



Q3/2013 Report Conference Call

***aap* Implantate AG**

Biense Visser, CEO
Bruke Seyoum Alemu, COO
Marek Hahn, CFO

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Financial figures H1/Q2 2013

In € million	H1/2013	H1/2012	Change
Sales	19.6	18.9	4 %
EBITDA	4.2	3.5	20 %
EBIT	2.6	2.0	34 %
Cash-EBITDA	3.2	2.1	50 %
Cash-EBIT	2.3	1.2	86 %
Cash-EBT	2.2	0.9	>100 %

In € million	Q2/2013	Q2/2012	Change
Sales	9.2	9.0	3 %
EBITDA	1.1	1.4	-22 %
EBIT	0.3	0.7	-49 %
Cash-EBITDA	0.7	0.6	3 %
Cash-EBIT	0.2	0.2	15 %
Cash-EBT	0.2	0.04	>100 %

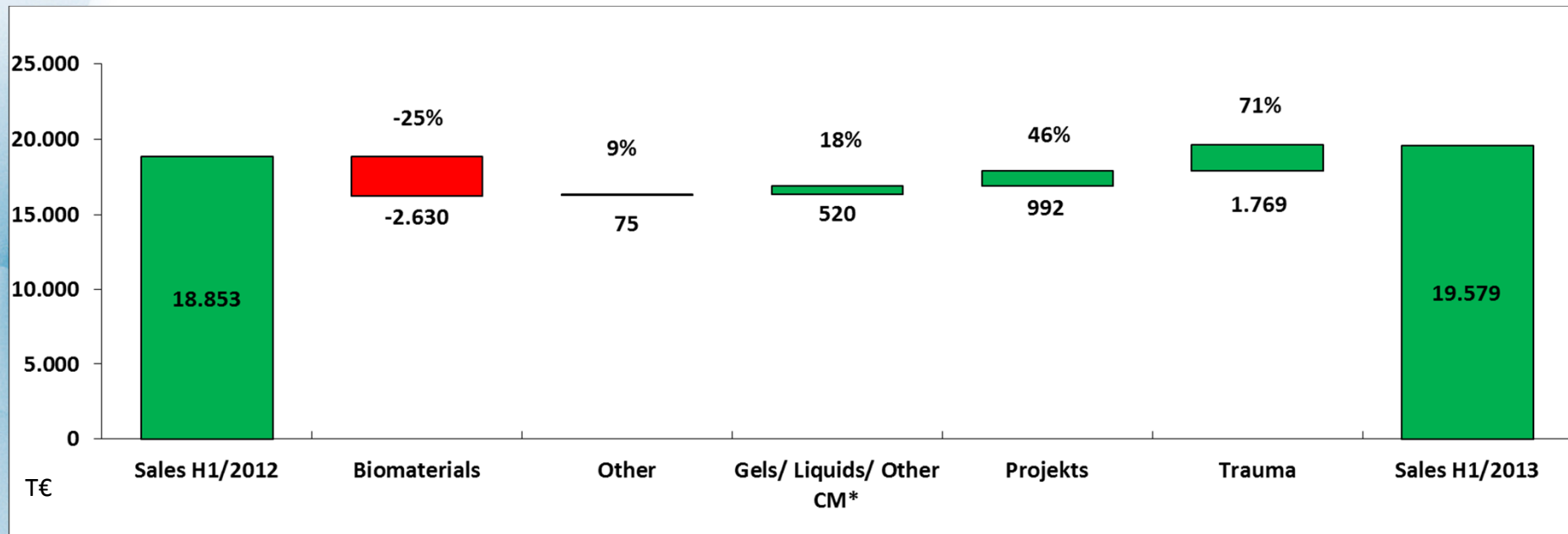
Highlights Q2 2013

- Strong increase of Trauma and LOQTEQ® sales
 - Trauma-growth in Q2 to 2.8 Mio. € (Q2 2012: 1.1 Mio. €), and to 4.2 Mio. € in H1 (H1 2012: 2.5 Mio. €)
 - LOQTEQ® sales growth by 1.2 Mio. € to 1.6 Mio. € in Q2 2013 (Q2 2012: 0.4 Mio. €)
- Divestment of non-core Recon product line (hip, knee and shoulder)
 - Increased focus on the product portfolio Trauma and Biomaterial by divesting 2/3 of *aap* Joints GmbH for a consideration of €3 million
- Strong operational cash-flow
 - Operational cash-flow: 4.1 Mio. € in Q2 (Q2 2012: 3.6 Mio. €)
- Working Capital
