Where we were at the start of 2004

Market

- Ad market to recover slowly
- New competitor to *Gazeta*!

Gazeta
- Protect market position
- Decline in ad revenue?

AMS
- Sales up 10%
- EBITDA growth

Magazines
- Revenue up 10%
- EBITDA B/E

Radio
- A test year!
- EBITDA B/E

Strategic objectives

- Improve ROE
- New paths for growth
- Return excess cash to shareholders
### Agora’s 2004 performance

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>1 billion!</td>
<td>853 mln</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>82 mln</td>
<td>4 mln</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>205 mln</td>
<td>139 mln</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>66 mln</td>
<td>2 mln</td>
</tr>
</tbody>
</table>

**EBIT growth**

- Q1: +17%
- Q2: +1730%
- Q3: +47%
- Q4: +3060%

**Operating cashflow growth**

- Q1: -36.3%
- Q2: +5.2%
- Q3: +84.5%
- Q4: +121.3%
Advertising market grew dynamically in 2004.

### Ad market growth

<table>
<thead>
<tr>
<th>Media</th>
<th>Actuals</th>
<th>Forecast b/o year</th>
<th>Forecast after 2Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>12%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>TV</td>
<td>13%</td>
<td>11%</td>
<td>11%</td>
</tr>
<tr>
<td>Dailies</td>
<td>9%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Magazines</td>
<td>9%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Radio</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Outdoor</td>
<td>15%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Ad market structure

- **Outdoor**: 8%
- **Radio**: 9%
- **Magazines**: 18%
- **Dailies**: 17%
- **TV**: 48%

Source: Agora’s estimates adjusted for average discount rate (data in current prices). The estimates refer to advertising expenditures in four media (TV, print, radio and outdoor), which in case of print do not include classifieds, inserts and obituaries. The estimates are based on rate card data of AGB Polska, CR Media monitoring, Agora Monitoring and AMS according to Media Watch monitoring.
Newspaper segment grew circulation & revenues...

Strong circulation performance

Metro goes national

In Warsaw:
- readership 27%
- 5% share in ad revenue

Rollout in Nov 2004:
- 10 cities; circulation 269 K
- 11% readership reach in Dec 04

Solid ad market share

Healthy revenues & margins

* Excluding books

...and added a third revenue stream

Books prove successful

40 - volume collection until 1 March 2005

Retail price PLN 15

- PLN 58.5 million in revenues
- increased Gazeta’s copy sales
- delivered solid profitability

Encyclopedia launched in January 2005

20 - volume encyclopedia until 25 May 2005

Retail price PLN 37

- to enhance revenues and profitability
- support Gazeta’s circulation
AMS on target to 2004 goals

**Revenue growth**

- 2003: PLN 102.6 mln
- 2004: PLN 113.4 mln

Revenue growth: +10.5% yoy

**Improved EBITDA**

- 2003: PLN 4.0 mln
- 2004: PLN 5.6 mln

EBITDA improvement: +40% yoy

Launched bus advertising

- in 8 major cities
- over 300 buses
- wide range of ad forms

Target for 2005

EBIT B/E
Revenues ahead of targets

Positive EBITDA

New greenfield proves successful

- average copy sales 158 K
- ad sales beat expectations
- Debut of the Year award

Target for 2005

- Positive EBITDA (single digit)*

* Incl. Avanti
Source: Circulation Audit Office, April–November 2004
Radio on target to 2004 goals

Revenue growth

Positive EBITDA

Rebranding and new formula

- brand management

- national advertising offer

Target for 2005

Track to profitability
Restructuring enhances efficiency and effectiveness

**Cost savings 2005/2003 PLN**

- Staff reductions: 26 mln
- Materials/production: 11 mln
- Other fixed cost: 5 mln

**TOTAL: 42 mln**

**Reinvestment**

- Quality of management
- New projects
- Promotion of Gazeta
## 2004 Group’s financial results

<table>
<thead>
<tr>
<th>PLN mln</th>
<th>2004</th>
<th>2003</th>
<th>yoy % change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1 001.1</td>
<td>853.5</td>
<td>17.3%</td>
</tr>
<tr>
<td>- advertising</td>
<td>642.1</td>
<td>581.5</td>
<td>10.4%</td>
</tr>
<tr>
<td>- copy sales</td>
<td>237.9</td>
<td>226.4</td>
<td>5.1%</td>
</tr>
<tr>
<td>- other (incl. books)</td>
<td>121.1</td>
<td>45.6</td>
<td>165.6%</td>
</tr>
<tr>
<td><strong>Operating cost:</strong></td>
<td>918.8</td>
<td>849.0</td>
<td>8.2%</td>
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<tr>
<td><strong>EBIT</strong></td>
<td>82.3</td>
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<td>1728.9%</td>
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<td><strong>EBITDA</strong></td>
<td>204.9</td>
<td>139.1</td>
<td>47.3%</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>20.5%</td>
<td>16.3%</td>
<td>4.2pp</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>66.3</td>
<td>2.1</td>
<td>3057.1%</td>
</tr>
<tr>
<td><strong>Employment e/y</strong></td>
<td>3 358</td>
<td>3 849</td>
<td>-12.8%</td>
</tr>
</tbody>
</table>

