

# Company presentation

April 2016



Scherzer & Co.

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2. Investments

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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

### Mission Statement

- 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. However, Scherzer & Co. AG basically invests opportunistic.

We believe that most market valuations are efficient. 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

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- 500-1000 shares without coverage
  - Microcaps
  - No Interest in investors relations
  - Illiquid trade
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### Unloved

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

### Special situation

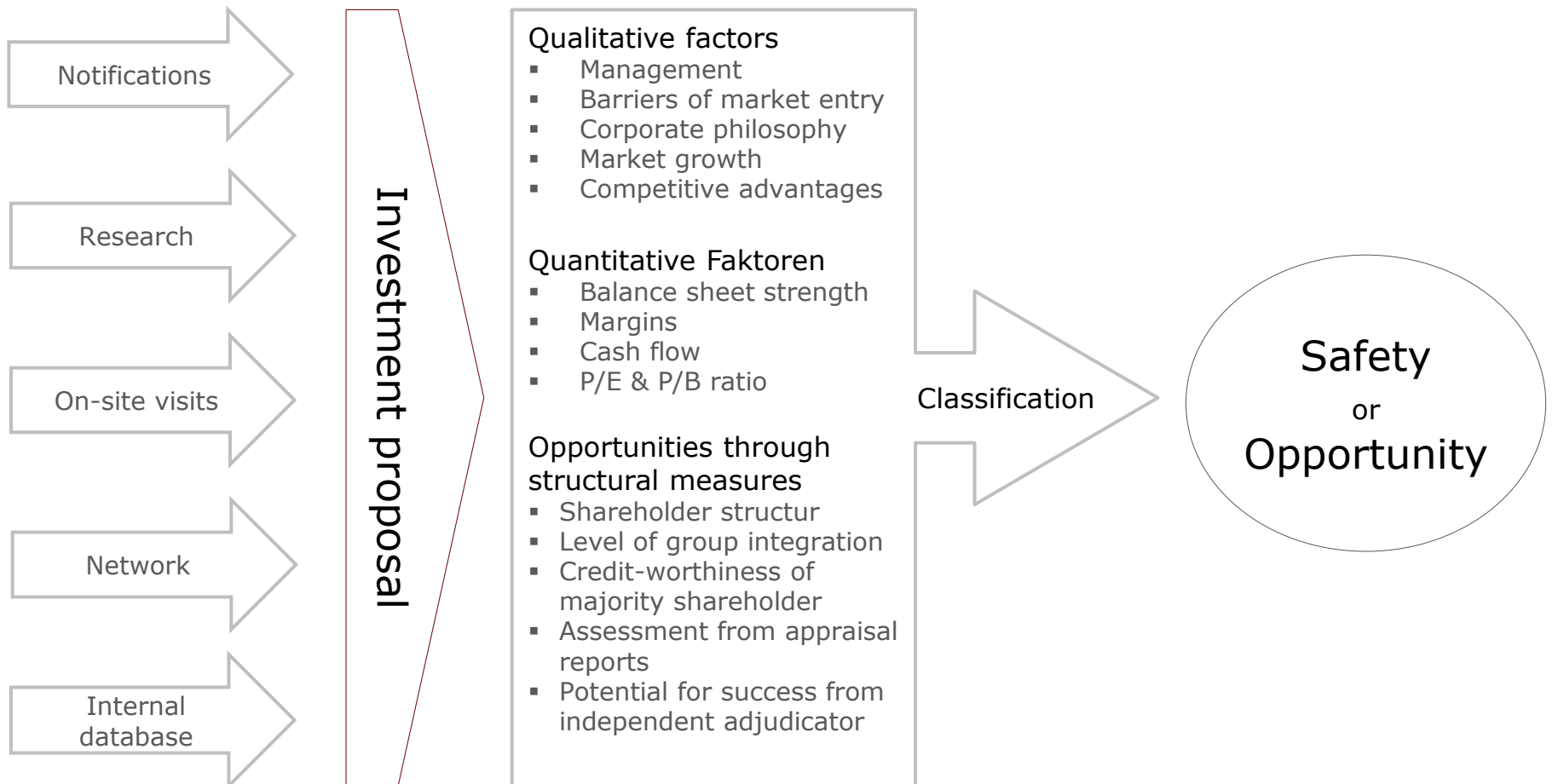
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- Takeover situation
  - Squeeze-out seems likely
  - Affiliation agreement seems likely
  - Capital measures
  - Reorientation
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# Investments

