

Public auction sales in France

2012
Activity Report

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Rapport d'activité 2012

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After a year 2011 marked by substantial modifications in French legislation – with the reform of 20 July 2011, the consultation process to elaborate its Application Decree and the preparatory work for the adoption and ministerial approval of a new Code of Deontology for the auction profession – 2012 was essentially a year of implementation. In 2012, the Conseil des Ventes Volontaires (CVV) 2012 was highly active on all fronts : internal development, contacts with the newly created departments of public authorities, and further dialogue with auction professionals, particularly in the framework of three decentralised projects (Nantes, Lille and Toulouse) to assess the impact of the market's evolution at the local level.

This eleventh annual activity report, which it is my pleasure to present, is that of a supervisory authority for an insufficiently known sector – the voluntary auctions sector – in which transparency, legal security and the quality of the services offered must be fully guaranteed. The CVV seeks to achieve this goal in the framework of a set of clearly redefined legal and economic missions and in accordance with the procedural methodologies described in its internal regulations that were completely revised in December 2012.

At the regulatory level, the CVV tackled a wide variety of issues during the year, but I shall mention only the most important in this forward.

In the first place, the CVV had to adapt its new intervention framework from a system of pre-activity licensing of auction operators (and its corresponding administrative control) to a declarative system with post-activity controls in the framework of its disciplinary powers.

Secondly, the CVV needed to conduct a thorough analysis of certain legal innovations whose interpretation could possibly generate problems (the inclusion of private sales; the contributions base of the CVV's financing; the future of auction operators' existing auditing mandates, etc.)

At the same time, the CVV had to make decisions regarding the lawfulness of certain media-publicised atypical sales involving contents that could be regarded as disrespectful of certain people's beliefs or sensibilities.

In an equally media-focused issue, the CVV made efforts to enforce the distinction between auction sales and online brokerage, and, by reminding operators of its new powers under the recently introduced legislation, to eliminate the confusion entertained by certain companies in the non-regulated sector.

In the framework of the CVV's above-mentioned legal activity in 2012,

two topics stand out, and both involved an in-depth examination in consultation with the auction profession :

- *the first was the need to renovate the training given to certified auctioneers. In the context of the opening of the auction market, the 2011 reform introduced the obligation to elaborate a mandatory, common and « integrated » training for the different professions linked to the auction market : certified voluntary and judicial auctioneers, sworn merchandise brokers, and, on an ancillary basis, solicitors, notaries and bailiffs. Looking beyond this legal requirement, the CVV decided to look into ways of adapting the training for certified auctioneers to the auction market's evolution in the current context of increasing international competition. The CVV's proposals regarding the level of education (bac + 3) and the contents of the training are expected to be adopted during 2013.*

- *the second, in line with 2011 reform, involved the identification and enumeration of sound professional practices that the CVV initiated in 2012 and which is also due to be finalised in 2013. The CVV primary objective with the Code of Deontology is to create a pragmatic tool based on shared knowledge and expertise. As an operating tool for auction professionals, the Code will be published on the CVV's brand new website and will be amended as and when is necessary.*

Lastly, but by no means the least of its tasks, the CVV has been busy in its auction sector oversight role and in the compilation of its annual activity report summarising the auction market's key developments.

At an economic level, the figures for 2012 are different in several areas from the figures for the previous year.

The auction market in France in 2012 showed good resilience despite the generally lacklustre economic context. Total auction turnover was up 1,9 % vs. 2011 reaching a new historical peak of 2.42 billion euro. The growth rate was however substantially slower than in 2011 (+8,6 %), and the three major sectors that contributed to it posted contrasting results : While the « Art & Collectibles » sector contracted 1.8 %, the « Horses » sector remained flat and the « Used Vehicles & Industrial Equipment » sector progressed + 6.5 %. Indeed the relative progressions of the different sectors produced a symbolically interesting result : The two largest auction operators by turnover (i.e. total amount adjudicated, excluding fees) are now both operators in the Used Vehicles & Industrial Equipment sector, having overtaken the two main globally-dominant players in the Art & Collectibles sector, Christie's and

Sotheby's. In 2012, close to 50 % of the total turnover generated by the auction sector in France was generated outside of the Art & Collectibles sector. These figures belie the media's frequent assimilation of the auction market with its Art & Collectibles sector, an idea that ignores the reality of the public auction sector in France.

Beyond these general trends, the CVV observed a number of underlying dynamics : further concentration of activity around a small number of operators (63 % of total turnover in the French auction market is generated by the 20 largest voluntary sales operators) particularly in the Used Vehicles & Industrial Equipment sector; market duality within the Arts & Collectibles sector with, on one side, several auctioneers, mainly Parisian, driving the sales figures, and on the other, a large majority of operators whose turnover figures have remained generally stable, but whose commercial profitability is eroding. The economic situations of a large number of operators therefore remain fragile and the sector could severely be impacted by a sharp contraction in market activity. In this context, it is more than ever important to remember the contribution that operators make to the vitality of local economic tissues and other professions in the value chain (valuers, restorers, logisticians, publishers, etc...). It would therefore not be in the general interest to weaken the legal and fiscal framework upon which these operators base their activities.

At the international level, the Art & Collectibles segment of the global auction market (the only segment that can be exhaustively analysed) posted a number of trend changes and, overall, a contraction, that some see as a positive development. China's auction turnover appears to have decreased by 22 % whereas that of North America increased 14,6 %. The overall contraction of global auction turnover amounted to -5,9 %. New-York was once again the world's primary auction marketplace, ahead of Beijing. Clearly, positions in the ranking of the world's auction marketplaces cannot be considered as permanent since the increasing internationalisation of markets has led to global competition between the different marketplaces. Nevertheless, in terms of market share, China still generates the largest share of global auction turnover (36,6 %) ahead of the United States (27,6 %), although the gap closed a little in 2012. The UK maintained its third place in the ranking, and France was fourth with (6 %), still substantially ahead of Switzerland, Germany and Canada. In fact, Germany, often cited as a model in economic comparisons, posted one of the world's sharpest auction market contractions in 2012 (- 21 %).

On the whole, the voluntary auction sales sector in France posted growth. I am still confident in the capacity of France's auction profession to adapt to new situations and to ensure, in an independent

and transparent manner, the integrity of its auction sales. In an increasingly deregulated competitive environment, it is by ensuring quality of service to buyers and sellers that auction operators will strengthen their positions and consolidate their advantages. These include clearly established sale agreements, accurate descriptions of the goods being offered for sale with provenance and origin guarantees, complete control over operations, security of the financial transactions for sellers, transparency in determining hammer prices, respect of obligations regarding the obligation to declare suspicions of money laundering, monitoring of bids and online payment.

For its part, the Conseil des Ventes will continue to support auction operators by ensuring that the commercially attractive concept of auction sales not be exploited abusively. In its mission to formulate legal and regulatory recommendations to government, it will highlight the importance of a clarification of the legal framework.

The future of the regulated auction sector cannot be considered a foregone conclusion. It depends primarily on the auction companies and their certified auctioneers. The legal framework that was reformed by the Law of 20 July 2011 has introduced new opportunities for auction operators such as permission to conduct private sales and to sell new goods. These two areas will be closely monitored over the coming years. In addition, the remarkable rise in the use of Internet in auction sales (accounting for 373 million €, i.e. 15 % of the France's aggregate auction turnover in 2012) reflects the eagerness of auction professionals to exploit all the opportunities that this instrument can provide. The « Internetisation » of the market will undoubtedly continue as operators adapt to client usage preferences and seek to attract new customers in segments of the population that do not (or no longer) attend physical sales rooms.

In concluding this forward I would like to express by sincere gratitude to, first and foremost, the members of the Conseil des Ventes for their regular and sustained commitment to the activities undertaken and for their active participation in the collegial functioning of the institution to which I am attached. I am also very grateful to the Government Commissioner for his perseverance both in the areas of mediation and of deontology. Lastly I wish to thank the different departments of the CVV for their dependability and support, and for their contribution to the smooth functioning of this supervisory authority, whose primary objective is to guarantee the quality and security of the market.

The President
Catherine Chadelat

I. Presentation of the Conseil

The Conseil des ventes volontaires de meubles aux enchères publiques, more commonly known as the “Conseil des ventes volontaires” (or CVV), was established by the Law no. 2000-642 of 10 July 2000 which introduced a new regulatory framework for voluntary sales of movable assets by public auction and, notably, eliminated the monopoly enjoyed by France’s commissaires-priseurs (certified auctioneers) over voluntary sales.

With this legislation as its foundation, in 2011 the government introduced the Act of 20 July 2011 which modified the CVV’s status from that of a simple company to that of a Public Utility Institution and endowed the CVV with the status of a market supervisor.

The CVV ensures the correct functioning of the French public auctions market for the benefit of its users (buyers and sellers). Its composition, powers and resources are mainly regulated by the provisions of Articles L.321-18 to L.321-23 and R.321-36 to R.321-55 of the French Commercial Code.

A. Missions – Powers – Duties

The Act of 20 July 2011 has substantially modified the powers of the Conseil. On the one hand the Act has lifted the obligation for operators to obtain an operating license from the CVV, and on the other hand, it has entrusted the Conseil with a range of new powers.

Henceforward the CVV is responsible for :

- Registering the declarations submitted by the auction operators (AOs). Under the terms of Article L.321-4 of the French Code of Commerce, AOs must make a prior declaration of their activity to the Conseil before commencing their operations. Failure to do so will result in the sanctions stipulated in Article L.321-15 of the French Code of Commerce. This declaration must be accompanied by documentation proving that the new operator can provide certain guarantees required by law for the conduct of public auction activities,

Fauteuil crocodile I
Claude Lalanne (1925)

Montant adjugé: 1 150 000 €
Bronze et crocodile. 80 x 80 cm
Paris, 06 juin. Sotheby's
© Sotheby's/ ArtDigital Studio



particularly with respect to its organisation, its resources, transaction security, the integrity of its directors and the qualifications of its auctioneers.

- Keeping a record of all EU or EEA citizens who declare the conduct of voluntary auction sales on an occasional basis in France.
- Taking appropriate action in the event of a market operator's violation of its legal, regulatory and professional obligations. The new Act has considerably modified the Conseil's disciplinary powers. All disciplinary proceedings are undertaken by the Government Commissioner on the basis of claims received or observations made on his own initiative. The person (or company) against whom the claim is levelled (the respondent) is invited to examine the complaint and to respond to its content. If the Government Commissioner decides to pursue the case, he instructs the respondent to attend a hearing before the Conseil's disciplinary team. At this hearing, both sides of the dispute are heard and each party's rights to legitimate defence are respected. When the Government Commissioner has put forward his conclusions, the respondent is given the last word. The CVV may impose a range of sanctions including a warning, a verdict of guilt, a temporary (maximum 3-year) or definitive suspension of part or all of the Respondent's activity, and a temporary (maximum 3-year) or definitive prohibition from organising auction sales. The Conseil's decisions may be appealed via the Paris Appeal Courts. The Conseil's decisions do not in any way prejudice or substitute civil or criminal legal sanctions.
- Monitoring respect by auction companies of their obligations regarding anti-money-laundering and terrorism financing (AML-TF).
- Identifying sound practices and promoting service quality via consultation with professionals in the sector. This is one of the CVV's new missions.
- The elaboration of a Code of Deontology after consultation with representative professional organisations. This latter duty also represents a new mission for the CVV (see below, Chapter 3).
- Monitoring the auction economy. For several years now, the Conseil has presented an annual economic analysis of the auction market.

- Formulating proposals for legislative and regulatory changes (another new power).

Lastly, the Conseil des ventes ensures, in conjunction with the National Chamber of Judicial Auctioneers, and more recently with the National Council of Sworn Merchandise Brokers, the organisation of the professional training of future certified auctioneers wishing to obtain the qualifications required to manage auction sales. After an access examination, the training includes theoretical and practical instruction that leads towards a certificate of aptitude. On questions of training, the Conseil collaborates with the competent authorities of other EU Member States to facilitate the application of Directive 2005/36/CE of 7 September 2005 relating to the mutual recognition of professional qualifications.

- The Conseil publishes an annual market activity report that is submitted to the government and made available to market participants. To accomplish its missions, the Conseil performs a number of market monitoring activities, the conclusions of which are also published in this annual report.

In accordance with Article R321-18 of the French Code of Commerce, the Conseil des Ventes has drawn up a new set of Internal Regulations that determine, among other elements, its functional methodology and the organisation of its services. As regards its disciplinary functions, the internal regulations also determine the format (composition in terms of members) and procedures applicable to the CVV's Disciplinary Committee. The Internal Regulations were approved on 21 November 2012 and published in the Official Journal (Journal Official) on 14 December 2012.

B. Composition

■ *As at 1 January 2012*

The Conseil des ventes has eleven members each appointed for four years.

The Keeper of the Seals (Garde des Sceaux), the Minister for Justice, appoints a member of the State Council, two Supreme Court councillors, a member of the State Audit Office, an auction profes-

sional's representative and a distinguished consultant. The Minister for Culture appoints an auction professionals' representative, a distinguished consultant and an appraiser. Lastly, the Minister for Trade appoints an auction professionals' representative and a distinguished consultant.

An equal number of deputies are also appointed in the same manner. Each member's four-year mandate may be renewed once. The President is appointed by the Keeper of the Seals from among the members of the Council of State, the Supreme Court and the State Audit Office.

The members of the Conseil are not remunerated for their services.

A public prosecutor is appointed by the Keeper of the Seals to perform the functions of Government Commissioner for the Conseil des ventes. A Deputy is appointed in the same manner.

The functioning of the Conseil is described in its Internal Regulations.

Following the Government Decrees of 7, 10 and 11 October 2011 published in the Journal Officiel on 12 October 2011, the Conseil has the following members :

Chairman

Catherine CHADELAT, conseiller d'État (State Councillor)

Regular members

Francine BARDY, Supreme Court Councillor

Pierrette PINOT, Supreme Court Councillor

Philippe LIMOUZIN-LAMOTHE, Senior auditor at the State Audit Office

Bernard VASSY, Auction company director

Vincent FRAYSSE, Auction company director

Jean-Claude ANAF, Auction company director

Philippe AUGIER, former auction company director

Jean-Claude MEYER, collector

Jacques LEPAPE, General Inspector of Taxes

Sabine BOURGEY, numismatics expert

Government Commissioner

Éliane HOULETTE, Advocate-general

Alternates

Marc SANSON, State Councillor

Martine RACT-MADOUX, Supreme Court Councillor

Gérard PLUYETTE, Supreme Court Councillor

Gilles ANDREANI, Senior Auditor at the State Audit Office

Cyrille COHEN, Vice-President of an auction company

Francis BRIEST, Co-President of an auction company

François de RICQLES, President of an auction company

Christian DEYDIER, President of the French National Union of Antique Dealers

Christine de JOUX, National Heritage Officer

Jacques ROSSI, Lawyer

Dominique CHEVALIER, Antique dealer and appraiser

Government Commissioners

Pierre KRAMER, Advocate-general

Michel PECONDON – LACROIX, Advocate-general

C. Resources

The CVV's annual budget amounts to 1.8 million euro. It is financed by mandatory contributions from the supervised auction entities. This contribution was restructured in 2012 and the new amounts will be applied to the 2013 contributions (see point IV).

The CVV has a number of services that are directed by its President. The General Secretariat is, under the authority of the President, responsible for the administration and management of the Conseil. It prepares and implements the decisions of the Conseil's President. The General Secretariat had a headcount of eight staff at 1 January 2013: Two seconded civil servants, five staff members on permanent contracts, and one receptionist employed via an external service provider. The Government Commissioner has a member of the police force who is made available to the Conseil by the Interior Ministry in exchange for the reimbursement of his salary and a secretary, seconded and paid by the Conseil. In total, eleven people participate in the accomplishment of the CVV's missions.

Details of the financial resources are provided in a special chapter of this annual activity report. The CVV's financial and accounting management is audited by the State Audit Office.

II. Members and General Secretariat of the Conseil

Chairman

1 | Catherine CHADELAT
State Councillor



Regular members

2 | Francine BARDY
Supreme Court Councillor



3 | Pierrette PINOT
Supreme Court Councillor



4 | Philippe LIMOUZIN-LAMOTHE
Senior auditor at the State Audit Office



5 | Bernard VASSY
Auction company director



6 | Vincent FRAYSSE
auction company director



7 | Jean-Claude ANAF
auction company director



8 | Philippe AUGIER
former auction company director



9 | Jean-Claude MEYER
collector



10 | Jacques LEPAPE
General Inspector of Taxes



11 | Sabine BOURGEY
numismatics expert



Government Commissioner

12 | Éliane HOULETTE
Advocate-general



Alternates

13 | Marc SANSON
State Councillor



14 | Martine RACT-MADOUX,
Supreme Court Councillor



15 | Gérard PLUYETTE
Supreme Court Councillor



16 | Gilles ANDREANI
Senior Auditor at the State Audit Office



17 | Cyrille COHEN
Vice-President of an auction company



18 | Francis BRIEST
Co-President of an auction company



19 | François de RICQLES
President of an auction company



20 | Christian DEYDIER
President of the French National Union of Antique Dealers



21 | Christine de JOUX
National Heritage Officer



22 | Jacques ROSSI
Lawyer



23 | Dominique CHEVALIER
Antique dealer and appraiser



Secrétaire général
24 | Loïc LECHEVALIER



III. Departmental structure

General Secretariat

Thierry SAVY

Referendary advisor at the State Audit Office
(Replaced by Loïc LECHEVALIER, Senior administrator for the City of Paris, beginning January 2013)
General Secretary

Pierre TAUGOURDEAU

Deputy General Secretary
Responsible for legal matters

Catherine BARON

Administrative Director
Professional training
Supervision of auction market and operators

Ariane CHAUSSON

Communications Officer

Patricia COLOMBIER

Accounting manager
Declarations, deposits and contributions of auction operators

Sylvie MARLY

Assistant to the President and the General Secretary
Preparation of Conseil's dossiers

Manuella EDMOND – Receptionist

Fatiha MESSAOUD – General services

Government Commissioner's Services

Eliane HOULETTE

Government Commissioner

Annie MATTEI - Investigating officer

Céline CHAVRIER - Secretary



Album impérial sur soie intitulé Zhigongtu
Chine, dynastie Qing, période Qianlong (1736 - 1795)

Montant adjugé : 6 300 000 €

Peint à l'encre et couleurs sur soie, composé de 38 doubles-pages insérées entre deux couvertures de bois. Provenance : F. Langweil. Drouot Richelieu, 12 juin - SVV Christophe Joron-Derem.

© SVV Christophe Joron-Derem

Le bilan économique 2012 des ventes volontaires aux enchères publiques

Methodology

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Les ventes volontaires aux enchères publiques en France

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Les ventes aux enchères sur le secteur «Art et objets de collection» dans le monde en 2012

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I. Introduction

Every year, since 2003, the Conseil des ventes volontaires (CVV) presents an Economic Activity Report focused on the voluntary public auctions market in France and based on the results of its annual survey of the market. For the last three years, the CVV has extended its annual survey to cover the global auction market and included a chapter on International Auction Market, with a particular focus on the Art & Collectibles sector. This chapter has considerably enhanced the utility of its Economic Activity Report and provides a highly pertinent vantage point for the analysis of France's place in this global market. The Art & Collectibles sector includes fine art (paintings, sculptures, drawings, photography, prints etc.), but also antiques, artefacts and collectibles (stamps, coins, comics, old books, collection vehicles, toys, etc.).

In order to provide accurate quantitative analyses of the international market, the CVV uses an approach based on a statistical analysis of the data that ensures the highest possible quality of the figures provided. Using the experience of our work compiling the 2009, 2010 and 2011, the CVV decided to pursue its collaboration with the company Bluestone, formerly Noeo Conseil, a consulting firm specialised in information management.

II. Measuring the activity of French auction operators

2.1. Presentation of the questionnaire

At the national level, the exact condition of the auction market and its evolution is gauged and measured via a questionnaire that is sent to all declared voluntary auction operators. The survey requests information on their hammer price totals (i.e. total auction turnover excluding fees) in the previous calendar year, broken down per sales category. The categories used to classify sales in different segments are now stable, thereby ensuring the continuity of the statistical series

presented. In effect, operators' annual auction revenue is divided into 16 categories that fall into the three major sectors used in the analysis of the auction market: Art & Collectibles, Used vehicles & Industrial Equipment and Horses.

In addition to this turnover-related information, the operators are invited to indicate their staff numbers and their use of internet, i.e. whether they possess their own website or use external websites and what use they make of such sites. The survey does not seek information of a financial nature (profit or income data) via this survey. The financial information is acquired through other standard channels (mainly financial statements).

This year, the questionnaire contained some new questions concerning :

- Sales of new goods and so-called private sales: As the new law introduced in 2011 allows auction operators to conduct sales of new goods and private sales, some questions were introduced to measure the growth of these activities.
- Internationalisation of sales: the new questionnaire also contains a section of questions concerning foreign buyers and foreign sellers.

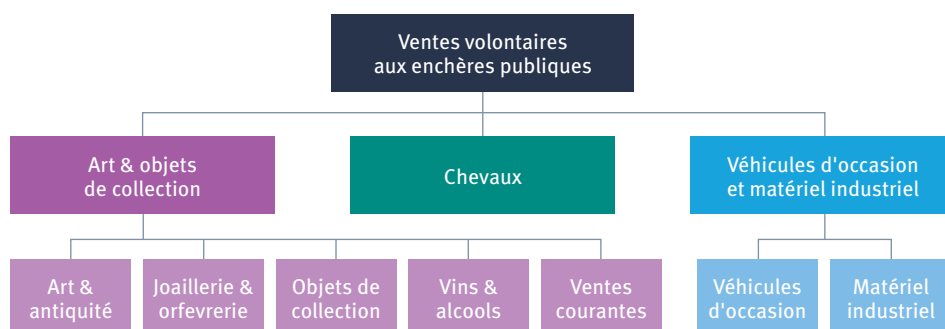
The image shows three screenshots of the questionnaire form. The first screenshot is titled 'REPARTITION DU MONTANT DES VENTES ZELZ PAR CATEGORIES D'OBJETS' and contains a table with columns for 'Montant des ventes ZELZ', 'Montant des ventes hors ZELZ', 'Montant des ventes hors ZELZ', and 'Montant des ventes hors ZELZ'. The table is mostly empty with a large 'X' drawn over it. The second screenshot is titled 'USAGE DE L'INTERNET' and contains fields for 'Oggetti venduti sul sito web? S/No', 'Numero di vendite on-line?', 'Per quanto tempo?', 'Montanti aggiudicati on-line?', 'Oggetti venduti attraverso piattaforme? S/No', 'Numero di vendite on-line?', 'Per quanto tempo?', and 'Montanti aggiudicati? (vedi question 1)'. The third screenshot is titled 'INTERNATIONALISATION' and contains fields for 'Montant des adjudications réalisées en France auprès d'acheteurs étrangers (K)' and 'Montant des adjudications réalisées en France de biens provenant de vendeurs étrangers (K)'. There are also checkboxes for 'France', 'Etranger', and 'Autre'.

2.2 The operators studied

The questionnaires were sent to 412 operators during the first half of December 2012. At end-February 2013, when the survey closed, only 32 companies (7.5%) had not returned their survey responses compared with 4% in 2011. The higher non-response rate in 2012 was essentially related to the new companies that registered with the CVV during the year, as the smaller companies generally post a higher non-response rate than the larger companies. However, in terms of auction turnover, the performance is almost identical in 2012 as in 2011 with, les non respondents representing less than 1.5% of the total turnover generated by French auction operators in the year.

2.3 Sector breakdown

As indicated above, the categories used to break down sales into different segments are now stable, ensuring the continuity of the statistical series presented. Each of the three major sectors have intermediate segments.



The definition of the Art & Collectibles sector is similar to that stipulated in French tax legislation (Article 98 A of Annex III of the General Tax Code) which defines product categories described collectively as art objects, antiques and collectibles. For our purposes, the following sub-segments have been added to this category :

- Wines & Spirits: because they are sold in the same manner ;
- Miscellaneous: in the vast majority of cases these are sales of an assortment of art objects, artefacts and craftworks that are difficult to classify in any one particular category.

It should also be noted that France's regional operators, with modest revenues, tend to group their sales of artworks, antiques and wines & spirits in the Miscellaneous category.

2.4 Data processing

2.4.1 Sector breakdown

On the basis of these figures, we have classified the auction operators into different categories. Operators that generate less than 95% of their total auction turnover excluding fees from a single category have been classified as 'Generalist'. All other operators have been assigned to the category from which they generate more than 95% of their total auction revenue excluding fees.

Where certain information is not measurable, we assign the operator to a category on the basis of previous years' survey data.

2.4.2 Missing data

In order to account for the economic weight of the operators that did not respond to our survey, we reconstituted the missing figures. The methodology applied was as follows: The total auction turnover figures (excluding fees) generated by each operator have been aggregated per sector and per year in order to calculate the average annual rates of change.

On the basis of previous years' figures and the rates of change measured in the different categories, the missing turnover data has been estimated at 24 million euros, i.e. less than 1% of France's aggregate turnover. In view of the distribution of the values, the error margin at 1% on France's aggregate turnover is therefore approximately $\pm 1,000,000$ euros, giving an excellent confidence interval.

In addition, certain operators did not break down their annual turnovers into sub-segments. In these cases, we have applied the same sub-segmentation as used for the previous years' data. In the case of operators identified as Generalists, the 2012 turnover was attributed to the two sectors Art & Collectibles and Used Vehicles & Industrial

Equipment on the basis of the observed average proportions that these two segments represent for Generalists whose sub-segmentation is known.

III. Measuring global turnover on the Art & Collectibles segment

In order to provide international perspective for the French market, the CVV's 2010 annual report presented, for the first time, an analysis of the global auction market that involved identifying all the auction operators throughout the world and then determining their turnover figures.

The 2012 annual report has pursued this initiative and presents an overview of the global auction market and the turnover figures of its operators for the year 2012. The methodology used for the elaboration of the 2010 annual report by Bluestone, our external data management company, has remained essentially the same for the 2012 report. The methodological annex in the 2010 report is therefore still relevant.

Nevertheless, for convenience we reiterate the key aspects of the techniques used. The methodology involves three steps :

3.1 Identification of the auction operators

The first step was to update the exhaustive list of global auction operators that organised at least one physical or online sale in the Art & Collectibles segment last year.

This list is compiled by consulting numerous information sources (mainly periodicals and specialised websites) and the information obtained is systematically cross-checked. This initial phase identified nearly 22,000 operators worldwide that organise auction sales (all domains and segments combined). After exclusion of operators uniquely active in other segments like Used Vehicles & Industrial Equipment, we obtained an initial list of approximately 11,000 operators potentially capable of organising auction sales in the Art & Collectibles segment. Research is then conducted via internet to check whether each operator on the list was active or inactive during the year in question and organised at least one sale in the Art &

Collectibles segment. This eliminatory work reduced the number to a total of 2,601 operators active in the Art & Collectibles sector in 2012 worldwide. Here, "active" means having organised at least one sale in this sector during the year.

This total was down slightly from 2011. In 2011, the CVV identified 2,640 operators using the same criteria.

For each operator, the sources that mention them have been noted in order to establish an initial simplified notoriety indicator.

3.2 Data collection

Operator turnover figures are collected using a highly specific procedure :

- searches on Internet, starting with the websites of the operators themselves :
 - by direct observation of the annual turnover figures, mainly communicated via press releases and announcements on these websites ;
 - by adding all the sales results figures together (when published), either sale by sale, or lot by lot, depending on the type of information available.
- by sending an email request for information to operators whose figures are not available online.
- lastly, in the event of no-response, we try to collect the information we are seeking by contacting operators directly by telephone.

This method was applied systematically to all the operators identified.

Using this method, we managed to obtain turnover figures for 1,494 of the 2,601 operators identified in 2012, i.e 57% of the total number (versus 50% in 2011). Our data collection was therefore more successful in 2011. We also took the advantage of our contacts with the operators to collect information concerning no less than 148 variables that describe each operator in detail.

3.3 Econometric modelling

At this stage in the process, to determine the total global auction revenue we needed to calculate the missing data for the operators whose revenue figures we were unable to obtain.

In the first stage described above, we observed variable rates of data completeness between different countries as well as enormous disparities in the turnover figures of different countries and different regions within countries. The extreme heterogeneity of the gathered data prohibits the use of a single variable sufficiently correlated to the observed sales to simply extrapolate and deduce the values of the unobserved revenues figures.

3.3.1 Modelling

We therefore chose to use a multivariate method. Based on the notion that the operator turnover figure we are seeking must necessarily depend on a number of different variables such as the operator's principal characteristics (sector of activity, date of creation, language of website, etc.), its notoriety (number of links and web references, Google, etc.), the type of sales it organises (number of sales, miscellaneous, catalogued, prestige, etc.) and its geographical location, we have devised equations that, to simplify, attribute a specific coefficient to each variable. This is the most technical stage of the process. It is based on the companies whose turnover figures are known and which it has therefore been possible to model. This is necessarily a step-by-step approach with back-steps, adjustments and estimates.

During this stage, certain structural differences between operators, sectors and countries added further complications to the exercise by requiring the construction of more than one equation. For example, the variable relating to prestige sales does not have the same influence in Asia as it does in other countries. The net result is that six different models were implemented, for which the most significant variables were identified. This exercise allowed us to calculate the unobserved operator turnover figures.

3.3.2 Validation

Before finally validating the method, performance tests were conducted on the French operators' data which can be considered the most reliable. The auction turnover figures, randomly hidden, of 50% of these operators was re-calculated by modelling and compared to the real data. This operation was performed 400 times. The results were extremely encouraging with an average difference from the real figures of 0.14%. Lastly, at the global level, confidence intervals were measured: The aggregate turnover for 400 different groups of 1,800 out of the 2,601 operators identified worldwide was calculated (each of the 400 groups randomly including those whose turnover is known with those whose turnover is not known) and the equations were applied to these aggregate turnover figures. After comparing the average of the 400 aggregate turnover figures thus estimated with those obtained using the econometric method, we observed a very satisfactory confidence interval estimated at +/- 1.5%.

In conclusion, this exercise allowed us to calculate the global auction turnover for 2012 from the 54 countries that are active in this market (Art & Collectibles). The proportion of the aggregate turnover figure representing data calculated by using the econometric method, even if it concerns the numerical majority of the operators, is in fact low (16.3%) but slightly higher than last year (close to 11.2%). Finally, in terms of data quality, we estimate a 95% probability that the error margin on the global auction turnover figure will be within +/- 1.5% (the confidence interval is defined above).

**Écran en bois tropical zitan et
disque bi en néphrite blanche
finement sculpté, daté du début
octobre de l'année bingxu de
Qianlong (1766)**

Montant adjugé : 1 040 000 €
H 26,5 L 18,5 cm diam. du disque bi 13,5
cm. Chartres, 28 octobre. Galerie de
Chartres SVV
© Galerie de Chartres



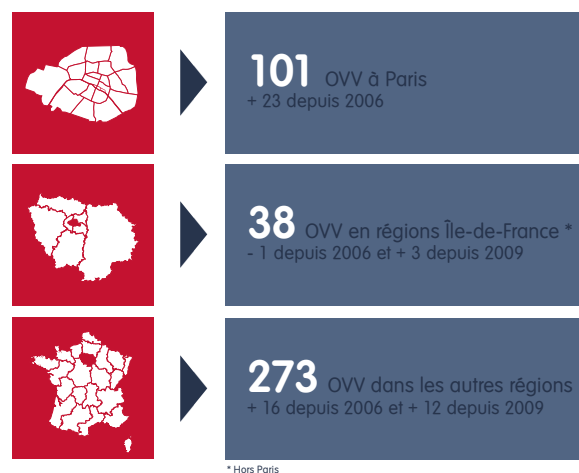
I. Presentation of Voluntary Auction Operators

A. Structure

At 31 December 2012, the number of Voluntary Auction Operators (VAOs) registered with the Conseil des ventes volontaires (CVV) stood at 412, up 4% from 396 a year earlier. Between these two dates, 5 operators ceased trading, 2 were absorbed by other companies, 5 merged into a single entity and 28 new VAOs were created.

The high number of new companies can be explained by the opportunities created by the reforms of 2011, which paved the way for merchandise brokers to carry out auctions under certain conditions. In 2012, eight brokers registered as auction operators with the CVV.

Following the creation of these new structures, Parisian operators represented 24.5% of France's total (after 22.7% in 2011) and the surrounding Ile-de-France region represented 33.7% (vs. 32.6% in 2011) while the weight of France's regions fell slightly (to 66.3% from 67.4% in 2011).



The number of operators conducting only voluntary auctions (including the 8 news brokers certified as auction operators in 2012) continued to grow. Over the last five years it has risen from 58 (in 2007) to 102 in 2012 (94 excluding the brokers). However, the number of French operators backed by judicial sales activities was still high: our figures suggest 310 in 2012, equivalent to three quarters of the total.

Number of Voluntary Auction Operators (VAOs)

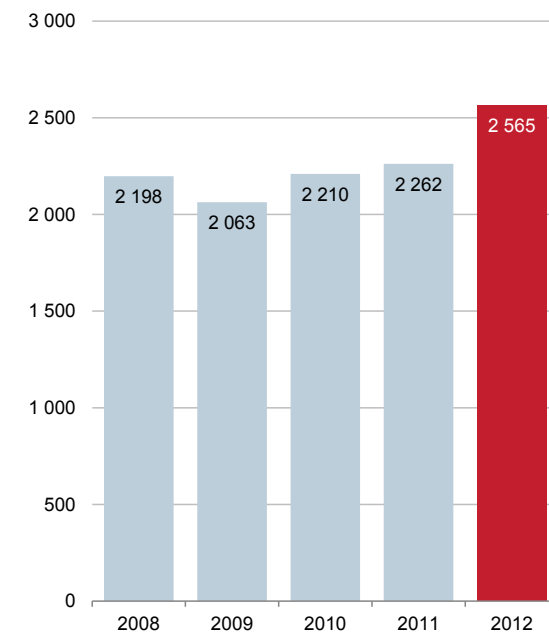
	2002	2007	2008	2009	2010	2011	2012
OVV adossées à des études de CPJ	317	323	324	318	316	313	310
OVV uniquement « volontaires » *	23	58	62	67	77	83	102
Total	340	381	386	385	393	396	412

CPJ : commissaires-priseurs judiciaires

B. Employment patterns among VAOs in 2012

In 2012, VAOs employed 2,565 people, up 13% compared to 2011.

Trends in VAO staff numbers



Most of the new jobs created in 2012 were open-ended contracts, which represented 78.9% of declared staff at end-2012 compared

with 76.9% in 2011. The proportion of fixed-term contracts remained stable, as did the number of trainees. The percentage of temporary staff fell from 13.8% in 2011 to 11.0% in 2012.

2012 breakdown of VAO employees by contract type

			2012	
			Effectifs	Part
CDI	commissaires priseurs	Temps plein	247	9,6%
		Temps partiel	41	1,6%
	autres salariés	Temps plein	1 410	55,0%
		Temps partiel	327	12,7%
CDD	commissaires priseurs	Temps plein	3	0,1%
		Temps partiel	5	0,2%
	autres salariés	Temps plein	106	4,1%
		Temps partiel	23	0,9%
Stagiaires	Temps plein	88	3,4%	
	Temps partiel	32	1,2%	
Intérimaires			283	11,0%
Total			2 565	
Progression annuelle			13%	

These figures concern the number of salaried contracts rather than the number of people actually employed by these contracts as a single employee may have contracts with several different companies).

The average number of salaried staff per VAO depends largely on the volume of activity of the company in question. In 2012, the growth operator headcounts was fairly uneven, depending on the size of the companies. Among the smaller operators (in terms of auction turnover), the average number of salaried employees changed little. By contrast, as we move up the ranking to consider operators with higher turnover, the number grows more than proportionally. In 2011, the largest operators already recruited significant numbers of new employees. In fact, we have observed that as business volume increases, the more the operators need structures capable of offering a range of services (accounting and legal services, computing, appraisal, logistics, marketing, communication, etc.) and that these requirements grow faster than the growth in volume of business. The increase in employee numbers and their distribution among the different types of VAO reflects the growing concentration of the market around a small number of operators, whose influence on the market increased again last year, particularly in the used vehicles

domain. When several companies merge into a single entity, the new structure takes on new staff who can offer complementary services that smaller operators cannot provide.

Tranche d'adjudication (en millions d'euros)	Nombre d'OVV	Effectif salarié (hors stagiaire)		
		CDI	CDD	Total
> 50 M€	9	465	48	513
[10-50] M€	27	409	17	426
[1-10] M€	202	897	53	950
< 1 M€	174	254	19	273

C. Financial position of VAOs

With a view to extending the economic analysis of the market and continuing the work presented in previous reports, the data concerning auction turnover has been complemented by details of the financial positions of each VAO. This data was collected from the non-nominative exploitation of balance sheets and earnings statements filed with the clerk of the commercial court in accordance with Articles L. 232-21 et seq. of the French Code of Commerce. The financial statements available at the time of writing this report relate to 2011. Five years of data are therefore presented below. Note that 2007, which was a remarkable year for auction sales, preceded two years of crisis (even if the overall data for the French market in 2009 was positive thanks to the sale of the Pierre Bergé - Yves Saint Laurent collection) before the market recovered somewhat in 2010.

Our analysis was limited to the examination of operators' accounting profits and operators' incomes which are not the same thing as their sales turnovers: the latter are recognised in third party accounts, whereas the former corresponds to the sum of the different incomes that the operators receive. The data used in our analysis is dependent on the quality of the information available.

Note also that although the law of 20 July 2011 (which came into force on 1 September 2011) enables auction operators to widen their activities beyond voluntary auction sales, the 2011 income figures consisted almost exclusively of income directly related to operators' auction activities: buyer and seller fees, valuation estimates, appraisals and auction room sharing, etc.

In 2011, our financial analysis considered 364 companies (out of a total of 396 certified operators). The difference is explained by the fact that certain annual accounts were not or are no longer available (not yet filed, or first 18-month period of activity not terminated at end-2011). The data is therefore presented as averages for each defined activity segment.

We have grouped the operators according to their annual auction turnovers (not incomes) in four different tranches. The following tables present first of all the raw data as collected: income and profit of operators per auction turnover tranche. Two other tables (compiled from the first series) present the averages obtained from dividing the raw data by the number of operators. The last table offers several ratios compiled from these averages.

Raw data

Tranches d'adjudication	Nbre OVV					Montant des adjudications hors frais				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
[0 - 1 [M€	129	143	136	128	137	74 259 070	78 731 707	73 846 998	69 552 915	74 499 886
[1 - 10 [M€	192	184	188	190	190	580 412 370	512 428 528	535 095 205	576 670 797	582 855 722
[10-50[M€	28	35	29	29	29	590 834 015	722 878 944	599 366 380	628 168 095	613 754 682
> 50 M€	12	9	10	9	8	938 409 442	754 556 457	1 019 462 263	849 298 787	929 962 865
TOTAL	361	371	363	356	364	2 183 914 897	2 068 595 636	2 227 770 846	2 123 690 594	2 201 073 155

Tranches d'adjudication	Nbre OVV					Chiffre d'affaires				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
[0 - 1 [M€	129	143	136	128	137	24 533 259	25 381 700	24 186 308	21 266 384	24 125 820
[1 - 10 [M€	192	184	188	190	190	154 665 974	144 957 941	151 681 253	165 634 393	168 862 043
[10-50[M€	28	35	29	29	29	112 785 796	127 436 526	126 947 352	151 388 340	152 715 774
> 50 M€	12	9	10	9	8	229 195 724	207 672 896	248 467 928	241 683 817	272 406 063
TOTAL	361	371	363	356	364	521 180 753	505 448 064	551 282 841	579 972 934	618 109 700

Tranches d'adjudication	Nbre OVV					Résultat				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
[0 - 1 [M€	129	143	136	128	137	1 747 613	1 147 310	335 165	1 305 520	1 166 064
[1 - 10 [M€	192	184	188	190	190	14 299 276	7 406 146	7 706 479	10 266 894	5 831 236
[10-50[M€	28	35	29	29	29	8 106 088	103 627	10 190 580	5 659 092	9 490 729
> 50 M€	12	9	10	9	8	20 942 602	4 433 237	15 103 604	19 957 121	14 669 219
TOTAL	361	371	363	356	364	45 095 579	13 090 320	33 335 828	37 188 627	31 157 248

The above tables show that total income generated by all operators rose by 6.5% in 2012 to EUR 618.1 million. At the same time, total 2011 profits amounted to EUR 31.15 million corresponding to a 16% decrease, and well below the 2007 level.

Average data

Average income

Tranches d'adjudication	Nbre OVV					Chiffre d'affaires moyen (€)					Evolution 2011/2010
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	
[0 - 1 [M€	129	143	136	128	137	190 180	177 494	177 841	166 104	176 101	6,0%
[1 - 10 [M€	192	184	188	190	190	805 552	787 815	806 815	871 760	888 748	1,9%
[10-50[M€	28	35	29	29	29	4 028 064	3 641 044	4 377 495	5 220 288	5 266 061	0,9%
> 50 M€	12	9	10	9	8	19 099 644	23 074 766	24 846 793	26 853 757	34 050 758	26,8%
Toutes tranches comprises	361	371	363	356	364	1 443 714	1 362 396	1 518 686	1 629 137	1 698 104	

Average profit

Tranches d'adjudication	Nbre OVV					Résultat moyen (€)					Evolution 2011/2010
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	
[0 - 1 [M€	129	143	136	128	137	13 547	8 023	2 464	10 199	8 511	-16,5%
[1 - 10 [M€	192	184	188	190	190	74 475	40 251	40 992	54 036	30 691	-43,2%
[10-50[M€	28	35	29	29	29	289 503	2 961	351 399	195 141	327 267	67,7%
> 50 M€	12	9	10	9	8	1 745 217	492 582	1 510 360	2 217 458	1 833 652	-17,3%
Toutes tranches comprises	361	371	363	356	364	124 919	35 284	91 834	104 462	85 597	

Some ratios

Tranches d'adjudication	CA / MMA					RESULTAT / MMA					RESULTAT / CA				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
[0 - 1 [M€	33%	32%	33%	31%	32%	2,1%	1,5%	0,5%	1,9%	1,6%	7,1%	4,5%	1,4%	6,1%	6,8%
[1 - 10 [M€	27%	28%	28%	29%	29%	2,5%	3,4%	1,4%	2,8%	1,0%	9,2%	5,2%	5,1%	6,2%	3,5%
[10-50[M€	19%	18%	21%	24%	25%	1,4%	0,0%	1,7%	0,9%	1,3%	7,5%	0,1%	8,0%	3,7%	0,2%
> 50 M€	24%	28%	24%	28%	29%	2,2%	0,6%	1,5%	2,3%	1,6%	5,1%	2,5%	6,1%	8,3%	5,4%
Toutes tranches comprises	24%	24%	25%	27%	28%	2,1%	0,6%	1,5%	1,8%	1,4%	8,7%	2,6%	6,0%	6,4%	5,0%

AHP = average auction turnover (total turnover per turnover tranche / number of VAOs in tranche under consideration)

Analysis of the average data reveals that the overall good level of auction turnover and operator incomes in 2011 masked a general deterioration in profits and wide disparities in the financial health of the operators in the different turnover tranches :

- **Annual operator turnover of less than EUR 1m**

In 2011, the auction turnover in this tranche returned to 2009 and 2007 levels and was therefore stable over the 5-year period 2007 - 2011. Average income, despite a recovery in 2011, remained below its 2007 level. Average profit remained very low and the tranche as a whole still looked fragile.

- **Annual operator turnover of between EUR 1m and EUR 10m**

This is the largest tranche in terms of the number of operators. In 2011, turnover climbed back to its 2007 level. Although operator income was steady over 2010-2011, profits fell a steep 43%, due in large part to the under-performance of one company. This would suggest that most operators in this tranche are having difficulties; while maintaining their volumes of activity, they are struggling to implement the restructuring needed to reduce costs.

- **Annual operator turnover of between EUR 10m and EUR 50m**

Turnover in this tranche was fairly stable (-2.3%) over 2010 and 2011, as was average income (+1.9%). Average profits rose, after an erratic trend since 2009. Analysis of earnings ratios suggests a sharp recovery in profitability over 2010 and 2011, but this was partly thanks to a single operator that generated exceptionally high profits in 2011 from the sale of an imperial Chinese scroll;

- **Annual operator turnover of over EUR 50m**

This tranche contains very few companies, so the consolidated data can be heavily influenced by the performance of a single company. We observe growth in both turnover and income in 2010 and 2011, but a decline in profits. The sector is still performing well, but profitability is not necessarily keeping pace with volumes of activity. In the 5-year period from 2007 to 2011, both auction turnovers and operator incomes declined.

For all VAOs taken together, we observe that the profits/turnover ratio is very weak (below 2%), reflecting the structural difficulties the sector is having generating profits. Its commercial profitability (ratio of auction turnover/operator income) is continuing to decline, reaching around 5% in 2011

Voile de mariée,
fine dentelle blanche
de Bruxelles à motifs
appliqués et à aiguille
de riches guirlandes de
fleurs sur neuf registres
rayonnants, belle bordure
à frises de piastres et
palmettes.

Montant adjugé : 5 800 €

HBruxelles, vers 1860. Long.
220 cm, larg. 330 cm. Famille
Ypsilanti de Grèce, princes de
Moldavie et Valachie.
Chartres, 26 mars, galerie
Chartres SVV.
© Galerie de Chartres



II. Trends on the French market in 2012

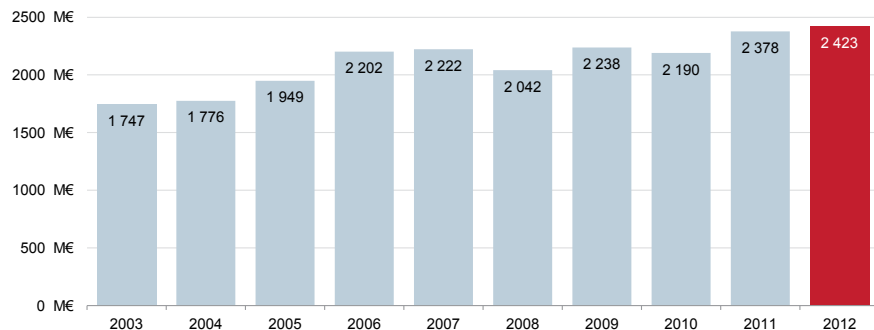
A. A slowdown of activity

Despite unfavourable economic conditions in France in 2012, the French auction sector nevertheless managed to post an overall increase in its volume of activity, although the increase reflects a clear slowdown in growth. In fact, we are now looking at a distinctly two-speed market, and the difference is essentially a question of the type of goods being sold.

1.1. Overall trend

Turnover excl. fees for all segments grew 1.9% in 2012 to reach an all-time high of EUR 2.42 billion, up from EUR 2.38 billion in 2011. This growth nevertheless marks a net slowdown compared to the 8.6% growth recorded in 2011. Since the 2002 reforms, average annual turnover growth from 2003 to 2012 was 3.7%. This slowdown is all the more significant since the annual turnover growth of the French market did not keep pace with the sharp increase in the number of French auction houses in 2012. Also, average turnover per VAO was down year-on-year (EUR 5.9m in 2012 vs. EUR 6m in 2011) although this decline did include an absence of declared transactions for 12 of the 28 new VAOs in 2012.

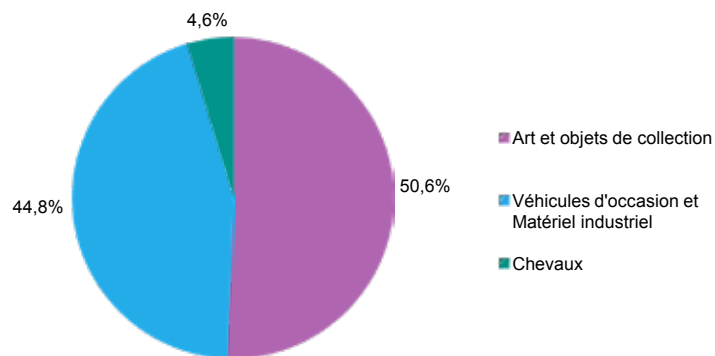
French auction turnover, EUR millions; excluding fees



1.2. Sharp differences between sectors

The French public auctions market can be broken down into three broad sectors: Art & Collectibles, Used Vehicles & Industrial Equipment, and Horses. Although the relative weight of each sector changed little until last year, highlighting what were relatively similar economic conditions in the three areas of activity, 2012 showed divergent sector trends. While the Art & Collectibles sector contracted, the Used Vehicles & Industrial Equipment sector grew sufficiently strongly to lift its share of national revenues to 44.8%, up from 42.9% in 2011.

French auction turnover by sector in 2012



In contrast to the previous year, when turnover climbed steeply in the three main sectors, the 2012 increase was almost solely generated by the Used Vehicles & Industrial Equipment sector and within this sector it was only the used vehicles segment that grew, boosted by a sharp increase in online sales and the appearance of a new operator with a nationwide reach.

The Used Vehicles & Industrial Equipment sector therefore posted 2012 revenue growth of 6.5%, not far behind its strong 7.4% rise in 2011, while the Art & Collectibles sector slipped back -1.8% (after 8.4% growth in 2011) and the Horses sector gained only 0.9% (vs. +11.8% in 2011).

Renault Trafic DCI 115 funéraire
2009
Montant adjudgé : 14 800 €
Five Auction Marseille



The slowdown in the Art & Collectibles sector can be explained in particular by :

- A reduced offer of prestigious artworks with, in particular, a lower number of collections for sale in 2012.
- A fall in Chinese demand, which had bolstered activity in 2011.
- An overall contraction, at an international level, of the high-end sector, caused by a drop in the number of ultra-high-net-worth individuals (according to Wealth-X's World ultra wealth report 2012-2013).

At the same time, the growth of the Used Vehicles & Industrial Equipment sector held steady thanks to :

- The large number of used vehicles on the market, which is linked to the number of new vehicles sold in the past (sales that were stimulated by measures such as scrap premiums, no claims bonuses, etc).
- The ease with which the auction system enables the sale of high volumes of vehicles. In an environment where demand is contracting, traditional distribution channels that rental operators and market professionals use to sell privately are insufficient to absorb the ever-expanding number of used vehicles coming on to the market. Although auctions tend to be associated with lower margins and are therefore relatively overlooked, they now represent a real alternative in a climate where falling demand for vehicles is triggering a drop in prices.
- Growth in online auctions of used vehicles, particularly those that are purely virtual with no physical presentation of the good for sale, which enable specialised operators to widen their clientele.

According to data from the Association des Sociétés de Ventes aux enchères Automobiles (ASVA) the 6.4% growth of the Used Vehicles & Industrial Equipment sector corresponds to an increase of more than 10% in the number of vehicles sold at auction, coupled with a drop of around 4% in the average hammer price per vehicle.

Finally, the Horse sector was sluggish in 2012 after a 2011 recovery that itself followed a decline of activity from 2008 to 2010. This sector has not yet managed to return to pre-crisis levels of activity.

