

Buy EUR 3.40	Value Indicators: EUR DCF: 3.30 SotP: 3.09 Peer Group: 4.18	Share data: Bloomberg: AAQ GR Reuters: AAQG.DE ISIN: DE0005066609	Description: Producer of implants and biomaterials to mend broken bones
	Market Snapshot: EUR m Market cap: 70.0 No. of shares (m): 30.7 EV: 63.0 Freefloat MC: 20.4 Ø Trad. Vol. (30d; EUR): 30.25 th	Shareholders: Freefloat: 29.2 % Noes de Vries: 14.7 % Jürgen W. Krebs: 12.6 % Ratio Capital: 8.2 % Fidelity Funds: 5.5 %	Risk Profile (WRe): 2015e Beta: 1.5 Price / Book: 1.5 x Equity Ratio: 78 %

Q1 figures and Q2 guidance released

Stated Figures Q1/2015:								Comment on Figures:							
FY End: 31.12. in EUR m	Q1 15	Q1 15e	Q1 14	yoy	15e	14	yoy	<ul style="list-style-type: none"> ▪ Preliminary sales figures were reported and showed an improvement. Last year's sales of EUR 7.1m include EUR 1m from the divested Dutch subsidiary EMCM (sold in Q1 14) – continued operations generated EUR 6.1m in Q1 14. (+16% yoy). ▪ Q1 15 sales were driven by LOQTEQ (+45% yoy) and a surprisingly strong sales increase in the Biomaterials business (+23% yoy). ▪ However, EUR 0.3m costs regarding the stopped divestment of Biomaterials, the special audit of the DPR and preparation of the market opening in the US led to an EBITDA of EUR 0.2m. In addition, personnel expenses were EUR 0.1m higher as 28 employees were hired. 							
Sales	7.1	7.1	7.1	0 %	33.4	31.6	6 %								
EBITDA	0.2	0.1	0.1	65 %	2.7	2.3	18 %								
Margin	2.7 %	2.0 %	1.6 %		8.0 %	7.2 %									
EBIT	-0.4	-0.5	-0.4	n.a.	0.2	0.0	n.a.								
Margin	-6.2 %	-6.5 %	-5.8 %		0.7 %	-0.1 %									
EPS	-0.01	-0.01	-0.01	n.a.	0.00	-0.01	n.a.								

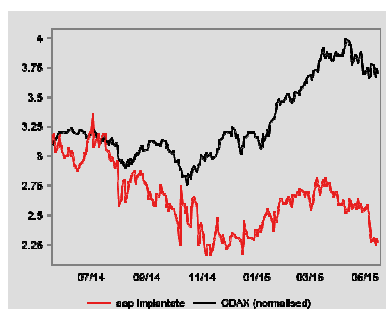
aap Implantate AG has released final Q1 figures. These will be followed up by a conference call on Monday, May 18, at 4:30pm (CEST, +49 (0) 69 5060 9538, access code: 3247977597)

Reported sales figures are fully in line with preliminary reported figures. Sales of EUR 7.1m (+16% yoy on the comparable basis of EUR 6.1m) were driven by both segments. Trauma grew by 15% yoy to EUR 2.5m sales, mainly due to higher LOQTEQ sales which grew by 45% yoy to now EUR 1.7m. In addition, the Biomaterials business was surprisingly strong, showing a growth rate of 23% yoy to EUR 4.4m sales. Overall, the revenue increase was contributed by existing customers in both segments.

An EBITDA of EUR 0.2m was reported. Several special effects led to costs of EUR 0.3m, which are related to the preparation of the divestment of the Biomaterials business and entering into new markets with the LOQTEQ product (especially in the US – here an incorporation for distribution purposes was found and a sales manager was hired). Nevertheless, as negotiations with US-based clients are in an advanced stage, aap is expecting first revenues from the US in H2 2015. Thus, incurred costs are expected to pay off soon. Despite the mentioned special effects, EBITDA was announced higher than in the same period last year, albeit being driven by currency effects of EUR 0.2m.

Guidance: Management confirmed the full-year guidance of EUR 33-35m in sales and an EBITDA of EUR 2.5 to 3.5m. For Q2 15, a sales guidance of EUR 5m to 6.1m and an EBITDA of between EUR -1.5m and -1.0m was released. Even though customer order behaviour causes a quarterly fluctuation, a strong H2 has to be shown if the company's 2015 targets are to be reached (if taking Q1 figures and Q2 guidance into account). H2 is, however, expected to be driven by US sales, increasing Trauma sales and project business.

