

■ **Price (Euro)** **13.25**  
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)	60.2
Shares outstanding (million)	4.54
Free Float	25.3%
Free Float MarketCap (m)	15.2
CAGR 2008e-2011e EBITDA	29.9%

■ **Multiples**

	2008	2009e	2010e	2011e
<b>MarketCap / Total income</b>	<b>2.4</b>	<b>3.1</b>	<b>2.2</b>	<b>2.1</b>
<b>PE Ratio</b>	<b>neg.</b>	<b>neg.</b>	<b>5.7</b>	<b>5.3</b>
Dividend Yield	0.0%	0.0%	5.7%	7.5%

■ **Key data per Share (Euro)**

	2008	2009e	2010e	2011e
<b>EPS (Earnings per Share)</b>	<b>-0.56</b>	<b>-0.01</b>	<b>2.32</b>	<b>2.49</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	17,000	23,100
<b>Total operating income</b>	<b>25,136</b>	<b>19,550</b>	<b>27,900</b>	<b>28,875</b>
Operating profit (EBIT)	-2,317	400	11,180	11,835
<b>Operating profit (EBITDA)</b>	<b>5,545</b>	<b>2,350</b>	<b>11,460</b>	<b>12,145</b>
Pre-tax profit (EBT)	-1,164	515	11,530	12,435
<b>Net Income after minorities</b>	<b>-2,397</b>	<b>-45</b>	<b>10,545</b>	<b>11,320</b>
Shareholders' Equity (million)	49.0	49.0	56.1	62.9
<b>Assets under Mgmt. (million)</b>	<b>680</b>	<b>600</b>	<b>730</b>	<b>900</b>

■ **Main Shareholders**

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

■ **Financial calendar**

3Q 2009 figures	26 November 2009
prelim. 2009 results	March 2010

■ **Analyst**

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## Copenhagen Summit and the new ecolutions-Gazprom JV will give fresh impetus

In 2012 the current Kyoto Protocol to prevent from severe climate changes and global warming runs out. To keep the process on the line there is an urgent need for a new striking climate protocol. At the Copenhagen-conference from 6 to 18 December the most important political parties and associations of the United Nations meet for the last time on the highest government level before the climate agreement needs to be renewed.

Altira is active in promising High Alpha strategies with a very strong focus on sustainability and environment and has a first-class CO<sub>2</sub> reduction firm like ecolutions in its portfolio. Furthermore it started already in 2007 with new products from the funds industry like the VCH New Energy which stands for a steep growth of assets in the first nine months of 2009. We expect the share to rise as many of its assets might gain momentum in 4Q and next year 2010 by the Copenhagen Climate summit and all topics that are related to the prudent exploitation of global resources or the progress of renewable energies.

As we expected Altira delivered satisfying 1H results with a steep rebound in assets in the second quarter from Euro 618m at 1Q to Euro 677m at 2Q. The company made no operating loss despite the challenging climate (1H EBIT at € -0.2m) and despite the multiple initiatives to expand its product range with new high alpha products which have the sustainability of global resources as a main topic. There are new partnerships with well-known Signal Iduna fund manager for the sustainability fund SI Ökoselect where Altira will earn advisory fees and also a great inflow in the VCH New Energy Fund which grew from Euro 1m seeding quickly to Euro 8m until now. For the full 2009 we expect assets under management lower as Magnat Real Estate will switch in 4Q from an external KGaA-based management model to an AG-construction with internal management and Altira will exchange its R-Quadrat shares to the new shareholder structure which means a 14% Magnat-share. Magnat offers a broad European Euro 500m property portfolio somewhere between value added and classic development. The share price climbed since July by about 50% to €4.50 but still has a huge > 70% discount to NAV that seems very high regarding its improved liquidity and a prolongation of debt which was due 2010.

