



Mensch und Maschine Software SE

Company Presentation Status June 18, 2020 / Q1 report 2020 / ex dividend

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man  machine
CAD as CAD can

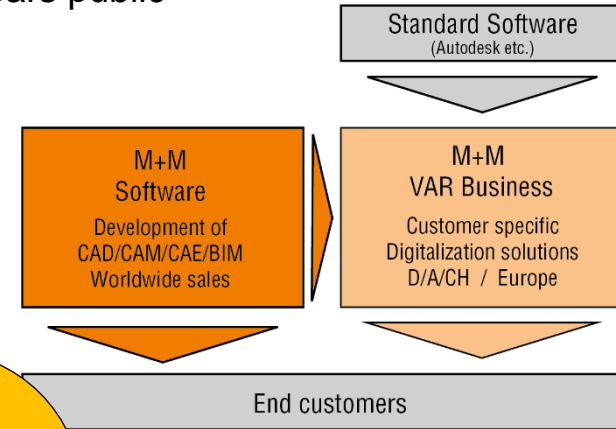
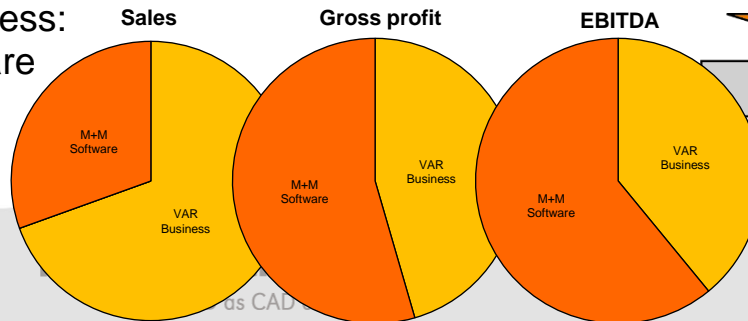
mensch  maschine
CAD as CAD can

Business model

- Leading vendor of CAD/CAM/CAE/PDM/BIM solutions
 - ◆ CAD/CAM/CAE = Computer Aided Design / Manufacturing / Engineering
PDM = Product Data Management / BIM = Building Information Management
 - ◆ Founded 1984 – 36 years on market // IPO 1997 – 23 years public
- Business model with two Segments
 - ◆ M+M Software: Proprietary Standard Software
~70% CAD/CAM // ~30% BIM/Garden/Landscaping/CAE
 - ◆ VAR Business: Technical Digitalisation Solutions
~60% Customer specific projects / ~40% Training

Benefit VAR Business:
Sales / Market share

Benefit Software:
Very profitable



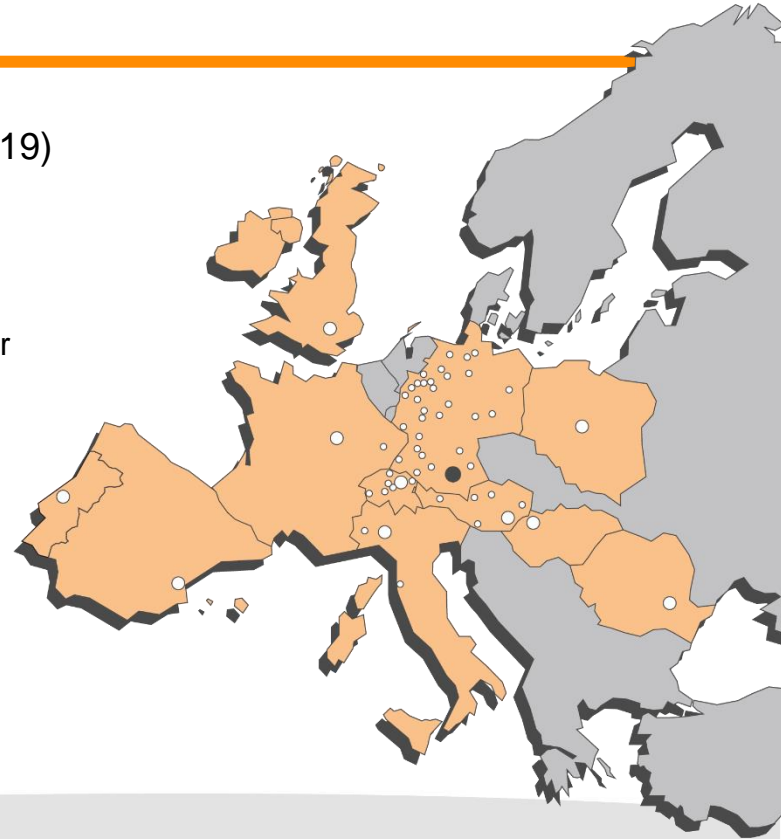
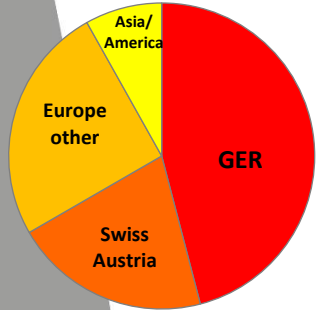
Business model

■ Geographical sales contribution: (2019)

- ◆ Germany: EUR ~112mln / ~46%
- ◆ Austria/Switzerland: EUR ~51 mln / ~21%
- ◆ Europe (other): EUR ~62 mln / ~25%
France / Italy / UK / Poland / Romania / Iberia / other
- ◆ Asia/America: EUR ~20 mln / ~8%
Japan / China / India / APAC / USA / Brazil / other
(M+M's own CAM and BIM Software only)

■ Headcount: (Full time equivalent Q1/2020)

