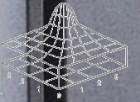


**SLM**  
SOLUTIONS



# FY 2019 Earnings Presentation

March 26, 2020

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# FY 2019 – What went well and what did not?



- **Organization strengthened**
  - 10+ key leadership positions filled
- **Over 200% increase in customer visits to SLM HQ**
  - Strategic AM partner to key players (e.g. Rolls-Royce, Honeywell, BEAMIT)
- **Commercial Excellence**
  - Order intake increased by 21% Y-o-Y
  - Order backlog boosted by >400% Y-o-Y
  - Sales of 4 SLM®800 in North America (2 already in operation)
- **Further reduction of working capital driven by decreasing inventory; positive operating cash flow**
- **First NextGen key milestones**
  - Excellent test rigs results
  - Accomplished large builds as planned
  - Currently on track for launch at Formnext 2020



- **FY 2019 Revenue 32 % below FY 2018**
- **FY 2019 EBITDA significantly below FY 2018**
- **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 and machines as customers look to adopt additive manufacturing on a broader scale
- **Machine reliability not yet where we want it to be but substantial improvements have been made with products availability > 90%**
- **Current uncertainty relating to COVID-19**

# FY 2020 – Highlights and focus

## Actions completed

### **1 Strengthened order intake and order book**

- ✓ Order intake improved by 21% Y-o-Y
- ✓ Order backlog increased by >400% Y-o-Y

### **2 Organizational excellence**

- ✓ Top talent organization
- ✓ Motivated workforce

### **3 Operational excellence**

- ✓ Industrialization roadmap: change management and improved quality
- ✓ Optimum balance between working capital & cost measures

## Near Term focus – COVID19 Management

The Executive Board is closely monitoring the development of the COVID19 situation and will adjust accordingly to take all appropriate measures and actions to best manage SLM through this unprecedented situation

## 2020 focus

**1 Financial excellence: revenue and EBITDA**

**2 Continue to gain market share**

**3 NextGen debut and commercial offering**

**4 Full industrial products**

**5 Clear growth strategy**

**Key to deliver growth from 2020 onwards**

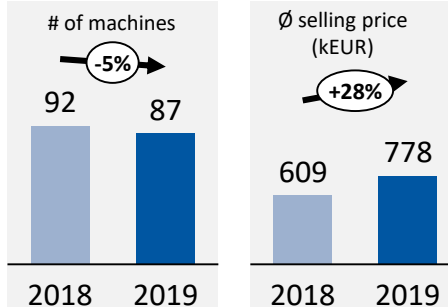
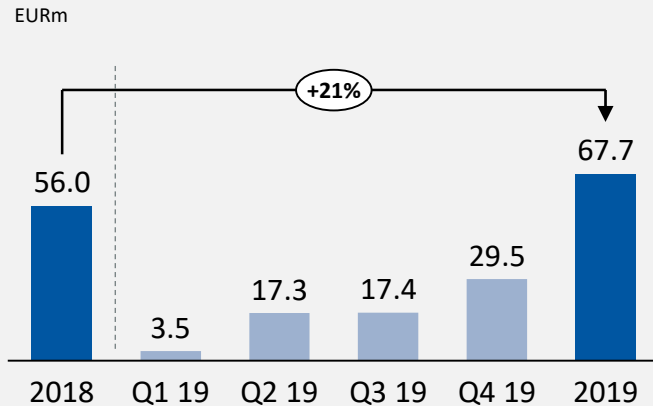
# Successful replenishment of talent pool almost completed



