

Buy (old: Buy)

PT EUR 30.00 (old: 30.00)

Price EUR 21.10
Bloomberg M3V GR
Reuters M3VG
Sector Software

Leading software provider of equipment for the image-based medicine



Share data: 26.04.2010 / Closing price

Market cap: EUR 36.7 m
Enterprise Value (EV): EUR 33.4 m
Book value: EUR 33.6 m
No. of shares: 1.7 m
Trading volume Ø: EUR 30.1 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 Q1 05/18/10
 Figures Q2 08/30/10
 Figures Q3 11/22/10

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	17.0	0	20.7	0.0	24.4	-
EBIT	2.2	0.0	4.6	0.0	6.0	-
EPS	0.59	0	1.43	0	2.03	-

Analysis: SES Research
 Date of publication: 27.04.2010
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MeVis weathered year of crisis well

On April 23, 2010 MeVis Medical Solutions AG released FY 2009 figures with sales being almost exactly in line with expectations. The EBIT was slightly above and group earnings slightly below expectations owing to higher financial expenses and taxes. The high percentage deviations in the EPS can be put down to basis effects.

MeVis Medical Solutions - Q4 2009									
Figures in EUR m	Q4/09	Q4/09e	Q4/08	yoy	2009	2009e	2008	yoy	
Sales	3.6	3.6	2.9	236%	13.9	13.9	10.8	27.9%	
EBITDA	1.9	1.4	-0.5	-	4.5	4.0	1.8	154.6%	
<i>margin</i>	51.9%	16.4%	-16.1%		32.3%	22.7%	16.2%		
EBIT	0.9	0.6	-0.9	-	1.6	1.3	0.7	145.6%	
<i>margin</i>	25.6%	2.5%	-31.3%		11.8%	5.7%	6.1%		
EPS in EUR	0.07	0.28	0.42	-83.3%	0.23	0.44	1.21	-81.0%	

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

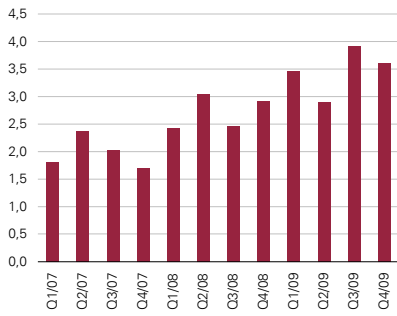
However, sales and earnings growth must be put into perspective, as the business activities with industrial partner Hologic were fully consolidated since November 1, 2008. Sales would have remained roughly flat without this consolidation, despite the market introduction of important breast care products. The reported increase after consolidation in the Digital Mammography segment now adds up to 46% now (share in total sales: 73%). Sales in the "Other Diagnostics" segment, which was characterised by a high number of product launches in the fields of neurology, prostate and pulmonary diagnostics, remained stable (share in total sales: 27%). **The figures can be considered as robust from an operating point of view, as the total market for medical diagnostics declined in 2009.** MeVis was able to report these figures despite a declining total market, clearly speaks for the company's products and orientation. MeVis managed to significantly differentiate from the general development of the OEM. The **functional coverage of different application fields** has also materially increased through the introduction of the new products and supports this development.

The company is well positioned for a market recovery in 2010 and the management guides for a significant sales increase as already anticipated in the SES estimates. Earnings are also expected to significantly go up. This development is driven by a considerably expanded product portfolio and a visible improvement of the market environment. **The estimates remain unchanged.**

The PT remains EUR 30. Buy rating reiterated.

