

Hold (old: Hold)

PT EUR 4.70 (old: 9.00)

Price EUR 4.95
Bloomberg M3V GR
Reuters M3VG
Sector Software/IT

Leading software provider of equipment for the image-based medicine



Share data: 26.08.2011 / Closing price

Market cap: EUR 9.0 m
Enterprise Value (EV): EUR 7.9 m
Book value: EUR 23.8 m
No. of shares: 1.8 m
Trading volume Ø: EUR 3.2 th

Shareholders:
 Others 31.2 %
 Professor Dr. Heinz-Otto Peitgen 19.5 %
 Dr. Carl J. G. Evertsz 19.5 %
 Dr. Hartmut Jürgens 16.5 %
 Freefloat 13.3 %
Calendar:
 Figures Q3 11/21/11

| Change | 2011E | | 2012E | | 2013E | |
|--------------|-------|------|-------|------|-------|------|
| | old | Δ% | old | Δ% | old | Δ% |
| Sales | 14.4 | -9.7 | 14.4 | -9.7 | 15.1 | -9.7 |
| EBIT | 0.6 | n.m. | 0.1 | n.m. | 0.5 | n.m. |
| EPS | -0.24 | n.m. | -0.17 | n.m. | 0.01 | n.m. |

Analysis: Warburg Research
 Date of publication: 29.08.2011
 Analyst:
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Neue Produkte schwach - Ergebniswende nicht absehbar

On August 29, 2011 MeVis Medical Solutions AG published H1 results, respectively Q2 results 2011. These **again came in behind expectations**. It is especially noticeable, that the Other Diagnostics segment, which contains the major part of new product developments in recent years, again generated weak sales contributions:

| MeVis Medical Solutions - Q2 2011 | | | | | | | | |
|-----------------------------------|--------|--------|-------|--------|-------|--------|-------|-------|
| Figures in EUR m | Q2/11 | Q2/11e | Q2/10 | yoy | 6M/11 | 6M/11e | 6M/10 | yoy |
| Sales | 3.0 | 3.5 | 3.6 | -17.6% | 6.7 | 7.2 | 7.3 | -8.6% |
| EBITDA | 0.6 | 0.9 | 0.9 | -41.5% | 2.0 | 2.3 | 1.9 | 2.1% |
| <i>margin</i> | 18.6% | 26.5% | 26.2% | | 29.4% | 32.4% | 26.3% | |
| EBIT | -0.3 | 0.0 | 0.0 | - | 0.2 | 0.5 | 0.2 | 20.7% |
| <i>margin</i> | -11.0% | 0.5% | 0.0% | | 2.7% | 7.3% | 2.0% | |
| EPS in EUR | -0.57 | -0.07 | -0.29 | 96.6% | -0.69 | -0.19 | -0.37 | 86.5% |

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

Sales in the Other Diagnostics segment clearly decreased by 24% to EUR 1.5m in a half-year comparison. For several quarters it has been shown **that new product developments in recent years are not able to add significantly to the digital mammography business**. However, this is necessary as MeVis displays unchanged high product development costs and at the same time demand reaches its growth limit in the digital mammography segment. The major trigger for the sale of digital mammography solutions has been and still is the sale of devices. However, as the penetration rate of digital devices is approaching market saturation (comp. FDA penetration rate: 78%), a clear weakening of growth is realistic in this segment. In the reported H1 sales already decreased in the digital mammography segment by 3%. Maintenance sales provide a certain hedge and already contributed 43% to sales in H1.

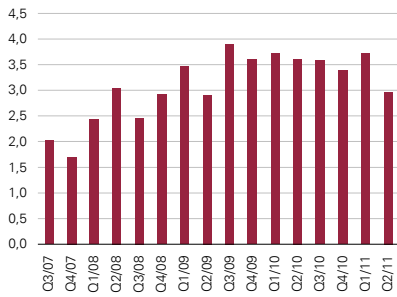
With continuously high product development costs and stagnating or even declining sales **an improvement in the results of the MeVis group is not visible**. In view of this, the company is currently reviewing strategic structural measures, as well as the integration of a strategic partner in order to reposition the group.

An improvement in results based on the status quo only seems possible if the high development expenses are reduced and refocused to the products promising a clear short-term sales success.

Based on the published figures, the estimates have to be reduced again. In view of the once again reduced growth expectations, **it only seems possible to reach measureable earnings contributions on the long-term**. This scenario requires long-term higher sales with new products. **Along with the adjustment of the DCF-model a PT of EUR 4.70 is calculated. The rating remains Hold.**

