



3Q20 Earnings Presentation

Nov 5th , 2020

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YTD 2020

What went well and what did not?



- Renewed strong interest in additive manufacturing
- Revenue continues to be up year over year
- Improved focus on powder activities
- Improved orders run rate Vs. H1
- NextGen on schedule for launch and commercialization
- Back to full work as of July and no COVID impact on the factory



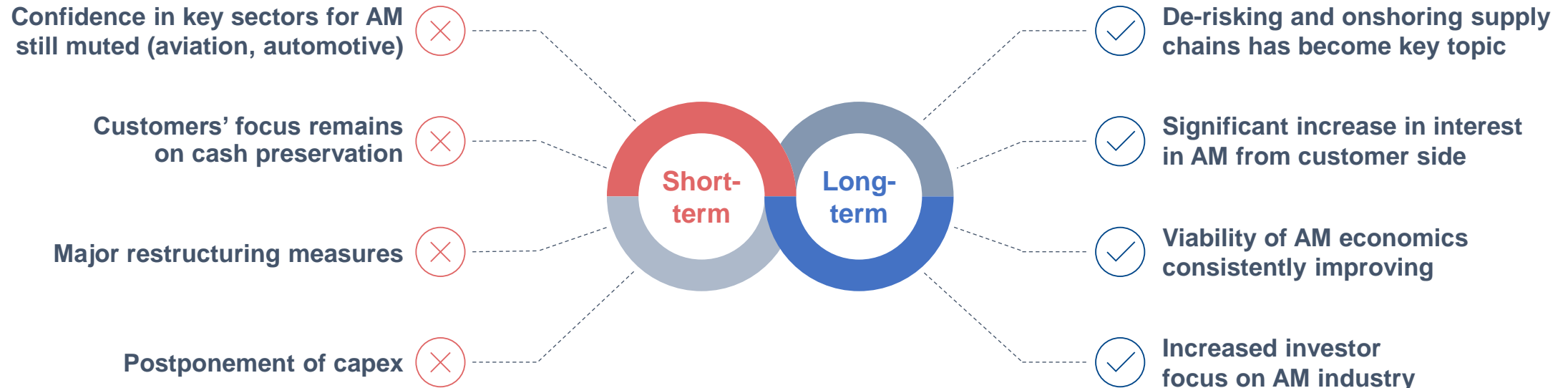
- Muted capex spending in major industrial sectors resulting in orders inflow down year over year
- COVID continues to be the main concern for customers driving order slippages
- Major OEMs continue to be cautious about major capital equipment investments
- Low margin/rev deals due to market conditions

Additive Manufacturing Industry

Long-term fundamentals continue to improve

While COVID-19 continues to have a negative impact on the demand side...

... AM industry's long-term fundamentals significantly improved



Expectation: Continued adverse impact on short-term capital investments from customers due to COVID-19 but accelerated transition to Additive Manufacturing mass production in the long-term

Financial Performance

Solid performance in a difficult market environment

Financial KPIs

<i>in €m</i>	3Q20	VPY	YTD20	VPY
Orders	11.9	(32)%	25.6	(33)%
Backlog	19.5	6%		
Revenue	14.8	(13)%	45.9	37%
Machines	11.1	(15)%	34.4	55%
After Sales	3.7	(7)%	11.5	3%
Total Output	14.3	(9)%	46.4	36%
Gross Profit Margin	43%	(18)pt	52%	2pt
Personnel Expenses	(9.1)	19%	(26.5)	5%
Other Expenses & Income	(3.4)	(27)%	(10.0)	12%
EBITDA	(6.2)	U	(12.2)	(38)%
EBITDA%	(43)%	(39)pt	(26)%	31pt
Operating Cashflow	1.9	F	(2.1)	U
Working Capital	28.7	(39)%		

