

TRY 2.44
Buy

Target price: TRY 3.2

Dogan Holding Holdings Turkey

Company Update

Back to the Future

ISE100 index

38,197

of shares

1,500m

MCAP

TRY 3,660m

US\$ 2,521m

Free float

TRY 1,244m

US\$ 857m

DOHOL.IS / DOHOL.TI

(TRYm)	2003	2004	2005	2006E	2007E	2008E
Net sales	6,227	7,708	9,804	13,159	10,423	10,589
EBIT	335	327	285	470	470	473
EBITDA	n.a.	n.a.	351	705	710	718
Net income	383	239	636	911	457	441
EPS	0.26	0.16	0.42	0.61	0.30	0.29
BVPS	1.03	1.31	1.74	2.50	2.80	3.10
ROE (%)	n.a.	14	28	29	11	10
P/E	9.5	15.3	5.8	4.0	8.0	8.3
P/BV	2.38	1.86	1.40	0.98	0.87	0.79
EV/EBITDA	n.m.	n.m.	15.5	3.6	3.2	2.9

Shareholder Structure: Adil Bey Holding 52%, Dogan Family 13.5%, free float 34%

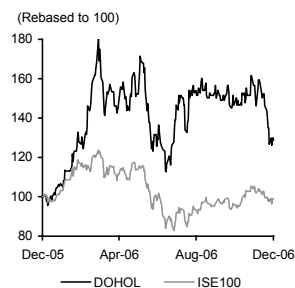
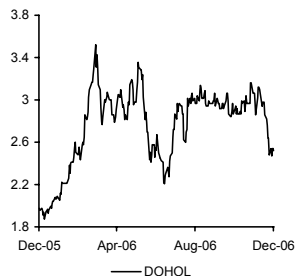
We maintain our BUY recommendation on Dogan Holding (DOHOL) with a target price of TRY 3.2, implying a 31% upside potential. After the recent correction of 23%, triggered by the heavy penalty imposed on Petrol Ofisi (POAS), the discount on the target NAV of the stock widened to 31%, offering an undemanding entry level to the rapidly growing advertising market of Turkey, as well as an exciting future ahead for the group.

There are three IF scenarios, which we have comprehensively analysed to shed light on the future valuation of DOHOL.

- IF Prosieben is acquired:** At enterprise values ranging between EUR 5.3bn (current EV) and EUR 6bn, there would be a 5-7% dilution at P/E, and target NAV dilution would be capped at 0% and 5%, respectively in DOHOL.
- IF POAS pays back the full penalty:** The target NAV discount would shrink from 31% to 27%.
- IF DOHOL wins the electricity distribution tenders:** Any tender that has an IRR of 8% (euro basis) would be value-enhancing to the group. NAV would increase by at most 7% and decrease by at most 1%, according to deal prices we have calculated based on similar deals finalised in the Balkan region.

Conclusion: If all of these IF scenarios were to materialise at their worst case, the target NAV of DOHOL would drop by 12%, bringing the discount to target NAV down from 31% to 22%. In the best-case scenario, the discount will widen to 37%.

With over US\$ 1.1bn of cash in hand, DOHOL is the cash-richest company of the ISE-100 and also the most prepared company for future acquisitions.



Analyst

Hanzade Kilickiran
Tel. +44 20 7309 7854
kilickiranh@ca-ib.com

<http://research.ca-ib.com>

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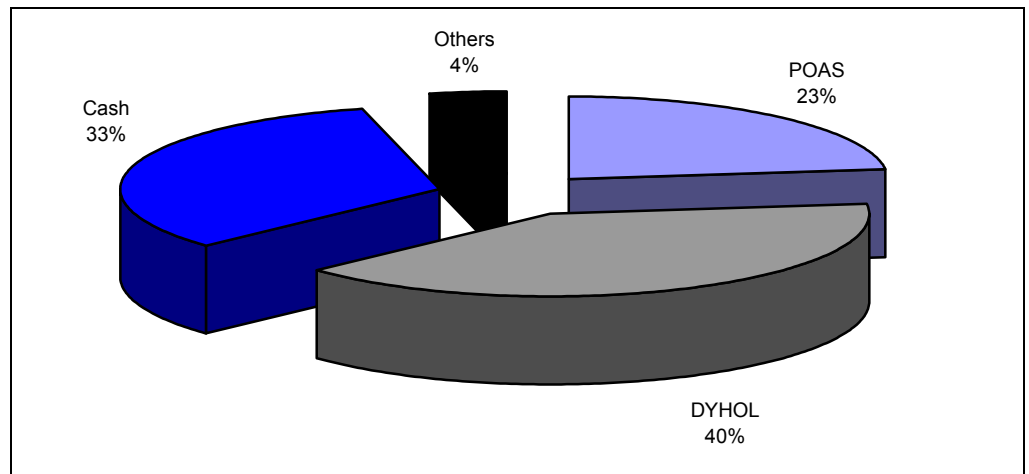
Please note that the information at the back forms an integral part of this report.

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Valuation

We maintain our BUY rating on Dogan Holding (DOHOL) with a target price of TRY 3.2, implying a 31% upside potential. The recent sell-off in the shares due to the court decision on Petrol Ofisi (POAS)'s fines was exaggerated, and the stock now offers a substantial upside. Our analysis suggests that even under the worst-case scenario when (1) POAS pays the penalties; (2) DYHOL acquires Prosieben at an EV of EUR 6bn; and (3) valuations paid for electricity tenders offer an IRR below 8%; then the target NAV of DOHOL would drop by 12%, bringing the discount to NAV down from 31% to 22%.

