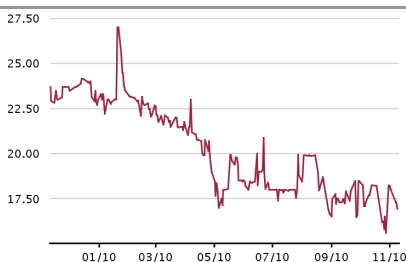


Hold (old: Buy)

PT EUR 18.00 (old: 24.00)

Price EUR 16.92
Bloomberg M3V GR
Reuters M3VG
Sector Software

Leading software provider of equipment for the image-based medicine



Share data: 24.11.2010 / Closing price

Market cap: EUR 29.5 m
Enterprise Value (EV): EUR 27.2 m
Book value: EUR 32.4 m
No. of shares: 1.7 m
Trading volume Ø: EUR 20.7 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:

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	15.0	-6.7	17.4	-15.5	20.5	-17.7
EBIT	0.2	n.m.	1.7	-97.5	2.8	-59.3
EPS	-0.29	n.m.	0.29	n.m.	0.71	-63.4

Analysis: Warburg Research
 Date of publication: 25.11.2010
 Analyst:
 Felix Ellmann +49 (0)40-309537-120
 fellmann@warburg-research.com

Weak "Other Diagnostics"

On November 22, 2010 MeVis Medical Solutions reported Q3 and 9M results for 2010 which were in line with expectations. The EPS figures are insignificant because of their low absolute size and their distortion due to deferred taxes:

MeVis Medical Solutions - Q3 2010								
Figures in EUR m	Q3/10	Q3/10e	Q3/09	yoy	9M/10	9M/10e	9M/09	yoy
Sales	3.6	3.5	3.9	-8.3%	10.9	10.8	10.3	6.2%
EBITDA	1.5	1.5	1.0	62.7%	3.5	3.4	2.6	33.2%
<i>margin</i>	43.2%	31.6%	24.3%		31.8%	29.0%	25.4%	
EBIT	0.7	0.6	0.2	182.6%	0.8	0.7	0.7	17.0%
<i>margin</i>	19.1%	8.0%	6.2%		7.6%	6.0%	6.9%	
EPS in EUR	0.18	0.38	0.06	200.0%	-0.20	0.00	0.16	-

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

However, the reported figures were impacted by a **positive one-off** which is due to the revenue recognition of maintenance revenues and which increased them. Excluding this effect would have resulted in **sales and earning being below expectations**.

The **weak development of the Other Diagnostics segment** must be seen as particularly critical. This segment, which includes the sales revenues of major new products, has reported very weak revenues again and dropped by 5% yoy after the first nine months. Whilst the core Digital Mammography segment contributed constantly growing revenues, the product developments in the Other Diagnostics segment again failed to deliver the desired results. This can be put down to both the weak US economy and the fact that new technologies are being adapted at a much slower pace given the current tight budgets. The sale and distribution of software products independent of the sale of devices, which is mandatory for major parts of the new product portfolio, also proves to be more difficult than expected. The sales structures of the device-dependent sale of software in the Digital mammography segment, in turn, have been well established for years.

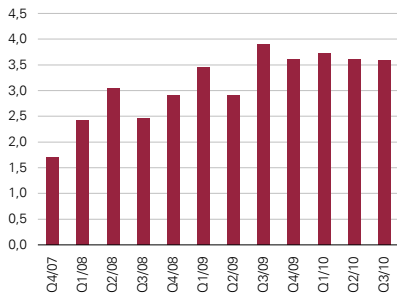
Following several quarters of weak revenues in the Other Diagnostics segment the impression has been strengthened that the **establishment of the new product groups, by using new distribution channels in some cases, will take much longer than anticipated so far**. This is also taken into account in the long-term projections, which now do not expect a significantly rising sales share in the Other Diagnostics segment until 2012. Decisive factors for this assessment were both improved framework conditions and the fact that the new products should also be sold in cooperation with other software producers (e.g. PACS providers) at that time. The company is already making preparations for the first collaborations.

