

Financial and market performance of the Agora Group 4Q2016



AGORA_{SA}

prasa // film i książka // outdoor // internet // radio // druk

- | | |
|---|--------|
| ✓ Agora's key achievements in 2016 | 3. |
| ✓ Crucial elements of advertising market | 4-6. |
| ✓ Financial results of the Agora Group | 7-8. |
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Key achievements of Agora Grup in 2016

✓ Digital transformation of Press segment

- no. of paid subscriptions of *Gazeta Wyborcza* in December 2016 at almost 100 thou.,
- growth of revenues from advertising sales in magazines



✓ Record revenues from ticket sales in cinemas and record results of Helios SA



✓ Growth of revenue and the highest in history operating result of AMS



✓ Dynamic growth of revenue in Internet segment



✓ Record audience of Radio TOK FM and the highest daily reach of radio stations from Agora Radio Group

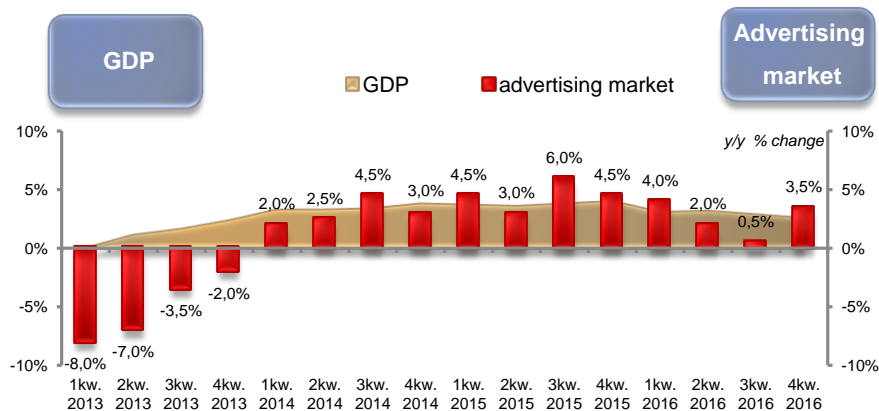


✓ A very successful start of the new TV channel METRO

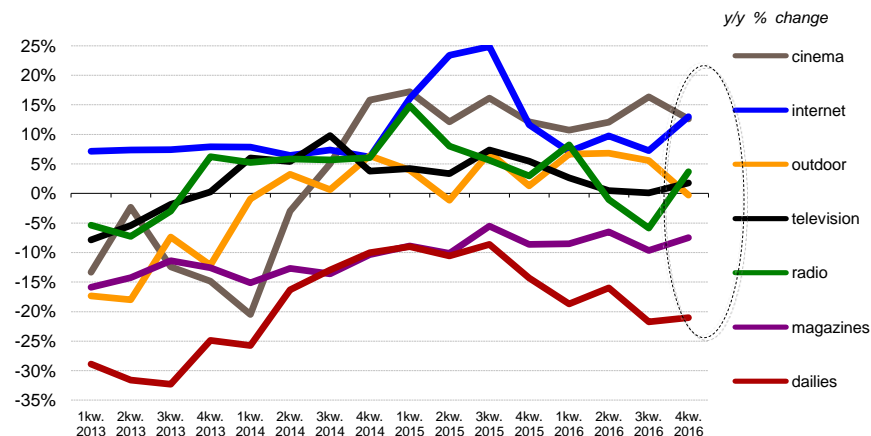


Crucial elements of environment

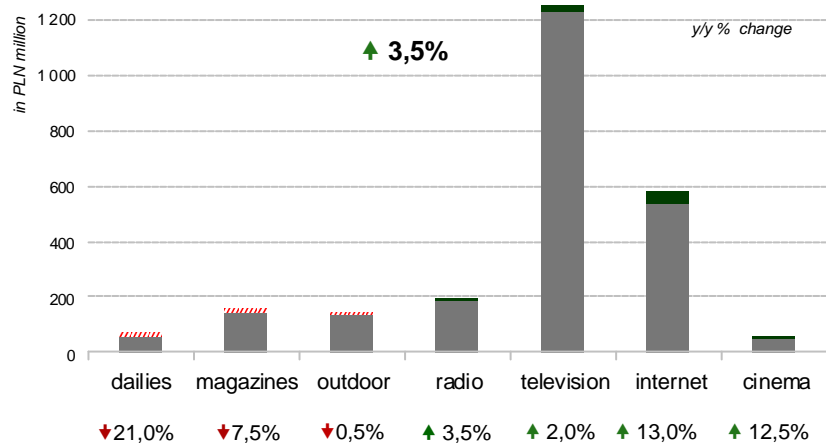
Advertising market in Poland



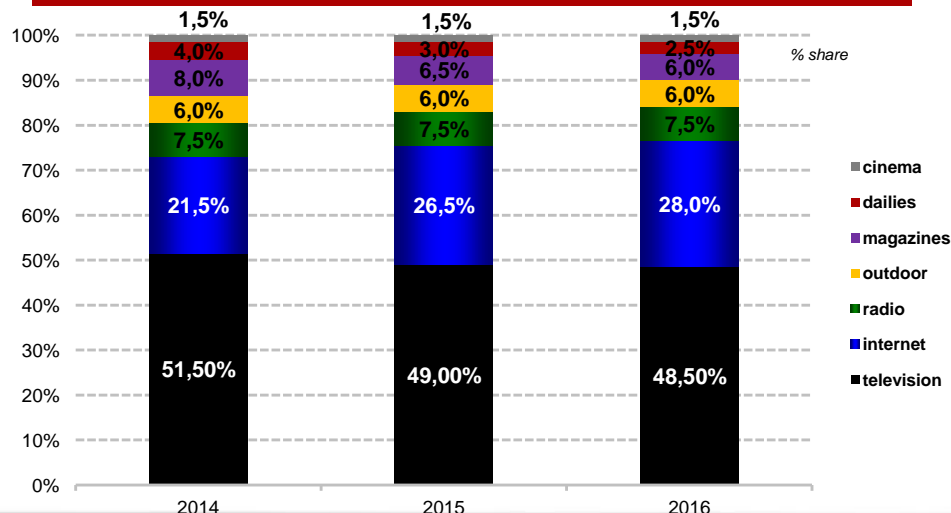
Dynamics of the advertising market segments



