

Company Presentation



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

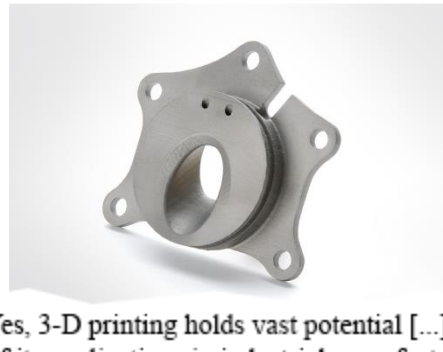
More than 250 FTE in Germany, North America, Singapore, Russia and China

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



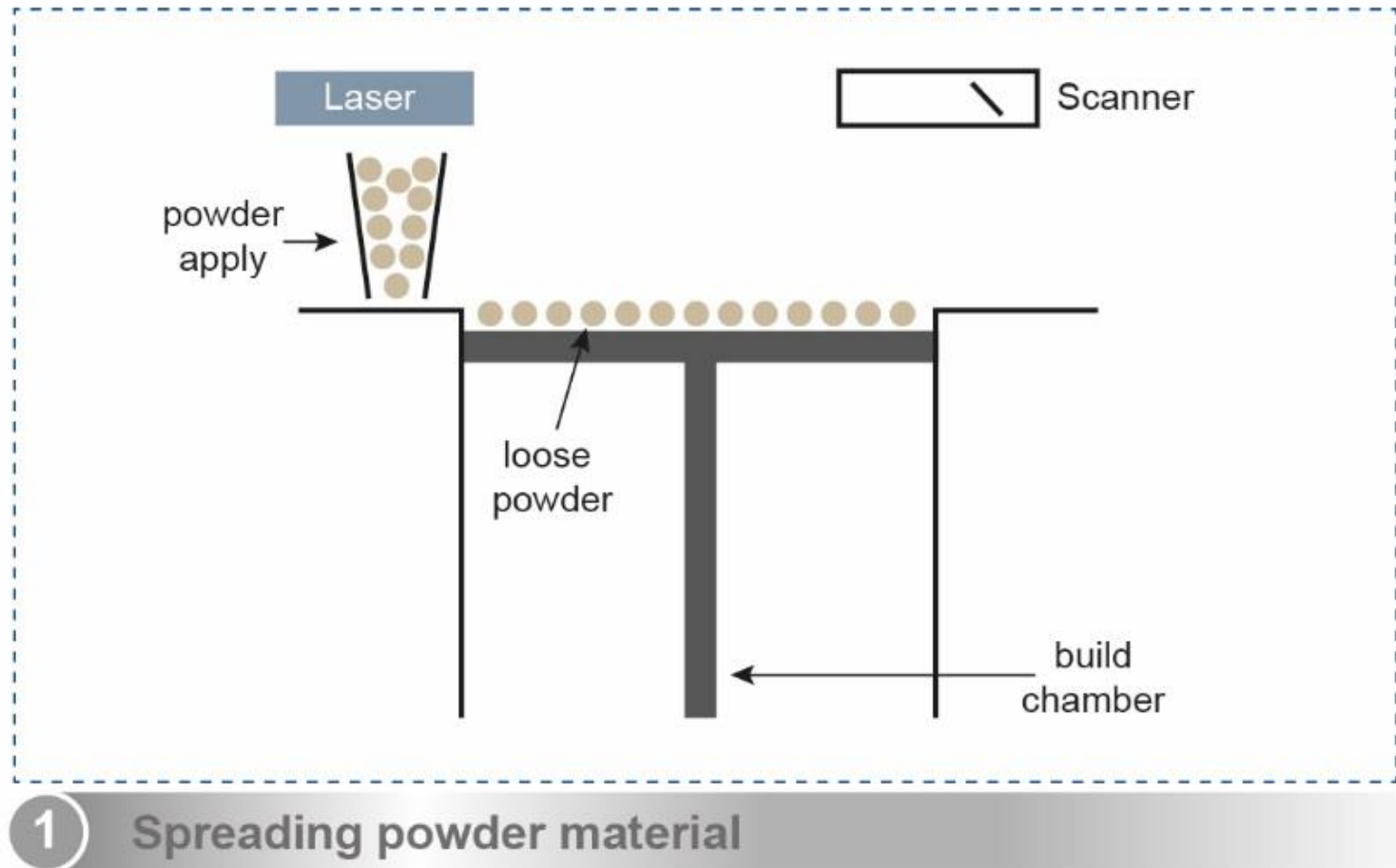
“Yes, 3-D printing holds vast potential [...] that's because of its applications in industrial manufacturing.” **BARRON'S**

