

# AGORA<sub>SA</sub>

## FINANCIAL AND MARKET PERFORMANCE OF AGORA GROUP IN 4Q2017



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March 8th, 2018



- > **Agora Group in 2017**
- > **Agora Group in 2017 – Agora’s Management Board**
- > **Key components of market environment**
- > **Estimates of the advertising market in 2018**
- > **Polish cinema attendance in 2017**
- > **Financial results of Agora Group**
- > **Important factors which influence the financials results**
- > **Results and development initiatives of the business segments**
- > **Summary and prospects**

- 3.**
- 4.**
- 5.**
- 6.**
- 7.**
- 8.**
- 9.**
- 10-17.**
- 18.**

1		<b>12.2 mln</b> ↑13% y/y	tickets sold in Helios cinemas
2		<b>2017</b>	significant improvement of operating result of the Press segment
3		<b>133 thou.</b> ↑33% y/y	number of sold digital paid subscriptions of <i>Gazeta Wyborcza</i>
4		<b>PLN 28.3 mln</b> ↑13.7% y/y	significant improvement of the Outdoor segment's operating results
		<b>PLN 16.7 mln</b> ↑30.5% y/y	significant improvement of the Radio segment's operating results
5		<b>3 new</b> Management Board members	wider composition of the Agora's Management Board to be working on new development strategy
6		<b>28 companies</b>	- including Agora S.A. - in the 11th edition of RESPECT Index

## Management Board of Agora Group and its organizational structure



**Bartosz Hojka**



**Tomasz Jagiełło**



**Agnieszka Sadowska**



**Anna Kryńska-Godlewska**



**Grzegorz Kania**

Press

Radio

Corporate Sales

Human Resources

Corporate Communication

Helios S.A.

