

Buy EUR 3.40 (EUR 4.00) Price EUR 2.72 Upside 25.0 %	Value Indicators: EUR DCF: 3.33 SotP: 3.89 Peer Group: 4.58	Share data: Bloomberg: AAQ GR Reuters: AAQG.DE ISIN: DE0005066609	Description: Producer of implants and biomaterials to mend broken bones
	Market Snapshot: EUR m Market cap: 83.4 No. of shares (m): 30.7 EV: 65.1 Freefloat MC: 24.4 Ø Trad. Vol. (30d; EUR): 56.78 th	Shareholders: Freefloat: 29.2 % Noes de Vries: 14.7 % Jürgen W. Krebs: 12.6 % Ratio Capital: 8.2 % Fidelity Funds: 5.5 %	Risk Profile (WRe): 2014e Beta: 1.5 Price / Book: 1.7 x Equity Ratio: 81 %

No divestment of Biomaterials at this moment in time

In the recent past, aap stated meaningful newsflow regarding the divestment of the Biomaterials business and the short-term outlook for 2015.

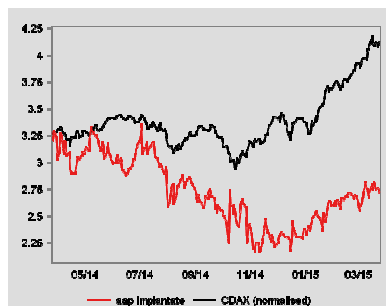
aap Implantate AG reported that the negotiations regarding the divestment of its subsidiary aap Biomaterials were stopped shortly before completion. The management aimed to finish the transaction within the first quarter of 2015. WR assumed a potential purchase price of EUR 36-40m which would have implied an EV/EBITDA multiple of 9x, comparable to earlier and similar transactions within the medical industry. However, the final transaction conditions of aap could not be met. WR assumes that the sale price was not the deal breaker.

As management confirmed it was not under pressure to sell the subsidiary, we do not expect any further significant progress in the near future. This should have a direct impact on the remaining strategy to become a pure and leading Trauma company in Europe: inflows from the divestment were to be reinvested in the enhanced roll-out of LOQTEQ and potential acquisitions of smaller Trauma companies are becoming more difficult due to limited financial resources (net cash EUR 8m WRe at end FY 14). On the other hand, the cashflow generative subsidiary Biomaterials offers the opportunity to support the Trauma business. However, aap is less attractive as a takeover target. As long as aap is not perceived as a pure player, buyers' willingness to acquire the company should be limited.

In addition to this, the company seems to face intense complexity in marketing the Trauma implant LOQTEQ. Currently, aap is aiming to enter new markets (e.g. Brazil and the US) but the entries into some of these markets were already expected in 2014 and should now follow within the current fiscal year. It is due to the hard to predict customer acquisition process and approval processes in these markets that Trauma growth rates were guided at 20-25% in 2015e. In our view, a few acquired distributors in the US could stand for additional Trauma sales of EUR 1.5-2.5m (WRe) or an increase of up to 20% yoy.

Nevertheless, on the basis of the preparation of opening new markets, an increased cost base is expected. Furthermore, management no longer included the earnings assumption of project activities into the guidance, which also leads to a conservative outlook for this year. As a consequence of the reduced growth in combination with higher costs and changed assumptions for the DCF calculation, the PT is reduced to EUR 3.40 while the Buy recommendation is maintained.

Changes in Estimates:						Comment on Changes:	
FY End: 31.12. in EUR m	2014e (old)	+ / -	2015e (old)	+ / -	2016e (old)	+ / -	
Sales	30.6	3.8 %	37.8	-11.6 %	45.8	-17.5 %	<ul style="list-style-type: none"> ■ Preliminary sales figures 2014 were published already. More details regarding the financials are expected on March 31. ■ Guidance 2015 clearly below our former estimates. Roll-out of LOQTEQ seems to face headwind, especially in the Americas. LOQTEQ grew 150% in 2013 and 63% in 2014. For 2015e 20-25% growth is forecasted. ■ With annual sales of EUR 15m the Trauma segment is expected to achieve a black zero on an EBITDA level. Taking lower sales volumes and higher marketing and customer acquisition costs into account, earnings are reduced significantly.
EBITDA	2.8	3.8 %	5.2	-48.3 %	6.6	-44.9 %	
EBT	0.4	2.3 %	2.5	-86.5 %	3.4	-69.2 %	
EPS	0.01	0.0 %	0.08	-100.0 %	0.09	-77.8 %	

