

IMPRESA

(Media / Portugal)

BUY

(Previous: UNDER REVIEW)

Price (€)	4.70	Performance	Size	Index Weight	Time View	Price Target (€)	5.30
52W High:	5.56	1M: 6.34%	Mkt Cap (€mn):	395	PSI20 0.49%	Short Term: Neutral	Previous Price Target: U.R.
52W Low:	3.97	3M: 0.51%	Avg Vol 5D (th):	399	PSI General Index 0.82%	Long Term: Positive	Potential Return: 12.8%
1 Year ago:	4.90	YTD: 0.43%	Free-Float:	34.8%	Euronext Top 150 0.31%		

Is the ad market the (missing) trigger?...

We are setting a 2007 price target of €5.30 after having updated our estimates so as to reflect the recent earnings trend, 2007 guidance and the new multimedia unit. Despite the increased competition, we believe that the worst is over for now and that IPR is well positioned to gradually increase its audience ratings, both in TV and press. The new strategy, focused on developing the multimedia potential of all business units based upon the Internet channel, could provide an interesting way out for the challenges faced by the traditional media players.

As a result, we are assigning a long term BUY recommendation while keeping our neutral short term trading view on the stock, given the absence of clear triggers at this point. However, any relevant improvements in the ad market or in TV audiences may prompt a more bullish short term view on the stock.

Although we acknowledge the stock is fairly valued versus the sector at 11.9x EV/EBITDA 07, it still remains the least expensive one in the Portuguese media market, suggesting that IPR is the most suitable vehicle for those willing to get exposed to the Portuguese ad market at a time of economic recovery.

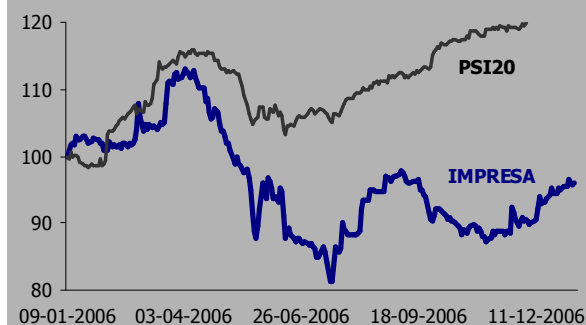
Key Financials

	2006E	2007F	2008F
Sales	256	275	288
EBITDA	43	51	57
EBITDA margin	16.9%	18.4%	19.7%
EBT	26	32	40
Net Profit	18	22	27
Cash Earnings	26	30	36

Key Multiples

	2006E	2007F	2008F
P/E	22.0x	17.6x	14.4x
P/CE	15.3x	13.0x	11.1x
P/BV	2.6x	2.3x	2.0x
EV/EBITDA	13.9x	11.5x	9.8x
EV/Revenues	2.3x	2.1x	1.9x
FCF Yield	4.9%	7.2%	7.8%

Source: Banif Banco de Investimento and company reports.



Source: Bloomberg. Closing prices as of January 8, 2007.

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1. INVESTMENT CASE

Talking about IPR at the onset of a new year, which carries the promise of some economic uplifting, is a complex task: while the stock should, in theory, benefit from a better underlying economic environment, being an obvious target for top-down investment approaches, it also lacks significant triggers on its own. The harsh truth is that 2006 was a lost year in terms of audiences, with the stock postponing any signs of pick up quarter after quarter. Having said this, we reckon the worst is over and the recent strategic changes, namely in TV and newspapers, should allow IPR to improve its ratings, both in TV and press. In fact, our downward estimates revision still left us with a €5.30 price target, leading us to assign the stock a long term Buy rating, although the absence of triggers, safe for the macro one, make us retain our Neutral short term trading view. Our main highlights on the story are listed below.

(+) Steady recovery of audiences: SIC has been steadily recovering its audiences since the World Cup, much helped by the success of some programs, like the soap opera "Floribella" but also the news block and the morning show "Fátima". As a result, SIC closed the year with a 26.2% all day audience share, 2.3pp above April's low (23.9%). More domestic contents, particularly prime time soap operas, and the reinforcement of news, information and entertainment programs should help SIC attain its accumulated yearend audience guidance of 27%.

