

grupa medialna
AGORA SA

FINANCIAL AND MARKET PERFORMANCE OF AGORA GROUP IN 1Q2018

May 16th, 2018



- **Key components of market environment**
- **Financial results of Agora Group**
- **Results of the Agora's business segments**
- **Summary and prospects**

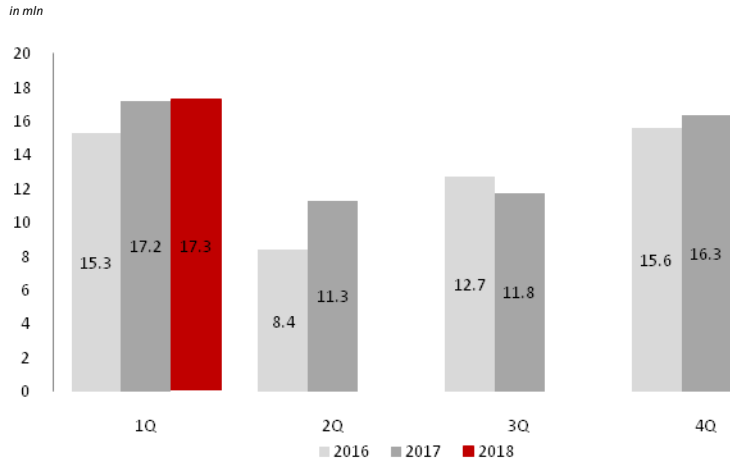
3.

4.

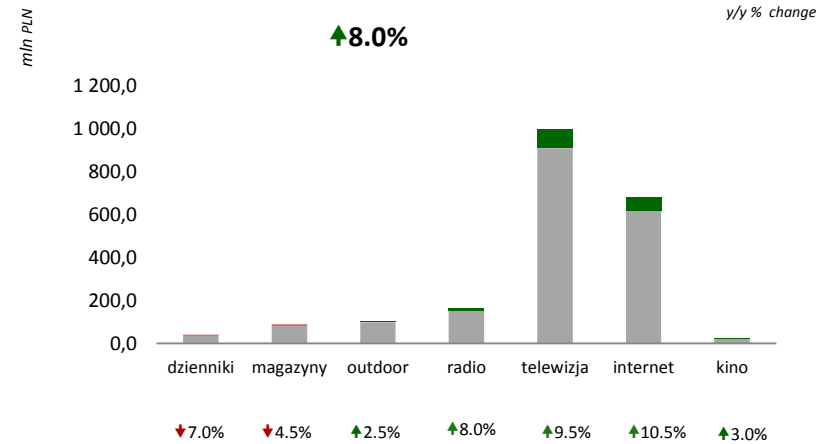
5-8.

9.

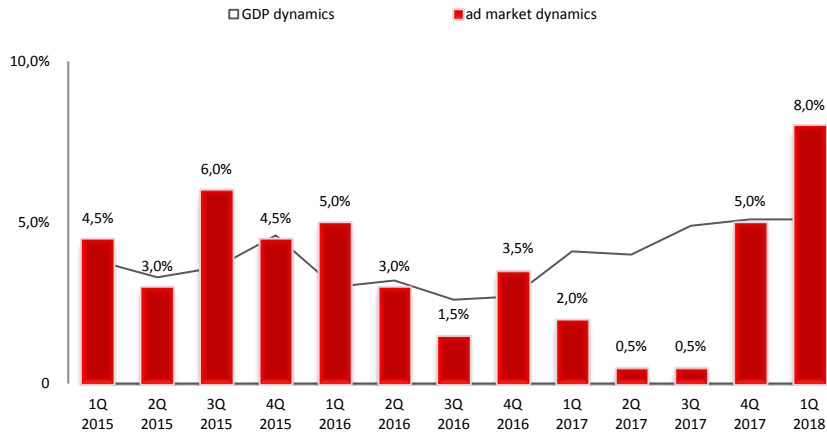
Polish cinema attendance



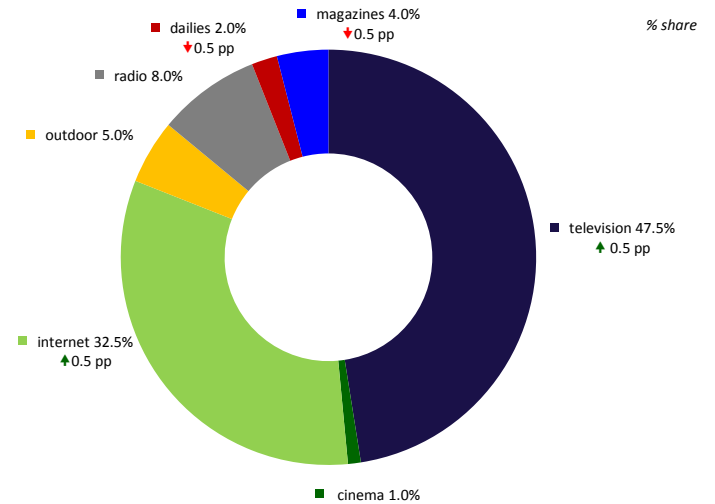
Dynamics of ad spend in 1Q2018



Polish ad market



Structure of the ad market in 1Q2018



FINANCIAL RESULTS OF THE GROUP IN 1Q2018

<i>in PLN mln</i>	1Q2018	1Q2017	y/y change
Total sales¹	278,0	301,0	(7,6%)
Advertising sales	120,2	119,4	0,7%
Ticket sales	66,2	64,4	2,8%
Copy sales	33,9	33,7	0,6%
Printing services	24,0	22,2	8,1%
Concession sales	15,6	28,0	(44,3%)
Other	18,1	33,3	(45,6%)
Operating cost net, incl:	(264,9)	(297,4)	(10,9%)
External services	(108,1)	(112,4)	(3,8%)
Staff cost	(83,7)	(82,8)	1,1%
Raw materials, energy and consumables	(37,2)	(47,7)	(22,0%)
D&A	(23,3)	(25,3)	(7,9%)
Promotion and marketing	(13,5)	(21,0)	(35,7%)
Cost of group lay-offs ²	(1,4)	-	-
Gain on real estate sales ³	13,9	-	-
EBIT	13,1	3,6	263,9%
<i>EBIT margin</i>	<i>4,7%</i>	<i>1,2%</i>	<i>3,5pkt%</i>
EBITDA⁴	36,3	28,9	25,6%
<i>EBITDA margin</i>	<i>13,1%</i>	<i>9,6%</i>	<i>3,5pkt%</i>
Net profit/(loss)	9,7	(6,1)	-

- ▼ yoy decline of Agora Group's revenue mainly due to lower yoy revenue from film coproduction and distribution and yoy drop of revenue from printing services
- ▲ advertising sales higher yoy in the Internet, Radio and Outdoor segments with lower yoy revenues in the Movies and Books, as well as the Press segments
- ▲ yoy growth of revenue from ticket and concession sales in Helios cinemas despite lower yoy cinema attendance
- ▲ yoy growth of revenue from copy sales mainly due to higher yoy Agora's Publishing House revenues and growing revenues from the digital subscriptions of *Gazeta Wyborcza*
- ▼ yoy drop of revenues from printing services as a result of lower yoy volume of production and increased yoy share of printing on paper provided by customers
- ▼ yoy decline of operating cost in all segments excluding the Outdoor segment
- ▼ drop of external services cost as a result of lower yoy cost of fees for film producers with higher yoy cost of film copy purchase
- ▲ yoy growth of staff cost, mainly in the Movies and Books segment (due to the increase of the number of employees as a result of greater number of cinemas and due to the growth of minimum wage per hour) and in the Outdoor and Radio segments
- ▼ yoy decrease of costs of energy, raw materials and consumables as a result of lower yoy volume of orders in the Print segment and lower yoy volume of press titles published by the Agora Group
- ▼ significant yoy reduction of promotion and marketing cost, mainly in the Internet, Radio, Movies and Books, and Press segments

⁰ Źródło: skonsolidowane sprawozdanie finansowe wg MSSF, 1kw.2018;

¹ particular sales positions, apart from ticket and concession sales in cinemas 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.A in this report;

² cost related to group lay-offs executed in Print segment in the first quarter of 2018;

³ the line item includes the gain achieved by Agora S.A. on sale of properties located in Gdansk and Warsaw;

⁴ the performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment and intangible assets. The amount of impairment losses included in the calculation of EBITDA in the first quarter of 2018 amounted to PLN 0.1 million. Detailed information on definitions of financial ratios are presented in the Notes to part IV of this MD&A.

