

DOGAN HOLDING

DOHOL.IS

BUY
MAINTAINED

Now a much cheaper exposure to Turkish media & energy sectors

Market Data (As of May 02, 2006)

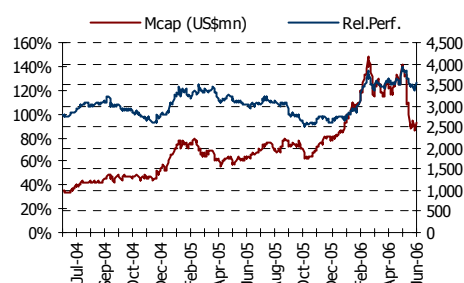
Price (NTL) / (US\$)	5.90 / 4.16
MCap (US\$m)	2,624
Target Price (NTL) / (US\$)	4.93 / 7.99
Target MCap (US\$m)	3,626
Upside Potential	38%
12m High / Low (NTL)	3.05 / 7.19
Avg daily vol (US\$m)	72
No. of shares (mn)	735
Free Float	34%

Performance	US\$	Rel.
1M	-7%	5%
3M	-8%	8%
12M	87%	23%

Shareholders	stake
Dogan Family	66%
Other	34%

- **We appreciate the successful and profitable restructuring of Dogan Holding's business portfolio.** Exiting the financial sector & focusing on the fast-growth potential media and strong cash generating energy sectors via profitable share deals, Dogan Holding is now also in a strong position to bid aggressively in the privatizations of electricity distribution grids & National Lottery. We also expect the cash inflow from OMV deal and the consequent US\$1.1bn net cash position to provide a stronger bidding power.
- The disposal of the 34% share in Petrol Ofisi to OMV is basically a partial sale, at a 19% premium, of an asset which has been discounted by the market due to its limited-growth outlook. **Energy business looks much more promising with the OMV partnership and plans to enter refining in the long-term.**
- 100% of Dogan Holding portfolio is composed of domestic businesses, hence any **deterioration in local dynamics and/or lower risk appetite in emerging markets will have a relatively more negative effect on the share price.**
- With a 100% listed NAV, we believe **Dogan Holding provides a much cheaper exposure to underlying businesses.** While Dogan Yayin has a 9% downside and Petrol Ofisi has a 10% upside at our target values, Dogan Holding provides an upside potential of 38%.
- **The shares have historically traded with an average discount to current NAV of 17% since 2004 vs. the historically highest discount of 34% currently.** We maintain our BUY recommendation based on our target Mcap of US\$3.6bn, with a 10% discount to the NAV. While we see cash call on Petrol Ofisi by OMV unlikely, it will be a bonus if CMB rejects OMV's exemption application. This would bring discount to current NAV to 41%, based on current prices.

Relative Performance Chart



Key Financial Ratios

US\$ mn, IFRS	2005	2006E	2007E	2008E
Net Sales	7,312	11,099	11,162	11,458
YoY change	27%	52%	1%	3%
EBITDA	363	642	683	737
YoY change	18%	77%	6%	8%
Net Profit	475	508	216	224
YoY change	165%	7%	-57%	4%
Key Ratios	2005	2006F	2007F	2008F
P/E	5.5	5.2	12.1	11.7
ROAE	28%	25%	10%	10%
Dividend Yield	3.9%	4.1%	1.8%	1.8%

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Please see the important disclosures at the end of this report

Figure 1. Dogan Holding NAV

Participations	Stake* (%)	Valuation Basis (Market Value**)	Current (US\$m)		Share in NAV	Valuation Basis (Target Value)	Target (US\$m)	
			Participated	Participated			Participated	Participated
Energy				1,196	30%			1,318
Petrol Ofisi	52.7	Mcap @ TL8.3 ps.	2,269	1,196	30%	DCF	2,500	1,318
Media				1,519	38%			1,386
Dogan Yayin Holding	63.0	Mcap @ TL6.05 ps.	2,411	1,519	38%	Target NAV	2,200	1,386
Industry & Trade				85	2%			85
Celik Halat	52.4	Mcap @ TL6.1 ps.	30	16	0%	Mcap @ TL6.1 ps.	30	16
Ditas	50.9	Mcap @ TL94 ps.	31	16	0%	Mcap @ TL94 ps.	31	16
Milpa	65.0	Mcap @ TL2.68 ps.	63	41	1%	Mcap @ TL2.68 ps.	63	41
Hurriyet Pazarlama	97.4	Transaction Value	12	12	0%	Transaction Value	12	12
Insurance				40	1%			40
Ray Sigorta	78.2	Mcap @ TL2.72 ps.	52	40	1%	Mcap @ TL2.72 ps.	52	40
Tourism				26	1%			26
Milta	95.4	Transaction value	28	26	1%	Transaction value	28	26
Others				2	0%			2
Milliyet Haber Ajansi	9.0	Transaction value	10	1	0%	Transaction value	10	1
Milliyet Verlag	25.0	Transaction value	6	2	0%	Transaction value	6	2
Participations Portfolio				2,870	71%			2,859
-listed				2,841	70%			2,830
-unlisted				29	1%			29
Net Cash (parent only)			1,170		29%			1,170
NAV (US\$ mn)				4,040				4,029
Target Mcap (US\$m) @ 10% discount to NAV								3,626
Mcap (US\$ mn)			2,624					2,624
Premium/(Discount) %				-35%				-28%

* Only direct stakes of Dogan Holding are used in computing the participated value of Group companies.

