

Mensch und Maschine Software SE

Company Presentation Status December 13, 2018 / Nine months report 2018

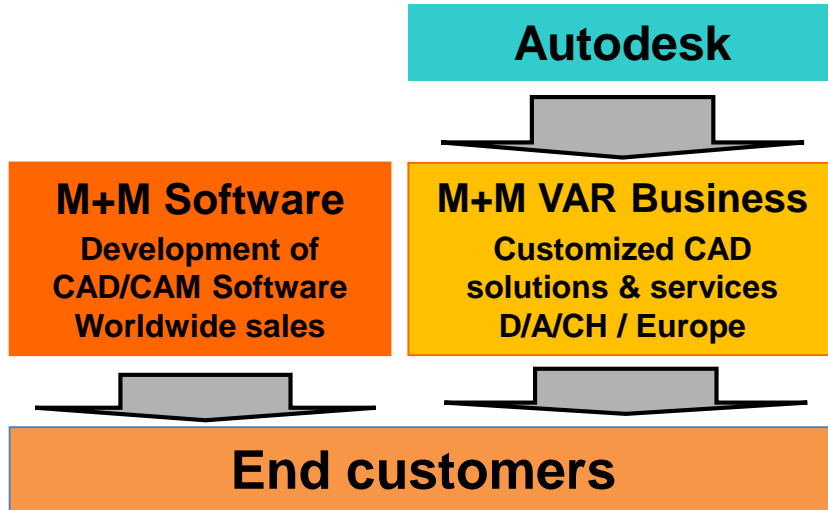


Business model

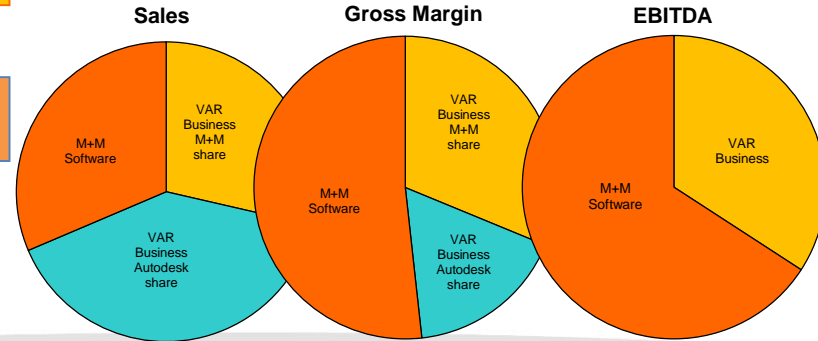
- **Leading vendor of CAD/CAM/PDM/BIM solutions**
 - ◆ CAD/CAM = Computer Aided Design / Manufacturing
PDM = Product Data Management / BIM = Building Information Management
 - ◆ Founded 1984 – 34 years on market // IPO 1997 – 21 years public
- **Gross Margin approx. 50/50 from two Segments**
 - ◆ **M+M Software: Proprietary CAD/CAM Software development**
 - ~85% CAM // ~15% Gardening & Landscaping / Electrical CAD
 - EBITDA yield 9M/2018: 25.2%
 - ◆ **VAR Business: Leading European Partner of global CAD market leader Autodesk**
 - 25 years history as Value Added Distributor VAD (indirect product sales to resellers), beginning 2009 transition to Value Added Reseller VAR (direct customer solution development)
 - EBITDA yield 9M/2018: 5.6% / mid term target >10%



Business model



- Q4/2011: Distribution business sold off
 - Price EUR 18+10 mln fixed+variable
 - Price (in mln EUR) booked to:
2011: 12 / 2012: 9 / 2013: 4 / 2014: 3
- 9M/2018: Gross yield 56.5% / EBITDA 11.5%
 - 83% proprietary contribution from M+M Software / Services
 - Just 17% contribution from Autodesk business (2001: >75% / 2008: >50%)



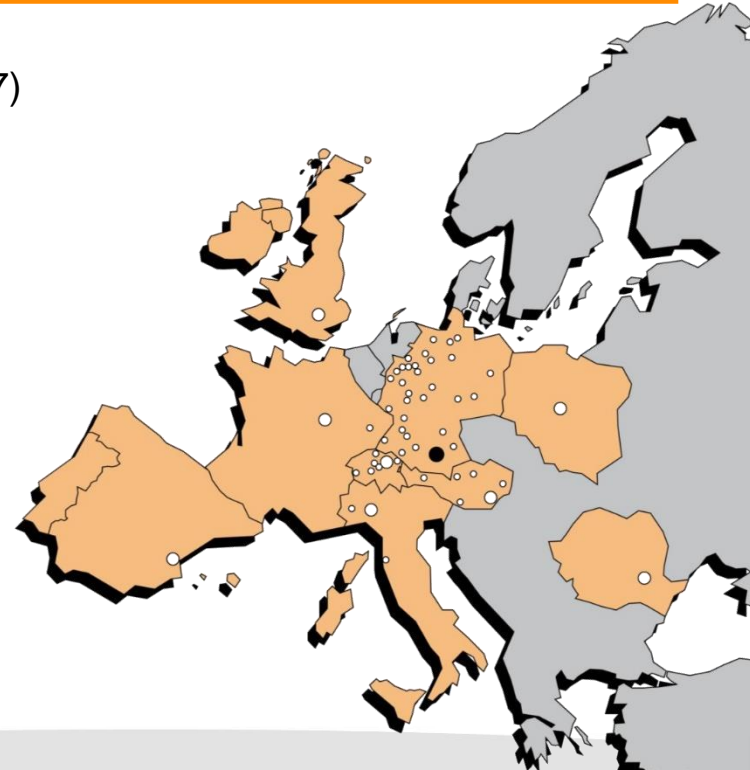
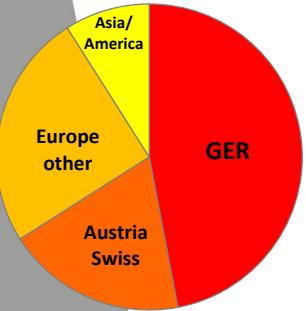
Business model

