Espírito Santo Research

PORTUGAL

28 May 2004

IMPRESA

MEDIA

BUY *High Risk*

Price Target: **€ 4.7**

Potential: **+ 23%**

TAKING THE MOST FROM THE AD RECOVERY…

Portuguese Ad Market growth revised upwards to +8.3% (5% before)

Given the performance seen in Q1 we are revising upwards our expectations for the main media segments, namely TV and Press segments. We now forecast TV to grow by 8.5% in 2004 (5.5% before) while the press segment should expand by 6% (-4% before). The million dollar question is what will the ad growth be in the 2H? In Q1 it was growing around 13% and there are indications that Q2 should continue at a similar level.

Impresa with a strong Q1…

Impresa posted a strong performance in Q1 with advertising revenues of the three areas (TV, Newspaper and magazines) up almost 18%. TV was particularly strong with EBITDA mg recovering from -2% to +13%. The biggest surprise came from the Newspaper division with ad revenues up 22% and EBITDA mg reaching 23%, one of the highest figures ever. Impresa has again raised its EBITDA guidance for the second time this year and re-affirmed that April's ad sales were growing at 17% YoY.

…making us revise upwards estimates…

In light of a stronger ad market as well as a better performance of the TV and newspaper business we are raising our revenue estimates by 3% and EBITDA by 13% for 2004E-2005E. Our revised estimates are at the top end of Impresa's guidance for 2004. We expect EBITDA to grow by 83% on revenues up 8%.

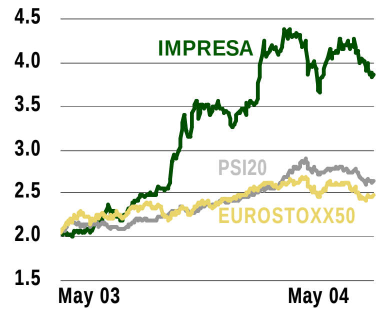
…and Valuation by 15% to € 4.7

Impresa is currently trading at 9.7x EV/EBITDA 05E, 4% above the sector average but with a higher EBITDA CAGR 03-05E of 43% vs 25% for the sector. Another reason to justify a premium for Impresa is the fact that the chances of an upward revision during this year are still high being now dependent on the performance of ad market during the 2H. Also Impresa has built a sound track record of efficient cost control that has been giving its fruits and taking the most of the recent advertising recovery. **We have revised upwards our price target for Impresa by 15% to € 4.7 and recommend investor to BUY the stock.**

Trading		
Reuters Code		IPRN.IN
Bloomberg Code		IPR PL
Shares Outstanding (k)		84 000
Market Cap (EURm)		321
Avg. Daily Vol (#shares)		180 004
Daily Volume (EURm)		0.70
PSI20 Index Weight		0.63%
52 W High/Low		4.39/2.01
Performance	**Δ**	**Δ vs PSI20**
3m	-11%	-5%
6m	9%	-2%
YTD	11%	4%
Financials		**2004E**
EBITDA mg		19.9%
Interest Coverage		3.9
Gearing (D/E)		100%
ROCE		21.5%
ROE		6.3%
Shareholders		**stake**
Impreger		52.2%
BPI		10.7%
B. Santander Neg. Portugal		2.5%
Free-float		34.6%

Source: Espírito Santo Research

Impresa - Last 52 weeks



Source: Bloomberg

	Net Profit	Cash Flow	EPS	Δ EPS	CFPS	P/E	P/CF	Δ EBITDA	EV/EBITDA	DY
2002	-28.3	3.8	-0.34	20%	0.05	N/A	83.4	n.m	neg	0.0%
2003	-10.9	11.3	-0.13	61%	0.13	N/A	28.4	n.m	24.7	0.0%
2004E	6.2	25.5	0.07	157%	0.30	51.6	12.6	83.0%	11.8	0.0%
2005E	10.8	27.3	0.13	73%	0.33	29.8	11.7	12.2%	9.7	0.0%
2006E	14.5	29.4	0.17	34%	0.35	22.2	10.9	7.8%	8.3	1.8%

