

# Company presentation

February 2013



Scherzer & Co.

1. Executive Summary
2. Investment Strategy
3. Portfolio
4. Financials
5. Summary



# Executive Summary

## Scherzer & Co. AG

Scherzer & Co. AG is a Cologne, Germany-based investment holding company whose object is to pursue long-term capital appreciation for its shareholders through an investment strategy that is both safety-oriented and opportunistic.

From safety-oriented aspects investments are undertaken in takeover bid/squeeze-out stocks and value stocks where the market price appears underpinned on the downside. Price-stabilising features may be a “natural floor” in the case of structural measures, either announced or in progress, or excellent balance sheet and earnings quality in the case of value stocks.

It also invests in companies offering enhanced opportunity potential at predictable risk, focusing especially on select growth companies with a sustainable business model. However, the market is also analysed for special situations that can offer attractive risk-reward profiles for diverse reasons. In addition, the company gladly seizes upon opportunities to participate in promising capital measures or secondary placings.



# Scherzer & Co. AG

## Mission Statement

- 
- As mid-term target, to build an investment portfolio with equity financing of at least €100 million.
  - To establish the company as one of the top quoted investment holding companies in the area of special situations and corporate actions.
  - The position of the company as a relevant partner for transactions in the area of special situations.
  - To achieve sustained capital appreciation.
-

1. Executive Summary
2. Investment Strategy
3. Portfolio
4. Financials
5. Summary



# Investment Strategy

## The investment universe

We primarily analyze investments in regions under German jurisdiction.

We believe that most market valuations are different. But due to human irrationality, valuations are occasionally incorrent , creating investment opportunities on the market.

We aim to use these opportunities on a focused portfolio. A company's market capitalization or listing on an index are of rather minor importance. We also do not focus on any one sector. Any plausible and convincing business model is of potential interest for us.

Such investment opportunities usually occur in the following three categories, which is why Scherzer & Co. AG focuses on them:

---

### Unknown

- 500-1000 shares without coverage
- Microcaps
- No interest in investor relations
- Illiquid trade

---

### Unloved

- Business model is misconceived
- Unpopular sector
- Restructuring scenario
- Earnings power is misconceived

