

The logo for Materialise, featuring the word "materialise" in a bold, lowercase sans-serif font, with the tagline "innovators you can count on" in a smaller, lowercase sans-serif font below it. The background is white with a blue geometric shape on the right side that tapers to a point.

**materialise**  
innovators you can count on

**3Q 2018 Financial Results  
Conference Call  
October 31, 2018**

[www.materialise.com](http://www.materialise.com)  
NASDAQ: MTLA

# Safe Harbor Summary



This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our intentions, beliefs, assumptions, projections, outlook, analyses or current expectations, plans, objectives, strategies and prospects, both financial and business, including statements concerning, among other things, current estimates of fiscal 2018 revenues, deferred revenue from annual licenses and maintenance and Adjusted EBITDA, the benefits of our collaboration with BASF and the ACTech acquisition, results of operations, cash needs, capital expenditures, expenses, financial condition, liquidity, prospects, growth and strategies, and the trends and competition that may affect the markets, industry or the company. Such statements are subject to known and unknown uncertainties and risks. When used in this presentation, the words “estimate,” “expect,” “anticipate,” “project,” “plan,” “intend,” “believe,” “forecast,” “will,” “may,” “could,” “might,” “aim,” “should,” and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon the expectations of management under current assumptions at the time of this presentation. These expectations, beliefs and projections are expressed in good faith and the company believes there is a reasonable basis for them. However, the company cannot offer any assurance that our expectations, beliefs and projections will actually be achieved. By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics and industry change, and depend on economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. We caution you that forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the company’s control. All of the forward-looking statements are subject to risks and uncertainties that may cause the company’s actual results to differ materially from our expectations, including risk factors described in the FY 2017 Form 20. There are a number of risks and uncertainties that could cause the company’s actual results to differ materially from the forward-looking statements contained in this presentation.

The company is providing this information as of the date of this presentation and does not undertake any obligation to update any forward-looking statements contained in this presentation as a result of new information, future events or otherwise, unless it has obligations under the federal securities laws to update and disclose material developments related to previously disclosed information.

This presentation includes non-IFRS financial measures, including EBITDA and Adjusted EBITDA. These measures are supplemental measures of financial performance that are not required by, or presented in accordance with, international financial reporting standards (“IFRS”). Please refer to the Appendix of this presentation for a reconciliation of such non-IFRS financial measures to the most directly comparable financial measures prepared in accordance with IFRS.

# Agenda



**Fried Vancraen**  
*Founder & CEO*



**Peter Leys**  
*Executive Chairman*



**Johan Albrecht**  
*CFO*

- ▶ Q3 2018 Highlights
- ▶ Simultaneous Focus on Operational Excellence and Strategic Product Mix and Positioning
- ▶ Q3 2018 Financial Results
- ▶ Financial Guidance
- ▶ Q&A

## Q3 2018 Highlights

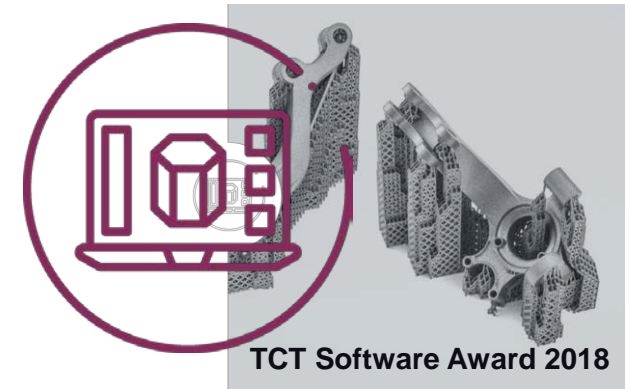
- ▶ Total revenue increased 45% from Q3 2017 to 46,732 kEUR
- ▶ Excellent revenue and EBITDA performance by Materialise Medical and Materialise Software
- ▶ Adjusted EBITDA was 7,034 kEUR compared to 3,259 kEUR for Q3 2017
- ▶ Net result improved 3,730 kEUR to 2,316 kEUR, or 0.04 EUR per diluted share
- ▶ Excluding ACTech, total revenue rose by 10%, Adjusted EBITDA by 44%, and net profit by 2,839 kEUR

EBITDA organic growth in all segments and new business result in solid bottom line

