



# Company Presentation

## Mensch und Maschine Software SE

### January 2013

(Status: preliminary figures 2012)

SCHNITT (AUSSCHNITT)

**mensch**  **maschine**  
CAD as CAD can

**man**  **maschine**  
CAD as CAD can

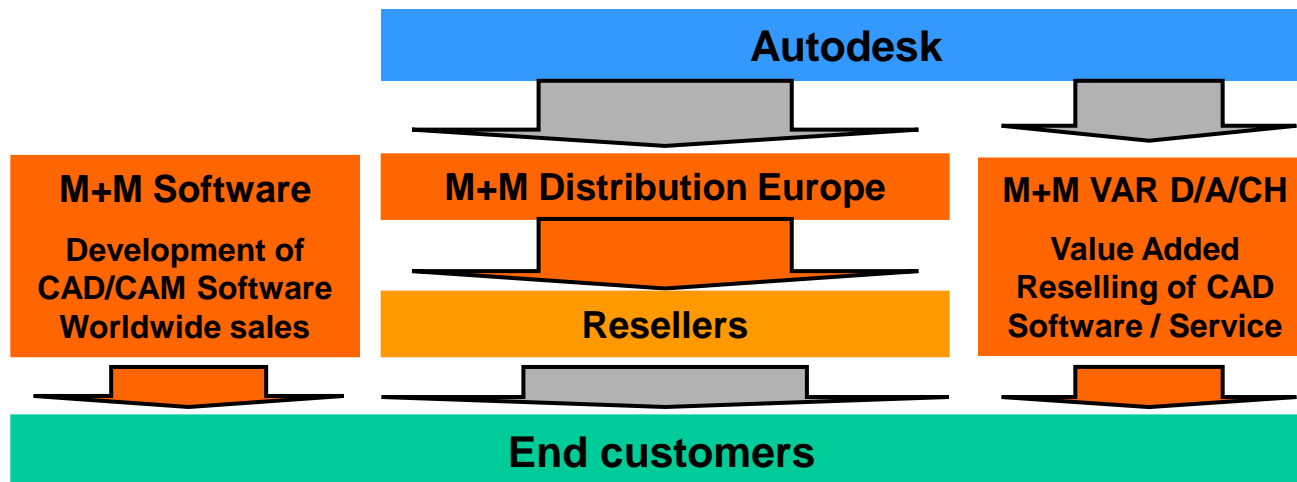
# Business model

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- Mensch und Maschine Software SE (M+M) is a leading vendor of CAD/CAM solutions in Europe (CAD/CAM = Computer Aided Design/Manufacturing)
  - ◆ European CAD/CAM Market: M+M Market share ~4%
- Founded 1984 – 29 years market presence
  - ◆ Leading European Value-Added Reselling Partner for CAD software from global market leader Autodesk
  - ◆ M+M's own CAD/CAM Software development for differentiation and profile in the market
    - Open Mind (CAM) & Dataflor (Gardening/Landscaping)

# Business model

- Business model until October 2011:



## Segment M+M Software

Low volume / High margin  
Sales 2011: EUR ~29 mln  
Gross margin ~90%  
EBITDA margin 2011: 15.0%  
2007/08 (=potential): 15-25%

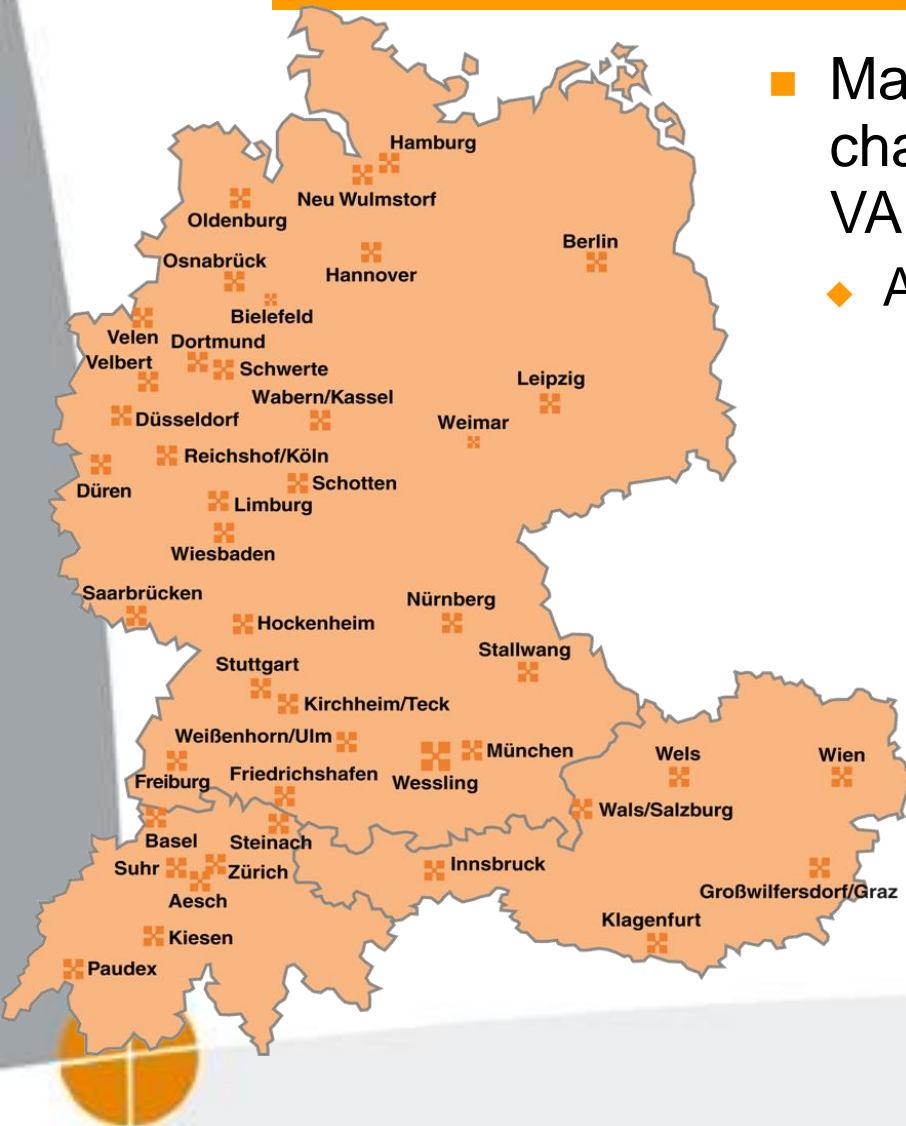
## Segment Distribution

High volume / Low margin  
Sales 2011: EUR ~95 mln  
Gross margin ~17%  
EBITDA margin 2011: 2.9%  
2007/08 (=potential): 3.5-4.0%

## Segment VAR (new since 2009)

Medium volume & margin  
Sales 2011: EUR ~68 mln  
Gross margin ~41%  
EBITDA margin 2010: 2.9% (ramp)  
Mid term potential: up to 10%

