artnet Releases Results for the First Six Months of 2015

Consolidated Earnings in the Second Quarter Were Up, with a Profit of 0.26 Million Euros

Price Database Subscriptions Increase

Advertising Revenue Experienced Strong Growth

New York / Berlin, August 14, 2015—artnet, the world’s leading resource to buy, sell, and research fine art, design, and decorative art online, has released its financial results for the first six months of 2015. Consolidated earnings in the second quarter were 257,000 EUR, offsetting the negative result of the first quarter, and resulting in a profit of 83,000 EUR for the first six months.

In the reporting currency—euros—the revenue of the company increased by 24%, or 1,630,000 EUR, due to exchange rate effects. Revenue in US dollars remained stable, with a slight increase of 1% compared to last year.

Launched in February 2014, artnet News has become the world’s most-read online art news site, with strong growth in the number of visits during the first half of the year. On average, the site had 1.3 million monthly visits during that period. At the same time, visits to artnet’s main site also increased by 30% compared to the first six months of 2014.

Advertising revenue experienced strong growth over the corresponding period in 2014, resulting in revenue numbers doubling, from 809,534 USD to 1,628,384 USD. In euros, advertising revenue increased, from 590,000 EUR to 1,459,000 EUR. The success is mainly a result of increasing visits and its appeal to luxury brands to run advertising campaigns on artnet. The advertising revenue also includes sales of banners placed by galleries on artist pages, which tripled in comparison to the first six months of 2014. The banner revenue is assigned to the Galleries segment, resulting in a 3.5% increase in the segment’s revenue, despite decreasing membership numbers. Recently, the features for all Gallery Network membership packages were improved in an effort to facilitate member acquisition and improve customer retention.

During the first half of the year, the number of Price Database subscriptions increased. In euros, revenue for this segment increased by 19%, while revenue in US dollars decreased by 3%, to 3,537,000 USD, due to the weak euro. A recently optimized process for adding lots to the Price Database is aimed at freeing up resources, allowing the team to acquire new clients and to increase sales of advertising space.

Because of currency conversion, revenue for artnet Auctions increased by 7% in euros, while it decreased by 13% in US dollars during the first six months of 2015. Revenue in the second quarter was 770,000 USD, nearly unchanged compared to the same period in the previous year. In order to reach profitability and further growth, the company plans to expand the team by hiring more specialists.

Regarding the decision made by the Paris Court of Appeal in the second instance in March 2015, in which the court ordered artnet to make a payment of 764,000 EUR concerning copyright infringement, and the pending legal proceeding on the same matter in Germany, the company has taken steps to find a mutually acceptable solution with the plaintiff. Legal costs have already accumulated in the amount of approximately 440,000 EUR since 2010, and the company also intends to find a solution to avoid continuous legal fees.
Additional cost reductions are planned for our segments in order to increase profit further by the end of the year. In the coming months, artnet will focus on the usability of our products on mobile devices. The advantages of responsive website design (RWD), which adapts the layout of the site to the device it is viewed on, will be expanded further. Thus, artnet will benefit from the increasing use of smart phones and tablets. To help us achieve this, specialists with experience in this area have recently joined our technology team. Their top priority will be to move these projects forward. Along with an emphasis on usability, we anticipate a growth in readership for artnet News, resulting in higher advertising revenue.

The six-month report is available at artnet.com/investor-relations/quarterly-reports.

For more information, please contact:

Rita Salpietro
Director of Marketing
+1-212-497-9700 ext. 198
rsalpietro@artnet.com
About artnet

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