



***aap* Implantate AG**

Corporate Presentation German Equity Forum 2017



**Making Trauma Treatment
Better and Cost-Effective**

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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 at a Glance

Pure player in trauma

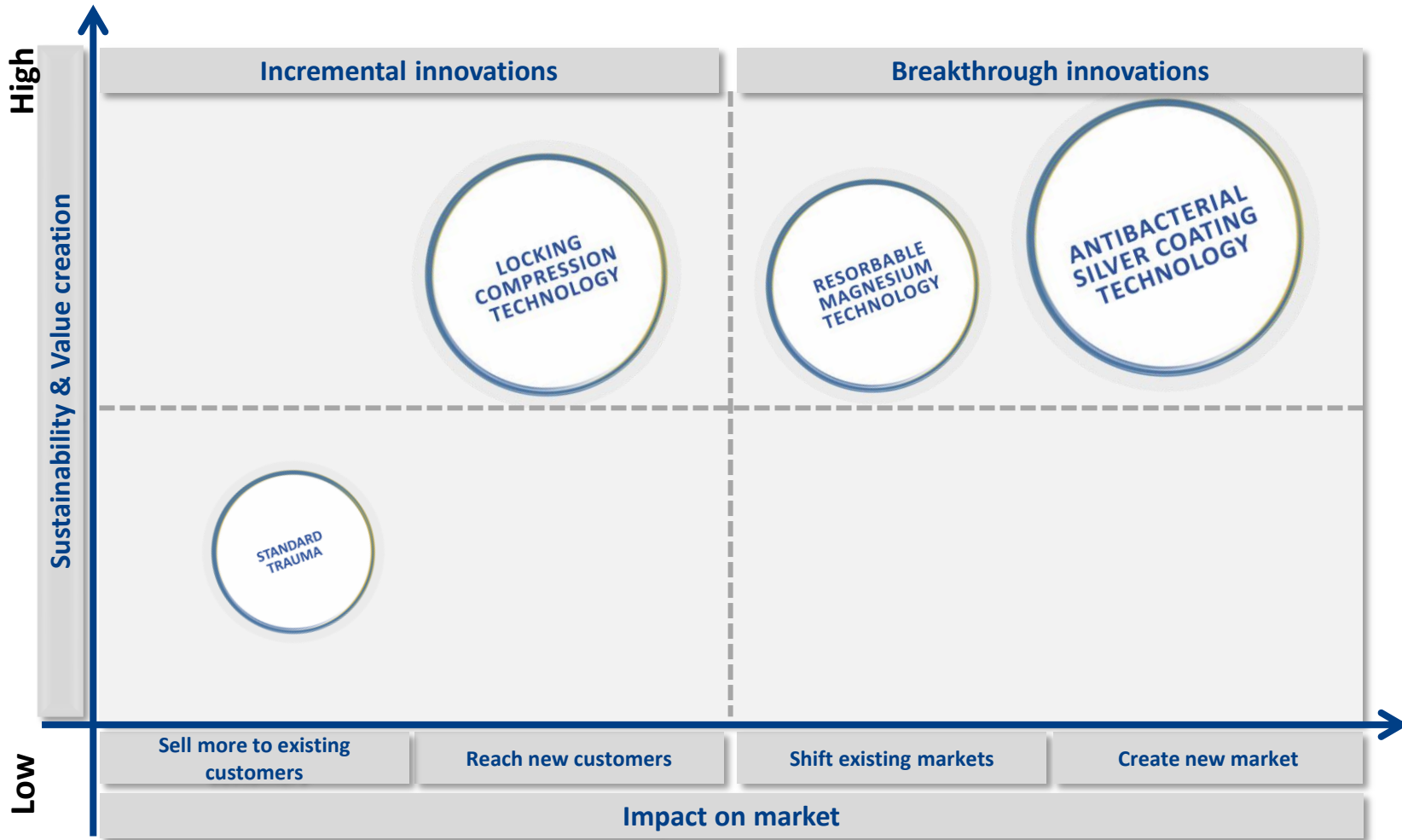
Orthopedic company focused on trauma addressing unmet needs in trauma surgery:

- **Simplify explantation by avoiding cold-welding**
- **Reduce surgical site infections (SSI) caused by implants**
- **Avoid second operations by using resorbable metal implants**