Dynamics in ad spend in 4Q2016

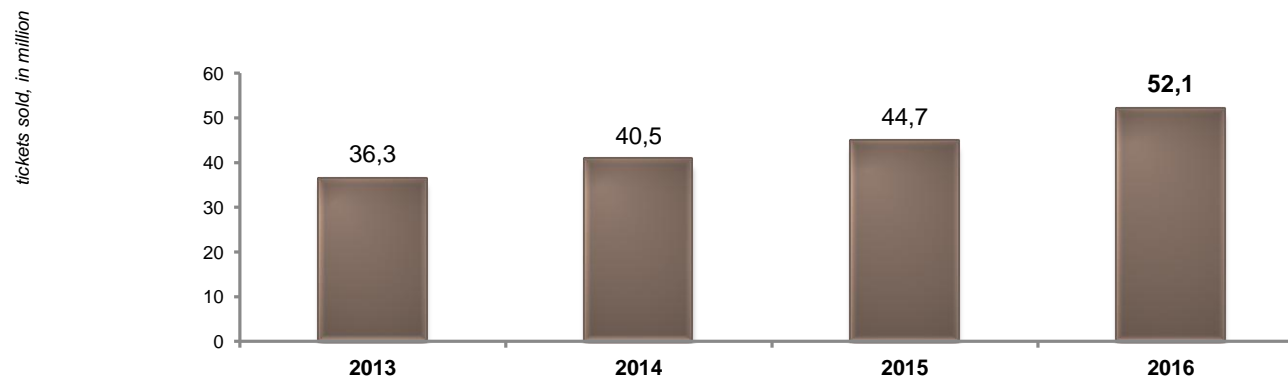
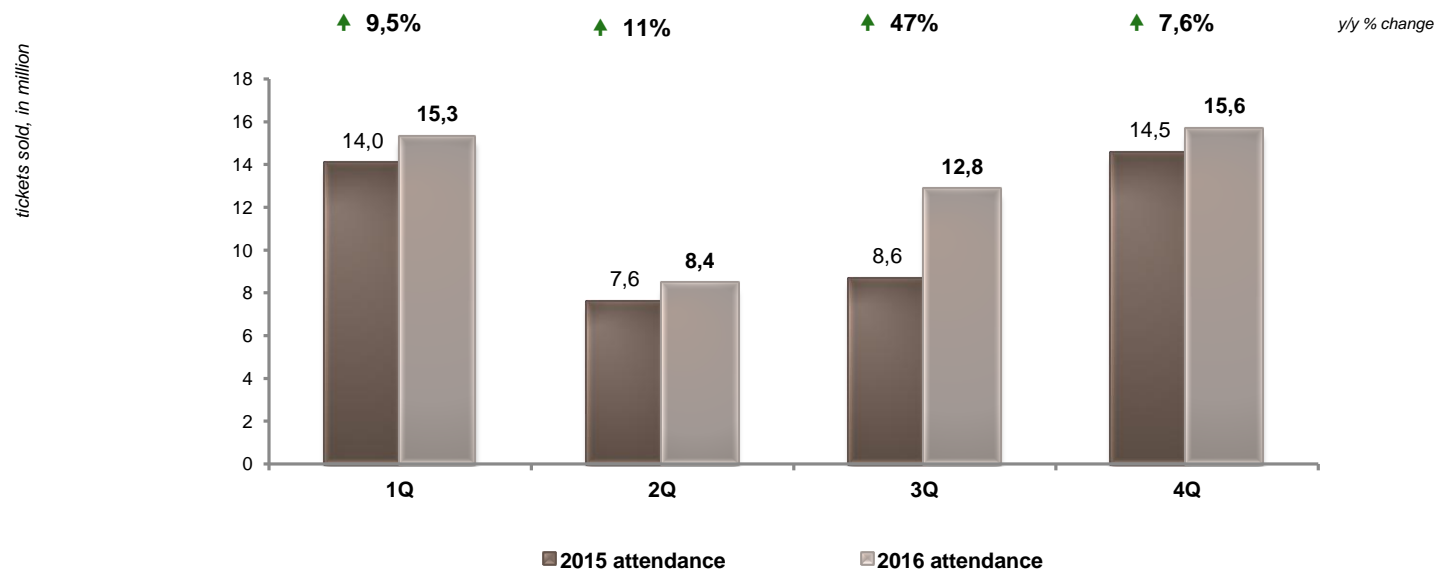


Advertising market strukture



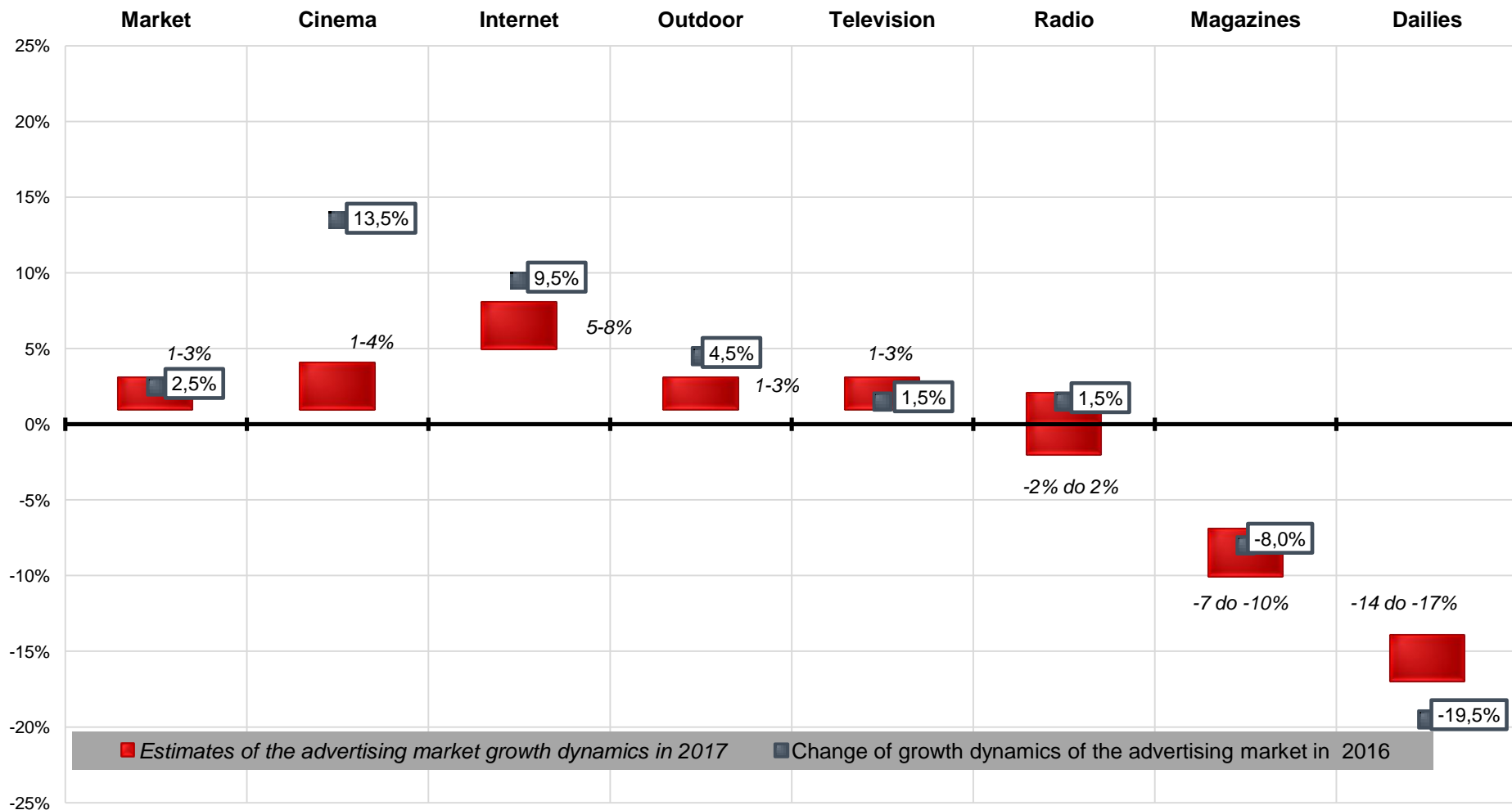
Source: ad spend estimates by: Agora (press based on Kantar Media and Agora's monitoring, radio based on Kantar Media), IGRZ (outdoor - since January 2014, the number of entities reporting their revenues to IGRZ declined), Starlink (TV, cinema, Internet), Internet - comprise revenues from e-mail marketing, display, search engine marketing and since 1Q2012 revenues from video advertising. TV estimates include regular ad broadcast and sponsoring with product placement, since 1Q 2013, exclude teleshopping and other advertising. The presented data is comparable; macro 1Q2010-4Q2016: Central Statistical Office. In this presentation Agora has corrected the numbers for dailies, cinemas and in TV in the fourth quarter of 2015 as well as the data referring to the expenditure in outdoor advertising market in the first, second and third quarter of 2016 and data referring to advertising expenditure in magazines in the first, second and third quarter of 2016.

Polish cinema attendance in 2016



Estimates of the advertising market in 2017

y/y % change



Source: ad spend estimates by: Agora (press based on Kantar Media and Agora's monitoring, radio based on Kantar Media), IGRZ (outdoor - since January 2014, the number of entities reporting their revenues to IGRZ declined), Starlink (TV, cinema, Internet), Internet – comprise revenues from e-mail marketing, display, search engine marketing and revenues from video advertising. TV estimates include regular ad broadcast and sponsoring with product placement, exclude teleshopping and other advertising.

