

Lisbon, July 24th 2003

Press Release: IMPRESA Earnings Report 1st Sem, 2003

1. Main Events

- **IMPRESA posted consolidated revenues of 122.1 M€ for the 2003 1st semester, up 2.3% y-o-y.**
- **Consolidated EBITDA hit 16 M€ on the 1st semester 2003**, versus 0.82 M€ on June 2002. EBITDA margin for the semester stood at 13,1%. On the 2nd quarter, consolidated EBITDA margin hit 22.1%.
- **EBIT return to positive results, ending the semester with 3.3 M€.** In June 2002, IMPRESA EBIT was -12 M€.
- **The consolidated net profit on the 2nd quarter 2003 was positive at 671,000 Euros.** In accumulated terms, the consolidated net profits were still negative at 6,7 M€.

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Table 1. IMPRESA: Consolidated Operating Statement

	June 2003	June 2002	ch	2º Qt 2003	2º Qt 2002	ch
Consolidated Revenues	122.091.932	119.378.635	2,3%	67.305.549	68.334.890	-1,5%
Newspapers	68.282.622	63.552.868	7,4%	38.625.511	37.325.871	3,5%
Magazines	23.941.729	25.751.165	-7,0%	13.179.882	14.154.838	-6,9%
Television	32.752.212	31.233.815	4,9%	17.300.843	17.509.411	-1,2%
Inter-segments	-2.884.631	-1.159.213	148,8%	-1.800.687	-655.230	174,8%
Cash Operating Costs	106.041.939	118.553.168	-10,6%	52.426.718	63.853.705	-17,9%
Consolidated EBITDA	16.049.993	825.467	1844,4%	14.878.831	4.481.184	232,0%
Divisions EBITDA:	13,1%	0,7%		22,1%	6,6%	
Newspapers	9.646.965	-5.115.414	288,6%	10.333.697	-56.073	n.a
Magazines	3.572.364	2.183.431	63,6%	2.472.755	1.532.881	61,3%
Television	3.516.545	4.687.657	-25,0%	2.415.503	3.515.054	-31,3%
Holding Adjustments	-685.881	-955.206	-28,2%	-343.124	-535.677	-35,9%
Depreciation (-)	9.471.851	10.926.168	-13,3%	4.666.644	5.402.874	-13,6%
Provisions (-)	3.240.348	1.994.792	62,4%	1.584.739	1.217.691	30,1%
EBIT	3.337.794	-12.095.493	127,6%	8.627.448	-2.139.381	503,3%
Net Financial Charges (-)	3.862.249	4.119.709	-6,2%	1.910.631	1.354.696	41,0%
Goodwill (-)	5.513.086	4.878.530	13,0%	2.756.543	2.439.253	13,0%
Current Results	-6.037.541	-21.093.732	71,4%	3.960.274	-5.933.330	166,7%
Results Extraordinary (+)	890.289	1.255.570	-29,1%	407.228	777.868	-47,6%
Results before Taxes and Minorities	-5.147.252	-19.838.162	74,1%	4.367.502	-5.155.462	184,7%
Income Taxes (IRC) (-)	1.664.990	-2.744.027	n.a	1.074.086	196.192	447,5%
Minorities Interests (-)	-81.322	-4.084.428	n.a	2.621.551	-782.534	n.a
Consolidated net profit	-6.730.920	-13.009.707	48,3%	671.865	-4.569.120	114,7%

2. Consolidated Financials

IMPRESA recorded revenues of 122.1 M€ for the 1st semester 2003, which represents an increase of 2.3% in relation to 1st semester 2002. This rise has been due to strong publication sales, thematic channels and a recovery in advertising revenues, namely, on television.

On the 1st semester, IMPRESA operating costs showed a drop of 10.6% year-on-year, which represents savings worth 12.5 M€. This was the result of the restructuring programs implemented over the last 2 years.

Meanwhile, the effort in cutting fixed costs has continued in 2003. On the 1st semester, IMPRESA headcount was reduced by another 78 employees, which represented a 4.9% cut versus the 2002 closing. The restructuring costs incurred were mostly registered on 2002 accounts and was only needed extra charge of 900 m€.

