

Financial and market performance of the Agora Group 1Q2016



AGORA_{SA}

press // movies & books // outdoor // internet // radio // print

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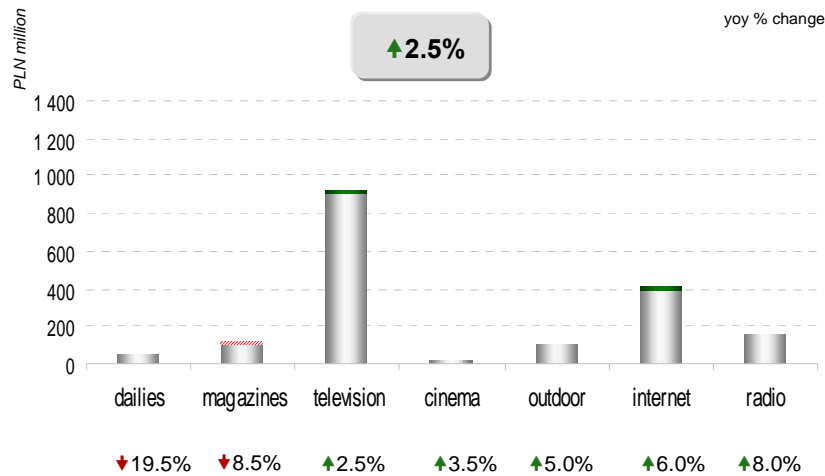
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✓ Summary

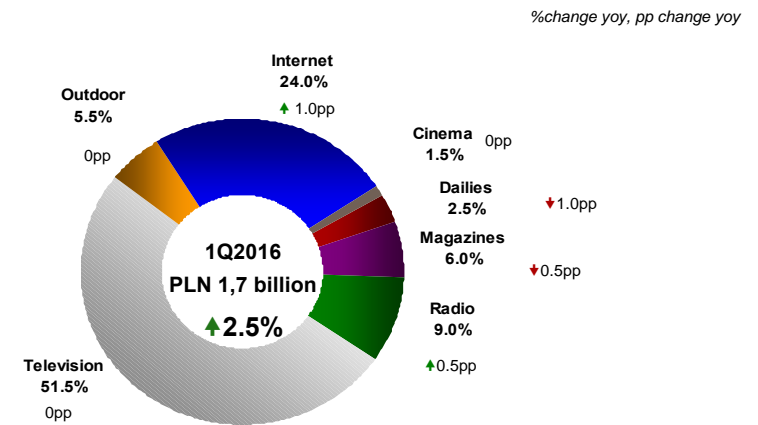
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Market environment in 1Q2016

