



# **Q1 2022 Earnings Presentation**

May 12, 2022

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# **Market & Business Update**

Q1 2022

# Highlights – Q1 2022

**1**

Robust **order intake, increasing by 25% YoY** to EUR 16.9m for Q1 2022. Strong **order backlog position of EUR 49m** as of March 2022.

**2**

**Revenue of EUR 16.4m, up 7% YoY** despite operational headwinds related to the ongoing supply chain disruptions.

**3**

**NXG roll-out on track with two additional firm orders**, including an order on which the conditionality was removed in Q1 2022.

**4**

Within a growing metal AM market, **SLM Solutions continues to gain market share** leveraging its strong **technological leadership position**.

# Long term fundamentals driven by near-term challenges

## MITIGATING STEPS

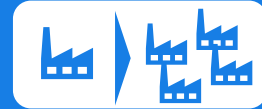
- ⇒ **Higher Safety Stock:** Increased safety stock levels to counteract disruptions due to longer lead times
- ⇒ **Configurations:** Evaluation of alternative system configurations wherever possible to optimize availability of materials
- ⇒ **Supplier Base:** Continued expansion of supplier base by qualification of new suppliers
- ⇒ **Utilizing AM:** Printing more parts on our own systems
- ⇒ **Flexible Production Lines:** Adjusting process to integrate scarce parts later
- ⇒ **Relationship Management:** Maintaining close connection with all suppliers



Supply Chain  
Disruptions



Rising  
Commodity  
Prices



Decentralized  
Manufacturing

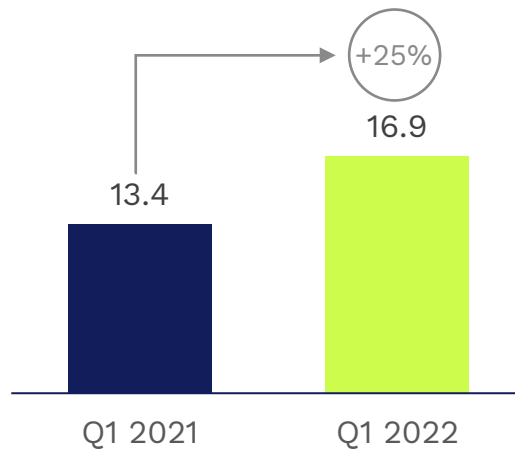


Lower  
consumption  
/Near-zero  
Wastage

# Robust Topline

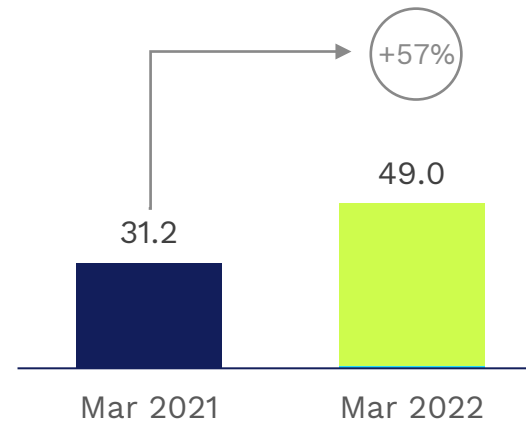
## Order Intake

in EUR m



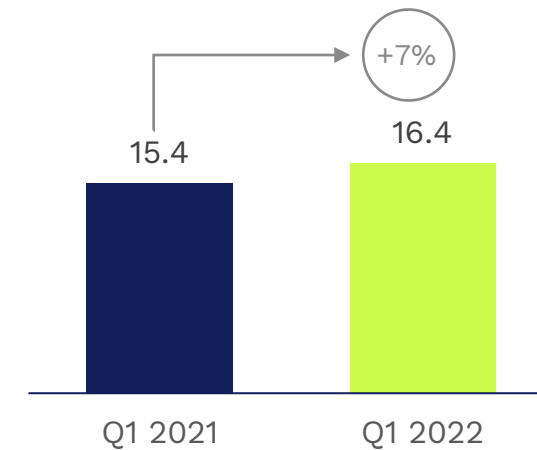
## Backlog

in EUR m



## Revenue

in EUR m



- ❑ Order intake during Q1 2022 of **EUR 16.9m, up 25% YoY**, driven by continued strength in demand for our existing portfolio, complemented by the roll-out of the NXG XII 600
- ❑ Order backlog position of **EUR 49m** as of March 2022, including firm orders for eight NXG XII 600 production systems, provide SLM with a strong base to achieve guidance for FY 2022.
- ❑ Approx. **half of the order backlog position comprises** of repeat customers, highlighting the strong value proposition of our portfolio
- ❑ Revenue **up 7% at EUR 16.4m**, as compared to Q1 2021, despite production downtime due to unavailability of certain electronic components.

