



SHAPING THE FUTURE

9M Report 2018



Key share data

Ticker/ISIN	AM3D/ DE000A111338
Number of shares issued	17,980,867
Closing price (28.09.2018)*	20.90 EUR
Share price performance SLM Solutions (LTM at 28.09.2018)	-40.3%
Share price performance TecDAX (LTM at 28.09.2018)	+14.8%
Share price performance STOXX Global 3D Printing (LTM at 28.09.2018)	+22.9%
Market capitalisation (28.09.2018)	EUR 375.8 Mio

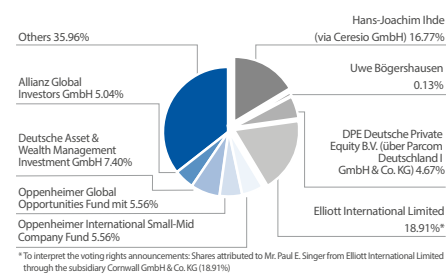
*Final price Xetra-Handelssystem der Deutschen Börse AG

Share price chart



— SLM Solutions — TecDax — STOXX Global 3D Printing Tradable

Shareholder structure



*To interpret the voting rights announcements: Shares attributed to Mr. Paul E. Singer from Elliott International Limited through the subsidiary Cornwall GmbH & Co. KG (18.91%)

Events

November 26. – 28. 2018	Deutsches Eigenkapitalforum, Sheraton Frankfurt Airport Hotel and Conference Centre
March 28, 2019	Release of Annual Report 2018
May 9, 2019	Release of Q1/2019 Report
June 25, 2019	Annual General Meeting, Lübeck
August 8, 2019	Release of H1/2019 Report
November 7, 2019	Release of 9M/2019 Report

Address by the Board

Dear shareholders, customers, stakeholders and employees,

We have further consolidated our position as an independent solutions provider for metal based 3D Printing. By now, additive manufacturing has gained strategic significance for large industrial corporations which increasingly enter into complex processes of qualification and certification of technology. Here we have to and want to actively support our customers and thus contribute to the successful introduction and further proliferation of this still fairly recent technology. This means that at the same time it is necessary that we incur significant preliminary expenses, which however at the same time are laying the foundation for long-term cooperation with our customers. In 2018 we have been focussing on the implementation of the successfully concluded master agreement in Asia to the highest satisfaction of our customers. This will enable us to participate in the further development of the Asian market to a large extent. We regard this as the future of the industrial application of this technology and we are actively working on the objective to enter into strategic partnerships with further industrial customers.

We focus primarily on the collaborative partnership with our customers. Together we develop holistic solutions for additive manufacturing and integrate our technology into the existing manufacturing environment. Thereby, we concentrate on long-term support and assistance for our customers – if they are successful with the new technology, so are we. With our machines we are achieving the highest production rates of the industry and thereby the most cost effective series production of highly complex parts and components of superior quality. We develop our machines to deliver flexible complete solutions with the exacting production requirements of our customers in mind. The closed powder circuit meets the highest safety standards, according to prerequisites set in the aviation and automobile industries. The newly introduced SLM®800 has proven to be a step in the right direction. The next generation is currently under development – additional lasers and a further enlarged and square build chamber are the main features of this model. We want to continue to further accelerate the rapid proliferation of the additive manufacturing technology of high value parts and components. That inspires us.

During the first nine months of the year the growth of SLM Solutions continued in general. The number of prospective buyers has increased substantially. The value of orders received up to 7 November 2018 increased by 14.8% to EUR 43,9 Mio compared to the same period of the previous year adjusted by frame contracts. We are successful in placing production-oriented and thus higher value machines into the market. In the third quarter alone revenue fell by 11.7%. Revenue of EUR 48.3 Mio of the first nine months was slightly below the value of the same period of the previous year. On the basis of the high level of interest in our industry we presume that this trend will be reflected positively during the further course of the year.

