

Company Presentation

April 2014



Scherzer & Co.

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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 investments that are 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

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- As mid-term target, to build an investment portfolio with equity financing of at least EUR 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.
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Investments

Investment universe

We primarily analyse investment in regions under German jurisdiction.

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

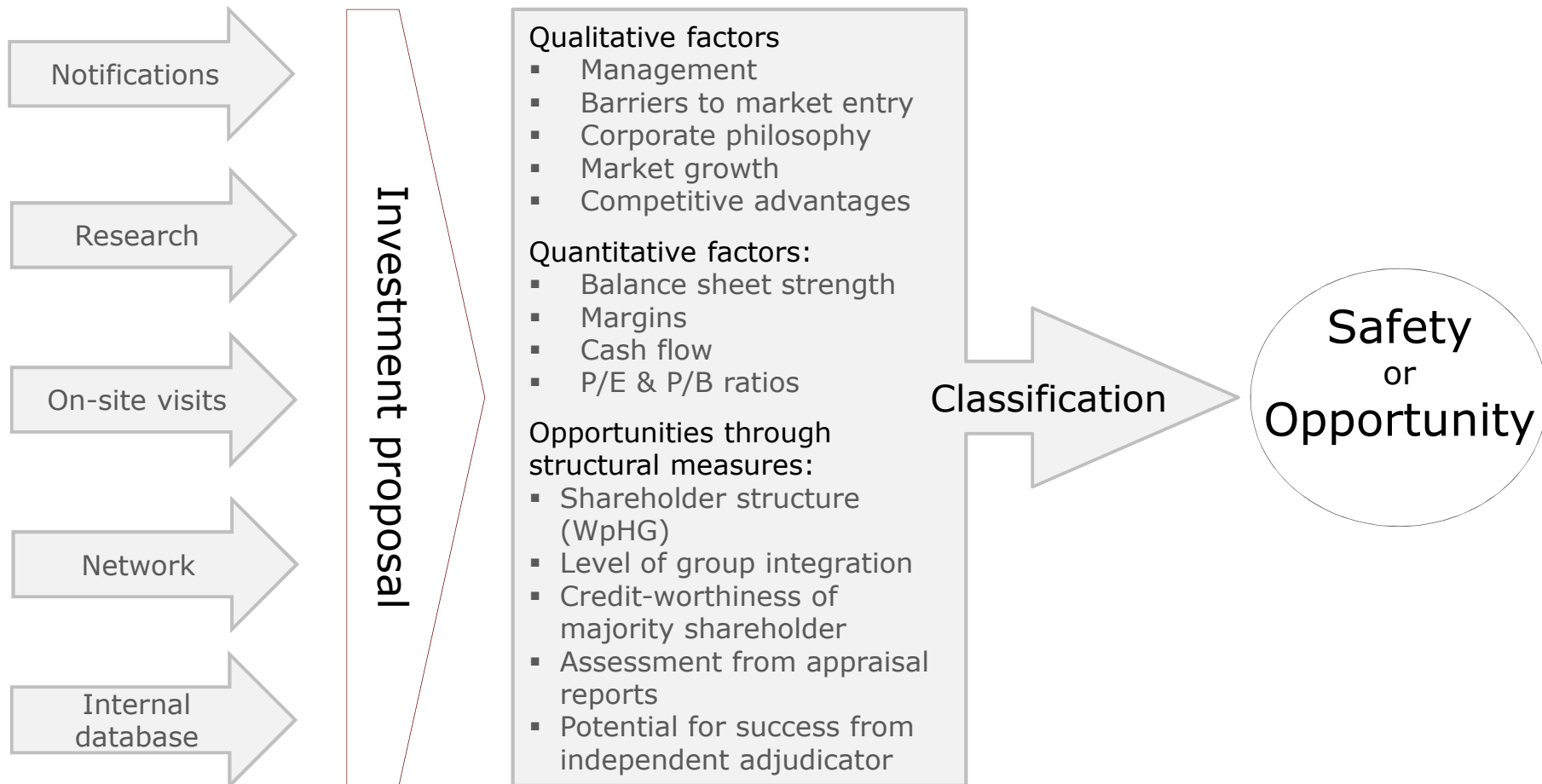
We aim to use these opportunities on a focused portfolio. A company's market capitalization or listing on an index are of rather minor importance. We also do not focus in any one sector. Any plausible and convincing business model is of potential interest for us.

