Altamir

Outperforming listed private equity peers

Investment companies

Altamir (LTA) achieved a 3.9% NAV total return in H116 compared to -1.1% for the LPX Europe index, with EBITDA growth at portfolio companies outweighing the effect of lower market multiples. During the period, three investments totalling €102.6m were finalised and €65.9m was committed to five new investments. Divestment proceeds and revenues totalled €147.2m, including €93.5m from the sale of Infopro Digital, representing a multiple of close to 3.0x cost. Commitments of €300m and €138m have been made to the newly launched Apax France IX and Apax IX LP funds.

12 months ending	Total NAV return (%)	LPX Europe NAV (%)	Total share price return (%)	LPX Europe (%)	CAC Mid and Small (%)
30/06/12	(1.3)	(2.0)	(21.2)	(12.9)	(18.9)
30/06/13	13.4	7.7	51.5	30.0	25.7
30/06/14	19.5	14.4	36.8	22.8	33.8
30/06/15	10.9	13.5	(3.8)	22.8	15.3
30/06/16	14.0	0.6	1.4	(4.2)	(1.2)

Source: Thomson Datastream, Morningstar, Bloomberg. Note: 12-month rolling discrete total return performance in euros up to last published NAV date.

Earnings growth underpinned NAV increase in H116

Altamir achieved a 3.9% NAV total return in H116, primarily driven by gains on divestments, with strong operating performances by carried portfolio companies also making a significant contribution. Valuation gains from EBITDA growth were partially offset by a decrease in valuation multiples applied to portfolio company earnings, reflecting lower market multiples for listed peer companies. Recent new investments Marlink and Cabovisão/ONI contributed €15.9m and €10.8m to the net €41.2m gain on the carried portfolio. Valuation declines were largely confined to listed holdings, reflecting market moves. NAV per share increased from €18.60 at end-2015 to €18.77 at 30 June 2016, after payment of the €0.56 FY15 dividend.

Portfolio activity remains strong

Following an active year in 2015, portfolio activity remained strong in H116, with €147.2m received in divestment proceeds and revenue, and new investments and commitments totalling €78.0m, including €65.9m in five new companies. Altamir has also made commitments of €300m and €138m to the newly launched Apax France IX and Apax IX LP funds. Both funds are using revolving credit facilities to pre-finance capital calls over a 12-month period, giving Altamir a full year's visibility over its cash requirements. At end-June 2016, Altamir had financial resources of €103m against total outstanding commitments of €472m. As well as its mature portfolio offering the prospect of significant near-term realisations, Altamir's directly held listed investments provide a potential source of additional funding if required.

Valuation: Discount and yield both above average

Altamir's share price discount to NAV has narrowed noticeably since mid-February 2016 and currently stands at 39.5% compared to its 34.7% three-year average, suggesting significant scope for further narrowing on the announcement of successful realisations. Altamir's 4.9% yield is one of the highest in its peer group.

14 October 2016

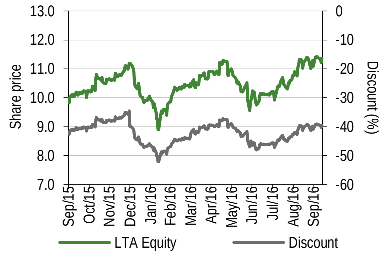
Price	**€11.35**
Market cap	**€414m**
AUM*	**€747m**

NAV*	€18.77
Discount to NAV	39.5%

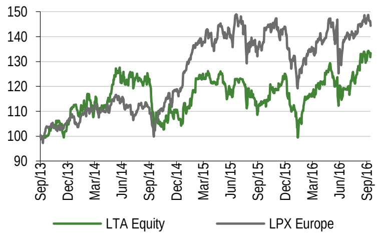
*At 30 June 2016.

Yield	4.9%
Ordinary shares in issue	36.5m
Code	LTA
Primary exchange	Euronext Paris
Sector	Private Equity

Share price/discount performance



Three-year performance vs index



52-week high/low	€11.43	€8.90
NAV high/low	€18.77	€17.11

Gearing

Gross borrowings*	1.4%
Net cash*	8.2%

*As at 30 June 2016.

