

Still on the right track

■ Good 3Q operating results

Impresa reported good 3Q operating results driven by 10.2% y/y growth (to €37.1m) in advertising revenues (which are up 17.8% y/y in 9M04). Group revenues were in line with our estimates at €56.7m (+9.2% y/y) in 3Q while good cost control pushed group EBITDA 10.8% above our estimates at €9.9m.

■ TV and newspapers continue to drive growth

Good top-line was once again mainly driven by the TV and newspapers divisions, which reported 3Q advertising revenue growth of 13% y/y and 7.5% y/y respectively. Magazine revenues on the other hand were 12% below our estimates due to 5.1% y/y and 6.0% y/y drops in advertising and circulation revenues respectively.

■ Increasing estimates

We are revising our estimates for Impresa on the back of good cost control displayed by the company so far this year as well as the prevailing strength in the Portuguese advertising market namely on the TV segment. We increase our 2005 adj. earnings estimate by 17.6% to €24.5m.

■ Valuation: Raise DCF-based SOP valuation

We raise our valuation for Impresa on the back of the upward revision in our estimates. Our DCF-based SOP valuation now reaches an equity value for the company of €5.75/share (was €5.1). At our new price target Impresa would trade at 13.7x 2005E EV/EBITDA for a 28% 2003-05E EBITDA CAGR.

Highlights (€m)	12/02	12/03	12/04E	12/05E	12/06E
Revenues	251	266	257	275	291
EBIT	(30)	8	30	37	44
Net income (UBS)	(18)	0	18	25	29
EPS (UBS, €)	(0.23)	0.00	0.21	0.29	0.34
Net DPS (UBS, €)	0.00	0.00	0.00	0.06	0.08

Profitability & Valuation	5-yr hist. av.	12/03	12/04E	12/05E	12/06E
EBIT margin %	1.2	2.9	11.6	13.6	15.0
ROIC (EBIT) %	-	2.9	11.4	15.5	19.2
EV/EBITDA x	-	16.7	14.4	12.4	10.8
PE (UBS) x	-	>100	22.2	16.1	13.8
Net dividend yield %	-	0.0	0.0	1.4	1.8

Source: Company accounts, Thomson Financial, UBS estimates. UBS EPS is stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of €4.70 on 25 Oct 2004

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Portugal

Broadcasting

Rating **Buy 2**
Unchanged

Price target €5.75/US\$7.29
Prior: €5.10/US\$6.46

Price €4.70/US\$5.99

RIC: IPRN.IN BBG: IPR PL

26 October 2004

Trading data (local/US\$)

52-wk. range	€4.73-3.15/US\$5.99-3.71
Market cap.	€0.39bn/US\$0.50bn
Shares o/s	84.0m (ORD)
Free float	30%
Avg. daily volume ('000)	109
Avg. daily value (€m)	0.5

Balance sheet data 12/04E

Shareholders' equity	€0.10bn
P/BV (UBS)	3.1x
Net cash (debt)	(€0.09bn)

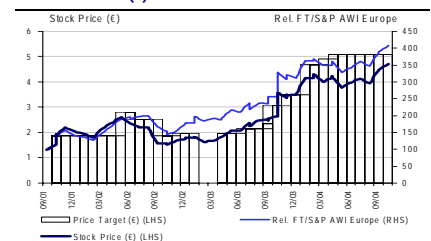
Forecast returns

Forecast price appreciation	+22.3%
Forecast dividend yield	1.7%
Forecast stock return	+24.0%
Market return assumption	7.4%
Forecast excess return	+16.6%

EPS (UBS, €)

	12/04E			12/03
	From	To	Cons.	Actual
Q1E	(0.02)	0.01	-	(0.07)
Q2E	0.09	0.07	-	0.04
Q3E	0.04	0.01	-	(0.03)
Q4E	0.10	0.11	-	0.05
12/04E	0.20	0.21	0.21	
12/05E	0.25	0.29	0.24	

Performance (€)



Source: UBS

www.ubs.com/investmentresearch

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 7

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3Q results review – mixed performance

Impresa reported 3Q results broadly in line with our estimates. Group revenues were in line with our estimate at €6.7m (+9.2% y/y, UBSe €6.2m). Magazine revenues were 12% below our estimate (€1.1m, UBSe €10.4m) due to a 5.1% y/y drop in advertising revenues (to €3.6m) as well as a 6.0% y/y drop in circulation revenues (to €5.2m). Newspaper revenues were in line with our estimate at €1.9m (+8% y/y). The shortfall in magazine revenues was offset by Television that reported revenues 3.7% ahead of our estimates at €36m.

