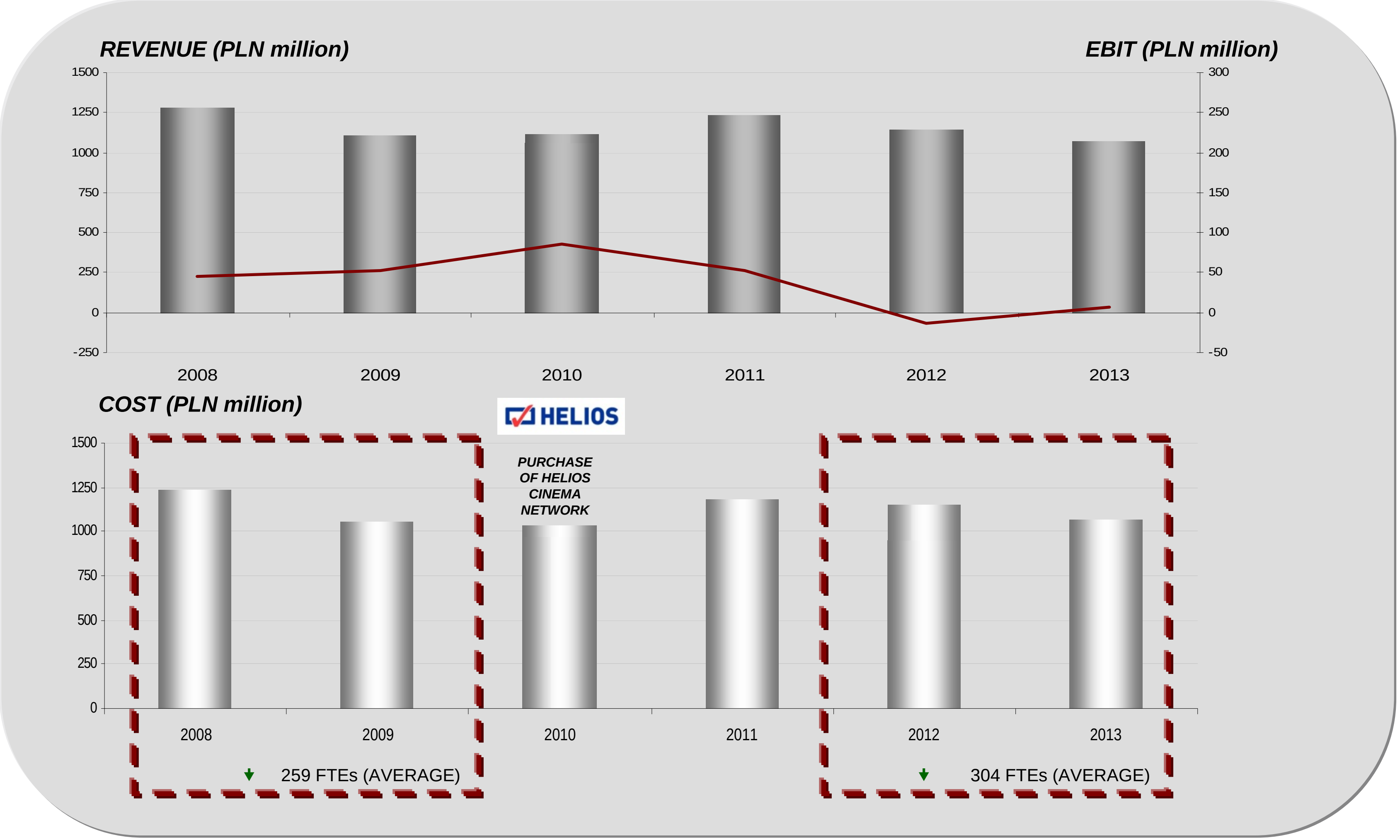
Agora Group:
mid-term growth directions

Agenda

AGORA SA

Key challenges	3-7
Growth directions of the Agora Group	8
TASK 1: Transformation of print media	9-11
TASK 2: Building a position in the TV market	12-13
TASK 3: Improving contribution of main businesses	
– INTERNET	14-15
– CINEMA & FILM	16-17
– RADIO & MUSIC	18-19
– OUTDOOR	20-21
PRINTING SERVICES – effective utilization of production capacity	22
TASK 4: Cost optimization of shared support functions	23
Summary: Development within the frame of mission	24

