

Hold EUR 38.00 Price EUR 34.00 Upside 11.8 %	Value Indicators: EUR	Share data: Bloomberg: M3V GR Reuters: M3VG ISIN: DE000A0LBFE4	Description: A leading supplier of software for visual-based medical equipment
	Market Snapshot: EUR m Market cap: 61.9 No. of shares (m): 1.8 EV: 53.9 Freefloat MC: 11.0 Ø Trad. Vol. (30d): 25.68 th	Shareholders: Freefloat 17.8 % Varex Imaging D. AG 73.7 % HANSAINVEST 5.5 % Oppenheim Asset Manag. 3.0 %	Risk Profile (WRe): 2018/19e Beta: 1.4 Price / Book: 2.1 x Equity Ratio: 81 %

Good start to the year

Stated Figures Q1/2018/19:					Comment on Figures:		
in EUR m	Q1/19	Q1/19e	Q1/18	yoy	2019e	2018	yoy
Sales	4,2	4,0	4,3	-17%	16,2	16,8	-3,3%
EBITDA	2,1	2,0	2,2	-3,0%	7,1	7,6	-6,0%
<i>margin</i>	<i>50,7%</i>	<i>50,0%</i>	<i>51,4%</i>		<i>44,1%</i>	<i>45,4%</i>	
EBIT	2,0	1,9	2,0	15%	1,6	6,7	-75,7%
<i>margin</i>	<i>47,1%</i>	<i>47,5%</i>	<i>45,6%</i>		<i>10,0%</i>	<i>39,9%</i>	

■ On 26.02.18 MeVis announced results for the first quarter of the fiscal year.
 ■ The figures slightly exceeded the expectations, which is mainly attributable to a rise in development services.

While the transformation of the business structure continued (see e.g. our Comment dated 31.01.2019) as seen in the ongoing and visible reduction in the business with Hologic in the Digital Mammography segment, growth in the development services business is compensating for this. The provision of relevant services, especially for the parent company Varex Imaging Corporation, contributed to the good results-showing.

In this way, a comparatively strong decline in the Digital Mammography segment (Hologic) from EUR 3m to EUR 2.4m in Q1, was balanced out mainly with revenues from the provision of development services, which rose from EUR 0.5m the year before to EUR 1.1m. Other revenues of about EUR 0.8m remained more or less stable.

This means that although fundamentally a revenue decline is intrinsic to the future development of the company, as the Digital Mammography segment continues to account for 57% of the revenue, it seems likely that a considerable part of this should be able to be compensated for. The forecasts (WRe), which include the already announced goodwill impairment for the business with Hologic (Digital Mammography) of EUR 4.5m for the full year, remain unchanged against this background.

For the valuation of the share, however, this positive development remains of minor significance because the target price continues to be aligned to the minimum dividend guaranteed by the majority shareholder (EUR 0.95, regarded as similar to consols, yield 2.5%, PT EUR 38). **The share continues to be rated Hold.**

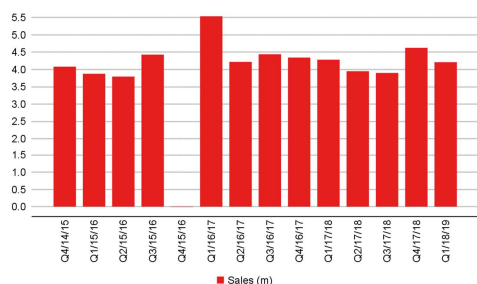


Rel. Performance vs CDAX:	
1 month:	-0.6 %
6 months:	13.3 %
Year to date:	-2.9 %
Trailing 12 months:	-1.8 %

