

Mensch und Maschine Software SE

Company Presentation Status February 15, 2019 / Preliminary figures 2018

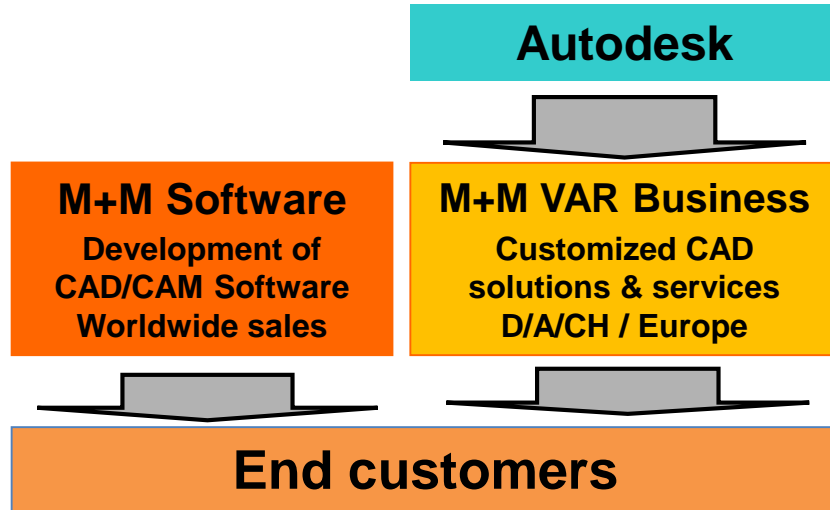


Business model

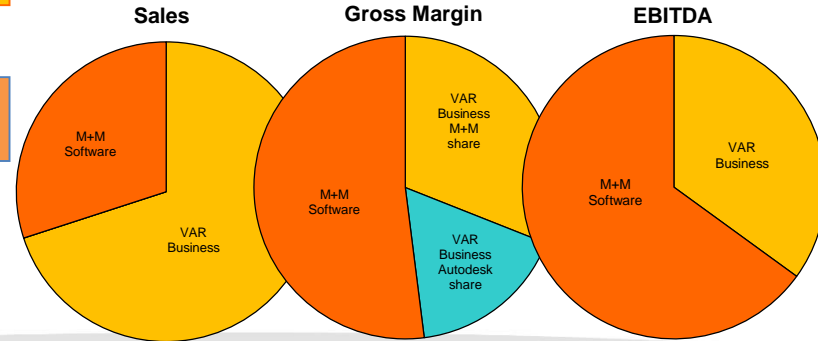
- **Leading vendor of CAD/CAM/PDM/BIM solutions**
 - ◆ CAD/CAM = Computer Aided Design / Manufacturing
PDM = Product Data Management / BIM = Building Information Management
 - ◆ Founded 1984 – 35 years on market // IPO 1997 – 22 years public
- **Gross Margin approx. 50/50 from two Segments**
 - ◆ **M+M Software: Proprietary CAD/CAM Software development**
 - ~85% CAM // ~15% Gardening & Landscaping / Electrical CAD
 - EBITDA yield 2018: ~26.2% / mid term target >30%
 - ◆ **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 2018: ~6.3% / 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
- 2018: Gross yield ~56% / EBITDA ~12.3%
 - ~83% proprietary contribution from M+M Software / Services
 - Just ~17% contribution from Autodesk business (2001: >75% / 2008: >50%)



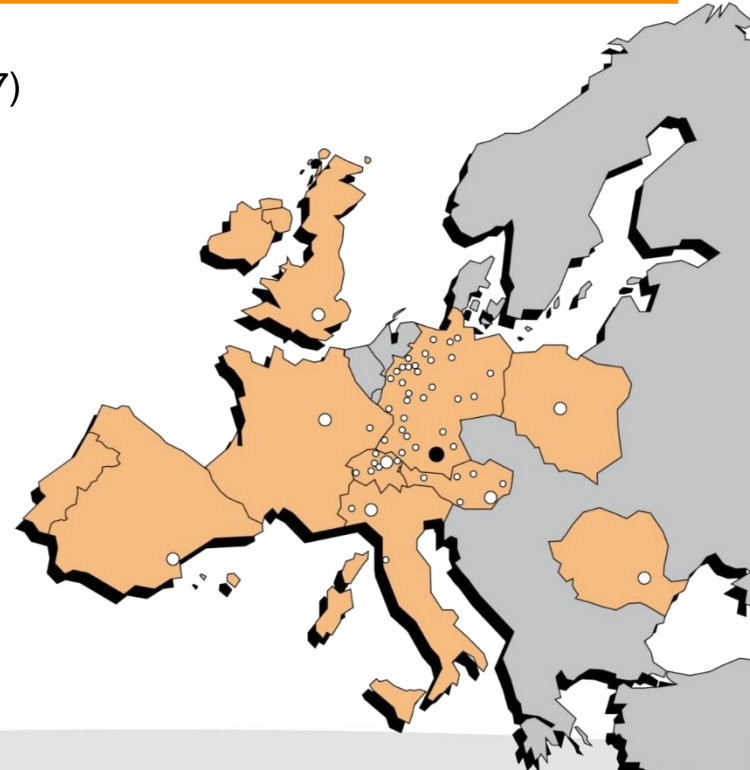
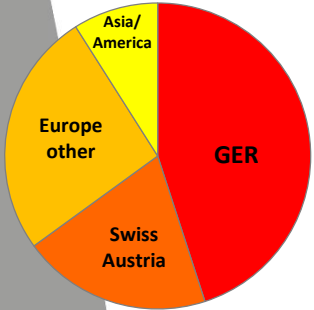
Business model

