



aap Implantate AG

Q1/2018 Report Conference Call

Bruke Seyoum Alemu, CEO
Marek Hahn, CFO

Berlin, May 14, 2018

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.

Key results and progress Q1/2018

➤ Sales and Earnings

- Sales (EUR 2.8 million) and EBITDA (EUR -1.6 million) on the upper end of the guidance
- Significant sales increase in international region (+32%) – growth drivers: expansion of business with existing customers and new customer business (including South Africa)
- Stable development in focus market Germany with slight sales increase (+3%)

➤ Gross margin and costs

- Positive development of gross margin thanks to focus on established markets
- Reduction in other operating costs

➤ Cash flow and balance sheet

- Cash need of EUR 2.1 million; further positive effects of working capital reduction
- Cash holdings of EUR 14.7 million¹; further high equity ratio of 85%

➤ LOQTEQ®

- Completion of portfolio with focus on polyaxial fixation technology and plate systems for the foot and ankle areas

➤ Silver coating technology

- Continued intensive preparation of various applications at authorities involved for clinical study; in addition currently intensive work on validation of relevant internal processes, which is a further important prerequisite for beginning of the study
- Start of a multicentric two arm single blind study with about 200 patients in several countries strived for 2018

¹ In the consolidated balance sheet of 03/31/2018 EUR 11.2 million is stated as cash and cash equivalents, while cash with banks totalling EUR 3.5 million is shown under current and non-current other financial assets as it was pledged to secure financial liabilities respectively cash payments were made to secure bank guarantees granted to third parties.

Financial Figures Q1/2018

(in KEUR)

Sales	Q1/2018	Q1/2017	Change
Trauma	2,797	2,901	-4%
Germany	656	634	+3%
North America	530	1,043	-49%
<i>North America Distributors</i>	513	578	-11%
<i>North America Global Partners</i>	18	465	-96%
International	1,610	1,224	+32%
Other (mainly discontinued activities)	-15	194	-108%
Sales	2,782	3,095	-10%

EBITDA	Q1/2018	Q1/2017	Change
EBITDA	-1,588	-1,665	+5%

Highlights Q1/2018 (Balance Sheet)

- Total assets 03/31/2017: EUR 47.3 million (12/31/2017: EUR 50.5 million) → -6%
 - Non-current assets: Change EUR -0.3 million
 - Capitalized development costs: EUR +0.2 million
 - Share of intangible assets in total assets: 25% → Healthy ratio
 - Tangible assets: EUR -0.1 million → lower investment against usual depreciation in Q1/2018
 - Other financial assets: EUR -0.4 million → reduction of cash blocked as security for financial liabilities / bank warranty and reclassification
 - Current assets: Change EUR -2.8 million
 - Inventories: EUR -0.7 million → sales partially realized out of existing stock and effect of EUR 0.2 million from FX
 - Trade receivables: EUR -0.2 million → improved DSO to 76 days in Q1/2018 (FY/2017: 85 days)
 - Other assets: EUR +0.1 million → prepaid expenses
 - Cash and cash equivalents: EUR -2.1 million to EUR 11.2 million
 - Equity: EUR 40.4 million (12/31/2017: EUR 42.6 million)
 - Net result Q1/2018: EUR -2.2 million
 - Equity ratio: 85% (12/31/2017: 84%)
 - Liabilities: Change EUR -0.9 million
 - Financial liabilities: EUR -0.1 million → repayment of loans
 - Trade liabilities decreased to EUR 1.4 million (12/31/2017: EUR 1.8 million)
 - Other financial liabilities: EUR -0.6 million → EUR -0.1 million finance lease, EUR -0.2 million *aap* Joints GmbH deal and EUR -0.3 million personnel related

Highlights Q1/2018 (Cash Flow)

- Operating Cash Flow Q1/2018: EUR -1.4 million (Q1/2017: EUR -1.2 million)
 - Positive contribution from working capital reduction of EUR 0.3 million
 - Improved debtor management: trade receivables of EUR 2.4 million (FY/2017: EUR 2.5 million) → Further improved DSO to 76 days in Q1/2018 (FY/2017: 85 days)
- Investing Cash Flow Q1/2018 : EUR -0.5 million (Q1/2017: EUR +0.2 million)
 - Limited investments in Q1/2018: EUR 0.2 million in tangible assets and EUR 0.3 million in R&D
- Financing Q1/2018 : EUR -0.2 million (Q1/2017: EUR -0.1 million)
 - Ordinary redemption of bank loans and finance lease
- Cash on hand: EUR 11.2 million (12/31/2017: EUR 13.3 million)
- Total Cash (incl. restricted cash granted for securities): EUR 14.5 million (12/31/2017: EUR 17.1 million)
- Net cash per B/S: EUR 10.8 million (12/31/2017: EUR 12.7 million)
- Net Cash (incl. restricted cash) : EUR 13.4 million (12/31/2017: EUR 15.7 million)

Outlook FY/2018

Q2/2018

- **Sales:** EUR 1.8 million – EUR 3.0 million
(Q2/2017: EUR 2.3 million)
- **EBITDA:** EUR -1.9 million – EUR -1.4 million
(Q2/2017: EUR -1.6 million)

FY/2018

- **Sales:** EUR 13.0 million – EUR 15.0 million
(FY/2017: EUR 10.9 million)
- **EBITDA:** EUR -5.0 million – EUR -3.4 million
(FY/2017: EUR -6.2 million)

Many thanks for your attention!



aap Implantate AG

Lorenzweg 5 • 12099 Berlin • Germany

www.aap.de

Fabian Franke

Manager Investor Relations

Tel.: +49 30 750 19 – 134

Fax: +49 30 750 19 – 290

E-Mail: ir@aap.de

IR-app:

