



***aap* Implantate AG**

Corporate Presentation German Equity Forum 2018



**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

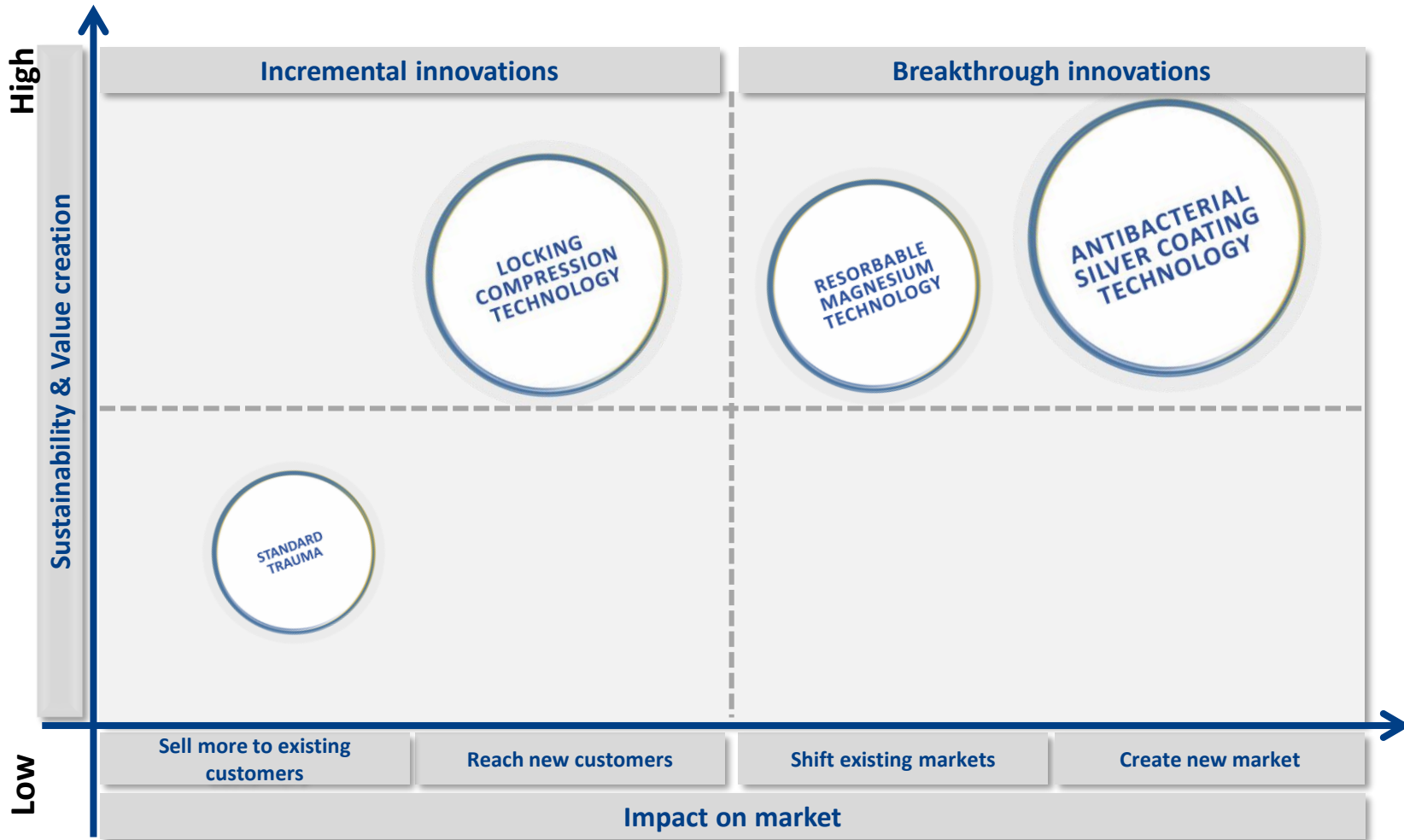
Orthopedic company focused on trauma addressing unmet needs in trauma surgery:

- **Simplify 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 10m – EUR 11.7m**
- **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:

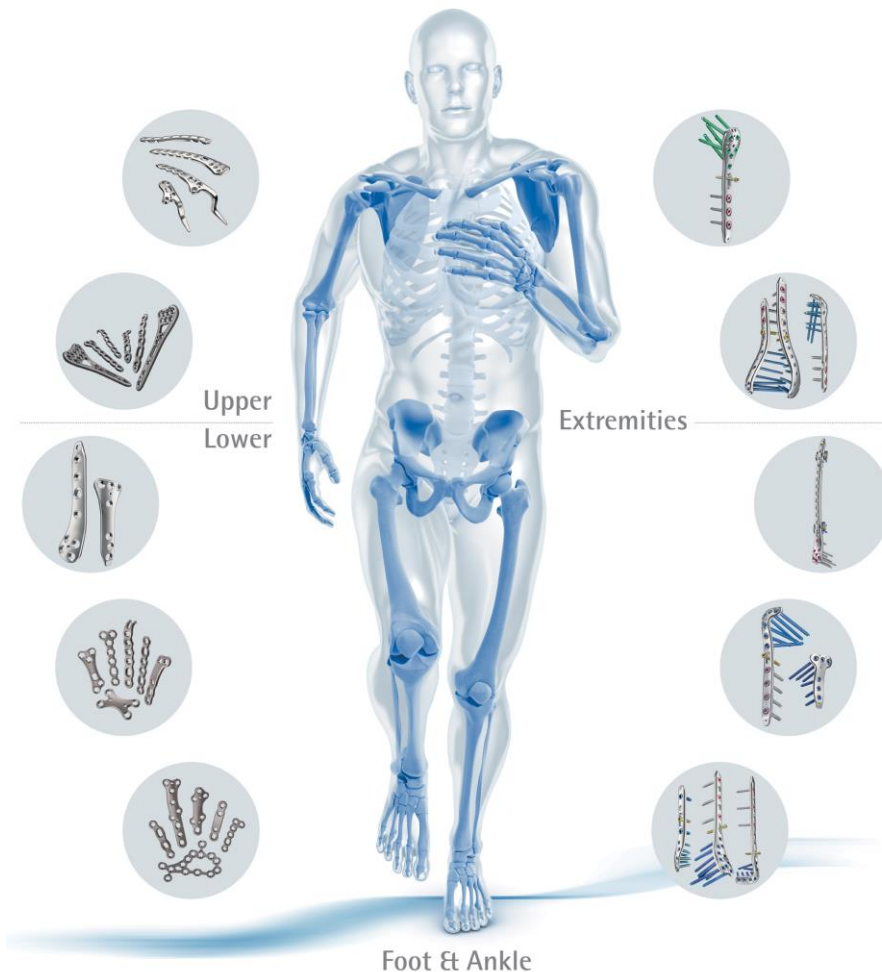
LOQTEQ® Locking compression technology by aap

- 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

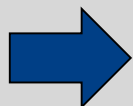


*Products already successfully launched | Protected by international patents |
Cleared for CE, FDA, CFDA, Anvisa etc.*

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

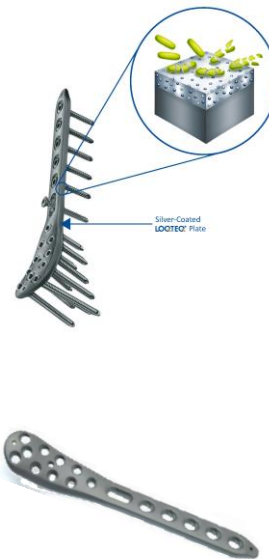
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Our response:

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.)
- Human clinical study in preparation

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



Silver Coating Technology – Update (1/2)*

Significant progress with respect to targeted market approval process

- Convincing results of animal study with AO Research Institute Davos (“non-inferiority”) as milestone on the way to a human clinical study
- EUR 0.7m funding from Federal Ministry of Education and Research for preparation of human clinical study; promising prerequisite for additional funding
- *aap* is now in finalization phase of the required validations and documents in order to submit for approval of a human clinical study



- ***aap* strives for a start of the human clinical study in H1/2019**
- To be noted: response time of the involved authorities (European notified body, BfArM, FDA and ethics commissions) hardly predictable

Silver Coating Technology – Update (2/2)*

Scope of LOQTEQ® antibacterial pre market human study

- Prospective, controlled, subject and observer-blind, multi-center study with LOQTEQ® antibacterial locking plates in subjects with fractures of distal tibia
- 230 patients in Germany, Austria and USA
- Expected duration of around 2.5 years
(patient recruitment, implantation, follow-up, data evaluation and submission for approval)

