



# **FY 2021 Earnings Presentation**

March 24, 2022

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# Highlights – FY 2021

1

Strong product portfolio, with **order intake up by 53% YoY** driven by customer interest across the broader portfolio contributing to the **largest<sup>1</sup> backlog position of EUR 43m as of Dec 2021**.

2

**Revenue of EUR 75m, up 22% YoY** and outperforming guidance for the **second consecutive year**.  
**Gross Profit Margin of 56%**, up 300 basis points YoY

3

Operational excellence + high operating leverage → **continued profitability improvement**, with **EBITDA improving by 42% YoY** on an absolute basis, and the **EBITDA margin improving by 52% YoY**.

4

**Positive responses from beta program** of the NXG XII 600 with orders from the automotive, energy, space, aviation and service bureau industries, strongly positioning SLM Solutions for 2022.

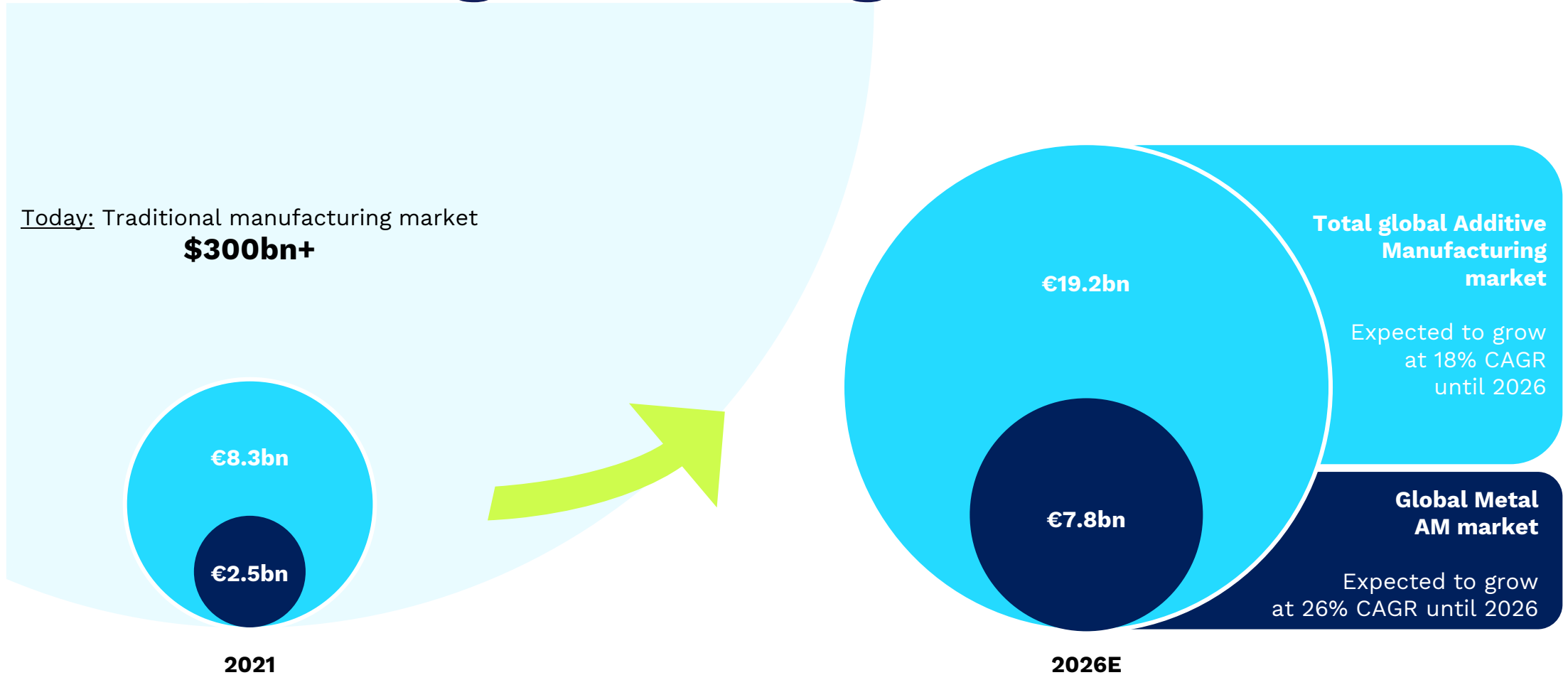
5

SLM Solutions **outpaced market growth for system sales<sup>2</sup>**, outperforming the market for the second consecutive year.

