



# ***aap* Implantate AG**

## **Corporate Presentation**

**German Equity Forum 2015**  
**Frankfurt am Main, November 24, 2015**



Bruke Seyoum Alemu, CEO  
Marek Hahn, CFO

# 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.*

# aap Company Overview

- German based international MedTech company
- Listed in Frankfurt, Germany, Prime standard (XETRA: AAQ.DE)
- 2014: Sales EUR 30.6 million\*, EBITDA (norm.) EUR 1.4 million\*\*
- Operating with two Centres of Excellence

## Center of Excellence Trauma, Berlin

- Comprehensive plates & screws portfolio
- Silver coating technology
- R&D and manufacturing in-house

- B2C: direct sales force in DACH, international distributors in RoW
- *aap* label

- Hospitals and Distributors worldwide with focus on Europe, BRICS, SMIT, US



### Technologies, Products and Services

### Business Model

### Customer Base

## Center of Excellence Biomaterials, Dieburg

- Comprehensive portfolio of bone cements and accessories as well as biomaterials
- R&D and manufacturing in-house
- Service value chain for third parties: R&D → approval & registration → supply

- B2B: OEM and contract manufacturing
- Private label

- Global orthopedic companies



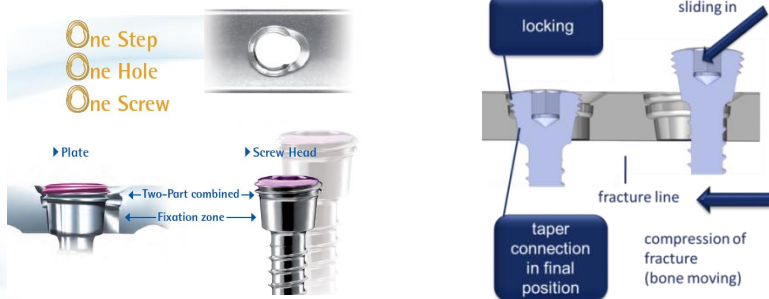
\*Figures relate solely to continued operations

\*\*EBITDA excluding one-off effects of equity disposal, one-off costs in connection with strategic measures and project proceeds and costs incurred in connection with them

# aap Trauma – LOQTEQ<sup>®</sup> Product Line

## Concept

Protected by several global patents



## Application

Mainstream trauma, lower & upper extremities



## Competitive Environment

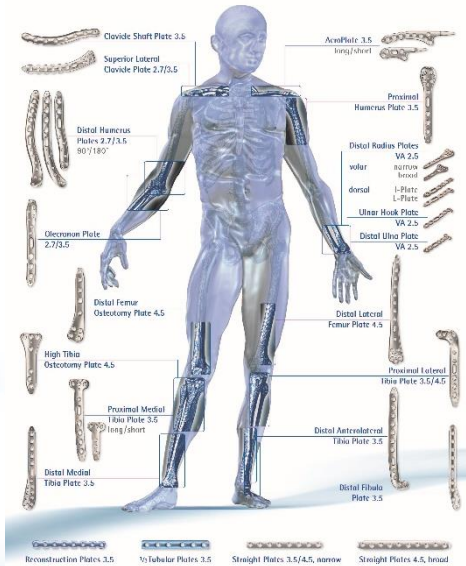
Entirely benchmarked against the market leader

| Synthes | Stryker | Zimmer | S&N      | Königsee | aap                       |
|---------|---------|--------|----------|----------|---------------------------|
| LCP     | AxSOS   | NCB    | Peri-LOC |          | <b>LOQTEQ<sup>®</sup></b> |
|         |         |        |          |          |                           |

