ACATIS GANÉ Value Event Fonds UI (WKN A0X754)

Investment Report September 2010 | **Aschaffenburg, 5th October 2010**

We invest in winners. That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

Heidelberger Druckmaschinen AG BZR

Heidelberger Druckmaschinen AG (Heidelberg) was founded in 1850 and today is one of the world's largest manufacturers of sheet-fed offset printing machines for the print media industry. The market is exposed to high cost, efficiency and innovation pressure, which is mainly due to the fierce competition among the printing shops themselves.

Printing machines are high-priced and long-lived capital goods. Their manufacturers are therefore affected in special measure by the general economic trend. This made itself especially felt in the years 2001-2003 and 2008-2009. It is estimated that the market volume relevant for Heidelberg slumped 47% in the recent crisis. A recovery to EUR 4 billion, or 83% of the 2007 volume, is not expected until 2014. Without a government guarantee, loans from the German Loan Reconstruction Corporation (KfW), and a new financing agreement until July 2012, the group would not have survived the heavy loss-making crisis years. Despite a reduction of EUR 400 million in its annual cost base and a recovery of business (new orders up 43%), Heidelberg is not yet profitable again owing to its high debt load.

In order to reduce its debt, Heidelberg carried out a capital increase for cash in September. The new shares were offered to shareholders at the rate of 2-for-1; in other words one old share entitled the holder to subscribe to two new shares. The heavy dilution was allowed for through a very low subscription price, with which the underwriting syndicate sought to avoid the placing risk. The subscription price of EUR 2.70 per share implied a discount of about 70% to the old share's market price at the time the capital increase was announced in June 2010.

The major shareholder RWE participated in the capital increase in the form of an "opération blanche". The sale of shares in the amount to be invested in new shares weighed on the price of the old share and thus on the tradable subscription right (BZR) for the new shares. This aroused our interest. We waited until the last trading day and bought the subscription rights on September 23, 2010 at a price of EUR 0.96 per subscription right after it had fallen 60% during the previous six trading days. This enabled us to secure an attractive subscription price of EUR 3.18 per Heidelberg share.

Capital restructuring issues like this one often mark the low point in a share's short to mid-term price performance. After the operational and balance sheet restructuring, the company is well equipped to benefit from a revival of its cyclical business and the growth opportunities in the emerging markets. Heidelberg is very well positioned in these markets, which account for 42% of its sales.

Sincerely yours

J. Henrik Muhle | Dr. Uwe Rathausky