

# Financial and market performance 3Q2015



# AGORA<sub>SA</sub>

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

- ✓ Advertising market
- ✓ Financial results of the Agora Group
- ✓ Segments results and development initiatives
- ✓ Summary

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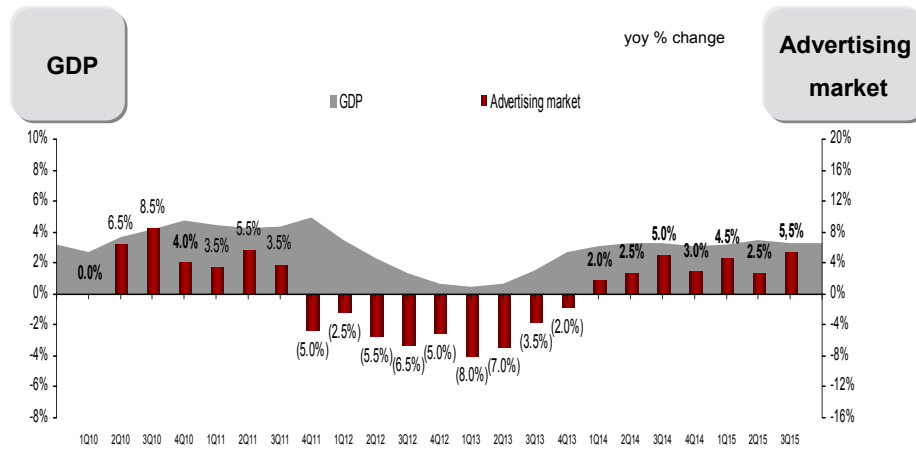
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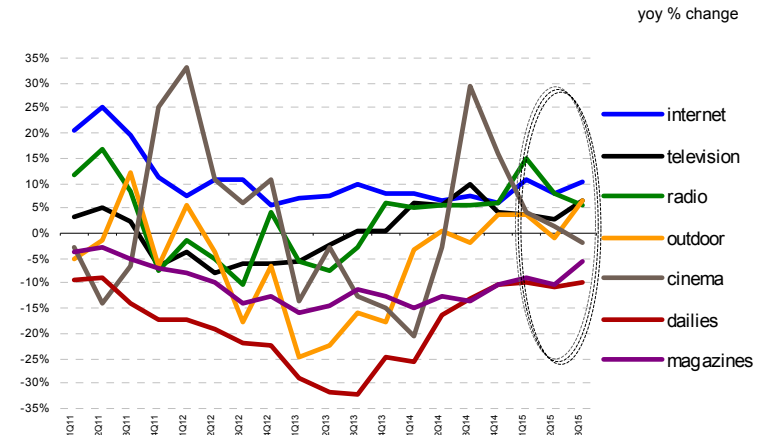
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# Growth of advertising market in 3Q2015

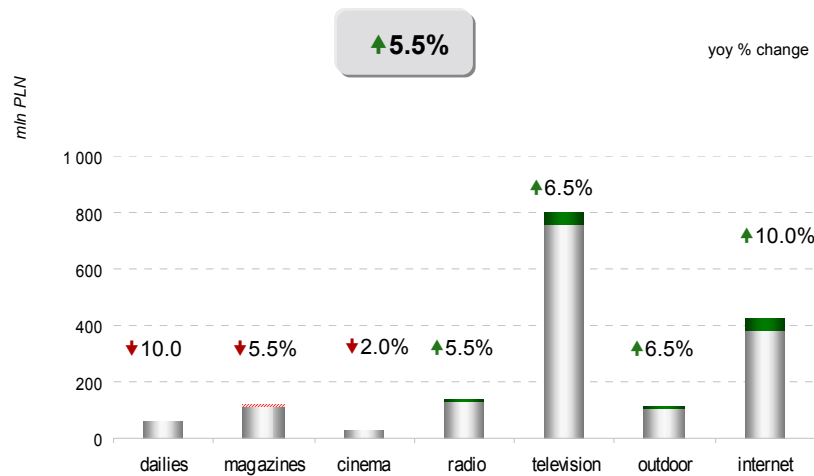
## Consecutive quarter of advertising market revival



