

Buy (old: Hold)

PT EUR 7.50 (old: 5.70)

Price EUR 6.00
Bloomberg M3V GR
Reuters M3VG
Sector Software/IT

Leading software provider of equipment for the image-based medicine



Share data: 24.04.2012 / Closing price

Market cap: EUR 10.9 m
Enterprise Value (EV): EUR 6.4 m
Book value: EUR 21.5 m
No. of shares: 1.8 m
Trading volume Ø: EUR 9.8 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:

Figures Q1 05/30/12
 AGM 06/12/12
 Figures Q2 08/27/12
 Figures Q3 11/12/12

Change	2012E		2013E		2014E	
	old	Δ%	old	Δ%	old	Δ%
Sales	13.2	3.0	13.0	3.8	13.0	-
EBIT	0.8	56.4	0.9	64.4	1.1	-
EPS	0.11	300.0	0.14	335.7	0.49	-

Analysis: Warburg Research
 Date of publication: 25.04.2012
 Analyst: Felix Ellmann
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The course is set

On April 24, 2012 MeVis Medical Solutions AG published **the annual report and gave an outlook for the current fiscal year**. There are no major deviations between the reported figures and the preliminary figures published on February 14, 2012. The company guides for stable revenues in 2012 and an EBIT that slightly exceeds the adjusted EBIT in 2011 (EUR 1.2m). Whilst the strong cash flow and the new management argue for the company, the long-term revenue development is a very critical factor:

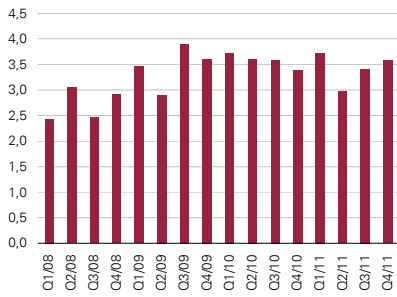
- **Strong cash flow:** on December 31, 2011 Mevis had a strong operating cash flow of EUR 5.1m. Following investments in (capitalised) product developments the cash flow now stands at EUR 2.7m. However, it must be taken into account here that no significant taxes were paid in 2011. This will change in 2012 while concurrently there will be one-off expenses in connection with the separation from Executive Board member Tynes (EUR 0.2m). In total a free cash flow of approx. EUR 2m is expected for 2012. Given the current EV of EUR 6.5m (after deducting the remaining MBS purchase price payment of EUR 3m) **the valuation is attractive**.
- **New management:** the changes initiated by the new management are another positive factor. The separation from the former Executive Board member and the closing of the US subsidiary are likely to have a positive impact on costs. In addition, management will predominantly focus on the necessary stabilisation of business.
- **Revenues in the core business under pressure in the long term:** MeVis' main problem is the stabilisation of revenues. The Digital Mammography segment accounts for 76% of revenues. This segment was down 2% last year while business with new licenses heavily declined by 16%. This decline is due to the market being saturated with digital mammography devices in the US, the most important sales market (penetration 80%) which accounts for roughly 50% of segmental revenues with end customers. Further growth is expected in the European and Asian regions (at lower prices). However, overall revenue stabilisation is a challenging target. In the long term in particular a decline in revenues seems probable in this segment which should only be compensated for to some extent by successor technologies („digital tomosynthesis“).
- **The Other Diagnostics segment** („new product developments of the last years“) is to compensate for the core business' revenue decline in the long term. In fact, the opposite occurred in 2011. Revenues were down 10% in this segment which underlines the enormous difficulty to place new products on the market. It may well be possible that further cost cutting measures will have to be initiated and adjustments made, if revenues cannot be increased in the medium term. As such, earnings in the Other Diagnostics segment are expected to improve in both scenarios.

Revenues are expected to be stable (WR) at group level in 2012 and beyond and should slightly decline from 2014 onwards. A relatively solid cash flow appears to be realistic.

Good Q1: the short-term trend is also positive. Revenues were slightly increased in each of the last quarters while costs were reduced. In view of this **a good Q1 seems to be realistic**. Management did not raise objections to this view. **Against the backdrop of the strong cash flow and the visible structural changes, estimates and PT are being raised. Given a new PT of EUR 7.50 the rating is upgraded to Buy.**

