

HEALTHCARE

A Research Publication by DZ BANK AG

MeVis Medical Solutions⁶⁾

Reuters: M3VGn.DE

Bloomberg: M3V GY

Year *	Sales EUR m	Adj. IFRS- Earnings per sh. EUR	Cash flow per share EUR	PER	PCF	Dividend per share EUR
2011	13.7 (13.7)	-2.38 (-2.38)	1.14 (1.14)	-	3.2	0.00
2012e	13.8 (13.7)	0.69 (0.48)	2.78 (2.58)	10.4	2.6	0.00
2013e	13.7 (13.5)	0.69 (0.50)	2.61 (2.42)	10.4	2.8	0.00
2014e	13.7 (-)	0.73 (-)	2.49 (-)	9.9	2.9	0.00

* Fiscal year end December – In brackets: Figures from the last publication

Guidance 2012 confirmed – New strategic orientation

» **Q2 2012:** Consolidated sales have risen by 3% to EUR 6.878m (H1 2011: 6.688). While organic growth declined by 2%, the strength of the USD had a clearly positive effect (+5%). EBIT improved from EUR 0.2m to EUR 1.3m and liquidity increased to EUR 9.0m (end of 2011: EUR 7.5m). Capitalised own work climbed by 8% to EUR 1.409m. The realisation of the new strategy presented at the AGM on 12.06.2012 (including a greater focus on industrial customers; expansion of the new strategic business field internet-based services) was commenced. Based on the better than expected interim figures and the new strategy we have upgraded our estimates.

» **Outlook:** In the interim report the company guidance for 2012 was confirmed. Consolidated sales are expected to stabilise at the prior year level and EBIT before special effects to improve slightly in response to the improved cost position (2011: EUR 0.7m). The current business is expected to reveal a slightly positive liquidity effect, with a purchase price payment of EUR 3.0m having to be paid for the last time at the end of 2012 for the acquisition of the 49% share in MBS KG.

In spite of the recent price increase, the shares in Mevis Medical Solutions offer good value fundamentally. The current fiscal year is characterised by a reorganisation and streamlining of processes as well as by investments in marketing and distribution for existing customers. The new strategy offers opportunities, the success of the new business segment is however still uncertain. The company's intention to proceed iteratively tempers on the one hand the risk underlying the strategy change while only slowly revealing the success of the strategy on the other. We have raised our fair value to EUR 7.00 and confirm our HOLD recommendation.

Selected Companies	Price on 30 Aug 2012	PER 12e 13e	EV / EBITDA 12e 13e	EV / Sales 12e	Re- com.
MeVis Medical Solutions	7.19 EUR	10.4 10.4	1.8 1.7	0.68	→
CompuGroup Medical	13.20 EUR	11.6 10.1	9.0 7.9	2.06	-
Merge Healthcare	3.18 USD	28.9 15.9	9.4 7.9	1.98	-
icad Inc.	2.24 USD	- -	- -	-	-
Sectra AB	41.20 SEK	18.1 15.0	6.9 6.2	1.24	-
Median for all peer group companies		18.1 15.0	9.0 7.9	1.98	-

↑ = Buy, → = Hold, ↓ = Sell, ● = not rated, n/a = not appropriate
Source: DZ BANK, I/B/E/S, FactSet

EQUITIES

Flash
31 Aug 2012

Hold (prev. Hold)

Closing price 30 Aug 2012

(in EUR): 7.19

Fair value: 7.00 (prev. 5.00)

Risk classification: 5

Financial ratios 2012e:

Book value per share (in EUR):	12.74
Equity ratio (in %):	71.3
Net margin (in %):	7.2
ROE (in %):	5.4
Dividend yield (in %):	0.0
Free cash flow (EUR m):	2.0
Net debt (EUR m):	-1.2

Number of shares

(million units): 1.7

Market cap

(in EUR m): 12.37

Free float (in %): 34.0

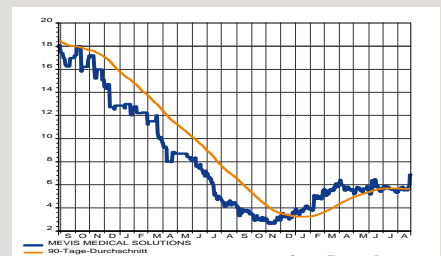
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Q3 2012 Report 12.11.2012



Author: Dr. Christa Bähr, Analyst

AT A GLANCE

Company profile

MeVis is an independent manufacturer of software products for image-based medicine, especially for digital radiology. MeVis software solutions create significant added value for physicians for early detection and diagnosis as well as for therapy and intervention planning in the areas of cancer diseases, especially breast cancer, neurology and lung diseases.

Basis for investment recommendation

Following the stable business development in H1 2012 the company forecast for 2012 was confirmed. Sales are expected to stabilise at the prior-year level and the company expects a slight increase in the EBIT before special effects. The company is currently in a phase of reorganisation and strategic repositioning. The new strategic orientation offers opportunities; the success of the new business segment internet based services is however still uncertain.

