



***Materialise***  
*innovators you can count on*



**Q4 2014 Financial Results  
Conference Call  
March 4, 2015**

# Safe Harbor Summary

This press release 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 2015 revenues and adjusted EBITDA, investments in R&D and S&M initiatives, 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 us. 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 press release. 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 our 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 under the heading “Risk Factors” in the Amendment No. 5 to our Registration Statement on Form F-1 filed with the SEC on June 23, 2014. 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 press release.

The company is providing this information as of the date of this press release and does not undertake any obligation to update any forward-looking statements contained in this press release 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.

# Agenda



**Fried Vancraen**  
*Founder & CEO*



**Peter Leys**  
*Executive Chairman*



**Frederic Merckx**  
*CFO*

- Q4 2014 Highlights
- FY 2014 Strategic Investments
- Q4 2014 Financial Results
- 2015 Operational Goals and Q1 2015 Operational Priorities
- 2015 Guidance and Long-Term Financial Objectives
- Q&A

## Q4 2014 Highlights

- ✓ Revenue increased 21% to 23,591 kEUR from prior year; organic growth was 16% as compared to Q4 2013.
- ✓ 3D Printing software sales for Q4 increased 51%.
- ✓ Total software sales were 35% of total revenue in Q4 2014, as compared to 27% in Q4 2013.
- ✓ S&M and R&D expenses increased by 4,399 kEUR.
- ✓ Adjusted EBITDA, excluding non-cash based compensation expense, decreased by 1,388 kEUR to 927 kEUR.

# 2014 Strategic Investments

- ✓ Expanded sales and marketing teams worldwide
  - ✓ Grew sales & marketing workforce by 38%
  - ✓ Established new team to strengthen OEM relationships
  - ✓ Officially opened and staffed office in China

Increase of ~ **5.2 million euros in S&M**

- ✓ Invested in research and development projects
  - ✓ Grew R&D headcount by 28%
  - ✓ Initiated programs to develop new software tools, such as the build processors
  - ✓ Advanced X-ray project into the operating room
  - ✓ Initiated new programs, such as gripper platform and RSPrint
  - ✓ Prepared to launch metal printing of implants in-house

Increase of ~ **4.5 million euros in R&D**

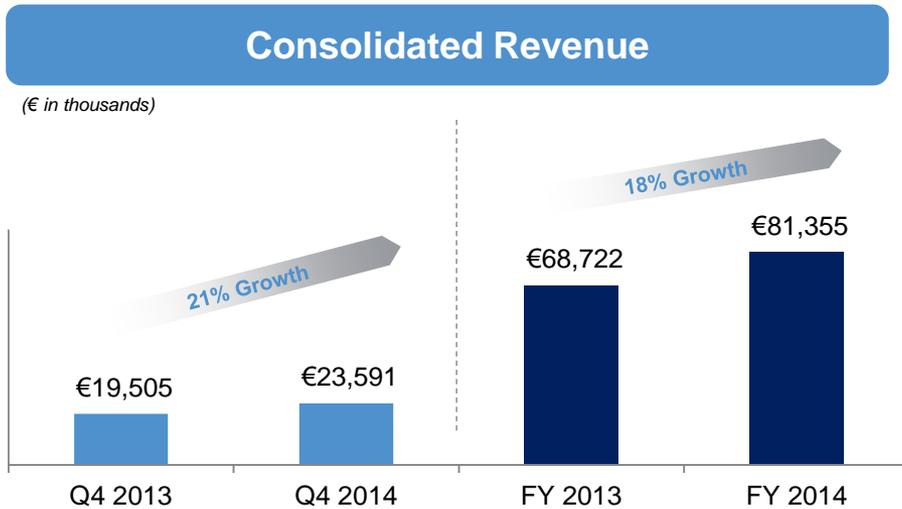
- ✓ Expanded printing capacity
  - ✓ Acquired all Red Eye FDM printers (34 in total)
  - ✓ Added 18 an additional printers (including 2 metal printers)