**Altira is poised for reaping until 2013 what it sows now and the former years. The Copenhagen event might raise investor's awareness. And even more yesterday's news about the very new ecolutions-Gazprom JV for marketing CERs. We stick to Buy.**

## 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. political parties, commercial associations)
- Highly conservative capital structure with a current equity ratio of almost 80%
- 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 has already been started. Euro 680m AuM now after Euro 618 at March, thus leading to higher management fees

### 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.
- CFC, one of Altira's German Mittelstand holdings, has sold Format Küchen for a non-disclosed price after closing its fashion unit in July, putting a shadow on the equity story. In October, the CFC-share again trades near its low in March of only Euro 2.50

### 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 bare enormous potential for revenues in the next years, in particular 2011 to 2013.
- Consolidation in the peer group due to the crisis frees large amounts of liquidity which might boost AuM significantly and bring up the desired economies of scale.
- Alternative Investments in worldwide megatrends like New Energy or Africa attract more and more interest and liquidity.
- The Copenhagen Climate Conference will put a spotlight on global warming and on companies in CO<sub>2</sub> reduction – like ecolutions
- The ecolutions-Gazprom JV that was announced yesterday for the marketing of Certified Emissions Reductions is an important step

### 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.

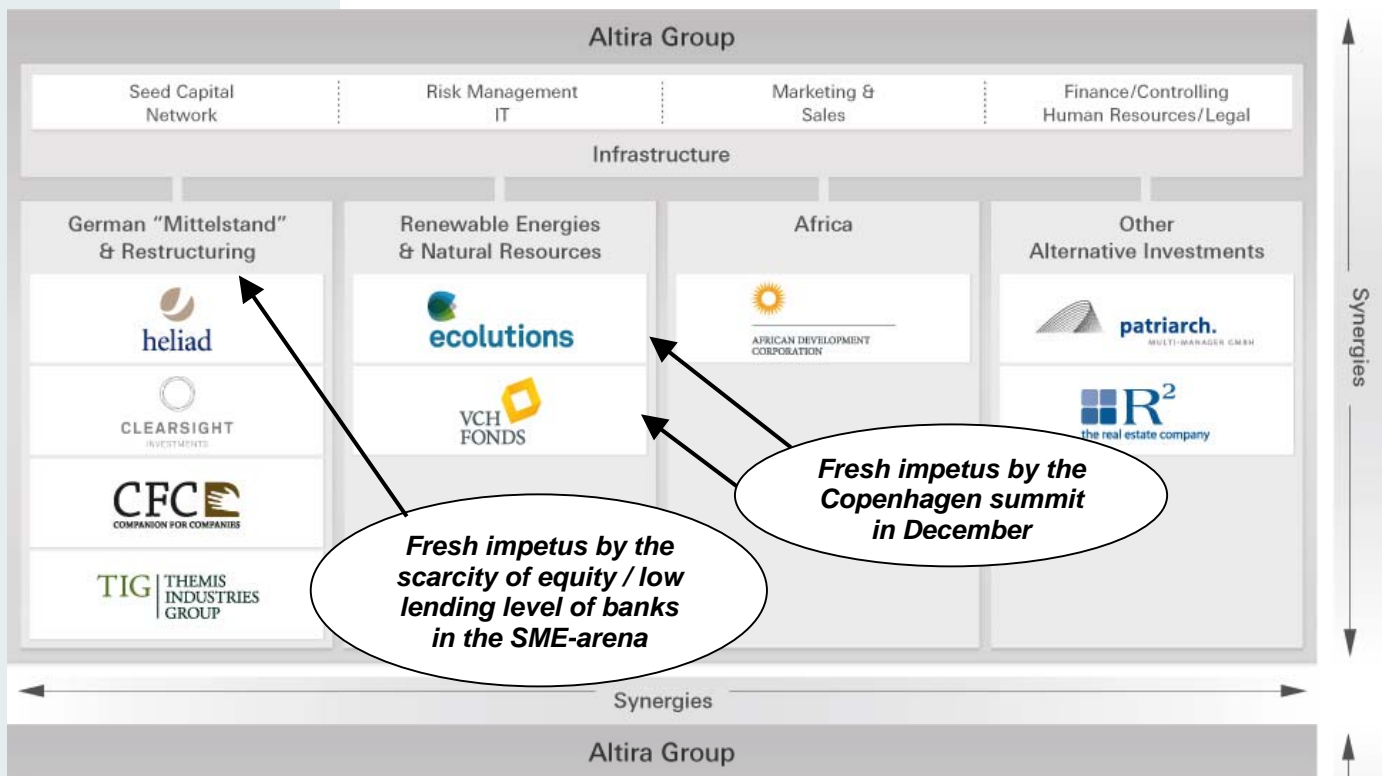
### Altira strongly geared to several High Alpha topics

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 Restructuring 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.

