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1Q 2020 Financial Results

Conference Call
April 30, 2020

www.materialise.com
NASDAQ: MTL

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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

- Q1 2020 Highlights
- Our COVID-19 Initiatives
- Q1 2020 Financial Results
- Update on Fiscal 2020 Financial Outlook
- Q&A



Fried Vancraen
Founder & CEO



Peter Leys
Executive Chairman



Johan Albrecht
CFO

Q1 2020

Financial Highlights

- Q1 2020 revenue decreased 1.8% to 46,245 kEUR
- Strong growth of deferred revenue from software licenses and maintenance by 2,037 kEUR to 29,703 kEUR
- Q1 2020 Adjusted EBITDA decreased to 3,603 kEUR
- Q1 2020 net loss was (2,853) kEUR or (0.05) EUR kEUR per diluted share
- Total cash of 127,135 kEUR at quarter end; net cash of 2,433 kEUR

Relatively strong Q1 performance; both Software (5%) and Medical segments (15.3%) continued to grow
Solid balance sheet as a preventive device to resist expected corona-impact

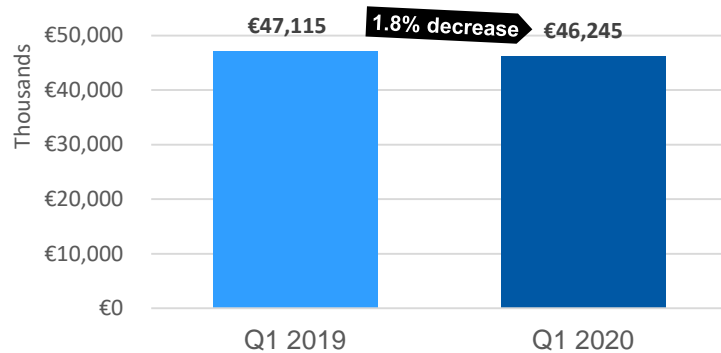
Our COVID initiatives

For a better and healthier world

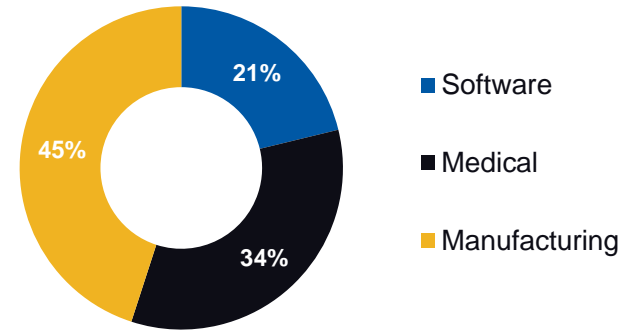
- Years of experience in 3D printed medical devices and unique position in the medical ecosystem enabled an **innovative and quick response** to health crisis
- Materialise's hands-free door opener went **from idea to product in less than 1 week**. The file has been downloaded almost 100,000 times
- Focusing on **meaningful applications**, in close collaboration with clinicians, we developed the Materialise NIP mask, which allows oxygen to be provided to patients without ventilation



Q1 2020 Consolidated Revenue



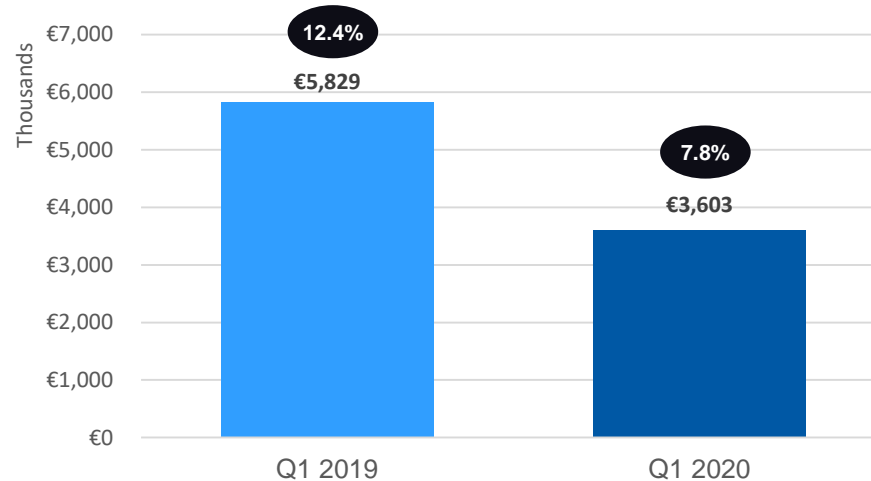
Q1 2020 Revenue by Segment



- In spite of the early COVID-19 impact on all segments, Software and Medical segments continued with revenue growth
- Deferred revenue from software licenses and maintenance fees increased 2,037 kEUR compared to year-end 2019
- Cross-segment revenue from software products amounted to 32%

