

# GOL

Upside Potential: 16%

## Cost of Equity Calculation

10 Year Risk-Free Rate	4.08%
Beta (Damodoran)	1.16
Country Risk Premium	4.0%
Terminal Beta	1
Total Equity Risk Premium	4.83%
<b>Cost of Equity</b>	<b>13.56%</b>
<b>Cost of Equity (Terminal)</b>	<b>10.00%</b>



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ADR Price	\$	31.18
ADR's Outstanding		94
Debt		ZERO
Market Cap.		2923.75

Exchange Rate 2.62

All figures in Brazilian R\$ 000s

	2003	2004E	HyperGrowth Stage					Transition Stage					Terminal	
			1	2	3	4	5	6	7	8	9	10		
	2003	2004E	2005F	2006F	2007F	2008F	2009F	2010F	2011F	2012F	2013F	2014F		
<b>Revenue Growth Rate</b>		38.4%	30.0%	25.0%	15.0%	12.5%	12.5%	10.0%	9.0%	8.0%	7.0%	6.0%	3.5%	
<b>Total Revenues</b>		1,401	1,939	2,521	3,151	3,624	4,076	4,586	5,045	5,499	5,939	6,354	6,735	6,971
<b>Total Operating Expenses</b>		1,095	1,386	1,815	2,300	2,645	3,017	3,440	3,783	4,124	4,454	4,766	5,052	5,228
Aircraft Fuel Expenses		308	460	512	508	738	842	960	1,056	1,151	1,243	1,330	1,410	1,459
Pct of OpEx		28.1%	33.2%	28.2%	22.1%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%
Aircraft Rent Expenses		189	196	256	599	714	754	860	946	1,031	1,113	1,191	1,263	1,307
Pct of OpEx		17.3%	14.1%	14.1%	26.0%	27.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
<b>Operating Income</b>		306	553	706	851	978	1,060	1,147	1,261	1,375	1,485	1,589	1,684	1,743
Operating Margin		21.8%	28.5%	28.0%	27.0%	27.0%	26.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
<b>Tax Expense</b>		143	193	262	285	333	360	390	429	467	505	540	573	593
Tax Rate		47%	35%	37%	34%	34%	34%	34%	34%	34%	34%	34%	34%	34%
<b>Net Income</b>		163.0	360.0	443.8	565.7	645.7	699.5	756.7	832.4	907.3	979.9	1048.4	1111.3	1150.2
<b>Capital Expenditures</b>		39.00	73.00	50.00	143.00	181.18	203.82	229.30	252.23	274.93	296.93	317.71	336.77	105.00
Cap Ex % Sales		2.78%	3.76%	1.98%	4.54%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Depreciation		14	21	33	41	54	61	69	76	82	89	95	101	105
Depreciation/Sales		1.00%	1.08%	1.31%	1.30%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
<b>FCFE</b>		<b>138.00</b>	<b>308.00</b>	<b>426.80</b>	<b>463.74</b>	<b>518.89</b>	<b>556.84</b>	<b>596.18</b>	<b>655.80</b>	<b>714.82</b>	<b>772.01</b>	<b>826.05</b>	<b>875.61</b>	<b>1149.81</b>
Discount Factor			0.88	0.78	0.68	0.60	0.53	0.47	0.41	0.36	0.32	0.28	0.28	
<b>PV of FCFE</b>			376	360	354	335	316	306	293	279	263	245		

FCFE	3127
Terminal Value	17689
PV of Terminal	4959
<b>PV of Firm</b>	<b>8085</b>
<b>plus: Cash and Equivalents</b>	<b>805</b>
<b>less: Debt</b>	<b>0</b>
<b>Total Value</b>	<b>8890</b>
<b>Divided by Currency Conversion</b>	<b>2.618</b>
<b>Total Value in US\$</b>	<b>3396.116</b>
ADRs Outstanding	94
Intrinsic Value	<b>\$ 36.22</b>