

Hold (old: Hold)

PT EUR 12.00 (old: 18.00)

Price EUR 12.00
Bloomberg M3V GR
Reuters M3VG
Sector Software

Leading software provider of equipment for the image-based medicine



Share data: 03.03.2011 / Closing price

Market cap: EUR 20.9 m
Enterprise Value (EV): EUR 18.3 m
Book value: EUR 28.0 m
No. of shares: 1.7 m
Trading volume Ø: EUR 13.2 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 2010 04/19/11
 Figures Q1 05/30/11
 AGM 06/15/11
 Figures Q2 08/29/11

Change	2010E		2011E		2012E	
	old	Δ%	old	Δ%	old	Δ%
Sales	14.0	2.9	14.7	0.9	16.9	-7.9
EBIT	-0.2	n.m.	0.0	178	1.1	-74.3
EPS	-0.12	n.m.	-0.18	n.m.	0.26	n.m.

Analysis: Warburg Research
 Date of publication: 09.03.2011
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Burdened by write-downs

On March 9, 2011 MeVis Medical Solutions AG has released preliminary figures for Q4 and FY 2010. **The figures were heavily burdened by extraordinary write-downs of approx. EUR 5.5m in total.** They are attributable to the lung CT business acquired in 2008 with some EUR 4.3m relating to the full goodwill amortisation and some EUR 1.2m to the book value of the software, licences and customer basis acquired in this connection. Not considering these write-downs and a risk-related provision (EUR 0.8m) would lead to an EBIT of ca. EUR 0.3m which is slightly above the expectation (WR) of EUR -0.2m.

MeVis Medical Solutions - Q4 2010

Figures in EUR m	Q4/10	Q4/10e	Q4/09	yoy	2010	2010e	2009	yoy
Sales	3.5	3.1	3.6	-2.9%	14.4	14.0	13.9	3.8%
margin	9.2%	18.1%	51.9%		26.3%	28.8%	32.3%	
EBIT	-6.8	-1.0	0.9	-	-6.0	-0.2	1.6	-
margin	-195.4%	-32.4%	25.6%		-41.7%	-1.2%	11.8%	

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

These **write-downs also reflect management's view on the recoverability of the lung CT sector.** Even though management still sees high market potential for the lung product, the write-down shows that the US market for medical engineering in particular apparently is less willing to accept innovative products. In view of the above the long-term estimates for the company are reduced once more. As the group's R&D expenses still have a disproportionate impact, a lower sales basis results in a disproportionate deterioration of earnings.

The maintenance revenues are much more positive. An increase of maintenance revenues by ca. 48% to some EUR 4.7m (previous year: ca. EUR 3.2m) means that **a third of the overall revenues** have a revolving character by now (previous year: ca. 23%). However, the high ratio is also attributable to the relatively low revenue basis and also compensates the fact that the important **business with new licences has declined.**

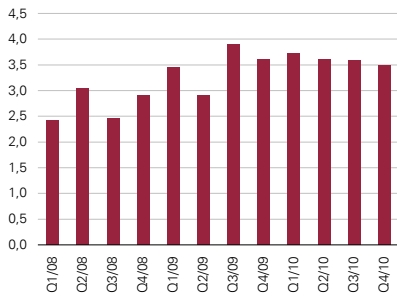
The company will publish the full set of 2011 figures on April 19, 2011. However, the major developments should have been presented with the release of the preliminary figures.

The reduction of the long-term sales estimates on the back of the still high product development expenses results in a **disproportionate decline of EBIT expectations.** On the basis of the DCF model's high flexibility with a view to long-term estimates in particular the PT is significantly reduced from EUR 18 to EUR 12.

The share is still rated as "Hold".

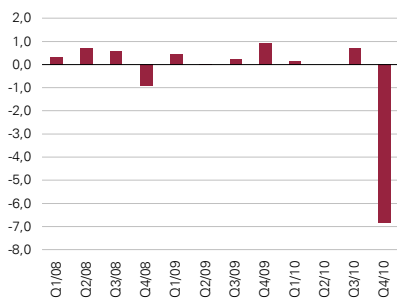
Fiscal year ending: 31.12. in EUR m	2006	2007	2008	2009	2010E	2011E	2012E
Sales	8.3	7.9	10.8	13.9	14.4	14.8	15.6
Change Sales yoy	111.0 %	-5.4 %	37.4 %	27.9 %	3.8 %	3.0 %	5.0 %
Gross profit	7.9	7.2	12.4	15.7	16.9	17.3	18.0
Gross margin	94.9 %	91.8 %	114.5 %	113.3 %	117.3 %	116.7 %	115.8 %
EBITDA	5.0	0.9	1.8	4.5	3.8	4.0	3.9
EBITDA-margin	59.9 %	11.9 %	16.2 %	32.3 %	26.3 %	26.8 %	24.9 %
EBIT	4.7	0.5	0.7	1.6	-6.0	0.1	0.3
EBIT-margin	56.8 %	6.3 %	6.1 %	11.8 %	-41.7 %	0.8 %	1.9 %
Net income	2.9	0.1	2.1	0.4	-4.6	-0.3	-0.1
EPS	5.44	0.17	1.21	0.23	-2.63	-0.15	-0.08
Free Cash Flow per share	7.68	-5.00	-0.64	0.02	1.13	0.00	-0.16
Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV/Sales	2.4	2.6	1.9	1.5	1.3	1.2	1.2
EV/EBITDA	4.1	21.6	11.5	4.5	4.8	4.6	4.8
EV/EBIT	4.3	40.9	30.5	12.4	n.m.	151.8	63.4
PER	2.2	70.6	9.9	52.2	n.m.	n.m.	n.m.
ROCE	125.3 %	2.6 %	1.6 %	3.3 %	-14.2 %	0.3 %	0.9 %
Adj. Free Cash Flow Yield	22.8 %	n.a.	n.a.	7.6 %	n.a.	0.4 %	n.a.

Sales development
in EUR m



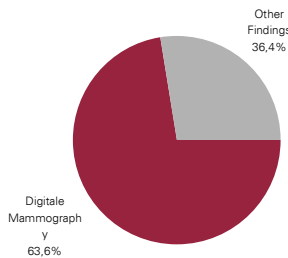
Source: MeVis Medical Solutions

EBIT development
in EUR m



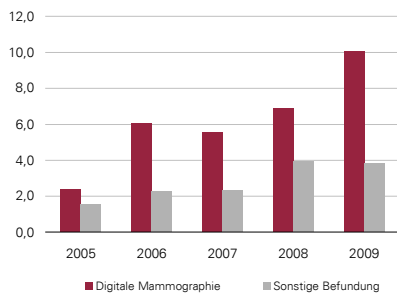
Source: MeVis Medical Solutions

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	14.4	14.8	15.6
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	17.4	17.8	18.6
Material Expenses	0.4	0.7	0.4	0.5	0.5	0.5	0.5
Gross profit	7.9	7.2	12.4	15.7	16.9	17.3	18.0
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	1.4
Other operating expenses	1.5	3.3	4.1	3.3	3.6	3.1	3.0
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	3.8	4.0	3.9
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	3.4	3.5	3.4
Amortisation of intangible fixed assets	0.1	0.2	0.7	2.3	9.4	3.4	3.1
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	-6.0	0.1	0.3
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	-6.1	-0.4	-0.2
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	-6.1	-0.4	-0.2
Taxes total	1.5	0.4	0.6	0.8	-1.5	-0.1	-0.1
Net income from continuing operations	2.9	0.1	2.1	0.4	-4.6	-0.3	-0.1
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	2.9	0.1	2.1	0.4	-4.6	-0.3	-0.1
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	-4.6	-0.3	-0.1

