



aap Implantate AG

Q2/H1 2016 Report Conference Call

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Berlin, August 15, 2016

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 Q2/2016

| | Products | Customers | |
|----------|---|---|--------------|
| Services | <h3>Accelerating Value-based Innovation</h3> <ul style="list-style-type: none"> ➤ <i>LOQTEQ®</i>: Notice of allowance received for further US patent – “umbrella patent” with comprehensive protection in the USA; progress on schedule in portfolio completion ➤ <i>Silver coating technology</i>: Good progress in CE conformity assessment procedure – intensive and constructive exchange with notified body; encouraging pre-submission meeting with FDA | <h3>Enhancing Market Access</h3> <ul style="list-style-type: none"> ➤ <i>USA</i>: Sales in Q2/2016 at EUR 0.7 million (Q2/2015: EUR 0.2 million) and in H1/2016 at EUR 1.3 million (H1/2015: EUR 0.3 million); growing number of weekly operations with LOQTEQ® products ➤ <i>DACH and International</i>: Successful new customer acquisition in Austria; presence in Spain and Italy further enhanced; successful new customer acquisition in Latin America; expansion of business in South Africa | Distribution |
| Cost | <h3>Optimizing Operational Efficiency</h3> <ul style="list-style-type: none"> ➤ <i>Production efficiency</i>: Stock reduction in Q2/2016; production optimization ongoing ➤ <i>Working capital</i>: Slight increase contingent upon closing date of the quarter; continued effort for a disciplined reduction of trade receivables in H2/2016 | <h3>Realization of Financial Targets</h3> <ul style="list-style-type: none"> ➤ <i>Sales</i>: Implemented sales activities expected to take more dynamic effect in H2/2016 ➤ <i>Costs</i>: Implementation of extensive personnel cost reduction measures corresponding to a total annualized effect of up to EUR 1.5 million combined with one-off costs of EUR 0.3 million in Q2/2016 | Cash |
| | Process | Profitability | |

Financial Figures Q2/2016

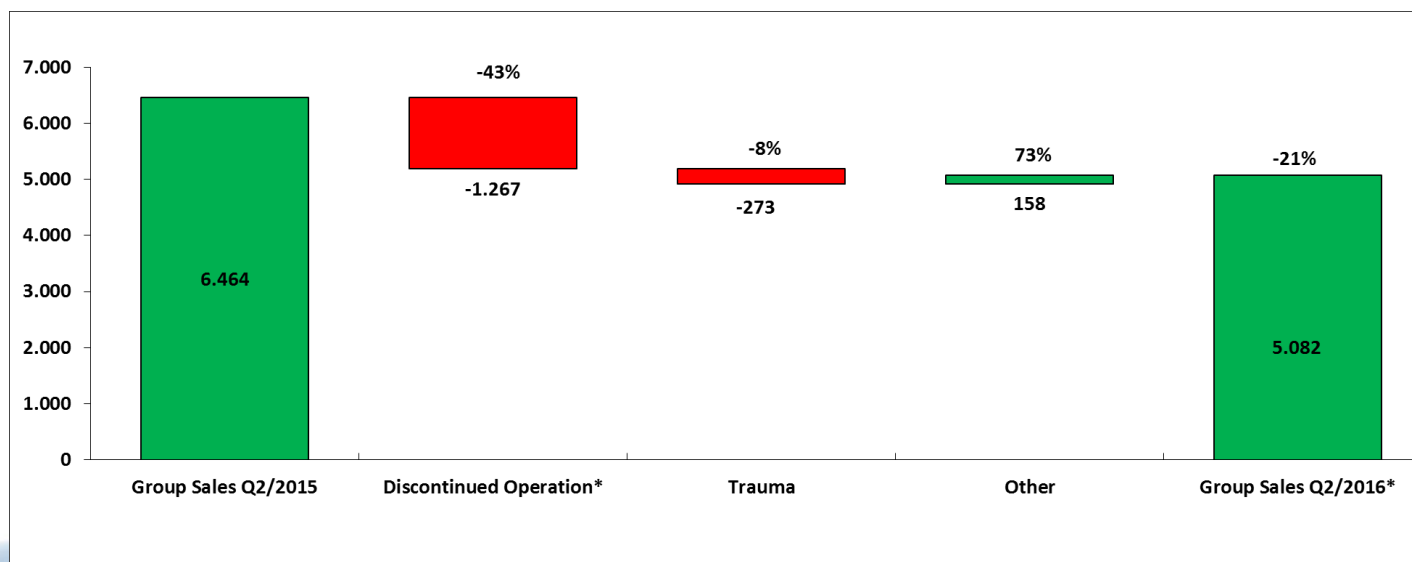
(in EUR million, sales bridge in KEUR)