NEXT FILM

Agora Publishing House

Legal Department

Internet

Print

Outdoor

Magazines

Big Data

TV Business

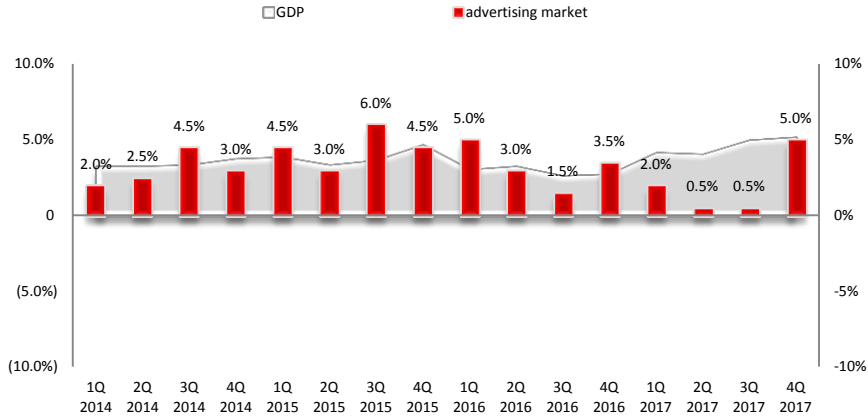
New Business Development

Finance and Administration

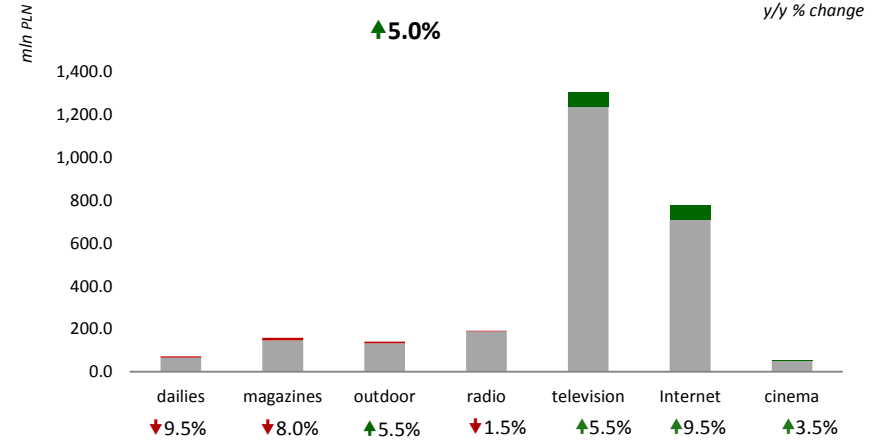
Technology

Internal Audit

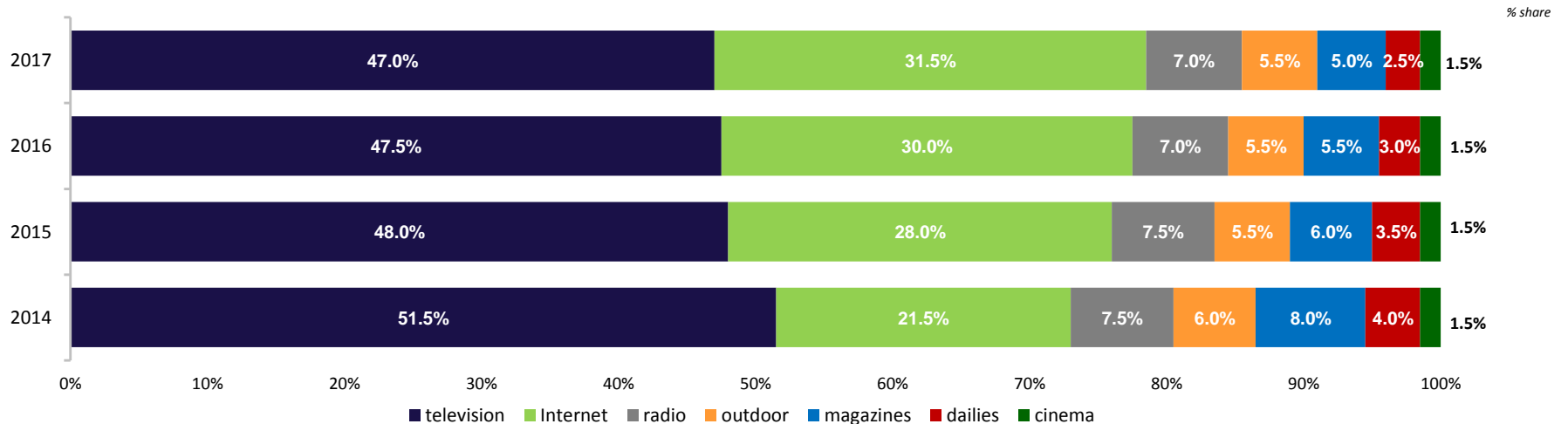
## Advertising market in Poland



## Dynamics of ad spend in 4Q2017

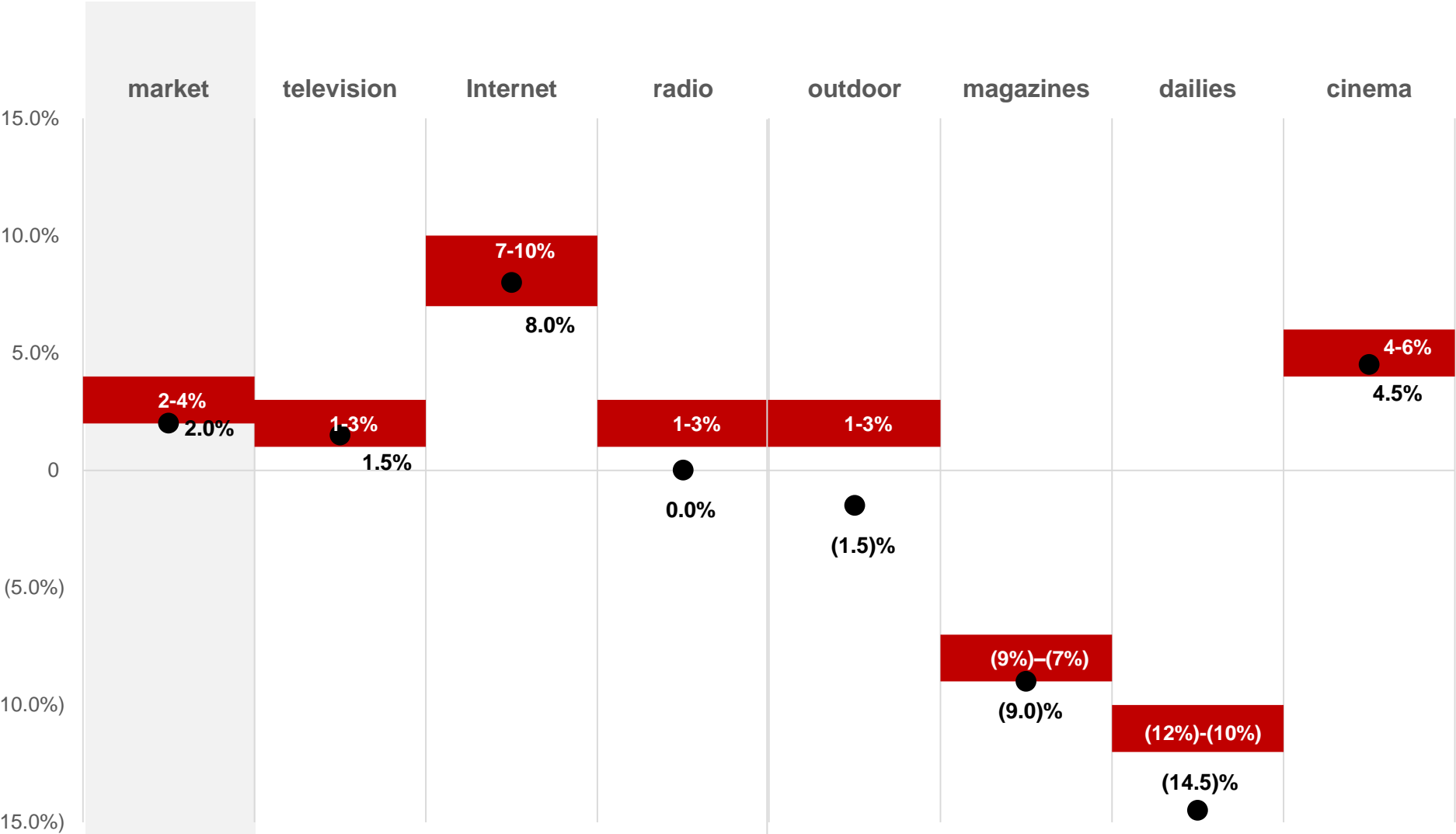


## Structural changes of the advertising market



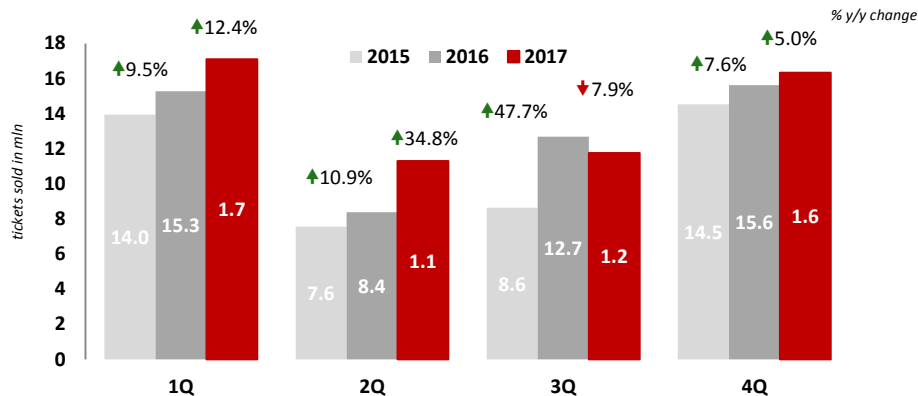
Source: ad spend estimates by: Agora (press based on Kantar Media and Agora's monitoring, radio based on Kantar Media), IGRZ (outdoor - since January 2014, the number of entities reporting their revenues to IGRZ declined), Starcom (TV, cinema, Internet). Internet - comprise revenues from e-mail marketing, display, search engine marketing, revenues from video advertising and mobile advertising since 1Q2015. TV estimates include regular ad broadcast and sponsoring with product placement, exclude teleshopping and other advertising. The presented data is comparable; Data refer to advertisements and announcements in six media (press, radio, television, outdoor advertising, internet, cinema). Macro 1Q2014-4Q2017: Central Statistical Office.

# ESTIMATES OF THE ADVERTISING MARKET IN 2017 AND 2018

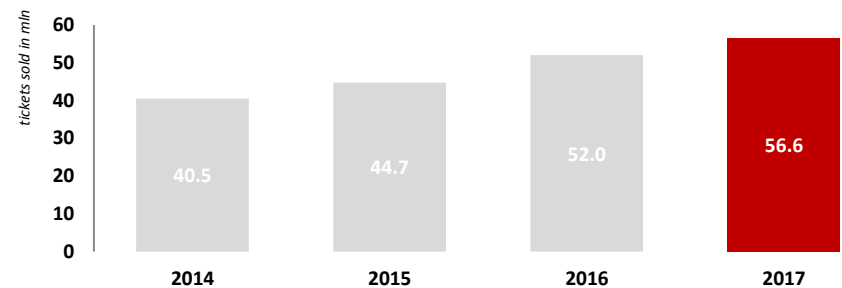


■ Estimates of the advertising market growth dynamics in 2018 ● Growth dynamics of the advertising market w 2017

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.



