

**Price (Euro)** **11.72**  
52 weeks range 17.90 / 10.02

### Key data

Security ID-No.	121806
Reuters	A7AG.DE
Bloomberg	A7A GR
Stock market segment	Entry Standard
Reporting standard	IFRS
Market Cap (Euro million)	53.2
Shares outstanding (million)	4.54
Free Float	23.8%
Free Float MarketCap (m)	12.7
CAGR 2008e-2011e EBITDA	25.9%

### Multiples

	2008	2009e	2010e	2011e
<b>MarketCap / Total income</b>	<b>2.1</b>	<b>2.7</b>	<b>2.1</b>	<b>1.9</b>
<b>PE Ratio</b>	<b>neg.</b>	<b>neg.</b>	<b>6.2</b>	<b>5.2</b>
Dividend Yield	0.0%	0.0%	6.4%	8.5%

### Key data per Share (Euro)

	2008	2009e	2010e	2011e
<b>EPS (Earnings per Share)</b>	<b>-0.56</b>	<b>-0.01</b>	<b>1.90</b>	<b>2.26</b>
Dividends per Share	0.00	0.00	0.75	1.00

### Financial data (Euro '000)

	2008	2009e	2010e	2011e
Sales revenues	17,975	16,800	19,800	23,100
<b>Total operating income</b>	<b>25,136</b>	<b>19,550</b>	<b>25,600</b>	<b>27,800</b>
Operating profit (EBIT)	-2,317	400	9,240	10,760
<b>Operating profit (EBITDA)</b>	<b>5,545</b>	<b>2,350</b>	<b>9,520</b>	<b>11,070</b>
Pre-tax profit (EBT)	-1,164	515	9,590	11,360
<b>Net Income after minorities</b>	<b>-2,397</b>	<b>-45</b>	<b>8,605</b>	<b>10,245</b>
Shareholders' Equity (million)	49.0	49.0	54.2	59.9
<b>Assets under Mgmt. (million)</b>	<b>680</b>	<b>700</b>	<b>775</b>	<b>900</b>

### Main Shareholders

ABL-group	61.7%
Family Silvia Quandt	7.5%
Allianz Global Investors	5.5%

### Financial calendar

prelim. 2009 results	March 2010
1Q 2010	June 2010
2Q 2010	August 2010

### Analyst

**Stefan Scharff, CREA**

#### Mail

Scharff@src-research.de

#### Internet

www.src-research.de  
www.aktienmarkt-deutschland.de

## Stable segments and good newsflow back the sentiment in Private Equity

Altira Group reported revenues of Euro 11.2m in the first nine months of the financial year (9M 2008: Euro 14.6 million), with an EBITDA of Euro 0.8m and an EBIT of Euro -0.7m. EBIT was at Euro -0.5m in 3Q 2009. Depreciation, amortisation and write-downs in the third quarter were Euro -0.5m with Euro -0.4m resulting from fair value adjustments on exchange-listed investments.

Hence the slight write-off's on the listed investments, Altira was able to show that it is capable of financing its entire group structure with the current management fees. This became seldom in the PE industry these days, particularly when taking the relatively young stages of some investments into account. With promising newsflow and improved awareness for the African Development Corporation (ADC), the group is also moving forward in its African investment unit. Entering this still very underdeveloped investment market as one of the first Asset Managers puts Altira in an excellent position. Due to an exciting pipeline a capital increase is planned in 1Q to address institutional investors and family offices.

The Altira equity ratio was at 77% as of end of 3Q 2009, and there continues to be no significant level of long-term debt. With Assets under management (AuM) of more than Euro 700m and liquid assets of close to Euro 19m the company is in a very comfortable position to expand its portfolio opportunistically.

Altira is also active in High Alpha strategies with focus on sustainability and CO<sub>2</sub> reduction with investments like ecolutions, a company that produces cash-flows in two ways: by earning money through the proceeds of environmentally friendly power-plants and, in addition, selling the resulting carbon emission certificates afterwards. Unfortunately the Copenhagen Climate Summit at the end of last year did not result in a clear model for a new global trading system for those carbon emission certificates. Despite the fact, that inefficient markets can offer interesting margins for the few early players in it, an efficient worldwide scheme would be desirable.

