

Hold (old: Buy)

PT EUR 35.00 (old: 55.00)

Price EUR 38.25
Bloomberg M3V GR
Reuters M3VG
Sector Software

Leading software provider of equipment for the image-based medicine



Share data: 17.02.2009 / Closing price

Market cap: EUR 69.6 m
Enterprise Value (EV): EUR 57.7 m
Book value: EUR 34.3 m
No. of shares: 1.8 m

Shareholders:

Freefloat 36.6 %
 Professor Dr. Heinz-Otto Peitgen 19.5 %
 Dr. Carl J. G. Evertsz 19.5 %
 Dr. Hartmut Jürgens 16.5 %
 MeVis Medical Solutions AG 5.0 %
 Pathfinder 2.9 %
 Vermögensverwaltung GmbH

Calendar:

Figures 2008 04/28/2009
 Figures Q1 05/26/2009
 AGM 06/30/2009
 Figures Q2 08/28/2009

Change	2008E		2009E		2010E	
	old	Δ	old	Δ	old	Δ
Sales	11.0	-0.3	19.0	-4.9	23.4	-5.8
EBIT	2.7	-1.7	6.5	-4.5	8.3	-5.0
EPS	1.74	-1.07	3.01	-1.76	3.73	-2.00

Analysis: SES Research
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Very weak Q4

On February 18, 2009, MeVis Medical Solutions released the preliminary figures for Q4. The result was considerably below expectations:

MeVis Medical Solutions - Q4 2008

Figures in EUR m	Q4/08	Q4/07	yoy	2008	2007	yoy
Sales	2.8	1.7	62.8 %	10.7	7.9	35.6 %
EBIT margin	-0.6	-1.4	n.m.	1.0	0.5	98.0 %
	-21.5 %	-83.2 %		9.2 %	6.3 %	

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

This can be put down to various reasons:

- **The volume of the sold licences was very low.** It is true that the sales target was almost met. However, a positive currency effect (a US\$, which was 15% stronger compared to 9-month figures) plays an important role here. The reported sales should have been considerably stronger against this backdrop. However, the hedge transactions (US \$) against negative currency effects massively burdened earnings (MeVis generates roughly 80% of revenues in the US market). This is the reason for the burdened earnings despite alleged strong sales.
- Additionally, the result is burdened by **considerably higher consultancy costs**, which arose in connection with the acquisition of the "BreastCare business (Hologic) in Q4.
- Earnings were also impaired by the fact that MeVis **capitalised less software developments** than planned. A smaller share of personnel expenses was capitalised within the scope of the market introduction of the DynaSuite Neuro(TM) software in Q4.

However, the weaker product sale is decisive and, above all, sustainable. In particular considerable **uncertainties of end customers in the US market** play an important role here. In addition to the worse financing possibilities and a preventive resistance to invest in devices regarding the procurement of devices, also healthcare facilities, which are financed by donations, seem to be affected indirectly by the current financial and economic crisis. This considerably depresses MeVis' business prospects contrary to the original expectation. The management is currently not able to give a guidance. However, it is realistic that sales and earnings can be increased compared to the previous year. The margin will continue to be impacted by high R&D costs though.

The PT is considerably adjusted against this backdrop. A value of EUR 35 is calculated based on the DCF model. The share is downgraded from BUY to HOLD.

Fiscal year ending: 31.12.	2004	2005	2006	2007	2008E	2009E	2010E
Sales	1.8	4.0	8.3	7.9	10.7	14.1	17.7
<i>Change Sales yoy</i>	n.a.	125.6 %	111.0 %	-5.4 %	35.6 %	32.0 %	25.0 %
Gross profit	1.6	3.8	7.9	7.2	10.6	13.0	16.2
<i>Gross margin</i>	93.2 %	95.9 %	94.9 %	91.8 %	99.0 %	92.0 %	92.0 %
EBITDA	0.4	1.7	5.0	0.9	2.1	4.7	7.0
<i>EBITDA-margin</i>	21.1 %	42.0 %	59.9 %	11.9 %	19.7 %	33.3 %	39.7 %
EBIT	0.2	1.5	4.7	0.5	1.0	2.0	3.3
<i>EBIT-margin</i>	13.0 %	37.2 %	56.8 %	6.3 %	9.2 %	14.4 %	18.6 %
Net income	0.1	-0.9	2.9	0.1	1.2	2.3	3.2
EPS	1.20	-16.92	5.44	0.17	0.67	1.25	1.73
Free Cash Flow per share	1.82	27.30	7.68	-5.00	-0.35	0.25	1.22
Dividend	0.00	0.00	0.00	0.00	0.00	0.42	0.58
<i>Dividend Yield</i>	n.a.	n.a.	n.a.	n.a.	n.a.	1.1 %	1.5 %
EV/Sales	25.1	11.1	5.3	5.6	5.4	4.1	3.2
EV/EBITDA	119.3	26.5	8.8	46.9	27.4	12.2	8.0
EV/EBIT	194.0	29.9	9.3	88.8	58.7	28.1	17.0
PER	31.9	-2.3	7.0	225.0	57.1	30.6	22.1
ROCE	20.8 %	66.2 %	117.3 %	2.6 %	2.4 %	4.1 %	6.4 %
Adj. Free Cash Flow Yield	0.8 %	-0.4 %	10.9 %	1.7 %	3.3 %	7.8 %	12.1 %