Economic data by sector and by year

Voluntary auction turnover, excluding fees, 2003-2012

Arts et Objets de collection	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Ventes courantes	426 M€	329 M€	455 M€	374 M€	246 M€	171 M€	145 M€	101 M€	91 M€	91 M€
Art et Antiquités	426 M€	456 M€	443 M€	661 M€	795 M€	714 M€	878 M€	776 M€	866 M€	825 M€
Autres objets de collection ¹	57 M€	61 M€	53 M€	105 M€	88 M€	107 M€	108 M€	137 M€	147 M€	171 M€
Joaillerie et Orfèvrerie	51 M€	51 M€	46 M€	61 M€	72 M€	70 M€	73 M€	91 M€	102 M€	98 M€
Vins et Alcools	10 M€	17 M€	14 M€	24 M€	21 M€	23 M€	17 M€	37 M€	43 M€	43 M€
Sous-total	970 M€	915 M€	1010 M€	1224 M€	1224 M€	1085 M€	1220 M€	1142 M€	1249 M€	1227 M€
Progression annuelle		-5,7%	+10,4%	+21,2%	-0,1%	-11,3%	+12,5%	-6,4%	+9,4%	-1,8%
Chevaux	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sous-total	68 M€	73 M€	72 M€	103 M€	114 M€	102 M€	102 M€	98 M€	109 M€	110 M€
Progression annuelle		+7,2%	-1,4%	+42,5%	+10,8%	-10,1%	-0,2%	-4,2%	+11,8%	+0,9%
VO* et Matériel Industriel	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Véhicules d'occasion	698 M€	780 M€	852 M€	837 M€	811 M€	775 M€	840 M€	872 M€	926 M€	1005 M€
Matériel industriel	11 M€	9 M€	14 M€	38 M€	74 M€	81 M€	76 M€	78 M€	93 M€	81 M€
Sous-total	709 M€	789 M€	867 M€	875 M€	885 M€	855 M€	916 M€	950 M€	1020 M€	1086 M€
Progression annuelle		+11,2%	+9,9%	+1,0%	+1,1%	-3,3%	+7,1%	+3,7%	+7,4%	+6,5%
Total	1747 M€	1776 M€	1949 M€	2202 M€	2222 M€	2042 M€	2238 M€	2190 M€	2378 M€	2423 M€
Progression annuelle		+1,7%	+9,7%	+13,0%	+0,9%	-8,1%	+9,6%	-2,2%	+8,6%	+1,9%

Note : Although the questionnaire has remained stable since 2009 in terms of the sector breakdown of activity, this has not always been the case; this explains why there were sharp turnover fluctuations in certain categories, particularly in the first "Miscellaneous sales" category.

B. Geographic presentation of the market

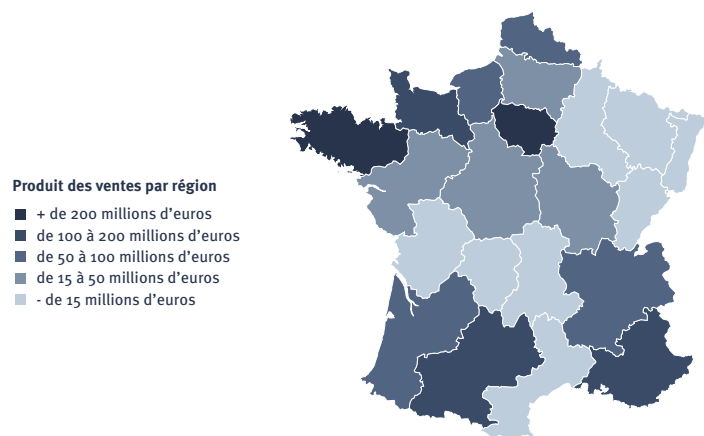
The French auction market has historically been concentrated in Paris and the surrounding Ile-de-France region. This dominance further accentuated in 2012. Total 2012 turnover generated by the 139 operators in this region rose to EUR 1.34 billion from EUR 1.28 billion in 2011. The market share of the Ile-de-France region climbed from 53.9% in 2011 to 55.4% in 2012. This growth came primarily from the establishment of **Carmen-Alcopa**, a new used-vehicle operator, based in the Ile-de-France. Carmen-Alcopa combined the activities of five existing players, most of them based in the provinces⁽¹⁾. The merger caused a transfer of the accounts of these operators thereby increasing the weight of the Ile-de-France in total French auction turnover (the actual transactions still take place on the different sites

⁽¹⁾ The Other Collectibles category corresponds to goods that are usually classified as "collectibles" in Anglo-Saxon countries: collection vehicles, stamps and coins, old books and manuscripts, militaria, toys, posters, etc.

in the Ile-de-France and provinces) and therefore does not signify real growth in the Ile-de-France compared to other regions.

Around half of total French auction turnover is generated by the 273 regional operators (with 66% of the total workforce), most of them relatively small. The average revenue per operator is therefore EUR 3.9 million per year for the 273 regional operators, compared to EUR 9.7 million for the Paris and surrounding Ile-de-France players.

Aggregated 2012 turnover by region



The level of activity differs markedly from one region to another. Apart from the Ile-de-France, Brittany is the only region that exceeds EUR 200 million in turnover, thanks to the presence of major players in the Used Vehicles & Industrial Equipment sector. There follow three regions with between EUR 100m and EUR 200m in turnover: the Midi-Pyrénées (also strengthened by a leading Used Vehicles & Industrial Equipment player), the Basse-Normandie region, which hosts international auctions in the Horse sector, and the Provence-Alpes-Côte-D'azur region with 2nd highest number of operators after the Ile-de-France region. Total turnover from the Ile-de-France and these four regions accounted for 80% of the national total in 2012.

Six regions, each with fewer than 10 VAOs generated aggregate turnover below EUR 10m in 2012 : Alsace, Franche-Comté,

Languedoc-Roussillon, Limousin, Lorraine and Corsica (the latter had no auction operators at all in 2012). The operators in these regions are generalists who mainly organise miscellaneous sales to local buyers. On average, they post annual turnovers of around EUR 1m, equivalent to one tenth of average the Paris and surrounding Ile-de-France players.

Economic performance by region

Voluntary auction turnovers, excluding fees, in EUR millions

Région	Nombre de OVV	Montant adjudgé 2011	Montant adjudgé 2012	Variation	Dépense par habitant (en €)
Alsace	2	0,6 M€	1,5 M€	+150%	0,8
Aquitaine	21	69,3 M€	73,3 M€	+6%	22,7
Auvergne	7	14,4 M€	13,4 M€	-7%	9,9
Basse-Normandie	15	131,6 M€	129,0 M€	-2%	87,5
Bourgogne	15	18,5 M€	16,7 M€	-10%	10,2
Bretagne	13	214,3 M€	212,1 M€	-1%	66,3
Centre	17	42,7 M€	45,2 M€	+6%	17,7
Champagne	8	10,0 M€	10,3 M€	+3%	7,7
Franche-Comté	7	5,8 M€	6,1 M€	+5%	5,2
Haute-Normandie	20	66,4 M€	58,1 M€	-13%	31,6
Ile-de-France	139	1 280,9 M€	1 345,5 M€	+5%	114,2
Languedoc- Roussillon	6	6,5 M€	6,9 M€	+6%	2,6
Limousin	4	4,0 M€	5,2 M€	+30%	7,0
Lorraine	9	28,7 M€	9,8 M€	-66%	4,2
Midi-Pyrénées	18	132,9 M€	151,0 M€	+14%	52,4
Nord-Pas-de-Calais	14	98,4 M€	95,5 M€	-3%	23,7
Pays-de-la-Loire	17	25,2 M€	26,9 M€	+7%	7,5
Picardie	12	16,1 M€	15,9 M€	-1%	8,3
Poitou-Charente	7	10,1 M€	10,0 M€	-1%	5,7
Provence-Alpes-Côte d'Azur	32	114,1 M€	101,9 M€	-11%	20,8
Rhône-Alpes	29	87,2 M€	88,7 M€	+2%	14,2
Total France Métropolitaine	412	2 378,0 M€	2 423,0 M€	+2%	38,6

2.3 Types of Voluntary Auction Operator

VAOs can be divided into five broad categories based on their geographic location and their sector of activity. An operator is considered as a specialist when more than 95% of its total turnover is generated in one of the three specific sectors.

2.3.1 Operators specialised in Art & Collectibles and based in the Ile-de-France region

There are 85 operators focused almost exclusively on the Art & Collectibles sector. A large portion of their activity attracts extremely wealthy clients, not all of them French. Most of their auctions attract intense media coverage and are promoted through the publication of catalogues. These operators adopt a sales strategy that is linked to Paris's major exhibitions and cultural events.

They generate average turnover of EUR 10.7m with 70% of their business in the Art & Collectibles sector in France in 2012. They include international auctioneers like Christie's and Sotheby's, who organise each year several theme-based sales that each generate more than EUR 10m in turnover.

In addition to these companies there are the historical players on the Parisian market, notably Artcurial, Piasa and the independent operators working at the Drouot auction rooms.

The buyers' fees paid to these companies, which diminish as the hammer price rises, usually range from 15% to more than 30%, VAT included, while sellers' fees are often below 10%. Buyers' fees are set to increase in 2013, in the wake of the announcement by leading auction houses Sotheby's, Christie's and Artcurial that they intend to raise their tariffs in early-2013.

These leading auction houses benefit from exceptional premises, capable of attracting very wealthy clients to prestigious sales. Thus Christie's is based in Avenue Matignon in Paris in the Hôtel des Sœurs Callot, while Sotheby's holds its auctions at the Galerie Charpentier, in front of the Élysée Palace, and Artcurial can be found in the Hôtel Marcel Dassault just off the Champs-Élysées. Since the closure of Drouot Montaigne, the Drouot auction houses no longer have a space suited for prestige events. To correct this, some of these operators have developed activities in dedicated premises that do not belong to Drouot. For example, Cornette de Saint Cyr regularly holds sales in the Hôtel Salomon de Rothschild, close to Place de l'Étoile.

2.3.2 Regional operators specialised in Art & Collectibles

There are 92 such operators and they tend to focus on local clients. They organise both miscellaneous and catalogue-based sales, mostly in the generalist segment. Annual average turnover stands at around EUR 1.6m per company, far below the equivalent of the Paris-area companies. Each regional operator specialised in the Art & Collectibles sector employs an average of 4.2 staff, compared to 9.7 for a Paris-based peer in the same sector. These operators are also less selective than the Ile-de-France operators because they also sell used vehicles and equipment, though this sector accounts for less than 5% of their total activity.

Clef à dôme en fer forgé sculpté France, vers 1800

Montant adjugé : 10 000 €
Collection Michel Rullier.
À l'intérieur, deux hommes
et deux femmes dénudés se
tiennent par la main,
long. 13,2 cm.
Salle 1-7 Drouot Richelieu, 10
mars, Fraysse & Associés.

© Fraysse & Associés SVV



Basson en érable

Montant adjugé : 58 000 €
Neuf clefs en ivoire, estampillé
d'une paire d'épées Saxon
entrecroisées, H. Grenser
Dresden, avec deux petites
branches, deux bocaux, deux
boîtes d'anches en galuchat.
XVIII^e s. En étui d'origine.
Vichy, 16 juin - Vichy enchères
SVV

© Photographe JH Bayle



2.3.3 Operators specialised in Used Vehicles

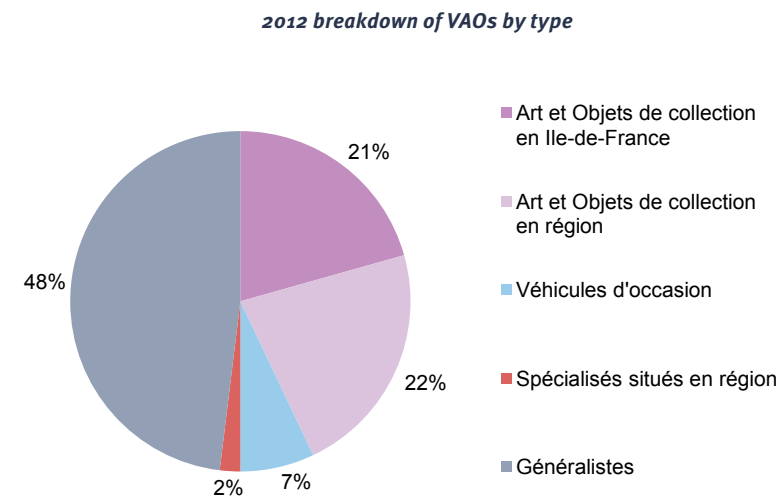
These 29 operators specialised in sales of used vehicles tend to target corporate clients, and work with long-term car hire companies and car fleet managers. They are generally large, with annual an average turnover of EUR 33.4m and 16.5 employees. Alone, they generated EUR 968m in turnover, equivalent to 40% of the 2012 total, all sectors combined.

On average, they enjoyed strong growth in 2012. These operators stand out for their use of the internet, enabling them to post EUR 325m of online turnover in 2012, 88% of which is totally virtual and 12% is in the form of 'live auctions' that are linked to physical sales. The internet sales of these operators represented 33.5% of their activity and 89.8% of total online turnover in 2012, all sectors combined. This development is made possible by the standardisation of goods offered for sale and clear vehicle descriptions.

Although these companies initially tended to target local clients, the development of online sales has enabled them to widen the net to include national and even international clients. Internet is serving to intensify the competition between these operators, and the market is rapidly consolidating around a few national leaders to the detriment of the smaller players. Primarily focused on professional clients, these large operators tend not to compete with the smaller companies who are more likely to sell to private individuals or to organise private sales between private individuals.



**Land Rover
Range Rover TD V8**
Montant adjugé : 26 000 €
Année 2009
20 décembre, Anaf Auto
Auction
© Anaf Auto Auction



2.3.4 Other specialist operators

The 8 operators in this category, all of which are based in the regions, are specialized in very specific market segments and focused on international clients. They include operators specialised in the sale of horses – all based in the Basse-Normandie region, the leader being Arqana – and industrial goods specialists like Richie Bros and Roux Troostwijk. With average turnover per company of EUR 19.4m in 2012, these operators account for 7% of total French auction turnover and employ an average of 9.4 staff. The industrial equipment specialists also make heavy use of the internet. Richie Bros made 36% of its sales online in 2012. By contrast, the sale of horses on the internet is not yet common. Here too, the standardisation of goods available for sale appears essential to the growth of online sales.

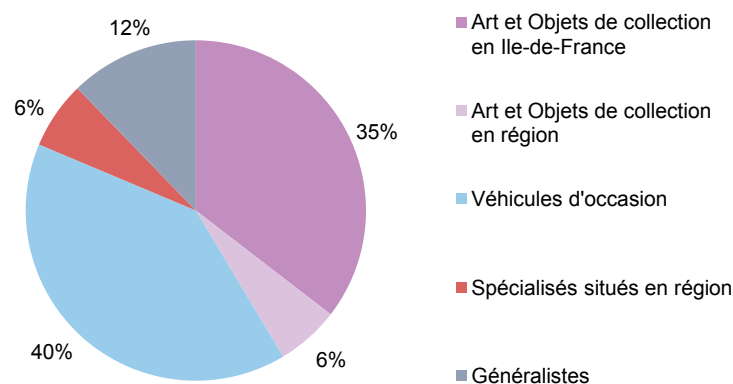
2.3.5 The generalist operators

The 198 operators with no clearly-defined specialty employ nearly half of all VAO employees. They are active in Art & Collectibles and Used Vehicles & Industrial Equipment. Around 80% of them are based in the regions, posting lower sales totals than the specialist players, with average turnover per company of EUR 1.5m in 2012, accounting for just 12% of total French auction turnover.

These generalist players are often active in judicial auctions alongside

their voluntary auction businesses. This means that part of their activity does not appear in the survey this report is based on, which concentrates uniquely on voluntary auction sales. These operators also have relatively small headcounts of 4.1 on average.

Turnover by type of company in 2012



2.4 2012 ranking of VAOs

2.4.1 General analysis of the ranking

The relative weight of the different operator categories discussed in section 2.3. is reflected in the ranking of the top 20 operators in terms of auction turnover excl. fees.

This classification is thus dominated by the specialists in the Used Vehicles & Industrial Equipment sector, which moved up the rankings, and by Paris-based companies specialised in the Art & Collectibles sector, and by the leading player in the Horses sector.

Rang	Nom	Région	Secteur	Montants adjugés		
				2007	2011	2012
1	GUIGNARD ET ASSOCIES	Bretagne	VO et Matériel Industriel	77 M€	149 M€	181 M€
2	CARMEN-ALCOPA	Ile-de-France	VO et Matériel Industriel	-	-	167 M€
3	CHRISTIE'S France	Ile-de-France	Art et Objets de Collection	153 M€	165 M€	161 M€
4	BCAUTO ENCHERES	Ile-de-France	VO et Matériel Industriel	64 M€	125 M€	161 M€
5	SOTHEBY'S France	Ile-de-France	Art et Objets de Collection	97 M€	157 M€	152 M€
6	ARTCURIAL - BRIEST - POULAIN - F.TAJAN	Ile-de-France	Art et Objets de Collection	94 M€	98 M€	112 M€
7	TOULOUSE ENCHERES AUTOMOBILES	Midi-Pyrénées	VO et Matériel Industriel	65 M€	80 M€	111 M€
8	ARQANA	Basse-Normandie	Chevaux	103 M€	101 M€	105 M€
9	MERCIER AUTOMOBILES	Nord-Pas-de-Calais	VO et Matériel Industriel	53 M€	56 M€	60 M€
10	ANAF AUTO AUCTION	Rhône-Alpes	VO et Matériel Industriel	34 M€	39 M€	39 M€
11	RITCHIE BROS. AUCTIONEERS France	Haute-Normandie	VO et Matériel Industriel	27 M€	42 M€	37 M€
12	AQUITAINE ENCHERES AUTOMOBILES	Aquitaine	VO et Matériel Industriel	25 M€	31 M€	36 M€
13	AUTOROLA	Ile-de-France	VO et Matériel Industriel	-	29 M€	30 M€
14	CLAUDE AGUTTÉS	Ile-de-France	Art et Objets de Collection	41 M€	29 M€	29 M€
15	TAJAN	Ile-de-France	Art et Objets de Collection	56 M€	33 M€	29 M€
16	MILLON ET ASSOCIES	Ile-de-France	Art et Objets de Collection	27 M€	31 M€	24 M€
17	CORNETTE DE SAINT CYR MAISON DE VENTES	Ile-de-France	Art et Objets de Collection	31 M€	25 M€	24 M€
18	PARCS ENCHERES	Provence-Alpes-Côte d'Azur	VO et Matériel Industriel	60 M€	30 M€	23 M€
19	PIASA	Ile-de-France	Art et Objets de Collection	40 M€	19 M€	22 M€
20	ENCHERES MAT	Midi-Pyrénées	VO et Matériel Industriel	4 M€	16 M€	19 M€

Reliquaire Nkundu Collection Jean Willy Mestach

Montant adjugé : 2 697 000 €
République Démocratique du
Congo, 11 décembre 2012
Meilleure adjudication pour
une pièce d'art africain vendue
aux enchères.
Paris, 11 décembre, Christie's.
© Christie's Images Ltd, 2013



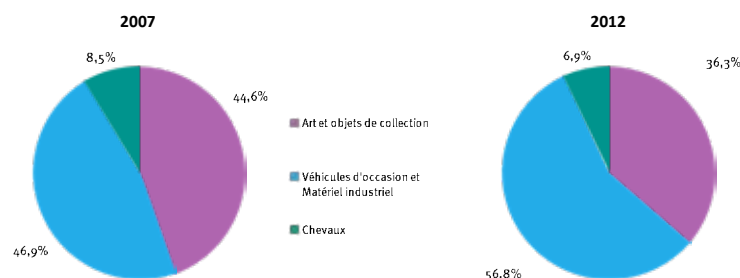
One of the most significant signs of growth in the Used Vehicles & Industrial Equipment sector is that two of the sector's specialists – **Guignard & Associés** and **Carmen-Alcoba** – now occupy the top two places in the general ranking, having pushed the Art & Collectibles players out of the top two positions. Note that Carmen-Alcoba, an operator specialised in the sale of used vehicles, is a new company, created out of the merger between five existing players.

Christie's and **Sotheby's**, respectively 1st and 2nd-placed operators in 2011, slipped to 3rd and 5th spot in 2012, after turnover fell in line with the overall decline in their sector of activity. Another company in the Used Vehicles & Industrial Equipment sector, **BCAuto Enchères**, climbed to the 4th spot in 2012. **Artcurial**, France's top Art & Collectibles player, saw its activity contract in 2012 and dropped to 6th place, ahead of **Toulouse Enchères Automobiles**, another used-vehicle specialist, and **Arqana**, France's leading Horses auctioneer.

An analysis of the turnover of the top 20 operators based on their core activities in 2007 and 2012, underlines the growth of the Used Vehicles & Industrial Equipment specialists. In 2007, 46.9% of the turnover of the top 20 leading companies came from this sector, a level that climbed to 56.8% in 2012. By contrast, the Horse sector, represented solely by Arqana, lost 1.6 points, falling from 8.5% to 6.9%, and the Art & Collectibles sector lost 8.3 points, from 44.6% to 36.3%.

Turnover breakdown of top 20 operators

Based on operators' sector of specialisation



2.4.2 Presence of international companies

As in previous years, international companies are still important players on the French market. In 2012, five of the eight declared international companies are among the top 20 (down from six in 2011): Christie's, BCAuto, Sotheby's, Richie Bros and Autorola. The three other international companies are not in the top 20: Manheim, which was in 2011, Bonham's and Roux Trootswijk. In 2012, the total turnover of these eight companies amounted to EUR 555m, down from EUR 558m in 2011. The market share of the international players declined in 2012 to 22.9% from 23.5% in 2011.

2.4.3 Market consolidation continues to accelerate

The total turnover of the top 20 operators has continued to increase. It was EUR 1.52 billion in 2012, up 11.7% on 2011 (EUR 1.36 billion). The market share of the top 20 rose from 57% in 2011 to 63% in 2012. This exceptionally high level beats even the 60.2% achieved in 2009, when Christie's sale of the Yves Saint-Laurent / Pierre Bergé collection temporarily lifted the weight of the largest operators in the rankings. At the same time, the entry threshold fell from EUR 29m in 2011 to EUR 19m in 2012.

The trend towards consolidation mentioned earlier is therefore being driven by a very small number of players. In fact, the five largest operators in 2012 posted turnover of EUR 822m, up 17.9% on the EUR 697m generated by the top 5 in 2011 and 37% more than the EUR 600m in 2010. The top 5 operators alone generated 33.9% of total 2012 turnover in France.

2.5 Internet usage becomes standard

2.5.1 Online auction turnover up steeply : +86 %

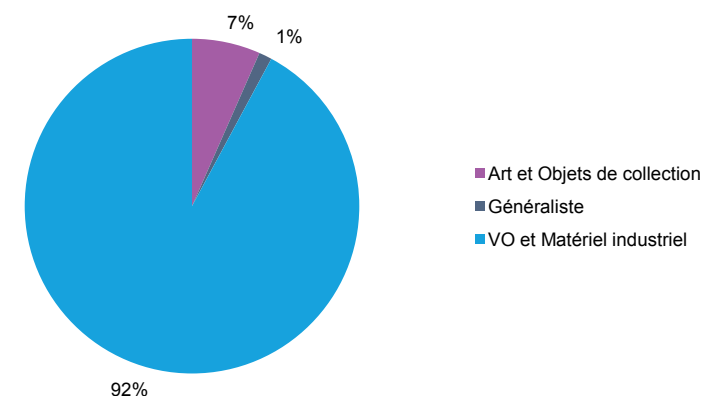
The number of online auctions grew strongly in 2012: 98 operators declared that they had conducted online sales, either in the form of 'live auctions' that are coupled with a physical sale, or sales that are purely virtual, up from only 30 operators in 2011. This steep increase is linked to the emergence of specialised online auction portals, such as those offered by Drouot and Interenchères, which enable a large number of small and medium-sized operators to offer online auction services.

OVV déclarant développer une activité d'enchères sur Internet

Champ	2002	2007	2008	2009	2010	2011	2012
OVV développant exclusivement une activité de vente physique	337	374	376	371	368	366	314
OVV développant aussi une activité de ventes électroniques	3	7	10	14	25	30	98
Total	340	381	386	385	393	396	412

VAOs declaring development of an online auction activity Total online turnover reached EUR 373m in 2012, up 86% on 2011. This represents 15% of total French auction turnover in 2012. 92% of internet-based turnover was generated by Used Vehicles & Industrial Equipment specialists. Used-vehicle sales are by their nature the most easily-adapted to online selling. Firstly, the goods for sale are less heterogeneous than those in the Art & Collectibles sector, which means that there is less need for a real-life examination of the goods for sale. Secondly, the vehicles are described using standardized forms that include clear details about the condition of the vehicle, thus reducing the risk of bad surprises for buyers. Finally, the sale of used vehicles is a market aimed primarily at professionals, who trade a large number of vehicles simultaneously and for whom online sales enable significant time savings.

Breakdown of 2012 online turnover by type of operator



2.5.2 Two systems of online auctions: live auctions and online sales

Online auctions have been slower to gain a foothold in France than in Anglo-Saxon countries. At present, two auction systems appear to have been adopted by buyers and sellers alike :

- Live auctions : these enable potential buyers to track a physical sale remotely, and to bid via the internet. This type of online auction is combined with the traditional system based on physical sales, i.e. the physical purchase orders, with bidding in the auction room or by telephone.
- Online sales: these sales take place exclusively online, and the objects are only visible on the internet. Bids can only be made online. Goods for sale are usually available for several hours.

All sectors included, most of the 2012 turnover from internet-based auctions was generated by online sales. The operators covered by the survey declared 2012 turnover of EUR 302m from online sales and EUR 71m from live auctions linked to physical sales.

Online sales systems can only be qualified as auctions if the VAOs who organise them respect the regulations they are subject to, and in particular, the existence of a mandate of sale between the VAO and the seller, authentication, appraisal, presentation and a description of the

goods for sale, and lastly, the automatic sale to the highest bidder.

These operators differ from online brokerage firms in that the latter do not offer these guarantees and the CVV is vigilant in avoiding confusion between the two activities.

The complexity of the distinction between the regulated public auction sector and the non-regulated sector has forced the Conseil to be highly vigilant on how players in both sectors present their activities to consumers.

In early 2012 the Conseil moved to clarify the distinction between auction operators and online brokerage activities. It was within this context that the CVV then requested Artprice – which is not a VAO according to the terms of the French commercial code (article L. 312-3) and does not come under the sector regulated by the CVV – to delete from its Terms & Conditions of Sale visible on its website all reference to auction sales and to describe its activity more accurately, with the aim of eliminating any risk of confusion among consumers. The request was put into effect immediately.



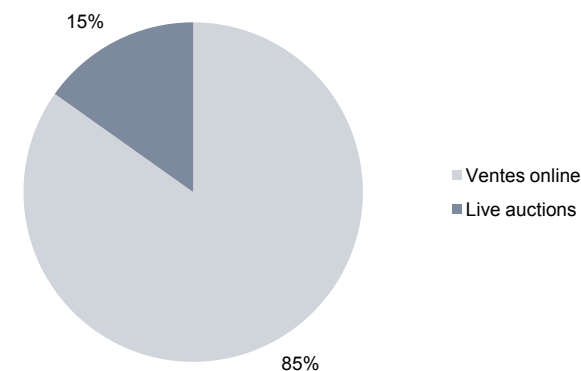
1959 FERRARI 250 GT CALIFORNIA SPIDER
Ex Roger Vadim

Montant adjugé : 4 500 000 €
Record mondial pour une California LWB
Record de l'automobile la plus chère vendue en France
13 février, Artcurial - Briest - Poulain - F. Tajan.
© Artcurial - Briest - Poulain - F. Tajan

2.5.3 Used Vehicles & Industrial Equipment: 85% of online auctions in the form of “online sales”

The use of live auctions and online sales varies strongly from one sector to another. In the Used Vehicles & Industrial Equipment sector, the virtual online sales model appears better adapted and is therefore fast gaining popularity. In this sector, 85% of online turnover was generated by ‘dematerialised’ sales (i.e. solely based on online bidding). To achieve this, the sectors’ VAOs have their own web sites that are well known to their clients, most of whom are sector professionals.

Breakdown of 2012 turnover in Used Vehicles & Industrial Equipment sector



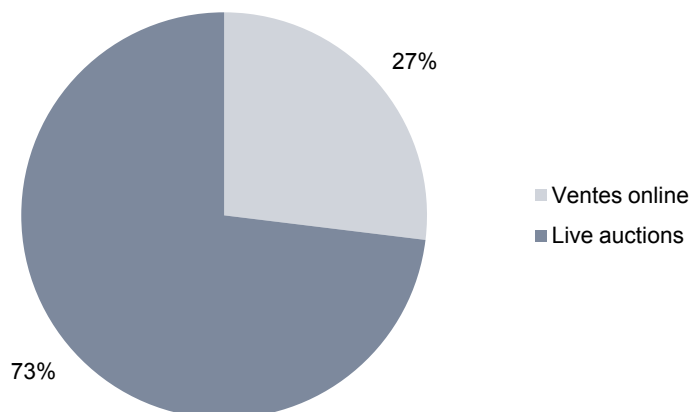
2.5.4 Art & Collectibles: 73 % of online sales took place in Live auctions

In the Art & Collectibles sector, most auction operators do not operate their own online auction infrastructure. Rather, they use specialized online auction portals that enable the operators to :

- Benefit from a natural listing on the internet,
- Improve their client tracking.

In France, online sales in Art & Collectibles gathered pace primarily via live auctions that are combined with physical sales, rather than a purely virtual online sales system: 73% of 2012 online turnover in the Art & Collectibles sector came from live auctions. France's two leading auction houses – Drouot and Interenchères – launched a live auction service less than two years ago. The rate of use by VAOs increased dramatically in the space of a few months, to the point where all sales that take place at the Hôtel Drouot have had a 'live auction' option since October 2012.

Breakdown of 2012 online turnover in the Art & Collectibles sector



In 2012, drouotlive.com thus became France's leading website for online auctions in the Art & Collectibles sector, with turnover (excl. fees) close to EUR 7.5m, similar to that of Christie's Live. Sotheby's in the meantime posted EUR 2.7m in turnover from online auctions. Finally, Interenchères posted EUR 2.5m of online turnover for around 40 VAOs, of which EUR 1.9m in the Art & Collectibles sector and EUR 0.6m in Used Vehicles & Industrial Equipment.

Online auctions at Drouot

Since 1 October 2012, Drouot has offered buyers the opportunity to bid live in all of its catalogue-based auctions. At end-2012, close to 700 of Drouot's sales included this increasingly popular option.

As a result, compared to 2011 when Drouot's online services did not cover all sales, 2012 turnover generated by Drouot Live grew by more than 300%, with the number of registered online clients almost doubling.

In January 2013, Drouot Live had 33,000 registered users, of which 20% are overseas buyers.

Online transactions, the vast majority of which are paid for by credit card or bank transfers, cover the entire range of prices. The average bid for a lot on Drouot Live is around EUR 800 (excl. fees).

The highest hammer price in 2012 on Drouot Live was EUR 140,000 (excl. fees), for a painting by Soulages. Drouot Live is currently France's no. 1 online auction site for Art & Collectibles.

Foreign buyers represent 30% of the number of sales and 51% of total turnover on Drouot Live in 2012.

2.6. An increasingly international activity

The French auction market is enjoying growing interest from international buyers. The operators that replied to our survey's questions on this subject accounted for 67% of total French auction turnover. For these operators 34% of their turnover corresponded to purchases by overseas buyers (including from other EU countries), whereas only 5% of their turnover is generated by the sale of goods owned by foreign sellers (incl. the EU).

OVV ayant répondu aux questions relatives à l'internationalisation des ventes	Part du montant total adjudgé	
	Biens achetés par des étrangers	Biens mis en vente par des étrangers
Part des OVV, en terme de montant adjudgé	67%	5%

Analysis of these figures requires caution however. First of all, it is not always easy for operators to know the nationality of buyers or sellers, since goods can be handled by intermediaries and payments are sometimes made from French bank accounts.

Secondly, the fact that foreign buyers might live in France, and then resell the goods in a private transaction, skews attempts to estimate the number of French nationals among the buyers. Finally, the fact that foreigners buy or sell goods in France does not necessarily mean that the goods are going to leave French territory, particularly if these individuals own a residence in France.

In total, the participating operators declared turnover from sales to foreigners of EUR 551m, excl. fees. Most of this is concentrated at the top players: Christie's and Sotheby's generate respectively 23% and 22% of their turnover, followed by Carmen-Alcopa (13%), BCAuto Enchères (6%), Arqana (6%), Guignard & Associés (5%) and Richie Bros (4%) from non-French buyers.

An analysis of the weight of foreign buyers and sellers in total turnover according to the type of goods for sale highlights the following :

- The internationalisation of the activity is most marked among the Art & Collectibles specialists, and in particular those who generate more than EUR 100m in total turnover;
- Excluding the top players in the Art & Collectibles sector, the share of foreign buyers in total turnover is between 20% and 30%, according to the level of specialisation and the size of the operator. This does not include generalist operators, for whom foreign buyers only account for 12% of activity;
- The proportion of goods for sale owned by foreigners is on average just above 10% of total turnover for the participating companies in the Art & Collectibles and Horses sectors but it is below 1% for the VAOs in the Used Vehicles & Industrial Equipment sector and the generalists.

Weight of international buyers/sellers in sales

For participating operators, by area of specialisation and according to total turnover (EUR m).

Secteur de spécialisation	Montant total adjugé	Part du montant total adjugé	
		Acheteurs étrangers (y compris UE)	Vendeurs étrangers (y compris UE)
Arts et Objets de collection	Plus de 100 M€	79,3%	15,6%
	Moins de 100 M€	27,4%	7,6%
	Ensemble	64,0%	13,2%
Véhicules d'occasion et Matériel industriel	Plus de 100 M€	24,2%	0,0%
	Moins de 100 M€	22,1%	1,4%
	Ensemble	23,5%	0,5%
Chevaux	Plus de 100 M€	29,4%	10,7%
	Moins de 100 M€	20,8%	18,7%
	Ensemble	28,9%	11,1%
Généraliste	Plus de 100 M€	-	-
	Moins de 100 M€	12,1%	0,7%
	Ensemble	12,1%	0,7%

Results of the qualitative analysis: internationalisation of sales in Art & Collectibles sector

In order to complete the economic analysis, which is based primarily on quantitative data, the CVV carried out a qualitative survey among 16 operators, using 1-hour interviews based on a questionnaire that focused on two subjects in particular: private sales and the internationalization of sales.

On the Art & Collectibles sector, the top two operators highlighted a strong international component: in 2012, foreign residents accounted for more than 60% of buyers of goods for sale in France (representing more than 75% of total turnover) and more than 30% of sellers. These companies have a dedicated marketing strategy aimed at overseas buyers and sellers.

For the other operators in the Art & Collectibles sector, the share of foreign buyers is much lower (15% to 30%) and is concentrated in specialist 'niche' sales, for which they have gained a good reputation. If

we consider the total annual activity of these VAOs – i.e. by including all sales, including miscellaneous – the proportion of foreign buyers falls to below 15%. Two factors appear to favour the presence of foreign buyers: the specialisation by theme that exists on the French auction market (e.g.: fans, primitive art, modern French paintings, etc) and internet listings (enabling collectors and market professionals to identify the goods for sale).

These companies do not however have specific marketing strategies for these foreign residents, nor do they have many sellers who are foreign residents.

2.7. Private sales and sales of new goods

The 2011 reform authorises VAOs to conduct private sales and sales of new goods wholesale, i.e. in lots that are large enough to exclude most “consumers”, and which must originate from a company’s inventory.

Private sales appear to be concentrated among a small number of operators, only 10% having declared the conduct of such sales in 2012.

For these operators, most of which are in the Art & Collectibles sector, turnover from these sales represents 14% of the total. Sales of new goods also remain rare, with total turnover below EUR 2m in 2012.

More than half of this sum was from a new operator, the VAO Philippe Dohr, exclusively specialized in sales of new goods.



**Le site d'Alcopa
Auction Rennes**

Sur un terrain de 4,5 hectares
En bordure de 4 voies

Results of qualitative survey : private sales in the Art & Collectibles sector

For the top two operators in the Art & Collectibles market (Sotheby’s and Christie’s), who have been active in private sales for several decades, the law of 20 July 2011 simply enabled them to publish sales revenue from private sales in the financial statements of their French subsidiaries. Private sales are just one of the services that can be offered to clients, and are well adapted to high-value-added goods. This is therefore a clear development priority and a growth driver for these two VAOs. Their high profile and wide client network (both buyers and sellers) enables them to adopt an active strategy aimed at encouraging private sales.

For the other operators, in all sectors, private sales are uncommon or even non-existent for 80% of the companies surveyed in 2012. Although in some specific cases a private sale may be preferable, these operators have not invested in this area and do not intend to make it a part of their development strategies.

All operators surveyed agree that private sales carry certain advantages :

- Speed of the transaction (compared to the fixed calendar for voluntary sales).
- Rapid payment to the seller (compared with voluntary sales), which is an advantage for the seller
- The transaction remains confidential for the seller (for a variety of motives: privacy, fiscal issues, etc.).
- The ability to remove the good from the market for a given time, to protect its value.
- Well adapted to certain goods (eg: gold ingots) due to applicable tax regulations.

Nevertheless, most operators consider that private sales also have disadvantages :

- They may complicate the business image of the operator, since the auctioneer is assumed to be, above all, a professional operating openly and transparently with the

objective of ensuring the best price for the seller.

- They generally do not generate prices as high as those fetched in public auctions.
- They generate high management costs (to build and then maintain a client base, multiple contacts of prospective buyers/sellers, etc).
- They generate additional and time-consuming work. Given the confidentiality that tends to surround private sales, VAOs will feel it necessary to publicise those that are successful in order to enhance their image and reputation.
- They are not greatly in demand among clients.

As a result, the vast majority of VAOs do not offer private sales and consider that this demand should emanate from buyers, which remains rarely the case. They therefore tend not to communicate about this activity.

2.8. Payment defaults: difficult to measure... but solutions being examined

It is difficult to measure the scale of this problem but the question of non-payment is of growing concern to sector players. Although some buyers are not always aware that a completed sale is binding and requires immediate payment, delayed payments after repeated reminders or even defaults on the part of the buyer are prejudicial for both sellers and auction operators.

French law does provide some solutions to unblock these situations: for example an unpaid seller can request the auctioneer to represent the object for sale within one month of the initial adjudication that remained unpaid. Beyond that date the initial unpaid sale is considered cancelled without prejudice to any proceedings to recover damages or interest payments.

Boîte en ivoire et écaïlle de tortue Liukongping, Chine

Montant adjudgé : 950 000 €
En forme de trois cercles en bronze doré. Le dessus décoré d'une peinture polychrome sur soie à décor d'enfants jouant sur fond bleu, sous verre ; les côtés décorés d'une frise de grecques sur fond noir et chauves-souris en bronze doré ; le dos en écaïlle de tortue. Chine, époque Qianlong (1736-1795). Vente à Drouot Richelieu, 14 juin - SVV Piasa
© Piasa



While VAOs can legitimately use a number of contractual methods to protect themselves and their sellers from bad payers (late payment penalties, etc), they must, nevertheless, be careful to ensure that the principle of free access to auctions for all is preserved.

During 2012, the CVV discussed this problem several times. Although there is no single measure that can guarantee total protection, certain legal tools do exist. A first option is to withhold the sold object until payment or a guarantee of payment has been received.

The operator may proceed with certain checks before the sale, such as asking for the prospective buyer's bank references. It can also reduce risk by refusing certain auction requests by telephone or over the internet, or purchase orders made in a timeframe that makes verification impossible. Such measures, if implemented, must be clearly described in the terms and conditions of sale and in the catalogues.

One of the options being considered by the CVV is the deposit of a sum of money prior to the sale by potential bidders. Another possibility is that VAOs should draw up a list of bad payers.

The CVV has said that such a blacklist would be allowed, but only after prior approval by the CNIL (National Commission for Computing and Freedom).

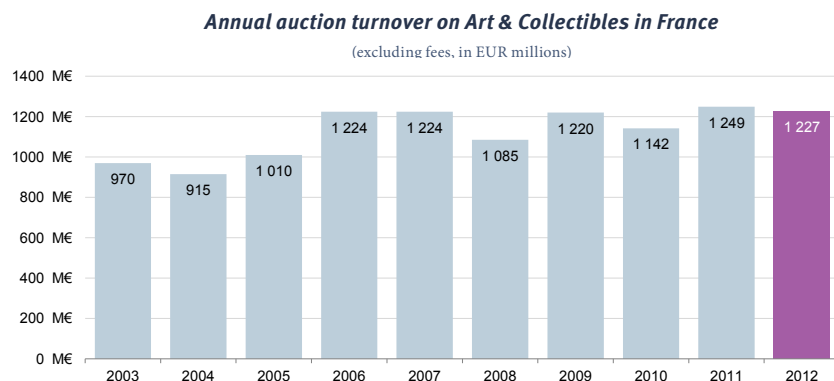
Without this clearance, the CVV would be liable to sanctions. Given that the data would be nominative, the CNIL would ensure that the various principles it defends are respected, notably transparency (so those appearing on the list would be informed) and proportionality (the

data cannot be kept on record indefinitely). Any such initiative would have to respect these principles.

III. The Art & Collectibles sector

3.1. A slight decline of 1,8 % in 2012

In 2012, total turnover in the Art & Collectibles sector reached EUR 1.23 billion. This was a decline of 1.8% versus 2011, when turnover rose 9.4% to an all-time high of EUR 1.25 billion. The 2012 figure is the 2nd best result, after 2011, since the reform of 2000.



Activity on the Art & Collectibles sector can be divided into five sales categories: Art & Antiques, Other Collectibles, Jewellery & Gold, Wines & Spirits and Miscellaneous.

The Art & Antiques category represented 67% of total Art & Collectibles turnover in 2012, a decline of 2 points on 2011. The Other Collectibles category gained 2 points in one year to reach 14%.

The share of the other three categories remained stable: 8% for Jewellery & Gold, 7% for Miscellaneous and 4% for Wines & Spirits.

The number of sales in the Art & Collectibles sector again showed year-on-year growth. In 2012, 9,567 sales were held, up from 8,970 in 2011 and 8,300 in 2010.

Miscellaneous sales, usually held on a weekly or a monthly basis, accounted for 56% of sales organised by VAOs in 2012. This increase is due to the creation of new companies in recent years.

3.1.1 Art & Antiques : down 5 % in 2012

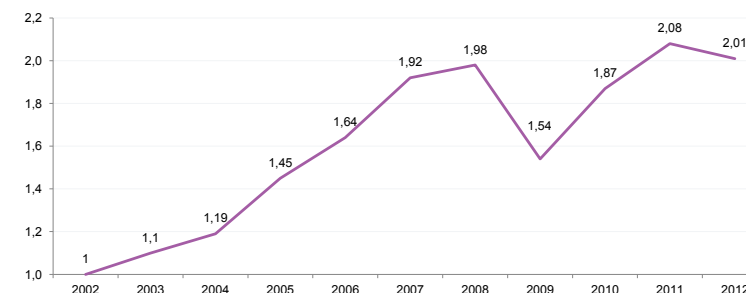
Turnover in the Art & Antiques category declined by 5% in 2012 to EUR 825m after an 11.5% rise in 2011, suggesting a possible return to pre-crisis levels. This trend is consistent with a 3.2% decline in prices at the high-end of the global art market during 2012, measured here by the Mei Moses World All Art Index.

Bearing in mind the technical difficulty of drawing up such an index⁽²⁾, its analysis requires a certain degree of caution as well as an understanding of the methodology employed.

The Mei Moses index, which is based exclusively on Sotheby's and Christie's sales results, naturally reflects sales trends at the high end of the market.

Nevertheless, the index shows that except for the 2009 crisis, 2012 was the first year in which prices at the top of the market contracted, after being the principal motor of the art market in 2011.

Evolution of art prices – Mei Moses
Changes in the index
Mei Moses® World All Art
(Source : www.artasanasset.com)

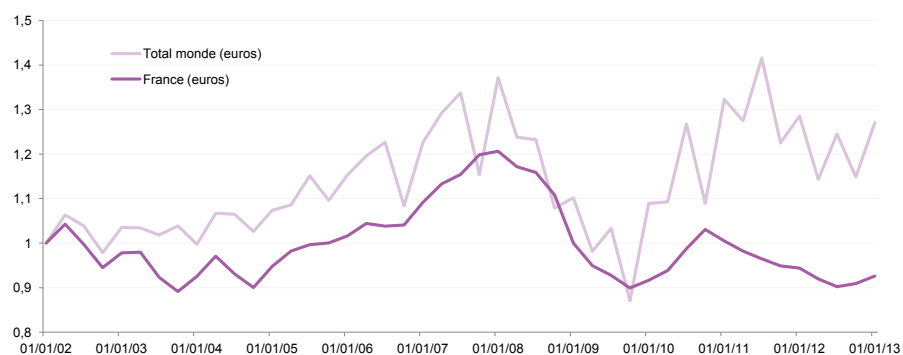


⁽²⁾ These indices are based on an analysis of the prices in repeat sales, i.e. cases where the same object is sold through auction on a least two different occasions.

The conclusions are somewhat different if we consider the indices generated by Artprice, which take into account a wider range of criteria than the Mei Moses index. In effect, because they are wider, the Artprice indices focus more on price trends regarding objects exchanged in the mid-range of the Art & Collectibles sector. As we saw in the 2011 Activity Report, the Artprice index for France contracted in 2011, pointing to a drop in prices despite increased activity on the sector. This served to underline the difficult conditions in the market's mid-range. While prices on this area continued to fall in the first half of 2012, they recovered in the second, suggesting a stabilisation of business in the art market's middle segment in France.

Trends in art prices – Artprice

Artprice indices - Global and France



Source : www.artprice.com

As far as French auction records are concerned, Chinese objects are still at the top. The most expensive object sold at a French auction in 2012 was a 13th century Chinese sculpture that fetched more than EUR 9m at Christie's at the end of the year. However, a small number of exceptional sales hide a decline in Chinese demand, which had underpinned growth in this category over recent years. For example, Christie's and Sotheby's saw their combined turnover from their Asian art sales (held in June and December since 2008) contract for the first time, from EUR 49m in 2011 to EUR 44m in 2012, despite the EUR 9m generated by the above-mentioned sculpture.

Sotheby's France and **Christie's** France remain nevertheless the two most important operators on the French market in this category. In 2012, they accounted for 34% of French auction turnover in the Art & Antiques category, whereas the top 20 operators in this category (including Sotheby's and Christie's), all based in the Paris area, accounted for 65%. Sotheby's and Christie's stand out from the other auction houses by their ability to organise regular sales of Modern or Contemporary art that rarely generate sales totals under EUR 10 million. Among the top lots sold in these auctions in 2012 Sotheby's generated EUR 6.3m (incl. fees) for a Picasso portrait of Dora Maar and EUR 5.1m for Magritte's *La grande table* during the auction of the Mis collection, and Christie's hammered EUR 3.4m for a Louise Bourgeois sculpture from her Spider series.

Vase à six cols en porcelaine bleu blanc Liukongping, Chine

Montant adjugé : 1 020 000 €
Dynastie Qing, marque et
époque Qianlong (1736-1795).
17 cm, Paris,
13 juin, Sotheby's
© Sotheby's/ArtDigital Studio



Top 10 auctions results in France during 2012

All periods and media combined, EUR millions, including fees

Rang	Œuvre	OVV
1	Importante sculpture chinoise en bois du XII ^{ème} siècle	Christie's
2	Album impérial chinois de période Qianlong	Joron-Derem
3	Pablo Picasso, Tête de femme	Sotheby's
4	René Magritte, "Pomme pétrifiée"	Sotheby's
5	Ferrari 250 GT California spider	Artcurial
6	Edme Bouchardon, buste de Charles Frédéric de La Tour du Pin	Claude Aguttes
7	Louise Bourgeois, "Spider"	Christie's
8	Andy Warhol, Marilyn multicolores	Sotheby's
9	André-Charles Boulle, Paire de cabinets bas	Europ Auction
10	Yves Klein, Monogold sans titre	Millon & Associés

Artcurial, the third-placed operator in the Art & Antiques category, experienced a tail-off in turnover with decreases of respectively 8.5% and 38.3% from sales of Modern art and Contemporary art. These declines were not offset by higher turnover from the sale of Old Masters, Old and Modern furniture or Asian Art.

In effect, Artcurial's 2012 activity in the Art & Antiques segment suffered from difficult comparison basis since 2011 was buoyed by several exceptionally high results for some Modern and Contemporary works, notably EUR 7 million for a painting by Nicolas de Staël (setting a new French record for a Post-War artwork), and EUR 5.7 million for a work by Lyonel Feininger. These exceptional sales were not repeated in 2012, when the highest hammer price in this category was a little over EUR 2m for an untitled 1933 work by Yves Tanguy.

As in 2011, the 74 auction houses operating through Drouot generated around 10 results that crossed the EUR 1 million threshold, notably a Qing dynasty imperial silk album from the Qianlong period that fetched EUR 7.8m (Joron-Derem), an Edme Bouchardon bust of Charles Frédéric de la Tour du Pin pre-empted by the Louvre museum for more than EUR 3.7m (Aguttes) and a Alfred Sisley oil painting, *Le port de Moret-sur-Loing, le soir*, acquired for EUR 1.5m (Beaussant Lefèvre).

Whereas 2011 saw the sale of several major collections (that of the Château de Gourdon, for example, which generated EUR 42m at Christie's, and the Paul-Louis Weiller collection [Gros et Delettrez] which brought in EUR 24m), there were only a few smaller collections offered in 2012. Nevertheless, Sotheby's, generated EUR 19m from

the sale of the Mis collection and Christie's brought in close to EUR 16m from the Hélène Rochas collection.

Rare et importante sculpture de Guanyin en bois

Montant adjugé : 9 025 000 €

Chine du nord, Circa XII^e s., H. 175 cm

Œuvre d'art la plus chère vendue en France en 2012.

Paris, 19 décembre, Christie's

© Christie's Image Ltd. 2013

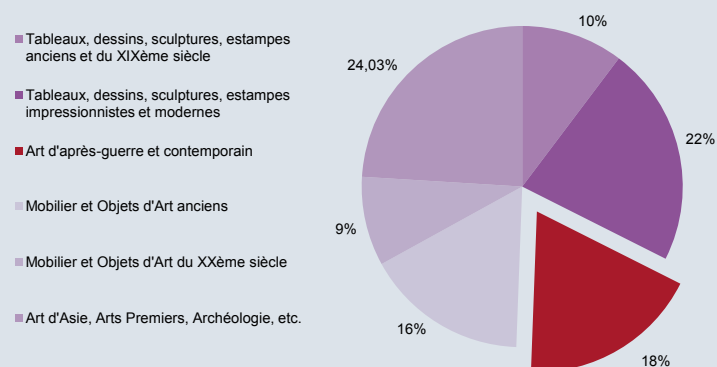


The Contemporary art market

Sales of Post-War and Contemporary art are often considered a barometer of a country's cultural health and dynamism. In 2012, turnover on this segment of the Art & Antiques category EUR 150 million, down EUR 7m versus 2011 and EUR 14m versus 2010. As in 2011, this sector represents 18 % of the Art & Antiques category.

2012 turnover for each sub-segment of the Art & Antiques

Percentage shares of voluntary auction turnover (excluding fees)



As in 2011, the Contemporary art segment took 3rd place accounting for 18% of the total turnover generated by Art & Antiques category behind Impressionist & Modern art (22%) and Asian art, Primitive Art & Archaeology (24%).

Combining the Modern art and Contemporary art segments together, **Sotheby's**, which posted turnover of EUR 35.1 million from this twin-segment, once again dominated the French market, ahead of **Christie's** with EUR 28.6 million (up nearly EUR 10 million after a lacklustre 2011). In 2012, these two operators accounted for 42.5% of the activity on the Modern / Contemporary art market. Behind Christie's in 3rd place was **Artcurial**, with EUR 17.1 million, down 37% compared to 2011, when it benefited from the sale of two exceptional lots. In 4th and 5th places, as in 2011, are the VAOs **Cornette de Saint-Cyr** and **Versailles Enchères**, the latter being the only operator based outside Paris in this ranking.

For these two operators, Modern art accounted for a large slice of their 2012 business: 47% for Cornette de Saint-Cyr and 82% for Versailles

Enchères. The top five operators generated 68% of the total turnover on the two segments Modern and Contemporary art in 2012, an increase of 4 points compared to 2011.