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

Unknown	Unloved	Special situation
<ul style="list-style-type: none">▪ 500-1000 shares without coverage▪ Microcaps▪ No interest in investor relations▪ Illiquid trade	<ul style="list-style-type: none">▪ Business model is misconceived▪ Unpopular sector▪ Restructuring scenario▪ Earnings power is misconceived	<ul style="list-style-type: none">▪ Takeover situation▪ Squeeze-out seems likely▪ Affiliation agreement seems likely▪ Capital measures▪ Reorientation



Investments Selection process





Investments

Safety and Opportunity

Risk-reduced capital appreciation while 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



Investments

Example: Opportunity

Business model:

- Tipp24 SE holds equity interests in a number of companies in the UK and Spain which enable participation in lottery-based games via the Internet.

Investment case:

- The transfer of headquarters to the UK was carried out in February of 2014.
- The Company will at the end of April issue a one-off special dividend in the amount of EUR 7.50. The yearly dividend should be at least EUR 1.50.
- The cash position was as of 30/09/2013 about EUR 130 million or about euro 15 per share.
- The Company's own IT infrastructure and its process know-how additionally constitute a significant asset for third parties as well and could be licensed out or monetarised on a transaction-by-transaction basis.

Tipp 24 SE

WKN: TPP 024

Sector: Internet lottery

Market capitalisation: EUR 477.53 million (31/03/2014)

Majority shareholder: 24.99% Oliver Jaster





Investments

Example: Safety

Business model:

- WMF maintains state-of-the-art manufacturing sites for cutleries, cookware, tableware, knifeware and coffee machines. The company founded in 1853 is a supplier of branded products meeting the highest demands made on design, quality and utility – throughout the world.

Investment case:

- In August 2012, Finedining Capital GmbH, a KKR subsidiary, made an offer of EUR 47.00 for common shares and EUR 31.80 for preferred shares. The price offered for the common shares represents a premium of 24% relative to the closing price on 5 July 2012. However, the premium on preferred shares only amounts to 0.15%. This was only equal to the three-month average and therefore the statutory minimum price.
- From Scherzer & Co. AG's perspective, the price offered therefore opens up an attractive risk/reward profile for preferred shares.

WMF AG

WKN: 780 303 preferred stocks

Sector: Tableware

Market capitalisation: EUR 224 million (31/03/2014)

Majority shareholder: Finedining Capital GmbH 71.56% common stocks, 6% preferred stocks





Investments

Example: Opportunity

Business model:

- GK Software AG is a technologically leading software partner to retail with extensive solutions for branches and central corporate sites. Well-known customers like Galeria Kaufhof, Douglas, EDEKA, Lidl, Netto Marken-Discount and Tchibo are served.

Investment case:

- GK software is in use worldwide, in more than 35 countries and in more than 36,000 branches using 175,800 installations.
- In December 2013, SAP and GK Software were given the award by the largest Swiss retailer Migros to carry out one of the most significant European retail projects. In tandem, SAP AG has joined GK Software via a 5.29% cash increase in capital. SAP AG has subscribed to 100,000 new shares at EUR 37.82.
- SAP AG has additionally been granted a purchase option for the directly and indirectly held shares of the founders, valid up through the end of 2020.

GK Software AG

WKN: 757 142

Sector: Software

Market capitalisation: EUR 85.05 million (31/03/2014)

Majority shareholder: 55.21% company founder,
7.3% Scherzer & Co. AG, 5.29% SAP AG





Investments

Example: Safety

Business model:

- The MAN Group is one of Europe's leading commercial vehicle, engine and mechanical engineering companies, generating annual revenue of around EUR 15.8 billion and employing a workforce of approx. 54,300 worldwide. MAN is a supplier of trucks, buses, diesel engines, turbomachinery and turnkey power plants, with all corporate divisions holding leading market positions.

Investment case:

- More than 75% of VW Group's share capital is held by Truck & Bus GmbH.
- A profit and loss transfer agreement with Volkswagen AG was resolved at the shareholders' meeting held on 6 June 2013.
- Under this structural measure, the company will pay a cash settlement of EUR 80.89 per ordinary and preferred share as well as compensation to the net sum of EUR 3.07 per ordinary and preferred share.