Figure 1: **Current NAV breakdown**

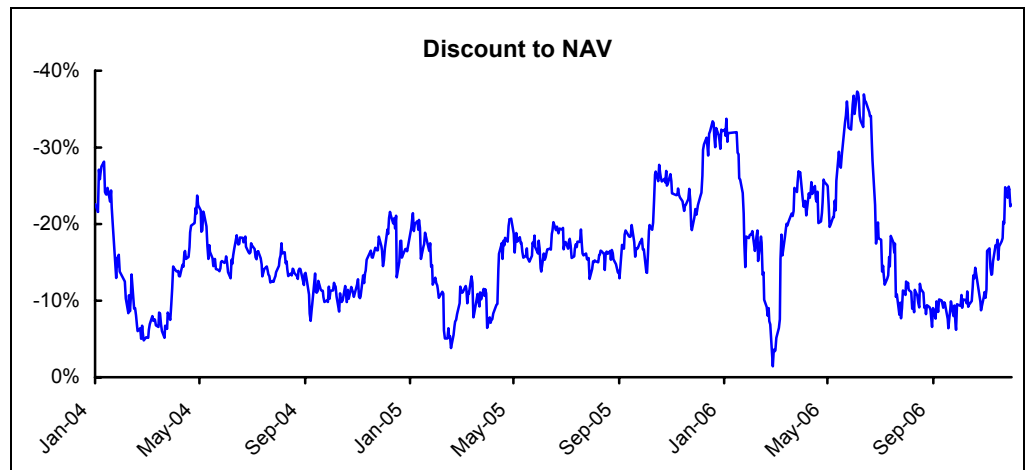


Source: Reuters

Possible fine payment by POAS would cut DOHOL's NAV by 6%

With a market cap of US\$ 2.6bn, DOHOL trades at a 24% discount to its current NAV and 31% discount to its target NAV. Dogan Yayin Holding (DYHOL) and POAS are the major value drivers, accounting for 40% and 23% of NAV, respectively. The Holding is the cash-richest company in the Istanbul Stock Exchange (ISE), sitting on some US\$ 1.1bn of net cash, 33% of its current NAV. The stock price fell by 23% in the past month, triggered by the heavy penalty imposed on POAS. However, the analyses suggest that a possible razor cut in POAS's target price would result in DOHOL's NAV discount dropping to 27% from 31%. (Please see the *What if POAS... chapter.*)

Figure 2: **Historic discount to NAV**



Source: Reuters

Table 1: Current NAV

Companies	Business Line	Current MCAP US\$m	Holding's Stake %	% of Current NAV US\$	
Listed Portfolio				2,085	64
Petrol Ofisi	Petroleum distribution	1,452	52.7	765	22
Dogan Yayin Holding	Media	1,954	63.0	1,231	39
Celik Halat	Magazine publishing	22	52.4	12	0
Ditas	Steel rope producer	23	50.9	11	0
Milpa	Marketing	55	65.0	35	1
Ray Sigorta	Insurance	38	78.2	30	1
Unlisted Portfolio				41	1
Hurriyet Pazarlama	Marketing	12	97.4	12	0
Milta		28	95.4	27	1
Milliyet Haber Ajansi	News agency	10	9.0	1	0
Milliyet Verlag		6	25.0	2	0
Total				2,200	65
Net Cash			1,170		35
Current NAV			3,296		
DOHOL's MCAP			2,522		
Premium/Discount			-23.5%		

Source: Reuters and CA IB estimates

Table 2: Target NAV with/without POAS fines

Company	Business Line	Without POAS fines			With POAS fines	
		Target MCAP US\$m	Holding's Stake %	US\$m	Target MCAP US\$m	Holding's Stake US\$m
Listed Portfolio				2462		2243
Petrol Ofisi	Petroleum distribution	2016	52.7	1062	1601	844
Dogan Yayin Holding	Media	2080	63.0	1310	2080	1310
Celik Halat	Magazine publishing	23	52.4	12	23	12
Ditas	Steel rope producer	23	50.9	12	23	12
Milpa	Marketing	55	65.0	36	55	36
Ray Sigorta	Insurance	38	78.2	30	38	30
Unlisted Portfolio				41	1%	1%
Hurriyet Pazarlama	Marketing	12	97.4	12	12	12
Milta		28	95.4	27	28	27
Milliyet Haber Ajansi	News agency	10	9.0	1	10	1
Milliyet Verlag		6	25.0	2	6	2
Total				2,503		2,284
Net Cash				1,170		1,170
Target NAV				3,673		3,454
DOHOL's MCAP				2,522		2,522
Premium/Disc.				-31%		-27%

Source: CA IB estimates

There would be no major impact on NAV if DYHOL were to acquire Prosieben at its current MCAP

Our analysis detailed in the *What if DYHOL acquires Prosieben Sat.1* chapter suggests that valuations will not change significantly if DYHOL were to acquire the company at its current MCAP (EUR 4.95bn) or up to 5% higher than its current MCAP. However, an enterprise value close to EUR 6bn, which is now being speculated in the market, would lead to a 7% dilution in the 2007 P/E of DOHOL and a 5% dilution on the target NAV of DOHOL. We expect this potential deal to be a leverage buyout where cash flows of Prosieben would be enough to compensate the cost of the debt.

Target price is set by giving 10% discount to target NAV

Since 99% of the participation value comes from listed companies compared to Koc Holding's 87% and Sabanci Holding's 70%, we find DOHOL's NAV more reliable and predictable. Therefore, we have based our target price completely on NAV approach rather than multiple comparison, applying a 10% discount to its target NAV.