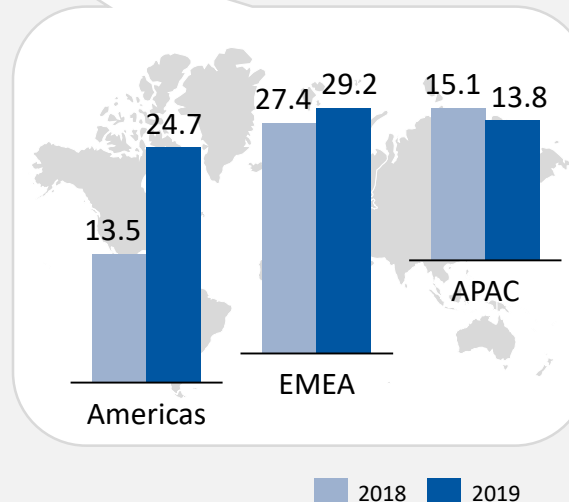
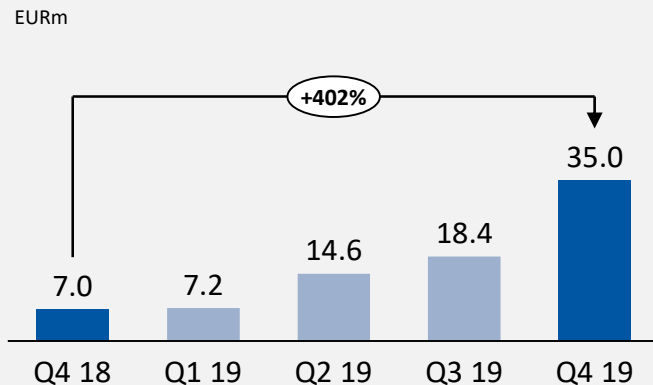
2019 characterized by bringing experienced people on board to complement existing talented workforce and to support SLM in its path to growth

# Boosted order intake and order backlog Y-o-Y

## Order Intake



## Order Backlog

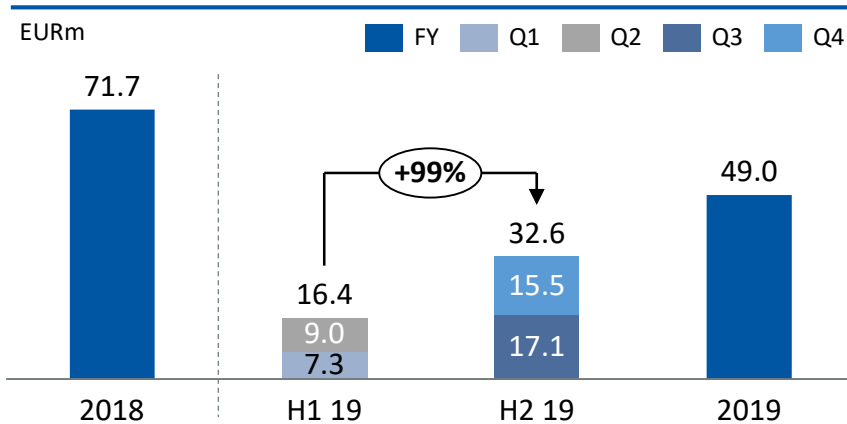


- Order intake and backlog driven by growth in North America
  - Largely driven by actions taken in Q2/Q3 and go-to-market approach
- Strong growth in a muted market
  - Higher growth in China without frame agreement EUR 2.4m in FY 2018 to EUR 8.9m in 2019 (+270%).
  - North America order intake growth of 83%, thereof 4 SLM®800 machines.
- Average selling price increased due to shifted order intake mix incl. 5 SLM®800 machines in FY 2019.



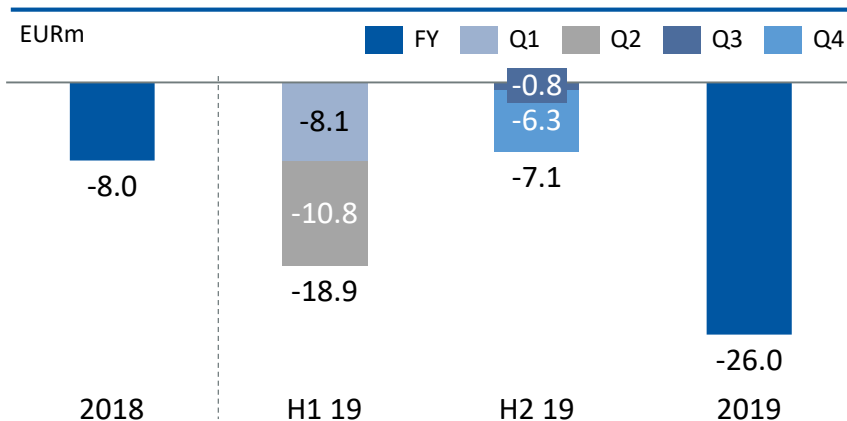
# Revenue and EBITDA performance impacted by weak H1 2019

## Revenue



- FY 2019 revenue decrease of 31.7% Y-o-Y due to weak order backlog at year end 2018 and a weak H1 2019.
- In H2 2019 revenue recognition recovered and nearly doubled compared to H1 2019.
- Overall the global AM market was slow in 2019 and lower than expected.