---

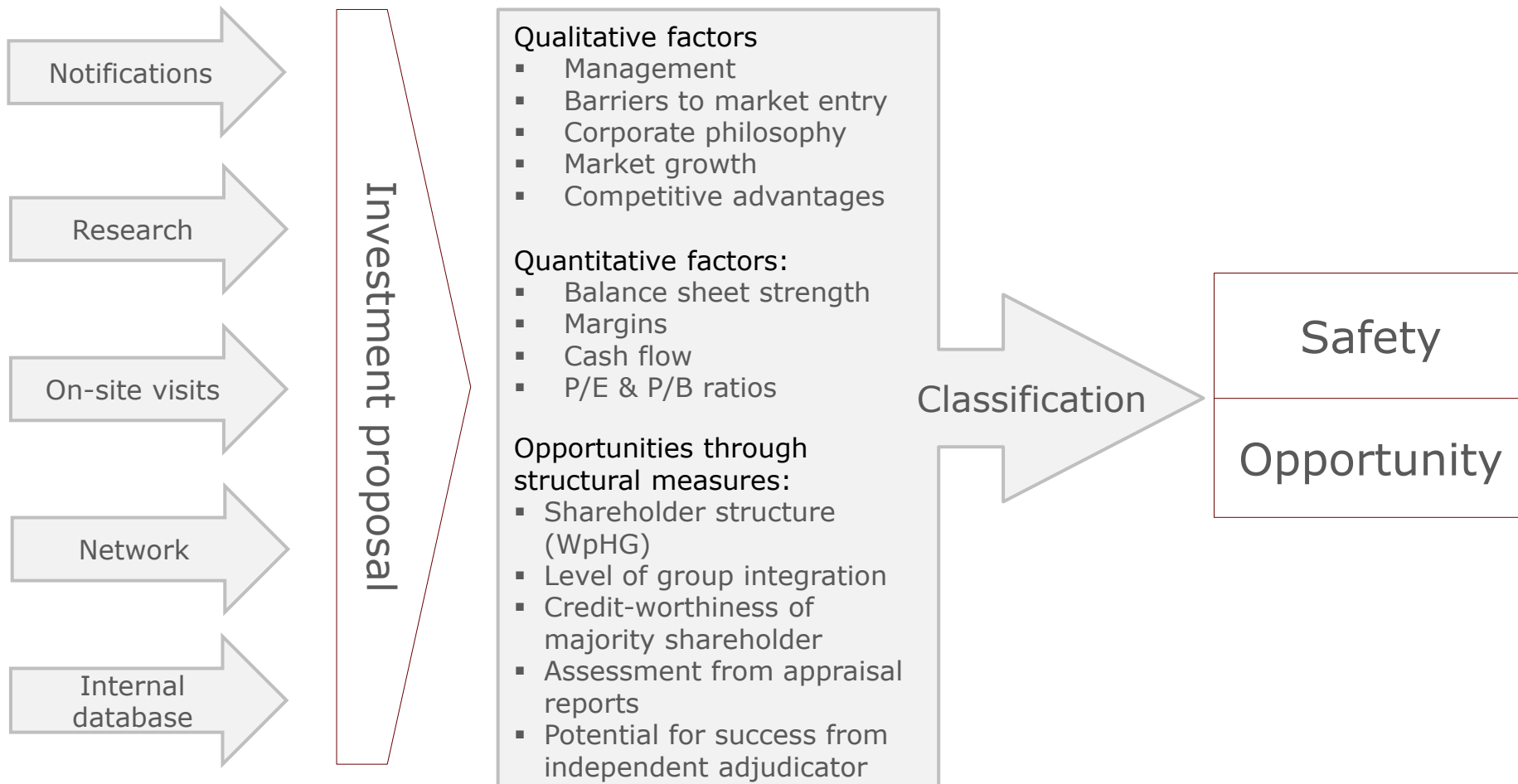
### Special situation

- Takeover situation
  - Squeeze-out seems likely
  - Affiliation agreement seems likely
  - Capital measures
  - Reorientation
-



# Investment Strategy

## The selection process





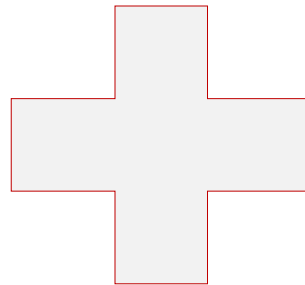
# Investment Strategy

## Safety and opportunity

Risk-reduced capital appreciation while at the same time seizing upon interesting capital market opportunities:

### Safety:

- Investments with a „natural floor“
- Special balance sheet quality: net cash position, little/no debt, share price (significantly) below book value
- Strong and/or strategic principal shareholder
- Special earnings quality: sustained, positive earnings, as far as possible non-cyclical business, dividend continuity, sustained free cash flows



### Opportunity:

- Investments in sustainable models with appropriate growth potential
- Special situations
- Seizing upon opportunity potential presented by capital measures (restructurings, recapitalizations, growth financials)
- Participating in corporate realignments





