



Corporate Presentation 2010

aap Implantate AG

Biense Visser, CEO

Marek Hahn, CFO

May 5, 2010

aap Overview

- German based international MedTech Company, („AAQ, WKN: 506660“, public since 1999)
- Strategy: profitable growth with IP-protected products, under own label and focus on Ortho, Trauma and Spine
- Sites in Germany (Berlin–Dieburg–Obernburg) and The Netherlands (Nijmegen), total of 242 employees
- Listed at Frankfurt Stock Exchange –Prime Standard–
Market Cap: approx. €42 million (as of 04/2010)
- Strong sales growth in the last five years
(2005: €13.4 million, 2009: €33 million, CAGR ca. 25%)
- Expectation 2010: product sales of €30 million (2009: €25.9 million; +15%), 2 semi-exclusive license deals and positive EBIT at product level

Business Segments/Competencies

Ortho

- Bone Cements
- Cementing Techniques
- Shoulder, Hip and Knee



Trauma

- Plates, Screws, Nails
- Bone substitutes
- Tissue Regeneration
- Infection Care



Spine

- Adhesion barrier
- Vertebroplasty



Non-Core Areas

- Medical Aesthetics
- Dental

Management

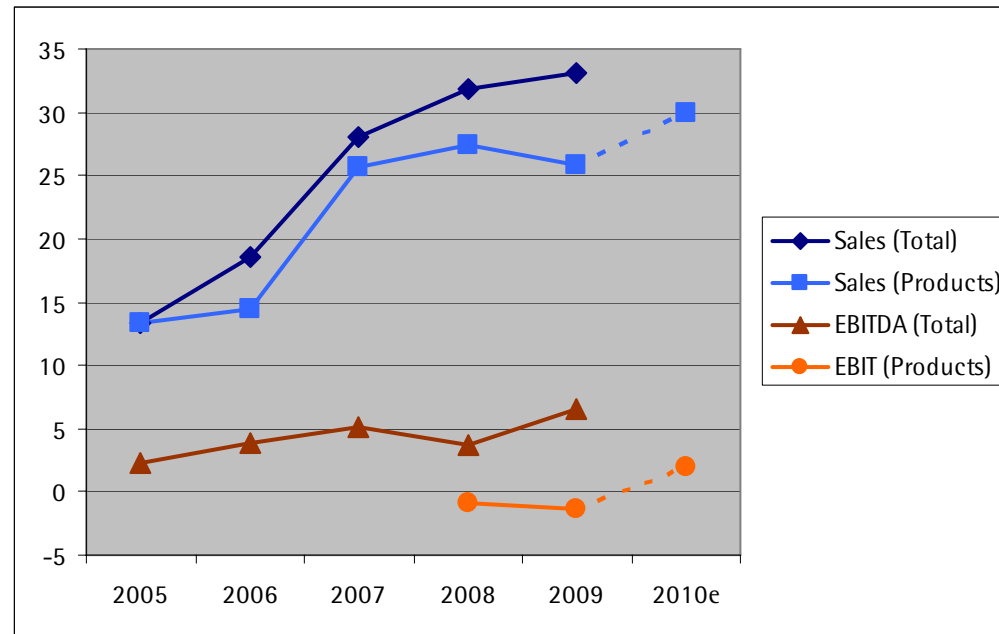
Management Board

- Biense Visser CEO, since January 1st, 2009
 - Long experience as CEO of different Pharmaceutical- & Healthcare-companies
 - Responsible for Corporate Development
- Bruke Seyoum Alemu COO, since December 1st, 2008
 - Responsible for Research & Development, Supply Chain, Sales & Marketing
- Marek Hahn, CFO, since April 1st, 2010
 - Responsible for Finance division, IT, HR and Administration