# Financial Overview

Q1 2022

# Selected Financials

<i>in EUR m</i>	Q1 2022	Change	Q1 2021
<b>Machine Revenue</b>	<b>11.4</b>	<b>1%</b>	<b>11.2</b>
<b>After Sales Revenue</b>	<b>5.0</b>	<b>21%</b>	<b>4.1</b>
Gross Profit	10.4	3%	10.1
Gross Profit Margin	63%	- 3 pp	66%
<b>Payroll</b>	<b>(11.0)</b>	<b>21%</b>	<b>(9.1)</b>
Other Exps. & Income	(3.8)	18%	(3.2)
EBITDA	(4.4)	104%	(2.1)
<b>Operating Cash Flow</b>	<b>(7.6)</b>	<b>52%</b>	<b>(5.0)</b>
Working Capital	38.5	37%	28.2
Cash and cash equivalents	12.7	10%	11.5

- ⇒ **Machine Revenue:** Strong underlying demand environment, however supply chain disruptions have resulted in delayed order fulfillment.
- ⇒ **After-Sales Revenue:** Mainly driven by increase in consumables and ad-hoc services provided to existing customers.
- ⇒ **Payroll:** Increase driven by increased head-count to support growth strategy combined with some wage inflation, primarily in US.
- ⇒ **Operating Cash Flow:** Including cash outflow towards increased inventory position related to upcoming system deliveries.



# Pro Forma Income Statement

## as per Cost of Sales Accounting

<i>In EUR m</i>	Q1 2022	Q1 2021	FY 2021	Key Changes
Revenue	16.4	15.4	75.1	
Costs of goods sold	(10.7)	(8.5)	(44.2)	■ <b>Cost of goods sold:</b> Includes personnel costs of production department.
<b>Gross profit</b>	<b>5.7</b>	<b>6.9</b>	<b>30.9</b>	■ <b>Gross Profit:</b> Negatively impacted in Q1 2022 by underutilization of production caused by material shortages and unfavorable product mix.
<i>Gross Profit Margin</i>	35%	45%	41%	
Sales costs	(3.9)	(3.8)	(17.7)	
Administration costs	(5.6)	(5.6)	(23.2)	
Research & Development costs	(2.6)	(2.2)	(9.2)*	
Other operating income	0.4	0.9	3.4	
Other operating expenses	(0.2)	(0.3)	(0.7)	■ <b>Other operating expenses:</b> Includes ancillary expenses that are non-recurring in nature. All recurring operating expenses are now classified under either of Sales, Administration or Research & Development costs.
<b>Earnings before interest and taxes (EBIT)</b>	<b>(6.3)</b>	<b>(4.1)</b>	<b>(16.3)</b>	
Interest and similar expenses	(1.3)	(1.2)	(5.3)	
Interest & Other Income	0.0	0.0	0.1	
<b>Earnings before taxes</b>	<b>(7.5)</b>	<b>(5.3)</b>	<b>(21.6)</b>	
Income Tax	0.1	0.1	1.2	
<b>Result for the period</b>	<b>(7.4)</b>	<b>(5.1)</b>	<b>(20.4)</b>	
<b>Earnings before interest and taxes (EBIT)</b>	<b>(6.3)</b>	<b>(4.1)</b>	<b>(16.3)</b>	
Depreciation	1.9	1.9	7.7	
<b>EBITDA</b>	<b>(4.4)</b>	<b>(2.1)</b>	<b>(8.6)</b>	■ <b>EBITDA:</b> Not part of financial statements but will continue to be reported as it remains a key performance indicator.

\*Internal reclassification as a result of change to cost of sales method of accounting

# Capital Management

- ⇒ As of March 2022, the Company had a liquidity position of EUR 12.7m in cash and cash equivalents
- ⇒ Q1 2022 negatively impacted by inventory ramp-up for upcoming shipments incl. NXG XII 600 and lower down-payments
- ⇒ Management expects significant improvement in the 2<sup>nd</sup> quarter

## **Convertible Bond 2020/2026 - Third Tranche (EUR 30.2m)**

- ⇒ Vote between May 20<sup>th</sup> – 23<sup>rd</sup> to resolve on a waiver of the conditions precedent for the offering and the issuance of the third tranche
  - ❑ As per a separate agreement, Elliott International L.P. through its associates\* has agreed to vote in favor of such a proposal.
  - ❑ Completion of issuance expected in June 2022.