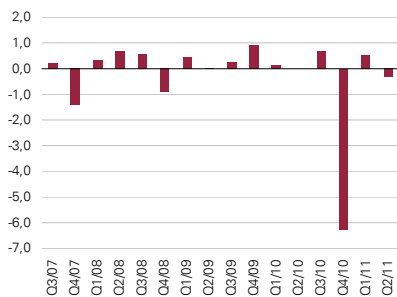
| Fiscal year ending: 31.12. in EUR m | 2007 | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
|-------------------------------------|--------|---------|---------|---------|---------|---------|---------|
| Sales | 7.9 | 10.8 | 13.9 | 14.3 | 13.0 | 13.0 | 13.7 |
| <i>Change Sales yoy</i> | -5.4 % | 37.4 % | 27.9 % | 3.0 % | -9.0 % | 0.0 % | 5.0 % |
| Gross profit | 7.2 | 12.4 | 15.7 | 16.4 | 15.5 | 15.5 | 16.2 |
| <i>Gross margin</i> | 91.8 % | 114.5 % | 113.3 % | 114.7 % | 119.1 % | 119.6 % | 118.5 % |
| EBITDA | 0.9 | 1.8 | 4.5 | 3.5 | 3.1 | 2.2 | 2.8 |
| <i>EBITDA-margin</i> | 11.9 % | 16.2 % | 32.3 % | 24.2 % | 24.0 % | 17.0 % | 20.2 % |
| EBIT | 0.5 | 0.7 | 1.6 | -5.4 | -0.3 | -0.8 | -0.4 |
| <i>EBIT-margin</i> | 6.3 % | 6.1 % | 11.8 % | -38.0 % | -2.0 % | -6.0 % | -2.8 % |
| Net income | 0.1 | 2.1 | 0.4 | -8.3 | -1.0 | -0.9 | -0.6 |
| EPS | 0.17 | 1.21 | 0.23 | -4.89 | -0.60 | -0.52 | -0.36 |
| Free Cash Flow per share | -5.00 | -0.64 | 0.02 | 1.04 | 0.23 | -0.86 | -0.91 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Dividend Yield</i> | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| EV/Sales | 1.1 | 0.8 | 0.6 | 0.6 | 0.6 | 0.7 | 0.5 |
| EV/EBITDA | 8.8 | 4.7 | 1.9 | 2.4 | 2.5 | 4.2 | 2.7 |
| EV/EBIT | 16.7 | 12.5 | 5.1 | n.m. | n.m. | n.m. | n.m. |
| PER | 29.1 | 4.1 | 21.5 | n.m. | n.m. | n.m. | n.m. |
| ROCE | 2.6 % | 1.6 % | 3.3 % | -13.7 % | -0.9 % | -3.0 % | -1.7 % |
| Adj. Free Cash Flow Yield | n.a. | n.a. | 18.5 % | 3.3 % | n.a. | n.a. | n.a. |

Sales development
in EUR m



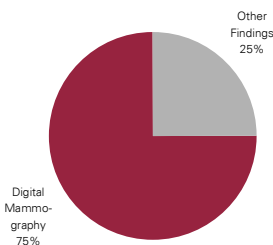
Source: MeVis Medical Solutions

EBIT development
in EUR m



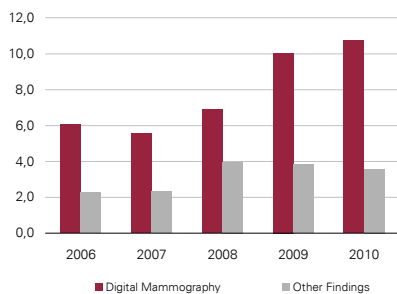
Source: MeVis Medical Solutions

Sales by segments
2010



Source: MeVis Medical Solutions

Sales Split according to segments
in EUR m



Source: MeVis Medical Solutions

Company background

The origin of MeVis Medical Solutions AG, founded in 1998, goes back to the year 1992, when CeVis (Center for Complex Systems and Visualization) was founded at the University of Bremen. MeVis Medical Solutions AG was created with the goal of developing and marketing commercially successful disease-related products on the basis of the scientific successes in the field of research. Since its founding, MeVis has been active in the field of computer assistance of imaging-based, medical diagnostics and therapy.

MeVis has managed to become one of the world's leading suppliers of software solutions for the image-based medicine. This development is based much on the success in the field of digital mammography. Together with Hologic and Siemens, MeVis's solutions dominate this segment today. In addition, MeVis has a broad range of products at its disposal, some of which are already on the market or in the final stage of development.

Competitive quality

MeVis is pursuing a strategy of early market occupation in new fields of medical imaging technology. At the focus here are products for mass markets (such as breast cancer screening or computer-aided neurosurgery). MeVis features the ability to occupy market niches very early on compared to its rivals. This strategy is based on a combination of important factors:

- Excellence of employees: The scientific excellence of the employee team surrounding Prof. Peitgen (founder of the MeVis Group) and Dr. Carl J. G. Evertz forms the basis for the firstclass expertise of the company. MeVis's employees include top researchers in the field of computer-aided medicine.
- Global partner network with R&D centres and clinics: MeVis supports long-term and interdisciplinary co-operations with more than 100 clinics and leading research centres in Germany, Europe, the US and Asia. The high market proximity of MeVis is again and again the root of product innovation.
- Partnerships with leading equipment manufacturers: MeVis supports partnerships with the globally leading medical engineering OEMs. The following examples are mentioned here: together with Siemens, a joint venture has been undertaken (MeVis Breastcare) through which the leading products in the field of digital mammography can be marketed. The most important supplier of digital mammogram devices (Hologic) uses exclusively MeVis software for its digital mammography workstations. There is also a co-operation with Invivo/Philips in the field of MRI and biopsy.

The major aspect of the strategy and uniqueness of MeVis lie in its close cooperation with OEMs and its ability to offer these manufacturers marketable, technological products early on. Billion EUR groups such as Siemens, Hologic and Invivo/Philips have already impressively shown that this approach has stood the test of time.

