

Marketplace: Steve Jobs takes center stage at Apple's iPod event

THE WALL STREET JOURNAL.

VOL. XXVII NO. 154

EUROPE

THURSDAY, SEPTEMBER 10, 2009

europa.wsj.com

MARKETPLACE

Italian Fashion House Plans to Go Public in Style

E-Commerce Company Yoox, Rare Success in Tough Business, Moves Toward IPO; 'We're Not Scared of Anything'

BY CHRISTINA PASSARIELLO

Yoox SpA, the Italian e-commerce fashion company, Wednesday took the first step toward listing on the Milan stock market—a rare success in an Italian fashion industry littered with bankrupt and cash-drained victims of the economic crisis.

The company informed Italy's market regulator, Consob, of its intention to do an initial public offering by the end of the year, making it the only Italian fashion player in more than a year to follow through on plans to list. Prada and Ferragamo both pulled the plug on their much-anticipated listings at the end of last year after the market slumped, and neither has revived those plans.

"We're not scared of anything," says founder and Chief Executive Federico Marchetti, who owns a minority stake in Yoox. "Yoox has a lot of untapped potential. We like to have a first-mover advantage."

After presenting its IPO prospectus to the stock-market regulator, Yoox must await Consob's approval before going ahead with the marketing and the list-

ing by the end of the year. The process could still be canceled if market conditions worsen.

When it comes to the stock market, Yoox has more in common with e-commerce giants such as Amazon.com Inc. than with fashion houses, Mr. Marchetti says. Founded nine years ago, Yoox operates two Web sites selling labels such as Armani and Marc Jacobs, as well as running online stores for more than a dozen fashion houses including Emporio Armani and Valentino. While Yoox's valuation has yet to be set, other e-commerce players trade at 12 to 25 times operating profit.

"The difference between us and fashion companies is really simple: We're doing fantastically well and some fashion companies this year are not going to post good results. We've not been hit by the recession," Mr. Marchetti says.

On Tuesday, Yoox reported that first-half sales rose 47% to €68.3 million (\$99 million) and operating profit more than doubled to €4.2 million.

Yoox's planned listing will consist of a capital increase as well as

some of the venture-capital funds, which own 75% of the company, selling their stakes. With the extra cash from the IPO, Yoox could expand its geographic reach beyond Europe, North America and Japan to emerging markets such as China.

The proposed listing is a source of optimism for investors, but overall, high-end fashion is still suffering from consumers slamming their purses shut and department stores canceling orders. Giorgio Armani SpA said in its annual report, released this month, that it expects profit to fall again this year after dropping 41% in 2008.

Still, as fashion houses scale back their store expansion plans, they are turning to the Internet for growth—and that is where Yoox comes in. For less than the cost of opening a traditional store, Yoox sets up and operates a brand's online boutique, selling to shoppers all over the world.

Fashion sales online haven't been hit by the economic crisis because high-speed Internet connections make it efficient to shop and entertain consumers, and customer service is excellent, Mr. Marchetti says.



The difference between us and fashion companies is really simple: We're doing fantastically well and some fashion companies this year are not going to post good results,' says Yoox founder Federico Marchetti, above.

Warner Bros. Takes DC Comics More Closely Under Its Wing



The Dark Knight, a successful part of Warner's DC Comics character portfolio.

By LAUREN A. E. SCHNEIDER

Success, even Harry Potter. These Warner Inc. is building its comic-book arm, DC Comics, into its movie-making and licensing operation. DC Entertainment Inc., just a week after Walt Disney Co. agreed to buy Marvel Entertainment Inc.

The company said the restructuring will help Warner Bros. take better advantage of the potential of the DC's characters across all of the company's units, including movies, television, and consumer products.

DC Comics, home of the Batman and Superman franchises, merged with Warner in the late 1990s and became part of Time Warner in the 2002 merger. The integration of DC's holdings into the

rest of the studio's operations has been an area of weakness for Warner Bros. In recent years, the studio wrote substantial operating losses back into what the company called "The Dark Knight" was a major hit for the studio, other DC characters have fared poorly at the box office.

As part of the restructuring, executive producer, Bruce Timmer, a longtime Warner executive who has overseen the "Harry Potter" phenomenon since 2001, was appointed to run the new division.

"Warner is taking DC properties deeper into the fold at Warner Bros. and look for us to see better leverage and synergies," Mr. Timmer said. Marvel, in conjunction with other Hollywood studios, has

increased investments like Spider-Man and X-Men into big screen stars.

The DC Comics characters weren't high priority. "Crossover" which came out in 2006, was a box office bust. In 2008, Warner Bros. released "Superman Returns" with hopes of rebooting the franchise but the film disappointed fans who wanted more action. The film grossed less than expected. "Watchmen," released earlier this year, also underperformed expectations.

When the movie comes on the heels of the Disney-Mermaid deal, Time Warner said the creation of DC Entertainment has been in the works for more than a year.

"We don't view this as a competitive with Marvel," said

President of Warner Bros. Entertainment Group, Jeff Robinson, who will oversee the new company. "Key investments made in the comic books space greatly help the parent for all content production," he added.

Jeff Green, president and CEO of Warner Bros. Entertainment and a professor who has consulted to some top executives, such as Warner's "Three Successors," says that Warner Bros.' new structure will help in using some of the needed consistency in the DC characters.

DC Entertainment will work with all of the Warner Bros. divisions on leveraging the value of comic-book characters across its television, movie, television, and consumer products divisions.