■ Geographical sales contribution: (2017)

- ◆ Germany: EUR ~76 mln / ~47%
- ◆ Austria/Switzerland: EUR ~30 mln / ~19%
- ◆ Europe (other): EUR ~40 mln / ~25%
France / Italy / UK / Poland / Romania / Iberia
- ◆ Asia/America: EUR ~15 mln / ~9%
Japan / China / India / APAC / USA / Brazil
(M+M sales offices / CAM Software only)

■ Headcount: (Sept 30, 2018)

- ◆ 818 (PY: 790 / +3.5%)
 - 354 / 43% M+M Software
 - 464 / 57% VAR Business



Business model

■ Broad industry balance:

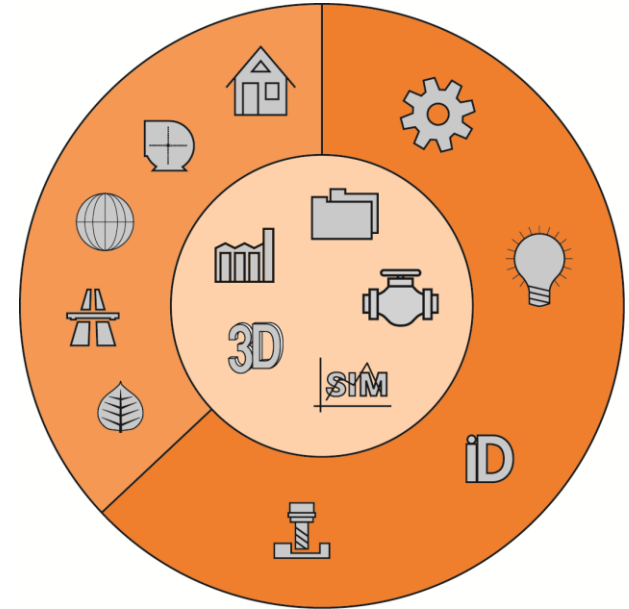
- ~2/3 Industry: e.g. Mechanical/Electrical Engineering, Tool/Mold/Die Making, Automotive/Aerospace/Shipbuilding, Industrial design
- ~1/3 BIM: e.g. Architecture, Building Services, Structural/Civil Engineering, Infrastructure, Gardening/Landscaping
- Interdisciplinary: e.g. Digital Factory, PDM/PLM, Simulation, Plant Design, Visualization/Animation

◆ Extensive installed base:

>100,000 active seats @ more than 25,000 customers

◆ Wide price/performance range:

- Software from 1,000 Euro to over 100,000 Euro per seat
- Pure B2B Business, only professionals, no consumers



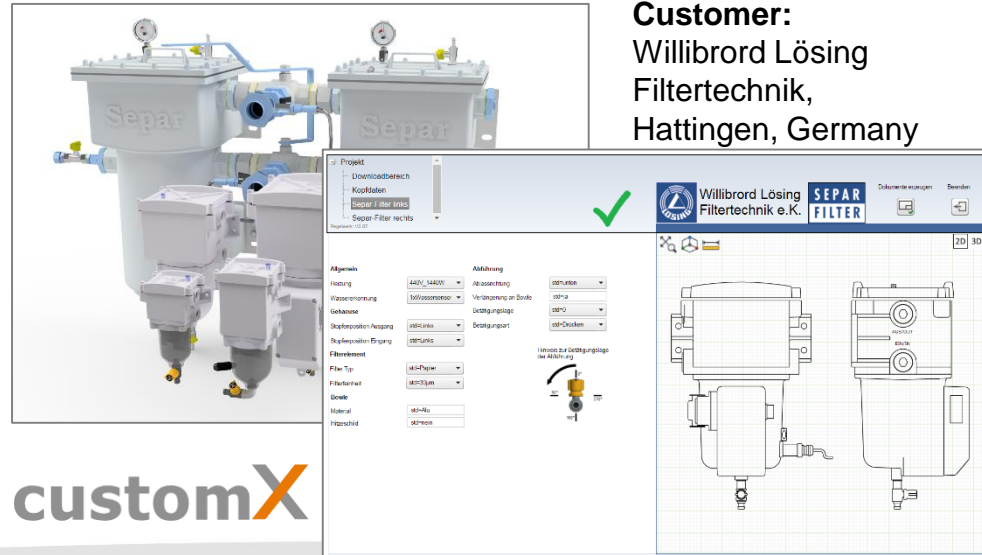
CAD/CAM in practice (VAR Business)

- Fully automated variant design with customX - for >90% productivity gain
Project examples: Electric distribution boxes and Diesel filters

Customer: Bals Elektrotechnik, Kirchhundem, Germany



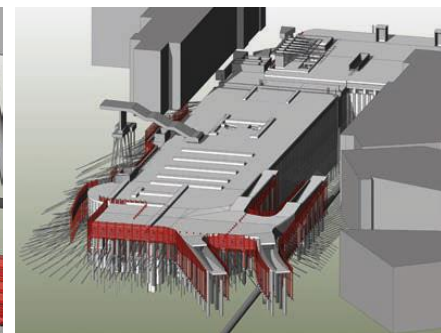
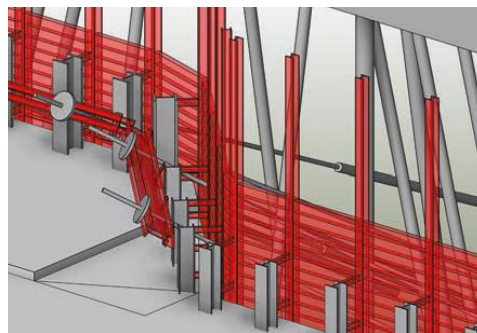
Customer:
Willibrord Lösung
Filtertechnik,
Hattingen, Germany



