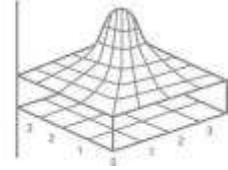


**SLM**  
SOLUTIONS



**Company  
Presentation**



1

**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

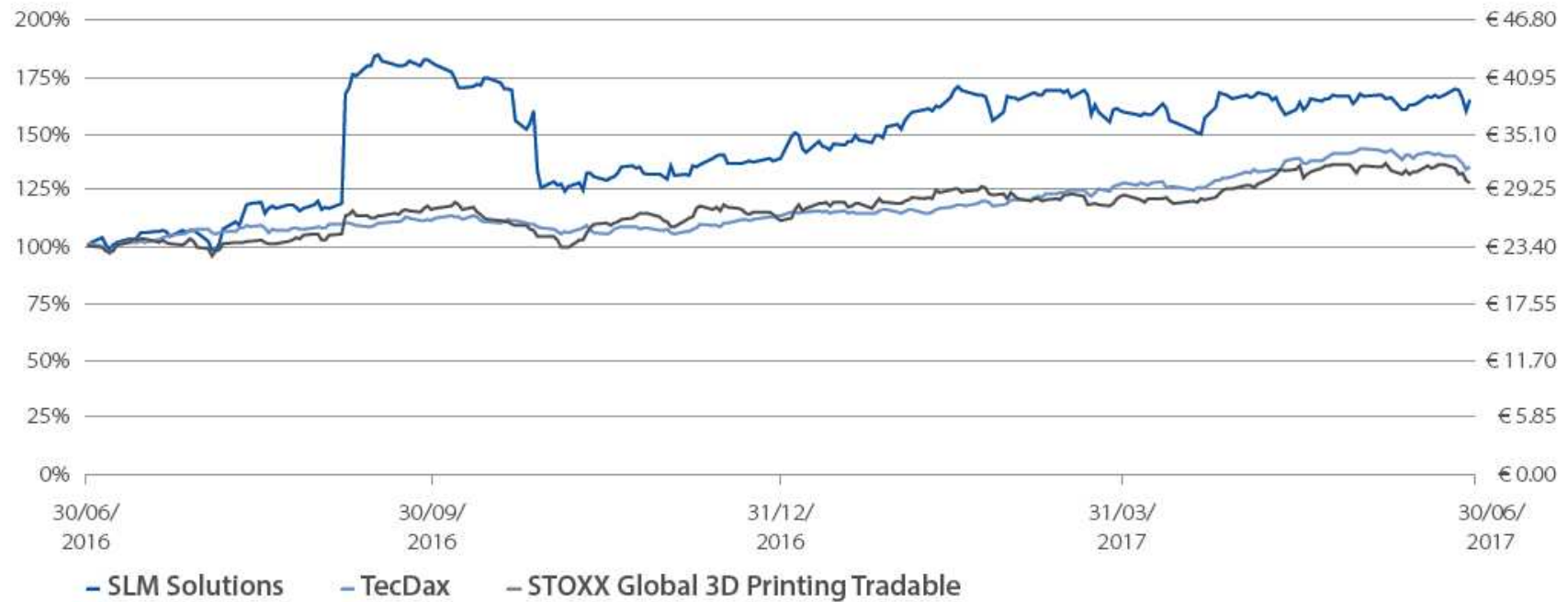
**2016: Revenues of EUR 80,7 million** (22% growth compared to 2015) in a challenging year

**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**

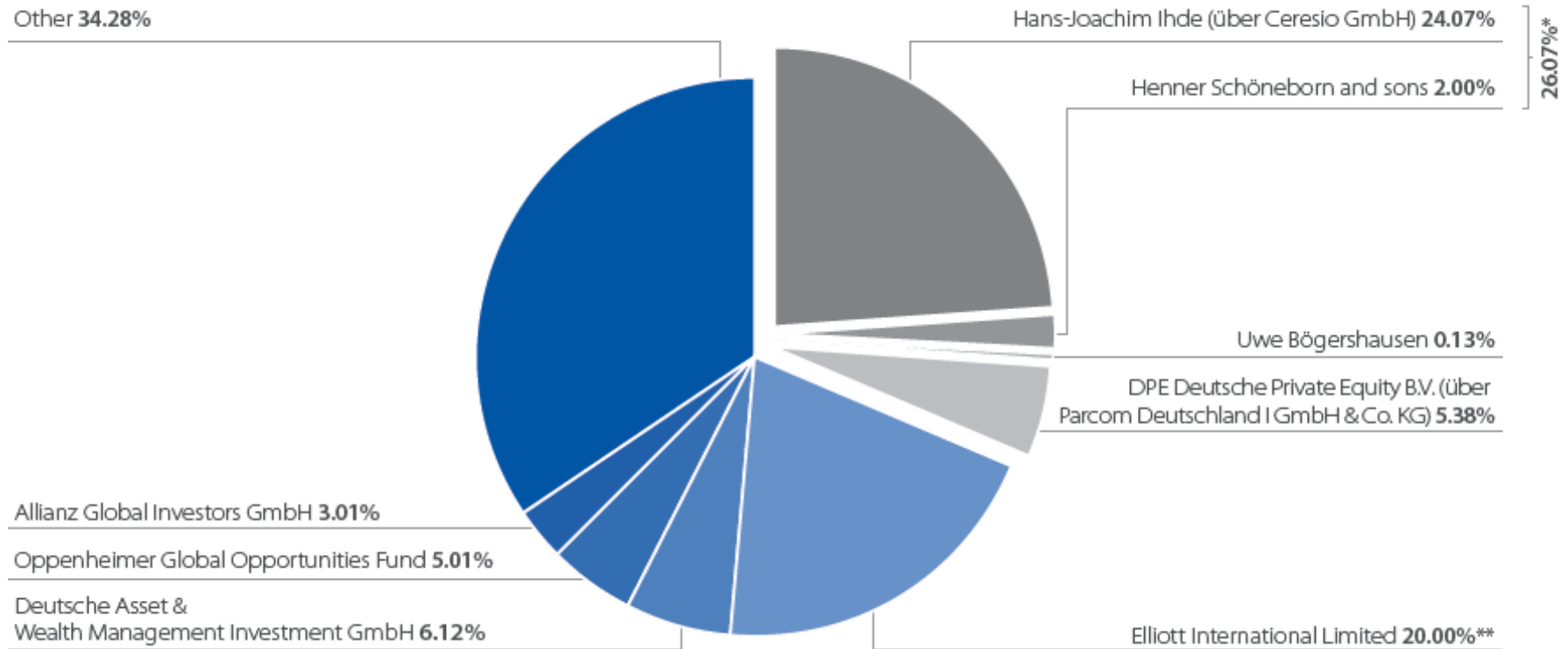


## ○ Development of our share price: +64,5% LTM

Share price performance (as of: 30 June 2017)



## ○ Shareholder Structure (June 30, 2017)



\* 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 is already operating in key industries

- AEROSPACE
- AUTOMOTIVE
- TOOLING
- HEALTHCARE
- ENERGY

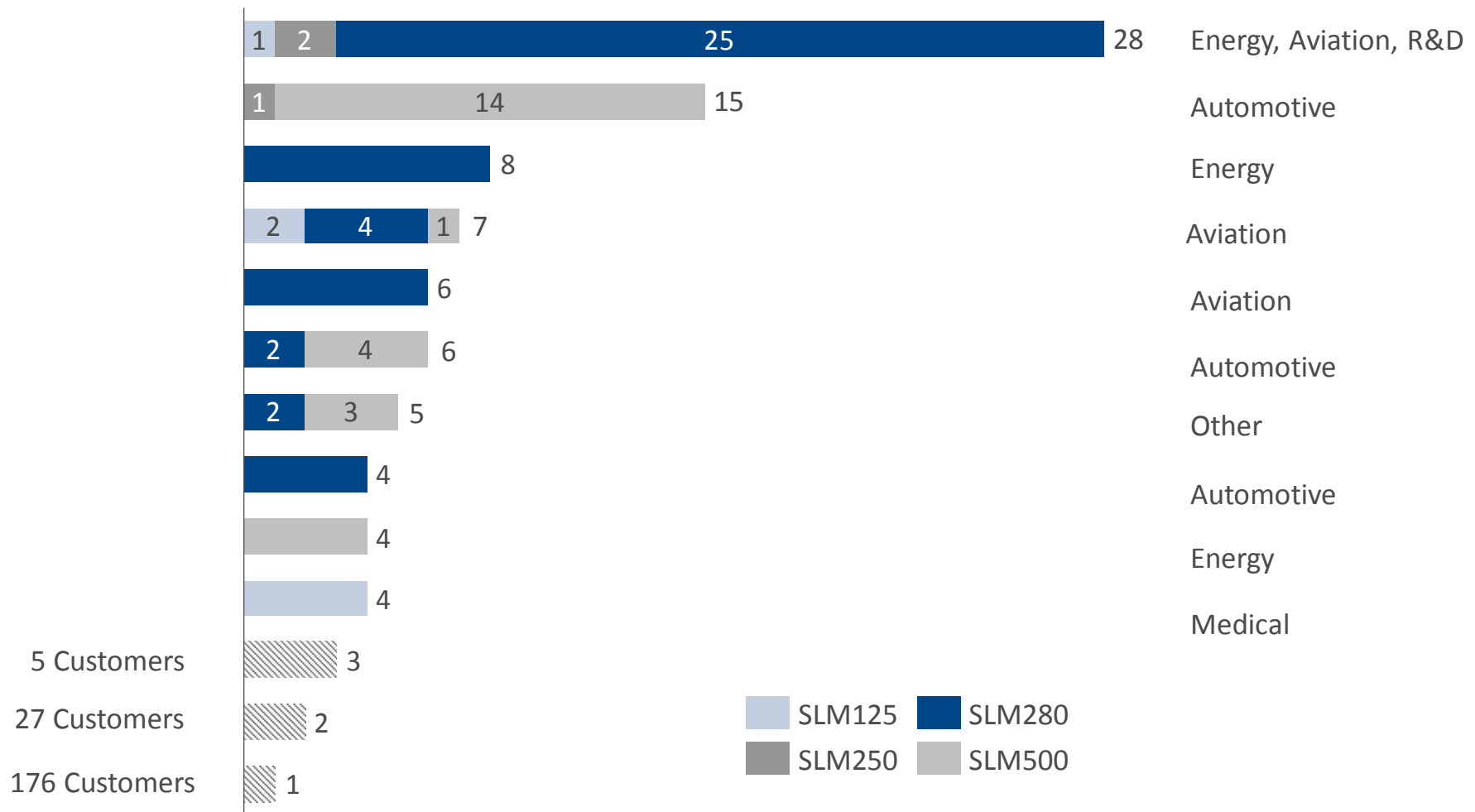
- SLM Solutions Group AG has exposure to attractive end markets and has longstanding relationships with blue chip customers
- The market continues the shift from rapid prototyping to industrial applications
- SLM Solutions is well positioned to capitalise on this trend given SLM Solutions' technology and customer base



