

## CORPORATE NEWS

### **MeVis: sustained revenue growth with reduced profitability**

#### **MeVis Medical Solutions benefits in first half of 2010 from increased maintenance revenues against challenging market environment**

- Group revenues rise by 15% to 7.3 million euros (previous year: 6.4 million euros) despite weaker license sales
- Group-EBIT burdened by scheduled depreciation to reach 0.2 million euros (previous year: 0.5 million euros)
- Group net financial result decreases from -0.1 million euros to -0.4 million euros due to non-cash foreign currency effects
- Consolidated net result for the period decreases to -0.7 million euros (previous year: 0.2 million euros) on account of increased income taxes
- Cash flow from operating activities doubles to 3.2 million euros (previous year: 1.6 million euros)

**Bremen, August 30, 2010** – MeVis Medical Solutions AG [ISIN: DE000A0LBFE4], a leading medical imaging software company, today published its results for the 1<sup>st</sup> half of the year 2010. According to the figures, Group sales in the 2<sup>nd</sup> quarter continued at the level of the preceding quarter while still impacted by largely unfavourable economic influences. However, Group sales significantly increased by 15% to € 7,321,000 year-on-year (previous year: 6,364,000).

With growth of 19%, revenues in the Digital Mammography segment amounting to € 5,356,000 (previous year: € 4,494,000) have once again proceeded well compared with 1<sup>st</sup> half of 2009. This is especially due to the tripling of maintenance and service revenues in this segment compared with the previous year, which make up 35% of segment revenues in the 1<sup>st</sup> half of the year. Maintenance and service revenues have risen group-wide by 90% compared with the 1<sup>st</sup> half of 2009, and contribute 30% to total revenues.

The business development and the expansion of the market position with new products in the fields of neurology, prostate and lung diagnostics proceeded unevenly and were overall disappointing in the stagnating market during this period. As a result, Group revenues in the Other Diagnostics segment compared with the 1<sup>st</sup> half of 2009 rose by only 5% to € 1,965,000 (previous year: € 1,870,000). In this segment, capitalization of development costs affecting net income sank in the 1<sup>st</sup> half of 2010 by 19% to € 639,000 (previous year: € 791,000). This is especially due to the fact that the expenditure for the development of the Visia™ Enterprise platform, the centerpiece of our future Visia™ products, is not capitalized. Future revenue contributions will therefore not be burdened by depreciation and amortization.

Personnel capacity, at 181 employees (full-time equivalents) remained almost unchanged at Group level (previous year: 183). Due to the extensive cost-cutting measures initiated in early 2009, it was possible to reduce other operating expenses once again by 11% year-on-year, to € 1,455,000 (previous year: € 1,627,000).

However, Group profitability declined on account of increased scheduled depreciation and amortization of capitalized development costs. Thus, total depreciation increased by 50% to € 1,774,000 (previous year €1,185,000). Hence, despite an increased EBITDA figure of 16% in the year-on-year comparison (earnings before interest, taxes, depreciation and amortization) of € 1,924,000 (previous year € 1,656,000), it was only possible to generate an EBIT result (earnings before interest and taxes) of € 150,000 (previous year € 471,000).

In the period under review the net financial income decreased to € -363,000 (previous year € -76,000). Apart from a reduced net interest income, this was mainly due to the non-cash impact of the change in value of derivative financial instruments (forwards), acquired to hedge our exchange rate risks. Therefore pre-tax earnings in the 1<sup>st</sup> half of the year were also lower at € -213,000 (previous year € 395,000). Taking into account the markedly higher income tax expenditure, we therefore closed the 1<sup>st</sup> half of the year with a loss of € -652,000 (previous year € 160,000), which corresponds to earnings per share of € -0.38 (previous year € 0.09).

Cash flow from operations doubled in the first half to € 3,220,000 (previous year: € 1,586,000). What was of decisive importance in this context was the reduced amount of taxes actually paid in the period under review as well as the changes in trade receivables and trade payables, next to the increase in depreciation and amortization.

With € 14,166,000 in liquid funds (31.12.2009: € 15,093,000), the MeVis Group continues to have sound financial resources. Moreover, as at the balance sheet date the Company held treasury shares worth € 2,082,000. Other financial liabilities totaling € 14,654,000 (31.12.2009: € 14,076,000) are with an amount of € 12,900,000 (31.12.2009: € 13,456,000) essentially related to the remaining payment obligations arising from the acquisition of business shares and units.

"The ongoing investor reluctance on the part of clinical end customers in the U.S. market and the slowdown in momentum in the digitization of mammography equipment in the U.S. could be only partially offset by sales of our software outside the U.S. by our industry partners in the past quarter", says Dr. Carl J.G. Evertsz, CEO of MeVis Medical Solutions AG, "should this market momentum in license sales continue, we expect only a modest increase in revenues at the Group level compared with 2009. In this case, Group-EBIT would only be slightly positive for fiscal 2010, simply because the increased need for amortization of capitalized development expenses directly encumbers profitability."

The complete consolidated interim financial statements for H1/2010 are available for download on the company's website at [http://www.mevis.de/mms/en/Financial\\_Reports.html](http://www.mevis.de/mms/en/Financial_Reports.html).

**MeVis Medical Solutions AG** was founded in 1997 and is one of the world's leading independent manufacturers and vendors of medical imaging software with focus on dedicated, disease-oriented clinical applications. Over the past few years, there has been an enormous increase in the complexity and volume of medical imaging data derived from digital imaging processes such as computed tomography (CT), magnetic resonance imaging (MRI), and ultrasound (US). MeVis Group's products analyze and process this data in such a way as to provide medical professionals with crucial information for early detection, diagnosis and intervention in the areas of cancer and lung diseases as well as neurological conditions. The Group develops its software solutions in close consultation with the world's leading medical experts and original equipment makers in the medical technology sector and primarily markets this software via these partnerships.

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