



***aap* Implantate AG**

Corporate Presentation Frühjahrskonferenz 2018



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

**Bruke Seyoum Alemu, CEO
Marek Hahn, CFO**

Frankfurt am Main, May 15, 2018

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

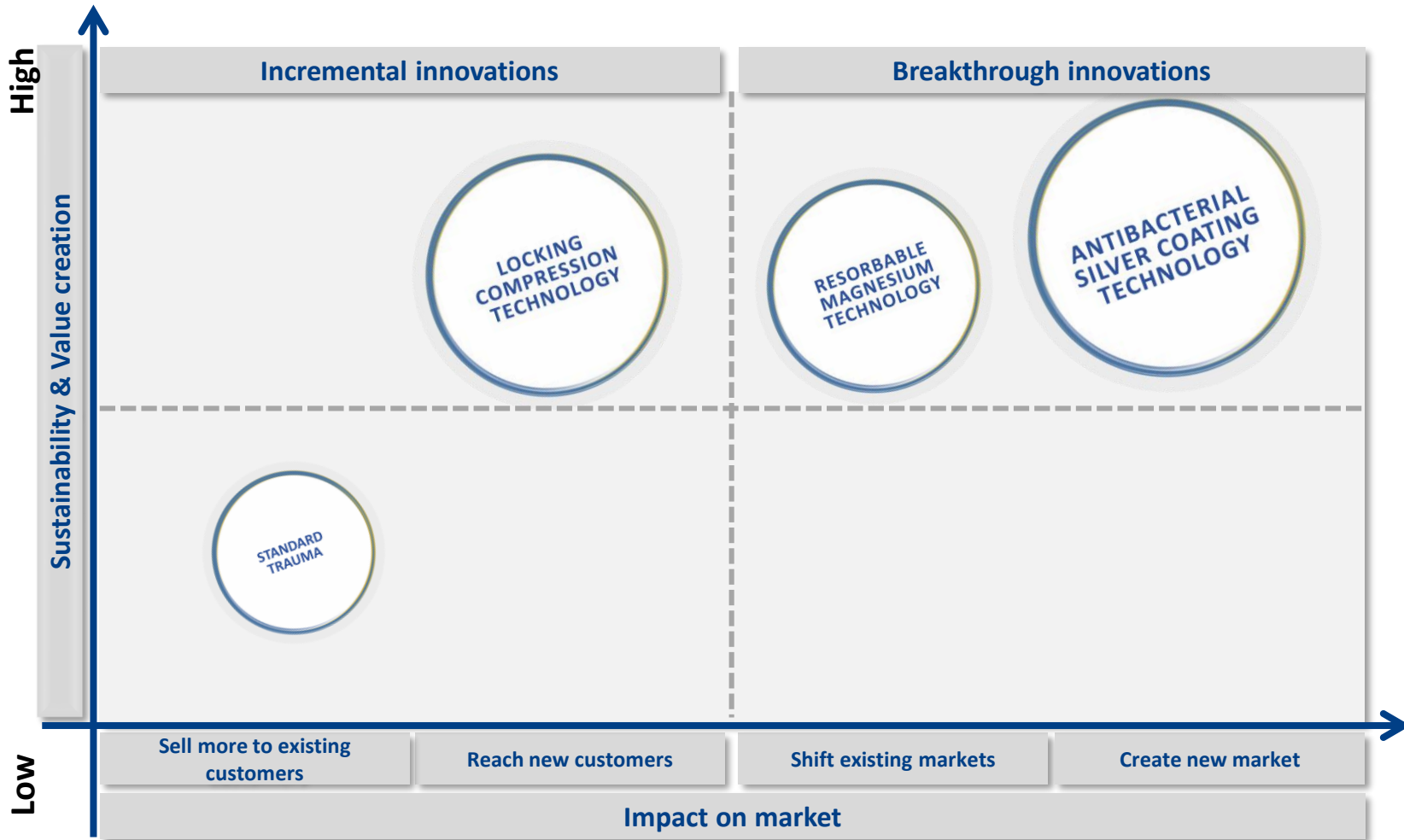
Orthopedic company focused on trauma addressing unmet needs in trauma surgery:

- **Simplify operation techniques for im- and explantation of implants**
- **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 2018e: EUR 13m – EUR 15m (+20% – +40% growth)
- 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 operation techniques for im- and explantation