Potential energy business may add up to 4-6% to NAV of DOHOL

DOHOL targets to enter the rapidly growing energy sector by bidding for upcoming electricity distribution tenders. The electricity distribution business is a cash cow business, having a minimum IRR of 7-13% in EUR terms, depending on the region. The most profitable region, in our calculation, is the Istanbul Anatolian region, which has a minimum IRR of 13%. If Dogan wins this region through bidding – we assumed the highest valuation at EUR 700m based on the recent deal multiples in the Balkan region – the value enhancement on NAV would be 4%. This could be even higher if the company were to increase its net margin through building its own energy plant.

Table 3: Potential NAV contribution of the upcoming electricity tenders

	Istanbul Region		Ankara Region		Sakarya Region	
	Min. price (EUR 375m)	Max. price (EUR 700m)	Min. price (EUR 475m)	Max. price (EUR 875m)	Min. price (EUR 245m)	Max. price (EUR 415m)
Additional NAV contribution (% of target NAV)	7.3	4.4	4.90	(2.20)	1	(1)

Source: CA IB estimates

Multiple valuation

Cheap compared to Sabanci and Koc Holding

DOHOL trades at a 4.1x P/E based on 2006 earnings and 7.7x P/E based on 2007 earnings. The stock trades at a 23% discount to Sabanci Holding, but 23% premium to Koc Holding in 2007. In our view, Koc Holding is the best tool to play the currency firm-up in TRY and it is the major laggard stock in the ISE. Yet, considering the profitable underlying business in DOHOL and its cash position, which makes it ready to invest in future acquisitions, we favour Dogan Holding to Koc Holding.

Table 4: DOHOL vs. Sabanci Holding and Koc Holding

	2006		2007	
	P/E	P/BV	P/E	P/BV
Sabanci Holding	12.3	1.2	10.4	1.1
Koc Holding	59.9	1.2	6.5	1.0
average*	12.3	1.2	8.5	1.1
Dogan Holding	4.0	1.0	8.0	0.9
prem/ disc on DOHOL	-67%	-19%	-5%	-18%

* Koc is excluded in 2006

Source: and market consensus for Koc and Sabanci Holding, CA IB estimates

What if Dogan were to win the Electricity Distribution Tenders?

Tenders will start on 19 January 2007

The Privatisation Administration has started tender procedures for three (out of the 21) electricity distribution regions. The regions that will be tendered on 19 January 2007 are one of the most populated ones, with a total of 5.9m customers reached in 2005; 21% of the total customers are with TEDAS (Turkish Electricity Distribution Company).

Table 5: Regions that will be tendered in the first stage

Company	Region
Baskent Elektrik Dagitim A.S.	Ankara, Kirikkale, Zonguldak, Bartin, Karabuk, Cankiri, Kastamonu
Istanbul Elektrik Dagitim A.S.	Istanbul Anatolian Side
Sakarya Elektrik Dagitim A.S.	Sakarya, Bolu, Duzce, Kocaeli

Source: TEDAS

What might be the valuations for the regions?

The tenders offer a fully-equipped entry to the rapidly growing energy sector, which has been growing at 8% per annum or twofold of GDP, since 1980. We expect to see stiff competition during the tenders, which may result in rich valuations. Although we have limited info on the regions, and profitability depends largely on the regulatory environment, we have tried to give our investors a broader picture of the possible valuations based on similar acquisitions finalised in the Balkan region.

The acquisitions done by CEZ, E.ON, Enel and EVN suggest that they have paid an average price of EUR 255 per customer, EUR 60 per Kwh, and trade on a P/sales multiple of 1.7x.

Table 6: Valuations paid for distributors in the Balkan region

Distributor	Buyer	Country	Deal Price (EURm)	P/Client (EUR)	P/Consumption (US\$/kwh)	P/Sales
Bulgaria1	CEZ	Bulgaria	420	225.4	54.8	1.1
Bulgaria2	E.ON	Bulgaria	210	190.9	43.8	n.a.
Bulgaria3	EVN	Bulgaria	404	269.7	61.6	1.5
Dobrogena	Enel (in EUR)	Romania	250	178.8	36.8	0.7
Oltenia	CEZ (in EUR)	Romania	326	238.1	48.0	0.9
Moldova	E.ON (in EUR)	Romania	196	146.9	49.0	0.8
Munt. Sud	Eenl	Romania	1,215	1,012.3	270.0	3.8
EMS Distribucia		Macedonia	250	346.7	56.8	n.a.
Ukraine	CEZ (in US\$)	Ukraine	939	447.9	126.3	5.1
average multiples				339.6	83.0	2.0
avg multiples (ex Romania)				255.5	59.6	1.7

Source: CA IB

Table 7: Potential valuations and IRR of the regions

	Possible deal price (EURm)		Expected IRR in EUR based on	
	Min.	Max.	Min. deal price (%)	Max. deal price (%)
Istanbul Anatolian Region	375	700	21	13
Ankara Region	475	875	12	8
Sakarya Region	245	415	10	7

Source: CA IB estimates

DOHOL will bid for all three regions

DOHOL plans to bid for all three regions in the first tender. For the Istanbul and Sakarya regions, the Holding teamed up with DYHOL (owner of GarantiBank), Luxembourg-based Unit Investment and Anadolu Endustri Holding (owner of Anadolu Efes), with an equal weight of 25% each. For the Ankara region, it will bid together with Kontur Akdas Insaat and Saray Hali, where DOHOL will have a 51% stake.