○ A leader in metal-based additive manufacturing

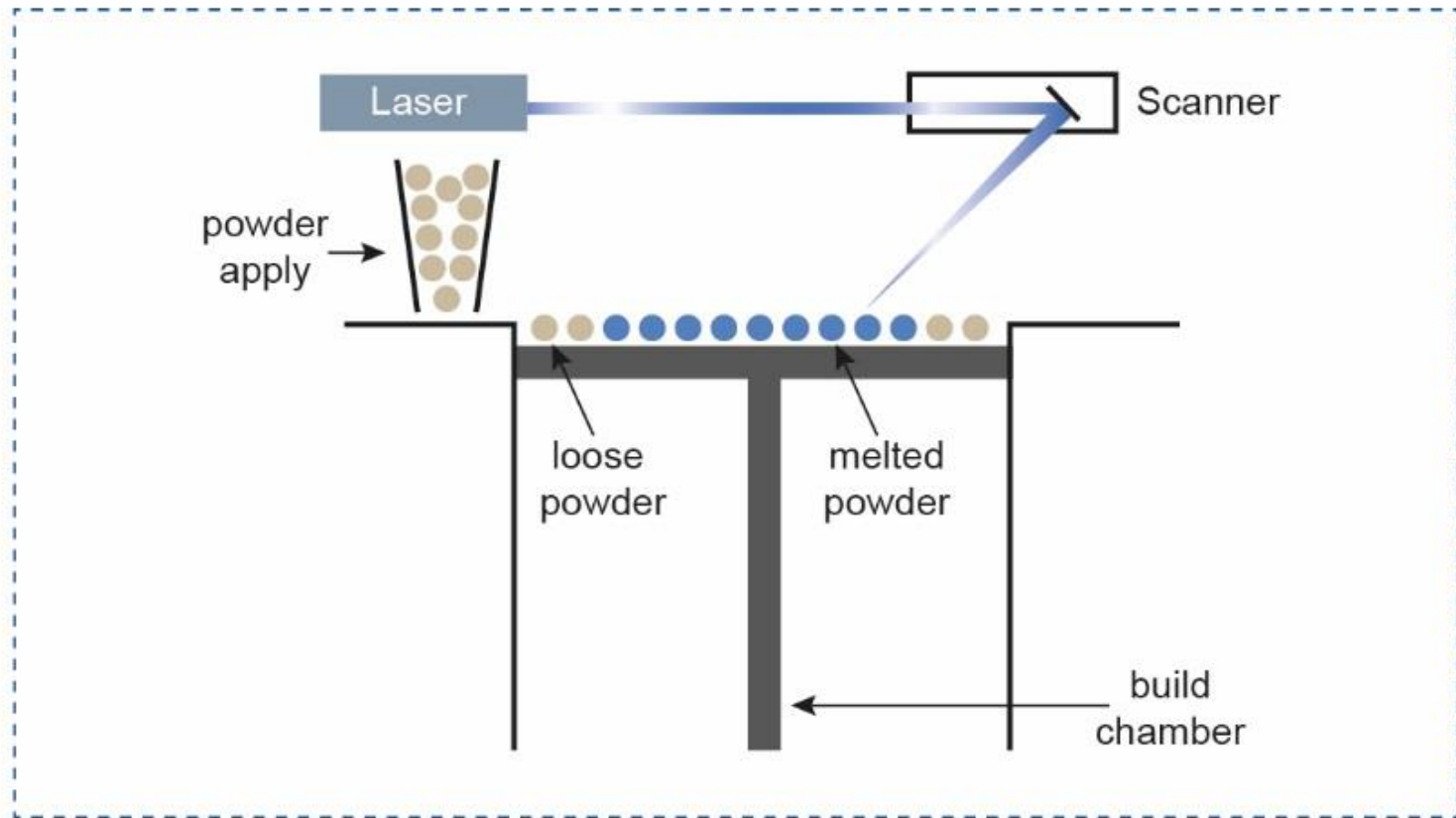
SLM Solutions...

- 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



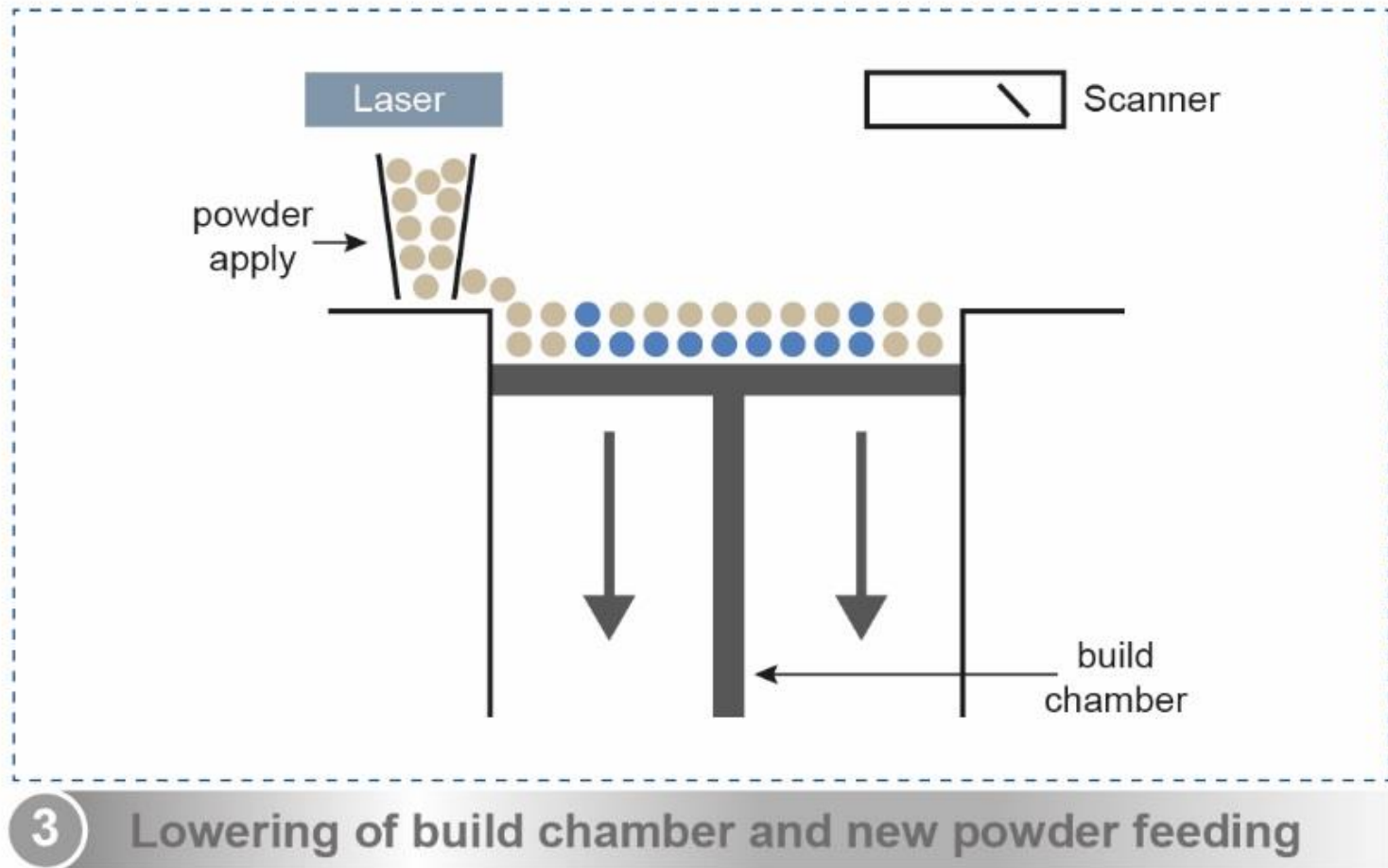
○ Metal-based additive manufacturing: how it works