Increase of ~ **9.6 million euros in capex**

- ✓ Acquisitions
  - ✓ Acquired and integrated e-Prototypy in Poland
  - ✓ Acquired and commenced integration of OrthoView Holdings in UK

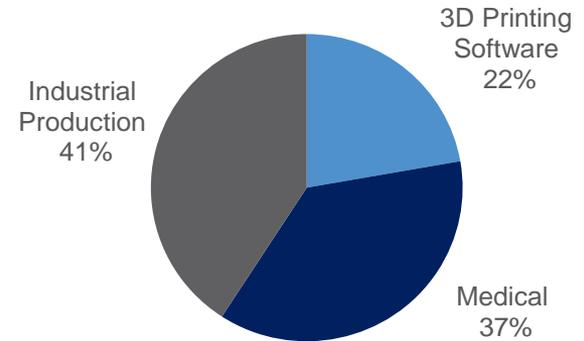
Total of ~ **12 million euros in acquisitions**

# Consolidated Revenue

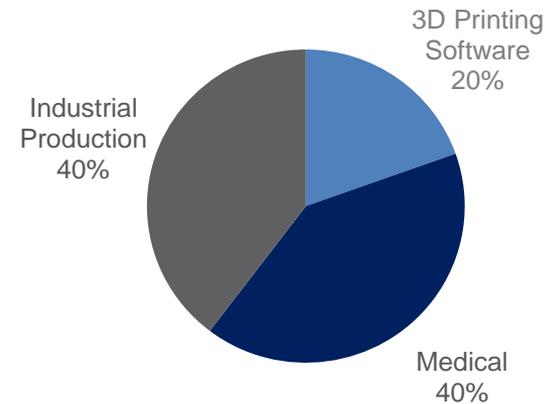


- ✓ 35% of Q4 2014 revenue from software sales.
- ✓ 38% of Q4 2014 revenue from end parts.
- ✓ 27% of Q4 2014 revenue from prototyping.

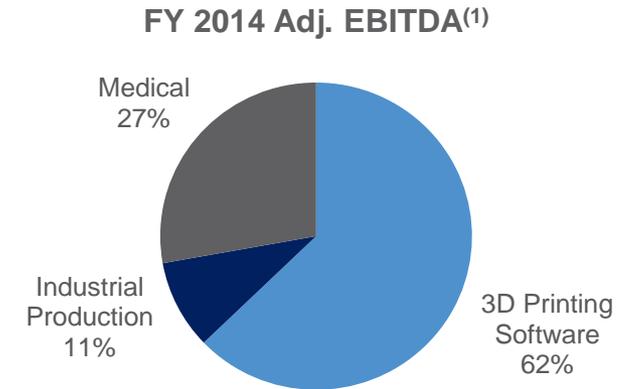
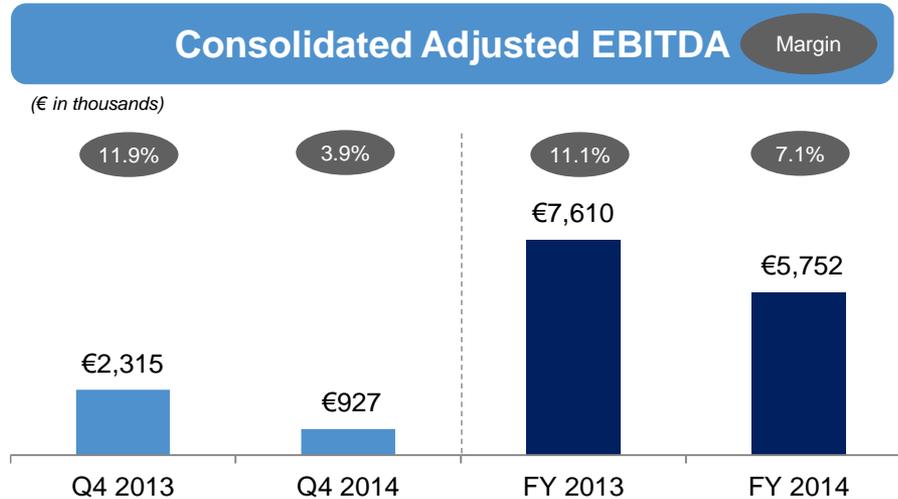
**FY 2014 Revenue**