## Process of selection





# Investments

## Safety & 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 Opportunity

## Wüstenrot & Württembergische AG

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WKN: 805 100

Sector: Insurance

Market capitalisation: ~ EUR 1.74 bn

Largest shareholder:

66.57% Wüstenrot Holding AG

Emerging in 1999 from the merger of two long-established national companies Wüstenrot and Württembergische, this publicly traded corporate group with its headquarters in Stuttgart combines building society savings and insurance as its equally strong pillars. Therefore, the W&W Group can put together an all-round financial care package and personal financial benefit solutions from a single source. The W&W Group has almost six million customers throughout Germany and employs 7,000 people as well as an additional 6,000 field service partners.

- The Wüstenrot & Württembergische Group in 2015 with its final figures posted the highest returns in its corporate history with euro 274.3 million (last year: euro 242 million). The strongest profit maker in 2015 was damage and accident insurance with a favourable damage progression throughout the year; cost trends were likewise positive.
- Depending on interest rates and capital market trends, W&W AG is aiming in the 2016 business year at consolidated profits of at least euro 200 million. Currently, increasing capital market communications are also bearing fruit. Thus, on 21 March 2016, W&W AG was included in the SDAX by Deutsche Börse AG.



# Investments Opportunity

## GK Software AG



GK Software AG is technologically a leading software partner to retail trade in Europe, North America and Asia with comprehensive solutions for branch stores and corporate headquarters. Well-known customers like Galeria Kaufhof, Douglas, EDEKA, Lidl, Netto Marken-Discount, Tchibo, Migros and Coop (Switzerland) are currently serviced. Worldwide, in more than 40 countries in about 40,000 branch stores more than 213,000 installations of GK Software are in use.

- According to information from *Lebensmittelzeitung* in February 2016 the company could win over ALDI Nord for its software solution. After Swiss Migros AG another major customer could thus be convinced, sending a clear signal to others.
- Technically as well, the company continues to make progress. Therefore, for instance, it was distinguished with the top supplier retail award for 2016 at the retail IT tradefair EuroCIS. Together with Douglas, an omni-channel solution was developed in this instance. The pressure on retail to act in modernising its IT infrastructure constantly continues to increase.

WKN: 757 142

Sector: Software

Market capitalisation: ~ EUR 82 m

Largest shareholder:

55.21% founder,

7.36% Scherzer & Co. AG,

5.29% SAP SE



# Investments Opportunity

## Lotto24 AG

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Lotto24 is the leading German broker of state licensed lotteries on the internet. To do this, the company on behalf of customers signs gaming contracts for lottery products such as Lotto 6aus49, Spiel 77, Super 6, EuroJackpot and Glücksspirale with each particular lottery organiser.

- In July 2015 two major shareholders in Lotto24 AG subscribed to a cash capital increase with a 10% premium over the then traded price of EUR 3.49. The gross proceeds of the flotation came to EUR 7.7 million. The company expects it will have no further financial needs, or only negligible ones, up to break-even.
- Lotto24 AG once again exceeded guidance, raised last September, with significant key figures. The transaction volume reached EUR 136.3 million (last year: EUR 81.7 million) and thus increased by 67%. Sales grew by EUR 7.7 million last year (+75%) to EUR 13.5 million. The gross margin rose from 9.5% to 9.9%. In addition, Lotto24 could expand its market leadership. The share in online lotto business rose from 21% last year to 26%.
- By 31/12/2015 the number of registered customers came up to 883,000 (last year: 521,000). The CPL (cost per lead) could be lowered significantly from EUR 45.16 to EUR 32.99.