Valuation: As mentioned in the most recent update, the Biomaterials business is considered an important unit of aap. It is assumed, that aap's strategy to become a leading Trauma company in Europe will be supported by the cashflow-generative subsidiary Biomaterials. The current net cash position of EUR 6.8m is also expected to be supportive for LOQTEQ's roll-out. The main valuation tool is the DCF model as the sales and earnings potentials of the promising LOQTEQ implants are adequately taken into account. Remains a Buy with a price target of EUR 3.40.

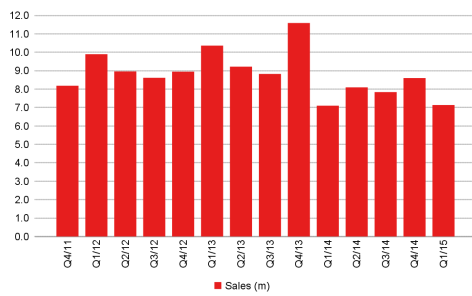


Rel. Performance vs CDAX:	
1 month:	-9.0 %
6 months:	-29.5 %
Year to date:	-21.1 %
Trailing 12 months:	-48.4 %

Company events:	
12.06.15	AGM
14.08.15	Q2
13.11.15	Q3

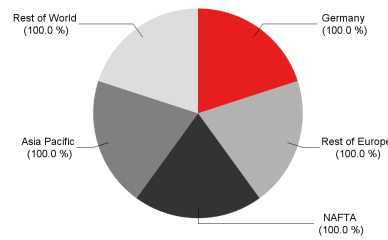
FY End: 31.12. in EUR m	CAGR (14-17e)	2011	2012	2013	2014	2015e	2016e	2017e
Sales	10.6 %	29.2	36.4	40.0	31.6	33.4	37.8	42.8
Change Sales yoy		2.7 %	24.7 %	9.8 %	-21.0 %	5.8 %	13.1 %	13.1 %
Gross profit margin		85.3 %	78.4 %	72.7 %	68.8 %	73.0 %	73.5 %	76.0 %
EBITDA	35.5 %	4.1	7.1	7.4	2.3	2.7	3.6	5.7
Margin		14.1 %	19.6 %	18.4 %	7.2 %	8.0 %	9.5 %	13.3 %
EBIT	-	1.2	3.2	-2.1	0.0	0.2	1.0	2.7
Margin		4.0 %	8.8 %	-5.3 %	-0.1 %	0.7 %	2.5 %	6.3 %
Net income	-	0.4	2.4	-2.2	-0.5	0.1	0.5	2.0
EPS	-	0.01	0.08	-0.07	-0.01	0.00	0.02	0.07
DPS	-	0.00	0.00	0.00	0.00	0.00	0.01	0.02
Dividend Yield		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.4 %	0.9 %
FCFPS		-0.03	0.10	-0.07	-0.26	-0.03	-0.08	-0.02
EV / Sales		1.2 x	0.9 x	1.2 x	2.4 x	1.9 x	1.7 x	1.5 x
EV / EBITDA		8.7 x	4.8 x	6.6 x	33.5 x	23.5 x	18.0 x	11.5 x
EV / EBIT		30.8 x	10.7 x	n.a.	n.a.	262.4 x	67.7 x	24.3 x
P / E		96.9 x	12.5 x	n.a.	n.a.	n.a.	114.1 x	32.6 x
FCF Yield Potential		2.6 %	11.0 %	9.3 %	-0.4 %	0.1 %	0.6 %	2.9 %
Net Debt		7.1	3.9	3.2	-7.8	-6.9	-4.8	-4.8
ROE		0.8 %	4.9 %	-4.4 %	-1.0 %	0.3 %	1.0 %	4.2 %
ROCE (NOPAT)		1.4 %	5.2 %	-3.6 %	-0.3 %	0.3 %	1.0 %	4.5 %
Guidance:		Guidance 2015: Revenue EUR 33-35m - EBITDA EUR 2.5-3.5m						

