

Recommendation:
BUY (BUY)

Risk:
High (High)

Price Target:
EUR 15.50 (22.00)

09 July 2010

Final FY 2009 figures above preliminaries

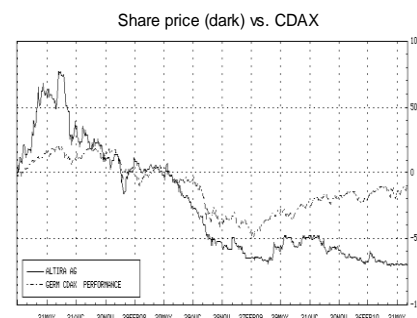
...but time lag till performance boost kicks in

- Altira group has recently published its final financial results for FY 2009. Sales rose 8% to EUR 19.4m (same as preliminary figures) helped by performance fees of EUR 4.3m (2008: none). EBITDA increased much stronger by 38% to EUR 7.6m (preliminary figures: EUR 7.2m), EBIT amounted to EUR 0.77m (preliminary figures: EUR 0.6m) leaving a net profit of EUR 1.4m (preliminary figures: EUR 0.9m) which translates into EPS of EUR 0.29 (preliminary figures: EUR 0.18). It should be noted that the rise in earnings in FY 2009 is, to a large extent, due to the earnings contribution made by the MAGNAT share exchange amounting to EUR 5.3m, without which bottom line earnings would have been negative.
- We adjusted our forecasts in the course of an analyst change and due to the currently difficult market environment that has altered our expectations. Top-line figures have remained almost unchanged. However, mainly due to adjustments in valuation of assets (write-ups/downs) in the P&L and an appropriate tax rate we now come out with lower income figures. EPS now result in EUR 0.39, EUR 1.06, EUR 1.87 for 2010E, 2011E and 2012E respectively.
- We are aware of the fact that Altira has implemented many cost-cutting measures and is in a good position to raise funds. At the same time we believe that a true kick-in of profitability will not take place before 2011-2012.
- We reiterate our BUY recommendation but change our price target (derived via DCF valuation method with a resulting fair value of EUR 15.39) to EUR 15.50 (old: EUR 22.00) as we believe it might take a while till it gets through to the market that the company has good medium-term perspectives to offer.

Key data

FY 12/31, EUR m	2008	2009	2010E	2011E	2012E
Revenue	18.0	19.4	21.0	25.0	28.0
EBIT	-2.3	0.8	2.2	6.5	11.8
Net result	-2.4	1.3	1.8	4.8	8.5
EPS	-0.56	0.29	0.39	1.06	1.87
DPS	0.50	0.00	0.00	0.50	0.50
EBIT margin	-12.9%	4.0%	10.3%	26.2%	42.0%
ROE	-4.9%	2.7%	3.4%	8.8%	13.8%
ROA	-3.9%	2.2%	2.8%	7.1%	11.0%
EV/EBITDA	5.5	4.2	6.1	3.0	1.9
EV/EBIT	-13.4	47.0	12.5	4.1	2.3
P/E	-47.5	61.5	68.8	25.1	14.3

Source: CBS Research AG, company data



Source: CBS Research AG, Bloomberg, Altira AG

Change	2010E		2011E		2012E	
	new	old	new	old	new	old
Revenue	21.0	20.5	25.0	23.0	28.0	27.5
EBIT	2.2	8.7	6.5	13.6	11.8	18.5
EPS	0.39	1.80	1.06	2.80	1.87	3.80

www.altira-ag.com

Sector: Financial services

WKN: 121806

ISIN: DE0001218063

Reuters: AS1G.DE

Bloomberg: A7A GY

Short company profile:

Altira AG offers asset management services. The company's subsidiaries focus on different asset classes

Share data:

Share price (EUR, latest closing price):	9.40
Shares outstanding (m):	4.5
Market capitalisation (EUR m):	42.7
Enterprise value (EUR m):	27.1
Ø daily trading volume (3 m., no. of shares):	1,848

Performance data:

High 52 weeks (EUR):	17.60
Low 52 weeks (EUR):	9.07
Absolute performance (12 months):	-39.9%
Relative performance vs. CDAX:	
1 month	-8.3%
3 months	-7.5%
6 months	-19.9%
12 months	-54.4%

Shareholders:

Angermayer, Brumm & Lange	61.7%
Silvia Quandt Family	7.5%
Allianz Global Investors	5.5%
Management and Employees	1.5%
Free float	23.8%

Financial calendar:

AGM 10 August 2010

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Valuation

Valuation summary

We applied discounted cash flow (DCF) model to derive the company's fair value. The DCF model results in a fair value of EUR 15.39 per share.