# ○ 218 Customers (31.12.2016) – 42 with more than one machine

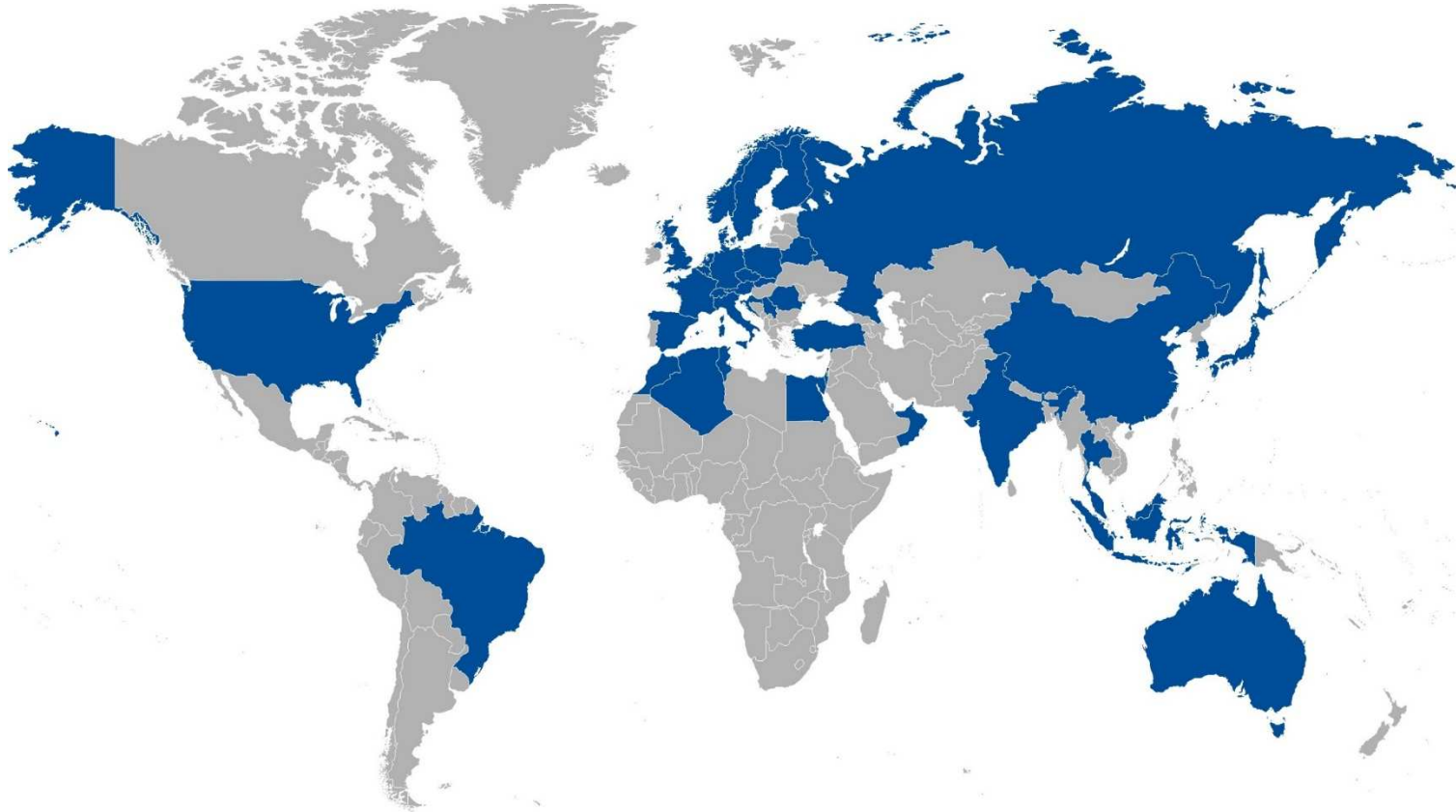
## Number of installed machines

## Area





## ○ SLM Solutions worldwide

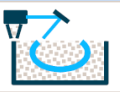














Global coverage through subsidiaries in Austria, USA, Singapore, Russia, India and China – and Agents/Resellers nearly all over the World...