Sales development
in EUR m



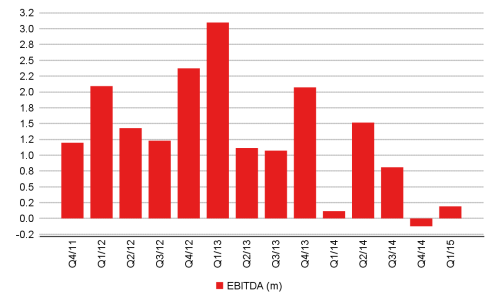
Source: Warburg Research

Sales by regions
2014; in %



Source: Warburg Research

EBITDA development
in EUR m



Source: Warburg Research

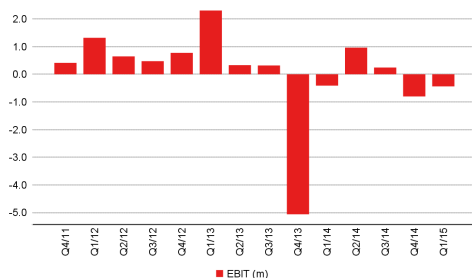
Company Background

- aap Implantate AG develops, produces and sells medical implants, which are primarily used in orthopaedics to mend fractures.
- With the business areas Trauma and Biomaterials, the company covers the entire value chain and sells the products worldwide with the focus on Europe, the USA as well as on the BRICS and SMIT markets.
- The products are sold by direct sale, international sales partners or OEMs (including Stryker, Zimmer, Biomet or Smith& Nephew).
- aap Implantate AG was founded in 1990 as a MBO from the Johnson & Johnson Group and is headquartered in Berlin. The company has 217 employees.

Competitive Quality

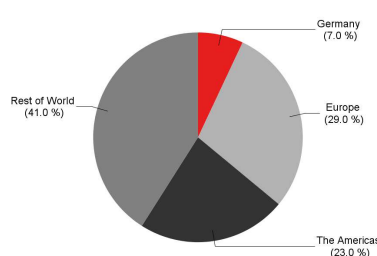
- aap Implantate AG has developed a patent protected Trauma implant (LOQTEQ), which provides significant improvements for surgeons, hospitals and clinics as well as patients.
- Additionally aap has a promising product pipeline with an antibacterial silver coating for the implants as well as resorbable magnesium implants.
- The sale of the Dutch subsidiary has provided the company with sufficient financial funds to grow organically and inorganically.
- In the Biomaterials division, aap has established a network with the largest Medtech companies (e.g. Zimmer, Stryker, Smith &Nephew, Johnson & Johnson).

EBIT development
in EUR m



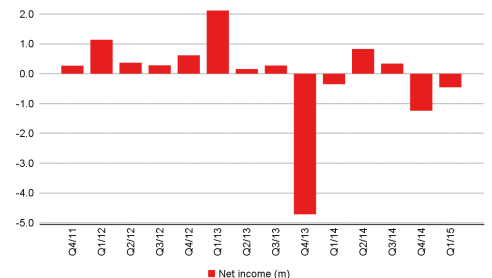
Source: Warburg Research

LOQTEQ - Sales by regions
2013; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	2027e	
Sales	33.4	37.8	42.8	48.4	54.7	61.0	66.1	71.4	76.7	82.0	87.7	93.4	99.2	
Sales change	5.8 %	13.1 %	13.1 %	13.1 %	13.0 %	11.5 %	8.4 %	8.0 %	7.4 %	6.9 %	6.9 %	6.5 %	6.1 %	2.5 %
EBIT	0.2	1.0	2.7	3.8	5.1	6.7	8.4	10.5	13.2	16.6	18.4	19.6	20.8	
EBIT-margin	0.7 %	2.5 %	6.3 %	7.8 %	9.4 %	11.1 %	12.7 %	14.8 %	17.3 %	20.3 %	21.0 %	21.0 %	21.0 %	
Tax rate (EBT)	58.8 %	56.5 %	28.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	
NOPAT	0.1	0.4	1.9	2.8	3.8	5.1	6.3	7.9	9.9	12.5	13.8	14.7	15.6	
Depreciation	2.4	2.6	3.0	3.1	3.6	4.0	4.3	4.6	5.0	5.3	5.7	6.1	6.4	
in % of Sales	7.3 %	7.0 %	7.0 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	
Changes in provisions	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	
Change in Liquidity from														
- Working Capital	0.2	2.1	2.3	1.5	2.8	2.8	2.3	2.4	-1.5	2.1	2.3	2.3	2.3	
- Capex	3.3	3.4	3.4	3.1	3.6	4.0	4.3	4.6	5.0	5.3	5.7	6.1	6.4	
Capex in % of Sales	9.9 %	9.0 %	7.9 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	
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	
Free Cash Flow (WACC Model)	-0.9	-2.4	-0.8	1.4	1.0	2.2	4.0	5.5	11.4	10.3	11.6	12.4	13.3	15
PV of FCF	-0.9	-2.1	-0.6	1.0	0.7	1.3	2.2	2.8	5.2	4.3	4.4	4.3	4.2	67
share of PVs	-3.84 %			32.47 %										71.37 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.20
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.50
Market return	7.00 %	Cyclicality	1.40
Risk free rate	1.50 %	Transparency	1.80
		Others	1.47
WACC	9.61 %	Beta	1.48

