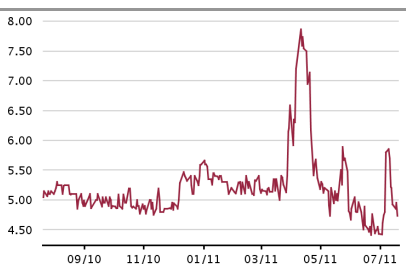


Buy (old: Buy)

PT EUR 6.70 (old: 6.50)

Price EUR 4.73
Bloomberg AYD GR
Reuters AYDG
Sector Telecommunications

The world's leading online platform for art



Share data: 03.08.2011 / Closing price

Market cap: EUR 26.7 m
Enterprise Value (EV): EUR 22.8 m
Book value: EUR 5.1 m
No. of shares: 5.6 m
Trading volume Ø: EUR 81.6 th

Shareholders:

Freefloat 45.6 %
 Galerie Neuendorf 26.0 %
 Schaeffer Immobilien 10.7 %
 Artis Capital 10.4 %
 Robert de Rothschild 7.3 %

Calendar:

Figures Q3 10/28/11

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
Sales	15.5	-4.7	17.8	-1.5	20.6	-1.5
EBIT	0.9	-10.8	2.0	0.1	3.1	1.6
EPS	0.12	0	0.31	0	0.50	2.0

Analysis: Warburg Research
 Date of publication: 04.08.2011
 Analyst: Susanne Schwartze
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 ssschwartz@warburg-research.com

Million dollar auction to open doors and compensate for rather weak Q2

artnet auctions see their first seven-digit bid in Q3: Andy Warhol's blue Flowers were sold for USD 1.32m including buyer premium of 15%. That has been by far the highest price on the artnet auction platform ever. Alongside the revenue of USD 0.197m (buyer and seller premium) artnet is generating from this deal, it shows that even such expensive objects are marketable via online auctions. Furthermore, such a sale adds to artnet's solid reputation and last but not least, it is a useful marketing device outside the traditional community of collectors to attract new clients for online auctions. It is not very likely that another auction of that size will take place soon, but it should raise the average value of future ones.

The second quarter revenues fell short of Q2 2010 revenues and our estimates. An increase at Advertising and Magazine could not compensate for fewer sales at Galleries, Database and Auctions. Consequently, EBIT declined slightly but was better than expected.

artnet AG - Q2 2011

Figures in EUR m	Q2/11	Q2/11e	Q2/10	yoy	6M/11	6M/10	yoy
Sales	3.32	3.64	3.7	-9.1 %	6.81	6.84	-0.3 %
EBIT	0.00	-0.04	0.1	-93.3 %	-0.08	0.2	-
margin	0.1 %	-1.1 %	1.6 %		-1.1 %	2.7 %	

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

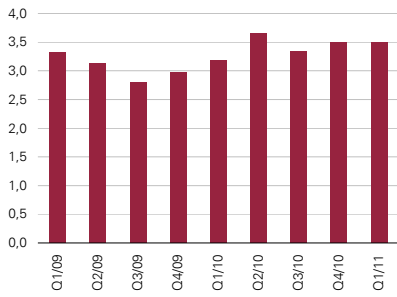
H2 should see higher sales volume in all segments driven by seasonal effects, underlying growth at Auctions and the positive impact of the new pricing scheme at Database. Due to the nature of the scalable business, rising sales should not only result in rising earnings but in higher margins, too. After a slight EBIT loss in H1, a 5.2% EBIT margin is expected for 2011.

The idea of art business (auctions, dealers, information) going online remains exciting. artnet is constantly developing new products (e.g. indices) and pricing or marketing schemes (at Database and Galleries) to enhance business and attract further customers groups. These measures burden the current P&L but should allow double-digit future growth rates and EBIT margins.

With a fair value of EUR 6.70 derived from our DCF-model, we maintain our Buy-recommendation.

