

Hold (old: Hold)

PT EUR 3.00 (old: 4.70)

Price EUR 3.00
Bloomberg M3V GR
Reuters M3VG
Sector Software/IT

Leading software provider of equipment for the image-based medicine



Share data: 24.11.2011 / Closing price

Market cap: EUR 5.5 m
Enterprise Value (EV): EUR 3.5 m
Book value: EUR 23.4 m
No. of shares: 1.8 m
Trading volume Ø: EUR 4.8 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:

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
Sales	13.0	3.8	13.0	0	13.7	-9.5
EBIT	-0.3	n.m.	-0.8	n.m.	-0.4	n.m.
EPS	-0.60	n.m.	-0.52	n.m.	-0.36	n.m.

Analysis: Warburg Research
 Date of publication: 25.11.2011
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Depreciations expected

On November 21, 2010 MeVis Medical Solutions AG released figures for the third quarter and the first nine months of 2011. They were **above expectations**, as slightly higher product revenues led to better earnings. What is positive in this respect is that part of the revenues were generated by the new products (Visia Lung CT):

MeVis Medical Solutions - Q3 2011									
Figures in EUR m									
	Q3/11	Q3/11e	Q3/10	yoy	9M/11	9M/11e	9M/10	yoy	
Sales	3.4	3.0	3.6	-4.7%	10.1	9.7	10.9	-7.4%	
EBITDA	1.4	1.0	1.5	-11.6%	3.3	3.0	3.5	-4.0%	
<i>margin</i>	40.0%	33.3%	43.2%		33.0%	30.6%	31.8%		
EBIT	0.5	0.0	0.7	-29.5%	0.7	0.2	0.8	-20.5%	
<i>margin</i>	14.1%	0.6%	19.1%		6.6%	2.0%	7.6%		
EPS in EUR	0.15	-0.06	0.18	-16.7%	-0.54	-0.75	-0.20	170.0%	

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

Overall, however, Mevis' long-term earnings situation remains critical as the **new products still cannot contribute satisfactory sales revenues**. Business even declined for some solutions (DynaCAD Breast and DynaSuite Neuro). **Almost all earnings were generated in the traditional segment**, Digital Mammography (EBIT EUR 4.1m). However, it was almost entirely eaten up by the losses in Other Diagnostics segment (EBIT EUR -3.5m). **This cross-subsidising is critical** as the digital mammography segment does not grow anymore and the major international markets are saturated.

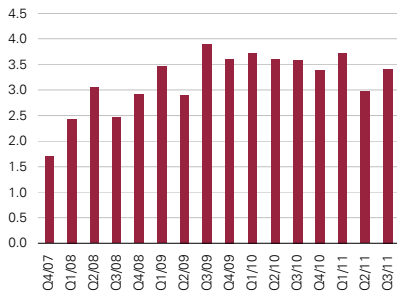
A strategic reorientation is presently being implemented. In a first move the company focuses on indirect sales and distribution. In this context some distribution efforts are brought to an end or being re-focussed to the search for new OEM partners. A general focus on the profitable mammography at the expense of new developments that bear good prospects but are not profitable yet would secure the profitability in the short term but would result in a contraction of the group in the long term. So far the group continues to generate more or less balanced earnings. That said it still remains unclear whether the new products, after many years of subsidies, can more than compensate for the profitability of the Digital Mammography segment. The re-focus on the OEM business and the focus on products that bear particularly good prospects imply positive earnings potential though. **A solid sales development and more or less balanced earnings remain the status quo.**

Additionally, the group now has to face a **potential need for depreciation** on own work capitalised and shareholdings which indirectly results from the weak sales figures. This might be an additional burden to the news flow. These depreciations are not included in the estimates yet.

With a view to the strategic situation above the long-term earnings estimates are further reduced. The Hold rating is reiterated with a PT of EUR 3.