1. Prior period figures adjusted for Chinese Frame Agreements.

2. AM Power Report 2022

# Advantages of AM to continue to drive strong market growth



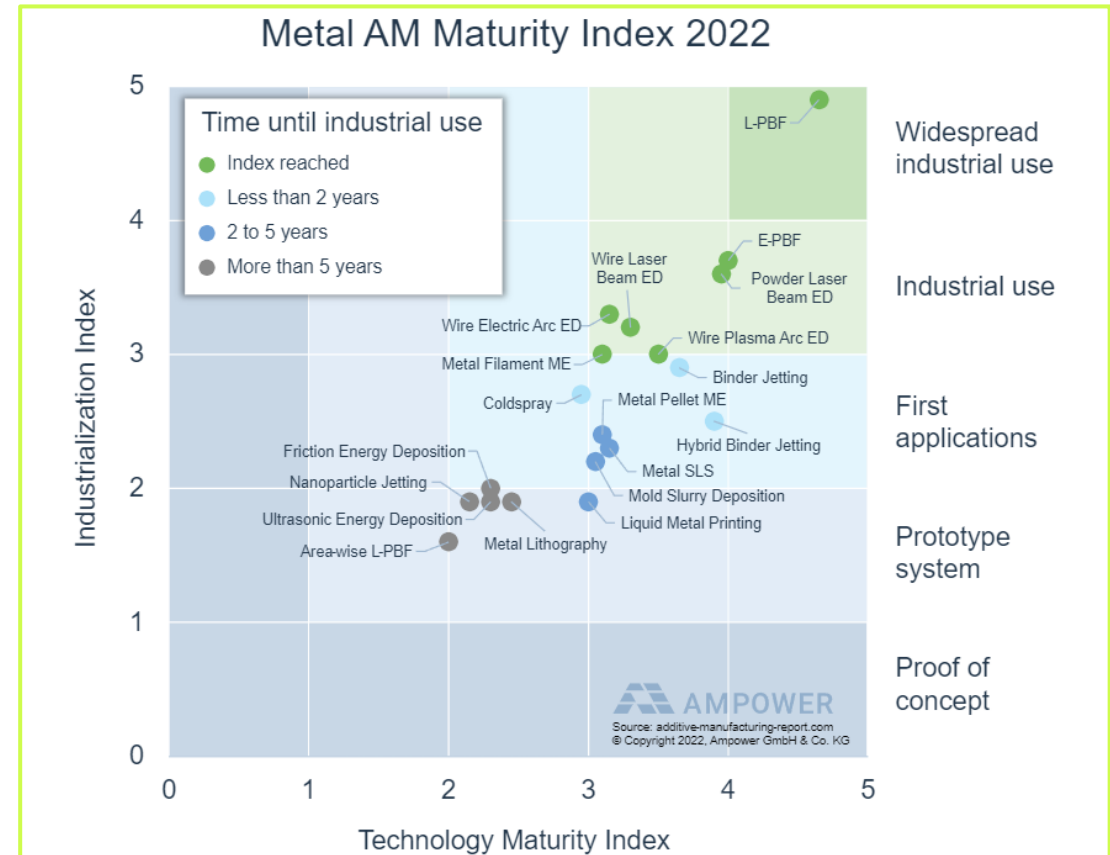
# Laser Powder Bed Fusion (LPBF)

Sole AM technology with widespread industrial use

Superior mechanical properties...

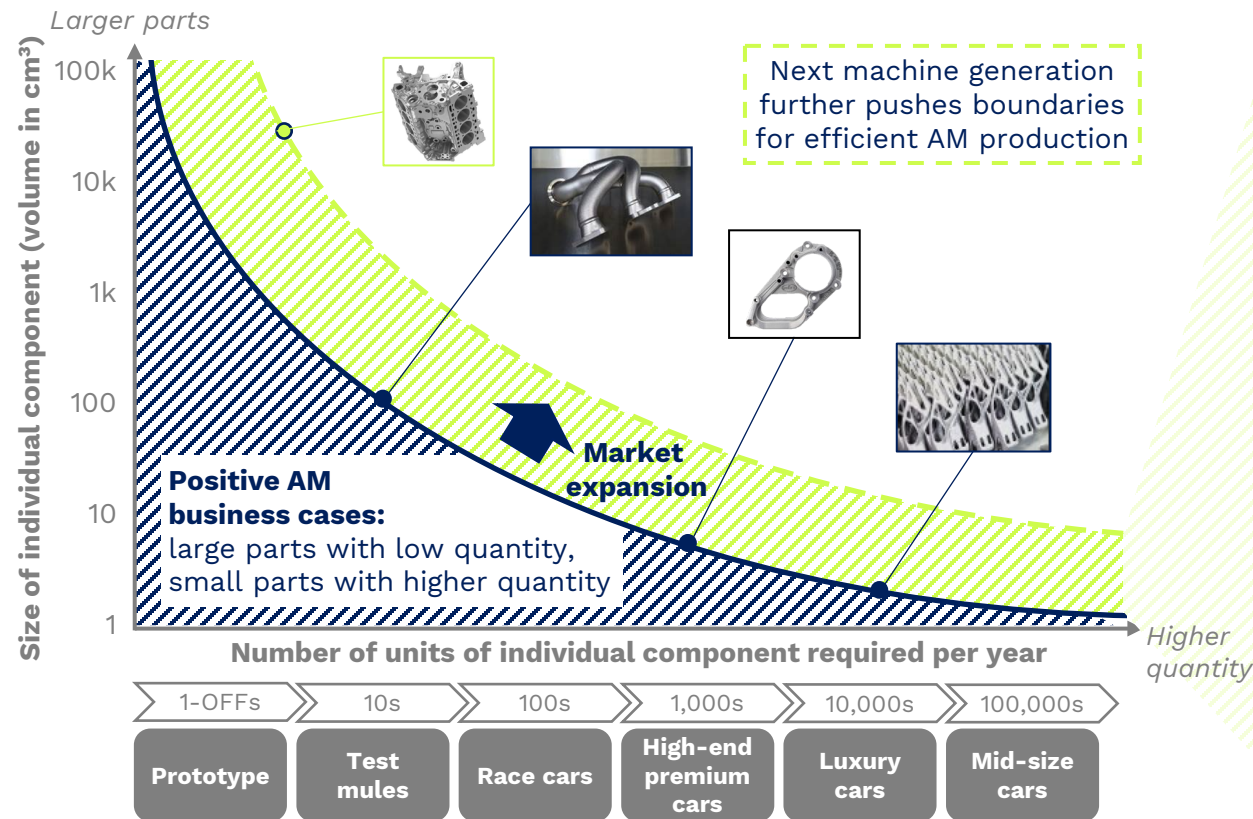
<p><b>Size / Geometric Freedom</b></p>	<ul style="list-style-type: none"> <li>Size of parts <b>only limited by machine chamber size</b></li> <li>Outperforming in terms of <b>absolute size and variability of part thickness</b></li> <li><b>Geometry complexity is for free</b>, allowing for <b>topology optimization</b> that is <b>without limits</b></li> </ul>
<p><b>Mechanical Properties</b></p>	<ul style="list-style-type: none"> <li>Constantly <b>high mechanical properties</b></li> <li><b>Low porosity</b></li> <li><b>High density</b></li> </ul>
<p><b>Wide Material Choice</b></p>	<ul style="list-style-type: none"> <li>Compared to all other additive technologies <b>LPBF offering greatest number of input materials.</b></li> <li><b>Any material that can be welded can be processed</b></li> </ul>
<p><b>One Step-Processing</b></p>	<ul style="list-style-type: none"> <li>Little to no post-production increases <b>“first time right potential”</b></li> <li><b>Enabling thin wall sections</b></li> <li><b>Consistently accurate geometrical output</b> due to <b>controlled and predictable part shrinkage and distortion</b></li> </ul>