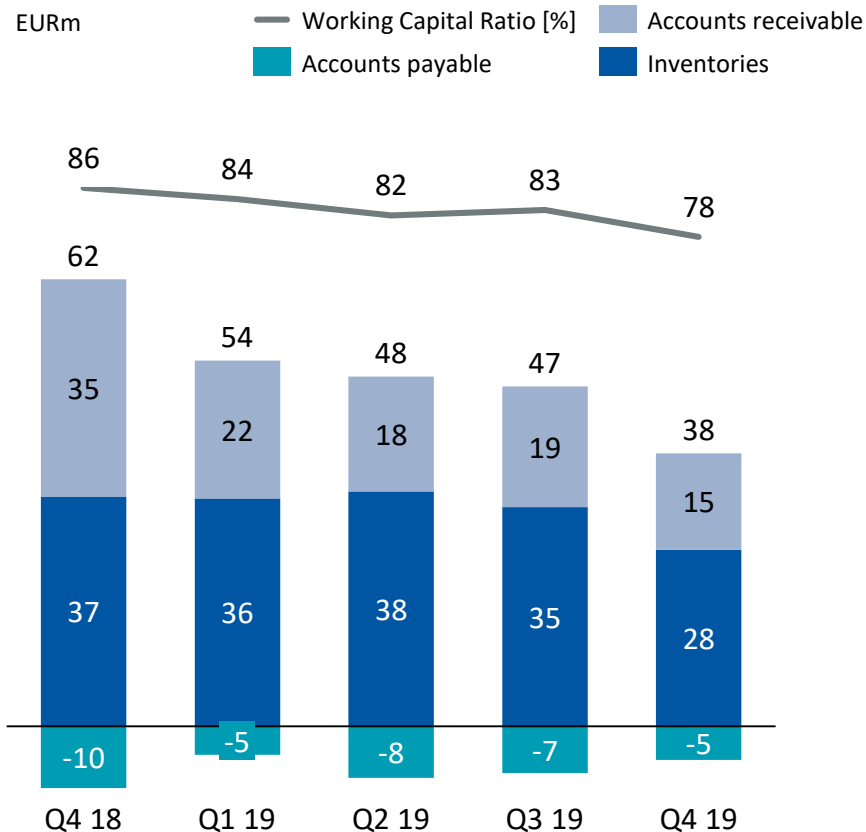
## EBITDA



- Poor EBITDA level mainly caused by weak H1 2019.
- Additionally, significant one-off costs of EUR 3.0m in H1 2019 further reduced EBITDA level.
- Continue to reduce cost while improving the organization talent
- Q4 one-off items EUR 4.0m impacting EBITDA

# Continued Working Capital progress, positive cash flow from operating activities in FY 2019

## Working Capital



- Trade accounts receivable reduced Y-o-Y mainly due to reduced outstanding customer issues and improvements of receivable management.
- Improvements of machine payment terms.
- Inventories were reduced significantly due to sales from stock.
- Further initiatives to continuously decrease inventory will be implemented over the next quarters.
- Positive cash flow from operating activities of EUR 3.5m in FY 2019 is significantly above FY 2018 level (EUR -14.4m).

**Clear focus on ongoing working capital management given high potential for further improvement**



# Outlook 2020

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- As we entered 2020 our outlook for the year was that revenue was expected to grow Y-o-Y in the mid-double-digit percentage range
  - View supported by strong customer dialogue and an improving demand for AM technology, resulting in a strong order book heading into 2020
- As a result, we expected EBITDA to improve FY 2020 Y-o-Y to the upper single-digit million Euro range, reflecting not only the improving revenue trend but also benefits from our strong focus on costs and efficiency.
- However, given the dramatic global economic slowdown as a result of COVID19, our visibility, as it relates to the timing of orders, has been drastically reduced.
  - Global shutdown leads to temporary inability to meet with clients and to install machines
  - Several customers visits canceled or delayed
- Therefore, we are not able to offer a confident full year guidance at this point in time and look to present one as soon as the impact of COVID19 can be accurately factored in.
- The Executive board will continue to monitor the situation and update shareholders, customers and employees accordingly

**Clear focus on performance improvements despite the increased uncertainty driven by COVID19**

# Summary Highlights

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1

Well positioned for growth when the market picks up

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

