

SLM Solutions concludes agreement in principle on joint venture to enter powder business

- **Signing of legally binding term sheet for joint venture formation with PKM Future Holding GmbH**
- **Strategic cooperation in development, production, distribution of metallic powders**
- **Aluminium powder business to supplement system business as second pillar**
- **Powder business to be bundled with services in separate organisational unit**

Lübeck, February 2, 2016 – SLM Solutions Group AG, a leading provider of metal-based additive manufacturing technology ("3D printing"), is realizing an important building block in its growth strategy by entering into a cooperation venture with PKM Future Holding GmbH (main shareholder of TLS Technik GmbH & Co. Spezialpulver KG, Bitterfeld, Germany).

SLM Solutions' CFO Uwe Bögershausen explains the significance of this agreement: "At the time of our IPO we had clearly stated our three-column growth strategy: alongside research and development, as well as distribution and service, the planned expansion of our metallic powder business was to represent a decisive building block. We are pleased to have now found the right partner in PKM, enabling us to offer our customers tailored solutions in the consumables area. Together with TLS's main shareholder, we will invest a mid-range, single-digit million euro amount to this end."

The development, further development, production and distribution of aluminium alloys for metal-based additive manufacturing systems is intended to form the core of the cooperation between PKM Future Holding GmbH and SLM Solutions Group AG, within a joint venture that will be formed. According to the contract, SLM Solutions intends to acquire 51 % of the share capital of this planned joint venture.

"We are starting off with aluminium, an important material for us, and we are planning – along with actual production – to also implement refining steps for the powder. This will enable us to adapt consumables even better to customer requirements," as CEO Dr. Markus Rechlin explains. "We are planning a total production capacity of more than 100 tonnes of aluminium powder per year for additive manufacturing purposes. We aim to offer other materials than aluminium at a later point in time."

SLM Solutions intends to bundle the powder business within a separate organisational unit, together with further services for the additive manufacturing of metal components such as training, consulting and financing, in order to take the particularities of the business into account.

"By generating continuous sales over the course of the year, expanding the powder business should help us offset the strong seasonality of our system business," as Uwe Bögershausen adds. "Over and beyond this, the consumables area is also interesting for us due to the fact that attractive margins can be achieved through developing and marketing metallic powders."

About the company:

SLM Solutions Group AG, headquartered in Luebeck, Germany, is a leading provider of metal-based additive manufacturing technology (also commonly referred to as "3D printing"). The company's shares are traded on the Prime Standard of the Frankfurt Stock Exchange. SLM Solutions focuses on the development, assembly and sales of machines and integrated system solutions in the field of selective laser melting. SLM Solutions currently employs over 280 members of staff in Germany, the USA, Singapore, Russia and China. The products are utilised worldwide by customers in particular from the aerospace, energy, healthcare and automotive industries. SLM Solutions stands for technologically advanced, innovative and highly efficient integrated system solutions.

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