Analysts

Gavin Wood +44 (0)20 3681 2503

Sarah Godfrey +44 (0)20 3681 2519

investmenttrusts@edisongroup.com

Edison profile page

Exhibit 1: Company at a glance

Investment objective and fund background

Altamir aims to create value for shareholders over the long term by investing exclusively in or alongside European and global private equity funds managed or advised by Apax Partners, which specialises in TMT, retail & consumer, healthcare and business & financial services. Performance is benchmarked against the CAC Mid and Small and LPX Europe indices.

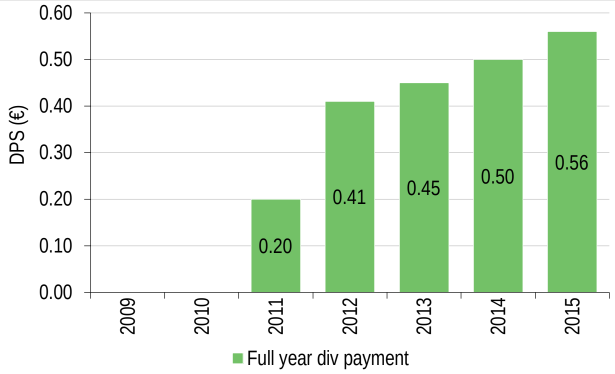
Recent developments

- 5 September 2016: Half-year results to 30 June 2015 – NAV total return +3.9% vs -1.1% LPX Europe NAV total return.
- 29 August 2016: Eric Sabia appointed as Altamir's chief financial officer, replacing Arthur Rozen.
- 28 July 2016: Agreement signed to sell TEXA group to NAXICAP Partners.
- 22 June 2016: Sale of a majority stake in Gfi Informatique completed.
- 31 May 2016: Altamir commits to invest €138m in Apax IX LP fund.

Forthcoming		Capital structure		Fund details	
AGM	April 2017	Ongoing charges	1.69% of NAV (FY15 direct fees)	Management company	Altamir Gérance
Quarterly results	3 November 2016	Net cash	8.2% of NAV	Chairman & CEO	Maurice Tchenio
Year end	31 December	Annual mgmt fee	2% of statutory book value*	Address	1 rue Paul Cézanne, 75008 Paris France
Dividend paid	May 2017	Performance fee	20% carried interest		
Launch date	1995	Company life	Indefinite	Phone	+33 1 53 65 01 00
Continuation vote	N/A	Loan facilities	€47m revolving credit facility	Website	www.altamir.fr

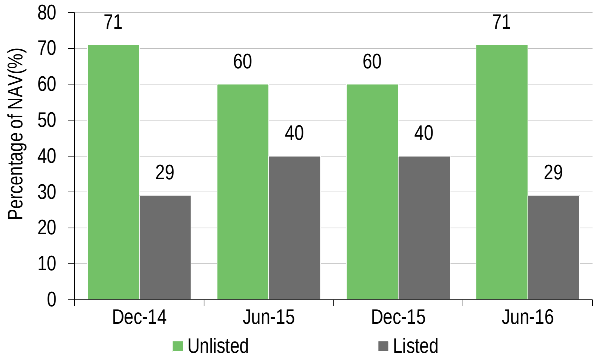
Dividend policy and history

Since FY12, Altamir has paid an annual dividend of 3% of its year-end NAV. Under the previous policy to pay out 20% of restated net income, no dividends were paid for FY08 to FY10 as a net loss was reported; in recognition of this €0.10 was added to the €0.10 payable for FY11 under the 20% payout policy.

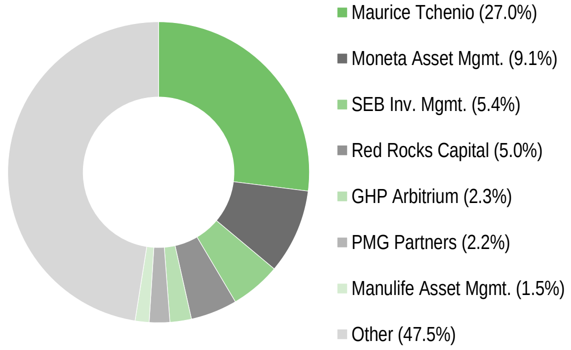


Portfolio fair value split between listed and unlisted investments

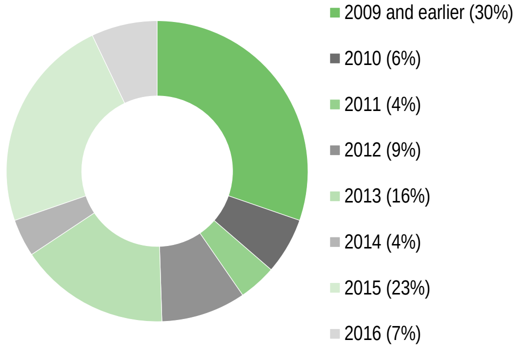
Apax funds' primary objective is to invest in unlisted companies but there is no restriction on holding listed investments if they fall within the scope of the investment strategy. When an unlisted portfolio company is floated, the holding may be maintained with the aim of obtaining a better exit valuation in due course.