- Transformed to pure trauma player through strategic divestitures
- German based, internationally operating
- Sales 2017e: EUR 10 -13m
- Listed in Frankfurt, Germany, Prime Standard (XETRA: AAQ)

Our Balanced Portfolio of Innovations

Addressing unmet needs and challenges



 Our source of value creation: Incremental and breakthrough innovations

Platform Technology – LOQTEQ®

Unmet need / challenge:

Simplify explantation by avoiding cold-welding

IP-protected

Our response:

LOQTEQ® Locking compression technology by aap

- Angular stable compression in one step
- Strong clinical evidence of no cold-welding
- Comprehensive plates and screws portfolio covering more than 95% of indications in mainstream trauma
- Addressing the fastest growing trauma segments: mainstream trauma, lower and upper extremities

*Products already successfully launched | Protected by international patents |
Cleared for CE, FDA, CFDA, Anvisa etc.*



Locking Compression Technology by aap

Key Developments Sales 9M/2017

Positive market resonance to our trauma portfolio

➤ North America

- 96% y-o-y sales growth with distributors and remains main growth driver
- Distribution agreement with global partners signed

➤ Germany

- Growing business with group clinics and purchasing groups (Helios, Asklepios etc.)

➤ International (ex-USA)

- 56% y-o-y sales growth in total showing stabilization in emerging markets
- China and Brazil back on track

Surgical Site Infections (SSI)

Outlining the market potential for *aap*'s silver coating technology

- SSI are burdening global economies enormously
- “SSI is the most frequent type of health care associated infections (HAI) in low- and middle-income countries affecting up to 1/3 of patients who have undergone a surgical procedure - it remains the 2nd frequent type of HAI in Europe and the USA” (WHO¹)
- **Europe:** Economic costs of SSI between **EUR 1.47 – 19.1 billion** – it costs **3 times as much** to treat an infected patient²
- **USA:** SSI cases were associated with **406,730 extra hospital days** and hospital costs **exceeding US\$ 900 million**³

 ***aap* is extensively working on the response to this unmet challenge!**

¹Source: WHO's Global Guidelines For The Prevention Of Surgical Site Infection, 2016.

²Source: WHO's Global Guidelines For The Prevention Of Surgical Site Infection, 2016; study used the 2005 hospital stay data from the US Nationwide Inpatient Sample, which represents 1,054 hospitals from 37 states.

³Source: WHO's Global Guidelines For The Prevention Of Surgical Site Infection, 2016; study published in 2004 reviewed data from 84 studies.

Platform Technology – Silver Coating

Unmet need / challenge:

Reduce surgical site infections (SSI) caused by implants

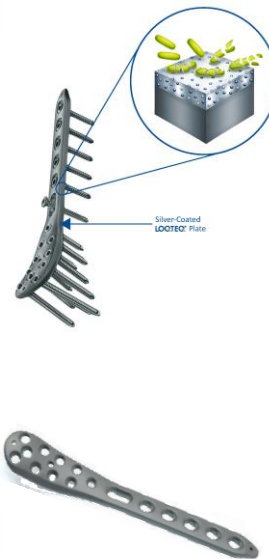
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Our response:

Antibacterial silver coating by aap

- Stable coating with high antibacterial efficacy and biocompatibility
- Cost-effective coating technology
- Platform technology with wide potential applications (cardiology, medical instruments etc.)
- Clinical study in preparation

Technology and products under development | Protected by international patents | CE and FDA approval in process



Platform Technology – Magnesium Implants

Unmet need / challenge:

Avoid second operations by using resorbable metal implants

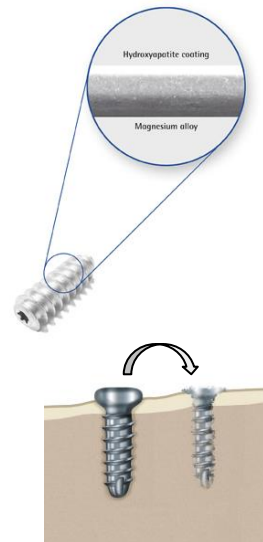
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Our response:

Coated Resorbable Magnesium Implant Technology by *aap*

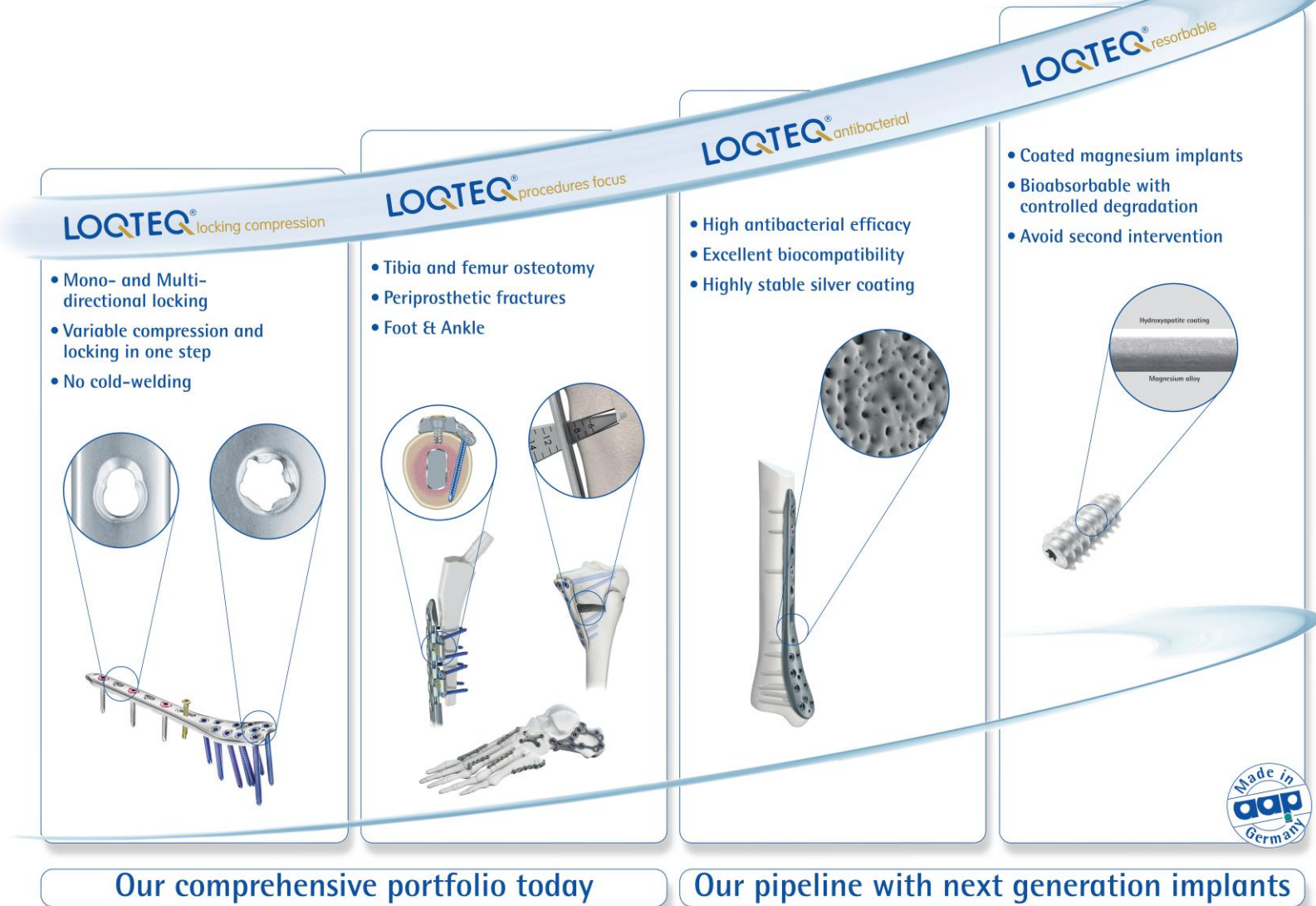
- Good biomechanical properties combined with a moderate and controllable resorption rate
- Cost-effective coating technology
- Platform technology with wide potential applications (CMF, sports medicine, pediatric etc.)