Higher operating result of the Agora Group in 4kw. 2016

AGORA SA

Agora Group financial results

in PLN million	4Q 2016	4Q 2015	% change y/y	1-4Q 2016	1-4Q 2015	% change y/y
Total sales (1)	340.3	353.9	(3.8%)	1,198.4	1,189.3	0.8%
Advertising revenue	166.2	170.1	(2.3%)	561.6	562.4	(0.1%)
Copy sales	35.7	37.4	(4.5%)	135.7	144.8	(6.3%)
Ticket sales	60.4	55.2	9.4%	194.2	162.2	19.7%
Printing services	35.1	41.5	(15.4%)	147.7	156.2	(5.4%)
Other	42.9	49.7	(13.7%)	159.2	163.7	(2.7%)
Operating cost net, including:	(315.6)	(336.9)	(6.3%)	(1,181.7)	(1,170.6)	0.9%
Raw materials, energy and consumables	(56.2)	(62.3)	(9.8%)	(221.1)	(225.6)	(2.0%)
D&A	(24.4)	(24.3)	0.4%	(98.2)	(102.0)	(3.7%)
External services	(119.2)	(123.2)	(3.2%)	(424.1)	(400.6)	5.9%
Staff cost	(86.4)	(87.5)	(1.3%)	(323.2)	(317.3)	1.9%
Promotion and marketing	(25.4)	(27.2)	(6.6%)	(83.5)	(87.4)	(4.5%)
Cost of group lay-offs (2)	(6.9)	-	-	(6.9)	-	-
Gain on disposal of subsidiary (3)	10.5	-	-	10.5	-	-
Gain on a bargain purchase (4)	-	-	-	2.2	-	-
Operating result - EBIT	24.7	17.0	45.3%	16.7	18.7	(10.7%)
EBIT margin (EBIT/Sales)	7.3%	4.8%	2.5pp	1.4%	1.6%	(0.2pp)
EBITDA	49.1	41.3	18.9%	114.9	120.7	(4.8%)
EBITDA margin (EBITDA/Sales)	14.4%	11.7%	2.7pp	9.6%	10.1%	(0.5pp)
Net profit/(loss) for the period	11.7	17.2	(32.0%)	13.2	15.3	-

▲ growth of ticket sales revenue thanks to record high attendance in cinemas,

▼ decrease in advertising revenue mainly results from lower revenue from Press segment,

▼ decline in copy sales revenue due to a lower number of sold copies of *Gazeta Wyborcza* and Agora's magazines,

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

▼ lower revenue from other sales was affected by the revenue from the rights to sell the game *The Witcher 3: Wild Hunt* in 4kw. 2015 (7,9 PLN mln).

▼ decline in operating cost of the Group results mainly from reducing operating cost in Press and Print segments,

▼ decrease in cost of materials, energy and consumables results from decline in volume of production and a decision of ceasing the publication of the free daily newspaper *Metrocafe.pl* on October 14, 2016,

▼ decline in cost of external services due to lower settlements with the producer of the game *The Witcher 3: Wild Hunt* compared to the fourth quarter of 2015. Higher yoy were costs of film copies purchase, rent and lease payments, as well as costs of provided sales brokerage services,

▼ lower staff costs resulted mainly from their reduction in the Press and Print segment,

▼ decrease in cost of promotion and marketing results from less intensified promotional activity in the Internet, Outdoor and Press segments.

Source: consolidated financial statements according to IFRS, 4Q2016;

¹ particular sales positions, apart from ticket sales and printing services, include sales of Publishing House division and film activities (co-production and distribution in the Movies and Books segment), described in details in point IV.B in this report;

² cost related to group lay-offs executed in Agora S.A. in the fourth quarter of 2016;

³ gain on disposal of subsidiary relates to the sales of shares in Green Content Sp. z o.o. in the fourth quarter of 2016 described in note 12 to the condensed interim consolidated financial statements of Agora Group;

⁴ 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. in the first quarter of 2016;

Important factors which influence the financials

The most important events affecting the results of the Agora Group

Events, which had influenced Agora Group financials in 2016:

- sales of real estate in Łódź (+ PLN 6.0 million);
- investment agreement with Discovery Polska Sp. z o.o. (+ PLN 10.5 million);
- provision of group lay-offs (- PLN 6.9 million);
- taking control of the Goldenline company (+ PLN 2.2 million).

Factors, which may affect operating result of the Agora Group in 2017:

- sale of perpetual usufruct for a property in Warsaw (ca. + PLN 8.0 million);
- impact of minimum wage change on Helios S.A. results (ca. PLN 8-10 million).

In 2017 net result of the Agora Group will be affected by the consolidation of Green Content company results by the equity method.

Group lay-offs sum up

Employment pattern changes:

Assumption:

- not more than 190 people
- provision: ca. PLN 7.4 million

Execution:

- 176 people
- provision: PLN 6.9 million

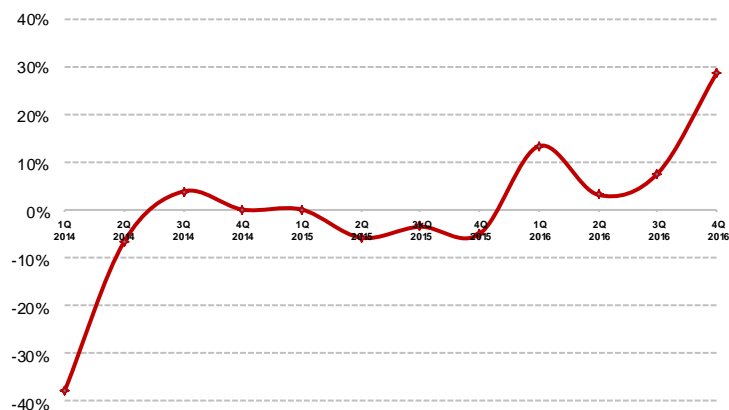
The Group's headcount at the end of December 2016 amounted to 2,979 full time employees and decreased by 25 FTEs yoy:

- the numbers do not include people during their leave period as a result of group lay-off process;
- the numbers not include systematically growing digital and audiovisual competencies in Agora Group by hiring new people process.

Reducing operating cost of the segment

PRESS						
in PLN million	4Q2016	4Q2015	y/y change	1-4Q2016	1-4Q2015	y/y change
Total sales, including:	68.5	81.1	(15.5%)	267.9	300.8	(10.9%)
Copy sales	29.8	33.5	(11.0%)	122.8	130.5	(5.9%)
incl. Gazeta Wyborcza (1)	25.6	28.6	(10.5%)	102.1	108.8	(6.2%)
incl. Magazines	2.9	3.6	(19.4%)	14.3	16.2	(11.7%)
Advertising revenue (2)	37.0	45.8	(19.2%)	138.0	164.9	(16.3%)
incl. Gazeta Wyborcza (1), (3)	23.3	28.8	(19.1%)	82.4	105.1	(21.6%)
incl. Magazines (4)	7.2	5.6	28.6%	24.6	21.8	12.8%
incl. Metrocafe.pl (4), (5)	0.9	6.1	(85.2%)	11.8	19.8	(40.4%)
Total operating cost, including (6):	(70.3)	(76.7)	(8.3%)	(270.7)	(283.6)	(4.5%)
EBIT	(1.8)	4.4	-	(2.8)	17.2	-
EBIT margin	(2.6%)	5.4%	(8.0pp)	(1.0%)	5.7%	(6.7pp)
EBITDA	0.1	6.8	(98.5%)	6.1	27.0	(77.4%)
EBITDA margin	0.1%	8.4%	(8.3pp)	2.3%	9.0%	(6.7pp)

Digitization of magazine division – new advertising formats



— Dynamics of advertising revenues in Magazines division of the Group

♦ decline in segment revenue due to lower revenue from advertising in *Gazeta Wyborcza* and a decision of ceasing the publication of the free daily newspaper *Metrocafe.pl*,

♣ higher revenue from the advertising sales in magazines results from systematically implemented strategy for monetization of their online position, development of the custom publishing offer and revenue from sales of *Pogoda na Życie* and *Avanti* magazines,

♦ decrease in staff costs mainly due to lower bonus payments in connection with lower yoy execution of sales budgets,

♣ provision for the cost of group lay-offs in amount PLN 5.8 million,

♦ lower costs of materials, energy, printing goods and services due to lower printing volumes of own titles and discontinuation of issue of the free *Metrocafe.pl*,

♦ reduced promotion and marketing cost results from lower activity of *Gazeta Wyborcza* and lower number of a dual priced editions of the daily in comparison to 4Q2015.