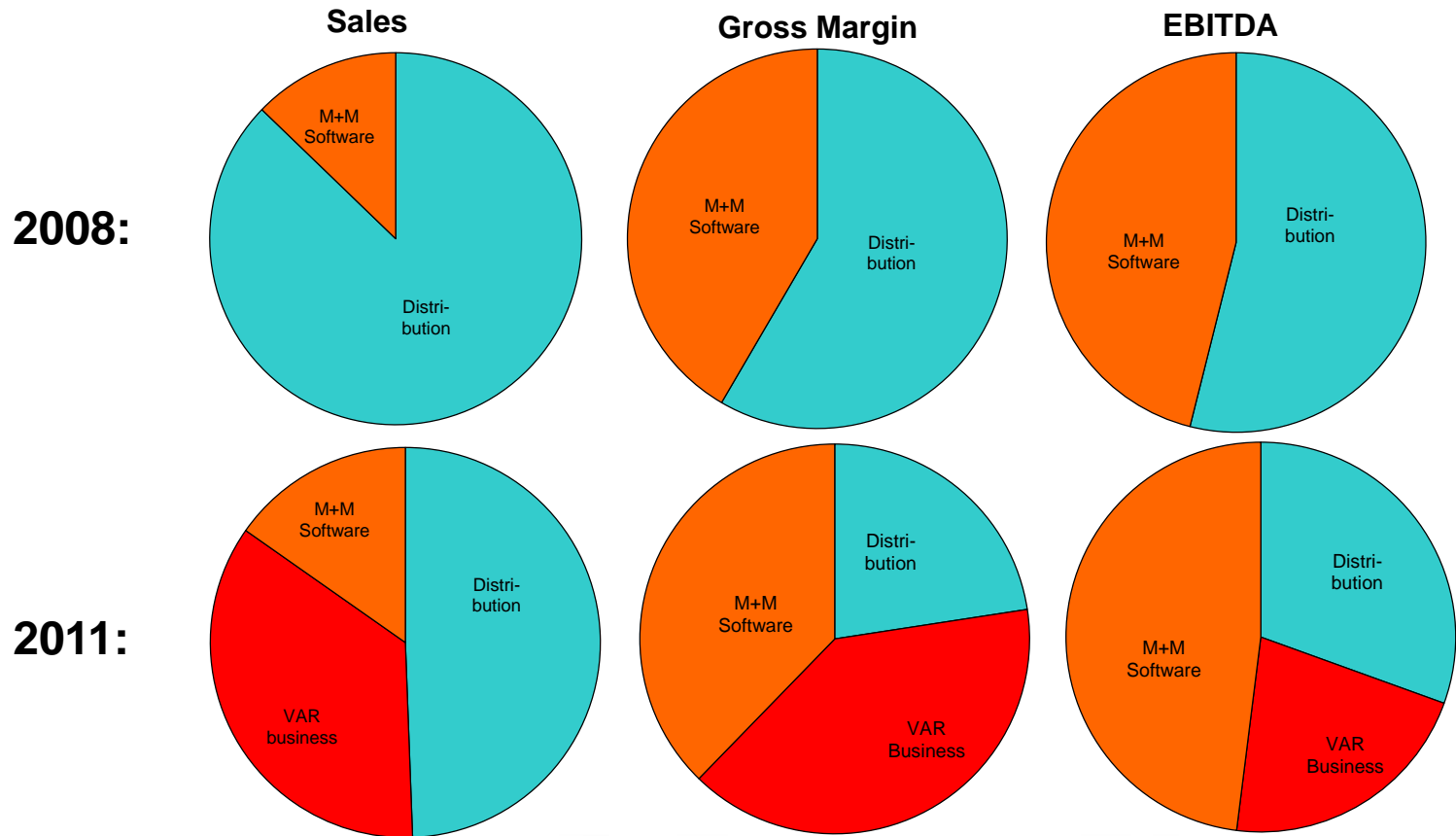
# Business model



- Market Offensive 2009/10/11: Extensive change from Distribution (indirect) to VAR (Value-Added Reselling) in D/A/CH
- ◆ Acquisitions of key VAR partners
  - Germany: Haberzettl, LeyCAD, AtWork, Dressler, BenCon 3D, customX, integra, CAD-praxis, Scholle
  - Austria: E&S
  - Switzerland: CAD-LAN, CADiWare, Zuberbuehler
  - Q4/2011: acadGraph, Germany
  - With >40 locations, M+M has now nearly full area coverage
  - M+M is Autodesk Platinum Partner and largest European Autodesk VAR

# Business model

- Segmentation development 2008 > 2011: Distribution cut back



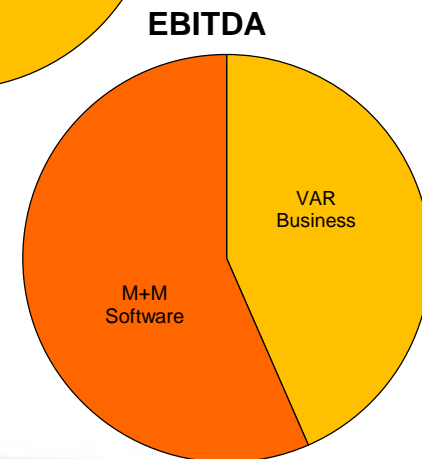
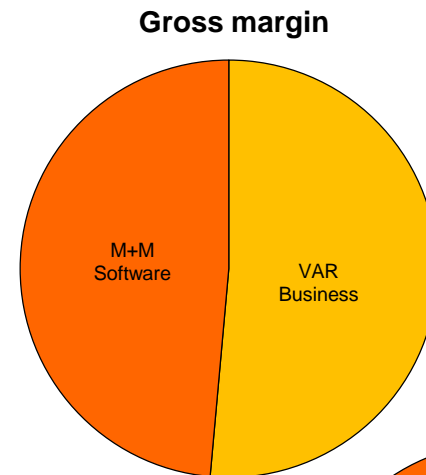
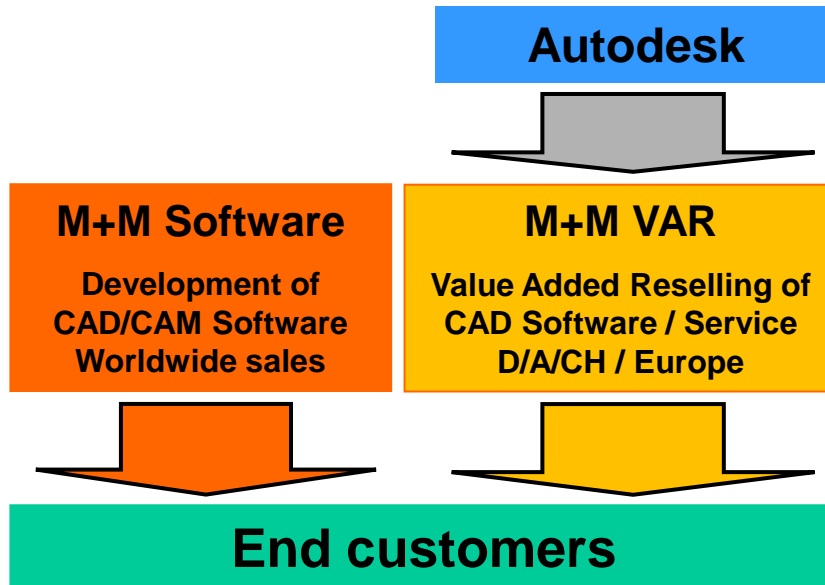
# Business model

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- Market Offensive II - Corporate news Sept 12, 2011:
  - ◆ Distribution business sale to Tech Data Group (closed Oct 28, 2011)
  - ◆ Price up to EUR 28 mln
    - ◆ EUR 12 mln fix at closing Oct 28, 2011
    - ◆ EUR 6 mln fix at end of March 2012
    - ◆ Up to EUR 10 mln variable – 4/3/3 for 2012/13/14
  - ◆ Subsidiaries in F, I, UK, BLX, PL and RO remain in M+M group with ~70 of 113 employees, building the base for future VAR business
  - ◆ Supplemented by acquisition of reselling partners (as in D/A/CH)
  - ◆ Status of transition at December 31, 2012:
    - ◆ Two acquisitions in Italy and Romania closed
    - ◆ Reaction on market environment in Europe: No further acquisitions before 2013
    - ◆ European and D/A/CH VAR business are united to one VAR Segment (too small for separate segment as initially planned)

# Business model

- New business model since November 2011:

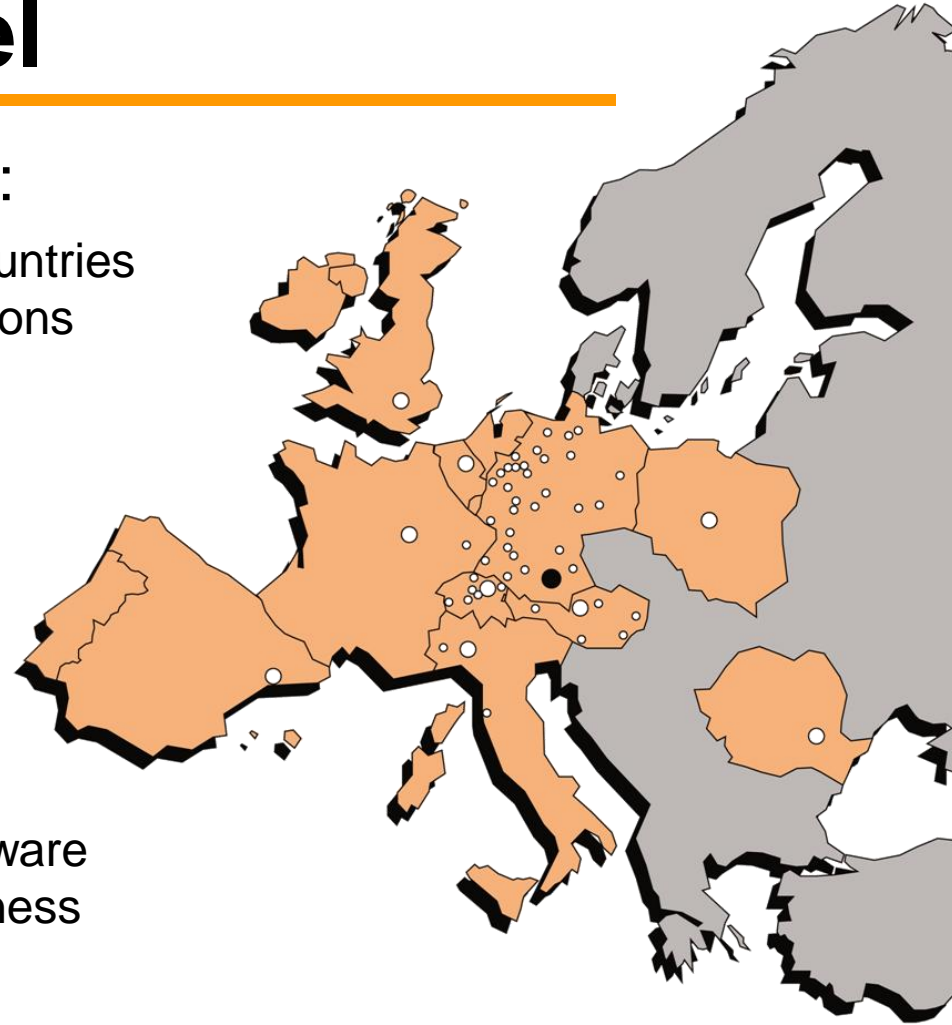


- Higher added value (gross yield >50%)
- Higher EBITDA margin (>10% mid term)
- 2012: Good segment balance achieved

# Business model

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- Geographical markets:
  - ◆ Sales in 14 European countries through approx. 50 locations
  - ◆ Sales offices in Japan, APAC and USA (M+M Software only)
  
- Headcount:  
(Average 2012)
  - ◆ 659 (PY: 639 / +3%)
    - 246 / 37% M+M Software
    - 413 / 63% VAR Business





# Business model

## ■ Good industry balance:

- Mechanical: ~50% share
- AEC/Building services: ~25%
- Infrastructure & Gardening/  
Landscaping: ~15%
- Electrical Engineering: ~10%
- Interdisciplinary: PDM,  
Industrial design / Visualization,  
Plant / Factory design

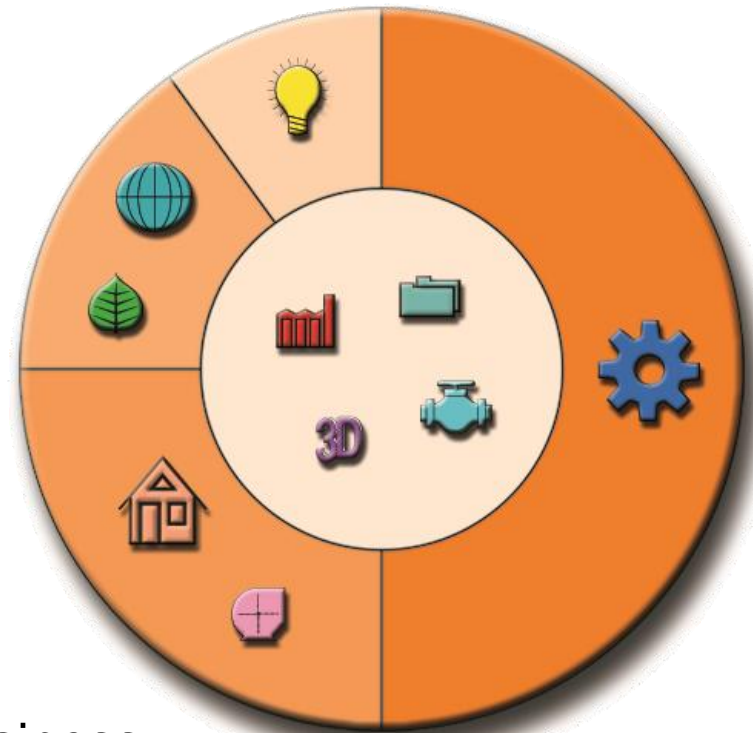
## ◆ Installed base:

- over 50,000 end customers
- over 500,000 seats installed  
(>50,000 new per year)

## ◆ ~60% new / ~40% recurring business

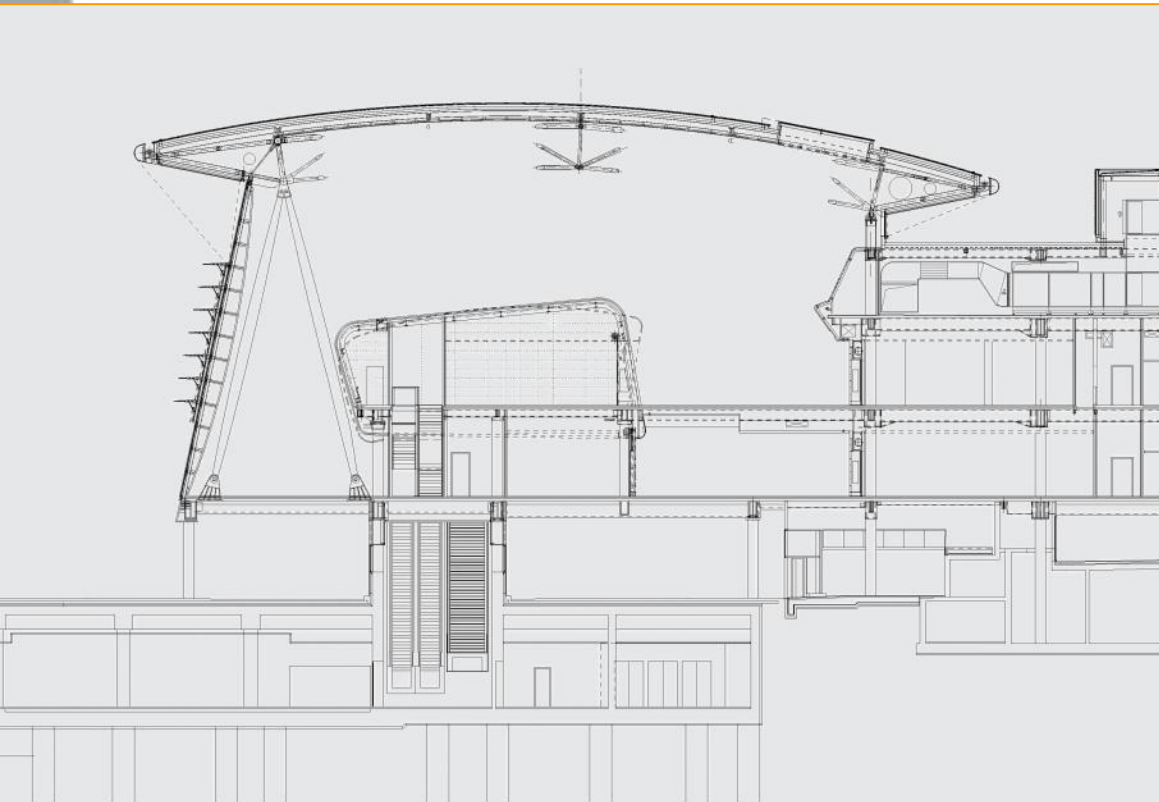
## ◆ Wide price/performance range:

- Software from 1,000 Euro to more than 100,000 Euro per seat



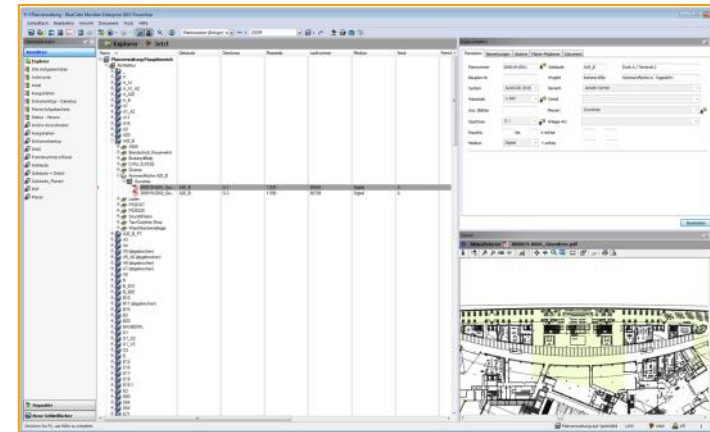
# CAD/CAM in practice

- Example document management:  
Electronic archiving of all architectural plans  
for Zurich airport



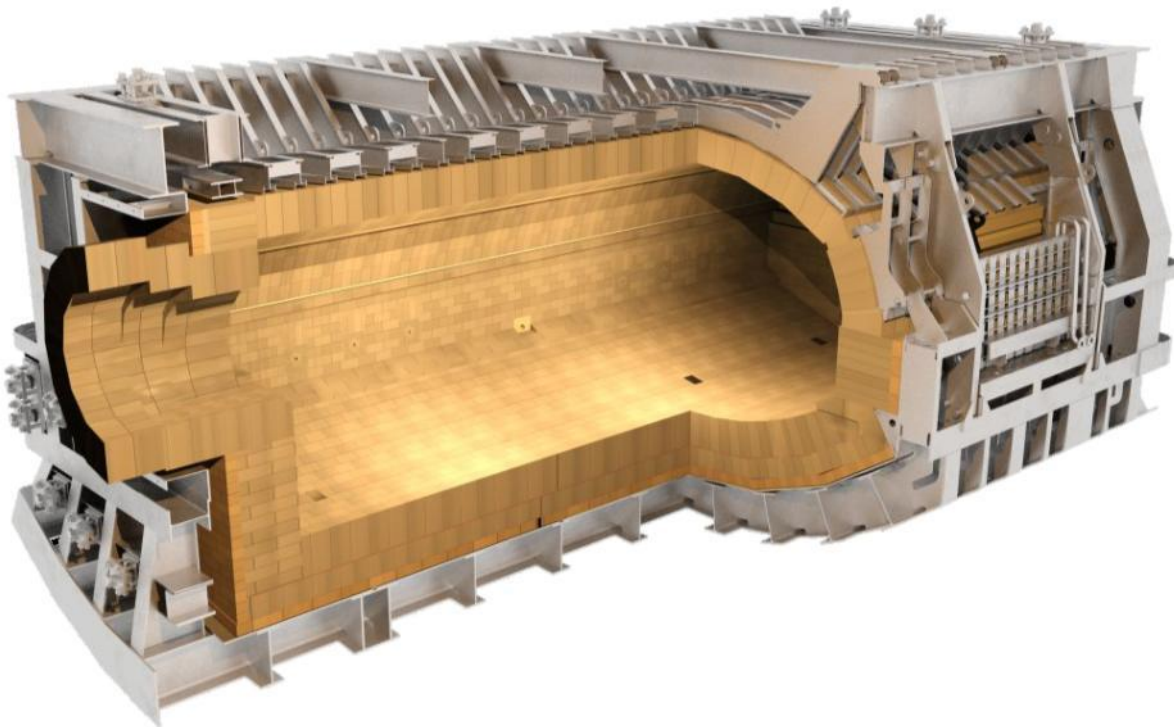
SCHNITT (AUSSCHNITT)

**Customer:**  
**Flughafen Zürich AG,**  
**Kloten, Switzerland**

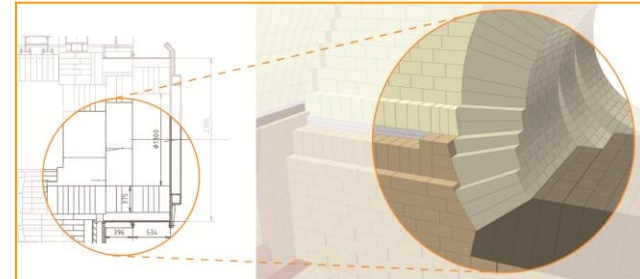


# CAD/CAM in practice

- Example Mechanical Engineering:  
Optimization of metallurgical furnaces  
for copper production



**Customer:**  
**Mettop GmbH,**  
**Leoben, Austria**



# CAD/CAM in practice

- Example interior design: Shop concept for Intersport

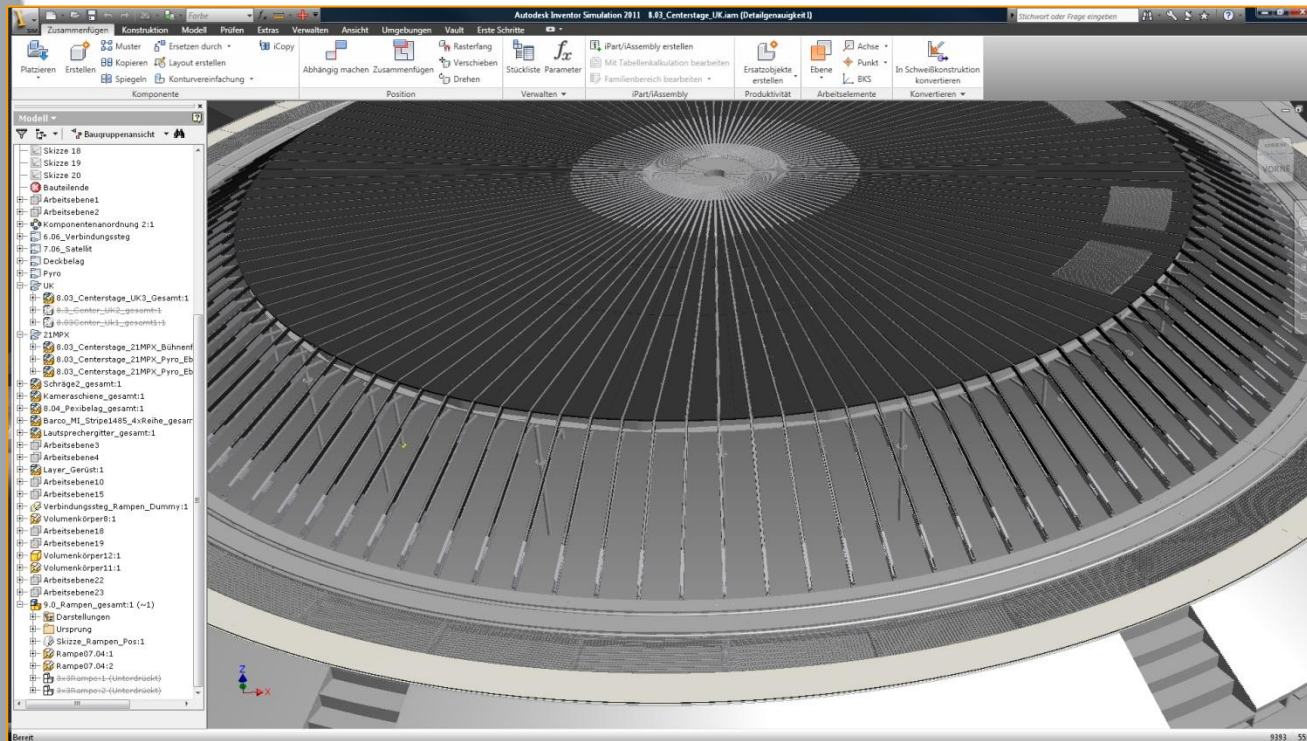


**Customer:**  
**Bohnacker**  
**Ladeneinrichtungen GmbH,**  
**Blaubeuren**

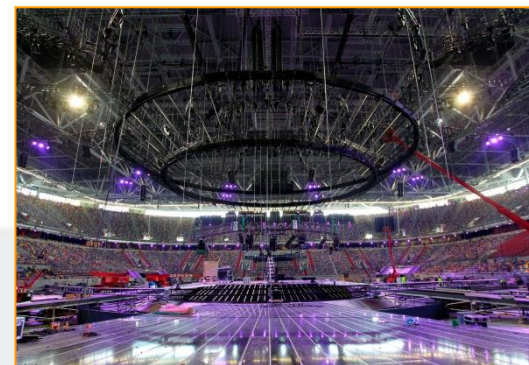
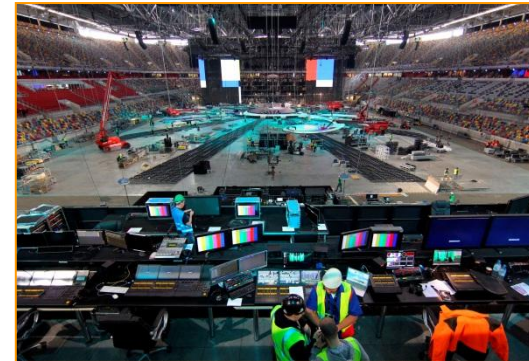