## Record-high attendance



## TOP movies in 2017

- |  |  |
|--|--|
| <b>Listy do M. 3</b><br>• 3 007 210            | <b>Botoks</b><br>• 2 314 882                       |
| <b>Star Wars. The Last Jedi</b><br>• 2 069 509 | <b>Despicable Me 3</b><br>• 1 950 088              |
| <b>Sztuka Kochania</b><br>• 1 804 114          | <b>SING</b><br>• 1 637 699                         |
| <b>Fifty Shades Darker</b><br>• 1 475 238      | <b>Pirates of the Caribbean ...</b><br>• 1 367 866 |
| <b>Smurfs. The Lost ...</b><br>• 1 253 641     | <b>The Fate of the Furious</b><br>• 1 045 812      |
| <b>Beauty and the Beast</b><br>• 1 031 181     | <b>Baby Boss</b><br>• 886 045                      |

## Most anticipated movies in 1H2018

- |  |  |   |
|--|--|---|
| <b>Podatek od miłości</b><br>• Premiere 01.2018          | <b>Plan B</b><br>• Premiere 02.2018            | <b>Fifty Shades Freed</b><br>• Premiere 02.2018             |
| <b>Black Panther</b><br>• Premiere 02.2018               | <b>Kobiety mafii</b><br>• Premiere 02.2018     | <b>Kobieta sukcesu</b><br>• Premiere 03.2018                |
| <b>Pitbull. Ostatni pies</b><br>• Premiere 03.2018       | <b>Tomb Raider</b><br>• Premiere 04.2018       | <b>Avengers. Infinity War</b><br>• Premiere 04.2018         |
| <b>Han Solo. A Star Wars Story</b><br>• Premiere 05.2018 | <b>Madagascar 4</b><br>• Premiere 06.2018      | <b>Jurassic World. Fallen Kingdom</b><br>• Premiere 06.2018 |
| <b>Ocean's 8</b><br>• Premiere 06.2018                   | <b>The Incredibles 2</b><br>• Premiere 06.2018 | <b>Mamma Mia: Here We Go Again</b><br>• Premiere 06.2018    |

# FINANCIAL RESULTS OF THE GROUP IN 4Q2017

<i>in PLN mln</i>	4Q2017	4Q2016	y/y change	1-4Q2017	1-4Q2016	y/y change	
<b>Total sales<sup>1</sup></b>	<b>330.4</b>	<b>340.3</b>	<b>(2.9%)</b>	<b>1,165.5</b>	<b>1,198.4</b>	<b>(2.7%)</b>	▼ yoy drop of Agora Group's revenue mainly due to lower yoy revenues of the Print and Press segments
Advertising sales	167.6	166.2	0.8%	547.3	561.6	(2.5%)	▲ advertising sales higher yoy in the Internet and the Movies and Books segments with lower yoy revenues in the Press and the Radio segments
Ticket sales	66.6	60.4	10.3%	222.2	194.2	14.4%	▲ growth of ticket and concession sales in Helios cinemas
Copy sales	34.5	35.7	(3.4%)	134.3	135.7	(1.0%)	▼ yoy decline in copy sales revenue mainly as a result of lower yoy revenue from copy sales of printed press in the Press segment due to lower yoy volume of sales and smaller number of titles published; higher yoy revenues from copy sales in Agora Publishing House
Printing services	16.7	35.1	(52.4%)	94.0	147.7	(36.4%)	▼ decline of revenue from printing services as a result of ceasing cooperation with selected clients, lower yoy volume of production and increased yoy share of production on paper provided by customers
Concession sales	24.7	22.3	10.8%	83.1	72.3	14.9%	
Other	20.3	20.6	(1.5%)	84.6	86.9	(2.6%)	
<b>Operating cost net, incl:</b>	<b>(404.6)</b>	<b>(315.6)</b>	<b>28.2%</b>	<b>(1,238.5)</b>	<b>(1,181.7)</b>	<b>4.8%</b>	
External services	(122.4)	(119.2)	2.7%	(430.8)	(424.1)	1.6%	▼ operating cost would be on a similar level yoy excluding impairments
Staff cost	(87.2)	(86.4)	0.9%	(327.6)	(323.2)	1.4%	▼ drop of operating cost of the Agora Group in the Outdoor, Radio and Press segments; it would be the same in the Print segment and even lower in the Press segment excluding impairments
Raw materials, energy and consumables	(39.8)	(56.2)	(29.2%)	(170.9)	(221.1)	(22.7%)	▲ yoy increase of cost of external services due to higher cost of film copy purchase, higher costs of fees for film producers and higher costs of consulting and auditing services yoy
D&A	(28.4)	(24.4)	16.4%	(103.0)	(98.2)	4.9%	▲ yoy growth of staff costs mainly in the Movies and Books segment because of the growth of minimum wage per hour and increase in the number of employees due to greater number of cinemas
Promotion and marketing	(22.5)	(25.4)	(11.4%)	(74.7)	(83.5)	(10.5%)	▼ yoy decrease of costs of energy, raw materials and consumables results from lower volume of print orders and lower volume of titles published by the Agora Group
Cost of group lay-offs <sup>2</sup>	-	(6.9)	-	-	(6.9)	-	▼ significant reduction of promotion and marketing costs, mainly in the Press, Movies and Books and the Radio segments
Gain on disposal of subsidiary <sup>3</sup>	-	10.5	-	-	10.5	-	
Gain on bargain purchase <sup>4</sup>	-	-	-	-	2.2	-	
<b>Impairment losses<sup>5</sup></b>	<b>(88.9)</b>	<b>(0.7)</b>	<b>12,600.0%</b>	<b>(88.9)</b>	<b>(1.1)</b>	<b>7,981.8%</b>	
<b>Operating cost excluding impairments*</b>	<b>(315.7)</b>	<b>(314.9)</b>	<b>0.3%</b>	<b>(1,149.6)</b>	<b>(1,180.6)</b>	<b>(2.6%)</b>	▲ yoy increase of cost of external services due to higher cost of film copy purchase, higher costs of fees for film producers and higher costs of consulting and auditing services yoy
<b>EBIT</b>	<b>(74.2)</b>	<b>24.7</b>	<b>-</b>	<b>(73.0)</b>	<b>16.7</b>	<b>-</b>	
<i>EBIT margin</i>	(22.5%)	7.3%	(29.8pp)	(6.3%)	1.4%	(7.7pp)	
<b>EBIT excluding impairments*</b>	<b>14.7</b>	<b>25.4</b>	<b>(42.1%)</b>	<b>15.9</b>	<b>17.8</b>	<b>(10.7%)</b>	
<b>EBITDA</b>	<b>43.1</b>	<b>49.8</b>	<b>(13.5%)</b>	<b>118.9</b>	<b>116.0</b>	<b>2.5%</b>	
<i>EBITDA margin</i>	13.0%	14.6%	(1.6pp)	10.2%	9.7%	0.5pp	
<b>Net profit/(loss)</b>	<b>(72.3)</b>	<b>11.7</b>	<b>-</b>	<b>(79.3)</b>	<b>(13.2)</b>	<b>(500.8%)</b>	
<b>Net profit/(loss) excluding impairments*</b>	<b>16.6</b>	<b>12.4</b>	<b>33.9%</b>	<b>9.6</b>	<b>(12.1)</b>	<b>-</b>	

\* the amounts exclude impairment losses on property, plant and equipment and intangible assets, in 2017 the impairment losses relate mainly to the non-current assets in Print segment, the goodwill of Trader.com. (Polska) Sp. z o.o and the monthly "Cztery Kąty" and fixed assets of the Press segment;

Source: consolidated financial statements according to IFRS 4Q2017

<sup>1</sup>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 IFRS;

<sup>2</sup>in the fourth quarter of 2017 the Group reviewed the useful lives of selected non-current assets, which resulted in higher amortization charges in the Movies and Books segment and in general costs of Agora S.A. in the total amount of PLN 4.8 million;

<sup>3</sup>cost related to group lay-offs executed in Agora S.A. in the fourth quarter of 2016;

<sup>4</sup>gain on disposal of subsidiary relates to the sales of shares in Green Content Sp. z o.o. in the fourth quarter of 2016;

<sup>5</sup>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.