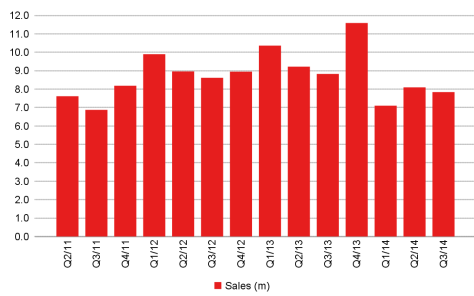


Rel. Performance vs CDAX:	
1 month:	-5.8 %
6 months:	-19.6 %
Year to date:	-7.6 %
Trailing 12 months:	-46.7 %

Company events:	
31.03.15	FY 2014
15.05.15	Q1
12.06.15	AGM
14.08.15	Q2

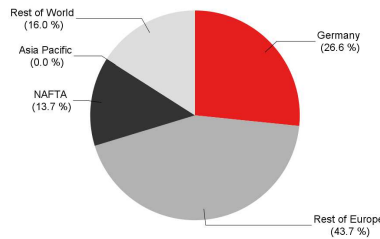
FY End: 31.12. in EUR m	CAGR (13-16e)	2010	2011	2012	2013	2014e	2015e	2016e
Sales	-1.8 %	28.4	29.2	36.4	40.0	31.7	33.4	37.8
Change Sales yoy		-14.1 %	2.7 %	24.7 %	9.8 %	-20.7 %	5.5 %	13.1 %
Gross profit margin		81.0 %	85.3 %	78.4 %	72.7 %	71.0 %	73.0 %	73.5 %
EBITDA	-21.1 %	3.4	4.1	7.1	7.4	2.9	2.7	3.6
Margin		12.1 %	14.1 %	19.6 %	18.4 %	9.3 %	8.0 %	9.5 %
EBIT		0.7	1.2	3.2	-2.1	0.3	0.2	1.0
Margin		2.5 %	4.0 %	8.8 %	-5.3 %	0.8 %	0.7 %	2.5 %
Net income		0.0	0.4	2.4	-2.5	0.2	0.1	0.5
EPS		0.00	0.01	0.08	-0.08	0.01	0.00	0.02
DPS		0.00	0.00	0.00	0.00	0.00	0.00	0.01
Dividend Yield		0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.4 %
FCFPS		-0.06	-0.03	0.10	-0.11	0.14	-0.02	-0.03
EV / Sales		1.5 x	1.2 x	0.9 x	1.2 x	2.0 x	1.9 x	1.7 x
EV / EBITDA		12.8 x	8.7 x	4.8 x	6.6 x	21.9 x	24.3 x	18.2 x
EV / EBIT		61.3 x	30.8 x	10.7 x	n.a.	254.2 x	271.0 x	68.2 x
P / E		n.a.	96.9 x	12.5 x	n.a.	272.0 x	n.a.	136.0 x
FCF Yield Potential		7.5 %	2.6 %	11.0 %	8.6 %	0.1 %	0.1 %	0.6 %
Net Debt		9.1	7.1	3.9	3.3	-19.0	-18.3	-17.9
ROE		0.1 %	0.8 %	4.9 %	-4.9 %	0.4 %	0.3 %	0.9 %
ROCE (NOPAT)		0.4 %	1.4 %	5.2 %	-4.3 %	0.3 %	0.3 %	1.3 %
Guidance:		Guidance 2015: Revenue EUR 33-35m - EBITDA EUR 2.5-3.5m						

Sales development
in EUR m



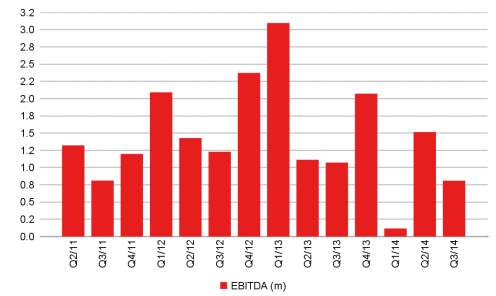
Source: Warburg Research

Sales by regions
2013; in %



Source: Warburg Research

EBITDA development
in EUR m



Source: Warburg Research

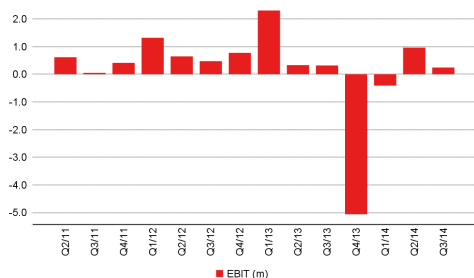
Company Background

- aap Implantate AG develops, produces and sells medical implants, which are primarily used in orthopaedics to mend fractures.
- With the business areas Trauma and Biomaterials, the company covers the entire value chain and sells the products worldwide with the focus on Europe, the USA as well as on the BRICS and SMIT markets.
- The products are sold by direct sale, international sales partners or OEMs (including Stryker, Zimmer, Biomet or Smith& Nephew).
- aap Implantate AG was founded in 1990 as a MBO from the Johnson & Johnson Group and is headquartered in Berlin. The company has 217 employees.