- ◆ 958 (PY: 901)
 - 501 / 52% (PY: 441 / 49%) M+M Software
 - 457 / 48% (PY: 460 / 51%) VAR Business
- ◆ Gross headcount at March 31, 2020: 1,015



Business model

■ Broad industry balance:

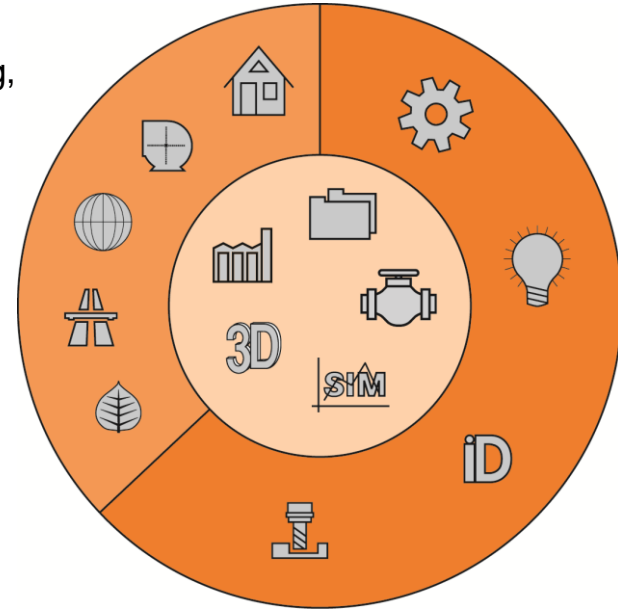
- ~2/3 Industry: e.g. Mechanical/Electrical/Process Engineering, Tool/Mold/Die Making, Automotive/Aerospace/Shipbuilding, Hydraulics, Pneumatics, Industrial design
- ~1/3 BIM: e.g. Architecture, Building Services, Structural/Civil Engineering, Bridge and Tunnel Construction, Infrastructure, Facility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

◆ Extensive installed base:

>100,000 active seats @ more than 30,000 customers

◆ Wide price/performance range:

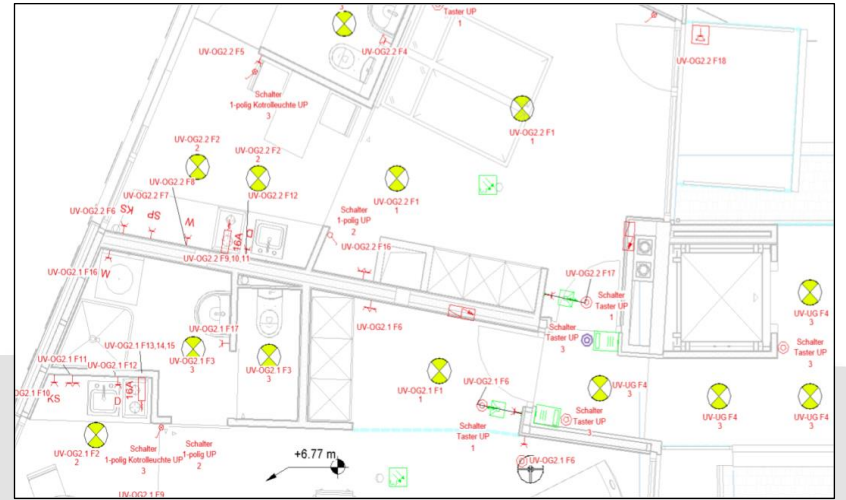
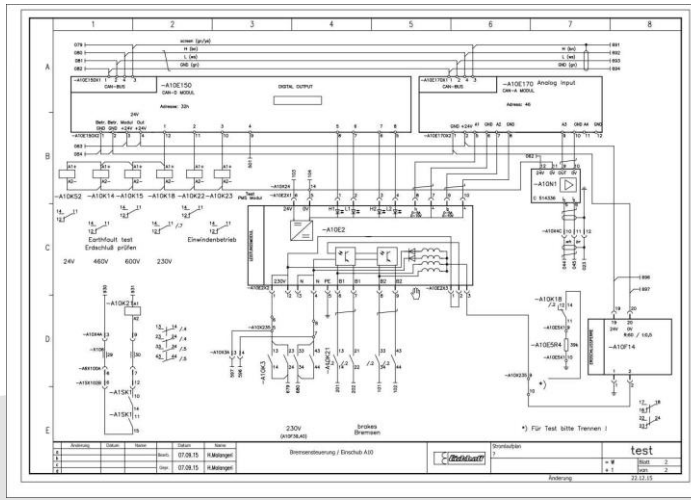
- Software from <1,000 Euro to >100,000 Euro per seat
- Pure B2B Business, only professionals, no consumers



CAD/CAM in practice (M+M Software)

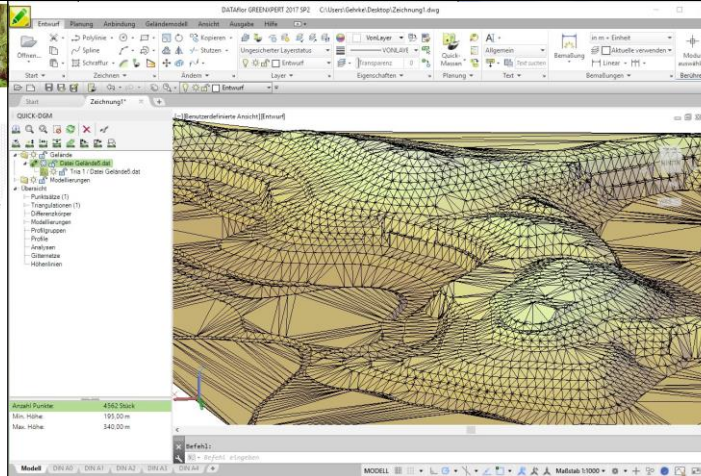
■ CAE – Computer Aided Engineering

- Yet: ecs cad – until 2008 M+M Software, end of 2008 sold to Autodesk, since 2014 licensed back and developed / supported by M+M
- Newly developed: eXs – fully data- and largely user interface compatible
 - High performance database, more functionality, simpler usability, free configurability
 - For Industry disciplines electrical and process engineering, hydraulics and pneumatics
 - As well as for all building services disciplines in BIM projects
 - For ecs cad maintenance customers free automatic license transition



