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Research update

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Mensch und Maschine Software SE

Dynamic Software business supports outlook

Rating: Strong Buy (unchanged) | **Price:** 34.95 € | **Price target:** 65.00 € (prev.: 66.00 €)

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Current development

Basic data

Based in: Wessling
Sector: CAD/CAM software
Headcount: 1,116
Accounting: IFRS
ISIN: DE0006580806
Ticker: MUM:GR
Price: 34.95 Euro
Market segment: Scale / m:access
Number of shares: 17.2 m
Market Cap: 582.3 m Euro
Enterprise Value: 669.4 m Euro
Free float: 41.4 %
Price high/low (12M): 56.30 / 33.05 Euro
Ø turnover (Xetra,12M): 771,400 Euro / day

Revenue growth continues

In the second quarter, Mensch und Maschine continued the robust growth seen in the first three months (+8.4 percent) and recorded a 7.9 percent increase to EUR 59.2 m. However, the two segments have swapped roles: whereas at the start of the year the Digitization segment had impressed with growth of almost 12 percent, this figure has now fallen to just 2 percent, while the Software segment accelerated from 5.0 to 13.6 percent. For the entire period from January to June, revenue growth of 8.2 percent to EUR 130.7 m is therefore recorded, with the Software segment contributing EUR 66.1 m (+9.0 percent) and Digitization contributing EUR 64.7 m (+7.4 percent).

Autodesk cycle takes a toll

At the gross profit level, this resulted in a 1.9 percent increase to EUR 95.1 m for the first half of the year, although this was achieved exclusively in the Software division. Here, gross profit rose by 8.7 percent – almost in line with revenue – to EUR 59.5 m, whilst the Digitization segment saw its gross profit fall by al-

FY ends: 31.12.	2023	2024	2025	2026e	2027e	2028e
Sales (m Euro)	322.3	325.8	238.6	255.3	280.8	306.1
EBIT (m Euro)	46.8	46.5	49.1	55.6	63.2	71.2
Net Profit	28.9	30.5	31.8	35.1	39.9	45.2
EPS	1.72	1.80	1.91	2.11	2.40	2.71
Dividend per share	1.65	1.85	2.00	2.20	2.50	2.80
Sales growth	0.6%	1.1%	-26.8%*	7.0%	10.0%	9.0%
Profit growth	11.0%	5.6%	4.3%	10.3%	13.7%	13.2%
PSR	1.81	1.79	2.44	2.28	2.07	1.90
PER	20.2	19.1	18.3	16.6	14.6	12.9
PCR	11.5	9.3	35.1	15.8	10.2	9.2
EV / EBIT	14.3	14.4	13.6	12.0	10.6	9.4
Dividend yield	4.7%	5.3%	5.7%	6.3%	7.2%	8.0%

**arithmetical effect through switch of the partner model at Autodesk* most 8 percent to EUR 32.6 m. Mensch und Maschine attributes the discrepancy between rising segment revenue on the one hand and falling gross profit on the other to the composition of revenue, which this time was more strongly shaped by hardware resales (NVIDIA GPUs) and sales to public-sector customers. Unlike the rest of the Autodesk business, these sales have not been converted to the commission-based model and are therefore still reported on a gross basis. As the cycle of renewing three-year contracts in the Autodesk business also had a negative impact in the second quarter compared with the previous year, M+M reports a 45 percent decline in gross profit for this area for the months of April to June. Much of this was offset by strong growth in the services area, but on balance, the segment recorded a 18 percent decline in gross profit in the second quarter, which, combined with the minimal growth in the first quarter, resulted in the aforementioned half-year decline of almost 8 percent.