■ Geographical sales contribution: (2017)

- ◆ Germany: EUR ~83.5 mln / ~45%
- ◆ Austria/Switzerland: EUR ~37.5 mln / ~20%
- ◆ Europe (other): EUR ~48 mln / ~26%
France / Italy / UK / Poland / Romania / Iberia
- ◆ Asia/America: EUR ~16 mln / ~9%
Japan / China / India / APAC / USA / Brazil
(M+M sales offices / CAM Software only)

■ Headcount: (full time equivalent 2018)

- ◆ 821 (PY: 784 / +4.7%)
 - 364 / 44% M+M Software
 - 457 / 56% VAR Business



Business model

■ Broad industry balance:

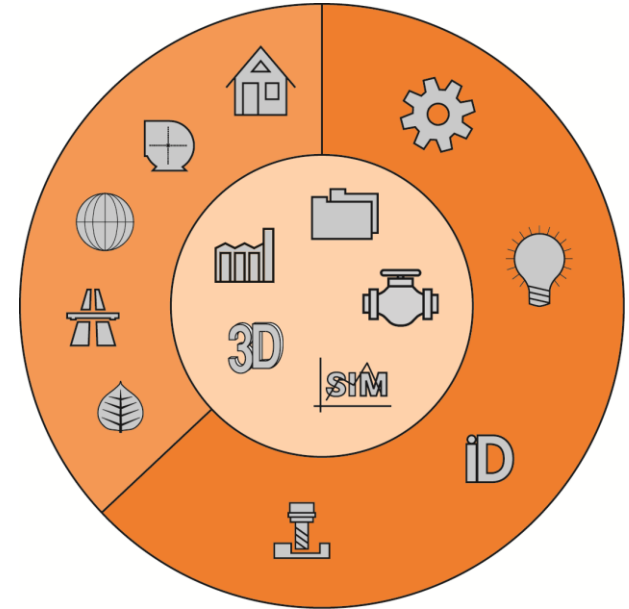
- ~2/3 Industry: e.g. Mechanical/Electrical Engineering, Tool/Mold/Die Making, Automotive/Aerospace/Shipbuilding, Industrial design
- ~1/3 BIM: e.g. Architecture, Building Services, Structural/Civil Engineering, Infrastructure, Gardening/Landscaping
- Interdisciplinary: e.g. Digital Factory, PDM/PLM,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



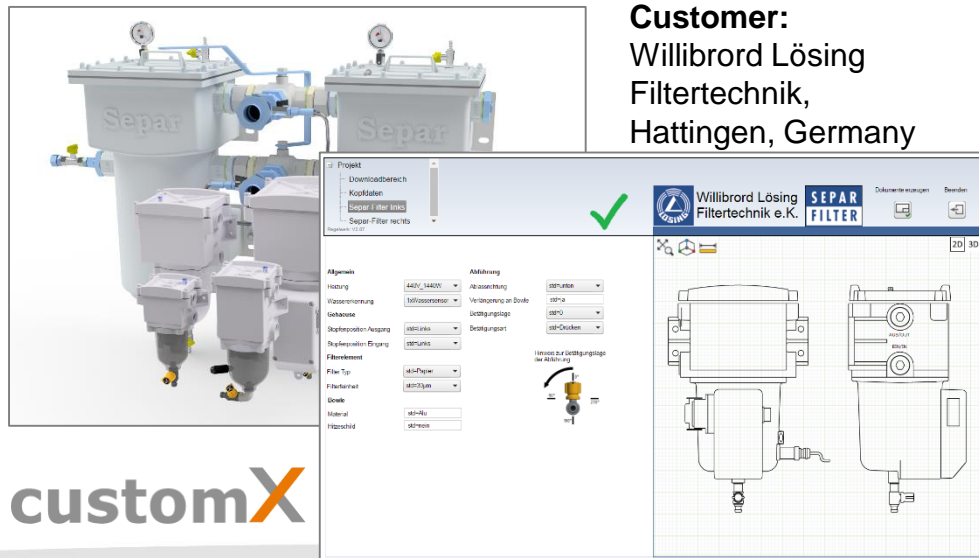
CAD/CAM in practice (VAR Business)

