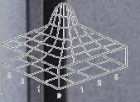


**SLM**  
SOLUTIONS



# 1H 2020 Earnings Presentation

August 13th, 2020

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# 2Q/1H 2020 – What went well and what did not?



- Continue to grow revenue in COVID-19 environment. Sales up 90% increase y-o-y in H1
- Taking active measures to improve order backlog
- Minimum impact on the company during shutdown and during short-time work
- Improved cost and cash position
- NextGen on schedule and the launch is set for November 2020
- More customer activities after month of May and improved visibility



- Delayed customers' projects due to COVID-19
- Limited in-person customer interaction; some will remain working remotely through 2020
- Aviation and Oil & Gas industries with prolonged recovery (likely post 2021)
- Machines order intake -38% y-o-y due to COVID-19 crisis
- Orders impacted by timing

**While COVID-19 has weighed on SLM's business in H1 2020, the global crisis has increased the visibility of AM to facilitate reshoring of mass manufacturing and de-risking of supply chains**

# Financial Performance

*Continued turnaround of business despite significant challenges due to COVID-19*

## Financial KPIs

<i>in €m</i>	<b>2Q20</b>	<b>VPY</b>	<b>1H20</b>	<b>VPY</b>
Orders <sup>-1)</sup>	10.7	(38)%	13.7	(34)%
Backlog <sup>-1)</sup>	19.2	31%		
Revenue	13.3	47%	31.2	90%
Machines	10.3	93%	23.8	F
After Sales	3.1	(18)%	7.4	6%
Total Output	13.6	45%	32.1	75%
Gross Profit Margin	57%	12pt	56%	14pt
Personnel expenses	(7.6)	(18)%	(17.4)	(1)%
Other Exp. & Income	(2.9)	(49)%	(6.7)	(24)%
EBITDA	(3.0)	(72)%	(6.0)	(68)%
EBITDA %	(22)%	93pt	(19)%	84Pt
Op. Cash-flow	(2.3)	U	(3.9)	U
Working Capital	37.3	(22)%		

## Commentary

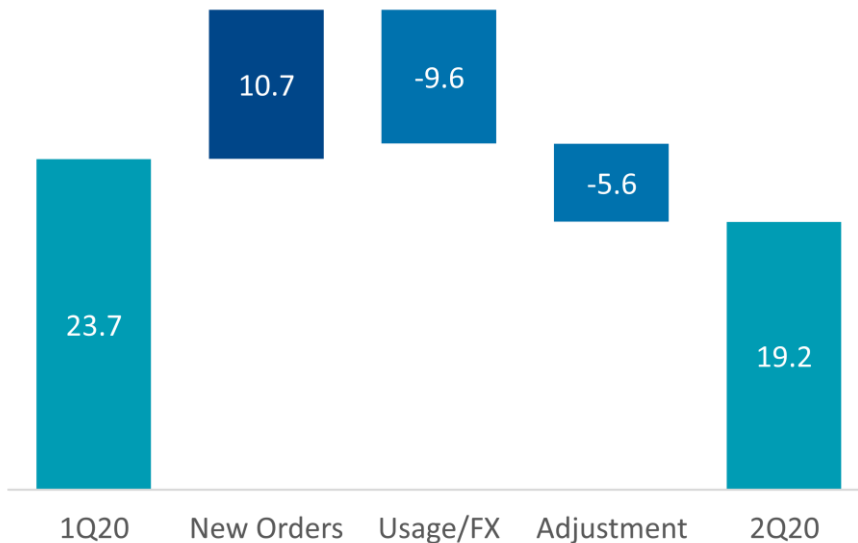
- Order-intake in 1H20 impacted by COVID-19 restrictions while backlog remained healthy despite adjustments (see separate page), experienced uptick in activity at the end of 2Q20
- Revenue almost doubled in 1H20 VPY driven by machines sales, after sales impacted by reduced machine run-time due to COVID-19 lockdowns
- Gross Profit improvement driven by better pricing discipline for new deals & supply chain improvements
- Personnel expenses ↓ in 2Q20 driven by state aid programs in Germany & US (€1.2M)
- Improvement in other expenses in 2Q20 mainly driven by lower A/R write-offs (€1.1M), reduced travel expenses (€0.5M) and more focused marketing spend (€0.3M)
- Op. Cash-Flow in 1H19 mainly driven by A/R improvement (€16.4M)
- Working Capital ↓ demonstrating better operational rigor across inventory & A/R (see separate page)

# Order Backlog

*New process implemented to adjust backlog to give investors better indicator of near-term performance*