# CAD/CAM in practice

- Example Design / Simulation: Show stage for the Eurovision Song Contest in Dusseldorf



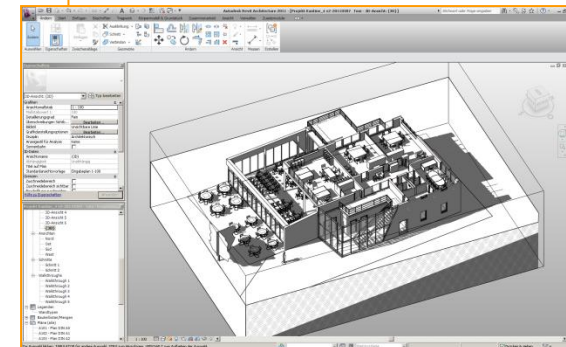
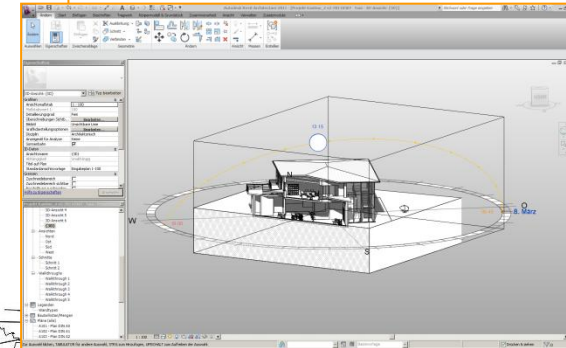
**Customer:**  
**Studio Hamburg MCI,**  
**Hamburg, Germany**



# CAD/CAM in practice

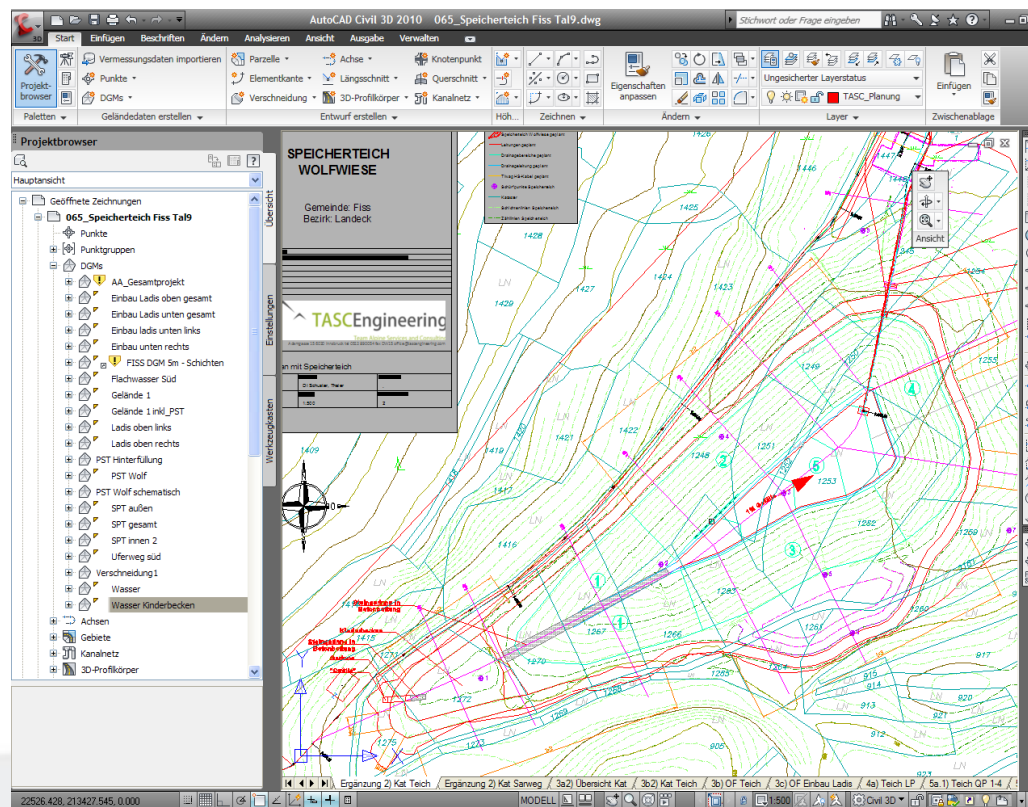
- Example Architecture: VIP canteen building

**Customer:**  
**Haumann & Fuchs**  
**Ingenieure AG,**  
**Traunstein, Germany**

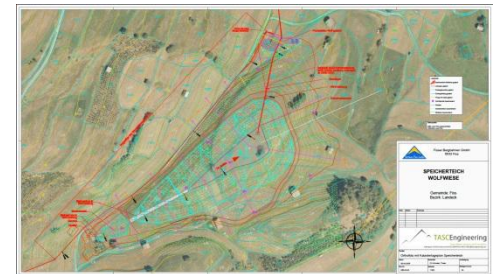


# CAD/CAM in practice

- Example Infrastructure: Water reservoir for the Ski resort Wolfwiese in Fiss, Tyrol