# Investment Strategy

## Example: Opportunity

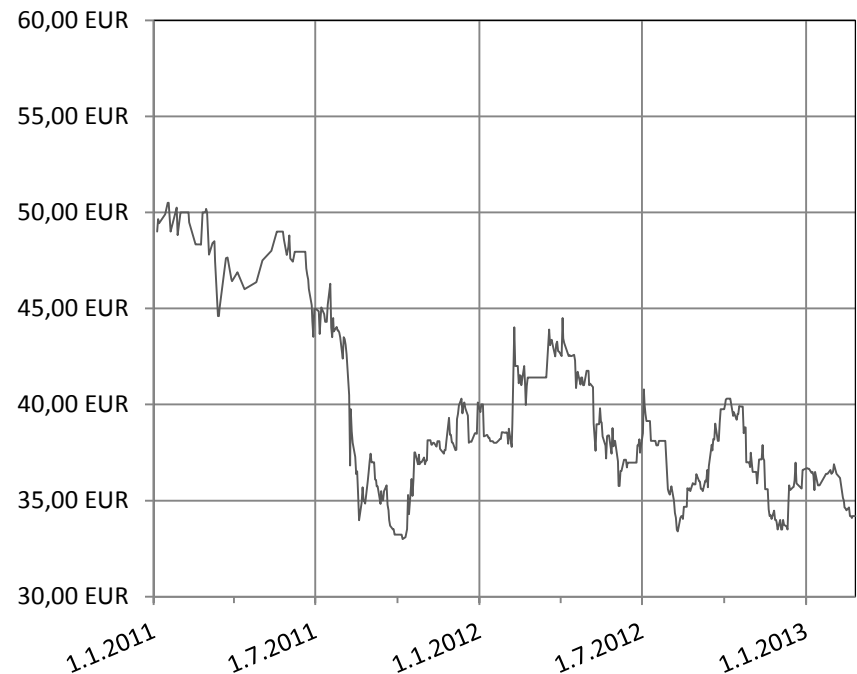
### Business model:

- GK Software AG is a leading technological software partner for the retail industry with an extensive range of solutions for stores and company headquarters. Its customers include renowned retail companies such as Galeria Kaufhof, Douglas, EDEKA and Tchibo.

### Investment case:

- Approximately 140,000 GK Software AG solutions are currently in use in over 27,500 stores in over 30 countries.
- Partnerships with SAP and Bizerba are aimed at opening up new market segments for the company.
- The company has enjoyed its first successes together with Fressnapf and Swiss retailer Valora Group.
- Future capital investment from SAP AG does not appear to be out of the question.

### GK Software AG



German securities ID: 757 142

Sector: Software

Market capitalisation: EUR 60.86 million

Majority shareholder: 57.51% - company founder



# Investment Strategy

## Example: Safe investment

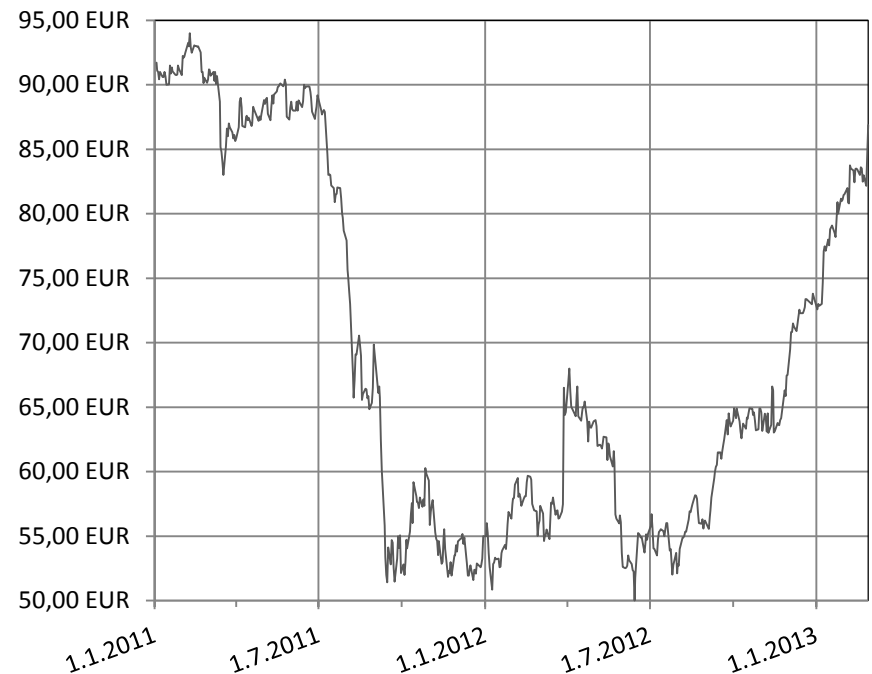
### Business model:

- Generali Deutschland Holding is the management holding company of Germany's second-largest primary insurance group. The holding company houses a range of renowned insurance companies and financial services providers such as AachenMünchener, Generali, CosmosDirekt, Central Krankenversicherung, Advocard and Badenia.