However, **this adjustment results in a significant reduction of the projections**. Against the backdrop of reduced but still high development expenses, a lowered top line expectation translates into a disproportionate reduction in earnings.

Based on the new projections the PT is EUR 18. The new rating is Hold (Buy).

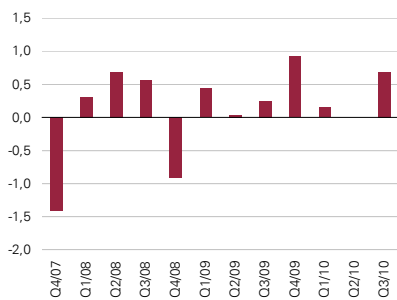
Fiscal year ending: 31.12. in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	8.3	7.9	10.8	13.9	14.0	14.7	16.9
<i>Change Sales yoy</i>	111.0 %	-5.4 %	37.4 %	27.9 %	0.9 %	5.0 %	15.0 %
Gross profit	7.9	7.2	12.4	15.7	16.5	17.2	19.3
<i>Gross margin</i>	94.9 %	91.8 %	114.5 %	113.3 %	117.9 %	116.9 %	114.2 %
EBITDA	5.0	0.9	1.8	4.5	4.0	3.9	5.0
<i>EBITDA-margin</i>	59.9 %	11.9 %	16.2 %	32.3 %	28.8 %	26.3 %	29.7 %
EBIT	4.7	0.5	0.7	1.6	-0.2	0.0	1.1
<i>EBIT-margin</i>	56.8 %	6.3 %	6.1 %	11.8 %	-1.2 %	0.3 %	6.7 %
Net income	2.9	0.1	2.1	0.4	-0.2	-0.3	0.4
EPS	5.44	0.17	1.21	0.23	-0.12	-0.18	0.26
Free Cash Flow per share	7.68	-5.00	-0.64	0.02	0.95	-0.34	0.00
Dividend	0.00	0.00	0.00	0.00	-0.04	-0.06	0.09
<i>Dividend Yield</i>	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	0.5 %
EV/Sales	3.5	3.7	2.7	2.1	1.9	1.9	1.6
EV/EBITDA	5.8	30.7	16.4	6.4	6.7	7.2	5.5
EV/EBIT	6.1	58.2	43.4	17.7	n.m.	637.2	24.3
PER	3.1	99.5	14.0	73.6	n.m.	n.m.	65.1
ROCE	125.3 %	2.6 %	1.6 %	3.3 %	-0.4 %	0.1 %	3.0 %
Adj. Free Cash Flow Yield	16.6 %	2.6 %	5.4 %	14.8 %	13.8 %	12.9 %	17.2 %

