



Scherzer & Co.

Company presentation

Scherzer & Co. Aktiengesellschaft

As of March 24, 2011



Scherzer & Co.

1. Executive Summary
2. Positioning
3. Strategy / Safety
4. Strategy / Opportunity
5. Significant Individual Positions
6. Financials
7. Summary



## **Executive Summary**

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.



## 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.
- To position the company as a **relevant partner** for transactions in the area of special situations.
- To achieve **sustained capital appreciation**.



## Management and Supervisory Board

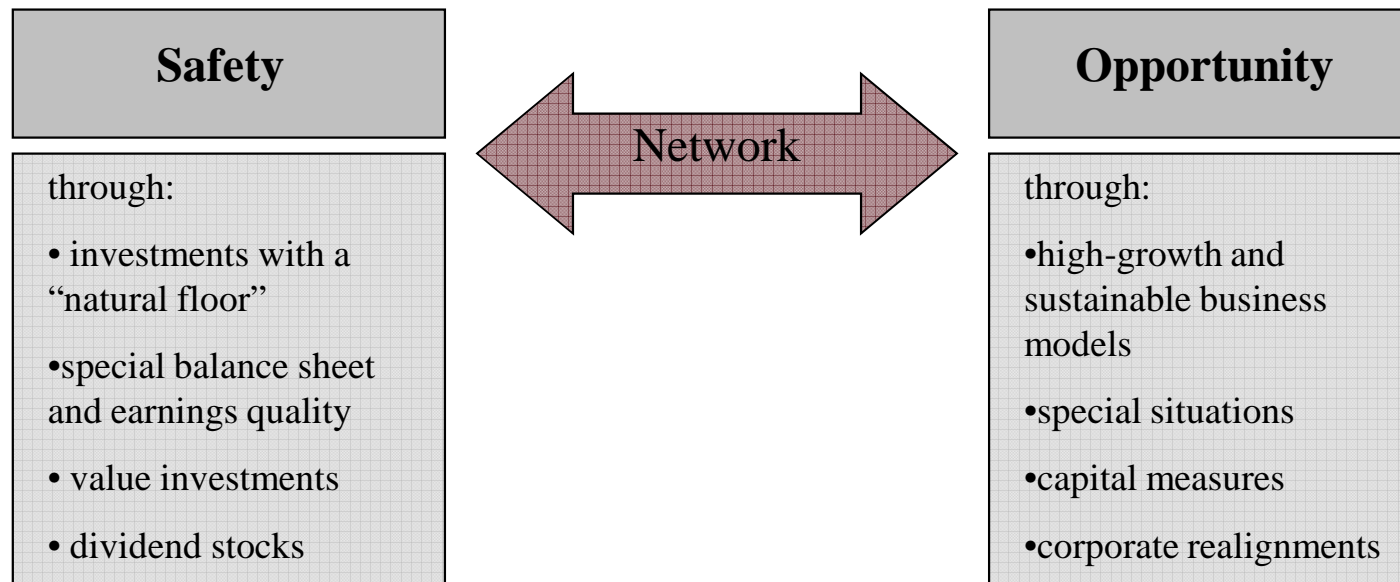
<b>Dr. Georg Issels</b>	Managing Director, Scherzer & Co. AG, since 2002. Managing Director, RM Rheiner Management AG, since 2008.
<b>Dr. Hanno Marquardt</b> Chairman	Lawyer, Partner in the law firm Schmitz Knoth Rechtsanwälte, Bonn, Cologne, Berlin;
<b>Rolf Hauschildt</b> Deputy Chairman	Investor, Managing Director, VM Value Management GmbH, Düsseldorf;
<b>Dr. Dirk Rüttgers</b>	Asset Manager, Managing Director, Silvius Dornier Verwaltungsgesellschaft mbH, Munich



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## Positioning: Concentration on two strategies



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



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## Investment Strategy

Safety through...

- ... investments in companies with a “natural floor” (cash offers or expected cash offers).
- ... 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



## Selected Individual Positions (Safety-Oriented)

- Andrae-Noris Zahn AG  
Sector: Commerce,  
Security code WKN 504 700,  
takeover in process
- buch.de  
internetstores AG  
Sector: e-Commerce,  
Security code WKN 520 460,  
Cash value / takeover candidate
- Generali Deutschland  
Holding AG  
Sector: Insurance,  
Security code WKN 840 002,  
Squeeze-out candidate



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## Investment Strategy

Opportunities through...