# aap Trauma – LOQTEQ® Product Line

## Portfolio

Comprehensive and procedure focused

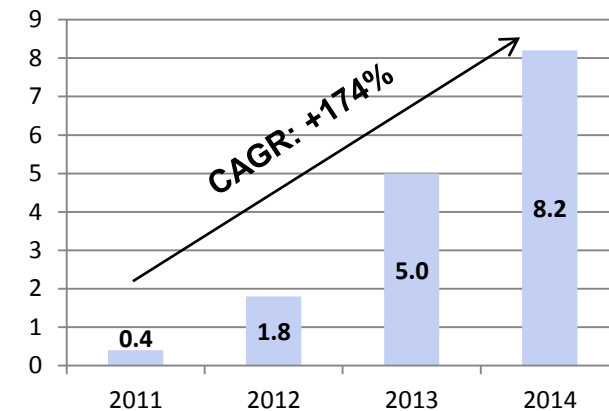


## Growth Track Record

Driven by BRICS, SMIT and Europe

### LOQTEQ® sales

in EUR million



## Value Proposition

- Genuine alternative to the gold standard with new and additional features
- Clinical and economical advantages:
  - Optimum instrumentation and efficient procedures,
  - Excellent anatomical fit,
  - Strong clinical evidence of no cold-welding,
  - Competitive price

# aap Trauma – LOQTEQ® Development

The **LOQTEQ®** Path

Our Innovation Pipeline

**LOQTEQ® VA** resorbable

## 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

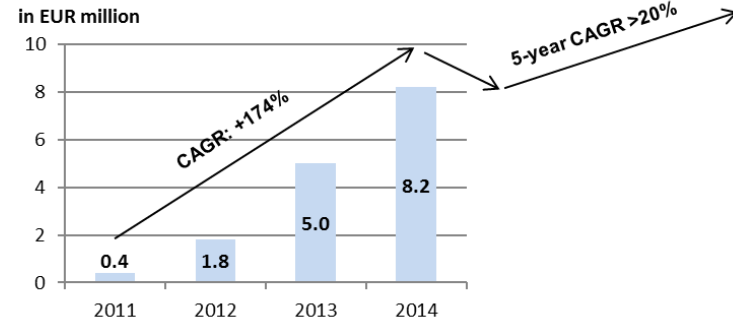
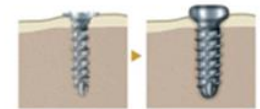
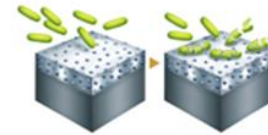
**LOQTEQ® VA** procedures focus

- Tibia and femur osteotomy
- Periprosthetic fractures
- Augmented osteosynthesis

**LOQTEQ® VA** antibacterial

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

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



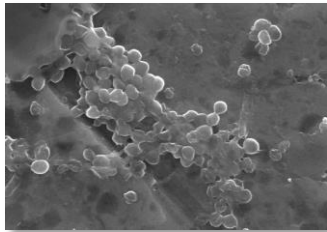
# aap Silver Coating – Value-based innovation



## Unmet Need

Infection prevention for medical devices

### Surgical Site Infection (SSI)



Biofilm formed on an TiAl6V4  
implant surface  
*S. epidermidis* ATCC 35984

## Innovative Solution

- ✓ Prevention of bacterial colonization
- ✓ Platform technology with broad application
- ✓ Very high efficacy (*in vitro* / *in vivo*)
- ✓ Very good biocompatibility (*in vitro* / *in vivo*)
- ✓ Unchanged mechanical properties

## Technology

- ✓ PEO – Plasma ElectroOxydation
- ✓ In-house developed
- ✓ IP protected
- ✓ Cost-effective coating technique
- ✓ Very short coating time
- ✓ Comparably low investment
- ✓ Easily up-scalable
- ✓ Applicable on all relevant geometries

