



aap Implantate AG

Corporate Presentation German Equity Forum 2019

Rubino Di Girolamo, CEO
Marek Hahn, CFO

Frankfurt am Main, November 26, 2019

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.

Investment Highlights

1

aap is a German-based medtech company, a pure player in trauma with exciting and IP-protected platform technologies addressing unmet needs in orthopedics

2

aap is a front runner in antibacterial silver coating technology for implantable medical devices which reduces surgical site infections (SSI) caused by implants

3

aap develops a further potential game changer technology – coated resorbable magnesium implants – that avoids second operations to remove implants thereby addressing a big cost saving potential

4

aap has made substantial investments in great technology pipeline, modern manufacturing and diverse international product approvals

5

Accelerated top-line growth with LOQTEQ[®] and earnings improvement based on cost reduction and efficiency enhancement program planned for 2020 and beyond

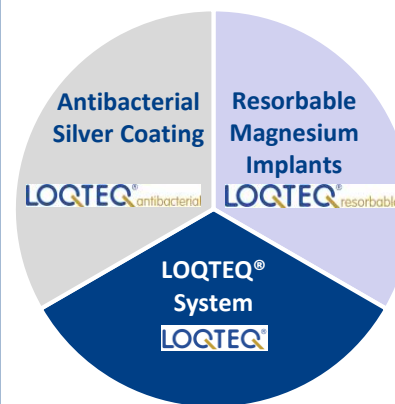
aap at a Glance

Pure player in trauma

Organisation

- Globally operating medical device company based in Germany
- Founded in 1990
- 147 Employees (30/09/2019)
- Distribution:
 - Germany: Direct to hospitals, buying syndicates and hospital groups
 - International: Broad network of distributors in more than 25 countries
 - USA: Direct sales via distribution agents and B2B partnerships with global orthopedic companies

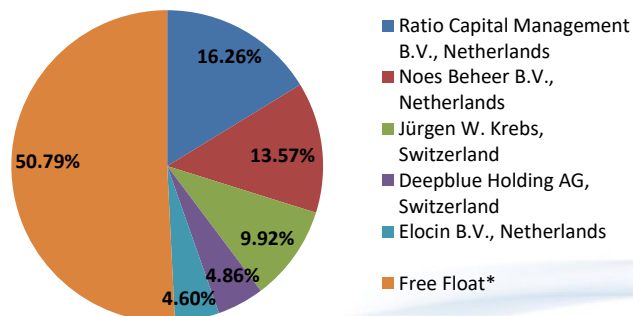
Technologies



Three innovative and IP-protected platform technologies addressing unmet needs and challenges in trauma

Capital Market

- Listed since 1999, Frankfurt, General Standard (XETRA: AAQ, WKN: 506660)



Management Board – New CEO since May 2019



Rubino Di Girolamo (57), CEO

- CEO since 2019, 2004 to 2019 in SB functions at *aap*
- Long-standing experience in different top management positions i.e. at Metalor Dental Holding AG and affiliates, Bellevue Group and Saurer Group
- Graduation in economics at Zürcher Hochschule für Angewandte Wissenschaften (ZHAW)



Marek Hahn (44), CFO

- CFO since 2010, with *aap* since 2007
- Prior to *aap* several years for KPMG Deutsche Treuhandgesellschaft AG in various national and international positions
- Graduation in economics at Technische Universität (TU) Berlin

The Way Ahead (1/2)

Key success factors 2019 and ahead

➤ Accelerated Top-line Growth via

- Increase in domestic and international sales as a result of efforts made in 2018 and 2019
- Establish new US team with focus on listing at national contracts and active training of clients
- Selected distribution partnerships for LOQTEQ® with global orthopedic companies
- Focus on higher-margin customers and products
- Update 9M:
 - Solid sales growth (+6% yoy to EUR 8.7m) with Germany +5%, International +7% and USA +1%
 - USA: number of weekly cases almost doubled since 30/09/2019 yoy; increasing interest from group purchasing organizations (GPOs) with negotiations on first contracts