CAD/CAM in practice (VAR Business)

- Example BIM – Building Information Modelling / Management:
General planning of large building projects

Customer: Scherr + Klimke, Ulm Germany



bim  booster

bim  ready

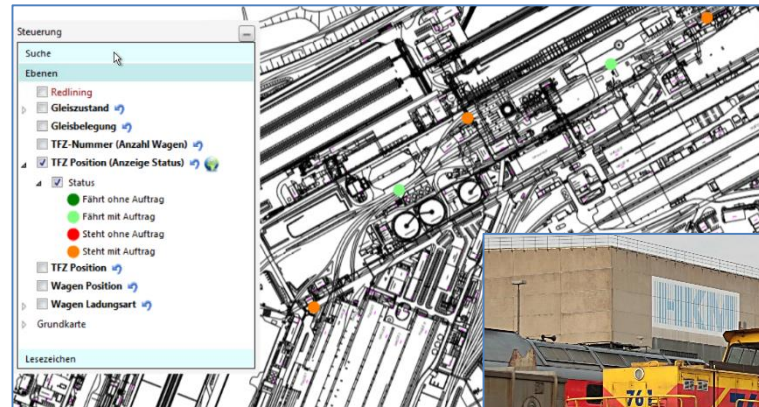


CAD/CAM in practice (VAR Business)

- Example: Infrastructure/BIM – Steel plant becoming ‘Digital Factory’
Large project since 2010 including over a dozen modules totally representing several man-years. Here: GPS aided locomotive tracking on the factory premises



Customer: HKM Hüttenwerke Krupp Mannesmann, Duisburg-Huckingen, Germany

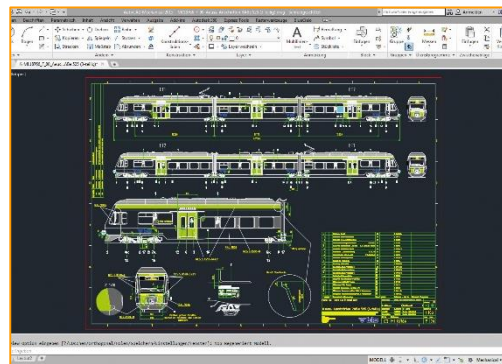


mapedit

CAD/CAM in practice (VAR Business)

- Example: Data Management for a train operator
Integrated system for design, data management and Office

Customer: BLS Bern-Loetschberg-Simplon Bahn AG,
Bern, Switzerland



ecs cad



man machine
CAD as CAD can

mensch machine
CAD as CAD can

CAD/CAM in practice (VAR Business)

- Example: Industry 4.0 meets BIM
BIM compatible catalog data for large kitchen planning

Customer: Rational AG, Landsberg, Germany



Some VAR Business Key Customers



CAD/CAM in practice (M+M Software)

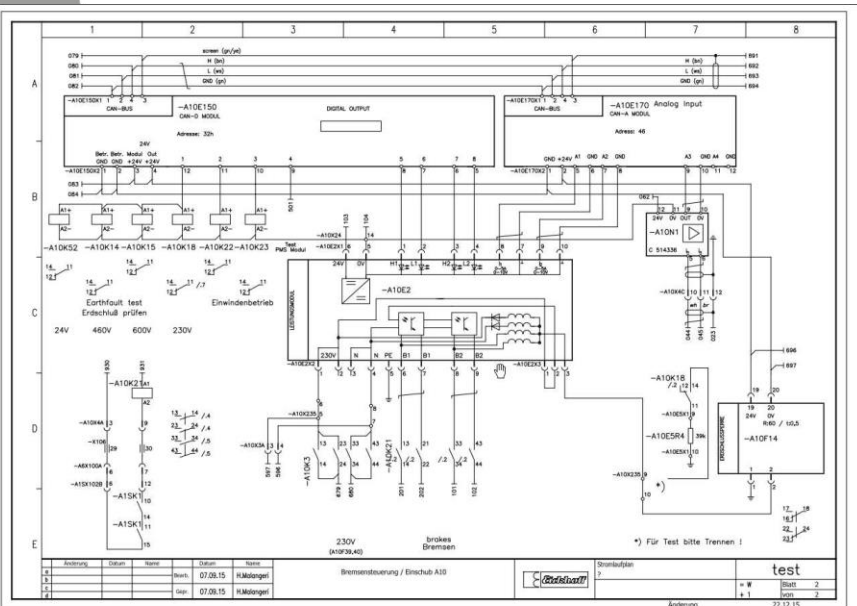
- Example Electrical Engineering and Documentation:
Shearer loaders for coal and potash underground mining
 - Product ECSCAD – until 2008 M+M Software, end of 2008 sold to Autodesk
– since 2014 licensed back and developed / supported by M+M

