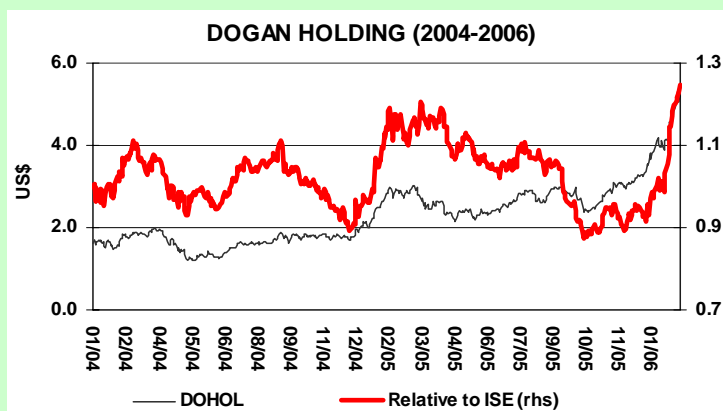


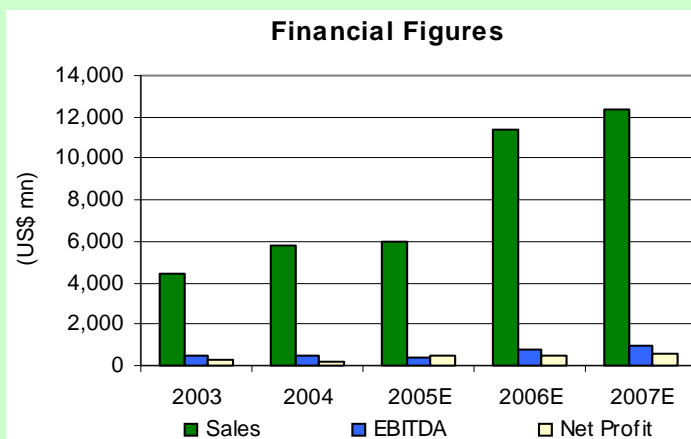
Dogan Holding (DOHOL.IS)
 (YTL6.85 / US\$5.2)

BUY

2006-end Target Price: US\$6.00


STOCK MARKET DATA (24 February 2006)

Relative Performance		
1 mth	3 mths	12 mths
25.7%	30.7%	11.9%
52 Week Range (US\$): 2.1 - 5.2		
Market Cap (US\$m):		3,837
Average Daily Vol (US\$m) 3 mths:		53.8
YTD US\$ Return (%):		59.1
Shares Outstanding (mn):		735
Free Float:		34%


FIGURES & FORECASTS

	Net Sales (US\$m)	EBITDA (US\$m)	Net Income (US\$m)	EBITDA Margin (%)	P/E	P/Sales	P/EBITDA
2003	4,470	464	275	10%	13.6	0.8	13.6
2004	5,769	487	179	8%	20.9	0.6	20.9
2005E	5,979	396	498	7%	7.5	0.6	7.5
2006E*	11,434	786	501	7%	7.5	0.3	7.5
2007E*	12,349	991	598	8%	6.2	0.3	3.8

* Petrol Ofisi is fully consolidated in 2006 and onwards

AS GOOD AS IT GETS...

Based on our NAV model we calculate a US\$4.4bn target value for Dogan Holding, indicating a 15% upside potential. Hence, we maintain our BUY recommendation.

- ◆ **The single most attractive vehicle to invest in both the emerging media and energy sectors...** Dogan Holding offers investors a golden opportunity to have exposure to Turkey's promising energy and media sectors through its leading subsidiaries, and most importantly, at a discounted value. Furthermore, new acquisition possibilities such as electricity distribution and the National Lottery present room to create additional value for the company.
- ◆ **Transparent and simple subsidiary structure...** Petrol Ofisi and DYH are the largest contributors to Dogan Holding's NAV, accounting for 93%. These listed companies make Dogan Holding the most transparent company amongst all other listed conglomerates.
- ◆ **Media - Plenty of room for growth.** Turkey's ongoing EU accession process will continue to be the main driver behind ad spending growth. The ad spending/GDP ratio in Turkey is expected to reach 0.47% in 2005, which is far lower than in Eastern Europe where the average ad spending/GDP ratio stands at almost 1.5%. Being the market leader with more than a 40% share, DYH will benefit most from the growth in ad spending.
- ◆ **Renaming the energy game.** Petrol Ofisi, the leading distributor of refined oil products in Turkey, is on the verge of a possible partnership with the Austrian Group, OMV. Ongoing discussions cover the supply and distribution of petroleum and gas products, as well as oil extraction and refining. PO's margins are improving due to the annulment of the 40% limitation on imports PO is investing in increasing storage capacity.

