



German Equity Forum 2013

aap Implantate AG

Biense Visser, CEO
Marek Hahn, CFO

November 11, 2013



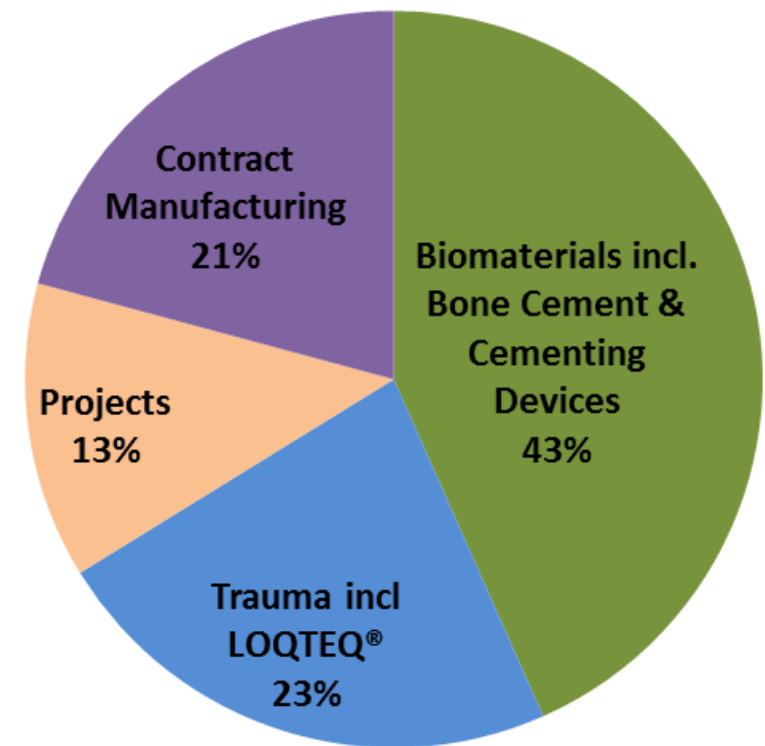
Safe Harbor Statement

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

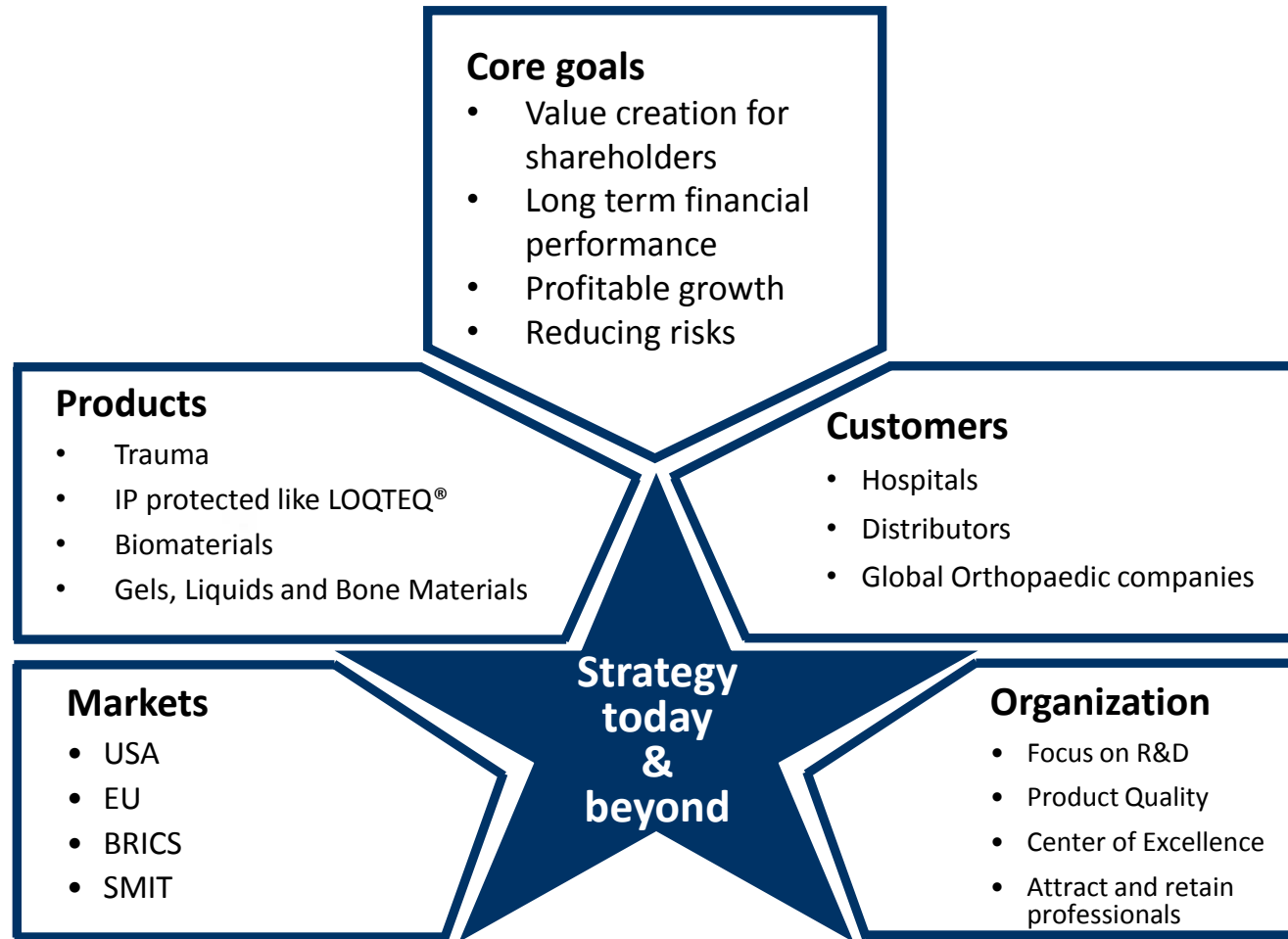
- German based international MedTech company
- Strategy: Profitable growth with IP-protected products under own label
- Focus on Trauma and Biomaterials
- Quotation in Germany
 - WKN: 506660, Prime Standard, public since 1999
 - Market Cap: approx. €46.7 million (as of 10/2013)
 - Average Volume/day: 19k (pieces)
- 288 employees (as of 30/09/2013)
- Sites in Germany (Berlin and Dieburg) and The Netherlands (Nijmegen)

