



aap Implantate AG

Q1/2016 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.

Implementation of Strategic Imperatives

Progress in Q1/2016

Products

Customers

Services

Distribution

Accelerating Value-based Innovation

- *LOQTEQ®*: Progress on schedule in portfolio completion; focus on implants for lower extremities and launch of periprosthetic treatment system
- *Silver coating technology*: Design dossier for CE conformity assessment procedure submitted at a notified body in January 2016; first steps for FDA approval process undertaken

Enhancing Market Access

- *Established countries*: Numerous sales activities in established markets; procedures with LOQTEQ® products in the USA with direct or indirect access to hospitals (sales of EUR 0.2 million in Q1/2016)
- *Sales organization*: Business strengthened with experienced sales managers previously working for globally leading companies

Cost

Cash

Optimizing Operational Efficiency

- *Production efficiency*: Temporary inventory increase due to pre-production for orders in Q2/2016 and creation of backup inventories for new LOQTEQ® products
- *Working capital*: Disciplined reduction of old receivables through corresponding payment agreements

Realization of Financial Targets

- *Sales*: Implemented sales activities expected to take effect in H2/2016 reflected in a tangibly more dynamic sales development
- *Costs*: Action plan drawn up which will be consistently implemented from Q2/2016 onwards (target: annualized effect of EUR 2 million)

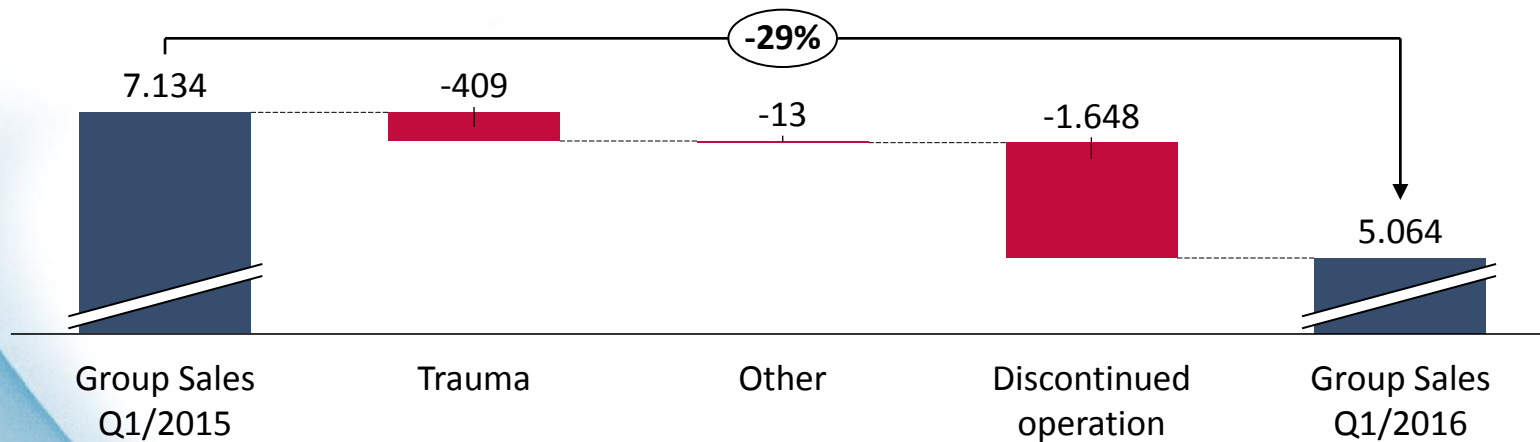
Process

Profitability

Financial Figures Q1/2016

(in EUR million, sales bridge in KEUR)