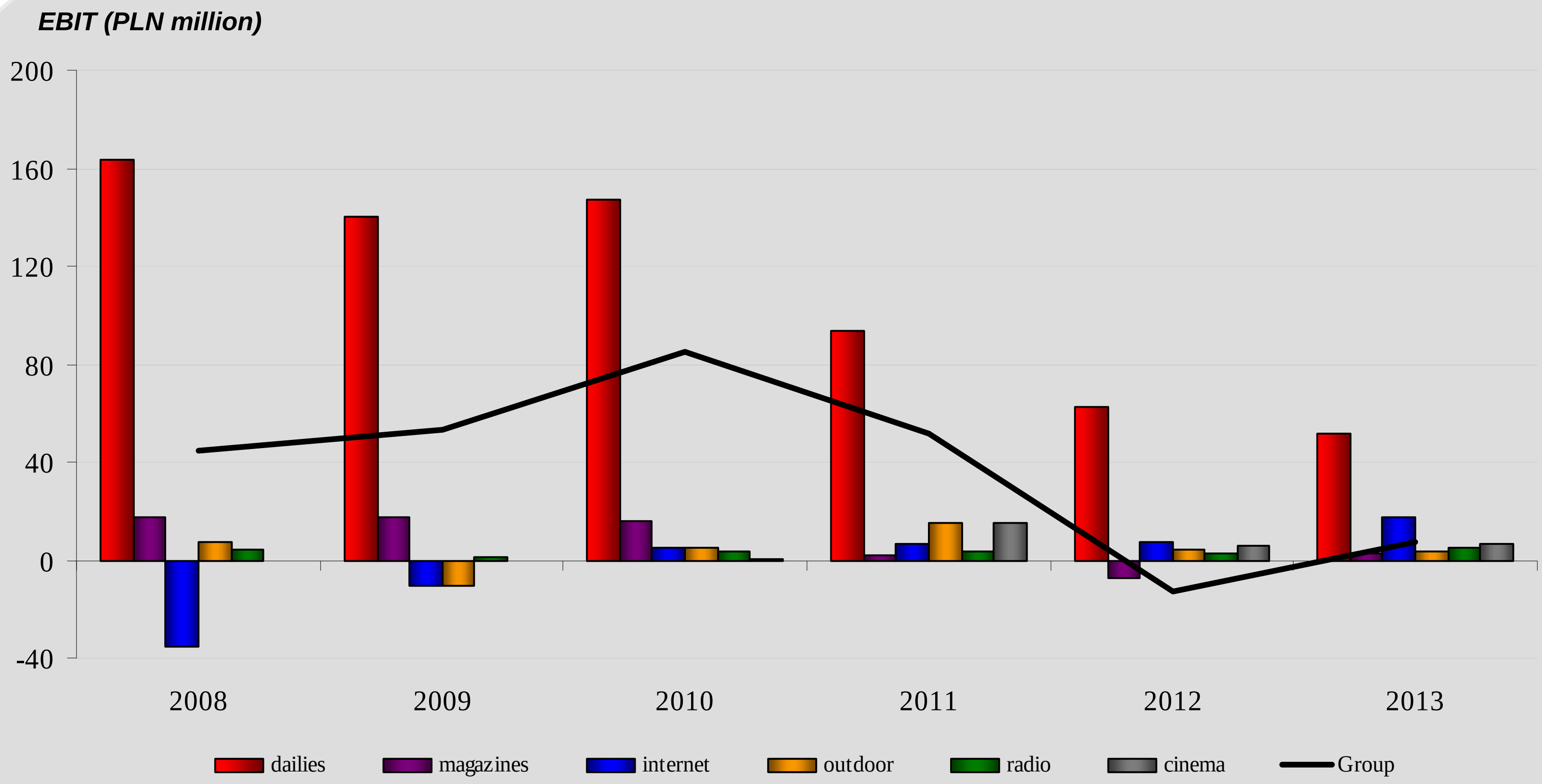
DETERIORATING REVENUE AND PROFITABILITY



Source: consolidated financial statements according to IFRS, 2008-2013

Key challenges

EVOLUTION OF THE GROUP'S EBIT STRUCTURE

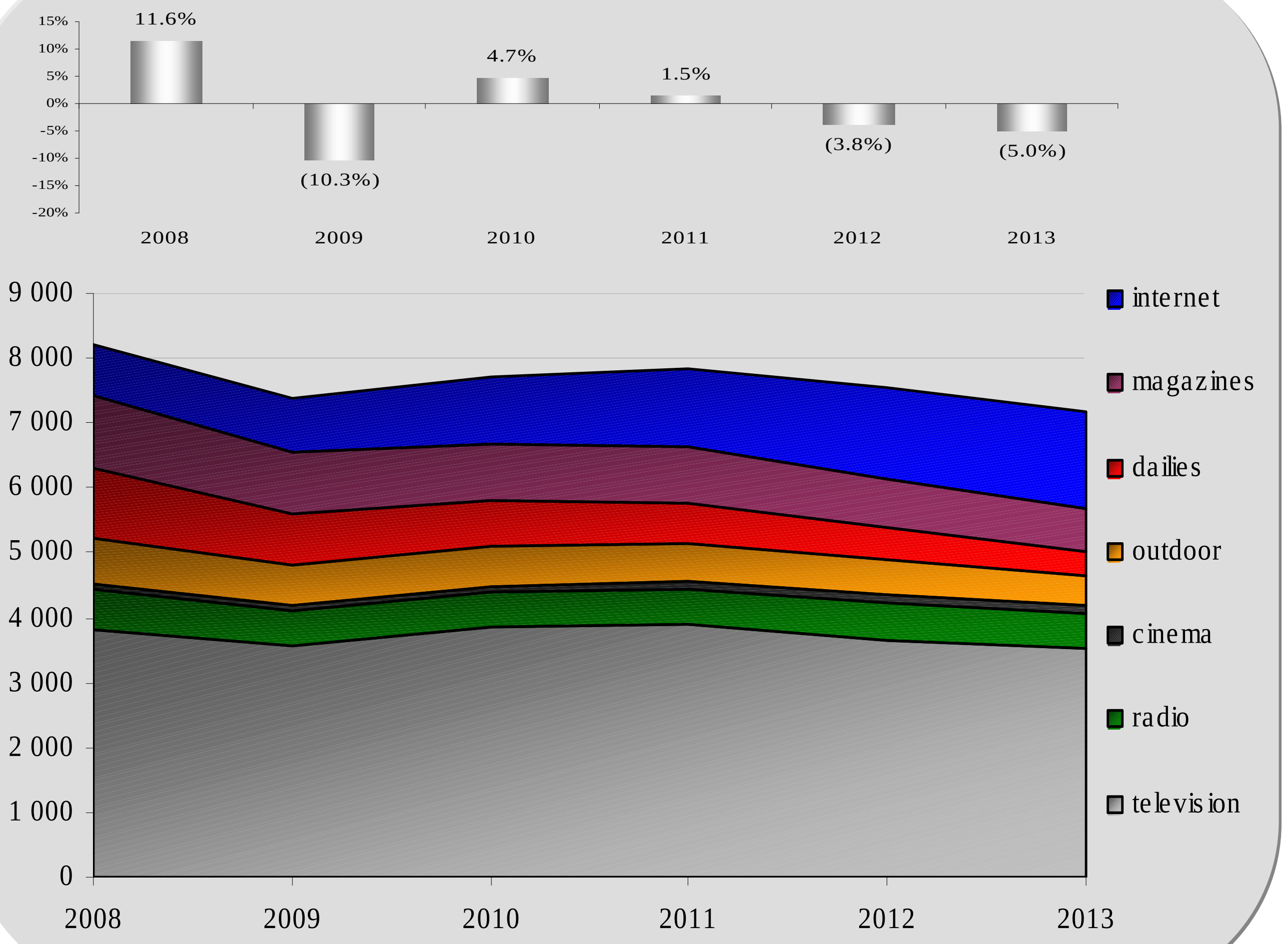


Source: consolidated financial statements according to IFRS, 2008-2013

Key challenges

AGORA SA

ADVERTISING MARKET: STRUCTURAL CHANGES AND RECESSION



In the past 5 years ad spend in Poland shrank by PLN 1 billion

Stable share of TV

(50%)

