

Online-Dating-Services

It's hard to be lonely!

This study describes and analyses the market for online dating and the main publicly quoted Online-Dating-Services: MatchNet plc, Ticketmaster Corp., uDate.com, and OneSaturday.

Online dating services are being constantly frequented by people seeking to make contact with others, and increasingly supercede conventional dating and marital-agency services, as the proportion of singles households grows in the industrialised countries. The online dating firms that we have investigated on their own have recorded monthly growth rates between 4.1 and 9.3 percent from April to May 2001, far beyond the zero growth of world-wide Internet users, which goes to show the interest in this market segment. The growing number of singles and the resultant flood into the online dating services give rise to expectations of above-average growth in this industry.

| Overview | | | | |
|-----------------|------------------|-----------|-----------------------|--------|
| Company | Bloomberg Symbol | Price USD | Market-capitalisation | Rating |
| MatchNet PLC | MHJG NM | 0.93 | 16.59 | buy |
| Ticketmaster | TKTM US | 16.20 | 2,300.40 | hold |
| uDate.com | UDAT US | 1.40 | 34.30 | sell |
| OneSaturday PLC | OSA LN | 0.04 | 2.57 | sell |

Source: INVERA

Despite this strong growth, the low barriers to entry in this market are giving the portals problems in attracting paying users and achieving durable profits.

We assume that only those companies that position themselves in crucial niches and focus on minimising costs instead of pursuing an aggressive growth strategy will be able to achieve long-term profitability.

We therefore recommend underweighting the dating services industry. One exception to this is the favourite in our study - MatchNet PLC - because it is:

- one of the Top Three matchmakers in terms of number of members
- the "first mover" with additional services and diversified revenues
- not dependent on advertising revenue (only just 14.4 percent of its total sales revenue)
- still in possession of USD 8.3 million in cash and marketable securities (as of 30th June 2001) for making further acquisitions
- active in niche markets such as with JDate.com

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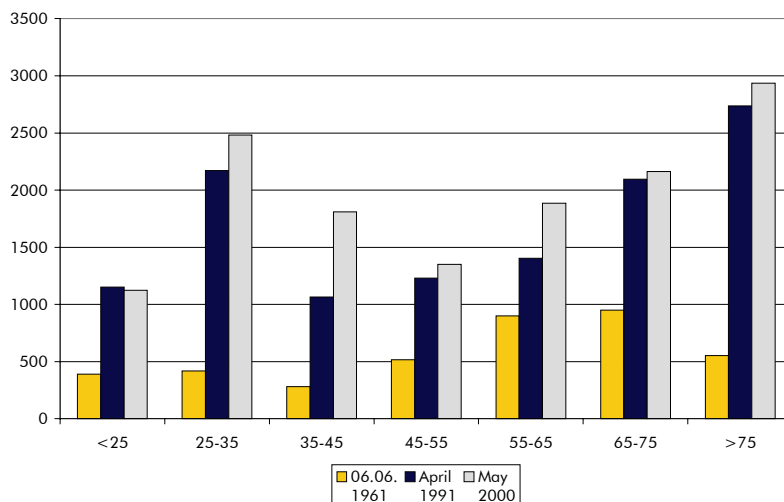
www.invera.de
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1. Market and competitive situation

Increasing changes in everyday and working life are having an impact on people's interpersonal relationships and are forcing traditional institutions such as marriage and the family into the background. Whilst 40 years ago it was still the exception for single people to live alone, the proportion of "singles" households is growing continuously in the industrialised countries.

Market

Singles in Germany since 1961



In Germany, according to the Federal Statistical Office, the number of single-person households rose at an average annual rate of 3.13 percent from 1961, when it was 4.0 million, to May 2000, when it reached 13.7 million. The situation in the USA is similar, where a report by eMarketer in February 2001 stated that there were more than 91 million adult singles. The Wall Street Journal quotes statistics according to which 73 percent of adult singles use the Internet to look for a new partner. According to a study by the Emnid research organisation, more than 50 percent of all Germans regard the Internet as a suitable medium for making new contacts, whereas the comparable figures for personal ads in the newspaper (17.2 percent) and marriage agencies (6.8 percent) are considerably lower.

The market for bringing partners together is highly fragmented, and consists of both small local and large national and international agencies. In addition to the conventional marriage agency and Internet-based dating services, singles looking for partners can also make use of conventional, although less effective, alternatives such as personal and classified newspaper ads, singles' parties, and TV and radio programmes.