**We clearly confirm our Buy Rating and our Price Target of 24 Euros, because Altira was able to report good operational news in all of its segments. As we stated in our last reports, we believe the firm to be a diversified and solidly-financed player in the Alternative Investment arena. An estimated low 2010 P/E-ratio of only 6.2 makes it a bargain as well.**

## SWOT Analysis

### Strengths

- Management consists of very qualified investment experts with a proven track record and sound network throughout the financial industry and beyond (e.g. in politics, commercial associations)
- Highly conservative capital structure with a current equity ratio of 77% as of 3Q 2009
- Broadly diversified investment portfolio, both regionally (Western Europe, Eastern Europe, Africa) and in terms of selected industry (e.g. German Mittelstand and Restructuring, New Energy, Real Estate, Africa)
- Rebound in assets for the third quarter in a row, now to over Euro 700m

### Weaknesses

- Many of Altira's Private Equity investments are at an early stage and could not contribute positive cash flow to the group so far.
- The weak economic climate forced some of Altira's German Mittelstand holdings like CFC to support their portfolio companies. As experienced since the beginning of the crisis, some exchange-listed investments still suffer from low stock prices.

### Opportunities

- Price levels for both private and public investments are still fairly low in the aftermath of the financial crisis and the high cash base puts Altira in a very comfortable position to exploit upcoming opportunities immediately.
- Altira's stock price reflects the massive discounts to NAV within the whole peer group at the moment but does not take the stage of many of the portfolio's investments into account. Attractive conditions regarding the distribution of future profits (e.g. carried interest) bare enormous potential for revenues in the next years, in particular 2011 to 2013.
- Current AUM levels are high, but still bare large potential for economies of scale.
- Alternative Investments in worldwide megatrends like New Energy or Africa attract more and more interest and liquidity.
- The new eolutions-Gazprom JV for the marketing of Certified Emissions Reductions is an important milestone.

### Threats

- Company's success is highly dependent on the management of its portfolio-companies and the network of the ABL-Group partners.
- Remaining uncertainty about the overall economic development worldwide and/or another severe backdrop of the world's stock markets.
- Uncertainty about the implementation of a worldwide trading scheme for carbon certificates as well as irregularities with the registration of chinese projects for the Clean Development Mechanism.

**Altira group focuses on different alternative high alpha strategies with dedicated investment teams**

### Altira strongly geared to several High Alpha topics

Altira is geared to attract interesting investment managers and sustainable investment ideas to its house. Every idea should contain a very distinctive High Alpha topic. There are some rather well-established parts of business as the German and European SME-portfolio and Private Equity Expansion and Special Situations business and some much more new topics as Africa or the Climate protection (CO<sub>2</sub> reduction) hand in hand with trends in global resources where Altira strongly moves forward with new fund vehicles in its public markets division and institutional partnerships (VCH New Energy Fund and SI Ökoselect for Signal Iduna).

The most important part of Altira's success story is that many entrepreneurial-driven investment managers decide to become a part of the Altira-family to get a substantial relief for the huge framework of all general company functions like IT, finance, accounting and also some marketing/ sales functions. In addition to the seed capital that is invested by Altira the institutional infrastructure helps to raise more money inflows from other institutional investors.

Segment	AuM 2005 (Euro m)	AuM 2009 (Euro m)	Change (%)
<b>German "Mittelstand" and Restructuring</b>	31	<b>200</b>	545%
<b>Renewable Energies and Natural Resources</b>	29	<b>210</b>	624%
<b>Africa</b>	0	<b>20</b>	N/A
<b>Other alternative Investments</b>	160	<b>270</b>	69%
<b>Total (as of end 2009)</b>	220	<b>700</b>	218%

Source: Company Presentation 2010

### Heliad Equity Partners and TIG planning to merge

On 1 December Heliad announced to make an offer to TIG Themis Industries shareholders (also a company of ABL-group) to tender their TIG-shares in a 1:1 exchange rate for Heliad-shares as part of a capital increase on the Heliad-side. During the first phase of the capital increase, authorised capital will be used to increase Heliad's share capital from 7m by up to 4m shares to a total of up to 11m shares, against a contribution in kind in the form of TIG shares. By the expiry of the subscription period in late December 2009, a total of 3,852,699 shares had been placed by way of exchange with TIG shares. So with the offer which represents the first stage, Heliad has successfully acquired 72.27% of TIG's share capital. The capital increase has been submitted already in 2009 for entry in the Commercial Register. In the second stage, a voluntary public offer will then be distributed to all other TIG shareholders to exchange their TIG shares against Heliad shares. As the exchange ratio here will be one-to-one as well, all TIG shareholders will be treated equally. This will raise Heliad's share capital again to a total of more than 12m shares. This second stage is expected to take place in these days, with a two-week acceptance period.