 - Improvement of working capital ratio from 1.8 (31.3.2013) to 2.6
- Debt reduction
 - Movement in short term loans of €5.15 million from €5.59 million (31.3.2013) to €0.44 million
 - Movement in long term loans of €0.05 million from €2.57 million (31.3.2013) to €2.52 million
 - Cash and cash equivalents improved by €0.64 million from €2.54 million (31.3.2013) to €3.18 million
- Intangible assets
 - Reduction of intangible assets percentage from 57 % (31.12. 2012) to 55 %
 - The capitalized services were reduced by €1.4 million from €21.4 million (31.12.2012) to €20.0 million
 - Balance sheet item property, rights and patents were reduced by €1.6 million from €2.5 million (31.12.2012) to €0.9 million

Highlights Q2 2013

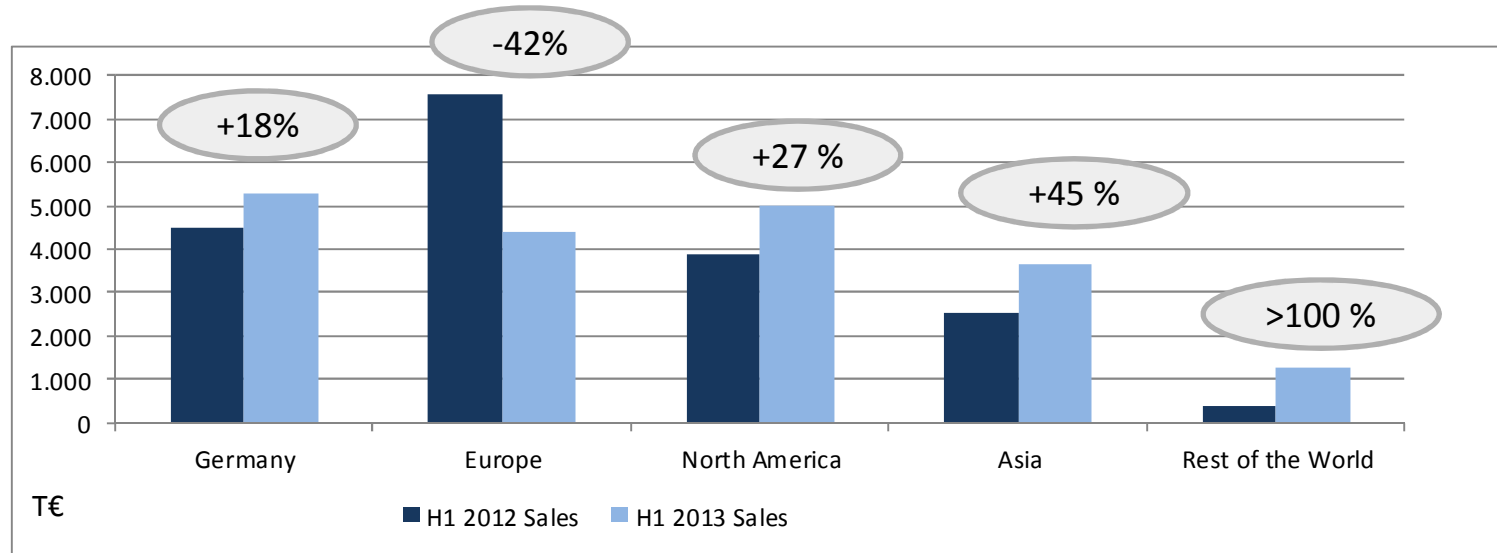
- Trauma/LOQTEQ®-product family:
 - Entering Trauma/ LOQTEQ® distribution agreement with Russian distributor
 - Delivering the first supply of LOQTEQ® products to distributor in Colombia
 - Beta-launch of LOQTEQ® in USA shows good acceptance
 - New product developments remain on track, for example the development of further LOQTEQ®-systems (phase 2).
- Annual General Meeting 2013:
 - All resolutions were approved by a substantial majority