| Sales | Q2/2016 | Q2/2015 | Change |
|----------------------------------|-------------|------------|-------------|
| Trauma | 3.0 | 3.3 | -8% |
| Other | 0.4 | 0.3 | +73% |
| Sales continued operation | 3.4 | 3.6 | -3% |
| Sales discontinued operation | 1.7* | 2.9 | -43% |
| Group sales | 5.1* | 6.5 | -21% |

*Includes aap Biomaterials GmbH business from 04/01/2016 to 05/11/2016.

| EBITDA | Q2/2016 | Q2/2015 | Change |
|-----------------------------------|--------------|-------------|------------------|
| EBITDA continued operation | -1.4 | -1.4 | 0% |
| EBITDA discontinued operation | 23.8* | 0.6 | >+100% |
| Group EBITDA | 22.4* | -0.8 | >+100% |

*Includes aap Biomaterials GmbH business from 04/01/2016 to 05/11/2016 and deconsolidation profit of sale of aap Biomaterials GmbH.



*Includes aap Biomaterials GmbH business from 04/01/2016 to 05/11/2016.

Financial Figures H1/2016

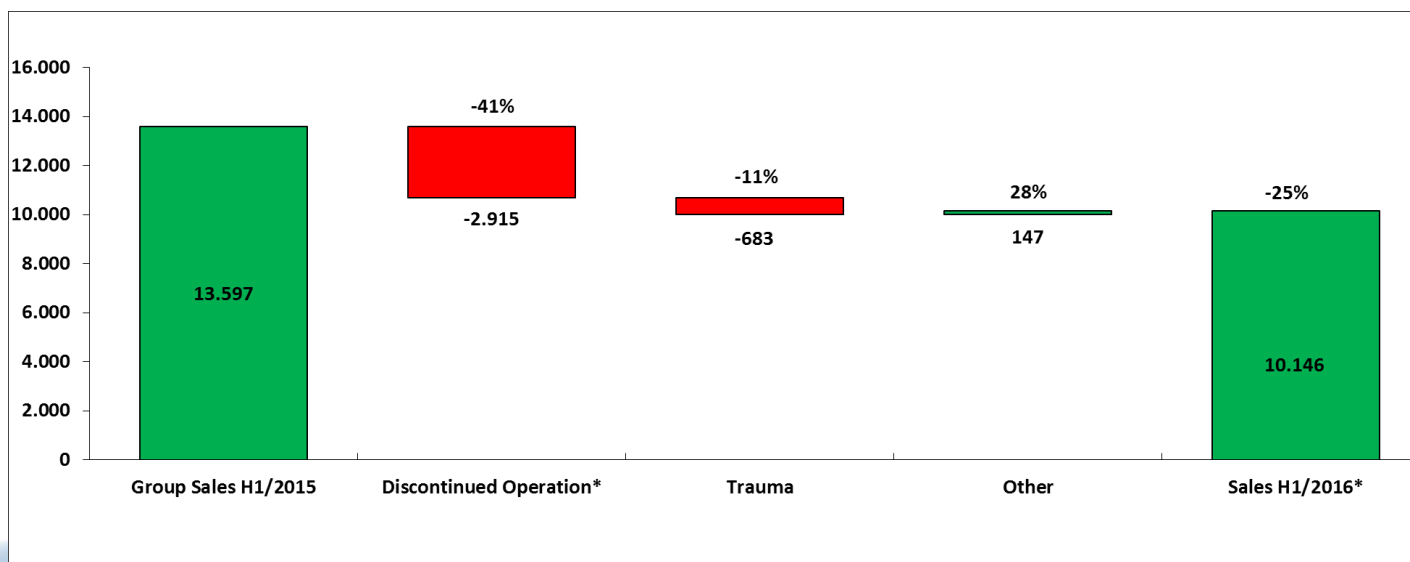
(in EUR million, sales bridge in KEUR)