Sales 9m/2013 €28.4 million (+3%)



EBITDA 9m/2013 €5.3 million (+11%)

aap's Strategy



The Transformation Process

- Strategic focus and efficiency development -

Strategy point of view: Focus on 2 core businesses				
	2010	2011	2012	2013
Recon	+	+	+	
Contract Manufacturing	+	+	+	(+)
Biomaterials	+	+	+	+
Trauma	+	+	+	+

aap Joints GmbH (33% Joint Venture for Recon business)

- Sales for quarter according to plan
- Initiation of registration for C~ment and Recon products in China and India
- Initiation of outsourcing parts of production (instruments)

The Transformation Process

- Development of financial figures -

Profit & Loss				
in € million	2010	2011	2012	2013e
Sales	28.4	29.2	36.4	40.0
EBITDA	3.4	4.1	6.1	7.0
Cash-EBT¹	-2.1	-1.2	2.1	3.2
R&D costs ratio	14%	12%	8%	8%
Freshness-Index*	13%	13%	15%	>20%

- ¹ Cash-EBT: EBT excluding capitalized development work and depreciation thereof
- * The Freshness Index is the percentage share of product sales achieved by products newly approved in the United States and Europe in the past three years.

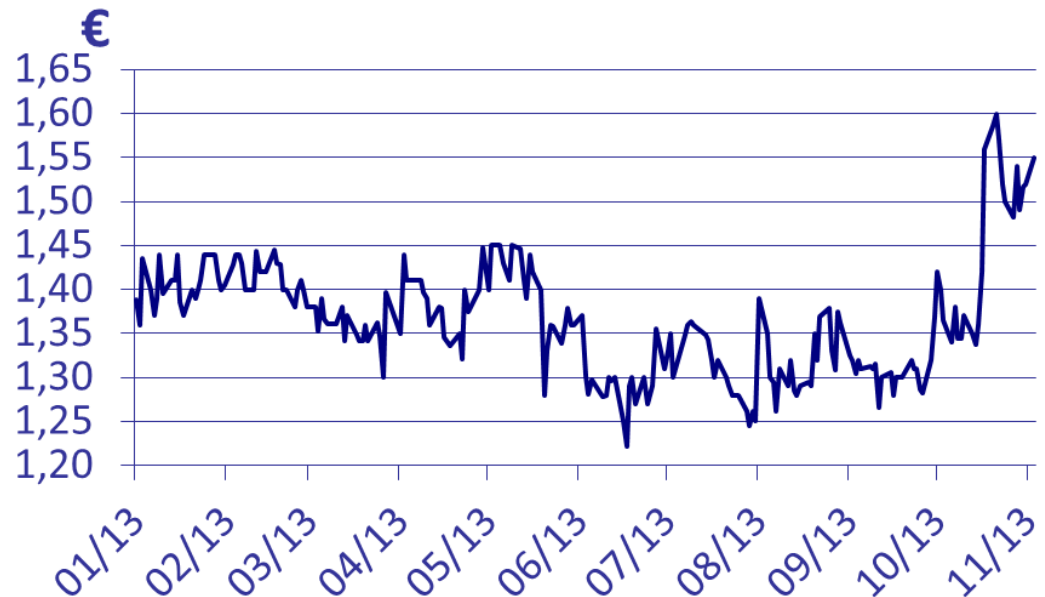
Balance Sheet				
in € million	12/2010	12/2011	12/2012	09/2013
Total Assets	63.6	66.2	68.6	69.5
Intangible Assets	37.0	38.2	39.4	35.9
Intangible Assets ratio	58%	58%	57%	52%
Equity ratio	70%	73%	74%	77%
Net debt (interest bearing)	9.3	6.9	4.3	3.0
DCR rolling (last 4 quarters)	2.7	1.7	0.8	0.6
ICR rolling (last 4 quarters)	6.1	6.8	11.8	24.9

The Transformation Process

- Value creation development -

Shares*	10/31/2013	2012	Change
Total amount of shares in millions	30.7	30.7	0%
Share price (closing) (€)	1.52	1.34	13%
Market Capitalisation (€ million)	46.7	41.1	14%
Share price (average) (€)	1.37	1.02	34%
Share price (high) 52 weeks (€)	1.67	1.45	15%
Share price (low) 52 weeks (€)	1.15	0.7	64%
Average Volume/day (pieces)	19,273	29,029	-34%

*XETRA closing prices



Trauma Products



LOQTEQ® Anatomical plating system



Autodynamic Plating System



Cannulated Screws



LOQTEQ® Small & Large fragments

Plates, Screws, LOQTEQ®



AcroPlate©



Radius Set 2.5



LOQTEQ® Humerus



Standard Osteosynthesis



Sales (incl. LOQTEQ®) 2013: >€10 million
 Sales (incl. LOQTEQ®) 2014: >€16 million
 Sales (incl. LOQTEQ®) 2015: >€21 million

LOQTEQ® IP-protected Technology

The screw is gliding during tightening...