## **Convertible Bond 2017/2022**

- ❑ Notional value of €58.5m
- ❑ Terms & Conditions amended by bondholders' resolution in Feb 2022 (Maturity Date → Oct 2024, interest -> 7.5% p.a.)
- ❑ Bondholders had the right to early redeem all or some of their Bonds on original maturity date ( Oct 2022)
- ❑ In total, Bonds with a value of EUR 29.8 m subject to early redemption on original maturity date of 11 October 2022.

\*Associates include Cornwall GmbH & Co. KG (being advised by Elliott Advisors (UK) Limited)

# Guidance & long-term view

Targeting 5x revenue growth in 5 years

## GUIDANCE

	2022E	2026E
<b>Sales</b>	At least EUR 100 m	~5x revenue growth vs 2021 guidance (~EUR 350 m)
<b>EBITDA</b>	Break-even on quarterly basis in second half	+++
<b>Key Assumptions</b>		
<b>2022E:</b> Easing of supply chain constraints in second half, no significant COVID-19 restrictions in key markets, successful NXG XII 600 ramp up, no severe economic slowdown due to Ukraine-Russia crisis		
<b>2026E:</b> Ramp-up in serial production of key industries as expected in market forecasts, no significant economic events		

## KEY LEVERS OF GROWTH

GROWING TAM

MARKET SHARE GROWTH OF  
EXISTING PORTFOLIO

THE NXG XII 600

STEADY GROWTH IN  
AFTER SALES REVENUE

# Q&A

## SLM SOLUTIONS – SET FOR GROWTH

**~20%**

~20% of **revenue** invested in R&D

**40%**

>40% of SLM Solutions are **engineers** – the world's best!

**>200**

Management team  
**>200 years experience**

**4.0**

Disruptive technology  
Enabling Industry **4.0**

**#1**

The world's fastest  
LPBF-system.  
A true game changer

**22% YoY**

**REVENUE GROWTH FOR FY 2021  
OUTPERFORMING GUIDANCE  
FOR THE SECOND  
CONSECUTIVE YEAR**

**35**

Average age:  
**35 years**

**>30**

Diversity of employee base  
**>30** countries represented  
**+500** employees

**LPBF**

Laser focused on one  
technology: **LPBF**

**~450**

Excellence all the way:  
**~450 publications**  
**>150 patents**, and growing

**>150**

**52%**

**52% EBITDA  
Margin  
Improvement**  
FY 2021 vs. FY 2020

Leading the market  
in multi-laser technology –  
**Mar 2022 backlog (€49m)**  
is **>90%** multi-laser

**4** application Centers  
across the world to  
serve our customers

Enabling  
sustainable  
manufacturing  
everywhere

**Millions** of parts  
produced on our  
systems every year

**750+** installed  
systems globally –  
**1400+** installed lasers

Ongoing parameter  
development and validation on  
more than **30 systems**

## DIVERSE PORTFOLIO & INDUSTRY COVERAGE

SERVICES	SOFTWARE	MATERIALS	APPLICATIONS

**SLM**  
SOLUTIONS

## WORLD LEADER IN LPBF A HISTORY OF FIRSTS

**2003**

First Laser System  
Build rate up to 3 cc/h

<1cc/h



**2011**

First Dual Laser System  
Build rate: up to 88 cc/h



**2013**

First Quad Laser System  
Build rate: up to 171 cc/h



**2020**

First 12 Laser System  
Build rate: >1000 cc/h



>1000 cc/h

NEXT GENERATION AM SOLUTIONS

DELIVERING THE FUTURE OF  
**MANUFACTURING**

**1**

**SLM**  
SOLUTIONS

Our company has formed  
the metal additive industry  
from the beginning, we will  
continue to be the driving  
force in the industry

**2**

**TECHNOLOGY  
LEADERSHIP**

We continue to push  
the limits of **additive  
manufacturing** and  
thereby expand and  
extend our technology  
leadership

**3**

**OPERATIONAL  
EXCELLENCE**

Given our vast industrial  
experience, **we deliver  
world-class operations**  
and focus on relentless  
continuous improvement.

**4**

**BEST-IN-CLASS  
AM SOLUTIONS  
PROVIDER**

The **success of our  
customers** is our success.  
Customer first mentality  
for every employee in  
every department