

Buy (old: Buy)

PT EUR 30.00 (old: 30.00)

Price EUR 23.30
Bloomberg M3V GR
Reuters M3VG
Sector Software

Leading software provider of equipment for the image-based medicine



Share data: 18.01.2010 / Closing price

Market cap: EUR 40.6 m
Enterprise Value (EV): EUR 39.3 m
Book value: EUR 33.4 m
No. of shares: 1.7 m
Trading volume Ø: EUR 24.6 th

Shareholders:

Freefloat 38.0 %
 Professor Dr. Heinz-Otto Peitgen 19.4 %
 Dr. Carl J. G. Evertsz 19.4 %
 Dr. Hartmut Jürgens 16.5 %
 MeVis Medical Solutions AG 6.7 %

Calendar:

Figures 2009 04/23/10
 Figures Q1 05/18/10
 Figures Q2 08/30/10
 Figures Q3 11/22/10

Change	2009E		2010E		2011E	
	old	Δ%	old	Δ%	old	Δ%
Sales	13.9	0	17.0	0	20.7	0
EBIT	1.3	0	2.2	0	4.6	0
EPS	0.44	0	0.59	0	1.43	0

Analysis: SES Research
 Date of publication: 19.01.2010
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Small strategic expansion

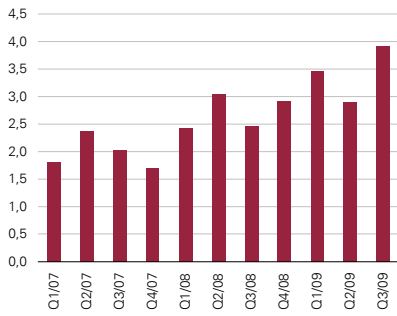
On January 18, 2010, MeVis Medical Solutions announced a strategic cooperation with Medis Medical imaging systems bv. This cooperation involves the acquisition of 14% in Medis with the option of a full takeover until 2011. Founded in 1989, Medis sells imaging software (like MeVis), but in the cardiovascular system (cardiovascular diseases). The product families QAngio(R) XA for the vessel analysis of coronary arteries in so-called angiograms and QMass(R) MR for the heart analysis using magnetic resonance tomography are successfully established in the market and authorised by the public health authorities. Sales and earnings of Medis were not disclosed and the two parties also agreed to maintain silence about the key data of the transaction. The transaction is relatively small according to the company and does not have any major balance-sheet related consequences (consolidation at equity). The cooperation is predominantly of strategic importance:

- **Joint acquisition of customers:** Medis has access to many important customers (GE, Toshiba, Hitachi, Agfa, Sectra, Vital Images) and especially to the Japanese market (Goodman). The products of MeVis and Medis are complementary in this respect. This might result in cross-selling potential.
- **Common platform use:** Medis will use the platform technologies of Mevis for future product generations (MeVisAP / MeVisLAB). Hence MeVis' basic technology will also be applied in the cardiovascular area in the medium term. Given that parts of the license revenues are usually assigned to the platform technology, this leads to additional sales potential for MeVis.
- **Valuable investment:** Medis has 50 highly qualified employees and an excellent market access in the field of cardiology. In the next few years, Medis can evolve into a valuable investment, also thanks to the support of the far larger MeVis, as certain technologies can be pushed ahead and complementary markets can be developed in cooperation.

The transaction has no impact on the earnings estimates for the time being. The DCF value also remains unchanged. The share is still rated as Buy with a PT of EUR 30.