LOQTEQ[®] Benefits

Health benefits

- Surgeon: With 1 screw in 1 hole, 1 step-locking and compression
- Patient: affordable price, no cold welding, less infection risk, only 1 operation
- Hospital: economic benefits (cost efficient)



Innovation

- 2014: New patented technology to treat periprosthetic fractures
- 2015: Silver-coated implants
- 2016: Magnesium-based resorbable implants

Growth

- Shipments: into 20 countries in 2013 (2012: 15)
- Drivers in 2014 and beyond: more countries, more systems
- 2012: 6 systems approved
- 2013: 12 systems approved
- 2014: extending existing systems and new system

The LOQTEQ[®] Value Capture Concept

- of the \$6.1 billion market, growing 6% per annum -

Better than others

• Innovation & Customer Benefit

- LOQTEQ[®]-technology
- IP based
- Mainstream as well as indication based trauma portfolio
- Economic benefit: premium technology for less price

Different than others

• Positioning & Differentiation

- LOQTEQ[®] as “masstige” product
- One hole-one-step-locking compression
- No/substantially less “cold welding”
- Infection prevention via Silver-coating
- Resorbable Magnesium based implants



• Key resources & core competencies

- In-house R&D, Manufacturing and own distribution network
- Design, approval & manufacturing of Plates & screws (titanium, stainless steel)
- Silver-coated implants
- Magnesium-based resorbable implants

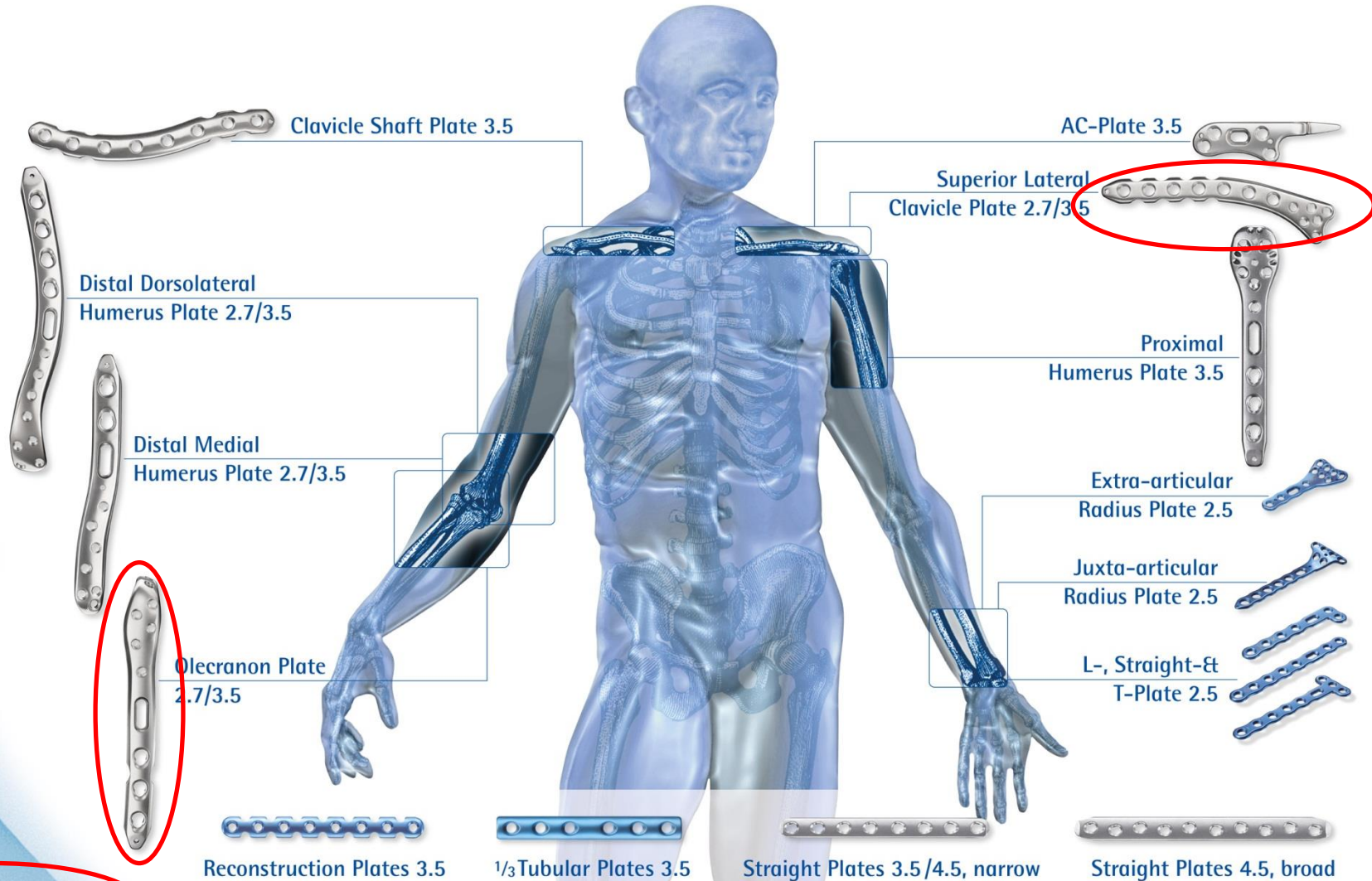
• Operational Excellence

- Gross margin improvement program
- Product lifecycle management
- Supply chain management
- Customer relationship management

