

Financial and market performance of the Agora Group 3Q2016



AGORA_{SA}

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

- ✓ Market environment
- ✓ Financial results of the Agora Group
- ✓ Results and development initiatives of the particular business segments
- ✓ Growth perspectives
- ✓ Launch of tv channel METRO

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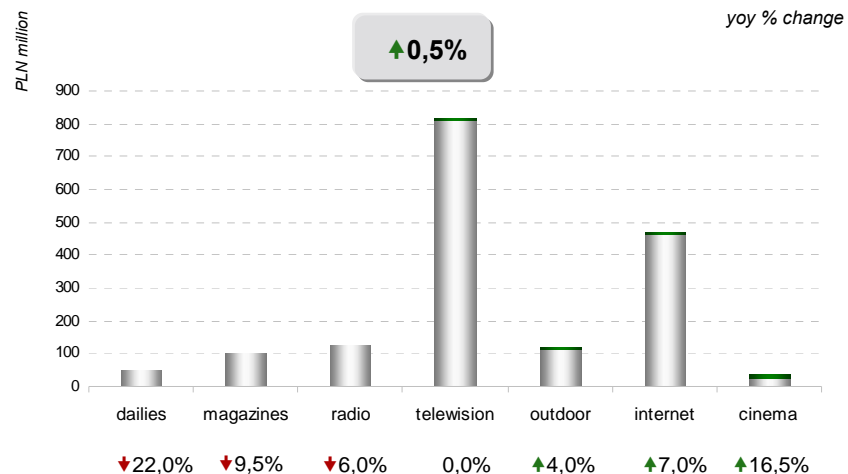
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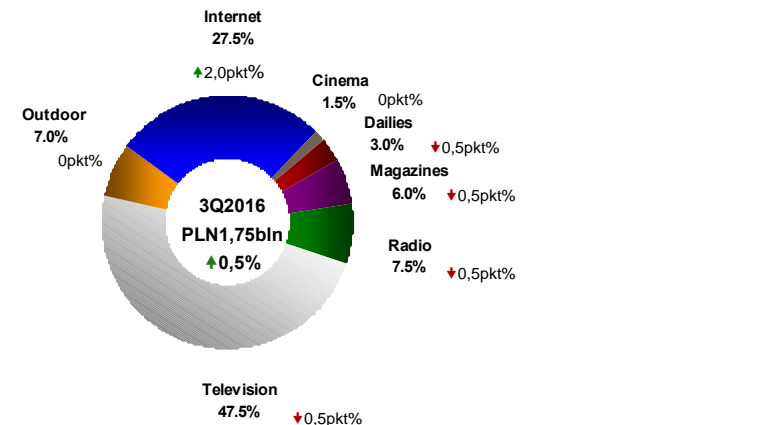
Factors important for the Group's development

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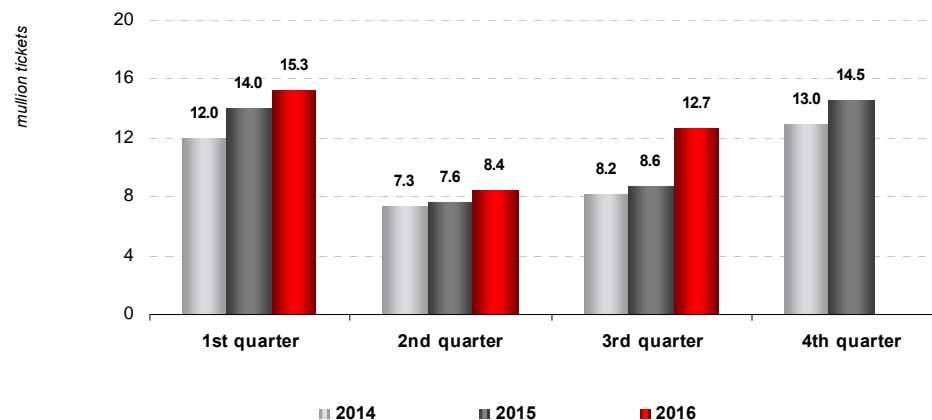
Advertising expenditure in 3Q2016



