

Buy (old: Buy)

PT EUR 24.00 (old: 29.00)

Price EUR 19.90
Bloomberg M3V GR
Reuters M3VG
Sector Software

Leading software provider of equipment for the image-based medicine



Share data: 30.08.2010 / Closing price

Market cap: EUR 34.7 m
Enterprise Value (EV): EUR 32.6 m
Book value: EUR 32.1 m
No. of shares: 1.7 m
Trading volume Ø: EUR 5.6 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 Q3 11/22/10

| Change | 2010E | | 2011E | | 2012E | |
|--------------|-------|-------|-------|-------|-------|-------|
| | old | Δ% | old | Δ% | old | Δ% |
| Sales | 17.0 | -11.5 | 20.7 | -15.9 | 24.4 | -15.9 |
| EBIT | 2.0 | -91.4 | 4.4 | -61.0 | 5.8 | -51.5 |
| EPS | 0.52 | n.m. | 1.36 | -78.7 | 1.95 | -63.6 |

Analysis: SES Research
 Date of publication: 01.09.2010
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Licence sales of new products are lacking

On August 30, 2010, MeVis Medical Solutions AG released Q2 figures which **fell short of expectations**.

| MeVis Medical Solutions - Q2 2010 | | | | | | | | | |
|-----------------------------------|-------|--------|-------|--------|-------|--------|-------|--------|--|
| Figures in EUR m | | | | | | | | | |
| | Q2/10 | Q2/10e | Q2/09 | yoy | 6M/10 | 6M/10e | 6M/09 | yoy | |
| Sales | 3.6 | 3.8 | 2.9 | 24.1% | 7.3 | 7.5 | 6.4 | 15.0% | |
| EBITDA | 0.9 | 1.2 | 0.6 | 47.3% | 1.9 | 2.2 | 1.7 | 16.2% | |
| <i>margin</i> | 26.2% | 31.6% | 22.0% | | 26.3% | 29.0% | 26.0% | | |
| EBIT | 0.0 | 0.3 | 0.0 | -97.6% | 0.2 | 0.5 | 0.5 | -68.2% | |
| <i>margin</i> | 0.0% | 8.0% | 1.2% | | 2.0% | 6.0% | 7.4% | | |
| EPS in EUR | -0.29 | 0.14 | 0.02 | - | -0.37 | 0.06 | 0.09 | - | |

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

This shortfall is particularly problematic as Q1 also came in below expectations and **the new product segments hardly generated any licences revenues** in Q2. The yoy increase in sales was again mainly generated with products in the Digital Mammography segment. Here sales were up 19% and reached a sales share in excess of 70% in H1. Sales in the Other Diagnostics segment grew by a mere 5% although numerous new fields (neurology, lung, prostate, etc.) were tapped on the product side in 2009.

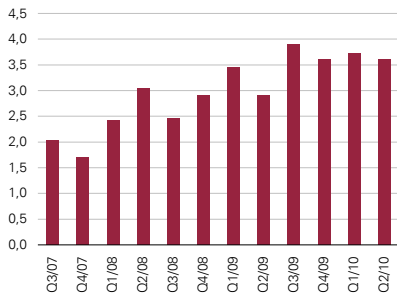
Even though the medical relevance of the newly tapped fields of application is high and MeVis' products are considered to be leading, product revenues are stagnating here. In contrast, the mammography business continues to develop positively, as licence sales benefit from a **strong distribution relationship** in particular to Hologic, from the general trend towards digitisation of mammography as investment trigger, a high medial/political relevance of "breast cancer" (in the USA in particular) as well as the resultant high number of check-ups. These factors do not exist in the newly tapped product areas. Time and effort is needed to develop new distribution channels in the fields of lung/neuro/prostate. Combined with a low propensity to invest in health care this leads to a market development well below expectations. **The new projections imply a markedly lower sale of licences in the Other Diagnostics segment. The expectations are significantly reduced.**

MeVis' earnings are strongly driven by product development costs (capitalisation) and their depreciation. Another indication for MeVis's high earnings quality is the high operating cash flow of EUR 3.2m in H1 which is however offset by high investments in product developments.

