

exs

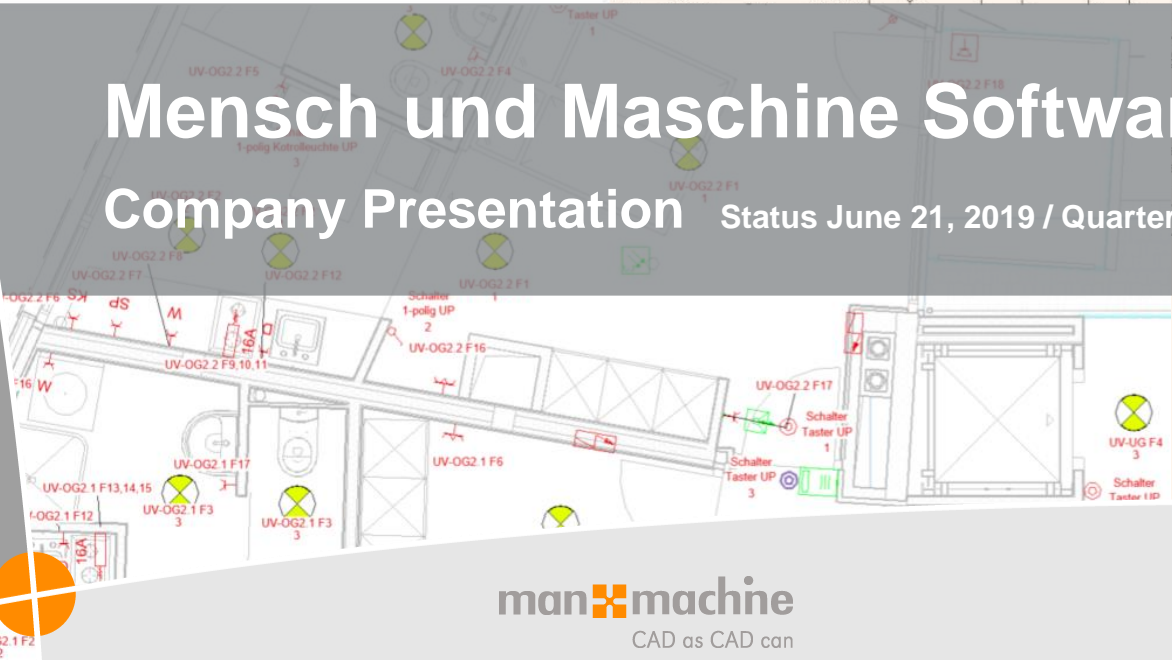
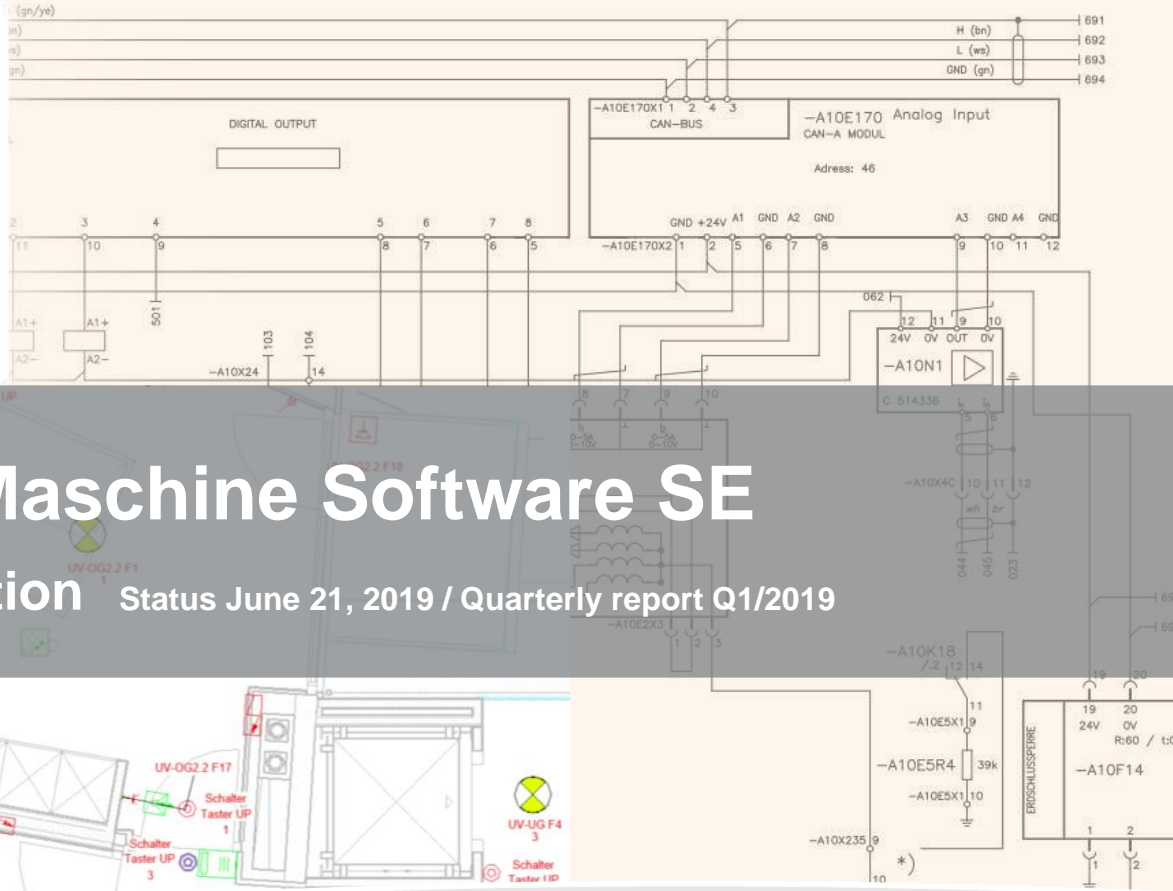
THE FUTURE OF CAE