Table 1: Impresa – divisional revenue split

€ million	1Q03	2Q03	3Q03	4Q03	1Q04	2Q04	3Q04	% y/y
Television								
Advertising	20.4	30.5	23.2	35.4	24.5	38.7	26.2	13.1%
SIC thematic channels	6.3	7.3	6.9	7.2	7.0	7.5	7.3	6.0%
Other	2.9	0.9	2.3	1.5	3.3	1.9	2.4	7.9%
Total	29.6	38.7	32.4	44.1	34.8	48.1	36.0	11.2%
Newspapers								
Advertising	6.2	9.2	6.8	10.2	7.6	10.7	7.3	7.5%
Circulation	3.8	3.5	4.2	3.4	3.9	3.6	4.3	2.4%
Other	0.7	0.5	0.0	2.2	1.6	0.7	0.3	n.m.
Total	10.7	13.2	11.0	15.8	13.1	14.9	11.9	8.1%
Magazines								
Advertising	2.7	4.6	3.8	5.3	2.8	4.9	3.6	-5.1%
Circulation	4.4	4.4	5.5	4.4	4.7	5.3	5.2	-6.0%
Other	0.6	-0.3	0.4	1.5	0.8	0.7	0.4	-7.4%
Total	7.7	8.7	9.7	11.2	8.3	10.9	9.1	-5.7%

Source: Company data

The higher-than-expected TV revenues coupled with prevailing cost control (TV operating costs were broadly flat in 9M04) led the division's EBITDA to come out 6.6% ahead of our estimates at €7.2m. This has partially offset worse-than-expected newspapers EBITDA (€2.2m vs UBSe €2.9m). Magazines remain the weakest division of the group (EBITDA was down 1.5% y/y to €1.3m), however Impresa has been offsetting the advertising weakness in this segment with good cost control. Holding adjustments were also lower-than-expected (-€0.8m vs UBSe -€1.8m), helping to drive total group EBITDA to be 10.8% ahead of our estimates at €9.9m.

Depreciations and provisions also came out below expectations (-€4.3m vs UBSe €4.0m) driving post-goodwill EBIT of €3.1m to be 32% above our estimates. The better-than-expected operating results were however offset by higher tax charges (-€1.3m vs UBSe -€0.2m) that caused net losses of €0.8m to come out above our estimates (UBSe €0.6m).

