



# Acquisition of SLM Solutions Group AG

## To Become a Global Leader in Metal Additive Manufacturing

September 2, 2022

NIKON CORPORATION

## Agenda

# Executive Summary

- 1. Our Strategy**
- 2. Transaction Summary**
- 3. Overview of SLM**
- 4. Strategic Rationale**
- 5. Transaction Overview**

## Transaction Overview

- Nikon has entered into an investment agreement with SLM Solutions Group AG (“SLM”), a world-leading developer and manufacturer of metal additive manufacturing (“Metal AM”) equipment in Germany, and announced its decision to launch a voluntary public takeover offer for all outstanding shares, with the total amount of capital expected to be required for the acquisition of €622MM<sup>(1)</sup>(JPY 84Bn)<sup>(2)</sup>
  - €45MM capital increase to SLM, approx. 10% of registered share capital in September 2022
  - Launch of voluntary public takeover offer to registered share capital and in-the-money convertible bonds at the price equivalent to €20.00 per share
  - Entered into irrevocable undertakings with SLM’s key shareholders, Elliott International, L.P., ENA Investment Capital LLP and SLM’s founder Hans-Joachim Ihde regarding their SLM shares and certain SLM convertible bonds
- SLM’s Supervisory and Management Board welcome and support the offer
- Closing of public takeover offer, expected between January to June 2023, is subject to foreign investment control clearances and other customary conditions (The offer is not subject to a minimum acceptance threshold)

## Overview of SLM

- SLM is the leading provider of industrial Metal 3D printing machines focused on Metal AM and multi-laser technology
- Delivered 750+ Laser Powder Bed Fusion (L-PBF) Metal 3D printers to 150+ leading companies in aerospace, automotive and other industries

## Strategic Rationale

- Nikon aims to become a global leader in Metal AM, offering innovative manufacturing solutions to customers worldwide, and fulfilling Nikon’s Medium-Term Management Plan which sets Digital Manufacturing as a core growth driver
- Through the acquisition, Nikon will obtain the following:
  - Brand power and market share in the growing Metal AM sector
  - Manufacturing and sales platform of L-PBF, the mainstream in Metal AM
  - Access to SLM’s global and diversified customer base with a variety of end user industries and product applications
  - Strong and experienced management team as well as talented technical engineers and sales professionals

Note 1. Assuming acquisition of 100% of shares on a fully diluted basis. The number of fully diluted shares is calculated by adding the number of registered share capital, the number of shares to be issued through the capital investment, and the number of additional shares assuming that all in-the-money convertible bonds are converted into common shares

Note 2. Assuming FX rate as 1 EUR = 135.00 JPY

# 1. Our Strategy

## – Steps To Get To Vision 2030

2022 - 2025

### Operate in lockstep with customers

Deeply align with customer needs  
and support their innovation

2025 -

### Jointly innovate with customers

Anticipate the challenges customers will  
face in the future and drive the process  
of innovation with diverse solutions

2022

**Providing Products and Services  
optimized to meet our customer needs**

- Strengthen delivery of solutions -

**Where we will  
be in  
2025**

**Vision  
2030**  
**A key technology  
solutions company**  
in a global society where  
humans and machines  
co-create seamlessly

### Corporate philosophy

Trustworthiness  
and Creativity

### Corporate vision

Unlock the future  
with the power of light

# 1. Our Strategy

## – Overview of the Medium-Term Management Plan

Where we will be in 2025

Providing Products and Services optimized to meet our customer needs

Direction for the entire company

Strengthen delivery of integrated solutions to grow the business in a stable manner, expand both revenues and profits, and continually generate social and economic value

Sustain "Main Businesses"

Imaging

Precision  
Equipment

Expand customer interactions and the value delivered to secure stable revenues

Scale earnings in "Strategic Businesses"

Healthcare

Components

Digital Manufacturing

Create new value with customers in promising markets and areas of differentiation

