

Financial and market performance of Agora Group in 3Q2017



AGORA_{SA}

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

- › Agora Group in 3Q2017
- › Key components of market environment
- › Financial results of Agora Group
- › Results and development initiatives of the business segments
- › Summary and prospects

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Dynamic development of Helios cinema network

- Faster than the market growth of ticket sales
- New contracts for three more multiplexes



Positive effects of the restructuring process and development activities in Press segment

- Faster than the planned execution of target regarding number of digital paid subscriptions of *Gazeta Wyborcza*



New strategic objectives in Magazines division

- Increasing the effectiveness of the division
- Improvement of content monetization



Significant growth of revenue in Radio segment

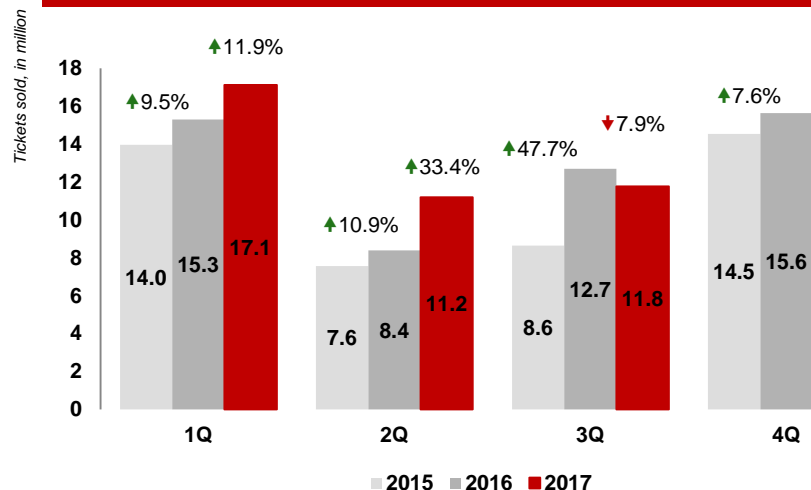
- Improvement of profitability



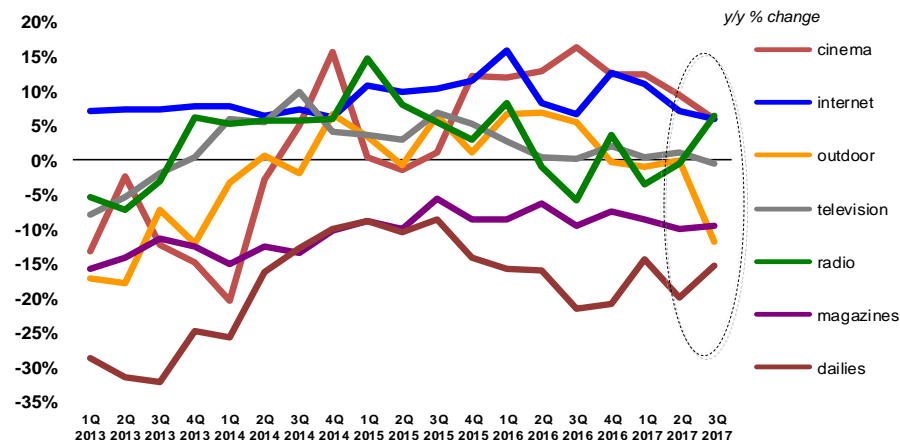
Buy-back program of Agora S.A.

