

Date: 3 October 2008
On behalf of: Digital Marketing Group plc ("DMG", "the Company" or "the Group")
Embargoed until: 0700hrs

Digital Marketing Group Acquires Cybercom Group UK Ltd

Digital Marketing Group (AIM: DIGI), the digital direct marketing specialist, announces the acquisition of 100% of the share capital of Cybercom Group UK Ltd ("Cybercom") from Cybercom Group Europe AB for a £6.0m consideration in cash.

Cybercom is a London based IT systems consultancy and systems integrator specialising in e-commerce and electronic trading. Cybercom has a strong portfolio of blue chip clients including IBM, John Lewis Partnership, Kickers, Lloyds TSB, Speedo, Thomson Reuters, Tomy and Waitrose. Cybercom provides the full range of services required for the delivery of a complete IT solution from early stage design through to project management, implementation and support. Cybercom is a Tier 1 IBM Business Partner, specialising in WebSphere Commerce technologies.

Cybercom reported Gross Profit of £4,445,400 and EBITDA of £732,800 for the year ended December 2007. For the 8 month period ending 31 August 2008, Cybercom reported Gross Profit of £4,454,600 and EBITDA of £721,000.

The acquisition of Cybercom will strongly enhance DMG's e-commerce offering, further strengthening DMG's position in the market and creating significant potential for cross-selling. Cross-selling opportunities will include promoting Cybercom's services to DMG's existing clients, and also offering DMG's digital direct marketing platform to Cybercom's clients. Cybercom will join DMG's online media and marketing business segment.

The acquisition of Cybercom is of strategic importance given the significant growth opportunity that e-commerce represents; The market has continued to grow substantially despite the recent economic slowdown and eMarketer predicts that UK business-to-consumer (B2C) e-commerce sales will total £59.8 billion (\$116.6 billion) in 2008, up more than 28% since 2007. This is driven by competitive prices, easy product comparisons, fuel savings and other convenience factors. ([UK B2C E-Commerce: Continued Growth in Tricky Times, July 2008](#)). eMarketer predicts that online sales will hit £94.2 billion (\$169.6 billion) by 2012.

The acquisition will be funded via a combination of existing cash resources, loans and bank facilities. Adjustments to consideration are in place in relation to agreed minimum net asset balance sheet positions retained by the businesses.

Commenting on the acquisition, Ben Langdon, Digital Marketing Group's Chief Executive, said: *"I am delighted to announce the completion of this acquisition. The business will bring new expertise and skills into the Group and complement further our specialist digital marketing offering E-commerce represents a substantial growth opportunity and the acquisition of Cybercom strengthens our position to capitalize on it. We look forward to welcoming Cybercom into the Group and working together to strengthen our position as the UK's leading digital direct marketing group."*

Commenting on the transaction, Terry Hunter, Managing Director of Cybercom Group UK said: *"Becoming part of DMG represents a tremendous opportunity for our team and offers an exciting platform for the continued development and future growth of the business. The company has grown profitably for several years and, with the continued forecast expansion of e-commerce, we see many opportunities for this growth to continue further. We are very much looking forward to becoming part of the DMG team. They have wide experience in the digital market and we can help them by sharing our in depth expertise of e-commerce and electronic trading."*

- Ends -

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Notes to Editors:

- Digital Marketing Group (AIM: DIGI) listed on AIM in October 2006, employs over 550 people and has a market capitalisation of over £50m.
- Digital Marketing Group is a digital communications group that uses the principles of direct marketing to inform everything that it does. Its philosophy is that "Good digital marketing is good direct marketing".

- Digital Marketing Group is the 3rd biggest digital marketing agency in the UK (NMA Magazine Sep 2008).
- Digital Marketing Group is not a marketing services group. It is a specialist in digital communications and underpins its expertise with some of the best direct and data marketing people in the UK.
- At the heart of the company is Digital Brain - a process which enables the real time integration of “digital, direct and data”. This helps create unique contact strategies for each individual based on their historical data and real time interactions regardless of channel.

Digital Marketing Group's development strategy consists of three key elements:

- "organic growth" - driven by the inherent growth within the acquired businesses and the application of a group business development programme
- "buy and build" - through the acquisition of a number of well run and profitable businesses with complementary skills in digital direct marketing and;
- the creation of new businesses from within the existing talents and resources of the group.

Digital Marketing Group has three business segments:

1. Online Marketing and Media

- The online marketing and media segment is the company's largest segment and employs over 250 staff in offices across the UK.
- The segment offers clients an integrated package of online marketing and media services including PPC, SEO, Web design and build, E-commerce, Online PR, Social Media, Online Brand Consultancy, CRM, E-CRM, Viral Marketing, Online advertising, Online media planning and buying, Mobile marketing. These services are integrated with the other services in the group through Digital Brain.

2. Data Services

- Data services and consulting are provided by Jaywing, employing 100 consultants in online and offline data and information services, delivered and integrated with other services in the group via Digital Brain.

3. Direct Marketing

- The direct marketing segment develops and executes direct marketing campaigns through voice channels as well as offline and online media. These campaigns are based on highly targeted customer information and dynamic data management and are integrated through the use of Digital Brain. The direct marketing segment employs nearly 200 people.