FY2025 financial targets

Revenue JPY 700Bn

Operating margin 10%+

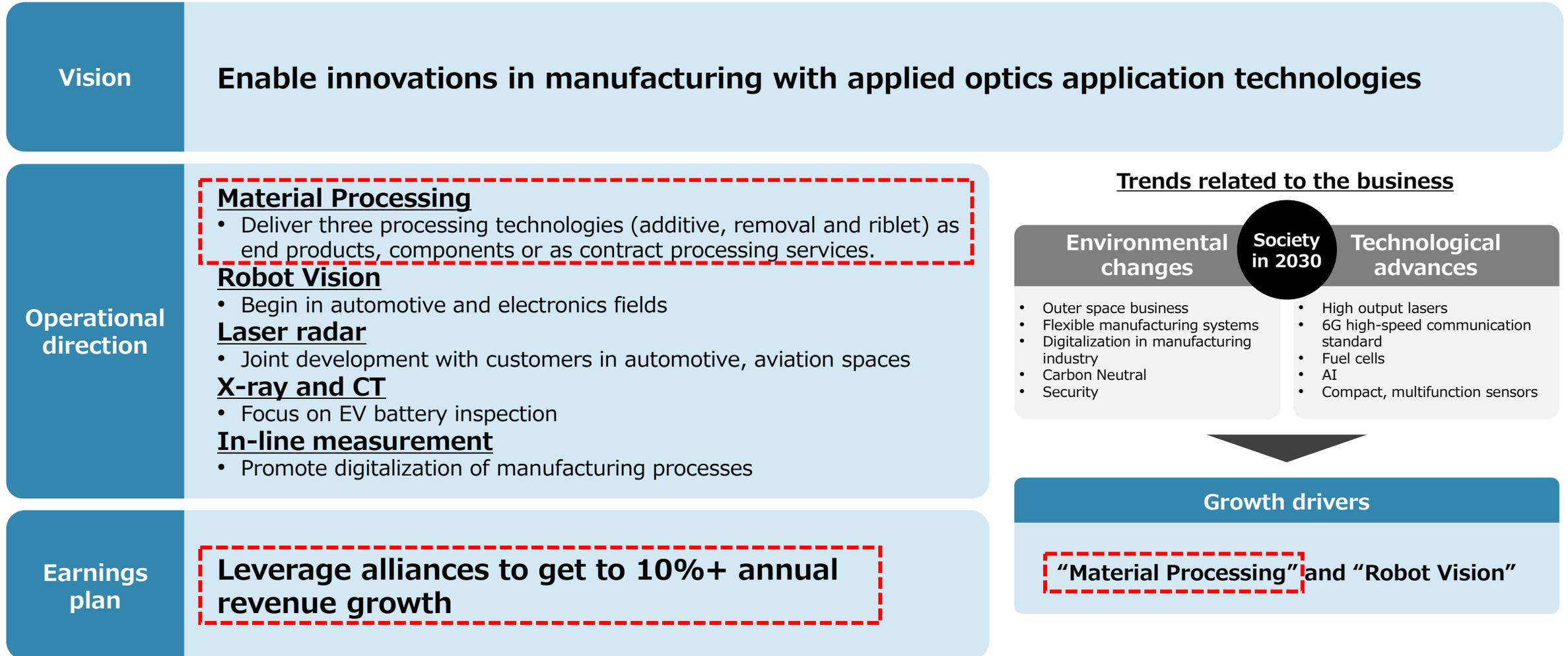
ROE 8%+

Management base

Advance sustainability strategy, human capital management, and DX with a focus on customers and employees  
Create synergies across a shared value base that spans technology and manufacturing  
Highly transparent management with enhanced corporate governance

# 1. Our Strategy

## – Business Strategy of Digital Manufacturing (1/2)



Note 1. Material Processing and Robot Vision reside under the Components Business segment. The other businesses reside under Industrial Metrology and Others.

# 1. Our Strategy

## – Business Strategy of Digital Manufacturing (2/2)



### Capitalize on New Markets by Combining Unique Value Propositions

#### Needs in society and industry

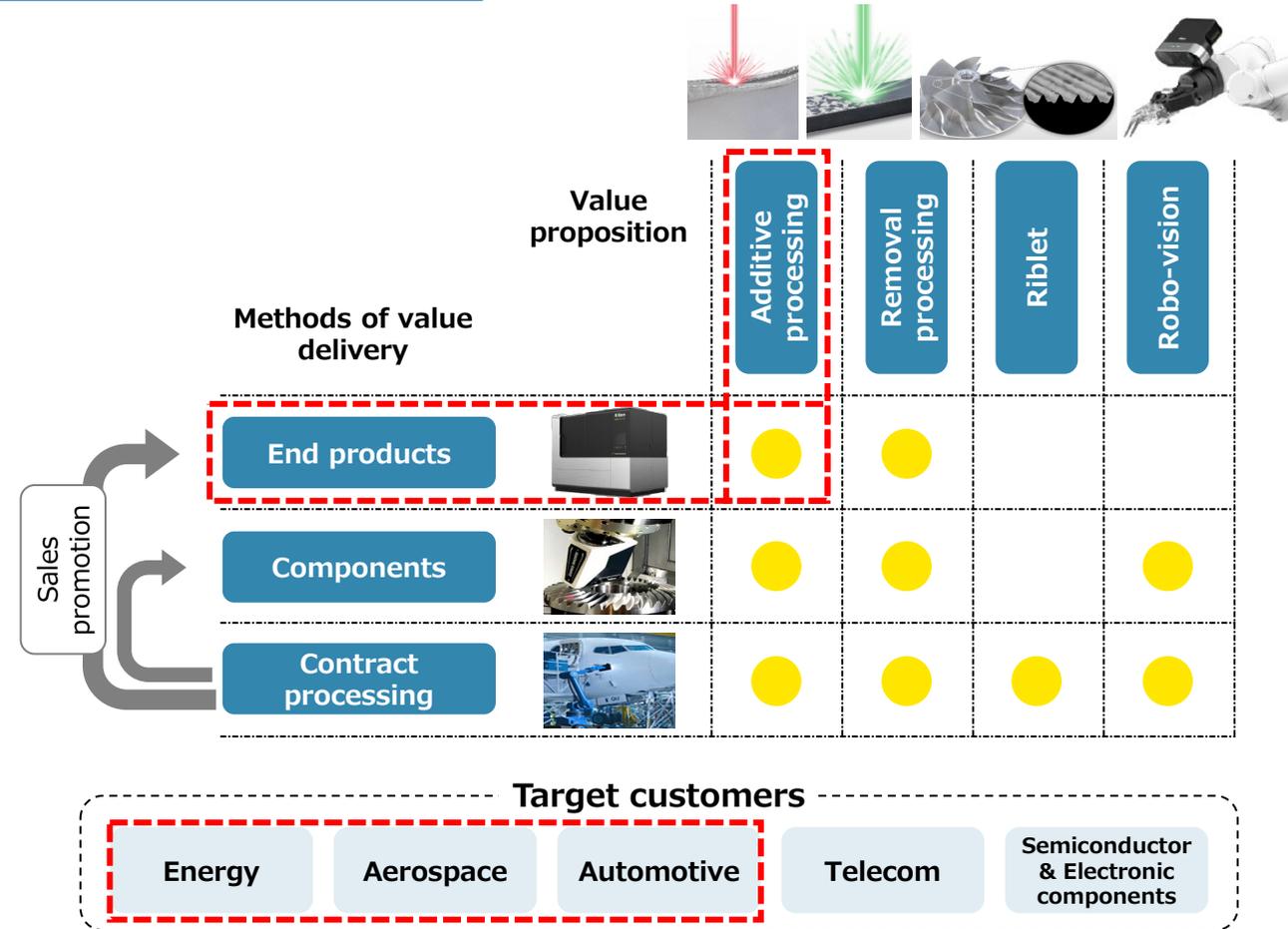
- High-precision processing for difficult-to-cut and complex shapes
- Fuel efficiency improvement and power generation gains
- High-speed detection of objects, more sophisticated and efficient pick & place operations