Sales development
in EUR m



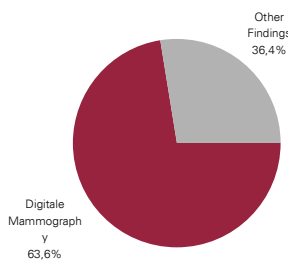
Source: MeVis Medical Solutions

EBIT development
in EUR m



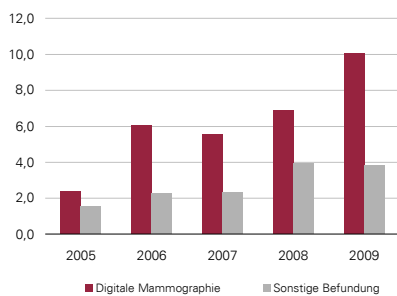
Source: MeVis Medical Solutions

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 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	14.0	14.7	16.9
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	17.0	17.7	19.9
Material Expenses	0.4	0.7	0.4	0.5	0.5	0.5	0.6
Gross profit	7.9	7.2	12.4	15.7	16.5	17.2	19.3
Personnel expenses	2.3	4.2	7.7	9.8	10.8	11.6	12.6
Other operating income	0.9	1.2	1.1	1.8	1.3	1.3	1.5
Other operating expenses	1.5	3.3	4.1	3.3	2.9	3.1	3.2
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	4.0	3.9	5.0
Depreciation of fixed assets	0.1	0.2	0.4	0.5	0.4	0.4	0.5
EBITA	4.9	0.7	1.4	3.9	3.6	3.4	4.5
Amortisation of intangible fixed assets	0.1	0.2	0.7	2.3	3.8	3.4	3.4
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	0.0	1.1
Interest income	0.1	0.2	1.1	0.6	1.0	0.6	0.6
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	-0.1	-0.5	-0.5
Recurring pretax income from cont. operations	4.5	0.5	2.7	1.2	-0.3	-0.5	0.6
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	-0.3	-0.5	0.6
Taxes total	1.5	0.4	0.6	0.8	-0.1	-0.1	0.2
Net income from continuing operations	2.9	0.1	2.1	0.4	-0.2	-0.3	0.4
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	-0.2	-0.3	0.4
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	-0.2	-0.3	0.4

Sources: MeVis Medical Solutions (historical data), Warburg 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 %	21.4 %	20.4 %	17.8 %
Total sales	100.0 %	100.0 %	117.9 %	116.6 %	121.4 %	120.4 %	117.8 %
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 %	117.9 %	116.9 %	114.3 %
Personnel expenses	27.9 %	53.2 %	70.7 %	70.7 %	77.1 %	78.6 %	74.5 %
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 %	19.0 %
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 %	28.8 %	26.3 %	29.7 %
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 %	25.8 %	23.3 %	26.7 %
Amortisation of intangible fixed assets	1.5 %	2.8 %	6.5 %	16.6 %	27.0 %	23.0 %	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 %	0.3 %	6.7 %
Interest income	0.8 %	2.5 %	9.7 %	4.3 %	7.1 %	4.1 %	3.6 %
Interest expenses	4.0 %	1.7 %	3.0 %	7.2 %	7.9 %	7.5 %	6.5 %
Financial result	-3.2 %	-0.1 %	18.8 %	-3.4 %	-0.7 %	-3.4 %	-3.0 %
Recurring pretax income from cont. operations	53.7 %	6.2 %	25.0 %	8.4 %	-1.9 %	-3.1 %	3.8 %
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 %	-1.9 %	-3.1 %	3.8 %
Taxes total	18.5 %	4.5 %	5.5 %	5.6 %	-0.5 %	-0.9 %	1.1 %
Net income from continuing operations	35.2 %	1.7 %	19.5 %	2.9 %	-1.5 %	-2.2 %	2.6 %
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 %	-1.5 %	-2.2 %	2.6 %
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 %	-1.5 %	-2.2 %	2.6 %

Sources: MeVis Medical Solutions (historical data), Warburg 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	27.0	27.3	27.7
thereof other intangible assets	0.4	1.2	10.1	10.5	10.4	10.7	11.1
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	1.1	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	28.1	28.2	28.4
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	2.3	2.4	2.8
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	11.7	8.2	5.3
Current assets	8.4	33.8	31.3	22.7	17.4	13.9	11.4
Total assets	9.1	35.6	59.6	51.0	45.4	42.2	39.8
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	-0.2	-0.5	-0.1
Other equity components	2.6	0.7	2.4	2.3	2.3	2.4	2.5
Book value	2.7	30.8	32.6	32.6	32.4	32.2	32.7
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	32.4	32.2	32.7
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	0.8	0.9
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	10.0	7.1
Total liabilities and shareholders' equity	9.1	35.6	59.6	51.0	45.4	42.2	39.8