Mensch und Maschine Software SE Company Presentation

Status June 21, 2019 / Quarterly report Q1/2019

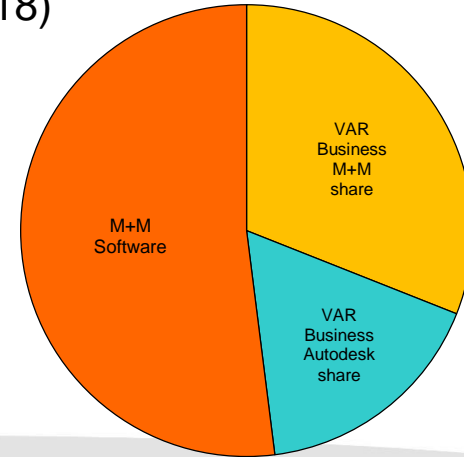
man  machine
CAD as CAD can

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 – 35 years on market // IPO 1997 – 22 years public
- Gross Margin from two Segments (Contribution 2018)
 - ◆ M+M Software: Proprietary CAD/CAM Standard Software
 - 52% of gross margin from CAD/CAM, BIM, CAE
 - ◆ VAR Business: Leading European Autodesk Partner
 - 31% from customized digitalization solutions / Training / Service
 - Just 17% gross margin contribution from Autodesk business (compared to 2001: >75% / 2008: >50%)
 - Altogether 83% of group gross margin is proprietary



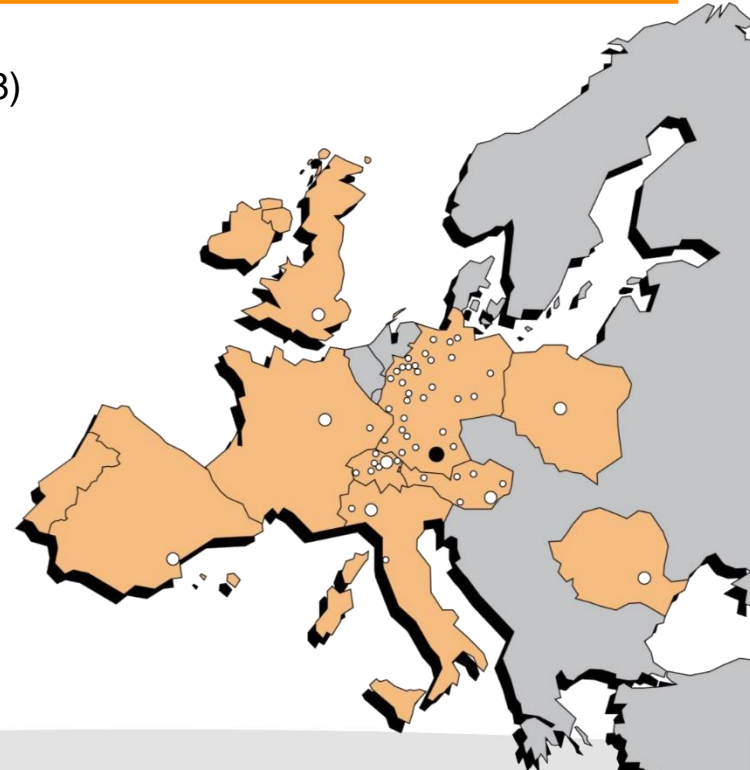
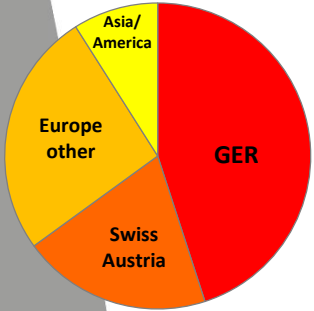
Business model

■ Geographical sales contribution: (2018)

- ◆ Germany: EUR ~83.5 mln / ~45%
- ◆ Austria/Switzerland: EUR ~37.5 mln / ~20%
- ◆ Europe (other): EUR ~48.2 mln / ~26%
France / Italy / UK / Poland / Romania / Iberia
- ◆ Asia/America: EUR ~16.2 mln / ~9%
Japan / China / India / APAC / USA / Brazil
(M+M sales offices / CAM Software only)

■ Headcount: (Full time equivalent Q1/2019)

- ◆ 901 (PY: 794 / +13.5% or +4.3% organic)
 - 441 / 49% M+M Software
 - 460 / 51% VAR Business



Business model

■ Broad industry balance:

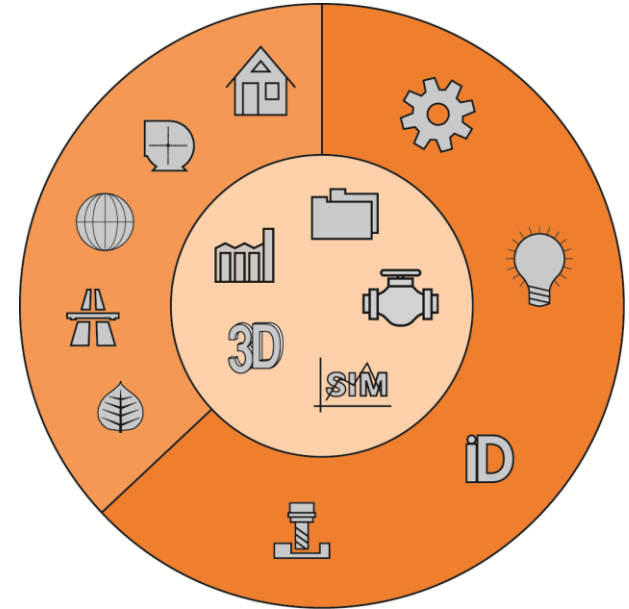
- ~2/3 Industry: e.g. Mechanical/Electrical Engineering, Tool/Mold/Die Making, Automotive/Aerospace/Shipbuilding, Industrial design
- ~1/3 BIM: e.g. Architecture, Building Services, Structural/Civil Engineering, Infrastructure, Gardening/Landscaping
- Interdisciplinary: e.g. Digital Factory, PDM/PLM,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

◆ Extensive installed base:

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

◆ Wide price/performance range:

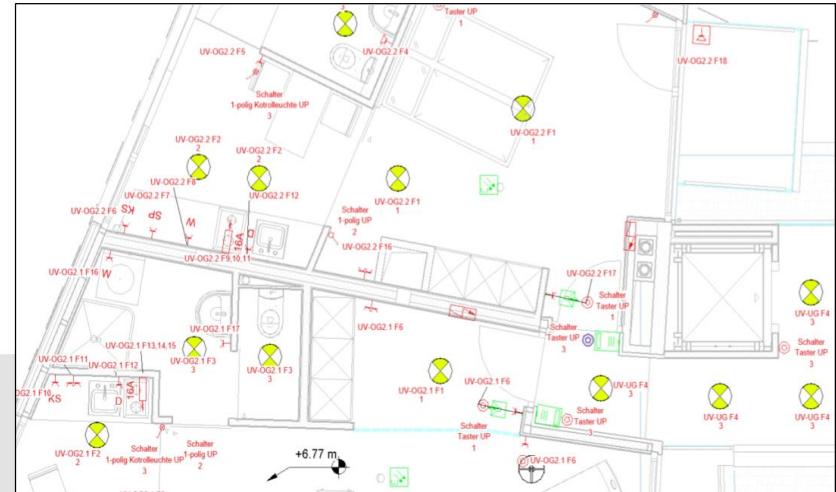
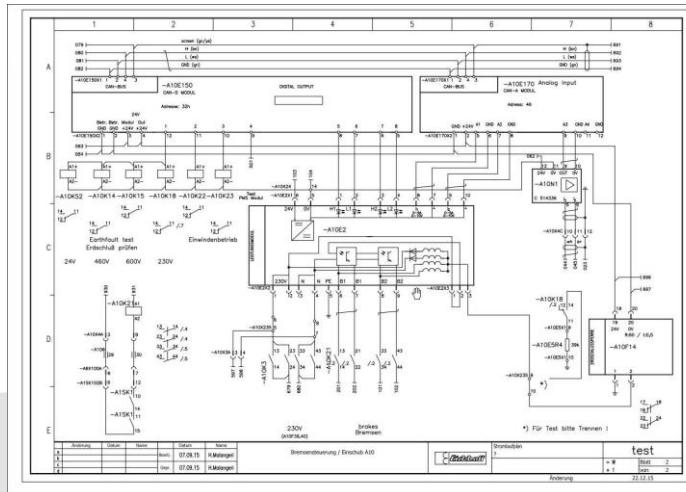
- Software from 1,000 Euro to over 100,000 Euro per seat
- Pure B2B Business, only professionals, no consumers



CAD/CAM in practice (M+M Software)

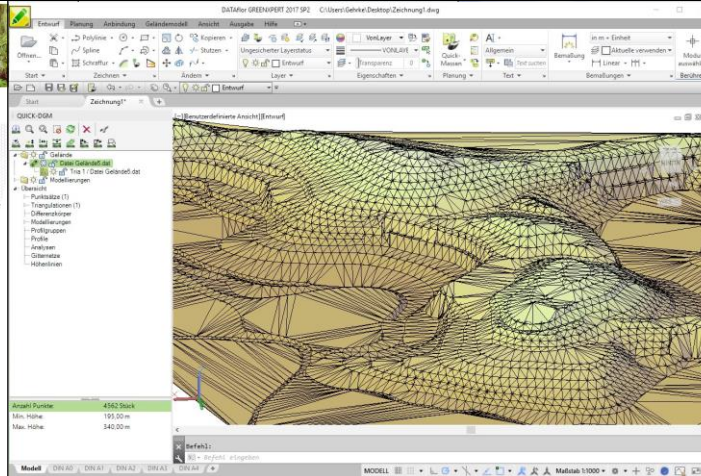
■ CAE – Computer Aided Engineering

- Actual product: ecscad – 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 ecscad maintenance customers free automatic license transition



