July 24th, 2025
Research update

SMC Research
Small and Mid Cap Research

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Mensch und Maschine Software SE

Still well on track

Rating: Strong Buy (unchanged) | **Price:** 54.20 € | **Price target:** 68.00 € (prev.: 69.00)

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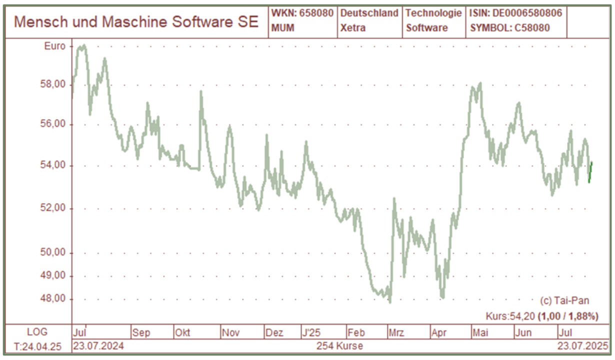
Current development



Basic data

Based in: Wessling
Sector: CAD/CAM software
Headcount: 1,122
Accounting: IFRS
ISIN: DE0006580806
Ticker: MUM:GR
Price: 54.20 Euro
Market segment: Scale / m:access
Number of shares: 17.2 m
Market Cap: 929.5 m Euro
Enterprise Value: 1,000.4 m Euro
Free float: 43.7 %
Price high/low (12M): 61.50 / 45.80 Euro
Ø turnover (Xetra.12M): 470,500 Euro / day

Gross profit at previous year's level

Following the change in Autodesk's billing model last September, revenue in the Digitization segment, which amounted to EUR 60.2 m in the first half of the year, is no more comparable to the previous year's figure of EUR 118.3 m than consolidated revenue (EUR 120.9 m after EUR 176.0 m). Gross profit is more meaningful; it is not affected by this change and amounted to EUR 38.6 m in the Digitization segment in the first half of the year, 6.2 percent less than a year ago. However, the gap to the previous year has narrowed over the course of the first six months: while it was still -9.0 percent in the first quarter, it was only -2.9 percent (to EUR 18.2 m) in the period from April to June. In combination with the continued gross profit growth in the Software segment (+4.3 percent to EUR 25.7 m), a slight increase in gross profit of 1.2 percent to EUR 43.9 m was again achieved at group level in the second quarter, while consolidated gross profit for the first six months remained virtually unchanged at EUR 93.5 m. In relation to the lower consolidated sales, the stable gross profit corresponds to an increase in the gross margin from 53.2 to 77.2 percent; in the second quarter it was as high as 80.0 percent.

FY ends: 31.12.	2022	2023	2024	2025e	2026e	2027e
Sales (m Euro)	320.5	322.3	325.8	244.4*	270.1	297.1
EBIT (m Euro)	42.6	46.8	46.5	51.3	61.3	70.4
Net Profit	26.0	28.9	30.5	33.9	40.1	45.8
EPS	1.53	1.72	1.80	2.02	2.39	2.73
Dividend per share	1.40	1.65	1.85	2.10	2.40	2.75
Sales growth	20.4%	0.6%	1.1%	-25.0%	10.5%	10.0%
Profit growth	22.1%	11.0%	5.6%	11.1%	18.4%	14.2%
PSR	2.84	2.82	2.79	3.72	3.37	3.06
PER	35.0	31.5	29.8	26.8	22.7	19.9
PCR	23.3	18.0	14.6	27.9	20.2	14.7
EV / EBIT	23.1	21.0	21.2	19.1	16.0	14.0
Dividend yield	2.6%	3.0%	3.4%	3.9%	4.4%	5.1%