Sources: MeVis Medical Solutions (historical data), Warburg 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 %	59.5 %	64.8 %	69.5 %
thereof other intangible assets	4.3 %	3.5 %	17.0 %	20.6 %	23.0 %	25.5 %	27.8 %
thereof Goodwill	0.0 %	0.4 %	28.1 %	32.5 %	36.6 %	39.3 %	41.7 %
Property, plant and equipment	3.2 %	1.1 %	2.4 %	2.3 %	2.3 %	2.1 %	1.9 %
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 %	61.8 %	66.9 %	71.3 %
Inventories	0.3 %	0.0 %	0.3 %	0.3 %	0.2 %	0.2 %	0.3 %
Accounts receivable	20.6 %	7.3 %	3.9 %	8.3 %	5.1 %	5.7 %	7.0 %
Other Assets	12.0 %	7.5 %	14.3 %	6.3 %	7.1 %	7.6 %	8.1 %
Liquid assets	59.7 %	80.0 %	34.0 %	29.6 %	25.9 %	19.5 %	13.4 %
Current assets	92.6 %	94.8 %	52.5 %	44.5 %	38.3 %	33.0 %	28.8 %
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 %	4.3 %	4.6 %
Additional paid-in capital	0.0 %	79.4 %	47.6 %	55.8 %	62.7 %	67.5 %	71.5 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	-0.5 %	-1.2 %	-0.2 %
Other equity components	28.6 %	1.9 %	4.1 %	4.6 %	5.1 %	5.7 %	6.3 %
Book value	29.2 %	86.4 %	54.7 %	63.9 %	71.4 %	76.2 %	82.2 %
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 %	71.4 %	76.2 %	82.2 %
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 %	0.5 %	0.5 %
Financial liabilities	21.9 %	8.1 %	32.6 %	28.4 %	20.9 %	15.4 %	8.7 %
Accounts payable	4.8 %	1.8 %	1.7 %	2.2 %	1.8 %	1.9 %	2.3 %
Other liabilities	43.3 %	3.4 %	10.5 %	5.0 %	5.6 %	6.1 %	6.4 %
Liabilities	70.9 %	13.5 %	45.3 %	36.0 %	28.7 %	23.8 %	17.9 %
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), Warburg 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	-0.2	-0.3	0.4
Depreciation of fixed assets	0.1	0.2	0.4	0.5	0.4	0.4	0.5
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	3.8	3.4	3.4
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	3.5	4.3
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	1.9	-0.1	-0.4
Increase / decrease in accounts payable	0.7	1.0	0.4	-1.6	-0.3	0.0	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	1.6	-0.1	-0.3
Cash flow from operating activities	4.6	-2.5	2.9	3.1	5.6	3.4	4.0
CAPEX	-0.4	-1.4	-4.0	-3.0	-4.0	-4.0	-4.0
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	-7.0
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	0.1	0.1
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	0.1	0.1
Change in liquid funds	3.4	23.0	-13.2	-7.4	-3.4	-3.5	-2.9
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	4.4	0.8	-2.1

