



# IMPRESA

Media/ Portugal

**BUY**

Previous: BUY

Price (€)	5.13	Performance	Size	Index Weight	Time View	Price Target (€)	5.30
52W High:	5.56	1M: 9.62%	Mkt Cap (€mn): 431	PSI20 0.49%	Short Term: Positive	Previous Price Target:	5.30
52W Low:	3.97	3M: 1.90%	Avg Vol 5D (th): 713	PSI General Index 0.82%	Long Term: Positive	Potential Return:	3.3%
1 Year ago:	4.90	YTD: 9.62%	Free-Float: 32.8%	Euronext Top 150 0.31%			

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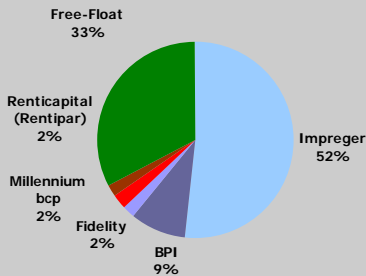
Recent audience data:

	All Day		
	Jan-07	Dec-06	Jan-06
RTP1	26.4%	25.6%	24.0%
2:	4.7%	5.2%	4.8%
SIC	27.1%	27.7%	24.7%
TVI	28.3%	28.2%	32.8%
Cabo	12.6%	12.5%	12.9%
Video & Satellite	0.8%	0.7%	0.8%

	Prime Time		
	Jan-07	Dec-06	Jan-06
RTP1	25.0%	24.8%	19.9%
2:	4.5%	4.6%	4.8%
SIC	28.1%	28.6%	24.9%
TVI	31.4%	30.9%	38.8%
Cabo	10.4%	10.6%	11.0%
Video & Satellite	0.6%	0.6%	0.6%

Source: Markttest.

Impresa's shareholder structure:



Source: Company reports.

Source: Bloomberg, prices as of February 2, 2007.

## Good times ahead...

We are upgrading our short term trading view on Impresa (IPR) from Neutral to Positive, the rationale being the recent, very encouraging, audience data together with a potential entrance of RTL in IPR's share capital, following the divestment from Media Capital (MCP). Indeed, the latest numbers point to a steady recovery of SIC's audience shares, which closed January with 27.1% and have averaged 27.8% in the first days of February, and the new programming scheduled for the next months could further underpin these trends. Although it is obviously too early to make final conclusions, we reckon that our 27% yearend audience estimate may be somewhat conservative; that, on top of the improving economic momentum, suggests that the risks to our SIC valuation are all on the upside - according to our calculations, an additional 0.5 p.p in terms audience share would add €0.34 to our price target. In addition, the developments surrounding MCP (very likely de-listing, leaving IPR as the most interesting vehicle to gain exposure to the Portuguese adv market at a time of economic recovery; speculation on potential interest by RTL once it divests MCP) all increase the stock's appeal. Therefore, despite the recent stock rally, we are upgrading our short term trading view on the stock to Positive and are therefore sticking to our BUY recommendation. We will come back to the story once 2006FY numbers are released (March 9) and will consider adjusting our valuation by then, in face of prevailing audience trends.

► **Audience recovery:** The turning point that many investors were waiting for seems to have finally arrived. After a very good audience performance in December (SIC closed 2006 with a 26.2% all-day average share), SIC further improved audiences, closing January with 27.1% and 28.1% audience share in all-day and prime-time, respectively (2.4 p.p and 3.2 p.p. yoy improvements). The last days of January were particularly good, with all-day audiences averaging 28.9%, 1.7 p.p above TVI. February also had a good start, with SIC grabbing a 27.8% all-day share in the first two days. We believe that SIC audiences should remain strong in the coming weeks, given the '>30%' audience consistently delivered by its Brazilian soap opera 'Páginas da Vida', which should last until September. In addition, SIC should begin broadcasting its new Portuguese soap opera 'Vingança' during February. Although it is too early to make strong conclusions (the strong months of football have yet to come), we believe that SIC may indeed close the year with audiences above our 27% estimate.

► **RTL's possible interest in IPR?** The news that RTL's exit from MCP could ultimately imply a switch to IPR provides an interesting speculative angle to the stock. While we believe that IPR would hardly become an M&A target under the leadership of Mr. Balsemão (his refusal to lose majority is well-known), we would not disregard a possible entrance of RTL in IPR's capital as a long term bet; after all, IPR is a family-owned company and could face succession issues in the future - we had actually brainstormed this scenario in our 2007 Outlook. Indeed, RTL's track-record contains similar stories, in which the company started by acquiring small stakes and retained the position long enough to ensure control at some point. In addition, RTL appears very comfortable with its minority stake in the Spanish player Antena3. In our view, IPR's free float allows the company to follow such a strategy and, should that be the case, the buying pressure would further support IPR's price performance.

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**IMPRESA - 12-month rating history**

Date	Fundamental Rec.	Price Target	Closing Price
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
08-01-2007	Buy	€ 5.30	€ 4.70

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