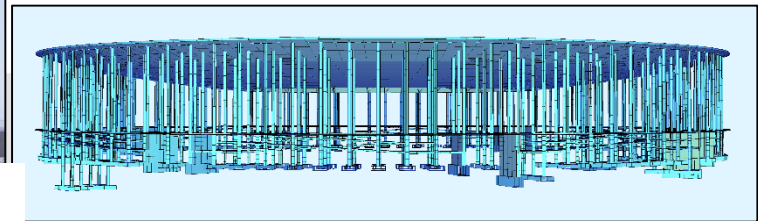
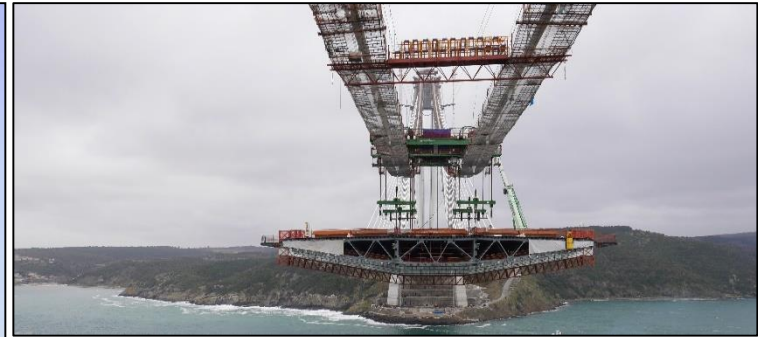
CAD/CAM in practice (M+M Software)

- 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)

- 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

Practical BIM experience in construction:
New SOFiSTiK company building in Nuremberg
proved the possible productivity gains by using
BIM by just one year construction time and by
keeping within the original cost frame



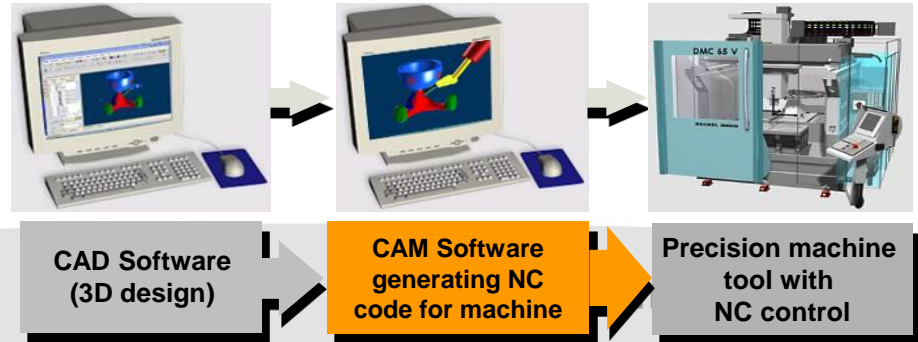
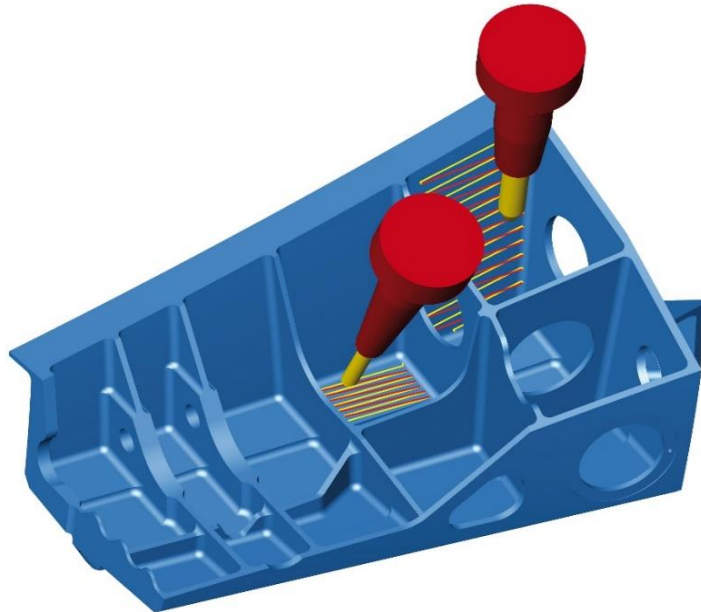
CAD/CAM in practice (M+M Software)

- 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** (2018)



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!



