aap Implantate AG
Corporate Presentation

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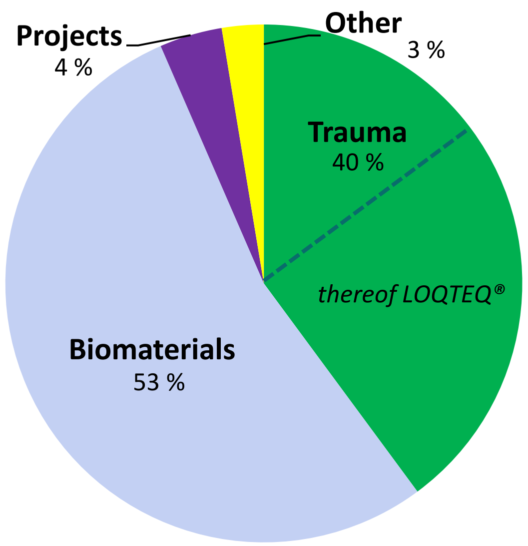
Safe Harbor Statement

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 Overview

- German based international MedTech company
- Focus on trauma and biomaterials
- Core technology in trauma is LOQTEQ®: Sales of EUR 8.2 million (+63%) in 2014
- Core technology in biomaterials is PMMA bone cements/ accessories: Sales of EUR 12.1 million (+21%) in 2014
- Strategy: Profitable growth with IP-protected products under own label
- Sales: Focus on markets in Europe, BRICS and SMIT countries as well as U.S.
- Quotation in Germany
  - XETRA: AAQ.DE, public since 1999
  - Market Cap: approx. EUR 71 million (as of 08/17/2015)
  - Ø daily turnover: approx. KEUR 59 (H1/2015)
- 239 employees (Heads as of 06/30/2015)

Sales 2014*: EUR 30.6 million



EBITDA (norm.) 2014*: EUR 1.4 million**

*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's Centers of Excellence
Innovations in Trauma and Biomaterials

Center of Excellence for Trauma Berlin

- Products and Services
  - Comprehensive plates & screws portfolio
  - R&D and manufacturing in-house
- Business Model
  - B2C: direct sales force in Germany, international distributors, *aap* label
- Customer Base
  - Distributors worldwide with FOCUS on Europe, BRICS, SMIT, USA
- Employees: 170

LOQTEQ®

Locking Compression Technology von aap

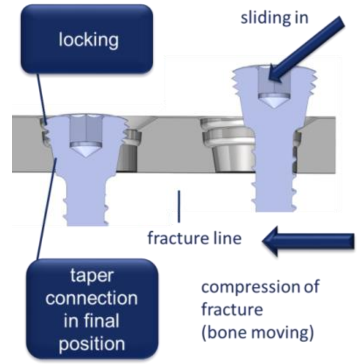
Center of Excellence for Biomaterials Dieburg

- Products and Services:
  - 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
- Business Model
  - B2B: OEM and private label
- Customer Base
  - Global orthopedic companies
- Employees: 69

zimmer ✓	AESCULAP® ✓
stryker® ✓	TORNIER ✓
BIOMET® ✓	INTEGRA ✓
DePuy Synthes ✓	Heraeus ✓
Medtronic	MATHYS European Orthopaedics ✓
smith&nephew ✓	

