

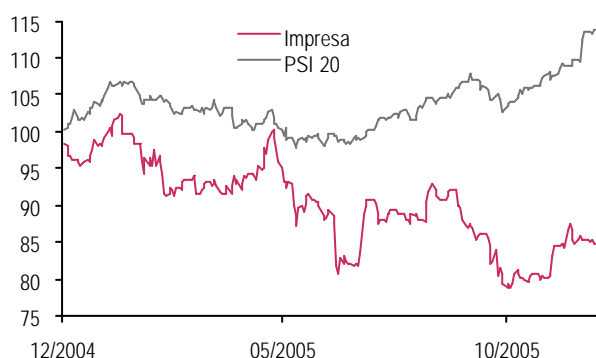
Impresa

Investor Day - Betting on multimedia

Buy (High Risk) Target_{YE07} (€): 5.20

	2004	2005	2006E	2007E
Financials				
Turnover (€ mn)	256.3	261.3	256.7	272.8
EBITDA (€ mn)	52.8	49.2	41.9	47.1
Net Income (€ mn)	17.3	22.0	16.8	19.4
EPS (€)	0.21	0.26	0.20	0.23
CEPS (€)	0.21	0.21	0.20	0.23
Ratios				
RoIC (%)	0.0	12.1	14.0	15.7
RoE (%)	-11.1	17.9	11.8	12.1
Net Debt / EBITDA	2.8	4.6	4.8	3.9
Net Debt / Equity	1.7	1.7	1.3	1.1
Valuation				
P / E	28.1	19.1	22.1	19.1
EV / Revenues	3.3	2.5	2.2	2.0
EV / EBITDA	17.5	13.1	13.6	11.8
Dividend Yield (%)	0.0	0.0	0.0	0.0

Source: Company data and Millennium bcp investimento
Prices as at 29-November-2006



Millennium
bcp investimento

Av. José Malhoa, 27 - 5º

1099-010 Lisboa

Telephone +351 21 721 8000

Facsimile + 351 21 721 8000

- Impresa held yesterday its Investor Day.
- Our valuation did not suffer relevant adjustments in what regards the traditional activities (i.e. TV and press). Regarding Impresa Digital, we currently value it at €11.7mn to Impresa. We did not make any relevant changes in estimates or valuation for the remaining areas. Our YE07 price target for Impresa thus increased only marginally from €5.10 to €5.20 per share, representing an 18% upside to yesterday's closing price;
- This time around, the focus was on the development of its multimedia business. In our view, the aim is to further explore its contents on a multi-platform basis, with internet having a centric role, given the relevant growth rates in usage and advertising observed in the recent past as well as the forecasted evolution;
- As regards the traditional activities, Impresa is moderately positive in terms of advertising (target is a growth rate of 2.5% for 2007), growing a bit more than what is expected for GDP. Despite the current equilibrium in TV audience shares, Impresa is not a believer (and so aren't we) on the ability of the three FTA players to increase prices, as there is still a relevant spare capacity and consumer consumption should continue lacklustre; Still on TV, pressure in programming costs mounts although mitigated by the absence of any big football event, while other revenues are expected to support top line and EBITDA;
- In terms of newspapers. The main doubt here regards the extent to which Impresa will spend in order to defend its leading title ("Expresso"). On circulation, we believe that prospects are good on this regard. We are also more positive than Impresa in terms of advertising revenues;
- Regarding magazines, we expect advertising to help up and circulation to rebound moderately; still, competitive environment should continue fierce;
- All in all, we believe that this Investor Day was important for the company to clarify to investors and analysts its strategic objectives. Furthermore, we believe that guidance was well supported (although we have a different point of view in some issues) and therefore it should give the investment community reasons to be more comfortable in earnings evolution. Nonetheless, our estimates for 2007 stand below the company's, as we are less positive on TV advertising.

Pedro Mendes + 351 21 0037821
pedro.sousamendes@millenniumbcp.pt

Contents

3 Summary

6 Impresa Digital

8 TV

12 Newspapers

14 Magazines

16 Valuation

19 Quarterly evolution

21 Multiples

23 Financial statements

Summary

Impresa held yesterday its **Investor Day**. This time around, the focus was on the development of its **multimedia** business. In our view, the aim is to further explore its contents on a multi-platform basis, with internet having a centric role, given the relevant growth rates in usage and advertising observed in the recent past as well as the forecasted evolution. This is also a means of being a part of fragmentation, as internet has been one of the main culprits of the loss in market share that press has been dearly showing for the past years. For this purpose, Impresa will create Impresa Digital, which will manage multimedia across the group, having a 50.1% stake in the portal aeiou (with an option for an additional 14.9%), as well as 67% of New Media.

Looking at the other activities, Impresa is moderately positive in terms of advertising (target is growth rate of 2.5% for 2007), growing a bit more than what is expected for GDP. Despite the equilibrium in **TV** audience shares, Impresa is not a believer on the ability of the three players to increase prices, as there is still a relevant spare capacity in terms of minutes, and also because GDP (and more precisely, we would say, consumer spending) should continue lackluster, despite improving prospects vis-a-vis 2006. Still on TV, SIC plans to increase its bet in domestic contents, with programming costs increasing substantially. As for thematic channels, Impresa is clearly positive, anticipating a relevant growth rate, mostly coming from international operations, while some new channels (although only one is embedded in the company's guidance) are expected to be launched. Other activities (e.g. Multimedia, merchandising, technical services, etc) should also boost top line and EBITDA growth.

In terms of **newspapers**, the company is trying to expand the on-line concept of classifieds (the most exposed revenues to internet competition), while trying to be undisputed leaders in weekly newspapers. The main doubt here regards the extent to which Impresa will spend in order to defend its leading title ("Expresso"). Given the recent data on circulation, we believe that prospects are good on this regard.

Regarding **magazines**, Impresa (via Edimpresa) is confident in terms of advertising due to the resilience that audiences have been showing. The company is also positive in circulation, boosted by the "Floribella" phenomenon. As for costs, a reduction in headcount is expected, as well as lower launch and add-on costs.

The company targets a 7% growth in revenues and 15% for EBITDA, whereas net income should grow between 10 to 20%. Our projections are less optimistic, namely reflecting poorer advertising revenues in TV.

All in all, we believe that this Investor Day was important for the company to clarify to investors and analysts its strategic objectives. Furthermore, we believe that guidance was well supported (although we have a different point of view in some issues) and therefore it should give the investment community reasons to be more comfortable in earnings evolution. Nonetheless, our estimates for 2007 stand below the company's, as we are less positive on TV advertising.

Impresa P&L – guidance vs. our estimates

€ million	Impresa				MBCPI - New				MBCPI - Old				Dev	
	2006E	2007E	YoY (€mn)	YoY (%)	2006E	2007E	YoY (€mn)	YoY (%)	2006E	2007E	YoY (€mn)	YoY (%)	New	Old
Revenues	257.3	275.3	18.0	7.0%	256.7	272.8	16.1	3.0%	256.0	265.6	9.6	3.0%	0.9%	3.6%
Television	- 181.0	-	-	-	162.7	175.5	12.8	7.9%	162.7	172.4	9.7	6.0%	3.1%	5.0%
Magazines	- 39.3	-	-	-	38.0	38.0	0.0	0.0%	38.0	37.1	-0.9	-2.4%	3.4%	6.0%
Newspapers	- 55.0	-	-	-	57.1	58.4	1.3	2.2%	57.1	58.1	1.0	1.8%	-5.8%	-5.4%
Imp. Digital	- 3.0	-	-	-	0.7	2.9	2.2	-	0.0	0.0	0.0	-	-	-
Other	- -3.0	-	-	-	-1.8	-2.0	-0.2	11.1%	-1.8	-2.0	-0.2	11.1%	50.0%	50.0%
Cash Costs	212.5	223.8	11.3	5.3%	214.8	225.7	10.9	5.1%	214.3	217.9	3.6	1.7%	-0.8%	2.7%
Television	- 141.0	-	-	-	133.5	140.5	7.0	5.2%	133.5	137.5	4.0	3.0%	0.3%	2.5%
Magazines	- 35.5	-	-	-	34.7	34.5	-0.3	-0.7%	34.7	33.8	-0.9	-2.6%	3.0%	5.0%
Newspapers	- 44.5	-	-	-	45.8	46.6	0.8	1.8%	45.8	46.0	0.3	0.6%	-4.5%	-3.4%
Imp. Digital	- 3.6	-	-	-	0.5	3.6	3.1	-	0.0	0.0	0.0	-	-	-
Other	- 5.3	-	-	-	2.8	5.4	2.6	-	2.1	2.5	0.4	-	-	-
EBITDA	44.8	51.5	6.7	15.0%	41.9	47.1	5.1	12.3%	41.7	47.8	6.0	14.4%	9.4%	7.8%
Television	- 40.0	-	-	-	29.1	34.9	5.8	19.9%	29.1	34.9	5.8	19.7%	14.5%	14.6%
Magazines	- 3.8	-	-	-	3.3	3.5	0.3	7.7%	3.3	3.3	0.0	-0.2%	7.5%	15.9%
Newspapers	- 10.5	-	-	-	11.4	11.8	0.5	4.0%	11.4	12.1	0.7	6.4%	-11.1%	-13.1%
Impresa Digital	- -0.6	-	-	-	0.2	0.7	0.9	-	0.0	0.0	0.0	-	-	-
Other	- -2.3	-	-	-	-2.1	-2.5	-0.4	22.0%	-2.1	-2.5	-0.4	22.0%	-8.0%	-8.0%
EBITDA Margin	17.4%	18.7%	- 1.3pp		16.3%	17.3%	- 0.9pp		16.3%	18.0%	- 1.7pp		1.4pp	0.7pp
Television	- 22.1%	-	-	-	17.9%	19.9%	- 2.0pp		17.9%	20.2%	- 2.3pp		2.2pp	1.9pp
Magazines	- 9.7%	-	-	-	8.6%	9.3%	- 0.7pp		8.6%	8.8%	- 0.2pp		0.4pp	0.8pp
Newspapers	- 19.1%	-	-	-	19.9%	20.2%	- 0.3pp		19.9%	20.8%	- 0.9pp		-1.1pp	-1.7pp
Impresa Digital	-	-	-	-	-	-	-		-	-	-		-	-
Other	-	-	-	-	-	-	-		-	-	-		-	-
D&A	- -8.0	-	-	-	-7.5	-7.8	-0.4	5.0%	-7.5	-7.8	-0.3	3.8%	1.9%	3.1%
EBIT	- 43.5	-	-	-	34.5	39.2	4.8	13.9%	34.3	40.0	5.7	16.7%	10.8%	8.7%
Net financials	- -11.0	-	-	-	-9.8	-10.7	-0.9	8.7%	-9.8	-9.6	0.2	-2.3%	3.2%	14.7%
EBT	- 32.5	-	-	-	24.7	28.6	3.9	15.9%	24.5	30.4	6.0	24.4%	13.7%	6.8%
Taxes	- -8.5	-	-	-	-6.5	-7.9	-1.4	21.3%	-6.4	-8.4	-1.9	30.2%	8.1%	1.6%
Minorities	- -1.1	-	-	-	-1.3	-1.3	0.0	3.5%	-1.3	-1.3	0.0	3.5%	-15.7%	-15.7%
Net income	19.2-20.9	23.0	3.8-2.1	10-20%	16.9	19.4	2.5	14.8%	16.8	20.7	4.0	23.7%	18.5%	10.9%