Conventional marriage agencies are the most widespread, and maintain files mainly on the 25-44 year-old age groups. Individual profiles are categorised on the basis of (sometimes) large and detailed client files. The cost of searching for a partner through this kind of agency, according to our research work, depends on the service provided but can run to as much as USD 1,300. In the case of the online dating services, the price is based on the scope of the services provided. Despite their fees, the providers of dating and singles' portals are recording a constant growth in their membership numbers. According to investigations by Professor Richard Scase of Kent University, one English person in five is already looking for a partner with the aid of dating agencies. Jupiter Media Metrix revealed in a report dated February 2001 that the number of registered users of online dating services had risen by almost 47 percent from the level a year earlier.

Internet-based partnership agencies compete against conventional marriage agencies, which mainly operate on a regional basis. The small size of their databases, and their correspondingly low probability of success, as well as membership subscriptions that sometimes run into thousands of Marks or Dollars have given conventional marriage agencies a somewhat negative image.

The advantages of online dating are:

- far bigger and more detailed databases of members' profiles (some of them in the million range)
- greater availability, as these services are accessible at all times
- a wider range of possible ways of making contact, e.g. eMail or Internet "chat"
- supplementary services such as travel or parties
- greater anonymity and lower costs

Competition

A large number of Internet-based online dating services are in operation, the majority of them based in the USA. In this study we will look at the publicly quoted companies: MatchNet PLC, Ticketmaster Corp., uDate.com, and OneSaturday.com.

Measured by their numbers of members, Matchmaker (Lycos), uDate, and MatchNet are the three top online dating services. Lycos, the online Portal, took over Matchmaker in 2000 for about USD 44 million. With about 4 million members at that time, this represented a purchase price of about USD 11 per member. At the international level there are very many large and medium-sized services.

| Selected Online-Dating-Services | | | |
|--------------------------------------|-----------|---|------------|
| Company | Country | Portal | Membership |
| MatchNet | USA | AmericanSingles.com (incl. SocialNet.com and further services) | 3,133,550 |
| | USA | JDate.com | 223,605 |
| | Germany | MatchNet.de (DeutscheSingles.de) | 116,640 |
| | UK | MatchNet.co.uk | 42,336 |
| | Australia | MatchNetAustralia.com | 22,342 |
| Ticketmaster | USA | Match.com | 3,000,000 |
| | USA | One&Only.com | 500,000 |
| uDate.com | USA/UK | uDate.com | 2,000,000 |
| | USA | Kiss.com | 2,900,000 |
| FriendFinder Inc. | USA | Friendfinder | 3,000,000 |
| Lycos | USA | Matchmaker.com | 5,800,000 |
| Friendscout GmbH | Germany | DatingScout24 | 520,000 |
| Liebe.de GmbH | Germany | Liebe.de | 250,000 |
| Gesellschaft für Online Medien m.b.H | Austria | Love.at | 165,000 |
| OneSaturday PLC | UK | OneSaturday.com | 42,000 |

Source: INVERA

A comparison of the membership numbers of the leading portals for the first three months shows that in this field very high growth rates were achieved – triple-figure growth, indeed. uDate, for instance, recorded growth of 227 percent, MatchNet about 210 percent. Matchmaker, the dating portal of Terra Lycos, achieved growth of only 45 percent.

| Selected Online-Dating-Services | | | | |
|---------------------------------|--------------------------|-----------------------|-----------------------|----------|
| Carrier | Portal | Members* Q1 / 2000 | Members* Q1 / 2001 | Increase |
| MatchNet | AmericanSingles.com | 1.00 | 3.10 | 210% |
| Lycos | Matchmaker.com** | 4.00 | 5.80 | 45% |
| Ticketmaster | Match.com/OneandOnly.com | 1.75 | 3.10 | 77% |
| uDate | uDate.com / kiss.com*** | 1.50 | 4.90 | 227% |
| OneSaturday | OneSaturday.com | - **** | - | - |

Source: Company Reports, from March 31., * in mil.
 **) at acquisition in June 2000
) Q2/2000 *) at that time not quoted

The vast majority of the portals usually allows members to enter their own profiles free of charge. Fees are only payable when one single wants to make contact with another. All according to the range of services and the number of members, these fees lie anywhere between USD 10 and USD 150. The prices for the individual portals are all very close together, as the following table shows.

| Fee for extended membership at Online-Dating-Services | | | | | |
|---|---------------------------|--------------------------|---------|--------------------------|----------|
| fee in USD | 5 days | 1 month | 3 month | 6 month | 12 month |
| uDate.com | 9.95 | 24.95 | 49.95 | 74.95 | 119.95 |
| Match.com | -- | 24.95 | 49.95 | 74.95 | 99.95 |
| oneandonly.com | -- | 24.95 | 59.85 | 89.7 | 119.4 |
| MatchNet.de | in Germany free of charge | | | | |
| AmericanSingles/SocialNet | -- | 19.95 | 49.95 | 79.95 | 99.95 |
| jDate | -- | 28.50 | 68.50 | 98.50 | 149.50 |
| Matchmaker | -- | 19.95 | 39.95 | 59.95 | 99.95 |
| Friendfinder (silver) | -- | 19.94 | 39.94 | -- | 99.94 |
| Friendfinder (gold) | -- | 29.94 | 59.94 | -- | 139.94 |
| | 5 contact stamps | 10 contact stamps | -- | 30 contact stamps | -- |
| OneSaturday | 17.51 | 29.42 | -- | 70.05 | -- |