Valuation (m)

Present values 2027e	27		
Terminal Value	67		
Financial liabilities	3		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	11	No. of shares (m)	30.7
Equity Value	101	Value per share (EUR)	3.30

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.66	10.6 %	2.60	2.65	2.69	2.75	2.80	2.86	2.92	1.66	10.6 %	2.47	2.56	2.66	2.75	2.84	2.93	3.02
1.57	10.1 %	2.83	2.88	2.94	3.00	3.07	3.14	3.21	1.57	10.1 %	2.71	2.81	2.90	3.00	3.10	3.20	3.29
1.52	9.9 %	2.96	3.01	3.08	3.14	3.22	3.29	3.38	1.52	9.9 %	2.84	2.94	3.04	3.14	3.25	3.35	3.45
1.48	9.6 %	3.09	3.15	3.22	3.30	3.38	3.46	3.55	1.48	9.6 %	2.98	3.09	3.19	3.30	3.40	3.51	3.61
1.43	9.4 %	3.23	3.31	3.38	3.46	3.55	3.64	3.75	1.43	9.4 %	3.13	3.24	3.35	3.46	3.57	3.68	3.79
1.38	9.1 %	3.39	3.47	3.55	3.64	3.74	3.84	3.96	1.38	9.1 %	3.30	3.41	3.53	3.64	3.76	3.87	3.99
1.29	8.6 %	3.74	3.83	3.94	4.05	4.17	4.30	4.44	1.29	8.6 %	3.67	3.80	3.92	4.05	4.17	4.30	4.43

- In 2013, one-third of the revenue was generated in the Trauma division and two-thirds in the Biomaterials division.
- This ratio will turn around in the medium term. As of 2020, Trauma is expected to generate almost 65% of revenue.
- In 2015e, the Trauma division is expected to break even.
- The EBIT margin in perpetuity is assumed at 21%. With successful market penetration, higher margins are possible.
- Beta is relatively low owing to the good financial situation and the sector's resistance to cyclicality.

Sum of the parts

SotP aap Implantate

	Sales		EV/ Sales 2015e	EV/ Sales 2016e	Trauma M&A Multiples	fair value 15	fair value 16	fair value 15 M&A
	2015e	2016e						
Trauma	15,56	19,1	3,05	2,71	4,67	47,4	51,7	72,6
Biomaterials	17,88	18,8	2,12	1,76	2,12	37,9	33,1	37,9
Other Assets								
Net Debt (without EMCM)						-8,0	-8,0	-8,0
Joint Venture aap Joints (at equity)						1,5	1,5	1,5
Fair Value						94,9	94,2	120,1
Number of shares						30,7	30,7	30,7
Fair Value per share						3,09	3,07	3,92

M&A Transaction

Date	Buyer	Target company	EV/ (LTM) Sales	Transaction
2014	Wright Medical	OrthoPro	5,50	M&A
2014	Wright Medical	Solana Surgical	5,50	M&A
2013	Wright Medical	Biotech International	5,33	M&A
2013	LDR Holding		2,97	IPO
2013	Wright Medical	WG Healthcare	n.a	M&A
2012	Globus Medical		2,60	IPO
2012	Tornier	OrthoHelix	5,78	M&A
2011	Tonier		3,38	IPO
2011	Stryker	Memometal	5,40	M&A
2010	China Kanghui		5,55	IPO
		Mean	4,67	

