

## Financial and market performance 4Q2013



# AGORA<sub>SA</sub>

**press // cinema // outdoor // internet // radio**

- ✓ Key highlights in 2013
- ✓ Financial results of the Agora Group
- ✓ Advertising market
- ✓ Segments results and development initiatives
- ✓ Summary

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# Key highlights in 2013



- ✓ „Drogówka” the most popular Polish movie in 2013 (over 1 million admissions)
- ✓ Growth of mobile apps portfolio
- ✓ New format of radio station
- ✓ AMS finalized the Warsaw contract
- ✓ Licence won for TV movie channel (DTTV)
- ✓ Numerous awards for Agora’s journalists



# Improvement of the Group's operating result in 4Q2013

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## Financial results

PLN million	4Q2013	4Q2012	yoy % change	1-4Q2013	1-4Q2012	yoy % change
<b>Total sales</b>	<b>300.3</b>	<b>309.6</b>	<b>(3.0%)</b>	<b>1,073.9</b>	<b>1,138.6</b>	<b>(5.7%)</b>
Advertising revenue	150.2	169.2	(11.2%)	544.3	636.3	(14.5%)
Copy sales	33.1	37.0	(10.5%)	134.0	152.7	(12.2%)
Ticket sales	39.1	38.3	2.1%	129.1	134.0	(3.7%)
Other	77.9	65.1	19.7%	266.5	215.6	23.6%
<b>Operating cost net<sup>1</sup>, including:</b>	<b>(285.0)</b>	<b>(312.7)</b>	<b>(8.9%)</b>	<b>(1,066.5)</b>	<b>(1,151.7)</b>	<b>(7.4%)</b>
Raw materials, energy and consumables	(66.8)	(64.8)	3.1%	(240.1)	(244.3)	(1.7%)
D&A	(23.7)	(24.0)	(1.3%)	(96.1)	(93.8)	2.5%
External services	(95.0)	(96.6)	(1.7%)	(340.8)	(356.7)	(4.5%)
Staff cost <sup>2</sup>	(75.8)	(76.0)	(0.3%)	(288.1)	(310.2)	(7.1%)
Non-cash expense relating to share-based payments	-	(0.7)	-	(1.4)	(2.5)	(44.0%)
Promotion and marketing	(20.0)	(21.4)	(6.5%)	(65.4)	(81.2)	(19.5%)
Cost related to group lay-offs	-	(0.3)	-	-	(9.5)	-
<b>Operating result - EBIT</b>	<b>15.3</b>	<b>(3.1)</b>	<b>-</b>	<b>7.4</b>	<b>(13.1)</b>	<b>-</b>
EBIT margin	5.1%	(1.0%)	6.1pp	0.7%	(1.2%)	1.9pp
<b>Operating EBITDA<sup>3</sup></b>	<b>39.0</b>	<b>21.6</b>	<b>80.6%</b>	<b>104.9</b>	<b>83.2</b>	<b>26.1%</b>
Operating EBITDA margin	13.0%	7.0%	6.0pp	9.8%	7.3%	2.5pp
<b>Net profit / (loss)</b>	<b>12.2</b>	<b>0.6</b>	<b>1,933.3%</b>	<b>1.2</b>	<b>(8.1)</b>	<b>-</b>

Diminishing the pace of revenue drop thanks to:

- ✓ growing revenues from the printing services to external clients,
- ✓ growing admission revenues and concession sales in Helios,
- ✓ lower drops in ad revenues and copy sales,

The yoy comparability of data is distorted by the cost of one-offs (of PLN 17.6 million) and group lay-offs in recorded in 2012.

Source: consolidated financial statements according to IFRS, 4Q2013;

