Q3 2019 Earnings Presentation

November 07, 2019

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Q3 2019: What Went Well and What Didn't

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- **Strengthening of the organization with new talent underway with several key hires made:**
  - CFO & COO
  - North America leadership team
  - Head of Human Resources, Head of Program Management, Head of Quality Management
- **Continued strong customer interaction resulting in strengthened order book and improving visibility**
  - Order backlog increased by 51% Y-o-Y[1]
  - Improvement in quality and number of sales leads
  - Two SLM®800s sold to an aerospace company in North America
- **Positive progress on NextGen product development**
- **Further reduction of working capital driven by decreasing inventory; positive operating cash flow**

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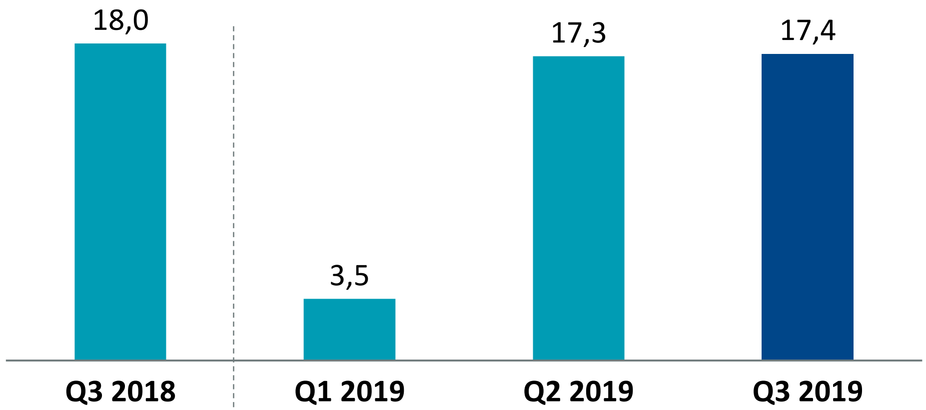
- **Revenue performance still being impacted by thin existing order backlog from H1 2019**
- **Demand in additive manufacturing market softer than expected**
  - Soft environment expected to continue in the near-term as industry rationalizes excess supply of older first generation machines
  - Longer lead-times to qualify parts as customers look to adopt additive manufacturing on a broader scaler
- **Machine reliability not yet where we want it to be but improvements made during Q3 2019**

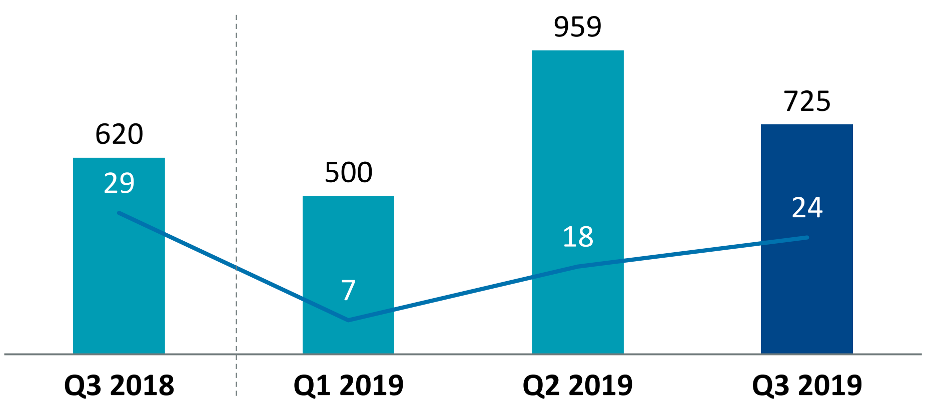
1 *Excluding order backlog from framework agreements in Q3 2018.*

Order Intake With Positive Trajectory

Order value (mEUR)



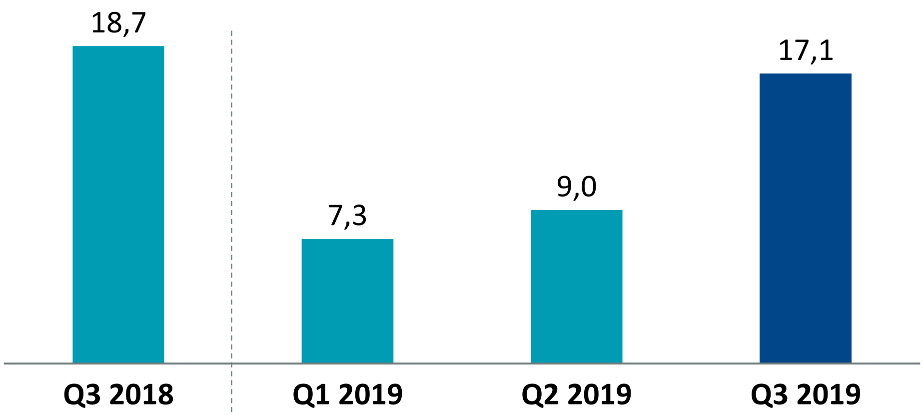
Order intake: Ø value per order (kEUR) and # of machines



- Mix detail on received orders Q3 2019 (Q3 2018):
  - SLM®125: 3 (5)
  - SLM®280: 15 (18)
  - SLM®500: 4 (6)
  - SLM®800: 2 (0)
- Order value increased Y-o-Y due to
  - sale of two SLM®800s
  - generally more favourable pricing of machines
- Value per order decreased in Q3 2019 compared to Q2 2019 largely driven by
  - shift in order mix
  - extensive accessories being added to an SLM®800 order in Q2 2019