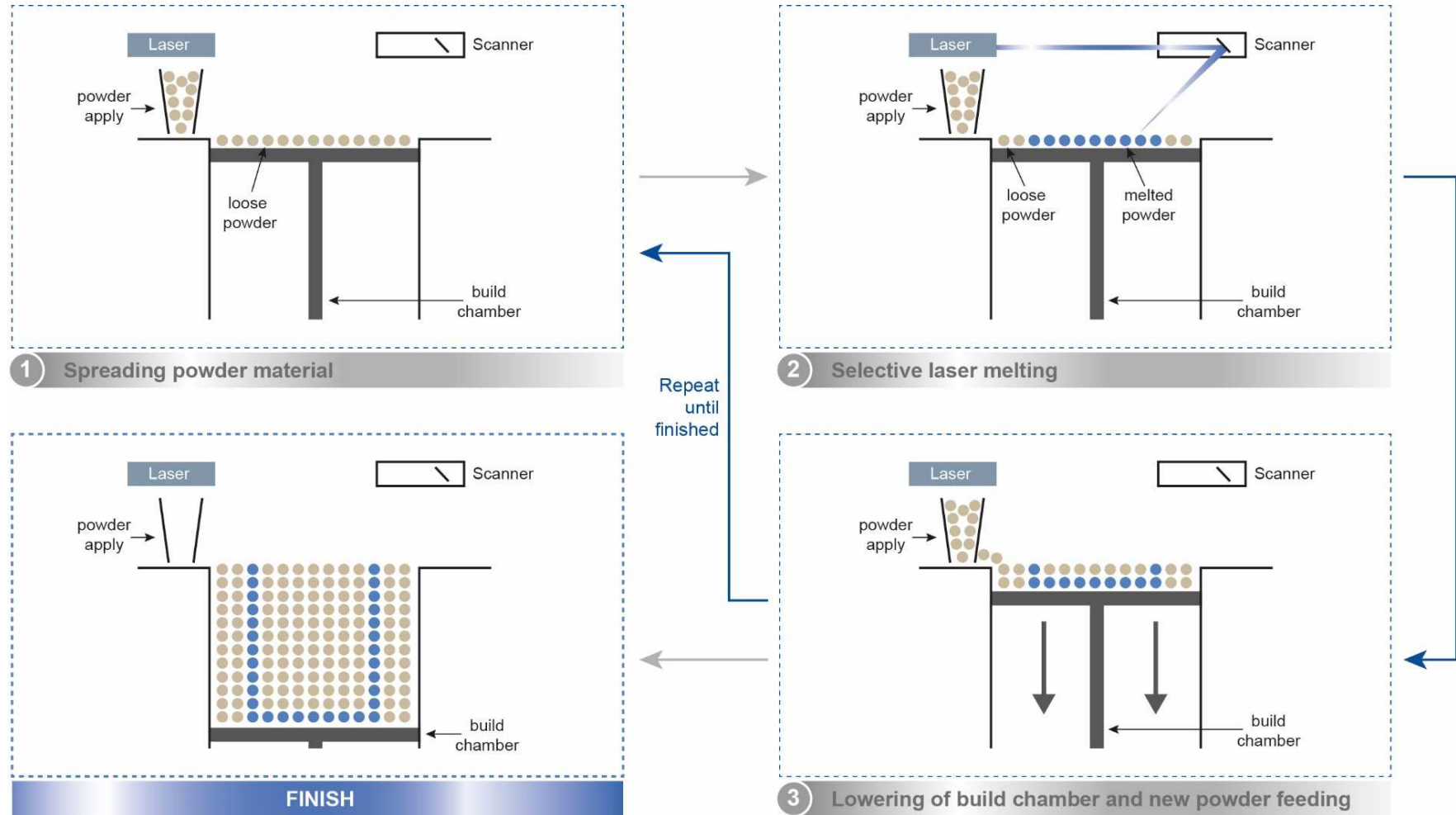
## Technology

# Powder Bed Fusion technology is most relevant for metal 3D printing

| Metal technologies | Technology   | Materials                      | Typical markets                         | Relevance for metal   | Companies with this technology  |
|--------------------|--|--------------------------------|---|---|---|
|                    |  <b>Powder bed fusion</b> <ul style="list-style-type: none"> <li>Thermal energy selectively fuses regions of a powder bed</li> <li>Key technologies: Selective Laser</li> </ul> | Metals, polymers               | Prototyping, direct part                | 77% <sup>(a)</sup>  | SLM Solutions, Arcam AB, EOS, Concept Laser, Renishaw, Phenix Systems |
|                    |  <b>Directed energy deposition</b> <ul style="list-style-type: none"> <li>Focused thermal energy is used to fuse materials by melting as the material is deposited</li> </ul>   | Metals                         | Direct part, repair                     |    | TRUMPF, Optomec, DMG Mori   |
|                    |  <b>Sheet lamination</b> <ul style="list-style-type: none"> <li>Sheets of material are bonded to form an object</li> </ul>  | Metals, paper                  | Prototyping, direct part                |    | Mcor Technologies   |
|                    |  <b>Binder jetting</b> <ul style="list-style-type: none"> <li>Liquid bonding agent is selectively deposited to join powder material</li> </ul>                                  | Metals, polymers, foundry sand | Prototyping, direct part, casting molds |    | Voxeljet<br>ExOne   |
|                    |  <b>Material jetting</b> <ul style="list-style-type: none"> <li>Droplets of build material are selectively deposited</li> </ul>   | Polymers, waxes                | Prototyping, casting patterns           |  | Others  |
|                    |  <b>Material extrusion</b> <ul style="list-style-type: none"> <li>Material is selectively dispensed through a nozzle or orifice</li> </ul>                                    | Polymers                       | Prototyping                             |  |   |
|                    |  <b>Vat photopolymerization</b> <ul style="list-style-type: none"> <li>Liquid photopolymer in a vat is selectively cured by light-activated polymerization</li> </ul>         | Photopolymers                  | Prototyping                             |  |   |

(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



## ○ Advantages of SLM technology

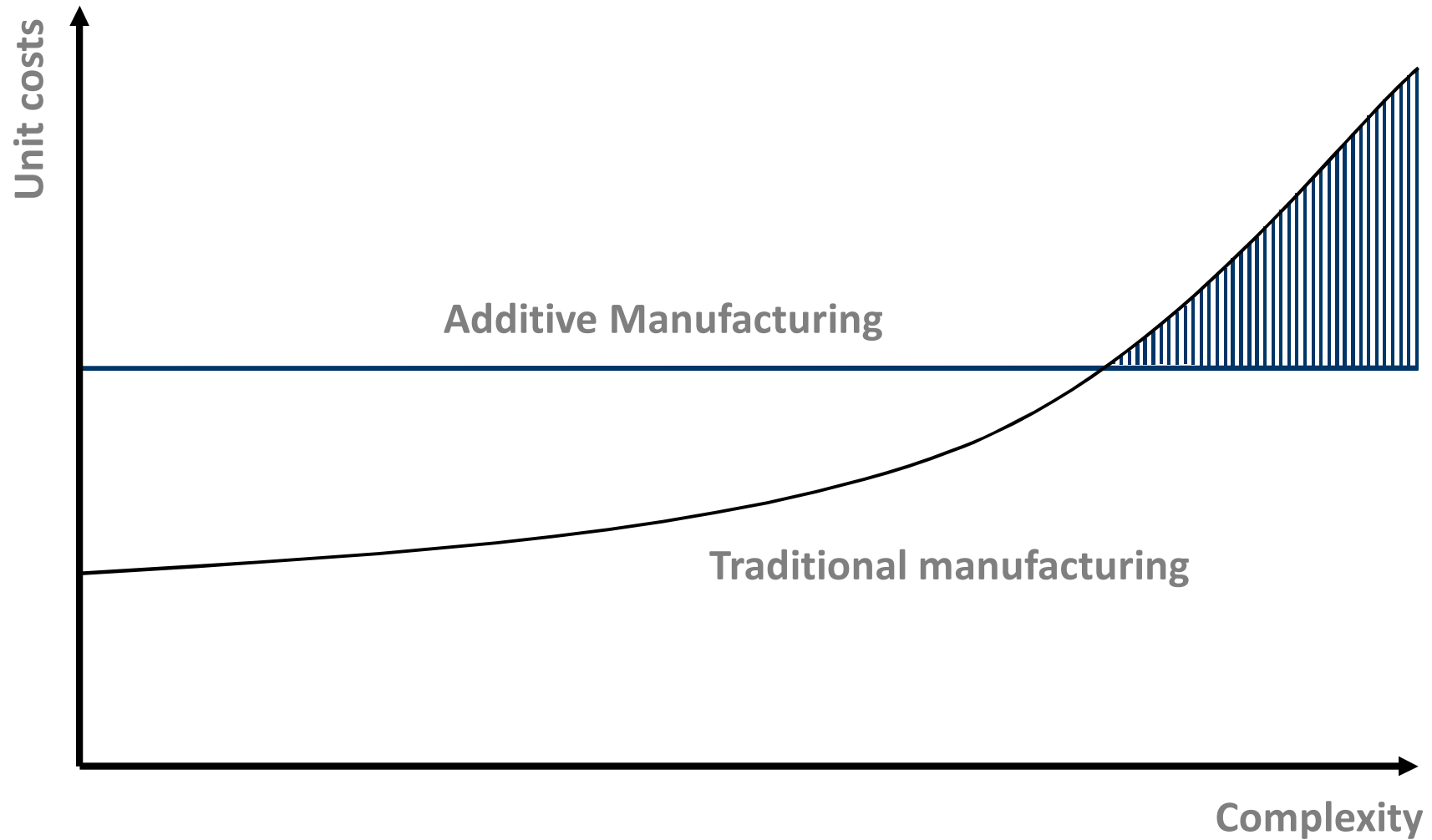
Particularly in the production with complex geometries of components **additive manufacturing is**