**arithmetical effect through switch of the partner model at Autodesk*

Expense cuts not yet visible

In anticipation of weaker momentum in 2025, Mensch und Maschine had already announced in advance that it intended to curb cost growth somewhat, especially in the Digitization segment. This was already evident for other operating expenses in the Digitization division in the second quarter. Compared to the previous year, savings of more than a quarter were achieved here, resulting in a ten percent reduction for the entire first six months. However, as other operating expenses in the Software division increased by 18 percent at the same time, there was still growth of 4.9 percent to EUR 11.2 m at group level. Even stronger was the momentum in personnel expenses, which increased by 6.4 percent to EUR 55.1 m. The company explains this with the usual delays in reducing personnel costs and with one-off expenses such as severance payments or continued payment of wages already relieved of work duties. According to a statement by the Executive Board in the earnings call, however, it is expected that a significant savings effect will be visible in the personnel area of the Digitization segment in the second half of the year.

Half-year EBIT slightly below previous year

Depreciation and amortisation also increased slightly by 3.1 percent. Thus, the EBIT declined by 4.4 percent overall to EUR 26.8 m. In relation to sales, however, the EBIT margin has increased very significantly: from 15.9 to 22.1 percent. The Software segment contributed almost 70 percent of EBIT, further increasing its operating profit to new half-year records both in absolute terms (from EUR 17.3 m to EUR 18.6 m) and in relation to segment sales (from 30.0 percent to 30.7 percent). The margin improved in the Digitization segment as well (from 9.0 to 13.5 percent), but in absolute terms EBIT fell by a quarter to EUR 8.1 m. But just as with gross profit, the gap to the previous year also narrowed over the course of the first half of the year: While segment EBIT in the first quarter was still almost a third down on the previous year, in the spring months it was only -10 percent.

Business figures	HY 2024	HY 2025	*Change*
Sales	175.97	120.87	*-31.3%*
Digitization	118.31	60.22	*-49.1%*
Software	57.66	60.65	*+5.2%*
Gross profit	93.54	93.32	*-0.2%*
Digitization	41.20	38.64	*-6.2%*
Software	52.34	54.68	*+4.5%*
Gross margin	*53.2%*	*77.2%*	
EBIT	27.98	26.76	*-4.4%*
Digitization	10.70	8.14	*-24.0%*
Software	17.28	18.62	*+7.8%*
EBIT margin	*15.9%*	*22.1%*	
Digitization	*9.0%*	*13.5%*	
Software	*30.0%*	*30.7%*	
EBT	27.34	25.97	*-5.0%*
EBT margin	*15.5%*	*21.5%*	
Net profit	18.73	17.50	*-6.6%*
Net margin	*10.6%*	*14.5%*	
Free cash flow	26.99	10.09	*-62.6%*

In m Euro and percent, source: Company

Net result slightly lower

With a financial result of EUR -0.6 m, pre-tax profit fell by 5 percent to EUR 16.0 m. After deducting income taxes (EUR 7.3 m) and minority interests in consolidated profit, this resulted in a net profit of EUR 17.5 m, which is 6.6 percent below the comparable figure for the first half of 2024. In relation to sales, this corresponds to an impressive net margin of 14.5 percent, compared to 10.6 percent in the previous year.

Cash flow declining, but still strong

The same applies to operating cash flow. Compared to the same period of the previous year, in which especially the increase in trade payables to Autodesk had resulted in a record surplus of EUR 31.4 m, the reduction in trade payables has now led to a decline in cash flow. For example, non-current trade payables have fallen from EUR 16.3 m to EUR 9.8 m since the turn of the year, while their current counterpart has decreased from EUR 33.4 m to EUR 21.7 m. This was largely responsible for the cash-relevant increase in net working capital of EUR 13.6 m. Despite this, Mensch und Maschine was able to record an operating cash flow surplus of EUR 14.7 m in the first half of the year, corresponding to 12 percent of half-year revenue. Less payments for investments totalling EUR -4.6 m, a free cash flow of EUR 10.1 m was generated in the first six months, compared to EUR 27.0 m in the previous year.

Dividend and share buyback...