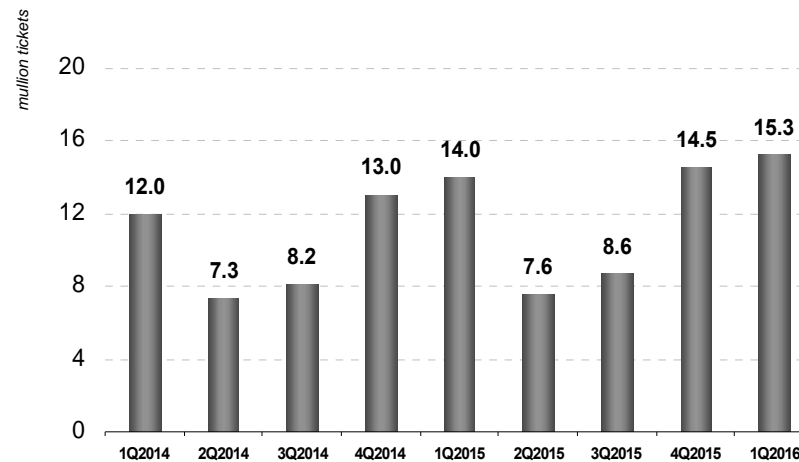
Dynamics in ad spend in 1Q2016



Advertising market structure 1Q2016



Cinema admissions



Growth of revenues and improvement of operating results

AGORA^{SA}

Financial results

in PLN million	1Q 2016	1Q 2015	% change yoy
Total sales¹	288.5	282.8	2.0%
Advertising revenue	121.7	115.5	5.4%
Copy sales	34.7	37.6	(7.7%)
Ticket sales	57.9	50.9	13.8%
Printing services	37.0	39.1	(5.4%)
Other	37.2	39.7	(6.3%)
Operating cost net, including:	(285.5)	(280.3)	1.9%
Raw materials, energy and consumables	(54.3)	(55.6)	(2.3%)
D&A	(25.0)	(23.4)	6.8%
External services	(102.0)	(95.3)	7.0%
Staff cost	(79.5)	(76.5)	3.9%
Promotion and marketing	(16.1)	(18.9)	(14.8%)
Operating result - EBIT	3.0	2.5	20.0%
EBIT margin	1.0%	0.9%	0.1pp
EBITDA	28.0	25.9	8.1%
EBITDA margin	9.7%	9.2%	0.5pp
Net profit / (loss)	(5.6)	1.3	-

Acquisition of GoldenLine Sp. z o.o.

Operating cost net, including:	(285.5)	(280.3)	1.9%
Gain on a bargain purchase ²	2.2	-	-
Finance cost, net, incl.:	(5.4)	(0.4)	1,250.0%
Remeasurement of equity interest at the acquisition date ²	(5.5)	-	-
Impact on net result	(3.3)	-	-

▲ growth of revenues of the Agora Group thanks to dynamic growth of sales in Internet, Radio and Outdoor segments, as well as higher yoy revenues in Movies and Books segment,

▲ higher than market growth dynamics of the Group's advertising revenue,

▼ lower yoy revenues from the copy sales result from lower copy sales of *Gazeta Wyborcza* and Agora's monthlies. The yoy dynamics of copy sales dynamics is affected by the sales of the film *Bogowie* on DVD in 1Q2015,

▲ higher than market growth dynamics of cinema admissions in Helios cinema network,

▼ decline of revenues from printing services results from lower volume of orders,

▼ lower yoy other sales results from smaller number of movies introduced to the cinemas in 1Q2016.

▲ growth of external services result from higher cost of copy film purchase and rental fees in Movies and Books segment due to larger number of cinemas in the network, higher maintenance cost in Outdoor segment and higher yoy cost brokerage services in Internet and Radio segments,

▲ growth of staff cost is related to the larger number of cinemas, growth of employment in Radio segment and consolidation of GoldenLine Sp. z o.o.,

▲ higher yoy D&A cost results from larger number of cinemas and higher number of advertising panels in Outdoor segment.

Source: consolidated financial statements according to IFRS, 1Q2016.

¹ particular sales positions, apart from ticket sales and printing services, include sales of Publishing House and film activities (co-production and distribution) in the Movies and Books segment;

² the line items - gain on a bargain purchase and remeasurement of equity interest at the acquisition date - are related to the acquisition of GoldenLine Sp. z o.o. on 25 January 2016.

Results of Agora's press operations

Operating cost decline

PRESS			
in PLN million	1Q 2016	1Q 2015	% change yoy
Total sales, incl.:	61.9	68.3	(9.4%)
Copy sales, incl.:	30.9	33.0	(6.4%)
Gazeta Wyborcza ¹	25.9	27.8	(6.8%)
Magazines	3.8	4.0	(5.0%)
Advertising, incl.:	29.9	34.5	(13.3%)
Gazeta Wyborcza ²	17.5	22.3	(21.5%)
Magazines ³	5.1	4.5	13.3%
Metrocafe.pl ³	3.1	4.1	(24.4%)
Operating cost net⁴	(64.7)	(67.5)	(4.1%)
EBIT	(2.8)	0.8	-
EBIT margin	(4.5%)	1.2%	(5.7pp)
EBITDA	(0.4)	3.2	-
EBITDA margin	(0.6%)	4.7%	(5.3pp)

- ↓ decline of copy sales revenue results from lower yoy copy sales of *Gazeta Wyborcza* and the sales success of the film *Bogowie* on DVD with *Gazeta Wyborcza* in 1Q2015,
- ↓ lower than market drop dynamics in sales of display advertising in *Gazeta Wyborcza*,
- ↑ growth of advertising revenues yoy in Agora's monthlies results from transferring custom publishing operations from *Metrocafe.pl* to monthlies and from the launch of a new title in Agora's monthlies portfolio in January 2016,
- ↓ decline in segment's operating cost results from lower volume of Agora's dailies and decrease in staff cost.

