Scherzer & Co. AG

Close Brothers Seydler Research AG

Recommendation:	Risk:	Price Target:	
BUY	HIGH	EUR 1.85	08 June 2011

Investing in special corporate situations

Specialist at a discount to NAV

- Scherzer & Co. AG (Scherzer), an investment holding company based in Cologne, aims at attaining long-term capital appreciation through a double-edge investment strategy involving 'safety-oriented' and 'opportunistic investments'. Scherzer aims to establish itself as a relevant partner for transactions in the area of special situations, including corporate restructurings, squeeze-out scenarios and takeovers.

- In the mid-term, Scherzer aspires to build an investment portfolio with equity financing of at least EUR 100m (May 2011 portfolio value: EUR ~55m). As of April 2011, the portfolio consisted of up to 60 holdings, of which 17 investments had market values greater than EUR 1m, and 30-40 less than EUR 1m. As at Mid-May 2011, EUR ~8m of the portfolio was invested in corporate bonds with a collective yield of ~8% on the entire bond portfolio, based on managements' guidance.

- The volume tendered as at April 2011 was EUR 74.4m. This figure represents potential claims arising from court arbitration awards sought in the wake of structural measures at listed companies, where Scherzer has previously sold its stake to a majority shareholder. Other recent exits (not included in this figure) include the block trades of buch.de, sold in April 2011 to the majority shareholder, and SAF Simulation Analysis & Forecasting AG in March 2011. A special situation was finalised in October 2010, when Scherzer was awarded a supplementary cash payment of EUR ~0.137m in appraisal rights proceedings following the merger of T-Online International AG with Deutsche Telekom AG. Gains on the shares amounted to 19.74%.

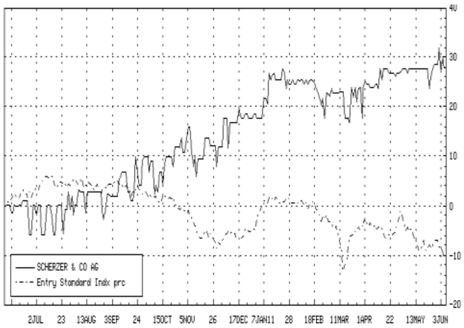
- Based on our discounted cash flow valuation, Scherzer's fair value per share is estimated at EUR 1.86. CBSR issues a BUY recommendation for this initiating coverage, with a price target of EUR 1.85 per share.

Key data:

FY 12/31, EUR m	2008	2009	2010	2011E	2012E	2013E
Gross income	-1.58	7.64	6.00	6.10	6.88	7.97
EBIT	-20.83	5.74	3.13	3.95	4.48	5.32
Net income	-19.90	5.37	3.93	4.36	4.87	5.68
EPS	-0.73	0.20	0.14	0.16	0.18	0.21
Fin. assets & securites	35.10	40.27	48.51	54.00	62.00	70.00
ROIC	-53.7%	14.0%	8.7%	8.9%	8.8%	9.2%
ROE	-82.6%	18.2%	11.8%	11.6%	11.4%	11.8%
ROA	-55.4%	14.0%	6.3%	7.1%	7.1%	7.4%
EV/EBIT	-2.5	9.0	16.6	13.1	11.6	9.8
P/E	-1.79	6.64	9.06	8.24	7.39	6.33

Source: Scherzer & Co. AG; CBS Research AG

Share price (dark) vs. Entry Standard



Source: CBS Research AG, Bloomberg, Scherzer & Co. AG

Change	2010 new	2010 old	2011E new	2011E old	2012E new	2012E old
Gross inc	-	6.0	6.1	-	6.9	-
EBIT	-	3.1	3.9	-	4.5	-
Net inc	-	3.9	4.4	-	4.9	-

www.scherzer-ag.de	Sector: Financial Services
WKN: 694280	ISIN: DE0006942808
Reuters: PZSG.DE	Bloomberg: PZS GY

Short company profile:

Scherzer & Co. AG is a private equity company. The Company invests in a wide range of securities, with a focus on special situations and/or corporate actions.

Share data:

Share price (EUR, latest closing price):	**1.32**
Shares outstanding (m):	27.2
Market capitalisation (EUR m):	35.9
Enterprise value (EUR m):	51.9
Ø daily trading volume (3 m., no. of shares):	9,907

Performance data:

High 52 weeks (EUR):	1.35
Low 52 weeks (EUR):	0.96
Absolute performance (12 months):	27.6%
Relative performance vs. Entry Standard:	
1 month	8.0%
3 months	11.8%
6 months	15.0%
12 months	44.9%

Shareholders:

Free float	100%

Financial calendar:

Interim Report	29 July 2011
Supervisory Board meeting	30 September 2011

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Investment thesis

Investment holding company with portfolio value of ~55m

Scherzer & Co. AG (Scherzer) is an investment holding company based in Cologne whose objective is to attain long-term capital appreciation through a double-edge investment strategy. In the mid-term, Scherzer aims to build an investment portfolio with equity financing of at least EUR 100m (May 2011 portfolio value: EUR ~55m, of which ~40m is equity financed, and ~15m is debt financed), while establishing its position as a relevant partner for transactions in the area of special situations.

Special corporate situations offering potentially high returns

The company's two-way strategy consists of investments in a 'safety-oriented' assets where the focus lies on investments which have a limited downside potential (accounting for ~45% of the portfolio as at mid-May 2011), as well as 'opportunity' or performance classed holdings (~55% of the portfolio as at mid-May 2011). There are several criteria for each class. Scherzer further seeks an advantage through the strategy of selecting stocks which are in or may fall into the category of 'special situation'. This includes corporate restructurings, takeovers, and squeeze-out situations. In the latter scenario, a minority shareholder is potentially able to extract added value from the majority shareholder in a compensation agreement. As per current legal practices in Germany, a pool of shareholders owning a minimum of 95% of a company's shares has the right to "squeeze out" the remaining minority shareholders, simultaneously providing adequate compensation. The minority shareholders then have a right to an independent appraisal which, if suggesting a higher value than provided in prior compensation, may see the minority shareholders extract further value through the judicial processes.

Diversified portfolio of holdings

Scherzer & Co AG has a diversified portfolio of holdings. No single industry is ruled out nor specifically targeted for investment. As of April 2011, the portfolio consisted of up to 60 holdings, of which 17 investments had market values greater than EUR 1m, and 30-40 less than EUR 1m. As at mid-May 2011, EUR ~8m of the portfolio was invested in corporate bonds with a collective yield of ~8% on the entire bond portfolio, based on managements' guidance. Another considerable section of the portfolio is invested in short put and call options. Restrictions mean that naked puts and calls are prohibited. This strategy enables Scherzer to offset some risk and gain extra revenue from writing puts.

Volume tendered, EUR 74.4m

The volume tendered as at April 2011 was EUR 74.4m. This figure represents potential claims arising from court arbitration awards sought in the wake of structural measures at listed companies, where Scherzer has previously sold its stake to a majority shareholder. Other recent exits (not included in this figure) include the block trades of buch.de, sold in April 2011 to the majority shareholder, and SAF Simulation Analysis & Forecasting AG in March 2011. A special situation was finalised in October 2010, when Scherzer was awarded a supplementary cash payment of EUR ~0.137m in appraisal rights proceedings following the merger of T-Online International AG with Deutsche Telekom AG. Gains on the shares amounted to 19.74%.

Inherent risks

Despite the diversification and focused strategy, Scherzer does not disclose all of its portfolio holdings nor return on investment and similar ratios. Furthermore, holding a large section of the portfolio in short puts and calls creates significant risk in the event of a significant market correction or sudden down turn. Taking into account current market volatilities and cautious investor sentiment in the development of the markets, in the mid-term Scherzer may be placed in a difficult situation having to realise significant losses if the share portfolio is adversely affected by its option positions. That said, both put and call options in Scherzer's portfolio are covered by either the cash required in case of payout or the underlying asset, thus eliminating the exposure risks of naked options.