On the operational side of Heliad, the firm announced the acquisition of the Switzerland-based R.Häsler AG, which is a medium-sized service provider in the field of heating installation and maintenance. The company is located in the high-growth region of Northwestern Switzerland and currently generates

**The merger of the two German Mittelstand investments teams will bring up synergies.**

**Acquisition of successful mid-sized Swiss company Roland Häslar will generate immediate cash-flows**

sales of more than Euro 13m. In addition to its traditional heating installation business, the firm benefits from new regulations on improved energy efficiency. This results in increasing refurbishment activity regarding alternative energy solutions like photovoltaics or geothermal systems. Moreover, the founder and former sole shareholder Roland Häslar agreed to remain as an advisor to assist further growth of the firm.

**Altira specializes in topics aside the currently worn out LBO market**

### **Restructuring and financing in the SME-world will be a great opportunity after the peak of slump as banks are still reluctant for loans**

While banks still give only limited access to corporate financing, more and more entrepreneurs value solvent Private Equity Investors as shareholders of their companies which was very seldom in former years. We think there is the starting point of a paradigm shift from bank's financing to PE-financing to come to Germany for many small and medium-sized enterprises (SMEs).

Having a wide network and extensive managerial experience in running companies of the German Mittelstand, Altira will keep profiting from this development.

**Euro 80m raised in 2009 by ClearSight restructuring team – a proof of trust in difficult times**

Altira's advantage is the multi-brand portfolio in the German and European SME-arena to address a variety of topics like turn-around, expansion and refinancing. With ClearSight and the merged TIG/Heliad investment team, the group is able to address all those topics in the segment. ClearSight Investment AG, the Zurich-based cherry-picker in the European restructuring business, will most likely raise more than Euro 80m until year-end 2009, having started in April 2009.

**With the stock market picking up again, AuM of VCH Funds also increased again**

### **Good operational News from fundmanagers VCH and Patriarch**

VCH Vermögensverwaltung - Altira's fund management division - has been the backbone of the group's revenues within the difficult time of worldwide financial turmoil and is still increasingly contributing to Altira's cash flow. The company is focussed on Alternative Investments, particularly in New Energy and commodities either via own products or so-called expert-style funds, where VCH acts as an advisor for third parties.

The recent rebound of economic indicators lead to a strongly increased demand in energy and metals, creating upside potential for the energy and metal companies held in the VCH Expert Natural Resources fund.

Both the acquisition of new advisory mandates and the rising AuM again prove VCH's good reputation as an investment boutique. The rising percentage of institutional clients within Altira's overall client base shows that the group managed to convince demanding clients even under disastrous circumstances in the financial markets.

**VCH fosters position as accredited fund-specialist for renewables and commodities**

Due to positive effects triggered by economies of scale both in the fund management and the group's infrastructure we still see some upside in this field. One other important factor leading to upside potential is the fee structure of Altira's investment vehicles that usually includes a fixed management fee as well as a performance fee. With the current price

**Attractive fee structure bears significant upside in the mid-and long-term**

**Patriarch is a success story with its fund-of-funds approach for private clients**

**Firm has unique business model and outstanding expertise in the field**

**Need for a global, more simple carbon trading system is obvious, but Copenhagen summit outcome not satisfying**

increase in the stock and commodity markets and more volume this should create significantly higher revenues in the mid-term.

Patriarch Multi-Manager GmbH (“Patriarch”), the Altira Group investment team that focuses on retail clients products in the field of long-term asset allocation. Patriarch designs equities-based fund-of-funds for private client asset accumulation has four product categories: Asset Management, Fund-of-funds, Insurance and Labelfunds. The year 2009 has been very successful for Patriarch, despite the financial crisis. Several important management mandates could be won over with sound partners e.g. Germany’s oldest private bank Berenberg.

