



German Healthcare Conference
aap Implantate AG

Bruke Seyoum Alemu
Zurich, September 11, 2009

aap Overview

- German MedTech Company, („Medical Devices“)
- Based in Germany (Berlin-Dieburg-Obernburg) and The Netherlands (Nijmegen)
- Founded 1990, origins at Depuy and Merck, 281 employees
- Listed at Frankfurt Stock Exchange -Prime Standard-Market Cap: approx. € 33 million (Going Public 1999)
- Strong sales growth in the last five years (2004: €11.5 million, 2008: € 32 million, CAGR ca. 30%)

Business Segments/Competencies



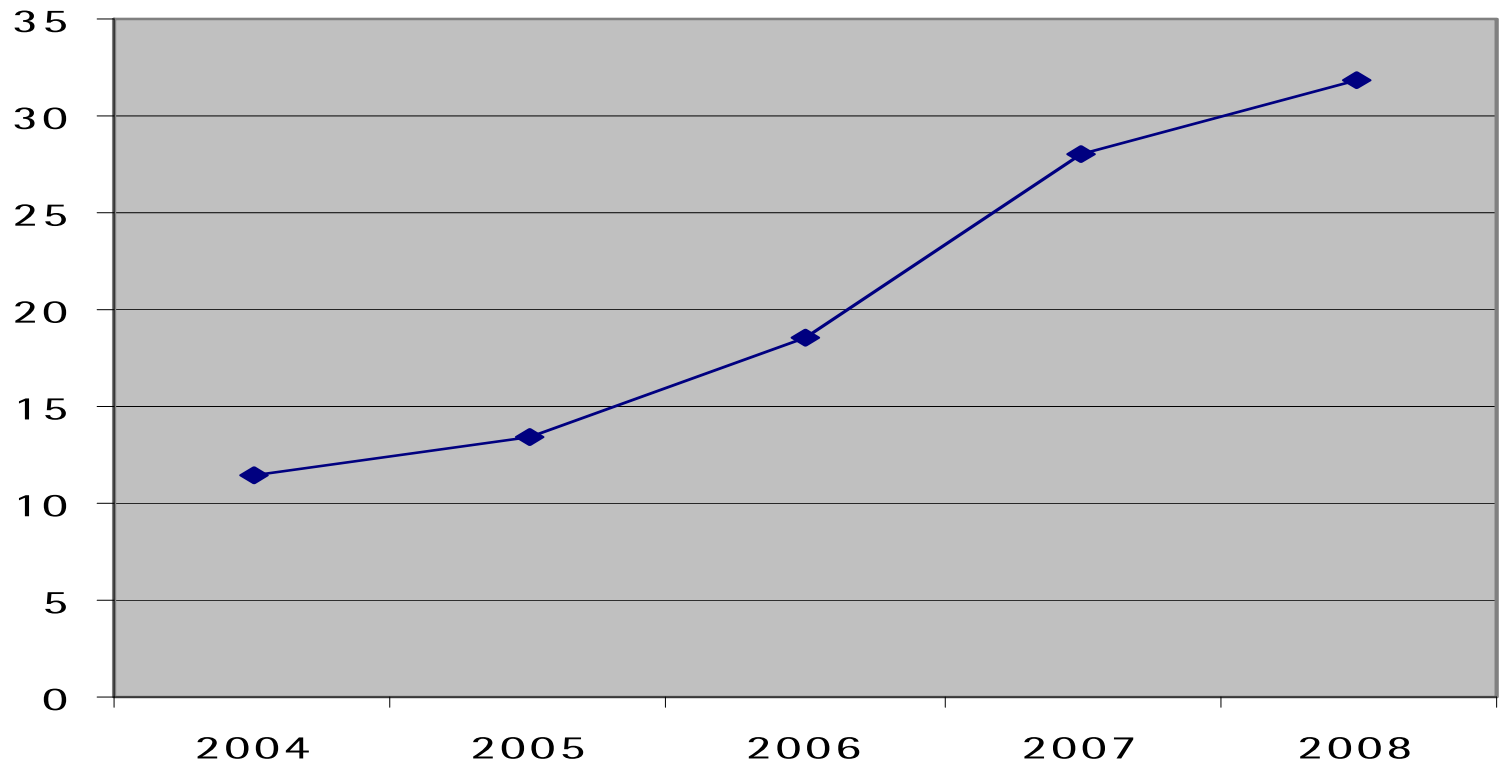
- Trauma & Orthopaedics
 - Plates, Screws, Nails
 - Shoulder, Hip and Knee
- Cement & Cementing Techniques
- Biomaterials
 - Bone substitutes
 - Tissue Regeneration
 - Infection Care
- Non-Core Areas
 - Analytics
 - Medical Aesthetics
 - Dental