#### Nikon's strengths

- Elemental technologies such as high-precision measurement, feedback processing, 3D alignment and high-speed sensing
- Capabilities in precision systems integration

#### Business development

- Develop promising applications jointly with customers
- Deliver solutions encompassing additive, removal and riblet processing and robot vision



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Note 2. Assuming FX rate as 1 EUR = 135.00 JPY

# 3. Overview of SLM – At a Glance



## Overview

Established	1996
HQ	Lübeck, Germany
Listing Market	Frankfurt Stock Exchange (Ticker: AM3D)
CEO	Sam O’Leary
Employees	500+ (As of June 2022)

## Key Product

### NXG XII 600 – Designed for Serial Production



**20x faster**  
than a standard single laser system

12 Lasers

**1,000 watts each**

Build up rate up to

**1,000 cm<sup>3</sup>/h**

## Key Statistics

<b>750+</b> Installed Machines	<b>€85MM</b> Revenue (22/6 2Q LTM <sup>(1)</sup> )	<b>38%</b> YoY Revenue Growth (22/6 2Q LTM <sup>(1)</sup> )	<b>39%</b> GP Margin (22/6 2Q LTM <sup>(1)</sup> )
<b>#1</b> The World’s Fastest L-PBF System	<b>100%</b> Focus on Metal Additive Manufacturing	<b>40%+</b> Are Engineers	<b>30+</b> Diversity of Employees from 30+ Countries

## Customer Base

Serving  
**150+**  
Blue Chip Customers  
including **Fortune 500**  
companies and some  
industry leaders

	Porsche	BMW	Volkswagen	HONDA
	KLS Martin Group	RMIT University	Swiss m4m Center	BONE 3D
	EMERSON	SIEMENS	Baker Hughes	
	NASA	Blue Origin	Rocket Factory Augsburg	Collins Aerospace
	AIRBUS	BOEING	SAFRAN	Rolls Royce

Note 1. Last Twelve Months (unaudited)

# 3. Overview of SLM

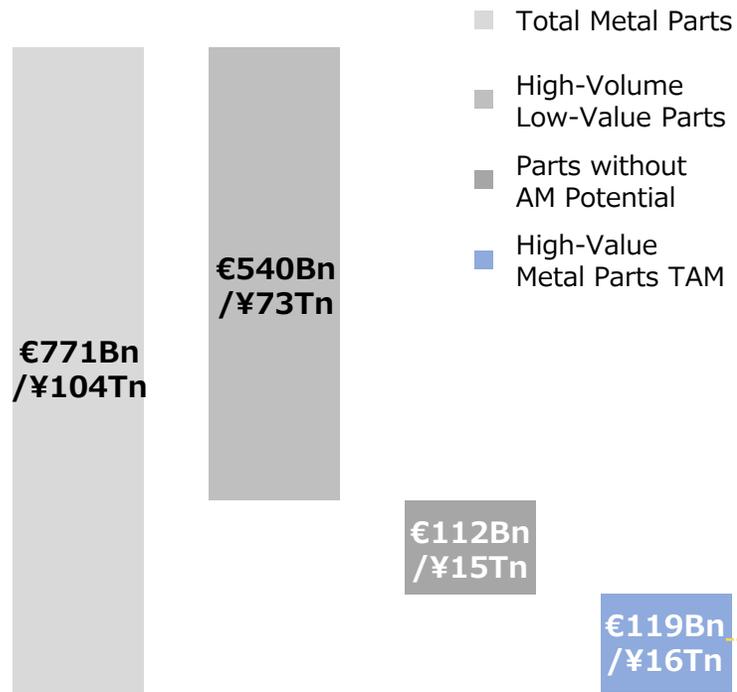
## - Expansion of Additive Manufacturing Market