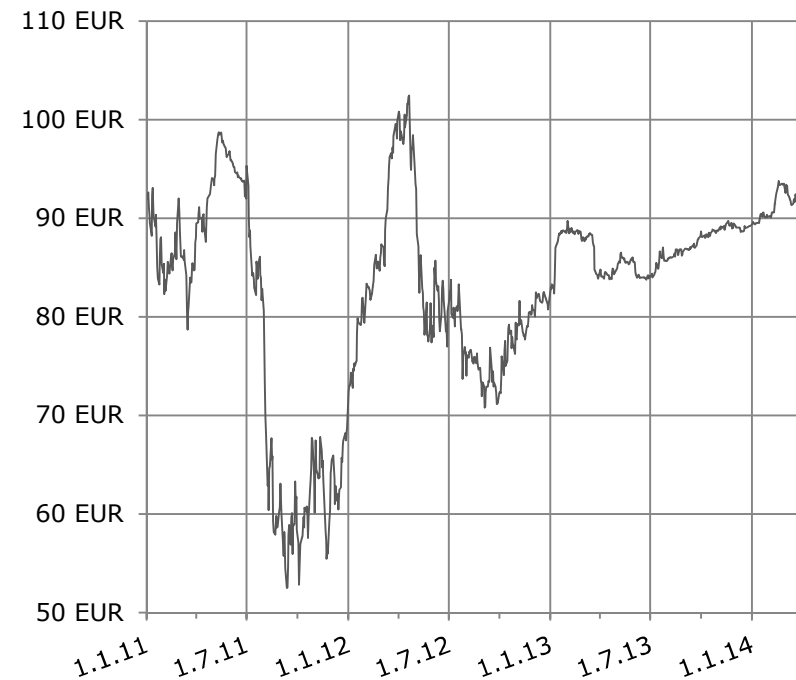
MAN SE

WKN: 593 700 common stocks

Sector: Automotive industry

Market capitalisation: EUR 13.04 billion (31/03/2014)

Majority shareholder: 75.03% Volkswagen AG





Investments

Example: Opportunity

Business model:

- Francotyp-Postalia is an expert in communication by letter. With 11 subsidiaries and more than 80 retailers the company is present in all of the most important world markets and has with more than 250,000 installed franking machines a global market share of about 10%.

Investment case:

- After a successful turnaround, Francotyp-Postalia AG has continued to show good annual profits. For 2013, according to preliminary figures, sales and most especially profits were starkly improved. While sales grew by 2%, consolidated profits could be increased by more than 23%. There are good prospects that a dividend will already be paid for the business year just ended.
- The new marketing strategy has shown very promising initial success. In its traditional business, there is still considerable potential for improving sales and especially for profits. Rising dividends are probable in the coming years.
- Mentana Claimsoft GmbH, a subsidiary of FPH AG, is the first accredited DE mail service provider and with that has access to a potentially highly attractive market for the future. Well-known clients have already been recruited in the face of strong competition.

Francotyp-Postalia Holding AG

WKN: FPH 900

Sector: Industry

Market capitalisation: EUR 73.5 million (31/03/014)

Majority shareholder: 10.3% Klaus Röhrig, 82.14% free-float



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Portfolio

The 10 largest equity positions*

1.	Generali Deutschland Holding AG	WKN 840 002	**10.82 %	Safety
2.	GK Software AG ¹	WKN 757 142	7.65 %	Opportunity
3.	MAN SE common stocks	WKN 593 700	7.30 %	Safety
4.	Allerthal-Werke AG ¹	WKN 503 420	4.82 %	Safety
5.	Tipp24 SE ¹	WKN 784 714	4.62 %	Safety/Opportunity
6.	Invision AG	WKN 585 969	4.28 %	Opportunity
7.	WMF AG preferred stocks	WKN 780 303	3.98 %	Safety
8.	Biotest AG common stocks	WKN 522 720	3.39 %	Opportunity
9.	Highlight Communications AG	WKN 920 299	2.92 %	Opportunity
10.	MAN SE preferred stocks	WKN 593 703	2.78 %	Safety
		Total:	52.56 %	

