

Hold (old: Hold)

PT EUR 5.10 (old: 3.00)

Price EUR 3.83
Bloomberg M3V GR
Reuters M3VG
Sector Software/IT

Leading software provider of equipment for the image-based medicine



Share data: 19.01.2012 / Closing price

Market cap: EUR 7.0 m
Enterprise Value (EV): EUR 3.0 m
Book value: EUR 24.3 m
No. of shares: 1.8 m
Trading volume Ø: EUR 6.5 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:

Annual Report 04/24/12
 Figures Q1 05/30/12
 AGM 06/12/12
 Figures Q2 08/27/12

Change	2011E		2012E		2013E	
	old	Δ%	old	Δ%	old	Δ%
Sales	13.5	0	13.0	1.5	12.4	5.3
EBIT	0.7	0	0.7	16.9	0.5	81.2
EPS	-0.79	n.m.	0.06	83.3	-0.01	n.m.

Analysis: Warburg Research
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Opportunity to reverse the trend - New CEO

On January 20, 2011 MeVis Medical Solutions AG announced that Marcus Kirchhoff was appointed as the company's **new CEO** effective March 1, 2012. He has many years of experience in leading positions e.g. at General Electric, where he was responsible for the Health Care segment (additionally, General Electric is one of MeVis' most important potential new customers). The present CEO Dr. Carl Evertsz will act as a consultant to the company in the transitional period. Evertsz had built-up the company and initiated its internationalisation. The company did not provide more details.

It is probable, though, that the management change will be **accompanied by an acceleration of the new strategy**. A focus on the profitable segments (Digital Mammography in particular) as mentioned before (cf. Comment on November 25, 2011) appears to be the only reasonable move. The announced radical step of a management change also provides the opportunity of a trend reversal in the earnings development.

At present MeVis has to face decreasing revenues in its core business Digital Mammography. At the same time, the positive earnings of the core business are more than compensated by the loss-making „Other Diagnostics“ segment. Overall, the company generates small losses, but **cash flows are positive** thanks to high write-downs included in the losses (EUR 1.5m after investments as per September 20, 2012). Additional high write-downs on intangible assets are expected for 2011 (not included in the estimates so far, as concrete details are missing). These write-downs are likely to be another strong burden to the annual accounts in 2011.

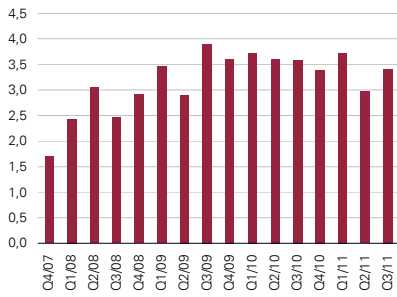
The new management will also have to face the trend of **shrinking revenues in the core business** and a **boost of the revenues in the Other Diagnostics segment** remains a challenging task, as the distribution success of these solutions is still low. The new management will presumably push the adjustment and **refocus of development expenses** to promising products. In sum, the management change is a clear signal. The company may even be successful in acquiring General Electric as an important new customer.

In view of the above it is fair to assume that the company may be able to stabilise its earnings level at least in the medium term so that the estimates are slightly raised. The unchanged assumption of solid cash flows of some EUR 1-2m p.a. (medium to long term) allows for an increase of the share's fair value to EUR 10 (EV: EUR 9m). After having deducted the purchase price payments there is no cash position relevant for the valuation.

The Hold rating is reiterated with a PT of EUR 5.10.