Note: Extraordinary items excluded from net profit, cash flow, EPS and CFPS; net profit and cash flow in € m; EPS and CFPS in €; price target for Dec 2004;

Last Price: € 3.82

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1. Valuation & Estimates Revision

We have revised upwards our estimates for Impresa, especially in the TV and press segments in light of the growth momentum of the advertising market and the efficient cost control. In the table below we present our main changes in estimates:

EBITDA revised upwards by 13%

	Old		New		% Change
	2004E	2005E	2004E	2005E	2004E
Revenues	**278**	**291**	**288**	**300**	**3%**
TV	152	159	158	166	4%
Newspapers	53	55	57	59	7%
Magazines	77	80	77	80	0%
Other/Holding	-3	-3	-4	-5	35%
EBITDAP	**56**	**62**	**63**	**69**	**12%**
TV	33	37	40	44	21%
Newspapers	11	12	14	16	32%
Magazines	13	14	12	13	-5%
Other/Holding	-1	-1	-4	-4	327%
EBITDA	**51**	**57**	**57**	**64**	**13%**
TV	33	37	38	43	17%
Newspapers	10	11	13	14	36%
Magazines	9	11	10	11	7%
Other/Holding	-1	-1	-4	-4	327%

Source: Espírito Santo Research

Note: EBITDAP= Earnings Before Interest Taxes, Depreciation, Amortisation and Provisions
Impresa's Reported EBITDA=Our EBITDAP (excludes provisions)

In light of the revision in our estimates we have also revised upwards our valuation for Impresa by 15% to € 4.7 and upgraded our recommendation to BUY.

Price target revised upwards by 15% to € 4.7

Impresa's SoP

€ m	Equity value	Stake	Impresa's Eq.Value	EV	% of Group Eq.Value	Method
TV	471	51%	240	534	54%	DCF
Newspapers	150	100%	150	162	33%	DCF
Magazines	115	50%	57	132	13%	DCF
SoP	**736**		**447**	**829**	**100%**	
Holding debt*			56			
Equity Value			**391**			
Per share (EUR)			**4.7**			
Last price			3.8			
Upside			**22%**			

Source: Espírito Santo Research

Multiples Comparison

Since Impresa does not fully own two of the three main business areas we decided to make the calculation of the proportionate contribution for Impresa in order to have an accurate calculation of the market multiples:

Proportional Revenues					
		Full Revenues		Prop Revenues	
	Stake	2004E	2005E	2004E	2005E
TV	51.0%	158	166	81	85
Newspaper	100.0%	57	59	57	59
Magazines	50.0%	77	80	39	40
Other		-4	-5	-4	-5
Total		**288**	**300**	**172**	**179**
% of full				*60%*	*60%*

Source: Espírito Santo Research

Proportional EBITDA					
		Full EBITDA		Prop EBITDA	
	Stake	2004E	2005E	2004E	2005E
TV	51.0%	38	43	19	22
Newspaper	100.0%	13	14	13	14
Magazines	50.0%	10	11	5	6
Other		-4	-4	-4	-4
Total		**57**	**64**	**34**	**38**
% of full				*59%*	*59%*

Source: Espírito Santo Research

In order to have a precise calculation of the EV market multiples we used proportional revenues and EBITDA. We have also to exclude the proportional debt belonging to the TV and magazines' divisions for the calculation of the 'proportional EV'.

Calculation of EV							
	Price	Shares	MCap				
Market Cap	3.82	84	321				
			Net debt		Prop Net Debt		
		2003	2004E	2005E	2003	2004E	2005E
TV	51.0%	63			32		
Newspaper	100.0%	13			13		
Magazines	50.0%	18			9		
Holding		56			56		
Net Debt		**149**	**102**	**63**	**109**	**75**	**46**
Market Cap						**321**	**321**
Prop EV						**396**	**367**
EV/Revenues						**2.3**	**2.0**
EV/EBITDA						**11.8**	**9.7**

Source: Espírito Santo Research

Impresa trades at 9.7x EV/EBITDA05E...