Source: Company data and Millennium bcp investimento

KPI

%	2005	2006	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	CAGR 05-15E
Consolidated figures												
Revenues YoY	1.9	-1.7	6.3	4.1	2.6	5.0	5.9	5.2	3.7	3.5	3.1	3.7
EBITDA Margin	18.8	16.3	17.3	18.2	18.2	18.7	20.1	21.1	21.3	21.5	21.7	0.3pp
Capex as % of revenues	2.9	3.1	3.2	3.0	3.0	3.0	3.0	3.1	3.1	3.1	3.1	0.0pp
EBITDA-Capex as % of revenues	16.0	13.2	14.1	15.2	15.2	15.7	17.1	18.1	18.3	18.4	18.6	0.3pp
TV												
Revenues YoY	-1.2	0.4	7.9	5.5	3.3	6.3	7.5	6.3	4.3	4.0	3.6	4.9
EBITDA Margin	21.3	17.9	19.9	20.9	20.3	21.0	23.0	24.4	24.7	25.0	25.3	0.4pp
Capex as % of revenues	4.0	4.3	4.3	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	0.0pp
EBITDA-Capex as % of revenues	17.3	13.6	15.6	17.1	16.5	17.2	19.2	20.6	20.9	21.2	21.5	0.4pp
Newspapers												
Revenues YoY	7.9	-6.3	2.2	-0.2	0.6	1.3	1.5	1.5	1.2	1.2	1.2	0.4
EBITDA Margin	21.3	19.9	20.2	19.8	19.7	19.7	19.6	19.6	19.4	19.2	19.0	-0.2pp
Capex as % of revenues	0.6	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0pp
EBITDA-Capex as % of revenues	20.7	18.9	19.2	18.8	18.7	18.7	18.6	18.6	18.4	18.2	18.0	-0.3pp
Magazines												
Revenues YoY	5.5	-7.1	0.0	-1.9	-0.8	1.3	1.8	2.0	1.8	1.8	1.8	0.0
EBITDA Margin	10.1	8.6	9.3	8.9	9.2	9.3	9.4	9.4	9.4	9.4	9.4	-0.1pp
Capex as % of revenues	1.0	0.7	0.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0pp
EBITDA-Capex as % of revenues	9.2	8.0	8.5	7.9	8.2	8.3	8.4	8.4	8.4	8.4	8.4	-0.1pp
Impresa Digital												
Revenues YoY	-	-	314.3	82.8	22.6	20.1	17.6	15.1	12.6	10.0	7.5	nm
EBITDA Margin	-	28.6	-24.1	11.3	26.2	25.1	24.0	23.0	22.0	21.0	20.0	nm
Capex as % of revenues	-	0.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	nm
EBITDA-Capex as % of revenues	-	28.6	-27.1	8.3	23.2	22.1	21.0	20.0	19.0	18.0	17.0	nm

Source: Company data and Millennium bcp investimento

Estimates revision – P&L

€ million	2005	New Estimates				Old Estimates				Change			
		2006E	2007E	2008E	2015E	2006E	2007E	2008E	2015E	2006	2007	2008	2015
Revenues	261.3	256.7	272.8	284.0	370.9	256.0	265.6	274.8	359.9	0.3%	2.7%	3.3%	3.1%
Television	162.0	162.7	175.5	185.2	261.0	162.7	172.4	181.6	257.7	0.0%	1.8%	2.0%	1.2%
Magazines	40.9	38.0	38.0	37.3	41.0	38.0	37.1	36.8	41.1	0.0%	2.4%	1.3%	-0.4%
Newspapers	61.0	57.1	58.4	58.3	63.4	57.1	58.1	58.5	63.4	0.0%	0.4%	-0.3%	0.0%
Impresa Digital	0.0	0.7	2.9	5.3	8.0	0.0	0.0	0.0	0.0	nm	nm	nm	nm
Other	-2.7	-1.8	-2.0	-2.0	-2.3	-1.8	-2.0	-2.0	-2.3	nm	nm	nm	nm
Cash Costs	-212.0	-214.8	-225.7	-232.4	-289.5	-214.3	-217.9	-223.9	-280.5	0.2%	3.6%	3.8%	3.2%
Television	-127.5	-133.5	-140.5	-146.5	-194.9	-133.5	-137.5	-143.4	-191.7	0.0%	2.2%	2.2%	1.6%
Magazines	-36.8	-34.7	-34.5	-33.9	-37.1	-34.7	-33.8	-33.6	-37.3	0.0%	1.9%	1.2%	-0.4%
Newspapers	-48.0	-45.8	-46.6	-46.7	-51.3	-45.8	-46.0	-46.4	-50.9	0.0%	1.2%	0.6%	0.9%
Impresa Digital	0.0	-0.5	-3.6	-4.7	-5.6	0.0	0.0	0.0	0.0	nm	nm	nm	nm
Other	0.2	-0.3	-0.5	-0.5	-0.6	-0.3	-0.5	-0.5	-0.6	0.0%	0.0%	0.0%	0.0%
EBITDA	49.2	41.9	47.1	51.6	81.4	41.7	47.8	50.9	79.4	0.5%	-1.4%	1.3%	2.6%
Television	34.5	29.1	34.9	38.7	66.1	29.1	34.9	38.2	66.0	0.0%	0.1%	1.2%	0.1%
Magazines	4.1	3.3	3.5	3.3	3.9	3.3	3.3	3.2	3.8	0.0%	7.9%	2.7%	0.2%
Newspapers	13.0	11.4	11.8	11.6	12.1	11.4	12.1	12.0	12.5	0.0%	-2.3%	-4.0%	-3.6%
Impresa Digital	0.0	0.2	-0.7	0.6	2.4	0.0	0.0	0.0	0.0	nm	nm	nm	nm
Other	-2.4	-2.1	-2.5	-2.6	-3.0	-2.1	-2.5	-2.6	-3.0	0.0%	0.0%	0.0%	0.0%
Margin	18.8%	16.3%	17.3%	18.2%	21.9%	16.3%	18.0%	18.5%	22.1%	0.0pp	-0.7pp	-0.4pp	-0.1pp
Television	21.3%	17.9%	19.9%	20.9%	25.3%	17.9%	20.2%	21.0%	25.6%	0.0pp	-0.3pp	-0.2pp	-0.3pp
Magazines	10.1%	8.6%	9.3%	8.9%	9.4%	8.6%	8.8%	8.8%	9.4%	0.0pp	0.5pp	0.1pp	0.1pp
Newspapers	21.3%	19.9%	20.2%	19.8%	19.0%	19.9%	20.8%	20.6%	19.7%	0.0pp	-0.6pp	-0.7pp	-0.7pp
Impresa Digital	nm	28.6%	-24.1%	11.3%	30.0%	nm	nm	nm	nm	nm	nm	nm	nm
D&A	-8.8	-7.5	-7.8	-7.4	-9.1	-7.5	-7.8	-7.2	-8.8	0.0%	1.1%	3.5%	3.3%
EBIT	40.4	34.5	39.2	44.2	72.3	34.3	40.0	43.8	70.6	0.6%	-1.9%	0.9%	2.5%
Financials	-9.5	-9.8	-10.7	-9.5	-3.9	-9.8	-9.6	-8.5	-3.5	0.0%	11.2%	11.9%	nm
EBT	30.9	24.7	28.6	34.7	68.4	24.5	30.4	35.3	67.1	0.8%	-6.0%	-1.7%	1.9%
Disc. Operations	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	nm	nm	nm	nm
Income taxes	-7.2	-6.5	-7.9	-9.5	-18.5	-6.4	-8.4	-9.7	-18.2	0.9%	-6.0%	-1.7%	2.0%
EBM	23.6	18.2	20.7	25.1	49.9	18.0	22.1	25.6	48.9	0.8%	-6.0%	-1.7%	1.9%
Minorities	-1.6	-1.3	-1.3	-1.3	-1.7	-1.3	-1.3	-1.3	-1.7	nm	nm	nm	nm
Net Income	22.0	16.9	19.4	23.8	48.2	16.8	20.7	24.2	47.2	0.9%	-6.4%	-1.8%	2.0%

Source: Company data and Millennium bcp investimento

Impresa Digital

Multimedia – moving up a gear...

Impresa believes that conditions now are met to bet more in depth in multimedia, as broadband penetration is expected to accelerate, with faster and cheaper accesses, while internet audience measurement tools, which are very important for advertisers to measure the effectiveness of their investments, should improve substantially in the very short term (early 2007). With the acquisition of aeiou, Impresa estimates (based on Netpanel data) that in September it ranked fourth in terms of internet unique users, only behind Google, Sapo (Portugal Telecom) and MSN. While one of the main reasons behind the acquisition of aeiou was its know-how in terms of software and development of communities, the acquisition of a 67% stake in New Media (for €0.6mn) involves a complementary strategy, related with the acquisition and management of rights for video based contents and videogames for PC and media centers.

No doubt that internet plays a very important role in the convergence world. While previously television was targeted mass audiences in live broadcasting, it now also targets niches (via more channels) while allowing delayed viewing. Telephone, on the other hand while previously basically allowed for a interpersonal live relationship, nowadays it is possible to have delayed (voice mail) and mass (conference call) communication. As for press, revolution is also in place, as on top of being a delayed and mass media it is also becoming a more live media (several editions per day in some countries) while finding and exploring new niches (e.g. dedicated newsletters, possible due to decreasing editing and distributing costs). This means that, as time passes, media distinctions more and more should become something of the past, even irrelevant.

Impresa Digital – guidance vs. our estimates

€ million	Impresa				MBCPI			
	2006E	2007E	2008E	2009E	2006E	2007E	2008E	2009E
Revenues	0.7	3.1	5.6	7.0	0.7	2.9	5.3	6.5
aeiou	0.7	1.1	1.4	1.7	0.7	1.1	1.4	1.7
New Media	-	2.0	4.2	5.3	-	1.8	3.9	4.8
YoY		343%	81%	25%		314%	83%	23%
aeiou		57%	27%	21%		57%	27%	21%
New Media		-	110%	26%		-	117%	23%
Weight								
aeiou	100%	35%	25%	24%	100%	38%	26%	26%
New Media	-	65%	75%	76%	-	62%	74%	74%
EBITDA	0.2	-0.6	0.9	1.9	0.2	-0.7	0.6	1.7
aeiou	0.2	0.3	0.5	0.7	0.2	0.3	0.5	0.7
New Media	-	-0.9	0.4	1.2	-	-1.0	0.1	1.0
YoY		na	na	111%		na	na	183%
aeiou		50%	67%	40%		50%	67%	40%
New Media		-	na	200%		-	na	900%
Weight								
aeiou	100%	-50%	56%	37%	100%	-43%	83%	41%
New Media	-	150%	44%	63%	-	143%	17%	59%

Source: Company data and Millennium bcp investimento

...but it is no panacea...