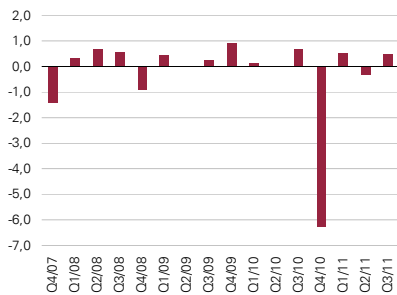
Fiscal year ending: 31.12. in EUR m	2007	2008	2009	2010	2011E	2012E	2013E
Sales	7.9	10.8	13.9	14.3	13.5	13.2	13.0
<i>Change Sales yoy</i>	-5.4 %	37.4 %	27.9 %	3.0 %	-5.5 %	-2.2 %	-1.5 %
Gross profit	7.2	12.4	15.7	16.4	15.8	15.5	15.3
<i>Gross margin</i>	91.8 %	114.5 %	113.3 %	114.7 %	116.7 %	117.2 %	117.5 %
EBITDA	0.9	1.8	4.5	3.5	4.2	3.8	3.8
<i>EBITDA-margin</i>	11.9 %	16.2 %	32.3 %	24.2 %	31.4 %	28.8 %	29.5 %
EBIT	0.5	0.7	1.6	-5.4	0.7	0.8	0.9
<i>EBIT-margin</i>	6.3 %	6.1 %	11.8 %	-38.0 %	5.4 %	5.8 %	6.5 %
Net income	0.1	2.1	0.4	-8.3	-0.4	0.2	0.2
EPS	0.17	1.21	0.23	-4.89	-0.26	0.11	0.14
Free Cash Flow per share	-5.00	-0.64	0.02	1.04	1.29	0.62	0.63
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	0.8	0.6	0.5	0.4	0.3	0.2	0.1
EV/EBITDA	6.7	3.6	1.4	1.8	1.0	0.8	0.5
EV/EBIT	12.6	9.4	3.8	n.m.	5.6	4.0	2.3
PER	22.5	3.2	16.7	n.m.	n.m.	34.8	27.4
ROCE	2.6 %	1.6 %	3.3 %	-13.7 %	2.4 %	2.8 %	3.3 %
Adj. Free Cash Flow Yield	n.a.	n.a.	24.5 %	4.3 %	37.8 %	43.1 %	84.8 %

Sales development
in EUR m



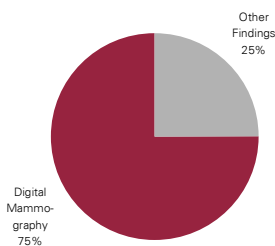
Source: MeVis Medical Solutions

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	13.2	13.0
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	16.0	15.8
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	15.8	15.5	15.3
Personnel expenses	4.2	7.7	9.8	10.4	9.5	9.3	9.1
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	2.8	2.7
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	3.8	3.8
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	3.8	3.4	3.5
Amortisation of intangible fixed assets	0.2	0.7	2.3	3.1	3.1	2.6	2.6
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	0.8	0.9
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	0.3	0.4
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	0.3	0.4
Taxes total	0.4	0.6	0.8	2.7	0.7	0.1	0.1
Net income from continuing operations	0.1	2.1	0.4	-8.3	-0.4	0.2	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	0.1	2.1	0.4	-8.3	-0.4	0.2	0.2
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	-0.4	0.2	0.2

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 %	21.2 %	21.5 %
Total sales	100.0 %	117.9 %	116.6 %	119.5 %	120.7 %	121.2 %	121.5 %
Material Expenses	8.2 %	3.4 %	3.3 %	4.8 %	4.0 %	4.0 %	4.0 %
Gross profit	91.8 %	114.5 %	113.3 %	114.7 %	116.7 %	117.2 %	117.5 %
Personnel expenses	53.2 %	70.7 %	70.7 %	72.7 %	70.4 %	70.5 %	70.0 %
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 %	28.8 %	29.5 %
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 %	25.8 %	26.5 %
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 %	5.8 %	6.5 %
Interest income	2.5 %	9.7 %	4.3 %	2.7 %	4.4 %	4.6 %	4.6 %
Interest expenses	1.7 %	3.0 %	7.2 %	5.0 %	8.2 %	8.3 %	8.5 %
Financial result	-0.1 %	18.8 %	-3.4 %	-1.3 %	-3.7 %	-3.8 %	-3.9 %
Recurring pretax income from cont. operations	6.2 %	25.0 %	8.4 %	-39.2 %	1.7 %	2.0 %	2.7 %
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 %	2.0 %	2.7 %
Taxes total	4.5 %	5.5 %	5.6 %	19.2 %	4.9 %	0.6 %	0.8 %
Net income from continuing operations	1.7 %	19.5 %	2.9 %	-58.4 %	-3.3 %	1.4 %	1.9 %
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	1.7 %	19.5 %	2.9 %	-58.4 %	-3.3 %	1.4 %	1.9 %
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 %	-3.3 %	1.4 %	1.9 %