...make LPBF the leading AM technology in the market



# Market expansion with next generation of components specifically designed for AM

**Illustrative:** Break-even in Laser Powder Bed Fusion compared to conventional manufacturing (automotive example)



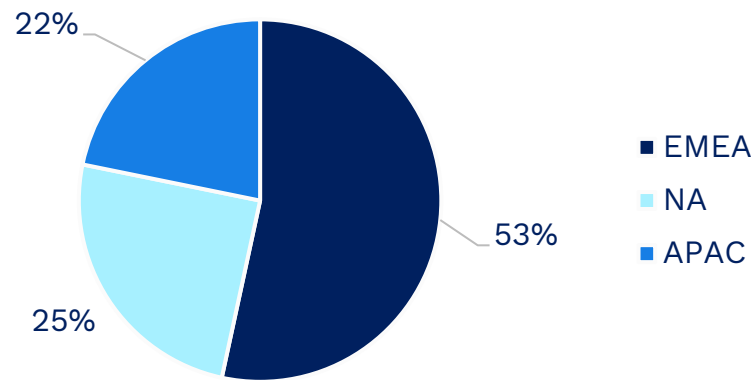
**Market expansion and growth driven by several favorable developments**

- ▶▶ Productivity increase of next generation of AM machines
- ▶▶ New parts being specifically designed to make use of advantages of AM production
- ▶▶ AM increasingly being integrated in industrialized production processes
- ▶▶ Completion of ongoing certification processes of AM produced parts

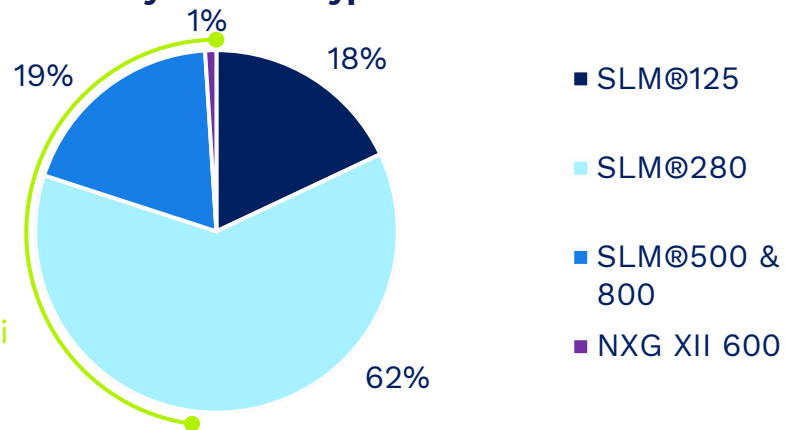
# >750 machines installed globally

Serving a broad range of blue chip customers

Installed base by region



Installed base by machine type



>50% of IB multi laser

~95% of Backlog multi laser

Serving more than **150** blue chip customers

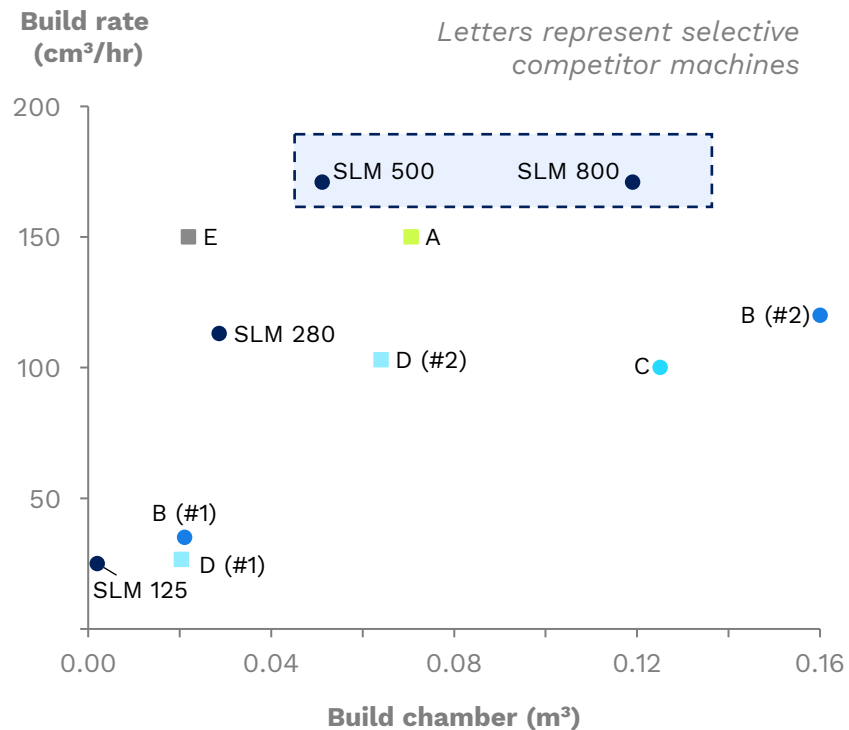
including **Fortune 500** companies, **Dax30** companies, some of the **largest OEMs** as well as leaders in **space exploration, aviation, electro mobility, motor racing, science**, and many more...