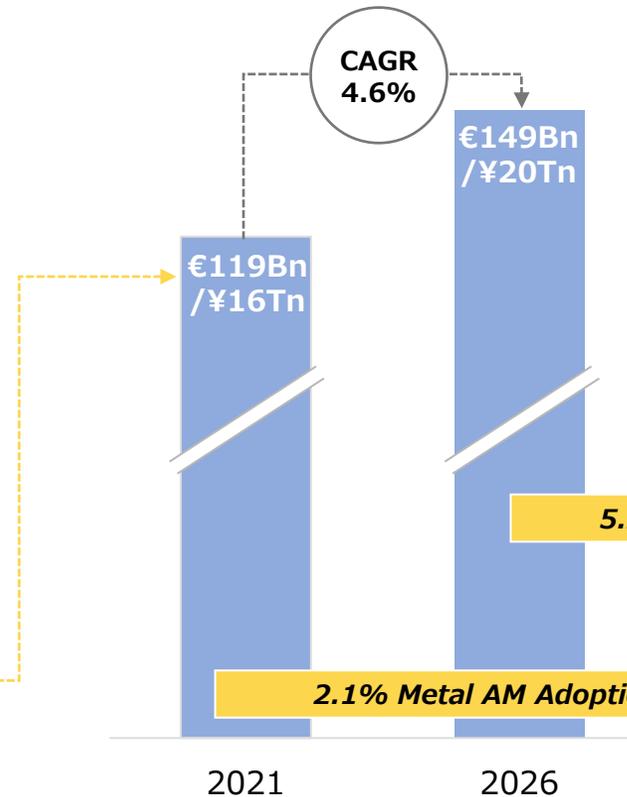
### Benefits of AM / Market Forecast

- Significant reduction of development period and cost with complex geometries at lower weights
- Metal AM market is entering a mid to long-term growth phase through accelerating adoption rate

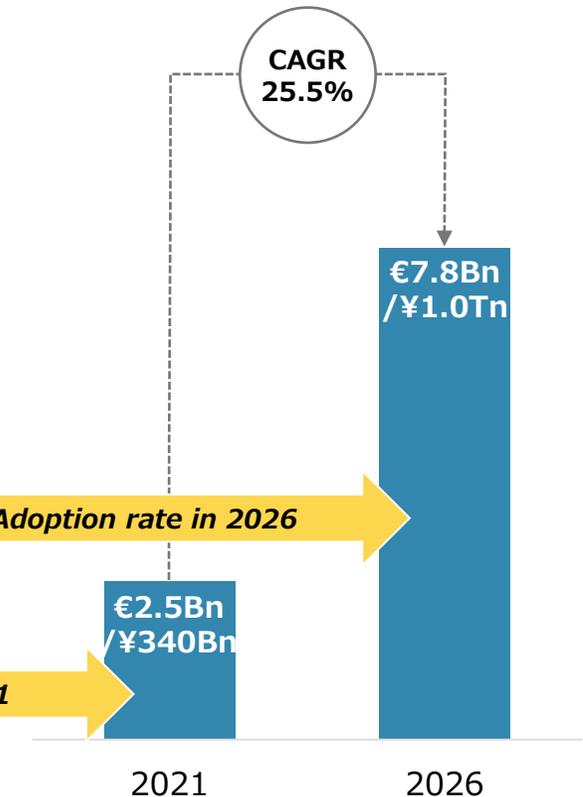
### Total Metal Parts Market and TAM of High-Value Metal Parts in 2021<sup>(1)</sup>



### Growth of High-Value Metal Parts TAM<sup>(1)(2)</sup> (2021-2026)



### Addressed Market for Metal AM<sup>(1)(3)</sup> (2021-2026)



Source: AM POWER

Note 1. Assuming FX rate as 1 EUR = 135.00 JPY

Note 2. Total addressable market that can theoretically be replaced by Additive Manufacturing

Note 3. Current Metal AM market including systems, part manufacturing and material