Business figures	HY 2025	HY 2026	*Change*
Sales	120.87	130.75	*+8.2%*
Digitization	60.22	64.66	*+7.4%*
Software	60.65	66.09	*+9.0%*
Gross profit	93.32	95.09	*+1.9%*
Digitization	38.64	35.63	*-7.8%*
Software	54.68	59.46	*+8.7%*
Gross margin	*77.2%*	*72.7%*	
EBIT	26.76	28.14	*+5.2%*
Digitization	8.14	5.97	*-26.6%*
Software	18.62	22.17	*+19.1%*
EBIT margin	*22.1%*	*21.5%*	
Digitization	*13.5%*	*9.2%*	
Software	*30.7%*	*33.5%*	
EBT	25.97	27.37	*+5.4%*
EBT margin	*21.5%*	*20.9%*	
Net profit	17.69	18.17	*+2.7%*
Net margin	*14.6%*	*13.9%*	
Free cash flow	10.09	21.17	*+109.9%*

In m Euro and percent, source: Company

Acceleration in the Software segment

However, the company regards this merely as a snapshot, which, moreover, primarily reflects the volatility of Autodesk's business, and is therefore generally satisfied with the performance in the second quarter. This applies in particular to the Software business, which has gained significant momentum compared with the start of the year. In this regard, M+M reports broad-based demand and cites, amongst others, suppliers to the semiconductor sector – around 60 suppliers to the Dutch semiconductor equipment manufacturer ASML were explicitly mentioned – as well as manufacturers of gas turbines, both of which are benefiting from the AI-driven investment boom. However, M+M is also observing a marked increase in momentum in new business within the Digitization segment, which should be reflected even more clearly in the revenue and gross profit figures in the coming quarters.

Clear evidence of cost discipline

As in the first quarter, M+M was again able to keep cost growth below the rate of growth in gross profit during the spring. Staff costs rose by just 0.4 percent, while other operating expenses were reduced by 8 percent. Over the half-year period, this resulted in a 2 percent increase in staff costs to EUR 56.2 m and an 8 percent decrease in other operating expenses to EUR 10.4 m. While the latter were reduced in both segments, staff costs showed a divergent trend, which also reflects the differing growth dynamics: In the Software segment, the number of employees rose further by 2 percent to 598 full-time equivalents (FTEs) and staff costs by 9 percent to EUR 31.7 m, while the Digitization segment reduced its workforce by 3 percent to 518 FTEs and staff costs by 6 percent to EUR 24.4 m.

Half-year EBIT hits a new record

The significant 16 percent increase in other operating income to EUR 5.8 m also had a positive impact on earnings; it was primarily due to a substantial one-off gain from the sale of a stake in a joint venture in Israel during the first quarter. Depreciation and amortisation had the opposite effect: they rose by 19 percent to EUR 6.3 m due to increased capitalisation of development costs over the last two years and higher leasing costs. Overall, this resulted in a 5.2 percent increase in EBIT to EUR 28.1 m, which not only exceeded the previous year's figure but also marginally surpassed the previous half-year record set in 2024 (EUR 28.0 m). The EBIT margin for the first half of the year stood at 21.5 percent and, due to the weakness of the Digitization segment – whose EBIT fell by 27 percent – remained below the previous year's level (22.1 percent) this time. By contrast, the already very high profitability of the Software segment was further improved. At 33.5 percent, the division's EBIT margin was around 3 percentage points higher than the previous year and thus clearly at a new record level. In absolute terms, EBIT in the Software business rose by 19 percent to EUR 22.2 m, accounting for almost 80 percent of Group EBIT.

EpS benefits from share buy-backs

With a slightly improved financial result of EUR -0.8 m and tax expense of EUR 7.1 m, profit after tax rose to EUR 20.3 m, broadly in line with EBIT. However, after deducting minority interests – which rose by more than a third to EUR 2.1 m – net profit increased by just 2.7 percent to EUR 18.2 m. But because the number of shares has fallen again as a result of ongoing share buy-backs, M+M was nevertheless able to report a 5 percent increase in earnings per share to EUR 1.11.

Free cash flow doubled

Operating cash flow was very strong in the first half of the year, rising by 73 percent year-on-year to EUR 25.5 m, equivalent to one-fifth of revenue. As cash outflows for investments fell slightly to EUR 4.4 m at the same time, free cash flow actually rose by 110 percent to EUR 21.2 m. A key factor in this was the significantly reduced growth in net working capital, whose negative impact on liquidity declined from EUR -13.8 m to EUR -2.6 m. This reflects the gradual normalisation of trade payables to Autodesk, the sharp build-up and subsequent reduction of which in recent years had caused very significant fluctuations in operating cash flow.