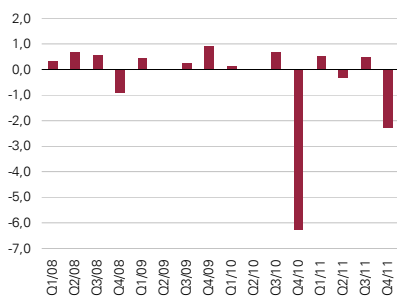
Fiscal year ending: 31.12. in EUR m	2008	2009	2010	2011	2012E	2013E	2014E
Sales	10.8	13.9	14.3	13.7	13.6	13.5	13.0
<i>Change Sales yoy</i>	37.4 %	27.9 %	3.0 %	-4.3 %	-0.6 %	-0.7 %	-3.7 %
Gross profit	12.4	15.7	16.4	15.4	15.5	15.4	14.9
<i>Gross margin</i>	114.5 %	113.3 %	114.7 %	112.3 %	113.6 %	113.8 %	114.4 %
EBITDA	1.8	4.5	3.5	4.4	4.0	4.2	3.8
<i>EBITDA-margin</i>	16.2 %	32.3 %	24.2 %	32.3 %	29.7 %	31.3 %	29.4 %
EBIT	0.7	1.6	-5.4	-1.6	1.2	1.4	1.1
<i>EBIT-margin</i>	6.1 %	11.8 %	-38.0 %	-12.0 %	8.7 %	10.3 %	8.4 %
Net income	2.1	0.4	-8.3	-4.1	0.8	1.0	0.8
EPS	1.21	0.23	-4.89	-2.38	0.44	0.61	0.49
Free Cash Flow per share	-0.64	0.02	1.04	1.34	1.02	1.11	0.93
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	0.7	0.6	0.6	0.6	0.5	0.3	0.2
EV/EBITDA	4.6	1.8	2.4	1.8	1.6	1.1	0.7
EV/EBIT	12.2	5.0	n.m.	n.m.	5.4	3.2	2.6
PER	5.0	26.1	n.m.	n.m.	13.6	9.8	12.2
ROCE	1.6 %	3.3 %	-13.7 %	-5.7 %	4.9 %	5.9 %	4.4 %
Adj. Free Cash Flow Yield	n.a.	18.9 %	3.3 %	18.3 %	24.3 %	45.6 %	57.1 %

Sales development
in EUR m



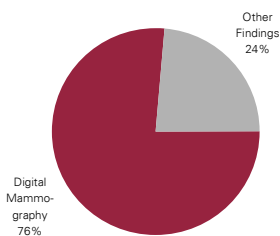
Source: MeVis Medical Solutions

EBIT development
in EUR m



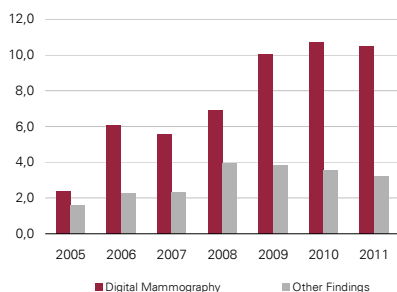
Source: MeVis Medical Solutions

Sales by segments
2011



Source: MeVis Medical Solutions

Sales split by 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	2008	2009	2010	2011	2012E	2013E	2014E
Sales	10.8	13.9	14.3	13.7	13.6	13.5	13.0
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	1.9	2.3	2.8	2.4	2.4	2.4	2.4
Total sales	12.8	16.2	17.1	16.1	16.0	15.9	15.4
Material Expenses	0.4	0.5	0.7	0.7	0.5	0.5	0.5
Gross profit	12.4	15.7	16.4	15.4	15.5	15.4	14.9
Personnel expenses	7.7	9.8	10.4	9.2	9.3	9.1	9.1
Other operating income	1.1	1.8	1.1	1.1	0.7	0.8	0.8
Other operating expenses	4.1	3.3	3.7	2.9	2.9	2.8	2.7
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	1.8	4.5	3.5	4.4	4.0	4.2	3.8
Depreciation of fixed assets	0.4	0.5	5.8	3.0	0.3	0.3	0.3
EBITA	1.4	3.9	-2.3	1.5	3.8	4.0	3.6
Amortisation of intangible fixed assets	0.7	2.3	3.1	3.1	2.6	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	0.7	1.6	-5.4	-1.6	1.2	1.4	1.1
Interest income	1.1	0.6	0.4	0.1	0.1	0.1	0.1
Interest expenses	0.3	1.0	0.7	0.3	0.2	0.0	0.0
Financial result	2.0	-0.5	-0.2	-1.3	-0.1	0.1	0.1
Recurring pretax income from cont. operations	2.7	1.2	-5.6	-2.9	1.1	1.5	1.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	2.7	1.2	-5.6	-2.9	1.1	1.5	1.2
Taxes total	0.6	0.8	2.7	1.2	0.3	0.4	0.4
Net income from continuing operations	2.1	0.4	-8.3	-4.1	0.8	1.0	0.8
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	2.1	0.4	-8.3	-4.1	0.8	1.0	0.8
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	2.1	0.4	-8.3	-4.1	0.8	1.0	0.8