Sales bridge H1/2012 vs. H1/2013



*Other contract manufacturing

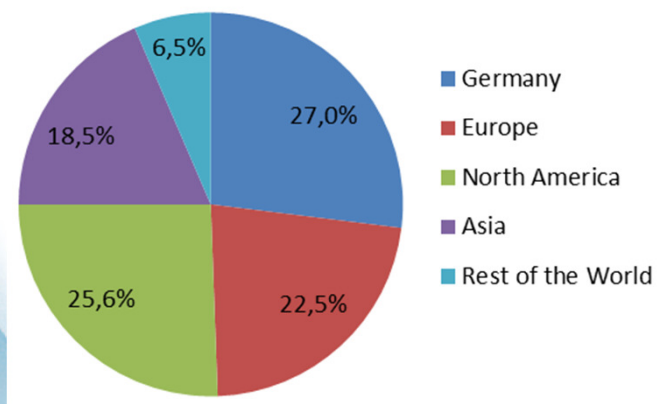
Sales distribution H1/2013



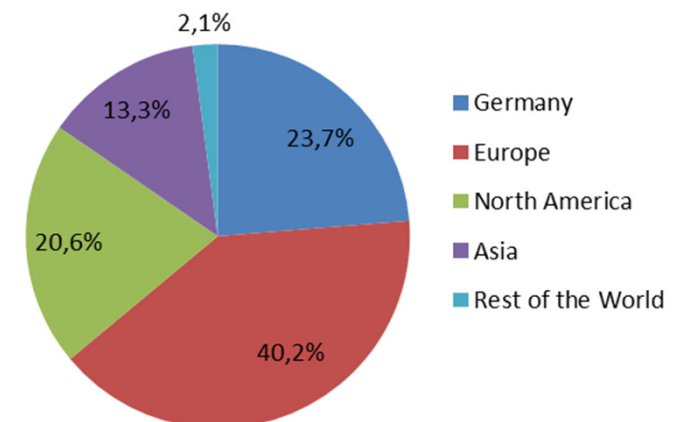
H1 2012

Share in total sales

H1 2013



Total sales H1 2012: 18.853 T€



Total sales H1 2013: 19.580 T€

Products & Markets

- International activities LOQTEQ®:
 - Distribution agreement with Russian distributor
 - Beta-launch of LOQTEQ® in USA shows good acceptance
- Status CE- and FDA-approval LOQTEQ®:
 - Product development and regulatory processes remain on track, CE-approval for „phase 2“-products (Elbow System, proximal medial and proximal lateral tibia plate) expected for Q3
- LOQTEQ® sales in Q2: 1.6 Mio. € (Q2 2012: 0.4 Mio. €)
 - Total sales of 2012 already realized in H1 2013 (2 Mio. €)
- Contract Manufacturing (Gels, Liquids and Bone materials):
 - Advanced negotiations for development and supply agreements for scCO₂-products (especially with bone banks)
 - Product Rebasol: Application filed to initiate studies on humans

Research and development

- LOQTEQ®:
 - Development of six additional LOQTEQ®-plating systems remains on track
 - Covering approx. 80 % of the LOQTEQ®-indications after successful CE-approval
 - FDA-approval documents submitted for Osteotomy-system
- Patents LOQTEQ®:
 - International (USA/EU) patent under examination procedure
- Silver-coating :
 - After receiving approval, first implantation trials on animals started
- Biomaterials:
 - Clinical study (reducing the post-operative administration of antibiotics) on track
 - First patients were included in clinical studies (influence of the thickness of the cement coat on the release of antibiotics)

Highlights Q2/2013 (P&L)

- Sales
 - Q2: +3 % to 9.2 Mio. € (Q2 2012: 9.0 Mio. €)
 - HJ 1/2013: +4 % to 19.6 Mio. € (H1 2012: 18.9 Mio. €)
 - Effects from project deals: 3.2 Mio. € (HJ1/12: 2.2 Mio. €)
- Gross margin temporarily stressed
 - Adjusted cost of materials ratio 32 % (HJ1/2012: 29 %) → change in product mix / sales mix, amongst others lower sales in Biomaterials segment in H1 2013 as well as capacity build up for strong increasing Trauma sales
 - strong recovery of cement sales in H2 2013
 - Non-recurring one time effect of 0.25 Mio. € in Q1
- Strong increase of other operating income
 - Q2/13: 1.0 Mio. € (Q2/12: 0.3 Mio. €) → amongst others effect from deconsolidation of *aap* Joints GmbH due to sale of 67 % of the shares

