



Entry and General Standard Conference
aap Implantate AG

Biense Visser
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aap Overview

- German MedTech Company, („Medical Devices“)
- Based in Germany (Berlin-Dieburg-Obernburg) and The Netherlands (Nijmegen)
- Founded 1990, origins at Johnson & Johnson, 295 employees (20% R&D)
- Listed at Frankfurt Stock Exchange -Prime Standard-Market Cap: approx. € 37 million (Going Public 1999)
- Strong sales growth in the last five years (2004: €11.5 Mio., 2008: €32 Mio., CAGR: 29 %)

Business Segments/Competencies



- Trauma & Orthopaedics
 - Plates, Screws, Nails
 - Shoulder, Hip and Knee
- Cement & Cementing Techniques
- Biomaterials
 - Bone Substitutes
 - Tissue Regeneration
 - Infection Care
- Non-Core
 - Analytics & Medical Aesthetics



Financials 2008

Income Statement of the group acc. to IFRS

	01.01.- 12.31.200	01.01.- 12.31.2007	Change
Sales	31,884 €K	28,006 €K	14 %
Total Output	36,476 €K	33,052 €K	10 %
EBITDA	3,707 €K	5,132 €K	-28 %
EBITDA without one time effect	4,869 €K	5,132 €K	-5 %
EBIT	-4,640 €K	2,950 €K	-257 %
EBIT without one time effect	1,676 €K	2,950 €K	-43 %
Financial result	-923 €K	-528 €K	-75 %
Taxes on income	329 €K	-912 €K	n.a.
EBT	-5,563 €K	2,423 €K	-330 %
EBT without one time effect	753 €K	2,423 €K	-69 %
Net profit	-5,234 €K	1,511 €K	-446 %
Net profit without one time effect	567 €K	1,511 €K	-62 %
Costs of material	25 %	25 %	
Costs of personnel	38 %	37 %	
Depreciation	23 %	7 %	
Other operating expenses	33 %	28 %	

Financials 2008

Balance Sheet acc. to IFRS

	12.31.2008	12.31.2007	Change
Long-term assets	44,493 €K	48,375 €K*	-8 %
Short-term assets	22,537 €K	19,643 €K	15 %
Goodwill	13,057 €K	13,057 €K	0 %
Capitalized services	14,283 €K	17,594 €K	-19 %
Tangible assets	7,309 €K	6,796 €K	8 %
Cash and Cash equivalents	96 €K	297 €K	-68 %
Inventories	13,714 €K	10,477 €K	31 %
Shareholders Equity	41,303 €K	43,447 €K*	-5 %
Long-term liabilities	9,393 €K	10,791 €K	-13 %
Short-term liabilities	16,334 €K	13,780 €K	19 %
Total assets	67,030 €K	68,018 €K*	-1 %

*Adjustments acc. to IAS 8 (because of deferred taxes & capital gain)

Financials 2008

Cash Flow Statement acc. to IFRS

	<u>12.31.2008</u>	<u>12.31.2007</u>
Net cash from operating activities	544 €K	-299 €K
Net cash from investing activities	-4,104 €K	-6,218 €K
Net cash from financing activities	3,359 €K	4,745 €K
Cash & cash equivalents at beginning of period	297 €K	2,069 €K
Cash & cash equivalents at end of period	96 €K	297 €K

Lessons Learned from 2008

- Strategy:** Focus on orthopaedics, trauma and spine;
divest non-core activities
- Finance:** Coverage ratios for balance sheet and P&L:
DCR < 3 and ICR > 6
- Operations:** Control of primary business processes and supply chain
management through performance standards like timely
supply etc.
- IP:** Claims for IP protection handled in a more systemic way
- Working Capital:** Control of operating working capital especially
inventories, accounts receivable and accounts payable
- Profit:** EBIT growth always stronger than the sales growth

Summary Business Development Q1/2009

- Sales revenue developments
 - excluding the non-recurring revenue effects +13%
- Improvement measures
 - R&D budget for external expenses focused and capped
 - first round staff reduction
 - Improvement of working capital as percent of total output
 - Relocation of aap bio implants markets from Düsseldorf to Berlin
 - Berlin with full operational lead in sales and marketing as well as customer service
 - Process oriented organizational structure for the whole group in place
- Global partnerships
 - Successful and trust strengthening meetings, identification of new business opportunities

Performance Improvement Program

1. Develop, communicate and execute a sound corporate strategy for profitable growth
2. Simplify the organizational structure and streamline the primary processes
3. Reduce costs and improve margins and capital structure
4. Extend global partnerships
5. Evaluation of financial actions to support and strengthen growth of the company
6. Focused R & D
7. Build up IP portfolio

Strategic Framework



Solid strategic framework for mid- and long-term sustainable growth

Product Development Strategy

- Prioritization in R&D investments and focus applied to key strategic projects across *aap*, continuing investment of 5-10% of revenue in R&D
- Focus on platform technologies
- Leverage core competencies across *aap*'s technology and product portfolio
- Create a "Brand Management Company" and build up IP portfolio



R&D with more efficiency and investment for long term growth

Sales and Marketing Strategy

- Basic principles
 - Invest in the key revenue drivers to help maintain our growth
 - Focus on international opportunities
 - Deliver efficient execution of product development and product launches
- Distribution channels
 - Strategic channels → expand own brand via direct sales and international sales network
 - Tactical channels → partnerships with growing numbers of global orthopedic companies
 - Opportunistic channels → only with the top players in their market
- Pursue disciplined build-out of distribution network focusing on
 - Focused distribution in growth markets, presence in key geographies: USA, EU, Eastern Europe, China, India, Brazil, Russia, South Korea, Middle East
 - Enhance distribution points with drive toward exclusive distribution



Sales and Marketing with the right steps on the right spots

Global Partnerships

Global Ortho/Spine League Table

2004

Zimmer Inc.