Changes in price offer of *Gazeta Wyborcza* since February 2016

Price of <i>Gazeta Wyborcza</i> (PLN)	MON	TUE	WED	THU	FRI	SAT
Price since February 01, 2016	2.90	2.90	2.90	3.40	3.40	3.50
PLN change	-	-	-	+0.10	+0.10	+0.20

Digital package of <i>Gazeta Wyborcza</i> (PLN)	Wyborcza	Wyborcza Plus	Wyborcza Premium
Price since February 01, 2016	19.90	X	29.90
PLN change	+2.00	X	(10.00)



Source: consolidated financial statements according to IFRS, 1Q2016.

1 since the first quarter of 2016 the sales from copy sales of *Gazeta Wyborcza* include the revenues from the sales of digital subscriptions of the daily. The data for previous periods was adjusted accordingly;

2 in 2015 the presented amounts refer to only a portion of total revenues from dual media offers (published both in *Gazeta Wyborcza*, as well as on *GazetaPraca.pl*, *Domiporta.pl*, *Komunikaty.pl* verticals and *Nekrologi.Wyborcza.pl* website), which is allocated to the print edition of *Gazeta Wyborcza*. Since 2016 total revenues from dual media offers are presented in the advertising revenues of *Gazeta Wyborcza*;

3 in 2016 custom publishing activities, which till the end of 2015 were reported together with the results of *Metrocafe.pl*, were offered by the Magazines division. The data for 2015 was not corrected in this respect;

4 excluding allocations of general overhead cost of Agora S.A.

Improvement of operating result of the Movies and Books

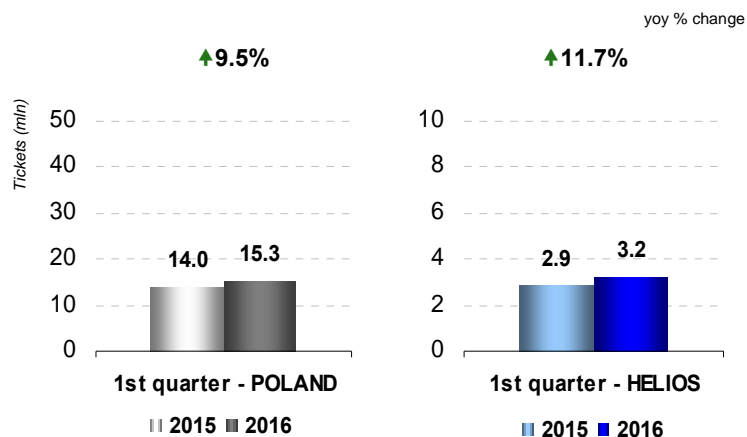
Growth of revenues and improvement of operating result

MOVIES & BOOKS

in PLN million	1Q 2016	1Q 2015	% change yoy
Total sales, including :	98.4	96.4	2.1%
Tickets sales	58.0	51.0	13.7%
Concession sales	19.6	17.4	12.6%
Advertising revenue ¹	7.1	6.2	14.5%
Revenues from film activities ¹	1.9	8.4	(77.4%)
Revenues from Publishing House	8.6	9.8	(12.2%)
Operating cost net, including:	(82.2)	(81.5)	0.9%
EBIT²	16.2	14.9	8.7%
EBIT margin	16.5%	15.5%	1.0pp
EBITDA	24.1	22.3	8.1%
EBITDA margin	24.5%	23.1%	1.4pp

- ▲ growth of segment's revenues as a result of record high attendance in cinemas in 1Q2016 which affected the growth of revenues from ticket sales and from concession sales,
- ▲ higher than market growth dynamics of advertising revenue in Helios cinema network,
- ▼ lower yoy copy sales revenues of Agora's Publishing House due to the sales success of the film *Bogowie* on DVD in 1Q2015,
- ▼ lower yoy revenues from film activity due to smaller number of films introduced to the cinemas.

