

Buy (old: Buy)

PT EUR 6.00 (old: 6.00)

Price EUR 4.90
Bloomberg AYD GR
Reuters AYDG
Sector Internet Services

The world's leading online platform for art


Share data: 02.11.2009 / Closing price

Market cap: EUR 27.6 m
Enterprise Value (EV): EUR 25.6 m
Book value: EUR 3.4 m
No. of shares: 5.6 m
Trading volume Ø: EUR 0.0 m

Shareholders:

 Freefloat 41.0 %
 Galerie Neuendorf 26.0 %
 Schaeffer Immobilien 10.7 %
 Artis Capital 10.4 %
 Robert de Rothschild 7.3 %
 Oliver Schmidt 4.6 %

Calendar:

Change	2009E		2010E		2011E	
	old	Δ%	old	Δ%	old	Δ%
Sales	12.0	0	13.9	0	16.1	0
EBIT	-0.8	0	1.1	0	2.8	0
EPS	-0.15	0	0.18	0	0.46	0

 Analysis: SES Research
 Date of publication: 03.11.2009
 Analyst: Tim Kruse
 +49 (0)40-309537-180
 Kruse@ses.de

Q3 results: Strong auction sales

Topic: Q3 results and feedback from management meeting in New York.

Sales for the third quarter to the tune of EUR 2.8m were in line with expectations. The Online Auctions segment showed another strong quarter which exceeded expectations and compensated for the lacklustre development of the legacy segments owing the disadvantageous economic environment.

The solid auction development is mainly due to the increasing amount of after sales, where works are sold even though they were not initially sold via the auction platform. These transactions should meanwhile amount to approx. one third of all commissions and thus have a considerable sales effect but cannot directly be tracked via the website.

artnet AG - Q3 2009

Figures in EUR m

	Q3/09	Q3/09e	Q3/08	yoy	9M/09	9M/09e	9M/08	yoy
Sales	2.8	2.8	3.0	-7.9%	9.2	9.2	8.9	4.3%
EBIT	-0.2	-0.4	0.1	-	-0.2	-0.5	0.5	-
<i>margin</i>	-6.9%	-12.9%	2.2%	-	-2.5%	-5.1%	5.1%	-
EPS in EUR	-0.01	-0.04	0.09	-	-0.03	-0.06	0.24	-

Sources: artnet AG (historical data), SES Research (estimates)

EBIT for Q3 amounted to EUR -0.2 and was thus slightly better than anticipated. This was mainly attributable to the delay of the artnet Market Analyst product which resulted in lower direct costs but should however shift to the fourth quarter. Thus no adjustments are made to earnings estimates.

Management meeting: The main subject discussed with the management in New York was the future development of the online auctions. The company confirmed that it will focus on increasing the number of special sales which have proven to be very successful. Also, the company aims to increase the number of high priced artworks in order to attract more high rollers to the site as well as augmenting the average sales price i.e. gross margin.

The current modern + contemporary sale already combines both these intentions in an impressive way with almost all works in excess of USD 30,000. If this step proves to be successful it should result in a significant increase in sales momentum and thus higher projections for the segment.

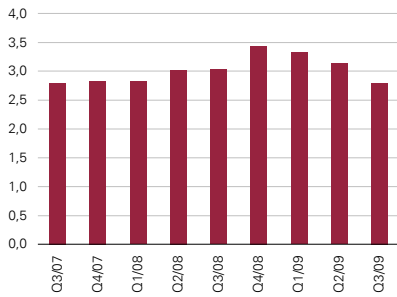
Conclusion: Even though the stock has shown a solid performance since initial recommendation the current share price level does not sufficiently reflect the company's unique competitive position and strong growth potential.

BUY rating with PT EUR 6 is reiterated.

Fiscal year ending: 31.12.	2005	2006	2007	2008	2009E	2010E	2011E
Sales	6.5	8.4	11.0	12.3	12.0	13.9	16.1
<i>Change Sales yoy</i>	28.5 %	29.3 %	30.7 %	11.9 %	-2.6 %	15.5 %	16.3 %
Gross balance	5.1	6.7	7.5	7.3	6.2	8.4	10.5
<i>Gross margin</i>	77.8 %	79.6 %	68.1 %	59.3 %	52.0 %	61.0 %	65.0 %
EBITDA	1.2	2.0	2.1	0.5	-0.1	1.9	3.6
<i>EBITDA-margin</i>	18.8 %	23.6 %	19.4 %	4.3 %	-1.1 %	13.8 %	22.6 %
EBIT	1.1	1.8	1.9	0.1	-0.8	1.1	2.8
<i>EBIT-margin</i>	17.0 %	21.8 %	17.4 %	1.2 %	-6.8 %	8.0 %	17.4 %
Net income	1.2	2.5	2.3	-0.5	-0.9	1.0	2.6
EPS	0.21	0.45	0.41	-0.09	-0.15	0.18	0.46
Free Cash Flow per share	0.17	0.32	0.27	-0.13	-0.14	0.23	0.48
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend Yield</i>	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/Sales	3.8	2.9	2.3	2.0	2.1	1.8	1.3
EV/EBITDA	20.3	12.5	11.6	46.7	-194.1	12.8	5.9
EV/EBIT	22.4	13.5	12.9	168.7	-31.4	22.0	7.7
PER	23.3	10.9	12.0	-54.4	-32.7	27.2	10.7
ROCE	-813.9 %	131.1 %	54.5 %	3.3 %	-20.7 %	27.5 %	49.1 %
Adj. Free Cash Flow Yield	4.7 %	7.7 %	8.3 %	1.8 %	-0.9 %	7.4 %	16.3 %