Source: Warburg Research; Bloomberg

Valuation							
	2011	2012	2013	2014	2015e	2016e	2017e
Price / Book	0.6 x	0.6 x	1.0 x	1.9 x	1.5 x	1.5 x	1.4 x
Book value per share ex intangibles	0.34	0.37	1.06	0.99	0.98	1.00	1.09
EV / Sales	1.2 x	0.9 x	1.2 x	2.4 x	1.9 x	1.7 x	1.5 x
EV / EBITDA	8.7 x	4.8 x	6.6 x	33.5 x	23.5 x	18.0 x	11.5 x
EV / EBIT	30.8 x	10.7 x	n.a.	n.a.	262.4 x	67.7 x	24.3 x
EV / EBIT adj.*	30.8 x	10.7 x	n.a.	n.a.	262.4 x	67.7 x	24.3 x
P / FCF	n.a.	9.6 x	n.a.	n.a.	n.a.	n.a.	n.a.
P / E	96.9 x	12.5 x	n.a.	n.a.	n.a.	114.1 x	32.6 x
P / E adj.*	96.9 x	12.5 x	n.a.	n.a.	n.a.	114.1 x	32.6 x
Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.4 %	0.9 %
Free Cash Flow Yield Potential	2.6 %	11.0 %	9.3 %	-0.4 %	0.1 %	0.6 %	2.9 %
*Adjustments made for: -							

Consolidated profit & loss

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Sales	29.2	36.4	40.0	31.6	33.4	37.8	42.8
Change Sales yoy	2.7 %	24.7 %	9.8 %	-21.0 %	5.8 %	13.1 %	13.1 %
Increase / decrease in inventory	0.8	0.2	-1.0	2.1	0.0	0.0	0.0
Own work capitalised	3.0	2.7	2.0	0.3	1.0	1.1	2.1
Total Sales	33.0	39.3	41.0	34.0	34.4	39.0	44.9
Material Expenses	8.1	10.8	12.0	12.3	10.0	11.2	12.4
Gross profit	24.9	28.6	29.1	21.7	24.4	27.8	32.5
<i>Gross profit margin</i>	<i>85.3 %</i>	<i>78.4 %</i>	<i>72.7 %</i>	<i>68.8 %</i>	<i>73.0 %</i>	<i>73.5 %</i>	<i>76.0 %</i>
Personnel expenses	11.9	13.5	14.6	12.2	13.4	14.9	16.7
Other operating income	1.9	3.3	4.3	3.1	3.4	3.7	4.1
Other operating expenses	10.8	11.2	11.4	10.3	11.8	13.0	14.2
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	4.1	7.1	7.4	2.3	2.7	3.6	5.7
<i>Margin</i>	<i>14.1 %</i>	<i>19.6 %</i>	<i>18.4 %</i>	<i>7.2 %</i>	<i>8.0 %</i>	<i>9.5 %</i>	<i>13.3 %</i>
Depreciation of fixed assets	1.1	1.1	2.2	0.8	0.8	0.8	0.9
EBITA	3.1	6.0	5.2	1.5	1.9	2.9	4.8
Amortisation of intangible assets	1.9	2.8	7.3	1.5	1.7	1.9	2.1
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1.2	3.2	-2.1	0.0	0.2	1.0	2.7
<i>Margin</i>	<i>4.0 %</i>	<i>8.8 %</i>	<i>-5.3 %</i>	<i>-0.1 %</i>	<i>0.7 %</i>	<i>2.5 %</i>	<i>6.3 %</i>
EBIT adj.	1.2	3.2	-2.1	0.0	0.2	1.0	2.7
Interest income	0.1	0.0	0.0	0.0	0.3	0.3	0.3
Interest expenses	0.6	0.5	0.2	0.1	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	0.6	2.7	-2.3	-0.2	0.3	1.1	2.8
<i>Margin</i>	<i>2.1 %</i>	<i>7.5 %</i>	<i>-5.7 %</i>	<i>-0.6 %</i>	<i>1.0 %</i>	<i>2.8 %</i>	<i>6.5 %</i>
Total taxes	0.2	0.3	-0.2	0.3	0.2	0.6	0.8
Net income from continuing operations	0.4	2.4	-2.0	-0.5	0.1	0.5	2.0
Income from discontinued operations (net of tax)	0.0	0.0	-0.1	0.0	0.0	0.0	0.0
Net income before minorities	0.4	2.4	-2.2	-0.5	0.1	0.5	2.0
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.4	2.4	-2.2	-0.5	0.1	0.5	2.0
<i>Margin</i>	<i>1.3 %</i>	<i>6.6 %</i>	<i>-5.4 %</i>	<i>-1.4 %</i>	<i>0.4 %</i>	<i>1.2 %</i>	<i>4.7 %</i>
Number of shares, average	29.6	30.7	30.7	30.7	30.7	30.7	30.7
EPS	0.01	0.08	-0.07	-0.01	0.00	0.02	0.07
EPS adj.	0.01	0.08	-0.07	-0.01	0.00	0.02	0.07