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	21.1	20.5
thereof other intangible assets	1.2	10.1	10.5	9.4	8.8	8.4	7.8
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	23.0	22.3
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	2.2	2.1
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	7.4	5.4	6.5
Current assets	33.8	31.3	22.7	14.6	11.3	8.9	9.9
Total assets	35.6	59.6	51.0	38.8	34.7	31.9	32.2
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	-0.4	-0.3	0.0
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	24.3	24.5	24.8
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	24.3	24.5	24.8
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.1	0.2	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	34.7	31.9	32.2

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 %	61.7 %	66.0 %	63.5 %
thereof other intangible assets	3.5 %	17.0 %	20.6 %	24.1 %	25.3 %	26.4 %	24.3 %
thereof Goodwill	0.4 %	28.1 %	32.5 %	32.6 %	36.4 %	39.6 %	39.2 %
Property, plant and equipment	1.1 %	2.4 %	2.3 %	2.4 %	2.3 %	2.1 %	1.6 %
Financial assets	0.1 %	0.0 %	0.0 %	3.3 %	3.7 %	4.0 %	4.0 %
Fixed assets	5.1 %	47.5 %	55.5 %	62.4 %	67.6 %	72.1 %	69.2 %
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 %	7.5 %	6.9 %	6.5 %
Other Assets	7.5 %	14.3 %	6.3 %	3.1 %	3.4 %	3.7 %	3.7 %
Liquid assets	80.0 %	34.0 %	29.6 %	21.0 %	21.2 %	17.0 %	20.2 %
Current assets	94.8 %	52.5 %	44.5 %	37.6 %	32.5 %	27.9 %	30.7 %
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 %	5.2 %	5.7 %	5.7 %
Additional paid-in capital	79.4 %	47.6 %	55.8 %	73.5 %	82.2 %	89.4 %	88.6 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	-1.3 %	-0.8 %	-0.1 %
Other equity components	1.9 %	4.1 %	4.6 %	-14.3 %	-16.0 %	-17.4 %	-17.2 %
Book value	86.4 %	54.7 %	63.9 %	63.9 %	70.2 %	76.9 %	76.9 %
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 %	70.2 %	76.9 %	76.9 %
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 %	3.3 %	3.3 %
Financial liabilities	8.1 %	32.6 %	28.4 %	19.2 %	12.9 %	4.6 %	4.5 %
Accounts payable	1.8 %	1.7 %	2.2 %	3.4 %	2.0 %	2.2 %	2.2 %
Other liabilities	3.4 %	10.5 %	5.0 %	10.7 %	12.0 %	13.1 %	12.9 %
Liabilities	13.5 %	45.3 %	36.0 %	36.1 %	29.9 %	23.1 %	22.9 %
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	-0.4	0.2	0.2
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	2.6
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	3.1	3.2	3.2
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	0.4	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	1.9	0.4	0.1
Cash flow from operating activities	-2.5	2.9	3.1	5.0	5.0	3.6	3.3
CAPEX	-1.4	-4.0	-3.0	-3.2	-2.8	-2.6	-2.3
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	-5.6	-2.3
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	-0.8	-1.9	1.1
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	4.8	2.9	4.0