Source: INVERA, Companies

We have compared the leading online dating portals with one another and presented the differences in the following table. We have also investigated and compared the main criteria such as profile preparation, layout, search function, and trends in membership numbers.

| | Writing profile | Layout | Search function | Membership |
|-----------------|-----------------|--------|-----------------|------------|
| uDate.com | ☆☆☆☆ | ☆☆☆ | ☆☆ | ☆☆☆ |
| Kiss.com | ☆☆ | ☆☆☆ | ☆☆ | ☆☆☆☆ |
| Match.com | ☆☆☆ | ☆☆☆ | ☆☆☆☆ | ☆☆☆☆ |
| OneandOnly.com | ☆☆ | ☆☆ | ☆☆ | ☆☆ |
| americansingles | ☆☆☆☆ | ☆☆☆ | ☆☆☆ | ☆☆☆☆ |
| MatchNet.de | ☆☆☆☆ | ☆☆☆ | ☆☆☆ | ☆☆ |
| jdate | ☆☆☆☆ | ☆☆☆ | ☆☆☆ | ☆☆☆☆ |
| Matchmaker | ☆☆☆☆ | ☆☆☆ | ☆☆☆☆ | ☆☆☆☆ |
| Friendfinder | ☆☆ | ☆☆☆ | ☆☆ | ☆☆☆☆ |
| OneSaturday | ☆☆☆ | ☆☆☆☆ | ☆☆☆ | ☆☆ |

Source: INVERA

The most striking points about the way each service enables its members to draw up their profiles are the many different entries possible with Americansingles.com and Matchmaker, whilst with Friendfinder and kiss.com only superficial profile questions can be answered. OneSaturday stands out well under the heading of layout, whilst at OneandOnly.com the buttons and banners do not give any indication of a uniform concept.

In our opinion, the most important interface with the user is the search function, which every portal offers. Match.com, Matchmaker and MatchNet enable their members to look for potential partners on the basis of a large number of character aspects and characteristics. Matchmaker in particular differentiates itself from the competition by presenting the search results in the form of a slide-show.

The number of registered members is necessary on the one hand in order to ensure a critical mass for lively contact on the portal, and on the other hand to increase the probability of finding the right partner. In this category, Friendfinder with its very large network of partners takes first place followed by Match.com and Matchmaker.

The topmost priority for any of the online dating services is to gain new members and thus extend the pool of membership. With the help of various acquisitions, MatchNet (Cupidnet, SocialNet), Ticketmaster (Match.com, Oneandonly.com) and uDate (kiss.com) are in some cases currently managing to double the numbers of registered users on their profile databases, and in the future it is expected that takeovers will considerably increase membership numbers.

In addition to takeovers, cooperation arrangements are being sought with major Internet portals such as, Yahoo or AOL. The business models envisage a commission payment for each new member to be paid to the partner company. The portal provider can thus offer a value-added service which, in return, contributes to the branding of the online dating service. This results in additional potential for dating websites. The online "match-makers" will thus become takeover candidates, as the Lycos/Matchmaker.com takeover shows.

Prospects

2. Company profiles

2.1 MatchNet plc

| Key Financials | | | | |
|---------------------------|-------|-------------------|-------------------|-------------------|
| in USD | 2000 | 2001 ^e | 2002 ^e | 2003 ^e |
| Sales (in Mio.) | 6.9 | 8.6 | 14.6 | 20.5 |
| Cost of Sales (in Mio.) | 1.1 | 2.9 | 4.4 | 6.1 |
| Gross margin (in Mio.) | 5.8 | 5.7 | 10.2 | 14.3 |
| EBITDA | -6.4 | 0.5 | 2.6 | 4.1 |
| EBIT | -7.8 | -3.9 | 0.8 | 2.6 |
| EBIT-margin | - | - | 5.7 % | 12.7 % |
| Net profit/loss (in Mio.) | -8.9 | -3.8 | 0.9 | 2.7 |
| Earnings per share | -0.67 | -0.22 | 0.05 | 0.16 |
| P/E | - | - | 17.4 | 5.9 |

Source: INVERA

Description of company

MatchNet plc is based in Beverly Hills and was founded on 3rd September 1998 by Joe Y. Shapira and Alon Carmel. The USA-wide dating service BestDate.com joined it before the end of the same year, and NetCorp, also owned by Joe Shapira and Alon Carmel, was acquired in 1999. In 1997, this company had founded the Internet partner-finding firm of JDate.com, which exclusively recruits Jewish singles.