Per Share figures in EUR, other figures in EUR m., price: EUR 38.25

Consolidated Profit & Loss MeVis Medical Solutions							
in EUR m	2004	2005	2006	2007	2008E	2009E	2010E
Sales	1.8	4.0	8.3	7.9	10.7	14.1	17.7
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	1.8	4.0	8.3	7.9	10.7	14.1	17.7
Material Expenses	0.1	0.2	0.4	0.7	0.1	1.1	1.4
Gross profit	1.6	3.8	7.9	7.2	10.6	13.0	16.2
Personnel expenses	1.1	1.4	2.3	4.2	5.0	6.5	6.9
Other operating income	0.4	0.2	0.9	1.2	1.1	1.3	1.6
Other operating expenses	0.6	0.9	1.5	3.3	4.6	3.1	3.9
EBITDA	0.4	1.7	5.0	0.9	2.1	4.7	7.0
Depreciation of fixed assets	0.1	0.1	0.1	0.2	0.1	0.3	0.2
EBITA	0.3	1.6	4.9	0.7	2.0	4.4	6.8
Amortisation of intangible fixed assets	0.1	0.1	0.1	0.2	1.0	2.4	3.5
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.2	1.5	4.7	0.5	1.0	2.0	3.3
Interest income	0.0	0.0	0.1	0.2	1.1	1.3	1.3
Interest expenses	0.1	0.4	0.3	0.1	0.1	0.1	0.1
Financial result	-0.1	-0.4	-0.3	0.0	1.1	1.2	1.2
Recurring pretax income from cont. operations	0.1	1.1	4.5	0.5	2.0	3.2	4.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	0.1	1.1	4.5	0.5	2.0	3.2	4.5
Taxes total	0.0	0.1	1.5	0.4	0.8	1.0	1.4
Net income from continuing operations	0.1	1.0	2.9	0.1	1.2	2.3	3.2
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	0.1	1.0	2.9	0.1	1.2	2.3	3.2
Minority interest	0.0	1.8	0.0	0.0	0.0	0.0	0.0
Net income	0.1	-0.8	2.9	0.1	1.2	2.3	3.2

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Consolidated Profit & Loss MeVis Medical Solutions							
In % of Sales	2004	2005	2006	2007	2008E	2009E	2010E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase / decrease in inventory	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Own work capitalised	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Material Expenses	6.9 %	4.1 %	5.1 %	8.2 %	1.0 %	8.0 %	8.0 %
Gross profit	93.2 %	95.9 %	94.9 %	91.8 %	99.0 %	92.0 %	92.0 %
Personnel expenses	62.7 %	35.3 %	27.9 %	53.2 %	46.7 %	45.8 %	39.3 %
Other operating income	23.1 %	4.7 %	10.8 %	15.0 %	10.4 %	9.1 %	9.0 %
Other operating expenses	32.5 %	23.3 %	17.9 %	41.6 %	43.0 %	22.0 %	22.0 %
EBITDA	21.1 %	42.0 %	59.9 %	11.9 %	19.7 %	33.3 %	39.7 %
Depreciation of fixed assets	3.3 %	1.9 %	1.5 %	2.8 %	1.0 %	1.9 %	1.1 %
EBITA	17.8 %	40.1 %	58.4 %	9.1 %	18.7 %	31.4 %	38.6 %
Amortisation of intangible fixed assets	4.8 %	2.8 %	1.5 %	2.8 %	9.5 %	17.0 %	20.0 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	13.0 %	37.2 %	56.8 %	6.3 %	9.2 %	14.4 %	18.6 %
Interest income	0.7 %	0.2 %	0.8 %	2.5 %	10.3 %	8.9 %	7.2 %
Interest expenses	7.6 %	9.9 %	4.0 %	1.7 %	0.5 %	0.4 %	0.3 %
Financial result	-6.9 %	-10.0 %	-3.2 %	-0.1 %	9.8 %	8.5 %	6.9 %
Recurring pretax income from cont. operations	6.1 %	27.2 %	53.7 %	6.2 %	19.0 %	22.9 %	25.5 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	6.1 %	27.2 %	53.7 %	6.2 %	19.0 %	22.9 %	25.5 %
Taxes total	2.6 %	2.2 %	18.5 %	4.5 %	7.6 %	6.9 %	7.7 %
Net income from continuing operations	3.4 %	25.0 %	35.2 %	1.7 %	11.4 %	16.1 %	17.9 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	3.4 %	25.0 %	35.2 %	1.7 %	11.4 %	16.1 %	17.9 %
Minority interest	0.0 %	46.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	3.4 %	-21.4 %	35.2 %	1.7 %	11.4 %	16.1 %	17.9 %