Valuation on the basis of a DCF model

DCF model

Our DCF model indicates a fair value of EUR 15.39 for Altira. Our assumptions are as follows:

DCF model leads to a fair value of EUR 15.39

Phase 1 (2010-12E): We estimated the free cash flows (FCF) of phase 1 according to our detailed financial forecasts for this period stated in the financials section.

Phase 1 according to detailed estimates

Phase 2 (2013-19E): For Phase 2, we started out from more general assumptions. We commence with a projected sales growth of 6% in 2013, which gradually declines to 2% over the period till 2019. We forecast an EBIT margin of 23% over all years of Phase 2.

Phase 2 characterised by declining sales growth

Phase 3: For the calculation of the terminal value, we applied a long-term FCF growth rate of 1.0%.

Phase 3: Terminal value growth at 1.0%

Based on these assumptions, we calculated a fair value of the operating business of EUR 54.6m. We deducted Altira's net debt (cash minus financial debt). The resulting fair value of equity is EUR 69.9m. The fair value per share amounts to EUR 15.39 according to our DCF model.

Discounted Cash Flow Model

EURm	PHASE 1			PHASE 2							PHASE 3
	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	∞
Sales	21.0	25.0	28.0	29.7	31.5	33.0	34.4	35.7	36.8	37.5	
YoY growth	4.8%	19.0%	12.0%	6.0%	6.0%	5.0%	4.0%	4.0%	3.0%	2.0%	
EBIT	2.2	6.5	11.8	6.8	7.2	7.6	7.9	8.2	8.5	8.6	
EBIT margin	10.3%	26.2%	42.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	
Income tax on EBIT (cash tax rate)	-0.7	-2.2	-3.9	-2.3	-2.4	-2.5	-2.6	-2.7	-2.8	-2.8	
Depreciation and amortisation	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	
Other non-cash items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in net working capital	1.8	0.9	0.8	-0.8	-0.9	-0.8	-0.6	-0.7	-0.5	-0.4	
Net capital expenditure	-0.5	-0.6	-0.7	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
Free cash flow	3.1	5.0	8.3	3.7	4.0	4.3	4.6	4.8	5.1	5.4	
Present values	2.9	4.4	6.5	2.6	2.5	2.5	2.4	2.3	2.2	2.1	24.1
Present value Phase 1	13.8										
Present value Phase 2	16.7										
Present value Phase 3	24.1										
Total present value	54.6										
+ Excess cash/Non-operating assets	15.3										
- Financial debt	0.0										
Fair value of equity	69.9										
Number of shares (m)	4.5										
Fair value per share (EUR)	15.39										

Risk free rate	3.50%	Target equity ratio	80.0%
Equity risk premium	6.50%	Beta (fundamental)	1.20
Debt risk premium	3.00%	WACC	9.91%
Tax shield	33.0%	Terminal growth	1.0%

Sensitivity analysis						
		Terminal growth (Phase 3)				
		0.0%	0.5%	1.0%	1.5%	2.0%
WACC	8.9%	16.16	16.53	16.95	17.43	17.98
	9.4%	15.45	15.77	16.13	16.53	16.99
	9.9%	14.81	15.09	15.39	15.74	16.12
	10.4%	14.24	14.47	14.74	15.03	15.36
	10.9%	13.71	13.92	14.15	14.40	14.68