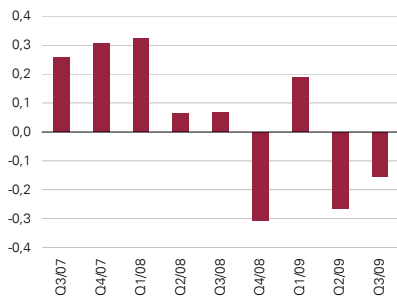
Per Share figures in EUR, other figures in EUR m., price: EUR 4.90

Sales growth
in EUR m



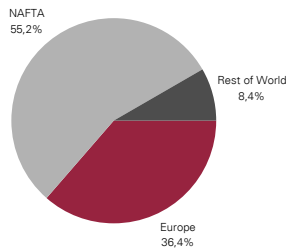
Source: artnet AG

EBIT growth
in EUR m



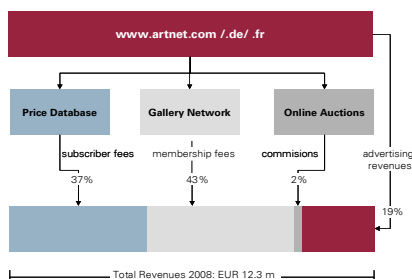
Source: artnet AG

Sales by regions
2008



Source: artnet AG

artnet business model



Source: artnet AG

Company background

The artnet group runs the world’s leading online platform for art providing three main services:

- The Price Database is the most comprehensive colour illustrated archive of historical auction results with more than 4 million entries. For a subscriber fee private as well as institutional customers are able to search for specific auction results giving them better price transparency in the opaque art market.
- The Gallery Network is the largest of its kind enabling visitors of the site to view the artworks from more than 40.000 artists on display at more than 2,200 galleries worldwide as well as providing background and contact information for which the galleries pay a membership fee.
- The Online Auctions give professional and private collectors the opportunity to buy and sell artworks via the internet in a highly credible environment at significantly lower transaction costs compared to traditional auction houses and in a more timely fashion.

The company generates revenues from subscription and membership fees, commissions as well as proceeds from advertisement on its website.

Competitive quality

The worldwide art market, with a total transaction volume of approx. EUR 40 bn in 2008, is stigmatised with high market inefficiency caused by information asymmetry and resulting in high transaction costs and low liquidity.

artnet’s products are tailored exactly to encounter this problem by...

- ...increasing price and information transparency
- ...lowering transaction costs
- ...and enhancing liquidity

Although artnet offers a unique service by combining these products on one platform and thus bringing added value to customers, the company has competitors in the distinct business segments from which artnet mainly differentiates by...

- ...price and speed and focus (online auctions),
- ...breadth and integrity of information (price database)
- ...reach and marketing benefits (gallery network).

Consolidated Profit & Loss artnet							
in EUR m							
	2005	2006	2007	2008	2009E	2010E	2011E
Sales	6.5	8.4	11.0	12.3	12.0	13.9	16.1
Cost of sales	1.4	1.7	3.5	5.0	5.8	5.4	5.6
Gross balance	5.1	6.7	7.5	7.3	6.2	8.4	10.5
Research and development	0.3	0.6	1.2	1.9	1.8	1.8	1.9
Sales and marketing	0.9	1.3	1.8	2.2	2.1	2.5	2.7
General and administration	2.7	3.0	2.5	3.0	3.2	3.0	3.1
Other operating income/expenses	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	1.2	2.0	2.1	0.5	-0.1	1.9	3.6
Depreciation of fixed assets	0.1	0.1	0.1	0.2	0.3	0.3	0.3
EBITA	1.2	1.9	2.0	0.4	-0.4	1.6	3.4
Amortisation of intangible fixed assets	0.0	0.1	0.1	0.2	0.4	0.5	0.6
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.1	1.8	1.9	0.1	-0.8	1.1	2.8
Interest income	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Interest expenses	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Financial result	0.1	0.1	0.1	-0.2	0.0	0.0	0.1
Recurring pretax income from cont. operations	1.2	1.9	2.0	-0.1	-0.8	1.1	2.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.2	1.9	2.0	-0.1	-0.8	1.1	2.9
Taxes total	0.0	-0.6	-0.2	0.4	0.1	0.2	0.3
Net income from continuing operations	1.2	2.5	2.3	-0.5	-0.9	1.0	2.6
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	1.2	2.5	2.3	-0.5	-0.9	1.0	2.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	1.2	2.5	2.3	-0.5	-0.9	1.0	2.6

Sources: artnet (historical data), SES Research (forecasts)