(+) Successful re-launch of weekly Expresso. Until now, "Expresso" appears to have weathered well the competition from new weekly Sol, which was clearly a positive for the stock. Circulation improved, even if partially helped by the DVD campaign, and adv revenues are evolving in a better fashion, as the new full colored newspaper seems to be attracting more advertising. However, circulation revenues will continue to reflect the recent cut in the cover price (-6.7%) over the coming quarters. Despite this, we are looking to a minor revenue improvement (1.1% 2006-09 CAGR) which, coupled with some cost control, should lead to a 1.9pp EBITDA margin improvement in that period.

(+) Improving earnings momentum: IPR should benefit from a better earnings momentum in the next quarters. Audience improvement and the expected adv market recovery should help adv revenues to show a 4.7% CAGR in the 2006-09 period. SIC should also enjoy a strong growth of "others revenues", which includes among others, Multimedia, Music and Merchandising revenues. Merchandising has been growing fast due to the huge success of the "Floribella" merchandising and future prospects remain strong (22.5% CAGR 06-09). We estimate SIC global revenues to grow by 6.8% on average in the 2006-09 period, with the EBITDA margin rising by 4pp, helped by the higher margin "Others".

(+) Limited downside risks: Our Bull and Bear cases (section 4) support our favourable view on the stock, as risks are clearly skewed to the upside, with our best case offering a 23% upside to current market prices, while our worse case shows a small 4.4% decline, suggesting limited downside risks.

(=/+) The new multimedia approach: Although there could be some questions regarding the long term profitability of Multimedia, we see IPR's new strategy as positive. Taking in consideration the recent adv trends, the rising weight of Internet, the positive prospects of broadband penetration in Portugal and the changes of consumers' behaviour, IPR multimedia strategy aims at capturing the Web's strong potential while simultaneously reducing the still strong dependence on TV's traditional advertising. Overall, we welcome this move by its pro-active defensive rationale but would reckon that it will take time to gain visibility in terms of the bottom line.



Triggers

The combination of a Buy recommendation with a Neutral short term trading view requires us to be particularly careful in assessing what triggers may lead us to become more confident on the stock's short term prospects. Below, we list the main drivers needing close monitoring over the coming quarters.

- ▶ **TV audiences:** Although recent data seems favourable to IPR, the fact is that it also suggests the domestic FTA market is becoming more competitive. While TVI has been able to maintain its leadership, the public operator RTP is also gaining ground, especially in Prime Time, meaning that the rating gap between all the players has been shrinking. Against this background, the temptation to carry sweeping grid changes so as to make a difference could represent a risk in the short time, since the efforts of SIC and RTP to improve the performance in that slot could ultimately imply increased programming costs. To accommodate for this risk, we have been deliberately conservative in our cost assumptions, expecting SIC's programming costs to rise about 11% in 2007, excluding the 2006 World Cup costs. Going forward, we estimate this cost item to grow above inflation.
- ▶ **Advertising market:** We are expecting the domestic Adv market to grow at a CAGR of close to 3% from 2005 to 2010. In 2007, we expect the adv market to rise 2.5%, helped by better macroeconomics. Although we see encouraging prospects, we also detect some risks in the near term, namely lower adv spending from telcos and banks if the ongoing take-overs on PT and BPI turn out successful.
- ▶ **Circulation trends:** 4Q06 circulation numbers, to be disclosed in March/April, could be an important trigger for IPR, mainly regarding newspapers. Expresso's circulation levels should be closely monitored, so as to assess how much of the recent improvement is structural - IPR believes that it could sell around 125K per week up from 120K before the re-launch - and at what audience levels will the new weekly Sol stabilise.
- ▶ **Partnership with Teresa Guilherme Produções (TGSA):** The increased focus on Portuguese contents has implied a stronger business relationship with TGSA, SIC's domestic contents "factory". Whether the current status quo will evolve into something more is a pending issue; we would not be surprised to see IPR taking a stake in TGSA in the near future.

2. VALUATION

After our estimates revision and inclusion of the new unit – Impresa Digital - we are setting our FY07 price target at €5.30. In addition to our relatively conservative estimates, we reckon the implied multiples in our valuation are also undemanding, therefore making us comfortable about IPR's fair value.