- 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



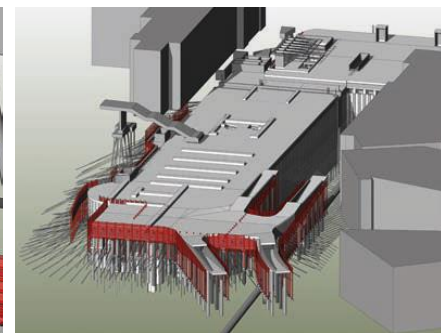
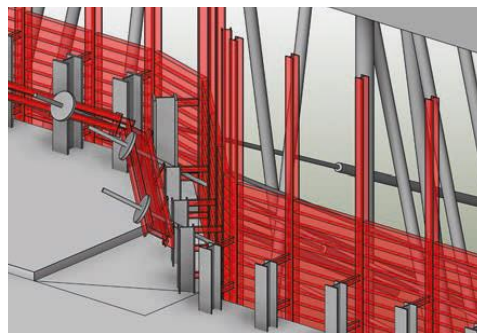
customX



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

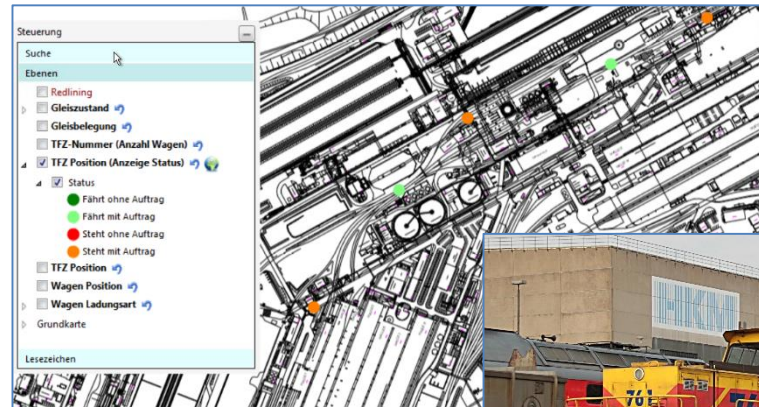


CAD/CAM in practice (VAR Business)

- 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



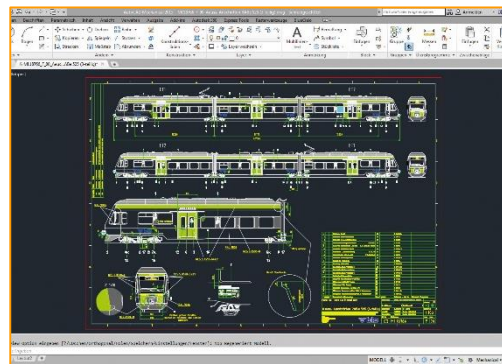
mapedit



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

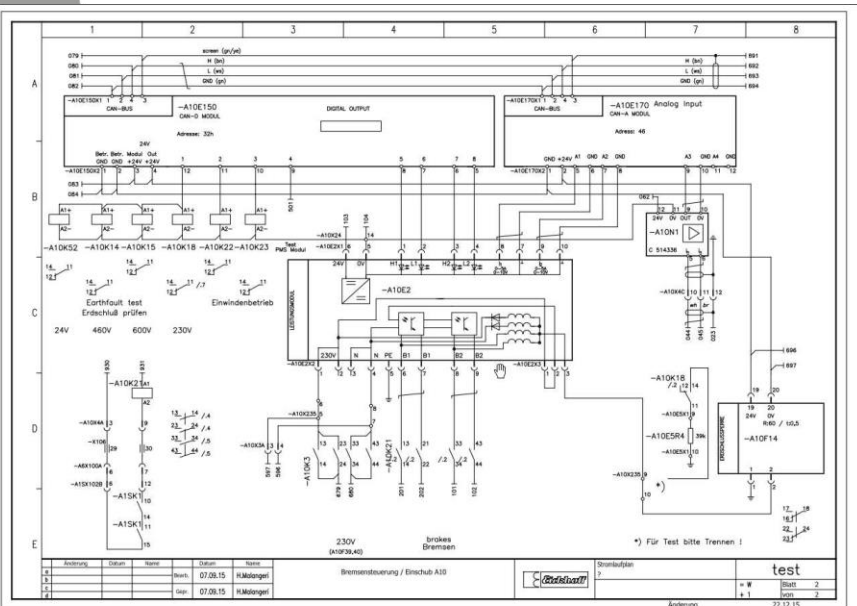
- Product ECSCAD – until 2008 M+M Software, end of 2008 sold to Autodesk – since 2014 licensed back and developed / supported by M+M

Customer:
Eickhoff Bergbautechnik
GmbH, Bochum, Germany



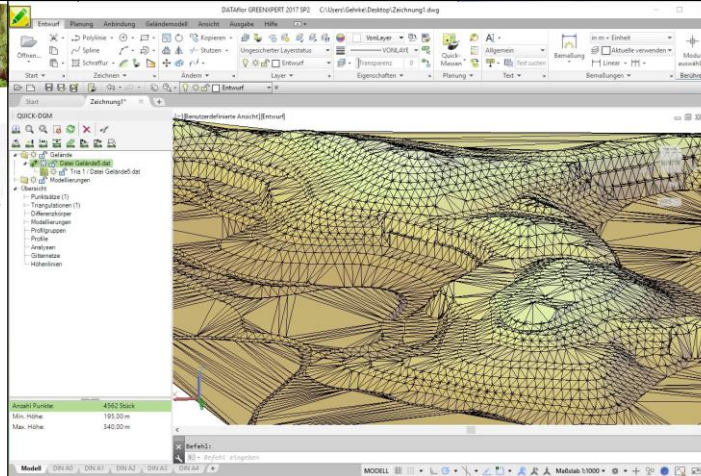
ecs cad

mensch  maschine
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)