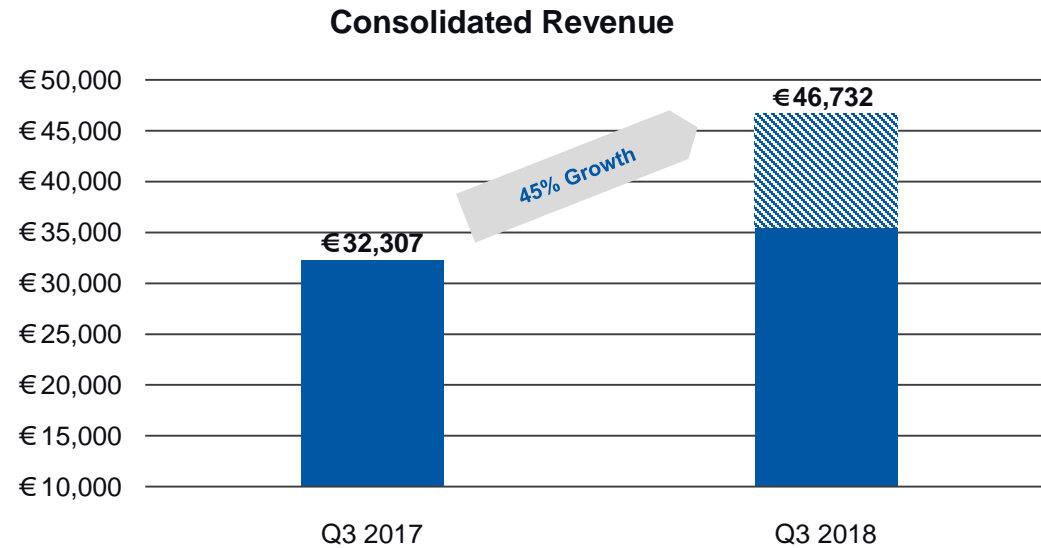
# Simultaneous Focus on Operational Excellence and Strategic Product Mix and Positioning

**materialise**  
innovators you can count on

- Unique interaction between Materialise Manufacturing and Materialise Software enables fast and valuable developments for AM market
- New Magics simulation module, to be unveiled at Formnext, reinforces award-winning e-Stage for Metal
  - Enables profitable 3D printing with validated savings for multiple customers
- Materialise Manufacturing benefits equally from development of our new tools
  - Illustrated by segment's increased Q3 margin and innovative eyewear products
- Impressive ramp-up by Materialise Medical of custom solutions at high speed while maintaining all quality and certification requirements

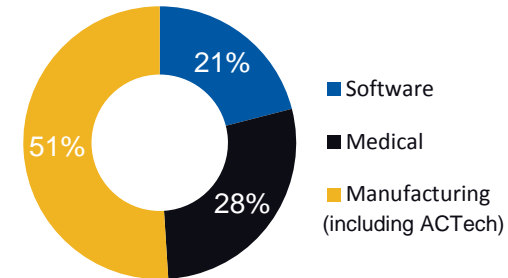


# Q3 2018 Consolidated Revenue

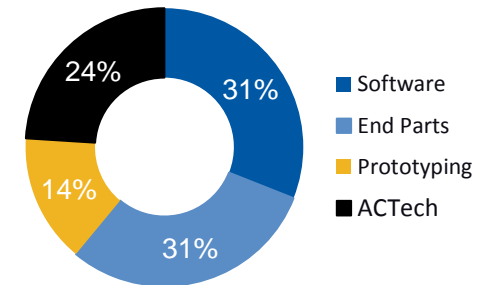


- ▶ Strong revenue increases in all three segments
- ▶ ACTech contributed 11,238 kEUR
- ▶ Organic revenue increase of 10%
- ▶ Increase of deferred revenue of 1,286 kEUR compared to end 2017

