

**INVESTOR  
PRESENTATION**  
January 2007



## OPERATING EFFECTIVENESS: AGORA GROUP

### Key drivers of financial performance declined in 1-3Q06

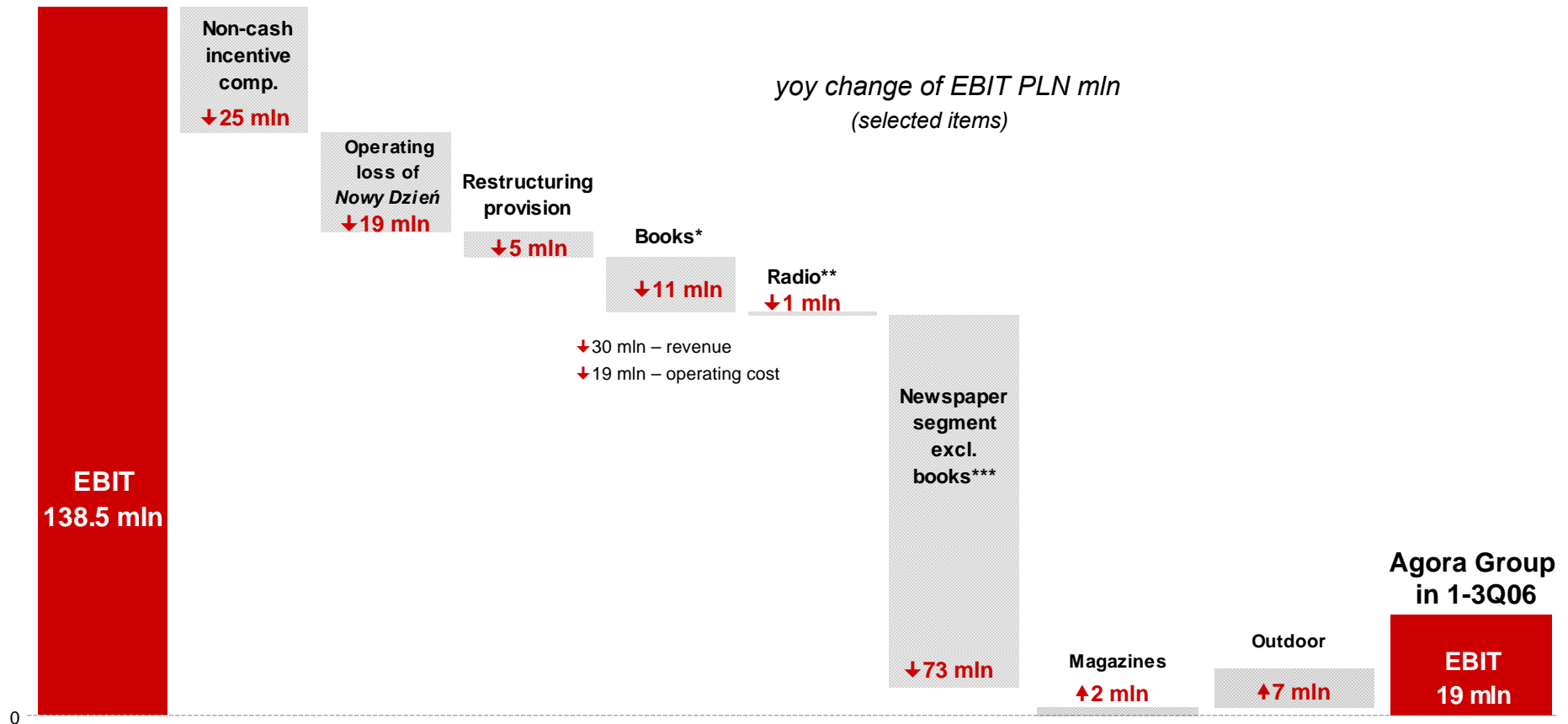
<i>PLN mln</i>	<b>1-3Q06</b>	<b>yoy % change</b>	<b>yoy PLN mln change</b>
<b>Revenue</b>	<b>834.3</b>	<b>↓ 4.4%</b>	<b>-38.6</b>
advertising	543.9	5.5%	28.4
copy sales	137.4	↓ 22.5%	-40.0
books*	90.8	↓ 28.3%	-35.9
<b>Operating cost</b>	<b>815.4</b>	<b>↑ 11.0%</b>	<b>81.0</b>
promotion	141.9	↑ 47.8%	45.9
payroll	216.1	↑ 24.6%	42.6
<b>EBIT</b>	<b>18.9</b>	<b>↓ 86.4%</b>	<b>-119.6</b>
<b>Operating EBITDA</b>	<b>101.7</b>	<b>↓ 51.2%</b>	<b>-106.7</b>
<b>Net profit</b>	<b>17.4</b>	<b>↓ 85.3%</b>	<b>-100.8</b>
<b>Free cash flow</b>	<b>68.1</b>	<b>↓ 61.0%</b>	<b>-106.3</b>

\* excl. advertising and publication sales which are included in „advertising“ and „copy sales“ categories

Source: consolidated financial statements according to IFRS

# OPERATING EFFECTIVENESS: AGORA GROUP

**Agora Group  
in 1-3Q05**



Source: consolidated financial statements according to IFRS; data include inter-segment transactions and exclude non-cash incentive compensation

\* incl. advertising and publication sales revenues

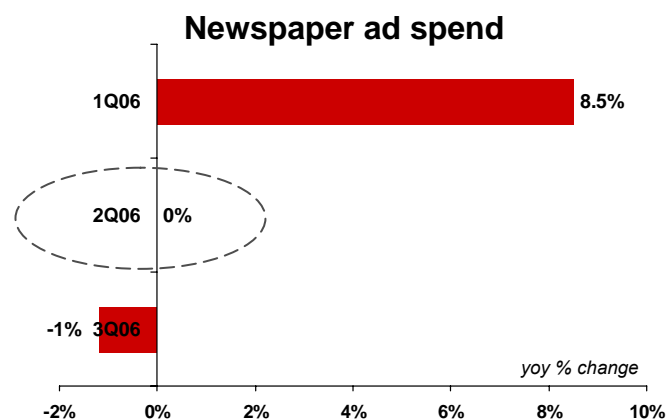
\*\* full method consolidation

\*\*\* incl. overhead, excl. Nowy Dzień

## OPERATING EFFECTIVENESS: GAZETA WYBORCZA

### Key revenue and cost impacts in 1-3Q06

<i>PLN mln</i>	<b>1-3Q06</b>	<b>yoy % change</b>	<b>yoy PLN mln change</b>
<b>Revenue</b>	<b>445.9</b>	<b>↓ 9.0%</b>	<b>-44.0</b>
advertising	347.5	2.2%	7.5
copy sales	94.5	↓ 34.6%	-50.0
<b>Operating cost*</b>	<b>291.6</b>	<b>↑ 17.1%</b>	<b>42.6</b>
promotion**	69.6	↑ 50.6%	23.4
production	108.0	↑ 16.3%	15.1



<i>PLN mln</i>	<b>2-3Q06</b>	<b>yoy % change</b>	<b>yoy PLN mln change</b>
<b>Revenue</b>	<b>290.8</b>	<b>↓ 14.5%</b>	<b>-49.4</b>
advertising	234.5	↓ 1.3%	-3.0
copy sales	53.6	↓ 45.8%	-45.3
<b>Operating cost*</b>	<b>200.7</b>	<b>↑ 15.1%</b>	<b>26.3</b>
promotion**	45.8	↑ 37.1%	12.4
production	76.9	↑ 18.3%	11.9

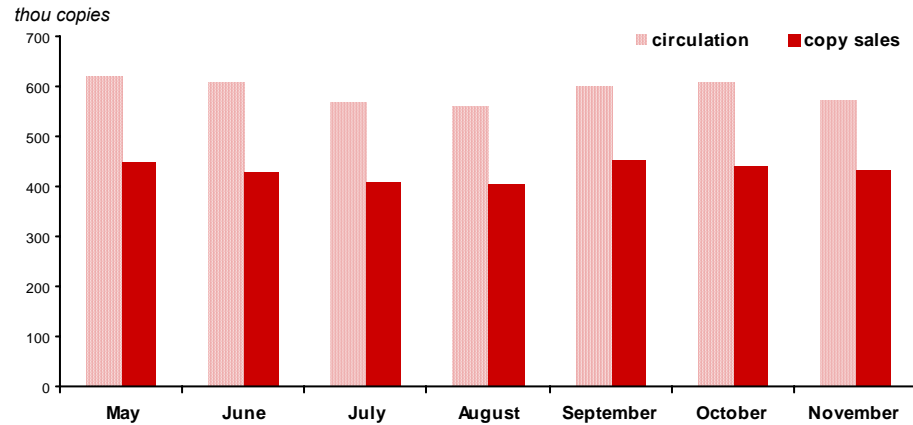
Source: newspaper ad spend (incl. paid and free dailies): Agora, estimated data corrected for average discount rate based on the monitoring of Agora; financial information: consolidated financial statements according to IFRS

\* excl. non-cash incentive comp.