## 2016

- › investment agreement with Discovery Polska Sp. z o.o. (+ PLN 10.5 mln)
- › sales of real estate in Łódź (+ PLN 6.0 mln)
- › provision for group lay-offs (- PLN 6.9 mln)
- › taking control over GoldenLine (- PLN 3.3 mln)

## 2017

- › impairments (- PLN 88.9 mln)
- › impact of change of minimum wage per hour on Helios S.A. results (ca. - PLN 10.0 mln)
- › one-off acceleration of D&A of selected fixed assets (- PLN 4.8 mln)
- › investment agreement with Discovery Polska Sp. z o.o. (+ PLN 11.4 mln)

## 2018

- › sales of real estate in Warsaw (ca. + PLN 8.0 mln)
- › sales of real estate in Gdańsk (ca. + PLN 5.6 mln)
- › provision for group lay-offs (- PLN 1.6 PLN mln)

# MOVIES AND BOOKS\*: DYNAMIC GROWTH OF REVENUES




in PLN mln	4Q2017	4Q2016	y/y change	1-4Q2017	1-4Q2016	y/y change
<b>Total sales, including:</b>	<b>122.7</b>	<b>111.5</b>	<b>10.0%</b>	<b>416.2</b>	<b>364.0</b>	<b>14.3%</b>
Ticket sales	66.6	61.2	8.8%	222.4	195.1	14.0%
Concession sales	24.7	22.3	10.8%	83.1	72.3	14.9%
Advertising revenue <sup>1</sup>	11.7	10.6	10.4%	35.1	30.2	16.2%
Film activities revenue <sup>1,2</sup>	4.6	3.3	39.4%	28.1	8.5	230.6%
Agora Publishing House revenue	12.2	10.9	11.9%	36.5	45.6	(20.0%)
<b>Total operating cost</b>	<b>(114.5)</b>	<b>(100.2)</b>	<b>14.3%</b>	<b>(386.5)</b>	<b>(337.0)</b>	<b>14.7%</b>
<b>EBIT</b>	<b>8.2</b>	<b>11.3</b>	<b>(27.4%)</b>	<b>29.7</b>	<b>27.0</b>	<b>10.0%</b>
EBIT margin	6.7%	10.1%	(3.4pp)	7.1%	7.4%	(0.3pp)
<b>EBITDA</b>	<b>18.6</b>	<b>18.8</b>	<b>(1.1%)</b>	<b>64.4</b>	<b>57.3</b>	<b>12.4%</b>
EBITDA margin <sup>3</sup>	15.2%	16.9%	(1.7pp)	15.5%	15.7%	(0.2pp)

- ↑ growth of revenues due to higher yoy attendance in Helios cinemas, which resulted in higher income from ticket sales and concession sales
- ↑ increase of revenues from advertising in Helios cinemas
- ↑ growth of revenue from film co-production and distribution
- ↑ increase of Agora Publishing House revenue due to higher sales of selected books and music titles
- ↑ higher cost of external services as a result of higher cost of film copy purchase due to higher cinema attendance, higher costs of fees for film producers and higher rental costs of Helios cinema network due to its growth yoy
- ↑ higher staff cost results from growth of minimum wage per hour and increase of employment due to greater number of cinemas
- ↓ decline in marketing and promotion cost as a result of lower marketing activity of NEXT FILM
- ↑ higher cost of Agora Publishing House due to reprint of the most popular book titles and higher yoy royalties for the authors
- ↑ higher D&A cost resulted from the one-off shortening of the depreciation period for selected cinema projectors in 4Q2017

## Total of 44 Helios cinema locations in 2017

City	Screens	Seats	Date
Wolomin	4	550	1Q2017
Krosno	4	816	4Q2017
Stalowa Wola	4	658	4Q2017
<b>Helios cinema network</b>	<b>241</b>	<b>49,000</b>	<b>As of December 31st, 2017</b>
Gdańsk	9	1,400	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

2017	2018
 <p><b>„Sztuka kochania”</b> 1.8 mln viewers</p>	 <p><b>„Po prostu przyjaźń”</b> 0.6 mln viewers</p>
 <p><b>„Pokot”</b> 0.3 mln viewers</p>	 <p><b>„Tarapaty”</b> 0.3 mln viewers</p>

## Agora Publishing House in 2017

**Movies (DVD; Blu-Ray)**

- 10 copies
- 56 copies

**Music (CD, vinyl)**

- 28 copies

**Books**

- 1.4 mln copies sold

**Awards**

- ACADEMY AWARD NOMINEE

**publio.pl**

**KULTURALNY SKLEP.PL**

**ORŁY**  
POLSKIE NAGRODY FILMOWE 2018

Source: consolidated financial statements according to IFRS, 4Q2017; Boxoffice.pl;

<sup>1</sup> 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;

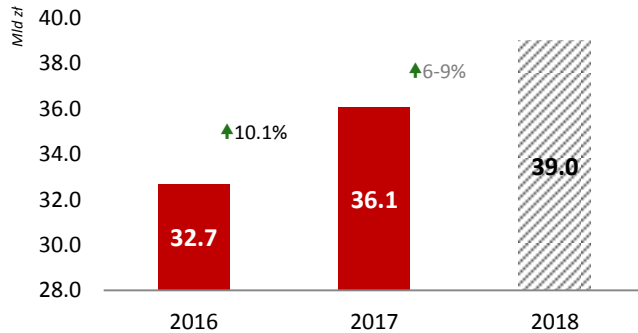
<sup>2</sup> the amounts comprise mainly the revenues from co-production and distribution of films;

<sup>3</sup> the amounts do not include costs related to Publishing House division; in the fourth quarter of 2017, the D&A cost was affected by one-off shortening of the useful lives of the selected cinema projectors in the amount of PLN 2.7 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 support/division's), which are included in reconciliation postings.

## GASTRONOMY MARKET IN POLAND

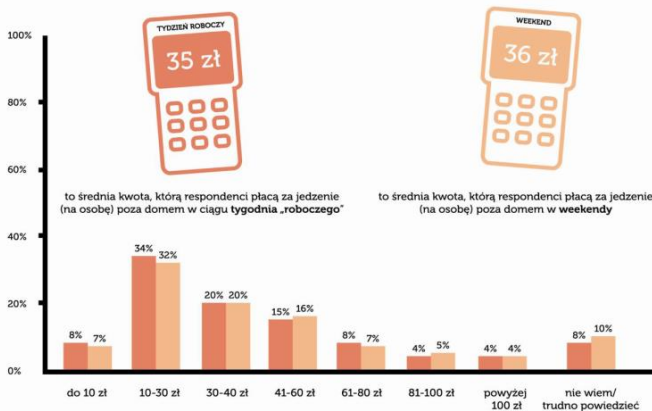
HoReCa market value in Poland\*



Share of expenses on gastronomy -% on income

Poland	Germany	UK	Italy	Chekia
~ 3%	~ 5%	~ 10%	~ 10%	~ 7%

Average bill in Poland\*\*



### Market

- › The growing role of gastronomy - in the real estate sector - an increase in the number of catering outlets - in various types of locations (shopping centers, shopping streets, office buildings, etc.)
- › Cooperation with Helios S.A. allows for more effective negotiation processes of terms of lease and selection of optimal locations