Changes in the Management Board

- Biense Visser CEO, since January 1st, 2009
 - Since February 15, 2007 member of the Supervisory Board
 - Long experience as CEO of different Pharmaceutical- & Healthcare-companies
 - Pharmacist & MBA, Dutch citizen
 - Responsible for the finance division
- Bruke Seyoum Alemu COO, since December 1st, 2008
 - Responsible for Research & Development, Supply Chain, Sales & Marketing

aap Group – Revenue Development



Sales in € million	2004	2005	2006	2007	2008	CAGR
<i>aap</i> Group	11.5	13.4	18.5	28.0	31.9	
<i>Growth</i>		17%	38%	51%	14%	29%

Current performance Figures HY1/2009

(€ million)

	H1/2009	H1/2008	Change
Sales	14,7	16,3	-10%
EBITDA	1,2	3,3	-64%
EBIT	-0,4	1,7	-124%
EBT	-0,8	1,3	-162%
Shareholders Equity	41,6	41,3	1%
Shareholders Equity ratio	65%	62%	
Total assets	64,3	67,0	-4%
Employees	281	315	-11%

- Sales revenue developments affected by non-recurring revenue effects (-3% without these effects)
- Cost reduction measures showing impact vs. HY2/2008, more impact in HY2/2009
- Balance ratios showing significant improvements

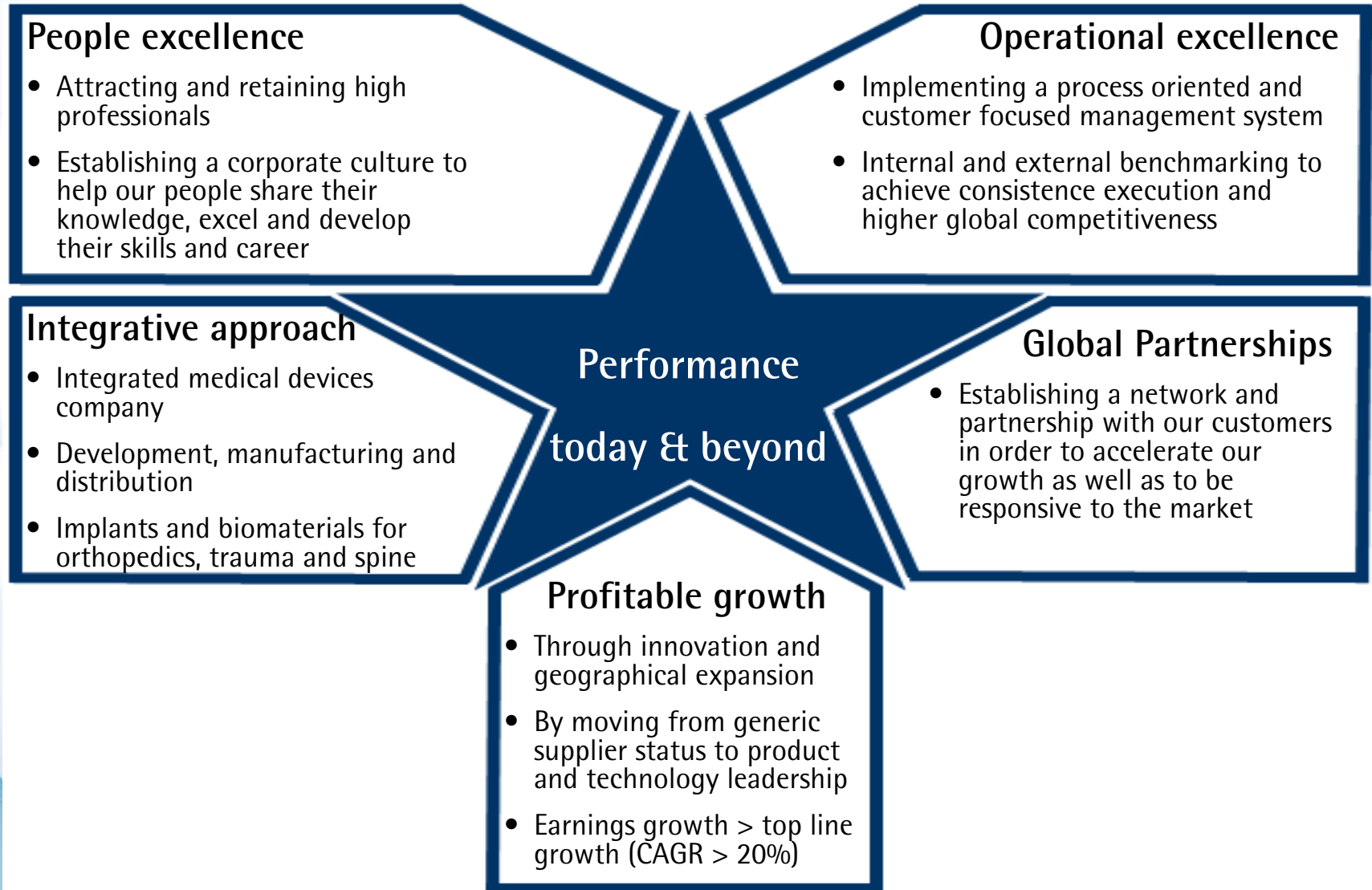
Latest News of August 31, 2009

- *aap* signs license agreement with a € 3.0 million total value
 - Exclusive license agreement on the utilization of the intellectual property of a product in the field of medical aesthetics , non-core business area
 - *aap* will continue to manufacture and supply the product
- Due to the effects of this contract management confirms forecast of profitable growth in 2009, anticipated EBITDA € 5-7 million
- Contract signed with one of the globally leading orthopedic companies, supply agreement for bone cement for use in spinal surgery and traumatology

Priorities 2009

- Financing and optimizing capital structure
 - Capital increase of 5% in March 2009 for about €1.3 Mio.
 - Release of a shareholder's loan of € 0.5 Mio.
 - Receipt of a shareholder's loan of € 2 Mio.
- Cost reduction
 - Simplify company's structure, closing the site in Düsseldorf, relocation of the center for sales & marketing in Berlin
 - Reduction of the workforce by 10% to 281 employees
 - Re-prioritization and focusing regarding R&D-Projects
- Strategic direction
 - Focus on Ortho/Trauma/Spine
 - Divestment of Non-core businesses: Analytics & Medical Aesthetics
 - Dental-business transferred to exclusive distribution partner