Full year targets were adjusted on 1 November 2018 due to the deferral of call-off orders in connection with a contract signed on 14 November 2017 with an Asian customer for the supply of 20 SLM®800 machines into the new year. The forecast was redefined to a range of between EUR 90 to EUR 100 million and a single digit EBITDA margin. The dependence of the performance during the fourth quarter, during which the important industry exposition “formnext” will take place in Frankfurt, remains from our point of view unchanged.

On behalf of the Board I would like to thank all those who continue to support and put their trust in the further development of our company.

Lübeck, November 8, 2018



Uwe Bögershausen

Highlights

	Unit	Q3/2018	Q3/2017	Change	9M/2018	9M/2017	Change
Revenue	kEUR	18,694	21,176	-11,7%	48,337	50,163	-3.6 %
Total output	kEUR	24,733	21,960	+12,6%	59,395	51,412	+15,5%
EBITDA*	kEUR	-516	-238		-4,329	-4,756	
EBITDA margin (% of Revenue)*	%	-2.8	-1.1	-1,7%-Pts.	-9.0	-9.5	+0.5%-Pts.
Period result	kEUR	-2,099	-1,985	-5,8%	-8,366	-7,931	-5.5%
EPS**	EUR	-0.12	-0.11		-0.47	-0.44	
Balance sheet Total	kEUR	170,199	129,836	+31,1%	170,199	129,836	+31.1%
Equity ratio	%	49.5	67.3	-17,8%-Pts.	49.5	67.3	-17.8 %-Pts.
Order intake (No. of units)	machines	29	73	-60,3%	67	120	-44,2%
Order intake***(in value)	kEUR	17,989	40,907	-56,0%	41,277	76,216	-45,8%
Order backlog (No. of units)	machines				146	74	+97,3%
Order backlog (in value)	kEUR				109,652	48,372	+126,7%

* In 9M/2017 adjusted for Retention Bonus kEUR 94

** Undiluted and diluted calculated with 17,980,867 shares (prior year 17,980,867 shares)

*** In Q3/2018 including 50 machines from Master Agreements. In 9M/2017 including 60 Machines from Master Agreements.

Business Performance

During the first nine months of 2018 SLM Solutions secured orders for 67 machines. Compared with the order intake of 120 machines during the same period of the preceding year, the order of the current order volume has decreased by 53 machines or 44.2%. The value of current orders is kEUR 41,277 compared with the same period last year of kEUR 76,216, a decline of 45.8%. The reason for the expected decrease in the current year is mainly the result of two master agreements signed during 2017 for the supply of 60 machines.

During the third quarter, SLM Solutions secured orders for 29 machines, a reduction of 60.3% compared with 73 machines ordered during the same period last year. The orders included 19 Multi-Laser machines (Q3/21017: 39 machines).

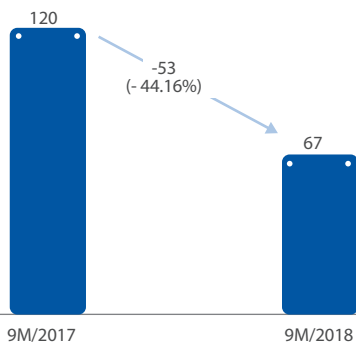
Total value of the machines ordered during Q3/2018 is kEUR 17,989. This represents a decline of 56% compared to the same period of the preceding year (kEUR 40,907). Included in last year's figure is one of the major orders from China mentioned above for 50 machines.

The backlog of orders as at September 30, 2018 consisted of 146 machines with a value of kEUR 109,652 compared to 74 machines with a value of kEUR 48,372 in the previous year.

Of the total revenue of kEUR 48,337 the first nine months of the business year 2018 kEUR 37,226 generated by the segment "Machine Business" (prior year kEUR 39,136) by this representing 77.0% of total revenue (prior year: 78.0%). The segment "After Sales Business" accounted for revenue of kEUR 11,111 (prior year: kEUR 11,027) making up 23.0% of total revenue (prior year: 22.0%).