Platform Technology – Magnesium Implants

Unmet need / challenge:

Avoid second operations by using resorbable metal implants

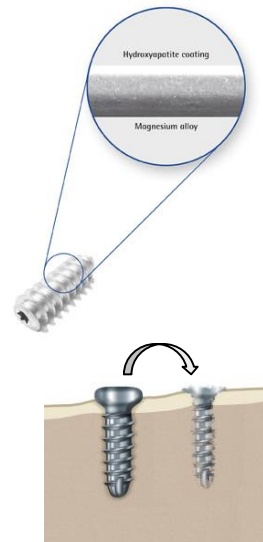
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Our response:

Coated Resorbable Magnesium Implant Technology by aap

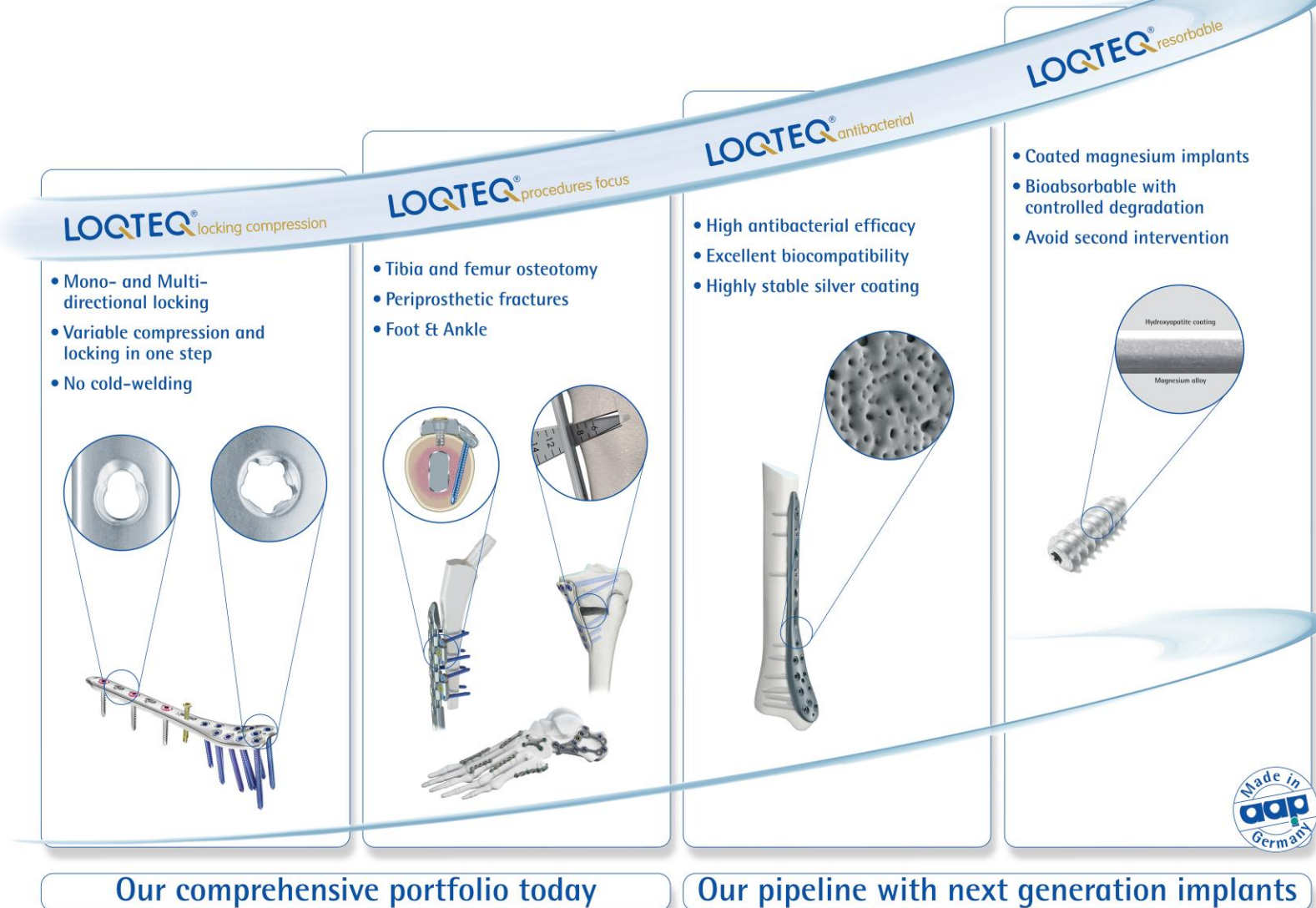
- Good biomechanical properties combined with a moderate and controllable resorption rate
- Cost-effective coating technology
- Platform technology with wide potential applications (CMF, sports medicine, pediatric etc.)