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Balance sheet MeVis Medical Solutions

In EUR m

	2004	2005	2006	2007	2008E	2009E	2010E
Assets							
Intangible assets	0.1	0.3	0.4	1.4	16.2	17.4	17.5
thereof other intangible assets	0.1	0.3	0.4	1.2	3.0	4.2	4.4
thereof Goodwill	0.0	0.0	0.0	0.1	13.1	13.1	13.1
Property, plant and equipment	0.1	0.1	0.3	0.4	0.6	0.6	0.8
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.3	0.4	0.7	1.8	16.8	18.0	18.4
Inventories	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Accounts receivable	0.2	1.0	1.9	2.6	2.3	3.1	3.9
Other Assets	0.4	0.6	1.1	2.7	2.7	2.7	2.7
Liquid assets	0.7	2.0	5.4	28.5	27.8	28.3	29.8
Current assets	1.3	3.7	8.4	33.8	32.9	34.2	36.4
Total assets	1.5	4.1	9.1	35.6	49.7	52.2	54.8
Liabilities and shareholders' equity							
Subscribed capital	0.0	0.0	0.1	1.8	1.8	1.8	1.8
Additional paid-in capital	0.0	0.0	0.0	28.3	28.3	28.3	28.3
Surplus capital	0.0	0.0	0.0	0.0	1.2	3.5	6.6
Other equity components	-1.3	-0.3	2.6	0.7	0.7	0.7	-0.1
Book value	-1.3	-0.3	2.7	30.8	32.0	34.3	36.6
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	-1.3	-0.3	2.7	30.8	32.0	34.3	36.6
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.0	0.4	0.1	0.1	0.1	0.1	0.1
Financial liabilities	2.3	3.2	2.0	2.9	15.9	15.9	15.9
Accounts payable	0.2	0.3	0.4	0.7	0.6	0.8	1.0
Other liabilities	0.3	0.4	3.9	1.2	1.2	1.2	1.2
Liabilities	2.8	4.4	6.5	4.8	17.8	18.0	18.2
Total liabilities and shareholders equity	1.5	4.1	9.1	35.6	49.7	52.2	54.8

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Balance sheet MeVis Medical Solutions