Dividend shapes financing cash flow

As in the previous year, cash flow from financing activities was shaped by the dividend payment, which caused a cash outflow of EUR 32.6 m. Together with payments for leases (EUR 3.4 m) and dividends to minority shareholders (EUR 1.5 m), reduced by net borrowing of EUR 10.6 m and an accounting effect arising from the issue of a portion of the company's own shares as part of the share dividend (EUR 6.4 m), this resulted in a cash flow from financing activities of EUR -20.8 m. Overall, balance-sheet liquidity remained largely unchanged in the first half of the year and stood at EUR 16.1 m as at 30 June.

Equity ratio lower

With total assets falling only slightly to EUR 197.9 m, the dividend payment, combined with net borrowing, led to a decline in the equity ratio from 42.1 percent at the start of the year to 38.5 percent at the end of June. In absolute terms, equity fell by 10 percent to EUR 76.2 m. At the same time the holding of treasury shares – the value of which is deducted from equity – has fallen from EUR 32.2 m at the end of December to EUR 22.6 m. This holding currently comprises 487,504 shares, which were purchased at an average price of EUR 45.655.

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 between 6 and 10 percent, on the basis of which EBIT and net profit are each expected to improve by between 11 and 19 percent. In absolute terms, the target for 2026 is an EBIT of between EUR 54.5 and 58.5 m and an EPS of between 211 and 226 cents. If these targets are met, the dividend for 2026 is set to rise to between 220 and 240 cents per share. The target of doubling profits again by 2030 to more than 380 cents per share also remains unchanged.

Estimates slightly revised

The reported Q2 figures were slightly better than we had expected in terms of the Software business, but weaker than anticipated in the Digitization segment.

m Euro	12 2026	12 2027	12 2028	12 2029	12 2030	12 2031	12 2032	12 2033
Sales	255.3	280.8	306.1	332.1	360.3	391.0	424.2	460.3
Sales growth		10.0%	9.0%	8.5%	8.5%	8.5%	8.5%	8.5%
EBIT margin	21.8%	22.5%	23.3%	24.0%	24.5%	25.0%	25.5%	26.0%
EBIT	**55.6**	**63.2**	**71.2**	**79.6**	**88.4**	**97.8**	**108.3**	**119.8**
Tax rate	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%	28.8%
Adjusted tax payments	16.0	18.2	20.5	22.9	25.5	28.2	31.2	34.5
NOPAT	**39.6**	**45.0**	**50.7**	**56.7**	**62.9**	**69.6**	**77.1**	**85.3**
+ Depreciation & Amortisation	5.8	6.5	6.9	7.2	7.4	7.6	7.8	8.0
+ Increase long-term accruals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Others	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross operating Cash Flows	45.4	51.5	57.5	63.9	70.4	77.2	84.9	93.2
- Increase Net Working Capital	-15.9	0.1	0.0	0.0	0.0	0.0	-0.1	-0.1
- Investments in fixed assets	-7.9	-6.1	-6.4	-6.5	-6.8	-7.0	-7.2	-7.4
Free Cash Flows	**21.6**	**45.4**	**51.2**	**57.3**	**63.6**	**70.2**	**77.7**	**85.7**

SMC estimation model

Overall, the latter aspect carries slightly more weight, which is why we have decided to revise our estimates downwards slightly. We now expect gross profit for 2026 to be EUR 193.8 m, EBIT to be EUR 55.6 m and earnings per share to be 211 cents (previously: EUR 195.6 m / EUR 55.8 m / 217 cents). It should be noted that the EPS estimate does not yet take into account any further share buybacks, although we do expect these to take place. Overall, our new estimates remain within the target ranges confirmed by M+M, though they are now slightly closer to the lower end. The changes have also affected subsequent years, which is why the target revenue for 2033 is now slightly below the previous figure (EUR 460.3 m instead of EUR 464.6 m). The target EBIT margin, however, remains unchanged at 26.0 percent. The model-based business performance for the years 2026 to 2033, derived from our assumptions, is shown in the table above. Detailed overviews of the expected balance sheet, income statement and cash flow statement can be found in the Annex.