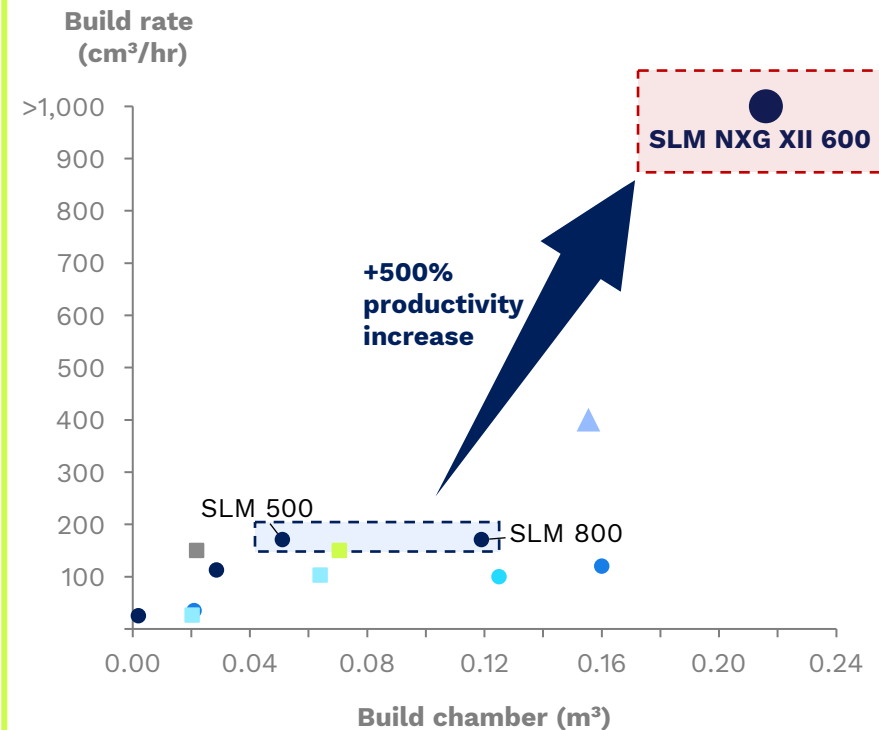
Source: SLM  
Note: Installed machine base as of Feb 2022

# NXG XII 600 is moving metal AM economics to a completely new level

SLM's current generation of machines is already at the top level of productivity for Metal AM machines...



... but SLM's NextGen machine will be a gamechanger





# NXG XII 600 – Order Intake

Successful roll-out with broad-based interest



- ⇒ **Three NXG XII 600s** will support the increasing production demand by major global auto manufacturers implementing the Divergent Adaptive Production System®
- ⇒ The three additional NXG XII 600 systems will bring their install base for this system to six.



- ⇒ **Two NXG XII 600s<sup>1</sup>** that will enable Sintavia to cost-effectively supply the unprecedented demand for printed metal componentry, aided by a manufacturing rate and quality that remains unequaled in the industry
- ⇒ System capabilities tested on a benchmark part → large Inconel shrouded impeller with an exposure area of more than 50% and a weight of 174 kg was built successfully in under a week.



- ⇒ **An NXG XII 600** will enable Collins Aerospace, a world leader in the design and production of Engine nozzles, to produce additively manufactured aerospace parts faster.



**MAN Energy Solutions**

- ⇒ MAN ES ordered **an NXG XII 600** to meet the growing demand for large-scale AM parts with a greater envelope size.
- ⇒ MAN ES will utilize the machine for the serial production of components for technology solutions within the marine, energy, and industrial sectors.

**LEADING SPACE COMPANY**

- ⇒ **Two NXG XII 600s<sup>2</sup>** will allow a leading California-based rocket company to make its space missions more affordable and efficient by creating lighter, faster, and more robust space components.

1. Both orders are not included in the Company’s backlog as of 4Q21 as the contracts include a clause which allow the customer to cancel the order in a specific timeframe free of charge. The conditionality on one of the machines was removed in March 2022 and therefore this machine will be added to the company’s backlog and order-intake in 1Q22.

2. One order is not included in the Company’s backlog as the contract includes a clause which allow the customer to cancel the order in a specific timeframe free of charge.

# Open Architecture

Unlocking innovation. Driving industrialization.

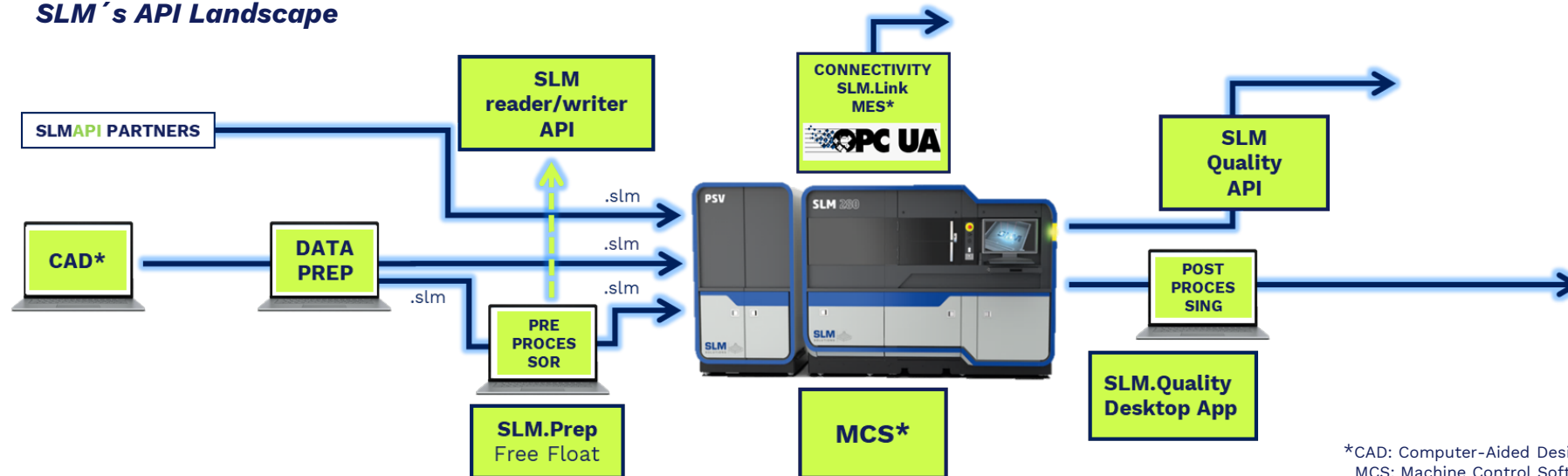
## WHY DOES IT MATTER?