### Fast casual dining concept

- › Lower staff cost due to lack of waiter service
- › Simple menu, with local touch
- › High quality food at an affordable price
- › Based on processes, adaptation speed and scalability
- › Lower investment expenditures per location

### Trends in trade and services :

- › **Demography**
  - › Population growth and the wealth of a nation
  - › Aging society
  - › New ways of hanging out
- › **Technology**
  - › Looking for information and opinion on the Internet
  - › Comparing prices
  - › Take-away delivery platforms
- › **Customer**
  - › Personalization
  - › Wellbeing
  - › The experience economy – high quality in good price
  - › Conscious and demanding

FINE DINING – average bill > PLN 80

CASUAL DINING – average bill PLN 35-80

FAST CASUAL – average bill PLN 18-27

FAST FOOD – average bill PLN 15-20

\* Estimated by Agora, via GFK Polonia;  
\*\* Makro Report – Rynek na talerzu 2017

## The main assumptions of the investment agreement

**PLN 10 mln**

- Financial contribution of Helios S.A. in a newly created company, including PLN 5.0 million after signing the investment agreement

**90%**

- equity in a newly created company

**45 locations in 4 years**

- opening of the first location in the second half 2018

**> 2 years**

- the average period of reaching the break-even point of the selected location

## Restaurant network

Building our own restaurant network

The business model based on processes and good locations allow to scale the business

Possible acquisitions or master franchise

Development in other market segments, such as casual, possible

Locations mainly, in shopping centers, but not only

Experienced partners



**Locations synergies: shopping galleries and malls**

**Purchase synergies: equipment and suppliers**

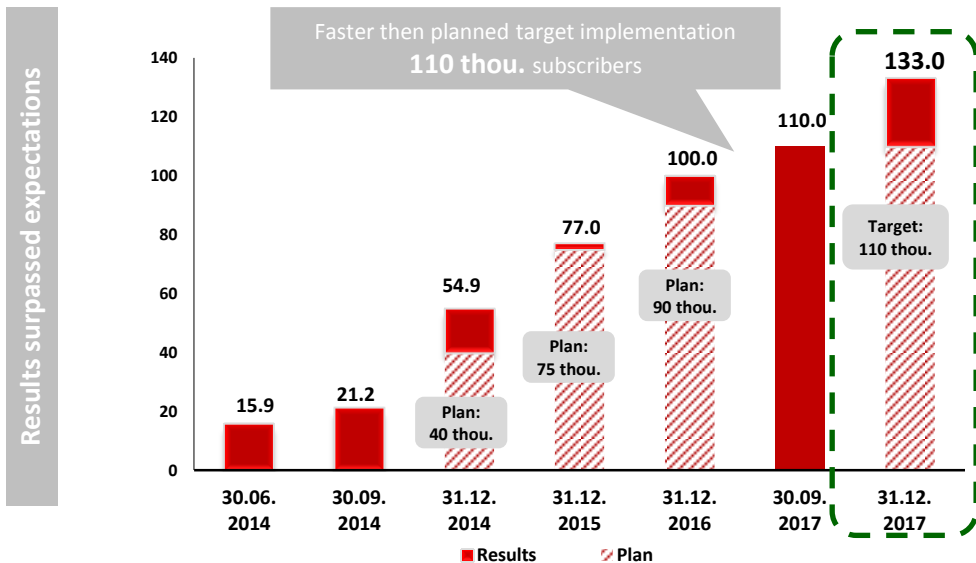
**Logistic process in existing locations**

**Investment process support**

**HR, Marketing and PR**

in PLN mln	4Q2017	4Q2016	y/y change	1-4Q2017	1-4Q2016	y/y change
<b>Total sales, including:</b>	<b>61.9</b>	<b>68.5</b>	<b>(9.6%)</b>	<b>235.5</b>	<b>267.9</b>	<b>(12.1%)</b>
Copy sales	27.1	29.8	(9.1%)	112.3	122.8	(8.6%)
incl. <i>Gazeta Wyborcza</i>	22.8	25.6	(10.9%)	92.9	102.1	(9.0%)
incl. Magazines	2.5	2.9	(13.8%)	11.3	14.3	(21.0%)
Advertising revenue <sup>1,2</sup>	33.7	37.0	(8.9%)	118.5	138.0	(14.1%)
incl. <i>Gazeta Wyborcza</i>	19.4	23.3	(16.7%)	68.5	82.4	(16.9%)
incl. Magazines	6.3	7.2	(12.5%)	24.5	24.6	(0.4%)
incl. <i>Metrocafe.pl</i> <sup>3</sup>	-	0.9	-	-	11.8	-
<b>Total operating cost <sup>4</sup></b>	<b>(70.1)</b>	<b>(70.3)</b>	<b>(0.3%)</b>	<b>(235.6)</b>	<b>(270.7)</b>	<b>(13.0%)</b>
<b>Total operating cost excluding impairments</b>	<b>(56.9)</b>	<b>(70.3)</b>	<b>(19.1%)</b>	<b>(222.4)</b>	<b>(270.7)</b>	<b>(17.8%)</b>
<b>EBIT</b>	<b>(8.2)</b>	<b>(1.8)</b>	<b>(355.6%)</b>	<b>(0.1)</b>	<b>(2.8)</b>	<b>96.4%</b>
EBIT margin	(13.2%)	(2.6%)	(10.6pp)	(0.0%)	(1.0%)	1.0pp
<b>EBIT excluding impairments</b>	<b>5.0</b>	<b>(1.8)</b>	<b>-</b>	<b>13.1</b>	<b>(2.8)</b>	<b>-</b>
<b>EBITDA</b>	<b>5.5</b>	<b>(1.4)</b>	<b>-</b>	<b>14.9</b>	<b>(0.9)</b>	<b>-</b>
EBITDA margin	8.9%	(2.0%)	10.9pp	6.3%	(0.3%)	6.6pp

- ▼ decline of the segment's revenue due to lower yoy copy sales revenue and advertising revenue
- ▼ drop of copy sales resulting from lower yoy copy sales of printed *Gazeta Wyborcza* and monthlies published by the Magazines division
- ▲ higher revenue from sales of digital subscriptions of *Gazeta Wyborcza* and from sales of special editions of magazines published by *Gazeta Wyborcza*
- ▼ decline of the segment's advertising revenue due to lower yoy revenue from advertising in *Gazeta Wyborcza* and Agora's magazines, and discontinuation of publishing of the free daily *Metrocafe.pl*
- ▲ higher revenue from advertising sales of the online offer of *Gazeta Wyborcza* as well as of the Magazines division; higher revenues from the custom publishing offer
- ▼ lower yoy operating cost of the segment, in spite of impairment loss of *Cztery Kąty* magazine
- ▼ decline in the segment's operating cost results mainly from reduction of the promotion and marketing cost due to lower marketing activity of Agora's press titles
- ▼ lower cost of energy, raw materials, consumables and print services due to lower volume of *Gazeta Wyborcza* and discontinuation of publishing of the free daily *Metrocafe.pl* and the monthly *Pogoda na życie*



## CZASOPISMA

### New editorial strategy of 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*, sale of *Świat Motocykli*
- › 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, 4Q2017.