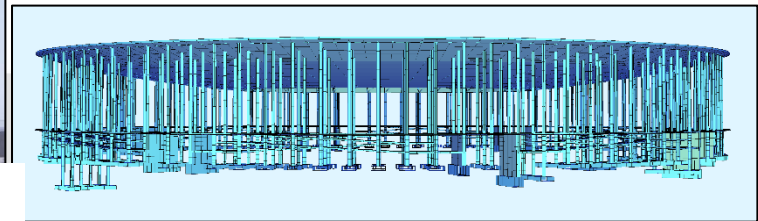
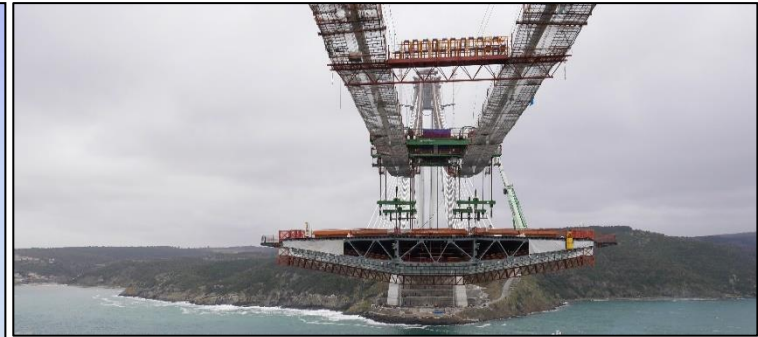
CAD/CAM in practice (M+M Software)

- Gardening / Landscaping / Earthworks for Architects and Implementers
 - M+M Subsidiary DATAflor, Goettingen, Germany
 - 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)

- New in 2019: BIM, Structural Analysis and Reinforcement
 - Strategic shareholding in SOFiSTiK AG increased from 13.3% to 51%
 - 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...



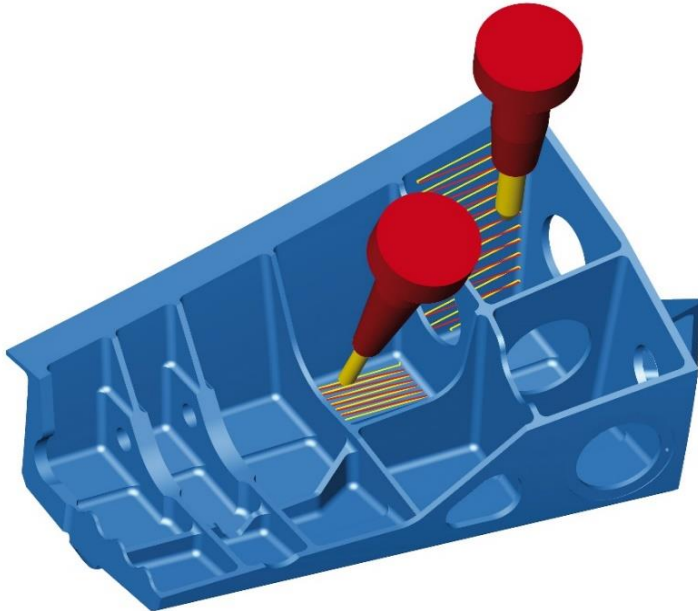
www.sofistik.com/company/references

CAD/CAM in practice (M+M Software)



CAD/CAM in practice (M+M Software)

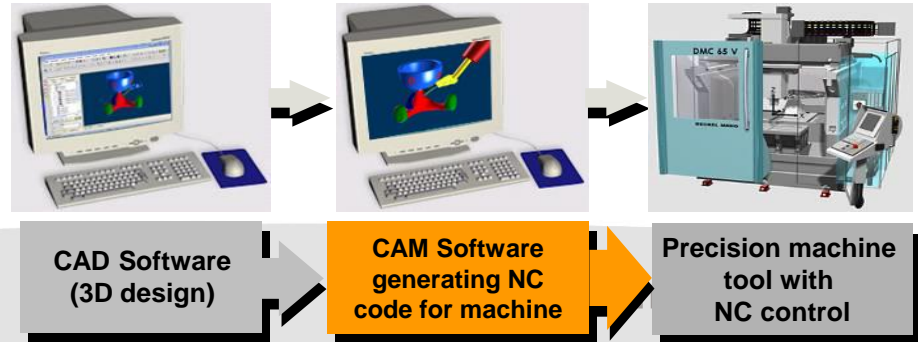
- CAM – Computer Aided Manufacturing
 - Subsidiary Open Mind – Product line hyperMILL
 - High end: Average revenue approx. EUR 30,000 per seat
 - **CAM is contributing ~40% of group gross margin**



Precision machine tools' purchase prices are in the six or 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.