Cinema admissions in Poland and Helios network



Development plans

DEVELOPMENT OF HELIOS CINEMA NETWORK IN THE COMING YEARS

2016		2017	
CITY	SCREENS / SEATS	CITY	SCREENS / SEATS
GDAŃSK	7 / 1180	KROSNO	4 / 600-700
POZNAŃ	8 / 1600	STALOWA WOLA	4 / 600-700
PRZEMYŚL	4 / 530	WARSZAWA (BLUE CITY)	8 / 1500
TOMASZÓW MAZOWIECKI	4 / 600-700	KATOWICE	8 / 1400
WOŁOMIN	4 / 600-700		

Source: consolidated financial statements according to IFRS, 1Q2016; Helios, Boxoffice.pl, total tickets sales in Poland.

¹ the amounts do not include revenues and total cost of cross-promotion of Agora Group's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation;

² excludes allocations of all Company's overheads.

Operating results of Outdoor and Internet segments



Higher than market growth dynamics of advertising revenues in Outdoor segment

OUTDOOR			
in PLN million	1Q 2016	1Q 2015	% change yoy
Total sales, incl.:	35.7	31.8	12.3%
advertising ¹	35.0	31.2	12.2%
Operating cost net	(32.2)	(31.3)	2.9%
EBIT	3.5	0.5	600.0%
EBIT margin	9.8%	1.6%	8.2pp
EBITDA	7.4	3.4	117.6%
EBITDA margin	20.7%	10.7%	10.0pp

- ↑ higher than market growth dynamics of advertising revenue results from growing number of citylight panels,
- ↑ higher yoy operating cost results from higher maintenance and D&A cost due larger number of citylight panels in AMS network.

Dynamic growth of revenues in Internet segment

INTERNET			
in PLN million	1Q 2016	1Q 2015	% change yoy
Total sales, incl.	36.3	31.8	14.2%
display ad sales	28.2	25.4	11.0%
ad sales in verticals	3.5	3.3	6.1%
Operating cost net²	(34.5)	(28.8)	19.8%
EBIT²	1.8	3.0	(40.0%)
EBIT margin	5.0%	9.4%	(4.4pp)
EBITDA	3.1	4.3	(27.9%)
EBITDA margin	8.5%	13.5%	(5.0pp)

- ↑ higher yoy revenues from the display ad sales on advertising spaces in Gazeta.pl group and growing revenues of AdTaily,
- ↑ consolidation of GoldenLine results translated into growth of revenues from verticals and growth of other sales,
- ↑ growth of operating cost results from the consolidation of GoldenLine and higher yoy cost of brokerage services,
- ↑ higher yoy staff cost results from the growth of employment in the segment and execution of sales targets.

Source: financials: consolidated financial statements according to IFRS, 1Q2016; IGRZ: share in outdoor expenditure.

Internet segment of Agora S.A. comprises Internet division in Agora S.A. and subsidiaries: AdTaily Sp z o.o., Trader.com (Polska) Sp. z o.o., Sport4People Sp. z o.o., Sir Local Sp. z o.o., GoldenLine Sp. z o.o. and Optimizers Sp. z o.o.

¹ excluding cross-promotion of Agora Group's other media on AMS panels if such promotion was executed without prior reservation;

² excluding allocations of general overhead cost of Agora S.A..

Operating results of Radio and Print segments

Growth of revenues and improvement of operating results of Radio segment

RADIO			
in PLN million	1Q 2016	1Q 2015	% change yoy
Total sales, incl.:	25.4	21.5	18.1%
advertising ¹	21.9	19.9	10.1%
Operating cost net	(23.7)	(21.3)	11.3%
EBIT	1.7	0.2	750.0%
EBIT margin	6.7%	0.9%	5.8pp
EBITDA	2.5	0.9	177.8%
EBITDA margin	9.8%	4.2%	5.6pp

↑ growth of revenues from ad sales in own radio stations and higher yoy revenues from the sales of advertising in Helios cinema network,

↑ higher yoy operating cost results from higher staff cost due to the launch of new radio brand and strengthening of sales teams.

% share in audience ²	1Q2016	yoy pp change
Agora's music radio stations (Rock Radio, Zlote Przeboje and Radio Pogoda)	3.8%	(0.3pp)
TOK FM (news&talk)	1.9%	0.7pp

Operating results of Print segment

PRINT			
in PLN million	1Q 2016	1Q 2015	% change yoy
Total sales, incl.:	39.0	41.0	(4.9%)
printing services ³	37.0	39.1	(5.4%)
Operating cost net	(40.0)	(39.6)	1.0%
EBIT⁴	(1.0)	1.4	-
EBIT margin	(2.6%)	3.4%	(6.0pp)
EBITDA	3.0	5.6	(46.4%)
EBITDA margin	7.7%	13.7%	(6.0pp)

↓ lower yoy volume of print orders from external clients,

↑ higher yoy operating cost due to the production materials cost.