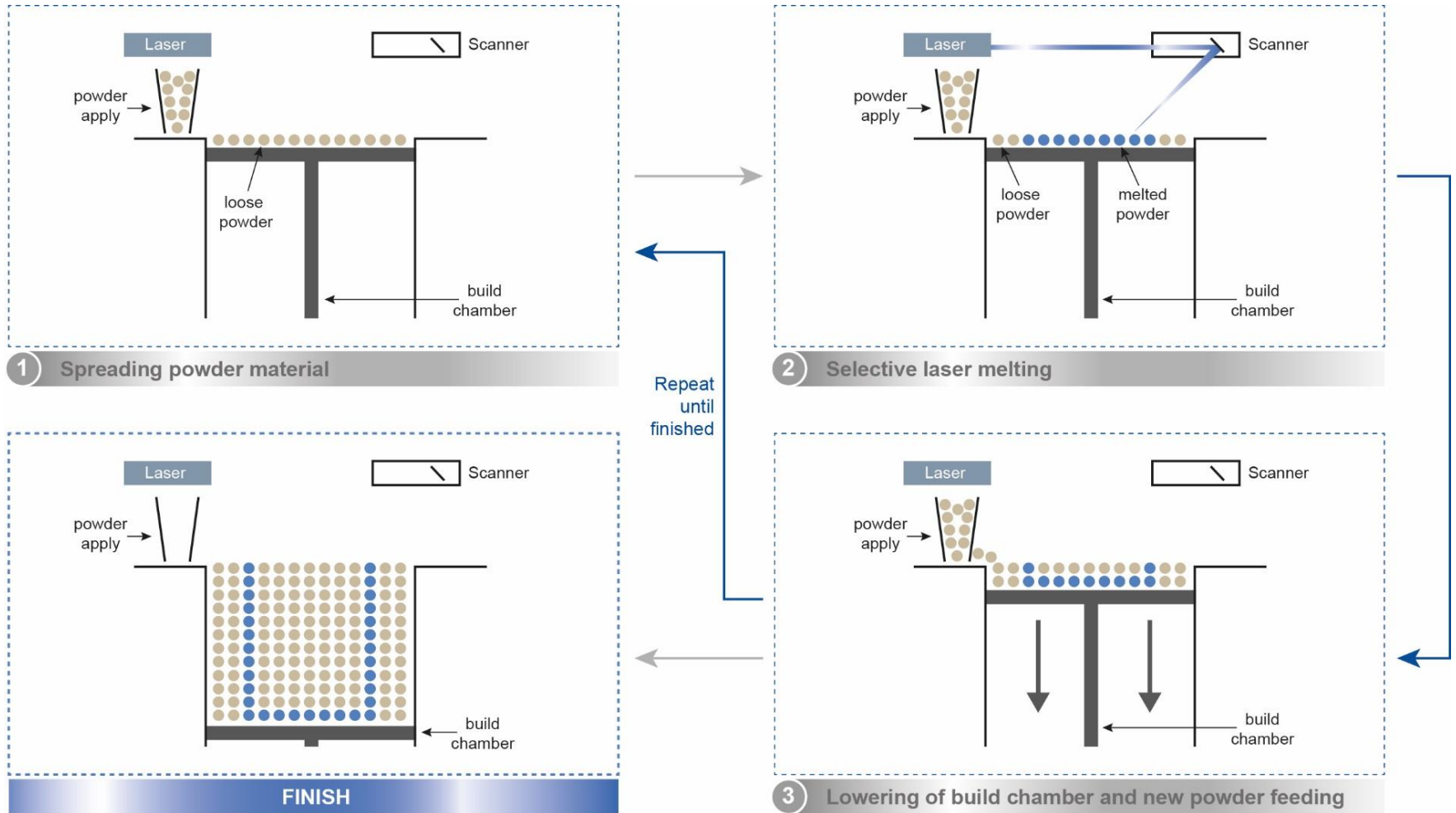
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Selective laser melting

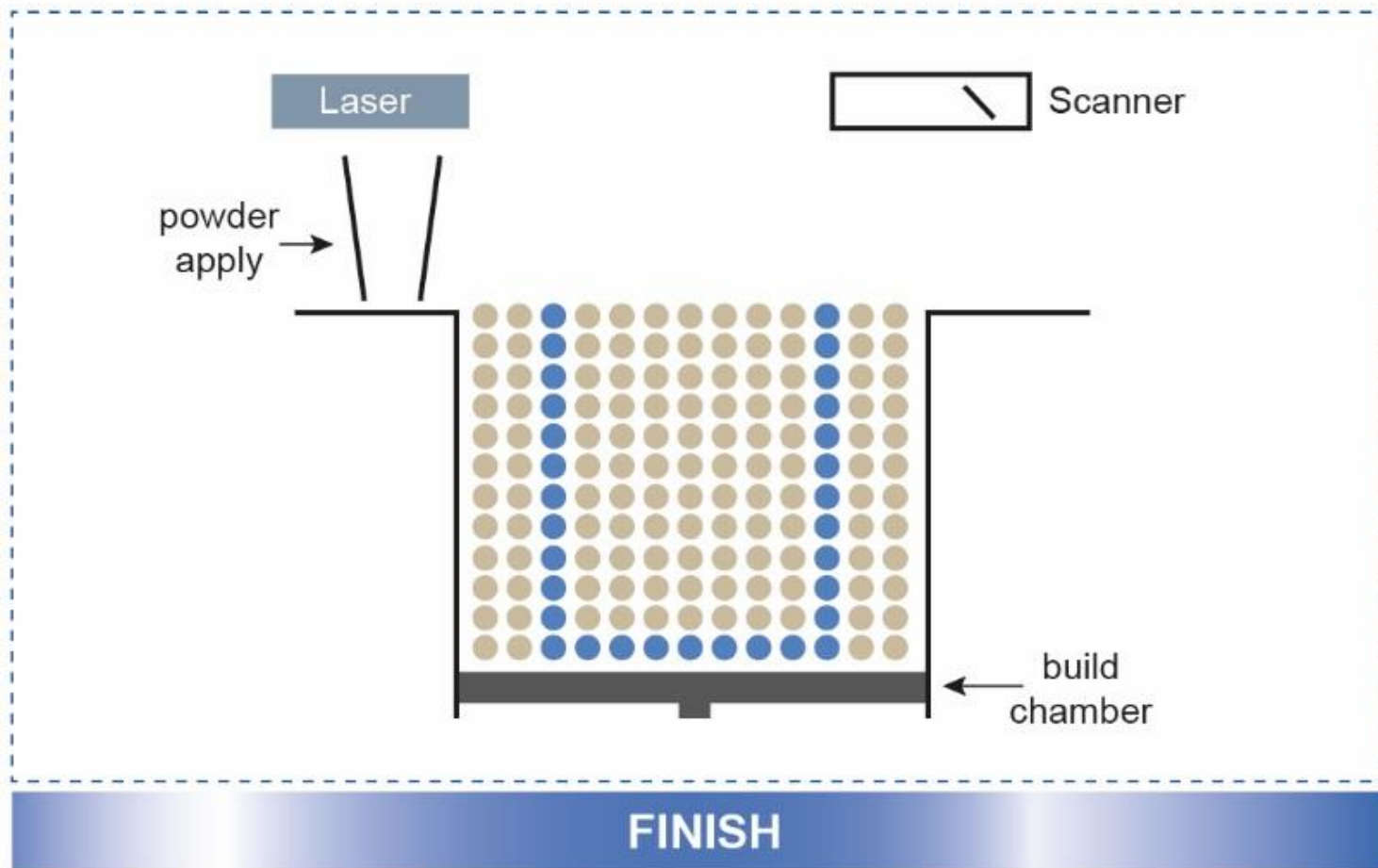
○ Metal-based additive manufacturing: how it works