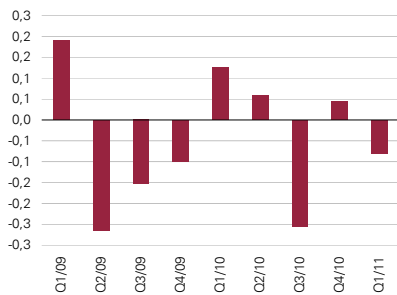
Fiscal year ending: 31.12.	2007	2008	2009	2010	2011E	2012E	2013E
in EUR m							
Sales	11.0	12.3	12.2	13.7	14.8	17.6	20.3
Change Sales yoy	30.7 %	11.9 %	-0.7 %	11.9 %	8.0 %	19.1 %	15.7 %
Gross balance	7.5	8.1	7.6	8.7	9.1	11.7	13.8
Gross margin	68.1 %	65.4 %	62.2 %	63.8 %	61.6 %	66.4 %	68.0 %
EBITDA	2.1	0.5	0.4	0.8	1.6	2.8	4.0
EBITDA-margin	19.4 %	4.3 %	3.0 %	5.9 %	10.9 %	16.1 %	19.9 %
EBIT	1.9	0.1	-0.3	0.0	0.8	2.0	3.2
EBIT-margin	17.4 %	1.2 %	-2.7 %	-0.2 %	5.2 %	11.4 %	15.7 %
Net income	2.3	-0.5	-0.5	0.2	0.7	1.7	2.8
EPS	0.41	-0.09	-0.08	0.03	0.12	0.31	0.51
Free Cash Flow per share	0.27	-0.13	-0.14	0.07	0.25	0.40	0.63
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/Sales	2.2	2.0	2.0	1.8	1.5	1.2	0.8
EV/EBITDA	11.4	45.5	66.7	30.0	14.1	7.3	4.2
EV/EBIT	12.6	163.5	n.m.	n.m.	29.5	10.3	5.3
PER	11.5	n.m.	n.m.	157.8	39.4	15.3	9.3
ROCE	56.1 %	3.4 %	-8.0 %	-0.6 %	15.6 %	31.8 %	36.5 %
Adj. Free Cash Flow Yield	8.5 %	1.8 %	1.1 %	2.9 %	6.5 %	13.2 %	22.9 %

Sales development
in EUR m



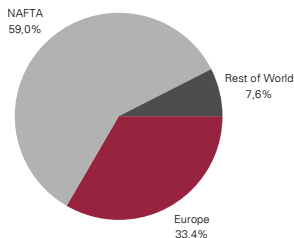
Source: artnet AG

EBIT development
in EUR m



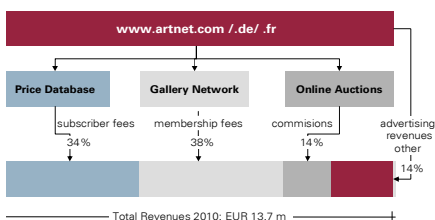
Source: artnet AG

Sales by regions
2010



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 5.5 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 173,000 artworks from more than 37,000 artists on display at more than 2,000 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 , 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							
	2007	2008	2009	2010	2011E	2012E	2013E
Sales	11.0	12.3	12.2	13.7	14.8	17.6	20.3
Cost of sales	3.5	4.3	4.6	4.9	5.7	5.9	6.5
Gross balance	7.5	8.1	7.6	8.7	9.1	11.7	13.8
Research and development	1.2	1.9	1.7	2.1	1.9	2.0	2.2
Sales and marketing	1.8	2.9	3.0	3.1	2.4	3.6	4.1
General and administration	2.5	3.0	3.3	3.5	3.9	4.0	4.2
Other operating income/expenses	0.0	-0.1	0.0	-0.1	-0.2	-0.2	-0.2
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	2.1	0.5	0.4	0.8	1.6	2.8	4.0
Depreciation of fixed assets	0.1	0.2	0.3	0.4	0.4	0.4	0.4
EBITA	2.0	0.4	0.0	0.4	1.2	2.4	3.6
Amortisation of intangible fixed assets	0.1	0.2	0.4	0.4	0.4	0.4	0.4
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.9	0.1	-0.3	0.0	0.8	2.0	3.2
Interest income	0.1	0.0	0.0	0.1	0.0	0.0	0.0
Interest expenses	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Financial result	0.1	-0.2	-0.2	-0.1	0.0	-0.1	-0.1
Recurring pretax income from cont. operations	2.0	-0.1	-0.5	-0.2	0.8	1.9	3.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	2.0	-0.1	-0.5	-0.2	0.8	1.9	3.1
Taxes total	-0.2	0.4	0.0	-0.3	0.1	0.2	0.2
Net income from continuing operations	2.3	-0.5	-0.5	0.2	0.7	1.7	2.8
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	2.3	-0.5	-0.5	0.2	0.7	1.7	2.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.3	-0.5	-0.5	0.2	0.7	1.7	2.8