Highlights Q2/2013 (P&L)

- Increased personnel expenses
 - Q2/2013: 3.6 Mio. € (Q2/2012: 3.5 Mio. €) → employees build up due to anticipated sales growth especially in production and allied areas
 - Other operating expenses (w/o effect from project deal) slightly down, depreciation unchanged to previous year
 - Positive impact on financial result for 2013
 - Q2/2013: -0.04 Mio. €, significantly lower than Q2/2012 (-0.2 Mio. €)
 - Inflow from project deals and sale of shares → complete reduction of net debt
 - Change in financial figures
 - EBITDA Q2: 1.1 Mio. € (Q2/2012: -0.3 Mio. €)
 - EBIT Q2: 0.3 Mio. € (Q2/2012: 0.6 Mio. €)
 - CASH-EBT Q2: 0.2 Mio. € (Q2/2012: 0.04 Mio. €) → >+100 %
- HJ 1/2013: profitable growth with sales growth of 4 % and EBITDA-growth of 20 %

Highlights Q2/2013 (Balance Sheet)

- No significant changes in balance sheet total
 - Q2/13: 65.2 Mio. € (Q4/12: 68.6 Mio. €) → -5 %
- Further stable and high equity ratio
 - Q2/13: 82 % (Q4/12: 74 %)
 - w/o goodwill and certain intangible assets : 61 % (Q4/12: 44 %)
- Decrease in intangible assets
 - Share of balance sheet total decreased to 55 % (Q4/12: 58 %); total decrease by 3.5 Mio. € in total!
- Working Capital
 - Q2/13: 14.1 Mio. € (Q4/12: 14.9 Mio. €) → Strong decline of inventory (-3.1 Mio. €) while receivables increase (+1.6 Mio. €) and liabilities decrease (-0.7 Mio. €)
 - Mild increase in accounts receivable (w/o projects) to 4.3 Mio. € (Q4/12: 4.0 Mio. €)
 - Average Days outstanding: 43 days (Q4/12: 46 days) → below benchmark industry (65-70 days)
- Change in net debt by 4.5 Mio. € to -0.2 Mio. € → inflow from project deal/sale of shares and repayment of shareholder loans/credit lines

Highlights Q2/2013 (Cash-Flow)

- Strong Operative-CF → influenced by project deals
 - Q2/13: +4.1 Mio. € (Q2/12: 3.5 Mio. €)
 - Especially influenced by decrease in accounts receivables , payments from project deals in Q1/13
- Positive Investing-CF
 - Q2/13: +1.6 Mio. € (Q2/12: -1.2 Mio. €)
 - Intangible assets (especially capitalized development work): -0.6 Mio. €
 - Tangible assets(technical plant and machinery): -0.6 Mio. €
 - Inflow from sale of shares at the end of 2012 and Q2/13 of 2.7 Mio. €
 - Further investment during 2013 especially build up capacity Trauma
- Financing-CF – significant reduction of debt
 - Q2/13: -5.1 Mio. € (Q2/12: -1.3 Mio. €)
 - No use of current account credit line: -4.4 Mio. €
 - Full repayment of shareholder loans: -0.8 Mio. €
 - Net change of other financial liabilities: +0.2 Mio. € → financing investment in tangible assets
- Stable financial base: Cash and DCR/ICR
 - Cash Q2/13: 3.2 Mio. € (Q4/12: 3.7 Mio. €)
 - DCR (last 4 Qs) Q2/13: 0.4 (Q2/12: 1.3)
 - ICR (last 4 Qs) Q2/13: 20.6 (Q2/12: 9.4)

Outlook 2013

- Outlook 2013:
 - Sales growth of approx. 10 % to 40.0 Mio. €
 - EBITDA-growth of approx. 15 % to 7.0 Mio. €
- Outlook for Q3 2013:
 - Sales: approx. between 8.6 Mio. € and 9 Mio. € (Q3 2012: 8.6 Mio. €)
 - EBITDA: approx. between 0.5 Mio. € and 0.8 Mio. € (Q3 2012: 1.2 Mio. €)
- Further sales growth in the Trauma segment (especially with LOQTEQ®)
- Sales growth in the OEM-segment of bone cements
- Extension of LOQTEQ® Portfolio (CE-approvals)
- Initiation of studies to consider the position of subsidiary EMCM as part of business portfolio

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