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○ Metal-based additive manufacturing: how it works



○ Product portfolio and innovations

Key products



SLM 125^{HL}



SLM 280^{HL}



SLM 500^{HL}

Other



○ 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

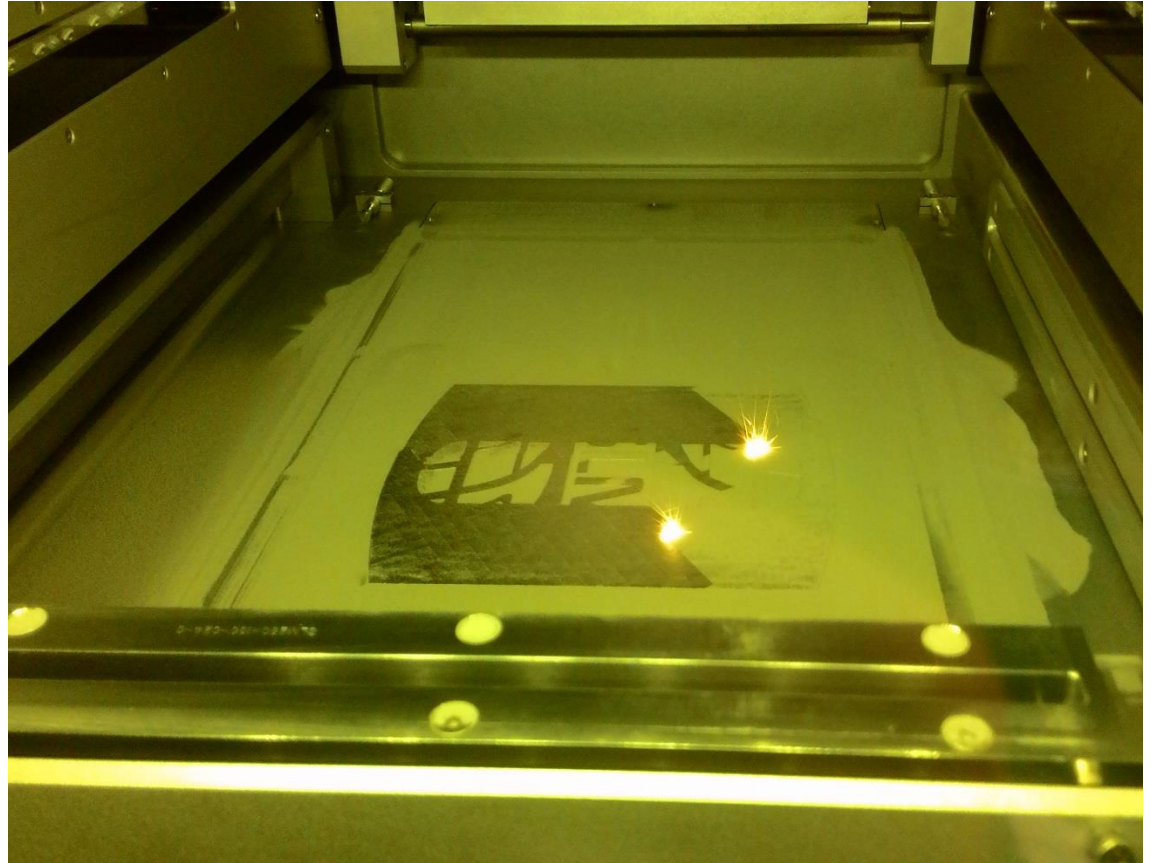


Dental prostheses

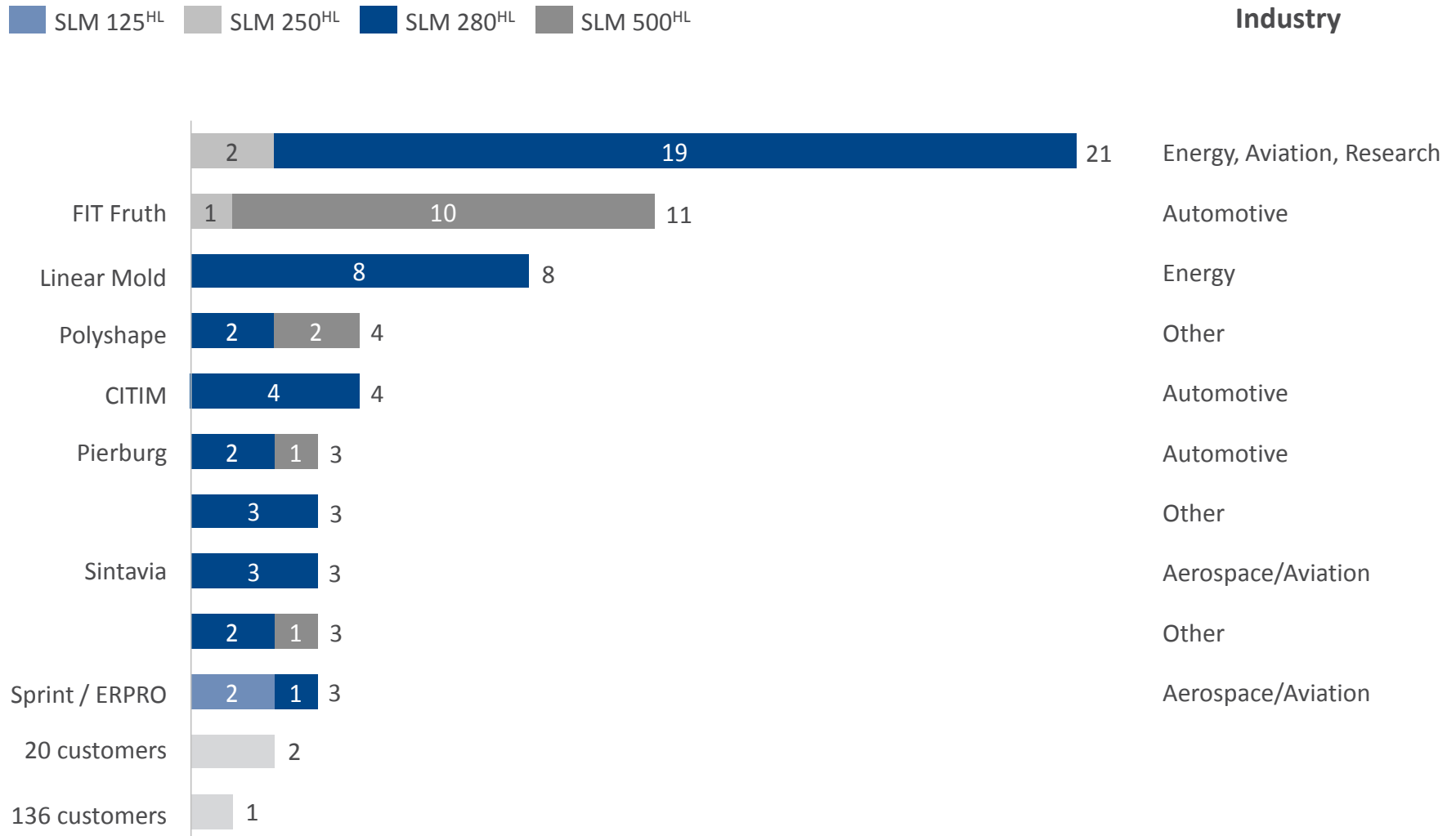
○ Multi-laser technology paves the way for industrial production

Reducing build part costs

- Combining high surface quality with faster builder speed (getting rid of the trade-off)
- Component costs on large SLM 500^{HL} can be reduced by two thirds compares with smaller machine