The favorable evolution of both revenues and operating costs on the 1st semester, aloud for substantial gains on consolidated EBITDA. In June 2003, EBITDA hit the 16 M€, versus the 0.82 M€ reached in June 2002. On the 2nd quarter 2003, EBITDA margin hit the 22,1% versus the 6.6% obtained on 2nd Qt 2002.

The Ebit also showed a significant improvement, returning to positive territory for the first time in the last 8 quarters, reporting a gain of 3.3 M€, after having recorded a loss 12.1 M€ in June 2002.

The financial results remained negative at 3.8 M€, which represents an improvement of 6.2% versus June 2002. This evolution was a consequence of lower interest rates and higher foreign exchange gains, mainly at SIC. Also, as expected, there was a turnaround in the contribution of associated companies.

VASP succeeded on its turnaround, generating sales of 112 M€, with an EBITDA of 2.2 M€ and results before taxes of 1.26 M€. The news agency LUSA also reported positive operating earnings, although still affected by restructuring costs.

On the end of the 1st semester 2003, the net debt stood at 171.7 M€. The debt rise, which occurred over the 2nd quarter, has been due to payment to settle the difference arising from the stock price fluctuations of the stock options plan. This payment was financed by bank debt in amount of 19.1 M€. Otherwise, debt would have been reduced by 3.7 M€.

Meanwhile, the remaining outstanding debt has been restructured, mainly at holding level. Roughly, 17.5 M€ in debt have been transferred to Newspapers business division, with slightly higher spreads.

With the increasing stake on EDIMPRESA in late 2002, the goodwill depreciation rose to 5.5 M€ on 1st semester 2003.

With the operating improvement, the consolidated loss posted in the 2003 first semester narrowed to 6.7 M€ from the 13 M€ loss posted in the 1st semester 2002. This means that IMPRESA recorded a positive net profit in the 2nd quarter 2003, of 671,000 euros, the first profit since end of 2000.



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3. The Advertising market

The advertising market showed some signs of improvement in the first half of the year. The ad market has risen 2,8% to the end of June. The TV advertising showed a 5.4% growth up to end of May, while the press display advertising still showed some weakness, with a fall of 12,5% in the daily press and a 2.3% rise in weekly .

Table 2. Advertising Evolution

(values in M€)	Jun-03	Change
TV	150,141	5,4%
Cable	7,960	2,9%
Daily Press	21,605	-12,5%
Non Daily Press	48,297	2,3%
Radio	18,782	4,3%
Outdoors	35,759	3,7%
Cinema	2,154	21,6%
Internet	1,283	-31,4%
Total market	285,982	2,8%

Source: APAP/Deloitte



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4. Television

Table 3. SIC Indicators

(values in M€)	1º Sem 2003	1º Sem 2002	change (y-o-y)
Total revenues	68,2	63,5	7,5%
Advertising	50,9	47,96	6,1%
Merchandising	1,06	0,88	43,2%
SIC Internacional	0,66	0,57	15,8%
Cable Channels	12,9	10,7	20,8%
Others	2,7	3,4	-19,7%
EBITDA Consolidated	9,6	-5,1	n.a.
Margem %	14,1%	-8,0%	

On the first semester 2003, SIC posted consolidated revenues of 68.2 M€, a 7.5% rise year-on-year. The revenues growth was due positive behavior of SIC's ad revenues and the significant increase registered by the emergent areas, namely with the launch of cable channel SIC Mulher.

On the semester, SIC ad revenues grew by 6.1%, helped by the contribution of a 7.5% evolution of the TV ad market up to May, as well as higher audience ratings on the prime-time period. The market grew 5.4% on the same period. Overall SIC ad market share rose to 41% on the 1st semester 2003, versus the 40.2% in 1st semester 2002.

Following the diversification strategy for the sources of revenues, and in this case news sources of ad revenues, two new projects, SIC regional advertising and SIC Indoor was launched on the 1st semester. The regional advertising achieved its objectives.