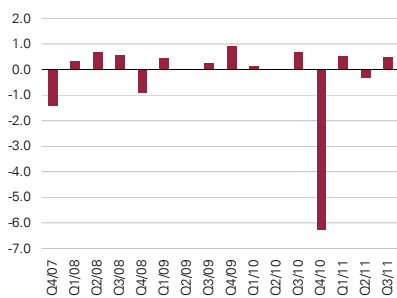
Fiscal year ending: 31.12.							
in EUR m							
	2007	2008	2009	2010	2011E	2012E	2013E
Sales	7.9	10.8	13.9	14.3	13.5	13.0	12.4
<i>Change Sales yoy</i>	-5.4 %	37.4 %	27.9 %	3.0 %	-5.5 %	-3.7 %	-5.0 %
Gross profit	7.2	12.4	15.7	16.4	15.8	15.3	14.5
<i>Gross margin</i>	91.8 %	114.5 %	113.3 %	114.7 %	116.7 %	117.5 %	117.7 %
EBITDA	0.9	1.8	4.5	3.5	4.2	3.6	3.3
<i>EBITDA-margin</i>	11.9 %	16.2 %	32.3 %	24.2 %	31.4 %	28.0 %	26.8 %
EBIT	0.5	0.7	1.6	-5.4	0.7	0.7	0.5
<i>EBIT-margin</i>	6.3 %	6.1 %	11.8 %	-38.0 %	5.4 %	5.0 %	3.8 %
Net income	0.1	2.1	0.4	-8.3	-1.3	0.1	0.0
EPS	0.17	1.21	0.23	-4.89	-0.79	0.06	-0.01
Free Cash Flow per share	-5.00	-0.64	0.02	1.04	0.76	0.49	0.10
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	0.6	0.4	0.3	0.3	0.3	0.2	0.2
EV/EBITDA	5.1	2.7	1.1	1.4	0.8	0.7	0.7
EV/EBIT	9.6	7.2	2.9	n.m.	4.8	4.0	5.2
PER	17.6	2.5	13.0	n.m.	n.m.	50.0	n.m.
ROCE	2.6 %	1.6 %	3.3 %	-13.7 %	2.4 %	2.5 %	1.9 %
Adj. Free Cash Flow Yield	n.a.	n.a.	32.3 %	5.7 %	44.5 %	35.9 %	24.9 %

Sales development
in EUR m



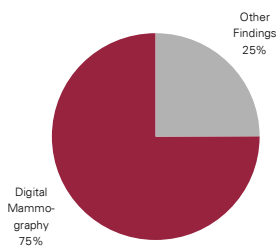
Source: MeVis Medical Solutions

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 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	2007	2008	2009	2010	2011E	2012E	2013E
Sales	7.9	10.8	13.9	14.3	13.5	13.0	12.4
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	2.8	2.8	2.8
Total sales	7.9	12.8	16.2	17.1	16.3	15.8	15.2
Material Expenses	0.7	0.4	0.5	0.7	0.5	0.5	0.6
Gross profit	7.2	12.4	15.7	16.4	15.8	15.3	14.5
Personnel expenses	4.2	7.7	9.8	10.4	9.5	9.3	9.0
Other operating income	1.2	1.1	1.8	1.1	0.8	0.4	0.4
Other operating expenses	3.3	4.1	3.3	3.7	2.8	2.7	2.6
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	4.2	3.6	3.3
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	3.8	3.3	2.9
Amortisation of intangible fixed assets	0.2	0.7	2.3	3.1	3.1	2.6	2.5
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	0.7	0.7	0.5
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	0.2	0.2	0.0
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	0.2	0.2	0.0
Taxes total	0.4	0.6	0.8	2.7	1.6	0.0	0.0
Net income from continuing operations	0.1	2.1	0.4	-8.3	-1.3	0.1	0.0
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	0.1	2.1	0.4	-8.3	-1.3	0.1	0.0
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	-1.3	0.1	0.0