In 1999 and 2000, MatchNet positioned itself internationally by setting up similar portals in Germany (MatchNet.de), Great Britain (MatchNet.co.uk), and France (MatchNetFrance.com). A joint venture set up in 2000 with the Australian venture capitalist ECAT, MatchNet.com.au (formerly Oze-Singles.com.au) enables MatchNet to offer a local specific service on the Australian continent as well. MatchNet holds 49 percent and ECAT 51 percent of MatchNet Australia. MatchNet possesses a global database, which is based on a Microsoft SQL-server with a complete scalable architecture. The technical focus of MatchNet is on the establishment of further value added services and higher technical performance, i.e. faster credit card authentication.

MatchNet's activities can be basically divided into three business divisions: membership subscriptions, advertising revenue, and parties.

| | |
|----------------------------|---|
| Members | <i>source of income by membership fee</i> |
| Advertising revenue | <i>sales of advertising-space on their online portals</i> |
| Parties | <i>organisation of parties</i> |

Source: MatchNet

MatchNet generates most of its income from the field of membership subscriptions. Users can draw up and submit a profile and also look

MatchNet PLC

Recommendation:

Long-term Buy

Segment:

Neuer Markt

Securities Code:

930 129

Current price:

EUR 1.02

52W high/low:

EUR 4.95/0.90

No. of shares:

17.8 million

Capitalisation:

EUR 18.2 million

Shareholders:

| | |
|--------------|--------|
| J.Y. Shapira | 13.7 % |
| A. Carmel | 16.1 % |
| VMR AG | 11.5 % |
| Free Float | 58.7 % |

URL:

www.matchnet.com

for other singles free of charge, but a subscription is required if they wish to make contact.

MatchNet generates another part of its revenue by selling advertising space on its own portals and newsletters. These are operated by its Advertising Sales Division. MatchNet expanded this Division during 2000, and is marketing banner advertising space and direct email advertising specifically to defined target groups. In its third Division, Parties, the company organises parties for singles.

MatchNet's database currently holds about 3.5 million registered members. With this membership pool, MatchNet is one of the world's leading Internet dating agencies.

| MatchNet Single-Portals | | |
|---|----------------|------------|
| Portal | Country | Membership |
| AmericanSingles.com (incl. SocialNet.com and further services) | USA | 3,133,550 |
| JDate.com | USA | 223,605 |
| MatchNet.de (DeutscheSingles.de) | Germany | 116,640 |
| MatchNet.co.uk | United Kingdom | 42,336 |
| MatchNetAustralia.com | Australia | 22,342 |
| gay11.com | USA | Q3/2001 |

Source: MatchNet, 2001-06-30

The strategic aim of the company, as it announced at the time of its IPO, is to develop an international singles portal network, establish a number of niche services and achieve profitability. MatchNet has implemented this strategy through a series of acquisitions. Its latest takeover, the Internet contact exchange SocialNet.com in February 2001, enabled the company to increase its number of registered members by about 1.5 million. The acquisition was paid for with 2.86 million shares representing a purchase price of about USD 2.96 million or about USD 2.00 per member. The integration of SocialNet into MatchNet turned a previously free service into a fee-paying one.

To increase membership numbers, further acquisitions are to be made in addition to the company's own marketing activities. The focus here will be on dating services for specific ethnic groups. In the third quarter of the year, a singles portal is to be started for homosexual men and women (gay11.com). This portal will become the largest gay side in the world by number of members. The SocialNet database already contains 250,000 members belonging to this group. Services designed for these specific target groups can be expected to achieve higher subscriber rates, and will thus greatly increase profitability. For instance, about half the users registered with JDate are paying members, whereas for the "standard" services the rate is far lower, at about 15 or 20 percent.

Additional membership growth is being generated through cooperation partners such as infoseek.de. For each member recruited through the search service, MatchNet in Germany pays USD 0.87. The cooperation agreement announced in February 2001 with Excite@Home makes the online dating service available to a broad community, and establishes MatchNet as a brand name.

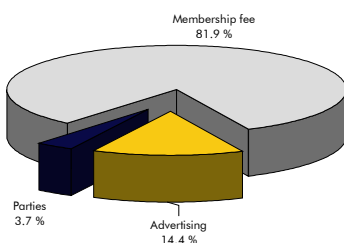
Financials

In the first six months of the financial year 2001, MatchNet was able to increase its sales revenue by 186.7 percent to USD 4.3 million compared to the first six months of 2000. Membership subscriptions accounted for about 81.9 percent of sales. The organisation of singles, parties and travel accounted for 3.7 percent, and advertising revenue for 14.4 percent of the total. The acquisition of one of its biggest competitors, SocialNet, in February 2001 doubled MatchNet's membership to more than 3 million, and brought it up amongst the Top Three online dating services. After a loss at the EBITDA level of USD 1.1 million and a net loss of USD 1.9 million in the first three months of 2001, MatchNet achieved an EBITDA for the first six months of USD -0.6 million and a net loss of USD 6.1 million. The increase in net losses was based on amortisations related to the acquisition of SocialNet. For the years 2002 and 2003 we estimate amortisations of future acquisitions to be about USD 1.8 million and USD 1.5 million.

