

» Investment company «

Scherzer & Co. AG

WKN 694280 | DE0006942808 | Bloomberg: PZS

04 November, 2020

BUY

Before: BUY

Price target **EUR 2.60 (2.60)**
Price* EUR 2.10 (+23%)

*XETRA trading price at the close of the previous day

Change	2020e	2021e	2022e
Sales	-	-	-
EBIT	-	-	-
EPS	-	-	-



Source: Factset

Status update before CMD

The Scherzer & Co. AG published its current presentation on 02.11.2020. The net asset value (EUR 2.51 per share) is still 17% above the current price of EUR 2.10. The TOP 10 positions are still at a high level of 64% of the total portfolio. As we expect the portfolio to be stable, we confirm our current target price of EUR 2.60 as well as our BUY recommendation.

Audi: After the Munich Higher Regional Court has approved the squeeze-out so that the entry in the commercial register can be made in short term, the volume of EUR 17m should soon be received by Scherzer. In this case, loans taken for Audi could be repaid and the share of the TOP 10 positions could be reduced again to a level below 60% of the portfolio. If the capital markets continue to develop positively, we do not consider it unlikely that Scherzer could pay out a dividend for 2020.

Oldenburgische Landesbank: The judicial appraisal proceedings were concluded without an increase of the cash compensation. At that time, the volume amounted to approx. EUR 8.4m.

Current topics: On Friday, 06.11., **Frenet AG** will disclose its Q3 report (almost 7% of the portfolio); there was recently a takeover bid for the Sunrise Communications AG shareholding by Liberty Global. **Rocket Internet SE** had delisted its shares. The repurchase offer of EUR 18.57 per share is more than 35% below the book value of the equity. Scherzer could become further active here.

CMD 2020: This year, the Scherzer will organize its Capital Markets Day on Tuesday, 10.11.2020, as a virtual event.

We maintain our price target of EUR 2.60 and our BUY recommendation.

We see potential negative market influences from COVID-19.

Share Data

	2020
Shares (millions)	29.94
Free Float (percent)	100%
Market Cap (EURm)	63.0
Daily turnover (€)	13,999
High (EUR, 52 weeks)	2.36
Low (EUR, 52 weeks)	1.23

Shareholders

Free float	100.0 %
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Company events

CMD	10.11.2020
Company presentation	Beginning of December

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In cooperation with:



FY End: 31.12. in EURm	CAGR (19-22e)	2017	2018	2019	2020e	2021e	2022e
Net earnings from fin. instruments	85.8%	12.9	9.4	1.1	9.1	6.9	7.1
EBITDA	48.7%	10.2	8.3	1.5	6.9	4.7	4.9
Margin		78.9%	87.9%	134.5%	75.8%	68.2%	68.9%
EBIT	49.1%	10.2	8.3	1.5	6.9	4.7	4.9
Margin		78.8%	87.7%	132.9%	75.6%	67.9%	68.6%
Net result		7.9	-0.9	-2.3	1.1	5.5	5.6
EPS		0.26	-0.03	-0.08	0.04	0.18	0.19
Dividend per share		0.10	0.00	0.00	0.02	0.05	0.06
NAV		82.04	69.16	67.38	68.38	70.38	72.38
Return on NAV		15.7%	13.6%	1.6%	13.3%	9.8%	9.8%
ROE		13.0%	-1.5%	-4.3%	1.9%	8.5%	8.2%
ROA		8.8%	-1.0%	-2.9%	1.3%	6.0%	5.9%

Source: Scherzer, FMR

Appendix

Profit and loss account

HGB EURm	2017A	2018A	2019A	2020e	2021e	2022e
Net income from financial instruments	12.9	9.4	1.1	9.1	6.9	7.1
YoY growth	115.2%	-26.9%	-88.3%	725.0%	-23.9%	2.2%
Personnel expense as % of sales	-2.7 -20.8%	-0.7 -7.3%	-0.7 -62.7%	-1.5 -16.5%	-1.5 -21.7%	-1.5 -21.2%
Other operating income as % of sales	0.9 7.3%	0.3 2.8%	1.8 160.7%	0.0 0.0%	0.0 0.0%	0.0 0.0%
Other operating expenses as % of sales	-1.0 -7.6%	-0.7 -7.6%	-0.7 -63.5%	-0.7 -7.7%	-0.7 -10.1%	-0.7 -9.9%
EBITDA as % of sales	10.2 78.9%	8.3 87.9%	1.5 134.5%	6.9 75.8%	4.7 68.2%	4.9 68.9%
Depreciation and amortization as % of sales	0.0 -0.1%	0.0 -0.2%	0.0 -1.7%	0.0 -0.2%	0.0 -0.3%	0.0 -0.3%
EBIT as % of sales	10.2 78.8%	8.3 87.7%	1.5 132.9%	6.9 75.6%	4.7 67.9%	4.9 68.6%
Net financial results as % of sales	-2.2 -17.2%	-7.6 -80.3%	-3.8 -343.6%	-5.6 -62.1%	1.4 19.7%	1.4 19.9%
EBT as % of sales	7.9 61.7%	0.7 7.5%	-2.3 -210.8%	1.2 13.5%	6.1 87.7%	6.3 88.5%
Income tax as % of EBT	0.0 -0.4%	-1.6 -221.6%	0.0 0.3%	-0.1 -10.0%	-0.6 -10.0%	-0.6 -10.0%
Net income	7.9	-0.9	-2.3	1.1	5.5	5.6
EPS in EUR	0.26	-0.03	-0.08	0.04	0.18	0.19