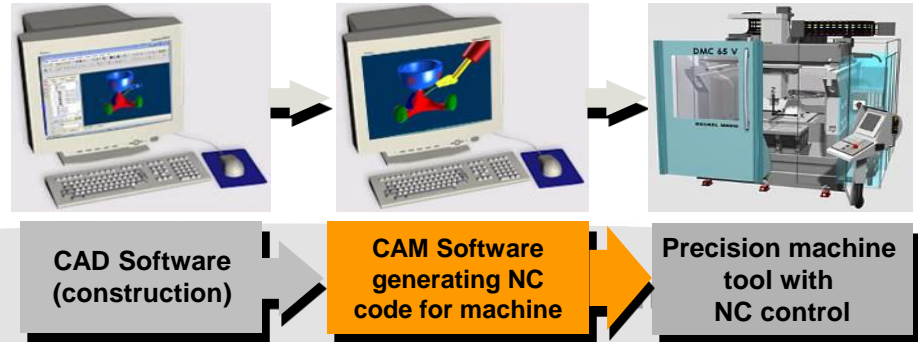
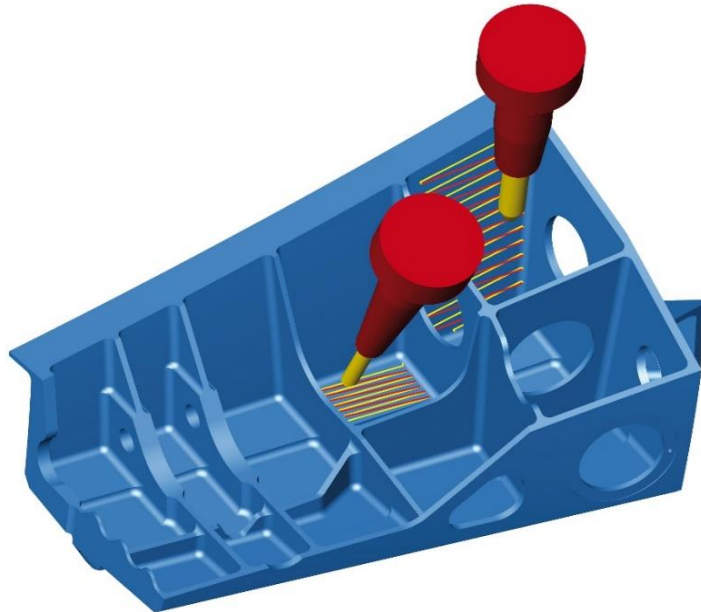
CAD/CAM in practice (M+M Software)

- 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 Software
(construction)

CAM Software
generating NC
code for machine

Precision machine
tool with
NC control

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.

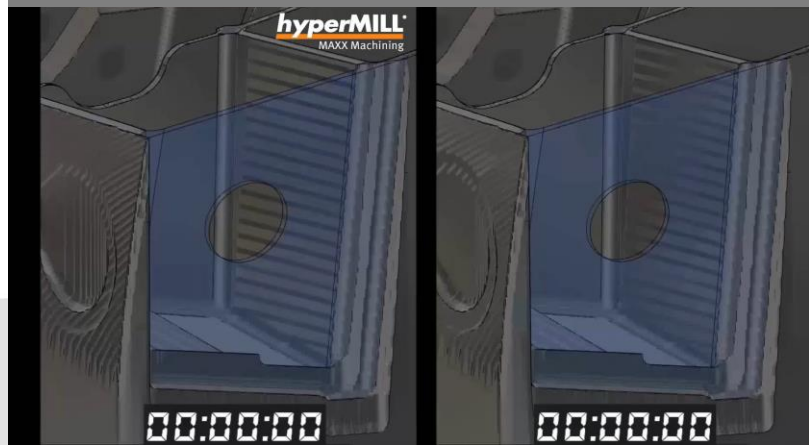
Fast Impeller milling: 1:46 min instead of approx. 1h