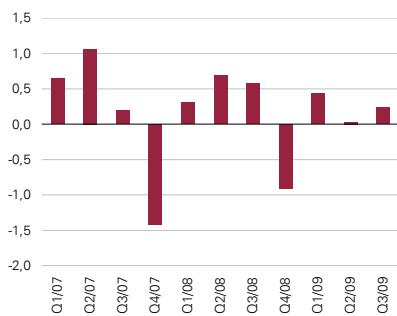
Fiscal year ending: 31.12. in EUR m	2005	2006	2007	2008	2009E	2010E	2011E
Sales	4.0	8.3	7.9	10.8	13.9	17.0	20.7
<i>Change Sales yoy</i>	125.6 %	111.0 %	-5.4 %	37.4 %	28.2 %	22.0 %	22.0 %
Gross profit	3.8	7.9	7.2	12.4	16.4	19.4	23.0
<i>Gross margin</i>	95.9 %	94.9 %	91.8 %	114.5 %	118.3 %	114.2 %	111.0 %
EBITDA	1.7	5.0	0.9	1.8	4.0	6.7	9.3
<i>EBITDA-margin</i>	42.0 %	59.9 %	11.9 %	16.2 %	28.4 %	39.5 %	45.0 %
EBIT	1.5	4.7	0.5	0.7	1.3	2.2	4.6
<i>EBIT-margin</i>	37.2 %	56.8 %	6.3 %	6.1 %	9.4 %	13.0 %	22.0 %
Net income	-0.8	2.9	0.1	2.1	0.8	1.0	2.5
EPS	-16.92	5.44	0.17	1.21	0.44	0.59	1.43
Free Cash Flow per share	27.30	7.68	-5.00	-0.64	-0.35	0.62	1.57
Dividend	0.00	0.00	0.00	0.00	0.00	0.19	0.48
<i>Dividend Yield</i>	n.a.	n.a.	n.a.	n.a.	n.a.	0.8 %	2.1 %
EV/Sales	10.1	4.8	5.0	3.7	2.9	2.3	1.8
EV/EBITDA	24.0	8.0	42.4	22.6	10.2	5.9	4.0
EV/EBIT	27.0	8.4	80.2	59.8	30.8	17.8	8.1
PER	n.m.	4.3	137.1	19.3	53.0	39.5	16.3
ROCE	66.2 %	117.3 %	2.6 %	1.5 %	2.6 %	4.8 %	10.5 %
Adj. Free Cash Flow Yield	n.a.	12.1 %	1.9 %	3.9 %	9.2 %	16.3 %	24.5 %

Sales growth
in EUR m



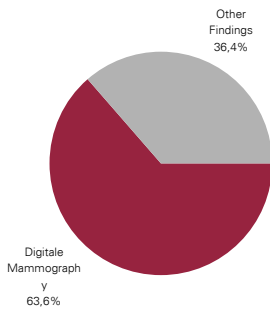
Source: MeVis Medical Solutions

EBIT growth
in EUR m



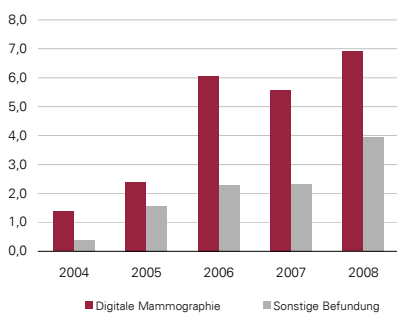
Source: MeVis Medical Solutions

Sales by segments
2008



Source: MeVis Medical Solutions

Sales Split according to segments
in EUR m



Source: MeVis Medical Solutions

Company background

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. 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.

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.

Competitive quality

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:

- Excellence of employees: The scientific excellence of the employee team surrounding Prof. Peitgen (founder of the MeVis Group) and Dr. Carl J. G. Evertz forms the basis for the firstclass 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.
- 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 cooperation 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.

Consolidated Profit & Loss MeVis Medical Solutions							
in EUR m							
	2005	2006	2007	2008	2009E	2010E	2011E
Sales	4.0	8.3	7.9	10.8	13.9	17.0	20.7
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	1.9	3.0	3.0	3.0
Total sales	4.0	8.3	7.9	12.8	16.9	20.0	23.7
Material Expenses	0.2	0.4	0.7	0.4	0.5	0.6	0.7
Gross profit	3.8	7.9	7.2	12.4	16.4	19.4	23.0
Personnel expenses	1.4	2.3	4.2	7.7	10.1	10.6	11.2
Other operating income	0.2	0.9	1.2	1.1	1.3	1.5	1.9
Other operating expenses	0.9	1.5	3.3	4.1	3.6	3.6	4.3
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	1.7	5.0	0.9	1.8	4.0	6.7	9.3
Depreciation of fixed assets	0.1	0.1	0.2	0.4	0.4	0.5	0.6
EBITA	1.6	4.9	0.7	1.4	3.5	6.2	8.7
Amortisation of intangible fixed assets	0.1	0.1	0.2	0.7	2.2	4.0	4.1
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.5	4.7	0.5	0.7	1.3	2.2	4.6
Interest income	0.0	0.1	0.2	1.1	0.8	0.3	0.1
Interest expenses	0.4	0.3	0.1	0.3	1.1	1.1	1.1
Financial result	-0.4	-0.3	0.0	2.0	-0.3	-0.8	-1.0
Recurring pretax income from cont. operations	1.1	4.5	0.5	2.7	1.0	1.4	3.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	1.1	4.5	0.5	2.7	1.0	1.4	3.6
Taxes total	0.1	1.5	0.4	0.6	0.3	0.3	1.1
Net income from continuing operations	1.0	2.9	0.1	2.1	0.8	1.0	2.5
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	1.0	2.9	0.1	2.1	0.8	1.0	2.5
Minority interest	1.8	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-0.8	2.9	0.1	2.1	0.8	1.0	2.5