- ⇒ Provides customers with a fundamental **competitive advantage**.
- ⇒ Fosters **innovation** at SLM Solutions and in the wider AM industry.
- ⇒ Drives the **industrialization** of AM at a faster rate.

## WHAT DOES IT MEAN?

- ⇒ **Software:** Application Programming Interfaces (APIs) to several external software vendors. Customizability for software offerings.
- ⇒ **Materials & Process:** Enable the free selection of materials & process parameters.
- ⇒ **Services:** Customized service agreements to meet the precise need of the customer, with measurable success criteria.

*SLM's API Landscape*



\*CAD: Computer-Aided Design  
MCS: Machine Control Software  
MES: Manufacturing Execution System

# Free Float is unique

Customizability sets us apart

DIFFERENTIATOR	SLM SOLUTIONS	VELO 3D	EOS
Designated application for support reduction with minimalistic workflow targeting standardized processes	YES	Not known	NO*
Open material parameter selection	YES	NO	YES
Ability to customize Free Float process	YES	NO	YES
Retrofittable on existing system portfolio	YES	N/A	YES
Availability of Free Float technology or similar solution	YES	YES	YES

By harnessing the power of **Free Float**, customers can **reduce post-processing costs by up to 94#%**

SLM Solutions' **Free Float** places power in the hands of our customers, enabling them to customize the solution in the manner that best suits their requirements and part profile

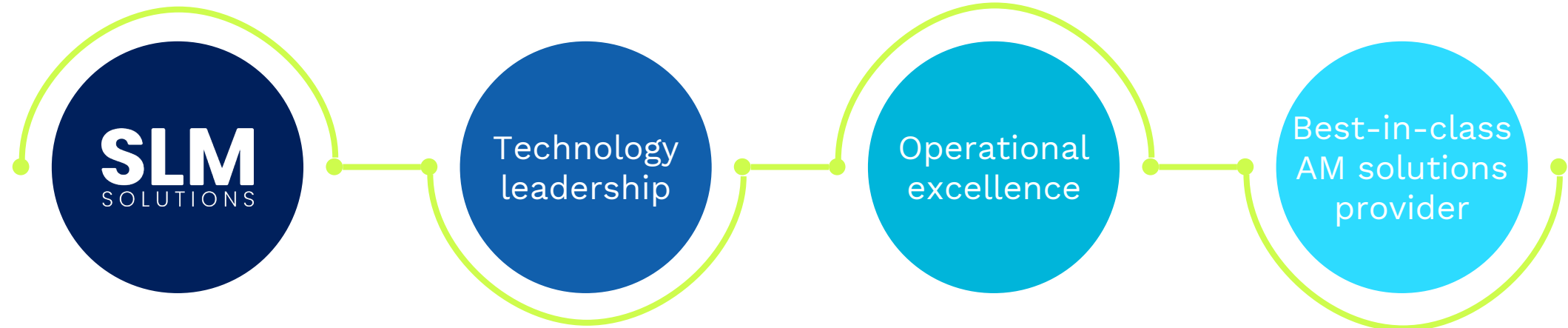
Source: SLM Solutions Research

\* No automated algorithm/application. Additional time and effort (therefore costs) required to work in the system on an engineering level to tweak settings manually, without direct knowledge of outcome.

# Detailed case study in appendix

# Our Strategy

Enabling long-term sustainable growth



SLM Solutions is a **leader in the metal additive industry**, and aims to continue being a driving force in the industry

We will always **push the limits of additive manufacturing**, thus maintaining our technology leadership

We deliver **best-in-class operational excellence** and are relentless in consistently improving