IMPRESA – Sum-of-the-Parts

	EV	% held	Weighted EV	% of the total	Method	Implied EV / EBITDA07
SIC	483	100.0%	483	77.0%	DCF	12.2x
Newspapers & Magazines	183		148	23.6%	DCF	10.3x
Newspapers	113	100.0%	113	18.0%	DCF	10.5x
Magazines	70	50.0%	35	5.6%	DCF	9.6x
Impresa Digital	17	100.0%	17	2.7%	DCF	n.m.
VASP	32	33.3%	11	1.7%	Multiple	7x EBITDA
Holding & Adjustments			(31)	-4.9%	DCF	
Enterprise Value			628	100%		
Net Debt			182			
Equity Value			445			
Equity Value per share			5.30			
Current Price			4.70			
U/D			13%			

Source: Banif Banco de Investimento. Closing prices as of January 8, 2007.

Although we acknowledge that the stock appears to be fairly valued versus the sector, at 11.9x EV/EBITDA 07), it still remains the least expensive one in the Portuguese market. In addition, and taking in consideration that Media Capital could be de-listed any time soon due to the ongoing bid, IPR remains the only interesting alternative in the market, at least for a sector dedicated investor.

FTA Broadcasting – Sector Multiples

	EV/EBITDA			EV/SALES			P/E			EBITDA Margin (%)			DY 2006 (%)
	2006E	2007F	2008F	2006E	2007F	2008F	2006E	2007F	2008F	2006E	2007F	2008F	
Broadcasting													
Antena 3	10.2	9.6	9.4	3.5	3.4	3.2	16.5	15.9	15.3	35%	35%	34%	5.2%
Telecinco	10.0	9.4	9.5	5.0	4.7	4.6	17.0	16.1	15.7	49%	50%	48%	5.5%
ITV	12.5	13.1	11.4	2.4	2.4	2.3	17.6	18.8	15.9	19%	18%	20%	3.0%
Mediaset	6.9	6.6	6.4	3.0	2.9	2.7	17.9	16.3	15.6	44%	44%	42%	4.8%
TF1	15.8	10.9	9.7	2.4	2.2	2.1	28.7	19.5	16.5	15%	20%	22%	2.4%
RTL	13.8	12.9	13.1	2.4	2.3	2.3	23.7	21.3	20.1	17%	18%	17%	1.4%
M6	12.0	10.0	9.4	2.4	2.3	1.0	24.3	20.2	18.4	22%	24%	24%	3.4%
Prosieben	11.3	10.7	10.1	2.5	2.5	1.0	21.2	19.0	17.5	23%	24%	24%	3.7%
Media Capital	16.1	14.6	13.1	3.5	3.4	3.2	32.6	27.1	23.0	22%	23%	24%	0.5%
Impresa	13.9	11.9	10.6	2.3	2.2	2.1	22.0	17.6	14.4	17%	18%	20%	0.0%
Average	12.3	11.0	10.3	2.9	2.8	2.4	22.1	19.2	17.2	26%	27%	28%	3.0%
Press													
Emap	9.2	9.4	8.8	2.1	2.4	2.3	13.1	12.2	11.4	23%	25%	26%	3.9%
Roularta	12.0	9.2	8.3	1.4	1.2	1.1	22.6	17.0	14.5	12%	13%	13%	1.4%
Mondadori	11.4	9.6	9.1	1.5	1.3	1.2	17.3	15.3	13.8	13%	13%	14%	4.8%
Edipresse	9.1	8.2	8.0	1.0	1.0	1.0	18.2	14.7	13.5	11%	12%	12%	1.0%
L'Espresso	9.3	8.8	8.4	1.8	1.8	1.8	17.4	17.7	16.5	20%	20%	21%	3.6%
Trinity	7.7	7.9	7.6	1.7	1.8	1.8	11.2	11.5	11.0	23%	23%	23%	4.6%
Daily Mail	9.4	8.5	8.0	1.7	1.6	1.6	15.7	13.8	12.6	18%	19%	20%	1.9%
Independent N&M	10.9	10.3	9.8	2.3	2.3	1.0	17.1	15.4	14.1	22%	23%	23%	3.9%
Telegraaf	15.1	12.0	10.6	1.5	1.5	1.5	26.2	22.3	17.8	10%	13%	14%	2.0%
Johnston Press	8.9	8.9	8.7	3.1	3.1	3.0	10.9	11.2	10.5	35%	35%	35%	2.4%
Prisa	10.3	7.8	6.4	2.0	1.7	1.5	21.0	14.8	10.4	20%	22%	24%	1.1%
Cofina	12.3	11.0	10.2	1.6	1.6	1.5	7.8	8.9	7.9	13%	14%	15%	4.4%
Average	10.5	9.3	8.7	1.8	1.8	1.6	16.5	14.6	12.8	18%	19%	20%	2.9%
Total Average	11.4	10.1	9.5	2.4	2.3	2.0	19.3	16.9	15.0	22%	23%	24%	
Impresa P(D) to Sector	22.3%	16.9%	11.6%	-1.8%	-4.6%	2.8%	-0.7%	-8.1%	-16.5%				