- **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

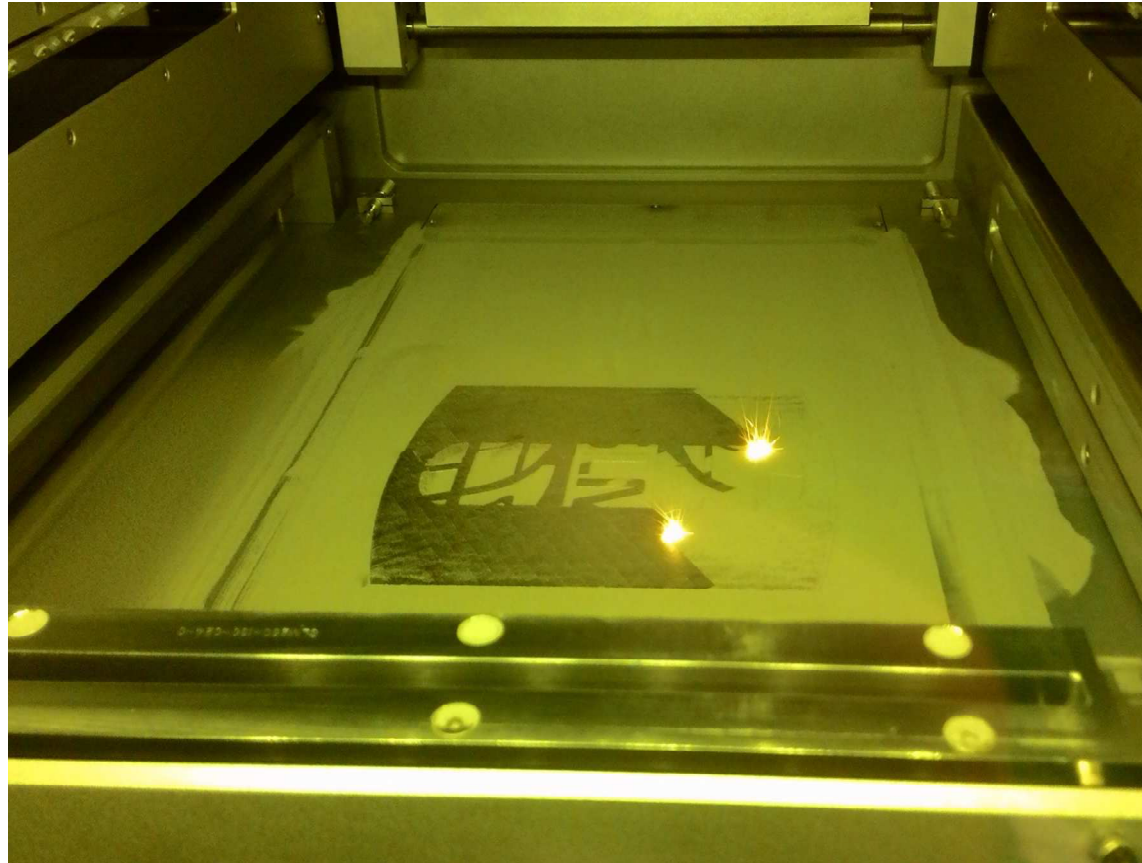
### Other



# ○ Multi-laser technology paves the way for industrial production

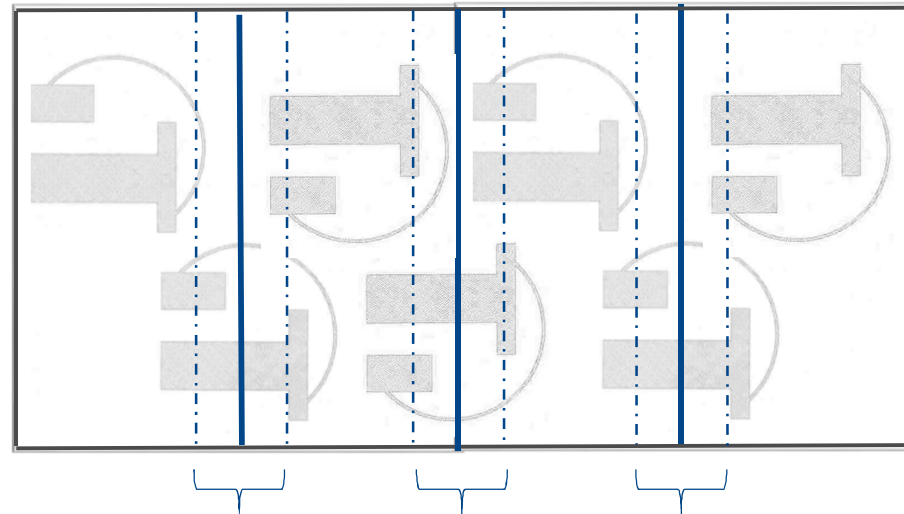
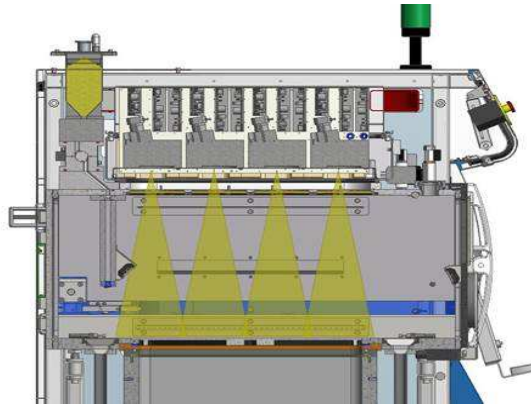
## Reducing build part costs

- Combining high surface quality with faster build 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



## ○ 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



**+80 %**

Quad-laser  
4x 400 W



**+235 %**

**Build rate (cm<sup>3</sup>/h)**



# SLM Solutions Group's technology covers the most relevant metals...

|                     | Aluminium  | Cobalt-Chrome  | Inconel  | Titanium  | Tool Steel and Stainless Steel   |
|---------------------|--|--|--|---|--|
| Material Properties | <ul style="list-style-type: none"> <li>■ Light weight</li> <li>■ Good alloying properties</li> <li>■ Good processability (casting and pressing etc)</li> <li>■ Good electrical conductivity</li> </ul> | <ul style="list-style-type: none"> <li>■ High toughness</li> <li>■ High strength</li> <li>■ Good bio-compatibility</li> <li>■ Good corrosion resistance</li> </ul> | <ul style="list-style-type: none"> <li>■ High corrosion resistance</li> <li>■ Excellent mech.strength</li> <li>■ High creep rupture strength up to 700°C</li> <li>■ Outstanding weldability</li> </ul>     | <ul style="list-style-type: none"> <li>■ High strength, low weight</li> <li>■ High corrosion resistance</li> <li>■ Good bio-compatibility</li> <li>■ Low thermal expansion</li> <li>■ Good machinability</li> </ul> | <ul style="list-style-type: none"> <li>■ High hardness and toughness</li> <li>■ High corrosion resistance</li> <li>■ Good machinability</li> </ul>   |
| Applications        | <ul style="list-style-type: none"> <li>■ Aerospace</li> <li>■ Automotive</li> <li>■ General industrial applications</li> </ul>   | <ul style="list-style-type: none"> <li>■ Dental</li> <li>■ Medical implants</li> <li>■ High temperature</li> </ul>   | <ul style="list-style-type: none"> <li>■ Aerospace</li> <li>■ Gas turbines</li> <li>■ Rocket motors</li> <li>■ Nuclear reactors</li> <li>■ Pumps</li> <li>■ Turbo pump seals</li> <li>■ Tooling</li> </ul> | <ul style="list-style-type: none"> <li>■ Bio-material for implants</li> <li>■ Aerospace</li> <li>■ F1 motor sport</li> <li>■ Maritime applications</li> </ul>   | <ul style="list-style-type: none"> <li>■ Plastic injection and pressure diecasting moulds</li> <li>■ Medical implants</li> <li>■ Cutlery and kitchenware</li> <li>■ Maritime</li> <li>■ Spindles and screws</li> </ul> |
| Alloys              | <ul style="list-style-type: none"> <li>■ AlSi12</li> <li>■ AlSi10Mg</li> <li>■ AlSi7Mg</li> <li>■ AlSi9Cu3</li> <li>■ AlMg4,5Mn0,4</li> <li>Other materials on request</li> </ul>                      | <ul style="list-style-type: none"> <li>■ Co212-f acc to ASTM F75</li> </ul>  | <ul style="list-style-type: none"> <li>■ Inconel 625</li> <li>■ Inconel 718</li> <li>■ Inconel HX (2.4665)</li> </ul>  | <ul style="list-style-type: none"> <li>■ Pure titanium</li> <li>■ Ti6Al7Nb</li> <li>■ Ti6Al4V</li> <li>■ Grade X materials on request</li> </ul>  | <ul style="list-style-type: none"> <li>■ 1.2709</li> <li>■ 1.4404 (316L)</li> <li>■ 1.2344 (H 13)</li> <li>■ 1.4540 (15-5PH)</li> <li>Other materials on request</li> </ul>  |



3

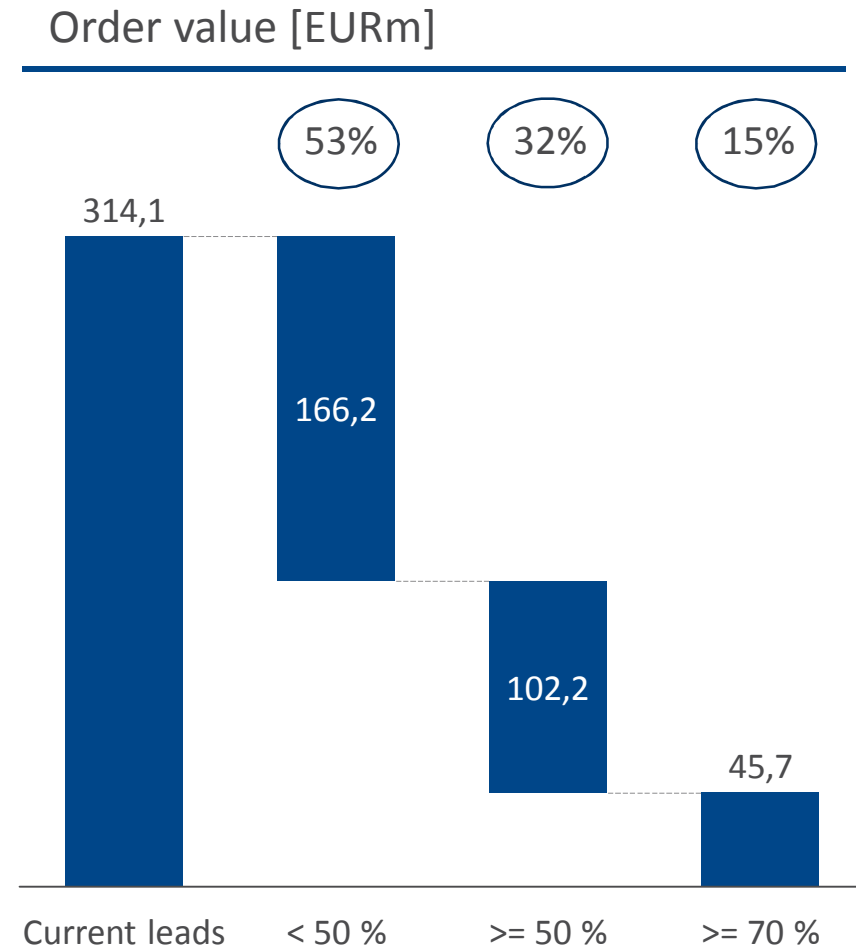
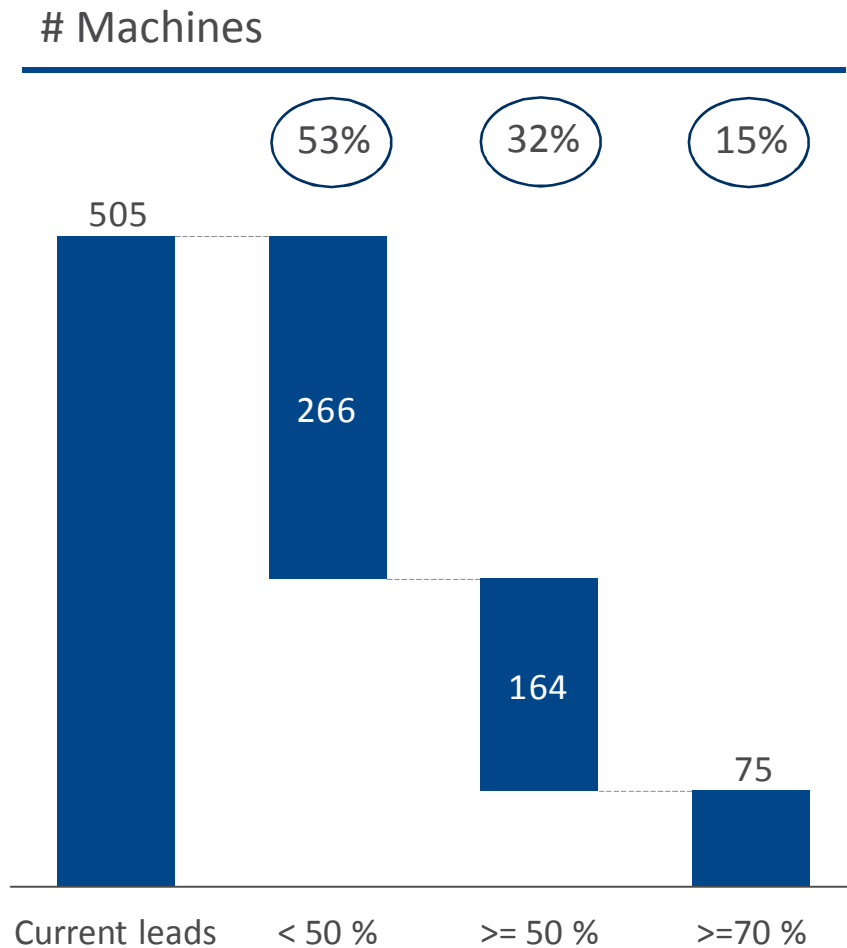
## Financial Highlights