As in the previous year, the financing cash flow was shaped by the dividend payment, which resulted in a cash outflow of EUR 30.7 m. Together with the payments for the share buyback (EUR 6.0 m), for leasing (EUR 2.8 m) and for dividends to minority shareholders (EUR 1.6 m) and reduced by net borrowing of EUR 14.5 m, this resulted in a financing cash flow of EUR -25.3 m. Overall, balance sheet liquidity thus decreased by EUR 15.6 m to EUR 27.4 m in the first half of the year.

...reduce total assets and equity ratio

The decrease in liquidity, together with the fall in receivables (-14 percent to EUR 30.2 m), was the reason for the 9 percent decline in total assets to EUR 192.6 m. On the liabilities side, the aforementioned effects on current and non-current trade payables and the 18 percent decrease in equity to EUR 86.4 m due to the dividend and share buyback were the main reasons for the balance sheet reduction, while the higher borrowing and the increase in deferred income (+81 percent to EUR 11.2 m), which is typical of the first half of the year, somewhat dampened this effect. The equity ratio at the end of June was 44.9 percent, 4.6 percentage points lower than at the turn of the year and 0.9 percentage points below the previous year's level. At the same time, however, the value of treasury shares, which is deducted from equity, increased from EUR 6.6 m a year ago to EUR 17.8 m. This treasury stock comprised 366,710 shares, which were purchased at an average price of EUR 48.43.

Forecast confirmed

With regard to the current year, M+M has confirmed its previous forecast. Accordingly, the company is aiming for gross profit growth of 5 to 7 percent, on the basis of which EBIT and net profit are to be improved by 9 to 19 percent each. This implies a somewhat more restrained dynamic compared to previous years, which is mainly due to the diminishing but still

m Euro	12 2025	12 2026	12 2027	12 2028	12 2029	12 2030	12 2031	12 2032
Sales	244.4	270.1	297.1	323.8	351.4	381.2	413.6	448.8
Sales growth		10.5%	10.0%	9.0%	8.5%	8.5%	8.5%	8.5%
EBIT margin	21.0%	22.7%	23.7%	24.3%	25.0%	25.5%	26.0%	26.5%
EBIT	**51.3**	**61.3**	**70.4**	**78.8**	**87.8**	**97.2**	**107.6**	**119.0**
Tax rate	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Adjusted tax payments	14.4	17.2	19.7	22.1	24.6	27.2	30.1	33.3
NOPAT	**37.0**	**44.1**	**50.7**	**56.8**	**63.2**	**70.0**	**77.5**	**85.7**
+ Depreciation & Amortisation	4.7	5.1	5.4	5.6	5.9	6.1	6.3	6.5
+ Increase long-term accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross operating Cash Flows	41.7	49.2	56.0	62.4	69.1	76.1	83.8	92.2
- Increase Net Working Capital	-14.9	-9.9	0.1	0.0	0.0	0.0	-0.1	-0.1
- Investments in fixed assets	-7.2	-5.4	-5.6	-5.8	-6.0	-6.2	-6.4	-6.6
Free Cash Flows	**19.6**	**33.8**	**50.4**	**56.6**	**63.1**	**69.9**	**77.3**	**85.5**

SMC estimation model

noticeable slowing effects of the switch at Autodesk (in particular, M+M refers to inconsistencies in customer data at Autodesk, which have required and – to a lesser extent – still require extensive manual reworking). In contrast, the growth forecast for 2026 is significantly higher again at 8 to 12 percent for gross profit and 13 to 25 percent for earnings. The dynamic earnings growth is expected to continue beyond this as well and enable a further doubling of earnings to more than 360 cents per share by 2028/29. The dividend is also expected to increase in line with the profit. A rise of 20 to 30 cents is targeted for 2025, and from 2026 M+M intends to increase the distribution by as much as 25 to 40 cents per year. However, the company has emphasised that this year's growth will only be achieved in the fourth quarter, as the third quarter of 2024 was particularly strong due to the pull-forward effects in the Autodesk business. In contrast, the fourth quarter of 2024 was particularly weak precisely because of the switch and therefore now represents a basis for comparison that can be easily surpassed.