## First Application expected 2016

ANTIBACTERIAL COATING

by aap



- ✓ Aiming to be first mover in trauma
- ✓ LOQTEQ enhanced with silver coating

# aap Silver Coating – Benchmarking\*

|                            | <i>aap</i>                                      | Market Leader 1   | Market Leader 2                  |
|----------------------------|---|---|----------------------------------|
| Antibacterial agent        | micro-Ag / nano-Ag                              | AgNO <sub>3</sub>   | micro-Ag / nano-Ag               |
| Coating principle          | Single step:<br>Electrochemical (PEO)           | 4-step in 2 solutions:<br>Electrochemical (acidic anodization) &<br>dipping                           | Multi-step:<br>vacuum deposition |
| Antibacterial efficacy     | +   | +   | +                                |
| Biocompatibility           | +   | –   | +                                |
| Silver directly effective  | +   | +   | –                                |
| Coating stability          | +   | +   | +                                |
| Process simplicity         | +   | +/-   | –                                |
| Cost-effectiveness         | +   | +   | –                                |
| Prevention efficiency      | 5,5 µg/cm <sup>2</sup> LOG4 & <b>NO</b> cytotox | 50 µg/cm <sup>2</sup> LOG4 <b>BUT</b> cytotox<br>6 µg/cm <sup>2</sup> No cytotox <b>BUT</b> only LOG2 | Full silver layer by PVD         |
| Coating time               | < 10 min  | ~ 4 h   | 30 min to 1 h                    |
| Additional characteristics | Up-scaling & shorter<br>coating time achievable | Inhomogeneous distribution of Ag  | Complicated coating process      |

\* Based on available information (publications, patents, conferences' lectures, posters, press releases etc.)



# aap Silver Coating – Regulatory Path

## Results delivered

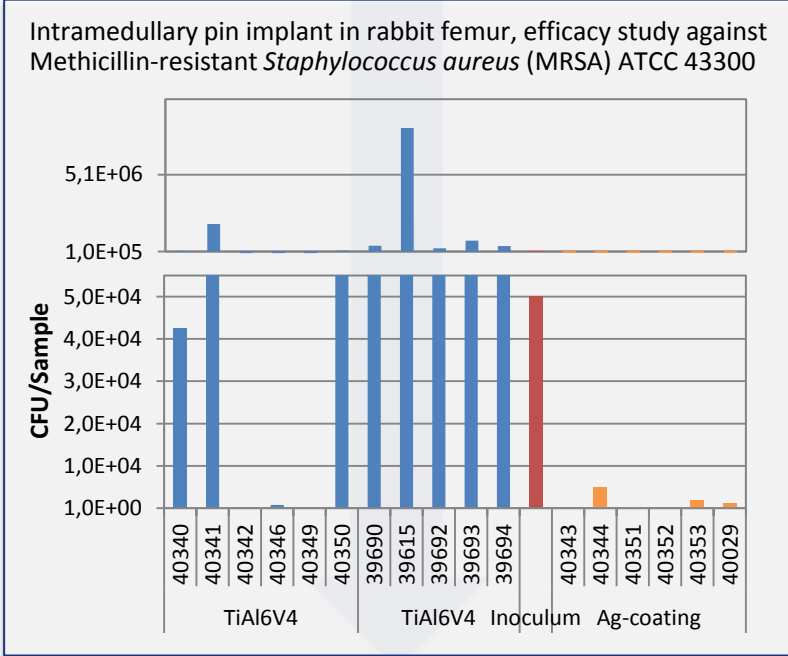
Comprehensive animal trials accomplished to a large extent

### Biocompatibility

- Cytotoxicity
- Irritation
- Sensitization
- Acute systemic toxicity
- Genotoxicity
- Pyrogen test
- Subacute systemic toxicity
- Local effect after implantation
- Pharmacokinetic
- Chronic systemic toxicity