Competitive Quality

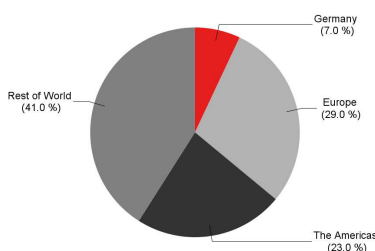
- aap Implantate AG has developed a patent protected Trauma implant (LOQTEQ), which provides significant improvements for surgeons, hospitals and clinics as well as patients.
- Additionally aap has a promising product pipeline with an antibacterial silver coating for the implants as well as resorbable magnesium implants.
- The most recent sale of the Dutch subsidiary has provided the company with sufficient financial funds to grow organically and inorganically.
- In the Biomaterials division, aap has established a network with the largest Medtech companies (e.g. Zimmer, Stryker, Smith & Nephew, Johnson & Johnson).

EBIT development
in EUR m



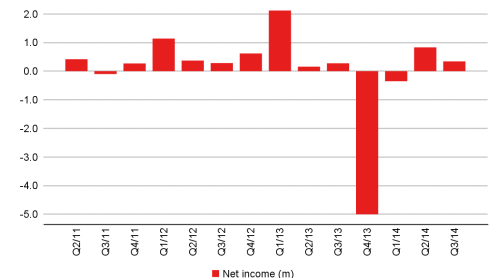
Source: Warburg Research

LOQTEQ - Sales by regions
2013; in %



Source: Warburg Research

Net income development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	
Sales	31.7	33.4	37.8	42.8	48.3	53.9	58.5	63.1	67.8	72.5	77.6	82.6	87.7	
Sales change	-20.7 %	5.5 %	13.1 %	13.1 %	13.0 %	11.5 %	8.4 %	8.0 %	7.4 %	6.9 %	6.9 %	6.5 %	6.1 %	2.5 %
EBIT	0.3	0.2	1.0	1.7	2.7	4.0	5.2	7.0	9.2	12.0	16.3	17.3	18.4	
EBIT-margin	0.8 %	0.7 %	2.5 %	4.0 %	5.6 %	7.3 %	8.9 %	11.0 %	13.5 %	16.5 %	21.0 %	21.0 %	21.0 %	
Tax rate (EBT)	49.6 %	58.8 %	56.5 %	17.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	25.0 %	
NOPAT	0.1	0.1	0.4	1.4	2.0	3.0	3.9	5.2	6.9	9.0	12.2	13.0	13.8	
Depreciation	2.7	2.4	2.6	2.8	3.1	3.5	3.8	4.1	4.4	4.7	5.0	5.4	5.7	
in % of Sales	8.5 %	7.3 %	7.0 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	-4.6	-0.1	0.5	0.9	1.3	1.3	0.8	1.1	1.1	1.1	1.2	0.8	1.2	
- Capex	3.2	3.3	3.4	2.8	3.1	3.5	3.8	4.1	4.4	4.7	5.0	5.4	5.7	
Capex in % of Sales	10.1 %	9.9 %	9.0 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	6.5 %	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	4.2	-0.7	-0.8	0.6	0.7	1.6	3.1	4.1	5.8	7.9	11.0	12.2	12.6	14
PV of FCF	4.3	-0.6	-0.7	0.4	0.5	1.1	1.8	2.2	2.8	3.5	4.5	4.6	4.3	65
share of PVs	3.19 %			27.44 %										69.37 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	0.00 %	Financial Strength	1.20
Cost of debt (after tax)	4.2 %	Liquidity (share)	1.50
Market return	7.00 %	Cyclicality	1.40
Risk free rate	1.50 %	Transparency	1.80
		Others	1.47
WACC	9.61 %	Beta	1.48

Valuation (m)

Present values 2026e	29		
Terminal Value	65		
Financial liabilities	3		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	0		
Liquidity	11	No. of shares (m)	30.7
Equity Value	102	Value per share (EUR)	3.33