# 3. Overview of SLM – Positioning and Technology

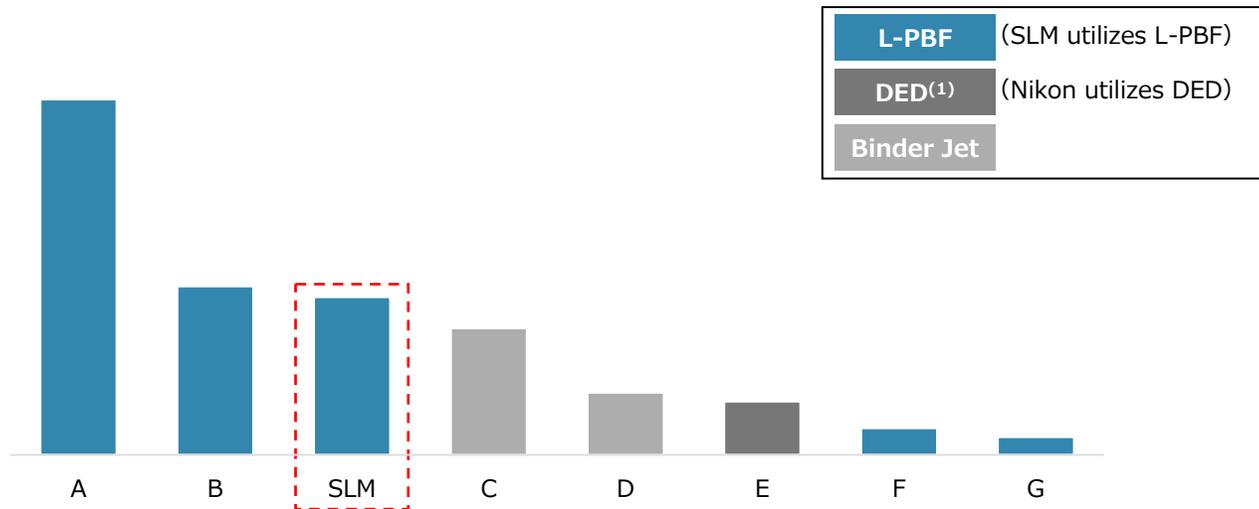


## Positioning / Technology

- A world-leading developer and manufacturer of Metal 3D printers using the L-PBF method
- L-PBF method leads Metal AM technology with 80%+ market share

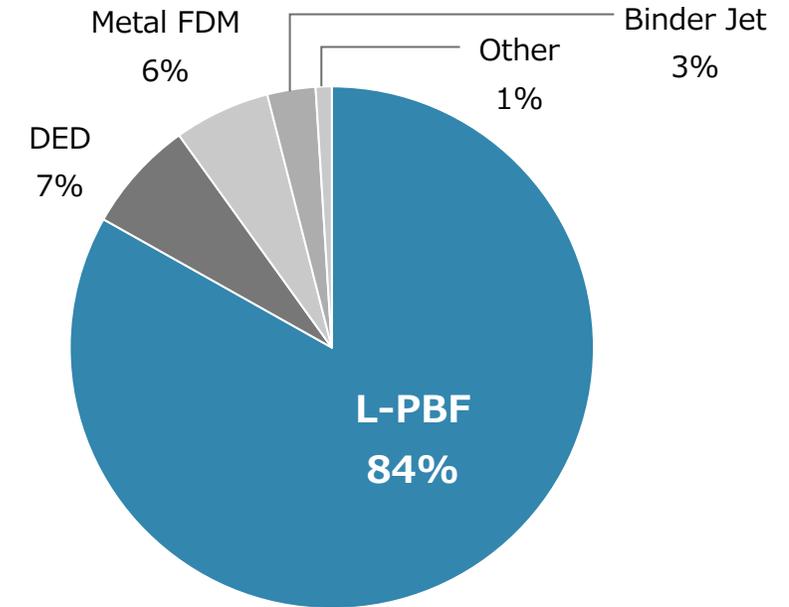
## Revenue of Metal 3D Printer Suppliers

Nikon's estimate



## Installed Base (units) by Technology 2021<sup>(2)</sup>

Source: AM POWER



Note 1. Directed Energy Deposition

Note 2. Please refer to P.18 for details on metal 3D printing types

# 3. Overview of SLM

## - Core Product: NXG XII 600



### Core Product

- NXG XII 600 designed for serial production with 12 lasers

### NXG XII 600 – Designed for Serial Production

**20x faster**  
than a standard single laser system

**5x faster**  
than a SLM quad-laser machine

12 Lasers  
**1,000 Watts each**

Zoom function  
**build up rate up to 1,000 cm<sup>3</sup>/h**



Designed for **serial production**

Optimized for large parts and **high-volume production**

Capable of **large layer thickness**

Fine features and **delicate patterns possible**

### NXG XII 600 as a Game Changer

Build rate (cm<sup>3</sup>/hr)

1,000

Dots represent selective competitor machines

NXG XII 600

750

**+500% productivity increase**

500

SLM 500

SLM 800

250

SLM 125

SLM 280

0

0.00

0.04

0.08

0.12

0.16

0.20

0.24

Build chamber (m<sup>3</sup>)

# 4. Strategic Rationale

## – Rationale and Key Business Synergies



**Nikon aims to become a global leader in Metal AM,  
offering innovative manufacturing solutions to customers worldwide**

### **Strategic Rationale**

- **Brand power and market share in the growing Metal AM sector**
- **Manufacturing and sales platform of L-PBF, the mainstream in Metal AM**
- **Access to SLM's global and diversified customer base with a variety of end user industries and product applications**
- **Strong and experienced management team as well as talented technical engineers and sales professionals**

### **Key Business Synergies**

- **Accelerate product development and product road mapping through joint development efforts**
- **Implementation of Nikon's cutting edge technology and manufacturing know-how**
- **Generate new innovative business solutions through R&D collaboration and by offering both L-PBF and DED technologies**

