



NEWS

A look at Alamy's 4Q Numbers

By Chris Ferrone March 29, 2009

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With Getty going private and absorbing Jupiter Images, and Superstock having gone bankrupt, for the first time in over a decade, the stock photo industry is without a publicly traded company within its ranks. We can no longer rely on industry leader Getty's SEC filings for indications of that company's health, nor for hints at wider trends in the industry. We do still, however, have the quarterly reports from Alamy, reports unusually detailed for a privately held company. The Oxford, UK based Alamy provides a number of stats from which we can extrapolate trends both at Alamy itself and in the industry at large. Their 4Q, 2008 report adds even more detail about Alamy's geographic sources of revenue,

as the company has provided revenue figures for the three main currencies in which it operates, US\$, Euros and British Sterling. Here's our analysis of what Alamy's 4Q'08 report reveals:

In order avoid misleading readers of its report because of wildly fluctuating currency exchange rates, the company split its revenue figures for the last five quarters by the three principal currencies in which it operates: US Dollars, British Pound Sterling and the Euro. As a result, in addition to seeing the direction of overall revenue trends at Alamy, we get a sense of its proportional geographic sources of revenue. Using average exchange rates for each currency over the respective quarters, we see Alamy generated about half (49%) its 2008 revenue in Pound Sterling, i.e., from its home market in the UK. Of the remaining 51%, about 38% came in US Dollar sales and the 13% in Euros. During the first half of the year, revenue in all three currencies showed promising growth rates, but by the end of the 4th quarter, the company had lost all these gains, with US\$ revenue down nearly 3% from 4Q07, UK£ revenue, down by 1.5% and the less significant Euro revenue down by 10.6% in 4Q08 as compared to 4Q07. These figures combined for a decline in total combined revenue of just under 2% for the same periods.

By our calculations, Alamy's total revenue for F'2008 came in at US\$28.6MM, representing a negligible increase of less than 1% over F'2007. Again, using the average exchange rates for the periods in question, Alamy's total revenue declined slightly from US\$6.69MM in 4Q07 to \$6.57MM in 4Q08. The drop in revenue from 3Q08 to 4Q08 was more dramatic, however, at 13% going from Alamy's peak quarterly revenue of \$7.53MM in 3Q08 to the \$6.57MM the following quarter. This all sounds rather dismal, but taken together with the average price figures cited below, Alamy does have cause to celebrate. If its average prices have dropped more steeply than its revenue, Alamy must be selling more images, no easy feat in the climate we experienced in 4Q08.

Average Prices for both RM and RF images have declined for both Commercial and Editorial uses. Alamy says its average price for Editorial use of an RM image has dropped 24% from \$129 in 4Q 07 to \$98 a year later. Over that same time, the average price for Commercial use of an RM image has decreased by 12% from \$350 to \$308. The average price for all RF images showed a 12.7% decrease from \$221 in 4Q07 to \$193 in 4Q09.

Alamy reports that as a percentage of Total Revenue, Editorial licenses represent 77% and Commercial, 23%. Further, Revenue from RM license accounts for 72% of the total and that from RF licenses, 28%. As a percentage of the numbers of images licensed, RM images represent 81% and RF images 19%. Combining these figures with the declining average price figures, we can deduce that the part of Alamy's business that represents the greatest portion of its revenue has shown the steepest drop in average prices.

With regard to Alamy's geographic sources of revenue as implied by the revenue/currency break-down, it's worth noting that the company generated 38% of its 2008 revenue from North America where, until February of this year, it never had a physical office. Alamy's [opening of a New York City office](#) shows it sees significant growth potential in the US market. Obviously, the company came to the US during challenging times. The commercial-use image market is down, but will, no doubt, come back (though exactly when is anybody's guess.) Many believe, however, that the best years of the magazine publishing industry in the US are well and irreversibly behind it. In the US, Alamy faces the daunting task of making a dent in an already crowded and highly competitive sector – commercial – from which, even in its existing markets, it earns a minority of its revenue while the sector where it derives the majority of its revenue – editorial – is on the skids in a way that has a feeling of permanence. Alamy's timing of its stand in North America, planned and announced well ahead of the current world economic crises, may not have been the best.

Web: <http://www.alamy.com>