## ○ 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**<sup>1)</sup> 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

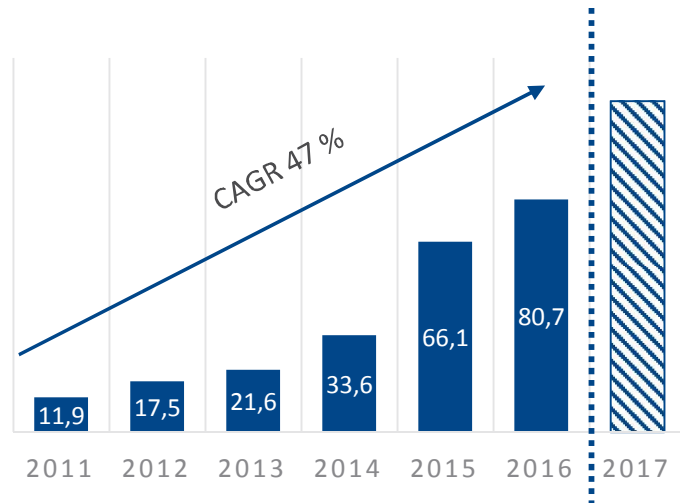
1) adjusted for Retention Bonus in H1/2017 and H1/2016

## ○ Strong interest in our products



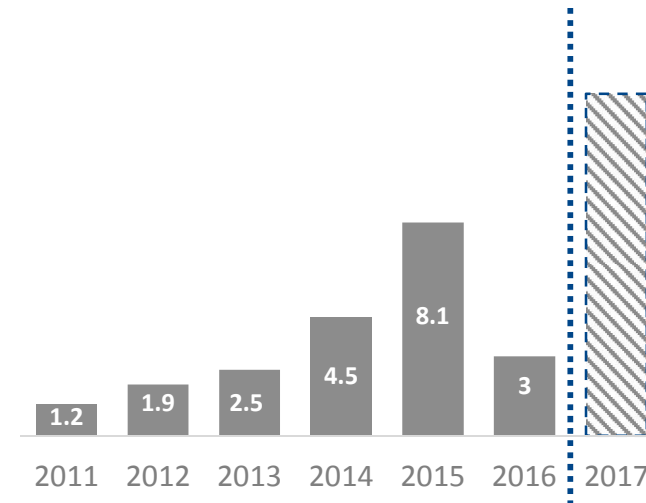
## ○ Profitable growth – accelerating since IPO

Revenue (EUR million)



→ Strong top line growth

Adj. EBITDA (EUR million)

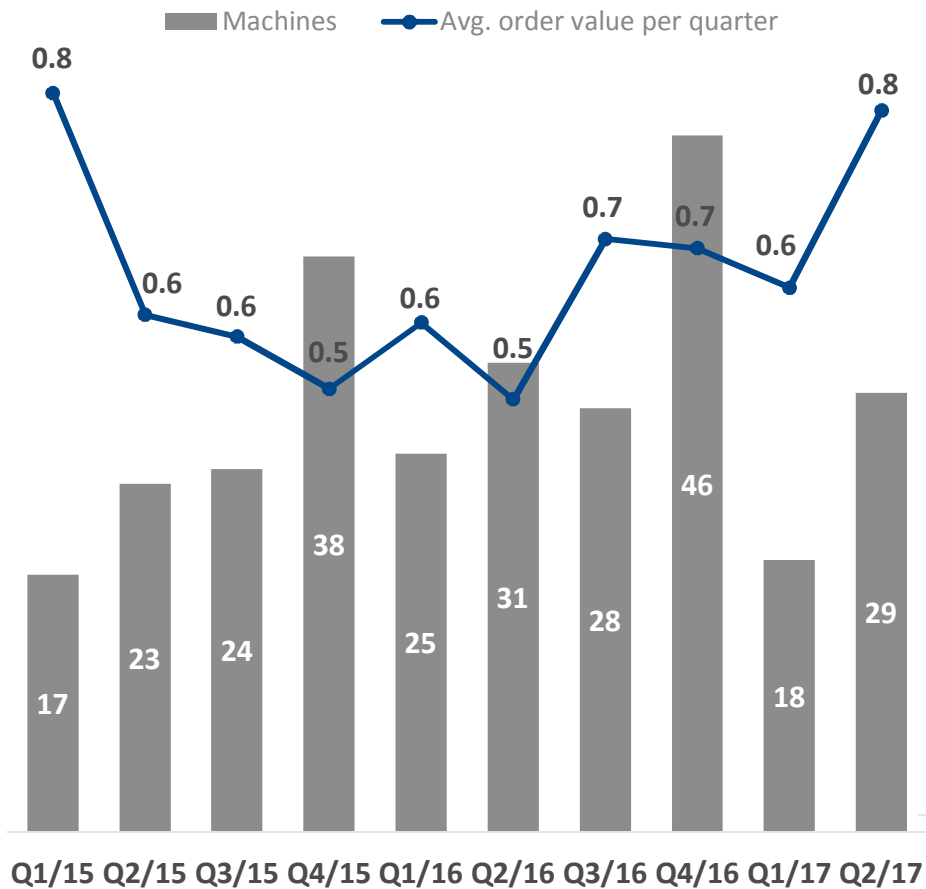


→ Maintaining Profitability



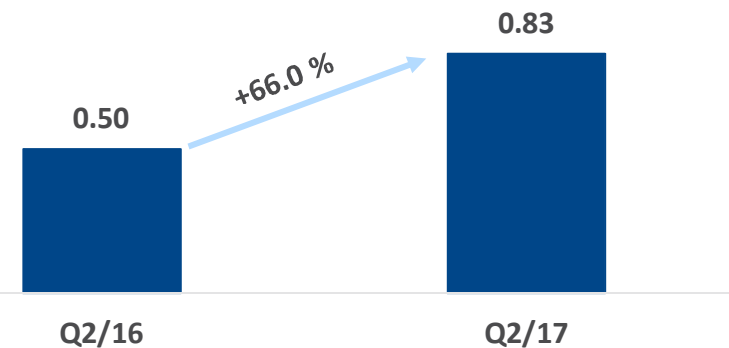
## ○ Increasing Average Order Value

Per-quarter order entry (machines)  
and average order value (EUR mn)