Customer:
Eickhoff Bergbautechnik
GmbH, Bochum, Germany



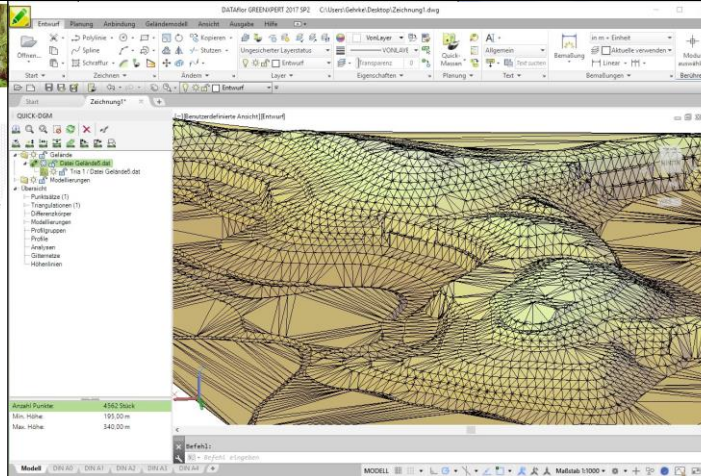
ecs cad

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CAD as CAD can



CAD/CAM in practice (M+M Software)

- Gardening / Landscaping / Earthworks for Architects and Implementors
 - M+M Subsidiary DATAflor, Goettingen
 - Integrated software solutions not only containing graphical planning but also calculation, tender, quoting, construction site controlling and billing
 - Two examples from the extensive functionality:
 - Digital terrain model: Comfortable three dimensional landscape design (middle picture)
 - GRUENSTUDIO 3D: Live experiencing the future garden via VR glasses (right picture)

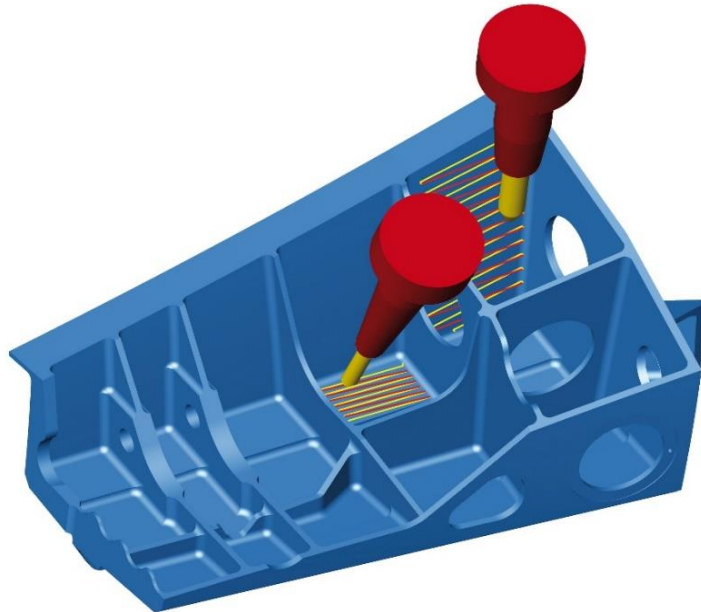


CAD/CAM in practice (M+M Software)

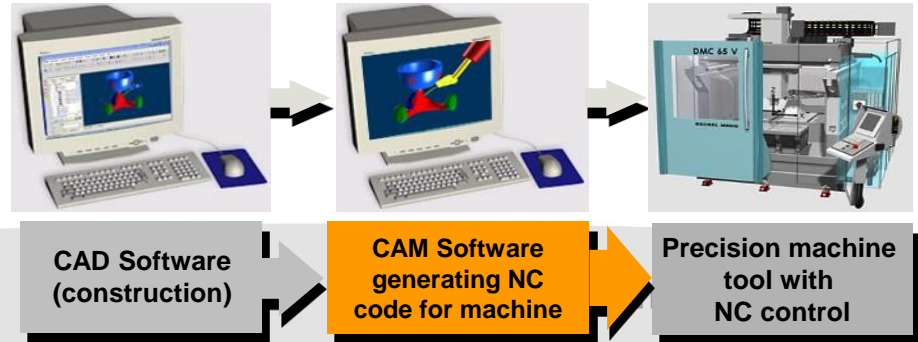
- CAM – Computer Aided Manufacturing
 - Subsidiary Open Mind – Product line hyperMILL
 - High end: Average revenue approx. EUR 30,000 per seat
 - ~26% of group revenue / **~45% of group gross margin**



Project: Flat surface milling 10x faster by using special conical cutters with slightly convex curvature. Milling time for this lightweight aerospace part: Total 2h05min instead of 10h30min



OPEN MIND
THE CAM FORCE



CAD/CAM in practice (M+M Software)

Precision machine tools' purchase prices are in the six or even seven digit Euro range. hyperMILL reduces milling times by up to 90% through intelligent machining strategies, pushing return on investment for these expensive machine tools to completely new dimensions.

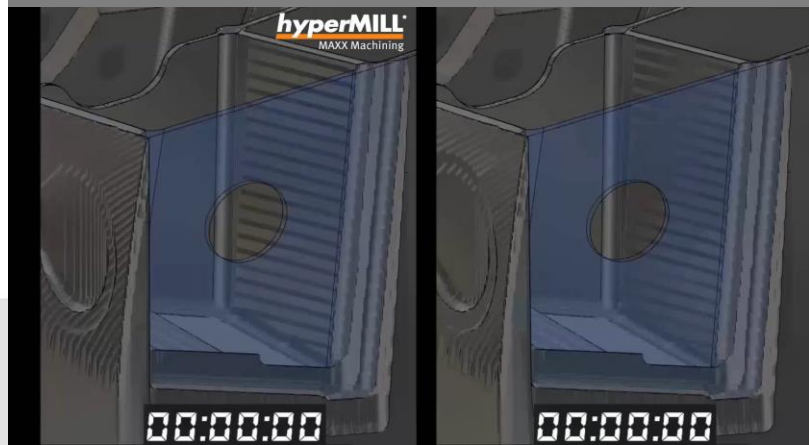
Fast Impeller milling: 1:46 min instead of approx. 1h



5x faster roughing with helical drilling



Flat surface in 30 sec vs. 5:10 min: Factor 10!