Shrinking share of print media

(ad spend down by PLN 1.1 billion)

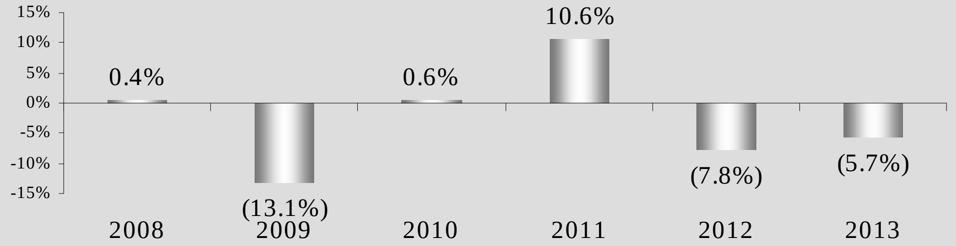
Growth of digital media despite recession

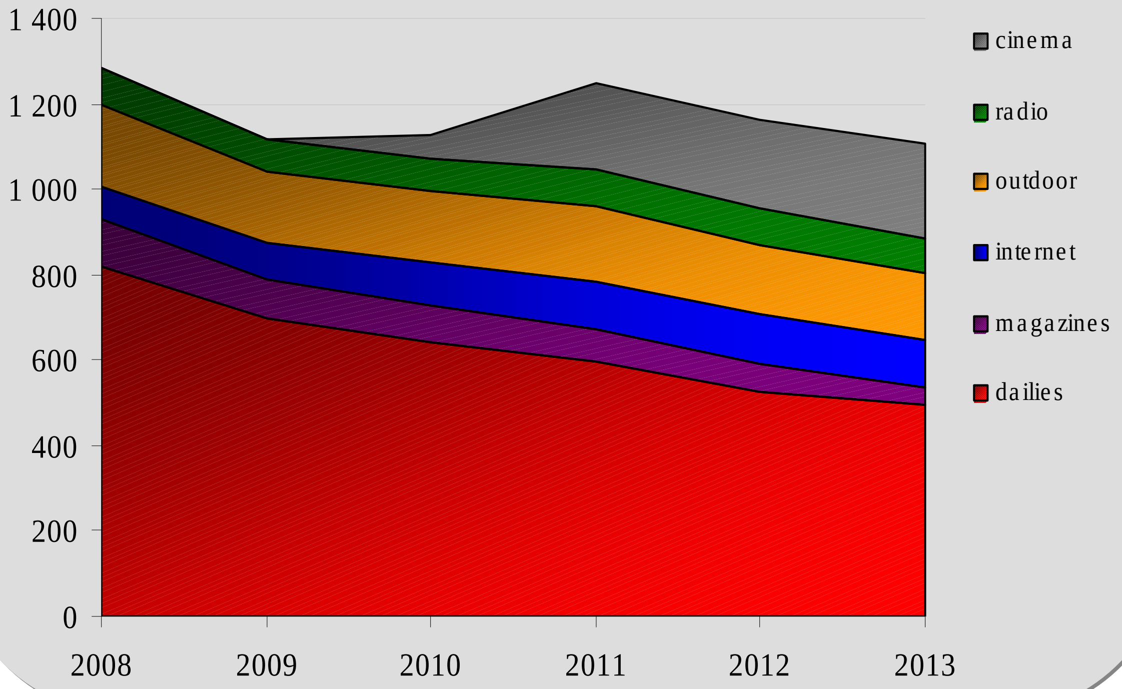
(ad spend up by PLN 700 million)

Source: ad spend estimates by: Agora (press based on Kantar Media and Agora's monitoring, radio based on Kantar Media), IGRZ (outdoor) Starlink (TV, cinema, Internet – comprise revenues from e-mail marketing, display, search engine marketing and since 1Q2012 revenues from video advertising.