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.66	10.6 %	2.67	2.72	2.76	2.81	2.87	2.92	2.98	1.66	10.6 %	2.55	2.64	2.73	2.81	2.90	2.99	3.07
1.57	10.1 %	2.88	2.94	2.99	3.05	3.12	3.19	3.26	1.57	10.1 %	2.77	2.87	2.96	3.05	3.15	3.24	3.33
1.52	9.9 %	3.00	3.06	3.12	3.19	3.26	3.33	3.41	1.52	9.9 %	2.90	2.99	3.09	3.19	3.28	3.38	3.48
1.48	9.6 %	3.13	3.19	3.26	3.33	3.41	3.49	3.58	1.48	9.6 %	3.03	3.13	3.23	3.33	3.43	3.53	3.63
1.43	9.4 %	3.26	3.33	3.40	3.48	3.57	3.66	3.76	1.43	9.4 %	3.17	3.28	3.38	3.48	3.59	3.69	3.80
1.38	9.1 %	3.41	3.48	3.56	3.65	3.75	3.85	3.96	1.38	9.1 %	3.33	3.43	3.54	3.65	3.76	3.87	3.98
1.29	8.6 %	3.73	3.82	3.92	4.03	4.15	4.28	4.42	1.29	8.6 %	3.67	3.79	3.91	4.03	4.15	4.27	4.39

- In 2013, one-third of the revenue was generated in the Trauma division and two-thirds in the Biomaterials division.
- This ratio will turn around in the medium term. As of 2020, Trauma is expected to generate almost 65% of revenue.
- 2013 EBITDA was burdened by one-time effects. In 2015e, the Trauma division is expected to break even.
- The EBIT margin in perpetuity is assumed at 21%. With successful market penetration, higher margins are possible.
- Beta is relatively low owing to the good financial situation and the sector's resistance to cyclicality.

Sum of the parts

	Sales		EV/ Sales 2015e	EV/ Sales 2016e	Trauma M&A Multiples	fair value 15	fair value 16	fair value 15 M&A
	2015e	2016e						
Trauma	15.56	19.1	3.33	3.22	4.67	51.8	61.4	72.6
Biomaterials	17.88	18.8	3.24	2.71	3.24	57.9	50.8	57.9
Other Assets								
Net Debt (without EMCM)						-8.0	-8.0	-8.0
Joint Venture aap Joints (at equity)						1.5	1.5	1.5
Fair Value						119.2	121.8	140.0
Number of shares						30.7	30.7	30.7
Fair Value per share						3.89	3.97	4.57

M&A Transaction

Date	Buyer	Target company	EV/ (LTM) Sales	Transaction
2014	Wright Medical	OrthoPro	5.50	M&A
2014	Wright Medical	Solana Surgical	5.50	M&A
2013	Wright Medical	Biotech International	5.33	M&A
2013	LDR Holding		2.97	IPO
2013	Wright Medical	WG Healthcare	n.a	M&A
2012	Globus Medical		2.60	IPO
2012	Tornier	OrthoHelix	5.78	M&A
2011	Tonier		3.38	IPO
2011	Stryker	Memometal	5.40	M&A
2010	China Kanghui		5.55	IPO
		Mean	4.67	

Source: Warburg Research, Bloomberg

Valuation							
	2010	2011	2012	2013	2014e	2015e	2016e
Price / Book	0.8 x	0.6 x	0.6 x	0.9 x	1.7 x	1.7 x	1.7 x
Book value per share ex intangibles	0.28	0.34	0.37	1.11	1.11	1.10	1.12
EV / Sales	1.5 x	1.2 x	0.9 x	1.2 x	2.0 x	1.9 x	1.7 x
EV / EBITDA	12.8 x	8.7 x	4.8 x	6.6 x	21.9 x	24.3 x	18.2 x
EV / EBIT	61.3 x	30.8 x	10.7 x	n.a.	254.2 x	271.0 x	68.2 x
EV / EBIT adj.*	61.3 x	30.8 x	10.7 x	n.a.	254.2 x	271.0 x	68.2 x
P / FCF	n.a.	n.a.	9.6 x	n.a.	19.4 x	n.a.	n.a.
P / E	n.a.	96.9 x	12.5 x	n.a.	272.0 x	n.a.	136.0 x
P / E adj.*	n.a.	96.9 x	12.5 x	n.a.	272.0 x	n.a.	136.0 x
Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.4 %
Free Cash Flow Yield Potential	7.5 %	2.6 %	11.0 %	8.6 %	0.1 %	0.1 %	0.6 %

