Altamir
INVEST VIA APAX PARTNERS

Altamir's NAV as of 31 March 2020:
€24.21/share, back almost to its 30 June 2019 level

Paris, 19 May 2020 – Net Asset Value per share was **€24.21** as of 31 March 2020, down 12.7% from 31 December 2019. NAV has thus returned to near its level of 30 June 2019 (€24.54/share), the Covid-19 crisis having caused it to give back the gains realised in the second half of 2019. The reduction in multiples explains most of this decline.

As a reminder, all portfolio investments were revalued as of 31 March and not only the listed companies as is ordinarily done at the end of the first quarter, so that NAV would reflect the impact of the current situation. A detailed presentation of Altamir's results is available on the company's website: https://www.altamir.fr/en/news/

1. PERFORMANCE:

Net Asset Value (shareholders' equity, IFRS basis) stood at **€884.1m** (vs €1,013.2m as of 31 December 2019).

The change in NAV during the first quarter resulted from the following factors:

In €m	Portfolio	Cash (Debt)	Carried interest provision	Other assets and liabilities	NAV
NAV 31/12/2019	**1,059.6**	**83.3**	**(127.6)**	**(2.1)**	**1,013.2**
+ Investments	73.4	(73.4)	-	-	-
- Divestments	(12.1)	11.2	-	-	(0.9)
+ Interest and other financial income (including dividends)	-	(18.5)	-	-	(18.5)
+/- Positive or negative change in fair value	(125.0)	-	23.1	-	(101.9)
+/- Purchases and external expenses	-	(7.6)	-	(0.3)	(7.9)
- Dividends paid	-	-	-	-	-
NAV 31/03/2020	**996.0**	**(5.0)**	**(104.5)**	**(2.4)**	**884.1**

In the context of the Covid-19 epidemic, portfolio companies took all necessary measures to protect the health and safety of their employees. They maximised recourse to teleworking and continued their business activity and customer support. They have taken advantage of the economic support programs implemented by various governments, such as partial unemployment. They also cut costs and deployed other cash conservation measures. Their financial condition is sound, and they have sufficient room for manoeuvre with regard to their bank covenants.

Composed of growth and geographically diversified companies positioned in overall resilient sectors, the portfolio has been resistant to the crisis, with a valuation down 11.2% over the quarter. This decline reflects a mixture of trends:

- **The TMT sector (48% of the portfolio)** saw its valuation decline by 7.6%. For the most part, however, it has held up well against the crisis, underpinned by demand for digital transformation solutions and managed services for cloud access and cyber security. In addition, many companies have migrated to a subscription contract model, which provides medium-term visibility on their revenue. First quarter business was brisk for companies such as **Bip** (management consulting and digital transformation services, based in Italy), **ThoughtWorks** (a leader in digital transformation and software development) and **Expereo** (managed internet and cloud connectivity solutions). **Marlink** (satellite communication services) experienced a mixed quarter, but its EBITDA should remain stable – at least – over the full year. Some portfolio investments, such as **Paycor** (HR software dedicated to US-based SMEs), nevertheless experienced a slowdown in demand, in some cases significant, as a result of their customers' suspended business activity, but this does not call their medium-term growth outlook into question.

- **The Services sector (22% of the portfolio)**, which saw its valuation decline by 11.5%, experienced contrasting trends. Certain companies suffered a drop in business, as their customers closed sites, while others benefited – in certain segments – from additional demand linked to the healthcare crisis. **Entoria** (wholesale insurance broker specialised in supplemental health and income protection insurance for self-employed persons and the managers and employees of SMEs) maintained a favourable level of business and continued to support its customers, both brokers and policyholders. **AEB Group** (supplier of ingredients and services for beverages and food products) posted an increase in its sales of sanitization solutions, but forecasts a decline in its wine ingredients business as a result of lower consumer demand. **SK FireSafety Group** (a leading European fire safety company) was forced to cancel its maintenance operations, as certain client sites were closed. The company projects it will catch up, however, between now and the end of the year or in early 2021 at the latest, owing to the critical nature of its business activity. Online marketplaces such as **Trade Me** (New Zealand-based marketplace platform) saw their business activity contract, but are well equipped to weather the crisis, given their optimised cost structure and liquidity.
- Trends were also mixed in **the Healthcare sector (5% of the portfolio)**, which saw its valuation decline by 12.3%. As priority was given to the treatment of pathologies related to Covid-19, less urgent procedures and medical exams were postponed, penalising the activity of companies such as **Unilabs** (European leader in diagnostics) and **Amplitude Surgical** (surgical technology for lower limb orthopaedics), but these companies anticipate significant recovery over the next few months. Conversely, **Vyaire Medical** (world leader in respiratory diagnostics, ventilation and post-anaesthesia monitoring) experienced a great burst in demand for its products in the context of Covid-19.

- The valuation of the **Consumer sector (25% of the portfolio including the AHO20 fund)** declined by 16.8% and was the most impacted by stay-at-home measures, both in retail (store closures not offset by online sales) and in education (school closures). **Alain Afflelou** (one of Europe's principal optics and hearing aid franchisers) and **THOM Group** (leading European jewellery retailer), whose financial years are decorrelated from the calendar year, were ahead of budget in mid-March and restarted their businesses as soon as stay-at-home restrictions were eased. **Snacks Développement** (European private-label savoury snacks) experienced robust growth in demand on its principal markets.