That said the sale of the new products continues to be decisive for further growth. It is now assumed that revenues generated with the new product areas will grow moderately from 2010 onwards. **Consequently, the PT is significantly reduced to EUR 24 (EUR 29). The Buy rating remains unchanged.**

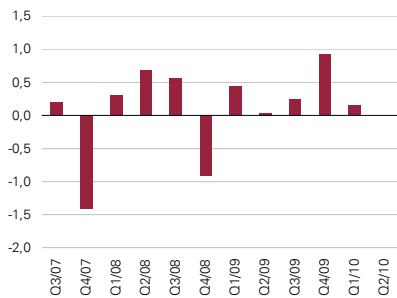
| Fiscal year ending: 31.12. | | | | | | | |
|----------------------------------|---------|--------|---------|---------|---------|---------|---------|
| in EUR m | | | | | | | |
| | 2006 | 2007 | 2008 | 2009 | 2010E | 2011E | 2012E |
| Sales | 8.3 | 7.9 | 10.8 | 13.9 | 15.0 | 17.4 | 20.5 |
| <i>Change Sales yoy</i> | 111.0 % | -5.4 % | 37.4 % | 27.9 % | 8.2 % | 16.0 % | 18.0 % |
| Gross profit | 7.9 | 7.2 | 12.4 | 15.7 | 17.5 | 19.8 | 22.8 |
| <i>Gross margin</i> | 94.9 % | 91.8 % | 114.5 % | 113.3 % | 116.5 % | 113.7 % | 111.1 % |
| EBITDA | 5.0 | 0.9 | 1.8 | 4.5 | 4.7 | 5.7 | 7.5 |
| <i>EBITDA-margin</i> | 59.9 % | 11.9 % | 16.2 % | 32.3 % | 31.2 % | 32.8 % | 36.6 % |
| EBIT | 4.7 | 0.5 | 0.7 | 1.6 | 0.2 | 1.7 | 2.8 |
| <i>EBIT-margin</i> | 56.8 % | 6.3 % | 6.1 % | 11.8 % | 1.2 % | 9.8 % | 13.6 % |
| Net income | 2.9 | 0.1 | 2.1 | 0.4 | -0.5 | 0.5 | 1.2 |
| EPS | 5.44 | 0.17 | 1.21 | 0.23 | -0.29 | 0.29 | 0.71 |
| Free Cash Flow per share | 7.68 | -5.00 | -0.64 | 0.02 | 0.82 | 0.15 | 0.83 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 | -0.10 | 0.10 | 0.24 |
| <i>Dividend Yield</i> | n.a. | n.a. | n.a. | n.a. | n.m. | 0.5 % | 1.2 % |
| EV/Sales | 4.1 | 4.3 | 3.1 | 2.5 | 2.2 | 1.8 | 1.5 |
| EV/EBITDA | 6.8 | 36.2 | 19.4 | 7.6 | 7.0 | 5.6 | 4.1 |
| EV/EBIT | 7.2 | 68.6 | 51.2 | 20.8 | 186.3 | 18.8 | 11.0 |
| PER | 3.7 | 117.1 | 16.4 | 86.5 | n.m. | 68.6 | 28.0 |
| ROCE | 125.3 % | 2.6 % | 1.6 % | 3.3 % | 0.4 % | 4.2 % | 7.3 % |
| Adj. Free Cash Flow Yield | 14.1 % | 2.2 % | 4.5 % | 12.5 % | 13.5 % | 16.9 % | 23.4 % |

Sales development
in EUR m



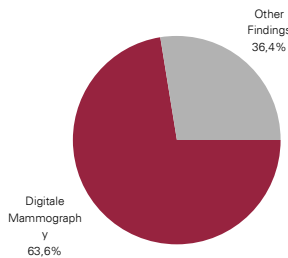
Source: MeVis Medical Solutions

EBIT development
in EUR m



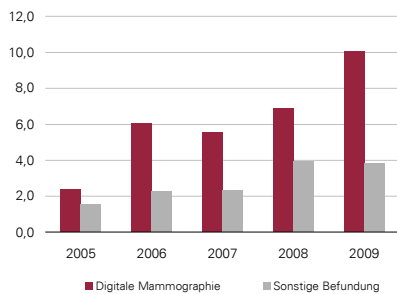
Source: MeVis Medical Solutions

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. Evertsz 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 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.