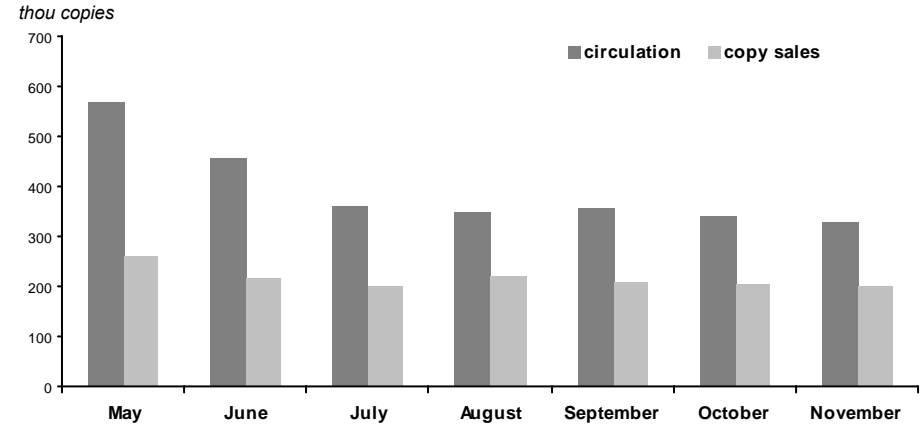
\*\* incl. planned inter-company expenses

# NEWSPAPERS: GAZETA'S CIRCULATION PERFORMANCE

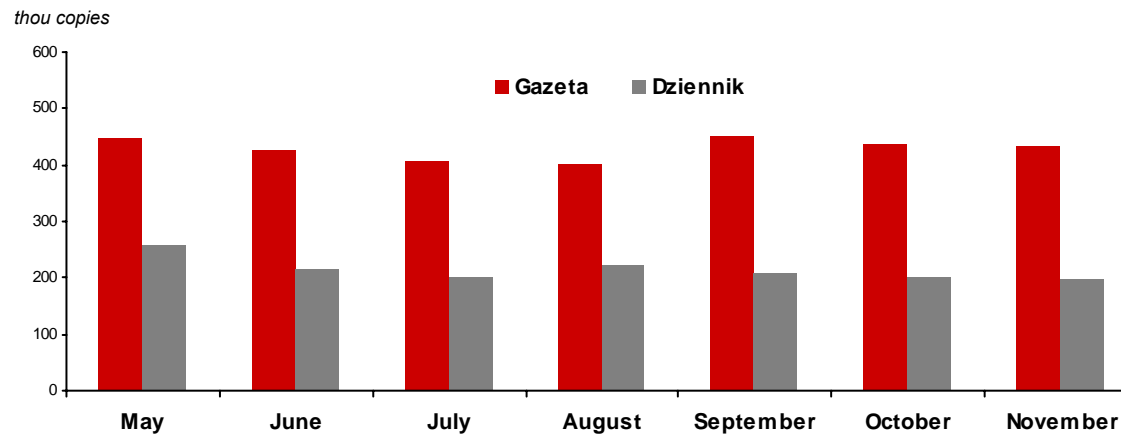
**Gazeta's circulation and copy sales**



**Dziennik's circulation and copy sales**



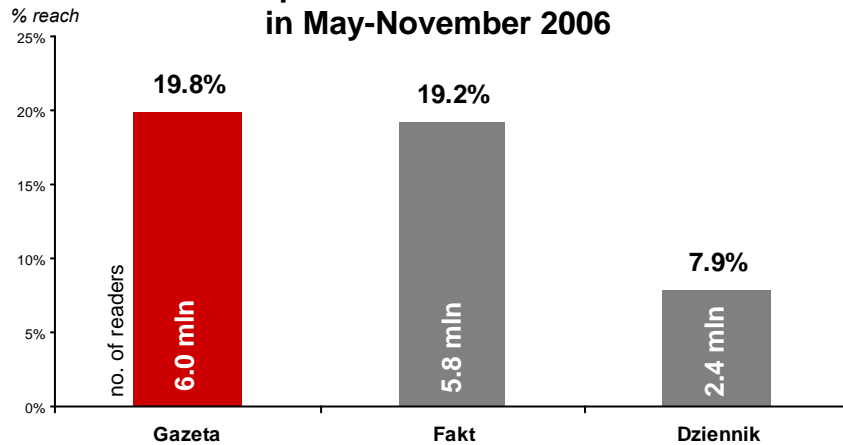
**Copy sales of Gazeta and Dziennik**



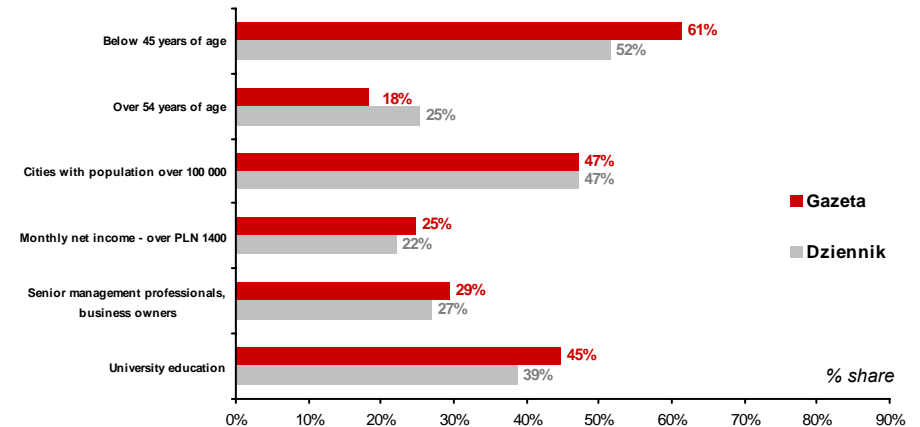
Source: average daily circulation and average daily copy sales: ZKDP, May-November 2006

# NEWSPAPERS: GAZETA'S ADVERTISING PERFORMANCE

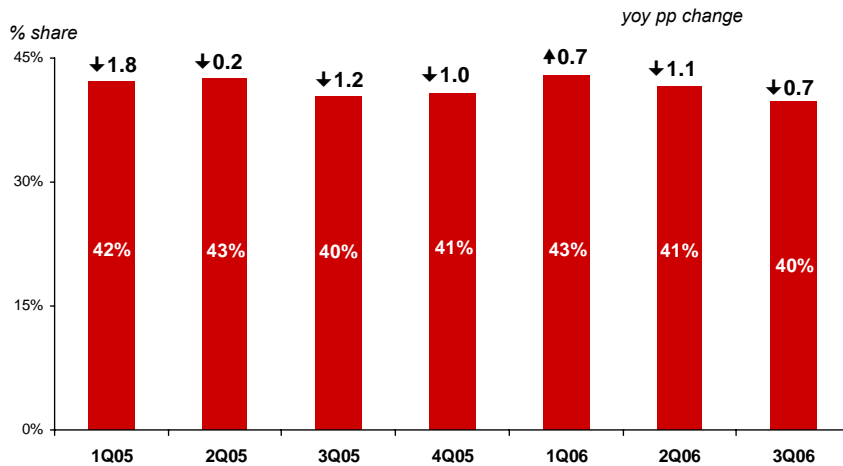
Readership reach of *Gazeta* and *Dziennik* in May-November 2006



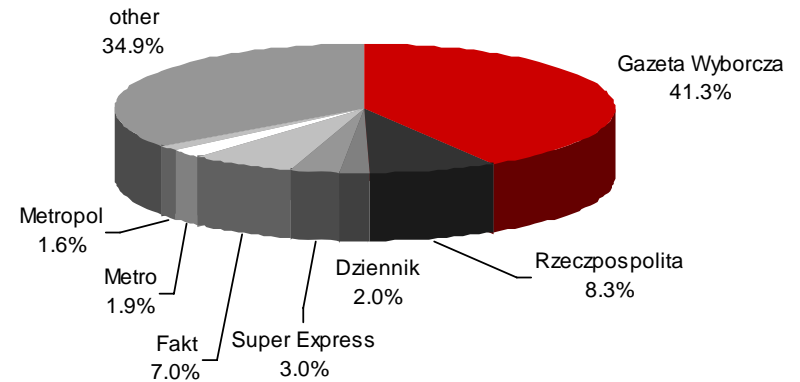
Readership profile of *Gazeta* and *Dziennik*



*Gazeta's* advertising share performance



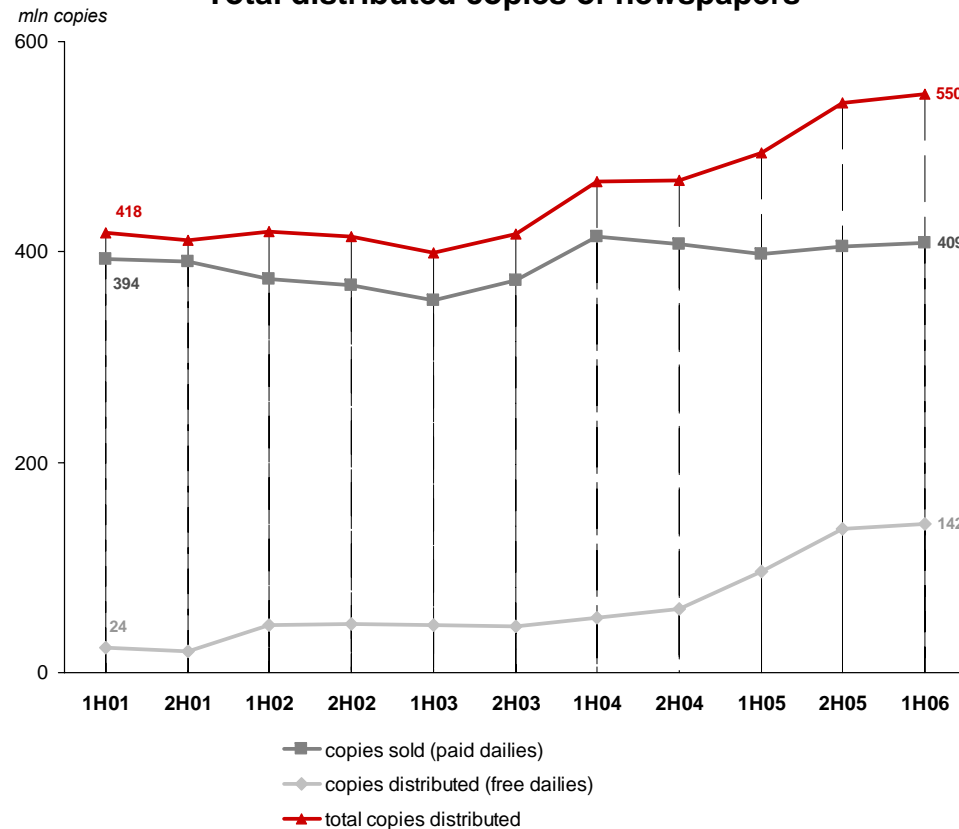
Daily advertising market 1-3Q06



Source: readership: PBC General, MillwardBrown SMG/KRC, CCS index, May-November 2006, N=27 644; advertising: Agora, estimated data corrected for average discount rate based on the monitoring of Agora; the data include paid and free dailies