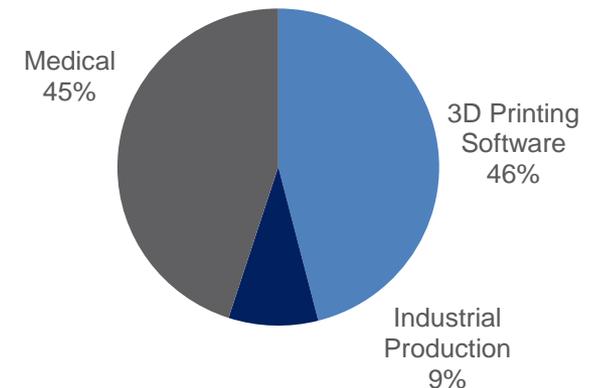
**FY 2013 Revenue**



# Consolidated Adjusted EBITDA



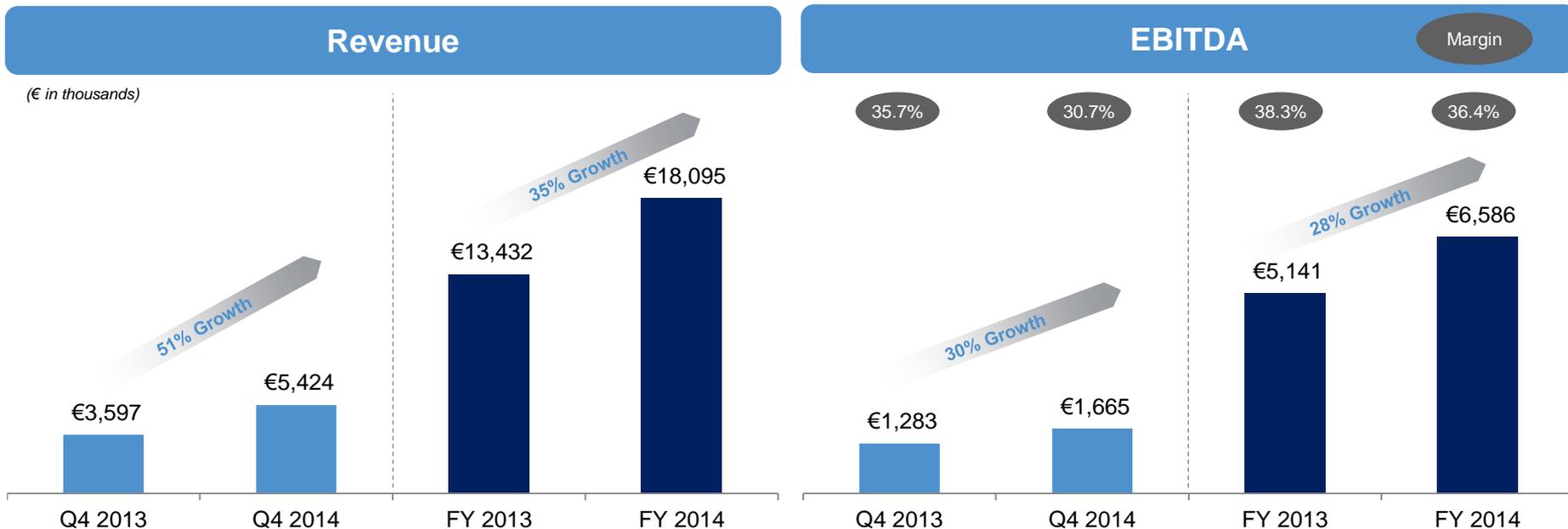
**FY 2013 Adj. EBITDA<sup>(1)</sup>**



- ✓ Q4 2014 S&M and R&D spending increased 46% or 4,399 kEUR from prior year.
- ✓ Non-cash stock-based compensation expense in Q4 2014 was 268 kEUR.