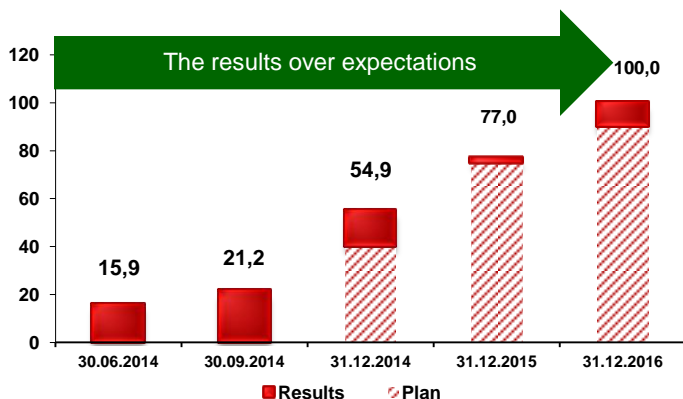
Changes in the publishing offer of *Gazeta Wyborcza*:

- a new publishing formula with a new layout of weeklies of *Gazeta Wyborcza*;
- changes in prices of individual issues of the daily;
- change of the product structure – reducing materials and printing services.

Source: consolidated financial statements according to IFRS, 4Q2016, rpr ZKDP. ¹ since the first quarter of 2016 the sales from copy sales and advertising revenue of *Gazeta Wyborcza* include the revenues from the sales and advertising revenue from digital subscriptions of the daily. The data for previous periods were adjusted accordingly. In previous reporting periods the revenues from the copy sales and advertising revenue of digital subscriptions were presented in other revenues; ² 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; ³ 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*, *DziennikPrawa.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*; ⁴ in 2016 custom publishing activities, which till the end of 2015 were reported together with the results of *Metrocafe.pl*, are offered by the Magazines division. The data for 2015 were not adjusted in this respect. ⁵ the amounts refer to total revenues of the Free Press including revenues from *Metrocafe.pl*'s display advertising (previously Metro), classifieds and inserts as well as from *metroBTL* services and *Metrocafe.pl*'s special activities; ⁶ excluding allocations of general overhead cost of Agora S.A.

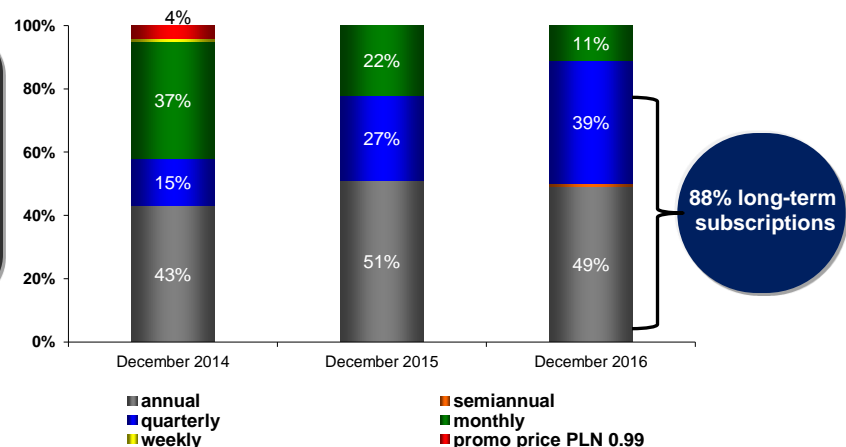
Digital transformation of press activity of the Group

Dynamic growth of the digital paid subscriptions

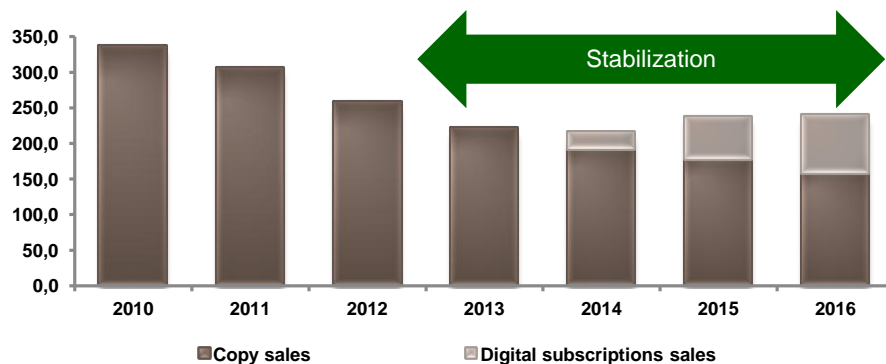


At the end of December 2016 the number of *Gazeta Wyborcza* paid subscriptions totalled **almost 100 thousand** which means higher than planned execution of one of the strategic goals of the Group.

Sales structure of the digital paid subscriptions



Average sales of *Gazeta Wyborcza* content¹



Operating result of the Movies and Books

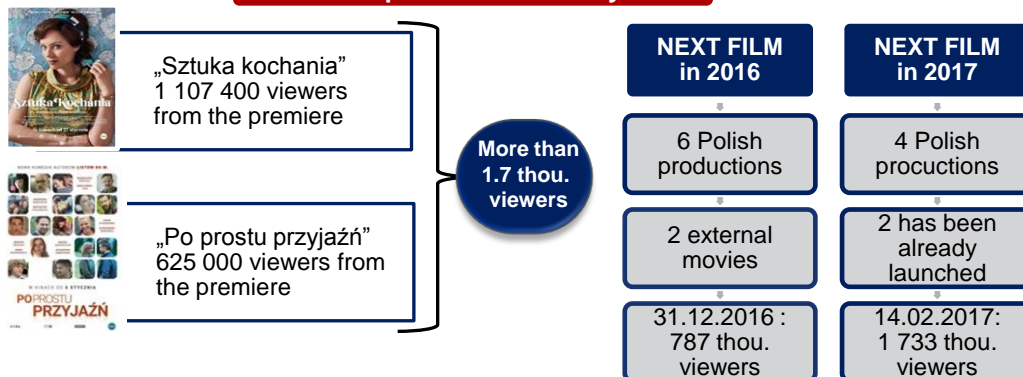
Record result from the ticket sales

MOVIES AND BOOKS

in PLN million	4Q2016	4Q2015	y/y change	1-4Q2016	1-4Q2015	y/y change
Total sales, including :	111.5	112.0	(0.4%)	364.0	345.1	5.5%
Tickets sales	61.2	55.6	10.1%	195.1	162.6	20.0%
Concession sales	22.3	19.9	12.1%	72.3	59.5	21.5%
Advertising revenue (1)	10.6	9.6	10.4%	30.2	28.4	6.3%
Revenues from film activities (1), (2)	3.3	3.9	(15.4%)	8.5	17.8	(52.2%)
Revenues from Publishing House	10.9	19.0	(42.6%)	45.6	64.3	(29.1%)
Total operating cost, including:	(100.2)	(99.8)	0.4%	(337.0)	(321.5)	4.8%
EBIT	11.3	12.2	(7.4%)	27.0	23.6	14.4%
EBIT margin	10.1%	10.9%	(0.8pp)	7.4%	6.8%	0.6pp
EBITDA	18.8	20.0	(6.0%)	57.3	60.4	(5.1%)
EBITDA margin (3)	16.9%	17.9%	(1.0pp)	15.7%	17.5%	(1.8pp)

- ↑ growth of revenues results from higher ticket sales and higher concession sales because of the record attendance in cinemas,
- ↑ growth of the advertising revenues in cinemas,
- ↓ decline in film co-production and distribution revenue,
- ↓ lower revenues from Agora's Publishing House activity affected by the revenue from the rights to sell the game *The Witcher 3: Wild Hunt* in 4Q2015 (PLN 7.9 million),
- ↑ higher cost of promotion and marketing related to the film distribution activities,
- ↑ higher cost of external services results from the higher payments for film copies due to higher attendance in Helios cinemas,
- ↓ lower operating cost due to lack of project as the game *The Witcher 3: Wild Hunt* in 2015.

Film production activity



Agora's Publishing House in 2016. : 60 new book titles, 19 music publications
and 7 films on DVD. In total 0.9 million of sold books.