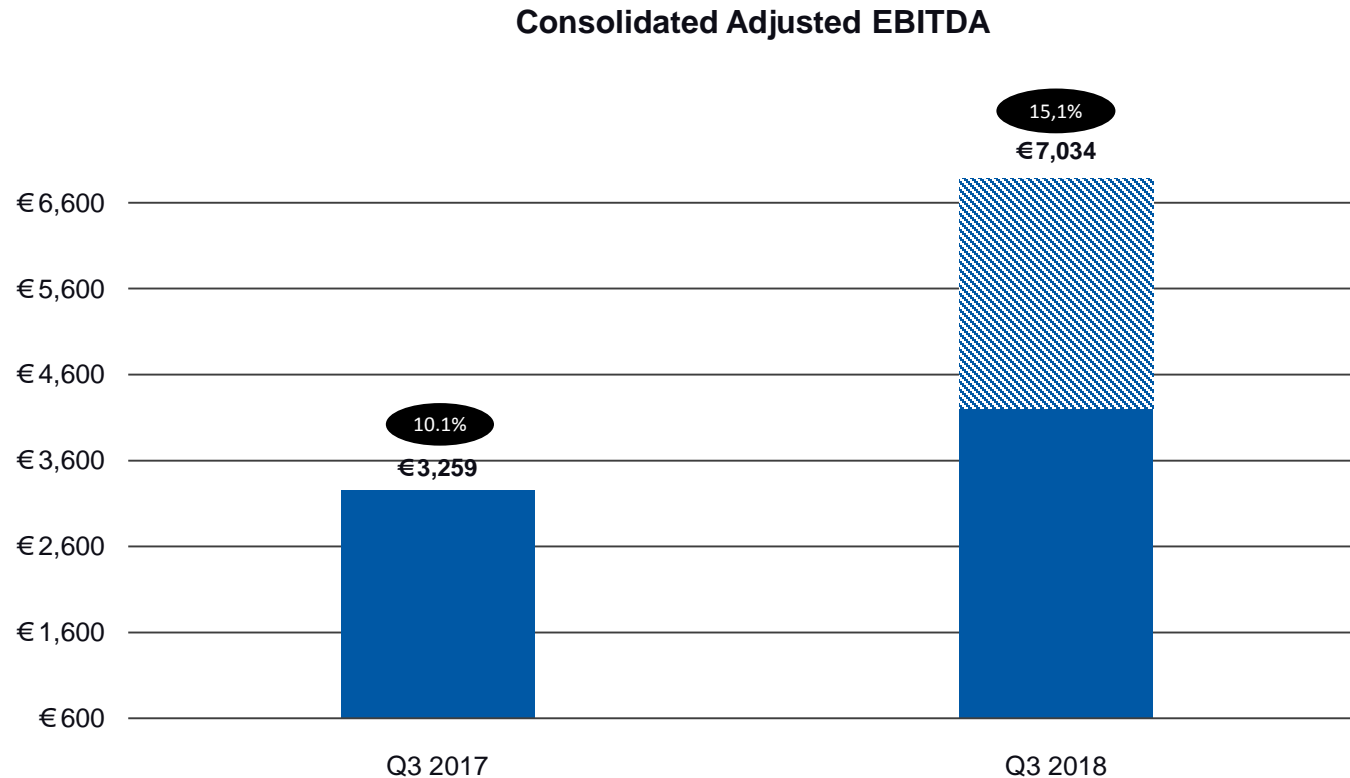
## Q3 2018 Revenue by Segment



## Q3 2018 Revenue by Product Type

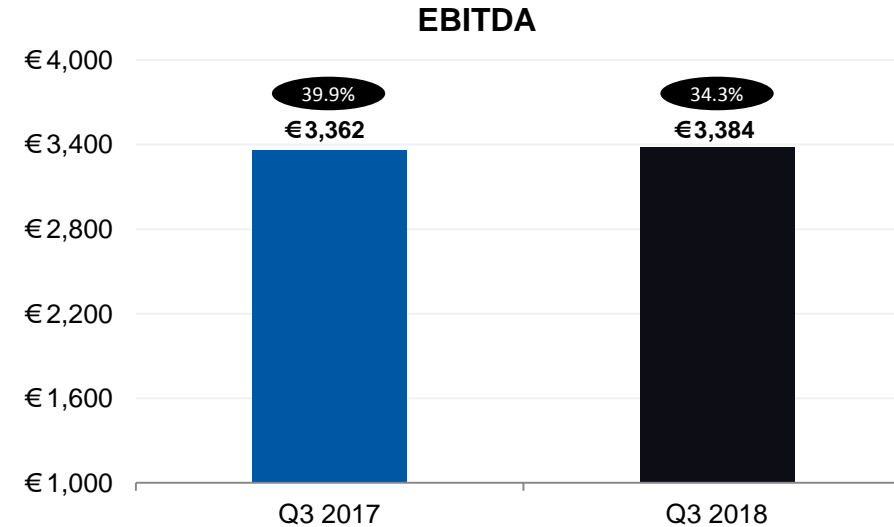
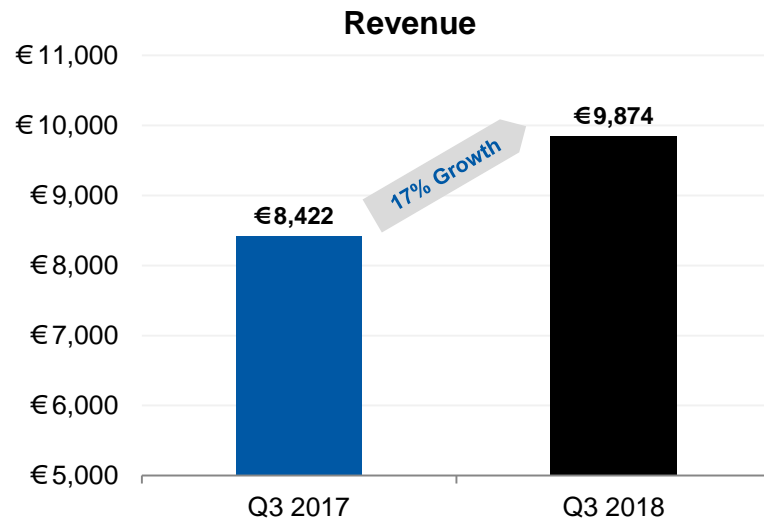


# Q3 2018 Consolidated Adjusted EBITDA



- ▶ Q3 2018 consolidated adjusted EBITDA increased 116%