(1) Excludes adjustments and eliminations.

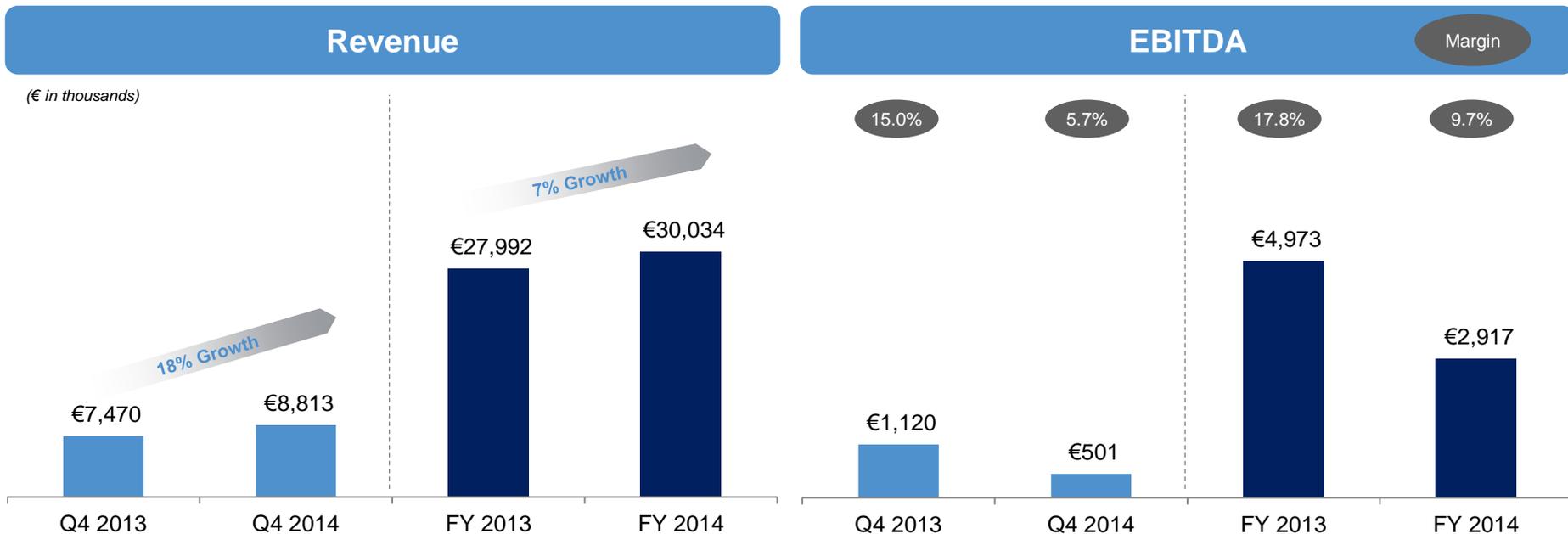
# 3D Printing Software Segment



- ✓ Revenue from new licenses for Q4 2014 increased by 65% from the prior year.
- ✓ Q4 2014 revenue generated from OEMs increased by 51% from the prior year <sup>(1)</sup>.
- ✓ FY 2014 revenue from Asia increased by 46% from the prior year.
- ✓ Q4 2014 EBITDA margin reflects 1,266 kEUR increased investment in R&D and S&M.