Sources: MeVis Medical Solutions (historical data), Warburg 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 %	92.6 %	94.1 %	88.0 %
Sales per Employee	157,396	85,783	59,912	58,029	53,252	50,832	53,142
EBITDA per Employee	94,226	10,207	9,707	18,720	15,329	13,367	15,802
EBIT-margin	56.8 %	6.3 %	6.1 %	11.8 %	-1.2 %	0.3 %	6.7 %
EBITDA / Operating Assets	304.9 %	40.0 %	61.1 %	101.2 %	152.0 %	148.4 %	183.8 %
ROA	434.2 %	7.3 %	7.5 %	1.4 %	-0.7 %	-1.1 %	1.6 %
Efficiency of Capital Employment							
Plant Turnover	29.1	19.8	7.7	11.6	13.3	16.3	23.0
Operating Assets Turnover	5.1	3.4	3.8	3.1	5.3	5.6	6.2
Capital Employed Turnover	1.8	0.2	0.2	0.3	0.3	0.4	0.5
Return on Capital							
ROCE	125.3 %	2.6 %	1.6 %	3.3 %	-0.4 %	0.1 %	3.0 %
EBITDA / Avg. Capital Employed	132.0 %	4.9 %	4.1 %	9.0 %	9.1 %	9.6 %	13.4 %
ROE	110.6 %	0.4 %	6.5 %	1.2 %	-0.6 %	-1.0 %	1.4 %
Net Profit / Avg. Equity	247.6 %	0.8 %	6.7 %	1.2 %	-0.6 %	-1.0 %	1.4 %
Recurring Net Profit / Avg. Equity	247.6 %	0.8 %	6.7 %	1.2 %	-0.6 %	-1.0 %	1.4 %
ROIC	58.0 %	0.4 %	3.9 %	0.8 %	-0.5 %	-0.8 %	1.2 %
Solvency							
Net Debt	-3.4	-25.6	-0.8	-0.6	-2.3	-1.7	-1.8
Net Gearing	-129.4 %	-83.1 %	-2.5 %	-1.9 %	-7.0 %	-5.4 %	-5.6 %
Book Value of Equity / Book Value of Debt	133.0 %	1063.6 %	167.8 %	225.2 %	341.9 %	496.4 %	940.6 %
Current ratio	1.3	7.1	1.2	1.2	1.4	1.4	1.6
Acid Test Ratio	1.3	7.0	1.2	1.2	1.3	1.4	1.6
EBITDA / Interest Paid	15.1	6.9	5.5	4.5	3.7	3.5	4.6
Interest Cover	18.0	n.a.	n.a.	4.1	n.a.	0.1	2.3
Cash Flow							
Free Cash Flow	4.1	-3.8	-1.1	0.0	1.6	-0.6	0.0
Free Cash Flow / Sales	49.7 %	-48.7 %	-10.2 %	0.2 %	11.8 %	-4.0 %	0.0 %
Adj. Free Cash Flow	4.8	0.8	1.5	4.3	3.8	3.6	4.8
Adj. Free Cash Flow / Sales	30.0 %	3.0 %	1.1 %	21.3 %	19.4 %	17.9 %	20.5 %
Free Cash Flow / Net Profit	141.3 %	-2912.9 %	-52.5 %	7.8 %	-814.1 %	185.1 %	-0.6 %
Interest Received / Avg. Cash	1.8 %	1.2 %	4.3 %	3.4 %	7.5 %	6.0 %	8.9 %
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 %	100.0 %	35.1 %
Fund Management							
Investment ratio	5.4 %	18.8 %	83.2 %	38.4 %	28.4 %	27.2 %	23.9 %
Maint. Capex / Sales	2.3 %	2.3 %	2.0 %	1.6 %	2.0 %	1.9 %	1.6 %
Capex / Dep	176.7 %	334.3 %	825.8 %	187.3 %	94.8 %	104.5 %	103.9 %
Avg. Working Capital / Sales	13.7 %	20.9 %	15.7 %	16.9 %	17.3 %	11.2 %	10.9 %
Trade Creditors / Trade Debtors	427.6 %	397.7 %	225.9 %	376.6 %	287.5 %	300.0 %	311.1 %
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.	n.m.	0.5 %
P/B	11.1	1.0	0.9	0.9	0.9	0.9	0.9
EV/sales	3.5	3.7	2.7	2.1	1.9	1.9	1.6
EV/EBITDA	5.8	30.7	16.4	6.4	6.7	7.2	5.5
EV/EBIT	6.1	58.2	43.4	17.7	n.m.	637.2	24.3
EV/FCF	7.0	n.m.	n.m.	930.5	16.5	n.m.	n.m.
P/E	3.1	99.5	14.0	73.6	n.m.	n.m.	65.1
P/CF	7.0	neg.	9.2	10.7	7.4	8.4	6.8
Adj. Free Cash Flow Yield	14.6 %	n.a.	11.0 %	9.6 %	14.7 %	12.6 %	15.7 %