- 96.3% - the average reduction rate applied to the pool of the bearer shares

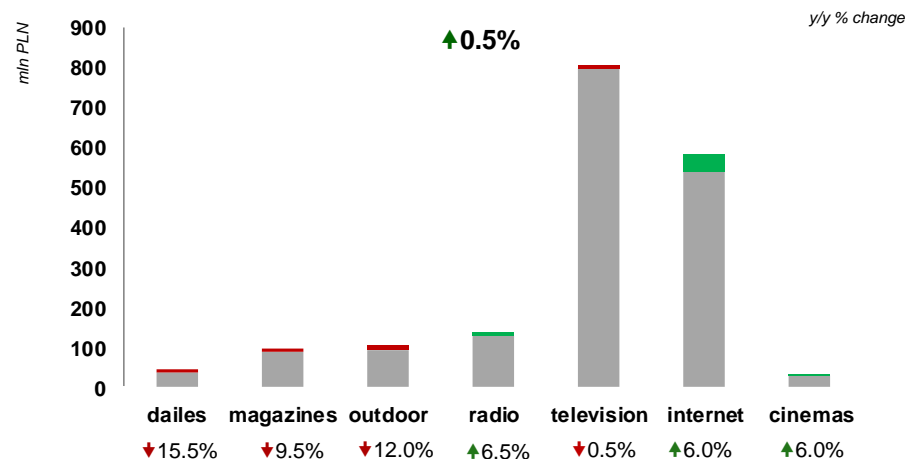
Attendance in Polish cinemas



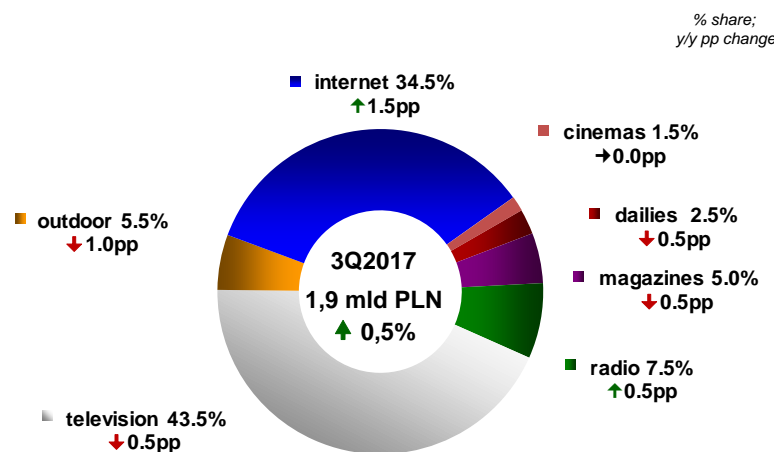
Dynamics of the advertising market segments



Dynamics of ad spend in 3Q2017



Structure of the advertising market



Significant improvement of Agora Group profitability in 2017

in PLN million	3Q2017	3Q2016	y/y change	1-3Q2017	1-3Q2016	y/y change
Total sales¹	251.4	273.4	(8.0%)	835.1	858.1	(2.7%)
Advertising sales	118.7	123.2	(3.7%)	379.7	395.4	(4.0%)
Ticket sales	47.6	44.7	6.5%	155.6	133.8	16.3%
Copy sales	31.7	31.1	1.9%	99.8	100.0	(0.2%)
Printing services	18.4	36.0	(48.9%)	77.3	112.6	(31.3%)
Concession sales	18.7	17.6	6.3%	58.4	50.0	16.8%
Other	16.3	20.8	(21.6%)	64.3	66.3	(3.0%)
Operating cost net, including:	(260.5)	(283.1)	(8.0%)	(833.9)	(866.1)	(3.7%)
External services	(96.5)	(97.4)	(0.9%)	(308.4)	(304.9)	1.1%
Staff cost	(77.1)	(76.1)	1.3%	(240.4)	(236.8)	1.5%
Raw materials, energy and consumables	(36.8)	(54.3)	(32.2%)	(131.1)	(164.9)	(20.5%)
D&A	(24.6)	(24.6)	-	(74.6)	(73.8)	1.1%
Promotion and marketing	(15.7)	(20.0)	(21.5%)	(52.2)	(58.1)	(10.2%)
Gain on bargain purchase ²	-	-	-	-	2.2	-
Operating result - EBIT	(9.1)	(9.7)	6.2%	1.2	(8.0)	-
EBIT margin	(3.6%)	(3.5%)	(0.1pp)	0.1%	(0.9%)	1.0pp
EBITDA	15.5	14.9	4.0%	75.8	65.8	15.2%
EBITDA margin	6.2%	5.4%	0.8pp	9.1%	7.7%	1.4pp
Net profit / (loss) for the period	(1.6)	(13.8)	88.4%	(7.0)	(24.9)	71.9%