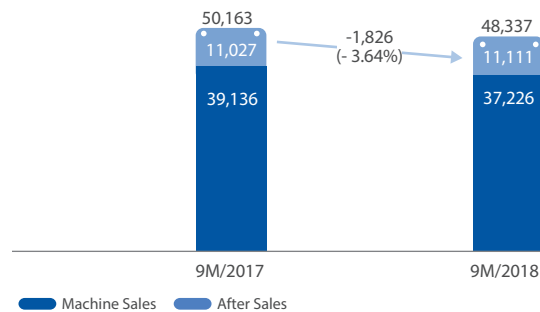
Order Intake 9M / 2018

(Number of Machines)



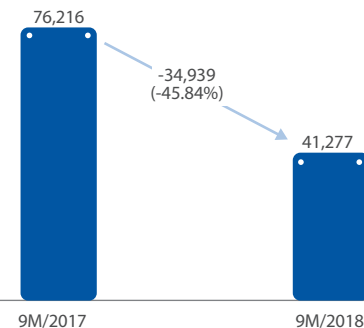
Consolidated revenue (segments) 9M / 2017

(kEUR)



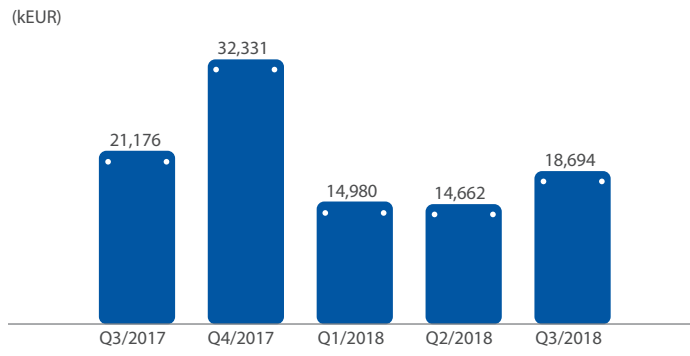
Order Value 9M / 2017

(Order value kEUR)



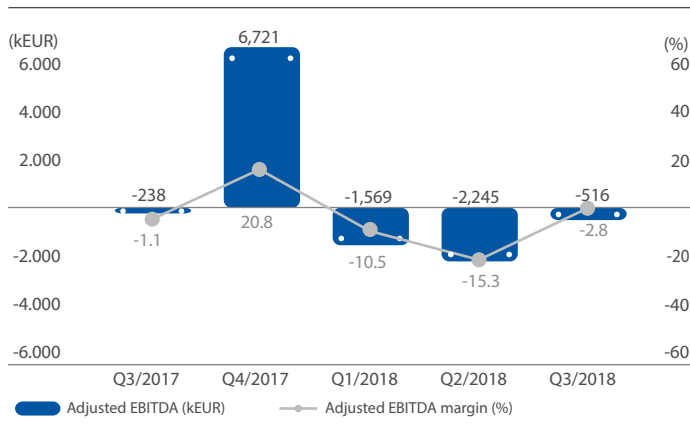
Economic and business report

Development consolidated revenue



- Group revenue for the first nine months of 2018 was kEUR 48,337 was 3.6% below that of the previous year period (9M/2017: kEUR 50,163).
- Group Revenue of kEUR 18,694 for the third quarter 2018 was 11.7% below that of the previous year period (Q3/2017: kEUR 21,176).
- Overall performance of kEUR 59,395 for the first 9 months of 2018 is 15.5% above that of the same period of the preceding year (9M/2017: kEUR 51,412).
- Overall performance of kEUR 24,733 for the third quarter of 2018 is 12.6% above that for the same period of the preceding year (kEUR 21,960).
- Due to the seasonal fluctuation of revenue, management is of the view that it is more meaningful to focus on the performance over a full year. The accumulated revenue of the past 12 months as at balance date of 30 September 2018 (LTM) is kEUR 80,667 and thus slightly below the value for the same period of the preceding year as at 30 September 2017 (kEUR 82,470).