**Customer:**  
**TASC Engineering –**  
**Team Alpine Services**  
**und Consulting,**  
**Innsbruck, Austria**

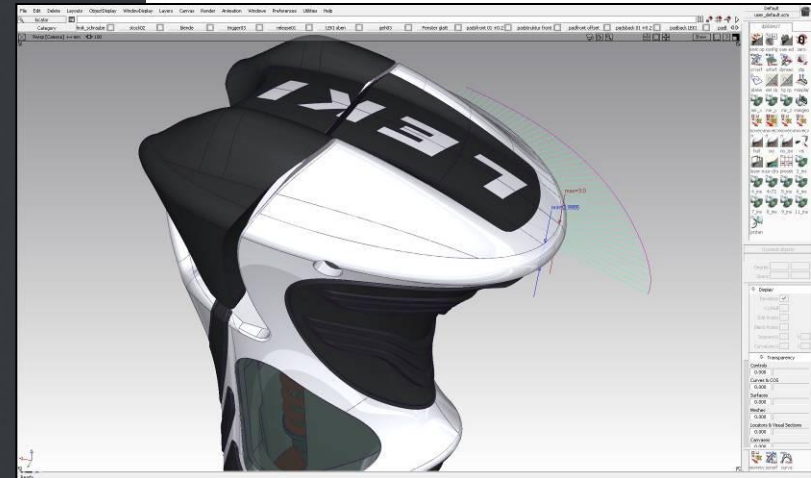


# CAD/CAM in practice

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- Example Industrial Design

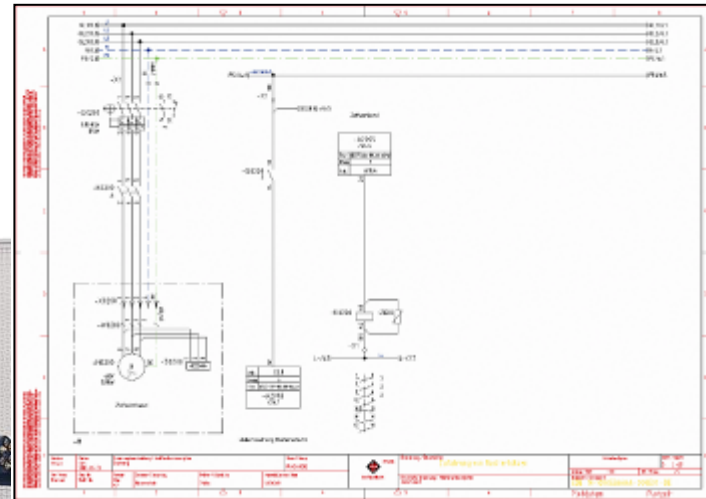
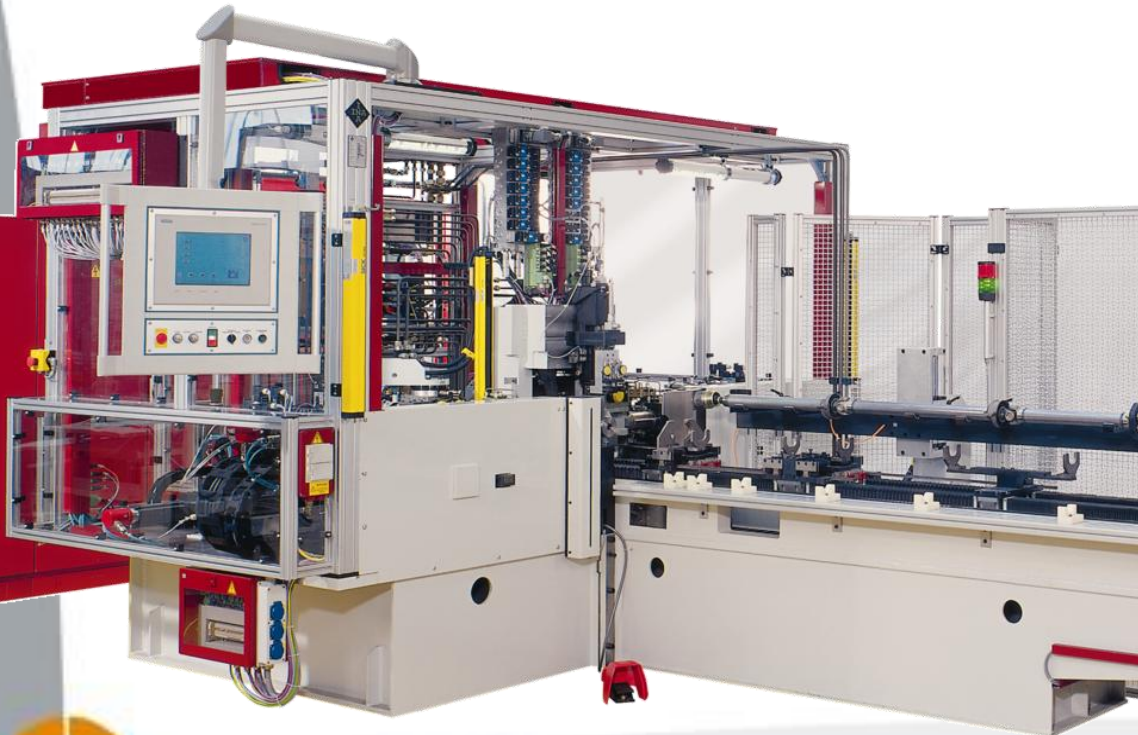
**Customer:**  
**Genesis-design GmbH,**  
**Munich, Germany**





# CAD/CAM in practice

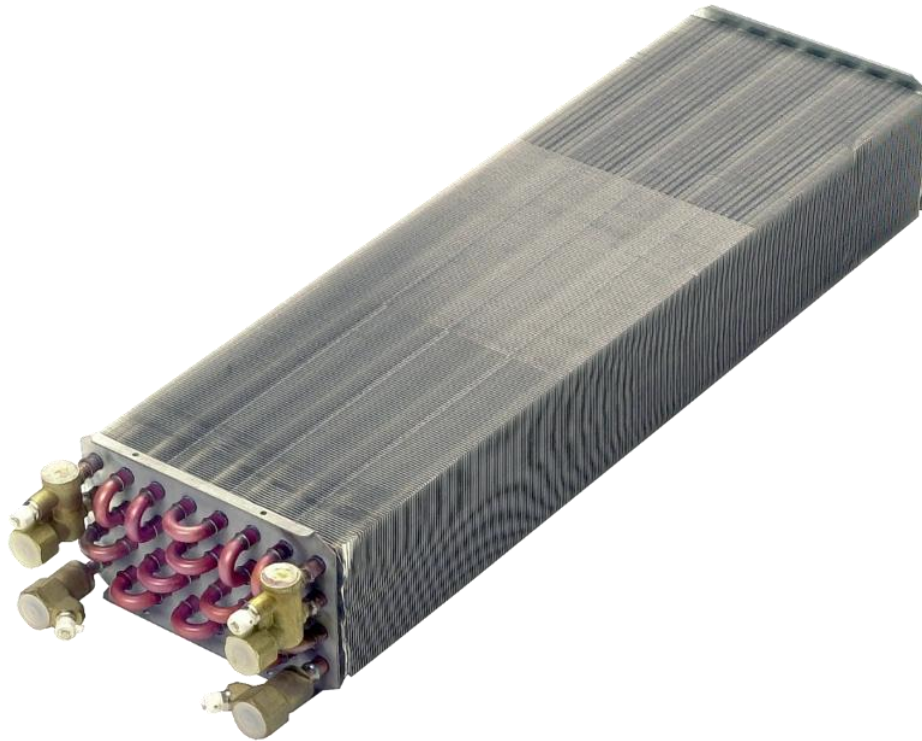
- Example Electrical Engineering:  
Design and documentation of industrial facilities



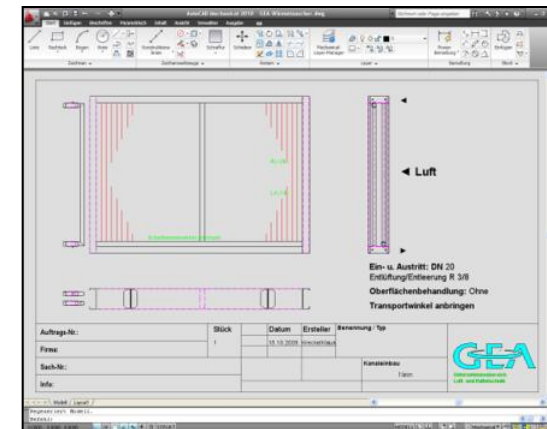
Customer:  
INA-Schaeffler group,  
Herzogenaurach, Germany

# CAD/CAM in practice

- Example parametric design: Customer specific configuration of heat exchangers with customX



**Customer:**  
**GEA Happel Klimatechnik**  
**Produktions- und Service**  
**gesellschaft mbH, Obershausen,**  
**Germany**

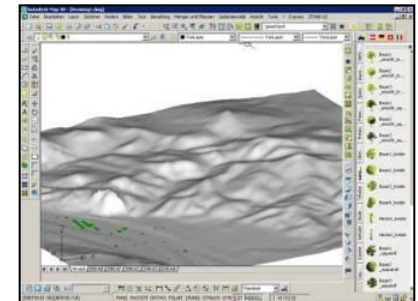


# CAD/CAM in practice

- Gardening and Landscaping (GaLa)
  - ◆ Subsidiary DATAflor – Segment M+M Software
  - ◆ Price range: approx. EUR 5,000 per seat
  - ◆ Design and maintenance of GaLa Projects