Clearsight Investment AG as cherry-picker in the European restructuring business is a good example. It started early in April this year and had now for 1H 2009 already Euro 42m money inflow for its business. Until now Clearsight raised its assets to Euro 62m and will obviously come up with more than Euro 80m until year-end 2009.

**Altira offers a full framework with all general function like IT, finance, risk management and marketing/ sales to entrepreneurs to give them space to concentrate for their High Alpha strategies**



Source: Company data

**Altira has a multi-brand portfolio in the German and European SME-arena to adress more interesting items than the “dead” LBO**

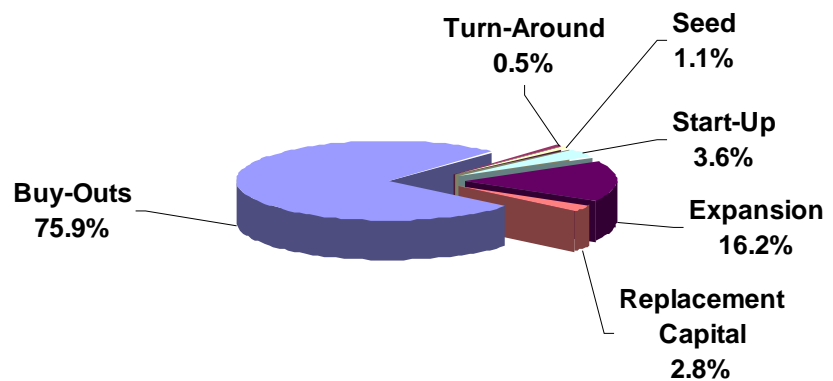
**The PE-industry will turn more to the Turn-Around stories – Altira is well prepared with four experienced teams**

Last year 2008 and the years before Buy-Outs were the lion part with 76% of total German transaction market. With the reluctance of banks for financing most or many Buy-Outs, expansion, giving seed money or doing business in replacement capital there will be a rising demand for capital and entrepreneurial experience.

Altira's advantage is the multi-brand portfolio in German and European SME-arena to adress topics like turn-around, expansion and replacement capital. Many PE-players in Germany are not experienced in other fields than leveraged Buy-Outs but experienced teams and a good track record is eminent in a time where many banks are deleveraging their credit portfolios and will have to do so the next years with stricter equity requirements and a ongoing recession or at least a low growth scenario.

**The German PE-players were focused so far on leveraged Buy-Outs but there are not too many players with experience in other business – Altira offers several companies with a low or no debt approach**

**Private Equity - where the money went in Germany in 2008**



Source: Bundesverband Deutscher Kapitalbeteiligungsgesellschaften, Total sum is Euro 8.4bn

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

**Winning an advisory mandate for Hamburg-based HANSAINVEST asset manager for a sustainability fund**

**Commodity markets already regained investor's attention and VCH profits hereof with distinguished products**

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

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

## Good operational News from the VCH-side of business

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.

After winning an important mandate as adviser for "SI ÖkoSelect", issued by the Hamburg-based Signal Iduna subsidiary HANSAINVEST in June 2009, VCH Vermögensverwaltung was able to increase the Assets under Management in its two future flagship funds again. The total volume of the VCH New Energy fund rose from Euro 2.6m as of year-end 2008 to now Euro 8m now and VCH Expert Natural Resources's AuM from Euro 100m to at least Euro 105m again.

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.

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 incline 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. designs equities-based fund-of-funds for private client asset accumulation has four product categories: Asset Management, Fund-of-funds, Insurance and Labelfunds. Patriarch launched a new product in 2009, the capital protection fund "Patriarch Multi Asset Dynamisch". The fund consists of an active base investment which invests exclusively in international equity funds and is managed by Munich-based DJE Kapital AG. A 10% share of the fund assets will be utilised, independent of the DJE Kapital AG portfolio management, for active risk management by the institutional asset management division of Berenberg Bank, Germany's oldest private bank.

**Firm is on a good way to break even in the mid-term**

**Ongoing uncertainty regarding worldwide carbon trading scheme – Copenhagen conference in December will clarify**

**Fast recovery of some emerging markets will help ecolutions as the markets also offer the most promising opportunities**

**Carbon emissions have to shrink from 12 tons each person each year to only 2 tons until 2050**

**SRI assets grew faster than all other assets classes the last 10 years – Altira will profit on the VCH side and also on the ecolutions side**

## **Ecolutions to profit mostly from the global battle for CO<sub>2</sub> reduction**

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 systems, biomass power stations or bio-fuels, 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.