OPENED CINEMAS

4Q2016	
CITY	SCREENING ROOMS/SEATS
GDAŃSK	7 / 1074
POZNAŃ	8 / 1561
PRZEMYŚL	4 / 578
TOMASZÓW MAZOWIECKI	4 / 754
HELIOS NETWORK (41 KIN)	229 / 46 948

PLANNED OPENINGS

CITY	TIME
WOŁOMIN ✓	1Q 2017
STALOWA WOLA	4Q 2017
KROSNO	4Q 2017
WARSZAWA	4Q 2017
GDAŃSK	2018
KATOWICE	2018
PIASECZNO	2021

Source: consolidated financial statements according to IFRS, 4Q2016, Boxoffice.pl

¹ 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;

² the amounts comprise the revenues from film co-production (executed in Special Projects division) and film distribution in cinemas (executed by NEXT FILM);

TOP movies in 2016



Pitbull. Niebezpieczne kobiety

- Action
- 2 769 108



Planeta singli

- Comedy
- 1 917 379



Ice Age: Cillision Course

- Animated film
- 1 459 276



Pitbull. Nowe porządki

- Action
- 1 433 466



Wołyń

- Drama
- 1 434 780



The secret life of pets

- Animated film
- 1 418 238



Rogue One: A Star Wars Story

- Sci-fi
- 1 278 132



Zootopia

- Animated film
- 1 263 864



Bridget Jones's Baby

- Romance
- 1 172 323



7 rzeczy, których nie wiecie...

- Comedy
- 1 143 455



Angry Birds film

- Animated film
- 1 068 277



Star Wars: The Force Awakens

- Sci-fi
- 935 783 (2994 640)

5 from 12 most popular movies in 2016 were Polish

Most anticipated movies in 2017

Po prostu przyjaźń

- Comedy
- In cinemas

Sing

- Animated film
- In cinemas

Sztuka kochania. Historia Michaliny...

- Biographical
- In cinemas

Fifty Shades Darker

- Romance
- In cinemas

Pokot

- Crime
- 24.02.2017

Porady na zdrady

- Comedy
- 24.02.2017

Beauty and the Beast

- Fantasy
- 17.03.2017

The Fate of the Furious

- Action
- 21.04.2017

Alien: Covenant

- Sci-fi
- 19.05.2017

Pirates of the Caribbean: Dead Men Tell No Tales

- Fantasy
- 26.05.2017

Cars 3

- Animated film
- 15.06.2017

Despicable Me3

- Animated film
- 30.06.2017

Pitbull 3

- Action
- 29.09.2017

Listy do M. 3

- Comedy
- 10.11.2017

Star Wars – Episode VIII

- Sci-fi
- 14.12.2017

4 from 12 most popular movies in 2016 were animated films for children

*Viewers from the premiere

Źródło: Helios, Boxoffice.pl and filmweb.pl

Improvement of operating results in Outdoor segments

Higher than market growth dynamics

OUTDOOR						
in PLN million	4Q2016	4Q2015	y/y change	1-4Q2016	1-4Q2015	y/y change
Total sales, including:	48.4	46.4	4.3%	168.0	156.1	7.6%
Advertising revenue (1)	47.8	45.7	4.6%	165.6	153.4	8.0%
Total operating cost, including:	(41.8)	(40.6)	3.0%	(143.1)	(139.0)	2.9%
EBIT	6.6	5.8	13.8%	24.9	17.1	45.6%
EBIT margin	13.6%	12.5%	1.1pp	14.8%	11.0%	3.8pp
EBITDA	10.8	9.5	13.7%	40.8	30.3	34.7%
EBITDA margin	22.3%	20.5%	1.8pp	24.3%	19.4%	4.9pp

- ↑ growth of advertising revenue, mainly due to ad campaigns executed on *citylight* panels,
- ↓ decrease in system maintenance cost results from decline in the number of advertising panels, mainly in the BB12 and decrease on rental fees in selected group of panels,
- ↑ growth of operating cost due to higher costs of campaign execution,
- ↑ higher staff cost as a result of growth of the variable components of remuneration as a result of better performance in terms of assumed sales targets.

Effective monetization of the ongoing projects

1333 / 1580 bus shelters
WARSAWA
ongoing investment

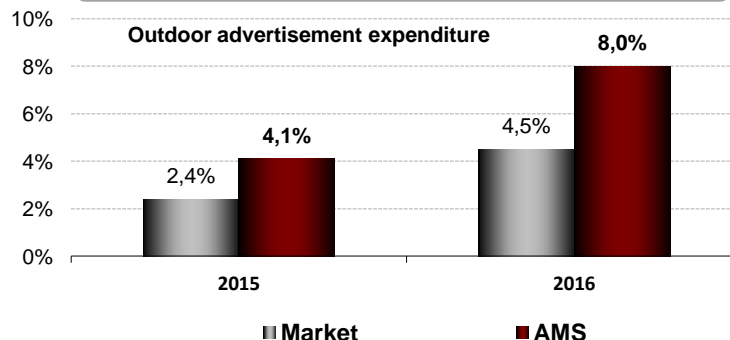
162 / 600 bus shelters
KRAKÓW
ongoing investment

51 / 51 bus shelters
SOSNOWIEC
completed investment

New contract
WROCLAW: 74 bus shelters
leasing

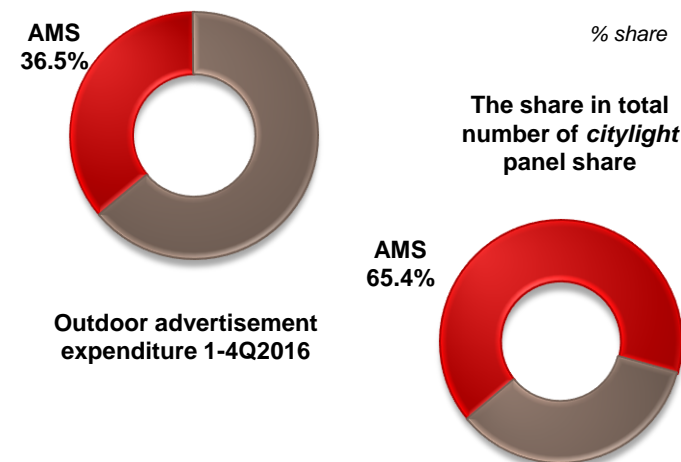


HIGHER THAN THE MARKET GROWTH DYNAMICS OF ADVERTISING SALES



Market share of AMS

AMS – the outdoor advertising market leader



Dynamic growth of Internet segment result

Growth of advertising results in Internet segment

INTERNET						
in PLN million	4Q2016	4Q2015	y/y change	1-4Q2016	1-4Q2015	y/y change
Total sales , including	49.5	45.4	9.0%	167.9	150.5	11.6%
Display ad sales (1)	41.2	38.4	7.3%	135.2	123.8	9.2%
Ad sales in verticals (2)	3.2	3.3	(3.0%)	13.0	13.5	(3.7%)
Total operating cost, including (1)	(41.2)	(36.9)	11.7%	(144.9)	(126.3)	14.7%
EBIT	8.3	8.5	(2.4%)	23.0	24.2	(5.0%)
EBIT margin	16.8%	18.7%	(1.9pp)	13.7%	16.1%	(2.4pp)
EBITDA	9.4	9.9	(5.1%)	27.9	29.6	(5.7%)
EBITDA margin	19.0%	21.8%	(2.8pp)	16.6%	19.7%	(3.1pp)

- ↑ growth of advertising revenue thanks to higher revenue from ad sales in verticals and revenue from Yieldbird (AdTaily),
- ↑ growth of external services due to growing scale of advertising brokerage services,
- ↑ increase in staff cost results from full consolidation of GoldenLine and an increased headcount in Yieldbird, Optimizers, sports websites of Gazeta.pl,
- ↓ decline in promotion and marketing cost due to the reduction in advertising expenditure of Gazeta.pl.

Strengthening the Group's position in the fastest growing categories: mobile and lifestyle



Gazeta.pl as a first Polish horizontal portal launched mobile game –**Quiz & Go**, that allows players to verify their knowledge in different categories.



100 000 downloads of *Moje Dziecko* application. eDziecko.pl together with applications *Moja Ciąża* and *Moje Dziecko* – **leader of parenting services in Poland.**



Plotek.pl once again strengthened its position in gossip portals ranking up and for the 1st time in its history **became a leader in „people” category.**

Effective monetization of audiovisual formats



myfitness.pl

New version of **Myfitness.pl** – almost 1 mln UU and above 5 mln page views.