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

Consolidated Profit & Loss MeVis Medical Solutions							
in % of Sales	2008	2009	2010	2011	2012E	2013E	2014E
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	17.9 %	16.6 %	19.5 %	17.5 %	17.6 %	17.8 %	18.4 %
Total sales	117.9 %	116.6 %	119.5 %	117.5 %	117.6 %	117.8 %	118.4 %
Material Expenses	3.4 %	3.3 %	4.8 %	5.2 %	4.0 %	4.0 %	4.0 %
Gross profit	114.5 %	113.3 %	114.7 %	112.3 %	113.6 %	113.8 %	114.4 %
Personnel expenses	70.7 %	70.7 %	72.7 %	67.1 %	68.4 %	67.4 %	70.0 %
Other operating income	9.8 %	13.2 %	8.0 %	8.4 %	5.5 %	6.0 %	6.0 %
Other operating expenses	37.4 %	23.6 %	25.8 %	21.4 %	21.0 %	21.0 %	21.0 %
Unfrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	16.2 %	32.3 %	24.2 %	32.3 %	29.7 %	31.4 %	29.4 %
Depreciation of fixed assets	3.6 %	3.9 %	40.6 %	21.7 %	2.0 %	2.0 %	2.0 %
EBITA	12.6 %	28.4 %	-16.4 %	10.6 %	27.7 %	29.4 %	27.4 %
Amortisation of intangible fixed assets	6.5 %	16.6 %	21.6 %	22.6 %	19.0 %	19.0 %	19.0 %
Impairment charges and amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	6.1 %	11.8 %	-38.0 %	-12.0 %	8.7 %	10.4 %	8.4 %
Interest income	9.7 %	4.3 %	2.7 %	0.8 %	0.7 %	0.7 %	0.8 %
Interest expenses	3.0 %	7.2 %	5.0 %	2.5 %	1.5 %	0.0 %	0.0 %
Financial result	18.8 %	-3.4 %	-1.3 %	-9.3 %	-0.7 %	0.7 %	0.8 %
Recurring pretax income from cont. operations	25.0 %	8.4 %	-39.2 %	-21.3 %	8.0 %	11.1 %	9.2 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBT	25.0 %	8.4 %	-39.2 %	-21.3 %	8.0 %	11.1 %	9.2 %
Taxes total	5.5 %	5.6 %	19.2 %	8.6 %	2.4 %	3.3 %	2.8 %
Net income from continuing operations	19.5 %	2.9 %	-58.4 %	-29.9 %	5.6 %	7.8 %	6.5 %
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	19.5 %	2.9 %	-58.4 %	-29.9 %	5.6 %	7.8 %	6.5 %
Minority interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	19.5 %	2.9 %	-58.4 %	-29.9 %	5.6 %	7.8 %	6.5 %

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

Balance sheet MeVis Medical Solutions

in EUR m

	2008	2009	2010	2011	2012E	2013E	2014E
Assets							
Intangible assets	26.9	27.1	22.0	18.9	18.6	18.1	17.6
thereof other intangible assets	10.1	10.5	9.4	6.3	6.0	5.4	5.0
thereof Goodwill	16.7	16.6	12.6	12.6	12.6	12.6	12.6
Property, plant and equipment	1.4	1.2	0.9	0.7	0.7	0.7	0.7
Financial assets	0.0	0.0	1.3	0.3	0.3	0.3	0.3
Fixed assets	28.3	28.3	24.2	19.9	19.6	19.0	18.6
Inventories	0.2	0.1	0.1	0.3	0.1	0.1	0.1
Accounts receivable	2.3	4.2	5.1	4.4	3.9	3.5	3.2
Other Assets	8.5	3.2	1.2	0.5	0.5	0.5	0.5
Liquid assets	20.3	15.1	8.2	7.5	6.3	8.2	9.8
Current assets	31.3	22.7	14.6	12.7	10.7	12.3	13.6
Total assets	59.6	51.0	38.8	32.5	30.3	31.3	32.1
Liabilities and shareholders' equity							
Subscribed capital	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Additional paid-in capital	28.4	28.5	28.5	28.1	28.1	28.1	28.1
Surplus capital	0.0	0.0	0.0	0.0	0.8	1.8	2.6
Other equity components	2.4	2.3	-5.5	-9.2	-9.2	-9.2	-9.2
Book value	32.6	32.6	24.8	20.7	21.5	22.5	23.4
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	32.6	32.6	24.8	20.7	21.5	22.5	23.4
Provision for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Provisions	0.2	0.2	1.1	1.1	1.1	1.1	1.1
Financial liabilities	19.4	14.5	7.5	4.7	1.7	1.7	1.7
Accounts payable	1.0	1.1	1.3	1.2	1.2	1.1	1.1
Other liabilities	6.3	2.6	4.2	4.8	4.8	4.8	4.8
Liabilities	27.0	18.3	14.0	11.8	8.9	8.8	8.8
Total liabilities and shareholders' equity	59.6	51.0	38.8	32.5	30.3	31.3	32.1