➤ Cost Reduction and Efficiency Enhancement Program

- Targets Personnel and OPEX cost reduction → First measures implemented, further analysis ongoing
- Leverage production facility with third party orders → Increase of supply to global orthopedic companies
- Partnerships for manufacturing → Evaluation with various companies started
- Update 9M:
 - Discontinuation of parts of standard trauma portfolio as per end of FY/2019
 - Change of stock exchange listing to General Standard since 11/10/2019

The Way Ahead (2/2)

Key success factors 2019 and ahead

➤ **Silver Coating Technology**

- Start human clinical study as prerequisite for market approval
- Global partnerships with leading global medical technology companies
- Update 9M:
 - BfArM approval received for human clinical study
 - EUR 2.7m funding commitment received from Federal Ministry of Education and Research (“BMBF”) for expenses incurred by carrying out study
 - Currently talks with interested global medical technology companies

➤ **Coated Resorbable Magnesium Implant Technology**

- Push forward further product development jointly with technology-savvy investors under *aap*'s management
- Update 9M:
 - Currently talks with technology-savvy investors
 - Progress on FDA approval pathway with pre-submission meeting in early December 2019
 - Pilot animal study with Colorado State University started end of September 2019 to generate key preclinical data

Platform Technology – LOQTEQ®



- LOQTEQ® System (clinically proven and rolled-out in key markets)
 - Comprehensive trauma product portfolio with more than 90% indication coverage
 - Strong IP protection
 - Products providing clinical as well as economical competitive advantages compared to global leaders
 - Received international product approvals for key markets (CE, FDA, AVISA, CFDA etc.)
 - Since 2011 successful clinical track record with constant improvements
 - Listed in almost all leading group clinics and group purchasing organizations in Germany
 - Successfully distributed in key international markets (Europe, USA, BRICS, SMIT etc.)
 - Strong pipeline to extend market access (foot & ankle, variable angle, sterile packed)



PRODUCTS WITH HIGH SALES POTENTIAL / GROWING ACCEPTANCE / EARLY STAGE OF LIFE CYCLE



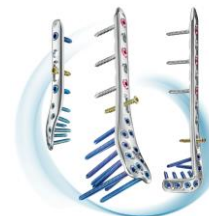
- With the LOQTEQ® System *aap* is active in the fastest growing segments (mainstream trauma, foot & ankle) of the USD 7bn global orthopedic market

Accelerated top-line growth with LOQTEQ® and earnings improvement planned for 2020 and beyond

Value Creation

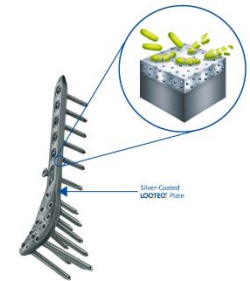
Approach to exploit the market with LOQTEQ®

LOQTEQ®	Approach	Successes	Future Growth
Germany	<ul style="list-style-type: none"> ➤ Direct sales force to hospitals, buying syndicates, and hospital groups 	<ul style="list-style-type: none"> ➤ Comprehensive portfolio (>90% indication coverage) with listing at major hospital groups and group purchasing organizations ➤ Stable growing business with sales growth of 14% yoy in 2018 and 5% yoy in 9M/2019 	<ul style="list-style-type: none"> ➤ Increase of market presence with >20% sales growth per year
USA	<ul style="list-style-type: none"> ➤ Direct sales via distribution agents and B2B partnerships with global orthopedic companies 	<ul style="list-style-type: none"> ➤ Constant footprint with focus on stabilization of sales development ➤ Weekly cases almost doubled since 30/09/2019 yoy and increasing interest from group purchasing organizations (GPOs) 	<ul style="list-style-type: none"> ➤ Extension of distributor and agents network and listing at national contracts with >30% sales growth per year
International	<ul style="list-style-type: none"> ➤ Network of local distributors (currently in more than 25 countries) 	<ul style="list-style-type: none"> ➤ Constant growth with 7% yoy in 9M/2019 and strong increase in Europe (w/o Germany) with 17% yoy in 9M/2019 	<ul style="list-style-type: none"> ➤ Extension of distribution network with >20% sales growth per year



