Advertising market: recession

Ad spend vs GDP

* Agora, estimated figures adjusted for an average discount, constant prices
** Real GDP – Main Statistical Office

Ad market performance by medium

Source: Agora, AMS on the basis of Media Watch, estimated figures, corrected for average discount rate, 1Q03

Ad categories in 3 media

Source: Agora, estimated figures, corrected for average discount rate, for the period of 1Q03; % change figures 1Q03/1Q02
Advertising market: TV grows share

Polish ad market structure

Press 30%
Radio 7%
TV 58%
Outdoor 5%

Source: TV: AGB Polska, press: Agora Monitoring, radio: CR Media, outdoor: AMS on the basis of Media Watch, rate card data, 1Q03

TV share of total adspend in Europe

TV CPT in Europe

Source: Mediaedge:cia, Global Media Cost Comparison Book 2002, Agora, rate card data
# Agora’s Group: today’s status

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>now</th>
<th>Advertising share</th>
<th>Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Publishing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Gazeta</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- online</td>
<td></td>
<td>✓</td>
<td>14%</td>
<td>#3</td>
</tr>
<tr>
<td>- magazines</td>
<td></td>
<td>✓</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>- free press</td>
<td></td>
<td>✓</td>
<td>22.1% (Warsaw)</td>
<td></td>
</tr>
<tr>
<td><strong>Outdoor</strong></td>
<td></td>
<td>✓</td>
<td>27.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Radio</strong></td>
<td>✓</td>
<td>✓</td>
<td>10.8%</td>
<td></td>
</tr>
<tr>
<td>9 stations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28 stations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TV</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Project suspended due to new media bill</td>
<td></td>
</tr>
<tr>
<td><strong>Scholastic publishing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tender cancelled by the Treasury Ministry</td>
<td></td>
</tr>
</tbody>
</table>

**Source**: advertising: Agora, estimated figures, corrected for average discount rate, 1Q03; readership: Polish Readership Research 1Q03 (PBC General: GW & mags; PBC Daily, 1Q03: free press); radio: SMG/KRC Radio Track, 1Q03 (largest cities), target group: 20-50 year olds, Agora’s markets; Internet: TNS GBOIP’s Interbus research – Sept.–Oct. 2002, Agora’s estimates; outdoor: AMS estimates on the basis of Media Watch 1Q03, rate card data adjusted for estimated average discount rate.
## Agora’s Group: 1Q 2003 performance

<table>
<thead>
<tr>
<th></th>
<th>PLN mln</th>
<th>% change</th>
<th>ex radios, magz, and AMS</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>198.6</td>
<td>20.0%</td>
<td>156.9</td>
<td>-5.2%</td>
</tr>
<tr>
<td><strong>Operating cost (ex D&amp;A)</strong></td>
<td>160.7</td>
<td>30.4%</td>
<td>121.1</td>
<td>-1.8%</td>
</tr>
<tr>
<td><strong>D&amp;A</strong></td>
<td>36.3</td>
<td>55.5%</td>
<td>26.4</td>
<td>13%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>1.5</td>
<td>-92.1%</td>
<td>9.4</td>
<td>-49.7%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>37.8</td>
<td>-10.2%</td>
<td>35.8</td>
<td>-14.9%</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>19.0%</td>
<td>-6.4pp.</td>
<td>22.8%</td>
<td>-2.6 pp.</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>-4.8</td>
<td>-</td>
<td>5.2</td>
<td>-68.6%</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td>34.3</td>
<td>-40.0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* according to IAS
Agora’s Group: cost tailored to market

Operating cost (ex D&A)

Cost of materials

Other operating expense

Staff cost

According to IAS, excluding radios, magz & AMS
Gazeta Wyborcza: market share grows

Circulation performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Gazeta</th>
<th>Other Dailies</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>-8.2%</td>
<td>-10.9%</td>
</tr>
<tr>
<td>2002</td>
<td>-8.4%</td>
<td>-14.6%*</td>
</tr>
<tr>
<td>1Q03</td>
<td>-2.5%</td>
<td></td>
</tr>
</tbody>
</table>

Source: National Circulation Audit Office, national dailies, 2001-1Q03
* A national daily – Y2 ceased publication by the end of 2002

Revenue from copy sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue from copy sales</th>
<th>Copy price</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>+1.5%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td>+1.5%</td>
</tr>
<tr>
<td>1Q02</td>
<td>-3.4%</td>
<td></td>
</tr>
<tr>
<td>1Q03</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Daily newspaper top 6 ad categories 1Q 2003

