

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 that tapers from the left and widens towards the right, creating a sense of growth or expansion.

materialise
innovators you can count on

**1Q 2017 Financial Results
Conference Call
May 9, 2017**

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 2017 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 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 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 the risk factors described in our annual report on Form 20-F filed with the SEC on May 1, 2017. 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 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.

Agenda



Fried Vancraen
Founder & CEO



Peter Leys
Executive Chairman



Johan Albrecht
CFO

- ▶ Q1 2017 Financial Highlights
- ▶ Highlights from the Materialise World Summit
- ▶ Q1 2017 Financial Results
- ▶ 2017 Strategic Priorities
- ▶ Q&A

Q1 2017 Financial Highlights



- ▶ Total revenue increased 19.7% from Q1 2016 to 31,921 kEUR.
- ▶ All three business segments generated double-digit revenue increases.
- ▶ Total deferred revenue from annual software sales and maintenance contracts increased 1,285 kEUR from Q4 2016 to 18,084 kEUR for Q1 2017.
- ▶ Adjusted EBITDA more than doubled, rising to 2,813 kEUR compared to 1,135 kEUR for Q1 2016.

**Strong Performance by Materialise in an
Improving Demand Environment**

Highlights from the Materialise World Summit

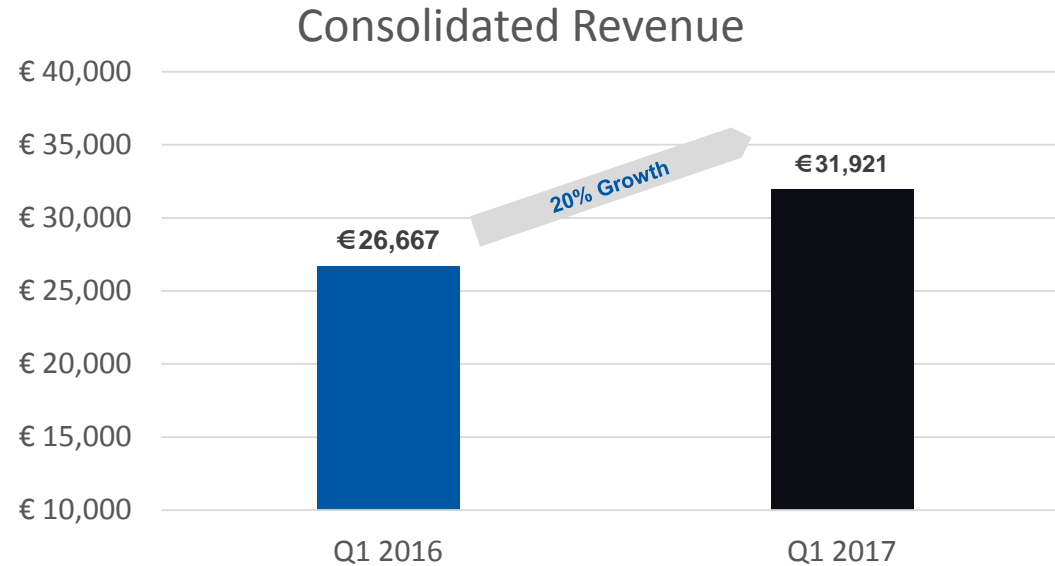


Co-creation and Collaboration

Tapping into the Materialise Backbone

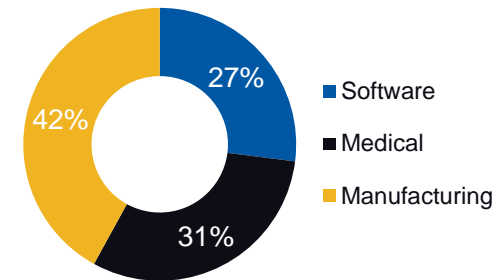


Consolidated Revenue

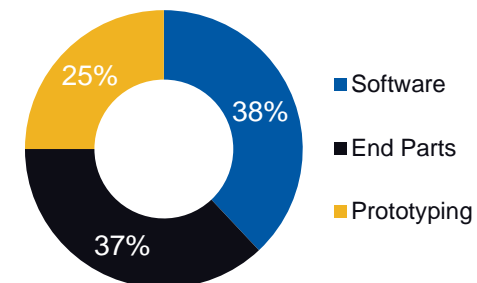


- ▶ Double-digit revenue increases in all segments.
- ▶ Manufacturing led the gain with a 26% increase.
- ▶ 75% of Q1 2017 revenue from software sales and end parts.