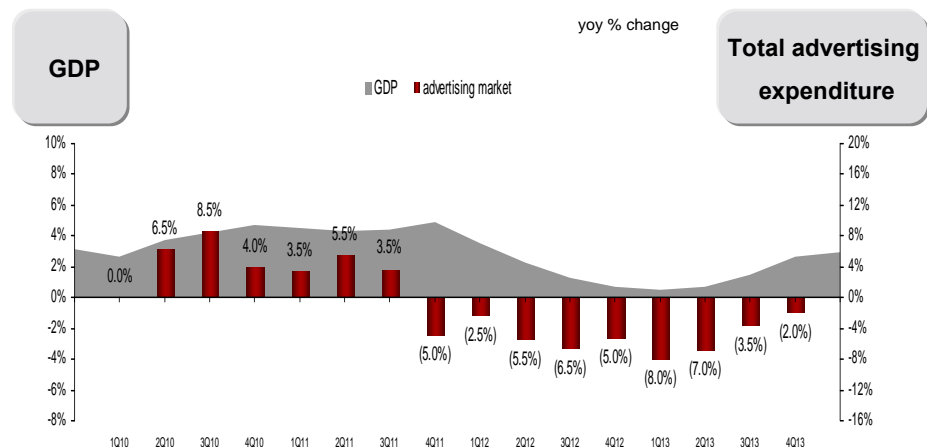
<sup>1</sup> operating costs for 2012 included one-offs i.e. impairment loss on selected press titles in the Magazine segment, ceased press title Autobit, goodwill recognized on Sport4People Sp. z o.o. and impairment of selected assets in Special Projects Division

<sup>2</sup> excluding non-cash cost of share-based payments and cost of group lay-offs;

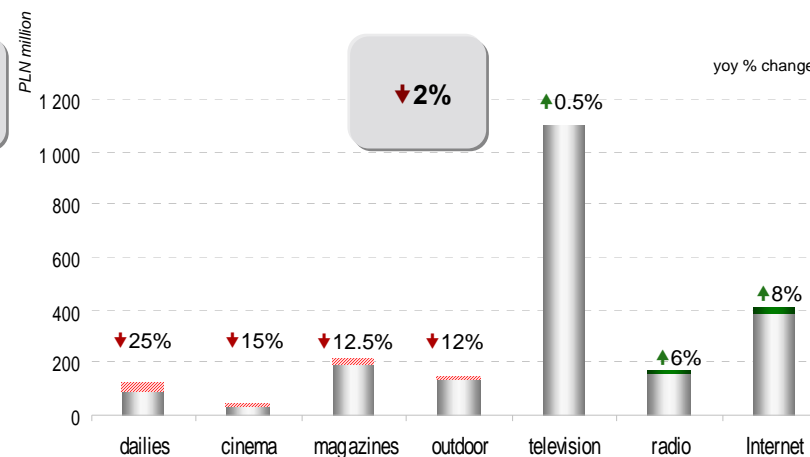
<sup>3</sup> excluding non-cash cost of share-based payments.

# Advertising expenditure still declines

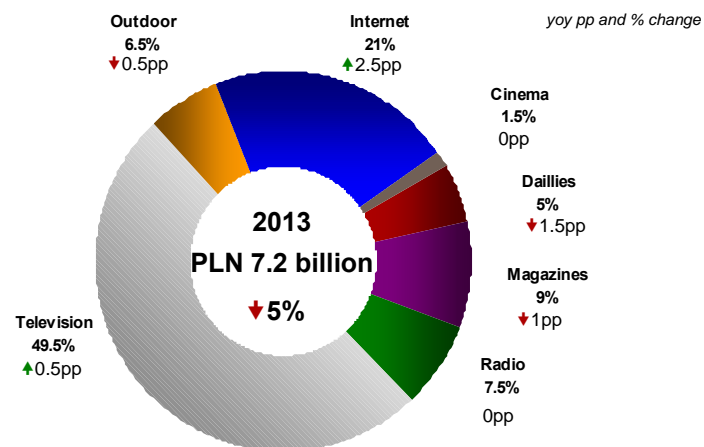
## The economy does not support the uptake in ad market