| Consolidated Profit & Loss MeVis Medical Solutions | | | | | | | |
|---|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| in EUR m | 2007 | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
| Sales | 7.9 | 10.8 | 13.9 | 14.3 | 13.0 | 13.0 | 13.7 |
| Increase / decrease in inventory | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Own work capitalised | 0.0 | 1.9 | 2.3 | 2.8 | 3.0 | 3.0 | 3.0 |
| Total sales | 7.9 | 12.8 | 16.2 | 17.1 | 16.0 | 16.0 | 16.7 |
| Material Expenses | 0.7 | 0.4 | 0.5 | 0.7 | 0.5 | 0.5 | 0.5 |
| Gross profit | 7.2 | 12.4 | 15.7 | 16.4 | 15.5 | 15.5 | 16.2 |
| Personnel expenses | 4.2 | 7.7 | 9.8 | 10.4 | 10.8 | 11.8 | 11.8 |
| Other operating income | 1.2 | 1.1 | 1.8 | 1.1 | 1.2 | 1.2 | 1.2 |
| Other operating expenses | 3.3 | 4.1 | 3.3 | 3.7 | 2.7 | 2.7 | 2.9 |
| Unfrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 0.9 | 1.8 | 4.5 | 3.5 | 3.1 | 2.2 | 2.8 |
| Depreciation of fixed assets | 0.2 | 0.4 | 0.5 | 5.8 | 0.4 | 0.4 | 0.4 |
| EBITA | 0.7 | 1.4 | 3.9 | -2.3 | 2.7 | 1.8 | 2.4 |
| Amortisation of intangible fixed assets | 0.2 | 0.7 | 2.3 | 3.1 | 3.0 | 2.6 | 2.7 |
| Impairment charges and amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 0.5 | 0.7 | 1.6 | -5.4 | -0.3 | -0.8 | -0.4 |
| Interest income | 0.2 | 1.1 | 0.6 | 0.4 | 0.6 | 0.6 | 0.6 |
| Interest expenses | 0.1 | 0.3 | 1.0 | 0.7 | 1.1 | 1.1 | 1.1 |
| Financial result | 0.0 | 2.0 | -0.5 | -0.2 | -0.5 | -0.5 | -0.5 |
| Recurring pretax income from cont. operations | 0.5 | 2.7 | 1.2 | -5.6 | -0.8 | -1.3 | -0.9 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBT | 0.5 | 2.7 | 1.2 | -5.6 | -0.8 | -1.3 | -0.9 |
| Taxes total | 0.4 | 0.6 | 0.8 | 2.7 | 0.3 | -0.4 | -0.3 |
| Net income from continuing operations | 0.1 | 2.1 | 0.4 | -8.3 | -1.0 | -0.9 | -0.6 |
| 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 | 0.1 | 2.1 | 0.4 | -8.3 | -1.0 | -0.9 | -0.6 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 0.1 | 2.1 | 0.4 | -8.3 | -1.0 | -0.9 | -0.6 |

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

| Consolidated Profit & Loss MeVis Medical Solutions | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| in % of Sales | 2007 | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
| 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 % | 17.9 % | 16.6 % | 19.5 % | 23.1 % | 23.1 % | 22.0 % |
| Total sales | 100.0 % | 117.9 % | 116.6 % | 119.5 % | 123.1 % | 123.1 % | 122.0 % |
| Material Expenses | 8.2 % | 3.4 % | 3.3 % | 4.8 % | 4.0 % | 3.5 % | 3.5 % |
| Gross profit | 91.8 % | 114.5 % | 113.3 % | 114.7 % | 119.1 % | 119.6 % | 118.5 % |
| Personnel expenses | 53.2 % | 70.7 % | 70.7 % | 72.7 % | 83.1 % | 90.6 % | 86.2 % |
| Other operating income | 15.0 % | 9.8 % | 13.2 % | 8.0 % | 9.0 % | 9.0 % | 9.0 % |
| Other operating expenses | 41.6 % | 37.4 % | 23.6 % | 25.8 % | 21.0 % | 21.0 % | 21.0 % |
| Unfrequent items | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBITDA | 11.9 % | 16.2 % | 32.3 % | 24.2 % | 24.0 % | 17.0 % | 20.2 % |
| Depreciation of fixed assets | 2.8 % | 3.6 % | 3.9 % | 40.6 % | 3.0 % | 3.0 % | 3.0 % |
| EBITA | 9.1 % | 12.6 % | 28.4 % | -16.4 % | 21.0 % | 14.0 % | 17.2 % |
| Amortisation of intangible fixed assets | 2.8 % | 6.5 % | 16.6 % | 21.6 % | 23.0 % | 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 | 6.3 % | 6.1 % | 11.8 % | -38.0 % | -2.0 % | -6.0 % | -2.8 % |
| Interest income | 2.5 % | 9.7 % | 4.3 % | 2.7 % | 4.6 % | 4.6 % | 4.4 % |
| Interest expenses | 1.7 % | 3.0 % | 7.2 % | 5.0 % | 8.5 % | 8.5 % | 8.1 % |
| Financial result | -0.1 % | 18.8 % | -3.4 % | -1.3 % | -3.9 % | -3.9 % | -3.7 % |
| Recurring pretax income from cont. operations | 6.2 % | 25.0 % | 8.4 % | -39.2 % | -5.9 % | -9.8 % | -6.4 % |
| Extraordinary income/loss | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBT | 6.2 % | 25.0 % | 8.4 % | -39.2 % | -5.9 % | -9.8 % | -6.4 % |
| Taxes total | 4.5 % | 5.5 % | 5.6 % | 19.2 % | 2.1 % | -3.0 % | -1.9 % |
| Net income from continuing operations | 1.7 % | 19.5 % | 2.9 % | -58.4 % | -7.9 % | -6.9 % | -4.5 % |
| Income from discontinued operations (net of tax) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income before minorities | 1.7 % | 19.5 % | 2.9 % | -58.4 % | -7.9 % | -6.9 % | -4.5 % |
| Minority interest | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 1.7 % | 19.5 % | 2.9 % | -58.4 % | -7.9 % | -6.9 % | -4.5 % |