Based on our discounted cash flow valuation, Scherzer's fair value per share is estimated at EUR 1.86. CBSR issues a BUY recommendation for this initiating coverage, with a price target of EUR 1.85 per share.

Fair value, EUR 1.86 per share

SWOT analysis

Strengths

- Carefully selected investments are screened by experienced management, while exit timelines are flexible to allow for best timing decisions to be made.

- Diversification across sectors reduces investment and sector risks. Investment in debt instruments ensures a stability of cash flows, despite debt instruments accounting for only 10% of the portfolio.

- Large, stable blue-chip holdings offset the higher risks and volatility of small, growth investments.

- Potentially significant hidden value locked in squeeze-out scenarios, sitting as a large hidden reserve on the balance sheet.

- Cooperation and part ownership of RM Rheiner Management, a specialist investor in companies in special situations.

Weaknesses

- Only a handful of people make operations possible, and each with their own set of skills and experience are important to the team. This increases the risk of disruption if any key personnel are lost.

- Swings in net income due to volatility, for example during the Global Financial Crisis of 2008.

Opportunities

- Possibility of advantageous buy-out offer from a majority shareholder or the possibility of windfall gains after a legal process due to the value appreciation of the shares.

- Appreciation of 'safety oriented' portfolio due to carefully selected holdings.

Threats

- Risks to the minority shareholder in a squeeze-out situation range from dividends being cut or cancelled altogether, to shares losing liquidity or being delisted, all in an attempt by the majority shareholder to cut the minority out without due benefit.

- Lengthy legal process for settlement of claims in special situations, at an expense to the company. Risk of not receiving a payout at the end of the long process.

- The entire portfolio value is exposed to downside market movements, as experienced during the GFC. However, the portfolio of short put options creates additional risk in the event of market downturns. Particularly in the current situation with high market volatility and cautious investor sentiment in the further development of markets, the put-portfolio should be closely monitored as losses are not capped.

Valuation

Valuation summary

DCF valuation approach

Scherzer & Co. AG is an investment holding company with significant volatility in earnings history, thus a modified DCF model has been applied to estimate the Company's fair value.

Description of valuation

The model output below displays historical earnings data which was not included in the valuation figure, rather is supplied for comparative purposes. It illustrates the previous years' *income generating assets, EBIT* and *free cash flow*. *Income generating assets* is the sum of all financial assets held by Scherzer, both long and short term, under *current* and *noncurrent assets* in the Company's balance sheet.

The 2011E estimate *for income generating assets* rises 11.8% to EUR 54m, with 2012E rising to EUR 62m, and 2013E further increasing to EUR 70m. This is in line with managements' goal of building an investment portfolio with equity financing of at least EUR 100m. We take a conservative assumption that growth of *income generating assets* will remain between 10%-15% per annum.

Estimates remain conservative

EBIT is estimated to increase each year based on an *EBIT margin* of between ~18%-26%, fed by growth of *income generated by assets* held in the portfolio, including dividends, interest income, and put and call option premiums. *Adjusted earnings* take into account *income from dividends* which are calculated as 2% of *income generating assets*, while *income taxes* which are estimated at 5% per annum are subtracted. Thus *free cash flow* for 2011E-2113E are estimated at EUR 4.8m, EUR 5.5m and EUR 6.42m respectively.

WACC of 10.4%

Cash flows have then been discounted by a weighted average cost of capital of 10.4%. The WACC calculation is derived based on the following parameters; on the basis of long-term yields of German federal bonds, the risk-free rate is set at 3.5%. Assuming an equity risk premium of 6.0%, a debt risk premium of 3% and adhering to a conservative approach, beta is set at 1.6. In line with management guidance the long-term target equity ratio is set at 70%. These premises lead to a WACC of 10.4%.

Terminal value growth 1% p.a.

Discounting by WACC, the resulting *present value of estimated cash flows* totals EUR 14.1m. The *terminal value* figure is estimated at EUR 52.6m, based on a conservative terminal growth value of 1% per annum. The FY2010 *cash and cash equivalents* figure (EUR 0.8m) is then added, with FY2010 *financial debt* (EUR -16.8m) subtracted, totals a ***fair value of equity* of EUR 50.7m**.

Fair value per share EUR 1.85

Based on 27.2m shares outstanding, the estimated *fair value per share* for Scherzer & Co. AG is EUR 1.86.

Discounted Cash Flow Model

EURm	2006	2007	2008	2009	2010	2011E	2012E	2013E	TV ∞
	Historical					Estimates			
Income generating assets	37.97	65.42	35.10	40.27	48.51	54.00	62.00	70.00	
YoY growth	0.0%	72.3%	-46.4%	14.8%	20.5%	11.3%	14.8%	12.9%	
EBIT	2.79	4.37	-20.83	5.74	3.13	3.95	4.48	5.32	
EBIT Margin	0.0%	56.6%	-577.3%	-127.5%	-45.4%	26.1%	13.5%	18.6%	
Income from dividends	0.40	0.87	2.00	0.54	1.19	1.08	1.24	1.40	
Income taxes	0.05	0.01	-0.01	-0.63	-0.10	-0.23	-0.26	-0.30	
Tax rate	1.7%	0.2%	0.0%	-10.5%	-2.5%	-5.0%	-5.0%	-5.0%	
Adjusted earnings	3.24	5.24	-18.84	5.64	4.22	4.80	5.47	6.42	
Margin	0.0%	61.9%	-459.4%	-130.0%	-25.2%	13.6%	13.9%	17.4%	
Free cash flow	**3.24**	**5.24**	**-18.84**	**5.64**	**4.22**	**4.80**	**5.47**	**6.42**	
Present values						**4.52**	**4.63**	**4.90**	**52.6**

Present value of estimated cash flow	14.1
Terminal Value	52.6
Total present value	66.7
+ Excess cash/Non-operating assets	0.8
- Financial debt	-16.8
Fair value of equity	50.7
Number of shares (m)	27.2
Fair value per share (EUR)	**1.86**

Risk free rate	3.5%	Target equity ratio	70%
Equity risk premium	6.0%	Beta (fundamental)	1.6
Debt risk premium	3.0%	**WACC**	**10.4%**
Tax shield	5.0%	**Terminal growth**	**1.0%**

		Terminal growth				
		0.5%	**0.8%**	**1.0%**	**1.3%**	**1.5%**
WACC	**9.9%**	1.88	1.94	2.00	2.07	2.14
	10.2%	1.82	1.87	1.93	1.99	2.06
	10.4%	1.76	1.81	1.86	1.92	1.98
	10.7%	1.70	1.75	1.80	1.85	1.91
	10.9%	1.64	1.69	1.74	1.79	1.84

Source: CBS Research AG

Company profile

Business overview

Investment holding company with an interest in...

Scherzer & Co. AG (Scherzer) is an investment holding company based in Cologne whose objective is to attain long-term capital appreciation for its shareholders through a double-edge investment strategy. The volume of successful exits as of March 2011 was EUR 74.4m. Scherzer was listed on Frankfurt Stock Exchange's Entry Standard Segment in 2006. The Company has had a series of capital raisings to build its asset portfolio, with an overall aim of a stable equity ratio of 65-70% over the years.

...participation in special corporate actions

The main objective of Scherzer & Co. AG is of long-term wealth accumulation for its shareholders through a balanced strategy involving two complementing investment approaches; - safety oriented investments as well as opportunistic investments. Within these two classes, investments are screened for potential takeover bid/squeeze-out stocks situations. The differentiation in Scherzer's strategy lies in this emphasis on selecting investments which have the potential to be taken over and thus unlock potentially significant value. In the mid-term, Scherzer aims to build an investment portfolio with equity financing of at least EUR 100m, while establishing its position as a relevant partner for transactions in the area of special circumstances.

Management and Supervisory Board

Dr. Georg Issels – Managing Director

Dr Issels has been the managing director at Scherzer & Co. AG since 2002. From 2001 to 2007, Dr. Issels was managing director at Allerthal-Werke AG. Since 2008, Mr Issels also took on the position of managing director at RM Rheiner Management AG.

