



aap Implantate AG

Annual Financial Statement FY/2015 Conference Call

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Berlin, May 3, 2016

Safe Harbor Statement

Our publication may include predictions, estimates or other information that might be considered forward-looking. While these forward-looking statements represent our current judgment on what the future holds, they are subject to risks and uncertainties that could cause actual results to differ materially. You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this presentation. Please keep in mind that we are not obligating ourselves to revise or publicly release the results of any revision to these forward-looking statements in light of new information or future events. Throughout today's discussion, we will attempt to present some important factors relating to our business that may affect our predictions.

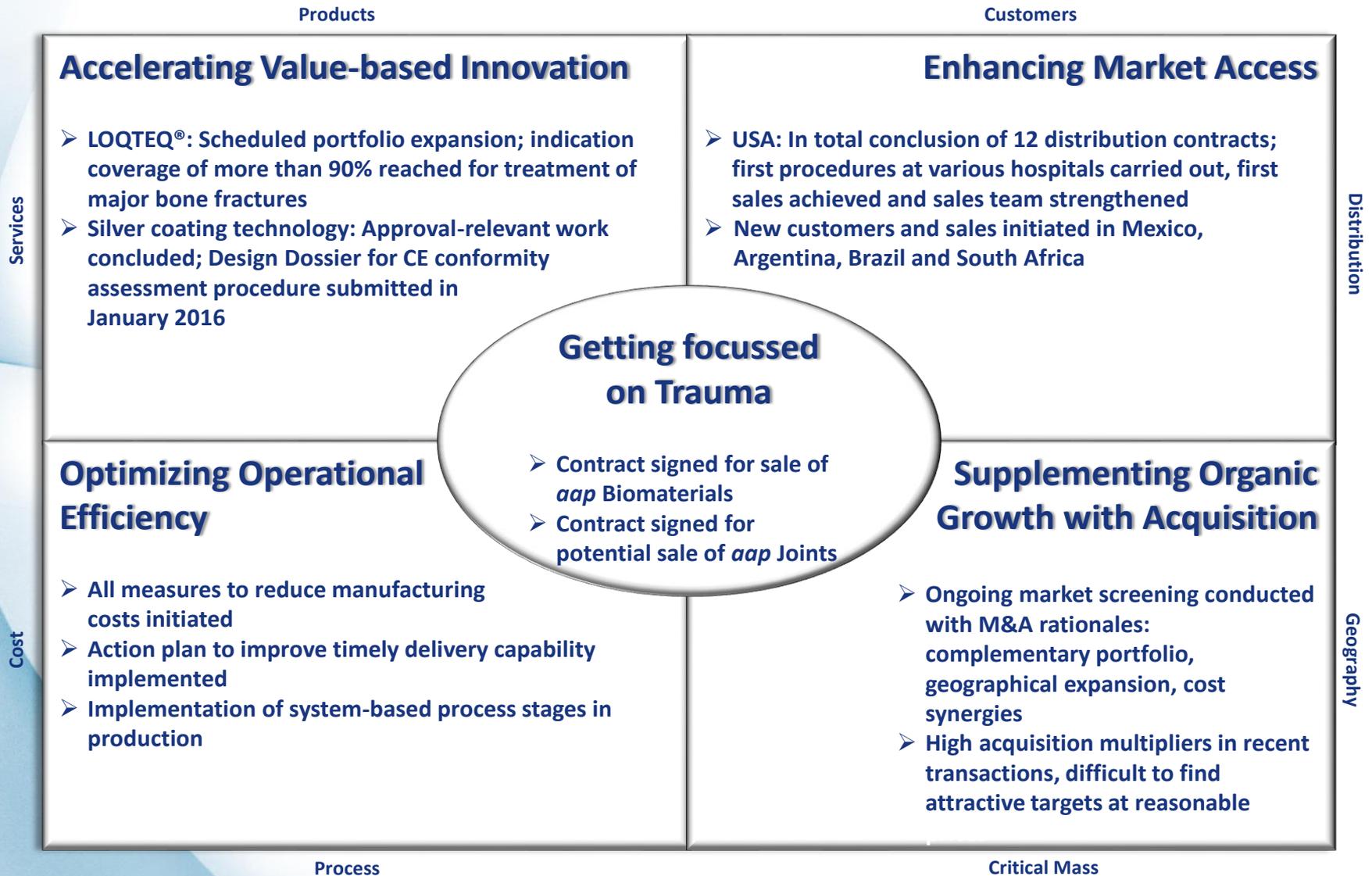
Implementation of Strategic Imperatives

Highlights progress in FY/2015

- Significant development of the LOQTEQ® portfolio achieving an indication coverage of more than 90% for large bone fractures, thereby making the portfolio more attractive for established markets, purchasing and hospital groups and tender business
- Conclusion to the very largest extent of approval-relevant work for silver coating technology and submission of the design dossier for CE-approval
