

# INNOVATIVE IMPULSES

Q1 Report 2019

## Key share data

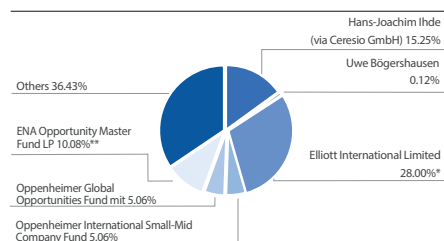
Ticker/ISIN	AM3D/ DE000A111338
Number of shares issued	19,778,953
Closing price (03/29/2019)*	EUR 9.70
Share price performance (LTM on 03/29/2019)	-69.8%
Share price performance TecDAX price index (LTM on 03/29/2019)	+5.0%
Share price performance STOXX Global 3D Printing (LTM on 03/29/2019)	+2.0%
Market capitalisation (03/29/2019)	EUR 192 million

\* Closing price on the Xetra trading system  
of Deutsche Börse AG

## Share price chart



## Shareholder structure



\* To interpret the voting rights announcements: Shares attributed to Mr. Paul E. Singer from Elliott International Limited through the subsidiary Cornwall GmbH & Co. KG  
 \*\* To interpret the voting rights announcements: Shares attributed to George Kounelakis from ENA Opportunity Master Fund LP  
 The shareholder structure is based on the published notifications of voting rights and company information. SLM Solutions assumes no liability for the accuracy, completeness and timeliness of the information.

## Events

June 25, 2019	Annual General Meeting (Lübeck)
August 08, 2019	H1 Report 2019
November 07, 2019	9M Report 2019

## Letter from the Board

Dear shareholders, customers, business partners and employees,

The first quarter of 2019 saw the introduction of trend-setting changes which will have an essential impact on the future of SLM Solutions Group AG. From my point of view, these changes are to be warmly welcomed since they are necessary and will lead us in the right direction, after our company repeatedly failed to meet its objectives.

On March 27, 2019, SLM Solution Group AG's Supervisory Board appointed Mr. Meddah Hadjar as member and chairman of the Board of Directors. Mr. Hadjar started his office on May 1, 2019. For more than two decades, he held important management positions with the US group General Electric, mainly in the divisions of GE Aviation, GE Oil & Gas as well as GE Power & Water which have all been early adopters of our machines. More recently, Mr. Hadjar has been active in the GE Additive division and as such responsible for supervising the company Concept Laser GmbH and he was, among other positions, head of the "Additive Laser Products" segment. That makes Mr. Hadjar a proven expert in our market. We are very pleased that we have been able to win a chairman of the Board in Mr. Hadjar who will bring SLM Solutions back on a growth trajectory.

One day after having announced our new chairman of the Board, Mr. Hadjar, we were able to report a capital increase totaling EUR 13 million. This capital increase was subscribed by our biggest individual shareholder Elliott and ENA Investment Capital, also a big and long-term investor, took over part of the placement. The proceeds of the capital increase will strengthen the company's financial situation and will be invested in the further growth of SLM Solutions. We welcome this support from our major shareholders and the trust they place in us.

In a notification of March 28, 2019, we also reported about changes in SLM Solutions' Supervisory Board. Messrs. Peter Grosch and Lars Becker retired from the Supervisory Board with effect on April 15, 2019 and were replaced by Messrs. Michael Mertin and Thomas Schweppe under a judicial appointment. Mr. Bernd Hackmann declared that he would no longer be available as member of the Supervisory Board after the end of the Annual General Meeting of June 25, 2019. In his place, Mr. Magnus René should be proposed for election as member of the Supervisory Board. Mr. Michael Mertin was formerly CEO of Jenoptik and Mr. Magnus René is former CEO of ARCAM from Sweden; Mr. Thomas Schweppe is currently the managing director of 7Square and a former managing director of Goldman Sachs. I would like to take this opportunity to express my thanks to Messrs. Grosch, Becker and Hackmann for the good cooperation over the past years. At the same time, we welcome the judicial appointment of Mr. Mertin and Mr. Schweppe and the intent to propose Mr. René for election to the Supervisory Board. All three of them have important experience and knowledge to accompany SLM Solutions.