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

Consolidated Profit & Loss MeVis Medical Solutions							
in % of Sales							
	2005	2006	2007	2008	2009E	2010E	2011E
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 %	17.9 %	21.6 %	17.7 %	14.5 %
Total sales	100.0 %	100.0 %	100.0 %	117.9 %	121.6 %	117.7 %	114.5 %
Material Expenses	4.1 %	5.1 %	8.2 %	3.4 %	3.3 %	3.5 %	3.5 %
Gross profit	95.9 %	94.9 %	91.8 %	114.5 %	118.3 %	114.2 %	111.0 %
Personnel expenses	35.3 %	27.9 %	53.2 %	70.7 %	72.8 %	62.7 %	54.0 %
Other operating income	4.7 %	10.8 %	15.0 %	9.8 %	9.0 %	9.0 %	9.0 %
Other operating expenses	23.3 %	17.9 %	41.6 %	37.4 %	26.0 %	21.0 %	21.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	42.0 %	59.9 %	11.9 %	16.2 %	28.5 %	39.5 %	45.1 %
Depreciation of fixed assets	1.9 %	1.5 %	2.8 %	3.6 %	3.0 %	3.0 %	3.0 %
EBITA	40.1 %	58.4 %	9.1 %	12.6 %	25.5 %	36.5 %	42.1 %
Amortisation of intangible fixed assets	2.8 %	1.5 %	2.8 %	6.5 %	16.0 %	23.5 %	20.0 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	37.2 %	56.8 %	6.3 %	6.1 %	9.5 %	13.0 %	22.1 %
Interest income	0.2 %	0.8 %	2.5 %	9.7 %	5.8 %	1.5 %	0.5 %
Interest expenses	9.9 %	4.0 %	1.7 %	3.0 %	7.9 %	6.5 %	5.3 %
Financial result	-10.0 %	-3.2 %	-0.1 %	18.8 %	-2.2 %	-4.9 %	-4.8 %
Recurring pretax income from cont. operations	27.2 %	53.7 %	6.2 %	25.0 %	7.3 %	8.1 %	17.2 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	27.2 %	53.7 %	6.2 %	25.0 %	7.3 %	8.1 %	17.2 %
Taxes total	2.2 %	18.5 %	4.5 %	5.5 %	1.8 %	2.0 %	5.2 %
Net income from continuing operations	25.0 %	35.2 %	1.7 %	19.5 %	5.5 %	6.0 %	12.1 %
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	25.0 %	35.2 %	1.7 %	19.5 %	5.5 %	6.0 %	12.1 %
Minority interest	46.4 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	-21.4 %	35.2 %	1.7 %	19.5 %	5.5 %	6.0 %	12.1 %

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

Balance sheet MeVis Medical Solutions

in EUR m

	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	0.3	0.4	1.4	26.9	28.3	28.0	27.5
thereof other intangible assets	0.3	0.4	1.2	10.1	11.5	11.2	10.8
thereof Goodwill	0.0	0.0	0.1	16.7	16.7	16.7	16.7
Property, plant and equipment	0.1	0.3	0.4	1.4	1.3	1.1	0.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.4	0.7	1.8	28.3	29.5	29.1	28.4
Inventories	0.0	0.0	0.0	0.2	0.1	0.1	0.1
Accounts receivable	1.0	1.9	2.6	2.3	2.3	2.8	3.4
Other Assets	0.6	1.1	2.7	8.5	8.5	8.5	8.5
Liquid assets	2.0	5.4	28.5	20.3	14.5	10.6	10.0
Current assets	3.7	8.4	33.8	31.3	25.5	22.1	22.1
Total assets	4.1	9.1	35.6	59.6	55.0	51.1	50.5
Liabilities and shareholders' equity							
Subscribed capital	0.0	0.1	1.8	1.8	1.8	1.8	1.8
Additional paid-in capital	0.0	0.0	28.3	28.4	28.4	28.4	28.4
Surplus capital	0.0	0.0	0.0	0.0	0.8	1.8	4.3
Other equity components	-0.3	2.6	0.7	2.4	2.4	2.4	2.1
Book value	-0.3	2.7	30.8	32.6	33.4	34.4	36.6
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	-0.3	2.7	30.8	32.6	33.4	34.4	36.6
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.4	0.1	0.1	0.2	0.2	0.2	0.2
Financial liabilities	3.2	2.0	2.9	19.4	14.3	9.3	6.3
Accounts payable	0.3	0.4	0.7	1.0	0.8	0.9	1.1
Other liabilities	0.4	3.9	1.2	6.3	6.3	6.3	6.3
Liabilities	4.4	6.5	4.8	27.0	21.6	16.7	13.9
Total liabilities and shareholders equity	4.1	9.1	35.6	59.6	55.0	51.1	50.5