However, in this business size matters, which is especially true in a small country like Portugal, namely regarding in terms of capex efficiency. Therefore, it is likely in our view that only two relevant players in terms of platforms should last, meaning Portugal Telecom (via ADSL) and PT Multimedia (cable), assuming the likely separation of PT Multimedia. In this sense, although competition between these two platforms should be high in a first stage,

once market shares stabilize they should become less prone to offer an aggressive mix of content/price. Having two dominant operators, with very likely high penetration rates of triple play in the future (virtually 100% of the economically relevant addressable universe), this means that platform owners should increase their bargaining power over traditional broadcasters, meaning that they could rip an important part of the value created in the contents value chain.

Furthermore, as contents are an important issue for platform owners, they may be tempted to create their own, as a means to better differentiate themselves against competition. Meanwhile, the demand for international contents is increasing (namely among the younger generations), meaning that national contents, although still critical, might lose their importance as we move forward. Things that appear now as having huge potential for growth, such as on-line games or on-line rental of series/movies, should not be seen only under a local perspective but rather on a worldwide competitive framework, especially considering scale and branding issues, not to mention the greater and greater tendency of younger generations to see other languages such as English as "business as usual", which obviously lowers entry barriers of non-exclusively local players.

If traditional broadcasters such as SIC do not properly address this by having critical contents, they run the risk of being either acquired or see their margins squeezed. Even in the case of having excellent contents this all could end up in a bottleneck if relevant concentration of platform ownership becomes a reality.

At the end of the day, what we are trying to argue is that the multimedia approach made by SIC is an inevitable one in terms of not only broadening revenue sources but also and especially in terms of long-term survival. Nonetheless, the extent of the success of such strategy is far from clear at this stage. On top of this and still on multimedia, there are also other important themes for Impresa/SIC to solve. One regards the fact that it does not fully own *aeiou* and New Media. This could lead to some incentive problems regarding the exploration of the multimedia business, especially considering that Impresa is very confident on the performance of the multiplatform approach.

The business plan for Impresa Digital targets €0.7mn revenues in 2006 (61% advertising and 23% software), increasing to €3.1mn in 2007, €5.6mn in 2008 and €7mn in 2009. Impresa targets EBITDA of €0.2mn in 2006, -€0.6mn in 2007, €0.9mn in 2008 and €1.9mn in 2009. Our estimates are a bit more conservative.

TV

In terms of advertising, Impresa is looking for a market growth of 2.5%, with TV in line with the market. SIC intends to attribute a higher importance to news and information (RTP has been successful with such strategy, while part of the recent SIC audience performance is also due to improvements in news). But the cornerstone lies on domestic production, with upcoming soaps and series. Impresa estimates average audience share of 27% (close to the current one but high than the ytd average for this year), with a power ratio of 1.40, meaning 37.8% share of TV advertising revenues. Give represents €122mn of advertising revenues. This compares with our €117.4mn estimate, which represents a 1.2% growth rate against a 1.7% increase of FTA advertising in 2007 and a 2.2% growth rate for the overall TV market (inc. cable).

Although we do not forecast revenues in terms of audience share (but rather on advertising share), our number imply an audience share below 27%. We believe that at this stage it is premature to change our estimates. While we recognise that SIC "just" needs one hit in prime-time to increase its audience share, that is not easy to attain, especially considering that RTP has been a quite nice surprise, while TVI has become more and more dependent on prime time performance. Therefore, not only we anticipate that TVI will defend its prime time but also it should start to invest more in other slots in order to diversify audience risk.

As for thematic channels, Impresa expects a good top line performance, as (i) it will modify part of the existing contract with PT Multimedia's TV Cabo – SIC Mulher should receive a fixed rate and become available to other platforms; (ii) SIC Notícias will continue to expand in USA; and (iii) the Benfica (by far the most important football club in Portugal) channel (a premium one), whose advertising revenues will be managed by SIC (and shared with TV Cabo and Benfica). All in all, the objective for 2007 turnover is €34mn. Using our estimates for 2006 data, this would entail a growth rate of 9.3%. We currently a bit more conservative (3.8% growth rate). SIC also wishes to launch in 2005 a multiplatform channel – SIC Max, with HD characteristics, basic addressing games.

However, no precise timetable nor figures were provided. As for costs, Impresa is targeting higher programming costs (€78.3mn vs. our previous estimate of €76.5mn, with a EUR/USD of 1.25), which should represent roughly a 9.5% increase vs. 2006 adjusting for the World Cup. This confirms (to a greater extent than we expected) our fears that cost inflation in TV rights should grow with SIC's entrance in domestic production (although part of the increase is related with the new thematic channel). As for other revenues, Impresa is targeting to reach €25mn of revenues, leveraging on the impact of the acquisition of Som Livre (music), Multimedia, technical services and merchandising. On the back of this, we have revised upwards our estimates for these revenues, although standing below guidance.

We also note that on top of the multimedia pending issues we have mentioned previously (i.e. the ownership of New Media and aeiou) Impresa as also to solve the problem of owning only 60% of SIC Notícias, which is not only currently the most important thematic channel but also (and because of that) an important source of contents for the group.

Another issue regards the partnership with Teresa Guilherme Produções for the production of domestic contents. SIC is apparently trying to increase its stake in the company. While we note that this is people's business (which tend to have significant mobility, we also note that having an increasingly important piece of one's core strategy is a risky business. This same problem is faced by Prisa, whose representatives argued, after the acquisition of a significant stake in Media Capital, that the 40% minorities in the company's production arm (NBP) was a crucial issue to be solved. Yet, no developments are known on this regard.

€ million	Impresa	MBCPI (New)	MBCPI (Old)	Chg in est. (€mn)	Chg in est. (%)	New difference (€mn)	Old difference (%)
Revenues	181.0	175.5	172.4	3.1	1.8%	5.5	3.1%
Advertising	122.0	117.4	117.4	0.0	0.0%	4.6	3.9%
Thematic channels	34.0	33.5	31.3	2.2	7.1%	0.5	1.3%
Other revenues	25.0	24.5	23.6	0.9	3.6%	0.5	2.0%
Cash costs	141.0	140.5	137.5	3.0	2.2%	0.5	0.3%
Programing	78.3	78.0	76.5	1.5	1.9%	0.3	0.4%
Staff	29.1	28.7	26.9	1.8	6.5%	0.4	1.4%
Transmission	4.8	4.7	4.7	0.0	0.0%	0.1	1.5%
Other	28.3	29.1	29.3	-0.2	-0.6%	-0.8	-2.8%
EBITDA	40.0	34.9	34.9	0.0	0.1%	5.1	14.5%
Margin	22.1%	19.9%	20.2%				

Source: Company data and Millennium bcp investimento

TV- detailed operating evolution

€ million	2004	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	CAGR 05-15E
Revenues	164.0	162.0	162.7	175.5	185.2	191.3	203.3	218.5	232.4	242.3	252.0	261.0	4.9%
SIC TV advertising	123.9	118.3	116.1	117.4	122.7	129.5	137.8	149.4	159.9	166.7	173.4	179.4	4.3%
Thematic channels	29.2	31.1	30.2	33.5	35.2	31.9	33.2	34.4	35.7	37.0	38.3	39.5	2.4%
Others	10.9	12.5	16.4	24.5	27.3	29.9	32.4	34.7	36.8	38.6	40.3	42.0	12.8%
Cash Costs	-123.7	-127.5	-133.5	-140.5	-146.5	-152.4	-160.6	-168.3	-175.6	-182.4	-188.9	-194.9	4.3%
Personnel costs	-28.5	-26.7	-26.5	-28.7	-29.3	-29.9	-30.5	-31.2	-32.2	-33.0	-33.9	-34.5	2.6%
Programing Costs	-71.3	-71.8	-79.0	-78.0	-80.9	-83.7	-88.8	-93.2	-97.7	-101.9	-105.8	-109.5	4.3%
Other Costs	-23.8	-29.1	-28.0	-33.8	-36.4	-38.8	-41.4	-43.9	-45.8	-47.5	-49.2	-50.9	5.8%
EBITDA	40.3	34.5	29.1	34.9	38.7	38.9	42.7	50.2	56.8	59.9	63.1	66.1	6.7%
EBITDA margin	24.6%	21.3%	17.9%	19.9%	20.9%	20.3%	21.0%	23.0%	24.4%	24.7%	25.0%	25.3%	
YoY (€mn)													
Revenues	19.3	-1.9	0.7	12.8	9.7	6.1	12.0	15.2	13.9	9.9	9.7	9.0	
SIC TV advertising	14.3	-5.5	-2.2	1.3	5.3	6.8	8.3	11.6	10.5	6.8	6.7	6.1	
Thematic channels	1.5	1.9	-1.0	3.4	1.7	-3.3	1.2	1.2	1.3	1.3	1.3	1.2	
Others	3.4	1.6	3.9	8.1	2.8	2.6	2.5	2.4	2.1	1.8	1.7	1.7	
Cash Costs	-1.3	-3.9	-6.0	-7.0	-6.0	-5.9	-8.2	-7.7	-7.3	-6.8	-6.5	-6.0	
Personnel costs	-0.9	1.9	0.1	-2.2	-0.6	-0.6	-0.6	-0.8	-0.9	-0.9	-0.8	-0.7	
Programing Costs	-2.1	-0.5	-7.2	1.0	-2.9	-2.8	-5.1	-4.4	-4.4	-4.2	-4.0	-3.6	
Other Costs	-1.7	-5.2	1.1	-5.9	-2.5	-2.4	-2.5	-2.5	-1.9	-1.7	-1.7	-1.7	
EBITDA	18.0	-5.8	-5.3	5.8	3.7	0.2	3.8	7.5	6.6	3.1	3.2	3.0	
YoY (%)													
Revenues	13.3%	-1.2%	0.4%	7.9%	5.5%	3.3%	6.3%	7.5%	6.3%	4.3%	4.0%	3.6%	
SIC TV advertising	13.1%	-4.5%	-1.9%	1.2%	4.5%	5.5%	6.4%	8.4%	7.0%	4.3%	4.0%	3.5%	
Thematic channels	5.6%	6.6%	-3.1%	11.1%	5.0%	-9.4%	3.8%	3.7%	3.8%	3.8%	3.4%	3.2%	
Others	45.0%	15.1%	30.8%	49.3%	11.3%	9.6%	8.3%	7.3%	6.0%	4.9%	4.5%	4.1%	
Cash Costs	1.0%	3.1%	4.7%	5.2%	4.3%	4.0%	5.4%	4.8%	4.3%	3.9%	3.6%	3.2%	
Personnel costs	3.3%	-6.5%	-0.5%	8.1%	2.0%	2.0%	2.0%	2.5%	3.0%	2.8%	2.5%	2.0%	
Programing Costs	3.1%	0.8%	10.0%	-1.3%	3.7%	3.5%	6.1%	5.0%	4.8%	4.3%	3.9%	3.4%	
Other Costs	7.7%	21.9%	-3.8%	21.0%	7.5%	6.7%	6.6%	6.0%	4.4%	3.8%	3.6%	3.4%	
EBITDA	80.6%	-14.5%	-15.5%	19.9%	10.7%	0.6%	9.8%	17.6%	13.1%	5.5%	5.3%	4.7%	

