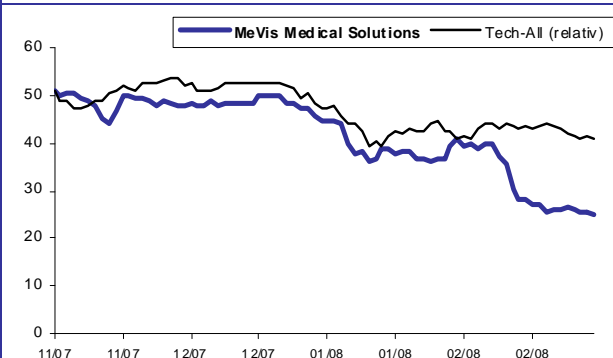


**Buy**      Risk:      Price target: **EUR 50.00**      **Promising positioning**

Initial coverage

Bloomberg: M3V GY      Price: EUR 24.80  
 Reuters: M3VG.DE      Tech-AS: 891.72  
 ISIN: DE000AOLBFE4  
 Internet: www.mevis.de  
 Segment: Prime Standard  
 Sector: Medical technology



Share data: Bloomberg      06.03.2008 / Closing price

High / Low 52 W: EUR 53.89 / EUR 24.80  
 Market cap: EUR 45.15 m  
 No. of shares: 1.82 m

Shareholders: Dr. Carl J.G. Evertsz 19.45%  
 Prof. Dr. Heinz-Otto Peitgen 19.45%  
 Dr. Hartmut Jürgens 16.53%  
 Pathfinder VV GmbH 2.90%  
 Own shares 2.07%  
 Freefloat 39.60%

Calendar: Annual report 2007 25.04.2008  
 Figures Q1/08 27.05.2008

**Analysis: SES Research**

Date of publication: 07.03.2008  
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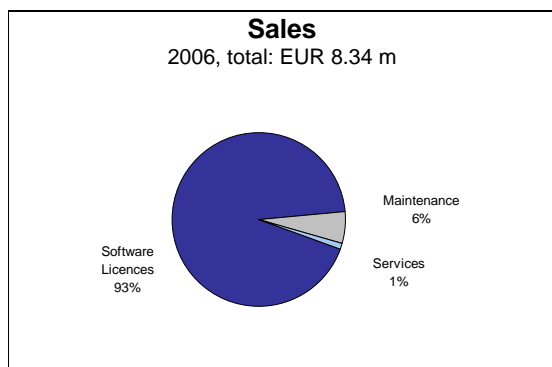
MeVis is a leading and independent software company in the field of medical imaging for medical devices. Its products are distributed by leading medical engineering companies (OeMs) such as Siemens, Hologic, Invivo (Philips). The **earliest possible occupation** of promising new technology fields in **mass indications** (such as breast cancer screening) is already securing the competitive position, while the new equipment generations by OEMs are still being developed. This positioning, which compared to competitors is outstanding, is only possible by way of MeVis's network (more than 100 clinical partnerships, shareholdings in the non-profit MeVis Research GmbH). OEMs value the know-how and the access of MeVis' employees to the state-of-the-art scientific research and give MeVis a valuable insight into the industrial R&D projects of internationally market-dominating medical engineering groups. **MeVis has already become the global market leader in three areas (e.g. in the field of digital mammography).**

**However, this was not reflected in sales and earnings in 2007. To the contrary: The figures considerably fell short of expectations.** After preliminary figures for 2007 sales decreased from EUR 8.3 to EUR 7.3 m in 2007. There are several reasons for this: Price reduction and restructuring of the licence model with a main customer, surprising change of the invoicing modalities with another important customer but also the negative development of US\$ as well as the consideration of IPO costs led to an earnings decrease in EBIT to a balanced level. The short as well as the long-term expectations have to be corrected considerably. Additionally, there is need for optimisation in the group's controlling and communication. Despite the unpleasant development, the growth of licenses sold was very high. The numbers of licences sold of the product "MeVis BreastCare" (72 % of group sales) and the "Breast MRI and Biopsy" product (22%) increased 60% and 67 respectively in 2007.

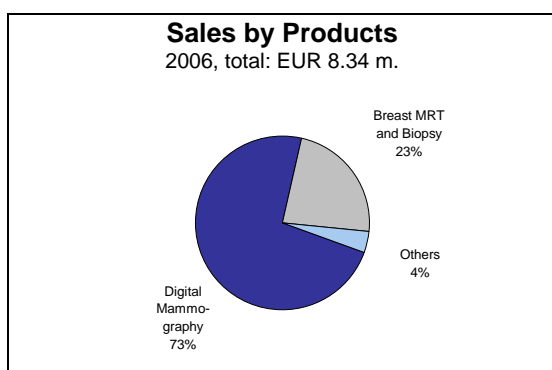
Based on the existing product portfolio and disregarding the medium to long-term earnings potential, the peer group valuation (EV/EBIT 2009 and 2010) leads to a value of EUR 45 and EUR 53 per share respectively. This short-term oriented valuation approach penalises the expansion of development activity pursued by the company. The DCF model, which considers the results of development activity of MeVis, indicates a **valuation of EUR 57 per share**. Thus, the company seems considerably undervalued with an estimated net liquidity of roughly EUR 16 per outstanding share as of 12/2007. **We initiate the coverage of the share with a 12-month PT of EUR 50.**

Fiscal year ending	12/05	12/06	12/07e	12/08e	12/09e
In EUR m					
Sales	4.0	8.3	7.3	9.5	14.5
Gross margin	95.9%	94.9%	93.5%	126.9%	114.2%
EBITDA	1.7	5.0	0.5	3.8	7.7
EBITDA-margin	42.0%	59.9%	7.3%	39.5%	53.4%
EBIT	1.5	4.7	0.0	2.4	4.9
EBIT-margin	37.2%	56.8%	0.3%	25.2%	33.6%
Net Income	-0.8	2.9	0.1	3.0	4.3
EpS	-	-	0.05	1.63	2.37
DPS	-	-	0.00	0.00	0.00
Dividend Yield	-	-	0.0%	0.0%	0.0%
EV/Sales	-	-	1.46	1.13	0.74
EV/EBITDA	-	-	20.16	2.85	1.39
EV/EBIT	-	-	571.16	4.48	2.21
PER	-	-	496.00	15.21	10.46
ROCE	112.6%	104.1%	0.1%	7.3%	13.3%
Adj. Free Cash Flow Yield	n.m.	n.m.	3.3%	8.4%	38.8%

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Source: MeVis



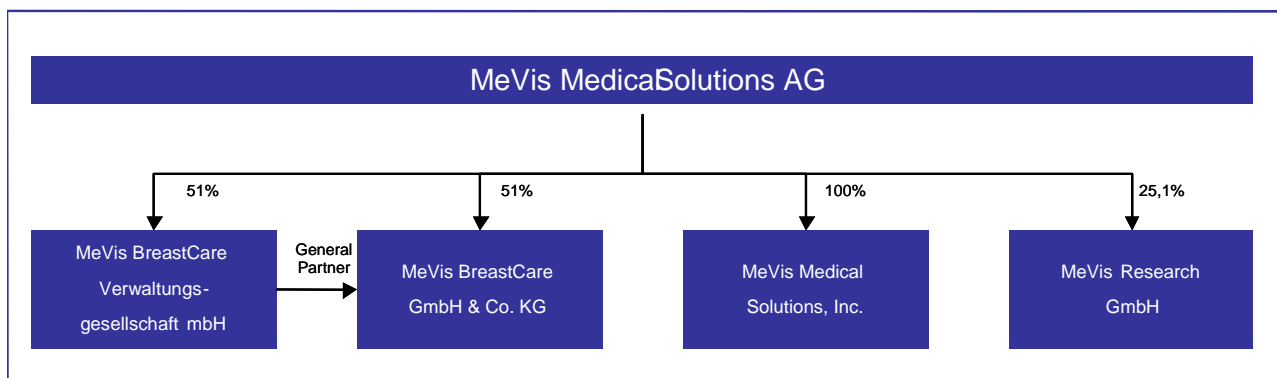
Source: MeVis

### Leading provider of software solutions for the image-based visualisation

The origin of MeVis Medical Solutions AG, founded in 1998, goes back to the year 1992, when CeVis (Center for Complex Systems and Visualization) was founded at the University of Bremen. Prof. Peitgen, today's principal shareholder and supervisory board chairman of MEVIS AG, particularly had a significant impact. The deciding impulses for the conception of MeVis were delivered by way of start-up projects from CeVis with the German Cancer Research Center in Heidelberg and the University of Marburg. Through the non-profit subsidiary MeVis Research GmbH, the company is closely connected to the scientific world.

MeVis Medical Solutions AG was created with the goal of developing and marketing commercially successful disease-related products on the basis of the scientific successes in the field of research. Since its founding, MeVis has been active in the field of computer assistance of imaging-based, medical diagnostics and therapy and today has 74 employees (consolidated as of December 31, 2007).

MeVis has managed to become one of the world's leading suppliers of software solutions for the image-based medicine. This development is based much on the success in the field of digital mammography. Together with Hologic and Siemens, MeVis's solutions dominate this segment today. In addition, MeVis has a broad range of products at its disposal, some of which are already on the market or in the final stage of development.



Source: MeVis, MeVis BreastCare is a JV with Siemens AG (49%)

### Unique strategic positioning

The very high market dynamic is based on the following characteristics:

- The revolutionary change in device technology with more and more efficient, but also more complex imaging procedures
- The extensive digitalisation of imaging and clinical work processes

In this field MeVis is pursuing a strategy of early market occupation in new fields of medical imaging technology. At the focus here are products for mass markets (such as breast cancer screening or computer-aided neurosurgery). **MeVis features the ability to occupy market niches very early on compared to its rivals.** This strategy is based on a combination of important factors:

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- **Excellence of employees:** The scientific excellence of the employee team surrounding Prof. Peitgen (founder of the MeVis Group) and Dr. Carl J. G. Evertsz forms the basis for the first-class expertise of the company. MeVis's employees include top researchers in the field of computer-aided medicine.
- **Global partner network with R&D centres and clinics:** MeVis supports long-term and interdisciplinary co-operations with more than 100 clinics and leading research centres in Germany, Europe, the US and Asia. The high market proximity of MeVis is again and again the root of product innovation.
- **MeVis Research GmbH:** The non-profit MeVis Research GmbH, in which MeVis Medical Solutions holds a 25.1% share, has a key role in the R&D network. The managing director here is the Chairman of the Supervisory Board of MeVis AG, Prof. Peitgen (see above). This connection means very good access to innovative basic research for the Group through which early IP rights for marketable product ideas can be secured.
- **Technology leadership:** With the MeVis application platform, the company has a proprietary platform for software development in imaging-based medical diagnostics. This allows for an efficient and systematic product development with a considerable shortening of the time-to-market through the process of rapid prototyping.
- **Partnerships with leading equipment manufacturers:** MeVis supports partnerships with the globally leading medical engineering OEMs. The following examples are mentioned here: together with Siemens, a joint venture has been undertaken (MeVis Breastcare) through which the leading products in the field of digital mammography can be marketed. The most important supplier of digital mammogram devices (Hologic) uses exclusively MeVis software for its digital mammography workstations. There is also a co-operation with Invivo/Philips in the field of MRI and biopsy.

The major aspect of the strategy and uniqueness of MeVis lie in its close co-operation with OEMs and its ability to offer these manufacturers marketable, technological products early on. Billion EUR groups such as Siemens, Hologic and Invivo/Philips have already impressively shown that this approach has stood the test of time.

## Very disappointing earnings development - but strong licence growth

Slightly increasing sales and a clearly more positive EBIT were expected at the time of IPO despite a one-off price decrease in the core business MeVis BreastCare. These expectations were not met.

Following the preliminary 2007 figures sales dropped from EUR 8.3 to EUR 7.3 m in 2007. Besides a generally weak Q4 there are several reasons for the failure to meet expectations for 2007:

- The price decrease led to good licence sales, but failed to meet the company's high sales expectation in the second half of the year (effect is approximately EUR 0.4 m in Q4).
- A change of invoicing modalities with Philips/Invivo had an impact of above EUR 1 m compared to our estimates. MeVis no longer invoices the license delivered, but takes the time of installation into consideration. This leads to the fact that revenues are delayed by an estimated 3-6 months.

### Product overview

#### Most important products:

- BreastCare Workstation (imaging software in the field of digital mammography)
- Breast MRI and Biopsy (imaging software for MRI of the breast)

#### Most important product launches 2008/09:

- DynaCAD Neuro MRI (imaging software for MRI of the brain)
- 3D Ultrasound Breast (imaging software for ultrasound of the breast)
- 3D CT Lung (imaging software for CT of the lung)
- Breast Tomosynthesis (three-dimensional imaging software in digital mammography)

Source: MeVis

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- These effects also include the significantly negative development of the US dollar over the last few months. This development also reduces the sales basis of the periods to come as nearly all the revenues of the group are generated in US dollar.

The lower license sales have an almost completely negative impact on the earnings situation due to the high degree of development costs in the cost structure. Additionally, there were higher other operating expenses and the consideration of non-attributable IPO costs (approx. EUR 0.9 m).

In addition to the conservative expectation for 2008 the company expects delays with respect to the product introduction of 3-6 months. The short and long-term expectations have to be considerably corrected. This considerable failure and its diverse reasons (especially the change of invoicing modalities with Philips/Invivo) shows that the group's controlling and communication need to be optimised.

Despite the unpleasant development the growth of licenses is high. MeVis is active in an one of the most interesting growth markets of medical technology: Medical imaging. This market is one of the most important growth segments of the Healthcare sector with an annual growth of roughly 8% and an estimated market volume of over USD 20 bn. Especially the technological change (substitution) of analogous systems by digital systems is an additional significant growth driver of this market. Software for digital imaging is the strategic focus of MeVis.

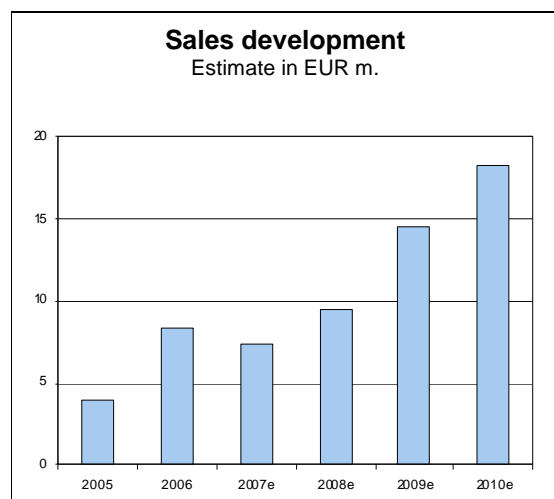
**MeVis generates its sales almost exclusively indirectly through the manufacturers of the equipment (OEMs),** who purchase software licences from MeVis. For MeVis, this means that revenues are generated almost exclusively from licences and maintenance and there are practically no distribution costs.

**MeVis's most important OEM partner is Hologic Inc., followed by Siemens and Invivo/Philips.** MeVis' strongest product at the moment in terms of unit sales is the visualisation software for digital mammography equipment (approx. 70% of Group revenues). The number of licences sold increased by roughly 200% from 300 in 2005 to 937 in 2006 and by further 60% to 1,503 in 2007(e). It can be assumed that the number of licences sold will also continue to grow heavily in 2008. The product "Breast MRI and Biopsy" also continues to gain significance. With a growth rate of licences sold of also some 200% in 2006 and 76% in 2007, this product now occupies a share of Group sales of 22%. Invivo (100% subsidiary of the Philips Group) has been won over as an OEM partner.

The four most important upcoming product releases of MeVis are "DynaCAD Neuro MRI", "3D-Ultrasound Breast", "3D-CT Lung" and "Breast Tomosynthesis". These will likely be introduced in 2008 and 2009 and also feature unit sales potentials in the area of the existing products. In addition, MeVis today is already working on **diverse additional products, which should keep the company on a very dynamic growth path in the long term.**

**More than 90% of sales at MeVis come from licences.** This is a unique ratio in the German software market. We are assuming that the licence share will remain high due to the marketing through OEMs.

With new products, MeVis is attuned to OEMs (high market orientation) and takes advantage of the customer relations, the sales strengths and the installed basis of the OEM. Up to now MeVis has only worked together with selected OEMs. It is planned to broaden the basis of potential partners (OEMs) significantly and to expand the collaboration with the existing OEMs to include additional disciplines.



Source: MeVis (reported figures), SES Research (estimates)

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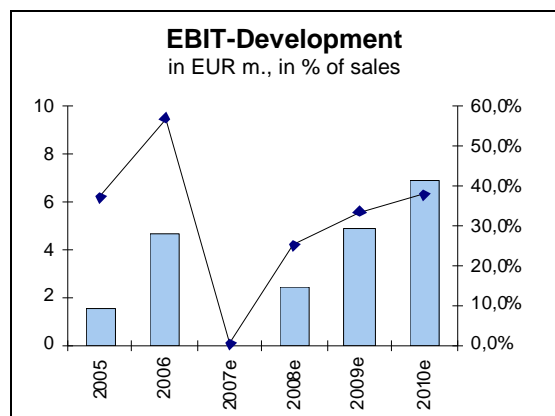
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Source: MeVis (reported figures), SES Research (estimates)

The medium-term dynamic of the earnings trend in particular is characterised by a high degree of scalability. This is the result of the following structural characteristics of the income statement and is illustrated in the chart on the side:

- The sales of MeVis are primarily licence sales from product developments of the previous years. The costs of each year arise mainly in the scope of the development of new products and are thus largely independent of the sales generated.
- The existing sales dynamic will get additional impulse from important product launches in 2008/09.
- Due to continuously high development achievement, personnel expenses are rising sharply (approx. linear) and in 2007 and 2008 will overlap the impressive scalability of the business model seen in the last few years also due to the mentioned burdening special factors.
- This results in an exponential earnings increase from 2009/2010.

For 2010 we expect a sales impulse based on the products introduced in 2008/09 (see chart). In that year personnel expenses will rise under-proportionately and the margin will increase considerably again. The margin of 2006 will not yet be reached again in our estimates, though EBIT will be approx. EUR 7 m. This will be generated from products that are already marketed today or have already been mostly developed.

Due to the continuously high development activities of MeVis, it is likely that the high growth will also continue as of 2010. However, the valuation includes a more conservative earnings forecast.

### Income Statement MeVis Medical Solutions

Income Statement (in EUR m)	2005	2006	2007e	2008e	2009e
<b>Sales</b>	<b>4.0</b>	<b>8.3</b>	<b>7.3</b>	<b>9.5</b>	<b>14.5</b>
Change in inventories / Assets capitalised	0.0	0.0	0.0	2.7	3.4
<b>Total Sales</b>	<b>4.0</b>	<b>8.3</b>	<b>7.3</b>	<b>12.2</b>	<b>17.9</b>
COGS	0.2	0.4	0.5	0.1	1.3
Personnel expenses	1.4	2.3	4.1	7.0	9.1
Other operating income	0.2	0.9	1.0	0.6	2.3
Other operating expenses	0.9	1.5	3.3	1.9	2.0
<b>EBITDA</b>	<b>1.7</b>	<b>5.0</b>	<b>0.5</b>	<b>3.8</b>	<b>7.7</b>
<b>EBIT</b>	<b>1.5</b>	<b>4.7</b>	<b>0.0</b>	<b>2.4</b>	<b>4.9</b>
<b>EBT</b>	<b>1.1</b>	<b>4.5</b>	<b>0.1</b>	<b>3.6</b>	<b>5.9</b>
<b>Net Profit</b>	<b>-0.8</b>	<b>2.9</b>	<b>0.1</b>	<b>3.0</b>	<b>4.3</b>

Sources: MeVis (reported data), SES Research (estimates)

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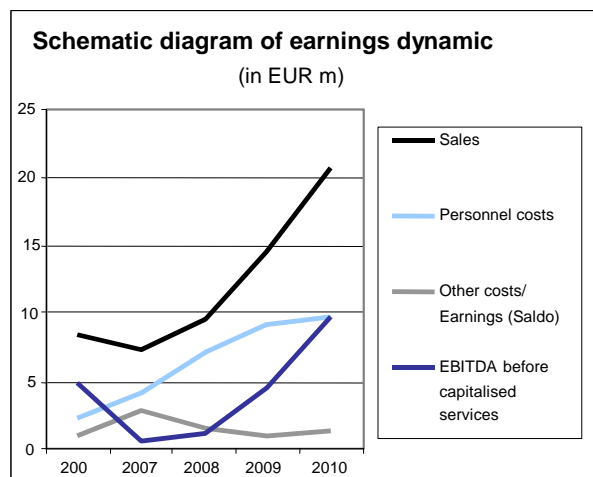
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Source: SES Research

## Valuation

The pre-money valuation of MeVis is based on 3 valuation methods:

- The **DCF model** indicates a fair value of roughly EUR 57 per share.
- The adjusted **Free Cash Flow Yield** for 2009e and 2010e respectively suggests a fair value of EUR 43 (2009e) and 61 (2010e) respectively with significant upside potential in the subsequent years.
- The comparison with an overall inhomogeneous **peer group** from larger peer companies gives an inconsistent picture. For MeVis the peer group indicates a valuation indication of roughly EUR 45-53 per share.