In addition to this, a website is to be opened in the third quarter on which homosexual men and women can register.

Drastic savings in personnel and the optimisation of marketing expenditure will bring further relief on the costs side during this financial year and improve profitability. The amortisation of the purchase price of SocialNet.com has been included in the plans. Due to the current situation of the high-tech industry, the goodwill concerning the acquisition of SocialNet has been fully amortised at June 30, 2001.

Revenue breakdown (as of 30th June 2001)



Source: MatchNet

We do not consider the sales revenue figure of USD 34.7 million planned for 2001 and announced in the IPO to be realistic. We believe the figure will be USD 8.6 million, with an average of 18 percent growth in each quarter, and that this figure is conservative because it is 14 percent below the figure stated by the company. Furthermore Matchnet had changed its focus from gaining market share to a long-term concentration on profitability.

As MatchNet's share price has fallen by more than 80 percent since the IPO, the company currently has a cash level of USD 0.46 (EUR 0.50) per share and in May 2001 was able to produce a net profit for the first time in its history. We are therefore categorising MatchNet as a long-term purchase in this market study. Its global position and additional focus on specific ethnic groups could enable MatchNet to move forward to become one of the leading online dating services.

Summary

2.2 Ticketmaster

| Key Financials | | | | |
|---------------------------|--------|--------|--------|-------|
| in USD | 2000 | 2001e | 2002e | 2003e |
| Sales (in mil.) | 606.7 | 676.0 | 757.1 | 840.4 |
| EBITDA (in mil.) | 36.9 | 59.5 | 106.0 | 134.5 |
| EBIT (in mil.) | -198.4 | -154.5 | -108.0 | -79.5 |
| Net profit/loss (in mil.) | -230.0 | -158.2 | -125.1 | -93.6 |
| Earnings per share | -1.65 | -1.11 | -0.88 | -0.66 |

Source: INVERA, Company Reports, proforma

Description of company

Ticketmaster Group, Inc., consists of Ticketmaster Corp. and Ticketmaster LLC, and specialises in the sale of automatic stand-alone ticket systems. September 1998 saw the merger of CitySearch, Inc. and Ticketmaster Multimedia Holdings, Inc. (Ticketmaster.com) to form Ticketmaster CitySearch, Inc., which since then has been a wholly owned subsidiary of Ticketmaster Corp. The Ticketmaster.com portal was set up in 1993 as an online presence for Ticketmaster Corp. to sell tickets to special events via the Internet. Since the acquisitions in 1999 of Match.com and OneandOnly.com, the company has been operating one of the biggest American online dating platforms.

The company is active in two fields of business.

| | |
|------------------------------------|--|
| Ticketsystems | <i>On- and offline selling of tickets as well as Camping-reservation</i> |
| City Guides and Classifieds | <i>Online-offerings citysearch.com, cityauction.com, livedaily.com, Match.com and oneandonly.com</i> |

Source: Ticketmaster

Ticket systems

In the ticket systems area, the company provides an automatic world-wide ticket service for more than 6,200 international customers, and every year markets more than 350,000 tickets for various different kinds of events such as sports, artistic events, or concerts. Its range of services also includes camping reservations. The company sold 83 million tickets in 2000, and thus achieved sales of USD 518.6 million on a proforma basis.

City Guides and Classifieds

This part of the business covers the city portals of city-search.com, cityauction.com, and livedaily.com, as well as the online dating services Match.com and OneandOnly.com.

The online match-making and dating service Match.com was acquired by Ticketmaster in June 1999 for the price of USD 43.5 million, and offers singles an Internet platform for meeting other singles. A free service enables a user to draw up and submit his or her own profile, and to select and look at the profiles of other members, but he or she has to take out full paid membership in order to make contact with

Ticketmaster Group Inc.

Recommendation:
Hold

Segment:
NASDAQ

Symbol:
TMCS

Current price:
USD 16.20

52W high/low:
USD 22.31/6.75

No. of shares:
142 million

Capitalisation:
USD 2.3 billion

URL:
www.abouttmcs.com

others. Long-term subscribers receive a discount off their monthly subscriptions.

In September 1999, Ticketmaster bought the Oneandonly.com network, which focuses on match-making, and by integrating its registered users into Match.com increased its membership to the current level of more than 3.0 million. Bringing the two portals together under the name of Match.com will enable Ticketmaster to focus on this brand name, in which advertising and theme-related websites are placed.