Table 2: Impresa – Quarterly results summary

€ million	1Q04	2Q04	3Q04E	3Q04	% y/y	% diff	9M04E	9M04	% y/y	% diff
TV	34.8	48.1	34.7	36.0	11.2%	3.7%	117.6	118.9	18.1%	1.1%
Newspapers	13.1	14.9	12.1	11.9	8.1%	-1.2%	40.1	40.0	14.3%	-0.3%
Magazines	8.3	10.9	10.4	9.1	-5.7%	-12.3%	29.6	28.3	8.7%	-4.3%
Intercompany sales	-1.0	-0.9	-1.0	-0.4	-69.7%	-63.7%	-2.9	-2.3	-22.3%	-21.7%
Net revenues	55.2	73.0	56.2	56.7	9.2%	0.9%	184.4	184.9	16.5%	0.3%
TV	4.5	16.1	6.8	7.2	155.5%	6.6%	27.4	27.8	123.2%	1.6%
Newspapers	3.0	3.9	2.9	2.2	50.2%	-25.5%	9.8	9.1	81.3%	-7.6%
Magazines	0.6	1.6	1.1	1.3	-1.5%	17.9%	3.3	3.5	14.7%	5.9%
Holding adjustments	-0.8	-1.0	-1.8	-0.8	73.3%	-58.0%	-3.7	-2.6	130.9%	-29.0%
EBITDA	7.3	20.6	8.9	9.9	92.8%	10.8%	36.9	37.8	94.7%	2.6%
<i>% margin</i>	<i>13.3%</i>	<i>28.2%</i>	<i>15.9%</i>	<i>17.5%</i>	<i>76.5%</i>		<i>20.0%</i>	<i>20.5%</i>	<i>67.2%</i>	<i>2.4%</i>
Provisions	-0.5	-1.4	-0.6	-1.1	66.3%	90.7%	-2.4	-2.9	4.9%	21.2%
Depreciation	-3.3	-3.4	-3.5	-3.2	-27.0%	-8.3%	-10.2	-9.9	-26.6%	-2.8%
Goodwill	-2.6	-2.6	-2.6	-2.6	1.0%	0.0%	-7.7	-7.7	-1.4%	0.0%
EBIT (post-goodwill)	1.0	13.3	2.4	3.1	-230.2%	31.7%	16.6	17.3	-474.4%	4.5%
<i>% margin</i>	<i>1.8%</i>	<i>18.1%</i>	<i>4.2%</i>	<i>5.5%</i>	<i>-219.2%</i>		<i>9.0%</i>	<i>9.4%</i>	<i>-421.5%</i>	<i>4.2%</i>
Net financials (inc. associates)	-2.3	-2.4	-1.2	-1.8	-11.3%	41.6%	-5.9	-6.5	24.4%	8.7%
Extraordinary	0.2	0.8	0.0	0.8	1.6%		1.0	1.8	99.2%	79.0%
Tax	0.1	-2.8	-0.2	-1.3	234.1%	484.9%	-2.9	-4.0	122.7%	37.7%
Minorities	-0.2	-4.6	-1.5	-1.6	-528.6%	6.2%	-6.3	-6.4	-1889.2%	1.5%
Net profit/(loss)	-1.3	4.3	-0.6	-0.8	-78.8%	26.8%	2.4	2.3	-121.9%	-6.7%

Source: Company data, UBS estimates

Increasing advertising market estimates

We are revising our estimates for Impresa on the back of the good cost control displayed by the company so far this year as well as the prevailing strength in the Portuguese advertising market namely in the TV segment.

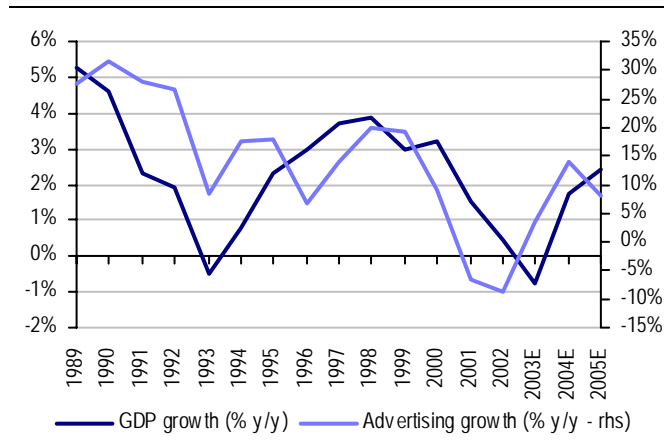
Last year saw structural changes in the Portuguese TV market: (1) new regulation was put in place which forced the broadcasters to have more discipline on respecting ad-minutage limits; and (2) the State broadcaster RTP was re-oriented towards a more public service profile with ad-minutage cut from 7.5 min/hour to 6 min/hour.

These changes have positively fed through an environment of growing advertising price increases which, coupled to the extraordinary events this year (Eurocup, Olympics and the music festival "Rock in Rio") and the country's economic recovery, is allowing for TV ad-spend to grow at an estimated 16% y/y in 2004.

We believe that the good advertising momentum should extend into 2005 as we expect macroeconomic recovery to accelerate in that year. We still believe that the Portuguese advertising offers room for further structural growth as, despite an overall 14% y/y ad-spend growth expected for 2004FY, advertising as a percentage of GDP will remain at only 0.51%. Although this is now close to the