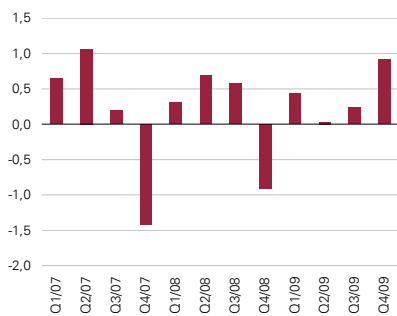
Fiscal year ending: 31.12. in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	8.3	7.9	10.8	13.9	17.0	20.7	24.4
<i>Change Sales yoy</i>	111.0 %	-5.4 %	37.4 %	27.9 %	22.3 %	22.0 %	18.0 %
Gross profit	7.9	7.2	12.4	15.7	19.4	23.0	26.6
<i>Gross margin</i>	94.9 %	91.8 %	114.5 %	113.3 %	114.2 %	111.0 %	108.8 %
EBITDA	5.0	0.9	1.8	4.5	6.7	9.3	11.6
<i>EBITDA-margin</i>	59.9 %	11.9 %	16.2 %	32.3 %	39.5 %	45.0 %	47.4 %
EBIT	4.7	0.5	0.7	1.6	2.2	4.6	6.0
<i>EBIT-margin</i>	56.8 %	6.3 %	6.1 %	11.8 %	13.0 %	22.0 %	24.4 %
Net income	2.9	0.1	2.1	0.4	1.0	2.5	3.5
EPS	5.44	0.17	1.21	0.23	0.59	1.43	2.03
Free Cash Flow per share	7.68	-5.00	-0.64	0.02	1.56	1.57	2.62
Dividend	0.00	0.00	0.00	0.00	0.19	0.48	0.68
<i>Dividend Yield</i>	n.a.	n.a.	n.a.	n.a.	0.9 %	2.3 %	3.2 %
EV/Sales	4.3	4.6	3.3	2.6	2.0	1.5	1.1
EV/EBITDA	7.2	38.5	20.6	8.1	5.0	3.3	2.4
EV/EBIT	7.6	72.8	54.3	22.1	15.2	6.8	4.6
PER	3.9	124.1	17.4	91.7	35.8	14.8	10.4
ROCE	117.3 %	2.6 %	1.5 %	3.3 %	4.9 %	10.6 %	14.1 %
Adj. Free Cash Flow Yield	13.3 %	2.1 %	4.3 %	11.8 %	19.2 %	29.2 %	41.4 %

Sales development
in EUR m



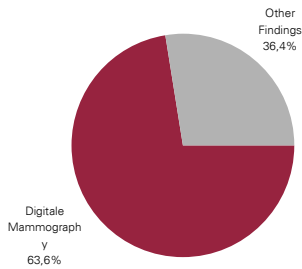
Source: MeVis Medical Solutions

EBIT development
in EUR m



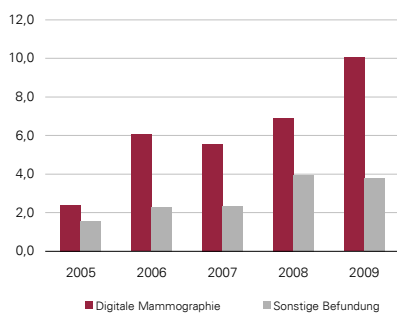
Source: MeVis Medical Solutions

Sales by segments
2009



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. Everts 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	2006	2007	2008	2009	2010E	2011E	2012E
Sales	8.3	7.9	10.8	13.9	17.0	20.7	24.4
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	1.9	2.3	3.0	3.0	3.0
Total sales	8.3	7.9	12.8	16.2	20.0	23.7	27.4
Material Expenses	0.4	0.7	0.4	0.5	0.6	0.7	0.9
Gross profit	7.9	7.2	12.4	15.7	19.4	23.0	26.6
Personnel expenses	2.3	4.2	7.7	9.8	10.6	11.2	12.1
Other operating income	0.9	1.2	1.1	1.8	1.5	1.9	2.2
Other operating expenses	1.5	3.3	4.1	3.3	3.6	4.3	5.1
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	5.0	0.9	1.8	4.5	6.7	9.3	11.6
Depreciation of fixed assets	0.1	0.2	0.4	0.5	0.5	0.6	0.7
EBITA	4.9	0.7	1.4	3.9	6.2	8.7	10.8
Amortisation of intangible fixed assets	0.1	0.2	0.7	2.3	4.0	4.1	4.9
Impairment charges and amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.7	0.5	0.7	1.6	2.2	4.6	6.0
Interest income	0.1	0.2	1.1	0.6	0.3	0.1	0.2
Interest expenses	0.3	0.1	0.3	1.0	1.1	1.1	1.1
Financial result	-0.3	0.0	2.0	-0.5	-0.8	-1.0	-0.9
Recurring pretax income from cont. operations	4.5	0.5	2.7	1.2	1.4	3.6	5.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	4.5	0.5	2.7	1.2	1.4	3.6	5.1
Taxes total	1.5	0.4	0.6	0.8	0.3	1.1	1.5
Net income from continuing operations	2.9	0.1	2.1	0.4	1.0	2.5	3.5
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	2.9	0.1	2.1	0.4	1.0	2.5	3.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.9	0.1	2.1	0.4	1.0	2.5	3.5