Consolidated Profit & Loss artnet							
in % of Sales							
	2005	2006	2007	2008	2009E	2010E	2011E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	22.2 %	20.4 %	31.9 %	40.7 %	48.0 %	39.0 %	35.0 %
Gross balance	77.8 %	79.6 %	68.1 %	59.3 %	52.0 %	61.0 %	65.0 %
Research and development	4.9 %	6.7 %	11.0 %	15.1 %	15.0 %	13.0 %	11.8 %
Sales and marketing	14.2 %	15.4 %	16.5 %	17.8 %	17.1 %	18.1 %	16.8 %
General and administration	41.5 %	35.2 %	23.0 %	24.5 %	26.7 %	22.0 %	19.0 %
Other operating income/expenses	-0.2 %	-0.6 %	-0.3 %	-0.8 %	0.0 %	0.0 %	0.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	18.8 %	23.6 %	19.4 %	4.3 %	-1.1 %	13.8 %	22.7 %
Depreciation of fixed assets	1.1 %	1.0 %	1.0 %	1.4 %	2.4 %	2.0 %	1.7 %
EBITA	17.7 %	22.6 %	18.4 %	2.9 %	-3.5 %	11.8 %	21.0 %
Amortisation of intangible fixed assets	0.7 %	0.9 %	1.0 %	1.8 %	3.3 %	3.8 %	3.5 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	17.0 %	21.8 %	17.4 %	1.2 %	-6.8 %	8.0 %	17.5 %
Interest income	0.0 %	0.5 %	1.0 %	0.3 %	0.2 %	0.2 %	0.3 %
Interest expenses	0.5 %	0.1 %	0.2 %	0.6 %	0.0 %	0.0 %	0.0 %
Financial result	1.2 %	0.6 %	0.8 %	-1.8 %	0.2 %	0.2 %	0.3 %
Recurring pretax income from cont. operations	18.2 %	22.4 %	18.3 %	-0.6 %	-6.6 %	8.2 %	17.8 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	18.2 %	22.4 %	18.3 %	-0.6 %	-6.6 %	8.2 %	17.8 %
Taxes total	0.6 %	-7.2 %	-2.2 %	3.4 %	0.5 %	1.1 %	1.9 %
Net income from continuing operations	17.7 %	29.6 %	20.5 %	-4.0 %	-7.1 %	7.1 %	15.8 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	17.7 %	29.6 %	20.5 %	-4.0 %	-7.1 %	7.1 %	15.8 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	17.7 %	29.6 %	20.5 %	-4.0 %	-7.1 %	7.1 %	15.8 %

Sources: artnet (historical data), SES Research (forecasts)

Balance sheet artnet

in EUR m

	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	0.1	0.2	0.6	1.0	1.1	0.8	0.6
thereof other intangible assets	0.1	0.2	0.6	1.0	1.1	0.8	0.6
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.2	0.2	0.3	0.9	0.9	0.9	1.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.3	0.3	0.9	2.0	2.1	1.8	1.5
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.5	0.7	0.7	1.0	0.9	1.0	1.1
Other Assets	0.4	1.2	1.6	1.8	1.8	1.8	1.8
Liquid assets	1.0	2.4	3.6	2.9	2.1	3.3	6.0
Current assets	2.0	4.4	6.0	5.7	4.8	6.1	8.8
Total assets	2.3	4.7	6.9	7.6	6.8	7.9	10.4
Liabilities and shareholders' equity							
Subscribed capital	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Additional paid-in capital	50.2	50.2	50.3	50.4	50.4	50.4	50.4
Surplus capital	-56.6	-55.5	-53.0	-50.7	-51.6	-50.6	-48.0
Other equity components	1.1	2.3	1.7	-0.9	-0.8	-0.8	-0.8
Book value	0.1	2.4	4.4	4.2	3.4	4.4	7.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	0.1	2.4	4.4	4.2	3.4	4.4	7.0
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.2	0.1	0.1	0.0	0.0	0.0	0.0
Financial liabilities	0.0	0.0	0.0	0.1	0.1	0.1	0.0
Accounts payable	0.5	0.3	0.4	0.5	0.5	0.6	0.6
Other liabilities	1.5	1.8	2.0	2.8	2.8	2.8	2.8
Liabilities	2.2	2.3	2.5	3.4	3.4	3.4	3.4
Total liabilities and shareholders equity	2.3	4.7	6.9	7.6	6.8	7.9	10.4

Sources: artnet (historical data), SES Research (forecasts)