J&J Depuy

Stryker

Medtronic

Synthes

Biomet

Smith & Nephew ✓

Wright Medical

Aesculap

2008

Zimmer Inc. ✓

J&J Depuy ✓

Stryker

Medtronic ✓

Synthes

Biomet ✓

Smith & Nephew ✓

Wright Medical ✓

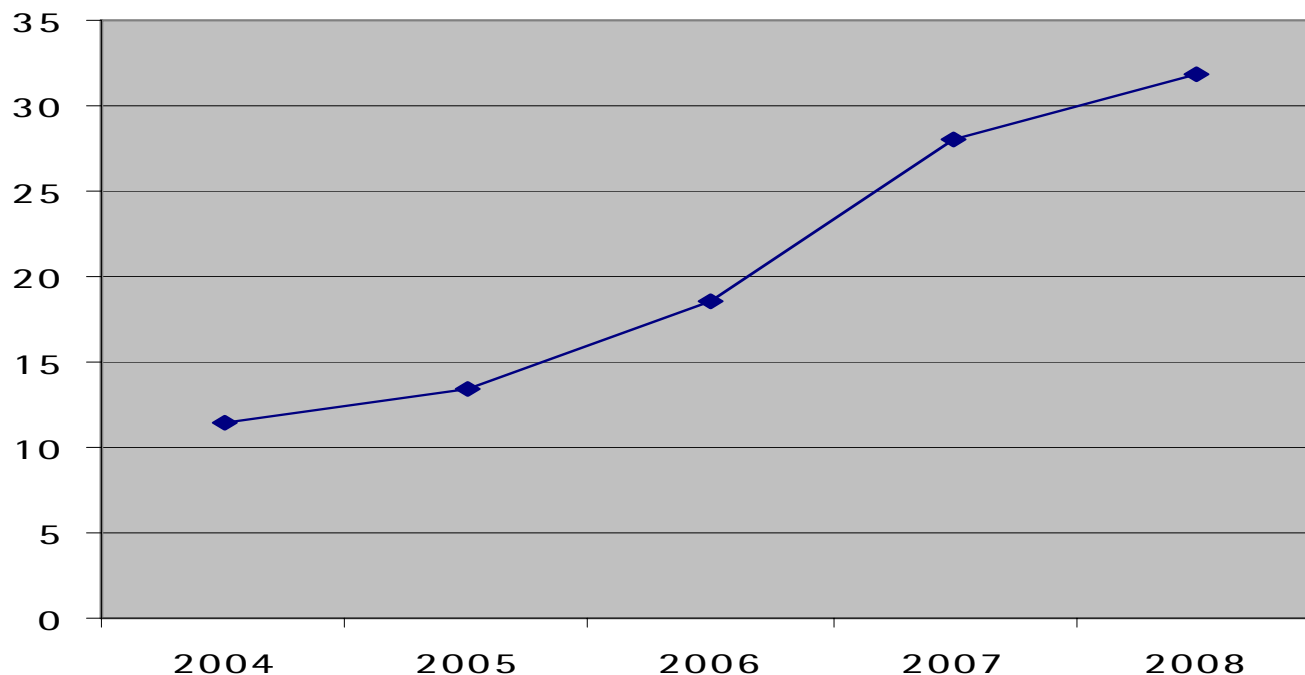
Aesculap ✓

- Active relationships to almost all leading global Ortho/Spine market leaders since 2004
- Constant exchange and communication on new technologies and directions
- Partnerships for next generation products
- Revenue peak after 2-4 years



Strategic and tactical global partnerships for more growth momentum

aap Group – Revenue Development



Sales in € million	2004	2005	2006	2007	2008	CAGR
aap Group	11,5	13,4	18,5	28,0	31,9	
Growth		17%	38%	51%	14%	29%



After a swift implementation of the Lessons Learned, the company should be back on track, back on its path to profitable growth but in a more robust and sustainable way!



Annex

Stockholder Structure

(direct and indirect, according to our information, dated March 31, 2009)

Total number of shares: 27,881,870

Noes Beheer B.V.	19.48%
Jürgen Krebs	11.79%
Elocin B.V.	12.63%
Deep Blue Holding AG	5.89%
Free Float (acc. to Dt. Börse)	50.29%

=> Ownership of shares by management and related persons approx. 60%

Stock Quotation



M.C. 12.31.2006: € 41.4m

Ø daily Volume 13K pcs.

M.C. 12.31.2007: € 70.5m

Ø daily Volume 13K pcs.

M.C. 12.31.2008: € 37.3m

Ø daily Volume 18K pcs.



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