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

Balance sheet MeVis Medical Solutions

in % of Balance Sheet Total

	2008	2009	2010	2011	2012E	2013E	2014E
Assets							
Intangible assets	45.1 %	53.1 %	56.7 %	58.2 %	61.5 %	57.7 %	54.8 %
thereof other intangible assets	17.0 %	20.6 %	24.1 %	19.3 %	19.8 %	17.4 %	15.5 %
thereof Goodwill	28.1 %	32.5 %	32.6 %	38.9 %	41.7 %	40.4 %	39.4 %
Property, plant and equipment	2.4 %	2.3 %	2.4 %	2.1 %	2.3 %	2.2 %	2.1 %
Financial assets	0.0 %	0.0 %	3.3 %	0.9 %	0.9 %	0.9 %	0.9 %
Fixed assets	47.5 %	55.5 %	62.4 %	61.2 %	64.7 %	60.8 %	57.8 %
Inventories	0.3 %	0.3 %	0.2 %	0.8 %	0.3 %	0.3 %	0.3 %
Accounts receivable	3.9 %	8.3 %	13.2 %	13.6 %	12.9 %	11.2 %	10.0 %
Other Assets	14.3 %	6.3 %	3.1 %	1.5 %	1.6 %	1.5 %	1.5 %
Liquid assets	34.0 %	29.6 %	21.0 %	23.1 %	20.7 %	26.1 %	30.5 %
Current assets	52.5 %	44.5 %	37.6 %	39.0 %	35.5 %	39.2 %	42.3 %
Total assets	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Liabilities and shareholders' equity							
Subscribed capital	3.1 %	3.6 %	4.7 %	5.6 %	6.0 %	5.8 %	5.7 %
Additional paid-in capital	47.6 %	55.8 %	73.5 %	86.4 %	92.7 %	89.7 %	87.5 %
Surplus capital	0.0 %	0.0 %	0.0 %	0.0 %	2.5 %	5.8 %	8.3 %
Other equity components	4.1 %	4.6 %	-14.3 %	-28.2 %	-30.3 %	-29.3 %	-28.6 %
Book value	54.7 %	63.9 %	63.9 %	63.8 %	70.9 %	72.0 %	72.8 %
Minority Interest	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Total equity	54.7 %	63.9 %	63.9 %	63.8 %	70.9 %	72.0 %	72.8 %
Provision for pensions and similar obligations	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions	0.4 %	0.4 %	2.7 %	3.4 %	3.6 %	3.5 %	3.4 %
Financial liabilities	32.6 %	28.4 %	19.2 %	14.5 %	5.6 %	5.5 %	5.3 %
Accounts payable	1.7 %	2.2 %	3.4 %	3.6 %	4.0 %	3.5 %	3.4 %
Other liabilities	10.5 %	5.0 %	10.7 %	14.9 %	16.0 %	15.5 %	15.1 %
Liabilities	45.3 %	36.0 %	36.1 %	36.4 %	29.2 %	28.0 %	27.3 %
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

	2008	2009	2010	2011	2012E	2013E	2014E
Net income	0.6	-0.2	-5.3	-1.3	0.8	1.0	0.8
Depreciation of fixed assets	0.4	0.5	5.8	3.0	0.3	0.3	0.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.7	2.3	3.1	3.1	2.6	2.6	2.5
Increase/decrease in long-term provisions	0.2	0.1	0.9	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	1.4	0.1	-0.4	0.0	0.0	0.0	0.0
Cash Flow	3.2	2.8	4.0	4.8	3.6	3.9	3.6
Increase / decrease in inventory	-0.1	0.0	0.0	-0.2	0.2	0.0	0.0
Increase / decrease in accounts receivable	-0.6	1.9	-0.5	1.0	0.5	0.4	0.3
Increase / decrease in accounts payable	0.4	-1.6	1.4	-0.5	0.0	-0.1	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	-0.3	0.3	0.9	0.4	0.7	0.3	0.3
Cash flow from operating activities	2.9	3.1	5.0	5.1	4.3	4.2	3.9
CAPEX	-4.0	-3.0	-3.2	-2.8	-2.6	-2.3	-2.3
Payments for acquisitions	-4.5	-4.7	-7.2	-3.0	-3.0	0.0	0.0
Financial investments	-5.0	-2.3	3.9	1.1	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	-13.5	-10.0	-6.5	-4.7	-5.6	-2.3	-2.3
Change in financial liabilities	-0.4	-0.1	-0.4	0.0	-3.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	-2.2	-0.5	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	3.0	0.0	0.0
Cash flow from financing activities	-2.6	-0.5	-0.4	0.0	0.0	0.0	0.0
Change in liquid funds	-13.2	-7.4	-2.0	0.4	-1.2	1.9	1.6
Effects of exchange rate changes on cash	0.0	-0.1	-0.1	0.1	0.0	0.0	0.0
Liquid assets at end of period	15.3	7.7	5.6	6.1	4.8	6.7	8.4