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

Balance sheet MeVis Medical Solutions

in EUR m

| | 2007 | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Assets | | | | | | | |
| Intangible assets | 1.4 | 26.9 | 27.1 | 22.0 | 22.7 | 23.8 | 24.8 |
| thereof other intangible assets | 1.2 | 10.1 | 10.5 | 9.4 | 10.1 | 11.2 | 12.1 |
| thereof Goodwill | 0.1 | 16.7 | 16.6 | 12.6 | 12.6 | 12.6 | 12.6 |
| Property, plant and equipment | 0.4 | 1.4 | 1.2 | 0.9 | 0.8 | 0.7 | 0.5 |
| Financial assets | 0.0 | 0.0 | 0.0 | 1.3 | 1.3 | 1.3 | 1.3 |
| Fixed assets | 1.8 | 28.3 | 28.3 | 24.2 | 24.8 | 25.8 | 26.6 |
| Inventories | 0.0 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Accounts receivable | 2.6 | 2.3 | 4.2 | 5.1 | 2.5 | 2.1 | 2.2 |
| Other Assets | 2.7 | 8.5 | 3.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Liquid assets | 28.5 | 20.3 | 15.1 | 8.2 | 5.6 | 1.1 | n.a. |
| Current assets | 33.8 | 31.3 | 22.7 | 14.6 | 9.3 | 4.5 | 0.0 |
| Total assets | 35.6 | 59.6 | 51.0 | 38.8 | 34.1 | 30.2 | 26.6 |
| Liabilities and shareholders' equity | | | | | | | |
| Subscribed capital | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| Additional paid-in capital | 28.3 | 28.4 | 28.5 | 28.5 | 28.5 | 28.5 | 28.5 |
| Surplus capital | 0.0 | 0.0 | 0.0 | 0.0 | -1.0 | -1.9 | -2.5 |
| Other equity components | 0.7 | 2.4 | 2.3 | -5.5 | -5.5 | -5.5 | -5.5 |
| Book value | 30.8 | 32.6 | 32.6 | 24.8 | 23.8 | 22.9 | 22.2 |
| Minority Interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total equity | 30.8 | 32.6 | 32.6 | 24.8 | 23.8 | 22.9 | 22.2 |
| Provision for pensions and similar obligations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Provisions | 0.1 | 0.2 | 0.2 | 1.1 | 1.1 | 1.1 | 1.1 |
| Financial liabilities | 2.9 | 19.4 | 14.5 | 7.5 | 4.5 | 1.5 | -1.5 |
| Accounts payable | 0.7 | 1.0 | 1.1 | 1.3 | 0.7 | 0.7 | 0.7 |
| Other liabilities | 1.2 | 6.3 | 2.6 | 4.2 | 4.2 | 4.2 | 4.2 |
| Liabilities | 4.8 | 27.0 | 18.3 | 14.0 | 10.4 | 7.4 | 4.4 |
| Total liabilities and shareholders' equity | 35.6 | 59.6 | 51.0 | 38.8 | 34.1 | 30.2 | 26.6 |

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

Balance sheet MeVis Medical Solutions

in % of Balance Sheet Total

| | 2007 | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | | |
| Intangible assets | 3.9 % | 45.1 % | 53.1 % | 56.7 % | 66.6 % | 78.8 % | 93.2 % |
| thereof other intangible assets | 3.5 % | 17.0 % | 20.6 % | 24.1 % | 29.6 % | 37.0 % | 45.7 % |
| thereof Goodwill | 0.4 % | 28.1 % | 32.5 % | 32.6 % | 37.1 % | 41.8 % | 47.5 % |
| Property, plant and equipment | 1.1 % | 2.4 % | 2.3 % | 2.4 % | 2.3 % | 2.2 % | 2.0 % |
| Financial assets | 0.1 % | 0.0 % | 0.0 % | 3.3 % | 3.8 % | 4.2 % | 4.8 % |
| Fixed assets | 5.1 % | 47.5 % | 55.5 % | 62.4 % | 72.7 % | 85.3 % | 100.0 % |
| Inventories | 0.0 % | 0.3 % | 0.3 % | 0.2 % | 0.3 % | 0.3 % | 0.4 % |
| Accounts receivable | 7.3 % | 3.9 % | 8.3 % | 13.2 % | 7.3 % | 7.0 % | 8.3 % |
| Other Assets | 7.5 % | 14.3 % | 6.3 % | 3.1 % | 3.5 % | 3.9 % | 4.5 % |
| Liquid assets | 80.0 % | 34.0 % | 29.6 % | 21.0 % | 16.3 % | 3.6 % | n.a. |
| Current assets | 94.8 % | 52.5 % | 44.5 % | 37.6 % | 27.4 % | 14.9 % | 0.1 % |
| Total assets | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Liabilities and shareholders' equity | | | | | | | |
| Subscribed capital | 5.1 % | 3.1 % | 3.6 % | 4.7 % | 5.3 % | 6.0 % | 6.8 % |
| Additional paid-in capital | 79.4 % | 47.6 % | 55.8 % | 73.5 % | 83.6 % | 94.4 % | 107.2 % |
| Surplus capital | 0.0 % | 0.0 % | 0.0 % | 0.0 % | -3.0 % | -6.4 % | -9.6 % |
| Other equity components | 1.9 % | 4.1 % | 4.6 % | -14.3 % | -16.3 % | -18.4 % | -20.8 % |
| Book value | 86.4 % | 54.7 % | 63.9 % | 63.9 % | 69.7 % | 75.7 % | 83.6 % |
| Minority Interest | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Total equity | 86.4 % | 54.7 % | 63.9 % | 63.9 % | 69.7 % | 75.7 % | 83.6 % |
| Provision for pensions and similar obligations | 0.0 % | 0.1 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Provisions | 0.1 % | 0.4 % | 0.4 % | 2.7 % | 3.1 % | 3.5 % | 4.0 % |
| Financial liabilities | 8.1 % | 32.6 % | 28.4 % | 19.2 % | 13.1 % | 4.8 % | -5.8 % |
| Accounts payable | 1.8 % | 1.7 % | 2.2 % | 3.4 % | 2.1 % | 2.3 % | 2.6 % |
| Other liabilities | 3.4 % | 10.5 % | 5.0 % | 10.7 % | 12.2 % | 13.8 % | 15.7 % |
| Liabilities | 13.5 % | 45.3 % | 36.0 % | 36.1 % | 30.4 % | 24.4 % | 16.5 % |
| 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