- **Record level of revenues**
- **New projects enhance revenues and profitability**
- **Books increase cost of materials**
- **One-off restructuring charge of PLN 10.5 mln**
- **Restructuring enhances efficiency**

**Notes:**
- Restructuring charge of PLN 10.5 mln
**Continued growth of economy and ad spend in 2005**

### Economy

- **GDP**: 5%
- **Company investments**: 13%
- **Consumer spending**: 4%
- **EU funds absorption underway**: €13B

### Ad spend growth

<table>
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Source: GDP, company investments, consumer spending Ministry of Finance — Budget assumptions for the year 2005; EU Structural Funds planned 2004 –2006: Ministry of Economy and Labour; Agora, estimated data (current prices) corrected for average discount rate. The rate card data are obtained from AGB Polska, CR Media monitoring, Agora Monitoring and AMS on the basis of Media Watch monitoring. The estimates refer to four media: TV, print, radio and outdoor. In case of print they do not include classifieds, inserts and obituaries.
Agora’s main priority is growth in media

Poland is our key market

Organic growth + Acquisitions

CEE region - opportunistic

Excess cash to shareholders
### Greenfields
- Design/feasibility testing of projects
- Lower investment (WK financing)
- High risk of failure, but easy to stop
- ST: TL↑, OL & BL↓
- LT: may substantially improve BL
- Relatively easy to manage, adopts same culture
- Drain on management resource

### Acquisitions
- Opportunistic
- High upfront investment
- Lower risk of failure, variety of others risks (restructuring!)
- Adverse impact if IT fails.
- If passed, depends on target’s profitability
- Harder to manage/integrate cultures & teams
- Brings in new talent & experience

#### Acquisitions
- IDENTIFYING OPPORTUNITIES
- INVESTMENT COST
- INVESTMENT RISK
- IMPACT ON RESULTS
- MANAGEMENT
- HR
Criteria for investment decisions

Key rule: DCF valuation ➔ Go if NPV>0

Greenfields

- Business plans with full cash flow projections for 5-10 years with terminal value
- Investment cost and losses taken into account as negative flows

Discount Rate

Cost of equity:

- **Risk-free rate:**
  Real risk free rate based on government bonds plus projected inflation
- **β:** Beta appropriate for the target, depends on the sector
- **Market risk premium:**
  As Poland matured and entered EU, the premium fell to about 5%

\[ Re = R_f + \beta (R_m - R_f) \]

Acquisitions

- NPV = Consideration paid – value of target as a standalone business + value of synergies
- Multiples approach as a sanity check

Synergies

Discount rate appropriate for perceived risk of achieving synergies
AGORA’S POLICY FOR RETURNING PROFITS TO SHAREHOLDERS

- Agora SA remains first and foremost focused on growth and expects to use its capital for expansion opportunities – both acquisitions and organic growth projects - that will enhance long-term shareholder value. At the same time, as appropriate and as authorized by the AGM, it will return excess capital to the shareholders through a dual mechanism of (i) a dividend and (ii) share repurchases.

- The Company will propose and, upon AGM’s approval, pay a dividend of 0.5 PLN per share annually. This dividend amount represents ca 1% yield which will satisfy certain shareholders seeking a current return and allow the company to potentially broaden its shareholder base. The Company intends to propose such a dividend annually, subject to the discretion of the Management Board/Supervisory Board and subject to the earnings and prospects of the Company and market conditions.

- If conditions warrant, the Company will also, from time to time, submit to the AGM a request for authorization of a share repurchase program as a means of returning excess capital to shareholders. The Company will review its situation on an annual basis, prior to the AGM, and resolve whether to submit such a request. If a request is submitted, it will include all relevant terms and conditions of the repurchase program. If the program is approved, the company will periodically report its results.
Awards & distinctions in 2004

Gazeta is #4 greatest brand in Poland

Agora awarded the Grand Prix in Corporate Governance by the Polish Institute of Directors

Printing plants win the International Color Quality Club membership

Gazeta is the "Newspaper of the Year" at the 57th WAN Congress in Istanbul

Agora awarded Best Investor Relations in Poland and Best IRO in CEE by IR Magazine

Highest standards of corporate governance award by Gazeta Giełdy Parkiet