

CeramTec TopCo GmbH
Plochingen

Operating and Financial Review
for the period ended
30 June 2018

1 Preamble

Based on the Sale and Purchase Agreement (SPA) signed on 10 October 2017 the former owner Cinven sold and transferred the shares of CeramTec Holding GmbH, Plochingen (in the following "CeramTec Holding") to CeramTec AcquiCo GmbH, Plochingen (in the following "CeramTec AcquiCo") owned by a Consortium led by Funds advised by leading private equity firm BC Partners ("BC Partners"). As at 22 February 2018 all requirements were fulfilled. According to the SPA the transfer of ownership was effective after 10 working days, respectively as of 8 March 2018. CeramTec AcquiCo is a 100% subsidiary of CeramTec BondCo GmbH, Plochingen (in the following "CeramTec BondCo"), which itself is a 100% subsidiary of CeramTec TopCo GmbH. CeramTec TopCo is the ultimate parent, for which Consolidated Financial Statements are prepared.

The purpose of this Operational and Financial Review is to show the development of the financial results of the operating advanced ceramics business for the six months period ended June 30, 2018 in comparison to the six months period ended June 30, 2017. The financial data as of and for the six months period ended June 30, 2018 have been derived from the Interim Condensed Pro-Forma Consolidated Financial Statements. The interim condensed pro-forma consolidated financial statements give a true and fair view of the results of operations and financial position of the Group.

The following discussion should be read in conjunction with the information contained in our legal consolidated financial statements for the six months period ended June 30, 2018 and the pro-forma consolidated financial statements for the six months period ended June 30, 2018 including the notes thereto. In the following, we discuss certain financial quantities on an adjusted basis, before giving effect to depreciation and amortization and certain extraordinary, non-recurring items.

The figures in this review are presented in Euro. The amounts are in millions of Euros (EUR m). All amounts are rounded using standard commercial principles. In some cases, adding single values to the total values may therefore lead to differences. Due to rounding differences, figures in tables and cross-references may differ slightly from the actual figures (units of currency, percentages, etc.).

2 Overview

We are a leading global developer, manufacturer and supplier of high performance ceramics (“HPC”) solutions for various end markets including medical, automotive, industrial, consumer and electronics. Our HPC solutions are made of advanced ceramics, which are highly specialized materials with superior biological, chemical, mechanical, thermal, electric, magnetic or optical properties compared to competing products made from metal or polymers (plastics). We have been engaged in the HPC industry for over 100 years, with operational expertise and experience in creating innovative system solutions for longstanding customers at an industrial scale. We currently offer a wide range of HPC solutions including hip joint prostheses components, actuators in engine valves for fuel injection systems, high speed cutting tools and transparent ceramic components for armor applications. The versatility of HPC products and resulting wide-range of applications provides us with a highly diversified end market and customer base.

Our operations can be divided into two businesses, Medical Products and Industrial.

2.1 Medical Products

Our Medical Products business focuses on developing and manufacturing ceramic components for hip joint prostheses, such as ball heads and cup inserts used in total hip replacement (“THR”) procedures. In the six months period ended June 30, 2018, it generated 37.6% of our revenue.

Ceramic materials are replacing traditional materials for hip joint prosthetic components such as metal which can trigger negative patient reactions, for example due to allergic reactions resulting from metal sensitivity. Our HPC medical solutions are biologically inert and have high wear resistance and excellent friction behaviour, making them one of the few materials that are durable and stable enough to withstand the corrosive effects of bodily fluids. More than 15 million of our BIOLOX® ceramic components have been implanted in patients globally to date. We estimate that nearly one in two hip joint implant systems sold worldwide includes at least one ceramic component, and we estimate our BIOLOX® products represented more than 95% of the ceramic components used for these hip joint implant systems. We believe that our BIOLOX® brand has come to symbolize high quality and innovation and is increasingly preferred by surgeons and other medical professionals. We anticipate that our HPC solutions will be used for various other joint replacements, such as knee and shoulder implants in the future.

2.2 Industrial

Our Industrial business develops, manufactures and supplies a broad range of highly specialized, performance critical HPC solutions for customers spanning a wide range of industries including automotive, defense, electronics, industrial machinery and medical equipment. In the six months period ended June 30, 2018, 62.4% of our revenue was generated by our Industrial business.

Our dedicated teams of scientists and engineers collaborate closely with customers to develop tailor made solutions and production processes to fulfill distinct functionality and performance requirements. We believe that we are one of the few advanced ceramics manufacturers with a full-range of HPC materials and manufacturing processes.

Our HPC solutions are often used in performance-critical components. For example, our cutting tools have a longer life and faster cutting speeds compared to non-HPC cutting tools, allowing our customers to save costs and reduce downtime. In automotive engineering, HPC products, including our piezo ceramic components, play a vital role in increasing safety, improving cost-effectiveness and enhancing comfort in vehicles. Our ceramic substrates are used for a variety of purposes in the electronics and telecommunications sector, including measurement and control technology and entertainment electronics. We believe that the specialized, mission critical nature of our solutions, our long-standing customer relationships and our highly diversified portfolio of solutions and customer base, reduces the exposure of our Industrial business to any single industry or product.

3 Results of Operations

The following table sets forth amounts from our income statement along with the percentage change for the six months period ended June 30, 2018 compared to the six months period ended June 30, 2017 which is effected by the release of a jubilee provisions contributing € 4.1 million.

	Six months Ended June 30,		
	2018	2017	Change
	<i>(in EUR m)</i>		<i>(%)</i>
Revenue	309.6	278.2	11.3
Cost of sales	191.1	154.8	23.5
Gross profit	118.5	123.4	-4.0
Selling costs.....	46.9	40.5	15.9
Research and development costs	11.4	10.3	10.9
General administrative costs	13.9	11.7	18.7
Other income and expenses (-), net.....	-11.3	1.4	N/A
Operating income	35.0	62.3	-43.8
Interest income and other finance income	13.5	40.2	-66.5
Interest expenses and other finance costs	56.6	31.8	77.9
Financial result	-43.1	8.4	N/A
Profit/(Loss) before income tax	-8.1	70.7	N/A
Income tax expense	-7.2	-22.8	-68.1
Net profit/(loss) for the period	-15.4	48.0	N/A

Our management considers the results of operations on the adjusted basis, before giving effect to depreciation and amortization as well as certain extraordinary, non-recurring items, with Management adjusted EBITDA as an important indicator of business performance. Management adjusted EBITDA, its main components and its reconciliation to Operating Income as reported are shown in the following table.