- Trend toward multi-machine orders



○ Diverse installed base – 30 customers with > 1 machine



○ Reference customers 2015 – growth on a broad basis

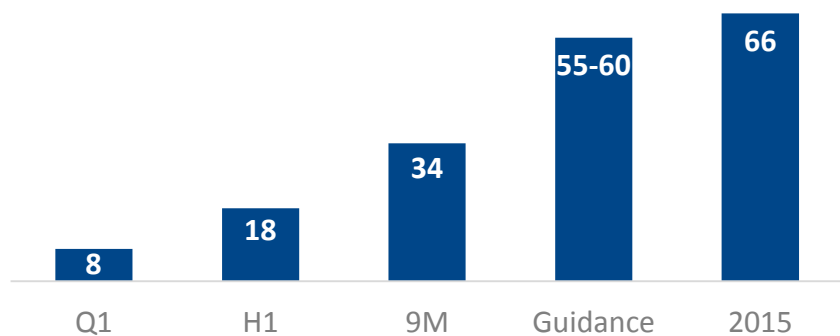


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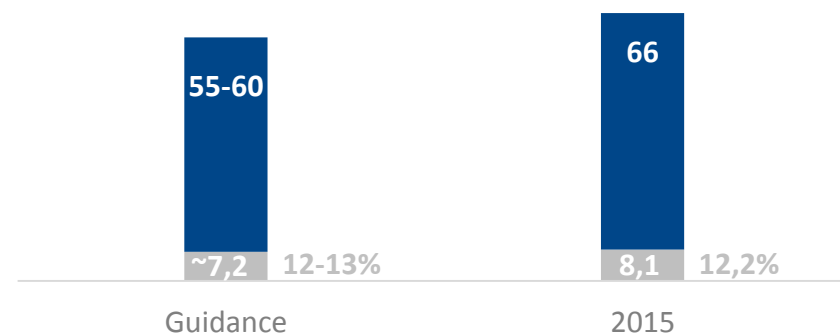
Financials 2015

○ SLM delivers on all fronts

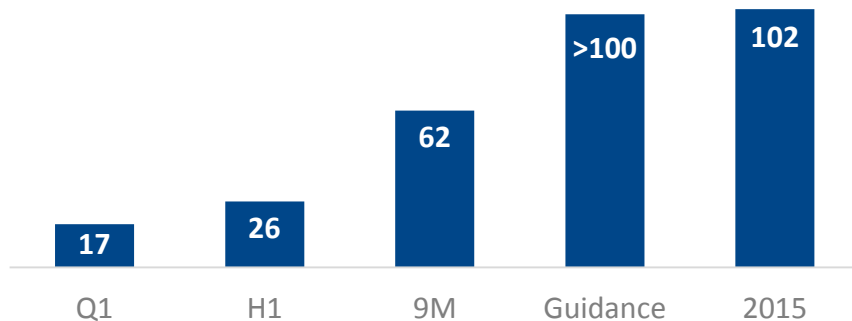
Revenue Development (EUR million)



EBITDA (adjusted, EUR million)



Order intake (Number)

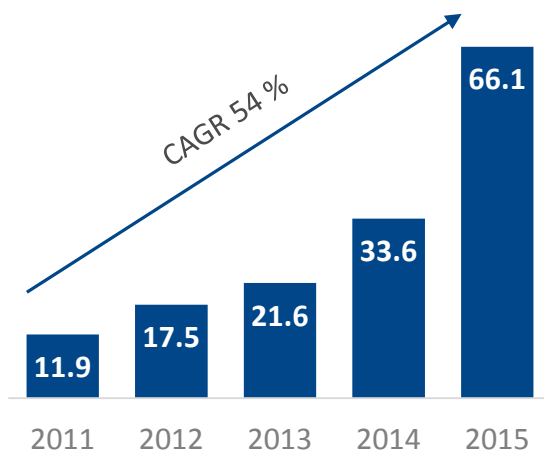


○ Outstanding year 2015

- ✓ **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)

