

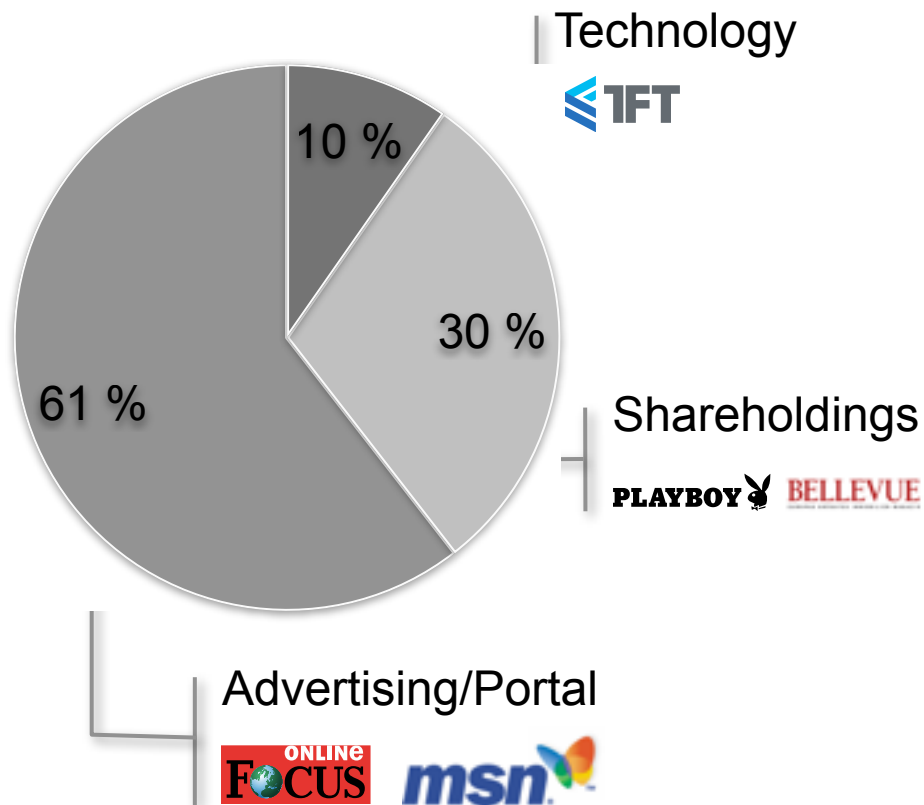
Valuing Digital Businesses

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15.03.11

From where we started – Our business in 2004

Revenue: 48.8 EUR mn, EBIT: -3 EUR mn



Our strength



- High **reach**
- Strong **advertising team**
- Traffic cooperation with **MSN**

Our weaknesses

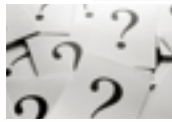


- Focus on **advertising models**
- No **economic scale**
- Low **profitability**

What we did in 2005



- Systematic **strategy process**
- Leverage of **boutique consultants**



- **No paradigms** – everything was questioned



- Very **ambitious targets: 100-10-10 in 2010**
- 100 mn revenue, 10 mn EBIT, 10 new businesses



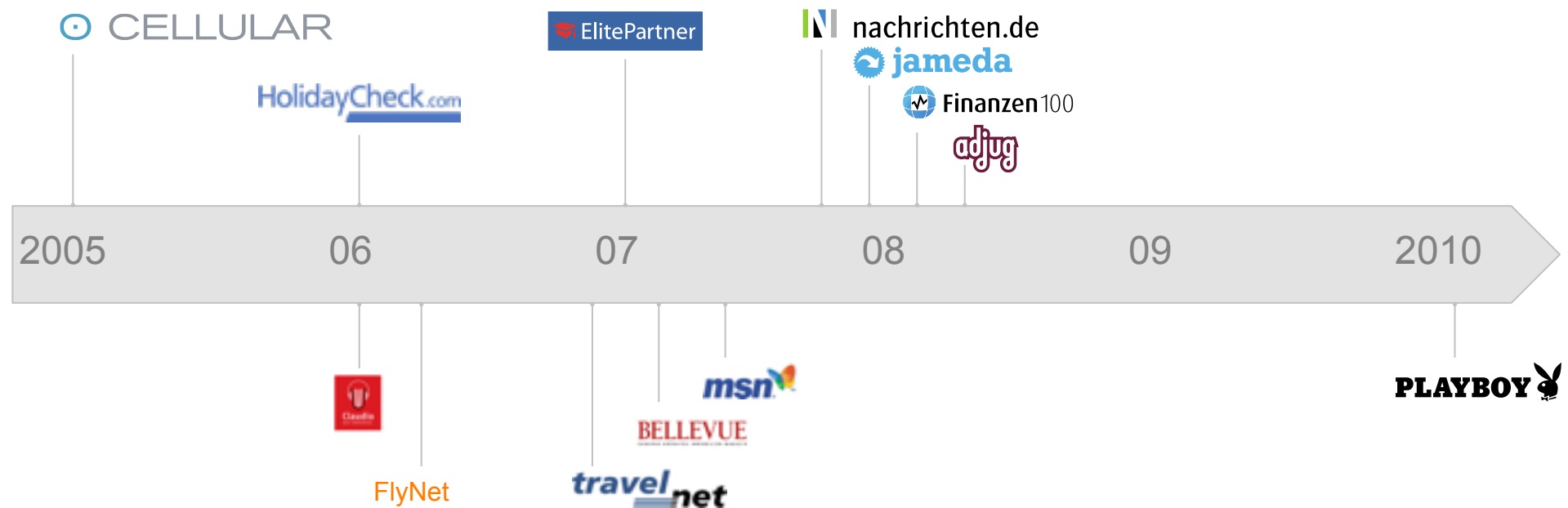
- **New management** team
- Strong **focus on performance** culture



