.5	-8.8	0.4	1.0	-1.5	13.9	14.0	-16.3
Earnings Before Tax	17.3	29.5	19.9	12.7	4.9	37.1	49.9	39.2
Net Earnings	13.0	33.3	16.5	9.6	4.4	25.8	34.7	28.0
Net Debt	-74.8	-56.8	-57.7	-70.9	300.8	360.1	314.5	336.4
Gross Profit Margin	33.5%	37.6%	29.0%	27.8%	26.0%	48.8%	47.6%	35.7%
Operating Margin	11.6%	18.9%	13.2%	8.7%	1.5%	16.5%	15.4%	19.2%
EBITDA Margin	20.1%	25.3%	23.0%	14.8%	10.2%	22.4%	21.5%	23.5%
Net Profit Margin	12.1%	25.5%	15.6%	8.7%	4.4%	13.0%	17.5%	9.2%

### Bearish ad market and weak 1Q07 results

Hurriyet reported weak 1Q07 results driven by limited ad growth in a high interest rate environment and an augmentation in operating expenses due to increased promotional activities to maintain its circulation share. Hurriyet's ad revenues almost remained flat, but total revenues declined by 6% due to a USD7m decline in other revenues, which excluded subsidiaries "Orta Anadolu and Hurpa" in 1Q07 as they were sold to Dogan Holding in May 2006. The EBITDA margin declined by almost 10 percentage points due to the weak operational performance, which also was reflected in the bottom line with a 66% yoy decline to USD4.4m.

Hurriyet turned to a net debt position of USD308m from a net cash position of USD75m following the acquisition of TME. Hurriyet acquired a 67.3% stake in TME for USD336.5m, of which USD296m was financed by debt and USD40m by cash. Note that, since the acquisition took place as of 1Q07 the consolidation of TME's financials in Hurriyet's P&L began in 2Q07.

### 2Q07 is the first quarter where TME's income statement is consolidated

On a qoq basis revenues doubled to USD199m with the inclusion of TME in Hurriyet's income statement and the EBITDA margin gained more than 12 percentage points and reached 22.4%. A USD12.7m decline in net non-operating income was compensated for by a USD15.4m in financial gains as rising debt and a strong TRY fuelled FX gains. Meanwhile, net income reached USD30.2m in 1H07, 35% lower than the year before. This was caused by a one-off tax credit in 1H06 which left the company free of tax for the period. Taxes amounted to USD11m in 1H07 and, therefore, net profit declined by 35% yoy to USD30m.

### Signs of recovery starting from 3Q07 mainly due to a recovery in Turkish ad market conditions

Revenues, driven mostly by the TME acquisition effect, increased 110% yoy to USD198m in 3Q07. Excluding TME's contribution, revenues increased 7% to USD126m mainly due to the recovery in advertising market conditions on the back of falling interest rates. Hurriyet's domestic

ad revenues rose by 9% while the size of the Turkish newspaper ad market reached USD243m, translating into 14% yoy growth. However, Hurriyet's share in the newspaper ad market dropped 1 percentage point to 40% yoy, as the company did not make any discounts on its prices while other market players started a pricing war. On the other hand, TME operations comprised 37% of revenue in 3Q07, similar to 2Q07's 36%. TME enhances operating profitability especially in the geographic segment Russia and East Europe, where TME operates with higher gross and operating margins. Despite the improvement in gross margins, the EBITDA margin decreased from 23% in 3Q06 to 21.5% in 3Q07 due to a jump in operating expenses resulting from the restructuring of TME.

#### **We expect 4Q07 will reflect the future improvement in operations**

We estimate in 4Q07 the Turkish ad market will have grown by 25% yoy to USD858m on the back of interest rate cuts and increasing private consumption. Accordingly, we estimate with its 40% of newspaper ad market share, Hurriyet's local revenues will increase by 24% to USD165m. EBITDA margin is expected to rise to 21% yoy, registering a 3 percentage point gain thanks to a higher operating leverage. We also estimate TME's revenues to increase 28% yoy in 4Q07, of which 17% would arise from organic growth. We forecast the improvement in TME's EBITDA margins in 3Q07 to continue through into 4Q07 as well.