The valuation methods show very different results due to the specific earnings trend at MeVis. While the DCF model considers the results of the rising development costs, these are disregarded by the rather short-term oriented approaches (FCF model and multiples). Against this background the deliberately rising development budgets of the management have a "value-decreasing" effect especially when applying multiples.

The DCF model shows the situation of MeVis in the most meaningful way, as it takes into consideration not only the development costs accruing in the short term, but also the long-term additional sales expected from this.

However, the lower visibility of the new products should be kept in mind. **A valuation of roughly EUR 50 seems adequate as a balanced valuation indication.**

## Newsflow

MeVis's newsflow is characterised by the quarterly figures and above all the operating developments. We are assuming that the company in the next few years will above all

- intensify and expand its partnerships with existing OEMs,
- win over new OEMs and partners for products,
- be able to report on larger licence deals and
- report additional product releases and developments
- publish announcements in a scientific context

The most important event of the upcoming newsflow will be the Q1 figures which are planned to be published on May 27, 2008. We are assuming that they will be very positive as the first (out-of-phase) payments from Philips/Invivo can be expected.

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MeVis develops **disease-related software solutions** for medical imaging technology. As diagnosis and analysis tools, MeVis solutions support medical specialists in the diagnosis and therapy of specific diseases and in the intervention and surgical procedures. The focus of the company's products lies in the field of cancer and nervous system disorders. MeVis software systems are used in the full scope of imaging procedures (modalities): computer tomography (CT), digital mammography, magnetic resonance imaging (MRI), positron emission tomography (PET) and ultrasound (US). MeVis software is distributed through licence partnerships with medical technology manufacturers (OEMs).

### Market dynamics in medical imaging

The global market of medical imaging is shaped by two fundamental technological trends.

- The **revolutionary change in equipment technology** brings about more and more efficient and complex imaging procedures with every new generation. The improved diagnosis quality of these procedures drastically expands the areas of their application and particularly opens up new specific diseases for diagnosis and therapy options.
- An extensive **digitalisation of clinical work processes** is taking place parallel to the rapid equipment-technological advances. This development gives computer-aided diagnosis and therapy procedures more significance and makes increasingly high demands on complex requirements of disease-related software solutions.

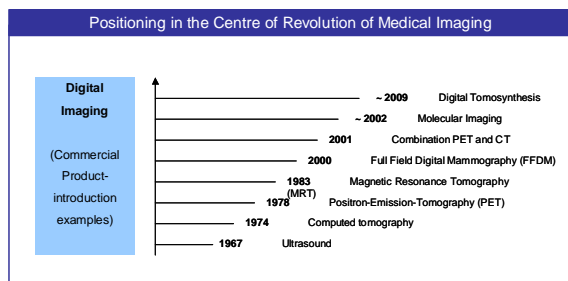
This rapid advance in medical imaging technology can be found in nearly all medical disciplines and will continue as such.

The **high development dynamic** on the level of imaging equipment technology is thus characterised by a trend towards higher resolutions and the transition to 3D and 4D pictures, associated with an explosion in the amount of data. Innovation leaps furthermore result from the combination of CT with other imaging techniques (hybrid systems) as well as the use of innovative methods for the display of physiological functions such as metabolic activities, tissue-specific diffusion properties etc. (**functional imaging**). A new, revolutionary branch of image-based medical engineering with high degrees of diagnostic and therapeutic potential is based on the use of novel contrast agents and the molecular detection of disease-related biomarkers (**molecular imaging**).

### Product strategy: early market occupation in new fields of medical imaging technology

In this highly dynamic market of medical imaging, which is characterised by constant technological change, MeVis is pursuing a disease-related product strategy with which the company can occupy newly forming market niches early on and create high market entry barriers. The company gets its central strengths from the consequent implementation of this product strategy.

The **earliest possible identification of promising new fields of technology (emerging technologies)** forms the core of MeVis's strategic approach. Due to its superior device-related innovations, these have the potential to emerge as a new diagnostic or therapeutic standard procedure and replace existing technologies in the market. The focus thus lies on **products for mass markets**. In its selection of medical innovations, MeVis relies on equipment technology that allows for use in mass indications (such as breast cancer screening) or to open up completely new fields of therapy with very broad applications (e.g. computer-aided neurosurgery).



Source: MeVis

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The company generates the first-class expertise for future developments in equipment technology and the necessary market know-how from the specific **combination of its own high degree of R&D expertise and its global co-operation network** with leading partners in industry, research and clinics. The intensive networking with medical technology companies, the scientific community and leading radiologists is unique. The privileged access to this enormous knowledge base is converted into product ideas in close co-operation with top researchers at MeVis Research GmbH under Prof. Peitgen. This **know-how and development advantage** is becoming the **deciding characteristic differentiating MeVis from its competitors**. In a very early stage, in which the new equipment generations of OEMs are still undergoing research and development, MeVis begins early with its own development of disease-related software solutions for this medical equipment. This puts MeVis in a position to offer well-engineered software solutions at minimal competitive intensity as soon as the respective OEM products become ready for marketing.

MeVis uses its **first mover advantage** in order to finalise early development and licence partnerships with technology and market leaders among the OEMs in the relevant market segment. Co-operations with the globally leading manufacturers give rise to expectations of **fast market penetration** and a trend towards **high market shares** due to the strong OEM distribution structures after the product's market introduction. MeVis itself concentrates on the distribution and licensing of its software to OEM partners.

MeVis's **excellent competitive quality** is critically based on the following unique selling propositions:

- Global partner networks with R&D centres and clinics
- Technology leadership
- Highly specialised employees
- Partnerships with leading equipment manufacturers

#### **Global partner networks with R&D centres and clinics**

MeVis supports long-term and interdisciplinary **co-operations with more than 100 clinics and leading research centres** in Germany, Europe, the US and Asia. The co-operation partners include the world's leading clinics from the fields of radiology and surgery as well as internationally renowned top researchers from the fields of information technology, science and engineering. These partnerships represent a key asset for the innovation process as well as the chances of success for MeVis products on the market. MeVis primarily gets its expertise on diagnosis methods, future trends in therapy and diagnostics and regulatory framework conditions from clinical partners and through the participation in medical congresses. MeVis's professional reputation enables the **access to the best in its field**. The close integration of hospital doctors enables user knowledge to be directly integrated into the development process and guarantees an understanding of the workflow requirements of the MeVis software in everyday clinical matters. Important competitive advantages result from the networks for distribution and marketing activities: **leading clinics and medical professionals promote the awareness of MeVis products as multipliers and opinion leaders** in the relevant market of clinics and medical specialists and give the establishment of the MeVis brands impulse as a central component of the company's independent product strategy. In addition to OEM distribution, partner networks also offer additional potential as a direct sales channel for MeVis's niche products and services.



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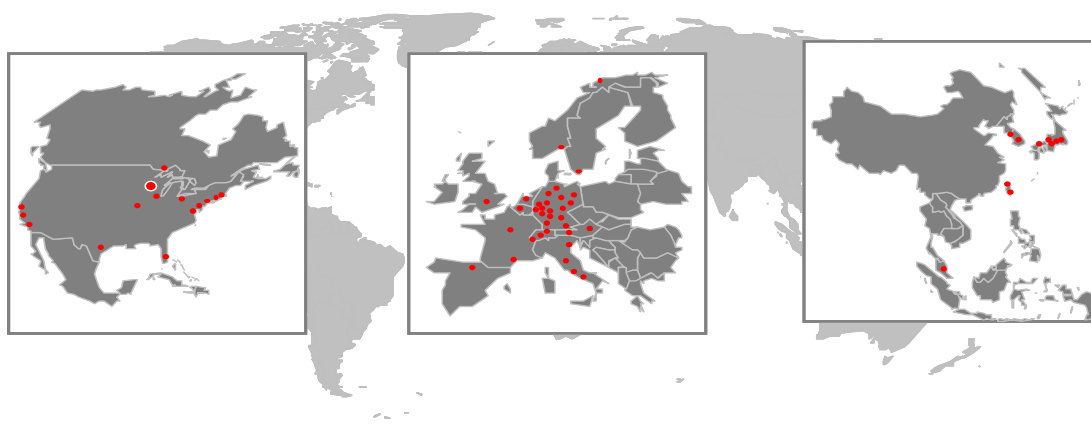
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## Partnerships with over 100 clinics and R&amp;D-centres worldwide



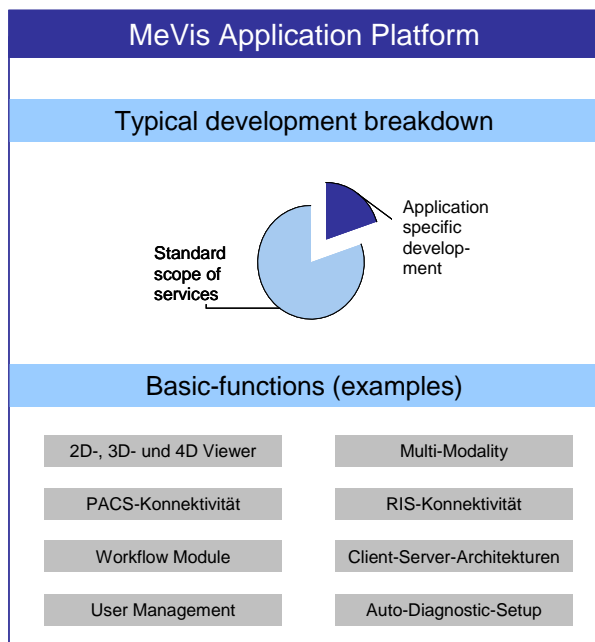
Source: MeVis

The non-profit **MeVis Research** GmbH, in which MeVis Medical Solutions holds a 25.1% share, has a **key role** in the R&D network. MeVis Research is an **internationally leading research and development centre** in the field of computer-aided medicine. More than 750 publications since its founding in 1995 prove the high innovation strength and productivity of the research team surrounding Prof. Peitgen. As a think-tank, MeVis Research operates the independent basic research in image analysis, visualisation and operation planning without directly pursuing commercial interests. With the shareholding and the management by Prof. Peitgen, **MeVis Medical Solutions** is the **preferred development and commercialisation partner** of MeVis Research. Built on the pool of highly innovative problem solutions developed by MeVis Research, MeVis Medical Solutions uses the subsidiary as a partner for the transfer of know-how. Through the targeted awarding of **contract research**, MeVis Medical Solutions finances promising development projects and **secures the IP rights for marketable product ideas early on**. In contrast, the basic research of MeVis Research is predominantly financed from third-party funds of public sponsorship programmes (DFG, BMBF, EU projects).

The budget of MeVis Research is around EUR 4.5 m p.a., thereof around EUR 1.1 m basic financing, of which MeVis Medical Solutions AG contributes its share (25.1%). On March 5, it was announced that MeVis Research GmbH is in talks on a conversion to become a Fraunhofer institute and the city of Bremen will provide EUR 11 m from the EFRE programme (European fund for regional development) in the next 5 years. Together with other third funds to be expected MeVis thus has a significantly broader and safer financing basis. This enables a substantial capacity increase and thus a more extended fundamental research, the results of which will also be beneficial for MeVis Medical Solutions AG. Being under the roof of Fraunhofer Gesellschaft would allow for another substantial increase of the research funds available. The research and development activities of MeVis Research could then be doubled within a few years and expanded to other areas of research. Above all, this would signify a significantly better and technologically broader access to research results which can be commercially used by MeVis group.

The stake in the MeVis Research, which costs MeVis annually roughly 0.3 m EUR would be given up, however, MeVis has unchanged access to research results first-hand as the chairman of the

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Source: MeVis

supervisory board, Prof. Peitgen will remain Managing Director of the institute and the Fraunhofer Gesellschaft unusually puts a lot of emphasis on the commercialisation of its results. For the target of commercialisation of the results MeVis Medical Solutions remains the predestined partner due to the close networking and the unique market access and know-how.

**Technology leader**

With the MeVis application platform the company has a unique proprietary platform for the development of software in image-based medical diagnostics. This allows for efficient product development through the process of **rapid prototyping** with a **considerable shortening of the time-to-market**. Development times are shortened on average to some 2 years and are thus **faster** than software developments in the equipment technology industry **by a factor of 2**.

The simple, flexible combinability of a number of basis modules, in which the basic functionalities of image processing, visualisation and interaction are stipulated, give the software platform its competitive advantage. The application-specific development (e.g. for breast cancer, neurosurgery) is limited to sub-segments and can fall back on a comprehensive, constantly growing library of specialised image processing algorithms. This allows MeVis to realise **significant cost advantages**. The platform allows for a quick optimisation of software solutions through experimental work by developers in close contact with clinical users. Together with the cross-project synergies and the high degree of reusability of algorithms, this leads to an **enormous rise in productivity** in the development of prototypes (rapid prototyping). This has created entry barriers that are hard to overcome in the perception of partners.

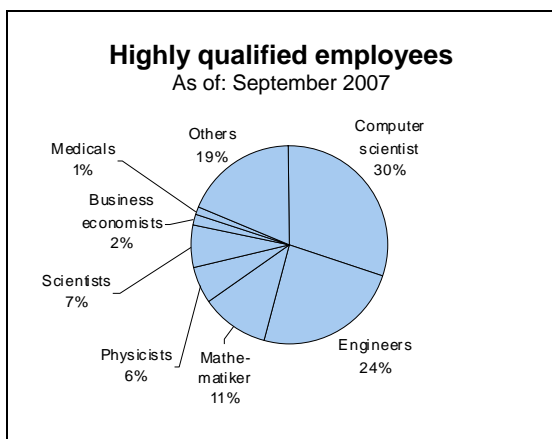
**Highly specialised employees**

Innovations in medical imaging require interdisciplinary co-operation between doctors, scientists and software specialists. In this sense MeVis Medical Solutions possesses **highly qualified personnel**, which is **multidisciplinary** and primarily consists of computer scientists, engineers, mathematicians and physicists. The academic share amounts to more than 80% (as of August 31, 2007: 61 employees). Internally, the company concentrates on **extensive core competencies** in image extraction procedures, methods of digital image processing and the underlying mathematical algorithms, know-how of medical indications and the clinical workflows as well as extensive expertise in the fields of quality management, certification and industry standards. The team of employees has an **international focus** with a **strong academic and commercial network** and enjoys a high degree of reputation among experts. MeVis supports close co-operation with globally leading radiologists and surgeons for the transfer of knowledge from clinical practice.

MeVis practices a **culture of “thinking employees”** with flat hierarchies and flexible organisation, a plus compared to the fixed structures which prevail at major medical engineering companies. The development occurs in the direct contact of software specialists with the end users in clinics. This eliminates the detour through product managers. The **personal identification** with the MeVis Group is high, which is reflected in the **very low fluctuation rate**. This is a competitive advantage critical for success in highly dynamic markets.

**Partnerships with leading equipment manufacturers**

MeVis's partnerships with the globally leading medical engineering OEMs are of fundamental importance for the transfer of innovative research results into marketable software products and their implementation in global markets. Based on trusting partnerships with major equipment manufacturers, MeVis receives insight into the next



Source: MeVis

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Figures
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evolutionary steps of the equipment technology, obtains access to the necessary market know-how and generates the critical **development advantage over competitors**. Inversely, MeVis is becoming the preferred partner of equipment manufacturers as a gateway to the scientific community.

The fact that MeVis consistently focuses on market leaders and is able to demonstrably serve these also with technologically advanced solutions thus has several important implications:

- The sales (licences) are **profoundly scalable**, as every additionally licence sold has a direct impact on the earnings growth. The licence share should remain high.
- The new products are closely linked to the product developments of OEMs. MeVis takes advantage of the **extensive resources of OEM partners (international marketing, distribution and support)** and benefits from their position with regard to accelerated market access and potentially high market shares for its software solutions. The **developments are very market-oriented**.
- With the launch of new products, MeVis utilises the **customer relations**, the **distribution strengths** and the **installed basis of the OEM** and benefits in the form of accelerated market access and potentially high market shares for its software solutions.

The company has been able to show through its previous co-operations that its pursued concept of multilateral **partnerships with several competing equipment manufacturers** is successful. Parallel partnerships of this type with different potent OEMs have allowed the company to multiply the market potential that can be addressed. MeVis has proven that it is capable of solving conflicts of confidentiality and interest through internal Chinese Walls and potentially by way of exclusivity agreements.

MeVis maintains its **independence** from OEM partners through:

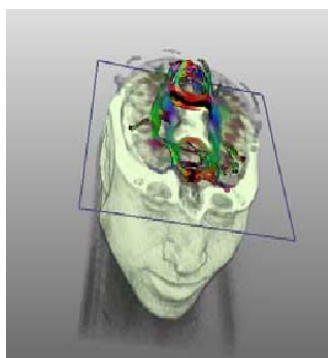
- active, independent product development
- the universal applicability of MeVis software in all IT infrastructures, imaging procedures and equipment systems on the basis of general standards (multi-modality – multi-vendor principle)
- and the parallel use of MeVis software in competing products

Thanks to its position as an independent software developer and as technological leader recognised across the sector, MeVis is securing itself the option to enter into the business with the strongest respective OEM in medical imaging technology for the marketing of its software products. At the same time, independence from major medical technology manufacturers creates the **basis** and foundation of trust **for the transfer of knowledge within the clinical and R&D partner networks**.

#### Successful implementation of the product and distribution strategy

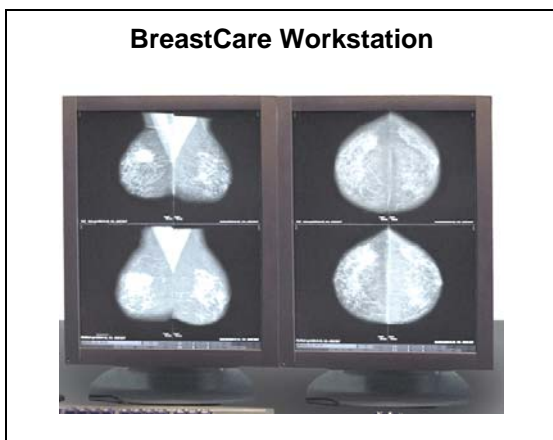
MeVis' success in the realisation of its product and distribution strategy is impressively documented by the competitive position of its products introduced to the market up to now. **Three of the products currently being marketed are global market leaders**: this includes the two main products the diagnostic system for digital mammography (BreastCare Workstation) and the diagnostic system for MRI diagnosis and biopsy. The operating planning system for liver, pancreas and kidney surgery also leading in the market is found in key markets in Asia

DynaCAD Neuro MRI



Source: MeVis

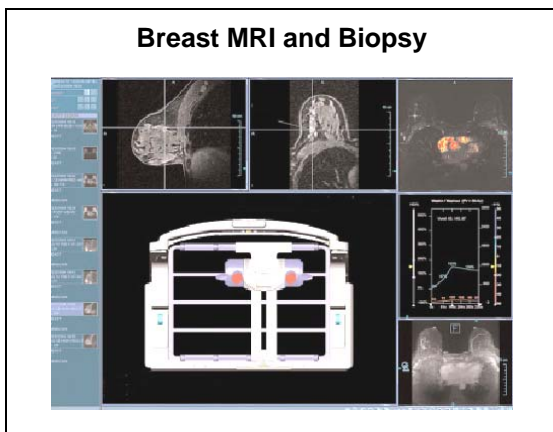
Equity Story	<b>Competitive quality</b>	Financials	Valuation	Newsflow	Company & Products	Figures
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Source: MeVis

**BreastCare Workstation**

The strongest MeVis product at the moment in terms of sales is the visualisation and diagnostic software for digital mammogram equipment. For the product BreastCare Workstation MeVis maintains exclusive OEM partnerships with market leaders Hologic (since 2002) and Siemens (2001). Digital mammography is the method of choice in early detection of breast cancer and defines a global mass market due to the screening programmes successfully applied in numerous countries. MeVis partner Hologic is the **undisputed market leader** in the US with 60% of all installed equipment. This is the world's largest market for digital mammography systems.



Source: MeVis

**Breast MRI and Biopsy**

MRI is by far the most sensitive detection method for breast cancer and has the potential to emerge as the future standard for the diagnosis and therapy of the disease. MeVis has managed to win over Invivo, a 100% subsidiary of the Philips Group, as an OEM partner for its software for MRI diagnosis and biopsy in patients at risk of breast cancer. **The Invivo-MeVis co-operation product was the first biopsy product on the market (market introduction in 2004) and today is among the global market leaders.** The product is currently distributed primarily in the US under the product name DynaCAD through Invivo/Philips. Siemens meanwhile also markets the product under the label Siemens DynaCAD.