Platform Technology – Silver Coating LOQTEC[®] antibacterial

- Silver Coating Technology (game changer technology)
 - Front runner in developing antibacterial silver coating technology for implantable medical devices
 - Strong IP protection
 - Technology and product development accomplished; approval in process
 - Final stage to start human clinical study in Germany with top clinical surgeons; USA to be followed with currently ongoing exchange with FDA
 - First ever human clinical study after many decades of research by many companies
 - Technology with broad applications (orthopedics, dental, cardio-vascular etc.)
 - Continuous high interest from global players to license or acquire the technology



➔ POTENTIAL GAME CHANGER

- Striving to be the first company in the world with approved silver coated trauma products addressing an unmet need of the industry



After successful human clinical study big potential in the medical device industry

Value Creation

Approach to exploit the market with Silver Coating **LOQTEC[®]** antibacterial

	Approach	Successes	Future Value Creation
<p style="text-align: center;">Worldwide</p>	<ul style="list-style-type: none"> ➤ Own distribution and partnerships with global companies 	<ul style="list-style-type: none"> ➤ GER: BfArM approval received for human clinical study; ethics committees approval expected ➤ USA: currently ongoing exchange with FDA about human clinical study ➤ EUR 2.7m funding commitment received from BMBF for human clinical study 	<ul style="list-style-type: none"> ➤ Distribution of silver-coated <i>aap</i> products ➤ Co-development and licensing deals with global orthopedic companies ➤ Establishing <i>aap</i> as the “Silver-Coating-Company” as service provider for medtech companies



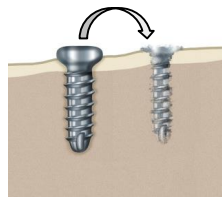
Platform Technology – Magnesium Implants

LOQTEC[®] resorbable

- Coated Resorbable Magnesium Implant Technology (open for co-investment)
 - Avoids second operations to remove implants thanks to resorption of implants in the body after fracture healing
 - Strong IP protection
 - Technology and products under development
 - Cost efficient and good biomechanical properties combined with moderate and controllable resorption rate
 - Technology with broad applications (CMF, sports medicine, pediatric etc.)
 - Currently talks with technology-savvy investors to jointly push forward product development

 **POTENTIAL GAME CHANGER**

- Striving to be the company that offers products avoiding second surgeries in orthopedics and thereby to address a big cost saving potential for the health economy

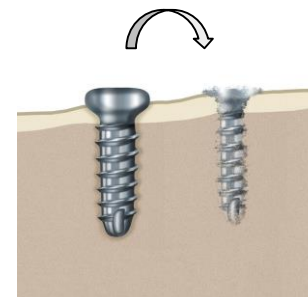
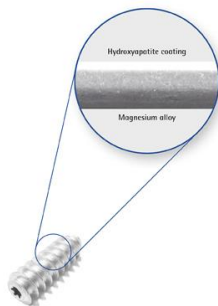


Push forward further product development jointly with technology-savvy investors under *aap*'s management