- ... investments in sustainable business models with appropriate growth potential.
- ... special situations.
- ... seizing upon opportunity potential presented by capital measures (restructurings, recapitalisations, growth finance).
- ... participating in corporate realignments.

## Selected Individual Positions (Opportunistic)

- Dr. Hönle AG  
Sector: Printing Industry  
Security code 515 710,  
High cash flow
- Biotest AG  
Sector: Biotechnology  
Security code WKN 522 720,  
Special situation / development pipeline
- Stada Arzneimittel AG  
Sector: Pharma  
Security code WKN 725 180,  
Corporate Action



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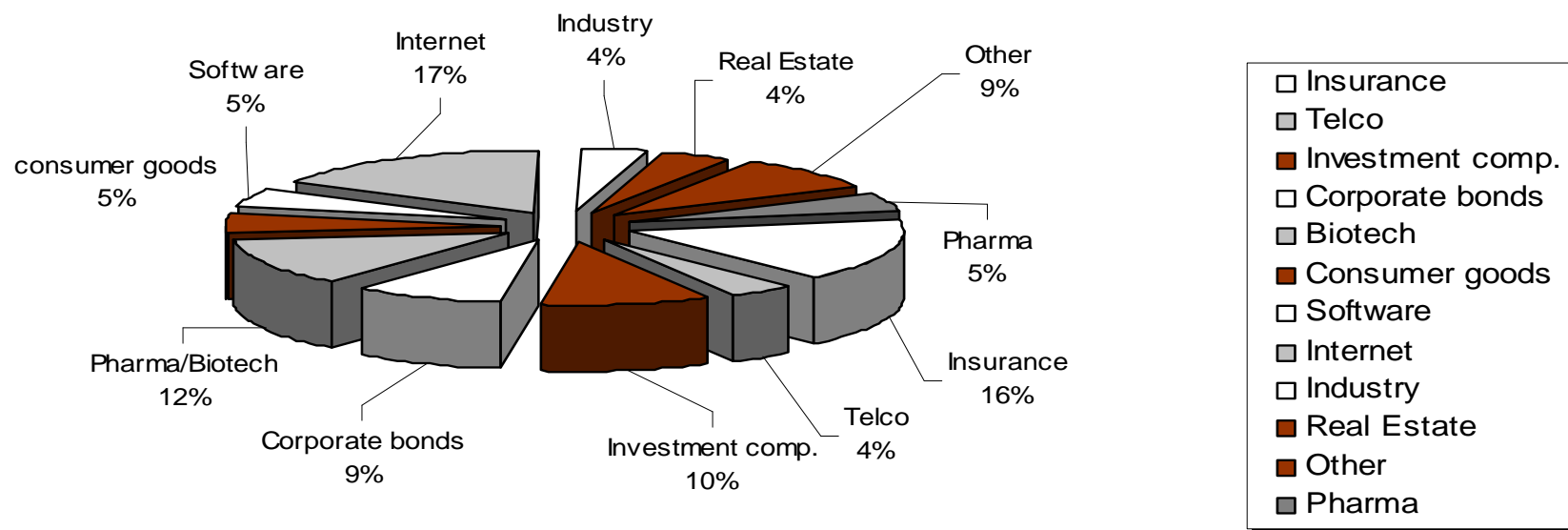
## The 10 Largest Equity Positions

(in order of market capitalisation based on share prices as of March 24, 2011)

▪ WKN: 520 460	buch.de internetstores AG	<i>Safety</i>
▪ WKN: 840 002	Generali Deutschland Holding AG	<i>Safety</i>
▪ WKN: 522 720	Biotest AG, Ord.	<i>Opport.</i>
▪ WKN: 725 180	Stada Arzneimittel AG	<i>Opport.</i>
▪ WKN: 515 710	Dr. Höhle AG	<i>Opport.</i>
▪ WKN: 522 000	EnBW AG	<i>Safety</i>
▪ WKN: 504 700	ANZAG AG	<i>Safety</i>
▪ WKN: 701 870	RM Rheiner Management AG	<i>Safety</i>
▪ WKN: CMB T11	Kizoo AG	<i>Safety</i>
▪ WKN: A0EAMM	freenet AG	<i>Opport.</i>

These investments represent 61.1% of the total portfolio.

## Investment by Sector as of 24.03.2011





## 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 March 24, 2011 is approximately **74.4 million euros**.
- The subsequent improvement rights are not carried on the balance sheet.