Estimates slightly adjusted

The half-year figures presented are essentially in line with our expectations. The only notable deviation relates to the momentum in the Software segment, which we had estimated to be somewhat stronger. Upon enquiry, the M+M management said it was also not entirely satisfied with the growth in this area. As a precaution, we have therefore lowered our estimates slightly, but remain within the – confirmed – forecast corridor. We now expect this year's consolidated gross profit to be EUR 183.3 m instead of EUR 185.1 m and thus anticipate growth of 5 percent. As a result of this and of a slight upward revision of the personnel expenses ratio, our EBIT estimate has also fallen from EUR 52.2 m to EUR 51.3 m. As the changes have also affected the estimates for subsequent years, target sales at the end of the detailed forecast period in 2032 now stand at EUR 448.8 m (previously: EUR 453 m), gross profit at EUR 342.2 m (EUR 345 m) and the EBIT margin at 26.5 percent (26.6 percent). The table on the previous page shows the model business development resulting from our assumptions for the years 2025 to 2032; detailed overviews of the estimates for balance sheet, income statement and cash flows statement can be found in the Annex.

New price target: EUR 68.00

Based on an unchanged discount rate of 6.8 percent and unchanged assumptions regarding the terminal value (safety discount of 10 percent on the target margin, perpetual growth of 1 percent), the fair value now amounts to EUR 1,145.5 m or EUR 68.25 per share, from which we derive the new price target of EUR 68.00 (previously: EUR 69.00; a sensitivity analysis for determining the price target is included in the Annex). We continue to rate the forecast risk as below average with two points on a scale of 1 (low) to 6 (high).

Conclusion

The first half of the year at Mensch und Maschine was largely in line with expectations. With consolidated gross profit almost stable (the sales figures are not comparable with the previous year due to the change in the billing system in the Autodesk business), EBIT fell by 4.4 percent to EUR 26.8 m, while the half-year net profit fell by 6.6 percent to EUR 17.5 m. However, the elimination of Autodesk licences from sales (Mensch und Maschine now only recognises the margin generated by these licences) has significantly increased the reported margin at all earnings levels: the gross margin is now 77.2 percent (previous year: 53.2 percent), the EBIT margin is 22.1 percent (15.9 percent) and the net margin is 14.5 percent (10.6 percent).

The decline in the – absolute – earnings figures is primarily due to the slowing effects of the system switch at Autodesk, which emerged in the fourth quarter and have been decreasing ever since. M+M expects only minor effects for the current third quarter, while the cost-cutting measures taken in the first half of the year should now take effect. Together with the easily surpassed comparative figures from the fourth quarter of 2024, these are the reasons why M+M remains confident that it will achieve the gross profit and earnings growth announced for 2025, despite the decline in the first half of the year.

Specifically, Mensch und Maschine aims to increase gross profit by 5 to 7 percent and EBIT and earnings per share by 9 to 19 percent each. We believe these targets are achievable but have lowered our estimates slightly towards the lower end out of caution. As a result, our price target has decreased slightly from EUR 69.0 to EUR 68.0, but this still indicates an attractive upside potential of around 25 percent. In conjunction with the all-round positive overall impression, this continues to justify the “Strong Buy” rating, which we therefore confirm.

Annex I: SWOT analysis

Strengths

- Strong position in attractive target markets established for decades.
- A fast-growing, highly profitable software segment with a global market presence and a leading technological position.
- High continuity at management level and very low employee turnover.
- Stable shareholder structure with more than 50 percent of shares in management hands.
- Sound balance sheet structures with a high equity ratio.
- Growth dynamics above the industry average with a disproportionately high rise in profits.
- Remarkable forecast accuracy supports the target of further profit increases.

Weaknesses

- The Digitization business is largely determined by Autodesk's product and pricing policy.
- In 2024, the growth targets were not fully achieved for the first time in a long while.
- The geographic expansion of the Digitization segment requires the expensive establishment of additional offices.
- Strong dependence on Germany and Europe.
- In both segments, M+M faces the challenge of attracting and retaining suitable employees in a difficult labour market.
- In terms of marketing, technology and personnel, there are at best only minor synergies between the segments.

