

aap Implantate AG

Q1/2015 Report Conference Call

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Safe Harbor Statement

Our publication may include predictions, estimates or other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this presentation. Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. Throughout today's discussion, we will attempt to present some important factors relating to our business that may affect our predictions.

Geography

Implementation of Strategic Imperatives

Progress in Q1/2015

Products Customers

Accelerating Value-based Innovation

- LOQTEQ®: Portfolio expansion as planned;
 European key patent obtained
- Silver coating technology: European patent obtained; relevant work for CE-submission ongoing
- Magnesium technology: Two European key patents obtained

Getting focussed on Trauma

 Ongoing evaluation of strategic options for aap Biomaterials GmbH

- Implementation of measures to improve delivery capacity in field of screw and plate production on track
- Implementation of measures to reduce production costs

Enhancing Market Access

- USA: Negotiations with distributors ongoing (stocking and non-stocking distributors)
- Brazil: Documents for registration of LOQTEQ® products submitted

Supplementing Organic Growth with Acquisition

- Continuous market screening with M&A rationales: complementary portfolio, geographical expansion and cost synergies
- Increased acquisition multipliers make it difficult to find attractive targets at reasonable prices

Optimizing Operational Efficiency

Cost

Services

Process

Critical Mass



Financial Figures Q1/2015

(in EUR million, sales bridge in thousand EUR)

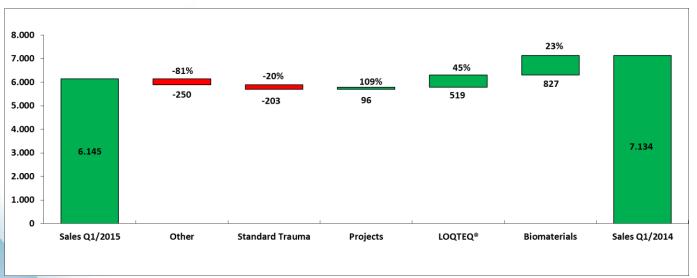
	Q1/2015	Q1/2014	Change
Sales	7.1	6.1	16%
Trauma	2.5	2.2	15%
of which LOQTEQ®	1.7	1.1	45%
Biomaterials	4.4	3.6	23%
Projects	0.1	0.1	109%
Other	0.1	0.2	-81%

	Q1/2015	Q1/2014	Change
EBITDA	0.2	0.1	91%
EBIT	-0.4	-0.4	-3%

Operative Performance: Sales and normalized* EBITDA

	Q1/2015	Q1/2014	Change
Sales	7.0	6.1	15%
EBITDA	0.3	0.1	99%

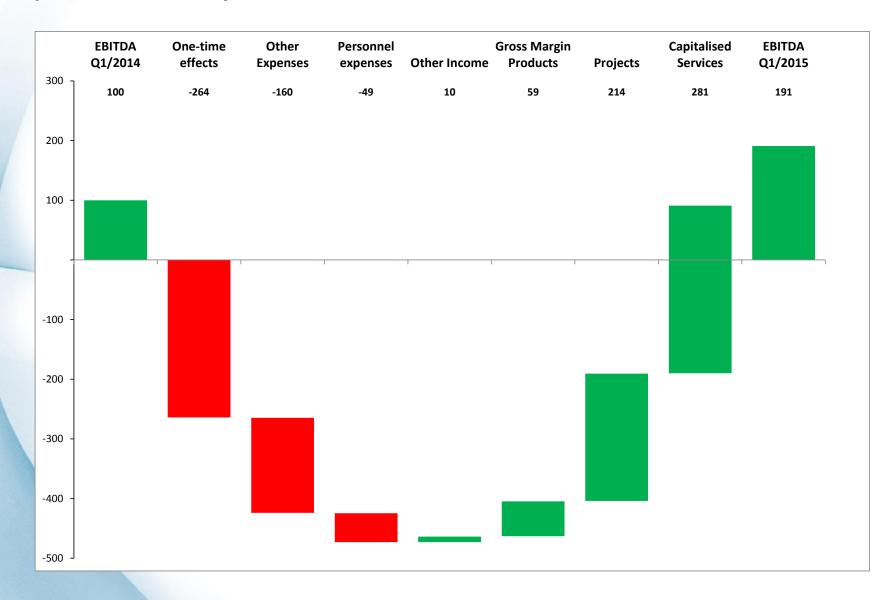
^{*}Sales/EBITDA excluding one-time costs in connection with measures and project revenues and thus with associated costs in each case