Source: Scherzer, FMR

Balance							
HGB	EURm	2017A	2018A	2019A	2020e	2021e	2022e
	Other fixed assets	2.4	2.1	2.7	2.2	2.2	2.2
	Financial assets	33.8	29.9	24.7	24.7	25.7	26.7
	as % of total assets	37.6%	35.4%	30.3%	28.5%	28.1%	27.9%
	Non current assets	36.2	32.0	27.4	26.9	27.9	28.9
	as % of total assets	40.3%	38.0%	33.6%	31.0%	30.5%	30.2%
	Other receivables and other assets	5.1	1.0	0.3	1.2	0.9	0.9
	Securities	47.4	49.2	52.7	53.7	54.7	55.7
	as % of total assets	52.8%	58.3%	64.6%	61.9%	59.7%	58.2%
	Cash and cash equivalents	1.1	2.1	0.7	4.9	8.0	10.2
	Current assets	53.5	52.3	54.1	59.8	63.6	66.8
	as % of total assets	59.7%	62.0%	66.4%	69.0%	69.5%	69.8%
	Accruals and deferrals	0.0	0.0	0.5	0.0	0.0	0.0
	Totals assets	89.7	84.4	81.5	86.6	91.5	95.6
	Subscribed capital	29.9	29.9	29.9	29.9	29.9	29.9
	Remaining equity	30.7	26.8	24.5	29.6	34.4	38.6
	Minority interests	0.0	0.0	0.0	0.0	0.0	1.0
	Total equity	60.6	56.7	54.4	59.5	64.4	68.5
	as % of total assets	67.5%	67.3%	66.8%	68.7%	70.4%	71.7%
	Provisions	3.9	1.8	3.6	3.6	3.6	3.6
	Financial liabilities	25.1	25.7	23.3	23.3	23.3	23.3
	Other liabilities	0.1	0.1	0.1	0.2	0.1	0.1
	Total liabilities and provisions	29.1	29.4	27.0	27.1	27.1	27.1
	as % of total assets	32.5%	34.9%	33.2%	31.3%	29.6%	28.3%
	Equity and liabilities	89.7	84.4	81.5	86.6	91.5	95.6

Source: Scherzer, FMR

Cash flow statement

HGB EURm	2017A	2018A	2019A	2020e	2021e	2022e
Net income	7.9	-0.9	-2.3	1.1	5.5	5.6
Depreciation and amortisation	0.0	0.0	5.3	0.0	0.0	0.0
Other transactions incl. non-cash	4.9	7.9	1.8	11.0	0.0	0.0
Change in Working Capital	-4.1	3.9	0.3	-0.4	0.3	0.0
Cash flow from operating activities	8.7	11.0	5.1	11.7	5.7	5.6
Cash flow form investing activities	-12.7	-7.6	-4.0	-7.5	-2.0	-2.0
Change in debt	6.3	0.6	-2.4	0.0	0.0	0.0
Dividend payments	-1.5	-3.0	0.0	0.0	-0.6	-1.5
Other financing activities	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	4.8	-2.4	-2.4	0.0	-0.6	-1.5
Total change in cash and cash equivalents	0.8	1.0	-1.4	4.2	3.1	2.1
Cash and cash equivalents at the start of the period	0.2	1.1	2.1	0.7	4.9	8.0
Cash and cash equivalents at year's end	1.1	2.1	0.7	4.9	8.0	10.2

Source: Scherzer, FMR

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- b) Time conditions of expected updates: quarterly
- c) Supervisory authority: Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Lurgiallee 12, 60439 Frankfurt am Main
- d) Previous analyses: No analysis was published in the 12 months before publication of this analysis that contains a recommendation for a specific investment decision which contradicts this analysis.
- e) The analysis was made available to the issuer, to the extent that is legally permissible, before publication and was not amended thereafter.
- f) All prices and price developments listed in the analysis are based on closing prices insofar as no contradictory details were provided about prices and price developments.

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Company	Disclosure(s)
Scherzer & Co. AG	-

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(v.) is in possession of a net sales or purchase position which exceeds the threshold of 0.5% of the total issued share capital of the issuer;

(vi.) has concluded an agreement regarding the preparation of investment recommendations with the issuer.

(vii.) has other significant interests with regard to the company being analysed, for example clients with the company being analysed.

Company	Disclosure(s)
Scherzer & Co. AG	iii, vi

Valuation history for the last 12 months:

Date	Recommendation	Share price at publishing date	Target price
19.12.2019	HOLD	2.20	2.40
28.01.2020	HOLD	2.18	2.40
06.03.2020	HOLD	1.94	2.30
19.06.2020	HOLD	2.04	2.20
17.08.2020	BUY	2.28	2.60
28.08.2020	BUY	2.28	2.60
04.11.2020	BUY	2.10	2.60

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FMR Frankfurt Main Research AG

Registered office: Frankfurt am Main; Commercial Register No. HRB 113537, Frankfurt am Main district court; Chairman: Marcus Silbe

b) Issuer

Felix Lutz, Analyst

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5. Investment recommendation details

Investment recommendation details - stocks:

BUY: In our opinion, the stock will demonstrate an absolute price gain of at least 10 % in a 12-month period.

HOLD: In our opinion, the stock will not exceed or fall below an absolute price gain or loss of 10% in a 12-month period.

Sell: In our opinion, the stock will demonstrate an absolute price loss of at least 10 % in a 12-month period.

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