Source: Company data and Millennium bcp investimento

Main changes in TV operating performance

€ million	2005	New Estimates				Old Estimates				Change			
		2006E	2007E	2008E	2015E	2006E	2007E	2008E	2015E	2006	2007	2008	2015
Revenues	162.0	162.7	175.5	185.2	261.0	162.7	172.4	181.6	257.7	0.0%	1.8%	2.0%	1.2%
Advertising revenues	118.3	116.1	117.4	122.7	179.4	116.1	117.4	122.7	179.4	0.0%	0.0%	0.0%	0.0%
Thematic channels	31.1	30.2	33.5	35.2	39.5	30.2	31.3	32.5	36.6	0.0%	7.1%	8.5%	8.0%
Others	12.5	16.4	24.5	27.3	42.0	16.4	23.6	26.4	41.7	0.0%	3.6%	3.1%	0.7%
Cash costs	-127.5	-133.5	-140.5	-146.5	-194.9	-133.5	-137.5	-143.4	-191.7	0.0%	2.2%	2.2%	1.6%
Personnel costs	-26.7	-26.5	-28.7	-29.3	-34.5	-26.5	-26.9	-27.5	-33.0	0.0%	6.5%	6.5%	4.7%
Programming costs	-71.8	-79.0	-78.0	-80.9	-109.5	-79.0	-76.5	-79.4	-108.0	0.0%	1.9%	1.9%	1.4%
Other costs	-29.1	-28.0	-33.8	-36.4	-50.9	-28.0	-34.0	-36.5	-50.8	0.0%	-0.5%	-0.5%	0.2%
EBITDA	34.5	29.1	34.9	38.7	66.1	29.1	34.9	38.2	66.0	0.0%	0.1%	1.2%	0.1%
EBITDA Margin	21.3%	17.9%	19.9%	20.9%	25.3%	17.9%	20.2%	21.0%	25.6%	0.0pp	0.3pp	0.2pp	0.3pp
----- Detail on Programming costs -----													
TV deferred rights (BS)	38.3	36.3	39.3	40.8	42.3	36.3	39.3	40.8	42.3	0.0%	0.0%	0.0%	0.0%
Change in TV rights	1.1	3.0	1.5	1.0	0.0	-2.0	3.0	1.5	0.5	nm	-50.0%	-33.3%	nm
"All in" Proa. Costs	-72.9	-82.0	-79.5	-81.9	-109.5	-77.0	-79.5	-80.9	-108.5	6.5%	0.0%	1.2%	0.9%
% of ad. + thematics	-49%	-56%	-53%	-52%	-50%	-53%	-53%	-52%	-50%	3.4pp	-0.8pp	-0.3pp	-0.2pp

Source: Company data and Millennium bcp investimento

SIC – operating performance evolution

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	CAGR 05-15E
Revenues	24.8	60.6	84.2	96.6	109.8	133.0	151.1	179.2	144.4	130.4	144.7	164.0	162.0	162.7	175.5	185.2	191.3	203.3	218.5	232.4	242.3	252.0	261.0	4.9%
Advertising	23.9	59.0	81.8	94.1	107.0	129.4	145.5	165.7	113.7	101.5	109.5	123.9	118.3	116.1	117.4	122.7	129.5	137.8	149.4	159.9	166.7	173.4	179.4	4.3%
Thematic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.3	19.4	22.8	27.7	29.2	31.1	30.2	33.5	35.2	31.9	33.2	34.4	35.7	37.0	38.3	39.5	2.4%
Other	0.8	1.6	2.5	2.4	2.9	3.6	5.6	12.2	11.3	6.1	7.5	10.9	12.5	16.4	24.5	27.3	29.9	32.4	34.7	36.8	38.6	40.3	42.0	12.8%
Cash Costs	-46.1	-61.6	-76.8	-79.9	-88.8	-99.0	-112.7	-141.0	-170.3	-138.3	-122.4	-123.7	-127.5	-133.5	-140.5	-146.5	-152.4	-160.6	-168.3	-175.6	-182.4	-188.9	-194.9	4.3%
Personnel costs	-12.5	-13.9	-15.0	-16.4	-18.2	-19.2	-20.7	-22.3	-25.8	-27.4	-27.6	-28.5	-26.7	-26.5	-28.7	-29.3	-29.9	-30.5	-31.2	-32.2	-33.0	-33.9	-34.5	2.6%
Programming Costs	-15.5	-27.4	-37.3	-42.0	-43.9	-51.6	-61.0	-78.0	-97.4	-75.1	-69.2	-71.3	-71.8	-79.0	-78.0	-80.9	-83.7	-88.8	-93.2	-97.7	-101.9	-105.8	-109.5	4.3%
Other Costs	-18.1	-20.2	-24.5	-21.5	-26.7	-28.2	-31.1	-40.7	-47.1	-35.8	-25.6	-23.8	-29.1	-28.0	-33.8	-36.4	-38.8	-41.4	-43.9	-45.8	-47.5	-49.2	-50.9	5.8%
EBITDA	-21.3	-1.0	7.4	16.6	21.1	34.0	38.3	38.2	-25.9	-8.0	22.3	40.3	34.5	29.1	34.9	38.7	38.9	42.7	50.2	56.8	59.9	63.1	66.1	6.7%
YoY - Revenues		nm	39.0%	14.7%	13.7%	21.1%	13.6%	18.6%	-19.4%	-9.7%	11.0%	13.3%	-1.2%	0.4%	7.9%	5.5%	3.3%	6.3%	7.5%	6.3%	4.3%	4.0%	3.6%	
Advertising		nm	38.7%	15.1%	13.6%	20.9%	12.5%	13.9%	-31.4%	-10.8%	8.0%	13.1%	-4.5%	-1.9%	1.2%	4.5%	5.5%	6.4%	8.4%	7.0%	4.3%	4.0%	3.5%	
Thematic		nm	nm	nm	nm	nm	nm	nm	nm	17.9%	21.2%	5.6%	6.6%	-3.1%	11.1%	5.0%	-9.4%	3.8%	3.7%	3.8%	3.8%	3.4%	3.2%	
Other		93.8%	51.5%	-1.3%	18.2%	24.9%	55.4%	nm	-7.4%	-46.4%	23.7%	45.0%	15.1%	30.8%	49.3%	11.3%	9.6%	8.3%	7.3%	6.0%	4.9%	4.5%	4.1%	
YoY - Cash Costs		33.6%	24.7%	4.1%	11.0%	11.5%	13.9%	25.1%	20.8%	-18.8%	-11.5%	1.0%	3.1%	4.7%	5.2%	4.3%	4.0%	5.4%	4.8%	4.3%	3.9%	3.6%	3.2%	
Personnel costs		11.8%	7.4%	9.3%	11.1%	5.6%	7.8%	7.8%	15.9%	6.1%	0.7%	3.3%	-6.5%	-0.5%	8.1%	2.0%	2.0%	2.0%	2.5%	3.0%	2.8%	2.5%	2.0%	
Programming Costs		76.9%	36.1%	12.6%	4.4%	17.5%	18.2%	28.0%	24.8%	-22.8%	-8.0%	3.1%	0.8%	10.0%	-1.3%	3.7%	3.5%	6.1%	5.0%	4.8%	4.3%	3.9%	3.4%	
Other Costs		11.6%	21.2%	-12.1%	24.0%	5.6%	10.2%	31.0%	15.7%	-24.0%	-28.4%	-7.0%	21.9%	-3.8%	21.0%	7.5%	6.7%	6.6%	6.0%	4.4%	3.8%	3.6%	3.4%	
YoY - EBITDA		-95.3%	nm	nm	26.7%	61.4%	12.8%	-0.5%	nm	-69.1%	nm	80.6%	-14.5%	-15.5%	19.9%	10.7%	0.6%	9.8%	17.6%	13.1%	5.5%	5.3%	4.7%	
EBITDA margin		-1.7%	8.8%	17.2%	19.2%	25.6%	25.4%	21.3%	-17.9%	-6.1%	15.4%	24.6%	21.3%	17.9%	19.9%	20.9%	20.3%	21.0%	23.0%	24.4%	24.7%	25.0%	25.3%	

Source: Company data and Millennium bcp investimento

FTA advertising market

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	CAGR 04-15E
FTA	153.6	164.5	175.7	180.2	193.7	229.3	270.3	310.8	274.9	258.6	277.8	300.7	302.4	306.1	311.5	320.8	332.1	344.5	360.0	376.2	392.2	407.9	422.2	3.1%
TVI	4.9	19.3	21.5	20.0	23.7	27.7	47.9	75.8	116.4	118.2	119.6	125.8	136.3	143.3	146.4	149.2	151.1	153.3	156.6	159.9	166.7	173.4	179.4	3.3%
SIC	23.9	59.0	81.8	94.1	107.0	129.4	145.5	165.7	115.0	101.5	109.5	123.9	118.3	116.1	117.4	122.7	129.5	137.8	149.4	159.9	166.7	173.4	179.4	3.4%
RTP	124.7	86.3	72.4	66.1	63.0	72.2	76.9	69.3	43.5	39.0	48.7	51.0	47.8	46.7	47.7	48.9	51.5	53.4	54.0	56.4	58.8	61.2	63.3	2.0%
YoY		7.1%	6.8%	2.6%	7.5%	18.4%	17.9%	15.0%	-11.6%	-5.9%	7.4%	8.2%	0.6%	1.2%	1.8%	3.0%	3.5%	3.8%	4.5%	4.5%	4.3%	4.0%	3.5%	
TVI		292.5%	11.3%	-6.9%	18.5%	16.6%	73.2%	58.3%	53.6%	1.5%	1.2%	5.2%	8.3%	5.1%	2.2%	1.9%	1.3%	1.5%	2.2%	2.1%	4.3%	4.0%	3.5%	
SIC		146.3%	38.7%	15.1%	13.6%	20.9%	12.5%	13.9%	-30.6%	-11.7%	8.0%	13.1%	-4.5%	-1.9%	1.2%	4.5%	5.5%	6.4%	8.4%	7.0%	4.3%	4.0%	3.5%	
RTP		-30.8%	-16.0%	-8.8%	-4.7%	14.7%	6.4%	-9.9%	-37.2%	-10.3%	24.9%	4.7%	-6.3%	-2.3%	2.1%	2.7%	5.2%	3.8%	1.1%	4.5%	4.2%	4.0%	3.5%	
Share																								
TVI		3.2%	11.7%	12.2%	11.1%	12.2%	12.1%	17.7%	24.4%	42.3%	45.7%	43.0%	41.8%	45.1%	46.8%	47.0%	46.5%	45.5%	44.5%	43.5%	42.5%	42.5%	42.5%	
SIC		15.6%	35.8%	46.5%	52.2%	55.2%	56.4%	53.8%	53.3%	41.8%	39.2%	39.4%	41.2%	39.1%	37.9%	37.7%	38.3%	39.0%	40.0%	41.5%	42.5%	42.5%	42.5%	
RTP		81.2%	52.4%	41.2%	36.7%	32.5%	31.5%	28.4%	22.3%	15.8%	15.1%	17.5%	17.0%	15.8%	15.3%	15.3%	15.3%	15.5%	15.5%	15.0%	15.0%	15.0%	15.0%	

Source: Obercom, press, company data and Millennium bcp investimento

Newspapers

In terms of newspapers, the company is trying to expand the on-line concept of classifieds (the most exposed revenues to internet competition), while trying to be undisputed leaders in weekly newspapers. The main doubt here regards the extent to which Impresa will spend in order to defend its leading title ("Expresso"). Given the recent data on circulation, the prospects are good on this regard. Impresa believes "Expresso" could be selling around 125k copies per week (up from the c.120k before the promotion).