DOHOL can easily finance the acquisitions with its net cash of US\$ 1.1bn

DOHOL currently holds US\$ 1.1bn of net cash. If the valuations paid for the distributors were realised at the upper limit of our assumptions, the maximum cash outflow from the Holding would be EUR 725m or US\$ 940m. However, it would be too optimistic to assume that the Holding can win all three tenders. For one region the maximum cash outflow would be EUR 450m or US\$ 595m. The Holding intends to finance 20-25% of the potential acquisitions through equity and the remainder by debt.

The most populated region is Ankara whereas Istanbul is the most profitable one

The most profitable region is Istanbul whereas the profitability could improve more in Ankara than in the others due to its more populated character. Although the estimated net margin in the Istanbul region was in the double digits at ca.10-13% in 2005, it was single digit, close to 5%, in Ankara and Sakarya.

Table 8: Key data for regions and estimated profitability level

	Istanbul Anatolian Region	Ankara Region	Sakarya Region
# of customers (2005)	1,854,800	2,750,400	1,260,400
consumption (Gwh) (2005)	6,315	8,041	4,134
losses & illegal usage / total			
electricity sold (%)	10.4	11.1	12.3
Revenues (2005E) (TRYm)	800	975	465
Estimated margins (%)			
EBIT margin	ca. 20	ca. 5	ca. 2-3
Net margin	10-13	ca. 5	ca. 5

Source: TEDAS, CA IB estimates

Expecting the winners to increase their interest on power generators as well

The profitability level largely depends on how much cheaper you can obtain the electricity than the tariffs. Therefore, it may be crucial for distributors to look for ways to produce their own electricity. DOHOL always mentioned that it is not only interested in the distributing part but it wants to be a player in the production side as well. Therefore, it would be more logical to expect it to start investments on the production side if it were to be successful in tenders.

Profitable business with estimated minimum IRR of 13% in EUR terms

If one assumes 8% growth in the industry over the next 10 years, and afterwards 5% growth, and assume no major cost benefit arising from the production side plus assume the maximum valuation paid for the region, the minimum IRR of the tenders would be 7% whereas this may increase as high as 21% in EUR terms. Any tender that has an IRR of 8% would be enhancing for DOHOL.

Table 9: Expected IRR in EUR terms

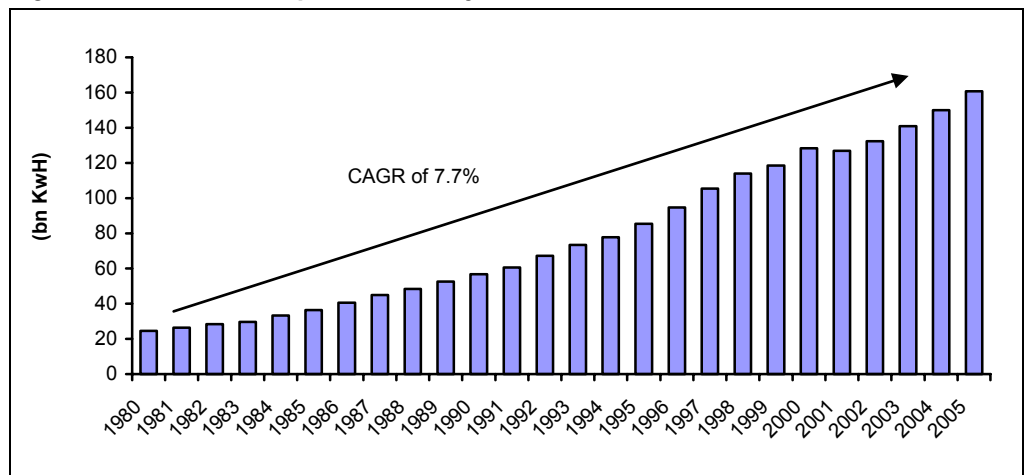
	IRR (%)	
	Minimum deal price	Maximum deal price
Istanbul Anatolian Region	21	13
Ankara Region	12	8
Sakarya Region	10	7

Source: CA IB estimates

A fully-equipped door will be opened to the rapidly growing energy sector

Consortiums that win the tenders will gain a privileged opportunity to operate in one of the fastest-growing sectors in Turkey. Energy consumption per capita in Turkey is very low at 2,100 Kwh, which is nearly one-fourth of the developed countries' 8,900 Kwh and one-third of the EU's 6,460 Kwh. The sector has been growing at a CAGR of 8% since 1980s, which was roughly twice the GDP growth in the same period. The officials expect the growth to continue at the same pace, assuming consumption per capita figures reaching 5,700 Kwh by 2020. Key catalysts are strong GDP growth, a faster-growing population (1.2% p.a.), increasing usage of electronic equipments, and expansion in industrial production.

Figure 3: Power consumption in Turkey



Source: TEDAS

What if Dogan Yayin were to acquire Prosieben Sat.1 Media AG?

Dogan Yayin Holding (DYHOL) recently announced its interest in bidding for 50.5% of Germany's leading media company Prosieben Sat.1 Media AG. The market and media has been speculating a lot on DYHOL's move, as it was seen as a back door for Axel Springer, the largest publishing company in Germany and 12% owner of Prosieben, to get full control of Germany's broadcasting business. The relationship between DYHOL and Axel Springer started with a 25% stake sale of Dogan TV to Axel Springer a few weeks ago. In this report, rather than focusing on possible backstage talks between these two groups, we would like to concentrate more on the financial and value outcome of this potential acquisition on both DYHOL and DOHOL.