Source: Thomson, Bloomberg and Banif Banco de Investimento. Closing prices as of January 8, 2007.

3. MULTIMEDIA: THE NEW STRATEGIC MOVE

Just one year after the broad changes introduced in SIC's programming strategy, with a new team more focused on Portuguese fiction, and following the format changes in Expresso, IPR is now focused on the development of the multimedia potential of its contents, in a move transversal to all its business units.

What is the rationale? Why now?

Inevitably, Internet has been gaining importance in the Portuguese ad market (1% in 2006 versus 0.7% in 2005), topping all the other channels in terms of growth pace (>50% in Sep 06). Prospects are obviously encouraging when looking at other markets – in the US and in the UK, Internet already accounts for over 7% of the global adv market. This growth comes at the expense of other channels, press being the most noticeable one, therefore making this Multimedia strategy a defensive move in the first place. However, IPR is also trying to take advantage of broadband penetration in Portugal, which currently stands at 14.9% (September data) but is expected to increase as competition in the telco sector promotes faster and cheaper Internet access. Broadband's increased penetration brings along several opportunities in terms of business models and contents' leveraging (music, videos, games, etc.). In addition, a new measurement of Internet audiences should be available in 2007, further stimulating the usage of Internet by advertisers.

How will this new venture be managed?

IPR will create IMPRESA Digital to manage multimedia across the group. However, this venture will also hold a 50.1% stake in Internet portal "aeiou" (plus an option to buy another 14.9%) and a 67% stake in New Media. Recall that IPR bought these stakes to ensure know-how in software and Internet communities development like chats and thematic sites ("aeiou") but also the acquisition / management of rights for video based contents (Video on Demand, digital sale) and PC video games (New Media). Supported by these platforms, IPR will make several launches in 2007: in March, it will launch MyPlay (new online service to sell videos and games) and MyHotel (Internet entertainment package). In 2006Q1, it plans to launch MyVideo and create MediZoom, which should be dedicated to sell online digital archives. A Tourism Portal is also scheduled to be launched in September. In newspapers, IPR is trying to expand the on-line concept of classified ads while, in magazines, IPR plans to be very aggressive in terms of its offer, namely through on-line subscriptions.

What are the main goals?

While we are more conservative in our estimates (see page 9), IPR's targets for Impresa Digital are:

(1) Revenues: €0.7mn in 2006 (61% adv and 23% software), €3.1mn in 2007, gradually increasing for €7.0mn in 2009;

(2) EBITDA: €0.2mn in 2006 increasing to €1.9mn in 2009.

Overall, we believe that the multimedia approach presented by IPR makes sense at this time: it seems an inevitable step in terms of long term strategy for a media player while mitigating the dependence from adv revenues. Also, IPR is taking its first steps in this area but further moves (acquisitions and partnerships) could happen in the future. Having said this, and despite the business potential, we believe that it is soon to take conclusions regarding the success of this strategy. Competition in Portugal is increasing and should continue to do so, as all the media and telco players (owners of platforms) continue to invest despite the country's small critical mass.