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

Consolidated Profit & Loss artnet							
in % of Sales							
	2007	2008	2009	2010	2011E	2012E	2013E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	31.9 %	34.6 %	37.8 %	36.2 %	38.4 %	33.6 %	32.0 %
Gross balance	68.1 %	65.4 %	62.2 %	63.8 %	61.6 %	66.4 %	68.0 %
Research and development	11.0 %	15.1 %	13.5 %	15.6 %	12.6 %	11.4 %	10.8 %
Sales and marketing	16.5 %	23.9 %	24.3 %	22.4 %	16.3 %	20.2 %	20.2 %
General and administration	23.0 %	24.5 %	27.0 %	25.2 %	26.4 %	22.5 %	20.4 %
Other operating income/expenses	-0.3 %	-0.8 %	-0.1 %	-0.8 %	-1.1 %	-1.0 %	-0.9 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	19.4 %	4.3 %	3.0 %	5.9 %	10.9 %	16.1 %	19.9 %
Depreciation of fixed assets	1.0 %	1.4 %	2.8 %	3.0 %	2.8 %	2.4 %	2.1 %
EBITA	18.4 %	3.0 %	0.2 %	2.9 %	8.1 %	13.8 %	17.8 %
Amortisation of intangible fixed assets	1.0 %	1.8 %	2.9 %	3.1 %	2.8 %	2.4 %	2.1 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	17.4 %	1.2 %	-2.7 %	-0.2 %	5.2 %	11.4 %	15.7 %
Interest income	1.0 %	0.3 %	0.1 %	0.5 %	0.1 %	0.2 %	0.2 %
Interest expenses	0.2 %	0.6 %	0.2 %	0.1 %	0.2 %	0.2 %	0.2 %
Financial result	0.8 %	-1.8 %	-1.4 %	-1.0 %	0.1 %	-0.7 %	-0.6 %
Recurring pretax income from cont. operations	18.3 %	-0.6 %	-4.1 %	-1.2 %	5.4 %	10.7 %	15.1 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	18.3 %	-0.6 %	-4.1 %	-1.2 %	5.4 %	10.7 %	15.1 %
Taxes total	-2.2 %	3.4 %	-0.3 %	-2.3 %	0.8 %	1.0 %	1.2 %
Net income from continuing operations	20.5 %	-4.0 %	-3.8 %	1.1 %	4.6 %	9.7 %	14.0 %
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	20.5 %	-4.0 %	-3.8 %	1.1 %	4.6 %	9.7 %	14.0 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	20.5 %	-4.0 %	-3.8 %	1.1 %	4.6 %	9.7 %	14.0 %

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

Balance sheet artnet

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	0.6	1.0	1.0	0.8	0.5	0.2	0.0
thereof other intangible assets	0.6	1.0	1.0	0.8	0.5	0.2	0.0
thereof Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.3	0.9	0.8	0.7	0.4	0.2	0.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.9	2.0	1.8	1.5	0.9	0.4	0.0
Inventories	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.7	1.0	0.9	1.1	1.1	1.3	1.4
Other Assets	1.6	1.8	1.6	1.8	1.8	1.8	1.8
Liquid assets	3.6	2.9	2.2	2.7	4.1	6.3	9.8
Current assets	6.0	5.7	4.7	5.6	7.0	9.4	13.0
Total assets	6.9	7.6	6.6	7.1	7.9	9.9	13.0
Liabilities and shareholders' equity							
Subscribed capital	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Additional paid-in capital	50.3	50.4	50.5	50.6	50.6	50.6	50.6
Surplus capital	-53.0	-50.7	-51.2	-51.7	-51.5	-50.8	-49.1
Other equity components	1.7	-0.9	-1.0	0.1	0.7	1.9	3.2
Book value	4.4	4.2	3.7	4.3	5.1	7.0	10.0
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	4.4	4.2	3.7	4.3	5.1	7.0	10.0
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities	0.0	0.1	0.2	0.2	0.2	0.2	0.2
Accounts payable	0.4	0.5	0.2	0.3	0.3	0.4	0.5
Other liabilities	2.0	2.8	2.5	2.2	2.2	2.2	2.2
Liabilities	2.5	3.4	2.9	2.8	2.8	2.9	3.0
Total liabilities and shareholders' equity	6.9	7.6	6.6	7.1	7.9	9.9	13.0