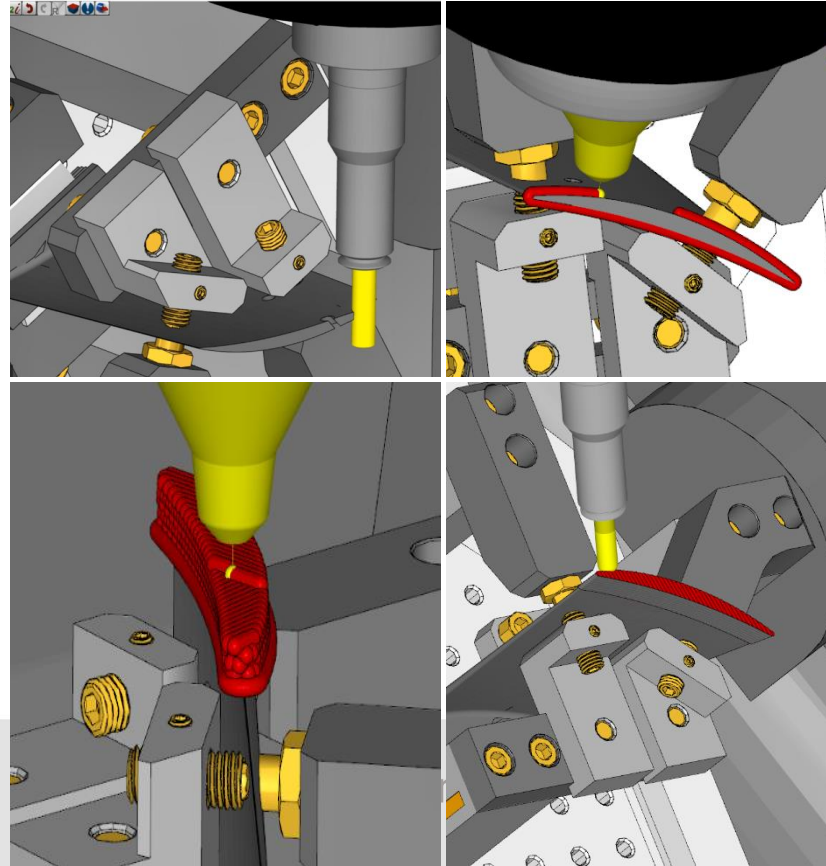
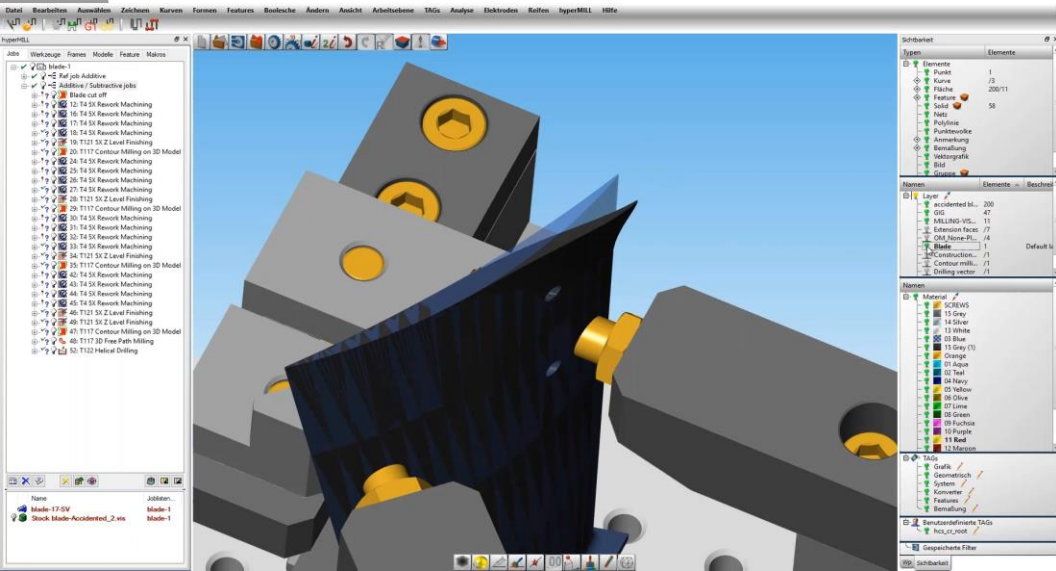
CAD/CAM in practice (M+M Software)

CAM (subtractive) meets 3D printing (additive):

New hybrid machine tools with an LMD device (Laser Metal Deposition) combine the advantages of 3D metal printing (building parts from scratch) and 5-axis milling (finishing defined surfaces with high accuracy) without re-clamping.

hyperMILL now supports this process holistically.

Example: Hybrid repair of a turbine blade without re-clamping.



Some CAM Key Customers



BMW GROUP



GOODYEAR



HONDA

MAGNA



Hirschvogel Automotive Group



NWS

McLaren



PHENIX CONTACT



SGL GROUP THE CARBON COMPANY

FESTO

ThyssenKrupp

BOCAR GROUP

SCHAEFFLER

MAHLE

Driven by performance

HYUNDAI Motorsport

Krumpholz

GERRESHEIMER Medical Plastic Systems

MHI MITSUBISHI HEAVY INDUSTRIES

MERCEDESAMG HIGH PERFORMANCE POWERTRAINS

沈阳鼓风机集团股份有限公司 SHENYANG BLOWER WORKS GROUP CORPORATION

PSA PEUGEOT CITROËN

DENTALURUM

Mazak



MITSUBISHI HEAVY INDUSTRIES, LTD. Our Technologies, Your Tomorrow

faurecia

YAMAHA Revs Your Heart

LIEBHERR



BRAUN



IHI ALESSI



Mazak



REHAU

PLANSEE

Nobel Biocare

THE LINDE GROUP

FRESENIUS MEDICAL CARE

SICK Sensor Intelligence.