- ▼ drop of the Agora Group's revenue mainly due to lower revenues of the Print and Press segments
- ▼ decline in revenues from printing services as a result of lower yoy volume of production due to i.a. ceasing of cooperation with some of the customers and increased yoy share of production on paper provided by customers
- ▼ decrease in advertising revenue in Press, Outdoor and Internet segments
- ▼ yoy decline in other sales affected by high additional revenue from the rights to sell the game *The Witcher 3: Wild Hunt* and its supplements, as well as organisation of the *Titanic. The Exhibition* in 3Q2016
- ▲ growth of ticket and concession sales in Helios cinemas
- ▲ higher copy sales revenue due to higher revenues from sales of Agora Publishing House, higher revenues from sales of digital subscriptions of *Gazeta Wyborcza*, as well as additional incomes from special editions of *Gazeta Wyborcza's* magazines
- ▼ decline in operating costs of the Agora Group results from lower yoy level of operating cost in the most business segments, mainly in the Print and the Press segments
- ▼ decrease in costs of energy, raw materials and consumables results from lower volume of print orders and lower volume of titles published by Agora Group
- ▼ significant reduction of promotion and marketing cost mainly in Press and Radio segments
- ▼ decrease in costs of external services due to lack of settlement cost with the producer of the game *The Witcher 3: Wild Hunt*
- ▲ growth of staff cost mainly in Movies and Books segment resulting from growth of minimum wage per hour and increase in number of employees due to greater number of cinemas

On September 1st, 2017 Discovery Poland bought 51.06% of shares from Agora in Green Content Sp. z o.o. The positive impact of this transaction on the net result of the Agora Group in 3Q2017 amounted to PLN 11.4 million.

Movies and Books: growth of revenues

MOVIES AND BOOKS*

in PLN million	3Q2017	3Q2016	y/y change	1-3Q2017	1-3Q2016	y/y change
Total sales, including:	87.7	83.4	5.2%	293.5	252.5	16.2%
Ticket sales	47.7	44.7	6.7%	155.8	133.9	16.4%
Concession sales	18.7	17.6	6.3%	58.4	50.0	16.8%
Advertising revenue ¹	9.3	7.2	29.2%	23.4	19.6	19.4%
Film activities revenue ^{1,2}	2.0	1.6	25.0%	23.5	5.2	351.9%
Agora Publishing House revenue	7.5	9.5	(21.1%)	24.3	34.7	(30.0%)
Total operating cost	(84.9)	(78.1)	8.7%	(272.0)	(236.8)	14.9%
EBIT	2.8	5.3	(47.2%)	21.5	15.7	36.9%
EBIT margin	3.2%	6.4%	(3,2pp)	7.3%	6.2%	1,1pp
EBITDA³	10.8	12.9	(16.3%)	45.8	38.5	19.0%
EBITDA margin	12.3%	15.5%	(3,2pp)	15.6%	15.2%	0,4pp

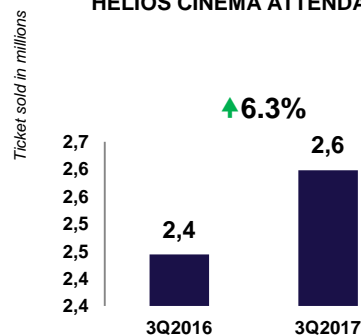
- ↑ growth of revenues due to higher attendance in Helios cinemas, which resulted in higher income from ticket sales and concession sales
- ↑ increase in advertising revenues in cinemas
- ↑ growth of revenue from film co-production and distribution
- ↓ lower revenues of Agora Publishing House affected by the revenues from the rights to sell the game *The Witcher 3: Wild Hunt* and ticket sales for *Titanic. The Exhibition* in 3Q2016
- ↑ higher staff cost results from growth of minimum wage per hour and increase of employment due to greater number of cinemas
- ↑ growth of marketing and promotion cost due to more intense promotion activities of Helios cinema network yoy
- ↑ higher cost of external services as a result of higher cost of film copy purchase due to higher cinema attendance and higher rental costs of Helios cinema network due to its growth yoy
- ↓ lower costs of Agora Publishing House affected by the lack of projects similar in scale to the game *The Witcher 3: Wild Hunt* or the *Titanic. The Exhibition*

Growth of Helios cinema network

CITY	DATE
WOLOMIN	1Q2017 ✓
KROSNO	3Q2017 ✓
STALOWA WOLA	4Q2017
WARSZAWA	2018
LEGIONOWO	2018
PABIANICE	2018
GDANSK	2018
KATOWICE	2018
ZABRZE	2020
PIASECZNO	2021

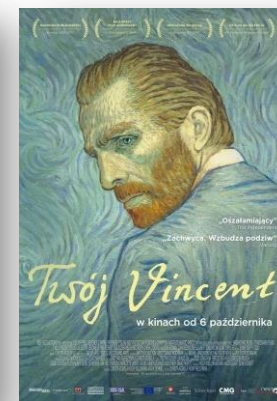


HELIOS CINEMA ATTENDANCE



43 CINEMAS = 237 SCREENS

Comparably, according to Boxoffice in 3Q2017, decrease in attendance in Polish cinemas amounted to 7.9% yoy