Taking in consideration the calculations assumed above we realise that Impresa is currently trading at 9.7x EV/EBITDA05E, 4% above the sector average but with a higher EBITDA CAGR 03-05E expected of 43% when the sector average is currently 25%. Another reason that can justify a premium for Impresa is the fact that the chances of an upward revision during this year are still high being now dependent on the performance of ad market during the 2H. Also Impresa has built a sound track record of efficient cost control that has been giving its fruits and taking the most of the recent advertising recovery (cash costs flat YoY in Q1). Impresa has been one of the fastest growing media companies in the last couple of years. **We have revised upwards our price target for Impresa by 15% to € 4.7 and recommend investor to BUY the stock.**

with a CAGR 03-05E of 43% vs the sector's 25%

European FTA Broadcasters

	Price	Market Cap	EV/Revenues 2004E	EV/Revenues 2005E	EV/EBITDA 2004E	EV/EBITDA 2005E	P/E 2004E	P/E 2005E	P/E w/o GW 2004E	P/E w/o GW 2005E	EBITDA grw 03-05E	EBITDA mg 2004E
Mediaset	9.1	10,737	3.4	3.0	9.6	8.8	25.2	20.6			8.4%	35.1%
RTL	48.0	7,430	1.7	1.5	10.3	8.3	22.5	19.4			12.7%	16.1%
TF1	25.3	5,457	1.5	1.9	11.4	10.3	25.8	22.4			8.4%	13.0%
ITV	118.5	4,873	2.5	2.4	16.4	11.2	34.8	31.6			31.1%	15.4%
Antena 3	41.3	2,294	3.3	3.0	12.9	10.4	21.7	17.1	19.1	15.4	41.3%	25.8%
Impresa	3.8	321	2.3	2.0	11.8	9.7	51.6	29.8	18.7	14.8	43.3%	19.9%
Media Capital	3.8	313	2.1	1.8	9.5	7.7	65.5	27.5	20.8	14.5	31.9%	21.8%
AVG			**2.4**	**2.2**	**11.7**	**9.5**	**35.3**	**24.1**	**19.5**	**14.9**	**25.3%**	**21.0%**
Premium/ (Discount)			*-4%*	*-9%*	*0%*	*2%*	*46%*	*24%*	*-4%*	*-1%*	*71%*	*-5%*

Source: Espírito Santo Research, JCF (European consensus) and IBES

2. ADVERTISING MARKET

Ad Market to grow by 8.3% in 2004 and 4.5% in 2005

We are revising upwards our forecasts for the trend of the Portuguese market given the strong evolution seen in Q1 and also some perception that Q2 should also post a strong growth. Although there are no official figures for the ad market in Q1 if we sum the advertising sales from the main media groups we realise that the ad market rose approximately 13-14%. We are revising our ad market growth to 8.3% (vs 5% previously) for 2004E and 4.5% (vs 4.1% before) for 2005.

2H remains a black hole...

One of the main concerns is what should the 2H be in terms of advertising after the main events such as the soccer Euro 2004 and the music festival Rock in Rio. In order to reach an estimated 8% growth for the FY2004 and assuming the ad market continues to growth at around 13% in H1, the implied growth in our estimates for the H2 is around 5%.

Q3 should probably be the weakest of 2004 after the strong start of the year. The companies should look at their ad spend and adjust expenditure for the rest of the year. One additional issue that should help Q4 ad spend is the UMTS commercial launch from Vodafone and Optimus, after PT's TMN launch in Q2.

Euro2004 and Rock in Rio effect difficult to estimate

The one-off effect of the Euro2004 and Rock in Rio is quite difficult to estimate but we believe it might not be as high as some estimate. A large part of the sponsorship of Rock in Rio (around 1.5% of the ad market) is made directly and is not included in the ad spending in the main media segments. Therefore, in 2005 unless the ad budgets of the main sponsors (Millennium BCP, Vodafone, Sumol/7UP,etc) shrink, there should be an additional ad spend of 1.5% to the traditional media means.

Economy as the main driver for 2005

It is also clear for us that the economy needs to improve to have a sustained recovery of the ad spend in 2005. We believe the next couple of years with elections (Presidential and municipalities in 2005 and government in 2006) should be stronger than the last few in Portugal being 2003 the worst with a real GDP growth of -1.2% (2% nominal). Our economy department forecasts a nominal GDP growth of 3.1% and 3.8% for 2004 and 2005, respectively.