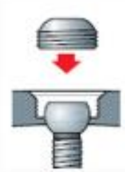
Core technology of Trauma – LOQTEQ®

The Concept



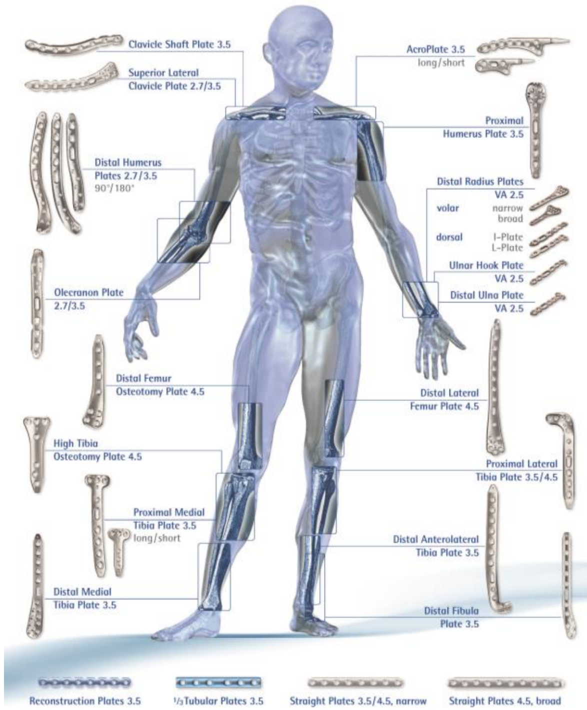
The Applications

The Competitive Environment

Synthes	Stryker	Zimmer	S&N	Königsee	*aap*
LCP	AxSOS	NCB	Peri-LOC		LOQTEQ®
					

Core technology of Trauma – LOQTEQ®

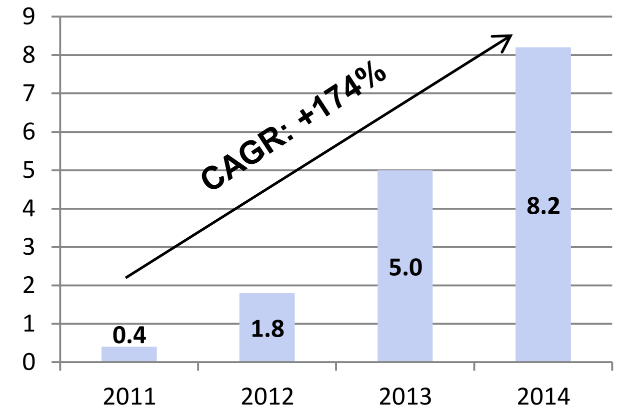
The Portfolio



The Growth

LOQTEQ® sales

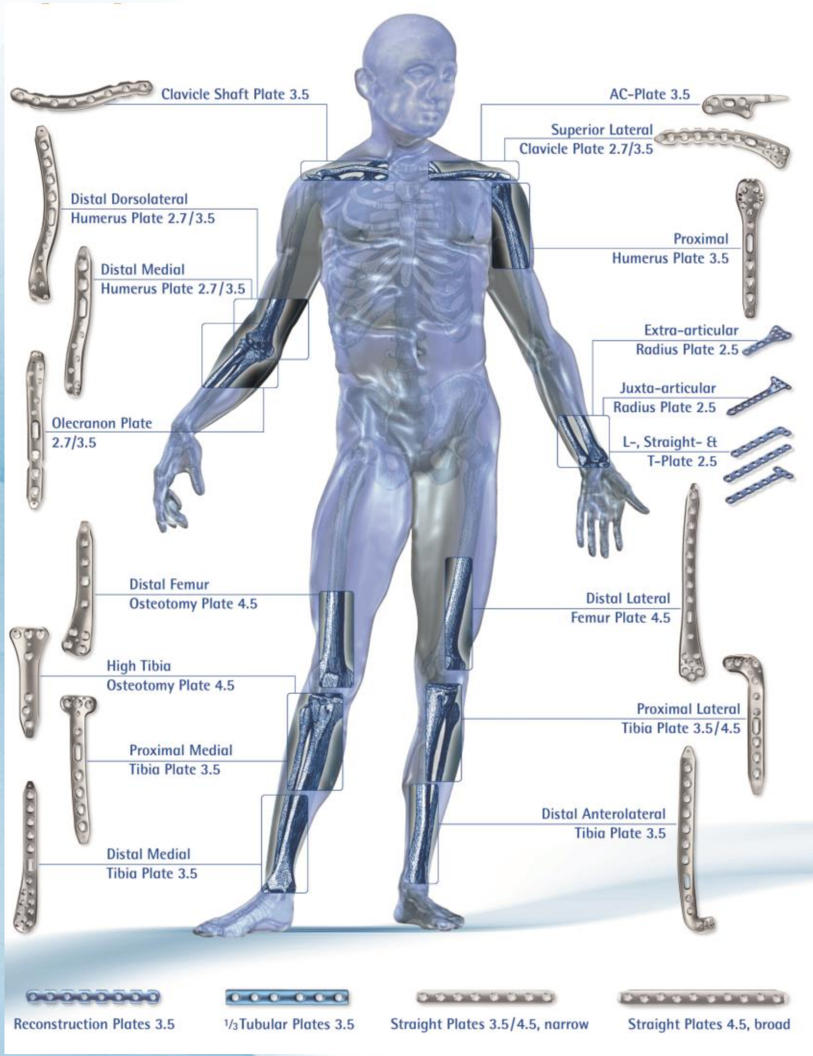
in EUR million



The Value

- Patented locking compression technology
- 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

LOQTEQ® – portfolio extension



Phase		Value added	2012	2013	2014	2015	2016	Beyond 2017
I	Proximal Humerus Distal Femur Proximal Tibia Distal Tibia	One Step, One Hole, One Screw Flexible compression	✓					
II	Clavicle Osteotomy Elbow Tibia	One Step, One Hole, One Screw, Flexible compression		✓				
III	Periprosthetic	Indication extension			X	X		
IV	Polyaxial locking Radius PMMA Augmented LOQTEQ®	Unmet need, Integrative solution			X X	X		
V	Silver coated LOQTEQ®	Unmet need, infection prevention					X	
VI	Magnesium based LOQTEQ®	Unmet need, resorb. implants						X

aap Biomaterials

Technologies & Products

Comprehensive portfolio

Platform technologies
State-of-art products
Innovative pipeline

Global Customers Base

- zimmer ✓
- stryker ✓
- BIOMET ✓
- DePuy Synthes ✓
- Medtronic
- smith&nephew ✓
- AESCULAP ✓
- TORNIER ✓
- INTEGRA ✓
- Heraeus ✓
- MATHYS European Orthopaedics ✓

Bone cements

- Arthroplasty Bone Cements
- Augmentation Bone Cements
- HA-PMMA Bone Cements
- Silver Bone Cement

Accessories for bone cement application

- Disposable vacuum and hand-mix Systems
- Prepack Systems
- Pulsating cleaners
- Applicator guns

Biomaterials

- Resorbable and non-resorbable synthetic bone substitutes, nano-HA, natural bone ceramics