5x faster roughing with helical drilling



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



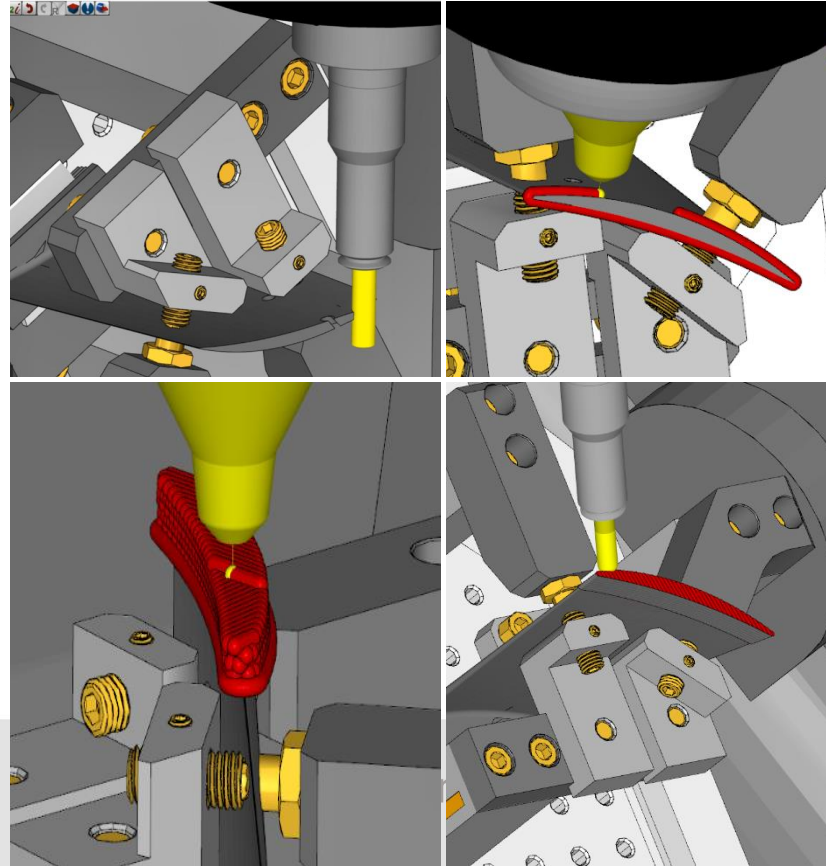
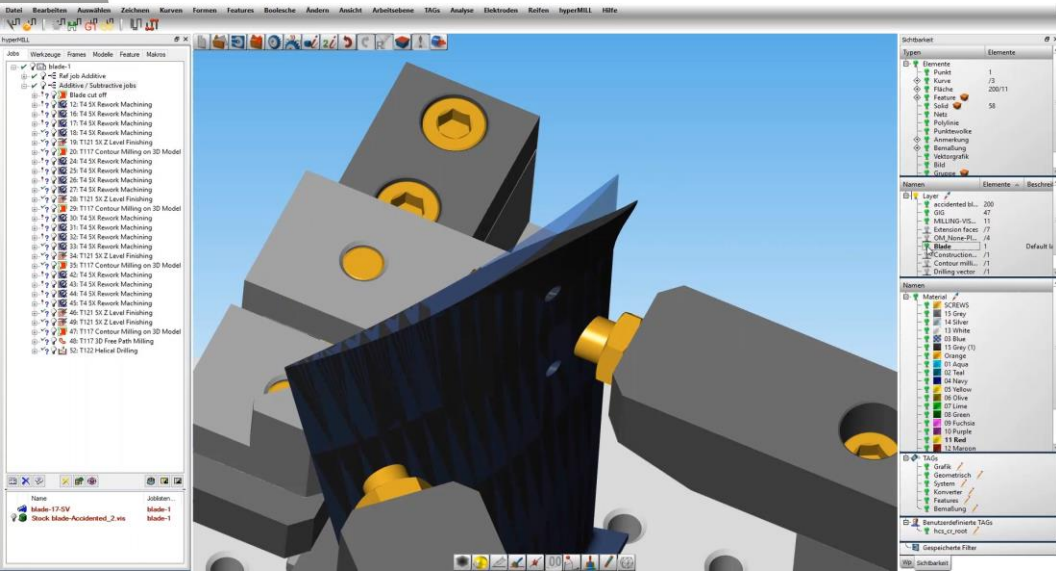
CAD/CAM in practice (M+M Software)