Advertising market structure in 3Q2016



Polish cinema attendance



Operating results of the Agora Group – 3Q2016



Revenue growth of the Agora Group

in PLN million	3Q2016	3Q2015	yoy change	1-3Q2016	1-3Q2015	yoy change
Total sales¹	273.4	259.8	5.2%	858.1	835.4	2.7%
Advertising revenue	123.2	125.3	(1.7%)	395.4	392.3	0.8%
Copy sales	31.1	33.9	(8.3%)	100.0	107.4	(6.9%)
Ticket sales	44.7	30.0	49.0%	133.8	107.0	25.0%
Printing services	36.0	37.9	(5.0%)	112.6	114.7	(1.8%)
Other	38.4	32.7	17.4%	116.3	114.0	2.0%
Operating cost net, including:	(283.1)	(264.2)	7.2%	(866.1)	(833.7)	3.9%
Raw materials, energy and consumables	(54.3)	(53.7)	1.1%	(164.9)	(163.3)	1.0%
D&A	(24.6)	(24.2)	1.7%	(73.8)	(77.7)	(5.0%)
External services	(97.4)	(87.2)	11.7%	(304.9)	(277.4)	9.9%
Staff cost	(76.1)	(73.5)	3.5%	(236.8)	(229.8)	3.0%
Promotion and marketing	(20.0)	(20.7)	(3.4%)	(58.1)	(60.2)	(3.5%)
Operating result - EBIT	(9.7)	(4.4)	(120.5%)	(8.0)	1.7	-
EBIT margin	(3.5%)	(1.7%)	(1.8pp)	(0.9%)	0.2%	(1.1pp)
EBITDA	(14.9)	19.8	(24.7%)	65.8	79.4	(17.1%)
EBITDA margin	5.4%	7.6%	(2.2pp)	7.7%	9.5%	(1.8pp)
Net profit / (loss)	(13.8)	(6.7)	(106.0%)	(24.9)	(1.9)	(1210.5%)

▲ growth of revenues due to record high cinema attendance and higher yoy revenues in Internet and Outdoor segments,

▼ lower yoy ad revenues result mainly from general reduction of ad expenditure in Press and Radio,

▼ lower yoy copy sales revenues results from lower yoy revenues of Agora's Publishing House and lower yoy copy sales of Press segment,

▼ lower yoy revenues from the printing services for external clients results from lower yoy volume of orders,

▲ higher yoy revenues from other sales results from higher concession sales in cinemas and revenues from the access to search of candidates and profiles of employees in GoldenLine.pl.

▲ growth of operating cost related to growing cinema attendance and development projects,

▲ growth of external services cost due to higher copy price purchase and higher yoy brokerage cost in Internet, Movies and Books as well as Radio segments, and higher computer costs in Internet segment,

▲ growth of staff cost in Movies and Books, Internet and Outdoor segments.

Source: consolidated financial statements according to IFRS, 3Q2016.

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.

Operating results of the Press segment

Reduction of the operating cost

PRESS						
in PLN million	3Q2016	3Q2015	yoy change	1-3Q2016	1-3Q2015	yoy change
Total sales, incl.:	63.7	71.0	(10.3%)	199.4	219.7	(9.2%)
Copy sales, incl.:	30.4	31.4	(3.2%)	93.0	97.0	(4.1%)
Gazeta Wyborcza ¹	24.8	26.1	(5.0%)	76.5	80.2	(4.6%)
Magazines	3.6	4.0	(10.0%)	11.4	12.6	(9.5%)
Advertising, incl.:	31.3	37.9	(17.4%)	101.0	119.1	(15.2%)
Gazeta Wyborcza ²	17.9	23.9	(25.1%)	59.1	76.3	(22.5%)
Magazines ³	5.7	5.3	7.5%	17.4	16.2	7.4%
Metrocafe.pl ³	3.4	4.6	(26.1%)	10.9	13.7	(20.4%)
Operating cost net⁴	(64.7)	(65.7)	(1.5%)	(200.4)	(206.9)	(3.1%)
EBIT⁴	(1.0)	5.3	-	(1.0)	12.8	-
EBIT margin	(1.6%)	7.5%	(9.1pp)	(0.5%)	5.8%	(6.3pp)
EBITDA⁴	1.2	7.7	(84.4%)	6.0	20.2	(70.3%)
EBITDA margin	1.9%	10.8%	(8.9pp)	3.0%	9.2%	(6.2pp)

