

March 16th, 2021
Research comment

SMC Research
Small and Mid Cap Research



Mensch und Maschine SE

Preliminary figures and forecasts confirmed

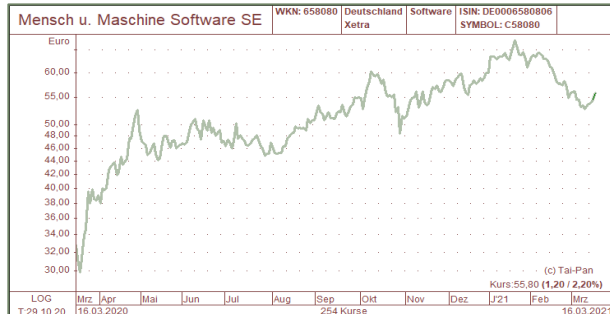
Rating: Strong Buy (prev.: Hold) | **Price:** 54.60 € | **Price target:** 63.40 € (prev: 62.70 €)

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Profit growth to continue in 2021



Basic data

Based in:	Wessling
Sector:	CAD/CAM software
Headcount:	948
Accounting:	IFRS
ISIN:	DE0006580806
Ticker:	MUM:GR
Price:	54.60 Euro
Market segment:	Prime Standard
Number of shares:	17.2 m
Market Cap:	936.3 m Euro
Enterprise Value:	1.02 billion Euro
Free Float:	45.2 %
Price high/low (12M):	67.80 / 29.50 Euro
Øturnover (Xetra, 12 M):	427,100 Euro / day

FY ends: 31.12.	2020	2021e	2022e
Sales (m Euro)	244.0	248.9	278.7
EBIT (m Euro)	31.0	35.2	42.2
Net Profit	18.7	21.4	25.7
EPS	1.11	1.28	1.53
Dividend per share	1.00	1.15	1.30
Sales growth	-0.8%	2.0%	12.0%
Profit growth	12.3%	14.6%	20.1%
PSR	3.76	3.69	3.29
PER	49.0	42.8	35.6
PCR	27.2	28.0	24.2
EV / EBIT	32.4	28.6	23.8
Dividend yield	1.8%	2.1%	2.4%

Current development

With the presentation of the annual report, Mensch und Maschine has confirmed the convincing preliminary figures. Accordingly, with a slight decline in sales of 0.8 percent to EUR 244.0 m and a stable gross profit of EUR 128.0 m, EBIT growth of 21 percent to EUR 31.0 m was achieved. The net profit for the year after taxes and minorities of EUR 18.7 m (+12.3 percent) was even slightly better than in the preliminary report. The operating cash flow was somewhat lower compared to the preliminary report, but at EUR 33.7 m, an excellent figure was achieved nonetheless. This applies both in comparison with the previous year (+28 percent) and in relation to sales (13.8 percent). Since payments for investments fell by almost one third, the increase in free cash flow was even stronger with 56.4 percent to EUR 27.8 m. Despite high repayments and the lavish dividend payment, the balance sheet liquidity has thus increased to EUR 16.0 m. Equity also increased significantly, with the equity ratio exceeding the 50 percent mark for the first time at 51.8 percent.

Conclusion

The guidance for 2021 was also confirmed. M+M thus is still aiming at a profit growth of 12 to 21 percent and a further dividend growth. M+M intends to maintain this momentum in the coming years, which we consider very believable given the forecast accuracy with which M+M was able to convince even in the difficult Covid-19 year. We have therefore reduced the assessment of the estimation risk to one point. At the same time, our price target has increased slightly to EUR 63,40 due to the integration of last year's figures into our model. In view of the recent somewhat lower price level, we now see significant upside potential again, which, together with the low estimation risk, justifies the new "Strong Buy" rating (previously: Hold).

Annex I: DCF model

m Euro	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
Sales	248.9	278.7	308.0	340.3	376.1	415.6	459.2	507.4
Sales growth		12.0%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
EBIT margin	14.1%	15.1%	15.8%	16.5%	17.0%	17.5%	18.0%	18.4%
EBIT	35.2	42.2	48.7	56.1	63.9	72.7	82.5	93.6
Tax rate	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%	30.5%
Adjusted tax payments	10.7	12.9	14.8	17.1	19.5	22.2	25.2	28.5
NOPAT	24.4	29.3	33.8	39.0	44.4	50.5	57.4	65.0
+ Depreciation & Amortisation	3.9	4.2	4.4	4.5	4.6	4.7	4.7	4.7
+ 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	28.3	33.5	38.2	43.5	49.0	55.2	62.1	69.8
- Increase Net Working Capital	-0.6	-0.7	-0.8	-0.9	-1.0	-1.1	-1.2	-1.3
- Investments in fixed assets	-4.5	-4.5	-4.5	-4.5	-4.4	-4.4	-4.4	-4.4
Free Cash Flows	23.2	28.3	32.9	38.2	43.6	49.7	56.5	64.1