# 5. Transaction Overview (1/2)



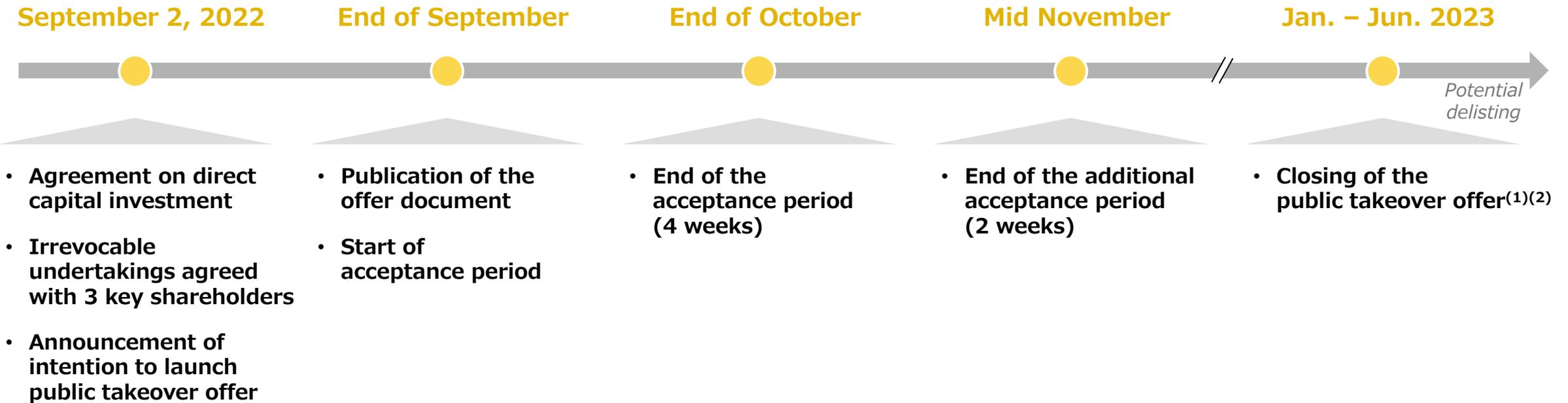
<b>Financial Terms</b>	<ul style="list-style-type: none"><li>• <b>All-cash consideration of €20.00 per share for 100% of the share capital of SLM on a fully diluted basis</b><ul style="list-style-type: none"><li>- Implied equity value of €622MM (JPY 84Bn)<sup>(1)</sup> on a fully diluted basis</li></ul></li><li>• <b>61.1% of the share capital of SLM already secured on a fully diluted basis</b><ul style="list-style-type: none"><li>- €45MM (JPY 6.1Bn)<sup>(1)</sup> (approx. 10% of the registered share capital) capital increase (7.3% on fully diluted basis)</li><li>- Entered into irrevocable undertakings with SLM's key shareholders, Elliott International, L.P., ENA Investment Capital LLP and SLM's founder Hans-Joachim Ihde regarding their SLM shares and certain SLM convertible bonds</li></ul></li></ul>
<b>Recommended Transaction</b>	<ul style="list-style-type: none"><li>• <b>Nikon and SLM have entered into an investment agreement setting out the core principles of the transaction</b></li><li>• <b>SLM's supervisory and management board welcome and support the transaction</b></li></ul>
<b>Offer Conditions and Transaction Structure</b>	<ul style="list-style-type: none"><li>• <b>No minimum acceptance threshold</b></li><li>• <b>Foreign investment control clearances and other customary conditions</b></li><li>• <b>Commitment not to enter into a domination and/or profit and loss transfer agreement for 3 years</b></li><li>• <b>Intention to initiate a delisting of SLM after closing to the extent commercially reasonable</b></li></ul>
<b>Capital Allocation</b>	<ul style="list-style-type: none"><li>• <b>Acquisition to be covered by the capital allocation framework of the current Medium-Term Management Plan</b></li><li>• <b>Transaction to be funded with existing cash</b></li></ul>
<b>Financial Impact</b>	<ul style="list-style-type: none"><li>• <b>Profit contribution during the current Medium-Term Management Plan period toward FY2025 is expected to be limited, profit contribution expected to accelerate towards 2030</b></li><li>• <b>Detailed financial impact to be announced after closing</b></li></ul>