As we mentioned in our last report, the market for CO<sub>2</sub> emission rights is still dominated by uncertainty about the existence and form of a standardized worldwide trading scheme. Most market participants have positive expectations regarding the climate conference to be held in Copenhagen in December 2009, which is expected to set standard rules for global CO<sub>2</sub> certificate trading. Energy policy is more than ever in the center of the political discussions surrounding climate change, and is thus also playing a decisive role in fighting the source of climate change. In addition, under President Obama, the USA are about to make their country a protagonist in environmentalism. This new political development increases the chance of both the USA and Canada linking their trading scheme to the European CDM (Clean Development Mechanism) system. Recent comments by political experts nevertheless show that a satisfying outcome of the conference is not assured.

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% respectively in 2010 in contrast to a stagnation-scenario in the Euro-zone.

That means that Altira should benefit from the faster recovery of these markets in comparison to the European market. Furthermore the company was able to maintain cash flows from the selling of electricity produced in their renewable energy power plants what decreases the running downside risk for Altira significantly.

All in all we expect a climate change deal done in Copenhagen or in the year that follows. In the developed countries this will require 60% to 80% cuts in carbon emissions until 2050 and at least 20% to 40% carbon reductions by 2020. Initial focus is likely to be on near-term 2020 targets. That means that all developed western countries and the leading countries from Asia might have to spent a relatively huge 1.0% to 2.5% of the yearly GDP to bring down carbon emissions. If you translate it per person in many western countries today the population spends about 12 CO<sub>2</sub> tons each person each year. At the end this has to be reduced to only 2 tons each per each year.

We feel sure that socially responsible investments (SRI) assets grew faster than the entire universe of other managed assets in the United States and Europe during the last 10 years. Altira will profit from its VCH funds like Natural resources, New Energy and advisor fees from SI Ökoselect but also from the

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

**Buy rating confirmed. After the recent setback in share price Altira is a very good buying opportunity.**

step up in valuation at ecolutions. The Copenhagen Climate conference in our view will bring the SRI-familiar stocks more in the spotlight than it ever happened so far.

Yesterday on 26 October ecolutions came out with 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. This is also an important step for ecolutions and Altira to raise awareness for the coming future success.

#### **Buy-rating confirmed, new target price 24 Euros (old: 30 Euros)**

The Altira share traded somewhere at 17 Euros or even above between June and September but came back the last three weeks to only 13 Euros or even slightly below. But keep in mind that the current trading volume on the stock market was relatively low. With the Copenhagen climate summit and the continued trend for rising prices for global resources and the positive news from new asset management mandates we assume Altira to be a very good buying opportunity now. Our target price of 30 Euros is too far away at the moment for a 6 to 12 months horizon, in particular if we keep in mind that with the switch of Magnat Real Estate to an AG-construction in the current fourth quarter Altira will have to show a lower AuM-number for the year-end 2009 (about Euro 600m).

We confirm our Buy-rating. Even with the lower 24 Euros target Altira offers an enormous almost 100% upside in share price.

<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	17,000	23,100	<b>8.7%</b>
Proceeds from sale of securities and financial assets	17,606	6,612	7,131	700	5,500	4,400	
Book value of securities and financial assets (posted at time of disposal)	-8,948	-5,169	-3,539	-450	3,100	-2,500	
Other operating income	2,270	5,941	3,569	2,500	2,300	3,875	
<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>27,900</b>	<b>28,875</b>	<b>4.7%</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	-9,560	-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>11,180</b>	<b>11,835</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>11,460</b>	<b>12,145</b>	<b>29.9%</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>11,530</b>	<b>12,435</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>10,545</b>	<b>11,320</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>2.32</b>	<b>2.49</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>56.1</b>	<b>62.9</b>	<b>8.7%</b>
<b>Assets under Management at the year-end</b> (Euro million)	<b>811</b>	<b>1,092</b>	<b>680</b>	<b>600</b>	<b>730</b>	<b>900</b>	<b>9.8%</b>

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Rating chronicle	Date	Rating	Former share price	Former target
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 26 October 2009. Altira mandated SRC Research for mentoring the Altira share.

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