**Our customers' success is our success**, and we will work towards maximizing customer satisfaction

**Technology Pioneers with decades of experience** in the metal additive industry

**Large IB of +750 systems globally** across a wide variety of customers

Maintain long-standing focus on **investing into technologies of the future**

**Value-accretive product portfolio** with a focus on delivering quality

**Software enablers** to aid the ongoing industrialization of AM

Revamped PLM System to **enhance efficiencies in product life cycle**

**Optimized sourcing → decrease in material costs** on a like-for-like basis of approx. 3% in 2021

Lean manufacturing processes **enhancing efficiency across the value chain**

**EBITDA margin improvement** in FY 2021 of **50% YoY**

Laser focus on **maximizing customer satisfaction**

**Upgraded CRM system** to aid **quality service delivery**

**Global roll-out of Net Promoter Score (NPS) system** in 2022

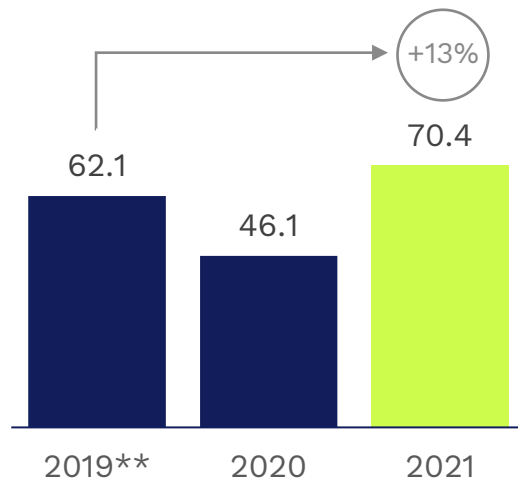
# Financial Overview

Fiscal Year 2021

# Growing Topline

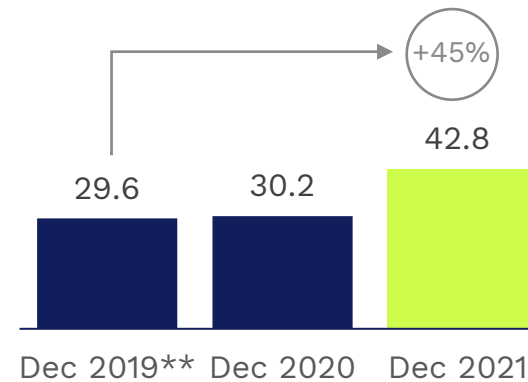
## Order Intake

in EUR m



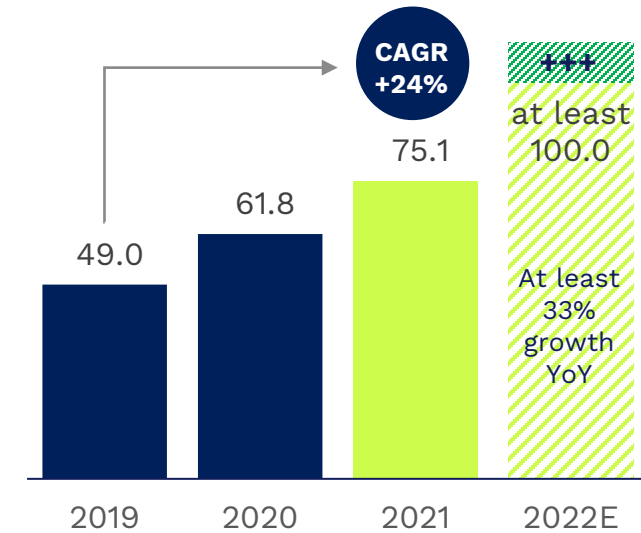
## Backlog

in EUR m



## Revenue

in EUR m



- ❑ Order intake for FY 2021 at EUR 70.4m, **higher by 53%** as compared to FY 2020.
- ❑ Strongest\* order backlog as at year-end 2021 of EUR 43m, **up by 42% YoY**, provides SLM Solutions with a solid base going into 2022.
- ❑ Revenue **up 22% at EUR 75.1m**, as compared to FY 2020, **outperforming guidance for the second consecutive year**.

\* Prior period figures adjusted for Chinese Frame Agreements.

\*\* Includes EUR 5.6m of backlog adjustments performed in Q2 '20

# Selected Financials

Sustained upward trajectory in revenue & profitability

<i>in EUR m</i>	<b>2021</b>	Change	<b>2020</b>
Machines Revenue	57.6	+28%	45.1
After Sales Revenue	17.5	+5%	16.6
Gross Profit	46.3	+36%	33.9
<b>Gross Profit Margin</b>	<b>56%</b>	<b>+3p.p</b>	<b>53%</b>
<b>Payroll</b>	<b>(39.0)</b>	<b>+9%</b>	<b>(35.6)</b>
<b>Other Exps. &amp; Income</b>	<b>(15.8)</b>	<b>+22%</b>	<b>(13.0)</b>
EBITDA	(8.6)	+42%	(14.8)
<b>Operating Cash Flow</b>	<b>(18.3)</b>	<b>U</b>	<b>(3.4)</b>
<b>Working Capital</b>	<b>33.2</b>	<b>+36%</b>	<b>24.4</b>
Cash and cash equivalents	25.0	+33%	18.9

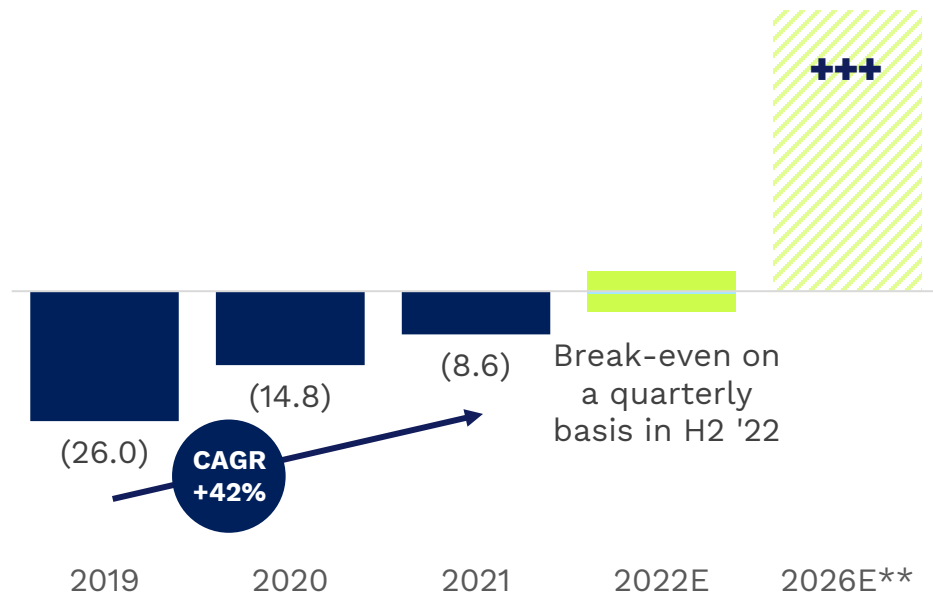
- Machines revenues increase mainly driven by SLM500 → doubled output vs 2020
- Focused on fixing after sales business by concentrating on quality & customer satisfaction, initial steps taking to accelerate revenue growth
- Gross Profit Margin improvement driven by product cost out & lower inventory write-offs, Q4 negatively impacted by ~EUR 1m increase of obsolescence reserve
- Other operating income includes forgiven PPA loan within US entity (EUR 0.8m)
- Other operating expenses negatively impacted by freight rates
- Increase in payroll aligned to mid-term growth targets
- Operating Cash-Flow negatively impacted by higher safety stock levels due to supply chain constraints and increase in receivables driven by late shipments and unfavorable terms