Company events:	
21.03.19	AGM
23.05.19	Q2
29.08.19	Q3

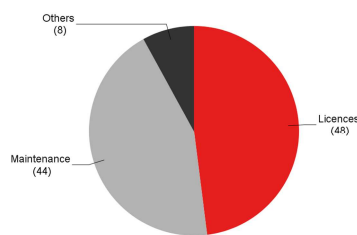
FY End: 30.9. in EUR m	CAGR (17/18-20/21e)	2014/15	2015/16	2016/17	2017/18	2018/19e	2019/20e	2020/21e
Sales	-8.1 %	16.0	12.1	18.5	16.8	16.2	14.0	13.0
Change Sales yoy		22.3 %	-24.5 %	53.3 %	-9.6 %	-3.3 %	-13.6 %	-7.1 %
Gross profit margin		96.2 %	97.2 %	102.7 %	97.2 %	97.0 %	97.0 %	97.0 %
EBITDA	-22.7 %	6.4	5.2	9.2	7.6	7.1	4.6	3.5
Margin		40.0 %	43.4 %	49.5 %	45.4 %	44.1 %	32.7 %	27.0 %
EBIT	-27.5 %	4.5	3.9	8.0	6.7	1.6	3.6	2.6
Margin		27.9 %	32.5 %	42.9 %	39.9 %	10.0 %	25.7 %	19.6 %
Net income	-28.2 %	6.7	3.4	5.6	7.2	1.7	3.7	2.7
EPS	-27.9 %	3.76	1.86	3.05	3.90	0.95	2.03	1.46
EPS adj.	-27.9 %	3.76	1.86	3.05	3.90	0.95	2.03	1.46
DPS	0.0 %	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Dividend Yield		4.4 %	3.1 %	2.5 %	2.6 %	2.8 %	2.8 %	2.8 %
FCF / Market cap		3.61	1.79	3.84	2.88	3.62	2.20	1.57
		16.8 %	5.9 %	10.0 %	7.9 %	10.5 %	6.4 %	4.6 %
EV / Sales		0.8 x	2.7 x	2.3 x	3.8 x	3.4 x	3.7 x	3.9 x
EV / EBITDA		2.1 x	6.3 x	4.7 x	8.4 x	7.6 x	11.4 x	14.6 x
EV / EBIT		3.0 x	8.4 x	5.4 x	9.5 x	33.6 x	14.5 x	20.1 x
P / E		5.7 x	16.3 x	12.7 x	9.3 x	35.8 x	16.7 x	23.3 x
P / E adj.		5.7 x	16.3 x	12.7 x	9.3 x	35.8 x	16.7 x	23.3 x
FCF Potential Yield		58.9 %	15.1 %	17.1 %	11.4 %	12.5 %	8.2 %	6.3 %
Net Debt		-25.0	-22.6	-27.8	-3.2	-8.0	-10.3	-11.4
ROCE (NOPAT)		40.9 %	41.4 %	83.4 %	39.3 %	6.3 %	16.3 %	11.6 %
Guidance:	2019e: Sales EUR 16-16.5m; EBIT EUR 1.5-2m							

Sales development
in EUR m



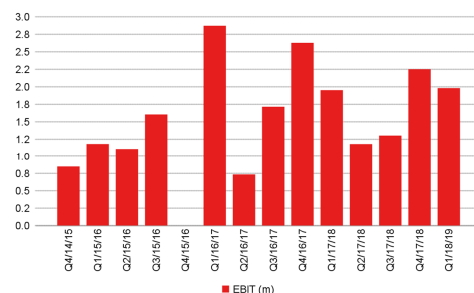
Source: Warburg Research

Sales by types
2019e; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

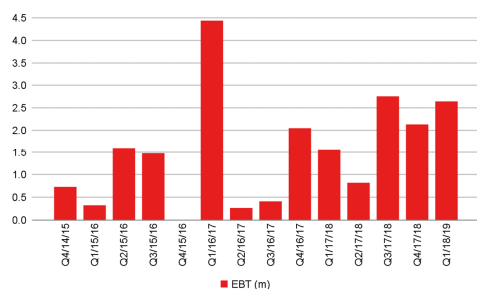
Company Background

- The origin of MeVis Medical Solutions AG, which was set up in 1998, dates back to 1992, when the CeVis (Center for Complex Systems and Visualization) was founded at the University of Bremen.
- The public company was founded with the aim of developing commercially successful disease-oriented products based on successes in scientific research and to market these.
- Since its foundation, MeVis has been active in the area of computer-aided, image-based medical diagnostics and therapy.
- MeVis has successfully risen to become a globally-leading provider of software solutions for medical imaging. This development is mainly based on the success in the area of digital mammography.
- Together with products by Hologic and Siemens, MeVis's solutions dominate this segment today. Furthermore, MeVis has a broad portfolio of new products.