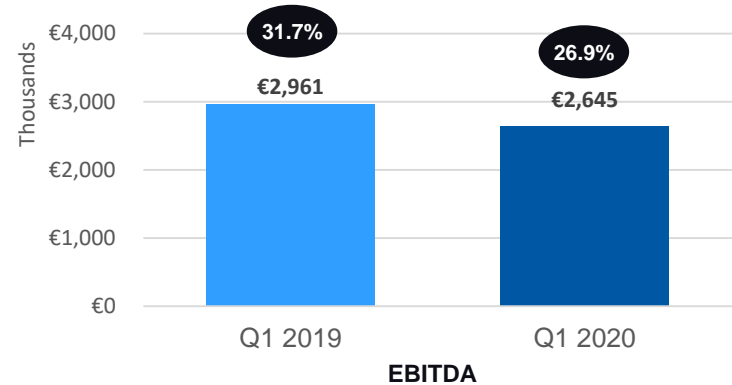
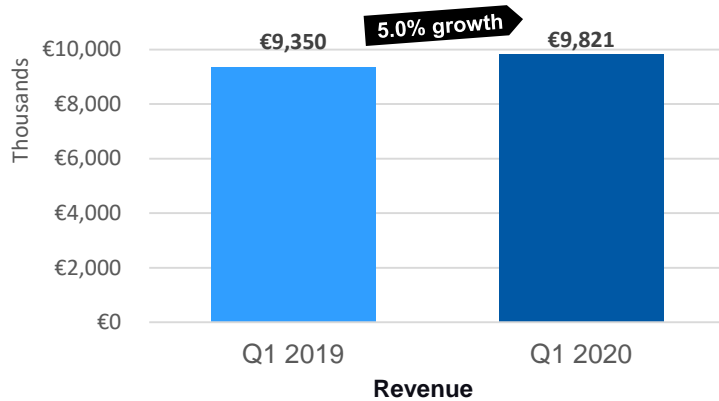
Q1 2020

Consolidated Adjusted EBITDA



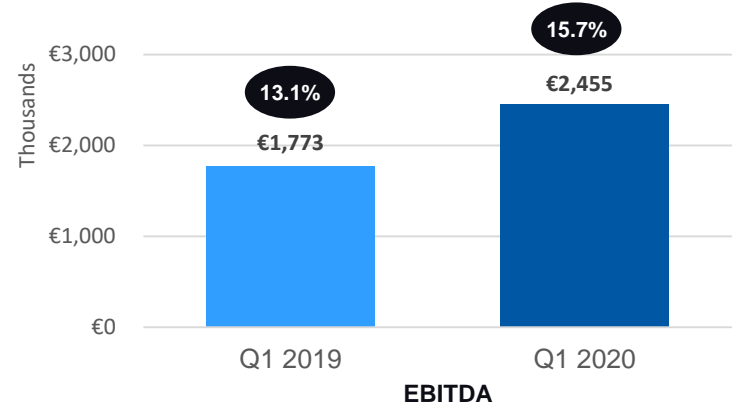
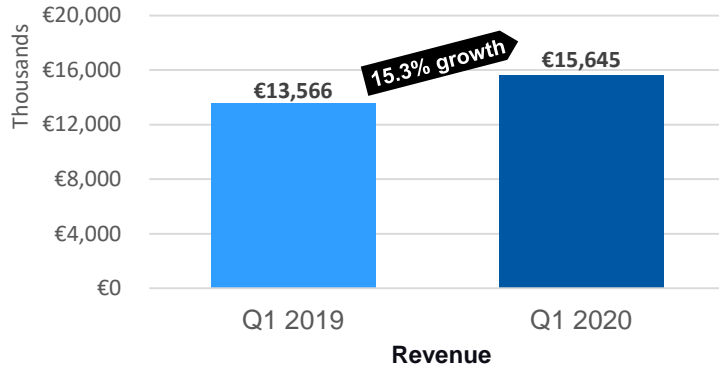
- Q1 2020 consolidated Adjusted EBITDA decreased 2,226 kEUR
- Q1 2020 consolidated operating profit decreased by 2,513 kEUR to (1,037) kEUR, impacted by:
 - Revenue decrease in Manufacturing, continued cost of capacity, and small increases in other operating expenses

Q1 2020 Software Segment



- Revenue increased 5.0%
- Q1 2020 recurrent revenue up 19.0%
- Q1 2020 non-recurrent revenue down 11.0%, including initial impact of COVID-19
- Q1 2020 EBITDA margin of 26.9%