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

Consolidated Profit & Loss MeVis Medical Solutions							
in % of Sales	2006	2007	2008	2009	2010E	2011E	2012E
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 %	17.9 %	16.6 %	17.7 %	14.5 %	12.3 %
Total sales	100.0 %	100.0 %	117.9 %	116.6 %	117.7 %	114.5 %	112.3 %
Material Expenses	5.1 %	8.2 %	3.4 %	3.3 %	3.5 %	3.5 %	3.5 %
Gross profit	94.9 %	91.8 %	114.5 %	113.3 %	114.2 %	111.0 %	108.8 %
Personnel expenses	27.9 %	53.2 %	70.7 %	70.7 %	62.7 %	54.0 %	49.4 %
Other operating income	10.8 %	15.0 %	9.8 %	13.2 %	9.0 %	9.0 %	9.0 %
Other operating expenses	17.9 %	41.6 %	37.4 %	23.6 %	21.0 %	21.0 %	21.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	59.9 %	11.9 %	16.2 %	32.3 %	39.5 %	45.1 %	47.4 %
Depreciation of fixed assets	1.5 %	2.8 %	3.6 %	3.9 %	3.0 %	3.0 %	3.0 %
EBITA	58.4 %	9.1 %	12.6 %	28.4 %	36.5 %	42.1 %	44.4 %
Amortisation of intangible fixed assets	1.5 %	2.8 %	6.5 %	16.6 %	23.5 %	20.0 %	20.0 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	56.8 %	6.3 %	6.1 %	11.8 %	13.0 %	22.1 %	24.4 %
Interest income	0.8 %	2.5 %	9.7 %	4.3 %	1.5 %	0.5 %	0.8 %
Interest expenses	4.0 %	1.7 %	3.0 %	7.2 %	6.5 %	5.3 %	4.5 %
Financial result	-3.2 %	-0.1 %	18.8 %	-3.4 %	-4.9 %	-4.8 %	-3.7 %
Recurring pretax income from cont. operations	53.7 %	6.2 %	25.0 %	8.4 %	8.1 %	17.2 %	20.7 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	53.7 %	6.2 %	25.0 %	8.4 %	8.1 %	17.2 %	20.7 %
Taxes total	18.5 %	4.5 %	5.5 %	5.6 %	2.0 %	5.2 %	6.2 %
Net income from continuing operations	35.2 %	1.7 %	19.5 %	2.9 %	6.0 %	12.1 %	14.5 %
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	35.2 %	1.7 %	19.5 %	2.9 %	6.0 %	12.1 %	14.5 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	35.2 %	1.7 %	19.5 %	2.9 %	6.0 %	12.1 %	14.5 %

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

Balance sheet MeVis Medical Solutions

in EUR m

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	0.4	1.4	26.9	27.1	26.8	26.4	25.2
thereof other intangible assets	0.4	1.2	10.1	10.5	10.2	9.8	8.6
thereof Goodwill	0.0	0.1	16.7	16.6	16.6	16.6	16.6
Property, plant and equipment	0.3	0.4	1.4	1.2	1.0	0.8	0.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	0.7	1.8	28.3	28.3	27.8	27.2	25.8
Inventories	0.0	0.0	0.2	0.1	0.1	0.1	0.1
Accounts receivable	1.9	2.6	2.3	4.2	2.8	3.4	4.0
Other Assets	1.1	2.7	8.5	3.2	3.2	3.2	3.2
Liquid assets	5.4	28.5	20.3	15.1	12.8	12.2	12.9
Current assets	8.4	33.8	31.3	22.7	18.9	18.9	20.3
Total assets	9.1	35.6	59.6	51.0	46.8	46.1	46.0
Liabilities and shareholders' equity							
Subscribed capital	0.1	1.8	1.8	1.8	1.8	1.8	1.8
Additional paid-in capital	0.0	28.3	28.4	28.5	28.5	28.5	28.5
Surplus capital	0.0	0.0	0.0	0.0	1.0	3.5	7.1
Other equity components	2.6	0.7	2.4	2.3	2.3	2.0	1.2
Book value	2.7	30.8	32.6	32.6	33.6	35.8	38.5
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	2.7	30.8	32.6	32.6	33.6	35.8	38.5
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Financial liabilities	2.0	2.9	19.4	14.5	9.5	6.5	3.5
Accounts payable	0.4	0.7	1.0	1.1	0.9	1.1	1.3
Other liabilities	3.9	1.2	6.3	2.6	2.6	2.6	2.6
Liabilities	6.5	4.8	27.0	18.3	13.1	10.3	7.5
Total liabilities and shareholders equity	9.1	35.6	59.6	51.0	46.8	46.1	46.0