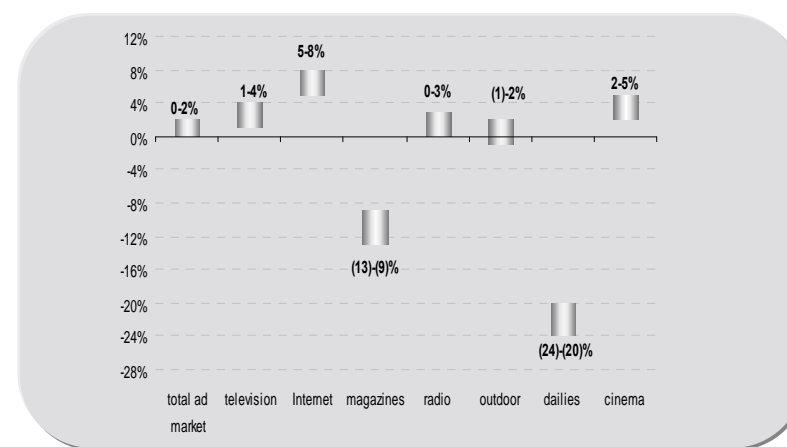
## Drop in ad spend in 4Q2013



## Growing share of Internet and TV



## Expected growth of ad spend in 2014



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). The presented data is comparable; macro 1Q10-4Q13: Central Statistical Office.



# Group's print media operations

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## Print media revenues under market trends pressure

DAILIES						
PLN million	4Q2013	4Q2012	yoy % change	1-4Q2013	1-4Q2012	yoy % change
Revenues, incl.:	133.7	139.0	(3.8%)	492.8	527.7	(6.6%)
copy sales	26.4	27.6	(4.3%)	106.4	111.7	(4.7%)
advertising	49.1	60.9	(19.4%)	180.8	244.7	(26.1%)
special projects	10.6	10.1	5.0%	36.5	32.0	14.1%
other revenues	47.6	40.4	17.8%	169.1	139.3	21.4%
Operating cost net <sup>1,2</sup>	(124.1)	(122.5)	1.3%	(441.5)	(465.4)	(5.1%)
EBIT <sup>1</sup>	9.6	16.5	(41.8%)	51.3	62.3	(17.7%)
EBIT margin	7.2%	11.9%	(4.7pp)	10.4%	11.8%	(1.4pp)
Operating EBITDA <sup>3</sup>	16.1	24.0	(32.9%)	78.9	91.5	(13.8%)
Operating EBITDA margin	12.0%	17.3%	(5.3pp)	16.0%	17.3%	(1.3pp)

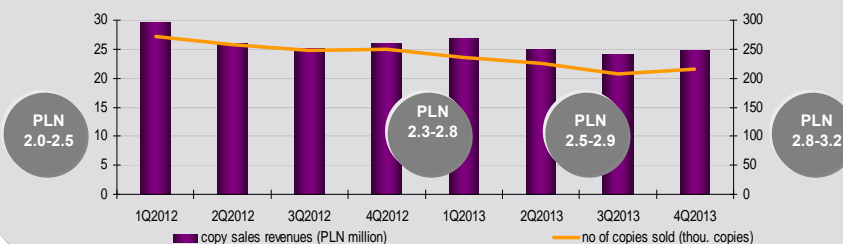
MAGAZINES						
PLN million	4Q2013	4Q2012	yoy % change	1-4Q2013	1-4Q2012	yoy % change
Revenues, incl.:	10.3	14.9	(30.9%)	44.1	65.0	(32.2%)
copy sales	4.4	5.9	(25.4%)	19.0	26.7	(28.8%)
advertising	5.9	9.0	(34.4%)	25.0	38.0	(34.2%)
Operating cost net <sup>1,4</sup>	(11.5)	(25.3)	(54.5%)	(41.5)	(72.7)	(42.9%)
EBIT <sup>1</sup>	(1.2)	(10.4)	88.5%	2.6	(7.7)	-
EBIT margin	(11.7%)	(69.8%)	58.1pp	5.9%	(11.8%)	17.7pp
Operating EBITDA <sup>3</sup>	(1.2)	(10.4)	88.5%	2.8	(7.5)	-
Operating EBITDA margin	(11.7%)	(69.8%)	58.1pp	6.3%	(11.5%)	17.8pp

## Optimization measures and development initiatives

### GROWTH OF NON-ADVERTISING REVENUES:

- ↑ Growth of printing services for external clients by 21.1% yoy
- ↑ Growth of Publio.pl revenues
- ↑ Growth of revenues from the sales of Gazeta Wyborcza's magazines

### PRICE CHANGES OF GAZETA WYBORCZA



## Development of print and digital offer



## MERGING THE SALES FORCES OF PRINT MEDIA BRANDS

Source: consolidated financial statements according to IFRS, 4Q2013; dane dotyczące liczby rozpowszechnianych egzemplarzy dzienników według Związku Kontroli i Dystrybucji Prasy (ZKDP).

