

Recommendation:
BUY (BUY)

Risk:
High (High)

Price Target:
EUR 22.00 (26.00)

29 March 2010

Return to the asset growth path

Preliminary figures FY2009 better than expected

- Altira posted first data for FY2009 at the beginning of the week which turned out to be slightly better than anticipated. Sales rose 8% to EUR19.4m helped by performance fees of EUR4.3m (2008: none). The decline in AuM was stopped during the year as the company realized again a small growth to EUR698m (2008: EUR680m). EBITDA increased much stronger by 30% to EUR7.2m (2008: EUR5.5m), leaving a net profit of EUR0.9m (EPS of EUR0.18) on the table.
- The group is well financed with cash of EUR15.3m and an equity ratio of 78%. This ensures that Altira has sufficient money to invest in attractive opportunities when they arise. In addition, the operative asset management and investment companies in which Altira has an interest and for which it manages assets, command also over substantial liquidity positions like, for instance, Heliad Equity Partners with EUR35m. Following the stabilization in the markets after the financial and economic crisis, the AuM position returns to its former growth path. We expect a strong increase in the next three years close to EUR1.3bn from EUR0.7bn which sets the base to increase sales and profits. Additional capital will be generated in the PE turnaround segment with ClearSight, ADC for infrastructure in Africa and in the segment "Renewable Energies and Natural Resources" where Altira recently hired well known fund manager Ute Speidel to enlarge the asset management team.
- We stay with our Buy recommendation but reduce our 12 month target to EUR22 as we do not expect that investors will anticipate the full earnings growth potential of Altira before the next year. In fact, share price development has been disappointing as news flow was somewhat limited since October although the basics of the story are intact. With recent activities and achievements, the Altira stock should be able to close the relative gap to the market and show a strong recovery.

Key data

Y/E 31.12., EUR m	2008	2009P	2010E	2011E	2012E
Total net revenues	14.4	13.5	27.0	32.8	38.0
EBITDA	5.6	7.2	9.0	13.9	19.3
EBIT	-2.3	0.7	8.7	13.6	18.5
Net profit	-2.3	0.9	8.3	12.9	17.5
EPS	-0.56	0.18	1.80	2.80	3.82
DPS	0.00	0.50	0.50	0.50	0.50
EBITDA margin	38.5%	53.7%	33.2%	42.4%	50.8%
EBIT margin	-16.0%	4.9%	32.1%	41.5%	48.7%
Dividend yield	0.0%	4.5%	4.5%	4.5%	4.5%
EV/EBITDA	5.5	4.2	3.4	2.2	1.6
EV/EBIT	-13.4	47.0	3.6	2.3	1.7
P/E	-19.6	61.5	6.1	3.9	2.9

Source: [fairesearch](#), CBS Research AG, company data

Share price (dark) vs SDAX (1 yr)



Source: CBS Research AG, Deutsche Börse AG

Change	2010E		2011E		2012E	
	new	old	new	old	new	old
Net Revenues	27.0	25.5	32.8	30.2	38.0	-
EBIT	8.7	8.8	13.6	12.4	18.5	-
EPS	1.80	1.75	2.80	2.50	3.82	-

Internet: www.altira-group.de
WKN: 121806
Reuters: A7AGn.DE

Sector: Financial Services
ISIN: DE0001218063
Bloomberg: A7A.gr

Share data:

Share Price (yesterday's closing price): **EUR 10.99**
Shares outstanding (mill.): 4.358
Market capitalisation: EUR 49.9m
Enterprise Value (EV): EUR 30.7m
Ø daily trading volume (3m, no. of shares): 2,000

Performance data:

High 52 weeks: EUR 17.90
Low 52 weeks: EUR 10.10
Absolute performance: (12 months) -6.8%
Relative performance (SDax):
1 month -3.2%
3 months -17.6%
6 months -45.0%
12 months -68.8%

Shareholders:

ABL Gruppe: 61.7%
Silvia Quandt: 7.5%
AGI: 5.5%
Managment: 1.5%
Free float: 23.8%