**Supply from the product pipeline**

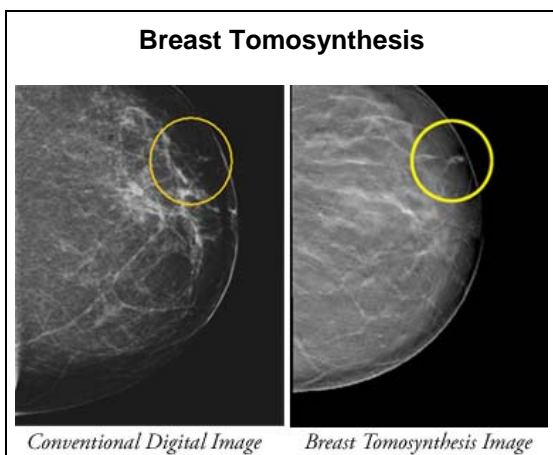
MeVis' product **pipeline** is **comprehensive and widely diversified**. On the basis of its proprietary technology platform, the company is in a position to generate a continuous supply of innovations and products. The development environment of the MeVis Application platform creates the particular flexibility to react quickly to trends and new customers. The **continuous expansion of the product range** promises continuous growth dynamic and is driven by innovations in equipment technology, the expansion of existing software solutions to include multi-modality tools and the gradual extension of the circle of OEM partners. The company is co-operating with at least one potent OEM partner in all projects within its roadmap. **A market introduction of the following products can be anticipated in the course of 2008/09:**

**DynaCAD Neuro MRI**

This product gives neurologists and neurosurgeons the tool for locating brain areas relevant to the function and nerve pathways in the brain which have to be avoided in surgical procedures. DynaCAD Neuro MRI is laying the foundation for a product class which will open up **new areas of application in neurosurgery**. The market is only at the beginning of its development and the growth potential is immense. An initial OEM partnership with Invivo/Philips has been entered into and will take on the distribution. amongst others, through its installed basis of MRI head spools. Licence contracts with additional OEM partners allow the sales potential to rise many times over due to the high number of head spools already found in the market.

**3D-Breast Ultrasound (3DBUS)**

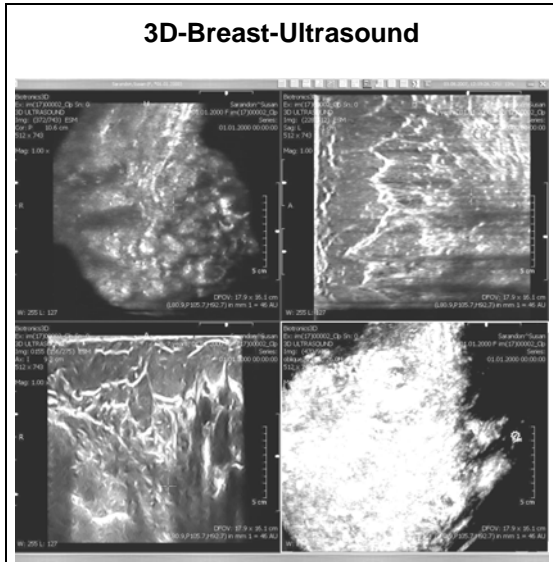
Comprehensive 3D-breast ultrasound as an emerging technology has the potential to find its way into gynaecological surgeries as a standard procedure **in the mass market of breast cancer screening**. Thanks to its suitability for dense breast tissue, the market for early detection in young women can be addressed. MeVis works closely with U-systems as an OEM partner in the development of software. The California-based company is the market and technology leader in the field of 3DBUS.



Source: Hologic/MeVis

**Breast Tomosynthesis**

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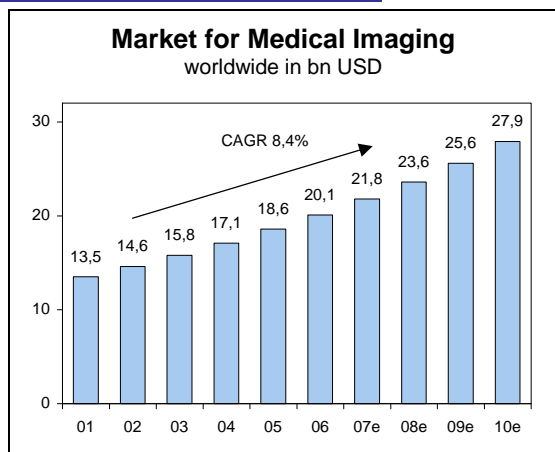


Source: MeVis

**Breast tomosynthesis**

Digital breast tomosynthesis allows for the recording of 3D mammograms and attracts high attention by major medical engineering companies as the technology of the next generation. Tomosynthesis could revolutionise breast cancer treatment, as it solves a central problem in mammography: the high rate of false positive diagnoses. The market potential is enormous and could reach the size of the mammography market. The technology leaders are the MeVis customers Hologic and Siemens amongst others. MeVis has developed specialised applications for these companies for two years.

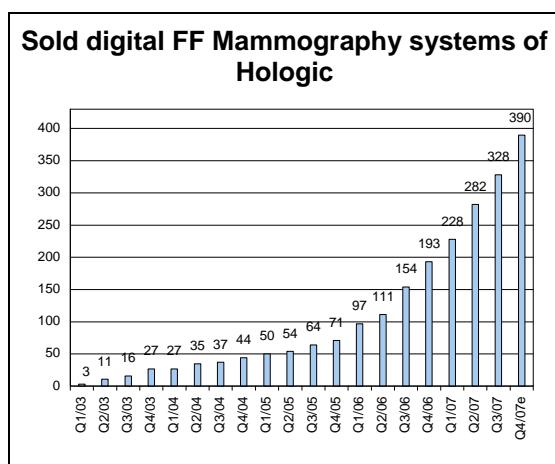
Equity Story	Competitive quality	<b>Financials</b>	Valuation	Newsflow	Company & Products	Figures
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Source: Biotechnology Associates

### Growth market of medical imaging

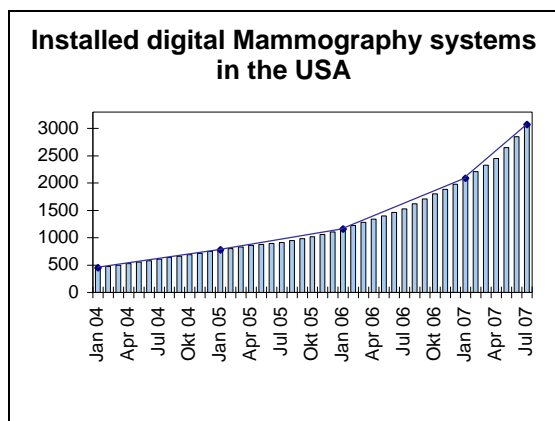
MeVis is active on one of the most interesting growth markets in medical engineering. The market volume in the field of medical imaging contributed roughly USD 20 bn world-wide in 2006 with annual growth of roughly 8%. This makes medical imaging one of the most important growth segments in the healthcare industry. The growth of imaging procedures is primarily driven by a significant rise in the reliability and cost efficiency of medical diagnostics and treatment as well as a continuous further development of imaging procedures and growing resolution and dimensionality of imaging procedures. The technology change in particular (substitution) from analogue to digital systems is a critical factor for MeVis. The combination of different methods also sets the high standards for data processing.



Source: Hologic

### Most important field up to now: mammography

The field with particular significance for MeVis is mammography, which is where the company will generate the largest part of sales in the medium term (2006: 73%, see below). Organised mammography screening for women between 50 and 70 reduces the risk of fatality from breast cancer by 35% according to the WHO. The significance of the systematic early detection of breast cancer is continuously growing in many countries in the developed world. The digitalisation of the mammogram allows for an efficient integration into the clinical workflow and boosts the certainty of the diagnosis through better picture quality and the integration of computer-aided detection procedures (CAD). The reliability of diagnoses can be improved further through a combination of mammography with additional procedures such as MRI, CT, ultrasound and PET (positron emission tomography). The main unit sales market of MeVis, the US, is currently the largest market for digital mammography systems (3070 machines). The growth is accelerated considerably through the digitalisation of the mammogram. The degree of digitalisation has doubled in the past year and still comes out to only 23%. Other international markets in part feature an even lower degree of digitalisation (according to market observers, only 16% of the 52,000 mammogram machines used around the world are digital).



Source: FDA

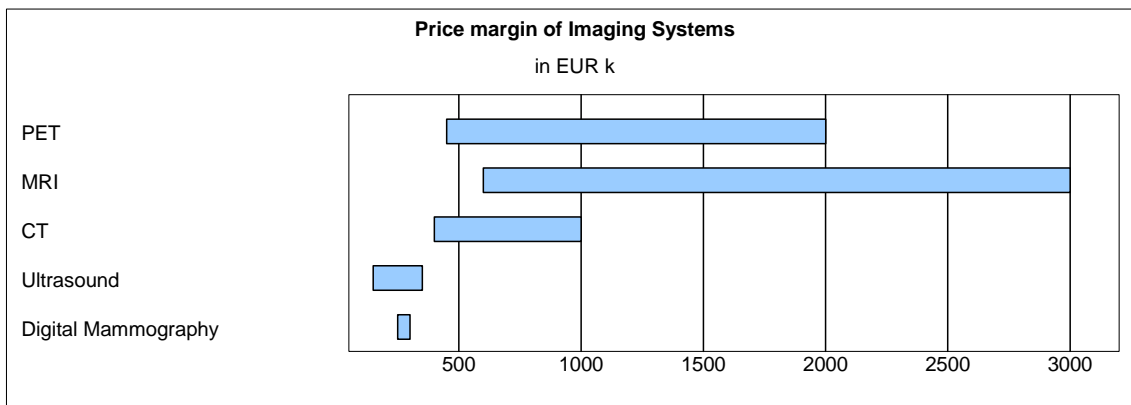
MeVis's most important partner (OEM) at the moment is Hologic Inc. The company has a market share of 60% in the USA in the field of mammography systems. The company plans to increase the number of devices sold from 1,189 units in 2007 (September 30) to 1,580 in 2008 (+33%), after the number of devices more than doubled in the last year. The order backlog of Hologic impressively underscores this assumption with 578 units (as of September 30, 2007).

### Attractive licence model

With MeVis's specialisation on software for imaging equipment, there are two special features arising from the fact that the end customer market is served by equipment manufacturers (hardware):

- MeVis sells its products almost exclusively indirectly through equipment manufacturers (OEMs). For MeVis, this means that the sales are almost entirely generated from licences and maintenance. Aside from the support of relations with OEMs and the industry, hardly any distribution and marketing expenses are accrued.
- The software of MeVis only has a small share of the overall price of the end product (see chart). Thus, there is almost no pricing pressure on the software, the more so as the success of the marketing of the equipment highly depends on the success of the software as an "output medium" and user interface.

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Source: MeVis

### High-growth product portfolio

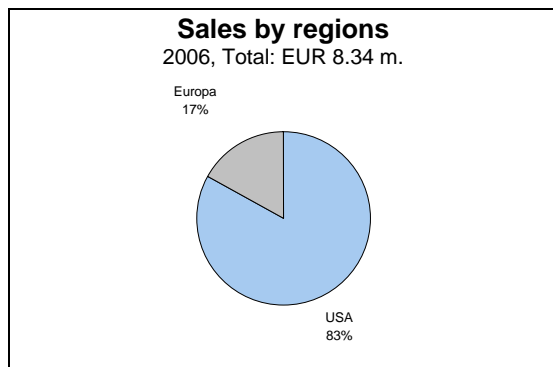
From today's point of view, the "BreastCare Workstation" and "Breast MRI and Biopsy" products in particular are of major economic importance. The planning of liver operations and the PACS workstation product are less significant for the sales forecasts, but underscore MeVis's extensive expertise in the market.

#### BreastCare Workstation (product)

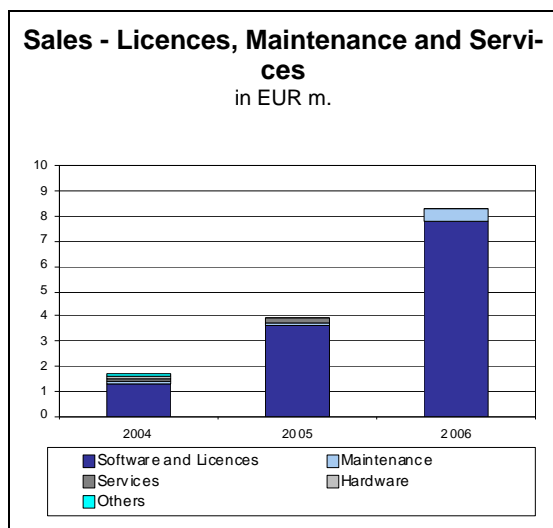
MeVis's strongest product at the moment in terms of unit sales is visualisation software for digital mammography systems by Hologic and Siemens, where MeVis is the market leader. This segment currently makes up 70% of the Group's sales. The number of licences sold increased by more than 200% from 300 in 2005 to 937 in 2006 and further 60% in 2007. Here the sales of MeVis BreastCare are 51% consolidated according to the Group structure (MeVis BreastCare is a joint venture of Siemens (49%)). The company sells the BreastCare Workstation product exclusively to the market leaders Hologic and Siemens, which are each purchasing individually developed MeVis products. Because the OEM partners mentioned carry out the customer support, this is a highly scalable business for MeVis. According to our estimates, some 70% of sales of MeVis BreastCare are attributable to the unit sales of Hologic equipment. Hologic expects to double its unit sales in the current year. An interruption of growth is therefore not expected in the medium term. The high degree of breast cancer awareness in the US is also positive for Hologic. However, the unit sales of digital mammography devices should also increase at Siemens given the likewise high initial and replacement demand for digital mammography systems in Siemens's unit sales markets.

#### Breast MRI and Biopsy (product)

OEM partner Invivo (100% subsidiary of the Philips Group) has been won over for MeVis' breast MRI diagnostic software. The product is currently distributed primarily in the US under the name "DynaCAD" (Invivo/Philips). However, Siemens also now markets the product "Siemens DynaCAD". The Invivo-MeVis co-operation product was the first biopsy product on the market (market introduction in 2004) and today is among the leading solutions on the global market. The product has enormous growth potential. MRI is on the way to becoming the standard in diagnosis and therapy for breast cancer. With a rise in licences sold of likewise roughly 200% to 191 licences in 2006 and 337 in 2007 (+76%), this product now occupies a Group sales share of 22%. However, Philips/Invivo's change of invoicing modalities in

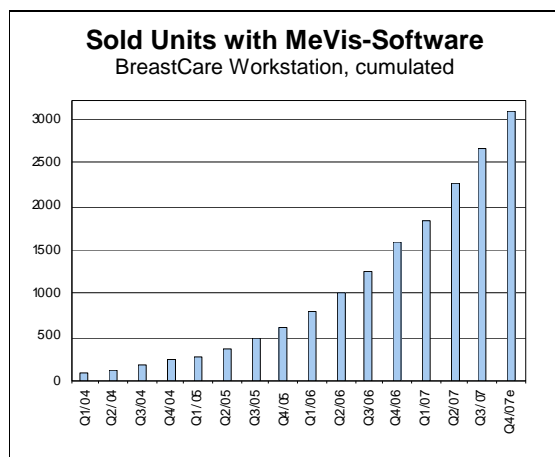


Source: MeVis

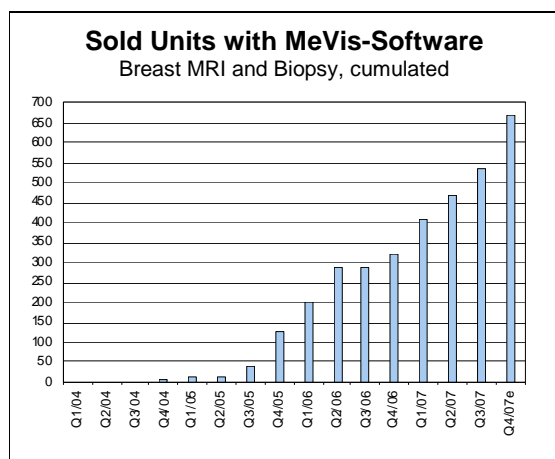


Source: MeVis

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Source: MeVis



Source: MeVis

2007 has a negative effect in this segment. Now, the installed licenses are invoiced and not the licenses sold. This results in a sales shift of approx. 3-6 months. This leads to a considerable sales shift especially in 2007 (effect approx. roughly EUR 1.7 m). A systematic asynchronous invoicing leads to a decrease in sales also in the subsequent years.

### Planning of liver operations (service)

In the business field of operation planning for tumour diseases and live transplants of the liver, MeVis is the absolute market leader as the world's only supplier. The service business has high margins and convinces with its technologically brilliant solutions, but is currently less significant for the Group's profit forecast. A future expansion of the operation planning to include the indications of pancreatic cancer, lung surgery and kidney surgery could give the service business at MeVis a clear boost with the acceptance in the market. We have not taken this into consideration in our estimates.

### PACS Workstation (product)

MT-JADE, a general diagnosis workstation for universal radiology, is marketed through the distribution partner Medos AG (subsidiary of Ortivus). This product from the segment of Picture Archiving and Communication Systems (PACS) is less significant for the sales of the MeVis Group, but allows it to follow the trends in the PACS market and continue its heavy involvement in this important market.

### Promising product development

#### DynaCAD Neuro MRI

The software system for the combined analysis of anatomical and functional brain data will be marketed by OEM partner Invivo. The distribution here benefits from the installed basis of MRI head spools by Invivo/Philips. At present, an estimated 10,000 head spools are being installed by Invivo alone. This figure should even rise through to the market introduction of MeVis software in 2008. The distribution could (as is already practiced in the BreastCare Workstation segment) also be sold to several OEMs which exhibit a high installed basis. We estimate the market potential of "DynaCAD Neuro" at a similarly high level as that of the BreastCare Workstation.

#### DynaCAD Prostat MRI

Another, significantly smaller area of application of the DynaCAD product group is the prostate (DynaCAD Prostat MRI). The market introduction is planned for 2008 and promises additive potential without significant additional development costs.

#### 3D Ultrasound Breast

MeVis is developing a diagnosis system for the comprehensive 3D breast ultrasound (3DBUS) together with U-systems. The OEM partner is the market and technology leader in the field of 3DBUS. Currently there are only some 50 3DBUS systems world-wide. As a technological innovation of the next generation, 3DBUS has the potential to occupy important sub-segments of breast cancer screening. Unit sales of more than 1,000 of such systems per year seem realistic in the medium term. MeVis planned to launch the product in 2008. From today's point of view a later introduction seems probable according to the management.

#### 3D CT Lung

Also of interest is the software system for 3D diagnostics of the lung by way of computer tomography. The product is currently still in the research phase. The company expects a market introduction in the course of 2009.



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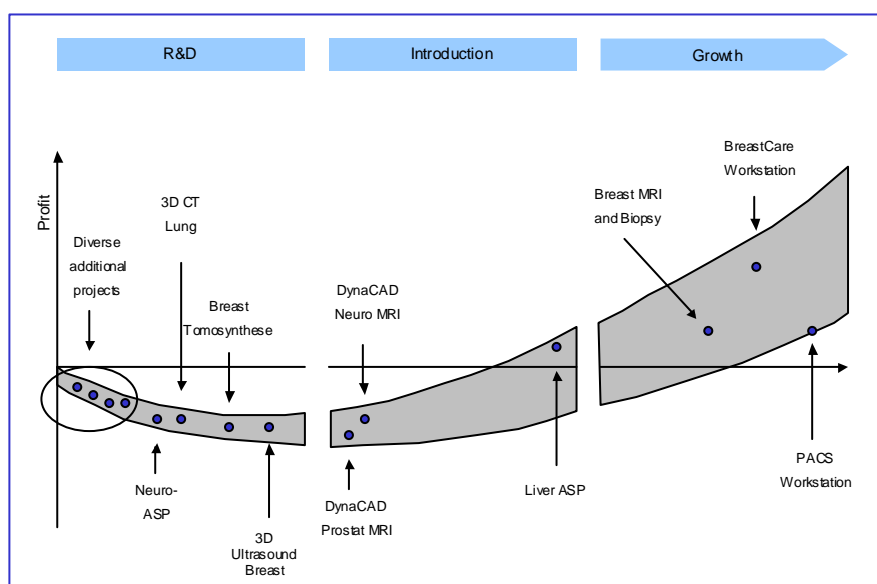
Company &amp; Products

Figures

### Breast Tomosynthesis

Breast tomosynthesis allows for the recording of 3D mammograms. The technology leaders here are General Electric and the MeVis customers Hologic and Siemens. MeVis has developed specialised applications in close collaboration with Hologic and Siemens for two years. The product introduction has been earmarked for 2008/09, which, however, depends on Hologic and Siemens. The corresponding technology for devices is not in the market yet.