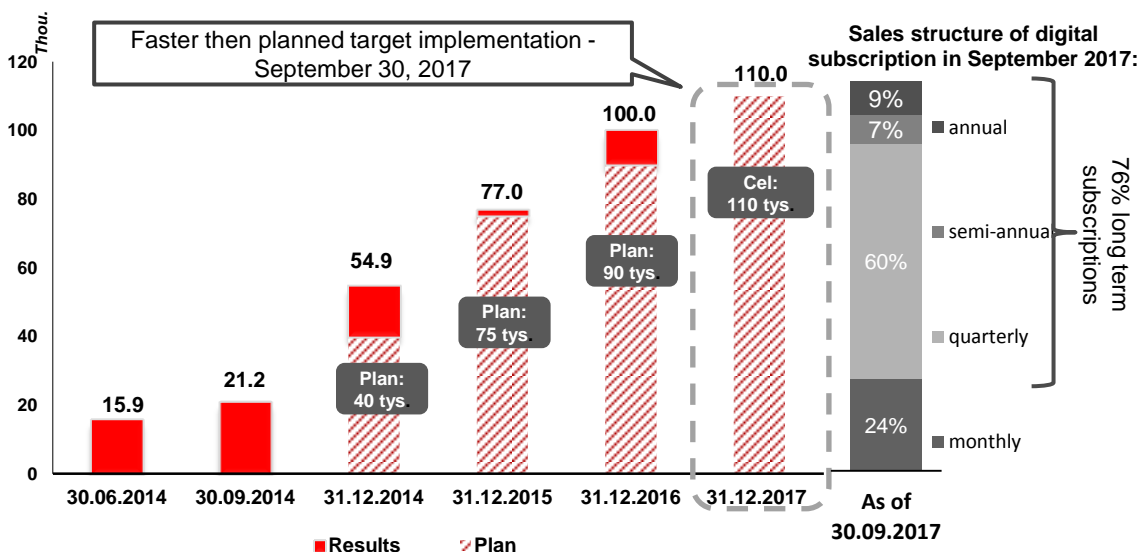
Press: significant improvement of operating result

PRESS*

in PLN million	3Q2017	3Q2016	y/y change	1-3Q2017	1-3Q2016	y/y change
Total sales, including:	56.1	63.7	(11.9%)	173.6	199.4	(12.9%)
Copy sales	27.7	30.4	(8.9%)	85.2	93.0	(8.4%)
incl. <i>Gazeta Wyborcza</i>	22.7	24.8	(8.5%)	70.1	76.5	(8.4%)
incl. Magazines	2.9	3.6	(19.4%)	8.8	11.4	(22.8%)
Advertising revenue ^{1,2}	26.9	31.3	(14.1%)	84.8	101.0	(16.0%)
incl. <i>Gazeta Wyborcza</i>	15.3	17.9	(14.5%)	49.1	59.1	(16.9%)
incl. Magazines	6.0	5.7	5.3%	18.2	17.4	4.6%
incl. <i>Metrocafe.pl</i> ³	-	3.4	-	-	10.9	-
Total operating cost ^{1,4}	(52.5)	(64.7)	(18.9%)	(165.5)	(200.4)	(17.4%)
EBIT	3.6	(1.0)	-	8.1	(1.0)	-
EBIT margin	6.4%	(1.6%)	8.0pp	4.7%	(0.5%)	5.2pp
EBITDA	4.0	(0.5)	-	9.4	0.5	1,780.0%
EBITDA margin	7.1%	(0.8%)	7.9pp	5.4%	0.3%	5.1pp

- ▼ drop of copy sales resulting from lower yoy copy sales of printed version of *Gazeta Wyborcza* and monthlies published by Magazines division
- ▲ higher revenue from sales of digital subscriptions of *Gazeta Wyborcza* and from sales of special edition of magazines published by *Gazeta Wyborcza*
- ▼ decline of the segment's advertising revenue due to lower yoy revenue from advertising in *Gazeta Wyborcza* and discontinuation of publishing of the free daily *Metrocafe.pl*
- ▲ higher yoy revenue from advertising sales in Magazines division results from dynamic development of content-to-commerce offer as well as from custom publishing offer and additional activities like special edition of selected printed magazines
- ▼ decrease in operating cost results mainly from lower costs of energy, raw materials, consumables and print services due to lower volume of print of *Gazeta Wyborcza* and discontinuation of publishing of the free daily *Metrocafe.pl* and the monthly *Pogoda na życie*
- ▼ reduced promotion and marketing cost resulted from lower number of a dual priced editions of the daily and less intense promotional activities in comparison to 3Q2016