# TOTAL CIRCULATION OF NEWSPAPERS HAS GROWN IN THE LAST 5 YEARS

**Total distributed copies of newspapers**



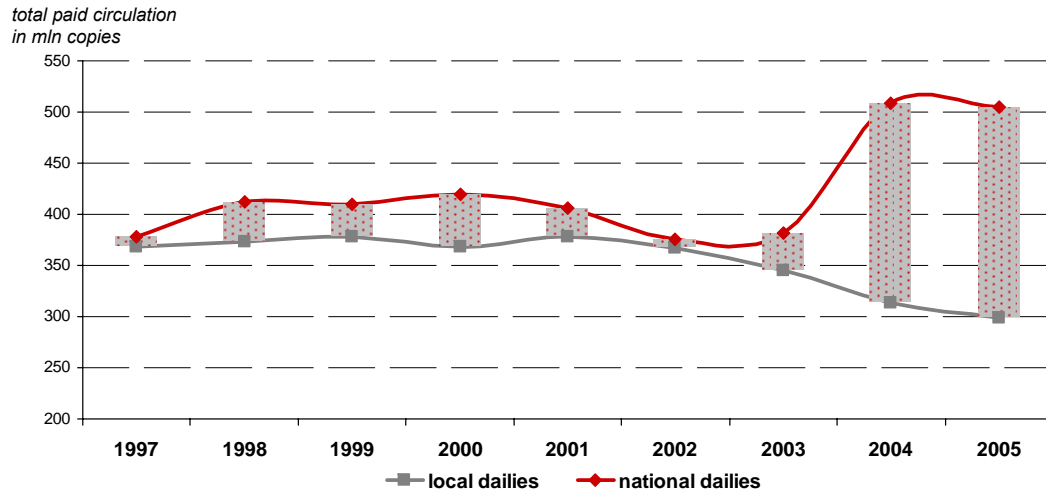
- ◆ The growth is driven by free dailies
- ◆ Free dailies represent 26% of total copies distributed
- ◆ Paid dailies are stable; the declining trend was arrested by new entrants
- ◆ Caveat: caution required in looking at total circulation (geographic distribution, measurement)

<i>thou copies</i>	1H01	2H01	1H02	2H02	1H03	2H03	1H04	2H04	1H05	2H05	1H06
copies sold (paid dailies)	393 558	390 788	373 821	368 559	353 507	373 606	414 681	407 181	398 012	405 616	408 771
copies distributed (free dailies)	24 068	20 01	45 069	46 134	45 683	43 879	52 388	60 876	96 61	136 047	141 715
<b>total copies distributed</b>	<b>417 626</b>	<b>410 797</b>	<b>418 89</b>	<b>414 694</b>	<b>399 19</b>	<b>417 485</b>	<b>467 069</b>	<b>468 058</b>	<b>494 622</b>	<b>541 662</b>	<b>550 486</b>

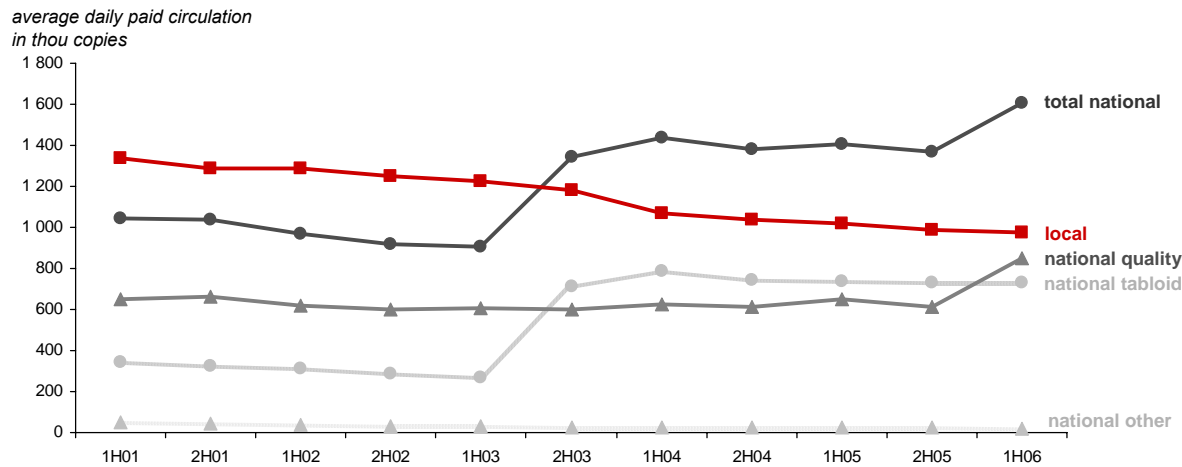
Source: ZKDP, paid dailies: total copies sold; free dailies: total copies distributed

# IN THE PAID MARKET, CIRCULATION OF NATIONAL DAILIES IS GROWING AT THE EXPENSE OF LOCAL DAILIES

**Paid circulation of national and local newspapers**



- Huge jump in the national market since 2003
- It reflects new entrants, primarily *Fakt*
- Local newspapers are in steady decline; accelerated by entry of *Fakt*

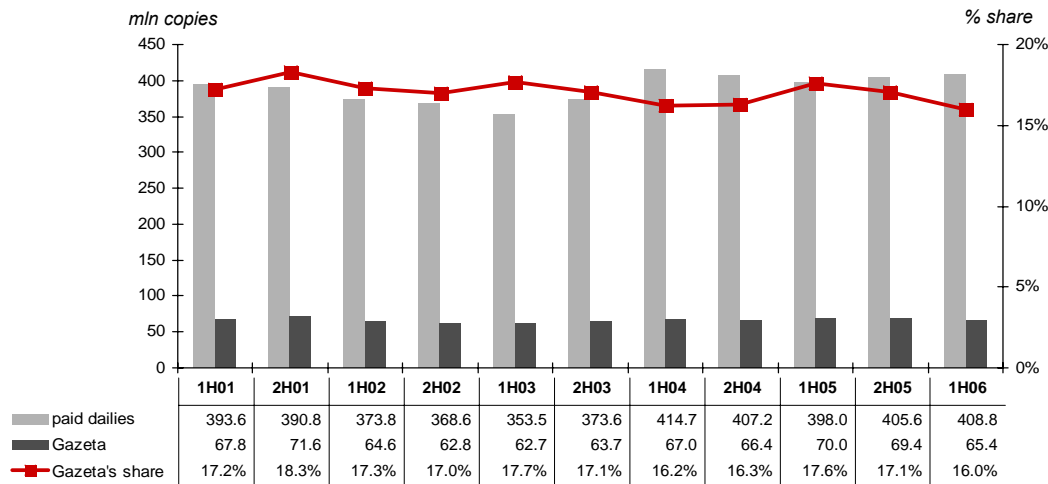


Source: ZKDP, total paid circulation, average daily paid circulation



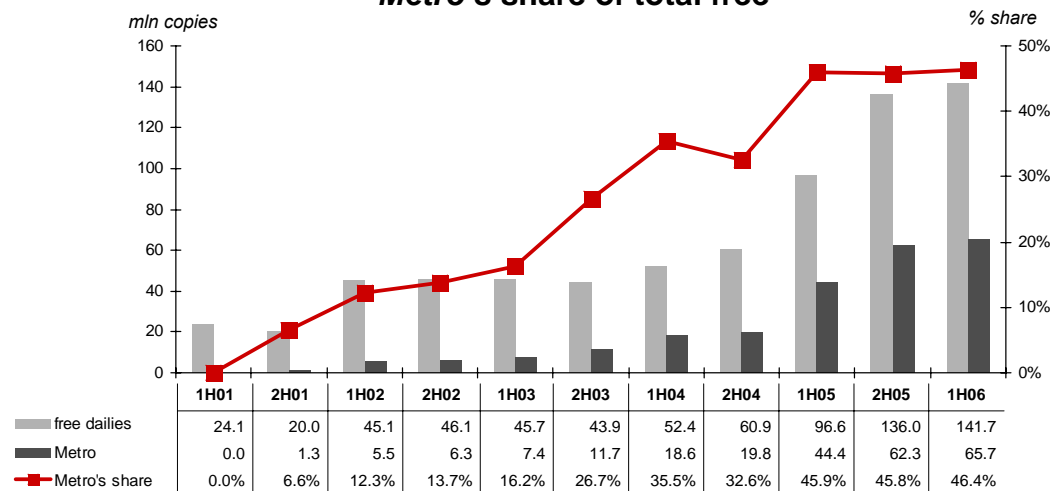
# AGORA'S SHARE IN TOTAL CIRCULATION (PAID & FREE) HAS GROWN

### Gazeta's share of total paid



- ▶ *Gazeta's* share in total paid circulation is down from 17% to 16% in 1H06
- ▶ *Metro's* share in total free circulation is up from 7% in 2H01 to 46% in 1H06
- ▶ Agora's share in total newspaper circulation is up from 16% to 24%

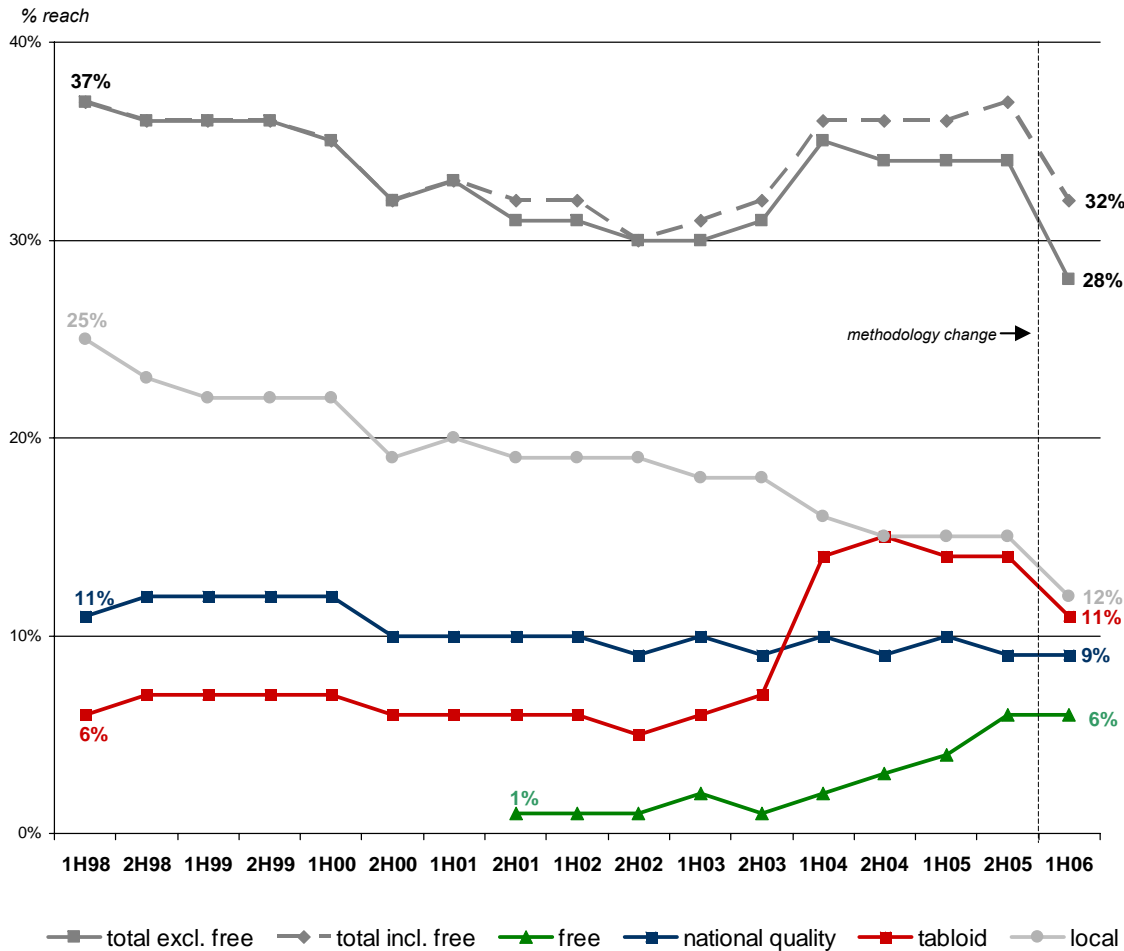
### Metro's share of total free



Source: ZKDP, paid dailies: total copies sold; free dailies: total copies distributed, 1H06 data includes Dzień Dobry which transformed into a weekly in January 2006