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 %	20.7 %	21.5 %	22.7 %
Total sales	100.0 %	117.9 %	116.6 %	119.5 %	120.7 %	121.5 %	122.7 %
Material Expenses	8.2 %	3.4 %	3.3 %	4.8 %	4.0 %	4.0 %	5.0 %
Gross profit	91.8 %	114.5 %	113.3 %	114.7 %	116.7 %	117.5 %	117.7 %
Personnel expenses	53.2 %	70.7 %	70.7 %	72.7 %	70.4 %	71.5 %	72.9 %
Other operating income	15.0 %	9.8 %	13.2 %	8.0 %	6.0 %	3.0 %	3.0 %
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 %	31.4 %	28.0 %	26.8 %
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 %	28.4 %	25.0 %	23.8 %
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 %	5.4 %	5.0 %	3.8 %
Interest income	2.5 %	9.7 %	4.3 %	2.7 %	4.4 %	4.6 %	4.9 %
Interest expenses	1.7 %	3.0 %	7.2 %	5.0 %	8.2 %	8.5 %	8.9 %
Financial result	-0.1 %	18.8 %	-3.4 %	-1.3 %	-3.7 %	-3.9 %	-4.1 %
Recurring pretax income from cont. operations	6.2 %	25.0 %	8.4 %	-39.2 %	1.7 %	1.2 %	-0.3 %
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 %	1.7 %	1.2 %	-0.3 %
Taxes total	4.5 %	5.5 %	5.6 %	19.2 %	11.6 %	0.4 %	-0.1 %
Net income from continuing operations	1.7 %	19.5 %	2.9 %	-58.4 %	-9.9 %	0.8 %	-0.2 %
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	1.7 %	19.5 %	2.9 %	-58.4 %	-9.9 %	0.8 %	-0.2 %
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 %	-9.9 %	0.8 %	-0.2 %

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	21.4	21.3	21.3
thereof other intangible assets	1.2	10.1	10.5	9.4	8.8	8.7	8.7
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	23.5	23.2	23.1
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	2.6	2.1	2.0
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	6.5	4.3	4.5
Current assets	33.8	31.3	22.7	14.6	10.4	7.7	7.8
Total assets	35.6	59.6	51.0	38.8	33.8	30.9	30.9
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	-1.3	-1.2	-1.3
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	23.4	23.6	23.5
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	23.4	23.6	23.5
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.2	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	7.4
Total liabilities and shareholders' equity	35.6	59.6	51.0	38.8	33.8	30.9	30.9

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 %	63.3 %	68.9 %	69.0 %
thereof other intangible assets	3.5 %	17.0 %	20.6 %	24.1 %	25.9 %	28.0 %	28.1 %
thereof Goodwill	0.4 %	28.1 %	32.5 %	32.6 %	37.4 %	40.9 %	40.9 %
Property, plant and equipment	1.1 %	2.4 %	2.3 %	2.4 %	2.3 %	2.1 %	1.7 %
Financial assets	0.1 %	0.0 %	0.0 %	3.3 %	3.8 %	4.1 %	4.1 %
Fixed assets	5.1 %	47.5 %	55.5 %	62.4 %	69.4 %	75.2 %	74.9 %
Inventories	0.0 %	0.3 %	0.3 %	0.2 %	0.3 %	0.3 %	0.3 %
Accounts receivable	7.3 %	3.9 %	8.3 %	13.2 %	7.7 %	6.8 %	6.5 %
Other Assets	7.5 %	14.3 %	6.3 %	3.1 %	3.5 %	3.9 %	3.9 %
Liquid assets	80.0 %	34.0 %	29.6 %	21.0 %	19.1 %	13.9 %	14.5 %
Current assets	94.8 %	52.5 %	44.5 %	37.6 %	30.7 %	24.9 %	25.1 %
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 %	5.4 %	5.9 %	5.9 %
Additional paid-in capital	79.4 %	47.6 %	55.8 %	73.5 %	84.4 %	92.3 %	92.3 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	-4.0 %	-4.0 %	-4.1 %
Other equity components	1.9 %	4.1 %	4.6 %	-14.3 %	-16.4 %	-17.9 %	-17.9 %
Book value	86.4 %	54.7 %	63.9 %	63.9 %	69.4 %	76.2 %	76.2 %
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 %	69.4 %	76.2 %	76.2 %
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 %	3.4 %	3.4 %
Financial liabilities	8.1 %	32.6 %	28.4 %	19.2 %	13.2 %	4.7 %	4.7 %
Accounts payable	1.8 %	1.7 %	2.2 %	3.4 %	2.1 %	2.3 %	2.3 %
Other liabilities	3.4 %	10.5 %	5.0 %	10.7 %	12.3 %	13.5 %	13.5 %
Liabilities	13.5 %	45.3 %	36.0 %	36.1 %	30.7 %	23.9 %	23.9 %
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