Balance sheet artnet

in % of Balance Sheet Total

	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	5.0 %	3.2 %	8.7 %	13.7 %	16.9 %	10.4 %	5.4 %
thereof other intangible assets	5.0 %	3.2 %	8.7 %	13.7 %	16.9 %	10.4 %	5.4 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	8.0 %	3.8 %	4.9 %	12.0 %	13.6 %	12.0 %	9.3 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	13.1 %	7.0 %	13.6 %	25.7 %	30.4 %	22.3 %	14.7 %
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	23.3 %	14.7 %	10.7 %	13.0 %	13.2 %	12.7 %	10.6 %
Other Assets	18.9 %	26.2 %	23.3 %	23.2 %	26.0 %	22.4 %	17.0 %
Liquid assets	43.2 %	51.8 %	52.6 %	38.5 %	30.9 %	42.3 %	57.5 %
Current assets	85.4 %	92.7 %	86.7 %	74.7 %	70.1 %	77.3 %	85.0 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	233.3 %	114.2 %	77.8 %	70.6 %	78.9 %	67.9 %	51.6 %
Additional paid-in capital	2182.4 %	1069.0 %	729.6 %	663.7 %	741.8 %	638.5 %	485.0 %
Surplus capital	-2461.0 %	-1179.8 %	-767.6 %	-667.2 %	-758.3 %	-640.3 %	-461.8 %
Other equity components	49.8 %	48.4 %	23.9 %	-11.8 %	-11.7 %	-10.1 %	-7.7 %
Book value	4.5 %	51.8 %	63.7 %	55.3 %	50.7 %	56.1 %	67.1 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	4.5 %	51.8 %	63.7 %	55.3 %	50.7 %	56.1 %	67.1 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	6.5 %	2.3 %	1.4 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial liabilities	0.0 %	0.0 %	0.0 %	1.9 %	1.5 %	0.6 %	0.0 %
Accounts payable	21.4 %	7.0 %	5.8 %	6.5 %	7.4 %	7.6 %	5.8 %
Other liabilities	65.7 %	38.7 %	29.3 %	36.8 %	41.1 %	35.4 %	26.9 %
Liabilities	93.6 %	47.9 %	36.5 %	45.2 %	49.9 %	43.6 %	32.6 %
Total liabilities and shareholders equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sources: artnet (historical data), SES Research (forecasts)

Statement of Cash Flows artnet

in EUR m

	2005	2006	2007	2008	2009E	2010E	2011E
Net income	1.2	2.5	2.3	-0.5	-0.9	1.0	2.6
Depreciation of fixed assets	0.1	0.1	0.1	0.2	0.3	0.3	0.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.1	0.1	0.2	0.4	0.5	0.6
Increase/decrease in long-term provisions	-0.1	-0.1	0.0	-0.1	0.0	0.0	0.0
Other costs affecting income / expenses	0.1	-0.6	-0.1	0.3	0.1	0.0	0.0
Cash Flow	1.2	2.0	2.3	0.1	-0.1	1.8	3.4
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-0.1	-0.2	-0.2	-0.3	0.1	-0.1	-0.1
Increase / decrease in accounts payable	-0.1	0.0	0.3	0.2	0.0	0.1	0.0
Increase / decrease in other working capital positions	0.1	0.1	0.0	0.5	0.0	0.0	0.0
Increase / decrease in working capital	-0.1	0.0	0.1	0.3	0.1	0.0	-0.1
Cash flow from operating activities	1.2	2.0	2.4	0.4	0.0	1.8	3.3
CAPEX	-0.2	-0.2	-0.9	-1.2	-0.8	-0.5	-0.6
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.3	-0.2	-0.9	-1.2	-0.8	-0.5	-0.6
Change in financial liabilities	-0.3	-0.1	0.0	0.0	0.0	-0.1	-0.1
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	-0.3	-0.1	0.0	0.0	0.0	-0.1	-0.1
Change in liquid funds	0.7	1.6	1.4	-0.8	-0.8	1.2	2.6
Effects of exchange rate changes on cash	0.0	-0.2	-0.2	0.1	0.0	0.0	0.0
Liquid assets at end of period	1.0	2.4	3.6	2.9	2.1	3.3	6.0

Sources: artnet (historical data), SES Research (forecasts)