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

Balance sheet MeVis Medical Solutions

in % of Balance Sheet Total

	2005	2006	2007	2008	2009E	2010E	2011E
Assets							
Intangible assets	7.9 %	4.3 %	3.9 %	45.1 %	51.4 %	54.7 %	54.5 %
thereof other intangible assets	7.9 %	4.3 %	3.5 %	17.0 %	21.0 %	22.0 %	21.4 %
thereof Goodwill	0.0 %	0.0 %	0.4 %	28.1 %	30.4 %	32.7 %	33.1 %
Property, plant and equipment	3.0 %	3.2 %	1.1 %	2.4 %	2.3 %	2.2 %	1.8 %
Financial assets	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	10.9 %	7.4 %	5.1 %	47.5 %	53.7 %	56.9 %	56.3 %
Inventories	0.4 %	0.3 %	0.0 %	0.3 %	0.2 %	0.2 %	0.2 %
Accounts receivable	24.4 %	20.6 %	7.3 %	3.9 %	4.2 %	5.5 %	6.7 %
Other Assets	14.9 %	12.0 %	7.5 %	14.3 %	15.5 %	16.7 %	16.9 %
Liquid assets	49.4 %	59.7 %	80.0 %	34.0 %	26.4 %	20.8 %	19.9 %
Current assets	89.1 %	92.6 %	94.8 %	52.5 %	46.3 %	43.2 %	43.7 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	0.0 %	0.6 %	5.1 %	3.1 %	3.3 %	3.6 %	3.6 %
Additional paid-in capital	0.0 %	0.0 %	79.4 %	47.6 %	51.6 %	55.5 %	56.2 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	1.4 %	3.5 %	8.5 %
Other equity components	-6.9 %	28.6 %	1.9 %	4.1 %	4.4 %	4.8 %	4.2 %
Book value	-6.9 %	29.2 %	86.4 %	54.7 %	60.7 %	67.3 %	72.4 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	-6.9 %	29.2 %	86.4 %	54.7 %	60.7 %	67.3 %	72.4 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.0 %	0.1 %	0.1 %	0.1 %	0.1 %
Provisions	10.7 %	0.8 %	0.1 %	0.4 %	0.4 %	0.4 %	0.4 %
Financial liabilities	78.2 %	21.9 %	8.1 %	32.6 %	26.1 %	18.3 %	12.6 %
Accounts payable	7.3 %	4.8 %	1.8 %	1.7 %	1.5 %	1.8 %	2.2 %
Other liabilities	10.7 %	43.3 %	3.4 %	10.5 %	11.4 %	12.3 %	12.4 %
Liabilities	106.8 %	70.9 %	13.5 %	45.3 %	39.3 %	32.8 %	27.6 %
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

	2005	2006	2007	2008	2009E	2010E	2011E
Net income	1.4	4.5	-2.7	0.6	0.8	1.0	2.5
Depreciation of fixed assets	0.1	0.1	0.2	0.4	0.4	0.5	0.6
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	0.2	0.7	2.2	4.0	4.1
Increase/decrease in long-term provisions	0.2	-0.2	0.0	0.2	0.0	0.0	0.0
Other costs affecting income / expenses	0.0	-0.3	0.0	1.4	0.0	0.0	0.0
Cash Flow	1.8	4.2	-2.3	3.2	3.4	5.5	7.3
Increase / decrease in inventory	0.0	0.0	0.0	-0.1	0.1	0.0	0.0
Increase / decrease in accounts receivable	-0.9	-0.3	-1.2	-0.6	0.0	-0.5	-0.6
Increase / decrease in accounts payable	0.9	0.7	1.0	0.4	-0.2	0.1	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	-0.1	0.4	-0.2	-0.3	-0.1	-0.4	-0.4
Cash flow from operating activities	1.8	4.6	-2.5	2.9	3.3	5.1	6.9
CAPEX	-0.4	-0.4	-1.4	-4.0	-3.9	-4.0	-4.1
Payments for acquisitions	0.0	0.1	-0.2	-4.5	-5.1	-5.0	-3.0
Financial investments	0.0	0.0	-0.1	-5.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.4	-0.3	-1.6	-13.5	-9.0	-9.0	-7.1
Change in financial liabilities	0.0	-0.9	-0.3	-0.4	-5.1	-5.0	-3.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	-0.3
Purchase of own shares	0.0	0.0	-2.2	-2.2	0.0	0.0	0.0
Capital measures	0.0	0.0	27.7	0.0	0.0	0.0	0.0
Others	0.0	0.0	2.0	0.0	5.1	5.0	3.0
Cash flow from financing activities	0.0	-0.9	27.1	-2.6	0.0	0.0	-0.3
Change in liquid funds	1.4	3.4	23.0	-13.2	-5.7	-3.9	-0.6
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	2.0	5.4	28.5	15.3	9.5	2.6	2.0