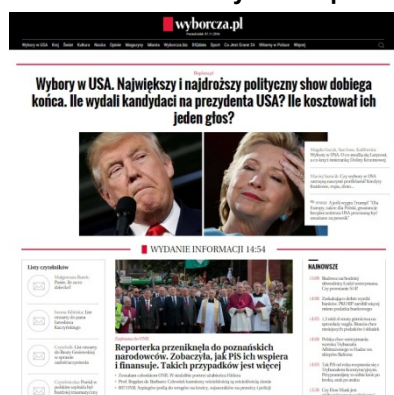
- ♦ lower yoy revenues as a result of negative market trends,
- ♦ decrease of advertising revenues due to lower yoy ad revenues in *Gazeta Wyborcza* and *Metrocafe.pl*,
- ▲ higher yoy ad revenues of Magazines result from a dynamic growth of internet services and from the paper version of *Ladny Dom* as well as new title in portfolio and transfer of custom publishing to Magazines,
- ♦ decrease of revenues of copy sales is a result of lower yoy copy sales of *Gazeta Wyborcza*,
- ♦ decrease of operating cost as a result of lower yoy volume of production of own titles and lower yoy staff cost due to lower employment and lower yoy rate of sales budget execution.

Development initiatives

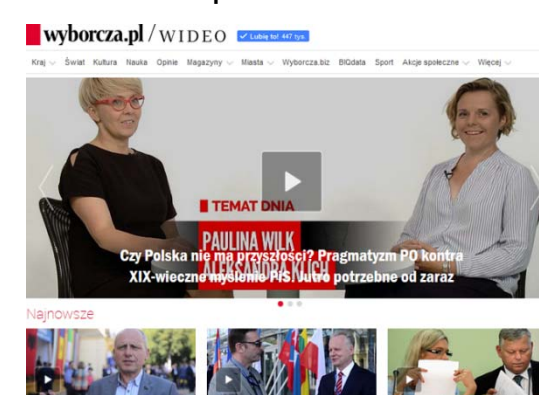
New publishing formula and new prices

Day	Price	Magazine
Monday	PLN 3.99	<i>Mój biznes. Ludzie, praca, innowacje, Duży Format; Ale Historia</i>
Tuesday	PLN 2.99	
Wednesday	PLN 2.99	
Thursday	PLN 2.99	
Friday	PLN 3.99	<i>Co jest Grane 24, Tylko Zdrowie, Wyborcza TV, Magazyny Lokalne</i>
Weekend	PLN 4.49 (Warsaw) PLN 4.29	<i>Wysokie Obcasy, Magazyn Świąteczny</i>

New website Wyborcza.pl



Intensive development of audiovisual content



Source: consolidated financial statements according to IFRS, 3Q2016.

¹ since 1Q 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 adjusted in this respect;

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

Operating results of Movies and Books segment

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Record high admissions and improvement of operating results