Q1 2020 Medical Segment

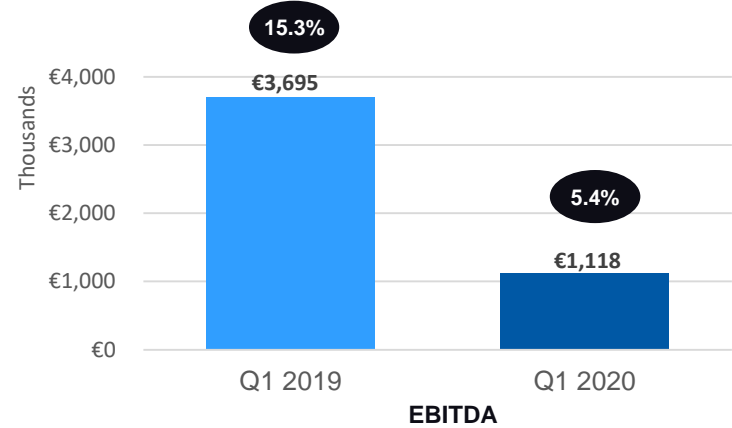
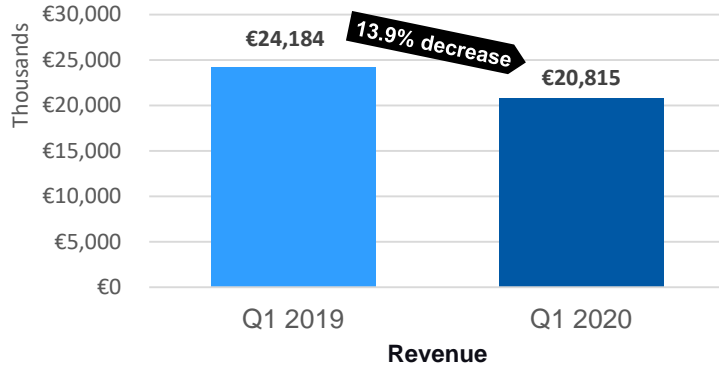


- Q1 2020 revenue from medical devices and services rose 18.2% (7.2% growth, excluding Engimplan's contribution)
- Q1 2020 revenue from medical software increased 9.8%, sales* grew 23.6%
- EBITDA of 2,455 kEUR, resulting in a 15.7% EBITDA margin

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

Q1 2020

Manufacturing Segment



- Q1 revenue decreased 13.9%, hit by a combination of weak macroeconomic conditions and COVID-19
- Q1 EBITDA margin decreased to 5.4%, as a combined result of continued cost of capacity and a small increase in operating expenses

Income Statement Highlights

(in thousands of euros, except where indicated)	Q1	
	2020	2019
Revenue	46,245	47,115
Cost of sales	(21,613)	<u>(21,535)</u>
Gross profit	24,632	25,579
Research & development expenses	(6,527)	(5,686)
Sales & marketing expenses	(12,627)	(12,079)
General & administrative expenses	(7,197)	(7,596)
Other income/(expenses), net	<u>683</u>	<u>1,258</u>
Operating profit/(loss)	(1,037)	1,476
Financial income/(expenses), net	(1,321)	(592)
Share in gain/(loss) of joint venture	(39)	(123)
Taxes	(457)	<u>(1,065)</u>
Net profit/(loss)	(2,853)	(304)
Diluted EPS (in €)	(0.05)	(0.01)
Diluted weighted average shares (thousands)	53,173	52,891

Other Financial Highlights

(in thousands of euros)	03/31/2020	12/31/2019
Cash and equivalents	127,135	128,897
Receivables	37,174	40,322
Inventories	12,674	12,696
Payables	21,215	21,878
Deferred income	34,889	32,673
Borrowings	124,702	127,939
Equity (incl. NCI *)	135,679	142,675
Total balance sheet	341,628	349,294

(in thousands of euros)	Q1 2020	Q1 2019
Capital expenditures	3,053	3,232
Cash flow from operations	7,273	4,081

* NCI 2020: Non-Controlling Interest Engimplan 2,447

Update on Fiscal 2020 Financial Outlook

- Withdrawing financial guidance for 2020 due to impact of and uncertainty caused by COVID-19 crisis
- Expect a difficult second quarter, followed by gradual return of industry to “new normal” in 2H 2020
 - Potential for recovery of certain sales postponed during crisis
- Numerous cost-savings initiatives implemented
- Strong balance sheet currently enables Materialise to continue promising investment and research programs

Positioning Materialise to leverage future opportunities created by advantages of Additive Manufacturing

APPENDIX

Adjusted EBITDA Reconciliation

	For the quarter ended March 31	
(in thousands of euros)	2020	2019
Net profit/(loss)	(2,853)	(304)
Income taxes	457	1,065
Financial expenses	1,821	1,196
Financial income	(500)	(604)
Share of loss in a joint venture	39	123
Depreciation & amortization	4,715	4,530
EBITDA	3,678	6,006
Non-cash share-based compensation expenses	(75)	(177)
Acquisition-related expenses	-	-
Adjusted EBITDA	3,603	5,829