### Investment case:

- The integration of the company into the Italian parent group began with a voluntary tender offer from Assicurazioni Generali in 2006.
- It only appears to be a matter of time before small shareholders are squeezed out. However, this is currently being prevented by the European sovereign debt crisis.
- Generali Deutschland is set to exceed its profit target of EUR 410 million for 2012, and is anticipating consolidated earnings of EUR 500 million.
- The management board has proposed a dividend of EUR 5.20 for 2012.

### Generali Deutschland Hld. AG



German securities ID: 840 002

Sector: Insurance

Market capitalisation: EUR 4.757 billion

Majority shareholder: Estimated at 93.02% - Generali Group



# Investment Strategy

## Example: Safe investment

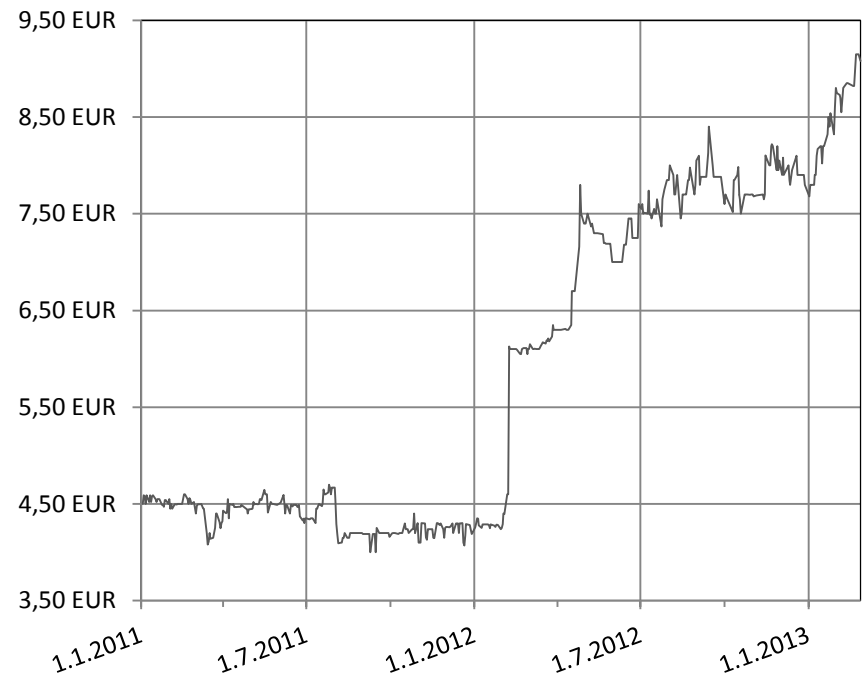
### Business mode:

- IBS AG is one of the leading providers of quality, production and compliance management services.

### Investment case:

- Siemens AG made a public takeover bid of EUR 6.10 per share to shareholders on 7 February 2012.
- On 11 October 2012, a domination agreement was concluded with Siemens AG.
- On 29 November 2012, the shareholders' meeting approved a cash settlement of EUR 6.90 and a gross compensation payment of EUR 0.26 (net EUR 0.23).