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

Financial Ratios MeVis Medical Solutions

	2005	2006	2007	2008	2009E	2010E	2011E
Operational Efficiency							
Total Operating Costs / Sales	58.0 %	40.1 %	88.1 %	101.7 %	93.1 %	78.2 %	69.5 %
Sales per Employee	152,039	157,396	85,783	59,912	63,996	70,978	78,721
EBITDA per Employee	63,808	94,226	10,207	9,707	18,204	28,038	35,462
EBIT-margin	37.2 %	56.8 %	6.3 %	6.1 %	9.4 %	13.0 %	22.0 %
EBITDA / Operating Assets	197.5 %	304.9 %	40.0 %	61.1 %	137.5 %	215.7 %	282.5 %
ROA	-189.7 %	434.2 %	7.3 %	7.5 %	2.6 %	3.5 %	8.8 %
Efficiency of Capital Employment							
Plant Turnover	32.4	29.1	19.8	7.7	10.9	15.3	23.0
Operating Assets Turnover	4.7	5.1	3.4	3.8	4.8	5.5	6.3
Capital Employed Turnover	1.2	1.8	0.2	0.2	0.3	0.4	0.5
Return on Capital							
ROCE	66.2 %	117.3 %	2.6 %	1.5 %	2.6 %	4.8 %	10.5 %
EBITDA / Avg. Capital Employed	74.6 %	123.6 %	4.9 %	4.1 %	7.9 %	14.6 %	21.4 %
ROE	300.0 %	110.6 %	0.4 %	6.5 %	2.3 %	3.0 %	6.8 %
Net Profit / Avg. Equity	109.1 %	247.6 %	0.8 %	6.7 %	2.3 %	3.0 %	7.0 %
Recurring Net Profit / Avg. Equity	-127.3 %	247.6 %	0.8 %	6.7 %	2.3 %	3.0 %	7.0 %
ROIC	28.7 %	58.0 %	0.4 %	3.9 %	1.5 %	2.2 %	5.5 %
Solvency							
Net Debt	1.2	-3.4	-25.6	-0.8	-0.2	-1.3	-3.7
Net Gearing	-418.4 %	-129.4 %	-83.1 %	-2.5 %	-0.6 %	-3.7 %	-10.1 %
Book Value of Equity / Book Value of Debt	-8.8 %	133.0 %	1063.6 %	167.8 %	232.7 %	368.3 %	576.9 %
Current ratio	0.9	1.3	7.1	1.2	1.2	1.3	1.6
Acid Test Ratio	0.8	1.3	7.0	1.2	1.2	1.3	1.6
EBITDA / Interest Paid	4.2	15.1	6.9	5.5	3.6	6.1	8.5
Interest Cover	3.8	18.0	n.a.	n.a.	4.4	2.6	4.6
Cash Flow							
Free Cash Flow	1.4	4.1	-3.8	-1.1	-0.6	1.1	2.7
Free Cash Flow / Sales	34.5 %	49.7 %	-48.7 %	-10.2 %	-4.4 %	6.4 %	13.2 %
Adj. Free Cash Flow	-0.2	4.8	0.8	1.5	3.7	6.4	9.0
Adj. Free Cash Flow / Sales	25.9 %	30.0 %	3.0 %	1.0 %	17.1 %	29.4 %	33.2 %
Free Cash Flow / Net Profit	-161.3 %	141.3 %	-2912.9 %	-52.5 %	-81.1 %	105.3 %	109.8 %
Interest Received / Avg. Cash	0.5 %	1.8 %	1.2 %	4.3 %	4.6 %	2.1 %	1.0 %
Interest Paid / Avg. Debt	14.2 %	12.7 %	5.6 %	2.9 %	6.5 %	9.3 %	14.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	32.3 %	33.5 %
Fund Management							
Investment ratio	10.0 %	5.4 %	18.8 %	83.2 %	27.9 %	23.8 %	19.9 %
Maint. Capex / Sales	1.9 %	2.3 %	2.3 %	2.0 %	1.6 %	1.6 %	1.3 %
Capex / Dep	211.2 %	176.7 %	334.3 %	825.8 %	146.8 %	89.9 %	86.5 %
Avg. Working Capital / Sales	15.9 %	13.7 %	20.9 %	15.7 %	11.0 %	10.6 %	10.6 %
Trade Creditors / Trade Debtors	333.3 %	427.6 %	397.7 %	225.9 %	287.5 %	311.1 %	309.1 %
Inventory turnover (days)	1.7	1.3	0.4	5.2	1.8	1.8	1.8
Receivables collection period (DSOs)	92.3	82.0	120	78.9	60.0	60.0	60.0
Payables collection period (days)	27.7	19.2	30.2	34.9	20.0	20.0	20.0
Cash conversion cycle (days)	66.3	59.1	90.1	49.2	41.8	41.8	41.8
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	0.8 %	2.1 %
P/B	neg,	15.3	1.3	1.2	1.2	1.2	1.1
EV/sales	10.1	4.8	5.0	3.7	2.9	2.3	1.8
EV/EBITDA	24.0	8.0	42.4	22.6	10.2	5.9	4.0
EV/EBIT	27.0	8.4	80.2	59.8	30.8	17.8	8.1
EV/FCF	29.2	9.6	n.m.	n.m.	n.m.	36.4	13.5
P/E	n.m.	4.3	137.1	19.3	53.0	39.5	16.3
P/CF	22.4	9.6	neg,	12.7	11.9	7.4	5.6
Adj. Free Cash Flow Yield	4.6 %	10.6 %	n.a.	8.0 %	8.4 %	14.0 %	19.7 %