WHAT HAS CHANGED

Benefiting from its dynamic management, Dogan Holding has conducted a number of corporate transactions in 2005. These transactions have helped create more focused portfolio structure for the company. Once again, the holding proved its ability to acquire undervalued companies and to create value by turning them into highly profitable companies. Disbank, Hurriyet, Milliyet and Petrol Ofisi are the best examples. Moreover, Dogan Holding made a timely exit from the banking business and allocated generated funds to strengthen its position in the media and energy business. Below, we have briefly summarized the recent corporate transactions that resulted in the fundamental changes in the holding structure;

1 - Divested banking business: Sold Disbank to Fortisbank

In March 2005, Dogan Holding sold Fortisbank all its shares in Disbank, Turkey's seventh largest privately owned bank, for a total consideration of US\$1,250mn. Dogan Holding received approximately US\$800mn from the sale of its 62.4% in Disbank. This cash inflow provided a good source for the financing of possible new investments by Dogan Holding.

2 - Expanded in media/broadcasting: DYH acquired Star TV from the SDIF

The Dogan Group's media assets are all gathered under one roof, Dogan Yayın Holding (DYH). In September 2005, in an effort to further grow in the TV broadcasting segment, DYH acquired Star TV for US\$306.5mn from the SDIF tender.

DYH is Turkey's largest and leading media conglomerate with a 40% share in the total advertisement market. DYH is also the market leader in the broadcasting segment with a 28% share. Star TV captures an approximately 11% share from the advertisement revenues of the broadcasting segment. With the positive contribution of Star TV, we believe that DYH will strengthen its leading position in the broadcasting segment and will increase its share to 40% in the short term.

3 - Obtained full control of Petrol Ofisi

In September 2005, Dogan Holding acquired 44.06% of Petrol Ofisi (PO) shares from Isbank for US\$616mn and then in a tender offer to third party shareholders, a further 4.62%, thereby increasing its stake up to 92.98% in PO. A few months later, in January 2006, Dogan Holding sold 6.25% of its PO shares to international investors with a 20% premium to its acquisition value from Isbank, generating US\$30mn profit. Nevertheless, with 86.73%, Dogan Holding is still PO's largest shareholder and exercises full control over PO's future strategy.

Following the acquisition, Dogan Holding began talks with OMV, an Austrian petroleum products distributor and also one of the bidders in the Tupras' privatization, for a potential strategic cooperation with PO. Discussions are covering areas such as oil extraction, production, as well as the distribution of petroleum products and natural gas. Among these possibilities the main focus is on establishing a refining capacity. This may be either through building up a refining capacity or through acquiring a refinery in the Black Sea region.

OMV is Austria's biggest oil and gas company, and is active in a total of 13 countries in both the refining and marketing fields, with revenue exceeding EUR10bn. We believe these talks can produce positive results.

VALUATION

Based on our Net Asset Value (NAV) model, we calculate a US\$4.4bn target value for Dogan Holding, indicating a 15% upside potential. In addition, our current NAV calculation stands at US\$4.32bn for the company. Although Dogan Yayin Holding's (DYH) current Mcap is slightly higher than our target. Accordingly, Dogan Holding's current NAV offers an even higher upside potential of 13% to its current Mcap of US\$3.84bn.

Petrol Ofisi and DYH are the largest contributors to Dogan Holding's NAV, accounting for 93%. The total market value of its listed subsidiaries stands at US\$4.14bn, which is in fact 8% higher than Dogan Holding's current Mcap.