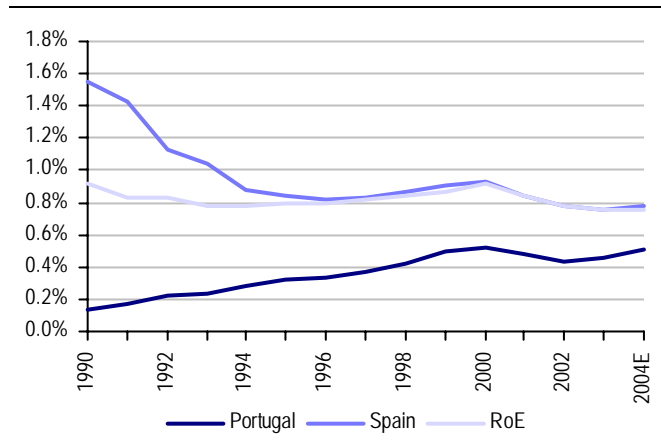
2000 peak level of 0.52%, this ad-spend penetration is still at a significant gap to the Rest of Europe as well as its neighbouring country Spain where we currently forecast advertising to represent 0.76% of GDP in 2004 (see Chart 2).

Chart 1: Portuguese advertising vs GDP growth



Source: UBS estimates

Chart 2: Advertising as a % of GDP, 1990-2004E



Source: UBS estimates

We are consequently increasing our forecasts for Portuguese ad-spend growth in 2004 and 2005. We are now looking for +14% y/y growth in 2004FY (+9% previously) and +8% y/y in 2005 (+4% y/y previously). We acknowledge though that our 2005 forecast may still look conservative, considering recent statements by media research company OMD and Impresa's CEO (Mr. Pinto Balsemao) that said that a 10% y/y growth in 2005 could be achievable.

Impresa estimates revision

As a diversified media group with strong presences in the newspapers (leading weekly title and freesheet titles) and magazines (number one player with c.35% market share) segments, we expect Impresa to benefit from an improving advertising market, as the price increases on TV should also come through other media segments at a later stage. Moreover, the company's earnings outlook is further strengthened by a strong focus on profitability resulting from the restructuring carried out over the past two years.

There are four key highlights in our estimates revision:

- We are adjusting our consolidated estimates for the accounting changes carried out by the company in 2Q as Impresa now proportionally consolidates its 50% owned magazines division Edimpresa. In order to facilitate the comparability of estimates, in the summary of estimates change we present below, our previous estimates were also adjusted for this accounting effect.
- We believe that TV should once again in 2005 be the main driver for advertising growth. Our new estimates factor in an 8% y/y growth in TV advertising revenues (to €137.2m) for the company, but only +5% growth in newspapers and magazines advertising (to €37.5m and €5.6m respectively.)

- While we increase our 2005 EBITDA estimates for the TV and newspapers divisions by 14.1% (to €48.6m) and 18% (to €14.0m) respectively, we are reducing our EBITDA estimate for the magazines division in that year by 8.1% to €6.7m. This is a result of the fact that advertising in the magazines segment remains sluggish – we are forecasting only +4% magazine ad-growth for Impresa in 2004 versus +16% for TV and +10% for newspapers – as well as increased competition in the market stemming from the launch of new titles by competitor Cofina group. Moreover, Impresa is planning to have new title launches as well, which should translate into extra costs related to marketing and promotions for the division. The net effect is nevertheless positive and pushes our group EBITDA estimate to increase 12.6% in 2005 to €67.1m.
- We are also cutting our estimates for provision charges for the group by c.15% in both 2004 and 2005. This comes from the fact that a healthier market normally allows companies to proceed with lower provisioning across all the divisions. Coupled to the uplift in our EBITDA estimates, the reduction in provisions leads our 2005 post-goodwill EBIT estimate to increase by 31.5% (to €37.3m). Although this is partially offset by increased tax and minorities charges, our pre-exceptional pre-goodwill net profit estimate increases by 17.6% in 2005 to €24.5m.