Some brief info on Prosieben

Prosieben Sat.1 is Germany's leading broadcasting company, operating four commercial TV stations (SAT.1, Prosieben, kabel eins, and N24) and their related ancillary and diversification activities. The Group has a 45% market share in the German ad market and a 30% audience ratio. The Group had revenues close to EUR 2bn and EBITDA of EUR 416m in 2005. EBITDA has more than doubled in the past two years and pre-tax profits jumped from EUR 61m in 2003 to EUR 350m in 2005 thanks to the strong recovery seen in the German ad market.

Acquisition would be a leverage-buyout for DYHOL

After the sale of Dogan TV's 25% stake to Axel Springer at EUR 350m, DYHOL (which owns 99% of Dogan TV) is no longer a leveraged company. We expect net debt, which was US\$ 453m in 1H06, to turn into net cash of US\$ 20m at year-end. Considering this small cash position and its parent company, DOHOL's, eagerness to focus more on the energy sector, we expect this potential acquisition to be a leverage buyout.

A deal price (EV) as high as EUR5.6bn will not dilute the valuation of DYHOL

Prosieben trades at an EV of EUR 5.3bn. This suggests an 06E EV/EBITDA of 10.8x and P/E of 19.3x according to Bloomberg consensus estimates. DYHOL, on the other hand, trades at an MCAP of US\$ 2.1bn, which implies an 06E EV/EBITDA of 10.3x and P/E of 8.7x. Our calculations suggest that a valuation close to the current market cap or a premium to this of up to 5% will not lead to any dilution in DYHOL's valuation.

Table 10: Prosieben's vs. DYHOL's valuation

	EV/EBITDA		P/E	
	2006	2007	2006	2007
Prosieben @ MCAP of EUR 4.95bn	10.8	10.3	19.3	17.8
Prosieben @ MCAP of EUR 5.2bn	11.3	10.8	20.2	18.7
DYHOL	10.3	8.7	56.1	22.4

Source: Bloomberg estimates, CA IB estimates

Gearing would increase, yet could be easily financed with Prosieben's cash flow

If DYHOL were to acquire Prosieben at a value close to its current MCAP, this would suggest EUR 2.7bn of borrowing and gearing would increase to 309% of potential consolidated equity. Please note that the 2006 estimated book value of Prosieben is EUR 630m, according to Bloomberg consensus estimates. If the cost of debt is assumed to be 7%, annual financial expenses of this borrowing would be EUR175m, which could be compensated for by Prosieben's cash generation. Yet, such a move would have DYHOL exposed to a high currency risk.

Table 11: DYHOL key figures in 2007 with Prosieben and without Prosieben

(TRY m)	2007 DYHOL	
	without Prosieben	with Prosieben
Net sales	2,561	4,737
EBIT	235	680
EBITDA	348	859
Net Income	139	53
Equity	971	1,632
Net debt	(74)	5,038
EBITDA margin (%)	14	18
Net margin (%)	5	1
Gearing ratio (%)	(8)	309

Source: CA IB estimates and Bloomberg consensus estimates

The effect on DOHOL's consolidated earnings would be limited

DYHOL accounts for a respective 17% and 40% of 2006E consolidated revenues and EBIT of Dogan Holding. As we have mentioned above, a borrowing of EUR 2.7bn could be compensated with Prosieben's income. Hence, on consolidated terms, we do not assume a significant effect on Dogan Holding's EPS, but this would definitely increase the leverage on Dogan Holding, with the result that Dogan's 2006E US\$786m consolidated net cash would turn into a US\$2.5bn net debt.

Dogan offers inexpensive valuation compared to DYHOL

DYHOL has been growing rapidly in the past three years thanks to strong growth seen in the ad market. Since 2000, ad spends in Turkey have grown at a CAGR of 26%, reaching TRY 2.2bn in 2005, 0.46% of GDP. This ratio is nearly one-third of Poland, the Czech Republic and one-fifth of Hungary.

In the meantime, DYHOL improved its cash position through a stake sale in Dogan TV, which is the broadcasting arm of DYHOL. It has agreed with Axel Springer a valuation of EUR 1.5bn for Dogan TV, or US\$ 1.92bn, which suggest a very attractive 2006E EV/EBITDA of 20.0x, compared to DYHOL's EV/EBITDA of 11.3x.

We do not cover DYHOL; however, a basic multiple comparison between DOHOL and DYHOL and NAV approach indicate that DOHOL offers a cheaper valuation than DYHOL.

Table 12: DOHOL vs. DYHOL multiples

	P/E		EV/EBITDA		Current NAV prem / disc
	2006E	2007E	2006E	2007E	
DOHOL	4.1	7.7	3.7	3.4	-24%
DYHOL	20.2	18.7	11.3	10.8	-17%*

*Dogan TV's target MCAP is US\$1.5bn

Source: CA IB estimates

What if Petrol Ofisi were to pay TRY600m fines?

Petrol Ofisi (POAS) could pay fines, the equivalent of 29% of its current MCAP

The Turkish Energy Market Regulatory Authority (EMRA) has fined 28 oil distribution companies a total of TRY 1.7bn (US\$1.16bn). This is the largest-ever fine charged to any sector in Turkey. The distributors were fined due to having supplied oil products to around 2,200 unauthorised dealers, and POAS received the largest fine of TRY 600m (US\$ 410m), which is 29% of its current MCAP. All distributors have filed an appeal with the Council of State for the cancellation of the penalties and they have received their first refusal from the Council of Court. POAS has filed another appeal to a higher court, which is expected to give its decision in a month. It looks like it may take one or two years before the courts issue their final decision. However, the MinFin has already asked distributors to pay the fines, which may be paid in instalments.