| | 2007 | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
|--|-------------|--------------|--------------|-------------|-------------|-------------|-------------|
| Net income | -2.7 | 0.6 | -0.2 | -5.3 | -1.0 | -0.9 | -0.6 |
| Depreciation of fixed assets | 0.2 | 0.4 | 0.5 | 5.8 | 0.4 | 0.4 | 0.4 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.2 | 0.7 | 2.3 | 3.1 | 3.0 | 2.6 | 2.7 |
| Increase/decrease in long-term provisions | 0.0 | 0.2 | 0.1 | 0.9 | 0.0 | 0.0 | 0.0 |
| Other costs affecting income / expenses | 0.0 | 1.4 | 0.1 | -0.4 | 0.0 | 0.0 | 0.0 |
| Cash Flow | -2.3 | 3.2 | 2.8 | 4.0 | 2.3 | 2.1 | 2.5 |
| Increase / decrease in inventory | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase / decrease in accounts receivable | -1.2 | -0.6 | 1.9 | -0.5 | 2.6 | 0.4 | -0.1 |
| Increase / decrease in accounts payable | 1.0 | 0.4 | -1.6 | 1.4 | -0.6 | 0.0 | 0.0 |
| 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 | -0.2 | -0.3 | 0.3 | 0.9 | 2.0 | 0.4 | -0.1 |
| Cash flow from operating activities | -2.5 | 2.9 | 3.1 | 5.0 | 4.4 | 2.5 | 2.4 |
| CAPEX | -1.4 | -4.0 | -3.0 | -3.2 | -4.0 | -4.0 | -4.0 |
| Payments for acquisitions | -0.2 | -4.5 | -4.7 | -7.2 | -3.0 | -3.0 | -3.0 |
| Financial investments | -0.1 | -5.0 | -2.3 | 3.9 | 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 | -1.6 | -13.5 | -10.0 | -6.5 | -7.0 | -7.0 | -7.0 |
| Change in financial liabilities | -0.3 | -0.4 | -0.1 | -0.4 | -3.0 | -3.0 | -3.0 |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Purchase of own shares | -2.2 | -2.2 | -0.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 27.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 2.0 | 0.0 | 0.0 | 0.0 | 3.0 | 3.0 | 3.0 |
| Cash flow from financing activities | 27.1 | -2.6 | -0.5 | -0.4 | 0.0 | 0.0 | 0.0 |
| Change in liquid funds | 23.0 | -13.2 | -7.4 | -2.0 | -2.6 | -4.5 | -4.5 |
| Effects of exchange rate changes on cash | 0.0 | 0.0 | -0.1 | -0.1 | 0.0 | 0.0 | 0.0 |
| Liquid assets at end of period | 28.5 | 15.3 | 7.7 | 5.6 | 3.0 | -1.4 | -6.0 |

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

Financial Ratios MeVis Medical Solutions

| | 2007 | 2008 | 2009 | 2010 | 2011E | 2012E | 2013E |
|---|-----------|---------|---------|---------|---------|----------|-----------|
| Operational Efficiency | | | | | | | |
| Total Operating Costs / Sales | 88.1 % | 101.7 % | 84.4 % | 95.3 % | 99.1 % | 106.1 % | 101.7 % |
| Sales per Employee | 85,783 | 59,912 | 58,029 | 63,799 | 52,760 | 47,963 | 45,783 |
| EBITDA per Employee | 10,207 | 9,707 | 18,720 | 15,415 | 12,662 | 8,165 | 9,265 |
| EBIT-margin | 6.3 % | 6.1 % | 11.8 % | -38.0 % | -2.0 % | -6.0 % | -2.8 % |
| EBITDA / Operating Assets | 40.0 % | 61.1 % | 101.2 % | 71.4 % | 115.7 % | 102.2 % | 129.7 % |
| ROA | 7.3 % | 7.5 % | 1.4 % | -34.5 % | -4.2 % | -3.5 % | -2.3 % |
| Efficiency of Capital Employment | | | | | | | |
| Plant Turnover | 19.8 | 7.7 | 11.6 | 15.4 | 16.3 | 19.5 | 25.8 |
| Operating Assets Turnover | 3.4 | 3.8 | 3.1 | 3.0 | 4.8 | 6.0 | 6.4 |
| Capital Employed Turnover | 0.2 | 0.2 | 0.3 | 0.4 | 0.5 | 0.5 | 0.7 |
| Return on Capital | | | | | | | |
| ROCE | 2.6 % | 1.6 % | 3.3 % | -13.7 % | -0.9 % | -3.0 % | -1.7 % |
| EBITDA / Avg. Capital Employed | 4.9 % | 4.1 % | 9.0 % | 8.7 % | 10.3 % | 8.4 % | 12.3 % |
| ROE | 0.4 % | 6.5 % | 1.2 % | -33.7 % | -4.3 % | -3.9 % | -2.8 % |
| Net Profit / Avg. Equity | 0.8 % | 6.7 % | 1.2 % | -29.1 % | -4.3 % | -3.8 % | -2.7 % |
| Recurring Net Profit / Avg. Equity | 0.8 % | 6.7 % | 1.2 % | -29.1 % | -4.3 % | -3.8 % | -2.7 % |
| ROIC | 0.4 % | 3.9 % | 0.8 % | -22.5 % | -3.1 % | -3.1 % | -2.4 % |
| Solvency | | | | | | | |
| Net Debt | -25.6 | -0.8 | -0.6 | -0.7 | -1.1 | 0.4 | 1.9 |
| Net Gearing | -83.1 % | -2.5 % | -1.9 % | -2.8 % | -4.6 % | 1.6 % | 8.6 % |
| Book Value of Equity / Book Value of Debt | 1063.6 % | 167.8 % | 225.2 % | 332.3 % | 532.8 % | 1567.0 % | n.a. |
| Current ratio | 7.1 | 1.2 | 1.2 | 1.1 | 1.0 | 0.7 | 0.0 |
| Acid Test Ratio | 7.0 | 1.2 | 1.2 | 1.0 | 0.9 | 0.6 | 0.0 |
| EBITDA / Interest Paid | 6.9 | 5.5 | 4.5 | 4.8 | 2.8 | 2.0 | 2.5 |
| Interest Cover | n.a. | n.a. | 4.1 | n.a. | n.a. | n.a. | n.a. |
| Cash Flow | | | | | | | |
| Free Cash Flow | -3.8 | -1.1 | 0.0 | 1.8 | 0.4 | -1.5 | -1.5 |
| Free Cash Flow / Sales | -48.7 % | -10.2 % | 0.2 % | 12.4 % | 3.0 % | -11.3 % | -11.3 % |
| Adj. Free Cash Flow | -0.3 | -1.1 | 1.5 | 0.3 | -0.8 | -1.7 | -1.1 |
| Adj. Free Cash Flow / Sales | -10.6 % | -23.2 % | 1.7 % | -3.5 % | -12.7 % | -18.5 % | -14.5 % |
| Free Cash Flow / Net Profit | -2912.9 % | -52.5 % | 7.8 % | -21.2 % | -38.4 % | 163.8 % | 252.0 % |
| Interest Received / Avg. Cash | 1.2 % | 4.3 % | 3.4 % | 3.3 % | 8.7 % | 18.0 % | -50.9 % |
| Interest Paid / Avg. Debt | 5.6 % | 2.9 % | 5.9 % | 6.5 % | 18.5 % | 37.2 % | -2682.9 % |
| Dividend Payout Ratio | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Fund Management | | | | | | | |
| Investment ratio | 18.8 % | 83.2 % | 38.4 % | -4.9 % | 30.5 % | 30.5 % | 29.1 % |
| Maint. Capex / Sales | 15.9 % | 26.2 % | 21.2 % | 22.3 % | 30.0 % | 30.0 % | 28.6 % |
| Capex / Dep | 334.3 % | 825.8 % | 187.3 % | -7.8 % | 117.2 % | 132.4 % | 126.5 % |
| Avg. Working Capital / Sales | 20.9 % | 15.7 % | 16.9 % | 25.0 % | 22.3 % | 13.1 % | 11.4 % |
| Trade Creditors / Trade Debtors | 397.7 % | 225.9 % | 376.6 % | 390.2 % | 357.1 % | 300.0 % | 314.3 % |
| Inventory turnover (days) | 0.4 | 5.2 | 3.4 | 2.2 | 1.8 | 1.8 | 1.8 |
| Receivables collection period (DSOs) | 120 | 78.9 | 111 | 131 | 70.0 | 60.0 | 60.0 |
| Payables collection period (days) | 30.2 | 34.9 | 29.5 | 33.6 | 20.0 | 20.0 | 20.0 |
| Cash conversion cycle (days) | 90.1 | 49.2 | 85.0 | 99.8 | 51.8 | 41.8 | 41.8 |
| Valuation | | | | | | | |
| Dividend Yield | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| P/B | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 |
| EV/sales | 1.1 | 0.8 | 0.6 | 0.6 | 0.6 | 0.7 | 0.5 |
| EV/EBITDA | 8.8 | 4.7 | 1.9 | 2.4 | 2.5 | 4.2 | 2.7 |
| EV/EBIT | 16.7 | 12.5 | 5.1 | n.m. | n.m. | n.m. | n.m. |
| EV/FCF | n.m. | n.m. | 267.9 | 4.7 | 20.0 | n.m. | n.m. |
| P/E | 29.1 | 4.1 | 21.5 | n.m. | n.m. | n.m. | n.m. |
| P/CF | neg. | 2.8 | 3.3 | 2.3 | 3.8 | 4.3 | 3.6 |
| Adj. Free Cash Flow Yield | n.a. | 38.4 % | 33.2 % | 48.2 % | 29.7 % | 22.4 % | 33.8 % |