- ▶ Q3 2018 consolidated adjusted EBITDA grew 500 basis points to 15.1%
- ▶ Improvement reflects:
  - ▶ EBITDA increased organically in all segments
  - ▶ ACTech's EBITDA contribution of 2,355 kEUR

# Software Segment

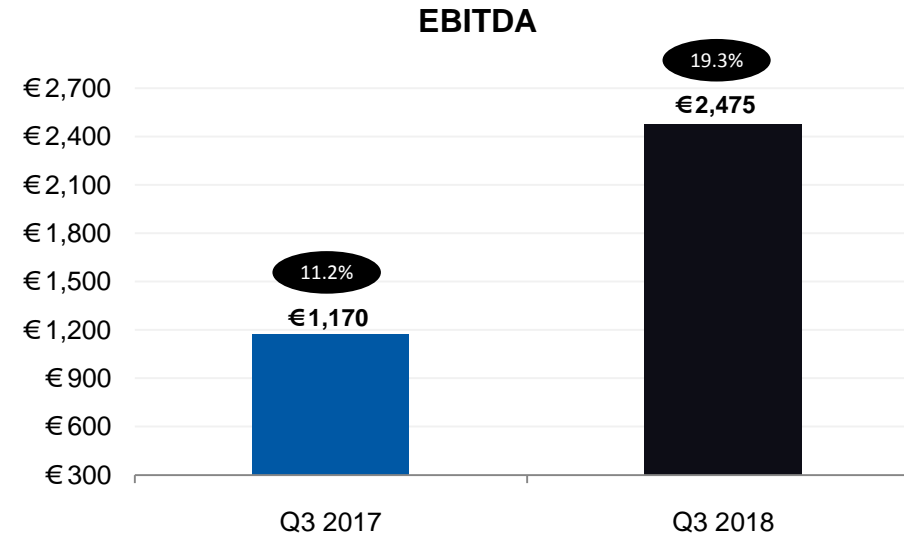
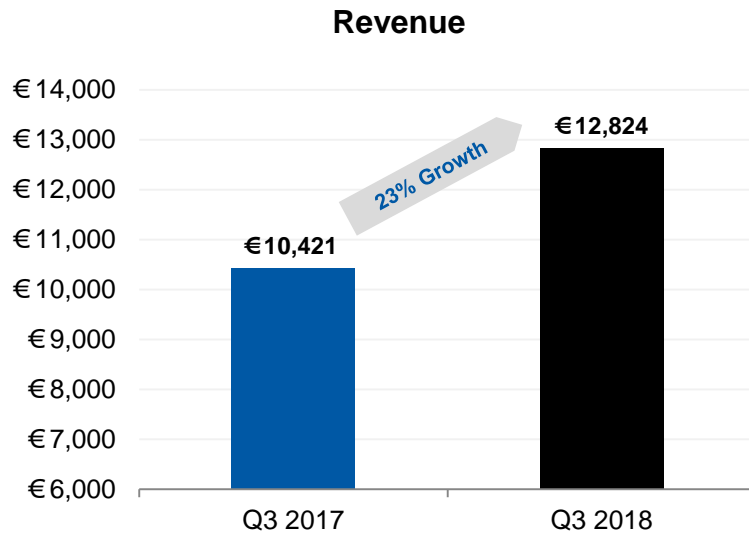