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 %	20.8 %	20.2 %	19.3 %
Total sales	100.0 %	100.0 %	117.9 %	116.6 %	120.8 %	120.2 %	119.3 %
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 %	117.3 %	116.7 %	115.8 %
Personnel expenses	27.9 %	53.2 %	70.7 %	70.7 %	75.0 %	77.9 %	80.9 %
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 %	25.0 %	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 %	26.3 %	26.8 %	24.9 %
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 %	23.3 %	23.8 %	21.9 %
Amortisation of intangible fixed assets	1.5 %	2.8 %	6.5 %	16.6 %	65.0 %	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 %	-41.7 %	0.8 %	1.9 %
Interest income	0.8 %	2.5 %	9.7 %	4.3 %	6.9 %	4.1 %	3.9 %
Interest expenses	4.0 %	1.7 %	3.0 %	7.2 %	7.6 %	7.4 %	7.1 %
Financial result	-3.2 %	-0.1 %	18.8 %	-3.4 %	-0.7 %	-3.4 %	-3.2 %
Recurring pretax income from cont. operations	53.7 %	6.2 %	25.0 %	8.4 %	-42.4 %	-2.6 %	-1.3 %
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 %	-42.4 %	-2.6 %	-1.3 %
Taxes total	18.5 %	4.5 %	5.5 %	5.6 %	-10.6 %	-0.8 %	-0.4 %
Net income from continuing operations	35.2 %	1.7 %	19.5 %	2.9 %	-31.8 %	-1.8 %	-0.9 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income before minorities	35.2 %	1.7 %	19.5 %	2.9 %	-31.8 %	-1.8 %	-0.9 %
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 %	-31.8 %	-1.8 %	-0.9 %

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	21.4	21.7	22.3
thereof other intangible assets	0.4	1.2	10.1	10.5	4.8	5.1	5.7
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	22.5	22.6	23.1
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	3.2	2.8	2.6
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	12.1	9.0	5.8
Current assets	8.4	33.8	31.3	22.7	18.6	15.2	11.7
Total assets	9.1	35.6	59.6	51.0	41.1	37.8	34.7
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	-4.6	-4.8	-5.0
Other equity components	2.6	0.7	2.4	2.3	2.3	2.3	2.3
Book value	2.7	30.8	32.6	32.6	28.0	27.8	27.6
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	28.0	27.8	27.6
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	41.1	37.8	34.7

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 %	52.2 %	57.5 %	64.3 %
thereof other intangible assets	4.3 %	3.5 %	17.0 %	20.6 %	11.8 %	13.6 %	16.5 %
thereof Goodwill	0.0 %	0.4 %	28.1 %	32.5 %	40.4 %	43.9 %	47.8 %
Property, plant and equipment	3.2 %	1.1 %	2.4 %	2.3 %	2.6 %	2.4 %	2.1 %
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 %	54.7 %	59.9 %	66.4 %
Inventories	0.3 %	0.0 %	0.3 %	0.3 %	0.2 %	0.3 %	0.3 %
Accounts receivable	20.6 %	7.3 %	3.9 %	8.3 %	7.8 %	7.4 %	7.5 %
Other Assets	12.0 %	7.5 %	14.3 %	6.3 %	7.8 %	8.5 %	9.3 %
Liquid assets	59.7 %	80.0 %	34.0 %	29.6 %	29.3 %	23.9 %	16.6 %
Current assets	92.6 %	94.8 %	52.5 %	44.5 %	45.2 %	40.1 %	33.7 %
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 %	4.4 %	4.8 %	5.2 %
Additional paid-in capital	0.0 %	79.4 %	47.6 %	55.8 %	69.3 %	75.3 %	82.0 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	-11.1 %	-12.8 %	-14.4 %
Other equity components	28.6 %	1.9 %	4.1 %	4.6 %	5.7 %	6.1 %	6.7 %
Book value	29.2 %	86.4 %	54.7 %	63.9 %	68.2 %	73.5 %	79.6 %
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 %	68.2 %	73.5 %	79.6 %
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 %	0.5 %	0.5 %	0.5 %
Financial liabilities	21.9 %	8.1 %	32.6 %	28.4 %	23.1 %	17.1 %	10.0 %
Accounts payable	4.8 %	1.8 %	1.7 %	2.2 %	2.0 %	2.1 %	2.6 %
Other liabilities	43.3 %	3.4 %	10.5 %	5.0 %	6.2 %	6.8 %	7.4 %
Liabilities	70.9 %	13.5 %	45.3 %	36.0 %	31.7 %	26.5 %	20.5 %
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	-4.6	-0.3	-0.1
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	9.4	3.4	3.1
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	5.2	3.6	3.4
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	1.0	0.4	0.2
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	0.7	0.4	0.3
Cash flow from operating activities	4.6	-2.5	2.9	3.1	5.9	4.0	3.7
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	0.0	0.0
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	0.0	0.0
Change in liquid funds	3.4	23.0	-13.2	-7.4	-3.0	-3.0	-3.3
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	4.7	1.7	-1.6