<sup>1</sup>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;

<sup>2</sup>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;

<sup>3</sup>From October 14, 2016 Agora ceased publication of the free daily *Metrocafe.pl*;

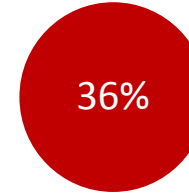
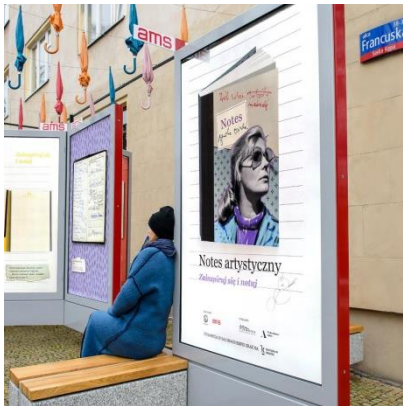
<sup>4</sup>Since 2017 the operating costs of the segment related to the production of *Gazeta Wyborcza* are settled according to an agreed card rate. In contrary to previous years when it was settled by allocation of direct and indirect costs (including D&A) related to its production. The presentation 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 supporting divisions), which are included in reconciling positions.

in PLN mln	4Q2017	4Q2016	y/y change	1-4Q2017	1-4Q2016	y/y change
<b>Total sales, including:</b>	<b>48.3</b>	<b>48.4</b>	<b>(0.2%)</b>	<b>163.0</b>	<b>168.0</b>	<b>(3.0%)</b>
advertising revenue <sup>1</sup>	47.8	47.8	-	160.8	165.6	(2.9%)
<b>Total operating cost</b>	<b>(39.1)</b>	<b>(41.8)</b>	<b>(6.5%)</b>	<b>(134.7)</b>	<b>(143.1)</b>	<b>(5.9%)</b>
<b>EBIT</b>	<b>9.2</b>	<b>6.6</b>	<b>39.4%</b>	<b>28.3</b>	<b>24.9</b>	<b>13.7%</b>
EBIT margin	19.0%	13.6%	5.4pp	17.4%	14.8%	2.6pp
<b>EBITDA</b>	<b>15.4</b>	<b>11.5</b>	<b>33.9%</b>	<b>47.7</b>	<b>41.8</b>	<b>14.1%</b>
EBITDA margin	31.9%	23.8%	8.1pp	29.3%	24.9%	4.4pp

- ▼ total sales on a similar level yoy
- ▼ lower than the market dynamics of advertising revenue due to lack of contract for ad sales on panels in Warsaw metro cars
- ▼ 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 the portfolio of panels
- ▲ growth of campaign execution costs resulted from the purchase of more advertising space on buses
- ▲ growth of D&A costs due to execution of contracts for bus shelters in Warsaw and Cracow

## OOH – non-standard campaigns and urban furniture



estimated market share of AMS (via outdoor advertisement expenditure in 4Q2017 by IGRZ)

advertising panels  
 ↑ 4,1% y/y



## New model of bus shelters in Poznań and Kraków



Source: consolidated financial statements according to IFRS, 4Q2017;

<sup>1</sup> 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;

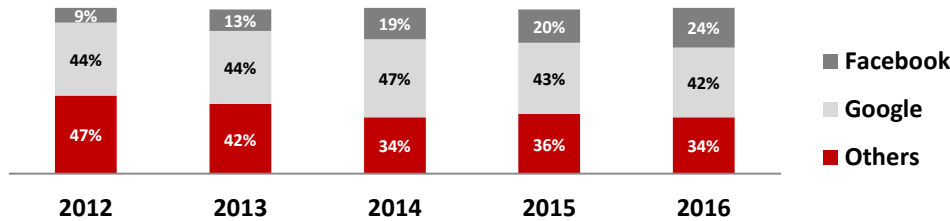
# INTERNET\*: GROWTH OF REVENUE

in PLN mln	4Q2017	4Q2016	y/y change	1-4Q2017	1-4Q2016	y/y change
<b>Total sales, including:</b>	<b>52.6</b>	<b>49.5</b>	<b>6.3%</b>	<b>168.6</b>	<b>167.9</b>	<b>0.4%</b>
display ad sales <sup>1</sup>	44.9	41.2	9.0%	137.7	135.2	1.8%
Ad sales in verticals <sup>2</sup>	3.2	3.2	-	13.9	13.0	6.9%
<b>Total operating cost<sup>1,3</sup></b>	<b>(64.7)</b>	<b>(41.2)</b>	<b>57.0%</b>	<b>(171.1)</b>	<b>(144.9)</b>	<b>18.1%</b>
<b>Total operating cost excluding impairments</b>	<b>(42.9)</b>	<b>(41.2)</b>	<b>4.1%</b>	<b>(149.3)</b>	<b>(144.9)</b>	<b>3.0%</b>
<b>EBIT</b>	<b>(12.1)</b>	<b>8.3</b>	<b>-</b>	<b>(2.5)</b>	<b>23.0</b>	<b>-</b>
EBIT margin	(23.0%)	16.8%	(39.8pp)	(1.5%)	13.7%	(15.2pp)
<b>EBIT excluding impairments</b>	<b>9.7</b>	<b>8.3</b>	<b>16.9%</b>	<b>19.3</b>	<b>23.0</b>	<b>(16.1%)</b>
<b>EBITDA</b>	<b>10.8</b>	<b>9.4</b>	<b>14.9%</b>	<b>23.9</b>	<b>27.9</b>	<b>(14.3%)</b>
EBITDA margin	20.5%	19.0%	1.5pp	14.2%	16.6%	(2.4pp)

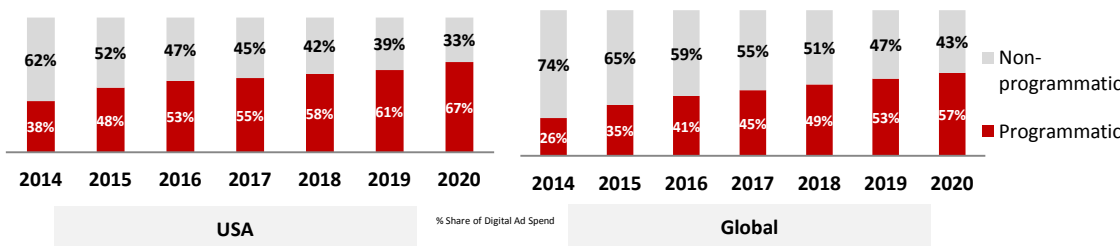
- ↑ increase of the segment revenue mainly due to higher revenue from ad sales
- ↑ operating cost excluding impairments would be slightly higher yoy
- ↑ higher yoy cost of external services mainly related to higher cost of ad space purchase by Yieldbird and an affiliate marketing network in Agora's Internet division
- ↓ decrease in staff cost related to lower employee training costs and decline in headcount in Trader.com Polska Sp. z o.o. and Optimizers whose business activity is planned to be terminated

## Over 60 % growth of the ad market is consumed by Google and Facebook

Structure of online advertising market in Poland\*\*



## Over 60% of global digital advertising spend is expected to shift to programmatic by 2020\*\*\*



Revenue in 2017 **PLN 68.8 mln**  
 ↑55% yoy  
 Revenue in 2016 **PLN 44.4 mln**

Online advertising expenditure in Poland (in PLN bn)



■ Share of programmatic expenditure in Poland, excluding Google and FB

Source: consolidated financial statements according to IFRS, 4Q2017.