<sup>1</sup> excluding allocations of general overhead cost of Agora S.A.;

<sup>2</sup> PLN 2.2 million of one-off cost reported in 4Q2012 related to asset impairment in Special Project division

<sup>3</sup> excluding non-cash cost of share-based payments and allocations of general overhead cost of Agora S.A.

<sup>4</sup> PLN 12.4 million related to impairment loss on selected press titles in the magazine segment in 4Q12

# Cinema business improves its operating results

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## Growth of revenues and decrease in operating cost

PLN million	4Q2013	4Q2012	yoy % change	1-4Q2013	1-4Q2012	yoy % change
<b>Total sales, including:</b>	<b>66.9</b>	<b>62.0</b>	<b>7.9%</b>	<b>219.7</b>	<b>205.1</b>	<b>7.1%</b>
Tickets sales	39.1	38.3	2.1%	129.1	134.0	(3.7%)
Concession sales	13.1	11.6	12.9%	42.2	40.3	4.7%
Advertising revenues	8.5	7.3	16.4%	25.2	20.2	24.8%
Other sales	6.2	4.8	29.2%	23.2	10.6	118.9%
<b>Operating cost net</b>	<b>(55.9)</b>	<b>(57.1)</b>	<b>(2.1%)</b>	<b>(213.0)</b>	<b>(199.0)</b>	<b>7.0%</b>
<b>EBIT</b>	<b>11.0</b>	<b>4.9</b>	<b>124.5%</b>	<b>6.7</b>	<b>6.1</b>	<b>9.8%</b>
EBIT margin	16.4%	7.9%	8.5pp	3.0%	3.0%	-
<b>Operating EBITDA<sup>1</sup></b>	<b>17.4</b>	<b>10.2</b>	<b>70.6%</b>	<b>31.5</b>	<b>25.8</b>	<b>22.1%</b>
Operating EBITDA margin	26.0%	16.5%	9.5pp	14.3%	12.6%	1.7pp

## Helios cinema network in 2013

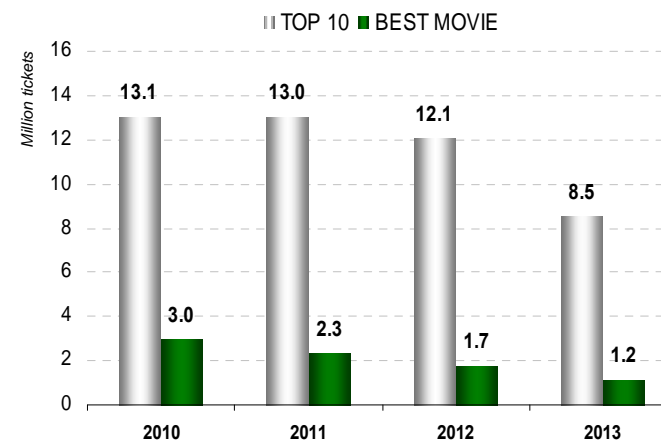
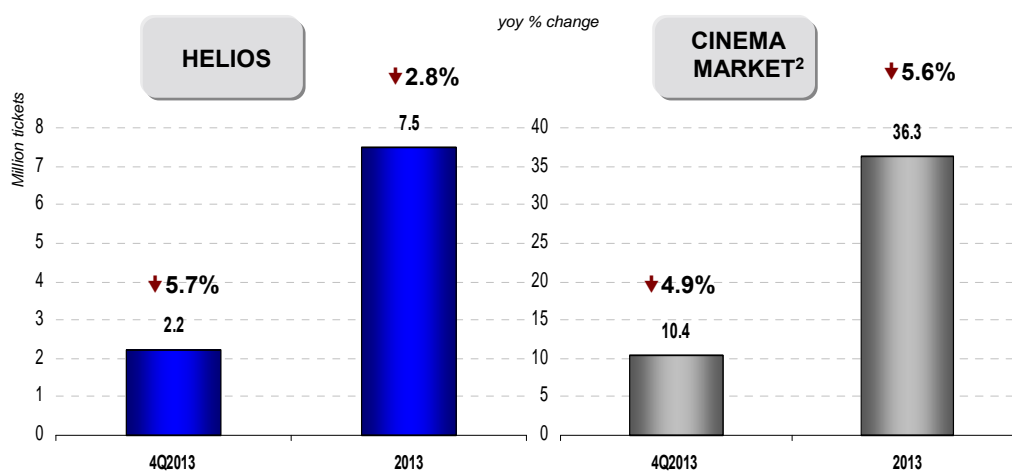
**31 multiscreen cinemas (166 screens)  
+ traditional cinema in Lodz (2 screens)**