- ▶ 33% revenue growth from recurring sales
- ▶ Q3 sales from OEMs up 1%, direct sales up 20%
- ▶ Q3 EBITDA margin was 34%

\*Sales are defined in this presentation as revenue plus deferred revenue.

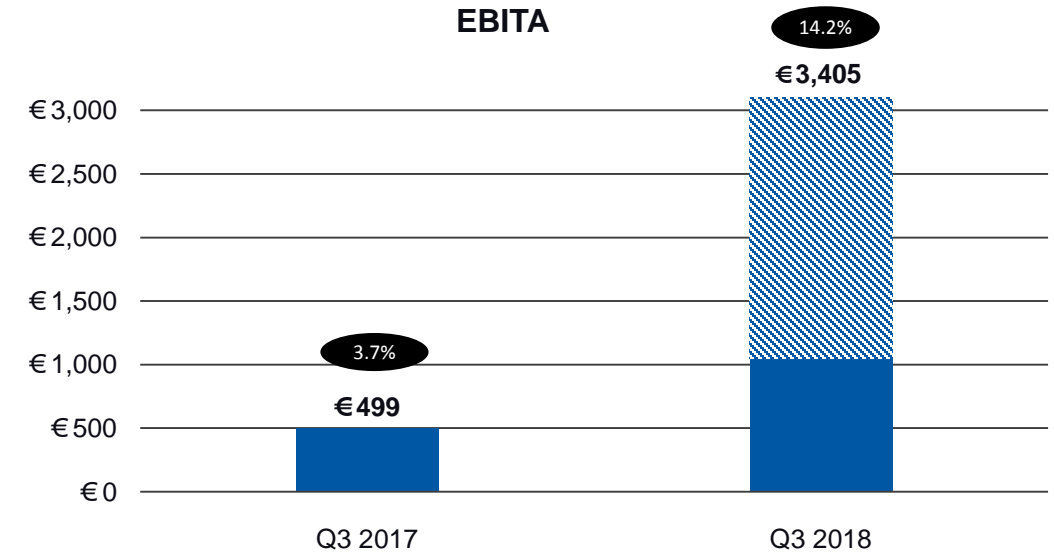
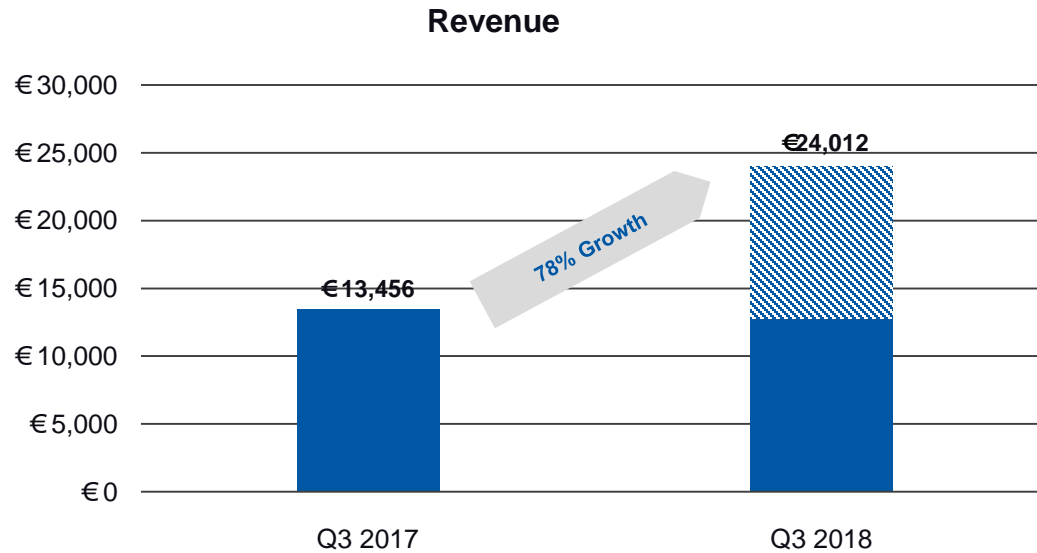