IP-protected

Our response:

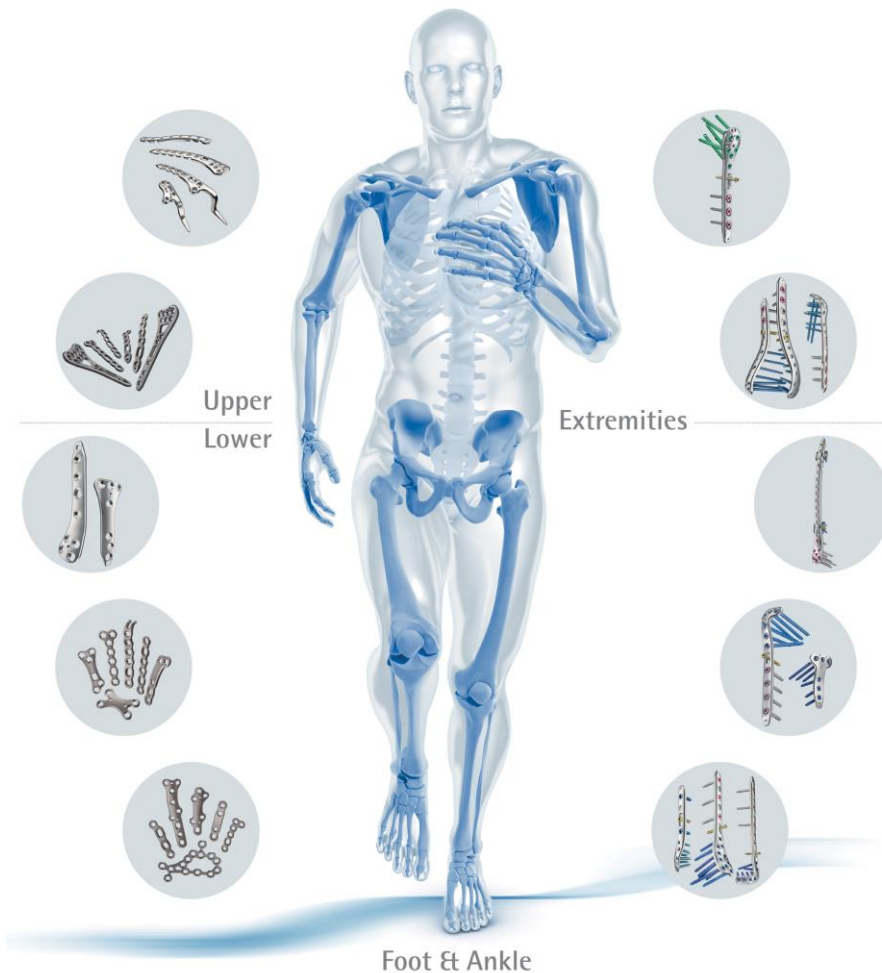
LOQTEQ® Locking compression technology by aap

- Angular stable compression in one step
- Strong clinical evidence of no cold-welding
- Comprehensive plates and screws portfolio covering more than 90% of indications in mainstream trauma
- Addressing the fastest growing trauma segments: mainstream trauma, lower and upper extremities

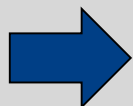


*Products already successfully launched | Protected by international patents |
Cleared for CE, FDA, CFDA, Anvisa etc.*

Platform Technology – LOQTEQ®



- Comprehensive
- Patented
- High Quality
- Clinical & Economical Advantage



Indication Coverage > 90%

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

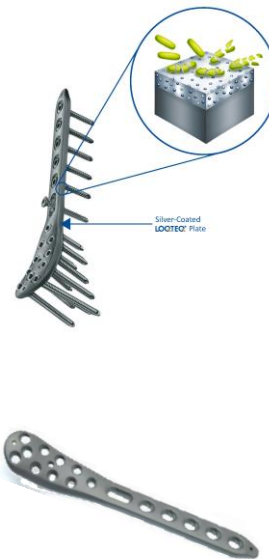
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Our response:

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

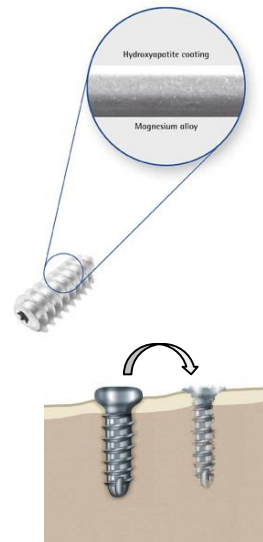
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Our response:

Coated Resorbable Magnesium Implant Technology by aap

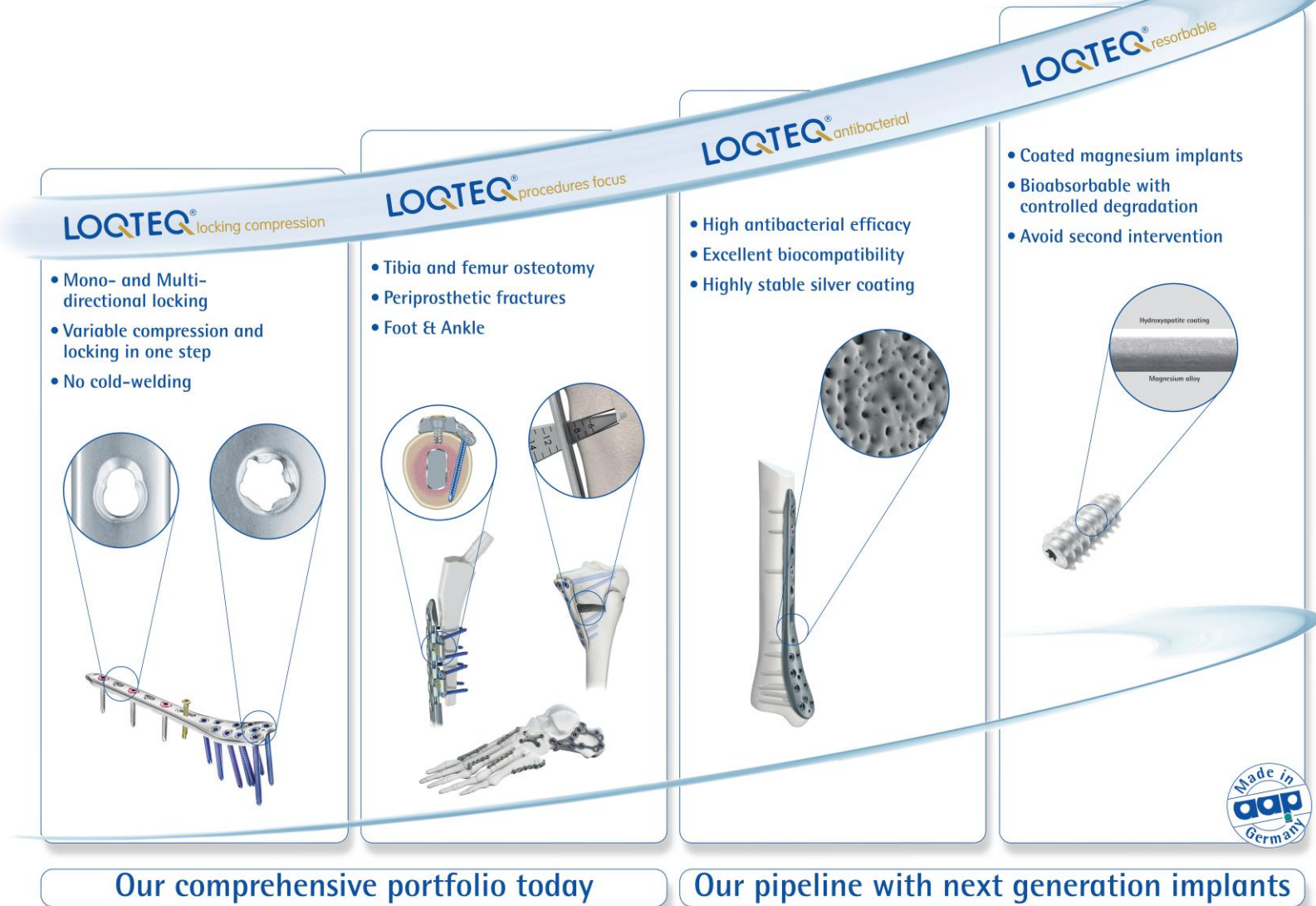
- Good biomechanical properties combined with a moderate and controllable resorption rate
- Cost-effective coating technology
- Platform technology with wide potential applications (CMF, sports medicine, pediatric etc.)

*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

Market Cap
ca. EUR 51m**

- 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 2018e = EUR 13m – EUR 15m
- Valuation: Median EV/Sales of 3-6 in recent global transactions of pure trauma companies

Strong Balance Sheet

- 85% equity ratio
- Cash position ca. EUR 15m*

*In the consolidated balance sheet of 03/31/2018 EUR 11.2 million is stated as cash and cash equivalents, while cash with banks totalling EUR 3.5 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.

**As of 30/04/2018.

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

¹For more details please see Slide 7.



Many thanks for your attention!



aap Implantate AG

Lorenzweg 5 • 12099 Berlin • Germany

www.aap.de

Fabian Franke

Manager Investor Relations

Tel.: +49 30 750 19 – 134

Fax: +49 30 750 19 – 290

E-Mail: ir@aap.de

IR-app:



Appendix

Key results and progress FY/2017

➤ Sales and Earnings

- Trauma sales growth of 20% to EUR 10.6 million (FY/2016: EUR 8.9 million)
- Sales with EUR 10.9 million (+4% vs. FY/2016) in line with guidance
- All major markets contributed to sales growth: North America (+26% in total, distribution business +70%), Germany (+3%) and International (+26%)
- EBITDA improved despite one-time effects to EUR -6.2 million (FY/2016: EUR -7.9 million) and remained within the guidance

➤ Further selected financials

- Significant increase in gross margin (+15 PP) especially due to trauma sales growth in established markets
- Reduction in personnel costs (EUR 1.3 million) due to personnel measures implemented in 2016

➤ Silver coating technology

- *aap* development team reinforced with experienced specialist and management staff from leading global companies
- Preparation of human clinical study with further advancements
- Renowned internationally active CRO selected and several well-known university hospitals in different countries lined up as investigation centers

Financial Figures FY/2017 (1/2)

(in KEUR)

Sales	FY/2017	FY/2016	Change
Trauma	10,648	8,877	+20%
Germany	2,428	2,352	+3%
North America	3,071	2,436	+26%
<i>North America Distributors</i>	2,491	1,464	+70%
<i>North America Global Partners</i>	580	972	-40%
International	5,149	4,089	+26%
Other (mainly discontinued activities)	254	1,609	-84%
Sales	10,902	10,486	+4%

EBITDA	FY/2017	FY/2016	Change
EBITDA	-6,211	-7,888	+21%
One-time effects	1,479*	2,257**	-34%
Recurring EBITDA	-4,732	-5,631	+16%

*Includes costs of Quality First project, expenses for voluntary product recalls, costs for personnel measures, costs of evaluating strategic options, reduction in value on raw materials, costs of share buyback program and recertification costs in connection with the disposal of *aap* Joints GmbH.

** Includes pre-operating costs set-up distribution business North America, marketability discounts non-core products, costs for personnel measures, costs of early termination of license agreement and recertification costs in connection with the disposal of *aap* Joints GmbH.

Financial Figures FY/2017 (2/2)

(in EUR million)

Capital Structure	31/12/2017	31/12/2016	Change
Total Assets	50.5	63.9	-21%
Equity Ratio	84%	86%	

Cash Flow and Investments	FY/2017	FY/2016	Change
Operative cash flow	-5.4	-7.2	+25%
Total investing activities	2.1	2.5	-17%

Cash Structure	31/12/2017	31/12/2016	Change
Financial Liabilities (Interest bearing)	1.4	1.8	-50%
Net Cash (per B/S)	12.7	23.0	-45%
Cash holdings	17.1*	28.9**	-41%

*In the consolidated balance sheet of 12/31/2017 EUR 13.3 million is stated as cash and cash equivalents, while cash with banks totalling EUR 3.8 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.

**In the consolidated balance sheet of 12/31/2016 EUR 23.8 million is stated as cash and cash equivalents, while cash with banks totalling EUR 5.1 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.