Dr. Hanno Marquardt - Chairman

A lawyer by trade for more than 25 years, Dr. Marquardt is a partner at the law firm Schmitz Knoth Rechtsanwälte, practicing in Bonn, Cologne and Berlin.

Rolf Hauschildt – Deputy Chairman

Aside from being an investor in Scherzer, Mr. Hauschildt is also managing director at VM Value Management GmbH in Düsseldorf.

Dr. Dirk Rüttgers

Dr. Rüttgers is a managing director at Do Investment AG in Munich, while also taking the position of managing director at Silvius Dornier Verwaltungs Gesellschaft mbH, Munich.

Shareholder structure

100% free float

Scherzer maintains a 100% free float with 27.2m shares. Its main shareholders include Silvius Dornier family office and FPS Fund Management, however both shareholders fall below the 25% ownership publicity obligation and thus are not obligated to disclose their positions. Scherzer's capital development evolved as follows;

Capital raising history

Date	Total shares issued	Issue price EUR	Subscribed capital* EUR	Other details
Aug 2002	883,750	1.00*	883,750	Capital converted to EUR
Jun 2005	11,488,750	1.05	12,372,500	13:1 capital increase
Dec 2005	1,237,250	1.18	13,609,750	10:1 capital increase
Apr 2006	4,536,583	1.45	18,146,333	3:1 capital increase
May 2007	9,073,166	1.60	27,219,499	2:1 capital increase

*1 to 1 conversion, DM to EUR

Source: CBS Research AG, Scherzer & Co. AG

Short history

Founded in 1880, as a porcelain producer

Scherzer & Co. AG is an investment holding company based in Cologne. Founded in 1880, Scherzer initially produced decorative porcelain for various household uses. In 1992 Scherzer decided to close its production facilities and reposition itself as an 'asset manager'. In 2001, Scherzer was sold to Allerthal-Werke AG, an investment company focusing on investments in special situations such as corporate restructuring. Scherzer was then repositioned with a focus on investment activities, including a capital increase. During the same year, Dr. Georg Issels commenced as managing director of Allerthal-Werke AG until 2007.

2005, resumed investment activities

2005 saw Scherzer resume activities as an investment holding company with a focus on equity investments. In 2006, with a free float of 100% Scherzer was listed on the Entry Standard Segment of Frankfurt's Stock Exchange. In 2007, the company's capital stock increased to the present value of EUR 27.22m, as a result of various capital raisings over the years. Scherzer has not ruled out further capital raisings in the near to midterm future.

Business model and strategy

Strategy

Value creation through two investment approaches

The main objective of Scherzer & Co. AG is of long-term wealth accumulation for its shareholders through a balanced strategy involving two complementing investment approaches; - safety oriented investments as well as opportunistic investments. In the mid to long term, Scherzer aims to attain a portfolio NAV of EUR 100m (May 2011 portfolio value: EUR ~55m). With this targeted approach, Scherzer aims to establish itself as one of the leading listed investment companies in special situations and corporate action.

45% in 'safety-oriented' investments

Scherzer aims to create value by holding 'safety-oriented' and 'opportunistic' assets at a balance of 50-50. Within the 'safety-oriented' class, which accounts for ~45% of the portfolio as of mid May 2011, the focus lies on investments which have limited downside potential based on one or more of the following criteria;

- price-stabilising features such as a 'natural floor';
- where investments appear to be undervalued in the market;
- special balance sheet qualities: net cash position, little or no debt, share price significantly below book value;
- special earnings quality: sustained and positive earnings without cyclicality, dividend continuity and sustained free cash flows.

Examples of 'safety-oriented' investments include Generali Deutschland Holding AG which is a squeeze-out candidate as well as Andreae-Noris Zahn AG which is currently in a takeover process.

55% in 'opportunistic' investment approach

In the 'opportunistic' class, representing ~55% of the portfolio as at mid-May 2011, investments are sought that exhibit enhanced prospects at calculated risk. The focus lies on selecting growth companies with a sustainable business model, while at the same time the market is analysed for special situations that can offer attractive risk-reward profiles. Through these 'opportunistic' investments, Scherzer participates in capital measures, corporate realignments and restructurings, and secondary placing of investments. The holdings tend to be in cyclical industries, offering different risk/reward profiles as compared with the 'safety' asset class. Examples include Biotest AG with its special situation and development pipeline, as well as Dr. Hönle AG, at the moment sustaining a high cash flow.

Squeeze-out scenarios

In line with these criteria, investments are screened for potential takeover bid/squeeze-out stocks situations. The differentiation in Scherzer's strategy lies in this emphasis on selecting investments which have the potential to be taken over. In these special situations, generally the stock has a strong or strategic principal shareholder whom may naturally or based on strategic decision-making; create a squeeze-out situation whereby the minority stakeholders may encounter an advantageous position. Minority stakeholders may be offered compensation, such as a cash offer, to divulge their final holdings. Upon acceptance of the offer, the minority shareholder has the right to request an independent appraisal of the offer and to claim additional compensation (Nachbesserung) if the value is found to be higher at appraisal. In this case, legal proceedings generally follow with the process taking between 5-7 years to settle.

Debt instruments were used during the Global Financial Crisis in a flight to safer assets. Their use is to be decreased with time.

Debt instruments to be phased out

Successful squeeze-outs and exits

Scherzer's strategy has meant that it has already completed several successful squeeze-out cases, having been the main claimant in previous legal proceedings. The proceedings are based on the Securities Acquisition and Takeover Act (ger.'Wertpapiererwerbs- und Übernahmegesetz, WpÜG). There is also an alternative practice as set out in by§§ 327a - 327f of the German Stock Corporation Act (ger. Aktiengesetz, AktG), that secure the rights of minority shareholders.

Minority shareholder rights protected by various legislative acts

As of April 2011, the volume tendered amounted to EUR 74.4m. This figure is the sum of all sales of shares to majority shareholders thus far, where there remains a possibility of extracting further value in the future via special situation settlement.

Volume tendered, EUR 74.4m

The most recent special situation was finalised in October 2010 when Scherzer was awarded a supplementary cash payment of EUR ~0.137m in appraisal rights proceedings following the merger of T-Online International AG with Deutsche Telekom AG. Gains on the shares amounted to 19.74%.

The most recent exits include the block trades of buch.de, which was sold in April 2011 to the majority shareholder and SAF Simulation Analysis & Forecasting AG in March 2011.

The table below outlines the projects previously concluded within the minority shareholder squeeze-out/special case scenario strategy. Holdings are listed along with the year of exit and method of exit.

Holding	Year of completion	Action
Bank Austria AG	2008	Squeeze-out
Bayerische HypoVereinsbank AG	2008	Squeeze-out
Bayer Schering Pharma AG	2008	Squeeze-out
Kässbohrer Geländefahrzeug AG	2008	Tendered under company agreement
Kölnische Rückversicherungs Gesellschaft AG	2009	Squeeze-out
Ersol AG	2009	Squeeze-out
Altana AG	2009-2010	Tendered under company agreement
D&S Europe AG	2010	Squeeze-out
Ergo Versicherungsgruppe AG	2010	Squeeze-out
PC Ware AG	2011	Squeeze-out completed in January
SAF Simulation Analysis & Forecasting AG	2011	Block deal completed in March
buch.de internetstores AG	2011	Block deal completed in April

Source: CBS Research AG, Scherzer & Co AG

Having completed these previous projects, Scherzer has strengthened its experience in squeeze-out scenarios. Furthermore, working in close cooperation with RM Rheiner Management, a specialist in investments in special situations, as well as owning 25% of RM, has meant that Scherzer has access to its expertise and knowhow.

Cooperation with RM Rheiner Management

RM Rheiner Management Cooperation & Pool-sharing agreement

Agreement valid until end 2012

As of end of 2007, Scherzer & Co. AG has held a 25% stake in RM Rheiner Management (RM). The Cooperation and Pool-sharing agreement is valid until December 2012. The agreement allows Scherzer to access RM's special investment expertise in special situations and share information pertaining to these situations, RM being a specialist investor in corporate actions and special situations. At the end of December 2010, RM announced it was in negotiations with a Chinese partner for the purpose of expanding their investment universe to include potential situations arising in the Chinese markets.