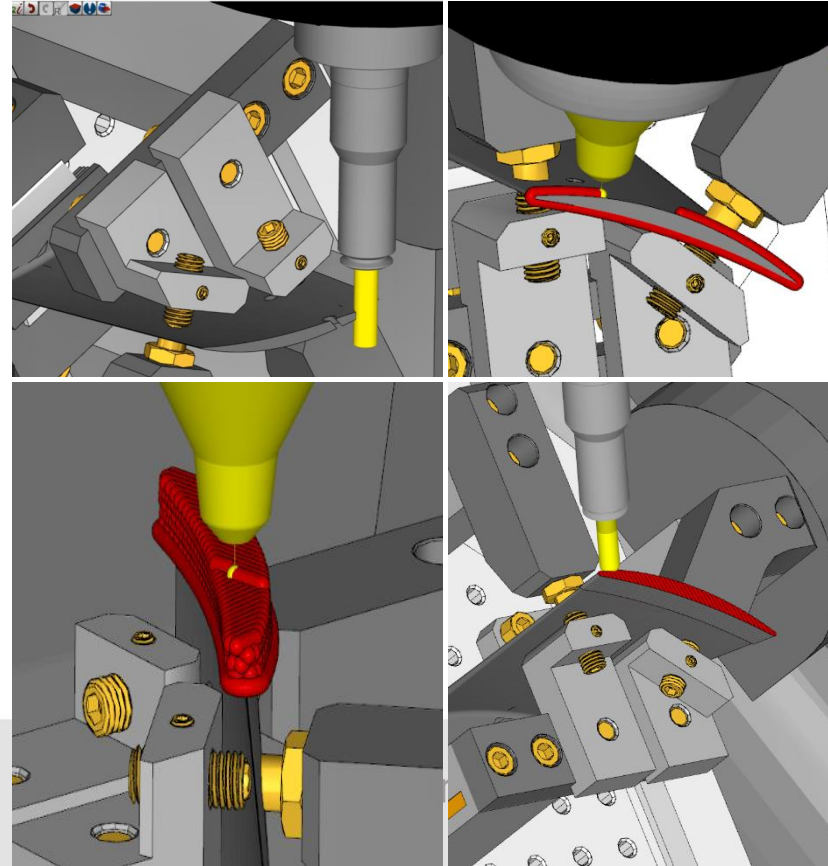
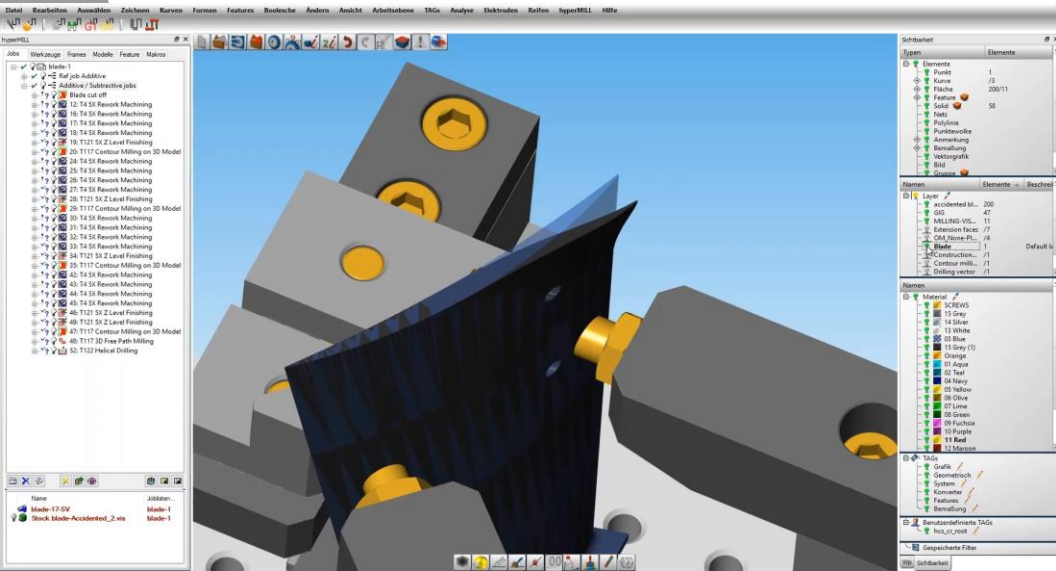
CAD/CAM in practice (M+M Software)

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



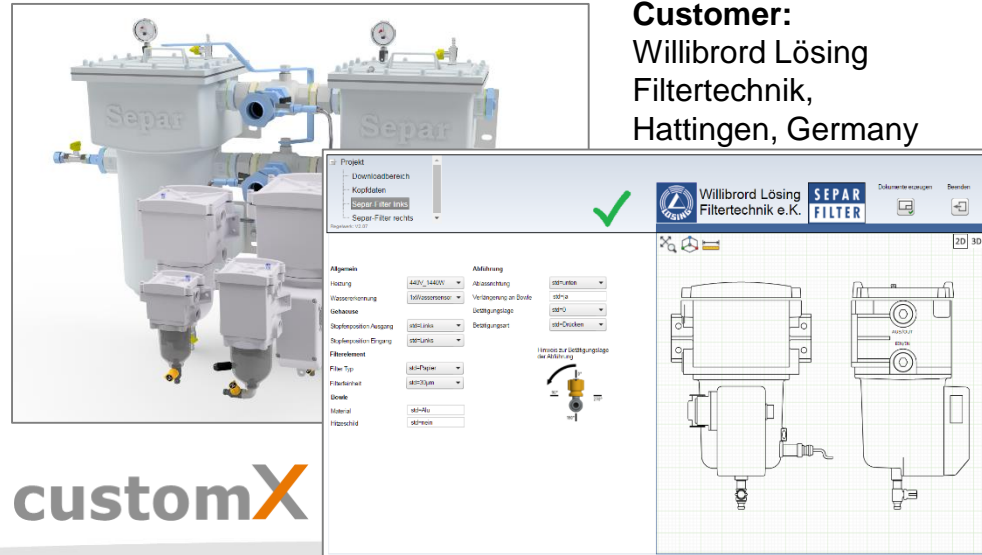
CAD/CAM in practice (VAR Business)

