

## ALAMY GROWS IMAGE SUPPLY IN Q3

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### **No Indication As To How This Relates To Revenue Growth**

**October 27, 2006**

Alamy added almost a million new images to its collection in Q3 2006, two-thirds of them Rights Managed. Photographers uploaded slightly fewer RF than in the previous quarter, but significantly more RM with the total images uploaded by photographers at 466,750. There is no indication as to how this relates to revenue growth.

Agencies more than doubled the RF images uploaded compared to the previous quarter and the number of RM images added was also higher. Total image added by 180 agencies was 478,300. Alamy now has more than 7 million images on the site and expects to top 8 million before the end of the year.

The average photographer uploaded 175 images in the quarter. The average agency uploaded 2,657 in the quarter.

The average price per RF image licensed during the quarter dropped from \$226 to \$213 and the percent of RF images licensed remained the same at 29% of total images licensed. No figures were reported for actual numbers of images licensed so we don't know if the total number went up or down.

The average price for RM images licensed rose from \$151 in the previous quarter to \$159 after having dropped for fourth straight quarters in a row.

The average price for an editorial use was \$133, up from \$122, and the average price for a commercial use was \$357, down from \$364 in Q2 and \$389 in Q1. Thus, while Alamy seems to be pushing up prices on the editorial side of their business it seems that they are under pressure from the commercial customers to lower prices.

RF makes up 31 percent of the images on the site and these images generated 38% of the revenue in the quarter. Sixty-nine percent of the images are RM and they generated 62% of the revenue.

The percent of revenue from editorial licenses is steadily rising and is now at 72% while the commercial revenue is steadily dropping and is now at 28%.

Alamy doesn't report figures that would enable me to calculate total images licensed or gross revenue so it is impossible to determine whether revenue or the number of units licensed is rising as rapidly as the number of images available. However, anecdotal information from various photographers and agencies indicates that while total sales are probably rising significantly the return-per-image that the suppliers see is actually falling. I estimate that the current average gross return per images is between \$4.50 and \$6.00 annually and photographers get 65% of that or \$2.90 to \$3.90. Photographers doing better than this I believe are doing better

than the average. Given the rate that suppliers are adding images, I suspect that the RPI will continue to fall.

The following is a detailed chart of the information reported by Alamy.

|                                 | 2005    | 2005    | 2005    | 2005    | 2006    | 2006    | 2006    |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Contributor Information         | Q1      | Q2      | Q3      | Q4      | Q1      | Q2      | Q3      |
| New RF images from photogs.     | 53,408  | 74,008  | 89,199  | 83,614  | 95,940  | 97,552  | 95,009  |
| New RF images from agencies     | 60,850  | 140,360 | 63,451  | 125,405 | 152,752 | 109,935 | 243,386 |
| New RM images from photogs.     | 203,641 | 258,847 | 268,147 | 291,356 | 450,653 | 312,170 | 371,741 |
| New RM images from agencies     | 125,688 | 143,297 | 120,030 | 144,433 | 125,707 | 192,282 | 234,914 |
| % Revenue photographers         | 38%     | 39%     | 41%     | 40%     | 43%     | 44%     | 45%     |
| % Revenue agencies              | 62%     | 61%     | 59%     | 60%     | 57%     | 56%     | 55%     |
|                                 |         |         |         |         |         |         |         |
|                                 | 2005    | 2005    | 2005    | 2005    | 2006    | 2006    | 2006    |
| Contributor Information         | Q1      | Q2      | Q3      | Q4      | Q1      | Q2      | Q3      |
| Photogs. submitting images      | 2,030   | 2,209   | 2,349   | 2,452   | 2,870   | 2,667   | 2,667   |
| Photogs. submitting RM images   | 1,850   | 2,001   | 2,111   | 2,179   | 2,569   | 2,349   | 2,376   |
| Photogs. submitting RF images   | 907     | 1,041   | 1,135   | 1,214   | 1,435   | 1,351   | 1,264   |
| Agencies submitting images      | 165     | 175     | 179     | 161     | 178     | 165     | 180     |
| Agencies submitting RM images   | 142     | 141     | 142     | 128     | 130     | 126     | 136     |
| Agencies submitting RF images   | 58      | 70      | 72      | 67      | 79      | 74      | 76      |
| RM images submitted in quarter  | 329,329 | 402,144 | 388,177 | 435,789 | 576,360 | 504,452 | 606,655 |
| RF images submitted in quarter  | 114,258 | 214,368 | 152,650 | 209,019 | 248,692 | 207,487 | 338,395 |
| All images submitted in quarter | 443,587 | 616,512 | 540,827 | 644,808 | 825,052 | 711,939 | 945,050 |
|                                 |         |         |         |         |         |         |         |
|                                 | 2005    | 2005    | 2005    | 2005    | 2006    | 2006    | 2006    |
| Percentage Revenue Info         | Q1      | Q2      | Q3      | Q4      | Q1      | Q2      | Q3      |