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

Balance sheet artnet

in % of Balance Sheet Total

	2007	2008	2009	2010	2011E	2012E	2013E
Assets							
Intangible assets	8.7 %	13.7 %	15.2 %	10.8 %	6.3 %	2.3 %	-0.3 %
thereof other intangible assets	8.7 %	13.7 %	15.2 %	10.8 %	6.3 %	2.3 %	-0.3 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Property, plant and equipment	4.9 %	12.0 %	12.8 %	10.0 %	5.6 %	2.2 %	0.0 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	13.6 %	25.7 %	28.0 %	20.8 %	11.9 %	4.5 %	-0.3 %
Inventories	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts receivable	10.7 %	13.0 %	14.3 %	15.9 %	13.9 %	13.1 %	10.8 %
Other Assets	23.3 %	23.2 %	24.2 %	25.4 %	22.8 %	18.2 %	13.9 %
Liquid assets	52.6 %	38.5 %	33.2 %	37.9 %	51.5 %	63.8 %	75.4 %
Current assets	86.7 %	74.7 %	71.7 %	79.2 %	88.3 %	95.1 %	100.0 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	77.8 %	70.6 %	81.3 %	75.5 %	67.9 %	54.2 %	41.3 %
Additional paid-in capital	729.6 %	663.7 %	764.5 %	711.1 %	640.0 %	510.7 %	388.9 %
Surplus capital	-767.6 %	-667.2 %	-775.7 %	-726.7 %	-652.1 %	-513.5 %	-378.0 %
Other equity components	23.9 %	-11.8 %	-14.5 %	0.8 %	8.5 %	19.2 %	25.0 %
Book value	63.7 %	55.3 %	55.6 %	60.7 %	64.4 %	70.6 %	77.2 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	63.7 %	55.3 %	55.6 %	60.7 %	64.4 %	70.6 %	77.2 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	1.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial liabilities	0.0 %	1.9 %	3.3 %	3.5 %	3.2 %	2.5 %	1.9 %
Accounts payable	5.8 %	6.5 %	3.1 %	4.5 %	3.8 %	4.0 %	3.9 %
Other liabilities	29.3 %	36.8 %	37.7 %	31.3 %	28.2 %	22.5 %	17.1 %
Liabilities	36.5 %	45.2 %	44.1 %	39.3 %	35.1 %	29.1 %	22.9 %
Total liabilities and shareholders' equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

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

Statement of Cash Flows artnet

in EUR m

	2007	2008	2009	2010	2011E	2012E	2013E
Net income	2.3	-0.5	-0.5	0.2	0.7	1.7	2.8
Depreciation of fixed assets	0.1	0.2	0.3	0.4	0.4	0.4	0.4
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.1	0.2	0.4	0.4	0.4	0.4	0.4
Increase/decrease in long-term provisions	0.0	-0.1	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	-0.1	0.3	0.4	0.1	0.2	0.2	0.2
Cash Flow	2.3	0.1	0.6	1.1	1.7	2.7	3.8
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-0.2	-0.3	-0.1	-0.2	0.0	-0.2	-0.1
Increase / decrease in accounts payable	0.3	0.2	-0.5	0.1	0.0	0.1	0.1
Increase / decrease in other working capital positions	0.0	0.5	-0.1	-0.4	0.0	0.0	0.0
Increase / decrease in working capital	0.1	0.3	-0.8	-0.6	0.0	-0.1	0.0
Cash flow from operating activities	2.4	0.4	-0.2	0.5	1.7	2.6	3.8
CAPEX	-0.9	-1.2	-0.6	-0.2	-0.3	-0.4	-0.4
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	0.1	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.9	-1.2	-0.5	-0.2	-0.3	-0.4	-0.4
Change in financial liabilities	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0
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	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0
Change in liquid funds	1.4	-0.8	-0.7	0.2	1.4	2.2	3.5
Effects of exchange rate changes on cash	-0.2	0.1	0.0	0.2	0.0	0.0	0.0
Liquid assets at end of period	3.6	2.9	2.2	2.6	4.1	6.3	9.8