The fines would increase gearing to 40% and all profits would disappear in 2007

POAS is expected to generate TRY 327m of net profits in 2007. If the company were to record provisions for the fines, this would make net profits turn into TRY 273m of losses in 2007, and gearing would increase up to 40% from the expected 11%, negatively affecting future profits as well.

Table 13: The impact of fines at the bottom line and balance sheet of Petrol Ofisi

(TRYm)	2007 POAS	
	without fines	with fines
Net sales	14,114	14,114
EBITDA	582	582
Net Income	327	(273)
Net debt	327	927
Gearing ratio (%)	11	40

Source: CA IB estimates

DOHOL is expected to generate 35% of its earnings from POAS in 2007. Hence, such a payment would make a significant impact on its consolidated earnings, resulting in earnings decreasing to nearly one-third to TRY 141m in 2007 from TRY 457m.

Table 14: The impact of fines at the bottom line and balance sheet of Dogan Holding

(TRYm)	2007 DOHOL	
	without fines	with fines
Net Income	457	141
Gearing ratio (%)	(31)	(20)

Source: Bloomberg consensus estimates, CA IB estimates

However, valuations suggest that it is already priced in

Our current target price for POAS is TRY 7.0, suggesting a market cap of TRY 2.9bn (US\$ 2bn). A fine would cut TRY 1.44 per share off the target price and US\$ 414m off the target market cap. POAS currently trades at TRY 5.05 per share, suggesting no downside risk has been left.

DOHOL, on the other hand, trades at a 24% discount to its current NAV and 31% discount to its target NAV. A fine on POAS would cut NAV of DOHOL by a "mere" US\$ 219m, suggesting that the Holding would still trade at a 27% discount to NAV. Although this would lead to some deterioration in P/E multiples of the Holding in 2007, the sharp fall in share price would eliminate further downside risk on DOHOL as well.

Financials - Dogan Holding

Table 15: Profit and Loss

(TRYm)	2003	2004	2005	2006E	2007E	2008E
Net sales	6,227	7,708	9,804	13,159	10,423	10,589
COGS	-	-	(8,971)	(11,917)	(9,284)	(9,398)
Gross profit	6,227	7,708	833	1,242	1,139	1,191
Operating expenses	(5,892)	(7,382)	(549)	(771)	(669)	(718)
Operating profit	335	327	285	470	470	473
EBITDA	n.a.	n.a.	351	705	710	718
Financial income	81	(21)	(6)	(117)	145	154
Other income, net	186	53	430	759	57	48
Profit before min. int.	602	358	709	1,113	672	675
Minority interest	(122)	(35)	(31)	(3)	(85)	(104)
Current income tax	(96)	(84)	(111)	(199)	(130)	(130)
Net income before extraordinary	383	239	566	911	457	441
Income from extraordinary items	0	0	70	0		
Net income	383	239	636	911	457	441
Profitability (%)						
Gross margin	n.a.	n.a.	9	9	11	11
EBIT margin	5	4	3	4	5	4
EBITDA margin	n.a.	n.a.	4	5	7	7
Net margin	6	3	6	7	4	4
Growth (%)						
Revenue	n.a.	24	27	34	(21)	2
EBIT	n.a.	(2)	(13)	65	0	1
EBITDA	n.a.	n.a.	n.a.	101	1	1
Net Income	n.a.	(38)	166	43	(50)	(4)

Source: Dogan Holding, CA IB estimates

Table 16: Balance Sheet

(TRYm)	2003	2004	2005	2006E	2007E	2008E
Current Assets	5,518	6,976	3,171	4,888	4,669	4,786
Cash and equivalents	977	1,026	899	2,984	2,734	2,790
Investment securities	1,107	1,323	59			
Trade receivables	534	722	1,406	1,289	1,343	1,409
Receivables from related parties	20	2	6	4	4	4
Other receivables	2,326	2,946	75	31	32	33
Inventories	193	304	638	495	471	472
Other current assets	361	654	87	85	84	78
Non-Current Assets	3,608	4,773	4,836	3,318	3,343	3,333
Trade receivables	-	8	14	12	12	12
Other receivables	-	557	9	4	4	4
Financial assets	878	1,172	5	5	5	5
Goodwill	-	-	2,809	1,692	1,676	1,636
Investments	39	55	-			
Net PP&E	1,176	1,300	1,583	1,298	1,340	1,370
Intangible assets	1,386	1,472	208	196	205	215
Deferred tax assets	156	190	131	58	48	38
Other non-current assets	(26)	20	75	52	53	53
Total Assets	9,126	11,749	8,007	8,206	8,012	8,119
Current Liabilities	5,537	7,673	2,581	1,863	1,762	1,726
Short-term financial liabilities	4,696	6,465	340	391	305	272
ST part of LT liabilities	-	-	335	71	33	33
Other financial liabilities	-	-	727	256	256	255
Trade payables	322	521	976	874	893	887
Payables to related parties	14	6	-	3	3	3
Insurance technical reserves	55	80	114	132	133	134
Provisions	-	-	53	96	99	102
Other current liabilities, PLUG	450	601	35	40	40	40
Non-Current Liabilities	1,299	1,130	2,023	1,356	956	806
Long-term financial liabilities	1,111	919	1,319	1,117	766	619
Other long-term payables	-	-	151	20	20	20
Trade payables	37	57	362	39	39	39
Provisions	18	30	27	24	25	26
Deferred tax liability	3	44	122	156	106	103
Other long-term liabilities, PLUG	131	80	41	0	0	0
Minority interest	752	974	792	1,236	1,053	863
Shareholders' Equity	1538	1971	2,612	3,750	4,242	4,724
Total Liabilities and Equity	9,126	11,749	8,007	8,206	8,012	8,119