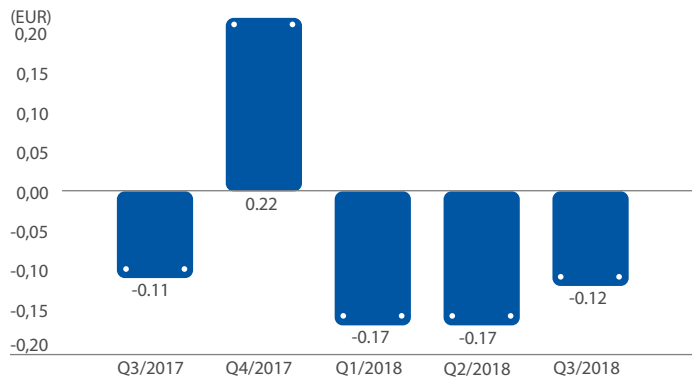
EBITDA and EBITDA margin*



* In 9M/2017 adjusted for Retention Bonus kEUR 94

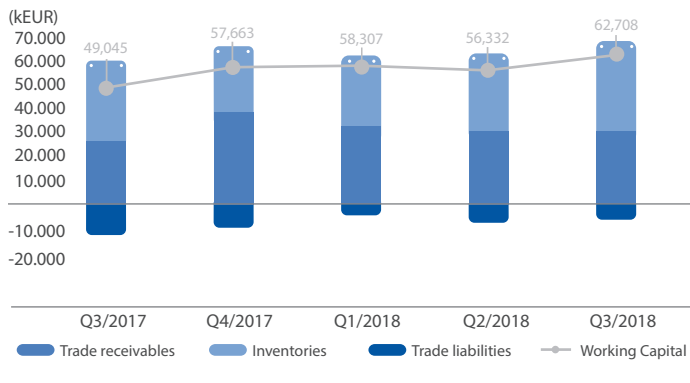
- Personnel Cost Ratio (in relation to total performance) has decreased to 36.7% for the first nine months of 2018 (9M/2017: 40.7%).
- The Personnel Cost Ratio (in relation to total performance) for the third Quarter 2018 of 31.1% remained on the same level of the preceding year (Q3/2017: 30.1%).
- The Material Cost Ratio (in relation to total performance) of 50.0% for the first nine months of 2018 is above that for the same period of the preceding year due to the increased level of pre-production (Q3/2017: 46.8%).
- The Material Cost Ratio (in relation to total performance) of 48.6% for the third quarter 2018 is below that for the preceding year (Q3/2017: 51.9%).
- In relation to the past 12 months as at 30 September 2018 (LTM) the EBITDA is around TEUR 2,391 (30 September 2017: kEUR 407) and 3.0% (30 September 2017: 0.5%) in respect of the LTM Group Revenue of kEUR 80,667 (30 September 2017: kEUR 82,470).

Earnings per share (undiluted, in EUR)



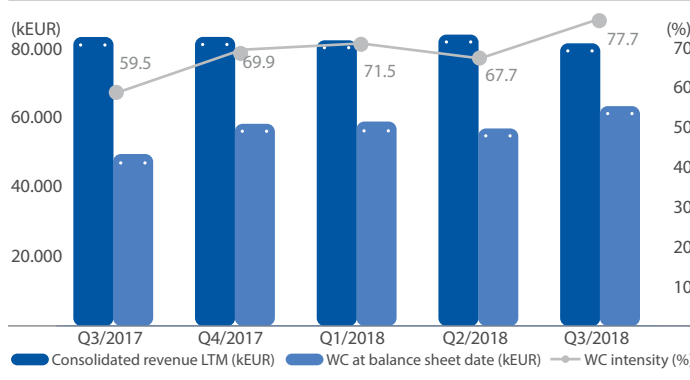
- The Net Financial Result for the first nine months 2018 of kEUR -3,087 is well below the previous year figure (9M/2017: kEUR -86) due to the Convertible Bond issue in October 2017.
- In the third quarter 2018 the Net Financial Result of kEUR -1,013 is also below that for the same period of the preceding year period (Q3/2017: kEUR -26) in view of the Convertible Bond issue in October 2017.
- Tax revenue of kEUR 4,172 for the first nine months 2018 is above that for the previous year period (9M 2017: kEUR 2,150).
- In the third quarter 2018 tax revenue is about kEUR 1,295 with tax expenditure for the previous year of kEUR -110.
- The period result of kEUR -8,366 for the first nine months 2018 is below that for the corresponding period of last year (9M/2017: kEUR -7,931).
- The period result of kEUR -2,099 for the third quarter 2018 is marginally below that for the previous year figure (Q3/2017: kEUR -1,985).