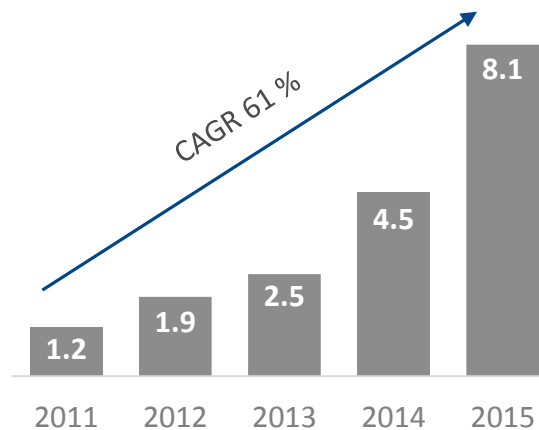
○ Profitable growth – accelerating since IPO

Revenue (EUR million)



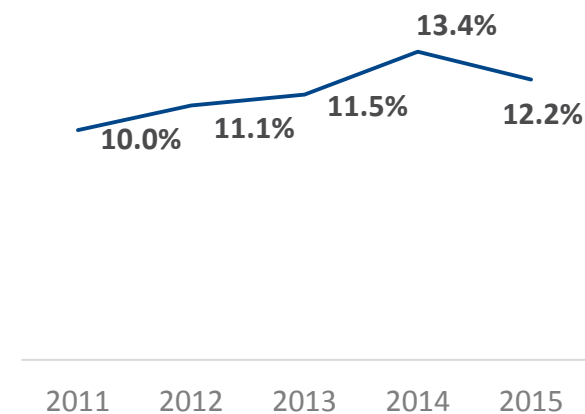
→ Strong top line growth

Adj. EBITDA (EUR million)



→ Profitability grew even stronger

Adj. EBITDA (% of revenue)



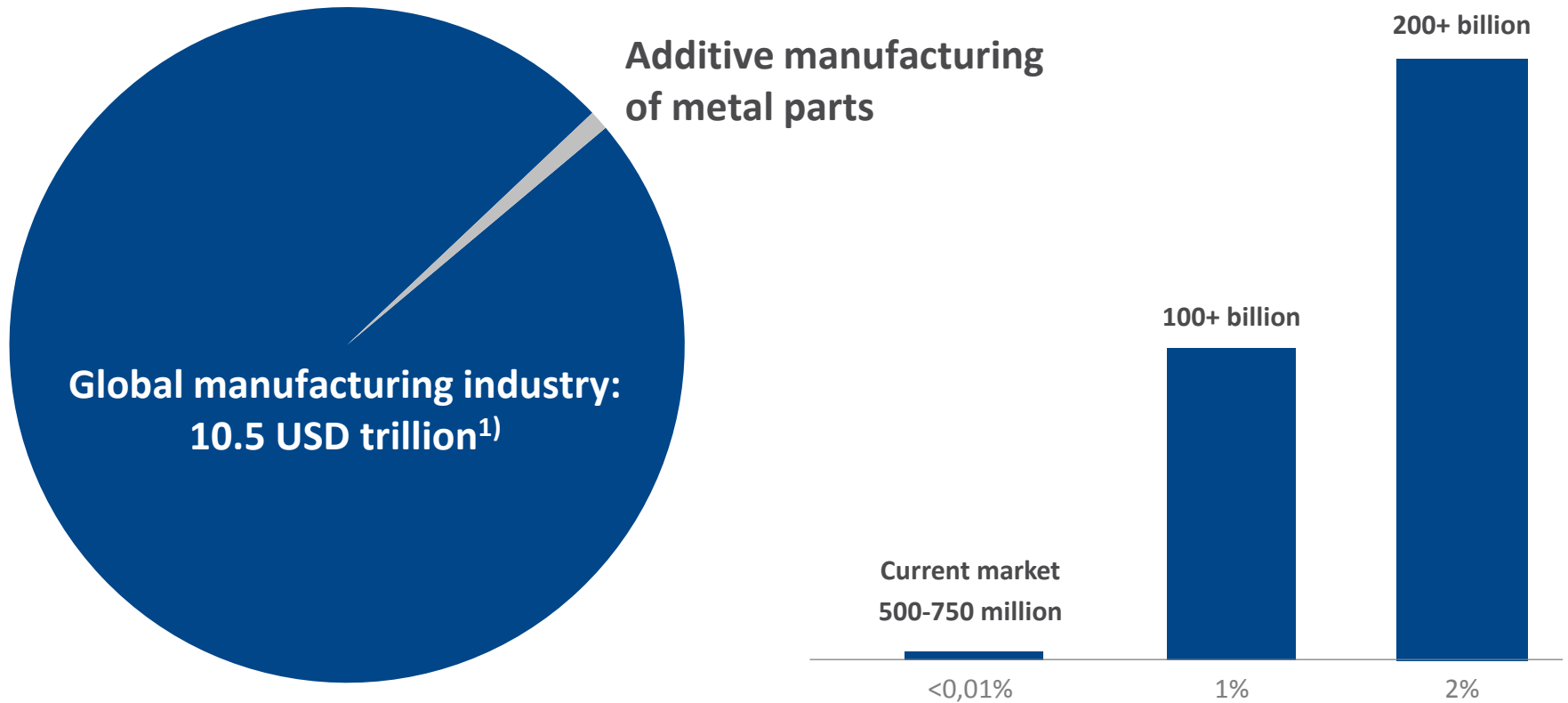
→ Double-digit margins



3

Strategic Outlook

○ Huge market potential...