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 %	94.5 %	93.4 %	94.4 %
Sales per Employee	157,396	85,783	59,912	58,029	54,774	51,288	48,957
EBITDA per Employee	94,226	10,207	9,707	18,720	14,424	13,752	12,182
EBIT-margin	56.8 %	6.3 %	6.1 %	11.8 %	-41.7 %	0.8 %	1.9 %
EBITDA / Operating Assets	304.9 %	40.0 %	61.1 %	101.2 %	106.9 %	132.6 %	152.4 %
ROA	434.2 %	7.3 %	7.5 %	1.4 %	-20.3 %	-1.2 %	-0.6 %
Efficiency of Capital Employment							
Plant Turnover	29.1	19.8	7.7	11.6	13.8	16.5	21.0
Operating Assets Turnover	5.1	3.4	3.8	3.1	4.1	4.9	6.1
Capital Employed Turnover	1.8	0.2	0.2	0.3	0.4	0.4	0.5
Return on Capital							
ROCE	125.3 %	2.6 %	1.6 %	3.3 %	-14.2 %	0.3 %	0.9 %
EBITDA / Avg. Capital Employed	132.0 %	4.9 %	4.1 %	9.0 %	9.0 %	11.1 %	11.9 %
ROE	110.6 %	0.4 %	6.5 %	1.2 %	-16.3 %	-1.0 %	-0.5 %
Net Profit / Avg. Equity	247.6 %	0.8 %	6.7 %	1.2 %	-15.1 %	-1.0 %	-0.5 %
Recurring Net Profit / Avg. Equity	247.6 %	0.8 %	6.7 %	1.2 %	-15.1 %	-1.0 %	-0.5 %
ROIC	58.0 %	0.4 %	3.9 %	0.8 %	-11.5 %	-0.7 %	-0.4 %
Solvency							
Net Debt	-3.4	-25.6	-0.8	-0.6	-2.6	-2.6	-2.3
Net Gearing	-129.4 %	-83.1 %	-2.5 %	-1.9 %	-9.2 %	-9.3 %	-8.3 %
Book Value of Equity / Book Value of Debt	133.0 %	1063.6 %	167.8 %	225.2 %	295.8 %	428.7 %	794.4 %
Current ratio	1.3	7.1	1.2	1.2	1.4	1.5	1.7
Acid Test Ratio	1.3	7.0	1.2	1.2	1.4	1.5	1.6
EBITDA / Interest Paid	15.1	6.9	5.5	4.5	3.4	3.6	3.5
Interest Cover	18.0	n.a.	n.a.	4.1	n.a.	0.2	0.6
Cash Flow							
Free Cash Flow	4.1	-3.8	-1.1	0.0	2.0	0.0	-0.3
Free Cash Flow / Sales	49.7 %	-48.7 %	-10.2 %	0.2 %	13.6 %	0.0 %	-1.8 %
Adj. Free Cash Flow	4.6	-0.3	-1.1	1.5	-0.1	0.1	0.0
Adj. Free Cash Flow / Sales	28.0 %	-10.6 %	-23.2 %	1.7 %	2.2 %	-6.1 %	-6.8 %
Free Cash Flow / Net Profit	141.3 %	-2912.9 %	-52.5 %	7.8 %	-42.8 %	2.2 %	189.5 %
Interest Received / Avg. Cash	1.8 %	1.2 %	4.3 %	3.4 %	7.4 %	5.7 %	8.1 %
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 %	0.0 %	0.0 %	0.0 %
Fund Management							
Investment ratio	5.4 %	18.8 %	83.2 %	38.4 %	27.7 %	26.9 %	25.8 %
Maint. Capex / Sales	4.4 %	15.9 %	26.2 %	21.2 %	27.1 %	26.3 %	25.0 %
Capex / Dep	176.7 %	334.3 %	825.8 %	187.3 %	40.7 %	103.6 %	112.0 %
Avg. Working Capital / Sales	13.7 %	20.9 %	15.7 %	16.9 %	19.9 %	15.5 %	12.5 %
Trade Creditors / Trade Debtors	427.6 %	397.7 %	225.9 %	376.6 %	400.0 %	350.0 %	288.9 %
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	80.0	70.0	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	61.8	51.8	41.8
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/B	7.9	0.7	0.6	0.6	0.7	0.8	0.8
EV/sales	2.4	2.6	1.9	1.5	1.3	1.2	1.2
EV/EBITDA	4.1	21.6	11.5	4.5	4.8	4.6	4.8
EV/EBIT	4.3	40.9	30.5	12.4	n.m.	151.8	63.4
EV/FCF	4.9	n.m.	n.m.	654.2	9.3	n.m.	n.m.
P/E	2.2	70.6	9.9	52.2	n.m.	n.m.	n.m.
P/CF	4.9	neg.	6.6	7.6	4.0	5.8	6.1
Adj. Free Cash Flow Yield	20.8 %	n.a.	15.7 %	13.6 %	28.5 %	19.6 %	18.5 %