The top 5 operators on the "Post-War and Contemporary art" segment

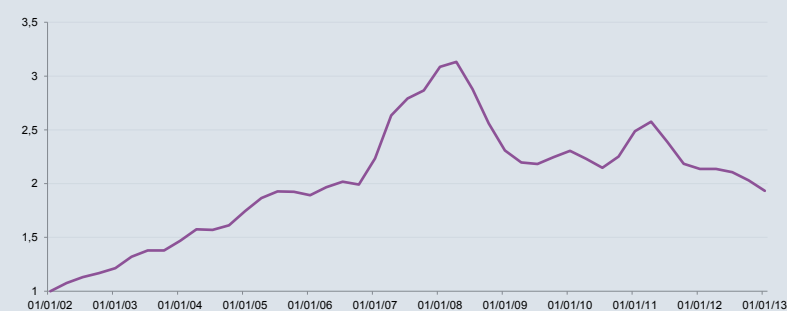
Voluntary auction turnover in Contemporary art, excluding fees

Rang	Opérateur	MA 2011	MA 2012
1	SOTHEBY'S France	34,0 M€	35,1 M€
2	CHRISTIE'S France	18,9 M€	28,6 M€
3	ARTCURIAL - BRIEST - POULAIN - F.TAJAN	27,1 M€	17,1 M€
4	CORNETTE DE SAINT CYR MAISON DE VENTES	10,8 M€	11,5 M€
5	VERSAILLES ENCHERES	10,1 M€	9,5 M€
Total		100,9 M€	101,6 M€
Part des 5 premières sociétés dans le MA réalisé dans les ventes d'art contemporain national		64%	68%

The decline in French auction revenue from Post-War and Contemporary art during 2012 occurred against the backdrop of a generalised global decline in prices during 2012 on this market. This phenomenon can be seen in the Artprice index for artworks by Post-War artists worldwide.

Prices of Post-War artworks – Artprice

Change in Artprice's "Post-War" index



Source : www.artprice.com

3.1.2 Other Collectibles : Artcurial generated 25 % of the market

In turnover terms, Other Collectibles is the second largest category in the Art & Collectibles sector. Accounting for turnover of EUR 171 million in 2012, it gained 16.3%, making it the only category to post growth in the Art & Collectibles sector.

This category includes a very wide range of goods: collection vehicles, books, comic books, toys, stamps, coins, decorations, militaria, amongst others.

Artcurial generated more than 25% (EUR 43.1m) of total turnover in this category, ahead of Sotheby's (around EUR 10.9m) and Bonhams (EUR 6.2m). Artcurial posted turnover of EUR 26.9m in collection vehicles, EUR 11.8m in comic books and EUR 5.2m in books and manuscripts. These solid performances received generous support from the sale of some exceptional lots such as a Ferrari 250 GT California spider previously owned by Roger Vadim that fetched EUR 4.5m (incl. fees), and an Indian ink and gouache work by Hergé that sold for EUR 1.34m.

It is significant – and not particularly incidental – that Artcurial actually generated more revenue in 2012 from Collection vehicles than it did from Contemporary Art and Modern Art, since the operator's activity on this segment, as in the Comic Books segment, has been growing steadily for several years now.

TINTIN EN AMÉRIQUE Remi dit HERGÉ Georges (1907-1983)

Montant adjugé : 1 120 000 €

Encre de Chine et gouache de couleur réalisée au mois d'octobre 1932 pour la couverture de l'album « Les aventures de Tintin reporter du petit « vingtième » en Amérique », 3^e album de la série, publié en 1932 aux éditions du « Petit Vingtième ».

Signée à l'encre de Chine. 32 x 32 cm.

Paris, 2 juin, Artcurial

© Hergé / Moulinsart 2012



3.1.3 Jewellery & Gold: 19 seven-figure operators

After three consecutive years of growth, the Jewellery & Gold sales category contracted by 3.9% in 2012 with turnover of EUR 98m, down from EUR 102m in 2011. Jewellery & Gold is the least concentrated market segment, with 19 companies generating more than EUR 1m in this category in 2012.

As in 2011, Artcurial headed the ranking with EUR 8.4m in turnover, or 8.6% of the total. Tajan came second with EUR 5.4m (5.5% of the category's total turnover) followed by Christie's France and Sotheby's France, each with EUR 5.1m (5.1% of the total).

Sales in this category were supported by the good performance of gemstones and diamonds but also by good hammer prices for works by artists from the first half of the 20th century such as René Lalique, Suzanne Belperron and René Boivin.

Broche clip «nœud de passementerie» en or jaune, saphirs & diamants taille brillant René BOIVIN (1955)

Montant adjugé : 37.000 €

Poids brut : 41,9 gr.

Longueur : 6,8 cm

Largeur : 3 cm

Paris, Espace Tajan, 10

décembre, Tajan.

© TAJAN



3.1.4 Wines & Spirits: stable turnover

At EUR 43m, the 2012 turnover in Wines & Spirits matched that of 2011. In a segment that is more concentrated than the others, the leader was Christie's France with around EUR 9m in turnover, equivalent to about 20.9% of the sector total.

The number two was Besch Cannes Auction with EUR 5.1m of turnover followed by D. Giafferi with EUR 4.9m. The top three

between them generated 44.0% of total turnover in Wines & Spirits. D. Giafferi stands out for having declared that all its sales of wines and spirits were conducted online.

Stimulated by strong Chinese demand, wine prices increased sharply in early-2011, driven by Bordeaux, which gained 15% in two months according to the WineDex indices published by iDealwine. Prices subsequently stagnated until end-2011, with Bordeaux prices even declining slightly.

In the first months of 2012 the prices Bordeaux wines continued to fall (-3.4% between December 2011 and March 2012) while those of Côtes du Rhône and above all Bourgogne wines increased (+4.3% and +9.1% respectively over the same period). The Bourgognes pursued this momentum over the year, gaining 31.8% between December 2011 and December 2012, while Bordeaux and Côtes du Rhône prices remained virtually stable.

The price of Bourgognes was bolstered by the 152nd edition of the sale by the Hospices de Beaune which despite the sharp drop in volumes – 512 barrels of 228 litres for sale in 2012 compared with 761 barrels in 2011 – still managed to raise its turnover. At this sale, organised by Christie's, the 111 bottles of white wine and the 401 bottles of red were sold, incl. fees, for EUR 5.9m, beating the 2011 and 2010 totals of respectively EUR 5.3m and EUR 5.2m. Asian buyers accounted for 12% of this turnover.

4 bouteilles ROMANÉE-CONTI (Grand Cru) Domaine de la Romanée-Conti 1985

Montant adjugé : 28 000 €
Cannes, 14 aout
Besch Cannes Auction
Expert Pascal Kuzniewski
© Besch Cannes Auction



3.1.5 Miscellaneous sales: stabilisation after years of decline

After a continuous decline since the start of the 2000s, 2012 turnover in the Miscellaneous sales category stabilised at the 2011 level of EUR 91m, despite an increase in the number of these sales.

Miscellaneous sales represent a significant portion of the activity of the new structures created over the last three years. These sales tend to concern mid-range items in terms of quality. They are not deemed worthy of a catalogue or specific marketing and are targeted primarily at a local, mostly professional clientele.

Over the last few years, this category has been under pressure from the emergence of internet sites that enable private individuals and professionals to advertise goods for sale online. Although these are generalist sites, the number of advertisements corresponding to the Art & Collectibles sector is high. In March 2013 we counted :

- 2,300,000 ads on www.ebay.fr in the Art and Antiques section
- 1,580,000 ads on the www.leboncoin.fr 'ameublement' section (which is broader than the "Art & Collectibles sector")

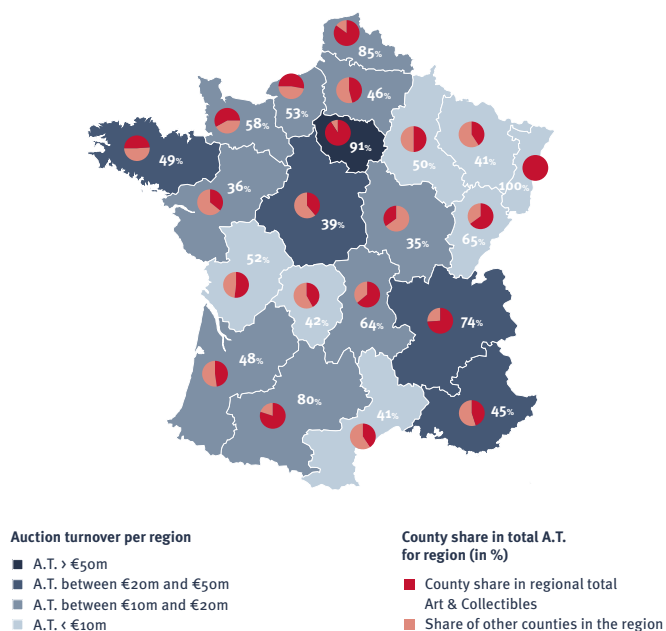
Le Normandie, pli confié sans mention

Montant adjugé : 25 800 €
affranchi avec un 20 centimes
n° 29, oblitéré du cachet à date
de type 17 de Fresnes-en-
Woëvre du 29 octobre 1870.
Nantes, 13 novembre.
Couton - Veyrac - Jamault
SVV. M. Reboulot



3.2 Geographic breakdown of activity remains stable

The 70 specialised operators based in Paris accounted for EUR 841m in turnover on the Art & Collectibles sector in 2012, equivalent to 68.6% of the national total. This figure was nevertheless down 2.1% compared to 2011. Extending the analysis to the surrounding Ile-de-France region (including Paris), there were 123 operators, 85 of them specialised in Art & Collectibles, accounting for EUR 927m, or 75.6% of the total French market in this sector. The Ile-de-France therefore concentrates the top end of the sector in terms of quality and generates most of the auction records.



Far behind in 2nd place on the Art & Collectibles sector is the Provence-Alpes-Côte d'Azur region (PACA), with a total turnover of EUR 46.8m. The region has 27 operators active in this sector, of which 13 are specialised, but they only generated 3.8% of total national turnover. Apart from the Ile-de-France and the PACA, only three regions, Brittany, Centre and Rhône-Alpes posted more than EUR 20m in turnover on the Art & Collectibles sector.

Economic data for the Art & Collectibles sector

Voluntary auction turnover, excluding fees

Région	Nombre d'OVV*	Montant adjugé 2011	Montant adjugé 2012	Variation	Dépense par habitant (en €)
Alsace	2	0,6 M€	1,5 M€	+145%	0,8
Aquitaine	18	20,1 M€	19,5 M€	-3%	22,7
Auvergne	7	12,9 M€	12,6 M€	-2%	9,9
Basse-Normandie	12	19,6 M€	16,3 M€	-17%	87,5
Bourgogne	15	15,8 M€	14,9 M€	-6%	10,2
Bretagne	11	17,9 M€	21,9 M€	+22%	66,3
Centre	16	21,6 M€	24,9 M€	+15%	17,7
Champagne	8	5,8 M€	7,7 M€	+34%	7,7
Franche-Comté	6	4,3 M€	4,4 M€	+2%	5,2
Haute-Normandie	17	16,7 M€	14,0 M€	-16%	31,6
Ile-de-France	123	939,8 M€	927,5 M€	-1%	114,2
Languedoc	6	5,8 M€	6,1 M€	+6%	2,6
Limousin	4	3,5 M€	4,8 M€	+38%	7,0
Lorraine	8	7,7 M€	8,0 M€	+4%	4,2
Midi-Pyrénées	15	33,3 M€	17,7 M€	-47%	52,4
Nord-Pas-de-Calais	14	14,0 M€	15,7 M€	+12%	23,7
Pays-de-la-Loire	16	18,1 M€	17,9 M€	-1%	7,5
Picardie	12	12,6 M€	13,0 M€	+3%	8,3
Poitou-Charente	7	7,8 M€	7,5 M€	-4%	5,7
Provence-Alpes-Côte d'Azur	27	48,7 M€	46,8 M€	-4%	20,8
Rhône-Alpes	24	22,3 M€	24,1 M€	+8%	14,2
Total France Métropolitaine	368	1 249,0 M€	1 226,7 M€	-2%	38,6

3.3 2012 ranking of VAOs in the Art & Collectibles sector

All of the top 20 operators in the Art & Collectibles sector are based in the Ile-de-France region.

Reflecting the overall decline of the sector, the entry threshold for the 2012 top 20 fell from EUR 9.3m in 2011 to EUR 8.0m in 2012.

In parallel, at EUR 697m, the total turnover generated by these 20 operators was EUR 30m lower than in 2011.

Of the top seven players in the sector, only one, Artcurial, managed to post turnover growth in 2012.

2012 ranking of the top 20 French auction operators in the Art & Collectibles sector

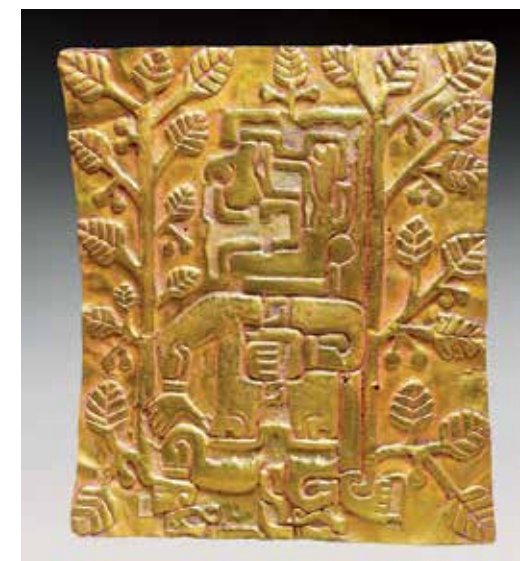
Ranking by voluntary auction turnover, excluding fees

Rang	Nom	Région	Montants adjugés	
			2011	2012
1	CHRISTIE'S France	Ile-de-France	165 M€	161 M€
2	SOTHEBY'S France	Ile-de-France	157 M€	152 M€
3	ARTCURIAL - BRIEST - POULAIN - F.TAJAN	Ile-de-France	98 M€	111 M€
4	CLAUDE AGUTTES	Ile-de-France	29 M€	29 M€
5	TAJAN	Ile-de-France	33 M€	29 M€
6	MILLON ET ASSOCIES	Ile-de-France	31 M€	24 M€
7	CORNETTE DE SAINT CYR MAISON DE VENTES	Ile-de-France	25 M€	24 M€
8	PIASA	Ile-de-France	19 M€	22 M€
9	BEAUSSANT - LEFEVRE	Ile-de-France	17 M€	19 M€
10	PIERRE BERGE ET ASSOCIES	Ile-de-France	10 M€	16 M€
11	GROS & DELETTREZ	Ile-de-France	31 M€	15 M€
12	SOCIETE THIERRY DE MAIGRET	Ile-de-France	11 M€	13 M€
13	BINOCHÉ et GIQUÉLLO	Ile-de-France	16 M€	13 M€
14	OSENAT	Ile-de-France	9 M€	12 M€
15	VERSAILLES ENCHERES	Ile-de-France	13 M€	12 M€
16	ADER	Ile-de-France	10 M€	11 M€
17	CHRISTOPHE JORON-DEREM	Ile-de-France	7 M€	9 M€
18	EUROP AUCTION	Ile-de-France	9 M€	9 M€
19	FRAYSSE & ASSOCIES	Ile-de-France	12 M€	8 M€
20	AUCTION ART - REMY LE FUR & ASSOCIES	Ile-de-France	6 M€	8 M€

The top three places in the sector did not change. **Christie's** still holds the top spot, with EUR 161m in 2012, ahead of **Sotheby's** with EUR 157m. These two international operators saw their French auction operations contract in 2012: -2.2% for Christie's and -3.3% for Sotheby's. By contrast, **Artcurial**, the top French player in the ranking, strengthened its 3rd place with turnover of EUR 111m, up 12.9% year-on-year. The operator **Claude Aguttes** held the 4th place in 2012, up from 7th in 2011. This improvement was not linked to turnover, which was stable at EUR 29m, but rather to the declining turnover of other operators like **Tajan**, **Millon & Associés** and **Cornette de Saint-Cyr Maison de Ventes**, which held respectively the 5th, 6th and 7th places. Among the other noteworthy declines, we see **Gros & Delettrez**, which benefited in 2011 from very good prices for the former collection of Paul-Louis Weiller, and the **Marc Labarbe**, the only operator not based in the Paris region and which joined the 2011 top 20 thanks to the sale of one exceptionally priced lot, but was squeezed out in 2012.

Plaque ornementale en or, décorée de la figure du dieu des Tisserands et du Coton dans une abondante végétation

Montant adjugé : 460 000 €
Pérou, entre les rivières de Jequetepeque et de Zana, culture Chavin, 400-200 avant J.-C.
Provenance : collection Bendicht Rudolf Wagner.
Drouot Richelieu, 3 décembre, SVV Alain Castor - Laurent Hara.
© SVV Alain Castor - Laurent Hara



3.4. The Parisian market

The Art & Collectibles sector is heavily concentrated in Paris, where 68.7% of 2012 sector turnover was generated. Several historical operators coexist on the Paris market: the auction houses, most of which are small or medium-sized operators, who operate through Drouot, Artcurial and the French offices of the two international leaders on the sector, Christie's and Sotheby's.

Market share evolution of top Parisian Art & Collectibles operators

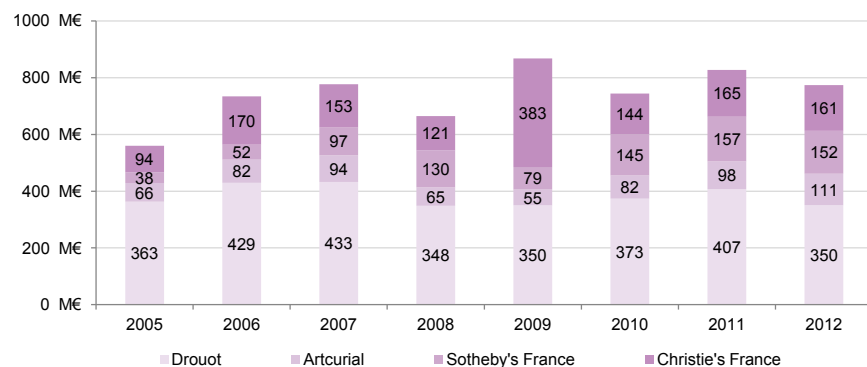
	2005	2006	2007	2008	2009	2010	2011	2012
Paris	619 M€	830 M€	840 M€	733 M€	893 M€	781 M€	860 M€	843 M€
dont Drouot	58,60%	51,70%	51,50%	47,50%	39,20%	47,80%	47,33%	41,56%
dont Artcurial	10,60%	9,90%	11,20%	8,90%	6,20%	10,50%	11,40%	13,15%
dont Sotheby's France	6,10%	6,30%	11,60%	17,80%	8,90%	18,50%	18,26%	17,98%
dont Christie's France	15,20%	20,50%	18,20%	16,50%	42,90%	18,50%	19,19%	19,05%
Ile-de-France (sans Paris)	62 M€	50 M€	58 M€	57 M€	81 M€	79 M€	81 M€	86 M€
Autres régions	329 M€	344 M€	326 M€	293 M€	246 M€	282 M€	308 M€	298 M€
Total	1 010 M€	1 224 M€	1 224 M€	1 083 M€	1 220 M€	1 142 M€	1 249 M€	1 227 M€

The market share of the Drouot auction houses shrank steadily, to the benefit of Sotheby's and Christie's, but also of Artcurial. These three operators posted combined total turnover of EUR 424m, or 50.1% of Paris-based turnover in the Art & Collectibles sector. In 2003, the same companies accounted for only 31.9% of the same metric. Over the same period, the market share of the Drouot auction houses declined

from 58.6% in 2003 to 41.6% in 2012. Drouot remains nevertheless France's leading auction house in terms of total turnover, bearing in mind that it is an auction house that hosts independent VAOs, rather than an operator in its own right.

Auction turnover of leading Parisian operators on Art & Collectibles sector

euros millions



Bouquet de fleurs dans un vase de bronze posé sur un entablement près d'un coquillage
Ambrosius BOSSCHAERT l'Ancien (1573-1621)

Montant adjugé : 1 350 000 €
 Huile sur cuivre, monogrammée et datée « 1621 » (?) en bas à droite. Provenance : collection privée française depuis au moins le début du XIX^e s. Drouot Richelieu, 1^{er} juin.
 SVV Gros & Delettrez
 © Gros Delettrez



IV. Used Vehicles & Industrial Equipment

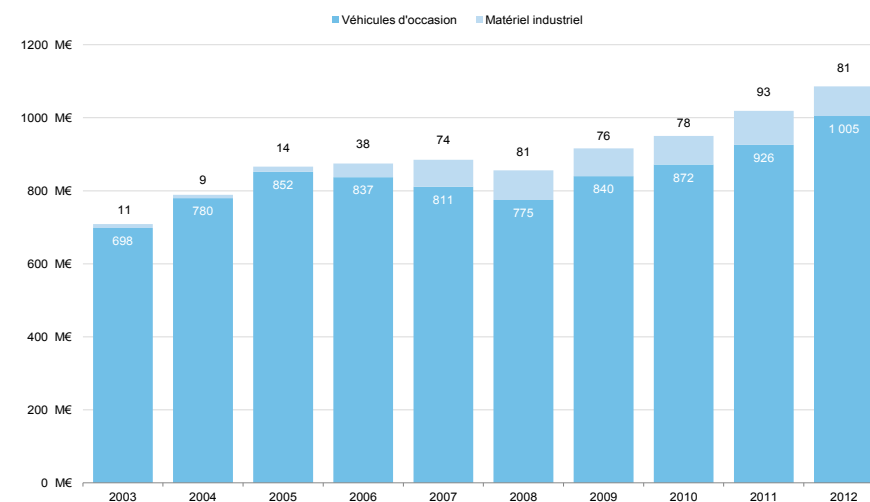
4.1 Growth of 6.5 % in 2012

The Used Vehicles & Industrial Equipment sector stood out in 2012 with growth in total turnover of 6.5% to EUR 1,086m, after a 7.4% progression to EUR 1,020m in 2011.

In reality, this growth only concerns the used vehicle category, where activity rose 8.5% after a rise of 6.2% in 2011, to reach EUR 1,005m. The Industrial Equipment category posted a much more erratic trend with turnover declining 13.0% in 2012 to EUR 81m, after growth of 19.2% in 2011.

Evolution of French voluntary auction turnover in Used Vehicles & Industrial Equipment sector

Turnover from voluntary auctions in France, excluding fees



4.2 Analysis per category

4.2.1 Used vehicles: growth and consolidation

Apart from the above-mentioned turnover growth, the Used Vehicles & Industrial Equipment sector was also marked by the arrival of a new player: Carmen-Alcoba. This new operator was born out of the merger, overseen by the Belgian group Alcoba, of the activities of five already-existing operators: Australe, AC Enchères, Est Auction, Bretagne Enchères and XXL Enchères. After registering in April 2012 as Carmen-auction, it changed its name to Alcoba Auction in December 2012.

The concentration of the sector has therefore intensified. This trend is all the more important since the Belgian group Alcoba, the owner of the French company Carmen-Alcoba, is also shareholder of the Bernard group, which itself holds stakes in another leading auction operator, Anaf Auto Auction.

In total, the top three operators specialised in the sale of used vehicles – Guignard & Associés, Carmen-Alcoba and BCAuto Enchères – which are respectively the 1st, 2nd and 4th highest-ranked national operators in all sectors, generated turnover of EUR 509m from used vehicles in 2012. This is equivalent to 50.6% of total turnover from used vehicles and 21.0% of total French auction turnover, all sectors combined.

The international operators active in this category (BCAuto, Autorola and Manheim) generated combined turnover of EUR 194m, representing 19.3% of the total turnover from used vehicle sales. In 2011, the same companies accounted for 19.7% of the activity in this category.



**Chariot télescopique
rotatif MANITOU MRT
2150 Privilège
(2008)**

Montant adjugé : 81 000 €
Équipé nacelle, treuil,
flèche, fourches, godet + 2
télécommandes, Enchères Mat.
© Enchères Mat

4.2.2 Industrial equipment : decline after the 2011 surge

Annual turnover trends in the Industrial equipment segment are erratic. This business is largely dominated by a very small number of operators specialised in the sale of industrial equipment – like the Canadian player **Richie Bros** or the Dutch company **Roux Troostwijk** – and the occasional activity of a small number of operators who mostly sell used vehicles. Richie Bros, the market leader, accounted for 40% of total 2012 turnover on the sector, ahead of **Enchères Mat** with 17% and Roux Troostwijk with 8%. These three companies therefore controlled 65% of the activity in this category.

As in the past, turnover trends in industrial equipment are strongly correlated with the activity of Richie Bros, which has seen total turnover fluctuate from a decline of EUR 6.9m in 2010, to growth of EUR 13.4m in 2011, followed by another decline, this time of EUR 4.6m, in 2012.

4.3 Top 20 operators in the Used Vehicles & Industrial Equipment sector

In 2012, four operators on the Used Vehicles & Industrial Equipment sector posted turnover in excess of EUR 100m: **Guignard & Associés**, with EUR 181m, retained 1st place, ahead of **Carmen-Alcoba**, a new company that combines the activities of five operators, with total turnover of EUR 167m.

In 3rd place there was **BCAuto Enchères**, with EUR 161m, then **Toulouse Enchères Automobile** with EUR 112m. The top four together generated EUR 620m of turnover in 2012 (representing a 57% market share), up 14% on 2011, when they posted EUR 543m (which contains the 2011 turnover of the five companies that now form Carmen-Alcoba).

Top 20 Industrial Equipment operators in France in 2012

Ranked by auction turnover, excluding fees

Rang	Nom	Région	Montants adjugés	
			2011	2012
1	GUIGNARD ET ASSOCIÉS	Bretagne	149 M€	181 M€
2	CARMEN-ALCOPA	Ile-de-France	-	167 M€
3	BCAUTO ENCHÈRES	Ile-de-France	125 M€	161 M€
4	TOULOUSE ENCHÈRES AUTOMOBILES	Midi-Pyrénées	80 M€	112 M€
5	MERCIER AUTOMOBILES	Nord	56 M€	60 M€
6	ANAF AUTO AUCTION	Rhône-Alpes	39 M€	39 M€
7	RITCHIE BROS. AUCTIONEERS FRANCE	Haute-Normandie	42 M€	37 M€
8	AQUITAINE ENCHÈRES AUTOMOBILES	Aquitaine	31 M€	36 M€
9	AUTOROLA	Ile-de-France	29 M€	30 M€
10	PARCS ENCHÈRES	PACA	30 M€	23 M€
11	ENCHÈRES MAT	Midi-Pyrénées	16 M€	19 M€
12	CAR ENCHÈRES	Rhône-Alpes	18 M€	19 M€
13	NORD ENCHÈRES	Nord	27 M€	19 M€
14	ENCHÈRES AUTO FIVE AUCTION TOURS	Centre	20 M€	19 M€
15	TABUTIN MÉDITERRANÉE ENCHÈRES	PACA	17 M€	15 M€
16	SVV AUTO MAT & TRANSPORT	Aquitaine	13 M€	13 M€
17	AIX ENCHÈRES AUTOMOBILES	PACA	14 M€	13 M€
18	VOUTIER ASSOCIÉS	Ile-de-France	11 M€	11 M€
19	VP ROUEN	Ile-de-France	6 M€	6 M€
20	CEVEP	Ile-de-France	6 M€	6 M€

The sector is therefore still consolidating around the biggest operators. The 16 other operators in the top 20 posted 2012 turnover of EUR 365m, down from EUR 374m in 2011. The average turnover of these companies therefore declined.



**Porsche Cayenne Sté 3.0
TDI Tiptronic
du 13/10/2010**

Montant adjugé : 48 600 €
64800 kms. Beauzelle,
29 novembre, Toulouse.
Enchères Automobiles

4.4 Growth in the Paris region

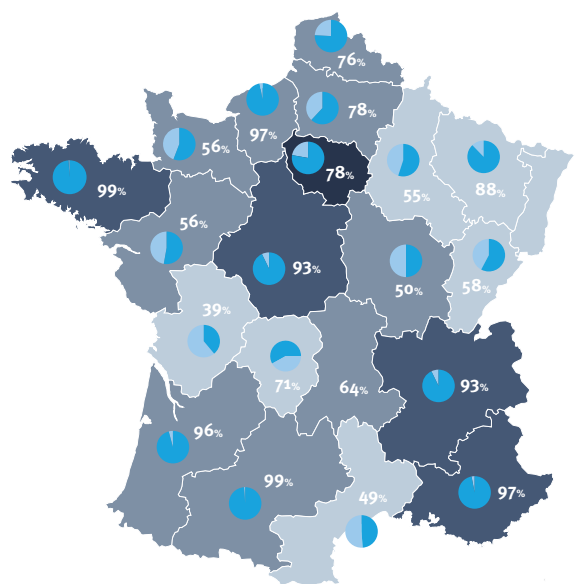
For obvious logistical reasons, this sector has not been as concentrated in the Ile-de-France as the Art & Collectibles sector. In 2012, the weight of the Ile-de-France in this sector grew strongly, rising from 33.4% in 2011 to 38.5%. As we saw in the analysis of the turnover breakdown for all sectors by region, this phenomenon can be explained by the creation of Carmen-Alcopa, which gathers together in the Paris region the activities of five existing companies: Australe (Ile-de-France), Bretagne Enchères (Brittany), Est Auction (Lorraine), A.C. Enchères (Ile-de-France) and XXL Enchères (Brittany). As a result, turnover in the Lorraine region declined by 92% while in Brittany it only dropped 3%, thanks to 21% growth in the activity of Guignard & Associés, the sector's leading operator and the top VAO in Brittany all sectors combined.

Economic performance of the Used Vehicles & Industrial Equipment sector by region

Voluntary auction turnover, excluding fees

Région	Nombre de OVV*	Montant adjugé 2011	Montant adjugé 2012	Variation
Alsace	0	0,0 M€	0,0 M€	+0%
Aquitaine	13	49,1 M€	53,8 M€	+10%
Auvergne	6	1,5 M€	0,8 M€	-47%
Basse-Normandie	9	2,8 M€	2,4 M€	-16%
Bourgogne	11	2,8 M€	1,8 M€	-35%
Bretagne	10	196,4 M€	190,2 M€	-3%
Centre	12	21,1 M€	20,3 M€	-4%
Champagne	8	4,2 M€	2,6 M€	-39%
Franche-Comté	6	1,6 M€	1,7 M€	+8%
Haute-Normandie	12	49,7 M€	44,1 M€	-11%
Ile-de-France	55	341,0 M€	418,1 M€	+23%
Languedoc-Roussillon	5	0,7 M€	0,7 M€	+5%
Limousin	2	0,4 M€	0,4 M€	-10%
Lorraine	5	21,0 M€	1,8 M€	-92%
Midi-Pyrénées	15	99,6 M€	133,3 M€	+34%
Nord-Pas-de-Calais	10	84,4 M€	79,9 M€	-5%
Pays-de-la-Loire	15	7,1 M€	9,0 M€	+27%
Picardie	9	3,5 M€	2,9 M€	-18%
Poitou-Charente	7	2,3 M€	2,6 M€	+11%
Provence-Alpes-Côte d'Azur	18	65,4 M€	55,1 M€	-16%
Rhône-Alpes	20	64,9 M€	64,6 M€	-0%
Total France Métropolitaine	248	1 020,0 M€	1 085,9 M€	+6%

Notwithstanding this accounting effect, the hierarchy of the French regions remains fairly rigid and strongly linked to the location of the 29 specialised operators, even though 219 non-specialised companies also carried out sales on this segment of the market. The Ile-de-France region, bolstered by the presence of Carmen-Alcopa, BCAuto and Autorola, therefore heads the rankings with EUR 418m in turnover. Brittany, where the national leader – Guignard & Associés – is based, is the second-ranked region in the sector, with turnover of EUR 190m. In 3rd place is the Midi-Pyrénées region, thanks to the presence of Toulouse Enchères Automobiles, which concentrates 84% of the EUR 133m in turnover generated by the sector in this region.



Montant adjudgé 2012 Véhicules d'occasion et Matériel industriel

- Montant adjudgé supérieur à 100 M€
- Montant agrégé compris entre 50 M€ et 100 M€
- Montant agrégé compris entre 10 M€ et 50 M€
- Montant agrégé inférieur à 10 M€

Part du département dans le montant total adjudgé dans la région (en %)

- Part du départemental le plus important dans la région
- Part des autres départements dans la région

V. The Horse sector

5.1. Stable activity in 2012

The Horse auction sector remained virtually stable in 2012, with turnover of EUR 110m, up slightly from EUR 109m in 2011. Activity is therefore below the levels reached prior to the 2008 crisis. This is not unique to France however. In Europe as a whole, where the United Kingdom holds around 50% of the market, ahead of France with around 20%, horse sales are down to approximately 15,000 horses a year, from 19,000 prior to 2008.

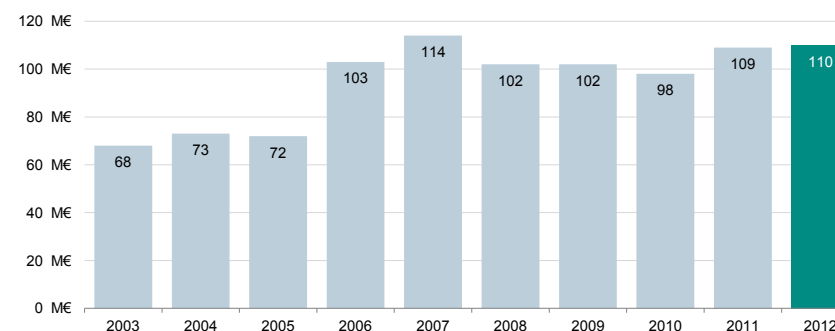
EDKHAN
mâle issu des gagnants
de Groupe 1 Sea The
Stars et Alpine Rose

Montant adjudgé : 1 200 000 €
Présenté par l'écurie des
Monceaux à la Vente de
Yearlings d'Août 2012,
Mandore International Agency,
agissant pour le compte de
Cheikh Joaan Bin Hamad Al
Thani. Deauville, 19 août.
Arqana
© Arqana



Annual turnover on the Horse sector

EUR millions, excluding selling fees



5.2 Basse-Normandie: the heart of the French horse market

There are very few operators who generate significant turnover from horse sales. The sector is largely dominated by Arqana, with turnover of EUR 101m in 2011, compared to EUR 110m from total horse sales in France. Arqana has also absorbed the Agence Française du Trot, France’s no. 2 horse seller in 2011, with turnover of EUR 6.4m.

Top operators in the Horse sector in 2012

Ranked by voluntary auction turnover, excluding fees

Nom	Région	Montants adjugés	
		2011	2012
ARQANA	Basse-Normandie	101,2 M€	101,4 M€
F.E.N.C.E.S.	Basse-Normandie	3,9 M€	3,3 M€
VENTES OSARUS	Basse-Normandie	1,4 M€	2,5 M€
CAEN ENCHERES	Basse-Normandie	1,7 M€	2,3 M€
NASH	Basse-Normandie	1 M€	0,8 M€

Another noteworthy fact is that all Horse sector operators are based in the Basse-Normandie region. The equine segment is highly developed in this region, and since 2005 has been structured around a “competitiveness cluster”. In 2010, according to Equi-ressources, which gathers data on the sector, the Basse-Normandie Horse sector provided 12,600 direct and indirect jobs in 5,588 companies, of which 4,526 are agricultural, equivalent to 18% of the region’s agricultural businesses. The region contains 77,000 horses used for professional purposes, making it the world’s 4th horse exporter.

Horse auctions are very open to an international clientele. A third of yearlings sold by Arqana subsequently leave France, and for those that remain, half are either trained or raised for breeding in France by overseas residents. The top five 5 operators active in the sector have

declared more than EUR 32m in turnover from overseas residents. The sector’s leading operator offers live auctions that are combined with physical sales, which enable remote bidding via the internet. But in practice, given that the goods for sale are living creatures, bidders tend to be physically present, or represented by brokers, when the horses are presented to potential buyers.

Top Price Fences 2012 Cavisto Z (sBs par Casall) par Ekaterina Rybolovleva

Montant adjugé : 200 000 €
Bois-le-Roy,
1^{er} septembre, Fences.
© PSV Morel



I. Introduction

Since 2009, the CVV has also conducted an international analysis of the Art & Collectibles sector of the global auction market, providing a basis for a comparison of France's position on this market vis-à-vis the rest of the world. This analysis is based on the following methodological principles :

- Our definition of the “Art & Collectibles sector”, unlike the majority of studies of this global market, is not limited to the “Fine Art” segment as it includes the same categories as those underpinning our analysis of the French market. These are: Art & Antiques, Jewellery & Gold, Other Collectibles, Wines & Spirits and Miscellaneous Objects.
- Unlike our analysis of the French Art & Collectibles sector which is based on auction hammer prices, the figures communicated in our international analysis are based on auction sales figures including fees (translated into euros where necessary).
- The data gathered for this analysis was obtained using a number of different techniques: by contacting the companies directly; by reference to the figures available in a variety of different publications, (sale results, press releases, media articles), and, as a last resort, by making calculated estimates based on available information (number of sales, notoriety, etc.). As the data gathered is essentially based on auction operators' disclosures, there exists a risk that the figures communicated may not actually take into account situations where buyers fail to pay.

This analysis has allowed us to produce the following market indications :

- A summary of the trends in 2012 compared with previous years based on indicators such as aggregate global turnover (Art & Collectibles sector), the number of active operators, and the number of sales conducted.

- A global ranking of the principal operators by auction turnover, and an analysis of sales trends among the different types of operators.
- A geographical analysis of auction sales covering the 53 countries active in the Art & Collectibles sector, and particularly in the three major activity zones: Asia, North America and Europe.

For 2012, 83.7% of our aggregate figure for global auction turnover was actually observed, with the remainder being estimated. This percentage is lower than for 2011 (88.8%) when there was a greater concentration of global market activity in the figures of the largest operators. However, it is higher than our percentages for 2010 (81.5%) and 2009 (77%).

II. Key figures

2.1 Contrasting trends within the global Art & Collectibles sector

In 2012, aggregate global turnover in the Art & Collectibles sector amounted to **EUR 24.56 billion**, down 5.9% versus 2011. However, **there were very contracting trends in the different zones analysed**: Asia's turnover shrank considerably whereas North America's expanded and Europe's slightly contracted.

	2012	2011	Variation
Produit mondial des ventes	24 558 M€	26 110 M€	-5,9%
Nombre d'opérateurs actifs	2601	2640	-1,5%
Nombre de ventes cataloguées	12 686	12 635	+0,4%
Nombre de ventes courantes	28 636	28 561	+0,3%
Prix moyen par vente	594 K€	632 K€	-6,0%
Nombre de sociétés au produit des ventes annuel supérieur à 20 M€	146	141	+3,5%

Until 2011, the aggregate global art market posted robust resilience to the economic crisis mainly due the rapid expansion of the Asian market (+17.9% in 2011 according to the CVV's figures). This growth was essentially driven by China which for two consecutive years topped the global turnover ranking per country in the Art & Collectibles sector: In 2011, China's total turnover increased by no less than 51.5% vs. 2010 (to EUR 11.5 billion).

However, there were already signs during the same year that global growth was slowing: the number of active operators in the sector had contracted, and the number of active companies was down 8.5% after a numerous business failures and closures (nearly a hundred, mostly in Europe).

At the same time, only 26 countries posted turnover contractions in 2011. Thus, excluding China, aggregate global turnover amounted to a relatively stable EUR 14.6 billion versus 2010. Moreover, the top 10 Western operators posted average turnover growth of 7.5%, with the growth essentially driven by the market's largest operators, i.e. those active at the top end of the market and oriented towards an international clientele.

In contrast, 2012 was marked by a net decline in the two strongest drivers of global growth: Chinese demand contracted and the top end of the art market was less dynamic. For the first time in years, the art market actually shrank. Nevertheless, the overall decrease in aggregate activity in 2012 reflected some sharply contrasting trends :

- China's auction turnover in 2012 dropped substantially (-22.0%) after the very sharp increase in 2011 (+51.5%). This drop was largely due to a contraction in sales at the country's two largest operators;
- The European market also contracted, but to a much smaller extent (-1.1%) with strong contrasts at the intra-European level: The UK posted growth of 4.9% and Switzerland of 15.5% whereas Germany saw a 20.8% fall in turnover and France contracted 1.7%;
- The North American market posted a sharp 14.6% increase in auction turnover, with New York recovering its first place as the world's most dynamic city in the global Art & Collectibles sector

ahead of Beijing, even if the United States was still behind China in terms of country turnover;

- North American companies specialised in sales of collection vehicles posted exceptionally strong results in 2012 ;
- More generally, operators specialised in Collectibles posted turnover growth in 2012.

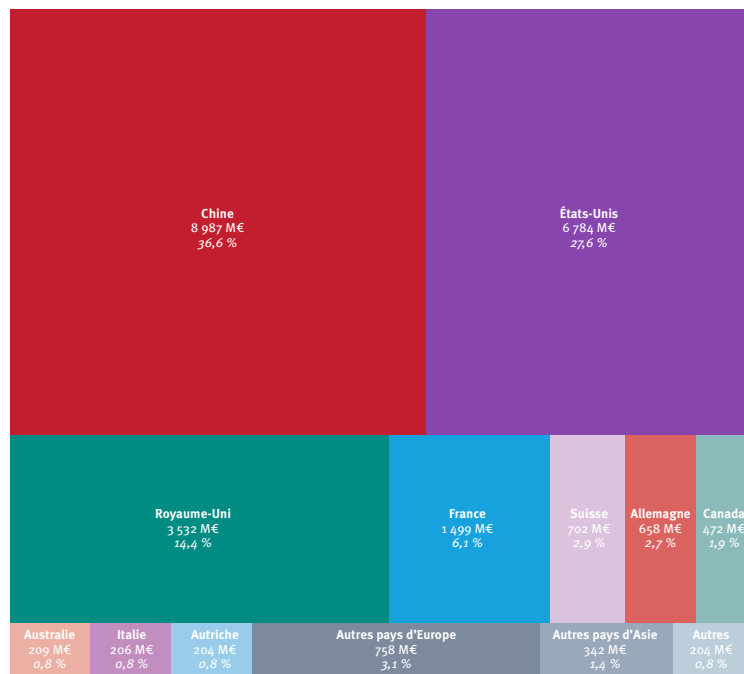
Rang	Société	Produit des ventes 2012	Pays
1	Christie's	4 044 M€	Monde
2	Sotheby's	3 443 M€	Monde
3	Beijing Poly International Auction Co., Ltd.	750 M€	Chine
4	Heritage Auction Galleries	669 M€	Etats-Unis
5	China Guardian Auctions Co., Ltd.	637 M€	Chine

In terms of company demographics, the following trends were also observed :

- A reduction in the number of active operators: 2,601 operators conducted at least one sale in the Art & Collectibles sector in 2012 versus 2,640 in 2011;
- A slight decrease in market concentration among the art market players, with the top 20 operators accounting for 53.1% in 2012 versus 53.7% in 2011;
- No increase in the number of sales conducted: 41,322 in 2012 versus 41,334 in 2011.

Breakdown by country of global auction revenue from the Art & Collectibles sector in 2012

(in EUR million, including fees)



Note: the surfaces are proportional to the turnover totals in the different countries

2.2 Economic context : the wealthy in both China and Europe have seen their fortunes shrink

At the economic level, global growth decelerated, although the picture was again very heterogeneous from region to region. According to the INSEE, the advanced countries posted GDP growth of +1.1% in 2012 versus +1.3% in 2011. The euro area moved into recessionary territory with GDP contracting by half a point (-0.5%) as the sovereign debt crisis reached a climax. This contraction in European activity weighed on its economic partners at the global level. While the United States posted sustained economic growth (+ 2.2% in 2012 after + 1.8% in 2011), the world's emerging economies slowed as their exports towards developed countries, and particularly Europe, shrank. According to the IMF, China's GDP growth slowed from 9.3% in 2011 to 7.8% in 2012.

In effect, GDP growth has a direct impact on the art market which is very sensitive to the fluctuating fortunes of the world's most wealthy populations. The latter account for the bulk of demand at the top end of the market. The economic slowdowns recorded in certain geographic zones and the global climate of uncertainty clearly impacted buyers' incomes in 2012.

The different asset classes constituting the wealth of the art-buying fraction of the global population experienced substantial value contractions. For example, the composite index on the Shanghai Stock Exchange lost 20% between May 2011 and November 2012 before recovering slightly, and European stock markets were equally moribund. The French CAC 40 and the German DAX lost more than 30% in the summer of 2011 before recovering towards the end of 2012. The Dow Jones, on the other hand, lost just over 10% in July 2012 before rapidly recovering its previous growth rate.

These global trends have direct consequences on the numerical growth of the global population of HNWI's (high net wealth individuals) and on their accounting wealth. According to Wealth-X's World Ultra Wealth Report, in 2012 the number of major fortunes – defined as the number of individuals possessing fortunes greater than USD 30 million – contracted by 1.9% in Europe (53,000 individuals identified) and by 2.1% in Asia (43,000 identified), although the number continued to grow in other regions of the world, particularly in North America, where it increased by 3.3% (65,000 identified). The report looks in considerable detail at the fortunes of Europe's wealthiest individuals and shows that the number of major fortunes contracted in France and Germany, remained stable in the UK and increased substantially in Switzerland.

2.3 Auction operator categories : the relevance of a geographical analysis

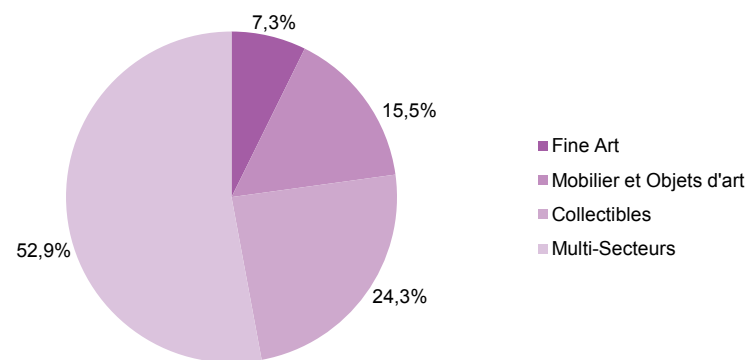
2.3.1 Activity domains

The activities of the operators in the Art & Collectibles sector were less specialised in 2012 than in 2011. Thus 53% of the companies in the sector (versus 42% in 2011) posted activities in at least two of the three major identified segments that constitute this sector, and are

therefore classed as Multi-segment. These three segments are :

- Fine art: painting, drawing, sculpture, photography and prints (essentially engravings and etchings)
- Collectibles: collections vehicles, stamps and coins, old books and manuscripts, militaria, posters, hunting and fishing equipment and antique toys;
- Furniture and art objects: other categories of objects.

Breakdown of operators in the Art & Collectibles sector per type of activity



In 2012, 404 companies specialised in Collectibles with 80% only organising sales in one of the categories defined above and less than 5% covering more than 2 categories.

189 companies in the world only organised Fine art sales, and 76 of these were located in China. There are hardly any operators in France specialised exclusively in Fine Art. There are none in Sweden or the Netherlands.

Breakdown of operators in the Art & Collectibles sector per type of activity and per country

Pays	Fine Art	Mobilier et Objets d'art	Collectibles	Multi-Secteurs
Allemagne	4,6%	23,2%	29,1%	43,0%
Australie	4,9%	11,5%	21,3%	62,3%
Belgique	4,9%	14,6%	24,4%	56,1%
Canada	8,0%	14,0%	26,0%	52,0%
Chine	24,4%	4,4%	1,3%	69,9%
Danemark	8,3%	33,3%	25,0%	33,3%
Etats-Unis	2,4%	34,5%	15,7%	47,5%
France	1,6%	30,6%	1,6%	66,1%
Italie	14,6%	2,1%	20,8%	62,5%
Pays-Bas	0,0%	18,2%	21,2%	60,6%
Royaume-Uni	1,9%	33,7%	23,5%	40,9%
Suède	0,0%	31,1%	6,7%	62,2%
Suisse	16,7%	8,3%	36,1%	38,9%
Autre	21,8%	7,4%	19,4%	51,4%

2.3.2 Statistical classification of auction operators

To analyse the 2012 results of 2,601 auction operators active in the Art & Collectibles sector, several approaches can be used: a) analyse the sector's activity by turnover volume, b) focus on the segment specialisation of the companies as defined above, or c) focus on geographic location.

In order to obtain a better appreciation of these different approaches, we have applied statistical classification methods to the international data gathered that allow companies with similar profiles to be grouped together. These methods have been applied on the basis of the following variables :

- LGeographic location: Europe, North America and Asia (excluding the Middle East) and the rest of the world;
- Specialisation: Fine art, Furniture & art objects, Collectibles and Multi-segment
- Auction turnover: less than de EUR 20 million, between EUR 20 and 50 million, between EUR 50 and 100 million and greater than EUR 100 million.

In view of the results obtained, we have used a classification system allowing an optimal differentiation of auction operators into 7 relatively homogenous groups. These groups are defined not only on the basis of variables mentioned above, but also using additional variables such as the proportion of catalogued sales and aggregate average sales turnover during 2012 :

- **Group 1:** 194 operators, 55% of which are located outside the three major activity zones (Asia, North America and Europe). A substantial proportion of these (49%) were specialised in Fine Art; nearly two-thirds of their sales were “catalogued” and their aggregate average 2012 sales turnover was EUR 3 million, with none of them posting an individual turnover above EUR 20 million;
- **Group 2:** 710 European companies, more than 99% of which fall into the Multi-segment category. These operators posted an aggregate average 2012 sales turnover of EUR 9.1 million and 42% of their sales were catalogued;
- **Group 3:** 247 European companies specialised in Collectibles. Posting an aggregate average 2012 sales turnover of EUR 2.2 million, none of them posted individual turnover above EUR 20 million. More than two-thirds of their sales were catalogued;
- **Group 4:** 355 companies based in Europe, specialised in sales of Furniture & art objects, with only 19.7% of their sales being catalogued. In 2012 their aggregate average sales turnover was EUR 1.1 million;
- **Group 5:** 351 companies, 96% of which were based in Asia; 67% of which fell into the multi-segment category; 26% were specialised in Fine Art and 0.6% were specialised in Furniture & art objects. This group generated the highest aggregate average 2012 sales turnover at EUR 27 million, and 28.8% of its operators posted annual turnovers above EUR 20 million. Catalogued sales represented 84.5% of the total number of sales organised;
- **Group 6:** 491 companies based in North America posting either multi-segment activities or specialised in Collectibles. These companies posted an aggregate average 2012 sales turnover of EUR 13.9 million and 39.7% of their sales were catalogued. This

group contains the largest North American companies;

- **Group 7:** 253 North American companies specialised in the Furniture and art objects sector. Their aggregate average 2012 sales turnover was EUR 1.3million and 4.9% of their sales were catalogued.

This group classification illustrates the relevance of a geographical analysis of the global art auction market because it reveals that, from a statistical point of view, the location of the company is a more discriminating factor than its segment specialisation. Moreover, the aggregate average sales turnover figures and the proportions of catalogued sales are very different from one group to another: catalogued sales varied from less than 5% in group 7 to over 84% in group 5, despite the fact that this variable was not used to construct the classification.