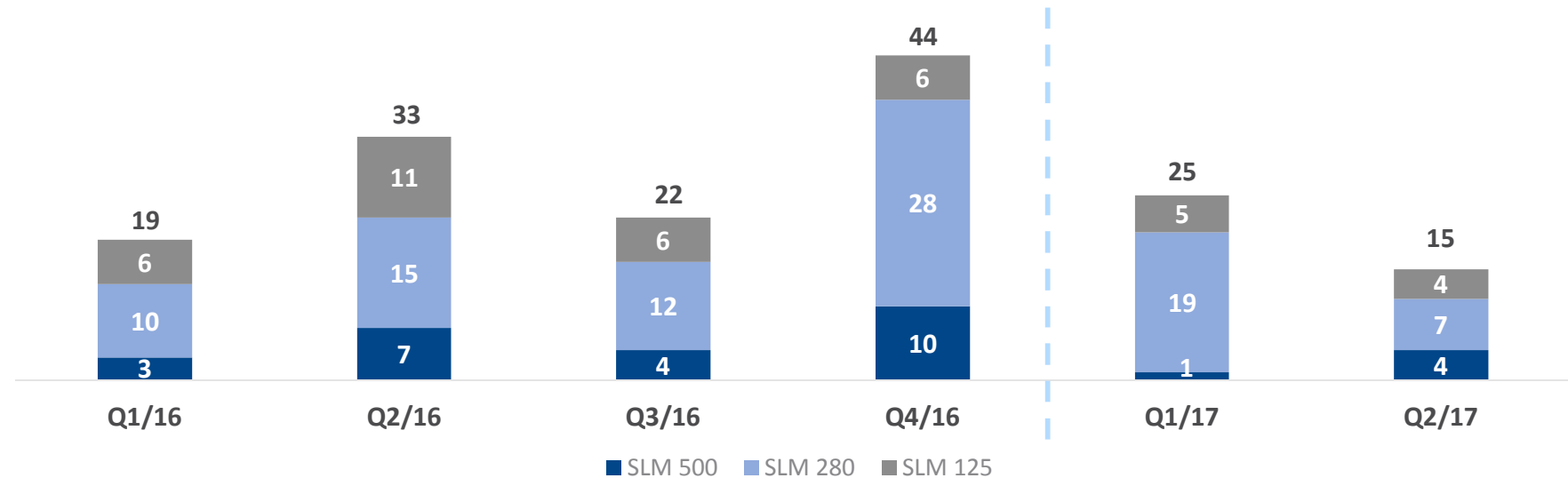
- SLM Solutions received orders for 29 **machines** in **Q2/17** (Q2/16: 31)
- Thereof 62.1 % **multi-laser machines** (Q2/16: 28.7 %)
- **Average order value** in Q2/17 up to EUR 0.83 mn (Q2/16: EUR 0.50 mn)

Average order value (EUR mn)



## ○ H1 2017 sales figures reflect valuable product mix

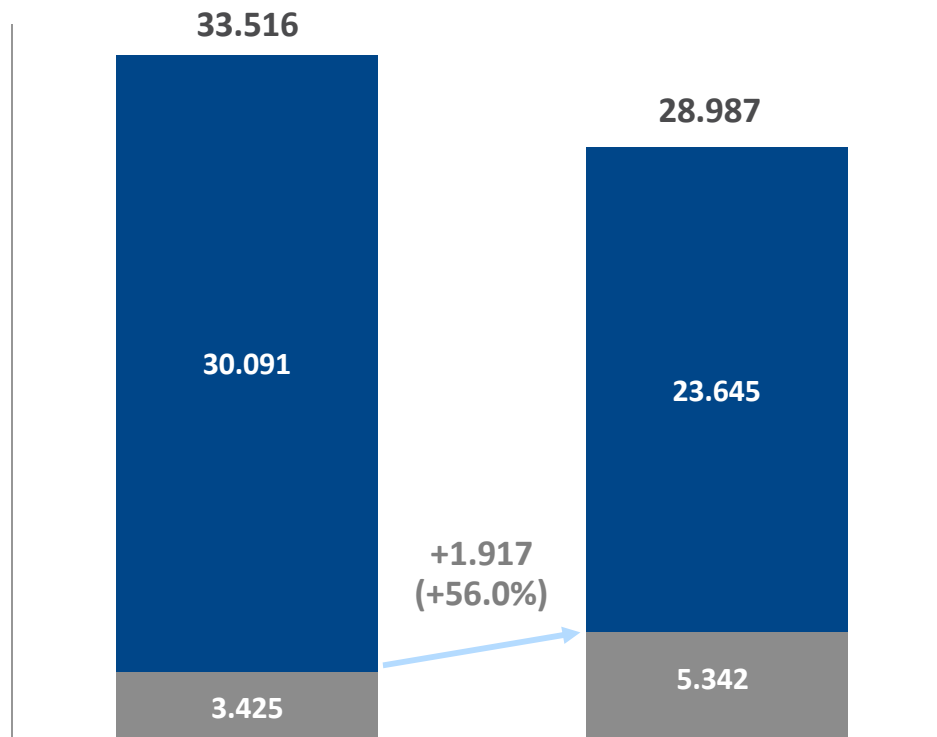
(# Machines)



- Multi-laser technology as a USP
- Robust SLM 280 „bread and butter“ business

## ○ Challenging market environment affects “Machine Sales” segment

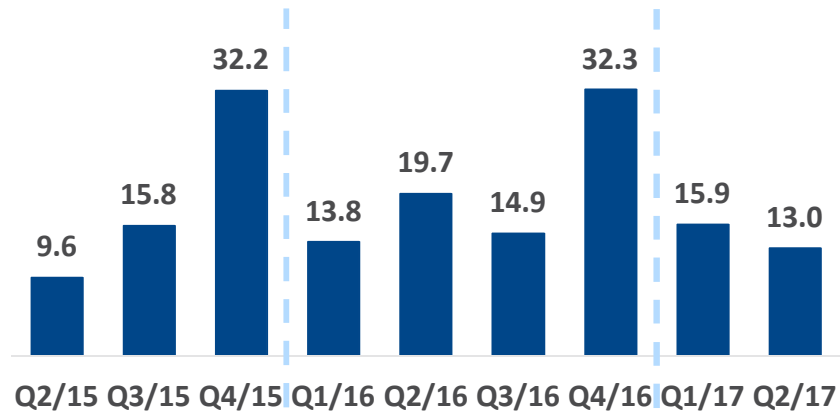
Consolidated revenue (by segments; EUR mn)



- 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

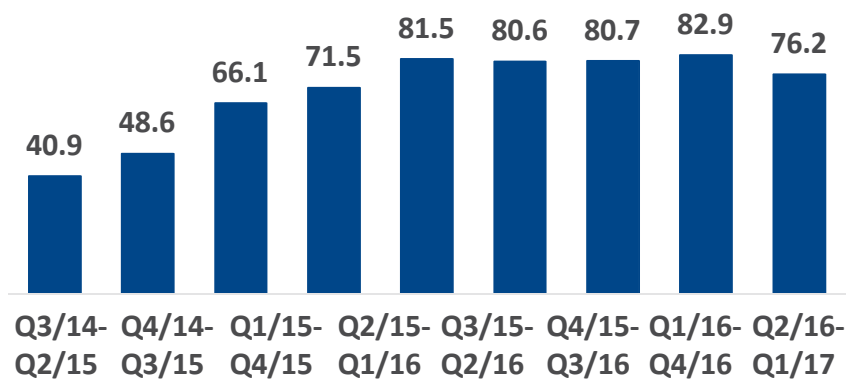
## ○ High dependency on 4<sup>th</sup> quarter

Revenue development (EUR mn)



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

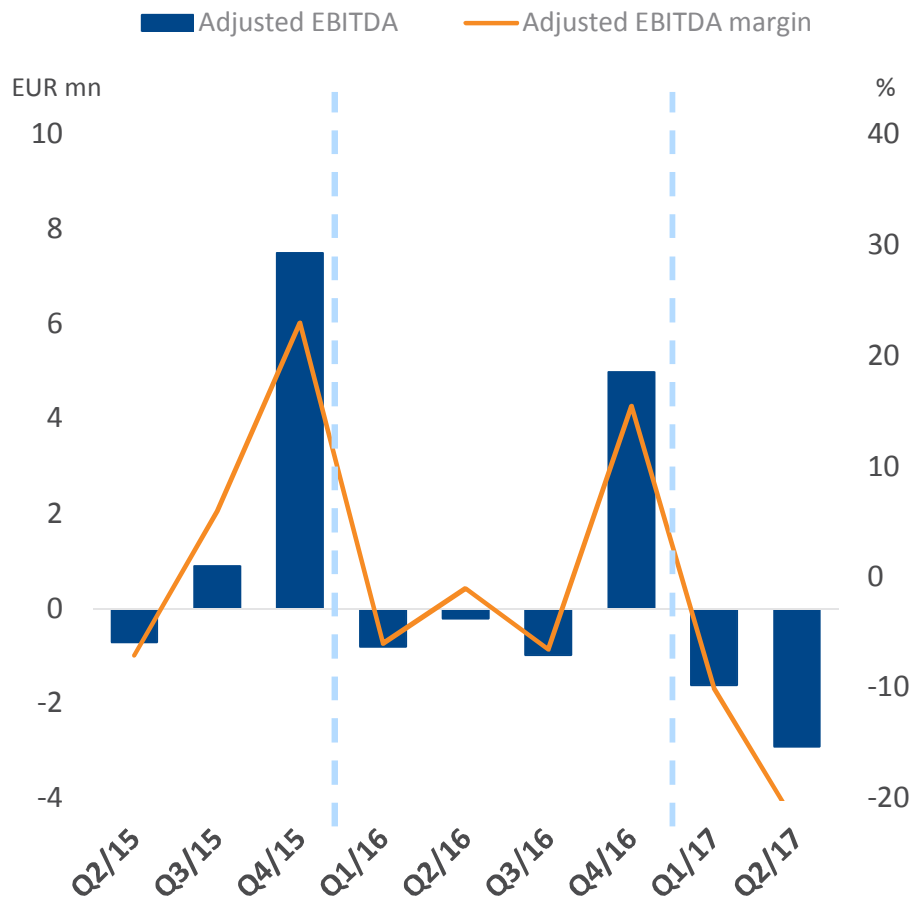
Revenue of the last twelve months (EUR mn)



