

» Investment company «

# Scherzer & Co. AG

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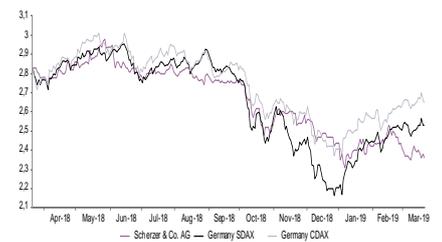
**HOLD**

Before: HOLD

Price target **EUR 2,60 (2.60)**  
Price\* **EUR 2,36 (+10%)**

\*XETRA trading price at the close of the previous day

Change	2018e	2019e	2020e
Sales	-	-	-
EBIT	-	-	-
EPS	n.m.	-	-



Source: Factset

## Share Data

	2018
Shares (millions)	29.94
Free Float (percent)	100%
Market Cap (Euro millions)	72.2
Daily turnover (€)	2,250
High (Euro, 52 weeks)	3.00
Low (Euro, 52 weeks)	2.24

## Shareholders

Free float	100.0 %
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## Company events

March presentation	05.04.2019
Annual Report 2018	Beginning of April

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## 2018 ends with loss due to one-time tax effect

On 19 March 2019, the Management Board and Supervisory Board of Scherzer & Co. AG adopted the annual financial statements and published a press release in the evening. For 2018, the company reported a net loss for the year of EUR 0.86m (vs. FMR +EUR 0.57m). The shortfall is due to a one-off tax effect. Earnings before taxes remained unchanged (published on January 31) at EUR 0.7m.

In addition, it was confirmed that – as we expected in the initial study – no dividend will be paid for the 2018e financial year.

### Change in taxation of shares in current assets

The Scherzer management distinguishes exactly - depending on the intention of the holding period – whether it accounts for shares in current or fixed assets. Until January 1, 2018, equity gains on equities held as current assets had to be taxed at 100%, while equities held as fixed assets were tax-free at 95%. Since 1.1.2018, a uniform tax exemption has applied to 95% of share gains, regardless of whether these are fixed or current assets. This did not affect securities that had previously been held as current assets in 2018.

In 2018, major equity positions of the old current assets were sold and profits realized. As these were not yet tax-exempt, the high tax expenses of EUR 1.5m were incurred. On the other hand, we had expected only a marginal tax expense without a special effect and there were no indications of this in the half-year report.

### HOLD, Target price EUR 2.60 - Release of AR 2018 at the beginning of April

We leave our price target at EUR 2.60 and our recommendation at HOLD and expect the publication of the annual report for 2018 at the beginning of April. We have left our estimates for fiscal 2019 unchanged until the presentation of the annual report. We will then adapt our model.

FY End: 31.12. in EURm	CAGR (17-20e)	2015	2016	2017	2018e	2019e	2020e
Net earnings from fin. instruments	-21.0%	5.4	6.0	12.9	2.4	6.2	6.4
EBITDA	-27.1%	6.1	5.0	10.2	0.9	3.8	3.9
Margin		111.3%	84.1%	78.9%	38.6%	61.8%	62.1%
EBIT	-27.3%	6.1	5.0	10.2	0.9	3.8	3.9
Margin		111.1%	84.0%	78.8%	38.3%	61.3%	61.5%
Net result	-12.4%	5.3	4.5	7.9	-0.9	5.1	5.3
EPS	-12.4%	0.18	0.15	0.26	-0.03	0.17	0.18
Dividend per share		0.05	0.05	0.10	0.00	0.00	0.05
NAV	-2.4%	59.28	68.56	82.04	69.16	72.16	76.16
Return on NAV		9.2%	8.7%	15.7%	3.4%	8.6%	8.3%
ROE		10.4%	8.2%	13.0%	-1.5%	8.1%	7.7%
ROA		7.6%	5.9%	8.8%	-1.0%	5.6%	5.4%