**Openings in October 2013 :  
Gdynia (6 screens) and Nowy Sacz (5 screens)**

**Closing cinema in December 2013  
Katowice (9 screens)**



## Polish cinema admissions



Source: consolidated financial statements according to IFRS, 4Q2013;

<sup>1</sup> As far as the Helios group is concerned EBITDA and operating EBITDA ratios are equal as in the period referred to in the table there was not any non-cash cost of share-based payments incurred

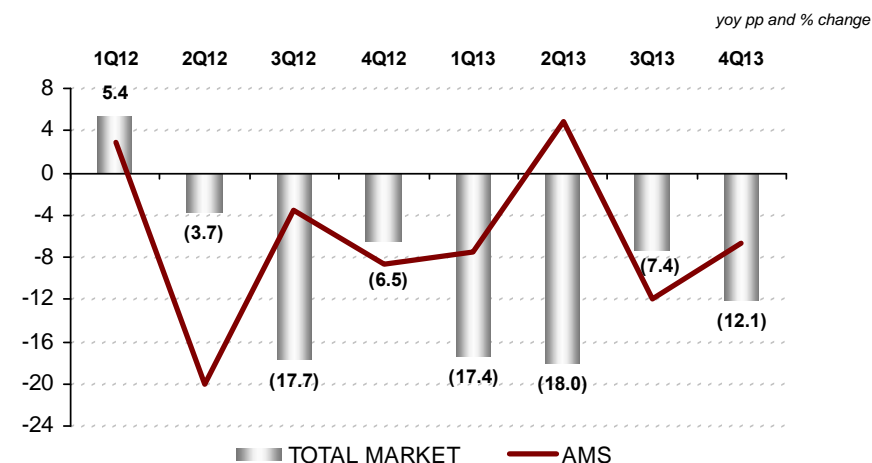
<sup>2</sup> boxoffice.pl, total tickets sales in Poland.

# Strong position of AMS in outdoor market

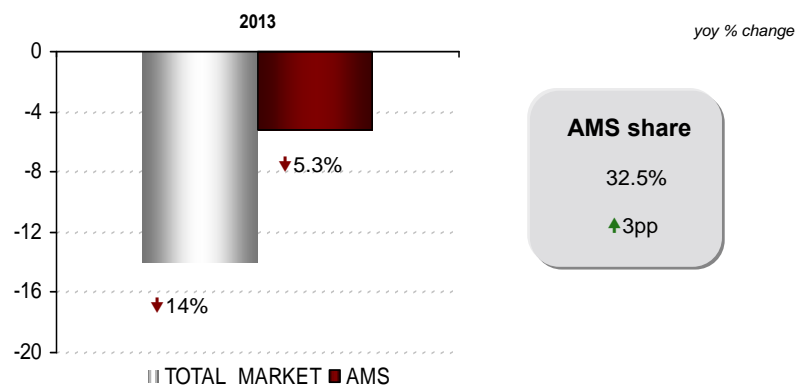
## Cost savings improve operating results of AMS

PLN million	4Q2013	4Q2012	yoy % change	1-4Q2013	1-4Q2012	yoy % change
Revenues, incl.:	43.4	46.7	(7.1%)	153.5	162.1	(5.3%)
advertising <sup>1</sup>	41.0	44.1	(7.0%)	148.7	157.1	(5.3%)
Operating cost net	(38.4)	(42.3)	(9.2%)	(149.7)	(157.9)	(5.2%)
EBIT	5.0	4.4	13.6%	3.8	4.2	(9.5%)
EBIT margin	11.5%	9.4%	2.1pp	2.5%	2.6%	(0.1pp)
Operating EBITDA <sup>2</sup>	9.2	8.9	3.4%	20.8	22.4	(7.1%)
Operating EBITDA margin	21.2%	19.1%	2.1pp	13.6%	13.8%	(0.2pp)

