MeVis MEDICAL SOLUTIONS

CORPORATE NEWS

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MeVis records decline in sales in the first half of the year

<u>Strong growth in maintenance revenues unable to compensate for lower license sales</u>

- Consolidated sales fall by 9% to € 6.7 m (previous year: € 7.3 m)
- Share of maintenance business rises to 43% (previous year: 30%)
- New license business drops 23% to € 3.6 m (previous year: € 4.7 m)
- Earnings before interest and taxes (EBIT) amount to € 0.2 m (previous year: € 0.2 m)
- High volume of deferred taxes impacts consolidated earnings of € -1.2 m (previous year: € -0.4 m)

Bremen, August 29, 2011 – Today, MeVis Medical Solutions AG [ISIN: DE000A0LBFE4], a leading software provider for the medical imaging market, announced its results for the first half of 2011. Consolidated sales for the first half of the year decreased by 9% to € 6.7 m due to the very weak second quarter. The composition of consolidated sales changed again in favor of the maintenance business. While this field carried on developing positively with sales growing by 18% to € 1,348 k (previous year: € 1,146 k), license sales dropped disproportionately by 26% to € 1,520 k (previous year: € 2,062 k). Increasing market saturation in our Digital Mammography key business in the important U.S. market and a further decline in the breast MRI business were the main factors contributing to this development.

Consolidated sales fell by 9% to € 6.7 m in the first half of the year

The Digital Mammography business segment fell by only 3% to € 5,191 k (previous year: € 5,356 k) in the first half of 2011. This was due to the higher share of maintenance revenue, which accounted for 49% (previous year: 35%) of segment sales. Throughout the Group, the share of maintenance revenue went up to 43% (previous year: 30%) in the first half of the year.

Digital Mammography segment: Share of maintenance revenue rose to 49% of segment sales

New products in the Other Diagnostics segment continued to develop disappointingly. However, the 24% drop in segment sales to € 1,497 k (previous year: € 1,965 k) can mainly be attributed to further weakening of the breast MRI business in the U.S. sales market with our industry partner Invivo Corp. Business developments for the neurology (DynaSuite Neuro) and prostate (DynaCAD® Prostate) software applications, introduced in 2009 by Invivo Corp., were stable at a low level. Our lung product Visia™ CT-Lung System once again did not generate any significant sales in the past quarter. Maintenance revenue in this segment accounted for 25% of overall Other Diagnostics sales (previous year: 14%).

Other Diagnostics segment: New products did not generate momentum; weak breast MRI business in the USA

“Consolidation in the market is increasing at a very fast pace, and our new product revenues have not materialized as quickly as planned. Considering these factors and in view of our weakening license sales trend, we are accelerating our review and adjustment of various strategic business activities and plan to adapt them to the changing market environment. We will conclude this process by the end of the year, in close collaboration with our Supervisory Board,” said Dr. Carl J.G. Evertsz, CEO of MeVis Medical Solutions AG.

Strategic review and adjustment to changed market environment necessary

“Our ongoing strategic review involves optimizing our product development priorities, the company’s platform software activities and our participation in the cardiovascular imaging market,” added Thomas E. Tynes, President & CEO of MeVis Medical Solutions, Inc., Pewaukee/USA, and member of the Executive Board of MeVis Medical Solutions AG.”

Product policy and sales are being reviewed

Staff costs again fell substantially by 11% to € 4,852 k (previous year: € 5,461 k) in the first half of the year, being a key reason why earnings before interest, taxes, depreciation and amortization (EBITDA) rose 2% to € 1,965 k (previous year: € 1,924 k). The number of personnel was 150 full-time equivalents at the end of the first half, down 17% on the previous year (181). Other operating expenses decreased slightly by 2% and came to € 1,431 k during the period under review (previous year: € 1,455 k). Our cost reduction measures therefore continued to prove effective.

Scheduled depreciation and amortization remained largely unchanged during the reporting period, standing at € 1,784 k (previous year: € 1,774). While depreciation and amortization on previously capitalized development costs increased, amortization on other acquired intangible assets fell on account of the balance sheet adjustment at the end of 2010. The rate of total capitalization, in other words the ratio between depreciation and amortization of capitalized development costs and newly recognized own development activities, amounted to 0.79 in the period under review (previous year: 0.75).

Rate of total capitalization of 0.79

Earnings before interest and taxes (EBIT) of € 181 k did not change significantly compared to the previous year (€ 150 k). The EBIT margin rose slightly to 2.7% (previous year: 2.1%).

Pre-tax loss due to negative financial result

At € -617 k, the financial result was down on the previous year (€ -363 k). Pre-tax earnings therefore fell to € -435 k in the first half of the year (previous year: € -212 k). Taking into account much higher income tax expenses, largely defined by deferred tax expenditures with no impact on liquidity, the company is posting a loss of € -1,172 k for the first half of 2011 (previous year: € -652 k). Earnings per share therefore amount to € -0.68 (previous year: € -0.38). Deferred taxes are mainly the result of the strategic acquisition of shares in MeVis BreastCare Solutions held by Siemens and the capitalization of development expenses.

Liquid funds came to € 9,540 k at the end of the first half of the year (December 31, 2010: € 8,162 k).

Forecast for 2011 was confirmed

“In view of business developments so far, we are confirming our forecast that was published in the Group management report 2010, in which we anticipated consolidated sales to drop slightly in the current financial year on account of the new license business decreasing throughout the Group in financial year 2010,” stated Dr. Robert Hannemann, member of the Executive Board of MeVis Medical Solutions AG. “Consolidated earnings before interest and taxes (EBIT) should be slightly positive due to additional cost savings.”

Taking into consideration the development of U.S. dollar exchange rates, the currency in which around 80% of bills are invoiced within the Group, as well as current market and business developments, the Executive Board will define its forecast during the course of the financial year.

For further information please visit http://www.mevis.de.

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__MeVis Medical Solutions AG__ was founded in 1997 and is one of the world's leading independent developer and provider of medical imaging software with focus on dedicated, disease-oriented clinical applications. MeVis AG has been listed on the Frankfurt Stock Exchange in the Prime Standard segment of the Regulated Market since November 16, 2007.

Over the past few years, there has been an enormous increase in the complexity and volume of medical imaging data derived from diagnostic imaging processes such as digital mammography, computed tomography (CT), magnetic resonance imaging (MRI), and ultrasound (US). MeVis' 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 disorders. The Company develops its software solutions in close consultation with world's leading medical experts and original equipment manufacturers (OEM) in the medical technology sector and primarily markets this software via these partnerships.