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

Financial Ratios artnet

	2007	2008	2009	2010	2011E	2012E	2013E
Operational Efficiency							
Total Operating Costs / Sales	50.7 %	64.2 %	64.9 %	64.0 %	56.4 %	55.1 %	52.3 %
Sales per Employee	164,179	118,308	123,414	130,219	134,218	152,844	169,400
EBITDA per Employee	31,802	5,116	3,667	7,681	14,673	24,670	33,650
EBIT-margin	17.4 %	1.2 %	-2.7 %	-0.2 %	5.2 %	11.4 %	15.7 %
EBITDA / Operating Assets	-346.5 %	-1003.8 %	89.0 %	292.2 %	-41427.1 %	-2289.8 %	-1174.2 %
ROA	240.4 %	-25.1 %	-25.3 %	10.4 %	71.8 %	378.8 %	-7052.8 %
Efficiency of Capital Employment							
Plant Turnover	32.6	13.5	14.5	19.2	33.5	79.6	28,591
Operating Assets Turnover	-17.9	-232	29.9	49.5	-3,790	-142	-59.1
Capital Employed Turnover	2.5	2.8	3.1	3.0	2.8	2.4	2.0
Return on Capital							
ROCE	56.1 %	3.4 %	-8.0 %	-0.6 %	15.6 %	31.8 %	36.5 %
EBITDA / Avg. Capital Employed	62.4 %	12.2 %	8.8 %	19.1 %	32.6 %	45.1 %	46.1 %
ROE	51.2 %	-11.7 %	-12.7 %	3.6 %	13.3 %	24.4 %	28.3 %
Net Profit / Avg. Equity	66.0 %	-11.4 %	-11.9 %	3.8 %	14.3 %	28.2 %	33.4 %
Recurring Net Profit / Avg. Equity	66.0 %	-11.4 %	-11.9 %	3.8 %	14.3 %	28.2 %	33.4 %
ROIC	50.3 %	-10.7 %	-11.1 %	3.4 %	12.5 %	23.4 %	27.7 %
Solvency							
Net Debt	-3.6	-2.8	-2.0	-2.5	-3.8	-6.1	-9.6
Net Gearing	-82.5 %	-66.2 %	-53.8 %	-56.8 %	-75.2 %	-86.8 %	-95.2 %
Book Value of Equity / Book Value of Debt	n.a.	2917.1 %	1682.2 %	1734.9 %	2045.3 %	2810.5 %	4034.5 %
Current ratio	2.5	1.7	1.7	2.1	2.6	3.4	4.5
Acid Test Ratio	2.4	1.7	1.7	2.1	2.6	3.4	4.5
EBITDA / Interest Paid	133.2	6.8	15.1	79.6	53.8	94.6	134.6
Interest Cover	n.a.	3.8	n.a.	n.a.	77.4	n.a.	n.a.
Cash Flow							
Free Cash Flow	1.5	-0.7	-0.8	0.4	1.4	2.2	3.5
Free Cash Flow / Sales	13.5 %	-6.0 %	-6.5 %	2.7 %	9.3 %	12.8 %	17.1 %
Adj. Free Cash Flow	2.1	0.4	0.3	0.7	1.5	2.7	3.9
Adj. Free Cash Flow / Sales	20.7 %	-0.4 %	2.3 %	7.3 %	9.1 %	14.3 %	18.0 %
Free Cash Flow / Net Profit	66.2 %	151.0 %	170.7 %	244.4 %	203.8 %	131.7 %	122.5 %
Interest Received / Avg. Cash	3.6 %	1.2 %	0.4 %	2.9 %	0.6 %	0.6 %	0.4 %
Interest Paid / Avg. Debt	n.a.	54.2 %	13.3 %	4.3 %	12.1 %	12.1 %	12.1 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fund Management							
Investment ratio	8.2 %	9.6 %	5.0 %	1.3 %	2.0 %	2.0 %	1.7 %
Maint. Capex / Sales	0.7 %	0.7 %	0.8 %	0.8 %	0.8 %	0.7 %	0.6 %
Capex / Dep	422.5 %	306.5 %	89.0 %	20.7 %	35.7 %	41.7 %	41.7 %
Avg. Working Capital / Sales	-5.9 %	-6.1 %	-4.9 %	-3.2 %	-3.0 %	-2.2 %	-1.7 %
Trade Creditors / Trade Debtors	185.7 %	199.6 %	459.0 %	352.4 %	366.7 %	325.0 %	280.0 %
Inventory turnover (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Receivables collection period (DSOs)	24.6	29.3	28.1	30.2	27.0	26.0	26.0
Payables collection period (days)	13.2	14.7	6.1	8.6	8.6	8.6	8.6
Cash conversion cycle (days)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/B	6.1	6.3	7.3	6.2	5.2	3.8	2.7
EV/sales	2.2	2.0	2.0	1.8	1.5	1.2	0.8
EV/EBITDA	11.4	45.5	66.7	30.0	14.1	7.3	4.2
EV/EBIT	12.6	163.5	n.m.	n.m.	29.5	10.3	5.3
EV/FCF	16.2	n.m.	n.m.	64.6	16.6	9.2	4.9
P/E	11.5	n.m.	n.m.	157.8	39.4	15.3	9.3
P/CF	11.5	246.7	44.9	23.8	16.0	9.9	6.9
Adj. Free Cash Flow Yield	9.6 %	0.4 %	2.5 %	4.6 %	7.3 %	13.1 %	22.4 %