	Six months Ended June 30,		
	2018	2017	Change
	<i>(in EUR m)</i>		<i>(%)</i>
Revenue	309.6	278.2	11.3
Cost of sales*	143.6	127.7	12.4
Gross profit*	166.0	150.5	10.3
Selling costs*	25.5	24.6	3.5
Research and development costs*	10.5	9.1	14.7
General administrative costs*	9.6	9.7	-0.8
Other income and expenses (-), net*	-0.1	-0.1	N/A
Management Adjusted EBITDA	120.4	107.0	12.6
- Exceptional Items.....	23.0	3.4	>100.0
EBITDA	97.4	103.5	-5.9
- Amortization, Depreciation and impairment charges on non-current assets	62.4	41.2	51.6
Operating income	35.0	62.3	-43.8

* Excluding depreciation, amortization and exceptional items

The following table provides a breakdown of our exceptional items for the six months ended June 30, 2018, compared to the six months ended June 30, 2017.

	Six months Ended June 30,	
	2018	2017
	<i>(in EUR m)</i>	
Exceptional items	23.0	3.4
Restructuring costs	1.5	2.0
Other non-recurring costs	2.7	-0.4
Foreign exchange conversion effects.....	0.0	0.4
Acquisition costs.....	18.8	1.4

Restructuring costs in 2018 mainly comprise severance payments for the reduction of staff at CeramTec GmbH and for management changes at CeramTec Service GmbH. Restructuring costs in 2017 mainly comprise costs related to our productivity initiatives undertaken in our Medical Products and Industrial businesses.

Other non-recurring costs in 2018 mainly comprise of a one-time bonus for tariff employees, while in 2017 they comprise of gains for land sale at our UK-Colyton site, consulting and litigation expenses, mainly related to a patent lawsuit which was dismissed in 2017 and to a series of legal proceedings in relation to intellectual property rights.

Foreign exchange conversion effects reflect certain impacts related to currency conversions that are accounted for in our Operating income.

Acquisition costs in 2018 comprise costs related to the acquisition of CeramTec by BC Partners and in 2017 represent costs related to the acquisition of the UK electro-ceramics business from Morgan Advanced Materials plc, which was completed in April 2017.

3.1 Revenue

The following table provides a breakdown of our revenue for the six months ended June 30, 2018, compared to the six months ended June 30, 2017 on a cluster level:

	Six months Ended June 30,		
	2018	2017	Change
	<i>(in EUR m)</i>		<i>(%)</i>
Medical Products⁽¹⁾	116.4	103.7	12.2
Industrial⁽¹⁾⁽²⁾	193.3	174.5	10.8
<i>thereof Specialty Applications</i>	53.0	45.0	17.7
<i>thereof Industrial Solutions</i>	80.5	72.3	11.3
<i>thereof CT North America</i>	24.8	30.4	-18.5
<i>thereof Emil Müller Companies</i>	11.2	10.9	2.8
<i>thereof other units / consolidation</i>	23.7	15.8	50.1
Total revenue	309.6	278.2	11.3

The revenue presented for the individual units in Industrial includes internal revenue to Group companies. The line item "other units / consolidation" includes all internal revenue between the clusters listed under "Industrial" to show the amount by which the total revenue figure for Industrial has been reduced to account for such internal revenue.

Total revenue for the six months ended June 30, 2018 was €309.6 million, an increase of €31.4 million or 11.3%, as compared to €278.2 million for the six months ended June 30, 2017.

Revenue in our Medical Products business was €116.4 million for the six months ended June 30, 2018, an increase of €12.7 million or 12.2%, as compared to €103.7 million for the six months ended June 30, 2017. This increase was mainly due to growth in the number of components sold.

Revenue in our Industrial business was €193.3 million for the six months ended June 30, 2018, an increase of €18.8 million or 10.8%, as compared to €174.5 million for the six months ended June 30, 2017. This increase was mainly due to overall strong demand across major markets such as Automotive and Electronics and other industrial end markets such as Textile machinery products. The increase is supported by commercial excellence initiatives and the acquisition of the UK electro-ceramics business from Morgan Advanced Materials plc.

The following table provides a breakdown of our revenue for the six months ended June 30, 2018, compared to the six months ended June 30, 2017 by region.

	Six months Ended June 30		
	2018	2017	Change
	<i>(in EUR m)</i>		<i>(%)</i>
Europe (excluding Germany)	133.6	123.5	8.2
Germany	80.0	67.7	18.2
North America	41.4	43.0	-3.7
Asia	44.8	35.4	26.7
Other regions	4.7	4.6	2.3
Total net sales	309.6	278.2	11.3

3.2 Cost of Sales and Gross Profit

The following table provides a breakdown of our cost of sales for the six months ended June 30, 2018, compared to the six months ended June 30, 2017.

	Six months Ended June 30			
	2018		2017	
	<i>(in EUR m)</i>	<i>(% of net sales)</i>	<i>(in EUR m)</i>	<i>(% of net sales)</i>
Material and packing costs	58.7	30.7	50.9	32.9
Personnel expenses	63.1	33.0	59.5	38.4
Amortization and depreciation	40.0	20.9	24.5	15.8
Other costs of sales	29.3	15.3	19.9	12.9
Cost of sales	191.1	61.7	154.8	55.6

Cost of sales was €191.1 million (61.7% of revenue) for the six months ended June 30, 2018, an increase of €36.3 million or 23.5%, compared to €154.8 million (55.6% of revenue) for the six months ended June 30, 2017. Excluding amortization and depreciation and non-recurring items, our adjusted cost of sales increased by 12.4% from €127.7 million or 45.9% of revenue

for the six months ended June 30, 2017 to €143.6 million or 46.4% of revenue for the six months ended June 30, 2018.

Gross profit was €166.0 million for the six months ended June 30, 2018, an increase of €15.5 million or 10.3%, as compared to €150.5 million for the six months ended June 30, 2017. Our Adjusted gross profit margin decreased to 53.6% for the six months ended June 30, 2018, from 54.1% for the six months ended June 30, 2017. Higher volumes in 2018 are offset by the release of a jubilee provisions contributing €3.0 million in the cost of sales in 2017.

3.3 Selling Cost

Selling costs were €46.9 million (15.2% of revenue) for the six months ended June 30, 2018, an increase of €6.4 million or 15.9%, as compared to €40.5 million (14.6% of revenue) for the six months ended June 30, 2017. Excluding amortization and depreciation and non-recurring items, our Adjusted selling costs increased to €25.5 million or 8.2% of revenue for the six months ended June 30, 2018 from €24.6 million or 8.9% of revenue for the six months ended June 30, 2017 including the release of a jubilee provision contributing €0.5 in 2017.