 **OPEN MIND**
THE CAM FORCE



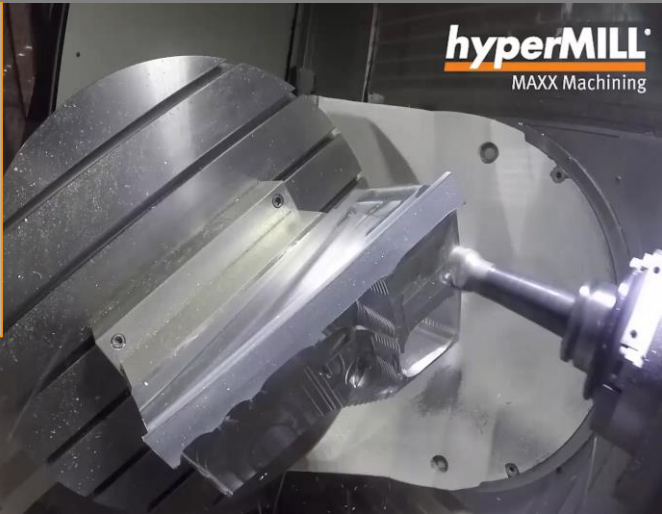
CAD/CAM in practice (M+M Software)

Up to 5x faster material removal by 'helical' roughing.

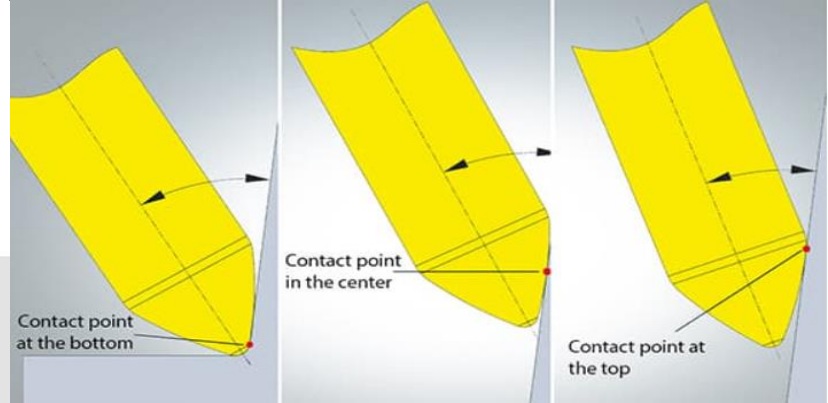
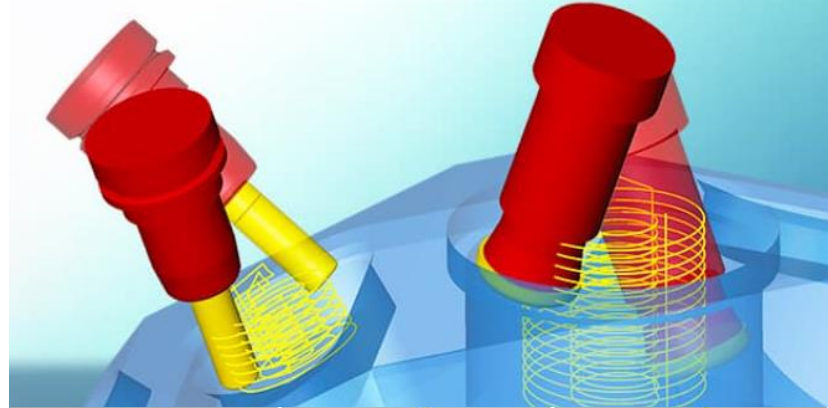
Flat surface finishing up to 10x faster by using special conical cutters with slightly convex curvature.

Milling time for this lightweight aerospace part:
2h05min instead of 10h30min => 80% productivity gain.