<sup>1</sup> 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.

<sup>2</sup> in 2016 the numbers included allocated inflows from the sales of advertising on the websites: Wyborcza.pl, Wyborcza.biz, Wysokiebcasy.pl as well as on the local websites. Since 2017 those revenues are not allocated to Internet segment;

<sup>3</sup> 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.

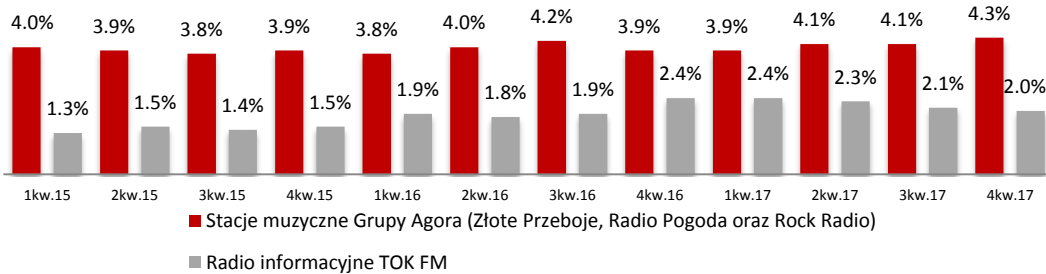
\*\*\* Starcom, Global Advertising Forecast 12.2017 Magna Atlas, Programmatic Supremacy 2017 Magna Atlas, BGC, Agora.

# RADIO: SIGNIFICANT IMPROVEMENT OF PROFITABILITY

in PLN mln	4Q2017	4Q2016	y/y change	1-4Q2017	1-4Q2016	y/y change
<b>Total sales, including:</b>	<b>36.1</b>	<b>37.2</b>	<b>(3.0%)</b>	<b>114.0</b>	<b>113.4</b>	<b>0.5%</b>
Radio advertising revenue <sup>1,2</sup>	28.3	29.6	(4.4%)	94.1	95.1	(1.1%)
<b>Total operating cost<sup>2</sup></b>	<b>(27.1)</b>	<b>(29.4)</b>	<b>(7.8%)</b>	<b>(97.3)</b>	<b>(100.6)</b>	<b>(3.3%)</b>
<b>EBIT</b>	<b>9.0</b>	<b>7.8</b>	<b>15.4%</b>	<b>16.7</b>	<b>12.8</b>	<b>30.5%</b>
EBIT margin	24.9%	21.0%	3.9pp	14.6%	11.3%	3.3pp
<b>EBITDA</b>	<b>9.8</b>	<b>8.6</b>	<b>14.0%</b>	<b>20.1</b>	<b>15.9</b>	<b>26.4%</b>
EBITDA margin	27.1%	23.1%	4.0pp	17.6%	14.0%	3.6pp

- ▼ decline of revenue mainly due to lower revenues from sales of airtime in Agora's own radio stations and lower revenues from video production
- ▲ increase in revenues from advertising brokerage in Helios cinemas
- ▼ lower operating cost as a result of lower promotion and marketing expenses as well as lower marketing research costs

% share in radio audience of Agora Radio Group\*\*



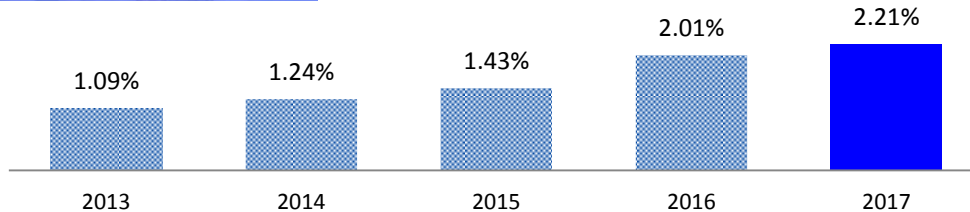
New radio frequency:  
Gdańsk 87,8 FM



Search the Radio –  
innovative project of Radio  
TOK FM



% share in audience of Radio TOK FM\*\*



**TOK FM** Pierwsze Radio Informacyjne

My wiemy o co zapytać.

- 7:00 Poranek Radia TOK FM  
Dominika Wisniewska, Dorota Warabomska, Piotr Krasik, Jan Wróbel, Jacek Zakowski
- 9:00 EK - Ekonomia Kapital Gospodarka  
Maciej Głogowski
- 12:00 A teraz są powiaty  
Mikolaj Liszt
- 17:00 Wywiad polityczny  
Karolina Lewicka
- 19:00 Kulturo społeczna  
Patrycja Wanat

Sprawdź, czy oni wiedzą, co odpowiedzieć.

Source: consolidated financial statements according to IFRS, 4Q2017; Kantar Media;

<sup>1</sup> advertising revenues include revenues from brokerage services of proprietary and third-party air time;

<sup>2</sup> 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.

\*\*Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from October to December (sample for 2016: 21,023; sample for 2017: 20,840) and from January to December (sample for 2016: 83,751; sample for 2017: 83,366).



in PLN mln	4Q2017	4Q2016	y/y change	1-4Q2017	1-4Q2016	y/y change
<b>Total sales, including:</b>	<b>18.7</b>	<b>37.0</b>	<b>(49.5%)</b>	<b>101.7</b>	<b>155.5</b>	<b>(34.6%)</b>
Printing services <sup>1</sup>	16.7	35.1	(52.4%)	94.0	147.7	(36.4%)
<b>Total operating cost<sup>2</sup></b>	<b>(74.5)</b>	<b>(39.7)</b>	<b>87.7%</b>	<b>(165.1)</b>	<b>(163.2)</b>	<b>1.2%</b>
<b>Total operating cost excluding impairments</b>	<b>(22.9)</b>	<b>(39.7)</b>	<b>(42.3%)</b>	<b>(113.5)</b>	<b>(163.2)</b>	<b>(30.5%)</b>
<b>EBIT</b>	<b>(55.8)</b>	<b>(2.7)</b>	<b>(1,966.7%)</b>	<b>(63.4)</b>	<b>(7.7)</b>	<b>(723.4%)</b>
EBIT margin	(298.4%)	(7.3%)	(290.9pp)	(62.3%)	(5.0%)	(57.3pp)
<b>EBIT excluding impairments</b>	<b>(4.2)</b>	<b>(2.7)</b>	<b>(55.6%)</b>	<b>(11.8)</b>	<b>(7.7)</b>	<b>(53.2%)</b>
<b>EBITDA</b>	<b>0.5</b>	<b>2.8</b>	<b>(82.1%)</b>	<b>8.9</b>	<b>15.1</b>	<b>(41.1%)</b>
EBITDA margin	2.7%	7.6%	(4.9pp)	8.8%	9.7%	(0.9pp)

- ↓ decline of revenue and operating cost results from lower volume of production due to ceasing of cooperation with selected clients, lower interest in coldset print services and increased yoy share of production on paper provided by customers



## Start of the restructuring process of the Print segment

Lower volume of orders from press publishers

Decrease in volume of orders in coldset technology from customers not related to the publishing market

The lay-off process scale – 53 people (16.3% hired in the Print segment)

Optimization of production process

Active search for new customers



**Estimated cost of lay-offs**

**PLN 1.6 mln**

**Estimated savings**

**PLN 2-2.5 mln during a year**

**Agora's Printing Plants**

- › **Warszawa (Białotłęka), Print Division in Agora S.A.**
- › **Piła, Print Division in Agora S.A.**
- › **Tychy, Agora Poligrafia Sp. z o.o.**

Source: consolidated financial statements according to IFRS, 4Q2017;

<sup>1</sup> revenues from services rendered for external customers;

<sup>2</sup> 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 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 reconciliation positions.