# Operational Profitability

Focus on enhancing operational efficiencies

## EBITDA

in EUR m



- Ongoing focus on operational excellence across all departments
- Implemented new manufacturing lines in 2021 to improve product throughput and variable labor costs, further improvement to be driven by lean principles
- Ongoing progress in driving material costs down, 3% material deflation in 2021 despite global supply chain crisis
- Implemented new CRM tool at the beginning of 2021 driving automation and better visibility in sales & services
- Initiated roll-out of new Product Life-Cycle Management (PLM) system with efficiency gains expected from product development to product roll-out stage.
- On track to achieve breakeven profitability on a quarterly basis in H2 2022, with continuous improvement in the following years.

\*\* 2026E bar is only illustrative.



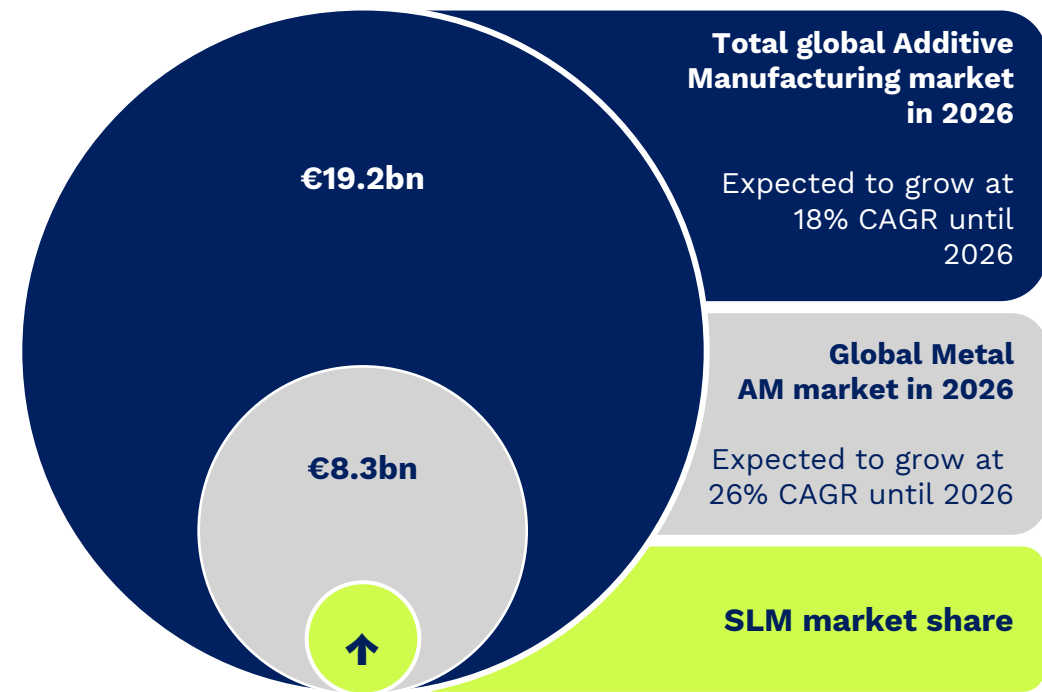
# Guidance & long-term view

Targeting 5x revenue growth in 5 years

## Guidance

	2022E	2026E
<b>Sales</b>	At least EUR 100 m	~5x revenue growth vs 2021
<b>EBITDA</b>	Break-even on quarterly basis in second half	+++
<b>Key Assumptions</b>		
<p><b>2022E:</b> Easing of supply chain constraints in second half, no significant COVID-19 restrictions in key markets, successful NXG XII 600 ramp up, no severe economic slowdown due to Ukraine-Russia crisis</p>		
<p><b>2026E:</b> Ramp-up in serial production of key industries as expected in market forecasts, no significant economic events</p>		

## Expected market size\*



\*Source: AM Power Report 2022

# Capital Management

## Proactive approach

⇒ Closed 2021 with EUR 25m in cash and cash equivalents

⇒ **Convertible Bond 2020/2026**

- ❑ Second Tranche (EUR 15m) : EUR 11.4m converted to equity in FY 2021, reinforcing SLM's equity base
- ❑ Third Tranche (EUR 30.2m) : Conditions precedent to offer waived, thereby enabling the Company to issue the third tranche when required.

⇒ **Convertible Bond 2017/2022**

- ❑ Notional value of €58.5m
- ❑ Terms & Conditions amended by bondholders' resolution on February 16, 2022.
- ❑ New Maturity Date → October 11, 2024
- ❑ Interest Rate during period of extension → 7.5% p.a.
- ❑ Bondholders retain right to request early redemption of all or some of its Bonds on original maturity date (October 11, 2022), by submitting redemption notice by April 8, 2022.
- ❑ As per a separate agreement, Elliott International L.P. and its associates\*, holding bonds with a notional value of EUR 16m, have agreed not to exercise the redemption option.