Shareholder base (as at 20 September 2016)



Portfolio exposure by vintage** (as at 30 June 2016)



Top 10 underlying holdings (30 June 2016)

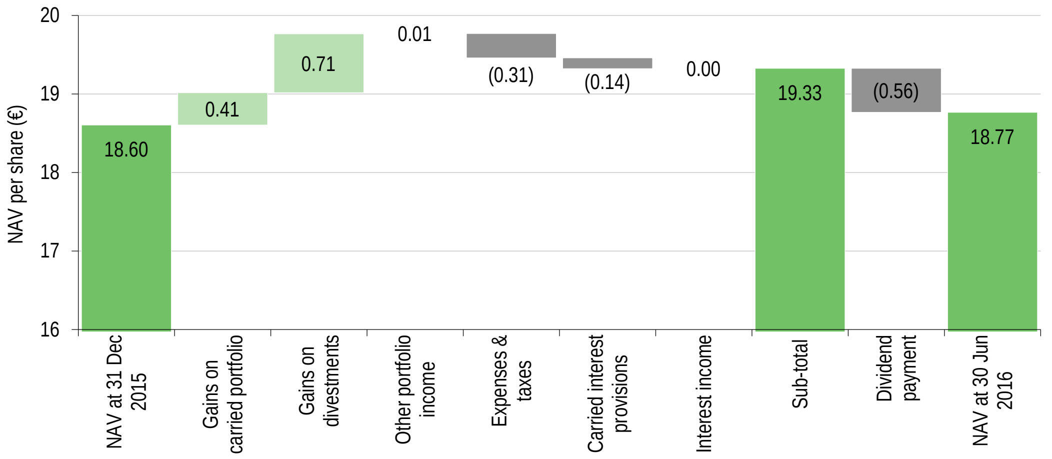
Company	Sector	Year of investment	Residual investment cost (€m)	Fair value (€m)	Portfolio weight at fair value (%)
Altran	TMT	2008	43.0	86.8	11.6
Marlink	TMT	2016	50.1	65.9	8.8
INSEEC	Services	2013	32.3	56.8	7.6
Albioma	Services	2005	59.0	51.1	6.8
Gfi Informatique	TMT	2007	39.8	50.9	6.8
Snacks Développement	Consumer	2013	31.8	46.4	6.2
THOM Europe	Consumer	2010	29.8	46.0	6.2
Texa	Services	2012	20.4	39.4	5.3
Melita	TMT	2016	34.2	34.2	4.6
InfoVista	TMT	2016	33.6	33.6	4.5
Top 10			374.0	511.1	68.4

Source: Altamir, Morningstar, Thomson, Bloomberg, Edison Investment Research. Note: *Statutory book value differs from net asset value as it does not include unrealised capital gains. **Vintage refers to the year a deal was agreed, not the timing of the investment.

EBITDA growth underpins NAV increase in H116

Altamir achieved a 3.9% NAV total return in H116, primarily driven by gains on divestments, while strong operating performances across the carried portfolio companies also made a strong contribution, with 12.9% average EBITDA growth in the Apax Partners France portfolio[1] and 5.7% for the companies held via Apax VIII LP fund.[2] Valuation gains from EBITDA growth were partially offset by a decrease in the valuation multiples applied to portfolio company earnings, reflecting lower market multiples for listed peer companies, leading to the weighted average valuation multiple for the Apax Partners France portfolio declining from 10.7x to 10.1x last 12-months' (LTM) EBITDA and from 11.9x to 11.6x for the companies held via Apax VIII LP fund. Altamir's NAV per share increased from €18.60 at end-2015 to €18.77 at 30 June 2016 after payment of the €0.56 FY15 dividend in May 2016, as illustrated in Exhibit 2.

