

May, 29  
2014

Antonio Tognoli

+39 02 7862 5303

antonio.tognoli@integraesim.it

**BREAKING NEWS**

## Digital Magics

### Operazione Premium Store

Price	€6,99
Recommendation	Buy (maintained)
12mth target price	€9,1 (maintained)
Ticker	DM IM

#### NEWS

- Digital Magics e alcuni imprenditori e investitori italiani hanno sottoscritto un aumento di capitale di €1 mln in Premium Store (63,5% Digital Magics), startup innovativa scelta in esclusiva dal Consorzio Edicola Italiana - fondato da Caltagirone Editore, Gruppo 24 ORE, Gruppo Editoriale L'Espresso, La Stampa, Mondadori e RCS MediaGroup - per lo sviluppo e la gestione commerciale di EDICOLA ITALIANA: la piattaforma degli editori italiani per la vendita di quotidiani e magazine digitali.
- Con questa operazione Premium Store potenzierà la tecnologia multiplatforma con struttura responsive per vendere i prodotti editoriali su Tablet, PC e smartphone. Su EDICOLA ITALIANA - online dall'Estate 2014 ([www.edicolaitaliana.it](http://www.edicolaitaliana.it)) - sarà possibile comprare giornali e periodici in versione digitale ed e-book in maniera sicura e con pochi click, grazie al metodo di acquisto online, che verrà implementato: inseriti i propri dati una volta sola si accederà all'archivio di EDICOLA ITALIANA e con un'unica password si potranno acquistare e leggere le proprie testate preferite.
- Premium Store ha ottenuto uno dei punteggi più alti nel progetto Start 2013 della Regione Lombardia e del Sistema delle Camere di Commercio lombarde, che sostiene la diffusione di cultura imprenditoriale, la creazione di nuove imprese e attività di lavoro autonomo, prevedendo finanziamenti e contributi a fondo perduto.
- Il mercato italiano delle vendite online. Secondo le previsioni di PWC Media and Entertainment outlook 2013-2017, i ricavi delle vendite delle copie digitali di prodotti editoriali cresceranno in Italia di circa il 40% nel 2017, raggiungendo 243 milioni di Euro per gli acquisti online di e-book, 115 milioni di Euro per i magazine e 86 milioni di Euro per i newspapers.
- In Italia nel 2013 le vendite degli abbonamenti digitali dei quotidiani sono aumentate oltre l'80% rispetto al 2012 (a dicembre 2013 erano 365.384), per quanto riguarda mensili e settimanali a novembre 2013 si contavano circa 486.000 riviste digitali acquistate, con ottime previsioni di crescita per la fine del 2014.

#### CONCLUSIONI

**La valutazione: Buy, TP €9,1, risk medium (invariati). Non modifichiamo l'equity value di Digital Magics che risulta pari €9,1 per azione. Abbiamo condotto la valutazione del range di valori di Digital Magics sulla base di due metodologie: Residual Income Method - RIM e sum-of-the-parts. Riteniamo che un corretto mix tra le diverse valutazioni, sia in grado di meglio cogliere il "corretto fair value" di una società come Digital Magics caratterizzata da alcune particolarità definibili intangibles (management quality, track record, azionisti manager, sviluppo potenziale elevato etc.). Il modello RIM e sum-of-the-parts.**

**Disclosure Pursuant to Article 69 ET SEQ. of Consob (Italian Securities % Exchange Commission) Regulation No. 11971/1999**

**Analyst/s certification**

The analyst(s) which has/have produced the following analyses hereby certifies/certify that the opinions expressed herein reflect their own opinions, and that no direct and/or indirect remuneration has been, nor shall be received by the analyst(s) as a result of the above opinions or shall be correlated to the success of investment banking operations. INTEGRAE SpA is comprised of the following analysts who have gained significant experience working for INTEGRAE SIM SpA and other intermediaries: Antonio Tognoli. Neither the analysts nor any of their relatives hold administration, management or advising roles for the Issuer. Antonio Tognoli is current Vice President of Associazione Italiana Analisti Finanziari – AIAF and Vice President of Associazione Nazionale Private Investment Banking – ANPIB and