Key challenges

CHANGES IN THE STRUCTURE OF THE GROUP'S REVENUES





Revenues decreased by PLN 204 million in the past 5 years

Deap erosion of print media revenues – down by PLN 394 million

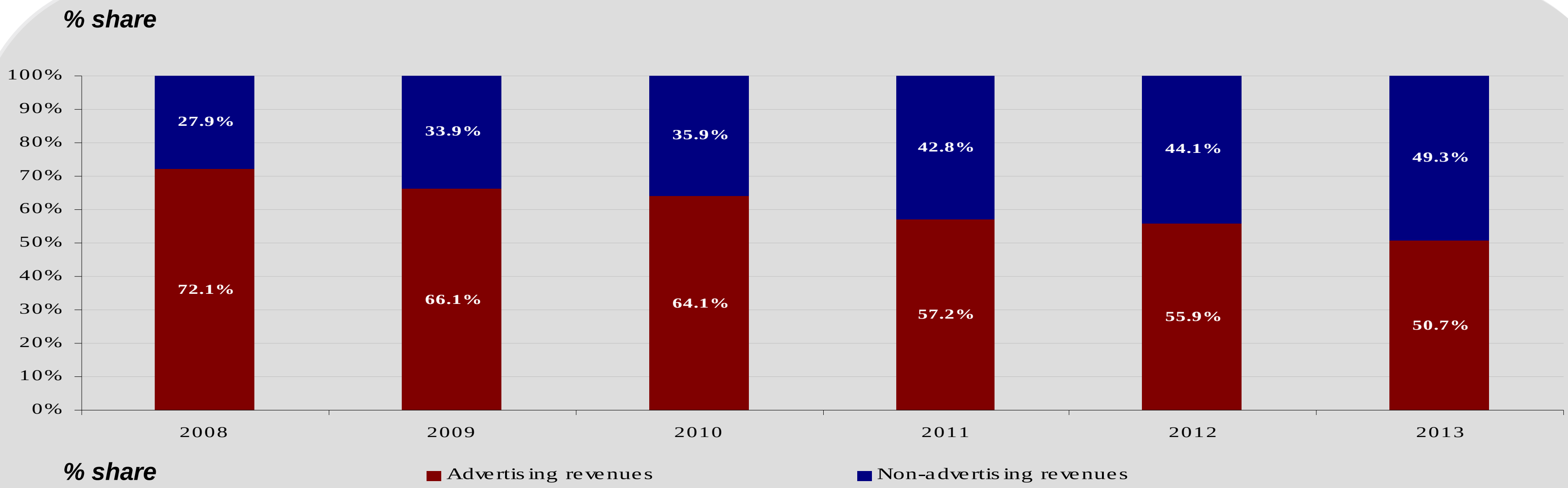
Positive impact of the Helios acquisition

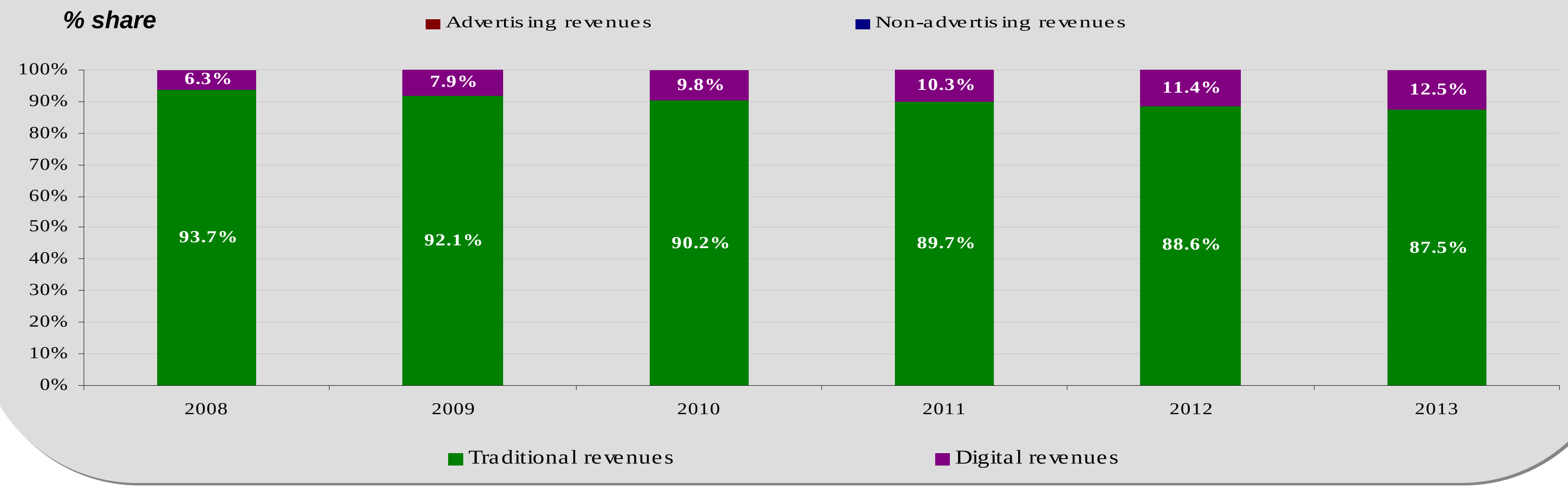
Recession inhibits growth of other businesses (down by PLN 6.3 million)