3.4 Research and Development Cost

Research and development costs were €11.4 million (3.7% of revenue) for the six months ended June 30, 2018, an increase of €1.1 million or 10.9%, as compared to €10.3 million (3.7% of revenue) for the six months ended June 30, 2017. Excluding amortization and depreciation and non-recurring items, our adjusted research and development costs increased to €10.5 million or 3.4% of revenue for the six months ended June 30, 2018 from €9.1 million or 3.3% of revenue for the six months ended June 30, 2017 including the release of a jubilee provision contributing €0.4 in 2017.

3.5 General Administrative Cost

General administrative costs were €13.9 million (4.5% of revenue) for the six months ended June 30, 2018, an increase of €2.2 million or 18.7%, as compared to €11.7 million (4.2% of revenue) for the six months ended June 30, 2017. Excluding amortization and depreciation and non-recurring items, our Adjusted general administrative costs decreased to €9.6 million or 3.1% of revenue for the six months ended June 30, 2018 from €9.7 million or 3.5% of revenue for the six months ended June 30, 2017 including the release of a jubilee provision contributing €0.1 in 2017.

3.6 Other Income and Expenses

Other expenses were €11.3 million for the six months ended June 30, 2018, an increase of €12.7 million compared to other income of €1.4 million for the six months ended June 30, 2017. This increase was mainly due to acquisition costs for the acquisition of CeramTec by BC Partners. Excluding non-recurring items, our Adjusted other expenses, net, were €0.1 million for the six months ended June 30, 2018 constant with Adjusted other expenses, net of €0.1 million for the six months ended June 30, 2017.

3.7 Interest Income and Other Financial Income

Interest income and other finance income was €13.5 million for the six months ended June 30, 2018, a decrease of €26.7 million or 66.5%, as compared to €40.2 million for the six months ended June 30, 2017. This decrease was mainly due to lower gains resulting from the fair value measurement of derivatives and not repeating a positive balance of the foreign currency effects compared to the six months ended June 30, 2017.

3.8 Interest Expenses and Other Finance Costs

Interest expenses and other finance costs were €56.6 million for the six months ended June 30, 2018, an increase of €24.8 million or 77.9%, as compared to €31.8 million for the six months ended June 30, 2017. This increase was mainly due to higher interest expenses. The financial expenses of €56.6 million include €31.8 million of interest expenses from syndicated loan, revolving credit line and bond, €13.2 million of interest expenses from a shareholder loan, €3.0 million of expenses from the effective interest rate method, exchange rate losses of €5.4 million and €3.2 million of other interest expenses.

3.9 Income Tax Expenses

Income tax expenses were €7.2 million for the six months ended June 30, 2018, a decrease of €15.5 million as compared to €22.8 million for the six months ended June 30, 2017. This decrease was mainly due to lower deferred tax expenses from valuation of derivatives and higher deferred tax income on the new PPA depreciation.

3.10 Net Profit / Loss

As a result of the developments described above, net loss for the period was €15.4 million for the six months ended June 30, 2018, a decrease of €63.3 million compared to a net profit of €24.6 million for the six months ended June 30, 2017.

4 Financial Condition, Liquidity and Capital Resources

As of June 30, 2018, the gross financial debt, the cash balance as well as the undrawn Revolving Credit Facility were as follows:

	As of June 30, 2018 <i>(in EUR m)</i>
Gross financial debt (without accrued transaction costs)	1,541.1
<i>thereof bond</i>	406.0
<i>thereof term loans</i>	1,120.1
<i>thereof revolving credit facility</i>	0.0
<i>thereof accrued interest</i>	14.9
Cash	48.4
Net debt	1,492.6
Undrawn Revolving Credit Facility	75.0

The following table shows unaudited pro forma as adjusted leverage information, consistent with the presentation of this indicators in the CTC BondCo prospectus.

	As of June 30, 2018 <i>(in EUR m)</i>
Net third party senior secured indebtedness	1,071.7
Net third party indebtedness	1,477.7
Pro-forma Interest expense	59.6
Pro-forma Adjusted EBITDA (LTM)	220.1
Ratio of net third party senior secured indebtedness to Pro-forma Adjusted EBITDA	4.9x
Ratio of Net third party indebtedness to Pro-forma Adjusted EBITDA	6.7x
Ratio of Adjusted EBITDA to Pro-forma Interest expense.	3.7x

Pro-forma Interest Expense is calculated as if the transaction had been completed on July 1, 2017 and consists of the interest on the Term Loan Facility and the Notes as well as the commitment fees on our undrawn Revolving Credit Facility. Pro forma adjusted EBITDA (LTM) equals to adjusted EBITDA (LTM) as per June 30, 2018 no pro forma effects are included.

5 Cash Flow Statement

The following table shows the cash flow statement for the six months period ended June 30, 2018 and 2017.

	Six months ended June 30, 2018	Six months ended June 30, 2017
	<i>(in € million)</i>	<i>(in € million)</i>
Net profit / (loss) for the period	-15.4	48.0
Income tax expenses / benefit(-)	7.2	22.8
Interest result.....	50.3	31.7
Amortization, depreciation and impairment charges of non-recurrent assets	62.4	41.2
Gain (-) / Loss on disposal of fixed assets	0.1	-3.2
Increase / decrease (-) in provisions (excluding deferred taxes).....	-3.9	-7.5
Income tax refund / (payment)	-9.6	-11.3
Other non-cash expenses / income (-), net.....	-6.7	-43.1
Increase (-) / decrease in inventories	1.2	-7.2
Increase (-) / decrease in trade receivables	-10.2	-11.4
Increase (-) / decrease in other receivables and (financial) assets.....	31.5	-1.9
Increase / decrease (-) in trade payables.....	-49.1	1.9
Increase / decrease (-) in other (financial) liabilities	13.3	1.9
Cash flow from operating activities	71.3	62.0
Cash received from disposals of property, plant and equipment.....	1.1	3.4
Cash paid (-) for investments in property, plant and equipment	-12.5	-8.8
Cash received from grants	0.0	0.0
Cash paid (-) for investments in intangible assets	-0.3	-0.4
Cash paid (-) for the acquisition of entities	-2,490.9	-55.5
Cash flow from investing activities	-2,502.6	-61.2
Cash received from contribution to capital reserve.....	500.4	-
Cash received from issue of bond.....	393.5	-
Cash received from / repayment (-) of syndicated loan	1,075.8	-18.5
Interest paid (-)	-28.5	-27.7
Cash received from drawing / repayment (-) of revolver loan.....	0.0	0.0
Cash received from / repayment (-) of shareholder loan	523.8	-52.8
Cash flow from financing activities	2,465.0	-99.0
Change in cash and cash equivalents	33.7	-98.2
Net foreign exchange difference	0.0	-0.1
Cash and cash equivalents at the beginning of the period	14.8	124.6
Cash and cash equivalents at the end of the period	48.4	26.3

Cash flows from operating activities increased from €62.0 million for the six months ended June 30, 2017 to €71.3 million for the six months ended June 30, 2018. The increase is driven by the management of our working capital positions.