Our projections are a bit more optimistic (approx. 130k), which coupled with the 6.7% decrease in cover price (from €3.0 to €2.8 per copy), should lead to a decrease in circulation of 2.3% in 2007. We are more positive in terms of advertising as clearly the changes in "Expresso" have captured more interest from advertisers. Going forward, and given the aforementioned competitive pressure, we are projecting a small decline in circulation over the next couple of years.

Regarding costs, we expect that most of the gains coming from the divestitures made this year and from the deal with Mirandela will be directed towards promoting "Expresso" (on top of the unit price cut we mentioned).

All in all, we are more optimistic than Impresa for newspapers, namely in terms of advertising revenues, with the resulting impact in margins.

Newspapers - detailed operating evolution

€ million	2004	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	CAGR 05-15E
Revenues	56.5	61.0	57.1	58.4	58.3	58.6	59.4	60.3	61.2	61.9	62.6	63.4	0.4%
Advertising revenues	36.2	38.1	37.4	38.0	38.3	38.8	39.4	40.1	40.8	41.3	41.8	42.3	1.1%
Sales of publications	15.5	15.3	15.4	15.0	14.7	14.6	14.6	14.7	14.9	15.0	15.2	15.3	0.0%
Other revenues	4.9	7.6	4.4	5.4	5.2	5.3	5.3	5.4	5.5	5.6	5.6	5.7	-2.8%
Cash Costs	-44.3	-48.0	-45.8	-46.6	-46.7	-47.1	-47.7	-48.5	-49.2	-49.9	-50.6	-51.3	0.7%
Personnel costs	-16.7	-16.4	-13.4	-13.4	-13.6	-13.9	-14.2	-14.5	-14.8	-15.1	-15.4	-15.7	-0.4%
Cost of sales	-7.3	-9.3	-9.1	-9.4	-9.2	-9.1	-9.2	-9.3	-9.4	-9.5	-9.6	-9.7	0.4%
Other costs	-20.3	-22.3	-23.3	-23.8	-23.9	-24.0	-24.3	-24.7	-25.1	-25.4	-25.7	-26.0	1.5%
EBITDA	12.2	13.0	11.4	11.8	11.6	11.5	11.7	11.8	12.0	12.0	12.0	12.1	-0.8%
EBITDA margin	21.5%	21.3%	19.9%	20.2%	19.8%	19.7%	19.7%	19.6%	19.6%	19.4%	19.2%	19.0%	
YoY (€mn)													
Revenues	5.8	4.5	-3.9	1.3	-0.1	0.4	0.7	0.9	0.9	0.7	0.7	0.7	
Advertising revenues	3.7	1.9	-0.7	0.6	0.3	0.5	0.7	0.7	0.7	0.5	0.5	0.5	
Sales of publications	0.4	-0.2	0.1	-0.4	-0.3	-0.1	0.0	0.1	0.1	0.1	0.2	0.2	
Other revenues	1.6	2.7	-3.2	1.0	-0.2	0.0	0.1	0.1	0.1	0.1	0.1	0.1	
Cash Costs	-1.1	-3.6	2.2	-0.8	-0.1	-0.4	-0.6	-0.8	-0.8	-0.7	-0.7	-0.7	
Personnel costs	0.8	0.3	3.0	-0.1	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
Cost of sales	-0.5	-2.0	0.2	-0.3	0.2	0.1	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	
Other costs	-2.4	-2.0	-1.0	-0.5	-0.1	-0.1	-0.3	-0.4	-0.4	-0.3	-0.3	-0.3	
EBITDA	4.7	0.8	-1.6	0.5	-0.3	0.0	0.1	0.2	0.2	0.0	0.0	0.0	
YoY (%)													
Revenues	11.4%	7.9%	-6.3%	2.2%	-0.2%	0.6%	1.3%	1.5%	1.5%	1.2%	1.2%	1.2%	
Advertising revenues	11.4%	5.3%	-1.8%	1.6%	0.8%	1.3%	1.7%	1.7%	1.7%	1.2%	1.2%	1.2%	
Sales of publications	2.9%	-1.0%	0.3%	-2.3%	-1.8%	-1.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Other revenues	50.4%	55.0%	-42.4%	23.6%	-2.9%	0.6%	1.3%	1.5%	1.5%	1.2%	1.2%	1.2%	
Cash Costs	2.5%	8.2%	-4.6%	1.8%	0.3%	0.8%	1.3%	1.6%	1.6%	1.4%	1.4%	1.4%	
Personnel costs	-4.8%	-1.8%	-18.4%	0.4%	1.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Cost of sales	6.9%	26.9%	-2.1%	3.0%	-2.1%	-0.6%	0.3%	1.1%	1.1%	1.0%	1.0%	1.0%	
Other costs	13.2%	9.6%	4.5%	2.1%	0.4%	0.6%	1.3%	1.5%	1.5%	1.2%	1.2%	1.2%	
EBITDA	62.8%	6.7%	-12.6%	4.0%	-2.2%	0.0%	1.1%	1.3%	1.3%	0.2%	0.2%	0.2%	

Source: Company data and Millennium bcp investimento

Newspapers – guidance vs. our figures

€ million	Impresa	MBCPI	MBCPI (Old)	Chg in est. (€mn)	Chg in est. (%)	New difference (€mn)	Old difference (%)
Revenues	55.0	58.4	58.1	0.3	0.4%	-3.4	-5.8%
Advertising	35.0	38.0	38.2	-0.2	-0.5%	-3.0	-7.9%
Circulation	14.4	15.0	15.0	0.0	0.0%	-0.6	-3.9%
Other revenues	5.6	5.4	4.9	0.5	9.3%	0.2	3.7%
Cash costs	44.5	46.6	46.0	0.5	1.2%	-2.1	-4.5%
Staff	13.4	13.4	12.7	0.7	5.1%	0.0	0.0%
Other	31.1	33.2	33.3	-0.1	-0.4%	-2.1	-6.3%
EBITDA	10.5	11.8	12.1	-0.3	-2.3%	-1.3	-11.1%
Margin	19.1%	20.2%	20.8%				

Source: Company data and Millennium bcp investimento

Magazines

In magazines, Impresa expects the continuation of very competitive environment (no news), although expecting advertising to hold up well (as seen in the recent quarters) and circulation rebounding, benefiting from the launch of the omnipresent "Floribella". As mentioned in our previous report, 2007 will also be the year when Edimpresa will become more aggressive in terms of its multimedia offer, namely through on-line subscription, an interesting model but in our opinion with low probability of adding profitability on a sustainable basis.

As the name tells, this comprises the subscription of Edimpresa's magazines portfolio in a digital format such that the contents are identical to the printed version. The advantages of this format are various, such as the increase in circulation (according to Newsstand, the company which is responsible to deliver Edimpresa contents, it is possible to increase circulation 10 to 15%), via current and new subscribers. This increase in circulation also allows to expand reach, and therefore advertising. Furthermore, digital contents allow to substantially reduce input costs (e.g. paper and ink) as well as distribution costs.

It also allows content providers to better analyse reading patterns of consumers and therefore adjust their offer. Still, at this stage we advise investors not to expect the World of this business, as this sort of business is still in its early days worldwide. For example, important titles such as The New York Times have just generated a few thousand of "digital subscribers". There is also the issue that in the long run, despite the significant cut back in costs that the digital format should allow, the large majority (if not all) of the benefits should be passed-through to subscribers, due to competitive forces, as all competitors can easily adopt the digital distribution model.

Furthermore, currently in Portugal digital subscriptions are not measured for audience purposes, which minimises the probability of advertisers to use these media. On top of this, we see this first attempt of Edimpresa as not being a very competitive one in terms of pricing.

Edimpresa – guidance vs. our figures

€ million	Impresa	MBCPI	MBCPI (Old)	Chg in est. (€mn)	Chg in est. (%)	New difference (€mn)	Old difference (%)
Revenues	78.5	76.0	74.2	1.8	2.4%	2.5	3.3%
Advertising	33.4	33.2	33.2	0.0	0.0%	0.2	0.5%
Circulation	34.8	33.3	32.0	1.2	3.8%	1.6	4.7%
Other revenues	10.5	9.5	8.9	0.6	6.7%	1.0	10.5%
Cash costs	71.0	68.9	67.6	1.3	1.9%	2.1	3.0%
Staff	16.8	17.0	17.8	-0.8	-4.7%	-0.2	-1.2%
Other	54.2	51.9	49.8	2.1	4.3%	2.3	4.4%
EBITDA	7.5	7.1	6.6	0.5	7.9%	0.4	6.1%
Margin	9.6%	9.3%	8.8%				

Source: Company data and Millennium bcp investimento
Edimpresa is 50% owned by Impresa and is proportionally consolidated