The agreement includes a variable 3% annual fee to be paid to RM by Scherzer calculated on profit after tax, as well annual fixed fees of EUR 50,000 and a fee of 10,000 on each EUR 10m market cap.

Portfolio breakdown

Bonds

Currently holding ~60 investments

Scherzer & Co AG has a diversified portfolio of holdings. No single industry is ruled out or specifically targeted for investment. As of April 2011, the portfolio consisted of up to 60 holdings, of which 17 investments had market values greater than EUR 1m, and 30-40 less than EUR 1m. Based on managements' guidance, as of mid-May 2011 EUR ~8m of the portfolio was invested in corporate bonds with a collective yield of ~8% over the entire bond portfolio. The table below lists the top four corporate bonds currently held in the portfolio, along with present yields.

Corporate bonds	% Yield	Position EUR m
freenet AG	7.13%	1.2
Conti-Gummi Finance BV	7.50%	1.1
Constantin Medien AG	9.00%	~1
Heidelberger Druckmaschinen AG	9.25%	~1

Source: CBS Research AG, Scherzer & Co. AG

Call and put options

Naked puts and calls are restricted

Another considerable portion of the portfolio is invested in short put and call options. A requirement set by the board is that all put positions are covered by the reverse cash position as well as call positions being covered by the underlying asset, thereby eliminating the risks associated with exposure on naked puts and calls.

Selling put options for income

A short put/call option is essentially the sale of a put/call option. With a put option, maximum loss is unlimited in a falling market, while the maximum gain is equal to the premium received for selling the put option. They are generally utilised when a seller believes market conditions to be bearish and volatility to be low. Their function in the portfolio is the provision of an extra revenue stream (premium received upon selling the put) that can be used to offset a certain amount of downside risk. As some companies are held in the portfolio for prolonged periods without generating income, for example when awaiting a squeeze out situation, selling puts is used to generate an income tied to those investments. Despite the positive effects of this strategy, two risks stand out.

Associated risks

As per management guidance on Scherzer's option strategy, if the Company believes that the price of a stock will rise slightly or remain the same, they may enter a contract to sell a put option on that stock and collect the corresponding premium. However, the risk remains that if the stock price falls, Scherzer is obliged by the option contract to buy the stock from the counterparty at a previously agreed (and higher) strike price. This means that they are forced to buy at a higher price than at current market price, realising a corresponding loss. Furthermore, if the stock price rises significantly, Scherzer misses out on the opportunity to benefit from the price rise if it had bought the stock outright, instead only claiming the option premium.

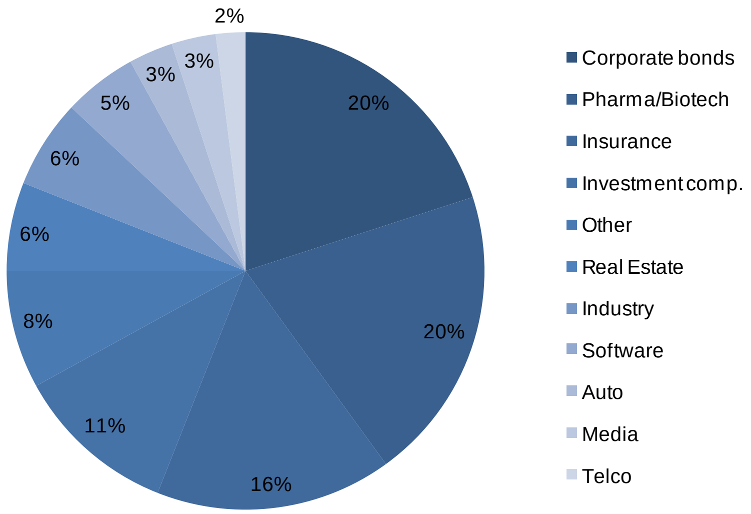
Despite the diversification and focused strategy, holding a large section of the portfolio in short puts creates significant risk in the event of a market correction or significant down turn. Taking into account current market volatilities and cautious investor sentiment in the development of the markets, in the mid-term Scherzer may be placed in a difficult situation having to realise significant losses if the share portfolio is adversely affected by its option positions. That said, both put and call options in Scherzer's portfolio are covered by either cash required in case of payout or the underlying asset, thus eliminating the risks of naked option exposure.

Investment by industry

The largest sector, pharma/biotech accounts for 20% of the total portfolio while corporate bonds also account for 20%, followed by insurance with 16% and investment companies with 11%. The following pie chart illustrates investment by industry as at 31 April 2011.

Largest constituents of portfolio; pharma/biotech and corporate bonds

Investment breakdown by sector as of 31 April 2011



Source: CBS Research AG, Scherzer & Co AG

Largest equity positions

The table below outlines the 10 largest equity positions as of April 2011, which together represent 48.6% of the overall portfolio. They are ordered in terms of market capitalisation based on share prices as at April 29, 2011. The strategic class of the investment is characterised according to the safety or opportunity strategy.

Largest ten positions = 48.6% of total portfolio

Holdings	Strategic class	% of portfolio	Justification
Generali Deutschland Holding AG	Safety		Squeeze-out candidate
Biotest AG	Opportunity		Special situation/development pipeline
Stada Arzneimittel AG	Opportunity		Corporate action
Dr. Hönle AG	Opportunity		High cash flow
Porsche SE	Opportunity		Special situation
Andreae-Noris Zahn AG	Safety		Takeover in process
RM Rheiner Management AG	Safety		Special situation
Kizoo AG	Safety		Cash value
United Internet AG	Opportunity		Corporate action
W&W Wüstenrot & Württembergische AG	Safety		Value

Source: CBS Research AG, Scherzer & Co AG

The following list is an overview of some of the largest holdings as of April 2011.

Generali Deutschland Holding AG

Providing financial services through various holdings

Generali Deutschland Holding AG is the management holding company of the second largest primary insurance group in the German market. Companies operating under the parent Generali Deutschland Holding, include AachenMünchener, Generali Versicherungen, CosmosDirekt, Central Krankenversicherung, Advocard Rechtsschutzversicherung, Deutsche Bausparkasse Badenia, Dialog and Generali Investments. These companies offer a full range of financial services. Product offering includes: life, health, property/casualty and legal expenses insurance, tailor-made building finance, fund and bank products as well as asset management for third parties and real-estate broking.

The latest audited figures indicate premiums of EUR 1288.8m earned during FY2009, resulting in net profit for the year of EUR 305m.

Biotest AG

Provider of pharma-ceutical and bio-therapeutic drugs

Biotest AG specialises in innovative haematology and immunology products with the holistic approach of a global pharmaceutical, diagnostics and biotherapeutics group. This means that it develops, manufactures and sells medicinal products for the treatment of blood and immune diseases as well as products for the hygiene monitoring of air and work surfaces. These products are used in the treatment of life-threatening diseases such as coagulation disorders (haemophilia), severe infections or disorders of the immune system.

Based on the latest audited annual figures published, FY2009 sales came in at EUR 440.2m with EBIT standing at EUR 61.5m. Net profit totalled EUR 31.9m.

Dr. Hönle AG

Producer of UV and LED lighting and equipment

Dr. Hönle AG is in the business of development, design, manufacture and supply of UV lamps and equipment, as well as UV curing adhesives, for a wide range of industrial applications. The company’s product range also includes LED lighting products. Markets for UV systems are diverse, ranging from telecommunications, smart cards, optical storage media, electronics and pharmaceuticals. The company focuses on the individual adaptation of its products to specific customers' requirements.

FY2009/2010 figures were reported for the entire Hönle Group with sales revenue totalling EUR 54.6m, and net income coming in at EUR 4.8m.

ENBW AG

Diversified energy & service provider

EnBW Energie Baden-Württemberg AG focuses on the generation, sale and trading of electricity, importing, infrastructure and sale of gas, as well as various services associated with energy and environmental services. The group has business units divided by the segments they serves; electricity, gas, energy and environmental services.