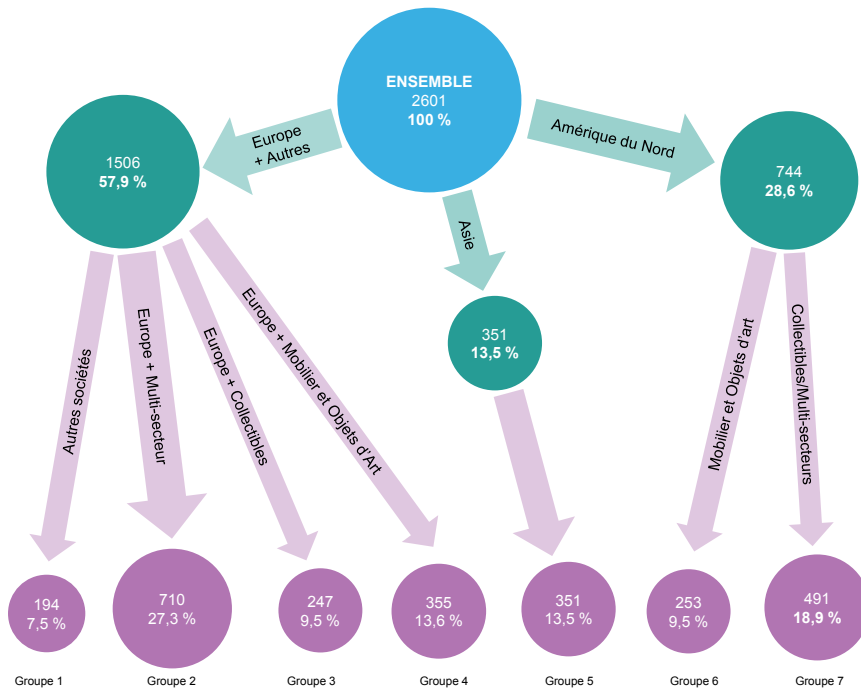
In short, the companies look very different depending on where they are based (Europe, Asia or North America). The most obvious difference is that the European companies, numerically the largest group, posted lower turnovers figures than North American companies and much lower than Asian operators. Only a handful of European companies appear to have sufficient critical mass to compete successfully at an international level.

**Paire de vases Médicis
en bronze ciselé et doré,
à riche décor en applique
Premier quart du XIX^e s.**

Montant adjugé : 46 000 €
H. 61 cm, diam. 28,5 cm.
Nice, 13 octobre.
Hôtel des Ventes Nice Riviéra
SVV. Cabinet Dillée,
G. Dillée - S. P. Étienne.



Graphical representation of the classification of auction operators in the Art & Collectibles sector



The global top 20 auction operators in the Art & Collectibles sector in 2012

Ranking by auction turnover (including fees, in EUR million)

Rang	Opérateur	Pays	Produits de vente (millions €)		Variation	Nombre de ventes
			2012	2011		
1	Christie's	Royaume-Uni	4 048	3 547	+14,1%	420
2	Sotheby's	Etats-Unis	3 443	3 500	-1,6%	233
3	Beijing Poly International Auction Co., Ltd.	Chine	750	1 365	-45,0%	6
4	Heritage Auction Galleries	Etats-Unis	669	595	+12,5%	678
5	China Guardian Auctions Co., Ltd.	Chine	637	1 248	-49,0%	9
6	Bonham's	Royaume-Uni	522	614	-14,9%	452
7	Macau Chung Shun International Auctions Co.,Ltd	Chine	403	202	+99,1%	2
8	Mecum Auction	Etats-Unis	306	130	+136,4%	16
9	RM Auctions	Canada	278	145	+92,4%	12
10	Phillips de Pury & Company	Etats-Unis	275	236	+16,4%	31
11	Beijing Council International Auction Co., Ltd	Chine	271	461	-41,2%	2
12	Beijing JiuGe Auctions Co.,Ltd	Chine	222	254	-12,7%	2
13	Guangdong Poly Auction Co. Ltd	Chine	211	45	+374,2%	2
14	Xiling Yinsheng Auction Co., Ltd	Chine	187	296	-36,7%	4
15	Dorotheum	Autriche	152	144	+5,6%	600
16	Duo Yun Xuan Auctions Co.Ltd.	Chine	149	147	+1,6%	5
17	Gooding & Company	Etats-Unis	148	94	+56,4%	3
18	Artcurial - Briest - Poulain - F.Tajan	France	144	127	+13,6%	110
19	Barrett-Jackson Auction Company	Etats-Unis	116	89	+29,4%	4
20	Googut Auction Co.,Ltd	Chine	111	109	+2,6%	2
Total			13 043	13 346	-2,3%	1942

III. The main operators on the global art auction market

3.1 Global ranking of auction operators in the Art & Collectibles sector

In 2011, the top 20 operators generated a combined auction turnover of EUR 14 billion. A year later, the figure was only EUR 13 billion, reflecting a 7.1% contraction. In 2011, the entry ticket to the top 20 was EUR 126 million. In 2012, it was EUR 111 million.

In the case of Chinese operators, a single sale can be spread over several sessions and several days, which partly explains the low number of sales these operators post vis-à-vis their turnover figures

This drop in turnover covers various contrasting trends: essentially, a sharp fall in turnover at nearly all the Chinese operators and at certain international auction firms that was partially offset by a strong turnover growth at the operators specialised in Collection vehicles.

3.1.1 Christie's - leader on the art market

The top two companies in the ranking are still Christie's and Sotheby's: Their New York sales in May and November dedicated to Impressionist & Modern Art and Contemporary Art remain the year's most important indicators of the health of the art market in the eyes of art collectors who follow market trends. In 2012 these sales generated a combined total turnover of EUR 2.1 billion, which was 46% more than in 2011.

At the global level, Christie's was substantially ahead of its rival in 2012 with an auction turnover total of EUR 4,048 million versus EUR 3,443 million at Sotheby's. Christie's total was up by 14.1% in 2012, whereas Sotheby's total contracted by 1.6%. Both operators saw their sales grow in New York; but whereas Christie's progressed in London, Sotheby's London total was slightly lower than in 2011. Elsewhere, both companies, posted lower sales turnover in Hong-Kong. This was particularly the case for Sotheby's, in the wake of a much slower Chinese market.

**Turnover figures for Christie's and Sotheby's
in the world's principal art marketplaces**

in EUR million, including fees

Lieu de vente	Christie's			Sotheby's		
	2012	2011	Variation	2012	2011	Variation
New York	1 669	1 369	+21,9%	1 649	1 279	+28,9%
<i>dont ventes d'art contemporain de mai et novembre</i>	756	469	+61,1%	618	402	+53,4%
<i>dont ventes d'art moderne et impressionniste de mai et novembre</i>	308	257	+19,8%	434	314	+38,2%
Londres	1 340	1 121	+19,5%	948	1 051	-9,8%
Hong Kong	549	615	-10,8%	457	683	-33,1%
Suisse	220	162	+35,8%	170	149	+14,3%
Paris	191	199	-3,8%	180	186	-3,4%
Total monde	4 048	3 547	+14,1%	3 443	3 500	-1,6%

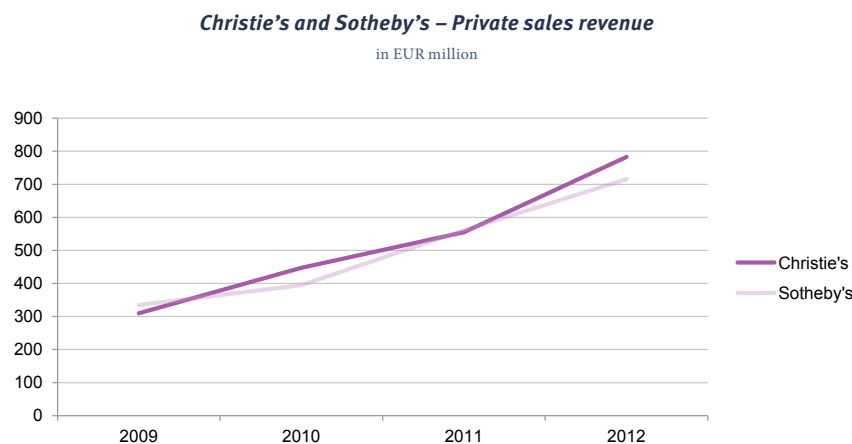
In total, Christie's sold 686 lots at prices above the USD 1 million threshold, and 49 of these fetched prices above USD 10 million. In addition, Christie's generated dozens of new records, particularly at its New York "Contemporary Art" sale on 14 November 2012 which alone generated USD 423 million, a new turnover record for a single sale in the Contemporary art segment. In this domain, its European activities also posted relatively strong results with a sale total equivalent to USD 207.3 million from its Post-War & Contemporary Art sale on 27 June 2012. Christie's best hammer price during the year was USD 86.9 million for Mark Rothko's Orange, Red, Yellow on 8 May 2012 in New York.

At Sotheby's, the year's best result was generated by The Scream by Edvard Munch: USD 113 million, or nearly EUR 94 million. This was the highest amount paid at auction for a painting in 2012 and the second highest amount all categories combined (a Ming vase fetched the equivalent of EUR 113 million at Macau Chung Shun). Sotheby's Impressionist & Modern Art sale of 2 May 2012 generated

USD 330.6 million, a record sales total for the auctioneer. Sotheby's also managed to generate the best result to date for a living artist when Gerhard Richter's painting Abstract Bild (809-4) fetched GBP 21.3 million (EUR 26.4 million) in London in October 2012). In its Jewellery activity, Sotheby's different sales around the world generated a total of USD 460.5 million, the firm's best-ever total in the segment. However, despite these spectacular results, Sotheby's overall global 2012 sales turnover contracted very slightly versus 2011.

If we compare the revenue generated by each companies' star lots in 2012 with their respective annual auction turnovers, we find that Sotheby's and Christie's generated respectively 11.9% and 8.3% of their total annual sales from their 10 best results. Moreover, these 20 highest bids were hammered in either New York or London and nowhere else. Lastly, there was a high proportion of Modern and Contemporary works among these top bids. In 2012, Christie's sold 686 œuvres above the million-dollar line and Sotheby's sold 632. If we up the threshold to 10 million dollars, Christie's sold 49 compared with 35 at Sotheby's.

In parallel with their auction activities, both operators have been developing their private sales activities. As the graph below illustrates, their private sales turnover has grown regularly in recent years and now makes a very substantial contribution to their global business. In 2012, Christie's generated EUR 783 million from private sales, corresponding to 19.3% of the company's global auction turnover. At Sotheby's the same activity generated EUR 716 million, representing 20.8% of its global auction turnover. Between 2010 and 2012, their combined private sales revenue rose by 132.5%. Thus if we add together their private sales revenue and their auction turnovers, the two companies posted sustained sales growth in 2012.



3.1.2 Developments at the major Western auction houses

Heritage Auction Galleries, the world leader in specialised sales of collectibles saw yet another year of strong growth. For 2012, it posted turnover of EUR 679 million, up 12.5% on 2011, and +29% compared with 2010. In the global ranking of auction operators by turnover, it is now in fourth place ahead of China Guardian Auctions Co. Ltd. (5th) and **Bonham's** (now 6th). The latter's activity contracted sharply in 2012 (-15%). However, this apparent contraction came after a year 2011 for which the firm posted revenue growth of 45% vs. 2010.

Turnover at **Philips de Pury & Company** continued to grow at a sustained pace (+16.4% in 2012 after +9.3% in 2011), allowing the operator to move up one place in the global ranking to 10th position. In Austria, **Dorotheum** posted a 5.6% increase in turnover for 2012, to EUR 152 million. Dorotheum conducts an extremely high number of sales (600 in 2012) with a lot of online Miscellaneous sales. France's leading "homegrown" company, **Artcurial-Briest-Poulain-F. Tajan**, was 18th in the global ranking with turnover of EUR 144 million in 2012, up almost 14% on the previous year. Consistent with the trend observed on the global auction market, the Motorcars department of Artcurial posted growth 64% in 2012, with total sales amounting to EUR 27 million. The sale of a Ferrari that once belonged to Roger Vadim for EUR 4.5 million made a substantial contribution to the department's growth.

The growth of these major international operators is essentially driven by a small number of lots that fetch several million euros. Apart from these exceptional pieces, the market, particularly in China, showed signs of restraint.

3.1.3 China: Sharp fall in turnover at the major Beijing operators after the euphoria of 2010 and 2011

China's two largest operators posted substantial contractions in turnover during 2012. **Beijing Poly International Auction Co. Ltd**, which remains in third place, contracted by 45%, while **China Guardian Auctions Co. Ltd**, fourth in 2011, dropped one place in the global ranking after a 49% decrease in turnover. The international companies that conduct sales in Hong-Kong also saw a contraction of their mainland China sales after strong growth in 2011.

This massive "reduction" in China's auction turnover nevertheless came after the truly exceptional results generated in the spring and summer of 2011. It probably therefore reflects the deflation of a bubble back towards a more gradual pace of expansion than that recorded in recent years.

Works by the great Chinese old masters, which have been subject to massive demand from Chinese collectors over recent years, were again much sought-after in 2012, generating new auction records not only in China, but also in other markets around the world. However, the stock of quality works in this segment of the market is not unlimited and one can easily imagine that collectors, paying particular attention to the quality of the works offered, reduced their volume of acquisitions as a result of the increasing scarcity of exceptional quality lots. Another facet of the same phenomenon was an increase in the unsold rate of works by Chinese old masters in 2012.

As a result of the general shrinkage of auction turnover in China, three Chinese operators, all based in Beijing, dropped out of the global top 20 in 2012. Other Chinese operators, however, succeeded in maintaining their turnover levels or even raise them, and two new Chinese operators entered the top 20 for the first time: Guandong Poly Auctions and Googut Auction.

Global 10 best auction results in the Art & Collectibles sector during 2012

(including fees)

Rang	Œuvre	OVV	Lieu	Date	Prix de vente	
					Devise d'origine	Euros
1	Grande Jarre d'époque Ming	Macau Shung Shun	Macao	03/06/2012	1 100 400 000 HKD	113 313 690
2	"Le cri", Edvard Munch	Sotheby's	New York	02/05/2012	119 922 500 \$	93 612 463
3	Vase d'époque Ming	Macau Shung Shun	Macao	28/12/2012	782 000 000 HKD	76 964 440
4	"Orange, Red, Yellow", Mark Rothko	Christie's	New York	08/05/2012	86 882 500 \$	69 418 944
5	"Royal Red and Blue", Mark Rothko	Sotheby's	New York	13/11/2012	75 122 500 \$	58 600 283
6	Importante sculpture en jade	Guangdong Poly Auction Co. Ltd	Ghangzhou	15/12/2012	474 600 000 CNY	57 737 226
7	Encre chinoise de Li Keran	Beijing Polyauction	Pekin	03/06/2012	293 250 000 CNY	36 822 523
8	"Tête d'un jeune apôtre", Raphaël	Sotheby's	Londres	05/12/2012	29 721 250 £	36 578 537
9	"Figure Writing Reflected in Mirror", Francis Bacon	Sotheby's	New York	09/05/2012	44 882 500 \$	35 035 639
10	"Sleeping Girl", Roy Liechtenstein	Sotheby's	New York	09/05/2012	44 882 500 \$	35 035 639

Note: these amounts, posted by the auction firms themselves, should be regarded with caution. In particular, it cannot be guaranteed that all of these results have been actually been paid by the buyers. In addition, we cannot guarantee that the data declared by auction firms includes all their results.

In contrast to the contraction in China's auction revenue at the national level, **Macau Chung Shun International Auctions Co., Ltd** posted turnover growth of 99% in 2012 with a total of over EUR 400 million. This operator based in the Chinese capital of gambling, first appeared in the global top 20 after posting turnover growth of 218% in 2011 vs. 2010. Having conducted just two sales in 2012, it was the operator with the highest sales total average in the world at EUR 200 million per sale. That was substantially higher than the sales total average posted by the global number two, Beijing Poly International Auction Company (EUR 125 million per sale).

Moreover, the figures posted by Macau Chung Shun appear to be based on a very small number of extremely high value lots such as a blue and white Ming urn that fetched the equivalent of EUR 113 million in June 2012 and another Ming vase that was acquired for EUR 77 million in December.

These two objects, accounting for 38% of the company's sales turnover, take first and third place in the global ranking of best auction results in 2012 and they gave the Macao auction firm 7th place in the global ranking of operators. **Guangdong Poly Auction Co. Ltd**, one of the

two new firms in the global top 20 in 2012, also benefited from a couple of major, although not quite so spectacular, results: an object in jade weighing a little under 8 kilos was acquired, including fees, for almost EUR 58 million. It should be pointed out, however, that these figures are the amounts declared by the operators and they do not necessarily mean that payments have been received. Media reports concerning unpaid auction results or very late payments in China are frequent.

The overall fall in China's auction revenue therefore covers a wide range of business trends in view of the figures communicated by the operators. The combined turnover shrinkage of the two primary Chinese auction companies was equivalent to half of the decrease in China's overall auction activity. In 2012, there were 9 Chinese companies in the global top 20 operators by auction revenue compared with 11 in 2011 and 10 in 2010.

3.1.4 Collection cars: a new growth driver in North America

In contrast to the overall trend on the Chinese auction market, the Collection cars segment of the Art & Collectibles sector posted strong growth in 2012. The American company Mecum Auction, with turnover of EUR 306 million (up 136% vs. 2011) moved into 8th position in our global ranking, with RM Auctions just behind it with EUR 278 million (up 92% vs. 2011).

Two smaller American operators, also specialised in Collection vehicles, appeared in the top 20 in 2012: Gooding and Company, which was in fact among the top 20 until 2009, and Barrett-Jackson Auction Company.

These operators posted excellent results and RM Auction generated a new world record for an American car when a Ford GT40 from 1968 fetched USD 11 million. Meanwhile, Mecum Auction generated its best ever auction result with a Porsche 917 from 1972, that fetched USD 5.5 million.

3.2 New York returns to leader position in the global art market

In 2010, Beijing became the world's leading urban art market hub in terms of auction turnover. This position was further bolstered in 2011 with a total turnover amounting to EUR 6.4 billion versus EUR 3.6 billion for New York in second place. In 2012, with China's two leading Beijing-based operators posting substantially reduced revenue figures, New York moved back into first place with EUR 4 billion (Beijing posted just under 3.9 EUR billion).

The world's top 10 cities in terms of auction revenue in the Art & Collectibles sector in 2012

Ranked by total auction revenue (including fees, in EUR millions)

Rang	Ville	Pays	Produit des ventes (millions €)			Nombre de ventes	Nombre de sociétés
			2012	2011	Variation		
1	New York	Etats-Unis	4010,7	3580,2	+12,0%	664	34
2	Pékin	Chine	3877,9	6408,9	-39,5%	217	84
3	Londres	Royaume-Uni	2829,0	2568,6	+10,1%	1156	39
4	Hong Kong	Chine	1109,7	1362,7	-18,6%	156	12
5	Shanghai	Chine	1056,7	1009,2	+4,7%	215	35
6	Paris	France	1025,0	1040,9	-1,5%	2575	96
7	Dallas	Etats-Unis	683,2	617,0	+10,7%	695	4
8	Ghangzhou	Chine	542,3	261,0	+107,8%	53	21
9	Hangzhou	Chine	449,4	388,2	+15,8%	66	22
10	Macao	Chine	403,2	202,0	+99,6%	3	2

Note: in the case of Chinese operators, a single sale can be spread over several sessions and several days, which partly explains the low number of sales in Chinese cities post vis-à-vis their revenue figures.

The top 10 cities in the world generate 65% of the global auction revenue in the Art & Collectibles sector in 2012, down 2 points from the level of geographical concentration recorded in 2011 (67%).

Analysis of the revenue trends in these top 10 cities reveals highly contrasting trends within China in 2012 :

- A sharp drop in Beijing after substantial contractions at the country's two major operators: Beijing Poly International Auction and China Guardian Auctions;

- A decrease in turnover volume in Hong-Kong, reflecting a fall in sales revenue at the respective branches of Christie's and Sotheby's;
- Strong growth at Guangzhou (+ 107.8%) and Macao (+ 99.6%) linked to the sale of a handful of exceptional lots by Macao Chung Shun and Guangdong Poly Auction;
- Less spectacular but nevertheless strong levels of growth in China's other cities such as Hangzhou (+15.8%) and Shanghai (+4.7%).

The Chinese market does therefore appear to be much less concentrated on Beijing: In fact, the latter's share of total Chinese auction revenue on the Art & Collectibles sector contracted from 57% in 2011 to 43% in 2012 While the number of Beijing sales fell from Pékin 233 in 2011 to 217 in 2012) although it continued to progress in China's other cities (along with number of operators).

In North America, compared with the previous year, the map of the country's primary auction hubs suggest three simultaneous phenomena :

- The good results generated by the major sales of Post-War art organised by the international auctioneers in New York;
- The excellent results posted by auction operators specialised in sales of Collection vehicles. The principal operators in this market are geographically well dispersed: Mecum in Marengo, Illinois, RM Auction in Bleinheim, Ontario, Barrett-Jackson in Scottsdale, Arizona and Gooding & Company in Santa Monica, California;
- The substantial growth of Heritage based in Dallas.

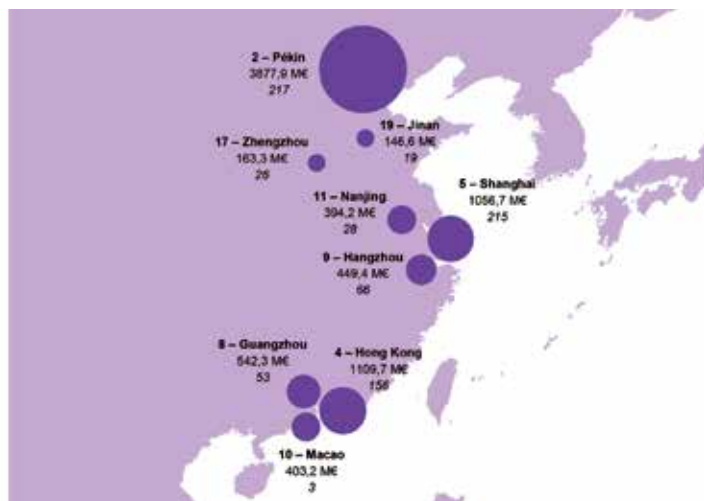
Europe's individual cities posted very contrasting revenue trends in this sector of activity, but overall, European marketplaces appear to have contracted at the global level in 2012 :

- London, with EUR 2.8 billion in revenue, strengthened its position

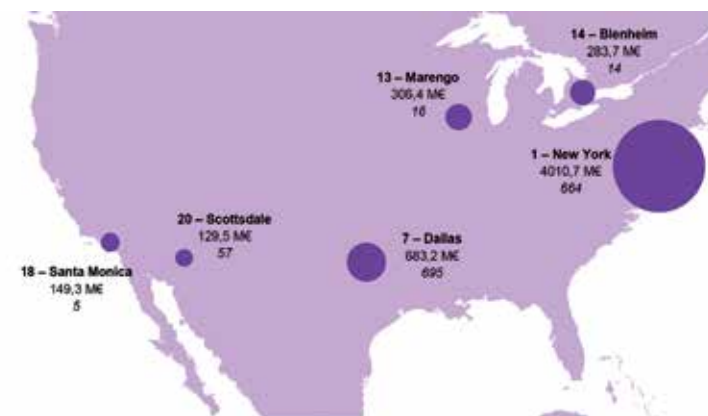
as European leader and its global 3rd place behind New York and Beijing. In fact, the British capital posted a 10.1% increase in auction turnover in 2012, nearly equivalent to New York's growth rate for the year;

- Paris, Europe's second art market capital (and now in 6th place in global terms just behind Shanghai), experienced a 1.5% contraction in 2012 with a total of just over EUR 1 billion;
- Zurich, Europe's third largest art marketplace posted a 25% increase to EUR 356 million, but the strong growth of Guangzhou, Macao and Nanjing in China relegated Zurich from 9th to 12th place in the global ranking;
- As a result whereas Europe had 7 cities in the top 20 in 2011, its only had 5 in 2012: London, Paris, Zurich, Geneva and Vienna. Berlin and Madrid are now outside the top 20. At the same time, one Chinese city (Zhengzhou) and one American city (Santa Monica) have entered the top 20.

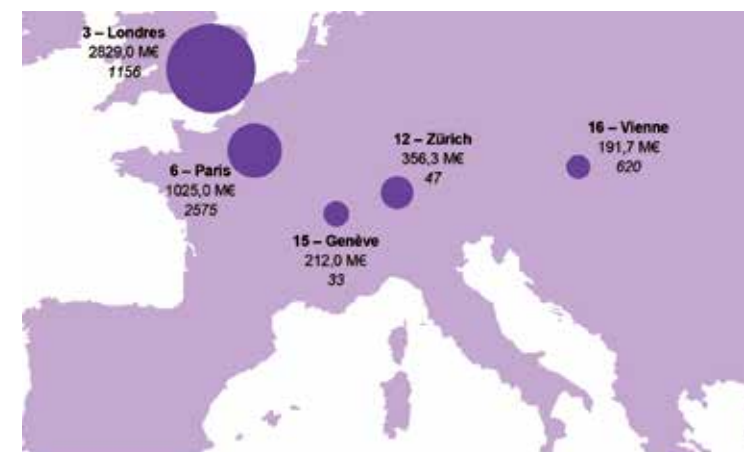
Ranking of the global Top 20 auction marketplaces : Asia



Ranking of the global Top 20 auction marketplaces : North America



Ranking of the global Top 20 auction marketplaces : Europe



3.3 Classification of auction sales

3.3.1 Use of internet

The growth of online auctions in the Art & Collectibles sector has been impacted by two contiguous phenomena :

- The largest companies have developed online sales through their own tools (web sites, pour smartphone applications, etc.);
- Mid-size and small operators, not large enough to develop their own internet services, make use of portal sites that allow scale economies and access to online sales services. These portals therefore host the sales of large numbers of operators on one website.

Below we make the same distinction regarding web-based sales as that made in our analysis of French auction operators :

- On the one hand, live auction systems which offer the possibility to follow and participate in a physical auction sale via the internet. This method of online bidding is linked to traditional auction bidding systems, i.e. physical bids placed in auction rooms and via telephones.
- On the other hand, so-called “online sales” which are exclusively conducted via the internet, with the objects for sale only being visible and bids only possible via the internet. The goods offered for sale are usually open to bidding for several hours.

3.3.1.1 The larger operators have their own websites

Sotheby’s and Christie’s have been developing their internet sales activities for several years. For 2012, Christie’s declared that 27% of the bids it received were communicated via its live auctions system, launched in 2006. It is worth noting that although this system was not intended for use with its prestige sales, Christie’s nevertheless sold an Edward Hopper painting to an online bidder for USD 9.6 million. Alongside their “live auctions” system linked to physical sales, Christie’s also organises purely “online sales”. Having conducted a sale of this type for the first time in 2011, Christie’s organised 6 in 2012, generating a total of EUR 4.8 million, a modest sum, but consistent with the nature of the goods offered (wine, multiples from limited series, etc.).

The heterogeneity of artworks and their high prices could represent obstacles for the development of online sales in this segment of the market. In this context, Heritage Auction Galleries, specialised

in Collectibles such as coins, comics, posters and sport-related vignettes, can take full advantage of “online” sales via its website ha.com. In fact, the global number four operator offers objects that, although not identical, have a high level of market standardisation and at average prices substantially below those proposed by other operators of a similar size.

With 500,000 visitors per month, ha.com has a substantially higher level of internet traffic than Christie’s, Sotheby’s or Bonham’s and ranks among the top 1% most visited of all American websites.

In Europe, operators specialised in Collectibles, which experienced strong growth in 2012, also clearly advertise on their websites their online bidding facilities. This is notably the case of Künker in Germany and Aureo & Calicó in Spain, two operators specialised in coin sales.

3.3.1.2 Websites used by small and medium sized operators

Small and medium size operators cannot support the costs of setting up and maintaining online sales systems. Portal sites have therefore been developed for the purpose of providing internet sales channel for these smaller companies which can share the costs of their technical implementation. The companies running these portals recover these costs by hosting sales for large numbers of operators. The world’s largest auction portal sites are :

- Artifact – whose sites are artifact.com, invaluable.com and auctionzip.com: This company, based in the United States and with an office in the UK, claims 2.5 million unique visitors per month for all of its sites together.
- ATG Media – hosts the-saleroom.com, lot-tissimo.com and encheres.lefigaro.fr: Based in the UK, this company is specialised in auction sites. In 2012, the site the-saleroom.com hosted 2,400 “live auctions”, generating GBP 53 million in turnover for the operators that used the service. ATG Media provides the technical infrastructure for the German site lot-issimo.com and the French site encheres.lefigaro.fr.

- Liveauctioneers – site liveauctioneers.com: This company, which gives access to auction sales in 40 countries, also provides internet users with access to a database containing 12.5 million auction results.

As explained in the section of this report dealing specifically with France, two French companies are specifically focused on the French market :

- Drouot - site drouotlive.com: For 2012, drouotlive.com posted an auction total of EUR 7.5 million excluding fees.
- Interenchères – owner of interencheres.com: This generalist site is open to all sectors and is not exclusively focused on Art & Collectibles. interencheres.com generated EUR 1.9 million in turnover during 2012.

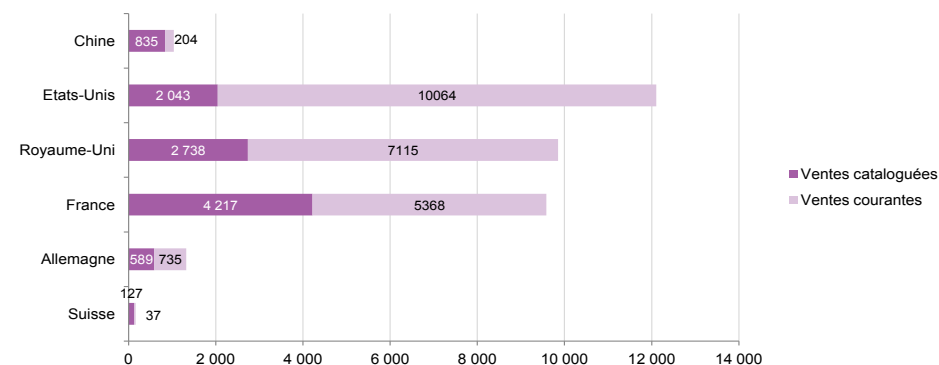
3.3.2 Sales categories

In 2012, the total number of auction sales identified by the CVV worldwide amounted to 41,322, just very slightly fewer than in 2011. Of this total, 29,035 sales, representing 69.3%, were classified as Miscellaneous sales which do not involve the production of a catalogue and usually offer medium or low quality objects. This proportion was stable compared with 2011.

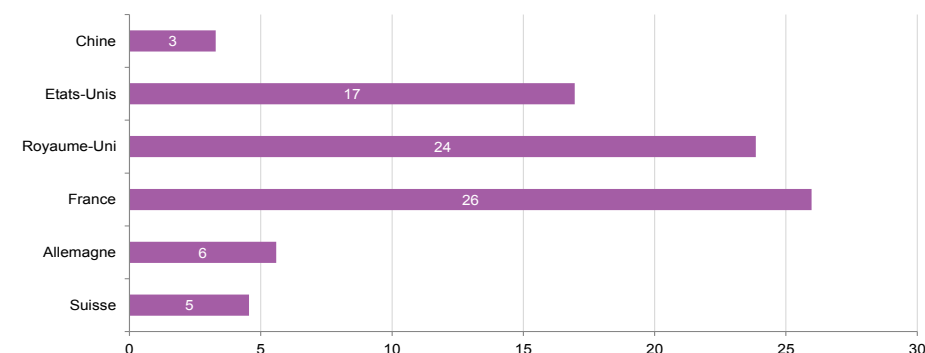
This proportional breakdown between Miscellaneous and Catalogued sales is very different from one country to another. Miscellaneous sales account for 56% of total sales in both Germany and France, but 72% in the UK and 83% in the USA. The proportion is much lower in Switzerland (23%) and in China (20%). The frequency of sales is also very different in the different countries.

While French and British operators conduct an average of 26 and 24 sales per year respectively, American operators organise 17 per year and the averages for German and Swiss operators are respectively just 6 and 5 per year. However, even that average is twice the Chinese average since Chinese operators post an average of only 3 sales per year.

Breakdown between Catalogued and Miscellaneous sales in the Art & Collectibles sector around the world in 2012



Average number of annual sales in Art & Collectibles sector around the world in 2012



These substantial country differences are to a large extent related to the nature of the sales themselves. For example, Chinese operators generally conduct just two major sales, one in the spring and another in the autumn, with very occasional minor sales at other times of the year.

However, their major sales offer several thousand objects and can last for several days, and are sometimes presented in several different catalogues.

IV. Atlas of the Art & Collectibles sector

The presentation of the global atlas of the Art & Collectibles sector focuses on the world's three primary zones for auction sales: Asia, North America and Europe. In 2012, these three zones accounted for 98.4% of the sector's global turnover, almost the same as in 2011 (98.7%). There were 2,498 operators active in the sector in 2012 representing 95.4% of the total number of companies in the world identified by the CVV.

South America, which had 70 active operators in 2012 generated roughly 1% of the sector's global turnover. The Middle East, Oceania and Africa generate very small amounts of auction turnover, with each zone possessing around ten operators. Regarding the Middle-East, Christie's only organised 4 sales in Dubai during 2012.

4.1 Aggregated data for the main countries

The data gathered allows analysis of different indicators: sales turnover, the number of companies and the number of sales. The table and the graphs presented summarise the major trends observed and they are followed by a detailed analysis of each major zone and the main countries within it from an auction perspective.

Global ranking of the top 10 countries in the Art & Collectibles sector

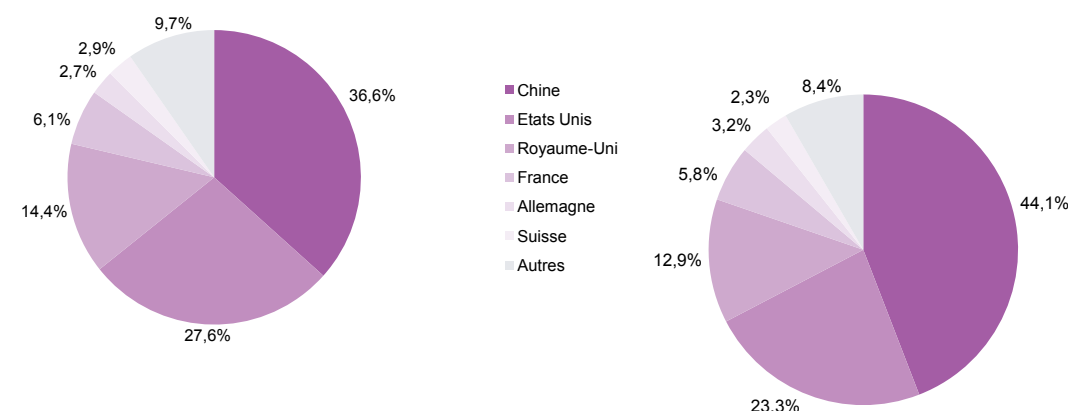
Sales turnover in EUR million

Rang	Pays	Produit des ventes (en millions €)			Nombre de sociétés actives	Nombre de ventes
		2012	2011	Variation		
1	Chine	8 987	11 517	-22,0%	315	1 039
2	Etats Unis	6 784	6 071	+11,7%	714	12 107
3	Royaume-Uni	3 532	3 369	+4,9%	413	9 853
4	France	1 499	1 525	-1,7%	368	9 585
5	Suisse	702	609	+15,2%	36	164
6	Allemagne	658	831	-20,8%	237	1 324
7	Canada	472	272	+73,5%	50	675
8	Australie	209	197	+6,1%	61	1 129
9	Italie	206	187	+10,1%	48	361
10	Autriche	204	201	+1,6%	11	631
	Autres	1 304	1 331	-2,0%	348	4 454
	Total	24 558	26 110	-5,9%	2 601	41 322

Note: in the case of Chinese operators, a single sale can be spread over several sessions and several days, which partly explains the low number of sales these operators post vis-à-vis their turnover figures.

Even if China's 2012 total decreased 22.0% vs. 2011, it is still the global leader of the auction market in country turnover terms. However, China's global market share contracted in 2012: after reaching 44.1% in 2011, it fell back to 36.6% in 2012, a contraction that automatically boosted the shares of most other countries. Of these, the United States' share rose to 27.6% from 23.3% in 2011 on the back of national turnover growth of 11.7%.

Market shares of the top six countries



Michelin
guide rouge, 1900

Montant adjugé : 15 000 €
Chamalières, 21 juillet, Vassy -
Jalenques SVV, M. Gonzalez.
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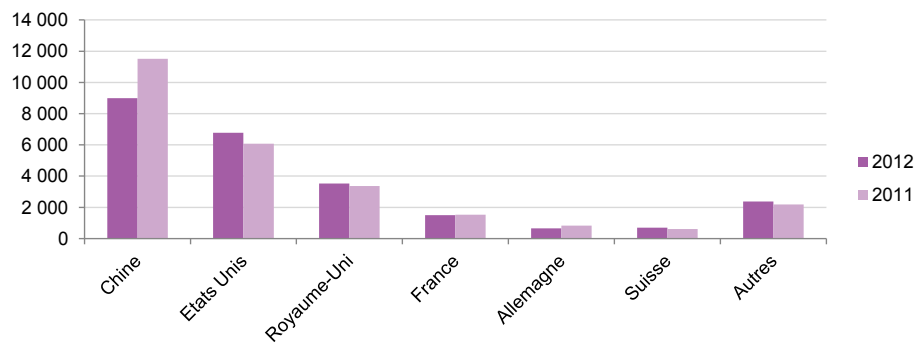


The top 10 ranking saw changes in 2012. Switzerland, whose auction turnover progressed, moved to fifth place while Germany slipped back to sixth place after posting lower turnover. Sweden, whose auction business had already contracted in 2011, dropped out of the top 10 in 2012, whereas Italy, after a sharp fall in 2011, returned to the top 10 in 9th place.

Apart from the top 10 countries, activity in the 46 other countries where at least one sale in the Art & Collectibles sector took place contracted by 2.0%, after dropping 15.7% in 2011 despite the addition of 17 new companies to their ranks (330 in 2011 and 347 in 2012).

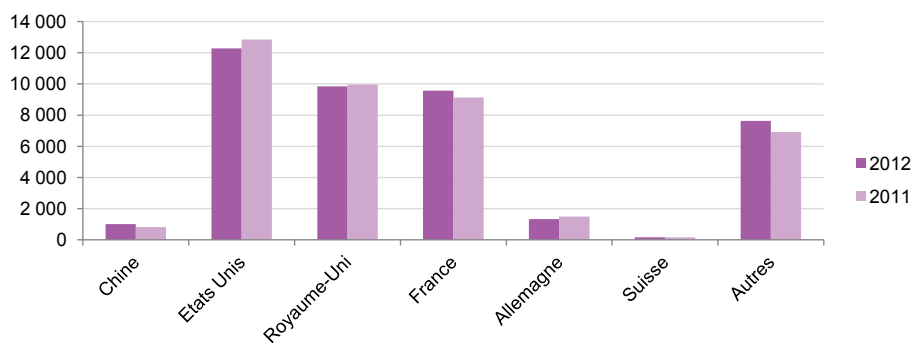
Global auction turnover (A&C sector)

2012 / 2011 in EUR million



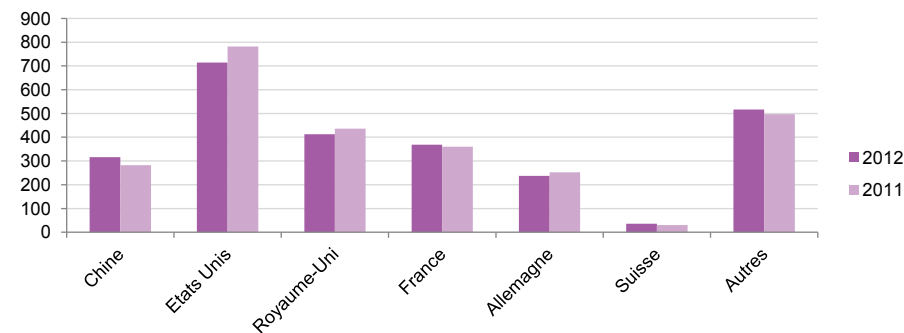
Numbers of sales per country (A&C sector)

Numbers of sales in 2012 / 2011



Numbers of operators per country (A&C sector)

Operators active in the A&C sector in 2012

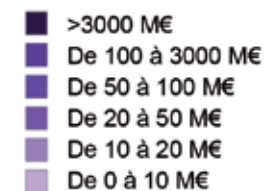


4.2 Asia

2012 Auction turnover in Asia per region / province



Auction turnover per country / province



Art & Collectibles sector: key figures for Asia in 2012

Produit des ventes 2012	9 329 M€	Rang	Société	Produit des ventes 2012	Pays
Variation du produit des ventes par rapport à 2011	-20,9%	1	Beijing Poly International Auction Co., Ltd.	750 M€	Chine
Nombre de ventes cataloguées	911	2	China Guardian Auctions Co., Ltd.	637 M€	Chine
Nombre de ventes courantes	314	3	Christie's	549 M€	Monde
Prix moyen par vente	7,62 M€	4	Sotheby's	457 M€	Monde
Nombre de sociétés au produit des ventes annuel supérieur à 20 M€	95	5	Macau Chung Shun International Auctions Co.,Ltd	403 M€	Chine

4.2.1 China: Slowdown and geographic adjustment

2011 was an exceptional year for China with a 51.5% increase to EUR 11.5 billion driven by remarkable turnover growth at **Poly Auction** (+29.2% in 2011) and **China Guardian** (+47.5% in 2011). Contrary to expectations, China's growth momentum stopped abruptly in 2012: the country's Art & Collectibles sector posted a 22% fall in turnover to EUR 9 billion. The main contributors to this trend reversal were Asia's two largest operators: Poly Auction and China Guardian posted respective contractions of -45% and -49%.

Several different factors can be advanced as possible reasons for the drop in China's auction activity :

- The diminution of the number of millionaires and therefore of the number of potential art collectors in China;
- The increasing rarity of high quality works by China's Old Masters;
- A change in the behaviour of buyers on the Chinese market, who had earned a reputation for being bad payers.

As discussed earlier in this report, the global economic slowdown resulted in a contraction of the number of major fortunes in China during 2012. Bearing in mind the internationalisation of auction sales, and particularly of the most prestigious sales, it is possible that the shrinkage of China's HNWI population may not have had that much impact since the rest of the world's HNWI population continued to grow. However, the globalisation of auction sales is far

from being the reality in all countries. While, the major international auction operators like Sotheby's and Christie's sell their best pieces to collectors the world over, regardless of where the sale is organised, Certain markets remain very specific, particularly that of China, whose auction fare is primarily aimed at domestic demand.

In recent years China has been the growth driver of the global art market with an extraordinary expansion of its national market and intense purchasing by its collectors on the international market. But Chinese demand remains strongly oriented towards Chinese art, whether it be Modern or Contemporary art or works created throughout its long history: porcelain, calligraphy, jade etc. As a result, the Chinese operators have specialised on these markets. This phenomenon, coupled with the strong growth in the number of major fortunes in the country until 2011, caused an unprecedented rise in the prices of Chinese art throughout the world, as we saw in France in 2012. These phenomena have been amplified by the activity of Chinese investment funds focused on the art market and attracted by the rapid increase in prices, creating all the right conditions for a speculative bubble speculative.

In 2012, according to the World Wealth Report published by Wealth-X, not only did the number of HNWIs with assets above USD 30 million contract by 2.3%, but the overall wealth of this population diminished by 7.3%. The richest Chinese were therefore less numerous and less well-off in 2012 than in 2011. As the bulk of Chinese collectors are members of this population, we can assume that their incomes significantly diminished in 2012 and that they decided to reduce their spending on art, thereby specifically impacting the global market for Chinese art. This phenomenon shrank the Chinese market and sales of Asian art throughout the world.

There are nevertheless lots of old and classical Chinese artworks among the national auction records in the Art & Collectibles sector of various countries around the world. As already mentioned, the exceptional works in this category have been subject to very strong demand among international Chinese collectors for several years. But as there is a limited stock of these old and classical works, they are bound to become increasingly rare, and the quality of works on offer is bound to diminish. It appears therefore that collectors quite simply reduced their spending.

Another phenomenon concerning the Chinese auction market is the question of unpaid bids: Until recently, Chinese auction operators were encountering major difficulties with bid settlement. The efforts made by the Chinese authorities to purge the market of this problem and reassure international investors have undoubtedly contributed to calming the fever that has impacted the Chinese art market and particularly its art auction market. We do not have access to any standardised and reliable information regarding the extent of unsettled auction bids in China. Nevertheless, by way of illustration, if the monetary value of unsettled bids represents 25% of the China's declared auction turnover, the country's total turnover would be the same as that of the United States.

It is however important to point out that while the auction turnovers of China's largest auction operators fell dramatically, this was not the case for all Chinese operators. In fact, the number of Chinese firms posting turnover above the EUR 20 million actually increased (by several units) as did the total number of operators and the total number of sales organised in China. As indicated above, companies like **Macau Chung Shun International Auctions Co., Ltd** and **Guangdong Poly Auction Co. Ltd** posted very large increases in their auction turnover for 2012. However, as that growth relied heavily on the sale of a small number of extremely expensive lots, there can be no certainty that the good results posted in 2012 by these companies will be repeated in the future.

4.2.2 Japan: return to normal after a slump in 2011

In 2011, Japan suffered a catastrophic tsunami with severe economic, social and public health consequences. The combined annual turnover of Japanese auction operators dropped 17% to EUR 100 million. In 2012, with the country's economic activity recovering, the volume of business of its eight operators in the Art & Collectibles sector progressed 14% to EUR 114 million, close to its 2010 level. The largest operators in Japan in this sector are **Shinwa Art Auction** (turnover of EUR 28 million) and **Manichi Art Auction** (turnover of EUR 17 million). The most publicised sales concern artworks, mainly Impressionist, Modern and Contemporary that have already been exchanged in Western markets.

4.2.3 Turnover in other Asian countries was weak

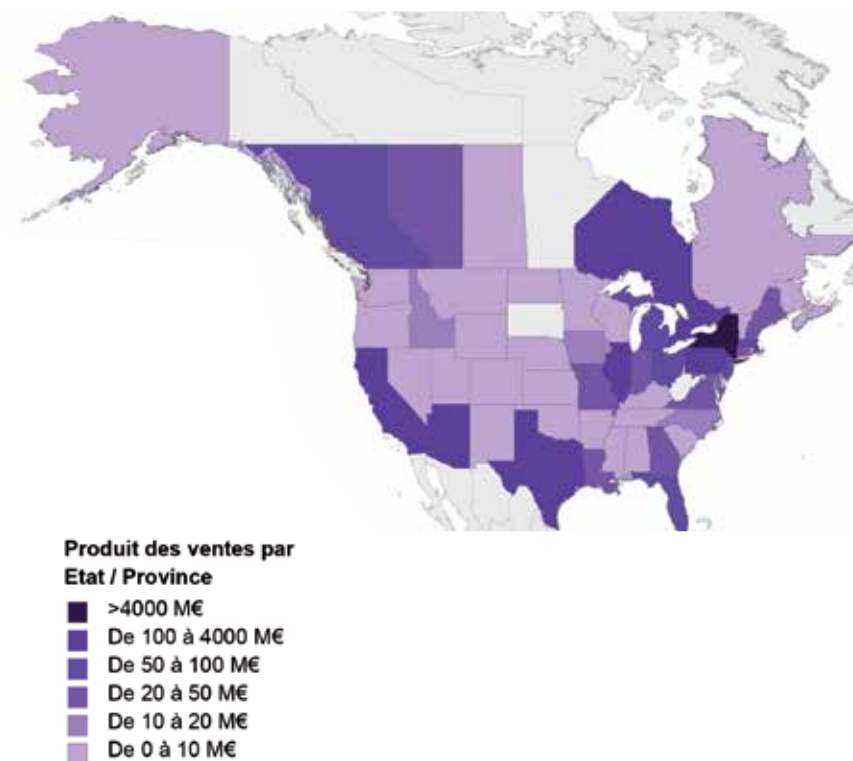
India posted a total turnover of EUR 34 million and still only has 8 operators active in the Art & Collectibles sector. These companies are all of modest size: The 2 largest, **Saffronart** and **Oswal Antiques**, posted turnover of approximately EUR 6 million each in 2012.

In South Korea, after a bad year 2011 with turnover of only EUR 13.5 million, **Seoul Auction** posted EUR 32 million in 2012, in line with the EUR 30 million recorded in 2010.

The Indonesian Company **Larasati** continued to develop its activity. After EUR 4 million in 2010 and EUR 6.7 million in 2011, its turnover amounted to EUR 11.4 million in 2012.

4.3 North America

Geography of North American auction turnover in 2012 per State/Province



Key figures for North American Art & Collectibles sector in 2012

Produit des ventes 2012	7 269 M€	Rang	Société	Produit des ventes 2012	Pays
Variation du produit des ventes par rapport à 2011	+14,6%	1	Christie's	1 669 M€	Monde
Nombre de ventes cataloguées	2 348	2	Sotheby's	1 656 M€	Monde
Nombre de ventes courantes	10 522	3	Heritage Auction Galleries	669 M€	Etats-Unis
Prix moyen par vente	0,56 M€	4	Mecum Auction	306 M€	Etats-Unis
Nombre de sociétés au produit des ventes annuel supérieur à 20 M€	23	5	RM Auctions	278 M€	Canada

4.3.1 United States : Sustained growth in the different activity sectors

In 2011, Auction turnover in the United States progressed only 1.5% while it increased substantially in Europe and, above all, in Asia. In 2012, the opposite scenario occurred with American auction companies posting the strongest activity growth. The combined auction revenue of the 714 operators identified as being active in the Art & Collectibles sector rose to EUR 6.8 billion, i.e. 12% more than in 2011. The United States' global share of this market this rose from 23.3% in 2011 to 27.6% in 2012, a level equivalent to its 2010 share.

The American market benefited from growth in the Fine Art and the Furniture & Art Objects categories at the US branches of the multinational operators (**Christie's and Sotheby's**, as well as **Philips de Pury and Bonham's**). But the American auction market also saw excellent performances at the operators specialised in Collectibles, particularly **Heritage** and, above all in 2012, those specialised in selling collection vehicles: Mecum Auction (+136% with EUR 306 million), Gooding & Company (+76% with EUR 148 million) and Barrett-Jackson (+28% with 114 million EUR), which in 2012 came 4th, 6th and 8th respectively in the main ranking of the principal American operators in terms of auction turnover.

This sharp increase in activity at the main companies also occurred in a context of market concentration. Thus, whereas there were 24 operators posting annual turnover of more than EUR 20 million in 2011, there were only 19 in 2012.

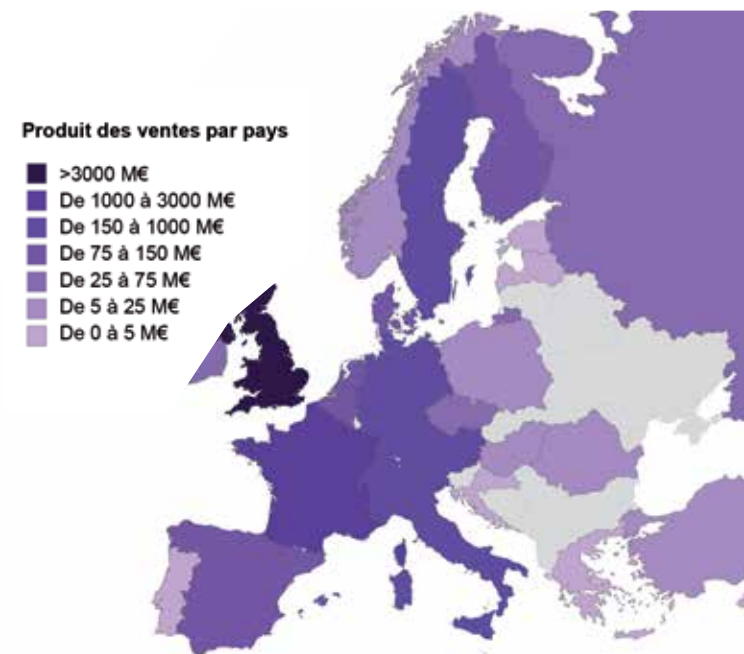
4.3.2 Canada: recovery at RM Auction

Canada, with 50 auction operators, remained in 7th place in the 2012 global ranking by country. Its total auction turnover in the Art & Collectibles sector rose 75% to EUR 475 million in 2012 versus EUR 272 million in 2011. This growth was primarily driven by its largest auction firm, **RM Auctions** which is also specialised in sales of collection vehicles, and, like its American peers, posted exceptional growth in 2012: +92% to EUR 278.4 million. RM Auctions alone accounted for two thirds of Canada's 2012 turnover growth. The progression of RM Auctions' turnover nevertheless came after a 30% drop the previous year.