**Disclaimer**

This publication was produced by INTEGRAE SIM SpA. INTEGRAE SIM SpA is licensed to provide investment services pursuant to Italian Legislative Decree n. 58/1998, Resolution n. 17725 of March 29<sup>th</sup> 2011. INTEGRAE SIM SpA performs the role of specialist for the financial instruments issued by the company covered in this report. INTEGRAE SIM SpA shall distribute this report in Italian and in English, starting from the date indicated on the document, to approximately 300 qualified institutional investors by post and/or via electronic media, and to non-qualified investors through the Borsa Italiana website and through the leading press agencies. Unless otherwise indicated, the prices of the financial instruments shown in this report are the prices referring to the day prior to publication of the report. INTEGRAE SIM SpA will continue to cover this share on a continuing basis, according to a schedule which depends on the circumstances considered important (corporate events, changes in recommendations, etc.), or useful to its role as specialist.

The table below, shows INTEGRAE SIM's recommendation, target price and risk issued during the last 12 months:

Date	Recommendation	Target Price	Risk	Comment
19/5/14	Buy	9,1	Medium	Initiating Coverage

The information and opinions contained herein are based on sources considered reliable. INTEGRAE SIM SpA also declares that it takes all reasonable steps to ensure the correctness of the sources considered reliable; however, INTEGRAE SIM SpA shall not be directly and/or indirectly held liable for the correctness or completeness of said sources.

The most commonly used sources are the periodic publications of the company (financial statements and consolidated financial statements, interim and quarterly reports, press releases and periodic presentations). INTEGRAE SIM SpA also makes use of instruments provided by several service companies (Bloomberg, Reuters, Infincials Etc.), daily newspapers and press in general, both national and international. INTEGRAE SIM SpA generally submits a draft of the analysis to the Investor Relator Department of the company being analysed, exclusively for the purpose of verifying the correctness of the information contained therein, not the correctness of the assessment.

This document is provided for information purposes only. Therefore, it does not constitute a contractual proposal, offer and/or solicitation to purchase and/or sell financial instruments or, in general, solicitation of investment, nor does it constitute advice regarding financial instruments. INTEGRAE SIM SpA does not provide any guarantee that any of the forecasts and/or estimates contained herein will be reached. The information and/or opinions contained herein may change without any consequent obligation of INTEGRAE SIM SpA to communicate such changes. Therefore, neither INTEGRAE SIM SpA, nor its directors, employees or contractors, may be held liable (due to negligence or other causes) for damages deriving from the use of this document or the contents thereof.

Conflicts of interest, including potential conflicts and related organizational measures are set forth in this disclaimer section.

**Rating system**

The BUY, HOLD and SELL ratings are based on the expected total return (ETR – absolute performance in the 12 months following the publication of the analysis, including the ordinary dividend paid by the company), and the risk associated to the share analyzed. The degree of risk is based on the liquidity and volatility of the share, and on the rating provided by the analyst and contained in the report. Due to daily fluctuations in share prices, the expected total return may temporarily fall outside the proposed range.

Expected Total Return – ETR (for different risk categories)			
Rating	Low Risk	Medium Risk	High Risk
BUY	ETR >= 7.5%	ETR >= 10%	ERT >= 15%
HOLD	-5% < ETR < 7.5%	-5% < ETR < 10%	0% < ETR < 15%
SELL	ETR <= -5%	ETR <= -5%	ETR <= 0%
U.R.	Rating e/o target price Under Review		
N.R.	Stock Not Rated		

*The methods that INTEGRAE SIM SpA prefers to use for value the company under analysis and the Expected Total Return are those which are generally used, such as the market multiples method which compares average multiples (P/E, EV/EBITDA, and other) of similar shares and/or sectors, and the traditional financial methods (DCF, DDM, EVA etc). For financial securities (banks and insurance companies) INTEGRAE SIM SpA tends to use methods based on comparison of the ROE and the cost of capital (embedded value for insurance companies).*

*Any copying and/or redistribution, in full or in part, directly or indirectly, of this document are prohibited, unless expressly authorized.*