## **Initial results of appraisal rights proceedings:**

- 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 to 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.
- The shares returned to the company at the time of the merger amounted to EUR 0.694 million.
- Rectification on the received shares therefore equates to 19.74%.



## Selected Project Completions

- Bayer Schering Pharma AG: Squeeze-out completed in September 2008.
- Kässbohrer Geländefahrzeug AG: Tendered under company agreement.
- Kölnische Rückversicherungs - Gesellschaft AG: Squeeze-out completed in February 2009.
- Ersol AG: Squeeze-out completed in September 2009.
- Altana AG: Tendered under public tender offer.
- D&S Europe AG: Squeeze-out completed in June 2010.
- Ergo Versicherungsgruppe AG: Squeeze-out completed in July 2010.
- PC Ware AG: Squeeze-out completed in January 2011.
- SAF Simulation Analysis & Forecasting AG: Blockdeal in March 2011.



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## Development of Capital

- 1880 / 1910      Founded in 1880, articles of incorporation adopted in 1910 as Porzellanfabrik Zeh, Scherzer & Co. AG.
- August 2002      Capital converted to euro and no-par-value shares, subscribed capital (SC): € 883,750.00, divided into 883,750 shares.
- June 2005      Capital increase 13-for-1 at € 1.05 - SC: € 12,372,500
- December 2005      Capital increase 1-for-10 at € 1.18 - SC: € 13,609,750
- April 2006      Capital increase 1-for-3 at € 1.45 - SC: € 18,146,333
- May 2007      Capital increase 1-for-2 at € 1.60 - SC: € 27,219,499

## Balance Sheet Figures as of 31 December 2010

	<b>FY 2010</b>	<b>FY 2009</b>
Securities classified as non-current assets	€ 20.53m	€ 20.55m
Securities classified as current assets	€ 27,98m	€ 19.73m
<b>Total assets</b>	<b>€ 49,72m</b>	<b>€ 40.89m</b>
Shareholders' equity	€ 33,38m	€ 29.45m
Subscribed capital	€ 27,22m	€ 27.22m
Bank liabilities	€ 15,47m	€ 10.59m
<b>Equity ratio</b>	<b>67,15 %</b>	<b>72.02 %</b>



## Key P&L Figures as of December 31, 2010

	<b>FY 2010</b>	<b>FY 2009</b>
Profit/loss on ordinary activities	€ 4,03m	€ 6.00m
<b>Net income/loss for the year</b>	<b>€ 3,93m</b>	<b>€ 5.37m</b>



	<b>FY 2010</b>	<b>FY 2009</b>
Realised gains/losses	€ 3,13m	€ 1.19m
Dividend income	€ 1,19m	€ 0.54m
Other operating income	€ 2,87m	€ 6.45m
Write-downs to fair value at reporting date	€ 2,00m	€ 1.15m
Other operating expenses	€ 0,55m	€ 0.53m
<b>Earnings before interest and tax (EBIT)</b>	<b>€ 4,32m</b>	<b>€ 6.27m</b>
Net interest income/expense	€ 0,29m	€ 0.28m
Taxes on income	€ 0,10m	€ 0.63m





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## Company News

- In March, Scherzer & Co. AG sold its investment in SAF Simulation, Analysis and Forecasting AG (“SAF”) to the majority stockholder SAP AG, Walldorf, at great profit. The sale was part of a larger transaction during which SAP AG acquired a total of 1,228,000 SAF stocks, therefore increasing its investment to 93.07%. Scherzer & Co. AG pooled the interests of the selling investors and carried out exclusive negotiations with SAP.
- Based on a share price level of € 1.26, Scherzer & Co. AG is trading roughly 11% below the current market value of the portfolio positions as of 24.03.2011 net of the company’s liabilities (subsequent improvement rights are not included in the portfolio’s valuation).