More intelligent than others

More efficient than others

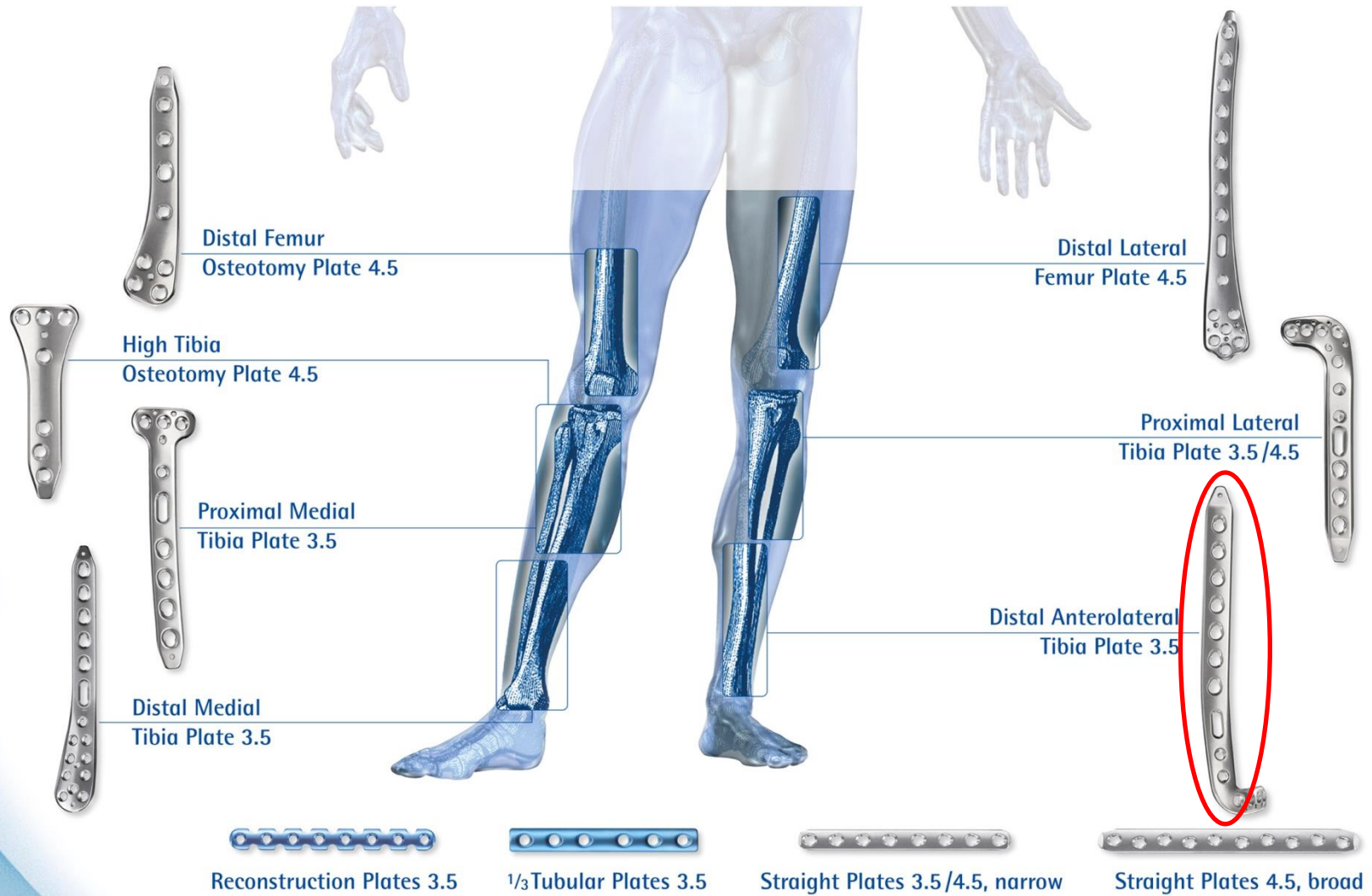
Upper Extremities - Plates 2013



2013

→ LOQTEQ®-portfolio will cover approx. 80% of the most common indications

Lower Extremities - Plates 2013



2013

→ LOQTEQ®-portfolio will cover approx. 80% of the most common indications

Biomaterials



Bone Cements, Mix- and Application systems

Sales driver

PMMA-Bone Cements

Forecast →

Sales 2013 (Products and Projects): >€22.5 million
 Sales 2014 (Products and Projects): >€23.0 million
 Sales 2015 (Products and Projects): >€24.0 million