| 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 | 15.0 | 17.4 | 20.5 |
| 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 | 18.0 | 20.4 | 23.5 |
| Material Expenses | 0.4 | 0.7 | 0.4 | 0.5 | 0.5 | 0.6 | 0.7 |
| Gross profit | 7.9 | 7.2 | 12.4 | 15.7 | 17.5 | 19.8 | 22.8 |
| Personnel expenses | 2.3 | 4.2 | 7.7 | 9.8 | 11.0 | 12.0 | 12.8 |
| Other operating income | 0.9 | 1.2 | 1.1 | 1.8 | 1.4 | 1.6 | 1.8 |
| Other operating expenses | 1.5 | 3.3 | 4.1 | 3.3 | 3.2 | 3.7 | 4.3 |
| 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 | 4.7 | 5.7 | 7.5 |
| Depreciation of fixed assets | 0.1 | 0.2 | 0.4 | 0.5 | 0.5 | 0.5 | 0.6 |
| EBITA | 4.9 | 0.7 | 1.4 | 3.9 | 4.2 | 5.2 | 6.9 |
| Amortisation of intangible fixed assets | 0.1 | 0.2 | 0.7 | 2.3 | 4.1 | 3.5 | 4.1 |
| 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 | 0.2 | 1.7 | 2.8 |
| Interest income | 0.1 | 0.2 | 1.1 | 0.6 | 0.3 | 0.1 | 0.1 |
| 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 | -1.0 |
| Recurring pretax income from cont. operations | 4.5 | 0.5 | 2.7 | 1.2 | -0.7 | 0.7 | 1.8 |
| 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 | -0.7 | 0.7 | 1.8 |
| Taxes total | 1.5 | 0.4 | 0.6 | 0.8 | -0.2 | 0.2 | 0.5 |
| Net income from continuing operations | 2.9 | 0.1 | 2.1 | 0.4 | -0.5 | 0.5 | 1.2 |
| 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 | 2.9 | 0.1 | 2.1 | 0.4 | -0.5 | 0.5 | 1.2 |
| 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 | -0.5 | 0.5 | 1.2 |

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 % | 20.0 % | 17.2 % | 14.6 % |
| Total sales | 100.0 % | 100.0 % | 117.9 % | 116.6 % | 120.0 % | 117.2 % | 114.6 % |
| 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 % | 116.5 % | 113.7 % | 111.1 % |
| Personnel expenses | 27.9 % | 53.2 % | 70.7 % | 70.7 % | 73.3 % | 68.9 % | 62.5 % |
| 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 % | 31.2 % | 32.8 % | 36.6 % |
| 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 % | 28.2 % | 29.8 % | 33.6 % |
| Amortisation of intangible fixed assets | 1.5 % | 2.8 % | 6.5 % | 16.6 % | 27.0 % | 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 % | 1.2 % | 9.8 % | 13.6 % |
| Interest income | 0.8 % | 2.5 % | 9.7 % | 4.3 % | 1.8 % | 0.6 % | 0.3 % |
| Interest expenses | 4.0 % | 1.7 % | 3.0 % | 7.2 % | 7.3 % | 6.3 % | 5.4 % |
| Financial result | -3.2 % | -0.1 % | 18.8 % | -3.4 % | -5.6 % | -5.7 % | -5.1 % |
| Recurring pretax income from cont. operations | 53.7 % | 6.2 % | 25.0 % | 8.4 % | -4.4 % | 4.1 % | 8.6 % |
| 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 % | -4.4 % | 4.1 % | 8.6 % |
| Taxes total | 18.5 % | 4.5 % | 5.5 % | 5.6 % | -1.1 % | 1.2 % | 2.6 % |
| Net income from continuing operations | 35.2 % | 1.7 % | 19.5 % | 2.9 % | -3.3 % | 2.9 % | 6.0 % |
| 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 % | -3.3 % | 2.9 % | 6.0 % |
| 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 % | -3.3 % | 2.9 % | 6.0 % |

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 | 26.7 | 27.0 | 26.6 |
| thereof other intangible assets | 0.4 | 1.2 | 10.1 | 10.5 | 10.2 | 10.4 | 10.0 |
| 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 | 0.9 | 0.7 |
| 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 | 27.8 | 27.2 |
| 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 | 2.5 | 2.9 | 3.4 |
| 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 | 11.5 | 9.0 | 7.2 |
| Current assets | 8.4 | 33.8 | 31.3 | 22.7 | 17.4 | 15.2 | 14.0 |
| Total assets | 9.1 | 35.6 | 59.6 | 51.0 | 45.1 | 43.0 | 41.2 |
| 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 | -0.5 | 0.0 | 1.2 |
| Other equity components | 2.6 | 0.7 | 2.4 | 2.3 | 2.3 | 2.5 | 2.3 |
| Book value | 2.7 | 30.8 | 32.6 | 32.6 | 32.1 | 32.8 | 33.8 |
| 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 | 32.1 | 32.8 | 33.8 |
| 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 | 0.8 | 1.0 | 1.1 |
| 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 | 13.0 | 10.2 | 7.3 |
| Total liabilities and shareholders' equity | 9.1 | 35.6 | 59.6 | 51.0 | 45.1 | 43.0 | 41.2 |