|                                      |       |       |       |       |       |       |       |
|--------------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Images per transaction – credit card | 1.7   | 1.7   | 1.8   | 1.8   | 1.8   | 1.7   | 1.7   |
| Images per transaction – account     | 2.9   | 2.9   | 3.0   | 3.3   | 3.4   | 3.6   | 3.6   |
| % Revenue RF                         | 43.0% | 43.1% | 42.3% | 41.0% | 40.0% | 38.0% | 36%   |
| % Revenue RM                         | 57.0% | 56.9% | 57.7% | 59.0% | 60.0% | 62.0% | 64%   |
| % Images sold RF                     | 41.0% | 39.0% | 39.9% | 36.4% | 33.0% | 29.0% | 29.0% |
| % Images sold RM                     | 59.0% | 61.0% | 60.1% | 63.6% | 67.0% | 71.0% | 71.0% |
| % Images sold – credit card          | 23.0% | 21.9% | 23.0% | 21.0% | 18.0% | 16.0% | 15.0% |
| % Images sold – account              | 77.0% | 79.0% | 77.0% | 79.0% | 82.0% | 84.0% | 85.0% |
| % Revenue – credit card              | 25.0% | 25.4% | 28.1% | 25.1% | 23.0% | 21.0% | 22.0% |
| % Revenue - account customer         | 75.0% | 75.0% | 71.9% | 74.9% | 77.0% | 79.0% | 79.0% |
| % Revenue editorial licenses         | 67.0% | 66.0% | 62.7% | 65.0% | 69.0% | 71.0% | 72.0% |
| % Revenue commercial licenses        | 33.0% | 34.0% | 37.3% | 35.0% | 31.0% | 29.0% | 28.0% |
|                                      |       |       |       |       |       |       |       |
|                                      | 2005  | 2005  | 2005  | 2005  | 2006  | 2006  | 2006  |
| Average Price in USD                 | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    |
| Avg RF price – credit card           | \$191 | \$199 | \$206 | \$210 | \$211 | \$235 | \$229 |
| Avg RM price – credit card           | \$239 | \$276 | \$304 | \$236 | \$225 | \$230 | \$254 |
| Avg RF price – account               | \$193 | \$206 | \$114 | \$203 | \$203 | \$221 | \$205 |
| Avg RM price - account               | \$170 | \$156 | \$146 | \$162 | \$151 | \$145 | \$151 |
| Avg RM price – editorial use         | \$132 | \$137 | \$131 | \$131 | \$126 | \$122 | \$133 |
| Avg RM price – commercial use        | \$423 | \$423 | \$425 | \$359 | \$389 | \$364 | \$357 |
| Avg price all RM images              | \$177 | \$165 | \$182 | \$170 | \$158 | \$151 | \$159 |
| Avg price all RF images              | \$192 | \$203 | \$201 | \$206 | \$206 | \$226 | \$213 |

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