Source: financials: consolidated financial statements according to IFRS, 4Q2016; The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department, Trader.com (Polska) Sp. z o.o., Yieldbird Sp. z o.o. (AdTaily), Sport4People Sp. z o.o., Sir Local Sp. z o.o., GoldenLine Sp. z o.o. (since January 2016) and Optimizers Sp. z o.o. (since March 2016).

¹the 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 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.;

² in 2015 presented amounts include, among others, allocated revenues from the dual media offer (i.e. published both in Gazeta Wyborcza, as well as on GazetaPraca.pl, Domiporta.pl, Komunikaty.pl verticals and Nekrologi.Wyborcza.pl website). Since 2016 the revenues from dual media offers, as well as revenues from listings in verticals Komunikaty.pl and NekrologiWyborcza.pl are not allocated to Internet division.

Operating results in Radio segment

Growth of revenue in Radio segment

RADIO						
in PLN million	4Q2016	4Q2015	y/y change	1-4Q2016	1-4Q2015	y/y change
Total sales, including :	37.2	36.4	2.2%	113.4	107.7	5.3%
Radio advertising revenue (1), (2)	29.6	29.7	(0.3%)	95.1	94.4	0.7%
Total operating cost, including: (2)	(29.4)	(27.2)	8.1%	(100.6)	(94.3)	6.7%
EBIT	7.8	9.2	(15.2%)	12.8	13.4	(4.5%)
EBIT margin	21.0%	25.3%	(4.3pp)	11.3%	12.4%	(1.1pp)
EBITDA	8.6	9.9	(13.1%)	15.9	16.2	(1.9%)
EBITDA margin	23.1%	27.2%	(4.1pp)	14.0%	15.0%	(1.0pp)

↑ increase in revenue results mainly from higher revenue from brokerage services for Helios cinemas and higher air time sales in the radio stations of Agora Radio Group,

↑ higher costs of promotion and marketing due to execution of marketing campaigns,

↑ increase in staff costs is mainly related to strengthening of the sales department,

↑ higher costs related with sales brokerage services for Helios cinemas.

Audience share growth of Agora's radio stations in 2016

% share in audience ³	4Q2016	y/y pp change	1-4Q2016	y/y change
Agora's music radio stations (Rock Radio, Radio Złote Przeboje and Radio Pogoda)	3,9%	0,0pkt%	4,0%	0,2pkt%
Radio TOK FM	2,4%	0,9pkt%	2,0%	0,6pkt%

Record high quarter - 4Q2016 in Agora's radio stations

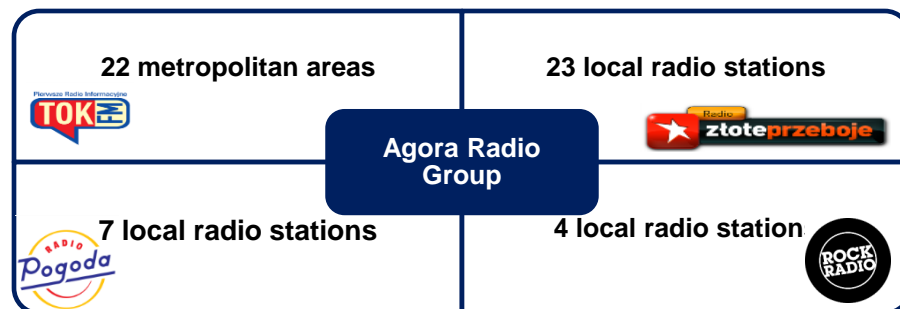
Radio TOK FM

In 4Q2016 **Radio TOK FM** achieved a record high audience share in its history: **2,4%**.

Agora Radio Group

In 4Q2016 daily Agora's radio stations reach was almost **8%**, what means that every day the Agora Radio Group had ca. **2.4 million listeners**. It is the record high result in its history.

Agora's radio stations reach



Mobile application **TOK FM Radio** allows users to listen to radio life and after buying subscription to have an access to the base of broadcast emitted by TOK FM.

Source: financials: consolidated financial statements according to IFRS, 4Q2016; 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.

Operating results of Print segment

Maintaining a positive result on the EBITDA level

PRINT						
in PLN million	4Q2016	4Q2015	y/y change	1-4Q2016	1-4Q2015	y/y change
Total sales, including:	37.0	43.7	(15.3%)	155.5	164.7	(5.6%)
Printing services (1)	35.1	41.5	(15.4%)	147.7	156.2	(5.4%)
Total operating cost, including (2):	(39.7)	(43.0)	(7.7%)	(163.2)	(162.4)	0.5%
EBIT	(2.7)	0.7	-	(7.7)	2.3	-
EBIT margin	(7.3%)	1.6%	(8.9pp)	(5.0%)	1.4%	(6.4pp)
EBITDA	1.3	4.4	(70.5%)	8.1	18.1	(55.2%)
EBITDA margin	3.5%	10.1%	(6.6pp)	5.2%	11.0%	(5.8pp)

▼ decline in revenue results from lower volume of orders,
 ▼ decrease in operating cost results from lower cost of materials due to lower volume of production .

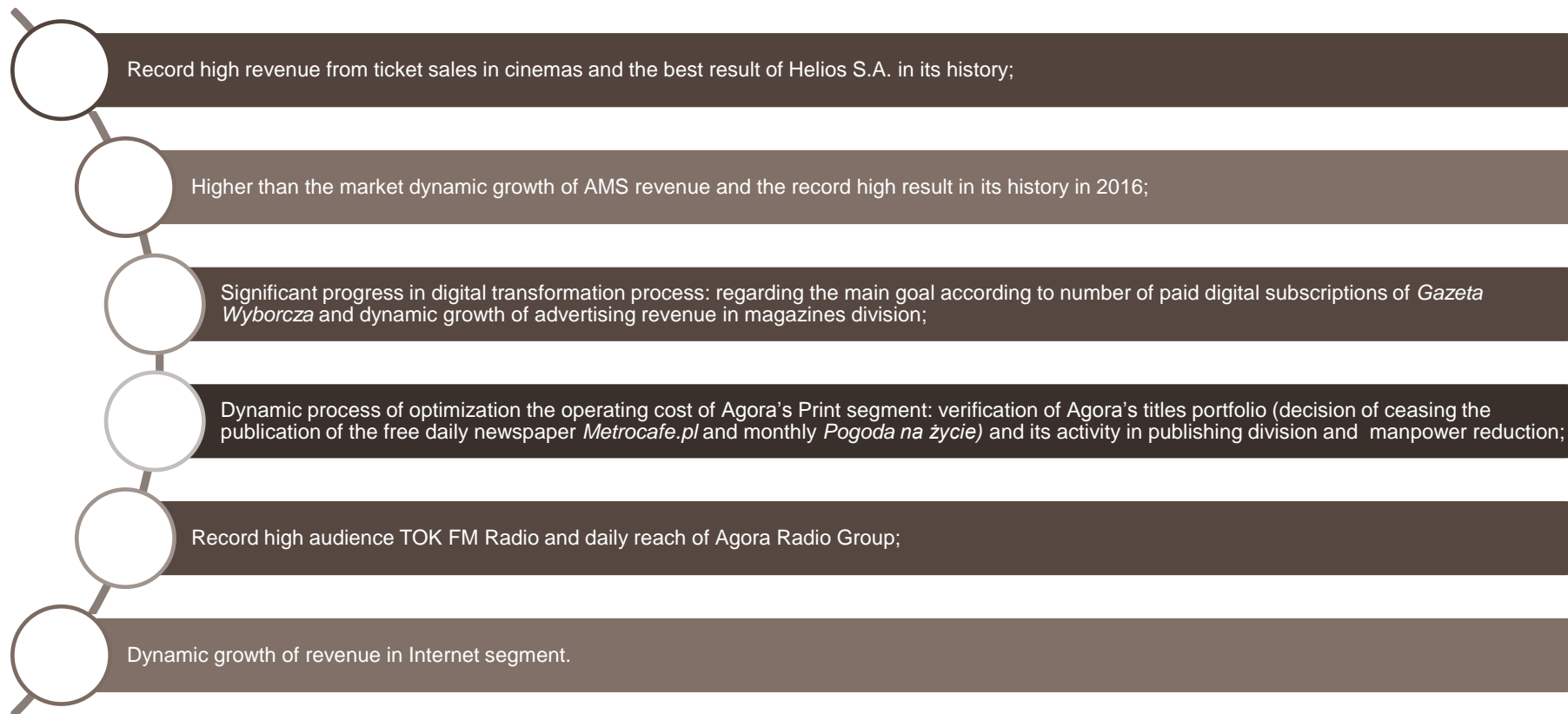


Source: financials: consolidated financial statements according to IFRS, 4Q2016; rpr according to ZKDP.