- Antibiotics carrier, infection prevention
- Tissue-regeneration products with and without antibiotics (collagens)

aap Biomaterials

Propositions in cement business

Strategic supplier to its global OEM customers

Strategic positioning

Focused and reputable cement competency

Cost-effective service for the OEM cement market

Customers

9 of the top-10 orthopedic OEM manufacturers

Strong reputation and highest customer retention

Unique product and know-how portfolio

Comprehensive offering

Complete solutions for arthroplasty, spine & trauma

Value chain: development, approval & manufacturing

Unique process know-how and IP

Cement know-how developed in two decades

Strong IP portfolio

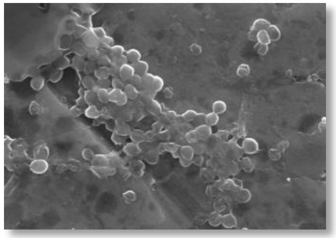
Differentiation

- **Customer centricity**: Proven dedication and discipline to meet customers' expectations
- **R&D**: Unique R&D experience due to broad portfolio and diverse demands of global partners
- **Quality**: Made in Germany, proven vendor qualification and successful annual audits by global partners
- **Product approval**: Ii-depth expertise in approval processes on a global level not limited to FDA and CE
- **Reliability**: Proven project management with outstanding time-to-market and on-time project execution
- **Cost-effectiveness**: Proven high ROI for customers due to full value chain and lean production

Silver Coating
Value-based innovation

The Unmet Need

Surgical Site Infection (SSI)



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

The Solution

- ✓ Cost-effective coating technique
- ✓ Applicable on any type of geometry
- ✓ Very high efficacy (*in vitro / in vivo*)
- ✓ Very good biocompatibility (*in vitro / in vivo*)
- ✓ Unchanged mechanical properties

