

Media Commerce



  
**Dmail Group**  
s.p.a.

Media Locali



**Dmail Group**  
s.p.a.

***Star Conference – London 2008***  
***9th October***

- ***Dmail Group Spa***
- ***Business Models and Development Plan***
- ***Strategic Options***
- ***Results as of 30 June 2008***



## **Dmail Group S.p.A.**

- **Listed Investment Holding Company**

- *Finance and Control*
- *Investor Relations*
- *Strategy and Business Development*

- **Business Sectors:**

- *Media Commerce*

Active in both multi-product and multi-channel direct and distance sales of “useful and unique ideas”, retail electronics, small appliances and digital entertainment. DMail Group is present in both the domestic and international markets through B2C and B2B channels.

- *Local Media*

Publishing activities are managed by Dmedia Group which controls Netweek, the first local media circuit in Northern Italy. Comprising 37 local publications and the leading regional weekly in terms of circulation, “Milano Metropoli – Lombardia in Europa” (Milan Metropolis – Lombardy in Europe), Netweek has a circulation of 390,000 copies and two million readers every week.



## **Dmail Group: Management**



President and CEO

A.M. de Carolis






CEO

G. Vigano'


CFO

M. Albani

### **Media Commerce**

-  DMail Italy and Int. CEO *C. Biasoni*
-  CAT Import Export S.p.A. CEO *C. Biasoni*
-  Bow.it S.r.l. CEO *G. Brojanigo - P. Chiaramida*
-  DMailStore DMail Store BV CEO *G. Vincenzo*
-  GDD Manufacturing S.r.l. (\*) CEO *A. Azais*

### **Local Media**

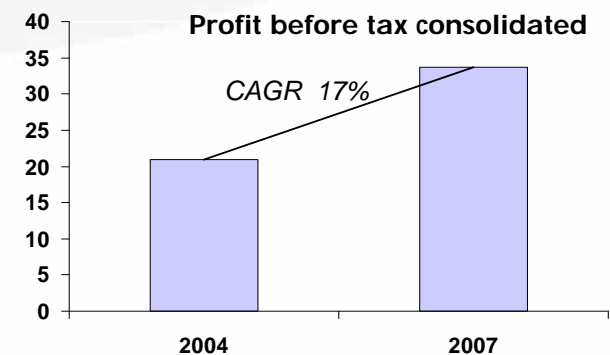
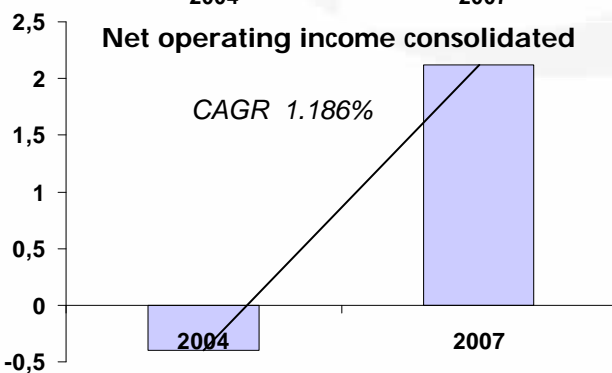
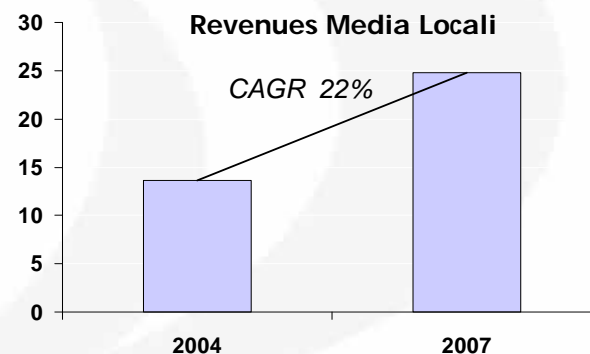
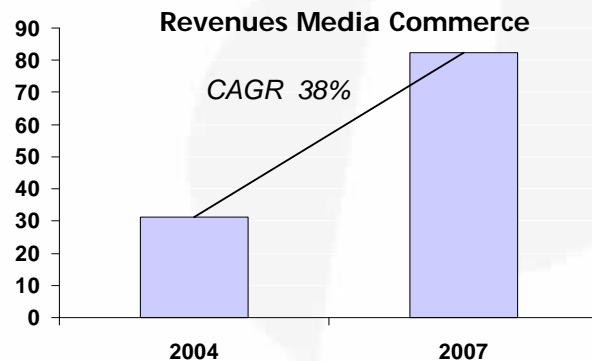
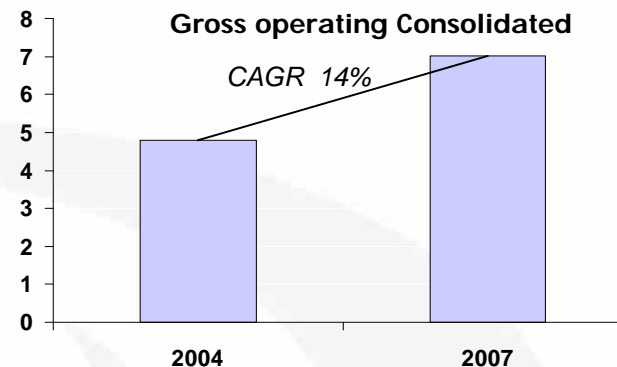
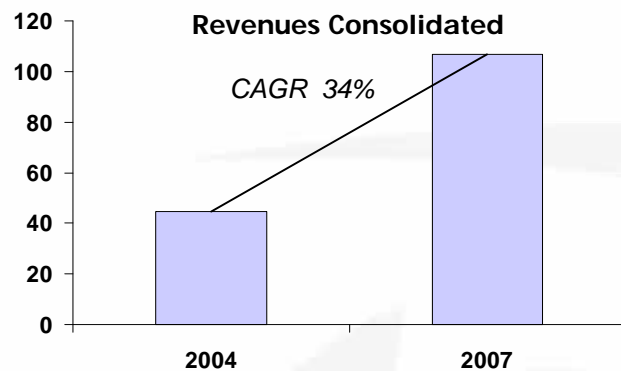
-  Dmedia Group S.p.A. CEO *G. Vigano'*