Cash flows used in investing activities increased from €11.7 million for the six months ended June 30, 2017 to €5.8 million for the six months ended June 30, 2018. The higher investment spending in the six months ended June 30, 2018 was mainly driven by phasing of growth projects reflecting the positive market conditions and not repeating cash inflow from the sale of land at UK-Colyton site. Investing activities furthermore include cash paid for the acquisition of €2,491 million comprising of €1,603 million purchase price to the seller and €888 million repayment of debt.

Cash flows used in financing activities increased from an outflow of €99.0 million for the six months ended June 30, 2017 to an income of €2,465.0 million for the six months ended June 30, 2018, mainly due to new financing structure comprising inflows from loans, bond and contribution to capital reserve.

6 Capital Expenditures

The following table provides an overview of our capital expenditures for the six months ended June 30, 2018 and 2017:

	Six months ended June 30, 2018	Six months ended June 30, 2017
Additions to intangible assets.....	0.3	0.4
Additions to property, plant and equipment	10.1	8.0
Capital expenditures (gross)	10.4	8.4
Government grants.....	0.0	0.0
Capital expenditures (net).....	10.4	8.4
Additions from business acquisitions.....	0.0	0.0

In general, our capital investment is split evenly between maintenance and growth projects. Cash outflow for the six months ended June 30, 2018 for intangible assets amounts to €0.3 million and for tangible assets amounts to €12.5 million.

7 Employees

As of June 30, 2018, the CeramTec Group employed a workforce of 3,538 people, an increase of 2.6 % compared to the previous year.

Headcount	June 30, 2018	June 30, 2017
Employees by region		
Europe (w/o Germany).....	664	634
Germany	2.040	1.998
North and South America	336	321
Asia.....	498	496
	3.538	3.449
Employees by function		
Manufacturing	2.785	2.707
Sales.....	318	315
Research and development.....	184	184
Administration.....	251	243
	3.538	3.449

8 Recent Developments

On 7 August 2018, CeramTec announces that Eric Oellerer will join the company on 15 September 2018 as the new Chief Financial Officer (CFO) and that Richard Boulter will join as President Industrial by latest 1 December 2018. CeramTec's current CFO, Dominique Janbon, will leave the company after a brief transition and hand-over period.

Plochingen, 16 August 2018

CeramTec TopCo GmbH

The management

Dr. Hadi Saleh

**CeramTec TopCo GmbH
Plochingen**

**Interim Condensed
PRO-FORMA
Consolidated Financial Statements
for the period ended
30 June 2018**

Interim condensed PRO-FORMA consolidated statement of comprehensive income

from 1 January to 30 June 2018

	Notes	1 April to	1 April to	1 January to	1 January to
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		EUR k	EUR k	EUR k	EUR k
Revenue	3.1	152,610	145,671	309,617	278,178
Cost of sales	3.2	106,018	78,900	191,142	154,804
Gross profit		46,592	66,771	118,475	123,374
Selling costs	3.3	25,805	19,741	46,941	40,506
Research and development costs	3.4	5,513	4,684	11,407	10,287
General administrative costs	3.5	6,965	5,287	13,857	11,675
Other income and expenses (-), net	3.6	-716	1,811	-11,260	1,433
Operating income		7,593	38,870	35,010	62,339
Interest income and other finance income		30,300	11,584	13,484	40,197
Interest expenses and other finance costs		31,796	15,854	56,605	31,825
Financial result	3.7	-1,496	-4,270	-43,121	8,372
Profit / loss (-) before income tax		6,097	34,600	-8,111	70,711
Income tax expense		-7,052	-11,264	-7,248	-22,756
Net profit / net loss (-) for the period		-955	23,336	-15,359	47,955
Items that will not be reclassified through profit or loss					
Income / expenses (-) from the remeasurement of defined benefit plans		-38	2,981	-38	3,844
Deferred taxes		11	-591	11	-839
		-27	2,390	-27	3,005
Items that may be reclassified subsequently to profit or loss					
Losses (-) / gains on cash flow hedges		43	-1,132	-988	-1,235
Deferred taxes		0	262	296	292
		43	-870	-692	-943
Exchange differences on translation of foreign operations		1,348	-4,651	1,004	-5,814
Other comprehensive income / loss (-), net of income tax		1,364	-3,131	285	-3,752
Total comprehensive income / loss (-)		409	20,205	-15,074	44,203

Interim condensed PRO-FORMA consolidated statement of financial position as at 30 June 2018

Assets	Notes	30 June 2018	31 December 2017
		EUR k	EUR k
Goodwill		1,343,165	561,573
Other intangible assets	4.1	1,157,021	538,304
Property, plant and equipment	4.2	289,176	266,815
Other financial assets	4.3	54,019	20,017
Other assets	4.4	1,689	678
Deferred tax assets		327	249
Non-current assets		2,845,397	1,387,636
Inventories		101,844	86,529
Trade receivables	4.5	62,248	52,096
Trade accounts receivable from affiliates		49	0
Income tax receivables		2,077	3,304
Other financial assets	4.3	2,048	23,208
Other receivables and assets	4.4	8,604	5,084
Cash and cash equivalents	4.6	48,428	14,753
Current assets		225,298	184,974
Total Assets		3,070,695	1,572,610

Interim condensed PRO-FORMA consolidated statement of financial position as at 30 June 2018

Equity and Liabilities	Notes	30 June 2018	31 December 2017
		EUR k	TEUR
Issued capital	4.7	25	25
Capital reserves	4.7	500,417	378,148
Accumulated losses	4.7	-35,828	-92,365
Accumulated other comprehensive income	4.7	1,391	1,079
Equity		466,005	286,887
Provisions for pension obligations		99,965	98,447
Other provisions		5,229	5,142
Financial liabilities to affiliates	4.8	536,225	55,355
Financial liabilities to third parties	4.9	1,518,075	661,705
Deferred tax liabilities		340,899	150,721
Non-current liabilities		2,500,393	971,370
Other provisions		15,897	20,442
Provision for taxes		23,049	12,578
Financial liabilities to third parties	4.9	24,658	245,422
Trade payables		25,453	26,676
Trade payables to affiliates		0	135
Other liabilities	4.10	15,240	9,100
Current liabilities		104,297	314,353
Total liabilities		2,604,690	1,285,723
Total equity and liabilities		3,070,695	1,572,610