The first quarter of 2019 did not go as planned from an operating point of view. Revenue stood at EUR 7.3 million and was by 51.0% significantly below the previous year's level. Unfortunately, our order intake did not grow either (EUR 3.5 million compared with EUR 8.9 million in the year before). The negative EBITDA trend is a consequence of the lower revenue.

Dear shareholders, customers, business partners and employees, I personally would also like to thank you for the past years. I was able to accompany SLM Solutions during its IPO in May 2014 and have then been active as CFO for about five years. As we have already announced on November 01, 2018, I will leave the company on June 30, 2019. I very much enjoyed my time at SLM Solutions and we have achieved a lot together. The above-mentioned changes are in line with the plans we announced in November 2018 when we notified that I will not be available for a contract extension. I am convinced that they will bring the company back on a growth trajectory which will also be reflected in the share price in the medium term.

Lübeck, May 8, 2019



Uwe Bögershausen  
(CFO)



## Highlights

	Unit	Q1 / 2019	Q1 / 2018	Change
Revenue	KEUR	7,336	14,980	-51.0%
Total operating revenue	KEUR	8,956	18,551	-51.7%
EBITDA	KEUR	-8,124	-1,569	-417,8%
EBITDA margin (as % of revenue)	%	-110.7	-10.5	-100.2 pts.
Profit / loss for the period	KEUR	-7,704	-3,124	-146.6%
Earnings per share (basic)*	EUR	-0.39	-0.17	-229.4%
Balance sheet total	KEUR	172,064	180,545	-4.7%
Equity ratio	%	49.1	49.6	0.5% pts.
Order Intake	Pieces	7	15	-53.3%
Order Intake	KEUR	3,502	8,864	-60.5%

\*In Q1/2019 after the capital increase; calculated on the basis of 19,778,953 shares (comparative period of the previous year: 17,980,867 shares)

## Business performance

In the first quarter of the 2019 financial year, SLM Solutions received orders for 7 machines, compared with 15 machines in the same period of the previous year. The order intake during the first quarter of 2019 is thus by 53.3% below the figure of the year before.

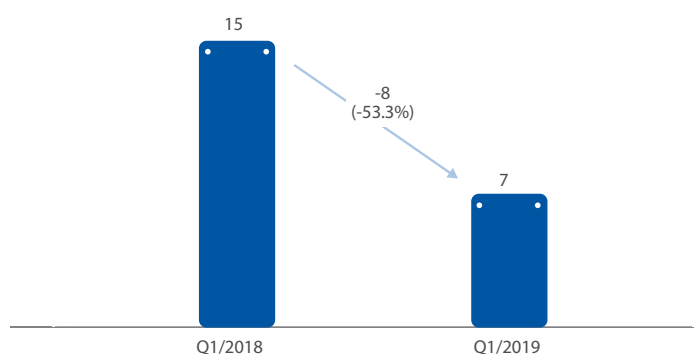
The value of orders received amounts to EUR 3,502k in the first quarter of 2019, while this number stood at EUR 8,864k in the same period of the previous year. That means that the value of orders received fell by 60.5% compared with the year before and thus had a decreasing effect on the average order value.

The machines ordered include 3 Multi Laser machines (Q1/2018: 8 machines). On March 31, 2019, the order intake comprised 139 machines of EUR 104,685k, compared with 145 machines worth EUR 107,697k in the previous year's period.

The revenue totaling EUR 7,336k was generated in the first three months of the 2019 financial year by the "Machine Business" segment comprising machines and options and the "After Sales Business" segment which includes service, the sale of spare parts, merchandise and powder as well as training and the installation of machines. EUR 4,060k were generated in the "Machine Business" segment (previous year: EUR 9,495k) and the segment thus accounts for 55.3% of the revenue (previous year: 63%). The "After Sales Business" segment generated a revenue of EUR 3,276k (previous year: EUR 5,485k) and thus accounted for 44.7% of the revenue (previous year: 36.6%).