*Adjustments made for: -

Consolidated profit & loss

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Sales	28.4	29.2	36.4	40.0	31.7	33.4	37.8
Change Sales yoy	-14.1 %	2.7 %	24.7 %	9.8 %	-20.7 %	5.5 %	13.1 %
Increase / decrease in inventory	0.8	0.8	0.2	-1.0	-0.3	0.0	0.0
Own work capitalised	3.3	3.0	2.7	2.0	1.6	1.0	1.1
Total Sales	32.6	33.0	39.3	41.0	33.0	34.4	39.0
Material Expenses	9.5	8.1	10.8	12.0	10.5	10.0	11.2
Gross profit	23.0	24.9	28.6	29.1	22.5	24.4	27.8
<i>Gross profit margin</i>	<i>81.0 %</i>	<i>85.3 %</i>	<i>78.4 %</i>	<i>72.7 %</i>	<i>71.0 %</i>	<i>73.0 %</i>	<i>73.5 %</i>
Personnel expenses	12.1	11.9	13.5	14.6	12.8	13.4	14.9
Other operating income	2.6	1.9	3.3	4.3	3.6	3.4	3.7
Other operating expenses	10.1	10.8	11.2	11.4	10.4	11.8	13.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	3.4	4.1	7.1	7.4	2.9	2.7	3.6
<i>Margin</i>	<i>12.1 %</i>	<i>14.1 %</i>	<i>19.6 %</i>	<i>18.4 %</i>	<i>9.3 %</i>	<i>8.0 %</i>	<i>9.5 %</i>
Depreciation of fixed assets	1.0	1.1	1.1	2.2	1.0	0.8	0.8
EBITA	2.4	3.1	6.0	5.2	2.0	1.9	2.9
Amortisation of intangible assets	1.7	1.9	2.8	7.3	1.7	1.7	1.9
Goodwill amortization	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.7	1.2	3.2	-2.1	0.3	0.2	1.0
<i>Margin</i>	<i>2.5 %</i>	<i>4.0 %</i>	<i>8.8 %</i>	<i>-5.3 %</i>	<i>0.8 %</i>	<i>0.7 %</i>	<i>2.5 %</i>
EBIT adj.	0.7	1.2	3.2	-2.1	0.3	0.2	1.0
Interest income	0.0	0.1	0.0	0.0	0.3	0.3	0.3
Interest expenses	0.6	0.6	0.5	0.2	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	0.2	0.6	2.7	-2.3	0.4	0.3	1.1
<i>Margin</i>	<i>0.7 %</i>	<i>2.1 %</i>	<i>7.5 %</i>	<i>-5.7 %</i>	<i>1.3 %</i>	<i>1.0 %</i>	<i>2.8 %</i>
Total taxes	0.1	0.2	0.3	0.2	0.2	0.2	0.6
Net income from continuing operations	0.1	0.4	2.4	-2.5	0.2	0.1	0.5
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	0.0	0.4	2.4	-2.5	0.2	0.1	0.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.0	0.4	2.4	-2.5	0.2	0.1	0.5
<i>Margin</i>	<i>0.2 %</i>	<i>1.3 %</i>	<i>6.6 %</i>	<i>-6.1 %</i>	<i>0.6 %</i>	<i>0.4 %</i>	<i>1.2 %</i>
Number of shares, average	27.8	29.6	30.7	30.7	30.7	30.7	30.7
EPS	0.00	0.01	0.08	-0.08	0.01	0.00	0.02
EPS adj.	0.00	0.01	0.08	-0.08	0.01	0.00	0.02

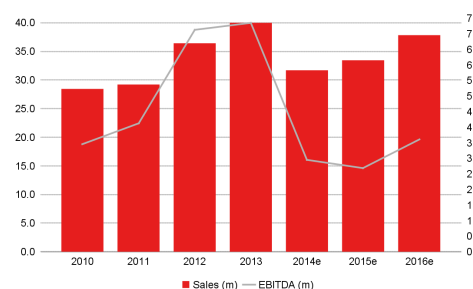
*Adjustments made for:

Guidance: Guidance 2015: Revenue EUR 33-35m - EBITDA EUR 2.5-3.5m

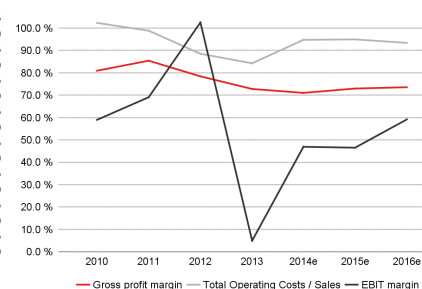
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Total Operating Costs / Sales	102.4 %	98.9 %	88.5 %	84.2 %	94.7 %	95.0 %	93.5 %
Operating Leverage	5.7 x	23.1 x	7.1 x	n.a.	n.a.	-1.0 x	22.9 x
EBITDA / Interest expenses	6.1 x	6.8 x	13.7 x	40.6 x	19.7 x	13.4 x	18.1 x
Tax rate (EBT)	72.6 %	36.1 %	11.5 %	-7.9 %	49.6 %	58.8 %	56.5 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	66.4 %
Sales per Employee	n.a.	109,793	137,932	n.a.	n.a.	n.a.	n.a.

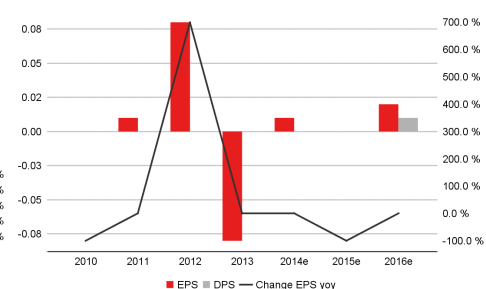
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

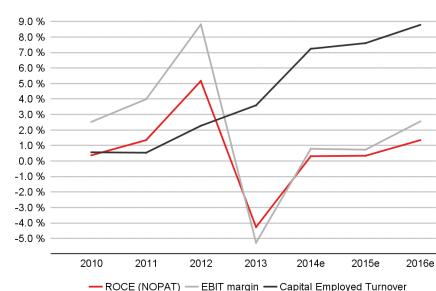
Consolidated balance sheet

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Assets							
Goodwill and other intangible assets	37.0	38.2	39.4	14.5	14.8	15.1	15.2
thereof other intangible assets	6.1	5.5	5.1	0.9	1.1	1.4	1.6
thereof Goodwill	12.5	12.5	12.5	1.6	1.6	1.6	1.6
Property, plant and equipment	5.2	5.1	5.1	5.9	6.2	6.7	7.3
Financial assets	0.4	0.4	0.4	1.8	1.8	1.8	1.8
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	42.6	43.7	44.9	22.2	22.7	23.6	24.3
Inventories	12.7	14.0	13.9	9.4	7.0	6.7	6.9
Accounts receivable	6.2	5.5	4.2	7.0	4.3	4.6	5.2
Liquid assets	0.9	2.2	3.7	1.6	23.9	23.3	22.8
Other short-term assets	1.3	0.8	1.8	25.0	2.0	2.0	2.0
Current assets	21.1	22.5	23.7	43.0	37.2	36.6	36.9
Total Assets	63.6	66.2	68.6	65.2	59.9	60.2	61.2
Liabilities and shareholders' equity							
Subscribed capital	27.9	30.7	30.7	30.7	30.7	30.7	30.7
Capital reserve	40.0	40.4	18.6	18.8	18.8	18.8	18.8
Retained earnings	0.2	0.2	0.2	0.8	1.0	1.1	1.9
Other equity components	-23.4	-23.0	1.4	-1.7	-1.7	-1.7	-1.7
Shareholder's equity	44.7	48.4	50.9	48.5	48.7	48.9	49.6
Minority interest	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	44.9	48.4	50.9	48.5	48.7	48.9	49.6
Provisions	0.2	0.2	0.2	0.3	0.3	0.3	0.3
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	10.0	9.2	7.6	4.9	4.9	4.9	4.9
thereof short-term financial liabilities	5.5	5.5	4.5	2.6	2.6	2.6	2.6
Accounts payable	3.0	3.1	3.3	2.9	2.3	2.4	2.7
Other liabilities	5.6	5.2	6.7	8.7	3.7	3.7	3.7
Liabilities	18.8	17.8	17.7	16.7	11.2	11.3	11.6
Total liabilities and shareholders' equity	63.6	66.2	68.6	65.2	59.9	60.2	61.2