GLASHÜTTE LIMBURG

Lufthansa Technik

AERONAMIC AIRCRAFT SUBSYSTEMS

SAINT-GOBAIN SEVA

ROHDE & SCHWARZ

Webasto Feel the Drive



Roche Diagnostics

HOERBIGER



DOCOL METAIS SANITÁRIOS

FEDERAL MOGUL

ottobock. PAUL SCHERRER INSTITUT

POLYGONA



Diagnostics

SIEMENS Power Generation

WEBER Manufacturing Technologies Inc.

MECCANICA GN SHAPE IDEAS



HUSKY

Keeping our customers in the lead

PSI

REJLEK METAL & PLASTICS Group



CITIZEN Micro HumanTech

starrag Group

heckert

GL Precision b.v. High-Tech Machining & Assembly

5th AXIS INC Automated Production Manufacturing & Machining

SUMITOMO RUBBER INDUSTRIES, LTD.

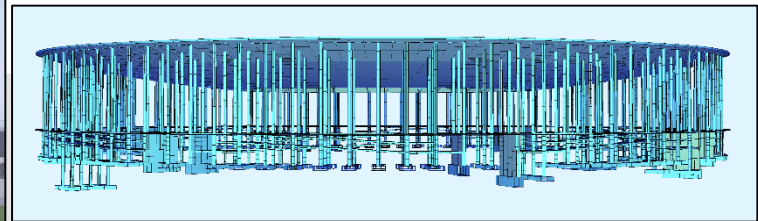
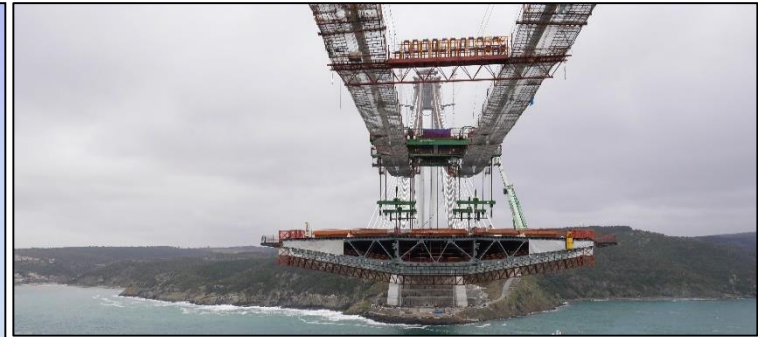
METAL & PLASTICS Group

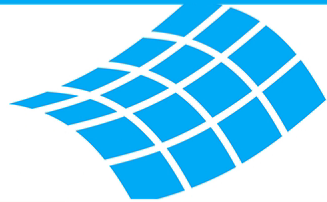
Group

Automated Production Manufacturing & Machining

CAD/CAM in practice (M+M Software)

- New in 2019: BIM, Structural Analysis and Reinforcement
 - Strategic shareholding in SOFiSTiK AG increase from 13.3% to 51% as of Jan 1, 2019
 - Share swap, Founders/Management staying on board with 49% shareholding
 - SOFiSTiK (est. 1987) is a technology leader in bridge, tunnel and building construction
 - In more than 30 years, thousands of construction projects have been realised and calculated with SOFiSTiK software, e.g. BMW-Welt Munich, new Bosphorus bridge, Brasilia National Stadium...

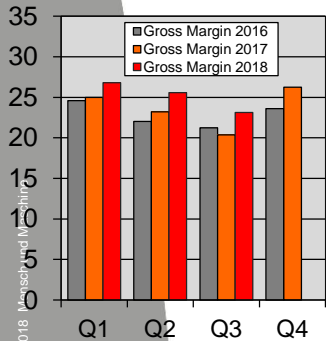
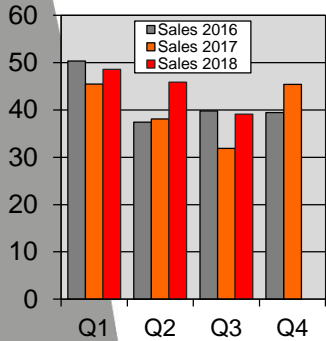




SOFiSTiK

www.sofistik.com/company/references

Sales & gross margin



■ Sales 2017: EUR 160.85 mln / -3.7%

- ◆ M+M Software: EUR 50.47 mln / +9.1%
- ◆ VAR Business: EUR 110.38 mln / -8.6%
- ◆ Seasonality returned to the pattern typical for M+M (Q1/Q4 strong, Q3 weakest)
PY comparison in Q1 and Q3 distorted by pull effect before Autodesk's transition to rental

