Company
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 340 FTE in Germany, USA, Singapore, Russia, India and China (as of 30.06.2017)

IPO in 2014 at Frankfurt Stock Exchange (Prime Standard), shares included in TecDAX since March 2016

2016: Revenues of EUR 80,7 million (22% growth compared to 2015) in a challenging year

2017 (H1): Revenues of EUR 29,0 million (13,5% down compared to H1 2016); Order Intake increased by 17,9% to EUR 35,3 million
Development of our share price: +64,5% LTM
Shareholder Structure (June 30, 2017)

- Other 34.28%
- SLM Solutions company presentation 5
- Allianz Global Investors GmbH 3.01%
- Oppenheimer Global Opportunities Fund 5.01%
- Deutsche Asset & Wealth Management Investment GmbH 6.12%
- Hans-Joachim Ihde (über Ceresio GmbH) 24.07%
- Henner Schöneborn and sons 2.00%
- Uwe Bögershausen 0.13%
- DPE Deutsche Private Equity BV. (über Parcom Deutschland I GmbH & Co. KG) 5.38%
- Elliott International Limited 20.00%**

* Pooling agreement: joint pursuit of interests pursuant to Section 22 (2) WpHG
** Voting rights are attributed by subsidiary Cornwall GmbH & Co. KG (20.001%)
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 Group AG has exposure to attractive end markets and has longstanding relationships with blue chip customers.

The market continues the shift from rapid prototyping to industrial applications.

SLM Solutions is well positioned to capitalise on this trend given SLM Solutions’ technology and customer base.
218 Customers (31.12.2016) – 42 with more than one machine

Number of installed machines

Area

- Energy, Aviation, R&D
- Automotive
- Energy
- Aviation
- Automotive
- Other
- Automotive
- Energy
- Medical

<table>
<thead>
<tr>
<th>Number of Machines</th>
<th>Energy, Aviation, R&amp;D</th>
<th>Automotive</th>
<th>Energy</th>
<th>Aviation</th>
<th>Automotive</th>
<th>Other</th>
<th>Automotive</th>
<th>Energy</th>
<th>Medical</th>
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<td>28</td>
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SLM Solutions company presentation
Global coverage through subsidiaries in Austria, USA, Singapore, Russia, India and China – and Agents/Resellers nearly all over the Word...
Technology
Powder Bed Fusion technology is most relevant for metal 3D printing

<table>
<thead>
<tr>
<th>Technology</th>
<th>Materials</th>
<th>Typical markets</th>
<th>Relevance for metal</th>
<th>Companies with this technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Powder bed fusion</td>
<td>Metals, polymers</td>
<td>Prototyping, direct part</td>
<td>77%&lt;sup&gt;(a)&lt;/sup&gt;</td>
<td>SLM Solutions, Arcam AB, EOS, Concept Laser, Renishaw, Phenix Systems</td>
</tr>
<tr>
<td>Directed energy deposition</td>
<td>Metals</td>
<td>Direct part, repair</td>
<td></td>
<td>TRUMPF, Optomec, DMG Mori</td>
</tr>
<tr>
<td>Sheet lamination</td>
<td>Metals, paper</td>
<td>Prototyping, direct part</td>
<td></td>
<td>Mcor Technologies</td>
</tr>
<tr>
<td>Binder jetting</td>
<td>Metals, polymers, foundry sand</td>
<td>Prototyping, direct part</td>
<td></td>
<td>Voxeljet ExOne</td>
</tr>
<tr>
<td>Material jetting</td>
<td>Polymers, waxes</td>
<td>Prototyping, casting patterns</td>
<td></td>
<td></td>
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<tr>
<td>Material extrusion</td>
<td>Polymers</td>
<td>Prototyping</td>
<td></td>
<td>Others</td>
</tr>
<tr>
<td>Vat photopolymerization</td>
<td>Photopolymers</td>
<td>Prototyping</td>
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</tr>
</tbody>
</table>

(a) Powder bed fusion technology accounting for 77% of metal based 3D systems sold as per CODEX Partners analysis
Source: ASTM International Committee F42 on Additive Manufacturing Technologies; Roland Berger, CODEX Partners
Metal-based additive manufacturing: how it works

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

Finish
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
“Complexity comes for free”
Provider of integrated system solutions – product portfolio

Key products

- SLM 125
- SLM 280
- SLM 500

Other

- SLM Solutions company presentation
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
Multi Laser System: Overlap

- Fibre laser 4 x 700W
- 3D Scan-Optic without F-Theta

Overlap areas with the same high density and mechanical properties compared to single scanner/laser areas
Productivity

Single-laser 400 W

Twin-laser 2x 400 W

Quad-laser 4x 400 W

Build rate (cm³/h)

+80 %

+235 %
SLM Solutions Group’s technology covers the most relevant metals...

