

EQUITY RESEARCH

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IDNT3: R\$ 5.43 (3/28/08)  
Target price (Dec. 2008): R\$ 12.95  
Recommendation: BUY  
MV: R\$ 459.9 million  
EV: R\$ 540.4 million

**First Impression:**

IdeiasNet registered a good result in 4Q07 which was a little higher than our expectations. The fall in the net revenues on an annual comparison (pro-forma) was due to higher deductions in the e-commerce and content segment, since the gross revenues rose by 9% in the same period. The **EBITDA margin was in line with our expectations** and improved slightly over 3Q07 and 4Q06. This was mainly due to the **better operating performance by Padtec** (in the infrastructure and software segment). The EBITDA margin in 4Q07 came to 40.9% and was 3.8 p.p. higher than in 4Q06.

We are reinforcing our **BUY** recommendation for IdeiasNet shares, with a target price of R\$ 12.95 for December 2008. Based on the price on 3/27/08, the shares are trading at EV/EBITDA multiples 2008E and 2009E of 16.4x and 11.8x, respectively.

**Result:**

Good  Regular  Bad

**In relation to Fator estimates:**

Above  Below  In line

**In relation to the market consensus:**

Above  Below  In line

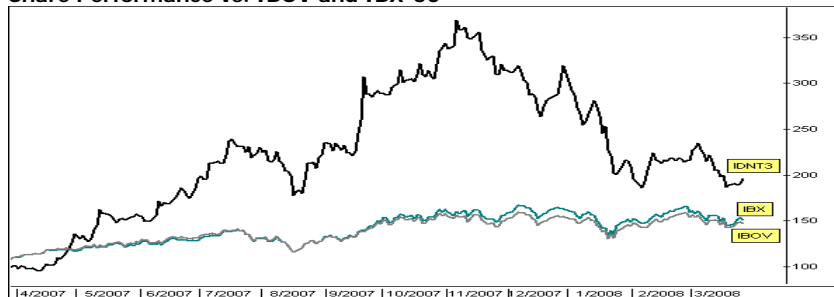
Operating Figures:	4Q07	4Q07E	3Q07	4Q06	4Q07/ 4Q07E	4Q07/ 3Q07	4Q07/ 4Q06
E-Commerce and Content	94.1%	92.7%	94.2%	94.7%	1.4 p.p.	-0.1 p.p.	-0.6 p.p.
Infra and Software	4.4%	4.7%	4.2%	4.1%	-0.3 p.p.	0.2 p.p.	0.3 p.p.
Wireless	0.5%	1.4%	0.6%	0.6%	-0.9 p.p.	-0.1 p.p.	-0.1 p.p.
IdeiasVentures	1.0%	1.2%	1.0%	0.6%	-0.2 p.p.	0.0 p.p.	0.4 p.p.

Source: Company and Fator Corretora estimates

P&L Consolidated (R\$ Million):	4Q07	4Q07E	3Q07	4Q06 <sup>1</sup>	4Q07/ 4Q07E	4Q07/ 3Q07	4Q07/ 4Q06
Net revenues	205.6	191.8	196.5	211.6	7.2%	5.1%	-2.8%
EBITDA	6.3	5.6	4.5	5.7	12.5%	40.0%	10.5%
EBITDA margin	3.1%	2.9%	2.3%	2.7%	0.2 p.p.	0.8 p.p.	0.4 p.p.
Net income	3.8	n/d	1.1	2.2	-	245.5%	72.7%

<sup>1</sup> Pro-forma figures. considers total acquisitions/ Source: Company and Fator Corretora estimates

**Share Performance vs. IBOV and IBX-50**



Source: Economatica

The share of the e-commerce and content segment in the make-up of combined revenues fell by 0.6 p.p. in an annual comparison, due to (i) the growth of Padtec (Infra and Software) the annual revenues of which rose by 34.1% in 2007 over 2006 and: (ii) problems affecting imports of some products (Operation Persona) which hit the flow of imports of IT products in the whole sector and, in turn, that of Officer (e-commerce and content).

Ideiasnet's net operating revenues increased by 18% in 2007 in relation to the previous year (pro-forma), mainly as a result of IT sales in Brazil, with a positive impact on the Top Line of Officer and solutions for optic communication networks with the greater presence of Padtec on the Brazilian and international market.

Although the Infrastructure and Software segment only represented 4.4% of total revenues in 2007, it was responsible for 45.8% of the EBITDA and helped boost the margin by 0.4 p.p. in 4Q07 over 4Q06. The problem with the flow of imports and the one-off investment in a new distribution center in RS continued to hit Officer's operating performance.

Ideiasnet invested R\$ 32.6 million in 2007 in its combined portfolio, most of which was destined for Padtec (R\$20 million), followed by IdeiasVentures, Softcorp and other companies which were responsible for R\$5.1 million, R\$3.1 million and R\$4.4 million, respectively.

IdeiasNet issued its **guidance for 2008**, the main points of which were: (1) **an increase in gross revenues of 20% to 25%** in the combined portfolio; and (2) **an increase in EBITDA of 50% to 60%**. These estimates do not consider the contribution to be made by iMusica or any possible mergers and acquisitions.

**Conference Call:** Portuguese – 3/28/08 – 10:00 hrs – Tel: (11) 2188-0188 # Ideiasnet  
English – 3/28/08 - 12:00 hrs– Tel: 1+ (973) 935-8893 # 39738194

Important disclosures are contained on page 3 of this research report.

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Recommendation	Criteria	Companies Covered	
		Number	% of Total
Buy	The total return of the share is expected to be significantly above the Ibovespa	33	35.5
Outperform	The total return of the share is expected to be above the Ibovespa	22	23.7
Hold	The total return of the share is expected to be in line with the Ibovespa	33	35.5
Underperform	The total return of the share is expected to be below the Ibovespa	5	5.4
Sell	The total return of the share is expected to be significantly below the Ibovespa	0	0.0
<b>Total</b>		<b>93</b>	<b>100.0</b>

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