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 % | 59.3 % | 62.7 % | 64.5 % |
| thereof other intangible assets | 4.3 % | 3.5 % | 17.0 % | 20.6 % | 22.5 % | 24.1 % | 24.2 % |
| thereof Goodwill | 0.0 % | 0.4 % | 28.1 % | 32.5 % | 36.8 % | 38.6 % | 40.3 % |
| Property, plant and equipment | 3.2 % | 1.1 % | 2.4 % | 2.3 % | 2.3 % | 2.0 % | 1.6 % |
| 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 % | 61.6 % | 64.7 % | 66.1 % |
| 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 % | 5.5 % | 6.7 % | 8.3 % |
| Other Assets | 12.0 % | 7.5 % | 14.3 % | 6.3 % | 7.2 % | 7.5 % | 7.8 % |
| Liquid assets | 59.7 % | 80.0 % | 34.0 % | 29.6 % | 25.6 % | 20.8 % | 17.5 % |
| Current assets | 92.6 % | 94.8 % | 52.5 % | 44.5 % | 38.5 % | 35.3 % | 33.9 % |
| 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 % | 4.0 % | 4.2 % | 4.4 % |
| Additional paid-in capital | 0.0 % | 79.4 % | 47.6 % | 55.8 % | 63.1 % | 66.2 % | 69.1 % |
| Surplus capital | 0.0 % | 0.0 % | 0.0 % | 0.0 % | -1.1 % | 0.0 % | 3.0 % |
| Other equity components | 28.6 % | 1.9 % | 4.1 % | 4.6 % | 5.2 % | 5.8 % | 5.6 % |
| Book value | 29.2 % | 86.4 % | 54.7 % | 63.9 % | 71.2 % | 76.2 % | 82.1 % |
| 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 % | 71.2 % | 76.2 % | 82.1 % |
| 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 % | 0.5 % |
| Financial liabilities | 21.9 % | 8.1 % | 32.6 % | 28.4 % | 21.0 % | 15.1 % | 8.4 % |
| Accounts payable | 4.8 % | 1.8 % | 1.7 % | 2.2 % | 1.8 % | 2.3 % | 2.7 % |
| Other liabilities | 43.3 % | 3.4 % | 10.5 % | 5.0 % | 5.7 % | 6.0 % | 6.2 % |
| Liabilities | 70.9 % | 13.5 % | 45.3 % | 36.0 % | 28.9 % | 23.8 % | 17.8 % |
| 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 | -0.5 | 0.5 | 1.2 |
| Depreciation of fixed assets | 0.1 | 0.2 | 0.4 | 0.5 | 0.5 | 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 | 0.2 | 0.7 | 2.3 | 4.1 | 3.5 | 4.1 |
| 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 | 4.0 | 4.5 | 6.0 |
| 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 | 1.7 | -0.4 | -0.5 |
| Increase / decrease in accounts payable | 0.7 | 1.0 | 0.4 | -1.6 | -0.3 | 0.2 | 0.1 |
| 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 | 1.4 | -0.2 | -0.4 |
| Cash flow from operating activities | 4.6 | -2.5 | 2.9 | 3.1 | 5.4 | 4.3 | 5.6 |
| CAPEX | -0.4 | -1.4 | -4.0 | -3.0 | -4.0 | -4.0 | -4.1 |
| 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 | -7.0 | -7.1 |
| 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 | 0.2 | -0.2 |
| 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 | 0.2 | -0.2 |
| Change in liquid funds | 3.4 | 23.0 | -13.2 | -7.4 | -3.6 | -2.6 | -1.7 |
| 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 | 4.2 | 1.6 | -0.1 |

