

DOGAN HOLDING**Hold**

Data as of September, 17	TL	US¢
Share Price	2,525	0.17
MCap (US\$ mn)		1,233
NAV (US\$ mn)		1,445
Discount(-)/Premium		-%15
TL/\$	1,506,111	
ISE-100	20,833	
Price Performance	US\$	Rel.to ISE
1-month	2%	-2%
Year-to-date	9%	6%

**Downgraded to "Hold" due to market volatility and currency weakness**

- We are downgrading Dogan Holding from "Buy" to "Hold" due to two negative surprises:
 - 1) We had argued that Dogan Holding would perform well with increasing chances of Turkey getting a date from the EU for accession talks. Triggered by the adultery bill conflict, the recent damage on Turkey's relations with the EU is shaking markets and with a Beta of 1.3, Dogan Holding is quite exposed to volatility. Dogan Holding would be a good bet in a bullish market but the markets are likely to experience increased volatility in the short run in our view, given the recent setback on Turkey's EU relations. Even if Turkey patches up relations with the EU, we believe investors will be more cautious in buying Turkey's EU prospects.
 - 2) Another negative news on Dogan Holding has been the disappointingly low earnings. One of the reasons for poor earnings was currency losses on \$1.3 bn of consolidated open fx position during the second quarter of the year. Recent acceleration in weakness in TL is bad news for Dogan Holding's earnings performance.

Earnings highly susceptible to currency weakness

- Dogan Holding reported \$109 mn of net loss in the second quarter, which wiped away all the profits in the first quarter of the year and resulted in a loss of \$6 mn for the first six months of 2004. This was quite a negative surprise for the market, where the consensus estimate was \$103 mn of profits for 1H04. Main reasons for poor earnings performance were:
 - operating loss of \$102 mn at the finance segment due to losses on marketable securities
 - fx losses of \$99 mn due to the depreciation of TL by 13% during the second quarter of 2004
- After 1H04 results, we have revised down Dogan Holding's full year 2004 net income from \$227 mn to \$121 mn, which raises the Holding's 04E P/E to 10.2; in line with the ISE average.

20 September 2004
Dogan Holding Results Summary

IFRS	1H04	2Q04	1Q04	1Q04
Consolidated	reported	reported	restated	reported
Income Statement Summary	\$ mn	\$ mn	\$ mn	\$ mn
Revenues	2,101	1,039	1,063	1,186
Non-Finance Segment	1,825	981	844	942
Finance Segment	277	58	219	244
Operating Profit	7	-68	75	84
Non-Finance Segment	73	34	40	44
Finance Segment	-66	-102	36	40
Financial Income, net	-59	-111	52	58
Monetary Gain	19	0	19	22
Profit before Tax&Minority Int.	-33	-180	146	163
Tax	2	34	-31	-35
Minority Interest	25	37	-12	-14
Net Profit	-6	-109	103	115
IFRS	Jun-04	Mar-04	Dec-03	Mar-04
Consolidated	reported	restated	restated	reported
Balance Sheet Summary	\$ mn	\$ mn	\$ mn	\$ mn
Current Assets	4,134	3,710	3,773	4,141
Cash&Cash Equivalents	452	479	709	534
Financial Securities	663	681	800	760
Non-Current Assets	2,842	2,884	2,895	3,218
Financial Securities	642	904	610	1,009
Fixed Assets	840	840	855	937
Intangibles	964	982	1,008	1,096
Total Assets	6,976	6,593	6,668	7,359
Current Liabilities	4,585	4,004	4,038	4,469
Financial Debt	1,379	1,084	1,087	1,210
Deposits	2,494	2,312	2,330	2,580
Other Short-Term Liabilities	355	281	324	313
Long Term Liabilities	736	779	963	870
Financial Debt	624	627	784	700
Total Liabilities	5,320	4,783	5,002	5,339
Minority Interest	545	596	547	665
Shareholders' Equity	1,111	1,214	1,119	1,355
Liabilities and Shareholders' Equity	6,976	6,593	6,668	7,359
Cash&Cash Equivalents	452	479	709	534
Non-Finance Segment	153	183	129	204
Finance Segment	299	296	579	330
Trading Securities	206	301	393	85
Non-Finance Segment	47	38	31	43
Finance Segment	159	263	362	43
ST Financial Debt	1,379	1,084	1,087	1,210
Non-Finance Segment	452	384	379	428
Finance Segment	926	700	708	781
LT Financial Debt	624	627	784	700
Non-Finance Segment	527	519	635	579
Finance Segment	97	108	150	120
Non-Finance Net Financial Debt	779	682	854	761
Net FX Position	-1,284	-1,087	-1,006	-1,214