Source: CBS Research AG

Altira Group AG
Profit and loss account

	IFRS	EURm	2007	2008	2009	2010E	2011E	2012E
Sales Revenue			27.7	18.0	19.4	21.0	25.0	28.0
YoY growth			11.6%	-35.2%	7.8%	8.4%	19.0%	12.0%
Proceeds from the sale of securities and financial assets			6.6	7.1	0.5	5.0	6.5	9.0
Book value of disposed securities and financial assets			-5.2	-3.5	-0.4	-3.5	-4.5	-5.0
Other operating income			5.9	3.6	12.6	4.0	6.0	7.0
Total revenues			35.1	25.1	32.1	26.5	33.0	39.0
Cost of purchased services			-12.0	-4.6	-4.2	-4.8	-5.8	-6.4
in % of sales			-43.2%	-25.5%	-21.9%	-23.0%	-23.0%	-23.0%
Gross income			23.1	20.5	27.9	21.7	27.3	32.6
in % of sales			83.5%	114.3%	143.8%	103.2%	109.0%	116.3%
Personnel expenses			-7.2	-7.7	-10.0	-9.0	-9.8	-10.0
in % sales			-25.9%	-42.8%	-51.8%	-42.9%	-39.2%	-35.7%
Other operating expenses			-5.2	-7.7	-10.4	-9.0	-9.5	-10.0
in % of sales			-18.7%	-42.7%	-53.9%	-42.9%	-38.0%	-35.7%
Income from equity investments			1.9	0.4	0.3	0.8	1.1	1.5
in % of sales								
EBITDA			12.7	5.5	7.6	4.5	9.1	14.1
in % of sales			45.7%	30.8%	39.5%	21.3%	36.2%	50.2%
Write-downs of financial assets and securities			-0.9	-7.5	-6.6	-2.0	-2.2	-2.0
in % of sales								
Depreciation and amortisation			-0.3	-0.3	-0.3	-0.3	-0.3	-0.3
in % of sales			-0.9%	-1.8%	-1.6%	-1.5%	-1.2%	-1.1%
EBIT			11.523	-2.317	0.77	2.2	6.5	11.8
in % of sales			41.6%	-12.9%	4.0%	10.3%	26.2%	42.0%
Financial result			0.8	1.2	0.3	0.5	0.5	0.5
EBT			12.3	-1.2	1.1	2.7	7.0	12.3
in % of sales			44.5%	-6.5%	5.8%	12.7%	28.2%	43.8%
Taxes			-2.7	-1.1	0.3	-0.8	-2.1	-3.7
as % of EBT			-21.9%	96.8%	25.0%	-30.0%	-30.0%	-30.0%
Net income including minorities			9.6	-2.3	1.4	1.9	4.9	8.6
Minority interests			0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Net income attributable to shareholders			9.6	-2.4	1.3	1.8	4.8	8.5
in % of sales			34.6%	-13.3%	6.8%	8.4%	19.3%	30.3%
Shares outstanding (in millions)			8.8	4.3	4.5	4.5	4.5	4.5
Earnings per share (EUR)			1.09	-0.56	0.29	0.39	1.06	1.87

Source: CBS Research AG, Altira Group AG

Altira Group AG

Balance Sheet

	IFRS	EURm	2007	2008	2009	2010E	2011E	2012E
Assets								
Noncurrent assets			38.2	23.3	19.6	23.3	24.4	31.4
as % of total assets			48.1%	38.1%	32.0%	37.0%	35.6%	40.8%
Intangible assets			1.2	1.0	1.1	1.1	1.1	1.1
Fixed assets			0.5	0.8	0.7	0.7	0.8	0.8
Financial assets			35.8	21.1	17.6	21.0	22.0	29.0
Deferred tax assets			0.7	0.4	0.1	0.5	0.5	0.5
Current assets			41.3	37.8	41.5	39.7	44.1	45.5
as % of total assets			51.9%	61.9%	68.0%	63.0%	64.4%	59.2%
Inventories			5.6	3.5	10.7	9.1	8.6	9.6
Accounts receivables			5.2	3.2	6.2	4.2	5.0	5.6
Other receivables and other assets			5.8	8.3	9.3	8.4	8.5	8.6
Cash			24.7	22.9	15.3	18.0	22.0	21.7
Total Assets			79.5	61.2	61.1	63.0	68.4	76.9
Shareholders' equity and liabilities								
Shareholders' equity			58.0	48.9	48.4	51.8	55.3	62.3
as % of total equity and liabilities			73.0%	79.9%	79.2%	82.2%	80.9%	81.1%
Subscribed capital			4.2	4.5	4.5	4.5	4.5	4.5
Capital reserves			30.4	34.6	34.6	34.6	34.6	34.6
Retained earnings/revenue reserve			20.7	16.2	17.5	17.7	18.7	21.2
Revaluation of financial instruments			2.8	-6.4	-8.2	-5.0	-2.5	2.0
Minority interests			0.0	0.1	0.2	-0.1	-0.1	-0.1
Noncurrent liabilities			0.4	0.3	0.2	0.2	0.2	0.2
as % of total equity and liabilities			0.5%	0.4%	0.3%	0.2%	0.2%	0.2%
Deferred taxes			0.4	0.3	0.2	0.2	0.2	0.2
Current liabilities			21.1	11.9	12.3	11.2	13.0	14.5
as % of total equity and liabilities			26.5%	19.4%	20.1%	17.7%	19.0%	18.9%
Provision for taxes/current liabs			4.2	1.4	1.5	1.4	1.4	1.4
Other provisions			8.5	6.3	5.5	5.3	6.3	7.0
Liabilities to banks			0.2	0.0	0.0	0.0	0.0	0.0
Trade payables			5.2	2.1	4.2	3.2	3.8	4.2
Other liabilities			3.0	2.1	1.1	1.4	1.6	1.9
Total equity and liabilities			79.5	61.2	61.1	63.0	68.4	76.9