Portuguese Advertising Market

	2000	2001	2002	2003	2004E	2005E	2006E	2007E	2008E
FTA	**281.1**	**269.4**	**254.1**	**274.1**	**297.4**	**309.3**	**318.6**	**328.1**	**338.0**
growth		*-4.2%*	*-5.7%*	*7.9%*	*8.5%*	*4.0%*	*3.0%*	*3.0%*	*3.0%*
Pay-TV	**5.0**	**8.0**	**11.0**	**18.0**	**21.6**	**24.8**	**27.3**	**28.7**	**30.1**
growth		*60.0%*	*37.5%*	*63.6%*	*20.0%*	*15.0%*	*10.0%*	*5.0%*	*5.0%*
Press	**279.2**	**260.4**	**236.5**	**226.2**	**239.8**	**251.8**	**259.3**	**267.1**	**275.1**
growth		*-6.7%*	*-9.2%*	*-4.3%*	*6.0%*	*5.0%*	*3.0%*	*3.0%*	*3.0%*
Radio	**46.9**	**46.0**	**42.6**	**45.2**	**48.4**	**50.4**	**51.9**	**53.4**	**55.0**
growth		*-2.0%*	*-7.3%*	*6.2%*	*7.0%*	*4.0%*	*3.0%*	*3.0%*	*3.0%*
Outdoor	**83.1**	**72.6**	**72.4**	**73.9**	**83.5**	**85.2**	**87.8**	**90.4**	**93.1**
growth		*-12.7%*	*-0.3%*	*2.1%*	*13.0%*	*2.0%*	*3.0%*	*3.0%*	*3.0%*
Cinema	**3.8**	**3.5**	**3.5**	**3.8**	**4.0**	**4.2**	**4.3**	**4.5**	**4.6**
growth		*-7.0%*	*-1.6%*	*7.9%*	*6.0%*	*6.0%*	*3.0%*	*3.0%*	*3.0%*
Internet	**7.7**	**7.0**	**6.0**	**5.2**	**5.4**	**5.7**	**6.0**	**6.3**	**6.6**
growth		*-8.7%*	*-15.4%*	*-13.5%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Ad Market	**706.8**	**666.9**	**626.0**	**646.4**	**700.1**	**731.4**	**755.2**	**778.5**	**802.5**
growth		***-5.6%***	***-6.1%***	***3.3%***	***8.3%***	***4.5%***	***3.3%***	***3.1%***	***3.1%***

3. IMPRESA GROUP

3.A The *Expresso* Effect (Newspapers) (33% Valuation)

The newspaper division was probably the main surprise in Q1 with a very strong performance with ad revenues up 22%. The weekly newspaper 'Expresso' is the main driver with traditional advertising up by 25% and classifieds growing 17% in Q1. 'Expresso' changed its layout and introduced several changes, namely in the business, employment and real estate supplements. The growing classifieds area is also a positive sign of a better economy.

Newspapers with a strong Q1 with ad up 22%

Expresso reported in Q1 one of the all time high EBITDAP mgs (23%) in a quarter that is usually one of the lowest contributors. However, there was a new edition of 'Lusiadas' (Portuguese poems) published together with 'Expresso' that was a major success again this year and benefited margins. We expect the FY EBITDAP mg to reach 25% (+68% YoY), its all time high mg.

EBITDAP mg at all time high

3.B SIC continues to improve with good cost control (54% Valuation)

The FTA (Free-To-Air) segment continues strong this year with SIC reporting a 20% growth in advertising during Q1. The growth pace should ease during the year but it seems that Q2 continues almost at the same level of growth. We expect the FTA segment to grow by 8.5% in 2004, very similar to the market growth.

Strong ad figures in Q1 with ad up 20%

SIC has also posted a strong performance at the cost level with cash costs flat YoY despite a 17.5% increase in revenues. Programming costs were up 0.5% despite a drop of 3% in the generalist SIC. The increase is due to the launch of thematic channel SIC Mulher (SIC Woman) and SIC Indoor, a partnership with Sonae's shopping malls.