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

Free Cash Flow Yield - artnet AG

Figures in EUR m

	2007	2008	2009	2010	2011e	2012e	2013e
Net Income	2.3	-0.5	-0.5	0.2	0.7	1.7	2.8
+ Depreciation + Amortisation	0.2	0.4	0.7	0.8	0.8	0.8	0.8
- Net Interest Income	0.1	-0.2	-0.2	-0.1	0.0	-0.1	-0.1
+ Taxes	-0.2	0.4	0.0	-0.3	0.1	0.2	0.2
- 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	2.1	0.4	0.3	0.7	1.5	2.7	3.9
Adjusted Free Cash Flow Yield	8.5%	1.8%	1.1%	2.9%	6.5%	13.2%	22.9%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	24.2	24.2	24.2	24.2	22.8	20.6	17.1
= Fair Enterprise Value	20.5	4.4	2.6	7.0	14.9	27.2	39.2
- Net Debt (Cash)	-2.4	-2.4	-2.4	-2.4	-3.8	-6.1	-9.6
- 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	23.0	6.9	5.1	9.4	18.8	33.2	48.7
No. of shares (m)	5.6	5.6	5.6	5.6	5.6	5.6	5.6
= Fair value per share (EUR)	4.08	1.22	0.90	1.67	3.33	5.90	8.66
premium (-) / discount (+) in %	-13.8%	-74.2%	-80.9%	-64.7%	-29.6%	24.7%	82.9%

Sensitivity Fair value per Share (EUR)

	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%	7.0%
Hurdle rate	3.24	3.47	3.75	4.08	4.48	4.99	5.64
	1.04	1.09	1.15	1.22	1.31	1.42	1.56
	0.79	0.82	0.86	0.90	0.95	1.02	1.10
	1.39	1.47	1.56	1.67	1.81	1.98	2.20
	2.72	2.89	3.09	3.33	3.63	4.00	4.47
	4.79	5.10	5.46	5.90	6.44	7.11	7.97
	7.05	7.50	8.02	8.66	9.43	10.40	11.64

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

DCF Model - artnet AG

Figures in EUR m

	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e
Sales	14.8	17.6	20.3	22.8	25.5	28.6	31.4	34.6	38.0	41.1	44.3	46.6	48.9	51.3
Change	8.0%	19.1%	15.7%	12.0%	12.0%	12.0%	10.0%	10.0%	10.0%	8.0%	8.0%	5.0%	5.0%	5.0%
EBIT	0.8	2.0	3.2	3.4	3.8	4.0	4.4	4.8	4.9	5.3	5.8	5.6	5.9	6.2
EBIT-Margin	5.2%	11.4%	15.7%	15.0%	15.0%	14.0%	14.0%	14.0%	13.0%	13.0%	13.0%	12.0%	12.0%	12.0%
Tax rate	15.1%	13.5%	8.7%	7.3%	7.0%	6.9%	6.7%	6.6%	6.5%	6.4%	30.0%	30.0%	30.0%	30.0%
NOPAT	0.7	1.7	2.9	3.2	3.6	3.7	4.1	4.5	4.6	5.0	4.0	3.9	4.1	4.3
Depreciation	0.8	0.8	0.8	1.0	1.0	1.0	0.9	0.9	0.8	0.8	0.9	0.9	1.0	1.0
in % of Sales	5.7%	4.8%	4.1%	4.3%	4.0%	3.5%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Change in Liquidity from														
- Working Capital	0.0	-0.1	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Capex	-0.3	-0.4	-0.4	-0.5	-0.5	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-0.9	-1.0	-1.0
Capex in % of Sales	2.0%	2.0%	1.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
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)	1.2	2.1	3.4	3.6	4.1	4.2	4.4	4.7	4.7	5.0	4.1	3.9	4.1	4.3

Model parameter

Debt ratio	0.00%	Beta	1.50
Costs of Debt	n.a.	WACC	11.50%
Market return	9.00%		
Risk free rate	4.00%	Terminal Growth	1.00%

Valuation (mln)

Present values 2024e	25.6		
Terminal Value	9.7		
Liabilities	-0.2		
Liquidity	2.7	No. of shares (mln)	5.63
Equity Value	37.8	Value per share (EUR)	6.71