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WKN: LTT 024

Sector: Lottery brokerage

Market capitalisation: ~ EUR 104 m

Largest shareholder:

Approx. 42% Günther Group

Share of Scherzer & Co. AG: 4.06%



# Investments Opportunity

## M.A.X. Automation AG



WKN: 658 090

Sector: Machine tool

Market capitalisation: ~ EUR 152 m

Largest shareholder:  
31.4% Günther Group

M.A.X. Automation AG is an international high-tech machine tool manufacturer and leading complete supplier of integrated and complex system and component solutions in the segments of industrial automation (2/3 share in sales) and environmental engineering (1/3 share in sales). The company, founded in 1991, employs 1,800 employees and expects annual sales of EUR 360-380 million (last year: EUR 351.4 million).

- The Günther Group in November 2015 published a mandatory offer for gaining control to the shareholders of M.A.X. at EUR 5.30. After completion of the offer in December, the main shareholder holds 31.4% of the company's shares.
- Since the Günther Group became leading shareholder, there has been a consistent transformation from a holding company in the direction of a decentrally structured machine tool group.
- The continuous expansion of the technology portfolio by both R&D efforts and acquisitions, lead to synergies and significant increase in profits. In this way, M.A.X. plans sales growth of at least 5% per year and an EBIT margin of at least 8%.
- Declared target of the dividend policy is an emission quota averaging 40% of consolidated profits (EUR 0.15 dividend in 2014).



# Investments Opportunity

## Francotyp-Postalia Holding AG



Francotyp-Postalia is the first multi-channel provider for postal communication. With its 11 subsidiaries it supplies all products and services for physical and electronic letter communication. The provision of physical postal communications includes, besides franking and enveloping machines, services like pickup of business mail as well. In electronic postal communication FP offers innovative outsourcing solutions from optimisation of internal procedures up to legally mandatory fully electronic letters, the de-mail.

- The company was able, according to preliminary calculations, to significantly increase sales and EBITDA in 2015. Sales rose to EUR 190.8 million after EUR 170.3 million last year. The double-digit growth resulted largely from increased growth in mail services (consolidation of business mail), successes in renting out the ProBase franking system as well as, to a large extent, from positive exchange rate effects in the amount of EUR 9.1 million.
- Despite higher depreciation, EBIT remained at EUR 9.8 million at the same level as last year. Consolidated profits, as the result of a preliminarily high tax burden, reached EUR 4.4 million by comparison with EUR 5.2 m last year.

WKN: FPH 900

Sector: Specialty machine tool

Market capitalisation: ~ EUR 67 m

Largest shareholder:  
10.3% Klaus Röhrig

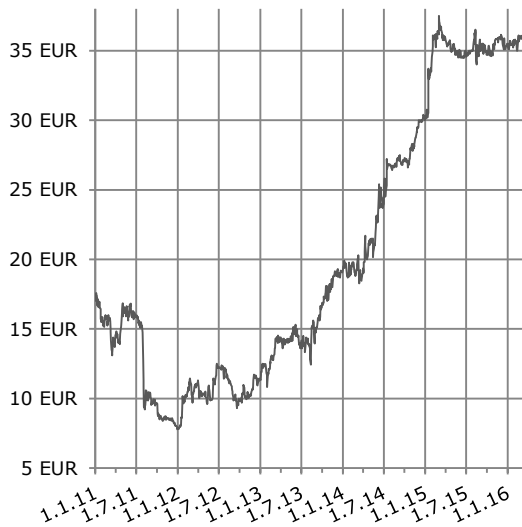
Share of Scherzer & Co. AG: 3.12%



# Investments Safety

## Homag Group AG

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The Homag Group is the world's leading manufacturer of wood processing machines and present in more than 100 countries. It has an estimated world market share of 28 percent.

