

## UPDATE 1-DreamNex to launch erotic webcam on mobiles

Reuters, Friday June 19 2009

\* To launch erotic webcam service on smartphones this year

\* DreamNex eyes flat 2009 sales and net income vs 2008

\* Seeks German acquisition, U.S. expansion

(Adds detail, background)

By Michel Rose and Florent Le Quintrec

PARIS, June 19 (Reuters) - France's adult entertainment company DreamNex said on Friday that it would launch an erotic webcam service this year, and expects 2009 sales and net income to remain at the same levels in as the previous year.

The group said that the economic crisis had impacted its sex toy sales but that its dating services were holding up well.

DreamNex launched its SexyAvenue.com website in 2000 in France and now has a market capitalisation of 97 million euros (\$135 million).

DreamNex, whose products include solar-rechargeable sex toys, later this year will launch an erotic webcam service on such smartphones as the iPhone as the third-generation mobile phones have made it easier to stream videos from the Internet.

"We are preparing a webcam service that is a real technological challenge," Chairman and Chief Executive Patrice Macar told Reuters in an interview. "I feel the moment is now. It's this year."

"Mobile phones are more suitable for the adult content market. There is more intimacy than with the family's PC in the middle of the living room. I think that in the long term, a big share of the market will be done there," Macar said.

### DATING SERVICE BOOM

DreamNex said it expected to maintain its sales and net income to 2008 levels this year, after reporting a 10 percent fall in first-quarter revenue this year. It makes 55 of its revenue in France, 30 percent in the Netherlands, and about 5 percent each in Britain, Italy and Spain.

"The trend of the first quarter will be confirmed or may be improved in the second quarter," Macar said.

Its dating service, with about 18,000 subscribers, was up 60 percent in the first quarter of the year compared to the last quarter of 2008.

"Our clients are not going to cancel their subscriptions if they are happy with it. On the contrary, we can see a rather rapid increase," Macar said.

DreamNex wants to expand into Germany and is on the lookout for acquisitions. Macar said it is looking for the right target and would probably purchase something next year.

The DreamNex CEO said moving into the U.S. market was also on the agenda but it was focusing on organic growth there rather than expanding through acquisitions.

"Clearly, we will be in the U.S. in 2010," Macar said.

The group said it had a "comfortable" financial situation, with cash of 18 million euros at the end of 2008 and sales of 70.3 million euros. In 2008, its net profit rose 115 percent to 10.1 million euros. Unlike many other websites, the group has not been impacted by the slump in the advertising market as DreamNex carries no advertising on its site.

Dreamnex shares were unchanged at 34.20 euros in early afternoon trade. The stock has gained 14 percent so far this year, having fallen 18 percent last year. (\$1=.7183 Euro) (Editing by Karen Foster)