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

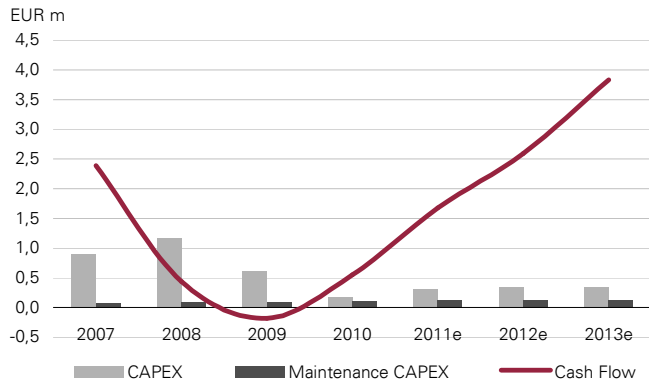
WACC	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%
12.50%	6.06	6.08	6.11	6.14	6.17	6.20	6.24
12.00%	6.31	6.34	6.38	6.41	6.45	6.49	6.52
11.75%	6.45	6.48	6.52	6.56	6.59	6.64	6.68
11.50%	6.59	6.63	6.67	6.71	6.75	6.79	6.84
11.25%	6.74	6.78	6.82	6.87	6.91	6.96	7.01
11.00%	6.90	6.94	6.98	7.03	7.08	7.13	7.19
10.50%	7.23	7.28	7.34	7.39	7.45	7.51	7.57

Delta EBIT margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
12.50%	5.52	5.73	5.93	6.14	6.35	6.56	6.76
12.00%	5.76	5.98	6.19	6.41	6.63	6.85	7.07
11.75%	5.88	6.11	6.33	6.56	6.78	7.00	7.23
11.50%	6.02	6.25	6.48	6.71	6.94	7.17	7.40
11.25%	6.16	6.39	6.63	6.87	7.10	7.34	7.57
11.00%	6.30	6.55	6.79	7.03	7.27	7.52	7.76
10.50%	6.62	6.88	7.13	7.39	7.65	7.90	8.16

Source: Warburg Research

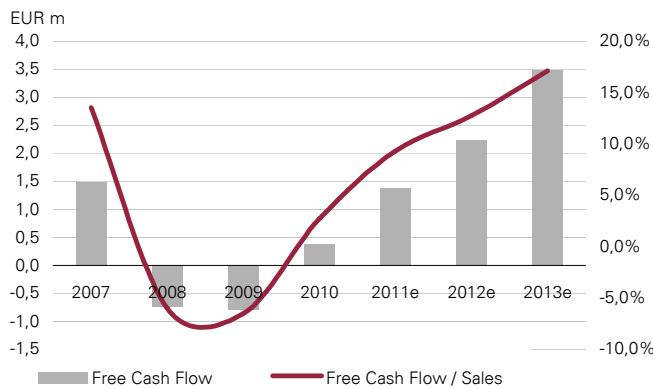
CAPEX and Cash Flow - artnet AG



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

- Business model requires only low CAPEX in IT and products
- Cash flow higher than capital needs following after years of losses

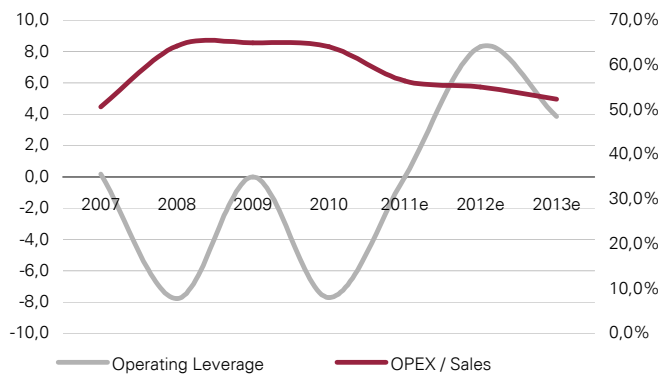
Free Cash Flow Generation - artnet AG



Sources: artnet AG (historical data), Warburg 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