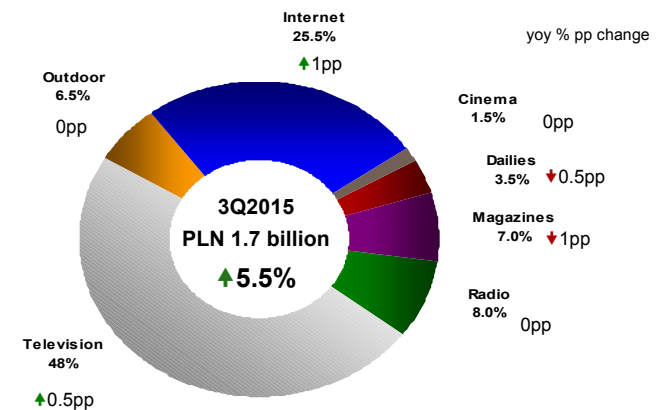
## Dynamics of the advertising market segments



## Growth in ad spend in 3Q2015



## Advertising market structure – 3Q2015



# Growth of revenues and better operating results yoy

AGORA<sup>SA</sup>

## Financial results

in PLN million	3Q 2015	3Q 2014	% change yoy	1-3Q 2015	1-3Q 2014	% change yoy
<b>Total sales<sup>1</sup></b>	<b>259.8</b>	<b>243.9</b>	<b>6.5%</b>	<b>835.4</b>	<b>768.7</b>	<b>8.7%</b>
Advertising revenue	125.3	117.7	6.5%	392.3	375.0	4.6%
Copy sales	33.9	32.6	4.0%	107.4	98.2	9.4%
Ticket sales	30.0	30.2	(0.7%)	107.0	96.3	11.1%
Printing services	37.9	38.1	(0.5%)	114.7	119.9	(4.3%)
Other	32.7	25.3	29.2%	114.0	79.3	43.8%
<b>Operating cost net, including:</b>	<b>(264.2)</b>	<b>(253.7)</b>	<b>4.1%</b>	<b>(833.7)</b>	<b>(788.1)</b>	<b>5.8%</b>
Raw materials, energy and consumables	(53.7)	(55.4)	(3.1%)	(163.3)	(173.6)	(5.9%)
D&A	(24.2)	(23.8)	1.7%	(77.7)	(71.7)	8.4%
External services	(87.2)	(79.1)	10.2%	(277.4)	(249.0)	11.4%
Staff cost	(73.5)	(71.1)	3.4%	(229.8)	(220.7)	4.1%
Promotion and marketing	(20.7)	(16.9)	22.5%	(60.2)	(48.1)	25.2%
<b>Operating result - EBIT</b>	<b>(4.4)</b>	<b>(9.8)</b>	<b>55.1%</b>	<b>1.7</b>	<b>(19.4)</b>	<b>-</b>
EBIT margin	(1.7%)	(4.0%)	2.3pp	0.2%	(2.5%)	2.7pp
<b>EBITDA</b>	<b>19.8</b>	<b>14.0</b>	<b>41.4%</b>	<b>79.4</b>	<b>52.3</b>	<b>51.8%</b>
EBITDA margin	7.6%	5.7%	1.9pp	9.5%	6.8%	2.7pp
<b>Net loss</b>	<b>(6.7)</b>	<b>(10.2)</b>	<b>34.3%</b>	<b>(1.9)</b>	<b>(20.7)</b>	<b>90.8%</b>

▲ growth of advertising revenue due to faster than market growth of advertising revenue in Internet, Radio as well as Outdoor segment,  
 ▲ growth of revenues from Group's film activities (distribution and co-production),  
 ▲ growth of copy sales revenues in Agora's Publishing House and in *Gazeta Wyborcza*.

▼ the decrease in raw materials, energy and consumables as a result of lower cost of production materials,  
 ▲ growth of external services cost due to higher cost in Agora's Publishing House, cost of brokerage services offered by Internet and Radio segments, and Group's activities in the movie industry,  
 ▲ slight growth of staff cost in majority of business segments,  
 ▲ increase of promotion and marketing expense in Movies and Books, Radio, Press and Outdoor business segments.

Source: consolidated financial statements according to IFRS, 3Q2015;

<sup>1</sup> 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.