MOVIES AND BOOKS*: GROWTH OF REVENUES IN CINEMAS AND IN AGORA PUBLISHING HOUSE

in PLN mln	1Q2018	1Q2017	y/y change
Total sales, incl:	115,1	126,9	(9,3%)
Ticket sales	66,3	64,6	2,6%
Concession sales	24,0	22,2	8,1%
Advertising revenue ¹	6,3	8,5	(25,9%)
Film activity revenue ^{1,2}	5,4	20,1	(73,1%)
Agora Publishing House revenue	10,7	8,5	25,9%
Total operating cost	(98,5)	(106,6)	(7,6%)
EBIT	16,6	20,3	(18,2%)
EBIT margin	14,4%	16,0%	(1,6pkt%)
EBITDA⁴	24,5	28,8	(14,9%)
EBITDA margin	21,3%	22,7%	(1,4pkt%)

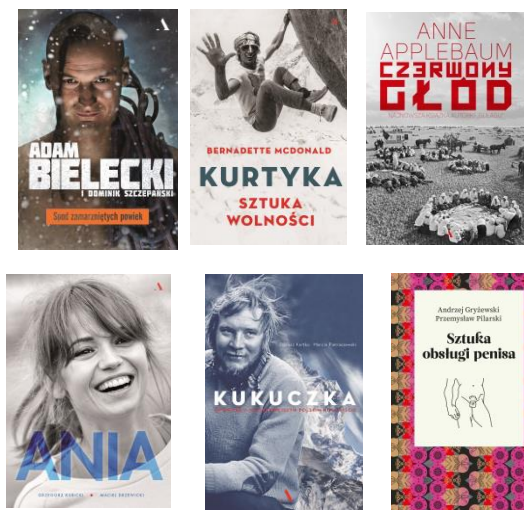
- ▼ yoy decline of revenues due to lower yoy revenues from film co-production and distribution, as well as lower yoy advertising revenue in Helios cinemas
- ▼ lower yoy advertising revenue as a result of lower yoy cinema attendance and lower yoy number of campaigns settled in barter transactions
- ▼ lower yoy film coproduction and distribution revenue due to significantly lower yoy attendance on films introduced to cinemas in 1Q2018
- ▲ higher yoy revenues from ticket sales as a result of higher yoy average ticket prices
- ▲ higher yoy revenues from concession sales due to higher prices of products sold in the cinema bars
- ▲ higher yoy revenues of Agora Publishing House mainly due to higher yoy number of sold publications
- ▼ lower yoy cost of external services as a result of lower yoy cost of fees for film producers with higher yoy cost of film copy purchase
- ▲ higher yoy staff cost resulted from the increase in employment due to greater number of cinemas and growth of minimum wage per hour
- ▼ drop of marketing and promotion cost due to lower yoy marketing activity of NEXT FILM
- ▲ yoy increase in the operating cost of Agora Publishing House due to additional printings of the most popular book titles and higher yoy royalties for the authors

44 cinemas in Helios network in 2018

City	Screens	Seats	Date
Helios cinema network	241	49,031	As of March 31st, 2018
Gdańsk	9	1400	2Q2018
Legionowo	4	600	3Q2018
Katowice	8	1400	3Q2018
Pabianice	4	600	4Q2018
Warsaw	8	1400	4Q2018
Piła	4	700	1Q2019
Zabrze	8	1500	2020
Piaseczno	8	1400	2021

9% increase in the number of seats in 2018

Agora Publishing House



Film activity

1Q2017	1Q2018
2.7 million viewers	685 thou. viewers
 Sztuka kochania 1.8 million tickets sold	 Plan B 302 thou. tickets sold
 Po prostu przyjaźń 637 thou. tickets sold	 Kobieta sukcesu 383 thou. tickets sold
 Pokot 250 thou. tickets sold	

Source: consolidated financial statements according to IFRS, 1Q2017; 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 mainly the revenues from co-production and distribution of films;

⁴ the amounts include D&A cost in Publishing House division, which in the first quarter of 2018 amounted to PLN 0.2 million (in the comparable period of 2017 it amounted to PLN 0.2 million).