SIC Indoor is a joint-venture between SIC (62%) and Sonae Imobiliária, which was launched at the end of May, and is already present on 11 of Sonae's shopping malls, and managed to have a higher turnover than expected on its first full month of operation.

On the first semester, SIC had an average audience of 29.8% (national values including cable & satellite), which is 1.5 percentage point below the values registered on 1st half 2002. This loss in audiences was mainly in the mornings and afternoon periods. On the prime time, SIC audiences rose 32.2%, which represents a small gain year-on-year.

At the same time, the new areas continued to show highly attractive growth rates. They posted 17.4 M€ in revenues during the first semester, a 11.8% gain on the same period last year and accounted for 25.5% of SIC's total revenues.

The thematic channels, which posted revenues of 12.3 M€, had an increase of 20.9%. At the end of March, the 4th thematic channel, SIC Mulher was launched, and kept a regular presence on the cable top ten and with a good acceptance by the advertisers.



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Meanwhile, SIC Notícias reinforced its leadership position of among the cable channels, with an average audience share of 17.7%, the highest value since the start of the channel. SIC Notícias kept its 4th place in the ranking with a 5.5% audience share, while SIC Gold dropped its audience share to 2.7%. On the first semester SIC cable channels represented 27.3% of the cable audiences.

The cost-cutting program carried out at SIC over the last 2 year's, made it possible an improvement in operating margins. On the first semester, SIC's cash costs fell by 14.6%, representing a saving of 10 M€. Worth mentioning, that costs in the semester were still affected by the start-up of SIC Mulher, SIC Indoor and the news coverage of the Iraq conflict.

The revenue growth and the falling costs, made for a sharp improvement on SIC's EBITDA. On semester, EBITDA reached 9.6 M€, which is a margin of 14%, up from the negative 5.1 M€ recorded on June 2002. On the 2nd quarter 2003, SIC EBITDA margin reached 26.8%.

The operational gains allowed for SIC to turn a net profit of 635 000 euros at the end of the 1st semester, after obtaining a 5.1 M€ net profit on the 2nd quarter 2003. For the record, SIC losses in June 2002 reached 9 M€.



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5. Newspapers

Table 4. Newspapers Indicators

(values in M€)	1º Sem 2003	1º Sem 2002	Change (y-o-y)
Total Revenues	23,9	25,7	-7,0%
Advertising	15,5	18,1	-14,8%
Newspaper Sales	7,3	6,6	11,7%
Others	1,1	0,99	11,4%
EBITDA Consolidated	3,57	2,2	61,8%
% Margin	14,9%	8,6%	

The Newspaper area remained to be affected by the slowdown in the ad market, mainly the continued weakness in the classifieds. The consolidated revenues on the newspaper side totaled 23.9 M€ up to June 2003, down 7%. Advertising revenues fell by 14.8% on the 1st semester, while the circulation revenues rose 11.7% on the same period.

The fall in ad revenues was particularly affected by the negative behavior on the classifieds, namely, recruitment and real estate, along with the closure of Jornal da Região editions.

In the case of Expresso, total ad revenues have fallen 9.1%, with the classified revenues falling by 23.1%, while the display advertising has only fallen 3.3%.

Particularly affected by the slowdown on the classifieds and local advertising, had been the free-sheet Jornal da Região. On the 1st semester, it close a further 2 editions in May, Setúbal and Seixal, ending the semester with 7 editions, less 4 editions than the 1st semester 2002, which is pushing the total revenues down to 45%.

With respect with ad market, we should mention the performance of the AutoSport, albeit the falling car sales, it managed to keep its ad revenues at 2002 level.

Table 5. Newspapers circulations

	1 st Sem 2003	1 st Sem 2002	Change (y-o-y)
Expresso	138,315	141,653	-2.4%
Blitz	9,564	12,549	-23.8%
AutoSport	13,016	14,012	-7.1%
Surf Portugal	3,237	3,164	2.3%
Jornal da Região	25,877	42,227	-38.7%
No. of editions JR	12	8	-27.8%

Source: APCT and Impresa.