¹ revenues from services rendered for external customers;

⁻¹⁶⁻ ² segment operating costs associated with the production of the Group's own titles are settled on the basis of allocation of direct and indirect cost associated with their production to the Press segment.

AGORA GROUP RESULTS IN 4Q2016

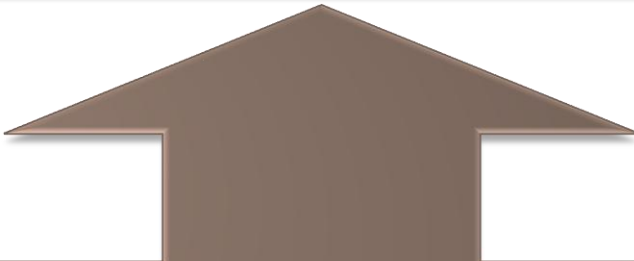


**Progress in execution of
Agora's Group
mid-term growth directions**

MID TERM PRIORITIES OF THE AGORA GROUP

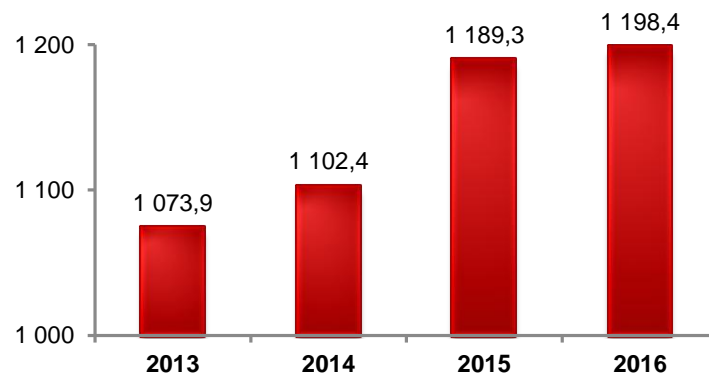
REVENUE GROWTH

PROFITABILITY IMPROVEMENT

- 
- 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**

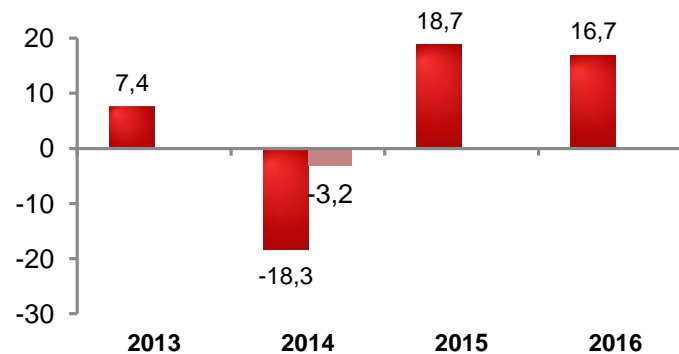
REVENUE GROWTH

In PLN million



PROFITABILITY IMPROVEMENT

In PLN million



■ EBIT

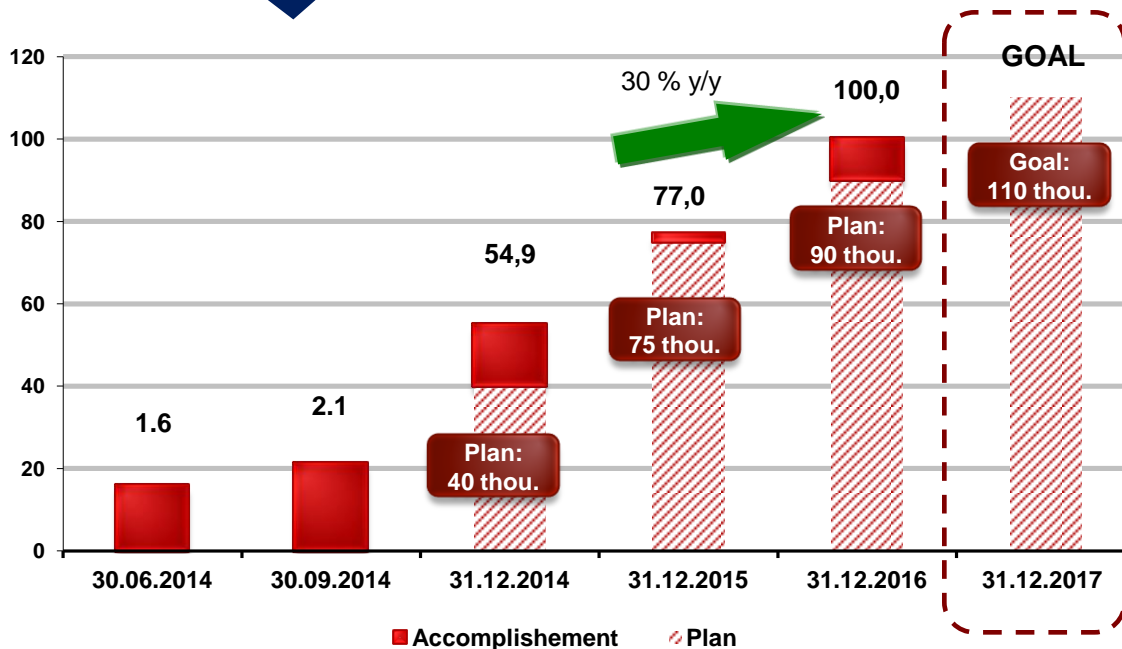
■ EBIT excluding impairment losses

Digital transformation of Agora's press segment

Dynamic growth of the number of paid subscriptions of *Gazeta Wyborcza*

The results above expectations

Thousands subscribers



Monetization of digital position of *Gazeta Wyborcza*

Growth of the average revenue from digital subscription sale

Growth of the advertising revenue in internet

Source: financials

Digital subscription: publisher own estimation. Active subscriptions according to: 30.06.2014, 30.09.2014, 31.12.2014, 31.12.2015 and 31.12.2016r.; sales model of digital subscriptions of *Gazeta Wyborcza* in December 2014 and March, June and December 2015 and December 2016.

Position in the TV market

STOPKLATKA TV



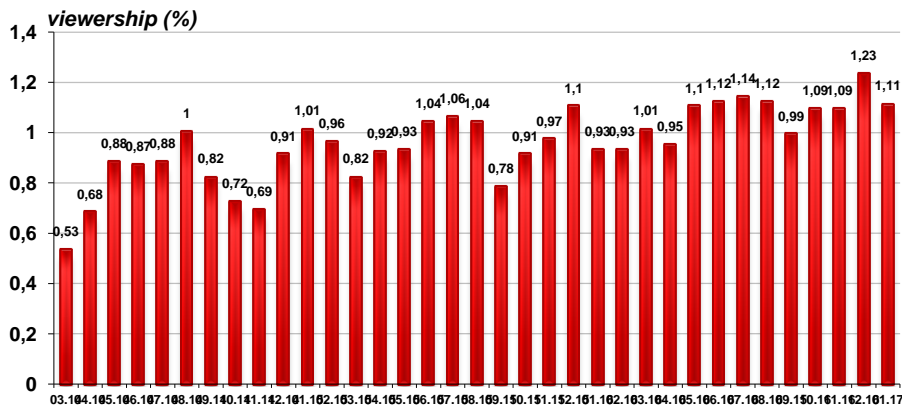
Profitability achievement in 2016 r., after 2,5 from launch. ✓

Further systematic improvement of profitability.

Improving the average viewing of the channel in the long term.

VIEWERSHIP DATA

Average viewership in 2016 – 1.06.