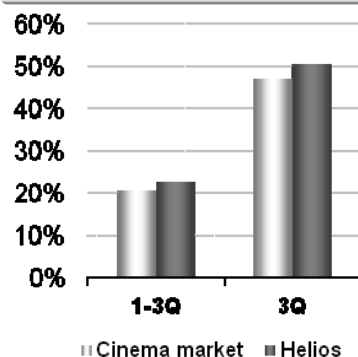
MOVIES AND BOOKS

in PLN million	3Q2016	3Q2015	yoy change	1-3Q2016	1-3Q2015	yoy change
Total sales, including :	83.4	65.6	27.1%	252.5	233.1	8.3%
Tickets sales	44.7	30.0	49.0%	133.9	107.0	25.1%
Concession sales	17.6	11.8	49.2%	50.0	39.6	26.3%
Advertising revenue ¹	7.2	6.5	10.8%	19.6	18.8	4.3%
Revenues from film activities ¹	1.6	3.7	(56.8%)	5.2	13.9	(62.6%)
Revenues from Publishing House	9.5	11.3	(15.9%)	34.7	45.3	(23.4%)
Operating cost net², including:	(78.1)	(65.0)	20.2%	(236.8)	(221.7)	6.8%
EBIT²	5.3	0.6	783.3%	15.7	11.4	37.7%
EBIT margin	6.4%	0.9%	5.5pp	6.2%	4.9%	1.3pp
EBITDA²	12.9	8.4	53.6%	38.5	40.4	(4.7%)
EBITDA margin	15.5%	12.8%	2.7pp	15.2%	17.3%	(2.1pp)

- dynamic growth of revenues from ticket sales in Helios cinemas,
- increasing attendance in Helios cinemas,
- almost 50% growth yoy of concession sales due to higher yoy attendance and higher average prices in cinema bars,
- growth of rental fees and staff cost in Helios cinemas due to the network's growth,
- higher yoy film copy cost and energy, materials and consumables cost due to higher yoy attendance and concession sales.

Development initiatives

Growth dynamics of cinema attendance³



**FASTER THAN MARKET
GROWTH DYNAMICS OF
CINEMA ADMISSIONS**

OPENED CINEMAS

4Q 2016	
CITY	SCREENING ROOMS/SEATS
GDANSK	7 / 1180
POZNAN	8 / 1600
PRZEMYSL	4 / 530
TOMASZÓW MAZOWIECKI	4 / 754
HELIOS NETWORK (41 CINEMAS)	229 / 46 948

AWAITED FILM PREMIERS

4Q 2016	
TITLE	DATE
WOLYN	07.10.2016
JESTEM MORDERCA	04.11.2016
PITBULL. NIEBEZPIECZNE ...	11.11.2016
SNOWDEN	18.11.2016
FANTSATYCZNE ZWWIERZ...	18.11.2016

Source: consolidated financial statements according to IFRS, 1-3Q2016; 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.

³ data regarding ticket sales is an estimate prepared by Helios on the basis of information from Boxoffice.pl coming from distributors of film copies. The no. of tickets sold in a given period is counted from the first Friday of the month, quarter or year till the first Thursday in the next month, quarter or year.

Operating results of Outdoor and Internet

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Higher than market growth of ad revenues and improvement of operating result in Outdoor segment

OUTDOOR						
in PLN million	3Q2016	3Q2015	yoy change	1-3Q2016	1-3Q2015	yoy change
Total sales, incl.:	38.2	35.6	7.3%	119.6	109.7	9.0%
advertising ¹	37.7	35.0	7.7%	117.8	107.7	9.4%
Operating cost net	(34.1)	(33.7)	1.2%	(101.3)	(98.4)	2.9%
EBIT	4.1	1.9	115.8%	18.3	11.3	61.9%
EBIT margin	10.7%	5.3%	5.4pp	15.3%	10.3%	5.0pp
EBITDA	8.0	5.4	48.1%	30.0	20.8	44.2%
EBITDA margin	20.9%	15.2%	5.7pp	25.1%	19.0%	6.1pp

↑ higher than market growth dynamics of ad revenues due to development of premium panels network – mainly citylights,

↑ growth of operating cost due to higher yoy cost of campaign execution and higher yoy staff cost.