# NEWSPAPER READERSHIP TODAY IS AT THE 1998 LEVEL

Readership of newspapers

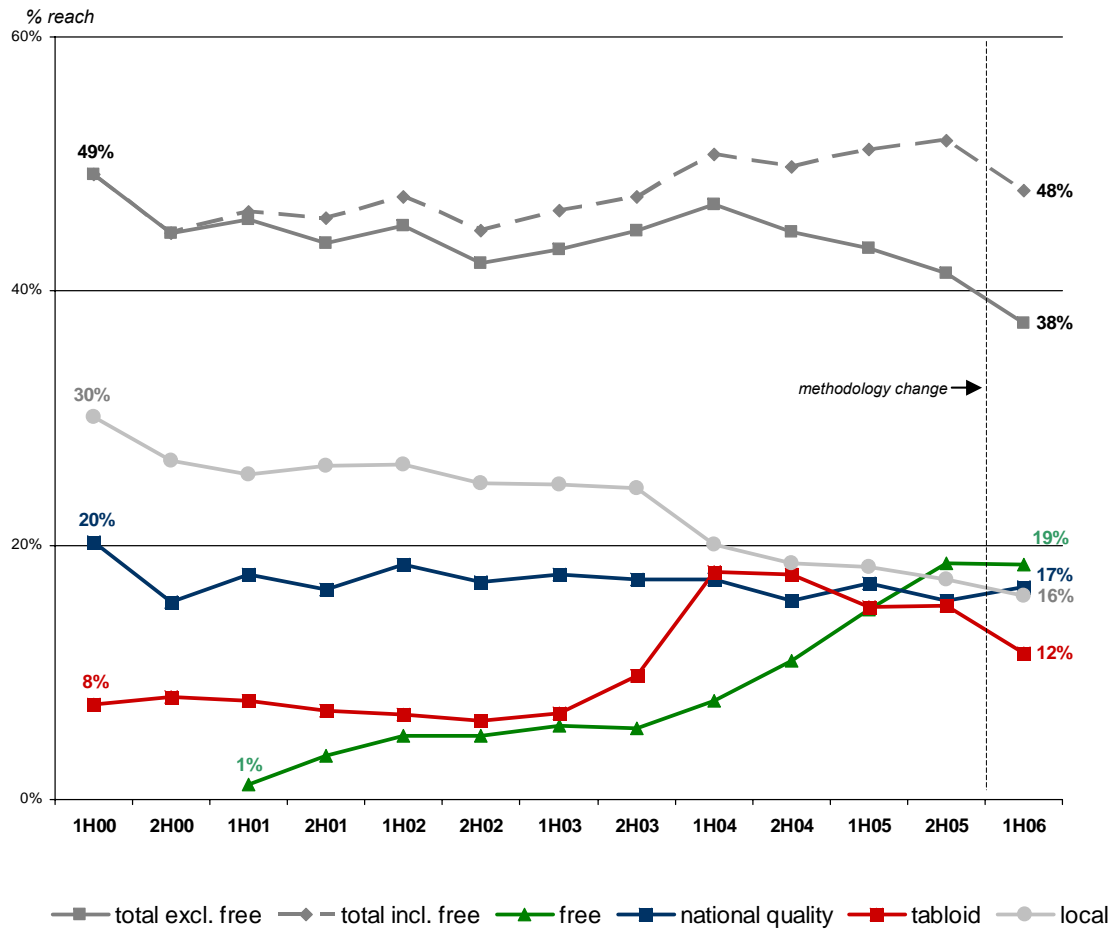


- Free dailies stabilize total readership
- Downward trend in paid dailies halted in 2004 (*Fakt*)
- Quality papers have stable reach
- *Fakt* doubled readership of tabloids
- Local newspapers in decline (competition, mergers)
- Caveat: new measurement methodology since the b/o 2006

Source: PBC General, MillwardBrown SMG/KRC, SCPW index, January 1998 – June 2006, N=313 313

# REAL IMPACT OF FREE DAILIES IS IN LARGE CITIES WHERE THEY ARE DISTRIBUTED

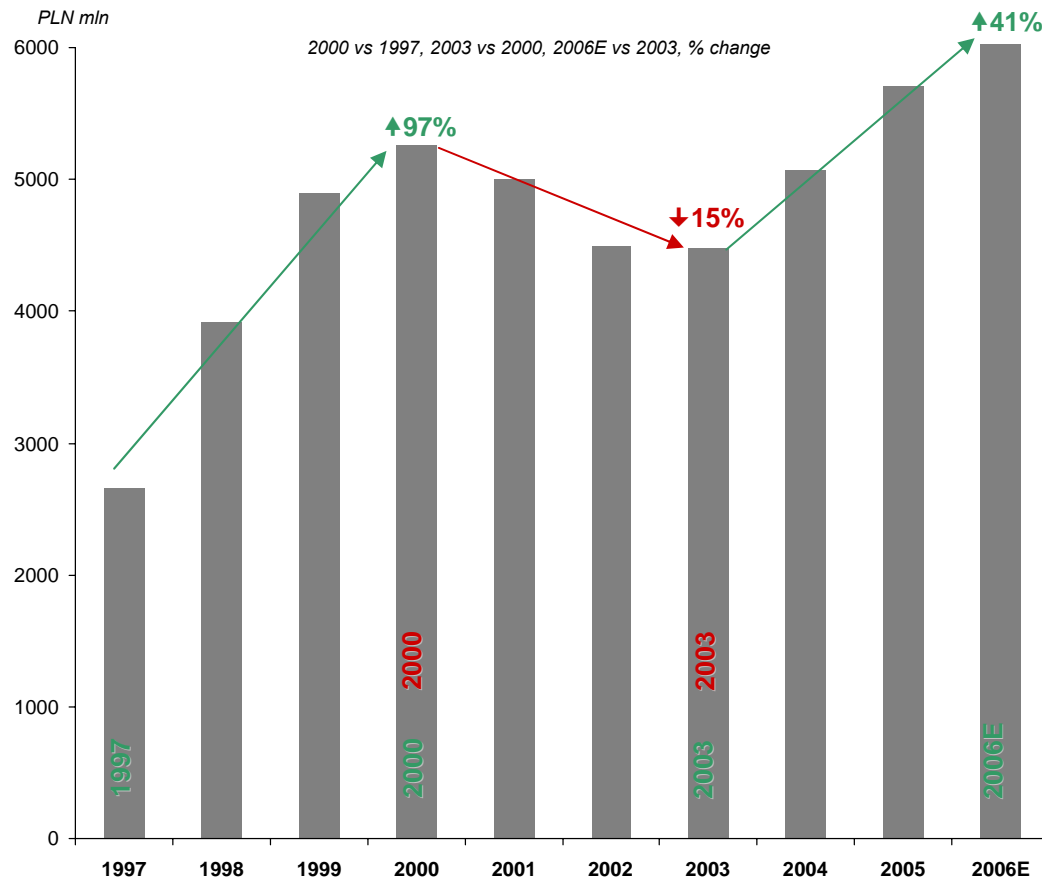
Readership in large cities



- ▶ Newspaper readership in large cities has been growing since 2001
- ▶ Free sheets add 10 points to total newspaper readership score in large cities
- ▶ In large cities, free sheets currently reach more people than tabloids and are on par with national quality papers
- ▶ In short, in areas where they are distributed, free sheets are a powerhouse in reach

## TOTAL ADVERTISING SPENDING IS GROWING

### Advertising market 1997-2006E



Between 1997-2006E ad market grew 137%

The growth reflects three distinct periods:

**1997-2000** – rapid expansion (CAGR 25.5%; real CAGR 14.3%)

**2000-2003** – recession (CAGR -5.2%; real CAGR -7.7%)

**2003-2006E** – (CAGR 12.1%; real CAGR 9.6%)

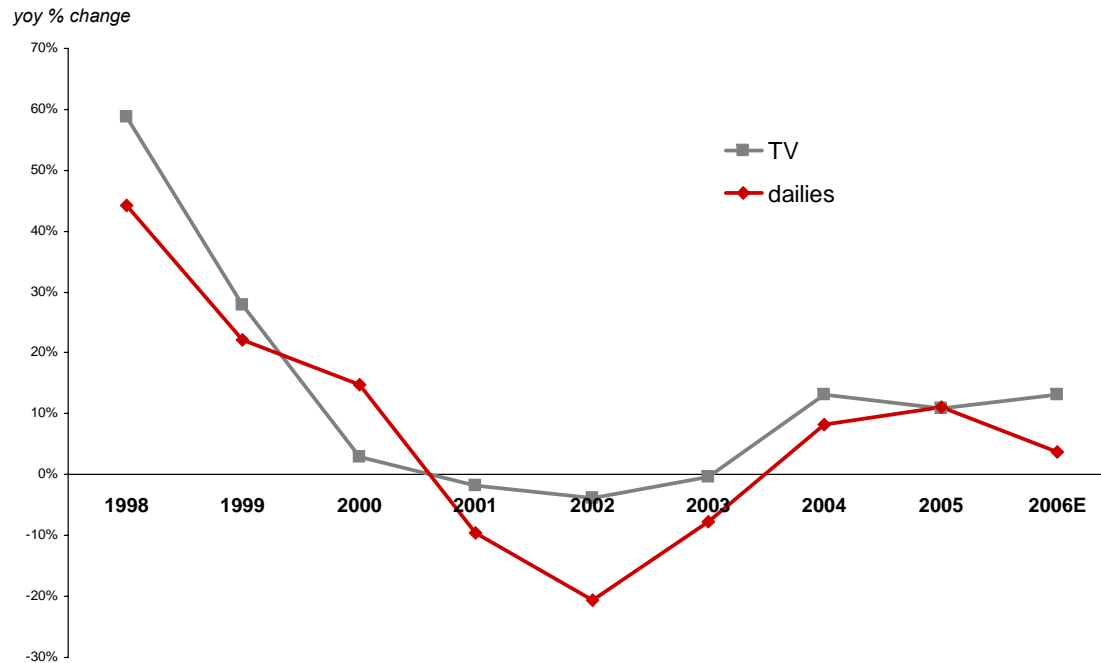
Spending on TV grew 180%

Spending on dailies grew 67%

Internet is growing dynamically (61% in 2005) but has 3% share of total market

## TV HAS BEEN GAINING MARKET SHARE AT THE EXPENSE OF PRINT, CHIEFLY NEWSPAPERS

### Ad revenue growth yoy



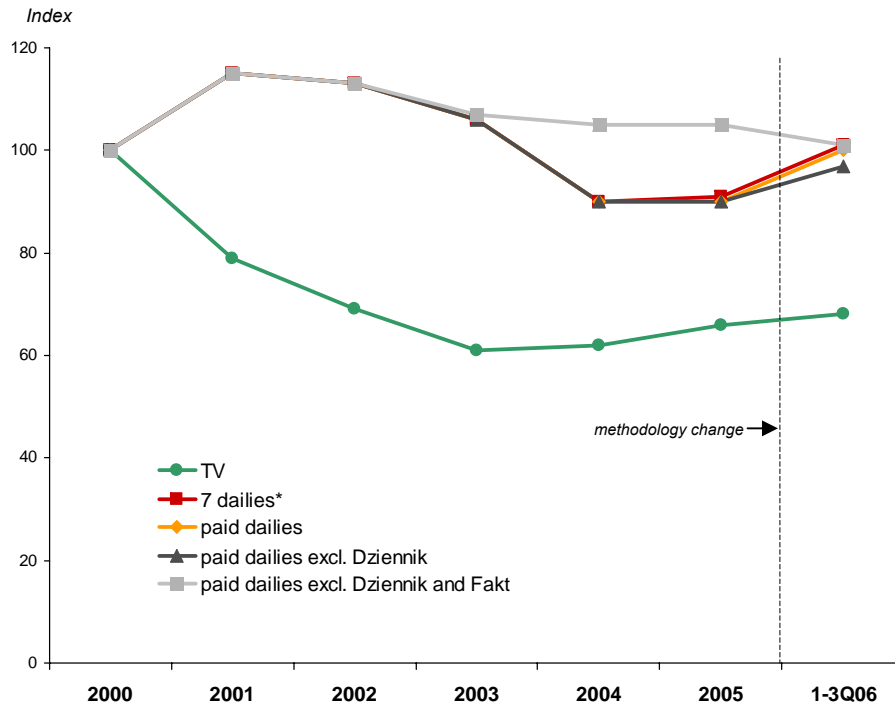
- ◆ Share of dailies in total ad spend declined 6.7 points since 1997
- ◆ Share of TV grew 7.2 points
- ◆ Year 2001 marks the beginning of the growing dominance of TV

PLN mln	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006E
<b>TV</b>	1 078.0	1 712.0	2 189.2	2 253.0	2 215.4	2 130.6	2 121.7	2 401.3	2 663.5	3 014.9
% share	40.5%	43.7%	44.7%	42.8%	44.3%	47.4%	47.3%	47.4%	46.7%	47.7%
<b>Dailies</b>	599.1	864.0	1 055.5	1 210.3	1 094.4	869.0	800.9	867.4	964.6	1 000.1
% share	22.5%	22.0%	21.6%	23.0%	21.9%	19.3%	17.9%	17.1%	16.9%	15.8%

Source: Agora's estimates adjusted for average discount rate (data in current prices). The estimates are based on rate card data of AGB Polska monitoring, CR Media monitoring, Expert Monitor monitoring, monitoring of Agora, IGRZ monitoring, IAB Polska. In case of dailies the data include paid and free dailies ad spend.

# TV RATE STRATEGY MAKES TV THE BLOB THAT ATE THE WORLD

CPP change – TV and dailies\*



\*Gazeta, Rzeczpospolita, Super Express, Fakt, Dziennik, free dailies (Metro, Metropol)

CPP

thousand PLN	2000	1-3Q06
TV/prime time	2.3	1.7
Dailies/attractive placement*	8.7	9.1

\*Gazeta, Rzeczpospolita, Super Express

Sellout rate of TV inventories

	TVP1	TVP2	POLSAT	TVN
1Q06	70%	67%	89%	79%
2Q06	73%	73%	96%	100%
3Q06	67%	62%	98%	78%
<b>1-3Q06</b>	<b>70%</b>	<b>67%</b>	<b>95%</b>	<b>86%</b>

- Current TV rates are 30% lower than in 2000 – recession pricing maintained
- Newspaper rates are stable (*Fakt* below par)
- No wonder TV prime time sellout rates exceed 90% in commercial stations

Source: dailies CPP: advertising - Agora, estimated data corrected for average discount rate based on the monitoring of Agora, readership – PBC General, MillwardBrown SMG/KRC, CDT index, 2000 – N=36 574, 2001 – N=36 494, 2002 – N=36 272, 2003 – N=36 145, 2004 – N=36 193, 2005 – N=36 092, January-September 2006 – N=33 404; television CPP: Agora, estimated data corrected for average discount rate based on the AGB Polska monitoring; usage of available advertising capacity: prime time, AGB Polska, (TVP1, TVP2: actual data - legal limits corrected for real advertising time availability), prepared by Agora

## THE EFFECT OF TV PRICING SEEMS TO DOMINATE OVER OTHER FACTORS, SUCH AS DIFFERENTIAL GROWTH IN CATEGORIES OR PRODUCT TARGETING

### 2002 – 2005 gain

<i>PLN mln</i>	Total*	TV	Dailies
Health	149	102	5
Media	109	67	5
Culture/Entertainment	109	35	15
Financial products	103	98	(3)
Cosmetics	95	79	0
Retail chains	66	(5)	31
Telecom	50	89	(26)
Recruitment	50	N/A	49
Automotive	41	6	11

### 2004 – 2005 gain

<i>PLN mln</i>	Total*	TV	Dailies
Retail chains	76	15	24
Cosmetics	61	56	2
Financial products	52	52	(1)
Culture/Entertainment	43	21	3
Health	42	18	3
Food	38	28	3
Telecom	33	28	8
Home decoration	15	15	1
Automotive	(20)	(25)	7
Home construction	(10)	(8)	(8)

### 1H05 – 1H06 gain

<i>PLN mln</i>	Total*	TV	Dailies
Financial products	69	56	1
Culture/Entertainment	46	23	2
Media	39	36	2
Food	36	35	0
Health	28	13	(1)
Beer/cigarettes	17	13	(1)
Recruitment	16	0	15
Home construction	(14)	(4)	(7)
Automotive	(10)	(4)	(13)
Telecom	(9)	(5)	(7)

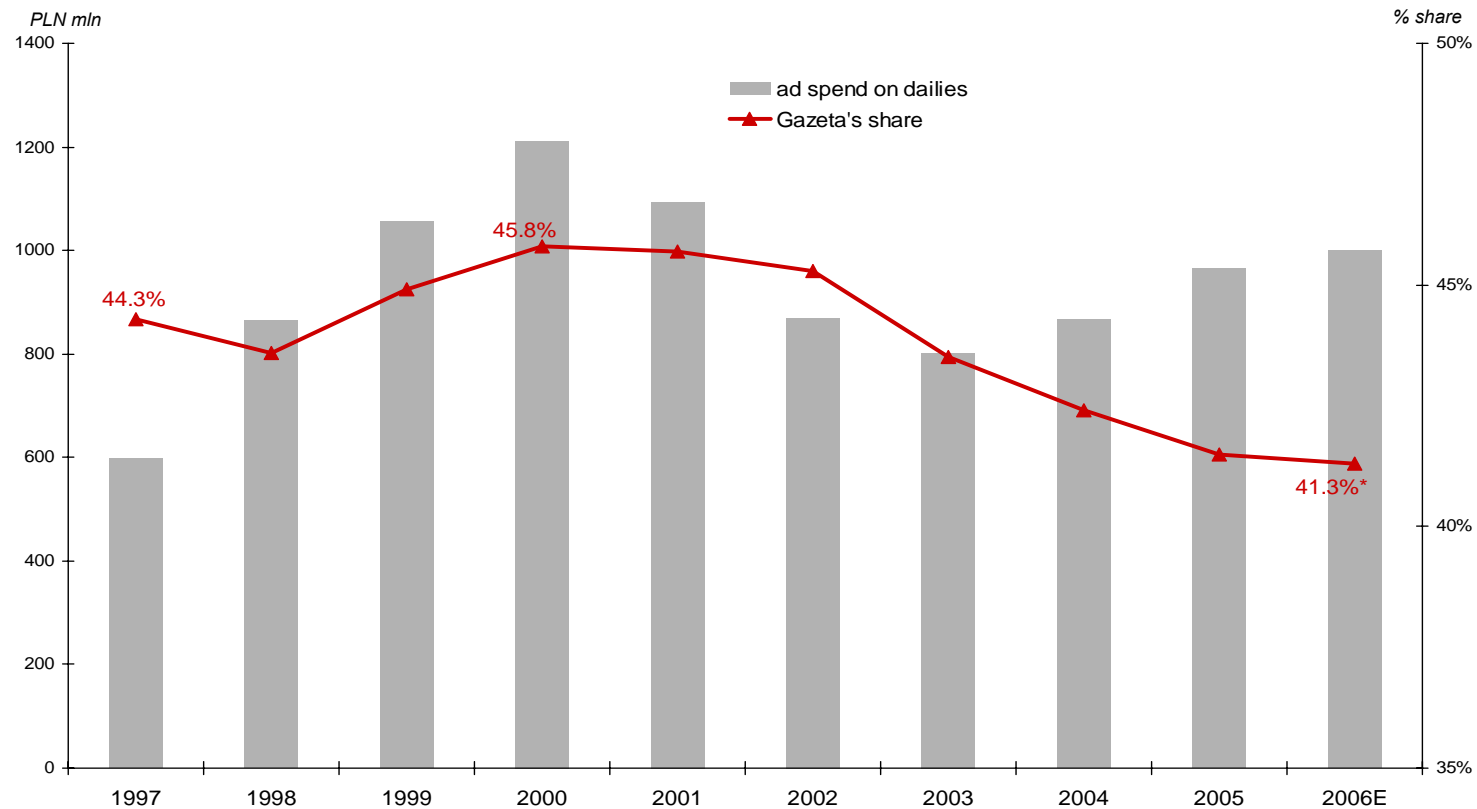
- ➔ In all periods analyzed, TV gets the lion's share of growth in remotely TV suitable categories. Even financial products are not exempt
- ➔ The only TV resistant categories are: recruitment and, to a lesser degree, retail
- ➔ In the most recent period analyzed (1H06/1H05) TV appears to be more resilient to category declines

Source: Agora's estimates adjusted for average discount rate (data in current prices). The estimates are based on rate card data of AGB Polska monitoring, CR Media monitoring, Expert Monitor monitoring, monitoring of Agora. In case of dailies the data include paid and free dailies ad spend.