Total 80% productivity gain: 2h05 instead of 10h30



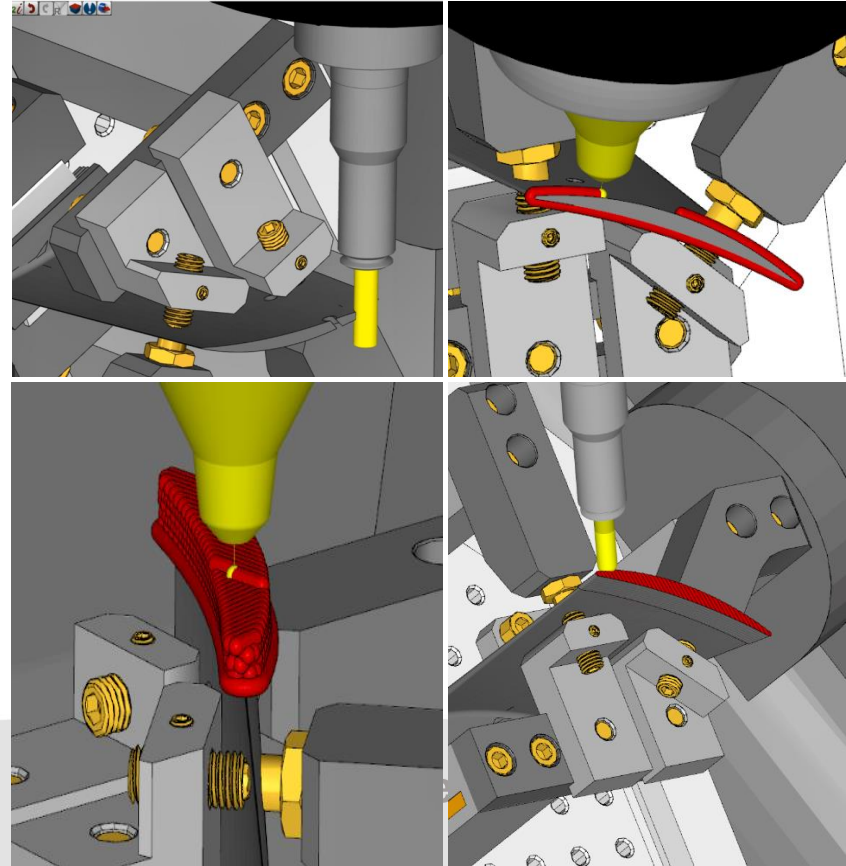
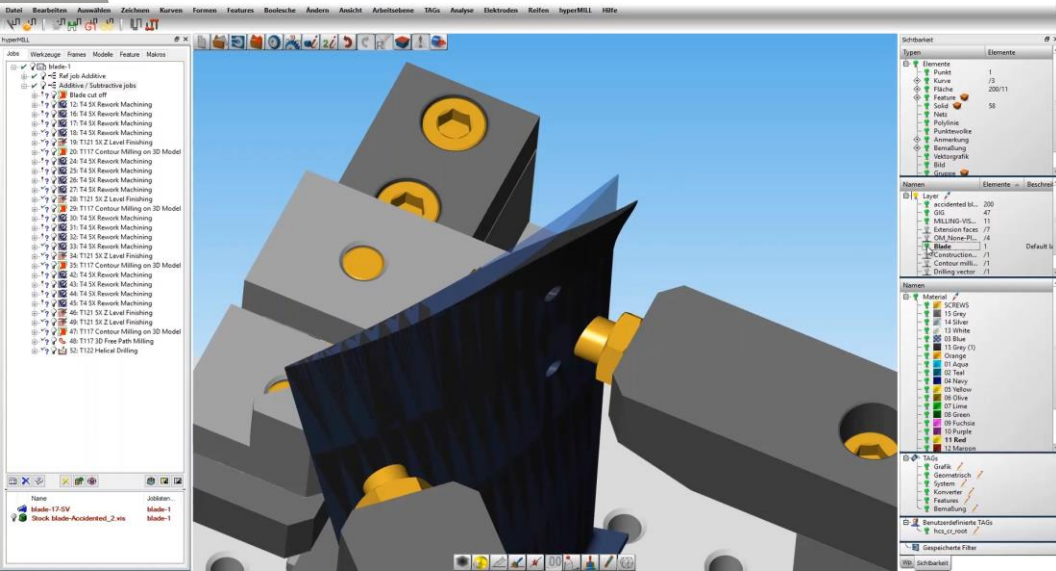
78% faster roughing + 90% faster flat surface finishing:



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.

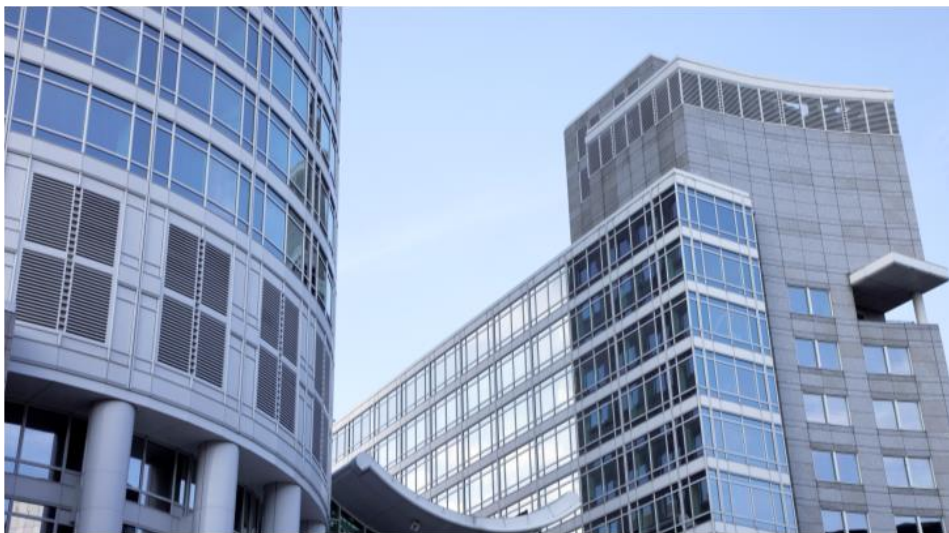


Some CAM Key Customers



CAD/CAM in practice (VAR Business)

- Example BIM – Building Information Modelling / Management: Digital Building Manual for Facility Management



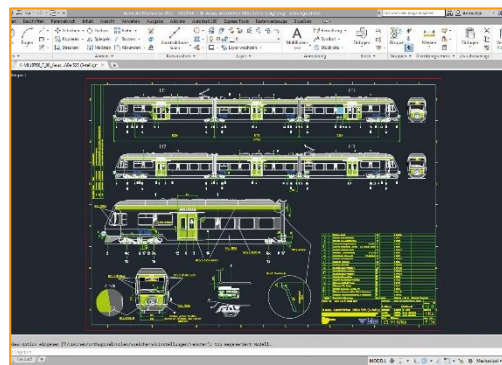
bim  booster bin  ready



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



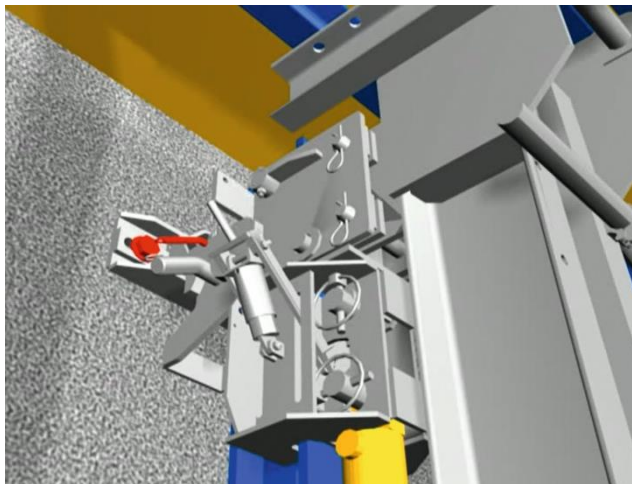
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CAD as CAD can