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

Financial Ratios MeVis Medical Solutions

	2008	2009	2010	2011	2012E	2013E	2014E
Operational Efficiency							
Total Operating Costs / Sales	101.7 %	84.4 %	95.3 %	85.2 %	87.9 %	86.4 %	89.0 %
Sales per Employee	59,912	58,029	63,799	73,935	66,831	60,308	52,795
EBITDA per Employee	9,707	18,720	15,415	23,870	19,877	18,906	15,542
EBIT-margin	6.1 %	11.8 %	-38.0 %	-12.0 %	8.7 %	10.3 %	8.4 %
EBITDA / Operating Assets	61.1 %	101.2 %	71.4 %	105.3 %	116.1 %	132.9 %	132.7 %
ROA	7.5 %	1.4 %	-34.5 %	-20.6 %	3.9 %	5.5 %	4.5 %
Efficiency of Capital Employment							
Plant Turnover	7.7	11.6	15.4	20.0	19.9	19.7	19.0
Operating Assets Turnover	3.8	3.1	3.0	3.3	3.9	4.2	4.5
Capital Employed Turnover	0.2	0.3	0.4	0.5	0.6	0.6	0.5
Return on Capital							
ROCE	1.6 %	3.3 %	-13.7 %	-5.7 %	4.9 %	5.9 %	4.4 %
EBITDA / Avg. Capital Employed	4.1 %	9.0 %	8.7 %	15.3 %	16.6 %	17.8 %	15.5 %
ROE	6.5 %	1.2 %	-33.7 %	-19.7 %	3.5 %	4.6 %	3.6 %
Net Profit / Avg. Equity	6.7 %	1.2 %	-29.1 %	-18.0 %	3.6 %	4.8 %	3.6 %
Recurring Net Profit / Avg. Equity	6.7 %	1.2 %	-29.1 %	-18.0 %	3.6 %	4.8 %	3.6 %
ROIC	3.9 %	0.8 %	-22.5 %	-13.2 %	2.7 %	3.5 %	2.7 %
Solvency							
Net Debt	-0.8	-0.6	-0.7	-2.8	-4.6	-6.5	-8.1
Net Gearing	-2.5 %	-1.9 %	-2.8 %	-13.5 %	-21.2 %	-28.7 %	-34.5 %
Book Value of Equity / Book Value of Debt	167.8 %	225.2 %	332.3 %	440.2 %	1257.5 %	1318.9 %	1367.9 %
Current ratio	1.2	1.2	1.1	1.2	1.4	1.6	1.8
Acid Test Ratio	1.2	1.2	1.0	1.0	1.2	1.4	1.5
EBITDA / Interest Paid	5.5	4.5	4.8	12.8	20.2	n.a.	n.a.
Interest Cover	n.a.	4.1	n.a.	n.a.	11.9	n.a.	n.a.
Cash Flow							
Free Cash Flow	-1.1	0.0	1.8	2.3	1.8	1.9	1.6
Free Cash Flow / Sales	-10.2 %	0.2 %	12.4 %	16.9 %	12.9 %	14.2 %	12.4 %
Adj. Free Cash Flow	-1.1	1.5	0.3	1.5	1.5	2.0	1.6
Adj. Free Cash Flow / Sales	-23.2 %	1.7 %	-3.5 %	6.7 %	7.5 %	11.7 %	9.8 %
Free Cash Flow / Net Profit	-52.5 %	7.8 %	-21.2 %	-56.4 %	230.3 %	182.5 %	191.9 %
Interest Received / Avg. Cash	4.3 %	3.4 %	3.3 %	1.4 %	1.5 %	1.4 %	1.1 %
Interest Paid / Avg. Debt	2.9 %	5.9 %	6.5 %	5.7 %	6.2 %	0.0 %	0.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Fund Management							
Investment ratio	83.2 %	38.4 %	-4.9 %	12.4 %	18.9 %	16.8 %	17.4 %
Maint. Capex / Sales	26.2 %	21.2 %	22.3 %	21.4 %	18.4 %	16.3 %	16.9 %
Capex / Dep	825.8 %	187.3 %	-7.8 %	28.0 %	90.1 %	80.1 %	82.8 %
Avg. Working Capital / Sales	15.7 %	16.9 %	25.0 %	27.1 %	23.2 %	19.6 %	18.1 %
Trade Creditors / Trade Debtors	225.9 %	376.6 %	390.2 %	378.4 %	325.0 %	318.2 %	290.9 %
Inventory turnover (days)	5.2	3.4	2.2	6.9	1.8	1.8	1.8
Receivables collection period (DSOs)	78.9	111	131	118	105	95.0	90.0
Payables collection period (days)	34.9	29.5	33.6	31.2	31.0	31.0	31.0
Cash conversion cycle (days)	49.2	85.0	99.8	93.6	75.8	65.8	60.8
Valuation							
Dividend Yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/B	0.3	0.3	0.4	0.5	0.5	0.5	0.5
EV/sales	0.7	0.6	0.6	0.6	0.5	0.3	0.2
EV/EBITDA	4.6	1.8	2.4	1.8	1.6	1.1	0.7
EV/EBIT	12.2	5.0	n.m.	n.m.	5.4	3.2	2.6
EV/FCF	n.m.	262.0	4.6	3.5	3.6	2.3	1.8
P/E	5.0	26.1	n.m.	n.m.	13.6	9.8	12.2
P/CF	3.4	4.0	2.7	2.3	3.0	2.8	3.1
Adj. Free Cash Flow Yield	n.a.	18.9 %	3.3 %	18.3 %	24.3 %	45.6 %	57.1 %

