artnet AG Increases Annual Revenue by 8% to 21 million USD

Double-Digit Growth Rates for Online Auctions and Newswire Investments in Product Development and Cutting-Edge Technology Accelerating Revenue Growth Expected in 2018

Berlin/New York, March 26, 2018—Berlin-based artnet AG, the leading provider of art market data and online-only fine art auctions, generated record revenue in the 2017 financial year. artnet revenue grew by a total of 8% to $20.8 million, as compared to the previous year, driven by double-digit growth in the artnet Auctions segment, as well as artnet News, the 24-hour art newswire. Net income rose by 12% to $784,000. “artnet Auctions and artnet News are the segments with the greatest growth potential. The strong performance of these relatively new business units shows that we struck a chord in the market,” said Jacob Pabst, CEO of artnet. “We invest heavily in the development of innovative products and cutting-edge technology, and we expect strong revenue growth in the current financial year as well.”

For artnet Auctions, fee-based revenue increased by 26% to $4 million, making 2017 the best year since the product launched in 2008. artnet Auctions now contributes roughly a fifth of artnet’s overall revenue. Top lots sold for more than $100,000, and the average lot value increased by 46% to more than $12,000 in 2017. “After initial hesitation, the market is embracing online auctions as an efficient and economical way to buy and sell fine art. We are continuously innovating the platform, and have recently improved the site’s navigation by simplifying the buying and selling process,” said Pabst. Users on the platform, where mostly Modern and contemporary works are offered, benefit from significantly fast turnaround and low commissions as compared to regular brick-and-mortar auctions. artnet Auction’s sales increases liquidity in the art market. This provides the ability to quickly buy or sell an asset, which is one of the major challenges faced in the industry.

Advertising revenue for artnet News increased by 41% to $2.7 million, mainly driven by the demand of luxury brands for ad space. Launched only four years ago, artnet News now contributes two-thirds to artnet’s total advertising revenue, which has increased by 17% to $4.1 million. The platform is the first and only online news service dedicated to covering the events, trends, and people of the global art world.

In the Galleries segment, revenue decreased by 2% to $5.2 million, due to a slight decrease in membership and a drop in advertising revenue. Many smaller and mid-sized galleries, which represents a significant client base for the product, continue to struggle with high operational costs, demanding art fair schedules, and increased competition from larger galleries and auction houses. artnet supports its member galleries by building tools like the Gallery Portal, a well-received content management system that launched in September 2017. artnet expects a turnaround and revenue growth for the Galleries segment in 2018.

The Price Database, artnet’s core segment, rose by 3% to $7.4 million in revenue, mainly driven by higher advertising revenue and increasing demand for Analytics. Analytics offers
subscribers tools powered by proprietary algorithms that allow for the analysis of complex market trends.

artnet was founded nearly 30 years ago by the Hamburg art dealer Hans Neuenдорf, the current chairman of its Supervisory Board. With the aim of reducing inefficiencies in the art market, he revolutionized collecting and brought new transparency to a traditionally opaque industry with the Price Database. The Gallery Network, which allows member galleries to feature their inventory on artnet, gave smaller players low-cost access to the global online market for the first time. Today, artnet takes great strides in making it more accessible to buy and sell art in a more efficient and cost-effective way through artnet Auctions. With artnet News and Analytics, artnet continues its mission to disseminate information on the art market.

Overall, artnet is strongly and uniquely positioned in the art market. For the current financial year, artnet expects a further increase in revenue to $22 million to $23 million. “The growing popularity of online auctions and the ever-increasing demand for quality information and analysis will further drive our business. I also see tremendous potential for the continued application of artificial intelligence,” said Pabst.

The 2017 Annual Report is available at artnet.com/investor-relations/annual-reports.

*Since approximately 80% of the company’s revenue is generated in US dollars (USD), revenue reported in euros can be strongly influenced by changes in the euro-USD exchange rate. As a result, developments for each segment are reported in USD.

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About artnet

artnet is the leading resource for buying, selling, and researching art online. Founded in 1989, artnet’s suite of industry-leading products has revolutionized the way people collect art today. The Price Database contains over 11 million auction results from more than 1,700 auction houses dating back to 1985, providing an unparalleled level of transparency to the art market. The Gallery Network platform connects leading galleries with collectors from around the world, offering the most comprehensive overview of artworks for sale. artnet Auctions was the first dedicated online marketplace for fine art, providing a seamless and efficient collecting experience for both buyers and sellers. artnet News covers the events, trends, and people shaping the global art market with up-to-the-minute analysis and expert commentary.