Value Creation

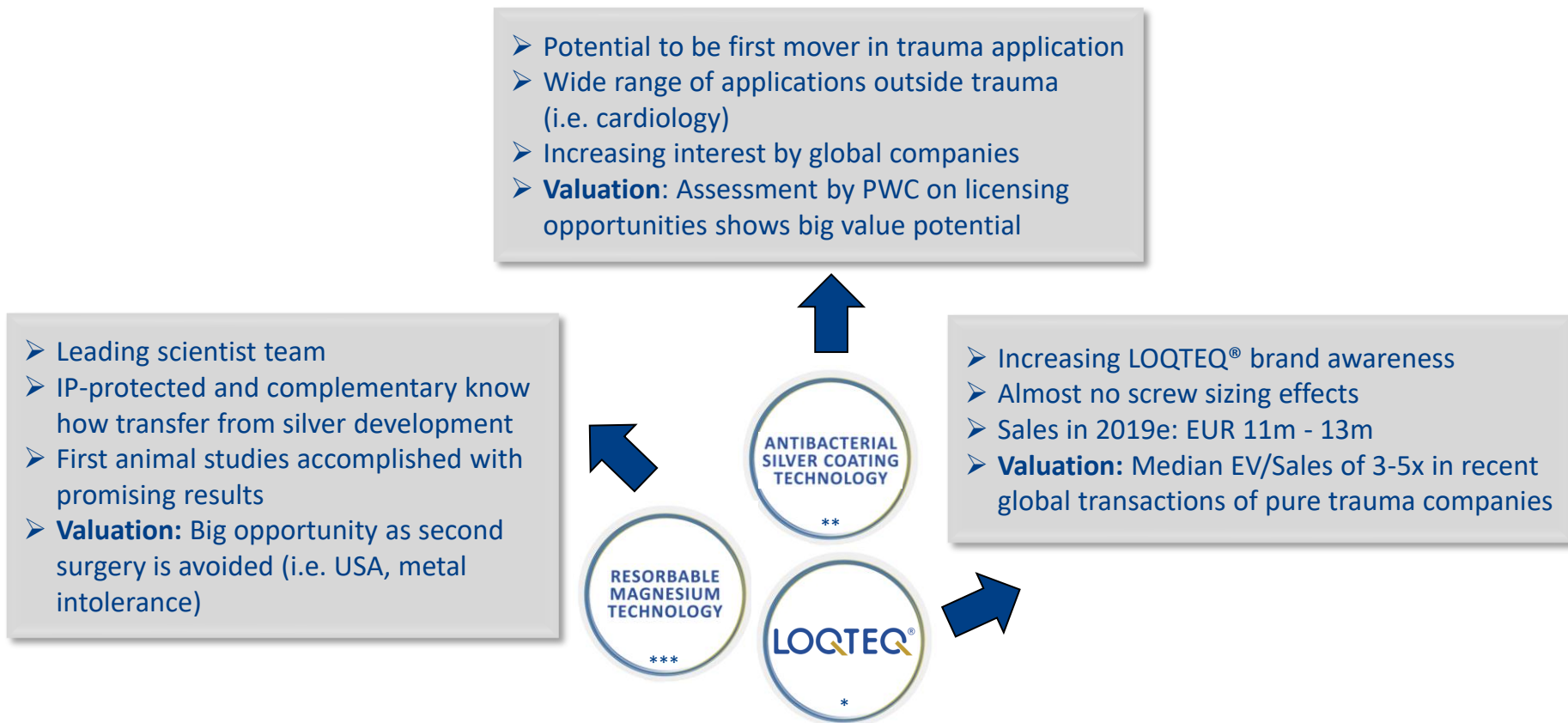
Approach to exploit the market with Magnesium Implants **LOQTEC[®]** resorbable

	Approach	Successes	Future Value Creation
<p style="text-align: center;">Worldwide</p>	<ul style="list-style-type: none"> ➤ Joint product development and distribution with technology-savvy investors under <i>aap's</i> management 	<ul style="list-style-type: none"> ➤ Own alloy with good biomechanical properties and high biocompatibility, resorbable with low corrosion rate ➤ Own coating technology which controls implant's degradation process and minimizes gas formation 	<ul style="list-style-type: none"> ➤ Joint product development and distribution agreement with technology-savvy investors ➤ Co-development and licensing deals with global trauma companies



Value Creation

Sum of the parts – strategic framework



* Products already launched and successful in the market.