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

Free Cash Flow Yield - MeVis Medical Solutions

Figures in EUR m

	2008	2009	2010	2011	2012e	2013e	2014e	
Net Income	2.1	0.4	-8.3	-4.1	0.8	1.0	0.8	
+ Depreciation + Amortisation	1.1	2.8	8.9	6.1	2.9	2.8	2.7	
- Net Interest Income	2.0	-0.5	-0.2	-1.3	-0.1	0.1	0.1	
+ Taxes	0.6	0.8	2.7	1.2	0.3	0.4	0.4	
- Maintenance Capex	2.8	2.9	3.2	2.9	2.5	2.2	2.2	
+ Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
= Adjusted Free Cash Flow	-1.1	1.5	0.3	1.5	1.5	2.0	1.6	
Adjusted Free Cash Flow Yield	-13.3%	18.9%	3.3%	18.3%	24.3%	45.6%	57.1%	
Hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
= Enterprise Value	8.1	8.1	8.1	8.1	6.4	4.5	2.8	
= Fair Enterprise Value	-	15.4	2.7	14.9	15.5	20.3	16.3	
- Net Debt (Cash)	-2.8	-2.8	-2.8	-2.8	-4.6	-6.5	-8.1	
- 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	-	18.2	5.5	17.7	20.0	26.8	24.3	
No. of shares (m)	1.8	1.8	1.8	1.8	1.8	1.8	1.8	
= Fair value per share (EUR)	-	9.98	3.02	9.71	10.99	14.72	13.38	
premium (-) / discount (+) in %	-	66.3%	-49.7%	61.9%	83.2%	145.3%	122.9%	
Sensitivity Fair value per Share (EUR)								
	13.0%	-	8.03	2.68	7.83	9.03	12.14	11.31
	12.0%	-	8.57	2.77	8.35	9.58	12.86	11.89
	11.0%	-	9.21	2.89	8.97	10.22	13.70	12.56
Hurdle rate	10.0%	-	9.98	3.02	9.71	10.99	14.72	13.38
	9.0%	-	10.91	3.19	10.62	11.93	15.96	14.37
	8.0%	-	12.09	3.39	11.76	13.11	17.51	15.61
	7.0%	-	13.59	3.66	13.22	14.63	19.50	17.21

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

DCF Model - MeVis Medical Solutions

Figures in EUR m	2012e	2013e	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e
Sales	13.6	13.5	13.0	12.7	12.4	12.0	11.7	11.5	11.2	10.9	10.6	10.4	10.1	9.8
Change	-0.6%	-0.7%	-3.7%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%
EBIT	1.2	1.4	1.1	1.3	1.2	1.2	1.2	1.1	1.1	1.1	1.1	1.0	1.0	1.0
EBIT-Margin	8.7%	10.3%	8.4%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Tax rate	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%	30.0%
NOPAT	0.8	1.0	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7
Depreciation	2.9	2.8	2.7	2.8	2.6	2.4	2.2	2.1	1.9	1.9	1.7	1.7	1.6	1.6
in % of Sales	21.0%	21.0%	21.0%	22.0%	21.0%	20.0%	19.0%	18.0%	17.0%	17.0%	16.0%	16.0%	16.0%	16.0%
Change in Liquidity from														
- Working Capital	0.7	0.3	0.3	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Capex	-2.6	-2.3	-2.3	-2.2	-2.1	-2.0	-2.0	-1.9	-1.9	-1.9	-1.7	-1.7	-1.6	-1.6
Capex in % of Sales	18.9%	16.8%	17.4%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	16.0%	16.0%	16.0%	16.0%
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)	1.8	1.8	1.5	1.6	1.4	1.3	1.1	1.0	0.8	0.8	0.8	0.8	0.8	0.7