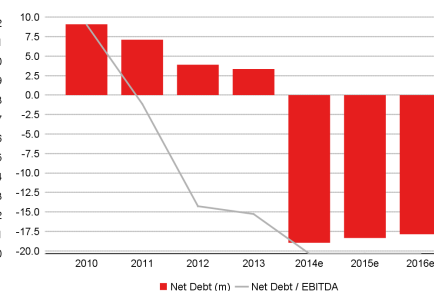
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Efficiency of Capital Employment							
Operating Assets Turnover	1.4 x	1.4 x	1.9 x	2.1 x	2.1 x	2.1 x	2.3 x
Capital Employed Turnover	0.5 x	0.5 x	0.7 x	0.8 x	1.1 x	1.1 x	1.2 x
ROA	0.1 %	0.9 %	5.4 %	-11.0 %	0.9 %	0.6 %	1.9 %
Return on Capital							
ROCE (NOPAT)	0.4 %	1.4 %	5.2 %	-4.3 %	0.3 %	0.3 %	1.3 %
ROE	0.1 %	0.8 %	4.9 %	-4.9 %	0.4 %	0.3 %	0.9 %
Adj. ROE	0.1 %	0.8 %	4.9 %	-4.9 %	0.4 %	0.3 %	0.9 %
Balance sheet quality							
Net Debt	9.1	7.1	3.9	3.3	-19.0	-18.3	-17.9
Net Financial Debt	9.1	7.1	3.9	3.3	-19.0	-18.4	-17.9
Net Gearing	20.3 %	14.7 %	7.7 %	6.9 %	-38.9 %	-37.5 %	-36.0 %
Net Fin. Debt / EBITDA	262.8 %	171.4 %	54.4 %	45.2 %	n.a.	n.a.	n.a.
Book Value / Share	1.6	1.6	1.7	1.6	1.6	1.6	1.6
Book value per share ex intangibles	0.3	0.3	0.4	1.1	1.1	1.1	1.1

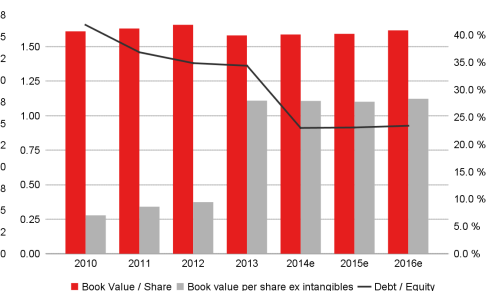
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

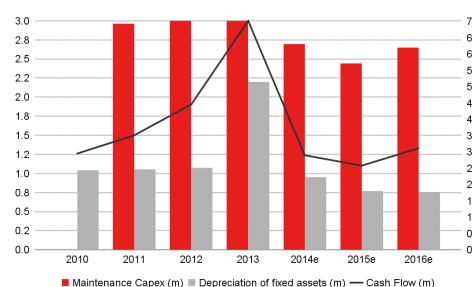
Consolidated cash flow statement

In EUR m	2010	2011	2012	2013	2014e	2015e	2016e
Net income	0.0	0.4	2.4	-2.5	0.2	0.1	0.5
Depreciation of fixed assets	1.0	1.1	1.1	2.2	1.0	0.8	0.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	1.7	1.9	2.8	7.3	1.7	1.7	1.9
Increase/decrease in long-term provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income and expenses	0.2	0.2	-1.9	0.0	0.0	0.0	0.0
Cash Flow	3.0	3.5	4.5	7.0	2.9	2.6	3.1
Increase / decrease in inventory	-0.6	-0.5	1.4	-4.3	2.4	0.3	-0.2
Increase / decrease in accounts receivable	0.0	0.0	0.0	0.0	2.7	-0.3	-0.6
Increase / decrease in accounts payable	0.3	0.2	1.3	0.8	-0.6	0.1	0.3
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.3	-0.3	2.6	-3.5	4.6	0.1	-0.5
Net cash provided by operating activities	2.7	3.2	7.1	3.5	7.5	2.7	2.6
Investments in intangible assets	-3.3	-3.1	-2.8	-5.7	-2.0	-2.0	-2.0
Investments in property, plant and equipment	-1.1	-0.9	-1.1	-1.1	-1.2	-1.3	-1.4
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.3	0.0	3.5	18.0	0.0	0.0
Net cash provided by investing activities	-4.4	-3.7	-3.9	-3.3	14.8	-3.3	-3.4
Change in financial liabilities	0.3	-1.1	-1.4	-2.5	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	3.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	-0.1	-0.2	0.0	0.0	0.0	0.0
Net cash provided by financing activities	0.3	1.8	-1.6	-2.5	0.0	0.0	0.3
Change in liquid funds	-1.5	1.2	1.5	-2.3	22.3	-0.6	-0.5
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	0.9	2.2	3.7	1.4	23.9	23.3	22.8

