1

Company and
technology
Success story of a technology pioneer

- Development, assembly and sales of machines and integrated system solutions in the field of metal-based additive manufacturing
- Lübeck-rooted German engineering company with a global reach
- More than 250 FTE in Germany, North America, Singapore, Russia and China
- IPO in 2014 at Frankfurt Stock Exchange (Prime Standard), shares included in TecDAX
- 2015: revenues of EUR 66 million with a net profit of EUR 2 million
Metal-based additive manufacturing: industrial applications

“Yes, 3-D printing holds vast potential [...] that's because of its applications in industrial manufacturing.”

BARRON’S
SLM Solutions...

- is among the pioneers in metal-based additive manufacturing with key scientific personnel
- is in the technological leadership position in Selective laser Melting with a strong IP portfolio (especially multi-laser technology)
- has a wide range of blue chip customers with a fast-growing installed base
- offers products for various industries from aerospace and automotive to energy and medical
- has made use of its IPO proceeds to speed up the international expansion
- is growing faster than its relevant market and improves profitability
Metal-based additive manufacturing: how it works

1. Spreading powder material
Metal-based additive manufacturing: how it works

Selective laser melting
Metal-based additive manufacturing: how it works

3 Lowering of build chamber and new powder feeding
Metal-based additive manufacturing: how it works

1. Spreading powder material
2. Selective laser melting
3. Lowering of build chamber and new powder feeding

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Metal-based additive manufacturing: how it works

Diagram showing the process of metal-based additive manufacturing:
- A laser is used to melt and fuse metal powders.
- The process is repeated layer by layer to build a structure.
- The final step is to finish the build chamber.
# Product portfolio and innovations

<table>
<thead>
<tr>
<th><strong>Key products</strong></th>
<th><strong>Other</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>SLM 125&lt;sup&gt;HL&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>SLM 280&lt;sup&gt;HL&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>SLM 500&lt;sup&gt;HL&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[Image of powder]</td>
</tr>
</tbody>
</table>
Advantages of SLM technology

Particularly in the production with complex geometries of components additive manufacturing is

- **faster**: build time reduced by up to 90%
- **more efficient**: “bionic geometry”, weight reduction by up to 60%
- **more cost effective**: reduction of component costs by up to 70%
- **more flexible**: “complexity comes for free”, decentralized “on demand” production
Exemplary applications – from prototyping to production

- Automotive
- Aerospace
- Mechanical engineering
- Energy sector
- Medical technology
- Dental prostheses
Multi-laser technology paves the way for industrial production

Reducing build part costs

- Combining high surface quality with faster builder speed (getting rid of the trade-off)
- Component costs on large SLM 500<sup>HL</sup> can be reduced by two thirds compares with smaller machine
- Trend toward multi-machine orders
## Diverse installed base – 30 customers with > 1 machine

<table>
<thead>
<tr>
<th>Company</th>
<th>SLM 125&lt;sup&gt;HL&lt;/sup&gt;</th>
<th>SLM 250&lt;sup&gt;HL&lt;/sup&gt;</th>
<th>SLM 280&lt;sup&gt;HL&lt;/sup&gt;</th>
<th>SLM 500&lt;sup&gt;HL&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIT Fruth</td>
<td>2</td>
<td>1</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>Linear Mold</td>
<td>8</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polyshape</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>CITIM</td>
<td>4</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Pierburg</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Sintavia</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Sprint / ERPRO</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>20 customers</td>
<td></td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>136 customers</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

**Industry**

- Energy, Aviation, Research: 21 customers
- Automotive: 20 customers
- Energy: 136 customers
- Other: 136 customers
- Automotive: 136 customers
- Other: 136 customers
- Aerospace/Aviation: 136 customers
- Other: 136 customers
- Aerospace/Aviation: 136 customers

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Reference customers 2015 – growth on a broad basis