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CAD as CAD can

CAD/CAM in practice (VAR Business)

- Example Industry 4.0 meets BIM: convert BIM compatible data (here: automatic climbing formwork on Frankfurt high 4 construction site)

Customer: Doka GmbH, Amstetten, Austria



YouTube Video:



man  machine
CAD as CAD can

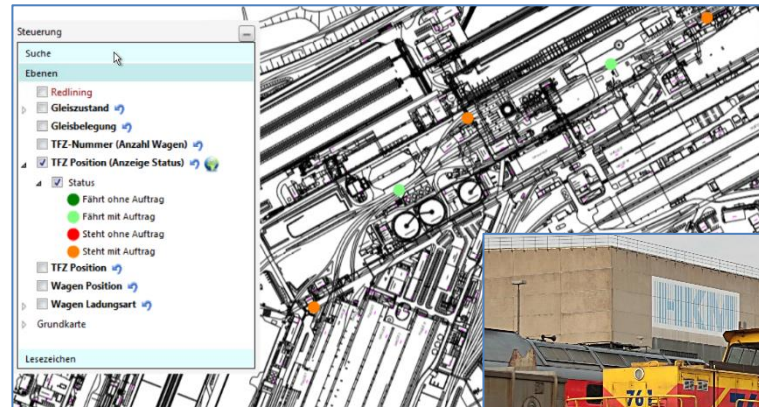
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CAD/CAM in practice (VAR Business)

- 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

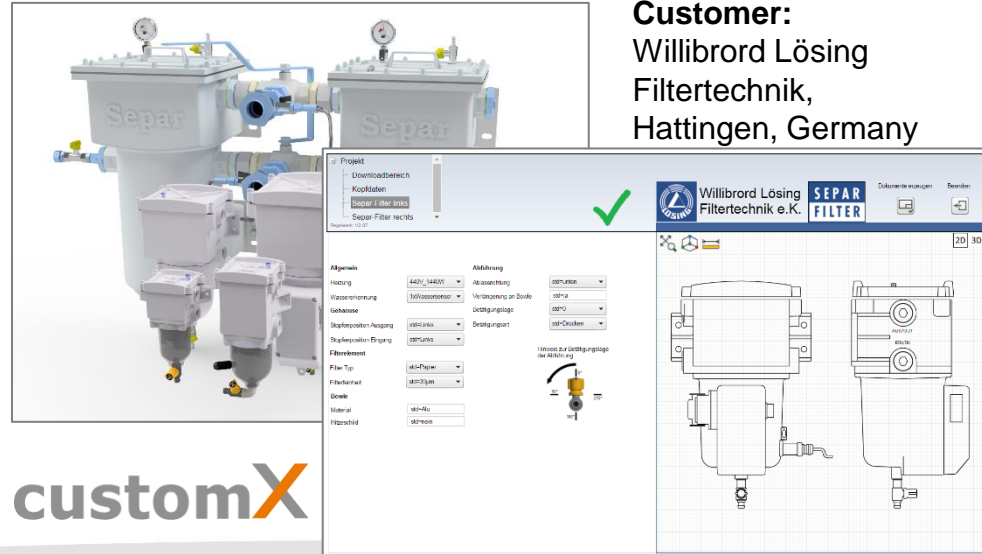
CAD/CAM in practice (VAR Business)

- 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



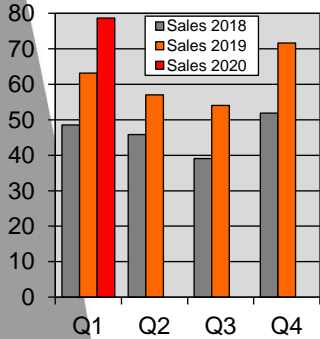
customX



Some VAR Business Key Customers



Sales & gross profit

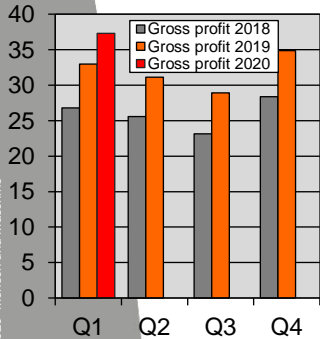


■ Record sales 2019: EUR 245.94 mln / +33% (organic +25%)

- ◆ M+M Software: EUR 75.08 mln (organic +9%)
 - ◆ Solid organic growth plus SOFiSTiK acquisition
- ◆ VAR Business: EUR 170.86 mln / +32%
 - ◆ Strong growth – counter-reaction to the temporary retarding effect of Autodesk's sales to subscription transition in 2016/17
- ◆ Typical seasonality: Q1/Q4 strong / calmer mid of year

■ Record gross profit: EUR 127.89 mln / +23% (organic +13%)

- ◆ M+M Software: EUR 69.70 mln / +28% (organic +9%)
- ◆ VAR Business: EUR 58.19 mln / +17%
- ◆ Gross profit seasonality smoother than for sales