20 September 2004
DOGAN HOLDING NET ASSET VALUE TABLE*

Sector/ Company	Business Line	Valuation Basis	Share Price/ Valuation Multiple	Total Value \$ mn	Holding's Stake		
					%	\$mn	
Media							
Dogan Yayin Holding	Media	Market Cap	5,250	1,046	66.8	699	
Total							705
Financial Services							
Disbank	Banking	Market Cap	1,610	389	62.4	243	
Total							243
Energy							
Petrol Ofisi		Market Cap	4,675	1,071	47.4	508	
Total							508
Others							
Ditas Dogan	Automotive Parts	Market Cap	37,500	13	55.7	7	
Celik Halat	Steel Wires	Market Cap	1,930	5	52.4	3	
Milpa	Trade & Marketing	Market Cap	1,210	29	65.0	19	
Milta	Tourism	Trans.Val.		29	67.4	19	
Total							48
Other Unlisted Total							22
Total Subsidiaries							1,519
<i>Listed</i>							1,478
<i>Unlisted</i>							42
Net Cash							-74
TOTAL NET ASSET VALUE							1,445
DOGAN HOLDING			2,525				1,233
Discount (-) or Premium to NAV							-15%

* prices are as of September 17 ,2004

RESEARCH DEPARTMENT

Tel: +90 212 284 1931
Fax: +90 212 325 2747

Mehmet GERZ, *Vice President*
Head of Research

Tel: +90 212 325 0617
mgerz@ykb.com

Elif Tore DOLENIYE, *Manager*
Conglomerates, Telecom, Electronics, Beverage

Tel: +90 212 284 1932
etore@ykb.com

Muhammet MERCAN, *Senior Analyst*
Banking, Insurance, Leasing&Factoring ,Brokerage

Tel: +90 212 284 1932
mmercan@ykb.com

Tulin TEKIN, *Senior Analyst*
Automotive, White Goods, Cement, Glass, Airlines,
Pharmaceuticals, Automotive parts

Tel: +90 212 284 1933
ttekin@ykb.com

Ebru EROGLU, *Senior Analyst*
Petroleum, Energy, Media, Iron&Steel, Retail, Textiles

Tel: +90 212 284 1931
ebru.eroglu@ykb.com

Murat BERK, *Senior Analyst*
Macro Economic Research

Tel: +90 212 325 6389
mberk@ykb.com

Hande BOZKURT, *Assistant Analyst*
Database Management

Tel: +90 212 284 1932
hande.bozkurt@ykb.com

Muge GENCEL, *Assistant Analyst*
Intranet Management

Tel: +90 212 284 1933
muge.gencel@ykb.com

INTERNATIONAL CAPITAL MARKETS DEPARTMENT

Desk Tel: +90 212 284 5226
Desk Fax: +90 212 325 0616

Sevdil YILDIRIM, *Executive Vice President*
ICM and Corporate Finance

Tel: +90 212 325 3220
syildirim@ykb.com

Ferhan SEHZAD, *Vice President*

Tel: +90 212 284 5226
farhan@ykb.com

Cagatay YURDUM, *Sales-Trader*

Tel: +90 212 325 0608
cyurdum@ykb.com

Stuart Hackett, *Sales-Trader*

Tel: +90 212 281 6123
shackett@ykb.com

Nese AKBAL, *Senior Associate*
Settlement Desk

Tel: +90 212 284 5231
nakbal@ykb.com

Yapi Kredi Yatirim Menkul Degerler A.S.

Yapi Kredi Plaza A Blok Buyukdere Cad.

Levent 80620 Istanbul

Tel: +90 212 280 1030

www.yapikrediyatirim.com