Source: consolidated financial statements according to IFRS, 2008-2013

Key challenges

CHANGES IN THE STRUCTURE OF THE GROUP'S REVENUES





Source: consolidated financial statements according to IFRS, 2008-2013

Growth directions of the Agora Group

AGORA SA

MID-TERM PRIORITIES OF THE AGORA GROUP

- REVENUE GROWTH
- PROFITABILITY IMPROVEMENT

STRATEGIC TASKS FOR THE COMING YEARS

1. Digital transformation of print media
2. Building a position in the TV market
3. Improve contribution from core businesses
4. Cost optimization of shared support functions

TASK 1: Transformation of print media

AGORA SA

No. 1 quality newspaper in Poland

Pioneer of digital transformation

Owner of online bookstore Publio

Respected publishing house

SUCCESSES

publio

Agora's publishing house
- 600 thousand sold books

Publio.pl – over 430 thousand
digital publications
distributed in different models

Total revenue: PLN 18.6 million in 2013

Copy price increases
slow down the drop
in revenue from copy sales

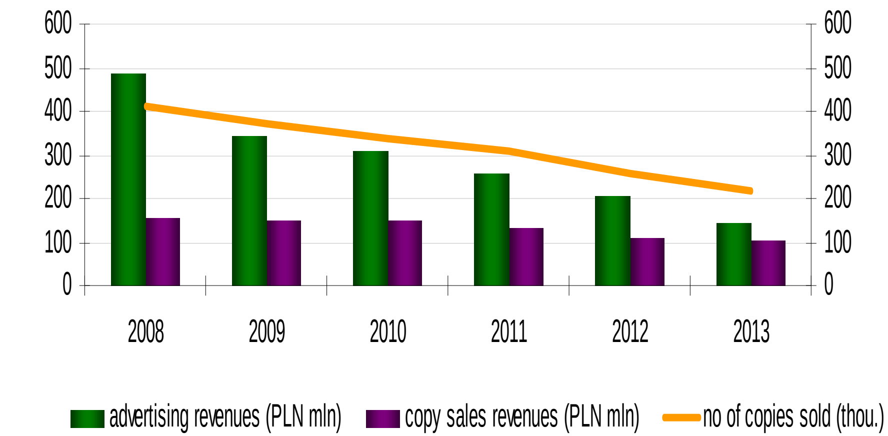
Investment in the quality of content

Launch of metered paywall

CHALLENGES

REVENUE (PLN million)

COPY SALES (thou. copies)



Source: consolidated financial statements according to IFRS, 2008-2013; data regarding copy sales and revenues of Publio.pl have not been published in the Group's financial statements.

TASK 1: Transformation of print media

PRIORITIES

Quality journalism

- slowing down the pace of print revenue decline
- building a significant base of paying digital subscribers

START 04.02.2014

PACKAGE: WYBORCZA	PLN 17.9 monthly	PROMOTIONAL PRICE PLN 0.99 per first month
PACKAGE: WYBORCZA PLUS	PLN 29.90 monthly	
PACKAGE: WYBORCZA PREMIUM	PLN 39.9 monthly	

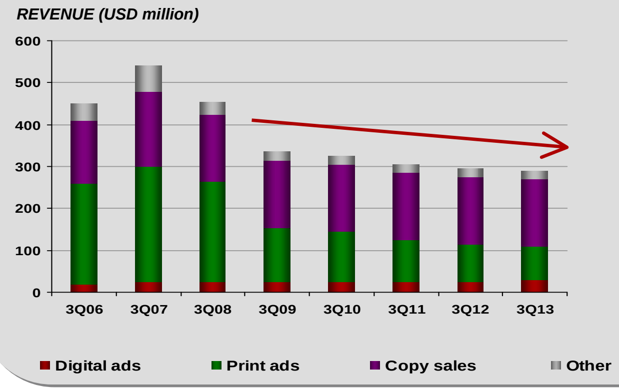
BENCHMARKS

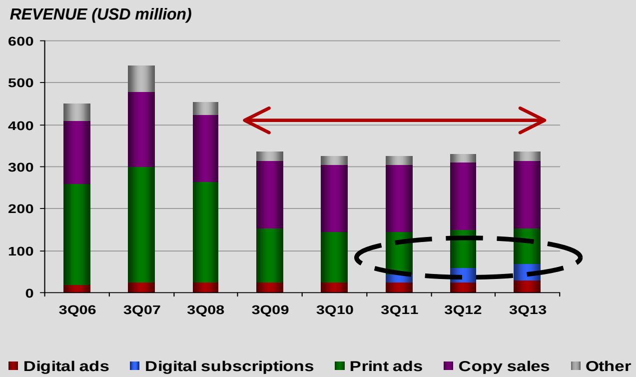
DIE WELT

47 000 digital subscriptions

227 248 paper copy sales

The New York Times





Source: Agora's own estimates based on „The NYT paywall plugs the hole", 06.11.2013, *Columbia Journalism Review* published by Ryana Chittuma.;
Die Welt: June 2013, after 6 months of paywall