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 % | 88.8 % | 84.4 % | 78.0 % |
| Sales per Employee | 157,396 | 85,783 | 59,912 | 58,029 | 57,056 | 60,168 | 64,544 |
| EBITDA per Employee | 94,226 | 10,207 | 9,707 | 18,720 | 17,782 | 19,755 | 23,641 |
| EBIT-margin | 56.8 % | 6.3 % | 6.1 % | 11.8 % | 1.2 % | 9.8 % | 13.6 % |
| EBITDA / Operating Assets | 304.9 % | 40.0 % | 61.1 % | 101.2 % | 164.6 % | 199.3 % | 245.6 % |
| ROA | 434.2 % | 7.3 % | 7.5 % | 1.4 % | -1.8 % | 1.8 % | 4.5 % |
| Efficiency of Capital Employment | | | | | | | |
| Plant Turnover | 29.1 | 19.8 | 7.7 | 11.6 | 14.4 | 20.1 | 31.0 |
| Operating Assets Turnover | 5.1 | 3.4 | 3.8 | 3.1 | 5.3 | 6.1 | 6.7 |
| Capital Employed Turnover | 1.8 | 0.2 | 0.2 | 0.3 | 0.4 | 0.4 | 0.6 |
| Return on Capital | | | | | | | |
| ROCE | 125.3 % | 2.6 % | 1.6 % | 3.3 % | 0.4 % | 4.2 % | 7.3 % |
| EBITDA / Avg. Capital Employed | 132.0 % | 4.9 % | 4.1 % | 9.0 % | 10.5 % | 14.1 % | 19.6 % |
| ROE | 110.6 % | 0.4 % | 6.5 % | 1.2 % | -1.5 % | 1.5 % | 3.6 % |
| Net Profit / Avg. Equity | 247.6 % | 0.8 % | 6.7 % | 1.2 % | -1.5 % | 1.5 % | 3.7 % |
| Recurring Net Profit / Avg. Equity | 247.6 % | 0.8 % | 6.7 % | 1.2 % | -1.5 % | 1.5 % | 3.7 % |
| ROIC | 58.0 % | 0.4 % | 3.9 % | 0.8 % | -1.1 % | 1.2 % | 3.1 % |
| Solvency | | | | | | | |
| Net Debt | -3.4 | -25.6 | -0.8 | -0.6 | -2.1 | -2.5 | -3.8 |
| Net Gearing | -129.4 % | -83.1 % | -2.5 % | -1.9 % | -6.4 % | -7.6 % | -11.1 % |
| Book Value of Equity / Book Value of Debt | 133.0 % | 1063.6 % | 167.8 % | 225.2 % | 338.8 % | 506.2 % | 973.4 % |
| Current ratio | 1.3 | 7.1 | 1.2 | 1.2 | 1.4 | 1.5 | 2.0 |
| Acid Test Ratio | 1.3 | 7.0 | 1.2 | 1.2 | 1.3 | 1.5 | 1.9 |
| EBITDA / Interest Paid | 15.1 | 6.9 | 5.5 | 4.5 | 4.3 | 5.2 | 6.8 |
| Interest Cover | 18.0 | n.a. | n.a. | 4.1 | 0.2 | 1.7 | 2.7 |
| Cash Flow | | | | | | | |
| Free Cash Flow | 4.1 | -3.8 | -1.1 | 0.0 | 1.4 | 0.3 | 1.4 |
| Free Cash Flow / Sales | 49.7 % | -48.7 % | -10.2 % | 0.2 % | 9.6 % | 1.5 % | 7.0 % |
| Adj. Free Cash Flow | 4.8 | 0.8 | 1.5 | 4.3 | 4.4 | 5.4 | 7.2 |
| Adj. Free Cash Flow / Sales | 30.0 % | 3.0 % | 1.1 % | 21.3 % | 23.1 % | 23.7 % | 27.4 % |
| Free Cash Flow / Net Profit | 141.3 % | -2912.9 % | -52.5 % | 7.8 % | -288.3 % | 50.9 % | 117.2 % |
| Interest Received / Avg. Cash | 1.8 % | 1.2 % | 4.3 % | 3.4 % | 2.0 % | 1.0 % | 0.8 % |
| 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 % | 100.0 % | 34.7 % | 33.9 % |
| Fund Management | | | | | | | |
| Investment ratio | 5.4 % | 18.8 % | 83.2 % | 38.4 % | 26.7 % | 23.3 % | 20.0 % |
| Maint. Capex / Sales | 2.3 % | 2.3 % | 2.0 % | 1.6 % | 1.8 % | 1.6 % | 1.3 % |
| Capex / Dep | 176.7 % | 334.3 % | 825.8 % | 187.3 % | 88.9 % | 101.1 % | 87.0 % |
| Avg. Working Capital / Sales | 13.7 % | 20.9 % | 15.7 % | 16.9 % | 16.8 % | 10.9 % | 10.7 % |
| Trade Creditors / Trade Debtors | 427.6 % | 397.7 % | 225.9 % | 376.6 % | 312.5 % | 290.0 % | 309.1 % |
| 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. | n.m. | 0.5 % | 1.2 % |
| P/B | 13.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | 1.0 |
| EV/sales | 4.1 | 4.3 | 3.1 | 2.5 | 2.2 | 1.8 | 1.5 |
| EV/EBITDA | 6.8 | 36.2 | 19.4 | 7.6 | 7.0 | 5.6 | 4.1 |
| EV/EBIT | 7.2 | 68.6 | 51.2 | 20.8 | 186.3 | 18.8 | 11.0 |
| EV/FCF | 8.2 | n.m. | n.m. | n.m. | 22.7 | 126.1 | 21.4 |
| P/E | 3.7 | 117.1 | 16.4 | 86.5 | n.m. | 68.6 | 28.0 |
| P/CF | 8.2 | neg. | 10.9 | 12.6 | 8.7 | 7.7 | 5.8 |
| Adj. Free Cash Flow Yield | 12.4 % | n.a. | 9.4 % | 8.1 % | 12.3 % | 14.0 % | 19.3 % |

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 | -0.5 | 0.5 | 1.2 |
| + Depreciation + Amortisation | 0.3 | 0.4 | 1.1 | 2.8 | 4.5 | 4.0 | 4.7 |
| - Net Interest Income | -0.3 | 0.0 | 2.0 | -0.5 | -0.8 | -1.0 | -1.0 |
| + Taxes | 1.5 | 0.4 | 0.6 | 0.8 | -0.2 | 0.2 | 0.5 |
| - 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 | 4.4 | 5.4 | 7.2 |
| Adjusted Free Cash Flow Yield | 14.1% | 2.2% | 4.5% | 12.5% | 13.5% | 16.9% | 23.4% |
| Hurdle rate | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| = Enterprise Value | 34.0 | 34.0 | 34.0 | 34.0 | 32.6 | 32.2 | 30.9 |
| = Fair Enterprise Value | 48.0 | 7.6 | 15.4 | 42.6 | 44.0 | 54.4 | 72.4 |
| - Net Debt (Cash) | -0.6 | -0.6 | -0.6 | -0.6 | -2.0 | -2.5 | -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 | 48.6 | 8.2 | 16.1 | 43.2 | 46.0 | 56.8 | 76.2 |
| 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 | 26.44 | 32.65 | 43.76 |
| premium (-) / discount (+) in % | 40.3% | -76.3% | -53.7% | 24.6% | 32.9% | 64.1% | 119.9% |

Sensitivity Fair value per Share (EUR)

| | 13.0% | 12.0% | 11.0% | 10.0% | 9.0% | 8.0% | 7.0% |
|-------------|-------|-------|-------|--------------|-------|-------|-------|
| Hurdle rate | 21.56 | 23.33 | 25.41 | 27.92 | 30.98 | 34.81 | 39.73 |
| | 3.71 | 3.99 | 4.32 | 4.71 | 5.20 | 5.80 | 6.58 |
| | 7.17 | 7.74 | 8.41 | 9.22 | 10.21 | 11.44 | 13.02 |
| | 19.16 | 20.72 | 22.57 | 24.80 | 27.51 | 30.91 | 35.27 |
| | 20.61 | 22.23 | 24.14 | 26.44 | 29.25 | 32.76 | 37.27 |
| | 25.44 | 27.44 | 29.81 | 32.65 | 36.12 | 40.45 | 46.03 |
| | 34.16 | 36.82 | 39.97 | 43.76 | 48.38 | 54.16 | 61.59 |

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 | 15.0 | 17.4 | 20.5 | 23.6 | 26.4 | 29.4 | 32.3 | 35.5 | 37.3 | 39.2 | 41.1 | 43.2 | 44.5 | 45.8 |
| Change | 8.2% | 16.0% | 18.0% | 15.0% | 12.0% | 11.0% | 10.0% | 10.0% | 5.0% | 5.0% | 5.0% | 5.0% | 3.0% | 3.0% |
| EBIT | 0.2 | 1.7 | 2.8 | 4.0 | 5.8 | 7.3 | 8.1 | 8.9 | 9.3 | 9.8 | 10.3 | 10.8 | 11.1 | 11.5 |
| EBIT-Margin | 1.2% | 9.8% | 13.6% | 17.0% | 22.0% | 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 | 0.1 | 1.2 | 2.0 | 2.6 | 3.8 | 4.8 | 5.2 | 5.8 | 6.1 | 6.4 | 6.7 | 7.0 | 7.2 | 7.4 |
| Depreciation | 4.5 | 4.0 | 4.7 | 4.5 | 4.8 | 4.7 | 4.8 | 5.0 | 4.8 | 4.7 | 4.5 | 4.3 | 4.0 | 3.7 |
| in % of Sales | 30.0% | 23.0% | 23.0% | 19.0% | 18.0% | 16.0% | 15.0% | 14.0% | 13.0% | 12.0% | 11.0% | 10.0% | 9.0% | 8.0% |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | 1.4 | -0.2 | -0.4 | -0.4 | -0.3 | -0.3 | -0.3 | -0.4 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 |
| - Capex | -4.0 | -4.0 | -4.1 | -3.5 | -4.0 | -4.4 | -4.5 | -4.6 | -4.8 | -4.7 | -4.5 | -4.3 | -4.0 | -3.7 |
| Capex in % of Sales | 26.7% | 23.3% | 20.0% | 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) | 2.1 | 1.0 | 2.2 | 3.2 | 4.2 | 4.7 | 5.2 | 5.7 | 5.9 | 6.1 | 6.5 | 6.8 | 7.1 | 7.3 |

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 | 31.9 | Special items | 16.0 |
| Terminal Value | 25.3 | | |
| Liabilities | -14.5 | | |
| Liquidity | 15.1 | No. of shares (mln) | 1.74 |
| Equity Value | 41.8 | Value per share (EUR) | 24.01 |

Sensitivity Value per Share (EUR)