Source: financials: consolidated financial statements according to IFRS, 1Q2016; local radio stations (incl. TOK FM), Print segment results includes the pro-forma financials of Agora's Print division and Agora Poligrafia Sp. z o.o.

¹ excludes cross-promotion of Agora Group's other media in GRA's radio stations if such promotion was executed without prior reservation;

² according to audience share, Radio Track, MillwardBrown SMG/KRC, cities of broadcasting; January-March 2015 N=20 907, 2016 N=21007;

³ revenues from services rendered for external customers;

⁴ excludes allocations of all Company's overheads.

Growth directions of the Agora Group

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. Improving contribution from core businesses

4. Cost optimization of shared support functions

Review of strategic objectives

Building a position in the TV market

TARGETS ANNOUNCED IN MARCH 2014

2014 – audience share 1%

2015 - profitability

stopklatka **tv**



NEW TARGETS

2016 - profitability

Systematic improvement of
profitability and audience share
in the long term

NEW TV CHANNEL - METRO

ASSUMPTIONS

LAUNCH OF THE TV CHANNEL ON MUX-8 IN 4Q 2016

UNIVERSAL CHANNEL
WITH LIFESTYLE, FILM, DOCUMENTARY OFFER

SYNERGIES WITH AGORA'S MEDIA
CROSS – PRODUCTION, MARKETING AND PROMOTION SUPPORT

PLANS AND OBEJCTIVES

CAPEX: PLN 20-30 MILLION IN 4-5 YEARS

EXCEEDING 1% AUDIENCE SHARE IN 4-5 YEARS

BREAKEVEN IN 4-5 YEARS

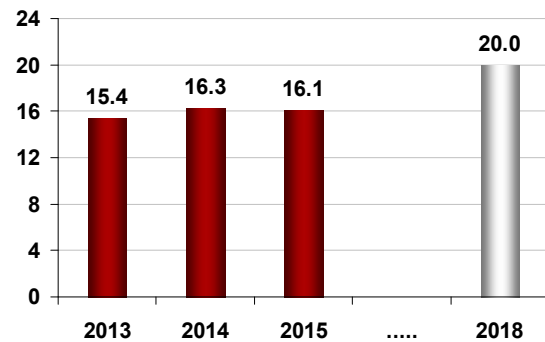
Review of strategic objectives

Improve contribution from core businesses

INTERNET – change of target execution measure for Internet segment

TARGET ANNOUNCED IN MARCH 2014

EBIT margin (%)



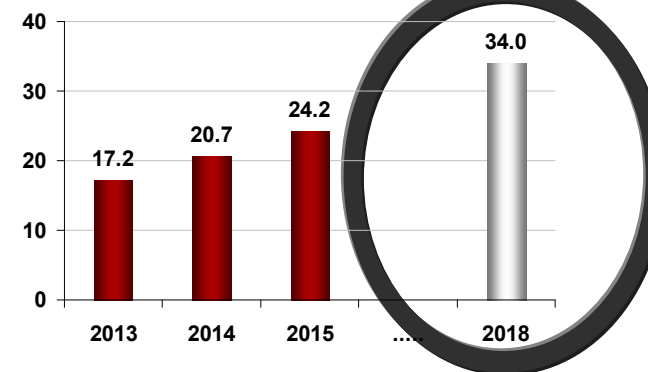
2013 – 15.5%



2018 – 20%

NEW TARGET – EBIT GROWTH

EBIT PLN (million)