<table>
<thead>
<tr>
<th>Category</th>
<th>2001</th>
<th>2002</th>
<th>1Q03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>-16%</td>
<td></td>
<td>-5%</td>
</tr>
<tr>
<td>Telecom</td>
<td></td>
<td>+15%</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td>+4%</td>
<td>+8%</td>
</tr>
<tr>
<td>Announcements</td>
<td>-12%</td>
<td></td>
<td>-5%</td>
</tr>
<tr>
<td>Retail</td>
<td>-5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance</td>
<td>-50%</td>
<td></td>
<td>-42%</td>
</tr>
</tbody>
</table>

Source: Agora, estimated figures, corrected for average discount rate; % change 1Q03/1Q02

Gazeta’s change in share by ad market

Source: Agora, estimated figures, corrected for average discount rate; 2002 & 1Q03
Gazeta Wyborcza: margins hold up

Revenue from advertising

Profitability of ad pages

Cost performance

EBITDA performance

Source: ad: Agora, estimated figures adjusted for average discount rate, 2000-1Q03.
Financial figures: according to IAS, press segment: GW + other press, yoy % change
Local radio stations: we beat the market and grow share

Local radio ad market vs. Agora’s group

Source: Agora, estimated figures, corrected for an average discount rate, 2001-1Q03

Audience performance*


Advertising share performance – major players

Source: CR Media, Agora estimated figures, corrected for an average discount rate, 2000-1Q03

Radio audience market

*Cities over 100 thousand inhabitants, listeners aged 25-45
Source: SMG/KRC, Radio TRACK, 2000-1Q03
Local radio stations: topline grows

**No of radio stations**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>9</td>
</tr>
<tr>
<td>1999</td>
<td>10</td>
</tr>
<tr>
<td>2000</td>
<td>14</td>
</tr>
<tr>
<td>2001</td>
<td>19</td>
</tr>
<tr>
<td>2002</td>
<td>27</td>
</tr>
<tr>
<td>1Q03</td>
<td>28</td>
</tr>
</tbody>
</table>

*No. of stations at period’s end

**Financial performance**

<table>
<thead>
<tr>
<th>Metric</th>
<th>1Q03</th>
<th>1Q02</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>9.0</td>
<td>8.2</td>
<td>9.1</td>
</tr>
<tr>
<td>- ad revenue</td>
<td>8.4</td>
<td>7.7</td>
<td>8.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-2.8</td>
<td>-0.4</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>-4.7</td>
<td>-1.7</td>
<td>-</td>
</tr>
</tbody>
</table>

**Mature stations**

<table>
<thead>
<tr>
<th>Year</th>
<th>PLN min</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>5</td>
</tr>
<tr>
<td>1999</td>
<td>7</td>
</tr>
<tr>
<td>2000</td>
<td>12</td>
</tr>
<tr>
<td>2001</td>
<td>15</td>
</tr>
<tr>
<td>2002</td>
<td>17</td>
</tr>
<tr>
<td>1Q03</td>
<td>17</td>
</tr>
</tbody>
</table>

Includes 5 stations

**New stations**

<table>
<thead>
<tr>
<th>Year</th>
<th>PLN min</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>10</td>
</tr>
<tr>
<td>2001</td>
<td>11</td>
</tr>
<tr>
<td>2002</td>
<td>22</td>
</tr>
<tr>
<td>1Q03</td>
<td>23</td>
</tr>
</tbody>
</table>

2000: 10 stations, 2001: 11 stations, 2002: 22 stations, 1Q03: 23 stations
Magazines: we build portfolio and market position

Magazine ad market vs. mass press ad market

<table>
<thead>
<tr>
<th>Year</th>
<th>Magazine Ad</th>
<th>Mass Press</th>
<th>Change in Magazine Share</th>
<th>Change in Mass Press Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q02</td>
<td>-15.8%</td>
<td>-26.5%</td>
<td>-21.9%</td>
<td>-32.6%</td>
</tr>
<tr>
<td>2Q02</td>
<td>-13.7%</td>
<td>-22.6%</td>
<td>-19.9%</td>
<td>-28.6%</td>
</tr>
<tr>
<td>3Q02</td>
<td>-8.3%</td>
<td>-21.6%</td>
<td>-14.3%</td>
<td>-25.6%</td>
</tr>
<tr>
<td>4Q02</td>
<td>2.0%</td>
<td>-11.5%</td>
<td>2.3%</td>
<td>-19.6%</td>
</tr>
<tr>
<td>1Q03</td>
<td>-8.0%</td>
<td>-8.0%</td>
<td>-0.0%</td>
<td>-8.0%</td>
</tr>
</tbody>
</table>

% change in ad spend:
- magazines
- mass press
- pp. change of magz share
- in mass press ad market

Source: Agora, estimated figures, corrected for average discount rate, 2002-1Q03

Agora’s position in the magazine market

<table>
<thead>
<tr>
<th>Category</th>
<th>Readership</th>
<th>Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Magz readers in the category (mln)</td>
<td>Agora’s range</td>
</tr>
<tr>
<td>Construction and housing</td>
<td>3.3</td>
<td>53.1%</td>
</tr>
<tr>
<td>Auto motive</td>
<td>3.1</td>
<td>22.2%</td>
</tr>
<tr>
<td>Child care</td>
<td>1.1</td>
<td>36.3%</td>
</tr>
<tr>
<td>Women titles</td>
<td>17.5</td>
<td>14.8%</td>
</tr>
</tbody>
</table>

Source: ad: Agora, estimated figures, corrected for average discount rate, 2002; national magz readership: Polish Readership Research, seasonal cycle readership, 2002

Magazine financials

<table>
<thead>
<tr>
<th>Category</th>
<th>1Q03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>15.8</td>
</tr>
<tr>
<td>Operating cost</td>
<td>19.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1.6</td>
</tr>
</tbody>
</table>

*Included in Group’s financials as of April 2002
AMS: Agora buys leader in outdoor advertising

1Q03 AMS’ share at 27.5% (down 1.8pp.)

Source: AMS on the basis of Media Watch 2002, rate card data

Source: AMS on the basis of Media Watch 2002, no. of panels sold

### AMS financials

<table>
<thead>
<tr>
<th>PLN mln</th>
<th>1Q03</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>23.6</td>
<td>8%</td>
</tr>
<tr>
<td>- ad revenue</td>
<td>23.4</td>
<td>10%</td>
</tr>
<tr>
<td>Operating cost</td>
<td>24.2</td>
<td>-29%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>3.6</td>
<td>-</td>
</tr>
<tr>
<td>Net profit</td>
<td>-3.1</td>
<td>-</td>
</tr>
</tbody>
</table>

* Consolidation note
* 3Q02 equity method consolidation, 4Q02 full method consolidation; as of 2003 full method consolidation.
Advertising market: what’s in store

**Optimistic scenario**

<table>
<thead>
<tr>
<th>Year</th>
<th>Real ad spend (PLN mln)</th>
<th>Real GDP change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>16.4%</td>
<td>7%</td>
</tr>
<tr>
<td>2000</td>
<td>-2.0%</td>
<td>6.1%</td>
</tr>
<tr>
<td>2001</td>
<td>-10.9%</td>
<td>10.5%</td>
</tr>
<tr>
<td>2002</td>
<td>-2.7%</td>
<td>5.5%</td>
</tr>
<tr>
<td>2003</td>
<td>4.9%</td>
<td>9.8%</td>
</tr>
<tr>
<td>2004</td>
<td>7.2%</td>
<td>11.8%</td>
</tr>
<tr>
<td>2005</td>
<td>6.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2006</td>
<td>6.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2007</td>
<td>6.1%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

**Realistic scenario**

<table>
<thead>
<tr>
<th>Year</th>
<th>Real ad spend (PLN mln)</th>
<th>Real GDP change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>16.4%</td>
<td>7%</td>
</tr>
<tr>
<td>2000</td>
<td>-2.0%</td>
<td>6.1%</td>
</tr>
<tr>
<td>2001</td>
<td>-10.9%</td>
<td>10.5%</td>
</tr>
<tr>
<td>2002</td>
<td>-2.7%</td>
<td>5.5%</td>
</tr>
<tr>
<td>2003</td>
<td>4.9%</td>
<td>9.8%</td>
</tr>
<tr>
<td>2004</td>
<td>7.2%</td>
<td>11.8%</td>
</tr>
<tr>
<td>2005</td>
<td>6.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2006</td>
<td>6.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>2007</td>
<td>6.1%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

**Assumptions:**
- Real ad spend grows if real GDP rises at least 2% p.a.
- Ad spend revives approx. 6 month after GDP recovers.
- Ad spend grows approx. at double rate of GDP growth.

*Source: Advertising: Agora’s estimates in constant prices.*

GDP: 2003-2006, optimistic GDP growth scenario based on government’s forecasts (high growth scenario); realistic scenario based on market consensus; 2007: Agora’s estimates.
Advertising market: what’s in store (cont’d)

Employment ads vs. unemployment rate

Automotive ads vs. sales of new passenger cars

Gazeta’s ad sales

Source: ad market: Agora, estimated figures, corrected for average discount rate; unemployment: Main Statistical Office; car sales: Samar, Poland’s automotive monitoring firm
Other key factors

- **The battle against new media law – to be continued**
  - private media form a coalition – a first!
  - threw spokes in the legislative wheels
  - but future outcome uncertain
  - media law puts certain acquisition plans on hold

- **Agora and Gazeta Wyborcza in the eye of storm after publication of article on an attempt to extort from us a 17.5 mln USD bribe in exchange for favorable media law**
  - publication consistent with Gazeta’s mission and the Company’s values
  - prosecutors office conducts investigation
  - investigative committee of the Parliament holds hearings
  - a long process ahead
  - we hope that Gazeta’s article and ensuing events will serve to improve standards of business conduct in Poland
Agora’s Group: Gazeta Wyborcza in 2003

Dailies readership declines

New daily?