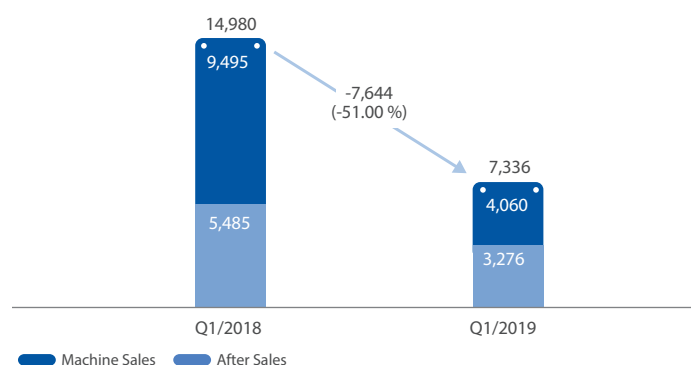
### Order intake Q1 / 2019

(Number of Machines)



### Consolidated revenue (segments) Q1 / 2019\*

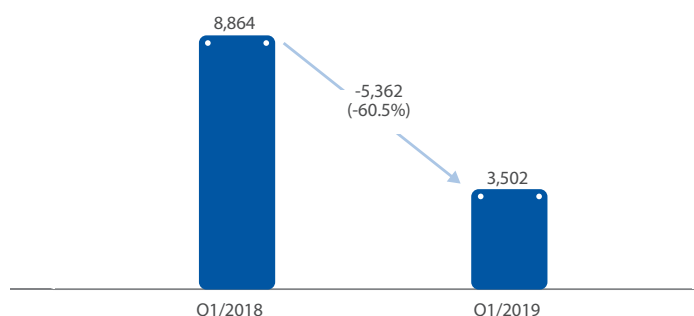
(kEUR)



\* With effect from 1<sup>st</sup> of January 2018, the segment reporting was changed over.

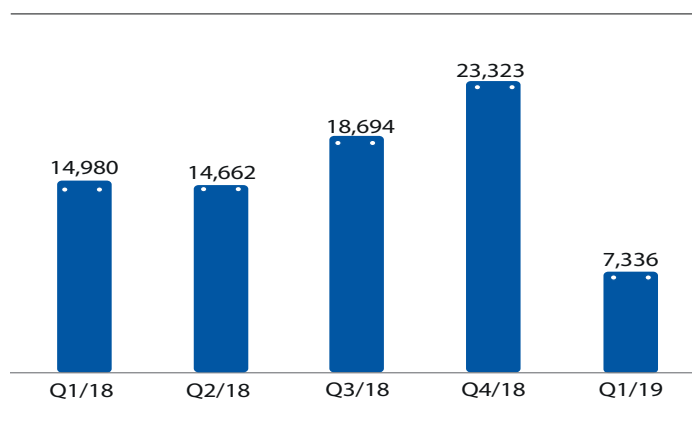
### Order Value Q1 / 2019

(kEUR)



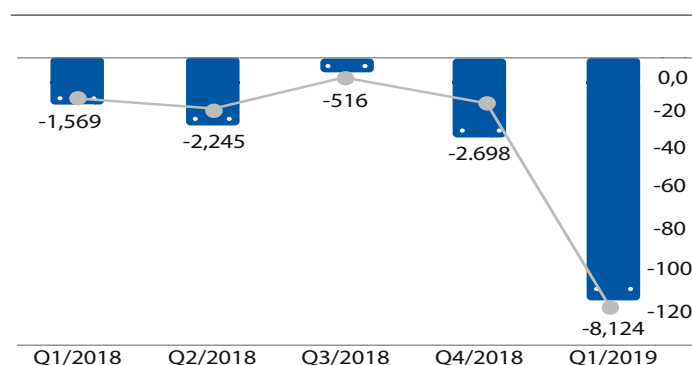
## Economic and business report

### Development consolidated revenue



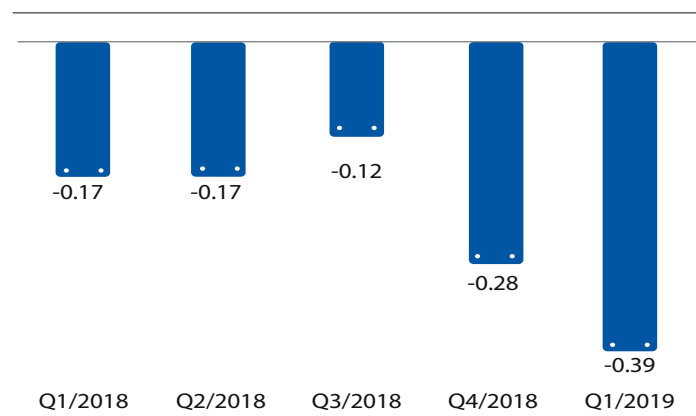
- The group's revenue for the first quarter of 2019 totaling EUR 7,336k is by 51.0% below the figure disclosed for the same period in the year before (Q1/2018: EUR 14,980k).
- Total operating performance of the first quarter of 2019 of EUR 8,956k is by 51.7% below the same period in the year before (Q1/2018: EUR 18,551k).
- The management is of the opinion that it would be more meaningful to consider a full-year period, since revenue is subject to seasonal fluctuations. The cumulative revenue of the past twelve months before the reporting date of March 31, 2019 (LTM) amounts to EUR 64,015k and is thus far below the value for the past 2018 financial year (EUR 81,527k).