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	-4.6	-0.3	-0.1
+ Depreciation + Amortisation	0.3	0.4	1.1	2.8	9.8	3.9	3.6
- 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	-1.5	-0.1	-0.1
- Maintenance Capex	0.4	1.3	2.8	2.9	3.9	3.9	3.9
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0
= Adjusted Free Cash Flow	4.6	-0.3	-1.1	1.5	-0.1	0.1	0.0
Adjusted Free Cash Flow Yield	22.8%	-1.6%	-5.3%	7.6%	-0.6%	0.4%	-0.1%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	20.3	20.3	20.3	20.3	18.3	18.3	18.6
= Fair Enterprise Value	46.3	-	-	15.4	-	0.8	-
- Net Debt (Cash)	-0.6	-0.6	-0.6	-0.6	-2.6	-2.6	-2.3
- 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	46.9	-	-	16.0	-	3.3	-
No. of shares (m)	1.7	1.7	1.7	1.7	1.7	1.7	1.7
= Fair value per share (EUR)	26.94	-	-	9.18	-	1.92	-
premium (-) / discount (+) in %	124.5%	-	-	-23.5%	-	-84.0%	-
Sensitivity Fair value per Share (EUR)							
	13.0%	20.81	-	-	7.14	-	1.82
	12.0%	22.51	-	-	7.70	-	1.84
	11.0%	24.53	-	-	8.37	-	1.88
Hurdle rate	10.0%	26.94	-	-	9.18	-	1.92
	9.0%	29.90	-	-	10.16	-	1.97
	8.0%	33.59	-	-	11.38	-	2.03
	7.0%	38.34	-	-	12.96	-	2.11

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	14.4	14.8	15.6	16.8	18.2	19.6	21.2	22.9	24.7	26.7	28.8	30.3	31.2	32.1
Change	3.8%	3.0%	5.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	5.0%	3.0%	3.0%
EBIT	-6.0	0.1	0.3	0.8	1.8	2.9	4.2	5.0	5.4	5.9	6.3	6.7	6.9	7.1
EBIT-Margin	-41.7%	0.8%	1.9%	5.0%	10.0%	15.0%	20.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
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	-4.5	0.1	0.2	0.5	1.2	1.9	2.8	3.3	3.5	3.8	4.1	4.3	4.5	4.6
Depreciation	9.8	3.9	3.6	3.2	3.3	3.1	3.2	3.2	3.2	3.2	3.2	3.0	2.8	2.6
in % of Sales	68.0%	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	0.7	0.4	0.3	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1
- Capex	-4.0	-4.0	-4.0	-2.5	-2.7	-2.9	-3.0	-3.0	-3.2	-3.2	-3.2	-3.0	-2.8	-2.6
Capex in % of Sales	27.7%	26.9%	25.8%	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)	2.0	0.3	0.1	1.1	1.6	1.9	2.8	3.3	3.3	3.6	3.9	4.2	4.4	4.5

Model parameter

Debt ratio	10.00%	Beta	1.35
Costs of Debt	6.8%	WACC	10.04%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	3.00%

Valuation (mln)

Present values 2023e	17.7	Special items	16.0
Terminal Value	18.6		
Liabilities	-14.5		
Liquidity	15.1	No. of shares (mln)	1.74
Equity Value	20.9	Value per share (EUR)	12.01

Sensitivity Value per Share (EUR)