	2007	2008	2009	2010	2011E	2012E	2013E
Net income	-2.7	0.6	-0.2	-5.3	-1.3	0.1	0.0
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	3.1	2.6	2.5
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	2.2	3.1	2.8
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	2.5	0.5	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	1.9	0.5	0.1
Cash flow from operating activities	-2.5	2.9	3.1	5.0	4.1	3.6	2.9
CAPEX	-1.4	-4.0	-3.0	-3.2	-2.8	-2.8	-2.7
Payments for acquisitions	-0.2	-4.5	-4.7	-7.2	-3.0	-3.0	0.0
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	-5.8	-5.8	-2.7
Change in financial liabilities	-0.3	-0.4	-0.1	-0.4	-3.0	-3.0	0.0
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	0.0
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	-1.7	-2.2	0.2
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	3.9	1.8	1.9

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 %	89.4 %	93.5 %	95.9 %
Sales per Employee	85,783	59,912	58,029	63,799	54,789	47,963	41,423
EBITDA per Employee	10,207	9,707	18,720	15,415	17,188	13,430	11,100
EBIT-margin	6.3 %	6.1 %	11.8 %	-38.0 %	5.4 %	5.0 %	3.8 %
EBITDA / Operating Assets	40.0 %	61.1 %	101.2 %	71.4 %	151.7 %	168.4 %	170.8 %
ROA	7.3 %	7.5 %	1.4 %	-34.5 %	-5.7 %	0.5 %	-0.1 %
Efficiency of Capital Employment							
Plant Turnover	19.8	7.7	11.6	15.4	17.1	19.7	23.0
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	0.5
Return on Capital							
ROCE	2.6 %	1.6 %	3.3 %	-13.7 %	2.4 %	2.5 %	1.9 %
EBITDA / Avg. Capital Employed	4.9 %	4.1 %	9.0 %	8.7 %	14.1 %	13.8 %	13.2 %
ROE	0.4 %	6.5 %	1.2 %	-33.7 %	-5.7 %	0.4 %	-0.1 %
Net Profit / Avg. Equity	0.8 %	6.7 %	1.2 %	-29.1 %	-5.6 %	0.4 %	-0.1 %
Recurring Net Profit / Avg. Equity	0.8 %	6.7 %	1.2 %	-29.1 %	-5.6 %	0.4 %	-0.1 %
ROIC	0.4 %	3.9 %	0.8 %	-22.5 %	-4.1 %	0.4 %	-0.1 %
Solvency							
Net Debt	-25.6	-0.8	-0.6	-0.7	-2.0	-2.8	-3.0
Net Gearing	-83.1 %	-2.5 %	-1.9 %	-2.8 %	-8.6 %	-12.1 %	-12.8 %
Book Value of Equity / Book Value of Debt	1063.6 %	167.8 %	225.2 %	332.3 %	525.8 %	1614.2 %	1612.7 %
Current ratio	7.1	1.2	1.2	1.1	1.1	1.2	1.2
Acid Test Ratio	7.0	1.2	1.2	1.0	1.0	1.0	1.0
EBITDA / Interest Paid	6.9	5.5	4.5	4.8	3.9	3.3	3.0
Interest Cover	n.a.	n.a.	4.1	n.a.	1.5	1.3	0.9
Cash Flow							
Free Cash Flow	-3.8	-1.1	0.0	1.8	1.3	0.8	0.2
Free Cash Flow / Sales	-48.7 %	-10.2 %	0.2 %	12.4 %	9.7 %	6.4 %	1.4 %
Adj. Free Cash Flow	-0.3	-1.1	1.5	0.3	1.5	0.9	0.6
Adj. Free Cash Flow / Sales	-10.6 %	-23.2 %	1.7 %	-3.5 %	2.7 %	-1.6 %	-3.9 %
Free Cash Flow / Net Profit	-2912.9 %	-52.5 %	7.8 %	-21.2 %	-97.2 %	795.2 %	-791.7 %
Interest Received / Avg. Cash	1.2 %	4.3 %	3.4 %	3.3 %	8.2 %	11.1 %	13.7 %
Interest Paid / Avg. Debt	5.6 %	2.9 %	5.9 %	6.5 %	18.5 %	37.2 %	75.4 %
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 %	20.5 %	21.2 %	22.2 %
Maint. Capex / Sales	15.9 %	26.2 %	21.2 %	22.3 %	20.0 %	20.8 %	21.9 %
Capex / Dep	334.3 %	825.8 %	187.3 %	-7.8 %	78.9 %	92.3 %	96.7 %
Avg. Working Capital / Sales	20.9 %	15.7 %	16.9 %	25.0 %	21.9 %	13.5 %	11.7 %
Trade Creditors / Trade Debtors	397.7 %	225.9 %	376.6 %	390.2 %	371.4 %	300.0 %	285.7 %
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	0.2	0.2	0.2	0.2	0.2	0.2	0.2
EV/sales	0.6	0.4	0.3	0.3	0.3	0.2	0.2
EV/EBITDA	5.1	2.7	1.1	1.4	0.8	0.7	0.7
EV/EBIT	9.6	7.2	2.9	n.m.	4.8	4.0	5.2
EV/FCF	n.m.	n.m.	153.5	2.7	2.6	3.1	14.2
P/E	17.6	2.5	13.0	n.m.	n.m.	50.0	n.m.
P/CF	neg.	1.7	2.0	1.4	2.5	1.8	1.9
Adj. Free Cash Flow Yield	n.a.	n.a.	32.3 %	5.7 %	44.5 %	35.9 %	24.9 %