The second largest Canadian operator, **Heffel Fine Art Auctions**, specialised in the sale of art objects, posted a 6% fall in turnover to EUR 24.4 million.

4.4 Europe

Geography of European auction turnover in 2012 per country



Key figures for European Art & Collectibles sector in 2012

Produit des ventes 2012	7 559 M€	Rang	Société	Produit des ventes 2012	Pays
Variation du produit des ventes par rapport à 2011	-1,1%	1	Christie's	1 816 M€	Monde
Nombre de ventes cataloguées	8 592	2	Sotheby's	1 314 M€	Monde
Nombre de ventes courantes	16 628	3	Bonham's	310 M€	Monde
Prix moyen par vente	0,30 M€	4	Dorotheum	152 M€	Autriche
Nombre de sociétés au produit des ventes annuel supérieur à 20 M€	39	5	Artcurial - Brist - Poulain - F.Tajan	144 M€	France

4.4.1 United Kingdom: continued growth in London of the largest operators

After posting a modest 2.1% increase in 2011 (and very strong growth in 2010) the UK's auction business accelerated again in 2012 with total turnover growing 4.8% to EUR 3.5 billion. With much of the world's auction business posting negative progressions, this growth pushed the UK's global share from 12.9% in 2011 to 14.4% in 2012, consolidating its position as European leader on this market.

Within the UK market, London's position is getting stronger every year. In 2012, the capital accounted for 80% of the country's total activity, versus 76% in 2011 and 72% in 2010. Outside London, the market was in fact concentrated on a very small number of international companies. Thus, Christie's accounted for 38.0% of British activity ahead of Sotheby's (26.9%), Bonham's (8.5%) and Phillips de Pury & Company (2.3%). The combined market share of these four operators is more than 75%. The business activity of the 413 operators active in the Art & Collectibles sector in 2012 (versus 436 in 2011) was therefore excessively concentrated, while the small operators posted very limited turnover figures: 206 operators posted turnover of less than EUR 1 million in 2012.

4.4.2 France: a slight fall in overall turnover, but growth in Collectibles

In 2012, France's art auction market posted a slight contraction. Its total turnover, including fees, amounted to EUR 1,499 million in 2012, i.e. 1.7% less than in 2011. This contraction came after an 8.6% progression in 2011. Nevertheless, with the overall contraction in the global market (particularly the Chinese market), France's global

market share grew from 5.8% in 2011 to 6.1% in 2012. Meanwhile, Paris, which ranked 5th in the 2011 marketplace ranking, moved down to 6th place after Shanghai posted a better turnover performance.

This year saw a contraction of activity in the traditional sectors of art and art objects in which the international firms and the main companies operating through hôtel Drouot are active. However, France's Collectibles segment is growing stronger every year. This growth explains the growth posted by **Artcurial** which enjoyed good results from sales of collection vehicles and comics.

The number of sales continued to progress, primarily due to the creation of a number of new companies over recent years. However, much of this progression involves Miscellaneous sales that are much more accessible to small structures. Overall, French auction operators still have a high capacity to organise catalogued sales, and, from an international perspective, its proportion of catalogued sales is very high.

While France is still the European country with the highest number of companies posting turnovers greater than EUR 20 million, there were only 9 in 2012 (of which 8 in Paris) versus 11 in 2011.

4.4.3 Switzerland: strong growth at the international operators

After a 2.2% contraction in 2011 **Switzerland's auction turnover from Art & Collectibles progressed 14.8% in 2012** to EUR 700 million with an increase in the number of operators active in the sector (36 in 2012 versus 30 in 2011) but almost the same number of sales (164 contre 165).

This growth was very largely (88%) driven by the Swiss branches of **Christie's** and **Sotheby's** which posted turnover growth of respectively +35.7% and +14.6%. The two international operators' combined share of the Swiss market in 2012 amounted to 56%. The Swiss third operator in terms of revenue is its largest national operator, **Koller**, which posted a small growth in turnover to EUR 83.0 million after EUR 81.3 million in 2011.

4.4.1 Germany: one of the sharpest falls in 2012

In 2011, Germany posted one of the strongest national turnover growth figures in the world (+9.2%). However in 2012, its national turnover fell 20.9%, one of the worst performances in the world (after China's -22.0%). In total Germany's operators generated EUR 657 million in 2012.

This contraction in activity was largely due to 6% fall in the number of operators active in the Art & Collectibles sector and an 11.4% drop in the number of sales organised.

Apart from the reduced number of operators, certain large companies experienced sharp falls in 2012 after posting substantial turnover increases in 2011. Villa Grisebach, posted a 30% contraction to EUR 39.0 million after a 69% increase to EUR 55.4 million in 2011.

The company was thus relegated to 4th place in the German market behind Lempertz (+3.7% to EUR 51 million) and Nagel (-10% to EUR 43 million) which occupied the 2nd and 3rd places respectively in the country's national ranking for 2012.

As in France, but on a different scale, the companies specialised in sales of art objects contracted whereas the Collectibles specialists posted activity growth. As a result, the country's leading auction operator in 2012 is now a firm specialised in numismatics, Künker, after it posted a turnover progression of 132% in 2012 to EUR 65 million. This increase reflects a similar increase in the number of sales organised by Künker, which rose from 3 in 2011 to 7 in 2012.

4.4.2 The other European companies

In 2012, Italian operators posted an overall increase in their activity of more than 10%, to EUR 207 million, giving Italy 7th place in the global ranking. This increase followed a -34% contraction in 2011, which means that the increase reflected more of a catching up effect than a real growth trend. Moreover, the trend was very uneven between the different operators and the figures show that while the Italian firms worst affected in 2011 recorded turnover growth in 2012, the international operators present in Italy continued to experience turnover shrinkage. For example, the largest Italian Operator, **Casa**

d'Aste Meeting Art posted a 21% progression in 2012 whereas both Sotheby's and Christie's in Milan posted volumes down by half.

Austria came 10th in the 2012 ranking of country's by auction turnover (Art & Collectibles sector). The 11 companies active on this sector posted a combined sales turnover of EUR 204 million in 2012 (+1.5% versus 2011). The Austrian market is highly concentrated. **Dorotheum**, the leading Austrian company and 15th in the world posted EUR 152 million in auction turnover in 2012, up 5.5% versus 2011, and represented 75% of total Austrian auction turnover in this sector. The second largest player in the Austrian market was **Im Kinsky Kunst Auktionen**, whose business had contracted by 46% in 2011, but which posted 9.4% growth in 2012 with EUR 21 million (nearly 10% of Austria's total auction revenue).

Sweden's auction turnover in the Art & Collectibles sector has been on a negative trend for a number of years. In 2012, the 45 operators active in Sweden's Art & Collectibles sector generated EUR 167 million, down 21% versus 2011 (which was down 5% versus 2010). **Lauritz Christensen Auctions**, the country's largest auction operator, posted a contraction of 1.4% to EUR 98 million.

Spain's Art and Collectibles sector posted an auction turnover total of EUR 102 million in 2012. Once again, the Collectibles segment was the most dynamic with country's largest operator, **Aureo & Calicó**, specialised in sales of old coins, generating turnover of EUR 16 million.

The Netherlands suffered from Sotheby's closure of its Amsterdam branch in 2012, but Christie's posted a 38% increase in turnover to EUR 54 million. But even that growth did not prevent the Dutch Art & Collectibles sector generating a total down 42% on 2011 (at EUR 83 million).

In the rest of Europe, only two companies generated annual turnovers of more than EUR 15 million the Art & Collectibles sector: **Bruun Rasmussen** (EUR 49 million in 2012) in Denmark and **Bukowski** (EUR 77 million) in Finland.

V. Conclusion

In total, the global Art & Collectibles sector posted a negative evolution in 2012. This trend was however very uneven between different operators, different regions and different specialisations.

The largest Chinese operators, which had driven the growth of the art sector's secondary market in recent years, posted sharp falls in auction turnover during 2012. Nearly all of the Western operators specialised in sales of art objects and furniture also posted lower turnover volumes. This was particularly true on the European market, except for the major international operators whose business continued to grow in New York, London and Switzerland, whereas it shrank in the rest of Europe and in Asia.

The operators specialised in sales of Collectibles posted strong turnover growth. The most spectacular illustration of this trend is the appearance of the North American Collection Cars specialists among the continent's highest ranked operators by turnover. But this phenomenon extended much beyond North America, as we saw with the activity growth of specialised companies on other markets such as numismatics.

In this context, the French market, despite a slight contraction, succeeded in consolidating its 4th place on the global auction, with a share of 6.1% in 2012 versus 5.8% in 2011.

SANS TITRE – 1933
Yves TANGUY

Montant adjugé : 2 065 200 €
4 décembre
© : Artcurial – Briest –
Poulain – F. Tajan



Voluntary public auction sales in 2012: an economic report

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Voluntary public auctions sales in France

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Global auction sales in the Art and Collectibles sector in 2012

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I. Introduction

Every year, since 2003, the Conseil des ventes volontaires (CVV) presents an Economic Activity Report focused on the voluntary public auctions market in France and based on the results of its annual survey of the market. For the last three years, the CVV has extended its annual survey to cover the global auction market and included a chapter on International Auction Market, with a particular focus on the Art & Collectibles sector. This chapter has considerably enhanced the utility of its Economic Activity Report and provides a highly pertinent vantage point for the analysis of France's place in this global market. The Art & Collectibles sector includes fine art (paintings, sculptures, drawings, photography, prints etc.), but also antiques, artefacts and collectibles (stamps, coins, comics, old books, collection vehicles, toys, etc.).

In order to provide accurate quantitative analyses of the international market, the CVV uses an approach based on a statistical analysis of the data that ensures the highest possible quality of the figures provided. Using the experience of our work compiling the 2009, 2010 and 2011, the CVV decided to pursue its collaboration with the company Bluestone, formerly Noeo Conseil, a consulting firm specialised in information management.

II. Measuring the activity of French auction operators

2.1. Presentation of the questionnaire

At the national level, the exact condition of the auction market and its evolution is gauged and measured via a questionnaire that is sent to all declared voluntary auction operators. The survey requests information on their hammer price totals (i.e. total auction turnover excluding fees) in the previous calendar year, broken down per sales category. The categories used to classify sales in different segments are now stable, thereby ensuring the continuity of the statistical series

presented. In effect, operators' annual auction revenue is divided into 16 categories that fall into the three major sectors used in the analysis of the auction market: Art & Collectibles, Used vehicles & Industrial Equipment and Horses.

In addition to this turnover-related information, the operators are invited to indicate their staff numbers and their use of internet, i.e. whether they possess their own website or use external websites and what use they make of such sites. The survey does not seek information of a financial nature (profit or income data) via this survey. The financial information is acquired through other standard channels (mainly financial statements).

This year, the questionnaire contained some new questions concerning :

- Sales of new goods and so-called private sales: As the new law introduced in 2011 allows auction operators to conduct sales of new goods and private sales, some questions were introduced to measure the growth of these activities.
- Internationalisation of sales: the new questionnaire also contains a section of questions concerning foreign buyers and foreign sellers.

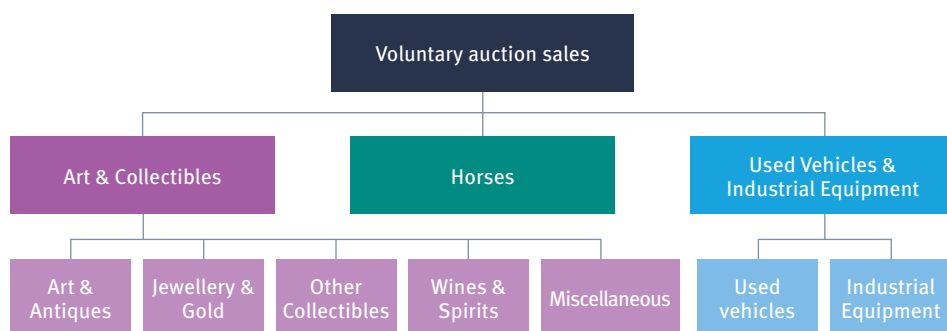
The image shows three parts of a questionnaire form. The first part, titled 'REPARTITION DU MONTANT DES VENTES ZELZ PAR CATEGORIES D'OBJETS', is a table with columns for 'Montant des ventes (en € HT)', 'Nombre de ventes', 'Montant des ventes (en € HT)', and 'Nombre de ventes'. It lists categories like 'Art & Objets de Collection', 'Véhicules d'occasion', and 'Matériel industriel'. A large 'X' is drawn over this table. The second part, titled 'USAGE DE L'INTERNET', asks 'Opérateurs avec leur site web (oui/non) ?' and 'Opérateurs avec des ventes réalisées en ligne (oui/non) ?'. The third part, titled 'INTERNATIONALISATION', asks for 'Montant des adjudications réalisées en France auprès d'acheteurs étrangers (K)' and 'Montant des adjudications réalisées en France de biens provenant de vendeurs étrangers (K)'. Below these are sections for 'VENTILATION DE L'EFFORT SALARIALE' and 'TOTAL ANNUEL'.

2.2 The operators studied

The questionnaires were sent to 412 operators during the first half of December 2012. At end-February 2013, when the survey closed, only 32 companies (7.5%) had not returned their survey responses compared with 4% in 2011. The higher non-response rate in 2012 was essentially related to the new companies that registered with the CVV during the year, as the smaller companies generally post a higher non-response rate than the larger companies. However, in terms of auction turnover, the performance is almost identical in 2012 as in 2011 with, les non respondents representing less than 1.5% of the total turnover generated by French auction operators in the year.

2.3 Sector breakdown

As indicated above, the categories used to break down sales into different segments are now stable, ensuring the continuity of the statistical series presented. Each of the three major sectors have intermediate segments.



The definition of the Art & Collectibles sector is similar to that stipulated in French tax legislation (Article 98 A of Annex III of the General Tax Code) which defines product categories described collectively as art objects, antiques and collectibles. For our purposes, the following sub-segments have been added to this category :

- Wines & Spirits: because they are sold in the same manner ;
- Miscellaneous: in the vast majority of cases these are sales of an assortment of art objects, artefacts and craftworks that are difficult to classify in any one particular category.

It should also be noted that France's regional operators, with modest revenues, tend to group their sales of artworks, antiques and wines & spirits in the Miscellaneous category.

2.4 Data processing

2.4.1 Sector breakdown

On the basis of these figures, we have classified the auction operators into different categories. Operators that generate less than 95% of their total auction turnover excluding fees from a single category have been classified as 'Generalist'. All other operators have been assigned to the category from which they generate more than 95% of their total auction revenue excluding fees.

Where certain information is not measurable, we assign the operator to a category on the basis of previous years' survey data.

2.4.2 Missing data

In order to account for the economic weight of the operators that did not respond to our survey, we reconstituted the missing figures. The methodology applied was as follows: The total auction turnover figures (excluding fees) generated by each operator have been aggregated per sector and per year in order to calculate the average annual rates of change.

On the basis of previous years' figures and the rates of change measured in the different categories, the missing turnover data has been estimated at 24 million euros, i.e. less than 1% of France's aggregate turnover. In view of the distribution of the values, the error margin at 1% on France's aggregate turnover is therefore approximately $\pm 1,000,000$ euros, giving an excellent confidence interval.

In addition, certain operators did not break down their annual turnovers into sub-segments. In these cases, we have applied the same sub-segmentation as used for the previous years' data. In the case of operators identified as Generalists, the 2012 turnover was attributed to the two sectors Art & Collectibles and Used Vehicles & Industrial

Equipment on the basis of the observed average proportions that these two segments represent for Generalists whose sub-segmentation is known.

III. Measuring global turnover on the Art & Collectibles segment

In order to provide international perspective for the French market, the CVV's 2010 annual report presented, for the first time, an analysis of the global auction market that involved identifying all the auction operators throughout the world and then determining their turnover figures.

The 2012 annual report has pursued this initiative and presents an overview of the global auction market and the turnover figures of its operators for the year 2012. The methodology used for the elaboration of the 2010 annual report by Bluestone, our external data management company, has remained essentially the same for the 2012 report. The methodological annex in the 2010 report is therefore still relevant.

Nevertheless, for convenience we reiterate the key aspects of the techniques used. The methodology involves three steps :

3.1 Identification of the auction operators

The first step was to update the exhaustive list of global auction operators that organised at least one physical or online sale in the Art & Collectibles segment last year.

This list is compiled by consulting numerous information sources (mainly periodicals and specialised websites) and the information obtained is systematically cross-checked. This initial phase identified nearly 22,000 operators worldwide that organise auction sales (all domains and segments combined). After exclusion of operators uniquely active in other segments like Used Vehicles & Industrial Equipment, we obtained an initial list of approximately 11,000 operators potentially capable of organising auction sales in the Art & Collectibles segment. Research is then conducted via internet to check whether each operator on the list was active or inactive during the year in question and organised at least one sale in the Art &

Collectibles segment. This eliminatory work reduced the number to a total of 2,601 operators active in the Art & Collectibles sector in 2012 worldwide. Here, "active" means having organised at least one sale in this sector during the year.

This total was down slightly from 2011. In 2011, the CVV identified 2,640 operators using the same criteria.

For each operator, the sources that mention them have been noted in order to establish an initial simplified notoriety indicator.

3.2 Data collection

Operator turnover figures are collected using a highly specific procedure :

- searches on Internet, starting with the websites of the operators themselves :
 - by direct observation of the annual turnover figures, mainly communicated via press releases and announcements on these websites ;
 - by adding all the sales results figures together (when published), either sale by sale, or lot by lot, depending on the type of information available.
- by sending an email request for information to operators whose figures are not available online.
- lastly, in the event of no-response, we try to collect the information we are seeking by contacting operators directly by telephone.

This method was applied systematically to all the operators identified.

Using this method, we managed to obtain turnover figures for 1,494 of the 2,601 operators identified in 2012, i.e 57% of the total number (versus 50% in 2011). Our data collection was therefore more successful in 2011. We also took the advantage of our contacts with the operators to collect information concerning no less than 148 variables that describe each operator in detail.

3.3 Econometric modelling

At this stage in the process, to determine the total global auction revenue we needed to calculate the missing data for the operators whose revenue figures we were unable to obtain.

In the first stage described above, we observed variable rates of data completeness between different countries as well as enormous disparities in the turnover figures of different countries and different regions within countries. The extreme heterogeneity of the gathered data prohibits the use of a single variable sufficiently correlated to the observed sales to simply extrapolate and deduce the values of the unobserved revenues figures.

3.3.1 Modelling

We therefore chose to use a multivariate method. Based on the notion that the operator turnover figure we are seeking must necessarily depend on a number of different variables such as the operator's principal characteristics (sector of activity, date of creation, language of website, etc.), its notoriety (number of links and web references, Google, etc.), the type of sales it organises (number of sales, miscellaneous, catalogued, prestige, etc.) and its geographical location, we have devised equations that, to simplify, attribute a specific coefficient to each variable. This is the most technical stage of the process. It is based on the companies whose turnover figures are known and which it has therefore been possible to model. This is necessarily a step-by-step approach with back-steps, adjustments and estimates.

During this stage, certain structural differences between operators, sectors and countries added further complications to the exercise by requiring the construction of more than one equation. For example, the variable relating to prestige sales does not have the same influence in Asia as it does in other countries. The net result is that six different models were implemented, for which the most significant variables were identified. This exercise allowed us to calculate the unobserved operator turnover figures.

3.3.2 Validation

Before finally validating the method, performance tests were conducted on the French operators' data which can be considered the most reliable. The auction turnover figures, randomly hidden, of 50% of these operators was re-calculated by modelling and compared to the real data. This operation was performed 400 times. The results were extremely encouraging with an average difference from the real figures of 0.14%. Lastly, at the global level, confidence intervals were measured: The aggregate turnover for 400 different groups of 1,800 out of the 2,601 operators identified worldwide was calculated (each of the 400 groups randomly including those whose turnover is known with those whose turnover is not known) and the equations were applied to these aggregate turnover figures. After comparing the average of the 400 aggregate turnover figures thus estimated with those obtained using the econometric method, we observed a very satisfactory confidence interval estimated at +/- 1.5%.

In conclusion, this exercise allowed us to calculate the global auction turnover for 2012 from the 54 countries that are active in this market (Art & Collectibles). The proportion of the aggregate turnover figure representing data calculated by using the econometric method, even if it concerns the numerical majority of the operators, is in fact low (16.3%) but slightly higher than last year (close to 11.2%). Finally, in terms of data quality, we estimate a 95% probability that the error margin on the global auction turnover figure will be within +/- 1.5% (the confidence interval is defined above).

**Écran en bois tropical zitan et
disque bi en néphrite blanche
finement sculpté, daté du début
octobre de l'année bingxu de
Qianlong (1766)**

Montant adjugé : 1 040 000 €
H 26,5 L 18,5 cm diam. du disque bi 13,5
cm. Chartres, 28 octobre. Galerie de
Chartres SVV
© Galerie de Chartres



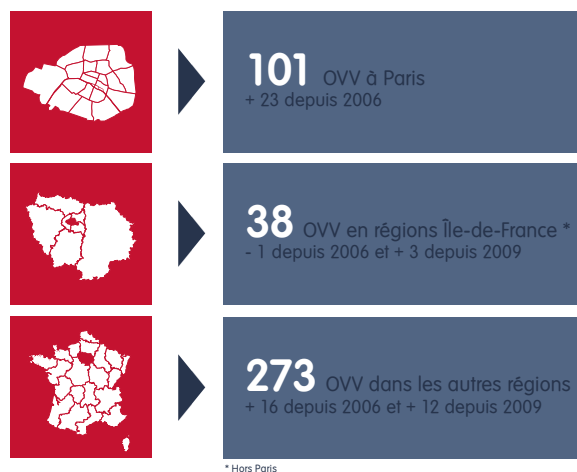
I. Presentation of Voluntary Auction Operators

A. Structure

At 31 December 2012, the number of Voluntary Auction Operators (VAOs) registered with the Conseil des ventes volontaires (CVV) stood at 412, up 4% from 396 a year earlier. Between these two dates, 5 operators ceased trading, 2 were absorbed by other companies, 5 merged into a single entity and 28 new VAOs were created.

The high number of new companies can be explained by the opportunities created by the reforms of 2011, which paved the way for merchandise brokers to carry out auctions under certain conditions. In 2012, eight brokers registered as auction operators with the CVV.

Following the creation of these new structures, Parisian operators represented 24.5% of France's total (after 22.7% in 2011) and the surrounding Ile-de-France region represented 33.7% (vs. 32.6% in 2011) while the weight of France's regions fell slightly (to 66.3% from 67.4% in 2011).



The number of operators conducting only voluntary auctions (including the 8 news brokers certified as auction operators in 2012) continued to grow. Over the last five years it has risen from 58 (in 2007) to 102 in 2012 (94 excluding the brokers). However, the number of French operators backed by judicial sales activities was still high: our figures suggest 310 in 2012, equivalent to three quarters of the total.

Number of Voluntary Auction Operators (VAOs)

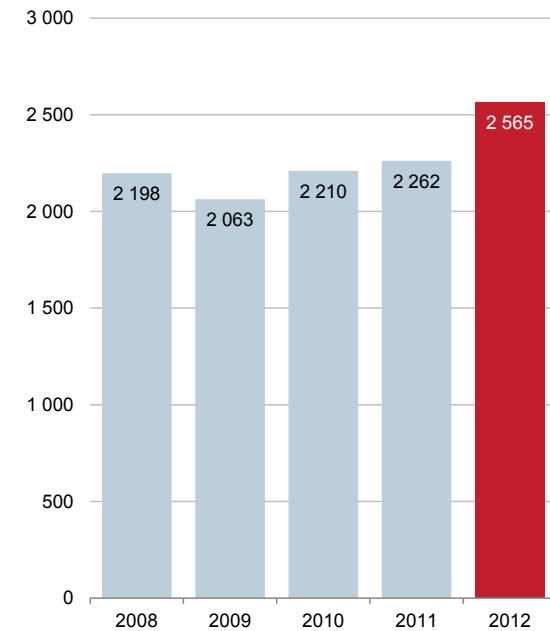
	2002	2007	2008	2009	2010	2011	2012
OVV adossées à des études de CPJ	317	323	324	318	316	313	310
OVV uniquement « volontaires » *	23	58	62	67	77	83	102
Total	340	381	386	385	393	396	412

CPJ : commissaires-priseurs judiciaires

B. Employment patterns among VAOs in 2012

In 2012, VAOs employed 2,565 people, up 13% compared to 2011.

Trends in VAO staff numbers



Most of the new jobs created in 2012 were open-ended contracts, which represented 78.9% of declared staff at end-2012 compared

with 76.9% in 2011. The proportion of fixed-term contracts remained stable, as did the number of trainees. The percentage of temporary staff fell from 13.8% in 2011 to 11.0% in 2012.

2012 breakdown of VAO employees by contract type

			2012	
			Effectifs	Part
CDI	commissaires priseurs	Temps plein	247	9,6%
		Temps partiel	41	1,6%
	autres salariés	Temps plein	1 410	55,0%
		Temps partiel	327	12,7%
CDD	commissaires priseurs	Temps plein	3	0,1%
		Temps partiel	5	0,2%
	autres salariés	Temps plein	106	4,1%
		Temps partiel	23	0,9%
Stagiaires	Temps plein	88	3,4%	
	Temps partiel	32	1,2%	
Intérimaires			283	11,0%
Total			2 565	
Progression annuelle			13%	

These figures concern the number of salaried contracts rather than the number of people actually employed by these contracts as a single employee may have contracts with several different companies).

The average number of salaried staff per VAO depends largely on the volume of activity of the company in question. In 2012, the growth operator headcounts was fairly uneven, depending on the size of the companies. Among the smaller operators (in terms of auction turnover), the average number of salaried employees changed little. By contrast, as we move up the ranking to consider operators with higher turnover, the number grows more than proportionally. In 2011, the largest operators already recruited significant numbers of new employees. In fact, we have observed that as business volume increases, the more the operators need structures capable of offering a range of services (accounting and legal services, computing, appraisal, logistics, marketing, communication, etc.) and that these requirements grow faster than the growth in volume of business. The increase in employee numbers and their distribution among the different types of VAO reflects the growing concentration of the market around a small number of operators, whose influence on the market increased again last year, particularly in the used vehicles

domain. When several companies merge into a single entity, the new structure takes on new staff who can offer complementary services that smaller operators cannot provide.

Tranche d'adjudication (en millions d'euros)	Nombre d'OVV	Effectif salarié (hors stagiaire)		
		CDI	CDD	Total
> 50 M€	9	465	48	513
[10-50] M€	27	409	17	426
[1-10] M€	202	897	53	950
< 1 M€	174	254	19	273

C. Financial position of VAOs

With a view to extending the economic analysis of the market and continuing the work presented in previous reports, the data concerning auction turnover has been complemented by details of the financial positions of each VAO. This data was collected from the non-nominative exploitation of balance sheets and earnings statements filed with the clerk of the commercial court in accordance with Articles L. 232-21 et seq. of the French Code of Commerce. The financial statements available at the time of writing this report relate to 2011. Five years of data are therefore presented below. Note that 2007, which was a remarkable year for auction sales, preceded two years of crisis (even if the overall data for the French market in 2009 was positive thanks to the sale of the Pierre Bergé - Yves Saint Laurent collection) before the market recovered somewhat in 2010.

Our analysis was limited to the examination of operators' accounting profits and operators' incomes which are not the same thing as their sales turnovers: the latter are recognised in third party accounts, whereas the former corresponds to the sum of the different incomes that the operators receive. The data used in our analysis is dependent on the quality of the information available.

Note also that although the law of 20 July 2011 (which came into force on 1 September 2011) enables auction operators to widen their activities beyond voluntary auction sales, the 2011 income figures consisted almost exclusively of income directly related to operators' auction activities: buyer and seller fees, valuation estimates, appraisals and auction room sharing, etc.

In 2011, our financial analysis considered 364 companies (out of a total of 396 certified operators). The difference is explained by the fact that certain annual accounts were not or are no longer available (not yet filed, or first 18-month period of activity not terminated at end-2011). The data is therefore presented as averages for each defined activity segment.

We have grouped the operators according to their annual auction turnovers (not incomes) in four different tranches. The following tables present first of all the raw data as collected: income and profit of operators per auction turnover tranche. Two other tables (compiled from the first series) present the averages obtained from dividing the raw data by the number of operators. The last table offers several ratios compiled from these averages.

Raw data

Tranches d'adjudication	Nbre OVV					Montant des adjudications hors frais				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
[0 - 1 [M€	129	143	136	128	137	74 259 070	78 731 707	73 846 998	69 552 915	74 499 886
[1 - 10 [M€	192	184	188	190	190	580 412 370	512 428 528	535 095 205	576 670 797	582 855 722
[10-50[M€	28	35	29	29	29	590 834 015	722 878 944	599 366 380	628 168 095	613 754 682
> 50 M€	12	9	10	9	8	938 409 442	754 556 457	1 019 462 263	849 298 787	929 962 865
TOTAL	361	371	363	356	364	2 183 914 897	2 068 595 636	2 227 770 846	2 123 690 594	2 201 073 155

Tranches d'adjudication	Nbre OVV					Chiffre d'affaires				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
[0 - 1 [M€	129	143	136	128	137	24 533 259	25 381 700	24 186 308	21 266 384	24 125 820
[1 - 10 [M€	192	184	188	190	190	154 665 974	144 957 941	151 681 253	165 634 393	168 862 043
[10-50[M€	28	35	29	29	29	112 785 796	127 436 526	126 947 352	151 388 340	152 715 774
> 50 M€	12	9	10	9	8	229 195 724	207 672 896	248 467 928	241 683 817	272 406 063
TOTAL	361	371	363	356	364	521 180 753	505 448 064	551 282 841	579 972 934	618 109 700

Tranches d'adjudication	Nbre OVV					Résultat				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
[0 - 1 [M€	129	143	136	128	137	1 747 613	1 147 310	335 165	1 305 520	1 166 064
[1 - 10 [M€	192	184	188	190	190	14 299 276	7 406 146	7 706 479	10 266 894	5 831 236
[10-50[M€	28	35	29	29	29	8 106 088	103 627	10 190 580	5 659 092	9 490 729
> 50 M€	12	9	10	9	8	20 942 602	4 433 237	15 103 604	19 957 121	14 669 219
TOTAL	361	371	363	356	364	45 095 579	13 090 320	33 335 828	37 188 627	31 157 248

The above tables show that total income generated by all operators rose by 6.5% in 2012 to EUR 618.1 million. At the same time, total 2011 profits amounted to EUR 31.15 million corresponding to a 16% decrease, and well below the 2007 level.

Average data

Average income

Tranches d'adjudication	Nbre OVV					Chiffre d'affaires moyen (€)					Evolution 2011/2010
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	
[0 - 1 [M€	129	143	136	128	137	190 180	177 494	177 841	166 104	176 101	6,0%
[1 - 10 [M€	192	184	188	190	190	805 552	787 815	806 815	871 760	888 748	1,9%
[10-50[M€	28	35	29	29	29	4 028 064	3 641 044	4 377 495	5 220 288	5 266 061	0,9%
> 50 M€	12	9	10	9	8	19 099 644	23 074 766	24 846 793	26 853 757	34 050 758	26,8%
Toutes tranches comprises	361	371	363	356	364	1 443 714	1 362 396	1 518 686	1 629 137	1 698 104	

Average profit

Tranches d'adjudication	Nbre OVV					Résultat moyen (€)					Evolution 2011/2010
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	
[0 - 1 [M€	129	143	136	128	137	13 547	8 023	2 464	10 199	8 511	-16,5%
[1 - 10 [M€	192	184	188	190	190	74 475	40 251	40 992	54 036	30 691	-43,2%
[10-50[M€	28	35	29	29	29	289 503	2 961	351 399	195 141	327 267	67,7%
> 50 M€	12	9	10	9	8	1 745 217	492 582	1 510 360	2 217 458	1 833 652	-17,3%
Toutes tranches comprises	361	371	363	356	364	124 919	35 284	91 834	104 462	85 597	

Some ratios

Tranches d'adjudication	CA / MMA					RESULTAT / MMA					RESULTAT / CA				
	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011	2007	2008	2009	2010	2011
[0 - 1 [M€	33%	32%	33%	31%	32%	2,1%	1,5%	0,5%	1,9%	1,6%	7,1%	4,5%	1,4%	6,1%	6,8%
[1 - 10 [M€	27%	28%	28%	29%	29%	2,5%	3,4%	1,4%	2,8%	1,0%	9,2%	5,2%	5,1%	6,2%	3,5%
[10-50[M€	19%	18%	21%	24%	25%	1,4%	0,0%	1,7%	0,9%	1,3%	7,5%	0,1%	8,0%	3,7%	0,2%
> 50 M€	24%	28%	24%	28%	29%	2,2%	0,6%	1,5%	2,3%	1,6%	5,1%	2,5%	6,1%	8,3%	5,4%
Toutes tranches comprises	24%	24%	25%	27%	28%	2,1%	0,6%	1,5%	1,8%	1,4%	8,7%	2,6%	6,0%	6,4%	5,0%

AHP = average auction turnover (total turnover per turnover tranche / number of VAOs in tranche under consideration)

Analysis of the average data reveals that the overall good level of auction turnover and operator incomes in 2011 masked a general deterioration in profits and wide disparities in the financial health of the operators in the different turnover tranches :

- **Annual operator turnover of less than EUR 1m**

In 2011, the auction turnover in this tranche returned to 2009 and 2007 levels and was therefore stable over the 5-year period 2007 - 2011. Average income, despite a recovery in 2011, remained below its 2007 level. Average profit remained very low and the tranche as a whole still looked fragile.

- **Annual operator turnover of between EUR 1m and EUR 10m**

This is the largest tranche in terms of the number of operators. In 2011, turnover climbed back to its 2007 level. Although operator income was steady over 2010-2011, profits fell a steep 43%, due in large part to the under-performance of one company. This would suggest that most operators in this tranche are having difficulties; while maintaining their volumes of activity, they are struggling to implement the restructuring needed to reduce costs.

- **Annual operator turnover of between EUR 10m and EUR 50m**

Turnover in this tranche was fairly stable (-2.3%) over 2010 and 2011, as was average income (+1.9%). Average profits rose, after an erratic trend since 2009. Analysis of earnings ratios suggests a sharp recovery in profitability over 2010 and 2011, but this was partly thanks to a single operator that generated exceptionally high profits in 2011 from the sale of an imperial Chinese scroll;

- **Annual operator turnover of over EUR 50m**

This tranche contains very few companies, so the consolidated data can be heavily influenced by the performance of a single company. We observe growth in both turnover and income in 2010 and 2011, but a decline in profits. The sector is still performing well, but profitability is not necessarily keeping pace with volumes of activity. In the 5-year period from 2007 to 2011, both auction turnovers and operator incomes declined.

For all VAOs taken together, we observe that the profits/turnover ratio is very weak (below 2%), reflecting the structural difficulties the sector is having generating profits. Its commercial profitability (ratio of auction turnover/operator income) is continuing to decline, reaching around 5% in 2011

Voile de mariée,
fine dentelle blanche
de Bruxelles à motifs
appliqués et à aiguille
de riches guirlandes de
fleurs sur neuf registres
rayonnants, belle bordure
à frises de piastres et
palmettes.

Montant adjugé : 5 800 €

HBruxelles, vers 1860. Long.
220 cm, larg. 330 cm. Famille
Ypsilanti de Grèce, princes de
Moldavie et Valachie.
Chartres, 26 mars, galerie
Chartres SVV.
© Galerie de Chartres



II. Trends on the French market in 2012

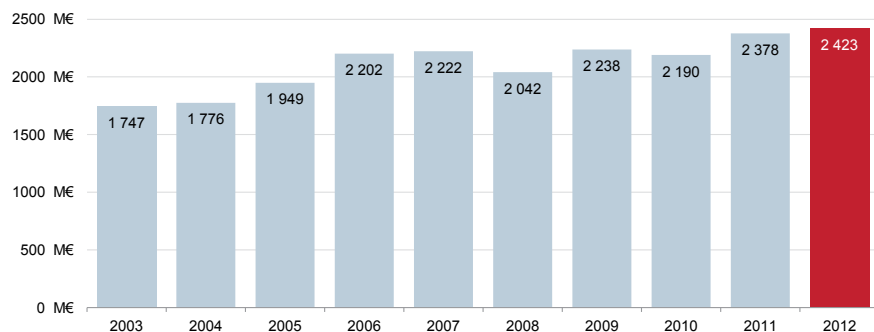
A. A slowdown of activity

Despite unfavourable economic conditions in France in 2012, the French auction sector nevertheless managed to post an overall increase in its volume of activity, although the increase reflects a clear slowdown in growth. In fact, we are now looking at a distinctly two-speed market, and the difference is essentially a question of the type of goods being sold.

1.1. Overall trend

LTurnover excl. fees for all segments grew 1.9% in 2012 to reach an all-time high of EUR 2.42 billion, up from EUR 2.38 billion in 2011. This growth nevertheless marks a net slowdown compared to the 8.6% growth recorded in 2011. Since the 2002 reforms, average annual turnover growth from 2003 to 2012 was 3.7%. This slowdown is all the more significant since the annual turnover growth of the French market did not keep pace with the sharp increase in the number of French auction houses in 2012. Also, average turnover per VAO was down year-on-year (EUR 5.9m in 2012 vs. EUR 6m in 2011) although this decline did include an absence of declared transactions for 12 of the 28 new VAOs in 2012.

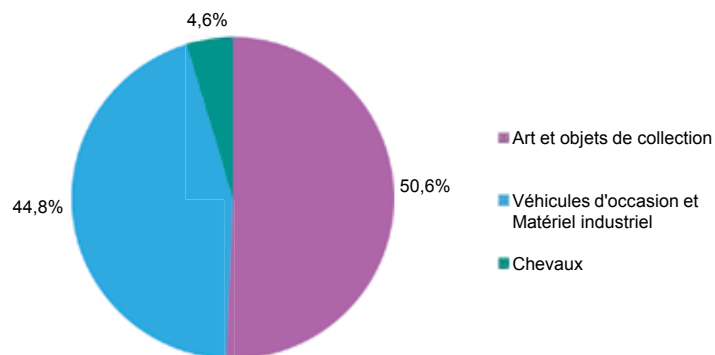
French auction turnover, EUR millions; excluding fees



1.2. Sharp differences between sectors

The French public auctions market can be broken down into three broad sectors: Art & Collectibles, Used Vehicles & Industrial Equipment, and Horses. Although the relative weight of each sector changed little until last year, highlighting what were relatively similar economic conditions in the three areas of activity, 2012 showed divergent sector trends. While the Art & Collectibles sector contracted, the Used Vehicles & Industrial Equipment sector grew sufficiently strongly to lift its share of national revenues to 44.8%, up from 42.9% in 2011.

French auction turnover by sector in 2012



In contrast to the previous year, when turnover climbed steeply in the three main sectors, the 2012 increase was almost solely generated by the Used Vehicles & Industrial Equipment sector and within this sector it was only the used vehicles segment that grew, boosted by a sharp increase in online sales and the appearance of a new operator with a nationwide reach.

The Used Vehicles & Industrial Equipment sector therefore posted 2012 revenue growth of 6.5%, not far behind its strong 7.4% rise in 2011, while the Art & Collectibles sector slipped back -1.8% (after 8.4% growth in 2011) and the Horses sector gained only 0.9% (vs. +11.8% in 2011).

Renault Trafic DCI 115 funéraire
2009
Montant adjugé : 14 800 €
Five Auction Marseille



The slowdown in the Art & Collectibles sector can be explained in particular by :

- A reduced offer of prestigious artworks with, in particular, a lower number of collections for sale in 2012.
- A fall in Chinese demand, which had bolstered activity in 2011.
- An overall contraction, at an international level, of the high-end sector, caused by a drop in the number of ultra-high-net-worth individuals (according to Wealth-X's World ultra wealth report 2012-2013).

At the same time, the growth of the Used Vehicles & Industrial Equipment sector held steady thanks to :

- The large number of used vehicles on the market, which is linked to the number of new vehicles sold in the past (sales that were stimulated by measures such as scrap premiums, no claims bonuses, etc).
- The ease with which the auction system enables the sale of high volumes of vehicles. In an environment where demand is contracting, traditional distribution channels that rental operators and market professionals use to sell privately are insufficient to absorb the ever-expanding number of used vehicles coming on to the market. Although auctions tend to be associated with lower margins and are therefore relatively overlooked, they now represent a real alternative in a climate where falling demand for vehicles is triggering a drop in prices.
- Growth in online auctions of used vehicles, particularly those that are purely virtual with no physical presentation of the good for sale, which enable specialised operators to widen their clientele.

According to data from the Association des Sociétés de Ventes aux enchères Automobiles (ASVA) the 6.4% growth of the Used Vehicles & Industrial Equipment sector corresponds to an increase of more than 10% in the number of vehicles sold at auction, coupled with a drop of around 4% in the average hammer price per vehicle.

Finally, the Horse sector was sluggish in 2012 after a 2011 recovery that itself followed a decline of activity from 2008 to 2010. This sector has not yet managed to return to pre-crisis levels of activity.

Economic data by sector and by year

Voluntary auction turnover, excluding fees, 2003-2012

Arts et Objets de collection	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Ventes courantes	426 M€	329 M€	455 M€	374 M€	246 M€	171 M€	145 M€	101 M€	91 M€	91 M€
Art et Antiquités	426 M€	456 M€	443 M€	661 M€	795 M€	714 M€	878 M€	776 M€	866 M€	825 M€
Autres objets de collection ¹	57 M€	61 M€	53 M€	105 M€	88 M€	107 M€	108 M€	137 M€	147 M€	171 M€
Joaillerie et Orfèvrerie	51 M€	51 M€	46 M€	61 M€	72 M€	70 M€	73 M€	91 M€	102 M€	98 M€
Vins et Alcools	10 M€	17 M€	14 M€	24 M€	21 M€	23 M€	17 M€	37 M€	43 M€	43 M€
Sous-total	970 M€	915 M€	1010 M€	1224 M€	1224 M€	1085 M€	1220 M€	1142 M€	1249 M€	1227 M€
Progression annuelle		-5,7%	+10,4%	+21,2%	-0,1%	-11,3%	+12,5%	-6,4%	+9,4%	-1,8%
Chevaux	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sous-total	68 M€	73 M€	72 M€	103 M€	114 M€	102 M€	102 M€	98 M€	109 M€	110 M€
Progression annuelle		+7,2%	-1,4%	+42,5%	+10,8%	-10,1%	-0,2%	-4,2%	+11,8%	+0,9%
VO* et Matériel Industriel	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Véhicules d'occasion	698 M€	780 M€	852 M€	837 M€	811 M€	775 M€	840 M€	872 M€	926 M€	1005 M€
Matériel industriel	11 M€	9 M€	14 M€	38 M€	74 M€	81 M€	76 M€	78 M€	93 M€	81 M€
Sous-total	709 M€	789 M€	867 M€	875 M€	885 M€	855 M€	916 M€	950 M€	1020 M€	1086 M€
Progression annuelle		+11,2%	+9,9%	+1,0%	+1,1%	-3,3%	+7,1%	+3,7%	+7,4%	+6,5%
Total	1747 M€	1776 M€	1949 M€	2202 M€	2222 M€	2042 M€	2238 M€	2190 M€	2378 M€	2423 M€
Progression annuelle		+1,7%	+9,7%	+13,0%	+0,9%	-8,1%	+9,6%	-2,2%	+8,6%	+1,9%

Note : Although the questionnaire has remained stable since 2009 in terms of the sector breakdown of activity, this has not always been the case; this explains why there were sharp turnover fluctuations in certain categories, particularly in the first "Miscellaneous sales" category.

B. Geographic presentation of the market

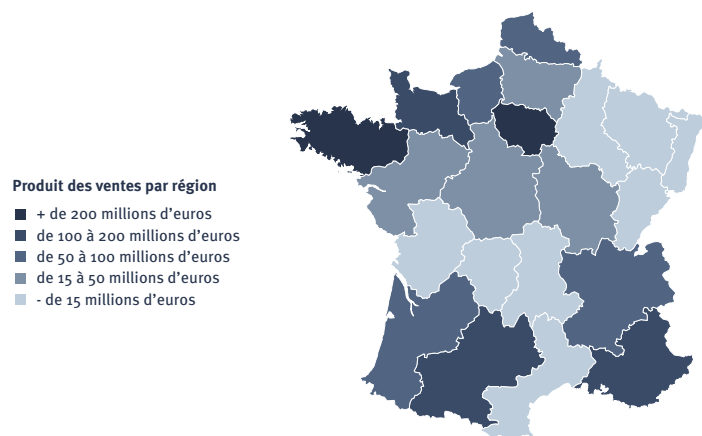
The French auction market has historically been concentrated in Paris and the surrounding Ile-de-France region. This dominance further accentuated in 2012. Total 2012 turnover generated by the 139 operators in this region rose to EUR 1.34 billion from EUR 1.28 billion in 2011. The market share of the Ile-de-France region climbed from 53.9% in 2011 to 55.4% in 2012. This growth came primarily from the establishment of **Carmen-Alcopa**, a new used-vehicle operator, based in the Ile-de-France. Carmen-Alcopa combined the activities of five existing players, most of them based in the provinces⁽¹⁾. The merger caused a transfer of the accounts of these operators thereby increasing the weight of the Ile-de-France in total French auction turnover (the actual transactions still take place on the different sites

⁽¹⁾ The Other Collectibles category corresponds to goods that are usually classified as "collectibles" in Anglo-Saxon countries: collection vehicles, stamps and coins, old books and manuscripts, militaria, toys, posters, etc.

in the Ile-de-France and provinces) and therefore does not signify real growth in the Ile-de-France compared to other regions.

Around half of total French auction turnover is generated by the 273 regional operators (with 66% of the total workforce), most of them relatively small. The average revenue per operator is therefore EUR 3.9 million per year for the 273 regional operators, compared to EUR 9.7 million for the Paris and surrounding Ile-de-France players.

Aggregated 2012 turnover by region



The level of activity differs markedly from one region to another. Apart from the Ile-de-France, Brittany is the only region that exceeds EUR 200 million in turnover, thanks to the presence of major players in the Used Vehicles & Industrial Equipment sector. There follow three regions with between EUR 100m and EUR 200m in turnover: the Midi-Pyrénées (also strengthened by a leading Used Vehicles & Industrial Equipment player), the Basse-Normandie region, which hosts international auctions in the Horse sector, and the Provence-Alpes-Côte-D'azur region with 2nd highest number of operators after the Ile-de-France region. Total turnover from the Ile-de-France and these four regions accounted for 80% of the national total in 2012.

Six regions, each with fewer than 10 VAOs generated aggregate turnover below EUR 10m in 2012 : Alsace, Franche-Comté,

Languedoc-Roussillon, Limousin, Lorraine and Corsica (the latter had no auction operators at all in 2012). The operators in these regions are generalists who mainly organise miscellaneous sales to local buyers. On average, they post annual turnovers of around EUR 1m, equivalent to one tenth of average the Paris and surrounding Ile-de-France players.

Economic performance by region

Voluntary auction turnovers, excluding fees, in EUR millions

Région	Nombre de OVV	Montant adjudgé 2011	Montant adjudgé 2012	Variation	Dépense par habitant (en €)
Alsace	2	0,6 M€	1,5 M€	+150%	0,8
Aquitaine	21	69,3 M€	73,3 M€	+6%	22,7
Auvergne	7	14,4 M€	13,4 M€	-7%	9,9
Basse-Normandie	15	131,6 M€	129,0 M€	-2%	87,5
Bourgogne	15	18,5 M€	16,7 M€	-10%	10,2
Bretagne	13	214,3 M€	212,1 M€	-1%	66,3
Centre	17	42,7 M€	45,2 M€	+6%	17,7
Champagne	8	10,0 M€	10,3 M€	+3%	7,7
Franche-Comté	7	5,8 M€	6,1 M€	+5%	5,2
Haute-Normandie	20	66,4 M€	58,1 M€	-13%	31,6
Ile-de-France	139	1 280,9 M€	1 345,5 M€	+5%	114,2
Languedoc- Roussillon	6	6,5 M€	6,9 M€	+6%	2,6
Limousin	4	4,0 M€	5,2 M€	+30%	7,0
Lorraine	9	28,7 M€	9,8 M€	-66%	4,2
Midi-Pyrénées	18	132,9 M€	151,0 M€	+14%	52,4
Nord-Pas-de-Calais	14	98,4 M€	95,5 M€	-3%	23,7
Pays-de-la-Loire	17	25,2 M€	26,9 M€	+7%	7,5
Picardie	12	16,1 M€	15,9 M€	-1%	8,3
Poitou-Charente	7	10,1 M€	10,0 M€	-1%	5,7
Provence-Alpes-Côte d'Azur	32	114,1 M€	101,9 M€	-11%	20,8
Rhône-Alpes	29	87,2 M€	88,7 M€	+2%	14,2
Total France Métropolitaine	412	2 378,0 M€	2 423,0 M€	+2%	38,6

2.3 Types of Voluntary Auction Operator

VAOs can be divided into five broad categories based on their geographic location and their sector of activity. An operator is considered as a specialist when more than 95% of its total turnover is generated in one of the three specific sectors.

2.3.1 Operators specialised in Art & Collectibles and based in the Ile-de-France region

There are 85 operators focused almost exclusively on the Art & Collectibles sector. A large portion of their activity attracts extremely wealthy clients, not all of them French. Most of their auctions attract intense media coverage and are promoted through the publication of catalogues. These operators adopt a sales strategy that is linked to Paris's major exhibitions and cultural events.

They generate average turnover of EUR 10.7m with 70% of their business in the Art & Collectibles sector in France in 2012. They include international auctioneers like Christie's and Sotheby's, who organise each year several theme-based sales that each generate more than EUR 10m in turnover.

In addition to these companies there are the historical players on the Parisian market, notably Artcurial, Piasa and the independent operators working at the Drouot auction rooms.

The buyers' fees paid to these companies, which diminish as the hammer price rises, usually range from 15% to more than 30%, VAT included, while sellers' fees are often below 10%. Buyers' fees are set to increase in 2013, in the wake of the announcement by leading auction houses Sotheby's, Christie's and Artcurial that they intend to raise their tariffs in early-2013.

These leading auction houses benefit from exceptional premises, capable of attracting very wealthy clients to prestigious sales. Thus Christie's is based in Avenue Matignon in Paris in the Hôtel des Sœurs Callot, while Sotheby's holds its auctions at the Galerie Charpentier, in front of the Élysée Palace, and Artcurial can be found in the Hôtel Marcel Dassault just off the Champs-Élysées. Since the closure of Drouot Montaigne, the Drouot auction houses no longer have a space suited for prestige events. To correct this, some of these operators have developed activities in dedicated premises that do not belong to Drouot. For example, Cornette de Saint Cyr regularly holds sales in the Hôtel Salomon de Rothschild, close to Place de l'Étoile.