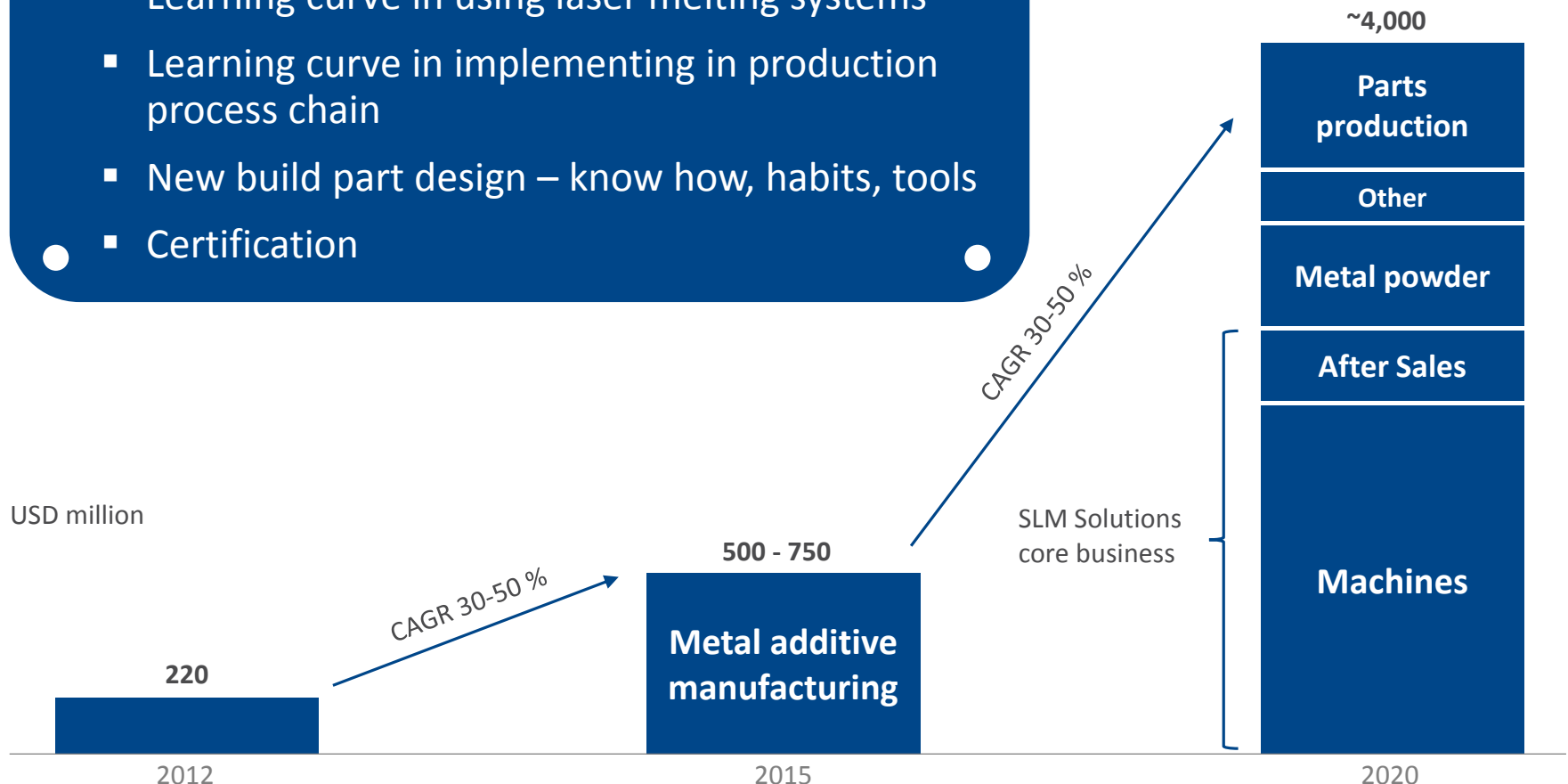


¹⁾ 2012, Wohlers Associates

○ ...however market growth is „limited“ to 30-50 % CAGR

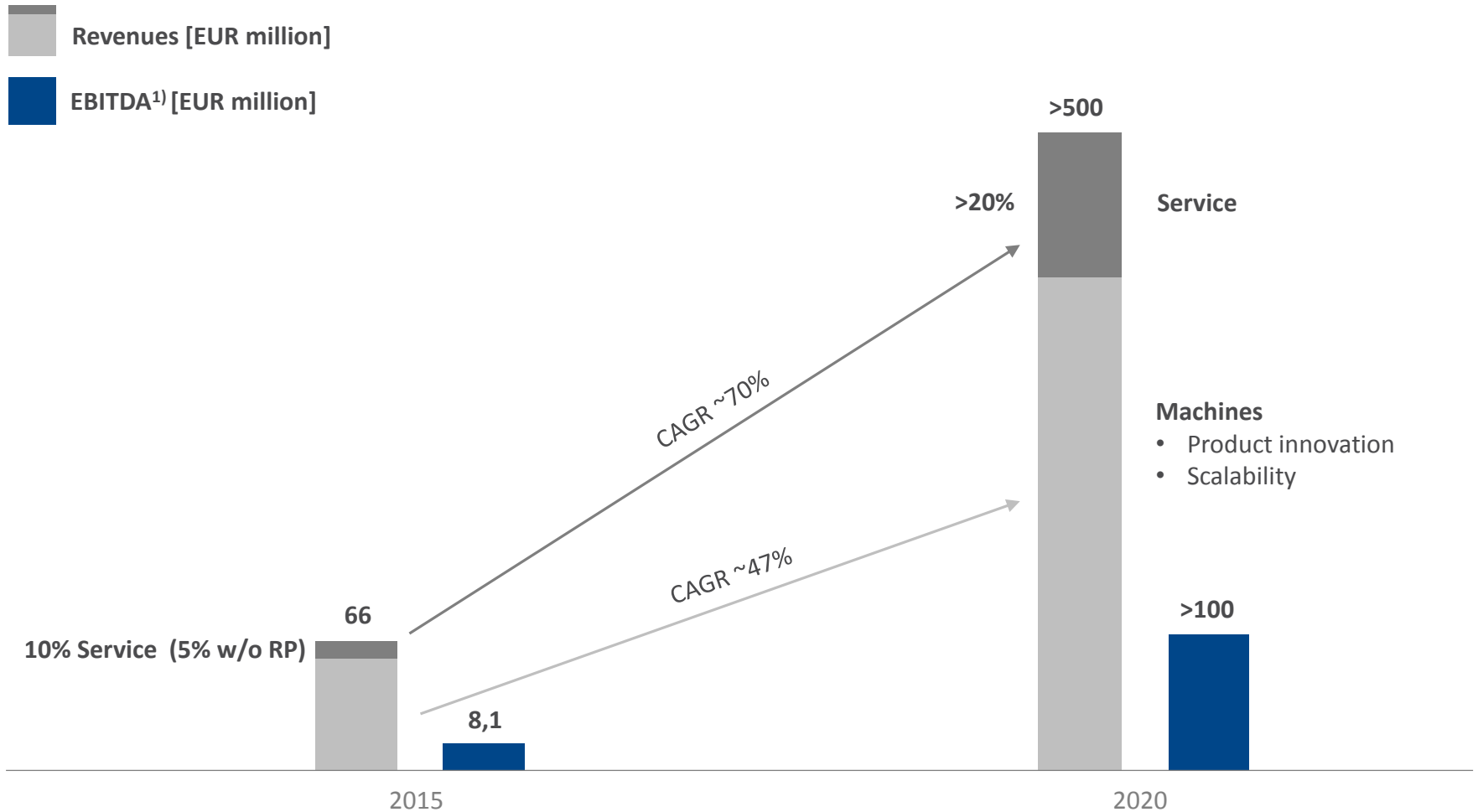
- **Adoption barriers**

- 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

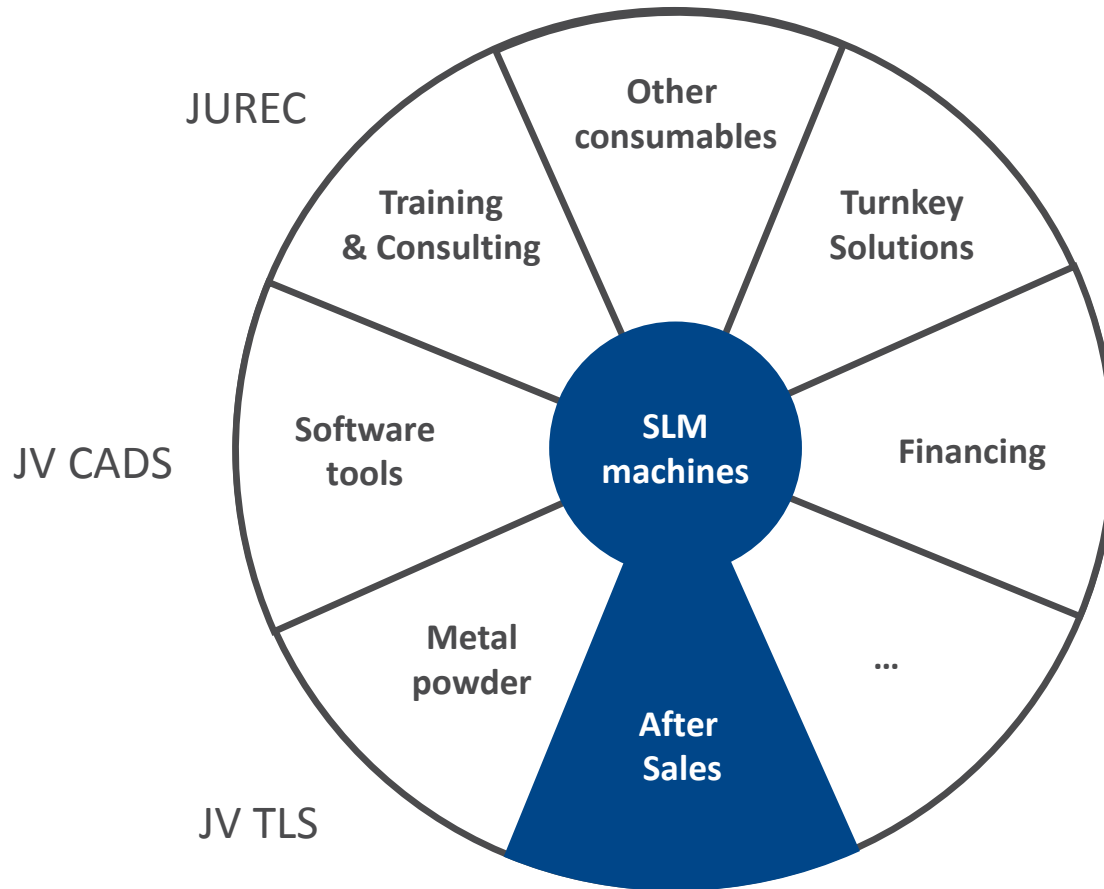
○ 2020 ambition: EUR 500 million revenues



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



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