Summary NAV Table

(US\$ mn)	Current NAV	Target NAV
Market Value of Listed Companies	4,143	4,224
Est. Market Value of Unlisted Companies	71	71
Net Cash	105	105
Total NAV	4,319	4,400
Dogan Holding's Current M.Cap.	3,837	3,837
Premium / (Discount) to NAV	-11%	-13%
Upside / (Downside) Potential	13%	15%

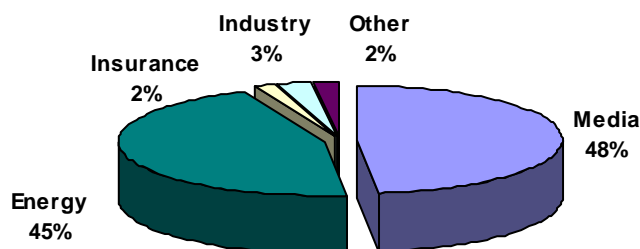
After divesting off the banking business and acquiring the remaining shares of Petrol Ofisi, the media and energy segments became the largest contributors to Dogan Holding's NAV with 48% and 45% shares, respectively. Meanwhile both the insurance and industry segments' contribution remains very limited.

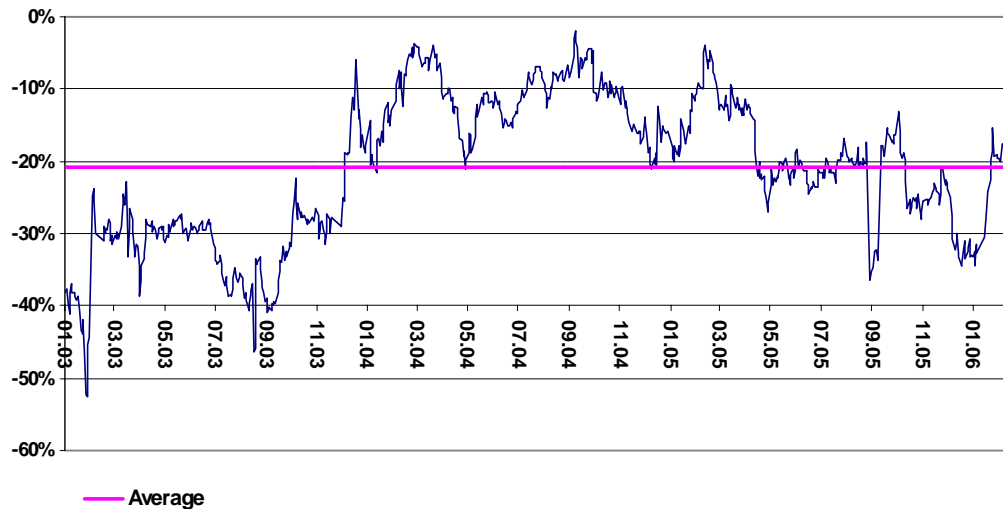
For the media business, we value DYH at US\$2.80bn based on a sum of the parts valuation model. However, DYH's US\$3.06bn current Mcap is higher than our target value for the company.

We use a DCF valuation model for Petrol Ofisi and calculate a US\$2.5bn target value, which is 12% higher than its current Mcap.