2.3.2 Regional operators specialised in Art & Collectibles

There are 92 such operators and they tend to focus on local clients. They organise both miscellaneous and catalogue-based sales, mostly in the generalist segment. Annual average turnover stands at around EUR 1.6m per company, far below the equivalent of the Paris-area companies. Each regional operator specialised in the Art & Collectibles sector employs an average of 4.2 staff, compared to 9.7 for a Paris-based peer in the same sector. These operators are also less selective than the Ile-de-France operators because they also sell used vehicles and equipment, though this sector accounts for less than 5% of their total activity.

Clef à dôme en fer forgé sculpté France, vers 1800

Montant adjugé : 10 000 €
Collection Michel Rullier.
À l'intérieur, deux hommes
et deux femmes dénudés se
tiennent par la main,
long. 13,2 cm.
Salle 1-7 Drouot Richelieu, 10
mars, Fraysse & Associés.

© Fraysse & Associés SVV



Basson en érable

Montant adjugé : 58 000 €
Neuf clefs en ivoire, estampillé
d'une paire d'épées Saxon
entrecroisées, H. Grenser
Dresden, avec deux petites
branches, deux bocaux, deux
boîtes d'anches en galuchat.
XVIII^e s. En étui d'origine.
Vichy, 16 juin - Vichy enchères
SVV

© Photographe JH Bayle



2.3.3 Operators specialised in Used Vehicles

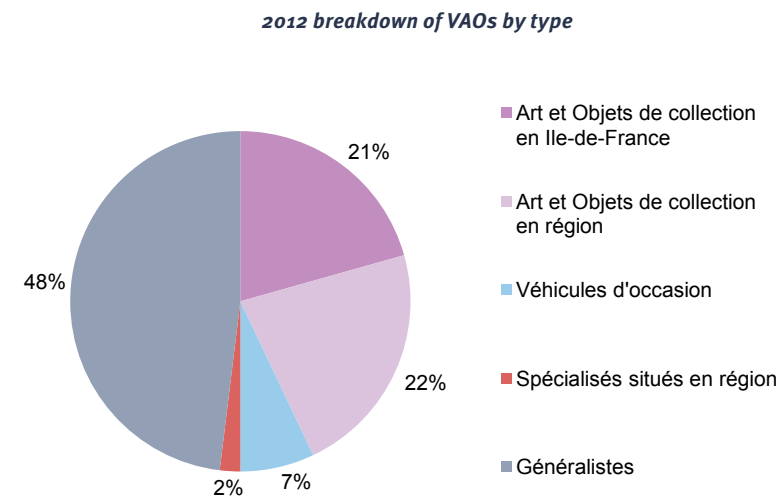
These 29 operators specialised in sales of used vehicles tend to target corporate clients, and work with long-term car hire companies and car fleet managers. They are generally large, with annual an average turnover of EUR 33.4m and 16.5 employees. Alone, they generated EUR 968m in turnover, equivalent to 40% of the 2012 total, all sectors combined.

On average, they enjoyed strong growth in 2012. These operators stand out for their use of the internet, enabling them to post EUR 325m of online turnover in 2012, 88% of which is totally virtual and 12% is in the form of 'live auctions' that are linked to physical sales. The internet sales of these operators represented 33.5% of their activity and 89.8% of total online turnover in 2012, all sectors combined. This development is made possible by the standardisation of goods offered for sale and clear vehicle descriptions.

Although these companies initially tended to target local clients, the development of online sales has enabled them to widen the net to include national and even international clients. Internet is serving to intensify the competition between these operators, and the market is rapidly consolidating around a few national leaders to the detriment of the smaller players. Primarily focused on professional clients, these large operators tend not to compete with the smaller companies who are more likely to sell to private individuals or to organise private sales between private individuals.



**Land Rover
Range Rover TD V8**
Montant adjugé : 26 000 €
Année 2009
20 décembre, Anaf Auto
Auction
© Anaf Auto Auction



2.3.4 Other specialist operators

The 8 operators in this category, all of which are based in the regions, are specialized in very specific market segments and focused on international clients. They include operators specialised in the sale of horses – all based in the Basse-Normandie region, the leader being Arqana – and industrial goods specialists like Richie Bros and Roux Troostwijk. With average turnover per company of EUR 19.4m in 2012, these operators account for 7% of total French auction turnover and employ an average of 9.4 staff. The industrial equipment specialists also make heavy use of the internet. Richie Bros made 36% of its sales online in 2012. By contrast, the sale of horses on the internet is not yet common. Here too, the standardisation of goods available for sale appears essential to the growth of online sales.

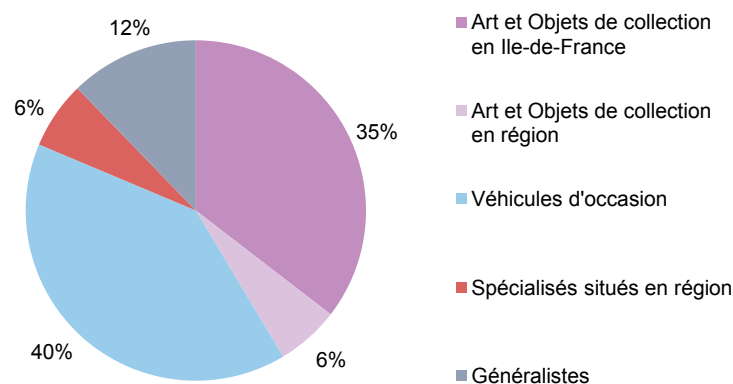
2.3.5 The generalist operators

The 198 operators with no clearly-defined specialty employ nearly half of all VAO employees. They are active in Art & Collectibles and Used Vehicles & Industrial Equipment. Around 80% of them are based in the regions, posting lower sales totals than the specialist players, with average turnover per company of EUR 1.5m in 2012, accounting for just 12% of total French auction turnover.

These generalist players are often active in judicial auctions alongside

their voluntary auction businesses. This means that part of their activity does not appear in the survey this report is based on, which concentrates uniquely on voluntary auction sales. These operators also have relatively small headcounts of 4.1 on average.

Turnover by type of company in 2012



2.4 2012 ranking of VAOs

2.4.1 General analysis of the ranking

The relative weight of the different operator categories discussed in section 2.3. is reflected in the ranking of the top 20 operators in terms of auction turnover excl. fees.

This classification is thus dominated by the specialists in the Used Vehicles & Industrial Equipment sector, which moved up the rankings, and by Paris-based companies specialised in the Art & Collectibles sector, and by the leading player in the Horses sector.

Rang	Nom	Région	Secteur	Montants adjugés		
				2007	2011	2012
1	GUIGNARD ET ASSOCIES	Bretagne	VO et Matériel Industriel	77 M€	149 M€	181 M€
2	CARMEN-ALCOPA	Ile-de-France	VO et Matériel Industriel	-	-	167 M€
3	CHRISTIE'S France	Ile-de-France	Art et Objets de Collection	153 M€	165 M€	161 M€
4	BCAUTO ENCHERES	Ile-de-France	VO et Matériel Industriel	64 M€	125 M€	161 M€
5	SOTHEBY'S France	Ile-de-France	Art et Objets de Collection	97 M€	157 M€	152 M€
6	ARTCURIAL - BRIEST - POULAIN - F.TAJAN	Ile-de-France	Art et Objets de Collection	94 M€	98 M€	112 M€
7	TOULOUSE ENCHERES AUTOMOBILES	Midi-Pyrénées	VO et Matériel Industriel	65 M€	80 M€	111 M€
8	ARQANA	Basse-Normandie	Chevaux	103 M€	101 M€	105 M€
9	MERCIER AUTOMOBILES	Nord-Pas-de-Calais	VO et Matériel Industriel	53 M€	56 M€	60 M€
10	ANAF AUTO AUCTION	Rhône-Alpes	VO et Matériel Industriel	34 M€	39 M€	39 M€
11	RITCHIE BROS. AUCTIONEERS France	Haute-Normandie	VO et Matériel Industriel	27 M€	42 M€	37 M€
12	AQUITAINE ENCHERES AUTOMOBILES	Aquitaine	VO et Matériel Industriel	25 M€	31 M€	36 M€
13	AUTOROLA	Ile-de-France	VO et Matériel Industriel	-	29 M€	30 M€
14	CLAUDE AGUTTÉS	Ile-de-France	Art et Objets de Collection	41 M€	29 M€	29 M€
15	TAJAN	Ile-de-France	Art et Objets de Collection	56 M€	33 M€	29 M€
16	MILLON ET ASSOCIES	Ile-de-France	Art et Objets de Collection	27 M€	31 M€	24 M€
17	CORNETTE DE SAINT CYR MAISON DE VENTES	Ile-de-France	Art et Objets de Collection	31 M€	25 M€	24 M€
18	PARCS ENCHERES	Provence-Alpes-Côte d'Azur	VO et Matériel Industriel	60 M€	30 M€	23 M€
19	PIASA	Ile-de-France	Art et Objets de Collection	40 M€	19 M€	22 M€
20	ENCHERES MAT	Midi-Pyrénées	VO et Matériel Industriel	4 M€	16 M€	19 M€

Reliquaire Nkundu Collection Jean Willy Mestach

Montant adjugé : 2 697 000 €
République Démocratique du
Congo, 11 décembre 2012
Meilleure adjudication pour
une pièce d'art africain vendue
aux enchères.
Paris, 11 décembre, Christie's.
© Christie's Images Ltd, 2013



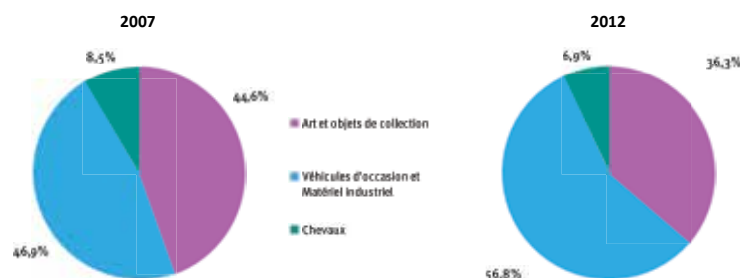
One of the most significant signs of growth in the Used Vehicles & Industrial Equipment sector is that two of the sector's specialists – **Guignard & Associés** and **Carmen-Alcoba** – now occupy the top two places in the general ranking, having pushed the Art & Collectibles players out of the top two positions. Note that Carmen-Alcoba, an operator specialised in the sale of used vehicles, is a new company, created out of the merger between five existing players.

Christie's and **Sotheby's**, respectively 1st and 2nd-placed operators in 2011, slipped to 3rd and 5th spot in 2012, after turnover fell in line with the overall decline in their sector of activity. Another company in the Used Vehicles & Industrial Equipment sector, **BCAuto Enchères**, climbed to the 4th spot in 2012. **Artcurial**, France's top Art & Collectibles player, saw its activity contract in 2012 and dropped to 6th place, ahead of **Toulouse Enchères Automobiles**, another used-vehicle specialist, and **Arqana**, France's leading Horses auctioneer.

An analysis of the turnover of the top 20 operators based on their core activities in 2007 and 2012, underlines the growth of the Used Vehicles & Industrial Equipment specialists. In 2007, 46.9% of the turnover of the top 20 leading companies came from this sector, a level that climbed to 56.8% in 2012. By contrast, the Horse sector, represented solely by Arqana, lost 1.6 points, falling from 8.5% to 6.9%, and the Art & Collectibles sector lost 8.3 points, from 44.6% to 36.3%.

Turnover breakdown of top 20 operators

Based on operators' sector of specialisation



2.4.2 Presence of international companies

As in previous years, international companies are still important players on the French market. In 2012, five of the eight declared international companies are among the top 20 (down from six in 2011): Christie's, BCAuto, Sotheby's, Richie Bros and Autorola. The three other international companies are not in the top 20: Manheim, which was in 2011, Bonham's and Roux Trootswijk. In 2012, the total turnover of these eight companies amounted to EUR 555m, down from EUR 558m in 2011. The market share of the international players declined in 2012 to 22.9% from 23.5% in 2011.

2.4.3 Market consolidation continues to accelerate

The total turnover of the top 20 operators has continued to increase. It was EUR 1.52 billion in 2012, up 11.7% on 2011 (EUR 1.36 billion). The market share of the top 20 rose from 57% in 2011 to 63% in 2012. This exceptionally high level beats even the 60.2% achieved in 2009, when Christie's sale of the Yves Saint-Laurent / Pierre Bergé collection temporarily lifted the weight of the largest operators in the rankings. At the same time, the entry threshold fell from EUR 29m in 2011 to EUR 19m in 2012.

The trend towards consolidation mentioned earlier is therefore being driven by a very small number of players. In fact, the five largest operators in 2012 posted turnover of EUR 822m, up 17.9% on the EUR 697m generated by the top 5 in 2011 and 37% more than the EUR 600m in 2010. The top 5 operators alone generated 33.9% of total 2012 turnover in France.

2.5 Internet usage becomes standard

2.5.1 Online auction turnover up steeply : +86 %

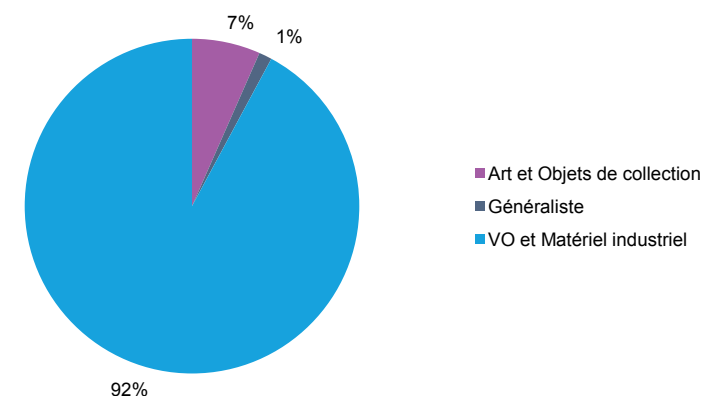
The number of online auctions grew strongly in 2012: 98 operators declared that they had conducted online sales, either in the form of ‘live auctions’ that are coupled with a physical sale, or sales that are purely virtual, up from only 30 operators in 2011. This steep increase is linked to the emergence of specialised online auction portals, such as those offered by Drouot and Interenchères, which enable a large number of small and medium-sized operators to offer online auction services.

OVV déclarant développer une activité d'enchères sur Internet

Champ	2002	2007	2008	2009	2010	2011	2012
OVV développant exclusivement une activité de vente physique	337	374	376	371	368	366	314
OVV développant aussi une activité de ventes électroniques	3	7	10	14	25	30	98
Total	340	381	386	385	393	396	412

VAOs declaring development of an online auction activity Total online turnover reached EUR 373m in 2012, up 86% on 2011. This represents 15% of total French auction turnover in 2012. 92% of internet-based turnover was generated by Used Vehicles & Industrial Equipment specialists. Used-vehicle sales are by their nature the most easily-adapted to online selling. Firstly, the goods for sale are less heterogeneous than those in the Art & Collectibles sector, which means that there is less need for a real-life examination of the goods for sale. Secondly, the vehicles are described using standardized forms that include clear details about the condition of the vehicle, thus reducing the risk of bad surprises for buyers. Finally, the sale of used vehicles is a market aimed primarily at professionals, who trade a large number of vehicles simultaneously and for whom online sales enable significant time savings.

Breakdown of 2012 online turnover by type of operator



2.5.2 Two systems of online auctions: live auctions and online sales

Online auctions have been slower to gain a foothold in France than in Anglo-Saxon countries. At present, two auction systems appear to have been adopted by buyers and sellers alike :

- Live auctions : these enable potential buyers to track a physical sale remotely, and to bid via the internet. This type of online auction is combined with the traditional system based on physical sales, i.e. the physical purchase orders, with bidding in the auction room or by telephone.
- Online sales: these sales take place exclusively online, and the objects are only visible on the internet. Bids can only be made online. Goods for sale are usually available for several hours.

All sectors included, most of the 2012 turnover from internet-based auctions was generated by online sales. The operators covered by the survey declared 2012 turnover of EUR 302m from online sales and EUR 71m from live auctions linked to physical sales.

Online sales systems can only be qualified as auctions if the VAOs who organise them respect the regulations they are subject to, and in particular, the existence of a mandate of sale between the VAO and the seller, authentication, appraisal, presentation and a description of the

goods for sale, and lastly, the automatic sale to the highest bidder.

These operators differ from online brokerage firms in that the latter do not offer these guarantees and the CVV is vigilant in avoiding confusion between the two activities.

The complexity of the distinction between the regulated public auction sector and the non-regulated sector has forced the Conseil to be highly vigilant on how players in both sectors present their activities to consumers.

In early 2012 the Conseil moved to clarify the distinction between auction operators and online brokerage activities. It was within this context that the CVV then requested Artprice – which is not a VAO according to the terms of the French commercial code (article L. 312-3) and does not come under the sector regulated by the CVV – to delete from its Terms & Conditions of Sale visible on its website all reference to auction sales and to describe its activity more accurately, with the aim of eliminating any risk of confusion among consumers. The request was put into effect immediately.



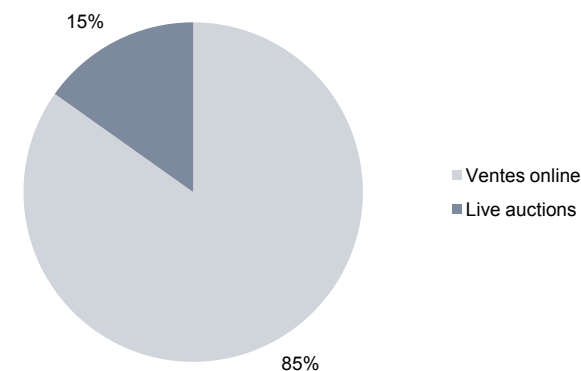
1959 FERRARI 250 GT CALIFORNIA SPIDER
Ex Roger Vadim

Montant adjugé : 4 500 000 €
Record mondial pour une California LWB
Record de l'automobile la plus chère vendue en France
13 février, Artcurial - Briest - Poulain - F. Tajan.
© Artcurial - Briest - Poulain - F. Tajan

2.5.3 Used Vehicles & Industrial Equipment: 85% of online auctions in the form of “online sales”

The use of live auctions and online sales varies strongly from one sector to another. In the Used Vehicles & Industrial Equipment sector, the virtual online sales model appears better adapted and is therefore fast gaining popularity. In this sector, 85% of online turnover was generated by ‘dematerialised’ sales (i.e. solely based on online bidding). To achieve this, the sectors’ VAOs have their own web sites that are well known to their clients, most of whom are sector professionals.

Breakdown of 2012 turnover in Used Vehicles & Industrial Equipment sector



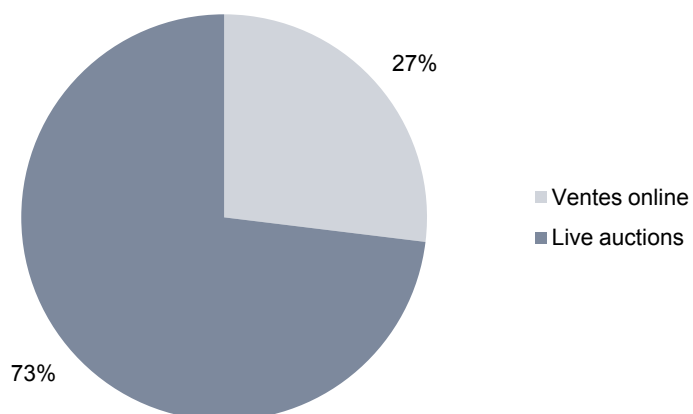
2.5.4 Art & Collectibles: 73 % of online sales took place in Live auctions

In the Art & Collectibles sector, most auction operators do not operate their own online auction infrastructure. Rather, they use specialized online auction portals that enable the operators to :

- Benefit from a natural listing on the internet,
- Improve their client tracking.

In France, online sales in Art & Collectibles gathered pace primarily via live auctions that are combined with physical sales, rather than a purely virtual online sales system: 73% of 2012 online turnover in the Art & Collectibles sector came from live auctions. France's two leading auction houses – Drouot and Interenchères – launched a live auction service less than two years ago. The rate of use by VAOs increased dramatically in the space of a few months, to the point where all sales that take place at the Hôtel Drouot have had a 'live auction' option since October 2012.

Breakdown of 2012 online turnover in the Art & Collectibles sector



In 2012, drouotlive.com thus became France's leading website for online auctions in the Art & Collectibles sector, with turnover (excl. fees) close to EUR 7.5m, similar to that of Christie's Live. Sotheby's in the meantime posted EUR 2.7m in turnover from online auctions. Finally, Interenchères posted EUR 2.5m of online turnover for around 40 VAOs, of which EUR 1.9m in the Art & Collectibles sector and EUR 0.6m in Used Vehicles & Industrial Equipment.

Online auctions at Drouot

Since 1 October 2012, Drouot has offered buyers the opportunity to bid live in all of its catalogue-based auctions. At end-2012, close to 700 of Drouot's sales included this increasingly popular option.

As a result, compared to 2011 when Drouot's online services did not cover all sales, 2012 turnover generated by Drouot Live grew by more than 300%, with the number of registered online clients almost doubling.

In January 2013, Drouot Live had 33,000 registered users, of which 20% are overseas buyers.

Online transactions, the vast majority of which are paid for by credit card or bank transfers, cover the entire range of prices. The average bid for a lot on Drouot Live is around EUR 800 (excl. fees).

The highest hammer price in 2012 on Drouot Live was EUR 140,000 (excl. fees), for a painting by Soulages. Drouot Live is currently France's no. 1 online auction site for Art & Collectibles.

Foreign buyers represent 30% of the number of sales and 51% of total turnover on Drouot Live in 2012.

2.6. An increasingly international activity

The French auction market is enjoying growing interest from international buyers. The operators that replied to our survey's questions on this subject accounted for 67% of total French auction turnover. For these operators 34% of their turnover corresponded to purchases by overseas buyers (including from other EU countries), whereas only 5% of their turnover is generated by the sale of goods owned by foreign sellers (incl. the EU).

OVV ayant répondu aux questions relatives à l'internationalisation des ventes	Part du montant total adjudgé		
	Part des OVV, en terme de montant adjudgé	Biens achetés par des étrangers	Biens mis en vente par des étrangers
	67%	34%	5%

Analysis of these figures requires caution however. First of all, it is not always easy for operators to know the nationality of buyers or sellers, since goods can be handled by intermediaries and payments are sometimes made from French bank accounts.

Secondly, the fact that foreign buyers might live in France, and then resell the goods in a private transaction, skews attempts to estimate the number of French nationals among the buyers. Finally, the fact that foreigners buy or sell goods in France does not necessarily mean that the goods are going to leave French territory, particularly if these individuals own a residence in France.

In total, the participating operators declared turnover from sales to foreigners of EUR 551m, excl. fees. Most of this is concentrated at the top players: Christie's and Sotheby's generate respectively 23% and 22% of their turnover, followed by Carmen-Alcopa (13%), BCAuto Enchères (6%), Arqana (6%), Guignard & Associés (5%) and Richie Bros (4%) from non-French buyers.

An analysis of the weight of foreign buyers and sellers in total turnover according to the type of goods for sale highlights the following :

- The internationalisation of the activity is most marked among the Art & Collectibles specialists, and in particular those who generate more than EUR 100m in total turnover;
- Excluding the top players in the Art & Collectibles sector, the share of foreign buyers in total turnover is between 20% and 30%, according to the level of specialisation and the size of the operator. This does not include generalist operators, for whom foreign buyers only account for 12% of activity;
- The proportion of goods for sale owned by foreigners is on average just above 10% of total turnover for the participating companies in the Art & Collectibles and Horses sectors but it is below 1% for the VAOs in the Used Vehicles & Industrial Equipment sector and the generalists.

Weight of international buyers/sellers in sales

For participating operators, by area of specialisation and according to total turnover (EUR m).

Secteur de spécialisation	Montant total adjugé	Part du montant total adjugé	
		Acheteurs étrangers (y compris UE)	Vendeurs étrangers (y compris UE)
Arts et Objets de collection	Plus de 100 M€	79,3%	15,6%
	Moins de 100 M€	27,4%	7,6%
	Ensemble	64,0%	13,2%
Véhicules d'occasion et Matériel industriel	Plus de 100 M€	24,2%	0,0%
	Moins de 100 M€	22,1%	1,4%
	Ensemble	23,5%	0,5%
Chevaux	Plus de 100 M€	29,4%	10,7%
	Moins de 100 M€	20,8%	18,7%
	Ensemble	28,9%	11,1%
Généraliste	Plus de 100 M€	-	-
	Moins de 100 M€	12,1%	0,7%
	Ensemble	12,1%	0,7%

Results of the qualitative analysis: internationalisation of sales in Art & Collectibles sector

In order to complete the economic analysis, which is based primarily on quantitative data, the CVV carried out a qualitative survey among 16 operators, using 1-hour interviews based on a questionnaire that focused on two subjects in particular: private sales and the internationalization of sales.

On the Art & Collectibles sector, the top two operators highlighted a strong international component: in 2012, foreign residents accounted for more than 60% of buyers of goods for sale in France (representing more than 75% of total turnover) and more than 30% of sellers. These companies have a dedicated marketing strategy aimed at overseas buyers and sellers.

For the other operators in the Art & Collectibles sector, the share of foreign buyers is much lower (15% to 30%) and is concentrated in specialist 'niche' sales, for which they have gained a good reputation. If

we consider the total annual activity of these VAOs – i.e. by including all sales, including miscellaneous – the proportion of foreign buyers falls to below 15%. Two factors appear to favour the presence of foreign buyers: the specialisation by theme that exists on the French auction market (e.g.: fans, primitive art, modern French paintings, etc) and internet listings (enabling collectors and market professionals to identify the goods for sale).

These companies do not however have specific marketing strategies for these foreign residents, nor do they have many sellers who are foreign residents.

2.7. Private sales and sales of new goods

The 2011 reform authorises VAOs to conduct private sales and sales of new goods wholesale, i.e. in lots that are large enough to exclude most “consumers”, and which must originate from a company’s inventory.

Private sales appear to be concentrated among a small number of operators, only 10% having declared the conduct of such sales in 2012.

For these operators, most of which are in the Art & Collectibles sector, turnover from these sales represents 14% of the total. Sales of new goods also remain rare, with total turnover below EUR 2m in 2012.

More than half of this sum was from a new operator, the VAO Philippe Dohr, exclusively specialized in sales of new goods.



**Le site d'Alcopa
Auction Rennes**

Sur un terrain de 4,5 hectares
En bordure de 4 voies

Results of qualitative survey : private sales in the Art & Collectibles sector

For the top two operators in the Art & Collectibles market (Sotheby’s and Christie’s), who have been active in private sales for several decades, the law of 20 July 2011 simply enabled them to publish sales revenue from private sales in the financial statements of their French subsidiaries. Private sales are just one of the services that can be offered to clients, and are well adapted to high-value-added goods. This is therefore a clear development priority and a growth driver for these two VAOs. Their high profile and wide client network (both buyers and sellers) enables them to adopt an active strategy aimed at encouraging private sales.

For the other operators, in all sectors, private sales are uncommon or even non-existent for 80% of the companies surveyed in 2012. Although in some specific cases a private sale may be preferable, these operators have not invested in this area and do not intend to make it a part of their development strategies.

All operators surveyed agree that private sales carry certain advantages :

- Speed of the transaction (compared to the fixed calendar for voluntary sales).
- Rapid payment to the seller (compared with voluntary sales), which is an advantage for the seller
- The transaction remains confidential for the seller (for a variety of motives: privacy, fiscal issues, etc.).
- The ability to remove the good from the market for a given time, to protect its value.
- Well adapted to certain goods (eg: gold ingots) due to applicable tax regulations.

Nevertheless, most operators consider that private sales also have disadvantages :

- They may complicate the business image of the operator, since the auctioneer is assumed to be, above all, a professional operating openly and transparently with the

objective of ensuring the best price for the seller.

- They generally do not generate prices as high as those fetched in public auctions.
- They generate high management costs (to build and then maintain a client base, multiple contacts of prospective buyers/sellers, etc).
- They generate additional and time-consuming work. Given the confidentiality that tends to surround private sales, VAOs will feel it necessary to publicise those that are successful in order to enhance their image and reputation.
- They are not greatly in demand among clients.

As a result, the vast majority of VAOs do not offer private sales and consider that this demand should emanate from buyers, which remains rarely the case. They therefore tend not to communicate about this activity.

2.8. Payment defaults: difficult to measure... but solutions being examined

It is difficult to measure the scale of this problem but the question of non-payment is of growing concern to sector players. Although some buyers are not always aware that a completed sale is binding and requires immediate payment, delayed payments after repeated reminders or even defaults on the part of the buyer are prejudicial for both sellers and auction operators.

French law does provide some solutions to unblock these situations: for example an unpaid seller can request the auctioneer to represent the object for sale within one month of the initial adjudication that remained unpaid. Beyond that date the initial unpaid sale is considered cancelled without prejudice to any proceedings to recover damages or interest payments.

Boîte en ivoire et écaïlle de tortue Liukongping, Chine

Montant adjudgé : 950 000 €
En forme de trois cercles en bronze doré. Le dessus décoré d'une peinture polychrome sur soie à décor d'enfants jouant sur fond bleu, sous verre ; les côtés décorés d'une frise de grecques sur fond noir et chauves-souris en bronze doré ; le dos en écaïlle de tortue.
Chine, époque Qianlong (1736-1795).
Vente à Drouot Richelieu,
14 juin - SVV Piasa
© Piasa



While VAOs can legitimately use a number of contractual methods to protect themselves and their sellers from bad payers (late payment penalties, etc), they must, nevertheless, be careful to ensure that the principle of free access to auctions for all is preserved.

During 2012, the CVV discussed this problem several times. Although there is no single measure that can guarantee total protection, certain legal tools do exist. A first option is to withhold the sold object until payment or a guarantee of payment has been received.

The operator may proceed with certain checks before the sale, such as asking for the prospective buyer's bank references. It can also reduce risk by refusing certain auction requests by telephone or over the internet, or purchase orders made in a timeframe that makes verification impossible. Such measures, if implemented, must be clearly described in the terms and conditions of sale and in the catalogues.

One of the options being considered by the CVV is the deposit of a sum of money prior to the sale by potential bidders. Another possibility is that VAOs should draw up a list of bad payers.

The CVV has said that such a blacklist would be allowed, but only after prior approval by the CNIL (National Commission for Computing and Freedom).

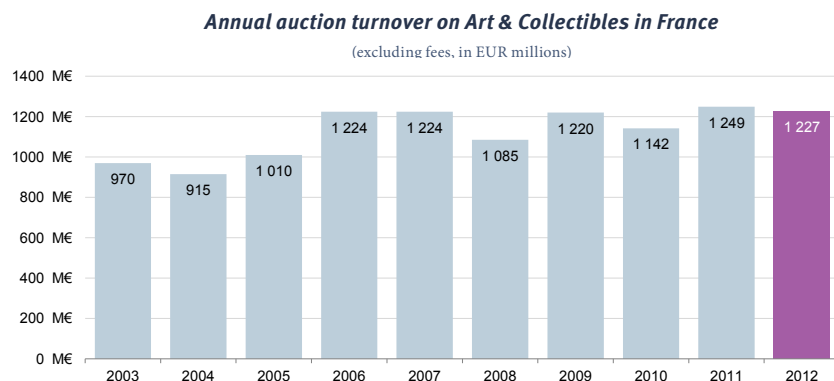
Without this clearance, the CVV would be liable to sanctions. Given that the data would be nominative, the CNIL would ensure that the various principles it defends are respected, notably transparency (so those appearing on the list would be informed) and proportionality (the

data cannot be kept on record indefinitely). Any such initiative would have to respect these principles.

III. The Art & Collectibles sector

3.1. A slight decline of 1,8 % in 2012

In 2012, total turnover in the Art & Collectibles sector reached EUR 1.23 billion. This was a decline of 1.8% versus 2011, when turnover rose 9.4% to an all-time high of EUR 1.25 billion. The 2012 figure is the 2nd best result, after 2011, since the reform of 2000.



Activity on the Art & Collectibles sector can be divided into five sales categories: Art & Antiques, Other Collectibles, Jewellery & Gold, Wines & Spirits and Miscellaneous.

The Art & Antiques category represented 67% of total Art & Collectibles turnover in 2012, a decline of 2 points on 2011. The Other Collectibles category gained 2 points in one year to reach 14%.

The share of the other three categories remained stable: 8% for Jewellery & Gold, 7% for Miscellaneous and 4% for Wines & Spirits.

The number of sales in the Art & Collectibles sector again showed year-on-year growth. In 2012, 9,567 sales were held, up from 8,970 in 2011 and 8,300 in 2010.

Miscellaneous sales, usually held on a weekly or a monthly basis, accounted for 56% of sales organised by VAOs in 2012. This increase is due to the creation of new companies in recent years.

3.1.1 Art & Antiques : down 5 % in 2012

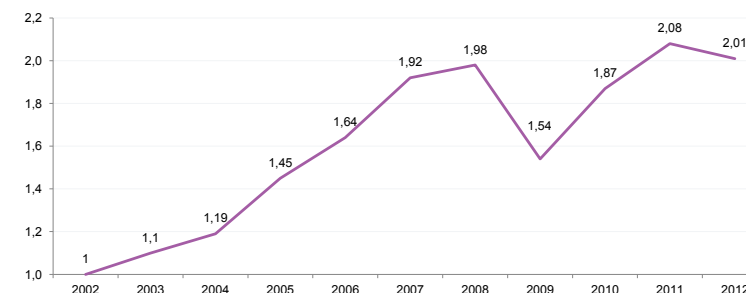
Turnover in the Art & Antiques category declined by 5% in 2012 to EUR 825m after an 11.5% rise in 2011, suggesting a possible return to pre-crisis levels. This trend is consistent with a 3.2% decline in prices at the high-end of the global art market during 2012, measured here by the Mei Moses World All Art Index.

Bearing in mind the technical difficulty of drawing up such an index⁽²⁾, its analysis requires a certain degree of caution as well as an understanding of the methodology employed.

The Mei Moses index, which is based exclusively on Sotheby's and Christie's sales results, naturally reflects sales trends at the high end of the market.

Nevertheless, the index shows that except for the 2009 crisis, 2012 was the first year in which prices at the top of the market contracted, after being the principal motor of the art market in 2011.

Evolution of art prices – Mei Moses
Changes in the index
Mei Moses® World All Art
(Source : www.artasanasset.com)

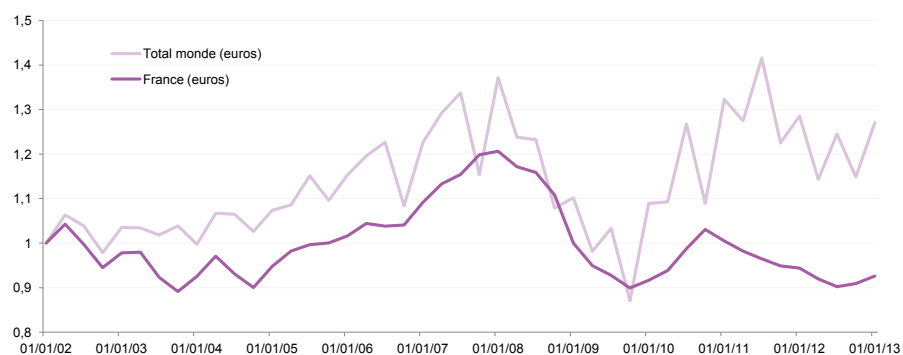


⁽²⁾ These indices are based on an analysis of the prices in repeat sales, i.e. cases where the same object is sold through auction on a least two different occasions.

The conclusions are somewhat different if we consider the indices generated by Artprice, which take into account a wider range of criteria than the Mei Moses index. In effect, because they are wider, the Artprice indices focus more on price trends regarding objects exchanged in the mid-range of the Art & Collectibles sector. As we saw in the 2011 Activity Report, the Artprice index for France contracted in 2011, pointing to a drop in prices despite increased activity on the sector. This served to underline the difficult conditions in the market's mid-range. While prices on this area continued to fall in the first half of 2012, they recovered in the second, suggesting a stabilisation of business in the art market's middle segment in France.

Trends in art prices – Artprice

Artprice indices - Global and France



Source : www.artprice.com

As far as French auction records are concerned, Chinese objects are still at the top. The most expensive object sold at a French auction in 2012 was a 13th century Chinese sculpture that fetched more than EUR 9m at Christie's at the end of the year. However, a small number of exceptional sales hide a decline in Chinese demand, which had underpinned growth in this category over recent years. For example, Christie's and Sotheby's saw their combined turnover from their Asian art sales (held in June and December since 2008) contract for the first time, from EUR 49m in 2011 to EUR 44m in 2012, despite the EUR 9m generated by the above-mentioned sculpture.

Sotheby's France and **Christie's** France remain nevertheless the two most important operators on the French market in this category. In 2012, they accounted for 34% of French auction turnover in the Art & Antiques category, whereas the top 20 operators in this category (including Sotheby's and Christie's), all based in the Paris area, accounted for 65%. Sotheby's and Christie's stand out from the other auction houses by their ability to organise regular sales of Modern or Contemporary art that rarely generate sales totals under EUR 10 million. Among the top lots sold in these auctions in 2012 Sotheby's generated EUR 6.3m (incl. fees) for a Picasso portrait of Dora Maar and EUR 5.1m for Magritte's *La grande table* during the auction of the Mis collection, and Christie's hammered EUR 3.4m for a Louise Bourgeois sculpture from her Spider series.

Vase à six cols en porcelaine bleu blanc Liukongping, Chine

Montant adjugé : 1 020 000 €
Dynastie Qing, marque et
époque Qianlong (1736-1795).
17 cm, Paris,
13 juin, Sotheby's
© Sotheby's/ArtDigital Studio



Top 10 auctions results in France during 2012

All periods and media combined, EUR millions, including fees

Rang	Œuvre	OVV
1	Importante sculpture chinoise en bois du XII ^{ème} siècle	Christie's
2	Album impérial chinois de période Qianlong	Joron-Derem
3	Pablo Picasso, Tête de femme	Sotheby's
4	René Magritte, "Pomme pétrifiée"	Sotheby's
5	Ferrari 250 GT California spider	Artcurial
6	Edme Bouchardon, buste de Charles Frédéric de La Tour du Pin	Claude Aguttes
7	Louise Bourgeois, "Spider"	Christie's
8	Andy Warhol, Marilyn multicolores	Sotheby's
9	André-Charles Boulle, Paire de cabinets bas	Europ Auction
10	Yves Klein, Monogold sans titre	Millon & Associés

Artcurial, the third-placed operator in the Art & Antiques category, experienced a tail-off in turnover with decreases of respectively 8.5% and 38.3% from sales of Modern art and Contemporary art. These declines were not offset by higher turnover from the sale of Old Masters, Old and Modern furniture or Asian Art.

In effect, Artcurial's 2012 activity in the Art & Antiques segment suffered from difficult comparison basis since 2011 was buoyed by several exceptionally high results for some Modern and Contemporary works, notably EUR 7 million for a painting by Nicolas de Staël (setting a new French record for a Post-War artwork), and EUR 5.7 million for a work by Lyonel Feininger. These exceptional sales were not repeated in 2012, when the highest hammer price in this category was a little over EUR 2m for an untitled 1933 work by Yves Tanguy.

As in 2011, the 74 auction houses operating through Drouot generated around 10 results that crossed the EUR 1 million threshold, notably a Qing dynasty imperial silk album from the Qianlong period that fetched EUR 7.8m (Joron-Derem), an Edme Bouchardon bust of Charles Frédéric de la Tour du Pin pre-empted by the Louvre museum for more than EUR 3.7m (Aguttes) and a Alfred Sisley oil painting, *Le port de Moret-sur-Loing, le soir*, acquired for EUR 1.5m (Beaussant Lefèvre).

Whereas 2011 saw the sale of several major collections (that of the Château de Gourdon, for example, which generated EUR 42m at Christie's, and the Paul-Louis Weiller collection [Gros et Delettrez] which brought in EUR 24m), there were only a few smaller collections offered in 2012. Nevertheless, Sotheby's, generated EUR 19m from

the sale of the Mis collection and Christie's brought in close to EUR 16m from the Hélène Rochas collection.

Rare et importante sculpture de Guanyin en bois

Montant adjugé : 9 025 000 €

Chine du nord, Circa XII^e s., H. 175 cm

Œuvre d'art la plus chère vendue en France en 2012.

Paris, 19 décembre, Christie's

© Christie's Image Ltd. 2013

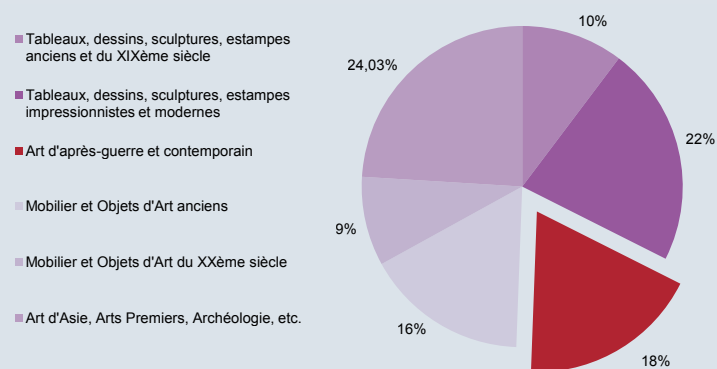


The Contemporary art market

Sales of Post-War and Contemporary art are often considered a barometer of a country's cultural health and dynamism. In 2012, turnover on this segment of the Art & Antiques category EUR 150 million, down EUR 7m versus 2011 and EUR 14m versus 2010. As in 2011, this sector represents 18 % of the Art & Antiques category.

2012 turnover for each sub-segment of the Art & Antiques

Percentage shares of voluntary auction turnover (excluding fees)



As in 2011, the Contemporary art segment took 3rd place accounting for 18% of the total turnover generated by Art & Antiques category behind Impressionist & Modern art (22%) and Asian art, Primitive Art & Archaeology (24%).

Combining the Modern art and Contemporary art segments together, **Sotheby's**, which posted turnover of EUR 35.1 million from this twin-segment, once again dominated the French market, ahead of **Christie's** with EUR 28.6 million (up nearly EUR 10 million after a lacklustre 2011). In 2012, these two operators accounted for 42.5% of the activity on the Modern / Contemporary art market. Behind Christie's in 3rd place was **Artcurial**, with EUR 17.1 million, down 37% compared to 2011, when it benefited from the sale of two exceptional lots. In 4th and 5th places, as in 2011, are the VAOs **Cornette de Saint-Cyr** and **Versailles Enchères**, the latter being the only operator based outside Paris in this ranking.

For these two operators, Modern art accounted for a large slice of their 2012 business: 47% for Cornette de Saint-Cyr and 82% for Versailles

Enchères. The top five operators generated 68% of the total turnover on the two segments Modern and Contemporary art in 2012, an increase of 4 points compared to 2011.

The top 5 operators on the "Post-War and Contemporary art" segment

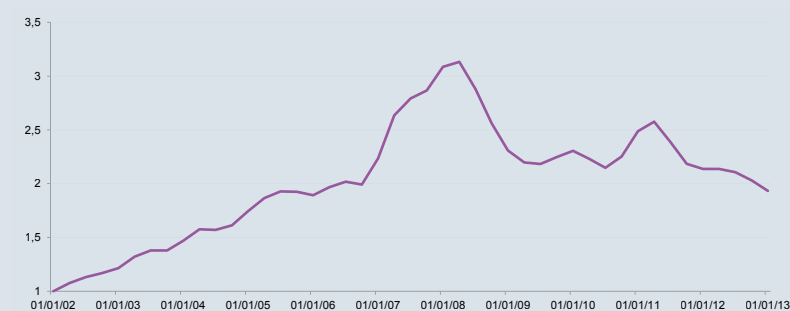
Voluntary auction turnover in Contemporary art, excluding fees

Rang	Opérateur	MA 2011	MA 2012
1	SOTHEBY'S France	34,0 M€	35,1 M€
2	CHRISTIE'S France	18,9 M€	28,6 M€
3	ARTCURIAL - BRIEST - POULAIN - F.TAJAN	27,1 M€	17,1 M€
4	CORNETTE DE SAINT CYR MAISON DE VENTES	10,8 M€	11,5 M€
5	VERSAILLES ENCHERES	10,1 M€	9,5 M€
Total		100,9 M€	101,6 M€
Part des 5 premières sociétés dans le MA réalisé dans les ventes d'art contemporain national		64%	68%

The decline in French auction revenue from Post-War and Contemporary art during 2012 occurred against the backdrop of a generalised global decline in prices during 2012 on this market. This phenomenon can be seen in the Artprice index for artworks by Post-War artists worldwide.

Prices of Post-War artworks – Artprice

Change in Artprice's "Post-War" index



Source : www.artprice.com

3.1.2 Other Collectibles : Artcurial generated 25 % of the market

In turnover terms, Other Collectibles is the second largest category in the Art & Collectibles sector. Accounting for turnover of EUR 171 million in 2012, it gained 16.3%, making it the only category to post growth in the Art & Collectibles sector.

This category includes a very wide range of goods: collection vehicles, books, comic books, toys, stamps, coins, decorations, militaria, amongst others.

Artcurial generated more than 25% (EUR 43.1m) of total turnover in this category, ahead of Sotheby's (around EUR 10.9m) and Bonhams (EUR 6.2m). Artcurial posted turnover of EUR 26.9m in collection vehicles, EUR 11.8m in comic books and EUR 5.2m in books and manuscripts. These solid performances received generous support from the sale of some exceptional lots such as a Ferrari 250 GT California spider previously owned by Roger Vadim that fetched EUR 4.5m (incl. fees), and an Indian ink and gouache work by Hergé that sold for EUR 1.34m.

It is significant – and not particularly incidental – that Artcurial actually generated more revenue in 2012 from Collection vehicles than it did from Contemporary Art and Modern Art, since the operator's activity on this segment, as in the Comic Books segment, has been growing steadily for several years now.

TINTIN EN AMÉRIQUE Remi dit HERGÉ Georges (1907-1983)

Montant adjugé : 1 120 000 €

Encre de Chine et gouache de couleur réalisée au mois d'octobre 1932 pour la couverture de l'album « Les aventures de Tintin reporter du petit « vingtième » en Amérique », 3^e album de la série, publié en 1932 aux éditions du « Petit Vingtième ».

Signée à l'encre de Chine. 32 x 32 cm.

Paris, 2 juin, Artcurial

© Hergé / Moulinsart 2012



3.1.3 Jewellery & Gold: 19 seven-figure operators

After three consecutive years of growth, the Jewellery & Gold sales category contracted by 3.9% in 2012 with turnover of EUR 98m, down from EUR 102m in 2011. Jewellery & Gold is the least concentrated market segment, with 19 companies generating more than EUR 1m in this category in 2012.

As in 2011, Artcurial headed the ranking with EUR 8.4m in turnover, or 8.6% of the total. Tajan came second with EUR 5.4m (5.5% of the category's total turnover) followed by Christie's France and Sotheby's France, each with EUR 5.1m (5.1% of the total).

Sales in this category were supported by the good performance of gemstones and diamonds but also by good hammer prices for works by artists from the first half of the 20th century such as René Lalique, Suzanne Belperron and René Boivin.

Broche clip «nœud de passementerie» en or jaune, saphirs & diamants taille brillant René BOIVIN (1955)

Montant adjugé : 37.000 €

Poids brut : 41,9 gr.

Longueur : 6,8 cm

Largeur : 3 cm

Paris, Espace Tajan, 10

décembre, Tajan.

© TAJAN



3.1.4 Wines & Spirits: stable turnover

At EUR 43m, the 2012 turnover in Wines & Spirits matched that of 2011. In a segment that is more concentrated than the others, the leader was Christie's France with around EUR 9m in turnover, equivalent to about 20.9% of the sector total.

The number two was Besch Cannes Auction with EUR 5.1m of turnover followed by D. Giafferi with EUR 4.9m. The top three

between them generated 44.0% of total turnover in Wines & Spirits. D. Giafferi stands out for having declared that all its sales of wines and spirits were conducted online.

Stimulated by strong Chinese demand, wine prices increased sharply in early-2011, driven by Bordeaux, which gained 15% in two months according to the WineDex indices published by iDealwine. Prices subsequently stagnated until end-2011, with Bordeaux prices even declining slightly.

In the first months of 2012 the prices Bordeaux wines continued to fall (-3.4% between December 2011 and March 2012) while those of Côtes du Rhône and above all Bourgogne wines increased (+4.3% and +9.1% respectively over the same period). The Bourgognes pursued this momentum over the year, gaining 31.8% between December 2011 and December 2012, while Bordeaux and Côtes du Rhône prices remained virtually stable.

The price of Bourgognes was bolstered by the 152nd edition of the sale by the Hospices de Beaune which despite the sharp drop in volumes – 512 barrels of 228 litres for sale in 2012 compared with 761 barrels in 2011 – still managed to raise its turnover. At this sale, organised by Christie's, the 111 bottles of white wine and the 401 bottles of red were sold, incl. fees, for EUR 5.9m, beating the 2011 and 2010 totals of respectively EUR 5.3m and EUR 5.2m. Asian buyers accounted for 12% of this turnover.

4 bouteilles ROMANÉE-CONTI (Grand Cru) Domaine de la Romanée-Conti 1985

Montant adjudgé : 28 000 €
Cannes, 14 aout
Besch Cannes Auction
Expert Pascal Kuzniewski
© Besch Cannes Auction



3.1.5 Miscellaneous sales: stabilisation after years of decline

After a continuous decline since the start of the 2000s, 2012 turnover in the Miscellaneous sales category stabilised at the 2011 level of EUR 91m, despite an increase in the number of these sales.

Miscellaneous sales represent a significant portion of the activity of the new structures created over the last three years. These sales tend to concern mid-range items in terms of quality. They are not deemed worthy of a catalogue or specific marketing and are targeted primarily at a local, mostly professional clientele.

Over the last few years, this category has been under pressure from the emergence of internet sites that enable private individuals and professionals to advertise goods for sale online. Although these are generalist sites, the number of advertisements corresponding to the Art & Collectibles sector is high. In March 2013 we counted :

- 2,300,000 ads on www.ebay.fr in the Art and Antiques section
- 1,580,000 ads on the www.leboncoin.fr 'ameublement' section (which is broader than the "Art & Collectibles sector")

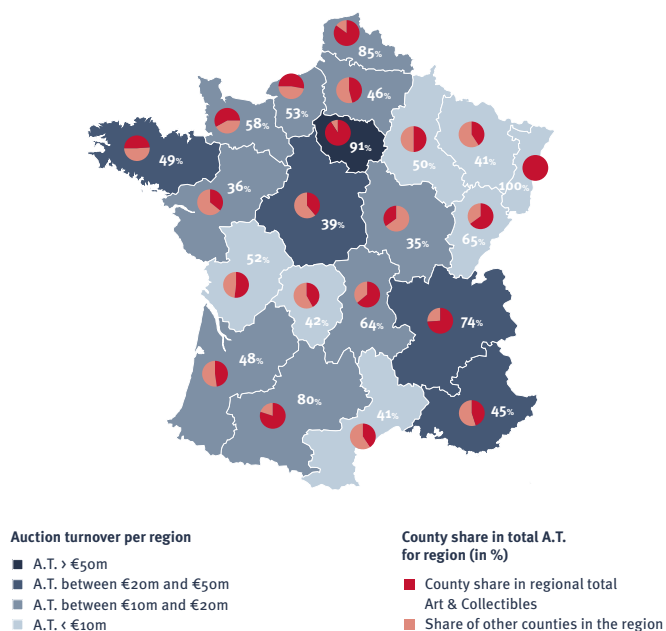
Le Normandie, pli confié sans mention

Montant adjudgé : 25 800 €
affranchi avec un 20 centimes
n° 29, oblitéré du cachet à date
de type 17 de Fresnes-en-
Woëvre du 29 octobre 1870.
Nantes, 13 novembre.
Couton - Veyrac - Jamault
SVV. M. Reboulot



3.2 Geographic breakdown of activity remains stable

The 70 specialised operators based in Paris accounted for EUR 841m in turnover on the Art & Collectibles sector in 2012, equivalent to 68.6% of the national total. This figure was nevertheless down 2.1% compared to 2011. Extending the analysis to the surrounding Ile-de-France region (including Paris), there were 123 operators, 85 of them specialised in Art & Collectibles, accounting for EUR 927m, or 75.6% of the total French market in this sector. The Ile-de-France therefore concentrates the top end of the sector in terms of quality and generates most of the auction records.