# SUMMARY AND PROSPECTS

↑ 13.0 %

- systematic increase in attendance in Helios cinema network
- growth of revenue of the Movies and Books segment

↑ 133 thou.

- digital subscriptions of *Gazeta Wyborcza*
- significant improvement of operating results of the Press segment

EBIT y/y:  
↑13.7% Outdoor  
↑30.5% Radio

- profitability improvement of the Radio and the Outdoor segments
- achieving of strategic business goals in these areas

› 16 nominations

- 16 nominations to Orły awards: *Pokot*, *Sztuka Kochania* and *Loving Vincent*
- Oscar nomination

› 5 new Helios cinemas

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

› Restructuring process in the Print segment

› Commencement of negotiations regarding the potential purchase of all of Agora's shares in Stopklatka S.A. by Kino Polska

› A lot of changes in the legal system that may impact Polish economy

› Continuation of negative trends in the Press market

› Domination of global platforms in the Internet advertising market

› Start of the project related to the launch of the company in the gastronomy segment



# Thank you for your attention

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→ Contact

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

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# AGORA<sub>SA</sub>

## APPENDIX

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Agora joined the prestigious RESPECT Index in 2017

11th

edition

28

companies

3

debuts

85%

growth of the RESPECT INDEX's value since the first edition

RESPECT Index and WIG values in 2009–2017:



ESG



srodowisko



odpowiedzialnosc spoleczna



zarzadzanie lad korporacyjny

LOCATION	OPENING	SCREENS	SEATS
RZESZÓW	2002	4	1,200
SZCZECIN (CHR KUPIEC)	2003	4	1,222
OLSZTYN,RADOM, SOSNOWIEC	2005	17	4,476
GNIEZNO, KONIN	2006	5	928
BIELSKO BIAŁA, GDAŃSK, KIELCE, OPOLE, WROCŁAW (MAGNOLIA), GORZÓW WLKP.	2007*	40	8,450
BIAŁYSTOK (BIAŁA;ALFA), DĄBROWA GÓRNICZA, PIŁA, PŁOCK	2008	29	5,371
LEGNICA, LUBLIN, PIOTRKÓW TRYB.	2009	15	3,263
GRUDZIĄDZ, TCZEW, KĘDZIERZYN KOŹLE, SZCZECIN (OUTLET PARK), RZESZÓW (GALERIA RZESZÓW), BEŁCHATÓW, BYDGOSZCZ	2012	37	7,505
GDYNIA, NOWY SĄCZ	2013	11	2,331
KALISZ, SIEDLCE, STARACHOWICE	2014	16	3,080
JELENIA GÓRA	2015	5	890
ŁÓDŹ (SUKCESJA)	2015	9	1,980
BIAŁYSTOK (GALERIA JUROWIECKA)	2015	6	967
WROCŁAW (ALEJA BIELANY)	2015	8	1,362
POZNAŃ	2016	8	1,545
PRZEMYŚL	2016	4	572
GDAŃSK (METROPOLIA)	2016	7	1,060
TOMASZÓW MAZOWIECKI	2016	4	742
WOŁOMIN	2017	4	550
KROSNO	2017	4	816
STAŁOWA WOLA	2017	4	658
<b>SUMMARY</b>	<b>44</b>	<b>241</b>	<b>49,300</b>










# EBIT – BUSINESS SEGMENTARY VIEW

in PLN mln

EBIT*	4Q2017*	4Q2016*	4Q2017	4Q2016	2017*	2016*	2017	2016
<b>AGORA GROUP</b>	<b>14.7</b>	<b>25.4</b>	<b>(74.2)</b>	<b>24.7</b>	<b>15.9</b>	<b>17.8</b>	<b>(73.0)</b>	<b>16.7</b>
<b>MOVIES AND BOOKS</b>	<b>8.2</b>	<b>11.3</b>	<b>8.2</b>	<b>11.3</b>	<b>29.7</b>	<b>27.0</b>	<b>29.7</b>	<b>27.0</b>
<b>PRESS</b>	<b>5.0</b>	<b>(1.8)</b>	<b>(8.2)</b>	<b>(1.8)</b>	<b>13.1</b>	<b>(2.8)</b>	<b>(0.1)</b>	<b>(2.8)</b>
<b>OUTDOOR</b>	<b>9.2</b>	<b>6.6</b>	<b>9.2</b>	<b>6.6</b>	<b>28.3</b>	<b>24.9</b>	<b>28.3</b>	<b>24.9</b>
<b>INTERNET</b>	<b>9.7</b>	<b>8.3</b>	<b>(12.1)</b>	<b>8.3</b>	<b>19.3</b>	<b>23.0</b>	<b>(2.5)</b>	<b>23.0</b>
<b>RADIO</b>	<b>9.0</b>	<b>7.8</b>	<b>9.0</b>	<b>7.8</b>	<b>16.7</b>	<b>12.8</b>	<b>16.7</b>	<b>12.8</b>
<b>PRINT</b>	<b>(4.2)</b>	<b>(2.7)</b>	<b>(55.8)</b>	<b>(2.7)</b>	<b>(11.8)</b>	<b>(7.7)</b>	<b>(63.4)</b>	<b>(7.7)</b>

\* the amounts include impairment losses on property, plant and equipment and intangible assets, in 2017 the impairment losses relate mainly to the non-current assets in Print segment, the goodwill of Trader.com. (Polska) Sp. z o.o and the monthly "Cztery Kąty" and fixed assets of the Press segment;

**Selected subsidiaries in the Agora Group  
(non-consolidated data)**

	<b>% of shares (effective)</b>	<b>Total sales (PLN thousands)</b>	<b>Net/(loss) profit</b>	<b>in PLN thou.</b>
	100.0%	165,582	25,309	
	100.0%	48,088	8,310	
	100.0% <sup>1</sup>	107,961	3,880	
	100.0%	10,470	864	
	91.4%	352,989	19,832	
	91.4% <sup>2</sup>	31,584	1,745	
	77.6%	68,773	4,041	
	100.0% <sup>3</sup>	2,503	(361)	
	92.7%	18,625	531	

<sup>1</sup> via GRA Sp. z o.o.

<sup>2</sup> via Helios S.A.

<sup>3</sup> in the end of December, 2017 the Management Board made a decision to close the business of Optimizes Sp. zo.o.



AGORA GROUP								
in PLN thou.	MOVIES AND BOOKS	PRESS	OUTDOOR	INTERNET	RADIO	PRINT	RECONCILING POSITIONS <sup>1</sup>	TOTAL
<b>Long term assets</b>	263,899	58,114	273,421	45,506	86,553	84,287	156,874	965,654

Source: consolidated financial statements according to IFRS 4Q2016

<sup>1</sup> reconciling positions show data not included in particular segments, inter alia: other cost and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.), the Management Board and Agora TC Sp. z o.o. (PLN 93 122 thou.).