The following chart illustrates an overview of the **product pipeline** of MeVis:



Source: MeVis

### Sales estimate

More than **90% of sales at MeVis originate from licences. This is an outstanding ratio.** This is mainly due to the fact that MeVis' OEM partners market the products and also carry out the majority of customer support. Leading OEM partners have been won over (Hologic, Siemens and Invivo) for the main products "BreastCare Workstation" and "Breast MRI" and for some of the products planned.

It is disadvantageous for the sales structure that **almost all revenues are generated in US\$**, while the major part of costs originate in EUR. In 2007, a negative earnings effect resulted despite US\$ hedging. It is true that the company plans to make hedges to a larger extent also in future, however, the **exchange rate risk remains important.**

The sales planning for 2007 and thereafter is characterised by important special factors:

- Beginning from January 1, 2007 MeVis lowered the prices in the area BreastCare. Additionally, a slight quantity-dependant price depression would be introduced from July 1, 2007. The one-time price decrease at the beginning of the year 2007 leads to good licence sales, however, overall, the price adjustment in 2007 has a negative effect. The sales of MeVis BreastCare were lower in annual comparison. In the medium-term we do not expect additional price decreases.

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- A change of invoicing modality with Philips/Invivo had an impact of considerably above EUR 1 m compared to our estimates. MeVis no longer invoices the license delivered now, but takes the time of installation into consideration. This leads to the fact that revenues are delayed by an estimated 3-6 months.

Details on both aspects will be given within the explanation of annual figures. The following table shows the derivation of the sales expectation:

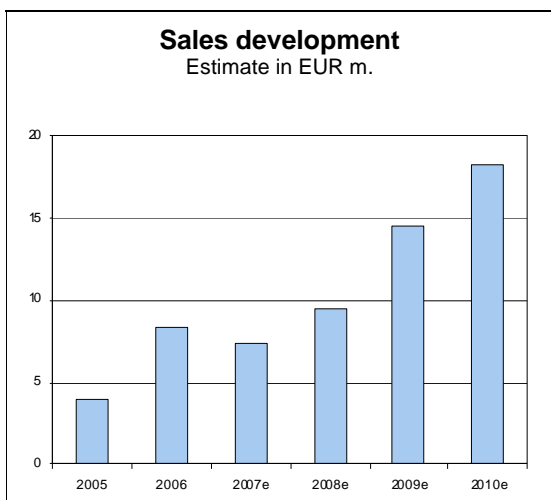
Sales estimate					
	2006	2007e	2008e	2009e	2010e
<b>Licences BreastCare Workstation (BCW)</b>	<b>937</b>	<b>1503</b>	<b>1879</b>	<b>2236</b>	<b>2504</b>
Average licence price (EUR k)	9.7	5.3	5.2	5.2	5.2
Revenues core licences (TEUR)	9.1	7.9	9.8	11.7	13.1
Revenues other licences	2.2	1.6	2.1	2.1	2.1
Sales licences MBC (EUR m)	11.3	9.6	12.0	13.9	15.3
Sales maintenance MBC (EUR m)	0.7	1.0	1.1	1.3	1.4
<b>Total sales MBC (EUR m)</b>	<b>12.0</b>	<b>10.5</b>	<b>13.1</b>	<b>15.1</b>	<b>16.7</b>
thereof MeVis (51%)	6.1	5.4	6.7	7.7	8.5
% of total sales	74%	73%	70%	53%	47%
<b>Licences Breast MRT and Biopsy (BMB)</b>	<b>191</b>	<b>337</b>	<b>455</b>	<b>578</b>	<b>653</b>
Average licence price (EUR k)	10.0	9.4	7.8	7.8	7.8
Sold licence volume (EUR m)	1.9	3.2	3.5	4.5	5.1
thereof invoiced (%)	100%	53%	55%	65%	65%
<b>Sales (EUR m)</b>	<b>1.9</b>	<b>1.7</b>	<b>2.0</b>	<b>2.9</b>	<b>3.3</b>
% of total sales	23%	23%	20%	20%	18%
<b>Licences DynaCAD Neuro MRT / Prostat MRT</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>60</b>	<b>120</b>
Average licence price (EUR k)	-	-	10.5	10.5	10.5
<b>Sales (EUR m)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.6</b>	<b>1.3</b>
% of total sales	0%	0%	2%	4%	7%
<b>Licences 3-D ultrasound breast, 3D-CT lung</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>200</b>	<b>300</b>
Average licence price (EUR k)	-	-	10.5	10.5	10.5
<b>Sales (EUR m)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>2.1</b>	<b>3.2</b>
% of total sales	0%	0%	2%	14%	17%
<b>Licences Breast Tomosynthesis</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>100</b>
Average licence price (EUR k)	-	-	-	11.0	11.0
<b>Sales (EUR m)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.4</b>	<b>1.1</b>
% of total sales	0%	0%	0%	3%	6%
Sales (Maintenance) in EUR m	0.1	0.2	0.3	0.4	0.5
% of total sales	2%	2%	3%	3%	3%
Other sales (services, PACS..)	0.1	0.2	0.2	0.3	0.4
% of total sales	2%	2%	2%	2%	2%
<b>Sales (EUR m)</b>	<b>8.3</b>	<b>7.3</b>	<b>9.5</b>	<b>14.5</b>	<b>18.2</b>

Sources: MeVis (reported data), SES Research (estimates)

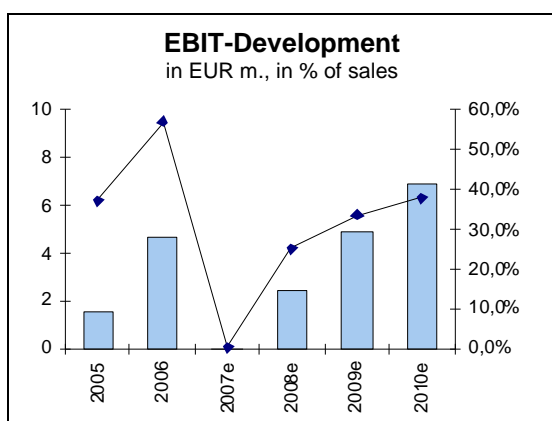
\* as of 2008: also includes licenses already sold in the previous year

In addition to the sales described, the other operating income typically accrues as well. In 2006 this involved a number of smaller items (release of differences, appropriations, income from the release of provisions etc.). These items are expected to increase considerably as MeVis will outlicense technology to its 51% subsidiary MeVis BreastCare.

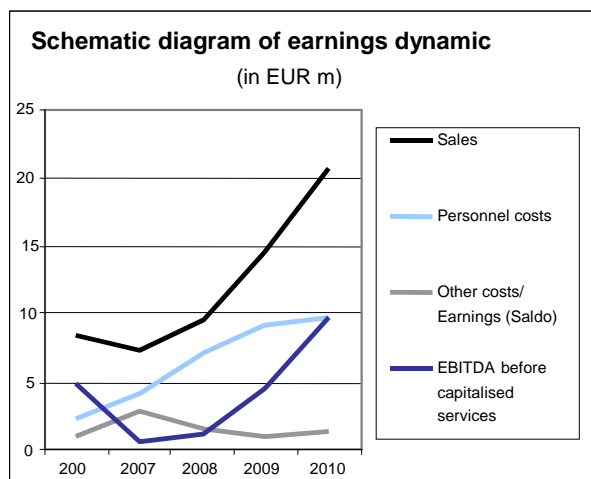
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Source: MeVis (reported figures), SES Research (estimates)



Source: MeVis (reported figures), SES Research (estimates)



Source: SES Research

The installed basis of the OEM offers the opportunity to **generate interesting follow-up business with the OEM's customers**. In addition to **maintenance contracts**, this mainly includes **follow-up products**, which could be sold into the installed basis with moderate expense. There are already plans in this regard, though they are not incorporated in the estimates.

### Significant upside potential not considered

The sales estimate derived here includes significant upside potential, as we have not included some circumstances or we have included them only to a very limited extent for reasons of visibility.

- A **weakening of sales of "BreastCare Workstation" is not foreseeable**. In the field of "Breast MRI and Biopsy" a significantly faster market penetration is likely (assumptions see above).
- MeVis plans to **win over additional OEMs**. We have not explicitly considered the economies of scale resulting from this. These can be significant, as they will have a direct effect on the margin if developed technologies can be simultaneously marketed to other partners. Such partnerships are realistic also in the PACS field with individual applications and are not taken into account in the forecast.
- Every product sold by MeVis includes the **potential of a sale of follow-up versions**. While regular updates are covered by maintenance contracts, the total installed basis is a potential customer of follow-up versions. MeVis, for example, plans to offer a follow-up version of the BreastCare Workstation in 2008 (Breast MRI Technology, multimodal).

### Earnings estimate

The sales development of the years 2007 to 2009 is primarily based on products that MeVis has already **fully developed** or which are **already being marketed**. The costs of the next few years are therefore not associated with the sales of the same periods. MeVis would also be in a position to generate the sales planned in the medium term with much lower development costs. This circumstance emphasises that the impressive margins of more than 50% recently generated are plausible in the long term.

Due to the considerable expansion of development capacity, the personnel expense is rising sharply (approx. linear) and will overshadow the impressive scalability of the business model in 07 and 08. The management is consciously investing in new products at the expense of the margins featured in the short term. The development work performed today puts MeVis in a position to generate long-term earnings in the high double-digit million range. As a result of the enormous development activities at MeVis, a continuation of the very high growth is also expected as of 2010, but is not yet assumed in our forecasts.

The first-time capitalisation of development performance (MeVis' most significant cost item) necessary within the IFSR change, will have a positive effect on the margin in 2008. In the subsequent years this effect will be reduced further through increasing depreciations.

As a result of major product launches in 2008/09, **sales will experience additional momentum from 2009**. The development expense should then only grow underproportionately. The other expenses/earnings (net) also rise underproportionately with a high scalability. This will result in an exponential earnings increase from 2009/2010.

Equity Story	Competitive quality	<b>Financials</b>	Valuation	Newsflow	Company & Products	Figures
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For 2010 we expect EBIT of EUR 7 m. This will be generated from products already being marketed today or already largely developed.

The individual cost items in detail should develop as follows

#### Personnel expense

With an expense ratio of 28% in 2006 and already 38% in 2007, the personnel expense is the most important expense item as a logical consequence of the business activities. We are assuming that the personnel expansion along with the development activities will accelerate significantly. The following table shows our forecast of the development of the employee count and personnel expense:

Estimate of Personnel Costs					
	2006	2007e	2008e	2009e	2010e
Employees* (End of the year)	42	74	126	134	143
Employees* (Annual average)	33	58	100	130	139
<b>Personnel costs (EUR m)</b>	<b>2,3</b>	<b>4,1</b>	<b>7,0</b>	<b>9,1</b>	<b>9,7</b>
Average Personnel costs per employee /year (EUR k)	70,5	70,0	70,0	70,0	70,0

\* Without MeVis Research, without student assistants, MeVis BreastCare 51% consolidated,

Source: Company (reported figures), SES Research (estimates)

With regard to the personnel expense, an indication of the planned capitalisation of product developments as of 2008 can be given. We are assessing this at around 30% of the personnel expense in the medium term. Capitalisation according to IFRS is mandatory.

#### Other operating expenses

The other operating expenses beginning from 2008 consist of a number of individual items, none of which has any conspicuous importance. These are directly related to the maintenance and development of the business operation, are currency hedging or are for the registration of patents.

#### Depreciation/amortisation

Depreciation/amortisation played an insignificant role in 2006. However, because the capitalisation of internally produced goods in product development will begin in 2008, write-downs will rise considerably in the subsequent periods (see table).

Equity Story	Competitive quality	<b>Financials</b>	Valuation	Newsflow	Company & Products	Figures
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Income Statement MeVis Medical Solutions					
Income Statement (in EUR m)	2005	2006	2007e	2008e	2009e
<b>Sales</b>	<b>4.0</b>	<b>8.3</b>	<b>7.3</b>	<b>9.5</b>	<b>14.5</b>
Change in inventories / Assets capitalised	0.0	0.0	0.0	2.7	3.4
<b>Total Sales</b>	<b>4.0</b>	<b>8.3</b>	<b>7.3</b>	<b>12.2</b>	<b>17.9</b>
COGS	0.2	0.4	0.5	0.1	1.3
Personnel expenses	1.4	2.3	4.1	7.0	9.1
Other operating income	0.2	0.9	1.0	0.6	2.3
Other operating expenses	0.9	1.5	3.3	1.9	2.0
<b>EBITDA</b>	<b>1.7</b>	<b>5.0</b>	<b>0.5</b>	<b>3.8</b>	<b>7.7</b>
Depreciation on fixed assets	0.1	0.2	0.5	0.1	0.3
<b>EBITA</b>	<b>1.6</b>	<b>4.8</b>	<b>0.0</b>	<b>3.7</b>	<b>7.5</b>
Amortisation of intangible assets	0.1	0.0	0.0	1.3	2.6
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>1.5</b>	<b>4.7</b>	<b>0.0</b>	<b>2.4</b>	<b>4.9</b>
Interest income	0.0	0.1	0.3	1.3	1.1
Interest expense	0.4	0.3	0.2	0.1	0.1
Financial Result	-0.4	-0.3	0.1	1.2	1.0
<b>Result from Ordinary Operations</b>	<b>1.1</b>	<b>4.5</b>	<b>0.1</b>	<b>3.6</b>	<b>5.9</b>
Extraordinary Result	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>1.1</b>	<b>4.5</b>	<b>0.1</b>	<b>3.6</b>	<b>5.9</b>
Taxes	0.1	1.5	0.1	0.7	1.6
Net Profit of continued operations	1.0	2.9	0.1	3.0	4.3
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0
<b>Net Profit before Minorities</b>	<b>1.0</b>	<b>2.9</b>	<b>0.1</b>	<b>3.0</b>	<b>4.3</b>
Minority Interests	-1.8	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>-0.8</b>	<b>2.9</b>	<b>0.1</b>	<b>3.0</b>	<b>4.3</b>

Sources: MeVis (reported data), SES Research (estimates)

## Balance sheet

MeVis's balance sheet is very solid. Liquid funds make up the largest item on the asset side and a small part is receivables. On the other hand, there is only a low amount of financial liabilities and liabilities from income tax. A breakdown of receivables at MeVis is nearly unlikely, as the debtors are consistently major OEMs.

The balance sheet structure will change in the course of the capitalisation of product developments as of 2008. In addition, the IPO had a positive impact on the balance sheet structure. SES estimates the cash position of the company at year-end at around EUR 28 m (EUR 16 per share (without treasury stock)). The following table shows the expected development of the balance sheet:

Balance sheet MeVis Medical Solutions					
Balance sheet (in EUR m)	2005	2006	2007e	2008e	2009e
<b>ASSETS</b>					
<b>Long-Term Assets</b>	<b>0.4</b>	<b>0.7</b>	<b>0.6</b>	<b>2.2</b>	<b>3.1</b>
<b>Current Assets</b>	<b>3.7</b>	<b>8.4</b>	<b>32.4</b>	<b>33.8</b>	<b>37.5</b>
<b>Total Assets</b>	<b>4.1</b>	<b>9.1</b>	<b>33.0</b>	<b>36.0</b>	<b>40.6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Total Equity</b>	<b>-2.1</b>	<b>2.7</b>	<b>29.5</b>	<b>32.5</b>	<b>36.8</b>
<b>Minority Interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Provisions</b>	<b>0.4</b>	<b>2.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
<b>Total Liabilities</b>	<b>3.9</b>	<b>4.1</b>	<b>3.1</b>	<b>3.2</b>	<b>3.5</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>4.1</b>	<b>9.1</b>	<b>33.0</b>	<b>36.0</b>	<b>40.6</b>

Sources: Company (reported data), SES Research (estimates)

Equity Story	Competitive quality	<b>Financials</b>	Valuation	Newsflow	Company & Products	Figures
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## Kapitalflussrechnung

The cash flow statement is a portrayal of the excellent earnings situation of MeVis. Here it is also seen that a part of the result is due to the development of internally produced goods. It is also clear that the high growth of the company entails higher working capital.

Statement of Cash Flows MeVis Medical Solutions					
Statement of Cash Flows (in EUR m)	2005	2006	2007e	2008e	2009e
Cash Flow	1.8	4.2	-1.4	4.3	7.2
Cash Flow from Operating Activities	1.8	4.6	-2.8	5.6	6.3
Cash Flow from Investing Activities	-0.4	-0.3	-0.4	-3.0	-3.7
Cash Flow from Financing Activities	0.0	-0.9	25.8	0.0	0.0
Net Changes of Cash and Cash Equivalents	1.4	3.4	22.6	2.6	2.6
Cash and Cash Equivalents, end of period	2.0	5.4	28.0	30.6	33.2

Sources: MeVis (reported data), SES Research (estimates) \*incl. IPO costs (partially capitalised) of EUR 2.5 m

## Analysis of the most recent company figures – Preliminary figures 2007

The preliminary figures for FY 2007 were disappointing. The company had reduced the prices of important license types once at the beginning of the year and also communicated to the public. This is a price adjustment set to remain in existence in the medium term and aiming at higher sales figures. At the time of the IPO the company had expected slightly rising sales and a significantly positive EBIT in spite of a one-time price reduction in the core business of Mevis BreastCare. These expectations have not been met.

MeVis Medical Solutions – Key figures			
Angaben in EUR k	2007e	2006	change yoy
<b>Sales</b>	<b>7.3</b>	<b>8.3</b>	-11.90%
<b>Total Sales</b>	<b>7.3</b>	<b>8.3</b>	-11.90%
<b>EBIT</b>	<b>0.0</b>	<b>4.7</b>	-99.60%
<i>in % of Sales</i>	0.3%	56.8%	
<b>Net Income</b>	<b>0.1</b>	<b>2.9</b>	-96.98%
<i>in % of Sales</i>	1.2%	3.2%	

Sources: MeVis (reported data), SES Research (estimates)

Following the preliminary 2007 figures, sales dropped from EUR 8.3 to EUR 7.3 m in 2007. This can be put down to several reasons:

- The one-off price reduction in 2007 led to good license sales, but failed to meet the company's high sales expectation in the second half of the year. (Effect is approx. EUR 0.4 m in Q4 according to SES estimates)
- A change of the invoicing modalities with Philips/Invivo had an impact of considerably above EUR 1 m according to SES estimates. MeVis no longer invoices the license delivered now, but takes the time of installation into consideration. This leads to fact the revenues are delayed by an estimated 3-6 months.

Equity Story	Competitive quality	<b>Financials</b>	Valuation	Newsflow	Company & Products	Figures
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- These effects also include the significantly negative development of the US dollar over the last few months. This development also reduces the sales basis of the periods to come, as nearly all the revenues of the group are generated in US dollar.

The retrograde determination of sales results in the following sales spread by quarter

<b>Business development</b>						
	2006	H1/07	Q3/07	Q4/07e	2007e	06/07 % yoy
<b>Licenses settle, MeVis Breastcare (units)</b>	<b>937</b>	<b>648</b>	<b>416</b>	<b>439</b>	<b>1,503</b>	<b>60%</b>
Lizenzrevenues licenses (100%)		3,762	2,067	2,107	7,936	
Avg. price per license (EUR k)		5.8	5.0	4.8	5.3	
Other licenses revneus and maintenance MeVis Breastcare (EUR k)		1,859	636	99	2,594	
Total revenues MeVis Brestcare (EUR k)		5,621	2,703	2,206	10,530	
<b>Share MeVis (51%)</b>		<b>2,867</b>	<b>1,379</b>	<b>1,125</b>	<b>5,370</b>	
<b>Licenses delevelered Philips/invivo (units)</b>	<b>191</b>	<b>141</b>	<b>66</b>	<b>130</b>	<b>337</b>	<b>76%</b>
<b>Total reveueus "other diagnosis" (EUR k)</b>		<b>1,329</b>	<b>624</b>	<b>26</b>	<b>1,979</b>	
<b>Sales (EUR k)</b>	<b>8,342</b>	<b>4,196</b>	<b>2,002</b>	<b>1,151</b>	<b>7,349</b>	<b>-12%</b>

Source: MeVis, SES Research

The weak sales of MBC and lack of sales in the sector of other diagnostic (invoicing modalities Philips/Invivo) become noticeable here. Final information about the annual accounts is not available yet.

Since costs mainly incur independent from sales, the sales decline had an impact extending also on the earnings figures.

The lower license sales adversely affect the earnings situation almost to the full extent owing to the cost structure which is focused on R&D. Add to this higher other operating expenses and the provision for non-clearable IPO costs (approx. EUR 0.9 m). Since the research activities were expanded, nearly all cost position increased. Personnel expenses grew by approx. 80% to EUR 4.1 m. The other operating expenses grew to EUR 3.3 and thus more than doubled. However, a considerable share of this cost position is related to products which will not be introduced before the next few years. The basically high earnings power of the group which was reflected in EBIT margins of over 50 % in 2006 thus did not materialise in 2007.