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 %	89.4 %	92.5 %	92.0 %
Sales per Employee	85,783	59,912	58,029	63,799	54,789	48,701	43,603
EBITDA per Employee	10,207	9,707	18,720	15,415	17,188	14,005	12,880
EBIT-margin	6.3 %	6.1 %	11.8 %	-38.0 %	5.4 %	5.8 %	6.5 %
EBITDA / Operating Assets	40.0 %	61.1 %	101.2 %	71.4 %	151.7 %	168.0 %	189.3 %
ROA	7.3 %	7.5 %	1.4 %	-34.5 %	-1.9 %	0.8 %	1.1 %
Efficiency of Capital Employment							
Plant Turnover	19.8	7.7	11.6	15.4	17.1	20.0	24.6
Operating Assets Turnover	3.4	3.8	3.1	3.0	4.8	5.8	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 %	2.8 %	3.3 %
EBITDA / Avg. Capital Employed	4.9 %	4.1 %	9.0 %	8.7 %	13.9 %	13.9 %	14.7 %
ROE	0.4 %	6.5 %	1.2 %	-33.7 %	-1.8 %	0.7 %	1.0 %
Net Profit / Avg. Equity	0.8 %	6.7 %	1.2 %	-29.1 %	-1.8 %	0.7 %	1.0 %
Recurring Net Profit / Avg. Equity	0.8 %	6.7 %	1.2 %	-29.1 %	-1.8 %	0.7 %	1.0 %
ROIC	0.4 %	3.9 %	0.8 %	-22.5 %	-1.3 %	0.6 %	0.8 %
Solvency							
Net Debt	-25.6	-0.8	-0.6	-0.7	-2.9	-4.0	-5.0
Net Gearing	-83.1 %	-2.5 %	-1.9 %	-2.8 %	-11.9 %	-16.2 %	-20.3 %
Book Value of Equity / Book Value of Debt	1063.6 %	167.8 %	225.2 %	332.3 %	546.0 %	1681.2 %	1698.0 %
Current ratio	7.1	1.2	1.2	1.1	1.2	1.4	1.6
Acid Test Ratio	7.0	1.2	1.2	1.0	1.1	1.2	1.3
EBITDA / Interest Paid	6.9	5.5	4.5	4.8	3.9	3.5	3.5
Interest Cover	0.0	0.0	4.1	0.0	1.5	1.5	1.7
Cash Flow							
Free Cash Flow	-3.8	-1.1	0.0	1.8	2.2	1.1	1.1
Free Cash Flow / Sales	-48.7 %	-10.2 %	0.2 %	12.4 %	16.3 %	8.0 %	8.3 %
Adj. Free Cash Flow	-0.3	-1.1	1.5	0.3	1.5	1.3	1.6
Adj. Free Cash Flow / Sales	-10.6 %	-23.2 %	1.7 %	-3.5 %	2.7 %	0.9 %	3.3 %
Free Cash Flow / Net Profit	-2912.9 %	-52.5 %	7.8 %	-21.2 %	-498.4 %	579.1 %	438.8 %
Interest Received / Avg. Cash	1.2 %	4.3 %	3.4 %	3.3 %	7.7 %	9.4 %	10.1 %
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 %	19.4 %	17.4 %
Maint. Capex / Sales	15.9 %	26.2 %	21.2 %	22.3 %	20.0 %	18.9 %	16.9 %
Capex / Dep	334.3 %	825.8 %	187.3 %	-7.8 %	78.9 %	84.5 %	75.6 %
Avg. Working Capital / Sales	20.9 %	15.7 %	16.9 %	25.0 %	21.9 %	13.6 %	11.9 %
Trade Creditors / Trade Debtors	397.7 %	225.9 %	376.6 %	390.2 %	371.4 %	314.3 %	300.0 %
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	0.3	0.3	0.3	0.3
EV/sales	0.8	0.6	0.5	0.4	0.3	0.2	0.1
EV/EBITDA	6.7	3.6	1.4	1.8	1.0	0.8	0.5
EV/EBIT	12.6	9.4	3.8	n.m.	5.6	4.0	2.3
EV/FCF	n.m.	n.m.	202.2	3.5	1.8	2.9	1.8
P/E	22.5	3.2	16.7	n.m.	n.m.	34.8	27.4
P/CF	neg.	2.2	2.5	1.7	2.3	2.2	2.2
Adj. Free Cash Flow Yield	n.a.	n.a.	24.5 %	4.3 %	37.8 %	43.1 %	84.8 %