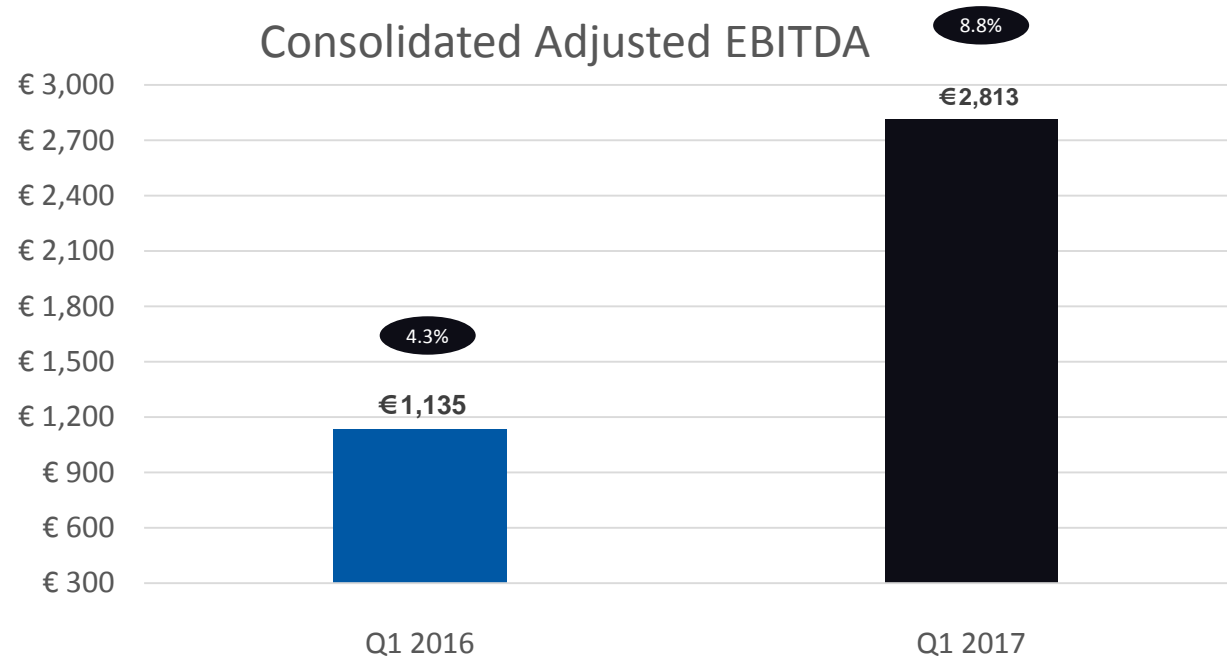
Q1 2017 Revenue by Segment



Q1 2017 Revenue by Product Type

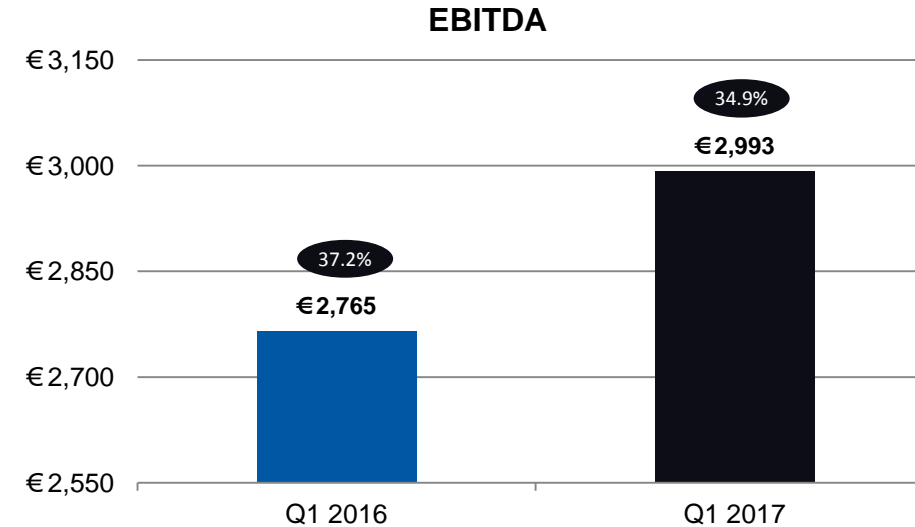
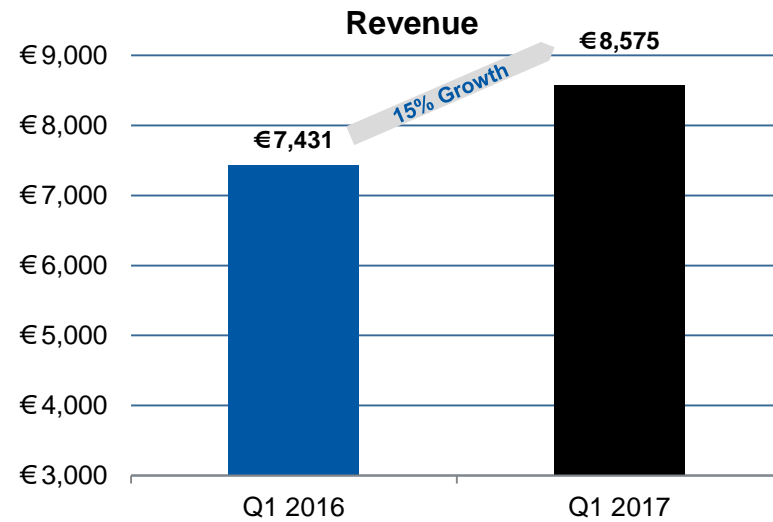


Consolidated Adjusted EBITDA



- Q1 2017 consolidated adjusted EBITDA increased from 1,135 kEUR to 2,813 kEUR.
- Q1 2017 consolidated adjusted EBITDA grew 450 basis points to 8.8%.
- Improvement reflects:
 - 20% revenue growth
 - Improvement in Manufacturing's gross margin, offset by higher cost of sales in Medical due to increased activities in medical devices and implants business lines
 - Significantly lower increase of operational expenses compared to revenue growth.