### IBS excell.collab.manufact. AG



German securities ID: 622 840

Sector: Software

Market capitalisation: EUR 61.95 million

Majority shareholder: 81% - Siemens AG



# Investment Strategy

## Example: Opportunity

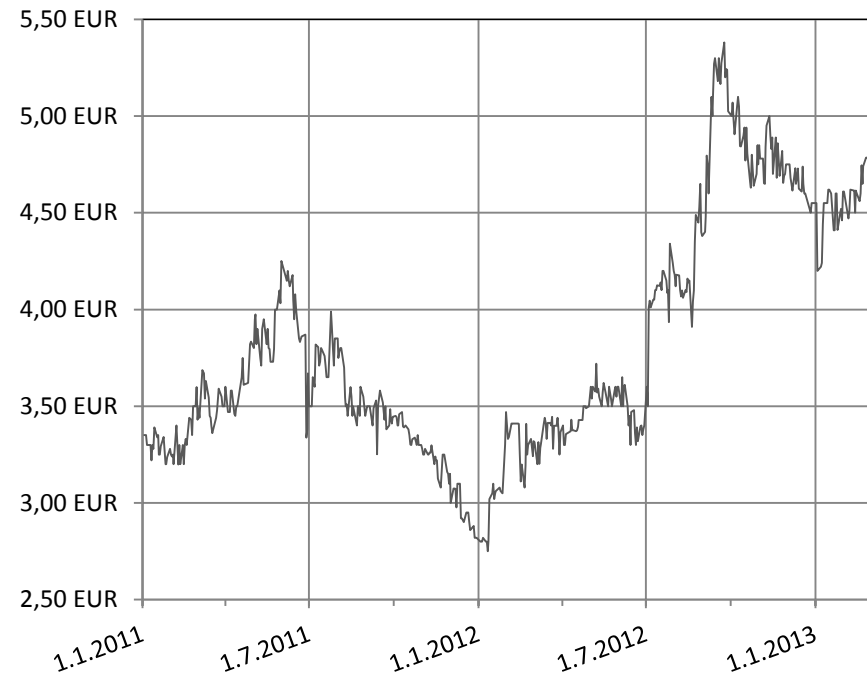
### Business model:

- With over 11,000 customer solutions, EASY SOFTWARE AG is one of the leading developers and suppliers of multi-platform electronic archiving, document management and enterprise content management solutions.

### Investment case:

- On 3 July 2012, Allgeier SE submitted a takeover bid worth EUR 4.00.
- Only 6.84% of shares had been offered upon expiry of the acceptance period.
- In other words, the major shareholders value the company a lot higher.
- A second takeover bid is possible at any time.
- The company had a significant level of net liquidity and appears to have been valued at a low price.
- The most recent shareholders' meeting severely restricted the influence of the majority shareholder.

### Easy Software AG



German securities ID: 563 400

Sector: Software

Market capitalisation: EUR 25.2 million

Majority shareholder: 26.84% - Manfred A. Wagner

1. Executive Summary
2. Investment Strategy
- 3. Portfolio**
4. Financials
5. Summary



# Portfolio

## The 10 largest equity positions\*

---

1.	Generali Deutschland Holding AG	WKN 840 002	**8,05 %	Safety
2.	GK Software AG	WKN 757 142	7,62 %	Opport.
3.	IBS excell.collab.manufact. AG	WKN 622 840	6,35 %	Safety
4.	InVision AG	WKN 585 969	5,28 %	Opport.
5.	Biotest AG, Stämme	WKN 522 720	5,15 %	Opport.
6.	WMF AG, Vorzüge	WKN 780 303	5,09 %	Safety
7.	Allerthal-Werke AG	WKN 503 420	4,12 %	Safety
8.	W&W AG	WKN 805 100	3,48 %	Safety
9.	Pironet NDH AG	WKN 691 640	3,00 %	Opport.
10.	Aixtron SE	WKN A0WMPJ	2,88 %	Opport.
			Summe:	51,02 %

---

\* In order of portfolio size based on share prices as of February 28, 2013  
\*\* percentage of the total portfolio

---



# Portfolio News

- 
- After the Korian Group refused to apply an acceptance threshold on its public tender offer worth EUR 2.50 per share, the investment was extended once again. At the current time, the Korian Group already holds 77.6% of share capital. Structural measures could now follow as a result.
  - The recent positive developments in the Fortec Elektronik AG share price have been used to reduce equity exposure.
  - Scherzer & Co. AG was able to continue to benefit from Knauf Group steel trading company Interfer's investment in Klöckner & Co. SE.
  - Based on a share price of EUR 1.20, shares in Scherzer & Co. AG are trading at around 16% under the present value of portfolio positions from 28 February 2013, after considering company liabilities (subsequent improvement rights and any tax incurred are not included in the portfolio valuation).
-