(\*) Discontinued Operation





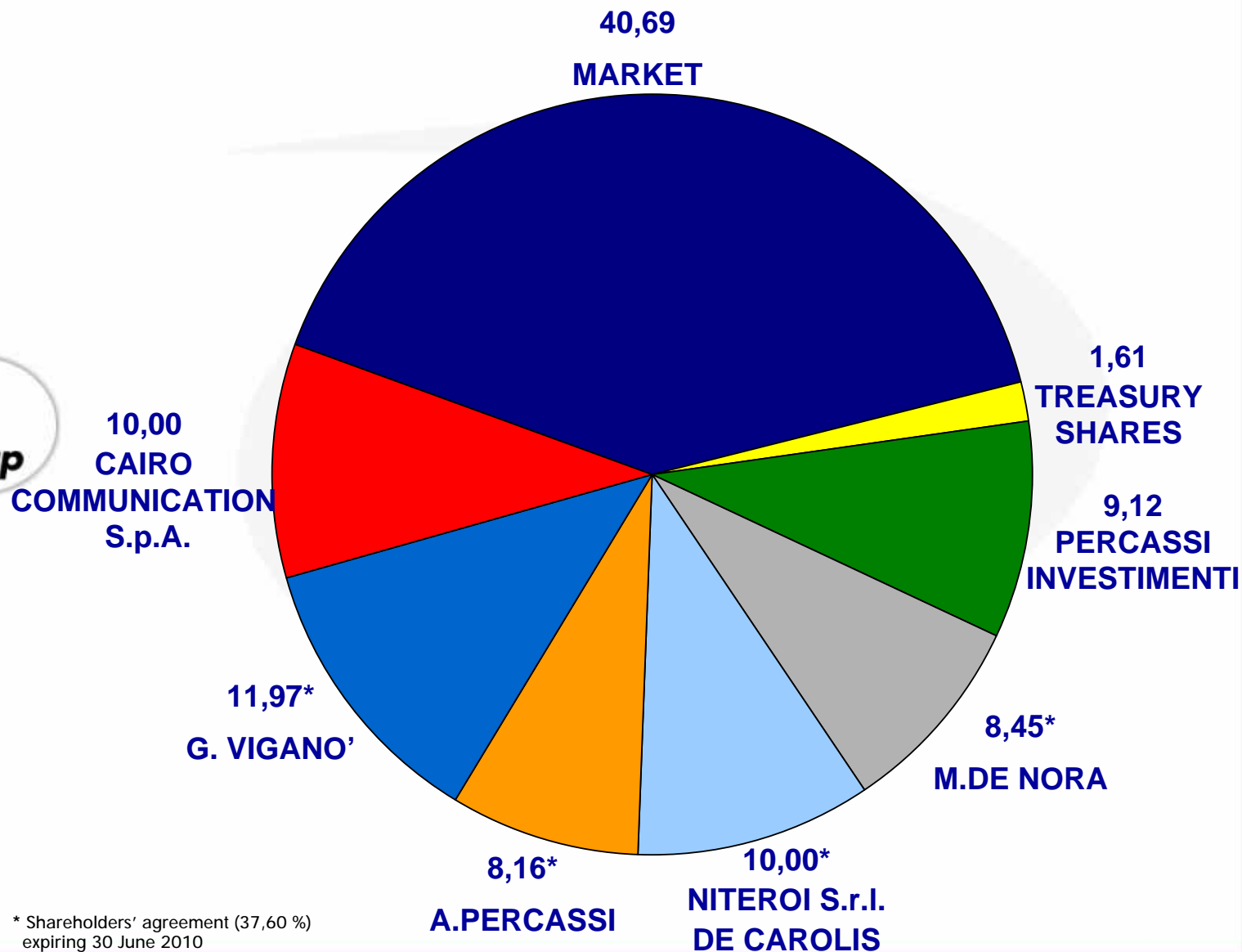
## Track records 2004 - 2007



(\*) Included GDD



 **Dmail Group: Shareholders**



\* Shareholders' agreement (37,60 %) expiring 30 June 2010



## Dmail Group: Shares on the Stock Exchange

30/6/2004 – 03/10/2008



	30/06/2004	03/10/2008	Change
Price	2,90	5,64	94.5%
No of share	6,450,000	7,650,000	
Capitalization	18,7 bn	43,14 bn	130,7%

Cumulated paid dividends	€3 bn
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Compliance with Star requirements	Adaptation of Corporate Governance	Implementation of procedures
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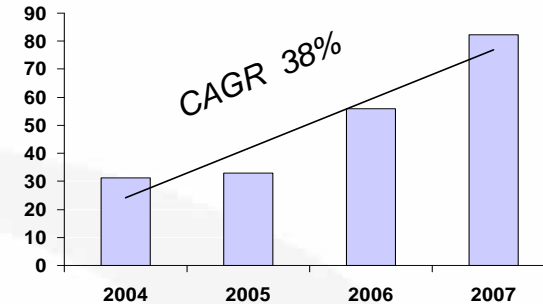
**Dmail Group**  
s.p.a.



*Media Commerce  
Business Model  
Development Plan*

## **Modello di Business: Market Trends**

*The growth 2004-2007 of Media Commerce Area....  
...is adjusted and sustained in the light of the growth  
trends of "direct" market*



- **Non-stop growth of "Direct" Market (a)**
  - 10% of total retail market is currently reached through Direct channel (e-commerce)
- **Advantages of company-size (a)**
  - High rate of conversion 3,2%
  - High percentage of repeat clients (51%)
  - Economies of scale on marketing, fulfillment and CRM costs versus number of orders
- **Direct penetration on retail market (category of products) (a)**
  - Computer hardware e software: 48% (2008E)
  - Consumer electronics: 20% (2008E)
  - Games and videogames: 22% (2008E)
  - Music and video: 26% (2008E)
- **Case History US: "Cyber Monday" (b)**
  - Sales record in one day: USD 700 million, 72 million of clients
  - Christmas purchase trend on Direct 2007: USD 25 MLD (+20% vs 2006)
  - Christmas purchase trend on Retail: flat (+4% vs 2006)
- **Case History EU: "Primondo" (c)**
  - Combined entity, new establishment (1° March 2007), leader on European Direct market: Universal Mail Order - Quelle, Speciality Mail Order - development/acquisition new categories of products, TeleShopping - HSE24
  - The Numbers: 23.000 employees, 4,2 MLD of turnover, presence in 23 Countries, more than 20 million clients, 800 million printed catalogues, 14 call centers, 5 logistic infrastructures