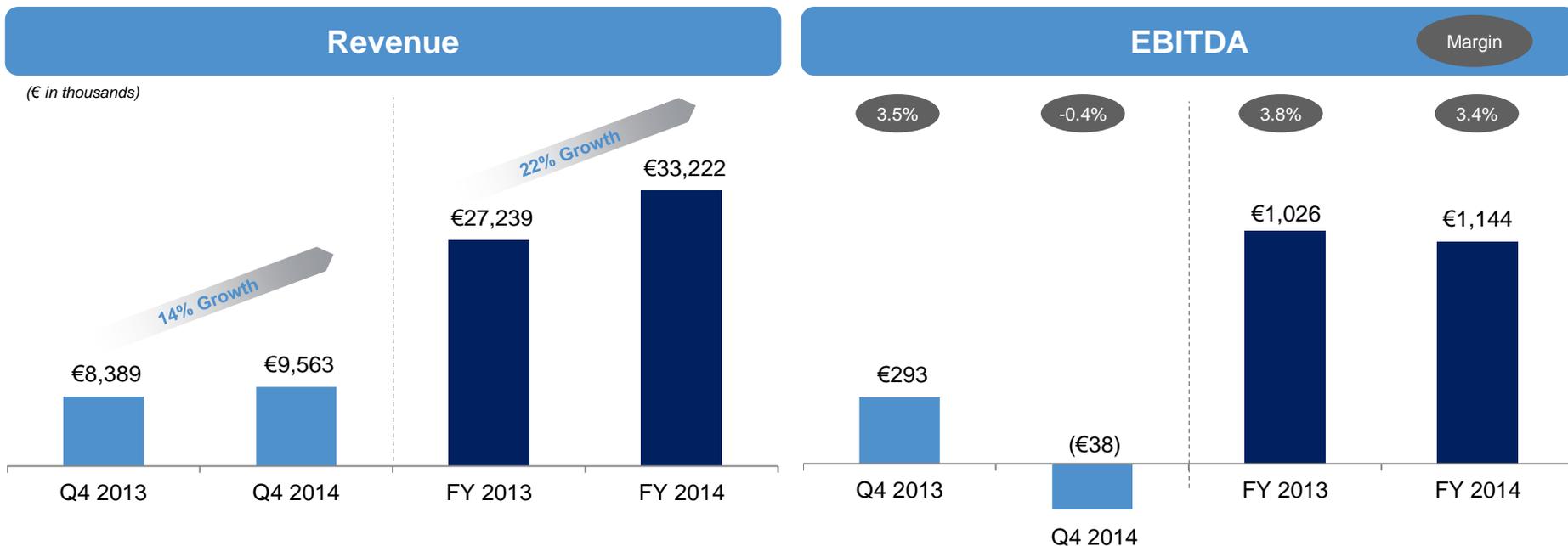
(1) Reflects a combination of software sold to or through OEMs.

# Medical Segment



- ✓ Q4 2014 medical software revenue increased 80% from the prior year (16% excluding OrthoView) and represented 30% of total medical sales.
- ✓ Share of annual licenses increased to 46% of new license sales from 14% last year.
- ✓ Q4 2014 revenue from direct sales of complex surgery devices increased by 54% from the prior year and represented 18% of total medical sales.
- ✓ Q4 2014 revenue from medical collaboration partners decreased to 52% from 66% the prior year.

# Industrial Production Segment



- ✓ 40% growth in sales of end parts for Q4 2014 over the prior year.
- ✓ Number of printers increased from 120 as of 9/30/14 to 122 as of 12/31/14.
- ✓ Excluding growth businesses, Q4 2014 EBITDA margin decreased to 13.1% from 16.4% for the prior year <sup>(1)</sup>.

(1) Excluding growth businesses in Q4 2014, segment revenue was 7,988 kEUR and EBITDA was 706 kEUR versus revenue of 6,895 kEUR and EBITDA of 1,156 kEUR for Q4 2013.