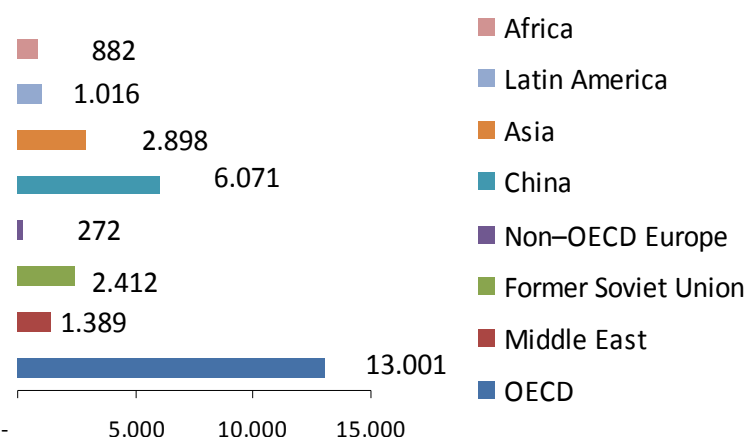
### **Ecolutions to profit from the global CO<sub>2</sub>- reduction efforts**

Ecolutions makes broad-based investments on a global basis in projects which result in a reduction of CO<sub>2</sub> emissions or which absorb CO<sub>2</sub> and therefore receive carbon emission rights which can be sold in accordance with the Kyoto Protocol, e.g. sealing landfills, solar projects, biomass power stations, especially in emerging markets like China and India. So the company not only relies on the income generated by selling the emission certificates, but also receives constant cash flow through selling electricity produced in the clean energy power plants.

The climate conference held in Copenhagen in December 2009, was expected to set standard rules for global CO<sub>2</sub> certificate trading. While there was no sufficient outcome of the summit in general, the desired global carbon trading system unfortunately was not installed again. Although Ecolutions is successfully operating in line with the Clean Development Mechanism (CDM), a globally linked system of carbon certificates would significantly boost the opportunities for the established investor and service provider. Despite the United States now playing an active role as a New Energy frontrunner, the expectations of many political observers and environmentalists were not met.

### **Emerging markets increasingly important in the CO<sub>2</sub> business**

#### **CO<sub>2</sub> emissions (Mt of CO<sub>2</sub>)**



Source: IEA KeyStats 2009

**Emerging markets are the first to show economic strength after the crisis**

**Gazprom will buy and market CERs from ecolutions with a remarkable volume until 2012 – an important success**

**Buy rating confirmed. All segments fairly stable and good upside prospects**

**Alternative Investments regaining investors attention, demand for specialists continues.**

When economic growth has picked up again – both in western countries as well as emerging markets – we see ecolutions to benefit immediately due to their existing business routine in the field and its experienced personnel. According to a recent OECD forecast, China and India are expected to have an average GDP growth of 7.7% and 5.9% in 2009 and even more 9.3% and 7.2% in 2010 respectively. In comparison to the stagnation-scenario in the Euro-zone, this scenario will also increase the flow of funds to these emerging markets.

That means that Altira should benefit from the faster recovery of these markets in comparison to the European market. Furthermore the company is maintaining cash flows from the sale of electricity produced in their renewable energy power plants. This, on the other hand, decreases the running downside risk for Altira here significantly.

When looking at the projected CO<sub>2</sub> emissions of emerging markets like China, one can see the inevitable need for an effective carbon trading scheme as well as other mechanisms to reduce the output of greenhouse gases. Although the Copenhagen summit did not bring the desired binding agreements, it nevertheless showed that even global superpowers like China or India cannot neglect to address those topics in the long run. As we described in our last report, ecolutions reported a very promising new Joint Venture with the Russian energy giant Gazprom. The subsidiary Gazprom Marketing & Trading (GM&T) will buy and market the so-called Certified Emissions Reductions (CERs) that ecolutions will produce in the CDM-framework. The major playground is China. The ecolutions-Gazprom contract has a volume of 3 million tons until 2012. In our view, this is a milestone both in terms of business and visibility for the whole Altira group.

#### **Buy-rating and target price 24 Euros confirmed**

Although the Copenhagen climate summit did not deliver the desired improvements for ecolutions at this point, the overall picture is still good. With the merger of Heliad/TIG the group will be able to further improve its efficiency in the German Mittelstand segment. The vast majority of portfolio companies has mastered the difficult business climate very confident so far and Altira's support should be another competitive advantage for them. With both professional and public attention on the Africa topic picking up within the last months, the odds for the African Development Corporation (ADC) are good. ADC is a pioneer in the Private Equity arena in Africa and has an outstanding network comprising Heads of governments as well as important counsels or worldbank officials.

Looking at the highly conservative capital structure of Altira - with an equity ratio of 77% and liquid assets close to Euro 20m – it is a conservative investment in promising alternative investment niches. As we estimated in our 2009 reports, the AUM have picked up again an amount to about Euro 700m again, showing that institutionals and high net worth individuals are proactively looking for alternative investment opportunities again.