### Efficacy

- In-vitro
- Ex-vivo
- Pin implant infection model

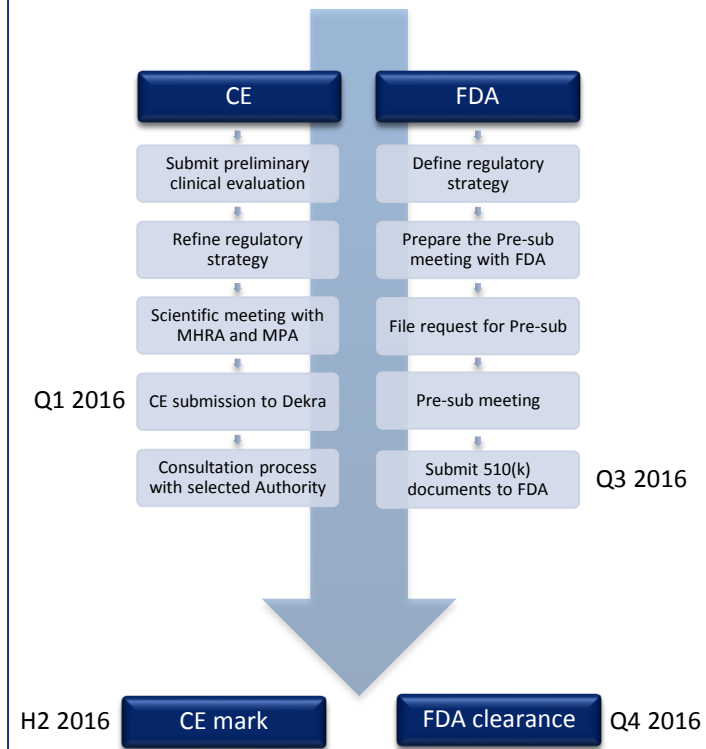


Excellent Biocompatibility

High efficiency

## Regulatory Path

Short term targeted CE- and FDA-clearance