Digital subscription of *Gazeta Wyborcza*



New editorial strategy in Magazines division

- › focus on the strongest press brands
- › changes in portfolio structure of the division: new thematic areas as well as discontinuation of *Dom&Wnętrze* and *Magnolia*
- › establishing of a coherent offer of additional activities (e.g. workshops, cooking classes or various contests)
- › development of custom publishing offer
- › searching for new opportunities on the traditional press market – *Opiekun*
- › integration of the online activities of Magazine division with Internet segment

Source: consolidated financial statements according to IFRS, 3Q2017;

¹ the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation.

² the data include inflows from the sales of advertising on the websites: *Wyborcza.pl*, *Wyborcza.biz*, *Wysokie obcasy.pl* as well as on the local websites. In 2016, the revenues from website advertising were partially allocated to Internet segment.

³ on October 14, 2016 Agora ceased publication of the free daily *Metrocafe.pl*.

⁴ since 2017 the operating costs of the segment related to the production of GW are settled according to an agreed card rate, in contrary to previous years when it was settled by allocation of direct and indirect costs (including D&A) related to its production. The presentation of data for the corresponding periods of time was adjusted accordingly.

*EBIT and EBITDA of Press, Internet, Movies and Books as well as Print segments are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company's

Positive operating result in Outdoor segment

OUTDOOR						
in PLN million	3Q2017	3Q2016	y/y change	1-3Q2017	1-3Q2016	y/y change
Total sales, including:	34,2	38,2	(10,5%)	114,7	119,6	(4,1%)
Advertising revenue ¹	33,8	37,7	(10,3%)	113,0	117,8	(4,1%)
Total operating cost	(32,9)	(34,1)	(3,5%)	(95,6)	(101,3)	(5,6%)
EBIT	1,3	4,1	(68,3%)	19,1	18,3	4,4%
EBIT margin	3,8%	10,7%	(6.9pp)	16,7%	15,3%	1.4pp
EBITDA	6,0	8,0	(25,0%)	32,3	30,0	7,7%
EBITDA margin	17,5%	20,9%	(3.49pp)	28,2%	25,1%	3.1pp

- ↓ decrease of total sales due to significant reduction in market expenditure on outdoor advertising and discontinuation of contract for ad sales on panels in Warsaw metro cars
- ↑ better than the market dynamics of advertising sales thanks to campaigns on citylight and citylight premium panels
- ↓ decline in operating cost as a result of discontinuation of contract for ad sales on panels in Warsaw metro cars and changes in the structure of panels portfolio
- ↑ higher costs of promotion and marketing resulting from higher costs of promotion settled in the form of barter
- ↑ growth of D&A cost due to execution of contracts for bus shelters in Warsaw and Cracow

Positive operating result in Internet segment

INTERNET*						
in PLN million	3Q2017	3Q2016	y/y change	1-3Q2017	1-3Q2016	y/y change
Total sales, including:	36.7	38.6	(4.9%)	116.0	118.4	(2.0%)
Display ad sales ^{2,3}	29.1	30.1	(3.3%)	92.8	94.0	(1.3%)
Ad sales in verticals	3.4	3.6	(5.6%)	10.7	9.8	9.2%
Total operating cost	(34.0)	(33.5)	1.5%	(106.4)	(103.7)	2.6%
EBIT	2.7	5.1	(47.1%)	9.6	14.7	(34.7%)
EBIT margin	7.4%	13.2%	(5.8pp)	8.3%	12.4%	(4.1pp)
EBITDA	3.9	6.4	(39.1%)	13.1	18.5	(29.2%)
EBITDA margin	10.6%	16.6%	(6.0pp)	11.3%	15.6%	(4.3pp)

- ↓ decrease of revenue mainly due to lower incomes from ad sales, lower yoy other revenues of GoldenLine and Trader.com as well as lower yoy sale of ads in verticals
- ↑ operating cost on a similar level yoy
- ↑ growth of staff cost related to higher cost of trainings in Gazeta.pl, as well as higher cost of employment in the Internet division and in Yieldbird company and also due to implemented incentive plans for Yieldbird management board
- ↑ higher yoy cost of external services mainly related to the growth of marketing services cost of GoldenLine and higher yoy cost of purchase of ad space by Yieldbird

Source: consolidated financial statements according to IFRS, 3Q2017.