#### **We use a conservative approach for our forecasts**

In our model we estimate that the advertising market in Turkey will grow 1.2x more than GDP, while we assume the newspaper advertising share of the total advertising market will diminish gradually going forward, as ad prices in the TV segment are still competitive when compared to other countries. In addition, we factor Hurriyet's market share of the total advertising market to drop from 40% to 38% due to a possible increase in competition following Sabah's transfer to the Calik Group. While we estimate the circulation market to grow at a slower pace due to increasing internet usage, we pencil in a gradual loss of market share in the circulation market for Hurriyet as well. Among Hurriyet's operating segments, we estimate internet revenues to grow at the fastest rate and comprise 13% of total revenues in 2012. We forecast the company's EBITDA margin to improve from 19% in 2007 to 23% in 2008 and stabilize around 22-23% in future years.

We expect TME to continue to perform well in Russia & CIS, Croatia and Slovenia, while we do not expect an imminent improvement in Hungary due to difficult market conditions. In Poland, although we assume a high single-digit growth for the next two years, we estimate the company will only post positive operating margins after 2009. Note that TME generates around 80% of its revenues from Russia & CIS and we forecast that this ratio will reach 90% in the next decade due to the region's positive growth prospects.

**Table 13: Hurriyet Only Forecasts**

<b>Ad Market</b>	<b>2006</b>	<b>2007E</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
Advertising Spending (TRYm)	2,683	3,200	3,728	4,257	4,833	5,457	6,162
<i>Growth (%)</i>	20%	19%	16%	14%	14%	13%	13%
Ad growth/GDP Growth x	1.1	1.4	1.2	1.2	1.2	1.2	1.2
Ad Spending/GDP	0.47%	0.49%	0.50%	0.51%	0.52%	0.53%	0.54%
Newspaper Ad Market	902	1,032	1,199	1,364	1,544	1,738	1,957
<i>Growth</i>	10.0%	14.4%	16%	14%	13%	13%	13%
Newspaper Ad Market Share in Ad Market	34%	32.3%	32.2%	32.1%	32.0%	31.9%	31.8%
Hurriyet Ad Revenues incl. Internet (TRYm)	381	422	473	532	595	661	744
<i>Growth (%)</i>	16%	11%	12%	12%	12%	11%	13%
Hurriyet's Newspaper Ad Market Share	42%	40.0%	39.5%	39.0%	38.5%	38.0%	38.0%
Hurriyet's Total Ad Market Share	14%	13%	13%	13%	12%	12%	12%
<b>Newspaper Business</b>							
National Circulation (000)	5148	5251	5309	5367	5426	5486	5546
<i>Growth %</i>	2.7%	2.0%	1.1%	1.1%	1.1%	1.1%	1.1%
HURGZ Circulation (000)	548	578	557	564	570	576	582
<i>Growth %</i>	5.4%	5.4%	-3.5%	1.1%	1.1%	1.1%	1.1%
HURGZ's Market Share	10.6%	11.0%	10.5%	10.5%	10.5%	10.5%	10.5%
<b>HURGZ Printing Revenues (TRYm)</b>							
Hurriyet	32	37	39	43	46	48	51
German Branch	25.6	34	36.8	39.7	42.5	45.1	47.8
Dogan Offset	60.2	52	56.6	61.1	65.4	69.3	73.5
Total Print	117.7	128	132.8	143.4	153.5	162.7	172.4
<i>Growth (%)</i>	6.5%	9%	8%	8%	7%	6%	6%
<b>HURGZ Revenue Breakdown (TRYm)</b>							
Ad	381	405	473	532	595	661	744
Circulation	81	86	94	97	102	107	112
Printing	118	128	133	143	153	163	172
Internet	8	20	41	71	93	121	157
Other	51	28	30	33	35	38	41
Total	639	667	771	877	978	1089	1226
<b>HURGZ Revenue Breakdown</b>							
Ad	60%	61%	61%	61%	61%	61%	61%
Circulation	13%	13%	12%	11%	10%	10%	9%
Printing	18%	19%	17%	16%	16%	15%	14%
Internet	1%	3%	5%	8%	9%	11%	13%
Other	8%	4%	4%	4%	4%	3%	3%
Total	100%	100%	100%	100%	100%	100%	100%
<b>HURGZ Income Statement (TRYm)</b>							
Net Revenues	639	667	771	877	978	1089	1226
COGS excl. Amort. & Dep.	391	404	454	517	577	642	720
Gross Profit	248	262	318	360	401	447	506
Operating Expenses excl. Amort. & Dep.	114	150	153	183	204	227	255
Amort. & Dep.	41	43	49	51	55	59	64
Net Operating Profit	94	70	116	127	143	161	187