*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 supporting divisions), which are included in reconciling positions.

in PLN mln	1Q2018	1Q2017	y/y change
Total sales³, incl:	49,7	52,6	(5,5%)
Copy sales	26,8	28,0	(4,3%)
incl. <i>Gazeta Wyborcza</i>	22,8	23,1	(1,3%)
incl. Magazines	2,2	3,1	(29,0%)
Advertising revenue ^{1,2}	22,0	23,7	(7,2%)
incl. <i>Gazeta Wyborcza</i>	12,8	14,7	(12,9%)
incl. magazines ³	3,7	4,2	(11,9%)
Total operating cost³	(54,3)	(55,0)	(1,3%)
EBIT	(4,6)	(2,4)	(91,7%)
EBIT margin	(9,3%)	(4,6%)	(4,7pkt%)
EBITDA	(4,3)	(2,0)	(115,0%)
EBITDA margin	(8,7%)	(3,8%)	(4,9pkt%)

- ♦ yoy decline of revenue mainly due to lower yoy advertising sales
- ♦ yoy drop of copy sales resulted from lower yoy copy sales of printed version of *Gazeta Wyborcza* and monthlies published by the Magazines division due to, inter alia, discontinuation of publication of selected titles
- ▲ higher yoy revenue from the sales of digital subscriptions of *Gazeta Wyborcza* and higher yoy revenue from the sales of dual price editions of the daily
- ♦ yoy drop of advertising revenue mainly due to lower yoy revenue from the ad sales in *Gazeta Wyborcza* and in Agora's magazines, inter alia, due to discontinuation of publishing of selected titles
- ▲ higher yoy revenue from advertising sales of the online offer of *Gazeta Wyborcza* and higher yoy revenues from custom publishing
- ♦ lower yoy operating cost mainly as a result of yoy decrease in promotion and marketing cost due to lower marketing activity of the published titles
- ♦ lower yoy cost of energy, raw materials, consumables and print services due to lower yoy printed volume of *Gazeta Wyborcza* and discontinuation of publishing of the titles: *Magnolia*, *Dom&Wnętrze* and the sales of *Świat Motocykli*

Changes in the Press segment

- › integration of the online activities of Magazine division with Internet segment
- › changes in portfolio structure of the division: discontinuation of *Dom&Wnętrze* and *Magnolia*, as well as the sale of *Świat Motocykli*
- › relaunch of four titles in the magazine division: *Avanti*, *Logo*, *Kuchnia* and *Cztery Kąty* and price increase of *Avanti*



Gazeta Wyborcza - new member of LENA



Gazeta Wyborcza has become a new member of the Leading European Newspaper Alliance – an initiative launched in order to improve journalistic standards, combine the skills of their editorial teams and promote quality journalism in Europe.



Source: consolidated financial statements according to IFRS, 1Q2018;

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;

³ the data include transfer of magazines' websites from the Magazines division in the Press segment to the Internet segment. 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 supporting divisions), which are included in reconciling positions.

OUTDOOR: GROWTH OF REVENUE

in PLN mln	1Q2018	1Q2017	y/y change
Total sales, including:	35,9	35,3	1,7%
advertising revenue ¹	35,5	34,7	2,3%
Total operating cost	(32,5)	(29,6)	9,8%
EBIT	3,4	5,7	(40,4%)
EBIT margin	9,5%	16,1%	(6,6pkt%)
EBITDA	8,2	10,0	(18,0%)
EBITDA margin	22,8%	28,3%	(5,5pkt%)

- ▲ yoy growth of revenue as a result of greater number of campaigns carried out on Premium, Digital and City Transport panels
- ▲ the result on other operating activities significantly affected by the level of the segment's operating cost which decreased in 1Q2017 due to the inflows from the sales of the panels in Warsaw subway after AMS ceased advertising activity on those panels and sold them to a new operator
- ▲ yoy growth of campaign execution costs resulted from the higher yoy number of executed campaigns
- ▲ yoy growth in amortization cost resulted from the execution of contracts for construction of bus shelters in Warsaw and Kraków
- ▲ yoy growth in staff cost results from higher yoy variable component of remuneration related to better execution of sales targets and higher yoy holiday provision

INTERNET*: GROWTH OF REVENUE AND IMPROVEMENT OF OPERATING RESULTS

in PLN mln	1Q2018	1Q2017	y/y change
Total sales³, including:	40,2	39,0	3,1%
display ad sales ^{2,3}	34,4	31,3	9,9%
Total operating cost	(37,6)	(39,1)	(3,8%)
EBIT	2,6	(0,1)	-
EBIT margin	6,5%	(0,3%)	6,8pkt%
EBITDA	3,8	1,1	245,5%
EBITDA margin	9,5%	2,8%	6,7pkt%

- ▲ yoy growth of the segment's revenues resulted mainly from higher yoy advertising revenues, inter alia in Yieldbird
- ▼ yoy decline in segment's operating cost resulted mainly from the yoy decrease in promotion and marketing expenditure
- ▲ higher yoy cost of external services was related mainly to higher yoy cost of lease of advertising space by Yieldbird
- ▲ higher yoy segment's staff cost is related to the increase in this cost position in Agora's Internet division and in Yieldbird