In addition to this, Match.com maintains various partnership arrangements and strategic alliances. In the USA and Great Britain there is a co-operation agreement in force with Microsoft Network MSN, and there is also a match-making service of Match.com available from iVillage.com, iWon.com, and AskJeeves.com. There is also an exclusive agreement with Yahoo! that gives Yahoo users access to the services of Match.com, and Match.com will in future be able to offer its match-making services under Love@AOL.

In the first six month of the 2001 financial year, Ticketmaster recorded a sales increase of 13.6 percent over the same period a year earlier, which brought its sales up to USD 358.1 million. Of this, the City Guide and Classifieds Division accounted for almost USD 43.9 million; this includes the dating portals Match.com and OneandOnly.com. EBITDA rose in the first halfyear by 108.6 percent, to USD 46.1 million. In March 2001, Match.com and its associated websites had a total of 3.1 million users in their databases. Also, the evite.com portal was acquired during this quarter.

Ticketmaster has extended the expansion of its ticket sales to regions outside the US. On a proforma basis, 14.2 million tickets were sold outside the USA in 2000, which represents sales revenue of USD 47 million.

Ticketmaster is all in all standing on a broader base than its competitors MatchNet and uDate. The match-making and online dating area, offers comparable services to those of its competitors. As no net profit can be expected for a number of years, we advise against an investment and would categorise these shares as "Hold".

Financials

Summary

2.3 uDate.com

| Key financials | | | | |
|---------------------------|-------|--------|--------|--------|
| in USD | 2000 | 2001e | 2002e | 2003e |
| Sales (in mil.) | 1.59 | 12.71 | 19.06 | 24.78 |
| Cost of Sales (in mil.) | -7.53 | -12.43 | -17.40 | -20.88 |
| EBITDA (in mil.) | -5.94 | 0.28 | 1.66 | 3.90 |
| EBIT (in mil.) | 0.35 | 4.24 | 4.20 | 4.20 |
| EBIT-margin | -6.30 | -3.96 | -2.54 | -0.30 |
| Net profit/loss (in mil.) | -6.20 | -4.00 | -2.50 | -0.30 |
| Earnings per share | -0.34 | -0.16 | -0.10 | -0.01 |

Source: INVERA

Description of company

Its present CEO Mel Morris and COO Howard Tacker founded uDate.com in Derby, England in 1998. Since the start of the uDate portal in February 1998, more than 1.8 million members have registered, which means that uDate is now one of the internationally operating online dating companies.

Singles who decide to create a free profile of themselves on the uDate.com pages have to answer up to 120 questions. These are then stored on a global database, for which purpose the company has set up a server farm in New Jersey for USD 1.5 million and equipped it with a network of Compaq Enterprise Class service with a bandwidth of 155 Mbps. This infrastructure is designed to handle access from more than 10,000 users simultaneously, which is three times the current level.

| | |
|----------------------------|--|
| Members | <i>Revenue from members' subscriptions</i> |
| Advertising revenue | <i>Sales of advertising space on the company's portals</i> |

Source: uDate

uDate.com generates its sales revenue in two different business divisions. Most of the revenue comes from members' subscriptions. If a user wishes to contact another user, he or she must apply for membership and pay a fee of between USD 9.95 (for five days) and USD 119.95 (for 12 months). The Advertising and Promotional Services Division markets advertising space through various different communications channels such as Internet pages, newsletters, and emails.

By acquiring kiss.com Inc on 29th March this year, uDate was able to increase the number of its registered members by 2.1 million. The acquisition was paid for with a cash payment of USD 5.0 million and the issuing of 6,249,998 ordinary shares. The purchase price totalled USD 19.1 million, which valued each member at USD 9.10.

By the end of the second quarter (June 2001), the total number of members on both sides had grown to over 4.9 million. In comparison with the proforma figure at the end of the previous year's second quarter, this represented growth of 238 percent. During the whole of

uDate.com

Recommendation:

Sell

Segment:

OTC

Symbol:

UDAT.OB

Current price:

USD 1.40

52W high/low:

USD 5.13/0.81

No. of shares:

24.5 million

Capitalisation:

USD 34.3 million

URL:

www.udate.com

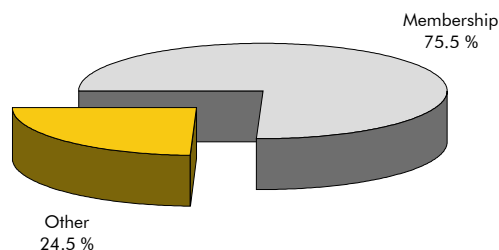
the second quarter, 1.1 million new members (+165 percent) had registered and the resultant revenue increased by 389 percent to USD 4.9 million.