Sources: (a) The state of retail online 2008 - The 11<sup>th</sup> annual Shop.Org study by Forrester Research

(b) Il sole 24 ore del 27 November 2007 (Finanza e Mercati) e research ComScore Networks on US market - (c) Primondo.com











## **Business Model – Markets and Products**

### • **MARKETS**

<i>Sales</i>	<i>%</i>	<i>No. of Clients</i>
Italy	72.5%	587,050
Abroad (€)	27.5%	
148,265		

<i>Purchase</i>	<i>%</i>	<i>No. of Suppliers</i>
€	70.0%	331
\$	30.0%	349

### • **MULTIPRODUCT**

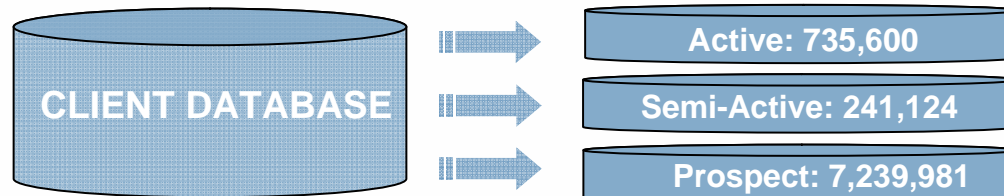
<i>Brand</i>	<i>Product categories</i>	<i>% Turnover</i>	<i>Items in range</i>
	Useful and unique ideas	42,4%	1,954
	Gardening	1.6%	350
	Outsourcing for companies	1.2%	13,711
	“Made in Italy”		
	Small electrical appliances	19,3%	650
	Electronics and technology	35,5%	15,369
		<b>100.0%</b>	<b>32,034</b>



Data 2007 net of GDD Manufacturing

## **Business Model – Channels**

- **Multichannel**



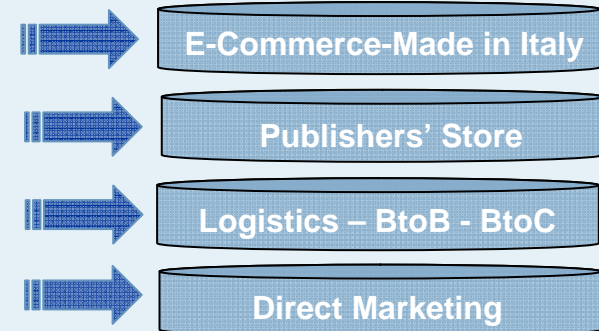
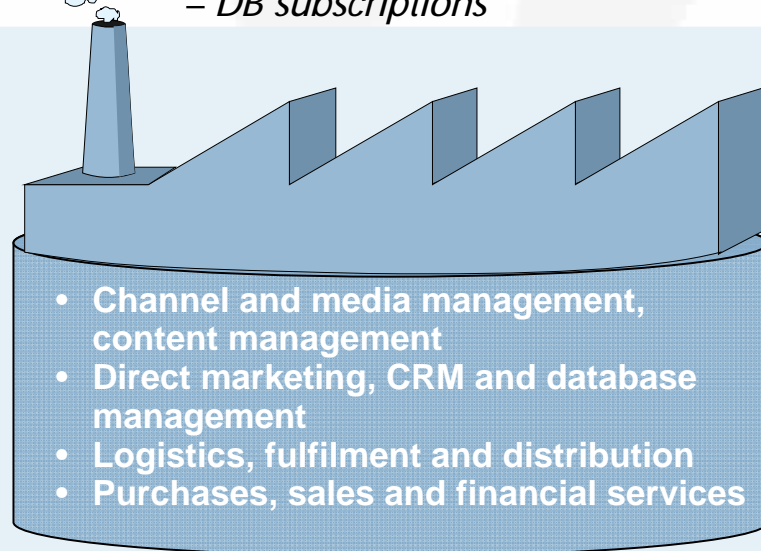
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## **Business Model – Integrated Platform**