Financial Ratios artnet

	2005	2006	2007	2008	2009E	2010E	2011E
Operational Efficiency							
Total Operating Costs / Sales	60.8 %	57.8 %	50.7 %	58.1 %	58.8 %	53.0 %	47.6 %
Sales per Employee	n.a.	171,749	164,179	124,283	104,261	106,551	115,066
EBITDA per Employee	n.a.	40,535	31,802	5,364	-1,146	14,658	26,057
EBIT-margin	17.0 %	21.8 %	17.4 %	1.2 %	-6.8 %	8.0 %	17.4 %
EBITDA / Operating Assets	-176.9 %	-356.3 %	-346.5 %	-1001.9 %	98.5 %	-1719.9 %	23764.8 %
ROA	383.5 %	757.1 %	240.4 %	-25.2 %	-41.3 %	55.6 %	167.1 %
Efficiency of Capital Employment							
Plant Turnover	35.3	47.2	32.6	13.5	13.0	14.7	16.6
Operating Assets Turnover	-9.4	-15.1	-17.9	-232	-89.6	-125	1,049
Capital Employed Turnover	25.6	3.3	2.4	2.8	3.4	3.1	2.3
Return on Capital							
ROCE	-813.9 %	131.1 %	54.5 %	3.3 %	-20.7 %	27.5 %	49.1 %
EBITDA / Avg. Capital Employed	-899.2 %	142.3 %	60.6 %	12.0 %	-3.3 %	47.5 %	63.7 %
ROE	1105.9 %	102.4 %	51.2 %	-11.7 %	-24.8 %	22.2 %	36.6 %
Net Profit / Avg. Equity	-245.6 %	196.3 %	66.0 %	-11.4 %	-22.3 %	24.9 %	44.7 %
Recurring Net Profit / Avg. Equity	-245.6 %	196.3 %	66.0 %	-11.4 %	-22.3 %	24.9 %	44.7 %
ROIC	343.5 %	94.5 %	50.3 %	-10.7 %	-22.5 %	20.5 %	35.0 %
Solvency							
Net Debt	-1.0	-2.4	-3.6	-2.8	-2.0	-3.3	-6.0
Net Gearing	-953.3 %	-100.1 %	-82.5 %	-66.2 %	-58.1 %	-74.3 %	-85.6 %
Book Value of Equity / Book Value of Debt	n.a.	n.a.	n.a.	2917.1 %	3446.4 %	8855.8 %	n.a.
Current ratio	1.0	2.0	2.5	1.7	1.4	1.8	2.6
Acid Test Ratio	0.9	1.9	2.4	1.7	1.4	1.8	2.6
EBITDA / Interest Paid	40.6	266.1	133.2	6.8	0.0	n.a.	n.a.
Interest Cover	36.8	n.a.	n.a.	3.8	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	1.0	1.7	1.5	-0.7	-0.8	1.3	2.7
Free Cash Flow / Sales	14.7 %	20.8 %	13.5 %	-6.0 %	-6.5 %	9.3 %	16.7 %
Adj. Free Cash Flow	1.2	1.9	2.1	0.4	-0.2	1.8	3.5
Adj. Free Cash Flow / Sales	16.9 %	29.9 %	20.7 %	-0.4 %	-2.5 %	11.9 %	20.0 %
Free Cash Flow / Net Profit	83.1 %	70.3 %	66.2 %	150.9 %	91.1 %	130.9 %	105.4 %
Interest Received / Avg. Cash	0.0 %	2.6 %	3.6 %	1.2 %	1.0 %	1.1 %	1.1 %
Interest Paid / Avg. Debt	n.a.	n.a.	n.a.	54.2 %	2.5 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fund Management							
Investment ratio	3.4 %	2.6 %	8.2 %	9.6 %	6.7 %	3.6 %	3.7 %
Maint. Capex / Sales	0.9 %	0.8 %	0.7 %	0.7 %	0.8 %	0.8 %	0.7 %
Capex / Dep	189.0 %	139.4 %	422.5 %	306.5 %	117.1 %	62.2 %	71.6 %
Avg. Working Capital / Sales	-11.6 %	-7.3 %	-5.9 %	-6.1 %	-6.7 %	-6.1 %	-4.9 %
Trade Creditors / Trade Debtors	108.8 %	209.6 %	185.7 %	199.6 %	180.0 %	166.7 %	183.3 %
Inventory turnover (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (DSOs)	30.0	30.0	24.6	29.3	28.0	27.0	26.0
Payables collection period (days)	27.6	14.3	13.2	14.7	14.7	14.7	14.7
Cash conversion cycle (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Valuation							
P/B	265.0	11.3	6.3	6.6	8.0	6.2	4.0
EV/sales	3.8	2.9	2.3	2.0	2.1	1.8	1.3
EV/EBITDA	20.3	12.5	11.6	46.7	-194.1	12.8	5.9
EV/EBIT	22.4	13.5	12.9	168.7	-31.4	22.0	7.7
EV/FCF	25.9	14.2	16.6	-33.5	-32.9	18.9	8.0
P/E	23.3	10.9	12.0	-54.4	-32.7	27.2	10.7
P/CF	22.3	13.7	11.9	257.8	neg,	15.5	8.1

Sources: artnet (historical data), SES Research (forecasts)

Free Cash Flow Yield - artnet AG

Figures in EUR m

	2005	2006	2007	2008	2009e	2010e	2011e	
Net Income	1.2	2.5	2.3	-0.5	-0.9	1.0	2.6	
+ Depreciation + Amortisation	0.1	0.2	0.2	0.4	0.7	0.8	0.8	
- Net Interest Income	0.1	0.1	0.1	-0.2	0.0	0.0	0.1	
+ Taxes	0.0	-0.6	-0.2	0.4	0.1	0.2	0.3	
- Maintenance Capex	0.1	0.1	0.1	0.1	0.1	0.1	0.1	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	1.2	1.9	2.1	0.4	-0.2	1.8	3.5	
Adjusted Free Cash Flow Yield	4.7%	7.7%	8.3%	1.8%	-0.9%	7.4%	16.3%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	24.8	24.8	24.8	24.8	25.6	24.3	21.6	
= Fair Enterprise Value	11.6	19.2	20.5	4.4	-	18.0	35.3	
- Net Debt (Cash)	-2.8	-2.8	-2.8	-2.8	-2.0	-3.3	-6.0	
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	14.4	21.9	23.3	7.2	-	21.2	41.3	
No. of shares (m)	5.6	5.6	5.6	5.6	5.6	5.6	5.6	
= Fair value per share (EUR)	2.56	3.90	4.14	1.28	-	3.77	7.33	
premium (-) / discount (+) in %	-47.8%	-20.5%	-15.6%	-73.9%	-	-23.0%	49.6%	
Sensitivity Fair value per Share (EUR)								
	13.0%	2.08	3.11	3.30	1.10	-	3.04	5.88
	12.0%	2.22	3.33	3.53	1.15	-	3.24	6.28
	11.0%	2.37	3.59	3.81	1.21	-	3.48	6.76
Hurdle rate	10.0%	2.56	3.90	4.14	1.28	-	3.77	7.33
	9.0%	2.79	4.28	4.54	1.36	-	4.13	8.02
	8.0%	3.08	4.75	5.05	1.47	-	4.57	8.89
	7.0%	3.45	5.36	5.70	1.61	-	5.14	10.01