The lower sales combined with a drastic cost increase made the EBIT decline to a balanced level.

<b>Licenses delivered 2006/07</b>							
	2006	Q1/07	Q2/07	Q3/07	Q4/07	2007	06/07 % yoy
<b>Licenses delivered, MeVis Breastcare</b>	<b>937</b>	336	312	416	439	<b>1,503</b>	<b>60%</b>
<b>Licenses delivered, Philips/Invivo</b>	<b>191</b>	74	67	66	130	<b>337</b>	<b>76%</b>

Source: MeVis

Despite this unpleasant development, license growth is high. The number of licenses sold of present most important product „MeVis

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Figures
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BreastCare“ (72% of group sales) and of the „Breast MRI and Bi-opsy“ product (22%) was raised in 2007 by 60% and 67 % respectively. It can be assumed that this growth will be reflected in growing margins in the future.

For 2008 the company now expected a sales increase of approx. 40% (to EUR 9-10 m) and an EBIT of EUR 2.2 – 2.6 m. For 2008, the company envisages a more cautious time-frame for the introduction of products. The far lower level of the US dollar incorporated in the planning basically has a negative impact. Both the short and long-term expectations will have to be significantly revised.

## IPO

The IPO of MeVis Medical Solutions AG was completed with the start of trading in the Prime Standard of the Frankfurt stock exchange on November 16, 2007. The IPO brings about many positive implications for MeVis:

- Software companies such as MeVis are existential suppliers for OEMs which open up billion-euro markets with their equipment and whose development is extremely costly. In addition to the quality of the software and the general reputation, the **“solidity and size” of a software company** is very clearly an **important selection criteria**. A strong balance sheet in the software market means a direct competitive advantage.
- **The independence from individual OEMs is a central aspect which makes the supply of several different OEMs possible as one of MeVis’s central strengths.** An IPO will underscore this independence on the part of MeVis.
- The company fundamentally becomes **more attractive to employees as well as clinic and R&D partners**. An option programme has already been applied as an incentive for employees in the medium term.

The funds are to be used in a number of ways:

- **Expansion of the product development:** Broadening of the product portfolio and additional acceleration of the rate of development
- **Expansion and systematisation of distribution activities:** Internationalisation and winning of additional OEM partners
- **Selective acquisitions of teams and ideas (IP)**

A total of 776,866 shares were placed on the market. After the greenshoe had been bought back the free float now adds up to around 40%. The company received proceeds of the issue of around EUR 28.6k. We are assuming that the company’s cash on hand totalled approx. EUR 28 m at the end of the year.

## Share buyback programme

On March 4, 2008 MeVis announced to launch a share buyback programme. It was decided to launch this programme, as the management took the view that the share price does not sufficiently reflect the positioning of MeVis.

The company plans to buy back up to 53,200 own shares by August 2008. Together with the treasury stock held so far (37,800) this would equal 5 % of the capital. The shares are to be used for the acquisition of companies or IP and could also be cancelled provided that such transaction will not be carried out.



Equity Story	Competitive quality	Financials	<b>Valuation</b>	Newsflow	Company & Products	Figures
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The valuation of MeVis is based on 3 valuation methods:

- The **DCF model** under the assumption of a beta of 1.5, a risk-free return of 3.45% and a perpetual growth rate of 2% indicates a value of approx. EUR 63.
- The valuation on the basis of the adjusted **free cash flow** (FCFY) for 2009/10e indicates a fair value of EUR 43/61.
- The comparison with an overall markedly inhomogeneous **peer group** (see valuation) delivers a markedly inhomogeneous picture. The reduction of the comparison to the closest comparables and the balance sheet structural adjustment (concentration on EV/EBIT multiples) shows that Barco and Vital Images are each valued with 12 times of its 2009 EBIT (EV). For MeVis this equals a valuation of slightly below EUR 45.
- The valuation methods used deliver different results, as the FCFY and peer group are geared towards the earnings achievable in the short term and the DCF model has a broader scope. This is addressed in the corresponding sections and in the context of this section..

### Free Cash Flow Yield

Our adjusted Free Cash Flow Yield assumes that investors buy an asset (here the enterprise value) at such a price that the Free Cash Flow Return (free cash flow = annual net income + write-downs - maintenance capex + taxes - (1-t)interest) on the EV exceeds the opportunity costs. In simplified terms, this was assessed at 10%.

This approach oriented towards the cash flow shows the short/medium term development of the cash flows for the valuation:

- The development performed in 2008/09, which only have a burdening effect in this model, are not considered here or are only considered to a small extent. We are assuming that approx. 80 % of the costs incurred in 2008 for research and development are allotted to products/structural measures, which will not result in revenues before the next few years. The FCFY model mainly takes those periods into consideration which are burdened by these expenses.
- Part of the high earnings dynamic resulting here in the long term is shown only in the FCF figure for 2010.
- In this respect, this approach does not sufficiently map out the performance of MeVis, but does give an indication of a possible valuation of the company on the market.

The FCF for 2009e results in a value of EUR 43. For 2010 this figure already comes to EUR 61.

Equity Story	Competitive quality	Financials	<b>Valuation</b>	Newsflow	Company & Products	Figures
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MeVis Medical Solutions - Free Cash Flow Yield					
Figures in EUR k	2006	2007e	2008e	2009e	2010e
Net Income	2,935	89	2,961	4,312	5,366
+ Depreciation + Amortisation	253	514	1,365	2,865	4,123
- Net Interest Income	-264	127	1,212	1,021	1,111
+ Taxes	1,542	57	653	1,583	2,646
- Maintenance Capex	194	180	200	203	255
+/- Others	0	0	-2,660	-3,367	-3,393
<b>= Adjusted Free Cash Flow</b>	<b>4,800</b>	<b>353</b>	<b>908</b>	<b>4,170</b>	<b>7,374</b>
Adjusted Free Cash Flow Yield	11.3%	3.3%	8.4%	38.8%	68.6%
Fair Free Cash Flow Yield	10.0%	10.0%	10.0%	10.0%	10.0%
<b>= Actual Enterprise Value</b>	<b>42,324</b>	<b>10,752</b>	<b>10,752</b>	<b>10,752</b>	<b>10,752</b>
<b>= Fair Enterprise Value</b>	<b>48,001</b>	<b>3,532</b>	<b>9,076</b>	<b>41,699</b>	<b>73,742</b>
- Net Debt (Cash)	-2,812	-34,384	-34,384	-34,384	-34,384
- Pension Liabilities	0	0	0	0	0
- Off Balance Sheet	0	0	0	0	0
<b>= Fair Market Capitalisation</b>	<b>50,813</b>	<b>37,916</b>	<b>43,460</b>	<b>76,083</b>	<b>108,126</b>

Sources: SES Research \*capitalised own services

## DCF model

We have used a DCF model in order to determine a fair value for MeVis on the basis of the expected medium and long-term business success. This delivers a methodically more accurate result than the previous model:

- The model fully takes into consideration the expected sales from the products launched in 2009/10 without merely being impacted by their burdening development costs.
- The model includes an assumption of the long-term earnings trend, which is very much relevant to the fair value and cannot be seen in short-term models.

The DCF model also does not fully take the potential of MeVis into consideration. Due to the constantly very high product development, a reduction of growth as of 2011 is presumably not anticipated (as is assumed in the model), as:

- The number of developed products is rising heavily.
- The commercially usable OEM partnerships are being continuously expanded.
- There are typical economies of scale.
- Continuously high market growth and higher digitalisation of the medical engineering market are anticipated at the same time.



Equity Story	Competitive quality	Financials	<b>Valuation</b>	Newsflow	Company & Products	Figures
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cal and security sectors as well as sectors such as aviation and the oil industry among others.

- Merge: The American company is among the leading suppliers for the development and expansion of software and services for medical imaging and information management. Merge thereby distributes solutions for OEMs and for end customers in the healthcare sector.
- Sectra: The Swedish company develops and distributes solutions for expanded niche markets. This currently includes systems for medical imaging as well as systems for safer communication, for example for the defence sector.
- Vital Images: The company is a leading supplier of visualisation and image analysis systems for the medical sector. Vital Images offers its customers software, training, maintenance and professional services.

The consensus estimates for the peer group are presented as follows:

Peergroup - Key Figures																
Company	LC	Price in LC	MC in LC m	EV in LC m	EPS			Sales			EBITDA			EBIT		
					07e	08e	09e	07e	08e	09e	07e	08e	09e	07e	08e	09e
Analogic	USD	58.52	781.7	545.0	1.02	2.12	2.25	336.53	385.53	429.65	21.18	46.10	n.a.	5.13	32.10	n.a.
Barco	EUR	47.38	599.9	639.3	4.19	4.15	4.39	762.85	779.51	832.43	112.66	122.09	128.18	61.79	69.67	74.08
iCAD	USD	2.53	100.0	102.0	-0.06	0.03	n.a.	26.22	34.27	42.87	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mercury Computer Systems	USD	6.11	139.4	114.3	-0.36	0.17	0.46	222.20	212.69	240.60	5.20	16.50	24.40	n.a.	-20.10	n.a.
Merge	USD	0.41	13.9	-5.9	-1.09	-0.75	-0.87	57.60	57.39	62.20	-30.77	-19.23	-22.10	-38.00	-25.96	-30.10
Sectra	SEK	61.75	2,113.1	1,974.4	1.72	1.31	2.53	716.90	759.98	952.16	88.00	86.37	151.03	69.17	64.09	124.80
Vital Images	USD	15.51	265.7	87.3	0.12	0.00	0.20	70.49	75.23	86.64	-0.70	0.76	3.97	-6.32	-6.55	-4.34
<b>MeVis</b>	<b>EUR</b>	<b>24.80</b>	<b>45.1</b>	<b>10.8</b>	<b>0.05</b>	<b>1.63</b>	<b>2.37</b>	<b>7.35</b>	<b>9.53</b>	<b>14.49</b>	<b>0.53</b>	<b>3.77</b>	<b>7.74</b>	<b>0.02</b>	<b>2.40</b>	<b>4.87</b>

Source: SES Research, Bloomberg

We only see Barco and Vital Images as relevant, as these companies are both comparable with regard to their activities and feature reasonable multiples. This is not the case at Merge, which is also among the comparable companies.

Peergroup - Valuation Multiples																
Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			Price / Sales			EV / EBITDA			EV / EBIT		
					07e	08e	09e	07e	08e	09e	07e	08e	09e	07e	08e	09e
Analogic	USD	58.52	781.7	545.0	57.54	27.56	26.01	2.32	2.03	1.82	25.74	11.82	n.a.	106.28	16.98	n.a.
Barco	EUR	47.38	599.9	639.3	11.30	11.42	10.79	0.79	0.77	0.72	5.67	5.24	4.99	10.35	9.18	8.63
iCAD	USD	2.53	100.0	102.0	neg.	84.33	n.a.	3.82	2.92	2.33	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mercury Computer Systems	USD	6.11	139.4	114.3	neg.	37.03	13.28	0.63	0.66	0.58	21.98	6.93	4.69	n.a.	neg.	n.a.
Merge	USD	0.41	13.9	-5.9	neg.	neg.	neg.	0.24	0.24	0.22	neg.	neg.	neg.	neg.	neg.	neg.
Sectra	SEK	61.75	2,113.1	1,974.4	35.90	47.14	24.41	2.95	2.78	2.22	22.44	22.86	13.07	28.55	30.81	15.82
Vital Images	USD	15.51	265.7	87.3	125.08	15,510.00	76.03	3.77	3.53	3.07	neg.	115.36	22.01	neg.	neg.	neg.
<b>Average</b>					<b>57.46</b>	<b>2,619.58</b>	<b>30.10</b>	<b>2.07</b>	<b>1.85</b>	<b>1.57</b>	<b>18.96</b>	<b>32.44</b>	<b>11.19</b>	<b>48.39</b>	<b>18.99</b>	<b>12.22</b>
<b>Median</b>					<b>46.72</b>	<b>42.08</b>	<b>24.41</b>	<b>2.32</b>	<b>2.03</b>	<b>1.82</b>	<b>22.21</b>	<b>11.82</b>	<b>9.03</b>	<b>28.55</b>	<b>16.98</b>	<b>12.22</b>
<b>MeVis</b>	<b>EUR</b>	<b>24.80</b>	<b>45.1</b>	<b>10.8</b>	<b>496.00</b>	<b>15.21</b>	<b>10.46</b>	<b>6.14</b>	<b>4.74</b>	<b>3.12</b>	<b>20.16</b>	<b>2.85</b>	<b>1.39</b>	<b>571.16</b>	<b>4.48</b>	<b>2.21</b>
Valuation difference to average					-88%	17117%	188%	-66%	-61%	-50%	-6%	1037%	705%	-92%	324%	454%

Source: SES Research, Bloomberg

Equity Story	Competitive quality	Financials	<b>Valuation</b>	Newsflow	Company & Products	Figures
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The comparison with an overall markedly inhomogeneous peer group from consistently larger comparison companies initially does not give a uniform picture. The focussing of the comparison to the closest comparables and the balance sheet structural adjustment (concentration on EV/EBIT multiples) shows that Barco and Vital Images are valued with approximately 11 times of its 2009 EBIT. For MeVis this approach equals a valuation of EUR 41.

### Summary

The short and long-term oriented valuation approaches deliver different results due to the company-specific earnings trend at MeVis.

The DCF model is the most reasonable valuation method for MeVis. This approach points to a fair value of around EUR 63 per share. Despite the fact that the DCF model methodically delivers the most solid results, the results of the FCF model and the comparable group also have to be taken into consideration. These are based on the short-term earnings estimates and thus price in the burdens of the product developments, but do not anticipate their earnings potential. The low visibility of new products in connection with relatively long development times and high budgets take their toll in the results of the short-term approaches. **A valuation of around EUR 50 presently seems to be a balanced valuation indication.**

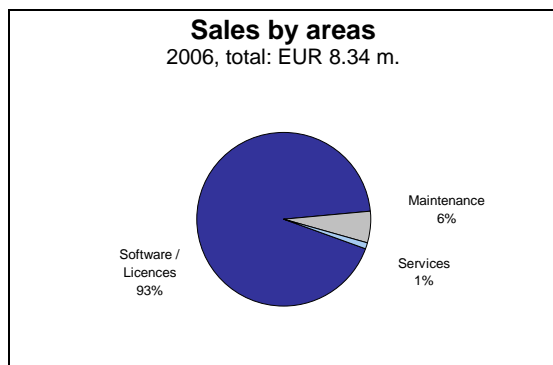
Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Figures
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The newsflow at MeVis will be marked by the quarterly figures and above all the operating enhancements. This qualitative news represents an important trigger for the company. It can be assumed that in the next few years the company will above all

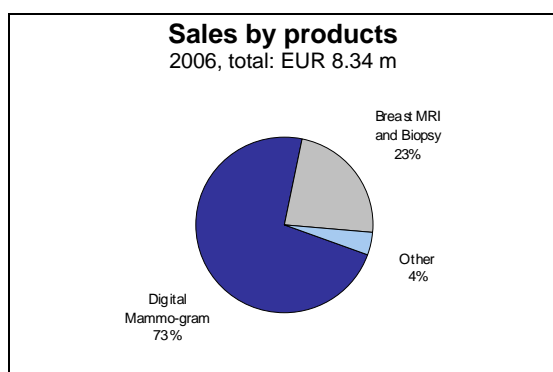
- **intensify and expand its partnerships with existing OEMs.** As a central element of the distribution strategy, we assume that existing partners such as Hologic or Siemens, with which MeVis works very closely together, will co-operate with MeVis on additional disciplines/products.
- **win over new OEMs and partners for products.** MeVis is a very reputable and established market participant with leading technologies. We assume that additional marketing partners can be won over in the medium term (also against the background of new products).
- **be able to report larger licence deals.** Up to now the company has not made any statements on larger licence deals. In the course of the initiation of capital market-oriented communication, this should also occur in the future.
- **report additional product releases and developments.** The MeVis pipeline is continuously being enhanced. The company should accordingly be able to report on products and market introductions. The launch of at least three new products is planned for 2008.
- **report further product launches and developments.** MeVis' pipeline is undergoing a continuous development. Accordingly, the company is expected to report on products and market introductions. For 2008 it is planned to launch of at least three new products.
- **publish reports in a scientific context.** MeVis Research, for instance, announced in November 2007 that the first navigated liver surgery to remove non-visible tumours was successful. This is a milestone in the liver surgery.

The most important event of the upcoming newsflow will be the Q1 figures which are planned to be published on May 27, 2008. We are assuming that they will be very positive as the first (out-of-phase) payments from Philips/Invivo can be expected.

Equity Story	Competitive quality	Financials	Valuation	Newsflow	<b>Company &amp; Products</b>	Figures
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Source: MeVis



Source: MeVis

**Company background:**

The Centre for Medical Diagnosis Systems and Visualisation (Centrum für Medizinische Diagnosesysteme und Visualisierung, MeVis) was founded in August 1995 as a non-profit GmbH located in Bremen. The company has been active in the field of computer support of imaging, medical diagnostics and therapy since its founding. With its location at the University of Bremen, the company has ties and connections with its subsidiary institute CeVis (Center for Complex Systems and Visualisation), an independent institute of the Department of mathematics and computer science at the University of Bremen. MeVis Medical Solutions AG was ultimately founded in 1998. At the moment the company has some 61 employees (August 31, 2007 without MeVis Research, MeVis Breastcare considered at 51% without student support staff). MeVis employed 74 people at the end of 2007 on a consolidated basis.

Through early projects by CeVis between 1992 and 1994 with Prof. G. v. Kaick from the German Cancer Research Center in Heidelberg and between 1992 and 1995 with Prof. K. J. Klose from the University of Marburg, the critical impulses for the conception of MeVis were delivered. The latter project was pressed ahead by MeVis and has become a focal point with a series of international hospital partners. 2004 saw another commercial spin-off.

A significant share of the dynamic development of MeVis lies in a series of larger third-party funding projects of MeVis Research. The subsidiary is one of the internationally leading R&D centres for the computer support of image-based medicine (shareholders: MeVis Medical Solutions AG 25.1%, State of Bremen 74.9%). The company carries out research without commercial restraints and enable MeVis Medical Solutions to develop and commercialise marketable ideas. The non-profit GmbH had a budget of EUR 4 m in 2006 (subsidies). MeVis bears only roughly EUR 0.3 m of the costs per year plus the contract research sponsorings. For this the company receives commercially applicable product ideas for further development (see also "Competitive quality" section). Examples of noteworthy projects in the field of breast cancer diagnostics are MammaVision (1997-2000), SCREEN (2000-2002), SCREEN-TRIAL (2002-2004) and the first German model project for mammography screening. The results of these projects led to the founding of the globally leading MeVis BreastCare in 2001. In addition, an institutional co-operation structure was established through the VICORA project (2000-2006) with the integration of leading federal German radiological partners and the industry. The purpose of the SIMPL project (2002-2004) was an attempt to establish the planning of complex liver operations globally as an internet-supported service and to demonstrate the ability to commercialise this. Since the termination of the project, the company MeVis Distant Services offers commercial services commercially around the world.

The budget of MeVis Research is around EUR 4.5 m p.a., thereof around EUR 1.1 m basic financing, of which MeVis Medical Solutions AG contributes its share (25.1%). On March 5, it was announced that MeVis Research GmbH is in talks on a conversion to become a Fraunhofer institute and the city of Bremen will provide EUR 11 m from the EFRE programme (European fund for regional development) in the next 5 years. Together with other third funds to be expected MeVis thus has a significantly broader and safer financing basis. This enables a substantial capacity increase and thus a more extended fundamental research, the results of which will also be beneficial for MeVis Medical Solutions AG. Being under the roof of Fraunhofer Gesellschaft would allow for another substantial increase of the research funds available. The research and development activities of MeVis Research could then be doubled within a few years and ex-

Equity Story	Competitive quality	Financials	Valuation	Newsflow	<b>Company &amp; Products</b>	Figures
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panded to other areas of research. Above all, this would signify a significantly better and technologically broader access to research results which can be commercially used by MeVis group.

The most important products of the MeVis AG today are software solutions, which the company markets through equipment manufacturers (OEMs) of imaging devices. MeVis is already the market leader in the field of digital mammography and breast MRI and works together with the leading OEMs (Hologic and Siemens respectively In-vivo/Philips).

#### Most important products

MeVis develops disease-related software solutions for medical imaging technology. As diagnosis and analysis tools, MeVis solutions support medical specialists in the diagnosis and therapy of particular diseases and in the intervention and surgical procedures. The focus of the company's products is on the field of cancer and nervous system disorders.