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	00	02	00	-08	00	00	00	
+ Depreciation + Amortisation	00	01	03	09	04	03	03	
- Net Interest Income	00	02	00	00	-01	-01	-01	
+ Taxes	00	01	01	03	01	00	00	
- Maintenance Capex	01	03	03	03	03	03	02	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	00	-01	02	00	02	01	02	
Adjusted Free Cash Flow Yield	-5.0%	-17.3%	24.5%	4.3%	37.8%	43.1%	84.8%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	6.3	6.3	6.3	6.3	4.1	3.0	1.9	
= Fair Enterprise Value	-	-	15	03	15	13	16	
- Net Debt (Cash)	-01	-01	-01	-01	-03	-04	-05	
- Pension Liabilities	00	00	00	00	00	00	00	
- Others	00	00	00	00	00	00	00	
= Fair Market Capitalisation	-	-	16	03	18	17	21	
No. of shares (m)	1.8	1.8	1.8	1.8	1.8	1.8	1.8	
= Fair value per share (EUR)	-	-	009	002	010	009	012	
premium (-) / discount (+) in %	-	-	130.4%	-51.2%	161.9%	142.8%	207.5%	
Sensitivity Fair value per Share (EUR)								
	13.0%	-	-	007	002	008	008	010
	12.0%	-	-	007	002	009	008	010
	11.0%	-	-	008	002	009	009	011
Hurdle rate	10.0%	-	-	009	002	010	009	012
	9.0%	-	-	010	002	011	010	013
	8.0%	-	-	011	002	012	011	014
	7.0%	-	-	012	003	014	012	016

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	14	13	13	13	13	13	13	13	13	13	13	13	13	13
Change	-06%	-02%	-02%	00%	00%	00%	00%	00%	00%	00%	00%	00%	00%	00%
EBIT	01	01	01	01	01	01	01	01	01	01	01	01	01	01
EBIT-Margin	05%	06%	07%	07%	07%	07%	07%	07%	08%	09%	09%	09%	09%	09%
Tax rate	297%	30%	30%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
NOPAT	-01	01	01	01	01	01	01	01	01	01	01	01	01	01
Depreciation	04	03	03	03	03	03	02	02	02	02	02	02	02	02
in % of Sales	26%	23%	23%	22%	21%	20%	19%	18%	17%	16%	15%	15%	15%	15%
Change in Liquidity from														
- Working Capital	1.9	0.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Capex	-03	-03	-02	-02	-02	-02	-02	-02	-02	-02	-02	-02	-02	-02
Capex in % of Sales	21%	19%	17%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Other	00	00	00	00	00	00	00	00	00	00	00	00	00	00
Free Cash Flow (WACC-Model)	1.2	1.4	1.4	1.5	1.4	1.2	1.1	1.0	1.0	0.9	0.8	0.8	0.8	0.8

Model parameter

Debt ratio	10.00%	Beta	002
Costs of Debt	6.8%	WACC	013%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	0.00%

Valuation (mln)

Present values 2024e	8.3		
Terminal Value	1.3		
Liabilities	-08		
Liquidity	08	No. of shares (mln)	1.82
Equity Value	9.3	Value per share (EUR)	5.11

Sensitivity Value per Share (EUR)