Working Capital



- In relation to the LTM Group Revenue of kEUR 80,667 and a Working Capital of kEUR 62,708 the Capital Intensity as at balance date has changed to 77.7%.
- Compared to Q2/2018 inventories have increased by 16.7% to kEUR 38,036 as at 30 September 2018 (30 June 2018: kEUR 32,581).
- Compared to Q2/2018 the level of trade receivables as at 30 September 2018 has decreased by 0.5% to kEUR 30,562 (30 June 2018: kEUR 30,713).
- As at 30 September total value of sundry assets (financial and non-financial) have increased by 32.8% to kEUR 3,249 compared to Q2/2018 (30 June 2018: kEUR 2,447).
- As at 30 September 2018 trade creditors and sundry accounts payable (financial and non-financial) decreased by 6.6% to kEUR 12,354 compared to Q2/2018 (30 June 2018: kEUR 13,229).

Working Capital-Intensity



Supplementary Report

Upon expiry of the reporting period and until the conceptual completion of this report as at 7 November 2018 no events of special significance have occurred which may have implications on the revenue, financial performance or financial position of the company.

Business Forecast

The annual objectives in respect of the key indicators Revenue and EBITDA were adjusted on 1 November 2018 and will thus result in revenue within the range of kEUR 90,000 and kEUR 100,000 and a single digit EBITDA margin (in relation to Group revenue). The achievement of this will depend to a particular extent on the performance during the fourth quarter 2018 during which the important industry exhibition "formnext" will take place in Frankfurt.

Consolidated income statement (January 1 to September 30, 2018)

in kEUR	01/01/- 30/09/2018	01/01/- 30/09/2017	01/01/- 31/12/2017
Revenue	48,337	50,163	82,494
Increase/decrease of finished and unfinished stock on hand	8,977	-160	-2,279
Other activated contributions	2,081	1,409	3,132
Total output	59,395	51,412	83,346
COGS	-29,720	-24,070	-38,575
Gross profit	29,675	27,342	44,771
Payroll	-21,811	-20,943	-26,691
Other operating income	2,037	1,211	1,948
Other operating expenses	-13,966	-12,294	-18,094
Proceeds from associated companies	-264	-165	-63
EBITDA	-4,329	-4,850	1,871
Depreciation	-5,122	-5,145	-6,887
Operational result (EBIT)	-9,451	-9,996	-5,015
Interest received	10	17	19
Interest and similar expenses	-3,097	-103	-1,015
Earnings before tax (EBT)	-12,538	-10,082	-6,012
Tax payable	4,172	2,150	2,272
Result for the period	-8,366	-7,931	-3,741
Shares on issue (Mio)	18.0	18.0	18.0
EPS*	-0.47	-0.44	-0.21

*undiluted and diluted calculated in all periods with 17,980,867 shares

Consolidated statement of comprehensive income (January 1 to September 30, 2018)

in kEUR	01/01/- 30/09/2018	01/01/- 30/09/2017	01/01/- 31/12/2017
Period Result	-8,366	-7,931	-3,741
Income and expenditure in future not to be reclassified into P&L Account			
Actuarial Profit and Loss*	34	280	-33
Income and expenditure in future to be reclassified into P&L Account			
Income/Expenses from currency conversion	60	-140	-277
Other comprehensive income	94	140	-310
Group Overall Result	-8,273	-7,791	-4,051
Allocation of Overall Result			
Shareholders of SLM Solutions Group AG	-8,273	-7,791	-4,051