Table 3: Impresa – summary of estimates change

€ million	----- New estimates -----			----- Previous estimates * -----			----- % change -----		
	2004E	2005E	2006E	2004E	2005E	2006E	2004E	2005E	2006E
TV	166.0	179.7	191.2	160.5	172.0	183.1	3.4%	4.5%	4.4%
Magazines	40.3	42.4	44.1	39.5	41.0	42.3	2.2%	3.6%	4.4%
Newspapers	55.1	57.5	60.1	53.1	55.1	56.9	3.7%	4.4%	5.7%
Intercompany sales	(4.1)	(4.2)	(4.4)	(4.0)	(4.1)	(4.2)	2.7%	3.7%	3.7%
Total operating revenues	257.3	275.4	291.1	249.1	264.0	278.0	3.3%	4.3%	4.7%
TV	44.3	48.6	53.3	39.5	42.6	46.9	12.0%	14.1%	13.6%
Magazines	5.7	6.7	7.3	6.3	7.3	7.6	-8.8%	-8.1%	-4.7%
Newspapers	13.0	14.0	15.2	11.1	11.9	12.3	17.0%	18.0%	23.2%
Other adjustments	(3.0)	(2.2)	(2.2)	(1.1)	(2.2)	(2.2)	n.m.	0.0%	0.0%
Total EBITDA	60.0	67.1	73.6	55.9	59.6	64.7	7.4%	12.6%	13.7%
% margin	23.3%	24.4%	25.3%	22.4%	22.6%	23.3%			
Depreciations	(13.4)	(13.0)	(12.8)	(13.9)	(13.4)	(13.1)	-3.1%	-2.9%	-2.2%
Provisions	(5.7)	(5.8)	(6.1)	(6.8)	(6.8)	(6.8)	-15.6%	-15.0%	-9.3%
Goodwill amortisation	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	(11.0)	0.0%	0.0%	0.0%
EBIT	29.9	37.3	43.7	24.3	28.4	33.9	23.2%	31.5%	28.9%
% margin	11.6%	13.6%	15.0%	9.7%	10.8%	12.2%			
Pretax profit	23.1	34.6	44.6	20.4	27.9	34.8	13.2%	23.8%	28.2%
Taxes	(5.1)	(8.6)	(12.3)	(4.1)	(7.7)	(9.6)	24.6%	12.6%	28.2%
Minority interests	(9.7)	(12.4)	(14.7)	(8.8)	(10.4)	(12.6)	9.7%	19.5%	16.7%
Reported net profit	8.3	13.6	17.6	7.5	9.9	12.6	11.2%	37.1%	39.8%
UBS net profit pre goodwill	17.8	24.5	28.6	16.9	20.9	23.6	5.0%	17.6%	21.3%

Source: UBS estimates

We also revise our valuation for Impresa on the back of the upward revision in our estimates. Our DCF-based SOP valuation now reaches an equity value for the company of €5.75/share (was €5.1).

Table 4: Impresa – DCF-base sum-of-the-parts valuation

€ million	EV (100%)	% ownership	Attrib. To Impresa	Comment
TV	619.1	51.0%	315.8	Implies 12.7x 2005E EBITDA
Magazines	148.3	50.0%	74.1	Implies 11.1x 2005E EBITDA
Newspapers	144.3	100.0%	144.3	Implies 10.3x 2005E EBITDA
Total Impresa	911.7		534.2	
Holding debt (2004E)			(51.1)	
Impresa Equity Value			483.0	
Per share (€)			5.75	

Source: UBS estimates

Our valuation of Impresa is based on DCF analyses for each of the constituent parts of the company (TV, magazines and newspapers), considering the following set of base assumptions: 8.5% discount rate and 3.5% terminal growth. Given our standardised DCF assumptions, the remaining key variable in the constituents' valuations becomes the estimated free-cashflow potentials that serve as the basis for the terminal value calculations.

On SIC (TV) we estimate a terminal free-cash-flow potential of €41.6 million. Assuming 2004-10E CAGR sales of 4.9%, this implies a terminal FCF margin of 18.1% (implies a 29% EBITDA margin target), which compares with a 26.7% margin we currently estimate for 2004.

On the magazines and newspapers divisions we estimate terminal FCF potentials of €9.8 million and €9.5 million respectively. These imply EBITDA margin targets of 18% for the magazines divisions and 26% for the newspapers division. We believe these to be fair assumptions as, assuming 2004-10E CAGR sales of 3.5%, they imply FCF margins of 9.4% (for magazines) and 13.6% (for newspapers). These compare to currently estimated FCF margins of 10.4% for the magazines division and 17.4% for the newspapers division in 2004.

On our estimates, Impresa is currently trading on 16.1x 2005E adjusted earnings and 12.4x 2005E EV/EBITDA versus the European broadcasting sector on 16.5x earnings and 9.1x EBITDA. At our new price target Impresa would trade on 19.7x 2005E adjusted earnings and 13.7x 2005E EV/EBITDA. We believe this premium to be justified in light of stronger-than-average expected growth. We forecast Impresa to deliver 28% 2003-05E EBITDA CAGR against the European broadcasting sector's +16% 2003-05E EBITDA CAGR. We maintain our Buy 2 rating.