New price target: EUR 65.00

Based on an unchanged discount rate of 7.0 percent and unchanged assumptions regarding the terminal value (a 10 percent safety margin on the target margin, perpetual growth of 1 percent), the fair value now stands at EUR 1,088.4 m or EUR 65.32 per share, from which we derive the new price target of EUR 65.00 (previously: EUR 66.00; a sensitivity analysis for determining the price target is included in the Annex). On a scale of 1 (low) to 6 (high), we continue to rate the forecast risk as two points, which is below average.

Conclusion

In the first half of the year, Mensch und Maschine managed to increase its gross profit only slightly – by 1.9 percent to EUR 95.1 m – but once again succeeded in improving its profit at a faster rate than that. EBIT rose by 5.2 percent to EUR 28.1 m, while net profit – which was weighed down by a sharp increase in minority interests – nevertheless rose by 2.7 percent to EUR 18.2 m. Consequently, the momentum for the entire first half of the year remained below the level seen in the first quarter, which was attributable to a slowdown in the Autodesk business within the Digitization segment during the months of April to June. This was due to the unfavourable timing of the renewal cycle for three-year licence agreements for Autodesk software and is therefore expected to be only temporary; all the more so, given that M+M is satisfied with the development of the segment's proprietary business (services and training) as well as with the momentum of new business. The performance of the Software business in the second quarter was very encouraging; according to M+M, it benefited from a noticeable and, above all, broad-based upturn in demand. Among other things, M+M is seeing increased demand from the semiconductor and energy sectors and attributes this to the investment boom in the AI sector.

Against this backdrop, Mensch und Maschine is confident that it will achieve its own profit targets for 2026 (+11 to +19 percent). We, too, expect Mensch und Maschine to succeed in this, although we have slightly revised our estimates downwards within these target ranges. We now expect EBIT for the current year to rise from EUR 49.1 m to EUR 55.6 m and EPS to increase from EUR 1.91 to EUR 2.11.

On this basis, our valuation model arrives at a fair value of EUR 65.00, which is well above the current share price and thus indicates that the share is significantly undervalued. As we are also fully convinced of the company, its positioning and its strategy in other respects, we confirm our 'Strong Buy' rating.

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 the hands of the founder.
- 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 and 2025, 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

- The increasing importance of digitization projects is likely to further boost the development. The growing use of AI could increase internal productivity and, through its impact on price and quality, further fuel the digitzation trend.
- With its expertise in BIM and bridge and tunnel construction, M+M is targeting attractive markets that are likely to receive a further boost from government spending programmes.
- With the eXs software, M+M has a modern product for an attractive market in which there is nothing comparable on offer.
- The projected growth in profits is expected to go hand in hand with a sharp rise in dividends.
- Following the recent slump in software share prices, M+M is attracting investors with its attractive valuation and high dividend yield.

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 rise of AI could have a disruptive impact on established business models and lead to fiercer competition.
- A decline in Autodesk's competitiveness would have a significant 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	2025 act.	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
ASSETS									
I. Total non-current	125.1	126.6	126.2	125.7	125.1	124.5	123.8	123.2	122.6
1. Intangible assets	81.7	81.3	79.1	77.0	75.1	73.3	71.7	70.1	68.6
2. Tangible assets	35.9	38.1	40.0	41.5	42.8	44.0	45.0	45.9	46.8
II. Total current assets	76.1	70.0	74.2	79.8	90.2	103.4	117.9	134.0	151.6
LIABILITIES									
I. Equity	84.8	90.0	96.0	102.7	112.5	122.9	134.1	146.7	160.5
II. Accruals	13.3	13.7	14.0	14.4	14.7	15.1	15.4	15.8	16.2
III. Liabilities									
1. Long-term liabilities	40.6	43.1	41.3	39.6	38.7	38.7	38.7	38.7	38.7
2. Short-term liabilities	62.5	49.8	49.1	48.7	49.4	51.3	53.4	55.9	58.8
TOTAL	**201.2**	**196.6**	**200.4**	**205.5**	**215.3**	**227.9**	**241.7**	**257.1**	**274.2**