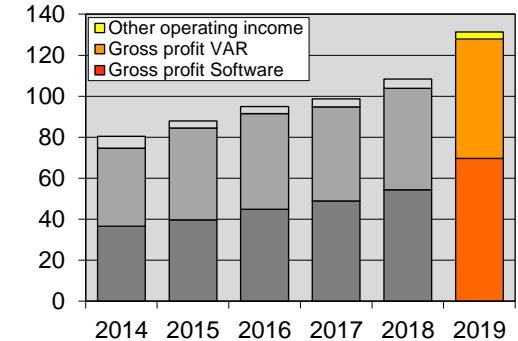
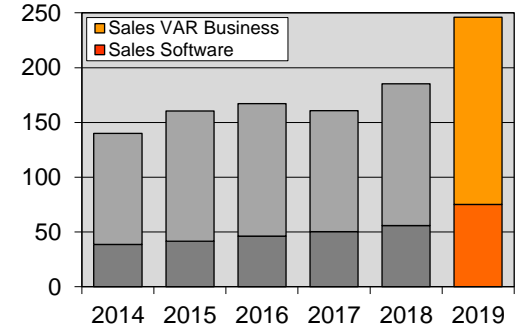


■ Record sales Q1/20: EUR 78.63mln / +24.5% **Q1/2020**

- ◆ M+M Software: EUR 20.48 mln / +11%
- ◆ VAR Business: EUR 58.15 mln / +30%

■ Record gross profit Q1/20: EUR 37.29 mln / +13%

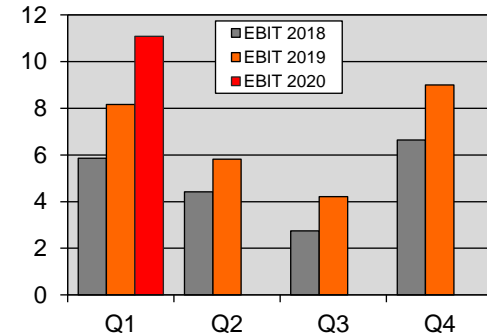
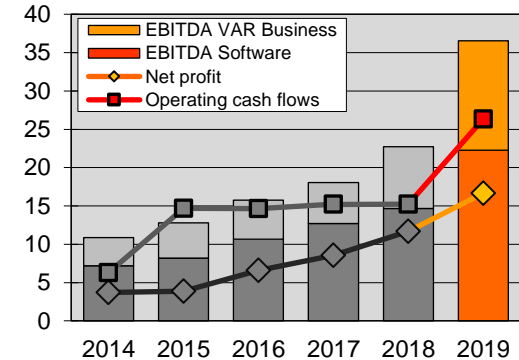
- ◆ M+M Software: EUR 18.71 mln / +8.2%
- ◆ VAR Business: EUR 18.58 mln / +18%



Earnings / cash flows / dividend

- Record EBITDA 2019: EUR 36.55 mln (PY: 22.75) / yield 14.9% (PY: 12.3%)
 - ◆ M+M Software: EUR 22.27 mln (PY: 14.68) / yield 29.7% (PY: 26.3%)
 - ◆ VAR Business: EUR 14.28 mln (PY: 8.07) / yield 8.4% (PY: 6.2%)

Attention: IFRS16 (Shifting leasing expenses to depreciation) distorting 19/18 comparison
- Record EBIT 2019: EUR 27.19 mln / +38% (organic +25%)
 - ◆ M+M Software: EUR 17.37 mln / +32% (organic +12%)
 - ◆ VAR Business: EUR 9.82 mln / +52%
- Record net profit 2019: EUR 16.67 mln / +43% (organic +35%)
 - ◆ Per share: 99 Cents (PY: 71.5)
- Record operating cash flows 2019: EUR 26.35 mln / +73%
 - ◆ Per share: 157 Cents (PY: 93) / Growth adjusted by IFRS16 effects: +36%
- Dividend 2019: 85 Cents (PY: 65 / +31%) - in cash or shares



- Record EBITDA Q1/20: EUR 13.42 mln / +35% **Q1/2020**
- Record EBIT Q1/20: EUR 11.08 mln / +36%
 - ◆ M+M Software: EUR 5.47 mln / +14%
 - ◆ VAR Business: EUR 5.61 mln / +66%
- Record net profit Q1/20: EUR 6.62 mln / +34%
- Record operating cash flows Q1/20: EUR 13.34 mln (PY: 6.61)

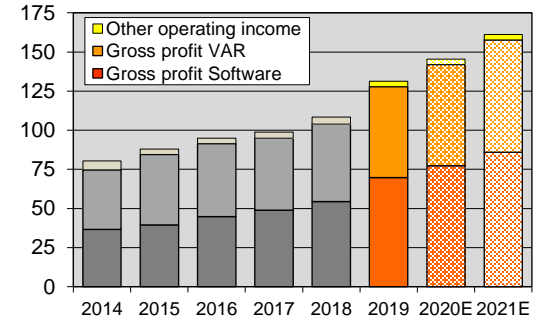
Record hunting was continued in Q1/2020 (Corona impact: EUR 1-2 mln less sales, EUR 0.8-1.5 mln less EBIT)



Review & Outlook

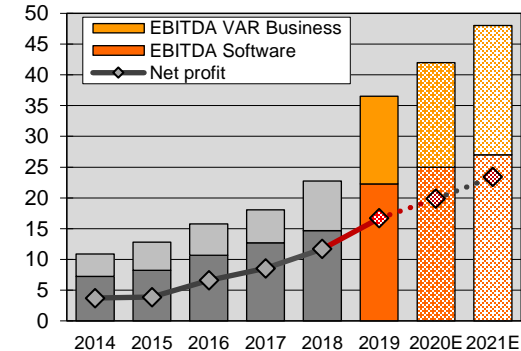
Review on profitable growth:

- Gross profit 2014-2019: EUR +53.2 mln / +71%
 - ✓ EUR +10.6 mln / +11% average gross profit growth p.a.
- EBITDA 2014-2019: EUR +25.6 mln / +235%
 - ✓ EUR +5.1 mln / +27% average EBITDA growth p.a.
- Gain 48%: 1 EUR more gross profit >> 48 Cents more EBITDA
 - ✓ Profit optimized growth through effective cost control management



Clear target: Continuing sustainable profitable growth

- 2020E: Organic growth + margin potential = economy of scale
 - ◆ Sales +10-12% to EUR 270-275 mln / Gross profit +10-12% to EUR 140-143 mln (Strong Q1 serving as a comfortable buffer for Corona retarding effects in Q2 and possibly H2)
 - ◆ EBITDA +13-18% to EUR 41-43 mln (active cost management in Q2 and possibly H2)
 - ◆ EPS +18-24 Cents to 117-123 Cents / Dividend +15-20 Cents to 100-105 Cents
- 2021E: Sales / Gross profit +10-12% / EBITDA +13-18%
 - ◆ EPS +18-24 Cents / Dividend +15-20 Cents



Outlook Q1 Report:

„We are expecting more significant retarding effects from Corona, mainly in Q2, and it cannot be precisely predicted how rapidly economic recovery will evolve afterwards.

Nevertheless we see good chances that the comfortable buffer from Q1 will be sufficient to meet our goals for 2020, which had been set rather conservatively relative to the organic growth in 2019.“

The M+M share

Listings:

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

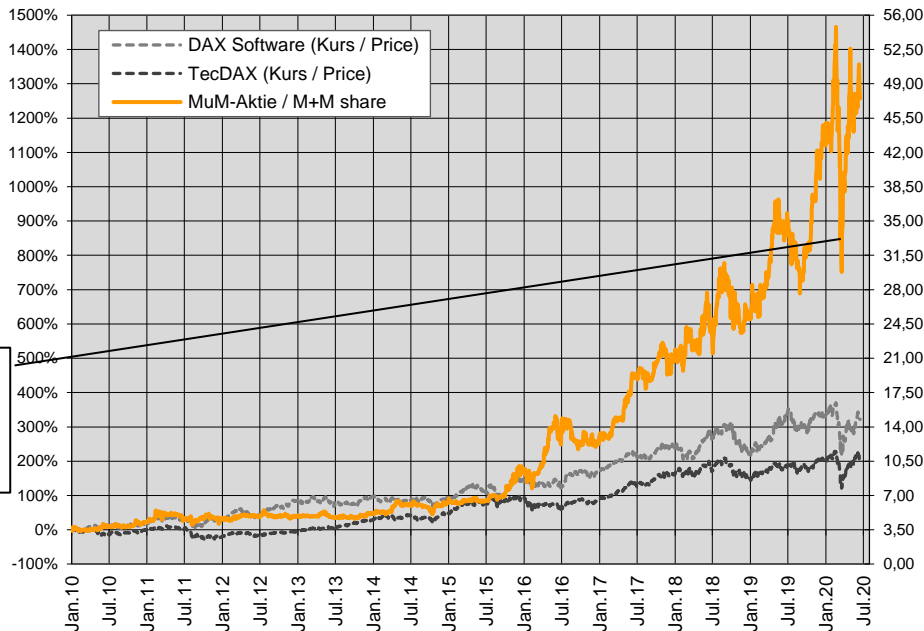
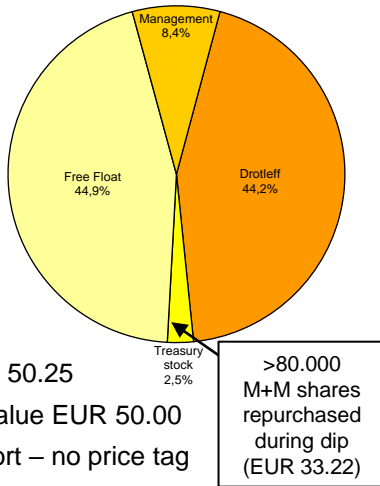
Designated Sponsors:

- ◆ LBBW, Stuttgart
- ◆ Oddo Seydler, Frankfurt

Analyst Coverage:

- ◆ LBBW: „Buy“ – fair value EUR 50.25
- ◆ SMC Research*: „Buy“ – fair value EUR 50.00
- ◆ EDISON*: **scale** research report – no price tag

*available in English language



Total dividends paid since 2010: EUR 3.50

M+M is both a public and private company

Why invest in M+M ?

- M+M is a leading vendor of technical software solutions
 - ◆ Founded 1984 – 36 years of established market position
 - ◆ More than 30,000 active customers worldwide
 - ◆ Private and 23 years public company
- Sustainable profitable growth / highly scalable business model
 - ◆ Organic growth (CAGR): long-term average approx. 10% p.a.
 - ◆ EBITDA yield 2019 was 14.9% - mid-term potential >18%
 - ◆ 18-24 Cents p.a. EPS growth target secured by effective cost management
- Good dividend return due to high pay-out ratio
 - ◆ Low CAPEX, as the lion's share of software development is not capitalized
 - ◆ Founder/CEO Adi Drotleff swapping the majority of his dividend rights to shares every year





Thank you for your attention!

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