# Press segment : improvement of operating results

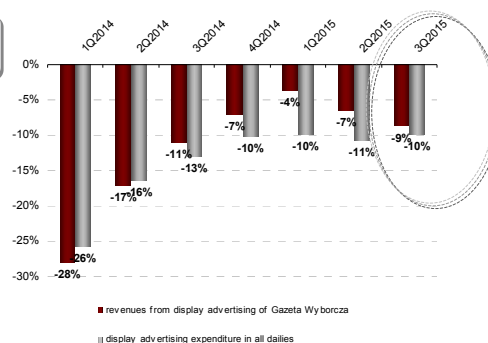
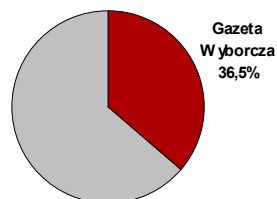
## Growth of revenues and lower yoy operating cost

PRESS						
in PLN million	3Q 2015	3Q 2014	% change yoy	1-3Q 2015	1-3Q 2014	% change yoy
<b>Total sales, incl.:</b>	<b>71.0</b>	<b>71.1</b>	<b>(0.1%)</b>	<b>219.7</b>	<b>220.8</b>	<b>(0.5%)</b>
Copy sales, incl.:	31.4	31.7	(0.9%)	97.0	93.9	3.3%
Gazeta Wyborcza	24.7	24.6	0.4%	76.1	74.6	2.0%
Magazines	4.0	4.6	(13.0%)	12.6	13.4	(6.0%)
Advertising, incl.:	37.9	38.5	(1.6%)	119.1	124.1	(4.0%)
Gazeta Wyborcza	23.7	24.2	(2.1%)	75.8	79.5	(4.7%)
Magazines	5.3	5.5	(3.6%)	16.2	16.8	(3.6%)
Metrocafe.pl	4.6	4.7	(2.1%)	13.7	15.3	(10.5%)
<b>Operating cost net<sup>1</sup></b>	<b>(65.7)</b>	<b>(67.8)</b>	<b>(3.1%)</b>	<b>(206.9)</b>	<b>(202.3)</b>	<b>2.3%</b>
<b>EBIT</b>	<b>5.3</b>	<b>3.3</b>	<b>60.6%</b>	<b>12.8</b>	<b>18.5</b>	<b>(30.8%)</b>
EBIT margin	7.5%	4.6%	2.9pp	5.8%	8.4%	(2.6pp)
<b>EBITDA</b>	<b>7.7</b>	<b>5.8</b>	<b>32.8%</b>	<b>20.2</b>	<b>25.9</b>	<b>(22.0%)</b>
EBITDA margin	10.8%	8.2%	2.6pp	9.2%	11.7%	(2.5pp)

- ▲ growth of revenues from copy sales of *Gazeta Wyborcza* thanks to higher yoy copy price and greater number of dual priced offers,
- ▼ slight decrease of advertising revenue,
- ▼ decrease of the segment's operating cost,
- ▼ lower cost of materials, energy, consumables and printing services due to lower cost of production materials and lower volumes of Agora's dailies,
- ▼ lower staff cost due to release of holiday provision in the segment,
- ▲ increase in promotion and marketing expenditure due to higher intensity of promotional activity in *Gazeta Wyborcza* and *Metrocafe.pl*.

## Gradual inhibition of the influence of market trends

Share in dailies display advertising<sup>2</sup>



## Development initiatives

Digital first – Metrocafe.pl

**metrocafe.pl**

Relaunch of websites

**LOGO24.pl** **swiat motocykli**

Media synergy and use of innovative technologies



**clou**



# Growth of revenues in Movies and Books segment

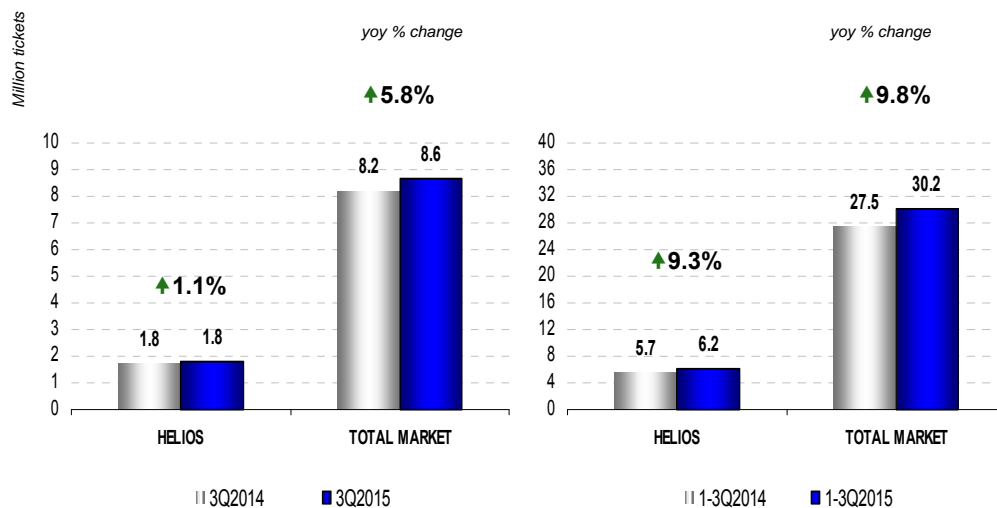
## Higher yoy revenues and improvement of operating results