P&L estimation

m Euro	2025 act.	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Sales	238.6	255.3	280.8	306.1	332.1	360.3	391.0	424.2	460.3
Gross profit	181.9	193.8	211.7	231.5	251.9	273.8	297.5	323.3	351.4
EBITDA	60.4	68.0	76.3	84.6	93.4	102.4	112.0	122.7	134.3
EBIT	49.1	55.6	63.2	71.2	79.6	88.4	97.8	108.3	119.8
EBT	47.1	54.2	61.6	69.7	78.3	87.3	96.7	107.4	119.0
EAT (before minorities)	34.9	38.6	43.9	49.6	55.8	62.1	68.9	76.5	84.7
EAT	31.8	35.1	39.9	45.2	50.8	56.5	62.7	69.6	77.1
EPS	1.91	2.11	2.40	2.71	3.05	3.39	3.76	4.18	4.63

Annex III: Cash flows estimation and key figures

Cash flows estimation

m Euro	2025 act.	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
CF operating	16.6	36.9	57.0	63.1	69.5	76.1	83.1	90.8	99.2
CF from investments	-11.0	-7.9	-6.1	-6.4	-6.5	-6.8	-7.0	-7.2	-7.4
CF financing	-32.3	-38.4	-51.5	-56.3	-58.0	-61.8	-67.7	-74.0	-81.0
Liquidity beginning of year	43.0	15.8	6.4	5.7	6.2	11.2	18.8	27.2	36.8
Liquidity end of year	15.8	6.4	5.7	6.2	11.2	18.8	27.2	36.8	47.6

Key figures

percent	2025 act.	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Sales growth	-26.8%	7.0%	10.0%	9.0%	8.5%	8.5%	8.5%	8.5%	8.5%
Gross profit growth	4.2%	6.5%	9.2%	9.4%	8.8%	8.7%	8.7%	8.7%	8.7%
Gross margin	76.2%	75.9%	75.4%	75.6%	75.9%	76.0%	76.1%	76.2%	76.3%
EBITDA margin	25.3%	26.6%	27.2%	27.7%	28.1%	28.4%	28.6%	28.9%	29.2%
EBIT margin	20.6%	21.8%	22.5%	23.3%	24.0%	24.5%	25.0%	25.5%	26.0%
EBT margin	19.7%	21.2%	21.9%	22.8%	23.6%	24.2%	24.7%	25.3%	25.8%
Net margin (after minorities)	13.3%	13.7%	14.2%	14.8%	15.3%	15.7%	16.0%	16.4%	16.7%

Annex IV: Sensitivity analysis

	Perpetual cash flows growth				
WACC	**2.0%**	**1.5%**	**1.0%**	**0.5%**	**0.0%**
6.0%	94.82	86.40	79.68	74.18	69.61
6.5%	83.63	77.14	71.84	67.43	63.69
7.0%	74.70	69.58	**65.32**	61.72	58.64
7.5%	67.41	63.30	59.82	56.84	54.26
8.0%	61.35	57.99	55.11	52.62	50.44

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 23.07.2026 at 7:45 and published on 23.07.2026 at 8:15.

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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).
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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**
27.04.2026	Strong Buy	66.00 Euro	1), 3), 4)
20.03.2026	Strong Buy	68.00 Euro	1), 3), 4)
13.02.2026	Strong Buy	68.00 Euro	1), 3), 4)
24.10.2025	Strong Buy	70.00 Euro	1), 3)
24.07.2025	Strong Buy	68.00 Euro	1), 3)
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)

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.

III) Cooperation with BankM

1) This study is being shared by BankM AG in accordance with Article 8(1) and (2) of Delegated Regulation (EU) 2016/958. BankM AG is subject to supervision by the Federal Financial Supervisory Authority (BaFin), Graurheindorfer Straße 108, D-53117 Bonn and Marie-Curie-Straße 24-28, D-60439 Frankfurt am Main.
BankM AG

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