** Technology and product development accomplished; approval in process.

*** Technology and products under development.



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



Update 9M/2019

➤ Sales

- Continuation of solid growth trend (+6% yoy to EUR 8.7m)
- Driven by Germany (+5% yoy) and international business (+7% yoy), further stabilization in USA (+1% yoy)
- USA with positive development since end of September 2019: number of weekly cases almost doubled yoy and increasing interest from group purchasing organizations (GPOs) with negotiations on first contracts

➤ Earnings

- EBITDA in 9M at EUR -4.9m (9M/2018: EUR -4.6m), but subject to significant one-time effects (EUR 1.3m)
- One-time effects primarily from early termination of contract with former CEO, termination of legal disputes and correction of legacies from inventory of US stocks from previous years
- Recurring EBITDA improved (+7% yoy to EUR -3.6m)

Update 9M/2019

➤ **LOQTEQ®**

- FDA approval for polyaxial LOQTEQ® VA foot and calcaneus systems – Launch in USA and further markets planned for beginning of 2020
- Continuous focus on adaption of processes and documents to new regulatory requirements of MDR and development of sterile packaging for implants

➤ **Silver Coating Technology**

- BfArM approval received for human clinical study as prerequisite for market approval; for start of study in Germany approval of ethics committees still required, documents submitted, approval expected
- EUR 2.7m funding from Federal Ministry of Education and Research (“BMBF”) for expenses incurred by carrying out study
- Currently talks with interested global medical technology companies

➤ **Coated resorbable magnesium implant technology**

- Currently talks with technology-savvy investors to jointly push product development
- Progress on FDA approval pathway with pre-submission meeting in early December 2019
- Pilot animal study with Colorado State University started end of September 2019 to generate key preclinical data

aap by numbers

Sales and earnings

Sales (in KEUR)	9M/2019	9M/2018	Change
Trauma	8,675	8,235	+5%
Germany	2,193	2,080	+5%
USA ¹	1,367	1,358	+1%
<i>USA Distributors</i>	1,297	1,297	0%
<i>USA Global Partners</i>	70	61	+15%
International (without USA)	5,115	4,797	+7%
<i>Europe (without Germany)</i>	1,561	1,333	+17%
<i>BRICS states</i>	1,312	1,367	-4%
<i>RoW¹</i>	2,242	2,097	+7%
Other	4	-63	>+100%
Sales	8,679	8,172	+6%

EBITDA (in KEUR)	9M/2019	9M/2018	Change
EBITDA	-4,883	-4,592	-6%
One-time effects	1,261 ²	690 ³	+83%
Sales	-3,622	-3,902	+7%

1 In the previous year, sales with Puerto Rico were reported as part of North America (distributors); from Q3/2019 as part of RoW (= Rest of World).

2 Includes cost of personnel measures, termination of legal disputes (net effect), external staff and correction of legacies from inventory of US stocks from previous years.

3 Includes cost of evaluation of strategic options, external staff and project Quality First / Fit-4-MDR.

aap by numbers

Capital and cash structure

Capital Structure (in EUR million)	30/09/2019	31/12/2018
Total Assets	39.8	42.2
Equity Ratio	80%	83%

Cash Structure (in EUR million)	30/09/2019	31/12/2018
Cash (per B/S)	3.7	4.3
Net Cash (per B/S)	1.4	4.0
Cash holdings (incl. Restricted Cash)	4.4 ¹	7.3 ²
Net Cash (incl. Restricted Cash)	1.7	6.6