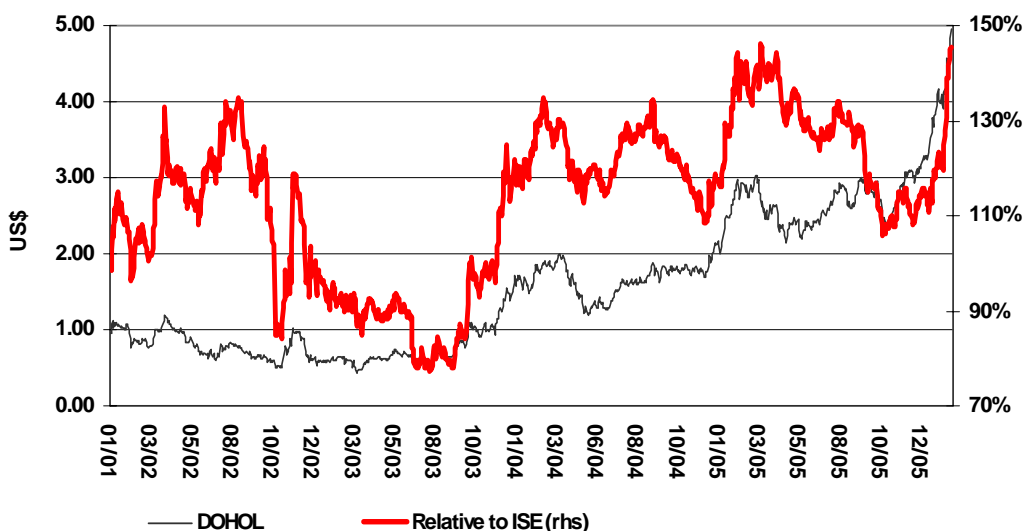
For Dogan Holding's smaller businesses, we use the current Mcap of the listing subsidiaries; Celik Halat (steel wire), Ditas (automobile parts supplier), Ray Sigorta (insurance) and Milpa (marketing).

Segmental Breakdown of Dogan Holding's NAV



DOGAN HOLDING – HISTORICAL NET ASSET VALUE GRAPH


Dogan Holding's average discount to its NAV has been at 21% since 2003. At its current Mcap, Dogan Holding is trading very close to its historical average discount. However, the company's Mcap/NAV remained in a narrow range of -20-0% between 01/2004 and 09/2005. Nevertheless, unlike the parent company, the companies in Dogan's NAV, especially Dogan Yayin Holding, have enjoyed a strong price performance benefiting from strong investor interest in the media sector. As a result, the discount over the NAV has widened down to 35%, and then quickly recovered. We believe that Dogan Holding will once again most likely trade over its NAV soon.

DOGAN HOLDING – ISE-100 RELATIVE PERFORMANCE GRAPH


In the last month, Dogan Holding out performed the ISE-100 by 26%. Its 12 months performance, however, is parallel to the ISE-100. Combined with the attractive valuation and strong prospects, we believe that the recent over performance will continue in the following months.

Dogan Holding: Well positioned to benefit from the pick up in the Turkey's economy

Dogan Holding, with operations in both the media and energy sectors is sensitive to domestic macroeconomic dynamics. In a stable growth environment these businesses have high growth potential. Therefore, we think that Dogan Holding will benefit substantially from the continuing growth and positive outlook of the Turkish economy.

Petrol Ofisi - Renaming the energy game

PETROL OFISI - FIGURES & FORECASTS

	Net Sales (US\$m)	EBITDA (US\$m)	Net Income (US\$m)	EBITDA Margin (%)	P/E	EV/Sales	EV/EBITDA
2003	6,009	240	218	4.0%	10.2	0.5	11.5
2004	7,756	302	186	3.9%	12.0	0.4	9.1
2005E	9,138	379	198	4.1%	11.2	0.3	7.3
2006E	9,595	405	224	4.2%	9.9	0.3	6.8
2007E	9,883	431	246	4.4%	9.0	0.3	6.4

Turkey is a fast growing market. Turkey is quickly becoming one of the biggest fuel markets in Europe, paralleling the increase of car ownership. In terms of retail sales, Turkey is the third largest market in Europe. Thanks to both the increase in the number of vehicles on the road as well as the overall growth prospects, we expect the auto market to grow by c.a 6% to 1 million vehicles by 2010. Such an increase in car ownership tends to grow petrol station numbers as well. In the short-term, as the market experiences consolidation and reaches 1 mn/vehicles/year, we expect the competition to intensify.

Petrol Ofisi, is the leading distributor of refined oil products in Turkey and defines its new vision as "Renaming the Energy Game". To fulfill this vision, PO plans to expand its business and is evaluating potential alternatives created through the new Petroleum Law.

The company is on the verge of a possible partnership with the Austrian OMV Group. Discussions have covered the supply and distribution of petroleum and gas products, as well as oil extraction and refining. With this vertical integration, the company's supply side will now be active.

Petrol Ofisi is the market leader in all of its product groups, especially in aviation and black and diesel products where the market shares exceed 73.0%, 48.9% and 35.3%, (2005-end) respectively. The company has an unbeatable superiority in terms of number of stations (3631) and nationwide coverage. However, when it comes to throughput per station, the company is highly behind its competitors Shell and BP. We expect Petrol Ofisi, as a market leader to retain its leadership position. Furthermore a possible partnership with OMV could add significant value.

Improving brand perception. As the competition intensifies, the company is updating its network to create a better brand perception and customer retention. Product and service standardization leads to an increased focus on brand management, therefore we expect an enhanced effort on the side of both marketing activities and expenses.

Investing in storage capacity. The company, with an 813.8K-m3 total storage capacity, is the second biggest in Turkey after Tupras, and is investing for an additional 160K m3 storage capacity to be operational by mid-2006. A higher storage capacity will increase PO's capability to import higher volumes.

Due to intense competition, margins will be tighter, however we believe PO, thanks to a higher level of imports through higher storage capacities will be able to keep its margins at targeted levels.

The current shareholding structure is attractive for a strategic partnership, as in the case of OMV. A possible partnership with OMV at this point, could further enhance the company's capability for growth. We foresee Petrol Ofisi, in line with its new vision to integrate its business vertically, including extraction and refinery activities on the supply side (upstream) as well as retail expansion and new product development on the distribution side (downstream).

Petrol Ofisi - Free Cash Flow Projections (US\$m)

	2005 E	2006 E	2007 E	2008 E	2009 E	2010 E	2011 E	2012 E
Net Sales	9,138	9,595	9,883	10,179	10,484	10,799	11,123	11,345
<i>Growth</i>	10%	5%	3%	3%	3%	3%	3%	2%
Gross Profit	591	629	662	677	619	621	634	635
Operating Profit	311	319	328	338	275	259	267	261
Depreciation	64	82	99	97	94	92	89	91
EBITDA	379	405	431	439	374	356	361	357
EBITDA Margin	4%	4%	4%	4%	4%	3%	3%	3%
Change in WC	-46	-48	-49	-51	-52	-54	-56	-57
Capex	-70	-100	-100	-100	-70	-60	-45	-45
Free Cash Flow	263	257	282	288	251	242	260	255

Source :Garanti Securities

Summary of DCF Valuation	(US\$m)
PV of FCF	1,518
Terminal growth rate	2%
PV of Terminal Value	1,531
Implied Firm Value	3,040
Net Cash / (Debt)	(540)
Equity Value	2,500
Current Mcap of Petrol Ofisi	2,223
Upside Potential	12%

Dogan Yayin Holding - The clear leader in the media.
DOGAN YAYIN HOLDING - FIGURES & FORECASTS

	Net Sales (US\$m)	EBITDA (US\$m)	Net Income (US\$m)	EBITDA Margin (%)	P/E	EV/Sales	EV/EBITDA
2003	681	117	47	17.2%	65.7	4.8	27.9
2004	1,049	181	44	17.3%	69.7	3.1	18.1
2005E	1,322	194	27	14.6%	113.0	2.5	16.9
2006E	1,587	235	44	14.8%	70.8	2.1	13.9
2007E	1,825	259	46	14.2%	67.6	1.8	12.6

Media: Appealing to EU convergence and playing for growth. Turkey's ongoing EU accession process will continue to be the main driver behind FDI inflow in the coming years. The positive impact of FDI on the development of the advertising market is clearly observable in Eastern Europe. In Turkey ad spending is expected to grow by 30% in 2005 to US\$1.7bn and we expect a further 25% growth in 2006 to US\$2.1bn.

Privatizations, M&As and mortgage will be the major triggers behind the ad market's expansion. Following the privatization of Turk Telekom and the sale of Telsim, we expect a substantial increase in the telecommunication sector's ad spending in 2006.

The Banking sector tends to be one of the largest advertisers in Turkey. The recent acquisitions in the Turkish banking sector, such as the welcoming of major foreign banks and the upcoming mortgage system will further increase the banking sector's ad spending as competition is expected to become tougher.