*Technology and products under development
/ Protected by international patents*



LOQTEQ® – Roadmap

Addressing unmet needs in trauma through innovations



aap – Sum of the Parts

Strategic framework of the hidden value

Sum of the parts strongly indicates substantial upside for value creation

Current Market Cap
ca. EUR 50m

- Potential to be first mover in trauma application
- Wide range of potential applications outside trauma
- Increasing interest by global companies to partner, license or acquire
- Valuation: Assessment by reputable consultancy firm on licensing opportunities shows huge value potential

ANTIBACTERIAL
SILVER COATING
TECHNOLOGY

RESORBABLE
MAGNESIUM
TECHNOLOGY

LOCKING
COMPRESSION
TECHNOLOGY

- Increasing LOQTEQ® brand awareness
- Dynamic sales growth in key markets
- Increasing number of distribution partnerships with global orthopedic companies
- Sales in 2017e > EUR 10m
- Valuation: Median EV/Sales of 3-6 in recent global transactions of pure trauma companies

Strong Balance Sheet

- 84% equity ratio
- Cash position ca. EUR 20m*

*In the consolidated balance sheet of 09/30/2017 EUR 14.9 million is stated as cash and cash equivalents, while cash with banks totalling EUR 4.2 million is shown under current and non-current other financial assets as it was pledged to secure financial liabilities respectively cash payments were made to secure bank guarantees granted to third parties.

aap's Equity Story – Pure Player in Trauma

Why invest in *aap*?

Making Trauma Treatment Better and Cost-Effective

- Innovative IP-protected products and platform technologies addressing unmet needs and challenges in trauma
 - **LOQTEQ®**: Addressing the fastest growing trauma segments
 - **Silver Coating**: Addressing surgical site infections burdening global economies with billions of US\$/year¹
 - **Magnesium Implants**: Addressing the need for second surgery, complications and avoiding overall costs
- Products and platform technologies attractive for global partners
- Accelerated and profitable multiple growth opportunities
- Well funded for further growth

¹For more details please see Slide 7.



Many thanks for your attention!



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Appendix



Financial Figures 9M/2017 (1/2)

(in KEUR)

| Sales | 9M/2017 | 9M/2016 | Change |
|---|--------------|--------------|------------|
| Sales (reported) | 8,033 | 8,820 | -9% |
| less Q2/2016 initial sales revoked in Q4/2016 | 0 | 756 | - |
| Sales (like-for-like) | 8,033 | 8,064 | N/C |
| Trauma | 7,785 | 6,860 | +13% |
| <i>North America</i> | 2,414 | 1,959 | +23% |
| <i>DACH</i> | 2,036 | 1,888 | +8% |
| <i>Europe w/o DACH</i> | 882 | 1,444 | -39% |
| <i>RoW</i> | 2,453 | 1,569 | +56% |
| Other (mainly discontinued activities) | 248 | 1,204 | -79% |

| EBITDA | 9M/2017 | 9M/2016 | Change |
|-------------------------|---------------|---------------|-------------|
| EBITDA | -4,874 | -5,325 | +8% |
| One-time effects | 1,191* | 298** | >+100% |
| Recurring EBITDA | -3,683 | -5,027 | +27% |

*Includes risk provision for voluntary product recalls, costs of "Quality First" project, costs of evaluating strategic options, costs of share buyback program, costs for personnel measures and recertification costs in connection with the disposal of *aap* Joints GmbH.

**Includes Q2/2016 initial sales revoked in Q4/2016, costs for personnel measures, costs of early termination of long-term license agreement and recertification costs in connection with the disposal of *aap* Joints GmbH.

Financial Figures 9M/2017 (2/2)

(in EUR million)

| Capital Structure | 30/09/2017 | 31/12/2016 | Change |
|-------------------|------------|------------|--------|
| Total Assets | 52.7 | 63.9 | -17% |
| Equity Ratio | 84% | 86% | |

| Cash Flow and investments | 9M/2017 | 9M/2016 | Change |
|----------------------------|---------|---------|--------|
| Operative cash flow | -4.4 | -5.0 | +12% |
| Total investing activities | -1.4 | -2.0 | +29% |