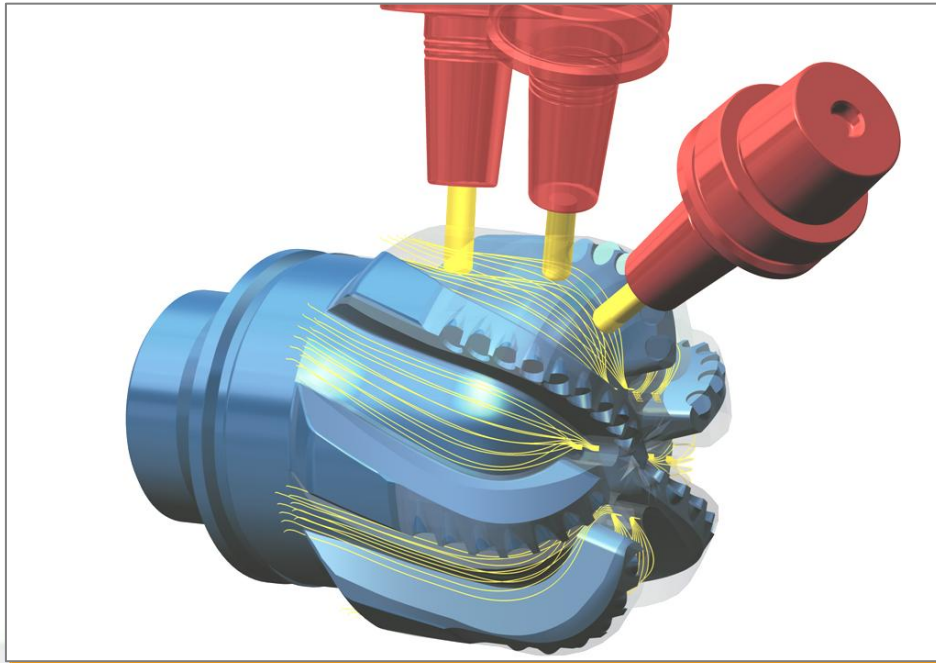
**Project: Revitalization  
of Waldsiedlung,  
Hanau-Grossauheim**



# CAD/CAM in practice

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- CAM – Computer Aided Manufacturing
  - ◆ Subsidiary Open Mind – Segment M+M Software
  - ◆ Price range: EUR 15,000 to >100,000 per seat
  - ◆ ~23% of group revenue / **~40% of group gross margin**



Project: CNC programming for application department of precision tool manufacturer MORI SEIKI, Japan / Germany

# CAD/CAM in practice

- CAM in the product development process:



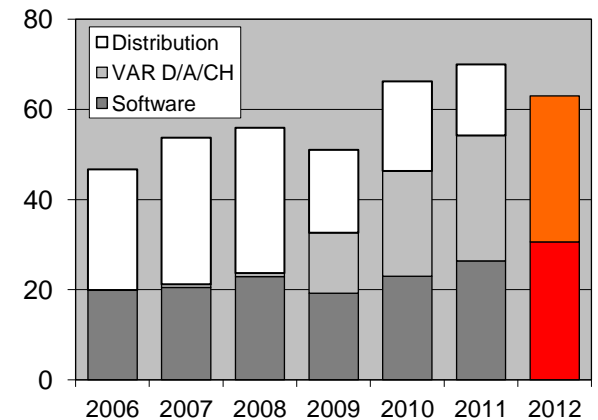
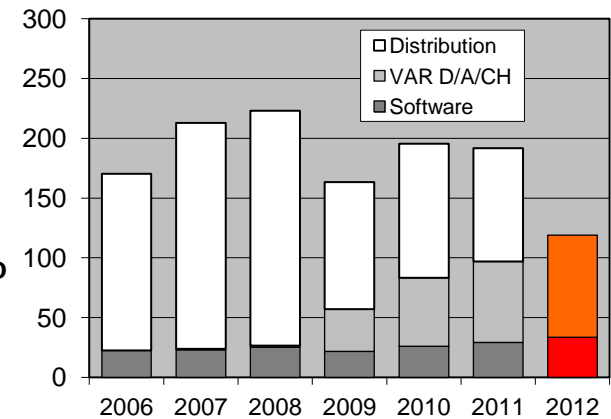
**CAD Software  
(construction)**

**CAM Software  
and  
Postprocessor**

**Precision  
machine tool  
with  
NC Control**

# Sales & gross margin (preliminary)

- Sales 2011: EUR 191.72 mln / -2%
  - ◆ M+M Software: EUR 29.26 mln / +12%
  - ◆ VAR Business: EUR 67.74 mln / +18%
  - ◆ Distribution: EUR 94.73 mln / -16% (10 months)
  
- Gross margin 2011: EUR 70.01 mln / +5.8%
  - ◆ M+M Software: EUR 26.41 mln / +15%
  - ◆ VAR Business: EUR 27.79 mln / +19%
  - ◆ Distribution: EUR 15.81 mln / -20% (10 months)
  
- Sales 2012: EUR ~119 mln / -38%
  - ◆ M+M Software: EUR ~33.6 mln / +15%
  - ◆ VAR Business: EUR ~85.4 mln / +26%
  
- Gross margin 2012: EUR ~63 mln / -10%
  - ◆ M+M Software: EUR ~30.6 mln / +16%
  - ◆ VAR Business: EUR ~32.4 mln / +17%



# Earnings & cash flows (preliminary)

## ■ EBITDA 2011: EUR 15.63 mln (PY: 6.06)

- ◆ Thereof operating: EUR 9.11 mln / +50%
  - M+M Software: EUR 4.37 mln (PY: 2.82)
  - VAR Business: EUR 1.96 mln (PY: -0.54)
  - Distribution (10 months): EUR 2.78 mln (PY: 3.77)
  - Normal seasonality: Q1/Q4 strong
  - Non-recurring from Distribution sale: EUR 6.52 mln

## ■ EBITDA 2012: EUR ~9.9 mln

- ◆ M+M Software: EUR ~5.6 mln (+28%)
- ◆ VAR Business: EUR ~4.3 mln (+119%)
- ◆ Seasonality: Q1+++ / Q2+ / Q3+++ / Q4++

## ◆ Net 2011: EUR 6.79 mln / op. EUR 2.4 mln

- ◆ EPS: EUR 0.47 (PY: -0.03) / operating: 0.165

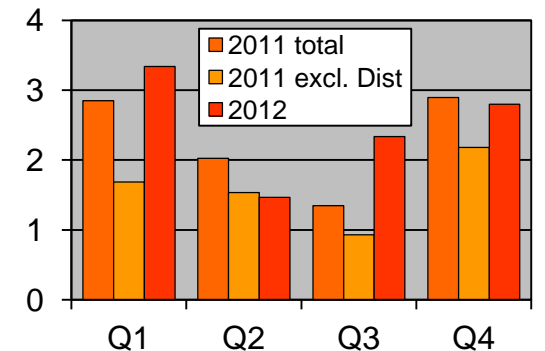
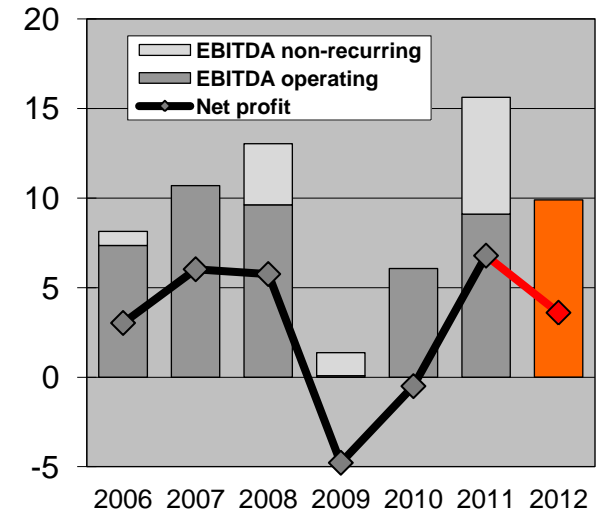
## ◆ Net 2012: EUR ~3.6 mln / operating +50%

- ◆ EPS: EUR ~0.24 (subject to final tax calculation)