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	-1.3	0.1	0.0
+ Depreciation + Amortisation	0.4	1.1	2.8	8.9	3.5	3.0	2.8
- 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	1.6	0.0	0.0
- Maintenance Capex	1.3	2.8	2.9	3.2	2.7	2.7	2.7
+ 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	1.5	0.9	0.6
Adjusted Free Cash Flow Yield	-07%	-23%	32%	06%	44%	36%	25%
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
= Enterprise Value	05	05	05	05	03	03	02
= Fair Enterprise Value	-	-	15.4	2.7	15.4	9.4	6.1
- Net Debt (Cash)	-0.7	-0.7	-0.7	-0.7	-2.0	-2.8	-3.0
- 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	17.4	12.2	9.1
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	9.54	6.73	5.01
premium (-) / discount (+) in %	-	-	194%	-38%	218%	124%	67%

Sensitivity Fair value per Share (EUR)

	13.0%	-	-	6.88	1.53	7.59	5.54	4.23
	12.0%	-	-	7.42	1.62	8.13	5.87	4.45
	11.0%	-	-	8.06	1.73	8.77	6.26	4.70
Hurdle rate	10.0%	-	-	8.83	1.87	9.54	6.73	5.01
	9.0%	-	-	9.76	2.03	10.47	7.30	5.38
	8.0%	-	-	10.94	2.24	11.65	8.02	5.84
	7.0%	-	-	12.44	2.51	13.15	8.94	6.44