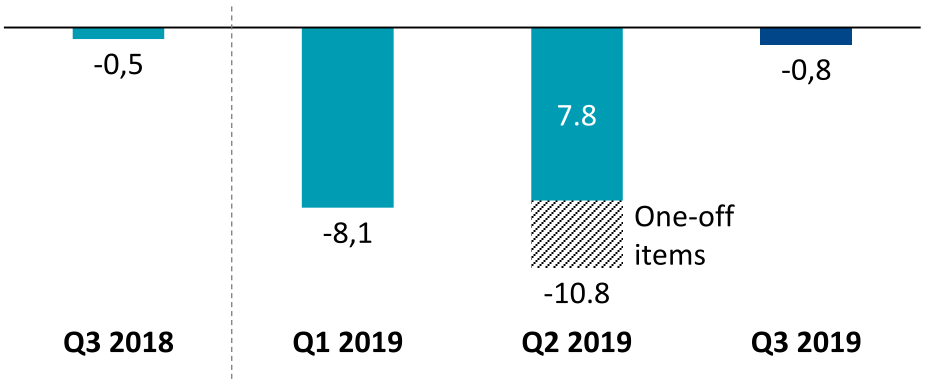
Revenue Performance Still Impacted by Thin Existing Order Backlog

Revenue (mEUR)



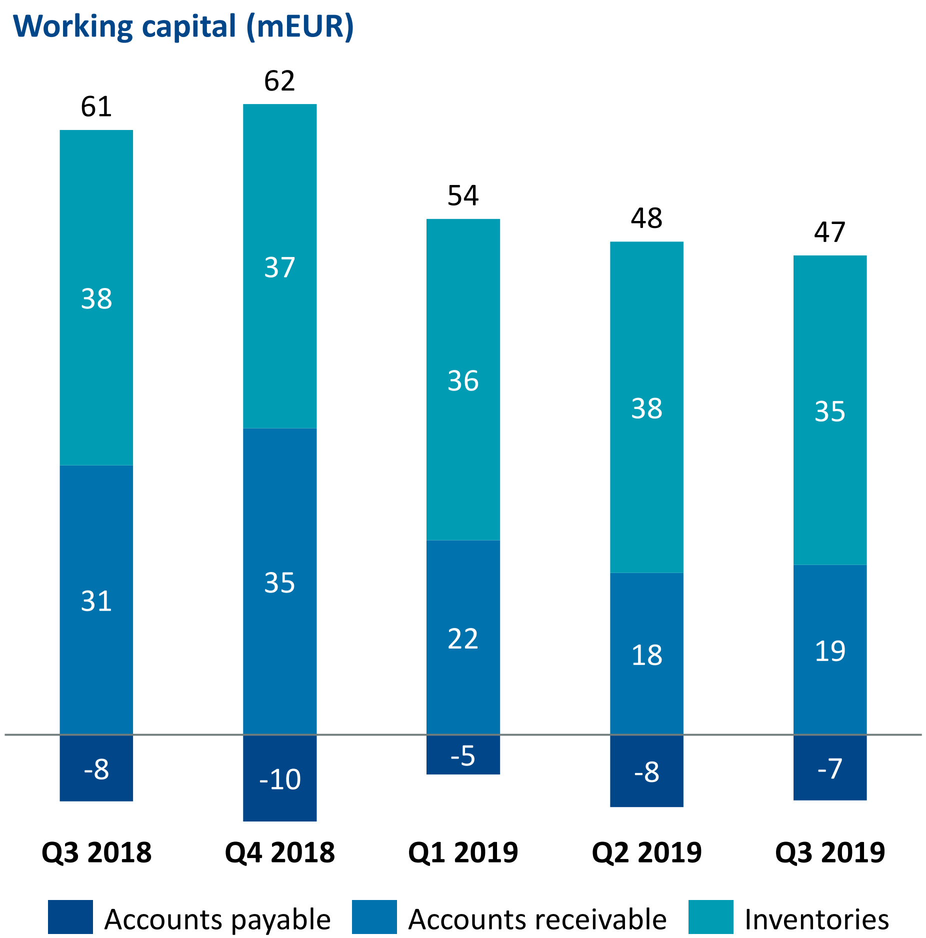
- 89% increase compared to Q2 2019
  - Due to improved order intake in Q2 2019 and good conversion in the quarter
- After Sales of EUR 3.7m (23% of revenue) in Q3 2019 vs. EUR 3.7m (41%) in Q2 2019

EBITDA (mEUR)



- Q3 2019 EBITDA benefitted from:
  - Improved cost discipline
  - No significant one-off costs
  - Higher sales from inventory
- Going forward, however, trend expected to reverse given increased investments in future growth

Working Capital Continues to be Reduced



- Trade accounts receivable significantly reduced year-on-year due to
  - reduced outstanding customer issues
  - improvement of machine payment terms
- Inventory decreased quarter-over-quarter as machines were sold from stock
  - Focus on continuous inventory reduction over the next quarters
- Clear focus on ongoing working capital management given high potential for further improvement
- Strong cash balance of EUR 28m and positive cash flow from operating activities

Key Near-Term Initiatives and Priorities

1. Get new leadership team up and running
2. Continue to build strong pipeline
3. Improve machine reliability as key enabler for industrialisation
4. Deliver on product development milestones for NextGen machine
5. Further strengthen the SLM brand

SLM Investment Highlights

1. Metal AM market is at the early stage of industrialization
2. SLM's technological fundamentals remain strong - we will continue to invest in our technological leadership
3. SLM's next generation machine will be a key enabler for vast adoption
4. 2019/20 are transition years to reset SLM on a path to growth
5. Near-term strategic focus is on topline growth and driving market share gains
6. Motivated workforce complemented by new leadership talent

Q&A