■ Impresa

Impresa is the premier diversified media group in Portugal, with strong market shares in the most important areas of the Portuguese advertising market, namely television (which represents 53% of the Portuguese advertising cake), and magazines and newspapers (a further 24% share). It has interests in free-to-air TV (SIC), pay-TV (thematic channels), print media (newspapers and magazines), distribution (VASP/Deltapress) and internet portals (SIC online).

■ Statement of Risk

The media sector is mainly affected by consumer spending and the advertising cycle which are inherently difficult to predict. Therefore, Impresa's future earnings forecasts and underlying valuations may be subject to abrupt changes

■ Analyst Certification

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

Required Disclosures

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UBS Investment Research: Global Equity Ratings Definitions and Allocations

UBS rating	Definition	UBS rating	Definition	Rating category	Coverage ¹	IB services ²
Buy 1	FSR is > 10% above the MRA, higher degree of predictability	Buy 2	FSR is > 10% above the MRA, lower degree of predictability	Buy	41%	33%
Neutral 1	FSR is between -10% and 10% of the MRA, higher degree of predictability	Neutral 2	FSR is between -10% and 10% of the MRA, lower degree of predictability	Hold/Neutral	50%	33%
Reduce 1	FSR is > 10% below the MRA, higher degree of predictability	Reduce 2	FSR is > 10% below the MRA, lower degree of predictability	Sell	9%	27%

1: Percentage of companies under coverage globally within this rating category.

2: Percentage of companies within this rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS; as of 30 September 2004.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (an approximation of the equity risk premium).

Predictability Level The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities.

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Rating/Return Divergence (RRD) This qualifier is automatically appended to the rating when stock price movement has caused the prevailing rating to differ from that which would be assigned according to the rating system and will be removed when there is no longer a divergence, either through market movement or analyst intervention.

EXCEPTIONS AND SPECIAL CASES

US Closed-End Fund ratings and definitions are: Buy: Higher stability of principal and higher stability of dividends; Neutral: Potential loss of principal, stability of dividend; Reduce: High potential for loss of principal and dividend risk.

UK and European Investment Fund ratings and definitions are: Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Reduce: Negative on factors such as structure, management, performance record, discount.

Core Banding Exceptions (CBE): Exceptions to the standard +/-10% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Companies Mentioned table in the relevant research piece.

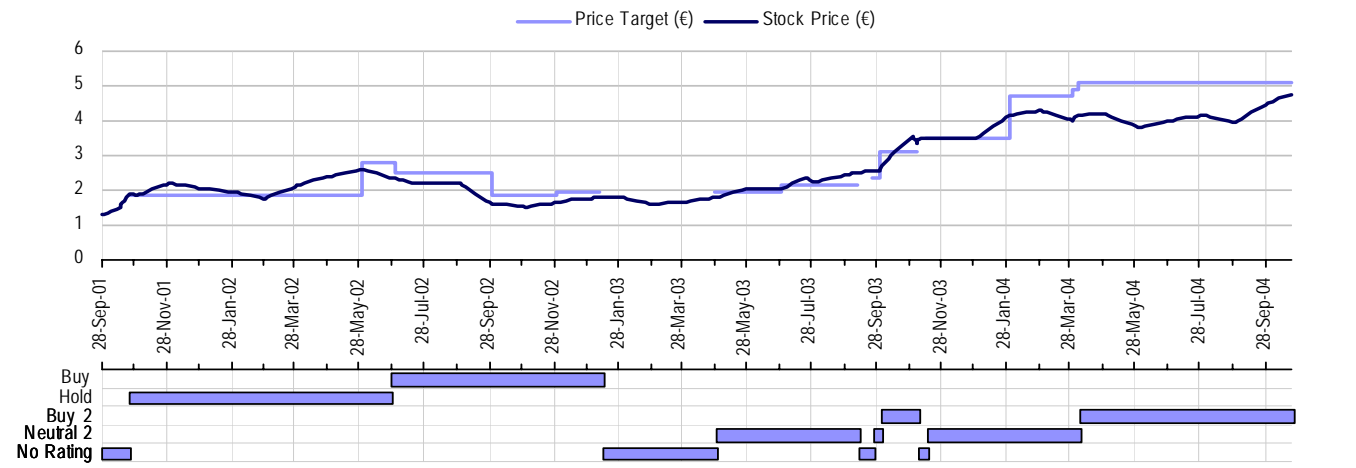
Companies mentioned

Company Name	Reuters	Rating	Price
Cofina SGPS S.A.	COFI.IN	Not rated	€3.82
Impresa	IPRN.IN	Buy 2	€4.70

Price(s) as of 25 October 2004. Source: UBS.