In % of Balance Sheet Total

	2004	2005	2006	2007	2008E	2009E	2010E
Assets							
Intangible assets	8.3 %	7.9 %	4.3 %	3.9 %	32.5 %	33.3 %	32.0 %
thereof other intangible assets	8.3 %	7.9 %	4.3 %	3.5 %	6.1 %	8.1 %	8.0 %
thereof Goodwill	0.0 %	0.0 %	0.0 %	0.4 %	26.5 %	25.2 %	24.0 %
Property, plant and equipment	8.5 %	3.0 %	3.2 %	1.1 %	1.2 %	1.2 %	1.5 %
Financial assets	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %
Fixed assets	16.7 %	10.9 %	7.4 %	5.1 %	33.8 %	34.6 %	33.5 %
Inventories	1.7 %	0.4 %	0.3 %	0.0 %	0.2 %	0.2 %	0.2 %
Accounts receivable	13.3 %	24.4 %	20.6 %	7.3 %	4.6 %	5.9 %	7.1 %
Other Assets	25.5 %	14.9 %	12.0 %	7.5 %	5.4 %	5.1 %	4.9 %
Liquid assets	44.7 %	49.4 %	59.7 %	80.0 %	56.0 %	54.2 %	54.3 %
Current assets	85.2 %	89.1 %	92.6 %	94.8 %	66.3 %	65.5 %	66.5 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	0.0 %	0.0 %	0.6 %	5.1 %	3.7 %	3.5 %	3.3 %
Additional paid-in capital	0.0 %	0.0 %	0.0 %	79.4 %	56.9 %	54.2 %	51.6 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	2.5 %	6.7 %	12.1 %
Other equity components	-84.6 %	-6.9 %	28.6 %	1.9 %	1.4 %	1.3 %	-0.2 %
Book value	-84.6 %	-6.9 %	29.2 %	86.4 %	64.4 %	65.6 %	66.9 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	-84.6 %	-6.9 %	29.2 %	86.4 %	64.4 %	65.6 %	66.9 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	1.7 %	10.7 %	0.8 %	0.1 %	0.1 %	0.1 %	0.1 %
Financial liabilities	155.5 %	78.2 %	21.9 %	8.1 %	32.0 %	30.5 %	29.0 %
Accounts payable	10.7 %	7.3 %	4.8 %	1.8 %	1.2 %	1.5 %	1.8 %
Other liabilities	18.6 %	10.7 %	43.3 %	3.4 %	2.4 %	2.3 %	2.2 %
Liabilities	186.5 %	106.8 %	70.9 %	13.5 %	35.7 %	34.4 %	33.1 %
Total liabilities and shareholders equity	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Statement of Cash Flows MeVis Medical Solutions

In EUR m

	2004	2005	2006	2007	2008E	2009E	2010E
Net income	0.1	1.4	4.5	-2.7	1.2	2.3	3.2
Depreciation of fixed assets	0.1	0.1	0.1	0.2	0.1	0.3	0.2
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.1	0.1	0.1	0.2	1.0	2.4	3.5
Increase/decrease in long-term provisions	-0.1	0.2	-0.2	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
Cash Flow	0.2	1.8	4.2	-2.3	2.3	4.9	6.9
Increase / decrease in inventory	0.0	0.0	0.0	0.0	-0.1	0.0	0.0
Increase / decrease in accounts receivable	0.1	-0.9	-0.3	-1.2	0.3	-0.8	-0.8
Increase / decrease in accounts payable	-0.1	0.9	0.7	1.0	-0.1	0.2	0.2
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital	0.0	-0.1	0.4	-0.2	0.1	-0.6	-0.6
Cash flow from operating activities	0.2	1.8	4.6	-2.5	2.5	4.3	6.3
CAPEX	-0.1	-0.4	-0.4	-1.4	-3.1	-3.9	-4.1
Payments for acquisitions	0.0	0.0	0.1	-0.2	-13.0	0.0	0.0
Financial investments	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Income from asset disposals	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	0.1	-0.4	-0.3	-1.6	-16.1	-3.9	-4.1
Change in financial liabilities	0.0	0.0	-0.9	-0.3	13.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	-0.8
Purchase of own shares	0.0	0.0	0.0	-2.2	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	27.7	0.0	0.0	0.0
Others	0.0	0.0	0.0	2.0	0.0	0.0	0.0
Cash flow from financing activities	0.0	0.0	-0.9	27.1	13.0	0.0	-0.8
Change in liquid funds	0.3	1.4	3.4	23.0	-0.6	0.4	1.5
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets at end of period	0.7	2.0	5.4	28.5	27.8	28.3	29.8

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Financial Ratios MeVis Medical Solutions