## AMS ad revenues outperform the market<sup>1,3</sup>



## AMS strengthens position in the outdoor advertising market<sup>1,3</sup>



## Broadening of the advertising offer



ams Metrics

POSSIBILITY TO MEASURE THE CAMPAIGN'S REACH



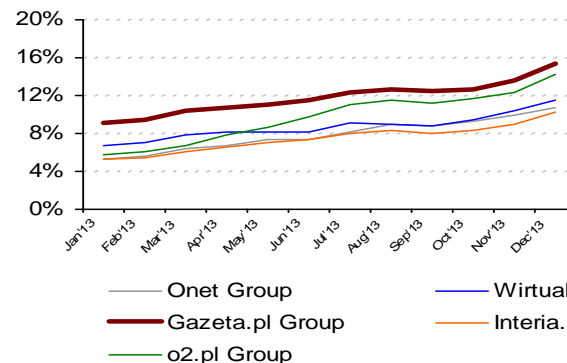
# Internet segment improves its operating results

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## Cost savings improve operating results

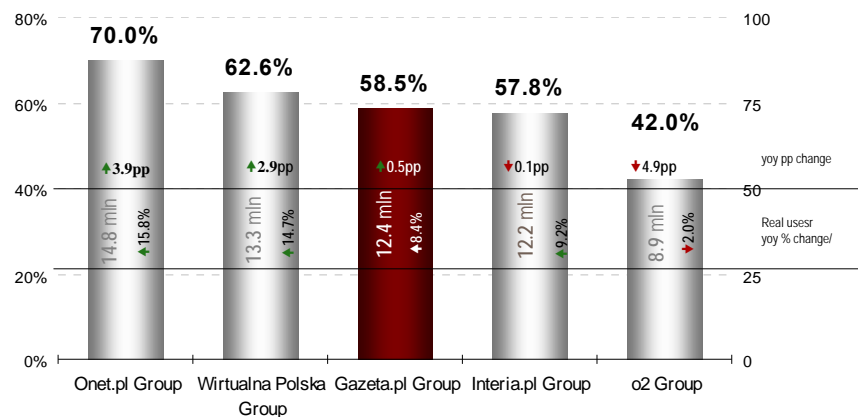
PLN million	4Q2013	4Q2012	yoy % change	1-4Q2013	1-4Q2012	yoy % change
<b>Revenues, incl.:</b>	<b>30.0</b>	<b>31.3</b>	<b>(4.2%)</b>	<b>111.4</b>	<b>114.0</b>	<b>(2.3%)</b>
display ad sales	24.4	25.5	(4.3%)	89.0	89.8	(0.9%)
ad sales in verticals	3.9	4.1	(4.9%)	16.2	17.7	(8.5%)
<b>Operating cost net<sup>1</sup></b>	<b>(23.2)</b>	<b>(28.2)</b>	<b>(17.7%)</b>	<b>(94.2)</b>	<b>(106.6)</b>	<b>(11.6%)</b>
<b>EBIT<sup>1</sup></b>	<b>6.8</b>	<b>3.1</b>	<b>119.4%</b>	<b>17.2</b>	<b>7.4</b>	<b>132.4%</b>
EBIT margin	22.7%	9.9%	12.8pp	15.4%	6.5%	8.9pp
<b>Operating EBITDA<sup>2</sup></b>	<b>7.9</b>	<b>4.5</b>	<b>75.6%</b>	<b>21.9</b>	<b>13.1</b>	<b>67.2%</b>
Operating EBITDA margin	26.3%	14.4%	11.9pp	19.7%	11.5%	8.2pp

## Systematic share growth of mobile pageviews<sup>3</sup>



The largest share of mobile pageviews on Gazeta.pl websites in total no. of pageviews vs other portals.