Magazines - detailed operating evolution

€ million	2004	2005	2006E	2007E	2008E	2009E	2010E	2011E	2012E	2013E	2014E	2015E	CAGR 05-15E
Revenues	77.6	81.8	76.0	76.0	74.5	73.9	74.8	76.2	77.7	79.1	80.5	81.9	0.0%
Advertising revenues	31.8	32.6	33.3	33.2	33.7	34.4	35.3	36.1	37.1	37.8	38.5	39.3	1.9%
Sales of publications	39.8	39.9	32.5	33.3	32.6	32.1	32.1	32.4	32.9	33.4	33.9	34.4	-1.5%
Other revenues	5.9	9.3	10.2	9.5	8.2	7.4	7.5	7.6	7.8	7.9	8.0	8.2	-1.3%
Cash Costs	-69.2	-73.5	-69.4	-68.9	-67.9	-67.1	-67.9	-69.1	-70.4	-71.6	-72.9	-74.2	0.1%
Personnel costs	-18.3	-18.5	-17.9	-17.0	-17.3	-17.7	-18.0	-18.4	-18.8	-19.1	-19.5	-19.9	0.8%
Cost of sales	-9.6	-11.0	-16.0	-16.4	-15.9	-15.4	-15.4	-15.6	-15.9	-16.1	-16.4	-16.6	4.2%
Other costs	-41.3	-44.1	-35.5	-35.6	-34.6	-34.0	-34.4	-35.0	-35.8	-36.4	-37.0	-37.7	-1.6%
EBITDA	8.3	8.3	6.6	7.1	6.6	6.8	6.9	7.1	7.3	7.5	7.6	7.7	-0.7%
EBITDA margin	10.7%	10.1%	8.6%	9.3%	8.9%	9.2%	9.3%	9.4%	9.4%	9.4%	9.4%	9.4%	
YoY (€mn)													
Revenues	3.0	4.3	-5.8	0.0	-1.5	-0.6	1.0	1.3	1.5	1.4	1.4	1.4	
Advertising revenues	-0.9	0.9	0.6	0.0	0.5	0.7	0.9	0.9	0.9	0.7	0.8	0.8	
Sales of publications	2.3	0.0	-7.3	0.7	-0.7	-0.5	0.0	0.3	0.5	0.5	0.5	0.5	
Other revenues	1.6	3.4	0.9	-0.7	-1.3	-0.8	0.1	0.1	0.2	0.1	0.1	0.1	
Cash Costs	-2.8	-4.3	4.1	0.5	1.0	0.8	-0.8	-1.2	-1.3	-1.3	-1.3	-1.3	
Personnel costs	1.6	-0.2	0.5	0.9	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4	
Cost of sales	1.9	-1.3	-5.0	-0.4	0.4	0.5	0.0	-0.2	-0.2	-0.2	-0.2	-0.3	
Other costs	-8.6	-2.8	8.6	-0.1	0.9	0.7	-0.4	-0.6	-0.7	-0.6	-0.6	-0.7	
EBITDA	0.2	0.0	-1.7	0.5	-0.5	0.2	0.1	0.2	0.2	0.1	0.1	0.1	
YoY (%)													
Revenues	4.0%	5.5%	-7.1%	0.0%	-1.9%	-0.8%	1.3%	1.8%	2.0%	1.8%	1.8%	1.8%	
Advertising revenues	-2.6%	2.7%	1.9%	-0.1%	1.5%	2.0%	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	
Sales of publications	6.1%	0.1%	-18.4%	2.2%	-2.0%	-1.5%	0.0%	1.0%	1.5%	1.5%	1.5%	1.5%	
Other revenues	36.1%	56.9%	9.5%	-6.9%	-13.7%	-9.8%	1.3%	1.8%	2.0%	1.8%	1.8%	1.8%	
Cash Costs	4.3%	6.2%	-5.6%	-0.7%	-1.5%	-1.2%	1.2%	1.7%	1.9%	1.8%	1.8%	1.8%	
Personnel costs	-8.0%	1.0%	-2.9%	-5.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Cost of sales	-16.4%	13.7%	45.8%	2.3%	-2.7%	-3.2%	0.2%	1.1%	1.6%	1.6%	1.6%	1.6%	
Other costs	26.1%	6.7%	-19.5%	0.2%	-2.6%	-1.9%	1.3%	1.8%	2.0%	1.8%	1.8%	1.8%	
EBITDA	2.3%	-0.2%	-20.8%	7.7%	-6.4%	3.0%	1.8%	2.6%	3.0%	1.6%	1.6%	1.6%	

Source: Company data and Millennium bcp investimento

Valuation

Our valuation did not suffer relevant adjustments in what regards the traditional activities (i.e. TV and press). Regarding Impresa Digital, we currently value it at €18.4mn (assuming 100% of both New Media and aeiou) and then we adjust the value to Impresa as equal to the percentage of ownership in those two companies, assuming a weight in valuation equal to the weight of terminal EBITDA and assuming no significant net debt. All in all, our YE07 price target for Impresa increased only marginally from €5.10 to €5.20 per share.

Sum-of-the-parts

€ million	EV	Stake	Value to Impresa	Method	Weight	Implied Multiple	Previous EV	Revision
Television	497.0	100.0%	497.0	DCF	77%	EV/EBITDA 07 14.2x	494.9	0%
Magazines	71.7	50.0%	35.8	DCF	6%	EV/EBITDA 07 10.1x	35.5	1%
Newspapers	128.2	100.0%	128.2	DCF	20%	EV/EBITDA 07 10.8x	133.0	-4%
Impresa Digital	18.4	nm	11.7	DCF	2%	EV/EBITDA 09 10.8x	0.0	
Holding&Adjustments	-32.9	100.0%	-32.9	DCF	-5%		-32.9	0%
Non-Operating Assets			9.2	BV	1%		9.2	0%
Sum-of-the-Parts			649.0		100%		639.6	1%
Adjusted Net Debt YE06			200.6				200.8	
Minorities			12.1			P/BV07 2x	12.1	
Equity Value			436.3				426.8	
Number of shares (mn)			84.0				84.0	
Price Target - YE07 (€)			5.20				5.10	2%
Current Market Price (€)			4.42					
Upside/Downside Potential			17.6%					

Source: Millennium bcp investimento

Main assumptions

	TV	Newspapers	Magazines	Impresa Digital
Risk-Free Rate	4.25%	4.25%	4.25%	4.25%
Market Premium	5.0%	5.0%	5.0%	5.0%
Unlevered Beta	1.20	1.10	1.10	1.20
Leverage (D/E)	25%	25%	25%	11%
Levered Beta	1.42	1.30	1.30	1.30
Cost of Equity	11.3%	10.7%	10.7%	10.7%
Cost of Debt	5.5%	5.5%	5.5%	6.3%
Corporate Tax Rate	27.5%	27.5%	27.5%	27.5%
After-tax Cost of Debt	4.0%	4.0%	4.0%	4.5%
Leverage	20.0%	20.0%	20.0%	10.0%
WACC	9.9%	9.4%	9.4%	10.1%
Terminal Growth Rate	4.0%	3.5%	3.5%	3.5%
WACC-q	5.8%	5.9%	5.9%	6.6%

Source: Millennium bcp investimento

DCF - TV

€ million	2004	2005	2006E	2007E	2008E	2015E	CAGR 05-15
EBIT	31.9	27.9	23.0	28.6	32.7	58.1	7.6%
(-) Taxes on EBIT	-8.8	-7.7	-6.3	-7.9	-9.0	-16.0	7.6%
(+) Non-Cash Items	8.5	6.6	6.1	6.4	6.0	7.9	1.8%
(-) Capital Expenditure	-2.3	-6.5	-7.0	-7.5	-7.0	-9.9	4.3%
(-) Working Capital Changes	-0.8	-0.8	2.0	-3.0	-1.5	-1.3	nm
Free Operating Cash Flow	28.5	19.5	17.8	16.6	21.2	38.9	7.1%
Discount Factor				1.00	0.91	0.47	
PV of Explicit Period				170.2			
PV of Terminal Value				326.9			
Enterprise Value				497.0			
Revenues Growth	13.9%	-1.2%	0.4%	7.9%	5.5%	3.6%	4.9%
FCFF As a % of Revenues	17.4%	12.0%	10.9%	9.5%	11.4%	14.9%	
EBITDA Margin	24.6%	21.3%	17.9%	19.9%	20.9%	25.3%	
Capex to Sales	1.4%	4.0%	4.3%	4.3%	3.8%	3.8%	

Source: Millennium bcp investimento

DCF - Newspapers

€ million	2004	2005	2006E	2007E	2008E	2015E	CAGR 05-15E
EBIT	10.2	11.5	10.6	11.0	10.8	11.5	0.0%
(-) Taxes on EBIT	-2.8	-3.2	-2.9	-3.0	-3.0	-3.2	0.0%
(+) Non-Cash Items	2.0	1.5	0.8	0.8	0.8	0.5	-10.2%
(-) Capital Expenditure	-0.9	-0.4	-0.6	-0.6	-0.6	-0.6	5.4%
(-) Working Capital Changes	0.3	0.3	0.3	0.3	0.3	0.3	0.4%
Free Cash Flow to the Firm	8.7	9.8	8.2	8.5	8.3	8.6	-1.3%
Discount factor				1.00	0.91	0.49	
PV of Explicit Period				54.5			
PV of Terminal Value				73.7			
Enterprise Value				128.2			
Revenues Growth	12.1%	7.9%	-6.3%	2.2%	-0.2%	1.0%	0.4%
FCFF As a % of Revenues	14.8%	16.0%	14.3%	14.6%	14.2%	13.5%	
EBITDA Margin	21.5%	21.3%	19.9%	20.2%	19.8%	19.0%	
Capex to Sales	2.6%	0.6%	1.0%	1.0%	1.0%	1.0%	

Source: Millennium bcp investimento

DCF - Magazines

€ million	2004	2005	2006E	2007E	2008E	2015E	CAGR 05-15E
EBIT	7.1	7.4	5.8	6.2	5.8	7.0	-0.5%
(-) Taxes on EBIT	-1.9	-2.0	-1.6	-1.7	-1.6	-1.9	-0.5%
(+) Non-Cash Items	1.2	0.9	0.8	0.9	0.8	0.7	-3.2%
(-) Capital Expenditure	-1.1	-0.8	-0.5	-0.6	-0.7	-0.8	0.3%
(-) Working Capital Changes	0.1	-0.2	0.3	0.0	0.1	-0.1	-11.1%
Free Cash Flow to the Firm	5.4	5.3	4.7	4.8	4.3	4.9	-0.7%
Discount Factor				1.00	0.91	0.49	
PV of Explicit Period				29.7			
PV of Terminal Value				42.0			
Enterprise Value				71.7			
Revenues Growth	6.8%	2.8%	-7.1%	0.0%	-1.9%	1.8%	0.0%
FCFF As a % of Revenues	4.9%	6.4%	6.2%	6.3%	5.8%	6.0%	
EBITDA Margin	10.7%	10.1%	8.6%	9.3%	8.9%	9.4%	
Capex to Sales	1.4%	1.0%	0.7%	0.8%	1.0%	1.0%	

Source: Millennium bcp investimento

DCF – Impresa Digital	€ million	2004	2005	2006E	2007E	2008E	2015E	CAGR 06-15
EBIT	-	-	-	-	-0.8	0.5	2.5	nm
(-) Taxes on EBIT	-	-	-	-	0.2	-0.1	-0.7	nm
(+) Non-Cash Items	-	-	-	-	0.1	0.1	0.3	nm
(-) Capital Expenditure	-	-	-	-	-0.1	-0.2	-0.4	nm
(-) Working Capital Changes	-	-	-	-	0.0	0.0	0.0	nm
Free Operating Cash Flow	-	-	-	-	-0.6	0.3	1.7	nm
Discount Factor					1.00	0.91	0.46	
PV of Explicit Period					6.0			
PV of Terminal Value					12.4			
Enterprise Value					18.4			
Revenues Growth	-	-	-	-	314.3%	82.8%	7.5%	39.6%
FCFF As a % of Revenues	-	-	-	-	0.0%	0.1%	0.2%	
EBITDA Margin	-	-	-	-	-24.1%	11.3%	20.0%	
Capex to Sales	-	-	-	-	3.0%	3.0%	3.0%	