*The actuarial gains were reduced from kEUR 50 by kEUR 16 to kEUR 34 deferred tax (30 September 2017); Actuarial gains were reduced from kEUR 400 by kEUR 120 to kEUR 280 deferred tax liabilities

Consolidated income statement (July 1 to September 30, 2018)

in kEUR	01/07/- 30/09/2018	01/07/- 30/09/2017
Revenue	18,694	21,176
Increase/decrease of finished and unfinished stock on hand	5,301	504
Other activated contributions	738	280
Total output	24,733	21,960
COGS	-12,028	-11,390
Gross profit	12,705	10,569
Payroll	-7,699	-6,617
Other operating income	279	383
Other operating expenses	-5,543	-4,409
Proceeds from associated companies	-258	-165
EBITDA	-516	-238
Depreciation	-1,865	-1,611
Operational result (EBIT)	-2,381	-1,849
Interest received	7	3
Interest and similar expenses	-1,020	-29
Earnings before tax (EBT)	-3,394	-1,875
Taxes payable	1,295	-110
Result for the period	-2,099	-1,985
Shares on issue (Mio)	18.0	18.0
EPS undiluted (EUR)	-0.12	-0.11
EPS diluted (EUR)	-0.12	-0.11

Consolidated statement of comprehensive income (July 1 to September 30, 2018)

in kEUR	01/07/- 30/09/2018	01/07/- 30/09/2017
Period Result	-2,099	-1,985
Income/expenditure in future not to be reclassified into P&L Account		
Actuarial Profit and Loss	0	0
Income/Expenditure in future to be reclassified into P&L Account		
Income/Expenses from currency conversion	33	-51
Other Overall Result	33	-51
Group Overall Result	-2,067	-2,036
Allocation of Overall Result:		
Shareholders of SLM Solutions Group AG	-2,067	-2,036

Consolidated balance sheet

in kEUR	30/09/2018	30/09/2017	31/12/2017
Assets			
Cash on hand	30,559	13,553	63,712
Accounts receivable	30,562	26,433	38,741
Other financial assets	140	29	9
Stock on hand	38,036	34,026	27,513
Current tax receivables	1,371	94	979
Other Assets	3,109	3,391	2,146
Total Current Assets	103,777	77,527	133,101
Intangible assets	22,692	21,124	21,950
Tangible fixed assets	38,499	29,547	32,491
Companies accounted for by equity method	765	346	474
Other financial assets	260	255	256
Other assets	1	39	105
Deferred tax assets	4,203	997	0
Total Non Current Assets	66,422	52,309	55,276
Total Assets	170,199	129,836	188,377

in kEUR	30/09/2018	30/09/2017	31/12/2017
Liabilities			
Trade creditors and other liabilities	8,087	13,281	10,365
Other financial liabilities	4,267	5,254	5,286
Accrued tax	0	84	0
Other accruals	2,027	2,262	2,559
Total Current Liabilities	14,381	20,881	18,210
Other financial liabilities	65,977	16,005	70,718
Pension and similar obligations	5,529	4,845	5,294
Deferred tax liabilities	0	0	200
Accrued liabilities	0	695	821
Total Non-Current Liabilities	71,506	21,545	77,034
Subscribed capital	17,981	17,981	17,981
Capital reserve	87,023	85,041	87,023
Consolidated group loss	-19,265	-15,090	-10,899
Other reserves	-1,427	-522	-972
Total Equity	84,312	87,410	93,133
Total Liabilities	170,199	129,836	188,377