\*Associates include the Liverpool Limited Partnership and Cornwall GmbH & Co. KG (all of whom are being advised by Elliott Advisors (UK) Limited)

# Wrap up

# SLM SOLUTIONS

Technology pioneer, Innovation Leader

- ⇒ **Inventor** of the Selective Laser Melting technology with a strong product portfolio, well positioned to benefit from the **growing TAM** for metal AM, **expected to increase by over 3x** by 2026\*
- ⇒ Track record of **delivering path breaking technologies** that have resulted in improved quality of output and enhanced productivity
- ⇒ Large **installed base of over 750 systems** globally\*\* with **industry agnostic, broad-based** customer base and **an industry gamechanger** in the NXG XII 600.
- ⇒ **Received orders for 10# NXG XII 600 systems** from automotive, energy, space, aviation and service bureau industries
- ⇒ **Outperformed guidance for the second consecutive year**, delivering **double-digit top-line growth** along with market-leading gross margins.
- ⇒ Heading into 2022 with largest### backlog of **EUR 43m** and **over 500 people**, working singularly on **delivering the future** with LB-PBF based solutions.

\* AM Power Report 2022

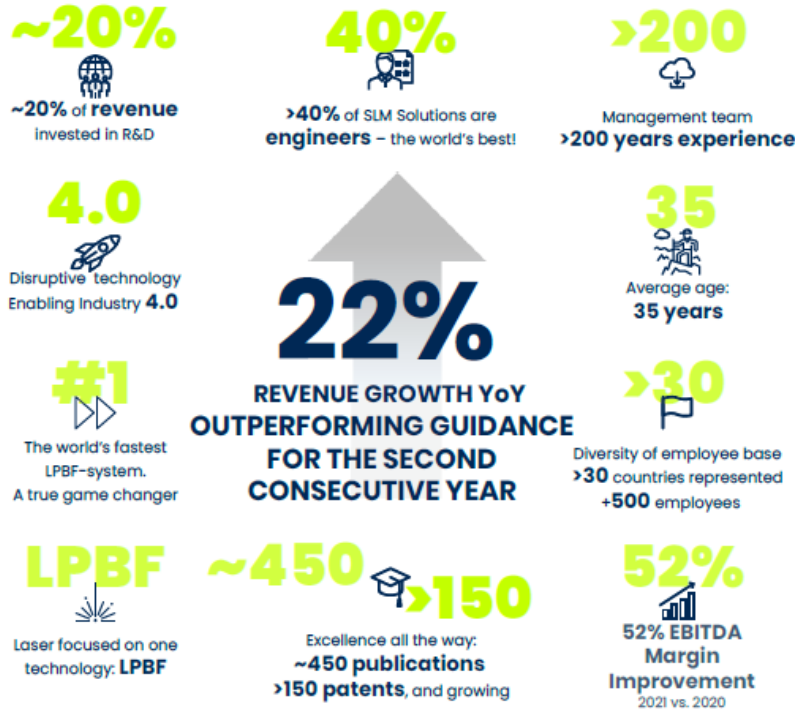
\*\* As of Feb 2022

# Including three conditional orders

### Prior period figures adjusted for Chinese Frame Agreements.

# Q&A

## SLM SOLUTIONS - SET FOR GROWTH



## DIVERSE PORTFOLIO & INDUSTRY COVERAGE



## WORLD LEADER IN LPBF A HISTORY OF FIRSTS



**SLM SOLUTIONS**

DELIVERING THE FUTURE OF MANUFACTURING

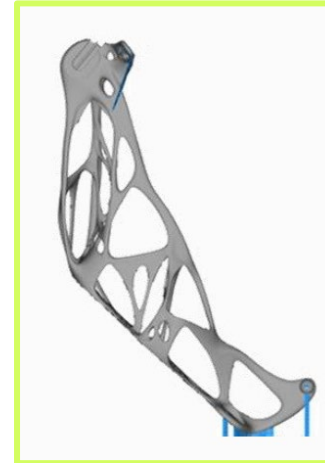
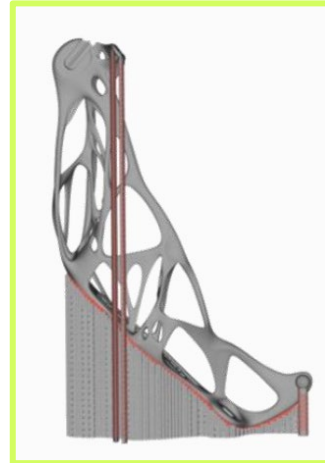


# Appendix

# Free Float

## Case Study

By harnessing the power of **Free Float**, customers can reduce post-processing costs by **up to 94%**



SLM produced the part<sup>2</sup> using Inconel 718, a nickel-based superalloy extensively used in the energy & space industries.

Inconel is a robust material but also results in high post-processing costs.

With SLM® **FREE FLOAT** –  
Robustness of material? **YES**  
High post processing costs? **NO**

	Without Free Float	With Free Float
Material <sup>1</sup>	Inconel 718	Inconel 718
Supports	Block Supports up to 45°	Flat sections + connections
Support Volume	59,588 mm <sup>3</sup>	767 mm <sup>3</sup> <b>-99%</b>
Post Processing Time (hh:mm)	01:30	00:05 <b>-94%</b>

1. Original part manufactured using Aluminium. Additively manufactured part produced using IN718 (Nickel-based superalloy). SLM Solutions computed material and labor requirements if original part was manufactured with IN718. Comparative figures based on this study.

2. Part by Lighthinge (EDAG, voestalpine, simufact)