Sources: artnet AG (historical data), SES Research (estimates)

DCF Model - artnet AG

Figures in EUR m

	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e
Sales	12.0	13.9	16.1	18.0	20.0	21.8	23.4	24.8	26.0	27.0	27.8	28.4	29.0	29.6
Change	-2.6%	15.5%	16.3%	12.0%	11.0%	9.0%	7.0%	6.0%	5.0%	4.0%	3.0%	2.0%	2.0%	2.0%
EBIT	-0.8	1.1	2.8	4.0	4.2	4.4	4.4	4.5	4.4	4.6	4.5	4.5	4.6	4.7
EBIT-Margin	-6.8%	8.0%	17.4%	22.0%	21.0%	20.0%	19.0%	18.0%	17.0%	17.0%	16.0%	16.0%	16.0%	16.0%
Tax rate	-7.6%	12.1%	7.8%	7.0%	6.9%	6.8%	6.7%	6.7%	6.7%	6.6%	6.7%	6.7%	42.0%	42.0%
NOPAT	-0.9	1.0	2.6	3.7	3.9	4.1	4.1	4.2	4.1	4.3	4.2	4.2	2.7	2.7
Depreciation	0.7	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0
in % of Sales	5.7%	5.8%	5.2%	5.0%	4.5%	4.0%	3.7%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Change in Liquidity from														
- Working Capital	0.1	0.0	-0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
- Capex	-0.8	-0.5	-0.6	-0.7	-0.7	-0.8	-0.8	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-1.0
Capex in % of Sales	6.7%	3.6%	3.7%	3.7%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	-0.9	1.3	2.7	4.1	4.2	4.3	4.3	4.2	4.2	4.3	4.2	4.3	2.7	2.8

Model parameter

Debt ratio	0.00%	Beta	1.30
Costs of Debt	n.a.	WACC	10.50%
Market return	9.00%		
Risk free rate	4.00%	Terminal Growth	2.00%

Valuation (mln)

Present values 2022e	23.4		
Terminal Value	8.8		
Liabilities	-0.1		
Liquidity	2.0	No. of shares (mln)	5.63
Equity Value	34.0	Value per share (EUR)	6.05

Sensitivity Value per Share (EUR)**Terminal Growth**

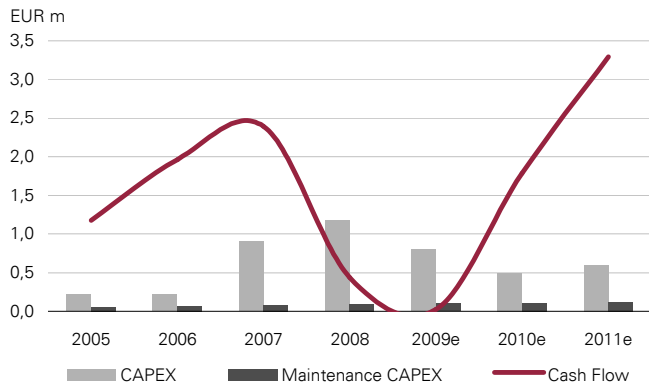
WACC	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%
11.50%	5.40	5.43	5.46	5.49	5.53	5.56	5.60
11.00%	5.65	5.68	5.72	5.76	5.80	5.84	5.88
10.75%	5.78	5.82	5.86	5.90	5.94	5.99	6.04
10.50%	5.92	5.96	6.00	6.05	6.10	6.15	6.20
10.25%	6.07	6.11	6.16	6.21	6.26	6.31	6.37
10.00%	6.22	6.27	6.32	6.37	6.43	6.49	6.55
9.50%	6.55	6.61	6.67	6.73	6.80	6.88	6.96

Delta EBIT margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.50%	5.01	5.17	5.33	5.49	5.66	5.82	5.98
11.00%	5.25	5.42	5.59	5.76	5.93	6.09	6.26
10.75%	5.38	5.55	5.73	5.90	6.07	6.24	6.42
10.50%	5.52	5.69	5.87	6.05	6.23	6.40	6.58
10.25%	5.66	5.84	6.02	6.21	6.39	6.57	6.75
10.00%	5.81	6.00	6.18	6.37	6.56	6.74	6.93
9.50%	6.14	6.34	6.54	6.73	6.93	7.13	7.33

Source: SES Research

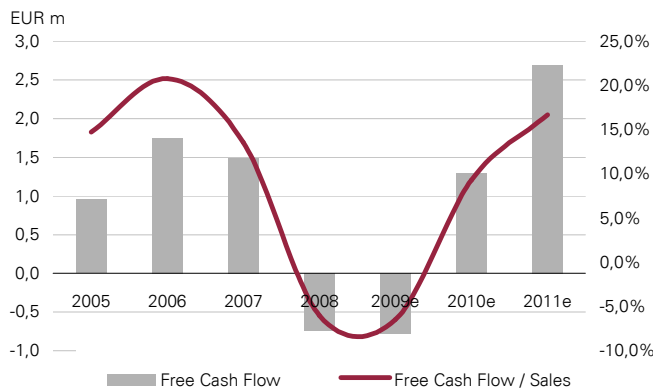
CAPEX and Cash Flow - artnet AG



Sources: artnet AG (historical data), SES Research (forecasts)