Note 1. Assuming FX rate as 1 EUR = 135.00 JPY

# 5. Transaction Overview (2/2)



## Illustrative Transaction Schedule



Note 1. Long-stop date is 12 months after the end of acceptance period

Note 2. Subject to regulatory approvals and other customary conditions

# Appendix

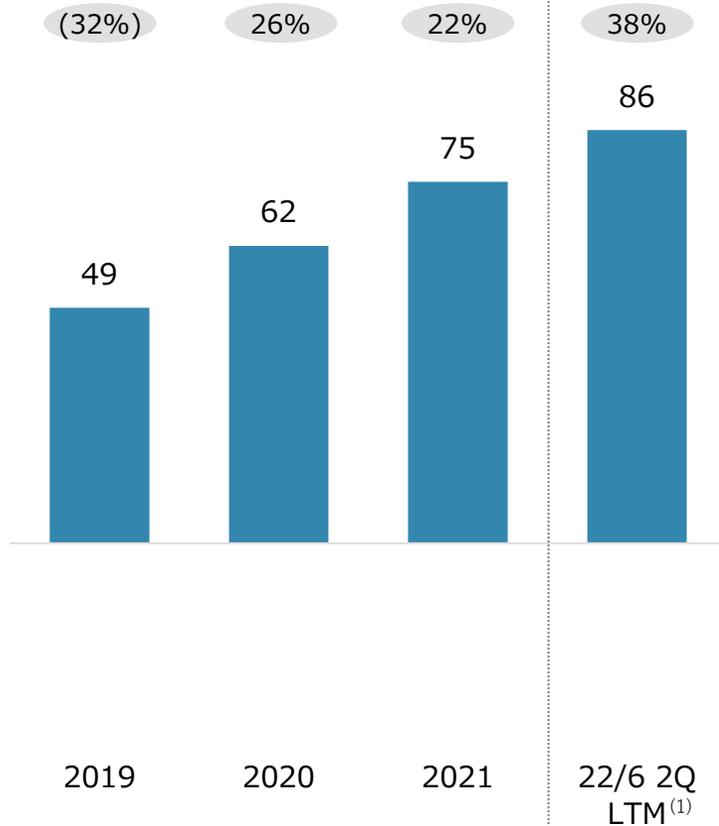
# SLM – Key Financials



## Revenue

€MM

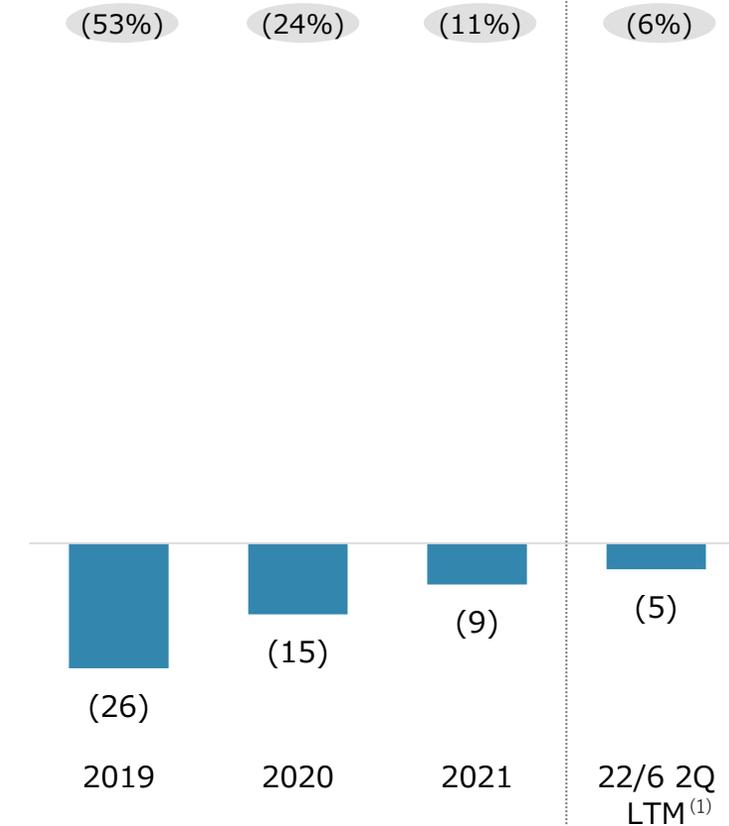
YoY Growth



## EBITDA

€MM

EBITDA Margin



## B/S

€MM

	2019/12	2020/12	2021/12	2022/6
Cash and Cash Equivalents	25	18	24	37
Total Assets	136	126	149	175
Financial Liabilities	67	78	81	107
Total Equity	44	15	32	27

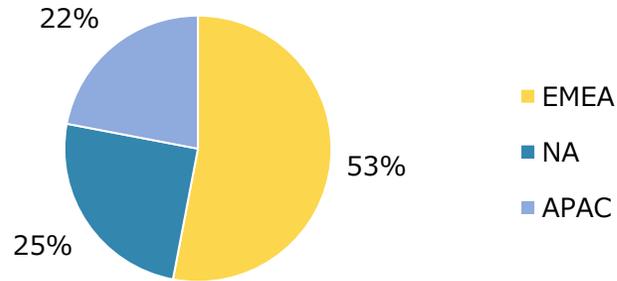
Note 1. Last Twelve Months (unaudited)