Competitive Quality

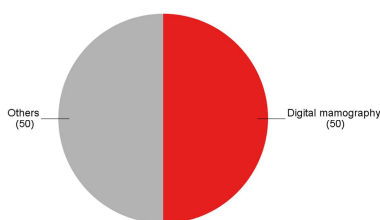
- MeVis follows a strategy of early market presence in the new areas of image-based medical technology. In focus here are mass market products.
- The ability to be an early market entrant differentiates MeVis from competitors.
- MeVis maintains long-term and interdisciplinary cooperation agreements with more than 100 hospitals and leading R&D centres in Germany, Europe, the US and Asia.
- MeVis fosters partnerships with the globally leading medical technology OEMs, for instance Siemens and Hologic.

EBT development
in EUR m



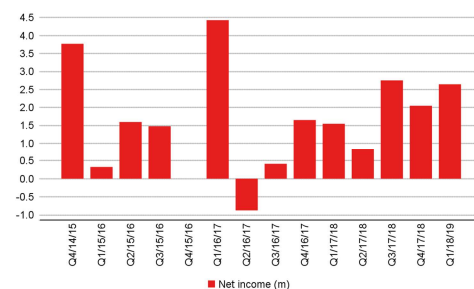
Source: Warburg Research

Sales by segments
2019e; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

Valuation	2014/15	2015/16	2016/17	2017/18	2018/19e	2019/20e	2020/21e
Price / Book	1.1 x	1.7 x	2.2 x	2.1 x	2.1 x	1.9 x	1.9 x
Book value per share ex intangibles	10.92	10.96	11.30	11.38	12.90	14.03	14.48
EV / Sales	0.8 x	2.7 x	2.3 x	3.8 x	3.4 x	3.7 x	3.9 x
EV / EBITDA	2.1 x	6.3 x	4.7 x	8.4 x	7.6 x	11.4 x	14.6 x
EV / EBIT	3.0 x	8.4 x	5.4 x	9.5 x	33.6 x	14.5 x	20.1 x
EV / EBIT adj.*	3.0 x	8.4 x	5.4 x	9.5 x	33.6 x	14.5 x	20.1 x
P / FCF	6.0 x	16.9 x	10.0 x	12.6 x	9.5 x	15.6 x	22.0 x
P / E	5.7 x	16.3 x	12.7 x	9.3 x	35.8 x	16.7 x	23.3 x
P / E adj.*	5.7 x	16.3 x	12.7 x	9.3 x	35.8 x	16.7 x	23.3 x
Dividend Yield	4.4 %	3.1 %	2.5 %	2.6 %	2.8 %	2.8 %	2.8 %
FCF Potential Yield (on market EV)	58.9 %	15.1 %	17.1 %	11.4 %	12.5 %	8.2 %	6.3 %
*Adjustments made for: -							