### Adjusted EBITDA and EBITDA margin



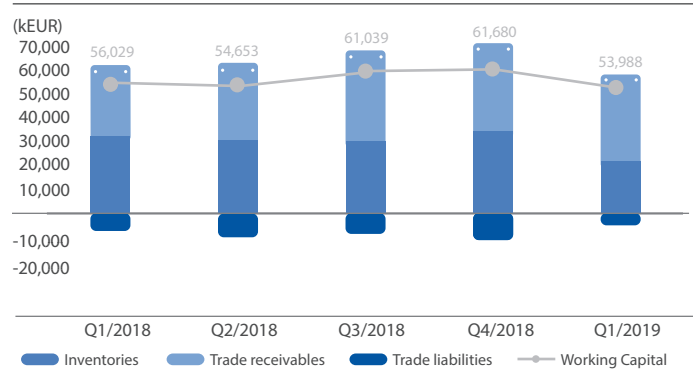
- EBITDA and personnel expenses do no longer need to be adjusted by one-off expenses in Q1/2019.
- The personnel expenses ratio (in proportion to the total operating performance) rose in the first quarter of 2019 to 92.9% (Q1/2018: 37.7%).
- The cost of materials ratio (in proportion to the total operating performance) stood at 61.4% in the first quarter of 2019 and was thus above the previous year's figure (Q1/2018: 51.6%).
- The group's EBITDA in relation to the past twelve months before the reporting date (LTM), amounted to EUR -13,583k. This corresponds to a margin of -21.2% in relation to the LTM group revenue of EUR 64,015k.

## Earnings per share (basic)



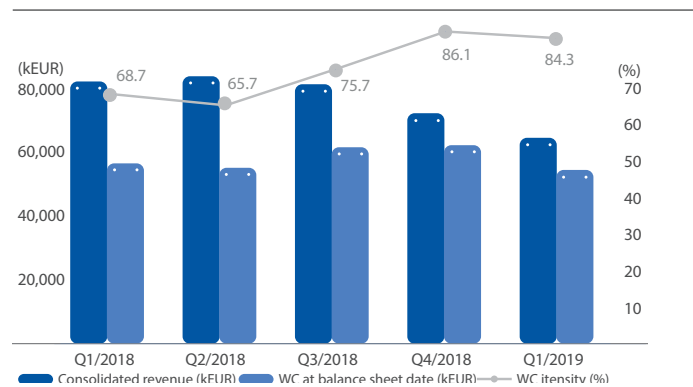
- The net financial result for the first quarter of 2019 stood at EUR -943k and thus slightly below the previous year's level (Q1/2018: EUR -1,077k).
- The tax income of the first quarter of 2019 of EUR 3,485k is above the previous year's level (Q1/2018: EUR 1,112k).
- The period result of the first quarter of 2019 of EUR -7,704k is significantly below the figure of the year before (Q1/2018: EUR -3,124k).

## Working Capital



- In view of a working capital of EUR 53,988k and in relation to the LTM group revenue of EUR 64,015k, the group reported a working capital intensity of 84.3% on the reporting date. Inventories had fallen by 0.9% to EUR 36,429k between the reporting date of March 31, 2019 and the reporting date of Dec. 31, 2018. (December 31, 2018: EUR 36,763k).
- Trade accounts receivable totaled EUR 22,069k on the reporting date of March 31, 2019 and had thus fallen by 36.5% compared with December 31, 2018 (December 31, 2018: EUR 34,757k).
- Other (financial and non-financial) assets amounted to EUR 2,868k as of March 31, 2019 and were thus up by 13.2% compared with December 31, 2018 (December 31, 2018: EUR 2,533k).
- Trade accounts payable stood at EUR 4,510k on the reporting date of March 31, 2019 and had thus decreased by 54.2% compared with the level on December 31, 2018 (December 31, 2018: EUR 9,840k).