# SLM – Customer Base and Product Lineups



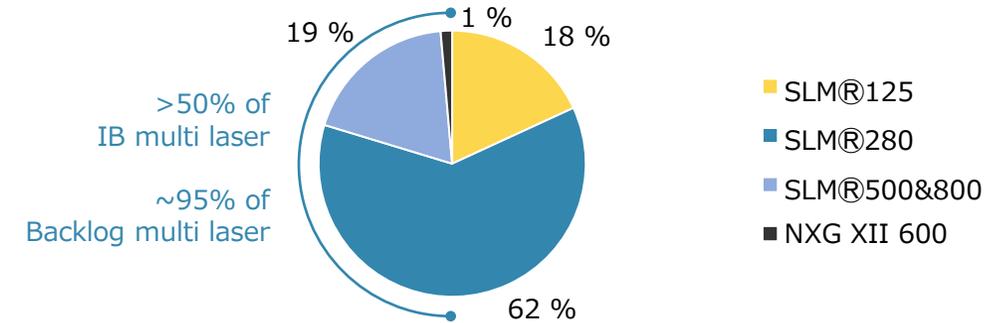
## Installed Base by Region

As of February 2022



## Installed Base by Machine Type

As of February 2022

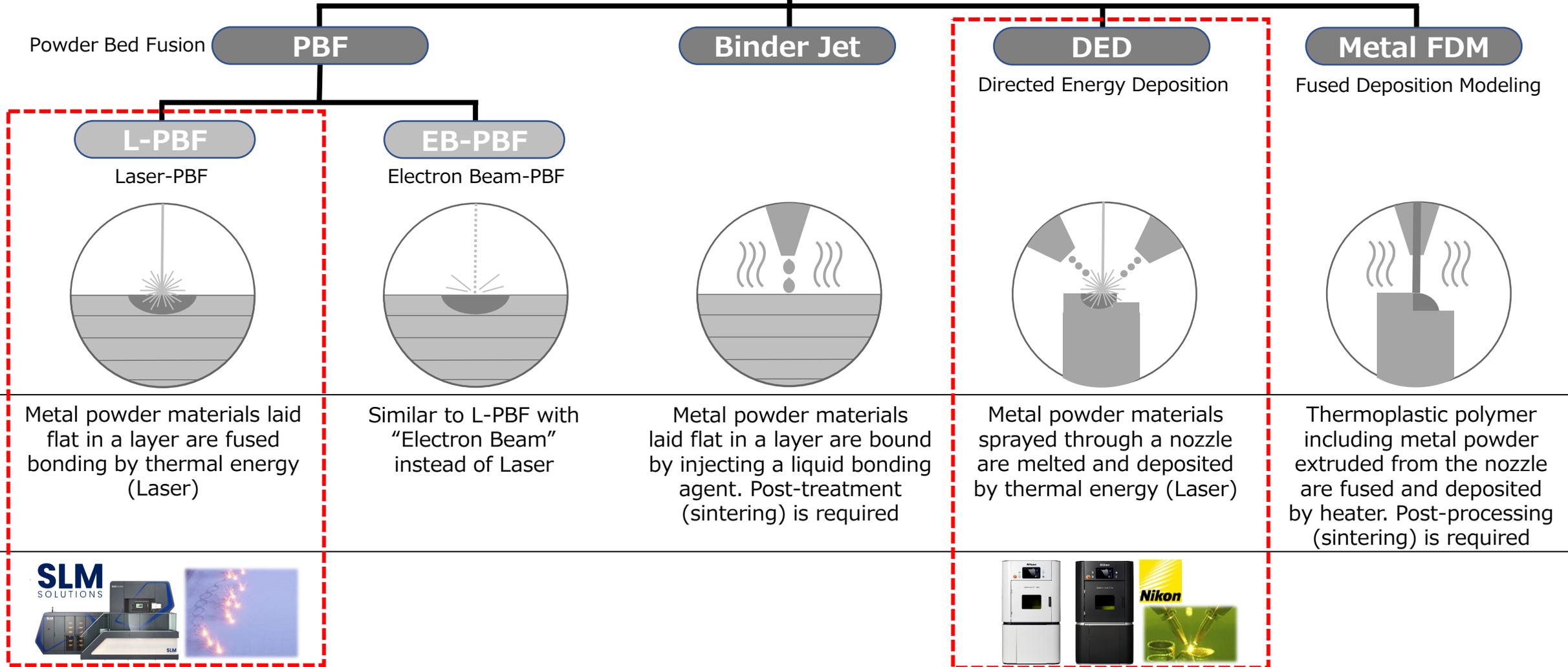


## Key Product Lineups

	2009	2011	2013	2017	2020
	<b>SLM®125</b>	<b>SLM®280</b>	<b>SLM®500</b>	<b>SLM®800</b>	<b>NXG XII 600</b>
					
Addressable Market	Small series production			High volume, serial production	
Chamber Size	125x125x125	280x280x365	500x280x365	500x280x850	600x600x600
Laser	Single	Twin	Twin & Quad	Quad	12
Build Rate cm <sup>3</sup> /h	Up to 25	Up to 88	Up to 171	Up to 171	1,000+

Source: SLM's investor presentation

## Metal 3D-Printing Types



# Certain Disclaimers



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This announcement contains forward-looking statements or statements that may be deemed to be forward-looking statements with respect to Nikon, the Bidder and SLM. Statements other than historical facts contained in this announcement may constitute forward-looking statements. Forward-looking statements include "targets," "plans," "believes," "expects," "aims," "intends," "will," "may", "anticipates", "estimates", "projects" and similar words and phrases, or the negative forms thereof. Forward-looking statements include (i) future capital expenditures, expenses, revenues, earnings, synergies, economic trends, indebtedness, financial condition, dividend policy, losses and projections; (ii) business and management strategies and the potential synergies and business expansion and growth that the takeover offer and the bonds offer may bring to Nikon, the Bidder, or SLM; and (iii) the impact of any governmental regulation on the business of the Company or SLM, including statements regarding the impact of such regulation on the business of the Nikon or SLM.

Forward-looking statements are subject to risks and uncertainties that may materially affect expected results and are based on certain important assumptions. A number of factors could cause actual results to differ materially from those assumed or implied in the forward-looking statements. In light of such uncertainties and risks, you are cautioned not to place undue reliance on forward-looking statements, which are relevant only as of the date they are made. Neither Nikon, the Bidder nor SLM undertakes any obligation to update any forward-looking statements or other statements contained in this announcement, except as required by applicable law.

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