

Company presentation

Scherzer & Co. Aktiengesellschaft

As of March 31, 2012

Scherzer & Co.

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## **1. Executive Summary**

2. Positioning

3. Strategy: Safety and opportunity

4. Significant individual positions

5. Financials

6. Summary

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# 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

**Dr. Georg Issels**

Managing Director, Scherzer & Co. AG, since 2002

Managing Director, RM Rheiner Management AG, since 2008

**Dr. Hanno Marquardt**

Chairman

Lawyer

Partner in the law firm Schmitz Knoth Rechtsanwälte  
Bonn, Cologne, Berlin

**Rolf Hauschildt**

Deputy Chairman

Investor

Managing Director, VM Value Management GmbH,  
Düsseldorf

**Dr. Dirk Rüttgers**

Asset Manager

Managing Director, Silvius Dornier Verwaltungsgesellschaft mbH,  
Munich

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# Investment universe of Scherzer & Co. AG

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- We primarily analyze investments 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 on any one sector. Any plausible and convincing business model is of potential interest of us.
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# Investment universe of Scherzer & Co. AG

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



# Positioning: Concentration on two strategies

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

## Safety

through:

- investments with a „natural floor“
- special balance sheet and earnings quality
- value investments
- dividend stocks

## Network

## Opportunity

through:

- high-growth and sustainable business models
- special situations
- capital measures
- corporate realignments

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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

- **IBS AG excellence, collaboration, manufacturing**  
WKN 622 840  
Sector: Software  
**Takeover in process**
- **hotel.de AG**  
WKN 691 093  
Sector: Internet  
**Takeover in process**
- **Generali Deutschland Holding AG**  
WKN 840 002  
Sector: Insurance  
**Squeeze-out candidate**

# Investment strategy

## Opportunity 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

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- **GK Software AG**

WKN 757 142

Sector: Software  
**Corporate Action**

- **Biotest AG**

WKN 522 720

Sector: Biotechnology  
**Special situation/ development pipeline**

- **Aixtron SE**

WKN A0W MPJ

Sector: Machinery construction  
**Special situation**

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## The ten largest equity positions

in order of market capitalisation based on share prices as of 3/31/2012

WKN 840 002	Generali Deutschland Holding AG	Safety
WKN 691 093	hotel.de AG	Safety
WKN 522 720	Biotest AG	Opportunity
WKN 757 142	GK Software AG	Opportunity
WKN 585 969	InVision Software AG	Opportunity
WKN A0Y F5P	exceet Group SE	Opportunity
WKN 920 299	Highlight Communications AG	Opportunity
WKN 805 100	W&W Wüstenrot & Württembergische AG	Safety
WKN A0Z 2ZZ	freenet AG	Opportunity
WKN 622 840	IBS AG excellence, collaboration, manufacturing	Safety

These investments represent 54.3% of the total portfolio.



## Aktuelles

- Drägerwerk AG & Co. KGaA has optimized its capital structure and submitted a buyback offer to the holders of participation certificates at a price of EUR 210.00. Scherzer & Co. AG benefited from this offer.
- After Siemens AG had exceeded the minimum limit of 75 percent of voting rights during the current tender offer, IBS AG increased its investment to over 3 percent.
- Based on a share price level of €1.00, Scherzer & Co. AG is trading roughly 23% below the current market value of the portfolio positions as of March 31, 2012 net of the company's liabilities (subsequent improvement rights are not included in the portfolio's valuation).

## 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 31, 2012 is approximately **74.2 million EUR**.
- 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 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.

## Selected project completions

- |  |   |
|--|---|
| ▪ Kölnische Rückversicherungsgesellschaft 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                 |
| ▪ buch.de internetstores AG                  | Blockdeal in April 2011                 |
| ▪ Repower Systems SE                         | Squeeze-out completed in October 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 1 for 13 at 1,05 EUR      SC 12.372.500 EUR
- December 2005      Capital increase 10 for 1 at 1,18 EUR      SC 13.609.750 EUR
- April 2006      Capital increase 3 for 1 at 1,45 EUR      SC 18.146.333 EUR
- May 2007      Capital increase 2 for 1 at 1,60 EUR      SC 27.219.499 EUR

## Balance Sheet Figures as of 31 December

		<b>FY 2011</b>	<b>FY 2010</b>
Securities classified as non-current assets	TEUR	15.620	20.530
Securities classified as current assets	TEUR	27.707	27.983
Total assets	TEUR	44.417	49.718
Shareholders' equity	TEUR	30.615	33.384
Subscribed capital	TEUR	27.219	27.219
Bank liabilities	TEUR	13.490	15.456
Equity ratio	%	68,93	67,15

## Key P&L Figures

		<b>FY 2011</b>	<b>FY 2010</b>
Profit/ loss on ordinary activities	TEUR	- 2.813	4.034
Net income/ loss for the year	TEUR	- 2.769	3.934
Earnings per share	EUR	- 0,10	0,14

Scherzer & Co.