- Signing of a share purchase agreement for sales of *aap* Biomaterials in March 2016; closing expected in Q2
- Conclusion of a contract providing for the automatic sale of the remaining 33% stake in *aap* Joints depending on successful recertification of eight products
- Signing of a total of 12 distribution agreements as part of developing a distribution network in the US; initial use of LOQTEQ® products in different hospitals and first sales realized
- Substantial efficiency improvement in plates and screws production
- Headwinds from emerging markets led to declining sales
- Successful new customer acquisition and sales start in Mexico, Argentina, Brazil and South Africa

Implementation of Strategic Imperatives

Progress in FY/2015

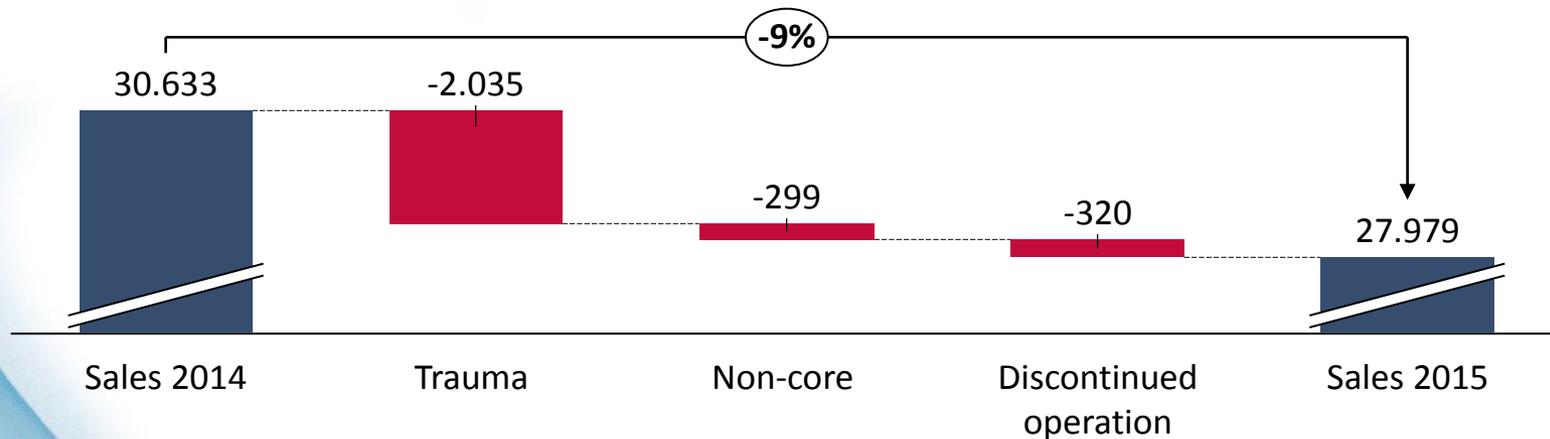


Financial Figures FY/2015

(in EUR million, sales bridge in KEUR)

Sales	FY/2015	FY/2014	Change
Trauma	10.8	12.8	-16%
Trauma - implants	10.3	12.2	-16%
Trauma - biomaterials	0.5	0.6	-9%
Other	1.5	1.8	-17%
Sales continued operation	12.3	14.6	-16%
Sales discontinued operation	15.7	16.0*	-2%
Group sales	28.0	30.6*	-9%

*Discontinued operation: Consists of *aap* Biomaterials GmbH and *aap*'s distribution business in bone cements, mixing systems and accessories for the period 1-12/2015 excluding EMCM B.V. for the period 1-2/2014.