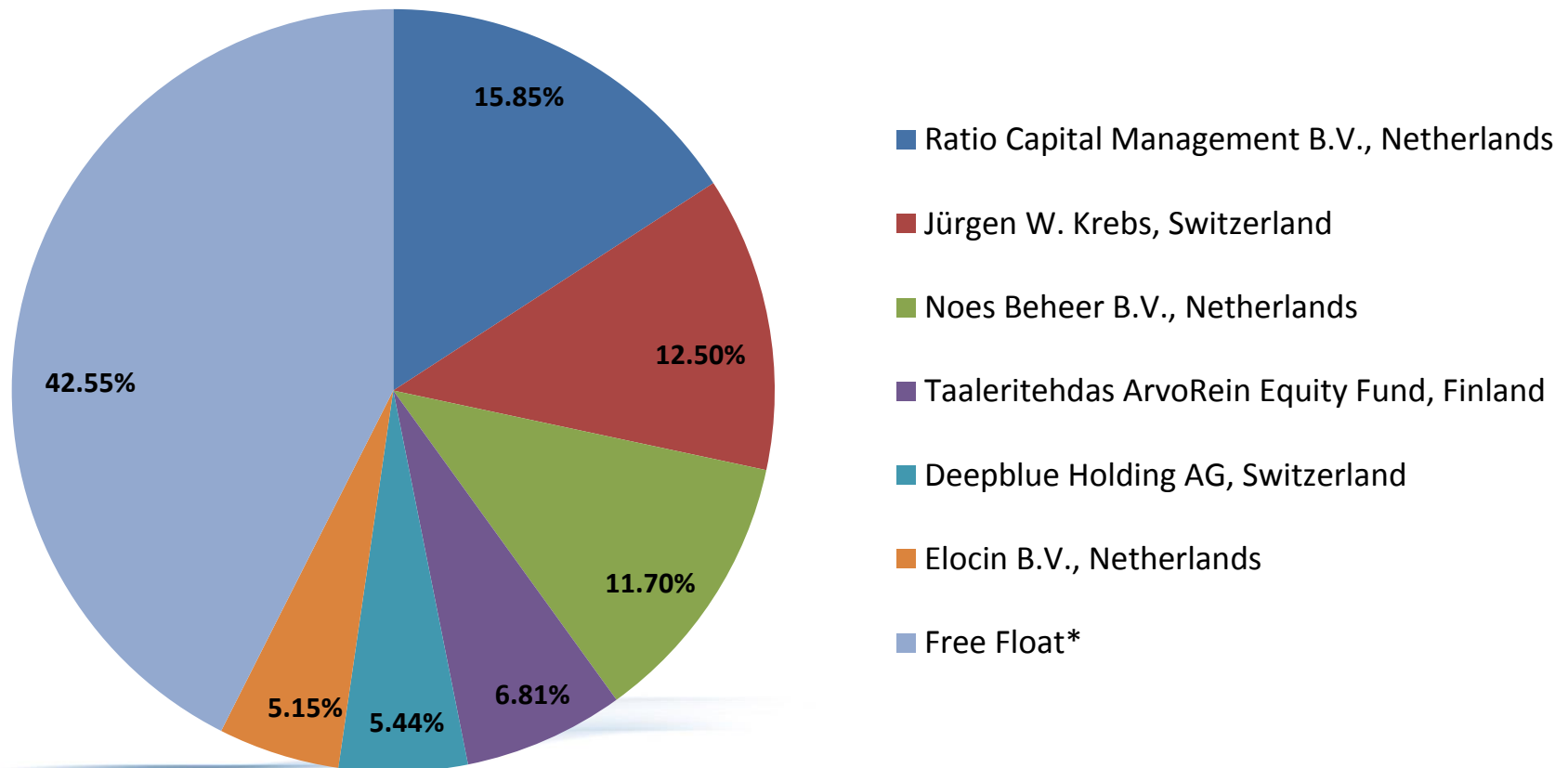
| Cash Structure | 30/09/2017 | 31/12/2016 | Change |
|--|------------|------------|--------|
| Financial Liabilities (Interest bearing) | 1.8 | 2.8 | -36% |
| Net Cash (per B/S) | 14.3 | 23.0 | -38% |
| Cash holdings | 19.1* | 28.9 | -34% |

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Shareholder Structure

(As of 29/11/2017, shareholdings in *aap* $\geq 3\%$)

- High degree of stability with a base of long-term oriented investors
- Market Cap of approx. EUR 50 million



Notes

Notes



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