## Gazeta.pl group position among portals (December'13)<sup>3</sup>



## Development of segment's offer

### Gazeta.pl LIVE app

TOP 3 in free news and magazines (Android)  
TOP5 in free news category (AppStore)

### Sport.pl LIVE app

position #1 in sports category (Android)  
position #2 in sports category (Windows Phone)  
position #3 in sports category (AppStore)



First steps in the lead generation business



Development of VOD offer, co-operation with NK.pl



Source: financials: consolidated financial statements according to IFRS, 4Q2013. Internet division, Agora Ukraine, AdTaily, Trader.com (Polska) including print revenues, Sport4People;

<sup>1</sup> excluding allocations of general overhead cost of Agora S.A.;

<sup>2</sup> excluding non-cash cost of share-based payments and allocations of general overhead cost of Agora S.A.;

<sup>3</sup> Megapanel PBI/Gemius, reach, real users, mobile pageviews total pageviews) December 2012, December 2013; selected online publishers.

# Radio segment improves its operating results

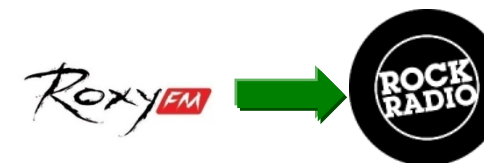
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## Growth of revenues improves operating results

PLN million	4Q2013	4Q2012	yoy % change	1-4Q2013	1-4Q2012	yoy % change
Revenues, incl.:	26.1	24.6	6.1%	83.1	88.1	(5.7%)
advertising	25.2	23.9	5.4%	80.9	85.8	(5.7%)
Operating cost net	(21.8)	(21.5)	1.4%	(78.3)	(85.3)	(8.2%)
EBIT	4.3	3.1	38.7%	4.8	2.8	71.4%
EBIT margin	16.5%	12.6%	3.9pp	5.8%	3.2%	2.6pp
Operating EBITDA <sup>1</sup>	4.9	3.8	28.9%	7.3	5.6	30.4%
Operating EBITDA margin	18.8%	15.4%	3.4pp	8.8%	6.4%	2.4pp

## Optimization of asset's portfolio

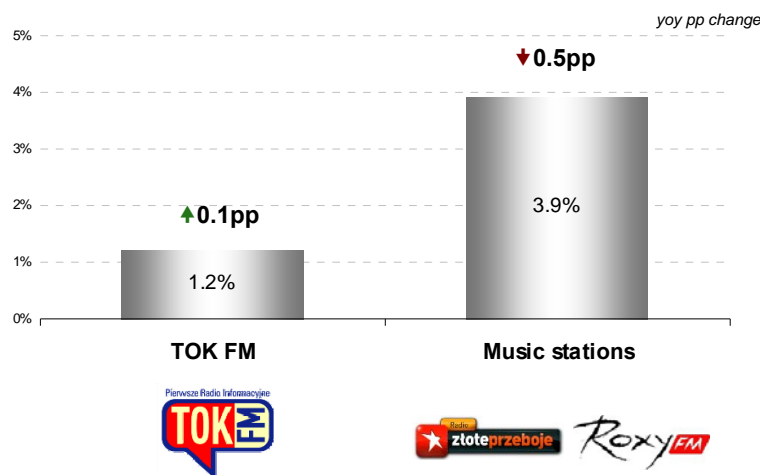
Change of music format  
(2014)



Broadening the reach  
with new concession for  
Złote Przeboje 2014



## Share of audience in cities of broadcasting<sup>2</sup>



## Development of TOK FM



Launch of new version of  
tokfm.pl portal



Radio TOK FM  
The most popular radio source of information  
for individual investors

## FACTORS AFFECTING THE RESULTS OF THE AGORA GROUP IN 4Q13



### EXTERNAL

- ✓ Drop of advertising expenditure,
- ✓ Structural changes in media environment,
- ✓ Print copy sales decline,
- ✓ Low level of admissions in Poland.

### INTERNAL

- ✓ The best ever operating results of Internet segment,
- ✓ Significant improvement in Radio's operating results,
- ✓ Growth of revenues and improvement of Kino's operating results,
- ✓ Decrease in operating cost improves the result of AMS,
- ✓ Digitalization of content and new mobile apps.

### OUTLOOK FOR 2014

- ✓ Expected growth of advertising market in majority of market segments,
- ✓ Growth initiatives: opening of 5 new multiscreen cinemas, focus on digital offer development, strengthening the sales force,
- ✓ Implementation of the Warsaw contract for construction of bus shelters,
- ✓ Launch of Stopklatka.TV channel.

# Thank you for your attention

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