In the first six month, the company registered proforma sales revenue of USD 5.8 million and a loss of USD 1.4 million, or USD 0.07 per share. We are not expecting a profit for the whole year before 2004.

As a result of the acquisition of the kiss.com portal in March, we regard proforma sales revenue of USD 12.7 million and a loss of USD 0.16 per share as realistic. The purchase price for the acquisition, USD 19.1 million, will be amortised over 5 years.

We consider uDate.com's biggest problem to be its lack of liquidity. As of 31st December, the company was still holding USD 1.5 million in cash, and by the end of the second quarter the liquid assets were still USD 958,000. Assuming that it is no longer possible for the company to raise money on the capital market, it will be forced in the long term to position itself with a powerful partner. In our opinion the proposed growth rates are not accessible without a strong partner. According to press announcements, there are currently three companies in negotiation with uDate on a possible takeover.

Sales breakdown



Source: uDate

The acquisition of kiss.com raised uDate.com to one of the biggest portals in the dating business in terms of membership. However, the company's financial position is very difficult on account of its low level of cash holdings. The acquisition costs of kiss.com was mostly payed with a promissory note of USD 4.9 million. Altogether the total liabilities of uDate.com as of 30th June 2001 account for about USD 8.7 million in comparison to revenues of about USD 5.8 million. In addition to this, amortising the cost of acquiring kiss.com is depressing profits severely, and the company will not be able to reach profitability in the next time. For this reason we are categorising the company as "Sell".

Financials

Summary

2.4 OneSaturday plc

| Key financials | | | | |
|---------------------------|---------|----------|----------|----------|
| in GBP | 2000 | 2001e | 2002e | 2003e |
| Sales (in mil.) | 4.04 | 4.20 | 4.01 | 3.83 |
| Cost of Sales (in mil.) | -3.54 | -5.67 | -5.50 | -5.30 |
| EBITDA (in mil.) | 0.50 | -1.47 | -1.49 | -1.47 |
| EBIT (in mil.) | 0.50 | -1.77 | -1.59 | -1.57 |
| EBIT-margin | 12.28 % | -42.14 % | -39.65 % | -40.99 % |
| Net profit/loss (in mil.) | 0.18 | -1.80 | -1.65 | -1.65 |
| Earnings per share | 0.00 | -0.03 | -0.02 | -0.02 |

Source: INVERA

Description of company

The merger of three dating services in June 2000 - Dateline, Club Sirius, and Elite Introductions – created one of the biggest British match-making companies under the name of OneSaturday PLC. The company has been listed since August 2000 in the high-risk segment AIM of the London Stock Exchange.

Business Divisions

OneSaturday focuses with its fee-paying online services on two different target groups. One is singles who want to contact their potential partners directly by means of an entry in the Dateline database. The other meets the needs of those who are seeking contact but do not want to do without the conventional services of a marriage agency. OneSaturday offers these singles the services of Elite und Club Sirius such as personal local counselling, arranging meetings with the new partner, and organising so-called singles' travel. As of January, OneSaturday had 42,000 members of whom 29,000 were registered with Dateline, 9,000 with Club Sirius, and 5,000 with Elite.

Financials

In its company financial year that ended in April OneSaturday achieved sales revenue of GBP 4.2 million, compared with GBP 4.04 million the previous year. Dateline accounted for 58 percent of these sales, Club Sirius for 35 percent, and Elite Introduction for 7 percent. The loss for the year is expected to have been GBP 1.8 million, compared with a profit the previous year of GBP 180,000.

One Saturday plc

Recommendation:

Sell

Segment:

AIM

Symbol:

OSA.L

Current price:

GBP 0.035

52W high/ low:

GBP 0.105/0.030

No. of shares:

73.37 million (x 5 p)

Capitalisation:

GBP 2.6 million

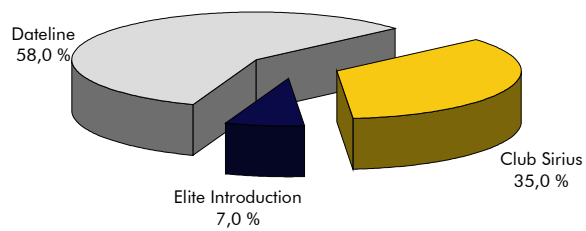
Shareholders:

| | |
|----------------|--------|
| V.T. Halliwell | 22.0 % |
| Walbr. Tstees | 6.3 % |
| C.F. Matthews | 22.0 % |
| N.J. Barklem | 5.4 % |
| Other Direct. | 1.1 % |
| Free Float | 43.2 % |

URL:

www.onesaturday.com

Sales breakdown



Source: OneSaturday

We are taking a very critical view both of the operating development of OneSaturday and of any increase in the share price. One reason for this is, in our view, the low number of subscribers and thus the excessively low income from members' subscriptions, and the other is the high costs incurred in bringing three different dating services together. This view is further supported by the rapid fall in the company's cash holdings, which during the past financial year have fallen from GBP 429,000 to GBP 180,000. It is mainly for this reason that we regard the continued existence of OneSaturday plc as being in jeopardy, and recommend the immediate sale of any shares still held in any portfolio.