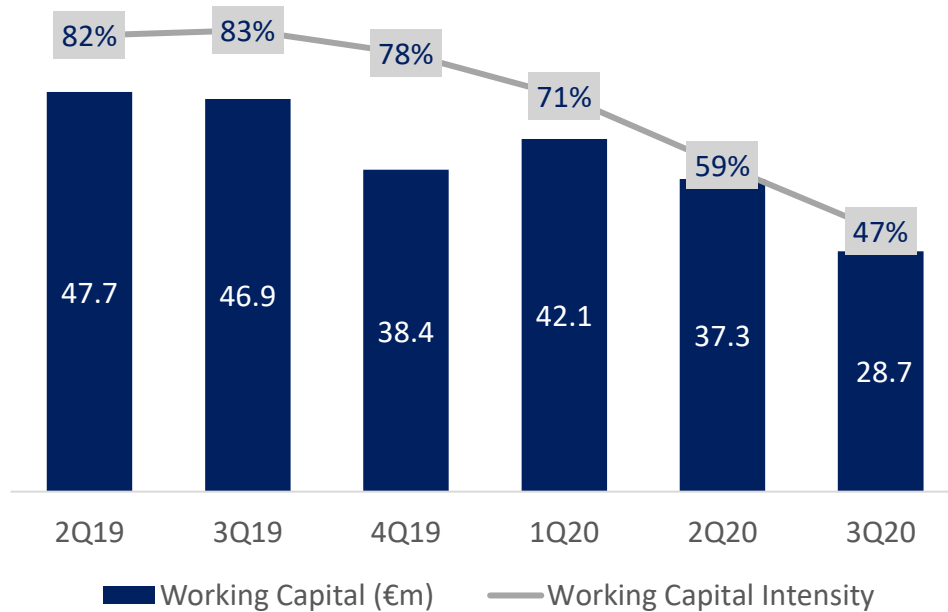
Commentary

- Improved order in-take in Q3 compared to first half but still significantly impacted by Covid-19 challenges, however, backlog slightly up compared to previous quarter and 3Q19
- Machine revenues impacted by low order-intake in 1H20 and delayed machines deliveries
- Ongoing lower usage rates of existing install base and price pressure in After Sales Segment impacting revenues
- Gross Profit Margin significantly impacted by €2.3M inventory write-off/reserve
- Operating expenses positively impacted by reduction of A/R reserve, lower travel, marketing and legal expenses partially offset by negative FX impact from receivables revaluation (€0.5M) driven by overall EUR strength
- Positive operating cashflow mainly driven by A/R & inventory reduction

Working Capital

Positive momentum sustained

Working Capital Development



Ongoing operational improvements well reflected in working capital intensity

Commentary

Accounts Receivables

- Balance €3M ↓ driven by continuous success in collection of aged receivables driven by more rigor & better customer alignment
- Expect additional improvements albeit on smaller scale

Inventory

- Finalized extensive inventory review within quarter leading to €2.3M 3Q20 P&L impact driven by various reasons
 - Inventory obsolescence policy adjusted based on learnings from review -> potential risk will be faster addressed
 - Poor demand forecasting process in the past
 - Past strategy to stock significant amounts of spare parts in the US not linked to failure/usages rates

No significant adjustments going forward expected

Accounts Payables

- Slight reduction of A/P balance mainly driven by more thorough inventory stocking

Summary

Highlights & Guidance

1

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

3

NextGen machine, a step changer on a different scale is here and will be launched November 10th, 2020

2

With our NextGen and the Renewed AM interest, AM adoption is expected to accelerate post COVID

4

Great progress on the organization and products' industrialization with availability >90%

Confirmation of guidance communicated on August 12th, 2020

- Revenue increase of at least 20% compared to 2019 (Revenue 2019: €49.0m)
- EBITDA between €(13)-(18)m (EBITDA 2019: EUR (26.0)m).

Forecast based on assumption that there will be no significant deterioration of the COVID-19 situation with extensive lockdown measures in the Company's key sales markets during the remainder of 2020.

Next Generation Machine

Join us for our digital launch on Nov 10th, 4pm CET

A new chapter of Industrialization of AM



www.slm-pushing-the-limits.com