<table>
<thead>
<tr>
<th>SIEMENS</th>
<th>Audi</th>
<th>BMW</th>
<th>Jules Verne</th>
<th>FRECH</th>
<th>MEISSNER</th>
<th>Materialise</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENSAM</td>
<td>LINEAR AMS</td>
<td>SINTAVIA</td>
<td>POLY-SHAPE</td>
<td>FT</td>
<td>MACQUARIE UNIVERSITY</td>
<td>FIT</td>
</tr>
<tr>
<td>TOYOTA</td>
<td>TAMACHI</td>
<td>C-F-A-I</td>
<td>SLS France</td>
<td>INOVSYS</td>
<td>Fraunhofer</td>
<td>CZN</td>
</tr>
<tr>
<td>KSPG Automotive</td>
<td>CA MODELS</td>
<td>UCIrvine University of California, Irvine</td>
<td>CETIM CERTEC</td>
<td>NUS National University of Singapore</td>
<td>Volkswagen</td>
<td>swerea</td>
</tr>
<tr>
<td>Airbus Defence &amp; Space</td>
<td>UNIVERSITY OF LIMBOURG</td>
<td>AVI</td>
<td>PRAWEST</td>
<td>Carepro Sprint</td>
<td>UEMF</td>
<td>oerlikon metco</td>
</tr>
<tr>
<td>CFK Erzgebirgizentrum</td>
<td>INP Grenoble</td>
<td>ZHEJIANG UNIVERSITY OF TECHNOLOGY</td>
<td>zeinar</td>
<td>BRT International BMT Beteiligungsmanagement GmbH</td>
<td>MINES Albi-Carmaux</td>
<td>Confidential</td>
</tr>
<tr>
<td>FORECAST 3D</td>
<td>3DM</td>
<td>LZN Laser Zentrum Nord</td>
<td>HUAKE 3D</td>
<td>UNIVERSITE DE LORRAINE</td>
<td>3D-LASERDRUCK ORAGEN</td>
<td>CEA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>ProtoShape GmbH</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
SLM delivers on all fronts

**Revenue Development (EUR million)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>8</td>
</tr>
<tr>
<td>H1</td>
<td>18</td>
</tr>
<tr>
<td>9M</td>
<td>34</td>
</tr>
<tr>
<td>Guidance</td>
<td>55-60</td>
</tr>
<tr>
<td>2015</td>
<td>66</td>
</tr>
</tbody>
</table>

**EBITDA (adjusted, EUR million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>~7.2</td>
<td>8.1</td>
</tr>
<tr>
<td></td>
<td>12-13%</td>
<td>12.2%</td>
</tr>
<tr>
<td></td>
<td>55-60</td>
<td>66</td>
</tr>
</tbody>
</table>

**Order intake (Number)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>17</td>
</tr>
<tr>
<td>H1</td>
<td>26</td>
</tr>
<tr>
<td>9M</td>
<td>62</td>
</tr>
<tr>
<td>Guidance</td>
<td>&gt;100</td>
</tr>
<tr>
<td>2015</td>
<td>102</td>
</tr>
</tbody>
</table>
Outstanding year 2015

- Revenues doubled to TEUR 66,137 (+97 %) – significantly above guidance
- Order intake up 67 % in value, up 64 % in number (102 machines)
- Adj. EBITDA improved to TEUR 8,050 (2014: 4,490), adj. EBITDA margin of 12,2% in line with guidance (12-13 %)
- Net profit increased strongly to TEUR 2,160 (2014: TEUR -5,099)
- New sales & service offices opened in Shanghai and Moscow
- New production line for SLM 500 in Lübeck with production capacity >70 machines
- Joint ventures for powder business (TLS Technik) and design software (CADS)
Profitable growth – accelerating since IPO

- Strong top line growth
- Profitability grew even stronger
- Double-digit margins
Strategic Outlook
Huge market potential...