EXECUTION OF CONTRACTS

**1150 / 1580 bus shelters
WARSAW**

**97 / 600 bus shelters
CRACOW**

**51 / 51 bus shelters
SOSNOWIEC
(COMPLETED)**



Dynamic growth of revenues and improvement of operating results in Internet segment

INTERNET						
in PLN million	3Q 2016	3Q 2015	yoy change	1-3Q 2016	1-3Q 2015	yoy change
Total sales, incl.	38.6	33.4	15.6%	118.4	105.1	12.7%
display ad sales ²	30.1	26.6	13.2%	94.0	85.4	10.1%
ad sales in verticals	3.6	3.5	2.9%	9.8	10.2	(3.9%)
Operating cost net³	(33.5)	(28.4)	18.0%	(103.7)	(89.4)	16.0%
EBIT³	5.1	5.0	2.0%	14.7	15.7	(6.4%)
EBIT margin	13.2%	15.0%	(1.8pp)	12.4%	14.9%	(2.5pp)
EBITDA³	6.4	6.3	1.6%	18.5	19.7	(6.1%)
EBITDA margin	16.6%	18.9%	(2.3pp)	15.6%	18.7%	(3.1pp)

↑ dynamic growth of segment's revenues due to development of AdTaily network, revenues from GoldenLine.pl and higher yoy revenues of vortals,

↑ growth of operating cost due to higher yoy cost of advertising brokerage services, staff cost and promotion and marketing cost.

100 000 downloads of „MojeDziecko” application

eDziecko.pl together with applications „MojaCiaza” and „MojeDziecko” – **leader of parenting services** w Polsce



In Sept. 2016 websites of Gazeta.pl on mobile devices were visited by **8.8 million users**

No. of pageviews from mobile devices amounted to **233.7 million**



Czytaj tak, jak lubisz!

Source: financials: consolidated financial statements according to IFRS, 3Q2016; 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 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, Domiporcia.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 excluding allocations of general overhead cost of Agora S.A.

Operating results of Radio and Print

Operating result under pressure of market slowdown

RADIO						
in PLN million	3Q2016	3Q2015	yoy change	1-3Q2016	1-3Q2015	yoy change
Total sales, incl.:	21.2	22.6	(6.2%)	76.2	71.3	6.9%
radio advertising ¹	18.5	20.1	(8.0%)	65.5	64.7	1.2%
Operating cost net	(23.2)	(22.8)	1.8%	(71.2)	(67.1)	6.1%
EBIT	(2.0)	(0.2)	(900.0%)	5.0	4.2	19.0%
EBIT margin	(9.4%)	(0.9%)	(8.5pp)	6.6%	5.9%	0.7pp
EBITDA	(1.2)	0.5	-	7.3	6.3	15.9%
EBITDA margin	(5.7%)	2.2%	(7.9pp)	9.6%	8.8%	0.8pp

↓ drop of revenues due to general slowdown in radio advertising expenditure,

↑ growth of operating cost due to higher yoy cost of advertising brokerage in Helios cinemas and higher yoy cost of marketing and promotion.

% share in audience ²	3Q2016	yoy pp change	1-3Q2016	yoy pp change
Agora's music radio stations (Rock Radio, Radio Złote Przeboje and Radio Pogoda)	4.2%	0.4pp	4.0%	0.1pp
Radio TOK FM (news&talk)	1.9%	0.5pp	1.9%	0.5pp