Consolidated profit & loss

In EUR m	2014/15	2015/16	2016/17	2017/18	2018/19e	2019/20e	2020/21e
Sales	16.0	12.1	18.5	16.8	16.2	14.0	13.0
Change Sales yoy	22.3 %	-24.5 %	53.3 %	-9.6 %	-3.3 %	-13.6 %	-7.1 %
Increase / decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Own work capitalised	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Sales	16.0	12.1	18.5	16.8	16.2	14.0	13.0
Material expenses	0.6	0.3	-0.5	0.5	0.5	0.4	0.4
Gross profit	15.4	11.8	19.0	16.3	15.7	13.6	12.6
Gross profit margin	96.2 %	97.2 %	102.7 %	97.2 %	97.0 %	97.0 %	97.0 %
Personnel expenses	7.4	5.6	7.9	7.8	7.7	7.6	7.5
Other operating income	1.1	0.6	0.0	1.2	1.1	0.6	0.4
Other operating expenses	2.7	1.6	1.9	2.1	2.0	2.0	2.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	6.4	5.2	9.2	7.6	7.1	4.6	3.5
Margin	40.0 %	43.4 %	49.5 %	45.4 %	44.1 %	32.7 %	27.0 %
Depreciation of fixed assets	0.1	0.2	0.1	0.2	0.3	0.3	0.3
EBITA	6.3	5.0	9.1	7.4	6.8	4.3	3.3
Amortisation of intangible assets	1.8	1.1	1.1	0.7	0.7	0.7	0.7
Goodwill amortisation	0.0	0.0	0.0	0.0	4.5	0.0	0.0
EBIT	4.5	3.9	8.0	6.7	1.6	3.6	2.6
Margin	27.9 %	32.5 %	42.9 %	39.9 %	10.0 %	25.7 %	19.6 %
EBIT adj.	4.5	3.9	8.0	6.7	1.6	3.6	2.6
Interest income	0.2	0.1	0.2	0.2	0.1	0.1	0.1
Interest expenses	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Other financial income (loss)	0.3	-0.6	-0.9	0.5	0.0	0.0	0.0
EBT	5.0	3.4	7.2	7.3	1.7	3.7	2.7
Margin	30.9 %	28.3 %	38.6 %	43.3 %	10.6 %	26.4 %	20.4 %
Total taxes	-1.8	0.0	1.5	0.1	0.0	0.0	0.0
Net income from continuing operations	6.7	3.4	5.6	7.2	1.7	3.7	2.7
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	6.7	3.4	5.6	7.2	1.7	3.7	2.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	6.7	3.4	5.6	7.2	1.7	3.7	2.7
Margin	42.1 %	28.3 %	30.3 %	42.8 %	10.6 %	26.4 %	20.4 %
Number of shares, average	1.8	1.8	1.8	1.8	1.8	1.8	1.8
EPS	3.76	1.86	3.05	3.90	0.95	2.03	1.46
EPS adj.	3.76	1.86	3.05	3.90	0.95	2.03	1.46

*Adjustments made for:

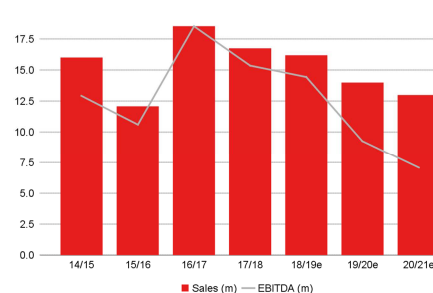
Guidance: 2019e: Sales EUR 16-16.5m; EBIT EUR 1.5-2m

Financial Ratios

	2014/15	2015/16	2016/17	2017/18	2018/19e	2019/20e	2020/21e
Total Operating Costs / Sales	60.0 %	56.6 %	50.5 %	54.6 %	55.9 %	67.3 %	73.0 %
Operating Leverage	0.7 x	0.5 x	1.9 x	1.7 x	22.7 x	-9.0 x	4.1 x
EBITDA / Interest expenses	291.3 x	437.2 x	1146.9 x	143.5 x	n.a.	n.a.	n.a.
Tax rate (EBT)	-36.0 %	0.0 %	21.6 %	1.2 %	0.0 %	0.0 %	0.0 %
Dividend Payout Ratio	25.3 %	51.0 %	31.1 %	24.4 %	100.3 %	46.7 %	65.2 %
Sales per Employee	142,982	107,955	165,536	149,625	144,643	125,000	116,071

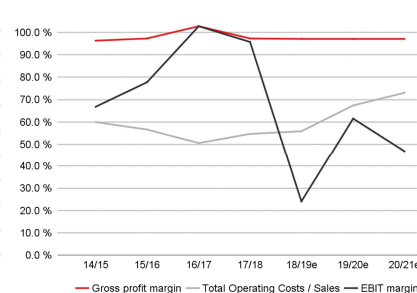
Sales, EBITDA

in EUR m

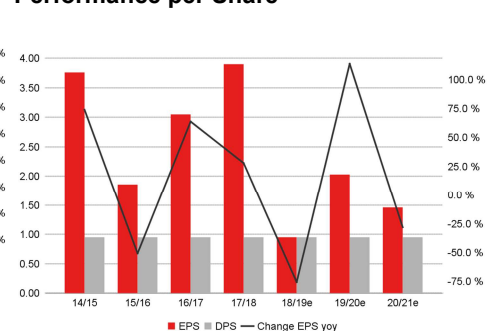


Operating Performance

in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

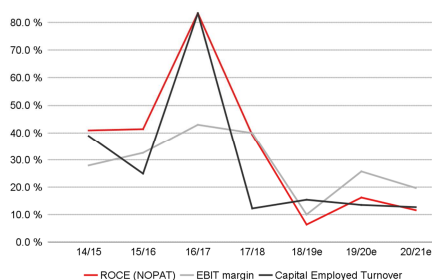
Consolidated balance sheet

In EUR m	2014/15	2015/16	2016/17	2017/18	2018/19e	2019/20e	2020/21e
Assets							
Goodwill and other intangible assets	13.9	12.7	11.7	11.1	6.5	6.5	6.5
thereof other intangible assets	3.2	2.1	1.0	0.4	0.4	0.4	0.4
thereof Goodwill	10.6	10.6	10.6	10.6	6.1	6.1	6.1
Property, plant and equipment	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Financial assets	1.7	1.6	2.0	18.3	18.3	18.3	18.3
Other long-term assets	0.9	1.5	1.6	1.6	0.0	0.0	0.0
Fixed assets	16.8	16.1	15.7	31.3	25.0	25.0	25.0
Inventories	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Accounts receivable	2.8	3.7	5.0	3.3	3.6	3.1	2.8
Liquid assets	25.6	22.9	28.1	3.5	8.3	10.6	11.7
Other short-term assets	0.2	0.3	0.3	0.4	0.4	0.4	0.4
Current assets	28.7	26.9	33.4	7.2	12.4	14.2	15.0
Total Assets	45.5	43.0	49.1	38.4	37.4	39.2	40.0
Liabilities and shareholders' equity							
Subscribed capital	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Capital reserve	8.2	8.2	7.5	7.5	7.5	7.5	7.5
Retained earnings	0.4	0.3	0.2	0.1	1.9	5.6	8.2
Other equity components	23.3	22.5	23.0	22.6	19.1	17.4	15.6
Shareholders' equity	33.7	32.9	32.5	32.1	30.2	32.3	33.1
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	33.7	32.9	32.5	32.1	30.2	32.3	33.1
Provisions	0.6	0.3	0.3	0.5	0.5	0.5	0.5
thereof provisions for pensions and similar obligations	0.6	0.3	0.3	0.3	0.3	0.3	0.3
Financial liabilities (total)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
thereof short-term financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.6	0.6	0.6	0.6	1.4	1.2	1.1
Other liabilities	10.6	9.3	15.6	5.2	5.2	5.2	5.2
Liabilities	11.8	10.1	16.6	6.3	7.1	6.9	6.8
Total liabilities and shareholders' equity	45.5	43.0	49.1	38.4	37.4	39.2	40.0

Financial Ratios

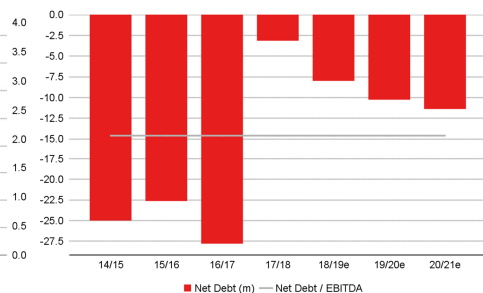
	2014/15	2015/16	2016/17	2017/18	2018/19e	2019/20e	2020/21e
Efficiency of Capital Employment							
Operating Assets Turnover	6.1 x	3.6 x	4.0 x	5.8 x	6.4 x	6.3 x	6.5 x
Capital Employed Turnover	1.8 x	1.2 x	3.9 x	0.6 x	0.7 x	0.6 x	0.6 x
ROA	40.0 %	21.3 %	35.9 %	22.9 %	6.9 %	14.8 %	10.6 %
Return on Capital							
ROCE (NOPAT)	40.9 %	41.4 %	83.4 %	39.3 %	6.3 %	16.3 %	11.6 %
ROE	21.0 %	10.3 %	17.2 %	22.2 %	5.5 %	11.8 %	8.1 %
Adj. ROE	21.0 %	10.3 %	17.2 %	22.2 %	5.5 %	11.8 %	8.1 %
Balance sheet quality							
Net Debt	-25.0	-22.6	-27.8	-3.2	-8.0	-10.3	-11.4
Net Financial Debt	-25.6	-22.9	-28.1	-3.5	-8.3	-10.6	-11.7
Net Gearing	-74.1 %	-68.8 %	-85.5 %	-9.8 %	-26.4 %	-31.8 %	-34.4 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Book Value / Share	18.5	17.9	17.7	17.4	16.4	17.6	18.0
Book value per share ex intangibles	10.9	11.0	11.3	11.4	12.9	14.0	14.5