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

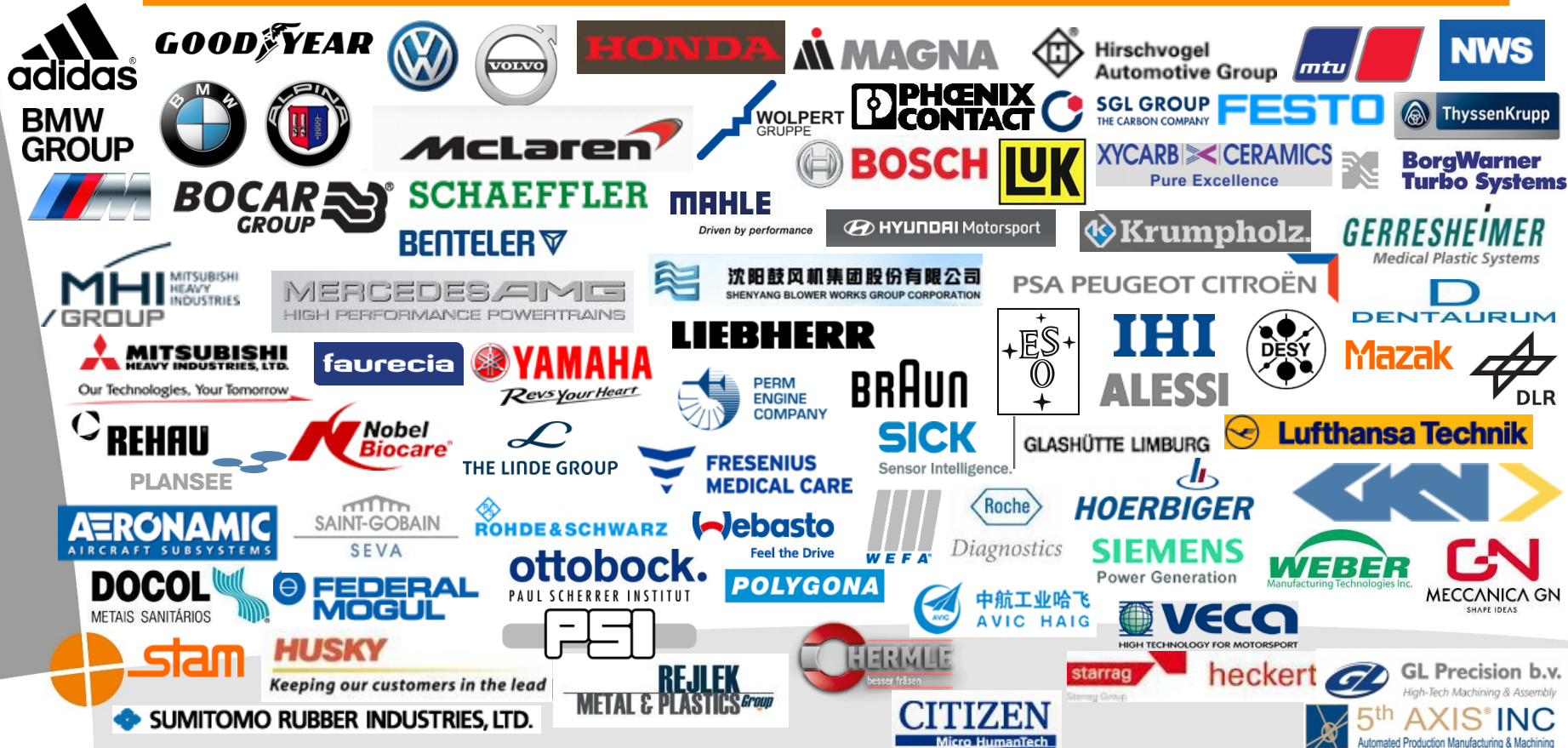
New hybrid machine tools with an LMD device (Laser Metal Deposition) combine the advantages of 3D metal printing (building parts from scratch) and 5-axis milling (finishing defined surfaces with high accuracy) without re-clamping.

hyperMILL now supports this process holistically.

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

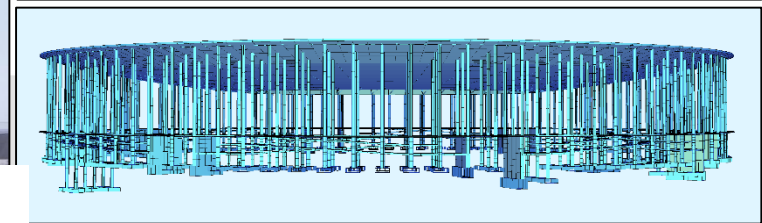
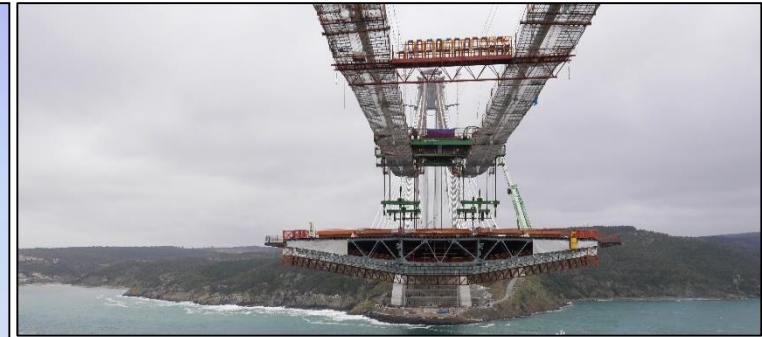


Some CAM Key Customers



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...