The Technology

- ✓ Platform technology with broad application
- ✓ In-house developed technology
- ✓ IP protected technology
- ✓ Cost-effective coating technique
- ✓ Very short process time
- ✓ Low level of investment
- ✓ Easily up-scalable
- ✓ Prevention of bacterial colonization / biofilm formation

ANTIBACTERIAL COATING
by aap

Global Trauma Market

Key dynamics, trends and valuation

Development Global Market

- Trauma is fastest growing segment in Orthopedics
  - Orthopedics: total: $6 billion revenue, 3% growth
  - Relevant Trauma segment: $3 billion revenue, 6-7% growth
- Emerging markets are the future major market players
- Industry consolidations will continue to reshape the trauma devices competitive landscape
- Mostly non-elective, hence, less price sensitive than other segments

Technologies

- Innovation and differentiation remain key-factors for growth
- Growth driving: locking-plates, Minimal Invasive Surgery (MIS), small bone initiatives, nails
- Hybrid technologies: Implants with bio-active surfaces to address infection care (e.g. silver coating)
- Biodegradable implants to bolster growth in trauma fixation

Date	Buyer	Target firm	EV/ Sales	Transaction
2014	Stryker	Small Bone Innovations	**5.94**	M&A
2014	Wright Medical	OrthoPro	**5.50**	M&A
2014	Wright Medical	Solana Surgical	**5.50**	M&A
2013	Wright Medical	Biotech International	**5.33**	M&A
2013	LDR Holding		**2.97**	IPO
2013	Wright Medical	WG Healtcare	**n.a.**	M&A
2012	Globus Medical		**2.60**	IPO
2012	Tornier	OrthoHelix	**5.78**	M&A
2011	Tornier		**3.38**	IPO
2011	Stryker	Memometal	**5.40**	M&A
2010	China Kanghui		**5.55**	IPO
		Mean	**4.80**	

Current valuation* *aap*: 1.9x - 2.0x

*above mentioned companies are pure Trauma/extremities companies; *aap* is still a mixed company

Source: Warburg Research

aap – 2015 and beyond

DIFFERENTIATION	GROWTH	VALUE CREATION
aap with a unique position and opportunity for future growth	*aap* with multiple drivers for delivering profitable growth	*aap* with a sound strategy to create value
Focused on most attractive, higher growth segments of the orthopedics market	Continuous new product launches	Profitable growth 2-3 times faster than the market
Strong IP for all key platform technologies	International expansion	Attractive valuation as pure & fast-growing trauma player with strong IP
Comprehensive product offering	Growth catalyst anti-bacterial silver coating	Hidden reserve due to broad application of silver coating outside trauma and ortho
Technologies address unmet needs of the industry	Acquisition fuelled growth	