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

Free Cash Flow Yield - MeVis Medical Solutions

Figures in EUR m

| | 2007 | 2008 | 2009 | 2010 | 2011e | 2012e | 2013e |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Income | 0.1 | 2.1 | 0.4 | -8.3 | -1.0 | -0.9 | -0.6 |
| + Depreciation + Amortisation | 0.4 | 1.1 | 2.8 | 8.9 | 3.4 | 3.0 | 3.1 |
| - Net Interest Income | 0.0 | 2.0 | -0.5 | -0.2 | -0.5 | -0.5 | -0.5 |
| + Taxes | 0.4 | 0.6 | 0.8 | 2.7 | 0.3 | -0.4 | -0.3 |
| - Maintenance Capex | 1.3 | 2.8 | 2.9 | 3.2 | 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 | -0.3 | -1.1 | 1.5 | 0.3 | -0.8 | -1.7 | -1.1 |
| Adjusted Free Cash Flow Yield | -3.8% | -13.0% | 18.5% | 3.3% | -9.9% | -18.0% | -10.4% |
| Hurdle rate | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| = Enterprise Value | 8.3 | 8.3 | 8.3 | 8.3 | 7.9 | 9.4 | 10.9 |
| = Fair Enterprise Value | - | - | 15.4 | 2.7 | - | - | - |
| - Net Debt (Cash) | -0.7 | -0.7 | -0.7 | -0.7 | -1.1 | 0.4 | 1.9 |
| - 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 | - | - | 16.1 | 3.4 | - | - | - |
| No. of shares (m) | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 | 1.8 |
| = Fair value per share (EUR) | - | - | 8.83 | 1.87 | - | - | - |
| premium (-) / discount (+) in % | - | - | 78.3% | -62.2% | - | - | - |
| Sensitivity Fair value per Share (EUR) | | | | | | | |
| | 13.0% | - | - | 6.88 | 1.53 | - | - |
| | 12.0% | - | - | 7.42 | 1.62 | - | - |
| | 11.0% | - | - | 8.06 | 1.73 | - | - |
| Hurdle rate | 10.0% | - | - | 8.83 | 1.87 | - | - |
| | 9.0% | - | - | 9.76 | 2.03 | - | - |
| | 8.0% | - | - | 10.94 | 2.24 | - | - |
| | 7.0% | - | - | 12.44 | 2.51 | - | - |

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

DCF Model - MeVis Medical Solutions

| Figures in EUR m | 2011e | 2012e | 2013e | 2014e | 2015e | 2016e | 2017e | 2018e | 2019e | 2020e | 2021e | 2022e | 2023e | 2024e |
|-----------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Sales | 13.0 | 13.0 | 13.7 | 14.9 | 16.4 | 17.9 | 19.6 | 21.5 | 23.5 | 25.8 | 28.2 | 29.6 | 30.5 | 31.4 |
| Change | -9.0% | 0.0% | 5.0% | 9.5% | 9.5% | 9.5% | 9.5% | 9.5% | 9.5% | 9.5% | 9.5% | 5.0% | 3.0% | 3.0% |
| EBIT | -0.3 | -0.8 | -0.4 | 0.0 | 0.8 | 1.8 | 2.9 | 4.3 | 4.7 | 5.2 | 5.6 | 5.9 | 6.1 | 6.3 |
| EBIT-Margin | -2.0% | -6.0% | -2.8% | 0.0% | 5.0% | 10.0% | 15.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Tax rate | -35.8% | 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 | -0.4 | -0.5 | -0.3 | 0.0 | 0.5 | 1.2 | 1.9 | 2.8 | 3.1 | 3.3 | 3.7 | 3.9 | 4.0 | 4.1 |
| Depreciation | 3.4 | 3.0 | 3.1 | 3.1 | 3.3 | 2.9 | 2.9 | 3.0 | 3.1 | 3.1 | 3.1 | 3.0 | 2.7 | 2.5 |
| in % of Sales | 26.0% | 23.0% | 23.0% | 21.0% | 20.0% | 16.0% | 15.0% | 14.0% | 13.0% | 12.0% | 11.0% | 10.0% | 9.0% | 8.0% |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | 2.0 | 0.4 | -0.1 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.2 | -0.3 | -0.3 | -0.2 | -0.1 | -0.1 |
| - Capex | -4.0 | -4.0 | -4.0 | -2.2 | -2.5 | -2.7 | -2.7 | -2.8 | -3.1 | -3.1 | -3.1 | -3.0 | -2.7 | -2.5 |
| Capex in % of Sales | 30.5% | 30.5% | 29.1% | 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) | 1.1 | -1.1 | -1.2 | 0.8 | 1.2 | 1.2 | 1.9 | 2.8 | 2.8 | 3.1 | 3.4 | 3.7 | 3.9 | 4.0 |

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 2024e | 10.4 | Special items | 16.0 |
| Terminal Value | 13.5 | | |
| Liabilities | -7.5 | | |
| Liquidity | 8.2 | No. of shares (mln) | 1.82 |
| Equity Value | 8.6 | Value per share (EUR) | 4.73 |

Sensitivity Value per Share (EUR)

Terminal Growth

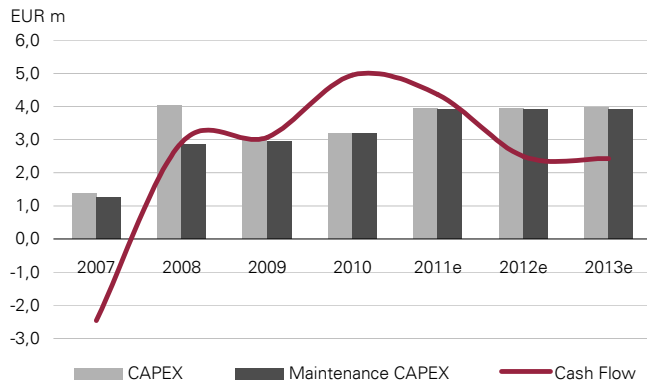
| WACC | 2.25% | 2.50% | 2.75% | 3.00% | 3.25% | 3.50% | 3.75% |
|---------------|-------|-------|-------|-------------|-------|-------|-------|
| 11.68% | 2.22 | 2.37 | 2.52 | 2.69 | 2.86 | 3.04 | 3.24 |
| 11.18% | 3.09 | 3.26 | 3.45 | 3.64 | 3.85 | 4.07 | 4.30 |
| 10.93% | 3.57 | 3.75 | 3.96 | 4.17 | 4.40 | 4.64 | 4.90 |
| 10.68% | 4.07 | 4.28 | 4.50 | 4.73 | 4.98 | 5.25 | 5.53 |
| 10.43% | 4.61 | 4.84 | 5.08 | 5.33 | 5.61 | 5.90 | 6.22 |
| 10.18% | 5.18 | 5.43 | 5.70 | 5.98 | 6.29 | 6.61 | 6.96 |
| 9.68% | 6.46 | 6.76 | 7.08 | 7.43 | 7.81 | 8.21 | 8.65 |

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% | 1.42 | 1.85 | 2.27 | 2.69 | 3.11 | 3.53 | 3.95 |
| 11.18% | 2.30 | 2.75 | 3.20 | 3.64 | 4.09 | 4.54 | 4.98 |
| 10.93% | 2.79 | 3.25 | 3.71 | 4.17 | 4.63 | 5.09 | 5.55 |
| 10.68% | 3.30 | 3.78 | 4.26 | 4.73 | 5.21 | 5.68 | 6.16 |
| 10.43% | 3.86 | 4.35 | 4.84 | 5.33 | 5.83 | 6.32 | 6.81 |
| 10.18% | 4.45 | 4.96 | 5.47 | 5.98 | 6.49 | 7.00 | 7.51 |
| 9.68% | 5.79 | 6.34 | 6.88 | 7.43 | 7.98 | 8.53 | 9.08 |

Source: Warburg Research

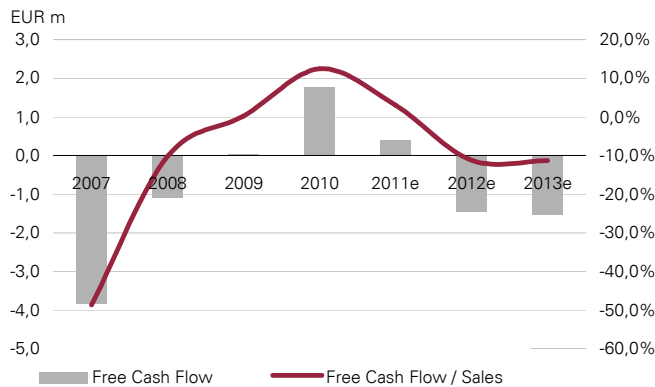
CAPEX and Cash Flow - MeVis Medical Solutions