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

Balance sheet MeVis Medical Solutions

in % of Balance Sheet Total

	2006	2007	2008	2009	2010E	2011E	2012E
Assets							
Intangible assets	4.3 %	3.9 %	45.1 %	53.1 %	57.3 %	57.2 %	54.8 %
thereof other intangible assets	4.3 %	3.5 %	17.0 %	20.6 %	21.8 %	21.2 %	18.7 %
thereof Goodwill	0.0 %	0.4 %	28.1 %	32.5 %	35.5 %	36.0 %	36.1 %
Property, plant and equipment	3.2 %	1.1 %	2.4 %	2.3 %	2.2 %	1.8 %	1.2 %
Financial assets	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fixed assets	7.4 %	5.1 %	47.5 %	55.5 %	59.5 %	59.0 %	56.0 %
Inventories	0.3 %	0.0 %	0.3 %	0.3 %	0.2 %	0.2 %	0.2 %
Accounts receivable	20.6 %	7.3 %	3.9 %	8.3 %	6.0 %	7.4 %	8.7 %
Other Assets	12.0 %	7.5 %	14.3 %	6.3 %	6.9 %	7.0 %	7.0 %
Liquid assets	59.7 %	80.0 %	34.0 %	29.6 %	27.4 %	26.5 %	28.1 %
Current assets	92.6 %	94.8 %	52.5 %	44.5 %	40.4 %	41.1 %	44.1 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	0.6 %	5.1 %	3.1 %	3.6 %	3.9 %	4.0 %	4.0 %
Additional paid-in capital	0.0 %	79.4 %	47.6 %	55.8 %	60.8 %	61.8 %	61.9 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	2.2 %	7.6 %	15.3 %
Other equity components	28.6 %	1.9 %	4.1 %	4.6 %	5.0 %	4.3 %	2.5 %
Book value	29.2 %	86.4 %	54.7 %	63.9 %	71.9 %	77.7 %	83.7 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	29.2 %	86.4 %	54.7 %	63.9 %	71.9 %	77.7 %	83.7 %
Provision for pensions and similar obligations	0.0 %	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	0.8 %	0.1 %	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %
Financial liabilities	21.9 %	8.1 %	32.6 %	28.4 %	20.3 %	14.1 %	7.6 %
Accounts payable	4.8 %	1.8 %	1.7 %	2.2 %	1.9 %	2.4 %	2.8 %
Other liabilities	43.3 %	3.4 %	10.5 %	5.0 %	5.5 %	5.6 %	5.6 %
Liabilities	70.9 %	13.5 %	45.3 %	36.0 %	28.1 %	22.4 %	16.4 %
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

	2006	2007	2008	2009	2010E	2011E	2012E
Net income	4.5	-2.7	0.6	-0.2	1.0	2.5	3.5
Depreciation of fixed assets	0.1	0.2	0.4	0.5	0.5	0.6	0.7
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.1	0.2	0.7	2.3	4.0	4.1	4.9
Increase/decrease in long-term provisions	-0.2	0.0	0.2	0.1	0.0	0.0	0.0
Other costs affecting income / expenses	-0.3	0.0	1.4	0.1	0.0	0.0	0.0
Cash Flow	4.2	-2.3	3.2	2.8	5.5	7.3	9.2
Increase / decrease in inventory	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
Increase / decrease in accounts receivable	-0.3	-1.2	-0.6	1.9	1.4	-0.6	-0.6
Increase / decrease in accounts payable	0.7	1.0	0.4	-1.6	-0.2	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	0.4	-0.2	-0.3	0.3	1.2	-0.4	-0.4
Cash flow from operating activities	4.6	-2.5	2.9	3.1	6.7	6.9	8.8
CAPEX	-0.4	-1.4	-4.0	-3.0	-4.0	-4.1	-4.2
Payments for acquisitions	0.1	-0.2	-4.5	-4.7	-5.0	-3.0	-3.0
Financial investments	0.0	-0.1	-5.0	-2.3	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	-0.3	-1.6	-13.5	-10.0	-9.0	-7.1	-7.2
Change in financial liabilities	-0.9	-0.3	-0.4	-0.1	-5.0	-3.0	-3.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	-0.3	-0.8
Purchase of own shares	0.0	-2.2	-2.2	-0.5	0.0	0.0	0.0
Capital measures	0.0	27.7	0.0	0.0	0.0	0.0	0.0
Others	0.0	2.0	0.0	0.0	5.0	3.0	3.0
Cash flow from financing activities	-0.9	27.1	-2.6	-0.5	0.0	-0.3	-0.8
Change in liquid funds	3.4	23.0	-13.2	-7.4	-2.3	-0.6	0.7
Effects of exchange rate changes on cash	0.0	0.0	0.0	-0.1	0.0	0.0	0.0
Liquid assets at end of period	5.4	28.5	15.3	7.7	5.4	4.8	5.6