\* TV, print and radio

## GAZETA HAS LOST SOME SHARE OF AD SPEND ON DAILIES

### Advertising share of *Gazeta* in the dailies market



➔ *Gazeta's* share in the daily market declined by 2.8pp in 1997/2005

\* *Gazeta's* share in 1-3Q06

Source: Agora, estimated data corrected for discount rate based on the monitoring of Agora, the data include paid and free dailies ad spend



## OUR SHARE LOSS IS A THIRD OF COMPETITIVE GAINS

**Change in share in the newspaper market**

yoy pp change	Net winners			Net losers			
	Fakt	Free dailies [Metro]	Dziennik	Gazeta	Super Express	Rzeczpospolita	Local dailies
<b>2003/2002</b>	↑0.3	↑0.2 [↑0.1]	-	↓1.8	↑0.3	↑0.6	↑0.4
<b>2004/2003</b>	↑3.5	↑0.2 [↑0.2]	-	↓1.1	↓1.0	↑0.3	↓2.2
<b>2005/2004</b>	↑2.5	↑1.2 [↑0.7]	-	↓1.0	↓0.7	↓1.0	↓1.2
<b>1-3Q06/1-3Q05</b>	↑0.7	↑0.9 [↑0.8]	↑2.0	↓0.4	↓1.0	↓0.8	↓2.2
<b>2005/2002</b>	↑6.3	↑1.5 [↑1.0]	-	↓3.9	↓1.3	0.0	↓3.0
<b>1-3Q06/1-3Q02</b>	↑7.0	↑2.2 [↑1.7]	↑2.0	↓4.4	↓2.2	↓0.7	↓4.9

October 2003  
Entry of Fakt

April 2006  
Entry of Dziennik

1H 04  
Rapid jump in circulation of free dailies

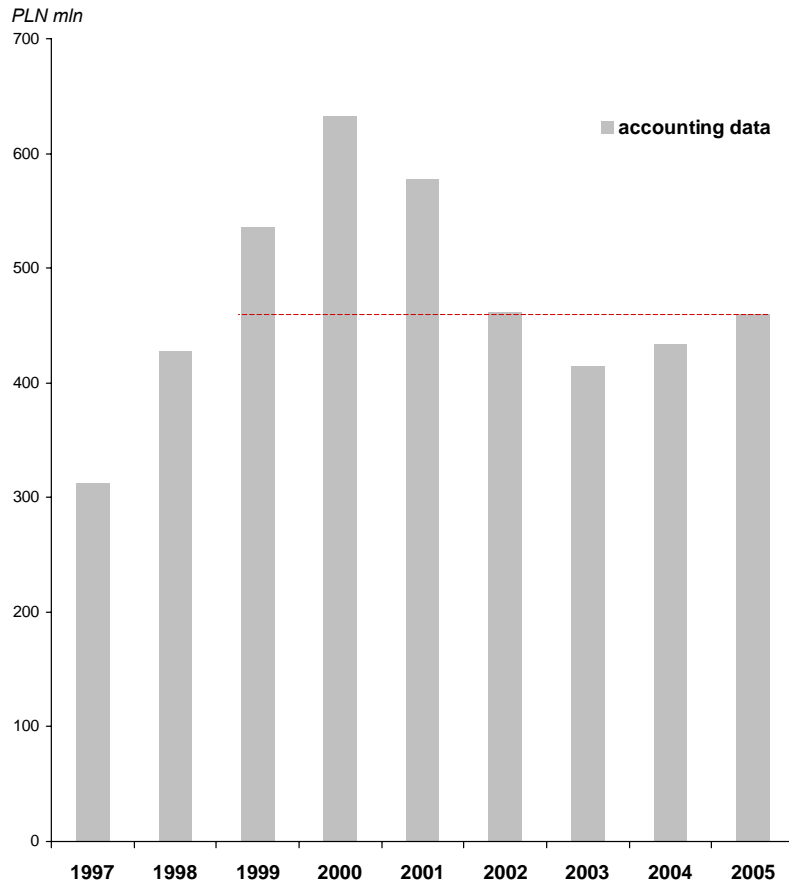
### Agora's share change 1-3Q02 - 1-3Q06

Gazeta	-4.4pp
Metro	+1.7pp
<b>Net</b>	<b>-2.7pp</b>

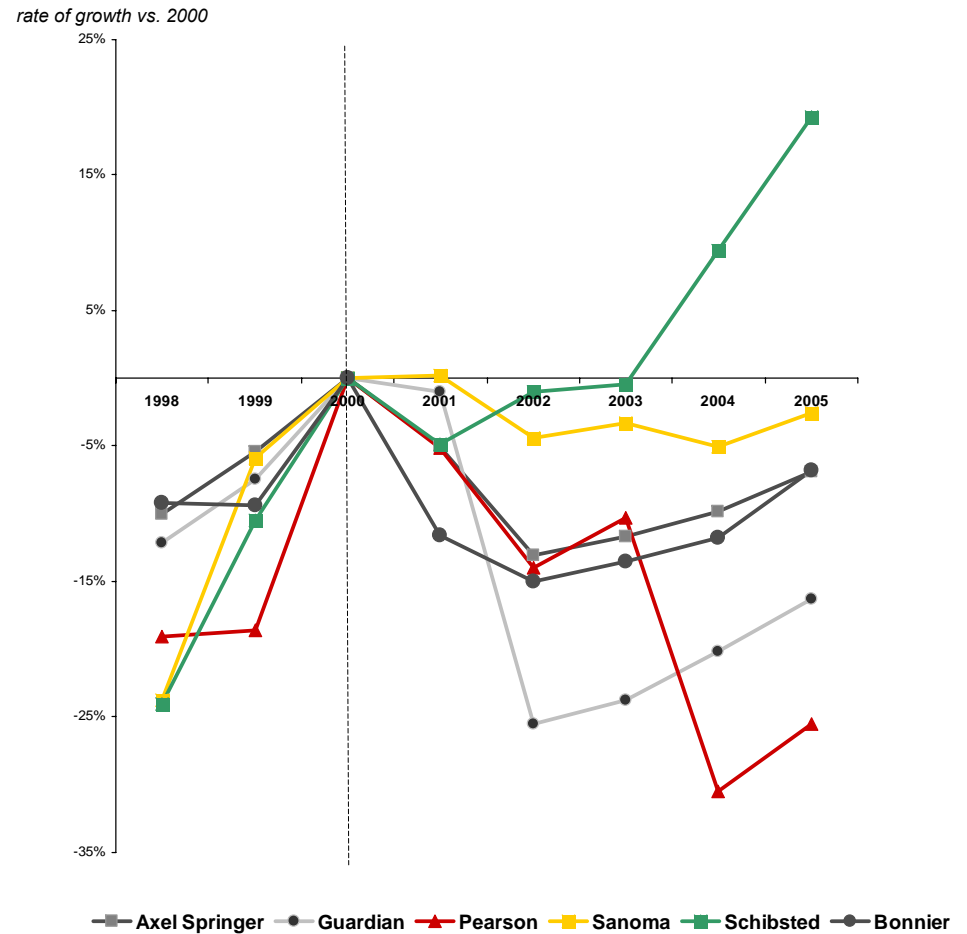
- ▶ New entrants + free sheets (incl. *Metro*) are share gainers
- ▶ "Legacy" papers (incl. *Gazeta*) are share losers
- ▶ Free papers gain share slowly, their wide distributions not yet monetized
- ▶ *Gazeta* and *Metro* net share loss is 1/3 of competitive gains – *Gazeta's* only is 2/5 (if *Metro* treated as a competitor)

# GAZETA IS NOT BENEFITING FROM AD MARKET RECOVERY

**Gazeta's advertising revenue**



**Revenue of European publishers**



Source: Gazeta's ad revenue: financial statements (ad revenues + inserts); revenue of European publishers: financial statements of the companies (1998-2005), prepared by Agora

## NEWSPAPERS: GAZETA WYBORCZA

<i>ad spend in PLN mln</i>	1997	2005	1-3Q06
<b>Total</b>	<b>2 663</b>	<b>5 705</b>	<b>4 395</b>
TV as % of total	40.5%	46.7%	47.4%
Internet as % of total	-	2.5%	3.3%
Dailies as % of total	22.5%	16.9%	16.2%
<i>Gazeta</i> as % of dailies	44.3%	41.5%	41.3%
<i>Gazeta</i> as % of total	10.0%	7.0%	6.7%

**Objective:** lead in the quality newspaper segment

- ➔ Our flagship must deal with a triple challenge:
- immediate newspaper competition
    - maintain leadership in the quality market
    - tailor the business model to market realities to ensure durable profitability
  - continuing dominance of TV
  - growing role of Internet

## COST OPTIMIZATION: STATUS OF PROJECT

### ➔ Immediate goal

- cut PLN ca 35 million from 2007 cost base
- focus on fixed costs
- review of all processes, lighten overhead

### ➔ Group layoffs in Agora SA

- notification to the Labor Office on 19 September 2006
- up to 250 employees on 20 September 2006 – 31 March 2007
- cost to be booked in 3Q 2006