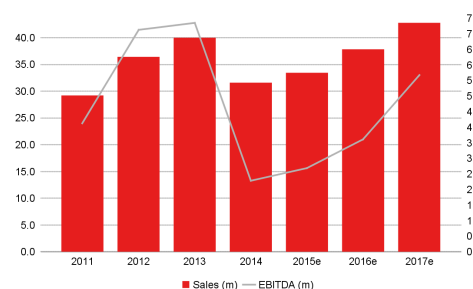
*Adjustments made for:

Guidance: Guidance 2015: Revenue EUR 33-35m - EBITDA EUR 2.5-3.5m

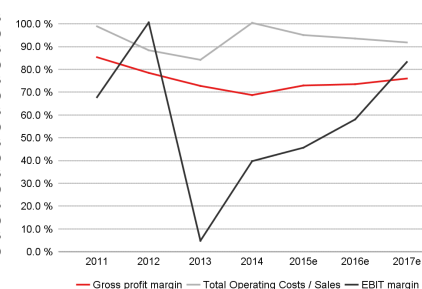
Financial Ratios

	2011	2012	2013	2014	2015e	2016e	2017e
Total Operating Costs / Sales	98.9 %	88.5 %	84.2 %	100.4 %	95.0 %	93.5 %	91.7 %
Operating Leverage	23.1 x	7.1 x	n.a.	4.7 x	n.a.	22.9 x	13.6 x
EBITDA / Interest expenses	6.8 x	13.7 x	40.6 x	28.8 x	13.4 x	18.1 x	28.4 x
Tax rate (EBT)	36.1 %	11.5 %	10.0 %	-162.1 %	58.8 %	56.5 %	28.0 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	66.4 %	30.7 %
Sales per Employee	109,793	137,932	336,042	213,473	n.a.	n.a.	n.a.

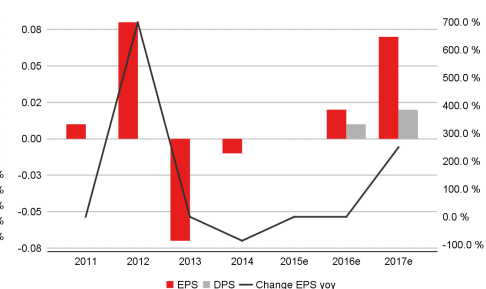
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

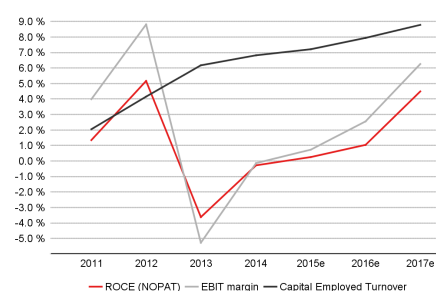
Consolidated balance sheet

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Assets							
Goodwill and other intangible assets	38.2	39.4	14.5	15.2	15.5	15.6	15.5
thereof other intangible assets	5.5	5.1	0.9	0.5	0.8	0.9	0.8
thereof Goodwill	12.5	12.5	1.6	1.6	1.6	1.6	1.6
Property, plant and equipment	5.1	5.1	5.9	7.7	8.2	8.9	9.4
Financial assets	0.4	0.4	1.8	1.7	1.7	1.7	1.7
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	43.7	44.9	22.2	24.5	25.4	26.2	26.6
Inventories	14.0	13.9	9.4	9.4	9.8	11.1	12.6
Accounts receivable	5.5	4.2	7.0	9.3	9.2	10.4	11.7
Liquid assets	2.2	3.7	1.6	12.2	11.3	9.2	9.1
Other short-term assets	0.8	1.8	25.0	2.4	2.4	2.4	2.4
Current assets	22.5	23.7	43.0	33.3	32.7	33.2	35.9
Total Assets	66.2	68.6	65.2	57.9	58.1	59.3	62.4
Liabilities and shareholders' equity							
Subscribed capital	30.7	30.7	30.7	30.7	30.7	30.7	30.7
Capital reserve	40.4	18.6	18.8	17.6	17.6	17.6	17.6
Retained earnings	0.2	0.2	0.7	0.7	0.9	1.6	4.2
Other equity components	-23.0	1.4	-3.1	-3.6	-3.6	-3.6	-3.6
Shareholder's equity	48.4	50.9	47.0	45.4	45.6	46.3	48.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	48.4	50.9	47.0	45.4	45.6	46.3	48.9
Provisions	0.2	0.2	0.3	0.4	0.4	0.4	0.4
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Financial liabilities (total)	9.2	7.6	4.7	4.3	4.3	4.3	4.3
thereof short-term financial liabilities	5.5	4.5	2.6	2.0	2.0	2.0	2.0
Accounts payable	3.1	3.3	2.9	2.9	3.1	3.5	4.0
Other liabilities	5.2	6.7	10.4	4.8	4.8	4.8	4.8
Liabilities	17.8	17.7	18.2	12.4	12.6	13.0	13.5
Total liabilities and shareholders' equity	66.2	68.6	65.2	57.9	58.1	59.3	62.4