| Sales | H1/2016 | H1/2015 | Change |
|----------------------------------|--------------|-------------|-------------|
| Trauma | 5.2 | 6.0 | -11% |
| Other | 0.7 | 0.5 | +28% |
| Sales continued operation | 5.9 | 6.5 | -8% |
| Sales discontinued operation | 4.2* | 7.1 | -41% |
| Group sales | 10.1* | 13.6 | -25% |

*Includes aap Biomaterials GmbH business from 01/01/2016 to 05/11/2016.

| EBITDA | H1/2016 | H1/2015 | Change |
|-----------------------------------|--------------|-------------|------------------|
| EBITDA continued operation | -3.6 | -3.1 | -13% |
| EBITDA discontinued operation | 24.1* | 2.5 | >+100% |
| Group EBITDA | 20.5* | -0.6 | >+100% |

*Includes aap Biomaterials GmbH business from 01/01/2016 to 05/11/2016 and deconsolidation profit of sale of aap Biomaterials GmbH.



*Includes aap Biomaterials GmbH business from 01/01/2016 to 05/11/2016.

Divestment of aap Biomaterials GmbH

Deconsolidation Profit / Impact Q2/H1 2016 (P & L presentation)

| | EUR million |
|---|-------------|
| Purchase price for shares | 33.0 |
| Liabilities assumed | +3.7 |
| Retirement of assets | -14.6 |
| Retirement of liabilities | +2.8 |
| Selling costs | -1.6 |
| Profit share <i>aap</i> Bio (01/01 – 05/11/2016) | -0.1 |
| Other | +0.1 |
| Deconsolidation profit | 23.3 |



| | EUR million |
|---|-------------|
| Deconsolidation profit | 23.3 |
| IFRS 5 effect | +0.5 |
| Profit share <i>aap</i> Bio (01/01 – 05/11/2016) | +0.1 |
| Other | +0.2 |
| EBITDA discontinued operation (01/01 – 05/11/2016) | 24.1 |