We confirm our Buy-rating, implying an enormous upside of 100% in the share price in the mid-term.

## P&L account and some key data

<b>Altira AG</b> 31/12 IFRS (Euro '000)	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009e</b>	<b>2010e</b>	<b>2011e</b>	<b>CAGR</b> 2008-2011e
Sales revenues	24,854	27,726	17,975	16,800	19,800	23,100	<b>8.7%</b>
Proceeds from sale of securities and financial assets	17,606	6,612	7,131	700	4,500	4,400	
Book value of securities and financial assets (posted at time of disposal)	-8,948	-5,169	-3,539	-450	-1,500	-2,500	
Other operating income	2,270	5,941	3,569	2,500	2,800	2,800	
<b>Total operating income after book value outflow</b>	<b>35,782</b>	<b>35,110</b>	<b>25,136</b>	<b>19,550</b>	<b>25,600</b>	<b>27,800</b>	<b>3.4%</b>
Costs of purchased services	-12,198	-11,970	-4,590	-2,240	-1,980	-2,200	
Personnel expenses	-6,677	-7,185	-7,658	-9,350	-9,200	-9,780	
Other operating expenses	-3,826	-5,197	-7,679	-6,360	-6,200	-6,450	
Income from equity holdings	0	1,902	363	750	1,300	1,700	
Depreciation on financial assets and securities	-606	-876	-7,543	-1,700	0	0	
Amortisation and write-downs of tangible and intangible assets	-164	-261	-319	-250	-280	-310	
<b>Operating income (EBIT)</b>	<b>12,311</b>	<b>11,523</b>	<b>-2,317</b>	<b>400</b>	<b>9,240</b>	<b>10,760</b>	<b>n.m.</b>
<b>Operating income (EBITDA)</b>	<b>13,081</b>	<b>12,660</b>	<b>5,545</b>	<b>2,350</b>	<b>9,520</b>	<b>11,070</b>	<b>25.9%</b>
Net interest income	75	810	1,153	115	350	600	
<b>Pre-tax profit (EBT)</b>	<b>12,386</b>	<b>12,333</b>	<b>-1,164</b>	<b>515</b>	<b>9,590</b>	<b>11,360</b>	<b>n.m.</b>
Tax	-1,660	-2,702	-1,127	-500	-875	-985	
Minorities	45	-43	-106	-60	-110	-130	
<b>Net income after minorities</b>	<b>10,771</b>	<b>9,588</b>	<b>-2,397</b>	<b>-45</b>	<b>8,605</b>	<b>10,245</b>	<b>n.m.</b>
average Number of shares ('000)	3,338	4,007	4,276	4,539	4,539	4,539	
<b>EPS (Euro)</b>	<b>3.23</b>	<b>2.39</b>	<b>-0.56</b>	<b>-0.01</b>	<b>1.90</b>	<b>2.26</b>	<b>n.m.</b>
<b>Dividend per share (Euro)</b>	<b>0.00</b>	<b>0.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.75</b>	<b>1.00</b>	
<b>Shareholders' Equity</b> (without minorities and after dividend payment)	<b>21.9</b>	<b>55.9</b>	<b>49.0</b>	<b>49.0</b>	<b>54.2</b>	<b>59.9</b>	<b>6.9%</b>
<b>Assets under Management at the year-end</b> (Euro million)	<b>811</b>	<b>1,092</b>	<b>680</b>	<b>700</b>	<b>775</b>	<b>900</b>	<b>9.8%</b>

## SRC Research

### - The Specialist for Financial and Real Estate Stocks -

SRC-Scharff Research und Consulting GmbH

Klingerstrasse 23

D-60313 Frankfurt

Germany

Fon: +49 (0)69 / 400 313-80

Mail: Scharff@src-research.de

Internet: www.src-research.de

Rating chronicle	Date	Rating	Former share price	Former target
Altira	27/October/2009	Buy	13.25 €	24.00 €
Altira	26/August/2009	Buy	17.10 €	30.00 €
Altira	18/March/2009	Buy	12.34 €	30.00 €
Altira	12/January/2009	Buy	15.39 €	30.00 €

#### Please note:

The Altira share price mentioned in this report is from closing of 3 February 2010. Altira mandated SRC Research for mentoring the Altira share.

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