4. SCENARIO ANALYSIS: The base, the bull and the bear

We have decided to evaluate the implications of potentially better / worse outcomes than the one we are currently envisaging. In practical terms, we tried to simulate which variables could perform worse than we are expecting and which ones better, so as to create a bull and a bear scenario for IPR. Our base-case scenario envisages:

- (1) a gradual audience recovery, with SIC moving from an average audience share of 26% in 2006 to 28% by 2010. We would stress here that our base-case scenario is somewhat conservative, as we take into account RTP's emerging audience threat and do not question TVI's leadership;
- (2) an above-inflation increase in programming costs, which could be considered as slightly aggressive taking into consideration that we are not expecting any relevant changes in the programming grid or any special event in the near future;
- (3) negative evolution of circulation revenues in the future, despite the positive contribution from adv revenues.

The conclusions further support our favourable view on the stock, as downside risks seems to be limited (-4.4%) while our best case offers a 23% upside to current market prices (or an extra 9.1% versus our base price target). Below, we describe the rationale behind each scenario.

Bull & Bear cases – Assumptions & Outcomes

Best & Worst Cases							
What could go better							
	Base Case			Best Case			Drivers
	2007	2008	2009	2007	2008	2009	
All day audience share	27.0%	27.5%	27.7%	27.2%	27.7%	27.9%	Careful selected programming grid could fuel a slightly higher audience recovery;
Newspapers adv growth	-0.7%	2.2%	1.1%	0.6%			Recent changes introduced (new lay-out+ more colored pages) could sustain better adv revenues.
New price target							€5.78
Upside/Downside on base case							9.1%
Upside/Downside on current price							23.0%
What could go worse							
	Base Case			Worse Case			Drivers
	2007	2008	2009	2007	2008	2009	
Adv Market growth	2.5%	3.2%	3.6%	2.2%	2.9%	3.3%	Lower than expected economic recovery; lower adv spending in telcos and banks, should the ongoing take-overs on PT and BPI be successful.
All day audience share	27.0%	27.5%	27.7%	26.8%	27.3%	27.5%	Fierce competition in TV, or new programming which fails to attract audiences could put audience evolution at risk.
Newspapers circulation revenues growth	-3.0%	-1.6%	0.5%	-3.5%	-2.1%	0.0%	Fierce competition in paid newspaper segment.
New price target							€4.49
Upside/Downside on base case							-15.2%
Upside/Downside on current price							-4.4%

Source: Banif-Banco de Investimento.

5. ESTIMATES REVISION

We have fine tuned our estimates in order to incorporate the latest company numbers, the new guidance provided in the Investors' Day, as well as the inclusion of the new business unit - Impresa Digital. Overall, we reduced our consolidated revenue and EBITDA estimates, with the main changes happening in the TV segment, so as to take into account a more gradual recovery in SIC audiences, but also the negative impact of fiercer competition in the press segment.

Overall, we expect consolidated revenues of €256mn and €275mn in 2006 and 2007, respectively. We believe IPR will reach a €43.2mn EBITDA (or a 16.9% margin) in 2006, increasing to €50.6mn in 2007 (18.4% margin), almost in line with company guidance. Overall, there are no material differences between our estimates and the guidance provided by IPR at the Investors Day.