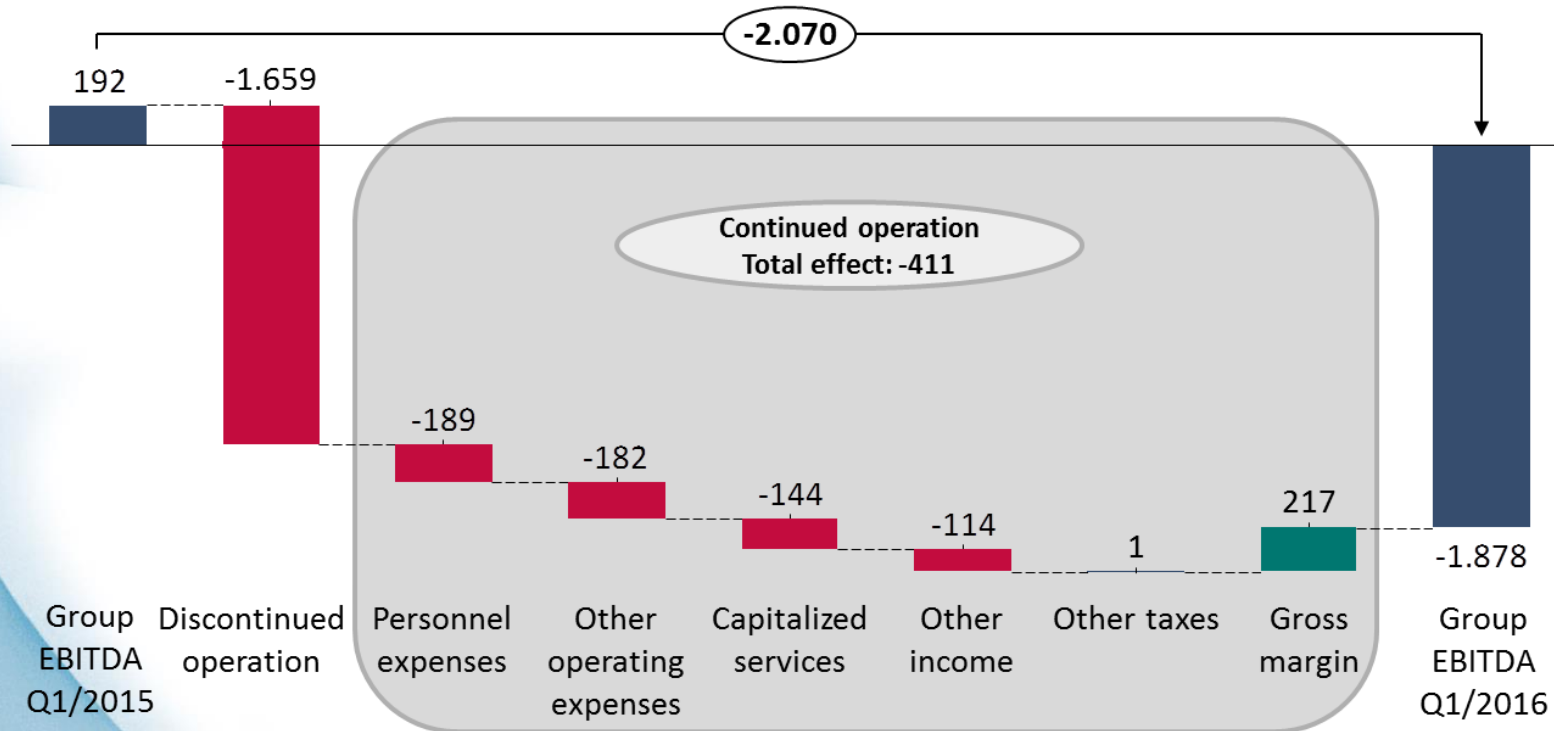
Sales	Q1/2016	Q1/2015	Change
Trauma	2.2	2.6	-16%
Other	0.3	0.3	-3%
Sales continued operation	2.5	2.9	-14%
Sales discontinued operation	2.6	4.2	-39%
Group sales	5.1	7.1	-29%



Financial Figures Q1/2016

(in EUR million, EBITDA bridge in KEUR)