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

Free Cash Flow Yield - MeVis Medical Solutions

Figures in EUR m	2005	2006	2007	2008	2009e	2010e	2011e	
Net Income	-0.8	2.9	0.1	2.1	0.8	1.0	2.5	
+ Depreciation + Amortisation	0.2	0.3	0.4	1.1	2.6	4.5	4.8	
- Net Interest Income	-0.4	-0.3	0.0	2.0	-0.3	-0.8	-1.0	
+ Taxes	0.1	1.5	0.4	0.6	0.3	0.3	1.1	
- Maintenance Capex	0.0	0.2	0.2	0.2	0.2	0.3	0.3	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	-0.2	4.8	0.8	1.5	3.7	6.4	9.0	
Adjusted Free Cash Flow Yield	-0.4%	12.1%	1.9%	3.9%	9.2%	16.3%	24.5%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	39.8	39.8	39.8	39.8	40.4	39.3	36.9	
= Fair Enterprise Value	-	48.0	7.6	15.4	37.4	64.2	90.4	
- Net Debt (Cash)	-0.8	-0.8	-0.8	-0.8	-0.2	-1.3	-3.7	
- 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	-	48.8	8.4	16.2	37.5	65.5	94.1	
No. of shares (m)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
= Fair value per share (EUR)	-	28.01	4.81	9.32	21.55	37.60	54.04	
premium (-) / discount (+) in %	-	20.2%	-79.4%	-60.0%	-7.5%	61.4%	131.9%	
Sensitivity Fair value per Share (EUR)								
	13.0%	-	21.65	3.80	7.27	16.60	29.09	42.05
	12.0%	-	23.42	4.08	7.84	17.97	31.45	45.38
	11.0%	-	25.51	4.41	8.51	19.60	34.25	49.32
Hurdle rate	10.0%	-	28.01	4.81	9.32	21.55	37.60	54.04
	9.0%	-	31.08	5.29	10.30	23.93	41.70	59.81
	8.0%	-	34.91	5.90	11.53	26.91	46.82	67.02
	7.0%	-	39.83	6.67	13.12	30.74	53.41	76.30

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

DCF Model - MeVis Medical Solutions

Figures in EUR m	2009e	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e
Sales	13.9	17.0	20.7	23.8	26.2	28.8	31.7	34.8	36.6	38.4	40.3	42.3	43.6	44.9
Change	28.2%	22.0%	22.0%	15.0%	10.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
EBIT	1.3	2.2	4.6	5.9	6.5	7.2	9.5	10.5	11.0	11.5	12.1	14.8	15.3	15.7
EBIT-Margin	9.4%	13.0%	22.0%	25.0%	25.0%	25.0%	30.0%	30.0%	30.0%	30.0%	30.0%	35.0%	35.0%	35.0%
Tax rate	25.0%	25.0%	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	1.0	1.7	3.2	3.9	4.3	4.7	6.2	6.8	7.1	7.5	7.9	9.6	9.9	10.2
Depreciation	2.6	4.5	4.8	3.6	3.7	3.7	3.8	3.8	3.7	3.5	3.2	3.0	2.6	2.2
in % of Sales	19.0%	26.5%	23.0%	15.0%	14.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%	7.0%	6.0%	5.0%
Change in Liquidity from														
- Working Capital	-0.1	-0.4	-0.4	-1.6	-0.4	-0.4	-0.5	-0.5	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2
- Capex	-3.9	-4.0	-4.1	-3.6	-3.7	-3.7	-3.8	-3.8	-3.7	-3.5	-3.2	-3.0	-2.6	-2.2
Capex in % of Sales	27.9%	23.8%	19.9%	15.0%	14.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%	7.0%	6.0%	5.0%
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)	-0.4	1.7	3.4	2.2	3.8	4.2	5.7	6.3	6.8	7.2	7.5	9.3	9.7	10.0