Financial calendar:

Next event: FY2009 – 27 May 2010

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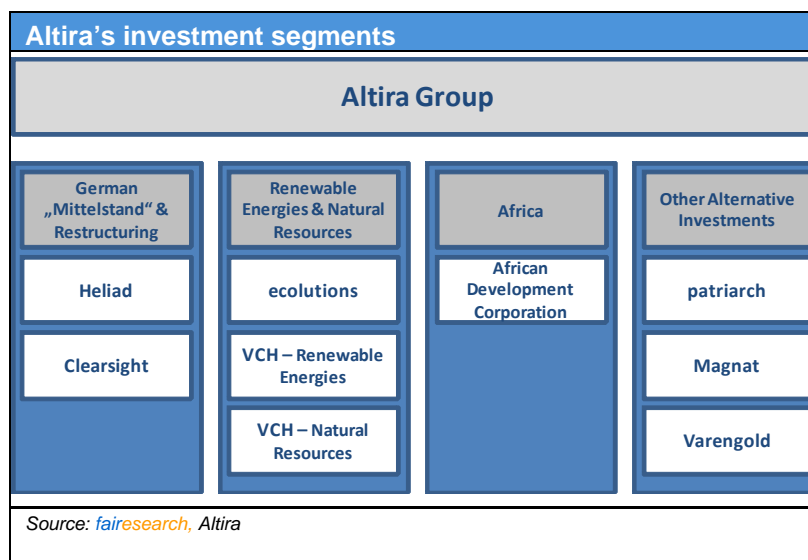
Altira's investment rational intact

Altira posted preliminary data for FY2009 at the beginning of the week which turned out to be slightly better than anticipated by us. Sales rose 8% to EUR19.4m (2008: EUR18.0m) helped by performance fees of EUR4.3m (2008: none). The decline in assets under management (AuM) was reversed as the company realized again a small growth to EUR698m (2008: EUR680m) in 2009 which almost met our expectation of EUR705m. EBITDA increased strongly by 30% to EUR7.2m (2008: EUR5.5m) and EBIT turned positive with EUR0.6m after last year's negative figure of EUR-2.3m. Net profit was also positive with EUR0.9m (EPS of EUR0.18), about EUR0.6m better as we forecasted in our last research update. With cash of EUR15.3m and an equity ratio of 78%, the group seems to be well capitalized to capture growth opportunities in the market, especially as the operative investment companies below the holding have additional substantial liquidity resources in their own accounts.

Preliminary data for FY2009 documents stabilization

After some months of a somewhat rare news flow, Altira came up in the last weeks with several press releases documenting that the management is working hard behind the scenes to fulfil on its promises to turn Altira into one of the leading asset management companies focusing on special investment themes in future growth markets. The Altira Group has interests in four different investment segments. First pillar are Private Equity investments focused on German SME companies and Restructuring with its operative vehicles Heliad and Clearsight in Switzerland (40% participation). A second core element is "Renewable Energies & Natural Resources" represented by its operative units ecolutions (emission certificates) and asset management firm VCH. The third focus is on infrastructure investments in Africa with its subsidiary African Development Corporation and the last pillar encompasses different alternative investment themes related to real estate, fund-of-fund management and Hedge Funds and Managed Futures.