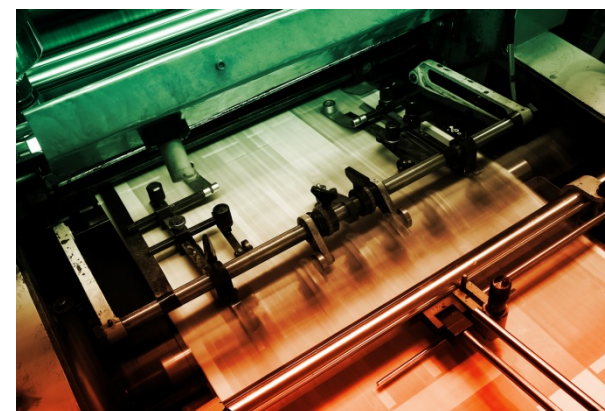


Decline in Print segment's revenues

PRINT						
in PLN million	3Q2016	3Q2015	yoy change	1-3Q2016	1-3Q2015	yoy change
Total sales, incl.:	37.9	39.9	(5.0)%	118.5	121.0	(2.1)%
printing services ³	36.0	37.9	(5.0%)	112.6	114.7	(1.8%)
Operating cost net⁴	(39.9)	(39.9)	-	(123.5)	(119.4)	3.4%
EBIT⁴	(2.0)	0.0	-	(5.0)	1.6	-
EBIT margin	(5.3%)	0.0%	(5.3pp)	(4.2%)	1.3%	(5.5pp)
EBITDA⁴	1.9	4.0	(52.5%)	6.8	13.7	(50.4%)
EBITDA margin	5.0%	10.0%	(5.0pp)	5.7%	11.3%	(5.6pp)

↓ decline in revenues due to lower volume of orders,

↑ operating cost flat yoy.



Source: financials: consolidated financial statements according to IFRS, 1-3Q2016; 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 advertising revenues include revenues from brokerage services of proprietary and third-party air time and exclude 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; July-September, 2015 – 20,938; 2016 – 20,751; January-September: 2015 – 62,893, 2016 – 62,728;

³ revenues from services rendered for external customers;

⁴ excludes allocations of all Company's overheads.

SUMMARY OF THE OPERATING RESULTS OF THE AGORA GROUP IN 3Q 2016

- ✓ revenues of the Agora Group grew consecutive time; it was possible due to record high cinema attendance and growing ad revenues in Internet, Outdoor and Movies and Books segments,
- ✓ growth of operating cost related to growing number of Helios cinemas and record high attendance, as well as growing importance of advertising brokerage services (Internet, Radio),
- ✓ Continuation of restructuring process in Press segment results in decline of operating cost:
 - ✓ material change in product itself,
 - ✓ change in the way of printing the daily,
 - ✓ change the method of operating an editorial team,
 - ✓ new website Wyborcza.pl,
 - ✓ further digitalization of content, incl. introduction of attractive audiovisual content.

PROSPECTS FOR THE REST OF 2016

- ✓ **difficult market condition** - economic uncertainty, decrease in investment, slowdown in advertising expenditure in selected segments of the market,
- ✓ further **remodelling of Press business model** in order to stabilize its results on the profitable level and accelerate digital transformation,
- ✓ **continuation of revenue growth and improvement of operating results in the majority of non-press businesses:**
 - ✓ further growth of cinema network and good prospects for attendance rates,
 - ✓ strengthening the position in outdoor advertising market by participation in new concession procedures for bus shelter construction,
 - ✓ strengthening the Group's position as provider of digital content.
- ✓ **factors influencing the operating result in 4Q 2016:**
 - ✓ conditional sales of real estate in Lodz – PLN 6.0 million,
 - ✓ provision of group lay-offs – PLN 5.6 million,
 - ✓ resignation from publishing *Metrocafe.pl*.
- ✓ **launch of tv channel – METRO – on MUX-8.**

December 2nd, 2016 – launch of METRO on MUX -8

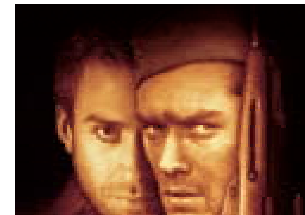
Planned audience share – over 1% in 4-5 years.

Planned investment in 4-5 years – PLN 20-30 million (PLN 10 million already spent).

METRO will be profitable after it reaches the audience share of 1.0-1.15%.

Planned reach on the day of launch of MUX-8 amounts to over 60% and at the end of December 2016 ca 90%.

METRO targets a wide group of viewers looking for interesting, quality entertainment, distinctive movies, good quality TV series, bold documentaries, lifestyle programmes or journalism on socially important issues.



Characteristics

Universal channel with film – documentary and lifestyle profile.

Diversity of offer– feature films, series, documentaries (movies and series), entertainment programmes, reality shows, animation and journalism.

Light and modern formula – fresh look at people, events and phenomena.

Clearly cut programming – own production, world and European movies, premiere series and documentaries.

METRO

Thank you for your attention

www.agora.pl

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