## Working Capital-Intensity



The Board of Directors and the Supervisory Board of the company resolved on March 28, 2019 to increase the share capital by about 10% from EUR 17,980,867 to 19,778,953 by exercising their authorized capital and by excluding the shareholder's subscription right.

1,798,086 new non-par value bearer shares were issued at a price of EUR 7.23 per new share. The company obtained gross proceeds of about EUR 13 million from this capital increase. It will use the proceeds to strengthen the company's financial situation and for general corporate purposes.

## Events after the reporting date

The Supervisory Board members Mr. Peter Grosch and Mr. Lars Becker left the Supervisory Board of SLM Solutions Group AG at the end of April 15, 2019. Mr. Dr. Ing. Michael Mertin and Mr. Thomas Schweppe were appointed as members of the Supervisory Board on the basis of a decision by the Local Court of Lübeck with effect from April 16, 2019.

Mr. Meddah Hadjar took over the chair of the Board of Directors (CEO) of SLM Solutions with effect from May 01, 2019. Mr. Hadjar has comprehensive international experience in the fields of product management, additive

manufacturing and engineering and is, thanks to this experience, superbly qualified to manage SLM Solutions as CEO.

No other events of special importance which might impact the financial and net assets position or the result of operations of the group occurred between the end of the reporting period and the date of the completion of the contents hereof on May 08, 2019.

## Consolidated income statement (January 1 to March 31, 2019)

in kEUR	01/01/- 31/03/2019	01/01/- 31/03/2018	01/01/- 31/12/2018
Revenue	7,336	14,980	71,659
Increase in inventories of finished goods and work in progress	646	2,865	9,399
Other own work capitalized	974	705	3,355
<b>Total operating performance</b>	<b>8,956</b>	<b>18,551</b>	<b>84,413</b>
Cost of materials	-5,500	-9,563	-44,805
<b>Gross profit</b>	<b>3,456</b>	<b>8,987</b>	<b>39,608</b>
Personnel expenses	-8,322	-6,994	-29,811
Other operating income	708	120	3,225
Other operating expenses	-3,855	-3,648	-20,838
Profit or loss from companies carried at equity	-111	-34	-224
<b>EBITDA</b>	<b>-8,124</b>	<b>-1,569</b>	<b>-8,040</b>
Amortization and depreciation	-2,121	-1,588	-6,545
<b>Earnings before interest and taxes (EBIT)</b>	<b>-10,245</b>	<b>-3,158</b>	<b>-14,586</b>
Other interest income	93	0	10
Interest income from shareholder loans	2	2	5
Interest and similar expenses	-1,037	-1,079	-4,098
<b>Earnings before taxes (EBT)</b>	<b>-11,188</b>	<b>-4,235</b>	<b>-18,669</b>
Taxes income	3,485	1,112	5,287
<b>Net profit/loss for the period</b>	<b>-7,704</b>	<b>-3,124</b>	<b>-13,382</b>
Number of shares in millions	19.8	18.0	18.0
Basic earnings per share in EUR*	-0.39	-0.17	-0.74
Diluted earnings per share in EUR	-0.39	-0.17	-0.74

\* For better comparability, calculated on the basis of 19,778,953 shares (2018: 17,980,867 shares)



## Consolidated statement of comprehensive income (January 1 to March 31, 2019)

in kEUR	01/01/– 31/03/2019	01/01/– 31/03/2018	01/01/– 31/12/2018
Net profit / loss for the period	-7,704	-3,124	-13,382
<b>Income / expenses not to be reclassified to profit or loss in the future:</b>			
Actuarial gains and losses	0	0	-89
<b>Income / expenses to be reclassified to profit or loss in the future:</b>			
Income / expenses from currency conversion	65	-65	57
<b>Other comprehensive income</b>	<b>65</b>	<b>-65</b>	<b>-32</b>
<b>Consolidated total comprehensive income</b>	<b>-7,639</b>	<b>-3,189</b>	<b>-13,415</b>
Attribution of total comprehensive income:			
Shareholders of SLM Solutions Group AG	-7,639	-3,189	-13,415