Opportunities

- There is still considerable potential for margin growth in the Digitization business that should allow an above-average profit development in the next few years, if the present trends continue.
- The increasing importance of digitization projects is likely to further boost the development.
- With its expertise in BIM and bridge and tunnel construction, the SOFiSTiK subsidiary is addressing very promising markets.
- With the eXs software, M+M has a modern product for an attractive market in which there is nothing comparable on offer.
- The foreseeable profit growth should allow a steady and considerable increase in dividends.

Threats

- A further escalation of geopolitical conflicts or a deep recession in Europe could slow down or interrupt the positive trend.
- High personnel intensity in the Digitization business means a high extent of utilisation risk in economically weaker phases.
- The targeted further increase in margins cannot be taken for granted, especially in the Software segment at the level already achieved.
- Should Autodesk fall behind in competition, it could have a perceptibly negative impact on the Digitization segment.
- The role as technology leader requires intensive development activities in the Software segment and carries the risk of technological failures.

Annex II: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
ASSETS									
I. Total non-current assets	111.6	114.1	114.5	114.8	115.0	115.1	115.2	115.3	115.4
1. Intangible assets	76.1	77.5	76.7	75.9	75.2	74.5	73.8	73.1	72.5
2. Tangible assets	34.2	35.3	36.4	37.5	38.4	39.3	40.1	40.8	41.6
II. Total current assets	100.3	85.4	80.5	86.0	92.1	103.6	118.4	134.9	153.2
LIABILITIES									
I. Equity	104.9	108.1	114.6	122.0	129.4	140.3	152.1	165.2	179.7
II. Accruals	12.6	12.9	13.3	13.6	14.0	14.3	14.7	15.1	15.4
III. Liabilities									
1. Long-term liabilities	34.5	33.4	31.8	29.9	28.0	26.3	26.3	26.3	26.3
2. Short-term liabilities	59.9	45.2	35.3	35.3	35.6	37.7	40.6	43.7	47.2
TOTAL	**211.9**	**199.6**	**195.0**	**200.7**	**207.0**	**218.7**	**233.7**	**250.2**	**268.6**

P&L estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales	325.8	244.4	270.1	297.1	323.8	351.4	381.2	413.6	448.8
Gross profit	174.6	183.3	202.9	223.9	244.9	266.6	289.7	314.8	342.1
EBITDA	56.7	61.8	72.1	81.5	90.2	99.5	109.1	119.7	131.3
EBIT	46.5	51.3	61.3	70.4	78.8	87.8	97.2	107.6	119.0
EBT	45.5	51.5	61.3	70.4	79.1	88.2	97.8	108.3	119.8
EAT (before minorities)	33.4	37.1	44.1	50.7	56.9	63.5	70.4	78.0	86.3
EAT	30.5	33.9	40.1	45.8	51.1	56.7	62.5	68.7	75.6
EPS	1.80	2.02	2.39	2.73	3.05	3.38	3.72	4.10	4.50

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
CF operating	62.3	32.6	45.0	61.9	68.4	75.2	82.3	90.0	98.5
CF from investments	-10.9	-7.2	-5.4	-5.6	-5.8	-6.0	-6.2	-6.4	-6.6
CF financing	-33.5	-43.9	-48.6	-55.0	-61.0	-62.5	-66.4	-72.7	-79.5
Liquidity beginning of year	24.9	43.0	24.5	15.5	16.8	18.3	25.0	34.6	45.5
Liquidity end of year	43.0	24.5	15.5	16.8	18.3	25.0	34.6	45.5	57.9