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



LOQTEQ® – Roadmap

Addressing unmet needs in trauma through innovations



aap'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!



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Appendix



Key results and progress 9M/2018 (1/2)

➤ Sales and Earnings

- Trauma sales growth of 6% yoy to EUR 8.2 million (9M/2017: EUR 7.8 million)
- Continued positive development in focus market Germany (+12% yoy) and international business (ex-US, +28% yoy)
 - **Total sales growth ex-US of 23%**
- EBITDA improved by 6% to EUR -4.6 million (9M/2017: EUR -4.9 million)
- FY/2018 guidance adjustment primarily due to sales development in North America lagging behind expectations and one-time costs for strategic measures
 - Distribution business: temporarily burdened by loss of certain distributors (12 additional distributors recruited in Q3 to regain momentum)
 - Global partner business: no further contracts signed in FY/2018 to date (Negotiations ongoing and closing likely to be postponed to FY/2019)
 - EBITDA in Q4 and subsequent months burdened by one-time costs for step-up strategy implementation to develop *aap* into a sustainably growing pure player in trauma

➤ Further selected financials

- Gross margin¹ remains with 78% at a good level (despite lower share of US sales in total sales)
- Cash holdings of EUR 10.3 million²; continued high equity ratio of 83%

¹ In terms of sales revenues, changes in inventories of finished goods and work in progress and cost of purchased materials and services.

² In the consolidated balance sheet of 09/30/2018 EUR 7.3 million is stated as cash and cash equivalents, while cash with banks totalling EUR 3.0 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.

Key results and progress 9M/2018 (2/2)

➤ **LOQTEQ®**

- Biomechanical study confirms already clinically observed good explantation properties of LOQTEQ® compared with market leader technology
- Working on European approval of various polyaxial LOQTEQ® systems
- Development of sterile packaging for implants
- Adaption of processes and documents to new regulatory requirements
- Approval applications submitted to FDA (foot and periprosthetic system)

➤ **Silver coating technology**

- Convincing results of animal study with AO Research Institute Davos as milestone on the way to a human clinical study
- EUR 0.7 million funding from Federal Ministry of Education and Research for preparation of human clinical study; promising prerequisite for further funding
- Advanced stage towards finalizing the required validations and submission documents for approval of the planned human clinical study – study start strived for H1/2019

Financial Figures 9M/2018 (1/2)

(in KEUR)

Sales (reported)	9M/2018	9M/2017	Change
Trauma	8,238	7,785	+6%
Germany	2,080	1,849	+12%
North America	1,687	2,450	-31%
<i>North America Distributors</i>	1,626	1,877	-13%
<i>North America Global Partners</i>	61	573	-89%
International	4,471	3,486	+28%
Other (mainly discontinued activities in FY/2017)	-66	249	<-100%
Sales	8,172	8,034	+2%

Sales (constant exchange rates)	9M/2018	9M/2017	Change
Trauma	8,366	7,785	+7%
Other (mainly discontinued activities in FY/2017)	-66	249	<-100%
Sales	8,300	8,034	+3%

EBITDA	9M/2018	9M/2017	Change
EBITDA	-4,593	-4,875	+6%

Financial Figures 9M/2018 (2/2)

(in EUR million)

Capital Structure	30/09/2018	31/12/2017	Change
Total Assets	44.6	50.5	-12%
Equity Ratio	83%	84%	

Cash Flow and Investments	30/09/2018	30/09/2017	Change
Operative cash flow	-3.7	-4.4	+15%
Total investing activities	2.1	1.4	+46%

Cash Structure	30/09/2018	31/12/2017	Change
Financial Liabilities (Interest bearing)	0.9	1.4	-36%
Net Cash (per B/S)	6.8	12.7	-46%
Cash holdings	10.3*	17.1**	-40%