Terminal Growth

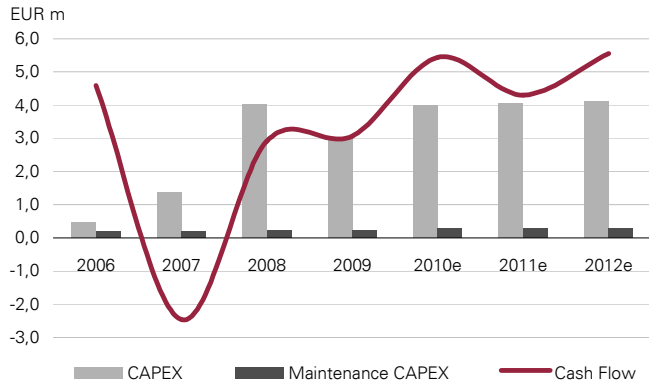
| WACC | 2.25% | 2.50% | 2.75% | 3.00% | 3.25% | 3.50% | 3.75% |
|---------------|-------|-------|-------|--------------|-------|-------|-------|
| 11.68% | 18.94 | 19.22 | 19.52 | 19.84 | 20.18 | 20.54 | 20.92 |
| 11.18% | 20.72 | 21.06 | 21.41 | 21.80 | 22.20 | 22.63 | 23.09 |
| 10.93% | 21.69 | 22.06 | 22.45 | 22.87 | 23.31 | 23.78 | 24.29 |
| 10.68% | 22.72 | 23.12 | 23.55 | 24.01 | 24.50 | 25.02 | 25.58 |
| 10.43% | 23.81 | 24.25 | 24.72 | 25.23 | 25.76 | 26.34 | 26.96 |
| 10.18% | 24.98 | 25.46 | 25.98 | 26.53 | 27.13 | 27.77 | 28.45 |
| 9.68% | 27.55 | 28.14 | 28.77 | 29.44 | 30.17 | 30.96 | 31.82 |

Delta EBIT-margin

| WACC | -1.5 pp | -1.0 pp | -0.5 pp | 0.0 | +0.5 pp | +1.0 pp | +1.5 pp |
|---------------|---------|---------|---------|--------------|---------|---------|---------|
| 11.68% | 17.95 | 18.58 | 19.21 | 19.84 | 20.48 | 21.11 | 21.74 |
| 11.18% | 19.78 | 20.45 | 21.12 | 21.80 | 22.47 | 23.14 | 23.81 |
| 10.93% | 20.78 | 21.48 | 22.17 | 22.87 | 23.56 | 24.25 | 24.95 |
| 10.68% | 21.85 | 22.57 | 23.29 | 24.01 | 24.72 | 25.44 | 26.16 |
| 10.43% | 23.00 | 23.74 | 24.48 | 25.23 | 25.97 | 26.71 | 27.46 |
| 10.18% | 24.22 | 24.99 | 25.76 | 26.53 | 27.30 | 28.07 | 28.84 |
| 9.68% | 26.96 | 27.79 | 28.62 | 29.44 | 30.27 | 31.10 | 31.93 |

Source: SES Research

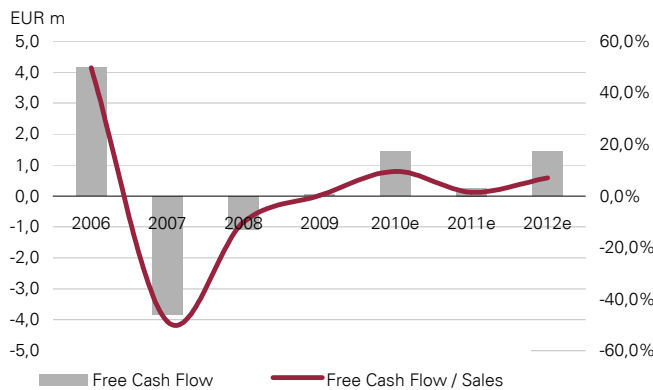
CAPEX and Cash Flow - MeVis Medical Solutions



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

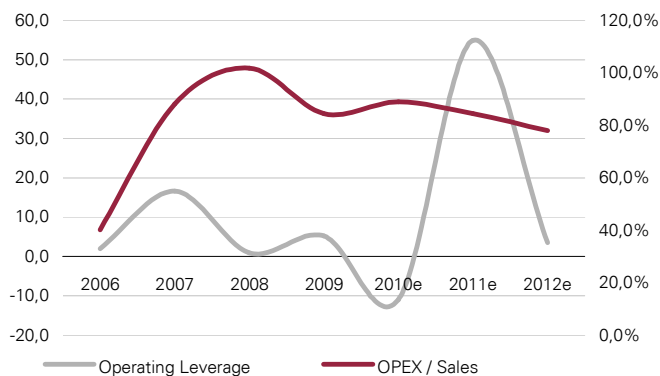
Free Cash Flow Generation - MeVis Medical Solutions