www.sofistik.com/company/references



SOFiSTiK

www.sofistik.com/company/references

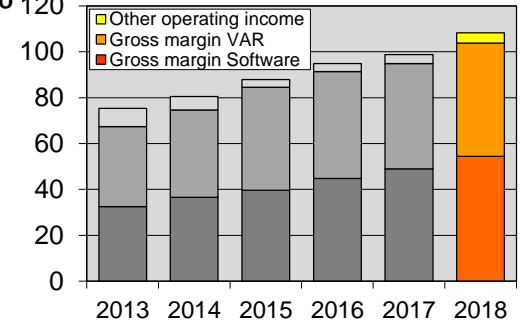
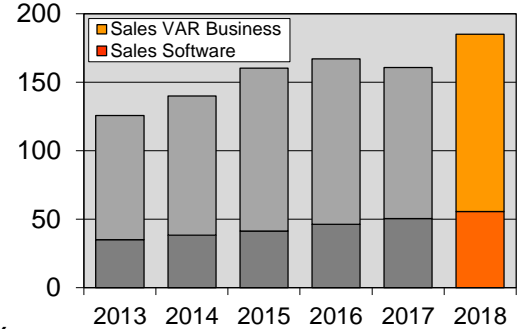
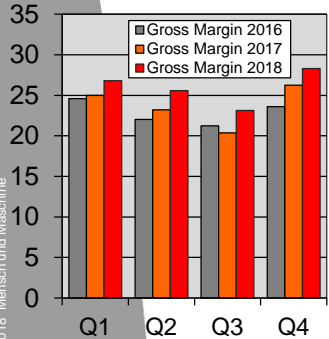
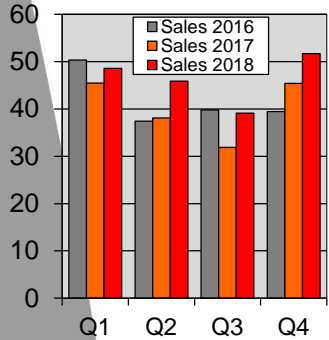
Sales & gross margin (preliminary figures 2018)

■ Sales 2018: EUR ~185.2 mln / +15%

- ◆ M+M Software: EUR ~55.7 mln / +10%
- ◆ VAR Business: EUR ~129.5 mln / +17%
 - ◆ After the temporary retarding effect of Autodesk's sales to subscription transition in 2016/17, VAR Business rebounded to a vital growth
- ◆ Normal Seasonality (Q1/Q4 strong, Q2/Q3 catching up)
Q1: +7% / Q2: +20% / Q3: +23% / Q4: +14%

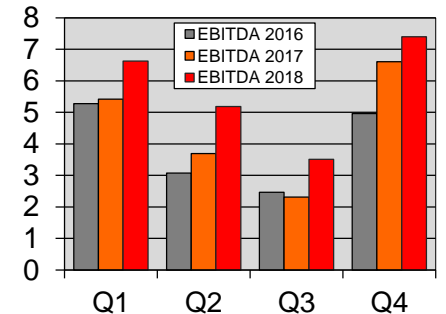
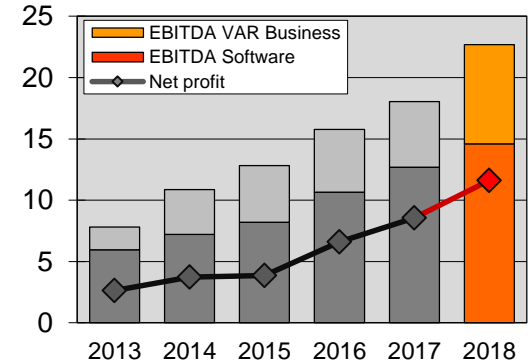
■ Record gross margin 2018: EUR ~103.8 mln / +9.5%

- ◆ M+M Software: EUR ~54.4 mln / +11%
- ◆ VAR Business: EUR ~49.4 mln / +7.7%
- ◆ Gross margin seasonality smoother than for sales
Q1: +7% / Q2: +10% / Q3: +14% / Q4: +8%
- ◆ Gross yield 2018: ~56% (PY: 59.0% / back in 2008: 25%)

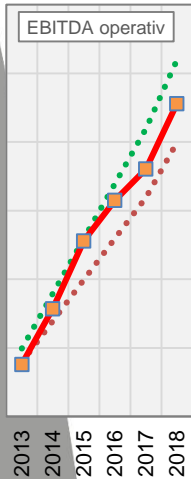


Earnings / cash flows / dividend (preliminary figures 2018)

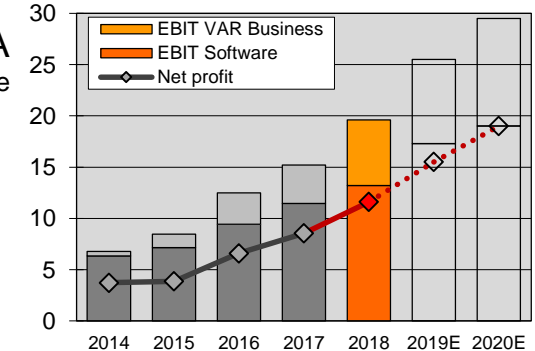
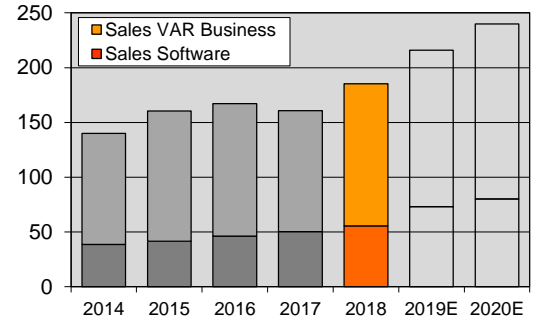
- Record EBITDA 2018: EUR ~22.7 mln (PY: 18.04 / +26%)
 - ◆ EBITDA yield: ~12.3% (PY: 11.2%)
 - ◆ M+M Software: EUR ~14.6 mln (PY: 12.69 / +15%) / yield 26.2% (PY: 25.2%)
 - ◆ VAR Business: EUR ~8.1 mln (PY: 5.35 / +51%) / yield 6.3% (PY: 4.8%)
 - ◆ Q1: +22% / Q2: +40% / Q3: +52% / Q4: +12%
- ◆ Record EBIT 2018: EUR ~19.6 mln (PY: 15.21 / +29%)
 - ◆ EBIT yield: ~10.6% (PY: 9.5%)
- ◆ Record net profit 2018: EUR ~11.6 mln (PY: 8.55 / +36%)
 - ◆ EPS ~71 Cents (PY: 52.5)
- ◆ Record operating cash flows 2018: EUR ~15.4 mln (PY: 15.22)
 - ◆ CPS ~94 Cents (PY: 93.5)
- ◆ Preliminary Dividend 2018: 65 Cents (PY: 50 / +30%)