Total revenue for the group for FY2010 stood at EUR 17.5m with a group net profit EUR 1.17m.

RM Rheiner Management AG

RM Rheiner Management AG details can be found under ‘Successful squeeze outs and exits’ section of this report.

ANZAG AG

Pharmaceutical wholesaler

Andreae-Noris Zahn AG (ANZAG) is a pharmaceutical wholesaler. The focus of ANZAG AG’s business model is the support of pharmacies with services such as goods logistics, management, marketing and organisation. ANZAG provides comprehensive and timely deliveries to pharmacies, ensuring the supply of medicinal products. The company supports pharmacies with extensive marketing services as well as customised trade consulting and professional qualification programmes. For pharmaceutical manufacturers, ANZAG builds "distribution bridges" to the pharmacy and develops effective sales promotion strategies for them.

ANZAG AG posted sales revenues for FY2010 of EUR 4.24b, with gross profit coming in at EUR 274m.

freenet AG

Mobile services provider

The freenet Group is a large network-independent telecommunications provider with an estimated 17m mobile communications customers. The Group’s business centres on mobile communications and mobile Internet. freenet AG markets, under its own name and for its own account, mobile communications services for all mobile network operators. In addition to its own network-independent postpaid, prepaid and no-frills services and rates, the company also offers network operator rates. Its focus is primarily on B2C. In addition, freenet sells mobile communications devices and additional services in the field of mobile data communications.

freenet AG released its preliminary FY2010 figures estimating a total Group revenue of EUR 3.34b and a net profit of EUR 181.8m.

Custodia Holding AG

Investment and management of assets

Custodia Holding AG is in the business of management, acquisition, and support services for businesses and investments, as well as the acquisition, management, exploitation and sale of property.

Latest annual figures published for FY2010 indicated revenue of EUR 3.66m, other operating income of EUR 90.22m, and net result of EUR 58.54m (FY2009, EUR -4.54m). Based on its FY2010 results, Custodia Holding AG will pay a significant dividend payment to its shareholders of EUR 6 per share plus an extraordinary EUR 100 per share on all ordinary shares.

Market environment

Market description focuses on German capital markets

When describing the market environment for Scherzer it is necessary to consider two perspectives. Whilst it is imperative to analyse the German economy in order to analyse risks pertaining to investment activity, equally important for the company´s future success is the legal regulatory environment and activities concerning appraisal rights proceedings and related rectification payments. Despite this, data on activities in the area of appraisal rights proceedings are not easily accessible. Furthermore, the metrics necessary to evaluate the market for activities associated with appraisal rights proceedings; for example workings of legal professionals and independent appraisers, lack the unification of important characteristics typically associated with real markets. Consequently, in this analysis more emphasis is placed on the short-term outlook of German economic activity (which implicitly allows for inferences on stocks and bonds).

The German economy

Germany exceeded economic growth expectations in 2010

Observed growth in the German economy in 2010 exceeded economic forecasts and expectations. This was in part due to the V-shaped recovery which lifted Germany back on its growth path much faster than anticipated by market observers. With growth of 3.6% – the best performance since reunification – Germany led growth in the euro area, outstripping the US economy by roughly 0.75%.

Positive outlook for the German economy

According to economic observers at Deutsche Bank, there is little probability of a pronounced weakening of investment activity considering the still favourable outlook on corporate earnings, the extremely low interest rate environment and the general confidence of German export industry. In November 2010, the Ifo Business Climate Index for German industry and trade climbed above its last peak, reached during the 2006/07 boom, and continued to rise in December. However, in March 2011 the German economy was burdened by several macroeconomic developments which adversely affected business activity in Germany and are expected to in the foreseeable future.

Inflation rising in the Euro zone

On the one hand, the Euro zone's inflation rate rose to its highest level in 28 months in February 2011, driven by higher costs of fuels for transport, heating oil, electricity, and gas. This in return caused the president of the European Central Bank, Jean-Claude Trichet, to take measures that constrain upside risks to price stability. The rate rise in April 2011 signalled to the market that the ECB is moving into a tightening cycle. On the other hand, German economic sentiment deteriorated in the first half of March 2011, showed survey results from the Centre for European Economic Research (ZEW). The ZEW indicator of economic sentiment fell by 1.6 points to 14.1 in March. This was well below the historical average of 26.7 and the anticipated figure of 16.

Impacts of recent global events

Additionally, Japan is experiencing its greatest hardships since World War II as it tackles the aftermath of an earthquake, tsunami and a growing nuclear crisis. The mid- to long-term environmental and economic impacts for the global economy, and especially Germany, are hard to determine at this stage but global capital markets tumbled shortly after the Japanese crisis. However, the consensus for Germany´s GDP estimate hasn´t been revised yet. The consensus still indicates an expected GDP growth in Germany of 2.10% in 2011E and 2.00% in 2012E.

Economic sentiment in Germany before March 2011

Portfolio diversification is represented by broad economic development

Scherzer manages a highly diversified portfolio containing ~60 German companies operating in different industries. The portfolio is represented by the following largest sectors: pharma/biotech (20%), insurance (16%), investment corp. (11%) and with about 20% of the portfolio in corporate bonds.

In order to illustrate the main economic forces that influence all of the portfolio companies, following is a short review of important German economic indicators without specific industry focus.

Economic indicators for Germany

Source: DB Research, CBS Research AG

Ifo Index improved again in February 2011

The Ifo Business Climate for industry and trade in Germany improved strongly again in February 2011. Firms are considerably more satisfied with their current business situation than the year before. Furthermore, many market participants in Germany expect a robust economic development within the coming quarters. That is, with regard to the business outlook for the coming half year, the surveyed firms are again more optimistic than previously. “The Ifo Business Climate for German industry and trade improved in February for the ninth time in succession. More firms have reported a better business situation than in the previous month. With regard to their business prospects for the coming half year, they continue to be optimistic. The upswing in the German economy is robust”, stated Hans-Werner Sinn, President of the Ifo Institute for Economic Research at the University of Munich.

Capital utilization rate in industry somewhat below long-term average

In **manufacturing** the business climate index increased once again. Manufacturing firms have again given clearly more favourable assessments of their business situation. The Ifo institute announced that, despite a slight downward adjustment for manufacturing firms´ business expectations, their business expectations remain positive. They also see better opportunities for exports. Currently, the firms are utilising their equipment and machines at a clearly higher rate than the previous year. The capacity utilisation rate in industry is now somewhat below the long-term average. Furthermore, plans to increase staff numbers are evidence of this expansionary momentum.

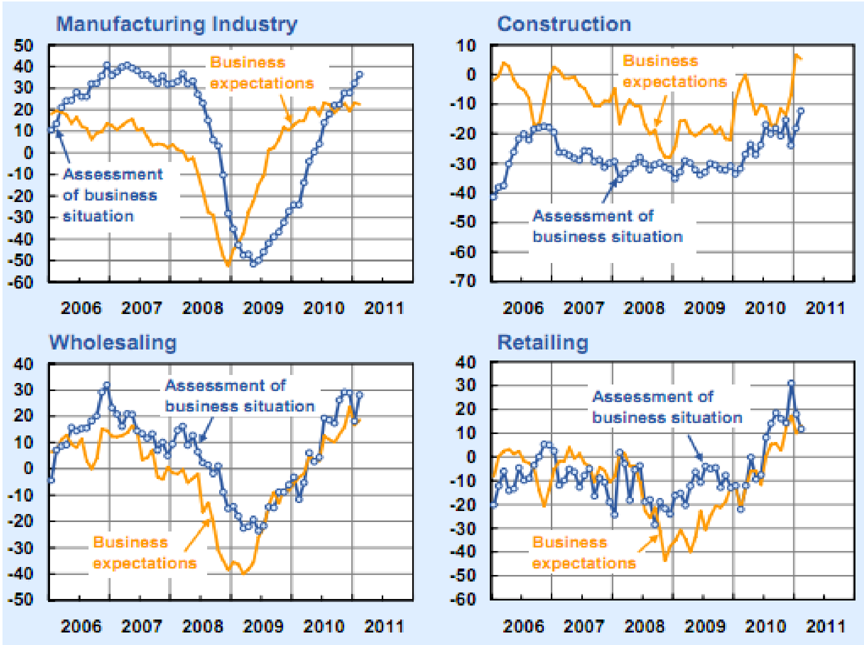
General improvement in business climate…

The business situation has cooled off somewhat in **retail**. Firms are no longer quite as satisfied with their present business situation as before, and they also expect future business developments to deteriorate. With regard to the wholesale sector, the Ifo institute reported a considerable improvement in the business climate. Furthermore, wholesalers’ appraisals of current business and the six-month outlook were more positive compared with January 2011.