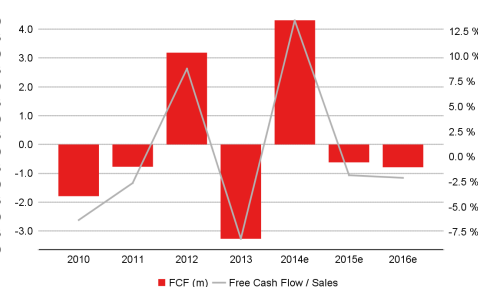
Financial Ratios

	2010	2011	2012	2013	2014e	2015e	2016e
Cash Flow							
FCF	-1.8	-0.8	3.2	-3.3	4.3	-0.6	-0.8
Free Cash Flow / Sales	-6.3 %	-2.6 %	8.7 %	-8.2 %	13.6 %	-1.9 %	-2.1 %
Free Cash Flow Potential	3.3	0.9	3.8	4.2	0.1	0.0	0.4
Free Cash Flow / Sales	-6.3 %	-2.6 %	8.7 %	-8.2 %	13.6 %	-1.9 %	-2.1 %
Free Cash Flow / Net Profit	-3812.8 %	-197.2 %	132.3 %	133.6 %	2116.9 %	-441.4 %	-171.0 %
Interest Received / Avg. Cash	2.1 %	3.8 %	1.0 %	0.0 %	2.4 %	1.3 %	1.3 %
Interest Paid / Avg. Debt	5.7 %	6.3 %	6.2 %	2.9 %	3.1 %	4.1 %	4.1 %
Management of Funds							
Investment ratio	15.6 %	13.6 %	10.7 %	17.1 %	10.1 %	9.9 %	9.0 %
Maint. Capex / Sales	0.0 %	10.1 %	8.2 %	7.5 %	8.5 %	7.3 %	7.0 %
Capex / Dep	162.9 %	134.6 %	99.8 %	72.0 %	118.8 %	135.2 %	128.4 %
Avg. Working Capital / Sales	54.0 %	54.4 %	41.0 %	34.2 %	35.6 %	26.7 %	24.1 %
Trade Debtors / Trade Creditors	209.1 %	176.5 %	129.7 %	246.6 %	187.0 %	191.7 %	192.6 %
Inventory Turnover	0.8 x	0.6 x	0.8 x	1.3 x	1.5 x	1.5 x	1.6 x
Receivables collection period (days)	80	69	42	64	50	50	50
Payables payment period (days)	114	141	110	87	80	87	88
Cash conversion cycle (Days)	470	595	379	251	196	189	168

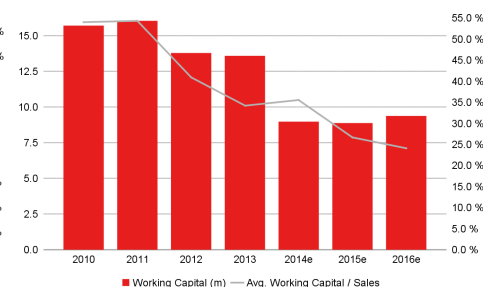
CAPEX and Cash Flow
in EUR m



Free Cash Flow Generation



Working Capital



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
aap Implantate	5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0005066609.htm

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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

-B-	Buy:	The price of the analysed financial instrument is expected to rise over the next 12 months.
-H-	Hold:	The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months.
-S-	Sell:	The price of the analysed financial instrument is expected to fall over the next 12 months.
“-“	Rating suspended:	The available information currently does not permit an evaluation of the company.

WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING

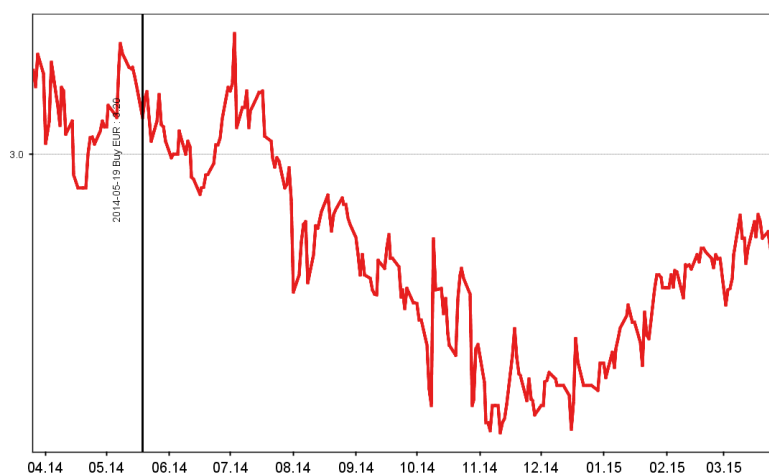
Rating	Number of stocks	% of Universe
Buy	103	55
Hold	70	37
Sell	11	6
Rating suspended	4	2
Total	188	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

Rating	Number of stocks	% of Universe
Buy	83	58
Hold	49	34
Sell	7	5
Rating suspended	4	3
Total	143	100

PRICE AND RATING HISTORY AAP IMPLANTATE AS OF 25.03.2015



The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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