Silver Coating Technology – Update*

Substantial progress regarding preparations for human clinical study

- *aap* is in continued intensive preparation of various applications at authorities involved for clinical study; in addition currently intensive work on validation of relevant internal processes, which is a further important prerequisite for beginning of the study
- Scope of the study still subject to approval by the competent authorities
 - Multicentric two arm single blind study with ~200 patients in several countries
 - Duration of approx. 2 years for patient acquisition, implantation and subsequent patient follow-up
(data collection, preparation and evaluation separate and subsequent)

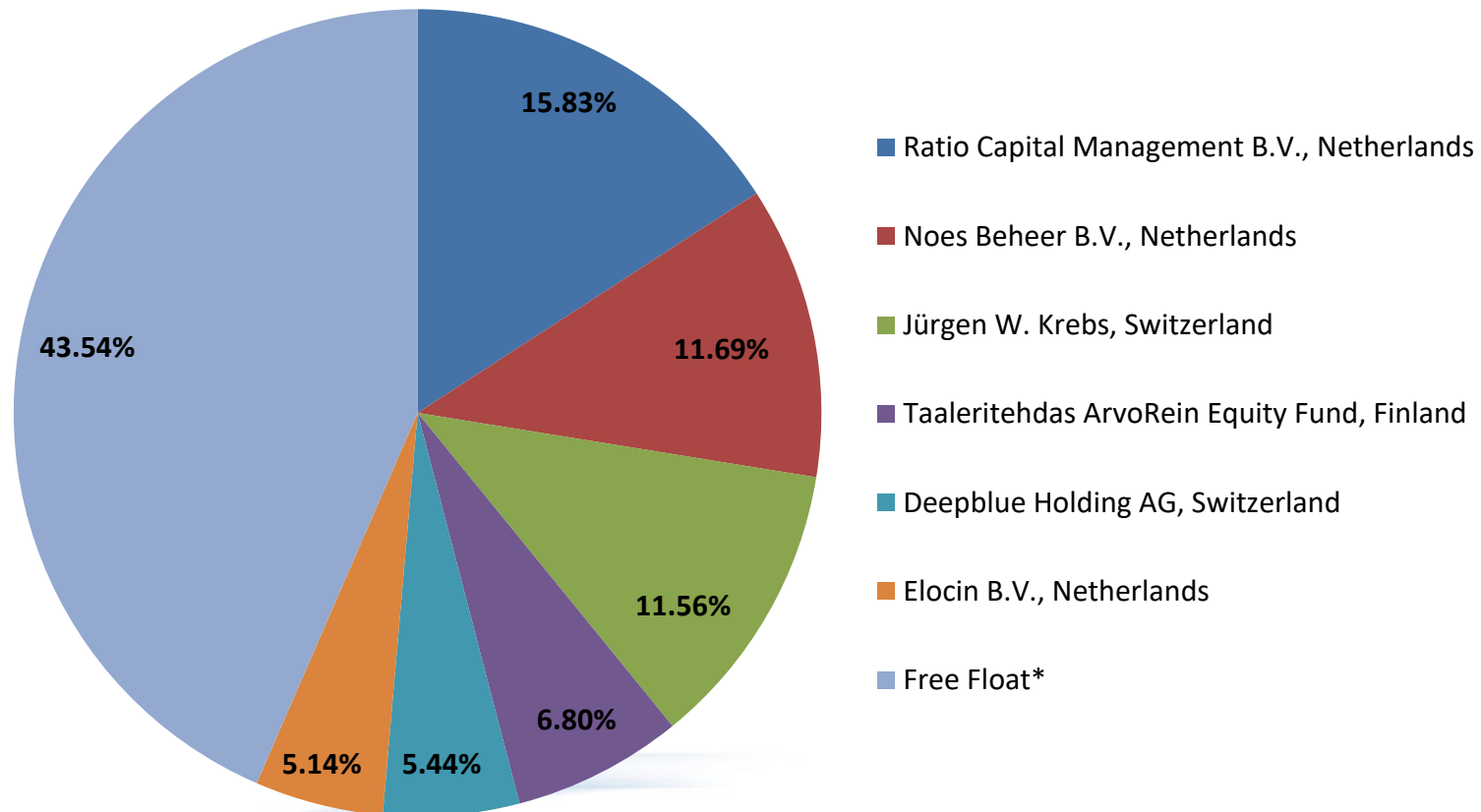


- ***aap* aims to start the human clinical study in the course of FY/2018**
- To be noted: hardly predictable response times of the involved authorities (European notified body, BfArM, FDA and ethics commissions)

Shareholder Structure

(As of 14/05/2018, shareholdings in *aap* $\geq 3\%$)

- High degree of stability with a base of long-term oriented investors
- Market Cap of approx. EUR 51 million*



*As of 30/04/2018.



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