Source: consolidated financial statements according to IFRS, 1Q2018;

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., Sir Local Sp. z o.o., GoldenLine Sp. z o.o. and Optimizers Sp. z o.o.;

³ the data include transfer of magazines' websites from the Magazines division in the Press segment to the Internet segment, as well as reassignment of incomes from e-commerce transactions from other revenues to advertising revenues. The presentation of data for the corresponding periods of 2017 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 supporting divisions), which are

RADIO: GROWTH OF REVENUE AND SIGNIFICANT IMPROVEMENT OF PROFITABILITY

in PLN mln	1Q2018	1Q2017	y/y change
Total sales, including:	26,0	25,8	0,8%
radio advertising revenue ^{1,2}	21,8	21,0	3,8%
Total operating cost ²	(23,7)	(25,5)	(7,1%)
EBIT	2,3	0,3	666,7%
EBIT margin	8,8%	1,2%	7,6pkt %
EBITDA	3,3	1,2	175,0%
EBITDA margin	12,7%	4,7%	8,0pkt %

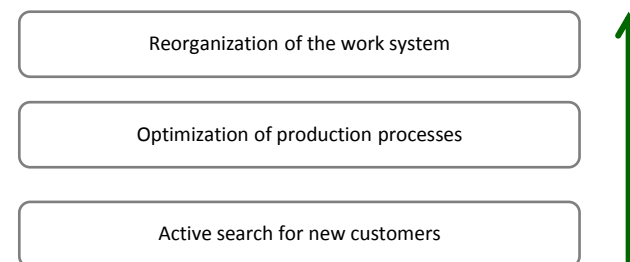
- ↑ yoy increase of revenues due to the growth in sales of airtime in radio stations of Agora Radio Group but with lower yoy revenues from brokerage services for Helios cinemas
- ↓ lower yoy operating cost due to decrease in promotion and marketing expenditure but with higher yoy cost of airtime purchase in third party radio stations

% share in radio audience	1Q2018	y/y change
Music stations of Agora Group (Rock Radio, Radio Złote Przeboje, Radio Pogoda)	4.0%	0.1pp
Radio TOK FM	2.1%	(0.3pp)

PRINT*: POSITIVE RESULTS ON THE EBITDA LEVEL

in PLN mln	1Q2018	1Q2017	y/y change
Total sales, including:	17,4	29,7	(41,4%)
printing services ³	15,6	28,0	(44,3%)
Total operating cost	(19,2)	(32,2)	(40,4%)
EBIT	(1,8)	(2,5)	28,0%
EBIT margin	(10,3%)	(8,4%)	(1,9pkt%)
EBITDA	0,2	2,9	(93,1%)
EBITDA margin	1,1%	9,8%	(8,7pkt%)

- ↓ yoy decrease in revenue and operating cost due to lower yoy volume of production resulting, inter alia, from lower yoy number of orders
- ↓ operating result of the segment burdened by PLN 1.4 million of cost of group lay-offs in the segment



Source: consolidated financial statements according to IFRS, 1Q2018; Kantar Media;

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 revenues from services rendered for external customers.

growth of revenues in the main business units of the Group: Cinemas, Outdoor, Radio and Internet

lower yoy revenues from the Group's film activity (high revenue base in 1Q2017 due to blockbuster – *Sztuka kochania. Historia Michaliny Wislockiej*)

completion of the process of group lay-offs in the Print segment

recommendation of the Management Board on profit distribution



Thank you for your attention

→ Visit www.agora.pl

→ Contact

investor@agora.pl

press@agora.pl

[@Agora_SA](https://twitter.com/Agora_SA)

This presentation has been prepared by Agora SA (the "Company"). The data and information contained on the individual slides do not show a complete or coherent financial analysis, nor present the commercial offer of the Company and serve for information purposes only. A detailed description of the business and financial affairs of Agora SA is presented on www.agora.pl website. All data therein are based on sources which the Company regards as credible. The Company reserves the right to amend data and information at any time, without prior notice. This presentation was not verified by an independent auditor.

This presentation may contain slides containing statements related to the future. Such statements cannot be interpreted as forecasts or other assurances in respect of future Company's financial results. The expectations of the Company's management are based on their knowledge, experience and individual views and are dependent on many factors which may cause that the actual results may differ from statements contained in this document. The Company recommends that professional investment advice is sought in case any investment in the Company's securities is considered.