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

Financial Ratios MeVis Medical Solutions

	2006	2007	2008	2009	2010E	2011E	2012E
Operational Efficiency							
Total Operating Costs / Sales	40.1 %	88.1 %	101.7 %	84.4 %	78.2 %	69.5 %	64.9 %
Sales per Employee	157,396	85,783	59,912	58,029	64,504	71,541	76,744
EBITDA per Employee	94,226	10,207	9,707	18,720	25,479	32,227	36,382
EBIT-margin	56.8 %	6.3 %	6.1 %	11.8 %	13.0 %	22.0 %	24.4 %
EBITDA / Operating Assets	304.9 %	40.0 %	61.1 %	101.2 %	221.7 %	289.9 %	343.4 %
ROA	434.2 %	7.3 %	7.5 %	1.4 %	3.7 %	9.2 %	13.7 %
Efficiency of Capital Employment							
Plant Turnover	29.1	19.8	7.7	11.6	16.6	25.4	42.8
Operating Assets Turnover	5.1	3.4	3.8	3.1	5.6	6.4	7.2
Capital Employed Turnover	1.8	0.2	0.2	0.3	0.4	0.5	0.6
Return on Capital							
ROCE	117.3 %	2.6 %	1.5 %	3.3 %	4.9 %	10.6 %	14.1 %
EBITDA / Avg. Capital Employed	123.6 %	4.9 %	4.1 %	9.0 %	14.8 %	21.7 %	27.4 %
ROE	110.6 %	0.4 %	6.5 %	1.2 %	3.0 %	7.0 %	9.2 %
Net Profit / Avg. Equity	247.6 %	0.8 %	6.7 %	1.2 %	3.1 %	7.2 %	9.5 %
Recurring Net Profit / Avg. Equity	247.6 %	0.8 %	6.7 %	1.2 %	3.1 %	7.2 %	9.5 %
ROIC	58.0 %	0.4 %	3.9 %	0.8 %	2.3 %	5.6 %	8.0 %
Solvency							
Net Debt	-3.4	-25.6	-0.8	-0.6	-3.3	-5.7	-9.5
Net Gearing	-129.4 %	-83.1 %	-2.5 %	-1.9 %	-9.9 %	-16.0 %	-24.6 %
Book Value of Equity / Book Value of Debt	133.0 %	1063.6 %	167.8 %	225.2 %	354.9 %	552.7 %	1107.2 %
Current ratio	1.3	7.1	1.2	1.2	1.5	1.9	2.8
Acid Test Ratio	1.3	7.0	1.2	1.2	1.4	1.8	2.7
EBITDA / Interest Paid	15.1	6.9	5.5	4.5	6.1	8.5	10.5
Interest Cover	18.0	n.a.	n.a.	4.1	2.6	4.6	6.6
Cash Flow							
Free Cash Flow	4.1	-3.8	-1.1	0.0	2.7	2.7	4.6
Free Cash Flow / Sales	49.7 %	-48.7 %	-10.2 %	0.2 %	16.0 %	13.2 %	18.7 %
Adj. Free Cash Flow	4.8	0.8	1.5	4.3	6.4	9.0	11.3
Adj. Free Cash Flow / Sales	30.0 %	3.0 %	1.1 %	21.3 %	29.4 %	33.2 %	35.6 %
Free Cash Flow / Net Profit	141.3 %	-2912.9 %	-52.5 %	7.8 %	264.5 %	109.8 %	129.0 %
Interest Received / Avg. Cash	1.8 %	1.2 %	4.3 %	3.4 %	1.9 %	0.8 %	1.5 %
Interest Paid / Avg. Debt	12.7 %	5.6 %	2.9 %	5.9 %	9.2 %	13.8 %	22.1 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	32.3 %	33.5 %	33.5 %
Fund Management							
Investment ratio	5.4 %	18.8 %	83.2 %	38.4 %	23.8 %	19.9 %	17.2 %
Maint. Capex / Sales	2.3 %	2.3 %	2.0 %	1.6 %	1.6 %	1.3 %	1.1 %
Capex / Dep	176.7 %	334.3 %	825.8 %	187.3 %	89.9 %	86.5 %	74.6 %
Avg. Working Capital / Sales	13.7 %	20.9 %	15.7 %	16.9 %	15.4 %	10.6 %	10.7 %
Trade Creditors / Trade Debtors	427.6 %	397.7 %	225.9 %	376.6 %	311.1 %	309.1 %	307.7 %
Inventory turnover (days)	1.3	0.4	5.2	3.4	1.8	1.8	1.8
Receivables collection period (DSOs)	82.0	120	78.9	111	60.0	60.0	60.0
Payables collection period (days)	19.2	30.2	34.9	29.5	20.0	20.0	20.0
Cash conversion cycle (days)	59.1	90.1	49.2	85.0	41.8	41.8	41.8
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	0.9 %	2.3 %	3.2 %
P/B	13.8	1.2	1.1	1.1	1.1	1.0	1.0
EV/sales	4.3	4.6	3.3	2.6	2.0	1.5	1.1
EV/EBITDA	7.2	38.5	20.6	8.1	5.0	3.3	2.4
EV/EBIT	7.6	72.8	54.3	22.1	15.2	6.8	4.6
EV/FCF	8.7	n.m.	n.m.	n.m.	12.3	11.3	6.0
P/E	3.9	124.1	17.4	91.7	35.8	14.8	10.4
P/CF	8.7	neg.	11.5	13.3	6.7	5.1	4.0
Adj. Free Cash Flow Yield	11.7 %	n.a.	8.8 %	7.6 %	16.5 %	23.4 %	33.6 %