ROCE Development



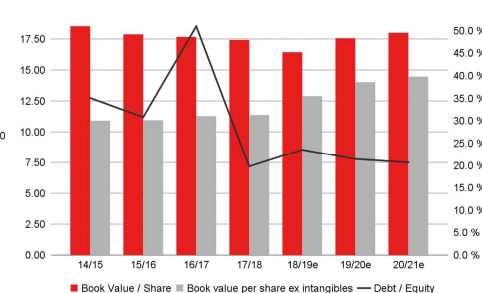
Source: Warburg Research

Net debt in EUR m



Source: Warburg Research

Book Value per Share in EUR



Source: Warburg Research

Consolidated cash flow statement

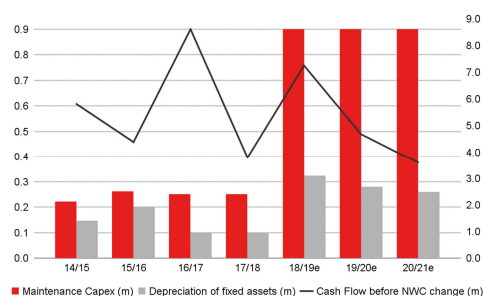
In EUR m	2014/15	2015/16	2016/17	2017/18	2018/19e	2019/20e	2020/21e
Net income	6.7	3.4	5.6	7.2	1.7	3.7	2.7
Depreciation of fixed assets	0.1	0.2	0.1	0.1	0.3	0.3	0.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	4.5	0.0	0.0
Amortisation of intangible assets	1.8	1.1	1.1	0.7	0.7	0.7	0.7
Increase/decrease in long-term provisions	0.6	-0.4	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	-3.5	0.0	1.7	-4.2	0.0	0.0	0.0
Cash Flow before NWC change	5.8	4.4	8.6	3.8	7.2	4.7	3.6
Increase / decrease in inventory	0.0	0.1	0.0	0.0	-0.1	0.0	0.0
Increase / decrease in accounts receivable	-0.5	-0.9	-1.3	1.7	-0.3	0.5	0.3
Increase / decrease in accounts payable	1.2	0.1	0.0	0.0	0.8	-0.2	-0.1
Increase / decrease in other working capital positions	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	0.8	-0.9	-1.3	1.7	0.4	0.3	0.2
Net cash provided by operating activities [1]	6.6	3.5	7.3	5.5	7.6	5.0	3.8
Investments in intangible assets	0.0	-0.1	-0.1	-0.1	-0.7	-0.7	-0.7
Investments in property, plant and equipment	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	8.0	0.0	0.0	-22.2	0.0	0.0	0.0
Net cash provided by investing activities [2]	7.9	-0.2	-0.2	-22.4	-1.0	-1.0	-1.0
Change in financial liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	-0.1	0.0	0.0	0.0	-1.7	-1.7	-1.7
Purchase of own shares	0.0	0.0	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
Other	1.7	-4.6	0.0	-9.4	0.0	0.0	0.0
Net cash provided by financing activities [3]	1.6	-4.6	0.0	-9.4	-1.7	-1.7	-1.7
Change in liquid funds [1]+[2]+[3]	16.1	-1.4	7.1	-26.3	4.8	2.3	1.1
Effects of exchange-rate changes on cash	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	25.6	24.3	31.4	3.5	8.3	10.6	11.7