Review & Outlook (preliminary figures 2018)



- **Gross Margin 2013-2018: approx. EUR +36.3 mln / +54%**
 - ✓ +9% organic Gross Margin growth p.a. (target was 10%)
Spread from 3.7% (2017) to 13% (2015)
- **EBITDA purely operating 2013-2018: approx. EUR +18.9 mln**
Spread from EUR +2.3 mln (2017) to EUR +4.9 mln (2015)
 - ✓ EUR +3.8 mln p.a. (target range until 2017 EUR +3-4 mln / 2018 +4-5 mln)
- **Gain 52%: 1 EUR Gross Margin >> 52 Cents EBITDA**
 - ✓ Profit optimized growth through active cost control management
- **2019 ff: Sales / EBIT targets replacing Gross Margin / EBITDA**
 - ◆ IFRS 16 moving leasing expenses to depreciation => EBITDA 19/18 not comparable
- **2019E: Organic growth plus SOFiSTiK acquisition**
 - ◆ Sales +15-20% to EUR 215-220 mln
 - ◆ EBIT +22-33% to EUR 24-26 mln
 - ◆ EPS +25-34% to 89-95 Cents / Dividend +18-28% to 77-83 Cents
- **2020E ff: Sales +10-12% / EBIT EUR +3.5-5.0 mln p.a.**
 - ◆ EPS +18-24 Cents / Dividend +15-20 Cents p.a.



The M+M share

Listings:

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

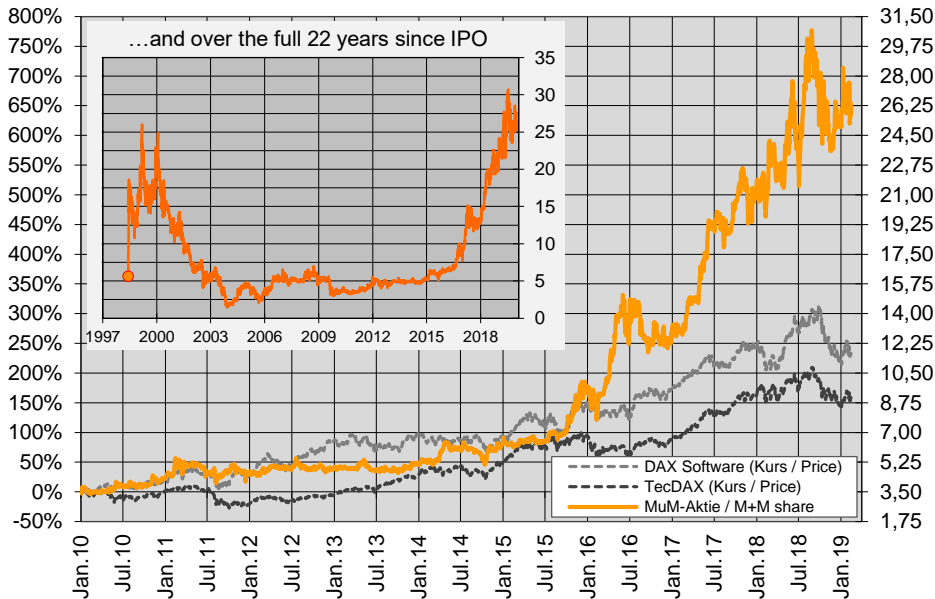
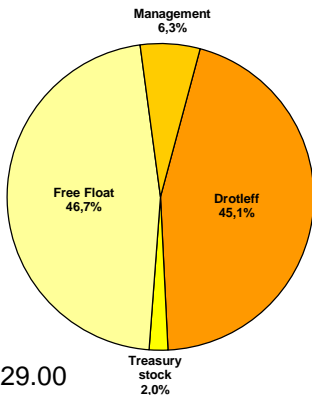
Designated Sponsors:

- ◆ 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 33.70
- ◆ 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 – 35 years of established market position
 - ◆ More than 25,000 customers worldwide
 - ◆ Private and 22 years public company
- Sustainably profitable growth
 - ◆ Organic growth (CAGR): long-term average approx. 10% p.a.
 - ◆ EBIT yield 2018 ~10.6% - mid-term potential >14%
 - ◆ 18-24 Cents p.a. EPS growth target secured by strict cost management
- 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