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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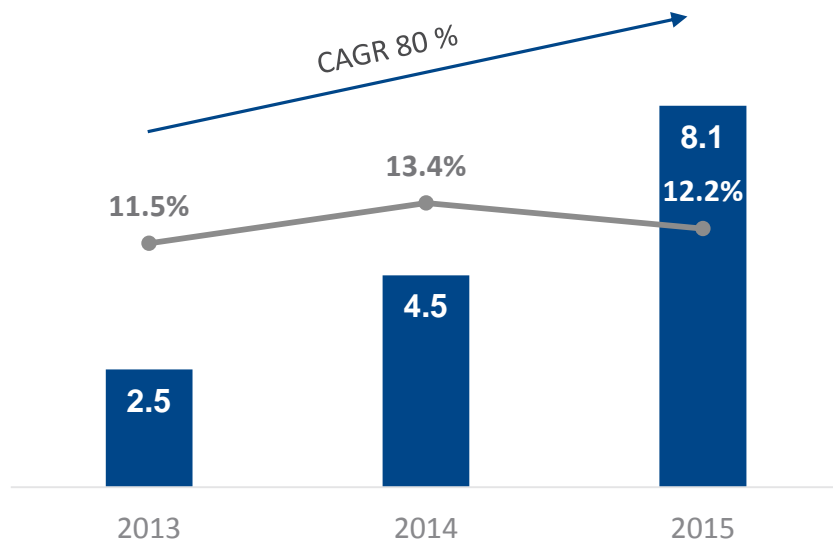


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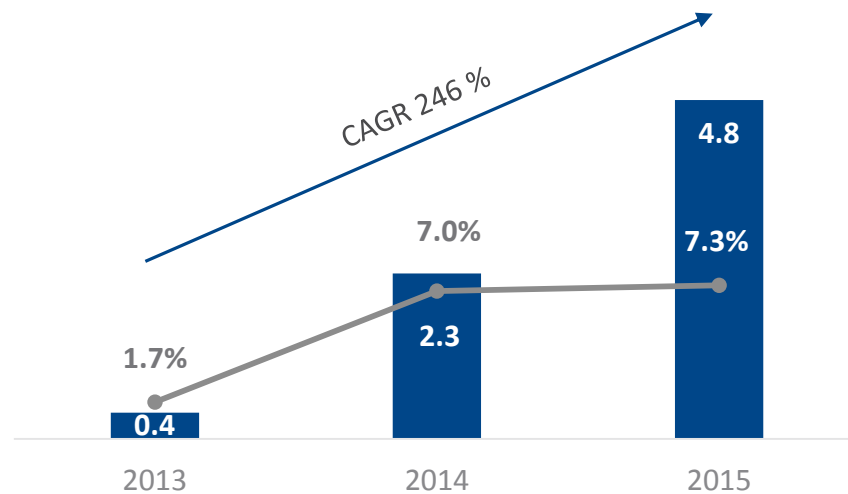
Backup

○ Continuous improvement of profitability

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



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



○ 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