Management

- Dr. Daniel Zukowski, Corporate Head of R&D, since April 1st 2010

aap Group – Revenue Development



in € million	2005	2006	2007	2008	2009	2010e	CAGR
Sales (Total)	13.4	18.5	28	31.8	33.1		25%
Sales (Products)	13.4	14.5	25.7	27.4	25.9	30	
EBITDA (Total)	2.3	3.9	5.1	3.7	6.6		30%
EBIT (Products)				-0.9	-1.4	>0	
EPS (undiluted)	0.04	0.09	0.06	-0.2	0.07		

* Fame acquisition in 2006; first consolidation in 2007

Profitable Growth

Latest News

- Q1: sales at product level: €5.7 million (-3%)
- H1: expected double digit sales growth
- Strengthened management team as of April 1st
 - Management Board: new CFO
 - 2nd-level Management: Corporate Head of R&D
- Reduced financing and fixed costs

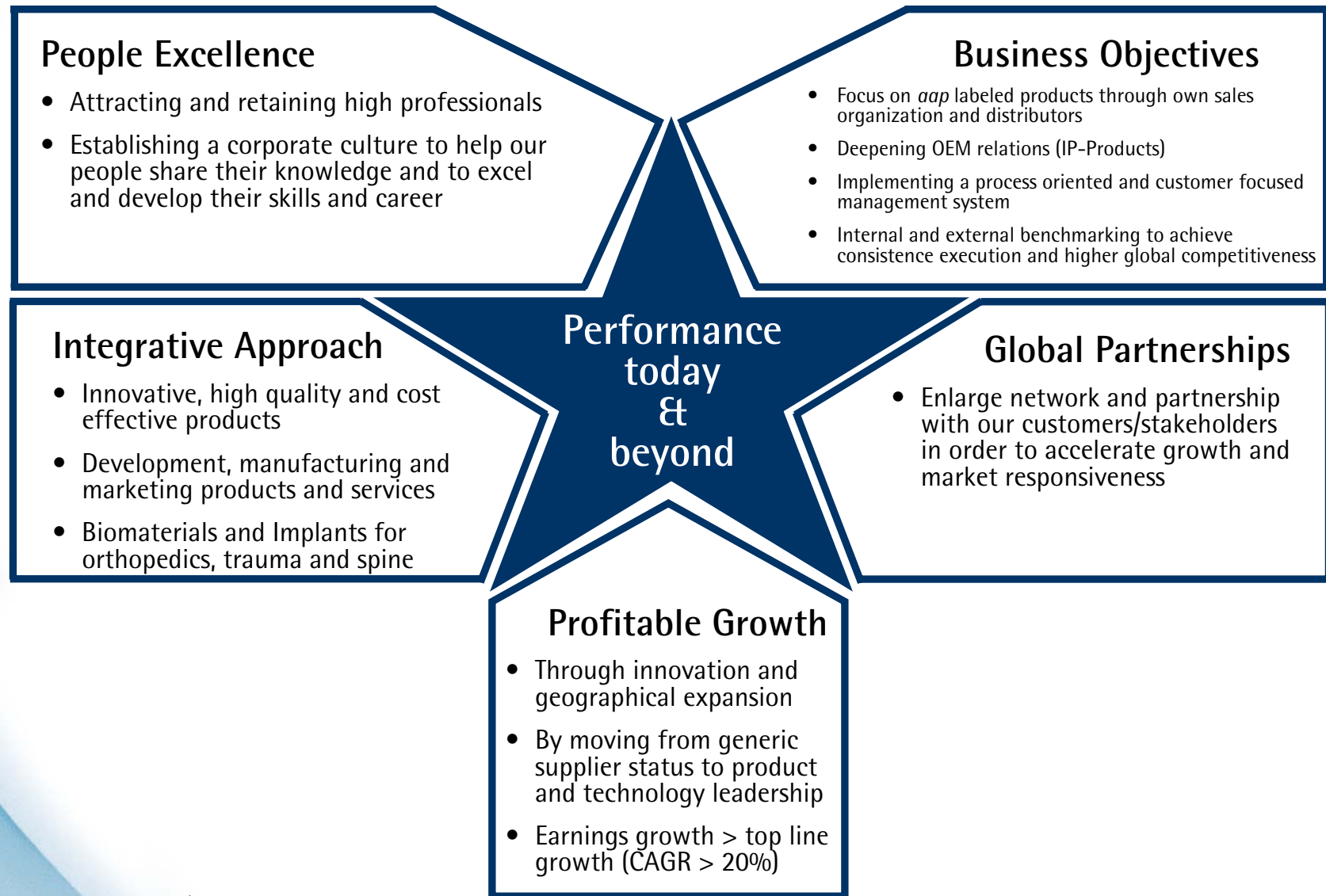
Q1 results will be published on May 12, 2010