We forecast SIC's EBITDAP mg to reach 25.6% in 2004 (vs 17.8% in 2003), which implies a growth of 57% YoY. EBITDA should grow by 70% to reach a mg of 24.1% (vs 15.4% in 2003). We expect revenues to grow by 9.3% with advertising up 8.6%.

EBITDA mg to reach 24% from 15% in 2003

3.C Magazines with tougher competition (13% Valuation)

The magazines' division that was the best performer during the downturn of the ad cycle during 2001 and 2002 is now suffering pressure from additional competition. Nonetheless, Q1 was a reasonable quarter and apparently the higher competition is affecting less circulation than initially expected.

We forecast EBITDAP mg to expand in 2004 to 15.9% (from 13.9% in 2003), meaning an 18% growth YoY. EBITDA should also rise by 22% with the mg also improving 2 p.p. to 12.9% while revenues should grow 3.6%.

APPENDIX I – Q1 RESULTS

Highlights of Impresa's 1Q04 P&L

€ 000'	1Q03	1Q04A	YoY	1Q04E ESR	Dev	Cons € m
Revenues	**54,786**	**63,175**	**15.3%**	**63,008**	**0%**	**63.0**
Television	29,657	34,833	17.5%	34,187	2%	
Newspapers	10,762	13,094	21.7%	12,765	3%	
Magazines	15,451	16,511	6.9%	17,196	-4%	
Inter-segments	-1,084	-1,263	16.5%	-1,141	11%	
Cash Costs	***53,615***	***55,183***	***2.9%***	***55,534***	***-1%***	
EBITDAP	**1,171**	**7,992**	**582.4%**	**7,473**	**7%**	**6.4**
Television	-687	4,478	n.m	3,409	31%	
Newspapers	1,100	3,023	174.9%	2,652	14%	
Magazines	1,101	1,285	16.7%	1,946	-34%	
Inter-segments	-343	-794	-131.6%	-533	49%	
EBITDAP mg	***2.1%***	***12.7%***		***11.9%***		
Provisions	1,656	818	-50.6%	1,414	-42%	
EBITDA	**-484**	**7,174**		**6,059**	**18%**	
EBITDA mg	**-0.9%**	**11.4%**		**9.6%**		
Depreciation	4,805	3,494	-27.3%	3,381	3%	
EBIT	**-5,290**	**3,681**	**169.6%**	**2,679**	**-37%**	
Financials	-1,952	-2,615	-34.0%	-2,054	27%	
Goodwill	-2,757	-2,691	-2.4%	-2,838	-5%	
Extraordinaries	483	301	37.7%	0	n.m	
EBT	**-9,515**	**-1,324**	**86.1%**	**-2,213**	**-40%**	
Net Income	**-7,403**	**-1,306**	**82.4%**	**-2,513**	**-48%**	**-3.5**

Source: Espírito Santo Research
Note: EBITDAP= Earnings Before Interest Taxes, Depreciation, Amortisation and Provisions

Highlights of the main Businesses

TV	1Q03	1Q04A	YoY	1Q04E	Dev.
Advertising	20 443	24 516	19.9%	23 778	3.1%
Other	9 214	10 317	12.0%	10 410	-0.9%
Total revenues	***29 657***	***34 833***	**17.5%**	***34 187***	1.9%
EBITDAP	**-687**	**4 478**	**n.m**	**3 409**	**-31.4%**
mg	*-2.3%*	*12.9%*		*10.0%*	

Newspapers	1Q03	1Q04A	YoY	1Q04E	Dev.
Advertising	6 220	7 579	21.9%	7 542	0.5%
Other	4 542	5 515	21.4%	5 223	5.6%
Total revenues	***10 762***	***13 094***	**21.7%**	***12 765***	2.6%
EBITDAP	**1 100**	**3 023**	**174.9%**	**2 652**	**14.0%**
mg	*10.2%*	*23.1%*		*20.8%*	

Magazines	1Q03	1Q04A	YoY	1Q04E	Dev.
Advertising	5 438	5 663	4.1%	6 110	-7.3%
Other	10 013	10 848	8.3%	11 086	-2.1%
Total revenues	***15 451***	***16 511***	**6.9%**	***17 196***	-4.0%
EBITDAP	**1 101**	**1 285**	**16.7%**	**1 946**	**-34.0%**
mg	*7.1%*	*7.8%*		*11.3%*	

Source: Espírito Santo Research.