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

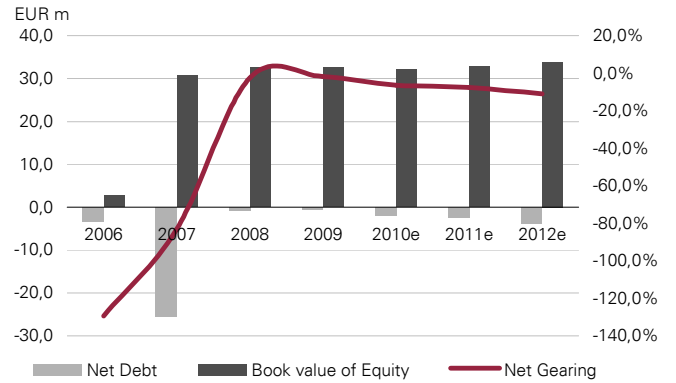
Operating Leverage - MeVis Medical Solutions



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

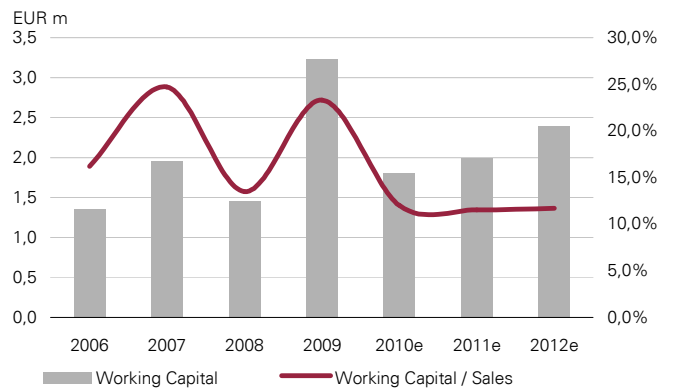
Balance Sheet Quality - MeVis Medical Solutions



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

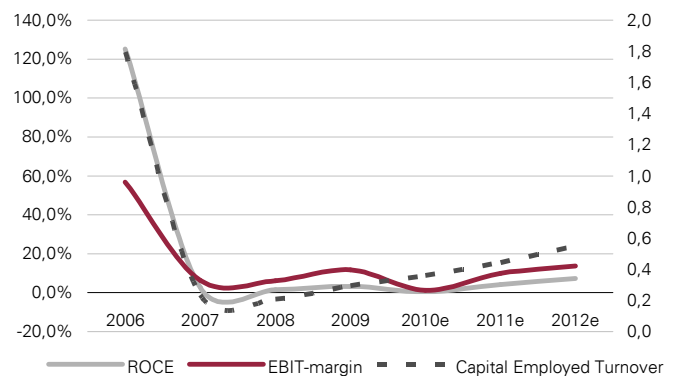
Working Capital - MeVis Medical Solutions



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.

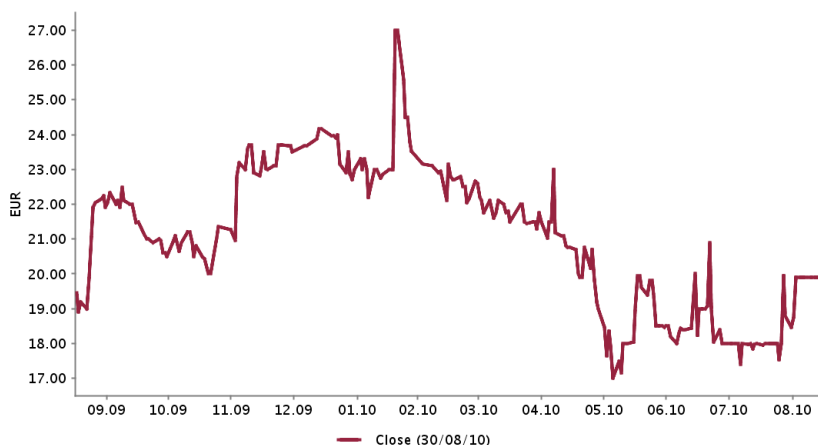
M.M.Warburg & CO KGaA and SES Research GmbH research universe by rating:

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 121 | 62% |
| Hold | 52 | 27% |
| Sell | 7 | 4% |
| Rating suspended | 15 | 8% |
| Total | 195 | |

M.M.Warburg & CO KGaA and SES Research GmbH research universe by rating, looking only at companies for which a disclosure according to section 34b German Securities Trading Act has to be made:

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 88 | 68% |
| Hold | 31 | 24% |
| Sell | 3 | 2% |
| Rating suspended | 7 | 5% |
| Total | 129 | |

Price and Rating History
MeVis Medical Solutions AG as of 01/09/10



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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