Exhibit 2: Altamir's NAV per share progression in H116



Source: Altamir, Edison Investment Research

New investments Marlink and Cabovisão/ONI made notable contributions to Altamir's €41.2m overall valuation gains. Largely reflecting its growth since Altamir's investment was initially agreed at the end of 2014, Marlink recorded a €15.9m valuation increase from its €50.1m acquisition cost, making it the second largest portfolio holding at end-June 2016 (see Exhibit 1). Marlink reported revenues of US$362m and EBITDA of US$52m in 2015 and continues to grow, with EBITDA increasing by more than 20% in H116 compared with H115, although revenues were 3% lower. Announced after the half-year end, Marlink expects to close the acquisition of Telemar in Q416, which will establish the business as a global leader in maritime communications, digital solutions and equipment maintenance. Cabovisão/ONI saw its valuation increase by €10.8m from its €20.6m acquisition cost, reflecting business developments since the deal was agreed. The business generated revenues of €143m in 2015 and, since Altamir's investment, a new CEO has been appointed and the management team strengthened.

Apart from a €1.4m decrease across the 21 companies held via the Apax VIII LP fund, valuation declines within the portfolio were confined to listed companies, reflecting market moves. Principal among these were €9.6m and €7.1m decreases for Amplitude Surgical and Capio, respectively. Operationally, Amplitude has been performing well, reporting revenue and EBITDA growth in H116, and its share price decline is viewed by management as inconsistent with the underlying value of the business. Altamir sold its remaining holding in Capio during H116.

[1] Figures for the Apax Partners France portfolio represent 17 companies, accounting for 89% of portfolio fair value at end-June 2016. Vocalcom (2% of portfolio fair value) is excluded.

[2] 21 companies were held via Apax VIII LP fund, accounting for 9% of portfolio fair value at end-June 2016.

Portfolio activity remains strong

Following an active year in 2015, with €143.2m of new investments and investment commitments and €56.2m in realisation proceeds, portfolio activity remained strong in H116. €147.2m in divestment proceeds and revenue was received during the half-year. New investments and investment commitments totalled €78.0m in H116, including €65.9m in five new companies and €12.1m of follow-on investments in existing portfolio companies.

The divestment of Altamir's largest holding, Infopro Digital, which accounted for 13.7% of portfolio fair value at end-2015, was the highest-value transaction in H116, with sale proceeds of €93.5m representing close to a 3.0x multiple of cost. During H116, €19m was received in proceeds from the part sale of Gfi Informatique that had been agreed in 2015, with an additional €15.4m received in July 2016; total proceeds of €35m were €5m more than originally announced. Also in H116, €21.4m was received from the sale of Altamir's remaining investment in Capio, which had been part sold at IPO in June 2015, bringing total proceeds to €53.3m, representing a 1.6x multiple of cost. Other realisations included €8.5m in proceeds and revenue on the IPO of former portfolio company Maisons du Monde; €2.6m from the part sale of GardaWorld, bringing the multiple to 1.5x cost; and €1.9m from the sale of Rhiag, representing a 3.2x multiple of cost.

Two new commitments totalling €58.8m were made via and alongside the newly launched Apax France IX fund in H116, comprising €33.6m in InfoVista, a worldwide provider of network performance software solutions, and €25.2m in Sandaya, a French outdoor accommodation group operating four- and five-star campsites in France and Spain. €23.6m of the InfoVista investment is being made via Apax France IX fund and €9.9m via co-investment. The values of these investments are based on Altamir's €300m maximum commitment to Apax France IX fund, which has raised c €700m to date, but are subject to change as it is anticipated that the fund will hold a final close above €900m.

The acquisitions of Marlink, Melita and Cabovisão/ONI, for which commitments had been made in 2015, were completed in H116 for a total of €102.6m. €11.0m was invested in Marlink via Apax France VIII fund, €19.0m via Apax France IX fund and €17.9m via co-investment. €34.2m was invested in Melita and €20.6m in Cabovisão/ONI, both via Apax France VIII fund. Together with Snacks Développement, the investments in Marlink and InfoVista bring total co-investments to €36.5m. Due to this significant level of co-investment, an amendment to Altamir's articles of association will be proposed at the next shareholder meeting to introduce an IRR hurdle rate for any carried interest payments (performance fees) on these co-investments.