aap's Aspiration and Imperatives

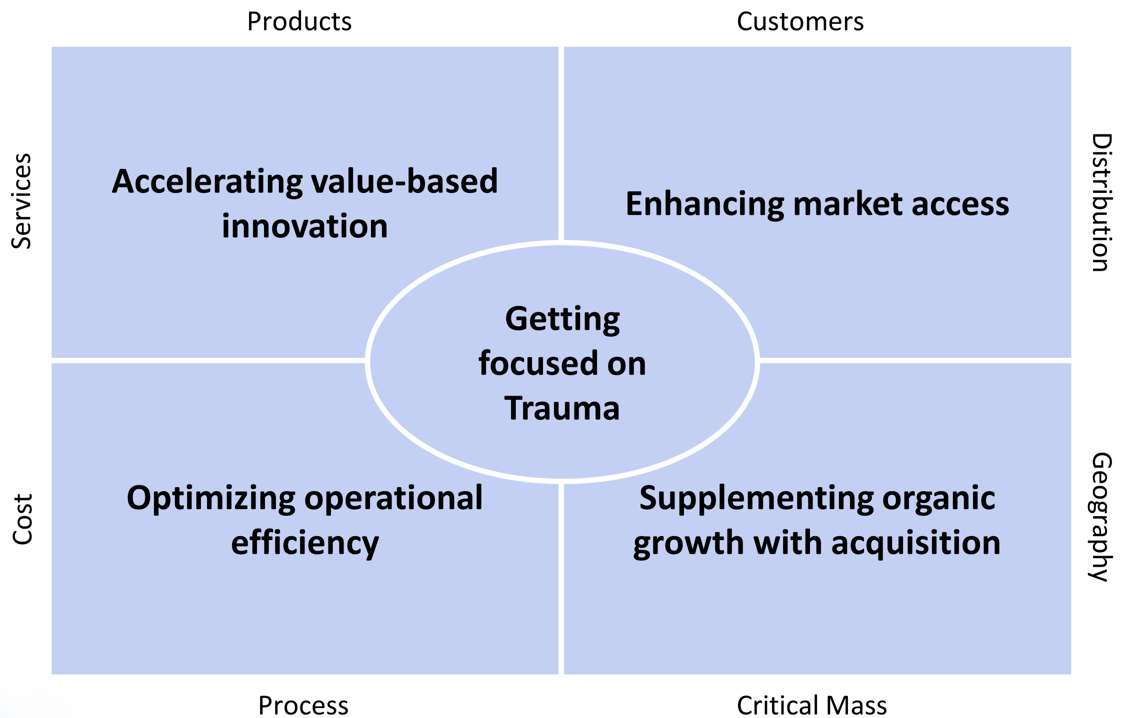
MISSION

Making trauma treatment better and cost-effective

VISION

Become a leading European trauma company

STRATEGIC IMPERATIVES



Management Agenda 2015

Products

Customers

Services

Distribution

Accelerating Value-based Innovation

- LOQTEQ® portfolio expansion targeting indication coverage >90%
- Silver technology: Submission for CE approval in H2/2015
- Freshness index of minimum 20%

Enhancing Market Access

- Trauma sales growth: 20% to 25% (2-3x faster than the trauma market)
- Setting a footprint in the US market
- Achieving full presence in BRICS and SMIT countries

Getting focussed on Trauma

- Ongoing evaluation of strategic options for *aap* Biomaterials GmbH

Optimizing Operational Efficiency

- Substantial reduction of manufacturing costs and significant extension of delivery capability
- Shortening time to market (launch minimum 3 systems per year)
- Improvements in ERP functionalities to comply with growth pace

Supplementing Organic Growth with Acquisition

- M&A rationales: complementary portfolio, geographical expansion and cost synergies

Cost

Geography

Process

Critical Mass

Highlights FY/2014 and H1/2015

Strategic Imperatives

Products | Customers | Services | Distribution | Cost | Geography | Process | Critical Mass

Accelerating Value-based Innovation

- LOQTEQ®: Continuous portfolio expansion; European & US patents obtained
- Silver coating technology: European & US patents obtained; CE approval relevant animal studies running on schedule
- Magnesium technology: Two European key patents obtained

Enhancing Market Access

- Continuous Trauma and LOQTEQ® sales growth
- USA: Conclusion of eight LOQTEQ® distribution contracts with non-stocking distributors; subsidiary installed; contract signed with logistics service provider
- Conclusion of supply contract for PMMA bone cement

Getting focussed on Trauma

- Divestiture of biomaterials business on hold but still an option
- Disposal of remaining 50% in Dental JV

Optimizing Operational Efficiency

- Substantial increase of plates & screws production output
- Production cost optimization measures on track with visible effects
- Increased product development speed (introduction of three LOQTEQ® systems in 2014)

Supplementing Organic Growth with Acquisition

- Continuous market screening with M&A rationales: complementary portfolio, geographical expansion, cost synergies
- High acquisition multipliers in recent transactions, difficult to find attractive targets at reasonable prices

Highlights H1/2015 – Financial Figures
(in EUR million)

	H1/2015*	H1/2014	Change
Sales	13.6	14.2	-4%
Trauma	5.6	5.1	11%
of which LOQTEQ®	*3.7*	*2.9*	*27%*
Biomaterials	7.6	8.4	-9%
Projects	0.2	0.2	10%
Other	0.2	0.5	-72%