As a central interface between the imaging device and medical personnel, MeVis software systems are highly critical for the success of computer-aided diagnoses. MeVis achieves demand-based solutions for the high medical quality requirements through:

- Generation and focussing of information for the best possible support of the clinician
- Improved diagnostic quality through image presentations, automation and computer-aided detection
- Optimal workflow: fast imaging, intuitive handling, high efficiency and interaction in real time

Smooth integration with all imaging procedures (modalities) and into all IT infrastructures

#### Areas of application

In the field of image-based screenings and diagnosis, the added value of MeVis software is seen in the productivity increase of the healthcare professionals due to optimised workflows as well as image analyses and presentations. To the same extent, the diagnostic quality and precision are rising through the use of computer-aided detection as a "second opinion" and the automatic measurement of tumours (tumour volumetric analysis). As a key technology, MeVis diagnostic systems open up entirely new areas of application for image-based medicine (in neurology, for example, as neuro-fibre tracking by way of diffusion tensor imaging, DTI). MeVis software's typical end users are radiologists, neurologists, gynaecologists and medical-technical personnel among others.

In the area of image-based intervention and surgery, MeVis carries out preoperative analyses of organs as a service for clinicians, which allows for careful procedures. The service is typically used by surgeons and interventional radiologists. In addition to this service, MeVis also offers the intervention-supporting software solutions itself as a product. The inter-operational imaging in real time could be a long-term goal for MeVis with immense future potential.

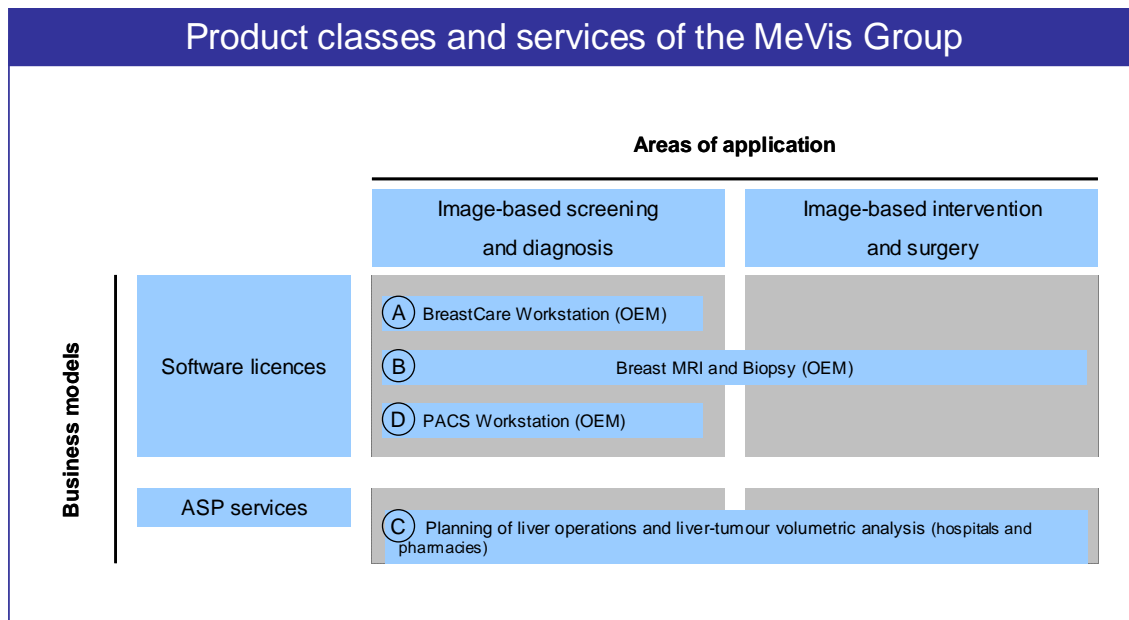
#### Business models

MeVis' core business is the sale of software via an attractive licence model. The company distributes its products almost exclusively through leading equipment manufacturers, or OEMs (Siemens, Hologic and In vivo among others). The business model is highly scalable. Sales accrue in the form of one-time licence fees per workstation established. In addition, a growing sales basis comes from maintenance contracts.

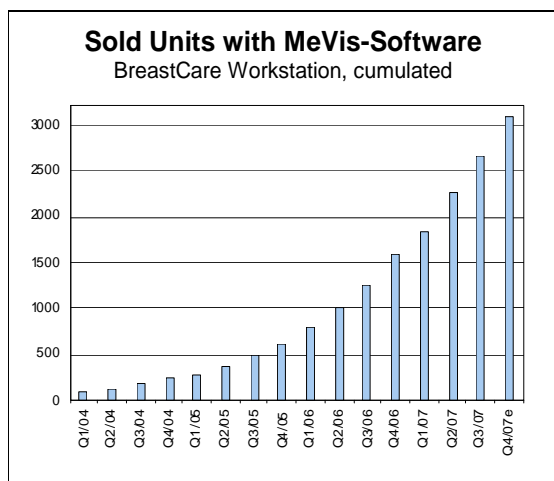


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The ASP services represent a highly profitable secondary business. The operation planning is calculated per case and patient and hardly requires any investments or training for the end users. The small, highly specialised market up to now is largely limited to liver operations (live-liver transplants, primarily in Asia, removal of tumours). MeVis is also the global market leader in this field.



Source: MeVis



Source: MeVis

#### Breastcare Workstation

The MeVis product at the moment with the strongest sales is the visualisation and diagnostic software for digital mammography systems by Hologic and Siemens. The digital mammogram is the method of choice in the early detection of breast cancer for patients aged 50-70 (screening programme). The OEM partners distribute individually developed MeVis products under separate product names: SecurViewDX and SecurViewRX (Hologic) or syngoMammoReport (Siemens). The MeVis diagnostics station allows for the computer-aided, automated diagnosis (CAD) and the comfortable presentation of data without losing information through a reduction in size. An efficient workflow also guarantees a high patient throughput with lower error rates and secures cost effectiveness (compensation according to a flat rate per case). The opportunity for the subsequent correction of recording reduces the radiation burden for patients.

The BreastCare Workstation as a product is subject to constant further development. Through the integration of additional modalities, MeVis continuously increases the efficiency of the diagnostic station (multi-modality) and generates growing sales contributions through add-ons and updates of this type per licence sold. The diagnosis station currently supports both digital mammography and breast screenings in CT, MRI, PET and ultrasound. Full field ultrasound and digital tomosynthesis are planned in the future as additional modalities.

#### Breast MRI and Biopsy

The diagnosis software supports the diagnosis of breast cancer by way of magnetic resonance imaging (MRI), by far the most sensitive detection procedure for breast cancer. MRI is particularly suitable for use with women with dense breast tissue. Combined with innovative

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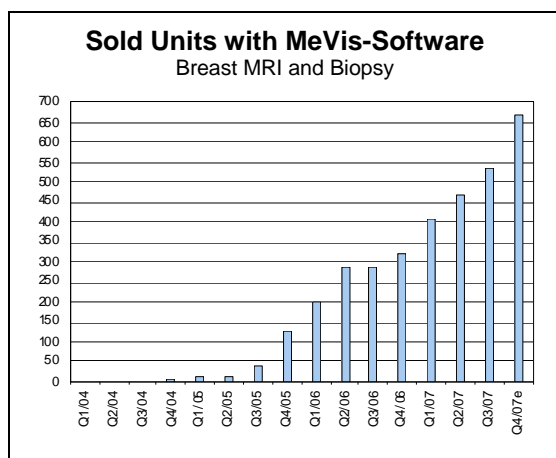
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Source: MeVis

biopsy equipment, the MeVis diagnosis system allows for the planning and implementation of targeted tissue removal. The software is marketed by Invivo/Philips under the product name DynaCAD and by Siemens under the label Siemens DynaCAD. Current studies demonstrate the significance of the MRI screening for the highly sensitive detection of multi-focal (repeated) breast cancers which remain undiscovered with other procedures. The procedure guarantees to make a significant contribution to the improvement of the reliability of the diagnosis.

ASP service: planning of liver operations

On the basis of CT and MRI data of the liver, the MeVis software gives an outline of vascular structures and functional segmentation of the organ. In addition, the software enables an exact measurement of liver tumours (volumetric analysis). These data form an important basis for the planning of delicate operations with tumour resections and live liver transplants which consider the segment anatomy of the liver. The liver data sets are transmitted through a specially developed internet transfer technology to MeVis. The analysis and evaluation of CT data as well as the preparation of operation plans take place there through a team of specialists. The ASP model bundles the expertise at MeVis and allows for a high-value and efficient offering. This is billed on a case-by-case basis. No additional IT and personnel costs accrue for hospitals. MeVis sees lucrative application in the service for pharmaceutical companies, where the software is used in the scope of clinical studies for measuring the success of pharmaceuticals for tumour therapy (measuring of tumour regression). MeVis entered into a co-operation with the pharmaceutical company Sirtex in August 2007.

PACS Workstation (MT-Jade)

MT-Jade is a general diagnosis station for overall radiology. Contrary to all other MeVis products, the software is not focused on certain anatomical regions or diseases. MT-Jade offers comprehensive potential applications in several areas of a hospital and with different imaging procedures. The PACS Workstation supports medical specialists in diagnostics through the automatic recognition of anatomical regions (automatic diagnostic setup). The product is distributed in a partnership with Medos AG (subsidiary of Ortivus).

### Most important developments in the product pipeline

DynaCAD Neuro MRI

The MeVis software allows for the combined presentation and analysis of anatomical as well as functional brain data. The product gives neurologists and neurosurgeons a tool that allows them to locate function-related areas of the brain and nerve pathways in the brain which have to be avoided in surgical procedures. This is achieved through the fusion of several imaging procedures. The anatomical imaging of the brain and its potential lesions is based on high resolution MRI. Cognitive areas of the brain are identified through functional imaging by way of MRI (measurement of the metabolic activity by way of oxygen consumption in the tissue). The visualisation of important nerve pathways inside the brain is carried out by way of neuro-fibre tracking. The latter is based on the procedure of diffusion tensor imaging (DTI), which identifies nerve cords by means of direction-dependent diffusion speed of water. Workflow and visualisation components support the operation planning and help locate the optimal access for the surgeon. The market introduction is planned for 2008. Another significantly smaller area of application of this DynaCAD

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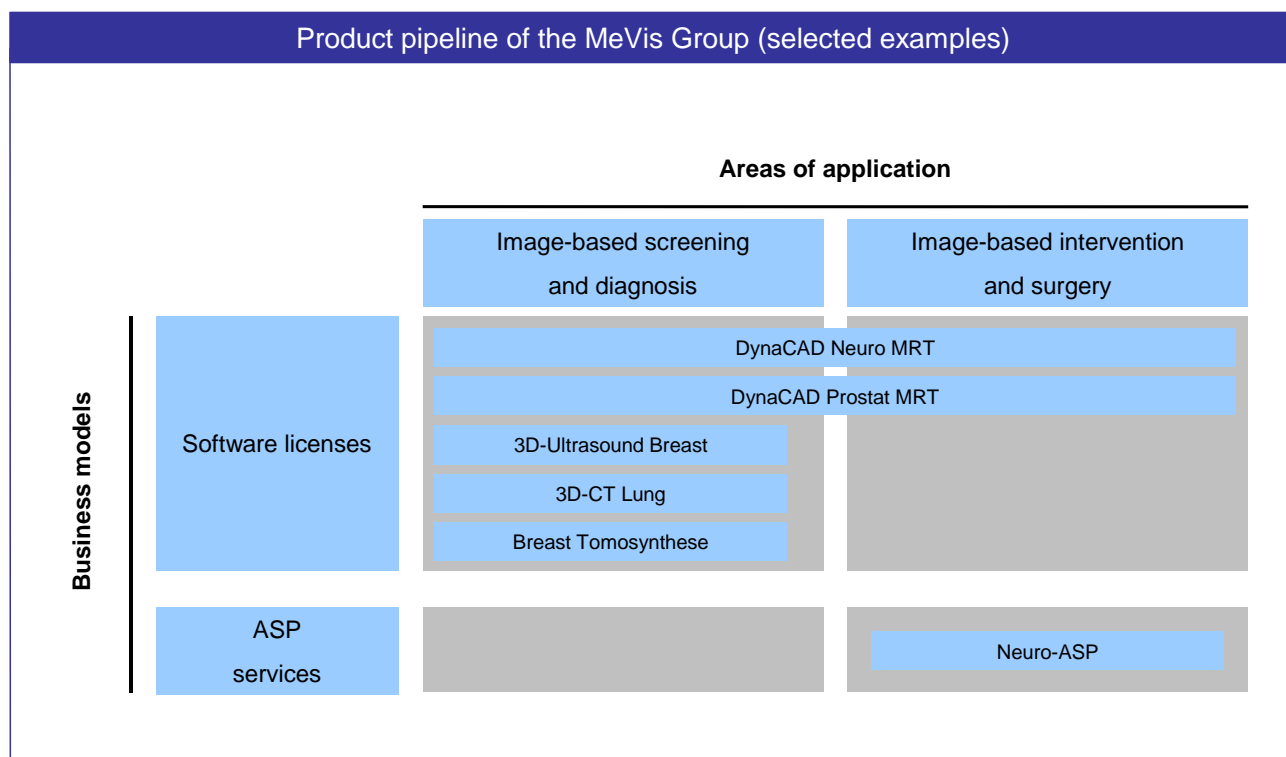
product group is prostate (DynaCAD Prostat MRI). The market introduction is also planned for 2008.

**3D Breast Ultrasound (3DBUS)**

MeVis develops the diagnosis software for full field 3D breast ultrasound in close co-operation with the Californian technology and market leader U-systems. 3D breast ultrasound as an emerging technology has the potential to find its way into gynaecological surgeries as a standard procedure in the mass market of breast cancer screening. Thanks to its suitability for dense breast tissue, the procedure can be used for early detection in young women. The critical advantages are the reproducibility with high resolution, no x-rays and the high degree of automation, which is achieved by the MeVis software. The MeVis product allows for a highly efficient diagnosis through specially developed workflow and imaging components. In addition, the software supports the correlation with digital mammography and MRI recordings. MeVis is planning to introduce the product within the next 18 months.

**Breast tomosynthesis**

Digital breast tomosynthesis enables the recording of 3D mammograms through appropriate reconstruction of several digital tomographies of the breast. Tomosynthesis could revolutionise breast cancer screening as it solves a central problem of mammography: the high rate of false positive diagnoses due to overlapping tissue structures can be drastically reduced by way of a 3D navigation through the mammogram. The MeVis system allows for an efficient and reliable administration of data quantities in gigabyte format. MeVis has developed specialised applications for its OEM partners Hologic and Siemens for two years. The product introduction is planned for 2009.



Source: MeVis

Equity Story	Competitive quality	Financials	Valuation	Newsflow	<b>Company &amp; Products</b>	Figures
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**OEM partnerships**

Up to now MeVis has only worked together with a few OEMs. The company plans to significantly expand its customer base (OEMs) and broaden the co-operation with the existing OEMs to include several disciplines. There are a number of potential areas of application in the field of imaging software at Siemens alone. There is considerable sales potential here, as numerous OEMs can be basically addressed with nearly all products. Individual applications could potentially be marketed to suppliers of PACS solutions as well.

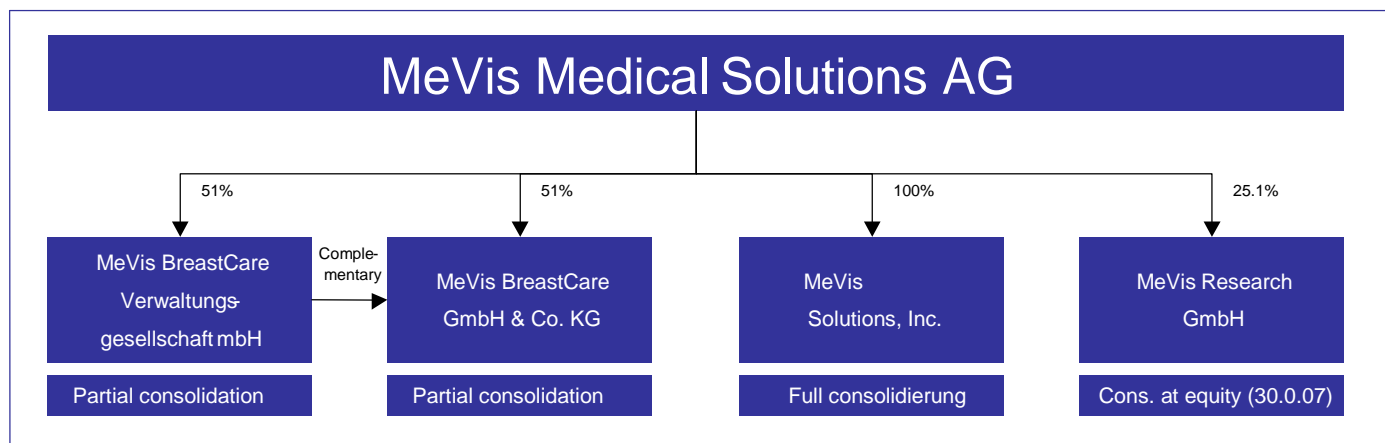
The following table shows an overview of market participants / competitors of MeVis. Some of them come into question as partners for the further marketing:

Market participants / Competitor of MeVis		
OEM (In-house development)	Software specialists	PACS-Provider
General Electric	Barco (Voxar)	Agfa
Giotto	Brainlab	Amicus
Hitachi	CADScience	Carestream (prev. Kodak)
Hologic	Confirma	Eclipsys
Instrumentarium	iCAD	Fuji
Toshiba	ImageDiagnost	McKesson
Philips	Medipattern	Sectra
Planmed	Merge (Cedara)	
Siemens	TeraRecon	
Varian	Viatronix	
	Vital Images	

Source: MeVis

Of particular interest among the OEMs for example is the company Toshiba, the potential customer of MeVis's products. As for the PACS suppliers, market leaders McKesson and Agfa as well as Sectra and Amicus are attractive potential partners. All of these suppliers can increase the quality rating of their solutions with the appropriate leading applications. It is very likely that additional OEM partners will be won over on the basis of leading MeVis products.

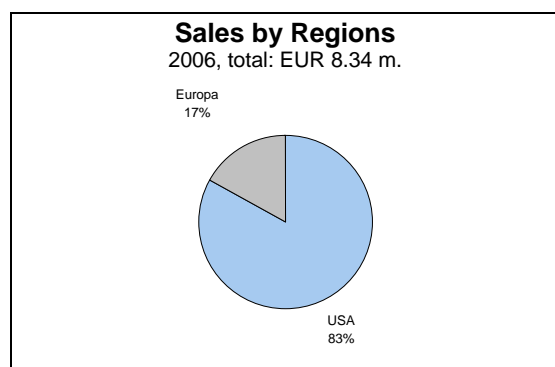
**Company structure**



Source: MeVis

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The most important company at the moment is Mevis BreastCare GmbH & Co. KG, at which the largest share of sales is generated (digital mammography, BreastCare Workstation) as a joint venture with Siemens (51%, partially consolidated). MeVis Medical Solutions Inc. (100%) will also gain considerable significance, through which the US market is to be opened up. The important research subsidiary MeVis research is consolidated using the equity method (25.1%).



Source: MeVis

### Geographic distribution of sales

MeVis is registered in Germany, which is also the location of the joint venture MeVis BreastCare. In addition, there is an important subsidiary in the US (MeVis Medical Solutions Inc.). As a result of the local distribution of OEMs (particularly Hologic and Invivo), MeVis generates the largest part of sales in the US (MeVis solutions are used around the world, but the contract partner is the OEM in the US).

### Management

The CEO of MeVis Medical Solutions AG is **Dr. Carl J. G. Evertsz**. The physicist, who has earned his doctorate degree and has been promoted to professor, worked as a research fellow of Prof. Mandelbrot at Yale University. Mr. Evertsz was a co-founder of MeVis Research GmbH in 1995 and of MeVis Medical Solutions AG in 1998. He also authored more than 60 publications in the fields of analysis of medical image data, computer-aided diagnosis, financial mathematics and fractal geometry.

**Dr. Olaf Sieker** (CFO) has been responsible for the area of finance since August 2007. Prior to his studies and doctoral thesis in business administration at the University of Bayreuth, Dr. Sieker received training as a banker at Deutsche Bank. He was subsequently active at KPMG Deutschland and in the UK in the field of accounting and financial advisory services. Dr. Sieker is the founder of ifas AG Financial Advisory Services AG and has been with MeVis since 2001.

Mr. **Thomas E. Tynes** has been a member of the Management Board of MeVis Medical Solutions AG since August 2007 and is responsible for the area of marketing and sales. Following his business administration studies in the US, Mr. Tynes worked as the general manager of IGC Medical Advances between 1989 and 2001. Afterwards he was a co-founder of Eye Prosthetics of Wisconsin. Prior to his post at MeVis, he worked as the director of clinical solutions at the Invivo Corporation between 2003 and 2007.