Financial Ratios

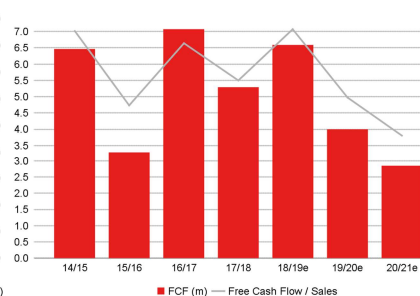
	2014/15	2015/16	2016/17	2017/18	2018/19e	2019/20e	2020/21e
Cash Flow							
FCF	6.5	3.3	7.1	5.3	6.6	4.0	2.9
Free Cash Flow / Sales	40.4 %	27.2 %	38.1 %	31.6 %	40.7 %	28.6 %	21.9 %
Free Cash Flow Potential	8.0	5.0	7.4	7.3	6.8	4.3	3.2
Free Cash Flow / Net Profit	96.0 %	96.0 %	125.9 %	73.8 %	382.2 %	108.1 %	107.5 %
Interest Received / Avg. Cash	0.9 %	0.2 %	0.6 %	1.0 %	1.7 %	1.1 %	0.9 %
Interest Paid / Avg. Debt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Management of Funds							
Investment ratio	0.7 %	1.5 %	1.2 %	1.3 %	6.3 %	7.0 %	7.4 %
Maint. Capex / Sales	1.4 %	2.2 %	1.4 %	1.5 %	5.6 %	6.4 %	6.9 %
Capex / Dep	6.0 %	13.6 %	18.2 %	24.3 %	18.5 %	100.0 %	100.0 %
Avg. Working Capital / Sales	14.0 %	22.2 %	20.0 %	21.0 %	15.3 %	15.4 %	14.6 %
Trade Debtors / Trade Creditors	501.3 %	596.6 %	803.2 %	529.1 %	257.1 %	258.3 %	254.5 %
Inventory Turnover	6.1 x	n.a.	n.a.	n.a.	4.9 x	4.2 x	3.9 x
Receivables collection period (days)	63	110	98	72	81	81	79
Payables payment period (days)	330	664	-448	478	1,051	1,043	1,029
Cash conversion cycle (Days)	-207	n.a.	n.a.	n.a.	-895	-875	-857

CAPEX and Cash Flow

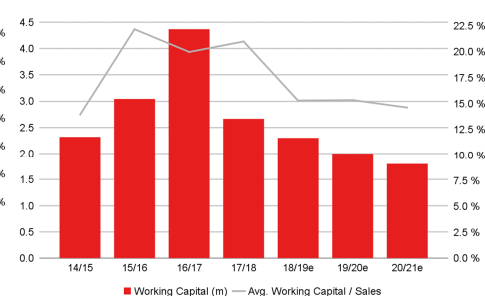
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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

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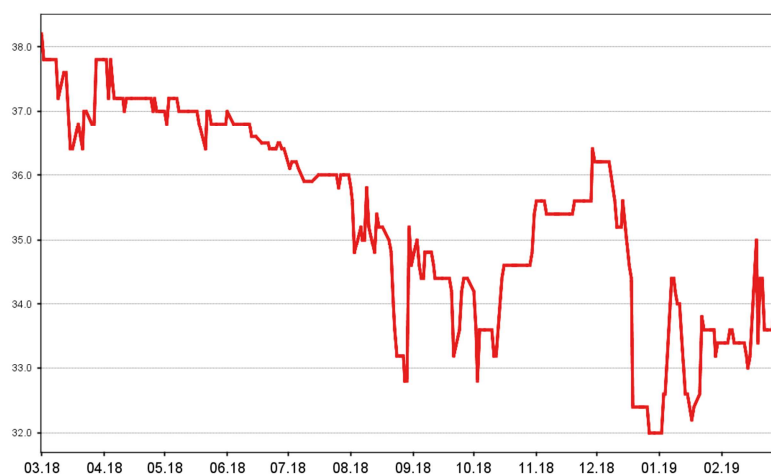
Rating	Number of stocks	% of Universe
Buy	129	65
Hold	57	29
Sell	6	3
Rating suspended	8	4
Total	200	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

Rating	Number of stocks	% of Universe
Buy	29	73
Hold	9	23
Sell	0	0
Rating suspended	2	5
Total	40	100

PRICE AND RATING HISTORY MEVIS MEDICAL SOLUTIONS AS OF 28.02.2019



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