Altira posted some good news recently



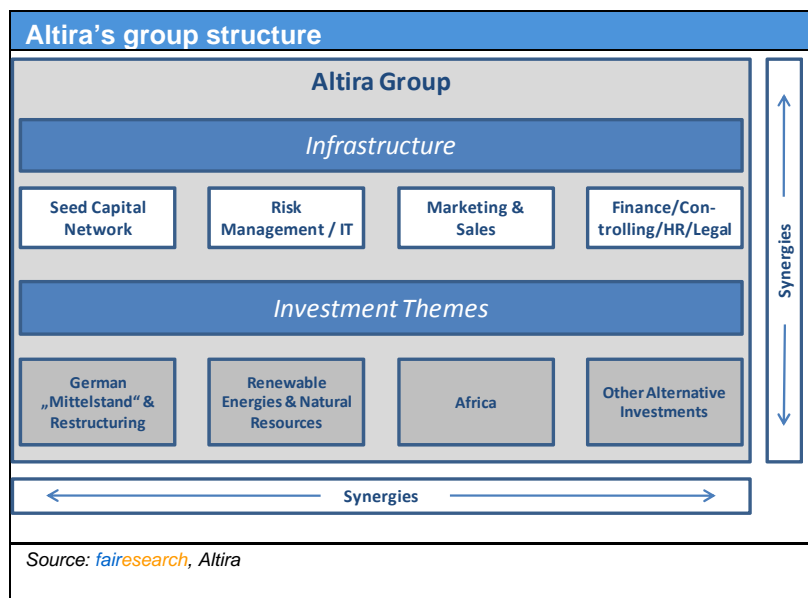
The AuM should rise substantially in the coming years as management announced in a conference call that additional investment capital should be raised in the different segments. Clearsight has already reached commitments of EUR95m for its 2nd fund and additional funds of EUR100 to 200m might be raised in the next years. With the hiring of commodity specialist Ute Speidel who will manage VCH Natural Resources, Altira intends to strengthen and enlarge its asset management

Managements has outlined plans to increase AuM

capacities in this area. It is envisaged that within the next 3 to 4 years, the assets in this respective segment should double to about EUR350m. ADC, the African investment arm, is already in the process to increase its investment capital by EUR30 to EUR50m. In the next 3 to 4 years the investment volume could be extended in a range of EUR100m to EUR130m. Together with positive revaluations of the already managed assets the potential for sales and profit increases is significant. This especially holds true as Altira has established an administrative infrastructure that can support the management of much higher AuM as it is currently the case with EUR700m.

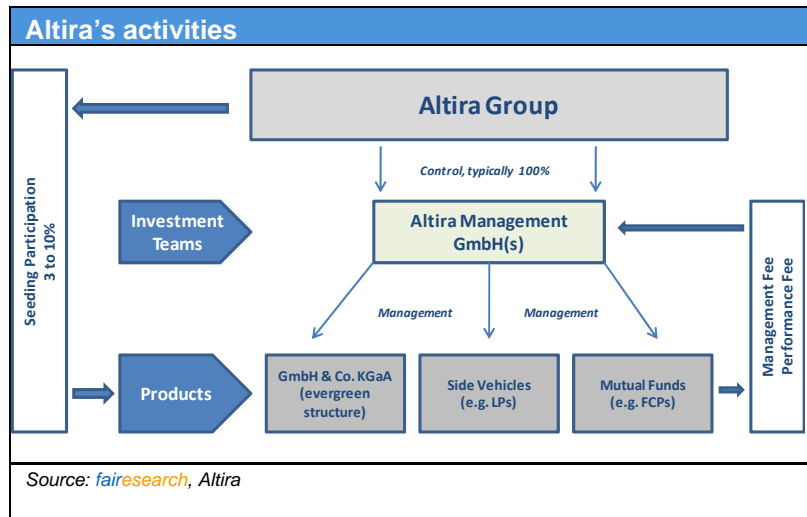
The structure and culture of the Altira Group allow it to combine asset management expertise with entrepreneurship to create sustainable value for its investors like Silvia Quandt Family or institutional investors as Allianz Global Investors and others. Altira's investment teams take their decisions independently and operate under a long-term performance-related incentive system to ensure that their interests are aligned with those of the investors. The teams all use Group's professional institutional infrastructure that provides, among other things, risk management, finance/controlling, legal, marketing and sales (support), and IT services. This ensures stability and high-quality service, particularly with regard to the transparency of investor communications. Additional benefits arise from the use of a large common network, and from other synergies and economies of scale. In addition, the Altira Group generally acts as a seed investor for the products offered by its investment teams in order to ensure an alignment of interests between the investors in these products and the Group's shareholders. A distinguished advisory board with business and financial experts as Prof. Dr. Olaf Henkel, Axel-Günther Benkner and Peter Merian supports the management of Altira.