Figure 2. Dogan Holding premium (discount) to listed participations + parent only net cash

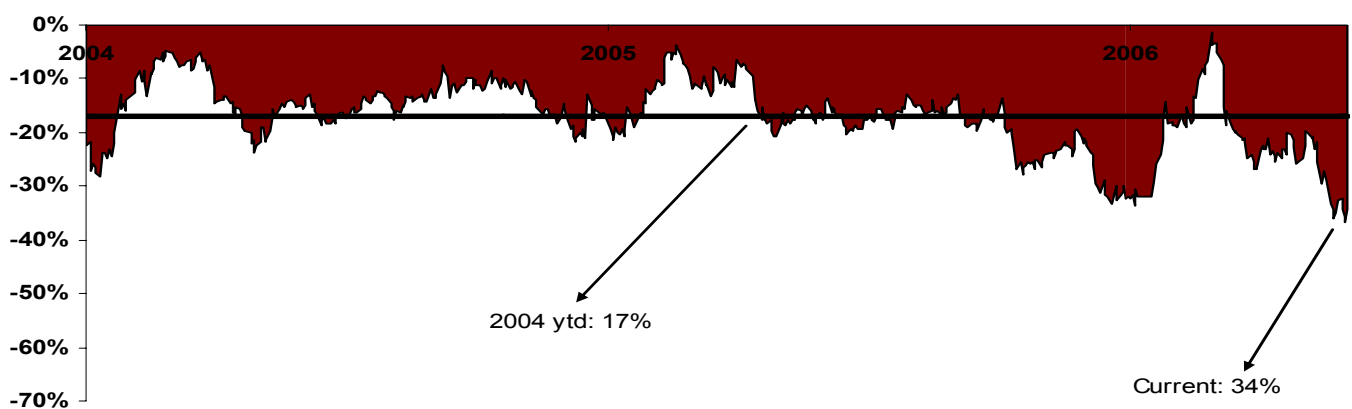


Figure 3. Consolidated P&L Statement, US\$m

	2004	2005	2006E	2007E	2008E
NET SALES	5,769	7,312	11,099	11,162	11,458
Cost Of Sales	-4,849	-6,690	-10,155	-10,213	-10,484
GROSS PROFIT/LOSS	919	622	860	874	919
Operating Expenses	-675	-409	-465	-478	-508
NET OPERATING PROFITS	245	212	395	396	411
Financial Expenses	-16	-4	-56	-54	-56
Other operating income, net	39	321	526	26	27
OPERATING PROFIT	268	529	865	368	382
MINORITY INTERESTS	-26	-23	-308	-131	-136
INCOME BEFORE TAX	242	558	557	237	246
Taxation on Income	-63	-83	-49	-21	-22
NET PROFIT AFTER TAX	179	475	508	216	224
EBITDA	308	363	642	683	737
Margins					
Gross Margin	15.94%	8.50%	7.75%	7.83%	8.02%
EBIT Margin	4.24%	2.90%	3.56%	3.55%	3.59%
EBITDA Margin	5.34%	4.97%	5.78%	6.12%	6.43%
PBT Margin	4.19%	7.63%	5.02%	2.12%	2.14%
Net Margin	3.10%	6.49%	4.57%	1.94%	1.96%
Assumptions					
WPI	13.80%	2.70%	7.00%	6.00%	5.00%
TL/US\$ Closing	1.34	1.34	1.60	1.63	1.65
TL/US\$ Average	1.42	1.34	1.47	1.62	1.64

Source: Company, Oyak Securities

Figure 4. Balance Sheet, US\$mn

	2004	2005	2006E	2007E	2008E
CURRENT ASSETS	5,220	2,363	2,234	2,076	2,143
Liquid Assets	768	714	786	576	580
Short-Term Trade Receivables	542	1,053	947	981	1,022
Inventories	227	476	382	395	412
Other Current Assets	3,684	121	120	124	129
LONG TERM ASSETS	3,572	3,604	3,371	3,688	3,906
Long-Term Financial Assets	633	4	3	3	3
Tangible Fixed Assets	973	1,180	1,377	1,758	2,021
Intangible Fixed Assets	1,102	155	95	59	25
Other Long-Term Assets	865	2,265	1,896	1,867	1,857
TOTAL ASSETS	8,792	5,967	5,605	5,764	6,050
SHORT TERM LIABILITIES	5,742	1,923	1,597	1,610	1,637
Short-Term Financial Loans	1,562	1,045	803	832	867
Short-Term Trade Payables	390	731	615	593	577
Other Short-Term Liabilities	3,790	147	178	185	193
LONG TERM LIABILITIES	846	1,508	1,122	1,162	1,211
Long-Term Financial Loans	572	1,096	804	833	868
Provisions	22	20	18	18	19
Deferred Tax Liabilities	33	91	78	81	84
MINORITY INTERESTS	729	590	799	828	886
SHAREHOLDERS EQUITY	1,475	1,946	2,087	2,163	2,315
TOTAL LIABILITIES AND S.HOLDERS EQUITY	4,013	4,275	4,121	4,249	4,368
Financial Ratios					
Debt/Equity	145%	110%	77%	77%	75%
ROAA	n.a.	6.56%	8.87%	3.81%	3.79%
ROAE	n.a.	27.74%	24.51%	10.26%	10.06%

Source: Company, Oyak Securities

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