	H1/2015*	H1/2014	Change
EBITDA	-0.6	1.6	< -100%
of which projects	*0.2*	*0.0*	*> +100%*
of which one-off effects	*-0.6*	*1.2*	*< -100%*
EBITDA normalised**	-0.2	0.4	< -100%
EBIT	-1.9	0.5	< -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

	06/30/2015	12/31/2014	Change
Total Assets	60.2	57.9	4%
Intangible Assets	15.5	15.2	2%
Intangible Assets ratio	26%	26%	-
Equity ratio	72%	79%	-
Net cash	2.8	7.7	-64%
DCR rolling (last four quarters)	255.5	2.0	> +100%
ICR rolling (last four quarters)	0.2	16.8	-99%

Highlights FY/2014 – Financial Figures
(in EUR million)

	FY/2014*	FY/2013	Change
Sales	30.6	28.6	7%
Trauma	12.2	9.6	27%
of which LOQTEQ®	*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
EBITDA	2.3	5.1	-55%
of which projects	*0.8*	*4.4*	*-82%*
of which one-off effects	*0.1*	*0.3*	*-67%*
EBITDA normalised**	1.4	0.4	> +100%
EBIT	-0.1	0.8	< -100%

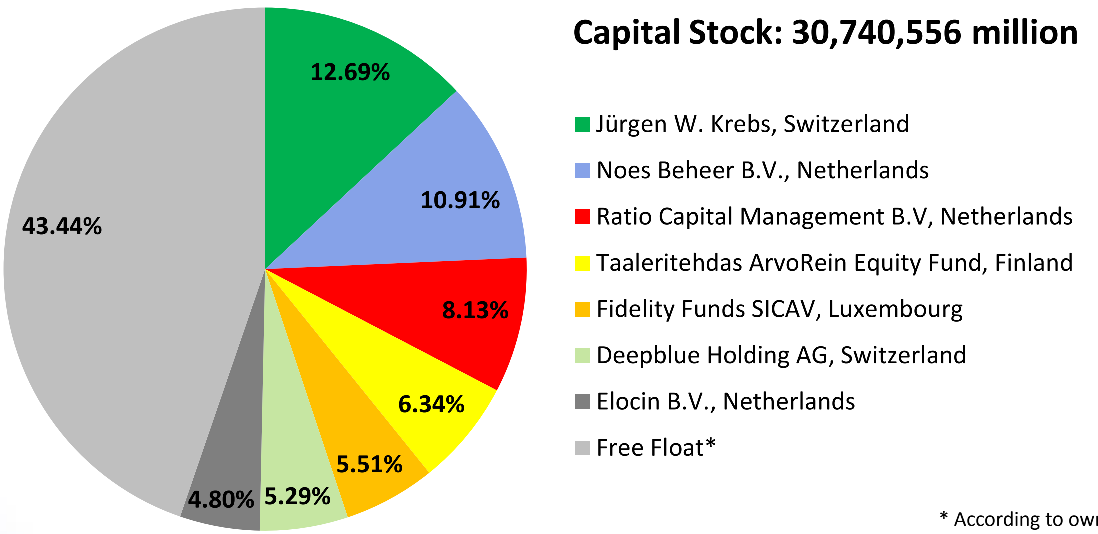
*Figures relate solely to continued operations, with previous year's figures adjusted accordingly

**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%

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 increased to approx. EUR 71 million** (2012: EUR 41 million)



* According to own calculations

** As of 08/17/2015

Financial Outlook 2015

- **Sales**: EUR 33 million – EUR 35 million (+8% to +14%; FY/2014: EUR 30.6 million)
  - **Trauma**: EUR 14.8 million – EUR 15.4 million (+20% to +25%; FY/2014: EUR 12.2 million)
  - **Biomaterials**: 10% growth
- **EBITDA**: EUR 2.5 million – EUR 3.5 million (+9% to +52%; FY/2014: EUR 2.3 million)

Notes

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