CeramTec TopCo GmbH, Plochingen

**Interim condensed consolidated statement of cash flows
from 1 January to 30 June 2018**

	1 January to 30 June 2018	1 January to 30 June 2017
	EUR k	EUR k
Net profit / net loss (-) for the period	-15,359	47,955
Income tax expense	7,248	22,756
Interest result	50,349	31,687
Amortisation, depreciation and impairment charges of non-current assets	62,415	41,174
Gain (-) / loss on disposal of property, plant and equipment and intangible assets	88	-3,151
Decrease (-) in provisions (excluding deferred taxes)	-3,880	-7,456
Income tax payment (-)	-9,583	-11,280
Other non-cash income (-), net	-6,698	-43,111
Increase (-) / decrease in inventories	1,185	-7,188
Increase (-) in trade receivables	-10,152	-11,353
Increase (-) / decrease in other receivables and (financial) assets	31,452	-1,869
Increase / decrease (-) in trade payables	-49,097	1,941
Increase in other (financial) liabilities	13,305	1,936
Cash flow from operating activities	71,272	62,040
Cash received from disposals of property, plant and equipment	1,052	3,402
Cash paid (-) for investments in property, plant and equipment	-12,500	-8,780
Cash paid (-) for investments in intangible assets	-260	-378
Cash paid (-) for the acquisition of entities	-2,490,856	-55,485
Cash flow from investing activities	-2,502,564	-61,242
Cash received from contribution to capital reserve	500,367	0
Cash received from issuance of bond	393,508	0
Cash received from syndicated loan	1,075,822	-18,471
Interest paid (-)	-28,531	-27,653
Cash received from shareholder loan	523,798	-52,829
Cash flow from financing activities	2,464,964	-98,954
Increase in cash and cash equivalents	33,672	-98,155
Net foreign exchange difference	3	-140
Cash and cash equivalents at the beginning of the period	14,753	124,585
Cash and cash equivalents at the end of the period	48,428	26,290

*Please refer to notes in section 5

CeramTec TopCo GmbH
Plochingen

**Selected explanatory notes to the
Interim Condensed
PRO-FORMA
Consolidated Financial Statements
for the period ended
30 June 2018**

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1 General information

1.1 Corporate information and purpose of the Company

The purpose of CeramTec TopCo GmbH (hereinafter "CeramTec TopCo") is to render management services as well as administrative, financial and business services in return for remuneration to entities in which it has a direct or indirect controlling shareholding or to entities that are controlled by the same ultimate controlling shareholder. It establishes branch offices, legal entities and other operations in Germany and abroad, and acquires, invests in and holds these investments and/or manages them as well as enters into and/or issues various financial instruments.

The subsidiaries of CeramTec TopCo are leading global developers, manufacturers and suppliers of high performance ceramics ("HPC") solutions. The HPC solutions are made of advanced ceramics, which are highly specialized materials with superior biological/chemical, mechanical, thermal or electric properties compared to competing products made from metal or polymers (plastics). The operations can be divided into two businesses – Medical Products and Industrial. Medical Products business focuses on developing and manufacturing ceramic components for hip joint prostheses, such as ball heads and cup inserts used in total hip replacement ("THR") procedures. Industrial business develops, manufactures and supplies a broad range of highly specialized, performance critical HPC solutions for customers spanning a wide range of industries including automotive, electronics, industrial machinery and medical equipment.

CeramTec TopCo's registered office is located at CeramTec-Platz 1-9 in 73207 Plochingen, Germany, and the entity is registered with the Amtsgericht (local court) Stuttgart, Germany, under the number HRB 764651. CeramTec TopCo is the parent company of the Group and the ultimate parent, which prepares exempting consolidated financial statements.

The management of CeramTec TopCo authorized for issue the interim condensed PRO-FORMA consolidated financial statements for the period ended 30 June 2018 on 16 August 2018.

1.2 Basis of preparation

For the period 1 January 2018 to 28 February 2018 and the prior fiscal year the operating entities were presented in the consolidated group of the former ultimate parent CeramTec Holding GmbH. With the acquisition as at 1 March 2018 the operating entities are presented in the consolidated group of the ultimate parent CeramTec TopCo. The interim condensed PRO-FORMA consolidated financial statements are an aggregation of these two analysis periods.

The interim condensed PRO-FORMA consolidated financial statements are prepared in accordance with IFRS/IAS. These interim condensed PRO-FORMA consolidated financial statements do not include all of the information and disclosures required in the legal interim condensed consolidated financial statements according to IAS 34 Interim Financial Reporting.

The interim condensed PRO-FORMA consolidated financial statements give a true and fair view of the results of operations and financial position of the Group.

The interim condensed PRO-FORMA consolidated financial statements are presented in Euro. The amounts are in thousands of euros (EUR k). All amounts are rounded using standard commercial principles. In some cases, adding single values to the total values may lead to differences.

For the purpose of clarity, various items in the statement of financial position and statement of comprehensive income were combined and explained accordingly in the selected explanatory notes to the financial statements. Assets and liabilities are broken down into current and non-current items. Assets and liabilities are classified as current if they are expected to be realized or settled within twelve months from the reporting date. The expense recognized in profit or loss is presented according to the cost of sales method. In the statement of cash flows, cash flow from operating activities is determined using the indirect method, while cash flow from investing and financing activities is determined using the direct method.