Turkey is way behind Eastern European countries in advertising spending. The ad spending/GDP ratio in Turkey is expected to reach 0.47% in 2005, which is far lower than in Eastern Europe where the average ad spending/GDP ratio stands at almost 1.5%. By 2010, we expect Turkey's ad spending to exceed US\$3.3bn and the ad spending/GDP ratio to reach to 0.70%. Per capita ad spending in Turkey is US\$23 for 2005, which is substantially lower than in Poland (US\$65) and in Europe (US\$170).

DYH is Turkey's largest and leading media conglomerate with a 40% share in the total advertisement market. DYH has the leading market shares of 61% in newspaper advertising, 46% in magazine advertising and 28% in TV advertising. In addition, DYH commands the market in its circulation share (37%), magazine sales (38%) and viewer ship share (26% including Star TV).

Taking advantage of the growing ad market. With its low penetration level, the unsaturated ad market is one of the main high-growth markets in Turkey. Benefiting from its leading position in the market, DYH will benefit significantly from the expected growth in ad spending.

Broadcasting will be the main area of expansion. TV's are the advertisers' most preferred advertising vehicle and capture a 50% share from Turkey's total ad spending. Accordingly, DYH has strengthened its leading position in the broadcasting segment with the acquisition of Star TV. We predict DYH will increase its share in the broadcasting segment by up to 40% in the short term. Furthermore, DYH will increase its profitability by utilizing its infrastructure and resources more efficiently through the synergy created from its two main-stream channels (Kanal D and Star TV).

Seeking investment opportunities in the neighboring region. DYH is planning to expand its broadcasting business in neighboring countries such as, Bulgaria, Ukraine, Romania and Russia. DYH's first investment abroad will be a TV station in Romania, which is expected to become operational in 2006.

DOGAN YAYIN HOLDING - TARGET NAV TABLE

	Direct Stake (%)	Total Value (US\$m)	DYHOL'S Stake (US\$m)	Weight in NAV (%)
Printing&Publishing		2,296.0	1,452.9	51.5%
Hurriyet	60.00%	1,749.8	1,049.9	37.2%
Dogan Gazetecilik	79.76%	279.3	222.7	7.9%
Dogan Burda	40.72%	106.1	43.2	1.5%
Dogan Ofset	99.86%	100.2	100.0	3.5%
Dogan Daily News	94.25%	5.0	4.7	0.2%
DMG International	58.00%	55.7	32.3	1.1%
Broadcasting		1,198.2	1,106.1	39.2%
Dogan TV	100%	950.4	950.3	33.7%
Ultra Kablo	50%	27.6	13.8	0.5%
Dogan Online	60%	159.5	95.7	3.4%
Alp Gorsel Yayincilik	100%	12.7	12.7	0.4%
Ans Production	70%	48.0	33.6	1.2%
Distribution		165.5	136.5	4.8%
Yay Sat	75.00%	80.0	60.0	2.1%
D&R	89.47%	85.5	76.5	2.7%
Others		106.3	106.3	3.8%
Unlisted Participations			1,485.9	
Total Net Asset Value			2,800.2	100.0%
Market Value of DYHOL			3,056.0	
Premium / (Discount) to NAV			9.1%	

WHAT NEXT?

Aside from focusing on its core businesses, media and energy, Dogan Holding is particularly interested in the upcoming privatization of the electricity distribution networks and National Lottery. In addition, recently Dogan Holding announced that it has established a company to provide services for home loans.

Electricity Distribution Networks: Turkey is going to privatize its electricity distribution networks, in accordance with an agreement with the World Bank in 2004. Accordingly, the deadline for the privatizations expired on May 2005, however as the necessary legal infrastructure was not ready at the time, the government failed to open the tenders. There are 20 different regions to be privatized. We expect the first tenders of 5-6 regions will be opened in the coming months, right after the completion of the legal framework and the approval of the new law that regulates the electricity market.

As a company with an important share in the energy distribution market, Dogan Holding is particularly interested in the privatization of the electricity distribution networks. The company is targeting to acquire at least one large region that has high electricity consumption, in addition to several smaller regions.

National Lottery: The privatization tender of the National Lottery is likely to be announced in the second quarter of 2006. However the tender method has not yet been defined. It is expected to be a revenue sharing- plus upfront fee method. Dogan Holding will participate in the tender with an international player that has profound experience in the business. The National Lottery is a high cash generating business and will create synergies with Dogan Holding's existing businesses. Dogan has one of the most extensive distribution, marketing and advertising networks in Turkey. With its media companies, Petrol Ofisi stations, D&R stores, exclusive Yaysat branches, Hurpa and Milpa distribution networks Dogan Holding has access to almost every crevice and corner in Turkey.

Home Loan Unit: Dogan Holding and Dogan Yayin Holding will establish a mortgage unit in order to provide full service in home loans, from loan application to the delivering of property. The newly established company will merge all CRM units of DH and DYH, such as distribution, logistics, advertising, marketing and call centers. They will benefit from both the strong distribution network of the group as well as media exposure. DH and DYH will hold 48% stakes each in the established company, Real Estate Development and Marketing Services AS, that will have YTL1.6mn capital.

Housing loans in Turkey are expected to reach US\$12bn in 2006, from only US\$600mn in 2003. Furthermore, it is anticipated that the share of housing loans in Turkey's GDP will reach to that of Poland's (4.4%), the Czech Republic's (6%) and Spain's (9.7%) levels, in the long run. We believe that the demand for housing loans will further accelerate after the implementation of the mortgage system.

DOGAN HOLDING - CURRENT NAV TABLE

	Direct Stake (%)	Total Value (US\$m)	DOHOL'S Stake (US\$m)	Weight in NAV (%)
Media		3,056.0	2,034.4	48.3%
Dogan Yayin Holding	66.57%	3,056.0	2,034.4	48.3%
Insurance		84.9	66.4	1.6%
Ray Sigorta	78.20%	84.9	66.4	1.6%
Energy		2,210.2	1,916.9	45.5%
Petrol Ofisi	86.73%	2,210.2	1,916.9	45.5%
Industry		74.2	38.4	0.9%
Ditas	50.94%	34.9	17.8	0.4%
Celik Halat	52.44%	39.2	20.6	0.5%
Others		134.3	87.3	2.1%
Milliyet Pazarlama	65.00%	134.3	87.3	2.1%
Unlisted Participations			71.1	
Total Net Asset Value			4,319	100.0%
Market Value of DOHOL			3,837	
Premium / (Discount) to NAV			-11%	

DOGAN HOLDING - TARGET NAV TABLE

	Direct Stake (%)	Total Value (US\$m)	DOHOL'S Stake (US\$m)	Weight in NAV (%)
Media		2,800.2	1,864.1	43.4%
Dogan Yayin Holding	66.57%	2,800.2	1,864.1	43.4%
Insurance		84.9	66.4	1.6%
Ray Sigorta	78.20%	84.9	66.4	1.6%
Energy		2,500.0	2,168.3	50.5%
Petrol Ofisi	86.73%	2,500.0	2,168.3	50.5%
Industry		74.2	38.4	0.9%
Ditas	50.94%	34.9	17.8	0.4%
Celik Halat	52.44%	39.2	20.6	0.5%
Others		134.3	87.3	2.1%
Milliyet Pazarlama	65.00%	134.3	87.3	2.1%
Unlisted Participations			71.1	
Total Net Asset Value			4,400	100.0%
Market Value of DOHOL			3,837	
Premium / (Discount) to NAV			-13%	

Garanti Securities

Garanti Building Nispetiye Mah. Aytar Cad.
No.2/8 34340 Levent Istanbul Turkey

ICM Contact Information:

Alev Bosut: +90 212 318 27 41

Omer Tanacan: +90 212 318 27 35

Facsimile: +90 212 217 84 70

E-mail: research@garanti.com.tr

The information in this report has been obtained by Garanti Securities Research Department from sources believed to be reliable. However, Garanti Securities cannot guarantee the accuracy, adequacy, or completeness of such information, and cannot be responsible for the results of investment decisions made on account of this report. This document is not a solicitation to buy or sell any of the securities mentioned. All opinions and estimates included in this report constitute our judgment as of this date and are subject to change without notice. This report is to be distributed to professional emerging markets investors only.