Note: EBITDAP= Earnings Before Interest Taxes, Depreciation, Amortisation and Provisions

APPENDIX II – FINANCIAL STATEMENTS

Balance Sheet (€ m)	2001	2002	2003	2004E	2005E
Cash	6	10	21	31	31
Current Assets	158	147	137	145	151
Fixed assets	78	83	73	58	54
Intangible Assets	172	180	167	155	142
Other Assets	14	7	3	3	3
Total Assets	**428**	**428**	**401**	**392**	**380**
Shareholders Equity	117	88	96	102	113
Minority Interests	22	13	16	27	41
Financial Debt	123	158	170	133	94
Current liabilities	140	135	114	117	120
Other liabilities	27	34	6	13	13
Total Liablilities	289	327	290	263	227
Total E + L + MI	**428**	**428**	**401**	**392**	**380**
Net debt (Cash)	117	148	149	102	63
Gearing (Net debt/Equity)	101%	168%	156%	100%	56%

Income Statement (€ m)	2001	2002	2003	2004E	2005E	CAGR 03-05E
TV	144	130	145	158	166	7.0%
Newspapers	58	51	51	57	59	8.1%
Magazines	75	73	75	77	80	3.4%
Other	-21	-3	-4	-4	-5	3.0%
Revenues	**301**	**251**	**266**	**288**	**300**	**6.3%**
Personnel costs	76	71	70	69	71	0.6%
COGS (incl. Program.)	130	85	78	77	79	1.0%
SGA	107	81	76	77	79	2.2%
Other operating costs	16	8	4	1	1	-40.9%
EBITDAP	**-29**	**6**	**38**	**63**	**69**	**35.0%**
EBITDAP mg	***-9.6%***	***2.4%***	***14.3%***	***21.9%***	***23.0%***	
TV	-22	-3	26	40	44	31.0%
Newspapers	5	4	8	14	16	35.8%
Magazines	6	13	10	12	13	13.2%
Other	-4	-2	-4	-4	-4	2.2%
EBITDA	**-39**	**-5**	**31**	**57**	**64**	**43.3%**
EBITDA mg	***-13.0%***	***-1.8%***	***11.8%***	***19.9%***	***21.4%***	
TV	-26	-8	22	38	43	38.2%
Newspapers	4	3	7	13	14	38.9%
Magazines	1	9	8	10	11	17.0%
Other	-4	-2	-4	-4	-4	2.2%
EBIT	**-44**	**-20**	**19**	**44**	**53**	**68.1%**
Goodwill	10	10	11	11	11	0.0%
Net Financial Results	-12	-11	-10	-10	-8	-12.5%
Extraordinary Results	-17	0	1	0	0	n.m
EBT	**-83**	**-40**	**-2**	**23**	**34**	**n.m**
Income Taxes	-13	-2	5	6	9	30.7%
Minority Interests	-17	-10	3	11	14	111.1%
Net Profit	**-52**	**-28**	**-10**	**6**	**11**	n.m
Cash Flow	-22	4	12	25	27	50.8%
Net Profit (adj.)	**-35**	**-28**	**-11**	**6**	**11**	**n.m**

Source: Espírito Santo Research.
Note: EBITDAP= Earnings Before Interest Taxes, Depreciation, Amortisation and Provisions

Per Share Data (EUR)	2001	2002	2003	2004E	2005E
EPS (adj)	-0.49	-0.39	-0.15	0.07	0.13
CFPS	-0.07	0.05	0.15	0.30	0.33
BVPS	1.62	1.22	1.14	1.21	1.34
DPS	0.00	0.00	0.00	0.00	0.00
Payout	0.0%	0.0%	0.0%	0.0%	0.0%