Sources: MeVis Medical Solutions (historical data), Warburg 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	-0.2	-0.3	0.4	
+ Depreciation + Amortisation	0.3	0.4	1.1	2.8	4.2	3.8	3.9	
- Net Interest Income	-0.3	0.0	2.0	-0.5	-0.1	-0.5	-0.5	
+ Taxes	1.5	0.4	0.6	0.8	-0.1	-0.1	0.2	
- 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	3.8	3.6	4.8	
Adjusted Free Cash Flow Yield	16.6%	2.6%	5.4%	14.8%	13.8%	12.9%	17.2%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	28.8	28.8	28.8	28.8	27.2	27.7	27.6	
= Fair Enterprise Value	48.0	7.6	15.4	42.6	37.5	35.9	47.5	
- Net Debt (Cash)	-0.6	-0.6	-0.6	-0.6	-2.3	-1.7	-1.8	
- 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	39.8	37.6	49.4	
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	22.86	21.62	28.34	
premium (-) / discount (+) in %	65.0%	-72.1%	-45.5%	46.5%	35.1%	27.7%	67.5%	
Sensitivity Fair value per Share (EUR)								
	13.0%	21.56	3.71	7.17	19.16	17.88	16.86	22.05
	12.0%	23.33	3.99	7.74	20.72	19.27	18.18	23.80
	11.0%	25.41	4.32	8.41	22.57	20.90	19.74	25.86
Hurdle rate	10.0%	27.92	4.71	9.22	24.80	22.86	21.62	28.34
	9.0%	30.98	5.20	10.21	27.51	25.26	23.91	31.37
	8.0%	34.81	5.80	11.44	30.91	28.25	26.77	35.16
	7.0%	39.73	6.58	13.02	35.27	32.10	30.45	40.04

Sources: MeVis Medical Solutions (historical data), Warburg 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	14.0	14.7	16.9	19.4	21.8	24.2	26.6	29.2	30.7	32.2	33.9	35.5	36.6	37.7
Change	0.9%	5.0%	15.0%	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	0.0	1.1	2.7	3.9	5.3	6.6	7.3	7.7	8.1	8.5	8.9	9.2	9.4
EBIT-Margin	-1.2%	0.3%	6.7%	14.0%	18.0%	22.0%	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	0.0	0.8	1.8	2.5	3.5	4.3	4.8	5.0	5.2	5.5	5.8	5.9	6.1
Depreciation	4.2	3.8	3.9	3.7	3.9	3.9	4.0	4.1	4.0	3.9	3.7	3.6	3.3	3.0
in % of Sales	30.0%	26.0%	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	1.6	-0.1	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1
- Capex	-4.0	-4.0	-4.0	-2.9	-3.3	-3.6	-3.7	-3.8	-4.0	-3.9	-3.7	-3.6	-3.3	-3.0
Capex in % of Sales	28.4%	27.2%	23.9%	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)	1.7	-0.2	0.3	2.3	2.9	3.4	4.3	4.7	4.8	5.1	5.3	5.6	5.8	6.0

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 2023e	24.6	Special items	16.0
Terminal Value	22.0		
Liabilities	-14.5		
Liquidity	15.1	No. of shares (mln)	1.74
Equity Value	31.3	Value per share (EUR)	17.97

Sensitivity Value per Share (EUR)