# Medical Segment



- Q3 2018 revenue from medical devices and services rose 27%
- Q3 2018 revenue from medical software increased 17%
- EBITDA increased 1,305 kEUR, resulting in a 19% EBITDA margin, due to solid revenue growth and moderate increase of operating expenses

# Manufacturing Segment



- ▶ Strong EBITDA growth, including 110% organic EBITDA growth
- ▶ EBITDA margin increased to 14.2%
- ▶ 186 printers in production (Manufacturing + Medical) as of September 30, 2018

# Income Statement Highlights



(in thousands of euros, except where indicated)	Q3	
	2018	2017
Revenue	46,732	32,307
Cost of sales	(20,314)	(14,434)
Gross profit	26,418	17,873
Research & development expenses	(5,634)	(4,701)
Sales & marketing expenses	(11,292)	(8,753)
General & administrative expenses	(7,739)	(6,055)
Other income/(expenses), net	571	1,414
Operating profit/(loss)	2,324	(222)
Financial income/(expenses), net	269	(593)
Share in loss of joint venture	(47)	(165)
Taxes	(230)	(433)
Net profit/(loss)	2,316	(1,413)
Diluted EPS*	0.04	(0.03)
Diluted weighted average shares (thousands)	52,319	47,325

\* Excludes non-controlling interest.

# Other Financial Highlights



(in thousands of euros)	09/30/2018	12/31/2017
Cash and equivalents	114,622	43,175
Receivables	36,790	35,582
Inventories	10,400	11,027
Payables	20,074	19,230
Total deferred income	27,454	22,559
Total borrowings	107,727	94,557
Total equity	134,862	77,054
Total liabilities and equity	312,756	236,215

(in thousands of euros)	Q3 2018	Q3 2017
Capital expenditures	5,605	9,621
Cash flow from operations (3 months)	7,234	(2,670)

# 2018 Financial Guidance



**Expect all three indicators to be on the higher side of the guidance ranges provided**

<b>Consolidated Revenue</b>	<b>180M to 185M euros</b>
<b>Consolidated Adj. EBITDA<sup>(1)</sup></b>	<b>22M to 25M euros</b>
<b>Deferred Revenue</b> (from annual licenses and maintenance)	<b>2M to 4M euros</b>

Note: These objectives do not represent budget estimates or projections of any type and have not been prepared by management in the manner budget estimates or projections are prepared. The Company's operational and financial objectives change from time to time based on numerous factors, and the Company's ability to achieve any objective is subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please see the risk factors described in the FY 2017 Form 20-F. Nothing in this presentation should be regarded as a representation by any person that these objectives will be achieved and the Company undertakes no duty to update its objectives.

(1) Adjusted EBITDA is a non-IFRS financial measure that the Company calculates as net profit plus income taxes, financial expenses (less financial income), depreciation and amortization, stock-based compensation expense and acquisition-related expenses.

# APPENDIX

## Adjusted EBITDA Reconciliation



	For the three months ended September 30	
(in thousands of euros)	2018	2017
Net profit/(loss)	2,316	(1,413)
Income taxes	230	433
Financial expense	1,039	1,058
Financial income	(1,308)	(465)
Share of loss in a joint venture	47	165
Depreciation & amortization	4,519	2,918
EBITDA	6,843	2,696
Non-cash stock-based compensation expenses	191	297
Acquisition-related expenses	-	266
Adjusted EBITDA	7,034	3,259