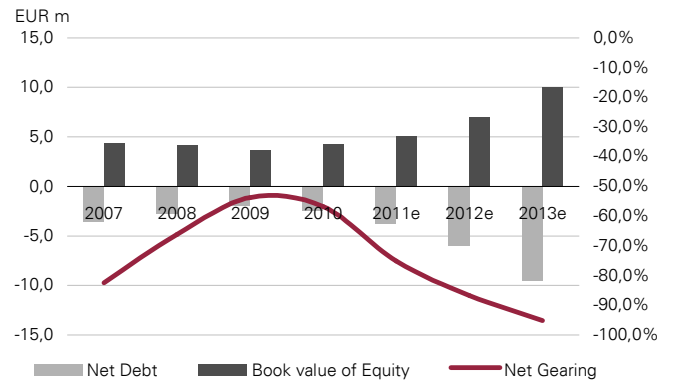
Operating Leverage - artnet AG



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

- Operating leverage deviating as earnings change between + and -
- Strongest leverage from Price Database products
- Fixed costs at approx. EUR 7.5 m

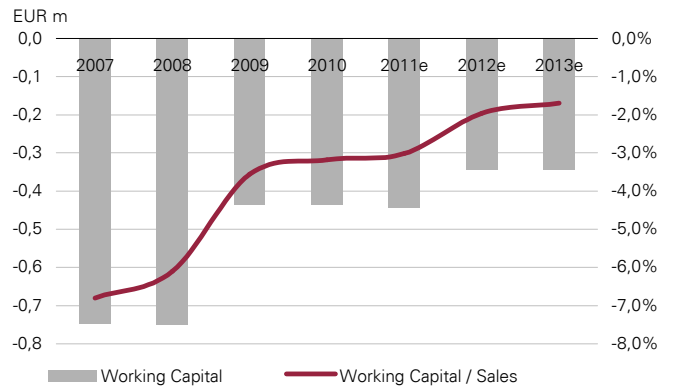
Balance Sheet Quality - artnet AG



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

- No financial obligations apart from EUR 0.1 m for a leasing contract
- Increase in equity and liquid funds in line with business development
- Business model generates free funds

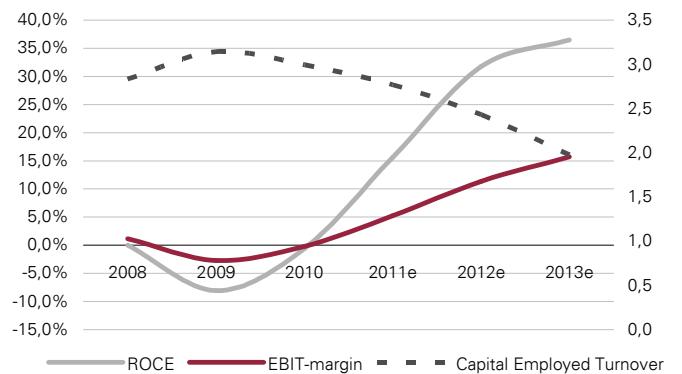
Working Capital - artnet AG



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

- Working capital negative due to upfront billing of yearly products
- DSO therefore at 30 days on average

ROCE Development - artnet AG



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

- New products allow for rising EBIT margins
- Low capital needs and high operating leverage enable...
- ...exceptional returns with ROCE > 30%

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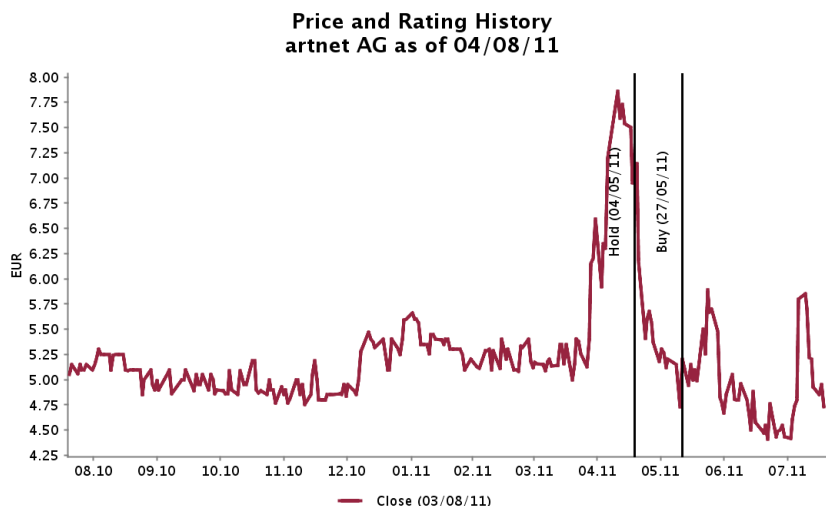
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Buy	122	69%
Hold	50	28%
Sell	6	3%
Rating suspended	0	0%
Total	178	

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Buy	104	70%
Hold	42	28%
Sell	3	2%
Rating suspended	0	0%
Total	149	



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