

May 17, 2007

EQUITY RESEARCH

IDEIASNET (IDNT3: R\$ 4.38) - 1Q07 Results

MC: R\$ 349.5 million / EV: R\$ 343.0 million

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The **1Q07 result** of Ideiasnet **was very good and came in above our expectations.**

The **net profit** of the combined portfolio (*) booked R\$ 1,924 thousand in the period, compared to R\$ 425 thousand in 1Q06.

Net sales of the combined portfolio (*) registered R\$ 93.1 million in 1Q07. Although they were 13.1% below 4Q06 as a consequence of the seasonality of the period, **they climbed 50.6% and 4.1% above 1Q06 and our expectations**, respectively as a result of the continued strong growth of Officer (+40.7% in relation to 1Q06) and Padtec, whose revenues expanded 56.6% compared to 1T06 to R\$ 27.7 million.

The **growth of Padtec**, whose EBITDA margin booked 35.4% in 1Q07, drove the company's operating result and accordingly pushed the EBITDA margin of the combined portfolio (*) to 4.5% from 2.4% in 1Q06, thereby exceeding our expectations by 1.5 p.p..

Combined Portfolio (*) (R\$ mm)	1Q07	1Q07P	4Q06	1Q06	1Q07/ 1Q07P	1Q07/ 4Q06	1Q07/ 1Q06
Net Income	93,1	89,4	107,1	61,8	4,1%	-13,1%	50,6%
EBITDA	4,2	2,7	3,0	1,5	55,6%	41,4%	186,4%
EBITDA margin	4,5%	3,0%	2,8%	2,4%	1,5 p.p.	1,7 p.p.	2,1 p.p.
Net Profit	1,9	ND	0,8	0,4	-	145,8%	375,0%

(*) Consolidation of the portions equivalent to the participation of IdeiasNet in each investment.

The **net cash position** of the holding increased to R\$ 6.5 million on 03/31/07 from R\$ 2.9 million on 12/31/06, primarily as a consequence of the R\$ 5.4 million integralization of equity. The holding's **investments** in invested companies booked R\$ 1.0 million in 1Q07, mainly directed to iMúsica and TrinnPhone.

The **net debt** of the combined portfolio (*) increased slightly to R\$ 7.2 million on 03/31/07 from R\$ 6.9 million on 12/31/06.

At the end of April Ideiasnet **increased equity in Padtec** to about R\$ 20 million and raised its stake from 22.5% to 34.2%.

We will be revising our target price on Ideiasnet stock as a consequence of the higher-than-expected 1Q07 results and increased stake in Padtec. We maintain our ATTRACTIVE rating on the stock.

Fator Corretora Recommendations - Criteria and Distribution

Recommendation	Criteria	Distribution	
		Quantity	% of Total
Buy	The total return of the share is expected to be significantly above Ibovespa's variation.	27	30.7
Outperform	The total return of the share is expected to be above Ibovespa's variation.	21	23.9
Hold	The total return of the share is expected to be in line with Ibovespa's variation.	29	33.0
Underperform	The total return of the share is expected to be below Ibovespa's variation.	11	12.5
Sell	The total return of the share is expected to be significantly below Ibovespa's variation.	0	0.0
Total		88	100.0

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