Terminal Growth

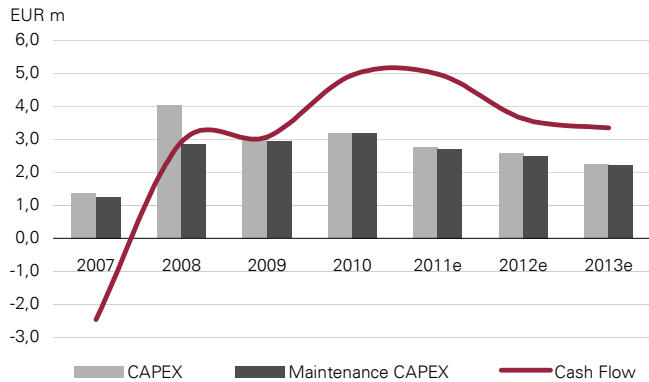
WACC	-0.75%	-0.50%	-0.25%	0.00%	0.25%	0.50%	0.75%
014%	4.79	4.80	4.81	4.82	4.83	4.84	4.85
013%	4.93	4.94	4.95	4.96	4.97	4.98	5.00
013%	5.00	5.01	5.02	5.03	5.05	5.06	5.08
013%	5.07	5.09	5.10	5.11	5.13	5.14	5.16
013%	5.15	5.16	5.18	5.19	5.21	5.22	5.24
012%	5.23	5.25	5.26	5.28	5.29	5.31	5.33
012%	5.40	5.42	5.43	5.45	5.47	5.49	5.51

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
014%	4.51	4.61	4.71	4.82	4.92	5.03	5.13
013%	4.63	4.74	4.85	4.96	5.07	5.18	5.29
013%	4.69	4.81	4.92	5.03	5.15	5.26	5.38
013%	4.76	4.88	4.99	5.11	5.23	5.35	5.47
013%	4.83	4.95	5.07	5.19	5.31	5.44	5.56
012%	4.90	5.02	5.15	5.28	5.40	5.53	5.65
012%	5.05	5.18	5.32	5.45	5.59	5.72	5.85

Source: Warburg Research

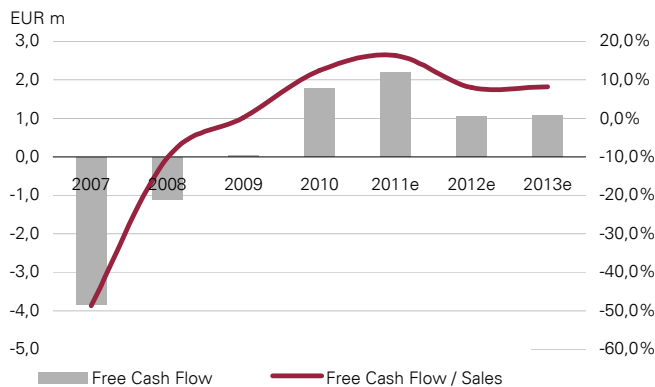
CAPEX and Cash Flow - MeVis Medical Solutions



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

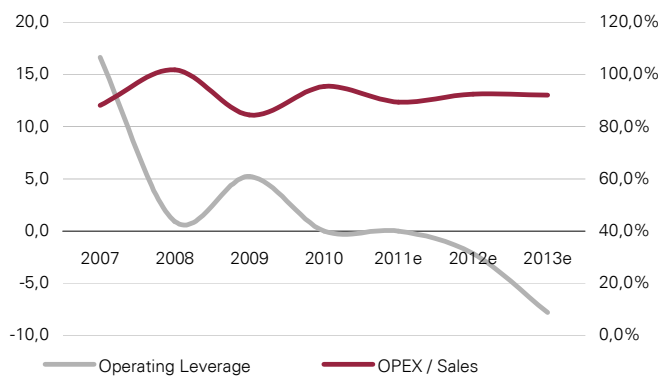
Free Cash Flow Generation - MeVis Medical Solutions



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

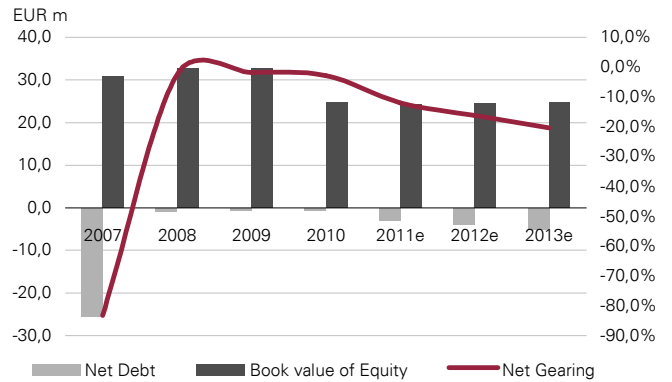
Operating Leverage - MeVis Medical Solutions