SMC estimation model

Annex II: Balance sheet and P&L estimation

Balance sheet estimation

m Euro	12 2020	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
ASSETS									
I. Total non-current assets	97.6	98.2	98.5	98.6	98.6	98.4	98.1	97.8	97.5
1. Intangible assets	61.7	61.2	60.6	60.2	59.7	59.2	58.8	58.3	57.9
2. Tangible assets	33.4	34.5	35.4	36.0	36.4	36.7	36.9	37.0	37.1
II. Total current assets	57.2	62.0	67.6	76.6	88.7	102.4	116.2	131.8	149.7
LIABILITIES									
I. Equity	80.2	87.4	95.3	104.6	116.8	130.4	143.9	159.2	176.4
II. Accruals	12.0	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8
III. Liabilities									
1. Long-term liabilities	26.6	25.1	23.5	23.5	23.5	23.5	23.5	23.5	23.5
2. Short-term liabilities	36.0	35.6	35.2	34.9	34.6	34.5	34.4	34.3	34.4
TOTAL	154.7	160.2	166.1	175.3	187.3	200.8	214.3	229.7	247.1

P&L estimation

m Euro	12 2020	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
Sales	244.0	248.9	278.7	308.0	340.3	376.1	415.6	459.2	507.4
Gross profit	128.0	134.4	150.8	167.0	185.0	204.8	226.8	251.1	278.1
EBITDA	40.3	44.5	51.8	58.5	66.1	74.0	82.8	92.7	103.8
EBIT	31.0	35.2	42.2	48.7	56.1	63.9	72.7	82.5	93.6
EBT	29.8	34.5	41.5	48.1	55.5	63.3	72.1	82.0	93.1
EAT (before minorities)	20.9	24.0	28.9	33.4	38.6	44.0	50.1	57.0	64.7
EAT	18.7	21.4	25.7	29.7	34.2	38.9	44.2	50.1	56.7
EPS	1.11	1.28	1.53	1.77	2.04	2.32	2.63	2.98	3.38

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	12 2020	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
CF operating	33.7	32.8	37.8	42.5	47.7	53.2	59.2	66.0	73.6
CF from investments	-5.9	-4.5	-4.5	-4.5	-4.5	-4.4	-4.4	-4.4	-4.4
CF financing	-24.5	-25.6	-30.1	-31.5	-33.8	-37.9	-44.1	-49.2	-54.9
Liquidity beginning of year	12.9	16.0	18.6	21.9	28.4	37.9	48.8	59.5	72.0
Liquidity end of year	16.0	18.6	21.9	28.4	37.9	48.8	59.5	72.0	86.4

Key figures

percent	12 2020	12 2021	12 2022	12 2023	12 2024	12 2025	12 2026	12 2027	12 2028
Sales growth	-0.8%	2.0%	12.0%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Gross profit growth	0.1%	5.0%	12.2%	10.7%	10.7%	10.7%	10.7%	10.7%	10.7%
Gross margin	52.4%	54.0%	54.1%	54.2%	54.3%	54.5%	54.6%	54.7%	54.8%
EBITDA margin	16.5%	17.9%	18.6%	19.0%	19.4%	19.7%	19.9%	20.2%	20.5%
EBIT margin	12.7%	14.1%	15.1%	15.8%	16.5%	17.0%	17.5%	18.0%	18.4%
EBT margin	12.2%	13.9%	14.9%	15.6%	16.3%	16.8%	17.4%	17.9%	18.3%
Net margin (after minorities)	7.7%	8.6%	9.2%	9.7%	10.1%	10.3%	10.6%	10.9%	11.2%

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 16.03.2021 at 15:25 and published on 16.03.2021 at 15:35.

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Date	Rating	Target price	Conflict of interests
12.02.2021	Hold	62.70 Euro	1), 3), 4)
22.10.2020	Hold	52.30 Euro	1), 3), 4)
18.09.2020	Buy	52.20 Euro	1), 3), 4)
24.07.2020	Hold	50.50 Euro	1), 3)
22.04.2020	Buy	50.00 Euro	1), 3), 4)
17.03.2020	Buy	50.00 Euro	1), 3)
17.02.2020	Hold	50.50 Euro	1), 3), 4)
23.10.2019	Buy	38.50 Euro	1), 3)
06.08.2019	Buy	37.10 Euro	1), 3)
02.05.2019	Hold	35.80 Euro	1), 3), 4)

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