Global Partnerships

Global Ortho League

2004



2013



Contract Manufacturing

-eCO₂™ | Technology



Osnatal®

Gels, Liquids and Bone Material



C-Plug®



C~ment®



Artosal®

Sales driver

Supercritical carbon dioxide technology

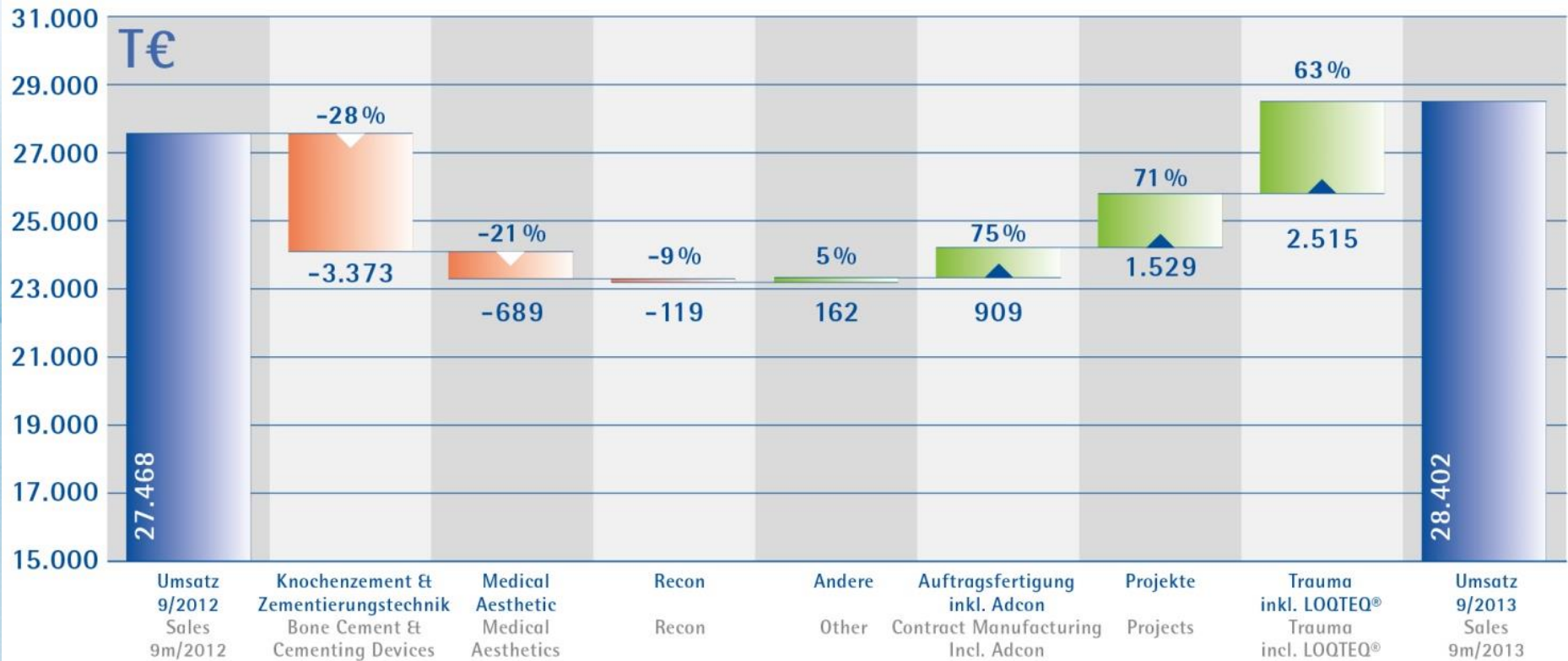
Forecast

Sales 2013: >€6.5 million
 Sales 2014: >€7.0 million
 Sales 2015: >€7.5 million

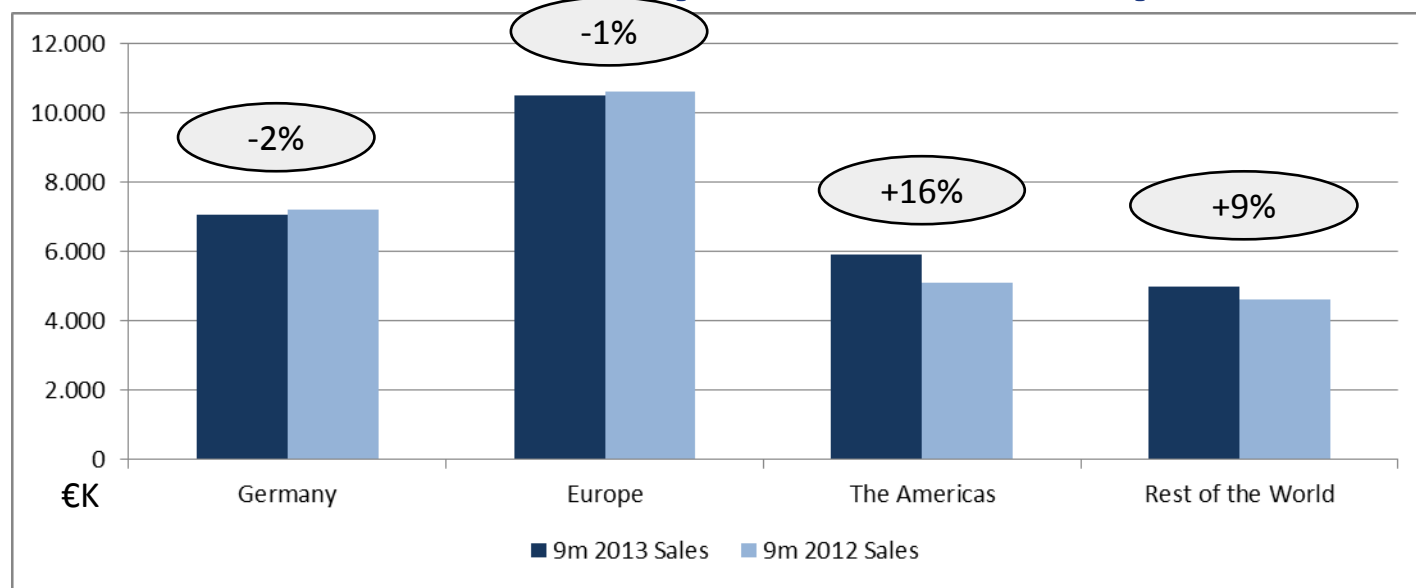
Core-Financial Figures (in € million)

	9m/2012		9m/2013
Sales	27.5	3%	28.4
EBITDA	4.8	11%	5.3
Cash-EBITDA	2.5	53%	3.8
Cash-EBT	0.8	>100%	2.4
	Q3/2012		Q3/2013
Sales	8.6	2%	8.8
EBITDA	1.2	-12%	1.1
Cash-EBITDA	0.4	68%	0.7
Cash-EBT	-0.2	>100%	0.2

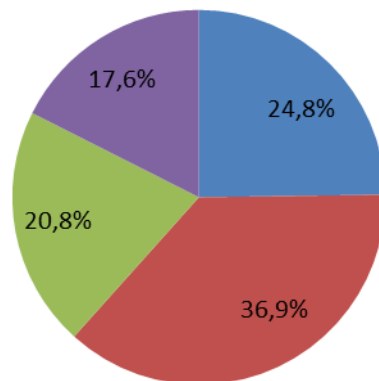
Sales-Bridge 9m/2013 vs. 9m/2012 (in €k)