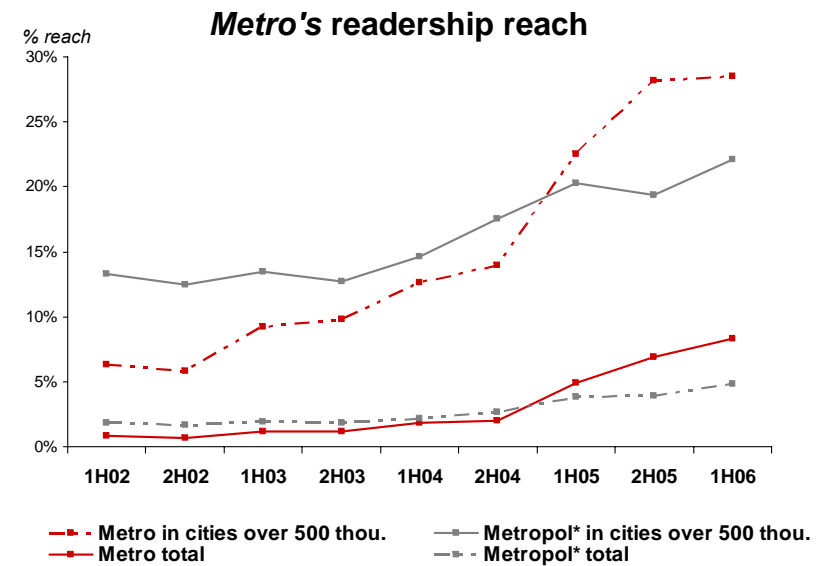
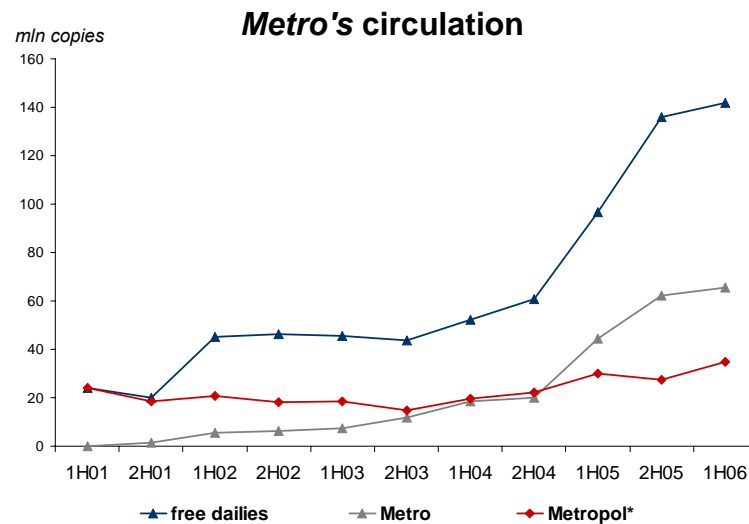
<i>PLN mln</i>	<b>2006</b>
<b>Total cost</b>	5.0
incl. severances	3.4

### ➔ Next steps: process reviews continue; further corporate-level steps under consideration

# NEWSPAPERS: METRO

**Objective:** to lead in the free sheet market and contribute to the bottom line

PLN mln	2001	2002	2003	2004	2005	1-3Q06
Revenue	0.3	3.0	3.6	5.1	13.0	14.2



- ➡ Still in investment phase (i.e. in the red), but growing readership and revenues on plan +
- ➡ Recent changes: *Metropol* withdrawn from the Polish market

Source: revenue: consolidated financial statements according to IFRS; circulation: ZKDP, total copies distributed, 1H06 data includes Dzień Dobry which transformed into a weekly in January 2006; readership: PBC General, MillwardBrown SMG/KRC, CCS index, January 2002 – June 2006, total: N=166 078, 5 cities over 500 thou.: N=20 495

\* last issue on 5th January 2007

## OUTDOOR ADVERTISING

**Objective:** maintain leadership position, grow the business

<i>PLN mln</i>	2003	2004	2005	1-3Q06
<b>Revenue*</b>	<b>102.6</b>	<b>113.4</b>	<b>143.3</b>	<b>106.6</b>
<b>Operating cost</b>	<b>116.2</b>	<b>125.9</b>	<b>133.2</b>	<b>90.5</b>
<b>EBIT</b>	<b>-13.6</b>	<b>-12.5</b>	<b>10.1</b>	<b>16.1</b>
<b>Operating EBITDA</b>	<b>4.0</b>	<b>5.6</b>	<b>27.0</b>	<b>25.0</b>

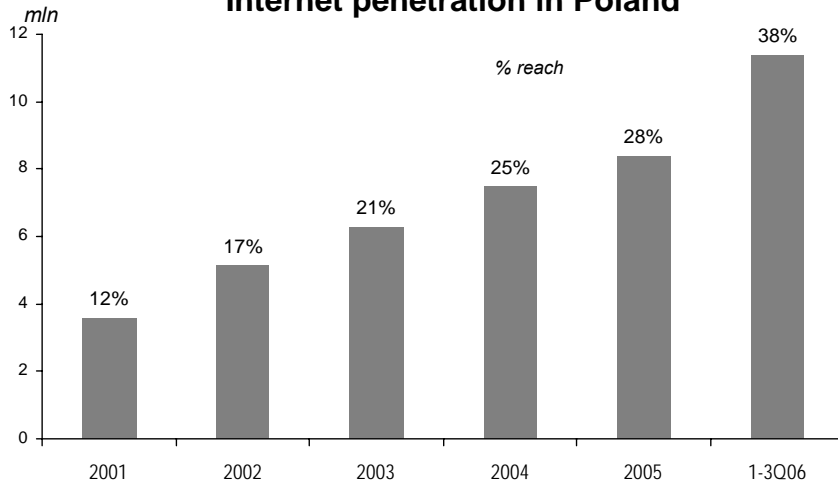
*\* incl. planned inter-company transactions*

*Source: consolidated financial statements according to IFRS*

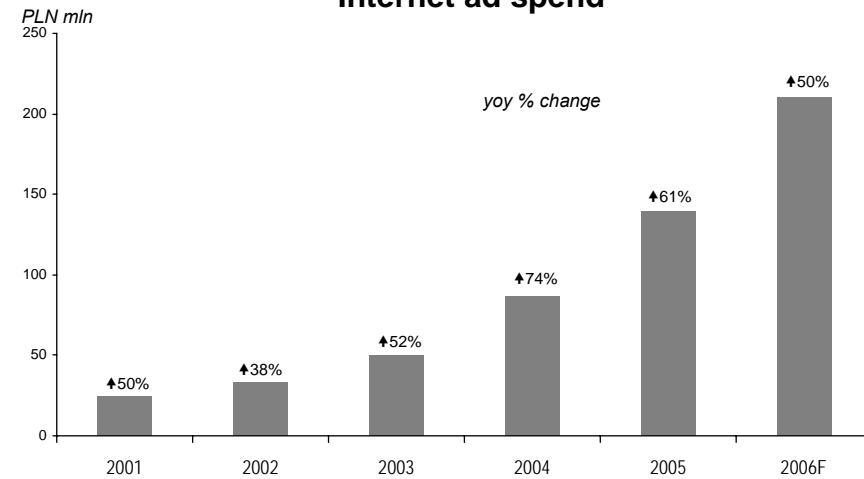
- ➔ AMS is a market leader, with solid growth and significant contribution to revenues and profits
- ➔ We expect the outdoor market to grow
- ➔ Competition is very tough with significant foreign players committed to staying in the market
- ➔ We plan to:
  - make significant investments in the network, with sizeable resource commitment
  - test new technologies
  - seize consolidation opportunities if they appear