- Dürr Technologies GmbH, a 100% subsidiary of Dürr AG, offered an initial takeover bid in July 2014 for EUR 26.35 per Homag share and together with the shareholders' group, holds a total of 77.9% of the voting rights.
- The shareholders' meeting of the Homag Group in March 2015 approved a resolution for a corporate agreement with Dürr Technologies GmbH as controlling company with a settlement price of EUR 31.65 and a guaranteed dividend of EUR 1.01 net per Homag share.
- In June of 2015 the project ONE HOMAG was started. By 2020 the company plans sales of EUR 1.25 billion. This should correspond to an EBIT margin of 8-10%.
- On 5/11/2015 the Homag Group raised the forecast for 2015 and now wants to reach at least one billion euro in both incoming orders as well as sales.

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WKN: 529 720

Sector: Machine tool

Market capitalisation: ~EUR 566 m

Largest shareholder:

52.9% Dürr Technologies GmbH,  
25.05% Schuler-Klessmann-Dürr  
shareholders' group

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# Portfolio

## Top 10 largest equity positions\*

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1.	GK Software AG <sup>1</sup>	WKN 757 142	**8.33 %	Opport.
2.	W&W Wüstenrot und Württ. AG	WKN 805 100	8.08 %	Opport.
3.	Allerthal-Werke AG <sup>1</sup>	WKN 503 420	5.88 %	Safety
4.	Lotto24 AG <sup>1</sup>	WKN LTT 024	5.73 %	Opport.
5.	MAN SE, Vorzüge	WKN 593 703	4.11 %	Safety
6.	Mobotix AG <sup>1</sup>	WKN 521 830	3.64 %	Safety
7.	Horus AG	WKN 520 412	3.38 %	Safety
8.	Data Modul AG <sup>1</sup>	WKN 549 890	3.37 %	Safety
9.	K+S AG <sup>1</sup>	WKN KSA G88	3.31 %	Opport.
10.	InVision AG	WKN 585 969	3.18 %	Opport.
	Summe:		49.01 %	

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\* In order to portfolio size based on share prices as of 31 March 2016

\*\* percentage of the total portfolio

<sup>1</sup> summed up current/ non-current assets





# Portfolio

## Current news

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- On 29/03/2016 the Japanese camera and measurement technology specialist Konica Minolta reported that it was taking over about 65% of the shares in Mobotix AG. Sellers are the company founder Dr Ralf Hinkel and Martin Putsch (Recaro seats). Due to the listing in the low regulated Entry Standard no takeover bid to the independent shareholders is necessary.
  - Pfeiffer Vacuum Technology AG reported on 23/03/2016 a strong 2015 business year. Sales rose by 11% to EUR 451.5 million with an EBIT of EUR 60.8 million (+35.8% yoy). Management proposes a dividend per share of EUR 3.20 (last year: EUR 2.65).
  - Diebold Inc. reported on 29/03/2016 that at the completion of the first phase of the corporate offer the minimum acceptance quota was reached and 68.9% of the Wincor Nixdorf shares were tendered. Scherzer & Co. AG continues to have a stake in Wincor Nixdorf.
  - The current value of Scherzer & Co. AG's portfolio currently amounts to EUR 1.98 per share. Based on a share price of EUR 1.62, Scherzer & Co. AG is quoted down approximately 18.18% on the asset value as of 31 March 2016, 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 2016

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 2016 is approximately **EUR 96.2 million**.

The subsequent improvement rights are not carried on the balance sheet.