TASK 1: Transformation of print media

AGORA SA

NEW BUSINESS MODEL

REVENUE STREAMS 2008

- PRINT COPY SALES
- PRINT ADVERTISING

REVENUE STREAMS 2016

- DIGITAL SUBSCRIPTIONS
- DIGITAL ADVERTISING
- PRINT COPY SALES
- PRINT ADVERTISING

OBJECTIVES

paid subscriptions: 40 thou. thru 2014
75 thou. thru 2016

CAPEX

negligible; project phase entails growth of operating cost

ASPIRATIONS

Stabilization of the segment’s profitability by 2016

TASK 2: Building a position in the TV market

AGORA SA

stopklatka tv

Resolution granting concession 09.09.2013

Agora's entry into TV business

Specialised movie channel

Joint project with Kino Polska TV S.A. (41% share)

An opportunity to combine the potential of TV and the new technologies

START 15.03.2014

PRIORITIES

Adding the TV segment to the portfolio of businesses

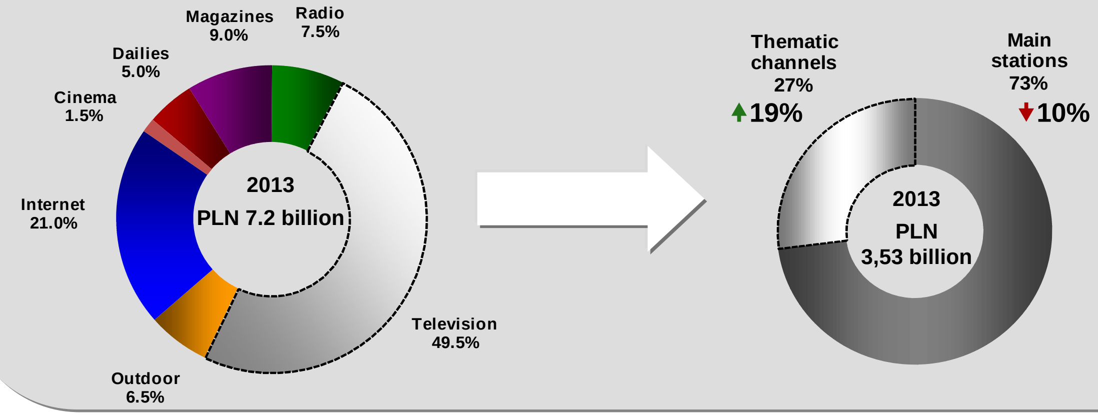
Growth of scale

Gaining the share of revenues from the largest segment of ad market

TV AD MARKET TRENDS

The largest ad market segment with stable share

Growing strength of thematic channels



Source: ad spend estimates by: Agora (press based on Kantar Media and Agora's monitoring, radio based on Kantar Media), IGRZ (outdoor)
Starlink (TV, cinema, Internet – comprise revenues from e-mail marketing, display, search engine marketing and since 1Q2012 revenues from video advertising.

TASK 2: Building a position in the TV market

AGORA SA

STRONG START

Technical reach 90%

START 15.03.2014

MUX - 1	MUX 1 DVB-T
CABLE NETWORKS	upc, VECTRA DAJEMY WIĘCEJ, NETIA, multimedia Polska, inea, TOYA
SATELLITE PLATFORMS	CYFROWY POLSAT TWÓJ MULTIMEDIALNY DOM, nc+

OBJECTIVES

audience share:	1% thru 2014
	2% thru 2016
profitability:	2015

CAPEX

PLN 10 million thru 2016

ASPIRATIONS

broadening TV presence

TASK 3: Improving contribution of main businesses - INTERNET

AGORA SA

Gazeta.pl

SPORT.PL

Among 3 TOP portals in Poland

12.4 million real users

Innovative mobile apps

GROWTH

REVENUE 2001
PLN 3.8 MILLION

REVENUE 2013
PLN 111.4 MILLION

2001:

- VORTALS
- DISPLAY ADVERTISING

2013:

- E-COMMERCE
- PAID CONTENT
- VIDEO & MOBILE ADVERTISING
- B2B
- PERFORMANCE MARKETING
- VORTALS
- DISPLAY ADVERTISING

BROADENING THE SCALE OF OPERATIONS → **STRONG MARKET POSITION**

Source: financials: consolidated financial statements according to IFRS, 4Q2013. Internet division, Agora Ukraine, AdTaily, Trader.com (Polska) including print revenues, Sport4People; Megapanel PBI/Gemius, reach, real users, December 2012, December 2013; selected online publishers.

TASK 3: Improving contribution of main businesses - INTERNET

AGORA SA

PRIORITIES

Maintaining reach and increasing engagement of users

- DEVELOPEMENT OF ATTRACTIVE CONTENT
- DEVELOPMENT OF MOBILE APPS AND VIDEO CONTENT

Strengthening advertising offer

DEVELOPMENT OF ADVERTISING OFFER
- MOBILE ADVERTISING
- VIDEO ADVERTISING
- CONTENT MARKETING

IMPLEMENTATION OF NEW SOLUTIONS
- REAL TIME BIDDING

NEW REVENUE STREAMS
- LEAD GENERATION (SirLocal)
- SELECTION OF E-COMMERCE PROJECTS

OBJECTIVES	EBIT MARGIN: 15.5% in 2013 → 20% in 2018
CAPEX	PLN 20 million by 2018
ASPIRATION	Expand portfolio of attractive offerings by means of organic growth and via selective acquisitions

TASK 3: Improving contribution of main businesses - CINEMA & FILM

AGORA SA

HELIOS

next FILM

One of the largest cinema operators in Poland

Film co-producer and distributor

„Traffic department" the most popular Polish movie in 2013

PRIORITIES

Growth of Helios network

Openings in 2014:

Siedlce, Kalisz *1H2014*

Starachowice, Bialystok, Jelenia Gora 2H2014

Growth of cinema distribution operations

Plans for 2014:

Powstanie Warszawskie	*1H2014*
Karuzela	*1H2014*
Bogowie	*2H2014*
Serce, serduszko i wyprawa na koniec swiata	*2H2014*

OBJECTIVES

EBIT MARGIN: **3% in 2013** → **9-10% in 2018**

TASK 3: Improving contribution of main businesses - CINEMA & FILM

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CAPEX

PLN 80 million thru 2018

ASPIRATIONS

Multiscreen cinemas in all voivodship cities

31.12.2013

28 CITIES / 31 CINEMAS

11 VOIVODSHIP CITIES/ 14 CINEMAS

OPENING OF DOZEN OR SO MULTISCREEN CINEMAS

KATOWICE
LODZ
POZNAN
WROCLAW
WARSZAWA ?
KRAKOW ?

Agora as the lead producer in 2015

Achievements to date:

CO-PRODUCER OF 5 MOVIES

SWIADECTWO
POSTE RESTANTE
BABY SA JAKIES INNE
DROGOWKA
AMBASSADA

PLANS

CO-PRODUCTION OF 2 MOVIES IN 2014
FIRST FILM PRODUCTION IN 2015
(LEAD PRODUCER)

TASK 3: Improving contribution of main businesses - RADIO & MUSIC

AGORA SA

Network of local radio stations with stable position

Organizer of music events

Publisher and distributor of CDs

PRIORITIES

Revenue growth

Effective use of licenses and music formats

TOK FM: 7 NEW LICENSES IN 2012
REACH: 16 urban areas

Złote Przeboje: BROADENING THE REACH AND NEW LICENSE IN LEGNICA IN 2013
REACH: 21 local radio stations

Roxy FM → Rock Radio: CHANGE OF FROMAT IN 2014
REACH: 7 local stations

Participation in bids for new licenses

2 WON BIDS FOR BROADENING REACH OF ZLOTE PRZEBOJE

PARTICIPATION IN BID FOR BROADENING THE LICENSE:
4 FOR ZLOTE PRZEBOJE
1 FOR TOKFM

PARTICIPATION IN THE BIDS FOR NEW LICENSES:
5 FOR ZLOTE PRZEBOJE
1 FOR BLUE FM

OBJECTIVES

EBIT MARGIN: 6% in 2013 → 9% in 2017

TASK 3: Improving contribution of main businesses - RADIO & MUSIC

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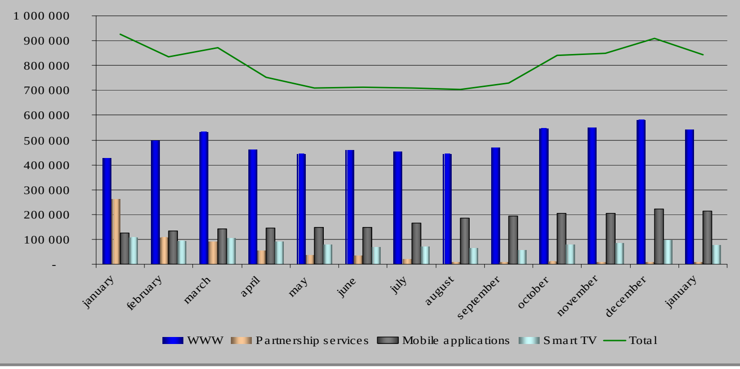
CAPEX	**PLN 17 million by 2018**
ASPIRATIONS	**Search for ways to monetize audio content in the digital sphere**

TUBA FM

TubaFM recipients

in all channels of distribution

0,91 million users



TOK FM MOBILE APP

START 04.02.2014

FOR LISTENING TO THE RADIO LIVE ONLINE AND AT ANY TIME

Source: :WWW - Gemius Traffic; mobile applications: Flurry (iOS, Android, WindowsPhone, Blackberry) + Nokia (Symbian) + Samsung (Bada) + Microsoft (Windows 8); Tv TV sets and decoders: Gemius Stream + NC+

TASK 3: Improving contribution of main businesses - OUTDOOR

AGORA SA

ams

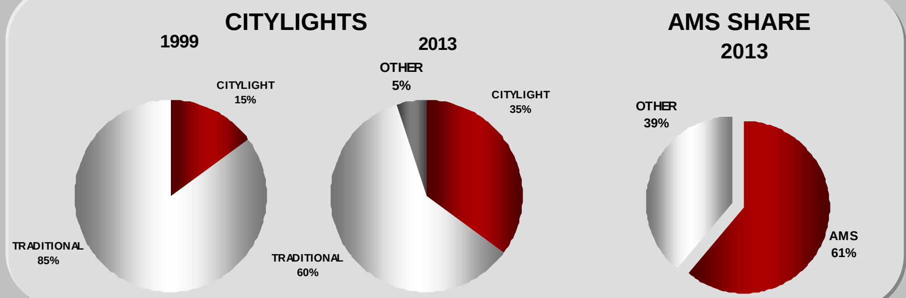
The largest outdoor advertising company in Poland

Leader in the premium segment (citylights & backlights)

Bus shelter – new experience in the public space

PRIORITIES

Strengthening the position in premium segment - citylights



Smart OOH

Source:; ad expenditure in outdoor: IGRZ.