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Impresa (€)



Source: UBS; as of 25 October 2004.

Note: On October 13, 2003, UBS adopted new definition criteria for its rating system. (See 'UBS Investment Research: Global Equity Ratings Definitions and Allocations' table for details.) Between January 11 and October 12, 2003, the UBS ratings and their definitions were: Buy 1: Excess return potential > 15%, smaller range around price target; Buy 2: Excess return potential > 15%, larger range around price target; Neutral 1: Excess return potential between -15% and 15%, smaller range around price target; Neutral 2: Excess return potential between -15% and 15%, larger range around price target; Reduce 1: Excess return potential < -15%, smaller range around price target; Reduce 2: Excess return potential < -15%, larger range around price target. Prior to January 11, 2003, the UBS ratings and definitions were: Strong Buy: Greater than 20% excess return potential, high degree of confidence; Buy: Positive excess return potential; Hold: Low excess return potential, low degree of confidence; Reduce: Negative excess return potential; Sell: Greater than 20% negative excess return potential, high degree of confidence. Under both ratings systems, excess return is defined as the difference between the FSR and the one-year local market interest rate.

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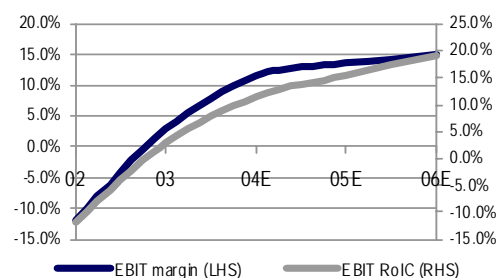


Impresa (euro)