### Supervisory Board

The Supervisory Board of MeVis Medical Solutions AG is made up of three members.

**Prof. Heinz-Otto Peitgen** is the Chairman of the company's Supervisory Board. The founder of the MeVis Group studied mathematics, physics and economics. He has a professorship for mathematics at the University of Bremen and the FAU in Boca Raton. Prof. Peitgen has appeared many times as a guest professor and has released more than 250 publications. He has also received numerous honours, including the first class Federal Cross of Merit.

The Deputy Chairman of the Supervisory Board of Mevis Medical Solutions AG is **Axel Schubert**. Mr. Schubert has been a licensed attorney since 1976 and was active in the legal department of the Hamburgische Landesbank by 1979. In that same year, he changed

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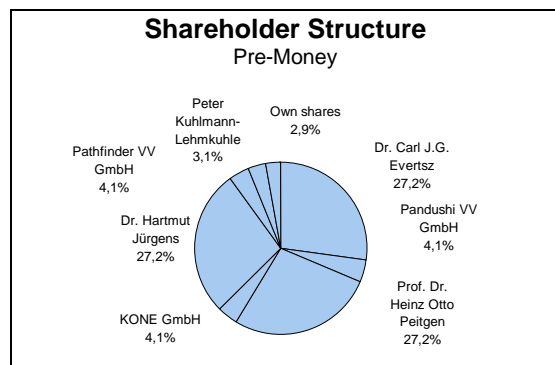
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Source: MeVis

to the Management Board of the Bremen stock exchange. In addition, Mr. Schubert holds numerous posts at stock exchange companies in Frankfurt, Zurich and Luxembourg.

Another member of the Supervisory Board is **Dr. Peter Zencke**, who studied mathematics and economics through 1977. In 1982 he pursued an assistant professorship at the University of Mainz. In 1984 Mr. Zencke changed to SAP, where he was appointed to the Management Board in 1992. Mr. Zencke also holds numerous posts at research and education institutes around the world.

### Shareholders

The most important shareholders of MeVis are Dr. Carl J.G. Evertsz (CEO), Prof. Dr. Heinz-Otto Peitgen and Dr. Hartmut Jürgens. CFO Dr. Sieker is also shareholder.

### Side note: imaging procedures

In the following section, the important imaging procedures are quickly described for a better understanding of this analysis.

**Magnetic resonance imaging (MRI)** is an imaging diagnosis procedure which displays the structure of the inside of the body layer for layer. This allows the individual organs and organ changes to be examined. Here a strong magnetic field is generated in which atomic nuclei are activated through high frequency. Once the impulse is disconnected, waves are sent which enable the tissue composition to be computed and converted into cross sections. This procedure is applied in the diagnosis of brain and spinal cord diseases, the detection of tumours and inspections of the metabolism of certain body regions.

**Computer tomography (CT)** is a special, computer-based form of x-ray examination. This is based on the analysis of different channels of recorded x-ray images for generating a 3D image. Here the patient is rotated by an x-ray tube, whereby x-rays are sent and captured by a series of detectors in order to record the organs in every layer. This procedure is used in the diagnosis and classification of tumour diseases, in virtual colonoscopy and for the diagnosis of strokes.

**Positron emission tomography (PET)** is a nuclear medical diagnosis procedure with which metabolic processes within the body can be made visible. Prior to examination, the patient takes a radioactive, signal-providing substance (tracer), which is distributed in the body and decays. This activity distribution of the tracer is recorded and converted into PET images through a computer. This procedure is used in the early detection and assessment of brain tumours and in neurology.

**Single Photon Emission Computed Tomography (SPECT)** signifies a diagnostic procedure for the production of cross sections in assessing the function of different organs. The patient is administered a radioactive drug which emits gamma radiation in the body. This is detected by rotating cameras. The computer then generates cross sections. This procedure is used for an examination of the vitality of the heart muscle tissue, the diagnosis of degenerative brain diseases and for oncology.

**Sonography (Ultrasound)** is an imaging procedure for the examination of organic tissue. The ultrasound device transmits sound waves beyond the human auditory threshold, which are heavily reflected or dispersed in different ways by the tissue. The depth of the reflecting tissue can be reconstructed from the elapsed time of the reflected signals resulting in a two-dimensional image. The process is standard in prenatal care and can also be used in the diagnosis of gall stones, the examination of veins and the examination of the thyroid gland and the heart.

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**Mammography (MG)** is described as the two-dimensional x-ray examination of the female breast. Here the mammary gland structures are recorded from two directions with a low-energy x-ray. This results in high contrast images with which the differences in the thickness and composition of the tissue can be recognised.

**Digital tomosynthesis (DTS)** is a CT-based imaging diagnosis procedure as a new technology for future use in mammograms which is not on the market yet. Contrary to mammography, the breast is recorded from many different angles. The separation of structures into layers makes it possible to examine overlapping areas of tissue. The computer converts the information into a three-dimensional image, which should serve to facilitate the detection and localisation of tissue changes.

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## Income Statement MeVis Medical Solutions

Income Statement (in EUR m)	2005	2006	2007e	2008e	2009e
<b>Sales</b>	<b>4.0</b>	<b>8.3</b>	<b>7.3</b>	<b>9.5</b>	<b>14.5</b>
Change in inventories / Assets capitalised	0.0	0.0	0.0	2.7	3.4
<b>Total Sales</b>	<b>4.0</b>	<b>8.3</b>	<b>7.3</b>	<b>12.2</b>	<b>17.9</b>
COGS	0.2	0.4	0.5	0.1	1.3
Personnel expenses	1.4	2.3	4.1	7.0	9.1
Other operating income	0.2	0.9	1.0	0.6	2.3
Other operating expenses	0.9	1.5	3.3	1.9	2.0
<b>EBITDA</b>	<b>1.7</b>	<b>5.0</b>	<b>0.5</b>	<b>3.8</b>	<b>7.7</b>
Depreciation on fixed assets	0.1	0.2	0.5	0.1	0.3
<b>EBITA</b>	<b>1.6</b>	<b>4.8</b>	<b>0.0</b>	<b>3.7</b>	<b>7.5</b>
Amortisation of intangible assets	0.1	0.0	0.0	1.3	2.6
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>1.5</b>	<b>4.7</b>	<b>0.0</b>	<b>2.4</b>	<b>4.9</b>
Interest income	0.0	0.1	0.3	1.3	1.1
Interest expense	0.4	0.3	0.2	0.1	0.1
Financial Result	-0.4	-0.3	0.1	1.2	1.0
<b>Result from Ordinary Operations</b>	<b>1.1</b>	<b>4.5</b>	<b>0.1</b>	<b>3.6</b>	<b>5.9</b>
Extraordinary Result	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>1.1</b>	<b>4.5</b>	<b>0.1</b>	<b>3.6</b>	<b>5.9</b>
Taxes	0.1	1.5	0.1	0.7	1.6
Net Profit of continued operations	1.0	2.9	0.1	3.0	4.3
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0
<b>Net Profit before Minorities</b>	<b>1.0</b>	<b>2.9</b>	<b>0.1</b>	<b>3.0</b>	<b>4.3</b>
Minority Interests	-1.8	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>-0.8</b>	<b>2.9</b>	<b>0.1</b>	<b>3.0</b>	<b>4.3</b>

Income Statement (in % of Sales)	2005	2006	2007e	2008e	2009e
<b>Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Change in inventories / Assets capitalised	0.0%	0.0%	0.0%	27.9%	23.2%
<b>Total Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>127.9%</b>	<b>123.2%</b>
COGS	4.1%	5.1%	6.5%	1.0%	9.0%
Personnel expenses	35.3%	27.9%	55.2%	73.5%	62.8%
Other operating income	4.7%	10.8%	14.0%	6.0%	16.0%
Other operating expenses	23.2%	17.9%	45.0%	19.9%	14.0%
<b>EBITDA</b>	<b>42.0%</b>	<b>59.9%</b>	<b>7.3%</b>	<b>39.5%</b>	<b>53.4%</b>
Depreciation on fixed assets	1.9%	2.7%	6.7%	0.7%	2.0%
<b>EBITA</b>	<b>40.0%</b>	<b>57.1%</b>	<b>0.6%</b>	<b>38.8%</b>	<b>51.4%</b>
Amortisation of intangible assets	2.8%	0.3%	0.4%	13.6%	17.8%
Impairment charges and Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT</b>	<b>37.2%</b>	<b>56.8%</b>	<b>0.3%</b>	<b>25.2%</b>	<b>33.6%</b>
Interest income	0.2%	0.8%	4.3%	13.2%	7.4%
Interest expense	9.9%	4.0%	2.6%	0.5%	0.3%
Financial Result	-10.0%	-3.2%	1.7%	12.7%	7.0%
<b>Result from Ordinary Operations</b>	<b>27.2%</b>	<b>53.7%</b>	<b>2.0%</b>	<b>37.9%</b>	<b>40.7%</b>
Extraordinary Result	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBT</b>	<b>27.2%</b>	<b>53.7%</b>	<b>2.0%</b>	<b>37.9%</b>	<b>40.7%</b>
Taxes	2.2%	18.5%	0.8%	6.9%	10.9%
Net Profit of continued operations	25.0%	35.2%	1.2%	31.1%	29.8%
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net Profit before Minorities</b>	<b>25.0%</b>	<b>35.2%</b>	<b>1.2%</b>	<b>31.1%</b>	<b>29.8%</b>
Minority Interests	-46.4%	0.0%	0.0%	0.0%	0.0%
<b>Net Profit</b>	<b>-21.4%</b>	<b>35.2%</b>	<b>1.2%</b>	<b>31.1%</b>	<b>29.8%</b>

Quellen: MeVis (reported data), SES Research (estimates)



Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Figures
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## Balance sheet MeVis Medical Solutions

Balance sheet (in EUR m)	2005	2006	2007e	2008e	2009e
<b>ASSETS</b>					
Intangible Assets	0.3	0.4	0.5	1.9	2.8
Fixed Assets	0.1	0.3	0.1	0.3	0.3
Financial Assets	0.0	0.0	0.0	0.0	0.0
<b>Long-Term Assets</b>	<b>0.4</b>	<b>0.7</b>	<b>0.6</b>	<b>2.2</b>	<b>3.1</b>
Receivables and Other Current Assets	1.5	2.4	3.7	2.6	3.7
Cash and Cash Equivalents	2.0	5.4	28.0	30.6	33.2
<b>Current Assets</b>	<b>3.7</b>	<b>8.4</b>	<b>32.4</b>	<b>33.8</b>	<b>37.5</b>
<b>Total Assets</b>	<b>4.1</b>	<b>9.1</b>	<b>33.0</b>	<b>36.0</b>	<b>40.6</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Common Stock	0.0	0.1	1.8	1.8	1.8
Additional Paid-In Capital	0.0	0.0	26.8	26.8	26.8
Retained Earnings	0.0	0.0	0.9	0.9	3.9
Accumulated other Comprehensive Income	-2.1	2.6	0.1	3.0	4.3
<b>Total Equity</b>	<b>-2.1</b>	<b>2.7</b>	<b>29.5</b>	<b>32.5</b>	<b>36.8</b>
<b>Minority Interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Provisions</b>	<b>0.4</b>	<b>2.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Financial Liabilities	3.2	2.6	1.6	1.6	1.6
Other Liabilities	0.7	1.5	1.5	1.6	1.9
<b>Total Liabilities</b>	<b>3.9</b>	<b>4.1</b>	<b>3.1</b>	<b>3.2</b>	<b>3.5</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>4.1</b>	<b>9.1</b>	<b>33.0</b>	<b>36.0</b>	<b>40.6</b>

Balance sheet (in % of Balance Sheet Total)	2005	2006	2007e	2008e	2009e
<b>ASSETS</b>					
Intangible Assets	7.9%	4.3%	1.5%	5.4%	6.9%
Fixed Assets	3.0%	3.2%	0.2%	0.8%	0.7%
Financial Assets	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Long-Term Assets</b>	<b>10.9%</b>	<b>7.4%</b>	<b>1.7%</b>	<b>6.2%</b>	<b>7.6%</b>
Receivables and Other Current Assets	35.6%	26.3%	11.4%	7.2%	9.1%
Cash and Cash Equivalents	49.4%	59.6%	85.1%	84.9%	81.7%
<b>Current Assets</b>	<b>89.1%</b>	<b>92.6%</b>	<b>98.3%</b>	<b>93.8%</b>	<b>92.4%</b>
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Common Stock	0.0%	0.5%	5.5%	5.1%	4.5%
Additional Paid-In Capital	0.0%	0.0%	81.3%	74.3%	65.9%
Retained Earnings	0.0%	0.0%	2.6%	2.6%	9.6%
Accumulated other Comprehensive Income	-51.6%	28.6%	0.3%	8.2%	10.6%
<b>Total Equity</b>	<b>-51.6%</b>	<b>29.1%</b>	<b>89.6%</b>	<b>90.2%</b>	<b>90.6%</b>
<b>Minority Interest</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Provisions</b>	<b>10.7%</b>	<b>25.5%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.8%</b>
Financial Liabilities	78.2%	28.7%	4.9%	4.5%	4.0%
Other Liabilities	18.0%	16.7%	4.5%	4.4%	4.6%
<b>Total Liabilities</b>	<b>96.2%</b>	<b>45.4%</b>	<b>9.4%</b>	<b>8.9%</b>	<b>8.6%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Quellen: MeVis (reported data), SES Research (estimates)

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Figures
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## Statement of Cash Flows MeVis Medical Solutions

Statement of Cash Flows (in EUR m)	2005	2006	2007e	2008e	2009e
EBT	1.4	4.5	0.1	3.0	4.3
Depreciation on Fixed Assets	0.1	0.2	0.5	0.1	0.3
Amortisation of Goodwill	0.0	0.0	0.0	0.0	0.0
Amortisation of Intangible Assets	0.1	0.0	0.0	1.3	2.6
Changes in Long-Term Provisions	0.2	-0.2	-2.0	0.0	0.0
Other Non-Cash related payments	0.0	-0.3	0.0	0.0	0.0
<b>Cash Flow</b>	<b>1.8</b>	<b>4.2</b>	<b>-1.4</b>	<b>4.3</b>	<b>7.2</b>
Changes in Inventories	0.0	0.0	0.0	0.0	0.0
Changes in Accounts Receivables	-0.9	-0.3	-1.3	1.1	-1.1
Changes in Accounts Payable	0.9	0.7	0.0	0.1	0.3
Changes in other constituents of Working Capital	0.0	0.0	0.0	0.0	0.0
Changes in Working Capital	-0.1	0.4	-1.4	1.2	-0.8
<b>Cash Flow from Operating Activities</b>	<b>1.8</b>	<b>4.6</b>	<b>-2.8</b>	<b>5.6</b>	<b>6.3</b>
CAPEX	-0.4	-0.4	-0.4	-3.0	-3.7
Cash Paid for Aquisitions	0.0	0.0	0.0	0.0	0.0
Purchases of Marketable Securities	0.0	0.0	0.0	0.0	0.0
Proceeds from Sale of Property and Equipment	0.0	0.1	0.0	0.0	0.0
<b>Cash Flow from Investing Activities</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-3.0</b>	<b>-3.7</b>
Dividend payment	0.0	0.0	0.0	0.0	0.0
Changes in Debt	0.0	-0.9	-1.0	0.0	0.0
Repurchase of Stock	0.0	0.0	0.0	0.0	0.0
Issuance of Common Stock	0.0	0.0	26.8	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
<b>Cash Flow from Financing Activities</b>	<b>0.0</b>	<b>-0.9</b>	<b>25.8</b>	<b>0.0</b>	<b>0.0</b>
Effect of exchange rate changes	0.0	0.0	0.0	0.0	0.0
<b>Net Changes of Cash and Cash Equivalents</b>	<b>1.4</b>	<b>3.4</b>	<b>22.6</b>	<b>2.6</b>	<b>2.6</b>
<b>Cash and Cash Equivalents, end of period</b>	<b>2.0</b>	<b>5.4</b>	<b>28.0</b>	<b>30.6</b>	<b>33.2</b>

Sources: MeVis (reported data), SES Research (estimates) \*incl. IPO costs (partially capitalised) of EUR 2.5 m

Equity Story	Competitive quality	Financials	Valuation	Newsflow	Company & Products	Figures
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## Financial Ratios MeVis Medical Solutions

	2005	2006	2007e	2008e	2009e
<b>Operational Efficiency</b>					
Total Operating Costs / Sales (%)	62.8%	43.2%	99.7%	102.7%	89.6%
EBIT-Margin (%)	37.2%	56.8%	0.3%	25.2%	33.6%
Operating Return (%)	197.5%	304.9%	19.1%	212.5%	295.9%
ROA (%)	-189.7%	434.2%	15.7%	133.6%	139.1%
<b>Efficiency of Capital Employment</b>					
Plant Turnover	32.4	29.1	132.4	34.9	52.4
Operating Assets Turnover	4.7	5.1	2.6	5.4	5.5
Capital Employed Turnover	2.6	1.1	0.2	0.3	0.4
<b>Return on Capital</b>					
ROCE (%)	112.6%	104.1%	0.1%	7.3%	13.3%
EBITDA / Average Capital Employed (%)	126.9%	109.6%	2.7%	11.4%	21.2%
ROE (%)	40.0%	110.6%	0.3%	9.1%	11.7%
ROIC (%)	28.7%	38.3%	0.3%	8.6%	11.1%
<b>Solvency</b>					
YE Net Debt	1,180.0	-2,812.0	-26,420.0	-28,972.7	-31,563.1
Net Gearing	-55.8%	-106.0%	-89.4%	-89.1%	-85.7%
Debt / Equity (%)	-151.5%	98.6%	5.5%	5.0%	4.4%
Current Ratio	0.9	2.0	10.5	10.5	10.8
Acid Test Ratio	0.8	1.3	9.5	9.6	9.8
EBITDA / Interest Paid	4.2	15.1	2.8	75.4	154.8
Interest Cover	3.8	14.4	0.1	48.1	97.5
<b>Cash Flow</b>					
Free Cash Flow (EURm)	1,365.0	4,148.0	-3,192.0	2,552.7	2,590.5
Free Cash Flow / Sales (%)	34.5%	49.7%	-43.4%	26.8%	17.9%
Adj. Free Cash Flow (EURm)	0.0	4,800.1	353.2	907.6	4,169.9
Adj. Free Cash Flow / Sales (%)	0.0%	57.5%	4.8%	9.5%	28.8%
Free Cash Flow / Net Income (%)	-1.6	1.4	-36.0	0.9	0.6
Interest Received / Average Cash (%)	0.5%	1.8%	1.9%	4.3%	3.4%
Interest Paid / Average Debt (%)	14.2%	11.3%	9.0%	3.1%	3.1%
Dividend Payout Ratio	0.0	0.0	0.0	0.0	0.0
<b>Funds Management</b>					
Capex / Sales (%)	-10.0%	-5.4%	-5.5%	-31.7%	-25.9%
Maintenance Capex / Sales (%)	1.9%	2.7%	6.7%	0.7%	2.0%
Capex / Depreciation (%)	-211.2%	-176.7%	-78.6%	-220.9%	-130.8%
Average Working Capital / Sales (%)	15.9%	15.8%	32.8%	26.1%	15.8%
Trade Creditors / Trade Debtors (%)	333.3%	427.6%	799.5%	400.0%	399.9%
Inventory processing period (days)	1.7	1.3	1.8	1.8	1.8
Receivables collection period (days)	92.3	82.0	160.0	80.0	80.0
Payables payment period (days)	27.7	19.2	20.0	20.0	20.0
Cash conversion cycle (days)	66.3	64.1	141.8	61.8	61.8

Sources: MeVis (reported data), SES Research (estimates)

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- B Buy:** The price of the analysed equity security is expected to rise over the next 12 months.
- H Hold:** The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
- S Sell:** The price of the analysed equity security is expected to fall over the next 12 months.
- “-“ Rating suspended:** The available information does not currently permit an evaluation of the company.

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Rating	Number of stocks	% of universe
Buy	130	61%
Hold	55	26%
Sell	13	6%
Rating suspended	16	7%
<b>Total</b>	<b>214</b>	

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Rating	Number of stocks	% of universe
Buy	100	65%
Hold	39	25%
Sell	7	5%
Rating suspended	9	6%
<b>Total</b>	<b>155</b>	

**Price and Rating History**  
**MeVis Medical Solutions (M3VGn.DE) as of 6.3.08**

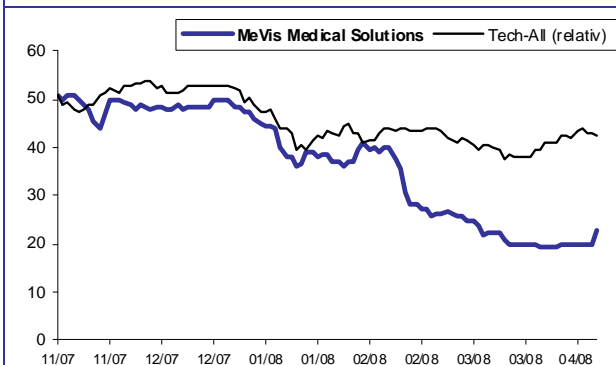


The boxes on the price and rating history chart indicate the date and rating of the Equity Alert issued by SES Research GmbH. Each box represents a date on which an analyst made a change to a rating, except for the first box, which may represent the rating in place at the beginning of the period or the first Alert written on the issue in the past 12 months.