Source: Millennium bcp investimento

Quarterly evolution

P&L – quarterly evolution

€ million	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06E	4Q06E	1Q06 YoY	2Q06 YoY	3Q06 YoY	4Q06 YoY
Revenues	61.3	75.3	55.0	69.6	53.6	73.1	56.5	73.5	-13%	-3%	3%	6%
Television	39.0	46.7	32.8	43.5	33.2	47.6	35.4	46.5	-15%	2%	8%	7%
Magazines	8.8	12.6	9.4	10.0	8.3	11.4	8.7	9.6	-7%	-10%	-8%	-4%
Newspapers	13.6	16.9	13.2	17.2	12.5	14.6	12.8	17.2	-8%	-13%	-3%	0%
Impresa Digital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	nm	nm	nm	nm
Other/Holding	-0.1	-0.9	-0.4	-1.2	-0.4	-0.5	-0.4	-0.5	nm	-42%	14%	-63%
Operating Cash Costs	-52.7	-54.3	-51.6	-53.5	-48.3	-59.4	-51.5	-55.6	-8%	9%	0%	4%
Television	-31.3	-31.7	-31.8	-32.7	-30.0	-37.7	-31.9	-34.0	-4%	19%	0%	4%
Magazines	-8.5	-11.2	-8.5	-8.6	-8.0	-10.5	-8.0	-8.2	-5%	-6%	-6%	-5%
Newspapers	-11.1	-12.3	-11.6	-13.0	-10.3	-11.3	-11.3	-12.8	-8%	-7%	-3%	-1%
Impresa Digital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	nm	nm	nm	nm
Other/Holding	-1.8	0.9	0.3	0.8	-0.1	0.2	-0.3	-0.1	-96%	-79%	nm	nm
EBITDA	8.7	21.0	3.4	16.1	5.3	13.7	5.1	18.0	-39%	-35%	50%	11%
Margin	14.2%	27.9%	6.2%	23.2%	9.8%	18.7%	9.0%	24.4%	-4.3pp	-9.2pp	2.8pp	1.2pp
Television	7.7	15.0	0.9	10.9	3.3	9.9	3.6	12.5	-58%	-34%	nm	15%
Magazines	0.4	1.5	0.9	1.5	0.2	0.9	0.7	1.5	-42%	-40%	-18%	2%
Newspapers	2.5	4.6	1.6	4.3	2.2	3.3	1.5	4.3	-12%	-29%	-6%	1%
Impresa Digital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	nm	nm	nm	nm
Other/Holding	-1.9	-0.1	0.0	-0.4	-0.5	-0.4	-0.7	-0.5	-76%	nm	nm	19%
Depreciation	-2.3	-2.1	-2.3	-2.1	-2.1	-1.7	-1.8	-1.9	-9%	-22%	-20%	-11%
EBIT	6.4	18.9	1.1	14.0	3.2	12.0	3.2	16.1	-50%	-37%	nm	15%
Margin	10.4%	25.1%	2.0%	20.1%	5.9%	16.4%	5.7%	21.9%	-4.5pp	-8.7pp	3.7pp	1.7pp
Financial Results	-1.4	-2.9	-2.6	-2.6	-2.6	-2.3	-2.6	-2.4	83%	-22%	0%	-9%
EBT	5.0	15.9	-1.5	11.4	0.6	9.7	0.7	13.7	-88%	-39%	nm	20%
Margin	8.1%	21.2%	-2.7%	16.4%	1.1%	13.2%	1.2%	18.6%	-7.0pp	-7.9pp	3.9pp	2.2pp
Discont. Operations	0.0	0.0	0.0	0.0	0.0	-0.2	0.1	0.0	nm	nm	nm	nm
Income Taxes	-1.4	-3.6	0.4	-2.6	-0.1	-2.5	-0.4	-3.4	-90%	-30%	nm	30%
Minorities	-0.3	-0.4	-0.4	-0.6	-0.3	-0.1	-0.4	-0.5	-9%	-80%	13%	-12%
Net Profit	3.3	11.9	-1.4	8.2	0.2	6.9	0.0	9.8	-95%	-43%	nm	19%
Margin	5.4%	15.9%	-2.6%	11.8%	0.3%	9.4%	0.0%	13.3%	-5.1pp	-6.5pp	2.6pp	1.5pp

Source: Company data and Millennium bcp investimento

Operating performance –
quarterly evolution

€ million	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06E	1Q06 YoY	2Q06 YoY	3Q06 YoY	4Q06 YoYE
Consolidated Revenues	61.3	75.3	55.0	69.6	53.6	73.1	56.5	73.5	-13%	-3%	3%	6%
Advertising	37.7	52.1	33.6	49.3	33.2	51.7	34.6	50.7	-12%	-1%	3%	3%
Thematic channels	7.6	8.1	7.6	7.8	7.7	7.3	7.5	7.7	2%	-10%	-2%	-2%
Circulation	8.7	9.4	9.6	7.6	8.0	7.4	8.8	7.4	-8%	-21%	-8%	-2%
Other	7.4	5.7	4.2	4.9	4.7	6.7	5.7	7.7	-37%	16%	38%	58%
Cash Costs	-52.7	-54.3	-51.6	-53.5	-48.3	-59.4	-51.5	-55.6	-8%	9%	0%	4%
EBITDA	8.7	21.0	3.4	16.1	5.3	13.7	5.1	18.0	-39%	-35%	50%	11%
Margin	14.2%	27.9%	6.2%	23.2%	9.8%	18.7%	9.0%	24.4%	-4.3pp	-9.2pp	2.8pp	1.2pp
Television Revenues	39.0	46.7	32.8	43.5	33.2	47.6	35.4	46.5	-15%	2%	8%	7%
Advertising	27.1	36.1	22.3	32.8	22.8	36.4	23.1	33.9	-16%	1%	4%	3%
Thematic channels	7.6	8.1	7.6	7.8	7.7	7.3	7.5	7.7	2%	-10%	-2%	-2%
Other	4.4	2.5	2.8	2.9	2.7	3.9	4.8	4.9	-38%	55%	73%	72%
Cash Costs	-31.3	-31.7	-31.8	-32.7	-30.0	-37.7	-31.9	-34.0	-4%	19%	0%	4%
EBITDA	7.7	15.0	0.9	10.9	3.3	9.9	3.6	12.5	-58%	-34%	nm	15%
Margin	19.7%	32.1%	2.9%	25.0%	9.8%	20.7%	10.0%	26.9%	-9.9pp	-11.4pp	7.2pp	1.9pp
Newspapers	13.6	16.9	13.2	17.2	12.5	14.6	12.8	17.2	-8%	-13%	-3%	0%
Advertising	7.7	10.9	7.9	11.6	7.4	10.2	7.9	11.9	-4%	-6%	0%	3%
Circulation	3.8	3.8	4.4	3.3	3.6	3.3	4.6	3.8	-4%	-13%	6%	14%
Other	2.1	2.1	1.0	2.3	1.5	1.1	0.3	1.5	-31%	-49%	-70%	-36%
Cash Costs	-11.1	-12.3	-11.6	-13.0	-10.3	-11.3	-11.3	-12.8	-8%	-7%	-3%	-1%
EBITDA	2.5	4.6	1.6	4.3	2.2	3.3	1.5	4.3	-12%	-29%	-6%	1%
Margin	18.5%	27.3%	12.2%	24.7%	17.9%	22.4%	11.9%	25.2%	-0.7pp	-4.8pp	-0.3pp	0.5pp
Magazines	8.8	12.6	9.4	10.0	8.3	11.4	8.7	9.6	-7%	-10%	-8%	-4%
Advertising	3.0	5.0	3.5	4.9	3.0	5.1	3.6	5.0	2%	1%	3%	2%
Circulation	4.9	5.6	5.2	4.3	4.4	4.1	4.1	3.6	-10%	-26%	-21%	-15%
Other	1.0	2.0	0.7	0.9	0.9	2.2	1.0	1.0	-14%	9%	36%	16%
Cash Costs	-8.5	-11.2	-8.5	-8.6	-8.0	-10.5	-8.0	-8.2	-5%	-6%	-6%	-5%
EBITDA	0.4	1.5	0.9	1.5	0.2	0.9	0.7	1.5	-42%	-40%	-18%	2%
Margin	4.2%	11.6%	9.1%	14.5%	2.6%	7.7%	8.0%	15.4%	-1.6pp	-3.9pp	-1.1pp	0.9pp
Impresa Digital												
Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7	nm	nm	nm	nm
Cash Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.5	nm	nm	nm	nm
EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	nm	nm	nm	nm
Margin	nm	nm	nm	nm	nm	nm	nm	28.6%	nm	nm	nm	nm
Other Revenues	-0.1	-0.9	-0.4	-1.2	-0.4	-0.5	-0.4	0.2	nm	-42%	14%	nm
Cash Costs	-1.8	0.9	0.3	0.8	-0.1	0.2	-0.3	-0.6	-96%	-79%	nm	nm
EBITDA	-1.9	-0.1	0.0	-0.4	-0.5	-0.4	-0.7	-0.3	-76%	nm	nm	-25%

Source: Company data and Millennium bcp investimento

Multiples

Multiples - broadcasting

	Last Price (€)	Mkt Cap (€mn)	EV / EBITDA		EV / Revenues		P / CF		P / E		Div. Yield	
			2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Television Broadcasters		54,386	12.0	10.7	3.0	2.9	15.0	13.3	20.5	18.1	3.4%	3.7%
Mediaset	9.04	10,672	10.0	9.2	3.6	3.4	9.0	7.6	17.6	16.0	4.9%	5.2%
RTL Group	81.25	12,576	12.9	11.4	2.3	2.2	15.2	14.4	21.6	19.4	1.7%	2.0%
ITV	112.75	6,473	13.1	13.4	2.5	2.5	20.3	15.4	18.5	18.5	2.9%	3.0%
TF 1	27.91	6,028	15.3	10.8	2.4	2.2	18.4	15.1	28.8	19.9	2.3%	2.9%
Telecinco	21.00	5,179	10.8	10.2	4.9	4.6	15.2	13.7	16.8	16.0	5.7%	5.7%
Antena 3	18.07	4,016	11.7	11.3	4.0	3.9	15.6	15.3	17.5	16.7	5.0%	4.8%
Prosieben SAT 1	22.50	4,923	10.3	9.6	2.4	2.3	14.9	14.9	19.5	17.3	3.8%	4.3%
Impresa	4.42	371	12.7	9.6	2.2	2.0	13.5	12.8	17.4	13.7	0.0%	0.0%
Media Capital	8.30	701	16.5	13.8	3.5	3.2	21.6	18.1	32.6	26.0	0.0%	0.0%
Impresa (MBCPI)	4.42	371	13.6	11.8	2.2	2.0	22.1	19.1	19.1	19.1	0.0%	0.0%
Media Capital (MBCPI)	8.30	701	17.1	15.5	3.5	3.3	24.7	22.0	41.0	32.8	0.0%	1.2%
Premium (discount) to Sector												
Impresa (Consensus)			6%	-11%	-28%	-31%	-11%	-3%	-15%	-24%		
Media Capital (Consensus)			38%	29%	16%	14%	44%	36%	59%	44%		
Impresa (MBCPI)			14%	10%	-26%	-29%	47%	44%	-7%	6%		
Media Capital (MBCPI)			43%	44%	17%	17%	64%	66%	100%	81%		