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

Free Cash Flow Yield - MeVis Medical Solutions

Figures in EUR m	2006	2007	2008	2009	2010e	2011e	2012e	
Net Income	2.9	0.1	2.1	0.4	1.0	2.5	3.5	
+ Depreciation + Amortisation	0.3	0.4	1.1	2.8	4.5	4.8	5.6	
- Net Interest Income	-0.3	0.0	2.0	-0.5	-0.8	-1.0	-0.9	
+ Taxes	1.5	0.4	0.6	0.8	0.3	1.1	1.5	
- Maintenance Capex	0.2	0.2	0.2	0.2	0.3	0.3	0.3	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	4.8	0.8	1.5	4.3	6.4	9.0	11.3	
Adjusted Free Cash Flow Yield	13.3%	2.1%	4.3%	11.8%	19.2%	29.2%	41.4%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	36.1	36.1	36.1	36.1	33.4	31.0	27.3	
= Fair Enterprise Value	48.0	7.6	15.4	42.6	64.2	90.4	113.0	
- Net Debt (Cash)	-0.6	-0.6	-0.6	-0.6	-3.3	-5.7	-9.5	
- 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	48.6	8.2	16.1	43.2	67.6	96.2	122.4	
No. of shares (m)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
= Fair value per share (EUR)	27.92	4.71	9.22	24.80	38.79	55.23	70.32	
premium (-) / discount (+) in %	32.3%	-77.7%	-56.3%	17.5%	83.9%	161.8%	233.3%	
Sensitivity Fair value per Share (EUR)								
	13.0%	21.56	3.71	7.17	19.16	30.28	43.25	55.34
	12.0%	23.33	3.99	7.74	20.72	32.65	46.58	59.50
	11.0%	25.41	4.32	8.41	22.57	35.44	50.51	64.42
Hurdle rate	10.0%	27.92	4.71	9.22	24.80	38.79	55.23	70.32
	9.0%	30.98	5.20	10.21	27.51	42.89	61.00	77.53
	8.0%	34.81	5.80	11.44	30.91	48.02	68.22	86.54
	7.0%	39.73	6.58	13.02	35.27	54.60	77.49	98.12