# INTERNET: GROWTH OPPORTUNITY

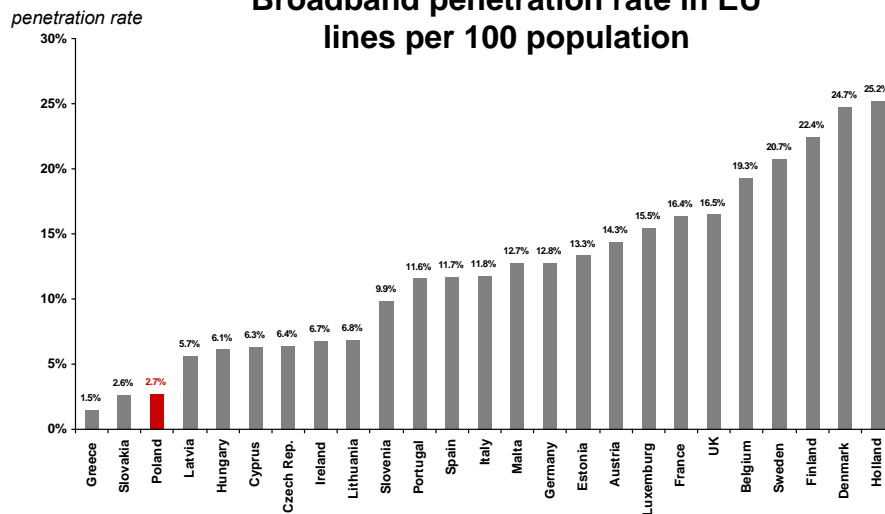
**Internet penetration in Poland**



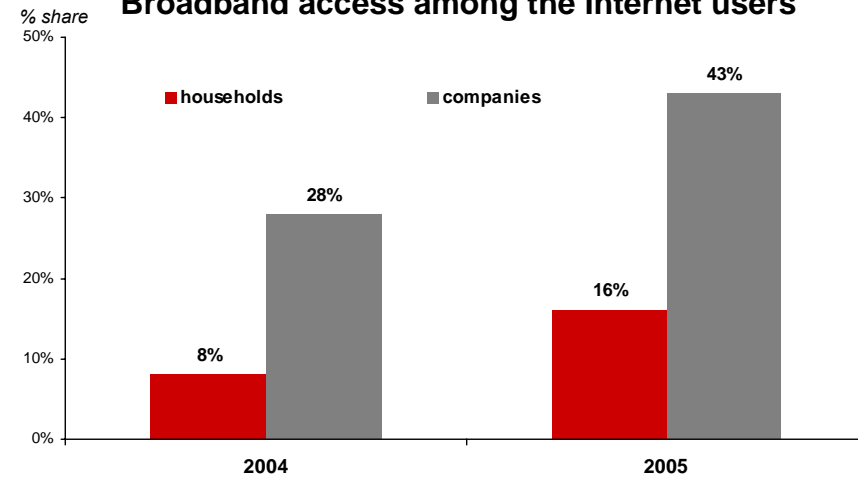
**Internet ad spend**



**Broadband penetration rate in EU lines per 100 population**



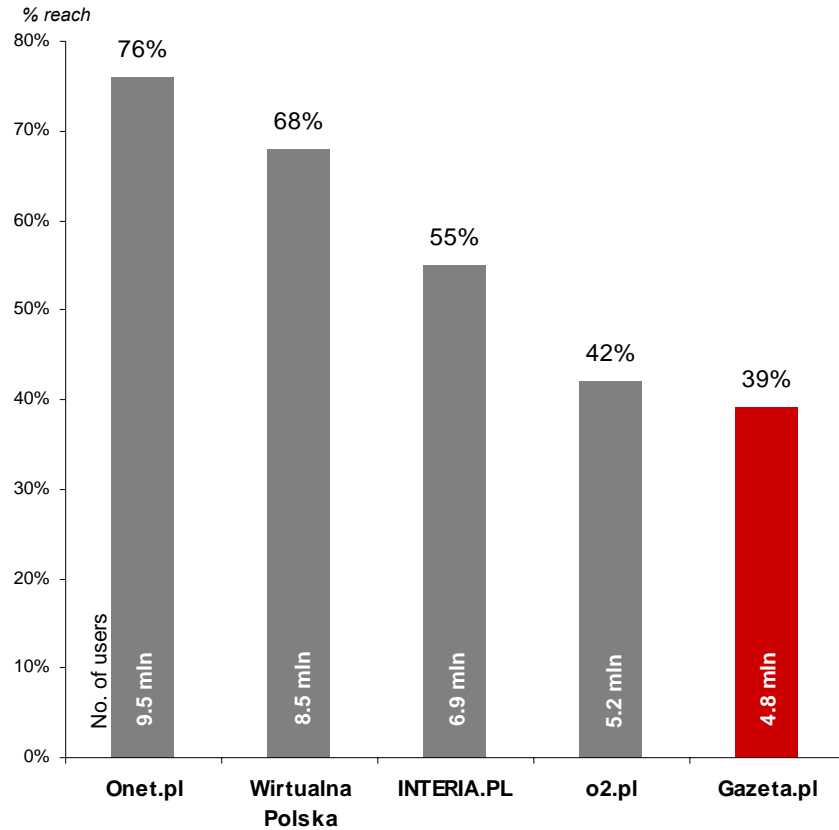
**Broadband access among the Internet users**



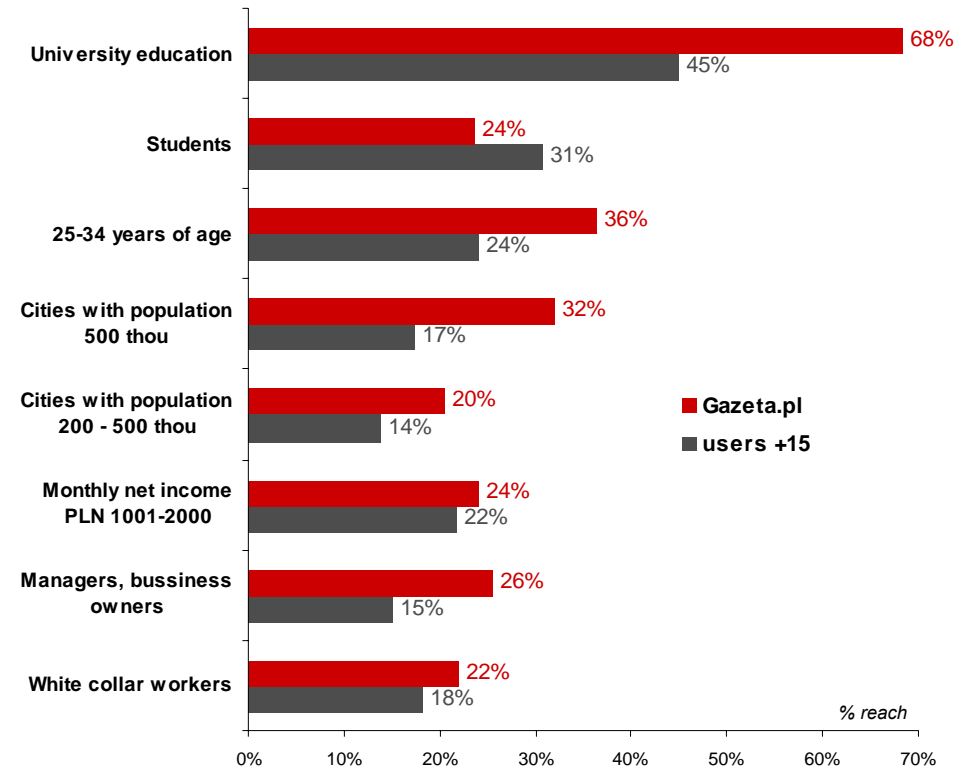
Source: Internet penetration in Poland: NetTrack, SMG/KRC, monthly reach, population over 15 (N=30 136 052); broadband penetration rate in EU countries: European Commission, Communications Committee (COCOM), January 1, 2006; Internet ad spend: IAB Polska; broadband access in Poland: Central Statistical Office (GUS)

# INTERNET: GROWTH OPPORTUNITY

**Gazeta.pl is # 5 Internet portal in reach**



**Gazeta.pl reaches the very attractive target group**



Source: Gazeta.pl monthly reach: Megapanel PBI/Gemius, May 2006; user profile: SMG/KRC Net Track, January-May 2006



# INTERNET: GROWTH OPPORTUNITY

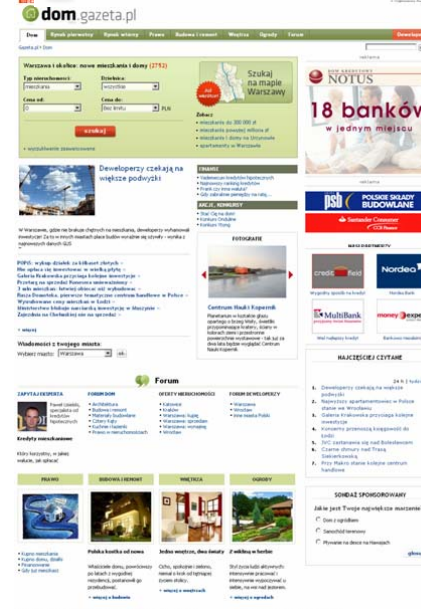
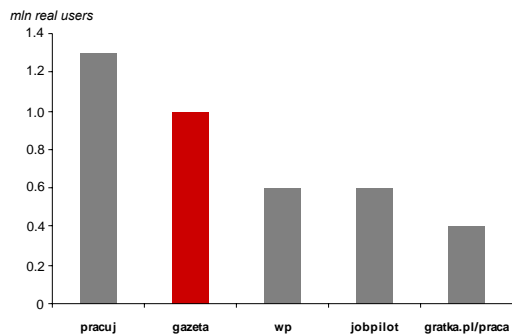


### Recruitment vortal

- ➔ Leverage Gazeta's leadership position in newspaper recruitment ads
- ➔ Combined offer: print and online; enhanced functionality
- ➔ Leader in pageviews and unique users

Launched in March

### Second recruitment vortal

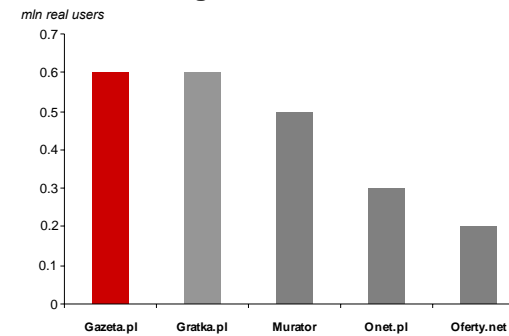


### Housing and real-estate vortal (primary and secondary market)

- ➔ Leverage Gazeta's leadership position (49% share)
- ➔ Four Agora's housing brands combined in one offer
- ➔ The richest content and broad platform for financial products
- ➔ Close cooperation with developers
- ➔ Advanced features for users and advertisers

Launched in September

### First housing and real estate vortal



Source: Internet statistics: Megapanel PBI/Gemius, September 2006; ad market share: Agora, estimated data corrected for average discount rate based on the monitoring of Agora, the data include paid and free dailies ad spend, 1H06

# INTERNET: GROWTH OPPORTUNITY CONT

## Gazeta.pl New home page

Launched in October 2006

## gazeta WYBORCZA Internet service GazetaWyborcza.pl

Launched in October 2006

## E-version of Gazeta Wyborcza

## Gazeta.pl Wideo Video service

## RADIO AND MAGAZINES

### MAGAZINES

PLN mln	2003	2004	2005	1-3Q06
<b>Revenue</b>	<b>78.4</b>	<b>91.9</b>	<b>89.9</b>	<b>70.4</b>
advertising	31.5	40.5	47.2	37.9
copy sales	46.8	51.1	42.4	32.2
<b>Operating cost</b>	<b>89.9*</b>	<b>104.3*</b>	<b>84.8</b>	<b>64.5</b>
<b>EBIT</b>	<b>-11.5</b>	<b>-12.4</b>	<b>5.1</b>	<b>5.9</b>
<b>Operating EBITDA</b>	<b>-4.8</b>	<b>-6.5</b>	<b>5.6</b>	<b>6.9</b>

\* incl. amortization of rights to titles

- 3-year plan for further operating improvements
- Exploring other paths to growth

### RADIO

PLN mln	2003	2004	2005	1-3Q06
<b>Revenue</b>	40.9	49.6	57.0	45.3
<b>Operating cost</b>	50.5	52.9	65.5	51.2
<b>EBIT</b>	-9.6	-3.3	-8.5	-5.9
<b>Operating EBITDA</b>	-7.2	-0.5	-5.2	-2.2

\* since 2004 number of radio stations under full consolidation differ

### TOK FM

<b>Revenue</b>	1.9	2.8	3.0
<b>Operating EBITDA</b>	-3.8	-3.1	-2.6

- 3-year plan to bring current local portfolio to profitability in place
- Superregional station still a challenge

➔ We will either (a) find paths to significant growth or (b) improve and hold them as tactical assets

## SUMMARY

### **Priorities:**

- ➔ Current portfolio: preserve/build core assets
- ➔ Align cost structure to market challenge
- ➔ Accelerate Internet investments
- ➔ Actively explore how to leverage financial capacity to build/acquire new growth engines