- Increased CAPEX in 2008 due to investments in IT and products
- Normal cash flow more than sufficient to meet capital needs

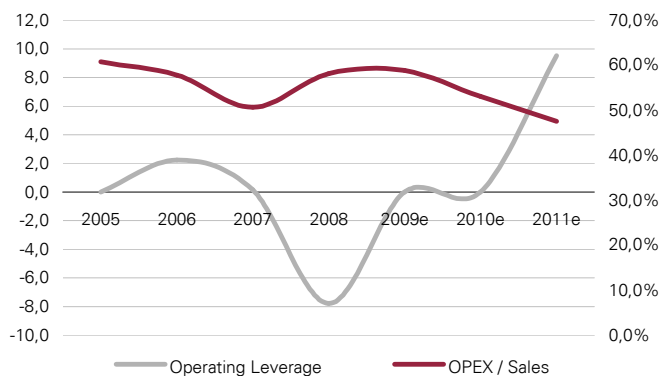
Free Cash Flow Generation - artnet AG



Sources: artnet AG (historical data), SES Research (forecasts)

- Cash flow in 2008 and 2009 burdened by product build-up and recession
- Free cash low looks set to increase as sales from new products build up

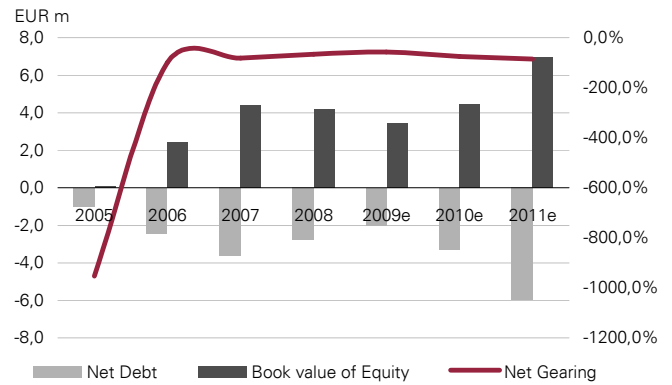
Operating Leverage - artnet AG



Sources: artnet AG (historical data), SES Research (forecasts)

- High operating leverage due to scaleability of internet-based business model
- Strongest leverage from Price Database products
- Fixed costs at approx. EUR 7.5 m

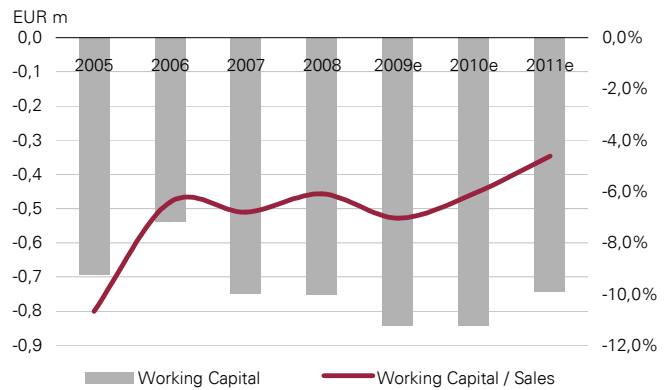
Balance Sheet Quality - artnet AG



Sources: artnet AG (historical data), SES Research (forecasts)

- No financial obligations apart from EUR 0.1 m for a leasing contract
- Book value and cash position set to increase with business development

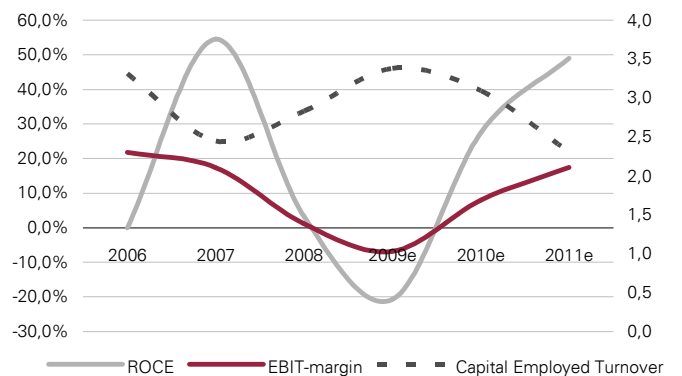
Working Capital - artnet AG



Sources: artnet AG (historical data), SES Research (forecasts)

- Working capital negative due to upfront billing of yearly products
- DSO therefore at 30 days on average
- WC looks set to decrease slightly by more instant billing for acutions

ROCE Development - artnet AG



Sources: artnet AG (historical data), SES Research (forecasts)

- Margins in 2008 and 2009 burdened by product buildup and market development
- Low capital needs and high operating leverage enable...
- ...exceptional returns with ROCE > 30%