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 (EUR mn / %)

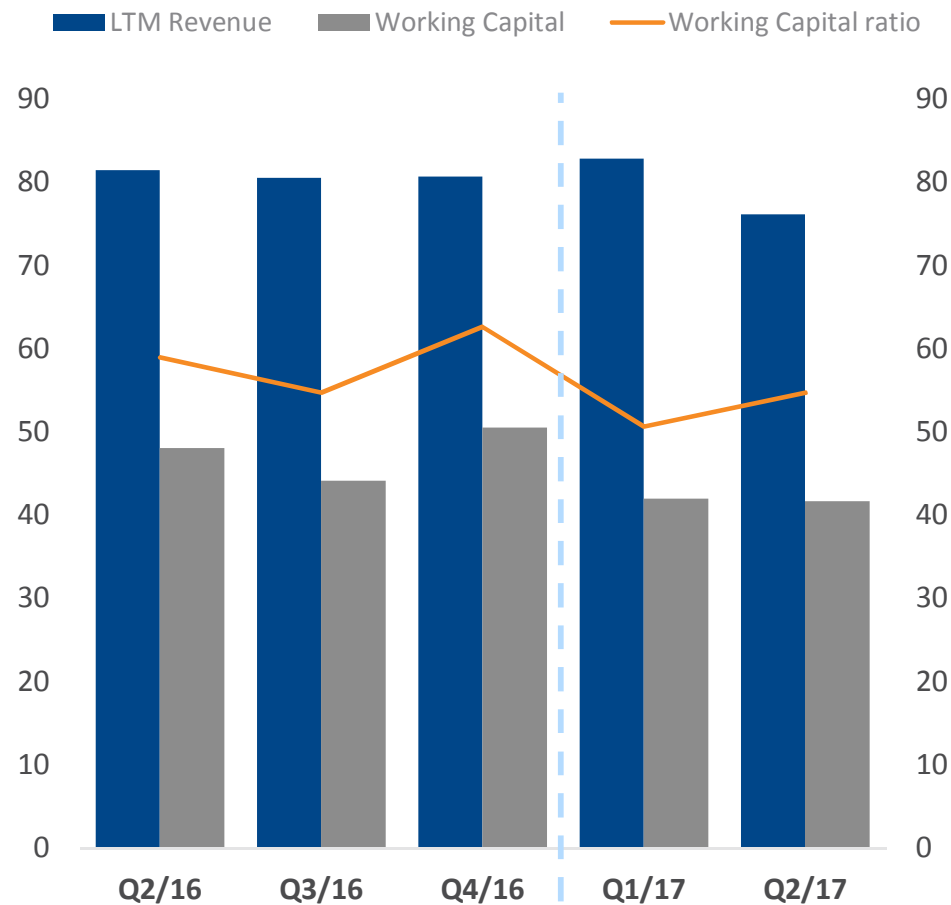


- Adjusted EBITDA of -15.6% in H1/2017, significantly influenced by increased number of staff (H1/2016: -2.9%)
- Higher adjusted personnel cost ratio of 48.3% (H1/2016: 27.6%)
- Significantly lower cost of materials ratio of 43.05% (H1/2016: 58.9%) due to sale of warehoused machines and less preproduction



## Working Capital

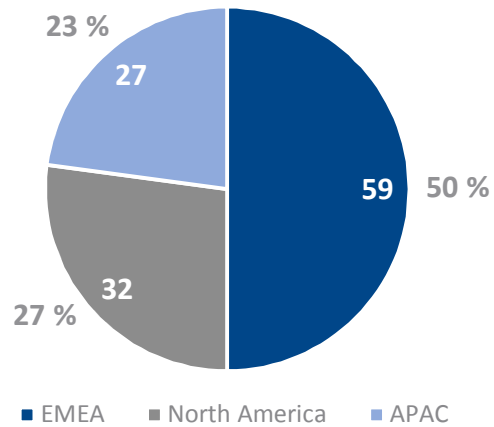
Working Capital (EUR mn / % of LTM revenue)



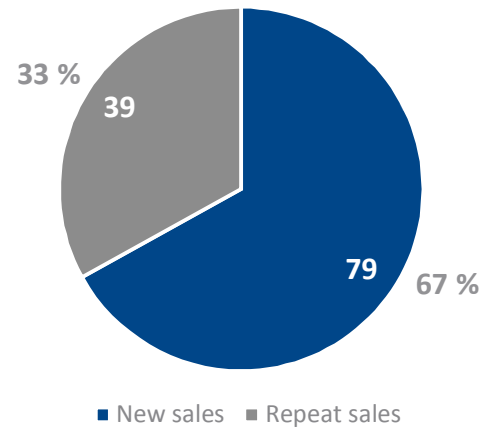
- **Working Capital of EUR 41.7 mn as of June 30, 2017, slightly down 0.7 % from March 31, 2017 (EUR 42.0 mn), mostly due to reduced receivables**
- **Reduction of Working Capital by EUR 6.4 mn (13.3 %) Y-o-Y (Q1/16: EUR 48.1 mn)**
- **Increase in Working Capital intensity by 4.1 pts. during Q2/17 to 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