# Portfolio

## Subsequent improvement volume 2013

---

- An interesting corollary of investments in takeover bid/squeeze-out stocks are the successive, significant volumes of subsequent improvement rights (additional settlement claims). They represent potential claims arising from court arbitration awards sought in the wake of structural measures at listed companies.
  - The volume tendered as of February 28, 2013 is approximately €82,3 million.
  - The subsequent improvement rights are not carried on the balance sheet.
  - In October 2010, Scherzer & Co. AG was awarded a supplementary cash payment of approximately EUR 137,000 in the appraisal rights proceedings following the merger of T-Online International AG into Deutsche Telekom AG.
  - The entitlement of rectification of 100,000 T-Online shares was recognized at EUR 0 in the balance sheet so that the total rectification payment could be recorded as income.
-





# Portfolio

## Selected project completions

- 
- hotel.de AG Disposed in December 2012
  - Andrae-Noris Zahn AG Blockdeal in June 2012
  - Pixelpark AG Disposed in March 2012
  - Repower Systems S.E. Squeeze-out completed in October 2011
  - buch.de internetstores AG Blockdeal in April 2011
  - SAF Simulation Analysis & Forecasting AG Blockdeal in March 2011
  - PC Ware AG Squeeze-out completed in January 2011
  - Ergo Versicherungssgruppe AG Squeeze-out completed in July 2010
  - D&S Europe AG Squeeze-out completed in June 2010
-

1. Executive Summary
2. Investment Strategy
3. Portfolio
- 4. Financials**
5. Summary



# Financials

## Capital development

- 
- **Public limited company founded in 1910:**  
Articles of association created as Porzellanfabrik Zeh, Scherzer und Co. AG.
  - **Capital increases between 2005 and 2007:**  
Increase in share capital through four separate capital increases from EUR 883,750.00 to EUR 27,219,499,00, in other words from 883,750 bearer shares to 27,219,499.
  - **Capital increase in 2012:**  
Increase in share capital from EUR 27,219,499.00 to EUR 29,940,000.00, in other words from 27,219,499 bearer shares to 29,940,000 at an issue price of EUR 1.15 per share. The 2,720,501 new shares are entitled to dividends from 1 January 2012 and were subscribed to by institutional investors. The capital increase was entered into the commercial register of Cologne in November 2012.
-



# Financials

## Balance sheet figures

		2012*	2011
Securities classified as non-current assets	EUR '000	15,876	15,620
Securities classified as current assets	EUR '000	30,770	27,707
Total assets	EUR '000	49,985	44,417
Shareholders` equity	EUR '000	37,652	30,615
Subscribed equity	EUR '000	29,940	27,219
Bank liabilities	EUR '000	10,672	13,490
Equity ratio	%	75,33	68,93

\* Preliminary result



# Financials

## Income statement

		2012*	2011
Profit/loss on ordinary activities	EUR '000	4,185	- 2,813
Net income/loss for the year	EUR '000	3,908	- 2,769
Earnings per share	EUR	0,13	- 0,10

\* Preliminary result



# Financials

## Income statement

---

		2012*	2011
Realized gains/losses	EUR '000	3,995	2,907
Other operating income	EUR '000	2,297	886
Dividend income	EUR '000	1,056	1,334
Other interest and similar income	EUR '000	425	589

---

\* Preliminary result



# Financials

## Income statement

---

		2012*	2011
Wages and salaries	EUR '000	313	330
Write-downs	EUR '000	6	5
Other operating expenses	EUR '000	590	437
Write-downs to fair value at reporting date	EUR '000	2.181	7.115
Interest and similar expenses	EUR '000	477	621
Taxes on income	EUR '000	277	44

---

\* Preliminary result



# Financials

## Share price and NAV development

---

		2013	2012	2011
Market capitalisation	EUR '000	35,694	33,533	25,750
Peak/low in EUR	EUR	1.21/ 1.10	1.15/ 0.89	1.3440/ 0.9030
Closing value	EUR	1.21	1.1200	0.9460

---

Net asset value in 2012: The present value of portfolio positions after considering company liabilities (subsequent improvement rights and any tax incurred are not included in the portfolio valuation) increased by **14.65%** in financial year 2012.