* In order to portfolio size based on share prices as of 31 March 2014

** percentage of the total portfolio

¹ summed up current/ non-current assets



Portfolio News

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- At the beginning of March, the squeeze-out at GBW AG has been entered into the company register. In connection with that transaction, Scherzer & Co. AG was able to register incoming funds of about EUR 2 million and was able to generate a corresponding subsequent improvement volume.
 - Due to its by now attractive share price level, the commitment to Lotto24 AG was expanded. Scherzer & Co. AG has registered a voting rights level of 3.03%.
 - Share positions continued to be extended at DMG Mori Seiki AG and Strabag AG.
 - The current value of Scherzer & Co. AG's portfolio currently amounts to EUR 1.93 per share. Based on a share price of EUR 1.64, Scherzer & Co. AG is quoted down approximately 15% on the asset value as of 31 March 2014, taking into account its liabilities. It should be noted that the calculated value is not derived from audited financial statements. The portfolio valuation does not take into account improvement rights and taxes.
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Portfolio

Subsequent improvement volume

- 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 31 March 2014 is approximately **EUR 90 million**.
 - The subsequent improvement rights are not carried on the balance sheet.
 - Scherzer & Co. AG's tendered volume amounts to in excess of **EUR 105 million** if the improvement rights of Allerthal-Werke AG and RM Rheiner Management AG – attributable to the company on account of its participation – are taken into account
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Portfolio

Selected project completions

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- IBS excell.collab.manufact. AG Disposed in January 2014
 - Pironet NDH AG Disposed in September 2013
 - Generali Deutschland Holding AG Disposed in July 2013
 - hotel.de AG Disposed in December 2012
 - Andreae-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 March 2011
 - SAF Simulation Analysis & Forecasting AG Blockdeal in March 2011
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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.
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Financials

Balance sheet figures

		31/12/13	31/12/12
Securities classified as non-current assets	EUR '000	21,199	15,876
Securities classified as current assets	EUR '000	47,801	30,770
Total assets	EUR '000	69,942	49,985
Shareholders' equity	EUR '000	43,627	37,652
Subscribed equity	EUR '000	29,940	29,940
Bank liabilities	EUR '000	24,028	10,672
Equity ratio	%	62.38	75.33



Financials

Income statement

		01/01-31/12/13	01/01-31/12/12
Profit/ loss on ordinary activities	EUR '000	6,552	4,185
Net income/ loss for the year	EUR '000	5,975	3,908
Earnings per share	EUR	0.20	0.13



Financials

Income statement

		01/01-31/12/13	01/01-31/12/12
Realized gains	EUR '000	8,842	6,308
Realized losses	EUR '000	1,679	2,262
Other operating gains	EUR '000	1,424	2,297
Dividend income	EUR '000	785	1,056
Other interest and similar income	EUR '000	173	425



Financials

Income statement

		01/01-31/12/13	01/01-31/12/12
Wages and salaries	EUR '000	430	313
Write-downs	EUR '000	6	6
Other operating expenses	EUR '000	416	590
Write-downs to fair value at reporting date	EUR '000	1,441	2,181
Interest and similar expenses	EUR '000	451	477
Taxes on income	EUR '000	577	277