<i><b>FUNCTIONS</b></i>	<i><b>NUMBERS</b></i>
Call Center – contacts	1,094,347
Catalogues – distributed	22,500,000
Logistics – orders	889,148
Shops	11
IT/Internet	
– Visited pages	134,821,898
– Accesses	11,764,125
– DB subscriptions	860,000



**Platform**



**Outsourcing**

*Data 2007 net of GDD Manufacturing*



## **Development Plan**

### **1. CORPORATE STRUCTURE**

- *Integration process and organic growth*

### **2. PRODUCTS**

- *Expansion and consolidation of the "Family Shop" concept*
  - *"DMail-Comfort"*
  - *Outlet development by "OVO.it"*
  - *DVD Film and High Definition by "BOW.it"*
  - *Office Furniture*
  - *Hi-Tech gadget*

### **3. CHANNELS**

- *Internet: new clients acquisition, cross selling, database and repeat orders*
- *Shops: new opening in Italy and abroad*
- *Scouting of TV channel*

### **4. MARKETS**

- *DMail Multichannel Model: Czech Rep., Moldova, Ukraine*
- *Internet only: dmail.eu; dmail.ru and ovo.it*
- *Outsourcing: Publishers and Made in Italy*



## **Development Plan**

### **5. INTEGRATED PLATFORM**

- *Call Center : Offshore development*
- *Catalogue: "Brand Extension" and savings of costs*
- *Logistics: Expansion and development abroad*
- *Shops: New openings in Italy and abroad*
- *IT/Internet: Infrastructural investments, database management and CRM*



**Dmail Group**  
s.p.a.



*Local Media  
Business Model  
Development Plan*



## Business Model

### *LOCAL MEDIA*

- Publishing activities are managed by Dmedia Group which controls Netweek, the first local media circuit in Northern Italy .
- Comprising 37 local publications and the leading regional weekly in terms of circulation, “Milano Metropoli – Lombardia in Europa” (Milan Metropolis – Lombardy in Europe) .
- *Dmedia Group* also publishes *Netweek.it* website, the local news portal .



## Business Model

### *LOCAL MEDIA*

100,000	→	Visitors per day on internet sites
37	→	Local editions
390,000	→	Copies per week
2,000,000	→	Readers per week
> 700	→	Municipal Authorities covered
> 800	→	News/day
55,000	→	Internet researches/day
> 13,000	→	Advertising users per year