Sales Distribution 9m/2013 vs. 9m/2012



9m 2013

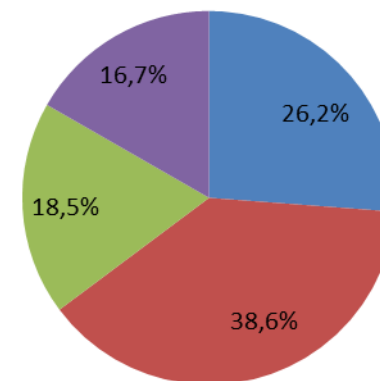


Total sales 9m 2013: 28.402 €K

Share in total sales

- Germany
- Europe
- The Americas
- Rest of the World

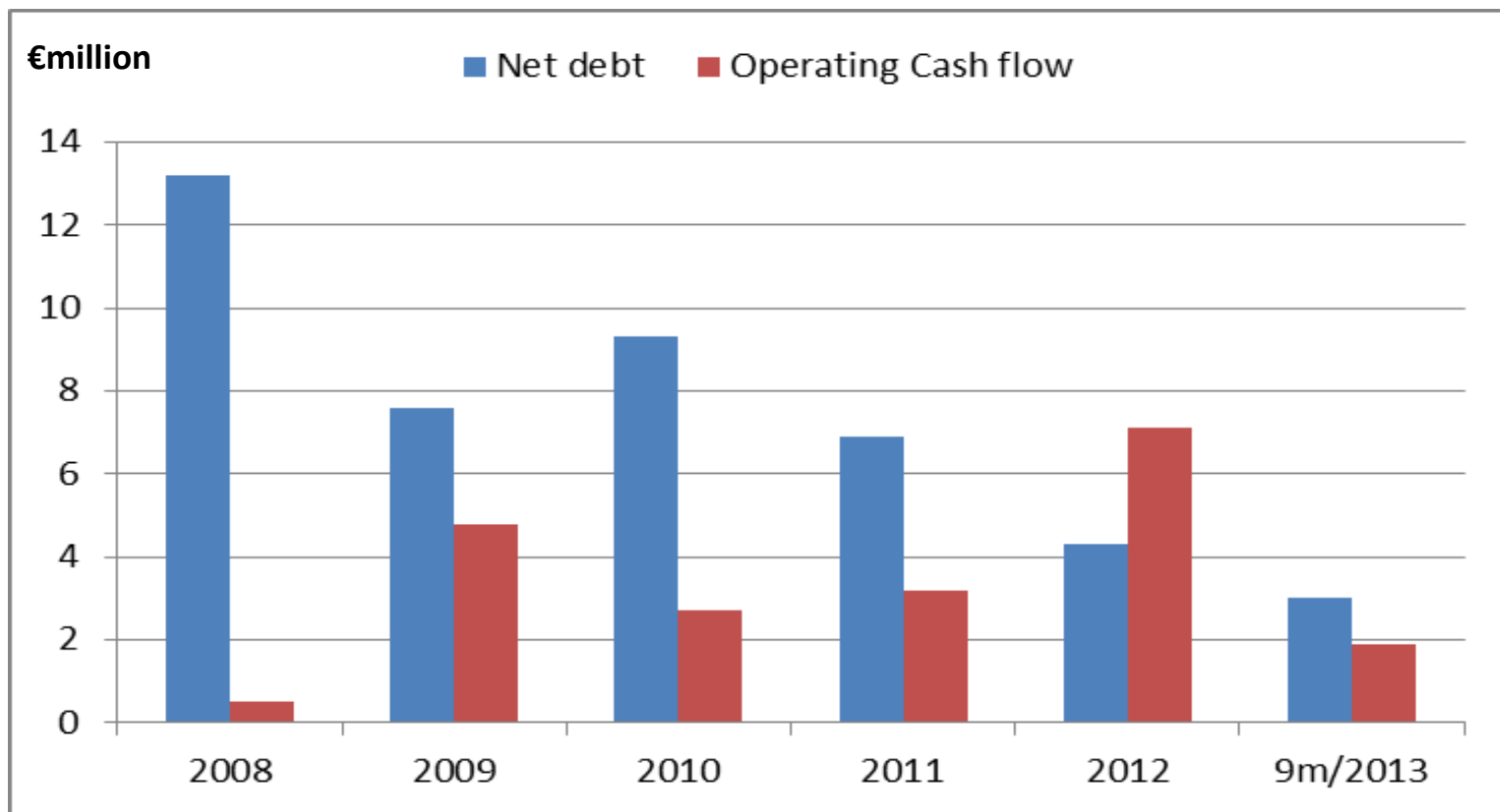
9m 2012



Total sales 9m 2012: 27.468 €K

- Germany
- Europe
- The Americas
- Rest of the World

Net debt / Cash flow ratio



Net debt/CF

26.4x

1.6x

3.4x

2.2x

0.6x

1.6x

Outlook 2013/2014

- **Outlook Q4/2013**

- Sales: between €10.5 million and €11.6 million
- EBITDA: between €1.3 million and €1.7 million