Model parameter

Debt ratio	10.00%	Beta	1.50
Costs of Debt	6.8%	WACC	10.68%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	3.00%

Valuation (mln)

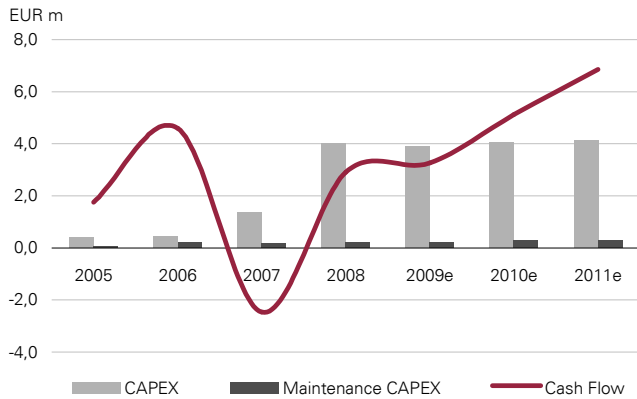
Present values 2022e	33.2	Special items	16.0
Terminal Value	33.9		
Liabilities	-19.5		
Liquidity	20.3	No. of shares (mln)	1.74
Equity Value	51.9	Value per share (EUR)	29.83

Sensitivity Value per Share (EUR)

Terminal Growth								Delta EBIT-margin							
WACC	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%	WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.68%	23.16	23.54	23.95	24.38	24.83	25.31	25.82	11.68%	22.55	23.16	23.77	24.38	24.98	25.59	26.20
11.18%	25.48	25.94	26.42	26.93	27.47	28.05	28.67	11.18%	24.99	25.63	26.28	26.93	27.58	28.22	28.87
10.93%	26.75	27.25	27.77	28.33	28.93	29.57	30.25	10.93%	26.33	27.00	27.66	28.33	29.00	29.67	30.34
10.68%	28.10	28.64	29.22	29.83	30.49	31.19	31.94	10.68%	27.76	28.45	29.14	29.83	30.52	31.22	31.91
10.43%	29.54	30.13	30.76	31.44	32.16	32.94	33.77	10.43%	29.29	30.01	30.72	31.44	32.15	32.87	33.59
10.18%	31.07	31.72	32.42	33.16	33.96	34.82	35.74	10.18%	30.94	31.68	32.42	33.16	33.90	34.65	35.39
9.68%	34.46	35.25	36.10	37.01	38.00	39.06	40.21	9.68%	34.61	35.41	36.21	37.01	37.81	38.61	39.41

Source: SES Research

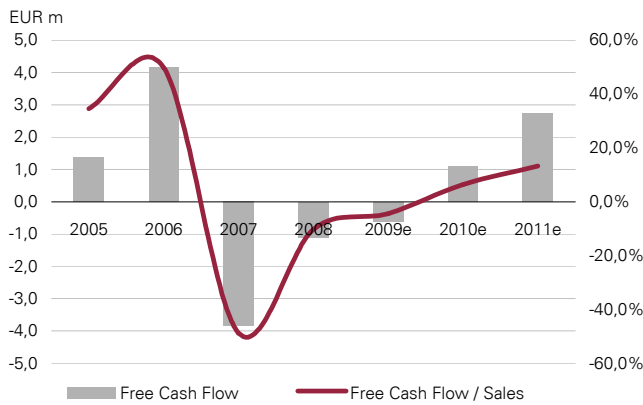
CAPEX and Cash Flow - MeVis Medical Solutions



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

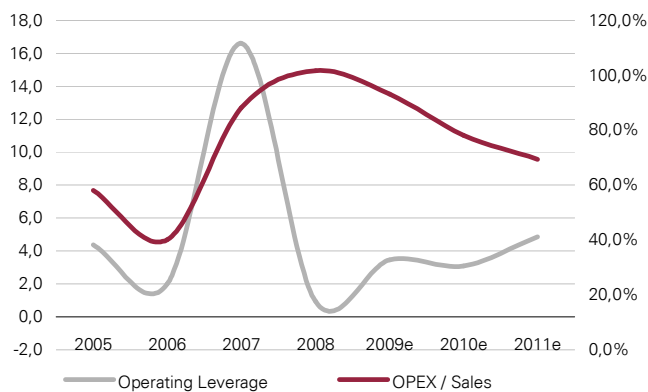
Free Cash Flow Generation - MeVis Medical Solutions