Far behind in 2nd place on the Art & Collectibles sector is the Provence-Alpes-Côte d'Azur region (PACA), with a total turnover of EUR 46.8m. The region has 27 operators active in this sector, of which 13 are specialised, but they only generated 3.8% of total national turnover. Apart from the Ile-de-France and the PACA, only three regions, Brittany, Centre and Rhône-Alpes posted more than EUR 20m in turnover on the Art & Collectibles sector.

Economic data for the Art & Collectibles sector

Voluntary auction turnover, excluding fees

Région	Nombre d'OVV*	Montant adjugé 2011	Montant adjugé 2012	Variation	Dépense par habitant (en €)
Alsace	2	0,6 M€	1,5 M€	+145%	0,8
Aquitaine	18	20,1 M€	19,5 M€	-3%	22,7
Auvergne	7	12,9 M€	12,6 M€	-2%	9,9
Basse-Normandie	12	19,6 M€	16,3 M€	-17%	87,5
Bourgogne	15	15,8 M€	14,9 M€	-6%	10,2
Bretagne	11	17,9 M€	21,9 M€	+22%	66,3
Centre	16	21,6 M€	24,9 M€	+15%	17,7
Champagne	8	5,8 M€	7,7 M€	+34%	7,7
Franche-Comté	6	4,3 M€	4,4 M€	+2%	5,2
Haute-Normandie	17	16,7 M€	14,0 M€	-16%	31,6
Ile-de-France	123	939,8 M€	927,5 M€	-1%	114,2
Languedoc	6	5,8 M€	6,1 M€	+6%	2,6
Limousin	4	3,5 M€	4,8 M€	+38%	7,0
Lorraine	8	7,7 M€	8,0 M€	+4%	4,2
Midi-Pyrénées	15	33,3 M€	17,7 M€	-47%	52,4
Nord-Pas-de-Calais	14	14,0 M€	15,7 M€	+12%	23,7
Pays-de-la-Loire	16	18,1 M€	17,9 M€	-1%	7,5
Picardie	12	12,6 M€	13,0 M€	+3%	8,3
Poitou-Charente	7	7,8 M€	7,5 M€	-4%	5,7
Provence-Alpes-Côte d'Azur	27	48,7 M€	46,8 M€	-4%	20,8
Rhône-Alpes	24	22,3 M€	24,1 M€	+8%	14,2
Total France Métropolitaine	368	1 249,0 M€	1 226,7 M€	-2%	38,6

3.3 2012 ranking of VAOs in the Art & Collectibles sector

All of the top 20 operators in the Art & Collectibles sector are based in the Ile-de-France region.

Reflecting the overall decline of the sector, the entry threshold for the 2012 top 20 fell from EUR 9.3m in 2011 to EUR 8.0m in 2012.

In parallel, at EUR 697m, the total turnover generated by these 20 operators was EUR 30m lower than in 2011.

Of the top seven players in the sector, only one, Artcurial, managed to post turnover growth in 2012.

2012 ranking of the top 20 French auction operators in the Art & Collectibles sector

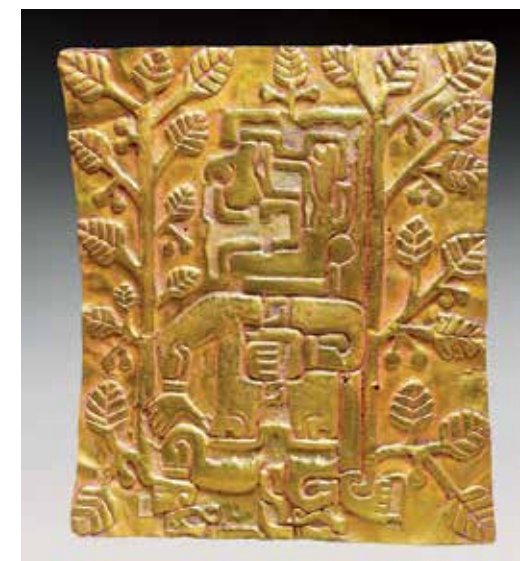
Ranking by voluntary auction turnover, excluding fees

Rang	Nom	Région	Montants adjugés	
			2011	2012
1	CHRISTIE'S France	Ile-de-France	165 M€	161 M€
2	SOTHEBY'S France	Ile-de-France	157 M€	152 M€
3	ARTCURIAL - BRIEST - POULAIN - F.TAJAN	Ile-de-France	98 M€	111 M€
4	CLAUDE AGUTTES	Ile-de-France	29 M€	29 M€
5	TAJAN	Ile-de-France	33 M€	29 M€
6	MILLON ET ASSOCIES	Ile-de-France	31 M€	24 M€
7	CORNETTE DE SAINT CYR MAISON DE VENTES	Ile-de-France	25 M€	24 M€
8	PIASA	Ile-de-France	19 M€	22 M€
9	BEAUSSANT - LEFEVRE	Ile-de-France	17 M€	19 M€
10	PIERRE BERGE ET ASSOCIES	Ile-de-France	10 M€	16 M€
11	GROS & DELETTREZ	Ile-de-France	31 M€	15 M€
12	SOCIETE THIERRY DE MAIGRET	Ile-de-France	11 M€	13 M€
13	BINOCHÉ et GIQUELLO	Ile-de-France	16 M€	13 M€
14	OSENAT	Ile-de-France	9 M€	12 M€
15	VERSAILLES ENCHERES	Ile-de-France	13 M€	12 M€
16	ADER	Ile-de-France	10 M€	11 M€
17	CHRISTOPHE JORON-DEREM	Ile-de-France	7 M€	9 M€
18	EUROP AUCTION	Ile-de-France	9 M€	9 M€
19	FRAYSSE & ASSOCIES	Ile-de-France	12 M€	8 M€
20	AUCTION ART - REMY LE FUR & ASSOCIES	Ile-de-France	6 M€	8 M€

The top three places in the sector did not change. **Christie's** still holds the top spot, with EUR 161m in 2012, ahead of **Sotheby's** with EUR 157m. These two international operators saw their French auction operations contract in 2012: -2.2% for Christie's and -3.% for Sotheby's. By contrast, **Artcurial**, the top French player in the ranking, strengthened its 3rd place with turnover of EUR 111m, up 12.9% year-on-year. The operator **Claude Aguttes** held the 4th place in 2012, up from 7th in 2011. This improvement was not linked to turnover, which was stable at EUR 29m, but rather to the declining turnover of other operators like **Tajan**, **Millon & Associés** and **Cornette de Saint-Cyr Maison de Ventes**, which held respectively the 5th, 6th and 7th places. Among the other noteworthy declines, we see **Gros & Delettrez**, which benefited in 2011 from very good prices for the former collection of Paul-Louis Weiller, and the **Marc Labarbe**, the only operator not based in the Paris region and which joined the 2011 top 20 thanks to the sale of one exceptionally priced lot, but was squeezed out in 2012.

Plaque ornementale en or, décorée de la figure du dieu des Tisserands et du Coton dans une abondante végétation

Montant adjugé : 460 000 €
Pérou, entre les rivières de Jequetepeque et de Zana, culture Chavin, 400-200 avant J.-C.
Provenance : collection Bendicht Rudolf Wagner.
Drouot Richelieu, 3 décembre, SVV Alain Castor - Laurent Hara.
© SVV Alain Castor - Laurent Hara



3.4. The Parisian market

The Art & Collectibles sector is heavily concentrated in Paris, where 68.7% of 2012 sector turnover was generated. Several historical operators coexist on the Paris market: the auction houses, most of which are small or medium-sized operators, who operate through Drouot, Artcurial and the French offices of the two international leaders on the sector, Christie's and Sotheby's.

Market share evolution of top Parisian Art & Collectibles operators

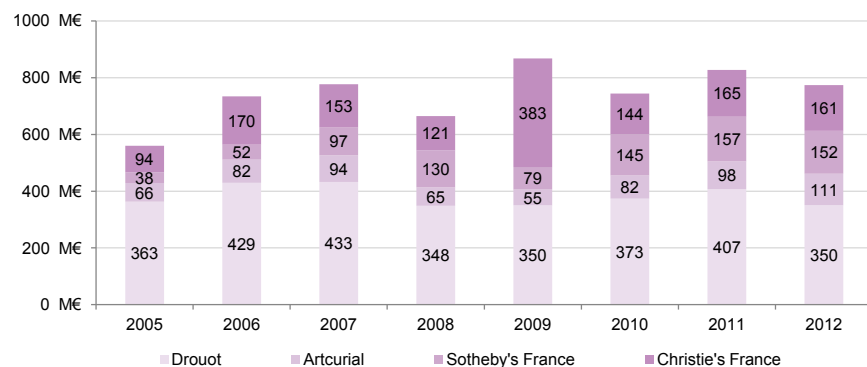
	2005	2006	2007	2008	2009	2010	2011	2012
Paris	619 M€	830 M€	840 M€	733 M€	893 M€	781 M€	860 M€	843 M€
dont Drouot	58,60%	51,70%	51,50%	47,50%	39,20%	47,80%	47,33%	41,56%
dont Artcurial	10,60%	9,90%	11,20%	8,90%	6,20%	10,50%	11,40%	13,15%
dont Sotheby's France	6,10%	6,30%	11,60%	17,80%	8,90%	18,50%	18,26%	17,98%
dont Christie's France	15,20%	20,50%	18,20%	16,50%	42,90%	18,50%	19,19%	19,05%
Ile-de-France (sans Paris)	62 M€	50 M€	58 M€	57 M€	81 M€	79 M€	81 M€	86 M€
Autres régions	329 M€	344 M€	326 M€	293 M€	246 M€	282 M€	308 M€	298 M€
Total	1 010 M€	1 224 M€	1 224 M€	1 083 M€	1 220 M€	1 142 M€	1 249 M€	1 227 M€

The market share of the Drouot auction houses shrank steadily, to the benefit of Sotheby's and Christie's, but also of Artcurial. These three operators posted combined total turnover of EUR 424m, or 50.1% of Paris-based turnover in the Art & Collectibles sector. In 2003, the same companies accounted for only 31.9% of the same metric. Over the same period, the market share of the Drouot auction houses declined

from 58.6% in 2003 to 41.6% in 2012. Drouot remains nevertheless France's leading auction house in terms of total turnover, bearing in mind that it is an auction house that hosts independent VAOs, rather than an operator in its own right.

Auction turnover of leading Parisian operators on Art & Collectibles sector

euros millions



Bouquet de fleurs dans un vase de bronze posé sur un entablement près d'un coquillage
Ambrosius BOSSCHAERT l'Ancien (1573-1621)

Montant adjugé : 1 350 000 €
 Huile sur cuivre, monogrammée et datée « 1621 » (?) en bas à droite. Provenance : collection privée française depuis au moins le début du XIX^e s. Drouot Richelieu, 1^{er} juin.
 SVV Gros & Delettrez
 © Gros Delettrez



IV. Used Vehicles & Industrial Equipment

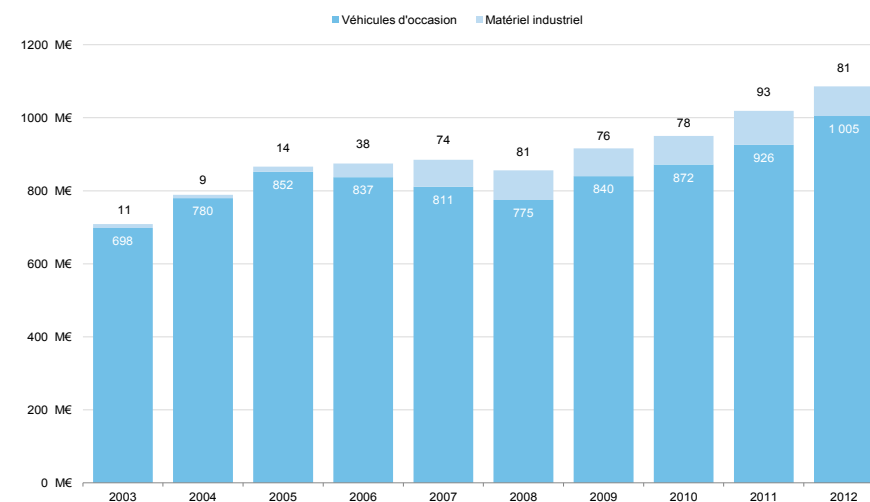
4.1 Growth of 6.5 % in 2012

The Used Vehicles & Industrial Equipment sector stood out in 2012 with growth in total turnover of 6.5% to EUR 1,086m, after a 7.4% progression to EUR 1,020m in 2011.

In reality, this growth only concerns the used vehicle category, where activity rose 8.5% after a rise of 6.2% in 2011, to reach EUR 1,005m. The Industrial Equipment category posted a much more erratic trend with turnover declining 13.0% in 2012 to EUR 81m, after growth of 19.2% in 2011.

Evolution of French voluntary auction turnover in Used Vehicles & Industrial Equipment sector

Turnover from voluntary auctions in France, excluding fees



4.2 Analysis per category

4.2.1 Used vehicles: growth and consolidation

Apart from the above-mentioned turnover growth, the Used Vehicles & Industrial Equipment sector was also marked by the arrival of a new player: Carmen-Alcoba. This new operator was born out of the merger, overseen by the Belgian group Alcoba, of the activities of five already-existing operators: Australe, AC Enchères, Est Auction, Bretagne Enchères and XXL Enchères. After registering in April 2012 as Carmen-auction, it changed its name to Alcoba Auction in December 2012.

The concentration of the sector has therefore intensified. This trend is all the more important since the Belgian group Alcoba, the owner of the French company Carmen-Alcoba, is also shareholder of the Bernard group, which itself holds stakes in another leading auction operator, Anaf Auto Auction.

In total, the top three operators specialised in the sale of used vehicles – Guignard & Associés, Carmen-Alcoba and BCAuto Enchères – which are respectively the 1st, 2nd and 4th highest-ranked national operators in all sectors, generated turnover of EUR 509m from used vehicles in 2012. This is equivalent to 50.6% of total turnover from used vehicles and 21.0% of total French auction turnover, all sectors combined.

The international operators active in this category (BCAuto, Autorola and Manheim) generated combined turnover of EUR 194m, representing 19.3% of the total turnover from used vehicle sales. In 2011, the same companies accounted for 19.7% of the activity in this category.



Chariot télescopique rotatif MANITOU MRT 2150 Privilège (2008)

Montant adjugé : 81 000 €
Équipé nacelle, treuil, flèche, fourches, godet + 2 télécommandes, Enchères Mat.
© Enchères Mat

4.2.2 Industrial equipment : decline after the 2011 surge

Annual turnover trends in the Industrial equipment segment are erratic. This business is largely dominated by a very small number of operators specialised in the sale of industrial equipment – like the Canadian player **Richie Bros** or the Dutch company **Roux Troostwijk** – and the occasional activity of a small number of operators who mostly sell used vehicles. Richie Bros, the market leader, accounted for 40% of total 2012 turnover on the sector, ahead of **Enchères Mat** with 17% and Roux Troostwijk with 8%. These three companies therefore controlled 65% of the activity in this category.

As in the past, turnover trends in industrial equipment are strongly correlated with the activity of Richie Bros, which has seen total turnover fluctuate from a decline of EUR 6.9m in 2010, to growth of EUR 13.4m in 2011, followed by another decline, this time of EUR 4.6m, in 2012.

4.3 Top 20 operators in the Used Vehicles & Industrial Equipment sector

In 2012, four operators on the Used Vehicles & Industrial Equipment sector posted turnover in excess of EUR 100m: **Guignard & Associés**, with EUR 181m, retained 1st place, ahead of **Carmen-Alcoba**, a new company that combines the activities of five operators, with total turnover of EUR 167m.

In 3rd place there was **BCAuto Enchères**, with EUR 161m, then **Toulouse Enchères Automobile** with EUR 112m. The top four together generated EUR 620m of turnover in 2012 (representing a 57% market share), up 14% on 2011, when they posted EUR 543m (which contains the 2011 turnover of the five companies that now form Carmen-Alcoba).

Top 20 Industrial Equipment operators in France in 2012

Ranked by auction turnover, excluding fees

Rang	Nom	Région	Montants adjugés	
			2011	2012
1	GUIGNARD ET ASSOCIÉS	Bretagne	149 M€	181 M€
2	CARMEN-ALCOPA	Ile-de-France	-	167 M€
3	BCAUTO ENCHERES	Ile-de-France	125 M€	161 M€
4	TOULOUSE ENCHÈRES AUTOMOBILES	Midi-Pyrénées	80 M€	112 M€
5	MERCIER AUTOMOBILES	Nord	56 M€	60 M€
6	ANAF AUTO AUCTION	Rhône-Alpes	39 M€	39 M€
7	RITCHIE BROS. AUCTIONEERS FRANCE	Haute-Normandie	42 M€	37 M€
8	AQUITAINE ENCHÈRES AUTOMOBILES	Aquitaine	31 M€	36 M€
9	AUTOROLA	Ile-de-France	29 M€	30 M€
10	PARCS ENCHÈRES	PACA	30 M€	23 M€
11	ENCHÈRES MAT	Midi-Pyrénées	16 M€	19 M€
12	CAR ENCHÈRES	Rhône-Alpes	18 M€	19 M€
13	NORD ENCHÈRES	Nord	27 M€	19 M€
14	ENCHÈRES AUTO FIVE AUCTION TOURS	Centre	20 M€	19 M€
15	TABUTIN MÉDITERRANÉE ENCHÈRES	PACA	17 M€	15 M€
16	SVV AUTO MAT & TRANSPORT	Aquitaine	13 M€	13 M€
17	AIX ENCHÈRES AUTOMOBILES	PACA	14 M€	13 M€
18	VOUTIER ASSOCIÉS	Ile-de-France	11 M€	11 M€
19	VP ROUEN	Ile-de-France	6 M€	6 M€
20	CEVEP	Ile-de-France	6 M€	6 M€

The sector is therefore still consolidating around the biggest operators. The 16 other operators in the top 20 posted 2012 turnover of EUR 365m, down from EUR 374m in 2011. The average turnover of these companies therefore declined.



**Porsche Cayenne Sté 3.0
TDI Tiptronic
du 13/10/2010**

Montant adjugé : 48 600 €
64800 kms. Beauzelle,
29 novembre, Toulouse.
Enchères Automobiles

4.4 Growth in the Paris region

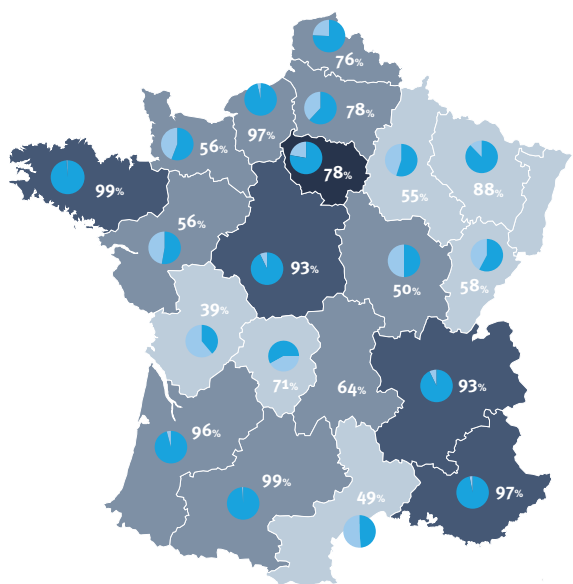
For obvious logistical reasons, this sector has not been as concentrated in the Ile-de-France as the Art & Collectibles sector. In 2012, the weight of the Ile-de-France in this sector grew strongly, rising from 33.4% in 2011 to 38.5%. As we saw in the analysis of the turnover breakdown for all sectors by region, this phenomenon can be explained by the creation of Carmen-Alcopa, which gathers together in the Paris region the activities of five existing companies: Australe (Ile-de-France), Bretagne Enchères (Brittany), Est Auction (Lorraine), A.C. Enchères (Ile-de-France) and XXL Enchères (Brittany). As a result, turnover in the Lorraine region declined by 92% while in Brittany it only dropped 3%, thanks to 21% growth in the activity of Guignard & Associés, the sector's leading operator and the top VAO in Brittany all sectors combined.

Economic performance of the Used Vehicles & Industrial Equipment sector by region

Voluntary auction turnover, excluding fees

Région	Nombre de OVV*	Montant adjugé 2011	Montant adjugé 2012	Variation
Alsace	0	0,0 M€	0,0 M€	+0%
Aquitaine	13	49,1 M€	53,8 M€	+10%
Auvergne	6	1,5 M€	0,8 M€	-47%
Basse-Normandie	9	2,8 M€	2,4 M€	-16%
Bourgogne	11	2,8 M€	1,8 M€	-35%
Bretagne	10	196,4 M€	190,2 M€	-3%
Centre	12	21,1 M€	20,3 M€	-4%
Champagne	8	4,2 M€	2,6 M€	-39%
Franche-Comté	6	1,6 M€	1,7 M€	+8%
Haute-Normandie	12	49,7 M€	44,1 M€	-11%
Ile-de-France	55	341,0 M€	418,1 M€	+23%
Languedoc-Roussillon	5	0,7 M€	0,7 M€	+5%
Limousin	2	0,4 M€	0,4 M€	-10%
Lorraine	5	21,0 M€	1,8 M€	-92%
Midi-Pyrénées	15	99,6 M€	133,3 M€	+34%
Nord-Pas-de-Calais	10	84,4 M€	79,9 M€	-5%
Pays-de-la-Loire	15	7,1 M€	9,0 M€	+27%
Picardie	9	3,5 M€	2,9 M€	-18%
Poitou-Charente	7	2,3 M€	2,6 M€	+11%
Provence-Alpes-Côte d'Azur	18	65,4 M€	55,1 M€	-16%
Rhône-Alpes	20	64,9 M€	64,6 M€	-0%
Total France Métropolitaine	248	1 020,0 M€	1 085,9 M€	+6%

Notwithstanding this accounting effect, the hierarchy of the French regions remains fairly rigid and strongly linked to the location of the 29 specialised operators, even though 219 non-specialised companies also carried out sales on this segment of the market. The Ile-de-France region, bolstered by the presence of Carmen-Alcopa, BCAuto and Autorola, therefore heads the rankings with EUR 418m in turnover. Brittany, where the national leader – Guignard & Associés – is based, is the second-ranked region in the sector, with turnover of EUR 190m. In 3rd place is the Midi-Pyrénées region, thanks to the presence of Toulouse Enchères Automobiles, which concentrates 84% of the EUR 133m in turnover generated by the sector in this region.



Montant adjugé 2012 Véhicules d'occasion et Matériel industriel

- Montant adjugé supérieur à 100 M€
- Montant agrégé compris entre 50 M€ et 100 M€
- Montant agrégé compris entre 10 M€ et 50 M€
- Montant agrégé inférieur à 10 M€

Part du département dans le montant total adjugé dans la région (en %)

- Part du département le plus important dans la région
- Part des autres départements dans la région

V. The Horse sector

5.1. Stable activity in 2012

The Horse auction sector remained virtually stable in 2012, with turnover of EUR 110m, up slightly from EUR 109m in 2011. Activity is therefore below the levels reached prior to the 2008 crisis. This is not unique to France however. In Europe as a whole, where the United Kingdom holds around 50% of the market, ahead of France with around 20%, horse sales are down to approximately 15,000 horses a year, from 19,000 prior to 2008.

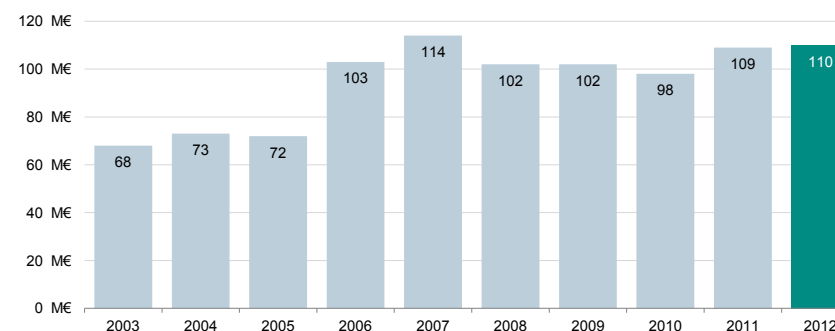
EDKHAN
mâle issu des gagnants de Groupe 1 Sea The Stars et Alpine Rose

Montant adjugé : 1 200 000 €
Présenté par l'écurie des Monceaux à la Vente de Yearlings d'Août 2012, Mandore International Agency, agissant pour le compte de Cheikh Joaan Bin Hamad Al Thani. Deauville, 19 août.
Arqana
© Arqana



Annual turnover on the Horse sector

EUR millions, excluding selling fees



5.2 Basse-Normandie: the heart of the French horse market

There are very few operators who generate significant turnover from horse sales. The sector is largely dominated by Arqana, with turnover of EUR 101m in 2011, compared to EUR 110m from total horse sales in France. Arqana has also absorbed the Agence Française du Trot, France’s no. 2 horse seller in 2011, with turnover of EUR 6.4m.

Top operators in the Horse sector in 2012

Ranked by voluntary auction turnover, excluding fees

Nom	Région	Montants adjugés	
		2011	2012
ARQANA	Basse-Normandie	101,2 M€	101,4 M€
F.E.N.C.E.S.	Basse-Normandie	3,9 M€	3,3 M€
VENTES OSARUS	Basse-Normandie	1,4 M€	2,5 M€
CAEN ENCHERES	Basse-Normandie	1,7 M€	2,3 M€
NASH	Basse-Normandie	1 M€	0,8 M€

Another noteworthy fact is that all Horse sector operators are based in the Basse-Normandie region. The equine segment is highly developed in this region, and since 2005 has been structured around a “competitiveness cluster”. In 2010, according to Equi-ressources, which gathers data on the sector, the Basse-Normandie Horse sector provided 12,600 direct and indirect jobs in 5,588 companies, of which 4,526 are agricultural, equivalent to 18% of the region’s agricultural businesses. The region contains 77,000 horses used for professional purposes, making it the world’s 4th horse exporter.

Horse auctions are very open to an international clientele. A third of yearlings sold by Arqana subsequently leave France, and for those that remain, half are either trained or raised for breeding in France by overseas residents. The top five 5 operators active in the sector have

declared more than EUR 32m in turnover from overseas residents. The sector’s leading operator offers live auctions that are combined with physical sales, which enable remote bidding via the internet. But in practice, given that the goods for sale are living creatures, bidders tend to be physically present, or represented by brokers, when the horses are presented to potential buyers.

Top Price Fences 2012 Cavisto Z (sBs par Casall) par Ekaterina Rybolovleva

Montant adjugé : 200 000 €
Bois-le-Roy,
1^{er} septembre, Fences.
© PSV Morel



I. Introduction

Since 2009, the CVV has also conducted an international analysis of the Art & Collectibles sector of the global auction market, providing a basis for a comparison of France's position on this market vis-à-vis the rest of the world. This analysis is based on the following methodological principles :

- Our definition of the “Art & Collectibles sector”, unlike the majority of studies of this global market, is not limited to the “Fine Art” segment as it includes the same categories as those underpinning our analysis of the French market. These are: Art & Antiques, Jewellery & Gold, Other Collectibles, Wines & Spirits and Miscellaneous Objects.
- Unlike our analysis of the French Art & Collectibles sector which is based on auction hammer prices, the figures communicated in our international analysis are based on auction sales figures including fees (translated into euros where necessary).
- The data gathered for this analysis was obtained using a number of different techniques: by contacting the companies directly; by reference to the figures available in a variety of different publications, (sale results, press releases, media articles), and, as a last resort, by making calculated estimates based on available information (number of sales, notoriety, etc.). As the data gathered is essentially based on auction operators' disclosures, there exists a risk that the figures communicated may not actually take into account situations where buyers fail to pay.

This analysis has allowed us to produce the following market indications :

- A summary of the trends in 2012 compared with previous years based on indicators such as aggregate global turnover (Art & Collectibles sector), the number of active operators, and the number of sales conducted.

- A global ranking of the principal operators by auction turnover, and an analysis of sales trends among the different types of operators.
- A geographical analysis of auction sales covering the 53 countries active in the Art & Collectibles sector, and particularly in the three major activity zones: Asia, North America and Europe.

For 2012, 83.7% of our aggregate figure for global auction turnover was actually observed, with the remainder being estimated. This percentage is lower than for 2011 (88.8%) when there was a greater concentration of global market activity in the figures of the largest operators. However, it is higher than our percentages for 2010 (81.5%) and 2009 (77%).

II. Key figures

2.1 Contrasting trends within the global Art & Collectibles sector

In 2012, aggregate global turnover in the Art & Collectibles sector amounted to **EUR 24.56 billion**, down 5.9% versus 2011. However, **there were very contracting trends in the different zones analysed**: Asia's turnover shrank considerably whereas North America's expanded and Europe's slightly contracted.

	2012	2011	Variation
Produit mondial des ventes	24 558 M€	26 110 M€	-5,9%
Nombre d'opérateurs actifs	2601	2640	-1,5%
Nombre de ventes cataloguées	12 686	12 635	+0,4%
Nombre de ventes courantes	28 636	28 561	+0,3%
Prix moyen par vente	594 K€	632 K€	-6,0%
Nombre de sociétés au produit des ventes annuel supérieur à 20 M€	146	141	+3,5%

Until 2011, the aggregate global art market posted robust resilience to the economic crisis mainly due the rapid expansion of the Asian market (+17.9% in 2011 according to the CVV's figures). This growth was essentially driven by China which for two consecutive years topped the global turnover ranking per country in the Art & Collectibles sector: In 2011, China's total turnover increased by no less than 51.5% vs. 2010 (to EUR 11.5 billion).

However, there were already signs during the same year that global growth was slowing: the number of active operators in the sector had contracted, and the number of active companies was down 8.5% after a numerous business failures and closures (nearly a hundred, mostly in Europe).

At the same time, only 26 countries posted turnover contractions in 2011. Thus, excluding China, aggregate global turnover amounted to a relatively stable EUR 14.6 billion versus 2010. Moreover, the top 10 Western operators posted average turnover growth of 7.5%, with the growth essentially driven by the market's largest operators, i.e. those active at the top end of the market and oriented towards an international clientele.

In contrast, 2012 was marked by a net decline in the two strongest drivers of global growth: Chinese demand contracted and the top end of the art market was less dynamic. For the first time in years, the art market actually shrank. Nevertheless, the overall decrease in aggregate activity in 2012 reflected some sharply contrasting trends :

- China's auction turnover in 2012 dropped substantially (-22.0%) after the very sharp increase in 2011 (+51.5%). This drop was largely due to a contraction in sales at the country's two largest operators;
- The European market also contracted, but to a much smaller extent (-1.1%) with strong contrasts at the intra-European level: The UK posted growth of 4.9% and Switzerland of 15.5% whereas Germany saw a 20.8% fall in turnover and France contracted 1.7%;
- The North American market posted a sharp 14.6% increase in auction turnover, with New York recovering its first place as the world's most dynamic city in the global Art & Collectibles sector

ahead of Beijing, even if the United States was still behind China in terms of country turnover;

- North American companies specialised in sales of collection vehicles posted exceptionally strong results in 2012 ;
- More generally, operators specialised in Collectibles posted turnover growth in 2012.

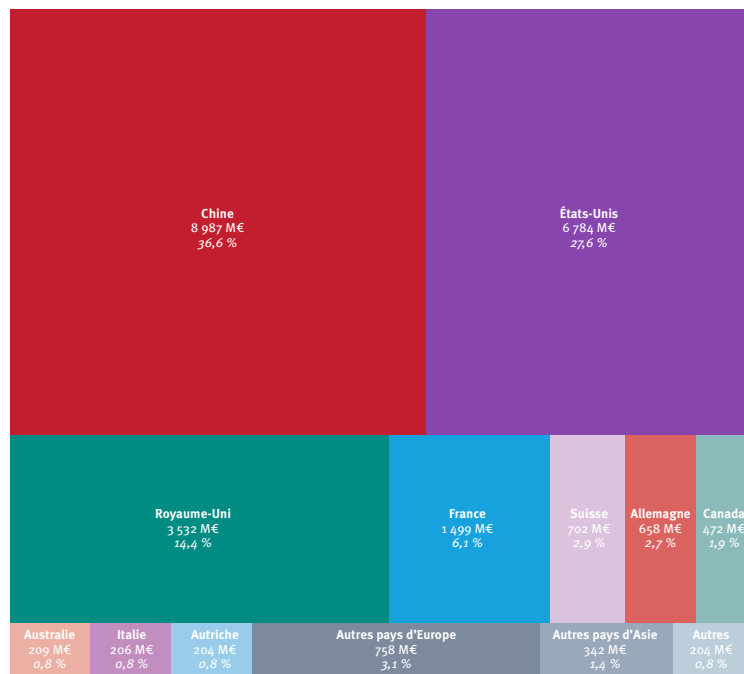
Rang	Société	Produit des ventes 2012	Pays
1	Christie's	4 044 M€	Monde
2	Sotheby's	3 443 M€	Monde
3	Beijing Poly International Auction Co., Ltd.	750 M€	Chine
4	Heritage Auction Galleries	669 M€	Etats-Unis
5	China Guardian Auctions Co., Ltd.	637 M€	Chine

In terms of company demographics, the following trends were also observed :

- A reduction in the number of active operators: 2,601 operators conducted at least one sale in the Art & Collectibles sector in 2012 versus 2,640 in 2011;
- A slight decrease in market concentration among the art market players, with the top 20 operators accounting for 53.1% in 2012 versus 53.7% in 2011;
- No increase in the number of sales conducted: 41,322 in 2012 versus 41,334 in 2011.

Breakdown by country of global auction revenue from the Art & Collectibles sector in 2012

(in EUR million, including fees)



Note: the surfaces are proportional to the turnover totals in the different countries

2.2 Economic context : the wealthy in both China and Europe have seen their fortunes shrink

At the economic level, global growth decelerated, although the picture was again very heterogeneous from region to region. According to the INSEE, the advanced countries posted GDP growth of +1.1% in 2012 versus +1.3% in 2011. The euro area moved into recessionary territory with GDP contracting by half a point (-0.5%) as the sovereign debt crisis reached a climax. This contraction in European activity weighed on its economic partners at the global level. While the United States posted sustained economic growth (+ 2.2% in 2012 after + 1.8% in 2011), the world's emerging economies slowed as their exports towards developed countries, and particularly Europe, shrank. According to the IMF, China's GDP growth slowed from 9.3% in 2011 to 7.8% in 2012.

In effect, GDP growth has a direct impact on the art market which is very sensitive to the fluctuating fortunes of the world's most wealthy populations. The latter account for the bulk of demand at the top end of the market. The economic slowdowns recorded in certain geographic zones and the global climate of uncertainty clearly impacted buyers' incomes in 2012.

The different asset classes constituting the wealth of the art-buying fraction of the global population experienced substantial value contractions. For example, the composite index on the Shanghai Stock Exchange lost 20% between May 2011 and November 2012 before recovering slightly, and European stock markets were equally moribund. The French CAC 40 and the German DAX lost more than 30% in the summer of 2011 before recovering towards the end of 2012. The Dow Jones, on the other hand, lost just over 10% in July 2012 before rapidly recovering its previous growth rate.

These global trends have direct consequences on the numerical growth of the global population of HNWI's (high net wealth individuals) and on their accounting wealth. According to Wealth-X's World Ultra Wealth Report, in 2012 the number of major fortunes – defined as the number of individuals possessing fortunes greater than USD 30 million – contracted by 1.9% in Europe (53,000 individuals identified) and by 2.1% in Asia (43,000 identified), although the number continued to grow in other regions of the world, particularly in North America, where it increased by 3.3% (65,000 identified). The report looks in considerable detail at the fortunes of Europe's wealthiest individuals and shows that the number of major fortunes contracted in France and Germany, remained stable in the UK and increased substantially in Switzerland.

2.3 Auction operator categories : the relevance of a geographical analysis

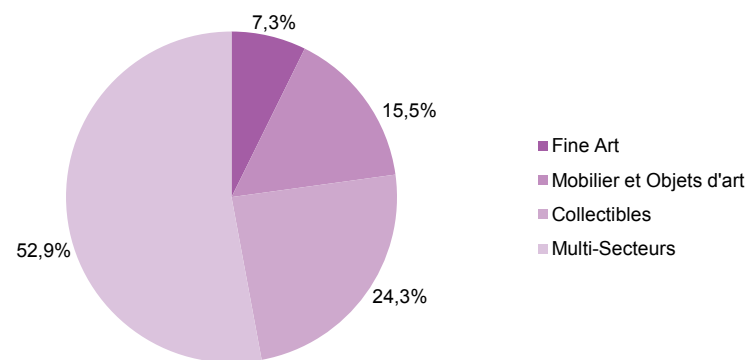
2.3.1 Activity domains

The activities of the operators in the Art & Collectibles sector were less specialised in 2012 than in 2011. Thus 53% of the companies in the sector (versus 42% in 2011) posted activities in at least two of the three major identified segments that constitute this sector, and are

therefore classed as Multi-segment. These three segments are :

- Fine art: painting, drawing, sculpture, photography and prints (essentially engravings and etchings)
- Collectibles: collections vehicles, stamps and coins, old books and manuscripts, militaria, posters, hunting and fishing equipment and antique toys;
- Furniture and art objects: other categories of objects.

Breakdown of operators in the Art & Collectibles sector per type of activity



In 2012, 404 companies specialised in Collectibles with 80% only organising sales in one of the categories defined above and less than 5% covering more than 2 categories.

189 companies in the world only organised Fine art sales, and 76 of these were located in China. There are hardly any operators in France specialised exclusively in Fine Art. There are none in Sweden or the Netherlands.

Breakdown of operators in the Art & Collectibles sector per type of activity and per country

Pays	Fine Art	Mobilier et Objets d'art	Collectibles	Multi-Secteurs
Allemagne	4,6%	23,2%	29,1%	43,0%
Australie	4,9%	11,5%	21,3%	62,3%
Belgique	4,9%	14,6%	24,4%	56,1%
Canada	8,0%	14,0%	26,0%	52,0%
Chine	24,4%	4,4%	1,3%	69,9%
Danemark	8,3%	33,3%	25,0%	33,3%
Etats-Unis	2,4%	34,5%	15,7%	47,5%
France	1,6%	30,6%	1,6%	66,1%
Italie	14,6%	2,1%	20,8%	62,5%
Pays-Bas	0,0%	18,2%	21,2%	60,6%
Royaume-Uni	1,9%	33,7%	23,5%	40,9%
Suède	0,0%	31,1%	6,7%	62,2%
Suisse	16,7%	8,3%	36,1%	38,9%
Autre	21,8%	7,4%	19,4%	51,4%

2.3.2 Statistical classification of auction operators

To analyse the 2012 results of 2,601 auction operators active in the Art & Collectibles sector, several approaches can be used: a) analyse the sector's activity by turnover volume, b) focus on the segment specialisation of the companies as defined above, or c) focus on geographic location.

In order to obtain a better appreciation of these different approaches, we have applied statistical classification methods to the international data gathered that allow companies with similar profiles to be grouped together. These methods have been applied on the basis of the following variables :

- LGeographic location: Europe, North America and Asia (excluding the Middle East) and the rest of the world;
- Specialisation: Fine art, Furniture & art objects, Collectibles and Multi-segment
- Auction turnover: less than de EUR 20 million, between EUR 20 and 50 million, between EUR 50 and 100 million and greater than EUR 100 million.

In view of the results obtained, we have used a classification system allowing an optimal differentiation of auction operators into 7 relatively homogenous groups. These groups are defined not only on the basis of variables mentioned above, but also using additional variables such the proportion of catalogued sales and aggregate average sales turnover during 2012 :

- **Group 1:** 194 operators, 55% of which are located outside the three major activity zones (Asia, North America and Europe). A substantial proportion of these (49%) were specialised in Fine Art; nearly two-thirds of their sales were “catalogued” and their aggregate average 2012 sales turnover was EUR 3 million, with none of them posting an individual turnover above EUR 20 million;
- **Group 2:** 710 European companies, more than 99% of which fall into the Multi-segment category. These operators posted an aggregate average 2012 sales turnover of EUR 9.1 million and 42% of their sales were catalogued;
- **Group 3:** 247 European companies specialised in Collectibles. Posting an aggregate average 2012 sales turnover of EUR 2.2 million, none of them posted individual turnover above EUR 20 million. More than two-thirds of their sales were catalogued;
- **Group 4:** 355 companies based in Europe, specialised in sales of Furniture & art objects, with only 19.7% of their sales being catalogued. In 2012 their aggregate average sales turnover was EUR 1.1 million;
- **Group 5:** 351 companies, 96% of which were based in Asia; 67% of which fell into the multi-segment category; 26% were specialised in Fine Art and 0.6% were specialised in Furniture & art objects. This group generated the highest aggregate average 2012 sales turnover at EUR 27 million, and 28.8% of its operators posted annual turnovers above EUR 20 million. Catalogued sales represented 84.5% of the total number of sales organised;
- **Group 6:** 491 companies based in North America posting either multi-segment activities or specialised in Collectibles. These companies posted an aggregate average 2012 sales turnover of EUR 13.9 million and 39.7% of their sales were catalogued. This

group contains the largest North American companies;

- **Group 7:** 253 North American companies specialised in the Furniture and art objects sector. Their aggregate average 2012 sales turnover was EUR 1.3million and 4.9% of their sales were catalogued.

This group classification illustrates the relevance of a geographical analysis of the global art auction market because it reveals that, from a statistical point of view, the location of the company is a more discriminating factor than its segment specialisation. Moreover, the aggregate average sales turnover figures and the proportions of catalogued sales are very different from one group to another: catalogued sales varied from less than 5% in group 7 to over 84% in group 5, despite the fact that this variable was not used to construct the classification.

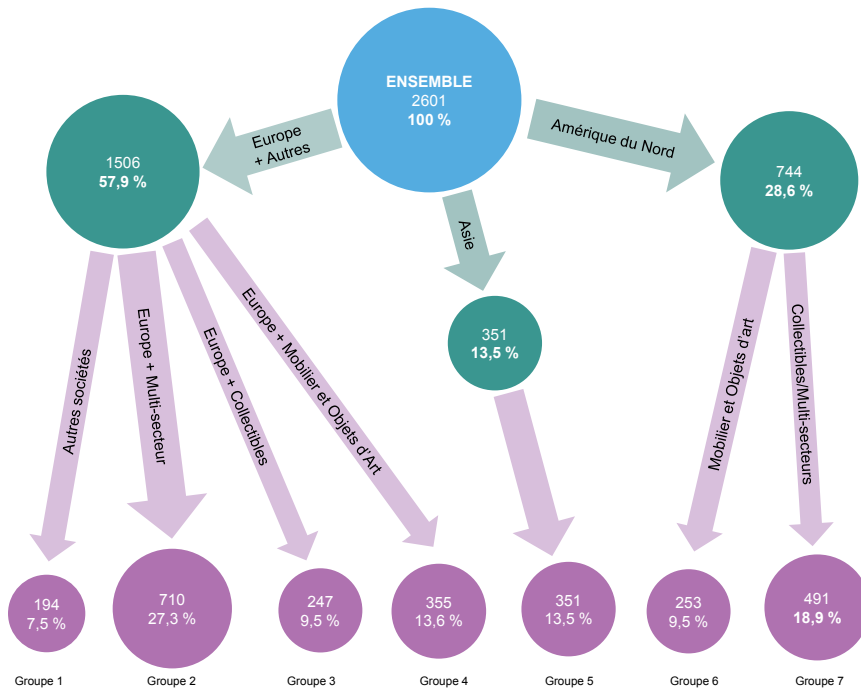
In short, the companies look very different depending on where they are based (Europe, Asia or North America). The most obvious difference is that the European companies, numerically the largest group, posted lower turnovers figures than North American companies and much lower than Asian operators. Only a handful of European companies appear to have sufficient critical mass to compete successfully at an international level.

**Paire de vases Médicis
en bronze ciselé et doré,
à riche décor en applique
Premier quart du XIX^e s.**

Montant adjugé : 46 000 €
H. 61 cm, diam. 28,5 cm.
Nice, 13 octobre.
Hôtel des Ventes Nice Riviéra
SVV. Cabinet Dillée,
G. Dillée - S. P. Étienne.



Graphical representation of the classification of auction operators in the Art & Collectibles sector



III. The main operators on the global art auction market

3.1 Global ranking of auction operators in the Art & Collectibles sector

In 2011, the top 20 operators generated a combined auction turnover of EUR 14 billion. A year later, the figure was only EUR 13 billion, reflecting a 7.1% contraction. In 2011, the entry ticket to the top 20 was EUR 126 million. In 2012, it was EUR 111 million.

The global top 20 auction operators in the Art & Collectibles sector in 2012

Ranking by auction turnover (including fees, in EUR million)

Rang	Opérateur	Pays	Produits de vente (millions €)			Nombre de ventes
			2012	2011	Variation	
1	Christie's	Royaume-Uni	4 048	3 547	+14,1%	420
2	Sotheby's	Etats-Unis	3 443	3 500	-1,6%	233
3	Beijing Poly International Auction Co., Ltd.	Chine	750	1 365	-45,0%	6
4	Heritage Auction Galleries	Etats-Unis	669	595	+12,5%	678
5	China Guardian Auctions Co., Ltd.	Chine	637	1 248	-49,0%	9
6	Bonham's	Royaume-Uni	522	614	-14,9%	452
7	Macau Chung Shun International Auctions Co.,Ltd	Chine	403	202	+99,1%	2
8	Mecum Auction	Etats-Unis	306	130	+136,4%	16
9	RM Auctions	Canada	278	145	+92,4%	12
10	Phillips de Pury & Company	Etats-Unis	275	236	+16,4%	31
11	Beijing Council International Auction Co., Ltd	Chine	271	461	-41,2%	2
12	Beijing JiuGe Auctions Co.,Ltd	Chine	222	254	-12,7%	2
13	Guangdong Poly Auction Co. Ltd	Chine	211	45	+374,2%	2
14	Xiling Yinsheng Auction Co., Ltd	Chine	187	296	-36,7%	4
15	Dorotheum	Autriche	152	144	+5,6%	600
16	Duo Yun Xuan Auctions Co.Ltd.	Chine	149	147	+1,6%	5
17	Gooding & Company	Etats-Unis	148	94	+56,4%	3
18	Artcurial - Briest - Poulain - F.Tajan	France	144	127	+13,6%	110
19	Barrett-Jackson Auction Company	Etats-Unis	116	89	+29,4%	4
20	Googut Auction Co.,Ltd	Chine	111	109	+2,6%	2
Total			13 043	13 346	-2,3%	1942

In the case of Chinese operators, a single sale can be spread over several sessions and several days, which partly explains the low number of sales these operators post vis-à-vis their turnover figures

This drop in turnover covers various contrasting trends: essentially, a sharp fall in turnover at nearly all the Chinese operators and at certain international auction firms that was partially offset by a strong turnover growth at the operators specialised in Collection vehicles.

3.1.1 Christie's - leader on the art market

The top two companies in the ranking are still Christie's and Sotheby's: Their New York sales in May and November dedicated to Impressionist & Modern Art and Contemporary Art remain the year's most important indicators of the health of the art market in the eyes of art collectors who follow market trends. In 2012 these sales generated a combined total turnover of EUR 2.1 billion, which was 46% more than in 2011.

At the global level, Christie's was substantially ahead of its rival in 2012 with an auction turnover total of EUR 4,048 million versus EUR 3,443 million at Sotheby's. Christie's total was up by 14.1% in 2012, whereas Sotheby's total contracted by 1.6%. Both operators saw their sales grow in New York; but whereas Christie's progressed in London, Sotheby's London total was slightly lower than in 2011. Elsewhere, both companies, posted lower sales turnover in Hong-Kong. This was particularly the case for Sotheby's, in the wake of a much slower Chinese market.

**Turnover figures for Christie's and Sotheby's
in the world's principal art marketplaces**

in EUR million, including fees

Lieu de vente	Christie's			Sotheby's		
	2012	2011	Variation	2012	2011	Variation
New York	1 669	1 369	+21,9%	1 649	1 279	+28,9%
<i>dont ventes d'art contemporain de mai et novembre</i>	756	469	+61,1%	618	402	+53,4%
<i>dont ventes d'art moderne et impressionniste de mai et novembre</i>	308	257	+19,8%	434	314	+38,2%
Londres	1 340	1 121	+19,5%	948	1 051	-9,8%
Hong Kong	549	615	-10,8%	457	683	-33,1%
Suisse	220	162	+35,8%	170	149	+14,3%
Paris	191	199	-3,8%	180	186	-3,4%
Total monde	4 048	3 547	+14,1%	3 443	3 500	-1,6%

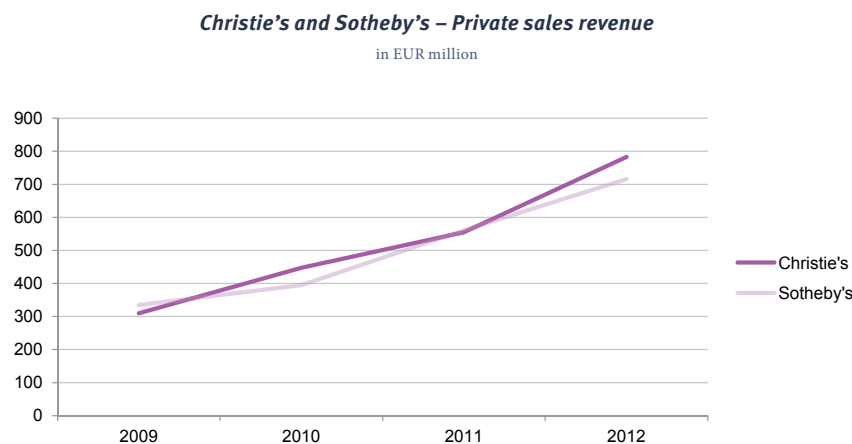
In total, Christie's sold 686 lots at prices above the USD 1 million threshold, and 49 of these fetched prices above USD 10 million. In addition, Christie's generated dozens of new records, particularly at its New York "Contemporary Art" sale on 14 November 2012 which alone generated USD 423 million, a new turnover record for a single sale in the Contemporary art segment. In this domain, its European activities also posted relatively strong results with a sale total equivalent to USD 207.3 million from its Post-War & Contemporary Art sale on 27 June 2012. Christie's best hammer price during the year was USD 86.9 million for Mark Rothko's Orange, Red, Yellow on 8 May 2012 in New York.

At Sotheby's, the year's best result was generated by The Scream by Edvard Munch: USD 113 million, or nearly EUR 94 million. This was the highest amount paid at auction for a painting in 2012 and the second highest amount all categories combined (a Ming vase fetched the equivalent of EUR 113 million at Macau Chung Shun). Sotheby's Impressionist & Modern Art sale of 2 May 2012 generated

USD 330.6 million, a record sales total for the auctioneer. Sotheby's also managed to generate the best result to date for a living artist when Gerhard Richter's painting Abstract Bild (809-4) fetched GBP 21.3 million (EUR 26.4 million) in London in October 2012). In its Jewellery activity, Sotheby's different sales around the world generated a total of USD 460.5 million, the firm's best-ever total in the segment. However, despite these spectacular results, Sotheby's overall global 2012 sales turnover contracted very slightly versus 2011.