€7.1m was committed to three new investments via Apax VIII LP fund: €2.6m in Italian IT services company Engineering Ingegneria Informatica; c €2.5m to acquire 50.1% of the respiratory solutions business of US company Becton Dickinson; and c €2.1m to create a 60%-owned joint venture in Duck Creek Technologies, an Accenture subsidiary specialising in innovative software solutions for the insurance industry. Following investments in Neuraxpharm Arzneimittel and Invent Pharma, announced in July 2016, Apax VIII LP fund will be 96% committed, bringing it to the end of its investment period. Altamir has made a commitment of €138m to Apax IX LP fund, which closed its first fund-raising in June 2016 and in July agreed its first investment in Dominion Marine Media, a leading global provider of portal advertising and marketing solutions for marine brokers and businesses.

Outstanding commitments and financial resources

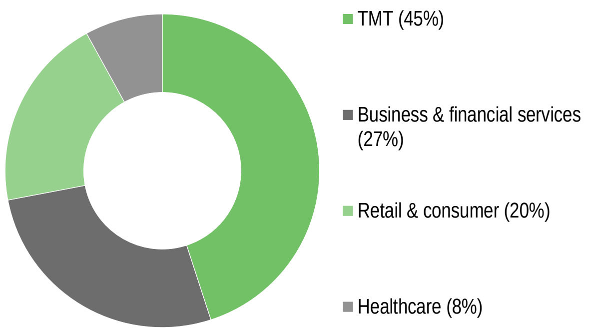
At 30 June 2016, Altamir had net cash of €56m (compared with €37m at end-2015) and a €47m credit facility, giving financial resources of €103m against total outstanding commitments of €472m. However, outstanding commitments include €296m to Apax France IX fund and €138m to Apax IX LP fund, both launched in 2016 with three- to four-year investment periods, suggesting annual drawdowns of €100m to €150m could be expected. While there is an apparent funding shortfall, also taking into account ongoing charges and dividend payments, we believe the size of the commitments made to each of these funds will have been determined following a detailed review by Altamir of the likely timing of fund drawdowns and divestments. As well as holding a mature portfolio with the prospect of significant near-term realisations, Altamir's directly held listed investments, such as Albioma, provide a potential source of additional funding if required. Revolving credit facilities are being used to finance investments in both the Apax France IX and Apax IX LP funds, which creates a significant difference in the net cash position reported in Altamir's statutory company and consolidated group accounts (c €69m at end-June 2016). Through pre-financing capital calls over a 12-month period using these credit lines, Altamir gains a full year's visibility over its cash requirements. Consequently, in our view, there should be little risk of Altamir having insufficient funds to meet its near-term commitments.

Current portfolio positioning

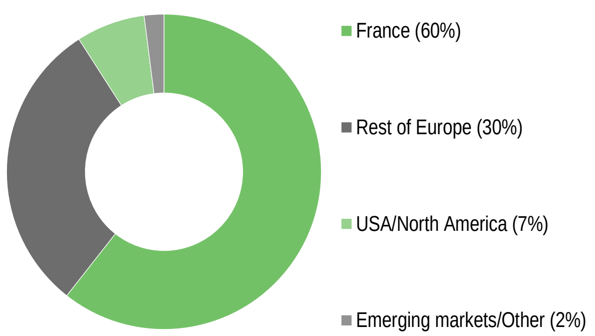
While gradually increasing diversification, Altamir retained a concentrated portfolio at 30 June 2016, with 39 underlying holdings and the top 10 accounting for 68% of fair value (see Exhibit 1). This compares with 36 holdings and the top 10 accounting for 77% of fair value at end-2015. In spite of this concentration, the portfolio is well spread by investment vintage, with 30% of the portfolio, including three of the top 10 holdings, dating from 2009 and earlier, and the balance of the portfolio distributed relatively evenly over 2010 to 2016 (see Exhibit 1). Following the sale of Altamir's remaining shares in Capio and the part sale of Gfi Informatique in H116, the portfolio held eight listed companies, representing 29% of total fair value as at 30 June 2016, compared with nine companies representing 40% at end-2015.

Exhibit 3: Portfolio sector and geographic exposure at 30 June 2016

Sector analysis of portfolio by fair value



Analysis of portfolio company revenues weighted by NAV contribution



Source: Altamir, Edison Investment Research. Note: Figures may not sum to 100% due to rounding.