Data updated June 2008

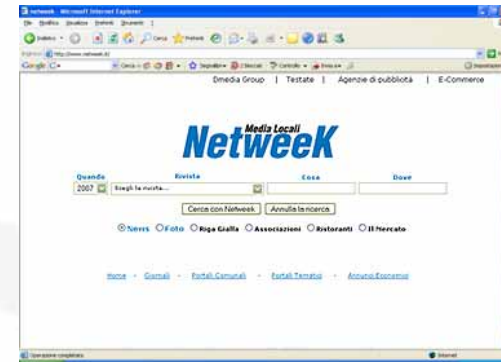


# Business Model LOCAL MEDIA

37 Local Editions



www.netweek.it



## The Editorial supplements



Street directories

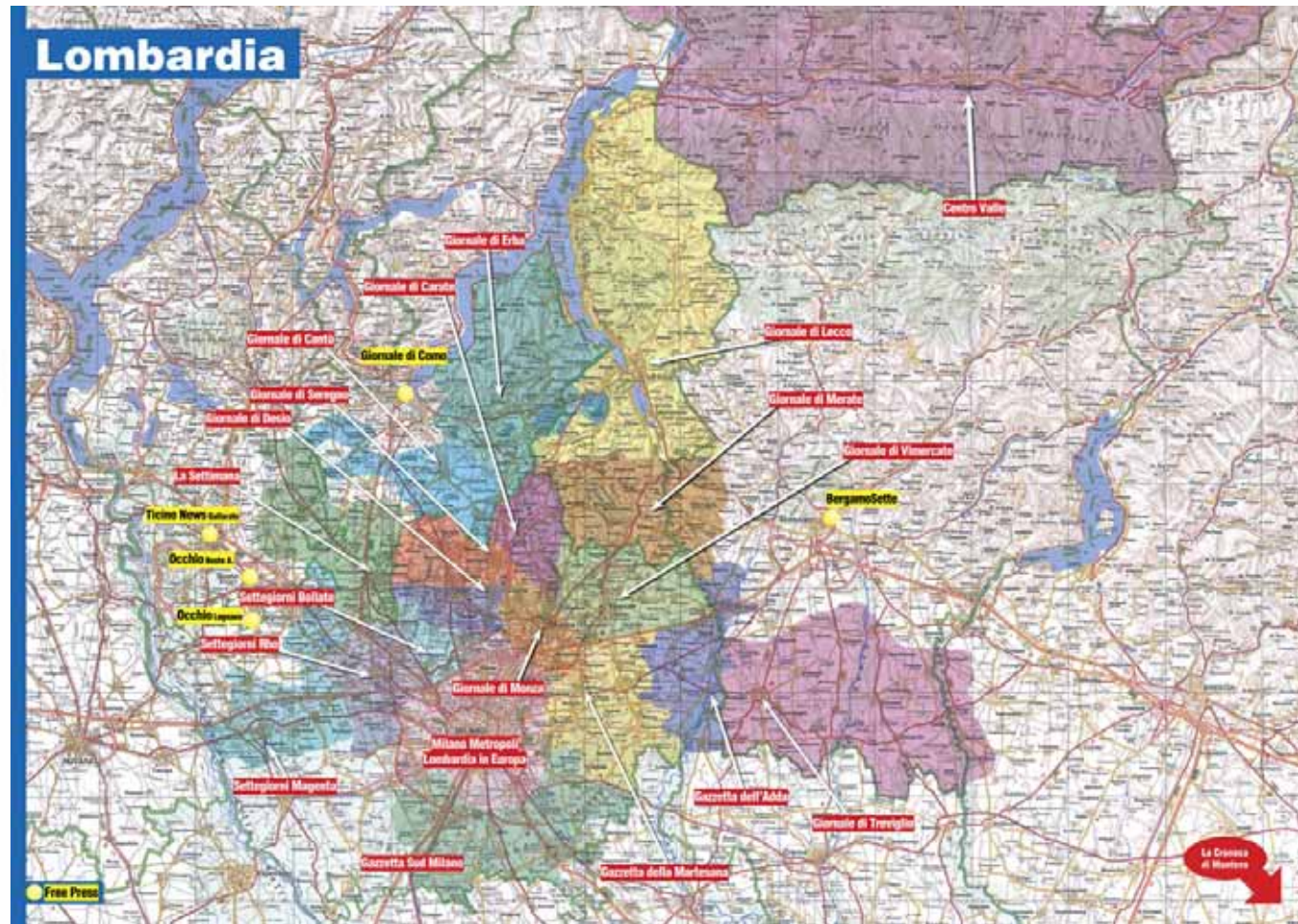


## Regional Weekly



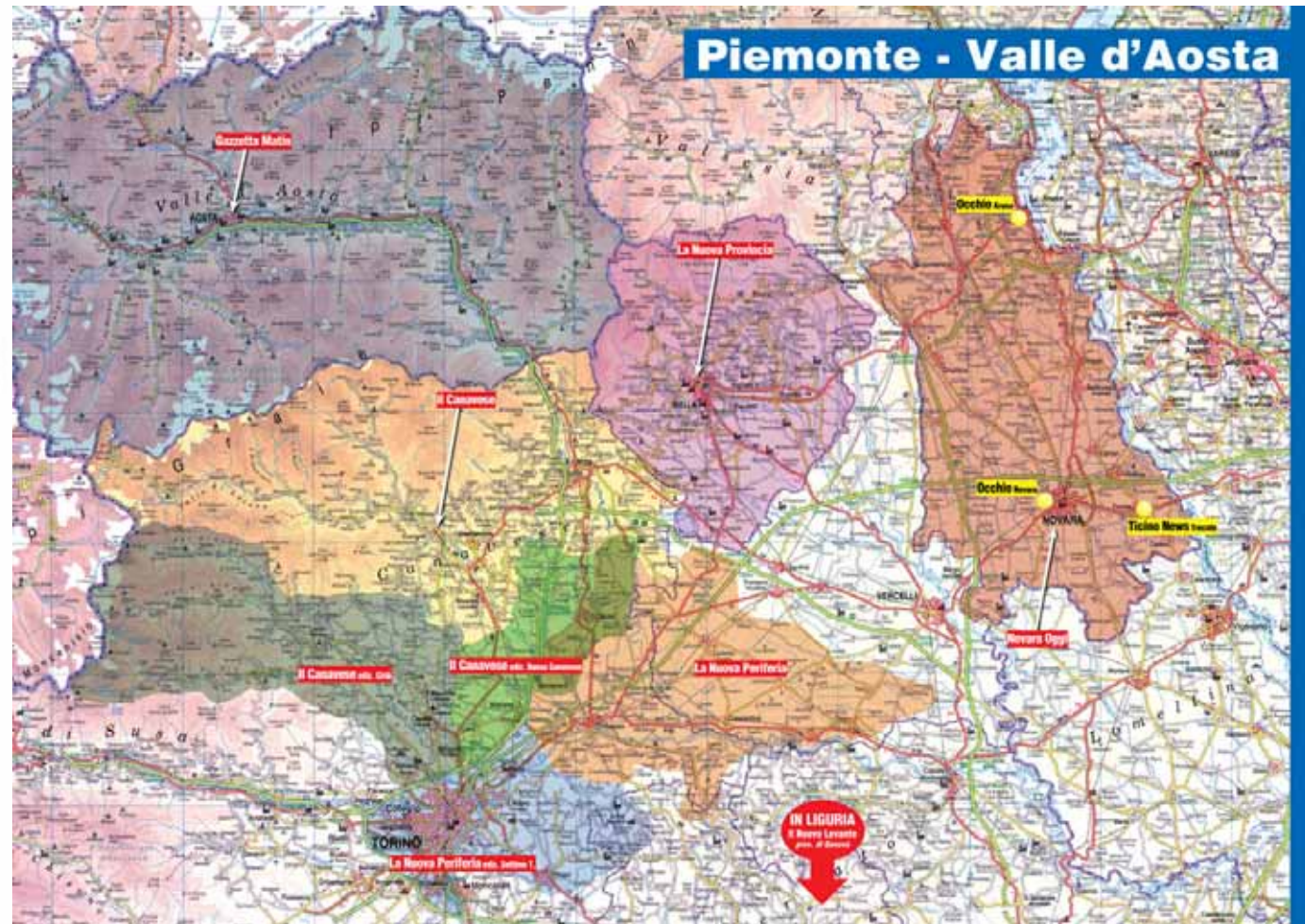
# Business Model

## *LOCAL MEDIA - LOMBARDY*



## Business Model

### *LOCAL MEDIA - PIEDMONT and VALLE D'AOSTA*





## Development Plan

### *LOCAL MEDIA*

- *Territorial coverage*
- *Multimedia*
- *Verticalization of the offering*
- *Acquisitions*
- *Affiliations*



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***Dmail Group S.p.A.***  
***Strategic Options***



 ***Sustainability of growth rates***

- *E-commerce vs real economy growth rates*
- *Local publications vs media globalization*
- *Public and strong shareholding structure*
- *Management track record*

 ***Extraordinary options***

- *Focalisation*
- *Publishers' interests*



**Dmail Group**  
s.p.a.



**Dmail Group**  
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*Results as of  
30 June 2008*



## ***Divestment of GDD Manufacturing S.r.l.***

- ***Announcement***

*On 5 August 2008 the BoD of DMail Group resolved to accept the expression of interest conveyed by IMS S.p.A. aiming at the corporate and industrial integration of the subsidiary GDD Manufacturing in the IMS Group*

- ***Divestment of GDD Manufacturing***

*Therefore the results of GDD Manufacturing have been disclosed separately.*

- ***Strategic reason of divestment***

*Creating the first Italian Industrial Group in the manufacturing and logistics of offline digital supports, with apparent interesting opportunities in terms of rationalization of product plants, critical mass and business synergies, with reference also to all the other activities of DMail Group.*