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

DCF Model - MeVis Medical Solutions

Figures in EUR m	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e
Sales	17.0	20.7	24.4	28.1	30.9	34.0	37.4	41.1	43.2	45.3	47.6	50.0	51.5	53.0
Change	22.3%	22.0%	18.0%	15.0%	10.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
EBIT	2.2	4.6	6.0	7.0	7.7	8.5	9.3	10.3	10.8	11.3	11.9	12.5	12.9	13.3
EBIT-Margin	13.0%	22.0%	24.4%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Tax rate	25.0%	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	1.7	3.2	4.2	4.6	5.0	5.5	6.1	6.7	7.0	7.4	7.7	8.1	8.4	8.6
Depreciation	4.5	4.8	5.6	5.1	4.9	5.4	5.6	5.8	5.6	5.4	5.2	5.0	4.6	4.2
in % of Sales	26.5%	23.0%	23.0%	18.0%	16.0%	16.0%	15.0%	14.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%
Change in Liquidity from														
- Working Capital	1.2	-0.4	-0.4	-2.0	-0.5	-0.5	-0.6	-0.6	-0.3	-0.4	-0.4	-0.4	-0.3	-0.3
- Capex	-4.0	-4.1	-4.2	-4.2	-4.6	-5.1	-5.2	-5.3	-5.6	-5.4	-5.2	-5.0	-4.6	-4.2
Capex in % of Sales	23.8%	19.9%	17.2%	15.0%	15.0%	15.0%	14.0%	13.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%
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)	3.3	3.4	5.2	3.5	4.8	5.3	5.9	6.5	6.7	7.0	7.3	7.7	8.1	8.4

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)

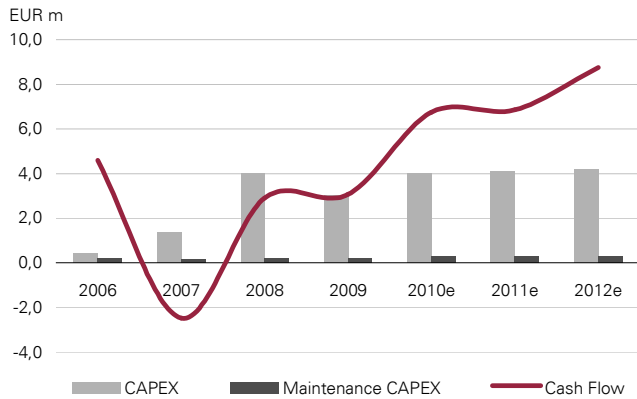
Present values 2023e	39.8	Special items	16.0
Terminal Value	27.8		
Liabilities	-14.5		
Liquidity	15.1	No. of shares (mln)	1.74
Equity Value	52.2	Value per share (EUR)	29.99

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%	24.26	24.58	24.91	25.26	25.63	26.03	26.44	11.68%	23.15	23.86	24.56	25.26	25.96	26.66	27.37
11.18%	26.29	26.66	27.06	27.48	27.92	28.39	28.90	11.18%	25.23	25.98	26.73	27.48	28.22	28.97	29.72
10.93%	27.39	27.80	28.23	28.69	29.18	29.70	30.26	10.93%	26.37	27.14	27.92	28.69	29.46	30.24	31.01
10.68%	28.57	29.01	29.48	29.99	30.52	31.10	31.71	10.68%	27.59	28.39	29.19	29.99	30.79	31.59	32.39
10.43%	29.81	30.30	30.82	31.37	31.96	32.60	33.28	10.43%	28.88	29.71	30.54	31.37	32.20	33.03	33.86
10.18%	31.14	31.67	32.24	32.85	33.51	34.21	34.97	10.18%	30.27	31.13	31.99	32.85	33.71	34.57	35.43
9.68%	34.06	34.71	35.41	36.16	36.96	37.83	38.78	9.68%	33.37	34.30	35.23	36.16	37.08	38.01	38.94

Source: SES Research

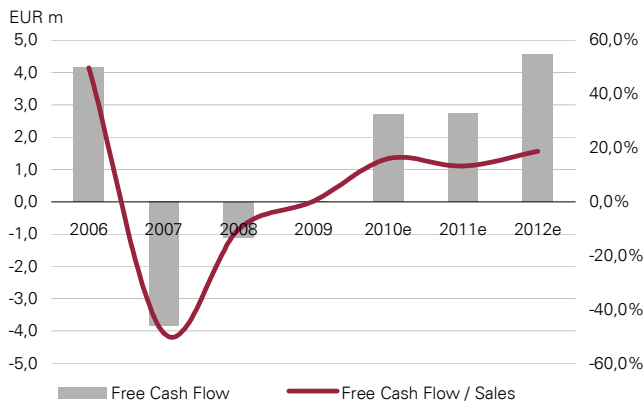
CAPEX and Cash Flow - MeVis Medical Solutions