Terminal Growth

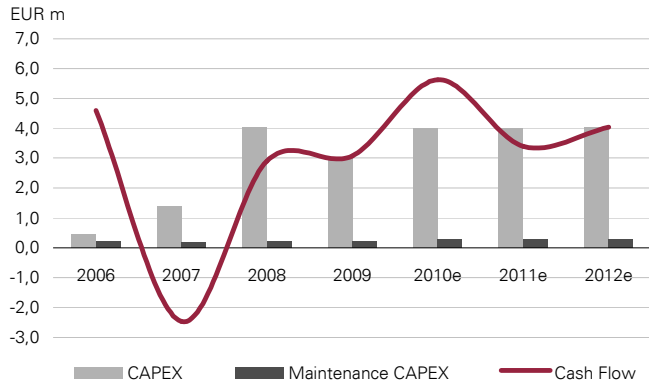
WACC	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%
11.68%	13.70	13.95	14.21	14.49	14.79	15.11	15.44
11.18%	15.18	15.47	15.79	16.12	16.48	16.85	17.25
10.93%	15.98	16.31	16.65	17.01	17.40	17.82	18.26
10.68%	16.84	17.19	17.57	17.97	18.39	18.85	19.34
10.43%	17.75	18.14	18.55	18.98	19.45	19.95	20.49
10.18%	18.72	19.14	19.59	20.07	20.59	21.15	21.74
9.68%	20.86	21.37	21.92	22.51	23.14	23.82	24.57

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%	12.82	13.38	13.94	14.49	15.05	15.61	16.17
11.18%	14.34	14.94	15.53	16.12	16.71	17.31	17.90
10.93%	15.18	15.79	16.40	17.01	17.62	18.24	18.85
10.68%	16.07	16.71	17.34	17.97	18.60	19.23	19.86
10.43%	17.03	17.68	18.33	18.98	19.64	20.29	20.94
10.18%	18.05	18.73	19.40	20.07	20.75	21.42	22.10
9.68%	20.33	21.06	21.78	22.51	23.23	23.95	24.68

Source: Warburg Research

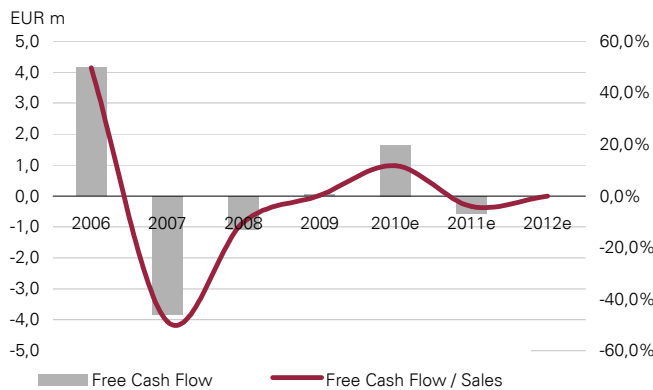
CAPEX and Cash Flow - MeVis Medical Solutions



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

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

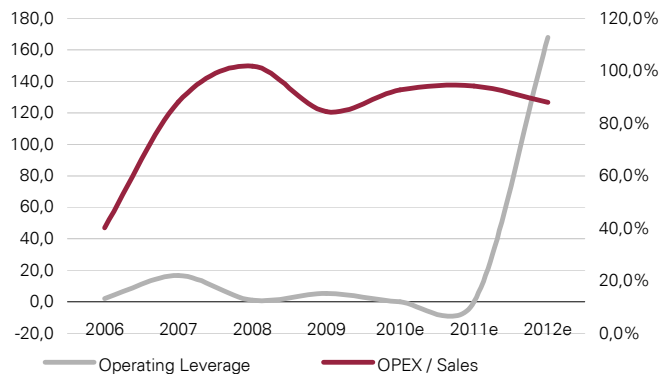
Free Cash Flow Generation - MeVis Medical Solutions



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

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

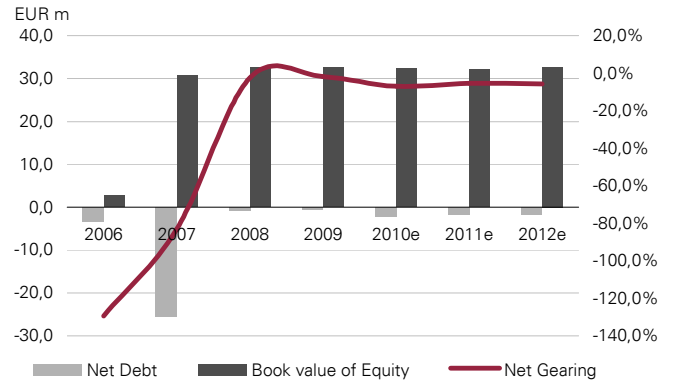
Operating Leverage - MeVis Medical Solutions