¹ the amounts do not include revenues, direct and variable cost of cross-promotion of Agora's other media on AMS panels if such promotion was executed without prior reservation.

² the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation, as well as exclude the inter-company sales between Agora's Internet Department, Trader.com (Polska) Sp. z o.o., Yieldbird 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.

³ in 2016 the numbers included allocated inflows from the sales of advertising on the websites: Wyborcza.pl, Wyborcza.biz, Wysokieobcasy.pl as well as on the local websites. Since 2017 those revenues are not allocated to Internet segment.

to the production of GW are settled according to an agreed card rate, in contrary to previous years when it was settled by allocation of direct and indirect costs (including D&A) related to its production. The presentation of data for the corresponding periods of time was adjusted accordingly.

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Significant growth of revenues and crucial improvement of operating results in Radio segment

RADIO						
in PLN million	3Q2017	3Q2016	y/y change	1-3Q2017	1-3Q2016	y/y change
Total sales, including:	24.2	21.2	14.2%	77.9	76.2	2.2%
Radio advertising revenue ^{1,2}	20.9	18.5	13.0%	65.8	65.5	0.5%
Total operating cost²	(21.6)	(23.2)	(6.9%)	(70.2)	(71.2)	(1.4%)
EBIT	2.6	(2.0)	-	7.7	5.0	54.0%
EBIT margin	10.7%	(9.4%)	20.1pp	9.9%	6.6%	3.3pp
EBITDA	3.5	(1.2)	-	10.3	7.3	41.1%
EBITDA margin	14.5%	(5.7%)	20.2pp	13.2%	9.6%	3.6pp

- ↑ significant growth of revenues from sales of airtime in Agora's own radio stations
- ↑ increase in revenues from advertising brokerage in Helios cinemas
- ↑ higher revenues from sales of airtime in the third party radio stations
- ↓ lower operating costs as a result of the shift of the promotion campaign of Radio Złote Przeboje between the quarters

Positive operating result on EBITDA level in Print segment

PRINT*						
in PLN million	3Q2017	3Q2016	y/y change	1-3Q2017	1-3Q2016	y/y change
Total sales, including:	20.4	37.9	(46.2%)	83.0	118.5	(30.0%)
Printing services ⁴	18.4	36.0	(48.9%)	77.3	112.6	(31.3%)
Total operating cost⁵	(24.3)	(39.9)	(39.1%)	(90.6)	(123.5)	(26.6%)
EBIT	(3.9)	(2.0)	(95.0%)	(7.6)	(5.0)	(52.0%)
EBIT margin	(19.1%)	(5.3%)	(13.8pp)	(9.2%)	(4.2%)	(4.9pp)
EBITDA	1.3	3.6	(63.9%)	8.4	12.3	(31.7%)
EBITDA margin	6.4%	9.5%	(3.1pp)	10.1%	10.4%	(0.3pp)

% share in audience ³	3Q2017	y/y pp change	1-3Q2017	y/y pp change
Agora's music radio stations (Rock Radio, Radio Złote Przeboje oraz Radio Pogoda)	4.1%	0.0pp	4.1%	0.1 pp
Radio TOK FM	2.1%	0.2pp	2.3%	0.4 pp

- ↓ decline of revenue and operating cost as a result of lower volume of production due to ceasing of cooperation with selected clients and increased yoy share of production on paper provided by customers

Source: consolidated financial statements according to IFRS, 3Q2017; local radio stations (incl. TOK FM), ad market: Agora's estimates based on Kantar Media monitoring.

¹ advertising revenues include revenues from brokerage services of proprietary and third-party air time.

² the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation.

³ according to audience share, Radio Track, MillwardBrown SMG/KRC, cities of broadcasting: 15+, from July to September (sample for 2016: 20,751; sample for 2017: 20,965) and from January to September (sample for 2016: 62,728; sample for 2017: 65,526).