- **Exit of non-profitable businesses**
- **Internet-only** strategy: exit of print related businesses

We fundamentally changed our portfolio in the last 5 years

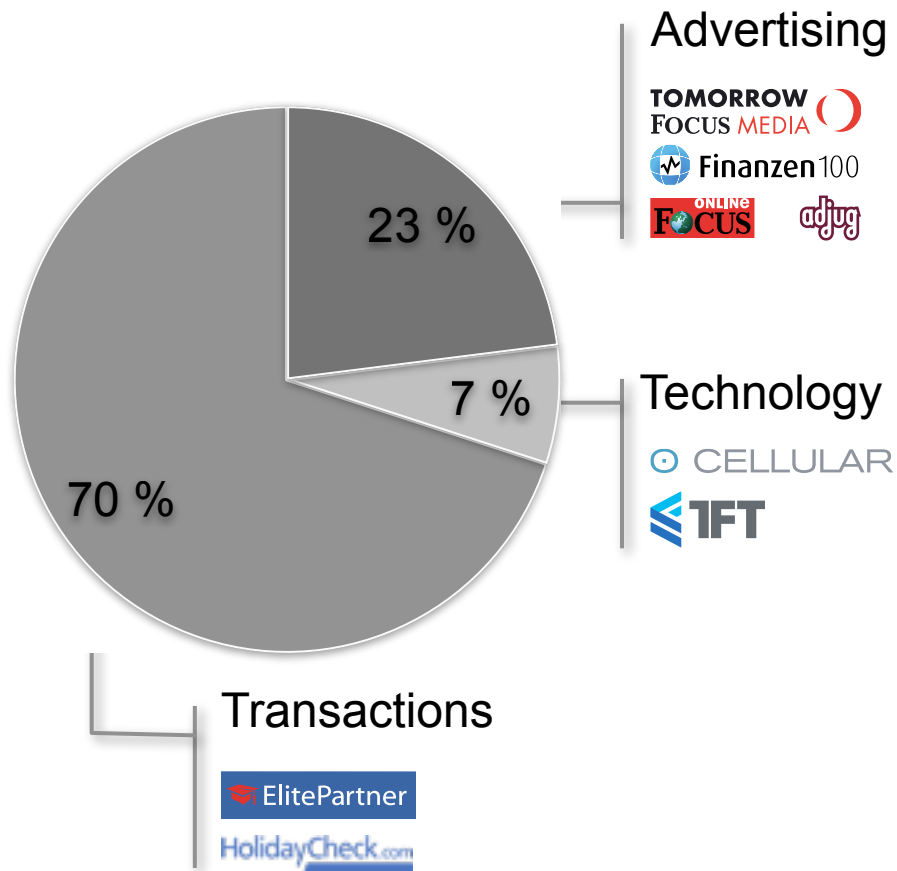
Acquisitions and foundings



Exits/Stop of business

Where we are today – Our business in 2010

Revenue: 128 EUR mn, EBIT: 12 EUR mn

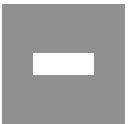


Strength



- Strong monetization of all businesses
- Performance culture – focus on growth
- Natural hedged portfolio