Financial Figures Q1/2015



(in thousand EUR)



Highlights Q1/2015 (Balance Sheet)



- Total assets 31.03.2015: EUR 59.0 million (31.12.2014: EUR 57.9 million) → +2%
 - Non-current assets: EUR +0.3 million
 - Healthy relative share of intangible assets of 26%
 - Current assets → EUR -0.9 million
 - Inventory: EUR 0.9 million
 - Trade receivables: EUR -1.3 million, decrease in receivables from service contracts but still high level due to significant sales realization at the end of the quarter
 - Cash at EUR 13.0 million (EUR +0.8 million): decrease in trade receivables and new loans
 - Equity → EUR -0.5 million
 - Net result 31.03.2015 → EUR -0.5 million
 - Debts → EUR +1.6 million
 - Decrease in long-term financial liabilities bank : EUR -0.3 million
 - Increase in short-term financial liabilities bank: EUR +2.0 million
 - Trade payables: EUR -0.5 million
 - Other liabilities: EUR -0.3 million
- Working Capital: EUR 16.9 million (31.12.2014: EUR 16.9 million)
- Working Capital-turn TTM (sales): 1.9 (FY 2014: 1.8)
- Equity ratio: 76% (31.12.2014: 79%)
- Net Cash 31.03.2015: EUR 6.8 million (31.12.2014: EUR 7.7 million) → Strong cash basis

Highlights Q1/2015 (Cash Flow)



- Operating Cash flow Q1/2015: EUR 21k
 - Again positive after last quarters
 - Net result of EUR -0.5 million
 - Balancing effects in working capital with slightly positive impact
- Investing Cash Flow Q1/2015: EUR -0.9 million
 - Investments: EUR -1.0 million (machinery and other equipment: EUR -0.4 million; intangibles: EUR -0.6 million)
- Financing Q1/2015: EUR 1.7 million
 - Usage of credit facility: EUR +2.0 million → short-term financing growth related
 - Redemption financing for machinery: EUR -0.3 million
- Cash 31.03.2015: EUR 13.0 million (31.12.2014: EUR 12.2 million)
- Liquidity reserves (Cash and free credit facilities): EUR 15.5 million
 (31.12.2014: EUR 16.7 million)

Outlook 2015



Outlook 2015:

- Strategic goal is to create a focused pure trauma player
- Sales: EUR 33 million EUR 35 million (+8% to +14%;
 FY/2014: EUR 30.6 million)
 - Trauma: EUR 14.8 million EUR 15.4 million (+20% to +25%;
 FY/2014: EUR 12.2 million)
 - Biomaterials: 10% growth
- EBITDA: EUR 2.5 million EUR 3.5 million (+9% to +52%;
 FY/2014: EUR 2.3 million)

Outlook Q2/2015:

- **Sales:** EUR 5.0 million EUR 6.1 million
- EBITDA: EUR -1.5 million EUR -1.0 million
- Quarterly fluctuation particular influenced by ordering behavior of major customers in bone cement and mixing systems – development of key figures should be evaluated on annual basis rather than on quarterly basis

Management Agenda 2015



Products

Customers

Accelerating Value-based Innovation

- LOQTEQ® portfolio expansion targeting indication coverage >90%
- Silver technology: Submission for CE approval in H2/2015
- Freshness index of minimum 20%

Enhancing Market Access

- Trauma sales growth: 20% to 25% (2-3x faster than the trauma market)
- Setting a footprint in the US market
- Achieving full presence in BRICS and SMIT countries

Getting focussed on Trauma

Ongoing evaluation of

Biomaterials GmbH

strategic options for aap

Optimizing Operational Efficiency

- Substantial reduction of manufacturing costs and significant extension of delivery capability
- Shortening time to market (launch minimum 3 systems per year)
- Improvements in ERP functionalities to comply with growth pace

Supplementing Organic Growth with Acquisition

 M&A rationales: complementary portfolio, geographical expansion and cost synergies Distribution

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