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

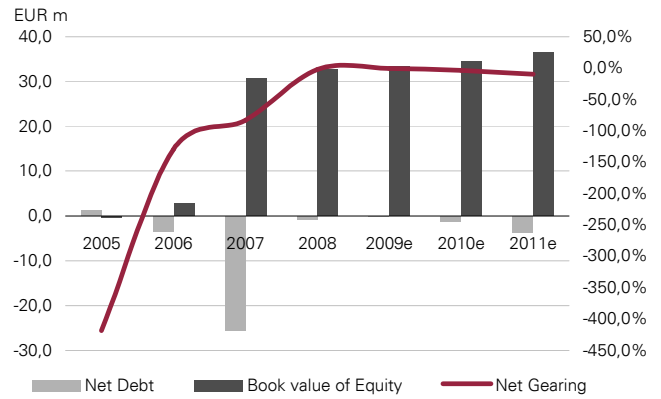
Operating Leverage - MeVis Medical Solutions



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

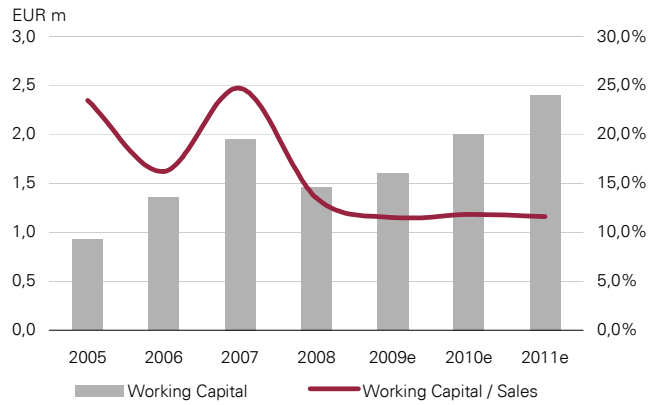
Balance Sheet Quality - MeVis Medical Solutions



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

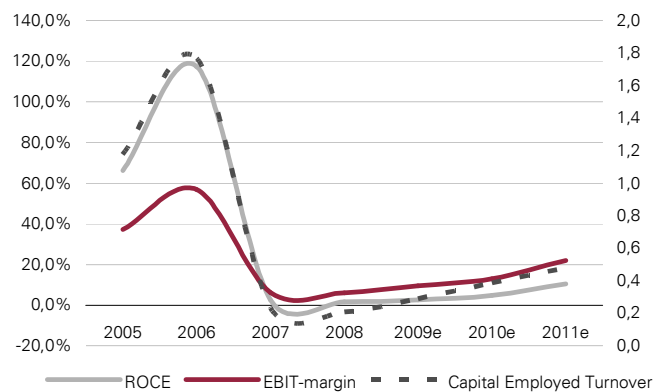
Working Capital - MeVis Medical Solutions



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

ROCE Development - MeVis Medical Solutions



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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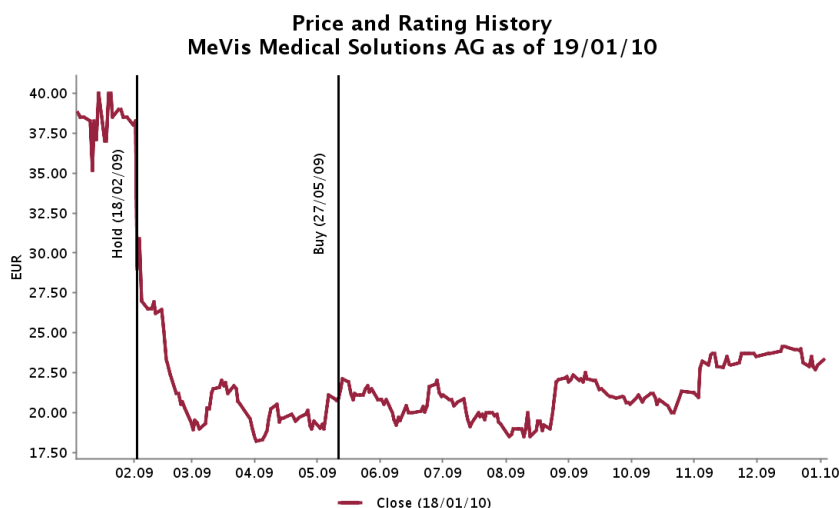
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Sell	17	8%
Rating suspended	16	8%
Total	205	

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Sell	6	5%
Rating suspended	11	8%
Total	131	



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