- 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



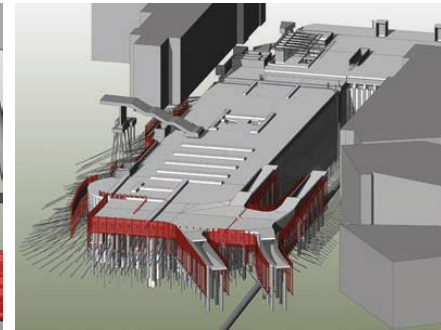
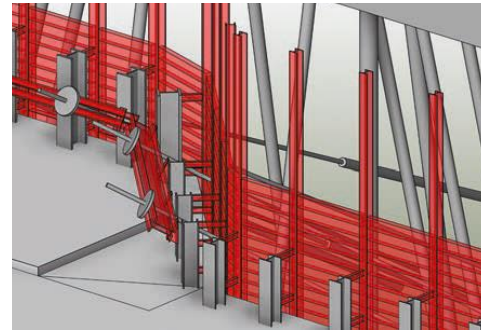
customX



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



man  machine
CAD as CAD can

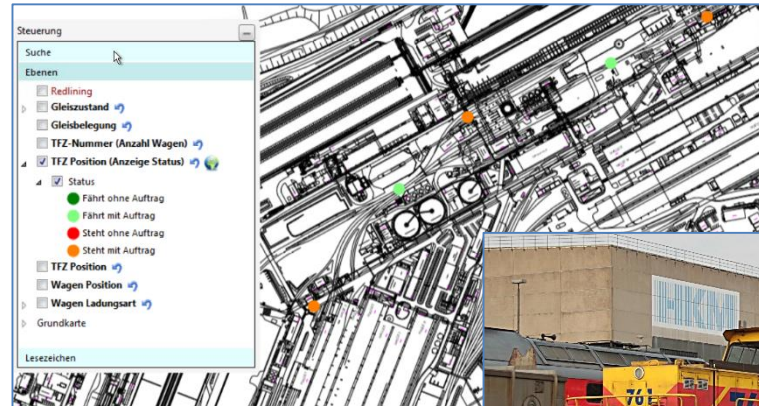
mensch  maschine
CAD as CAD can

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

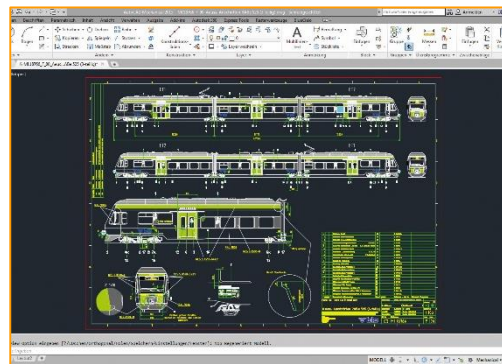


mapedit

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

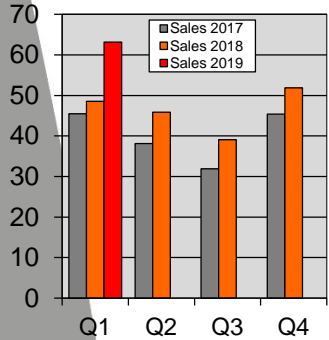
Customer: Rational AG, Landsberg, Germany



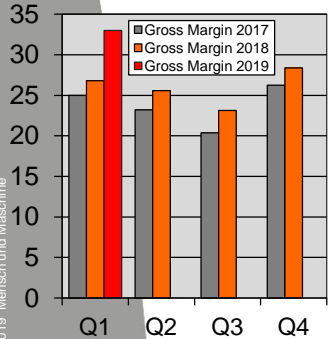
Some VAR Business Key Customers



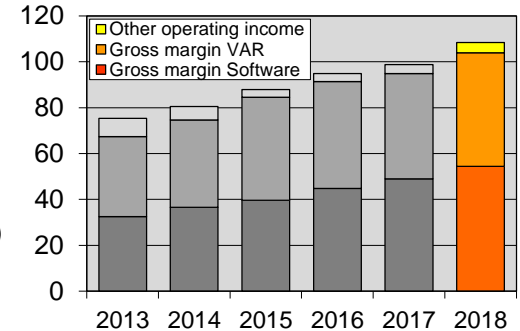
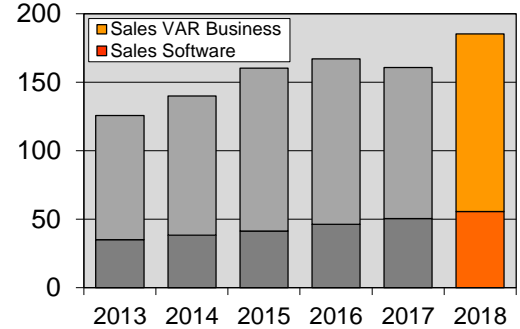
Sales & gross margin



- Sales 2018: EUR 185.40 mln / +15%
 - ◆ M+M Software: EUR 55.73 mln / +10.4%
 - ◆ VAR Business: EUR 129.67 mln / +17.5%
 - ◆ Normal seasonality (Q1/Q4 strong, Q2/Q3 catching up)
- Record gross margin 2018: EUR 103.91 mln / +9.6%
 - ◆ M+M Software: EUR 54.36 mln / +11%
 - ◆ VAR Business: EUR 49.55 mln / +8.0%
 - ◆ Gross margin seasonality smoother than for sales