Weaknesses

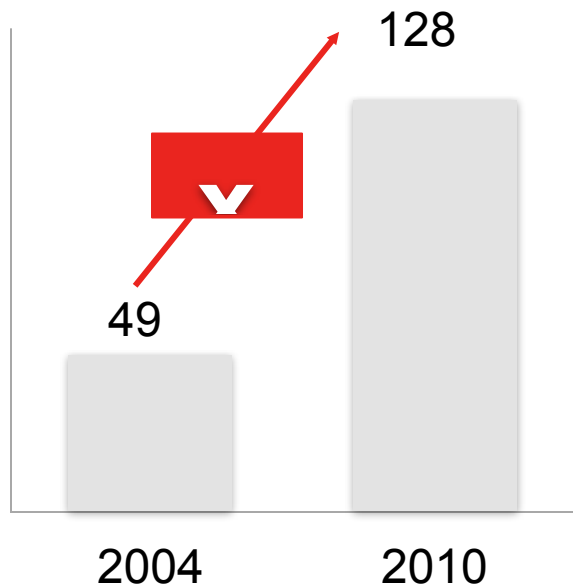


- National champions, but not as international as we wish to be
- Strong growth – but sometimes to slow on innovation

TOMORROW FOCUS has successfully developed its business

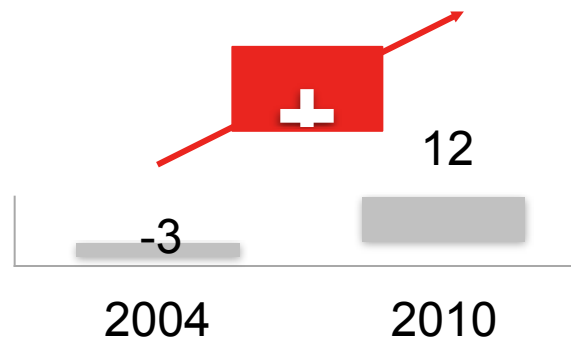
Revenue doubled

EUR mn

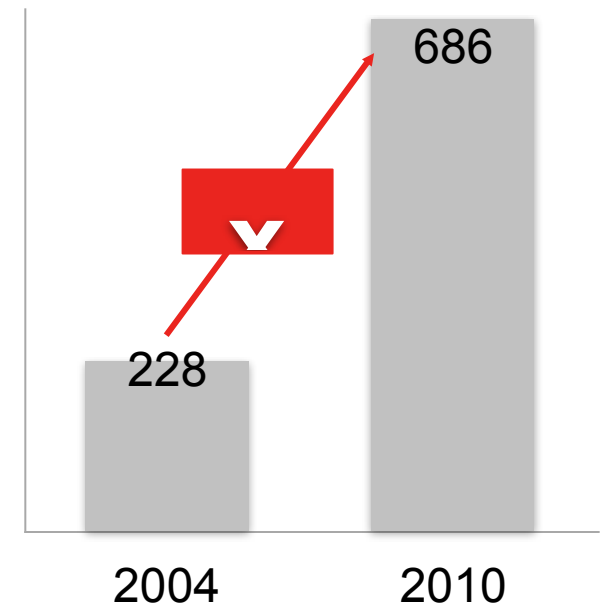


EBIT turned positive

EUR mn



Employees tripled



How to get digital – Critical success factors

Strategic considerations



- Use **VCs and consultants for information**, but carefully check before buying assets from VCs (e.g., sustainability of technology and management team)
- Pursue **early moves**, but keep a balanced portfolio
- Focus only on companies, with the **chance for 1 or 2 position**
- Don't care about national champions, **watch the global innovators and the global gorillas**
- Create **high barriers to entry** or a **strong brand**
- Consider as strategy **consolidation of profitable companies** (e.g., in the web 1.0 business)
- Consider a **niche strategy**: Digging deep not broad

How to get digital – Critical success factors

Organisational and execution considerations

- Go for **maximum reach, then monetize strongly**
- Grow **national champions with the founders**, then get a professional management for internationalization
- Install the right top-management team – performance-driven **streetfighters, not farmers**
- **Believe in the management** team
- **Decentralize the structure**, but maximize support and synergies
- **State-of-the-art technology and marketing**



Trends and developments



- Further increase in shift from offline to online and therefore further **increase in ecommerce business** (e.g., our online travel business)
- Increasing **mobile usage** and monetization, including location based services
- Changes in business models from applications **leveraging Facebook's social graph and Twitter's messaging opportunities** (e.g., flipboard)
- Google is absorbing more of the traffic along the larger verticals, but still **opportunities for (even large) niche products/business models**
- **Premium advertising** with a shift towards brand and less performance currency
- New advertising **opportunities from mobile and social marketing**, but as yet difficult to monetize