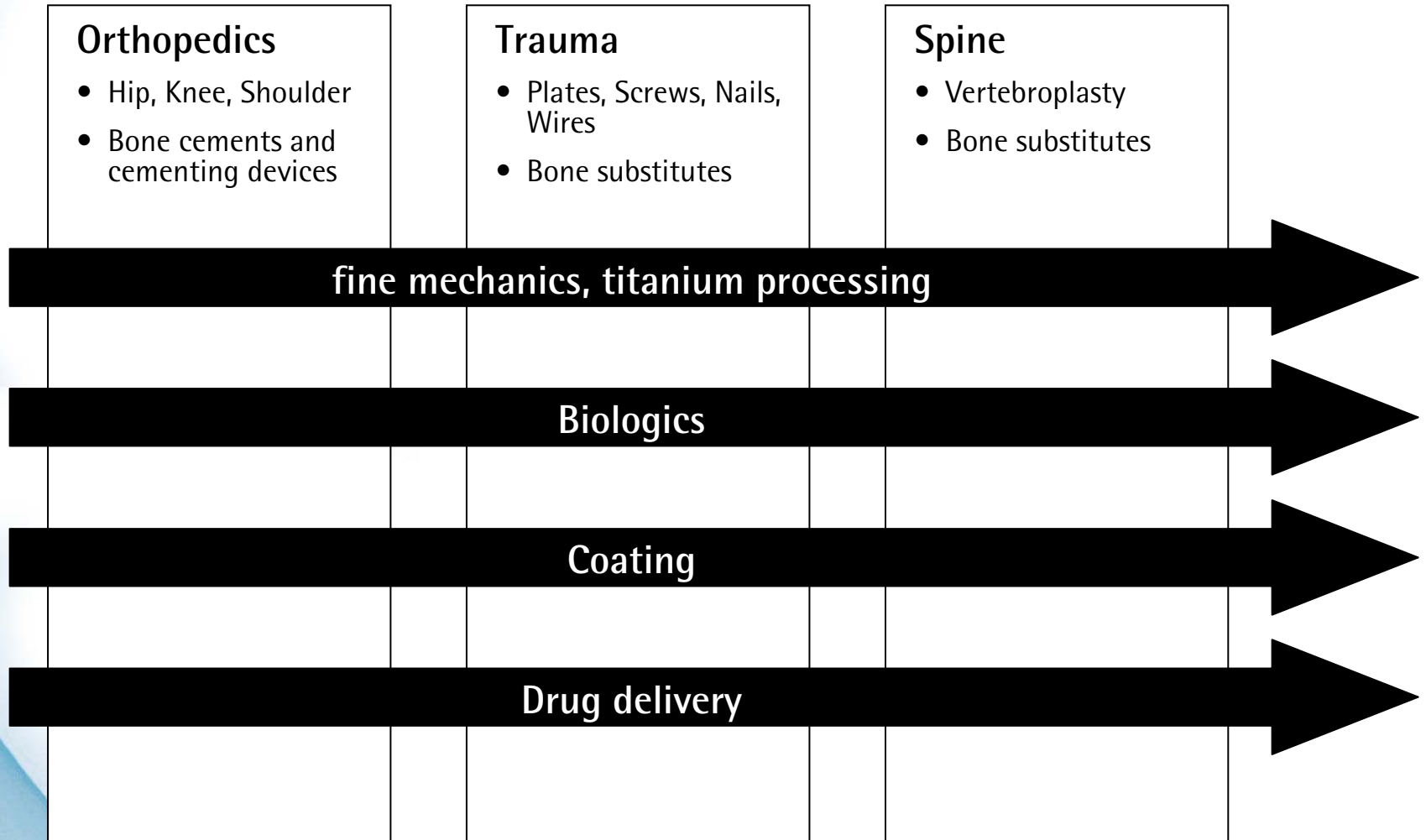
Strategic Framework



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

Strategic Framework

Integrative approach



➔ Leverage core competencies across *aap's* portfolio and services offered

Strategic Framework

Sales and Marketing Strategy

- Basic principles
 - Invest in the key revenue drivers to help maintain and grow our market leadership position
 - Allocate resources to most promising opportunities, picking up the right product to sell
 - Focus on international opportunities
 - Deliver efficient execution of product development and product launches
- Distribution channels
 - Strategic channels → establish own brand via direct sells and international sales network
 - Tactical channels → partnerships with global orthopedic companies
 - Opportunistic channels → join them if you meet the top players in their market
- Pursue disciplined build-out of distribution network focusing on
 - Focused distribution in growth markets, presence in key markets: 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	2009
Zimmer Inc.	<u>Zimmer Inc.</u> ✓
J&J Depuy	<u>J&J Depuy</u> ✓
Stryker	Stryker
Medtronic	<u>Medtronic</u> ✓
Synthes	<u>Synthes</u> ✓
Biomet	<u>Biomet</u> ✓
<u>Smith & Nephew</u> ✓	<u>Smith & Nephew</u> ✓
Wright Medical	<u>Wright Medical</u> ✓
Aesculap	<u>Aesculap</u> ✓

- Active relationships to almost all global ortho/spine market leaders since 2004
- Constant exchange and communication on new technologies and directions
- Partnerships for next generation products
- Sales maximum after 2-4 Years

➔ Strategic and tactical global partnerships for a more dynamic growth

Business Outlook

- Focus on customers, costs and cash
- Sustainable profitable growth
- Cost reduction & performance enhancing measures for gaining efficiency
- Improvement of the finance situation and optimizing the capital structure (DCR < 3 and ICR > 6)
- Approval of various products in all areas (CE, FDA, approvals in Asia)
- Expanding the international distribution network
- Extending the OEM-partnerships network
- Building a strategic IP-Portfolio

Contact



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Risks and uncertainties include general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations; and trends toward health care cost containment.

A further list and description of these risks, uncertainties and other factors can be found in the Company's Annual Report for the fiscal year ended December 31, 2008. The Company does not undertake to update any forward-looking statements as a result of new information or future events or developments.