TASK 3: Improving contribution of main businesses - OUTDOOR

AGORA SA

PRIORITIES

Implementation of the Warsaw contract (duration – 9 years)

construction of 1580 bus shelters in 2014-2016

- 2014 - 180 bus shelters
- 2015 - 720 bus shelters
- 2016 - 680 bus shelters

CAPEX – PLN 80 million

OBJECTIVE

EBIT MARGIN: 2.5% in 2013 → 8-10% in 2017

CAPEX

PLN 90 million by 2016

ASPIRATIONS

Citylight in a bus shelter as a multimedia communication channel

PRINTING SERVICES - effective utilization of production capacity

AGORA POLIGRAFIA sp. z o.o.

3 printing plants

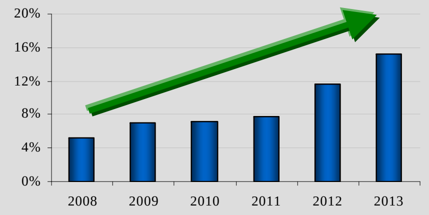
Offset and heatset printing technology

Dailies, periodicals, catalogues

and promotional materials

Polish and foreign clients

The share of revenues from printing services in total sales of the Group



PRIORITIES

- effective utilization of production capacity
- ensuring low production cost for our publications
- supporting the development of our custom publishing activity

OBJECTIVES

Profitability on the EBIT level

CAPEX

maintenance capex - PLN 15 million thru 2016

TASK 4: Cost optimization of shared support functions

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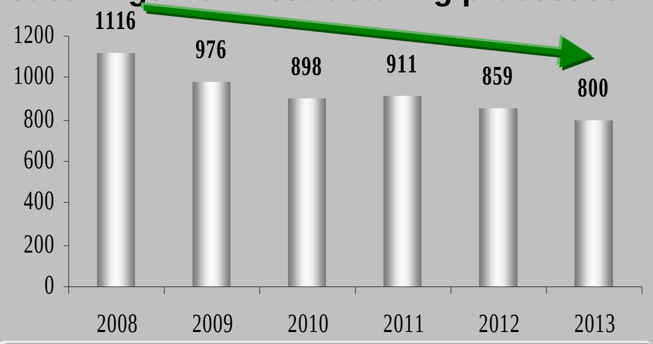
PRIORITIES

Cost management is an integral part of management processes in Agora

Cost savings from restructuring processes



AGORA GROUP OPERATING COST WITHOUT THE COST OF HELIOS NETWORK, D&A COST AND ONE OFFS.

COST SAVINGS: PLN 316 MILLION

INCLUDING GROUP LAY-OFFS

Group lay -offs in 2008 result in cost savings of PLN 11 million in 2009

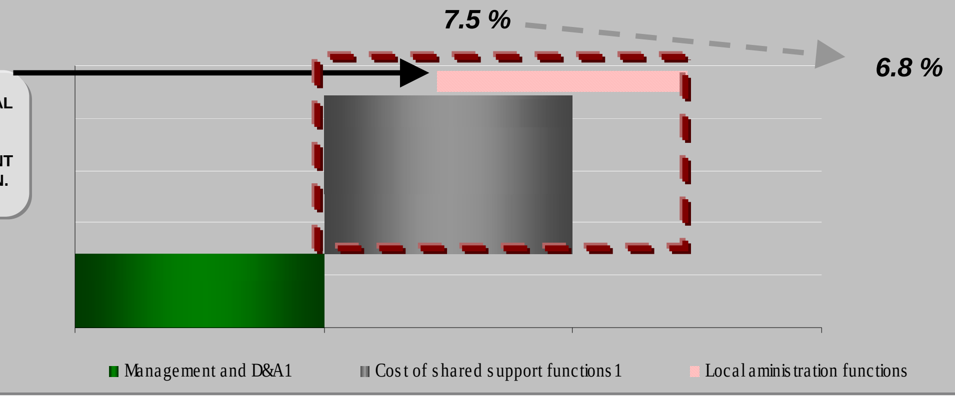
Group lay -offs in 2012 – result in cost savings of PLN 18 million.

OBJECTIVE

Decreasing the cost of shared functions in the Group

THE SHARE OF COST GENERATED BY SHARED SUPPORT FUNCTIONS IN THE AGORA GROUP REVENUES WITHOUT CINEMA (PRO FORMA)

TRANSFER OF LOCAL ADMINISTRATION FUNCTIONS FROM THE PRESS SEGMENT TO CENTRAL ADMIN.



Source: consolidated financial statements according to IFRS, 2008-2013

[1] cost of shared functions shown in reconciling position in the Group's financial statements present data not included in business segments, inter alia other revenues and cost of supporting divisions (centralized technological, administration, financial, human resources functions) as well as the cost of Agora's Management Board and Agora TC Sp. z o.o.

Summary: Development within the frame of mission

AGORA SA

MID-TERM PRIORITIES OF THE AGORA GROUP

Growth of digital revenues
- TRANSFORMATION OF PRINT MEDIA
- INTERNET

Building the position in TV segment

Growth of scale and contribution of leading media
- CINEMA
- OUTDOOR
- RADIO

Optimization of shared services and infrastructure cost

DEVELOPMENT WITHIN THE FRAME OF MISSION

Provide quality information and entertainment to consumers and effective tools for linking business to their target audiences

THANK YOU

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