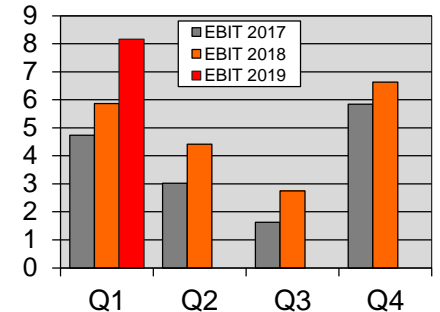
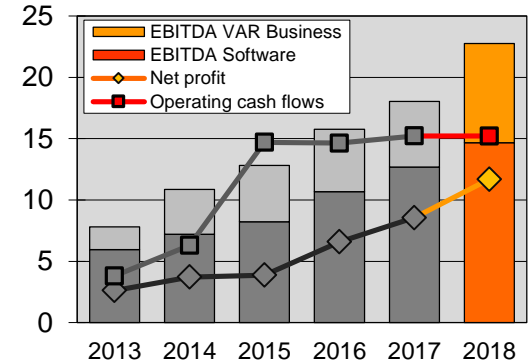


- Sales Q1/2019: EUR 63.17 mln / +30% (organic +23%)
 - ◆ M+M Software: EUR 18.40 mln / +31%
 - ◆ VAR Business: EUR 44.77 mln / +30%
- Record gross margin Q1/19: EUR 33.00 mln / +23% (org. +13%)
 - ◆ M+M Software: EUR 17.29 mln / +26%
 - ◆ VAR Business: EUR 15.71 mln / +20%

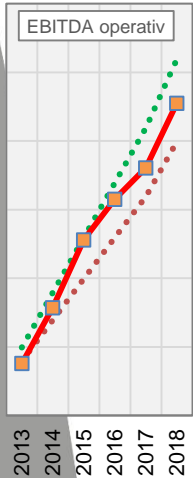


Earnings / cash flows / dividend

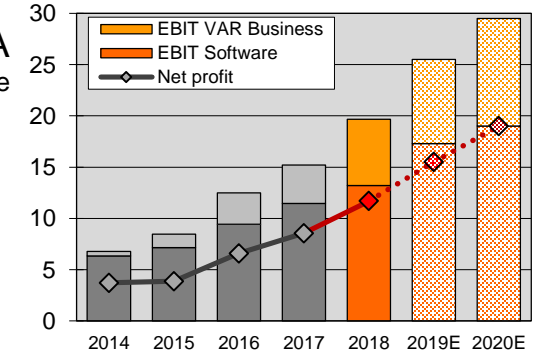
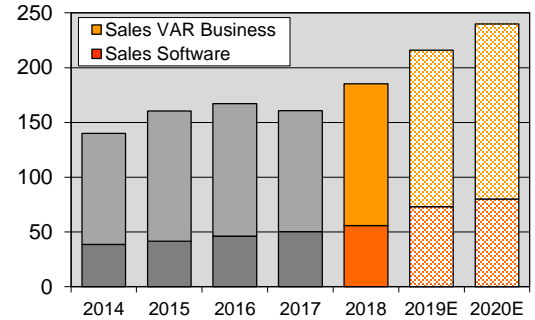
- Record EBITDA 2018: EUR 22.75 mln (PY: 18.04 / +26%)
 - ◆ EBITDA yield: 12.3% (PY: 11.2%)
 - ◆ M+M Software: EUR 14.68 mln (PY: 12.69 / +16%) / yield 26.3% (PY: 25.2%)
 - ◆ VAR Business: EUR 8.07 mln (PY: 5.35 / +51%) / yield 6.2% (PY: 4.8%)
- ◆ Record EBIT 2018: EUR 19.66 mln (PY: 15.21 / +29%)
 - ◆ EBIT yield: 10.6% (PY: 9.5%)
- ◆ Record net profit 2018: EUR 11.69 mln (PY: 8.55 / +37%)
 - ◆ EPS 71.5 Cents (PY: 52.5)
- ◆ Operating cash flows 2018: EUR 15.23 mln (PY: 15.22)
- ◆ Dividend for 2018: 65 Cents (PY: 50 / +30%) in cash or shares
- ◆ Record EBIT Q1/2019: EUR 8.16 mln / +39% (organic +26%)
 - ◆ M+M Software: EUR 4.79 mln / +27%
 - ◆ VAR Business: EUR 3.37 mln / +62%
- ◆ Record net profit Q1/2019: EUR 4.87 mln / +38%
 - ◆ EPS 29 Cent (PY: 22)
- ◆ Operating cash flows Q1/2019: EUR 6.61 mln (PY: 6.82)



Review & Outlook



- **Gross Margin 2013-2018: EUR +36.4 mln / +54%**
 - ✓ +9.0% organic Gross Margin growth p.a. (target was 10%)
Spread from 3.7% (2017) to 13% (2015)
- **EBITDA purely operating 2013-2018: EUR +18.9 mln**
 - ✓ 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

