

Deal Ocasião/Portugal Telecom

Portugal 2004

Why we sold the Free Ad Paper Ocasião ?

- History: Quoka AG Group Germany bought in 1994 the free ad paper Ocasião from Cambalache, Sevilla, Spain.
- 1994 Ocasião sold about 3000 copies a week.
- 10 years later circulation reached about 25.000 copies a week.
- The growth rates decreased steadily year after year.
- Main reason: competition through Internet.
- We learned from our experience in Germany, that the Internet threat can lead to economic damage. The decrease in paper sales and in earnings from the commercial area cannot be stopped only through strong marketing measures.

Why we sold the Free Ad Paper Ocasião ?

- So I had the idea of finding a strong portuguese shareholder as a partner with the purpose to stabilise Ocasião in the long term and to look for new income sources.
- With the agreement of Mr. Bernd Kübler of Quoka AG Group Germany I started launching rumours for selling the paper. The message reached interested groups such as Sonae (Supermarket chain and newspaper editor), Investec Holding (big newspaper and magazine editor in Portugal) and also the Portuguese Telecom group.
- Portugal Telecom bought some years ago Lusomundo Media, the biggest newspaper group from Portugal, which owns 4 daily newspapers and 5 magazines.
- After negotiating with all the groups listed above, we reached the highest sale price with Portugal Telecom, which was also accepted by Quoka AG in Germany.

Why Portugal Telecom bought Ocasão?

1. PT Multimedia found out that in the last years the earnings resulting from commercial classified ads decreased. One of the reasons was the existence of Ocasão.

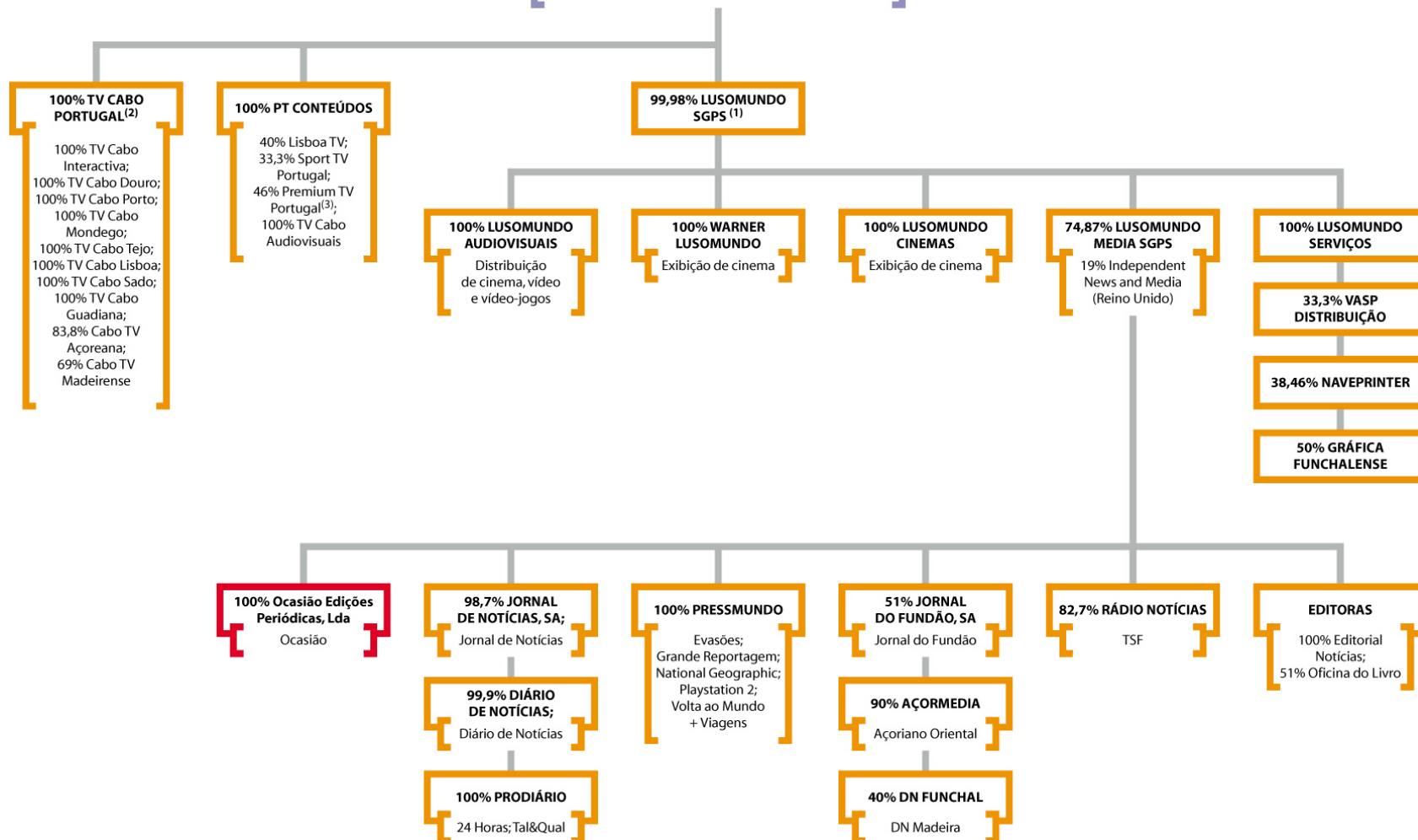
Private advertisers, who had to pay before to put their ads in the daily papers, started putting their ads in Ocasão for free. The consequence was that the commercial advertisers also transferred their ads to Ocasão.