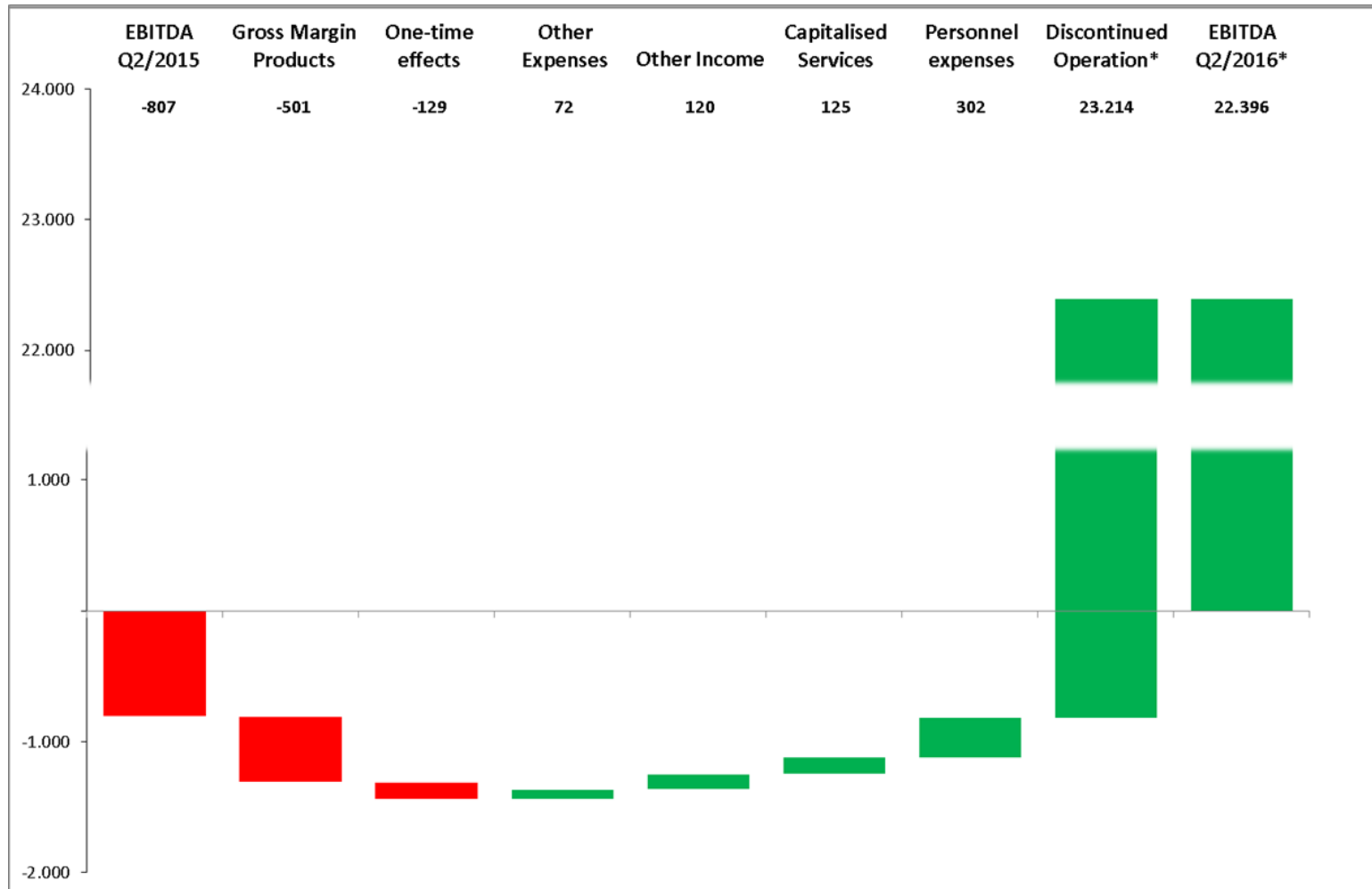
Divestment of aap Biomaterials GmbH

Deconsolidation Profit / Impact Q2/H1 2016 (Cash Flow presentation)

| | EUR million |
|-------------------------------------|-------------|
| Purchase price payment received | 33.0 |
| Payment for liabilities assumed | +3.7 |
| Disposal of cash flow positions | -1.4 |
| Paid selling costs | -0.8 |
| Cash inflow as at 06/30/2016 | 34.5 |

Financial Figures Q2/2016

(EBITDA bridge in KEUR)



*Includes aap Biomaterials GmbH business from 04/01/2016 to 05/11/2016 and deconsolidation profit of sale of aap Biomaterials GmbH.

Financial Figures H1/2016

(EBITDA bridge in KEUR)



*Includes aap Biomaterials GmbH business from 01/01/2016 to 05/11/2016 and deconsolidation profit of sale of aap Biomaterials GmbH.