Current performance Figures FY 2008/2009

(€ million)

	2009	2008	Change
Sales	33,101	31,884	4%
EBITDA	6,562	3,708	77%
EBIT	3,594	-4,640	
EPS (undiluted)	0.07	-0.20	
Shareholders Equity	44,715	41,303	8%
Shareholders Equity ratio	71%	62%	15%
Shareholders Equity ratio (w/o intangibles & goodwill)	41%	29%	
Total assets	62,655	67,030	-7%
Employees (Headcount)	242	315	-23%
ICR	7.7	4.0	
DCR	1.2	3.6	

Strategic Framework



➔ Solid strategic framework for mid- and long-term sustainable growth 8

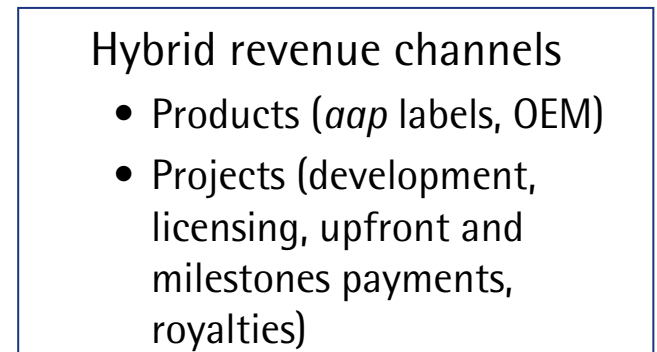
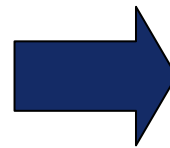
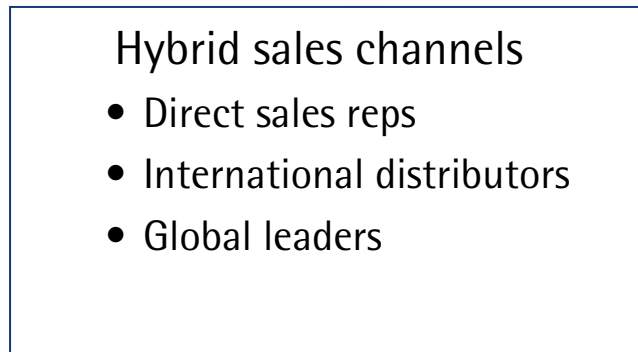
Platform Technologies and Derivative Products (Strategic IP-Portfolio)

Platform Technology	Derivative Products	
Cement and Cement Mixing Technology	PMMA-Cements HA-PMMA-Cements Vertebroplasty Cements Vacuum Mixing Systems All-in-One Prepack Mixing System	Disposable Mixing System Disposable Mixing/Transfer System Vertebro. Cement injection gun Vacuum pump
Nano/Micro-Silver Technology	Nano/Micro-Ag-Coating	Nano/Micro-Ag-Cement
HA und CaP-Technology	Ostim® PerOssal® Natural HA-ceramic Nano-HA-Coating	Osteo Cem (CaP-Cement) Ostim® granules Cerabone® Synthetic non-resorbable HA-ceramic
Magnesium Alloy Technology	Small Plates & Screws, Products for Cartilage Repair	Interference Screws
Locking Compression Fixation Technology	Anatomical Plates WSG, Radius & Humerus	WSG, Tibia & Femur
Shoulder System Technology	Trauma Shoulder System	Inverse Shoulder System
Collagen Technology	Jason® Jason® G Jason® Membrane	Collagen prolonged release Dermis Dental Dermis Rotator