Summary

3. Valuation and recommendation

The key ratios of P/S, EV/sales, EV/EBITDA, Cash/share in the companies selected for comparison are used for the valuation of the company. Applying the P/E ratio to this peer group does not appear to make much sense at the moment because the majority of the companies in this comparison are still in the loss-making phase or at least are not showing any profit level in the next future that would make it possible to value the company reliably. The ratios EV/sales, EV/EBITDA, and cash/share take account of the current liquidity situation of each of the selected companies.

| Key Financials | | | | | | | | |
|----------------|-------|--------|---------|--------|--------|--------|--------|-------|
| 11/09/01 | Price | Outst. | M.cap | Sales | | EBITDA | | Cash |
| in mil. USD | | Shares | | 2001 | 2002 | 2001 | 2002 | 2001 |
| MatchNet | 0.93 | 17.84 | 16.59 | 8.60 | 14.60 | 0.50 | 2.60 | 6.10 |
| Ticketmaster | 16.20 | 142.00 | 2300.40 | 676.00 | 757.10 | 59.50 | 106.00 | 17.30 |
| uDate.com | 1.40 | 24.50 | 34.30 | 12.71 | 19.06 | 0.28 | 1.66 | 0.83 |
| OneSaturday | 0.04 | 73.37 | 2.57 | 4.20 | 4.01 | -1.47 | -1.49 | 0.61 |

Source: INVERA

| Comparison ratio | | | | | | | | |
|------------------|-------------|--------------|-------------|--------------|--------------|--------------|-------------|----------------|
| | P/S | | EV/Sales | | EV/EBITDA | | Cash | Cash |
| | 2001e | 2002e | 2001e | 2002e | 2001e | 2002e | /share | /Price |
| MatchNet | 1.93 | 1.14 | 1.22 | 0.72 | 20.98 | 4.03 | 0.46 | 49.07 % |
| Ticketmaster | 3.40 | 3.04 | 3.38 | 3.02 | 38.38 | 21.55 | 0.23 | 1.40 % |
| uDate.com | 2.70 | 1.80 | 2.64 | 1.76 | 119.63 | 20.17 | 0.03 | 2.41 % |
| OneSaturday | 0.61 | 256.80 | 0.51 | 213.80 | -- | -1.43 | 0.01 | 16.74 % |
| Average | 2.16 | 65.69 | 1.94 | 54.82 | 59.66 | 11.08 | 0.18 | 17.40 % |

Source: INVERA

In addition to net liquidity of about USD 6.1 million (according to the most recent halfyear report), the company achieved a profit for the first time in its history in May 2001 (in the single month). With JDate.com and in future also gay11.com, MatchNet occupies lucrative niche markets and holds a competitive advantage which, in our view, will be reflected in further increases in profitability. A comparison of EV ratios reveals that MatchNet is valued at a clear discount in comparison with the peer group. All in all, we recommend MatchNet as a long-term buy, and see a share price potential of more than 100 percent in comparison with its industry.

MatchNet

This company holds liquidity reserves of at least USD 17.3 million with which to finance future acquisitions and their associated further growth. However, heavy amortisation charges are depressing profits and we do not expect to see break-even before 2003. Ticketmaster is a broad-based company and focuses on the sale of tickets. Although Match.com is a leading company in online dating, the major share in the Ticketmaster revenue account for the sale of tickets. But in Match.com it has a serious competitor to MatchNet. Because of its high valuation within the peer group, we recommend investors to "Hold" Ticketmaster Corp. shares.

Ticketmaster

Following the acquisition of kiss.com, which cost about USD 19.1 million – USD 5 million of it in cash – uDate’s liquidity reserves are now almost completely exhausted. Because of the amortisation charges connected with this acquisition, it is not to be expected that the company will achieve net profits in the next few years. Because of the difficult liquidity situation, and an EV/EBITDA ratio of 20.2 (the average is 11.1), we recommend the sale of uDate shares.

uDate

Following last year’s restructuring programme, we consider that OneSaturday is in severe danger of insolvency. With liquidity reserves of USD 600,000, the company now has only very limited room to manoeuvre. We therefore categorise its shares under “Sell”.

OneSaturday

| Investment recommendation | |
|---------------------------|---------------|
| Company | |
| MatchNet PLC | Long-term Buy |
| uDate.com | Sell |
| Ticketmaster | Hold |
| OneSaturday.com | Sell |

Source: INVERA

4. Disclaimer

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