**Table 14: TME Forecasts**

<b>TME (USDm)</b>	<b>2006</b>	<b>2007E</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
<b>Net Sales</b>	<b>211</b>	<b>271</b>	<b>316</b>	<b>369</b>	<b>433</b>	<b>492</b>	<b>558</b>
Russia & CIS	158	213	255	307	368	423	487
Hungary	34	35	35	36	36	37	37
Poland	7	7	7	7	8	8	9
Croatia & Slovenia	12	16	18	20	22	24	26
Breakdown	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Russia & CIS	75%	79%	81%	83%	85%	86%	87%
Hungary	16%	13%	11%	10%	8%	7%	7%
Poland	3%	3%	2%	2%	2%	2%	2%
Croatia & Slovenia	6%	6%	6%	5%	5%	5%	5%
<b>Operation EBITDA</b>	<b>65</b>	<b>73</b>	<b>92</b>	<b>103</b>	<b>122</b>	<b>140</b>	<b>159</b>
Russia & CIS	54	64	82	92	110	127	146
Hungary	7	5	6	6	7	7	7
Poland	1	(0)	(0)	0	0	0	0
Croatia & Slovenia	4	4	4	5	5	6	7
Operation EBITDA Margin	30.8%	26.9%	29.3%	28.0%	28.2%	28.4%	28.5%
Russia & CIS	34.1%	30.0%	32.0%	30.0%	30.0%	30.0%	30.0%
Hungary	20.9%	15.0%	18.0%	18.0%	18.0%	18.0%	18.0%
Poland	8.8%	-4.0%	-2.0%	1.0%	1.0%	1.0%	1.0%
Croatia & Slovenia	26.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
<b>Income Statement</b>							
Net Sales	211	271	316	369	433	492	558
Cost of Goods Sold	98	127	145	170	199	226	257
Gross Profit	113	144	171	199	234	265	301
G&A	56	79	88	100	117	133	151
Amort. & Dep.	6	8	10	10	11	12	13
Net Operating Profit	51	57	73	89	106	121	137

**Table 15: Proforma Consolidated Financials**

<b>(TRYm)</b>	<b>2006</b>	<b>2007E</b>	<b>2008E</b>	<b>2009E</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
<b>Net Sales</b>	<b>942</b>	<b>1,019</b>	<b>1,157</b>	<b>1,361</b>	<b>1,573</b>	<b>1,790</b>	<b>2,054</b>
TME	303	353	385	484	595	701	828
HUR	639	667	771	877	978	1,089	1,226
<b>COGS excl. Amort. &amp; Dep.</b>	<b>532</b>	<b>570</b>	<b>631</b>	<b>739</b>	<b>850</b>	<b>964</b>	<b>1,101</b>
TME	141	166	177	223	274	323	381
HUR	391	404	454	517	577	642	720
<b>Gross Profit</b>	<b>410</b>	<b>449</b>	<b>526</b>	<b>622</b>	<b>723</b>	<b>826</b>	<b>953</b>
TME	162	187	208	261	321	379	447
HUR	248	262	318	360	401	447	506
<b>Opex excl. Amort. &amp; Dep.</b>	<b>193</b>	<b>252</b>	<b>261</b>	<b>313</b>	<b>364</b>	<b>416</b>	<b>479</b>
TME	80	102	108	131	161	189	224
HUR	114	150	153	183	204	227	255
<b>Amort. &amp; Dep.</b>	<b>50</b>	<b>54</b>	<b>60</b>	<b>64</b>	<b>70</b>	<b>76</b>	<b>84</b>
TME	9	11	12	13	15	17	20
HUR	41	43	49	51	55	59	64
<b>EBIT</b>	<b>167</b>	<b>143</b>	<b>204</b>	<b>244</b>	<b>288</b>	<b>334</b>	<b>391</b>
TME	73	74	89	117	145	172	204
HUR	94	70	116	127	143	161	187
<b>EBITDA</b>	<b>216</b>	<b>197</b>	<b>265</b>	<b>308</b>	<b>358</b>	<b>410</b>	<b>474</b>
TME	82	85	100	131	161	189	224
HUR	134	112	165	177	198	221	251
<b>EBITDA Margin</b>	<b>23.0%</b>	<b>19.3%</b>	<b>22.9%</b>	<b>22.6%</b>	<b>22.8%</b>	<b>22.9%</b>	<b>23.1%</b>
TME	27.1%	24.0%	26.0%	27.0%	27.0%	27.0%	27.0%
HUR	21.0%	16.9%	21.4%	20.2%	20.2%	20.3%	20.5%