Consolidated estimates

	2005	2006E	yoy	2007F	yoy	2008F	yoy	2009F	yoy	GAGR 06/09
Total Revenues	261,254	255,842	-2.1%	275,211	7.6%	288,268	4.7%	299,764	4.0%	5.4%
TV	162,027	162,824	0.5%	179,926	10.5%	189,414	5.3%	198,548	4.8%	6.8%
Magazines	40,908	38,241	-6.5%	38,616	1.0%	38,986	1.0%	39,553	1.5%	1.1%
Newspapers	60,975	56,078	-8.0%	56,265	0.3%	57,284	1.8%	58,020	1.3%	1.1%
Impresa Digital	0	690	n.m.	2,993	333.5%	5,432	81.5%	6,563	20.8%	111.8%
Other/Holding	-2,655	-1,992	-25.0%	-2,589	30.0%	-2,848	10.0%	-2,919	2.5%	13.6%
Cash Costs	212,036	212,592	0.3%	224,590	5.6%	231,429	3.0%	238,796	3.2%	4.0%
EBITDA	49,217	43,250	-12.1%	50,669	17.2%	56,890	12.3%	61,023	7.3%	12.2%
EBITDA Margin	18.8%	16.9%	-1.9 pp	18.4%	1.5 pp	19.7%	1.3 pp	20.4%	0.6 pp	
Depreciation	8,819	7,943	-9.9%	8,043	1.3%	8,147	1.3%	8,477	4.0%	2.2%
EBIT	40,398	35,307	-12.6%	42,626	20.7%	48,743	14.4%	52,546	7.8%	14.2%
EBIT Margin	15.5%	13.8%		15.5%		16.9%		17.5%		
Financial Results	-9,524	-9,451	-0.8%	-10,498	11.1%	-9,218	-12.2%	-7,861	-14.7%	-6.0%
EBT	30,874	25,856	-16.3%	32,128	24.3%	39,524	23.0%	44,685	13.1%	20.0%
Taxes and Minorities	-8,866	-7,913	-10.8%	-9,728	22.9%	-12,108	24.5%	-13,558	12.0%	19.7%
Net Profit	22,008	17,943	-18.5%	22,400	24.8%	27,417	22.4%	31,128	13.5%	20.2%

Source: Banif, Banco de Investimento & company reports.

BBI versus Impresa – Estimates comparison

	2006			2007		
	BBI	Guidance	Δ %	BBI	Guidance	Δ %
Consolidated						
Sales	255.8	257.3	-1%	275.2	275.0	0%
Cash Costs	212.6	212.5		224.6	223.5	0%
EBITDA	43.3	44.8	-3%	50.7	51.5	-2%
EBITDA mg	16.9%	17.4%	0.5 pp	18.4%	18.7%	0.3 pp
D&A				-8.0	-8.0	1%
Net Financials				-10.5	-11.0	-5%
Taxes				-8.5	-8.5	0%
Minorities				-1.2	-1.1	10%
Net Profit	17.9	19.2 - 20.9		22.4	23.0	-3%
Television						
Sales				179.9	181.0	-1%
Cash Costs				140.3	141.0	0%
EBITDA				39.6	40.0	-1%
EBITDA mg				22.0%	22.0%	0.0 pp
Newspapers						
Sales				56.3	55.0	2%
Cash Costs				45.5	44.5	2%
EBITDA				10.8	10.5	2%
EBITDA mg				19.1%	19.1%	0.0 pp
Magazines						
Sales				38.6	39.3	-2%
Cash Costs				35.0	35.5	-2%
EBITDA				3.7	3.8	-4%
EBITDA mg				9.5%	9.7%	-0.2 pp
Impresa Digital						
Sales				2.99	3.00	0%
Cash Costs				3.71	3.60	
EBITDA				-0.71	-0.60	19%
EBITDA mg				-23.8%	-20.0%	-3.8 pp

Source: Banif, Banco de Investimento & company.

Impresa – Business segments main highlights

TV	2005	2006E	yoy	2007F	yoy	2008F	yoy	2009F	yoy	GAGR 06/09
Total Revenues	162,027	162,824	0.5%	179,926	10.5%	189,414	5.3%	198,548	4.8%	6.8%
Advertising	118,337	116,306	-1.7%	121,780	4.7%	127,692	4.9%	133,365	4.4%	4.7%
Sic Channels	31,145	30,211	-3.0%	33,685	11.5%	34,325	1.9%	35,183	2.5%	5.2%
Others	12,544	16,307	30.0%	24,461	50.0%	27,397	12.0%	29,999	9.5%	22.5%
Cash Costs	127,543	130,846	2.6%	140,303	7.2%	145,726	3.9%	151,700	4.1%	5.1%
EBITDA	34,484	31,979	-7.3%	39,623	23.9%	43,687	10.3%	46,848	7.2%	13.6%
<i>EBITDA Margin</i>	<i>21.3%</i>	<i>19.6%</i>	<i>-1.6 pp</i>	<i>22.0%</i>	<i>2.4 pp</i>	<i>23.1%</i>	<i>1.0 pp</i>	<i>23.6%</i>	<i>0.5 pp</i>	

Adv revenues were revised downwards, reflecting a worse evolution of audience share (we are now forecasting a 0.8pp increase in all day audience share until 2010 period versus 2.1pp previously).

We expect **programming costs** to rise by 1.1% in 2007, or 11.2% excluding WC costs. Going forward, we expect them to rise above inflation due to the higher weight of Portuguese fiction. Staff costs should grow close to inflation.

The increasing weight of the new business ('Others'), which carries higher margins, should allow **EBITDA** to rise by an average 13.6% in the 2006-09 period.

We have also increased **SIC channels'** revenues in the coming years as to reflect: (1) changes in the contract with TV Cabo (SIC Mulher should receive a fixed rate, and will be available for other cable players); (2) increase penetration of SIC Notícias in US; (3) the launch of a new premium channel – The "Benfica" channel.

We expect a 22.5% CAGR in the 2006-09 period in "**Others**", helped by the acquisition of 'Som Livre' (Music), strong growth rates in Merchandising (mostly related to 'Floribella'), Multimedia and technical services.

Newspapers	2005	2006E	yoy	2007F	yoy	2008F	yoy	2009F	yoy	GAGR 06/09
Total Revenues	60.975	56.078	-8,0%	56.265	0,3%	57.284	1,8%	58.020	1,3%	1,1%
Advertising	38.083	36.525	-4,1%	36.258	-0,7%	37.065	2,2%	37.462	1,1%	0,8%
Publication sales	15.299	15.376	0,5%	14.915	-3,0%	14.676	-1,6%	14.749	0,5%	-1,4%
Others	7.592	4.177	-45,0%	3.892	-6,8%	3.942	1,3%	3.984	1,1%	-1,6%
Internet Classifieds + Online advertising	0	0		1.200		1.601	33,4%	1.824	13,9%	n.m.
Cash Costs	47.976	45.960	-4,2%	45.510	-1,0%	45.892	0,8%	46.497	1,3%	0,4%
EBITDA	12.999	10.118	-22,2%	10.755	6,3%	11.391	5,9%	11.522	1,1%	4,4%
<i>EBITDA Margin</i>	<i>21,3%</i>	<i>18,0%</i>	<i>-3,3 pp</i>	<i>19,1%</i>	<i>1,1 pp</i>	<i>19,9%</i>	<i>0,8 pp</i>	<i>19,9%</i>	<i>0,0 pp</i>	

Sales growth is being influenced by several factors: (-) deconsolidation impact related to the the sale of Publiregioes and Imprejournal; (-) a 6.7% cover price cut in "Expresso"; (+) format changes introduced in September should have a positive impact in adv and in circulation numbers. Adv should perform better than circulation, since we believe that the changes in "Expresso" should capture more interest from advertisers.

Source: Banif, Banco de Investimento & company reports. Note: 2005 figures include Pluriregiões and Imprejournal.

Other important change is the additional revenues coming from a new business area, as the company is trying to expand the **on-line concept of classifieds**.

We are more conservative than previously regarding **margins**, as we expect most of the cost reduction coming from the recent divestments will channelled to promote "Expresso". Therefore and despite the lower launch costs and the absence of restructuring costs in the coming years, EBITDA margin should remain around 20%.

Magazines	2005	2006E	yoy	2007F	yoy	2008F	yoy	2009F	yoy	GAGR 06/09
Total Revenues	40,908	38,241	-6.5%	38,616	1.0%	38,986	1.0%	39,553	1.5%	1.1%
Advertising	16,315	16,707	2.4%	16,657	-0.3%	16,940	1.7%	17,312	2.2%	1.2%
Publication sales	19,936	16,348	-18.0%	16,773	2.6%	16,940	1.0%	17,110	1.0%	1.5%
Others	4,656	5,186	11.4%	5,187	0.0%	5,106	-1.6%	5,131	0.5%	-0.4%
Cash Costs	36,760	35,002	-4.8%	34,962	-0.1%	35,153	0.5%	35,593	1.3%	0.6%
EBITDA	4,148	3,238	-21.9%	3,654	12.8%	3,833	4.9%	3,960	3.3%	6.9%
<i>EBITDA Margin</i>	<i>10.1%</i>	<i>8.5%</i>	<i>-1.7 pp</i>	<i>9.5%</i>	<i>1.0 pp</i>	<i>9.8%</i>	<i>0.4 pp</i>	<i>10.0%</i>	<i>0.2 pp</i>	

Margins should be helped by revenue improvements, focus on cost control and lower launching costs.