### MOVIES AND BOOKS

in PLN million	3Q 2015	3Q 2014	% change yoy	1-3Q 2015	1-3Q 2014	% change yoy
<b>Total sales, including :</b>	<b>65.6</b>	<b>57.5</b>	<b>14.1%</b>	<b>233.1</b>	<b>182.7</b>	<b>27.6%</b>
Tickets sales	30.0	30.2	(0.7%)	107.0	96.3	11.1%
Concession sales	11.8	11.1	6.3%	39.6	33.6	17.9%
Advertising revenue <sup>1</sup>	6.5	5.8	12.1%	18.8	17.7	6.2%
Revenues from film activities <sup>1</sup>	3.7	0.3	1,133.3%	13.9	3.5	297.1%
Revenues from Publishing House	11.3	6.7	68.7%	45.3	20.0	126.5%
<b>Total cost, including:</b>	<b>(65.0)</b>	<b>(57.5)</b>	<b>13.0%</b>	<b>(221.7)</b>	<b>(180.0)</b>	<b>23.2%</b>
<b>EBIT<sup>2</sup></b>	<b>0.6</b>	<b>0.0</b>	<b>-</b>	<b>11.4</b>	<b>2.7</b>	<b>322.2%</b>
EBIT margin	0.9%	0.0%	0.9pp	4.9%	1.5%	3.4pp
<b>EBITDA</b>	<b>8.4</b>	<b>6.4</b>	<b>31.3%</b>	<b>40.4</b>	<b>21.8</b>	<b>85.3%</b>
EBITDA margin	12.8%	11.1%	1.7pp	17.3%	11.9%	5.4pp

- ▲ growth of revenues from film activities (co-production and distribution),
- ▲ growth of revenues from Agora's Publishing House activities, thanks to revenues from *The Witcher 3: Wild Hunt* and copy sales,
- ▲ higher costs in Agora's Publishing House due to payments to the producer of the game *The Witcher 3: Wild Hunt* and higher volumes of publications,
- ▲ higher staff cost due to the development of cinema network,
- ▲ higher cost of promotion and marketing related to movie distribution.

### Polish cinema admissions<sup>3</sup>



### Development initiatives

#### Helios cinema network

36 cinemas  
198 screens  
over 41 thou. seats

#### Opening of new cinemas:

Łódź – 9 screens  
Białystok – 6 screens  
Closing of Bałtyk cinema in Łódź (2 screens)

#### Film activities in 2H 2015

Total attendance; films still in cinema repertoire



398 thou.

210 thou.

117 thou.

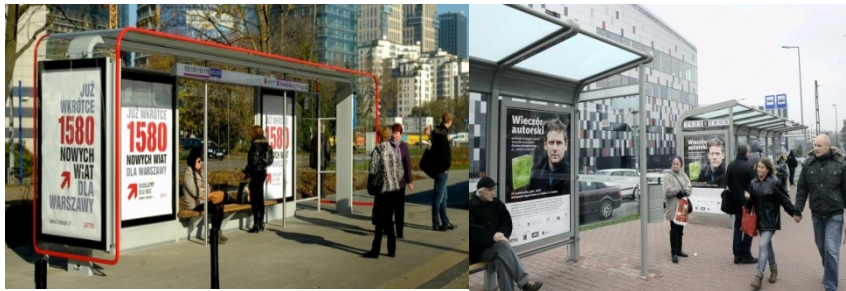
# Improvement of operating results in Outdoor segment