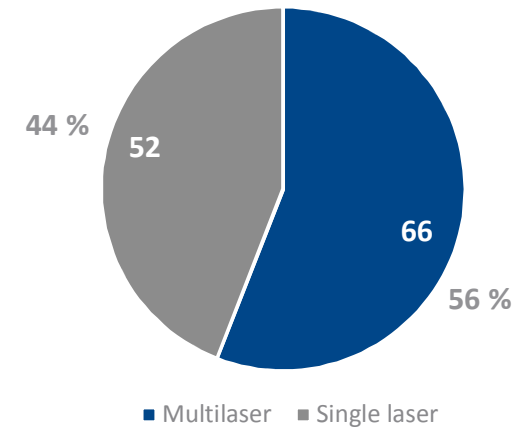
Sales by region



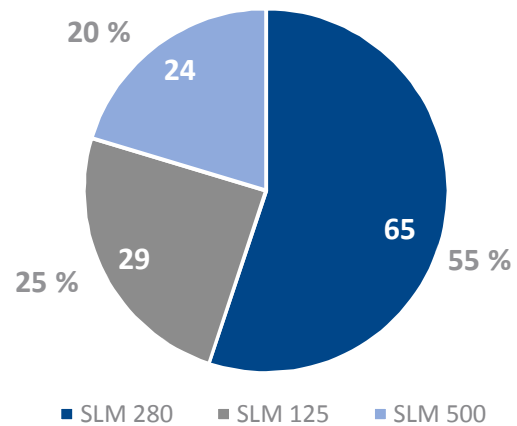
Repeat sales



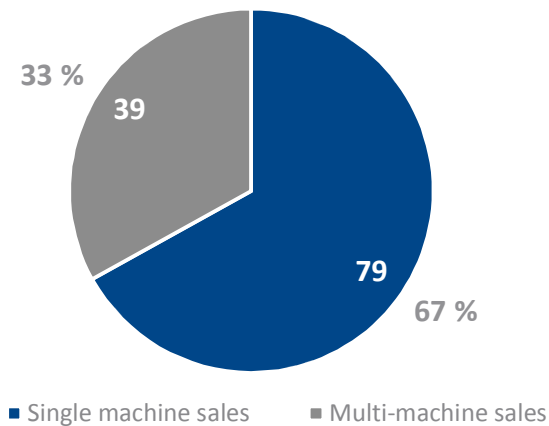
Multilaser sales



Sales by machine type



Multi-machine sales

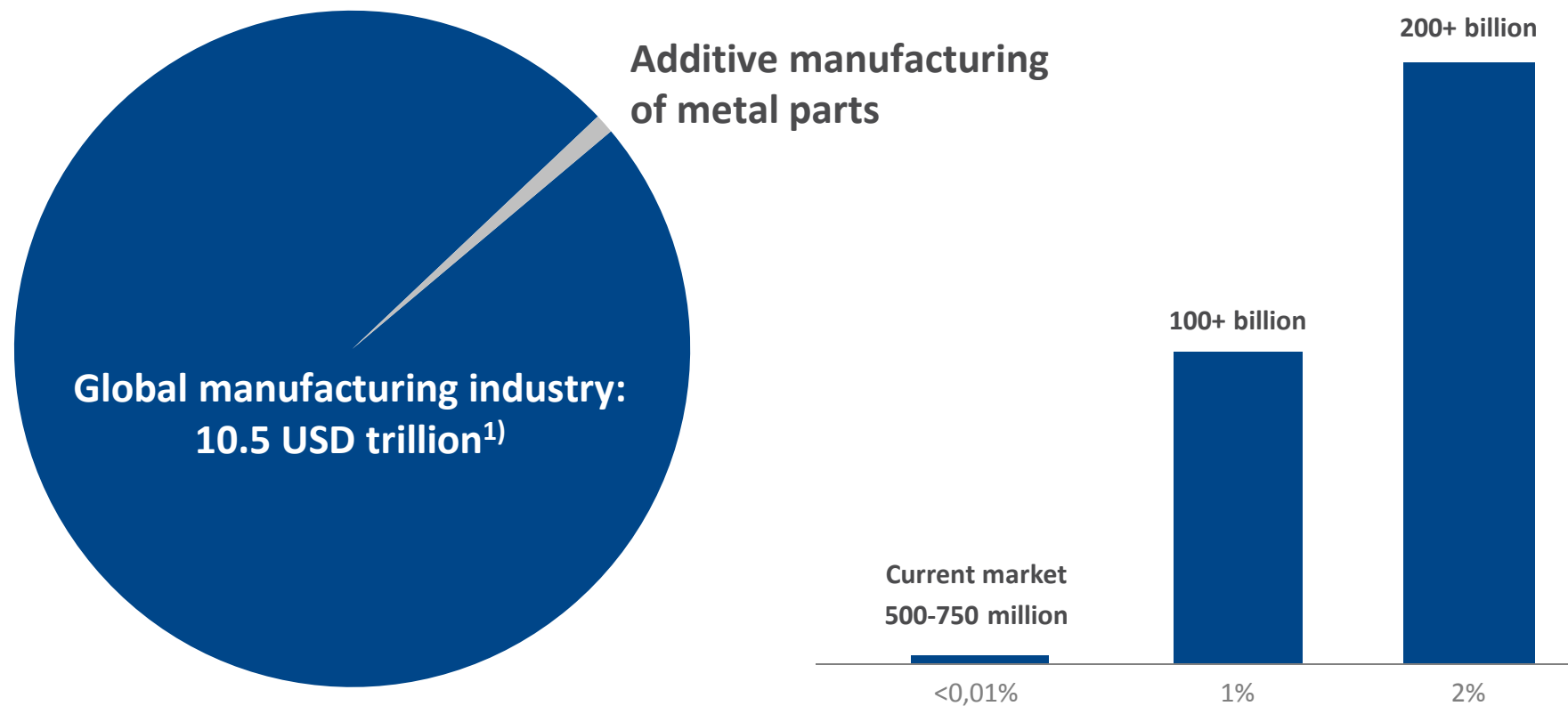


An aerial sketch of a city street, showing buildings, trees, and a street layout. The drawing is in a light, sketchy style, with lines representing buildings, trees, and streets. The perspective is from above, looking down on the street.

# 4

## Strategic Outlook

## ○ Huge market potential...

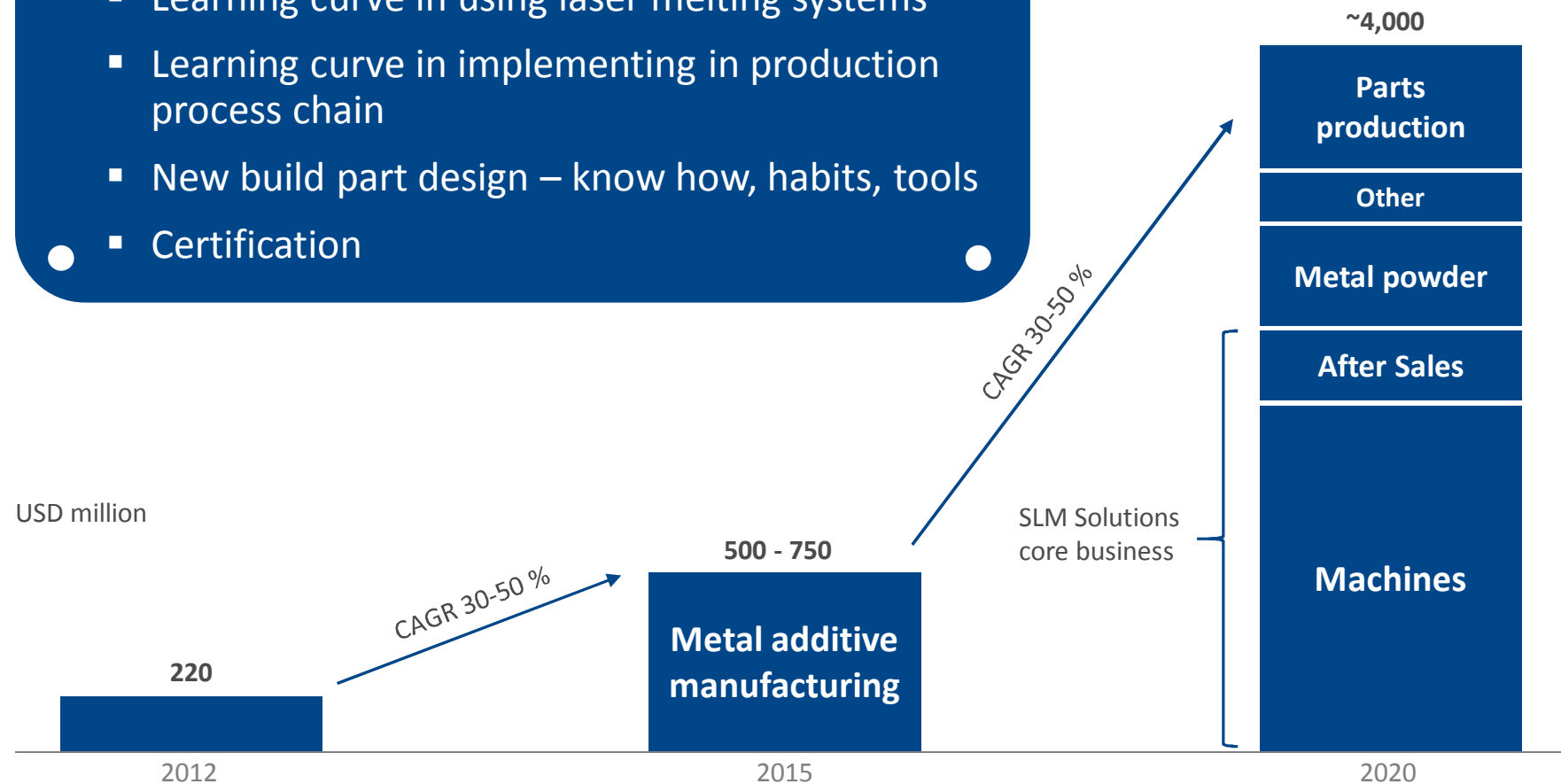


1) 2012, Wohlers Associates

○ ...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

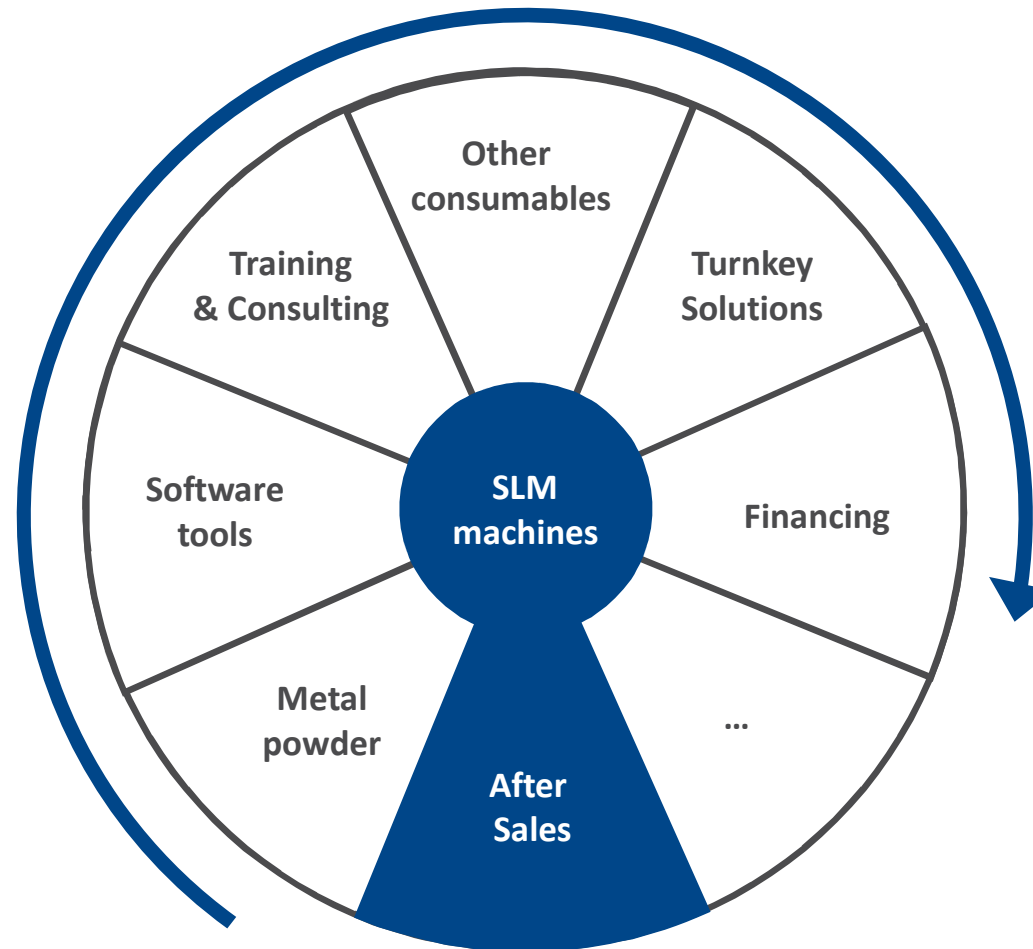


Source: Wohlers Associates, own estimates



- 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 4<sup>th</sup> 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

## ○ Investment Highlights

- 1 Deep rooted additive manufacturing 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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