- **Outlook 2013:**

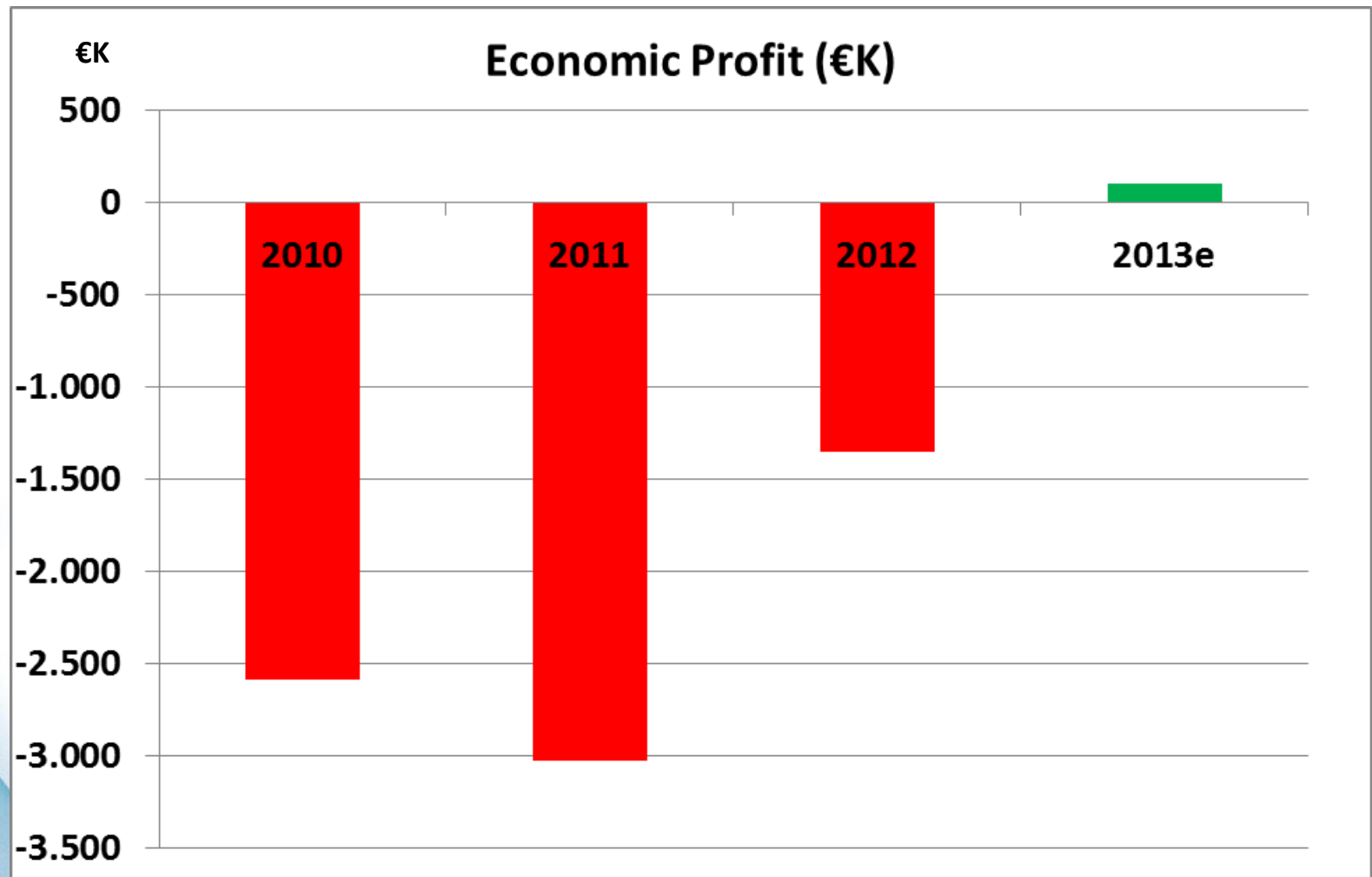
- Confirming total sales: approx. €40 million (+10%)
- EBITDA: approx. €7 million (+15%)

- **Management Agenda 2013:**

- Profitable growth and achievement of positive economic profit
- LOQTEQ® total sales in 2013 of approx. €5.0 million, total Trauma sales: €10 million
- Further license and supply agreements in the bone cement and cementing techniques segment
- Improvement of the Freshness Index to at least 20%
- Improvement of operating working capital ratio to > 2.2 (in relation to sales revenue)
- Launching LOQTEQ®-Product line extensions

- **First Outlook 2014:** 10% sales increase with stronger EBITDA growth of 15%

Outlook 2013 - Positive Economic Profit



Share Development (2Y) compared to “Peers”



Legend: **aap** Implantate AG / **Exactech** / **Orthofix** / **Wright Medical** / **Tornier**

Source: <http://finance.yahoo.com/>

Analyst Opinion

Continued roll-out of the Loqteq trauma plates should help cement aap's position as a specialised medtech player, aided by strategic relationships with physicians and global medtech partnerships. Loqteq's innovative design should drive uptake in a >\$1bn market, owing to increased flexibility for surgeons, potential clinical advantages and cost benefits for payors. We value aap at €3.3/share based on a DCF.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/11	29.2	2.7	0.08	0.0	16.8	N/A
12/12	36.4	4.9	0.14	0.0	9.6	N/A
12/13e	40.1	6.0	0.17	0.0	8.4	N/A
12/14e	44.5	6.7	0.20	0.0	6.7	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments.

Loqteq is the key growth driver

Loqteq is aap's internally developed and recently launched trauma plating system. Loqteq's locking and compression technology improves fracture repair by providing more stable fixation, even in weak bones or multi-fragment fractures. The existing market for locking plate technology is estimated at up to \$1bn in the US alone and is dominated by DePuy Synthes (J&J). Loqteq's innovative design could offer a number of advantages over the nearest competitor, including increased surgeon flexibility and potential clinical advantages upon plate removal. We conservatively forecast peak Loqteq sales of around €40m by 2020.

Analysts:

- Dr Philippa Gardner
- Dr Mick Cooper
- Robin Davison

Source: Research Report 17/10/2013 by

17 October 2013

Price €1.38
Market cap €42m

Net cash (€m) as at end-June 2013	0.6
Shares in issue	30.7m
Free float	34%
Code	AAQ
Primary exchange	Xetra
Secondary exchange	N/A