	2004	2005	2006	2007	2008E	2009E	2010E
Operational Efficiency							
Total Operating Costs / Sales	78.9 %	58.0 %	40.1 %	88.1 %	80.3 %	66.7 %	60.3 %
Sales per Employee	97,333	152,039	157,396	85,783	62,209	68,430	77,762
EBITDA per Employee	20,500	63,808	94,226	10,207	12,243	22,771	30,859
EBIT-margin	13.0 %	37.2 %	56.8 %	6.3 %	9.2 %	14.4 %	18.6 %
EBITDA / Operating Assets	194.2 %	197.5 %	304.9 %	40.0 %	87.3 %	155.0 %	184.7 %
ROA	23.9 %	-189.7 %	434.2 %	7.3 %	7.3 %	12.6 %	17.2 %
Efficiency of Capital Employment							
Plant Turnover	13.8	32.4	29.1	19.8	17.5	22.4	22.3
Operating Assets Turnover	9.2	4.7	5.1	3.4	4.4	4.7	4.7
Capital Employed Turnover	1.6	1.2	1.8	0.2	0.2	0.3	0.3
Return on Capital							
ROCE	20.8 %	66.2 %	117.3 %	2.6 %	2.4 %	4.1 %	6.4 %
EBITDA / Avg. Capital Employed	33.9 %	74.6 %	123.6 %	4.9 %	5.2 %	9.6 %	13.6 %
ROE	-4.7 %	300.0 %	110.6 %	0.4 %	3.8 %	6.6 %	8.6 %
Net Profit / Avg. Equity	-9.5 %	-127.3 %	247.6 %	0.8 %	3.9 %	6.8 %	8.9 %
Recurring Net Profit / Avg. Equity	-9.5 %	-127.3 %	247.6 %	0.8 %	3.9 %	6.8 %	8.9 %
ROIC	5.2 %	28.7 %	58.0 %	0.4 %	2.5 %	4.5 %	5.9 %
Solvency							
Net Debt	1.7	1.2	-3.4	-25.6	-12.0	-12.4	-13.9
Net Gearing	-131.0 %	-418.4 %	-129.4 %	-83.1 %	-37.4 %	-36.2 %	-37.8 %
Book Value of Equity / Book Value of Debt	-54.4 %	-8.8 %	133.0 %	500.0 %	201.3 %	215.5 %	230.6 %
Current ratio	0.5	0.9	1.3	7.3	1.9	1.9	2.0
Acid Test Ratio	0.4	0.8	1.3	7.3	1.9	1.9	2.0
EBITDA / Interest Paid	2.8	4.2	15.1	6.9	42.1	94.0	140.1
Interest Cover	1.9	3.8	18.0	n.a.	n.a.	n.a.	n.a.
Cash Flow							
Free Cash Flow	0.1	1.4	4.1	-3.8	-0.6	0.4	2.2
Free Cash Flow / Sales	5.2 %	34.5 %	49.7 %	-48.7 %	-5.9 %	3.2 %	12.6 %
Adj. Free Cash Flow	0.4	-0.2	4.8	0.8	1.9	4.5	6.7
Adj. Free Cash Flow / Sales	10.1 %	25.9 %	30.0 %	3.0 %	9.6 %	24.5 %	30.2 %
Free Cash Flow / Net Profit	151.7 %	-161.3 %	141.3 %	-2912.9 %	-51.6 %	19.8 %	70.5 %
Interest Received / Avg. Cash	1.8 %	0.5 %	1.8 %	1.2 %	3.9 %	4.5 %	4.4 %
Interest Paid / Avg. Debt	5.7 %	14.2 %	12.7 %	5.6 %	0.5 %	0.3 %	0.3 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	33.7 %	33.5 %
Fund Management							
Investment ratio	7.0 %	10.0 %	5.4 %	18.8 %	29.2 %	27.5 %	23.0 %
Maint. Capex / Sales	3.3 %	1.9 %	2.3 %	2.3 %	2.0 %	1.5 %	1.6 %
Capex / Dep	86.6 %	211.2 %	176.7 %	334.3 %	277.8 %	145.7 %	108.9 %
Avg. Working Capital / Sales	18.8 %	15.9 %	13.7 %	20.9 %	17.5 %	14.9 %	15.3 %
Trade Creditors / Trade Debtors	123.6 %	333.3 %	427.6 %	397.7 %	383.3 %	387.5 %	390.0 %
Inventory turnover (days)	70.1	220	278	987	200	200	200
Receivables collection period (DSOs)	41.5	92.3	82.0	120	80.0	80.0	80.0
Payables collection period (days)	33.5	27.7	19.2	30.2	20.0	20.0	20.0
Cash conversion cycle (Tage)	78.0	284	341	1,076	260	260	260
Valuation							
P/B	neg,	neg,	26.2	2.3	2.2	2.0	1.9
EV/sales	25.1	11.1	5.3	5.6	5.4	4.1	3.2
EV/EBITDA	119.3	26.5	8.8	46.9	27.4	12.2	8.0
EV/EBIT	194.0	29.9	9.3	88.8	58.7	28.1	17.0
EV/FCF	483.9	32.3	10.6	-11.5	-91.7	127.5	25.1
P/E	31.9	-2.3	7.0	225.0	57.1	30.6	22.1
P/CF	376.3	38.4	16.5	neg,	29.7	14.1	10.1

Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

Free Cash Flow Yield - MeVis Medical Solutions

Figures in EUR m	2004	2005	2006	2007	2008e	2009e	2010e	
Net Income	0.1	-0.8	2.9	0.1	1.2	2.3	3.2	
+ Depreciation + Amortisation	0.1	0.2	0.3	0.4	1.1	2.7	3.7	
- Net Interest Income	-0.1	-0.4	-0.3	0.0	1.1	1.2	1.2	
+ Taxes	0.0	0.1	1.5	0.4	0.8	1.0	1.4	
- Maintenance Capex	0.0	0.0	0.2	0.2	0.2	0.2	0.3	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	0.4	-0.2	4.8	0.8	1.9	4.5	6.7	
Adjusted Free Cash Flow Yield	0.8%	-0.4%	10.9%	1.7%	3.3%	7.8%	12.1%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	44.0	44.0	44.0	44.0	57.7	57.2	55.8	
= Fair Enterprise Value	3.7	-	48.0	7.6	18.9	44.8	67.3	
- Net Debt (Cash)	-25.6	-25.6	-25.6	-25.6	-11.9	-12.4	-13.9	
- Pension Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	29.3	-	73.6	33.2	30.9	57.2	81.2	
No. of shares (m)	1.8	1.8	1.8	1.8	1.8	1.8	1.8	
= Fair value per share (EUR)	16.08	-	40.43	18.22	16.97	31.44	44.59	
premium (-) / discount (+) in %	-58.0%	-	5.7%	-52.4%	-55.6%	-17.8%	16.6%	
Sensitivity Fair value per Share (EUR)								
	13.0%	15.61	-	34.34	17.26	14.57	25.75	36.06
	12.0%	15.74	-	36.03	17.53	15.23	27.33	38.43
	11.0%	15.90	-	38.03	17.85	16.02	29.20	41.23
Hurdle rate	10.0%	16.08	-	40.43	18.22	16.97	31.44	44.59
	9.0%	16.31	-	43.36	18.69	18.12	34.17	48.70
	8.0%	16.59	-	47.02	19.27	19.56	37.59	53.84
	7.0%	16.95	-	51.73	20.01	21.42	41.99	60.44

Sources: MeVis Medical Solutions (historical data), SES Research (estimates)

DCF Model - MeVis Medical Solutions

Figures in EUR m	2008e	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e
Sales	10.7	14.1	17.7	19.4	21.4	23.5	25.8	28.4	29.9	31.3	32.9	34.6	35.4	36.3
Change	35.6%	32.0%	25.0%	10.0%	10.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	2.5%	2.5%
EBIT	1.0	2.0	3.3	4.3	5.3	7.0	9.0	10.0	10.4	11.0	11.5	12.1	12.4	12.7
EBIT-Margin	9.2%	14.4%	18.6%	22.0%	25.0%	30.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Tax rate	40.0%	30.0%	30.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
NOPAT	0.6	1.4	2.3	2.8	3.5	4.6	5.9	6.5	6.8	7.1	7.5	7.9	8.1	8.3
Depreciation	1.1	2.7	3.7	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4
in % of Sales	10.5%	18.9%	21.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Change in Liquidity from														
- Working Capital	0.1	-0.6	-0.6	-0.3	-0.3	-0.4	-0.4	-0.4	-0.2	-0.3	-0.3	-0.3	-0.1	-0.2
- Capex	-3.1	-3.9	-4.1	-0.1	-0.1	-0.1	-0.1	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4
Capex in % of Sales	29.2%	27.5%	23.0%	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	-1.3	-0.4	1.4	2.6	3.2	4.3	5.6	6.0	6.6	6.9	7.2	7.6	7.9	8.1

Model parameter

Debt ratio	15.00%	Beta	1.60
Costs of Debt	6.8%	WACC	10.74%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	2.50%

Valuation (mln)

Present values 2021e	27.4	Special items	16.0
Terminal Value	26.2		
Liabilities	-2.9		
Liquidity	28.5	No. of shares (mln)	1.82
Equity Value	63.1	Value per share (EUR)	34.67

Sensitivity Value per Share (EUR)