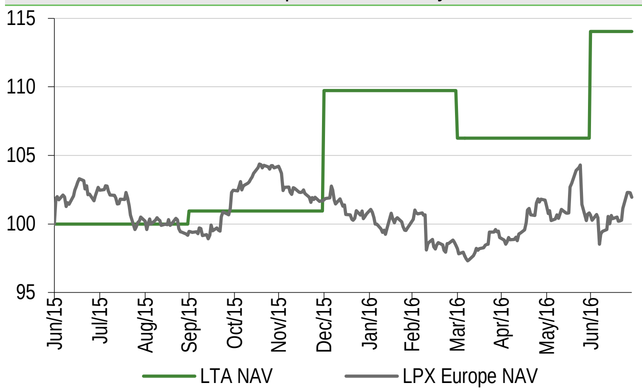
Altamir's sector and geographic exposures are key differentiating features in comparison to listed private equity peers. Exhibit 3 shows Altamir's portfolio exposure across Apax Partners' four sectors of specialisation, with TMT continuing to represent the largest exposure at 30 June 2016. Altamir's concentrated portfolio means that the relative weighting of each sector can vary considerably as new investments and divestments are made. This is reflected in a 5pp decrease in healthcare exposure, alongside 4pp and 3pp increases in retail & consumer and business & financial services exposures compared with end-2015. The right-hand chart in Exhibit 3 shows that Altamir retains a definite European focus with a strong orientation to France in terms of economic exposure, but has a growing exposure to North America and emerging markets.

Performance: NAV returns ahead of PE peers

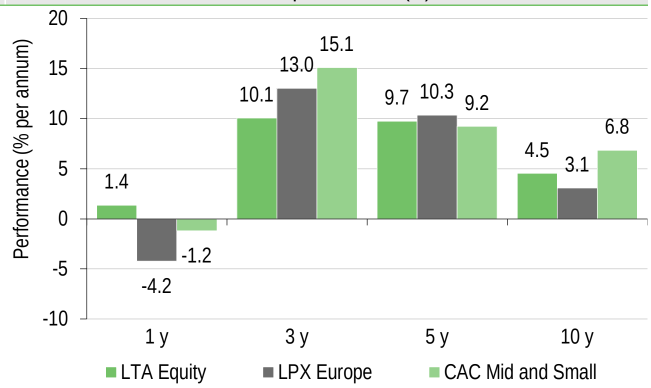
As shown in Exhibit 5, Altamir's NAV total return has outperformed NAV returns for its listed private equity benchmark, the LPX Europe index, over one, three, five and 10 years. Altamir has seen a strengthening of its relative performance over the last year (see Exhibit 4), with a noticeable step-up in NAV in both the December 2015 and June 2016 quarters, which reflect the six-monthly revaluations of unlisted investments. December quarter performance was driven by the agreed part sale of top 10 holding Gfi Informatique at a 46% premium to its prior valuation, while the June quarter performance reflected strong average EBITDA growth across portfolio companies, which outweighed a decline in the weighted average valuation multiple. The NAV decline in the March quarter reflected a decline in the share prices of listed portfolio companies, principally Amplitude Surgical, Capio and Albioma. Exhibit 6 illustrates the differentiated performance that Altamir has delivered relative to its private equity peer group over five years, with a noticeable strengthening in relative performance evident over the last 12 months. The sharp moves in the chart reflect Altamir's quarterly NAV reporting.

Exhibit 4: Investment company performance to 30 June 2016

NAV and benchmark total return performance, one-year rebased



Price and benchmark total return performance (%)



Source: Thomson Datastream, Edison Investment Research. Note: Three, five and 10-year performance figures annualised.

Exhibit 5: Share price and NAV total return performance relative to indices (%)

	Six months	One year	Three years	Five years	10 years
NAV relative to LPX Europe NAV	5.1	13.3	15.6	22.5	33.9
Price relative to LPX Europe	1.8	5.8	(7.7)	(2.7)	15.0
NAV relative to CAC Mid and Small	9.1	15.4	(0.9)	8.8	(2.4)
Price relative to CAC Mid and Small	(0.6)	2.6	(12.6)	2.4	(19.5)

Source: Thomson Datastream, Edison Investment Research. Note: Data to end-June 2016. Geometric calculation.

Exhibit 6: NAV total return performance relative to LPX Europe NAV over five years

Source: Thomson Datastream, Edison Investment Research

Discount: Recent narrowing

As illustrated in Exhibit 7, Altamir's share price discount to NAV has ranged between 21% and 52% over the last three years. Having followed a widening trend since March 2015, the discount has narrowed noticeably since mid-February 2016 and currently stands at 39.5%. This compares to its 34.7% three-year average, suggesting that significant scope exists for the discount to narrow further on the announcement of successful realisations, such as the recently completed part-sale of Gfi Informatique at a 32% premium to market value.