1.3 Entities included in the consolidated financial statements

In addition to the financial statements of the parent company, the financial statements of the following subsidiaries in which CeramTec TopCo has a direct or indirect shareholding are included in the consolidated financial statements for the fiscal year:

Name of the entity	Share of capital in %	Principle Activity
	30 June 2018	
CeramTec BondCo GmbH, Plochingen	100.00	1
CeramTec AcquiCo GmbH, Plochingen	100.00	1
CeramTec Holding GmbH, Plochingen	100.00	1
CeramTec Group GmbH, Plochingen	100.00	1
CeramTec FinCo GmbH, Plochingen	100.00	1
CeramTec GmbH, Plochingen	100.00	2
Cerasiv GmbH Innovatives Keramik-Engineering, Plochingen	100.00	1
CeramTec-ETEC GmbH, Lohmar	100.00	3
Emil Müller GmbH, Wilhermsdorf	100.00	3
CeramTec UK Ltd., Southampton/Great Britain	100.00	3
CeramTec Czech Republic s.r.o., Sumpperk/Czech Republic	100.00	3
CeramTec Ibérica Innovative Ceramic Engineering S.L., Vilassar de Mar/Spain	100.00	4
CeramTec Innovative Ceramic Engineering, (M) Sdn. Bhd., Seremban/Malaysia	100.00	3
CeramTec Korea Ltd., Suwon-Si/Republic of Korea	100.00	3
CeramTec Suzhou Ltd., Suzhou/China	100.00	3
PST Press Sintertécnica Brasil Ltda., Nova Odessa/Brazil	100.00	3
CeramTec India Innovative Ceramic Engineering Pvt. Ltd., Panaji - Goa/India	99.90	3
Press and Sinter Technics de Mexico S.A. de C.V., Puebla/Mexico	100.00	3
CeramTec BidCo LLC, Laurens/USA	100.00	1
CeramTec Acquisition Corporation, Laurens/USA	100.00	1
CeramTec North America Corporation, Laurens/USA	100.00	3

Name of the entity	Share of capital in %	Principle Activity
	30 June 2018	
DAI Ceramics, Inc., Willoughby/USA	100.00	3
PST Press + Sintertechnik Sp. z.o.o., Gorzyce/Poland	100.00	3

- 1 Entities perform the functions of a holding company.
- 2 Manufacturing and selling entities in the Medical and Industrial business.
- 3 Manufacturing and selling entities in the Industrial business.
- 4 Selling entities.

1.4 Changes to the consolidated Group

CeramTec AcquiCo acquired with effectiveness 8 March 2018 100 % of the shares of CeramTec Holding and its subsidiaries. CeramTec AcquiCo is a 100% subsidiary of CeramTec BondCo, which is itself a 100% subsidiary of CeramTec TopCo. CeramTec TopCo is the ultimate parent, for which Consolidated Financial Statements will be prepared at year-end.

At the end of the interim reporting period as of 30 June 2018, the accounting for this business combination is not finalized, as the purchase price allocation is preliminary since the identification and valuation of assets and liabilities have not been completed yet. Rather the following figures represent the preliminary purchase price allocation and show the amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed:

	Book Value EUR k	PPA adjustment EUR k	Preliminary Fair Value EUR k
Trademarks	51,894	7,106	59,000
Technology	179,464	156,536	336,000
Customer Relationships	297,506	464,294	761,800
Order Backlog	0	33,500	33,500
Other intangible assets	1,824	-4	1,820
Intangible Assets	530,688	661,432	1,192,120
Land and buildings	99,755	6,800	106,555
Technical equipment and machinery	144,318	24,600	168,918
Other equipment, operating and office equipment	6,293	0	6,293
Construction in progress	12,841	0	12,841
Property, plant and equipment	263,207	31,400	294,607
Other assets	667	0	667
Deferred taxes	242	0	242
Inventories	87,092	16,500	103,592
Trade accounts receivable	58,552	0	58,552
Financial assets to third parties	43,314	0	43,314
Other accounts receivable and assets	9,626	0	9,626
Cash and cash equivalents	11,881	0	11,881
Total Assets	1,005,269	709,332	1,714,601
Provisions	142,059	0	142,059
Deferred taxes	150,822	204,200	355,022
Current liabilities	33,918	0	33,918
Total liabilities	326,799	204,200	530,999
Total identifiable net assets at fair value	678,470	505,132	1,183,602
Total consideration transferred			2,490,856
Goodwill arising on acquisition			1,307,254

The acquisition took place to accelerate CeramTec's growth targets, esp. outside the core European markets, supporting the launch of new product initiatives and investing in the expansion of production facilities to support further growth in the hip implants market.

The goodwill recognized mainly comprises future profits, which are expected to be realized within the next years and which cannot be recognized as separate assets. Total consideration transferred consists only of cash. No other class of consideration was transferred to obtain control.

The fair value of receivables equals the carrying amount as accounted for in accordance with IFRS. It is expected that the cash flows of bad debt allowances cannot be collected.

The acquisition related costs amount to EUR 11,169k and were recognized in the line item of the income statement "Other income and expenses net (-)".

2 Accounting principles and policies

The accounting policies and the consolidation principles applied in the interim condensed PRO-FORMA consolidated financial statements are in line with the International Financial Accounting Standards (IFRS/IAS). For details please refer to the legal interim condensed consolidated financial statements for the period ended 30 June 2018.

Foreign currency translation

The interim condensed PRO-FORMA consolidated financial statements are prepared in euros, the functional currency of the Group. The financial statements prepared by entities that use a different functional currency are translated into euros in accordance with IAS 21. The equity of the foreign entities included in the consolidated financial statements is translated at the historical rate. The remaining items of the statement of financial position are translated at the respective closing rates. Income and expenses are translated at average annual rates. These are calculated as the mean value from the individual average monthly rates of the past twelve months.

Differences from the currency translation of assets and liabilities compared to the translation of the prior year as well as exchange differences between the income statement and the statement of financial position are recognized under other comprehensive income and retained in equity under accumulated other comprehensive income. These amounts recognized under other comprehensive income are reclassified to the income statement upon the partial or complete disposal of a subsidiary included in the consolidated financial statements.

Foreign currency transactions in the local financial statements are translated at the spot rate at the date of the transaction. The exchange rates of significant currencies used for the currency translation are as follows:

	30 Jun 2018	1 Apr to 30 Jun 2018	1 Jan to 30 Jun 2018	31 Dec 2017	1 Apr to 30 Jun 2017	1 Jan to 30 Jun 2017
	Period-end exchange rate	Average exchange rate	Average exchange rate	Period-end exchange rate	Average exchange rate	Average exchange rate
USD USA	1.1658	1.1924	1.2109	1.1993	1.1003	1.0825
CNY China	7.7170	7.6047	7.7098	7.8044	7.5494	7.4417
GBP Great Britain	0.8860	0.8761	0.8797	0.8872	0.8603	0.8601
PLN Poland	4.3732	4.2605	4.2199	4.1770	4.2162	4.2685
CZK Czech Republic	26.0200	25.5920	25.4962	25.5350	26.5528	26.7871

The individual items in the interim condensed PRO-FORMA consolidated statement of cash flows are translated at average rates, while cash and cash equivalents are measured at the spot rate at the balance sheet date.

3 Notes to the interim condensed PRO-FORMA consolidated statement of comprehensive income

3.1 Revenue

Revenue results primarily from the sale of goods and merchandise. Revenue breaks down into regions according to invoice address and businesses as follows:

	1 April to 30 June 2018 EUR k	1 April to 30 June 2017 EUR k	1 January to 30 June 2018 EUR k	1 January to 30 June 2017 EUR k
Regions				
Europe (w/o Germany)	66,337	66,155	133,642	123,501
Germany	38,728	34,296	79,964	67,680
North America	19,105	22,274	41,391	42,999
Asia	23,285	18,886	44,777	35,353
Rest of world	5,155	4,060	9,843	8,645
Total	152,610	145,671	309,617	278,178
Businesses				
Industrial	94,950	91,065	193,252	174,480
Medical products	57,660	54,606	116,365	103,698
Total	152,610	145,671	309,617	278,178

3.2 Cost of sales

The cost of sales break down as follows:

	1 April to 30 June 2018 EUR k	1 April to 30 June 2017 EUR k	1 January to 30 June 2018 EUR k	1 January to 30 June 2017 EUR k
Personnel expenses	30,575	29,262	63,118	59,468
Material and packaging costs	29,687	26,220	58,700	50,947
Amortization and depreciation	27,913	12,358	40,022	24,486
Other cost of sales	17,843	11,060	29,302	19,903
Total	106,018	78,900	191,142	154,804

Other cost of sales primarily contain energy costs, freight costs and maintenance expenses.

3.3 Selling costs

Selling costs primarily contain amortization and depreciation as well as personnel expenses.

3.4 Research and development costs

Research and development costs primarily contain personnel expenses.

3.5 General administrative costs

General administrative costs primarily contain personnel expenses.

3.6 Other income and expenses (-), net

Other income and expenses (-), net break down as follows:

	1 April to 30 June 2018 EUR k	1 April to 30 June 2017 EUR k	1 January to 30 June 2018 EUR k	1 January to 30 June 2017 EUR k
Acquisition costs	-740	-1,291	-11,169	-1,304
Foreign currency results	-101	7	-13	-355
Losses (-) on disposal of property, plant and equipment	-98	-5	-88	-13
Additions to allowance for bad debts	-3	-80	-4	-108
Income from the reversal of allowances for bad debt	1	0	1	9
Gains / losses (-) on disposal of assets held for sale	0	3,164	0	3,164
Sundry other income	291	68	337	147
Sundry other expenses	-66	-52	-324	-107
Total	-716	1,811	-11,260	1,433

The acquisition costs in the reporting period occurred within the purchase process of the shares of CeramTec Holding (please refer to 1.4).

3.7 Financial result

The financial result breaks down as follows:

	1 April to 30 June 2018 EUR k	1 April to 30 June 2017 EUR k	1 January to 30 June 2018 EUR k	1 January to 30 June 2017 EUR k
Gains on derivative valuations	29,887	9,435	12,706	37,116
Interest income from effective interest method	359	0	718	0
Exchange rate gains	0	2,110	0	2,965
Other interest income	54	39	60	116
Total interest income and other finance income	30,300	11,584	13,484	40,197
Interest expense from shareholder loans	9,666	2,017	13,243	4,060
Interest expense from syndicated loan	9,360	5,274	15,599	10,859
Interest expense from bond	5,329	6,326	15,797	12,651
Exchange rate losses	4,947	0	5,359	0
Interest expense from effective interest method	1,611	1,531	3,000	2,924
Interest expense from revolving credit line	201	199	377	328
Other interest expenses	696	507	3,257	1,003
Less: Borrowing costs capitalized as part of qualifying assets	-14	0	-27	0
Total interest expenses and other finance costs	31,796	15,854	56,605	31,825
Total financial result	-1,496	-4,270	-43,121	8,372

4 Notes to the interim condensed PRO-FORMA consolidated statement of financial position

4.1 Other intangible assets

During the reporting period, the Group recognized amortization expenses in the amount of EUR 42,879k (1 April 2018 to 30 June 2018: EUR 31,434k; 1 January to 30 June 2017: EUR 22,198k; 1 April 2017 to 30 June 2017: EUR 11,090k) which arise mainly from customer relationships and technology.

The Group purchased intangible assets at cost of EUR 260k (1 April 2018 to 30 June 2018: EUR 93k; 1 January to 30 June 2017: EUR 378k; 1 April 2017 to 30 June 2017: EUR 191k).

4.2 Property, plant and equipment

During the reporting period, the Group purchased assets at cost of EUR 10,118k (1 April 2018 to 30 June 2018: EUR 5,345k; 1 January to 30 June 2017: EUR 8,048k; 1 April 2017 to 30 June 2017: EUR 5,174k).

The recognized depreciation expenses amount to EUR 19,537k (1 April 2018 to 30 June 2018: EUR 10,273k; 1 January to 30 June 2017: EUR 18,976k; 1 April 2017 to 30 June 2017: EUR 9,601k).

There were contractual commitments to acquire property, plant and equipment of EUR 15,881k as of the reporting date (31 December 2017: EUR 12,739k).

4.3 Other financial assets

The following table breaks down other financial assets as follows:

	30 June 2018 EUR k	31 December 2017 EUR k
Other financial assets (non-current)		
Separated termination rights	53,965	19,963
Insurance claims	54	54
Total	54,019	20,017

	30 June 2018	31 December 2017
	EUR k	EUR k
Other financial assets (current)		
Receivables arising from amounts retained by a factor as a security	1,844	1,768
Derivative financial instruments	0	21,233
Other financial assets	204	207
Total	2,048	23,208

CeramTec has a termination option for the issued bond. This termination option represents an embedded derivative, which is accounted for separately from the underlying transaction.

4.4 Other assets/other receivables and assets

The following table breaks down other assets / other receivables and assets as follows:

	30 June 2018	31 December 2017
	EUR k	EUR k
Other non-current assets		
Accrued finance costs for the revolving credit line	1,026	0
Other assets	663	678
Total	1,689	678
Other current assets		
VAT receivables	859	1,413
Receivables from energy tax refunds	1,043	1,541
Deferred finance costs for the revolving credit line	219	312
Investment grants	0	22
Sundry assets	6,483	1,796
Total	8,604	5,084

Sundry current assets primarily contain prepayments, e.g. for insurances and for trade fairs.

4.5 Trade receivables

At the end for the reporting period, trade receivables amounted to EUR 62,248k (31 December 2017: EUR 52,096k) after taking into account impairment losses of EUR 470k (31 December 2017: EUR 472k).