➔ Unique platform technology mix combined with a solid strategic IP-portfolio as a fundament for developing innovative products as well as for sustainable corporate value enhancement

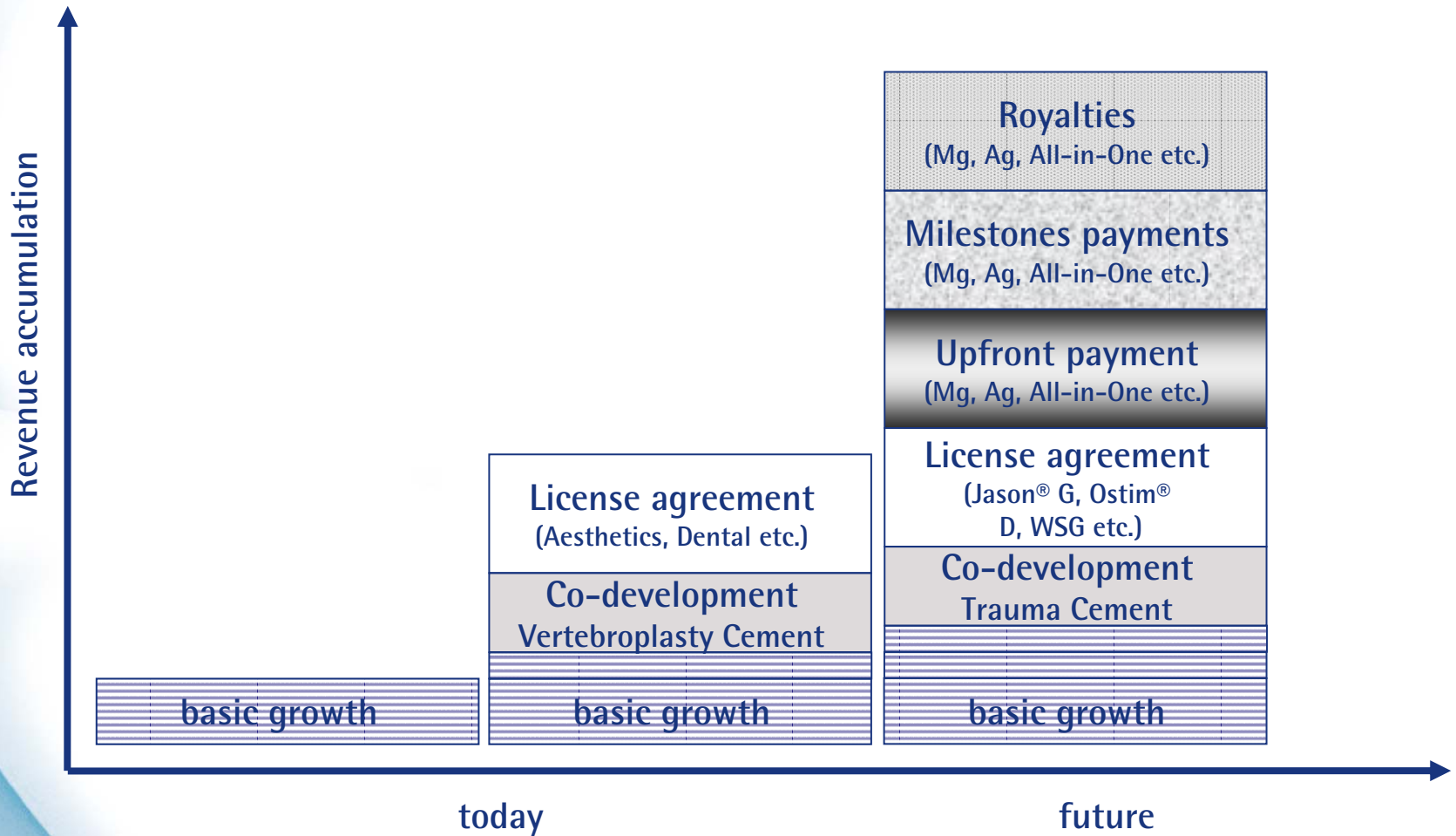
Key steps to build up a strategic portfolio with product and technology leadership

- Attract and retain talented people
- Focused R&D
 - To extend current product lines
 - To feed our partnership programs
 - To address unmet market needs
- Strategic IP-portfolio management
- Hybrid sales channels for hybrid revenue streams:



- Focus on cash flow and secure financing of R&D

Growth Drivers and Revenue Streams



Global Partnerships

Global Ortho/Spine League	
2004	2009
	<u>Zimmer Inc.</u> ✓
	<u>J&J Depuy</u> ✓
	Stryker
	<u>Medtronic</u> ✓
	<u>Synthes</u> ✓
	<u>Biomet</u> ✓
<u>Smith & Nephew</u> ✓	<u>Smith & Nephew</u> ✓
	<u>Wright Medical</u> ✓
	<u>Aesculap</u> ✓

- Expanding relationships with global ortho/spine market leaders
- Partnerships for next generation products: shift from contract manufacturing to IP protected products

➔ Strategic and tactical global partnerships for a more dynamic growth

Business Outlook

- Expanding sales of *aap*-labeled products
- Enlarge the OEM-partnerships network
- Continuing profitable growth
- Ongoing Focus on customers, costs and cash
- Further cost reduction & performance enhancing measures
- Good progress on lowering costs of financing; committed to maintain DCR < 3 and ICR > 6
- Approval of various products in all areas (CE, FDA)

Management Agenda 2009/2010

	Results Management Agenda 2009	Goals Management Agenda 2010
Finances	Strong organic growth, EBITDA of €5-7 million, improving liquidity	Reduction of outside financing costs by at least 25%
	Realisation of turnover growth of at least 2%	Planned growth in sales at the product level of more than 15%; profitable growth with positive operative cash-flow
	Achieving a debt coverage level < 3 and interest coverage level > 6	Maintaining the strategic goals debt coverage level < 3 and interest coverage level > 6
	Divestment of the Analytics division	Reduction of operating working capital in all divisions by at least 10%
	Outsourcing of dental distribution to an exclusive distributor	Improving the central reporting and controlling at the group level
	Halting development of Medical Aesthetics and structured analysis of divestment options	Optimising benefits from stock market valuation
Organisation/IT	Creation of an Executive Management Team	Strengthening the Executive Management Team in the fields of Finance and R&D
	Implementation of an integrated business strategy (Biomaterials and Trauma & Ortho)	Implementation of a development program for the management team to boost individual skills
	Relocation and closure of <i>aap</i> bio implants markets GmbH	Boosting efficiency by means of new structures and responsibilities within divisions
	Appointment of a Director of Marketing and Sales and a Marketing Manager	R&D and Business Development are intended to attract and retain high potential candidates
	Reduction of the number of employees to below 250	Further reduction of costs by simplifying corporate structure
	Reduction of the number of offices from 6 to 4	Boosting efficiency by further reduction of the number of offices

Management Agenda 2009/2010

	Results Management Agenda 2009	Goals Management Agenda 2010
Customers	Expansion and development of global partnerships	Expansion of the international distribution network and global partnerships
	Establishment of a Center of Excellence for Marketing and Sales in Berlin	Development of an entry strategy for the US market
		Planned product launch of the fixed-angle sliding screw system → positive contribution to sales expected for 2010
		Additions to the Export- and Product Management Teams
Innovation	New definition of priorities for research and development projects	Conclusion of two semi-exclusive license agreements for development projects
	Group-wide organisation of the R&D division	Improving the freshness index by introducing IP-protected products (e.g. collagen, WSG, bone cement, Allograft)
	Creation of a strategic IP committee for portfolio management	Attaining milestones in key R&D projects (e.g. silver cement in Q4/2010)
	Supplementing IP portfolio with own products and purchase of licenses	Further expansion of the IP portfolios



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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.