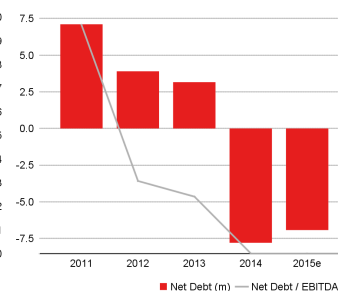
Financial Ratios

	2011	2012	2013	2014	2015e	2016e	2017e
Efficiency of Capital Employment							
Operating Assets Turnover	1.4 x	1.9 x	2.0 x	1.3 x	1.4 x	1.4 x	1.4 x
Capital Employed Turnover	0.5 x	0.7 x	0.8 x	0.8 x	0.9 x	0.9 x	1.0 x
ROA	0.9 %	5.4 %	-9.7 %	-1.9 %	0.6 %	1.8 %	7.5 %
Return on Capital							
ROCE (NOPAT)	1.4 %	5.2 %	-3.6 %	-0.3 %	0.3 %	1.0 %	4.5 %
ROE	0.8 %	4.9 %	-4.4 %	-1.0 %	0.3 %	1.0 %	4.2 %
Adj. ROE	0.8 %	4.9 %	-4.4 %	-1.0 %	0.3 %	1.0 %	4.2 %
Balance sheet quality							
Net Debt	7.1	3.9	3.2	-7.8	-6.9	-4.8	-4.8
Net Financial Debt	7.1	3.9	3.1	-7.9	-7.0	-5.0	-4.9
Net Gearing	14.7 %	7.7 %	6.7 %	-17.2 %	-15.2 %	-10.5 %	-9.7 %
Net Fin. Debt / EBITDA	171.4 %	54.4 %	42.6 %	n.a.	n.a.	n.a.	n.a.
Book Value / Share	1.6	1.7	1.5	1.5	1.5	1.5	1.6
Book value per share ex intangibles	0.3	0.4	1.1	1.0	1.0	1.0	1.1

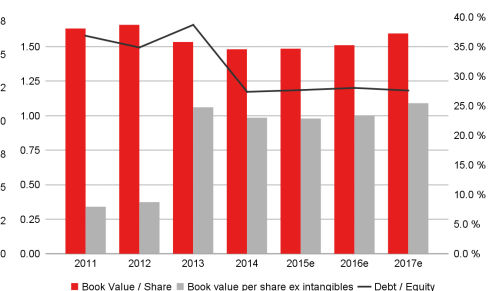
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