## Share Performance in 2011

High / low in 2010

**€ 1.2390 / € 0.8000**

Market capitalisation on March 24, 2011

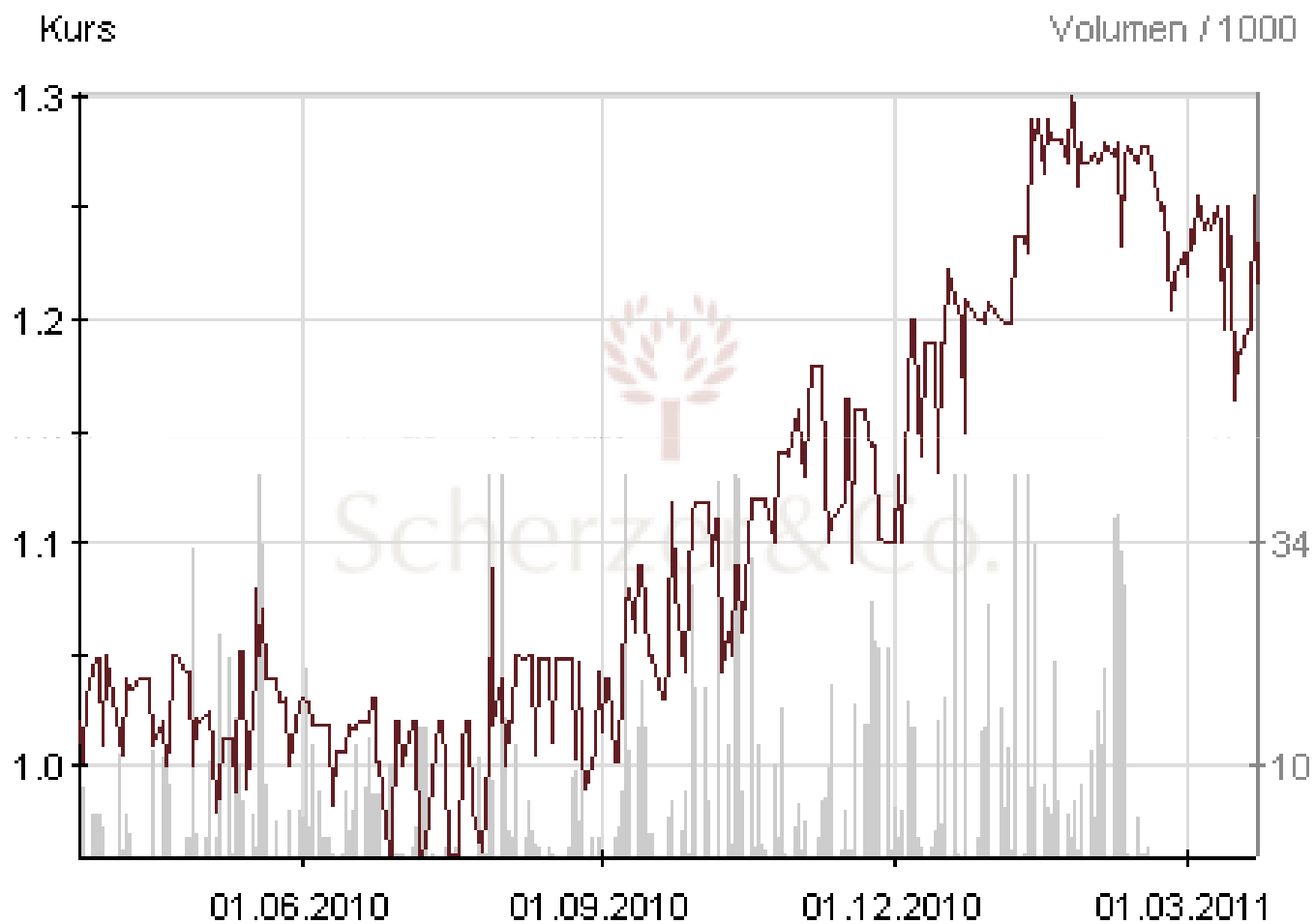
**€ 34.30m**

Share price on March 24, 2011

**€ 1.26**



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## Key Investment Highlights

- **Balanced risk mix** reduces the portfolio's volatility and lowers the correlation to the total market.
- **Opportunistic investment approach** allows interesting returns.
- Including **special situations** in the investment approach leads to higher income.
- Administrative costs minimised through an **intelligent compensation system**.
- **Active exercise of shareholder rights** optimises the return on the portfolio.



## 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), PSZG.F (Frankfurt), PZSG.D (Düsseldorf) PZSG.BE (Berlin), PZSG.SG (Stuttgart).
- Bloomberg: PZS
- Research: Solventis Wertpapierhandelsbank
- Designated Sponsor: Close Brothers Seydler Bank AG, Silvia Quandt & Cie. AG
- WKN/ ISIN: 694 280 / DE 000 694 280 8
- Shareholders: Majority held by institutional investors; > 200 private shareholders



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## Financial Calendar

March 24, 2011	Supervisory Board Meeting
May 30, 2011	Supervisory Board Meeting
May 30, 2011	Annual General Meeting
September 30, 2011	Supervisory Board Meeting
December 2, 2011	Supervisory Board Meeting



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