

Recommendation:  
**BUY** (BUY) Company update

Risk:  
**High** (High)

Price Target  
**EUR 26.00** (23.00)

29 September 2009

## Improving the business step by step

### Half-year data mixed but positive news on the way

- Altira reported 6m figures for 2009 which were still affected by the crisis with a small loss of EUR0.2m and sales decreasing by 25% to EUR7.3m compared to the same period last year. But Q2 data already showed improving conditions in the financial markets. After declining over five quarters, Altira's asset base grew again by 10% in Q2 2009 to EUR677m. This will again lead to higher management fees for Altira. We now expect a small loss for 2009, but anticipate a major swing to a net profit of EUR9m in 2010 as conditions improve further.
- Recent developments shed positive light on Altira Apart from the operative improvement in Q2, the company could deliver positive news to the market showing constant progress. Almost half of the new ClearSight fund means of about EUR90m have been collected and Mrs Kolb, partner of the Werhahn KG, joined as a new shareholder. Also, new products were launched with partners like Signal Iduna and the Berenberg Bank. Additionally, its cash-positive participation R-Quadrat Immobilien GmbH is intended to be merged into quoted Magnat Real Estate Opportunities. Altira will then hold a 14% share (≈EUR3.2m) in Magnat. By this move, transparency of the group will be increased and valuation should possibly increase.
- As markets improve, we raise our 12m price target to EUR26 We intend to take a closer look at Altira in November to verify if our prognosis will live up to its promise. Altira definitely has been able to improve its image with the international investor community as the company was able to deliver positive news like the MIGA deal, the financing of ADC, new shareholders, investors and cooperations as well as awards received for the company's different fund products. The business model of Altira is set to profit from the improving investment and economic climate in the world.
- In 2010 and beyond, Altira should profit from valuation increases in their private and institutional asset management business. Additionally, we expect new money flowing in from old and new investors which are attracted by Altira's specific investment approach. We raise our 12-month target to EUR26 and will take a closer look in November when Altira will be publishing Q3 figures.

#### Key data

Y/E 31.12., EUR m	2007	2008	2009E	2010E	2011E
Total net revenues	35.6	14.4	19.6	34.0	38.9
EBITDA	12.7	5.6	2.0	11.5	14.4
EBIT	11.5	-2.3	-0.3	10.7	13.5
Net profit	9.6	-2.3	-0.8	9.2	11.5
EPS (EUR)	2.39	-0.53	-0.20	2.00	2.50
DPS (EUR)	0.00	0.50	0.50	0.50	0.50
EBITDA margin	35.5%	38.5%	10.2%	33.8%	36.9%
EBIT margin	32.3%	-16.0%	-1.5%	31.4%	34.7%
Dividend yield	0.0%	2.9%	2.9%	2.9%	2.9%
EV/EBITDA	4.9	11.2	31.0	5.4	4.3
EV/EBIT	5.4	-27.0	-206.8	5.8	4.6
P/E	7.2	-32.7	-86.9	8.6	6.9

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

Information sourced from [fairesearch](#), Analyst Klaus Berding

#### Share price (dark) vs SDAX (1 yr)



Change	2009E		2010E		2011E	
	new	old	new	old	new	old
Net Revenues	19.6	25.0	34.0	34.5	38.9	40.5
EBIT	-0.3	2.5	10.7	8.0	13.5	11.5
EPS	-0.20	0.40	2.00	1.50	2.50	22.18

Internet: [www.altira-group.de](http://www.altira-group.de)  
WKN: 121806  
Reuters: A7AGn.DE

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

#### Share data:

Share Price:	EUR 17.24
Shares outstanding (mill.):	4.4
Market capitalisation:	EUR 78.3m
Enterprise Value (EV):	EUR 62.1m
Ø daily trading volume:	1,500

#### Performance data:

High 52 weeks:	EUR 22.23
Low 52 weeks:	EUR 10.02
Absolute performance: (12 months)	-23.7%
Relative performance (SDax):	
1 month	-3.4%
3 months	-17.0%
6 months	-0.4%
12 months	-23.7%

#### Shareholders:

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

#### Financial calendar:

Next event:	Q3 2009 – 26 Nov. 2009 <a href="http://www.altira-group.de">www.altira-group.de</a>
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## Outlook improved as assets grew

Altira published half-year figures at the end of August which came in a bit lower than anticipated by us. Sales in the first half of 2009 were, at EUR7.4m, about 25% lower than last year. Still, EBITDA was positive at EUR0.7m but EBIT came in slightly negative at EUR0.2m and the company reported a net loss per share of EUR0.09. Altira is well financed with an equity ratio of 80% and a cash position of EUR16m at the end of Q2 which could support new and attractive investments within the next 18 months.

Altira announced on the 8<sup>th</sup> of September that their minority share in R-Quadrat Immobilien GmbH will be brought into the quoted company MAGNAT Real Estate opportunities. Altira will then own 14% (≈EUR3.2m) of this European real estate asset manager with a portfolio of EUR500m objects in German-speaking and East European countries. ClearSight Investments AG, the Swiss Turnaround Fund-of-Fund manager, could report to have cashed in EUR42m for its restructuring fund and claims to be able to reach EUR 80 to 100m by year end. In Africa, furthermore, the first exit could be realized and the business unit “Alternative Investments” could report new cooperations with Berenberg Bank and PrismaLife. The unit “Renewable Energy and Resources” was enforced as several new institutional investors, together with the partner Signal Iduna, joined the Altira group. Also, Mrs José Marie Kolb, partner of the Werhahn KG, invested in Altira shares in Q2.

The decline in Altira’s assets under management (AuM) was halted in Q2 of 2009 as the asset base grew again by 10% from EUR616m to EUR677m. The company did not experience a major withdrawal of invested money by its clients. This compares well to other competitors who were far more affected by the financial crisis and the accompanying loss of confidence of their investors. One reason for this is that Altira specializes with its investment teams in themes which are a little bit outside the mainstream. Additionally, the company could post some good news even in these difficult times as ADC got political risk insurance by the World Bank subsidiary MIGA and Patriarch Multi Manager and VCH received awards for their fund performance.

With the stock markets returning from their lowest point, Altira’s assets have grown again and this has improved the outlook for the company’s business. We have adjusted our estimates for 2009 and expect now that the company will show a small loss. In 2010 and beyond, Altira should profit from valuation increases in their private and institutional asset management business. Additionally, we expect new money flowing in from old and new investors which are attracted by Altira’s specific investment approach. We raise our 12-month target to EUR26 and will take a closer look in November when Altira will be publishing Q3 figures.

Half-year figures still affected by crisis

Portfolio changes and new developments

Asset base with turnaround

Improved outlook

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

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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

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