2. Meanwhile the turnover of commercial ads in the Telecom newspapers decreased about 23.3% while they increased about 18.5 % in Ocasão.

100% PTM.COM
100% TELEPAC
100% SABER E LAZER, SA
SAPO

57,60% PT, SGPS (PARTICIPAÇÃO DIRECTA E INDIRECTA);
8,60% BES (PARTICIPAÇÃO DIRECTA E INDIRECTA);
9,76% TOTTA & AÇORES, SA (PARTICIPAÇÃO INDIRECTA);
2,21% COLANEY INVESTMENTS LIMITED

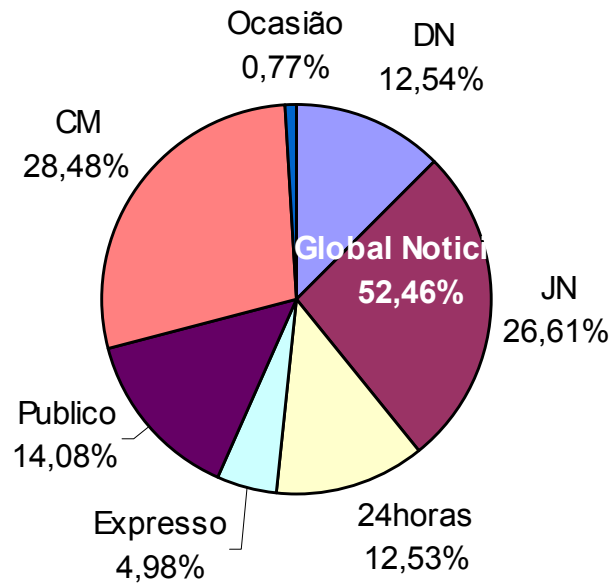
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What did the competition think about this deal?

- Two groups of newspapers complained at the Portuguese anti-trust commission against the purchase of Ocasão by Portugal Telecom. This fact resulted in a 3 months delay in the acquisition process. After a detailed study of the subject, the anti-trust commission allowed the deal under 4 restrictive conditions.

Circulation of most important newspapers groups in Portugal



Turnover Classified ads Portugal Telecom Jornals

| | 2001 | 2002 | 2003 |
|---------------------------|------------|------------|------------|
| Diario de Noticias | 12.365.474 | 10.531.025 | 7.860.591 |
| Jornal de Noticias | 18.071.365 | 15.805.967 | 15.288.479 |
| 24horas | 244.877 | 315.347 | 388.334 |
| Total | 30.681.716 | 26.652.339 | 23.537.404 |

Losses: Turnover from 2001 to 2003

7.144.312

Commercial Classified Market

| Turnover commercial classified ads in Portugal | | | |
|--|--------------------|--------------------|--------------------|
| | | | |
| | 2001 | 2002 | 2003 |
| Ocasião | 1.992.000 | 2.280.000 | 2.336.000 |
| other jornals | 112.425.000 | 105.794.000 | 109.202.000 |
| Total | 114.417.000 | 108.074.000 | 111.538.000 |

| Percentual variation of Turnover classified ads | | |
|---|-----------------------|-----------------------|
| | | |
| | Variation from | Variation from |
| | 2001 to 2002 | 2002 to 2003 |
| | | |
| Ocasião | 14,40% | 2,40% |
| other jornals | -5,90% | 3,20% |

What Ocasião does for the PT Media newspaper group ?

1. Ocasião started acquiring the commercial classified ads for the newspaper group that now owns us.
 1. Inbound: All the Inbound telephone calls from customers which wish to put classified ads in the 4 newspapers come directly to our call centre. There, the ads are introduced in the database and paid via VISA.
 2. Outbound: Our Ocasião Team sells ads actively for the 4 newspapers.
 3. Cross selling: If a customer wishes to put an ad in one newspaper, we suggest him to put the ad in the other papers.
 4. Package selling: Through package ads with special discounts for putting an ad in 2, 3, 4 or 5 objects (Ocasião included).
2. Ocasião's sections structure was adopted by all the 4 newspapers, so that the package ads and cross selling system can work smoothly during the ad introduction process in the database.

What PT Multimedia does for Ocasão?

- Advertising Agency Business.
 - Ocasão as a free ad paper is weak in obtaining ads from advertisement agencies. These agencies in Portugal are organized in “Buying Centrals”. Example: 20 advertisement agencies buy a big volume advertisement space in newspapers and magazines to achieve a maximum of discounts. PT Multimedia expects to include us, through this big discounts, in this “Buying Central business”
- Support of Marketing:
 - Through the radio stations and the cinema chains that belongs to the newspaper group.
 - Participation in the Marketing of the newspaper group

What PT Multimedia does for Ocasão?

- PT Multimedia maintains the most important portuguese internet portal. Ocasão's classified site will be integrated in this portal. So does lovemail.pt, a very successful site for personal contacts and dating with about 26.000 ads.
- We are preparing a site for the automobile market www.autocasiao.pt similar to www.mobile.de This site will contain the car market ads of the 4 daily papers together with Ocasão's ads.
- All these activities are considered synergies and represent a lot of advantages for Ocasão and PT Multimedia.
- At the moment we are also thinking about synergies with the yellow pages. Concerning this matter we still don't have specific strategies.