Key figures

percent	2024 act.	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e
Sales growth	1.1%	-25.0%	10.5%	10.0%	9.0%	8.5%	8.5%	8.5%	8.5%
Gross profit growth	3.6%	5.0%	10.7%	10.4%	9.4%	8.8%	8.7%	8.7%	8.7%
Gross margin	53.6%	75.0%	75.1%	75.4%	75.6%	75.9%	76.0%	76.1%	76.2%
EBITDA margin	17.4%	25.3%	26.7%	27.4%	27.9%	28.3%	28.6%	28.9%	29.3%
EBIT margin	14.3%	21.0%	22.7%	23.7%	24.3%	25.0%	25.5%	26.0%	26.5%
EBT margin	14.0%	21.1%	22.7%	23.7%	24.4%	25.1%	25.7%	26.2%	26.7%
Net margin (after minorities)	9.4%	13.9%	14.9%	15.4%	15.8%	16.1%	16.4%	16.6%	16.8%

Annex IV: Sensitivity analysis

	Perpetual cash flows growth				
WACC	**2.0%**	**1.5%**	**1.0%**	**0.5%**	**0.0%**
5.8%	99.53	90.48	83.30	77.47	72.63
6.3%	87.62	80.70	75.07	70.40	66.48
6.8%	78.19	72.76	**68.25**	64.46	61.23
7.3%	70.53	66.19	62.52	59.40	56.70
7.8%	64.19	60.66	57.64	55.03	52.76

Disclaimer

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Charts
The charts were made with Tai-Pan (www.lp-software.de).

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II) Preparation and updating

The present financial analysis was prepared by: Dipl. Volkswirt Dr. Adam Jakubowski

Participants in the preparation of the present financial analysis: -

The present analysis was finished on 24.07.2025 at 11:45 and published on 24.07.2025 at 12:20.

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Strong Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as below average (1 to 2 points).
Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as average (3 to 4 points).
Speculative Buy	We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as above average (5 to 6 points).

Hold	We expect that the price of the analysed financial instrument will remain stable (between -10 and +10 percent). The forecast risk (1 to 6 points) has no further impact on the rating. The rating "hold" is also used in cases where we perceive a price potential of more than 10 percent, but explicitly mentioned temporary factors prevent a short-term realization of the price potential.
Sell	We expect that the price of the analysed financial instrument will drop by at least 10 percent. The forecast risk (1 to 6 points) has no further impact on the rating.

The expected change in price refers to the current share price of the analysed company. This price and any other share prices used in this analysis are XETRA closing prices as of the last trading day before publication. If the share is not traded on XETRA, the closing price of another public stock exchange is used with a separate note to that effect.

The price targets published within the assessment are calculated with common methods of financial mathematics, especially with the DCF (discounted cash flow) method, the sum of the parts valuation and a peer group analysis. The valuation methods are affected by economic framework conditions, especially by the development of the interest rates.

The rating resulting from these methods reflects current expectations and can change anytime subject to company-specific or economic changes.

More detailed explanations of the models used by SMC Research can be found at:
http://www.smc-research.com/impressum/modellerlaeuterungen

An overview of the recommendations prepared and distributed by SMC Research in the last 12 months can be found at: http://www.smc-research.com/publikationsuebersicht

In the past 24 months, sc-consult GmbH has published the following financial analyses for the company:

Date	Investment recomm.	Target price	Conflict of interests
24.04.2025	Strong Buy	69.00 Euro	1), 3), 4)
26.03.2025	Strong Buy	67.00 Euro	1), 3)
13.02.2025	Strong Buy	67.00 Euro	1), 3)
21.10.2024	Strong Buy	71.00 Euro	1), 3)
19.07.2024	Strong Buy	70.00 Euro	1), 3)
19.04.2024	Strong Buy	69.00 Euro	1), 3)
20.03.2024	Strong Buy	69.00 Euro	1), 3)
09.02.2024	Strong Buy	68.00 Euro	1), 3)
20.10.2023	Strong Buy	66.00 Euro	1), 3), 4)
01.08.2023	Strong Buy	66.00 Euro	1), 3), 4)

In the course of the next twelve months, sc-consult GmbH will presumably prepare the following financial analyses for the company: three updates.

The publishing dates for the financial analyses are not yet fixed at the present moment.

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