# Income Statement Highlights

(in thousands of euros, except where indicated)	Q4		Full Year	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue	23,591	19,505	81,355	68,722
Cost of sales	<u>(9,543)</u>	<u>(8,894)</u>	<u>(32,396)</u>	<u>(27,189)</u>
Gross profit	14,048	10,611	48,959	41,533
Research & Development Expenses	(4,679)	(2,921)	(15,093)	(10,596)
Sales & Marketing Expenses	(9,325)	(6,684)	(27,543)	(22,360)
General & Administrative Expenses	(3,175)	(1,202)	(11,645)	(8,649)
Other income/(expenses), net	<u>2,230</u>	<u>1,658</u>	<u>5,652</u>	<u>4,492</u>
Operating profit	(901)	1,462	330	4,420
Financial income/(expenses), net	368	(491)	2,010	(987)
Share in loss of joint venture	(53)	0	(81)	0
Taxes	<u>40</u>	<u>253</u>	<u>(387)</u>	<u>(21)</u>
Net profit/(loss)	(546)	1,224	1,872	3,412
Diluted EPS*	-0.01	0.03	0.05	0.09
Diluted weighted average shares (thousands)	47,110	38,086	43,288	38,124

\* Excludes non-controlling interest.

## Other Financial Highlights

(in thousands of euros)	12/31/2014	12/31/2013
Cash & equivalents*	61,019	12,598
Receivables	18,370	12,382
Inventories	3,660	3,328
Payables	7,333	6,837
Total borrowings	17,347	16,316
Total equity	85,167	17,735
Total liabilities and equity	133,221	55,688
(in thousands of euros)	Q4 2014	Q4 2013
Capital expenditures	5,383	1,705
Cash flow from operations	(419)	2,594

\* Including held-to-maturity investments €10,000

# 2015 Operational Review

2015 Operational Goals	Carry-Over	New	Q1 Priorities
<b>Software</b>			
Introduce new products, focusing on the production of end parts		X	X
Launch new build processor programs	X		X
Advance expansion into China	X		
<b>Medical</b>			
Integrate 3D solutions in the OrthoView 2D planning platform		X	
Advance X-ray project regulatory & commercial framework	X		
Begin metal printing of complex surgery products	X		X
Improve balance of software revenues and direct and indirect sales of devices	X		
<b>Industrial Production</b>			
Expand technology offering for metal printing		X	X
Roll out franchise program for i.materialise	X		
Pursue acquisitions in the automotive fixtures market			X

# 2015 Guidance

**Consolidated  
Revenue**

**99M to 101M euros**

**Consolidated  
Adj. EBITDA<sup>(1)</sup>**

**4M to 5M euros**

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 consult the "Risk Factors" in the Amendment No. 5 to our Registration Statement on Form F-1 filed with the SEC on June 23, 2014. 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 and stock-based compensation expense.

# Long-Term Financial Objectives

	3D Printing Software	Medical	Industrial Production	Consolidated <sup>(2)</sup>
Revenue Growth %	25-30%	20-25%	20-25%	20-25%
Adjusted EBITDA <sup>(1)</sup> Margin %	33-38%	20-25%	15-20%	20-25%

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(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 and stock-based compensation expense..

(2) Including corporate adjustments

## Q & A



Visionary company and leadership that has driven advancement of the 3D printing industry



Commitment to expanding 3D printing technology through constant ongoing Research & Development



At the forefront of 3D printing growth with a compelling and unique business and financial model

# Adjusted EBITDA Reconciliation

	For the quarter ended December 31		For the year ended December 31	
(in thousands of euros)	2014	2013	2014	2013
Net profit/(loss)	(546)	1,224	1,872	3,412
Income taxes	(40)	(253)	387	21
Financial expense	329	652	1,150	1,260
Financial income	(698)	(161)	(3,160)	(273)
Shares of Loss in a Joint Venture	81	0	81	0
Depreciation & amortization	1,533	853	4,565	3,190
EBITDA	659	2,315	4,895	7,610
Non-recurring IPO Expenses	0	0	182	0
Non-cash stock-based compensation expenses	268	0	675	0
Adjusted EBITDA	927	2,315	5,752	7,610