⁴ revenues from services rendered for external customers;

⁵ since 2017 the operating costs of the segment related to the production of Gazeta Wyborcza are settled according to an agreed card rate, in contrary to previous years when it was settled by allocation of direct and indirect cost (including D&A) related to its production. The presentation of data for the corresponding periods of time was adjusted accordingly.

*EBIT and EBITDA of Press, Internet, Movies&Books and Print segments are calculated on the basis of cost directly attributable to the appropriate operating segment of Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company's supporting divisions), which are included in reconciling positions.

Further dynamic development of Helios cinema network

- market leader in Poland in terms of the number of cinemas

Significant improvement of operating result in Press segment

- decrease of operating cost
- effective content monetization of digital subscriptions of *Gazeta Wyborcza*
- growing revenues from the sales of special edition of *Gazeta Wyborcza's* magazines

Growth of revenues in Radio segment

- increase in radio advertising expenditure

Interesting film repertoire for 4Q2017, opening of new Helios cinemas

Further strengthening of the digital position of *Gazeta Wyborcza* and effective monetization of the subscribers' base

New editorial strategy of Magazines' division

Accomplishment of sales contract of Agora's plot in Warsaw in 4Q2017

New proposals of **changes in legal system**

Continuation of **negative trends** in the Press market

Dominance of **global platforms** in the Internet advertising market

Thank you for your attention

www.agora.pl

Contact:

investor@agora.pl

press@agora.pl

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Appendix

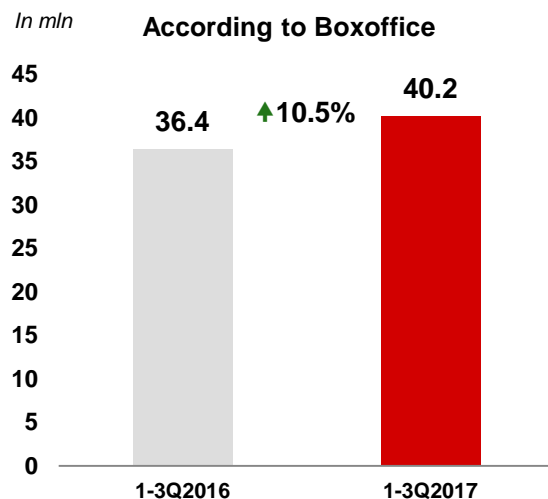
› Resolution by the Ordinary General Meeting of Shareholders of Agora S.A.

- › limit of buy-back PLN 23 832 713
- › purchase price PLN15.50 – 20.00
- › time limit for completion – end of 2017

Completion of the buy-back program:

- › a total of **1 084 595** purchased own shares in the share buy-back program
- › which in total represent **2.28%** of the Company's share capital and **1.67%** of total votes at the General Meeting of the Company
- › **PLN 20** buy-back price
- › **96.3%** the average reduction rate applied to the pool of the bearer shares
- › shareholders did not offer registered shares for sale
- › the purchased shares were acquired with the aim of being redeemed