Model parameter

Debt ratio	0.00%	Beta	1.50
Costs of Debt	n.a.	WACC	11.38%
Market return	9.00%		
Risk free rate	4.25%	Terminal Growth	0.00%

Valuation (mln)

Present values 2025e	9.4		
Terminal Value	1.5		
Liabilities	-4.7		
Liquidity	7.5	No. of shares (mln)	1.82
Equity Value	13.7	Value per share (EUR)	7.51

Sensitivity Value per Share (EUR)

Terminal Growth

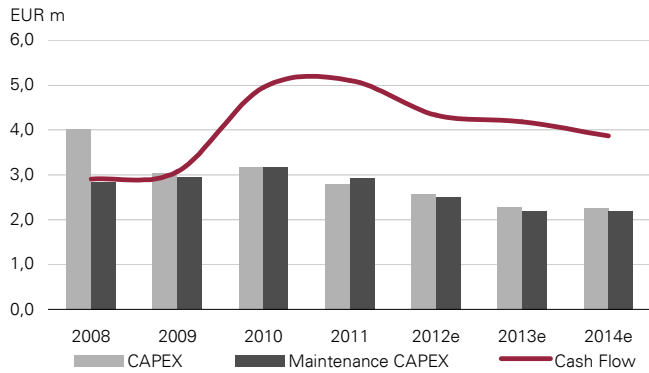
WACC	-0.75%	-0.50%	-0.25%	0.00%	0.25%	0.50%	0.75%
12.38%	7.13	7.14	7.15	7.16	7.18	7.19	7.21
11.88%	7.29	7.30	7.32	7.33	7.35	7.36	7.38
11.63%	7.37	7.39	7.40	7.42	7.44	7.45	7.47
11.38%	7.46	7.48	7.49	7.51	7.53	7.55	7.57
11.13%	7.55	7.57	7.59	7.61	7.62	7.65	7.67
10.88%	7.65	7.66	7.68	7.70	7.73	7.75	7.77
10.38%	7.85	7.87	7.89	7.91	7.94	7.97	7.99

Delta EBIT-margin

WACC	-1.5 pp	-1.0 pp	-0.5 pp	0.0	+0.5 pp	+1.0 pp	+1.5 pp
12.38%	6.60	6.78	6.97	7.16	7.35	7.54	7.73
11.88%	6.74	6.94	7.13	7.33	7.53	7.72	7.92
11.63%	6.82	7.02	7.22	7.42	7.62	7.82	8.02
11.38%	6.90	7.10	7.31	7.51	7.71	7.92	8.12
11.13%	6.98	7.19	7.40	7.61	7.81	8.02	8.23
10.88%	7.07	7.28	7.49	7.70	7.92	8.13	8.34
10.38%	7.25	7.47	7.69	7.91	8.14	8.36	8.58

Source: Warburg Research

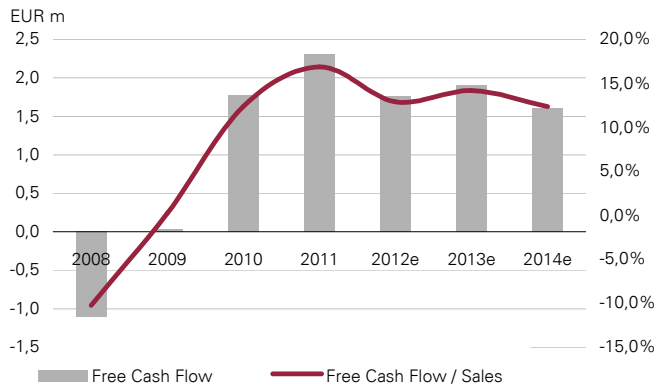
CAPEX and Cash Flow - MeVis Medical Solutions



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

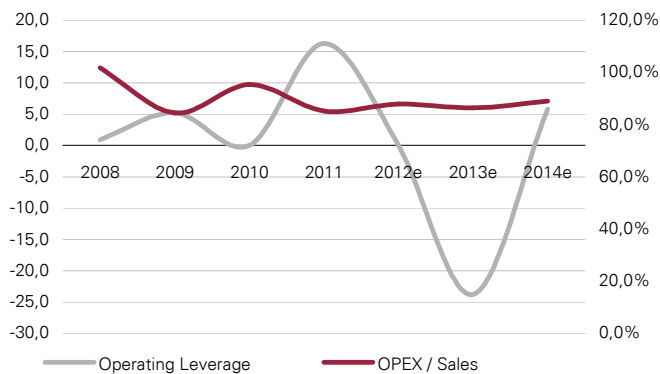
Free Cash Flow Generation - MeVis Medical Solutions