## Higher than market advertising revenue growth dynamics and lower operating cost

OUTDOOR						
in PLN million	3Q 2015	3Q 2014	% change yoy	1-3Q 2015	1-3Q 2014	% change yoy
<b>Total sales, incl.:</b>	<b>35.6</b>	<b>32.5</b>	<b>9.5%</b>	<b>109.7</b>	<b>106.2</b>	<b>3.3%</b>
advertising <sup>1</sup>	35.0	32.1	9.0%	107.7	104.4	3.2%
<b>Operating cost net</b>	<b>(33.7)</b>	<b>(34.0)</b>	<b>(0.9%)</b>	<b>(98.4)</b>	<b>(105.7)</b>	<b>(6.9%)</b>
<b>EBIT</b>	<b>1.9</b>	<b>(1.5)</b>	<b>-</b>	<b>11.3</b>	<b>0.5</b>	<b>2,160.0%</b>
EBIT margin	5.3%	(4.6%)	9.9pp	10.3%	0.5%	9.8pp
<b>EBITDA</b>	<b>5.4</b>	<b>2.5</b>	<b>116.0%</b>	<b>20.8</b>	<b>12.8</b>	<b>62.5%</b>
EBITDA margin	15.2%	7.7%	7.5pp	19.0%	12.1%	6.9pp

- ▲ higher yoy advertising revenue, mainly thanks to citylight panels and advertising on public means of transport,
- ▼ lower system maintenance cost, staff cost and depreciation.

## Growing portfolio of premium panels



### Execution of concession projects

The largest public-private partnership project in execution phase.  
735 modern and interactive bus shelters in Warsaw streets.

Beginning of Cracow concession project execution.

## Development initiatives



AMS – segment leader in premium panels

-7- Source: financials: consolidated financial statements according to IFRS, 3Q2015;  
<sup>1</sup> excluding cross-promotion of Agora Group's other media on AMS panels if such promotion was executed without prior reservation.

# Internet segment: improvement of operating results

## Growth of revenues

INTERNET						
in PLN million	3Q 2015	3Q 2014	% change yoy	1-3Q 2015	1-3Q 2014	% change yoy
<b>Total sales, incl.</b>	<b>33.4</b>	<b>29.7</b>	<b>12.5%</b>	<b>105.1</b>	<b>90.4</b>	<b>16.3%</b>
display ad sales	26.6	23.0	15.7%	85.4	70.4	21.3%
ad sales in verticals	3.5	3.6	(2.8%)	10.2	10.9	(6.4%)
<b>Operating cost net<sup>1</sup></b>	<b>(28.4)</b>	<b>(25.3)</b>	<b>12.3%</b>	<b>(89.4)</b>	<b>(75.6)</b>	<b>18.3%</b>
<b>EBIT<sup>1</sup></b>	<b>5.0</b>	<b>4.4</b>	<b>13.6%</b>	<b>15.7</b>	<b>14.8</b>	<b>6.1%</b>
EBIT margin	15.0%	14.8%	0.2pp	14.9%	16.4%	(1.5pp)
<b>EBITDA</b>	<b>6.3</b>	<b>5.7</b>	<b>10.5%</b>	<b>19.7</b>	<b>18.6</b>	<b>5.9%</b>
EBITDA margin	18.9%	19.2%	(0.3pp)	18.7%	20.6%	(1.9pp)

- ▲ growth of advertising revenues due to higher revenues of Gazeta.pl portal, AdTaily advertising network mainly in the model of brokerage services,
- ▲ growth of external services related to larger scale of brokerage services,
- ▲ higher staff cost results from growth in civil law contracts and employment,
- ▼ lower cost of promotion and marketing.