# aap's Aspiration and Imperatives

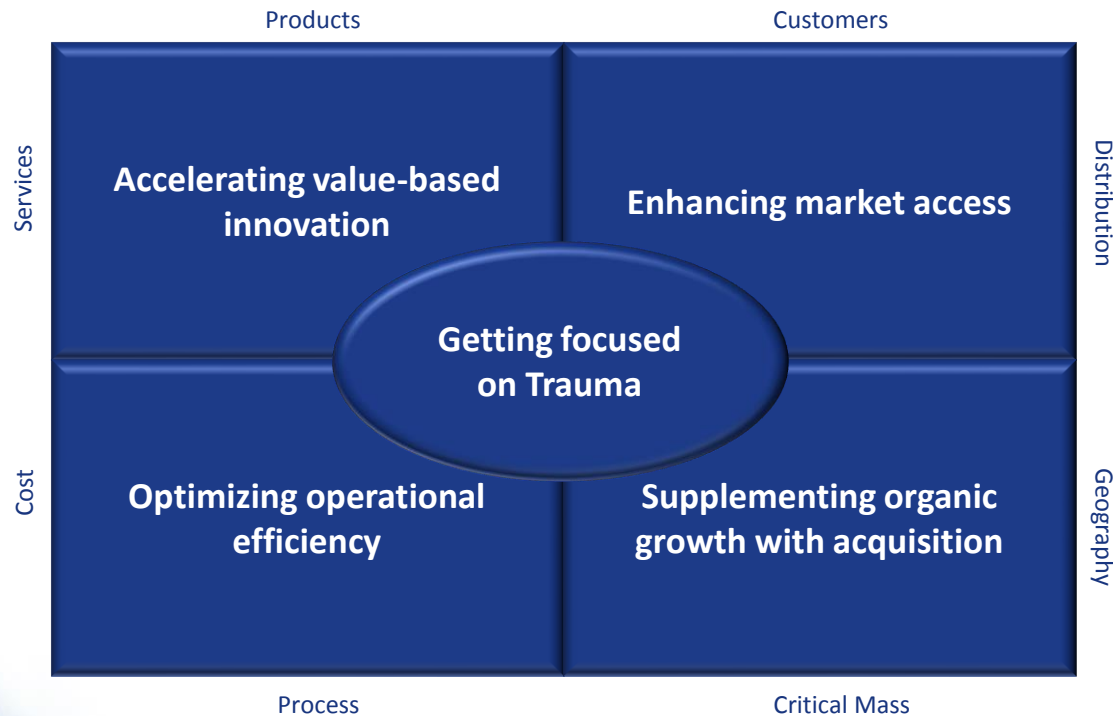
## MISSION

Making trauma treatment better and cost-effective

## VISION

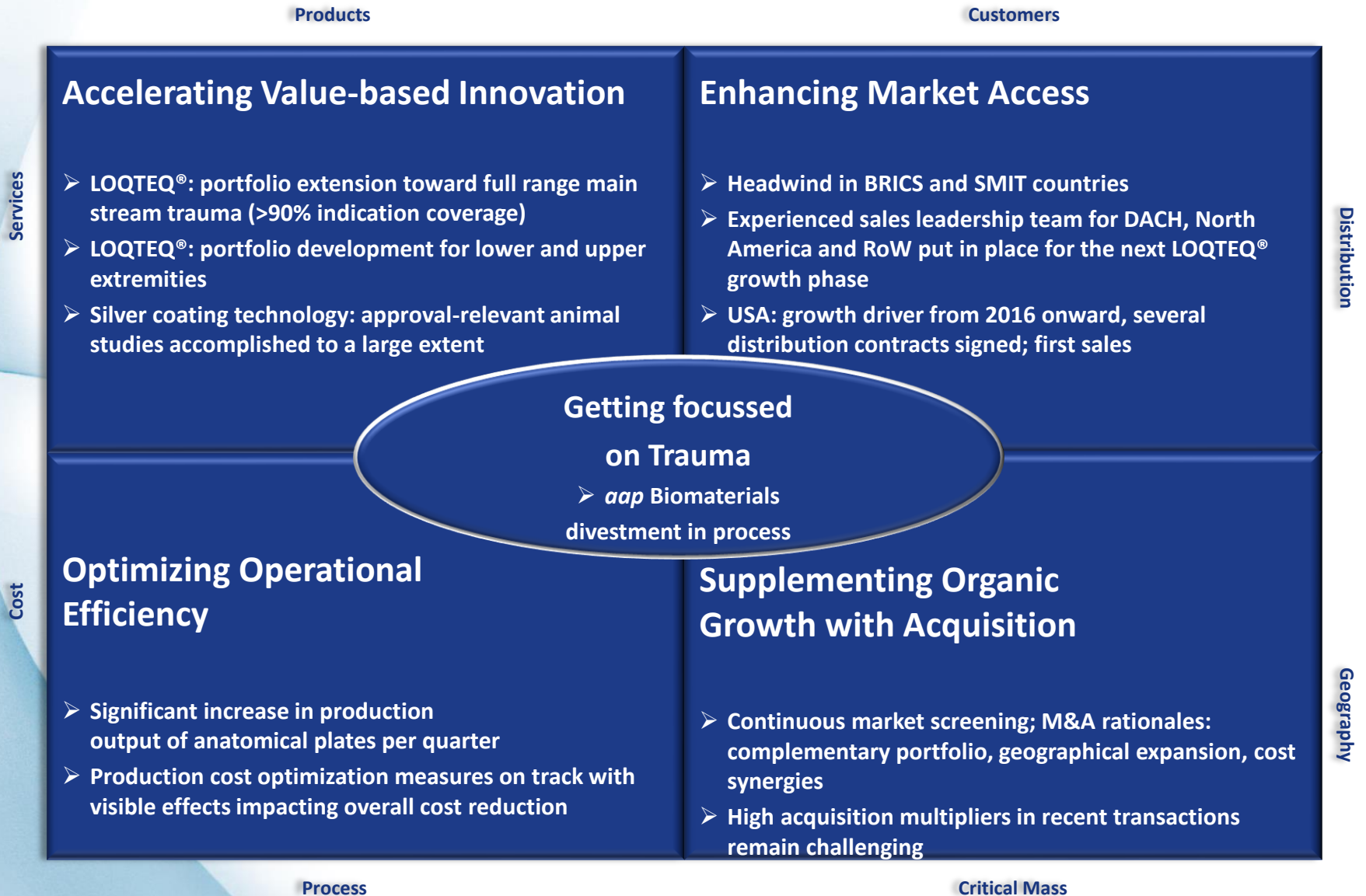
Become a leading European trauma company