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On the other hand, circulation revenues grew by 11.7%, with rising revenues put in by Expresso, AutoSport and SurfPortugal. Expresso's average 1st semester sales stood at 138,315 copies, down 2.4% year-on-year, which was more than compensated by 16% increase in its cover price.

Operating costs for the period fell by 13.5%, as a result of the restructuring done in 2002, rigorous cost control, combined with an approximate 10% fall in paper prices. As well, there was a 9.1% reduction in the employee's headcount since the beginning of the year, incurring restructuring costs of 582 m€. This allowed a 62% rise on unit EBITDA to 3.57 M€ at the end of the 1st semester.

The newspaper business unit ended the 1st semester with net profit of 1.3 M€ against the loss of 38 000 euros in June 2002, contributing for the recovery of the consolidated profits.

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6. Magazines

Table 6. Magazines Indicators

(values in M€)	1 st sem 2003	1 st Sem 2002	Change (y-o-y)
Total Revenues	32,7	31,2	4,9%
Advertising	14,5	14,3	1,3%
Magazines Sales	17,7	16,5	7,6%
Others	0,46	0,39	19,7%
EBITDA Consolidated	3,51	4,68	-26,7%
% Margin	10,7%	15,0%	

The magazines area kept a positive sales momentum in the 1st semester, both with the sale of publications and the ad revenues. EDIMPRESA posted total revenues of 31.2 M€ in 1st semester, up 4.9% on the 1st semester 2002.

On the period, magazine sales rose by 7.6%. For this growth contributed the good performance of same titles, namely, car guide Autoguia, scientific magazine Superinteressante, women magazines Activa and Cosmopolitan and IT magazine Exame Informática. In April, it went ahead the re-launch of the car magazine Turbo, which saw the first 3 numbers since the revamp its sales rose on average by 25% y-o-y. Meanwhile the launch of various new “society” and TV magazines by other publishers has been penalizing some of our titles, namely, Telenovelas and Caras.

Table 7. Magazines circulations

	1st Sem 2003	1st Sem 2002	Change (y-o-y)
Auto Guia	12,995	11,141	16.6%
Super Interessante	57,080	49,534	15.2%
Exame Informática	38,382	34,507	11.2%
Activa	90,627	82,167	10.3%
Cosmopolitan	58,062	55,096	5.4%
Turbo	28,577	27,702	3.2%
Caras Decoração	27,919	27,550	1.3%
Visão	110,265	110,020	0.2%
Executive Digest	21,233	21,260	-0.1%
Casa Claudia	30,203	31,308	-3.5%
TV Mais	72,865	78,654	-7.4%
Caras	99,298	107,629	-7.7%
Jornal de Letras	9,802	10,692	-8.3%
Exame	20,813	23,282	-10.6%
Telenovelas	133,430	157,646	-15.4%

Source: APDCT and Edimpresa.



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The overall ad revenues rose by 1.7% on the 1st semester, with the market still showing signs of weakness, mainly in the magazines with lower circulation revenues.

The rise in magazine sales implied an increase in promotion and production costs. So the total operating costs rose 8.9% on the 1st semester 2003. The company also incurred in restructuring costs of 315 m€, with the reduction of 2% in personnel since the beginning of the year.

The maintenance of the actual sales mix, the level of promotion costs and the restructuring costs has affected the EBITDA margin. The EBITDA drop by 26.7% to 3.51 M€ in June 2003.

7. Prospects for 2003

IMPRESA had positive turnover evolution on the first semester, with the growth in ad revenues, publication sales and new areas revenues. The good start of the year allows us to reiterate our financial targets for the full year of 2003 with more confidence.

We expected the advertising market to continue on its recovery part, by growing 3% until the end of current year.

Overall, consolidated revenues should growth by at least 4%, exceeding the 260 M€ mark. With the cost reductions estimate for the current year, the consolidated EBITDA should margins reach 16% until the end of the year. The results, before goodwill charges and taxes, should be positive by the end of 2003.

Lisbon, July 24th, 2003

By the Board of Directors

José Freire
Director Investor Relations