## Consolidated balance sheet

in kEUR	31/03/2019	31/03/2018	31/12/2018
<b>Assets</b>			
Cash and cash equivalents	38,109	52,573	27,786
Trade accounts receivable	22,069	32,661	34,757
Other financial assets	0	22	0
Inventories	36,429	29,872	36,763
Current tax receivables	885	988	885
Other assets	2,868	3,217	2,533
<b>Total current assets</b>	<b>100,358</b>	<b>119,333</b>	<b>102,723</b>
Intangible assets	23,742	21,926	23,523
Property, plant and equipment	37,172	36,825	36,432
Companies carried at equity	1,002	818	913
Other financial assets	263	258	261
Other assets	375	237	375
Deferred tax assets	9,152	1,149	5,698
<b>Total non-current assets</b>	<b>71,706</b>	<b>61,212</b>	<b>67,202</b>
<b>Total assets</b>	<b>172,064</b>	<b>180,545</b>	<b>169,925</b>

in kEUR	31/03/2019	31/03/2018	31/12/2018
<b>Equity and liabilities</b>			
Trade accounts payable*	4,510	6,504	9,840
Other financial liabilities*	2,620	1,034	1,714
Other non-financial liabilities*	3,539	5,460	3,459
Tax provisions	210	0	205
Provisions*	4,482	885	4,490
<b>Total current liabilities</b>	<b>15,361</b>	<b>13,883</b>	<b>19,710</b>
Financial liabilities	66,281	70,916	65,174
Pension and similar obligations	5,722	5,431	5,554
Other non-financial liabilities	204	0	331
Provisions	70	755	70
<b>Total non-current liabilities</b>	<b>72,277</b>	<b>77,103</b>	<b>71,129</b>
Subscribed capital	19,779	17,981	17,981
Capital reserves	98,225	87,023	87,023
Consolidated balance sheet loss	-31,981	-14,023	-24,282
Other reserves	-1,597	-1,422	-1,636
<b>Total equity</b>	<b>84,426</b>	<b>89,559</b>	<b>79,087</b>
<b>Total equity and liabilities</b>	<b>172,064</b>	<b>180,545</b>	<b>169,925</b>

\*The group's current debt was further broken down in the presentation compared with the previous year. The figures disclosed in the previous year were adapted to improve the comparability in the Balance Sheet

## Consolidated cash flow statement

in kEUR	01/01/- 31/03/2019	01/01/- 31/03/2018	01/01/- 31/12/2018
Net profit/loss for the period	-7,704	-3,124	-13,382
Amortization and depreciation	2,252	1,589	6,545
Interest expenses	1,037	1,047	4,098
Interest income	-94	-2	-15
Taxes on income	-3,485	-1,112	-5,286
Non-cash effective expenses	111	34	232
Change in assets and liabilities			
Inventories	334	-2,359	-9,250
Accounts receivable	12,688	6,080	3,985
Pensions and similar obligations	168	137	260
Accounts payable	-5,330	-4,364	-1,147
Provisions	-8	-1,086	-41
Other liabilities	429	-114	513
Other assets and liabilities	1,177	-1,151	-811
Income taxes paid	0	-232	-113
<b>Net cash inflow / (outflow) from operating activities</b>	<b>1,576</b>	<b>-4,657</b>	<b>-14,412</b>
Cash outflows for investments in intangible assets and property, plant and equipment	-2,107	-5,304	-8,974
Investments in development costs	-974	-705	-3,355
Cash outflows for investments in joint ventures	-200	-378	-671
Cash outflows for investments in financial assets	-1	-23	-5
Interest received	2	2	9
<b>Net cash inflow / (outflow) from investment activities</b>	<b>-3,280</b>	<b>-6,408</b>	<b>-12,996</b>
Capital injection by shareholders	13,000	0	0
Cash outflow due to credits	0	0	-5,335
Repayment of leasing liabilities	-131	0	0
Interest paid	-1,003	-17	-3,331
<b>Net cash inflow / (outflow) from financing activities</b>	<b>11,866</b>	<b>-17</b>	<b>-8,666</b>
Net increase / decrease in cash and cash equivalents	10,162	-11,082	-36,074
Exchange-related changes in cash and cash equivalents	160	-57	148
Liquid funds at the beginning of the reporting period	27,786	63,712	63,712
Liquid funds at the end of the reporting period	38,109	52,523	27,786
Rental deposit	0	-30	0
<b>Cash and cash equivalents at the end of the period</b>	<b>38,109</b>	<b>52,493</b>	<b>27,786</b>