MAINTAINING HIGH GROWTH DYNAMICS OF THE BUSINESS

Review of strategic objectives

Improve contribution from core businesses

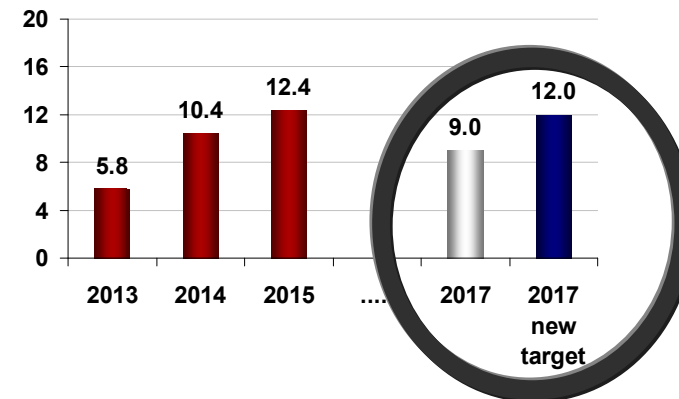
RADIO – increase in the targeted EBIT margin for Radio business

INCREASE IN THE NUMBER OF RADIO STATIONS
NEW RADIO BRAND IN AGORA'S PORTFOLIO

NEW TARGET – HIGHER EBIT MARGIN

BRAND	1Q2014	1Q2016
TOK FM	16	20
złote przeboje	21	23
ROCK RADIO	7	4
Pogoda	-	7
TOTAL	44	54

EBIT margin (%)



Source: consolidated financial statements according to IFRS, 4Q2013 and 4Q2015.

Review of strategic objectives

Improve contribution from core businesses

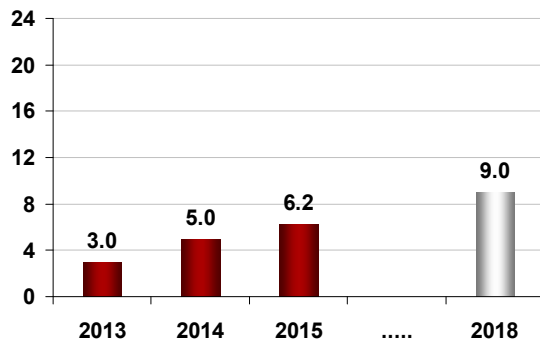
**CINEMA and
FILM ACTIVITIES¹**

OUTDOOR

PRINT

STRATEGIC OBJECTIVES MAINTAINED

EBIT margin (%)

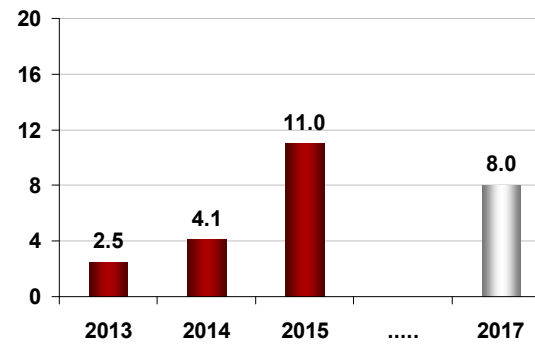


2013 – 3%

2018 – 9-10%



EBIT margin (%)



2013 – 2.5%

2017 – 8-10%



Profitability
on the EBIT level

1Q 2016 RESULTS OF THE AGORA GROUP

- ✓ growth of revenues due to a record high attendance in the cinemas and higher yoy ad sales, mainly in Outdoor, Internet, Radio, as well as Movies and Books segments,
- ✓ lower yoy copy sales results from the drop in copy sales of *Gazeta Wyborcza* and sales success of the movie *Bogowie* on DVD in 1Q2015; the publication was offered in dual price offer with *Gazeta Wyborcza* and as a separate publication of Agora's Publishing House,
- ✓ lower yoy other sales result from smaller number of movies introduced to the cinemas in 1Q2016.

PROSPECTS FOR 2016

- ✓ good condition of advertising market,
- ✓ market uncertainty - i.a. rapid changes to the legislation, weak PLN exchange rate,
- ✓ further growth of Helios cinema network,
- ✓ the end of investment project to construct bus shelters in Warsaw,

REVIEW OF STRATEGIC OBJECTIVES

- ✓ digital transformation of press business progresses in line with our plan – we want to build the base of ca. 90 thou. paid digital subscriptions of *Gazeta Wyborcza* at the end of 2016,
- ✓ consecutive step in building Agora's position in the TV market – launch of our own TV station on MUX-8,
- ✓ EBIT growth of the Internet segment,
- ✓ increase in the objective of Radio business,
- ✓ other strategic objectives maintained.

Thank you for your attention

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