If we compare the revenue generated by each companies' star lots in 2012 with their respective annual auction turnovers, we find that Sotheby's and Christie's generated respectively 11.9% and 8.3% of their total annual sales from their 10 best results. Moreover, these 20 highest bids were hammered in either New York or London and nowhere else. Lastly, there was a high proportion of Modern and Contemporary works among these top bids. In 2012, Christie's sold 686 œuvres above the million-dollar line and Sotheby's sold 632. If we up the threshold to 10 million dollars, Christie's sold 49 compared with 35 at Sotheby's.

In parallel with their auction activities, both operators have been developing their private sales activities. As the graph below illustrates, their private sales turnover has grown regularly in recent years and now makes a very substantial contribution to their global business. In 2012, Christie's generated EUR 783 million from private sales, corresponding to 19.3% of the company's global auction turnover. At Sotheby's the same activity generated EUR 716 million, representing 20.8% of its global auction turnover. Between 2010 and 2012, their combined private sales revenue rose by 132.5%. Thus if we add together their private sales revenue and their auction turnovers, the two companies posted sustained sales growth in 2012.



3.1.2 Developments at the major Western auction houses

Heritage Auction Galleries, the world leader in specialised sales of collectibles saw yet another year of strong growth. For 2012, it posted turnover of EUR 679 million, up 12.5% on 2011, and +29% compared with 2010. In the global ranking of auction operators by turnover, it is now in fourth place ahead of China Guardian Auctions Co. Ltd. (5th) and **Bonham's** (now 6th). The latter's activity contracted sharply in 2012 (-15%). However, this apparent contraction came after a year 2011 for which the firm posted revenue growth of 45% vs. 2010.

Turnover at **Philips de Pury & Company** continued to grow at a sustained pace (+16.4% in 2012 after +9.3% in 2011), allowing the operator to move up one place in the global ranking to 10th position. In Austria, **Dorotheum** posted a 5.6% increase in turnover for 2012, to EUR 152 million. Dorotheum conducts an extremely high number of sales (600 in 2012) with a lot of online Miscellaneous sales. France's leading "homegrown" company, **Artcurial-Briest-Poulain-F. Tajan**, was 18th in the global ranking with turnover of EUR 144 million in 2012, up almost 14% on the previous year. Consistent with the trend observed on the global auction market, the Motorcars department of Artcurial posted growth 64% in 2012, with total sales amounting to EUR 27 million. The sale of a Ferrari that once belonged to Roger Vadim for EUR 4.5 million made a substantial contribution to the department's growth.

The growth of these major international operators is essentially driven by a small number of lots that fetch several million euros. Apart from these exceptional pieces, the market, particularly in China, showed signs of restraint.

3.1.3 China: Sharp fall in turnover at the major Beijing operators after the euphoria of 2010 and 2011

China's two largest operators posted substantial contractions in turnover during 2012. **Beijing Poly International Auction Co. Ltd**, which remains in third place, contracted by 45%, while **China Guardian Auctions Co. Ltd**, fourth in 2011, dropped one place in the global ranking after a 49% decrease in turnover. The international companies that conduct sales in Hong-Kong also saw a contraction of their mainland China sales after strong growth in 2011.

This massive "reduction" in China's auction turnover nevertheless came after the truly exceptional results generated in the spring and summer of 2011. It probably therefore reflects the deflation of a bubble back towards a more gradual pace of expansion than that recorded in recent years.

Works by the great Chinese old masters, which have been subject to massive demand from Chinese collectors over recent years, were again much sought-after in 2012, generating new auction records not only in China, but also in other markets around the world. However, the stock of quality works in this segment of the market is not unlimited and one can easily imagine that collectors, paying particular attention to the quality of the works offered, reduced their volume of acquisitions as a result of the increasing scarcity of exceptional quality lots. Another facet of the same phenomenon was an increase in the unsold rate of works by Chinese old masters in 2012.

As a result of the general shrinkage of auction turnover in China, three Chinese operators, all based in Beijing, dropped out of the global top 20 in 2012. Other Chinese operators, however, succeeded in maintaining their turnover levels or even raise them, and two new Chinese operators entered the top 20 for the first time: Guandong Poly Auctions and Googut Auction.

Global 10 best auction results in the Art & Collectibles sector during 2012

(including fees)

Rang	Œuvre	OVV	Lieu	Date	Prix de vente	
					Devise d'origine	Euros
1	Grande Jarre d'époque Ming	Macau Shung Shun	Macao	03/06/2012	1 100 400 000 HKD	113 313 690
2	"Le cri", Edvard Munch	Sotheby's	New York	02/05/2012	119 922 500 \$	93 612 463
3	Vase d'époque Ming	Macau Shung Shun	Macao	28/12/2012	782 000 000 HKD	76 964 440
4	"Orange, Red, Yellow", Mark Rothko	Christie's	New York	08/05/2012	86 882 500 \$	69 418 944
5	"Royal Red and Blue", Mark Rothko	Sotheby's	New York	13/11/2012	75 122 500 \$	58 600 283
6	Importante sculpture en jade	Guangdong Poly Auction Co. Ltd	Ghangzhou	15/12/2012	474 600 000 CNY	57 737 226
7	Encre chinoise de Li Keran	Beijing Polyauction	Pekin	03/06/2012	293 250 000 CNY	36 822 523
8	"Tête d'un jeune apôtre", Raphaël	Sotheby's	Londres	05/12/2012	29 721 250 £	36 578 537
9	"Figure Writing Reflected in Mirror", Francis Bacon	Sotheby's	New York	09/05/2012	44 882 500 \$	35 035 639
10	"Sleeping Girl", Roy Liechtenstein	Sotheby's	New York	09/05/2012	44 882 500 \$	35 035 639

Note: these amounts, posted by the auction firms themselves, should be regarded with caution. In particular, it cannot be guaranteed that all of these results have been actually been paid by the buyers. In addition, we cannot guarantee that the data declared by auction firms includes all their results.

In contrast to the contraction in China's auction revenue at the national level, **Macau Chung Shun International Auctions Co., Ltd** posted turnover growth of 99% in 2012 with a total of over EUR 400 million. This operator based in the Chinese capital of gambling, first appeared in the global top 20 after posting turnover growth of 218% in 2011 vs. 2010. Having conducted just two sales in 2012, it was the operator with the highest sales total average in the world at EUR 200 million per sale. That was substantially higher than the sales total average posted by the global number two, Beijing Poly International Auction Company (EUR 125 million per sale).

Moreover, the figures posted by Macau Chung Shun appear to be based on a very small number of extremely high value lots such as a blue and white Ming urn that fetched the equivalent of EUR 113 million in June 2012 and another Ming vase that was acquired for EUR 77 million in December.

These two objects, accounting for 38% of the company's sales turnover, take first and third place in the global ranking of best auction results in 2012 and they gave the Macao auction firm 7th place in the global ranking of operators. **Guangdong Poly Auction Co. Ltd**, one of the

two new firms in the global top 20 in 2012, also benefited from a couple of major, although not quite so spectacular, results: an object in jade weighing a little under 8 kilos was acquired, including fees, for almost EUR 58 million. It should be pointed out, however, that these figures are the amounts declared by the operators and they do not necessarily mean that payments have been received. Media reports concerning unpaid auction results or very late payments in China are frequent.

The overall fall in China's auction revenue therefore covers a wide range of business trends in view of the figures communicated by the operators. The combined turnover shrinkage of the two primary Chinese auction companies was equivalent to half of the decrease in China's overall auction activity. In 2012, there were 9 Chinese companies in the global top 20 operators by auction revenue compared with 11 in 2011 and 10 in 2010.

3.1.4 Collection cars: a new growth driver in North America

In contrast to the overall trend on the Chinese auction market, the Collection cars segment of the Art & Collectibles sector posted strong growth in 2012. The American company Mecum Auction, with turnover of EUR 306 million (up 136% vs. 2011) moved into 8th position in our global ranking, with RM Auctions just behind it with EUR 278 million (up 92% vs. 2011).

Two smaller American operators, also specialised in Collection vehicles, appeared in the top 20 in 2012: Gooding and Company, which was in fact among the top 20 until 2009, and Barrett-Jackson Auction Company.

These operators posted excellent results and RM Auction generated a new world record for an American car when a Ford GT40 from 1968 fetched USD 11 million. Meanwhile, Mecum Auction generated its best ever auction result with a Porsche 917 from 1972, that fetched USD 5.5 million.

3.2 New York returns to leader position in the global art market

In 2010, Beijing became the world's leading urban art market hub in terms of auction turnover. This position was further bolstered in 2011 with a total turnover amounting to EUR 6.4 billion versus EUR 3.6 billion for New York in second place. In 2012, with China's two leading Beijing-based operators posting substantially reduced revenue figures, New York moved back into first place with EUR 4 billion (Beijing posted just under 3.9 EUR billion).

The world's top 10 cities in terms of auction revenue in the Art & Collectibles sector in 2012

Ranked by total auction revenue (including fees, in EUR millions)

Rang	Ville	Pays	Produit des ventes (millions €)			Nombre de ventes	Nombre de sociétés
			2012	2011	Variation		
1	New York	Etats-Unis	4010,7	3580,2	+12,0%	664	34
2	Pékin	Chine	3877,9	6408,9	-39,5%	217	84
3	Londres	Royaume-Uni	2829,0	2568,6	+10,1%	1156	39
4	Hong Kong	Chine	1109,7	1362,7	-18,6%	156	12
5	Shanghai	Chine	1056,7	1009,2	+4,7%	215	35
6	Paris	France	1025,0	1040,9	-1,5%	2575	96
7	Dallas	Etats-Unis	683,2	617,0	+10,7%	695	4
8	Ghangzhou	Chine	542,3	261,0	+107,8%	53	21
9	Hangzhou	Chine	449,4	388,2	+15,8%	66	22
10	Macao	Chine	403,2	202,0	+99,6%	3	2

Note: in the case of Chinese operators, a single sale can be spread over several sessions and several days, which partly explains the low number of sales in Chinese cities post vis-à-vis their revenue figures.

The top 10 cities in the world generate 65% of the global auction revenue in the Art & Collectibles sector in 2012, down 2 points from the level of geographical concentration recorded in 2011 (67%).

Analysis of the revenue trends in these top 10 cities reveals highly contrasting trends within China in 2012 :

- A sharp drop in Beijing after substantial contractions at the country's two major operators: Beijing Poly International Auction and China Guardian Auctions;

- A decrease in turnover volume in Hong-Kong, reflecting a fall in sales revenue at the respective branches of Christie's and Sotheby's;
- Strong growth at Guangzhou (+ 107.8%) and Macao (+ 99.6%) linked to the sale of a handful of exceptional lots by Macao Chung Shun and Guangdong Poly Auction;
- Less spectacular but nevertheless strong levels of growth in China's other cities such as Hangzhou (+15.8%) and Shanghai (+4.7%).

The Chinese market does therefore appear to be much less concentrated on Beijing: In fact, the latter's share of total Chinese auction revenue on the Art & Collectibles sector contracted from 57% in 2011 to 43% in 2012 While the number of Beijing sales fell from Pékin 233 in 2011 to 217 in 2012) although it continued to progress in China's other cities (along with number of operators).

In North America, compared with the previous year, the map of the country's primary auction hubs suggest three simultaneous phenomena :

- The good results generated by the major sales of Post-War art organised by the international auctioneers in New York;
- The excellent results posted by auction operators specialised in sales of Collection vehicles. The principal operators in this market are geographically well dispersed: Mecum in Marengo, Illinois, RM Auction in Bleinheim, Ontario, Barrett-Jackson in Scottsdale, Arizona and Gooding & Company in Santa Monica, California;
- The substantial growth of Heritage based in Dallas.

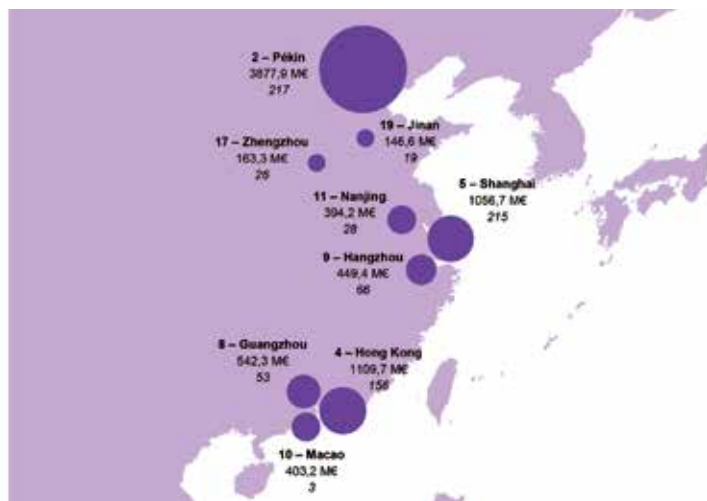
Europe's individual cities posted very contrasting revenue trends in this sector of activity, but overall, European marketplaces appear to have contracted at the global level in 2012 :

- London, with EUR 2.8 billion in revenue, strengthened its position

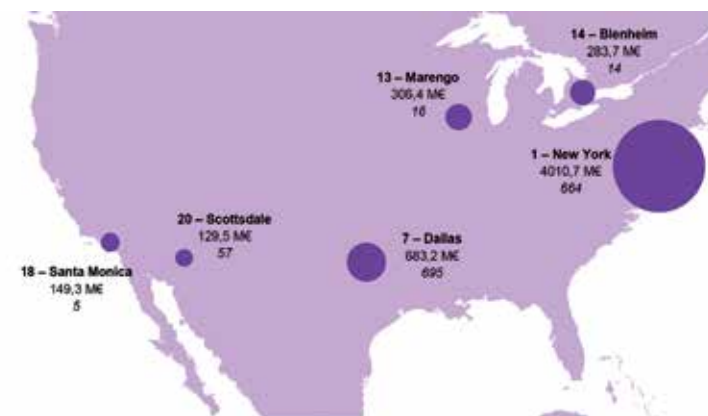
as European leader and its global 3rd place behind New York and Beijing. In fact, the British capital posted a 10.1% increase in auction turnover in 2012, nearly equivalent to New York's growth rate for the year;

- Paris, Europe's second art market capital (and now in 6th place in global terms just behind Shanghai), experienced a 1.5% contraction in 2012 with a total of just over EUR 1 billion;
- Zurich, Europe's third largest art marketplace posted a 25% increase to EUR 356 million, but the strong growth of Guangzhou, Macao and Nanjing in China relegated Zurich from 9th to 12th place in the global ranking;
- As a result whereas Europe had 7 cities in the top 20 in 2011, its only had 5 in 2012: London, Paris, Zurich, Geneva and Vienna. Berlin and Madrid are now outside the top 20. At the same time, one Chinese city (Zhengzhou) and one American city (Santa Monica) have entered the top 20.

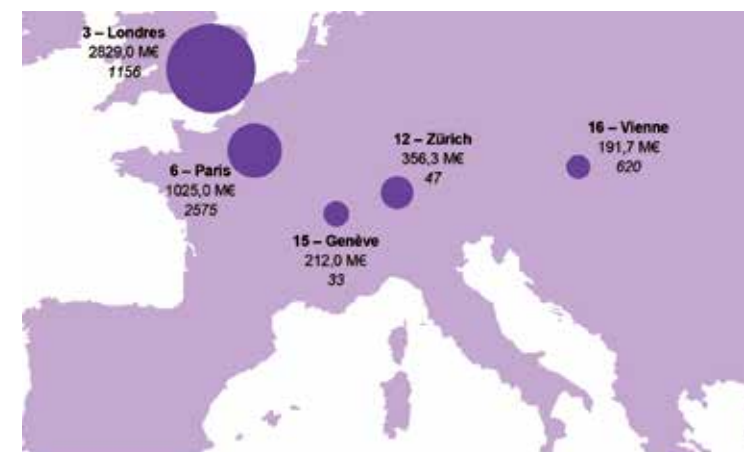
Ranking of the global Top 20 auction marketplaces : Asia



Ranking of the global Top 20 auction marketplaces : North America



Ranking of the global Top 20 auction marketplaces : Europe



3.3 Classification of auction sales

3.3.1 Use of internet

The growth of online auctions in the Art & Collectibles sector has been impacted by two contiguous phenomena :

- The largest companies have developed online sales through their own tools (web sites, pour smartphone applications, etc.);
- Mid-size and small operators, not large enough to develop their own internet services, make use of portal sites that allow scale economies and access to online sales services. These portals therefore host the sales of large numbers of operators on one website.

Below we make the same distinction regarding web-based sales as that made in our analysis of French auction operators :

- On the one hand, live auction systems which offer the possibility to follow and participate in a physical auction sale via the internet. This method of online bidding is linked to traditional auction bidding systems, i.e. physical bids placed in auction rooms and via telephones.
- On the other hand, so-called “online sales” which are exclusively conducted via the internet, with the objects for sale only being visible and bids only possible via the internet. The goods offered for sale are usually open to bidding for several hours.

3.3.1.1 The larger operators have their own websites

Sotheby’s and Christie’s have been developing their internet sales activities for several years. For 2012, Christie’s declared that 27% of the bids it received were communicated via its live auctions system, launched in 2006. It is worth noting that although this system was not intended for use with its prestige sales, Christie’s nevertheless sold an Edward Hopper painting to an online bidder for USD 9.6 million. Alongside their “live auctions” system linked to physical sales, Christie’s also organises purely “online sales”. Having conducted a sale of this type for the first time in 2011, Christie’s organised 6 in 2012, generating a total of EUR 4.8 million, a modest sum, but consistent with the nature of the goods offered (wine, multiples from limited series, etc.).

The heterogeneity of artworks and their high prices could represent obstacles for the development of online sales in this segment of the market. In this context, Heritage Auction Galleries, specialised

in Collectibles such as coins, comics, posters and sport-related vignettes, can take full advantage of “online” sales via its website ha.com. In fact, the global number four operator offers objects that, although not identical, have a high level of market standardisation and at average prices substantially below those proposed by other operators of a similar size.

With 500,000 visitors per month, ha.com has a substantially higher level of internet traffic than Christie’s, Sotheby’s or Bonham’s and ranks among the top 1% most visited of all American websites.

In Europe, operators specialised in Collectibles, which experienced strong growth in 2012, also clearly advertise on their websites their online bidding facilities. This is notably the case of Künker in Germany and Aureo & Calicó in Spain, two operators specialised in coin sales.

3.3.1.2 Websites used by small and medium sized operators

Small and medium size operators cannot support the costs of setting up and maintaining online sales systems. Portal sites have therefore been developed for the purpose of providing internet sales channel for these smaller companies which can share the costs of their technical implementation. The companies running these portals recover these costs by hosting sales for large numbers of operators. The world’s largest auction portal sites are :

- Artifact – whose sites are artifact.com, invaluable.com and auctionzip.com: This company, based in the United States and with an office in the UK, claims 2.5 million unique visitors per month for all of its sites together.
- ATG Media – hosts the-saleroom.com, lot-tissimo.com and encheres.lefigaro.fr: Based in the UK, this company is specialised in auction sites. In 2012, the site the-saleroom.com hosted 2,400 “live auctions”, generating GBP 53 million in turnover for the operators that used the service. ATG Media provides the technical infrastructure for the German site lot-issimo.com and the French site encheres.lefigaro.fr.

- Liveauctioneers – site liveauctioneers.com: This company, which gives access to auction sales in 40 countries, also provides internet users with access to a database containing 12.5 million auction results.

As explained in the section of this report dealing specifically with France, two French companies are specifically focused on the French market :

- Drouot - site drouotlive.com: For 2012, drouotlive.com posted an auction total of EUR 7.5 million excluding fees.
- Interenchères – owner of interencheres.com: This generalist site is open to all sectors and is not exclusively focused on Art & Collectibles. interencheres.com generated EUR 1.9 million in turnover during 2012.

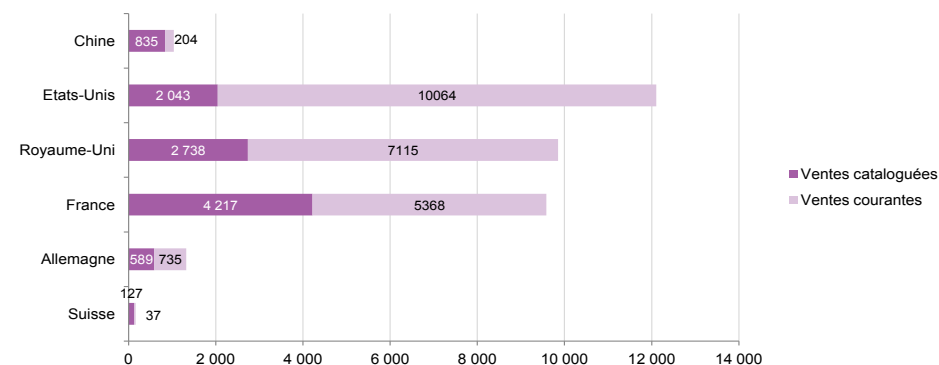
3.3.2 Sales categories

In 2012, the total number of auction sales identified by the CVV worldwide amounted to 41,322, just very slightly fewer than in 2011. Of this total, 29,035 sales, representing 69.3%, were classified as Miscellaneous sales which do not involve the production of a catalogue and usually offer medium or low quality objects. This proportion was stable compared with 2011.

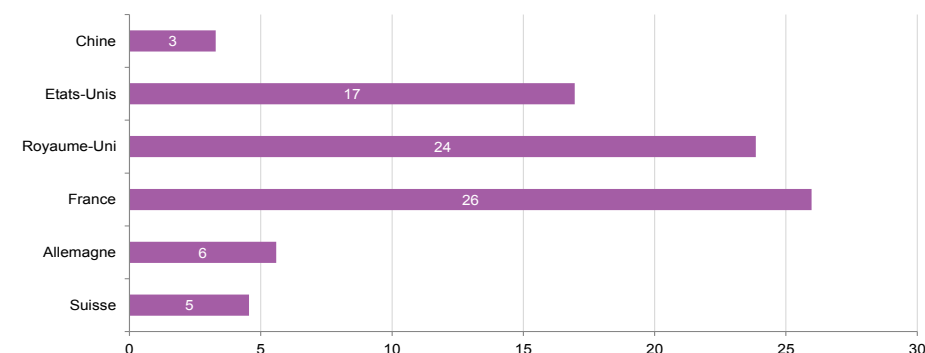
This proportional breakdown between Miscellaneous and Catalogued sales is very different from one country to another. Miscellaneous sales account for 56% of total sales in both Germany and France, but 72% in the UK and 83% in the USA. The proportion is much lower in Switzerland (23%) and in China (20%). The frequency of sales is also very different in the different countries.

While French and British operators conduct an average of 26 and 24 sales per year respectively, American operators organise 17 per year and the averages for German and Swiss operators are respectively just 6 and 5 per year. However, even that average is twice the Chinese average since Chinese operators post an average of only 3 sales per year.

Breakdown between Catalogued and Miscellaneous sales in the Art & Collectibles sector around the world in 2012



Average number of annual sales in Art & Collectibles sector around the world in 2012



These substantial country differences are to a large extent related to the nature of the sales themselves. For example, Chinese operators generally conduct just two major sales, one in the spring and another in the autumn, with very occasional minor sales at other times of the year.

However, their major sales offer several thousand objects and can last for several days, and are sometimes presented in several different catalogues.

IV. Atlas of the Art & Collectibles sector

The presentation of the global atlas of the Art & Collectibles sector focuses on the world's three primary zones for auction sales: Asia, North America and Europe. In 2012, these three zones accounted for 98.4% of the sector's global turnover, almost the same as in 2011 (98.7%). There were 2,498 operators active in the sector in 2012 representing 95.4% of the total number of companies in the world identified by the CVV.

South America, which had 70 active operators in 2012 generated roughly 1% of the sector's global turnover. The Middle East, Oceania and Africa generate very small amounts of auction turnover, with each zone possessing around ten operators. Regarding the Middle-East, Christie's only organised 4 sales in Dubai during 2012.

4.1 Aggregated data for the main countries

The data gathered allows analysis of different indicators: sales turnover, the number of companies and the number of sales. The table and the graphs presented summarise the major trends observed and they are followed by a detailed analysis of each major zone and the main countries within it from an auction perspective.

Michelin
guide rouge, 1900

Montant adjugé : 15 000 €
Chamalières, 21 juillet, Vassy -
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Global ranking of the top 10 countries in the Art & Collectibles sector

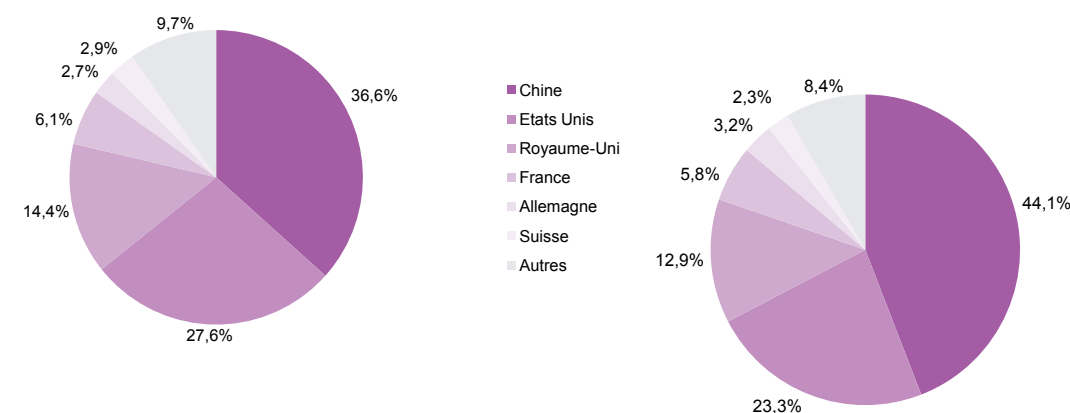
Sales turnover in EUR million

Rang	Pays	Produit des ventes (en millions €)			Nombre de sociétés actives	Nombre de ventes
		2012	2011	Variation		
1	Chine	8 987	11 517	-22,0%	315	1 039
2	Etats Unis	6 784	6 071	+11,7%	714	12 107
3	Royaume-Uni	3 532	3 369	+4,9%	413	9 853
4	France	1 499	1 525	-1,7%	368	9 585
5	Suisse	702	609	+15,2%	36	164
6	Allemagne	658	831	-20,8%	237	1 324
7	Canada	472	272	+73,5%	50	675
8	Australie	209	197	+6,1%	61	1 129
9	Italie	206	187	+10,1%	48	361
10	Autriche	204	201	+1,6%	11	631
	Autres	1 304	1 331	-2,0%	348	4 454
	Total	24 558	26 110	-5,9%	2 601	41 322

Note: in the case of Chinese operators, a single sale can be spread over several sessions and several days, which partly explains the low number of sales these operators post vis-à-vis their turnover figures.

Even if China's 2012 total decreased 22.0% vs. 2011, it is still the global leader of the auction market in country turnover terms. However, China's global market share contracted in 2012: after reaching 44.1% in 2011, it fell back to 36.6% in 2012, a contraction that automatically boosted the shares of most other countries. Of these, the United States' share rose to 27.6% from 23.3% in 2011 on the back of national turnover growth of 11.7%.

Market shares of the top six countries

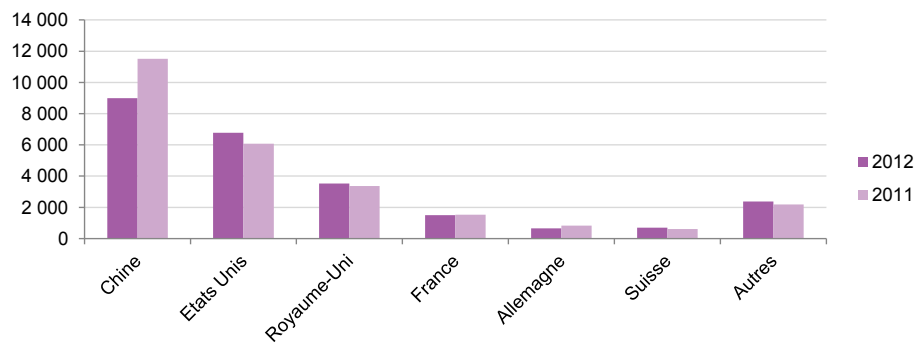


The top 10 ranking saw changes in 2012. Switzerland, whose auction turnover progressed, moved to fifth place while Germany slipped back to sixth place after posting lower turnover. Sweden, whose auction business had already contracted in 2011, dropped out of the top 10 in 2012, whereas Italy, after a sharp fall in 2011, returned to the top 10 in 9th place.

Apart from the top 10 countries, activity in the 46 other countries where at least one sale in the Art & Collectibles sector took place contracted by 2.0%, after dropping 15.7% in 2011 despite the addition of 17 new companies to their ranks (330 in 2011 and 347 in 2012).

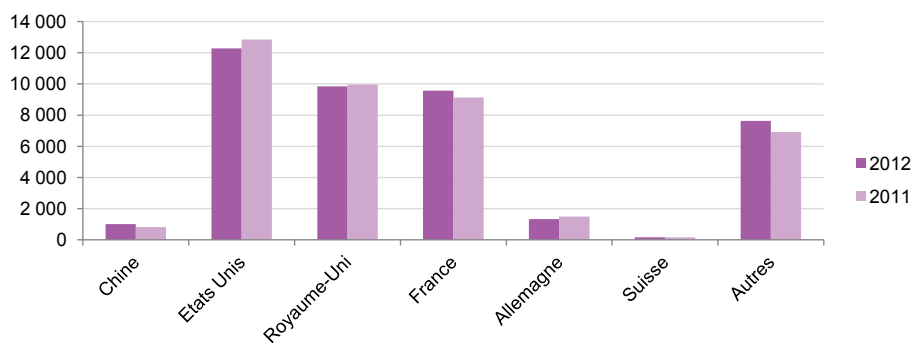
Global auction turnover (A&C sector)

2012 / 2011 in EUR million



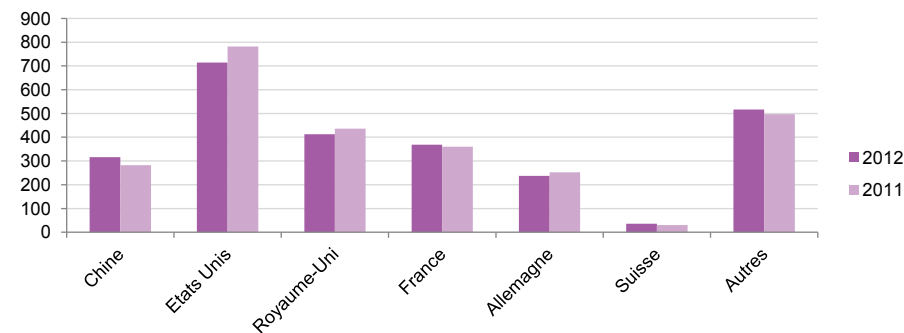
Numbers of sales per country (A&C sector)

Numbers of sales in 2012 / 2011



Numbers of operators per country (A&C sector)

Operators active in the A&C sector in 2012

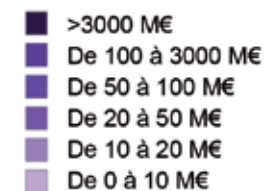


4.2 Asia

2012 Auction turnover in Asia per region / province



Auction turnover per country / province



Art & Collectibles sector: key figures for Asia in 2012

Produit des ventes 2012	9 329 M€	Rang	Société	Produit des ventes 2012	Pays
Variation du produit des ventes par rapport à 2011	-20,9%	1	Beijing Poly International Auction Co., Ltd.	750 M€	Chine
Nombre de ventes cataloguées	911	2	China Guardian Auctions Co., Ltd.	637 M€	Chine
Nombre de ventes courantes	314	3	Christie's	549 M€	Monde
Prix moyen par vente	7,62 M€	4	Sotheby's	457 M€	Monde
Nombre de sociétés au produit des ventes annuel supérieur à 20 M€	95	5	Macau Chung Shun International Auctions Co.,Ltd	403 M€	Chine

4.2.1 China: Slowdown and geographic adjustment

2011 was an exceptional year for China with a 51.5% increase to EUR 11.5 billion driven by remarkable turnover growth at **Poly Auction** (+29.2% in 2011) and **China Guardian** (+47.5% in 2011). Contrary to expectations, China's growth momentum stopped abruptly in 2012: the country's Art & Collectibles sector posted a 22% fall in turnover to EUR 9 billion. The main contributors to this trend reversal were Asia's two largest operators: Poly Auction and China Guardian posted respective contractions of -45% and -49%.

Several different factors can be advanced as possible reasons for the drop in China's auction activity :

- The diminution of the number of millionaires and therefore of the number of potential art collectors in China;
- The increasing rarity of high quality works by China's Old Masters;
- A change in the behaviour of buyers on the Chinese market, who had earned a reputation for being bad payers.

As discussed earlier in this report, the global economic slowdown resulted in a contraction of the number of major fortunes in China during 2012. Bearing in mind the internationalisation of auction sales, and particularly of the most prestigious sales, it is possible that the shrinkage of China's HNWI population may not have had that much impact since the rest of the world's HNWI population continued to grow. However, the globalisation of auction sales is far

from being the reality in all countries. While, the major international auction operators like Sotheby's and Christie's sell their best pieces to collectors the world over, regardless of where the sale is organised, Certain markets remain very specific, particularly that of China, whose auction fare is primarily aimed at domestic demand.

In recent years China has been the growth driver of the global art market with an extraordinary expansion of its national market and intense purchasing by its collectors on the international market. But Chinese demand remains strongly oriented towards Chinese art, whether it be Modern or Contemporary art or works created throughout its long history: porcelain, calligraphy, jade etc. As a result, the Chinese operators have specialised on these markets. This phenomenon, coupled with the strong growth in the number of major fortunes in the country until 2011, caused an unprecedented rise in the prices of Chinese art throughout the world, as we saw in France in 2012. These phenomena have been amplified by the activity of Chinese investment funds focused on the art market and attracted by the rapid increase in prices, creating all the right conditions for a speculative bubble speculative.

In 2012, according to the World Wealth Report published by Wealth-X, not only did the number of HNWIs with assets above USD 30 million contract by 2.3%, but the overall wealth of this population diminished by 7.3%. The richest Chinese were therefore less numerous and less well-off in 2012 than in 2011. As the bulk of Chinese collectors are members of this population, we can assume that their incomes significantly diminished in 2012 and that they decided to reduce their spending on art, thereby specifically impacting the global market for Chinese art. This phenomenon shrank the Chinese market and sales of Asian art throughout the world.

There are nevertheless lots of old and classical Chinese artworks among the national auction records in the Art & Collectibles sector of various countries around the world. As already mentioned, the exceptional works in this category have been subject to very strong demand among international Chinese collectors for several years. But as there is a limited stock of these old and classical works, they are bound to become increasingly rare, and the quality of works on offer is bound to diminish. It appears therefore that collectors quite simply reduced their spending.

Another phenomenon concerning the Chinese auction market is the question of unpaid bids: Until recently, Chinese auction operators were encountering major difficulties with bid settlement. The efforts made by the Chinese authorities to purge the market of this problem and reassure international investors have undoubtedly contributed to calming the fever that has impacted the Chinese art market and particularly its art auction market. We do not have access to any standardised and reliable information regarding the extent of unsettled auction bids in China. Nevertheless, by way of illustration, if the monetary value of unsettled bids represents 25% of the China's declared auction turnover, the country's total turnover would be the same as that of the United States.

It is however important to point out that while the auction turnovers of China's largest auction operators fell dramatically, this was not the case for all Chinese operators. In fact, the number of Chinese firms posting turnover above the EUR 20 million actually increased (by several units) as did the total number of operators and the total number of sales organised in China. As indicated above, companies like **Macau Chung Shun** International Auctions Co., Ltd and Guangdong Poly Auction Co. Ltd posted very large increases in their auction turnover for 2012. However, as that growth relied heavily on the sale of a small number of extremely expensive lots, there can be no certainty that the good results posted in 2012 by these companies will be repeated in the future.

4.2.2 Japan: return to normal after a slump in 2011

In 2011, Japan suffered a catastrophic tsunami with severe economic, social and public health consequences. The combined annual turnover of Japanese auction operators dropped 17% to EUR 100 million. In 2012, with the country's economic activity recovering, the volume of business of its eight operators in the Art & Collectibles sector progressed 14% to EUR 114 million, close to its 2010 level. The largest operators in Japan in this sector are **Shinwa Art Auction** (turnover of EUR 28 million) and **Manichi Art Auction** (turnover of EUR 17 million). The most publicised sales concern artworks, mainly Impressionist, Modern and Contemporary that have already been exchanged in Western markets.

4.2.3 Turnover in other Asian countries was weak

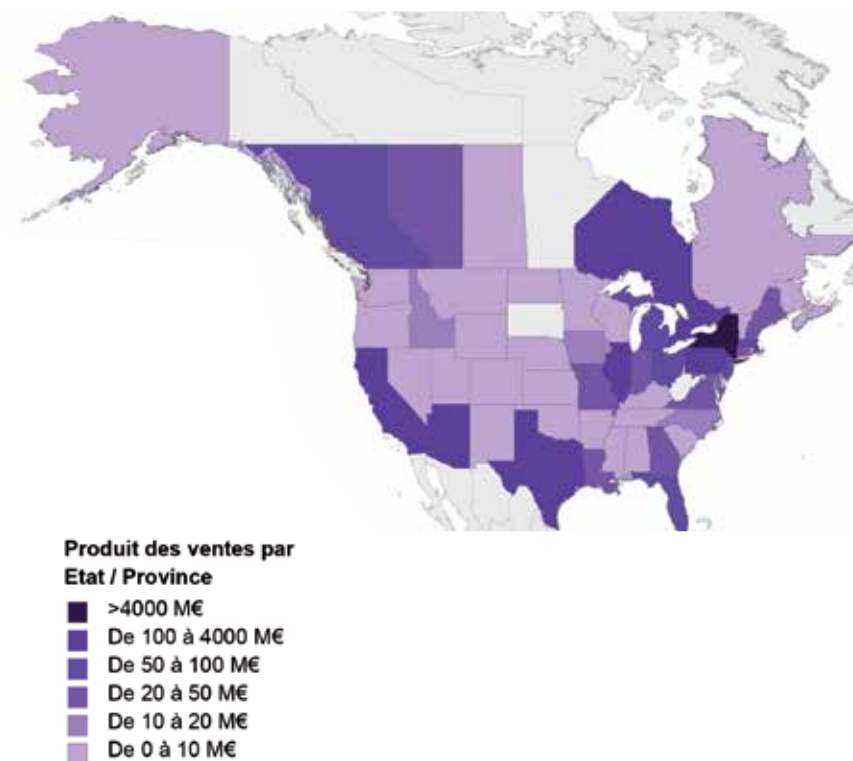
India posted a total turnover of EUR 34 million and still only has 8 operators active in the Art & Collectibles sector. These companies are all of modest size: The 2 largest, **Saffronart** and **Oswal Antiques**, posted turnover of approximately EUR 6 million each in 2012.

In South Korea, after a bad year 2011 with turnover of only EUR 13.5 million, **Seoul Auction** posted EUR 32 million in 2012, in line with the EUR 30 million recorded in 2010.

The Indonesian Company **Larasati** continued to develop its activity. After EUR 4 million in 2010 and EUR 6.7 million in 2011, its turnover amounted to EUR 11.4 million in 2012.

4.3 North America

Geography of North American auction turnover in 2012 per State/Province



Key figures for North American Art & Collectibles sector in 2012

Produit des ventes 2012	7 269 M€	Rang	Société	Produit des ventes 2012	Pays
Variation du produit des ventes par rapport à 2011	+14,6%	1	Christie's	1 669 M€	Monde
Nombre de ventes cataloguées	2 348	2	Sotheby's	1 656 M€	Monde
Nombre de ventes courantes	10 522	3	Heritage Auction Galleries	669 M€	Etats-Unis
Prix moyen par vente	0,56 M€	4	Mecum Auction	306 M€	Etats-Unis
Nombre de sociétés au produit des ventes annuel supérieur à 20 M€	23	5	RM Auctions	278 M€	Canada

4.3.1 United States : Sustained growth in the different activity sectors

In 2011, Auction turnover in the United States progressed only 1.5% while it increased substantially in Europe and, above all, in Asia. In 2012, the opposite scenario occurred with American auction companies posting the strongest activity growth. The combined auction revenue of the 714 operators identified as being active in the Art & Collectibles sector rose to EUR 6.8 billion, i.e. 12% more than in 2011. The United States' global share of this market this rose from 23.3% in 2011 to 27.6% in 2012, a level equivalent to its 2010 share.

The American market benefited from growth in the Fine Art and the Furniture & Art Objects categories at the US branches of the multinational operators (**Christie's and Sotheby's**, as well as **Philips de Pury and Bonham's**). But the American auction market also saw excellent performances at the operators specialised in Collectibles, particularly **Heritage** and, above all in 2012, those specialised in selling collection vehicles: Mecum Auction (+136% with EUR 306 million), Gooding & Company (+76% with EUR 148 million) and Barrett-Jackson (+28% with 114 million EUR), which in 2012 came 4th, 6th and 8th respectively in the main ranking of the principal American operators in terms of auction turnover.

This sharp increase in activity at the main companies also occurred in a context of market concentration. Thus, whereas there were 24 operators posting annual turnover of more than EUR 20 million in 2011, there were only 19 in 2012.

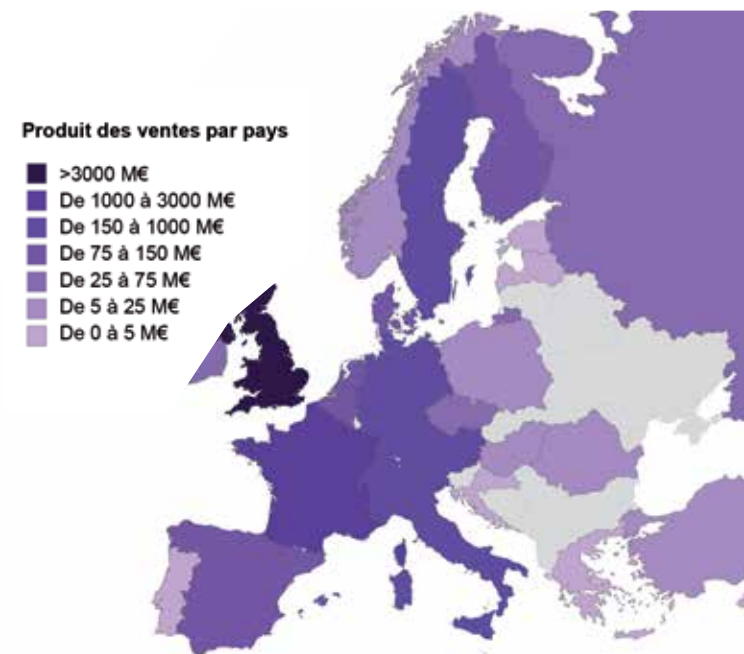
4.3.2 Canada: recovery at RM Auction

Canada, with 50 auction operators, remained in 7th place in the 2012 global ranking by country. Its total auction turnover in the Art & Collectibles sector rose 75% to EUR 475 million in 2012 versus EUR 272 million in 2011. This growth was primarily driven by its largest auction firm, **RM Auctions** which is also specialised in sales of collection vehicles, and, like its American peers, posted exceptional growth in 2012: +92% to EUR 278.4 million. RM Auctions alone accounted for two thirds of Canada's 2012 turnover growth. The progression of RM Auctions' turnover nevertheless came after a 30% drop the previous year.

The second largest Canadian operator, **Heffel Fine Art Auctions**, specialised in the sale of art objects, posted a 6% fall in turnover to EUR 24.4 million.

4.4 Europe

Geography of European auction turnover in 2012 per country



Key figures for European Art & Collectibles sector in 2012

Produit des ventes 2012	7 559 M€	Rang	Société	Produit des ventes 2012	Pays
Variation du produit des ventes par rapport à 2011	-1,1%	1	Christie's	1 816 M€	Monde
Nombre de ventes cataloguées	8 592	2	Sotheby's	1 314 M€	Monde
Nombre de ventes courantes	16 628	3	Bonham's	310 M€	Monde
Prix moyen par vente	0,30 M€	4	Dorotheum	152 M€	Autriche
Nombre de sociétés au produit des ventes annuel supérieur à 20 M€	39	5	Artcurial - Brist - Poulain - F. Tajan	144 M€	France

4.4.1 United Kingdom: continued growth in London of the largest operators

After posting a modest 2.1% increase in 2011 (and very strong growth in 2010) the UK's auction business accelerated again in 2012 with total turnover growing 4.8% to EUR 3.5 billion. With much of the world's auction business posting negative progressions, this growth pushed the UK's global share from 12.9% in 2011 to 14.4% in 2012, consolidating its position as European leader on this market.

Within the UK market, London's position is getting stronger every year. In 2012, the capital accounted for 80% of the country's total activity, versus 76% in 2011 and 72% in 2010. Outside London, the market was in fact concentrated on a very small number of international companies. Thus, Christie's accounted for 38.0% of British activity ahead of Sotheby's (26.9%), Bonham's (8.5%) and Phillips de Pury & Company (2.3%). The combined market share of these four operators is more than 75%. The business activity of the 413 operators active in the Art & Collectibles sector in 2012 (versus 436 in 2011) was therefore excessively concentrated, while the small operators posted very limited turnover figures: 206 operators posted turnover of less than EUR 1 million in 2012.

4.4.2 France: a slight fall in overall turnover, but growth in Collectibles

In 2012, France's art auction market posted a slight contraction. Its total turnover, including fees, amounted to EUR 1,499 million in 2012, i.e. 1.7% less than in 2011. This contraction came after an 8.6% progression in 2011. Nevertheless, with the overall contraction in the global market (particularly the Chinese market), France's global

market share grew from 5.8% in 2011 to 6.1% in 2012. Meanwhile, Paris, which ranked 5th in the 2011 marketplace ranking, moved down to 6th place after Shanghai posted a better turnover performance.

This year saw a contraction of activity in the traditional sectors of art and art objects in which the international firms and the main companies operating through hôtel Drouot are active. However, France's Collectibles segment is growing stronger every year. This growth explains the growth posted by **Artcurial** which enjoyed good results from sales of collection vehicles and comics.

The number of sales continued to progress, primarily due to the creation of a number of new companies over recent years. However, much of this progression involves Miscellaneous sales that are much more accessible to small structures. Overall, French auction operators still have a high capacity to organise catalogued sales, and, from an international perspective, its proportion of catalogued sales is very high.

While France is still the European country with the highest number of companies posting turnovers greater than EUR 20 million, there were only 9 in 2012 (of which 8 in Paris) versus 11 in 2011.

4.4.3 Switzerland: strong growth at the international operators

After a 2.2% contraction in 2011 **Switzerland's auction turnover from Art & Collectibles progressed 14.8% in 2012** to EUR 700 million with an increase in the number of operators active in the sector (36 in 2012 versus 30 in 2011) but almost the same number of sales (164 contre 165).

This growth was very largely (88%) driven by the Swiss branches of **Christie's** and **Sotheby's** which posted turnover growth of respectively +35.7% and +14.6%. The two international operators' combined share of the Swiss market in 2012 amounted to 56%. The Swiss third operator in terms of revenue is its largest national operator, **Koller**, which posted a small growth in turnover to EUR 83.0 million after EUR 81.3 million in 2011.

4.4.1 Germany: one of the sharpest falls in 2012

In 2011, Germany posted one of the strongest national turnover growth figures in the world (+9.2%). However in 2012, its national turnover fell 20.9%, one of the worst performances in the world (after China's -22.0%). In total Germany's operators generated EUR 657 million in 2012.

This contraction in activity was largely due to 6% fall in the number of operators active in the Art & Collectibles sector and an 11.4% drop in the number of sales organised.

Apart from the reduced number of operators, certain large companies experienced sharp falls in 2012 after posting substantial turnover increases in 2011. Villa Grisebach, posted a 30% contraction to EUR 39.0 million after a 69% increase to EUR 55.4 million in 2011.

The company was thus relegated to 4th place in the German market behind Lempertz (+3.7% to EUR 51 million) and Nagel (-10% to EUR 43 million) which occupied the 2nd and 3rd places respectively in the country's national ranking for 2012.

As in France, but on a different scale, the companies specialised in sales of art objects contracted whereas the Collectibles specialists posted activity growth. As a result, the country's leading auction operator in 2012 is now a firm specialised in numismatics, Künker, after it posted a turnover progression of 132% in 2012 to EUR 65 million. This increase reflects a similar increase in the number of sales organised by Künker, which rose from 3 in 2011 to 7 in 2012.

4.4.2 The other European companies

In 2012, Italian operators posted an overall increase in their activity of more than 10%, to EUR 207 million, giving Italy 7th place in the global ranking. This increase followed a -34% contraction in 2011, which means that the increase reflected more of a catching up effect than a real growth trend. Moreover, the trend was very uneven between the different operators and the figures show that while the Italian firms worst affected in 2011 recorded turnover growth in 2012, the international operators present in Italy continued to experience turnover shrinkage. For example, the largest Italian Operator, **Casa**

d'Aste Meeting Art posted a 21% progression in 2012 whereas both Sotheby's and Christie's in Milan posted volumes down by half.

Austria came 10th in the 2012 ranking of country's by auction turnover (Art & Collectibles sector). The 11 companies active on this sector posted a combined sales turnover of EUR 204 million in 2012 (+1.5% versus 2011). The Austrian market is highly concentrated. **Dorotheum**, the leading Austrian company and 15th in the world posted EUR 152 million in auction turnover in 2012, up 5.5% versus 2011, and represented 75% of total Austrian auction turnover in this sector. The second largest player in the Austrian market was **Im Kinsky Kunst Auktionen**, whose business had contracted by 46% in 2011, but which posted 9.4% growth in 2012 with EUR 21 million (nearly 10% of Austria's total auction revenue).

Sweden's auction turnover in the Art & Collectibles sector has been on a negative trend for a number of years. In 2012, the 45 operators active in Sweden's Art & Collectibles sector generated EUR 167 million, down 21% versus 2011 (which was down 5% versus 2010). **Lauritz Christensen Auctions**, the country's largest auction operator, posted a contraction of 1.4% to EUR 98 million.

Spain's Art and Collectibles sector posted an auction turnover total of EUR 102 million in 2012. Once again, the Collectibles segment was the most dynamic with country's largest operator, **Aureo & Calicó**, specialised in sales of old coins, generating turnover of EUR 16 million.

The Netherlands suffered from Sotheby's closure of its Amsterdam branch in 2012, but Christie's posted a 38% increase in turnover to EUR 54 million. But even that growth did not prevent the Dutch Art & Collectibles sector generating a total down 42% on 2011 (at EUR 83 million).

In the rest of Europe, only two companies generated annual turnovers of more than EUR 15 million the Art & Collectibles sector: **Bruun Rasmussen** (EUR 49 million in 2012) in Denmark and **Bukowski** (EUR 77 million) in Finland.

V. Conclusion

In total, the global Art & Collectibles sector posted a negative evolution in 2012. This trend was however very uneven between different operators, different regions and different specialisations.

The largest Chinese operators, which had driven the growth of the art sector's secondary market in recent years, posted sharp falls in auction turnover during 2012. Nearly all of the Western operators specialised in sales of art objects and furniture also posted lower turnover volumes. This was particularly true on the European market, except for the major international operators whose business continued to grow in New York, London and Switzerland, whereas it shrank in the rest of Europe and in Asia.

The operators specialised in sales of Collectibles posted strong turnover growth. The most spectacular illustration of this trend is the appearance of the North American Collection Cars specialists among the continent's highest ranked operators by turnover. But this phenomenon extended much beyond North America, as we saw with the activity growth of specialised companies on other markets such as numismatics.

In this context, the French market, despite a slight contraction, succeeded in consolidating its 4th place on the global auction, with a share of 6.1% in 2012 versus 5.8% in 2011.

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