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	13.5	13.0	12.4	12.6	12.8	13.1	13.4	13.6	13.9	14.2	14.5	14.8	15.1	15.4
Change	-5.5%	-3.7%	-5.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EBIT	0.7	0.7	0.5	0.6	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.5	1.5	1.5
EBIT-Margin	5.4%	5.0%	3.8%	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Tax rate	696.7%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
NOPAT	-4.3	0.5	0.3	0.4	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1	1.1
Depreciation	3.5	3.0	2.8	2.6	2.6	2.1	2.0	1.9	1.8	1.7	1.6	1.5	1.4	1.2
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	02	01	00	00	00	00	00	00	00	00	00	00	00	00
- Capex	-2.8	-2.8	-2.7	-1.9	-1.9	-2.0	-1.9	-1.8	-1.8	-1.7	-1.6	-1.5	-1.4	-1.2
Capex in % of Sales	20.5%	21.2%	22.2%	15.0%	15.0%	15.0%	14.0%	13.0%	13.0%	12.0%	11.0%	10.0%	9.0%	8.0%
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow (WACC-Model)	-02	01	01	01	02	01	01	01	01	01	01	01	01	01

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	0.00%

Valuation (mln)

Present values 2024e	05		
Terminal Value	03		
Liabilities	-7.5		
Liquidity	8.2	No. of shares (mln)	1.82
Equity Value	09	Value per share (EUR)	005

Sensitivity Value per Share (EUR)

Terminal Growth

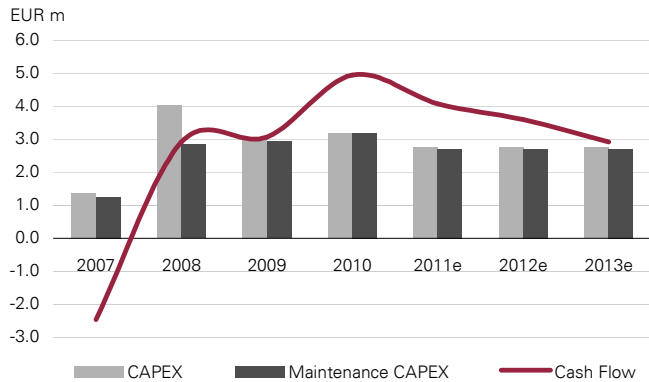
WACC	-0.75%	-0.50%	-0.25%	0.00%	0.25%	0.50%	0.75%
11.68%	004	004	004	004	004	004	004
11.18%	004	005	005	005	005	005	005
10.93%	005	005	005	005	005	005	005
10.68%	005	005	005	005	005	005	005
10.43%	005	005	005	005	005	005	005
10.18%	005	005	005	005	005	005	005
9.68%	005	005	005	005	005	006	006

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%	004	004	004	004	004	004	004
11.18%	005	005	005	005	005	005	005
10.93%	005	005	005	005	005	005	005
10.68%	005	005	005	005	005	005	005
10.43%	005	005	005	005	005	005	005
10.18%	005	005	005	005	005	005	005
9.68%	005	005	005	005	005	005	006

Source: Warburg Research

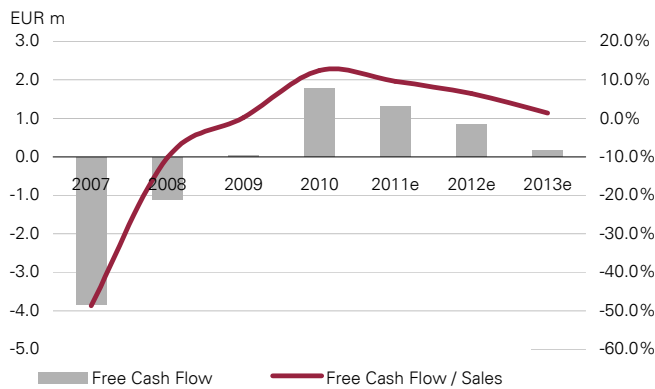
CAPEX and Cash Flow - MeVis Medical Solutions