Exhibit 7: Share price discount to NAV over three years (%)

Source: Thomson Datastream, Edison Investment Research

Peer group comparison

Exhibit 8 shows a comparison of Altamir with a selected peer group of European, global and UK closed-ended private equity funds. Returns are shown in base currency, reflecting each manager's performance in their functional currency, and also in euro terms, providing comparability of historical returns to an investor taking currency effects into account. In base currency terms, Altamir's NAV total return is ahead of the peer group average over three and five years but lower than the average over 10 years, based on a smaller sample. Considering returns in euro terms, we note that the decline of the euro against sterling and the US dollar over three and five years to end June 2016 has an unfavourable effect when comparing Altamir's performance against companies with significant exposure to the UK or the US, although there is a favourable effect over 10 years relative to UK-oriented funds. While the euro strengthened by 14.4% and 16.5% against sterling over 12 months and 10 years to end-June 2016, over three and five years to end-June 2016, the euro declined by 3.5% and 9.1% against sterling. Relative to the US dollar, the euro weakened by 0.7%, 14.9%, 23.7% and 13.5% over one, three, five and 10 years to 30 June 2016. Altamir's NAV total return in euro terms is ahead of the peer group average by a slimmer margin over three and five years and lower than the average by a more modest amount over 10 years.

Looking at a broader European peer group, Altamir's NAV total return has outperformed the LPX Europe index over three, five and 10 years (see Exhibit 5). Although it has narrowed noticeably since mid-February 2016 (see Exhibit 7), Altamir's share price discount to NAV remains one of the widest in the peer group, suggesting significant scope for it to narrow. Like the majority of peers, Altamir is ungeared while its 4.9% yield is the second highest among only seven dividend-paying companies within the peer group of 12.

Exhibit 8: European and global private equity peer group at 12 October 2016*

% unless stated	Base currency	Market cap	Returns in base currency terms: NAV TR 3 Year	NAV TR 5 Year	NAV TR 10 Year	Returns in euro terms: NAV TR 3 Year	NAV TR 5 Year	NAV TR 10 Year	Discount (ex-par)	Net Gearing	Dividend yield (%)
Altamir	€	€413m	51.1	69.0	88.7	51.1	69.0	88.7	(39.5)	100	4.9
Deutsche Beteiligungs	€	€405m	41.6	54.7	197.4	41.6	54.7	197.4	28.1	100	3.4
GIMV	€	€1,167m	20.6	17.2	40.9	20.6	17.2	40.9	6.1	100	3.9
HarbourVest Global Private Eq.	US$	£864m	36.9	57.9		60.1	106.1		(23.2)	100	
Electra Private Equity	£	£1,700m	75.1	112.0	243.7	80.6	130.4	185.9	(6.0)	97	
HgCapital Trust	£	£544m	45.1	55.0	181.9	49.6	68.4	134.5	(8.4)	100	2.7
ICG Enterprise Trust	£	£457m	23.8	43.4	100.2	27.7	55.8	66.5	(21.4)	100	1.7
Oakley Capital Investments	£	£246m	10.3	19.4		13.7	29.8		(39.8)	100	
Pantheon International	£	£1,036m	40.7	69.7	135.1	45.1	84.4	95.6	(21.1)	100	
Princess Private Equity	£	£568m	41.5	47.8		41.5	47.8		(18.7)	103	6.6
Standard Life Euro Private Eq.	£	£415m	39.2	43.9	106.9	44.1	57.0	72.8	(19.3)	100	1.9
SVG Capital	£	£1,073m	38.6	69.1	(5.1)	43.0	83.7	(21.0)	(10.7)	100	
Average			38.7	54.9	121.1	43.2	67.0	95.7	(14.5)	100	3.6

Source: Morningstar, Edison Investment Research. Note: *Performance data to 30 June 2016. TR=total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
245 Park Avenue, 39th Floor
10167, New York
US

Sydney +61 (0)2 9258 1161
Level 25, Aurora Place,
88 Phillip Street, Sydney
NSW 2000, Australia

Wellington +64 (0)4 8948 555
Level 15, 171 Featherston St
Wellington 6011
New Zealand