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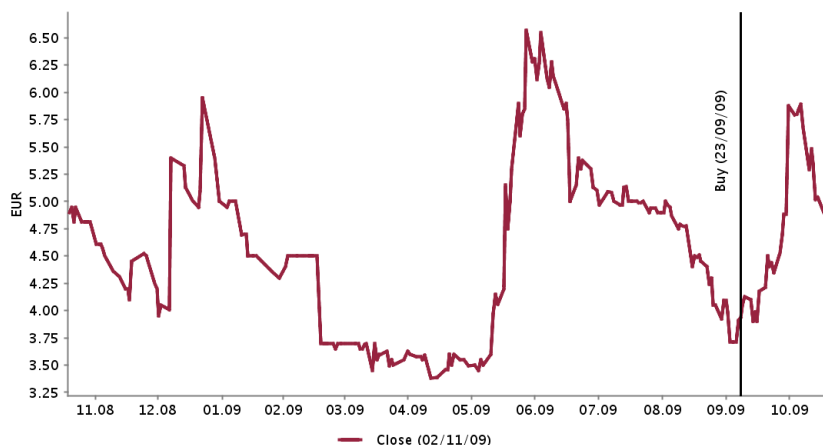
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Rating	Number of stocks	% of Universe
Buy	108	53%
Hold	59	29%
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Rating suspended	17	8%
Total	204	

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Price and Rating History
artnet AG as of 03/11/09



The charts have markings if SES Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

SES Research GmbH

SES Research GmbH | Hermannstraße 9 | 20095 Hamburg

Phone: +49 40 309537 - 0 | Fax: +49 40 309537 - 110 | info@ses.de | www.ses.de

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A Member of the Warburg Group

Analyse

Felix Ellmann	+49 (0)40-309537 - 120 ellmann@ses.de	Tim Kruse	+49 (0)40-309537 – 180 kruse@ses.de
Henner Rüschemier	+49 (0)40-309537 - 270 rueschmeier@ses.de	Frank Laser	+49 (0)40-309537 – 235 laser@ses.de
Robert Suckel	+49 (0)40-309537 - 190 suckel@ses.de	Jochen Reichert	+49 (0)40-309537 – 130 reichert@ses.de
Dr. Karsten von Blumenthal	+49 (0)40-309537 - 150 blumenthal@ses.de	Malte Schaumann	+49 (0)40-309537 – 170 schaumann@ses.de
Björn Blunck	+49 (0)40-309537 – 160 blunck@ses.de	Franziska Schmidt-Petersen	+49 (0)40-309537 – 100 schmidt-petersen@ses.de
Daniel Bonn	+49 (0)40-309537 – 250 bonn@ses.de	Claudia Vedder	+49 (0)40-309537 – 105 vedder@ses.de
Annika Boysen	+49 (0)40-309537 – 220 boysen@ses.de	Katrin Wauker	+49 (0)40-309537 – 200 wauker@ses.de
Finn Henning Breiter	+49 (0)40-309537 – 230 breiter@ses.de	Andreas Wolf	+49 (0)40-309537 – 140 wolf@ses.de
Torsten Klingner	+49 (0)40-309537 – 260 klingner@ses.de		

M.M. Warburg & CO KGaA

M.M. Warburg & CO KGaA | Ferdinandstraße 75 | 20095 Hamburg

Phone: +49 40 3282 - 0 | Fax: +49 40 3618 - 1000 | info@mmwarburg.com | www.mmwarburg.com



M. M. WARBURG & CO
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Institutional Sales

Barbara C. Effler Head of Equities	+49 (0)40-3282 - 2686 beffler@mmwarburg.com	Dirk Rosenfelder Head of Equity Sales	+49 (0)40-3282 - 2692 drosenfelder@mmwarburg.com
Oliver Merckel Head of Sales Trading	+49 (0)40-3282 - 2634 omerckel@mmwarburg.com	Christian Alisch Equity Sales	+49 (0)40-3282 – 2667 calisch@mmwarburg.com
Thekla Struve Sales Trading	+49 (0)40-3282 - 2668 tstruve @mmwarburg.com	Matthias Fritsch Equity Sales	+49 (0)40-3282 – 2696 mfritsch@mmwarburg.com
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Patrick Schepelmann Sales Trading	+49 (0)40-3282 - 2700 pschepelmann@mmwarburg.com	Felix Schulte Equity Sales	+49 (0)40-3282 - 2666 fschulte@mmwarburg.com
Jörg Treptow Sales Trading	+49 (0)40-3282 - 2658 jtreptow@mmwarburg.com	Marco Schumann Equity Sales	+49 (0)40-3282 - 2665 mschumann@mmwarburg.com
Andrea Carstensen Sales Assistance	+49 (0)40-3282 - 2632 acarstensen@mmwarburg.com	Philipp Stumpfegger Equity Sales	+49 (0)40-3282 - 2635 pstumpfegger@mmwarburg.com
Wiebke Möller Sales Assistance	+49 (0)40-3282 - 2703 wmoeller@mmwarburg.com	Andreas Wessel Equity Sales	+49 (0)40-3282 - 2663 awessel@mmwarburg.com
Katharina Bruns Roadshow / Marketing	+49 (0)40-3282 - 2694 kbruns@mmwarburg.com		