## STRATEGIC IMPERATIVES



# Implementation of Strategic Imperatives

## Progress in 2015



# Outlook 2015



- **Updated Outlook 2015:**
  - **Sales:** EUR 27.5 million – EUR 31.5 million
  - **EBITDA:** EUR -1.5 million – EUR 1.0 million
- Transformation of *aap* Implantate AG into a **focused trauma company** remains core objective of our strategic direction

# Implementation of Strategic Imperatives

## Getting focused on Trauma

| 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 from diversified to focused MedTech company

➤ Focused growth as pure player in Trauma  
➤ Wider Application of Silver Coating Technology

**2008 – 2015**

**2016 and beyond**

# aap – Sum of the Parts

## aap Trauma

- Strong sales growth in the first three years after launch 2012-2014; CAGR 2011-2014: 174%
- Strong IP, comprehensive portfolio for mainstream trauma as well as extremities (foot & ankle)
- Sales 2014: EUR 12.2m
- 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

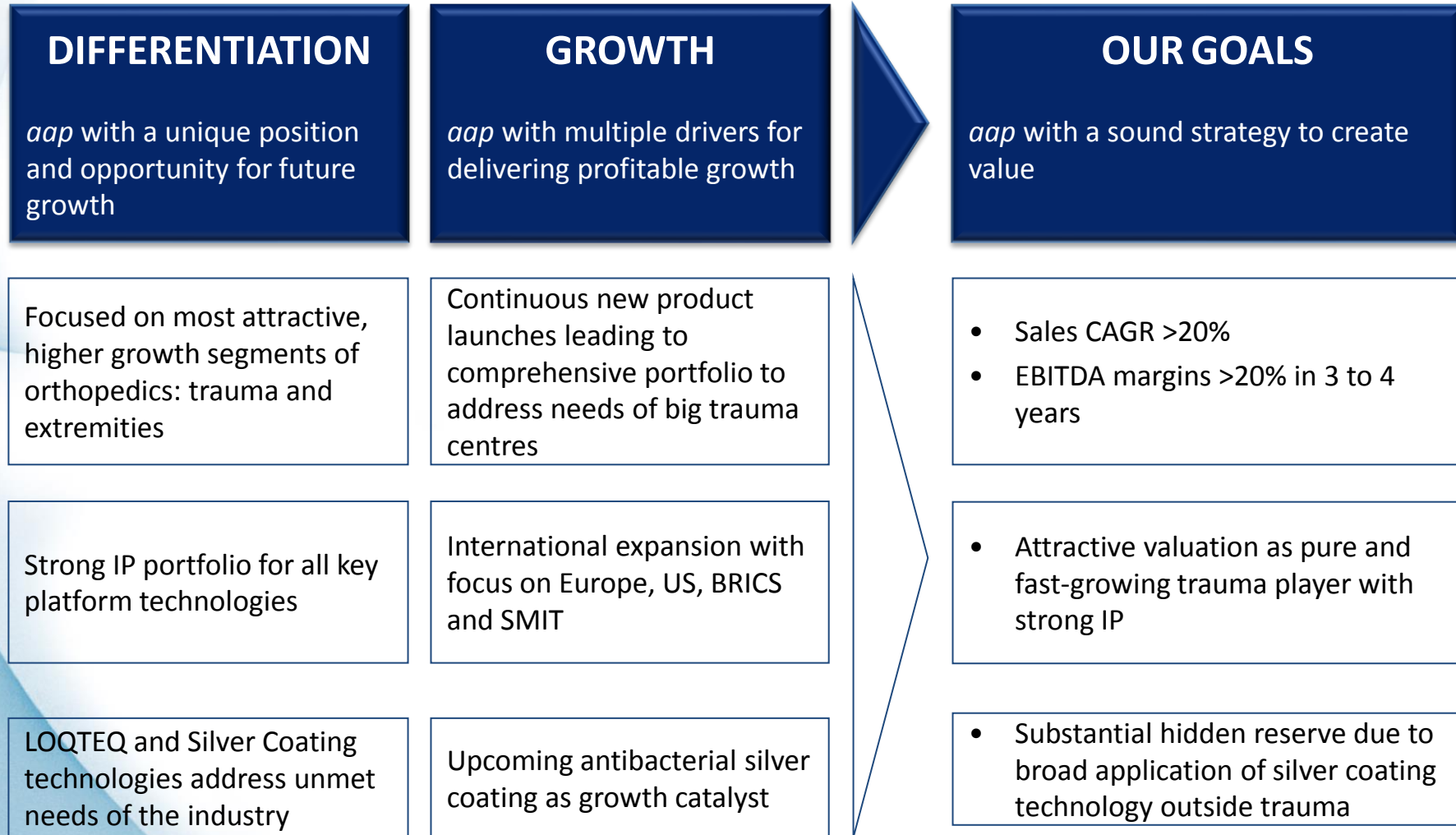
- Customer base: Top-10 global orthopedics companies
- Unique competency in bone cement and accessories
- Profitable, strong cash flows, sustainable growth
- Valuation: divestment process in progress with strong indication for EV/EBITDA of approx. 8; underlying EBITDA 2015e EUR 4.5-5.0m