Source: CBS Research AG, Altira Group AG

Altira Group AG

Cash flow statement

	IFRS	EURm	2007	2008	2009	2010E	2011E	2012E
Net income			9.6	-2.3	1.4	1.9	4.9	8.6
Proceeds from investment & security sale			-6.6	-7.1	-0.5	-5.0	-6.5	-9.0
Depreciation & amortisation of PPE			0.3	0.3	0.3	0.3	0.3	0.3
Write-downs of securities & investments			0.9	7.5	6.6	2.0	2.2	2.0
Write-ups of securities & investments			-5.4	-2.6	-1.7	-2.5	-2.8	-3.0
Others			0.0	0.0	-5.3	0.0	0.0	0.0
Gross Cash Flow			-1.3	-4.2	0.7	-3.3	-1.9	-1.1
Net income from investment in associated cos.			-1.6	-0.4	-0.2	0.0	0.0	0.0
Book Value of disposed securities & investments			5.2	3.5	0.4	3.5	4.5	5.0
Change in revaluation reserve due to provisions			0.5	0.7	0.0	0.0	0.0	0.0
Other non-cash expenses/income			-0.2	1.7	-0.4	0.2	0.5	1.0
Operating cash flow pre working capital			2.6	1.5	0.4	0.4	3.1	4.9
Change in receivables & other assets			-4.2	-0.5	-4.1	2.9	-0.9	-0.7
Change in payables & other liabilities			2.6	-4.2	1.1	-0.8	0.9	0.8
Change in provisions			4.3	-5.0	-0.7	-0.3	1.0	0.7
Others			0.0	2.0	-2.0	-2.0	-2.0	-2.0
Change in working capital			2.7	-7.7	-5.7	1.8	0.9	0.8
Cash flow from operating activities			5.3	-6.2	-5.2	2.2	4.1	5.7
Additions to intangible assets & PPE			-0.3	-0.7	-0.4	-0.5	-0.6	-0.7
Proceeds from repayment of long-term loans			0.0	0.0	0.2	0.0	0.0	0.0
Operating free cash flow			-0.3	-0.7	-0.2	-0.5	-0.6	-0.7
Payments to acquire subsidiaries			-0.3	0.0	0.0	0.0	0.0	0.0
Payments to acquire investments			-19.5	-2.6	-1.1	-2.0	-4.0	-10.0
Payments to acquire current securities			-4.7	-2.0	-1.5	-2.0	-2.0	-2.0
Proceeds from the sale of securities & investments			6.6	7.1	0.5	5.0	6.5	9.0
Others			0.0	0.4	0.0	0.0	0.0	0.0
Cash flow from investing activities			-18.2	2.1	-2.3	0.5	-0.1	-3.7
Free cash flow			-12.8	-4.1	-7.7	2.7	4.0	2.0
Cash inflow from capital increases			30.3	4.8	0.0	0.0	0.0	0.0
Costs of capital increase			-0.9	-0.3	0.0	0.0	0.0	0.0
Dividends paid			0.0	-2.1	0.0	0.0	0.0	-2.3
Net cash flow used in financing activities			29.4	2.4	0.0	0.0	0.0	-2.3
Net change in cash & cash equivalents			16.6	-1.7	-7.5	2.7	4.0	-0.3
Change in the scope of consolidation			0.0	-0.2	0.0	0.0	0.0	0.0
Cash & cash equivalents at start of period			8.1	24.7	22.9	15.3	18.0	22.0
Cash & cash equivalents at end of period			24.7	22.9	15.3	18.0	22.0	21.7

Source: CBS Research AG, Altira Group AG

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Recommendation System:

Close Brothers Seydler Research AG uses a 3-level absolute share rating system. The ratings pertain to a time horizon of up to 6 months:

BUY: The expected performance of the share price is above +10%.

HOLD: The expected performance of the share price is between 0% and +10%.

SELL: The expected performance of the share price is below 0%.

Recommendation history over the last 12 months for the company analysed in this report:

Date	Recommendation	Price at change date	Target Price
02 June 2009	BUY	14.00 EUR	23.00 EUR
29 September 2009	BUY	17.24 EUR	26.00 EUR
06 November 2009	BUY	14.05 EUR	26.00 EUR
08 December 2009	BUY	12.87 EUR	26.00 EUR

29 March 2010	BUY	10.99 EUR	22.00 EUR
09 July 2010	BUY	9.40 EUR	15.50 EUR

Risk-scaling System:

Close Brothers Seydler Research AG uses a 3-level risk-scaling system. The ratings pertain to a time horizon of up to 6 months:

LOW: The volatility is expected to be lower than the volatility of the benchmark

MEDIUM: The volatility is expected to be equal to the volatility of the benchmark

HIGH: The volatility is expected to be higher than the volatility of the benchmark

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