Terminal Growth

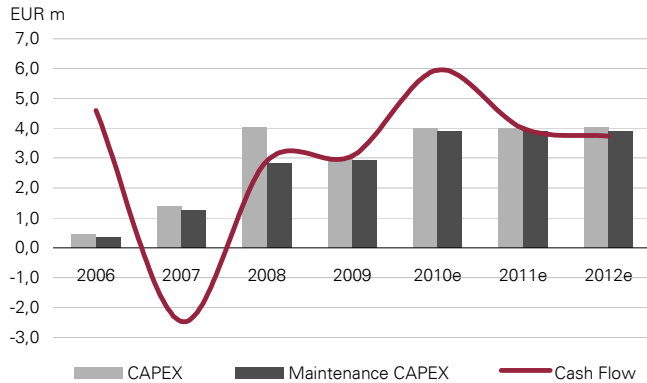
WACC	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.75%
11.04%	8.32	8.54	8.78	9.03	9.30	9.58	9.89
10.54%	9.56	9.83	10.11	10.42	10.74	11.08	11.46
10.29%	10.25	10.54	10.85	11.18	11.54	11.92	12.33
10.04%	10.98	11.30	11.64	12.01	12.40	12.82	13.28
9.79%	11.76	12.11	12.49	12.89	13.33	13.80	14.31
9.54%	12.59	12.98	13.40	13.85	14.33	14.86	15.43
9.04%	14.46	14.94	15.45	16.01	16.61	17.27	18.00

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
11.04%	7.54	8.03	8.53	9.03	9.53	10.03	10.53
10.54%	8.82	9.35	9.88	10.42	10.95	11.48	12.01
10.29%	9.53	10.08	10.63	11.18	11.73	12.28	12.83
10.04%	10.30	10.87	11.44	12.01	12.58	13.15	13.71
9.79%	11.12	11.71	12.30	12.89	13.48	14.07	14.66
9.54%	12.01	12.62	13.24	13.85	14.46	15.08	15.69
9.04%	14.01	14.68	15.34	16.01	16.67	17.34	18.00

Source: Warburg Research

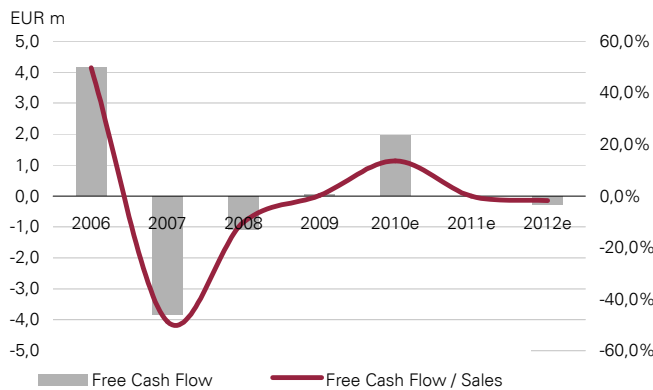
CAPEX and Cash Flow - MeVis Medical Solutions



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

- CAPEX increasing massively due to considerable product developments
- Maintenance investments include product developments as a major investment component

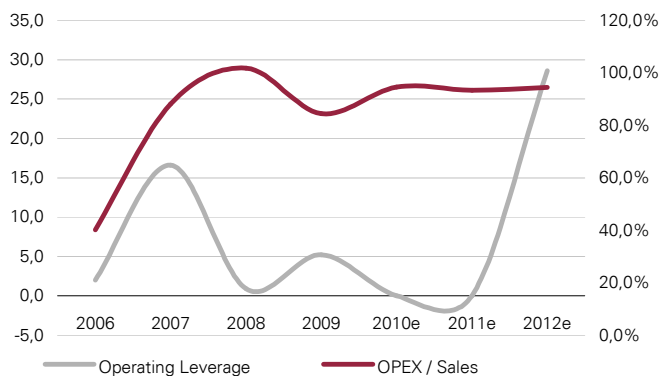
Free Cash Flow Generation - MeVis Medical Solutions



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

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

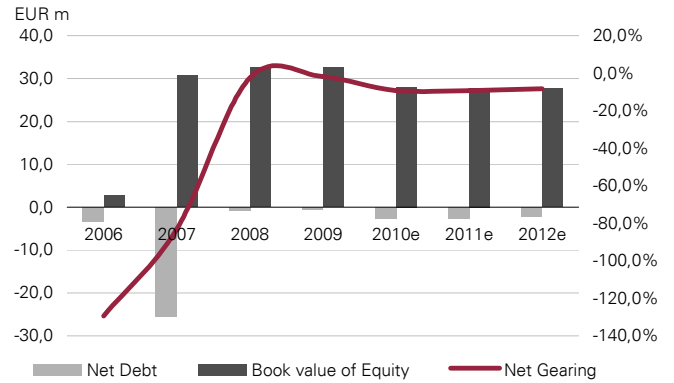
Operating Leverage - MeVis Medical Solutions