EBITDA	Q1/2016	Q1/2015	Change
Group EBITDA	-1.9	0.2	> -100%
EBITDA discontinued operation	0.3	2.0	-85%
EBITDA continued operation	-2.2	-1.8	-23%



Highlights Q1/2016 (Balance Sheet)



- Sale of *aap* Biomaterials: Presentation of assets of EUR 13.7 million and debts of EUR 2.2 million as held for sale
- Total assets 03/31/2016: EUR 53.1 million (12/31/2015: EUR 54.9 million) → -3%
 - Non-current assets: Change EUR +0.7 million
 - Investments in development projects and tangible assets
 - Capitalized development costs: EUR +0.4 million → silver coating technology area and expansion of LOQTEQ® portfolio
 - Share of intangible assets in total assets: 20% → Healthy ratio
 - Tangible assets: Purchased machines from end of 2015 where last payments were made in Q1/2016
 - Current assets: Change EUR -2.5 million
 - Inventories: EUR +0.6 million → Temporary increase due to pre-production for orders in Q2/2016 and backup inventory for new LOQTEQ® products
 - Trade receivables: EUR +0.3 million due to quarter-end effect with strict reduction of long outstanding receivables
 - Cash fell to EUR 1.6 million (12/31/2015: EUR 4.9 million)
 - Equity: EUR 38.0 million (12/31/2015: EUR 40.3 million)
 - Net result Q1/2016 → EUR -2.7 million
 - Equity ratio: 72% (12/31/2015: 73%)
 - Debts: Change EUR +0.5 million
 - Financial liabilities: EUR +1.0 million → planned redemption of financial loans (EUR -0.3 million) against taking up short-term loan (EUR +1.2 million)
 - Trade liabilities decreased to EUR 3.1 million (12/31/2015: EUR 4.1 million)

Highlights Q1/2016 (Cash Flow)

- Operating Cash Flow Q1/2016: EUR -2.5 million (Q1/2015: EUR 0.1 million)
 - Net result of EUR -2.7 million in Q1/2016
 - Funds tied up in working capital → increase in receivables as quarter-end effect; increase in inventory due to pre-production for orders in Q2/2016 and backup inventory for new LOQTEQ® products; decrease of trade payables
- Investing Cash Flow Q1/2016 : EUR -0.9 million (Q1/2015: -1.0 million)
 - Investments: EUR -1.0 million
 - Machinery and other equipment: EUR -0.6 million
 - Intangibles: EUR -0.4 million → mainly silver coating technology and LOQTEQ® developments
- Financing Q1/2016: EUR +0.9 million (Q1/2015: EUR +1.7 million)
 - Regular repayments on loans/finance lease agreements: EUR -0.3 million
 - Taking up short-term loan: EUR +1.2 million
- Cash 03/31/2016: EUR 3.0 million (12/31/2015 : EUR 5.7 million) of which EUR 1.4 million are from *aap* Biomaterials (12/31/2015 : EUR 0.8 million)
- Liquidity reserves (cash and free credit facilities): EUR 6.3 million (12/31/2015: EUR 10.2 million)

Outlook FY/2016 and Q2/2016

FY/2016

- **Group (continued and discontinued operation):**
 - Completion of *aap* Biomaterials transaction results in positive one-time overall effect on earnings level of ~ EUR 19.6 million in Q2/2016 (preliminary calculations)
 - **EBITDA** incl. deconsolidation gain: EUR 14.1 million – EUR 15.7 million