Sources: Factset (prices) / SES Research (ratings)

**Buy** Risk: **Price target: EUR 52.00** **First breast – now lung**  
 (old: Buy) high (old: EUR 50.00)

Bloomberg: M3V GY Price: 22.90  
 Reuters: M3VG.DE Tech-AS: 930.94  
 ISIN: DE000A0LBFE4  
 Internet: www.mevis.de  
 Segment: Prime Standard  
 Sector: Medical technology



Share data: Bloomberg 10.04.2008 / Closing price

High / Low 52 W: EUR 53.89 / EUR 18.99  
 Market cap: EUR 41.68 m  
 No. of shares: 1.82 m

Shareholders: Dr. Carl J.G. Evertsz 19.45%  
 Prof. Dr. Heinz-Otto Peitgen 19.45%  
 Dr. Hartmut Jürgens 16.53%  
 Pathfinder VV GmbH 2.90%  
 Own shares 2.07%  
 Free float 39.60%

Calendar: Annual report 2007 25.04.2008  
 Q1/08 results 27.05.2008

#### Analysis: SES Research

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##### Sales Trading

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On April 10, 2008, MeVis Medical Solutions AG announced to have acquired the pulmonary computed tomography business of Hologic R2. Amongst others, this includes the software product ImageChecker CT - the first lung CAD system approved by the U.S. Food & Drug Administration (FDA) for the examination of the lung (especially the early detection of lung cancer). Only products and know how (e.g. patents) were acquired here. The products will be sold in future under the new brand name of MeVis Vista CT Lung. Employees of Hologic were not taken over by MeVis, as this deal only encompasses the acquisition of the IP. The marketing will be undertaken by the US subsidiary of MeVis which has already started in advance to integrate these products in their marketing and development. The acquisition has a number of strategic advantages for MeVis:

- MeVis now also possesses the leading technology in the field of imaging for a CT of the lung.
- This is also expected to facilitate the introduction of the lung products already planned and result in synergies between marketing and product development.
- The acquired products are already sold to OEM partners which MeVis did not have before. This results in cross-selling potential. Furthermore, the products might also be sold to established OEM partners of MeVis.
- MeVis had an advantage over competitors within the scope of this acquisition due to the close relationship with Hologic.

(Continued on page 2)

Fiscal year ending	12/05	12/06	12/07e	12/08e	12/09e
In EUR m					
<b>Sales</b>	4.0	8.3	7.3	10.1	15.6
Sales (old)			7.3	9.5	14.5
Delta			0.0%	6.3%	7.6%
<b>EBITDA</b>	1.7	5.0	0.5	4.1	8.5
EBITDA-margin	42.0%	59.9%	7.3%	40.0%	54.3%
EBITDA (old)			0.5	3.8	7.7
Delta			0.0%	7.6%	9.4%
<b>EBIT</b>	1.5	4.7	0.0	2.7	5.6
EBIT-margin	37.2%	56.8%	0.3%	26.4%	35.7%
EBIT (old)			0.0	2.4	4.9
Delta			0.0%	11.4%	14.2%
<b>Net Income</b>	-0.8	2.9	0.1	3.2	4.8
Margin	-21.4%	35.2%	1.2%	31.2%	30.6%
Net Income (old)			0.1	3.0	4.3
Delta			0.0%	6.7%	10.5%
<b>EpS</b>	-	-	0.05	1.74	2.62
EpS (old)			0.1	1.6	2.4
Delta			0.0%	6.7%	10.5%
<b>DPS</b>	-	-	0.00	0.00	0.00
Dividend Yield	-	-	0.0%	0.0%	0.0%
DPS (old)			0.0	0.0	0.0
Delta			n.a.	n.a.	n.a.
<b>EV/Sales</b>	-	-	2.07	1.50	0.98
<b>EV/EBITDA</b>	-	-	28.54	3.75	1.80
<b>EV/EBIT</b>	-	-	808.58	5.69	2.74
<b>PER</b>	-	-	458.00	13.16	8.74
<b>ROCE</b>	112.6%	104.1%	0.1%	8.4%	16.4%
<b>Adj. Free Cash Flow Yield</b>	n.m.	n.m.	2.3%	7.6%	31.4%

The impacts on the earnings development are also expected to be positive. It is realistic here to assume license revenues in the low single-digit million range.

- The acquisition price was not disclosed, but is in the medium single-digit million range (EUR) and thus is favourable in relation to the estimated license revenues.
- It can be assumed that the acquisition price will be paid over a longer period of time. Accordingly, the liquidity will also be reduced only to a minor degree in the short term.
- The acquisition is settled in USD, thus partly creating a natural hedge to MeVis' high dependency on the USD (top line so far: 83%).

As a result of the acquisition the sales and earnings expectations will be slightly adjusted (see table below). The most important aspect of this acquisition, i.e. the significantly better opportunities for the implementation of the new lung products of MeVis, will not become visible before 2009/10 though. This segment is expected to see a significant increase of sales and earnings.

The company will release the complete financial figures for 2007 on April 25, 2008 after it had presented itself on the „Med Tech Day“ in Frankfurt on April 15, 2008. In this connection it is expected that the company will also address the strategic relevance of this acquisition. The newsflow of the next few weeks thus is expected to remain positive.

The Buy rating is reiterated. The PT is slightly revised upwards in connection with this acquisition from EUR 50 to EUR 52.

Income Statement MeVis Medical Solutions					
Income Statement (in EUR m)	2005	2006	2007e	2008e	2009e
<b>Sales</b>	<b>4.0</b>	<b>8.3</b>	<b>7.3</b>	<b>10.1</b>	<b>15.6</b>
Change in inventories / Assets capitalised	0.0	0.0	0.0	2.7	3.5
<b>Total Sales</b>	<b>4.0</b>	<b>8.3</b>	<b>7.3</b>	<b>12.8</b>	<b>19.1</b>
COGS	0.2	0.4	0.5	0.1	1.2
Personnel expenses	1.4	2.3	4.1	7.2	9.7
Other operating income	0.2	0.9	1.0	0.6	2.5
Other operating expenses	0.9	1.5	3.3	2.0	2.2
<b>EBITDA</b>	<b>1.7</b>	<b>5.0</b>	<b>0.5</b>	<b>4.1</b>	<b>8.5</b>
Depreciation on fixed assets	0.1	0.2	0.5	0.1	0.3
<b>EBITA</b>	<b>1.6</b>	<b>4.8</b>	<b>0.0</b>	<b>4.0</b>	<b>8.2</b>
Amortisation of intangible assets	0.1	0.0	0.0	1.3	2.6
Impairment charges and Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>1.5</b>	<b>4.7</b>	<b>0.0</b>	<b>2.7</b>	<b>5.6</b>
Interest income	0.0	0.1	0.3	1.3	1.0
Interest expense	0.4	0.3	0.2	0.1	0.1
Financial Result	-0.4	-0.3	0.1	1.2	1.0
<b>Result from Ordinary Operations</b>	<b>1.1</b>	<b>4.5</b>	<b>0.1</b>	<b>3.9</b>	<b>6.5</b>
Extraordinary Result	0.0	0.0	0.0	0.0	0.0
<b>EBT</b>	<b>1.1</b>	<b>4.5</b>	<b>0.1</b>	<b>3.9</b>	<b>6.5</b>
Taxes	0.1	1.5	0.1	0.7	1.8
Net Profit of continued operations	1.0	2.9	0.1	3.2	4.8
Net Profit of discontinued operations	0.0	0.0	0.0	0.0	0.0
<b>Net Profit before Minorities</b>	<b>1.0</b>	<b>2.9</b>	<b>0.1</b>	<b>3.2</b>	<b>4.8</b>
Minority Interests	-1.8	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>-0.8</b>	<b>2.9</b>	<b>0.1</b>	<b>3.2</b>	<b>4.8</b>
Income Statement (in % of Sales)	2005	2006	2007e	2008e	2009e
<b>Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Change in inventories / Assets capitalised	0.0%	0.0%	0.0%	26.5%	22.3%
<b>Total Sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>126.5%</b>	<b>122.3%</b>
COGS	4.1%	5.1%	6.5%	1.0%	8.0%
Personnel expenses	35.3%	27.9%	55.2%	71.5%	62.0%
Other operating income	4.7%	10.8%	14.0%	6.0%	16.0%
Other operating expenses	23.2%	17.9%	45.0%	19.9%	14.0%
<b>EBITDA</b>	<b>42.0%</b>	<b>59.9%</b>	<b>7.3%</b>	<b>40.0%</b>	<b>54.3%</b>
Depreciation on fixed assets	1.9%	2.7%	6.7%	0.7%	1.9%
<b>EBITA</b>	<b>40.0%</b>	<b>57.1%</b>	<b>0.6%</b>	<b>39.4%</b>	<b>52.5%</b>
Amortisation of intangible assets	2.8%	0.3%	0.4%	12.9%	16.8%
Impairment charges and Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT</b>	<b>37.2%</b>	<b>56.8%</b>	<b>0.3%</b>	<b>26.4%</b>	<b>35.7%</b>
Interest income	0.2%	0.8%	4.3%	12.5%	6.4%
Interest expense	9.9%	4.0%	2.6%	0.5%	0.3%
Financial Result	-10.0%	-3.2%	1.7%	12.0%	6.1%
<b>Result from Ordinary Operations</b>	<b>27.2%</b>	<b>53.7%</b>	<b>2.0%</b>	<b>38.4%</b>	<b>41.8%</b>
Extraordinary Result	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBT</b>	<b>27.2%</b>	<b>53.7%</b>	<b>2.0%</b>	<b>38.4%</b>	<b>41.8%</b>
Taxes	2.2%	18.5%	0.8%	7.2%	11.2%
Net Profit of continued operations	25.0%	35.2%	1.2%	31.2%	30.6%
Net Profit of discontinued operations	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net Profit before Minorities</b>	<b>25.0%</b>	<b>35.2%</b>	<b>1.2%</b>	<b>31.2%</b>	<b>30.6%</b>
Minority Interests	-46.4%	0.0%	0.0%	0.0%	0.0%
<b>Net Profit</b>	<b>-21.4%</b>	<b>35.2%</b>	<b>1.2%</b>	<b>31.2%</b>	<b>30.6%</b>

Sources: MeVis (reported data), SES Research (estimates)



Balance sheet MeVis Medical Solutions					
Balance sheet (in EUR m)	2005	2006	2007e	2008e	2009e
<b>ASSETS</b>					
Intangible Assets	0.3	0.4	0.5	2.0	2.9
Fixed Assets	0.1	0.3	0.1	0.3	0.3
Financial Assets	0.0	0.0	0.0	0.0	0.0
<b>Long-Term Assets</b>	<b>0.4</b>	<b>0.7</b>	<b>0.6</b>	<b>2.2</b>	<b>3.2</b>
Receivables and Other Current Assets	1.5	2.4	3.7	2.7	3.9
Cash and Cash Equivalents	2.0	5.4	28.0	28.7	29.5
<b>Current Assets</b>	<b>3.7</b>	<b>8.4</b>	<b>32.4</b>	<b>32.0</b>	<b>34.1</b>
<b>Total Assets</b>	<b>4.1</b>	<b>9.1</b>	<b>33.0</b>	<b>34.3</b>	<b>37.3</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Common Stock	0.0	0.1	1.8	1.8	1.8
Additional Paid-In Capital	0.0	0.0	26.8	26.8	26.8
Retained Earnings	0.0	0.0	0.9	-1.1	0.1
Accumulated other Comprehensive Income	-2.1	2.6	0.1	3.2	4.8
<b>Total Equity</b>	<b>-2.1</b>	<b>2.7</b>	<b>29.5</b>	<b>30.7</b>	<b>33.5</b>
<b>Minority Interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Provisions</b>	<b>0.4</b>	<b>2.3</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Financial Liabilities	3.2	2.6	1.6	1.6	1.6
Other Liabilities	0.7	1.5	1.5	1.6	1.9
<b>Total Liabilities</b>	<b>3.9</b>	<b>4.1</b>	<b>3.1</b>	<b>3.3</b>	<b>3.5</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>4.1</b>	<b>9.1</b>	<b>33.0</b>	<b>34.3</b>	<b>37.3</b>
<b>Balance sheet (in % of Balance Sheet Total)</b>					
	<b>2005</b>	<b>2006</b>	<b>2007e</b>	<b>2008e</b>	<b>2009e</b>
<b>ASSETS</b>					
Intangible Assets	7.9%	4.3%	1.5%	5.7%	7.8%
Fixed Assets	3.0%	3.2%	0.2%	0.8%	0.8%
Financial Assets	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Long-Term Assets</b>	<b>10.9%</b>	<b>7.4%</b>	<b>1.7%</b>	<b>6.6%</b>	<b>8.6%</b>
Receivables and Other Current Assets	35.6%	26.3%	11.4%	8.0%	10.5%
Cash and Cash Equivalents	49.4%	59.6%	85.1%	83.6%	79.1%
<b>Current Assets</b>	<b>89.1%</b>	<b>92.6%</b>	<b>98.3%</b>	<b>93.4%</b>	<b>91.4%</b>
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Common Stock	0.0%	0.5%	5.5%	5.3%	4.9%
Additional Paid-In Capital	0.0%	0.0%	81.3%	78.1%	71.7%
Retained Earnings	0.0%	0.0%	2.6%	-3.1%	0.3%
Accumulated other Comprehensive Income	-51.6%	28.6%	0.3%	9.2%	12.8%
<b>Total Equity</b>	<b>-51.6%</b>	<b>29.1%</b>	<b>89.6%</b>	<b>89.6%</b>	<b>89.6%</b>
<b>Minority Interest</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Provisions</b>	<b>10.7%</b>	<b>25.5%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.8%</b>
Financial Liabilities	78.2%	28.7%	4.9%	4.7%	4.3%
Other Liabilities	18.0%	16.7%	4.5%	4.8%	5.2%
<b>Total Liabilities</b>	<b>96.2%</b>	<b>45.4%</b>	<b>9.4%</b>	<b>9.5%</b>	<b>9.5%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Sources: MeVis (reported data), SES Research (estimates)

## Statement of Cash Flows MeVis Medical Solutions

Statement of Cash Flows (in EUR m)	2005	2006	2007e	2008e	2009e
EBT	1.4	4.5	0.1	3.2	4.8
Depreciation on Fixed Assets	0.1	0.2	0.5	0.1	0.3
Amortisation of Goodwill	0.0	0.0	0.0	0.0	0.0
Amortisation of Intangible Assets	0.1	0.0	0.0	1.3	2.6
Changes in Long-Term Provisions	0.2	-0.2	-2.0	0.0	0.0
Other Non-Cash related payments	0.0	-0.3	0.0	0.0	0.0
<b>Cash Flow</b>	<b>1.8</b>	<b>4.2</b>	<b>-1.4</b>	<b>4.5</b>	<b>7.7</b>
Changes in Inventories	0.0	0.0	0.0	0.0	0.0
Changes in Accounts Receivables	-0.9	-0.3	-1.3	1.0	-1.2
Changes in Accounts Payable	0.9	0.7	0.0	0.2	0.3
Changes in other constituents of Working Capital	0.0	0.0	0.0	0.0	0.0
Changes in Working Capital	-0.1	0.4	-1.4	1.1	-0.9
<b>Cash Flow from Operating Activities</b>	<b>1.8</b>	<b>4.6</b>	<b>-2.8</b>	<b>5.7</b>	<b>6.7</b>
CAPEX	-0.4	-0.4	-0.4	-3.1	-3.9
Cash Paid for Aquisitions	0.0	0.0	0.0	0.0	0.0
Purchases of Marketable Securities	0.0	0.0	0.0	0.0	0.0
Proceeds from Sale of Property and Equipment	0.0	0.1	0.0	0.0	0.0
<b>Cash Flow from Investing Activities</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-3.1</b>	<b>-3.9</b>
Dividend payment	0.0	0.0	0.0	0.0	0.0
Changes in Debt	0.0	-0.9	-1.0	0.0	0.0
Repurchase of Stock	0.0	0.0	0.0	0.0	0.0
Issuance of Common Stock	0.0	0.0	26.8	0.0	0.0
Other	0.0	0.0	0.0	-2.0	-2.0
<b>Cash Flow from Financing Activities</b>	<b>0.0</b>	<b>-0.9</b>	<b>25.8</b>	<b>-2.0</b>	<b>-2.0</b>
Effect of exchange rate changes	0.0	0.0	0.0	0.0	0.0
<b>Net Changes of Cash and Cash Equivalents</b>	<b>1.4</b>	<b>3.4</b>	<b>22.6</b>	<b>0.6</b>	<b>0.9</b>
<b>Cash and Cash Equivalents, end of period</b>	<b>2.0</b>	<b>5.4</b>	<b>28.0</b>	<b>28.7</b>	<b>29.5</b>

Sources: MeVis (reported data), SES Research (estimates) \*incl. IPO costs (partially capitalised) of EUR 2.5 m

## Financial Ratios MeVis Medical Solutions

	2005	2006	2007e	2008e	2009e
<b>Operational Efficiency</b>					
Total Operating Costs / Sales (%)	62.8%	43.2%	99.7%	100.0%	86.6%
EBIT-Margin (%)	37.2%	56.8%	0.3%	26.4%	35.7%
Operating Return (%)	197.5%	304.9%	19.1%	214.2%	298.4%
ROA (%)	-189.7%	434.2%	15.7%	140.7%	147.6%
<b>Efficiency of Capital Employment</b>					
Plant Turnover	32.4	29.1	132.4	34.9	50.0
Operating Assets Turnover	4.7	5.1	2.6	5.4	5.5
Capital Employed Turnover	2.6	1.1	0.2	0.3	0.4
<b>Return on Capital</b>					
ROCE (%)	112.6%	104.1%	0.1%	8.4%	16.4%
EBITDA / Average Capital Employed (%)	126.9%	109.6%	2.7%	12.6%	24.9%
ROE (%)	40.0%	110.6%	0.3%	10.3%	14.2%
ROIC (%)	28.7%	38.3%	0.3%	9.7%	13.4%
<b>Solvency</b>					
YE Net Debt	1,180.0	-2,812.0	-26,420.0	-27,039.0	-27,898.3
Net Gearing	-55.8%	-106.0%	-89.4%	-88.1%	-83.4%
Debt / Equity (%)	-151.5%	98.6%	5.5%	5.3%	4.8%
Current Ratio	0.9	2.0	10.5	9.9	9.6
Acid Test Ratio	0.8	1.3	9.5	9.0	8.8
EBITDA / Interest Paid	4.2	15.1	2.8	81.1	169.4
Interest Cover	3.8	14.4	0.1	53.5	111.3
<b>Cash Flow</b>					
Free Cash Flow (EURm)	1,365.0	4,148.0	-3,192.0	2,619.0	2,859.4
Free Cash Flow / Sales (%)	34.5%	49.7%	-43.4%	25.9%	18.3%
Adj. Free Cash Flow (EURm)	0.0	4,800.1	353.2	1,160.6	4,773.3
Adj. Free Cash Flow / Sales (%)	0.0%	57.5%	4.8%	11.5%	30.6%
Free Cash Flow / Net Income (%)	-1.6	1.4	-36.0	0.8	0.6
Interest Received / Average Cash (%)	0.5%	1.8%	1.9%	4.5%	3.4%
Interest Paid / Average Debt (%)	14.2%	11.3%	9.0%	3.1%	3.1%
Dividend Payout Ratio	0.0	0.0	0.0	0.0	0.0
<b>Funds Management</b>					
Capex / Sales (%)	-10.0%	-5.4%	-5.5%	-30.2%	-24.9%
Maintenance Capex / Sales (%)	1.9%	2.7%	6.7%	0.7%	1.9%
Capex / Depreciation (%)	-211.2%	-176.7%	-78.6%	-222.1%	-133.8%
Average Working Capital / Sales (%)	15.9%	15.8%	32.8%	25.1%	15.6%
Trade Creditors / Trade Debtors (%)	333.3%	427.6%	799.5%	400.0%	400.0%
Inventory processing period (days)	1.7	1.3	1.8	1.8	1.8
Receivables collection period (days)	92.3	82.0	160.0	80.0	80.0
Payables payment period (days)	27.7	19.2	20.0	20.0	20.0
Cash conversion cycle (days)	66.3	64.1	141.8	61.8	61.8

Sources: MeVis (reported data), SES Research (estimates)

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