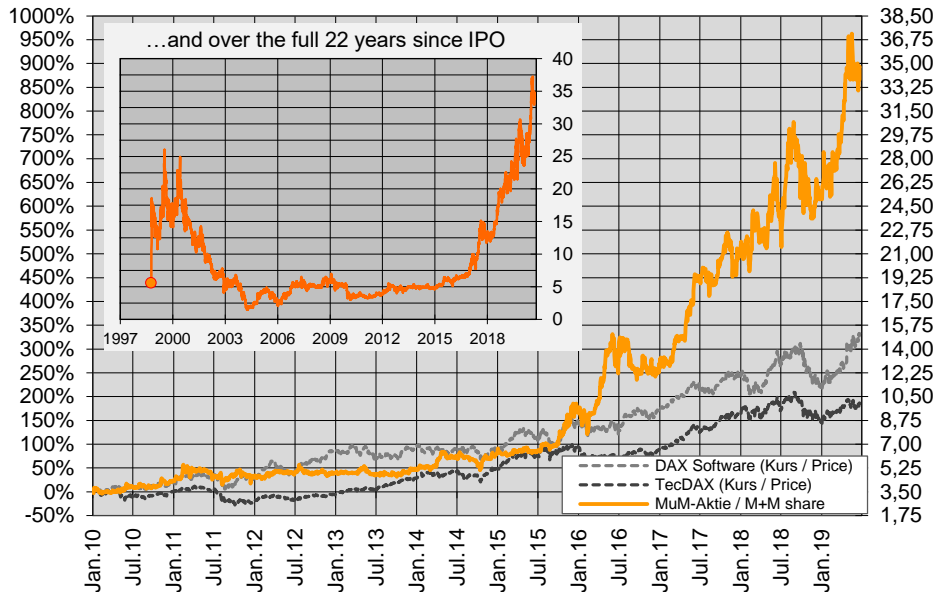
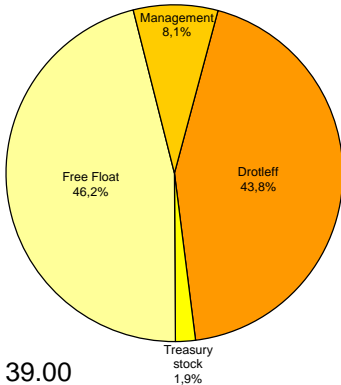
Designated Sponsors:

- ◆ LBBW, Stuttgart
- ◆ Oddo Seydler, Frankfurt

Analyst Coverage:

- ◆ LBBW: „Buy“ – fair value EUR 39.00
- ◆ SMC Research*: „Hold“ – fair value EUR 35.80
- ◆ EDISON*: **scale** research report – no price tag

*available in English language



Total dividends paid since 2010: EUR 2.65

M+M is both a public and private company

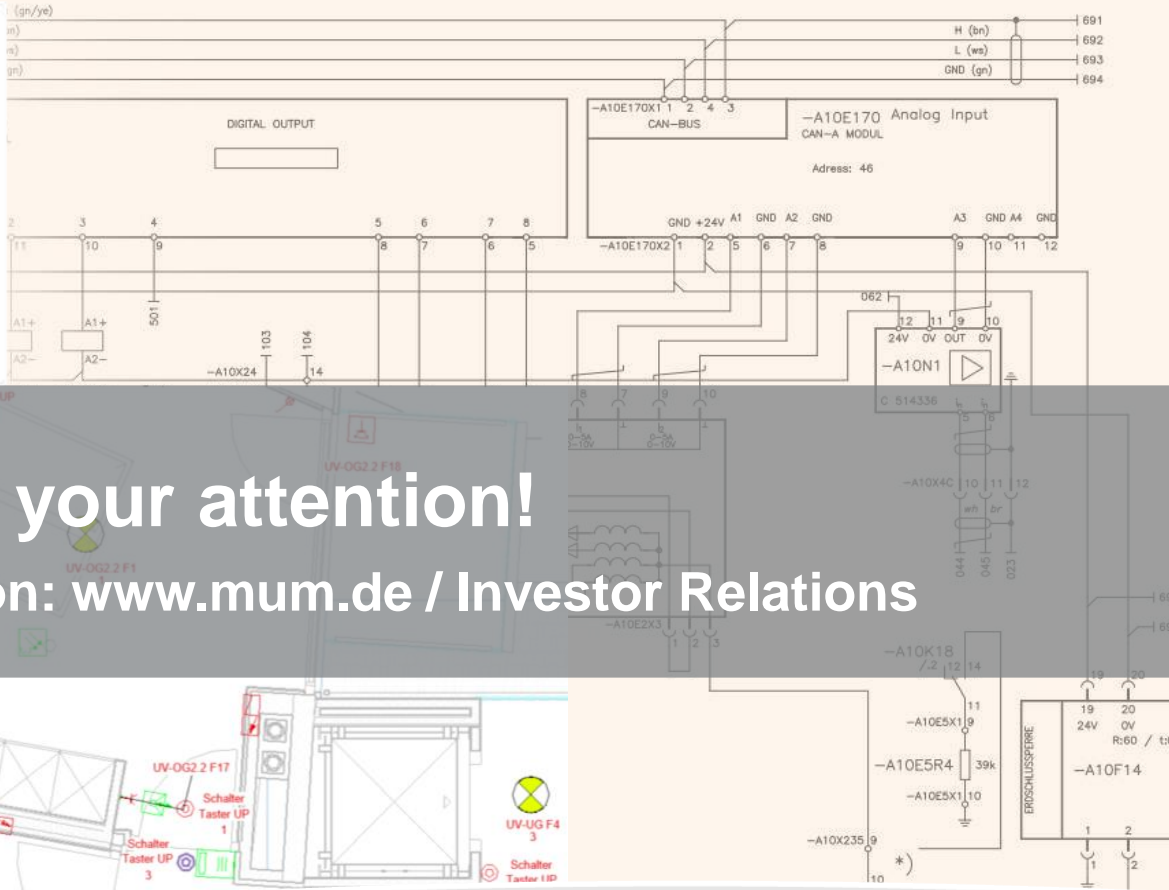
Why invest in M+M ?

- M+M is a leading vendor of technical software solutions
 - ◆ Founded 1984 – 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 was 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



exs

THE FUTURE OF CAE



Thank you for your attention!

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