## Key P&L Figures

		<b>FY 2011</b>	<b>FY 2010</b>
Realized gains/ losses	TEUR	2.907	3.130
Other operating income	TEUR	886	2.872
Dividend income	TEUR	1.334	1.192
Other interest and similar income	TEUR	589	275



## Key P&L Figures

		<b>FY 2011</b>	<b>FY 2010</b>
Wages and salaries	TEUR	330	292
Write-downs	TEUR	5	5
Other operating expenses	TEUR	437	548
Write-downs to fair value at reporting date	TEUR	7.115	1.998
Interest and similar expenses	TEUR	621	565
Taxes on income	TEUR	44	./. 100

## Share performance

		2011	2010
Market capitalisation	TEUR	25.750	32.936
High/ Low	EUR	1,3440 / 0,9030	1,2390 / 0,8000
Closing price	EUR	0,9460	1,2080

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3/31/2012	Share price:	1,01	EUR
	Market capitalisation:	27,50	Mio. EUR

# Share performance



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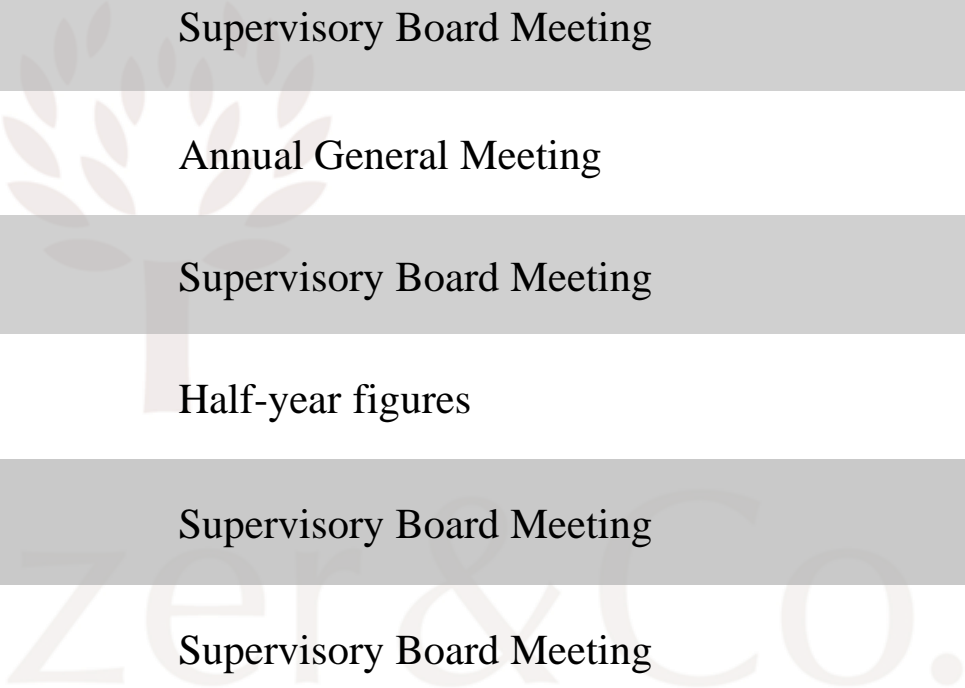
## Key Investment Highlights

- **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), PZSG.F (Frankfurt), PZSG.D (Düsseldorf),  
PZSG.BE (Berlin), PZSG.SG (Stuttgart)
- Bloomberg: PZS
- Research: Solventis Wertpapierhandelsbank  
Close Brothers Seydler Bank AG  
Silvia Quandt Research GmbH
- 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

## Financial calendar



12 March 2012	Supervisory Board Meeting
11 May 2012	Annual General Meeting
11 May 2012	Supervisory Board Meeting
02 August 2012	Half-year figures
28 September 2012	Supervisory Board Meeting
07 December 2012	Supervisory Board Meeting

## Contact details

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