## Consolidated statement of changes in equity

in TEUR	Subscribed share capital	Capital reserve	Retained earnings	Other reserves	Equity
<b>Balance as of 01/01/2018</b>	<b>17,981</b>	<b>87,023</b>	<b>-10,899</b>	<b>-972</b>	<b>93,133</b>
Consolidated net profit/loss	-	-	-3,124	-	-3,124
Equity changes arising from foreign currencies	-	-	-	-65	-65
Equity changes arising from adaptations to new standards	-	-	-	-384	-384
<b>Balance as of 31/03/2018</b>	<b>17,981</b>	<b>87,023</b>	<b>-14,023</b>	<b>-1,422</b>	<b>89,559</b>
<b>Balance as of 01/01/2019</b>	<b>17,981</b>	<b>87,023</b>	<b>-24,281</b>	<b>-1,636</b>	<b>79,087</b>
Consolidated net profit/loss	-	-	-7,704	-	-7,704
Equity changes arising from foreign currencies	-	-	-	65	65
Equity changes arising from adaptations to new standards	-	-	-	-26	-26
Changes in equity arising from the capital increase	1,798	11,202	-	-	13,000
<b>Balance as of 31/03/2019</b>	<b>19,779</b>	<b>98,225</b>	<b>-31,981</b>	<b>-1,597</b>	<b>84,426</b>

## Segment Reporting

SLM Solutions Group AG is obliged under IFRS 8 to include a segment reporting in the Notes. The "Machine Business" and "After Sales Business" were identified as main decision-makers for the internal reporting to the Board of Directors and the Supervisory Board.

Machines from the field of Selective Laser Melting and their options, such as power screening stations, and other periphery devices are considered

in the "Machine Business" segment. The "After Sales Business" segment takes into account service, spare parts, merchandise and powder as well as training and installation of the machines.

The central control elements are revenue, EBITDA, EBITDA margin as well as the EBITDA which might be adjusted by one-off expenses and the adjusted EBITDA margin.

### 31/03/2019

in kEUR	Machine Business	After Sales Business	Total
<b>Sales revenue</b>	<b>4,060</b>	<b>3,276</b>	<b>7,336</b>
Cost of sales	-2,356	-2,498	-4,854
<b>Gross profit</b>	<b>1,704</b>	<b>778</b>	<b>2,482</b>
Expenses	-6,985	-3,621	-10,606
<b>EBITDA</b>	<b>-5,281</b>	<b>-2,843</b>	<b>-8,124</b>
Amortization and depreciation,			-2,121
Interest result			-943
Taxes on income			3,485
<b>Net profit/loss for the period</b>			<b>-7,704</b>

### 31/03/2018

in kEUR	Machine Business	After Sales Business	Total
<b>Sales revenue</b>	<b>9,495</b>	<b>5,485</b>	<b>14,980</b>
Cost of sales	-3,949	-2,749	-6,698
<b>Gross profit</b>	<b>5,547</b>	<b>2,736</b>	<b>8,282</b>
Expenses	-6,698	-3,154	-9,851
<b>EBITDA</b>	<b>-1,151</b>	<b>-418</b>	<b>-1,569</b>
Amortization and depreciation,			-1,588
Net Interest			-1,079
Taxes on income			1,112
<b>Net profit/loss for the period</b>			<b>-3,124</b>

No essential non-cash-effective expenses arose in the reporting year, apart from amortization and depreciation. The segment revenue presented above is revenue from transactions with external customers. No essential transactions occurred between the segments.

Meddah Hadjar  
SLM Solutions Group AG

Uwe Bögershausen

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Dr. Axel Schulz



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The report of the first quarter 2018 is also available in English. In case of differences the German version prevails. The digital version of the Annual Report and the Interim Reports can be downloaded at [www.slm-solutions.com/en](http://www.slm-solutions.com/en) in the category "investor-relations/financial-reports".