Performance Ratios	2001	2002	2003	2004E	2005E
Sales growth	-13.0%	-16.7%	6.0%	8.3%	4.4%
EBITDA growth	n.m	n.m	n.m	83.0%	12.2%
EBIT growth	n.m	n.m	n.m	134.9%	20.2%
EBT growth	n.m	n.m	n.m	n.m	47.4%
Net Profit growth	n.m	n.m	n.m	n.m	n.m
Net Profit Adj. growth	n.m	n.m	n.m	n.m	73.1%
Cash Flow growth	n.m	n.m	187.5%	112.0%	7.2%

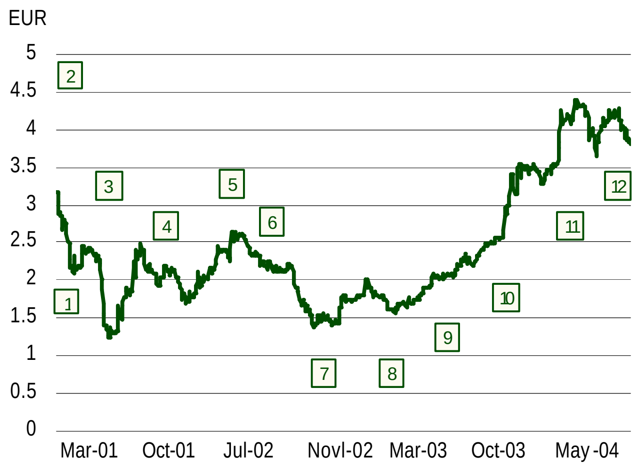
Profitability Ratios	2001	2002	2003	2004E	2005E
EBITDA margin	-9.6%	2.4%	14.3%	21.9%	23.0%
EBIT margin	-14.7%	-7.9%	7.0%	15.2%	17.5%
Effective Income Tax Rate	n.m	n.m	n.m	n.m	n.m
ROCE	-18.9%	-8.4%	7.6%	21.5%	30.0%
ROE	-44.8%	-31.8%	-10.7%	6.1%	9.6%

Leverage Indicators	2001	2002	2003	2004E	2005E
Net Debt / Capital Employed	48.9%	60.1%	56.1%	43.3%	30.4%
Net Debt / EV	40.1%	50.3%	30.3%	20.0%	12.6%
Gearing	100.5%	168.3%	155.8%	99.8%	55.8%
Net Debt / Market Cap	36.5%	46.1%	46.5%	31.7%	19.6%
Interest Coverage	-4.4x	1.0x	6.2x	10.3x	12.1x

Valuation	2001	2002	2003	2004E	2005E
P/E	neg	neg	neg	51.6x	29.8x
P/CF	neg	33.2x	23.3x	12.6x	11.7x
P/BV	1.3x	1.5x	3.1x	3.1x	2.8x
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales	1.0x	1.2x	1.8x	1.8x	1.7x
EV/EBITDA	neg	neg	24.7x	11.8x	9.7x
EV/Capital Employed	73.6x	52.1x	44.6x	48.2x	52.4x

Source: Espírito Santo Research.

Rating History



Source: Espírito Santo Research

#	Date	Rating	Price Target	Closing Price
1	1-Mar-01	Buy	8.00	6.11
2	21-Mar-01	Hold	5.60	5.00
3	14-May-01	Hold	3.90	3.90
4	23-Oct-01	Neutral	2.12	2.04
5	12-Jun-02	Under Revision	N/A	2.61
6	1-Jul-02	Restricted	N/A	2.50
7	27-Nov-02	Buy	1.80	1.53
8	25-Mar-03	Neutral-High Risk	2.10	1.80
9	11-Jul-03	Buy-High Risk	3.00	2.37
10	3-Oct-03	Buy-High Risk	3.50	2.86
11	11-Feb-04	Neutral-High Risk	4.12	4.13
12	28-May-04	Buy-High Risk	4.70	3.82

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INVESTMENT RATINGS indicate expected return within the 12 months period to December 2004: 1 - Buy (minimum 15%); 2 - Neutral (5-15%); 3 - Sell (less than 5%); the required returns for High Risk securities can be higher.