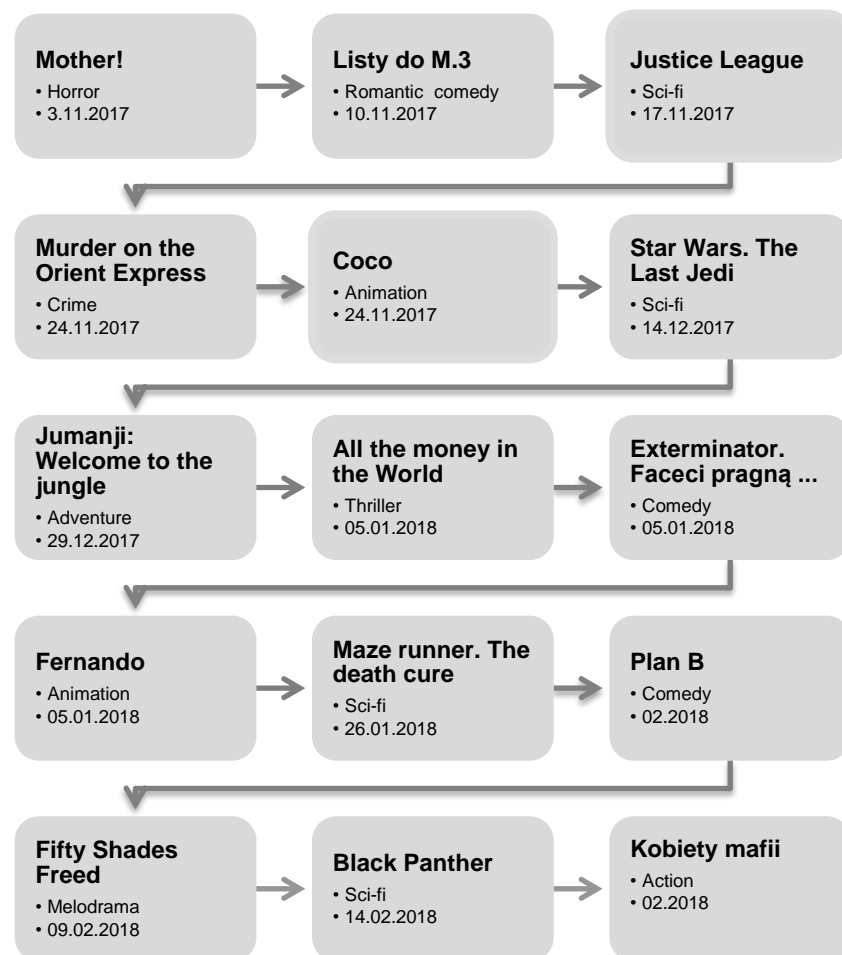
Company	Number of shares	% of share capital	Number of votes	% of voting rights
Agora-Holding Sp. z.o.o	5 401 852	11.33%	22 528 252	34.77%
Preferred shares	4 281 600	8.98%	21 408 000	33.04%
PZU PTE S.A. (OFE PZU Złota Jesień and OFE PZU) ¹	7 594 611	15.93%	7 594 611	11.72%
OFE PZU Złota Jesień	7 585 661	15.91%	7 585 661	11.71%
Media Development Investment Fund, Inc. ²	5 350 000	11.22%	5 350 000	8.26%
Nationale-Nederlanden PTE S.A. ³	4 493 055	9.43%	4 493 055	6.93%
Aegon PTE S.A. ⁴	3 283 154	6.89%	3 283 154	5.07%
Shares purchased in buy-back program	1 084 595	2.28%	1 084 595	1.67%
Free float	20 458 159	42.92%	20 458 159	31.58%
Total shares outstanding	47 665 426	100%	64 791 826	100%



The most popular movies in 2017

2017	Titles	Attendance
1	Botoks	2 074 835
2	Despicable Me 3	1 950 074
3	Sztuka kochania	1 802 025
4	Sing	1 636 554
5	Fifty Shades Darker	1 475 238
6	Pirates of the Caribbean ...	1 367 667
7	The Fast and the Furious	1 045 812
8	Smurfs: The lost village	1 253 458
9	Beauty and the Beast	1 030 203
10	The Boss Baby	886 005
Summary		14 521 871

Upcoming premiers





December 2, 2016 launch of METRO on MUX-8

December 9, 2016 within the framework of the investment agreement, the second owner of the channel has been Discovery Poland Sp. z o.o., supporting the content development of METRO

August 21, 2017 Agora received the letter of intention from Discovery Poland Sp. z o.o. to purchase 51.06% of shares in Green Content Sp. z o.o.

September 1, 2017 Discovery Poland bought 51.06% of shares from Agora in Green Content Sp. z o.o. becoming the sole owner of the company

Costs incurred to start a project
10.0 mln PLN



Transaction value of December 9, 2016
4.0 mln PLN



Transaction value of September 1, 2017
19.0 mln PLN

**The positive impact of
this transaction on the
net result of the Agora
Group in 3Q2017**



11.1 PLN mln – Agora S.A.



11.4 PLN mln – Agora Group

Yieldbird - one of the leaders in the ad tech industry in Poland

Offer:

- a team of analysts and data engineers who manage and optimize the advertising space of publishers
- authorial solutions for automation, Big Data processing, and monetization tools for publishers
- tools and solutions for direct sales teams
- tailor-made software for media companies
- strategic programmatic partnership and consulting services
- **250** publishers in portfolio, from **30** countries in Europe, Asia and Latin America
- Among clients: MailOnline (digital *Daily Mail*), Burda, Edipresse, Gumtree, MittMedia, Celltick and Nyheter24
- one of the 38 companies in the world with the title of Google Certified Publishing Partner
- finalist of the prestigious The Drum Digital Trading Awards in The Best Ad Ops Team category