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

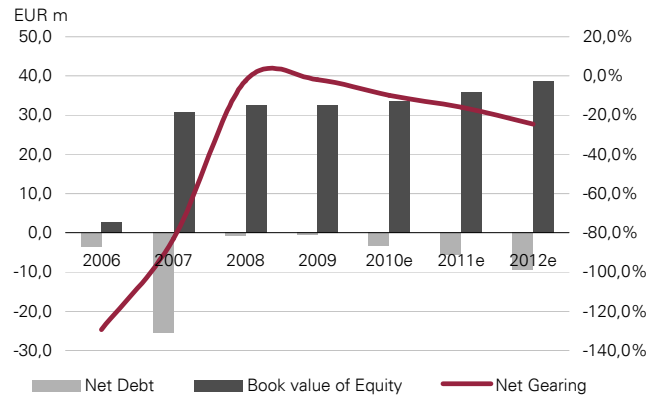
Operating Leverage - MeVis Medical Solutions



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

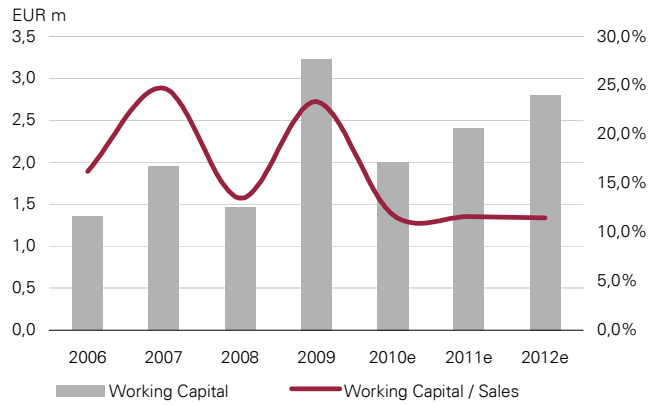
Balance Sheet Quality - MeVis Medical Solutions



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

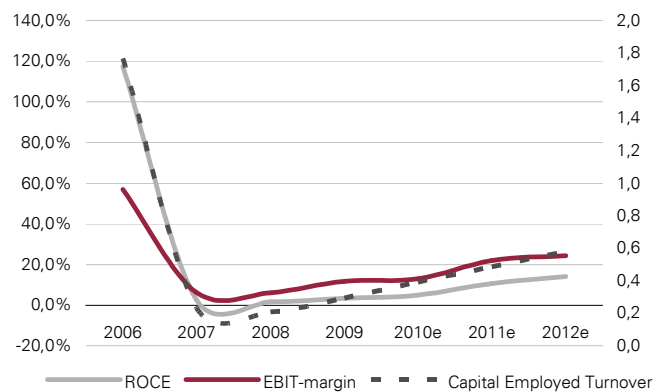
Working Capital - MeVis Medical Solutions



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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- 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.

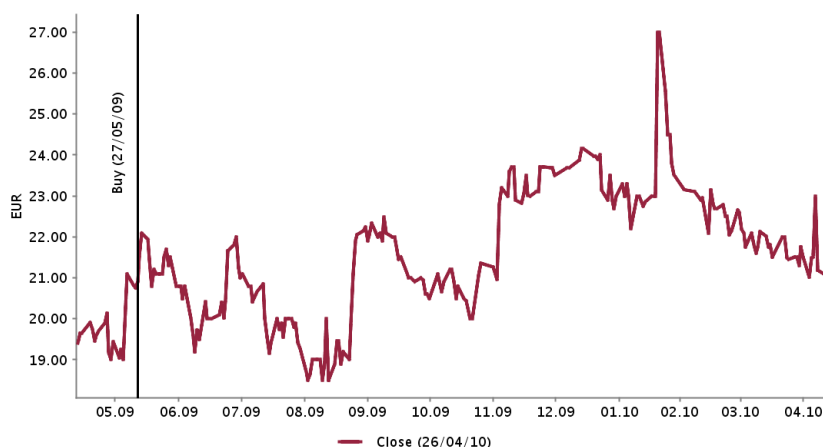
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Rating	Number of stocks	% of Universe
Buy	109	54%
Hold	58	29%
Sell	11	5%
Rating suspended	23	11%
Total	201	

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Rating	Number of stocks	% of Universe
Buy	84	61%
Hold	36	26%
Sell	2	1%
Rating suspended	15	11%
Total	137	

Price and Rating History
MeVis Medical Solutions AG as of 27/04/10



The charts have markings if SES Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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