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

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

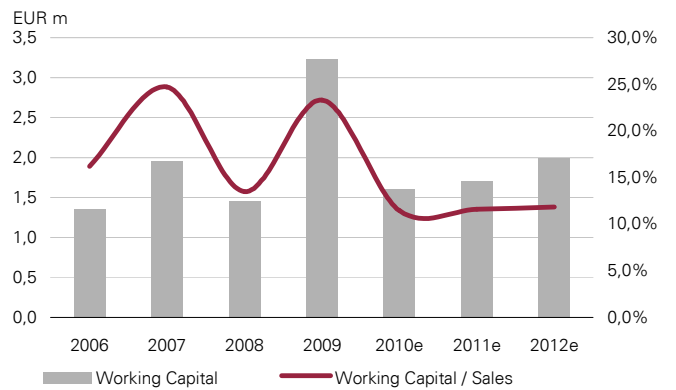
Balance Sheet Quality - MeVis Medical Solutions



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

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

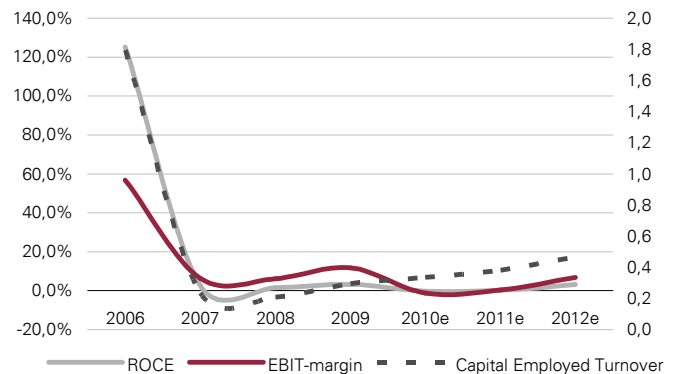
Working Capital - MeVis Medical Solutions



Sources: MeVis Medical Solutions (historical data), Warburg 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), Warburg 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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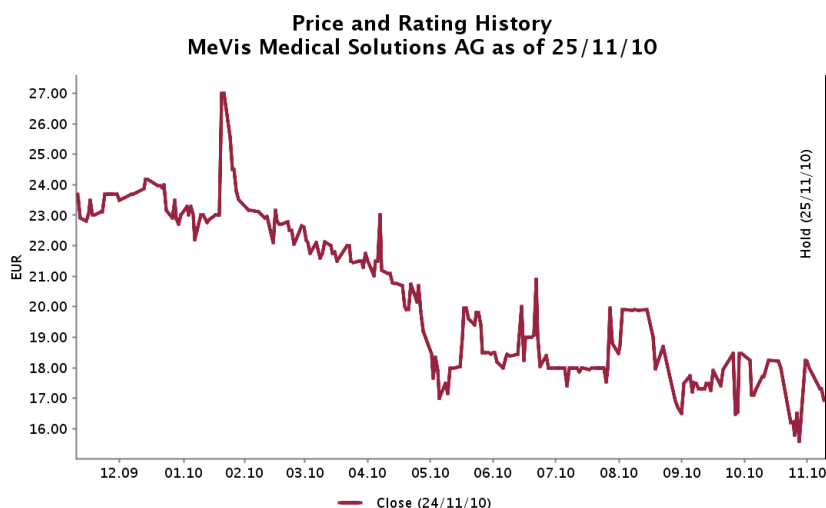
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Buy	112	60%
Hold	55	29%
Sell	8	4%
Rating suspended	12	6%
Total	187	

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Buy	84	69%
Hold	30	25%
Sell	3	2%
Rating suspended	4	3%
Total	121	



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