2. ACTIVITY:

a) €11.9m invested and committed during the quarter:

Altamir invested €7.5m via the Apax X LP fund to acquire **Cadence Education**, a leader in the education of young children in North America.

In addition, when the **Graitec** and **Destiny** transactions were closed at the start of the year, the amounts invested in each of the two companies was €1.2m higher than estimated as of 31 December 2019.

Lastly, Altamir made €2m in follow-on investments in existing portfolio companies, principally **Baltic Classifieds Group**, **Snacks Développement**, **Lexitas**, **Zensar Technologies** and **TietoEVRY**.

b) €12.8m in divestment proceeds and revenue:

The divestment of **Engineering**, which was held through the Apax VIII LP fund and represents ca. €6.7m for Altamir, is set to be finalised during the summer.

Altamir recognised €6.1m in additional revenue during the quarter, principally from **Boats Group** (€1.1m in dividends), **TietoEVRY** (€1.1m from the sale of shares) and **Duck Creek Technologies** (€1.0m raised during a pre-IPO financing round).

3. CASH AND COMMITMENTS:

Altamir's net cash position as of 31 March 2020 on a statutory basis was **€34.3m** (vs €79.1m as of 31 December 2019).

Cash declined in part because the valuation of the high yield bond fund invested in emerging markets declined by €19m. As of 31 March 2020, this fund totalled €43.8m (vs €62.7m as of 31 December 2019). This discount should be absorbed over the next few months, as the fund's underlyings are very sound. The yield to maturity was 21.3% as of 30 April, with an average duration of 3.5 years and an average debt/EBITDA ratio of 3.3x, which is below that of European investment-grade companies.

Altamir is in advanced negotiations with its banks so as to increase its credit lines to around €70m.

As of 31 March 2020, the maximum amount of Altamir's commitments was €605.3m, of which €530.0m will be invested over the next four years, principally as follows:

- €350.0m in the Apax France X-B fund;
- €180.0m in the Apax X LP fund (including €18.8m committed but not yet called);
- €33.1m in the Apax France IX fund (including €27.7m committed but not yet called);
- €11.2m in the Apax IX LP fund (including €7.6m committed but not yet called);
- €12.8m in the Apax Development fund (including €2.6m committed but not yet called);
- €6.9m in the Apax France VIII fund;
- €3.1m in the Apax Digital fund (including €0.3m committed but not yet called);
- €7.6m in distributions recallable by the Apax VIII LP and Apax IX LP funds.

As a reminder, Altamir benefits from an opt-out clause, under which it can adjust the level of its commitment to the Apax France X fund by up to €80m, depending on its available cash.

4. EVENTS SINCE 31 MARCH 2020

The Apax X LP fund's acquisitions of **Coalfire** and **Verint Systems** were finalised in April and May.

5. DIVIDEND PAYMENT

At their General Meeting of 28 April 2020, Altamir's shareholders approved a dividend of €0.66 per share, or 2.4% of NAV as of 31 December 2019, stable compared with the dividend paid in 2019. The dividend will be paid on 28 May 2020 (ex-dividend date: 26 May 2020).

6. GOVERNANCE

At the General Meeting of 28 April 2020, shareholders approved all of the proposed resolutions by a very wide majority (from 81.85% to 99.99%).
Among these were the renewal of the terms of three members of the Supervisory Board, Anne Landon, Jean-Hugues Loyez and Jean Estin, for a period of two years.

7. FORTHCOMING EVENTS

H1 2020 earnings and NAV as of 30/06/2020	8 September 2020, post-trading
NAV as of 30/09/2020	5 November 2020, post-trading

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About Altamir

Altamir is a listed private equity company (Euronext Paris-B, ticker: LTA) founded in 1995 and with a NAV of nearly €900m. Its objective is to provide shareholders with long-term capital appreciation and regular dividends by investing in a diversified portfolio of private equity investments.

Altamir's investment policy is to invest via and with the funds managed or advised by Apax Partners France and Apax Partners LLP, two leading private equity firms that take majority or lead positions in buyouts and growth capital transactions and seek ambitious value creation objectives.

In this way, Altamir provides access to a diversified portfolio of fast-growing companies across Apax's sectors of specialisation (TMT, Consumer, Healthcare, Services) and in complementary market segments (mid-sized companies in continental Europe and larger companies in Europe, North America and key emerging markets).

Altamir derives certain tax benefits from its status as a SCR (*"Société de Capital Risque"*). As such, Altamir is exempt from corporate tax and the company's investors may benefit from tax exemptions, subject to specific holding-period and dividend-reinvestment conditions.

For more information: www.altamir.fr

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GLOSSARY

EBITDA: Earnings before interest, taxes, depreciation and amortisation

NAV: Net asset value net of tax, share attributable to the limited partners holding ordinary shares

Organic growth: growth at constant scope and exchange rates

Uplift: difference between the sale price of an asset and its most recent valuation on our books prior to the divestment

Net cash: cash on hand less short-term financial debt