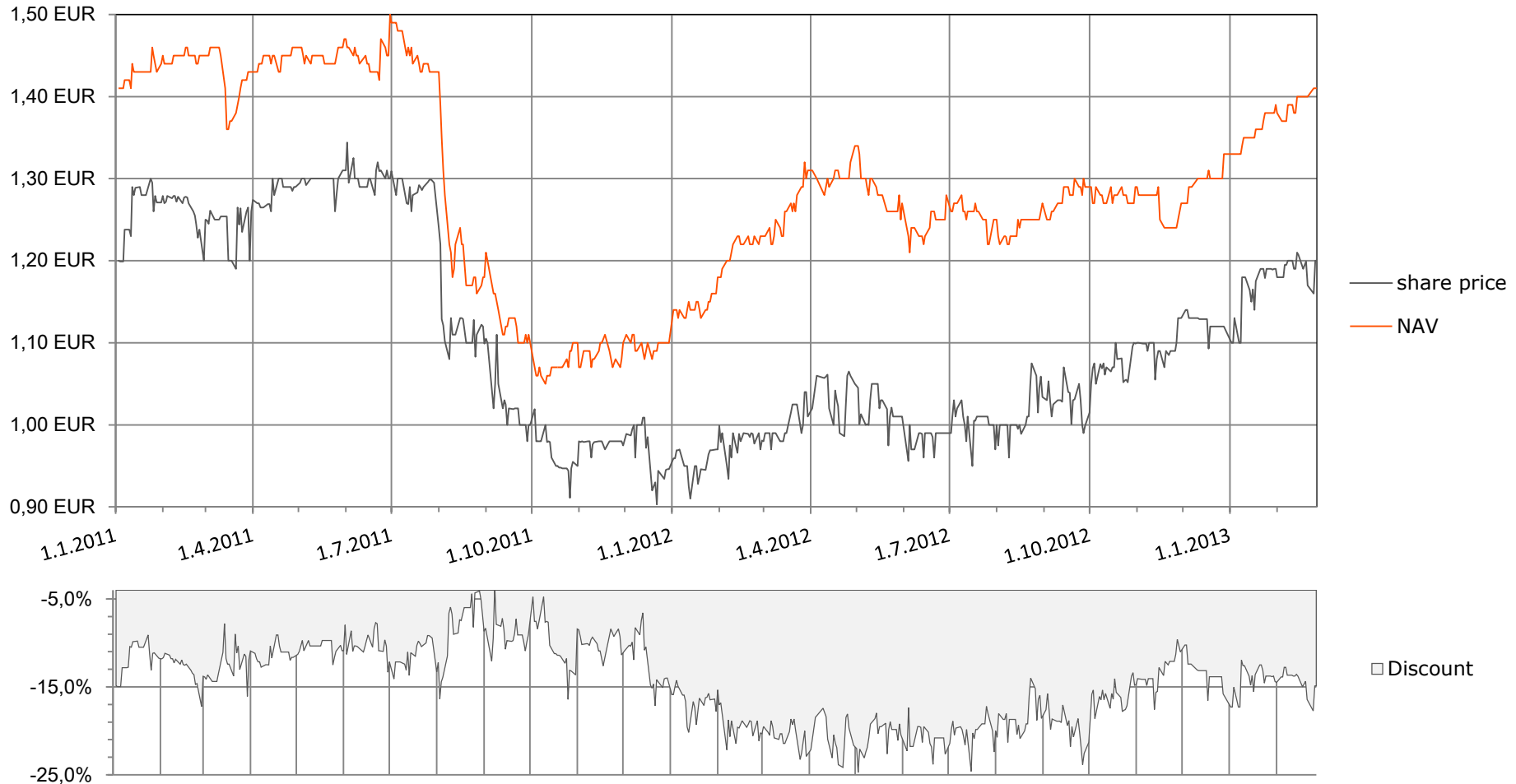
---





# Financials

## Comparison: NAV\*/ Share price



\* The present value of portfolio positions after considering company liabilities (subsequent improvement rights and any tax incurred are not included in the portfolio valuation)

1. Executive Summary
2. Investment Strategy
3. Portfolio
4. Financials
5. Summary



# Summary Listing

- 
- Stock exchange: Frankfurt Stock Exchange Entry Standard Over-the-Counter Market at the Berlin, Düsseldorf and Stuttgart Exchanges, Xetra
  - Ticker symbol: PZS
  - Reuters: PZSG.DE (Xetra), PZSG.F (Frankfurt), PZSG.D (Düsseldorf), PZSG.BE (Berlin), PZSG.SG (Stuttgart)
  - Bloomberg: PZS
  - Research: Solventis Wertpapierhandelsbank  
Close Brothers Seydler Bank AG
  - Designated Sponsor: Close Brothers Seydler Bank AG
  - WKN/ ISIN: 694 280/ DE 000 694 280 8
  - Shareholders: Majority held by institutional investors,  
> 200 private shareholders
-



# Summary

## Management and Supervisory Board

---

Dr. Georg Issels	Managing Director Scherzer & Co. AG, since 2002 Managing Director RM Rheiner Management AG, since 2008
Hans Peter Neuroth	Managing Director Scherzer & Co. AG, since 2013 Managing Director RM Rheiner Management AG, since 2010

---

Dr. Stephan Göckeler Chairman	Lawyer Partner in the law firm Flick Gocke Schaumburg Bonn, Frankfurt, Berlin and Munich
Rolf Hauschildt Deputy Chairman	Investor Managing Director VM Value Management GmbH Düsseldorf
Dr. Dirk Rüttgers	Asset Manager Managing Director Silvius Dornier HOLDING GMBH & CO. KG Munich

---



# Summary

## Contact and financial calendar

---

Scherzer & Co. Aktiengesellschaft

Friesenstraße 50,  
50670 Köln

Telefon: +49 221 - 8 20 32 0  
Telefax: +49 221 - 8 20 32 30

info@scherzer-ag.de  