## Backlog Walk from 1Q20 to 2Q20

in €M



## Commentary

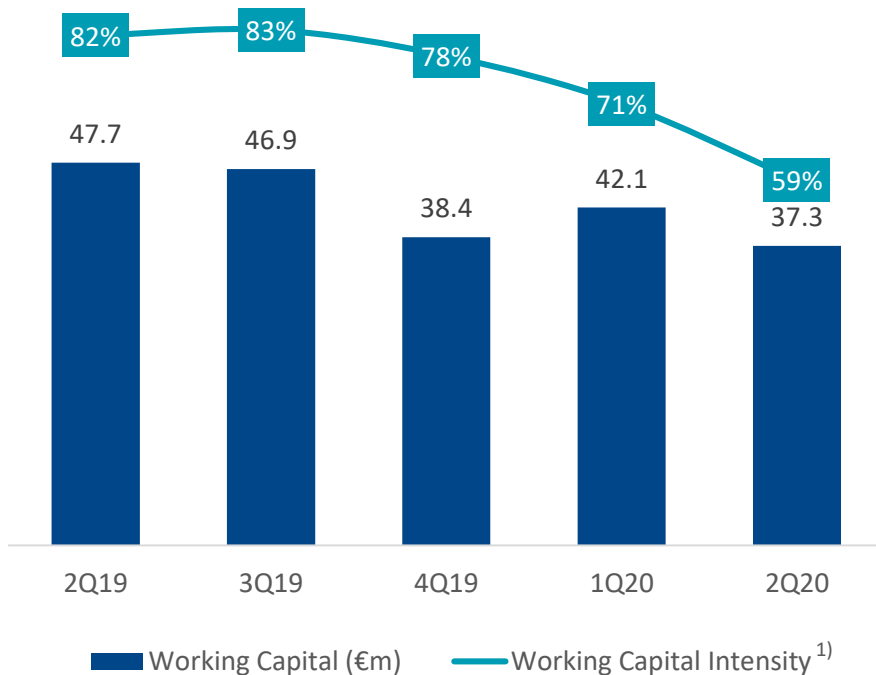
- Implemented new process to continuously review order backlog
- If customer down-payment is overdue, assessment of financial health, payment history & overall deal structure (i.e. public funds) is performed
- If customer cancellation or inability to pay are assessed with a probability of at least 75%, order is removed from backlog
- Removed orders totaling 6 machines and €5.6M overall value mainly based on customer liquidity concerns despite no order cancellations received
- Orders might be re-added to backlog if required down-payments are received
- Adjusted backlog will provide investors with a better insight of future performance

*Despite the challenging times and the performed corrections, backlog increased 31% if compared to the level at 30 June 2019*

# Working Capital

*More operational rigor already visible in financials, expect further improvements going forward*

## Working Capital Development



*WC intensity significantly improved over last year driven by more efficient operations despite not all changes yet reflective in numbers*

## What Has Changed vs. the Past

### Accounts Receivables

- Focus on upfront screening of customer health & improved payment terms with higher down-payment amounts
- Weekly past due calls w/ better coordination across departments
- Process adjustments to improve billing quality driven by system limitations

### Inventory

- Moved from Make-to-Stock to Build-to-Order process in 2H19
- Improved rigor in inventory management focusing on safety stock levels, lead times & supplier relationships
- Line-by-line review & definition of action plans for aging items
- Implementation of Tableau dashboards to allow real-time monitoring

### Accounts Payables

- Achieved price & payment terms improvement with key suppliers
- Started to centralize indirect spend to improve payment terms, # suppliers & overall spend
- Lower A/P balance VPY driven by better control of direct material spend

# NextGen Machine Will Deliver Game-changing Revolution in the Application of Metal AM Into Mass Manufacturing

## NextGen Machine to Pave the Way for AM Industrialization

**Exceptional performance** with state-of-the-art multi-laser technology and numerous innovations beyond current standards

**Superior productivity** on large format with square build plate

**Setting new industry standard** enabling cost efficient mass production

First time a metal AM printer enables **cost efficient mass manufacturing** paving the way for an **industrialization of the technology**

Driving **transformation of supply chains** serving the increasing demand for **localization and flexibility of production capacities**

## Global launch event in November 2020

### Multichannel Launch<sup>1)</sup>

- **Digital launch event** from SLM Headquarters with global reach
- **VIP events** for customers, press and financial community
- **Digital marketing campaigns**



**Combination of global digital launch event and booth presence at FormNext<sup>1)</sup>**

# Summary Highlights and Guidance

1

COVID-19 slowed our plans, but we are well positioned for growth when the market picks up

2

Current environment likely to accelerate demand for AM in the long-term to facilitate reshoring and flexibility of mass manufacturing

3

SLM's NextGen machine on track for launch in November 2020

4

Great progress on products' industrialization with availability >90%

<i>Guidance</i>	2019	Change	2020
<b>Sales</b>	€49m	Significant improvement	<b>20%+ VPY<sup>-1)</sup></b>
<b>EBITDA</b>	Negative €26m	Significant improvement	<b>Negative €13-18m</b>

*Assuming no drastic deterioration of the current COVID-19 situation.*



# Q&A