*Sum of the parts strongly indicates substantial upside for value creation*

*Current MarketCap ca. EUR 46m*

# The New *aap* – 2016 and beyond

Completely transformed business



# Contact



*aap* Implantate AG

Lorenzweg 5

12099 Berlin

Fabian Franke

Investor Relations

Tel.: +49 30 750 19 – 134

Fax: +49 30 750 19 – 290

E-Mail: [ir@aap.de](mailto:ir@aap.de)

Website: [www.aap.de](http://www.aap.de)

IR-app:





# Appendix

# Highlights FY/2014 – Financial Figures

(in EUR million)

|                         | FY/2014* | FY/2013 | Change |
|-------------------------|----------|---------|--------|
| <b>Sales</b>            | 30.6     | 28.6    | 7%     |
| Trauma                  | 12.2     | 9.6     | 27%    |
| <i>of which LOQTEQ®</i> | 8.2      | 5.0     | 63%    |
| Biomaterials            | 16.4     | 15.0    | 10%    |
| Projects                | 1.2      | 2.8     | -58%   |
| Other                   | 0.8      | 1.2     | -31%   |

|                                 | FY/2014* | FY/2013 | Change  |
|---------------------------------|----------|---------|---------|
| <b>EBITDA</b>                   | 2.3      | 5.1     | -55%    |
| <i>of which projects</i>        | 0.8      | 4.4     | -82%    |
| <i>of which one-off effects</i> | 0.1      | 0.3     | -67%    |
| <b>EBITDA normalised**</b>      | 1.4      | 0.4     | > +100% |
| <b>EBIT</b>                     | -0.1     | 0.8     | < -100% |

\*Figures relate solely to continued operations, with previous year's figures adjusted accordingly

\*\*EBITDA excluding one-off effects of equity disposal, one-off costs in connection with strategic measures and project proceeds and costs incurred in connection with them

|                                  | 12/31/2014 | 12/31/2013 | Change  |
|----------------------------------|------------|------------|---------|
| Total Assets                     | 57.9       | 65.2       | -11%    |
| Intangible Assets                | 15.2       | 14.5       | 5%      |
| Intangible Assets ratio          | 26%        | 22%        | -       |
| Equity ratio                     | 79%        | 72%        | -       |
| Net cash (FY/2013: net debt)     | +7.7       | -3.4       | > +100% |
| DCR rolling (last four quarters) | 2.0        | 0.8        | > +100% |
| ICR rolling (last four quarters) | 16.8       | 22.7       | -39%    |