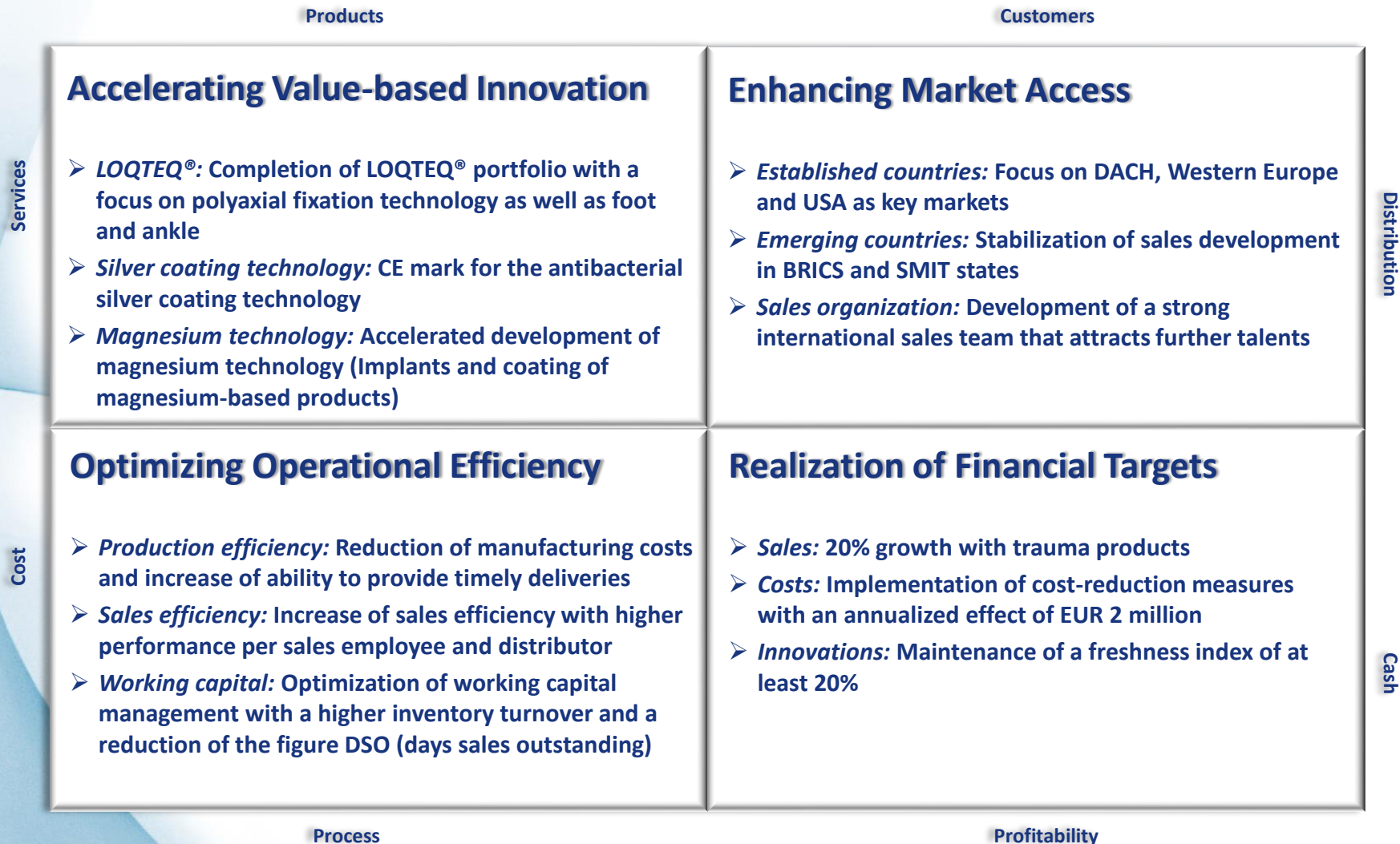
- **Continued operation:**
 - **Sales:** EUR 13.0 million – EUR 15.0 million with 20% growth in trauma products
(FY/2015: EUR 12.3 million)
 - **EBITDA:** EUR -5.5 million – EUR -3.9 million
(FY/2015: EUR -6.8 million)

Q2/2016

- **Continued operation:**
 - **Sales:** EUR 2.5 million – EUR 3.5 million
 - **EBITDA:** EUR -2.0 million – EUR -1.5 million

Management Agenda 2016 and beyond

Implementation of strategic imperatives



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