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

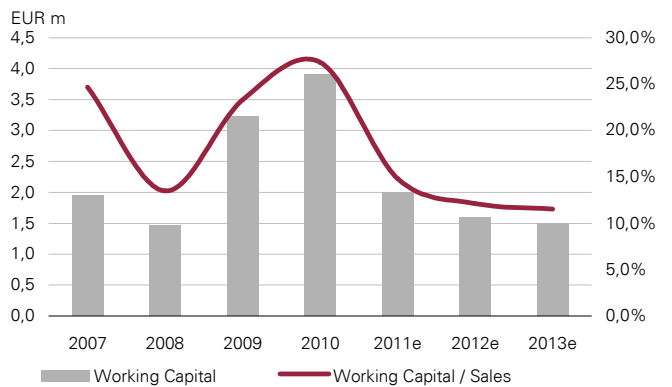
Balance Sheet Quality - MeVis Medical Solutions



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

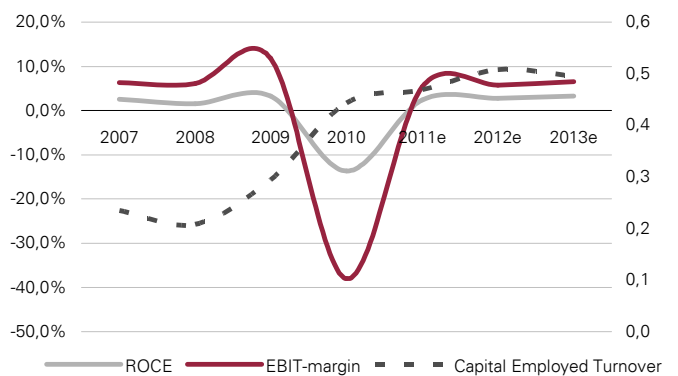
Working Capital - MeVis Medical Solutions



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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- B **Buy**: The price of the analysed equity security is expected to rise over the next 12 months.
- H **Hold**: The price of the analysed equity security is expected to remain mostly flat over the next 12 months.
- S **Sell**: The price of the analysed equity security is expected to fall over the next 12 months.
- “-“ **Rating suspended**: The available information does not currently permit an evaluation of the company.

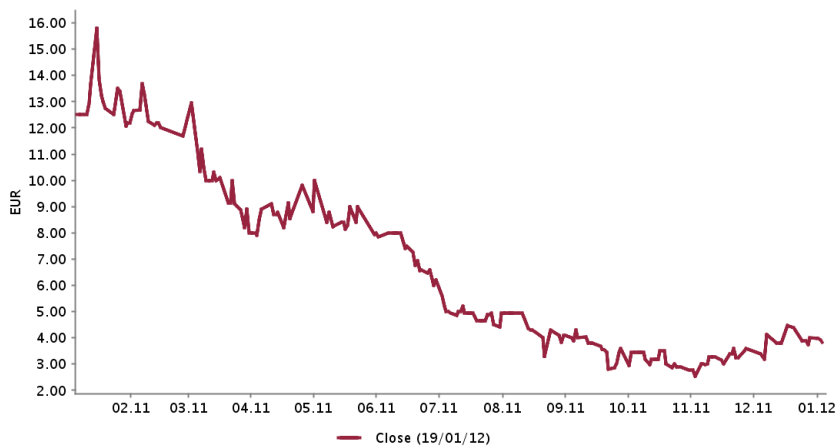
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Rating	Number of stocks	% of Universe
Buy	130	72%
Hold	43	24%
Sell	5	3%
Rating suspended	3	2%
Total	181	

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Rating	Number of stocks	% of Universe
Buy	95	70%
Hold	35	26%
Sell	3	2%
Rating suspended	3	2%
Total	136	

Price and Rating History
MeVis Medical Solutions AG as of 20/01/12



The charts have markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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