Gazeta Wyborcza: A slight decline in revenue

Maintain margins

Maintain share in copy sales & advertising

Lower production volume

Changes in products

Consistent pricing & discount policy

Circulation promotion

Dailies ad market estimates

Yoy % change

2002

-2.2%

2003

-8.8%

Source: ad market; Agora’s estimates, current prices.
Agora’s Group: radios in 2003

Radio ad market estimates

TARGET:
REVENUE GROWTH <18%

GROW NO. OF STATIONS
BUILD UP POSITION
OF NEW STATIONS

NATIONAL BROADCAST
COUNCIL
HOLDS US HOSTAGE

NEW MEDIA BILL

GROW AD MARKET SHARE

ENHANCED AD OFFERS

GROW AUDIENCE

PROMOTION EFFORTS
NEW ATTRACTIVE FORMATS

Source: ad market: Agora's estimates, current prices.
Agora’s Group: magazines in 2003

TARGET: REVENUE GROWTH <20%

TARGET: EBITDA BREAK-EVEN IN 2004

GROW CIRCULATION

ENHANCED PRODUCT CIRCULATION PROMOTION

RESTRUCTURING AND PROMOTION COSTS DRUG ON FIGURES IN 2003

GROW AD SALES

REDESIGN AND REPOSITION PRODUCTS

Magazine ad market estimates

Source: ad market: Agora’s estimates, current prices.
Agora’s Group: AMS in 2003

Outdoor ad market estimates

-9.5% 2002
2.0% 2003

TARGET:
EBITDA BREAK-EVEN
IN 2003

BEER ADVERTISING BAN LIFTED

WE TAKE PART IN MARKET CONSOLIDATION

SIGNIFICANT FIXED COST CUTS

RESTRICTURING IN PROGRESS

HIRE SPECIALISTS

SYSTEM & SERVICE QUALITY IMPROVEMENT

Source: ad market. Agora and AMS’ estimates, current prices.
Agora’s Group: 2003 guidelines

ASSUME 2.5% GDP GROWTH

REVENUE GROWTH < 10%

COST CONTROL

FULL YEAR IMPACT OF AMS, RADIOS & MAGZ CONSOLIDATION

Ad market estimates

<table>
<thead>
<tr>
<th>Year</th>
<th>YoY % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>-11.0%</td>
</tr>
<tr>
<td>2003</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

SALARY FREEZE

SAVE ON OPERATING COST

INTERNET PROJECT SAVINGS

PRODUCTS CHANGES RESTRUCTURING OF NEW BUSINESSES

NEWSPRINT PRICE IN EURO DOWN BY 11%

Source: ad market; Agora’s estimates, current prices.
## Financial capacity

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CAPEX</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PLN mn</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Printing and buildings</td>
<td>7.6</td>
<td>10.8</td>
<td>14.8</td>
<td>13.9</td>
<td>30.0</td>
<td>77.1</td>
</tr>
<tr>
<td>Technology</td>
<td>18.0</td>
<td>21.5</td>
<td>25.9</td>
<td>30.0</td>
<td>33.8</td>
<td>129.3</td>
</tr>
<tr>
<td>Magazines</td>
<td>1.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Radios</td>
<td>2.4</td>
<td>0.7</td>
<td>0.6</td>
<td>0.3</td>
<td>0.3</td>
<td>4.4</td>
</tr>
<tr>
<td>(full method consolidation)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
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<td>Others</td>
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<td><strong>Total</strong></td>
<td><strong>33.0</strong></td>
<td><strong>37.3</strong></td>
<td><strong>45.6</strong></td>
<td><strong>48.5</strong></td>
<td><strong>68.4</strong></td>
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<tr>
<td>D&amp;A</td>
<td>106.6</td>
<td>97.9</td>
<td>99.3</td>
<td>101.4</td>
<td>99.3</td>
<td>504.6</td>
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</table>

- based on existing projects
- the data does not include AMS
- the data does not include possible third phase investment in company’s headquarters

- Operating cashflow PLN 187.5 million in 2002.
- At year’s end Agora’s cash position amounts to PLN 49.5 million.
- In 2002 Agora drew a tranche of PLN 139.5 million out of its PLN 500 million credit line.
Growth strategy

- Key priority: workout and consolidation of new businesses
- Eyes open to M&A opportunities
- Search for TV acquisition suspended until regulatory situation clarified
Agora’s Group: internet portal

Revenue performance

Viewership growth 2001-1Q03

Operating cost change

Internet advertising market

Source: gazeta.pl, 2001-1Q03

Source: Agora’s estimates, 2002