# Highlights 9M/2015 – Financial Figures

(in EUR million)

|                         | 9M/2015*    | 9M/2014     | Change    |
|-------------------------|-------------|-------------|-----------|
| <b>Sales</b>            | <b>22.0</b> | <b>22.1</b> | <b>0%</b> |
| Trauma                  | 8.5         | 8.4         | 1%        |
| <i>of which LOQTEQ®</i> | 5.2         | 5.3         | -2%       |
| Biomaterials            | 13.0        | 12.7        | 2%        |
| Projects                | 0.2         | 0.3         | -25%      |
| Other                   | 0.3         | 0.7         | -59%      |

|                                 | 9M/2015* | 9M/2014 | Change  |
|---------------------------------|----------|---------|---------|
| <b>EBITDA</b>                   | -0.3     | 2.4     | < -100% |
| <i>of which projects</i>        | 0.2      | 0.0     | > +100% |
| <i>of which one-off effects</i> | -0.8     | 1.0     | < -100% |
| <b>EBITDA normalised**</b>      | 0.3      | 1.4     | < -77%  |
| <b>EBIT</b>                     | -2.3     | 0.8     | < -100% |

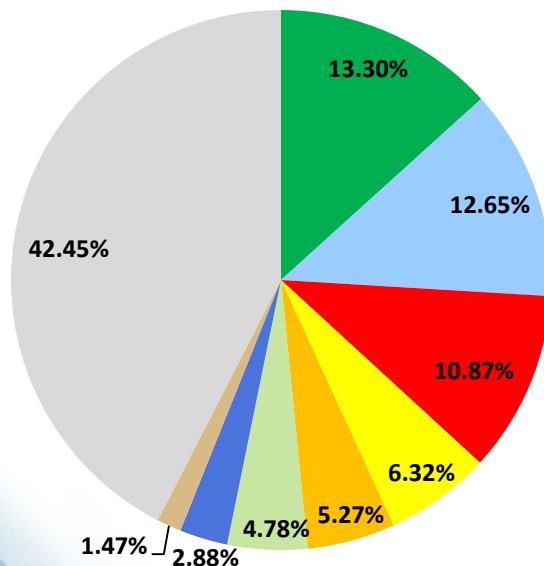
\*Figures relate solely to continued operations, with previous year's figures adjusted accordingly

\*\*EBITDA excluding one-off effects of equity disposal, one-off costs in connection with strategic measures and project proceeds and costs incurred in connection with them

|                                  | 09/30/2015 | 12/31/2014 | Change  |
|----------------------------------|------------|------------|---------|
| Total Assets                     | 61.5       | 57.9       | 6%      |
| Intangible Assets                | 15.4       | 15.2       | 1%      |
| Intangible Assets ratio          | 25%        | 26%        | -       |
| Equity ratio                     | 71%        | 79%        | -       |
| Net cash                         | +3.1       | +7.7       | -60%    |
| DCR rolling (last four quarters) | -17.8      | 2.0        | < -100% |
| ICR rolling (last four quarters) | -2.6       | 16.8       | < -100% |

# Shareholder structure

- Growing interest in *aap*'s value driving strategy is also reflected in new shareholders:
  - December 2013: Taaleritehdas ArvoRein Equity Fund, Finland
  - March 2014: Ennismore Fund Management Limited, UK
  - April 2014: Fidelity Funds SICAV, Luxembourg
  - January 2015: Ratio Capital Management B.V., Netherlands
- Market Cap amounts to approx. EUR 46 million\*\*



**Capital Stock: 30,832,156 million**

- Ratio Capital Management B.V., Netherlands
- Jürgen W. Krebs, Switzerland
- Noes Beheer B.V., Netherlands
- Taaleritehdas ArvoRein Equity Fund, Finland
- Deepblue Holding AG, Switzerland
- Elocin B.V., Netherlands
- Ennismore Fund Management Limited, United Kingdom
- Fidelity Funds SICAV, Luxembourg
- Free Float\*

\* According to own calculations  
 \*\* As of 11/20/2015