Highlights H1/2016 (Balance Sheet)

- Sale of *aap* Biomaterials / Deconsolidation 05/11/2016: Disposal of assets of EUR 14.6 million and debts of EUR 2.8 million → Balance sheet changed significantly
- Total assets 06/30/2016: EUR 70.0 million (12/31/2015: EUR 54.9 million) → +27%
 - Non-current assets: Change EUR +0.5 million
 - Investments in development projects and tangible assets
 - Capitalized development costs: EUR +0.4 million → silver coating technology and expansion of LOQTEQ® portfolio
 - Share of intangible assets in total assets: 16% → Healthy ratio
 - Tangible assets: Purchased machines from end of 2015 where last payments were made in Q1/2016
 - Current assets: Change EUR +14.6 million
 - Inventories: EUR +0.3 million → Significant decrease in Q2/2016 against 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 rose significantly impacted by sale of *aap* Biomaterials to EUR 32.2 million (12/31/2015: EUR 4.9 million)
 - Disposal of assets classified as held for sale reduced to EUR 0.8m (12/31/2015: EUR 14.7 million)
 - Equity: EUR 59.7 million (12/31/2015: EUR 40.3 million)
 - Net result H1/2016 including deconsolidation profit → EUR 19.4 million
 - Equity ratio: 85% (12/31/2015: 73%)
 - Debts: Change EUR -4.3 million
 - Financial liabilities: EUR -1.5 million
 - Trade liabilities decreased to EUR 2.5 million (12/31/2015: EUR 4.1 million)
 - Other liabilities / provisions increased to EUR 1.6 million (12/31/2015: EUR 0.8 million)
 - Disposal of liabilities directly associated with assets held for sale of EUR 2.2m (12/31/2015: EUR 2.2 million)

Highlights H1/2016 (Cash Flow)

- Operating Cash Flow H1/2016: EUR -4.1 million (H1/2015: EUR -3.5 million)
 - Net result of EUR 19.4 million in H1/2016 incl. deconsolidation profit of EUR 23.3 million
 - Funds tied up in working capital → increase in receivables as quarter-end effect; increase in inventory due to backup inventory for new LOQTEQ® products against significant decrease in Q2/2016; decrease of trade payables
- Investing Cash Flow H1/2016 : EUR 33.0 million (H1/2015: EUR -1.5 million)
 - Cash from disposal of *aap* Biomaterials less disposed cash: EUR 34.5 million
 - Investments: EUR -1.4 million
 - Intangibles: EUR -0.8 million → mainly silver coating technology and LOQTEQ® developments
 - Machinery and other equipment: EUR -0.6 million
- Financing H1/2016: EUR -1.7 million (H1/2015: EUR +4.3 million)
 - Regular repayments on loans / finance lease agreements: EUR -1.7 million
- Cash 06/30/2016: EUR 32.2 million (12/31/2015 : EUR 4.9 million for continued operation)
- Liquidity reserves (cash and free credit facilities): EUR 34.7 million (12/31/2015: EUR 9.8 million for continued operation)