■ Record gross margin 2017: EUR 94.82 mln / +3.7%

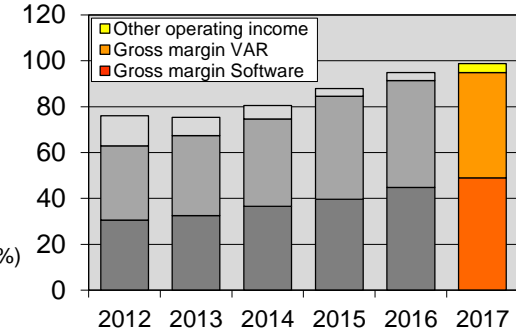
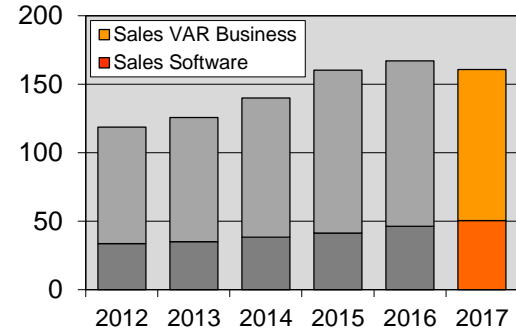
- ◆ M+M Software: EUR 48.94 mln / +9.4%
- ◆ VAR Business: EUR 45.88 mln / -1.8%
 - ◆ M+M share: EUR 29.88 mln / +16% (Technology + services)
 - ◆ Autodesk share: EUR 16.00 mln / -24%
- ◆ Gross margin seasonality smoother than for sales

■ Sales 9M/18: EUR 133.55 mln / +16% (Q1 +7% / Q2 +20% / Q3 +23%)

- ◆ M+M Software: EUR 40.08 mln / +11% (Q1 +9.3% / Q2 +12% / Q3 +13%)
- ◆ VAR Business: EUR 93.47 mln / +18% (Q1 +5.9% / Q2 +24% / Q3 +28%)
(numerous Autodesk maintenance contracts converted to subscription in Q2/Q3)

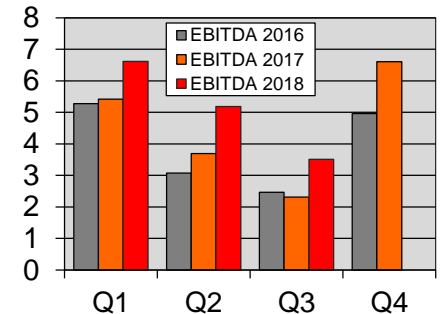
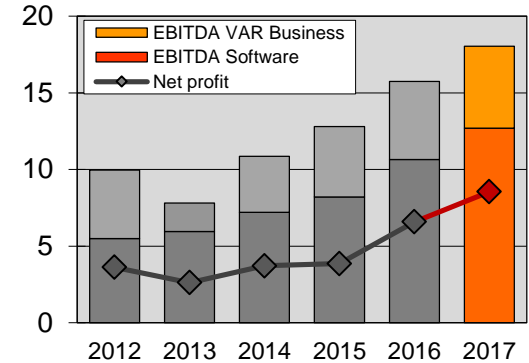
■ Gross margin 9M/18: EUR 75.52 mln / +10% (Q1 +7% / Q2 +10% / Q3 +14%)

- ◆ M+M Software: EUR 39.18 mln / +12% (Q1 +9.3% / Q2 +14% / Q4 +13%)
- ◆ VAR Business: EUR 36.34 mln / +8.2% (Q1 +5.1% / Q2 +6.5% / Q3 +14%)

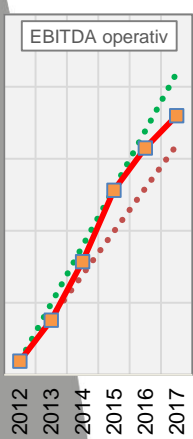


Earnings / cash flows / dividend

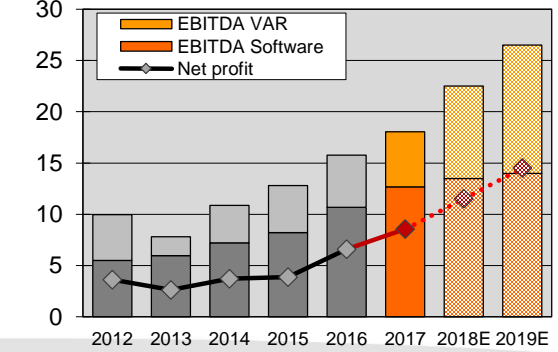
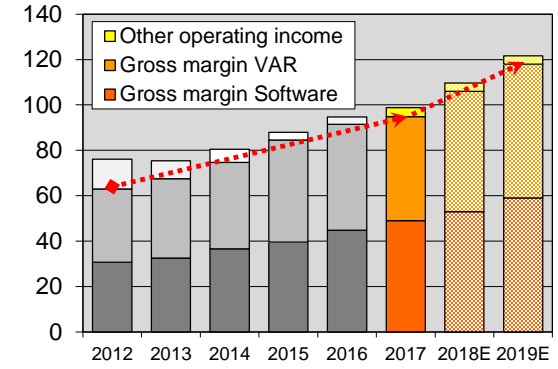
- Record EBITDA 2017: EUR 18.04 mln (PY: 15.76 / +14.5%)
 - ◆ EBITDA yield: 11.2% (PY: 9.4%)
 - ◆ M+M Software: EUR 12.69 mln (PY: 10.66 / +19%) / yield 25.2% (PY: 23.1%)
 - ◆ VAR Business: EUR 5.35 mln (PY: 5.09 / +5.0%) / yield 4.8% (PY: 4.2%)
 - ◆ Q1: +2.7% / Q2: +21% / Q3: -6.3% / Q4: +33%
- ◆ Record net profit 2017: EUR 8.55 mln (PY: 6.59 / +30%)
 - ◆ EPS 52.5 Cents (PY: 40)
- ◆ Record operating cash flows 2017: EUR 15.22 mln (PY: 14.64)
 - ◆ CPS 93.5 Cents (PY: 90)
- ◆ Dividend 2017: 50 Cents (PY: 35 / +43%) in cash or shares (scrip dividend)
- ◆ EBITDA 9M/2018: EUR 15.32 mln / +34% (Q1 +22% / Q2 +40% / Q3 +52%)
 - ◆ M+M Software: EUR 10.09 mln / +21% (Q1 +17% / Q2 +34% / Q3 +12%)
 - ◆ VAR Business: EUR 5.23 mln / +67% (Q1 +33% / Q2 +59% / Q3 +270%)
- ◆ Net profit 9M/2018: EUR 7.61 mln / +41% // EPS 47 Cents (PY: 33)
- ◆ Operating cash flows 9M/2018: EUR 11.04 mln (PY: 13.02)