NEW TV CHANNEL - METRO



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

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

December 9, 2016 r. within the framework of the investment agreement, the second owner of the channel has been Discovery Poland Sp. o.o., which will support us in the content development of METRO

Common verification of the initial assumptions

VIEWERSHIP DATA

In January, 2017 almost 1.1 million viewers watched METRO every day

All 16-49	SHR (%)	ATS (in min.)	SHR (%)	ATS (in min.)
December 2016		January 2017		
Metro	0,16	0:19:45	0,23	0:20:28
Nowa TV	0,14	0:16:56	0,16	0:19:17
Zoom TV	0,09	0:14:32	0,15	0:20:49
WP	0,06	0:13:47	0,08	0:16:33

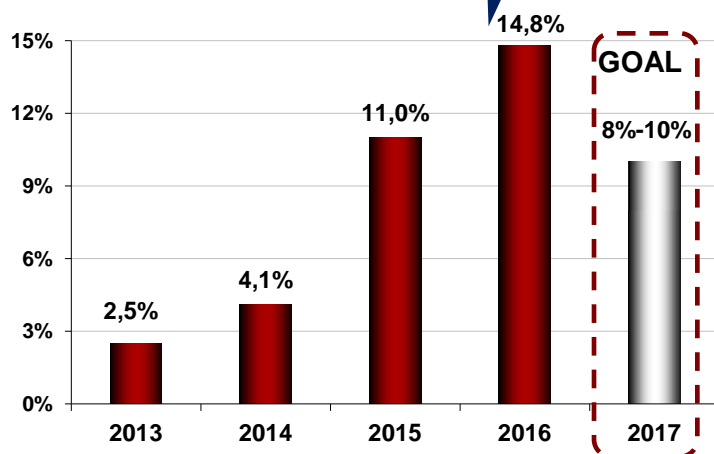
Source: own studies; viewership data Nielsen Audience Measurement
Stopklatka: average viewership May 2014 – January 2017 r., SHR %, 16-49

Improve contribution from core businesses

OUTDOOR

Best result in
AMS history

EBIT margin (%)

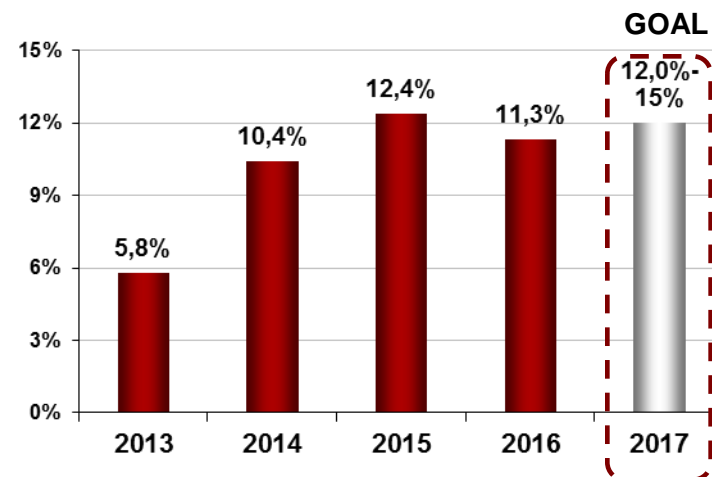


2013 – 2,5%

2017 – 8-10%

RADIO

EBIT margin (%)



2013 – 6%

2017 – 12-15%

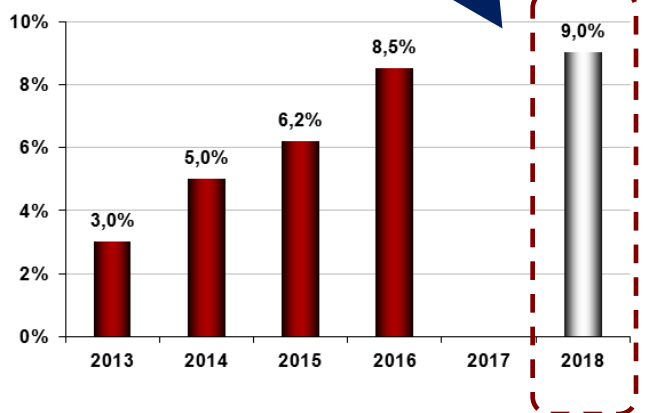
Improve contribution from core businesses

CINEMA and FILM¹

EBIT margin (%)

Increase in the rate of hourly wage to PLN 13.0 may affect the execution of the objective

GOAL



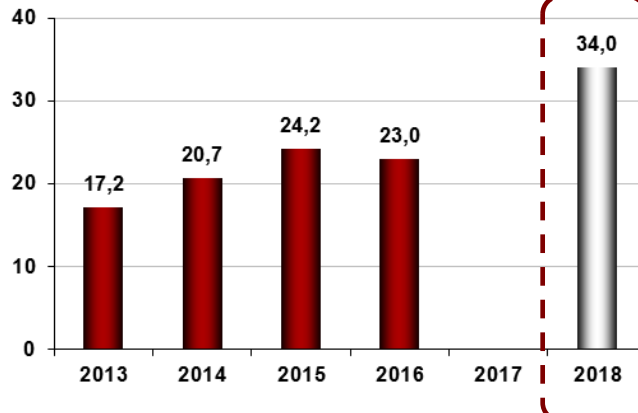
2013 – 3%

2018 – 9-10%

INTERNET

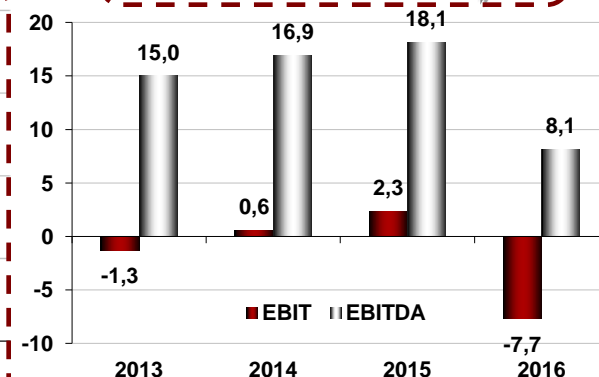
EBIT (in PLN million)

GOAL



PRINT

Profitability on the EBIT level

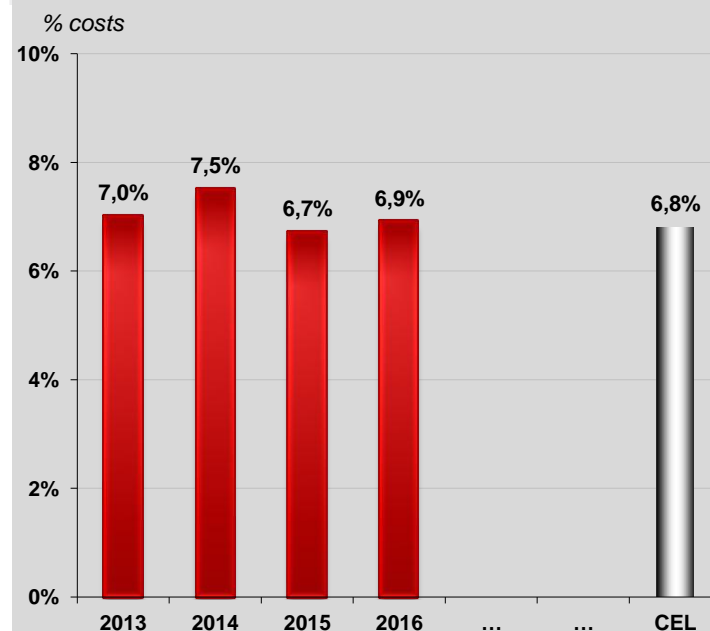


Cost optimization of shared support functions

GOAL

Decreasing the cost of shared functions
in the Agora Group

THE SHARE OF COST GENERATED BY SHARED SUPPORT
FUNCTIONS IN THE AGORA GROUP
REVENUES WITHOUT CINEMA (PRO FORMA)



Further development of Helios network – 4 new cinemas in 2017 including the first one in Warsaw;



Accomplishment of the bus shelter construction investment process in Warsaw and strengthening the position in outdoor advertising market;



Strengthening the Group's position in online by dynamic development of mobile, introduction of new formats and monetization of video content in social media.

Difficult market condition: abrupt legal changes, weak PLN exchange rate, decrease in investment, slowdown in advertising expenditure in selected segments of the market;



Continuation of negative trends in the Press market;



The increase in staff cost in cinemas.

Thank you for your attention

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