Source: Dogan Holding, CA IB estimates

Financials - Dogan Yayin Holding

Table 17: Profit and Loss

(TRYm)	2004	2005	2006E	2007E	2008E
Net sales	1,402	1,712	2,265	2,561	2,859
COGS	(1,063)	(1,319)	(1,674)	(1,879)	(2,085)
Gross profit	338	393	591	682	774
Operating expenses	(233)	(285)	(399)	(447)	(499)
Operating profit (EBIT)	105	109	192	235	274
EBITDA	127	215	299	348	393
Financial income	(10)	(48)	(76)	(61)	(40)
Other income, net	-	30	(37)	57	48
Minority interest	(4)	(31)	12	(46)	(56)
Current income tax	(57)	(51)	(36)	(46)	(56)
Net income	59	9	55	139	169
Profitability (%)					
Gross margin	24	23	26	27	27
EBIT margin	8	6	8	9	10
EBITDA margin	9	13	13	14	14
Net margin	4	1	2	5	6
Growth (%)					
Revenue	48	22	32	13	12
EBIT	(760)	3	77	22	17
EBITDA	1,412	69	39	17	13
Net Income	(10)	(85)	533	151	22

Source: Dogan Yayin Holding, CA IB estimates

Table 18: Balance Sheet

(TRYm)	2003	2004	2005	2006E	2007E	2008E
Current Assets	461	591	774	1,785	1,479	1,561
Cash and equivalents	135	145	207	1,052	666	666
Investment securities	34	35	19	0	0	0
Trade receivables	213	330	444	587	664	741
Inventories	31	45	52	74	81	90
Non-Current Assets	934	1,055	1,453	1,426	1,457	1,489
Goodwill	-	-	576	573	573	573
Net PP&E	532	604	608	625	657	690
Intangible assets	343	371	169	168	176	185
Total Assets	1,395	1,645	2,227	3,211	2,936	3,050
Current Liabilities	387	375	486	552	546	592
Short-term financial liabilities	202	159	128	137	131	139
Other financial liabilities	-	-	36	26	26	25
Trade payables	135	149	198	262	296	330
Non-Current Liabilities	323	380	816	886	492	393
Long-term financial liabilities	252	283	717	803	417	317
Minority interest	182	260	285	881	927	1,178
Shareholder's Equity	502	631	640	891	971	886
Total Liabilities and Equity	1,395	1,645	2,227	3,211	2,936	3,050

Source: Dogan Yayin Holding, CA IB estimates

Financials – Petrol Ofisi

Table 19: Income statement, IFRS

(US\$m)	2003	2004	2005	2006E	2007E	2008E
Net sales	5,969	7,685	8,785	10,434	9,734	9,873
COGS	(5,635)	(7,264)	(8,297)	(9,814)	(9,155)	(9,328)
Gross profit	335	421	487	620	578	545
<i>Gross margin (%)</i>	5.6	5.5	5.5	5.9	5.9	5.5
SG&A	(221)	(284)	(227)	(283)	(289)	(298)
Other op. items	15	81	30	(83)	34	36
EBIT	129	218	291	253	324	284
<i>EBIT margin (%)</i>	2.2	2.8	3.3	2.4	3.3	2.9
Net financials	25	(64)	(63)	(111)	(41)	(37)
Monetary gain/loss	161	134	0	0	0	0
Extraordinaries	0	0	0	0	0	0
Pre-tax profit	314	288	228	142	282	248
Income tax	(97)	(104)	(67)	(6)	(56)	(50)
Minority interest	(1)	(0)	(1)	(1)	(1)	(1)
Net profit	217	184	160	135	225	197
Depreciation	(124)	(158)	(71)	(77)	(78)	(80)
EBITDA	253	377	362	331	402	365
<i>EBITDA margin (%)</i>	4.2	4.9	4.1	3.2	4.1	3.7

Source: Petrol Ofisi, CA IB estimates

Table 20: Balance Sheet, IFRS

(US\$m)	2003	2004	2005	2006E	2007E	2008E
Tangible Assets	503	570	613	618	640	660
Intangible Assets	5	4	3	4	5	6
Goodwill	1,545	1,654	1,652	1,526	1,526	1,526
Other Long-Term Assets	130	48	10	13	13	13
Total Fixed Assets	2,183	2,276	2,277	2,162	2,185	2,205
Receivables	355	433	624	730	711	721
Inventories	222	364	416	501	467	474
Other current assets	41	67	67	52	58	59
Current assets	618	865	1,107	1,283	1,236	1,254
Trade payables	(246)	(518)	(788)	(880)	(820)	(791)
Other ST liabilities	(272)	(346)	(309)	(334)	(292)	(296)
Current liabilities	(518)	(865)	(1,097)	(1,214)	(1,112)	(1,087)
Working capital	100	0	10	69	124	167
Net Capital Employed	2,283	2,276	2,287	2,231	2,308	2,372
Shareholders' equity	1,149	1,489	1,614	1,829	2,027	2,157
Minority interest	1	2	3	4	5	6
ST debt	388	268	303	300	200	150
LT Debt	797	600	405	350	400	350
Total debt	1,186	868	708	650	600	500
Cash and Cash equivalents	(66)	(92)	(102)	(302)	(373)	(341)
Net Debt	1,120	775	606	348	227	159
Provisions	6	7	6	10	10	10
Other LT liabilities	166	3	60	40	40	40
Net Capital Employed	2,441	2,276	2,288	2,231	2,308	2,372
Total Assets	2,866	3,233	3,486	3,747	3,794	3,800