The value of trade receivables before impairment breaks down as follows:

	30 June 2018 EUR k	31 December 2017 EUR k
Carrying amount (before impairment)	62,718	52,568
thereof not yet due on the reporting date	52,954	41,757
thereof past due on the reporting date	9,764	10,811
past due up to 30 days	7,494	8,748
past due up to 60 days	1,067	1,092
past due up to 90 days	363	331
past due more than 90 days	840	640

The carrying amount of receivable of EUR 16,550k was sold to PB Factoring GmbH according to the factoring agreement signed end of June 2017. Under the terms of the agreement EUR 1,844k were retained by the factor as of reporting date as a security, and recognized in other current assets.

4.6 Cash and cash equivalents

Cash and cash equivalents contain bank balances of EUR 48,410k (31 December 2017: EUR 14,739k) and cash in hand of EUR 18k (31 December 2017: EUR 14k).

4.7 Equity

The following table breaks down the equity as follows:

	30 June 2018	31 December 2017
	EUR k	EUR k
Issued Capital	25	25
Capital Reserves	500,417	378,148
Accumulated losses	-35,828	-92,365
Accumulated Other Comprehensive Income	1,391	1,079
Total	466,005	286,887

The acquisition of the shares of CeramTec Holding by CeramTec AcquiCo was partly financed by equity contributions of the shareholder CTEC Acquisition provided as capital reserves.

4.8 Financial liabilities to affiliates

Financial liabilities to affiliates was comprised of a loan payable to CTEC Acquisition of EUR 536,225k (31 December 2017: EUR 55,355k against Faenza Luxembourg S.à.r.l).

	31 March 2018	31 December 2017
	EUR k	EUR k
Non-current financial liabilities		
Loan payable	523,798	53,845
Accrued interest	12,427	1,510
	536,225	55,355

The actual loan increases every year on 6 March by the amount of incurred expenses for interest which is unpaid.

4.9 Financial liabilities to third parties

The financial liabilities to third parties are broken down as follows:

	30 June 2018 EUR k	31 December 2017 EUR k
Non-current financial liabilities		
Liabilities to banks	1,086,848	355,697
Liabilities from the bond	418,904	300,583
Derivative financial instruments	11,059	4,120
Finance lease liabilities	1,264	1,305
Total	1,518,075	661,705
Current financial liabilities		
Liabilities from the bond	11,546	9,489
Liabilities to banks	3,399	228,077
Derivative financial instruments	5,876	3,142
Discounts and bonuses	1,667	2,861
Finance lease liabilities	8	8
Other current financial liabilities	2,162	1,845
Total	24,658	245,422

With transferring ownership, existing financing was repaid and a new financing had become effective.

Liabilities to banks nominally amount to EUR 970,000k (31 December 2017: EUR 291,300k) from a tranche in EUR and EUR 150,112k (31 December 2017: EUR 296,689k) from a tranche in USD. The actual loans have variable interest rates and mature on 8 March 2025. Transaction costs associated with the loan of EUR 25,529k (31 December 2017: EUR 19,733k) are spread over the term of the loan using the effective interest method.

The bond has a fixed interest rate and a nominal volume of EUR 406,000k (31 December 2017: EUR 306,700k against prior bond holders). This bond matures on 15 December 2025. The CeramTec TopCo Group has a termination option for this bond, which is recognized as a separate financial asset (note 4.3). Associated transaction costs of EUR 12,532k (31 December 2017: EUR 13,120) are spread over the term of the bond using the effective interest method.

4.10 Other liabilities

Other liabilities break down as follows:

	30 June 2018 EUR k	31 December 2017 EUR k
Other current liabilities		
Wages and salaries including taxes	10,104	6,433
Real estate transfer tax	3,049	793
Contract liabilities from contracts with customers	5	27
Other current liabilities	2,082	1,847
Total	15,240	9,100

5 Additional notes to the interim condensed PRO-FORMA consolidated statement of cash flows

In the interim condensed PRO-FORMA consolidated statement of cash flows, cash flow from operating activities is determined using the indirect method, while cash flow from investing and financing activities is determined using the direct method. The cash and cash equivalents presented in the statement of cash flows correspond to the item of the interim condensed PRO-FORMA consolidated statement of financial position and comprise cash in hand, bank balances and cash investments with an original term of up to three months.

Other non-cash income and expenses primarily contain changes in the fair value of financial instruments and foreign exchange gains or losses.

An amount of EUR 16,550k of trade receivable was sold to PB Factoring GmbH according to the factoring agreement signed end of June 2017. The receipt of the proceeds from the factor was treated as an operating cash flow.

The cash flow from investing activities includes the purchase price payment of EUR 2,490,856k for transferring the shares of CeramTec Holding (please refer to 1.4) to CeramTec AcquiCo.

During the period 1 January to 30 June 2018, the Group paid cash EUR 3,429k to purchase property, plant and equipment previously purchased on account. At the same time, additions to property, plant and equipment in the fiscal year amounted to EUR 1,047k that will affect cash during the following accounting period.

6 Reconciliation to CeramTec BondCo GmbH

If the interim condensed PRO-FORMA consolidated statement of comprehensive income of CeramTec BondCo had been prepared instead of the interim condensed PRO-FORMA consolidated statement of comprehensive income of CeramTec TopCo, which is presented in these financial statements, this would have resulted in the following changes for the reporting period:

- lower general administrative expenses of EUR 114k (1 April 2018 to 30 June 2018: EUR 113k)
- lower other expenses of EUR 1k (1 April 2018 to 30 June 2018: EUR 1k higher)

The total comprehensive income of CeramTec BondCo would therefore have been EUR 115k higher (1 April 2018 to 30 June 2018: EUR 112k) compared to the total comprehensive income recognized in these financial statements.

If the interim condensed PRO-FORMA consolidated statement of financial position of CeramTec BondCo had been prepared instead of the interim condensed PRO-FORMA consolidated statement of financial position of CeramTec TopCo, which is presented in these financial statements, this would have resulted in the following changes as of 30 June 2018:

- lower cash and cash equivalents of EUR 20k (31 December 2017: EUR 22k)
- lower capital reserves of EUR 25k (31 December 2017: EUR 25k)

This would have resulted in a higher group equity of EUR 93k (31 December 2017: EUR 22k) for the CeramTec BondCo compared to the Group equity recognized in these financial statements.

There would have been no significant impact on the interim condensed PRO-FORMA consolidated statement of cash flows if the interim condensed PRO-FORMA consolidated statement of cash flows of CeramTec BondCo had been prepared instead of the interim condensed PRO-FORMA consolidated statement of cash flows of CeramTec TopCo presented in these financial statements.

Plochingen, 16 August 2018

CeramTec TopCo GmbH

The management

Dr. Hadi Saleh