# Portfolio

## Selected project completions

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Colonia Real Estate AG	Disposed in January 2015
WMF AG	Disposed in September 2014
IBS excell.collab.manufact. AG	Disposed in January 2014
Pironet NDH AG	Disposed in September & December 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

## Balance sheet figures

		31/12/2015	31/12/2014
Securities classified as non-current assets	EUR '000	31,653	24,205
Securities classified as current assets	EUR '000	33,729	46,731
Total assets	EUR '000	70,065	71,973
Shareholders' equity	EUR '000	51,225	47,403
Subscribed equity	EUR '000	29,940	29,940
Bank liabilities	EUR '000	17,234	22,735
Equity ratio	%	73.11	65.86



# Financials

## Income statement

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		01/01-31/12/15	01/01-31/12/14
Profit/ loss on ordinary activities	EUR '000	6,701	3,900
Net income/ loss for the year	EUR '000	5,319	3,776
Earnings per share	EUR	0.18	0.13

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# Financials

## Income statement

		01/01-31/12/15	01/01-31/12/14
Realized gains	EUR '000	10,904	10,910
Realized losses	EUR '000	5,456	3,559
Other operating gains	EUR '000	1,870	98
Dividend income	EUR '000	1,589	1,622
Other interest and similar income	EUR '000	981	142



# Financials

## Income statement

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		01/01-31/12/15	01/01-31/12/14
Wages and salaries	EUR '000	751	532
Write-downs	EUR '000	8	7
Other operating expenses	EUR '000	476	448
Write-downs to fair value at reporting date	EUR '000	1,502	3,822
Interest and similar expenses	EUR '000	420	480
Taxes on income	EUR '000	1,383	124

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# Financials

## Share/ NAV performance

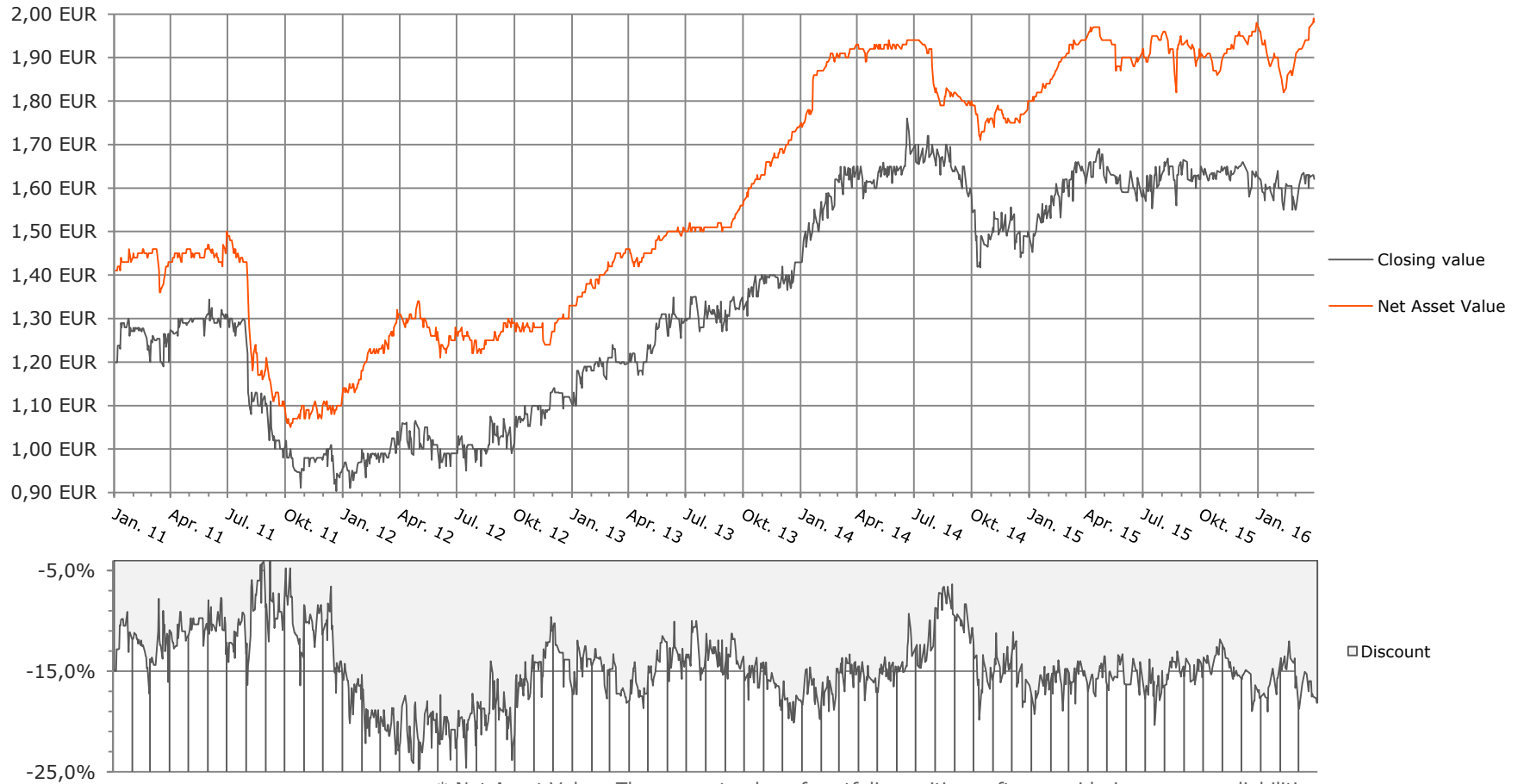
		<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Market capitalization 31/03/2016	EUR '000	48,503	48,802	44,910	42,784	33,533
Peak/low	EUR	1.689/1.50	1.69/1.45	1.82/1.40	1.49/1.10	1.15/0.89
Closing value 31/03/2016	EUR	1.62	1.63	1.50	1.43	1.12
Share performance		-0.61%	+8.67%	+4.97%	+27.59%	+18.39%
NAV 31/03/2016	EUR	1.98	1.98	1.80	1.74	1.33
NAV performance		0.00%	+12.78%*	+3.45%	+30.83%	+14.65%