Consolidated statement of cash flows

in kEUR	01/01/- 30/09/2018	01/01/- 30/09/2017	01/01/- 31/12/2017
Period result	-8,366	-7,931	-3,741
Depreciation	5,122	5,146	6,887
Interest payable	3,097	83	1,015
Interest receivable	-5	-17	-19
Tax payable	-4,172	-2,260	-2,272
Non-cash effective expenses and income	1,001	165	305
Changes in assets and liabilities	-8,710	-1,170	-10,120
Stock on hand	-10,523	-2,919	3,594
Accounts receivable	8,180	2,624	-9,684
Pensions and similar obligations	235	-267	182
Accounts payable	-2,701	1,777	-1,047
Accrued liabilities	-1,353	-514	-91
Other liabilities	-876	-2,007	-1,489
Other assets and liabilities	-1,672	136	-1,585
Tax paid	-474	-360	-1,039
Net cash inflow/outflow from operational activities	-12,506	-6,344	-8,984
Expenditure for investments in intangible assets	-9,687	-14,029	-17,883
Research and Development	-2,081	-1,409	-3,132
Investments in Joint-Ventures	-563	-391	-417
Investment in financial assets	-4	-4	-5
Interest received	5	17	19
Net cash inflow/outflow from Investments	-12,331	-15,817	-21,418
Proceeds from loans	0	16,005	16,005
Proceeds from convertible bond issue	0	0	58,500
Interest paid	-3,012	-29	-45
Repayment of loans	-5,335	0	0
Net cash flows from financing activities	-8,346	15,976	74,460
Net increase/reduction in cash and cash equivalents	-33,183	-6,185	44,058
Exchange related changes in the financial resources	30	-289	-374
Cash at the start of the reporting period	63,712	20,028	20,028
Cash at the end of the reporting period	30,559	13,553	63,712
Rental deposit	0	-31	-30
Financial Resources at the start of the period	63,712	19,997	19,997
Financial Resources at the end of the period	30,559	13,523	63,682

Consolidated statement of changes in equity

in kEUR	Subscribed share capital	Capital reserves	Consolidad- ted balance sheet	Other Reserves	Consolidated equity
Balance as of 01/01/2017	17,981	85,041	-7,158	-662	95,201
Group result	-	-	-7,931	-	-7,931
Changes in equity from foreign currency	-	-	-	-140	-140
Change in equity from actuarial gains and losses	-	-	-	280	280
Balance as of 30/09/2017	17,981	85,041	-15,089	-522	87,410
Balance as of 01/01/2018	17,981	87,023	-10,899	-972	93,133
Group result	-	-	-8,366	-	-8,366
Changes in equity from foreign currency	-	-	-	60	60
Change in equity from actuarial gains and losses	-	-	-	34	34
Change in equity resulting from IFRS 9 and 15	-	-	-549	-	-549
Balance as of 30/09/2018	17,981	87,023	-19,814	-878	84,312

Segment Reporting

The structure of the reportable segments has changed compared with the previous year. The Board has newly identified the segments "Machine Business" and "After Sales Business" as the core business activities for the internal reporting system. In the segment "Machine Business" machines from the sector Selective Laser Melting, including options such as powder screening plant and other peripheral equipment are being considered. In the segment "After Sales Business" Service, spare parts, commodities together with powder, training and the installation of machines are taken into account.

In the preceding year the segments "Machine Sales" and "After Sales" were considered. With this, sales of machines including all accessories and options on the basis of order placement were shown in the Segment "Machine Sales". In "After Sales" service revenue, sales of parts and commodities not directly related to machine orders were accounted for. Management believes that the new structure represents a more transparent and meaningful picture of the business development of the company than the previous segmentation approach.

30/09/2018 in kEUR	Machine Sales	After Sales	Total
Revenue	37,226	11,111	48,337
COGS	-38,612	-14,054	-52,666
EBITDA	-1,386	-2,943	-4,329
Depreciation			-5,121
Interest result			-3,087
EBT			-12,538
Tax			4,171
Period Result			-8,366

30/09/2017 in kEUR	Machine Sales	After Sales	Total
Revenue	39,136	11,027	50,163
COGS	-40,503	-14,509	-55,012
EBITDA	-1,367	-3,483	-4,850
Depreciation			-5,145
Interest result			-86
EBT			-10,081
Tax			2,150
Period Result			-7,931

Apart from depreciation there was no other significant non-operative expenditure. The revenue of the segments as shown represents the revenue generated through sales to external customers.

There are no significant business activities between the segments.



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