## Financial Statements

### Hurriyet Consolidated Income Statement (TRYm)

Income Statement (TRYm)	2006	2007E	2008E	2009E	2010E	2011E	2012E
Net Revenues	632	1,019	1,157	1,361	1,573	1,790	2,054
COGS	-423	-613	-679	-791	-906	-1,025	-1,168
Gross Profit	209	407	478	570	667	765	887
Operating Expenses	-122	-263	-273	-327	-379	-432	-496
Net Operating Profit	87	143	204	244	288	334	391
Net Other Income/ Expense	38	3	24	41	58	60	67
Net Financial Income /(Expenses)	-13	15	-90	-77	-70	-58	-58
Operating Profits	113	162	138	208	277	336	400
Net Monetary Gain/Loss	0	0	0	0	0	0	0
Minority Expense Income	1	-6	-5	-6	-7	-8	-9
Earnings Before Tax	114	156	133	201	270	328	390
Tax	-10	-45	-38	-58	-77	-94	-112
Net Income	104	111	95	144	192	234	278

### Hurriyet Consolidated Balance Sheet (TRYm)

Balance Sheet (TRY m)	2006	2007E	2008E	2009E	2010E	2011E	2012E
Current Assets	407	479	604	826	996	1,083	1,301
Cash and Cash Equivalents	165	156	227	382	468	482	612
Short-Term Trade Receivables	156	195	222	261	302	343	394
Short Term Receivables from Rel. Parties	39	32	36	42	49	56	64
Other Short-Term Receivables	24	51	69	82	110	125	144
Inventories	18	25	28	32	37	42	48
Other Current Assets	5	20	22	26	30	35	40
Long-Term Assets	562	1,215	1,216	1,222	1,224	1,239	1,281
Long-Term Trade Receivables	0	1	5	5	11	13	21
Long-Term Financial Assets	11	8	8	9	9	9	10
Goodwill	11	474	474	474	474	474	474
Real Estate Investments	15	13	13	13	13	13	13
Tangible Fixed Assets	518	552	547	545	537	535	540
Intangible Fixed Assets	1	150	150	154	154	166	190
Deferred Tax Assets	5	17	19	22	26	29	33
Total Assets	969	1,694	1,820	2,048	2,221	2,322	2,582
Short-Term Liabilities	106	111	120	135	150	166	185
Short-Term Financial Loans	1	0	0	0	0	0	0
Current Install & Int. of Long-Term Loans	6	25	25	25	25	25	25
Short-Term Leasing Obligations	5	3	3	3	3	3	3
Short-Term Trade Payables	49	25	28	32	37	42	48
Short-Term Payables to Related Parties	3	14	16	18	21	24	27
Advances Received Against Orders	1	0	0	0	0	0	0
Short-Term Provisions	27	42	47	55	62	71	81
Long-Term Liabilities	161	748	815	864	833	813	895
Long-Term Financial Loans	39	545	597	620	562	515	565
Long-Term Leasing Obligations	8	6	6	6	6	6	6
Other Long-Term Financial Liabilities	0	22	22	22	22	22	22
Long-Term Trade Payables	78	123	136	158	181	205	234
Provisions for Retirement Pay	8	17	19	23	26	30	34
Deferred Tax Liabilities	27	63	63	63	63	63	63
Other Long-Term Liabilities	0	1	1	1	1	1	1
Total Liabilities	267	859	935	999	983	979	1,081
Minority Interest	0	5	5	5	5	5	5
Shareholders' Equity	703	835	885	1,049	1,238	1,343	1,502
Share Capital	417	421	421	421	421	421	421
Total Liabilities and Shareholders' Equity	969	1,694	1,820	2,048	2,221	2,322	2,582

**YF Securities: Stock Rating Definitions**

YF Rating	Definition	Investment Horizon
Strong Buy	Stock return is > 30%	1-12 months
Outperform	Stock return ranges between 15 and 30%	1-12 months
Neutral	Stock trades near fair value and return is between -15% and 15% depending on the degree of market volatility	1-12 months
Underperform	Stock trades 15-30% > than fair value estimate	1-12 months
Sell	Stock trades 30% > than fair value estimate	1-12 months
Trading Buy	Stock return is > 10%: This is based on technical analysis, supported by fundamentals and potential catalyst	1-2 months
Trading Sell	Stock return is -10%: This is based on technical analysis, supported by fundamentals and potential catalyst	1-2 months

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