A 2006 worse than expected circulation performance led us to revise downwards our sales estimate. Going forward we should see improvements in circulation revenues, benefiting from the recent launch of 'Floribella's magazine. The re-launch of 'Visão' and the bet on Multimedia should also help circulation and adv revenues to improve.

Impresa Digital	2005	2006E	yoy	2007F	yoy	2008F	yoy	2009F	yoy	GAGR 06/09
Total Revenues	0	690		2.993	333,5%	5.432	81,5%	6.563	20,8%	111,8%
Cash Costs	0	500		3.706	641,2%	4.614	24,5%	4.985	8,0%	115,2%
EBITDA	0	190		-712	-474,0%	818	-214,8%	1.577	92,9%	102,3%
<i>EBITDA Margin</i>		<i>27,6%</i>		<i>-23,8%</i>		<i>15,1%</i>		<i>24,0%</i>	<i>9,0 pp</i>	

Source: Banif, Banco de Investimento & company reports.

The business area includes AEIOU and New Media. IPR is targeting €0,7mn revenues in 2006 (61% adv and 23% software), increasing to €3.1mn in 2007, €5,6mn in 2008 and €7mn to 2009. EBITDA targets are €0,2mn in 2006, gradually increasing to €1,9mn in 2009. Our estimates are more conservative as we believe that the success of this strategy is unclear at this point.

Impresa-Balance sheet

	2005	2006E	2007F	2008F	2009F	2010F	2011F	2012F	2013F	2014F	2015F
TOTAL ASSETS	450,300	445,992	453,947	459,099	463,391	467,061	470,858	474,635	479,549	484,556	489,285
Fixed Assets /Non current assets	364,072	358,170	355,899	355,823	355,396	354,817	354,206	354,013	354,947	355,760	356,448
Current Assets	86,228	87,822	98,048	103,276	107,995	112,244	116,653	120,621	124,602	128,796	132,837
SHAREHOLDERS' EQUITY	133,674	151,617	174,017	201,434	224,780	247,233	270,166	293,027	315,440	337,258	357,960
Minorities Interests	3,461	3,548	3,548	3,548	3,548	3,548	3,548	3,548	3,548	3,548	3,548
TOTAL EQUITY	137,136	155,165	177,565	204,982	228,328	250,781	273,714	296,576	318,989	340,806	361,508
LIABILITIES											
Provisions	4,209	3,578	3,935	3,935	3,935	3,935	3,935	3,935	3,935	3,935	3,935
Long term debt/ Non current liabilities	224,519	220,031	201,151	175,195	152,734	130,074	106,915	84,252	63,189	42,801	23,839
Current liabilities	62,272	44,384	47,111	50,057	52,639	55,599	58,692	61,420	64,126	66,858	68,997
Accruals and Deferrals	22,164	22,834	24,184	24,929	25,755	26,672	27,602	28,452	29,310	30,155	31,005
EQUITY + MIN. INT. + LIABILITIES	450,300	445,992	453,947	459,099	463,391	467,061	470,858	474,635	479,549	484,556	489,285

Source: Banif, Banco de Investimento & company reports.

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IMPRESA - 12-month Recommendation track-record

Date	Fundamental Rec.	Price Target	Closing Price
21-10-2005	Buy	€ 7.03	€ 4.85
26-10-2005	U.R.	U.R.	€ 4.75
13-12-2005	Neutral	€ 5.54	€ 5.12
22-02-2006	Neutral	€ 5.54	€ 4.97
10-03-2006	Neutral	€ 5.54	€ 5.12
26-04-2006	Neutral	€ 5.54	€ 5.00
28-04-2006	Neutral	€ 5.54	€ 5.25
17-07-2006	Neutral	€ 5.54	€ 4.05
24-07-2006	Neutral	€ 5.54	€ 4.20
20-10-2006	U.R.	U.R.	€ 4.36
25-10-2006	U.R.	U.R.	€ 4.38

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