Attractive business model offers huge upside in the future



Altira receives management and performance fees for the management and advisory of the operative investment companies, also labelled as business development units. As Altira usually seeds these vehicles in the beginning, the Group holding also benefits substantially over time as value is created in these companies and Altira is able to reduce its original stake by selling it to third parties or in an IPO. This creates evergreen fund structures which are not prone to the risk of losing assets when investors draw back invested money.

Altira profits from different revenues streams



Our 12-month price target has been now set at EUR22 as we do not expect that investors will take the full upside potential into their account before the end of the year. Based on our EPS estimates for 2010 and 2011 of EUR1.80 and EUR2.80, the target price would translate into a P/E of 12.2 for 2010 and 7.9 for 2011 which we do not find too demanding. Altira has built the platform for future growth and we are confident that after the stabilization in the financial markets, the company will be able to return to their strong growth in AuM seen in the past. This should lead to substantial increases in sales and profits in the coming years and should also support the development of the share price. We have in fact adjusted our forecasts upwards to account for the new information provided by the management. Yet, it will take 1 to 2 years time before the effects of the improving market conditions and the measures taken by the management truly come to light.

Positive future outlook
– price target slightly
reduced

Profit & loss statement

P&L 2008 – 2012E

FY ending 31st December; €m	2008	2009P	2010E	2011E	2012E
Sales	18.00	19.38	20.50	23.00	27.50
Proceeds on sale of financial assets and securities	7.13	0.11	5.00	6.00	10.00
Disposal costs of financial assets and securities	-3.54	0.00	-2.00	-3.00	-5.00
Write-ups of financial assets	0.00	0.00	2.25	5.00	4.00
Depreciation on financial assets	-7.54	-6.28	0.00	0.00	-0.50
Income from participations	0.36	0.26	1.20	1.75	2.00
Total Net Revenues	14.41	13.47	26.95	32.75	38.00
Costs of purchased services	-4.59	-4.25	-4.00	-4.00	-4.00
Personnel expenses	-7.67	-10.53	-9.00	-9.80	-10.00
Depreciation property, plant & equipment	-0.31	-0.30	-0.30	-0.30	-0.30
Other operating expenses	-7.68	-10.25	-9.00	-9.50	-10.00
Other operating income	3.54	12.51	4.00	4.45	4.80
Total operating expenses	-16.71	-12.81	-18.30	-19.15	-19.50
Income/(loss) before taxes - EBIT	-2.30	0.65	8.65	13.60	18.50
EBIT margin (%)	-16%	5%	32%	42%	49%
Financial expense	-0.09	0.00	0.00	0.00	0.00
Financial income	1.24	0.36	0.50	0.50	0.50
Income/(loss) before taxes - EBT	-1.15	1.01	9.15	14.10	19.00
Income taxes	-1.13	-0.15	-0.90	-1.25	-1.50
Extraordinary income/(loss)	0.00	0.00	0.00	0.00	0.00
Net income/(loss)	-2.28	0.86	8.25	12.85	17.50
Minority interests	-0.11	-0.05	-0.10	-0.12	-0.15
Net income attributable to shareholders	-2.39	0.81	8.15	12.73	17.35
EPS (€)	-0.56	0.18	1.80	2.80	3.82
Average number of shares in circulation (m)	4.268	4.539	4.539	4.539	4.539

Source: [fairesearch](#)

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Recommendation history for the company analysed in this report:

Date	Recommendation	Price at change date	Target Price
07 November 2008	BUY	16.50 EUR (Initiating Coverage)	28.00 EUR
02 December 2008	BUY	13.70 EUR	28.00 EUR
24 February 2009	BUY	11.52 EUR	26.00 EUR
20 March 2009	BUY	12.00 EUR	23.00 EUR
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

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