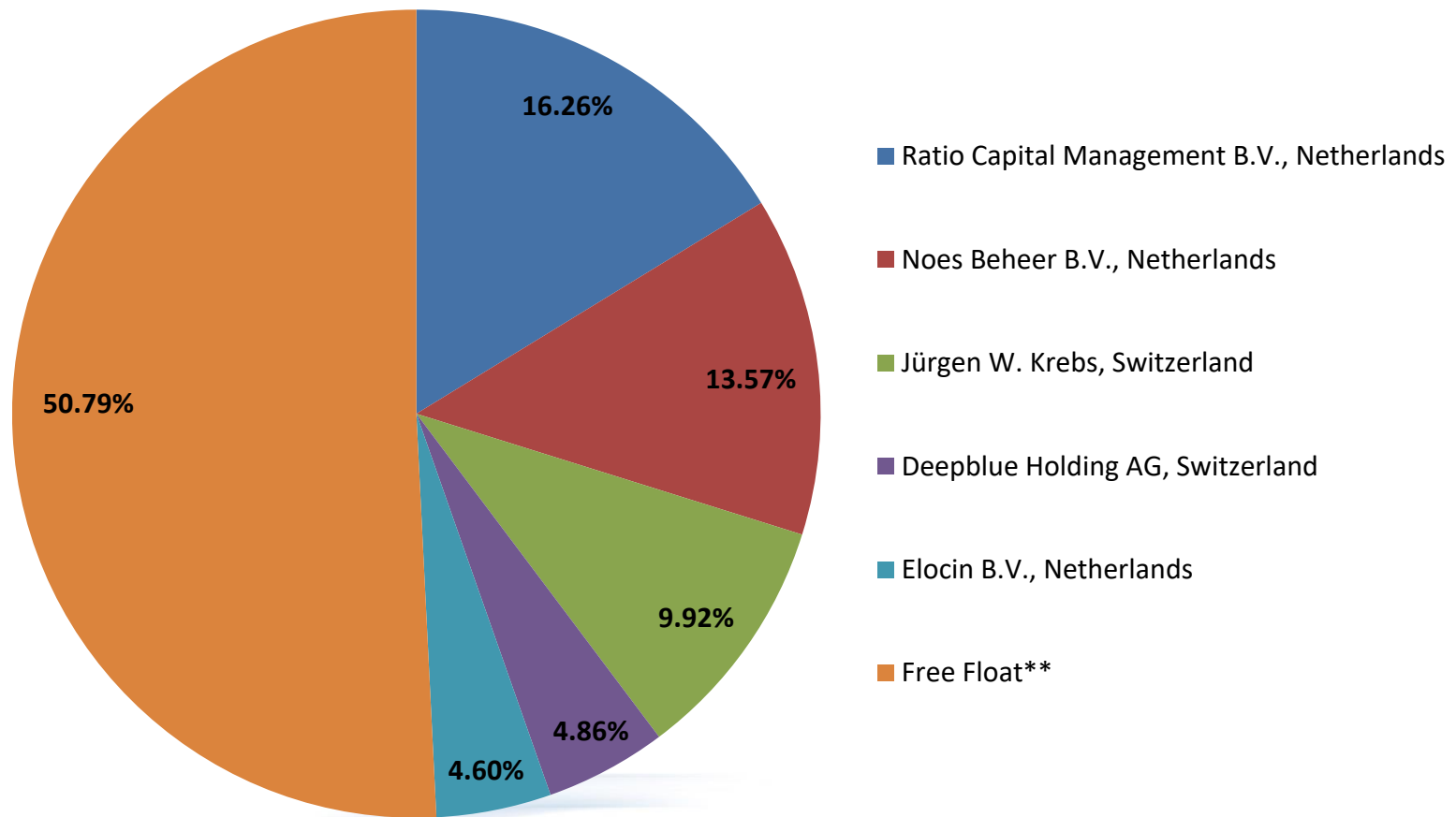
1 In the consolidated balance sheet of 30/09/2019 EUR 3.7m is stated as cash and cash equivalents, while cash with banks totaling EUR 0.7m is shown under current and non-current other financial assets as it was pledged to secure financial liabilities respectively cash payments were made to secure bank guarantees granted to third parties.

2 In the consolidated balance sheet of 31/12/2018 EUR 4.3m is stated as cash and cash equivalents, while cash with banks totalling EUR 3.0m 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



*As of 26/11/2019.

**According to Deutsche Börse.

Notes



Notes



Notes





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:

