Corporate News

SLM Solutions increases revenue by 2.2 percent in challenging 2017 fiscal year

- **Consolidated revenue at TEUR 82,494, up 2.2% compared to previous year (2016: TEUR 80,707)**
- **Adjusted EBITDA of TEUR 1,965 down year on year (2016: TEUR 2,588)**
- **The revenue forecast adjusted in November 2017 was slightly missed, while the revised EBITDA margin forecast was achieved**

Lübeck, 28 March 2018 – SLM Solutions Group AG ("Company" or "SLM"), a leading provider of metal-based additive manufacturing technology, generated 2.2% revenue growth in the challenging 2017 fiscal year and recorded adjusted EBITDA of TEUR 1,965.

The **consolidated revenue** of SLM Solutions Group AG rose to TEUR 82,494 during the 2017 fiscal year (previous year: TEUR 80,707). The majority of this revenue (88.9%, previous year: 86.3%) stems from the Company's core business comprising of the sale of laser melting systems. This segment recorded an increase of 5.2% to TEUR 73,345 (previous year: TEUR 69,675).

Uwe Bögershausen, CFO and Speaker of the Management Board of the Company, about the 2017 fiscal year: "SLM succeeded in realising revenue growth of about 2% in a challenging 2017 fiscal year after our revenues were down by 13.5% at the end of the first half 2017 compared year on year. We take the strong tailwind from the second half 2017 into the 2018 fiscal year. I would also like to point out that we have achieved a significantly higher EBITDA in the fourth quarter 2017 compared year on year with comparable revenues. This shows that from an operational perspective we are on the right way. Thanks to the long-term frame agreements signed in 2017, we now have plannable revenues for the fiscal years 2018, 2019 and 2020. We are convinced that our outstanding technology can enable us to achieve considerably higher growth rates in future. Such development will then also positively influence earnings to two-digit EBITDA margins."

New order intake in 2017 came in at 241 ordered machines. This represents an increase of around 85.4% compared to the previous year (130 machines). The **value of the ordered machines** rose disproportionately compared to the number of machines ordered by 111.5% to TEUR 169,164 in 2017 (previous year: TEUR 79,992) and therefore more than doubled. The company has signed numerous long-term frame agreements as well as cooperation agreements with customers with terms between one year and three years.

Total operating revenue (the sum of consolidated revenue, inventory changes and other own work capitalised) of TEUR 83,346 was down by 7.9% year on year (previous year: TEUR 90,476). This included process improvements in Production and Procurement as well as a reduction of inventory. Finished goods and work in progress were decreased by TEUR 2,279 compared to an increase of TEUR 6,309 in 2016 fiscal year. Own work capitalised of TEUR 3,132 was almost on the same level as 2016 fiscal year (previous year: TEUR 3,460).

The **cost of materials ratio** (as % of total operating revenue) came in at 46.3%, significantly below the previous year (2016: 54.4%), thanks to inventory reduction as well as Procurement-Negotiations and realized economies of scale. The adjusted **personnel cost ratio** (as % of total operating revenue) totalled 31.9% (previous year: 25.8 %), which is attributable to the increase in personnel to 370 FTEs as of the reporting date (31/12/2016: 332 FTEs). Adjusted **EBITDA** (earnings before interest, taxes, depreciation and amortisation) was recorded at TEUR 1,965 in the reporting year (previous year: TEUR 2,588). The adjusted **EBITDA margin** (as % of revenue) totalled 2.4% in 2017 (previous year: 3.2%). On an unadjusted basis, EBITDA stood at TEUR 1,871 (previous year: TEUR 1,560).

The **consolidated net result** after taxes totalled TEUR -3,741, slightly down on the previous year (2016: TEUR -3,483). This corresponds with basic and diluted **earnings per share** of EUR -0.21 (previous year: EUR -0.19, basic and diluted).

Cash flow from operating activities totalled TEUR -8,984 in 2017 and therefore deteriorated compared to the previous year (2016: TEUR -6,283).

The Company's **equity** decreased to TEUR 93,133 compared to the previous year (2016: TEUR 95,201). The total assets were increased to TEUR 188,377 (previous year: TEUR 123,833), mainly due to an increase of the financial liabilities. The equity ratio was reduced to 49.4% (previous year: 76,9%), also due to the increase of financial liabilities, but remains on a high level. Main reasons for the increase of the financial liabilities are long-term debts for the investments into the new Headquarters in Lübeck-Genin as well as the successful placement of a convertible bond in October 2017. The coupon of the convertible bond is 5.5% per year, it has a term until October 2022.

"The 2017 fiscal year, especially the first half, was still dominated by the failed take-over approach at the end of 2016. The very positive development during the second half of 2017 as well as the order intake with a total volume of around 169 Million Euro, which was more than doubled compared to 2016, allow us to look ahead on 2018 fiscal year very positively", says Uwe Bögershausen.

The Management Board anticipates consolidated revenue of around TEUR 125,000 for 2018 fiscal year. If the forecast revenue is achieved, the Management Board anticipates an adjusted EBITDA margin (in relation to consolidated revenue) in the two-digit range.

The SLM Solutions Group AG Annual Report for the 2017 fiscal year will be published during the course of today in the "Investor Relations" section of www.slm-solutions.com in German and English.

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 370 members of staff in Germany, Austria, France, Italy, the USA, Singapore, Russia, India and China. The products are utilised worldwide by customers in particular from the aerospace, energy, healthcare and automotive industries.

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