<table>
<thead>
<tr>
<th>Material Properties</th>
<th>Aluminium</th>
<th>Cobalt-Chrome</th>
<th>Inconel</th>
<th>Titanium</th>
<th>Tool Steel and Stainless Steel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Light weight</td>
<td>High toughness</td>
<td>High corrosion resistance</td>
<td>High strength, low weight</td>
<td>High hardness and toughness</td>
</tr>
<tr>
<td></td>
<td>Good alloying properties</td>
<td>High strength</td>
<td>Excellent mech.strength</td>
<td>High corrosion resistance</td>
<td>High corrosion resistance</td>
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<tr>
<td></td>
<td>Good processability</td>
<td>Good bio-compatibility</td>
<td>High creep rupture strength up to 700°C</td>
<td>Good biocompatibility</td>
<td>High corrosion resistance</td>
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<tr>
<td></td>
<td>(casting and pressing etc)</td>
<td>Good corrosion resistance</td>
<td>Outstanding weldability</td>
<td>Low thermal expansion</td>
<td>Good machinability</td>
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<td></td>
<td>Good electrical conductivity</td>
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<table>
<thead>
<tr>
<th>Applications</th>
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<tbody>
<tr>
<td>Aerospace</td>
<td>Dental</td>
<td>Aerospace</td>
<td>Bio-material for implants</td>
<td>Plastic injection and pressure diecasting moulds</td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td>Medical implants</td>
<td>Gas turbines</td>
<td>Aerospace</td>
<td>Medical implants</td>
<td></td>
</tr>
<tr>
<td>General industrial applications</td>
<td>High temperature</td>
<td>Rocket motors</td>
<td>F1 motor sport</td>
<td>Cutlery and kitchenware</td>
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<td>Nuclear reactors</td>
<td>Maritime applications</td>
<td>Maritime</td>
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<td>Pumps</td>
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<td>Spindles and screws</td>
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<td>Turbo pump seals</td>
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<td></td>
<td>Tooling</td>
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<tr>
<th>Alloys</th>
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<tbody>
<tr>
<td>AISi12</td>
<td>Co212-f acc to ASTM F75</td>
<td>Inconel 625</td>
<td>Pure titanium</td>
<td>1.2709</td>
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<tr>
<td>AIS10Mg</td>
<td></td>
<td>Inconel 718</td>
<td>Ti6Al7Nb</td>
<td>1.4404 (316L)</td>
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<tr>
<td>AISi7Mg</td>
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<td>Inconel HX (2.4665)</td>
<td>Ti6Al4V</td>
<td>1.2344 (H13)</td>
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<tr>
<td>AlSi9Cu3</td>
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<td></td>
<td>Grade X materials on request</td>
<td>1.4540 (15-5PH)</td>
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<tr>
<td>AlMg4,5Mn0,4</td>
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<td>Other materials on request</td>
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<td>Other materials on request</td>
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Overview H1 2017

- **New order intake:**
  YoY increase in value terms of 17.9 % to EUR 35.3 mn (H1/2016: EUR 30.0 mn); order intake in terms of machines down by 16.1 % to 47 (H1/2016: 56)

- **Largest single order** in the company's history received in June 2017

- First **positive cash flow** from operating activities since IPO in 2014 (H1 2017: EUR 1.6 mn; H1 2016: EUR -12.8 mn)

- **Increased order value** due to large amount of production machines

- Strategic **partnerships** with customers like Divergent and BeamIT

- **Not translated into revenue immediately:**
  YoY revenue decline of 13.5 % to EUR 29.0 mn (H1/2016: EUR 33.5 mn); year still challenging, customers continue to stay in “wait and see mode”

- adjusted **EBITDA**\(^1\) margin of -15.6 % in H1/2017 (H1/2016: -2.9 %), mainly due to higher personnel cost

- **Still challenging environment** due to failed takeover approach

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\(^1\) adjusted for Retention Bonus in H1/2017 and H1/2016
Strong interest in our products

**# Machines**

<table>
<thead>
<tr>
<th>Current leads</th>
<th>&lt; 50 %</th>
<th>&gt;= 50 %</th>
<th>&gt;= 70 %</th>
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<tbody>
<tr>
<td>505</td>
<td>53%</td>
<td>32%</td>
<td>15%</td>
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<tr>
<td>266</td>
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<td>164</td>
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<td>75</td>
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**Order value [EURm]**

<table>
<thead>
<tr>
<th>Current leads</th>
<th>&lt; 50 %</th>
<th>&gt;= 50 %</th>
<th>&gt;= 70 %</th>
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<tbody>
<tr>
<td>314,1</td>
<td>53%</td>
<td>32%</td>
<td>15%</td>
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<tr>
<td>166,2</td>
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<td>45,7</td>
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</tbody>
</table>
Profitable growth – accelerating since IPO

Revenue (EUR million)