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

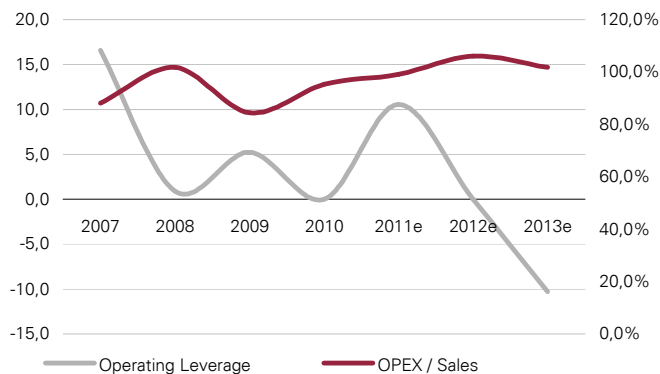
Free Cash Flow Generation - MeVis Medical Solutions



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

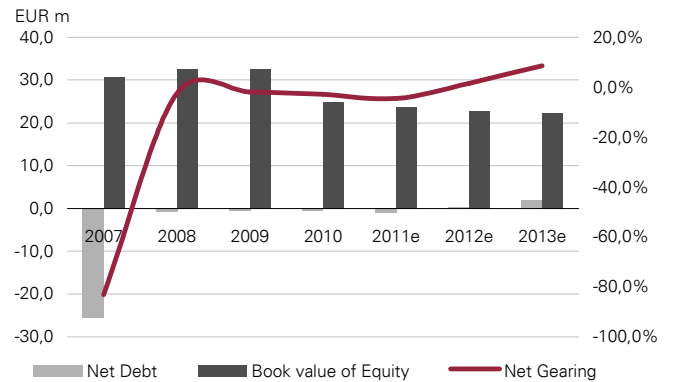
Operating Leverage - MeVis Medical Solutions



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

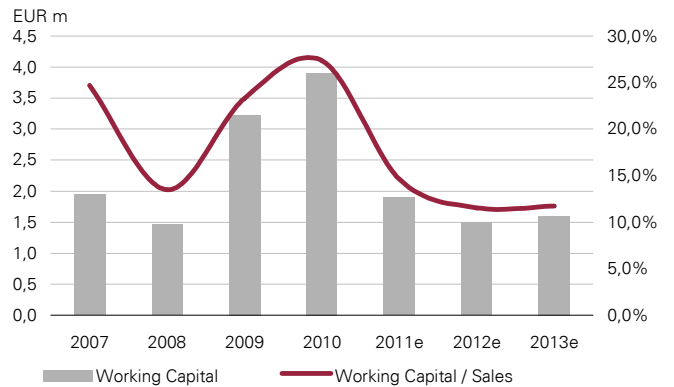
Balance Sheet Quality - MeVis Medical Solutions



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

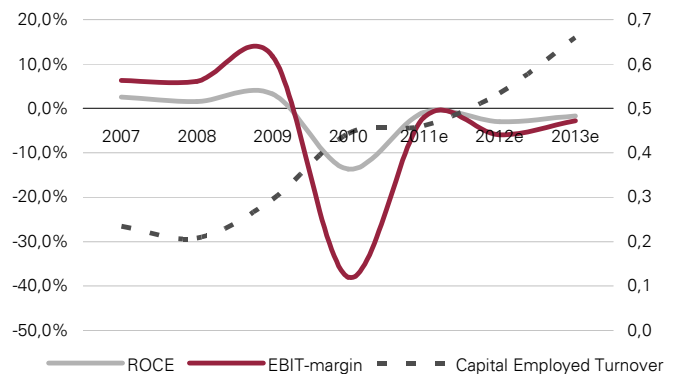
Working Capital - MeVis Medical Solutions



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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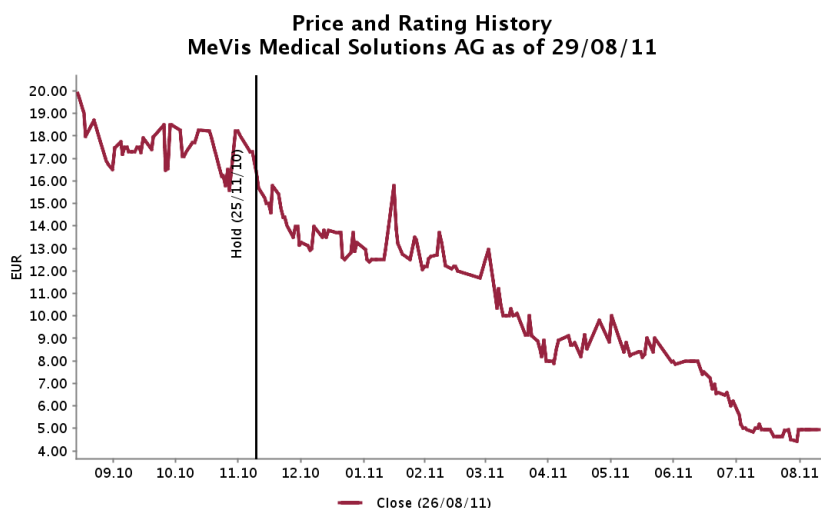
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| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 129 | 73% |
| Hold | 44 | 25% |
| Sell | 4 | 2% |
| Rating suspended | 0 | 0% |
| Total | 177 | |

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|------------------|------------------|---------------|
| Buy | 114 | 75% |
| Hold | 35 | 23% |
| Sell | 2 | 1% |
| Rating suspended | 0 | 0% |
| Total | 151 | |



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