

SLM Solutions: Takeover offer leads to moderate third quarter

- Nine-month revenue **42.7 %** above previous year (despite third-quarter revenues being lower by **5.8 %** compared to Q3/2015)
- New orders for **84** machines received during first nine months (increase of **31.3 %** compared to **9M/2015**); more than two thirds from new customers
- Value of orders up **39.7 %** in the third quarter and **17.4 %** in the first nine months **2016**
- Adjusted nine-month EBITDA of EUR **-2.0** million partly impacted by one-off effects related to the public takeover offer of General Electric (GE)

Lübeck, November 10, 2016 – SLM Solutions Group AG ("SLM"), a leading provider of metal-based additive manufacturing technology, increased its revenue by **42.7 %** to EUR **48.4** million during the first nine months of the **2016** fiscal year (9M/2015: EUR **33.9** million). Despite a weaker third quarter, SLM thereby continues to considerably outpace the approximately **30 %** average annual market growth rate for the sector that Wohlers Associates published for the years **2013** to **2015**. The takeover offer that GE published initially prompted a wait-and-see attitude among some market participants, leading revenue to diminish by **5.8 %** in the third quarter.

Dr Markus Rechlin, CEO of SLM Solutions Group AG, comments: "Our new order intake in the third quarter is up on the previous year in terms of both volume and value. The quality and performance of our multi-laser machines is and remains a convincing unique selling point. Now that the GE takeover offer has lapsed, we will continue our growth track as an independent company. The formnext sector trade fair still lies ahead of us and we continue to have an optimistic outlook on the year-end."

New order intake in the third quarter was up by **16.7 %** to comprise **28** machines (Q3/2015: **24** machines). During the first nine months of the year, new order intake totalled **84** machines, corresponding to **31.3 %** year-on-year growth (9M/2015: **64** machines). The value of orders generated in the third quarter of **2016** increased year-on-year by **39.7 %** to reach EUR **19.1** million (Q3/2015: EUR **13.7** million). For the first nine months of the **2016** fiscal year, new order intake worth a total of EUR **49.0** million represented a **17.4 %** increase on the prior-year period (9M/2015: EUR **41.8** million).

Total operating revenue (consisting of sales revenue, inventory changes plus other work performed by the company and capitalised) amounted to EUR **58.6** million during the first nine months of **2016**, up **32.8 %** on the previous year. The cost of materials in the reporting period increased to a lesser extent than total operating revenue, amounting to EUR **33.4** million (9M/2015: EUR **25.7** million). The **costs of materials ratio** (in relation to total operating revenue) of **57.0 %** reduced year-on-year accordingly (9M/2015: **58.2 %**). The **adjusted personnel cost ratio** (in relation to total operating revenue) rose to **28.2 %** due to the higher number of employees (9M/2015: **24.0 %**). Both years were adjusted for costs for the three-year employee participation program (Retention Bonus) that was created at the time of the IPO in **2014**.

EBITDA (earnings before interest, tax, depreciation and amortisation) that have been **adjusted** for transaction costs in addition to the effects from the Retention Bonus stood at EUR -2.0 million for the first nine months of 2016 (9M/2015: EUR 0.5 million), with the adjusted EBITDA margin (in relation to consolidated revenue) thereby equivalent to -4.0 % (9M/2015: 1.5 %). The adjusted EBITDA for the last twelve months up to September 30, 2016 amounted to EUR 5.6 million, which corresponds to a 6.9 % adjusted EBITDA margin (in relation to the cumulative revenue of EUR 80.6 million for the last twelve months up to September 30, 2016).

The **consolidated net result** after taxes for the first nine months of 2016 amounted to EUR -5.4 million (9M/2015: EUR -1.9 million), which corresponds to basic (undiluted) and diluted earnings per share of EUR -0.30 (9M/2015: EUR -0.11). The equity ratio as of September 30, 2016 remains at a high level of 81 % (December 31, 2015: 76 %).

"Along with the reduced revenue, transaction costs of around TEUR 400 also burdened our third-quarter results, although this relates to a one-off effect due to the special circumstances. We will not be deterred from further implementing our strategy of developing into a comprehensive solutions provider for additive manufacturing, and as an independent company we are positioned well to continue on our successful growth track," states Uwe Bögershausen, CFO of SLM Solutions.

As its targets for the year, management confirms revenue in a range between TEUR 85,000 and TEUR 90,000, and a slight increase in the EBITDA margin (in relation to revenue) after adjusting for one-off effects. These targets can still be reached, although, as in the previous year, they depend particularly on the course of the fourth quarter of 2016, during which the important sector trade fair, formnext, will be held in Frankfurt.

The SLM Solutions report for the first nine months of the year is available from today in both German and English from www.slm-solutions.com under the "Investor Relations" menu option.

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. The stock has been listed in the TecDAX index since March 21, 2016. 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 310 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.

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