Share price performance

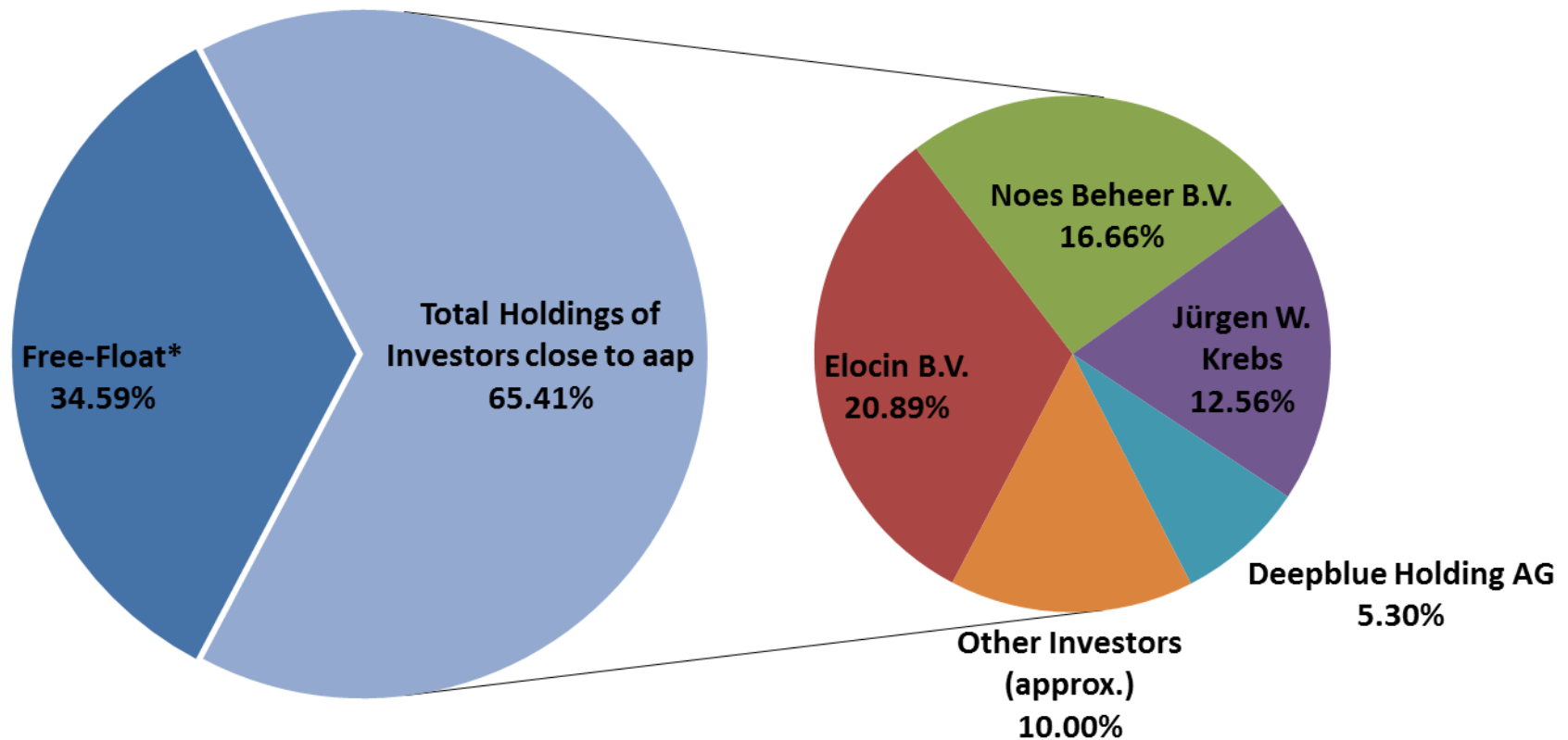


%	1m	3m	12m
Abs	6.1	6.8	7.3
Rel (local)	3.3	(1.0)	(10.5)
52-week high/low		€1.46	€1.17

Stockholder Structure

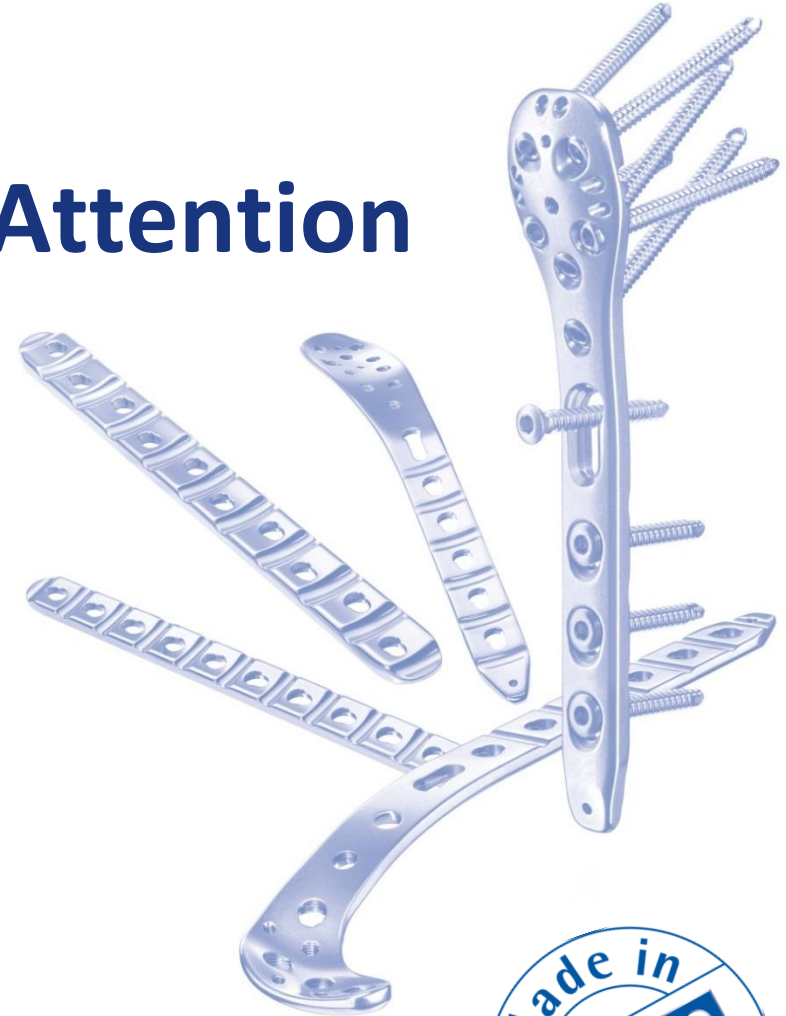
direct and indirect, according to our information

Capital Stock: 30,670,056



* According to own calculation

Thank you for your Attention



Notes

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