Terminal Growth

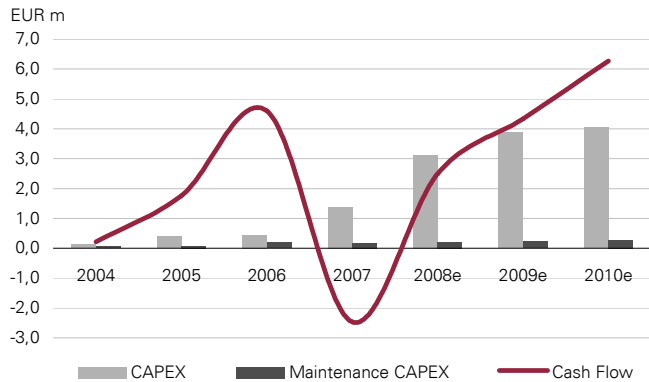
WACC	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%
11.74%	29.77	30.04	30.33	30.63	30.95	31.28	31.64
11.24%	31.52	31.84	32.17	32.53	32.90	33.30	33.73
10.99%	32.46	32.81	33.18	33.56	33.98	34.41	34.88
10.74%	33.47	33.84	34.24	34.67	35.12	35.60	36.11
10.49%	34.53	34.94	35.38	35.84	36.34	36.86	37.42
10.24%	35.66	36.11	36.59	37.10	37.64	38.22	38.84
9.74%	38.14	38.68	39.26	39.87	40.53	41.24	42.00

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.74%	29.23	29.69	30.16	30.63	31.10	31.56	32.03
11.24%	31.04	31.54	32.03	32.53	33.02	33.52	34.02
10.99%	32.03	32.54	33.05	33.56	34.08	34.59	35.10
10.74%	33.08	33.61	34.14	34.67	35.20	35.72	36.25
10.49%	34.21	34.75	35.30	35.84	36.39	36.93	37.48
10.24%	35.40	35.97	36.53	37.10	37.66	38.22	38.79
9.74%	38.06	38.66	39.27	39.87	40.48	41.08	41.69

Source: SES Research

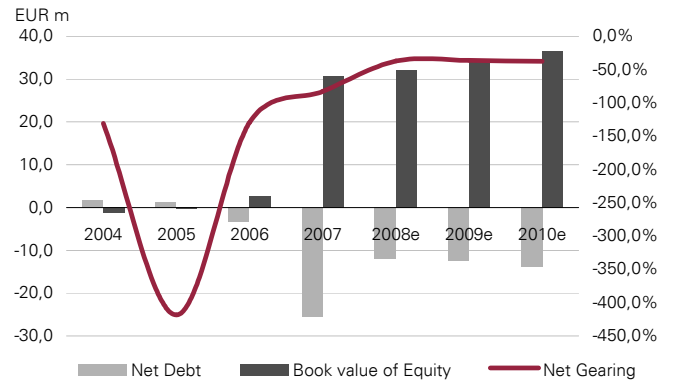
MeVis Medical Solutions - CAPEX and Cash Flow



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- CAPEX is increasing massively due to considerable product developments
- Maintenance investments are of subordinate significance at software companies

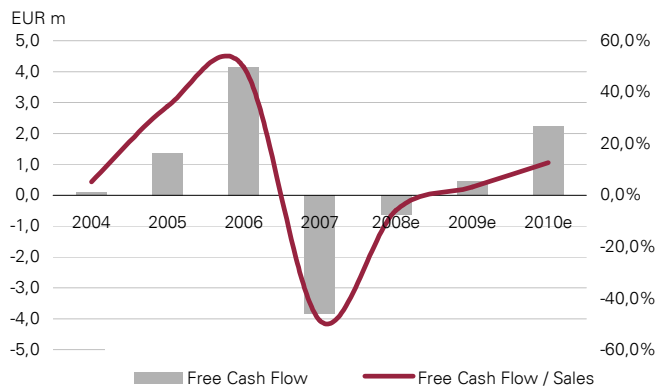
MeVis Medical Solutions - Balance Sheet Quality



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- IPO led to considerable inflow of cash in 2007
- The equity book value and the entire balance sheet quality also improved considerably

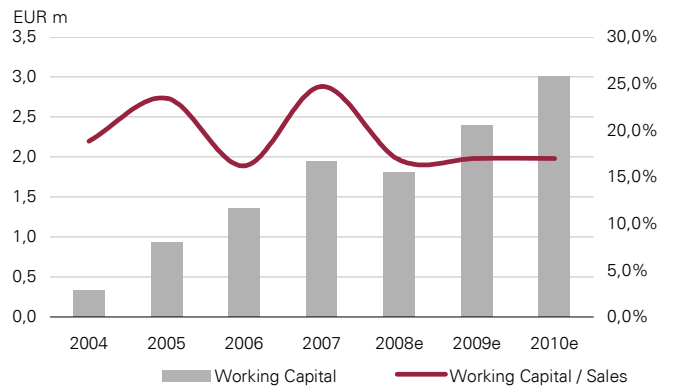
MeVis Medical Solutions - Free Cash Flow Generation