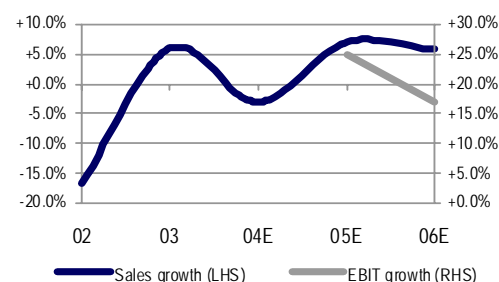
Per share (€)	12/02	12/03	12/04E	12/05E	12/06E
EPS	(0.23)	0.00	0.21	0.29	0.34
CEPS	0.09	0.27	0.46	0.52	0.57
Net DPS	0.00	0.00	0.00	0.06	0.08
BVPS	1.14	1.33	1.50	1.76	2.08
Profit & loss (€ m)					
Sales	251	266	257	275	291
EBITDA	2	34	54	61	67
Operating income (EBIT)	(30)	8	30	37	44
Pre-tax profit	(40)	(2)	22	35	45
Net income (UBS adj.)	(18)	0	18	25	29
Cash flow (€ m)					
Operating income (EBIT)	(30)	8	30	37	44
Depreciation & amortisation	31	27	24	24	24
Net change in working capital	2	(38)	5	1	1
Other (operating)	21	10	2	(1)	(2)
Operational cash flow	25	7	61	61	66
Tax paid	2	(5)	(5)	(9)	(12)
Capital expenditure	(61)	(31)	(5)	(10)	(12)
Net interest	(11)	(10)	(8)	(3)	(1)
Dividends paid	0	(2)	(3)	(5)	(5)
Net (acquisitions) / disposals	(3)	44	12	10	0
Other items	5	14	3	(6)	(4)
Increase (decrease) in net debt	(42)	16	54	39	31
Operating free cash flow (OpFCF) (€ m)					
EBITDA (core)	16	41	60	67	74
Less maintenance capital expenditure	(11)	(11)	(5)	(10)	(12)
Less maintenance net working capital	(2)	(2)	(1)	(1)	(1)
OpFCF	3	28	54	56	60
Balance sheet (€ m)					
Net tangible fixed assets	180	167	158	155	154
Net intangible fixed assets	83	73	63	52	41
Net working capital	(5)	33	28	28	26
Total invested capital (IC)	258	273	249	234	221
Financial & other fixed assets	7	3	3	3	3
Net cash / (debt)	(165)	(149)	(95)	(55)	(24)
Provisions	0	0	0	0	0
Minority interests	(13)	(16)	(25)	(38)	(52)
Shareholders' funds	88	96	101	110	122
Profitability					
EBITDA margin	0.7%	12.9%	21.1%	22.2%	23.2%
EBIT margin	(11.8%)	2.9%	11.6%	13.6%	15.0%
EBIT RoIC	NM	2.9%	11.4%	15.5%	19.2%
Net RoE	NM	0.0%	18.1%	23.3%	24.6%
Interest cover (EBIT)	NM	0.8x	3.6x	13.5x	44.6x
Dividend cover (net)	NA	NA	NA	3.6x	3.2x
Productivity					
Labour % sales	26.3%	26.4%	21.5%	20.9%	20.4%
Depreciation % sales	12.5%	10.0%	9.5%	8.7%	8.2%
Capex % sales	24.3%	11.5%	1.9%	3.6%	4.1%
Invested capital turnover	1.0x	1.0x	1.0x	1.1x	1.3x
Tax rate	NM	NM	23.6%	25.0%	27.5%
Net debt / total equity	164.2%	133.9%	75.2%	37.6%	13.8%
Momentum					
Sales growth	-16.7%	+6.0%	-3.2%	+7.0%	+5.7%
EBIT growth	NM	NM	>+200%	+25.0%	+17.0%
Net earnings growth	NM	NM	>+200%	+38.1%	+16.5%
Dividend growth	NM	NM	NM	NM	+29.8%
Value*					
Market capitalisation (€ m)	154	186	395	395	395
Plus: Core net debt / (cash)	152	157	122	75	40
Plus: Pension provisions	-	-	-	-	-
Plus: Buy out of minorities	360	360	360	360	360
Less: Non-core assets	(20)	(20)	(10)	-	-
Enterprise value (EV, avg)	646	684	867	830	795
EV/Sales (core)	3.42x	2.57x	3.37x	3.01x	2.73x
EV/EBITDA (core)	41.4x	16.7x	14.4x	12.4x	10.8x
EV/EBIT (core)	NM	89.0x	29.0x	22.2x	18.2x
EV/OpFCF	>100x	24.1x	16.1x	14.9x	13.2x
EV/Invested capital	2.6x	2.6x	3.3x	3.4x	3.5x
P/CE	22.5x	8.6x	10.3x	9.1x	8.3x
P/E	NM	>100x	22.2x	16.1x	13.8x
Dividend yield (net)	0.00%	0.00%	0.00%	1.37%	1.78%
P/BV (average)	1.8x	1.8x	3.1x	2.7x	2.3x

Impresa is the premier diversified media group in Portugal, with strong market shares in the most important areas of the Portuguese advertising market, namely television (which represents 53% of the Portuguese advertising cake), and magazines and newspapers (a further 24% share). It has interests in free-to-air TV (SIC), pay-TV (thematic channels), print media (newspapers and magazines), distribution (VASP/Deltapress) and internet portals (SIC online).

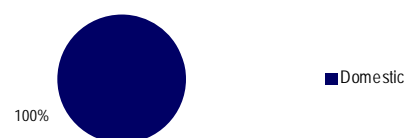
Profitability (EBIT margins & RoIC)



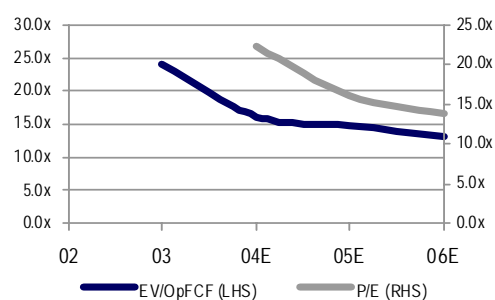
Momentum (Sales & EBIT growth)



Geographic exposure (Sales)



Value (EV/OpFCF & P/E)



Source: UBS estimates, * Historical valuations are based on an average for the year share price. Current & future valuations are based on a share price of €4.70 on 25/10/2004