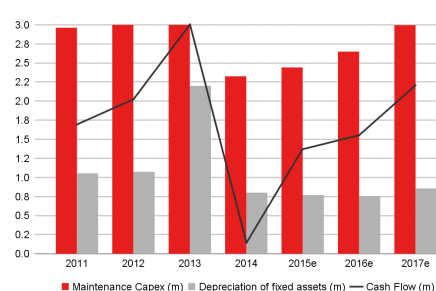
Consolidated cash flow statement

In EUR m	2011	2012	2013	2014	2015e	2016e	2017e
Net income	0.4	2.4	-2.2	-0.5	0.1	0.5	2.0
Depreciation of fixed assets	1.1	1.1	2.2	0.8	0.8	0.8	0.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.9	2.8	7.3	1.5	1.7	1.9	2.1
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Other non-cash income and expenses	0.2	-1.9	0.0	-3.0	0.0	0.0	0.0
Cash Flow	3.5	4.5	7.3	-1.0	2.6	3.1	5.0
Increase / decrease in inventory	-0.5	1.4	-4.6	-2.0	-0.4	-1.3	-1.5
Increase / decrease in accounts receivable	0.0	0.0	0.0	0.0	0.1	-1.2	-1.3
Increase / decrease in accounts payable	0.2	1.3	0.8	0.0	0.2	0.4	0.5
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 (total)	-0.3	2.6	-3.8	-2.0	-0.2	-2.1	-2.3
Net cash provided by operating activities	3.2	7.1	3.5	-2.9	2.4	1.0	2.7
Investments in intangible assets	-3.1	-2.8	-5.7	-2.0	-2.0	-2.0	-2.0
Investments in property, plant and equipment	-0.9	-1.1	-1.1	-1.2	-1.3	-1.4	-1.4
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	0.3	0.0	3.5	18.3	0.0	0.0	0.0
Net cash provided by investing activities	-3.7	-3.9	-2.2	13.2	-3.3	-3.4	-3.4
Change in financial liabilities	-1.1	-1.4	-1.5	-0.6	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.3	0.6
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	-0.1	-0.2	-1.0	0.0	0.0	0.0	0.0
Net cash provided by financing activities	1.8	-1.6	-2.5	-0.6	0.0	0.3	0.6
Change in liquid funds	1.2	1.5	-1.2	9.7	-0.9	-2.1	-0.1
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	2.2	3.7	2.5	12.2	11.3	9.2	9.1

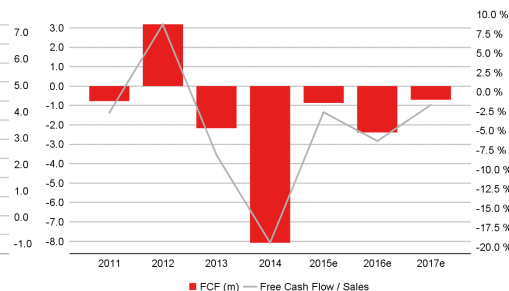
Financial Ratios

	2011	2012	2013	2014	2015e	2016e	2017e
Cash Flow							
FCF	-0.8	3.2	-2.2	-8.1	-0.9	-2.4	-0.7
Free Cash Flow / Sales	-2.6 %	8.7 %	-8.2 %	-19.4 %	-2.6 %	-6.3 %	-1.6 %
Free Cash Flow Potential	0.9	3.8	4.5	-0.3	0.0	0.4	1.9
Free Cash Flow / Net Profit	-197.2 %	132.3 %	151.5 %	1347.6 %	-619.8 %	-517.4 %	-35.3 %
Interest Received / Avg. Cash	3.8 %	1.0 %	0.0 %	0.0 %	2.6 %	2.9 %	3.3 %
Interest Paid / Avg. Debt	6.3 %	6.2 %	2.9 %	1.8 %	4.7 %	4.7 %	4.7 %
Management of Funds							
Investment ratio	13.6 %	10.7 %	17.1 %	10.1 %	9.9 %	9.0 %	7.9 %
Maint. Capex / Sales	10.1 %	8.2 %	7.5 %	7.4 %	7.3 %	7.0 %	7.0 %
Capex / Dep	134.6 %	99.8 %	72.0 %	137.6 %	135.2 %	128.4 %	113.5 %
Avg. Working Capital / Sales	54.4 %	41.0 %	34.3 %	46.5 %	47.3 %	44.8 %	44.8 %
Trade Debtors / Trade Creditors	176.5 %	129.7 %	246.6 %	315.3 %	296.8 %	297.1 %	292.5 %
Inventory Turnover	0.6 x	0.8 x	1.3 x	1.3 x	1.0 x	1.0 x	1.0 x
Receivables collection period (days)	69	42	64	107	100	100	100
Payables payment period (days)	141	110	87	88	113	114	118
Cash conversion cycle (Days)	595	379	252	274	342	348	354

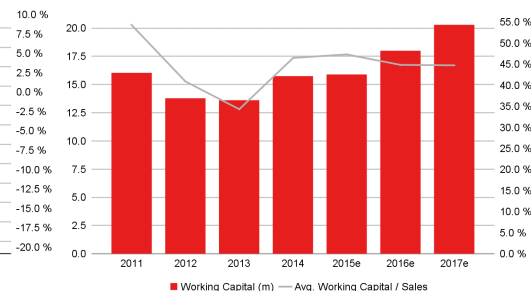
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
aap Implantate	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005066609.htm

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-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-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	99	54
Hold	74	40
Sell	7	4
Rating suspended	4	2
Total	184	100

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

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Rating	Number of stocks	% of Universe
Buy	81	59
Hold	50	36
Sell	4	3
Rating suspended	3	2
Total	138	100

PRICE AND RATING HISTORY AAP IMPLANTATE AS OF 18.05.2015



The chart has 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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