Source: Scherzer, FMR

## Appendix

### Profit and loss account

HGB; in EUR million	2015	2016	2017	2018e	2019e	2020e
<b>Net proceeds from securities</b>	<b>5.4</b>	<b>6.0</b>	<b>12.9</b>	<b>2.4</b>	<b>6.2</b>	<b>6.4</b>
Growth YoY	-25.9%	9.9%	115.2%	-81.7%	162.6%	2.4%
Personnel expenditure in % of turnover	-0.78 -14.3%	-1.28 -21.3%	-2.69 -20.8%	-1.40 -59.2%	-1.47 -23.7%	-1.50 -23.7%
Other operating income in % of turnover	1.87 34.3%	0.91 15.2%	0.94 7.3%	0.89 37.8%	0.00 0.0%	0.00 0.0%
Other operating expenses in % of turnover	-0.48 -8.7%	-0.58 -9.7%	-0.98 -7.6%	-0.95 -40.0%	-0.90 -14.5%	-0.90 -14.2%
<b>EBITDA</b>	<b>6.06</b>	<b>5.04</b>	<b>10.17</b>	<b>0.91</b>	<b>3.84</b>	<b>3.95</b>
in % of turnover	111.3%	84.1%	78.9%	38.6%	61.8%	62.1%
Write-offs in % of turnover	-0.01 -0.1%	-0.01 -0.1%	-0.01 -0.1%	-0.01 -0.3%	-0.03 -0.5%	-0.04 -0.6%
<b>EBIT</b>	<b>6.05</b>	<b>5.03</b>	<b>10.16</b>	<b>0.91</b>	<b>3.80</b>	<b>3.91</b>
in % of turnover	111.1%	84.0%	78.8%	38.3%	61.3%	61.5%
Net financial result in % of turnover	0.65 11.9%	-0.29 -4.8%	-2.21 -17.2%	-0.20 -8.6%	1.59 25.6%	1.69 26.5%
<b>EBT</b>	<b>6.70</b>	<b>4.74</b>	<b>7.94</b>	<b>0.70</b>	<b>5.39</b>	<b>5.59</b>
in % of turnover	123.0%	79.2%	61.7%	29.7%	86.9%	88.1%
Taxes in % of EBT	-1.38 -20.6%	-0.28 -5.8%	-0.03 -0.4%	-1.56 -221.8%	-0.27 -5.0%	-0.28 -5.0%
<b>Annual surplus</b>	<b>5.32</b>	<b>4.47</b>	<b>7.90</b>	<b>-0.86</b>	<b>5.12</b>	<b>5.31</b>
Minorities	0	0	0	0	0	0
Shares (in millions)	29.94	29.94	29.94	29.94	29.94	29.94
<b>EPS in EUR</b>	<b>0.18</b>	<b>0.15</b>	<b>0.26</b>	<b>-0.03</b>	<b>0.17</b>	<b>0.18</b>