Global manufacturing industry: 10.5 USD trillion

Additive manufacturing of metal parts

Current market: 500-750 million

- <0.01%
- 1%
- 2%

200+ billion

1) 2012, Wohlers Associates
...however market growth is „limited“ to 30-50% CAGR

**Adoption barriers**
- Learning curve in using laser melting systems
- Learning curve in implementing in production process chain
- New build part design – know how, habits, tools
- Certification

Source: Wohlers Associates, own estimates

USD million

<table>
<thead>
<tr>
<th>Year</th>
<th>Parts production</th>
<th>Other</th>
<th>Metal powder</th>
<th>After Sales</th>
<th>Machines</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>220</td>
<td></td>
<td></td>
<td></td>
<td>500-750</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>~4,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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2020 ambition: EUR 500 million revenues

- Revenues [EUR million]
- EBITDA\(^1\) [EUR million]

10% Service (5% w/o RP) → 66
66% CAGR ~70%

8,1  → 2020
>20% Service

>100 Machines
- Product innovation
- Scalability

\(^1\) adjusted for one-offs
Integrated solution provider for metal-based additive design and manufacturing

"Key to growth"
Further growth expected for 2016

- Revenues expected in a range of TEUR 85,000 to 90,000
- Product mix will include more production-oriented machines
- EBITDA margin will further improve
- Cost ratios depend highly on revenues achieved – economies of scale
Our share – included in TecDAX since March 21, 2016

<table>
<thead>
<tr>
<th></th>
<th>SLM Solutions</th>
<th>Arcam AB</th>
<th>3D Printing Stocks (avg.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>P/E (TTM)</td>
<td>87.11</td>
<td>102.72</td>
<td>109.78</td>
</tr>
<tr>
<td>EV/EBITDA (TTM)</td>
<td>43.44</td>
<td>41.49</td>
<td>49.19</td>
</tr>
<tr>
<td>Market Cap. (EUR million, 27.4.16)</td>
<td>464.26</td>
<td>390.36</td>
<td>630.09</td>
</tr>
</tbody>
</table>

Source: Thomson Reuters
Investment Highlights

1. Deep rooted 3D printing heritage
2. German engineering with a global reach: international expansion in growth markets
3. Enormous addressable market for metal additive manufacturing
4. Technological leadership position due to multi-laser technology
5. Expanding installed base at blue chip customers
6. Profitable growth above market growth
7. Clear growth strategy: full-service provider for additive manufacturing
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Backup
Continuous improvement of profitability

Adj. EBITDA (EUR million) and margin (%)

- 2013: 11.5% EBITDA, 2.5 EUR million
- 2014: 13.4% EBITDA, 4.5 EUR million
- 2015: 12.2% EBITDA, 8.1 EUR million

Growth trend: CAGR 80%

Adj. EBIT (EUR million) and margin (%)

- 2013: 1.7% EBIT, 0.4 EUR million
- 2014: 7.0% EBIT, 2.3 EUR million
- 2015: 7.3% EBIT, 4.8 EUR million

Growth trend: CAGR 246%
Financial highlights 2015 – profitable growth

- 89.5 % of revenues stem from core laser melting machine business (2014: 80.8 %)
- Cost of materials ratio at previous year’s level with 53.7 % (2014: 53.6 %)
- Adj. Personnel cost ratio stable at 19.7 % (2014: 19.4 %)\(^1\)
- Net profit increase to TEUR 2,160 (2014: TEUR -5,099)
- EPS (undiluted and diluted) increase to EUR 0.12 (2014: EUR -0.30 undiluted and EUR -0.23 diluted)
- Operating Cash Flow improved to TEUR -7,365 (2014: TEUR -13,324), still funds tied up in working capital
- Healthy equity ratio of 76.2 % (December 31, 2014: 86.5 %)

\(^1\) Personnel cost, EBITDA and EBIT 2015 adjusted for Retention Bonus of TEUR 1,190