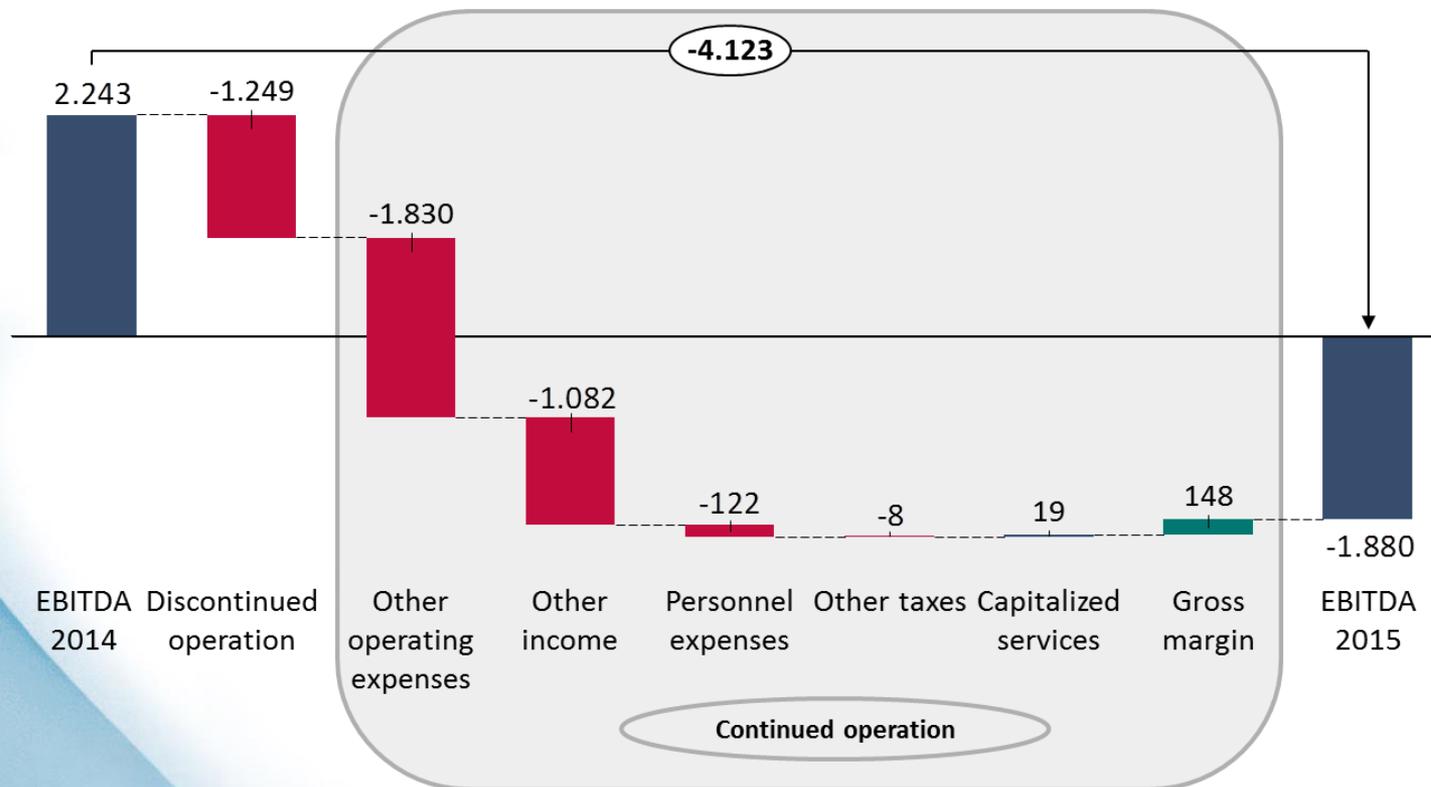


Financial Figures FY/2015

(in EUR million, EBITDA bridge in KEUR)

EBITDA	FY/2015	FY/2014	Change
EBITDA continued operation	-6.8	-3.9	-73%
EBITDA discontinued operation	4.9	6.2*	-20%
Group EBITDA	-1.9	2.2*	> -100%

*Discontinued operation: Consists of aap Biomaterials GmbH and aap's distribution business in bone cements, mixing systems and accessories for the period 1-12/2015 excluding EMCM B.V. for the period 1-2/2014.



Highlights FY/2015 (Balance Sheet)

- In connection with the forthcoming sale of *aap* Biomaterials, assets worth EUR 13.9 million and liabilities worth EUR 2.2 million will be presented as held for sale

	KEUR	KEUR
	2015	2014
Intangible assets	5,592	6,084
Tangible assets	1,293	1,346
Inventories	3,819	3,188
Trade receivables and other assets	2,372	2,349
Receivables from services contracts	0	1,158
Cash	779	487
Assets held for sale	13,856	14,612
Deferred taxes	1,010	1,297
Trade liabilities	679	557
Financial liabilities	188	223
Other liabilities	275	492
Liabilities associated with assets held for sale	2,152	2,569

Highlights FY/2015 (Balance Sheet)

- Presentation of assets held for sale and debts, the balance sheet picture of the *aap* Group has changed significantly
- Total assets 12/31/2015: EUR 54.9 million (12/31/2014: EUR 57.9 million) → -5%
 - **Non-current assets**
 - Decrease in non-current assets is a result of the reclassification of goodwill and intangible assets in the assets available for sale (EUR 6.9 million)
 - Capitalized development expenses for the continued operation increased by EUR 1.4 million → development activities silver coating technology area and expansion of LOQTEQ® portfolio
 - Share of intangible assets in total assets: 19% → once again lower in comparison with the previous year
 - Invest 2015 in machinery and other equipment: EUR 2.4 million, net of depreciation EUR 1.3 million
 - At equity financial assets → decision to divest remaining share in *aap* Joints → reclassification in assets available for sale; EUR 0.2 million attributed to *aap* in current losses in 2015 & carrying amount impaired by EUR 0.5 million
 - **Current assets**
 - Increase in inventories for the continued operation of EUR 2.6 million to EUR 9.7 million (December 31, 2014: EUR 9.4 million, of which EUR 2.3 million for *aap* Biomaterials)
 - Inventories built up in 2015: Securing deliverability for the US market and the expansion of the LOQTEQ® portfolio
 - Recon and standard osteosynthesis products: one time value adjustment due to portfolio streamlining and potential cannibalization effects of EUR 0.7 million
 - Trade receivables: fell by EUR 1.2 million after reclassification to the discontinued operation → consistent debtor management at the end of the year, value adjustment to receivables of EUR 0.3 million and customer credit notes for sales from previous years, with an opposite effect on inventories (EUR 0.3 million)
 - Cash fell to EUR 4.9 million (incl. reclassification to the discontinued operation of EUR 0.8 million)

Highlights FY/2015 (Balance Sheet)

- Presentation of assets held for sale and debts, the balance sheet picture of the *aap* Group has changed significantly
- Total assets 12/31/2015: EUR 54.9 million (12/31/2014: EUR 57.9 million) → -5%
 - Equity: EUR 40.3 million (12/31/2014: EUR 45.4 million)
 - Net result 2015 → EUR -5.3 million
 - Equity ratio: 73% (12/31/2014: 79%)
 - Debts
 - Financial liabilities were reduced through scheduled loan repayments by EUR 1.0 million
 - Other financial liabilities: increased to EUR 2.3 million (12/31/2014: EUR 1.4 million); EUR 1.7 million finance lease for machinery
 - Trade liabilities increased to EUR 4.1 million (12/31/2014: EUR 3.0 million of which EUR 0.6 million is due to *aap* Biomaterials) → *aap* to agree upon longer payment periods with main suppliers
 - Other liabilities: EUR +0.2 million

Highlights FY/2015 (Cash Flow)

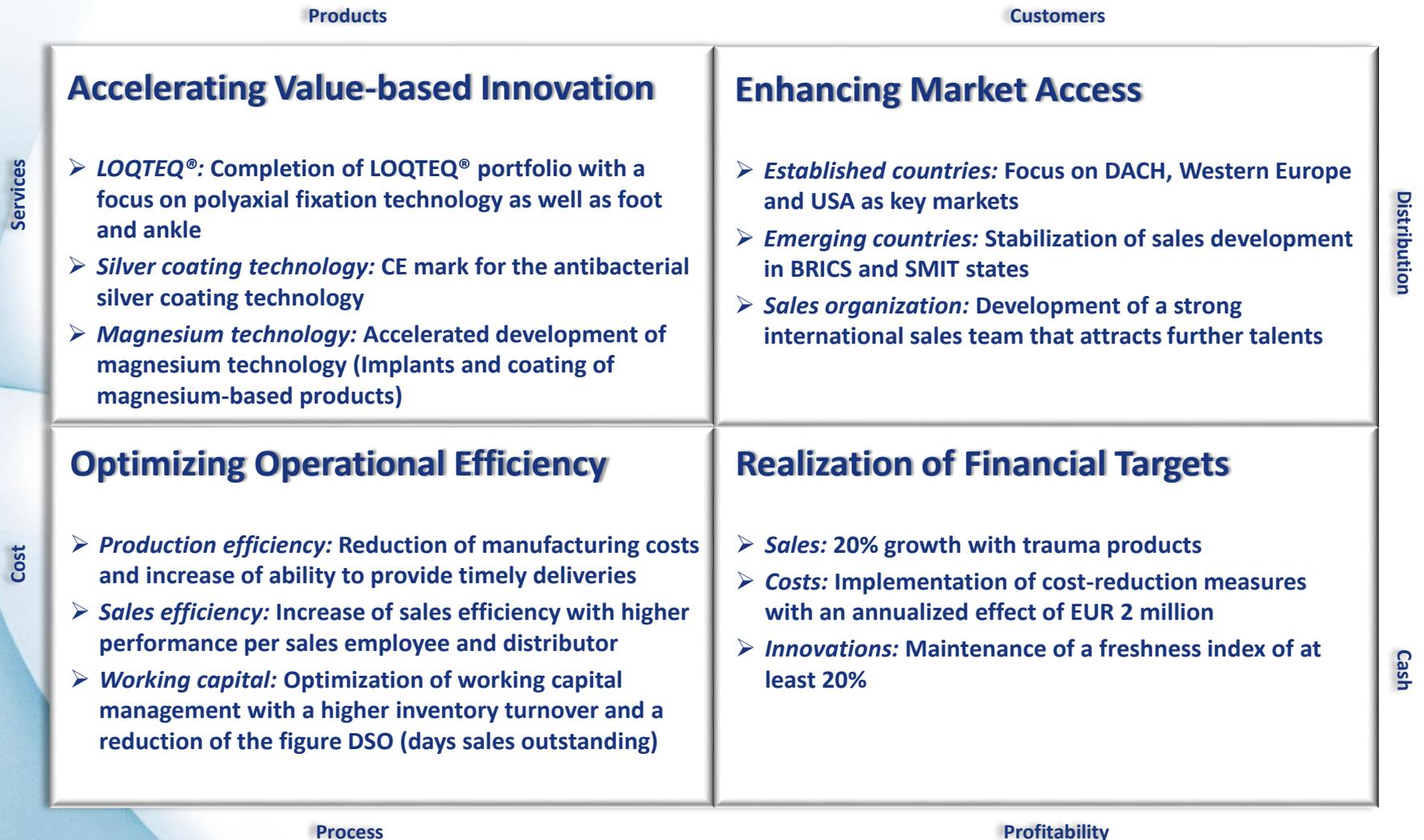
- Operating Cash flow 2015: EUR -2.3 million (2014: EUR -2.9 million)
 - Net result of EUR -5.3 million in 2015
 - No effect in operating working capital in 2015 → significant build-up of inventories offset by decrease in receivables in the continued operation (EUR +1.2 million) and discontinued operation (EUR +1.1 million) as well as increase in trade payables
 - In 2015 no outflow from share-based payments through cash settlements (2014: EUR -1.4 million)
- Investing Cash Flow 2015: EUR -3.1 million (2014: 13.2 million)
 - Investments: EUR -3.1 million
 - Machinery and other equipment: EUR -1.0 million
 - Intangibles: EUR -2.1 million → mainly silver and LOQTEQ® developments
 - Invest CF in 2014 highly impacted by the sale of the subsidiary EMCM B.V. (EUR 16.7 million)
- Financing 2015: EUR -1.1 million (2014: EUR -0.7 million)
 - Net of loan repayments/new loans/repayment finance lease agreements: EUR -1.1 million
 - Issuing of new shares under SOP: EUR +0.2 million
 - Interest paid on short- and long-term loans: EUR -0.2 million
- Cash 12/31/2015: EUR 5.7 million (12/31/2014: EUR 12.1 million) of which EUR 0.8 million *aap* Biomaterials
- Liquidity reserves (cash and free credit facilities): EUR 10.2 million (12/31/2014: EUR 16.6 million)

Cash Flow – Looking forward 2016

- Divestment of *aap* Biomaterials will result in a significant cash-inflow
- “New *aap*” as start-up company will require financing in 2016 of approx. EUR 6 million (operating and invest)
- Adjustment of cost structure in remaining “new *aap*” necessary
 - Historical holding structure vs. reduced size of the company; expected future sales streams
 - MB has drawn up a corresponding action plan → aim to achieve an annualized saving effect of EUR 2.0 million in 2016; possibly one-time additional costs in 2016 through termination of contractual relations
- Target to realize sales increase in 2016 mainly through existing stock → higher inventory turnover
→ No further stock increase in 2016
- Target to significantly reduce DSO (days sales outstanding) ; collecting long outstanding receivables
- Very limited investments in machinery and equipment

Management Agenda 2016 and beyond

Implementation of strategic imperatives



Outlook 2016

Financial Figures

- **Continued operation:**
 - **Sales:** EUR 13.0 million – EUR 15.0 million with 20% growth in trauma products
(FY/2015: EUR 12.3 million)
 - **EBITDA:** EUR -5.5 million – EUR -3.9 million
(FY/2015: EUR -6.8 million)
- **Group (continued and discontinued operation):**
 - **EBITDA** incl. deconsolidation gain: EUR 14.1 million – EUR 15.7 million
- **Cost-reduction measures:**
 - Annualized overall effect of EUR 2.0 million; possibly one-time additional costs in 2016 through termination of contractual relations

Outlook 2016 and Beyond

Transformation phases

Focus on core business								
	2008	2009	2010	2011	2012	2013	2014	2015
Dental	+							
Analytics	+	+						
Medical Aesthetics	+	+						
Recon	+	+	+	+	+			
Contract Manufacturing	+	+	+	+	+	+		
Biomaterials	+	+	+	+	+	+	+	+
Trauma	+	+	+	+	+	+	+	+

aap's Silver Technology applied in Orthopedics, Cardiology, Dental and surgical instruments

Inflection point

aap Trauma & Extremities Silver Coated
LOQTEQ®

aap Trauma & Extremities
LOQTEQ®

aap Trauma
LOQTEQ®

Transformation Phase-1

➤ From diversified to focused company

Transformation Phase-2

➤ Unlocking the inherent value of our trauma business

2008 – 2015

Tipping point

2016 and beyond

Outlook 2016 and Beyond

aap Trauma – LOQTEQ® Roadmap

Our Innovation Pipeline

Anatomical Plating System

LOQTEQ®

- IP-protected technology
- Monodirectional locking
- One step locking compression



LOQTEQ® VA

- Multidirectional locking
- Stable thread-in-thread connection
- Increased intraoperative flexibility



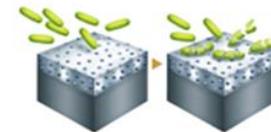
LOQTEQ® VA procedures focus

- Tibia and femur osteotomy
- Periprosthetic fractures
- Augmented osteosynthesis



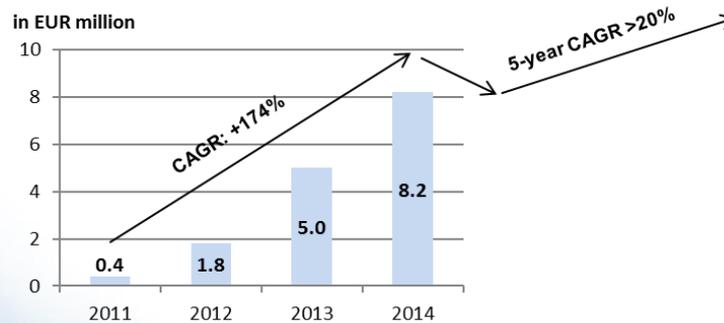
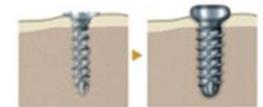
LOQTEQ® VA antibacterial

- IP-protected technology
- Highly stable silver coating
- Excellent biocompatibility
- High antibacterial efficacy



LOQTEQ® VA resorbable

- IP-protected technology
- Coated magnesium implants
- Bioabsorbable with controlled degradation
- Avoid second intervention



Outlook 2016 and Beyond



aap – sum of the parts

aap Trauma

- Strong LOQTEQ sales growth in the first three years after launch in 2011; CAGR 2011-2015 >100%
- Strong IP, comprehensive portfolio for mainstream trauma as well as extremities (foot & ankle)
- Sales 2015: ca. EUR 11 million
- Valuation: Median EV/Sales of 4-6 in recent global transactions of pure trauma companies

aap Silver

- Technology addresses unmet need of the industry (infection prevention)
- Strong IP, platform technology with a wide range of applications
- Cost-effective coating technology with high efficacy and good biocompatibility
- Valuation: huge potential due to platform technology for wide range of applications: orthopaedics, cardiovascular, dental, instruments etc.

aap
Trauma

aap
Silver

aap
Bio

aap Bio

- Customer base: Top-10 global orthopedics companies
- Unique competency in bone cement and accessories
- Profitable, strong cash flows, sustainable growth
- Valuation: divestment process in progress; deal signed with EV of EUR 36 million; Closing soon

Sum of the parts strongly indicates substantial upside for value creation

Current MarketCap ca. EUR 45m

The New *aap* – Pure Trauma Company

- The new *aap* as a pure trauma business provides a compelling investment case
 - **Comprehensive IP-protected platform technologies:** LOQTEQ® Technology, Silver Coating Technology, Magnesium Implants Technology
 - **Comprehensive CE, FDA and SFDA approved LOQTEQ® portfolio** with an indication coverage of more than 90% for large bone fractures, thereby making the portfolio more attractive for established markets, purchasing and hospital groups and tender business
 - **Accelerated and multiple growth opportunities with a strong pipeline of innovative products targeting 20% CAGR sales growth**, thereby enabling competitive proposition in three of the fastest-growing areas in orthopedics: mainstream trauma, foot and ankle, and trauma complementary biomaterials
 - **Growth financing secured** after the divestiture of *aap* Biomaterials
 - **Sales organization in DACH, USA and International** laid out and equipped with experienced sales executives
 - **Technology and product portfolio attractive for global partners**, thereby enabling additional revenue streams and business opportunities; corporate finance advisor assigned to evaluate opportunities
 - **Accelerated path to better financial performance**, thereby executing rigorous cost adjustment to the new *aap* as well as generating more revenues from strong margin markets and global partnerships

It's all about unlocking the value of our pure trauma business!

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