Source: Scherzer, FMR

<b>Balance</b>						
HGB, in EUR million	2015	2016	2017	2018e	2019e	2020e
<b>Assets</b>						
<b>Fixed assets</b>	<b>31.7</b>	<b>44.5</b>	<b>36.2</b>	<b>36.4</b>	<b>37.4</b>	<b>39.4</b>
in % of balance sheet total	45.3%	58.7%	40.3%	41.8%	40.6%	40.4%
Financial assets	31.7	42.4	33.8	34.0	35.0	37.0
in % of balance sheet total	45.2%	55.9%	37.6%	39.0%	37.9%	37.9%
Or else. fixed assets	0.1	2.1	2.4	2.4	2.4	2.4
<b>Current assets</b>						
<b>Current assets</b>	<b>38.3</b>	<b>31.3</b>	<b>53.5</b>	<b>50.7</b>	<b>54.8</b>	<b>58.2</b>
in % of balance sheet total	54.7%	41.3%	59.7%	58.2%	59.4%	59.6%
Or else. Receivables and assets	2.8	0.9	5.1	0.9	0.9	0.9
in % of balance sheet total	33.7	30.1	47.4	48.0	50.0	52.0
Cash	48.1%	39.7%	52.8%	55.1%	54.2%	53.3%
	1.8	0.2	1.1	0.3	2.4	3.8
<b>Balance sheet total</b>	<b>70.1</b>	<b>75.9</b>	<b>89.7</b>	<b>85.6</b>	<b>90.7</b>	<b>96.0</b>
<b>Liabilities</b>						
<b>Equity</b>	<b>51.2</b>	<b>54.2</b>	<b>60.6</b>	<b>56.7</b>	<b>61.9</b>	<b>67.2</b>
in % of balance sheet total	73.1%	71.4%	67.5%	66.8%	68.6%	70.3%
Subscribed capital	29.9	29.9	29.9	29.9	29.9	29.9
Or else. equity	21.3	24.3	30.7	26.8	31.9	37.2
<b>Liabilities and provisions</b>						
<b>Liabilities and provisions</b>	<b>18.8</b>	<b>21.7</b>	<b>29.1</b>	<b>29.0</b>	<b>29.0</b>	<b>29.0</b>
in % of balance sheet total	26.9%	28.6%	32.5%	33.2%	31.4%	29.7%
Accruals	1.5	2.8	3.9	3.9	3.9	3.9
Financial debts	17.2	18.8	25.1	25.0	25.0	25.0
Or else. liabilities	0.1	0.1	0.1	0.1	0.1	0.1
<b>Balance sheet total</b>	<b>70.1</b>	<b>75.9</b>	<b>89.7</b>	<b>85.6</b>	<b>90.7</b>	<b>96.0</b>

Source: Scherzer, FMR

**Cash flow statement**

HGB, in EUR million	2015	2016	2017	2018e	2019e	2020e
<b>Annual result</b>	<b>5.3</b>	<b>4.5</b>	<b>7.9</b>	<b>-0.9</b>	<b>5.1</b>	<b>5.3</b>
Write-offs	0.0	0.0	0.0	0.0	0.0	0.0
Other OCF (incl. non-cash)	0.1	1.4	3.8	8.9	11.8	11.8
Change in working capital	-4.2	-0.6	-8.8	1.6	2.5	2.5
<b>Cash flow from operating activities</b>	<b>3.0</b>	<b>6.0</b>	<b>5.6</b>	<b>5.7</b>	<b>5.2</b>	<b>5.3</b>
CAPEX	11.1	-7.3	-25.1	-43.3	49.1	45.1
Change in consolidation, net effect	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>5.6</b>	<b>-9.2</b>	<b>-8.9</b>	<b>-0.9</b>	<b>-3.0</b>	<b>-4.0</b>
Change in financial liabilities	-5.5	1.6	6.3	-0.1	0.0	0.0
Dividends	-1.5	-1.5	-1.5	-3.0	0.0	0.0
Other financial items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-7.0</b>	<b>0.1</b>	<b>4.8</b>	<b>-3.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Change in cash and cash equivalents</b>	<b>1.5</b>	<b>-3.1</b>	<b>1.5</b>	<b>1.7</b>	<b>2.2</b>	<b>1.4</b>
Exchange rates and other changes	1.8	1.8	0.4	-2.6	0.0	0.0
Cash and cash equivalents at 01.01.	0.4	1.8	0.2	1.1	0.3	2.4
<b>Cash and cash equivalents at end of period</b>	<b>1.8</b>	<b>0.2</b>	<b>1.1</b>	<b>0.3</b>	<b>2.4</b>	<b>3.8</b>

Source: Scherzer, FMR

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Company	Disclosure(s)
Scherzer & Co. AG	-

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(ii.) was involved in the management of a syndicate within the past five months that issued financial instruments of the issuer in the context of a public tender;

(iii.) managed financial instruments of the issuer on a market by means of concluding purchase or sale agreements:

(iv.) has, within the past twelve months, concluded an agreement regarding services in connection with investment banking business or received a service or performance promise from such agreement, with issuers which either themselves or the financial instruments thereof, are the subject of the financial analysis;

(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;

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

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Scherzer & Co. AG	iii, vi

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