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

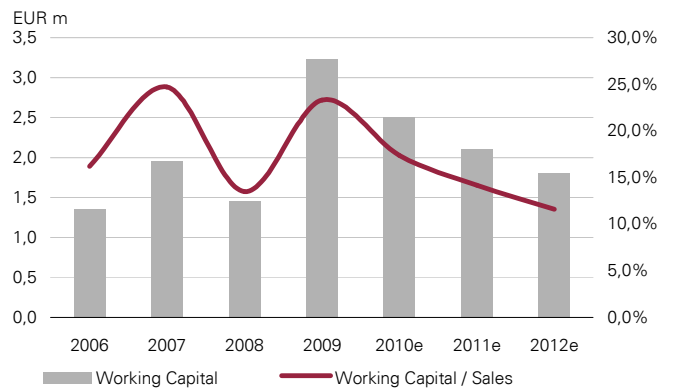
Balance Sheet Quality - MeVis Medical Solutions



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

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

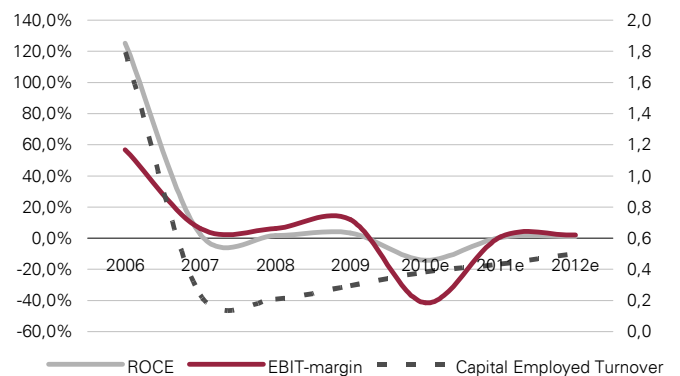
Working Capital - MeVis Medical Solutions



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

- Long-term stabilisation of working capital expected at approx. 10-15%
- Increase in working capital within the scope of a positive business expansion

ROCE Development - MeVis Medical Solutions



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

- ROCE and EBIT margin with little significance before the IPO due to basis effects

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Investment recommendation: expected direction of the share price development for equity security up to the given Target price in the opinion of the analyst who covers the issue.

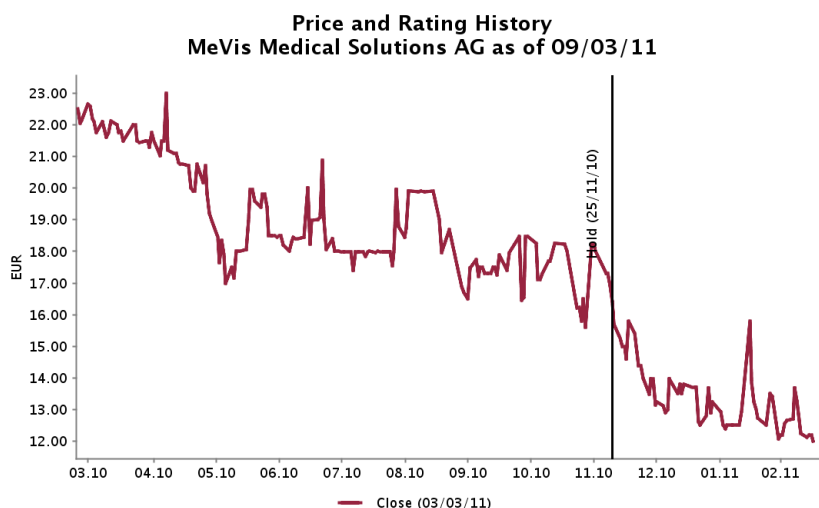
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Buy	107	61%
Hold	54	31%
Sell	8	5%
Rating suspended	6	3%
Total	175	

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Buy	72	69%
Hold	28	27%
Sell	3	3%
Rating suspended	1	1%
Total	104	



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