Review & Outlook



- **Gross Margin 2012-2017: EUR +31.8 mln / +51%**
 - ✓ 8.5% organic Gross Margin growth p.a. (target was 10%)
Spread from 3.7% (2017) to 13% (2015)
- **EBITDA purely operating 2012-2017: EUR +17.0 mln**
Spread from EUR +2.3 mln (2017) to EUR +4.9 mln (2015)
 - ✓ EUR +3.4 mln p.a. (target range was EUR +3-4 mln)
- **Gain 53%: 1 EUR Gross Margin >> 53 Cents EBITDA**
 - ✓ Profit optimized growth through active cost control method
- **2018P: Ambitious targets very well underlined after 9M**
 - ◆ Gross Margin +10-12% to EUR 104-106 mln / EBITDA +22-28% to EUR 22-23 mln
 - ◆ Net profit +30-40% to EUR 11-12 mln / EPS 67-73 Cents / Dividend 62-68 Cents
- ◆ **2019E ff: EBITDA to increase EUR +4-5 mln p.a.**
 - ◆ Net profit EUR +3-4 mln / EPS +18-24 Cents / Dividend +15-20 Cents p.a.
- **100 Cents EPS mid-term target should be exceeded by 2020**
 - ◆ Long-term EBITDA contribution by segments is expected to largely balance



The M+M share

Listings:

- ◆ scale, Frankfurt (scale30)
- ◆ m:access, Munich

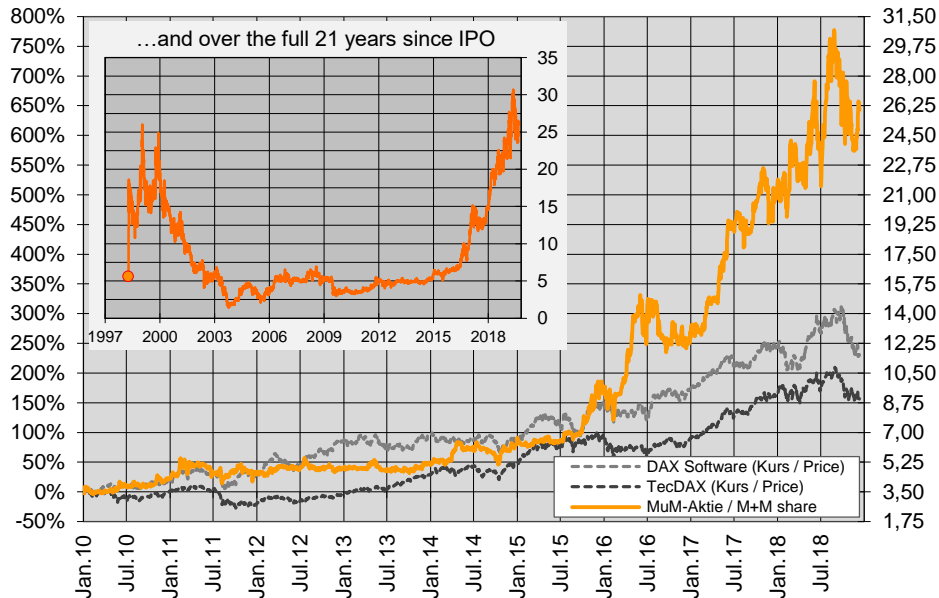
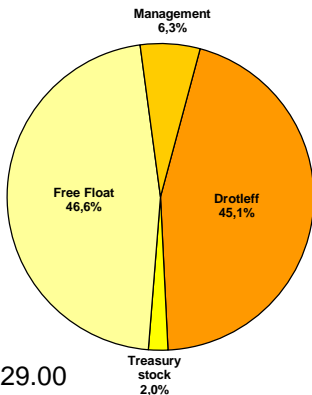
Designated Sponsors:

- ◆ LBBW, Stuttgart
- ◆ Oddo Seydler, Frankfurt

Analyst Coverage:

- ◆ LBBW: „Buy“ – fair value EUR 29.00
- ◆ Independent Research: „Buy“ – fair value EUR 31.00
- ◆ SMC Research*: „Buy“ – fair value EUR 31.30
- ◆ EDISON*: **scale** research report – no price tag

*available in English language



Total dividends paid since 2010: EUR 2.00

M+M is both a public and private company

Why invest in the M+M share?

- M+M is a leading vendor of technical software solutions
 - ◆ Founded 1984 – 34 years of established market position
 - ◆ More than 25,000 customers worldwide
 - ◆ Private and 21 years public company
- Sustainably profitable growth
 - ◆ Organic growth (CAGR): long-term average approx. 10% p.a.
 - ◆ EBITDA yield 2017 11.2% // 2018P ~12.5% - mid-term potential >16%
 - ◆ More than 100% EPS growth potential over the next 3-4 years
- Good dividend return due to high pay-out ratio
 - ◆ Low CAPEX, as the lion's share of software development is not capitalized





Thank you for your attention!

For more Information: www.mum.de / Investor Relations