In **construction** the business climate index increased considerably after the slowdown during the second half of fiscal year 2010. The current business situation is assessed by the building contractors as clearly more favourable than in the previous month. However, business developments in the coming six months are not presumed quite as optimistic as they were in January 2011.

...despite first signs of slowdown in construction

Business Situation and Expectation by Sector



Source: Ifo Business Survey, CBS Research AG

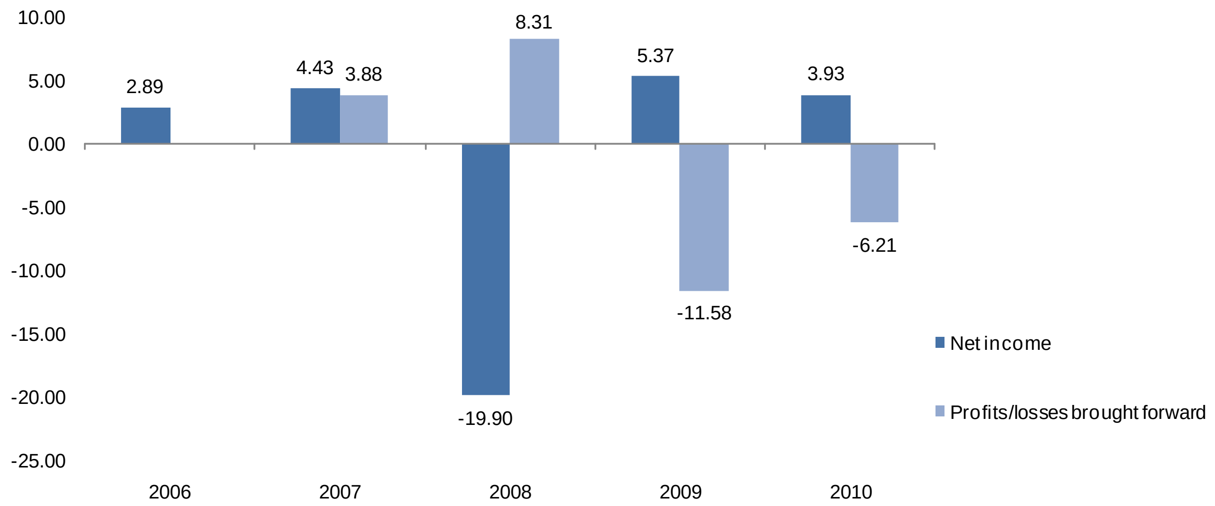
Financials

Historic financials

FY2008 resulted in significant write downs for Scherzer due to the Global Financial Crisis, with write-downs on financial assets totalling EUR -18.6m. *Net income* for that year came to EUR -19.9m, as can be seen in the graph below. This loss has been carried forward, affecting both the FY2009 and FY2010 figures.

FY2008 saw significant write-downs due to GFC, with losses still being brought forward

Net income and profits/losses brought forward, 2006-2010, EUR m

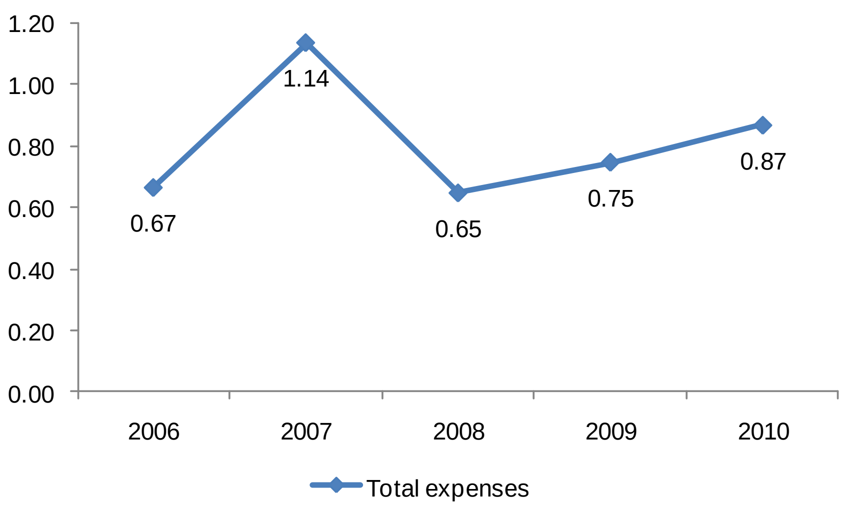


Source: Scherzer & Co. AG, CBS Research AG

Total expenses over the 5 year period 2006-2010 appear to have followed a stable, upward trend, with the exception of 2007. The sharp increase in *total expenses* in 2007 is mainly attributable to the rise in *other operating expenses*, which relates to the RM Rheiner Management Cooperation Agreement as tied to annual performance. Furthermore, expenses for the 2007 capital increase where absorbed during this period.

Total expenses for the period 2006-2010

Total expenses, EUR m



Source: CBS Research AG, Scherzer & Co. AG

FY2010 Income statement

Total revenue EUR 6m

The FY2010 income statement closed with *total revenues* amounting to just under EUR 6m, a decline of 21.4% YoY. Of this, EUR 3.13m (163.3% rise YoY) arose from *income from securities*, which is further broken down into sale of securities from *noncurrent assets* contributing EUR 1.75m, and sale of securities from *current assets* contributing EUR 1.38m to the figure. The rest of *total revenues* arise from *other operating income* to the amount of EUR 2.87m (decline of 55.5% YoY).

The decline in *other operating income* results from FY2009 figure being significantly higher compared with historic levels. The reason was a revised write-up on assets that were initially written down in FY2008. For the FY2010, *other operating income* was made up of EUR 1.13m in unrealised valuation gains (securities marketed to market) from the *noncurrent assets* of the balance sheet, while EUR 0.045m arose from unrealised valuation gains from the *current assets* account. The remaining EUR 1.63m comes from the writing of put and call options.

Scherzer & Co. AG

Profit and loss y/y comparison

HGB EURm	2009	2010	change	% change
Income from securities	**1.19**	**3.13**	**1.94**	**163.3%**
Other operating income	6.45	2.87	-3.58	-55.5%
Total revenues	**7.64**	**6.00**	**-1.63**	**-21.4%**
Personnel expenses	-0.22	-0.32	-0.10	47.4%
as % of total revenues	2.8%	5.3%	-	-
Other operating expenses	-0.53	-0.55	-0.02	3.3%
as % of total revenues	6.9%	9.1%	-	-
Depreciation and write-offs	-1.15	-2.00	-0.85	73.8%
as % of total revenues	15.1%	33.4%	-	-
EBIT	**5.74**	**3.13**	**-2.60**	**-45.4%**
as % of total revenues	75.1%	52.2%	-	-
Interest income	0.21	0.27	0.06	30.7%
Interest expenses	-0.49	-0.57	-0.08	15.9%
Income from dividends	0.54	1.19	0.66	122.1%
EBT	**6.00**	**4.03**	**-1.96**	-32.7%
as % of total revenues	78.5%	67.2%	120.1%	152.9%
Income taxes	-0.63	-0.10	0.53	-84.2%
as % of EBT	10.5%	2.5%	-27.0%	-
Net income	**5.37**	**3.93**	**-1.43**	**-26.7%**
Accumulated earnings/losses carried forward	-11.58	-6.21	5.37	**46.3%**
Accumulated earnings/losses at year end	**-6.21**	**-2.28**	**3.93**	**63.3%**
Shares outstanding (in millions)	27.22	27.22	0.00	**0.0%**
Earnings per share (EUR)	**0.20**	**0.14**	**-0.05**	**-26.7%**

Source: CBS Research AG; Scherzer & Co. AG

Expenses, depreciation & write-offs rose

Personnel expenses rose 47% YoY to EUR 0.32m, accounting for just over 5% of *total revenue*. *Other operating expenses* were also up marginally to EUR 0.55m, while *depreciation and write-offs* climbed to EUR 2m, a 74% YoY increase. The total amount of write-offs on *financial assets* from noncurrent assets was EUR 0.771m, with the remaining amount being write-offs and depreciation on current assets.

EBIT thus dropped 45% to EUR 3.13m compared with FY2009. *Interest income*, *interest expenses* and i*ncome from other securities and loans* all increased, leaving FY2010's EBT figure at EUR 4.03m. After accounting for EUR 0.1m in income tax, net income for FY2010 was EUR 3.93, a YoY decrease of 26.7%.

EBIT EUR 3.13m

FY2010 Balance sheet

Between FY2010 and FY2009, *noncurrent assets* remained almost unchanged. Within *noncurrent assets, financial assets* are the significant figure, with approximately EUR 20.5m held steadily across both years. *Current assets* increased by 44% YoY in FY2010 as the value of securities increased to EUR 28m, compared with EUR 19.7m in FY2009. *Total assets* as at FY2010 equalled EUR 49.7m, a 22% increase on the previous year.

Total assets increased 22% YoY

On the equity & liabilities side, *other provisions* under liabilities mainly include provision for taxes. The balance sheet is financed ~70% by equity and ~30% by debt. This falls around the range Scherzer has set for its target debt ratio, 30-35%. Historical equity ratios are as follows; 66% in 2007, 64% in 2008, 72% in 2009, and as of April 2011, stands at around 67%.

Target debt ratio 30%-35%

Scherzer & Co. AG

Balance sheet y/y comparison

HGB EURm	2009	2010	change	% change
Fixed assets	0.01	0.01	0.00	-7.0%
Financial assets	20.55	20.53	-0.02	-0.1%
Noncurrent assets	**20.56**	**20.54**	**-0.02**	**-0.1%**
as % of total assets	50.3%	41.3%	-	-
Other receivables and other assets	0.48	0.60	0.12	25.0%
Securities	19.73	27.98	8.26	41.8%
as % of total assets	48.2%	56.3%	-	-
Cash and cash equivalents	0.11	0.59	0.48	451.2%
Current assets	**20.31**	**29.17**	**8.85**	**43.6%**
as % of total assets	49.7%	58.7%	-	-
Accruals and deferrals	0.02	0.01	**-0.01**	-42.0%
Total assets	**40.89**	**49.72**	**8.83**	**21.6%**
Capital stock	27.22	27.22	0.00	0.0%
Capital reserve	8.36	8.36	0.00	0.0%
Retained earnings	-6.13	-2.20	3.93	-64.1%
Total equity	**29.45**	**33.38**	**3.93**	**13.4%**
as % of total equity & liabilities	72.0%	67.1%	-	-
Other provisions	0.74	0.86	0.12	16.4%
Financial liabilities	10.59	15.47	4.88	46.0%
Other liabilities	0.10	0.00	-0.10	-100.0%
Total liabilities	**11.44**	**16.34**	**3.83**	**42.8%**
as % of total equity & liabilities	28.0%	32.9%	-	-
Total liabilities	**40.89**	**49.72**	**8.83**	**21.6%**

Source: CBS Research AG; Scherzer & Co. AG

Scherzer & Co AG do not publish cash flow statements.

Fee structure

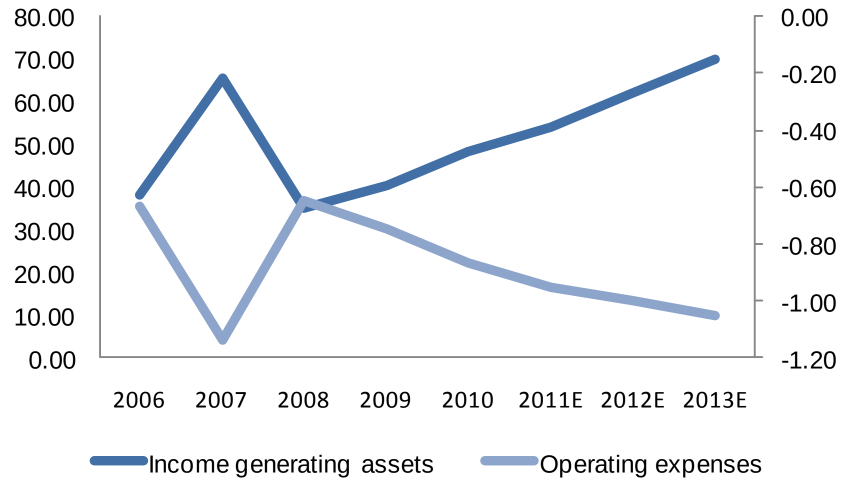
Scherzer's share price must be higher than EUR 1.53 for bonuses to be payable to the Management Board. Voluntary bonus payments are allowed and are ultimately decided on by the Supervisory Board.

Financial forecasts

Interest expense rising

Based on the assumption that Scherzer will continue its focused and strategic stock selection ability, a rise in *income generating assets* has been forecast in accordance with the upward trend as of FY2008. *Income generating assets* are the sum of *financial assets* in the *noncurrent assets* part of the balance sheet and *securities* as part of the *current assets* part of the balance sheet. Conservatively estimated while taking into consideration management's aim to build a EUR 100m portfolio, *income generating assets* are expected to rise to EUR 54m in 2011E, EUR 62m in 2012E and EUR 70m by 2013E. Meanwhile, *operating expenses* are comparatively expected to decrease. The chart below illustrates the mirror image movements of previous periods' *income generating assets* versus *operating expenses*.

Income generating assets* VS *Operating expenses

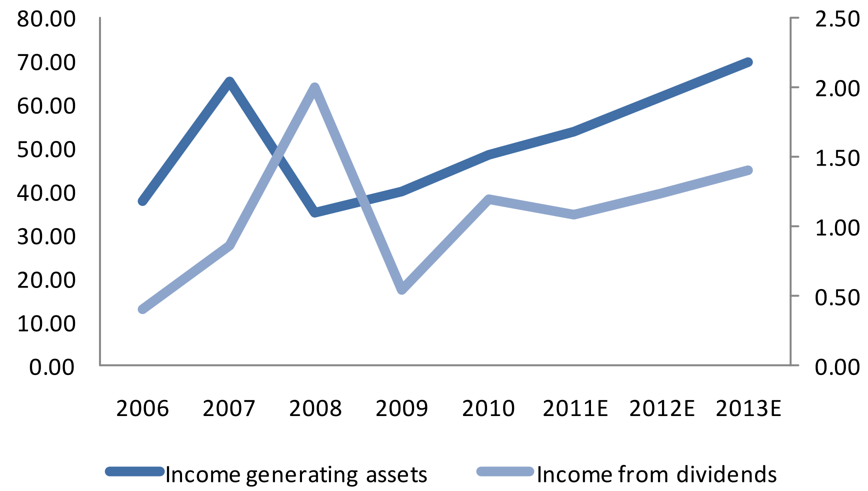


Source: CBS Research AG

Increase in income generating assets

The growth in *income generating assets* is expected to lead to an increase in *income from dividends* (at 2% per annum) and *other operating income*, raising *EBIT* to an estimated EUR 3.95m in 2011E, EUR 4.48m in 2012E, and EUR 5.32m in 2013E. This corresponds to a 14% increase in *EBIT* in the first two years and an increase of 17% in 2013E.

Income generating assets* VS *Income from dividends



Source: CBS Research AG

ROIC around ~9%

Return on invested capital has historically been in the high ~8% range. The model estimates a ROIC of 8.9% in 2011E, 8.8% in 2012E, and 9.2% in 2013E.

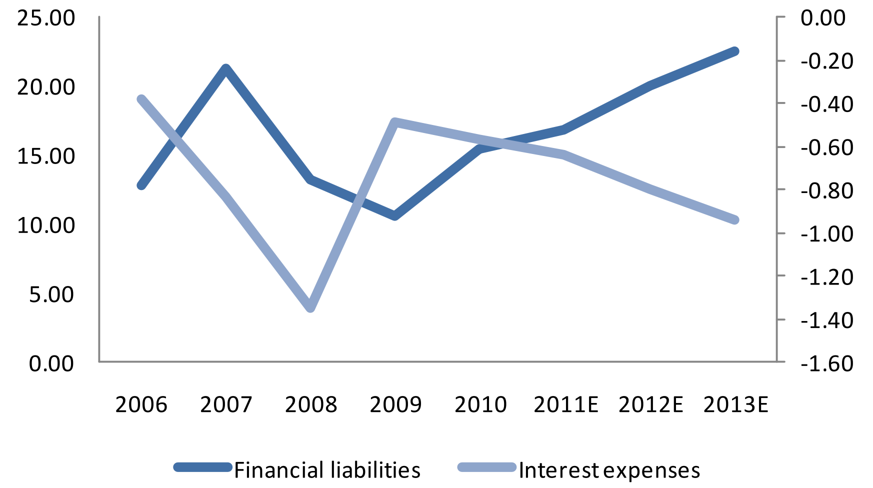
Interest expense on debt

To estimates Scherzer's interest expense going forward, it is necessary to analyse the historic interest expense ratio, as listed in the table below. The interest expense ratio varied between 2.97% to 4.60%, excluding the 10.16% outlier in 2008. Going forward, the estimated interest expense ratio remains in line with the 2010 ratio of 3.65%, climbing from 3.80% in 2011E, up to 4.20% in 2013E. This is a conservative view that takes into account the rise of interest rates in future periods. Scherzer's equity ratio is projected to remain at ~70% as per management guidance and based on previous periods, as illustrated by the bottom section of the following table.

	2006	2007	2008	2009	2010	2011E	2012E	2013E
Financial liabilities	12.77	21.27	13.27	10.59	15.47	16.81	20.05	22.47
Interest expenses	-0.38	-0.83	-1.35	-0.49	-0.57	-0.64	-0.80	-0.94
Interest expense ratio	**2.97%**	**3.90%**	**10.16%**	**4.60%**	**3.65%**	**3.80%**	**4.00%**	**4.20%**
Income generating assets	**37.97**	**65.42**	**35.10**	**40.27**	**48.51**	**54.00**	**62.00**	**70.00**
Debt ratio	**33.63%**	**32.51%**	**37.80%**	**26.30%**	**31.89%**	**31.13%**	**32.33%**	**32.10%**

The chart below presents a graphical illustration of the above table.

Financial liabilities* VS *Interest expense



Source: CBS Research AG

Appendix

Scherzer & Co. AG

Balance Sheet

HGB EURm	2006	2007	2008	2009	2010	2011E	2012E	2013E
Assets								
Noncurrent assets	**32.32**	**55.94**	**23.27**	**20.56**	**20.54**	**21.01**	**22.01**	**23.01**
as % of total assets	85%	85%	62%	50%	41%	38%	35%	32%
Fixed assets	0.00	0.01	0.02	0.01	0.01	0.01	0.01	0.01
Financial assets	32.31	55.93	23.25	20.55	20.53	21.00	22.00	23.00
Current assets	**5.91**	**10.07**	**14.32**	**20.31**	**29.17**	**34.40**	**41.50**	**48.60**
as % of total assets	15%	15%	38%	50%	59%	62%	65%	68%
Other receivables and other assets	0.24	0.51	0.91	0.48	0.60	0.60	0.60	0.60
Securities	5.65	9.50	11.84	19.73	27.98	33.00	40.00	47.00
Cash and cash equivalents	0.01	0.07	1.57	0.11	0.59	0.80	0.90	1.00
Accruals and deferrals	0.00	0.00	0.01	0.02	0.01	0.01	0.01	0.01
Total assets	**38.22**	**66.01**	**37.60**	**40.89**	**49.72**	**55.42**	**63.52**	**71.62**
Total equity and liabilities								
Total equity	**25.03**	**43.98**	**24.08**	**29.45**	**33.38**	**37.74**	**42.61**	**48.29**
as % of total equity and liabilities	0.65	0.67	0.64	0.72	0.67	0.68	0.67	0.67
Capital stock	18.15	27.22	27.22	27.22	27.22	27.22	27.22	27.22
Capital reserve	2.92	8.36	8.36	8.36	8.36	8.36	8.36	8.36
Retained earnings	3.96	8.39	-11.50	-6.13	-2.20	2.16	7.03	12.70
Current liabilities	**13.20**	**22.03**	**13.52**	**11.44**	**16.34**	**17.68**	**20.91**	**23.34**
as % of total equity and liabilities	0.35	0.33	0.36	0.28	0.33	0.32	0.33	0.33
Other provisions	0.30	0.70	0.10	0.74	0.86	0.86	0.86	0.86
Financial liabilities	12.77	21.27	13.27	10.59	15.47	16.81	20.05	22.47
Other liabilities	0.12	0.07	0.15	0.10	0.00	0.00	0.00	0.00
Total liabilities	**38.22**	**66.01**	**37.60**	**40.89**	**49.72**	**55.42**	**63.52**	**71.62**

Source: CBS Research AG, Scherzer & Co. AG

Scherzer & Co. AG

Profit and loss statement

HGB EURm	2007	2008	2009	2010	2011E	2012E	2013E
Income from securities	**7.07**	**-3.07**	**1.19**	**3.13**	**3.60**	**4.28**	**5.27**
YoY growth	78%	-143%	-139%	163%	15%	19%	23%
Other operating income	0.22	1.49	6.45	2.87	2.50	2.60	2.70
Gross income	**7.29**	**-1.58**	**7.64**	**6.00**	**6.10**	**6.88**	**7.97**
Personnel expenses	-0.16	-0.19	-0.22	-0.32	-0.32	-0.32	-0.32
in % of gross income	-2.2%	12.2%	-2.8%	-5.3%	-5.2%	-4.6%	-4.0%
Other operating expenses	-0.98	-0.46	-0.53	-0.55	-0.55	-0.55	-0.55
EBITDA	**6.15**	**-2.23**	**6.89**	**5.13**	**5.15**	**5.88**	**6.92**
in % of gross income	84%	141%	90%	86%	84%	85%	87%
Depreciation and write-offs	-1.79	-18.61	-1.15	-2.00	-1.20	-1.40	-1.60
in % of total revenues	-25%	-1178%	-15%	-33%	-20%	-20%	-20%
EBIT	**4.37**	**-20.83**	**5.74**	**3.13**	**3.95**	**4.48**	**5.32**
in % of gross income	60%	1319%	75%	52%	65%	65%	67%
Financial result	0.06	0.95	0.26	0.90	0.64	0.64	0.66
EBT	**4.43**	**-19.89**	**6.00**	**4.03**	**4.59**	**5.12**	**5.97**
in % of gross income	61%	-1259%	79%	67%	75%	74%	75%
Taxes	0.01	-0.01	-0.63	-0.10	-0.23	-0.26	-0.30
as % of EBT	0.2%	0.0%	-10.5%	-2.5%	-5.0%	-5.0%	-5.0%
Net income	**4.43**	**-19.90**	**5.37**	**3.93**	**4.36**	**4.87**	**5.68**
Accumulated earnings/losses carried forward	0.00	8.31	-11.58	-6.21	-2.28	2.08	0.00
Accumulated earnings/losses at year end	**8.31**	**-11.58**	**-6.21**	**-2.28**	**2.08**	**6.95**	**5.68**
Shares outstanding (million)	27.22	27.22	27.22	27.22	27.22	27.22	27.22
Earnings per share (EUR)	**0.16**	**-0.73**	**0.20**	**0.14**	**0.16**	**0.18**	**0.21**

Source: CBS Research AG, Scherzer & Co. AG

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