- 2011: 11.9
- 2012: 17.5
- 2013: 21.6
- 2014: 33.6
- 2015: 66.1
- 2016: 80.7
- CAGR 47%

Adj. EBITDA (EUR million)

- 2011: 1.2
- 2012: 1.9
- 2013: 2.5
- 2014: 4.5
- 2015: 8.1
- 2016: 3
- 2017:

→ Strong top line growth

→ Maintaining Profitability
Increasing Average Order Value

- SLM Solutions received orders for 29 machines in Q2/17 (Q2/16: 31)
- Thereof 62.1% multi-laser machines (Q2/16: 28.7%)
- Average order value in Q2/17 up to EUR 0.83 mn (Q2/16: EUR 0.50 mn)
H1 2017 sales figures reflect valuable product mix

- Multi-laser technology as a USP
- Robust SLM 280 „bread and butter“ business
Challenging market environment affects “Machine Sales” segment

- 81.6 % of H1/17 revenues were generated by machine sales (including sale of machines and accessories), down 21.4%
- 18.4 % of H1/17 revenues were generated by after sales (including service revenue, replacement parts sales and merchandise sales), up EUR 1.9 mn (+56.0%)
- Growth potential of after sales business clearly visible
High dependency on 4th quarter

Revenue development (EUR mn)

Q2 2017 revenue down YoY due to customers continuing to stay in a “wait and see mode”

Revenue of the last twelve months (EUR mn)

Rolling observation of a full year period more meaningful: cumulative sales revenues for twelve months with a slight drop to EUR 76.2 mn
Historic adjusted EBITDA

- Adjusted EBITDA of -15.6% in H1/2017, significantly influenced by increased number of staff (H1/2016: -2.9%)
- Higher adjusted personnel cost ratio of 48.3% (H1/2016: 27.6%)
- Significantly lower cost of materials ratio of 43.05% (H1/2016: 58.9%) due to sale of warehoused machines and less preproduction
Working Capital of EUR 41.7 mn as of June 30, 2017, slightly down 0.7 % from March 31, 2017 (EUR 42.0 mn), mostly due to reduced receivables

- Reduction of Working Capital by EUR 6.4 mn (13.3 %) Y-o-Y (Q1/16: EUR 48.1 mn)

- Increase in Working Capital intensity by 4.1 pts. during Q2/17 to 54.8 % (Q1/17: 50.7 %)

- Working Capital intensity down by 4.2 pts. to 54.8 % Y-o-Y (Q2/16: 59.0 %)
Business Split FY 2016 – Machines sold

Sales by region
- EMEA: 23%
- North America: 27%
- APAC: 27%
- Total: 59%

Repeat sales
- New sales: 33%
- Repeat sales: 67%
- Total: 79%

Multilaser sales
- Multilaser: 44%
- Single laser: 56%
- Total: 66%

Sales by machine type
- SLM 280: 20%
- SLM 125: 29%
- SLM 500: 24%
- Total: 65%

Multi-machine sales
- Single machine sales: 33%
- Multi-machine sales: 67%
- Total: 79%
4 Strategic Outlook
Huge market potential...

Global manufacturing industry: 10.5 USD trillion

Additive manufacturing of metal parts

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

![Graph showing market growth and adoption barriers](SLM_Solutions_company_presentation.png)

**USD million**
- 2012: 220
- 2015: 500 - 750
- 2020: ~4,000

- **Parts production**
- **Other**
- **Metal powder**
- **After Sales**
- **Machines**

**SLM Solutions core business**

Source: Wohlers Associates, own estimates
Well-positioned for further growth on an independent basis

"Turning the key to growth."

→ Integrated solution provider for metal-based additive design and manufacturing
Expectations for 2017 highly depending on 4th quarter

- Estimates relating to additive manufacturing market and target regions’ economic trends remain unchanged
- Revenues expected in a range of EUR 110.0 mn to EUR 120.0 mn, highly depending on Q4
- Product mix will include more production-oriented machines
- Adjusted EBITDA margin of 10 to 13 % expected (roughly EUR 11.0 mn to EUR 15.0 mn)
- Cost ratios depend highly on revenues achieved – realizing economies of scale
- Results more depending on H2 than the years before
<table>
<thead>
<tr>
<th></th>
<th>Investment Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Deep rooted additive manufacturing heritage</td>
</tr>
<tr>
<td>2</td>
<td>German engineering with a global reach: international expansion in growth markets</td>
</tr>
<tr>
<td>3</td>
<td>Enormous addressable market for metal additive manufacturing</td>
</tr>
<tr>
<td>4</td>
<td>Technological leadership position due to multi-laser technology</td>
</tr>
<tr>
<td>5</td>
<td>Expanding installed base at blue chip customers</td>
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<tr>
<td>6</td>
<td>Profitable growth above market growth</td>
</tr>
<tr>
<td>7</td>
<td>Clear growth strategy: full-service provider for additive manufacturing</td>
</tr>
</tbody>
</table>
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