

SLM Solutions: Q3 2019 Order Intake and Revenue roughly in line with prior-year quarter, Order Backlog 51% higher

- Q3 2019 Order Intake of EUR 17.4m roughly in the range of the previous year's quarter and Q2 2019
- Order Backlog of EUR 18.4m in Q3 2019 higher than in the previous quarter and the previous year
- Q3 2019 Revenue of EUR 17.1m slightly below prior-year figure, but with significant increase compared to Q2 2019
- EBITDA in Q3 2019 at EUR -0.8m slightly below prior-year quarter, but significantly improved compared to Q2 2019
- Sam O'Leary to start as COO on December 1, 2019, Frank Hülsmann to become new CFO of SLM Solutions from January 1, 2020

Lübeck, November 7, 2019 - SLM Solutions Group AG ("the Company" or "SLM"), a leading provider of metal-based additive manufacturing technology, generated Revenue of EUR 17.1m in the third quarter of fiscal year 2019. Compared to the previous year, this represents a decline of 8.8% (Q3/2018: EUR 18.7m), but an increase of 89% compared to Q2/2019 (EUR 9.0m). Earnings before interest, taxes, depreciation and amortization (EBITDA) in Q3/2019 of EUR -0.8m were below the previous year's figure (Q3/2018: EUR -0.5m), but improved significantly compared to Q2/2019 (EUR -10.8m). SLM Solutions continues the radical transformation of the company that began in May. Despite the first improvements being already visible in Q3 2019, this quarter remains a transitional quarter on the way to fostering economic success and establishing the company as market leader.

Meddah Hadjar, CEO of SLM Solutions since May 1, 2019, comments: "In the third quarter of 2019, our order intake stabilized at the level of the second quarter and roughly reached the level of the prior-year quarter. For the nine-month period, the development of revenue, EBITDA and order intake does not reflect SLM's potential. We continue to work on putting SLM back on a path of growth. Starting from December 1, 2019, Sam O'Leary will support us as Chief Operating Officer with his expertise in the development and commercialization of additive manufacturing equipment. In Frank Hülsmann, we have also found an experienced financial manager who will support us as CFO from January 1, 2020."

At EUR 17.4m, the value of the **Order Intake** in the third quarter of 2019 was on a similar level as in Q3/2018 (EUR 17.9m) and in Q2/2019 (EUR 17.3m). In the first nine months of 2019, Order Intake of 49 machines were down 27% compared to the same period of the previous year (9M/2018: 67 machines). However, the higher share of multi-laser machines and better pricing partially offset the lower number of machines ordered. At EUR 38.2m, the value of the Order Intake for the first nine months of 2019 was only 8% below the same period of the previous year (9M/2018: EUR 41.3m).

As of September 30, 2019, the **Order Backlog** amounted to 24 machines with a value of EUR 18.4m, 26% higher than at the end of Q2/2019 (EUR 14.6m). At the same time in the previous year, the order

backlog amounted to 18 machines with a value of EUR 12.1m (adjusted for the Chinese framework agreements). For Q3/2019 this represents an increase of 51% compared to the previous year. As already communicated, SLM's management has decided to suspend the framework agreements with Chinese customers.

Revenue of EUR 17.1m was generated in the third quarter. This represents a decrease of 8.8% compared to the same quarter last year (Q3/2018: EUR 18.7m), but an increase of 89% compared to Q2/2019 (EUR 9.0m). For the first nine months of 2019, revenue of EUR 33.4m was 30.8% lower than in the same period of the previous year (9M/2018: EUR 48.3m).

At EUR 15.7m, the **Total Output** in the third quarter was 67% above Q2/2019 (EUR 9.4m) and 37% below Q3/2018 (EUR 24.7m). The latter is mainly due to the sale of inventories.

Earnings before interest, taxes, depreciation and amortization (**EBITDA**) in Q3/2019 were EUR -0.8m and below the previous year's figure (Q3/2018: EUR -0.5m), but improved significantly compared to Q2/2019 (EUR -10.8m). The significant improvement compared to the previous quarter is mainly due to better cost discipline, lower one-time costs and higher sale of inventories. However, it is expected that this trend might reverse slightly in the future, as increasing investments in SLM's future growth could have a negative impact on profitability. EBITDA in the first nine months of 2019 was EUR -19.7m, significantly below the previous year's figure of EUR -4.3m. This difference is mainly due to lower revenues.

In Q3/2019, **Personnel Costs** decreased by 18.0% from EUR 9.3m in Q2/2019 to EUR 7.6m in Q3/2019, mainly due to one-time expenses in Q2/2019. Personnel Costs were almost at the same level as in the last year (Q3/2018: EUR 7.7m).

At 39.0%, the **Cost of Materials Ratio** (in relation to total output) in Q3/2019 is significantly below Q2/2019 (55.3%) and Q3/2018 (48.6%), reflecting reversal effects from changes in inventories.

In Q3/2019, the **Result for the Period** of EUR -3.9m represents a significant improvement compared to Q2/2019 (EUR -23.1m), but is below the previous year's figure (Q3/2018: EUR -2.1m) due to the change in the tax recognition method. This corresponds to **Earnings per Share** of EUR -0.20.

At 38.3%, the Company's **Equity Ratio** as of September 30, 2019 was below the prior-year level (September 30, 2018: 49.5%).

Operating Cash Flow of the first nine months of 2019 was positive at EUR 1.4m, despite the clearly negative result for the period, and thus improved significantly compared to the previous year (9M 2018: EUR -12.5m). In Q3/2019, the operating cash flow was positive at EUR 0.8m compared to a negative operating cash flow of EUR -6.5m in Q3/2018 and a negative operating cash flow of EUR -1.0m in Q2/2019.

The report of SLM Solutions Group AG for the first nine months of fiscal year 2019 will be made available today in German and English in the course of the day at www.slm-solutions.com in the "Investor Relations" section.



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, 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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