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

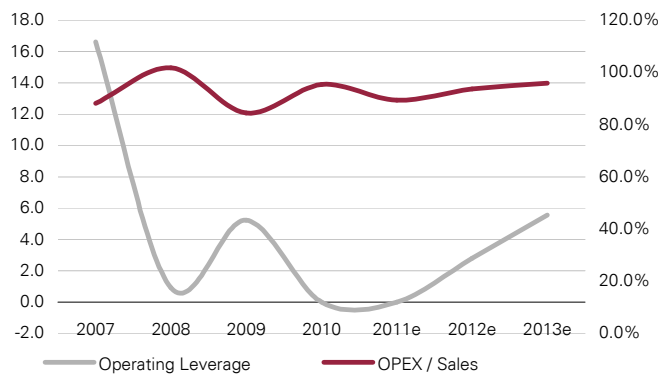
Free Cash Flow Generation - MeVis Medical Solutions



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

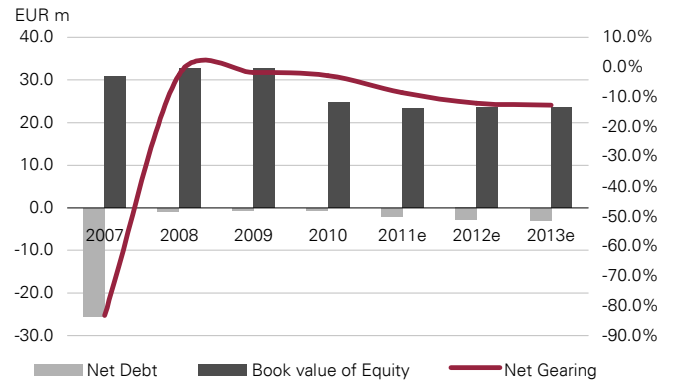
Operating Leverage - MeVis Medical Solutions



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

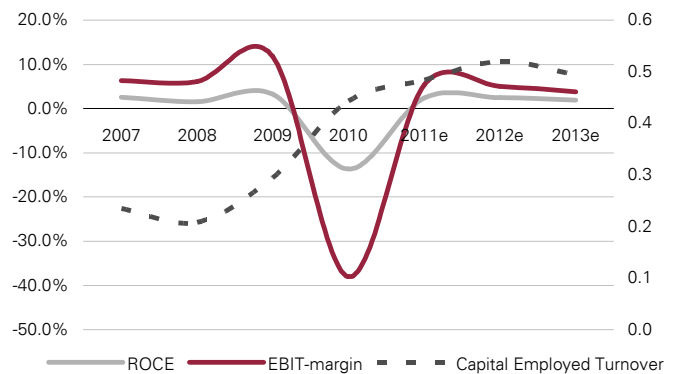
Working Capital - MeVis Medical Solutions



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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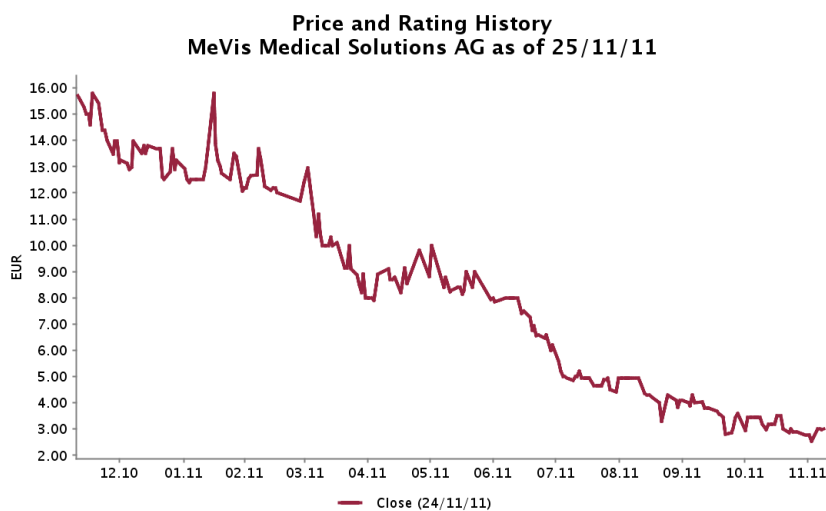
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Buy	126	69%
Hold	49	27%
Sell	5	3%
Rating suspended	2	1%
Total	182	

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Buy	103	73%
Hold	36	25%
Sell	1	1%
Rating suspended	2	1%
Total	142	



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