Financials

Share/ NAV performance

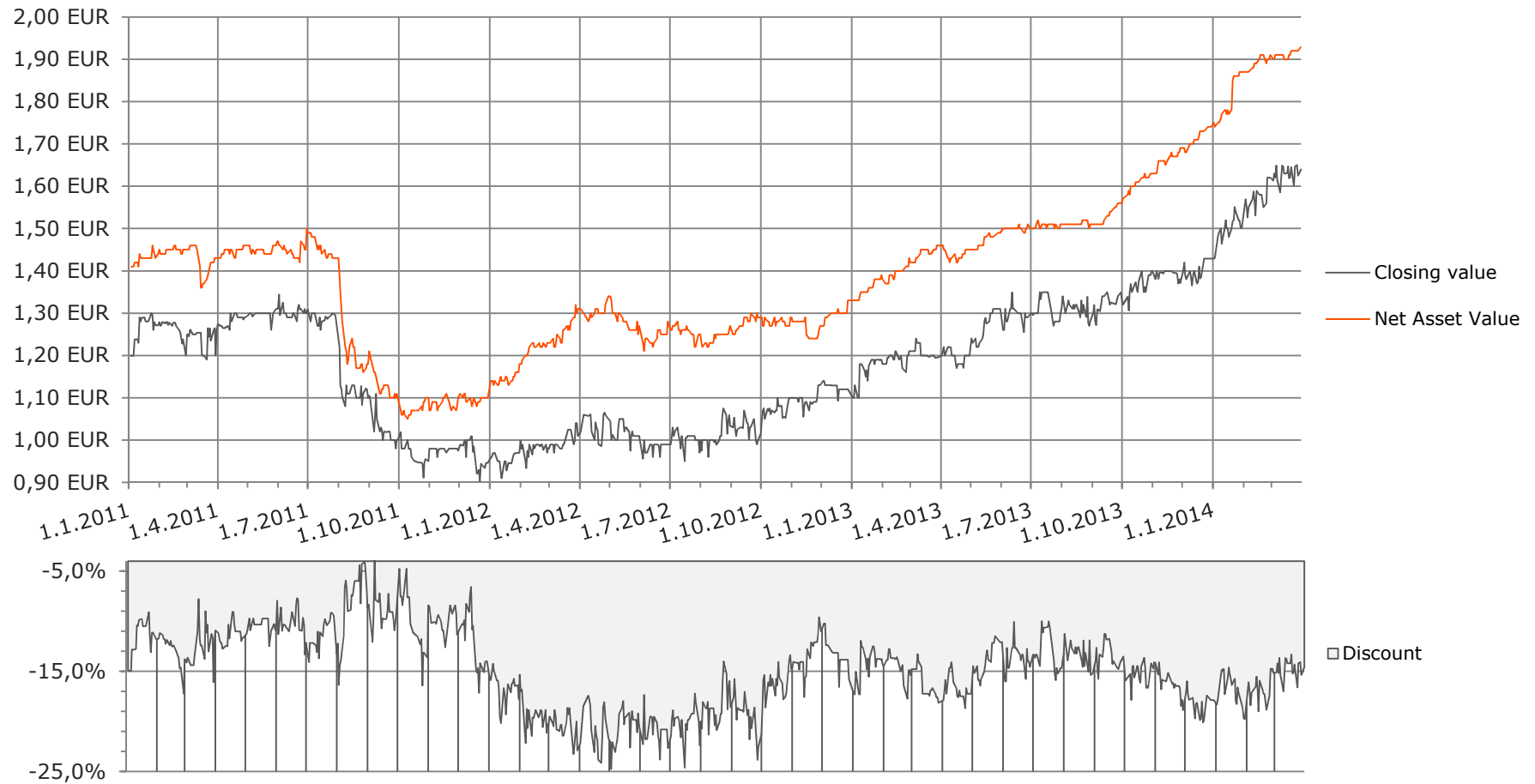
		2014	2013	2012
Market capitalisation	EUR '000	49,102	42,784	33,533
Peak/ low	EUR	1.681/ 1.43	1.49/ 1.10	1.15/ 0.89
Closing value (03/31/2014)	EUR	1.64	1.4290	1.1200
Share performance (03/31/2014)		14.77%	27.59%	18.39%
NAV performance (03/31/2014)		10.92%	30.83%	14.65%

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



Financials

Share/ NAV performance



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

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Summary Listing

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- Exchange: Frankfurt Stock Exchange Entry Standard OTC 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 GmbH
Close Brothers Seydler Research AG
GSC Research GmbH
 - Designated Sponsor: Close Brothers Seydler Research AG
 - WKN/ ISIN: 694 280/ DE 000 694 280 8
 - Shareholders: Majority held by institutional investors,
>400 private shareholders
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Summary

Management/ Supervisory Board

Management

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

Supervisor

Dr. Stephan Göckeler
Chairman

Lawyer
Partner 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/ Financial Calendar

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- 12/02-13/02/2014: Small & Mid Cap Conference 2014 - Close Brothers Seydler Bank
 - 21/03/2014: Supervisory Board Meeting
 - 19/05/2014: Annual General Meeting
 - 19/05/2014: Supervisory Board Meeting
 - 26/09/2014: Supervisory Board Meeting
 - 04/12/2014: Supervisory Board Meeting
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Summary Disclaimer

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