Outlook FY/2016 and Q3/2016

FY/2016

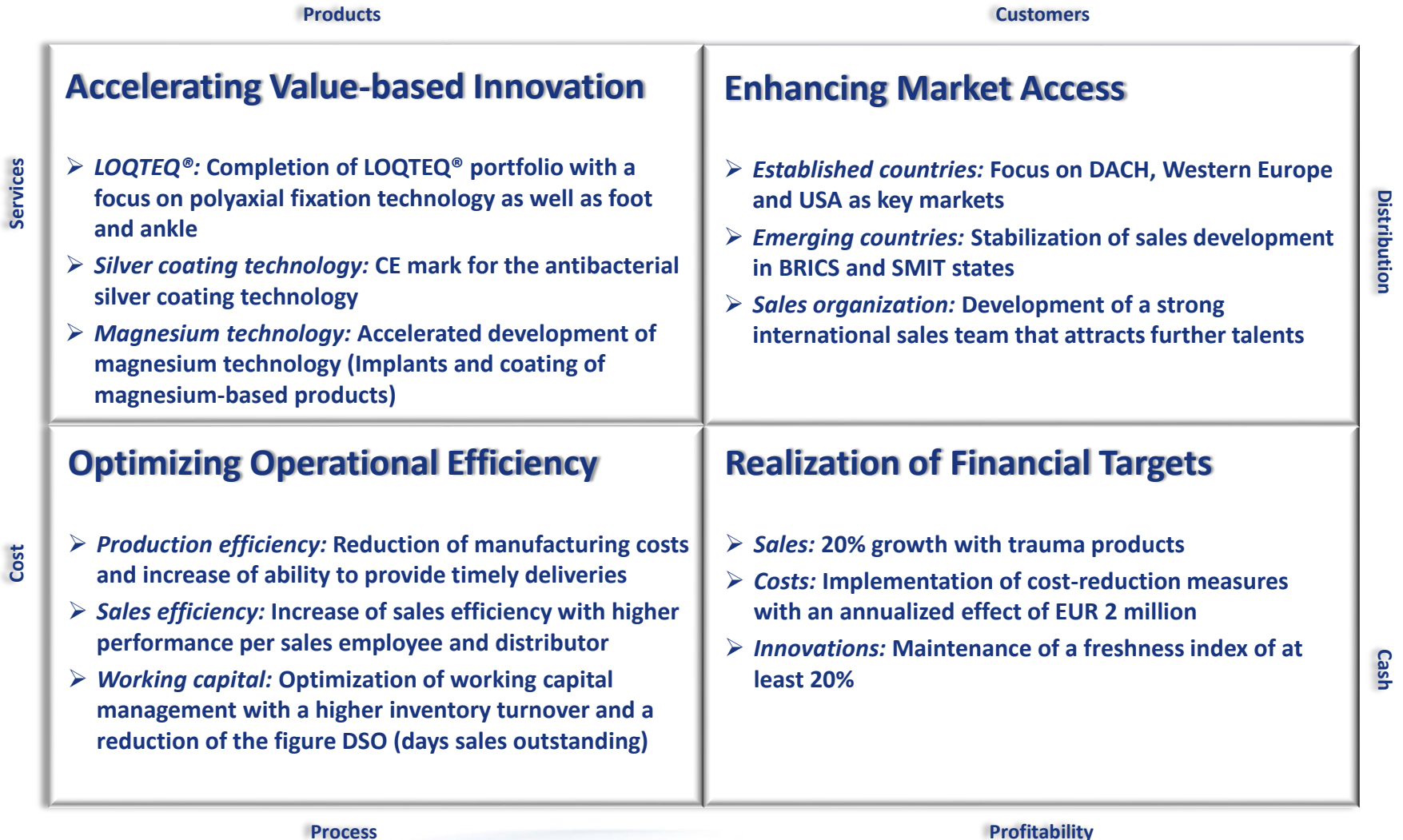
- **Group (continued and discontinued operation):**
 - Completion of *aap* Biomaterials transaction results in deconsolidation profit of EUR 23.3 million in *aap*'s consolidated interim financial statements as at 30 June 2016, stated in the discontinued operation
 - **EBITDA** incl. deconsolidation profit: EUR 18.1 million – EUR 19.7 million
- **Continued operation:**
 - **Sales:** EUR 13.0 million – EUR 15.0 million
(FY/2015: EUR 12.3 million)
 - **EBITDA:** EUR -5.9 million – EUR -4.3 million
(FY/2015: EUR -6.8 million)

Q3/2016

- **Continued operation:**
 - **Sales:** EUR 2.5 million – EUR 4.0 million
 - **EBITDA:** EUR -2.0 million – EUR -1.2 million

Management Agenda 2016 and beyond

Implementation of strategic imperatives



Many thanks for your attention!



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