Source: Petrol Ofisi, CA IB estimates

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	Buy	Hold	Sell	Under Review	Coverage In Transition	Restricted
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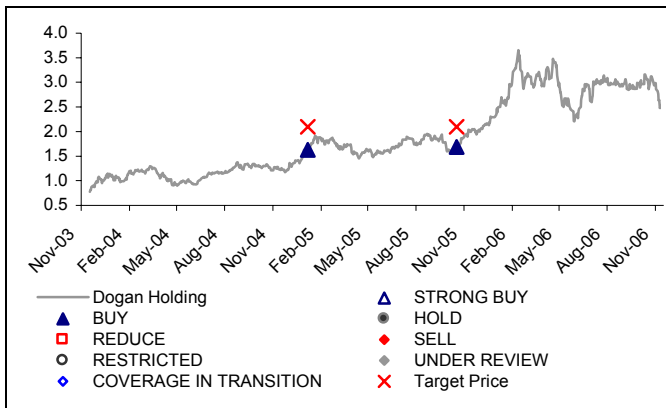
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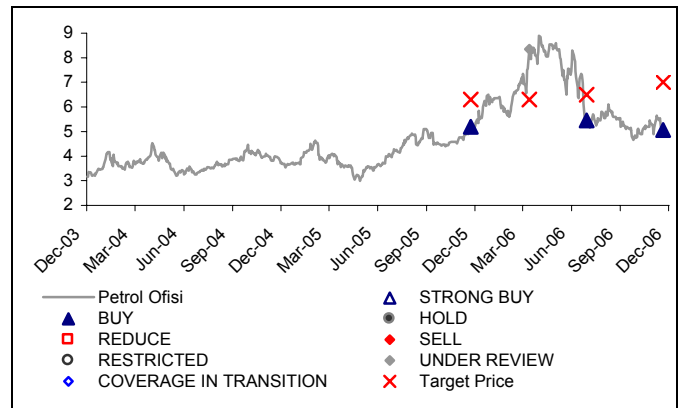
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History of CA IB's rating of Dogan Holding



Source: Datastream, CA IB

History of CA IB's rating of Petrol Ofisi



Source: Datastream, CA IB

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	1	2	3	4	5	6
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ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

Equity Research

Head of Equity Research

Mark Robinson
+44 20 7309 7873

Deputy Head of Research

Tomasz Bardziłowski
+48 22 520 9979

Sector Analysts

Banks

Marcin Jabłczyński +48 22 520 9962
Katalin Dani +36 1 374 7930
Adriana Marin +40 21 206 4698
Paul Wessely +43 50505 82331

Insurance

Paul Wessely +43 50505 82331

IT

Przemysław Sawala-Uryasz
+48 22 520 9960

Metals & Mining

Alfred Reisenberger +43 50505 82367
Roger Monson +44 20 7309 7844

Oil & Gas

Róbert Réthy +36 1 374 7934
Zsuzsanna Kun +36 1 374 7932

Pharmaceuticals

Katalin Dani +36 1 374 7930

Real Estate

Patrick Berger +44 20 7309 7843
Alexander Hodosi +43 50505 82359
Hanzade Kılıçkiran +44 20 7309 7854
Marcin Szortyka +48 22 520 9972

Telecoms

Anna Bossong +44 20 7309 7840

Strategists

Equity

Mark Robinson +44 20 7309 7873
Roger Monson +44 20 7309 7844
Ruben Zakharian +44 20 7309 7857
Patrick Berger +44 20 7309 7843
Piotr Dzieciolowski +44 20 7309 7855

Fixed Income & FX

Martin Blum +43 50505 82363
+43 664 313 46 02

Head of Sales

Europe

Fritz Schweiger
+44 20 7972 0208

US

Gyula Schuch
+1 212 672 6140

Regional Research

Bulgaria

Peter Stoyanov +359 2 9269 112
Simon Quijano-Evans +43 50505 82364

Croatia

Goran Šaravanja +385 1 4897 809

Czech Republic

Dan Karpisek +420 22 111 2570
Pavel Sobišek +420 22 111 2504

Hungary

Katalin Dani +36 1 374 7930
Róbert Réthy +36 1 374 7934
Zsuzsanna Kun +36 1 374 7932
Gyula Toth +43 50505 82362

Poland

Tomasz Bardziłowski +48 22 520 9979
Marcin Jabłczyński +48 22 520 9962
Tomasz Krukowski +48 22 520 9859
Przemysław Sawala-Uryasz +48 22 520 9960
Marcin Szortyka +48 22 520 9972
Łukasz Wachelko +48 22 520 9965
Piotr Chwiejczak +43 50505 82361

Romania

Adriana Marin +40 21 206 4698
Carmen Arsene +40 21 206 4697
Simon Quijano-Evans +43 50505 82364

Russia

Roger Monson +44 20 7309 7844

Slovenia

Katalin Dani +36 1 374 7930
Piotr Dzieciolowski +44 20 7309 7855
Goran Šaravanja +385 1 489 7809

Turkey

Hanzade Kılıçkiran +44 20 7309 7854
Simon Quijano-Evans +43 50505 82364

Quantitative Analysis

Ruben Zakharian +44 20 7309 7857

Head of Sales – Trading

Michel Danechi
+44 20 7309 7810

Sales – Europe

+44 20 7972 0208

Sales – US

+1 212 672 6140