www.scherzer-ag.de

Commercial Register:  
Cologne District Court Köln,  
Reg.No. HRB 56235

---

March 18, 2013

June 03, 2013

June 03, 2013

September 27, 2013

December 06, 2013

---

Supervisory Board  
Meeting

Annual General  
Meeting

Supervisory Board  
Meeting

Supervisory Board  
Meeting

Supervisory Board  
Meeting



# Summary Disclaimer

---

This presentation contains statements about future developments as well as information derived from sources considered to be reliable by Scherzer & Co. AG. All statements in this presentation (including opinions, estimates, and assumptions) which are not historical facts, such as the future financial situation, the business strategy, plans and targets of the management of Scherzer & Co. AG are forward-looking statements. Such statements embody known and unknown risks, uncertainties, and other important factors which may cause the actual results to differ from the expected or assumed results. These statements take account of insights up to and including the time of preparation of the presentation and are based on numerous assumptions that may turn out to be correct or incorrect. While Scherzer AG endeavours to ensure that the information and facts supplied are exact, and that the opinions and expectations are fair and reasonable, no liability or guarantee is assumed for the completeness, correctness, reasonableness, or accuracy of any of the information and opinions contained herein. Scherzer AG reserves the right to make changes or additions to the information provided here without prior notice. Furthermore, attention is drawn to the fact that possibly the presentation may not contain all the information of Scherzer & Co. AG, or it may be reproduced incompletely or in summarised form.

---