

aap Implantate AGCorporate 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 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		Center of Excellence Biomaterials, Dieburg			
 Comprehensive plates & screws portfolio R&D and manufacturing in-house 	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 			
• B2C: direct sales force in Germany, international distributors, aap label	Business Model	B2B: OEM and private label			
Distributors worldwide with FOCUS on Europe, BRICS, SMIT, US	Customer Base	Global orthopedic companies			
LOQTEQ® Locking Compression Technology von aap		AESCULAP* ✓ Stryker* ✓ TORNIER ① ✓ INTEGRA** ✓ DePuy Synthes ✓ Heraeus ✓ Mathys • ✓ Smith&nephew ✓			

^{*}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 Aspiration and Imperatives

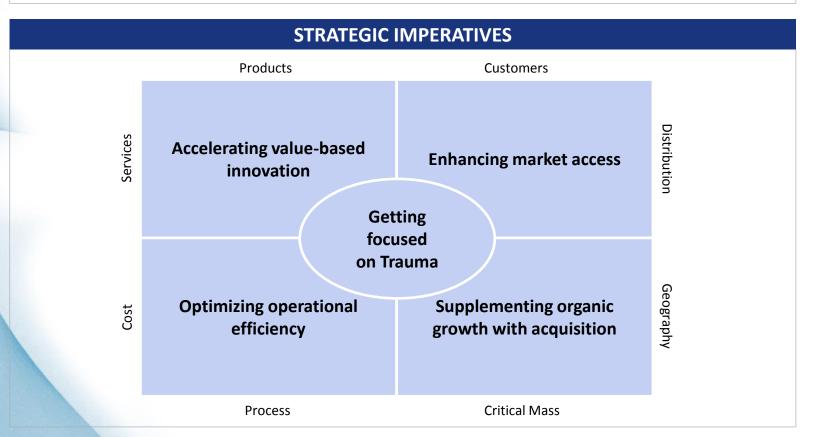


MISSION

Making trauma treatment better and cost-effective

VISION

Become a leading European trauma company



Distribution

Implementation of Strategic Imperatives **Progress in 2014**

Products Customers

Accelerating Value-based Innovation

- Expansion of LOQTEQ® portfolio
- Post market surveillance study shows no cold welding cases so far
- Study shows outstanding properties of LOQTEQ® osteotomy plate compared with market leader
- US patents for LOQTEQ® and silver coating technology
- Advancements in silver coating and magnesium technology

Optimizing Operational Efficiency

- Normalised EBITDA: + EUR 1 million yoy
- Increased product development speed (introduction of three LOQTEQ® systems in 2014)
- Substantial extension of manufacturing capacity

Enhancing Market Access

- Strong Trauma and LOQTEQ® sales growth
- BRICS/SMIT: new distributors assigned and acquisitions in progress
- US subsidiary installed and contract signed with logistics service provider
 - Conclusion of supply contract for PMMA bone cement

Getting focused on Trauma

- Divestment of contract manufacturing business
- Disposal of remaining 50% in Dental JV

Supplementing Organic Growth with Acquisition

- Continuous market screening for acquisition targets
- M&A rationales:
 - > Complementary portfolio
 - ➤ Geographical expansion
 - > Cost synergies

Services

Critical Mass Process

Financial Figures FY/2014



(in EUR million)

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

	31/12/2014	31/12/2013	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%

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 Sal		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 - 2.4x

Source: Warburg Research

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

Transformation & Growth Path



Rebounding for focused & accelerated growth

Focus on core business								
	2008	2009	2010	2011	2012	2013	2014	2015
Dental	+							
Analytics	+	+						
Medical Aesthetics	+	+						
Recon	+	+	+	+	+			
Contract Manufacturing	+	+	+	+	+	+		
Biomaterials	+	+	+	+	+	+	+	(+)
Trauma	+	+	+	+	+	+	+	+

upside Catalysts Silver Coating
Added value technologies





Transformation from diversified to focused MedTech company

Focused growth as pure player in Trauma

The New *aap* – 2015 and beyond Completely transformed business



DIFFERENTIATION

aap with a unique position and opportunity for future growth

GROWTH

aap with multiple drivers for delivering profitable growth



VALUE CREATION

aap with a sound strategy to create value

Focused on most attractive, higher growth segments of the orthopedics market

Strong IP for all key platform technologies

Comprehensive product offering

Technologies address unmet needs of the industry

Continuous new product launches

International expansion

Growth catalyst antibacterial silver coating

Acquisition fuelled growth

Profitable growth 2-3 times faster than the market

Attractive valuation as pure & fast-growing trauma player with strong IP

Hidden reserve due to broad application of silver coating outside trauma and ortho



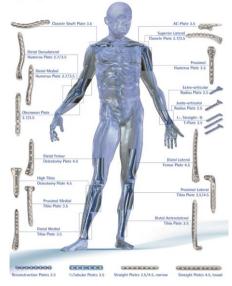
Implementation of Strategic Imperatives

Accelerating value-based innovation – LOQTEQ®

The Concept

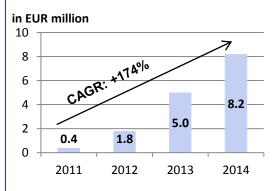


The Application



The Growth

LOQTEQ® sales



The Value •

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

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Management Agenda 2015



Products Customers

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

Biomaterials GmbH

strategic options for aap

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 Distribution

Financial Outlook 2015



- Strategic goal is to create a focused pure trauma player
- 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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