*The decision reflects the Group's intention to focus its expansion on the local media and direct sales, particularly via Internet.*





## GDD Manufacturing S.r.l. - Profit and Loss Account

(*)	I H ' 08	I H ' 07	Change	% Change
Revenues	6,983	6,200	783	13%
Other revenues	189	375	(186)	-50%
<b>Total revenue and other operating income</b>	<b>7,172</b>	<b>6,575</b>	<b>597</b>	<b>9%</b>
Cost of goods	(3,348)	(3,020)	(328)	11%
<b>Gross margin</b>	<b>3,824</b>	<b>3,555</b>	<b>269</b>	<b>8%</b>
Gross operating income	324	569	(246)	-43%
Net operating income	(551)	(195)	(356)	183%
Profit (loss) before tax	(726)	(325)	(401)	123%
Profit (loss) for the period	(595)	(225)	(370)	164%



## GDD Manufacturing S.r.l. - Net Financial Position

(*)	30/06/2008	31/12/2007	Diff.
Cash and marketable securities	0,073	0,053	0,020
Current financial liabilities	(6,504)	(6,237)	(0,267)
Non-current financial liabilities	(0,378)	(0,549)	0,170
Other non current financial receivables	0,037	0,006	0,031
<b>Net financial position</b>	<b>(6,772)</b>	<b>(6,727)</b>	<b>(0,045)</b>

(\*) amounts in 000 of euros



## Data Summary I Half 2008



(*)	I H '08	I H '07	Change %
Revenues Media Commerce	36,671	31,638	16%
Revenues Local Media	14,444	11,533	25%
<b>Revenues Consolidated (*)</b>	<b>50,922</b>	<b>43,096</b>	<b>18%</b>
Gross operating income Media Commerce	2,617	1,944	35%
Gross operating income Local Media	1,230	1,176	5%
<b>Gross operating income Consolidated</b>	<b>3,061</b>	<b>2,415</b>	<b>27%</b>
Net operating income Consolidated	1,810	1,397	30%
Profit before tax Consolidated	1,138	1,152	-1%
<b>Profit after tax Consolidated</b>	<b>516</b>	<b>327</b>	<b>58%</b>

(\*) all amounts are net of intercompany eliminations of the two business sectors and the Parent company  
Data net of GDD Manufacturing

(\*) amounts in 000 of euros



## Data Summary 2007



(*)	2007	2006	Change %
Revenues Media Commerce	82,176	55,881	47%
Revenues Local Media	24,902	20,160	24%
<b>Revenues Consolidated (*)</b>	<b>107,017</b>	<b>75,818</b>	<b>41%</b>
Gross operating income Media Commerce	6,050	5,344	13%
Gross operating income Local Media	2,477	2,213	12%
<b>Gross operating income Consolidated</b>	<b>7,058</b>	<b>5,598</b>	<b>26%</b>
Net operating income Consolidated	2,969	2,524	18%
Profit before tax Consolidated	1,901	1,352	41%
<b>Profit after tax Consolidated</b>	<b>541</b>	<b>134</b>	<b>305%</b>

(\*) all amounts are net of intercompany eliminations of the two business sectors and the Parent company  
Data included GDD Manufacturing

(\*) amounts in 000 of euros

## Net Financial Position

(*)	30/06/2008	31/12/2007	Diff.
Cash and marketable securities	5,583	7,766	(2,183)
Current financial liabilities	(18,262)	(15,700)	(2,562)
Non-current financial liabilities	(13,823)	(15,811)	1,988
Other non current financial receivables	1,286	1,213	0,073
<b>Net financial position</b>	<b>(25,216)</b>	<b>(25,532)</b>	<b>(2,684)</b>



- **Medium / long term debt structure**
- **Treasury shares** (as of Oct 3, 2008)
  - Nr. 123.023 treasury shares
  - € 7,75 av. Share price
  - € 0,95 million total amount
- **Real estate value** (as of June 30, 2008)
  - € 11 million book value
- **Dividend policy**
- **Net working capital** (as of June 30, 2008)
  - € 15,5 million
- **Acquisitions and development of new operations**
- **Streamlining of corporate structure and resizing of minorities**



## CONTACT:

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