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- Cash flow is highly impacted by investments in new products
- Return to growth path expected in the long term

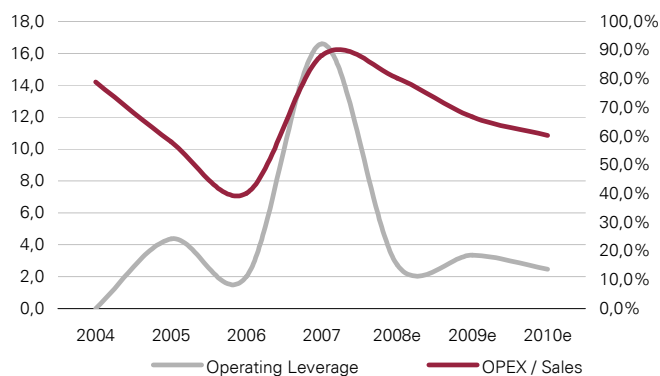
MeVis Medical Solutions - Working Capital



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- Stabilisation of Working Capital expected at approx. 15
- Increase of Working Capital within the scope of business expansion

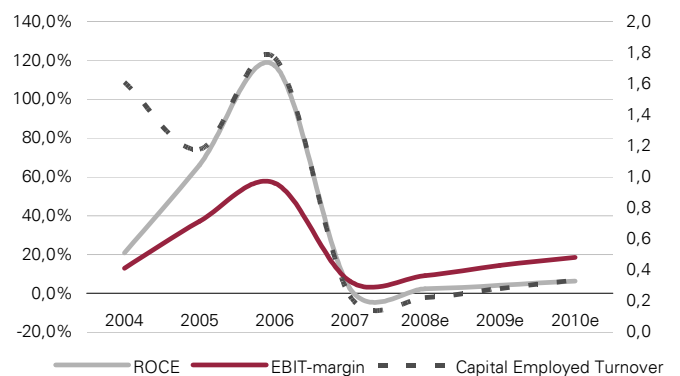
MeVis Medical Solutions - Operating Leverage



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- Operating leverage and operating expenses/sales are strongly deviating as costs of MeVis are barely changing

MeVis Medical Solutions - ROCE Development



Sources: MeVis Medical Solutions (historical data), SES Research (forecasts)

- ROCE and EBIT margin have little significance before the IPO due to base effects
- Increase/Scaling of EBIT margin expected in the long term

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- 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.

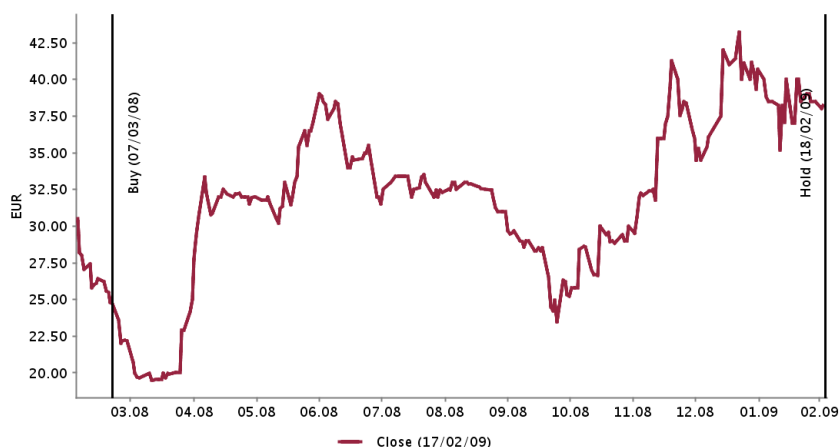
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Rating	Number of stocks	% of Universe
Buy	110	54%
Hold	60	29%
Sell	25	12%
Rating suspended	9	4%
Total	204	

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Rating	Number of stocks	% of Universe
Buy	70	60%
Hold	34	29%
Sell	8	7%
Rating suspended	5	4%
Total	117	

Price and Rating History
MeVis Medical Solutions AG as of 18/02/09



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 the closing price (Xetra) of the date on which an analyst publishes 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.

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