## ◆ Operating cash flows 2011: EUR 6.37 mln (PY: 3.88)

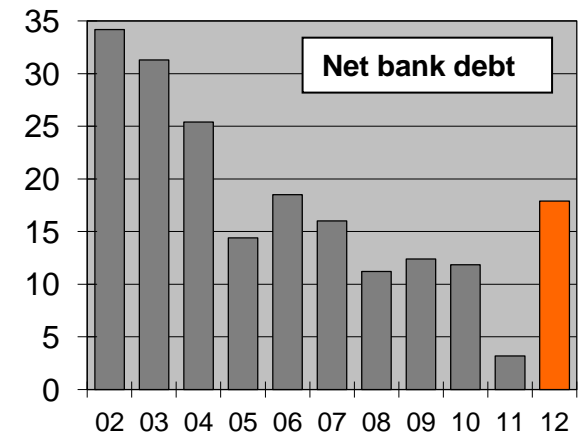
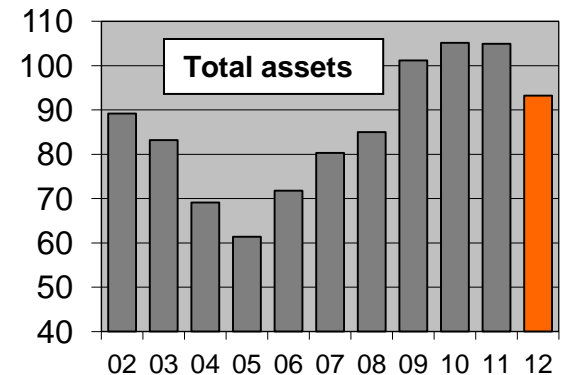
- ◆ 44 Cents per share (PY: 27)

## ◆ Operating cash flows 2012: Negative (non-recurring effect of business model change)



# Balance sheet & debt (preliminary)

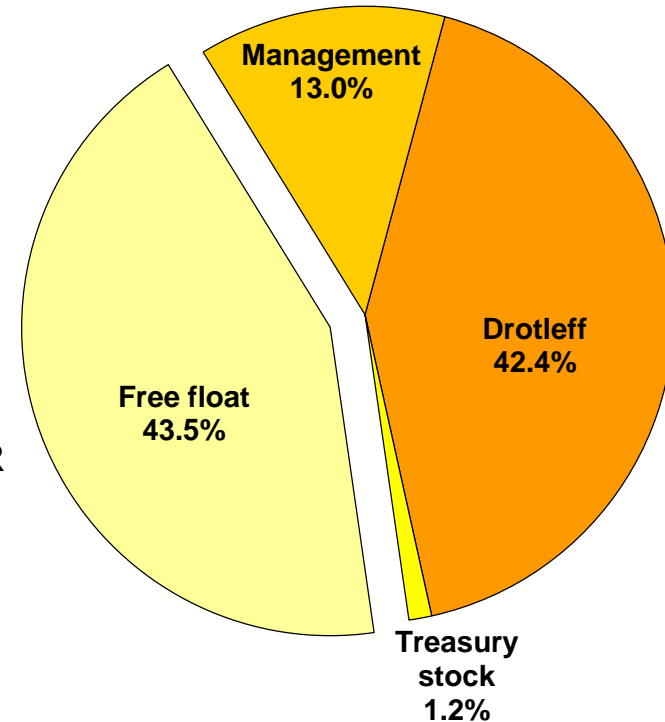
- Total assets Dec 31, 2012:
  - ◆ EUR ~93.2 mln (PY: 104.95 / -11%)
  
- Net bank debt Dec 31, 2012:
  - ◆ EUR ~17.9 mln (PY: 3.18)
  - ◆ Reduced by more than EUR 30 mln from all-time high in 2002 to 2011
  - ◆ 2012 re-increase due to business model and working capital change
    - ◆ Lower trading business – non-recurring exchange payables to bank debt
  
- Shareholders' equity Dec 31, 2012:
  - ◆ EUR ~36.2 mln (PY: 33.76 / +7%)
    - Capital ratio ~39% (PY: 32.2%)





# Shareholder structure

- # of shares at Dec 31, 2012:  
approx. 15.432 mln
  - ◆ Shareholder structure:
    - 43.5% Free float
    - 55.4% Management
      - CEO / Chairman of the Board  
Adi Drotleff 42.4%
      - Purchase since beginning of 2006:  
>1,350,000 shares / Invest >6.8 MEUR
      - Other Management approx. 13.0%  
(formally belongs to free float, as  
no packages of >3% are existing)
    - 1.2% Treasury stock



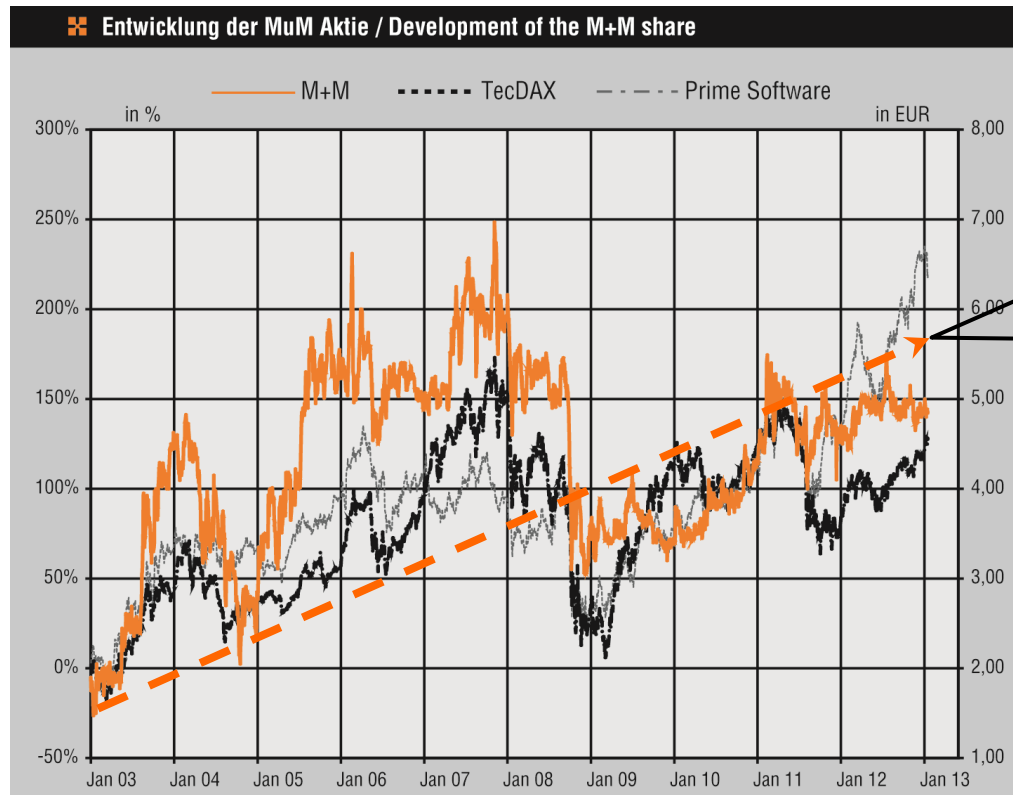
- M+M is both a public and private company

# Investor Relations

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- Designated Sponsors:
  - ◆ LBBW, Stuttgart
  - ◆ Close Seydler, Frankfurt
  
- Analyst coverage:
  - ◆ LBBW: „Buy“ - fair value EUR 5.50
  - ◆ Independent Research: „Buy“ - fair value EUR 6.60
  - ◆ Warburg Research: „Hold“ - fair value EUR 5.50
  - ◆ Performaxx: „Buy“ – fair value EUR 9.07

# Share price development



**Performance  
 incl. EUR 0.95  
 Dividend total  
 since 2003**

Since Oct 9, 2008: Share buyback program (total ~1,180,000 shares)

# Outlook

- Target: EPS increase until 2015 to ~50 Cents, until 2017 (latest 2018) to ~100 Cents
- Parameters: >10% p.a. organic sales growth, step by step use of operating margin potential, focus on cost management, tax optimization
- Sales:
  - ◆ Target 2015: EUR ~200 mln (organic + acquisitions)
- Gross margin:
  - ◆ Target 2015: EUR >100 mln (>50% gross yield)
- Earnings:
  - ◆ EBITDA:
    - ◆ Target 2015: EUR >15 mln
  - ◆ Net profit:
    - ◆ Target 2015: EUR >7.5 mln / EPS ~50 Cents
    - ◆ 2016 profit jump: EUR >1.5 mln amortization lapsing
    - ◆ Target 2017/18: EUR ~15 mln / EPS ~100 Cents
- ◆ Dividend plan: Payout 50% of EPS mid-term

