

SLM Solutions Group AG: Financial results for fiscal year 2019

Lübeck, March 26, 2020 – In fiscal year 2019, SLM Solutions Group AG (“SLM Solutions”, “SLM” or the “Company”), a leading provider of metal-based additive manufacturing technology, generated Revenue of EUR 49.0 m (2018: EUR 71.7 m) and recorded an adjusted EBITDA of EUR -26.0 m (FY 2018: EUR -7.0 m). Group revenue and the adjusted EBITDA margin were significantly lower in FY2019 than originally forecasted by the previous management team. Order Intake value grew by 20.8% compared to 2018.

New Order Intake. Order Intake value of EUR 67.7 m was up 20.8% compared to FY2018 (previous year: EUR 56.0 m). At the year end, the Order book stood at EUR 35.0 m compared to EUR 7.0 m as of December 31, 2018. Order intake in Q4 2019 grew by 100% from EUR 14.7 m to EUR 29.5 m compared to Q4 2018.

Total Operating Revenue (the sum of consolidated revenue, inventory changes and other own work capitalised) of EUR 44.8 m decreased by 46.9% compared to FY2018 (previous year: EUR 84.4 m), mainly due to the decrease in Revenue. The Company’s order backlog at the beginning of FY2019 was very low and without a viable product and sales strategy the Company generated very unsatisfying Operating Revenue, in particular in the first half of FY2019. Changes implemented by management started to show initial positive results in Q4 2019. **Working Capital** decreased by 37.7% to EUR 38.4 m (FY2018: EUR 61.7 m).

The **personnel cost ratio** (as % of Total Operating Revenue) increased from 35.3% in FY2018 to 71.1% in FY2019, driven by lower Operating Income and higher personnel costs. Improving the breadth and quality of the organization required additional hires in key areas.

The **cost of materials ratio** (as % of Total Operating Revenue) decreased from 53.1% in FY2018 to 46.6% in FY2019 due to successful efforts to reduce product costs through design changes and sourcing strategy – a process that is still ongoing – and successful purchasing negotiations.

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortisation) was recorded at EUR -26.0 m in the reporting period compared to EUR -7.0 m in FY2018.

The **consolidated net result** of EUR -47.1 m declined significantly compared to the previous year (FY2018: EUR -13.4 m). This corresponds with basic **earnings per share** of EUR -2.38 (previous year: EUR -0.74 basic earnings per share).

The Company’s **equity ratio** decreased from 46.5% to 32.6%. As of December 31, 2019, the Company’s gross cash-position stood at EUR 25.5 m (December 31, 2018: EUR 27.8 m).

Meddah Hadjar, CEO of SLM Solutions Group AG, comments: “2019 was an exceptionally difficult year and marked by major changes for SLM Solutions. I am convinced that SLM Solutions has great products with far superior multi-laser technology and that our company is extraordinarily positioned in the industry. With this in mind, we plan to lead SLM Solutions to economic growth in the future. Over the past few months, we have been able to strengthen our expertise in product development and improved areas such as supply chain, commercial focus and other important corporate functions. The path to sustainable economic success will take time. The first tangible results can already be seen in the order intake. Despite the difficult market environment in the Additive Manufacturing industry, our order backlog grew significantly in the second half of 2019. This is an indication that we have been

able to regain market share and to gain customers' confidence, particularly in the USA, in the aerospace industry, as well as in the automotive sector."

Forecast for FY2020

At the start of the year, and prior to the beginning of the global COVID19 crisis, the Management Board expected FY2020 consolidated sales to grow in the mid-double-digit percentage range compared to consolidated sales in FY2019. This corresponded with an expected negative EBITDA in the upper single-digit million-euro range as well as a negative EBITDA margin (in relation to consolidated sales) in the low double-digit percentage range, representing a significant improvement compared with FY2019. This view was based on a visible strengthening of the core fundamentals to SLM's business as well as improved demand for AM products globally. However, given the dramatic global economic slowdown as a result of COVID19, our visibility, in particular as it relates to the timing of orders, has been drastically reduced. Therefore, we are not able to offer a confident full year guidance at this point and look to present one as soon as the impact of COVID19 can be accurately factored in.

The company is closely monitoring the development of the COVID19 situation, which has been spreading first in China and now globally. So far, SLM Solutions has taken all the necessary precautions to ensure the protection of its employees, customers and its business. For now, business operations continue more or less as usual with a noticeable delay in order intake, mainly due to travel restrictions and customers availability. In addition, SLM has decided to have a mandatory break at the Lübeck site from March 30 up to April 17, 2020, on the one hand to protect the health of its employees, on the other hand to be able to focus resources on the business for the time when COVID 19 related limitations to the business environment have subsided. However, an increase in the severity of the COVID 19 crisis will likely also lead to more significant disruptions in SLM's business. The Executive board will continue to closely monitor the situation and update the shareholders, customers and employees accordingly.

Changes in the Management Board

On February 18, 2020, Dr Gereon W. Heinemann resigned from his position as a member of the Management Board. Sam O'Leary has taken over the Technology and IP responsibilities from Dr Heinemann. On March 2, 2020, Frank Hülsmann resigned from his position as CFO and member of the Management Board for health reasons. Meddah Hadjar has taken over the responsibilities from Mr Hülsmann. The Company is in the process finding a suitable replacement.

Options to strengthen SLM's capital base under review

In order to ensure sufficient funding for SLM's growth plans and development activities but also to weather a potentially temporarily difficult demand environment due to the COVID 19 crisis the Management Board is evaluating options to strengthen SLM's capital base. SLM will communicate the funding plan once a decision in that respect has been taken.

Publication of Annual Report 2019; Earnings Presentation on March 26, 2020

SLM Solutions' Annual Report for the financial year 2019 (German and English) will be made available in the course of the day in the "Investor Relations" section of www.slm-solutions.com. Today, March 26, 2020 at 4 p.m. CET, the Executive Board of SLM Solutions Group AG will present the figures

for FY2019 in an earnings presentation. The presentation can be followed online via livestream:
<https://webcasts.eqs.com/slm20200326>

About the company:

Lübeck-based SLM Solutions Group AG is a leading provider of metal-based additive manufacturing technology. The company's shares are traded in the Prime Standard of the Frankfurt Stock Exchange. SLM Solutions focuses on the development, assembly and sale of machines and integrated system solutions in the field of selective laser melting. SLM Solutions currently employs over 400 members of staff in Germany, Canada, China, France, India, Italy, Russia, Singapore and the USA. The products are utilised worldwide by customers in particular from the aerospace, energy, healthcare and automotive industries.

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