Price sensitive current issues

- » Success of the new strategy which was announced at the AGM 2012
- » Development of the new business segment internet based services
- » Success of the meetings with industry clients
- » Development of the market for digital mammography
- » Development of liquidity

Opportunities and risks

Opportunities	Risks
New strategy and business model	Success of the new business segment internet based services is unsecure and needs time
Development of the digital mammography market	High investments in marketing and sales
New technology "3-D-Tomosynthesis" for mammography	Development of liquidity
Introduction of an lung cancer screening program in the US	Declining income from the digital mammography segment
Substantial cost reductions after reorganization and optimisation of processes	Loss of OEM contracts und partners

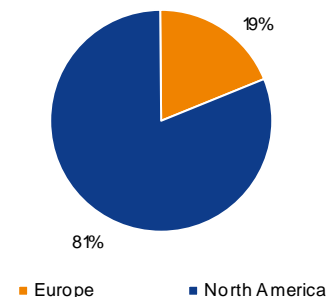
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RATIOS

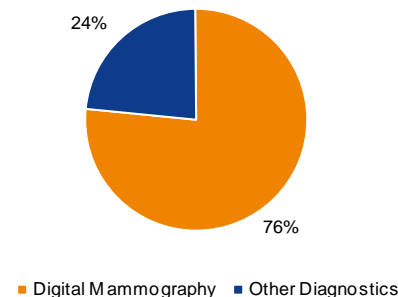
Euro	2011	2012e	2013e	2014e	2015e
Profit and loss ratios					
Total output (m)	16.1	16.4	16.1	15.9	15.7
EBITDA margin	27.5%	37.3%	35.6%	34.9%	33.4%
EBIT margin	-10.2%	15.4%	15.1%	15.9%	16.0%
Net margin	-25.5%	7.2%	7.4%	7.9%	7.9%
Investment ratio	33.6%	17.4%	17.1%	16.3%	15.5%
R&D as % of total output					
Net other operating costs as % of total output	11.0%	10.6%	11.0%	11.0%	11.5%
Net financial income as % of total output	-7.9%	-0.9%	-0.4%	-0.2%	-0.1%
Interest cover		17.0	42.9	97.5	197.3
Average sales growth next five years	-1.0%				
Average earnings growth next five years					
Profitability ratios					
ROE	-19.7%	5.4%	5.1%	5.1%	4.9%
ROCE	-7.2%	11.5%	11.2%	11.8%	11.8%
Productivity ratios					
Sales per employee ('000)	106.81	112.49	110.39	109.03	107.67
EBIT per employee ('000)	-10.91	17.30	16.63	17.34	17.18
Balance sheet ratios					
Equity ratio	63.7%	71.3%	74.4%	75.5%	76.3%
Long term debt and equity / Fixed assets	125.6%	136.9%	147.5%	158.1%	168.0%
Liquidity (quick ratio)	163.7%	249.8%	335.5%	387.0%	430.3%
Receivables as % of total output	27.5%	27.2%	28.1%	29.3%	30.1%
Investment (net of GW) / Depreciation	149.9%	79.2%	83.4%	85.8%	88.8%
Working capital as % of total output	19.3%	19.5%	20.8%	22.3%	23.1%
Net debt (m)	0.6	-1.2	-2.9	-4.4	-5.9
Net debt complete (m)	-0.4	-2.2	-3.8	-5.3	-6.8
Figures per share					
Earnings per share, diluted	-2.38	0.69	0.69	0.73	0.73
Diluted cash earnings per share	1.14	2.78	2.61	2.49	2.32
Dividend per common share	0.00	0.00	0.00	0.00	0.00
Cash per share, diluted	3.53	2.88	3.34	4.22	5.10
Net debt per share, diluted	0.37	-0.72	-1.66	-2.54	-3.43
Valuation ratios					
Enterprise value / Sales	0.4	0.7	0.6	0.5	0.4
Enterprise value / EBITDA	1.6	1.8	1.7	1.4	1.2
Enterprise value / EBIT		4.4	3.9	3.2	2.6
EV/Sales to sales growth	-0.27	-0.71	-0.62	-0.53	-0.43
PEG ratio - common shares					
Fiscal year end December					

Source: MeVis Medical Solutions, DZ BANK estimates

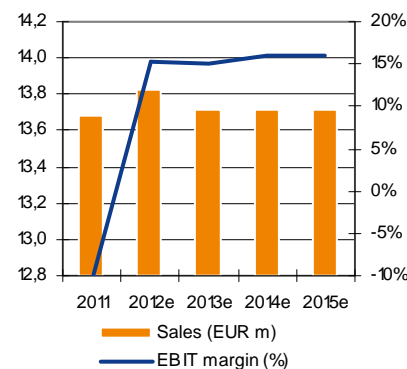
SALES BY REGION 2011



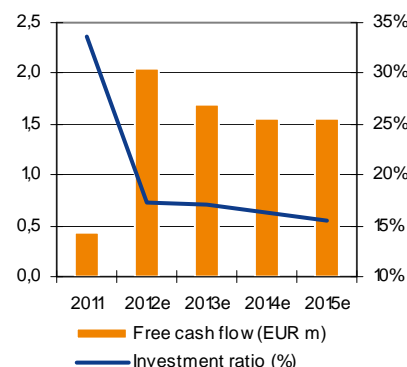
SALES BY BUSINESS SEGMENT 2011



SALES AND MARGIN DEVELOPMENT



FREE CASH FLOW AND INVESTMENT RATIO



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Buy 73.0%, Hold 12.4%, Sell 14.6%

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Buy 18.8%, Hold 21.1%, Sell 4.4%

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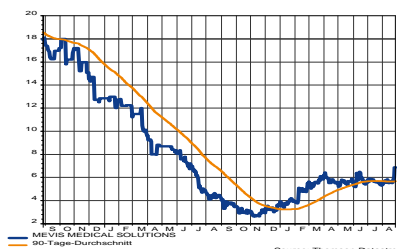
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RATING HISTORY

Recommendation	Date	Price
Hold	15 Feb 2012	4.93 EUR
Sell	24 Mar 2011	10.08 EUR
Hold	1 Dec 2010	15.10 EUR

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