Source: Company data, JCF and Millennium bcp investimento

Multiples - press

	Last Price	Mkt Cap (€mn)	EV / EBITDA		EV / Revenues		P / CF		P / E		Div. Yield	
			2006	2007	2006	2007	2006	2007	2006	2007	2006	2007
Press		28,064	10.1	8.9	1.9	1.8	11.6	11.0	17.5	15.5	3.1%	3.3%
Dailv Mail	701.50	4,148	10.1	9.0	1.7	1.6	9.7	9.4	17.3	15.4	1.9%	2.0%
Editoriale L'Espresso	4.10	1,780	8.9	8.3	1.8	1.7	11.4	11.8	16.9	16.8	3.8%	4.1%
EMAP	841.00	2,680	9.6	9.4	2.2	2.4	12.4	11.3	13.7	12.8	3.7%	3.9%
Grupo Prisa	13.27	2,904	9.9	6.8	2.0	1.5	7.4	5.6	19.1	13.9	1.1%	1.3%
Pearson	762.50	9,070	11.0	10.0	1.7	1.6	14.7	13.7	19.9	17.5	3.7%	3.9%
Trinity Mirror	510.50	2,208	8.1	8.1	1.8	1.8	9.7	8.8	11.9	12.3	4.3%	4.5%
Johnston Press	403.75	1,713	9.2	8.5	3.2	3.0	9.4	9.4	11.4	10.8	2.3%	2.4%
Edipresse	564.00	414	9.0	7.5	1.0	0.9	8.6	7.6	16.3	13.9	1.0%	1.1%
Telegraaf	19.02	999	13.9	10.9	1.3	1.3	9.3	12.5	27.2	22.8	2.3%	2.6%
Mondadori	7.60	1,973	10.1	9.2	1.3	1.2	12.2	12.5	16.7	15.7	5.0%	5.3%
Cofina (MBCPI)	3.31	170	9.5	10.1	1.4	1.4	10.9	13.3	12.6	15.8	1.6%	1.6%
Premium (discount) to Sector												
Cofina (MBCPI)			-6%	14%	-23%	-20%	-6%	21%	-28%	2%	-49%	-50%

Source: Company data, JCF and Millennium bcp investimento

Financial statements

Balance sheet	€ million	2004	2005E	2006E	2007E	2015E	CAGR 05-15E
		Assets	327.0	450.4	445.7	451.7	496.2
Non-current assets	217.3	345.4	340.0	340.8	355.2	0.3%	
Goodwill / Intangibles	153.8	287.6	287.6	287.6	287.6	0.0%	
Fixed assets	35.0	33.8	28.4	29.3	43.7	2.6%	
Investments	11.4	11.0	10.4	10.4	10.4	-0.6%	
Other	17.0	12.9	13.6	13.6	13.6	0.5%	
Deferred TV rights	37.2	38.3	36.3	39.3	42.3	1.0%	
Current assets	72.5	66.7	69.4	71.6	98.7	4.0%	
Inventories	3.1	4.4	3.2	3.4	4.4	0.1%	
Accounts receivable	42.3	38.2	41.1	43.6	60.3	4.7%	
Other	6.1	3.7	5.1	5.5	7.5	7.4%	
Cash & equivalents	20.9	20.5	20.0	19.1	26.4	2.6%	
Equity	111.7	133.7	150.5	169.9	284.0	7.8%	
Minority Interests	23.9	3.5	4.7	6.0	18.2	18.1%	
Liabilities	191.5	313.2	290.5	275.8	193.9	nm	
Financial debt	122.7	245.2	220.6	201.9	94.2	nm	
Accounts payable	26.8	30.1	30.1	31.6	41.3	3.2%	
Other	42.0	37.9	39.8	42.3	58.4	4.4%	

Source: Company data and Millennium bcp investimento

Income statement	€ million	2004	2005	2006E	2007E	2015E	CAGR 05-15E
		Operating Revenues	256.3	261.3	256.7	272.8	377.0
Cash Costs	-203.5	-212.0	-214.8	-225.7	-295.2	3.4%	
EBITDA	52.8	49.2	41.9	47.1	81.8	5.2%	
Depreciation and Amortisation	-11.2	-11.2	-8.8	-7.5	-8.9	-2.3%	
EBIT	41.6	40.4	34.5	39.2	72.6	6.0%	
Net Financials	-5.7	-9.5	-9.8	-10.7	-3.9	nm	
EBT	35.9	30.9	24.7	28.6	68.7	8.3%	
Taxes	-7.5	-7.2	-6.5	-7.9	-18.6	9.9%	
EBM	28.4	23.6	18.1	20.7	50.1	7.8%	
Minority Interests	-11.0	-1.6	-1.3	-1.3	-1.7	0.5%	
Net Income	17.3	22.0	16.8	19.4	48.4	8.2%	
Net Earnings	17.3	17.3	16.8	19.4	48.4	10.8%	
EPS (€)	0.21	0.21	0.20	0.23	0.58	10.8%	

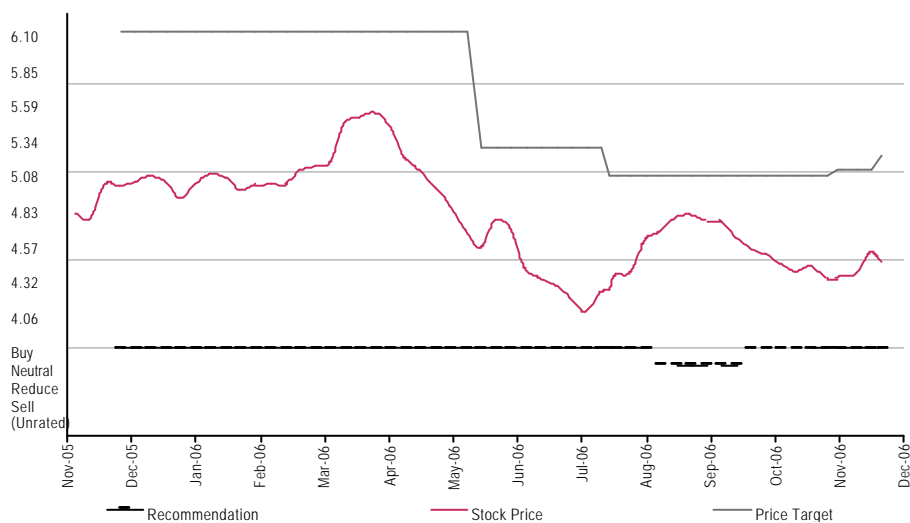
Source: Company data and Millennium bcp investimento

Cash-flow statement	€ million	2004	2005	2006E	2007E	2015E	CAGR 05-15E
		Cash Flow from Operations	51.4	40.6	31.0	26.5	60.0
Cash Flow from Investing	6.8	-159.8	-1.4	-8.7	-11.7	-21.2%	
Cash Flow from Financing	-45.6	118.8	-24.6	-18.7	-47.6	nm	
Free Cash Flow to Equity	39.4	-119.3	50.5	17.8	48.4	nm	

Source: Company data and Millennium bcp investimento

Disclosures

- This report has been prepared by Mbcpi a subsidiary of Mbcp.
- Mbcpi is regulated by Comissão de Mercado de Valores Mobiliários.
- Recommendations:
 - Buy means more than 10% absolute return;
 - Neutral means between 0% and +10% absolute return;
 - Reduce means between -10% and 0% absolute return;
 - Sell means less than -10% absolute return.
- Unless otherwise specified, the time frame for price targets included in this report is current year-end or next year-end.
- Risk is defined by the analyst's view in a qualitative way.
- Usually we update our models and price targets in between 6 and 18 months.
- Mbcpi prohibits its analysts and members of their households to own any shares of the companies covered by them.
- Mbcp group may have business relationships with the companies mentioned in this report.
- Mbcpi expects to receive or intends to seek compensation s for investment banking services from the companies mentioned in this report.
- The views expressed above, accurately reflect personal views of the authors. They have not and will not receive any compensation for providing a specific recommendation or view in this report. There were not any agreements between the companies covered and the analysts regarding the recommendation.
- Analysts are paid in part based on the profitability of Mbcp group, which includes investment bank revenues.
- Recommendations on Mbcpi covered companies (%).



DISCLAIMER

This information is not an offer to sell or a solicitation to enter into any particular deal or contract. It consists of data compiled by or of opinions or estimates from Banco Millennium bcp Investimento, S.A. and no representation or warranty is made as to its accuracy or completeness. This information is merely an auxiliary means of analysis to be used by its recipients, who will be solely responsible for its use, including for any losses or damages that may, directly or indirectly, derive from it. Its reproduction is not allowed without permission from the Millennium bcp group. The data herein disclosed are merely indicative and reflect the market conditions prevailing on the date they have been collected. Thus, its accuracy and timing must absolutely be confirmed before its usage. Any alteration in the market conditions shall imply the introduction of changes in this report. This information/opinions may be altered without prior notice and may differ or be contrary to opinions expressed by other business areas of Mbcp group as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

Millennium bcp investimento

Av. José Malhoa, 27 – 5º
1099-010 Lisboa

Portugal

Telephone +351 21 003 7811

Fax +351 21 003 7819 / 39

Equity Research +351 21 003 7820

António Seladas, CFA (Head)

Fundamental Analysis

Bárbara Ferreira (Utilities & Retail)

João Mateus (Industrials)

Luís Colaço (Small Caps & IT)

Nuno Vieira, CFA (Telecoms)

Pedro Mendes (Banks, Media, Oil & Gas)

Market Analysis

João Flores

Marco Barata

Maria Cardoso Baptista

Ramiro Loureiro

Rita Silva

Publishing

Sónia Primo

Equity Sales +351 21 003 7840

José Dias Coelho (Head)

Hugo Ferreira Pinto

José Peixoto (International)

Karsten Sommer (International)

Pedro Santos

Equity Trading +351 21 003 7850

Paulo Cruz (Head)

Vitor Santos Almeida

Colin O'Keefe

Dário Soares

Jorge Caldeira

Manuel Lança Lopes

Miguel Cruz

Nuno Marques

Paulo Santos

Pedro Lalanda