\* The calculation of the NAV performance in 2015 includes the dividend payout of EUR 0.05



# 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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Share capital:	EUR 29,940,000.00, divided into 29,940,000 bearer shares
Exchange:	Frankfurt Stock Exchange Entry Standard, OTC Market at the Berlin, Düsseldorf and Stuttgart Exchanges, Xetra, Tradegate
Ticker symbol:	PZS
Reuters:	PZSG.DE (Xetra), PZSG.F (Frankfurt), PZSG.TG (Tradegate) PZSG.BE (Berlin), PZSG.D (Düsseldorf), PZSG.SG (Stuttgart)
Bloomberg:	PZS
Research:	Solventis Wertpapierhandelsbank GmbH Oddo Seydler Bank AG GSC Research GmbH
Designated Sponsor:	Oddo Seydler Bank AG
WKN/ISIN:	694 280/DE 000 694 280 8
Shareholders:	Majority held by institutional investors, >400 private shareholders

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# Summary

## Organizational bodies

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### Board of 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

### Supervisory Board

Dr. Stephan Göckeler                Lawyer  
Chairman                                Partner, Flick Gocke Schaumburg  
Bonn, Frankfurt, Berlin & Munich

Rolf Hauschildt                      Investor  
Deputy Chairman                    Managing Director, VM Value Management GmbH  
Düsseldorf

Dr. Dirk Rüttgers                    Asset Manager  
Managing Director, Do Investment AG  
Munich

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# Summary

## Contact & Financial Calendar

### **Contact**

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Commercial register: Cologne district court,  
Reg-No. HRB 56235

### **Financial Calendar 2016**

04/04/2016: Supervisory Board Meeting

31/05/2016: Annual General Meeting

31/05/2016: Supervisory Board Meeting

30/09/2016: Supervisory Board Meeting

01/12/2016: Supervisory Board Meeting



# Summary Disclaimer

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