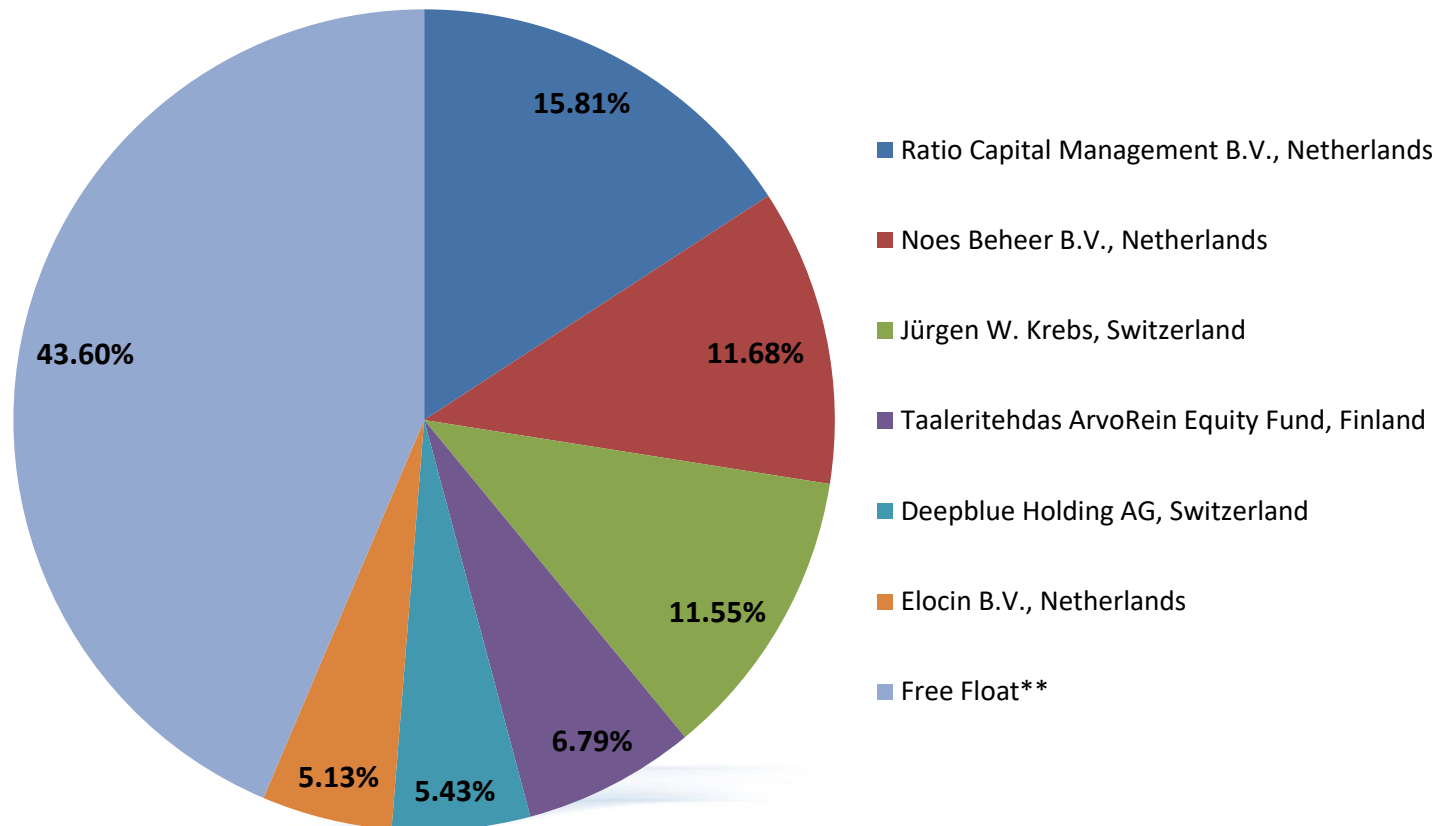
*In the consolidated balance sheet of 09/30/2018 EUR 7.3 million is stated as cash and cash equivalents, while cash with banks totalling EUR 3.0 million is shown under current and non-current other financial assets as it was pledged to secure financial liabilities respectively cash payments were made to secure bank guarantees granted to third parties.

**In the consolidated balance sheet of 12/31/2017 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.

Shareholder Structure*

(Shareholdings in *aap* $\geq 3\%$, according to our information)

- High degree of stability with a base of long-term oriented investors
- Market Cap of approx. EUR 33 million*



*As of 23/11/2018.

**According to Deutsche Börse.



Many thanks for your attention!



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