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

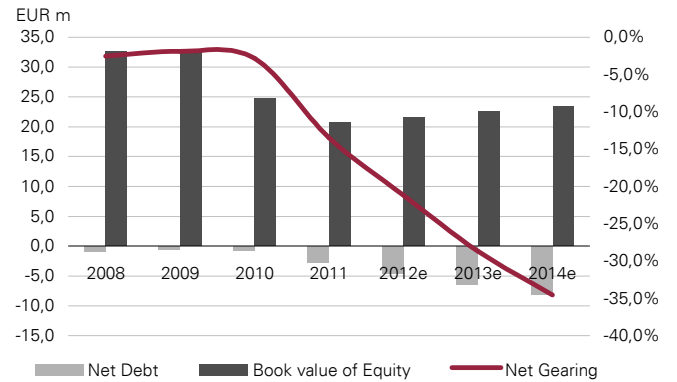
Operating Leverage - MeVis Medical Solutions



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

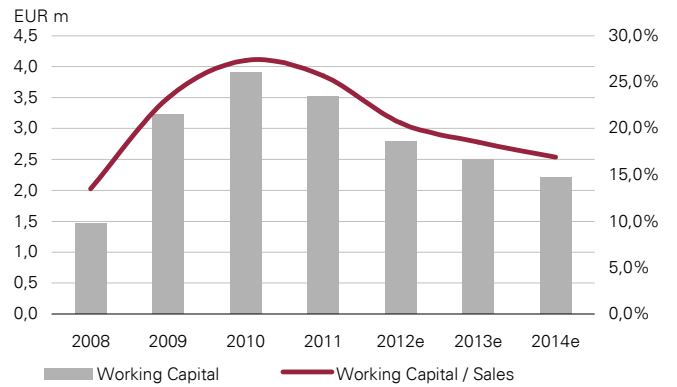
Balance Sheet Quality - MeVis Medical Solutions



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

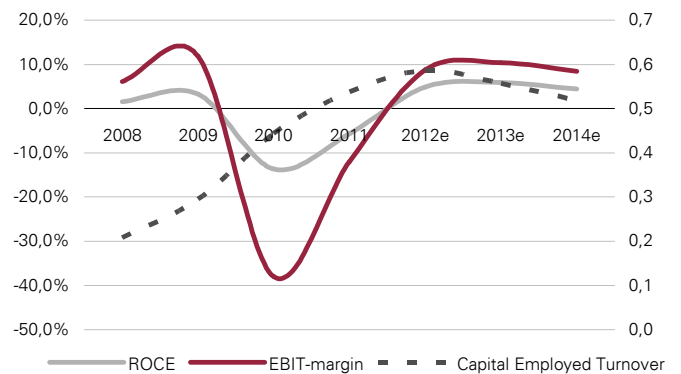
Working Capital - MeVis Medical Solutions



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.

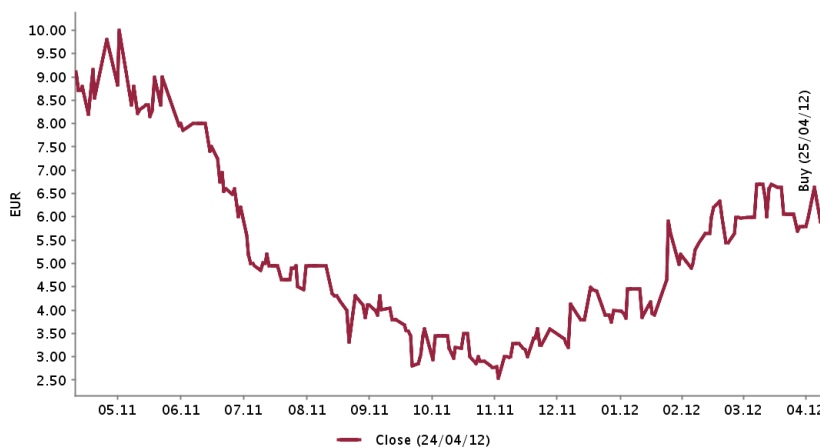
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Rating	Number of stocks	% of Universe
Buy	121	66%
Hold	52	28%
Sell	9	5%
Rating suspended	2	1%
Total	184	

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Rating	Number of stocks	% of Universe
Buy	98	69%
Hold	39	27%
Sell	3	2%
Rating suspended	2	1%
Total	142	

Price and Rating History
MeVis Medical Solutions AG as of 25/04/12



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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