## Development initiatives



**New application "Moje Dziecko"**  
prepared by eDziecko.pl, one of the leading online services for parents



**Strengthening of position in Sports category by Sport.pl**  
Innovative solutions  
Interaction with users



# Results of Radio and Print segments

AGORA SA

## Growth of revenues in RADIO

RADIO						
in PLN million	3Q 2015	3Q 2014	% change yoy	1-3Q 2015	1-3Q 2014	% change yoy
<b>Total sales, incl.:</b>	<b>22.6</b>	<b>17.5</b>	<b>29.1%</b>	<b>71.3</b>	<b>58.8</b>	<b>21.3%</b>
advertising <sup>1</sup>	20.1	16.7	20.4%	64.7	56.2	15.1%
<b>Operating cost net</b>	<b>(22.8)</b>	<b>(16.9)</b>	<b>34.9%</b>	<b>(67.1)</b>	<b>(55.1)</b>	<b>21.8%</b>
<b>EBIT</b>	<b>(0.2)</b>	<b>0.6</b>	<b>-</b>	<b>4.2</b>	<b>3.7</b>	<b>13.5%</b>
EBIT margin	(0.9%)	3.4%	(4.3pp)	5.9%	6.3%	(0.4pp)
<b>EBITDA</b>	<b>0.5</b>	<b>1.3</b>	<b>(61.5%)</b>	<b>6.3</b>	<b>5.7</b>	<b>10.5%</b>
EBITDA margin	2.2%	7.4%	(5.2pp)	8.8%	9.7%	(0.9pp)



↑ higher than market growth of advertising revenues in Agora's radio stations and higher revenues from brokerage services in third party radio stations,

↑ higher operating cost due to:

- ↑ higher promotion and marketing expenditure related to advertising campaign of Radio Złote Przeboje,
- ↑ higher external services, related mainly to brokerage services in third party radio stations as well as in cinemas.

Audience share<sup>2</sup>

TOK FM	1.4%	+0.2pp yoy
Music stations (Rock Radio and Złote Przeboje)	3.8%	0.0pp yoy

## Positive operating result

PRINT						
in PLN million	3Q 2015	3Q 2014	% change yoy	1-3Q 2015	1-3Q 2014	% change yoy
<b>Total sales, incl.:</b>	<b>39.9</b>	<b>40.0</b>	<b>(0.3%)</b>	<b>121.0</b>	<b>125.6</b>	<b>(3.7%)</b>
printing services <sup>3</sup>	37.9	38.1	(0.5%)	114.7	119.9	(4.3%)
<b>Operating cost net</b>	<b>(39.9)</b>	<b>(39.7)</b>	<b>0.5%</b>	<b>(119.4)</b>	<b>(126.5)</b>	<b>(5.6%)</b>
<b>EBIT<sup>4</sup></b>	<b>0.0</b>	<b>0.3</b>	<b>-</b>	<b>1.6</b>	<b>(0.9)</b>	<b>-</b>
EBIT margin	-	0.7%	(0.7pp)	1.3%	(0.7%)	2.0pp
<b>EBITDA</b>	<b>4.0</b>	<b>4.4</b>	<b>(9.1%)</b>	<b>13.7</b>	<b>11.5</b>	<b>19.1%</b>
EBITDA margin	10.0%	11.0%	(1.0pp)	11.3%	9.2%	2.1pp

↓ maintaining revenues at the flat level yoy,

↑ slight growth of operating cost related to higher volume of heatset production.

Source: financials: consolidated financial statements according to IFRS, 3Q2015;

local radio stations (incl. TOK FM), ad market: Agora's estimates based on Kantar Media. Print segment results includes the pro-forma financials of Agora's Print division and Agora Poligrafia Sp. z o.o.

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

<sup>2</sup> according to audience share, Radio Track, MillwardBrown SMG/KRC, cities of broadcasting; July-September 2014 N=21 096, 2015: N=20 938;

<sup>3</sup> revenues from services rendered for external customers;

<sup>4</sup> excludes allocations of all Company's overheads.

## FINANCIAL RESULTS OF THE AGORA GROUP IN 3Q2015

- ✓ revenues of the Agora Group on the growth trajectory,
- ✓ higher than market dynamics of revenue growth in Radio, Internet, Outdoor as well as Movies and Books segments and in *Gazeta Wyborcza*,
- ✓ higher revenues from Group's film activities,
- ✓ stabilization of revenues and improvement of operating result in Press segment,
- ✓ systematic growth of profitability in most of the Group's businesses,
- ✓ the Group's continues explicit improvement of operating results.

## PROSPECTS FOR 4Q 2015

- ✓ improving advertising market condition,
- ✓ further expansion of Helios cinema network,
- ✓ continuation of bus shelters construction in Warsaw (as of October 30th – 735 bus shelters),
- ✓ continuation of digital initiatives in the Group,
- ✓ implementation of projects aiming at further stabilization of revenues in Press segment,
- ✓ consecutive step in execution of Agora's development plans – Kiwi TV on MUX8.

# Thank you for your attention

[www.agora.pl](http://www.agora.pl)

Contact:

[investor@agora.pl](mailto:investor@agora.pl)

[press@agora.pl](mailto:press@agora.pl)

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