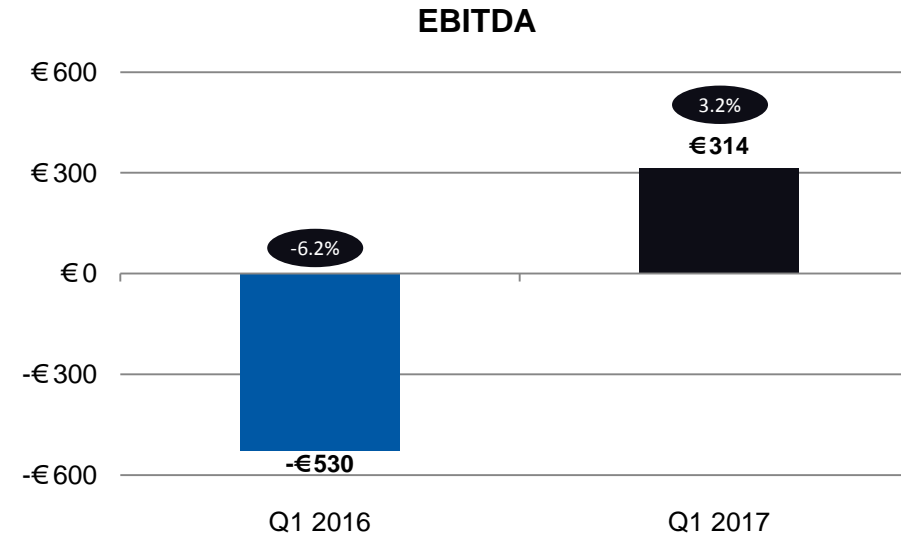
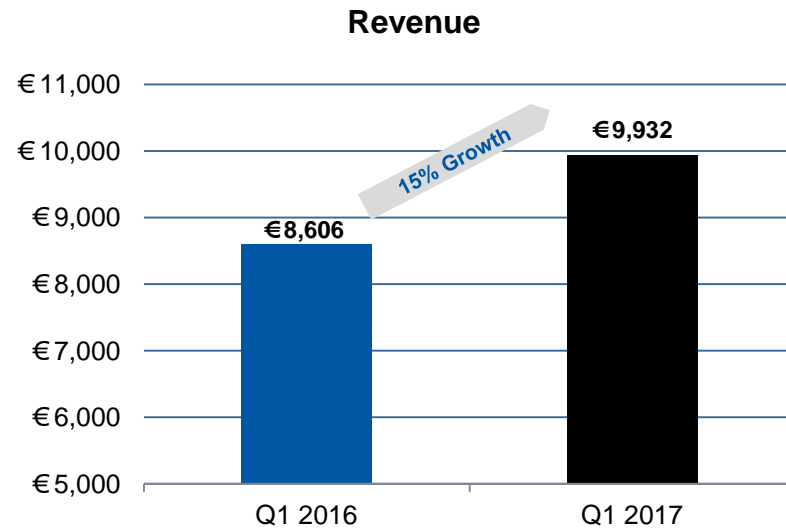
Software Segment



- ▶ 22% quarter-to-quarter growth in revenue from recurring sales.
- ▶ Q1 2017 sales* generated from OEMs up 29% compared to Q1 2016.
- ▶ EBITDA remained solid at approximately 35%.

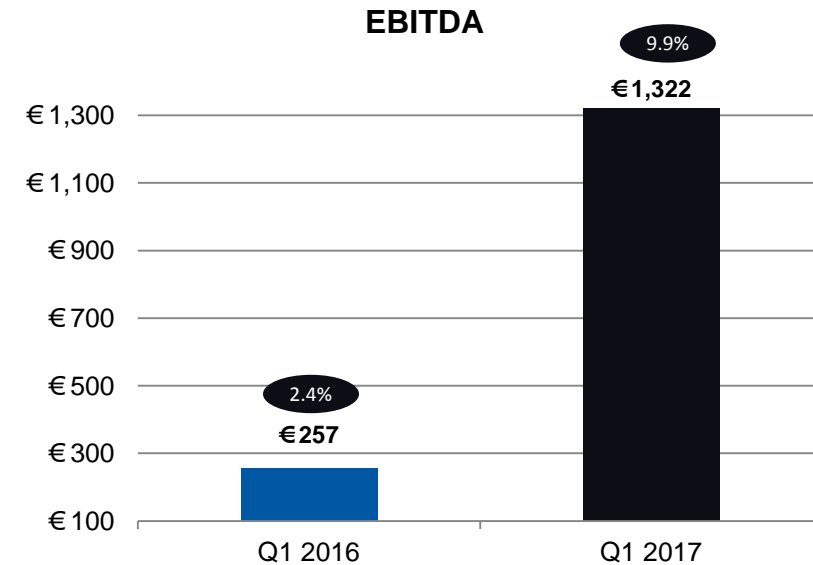
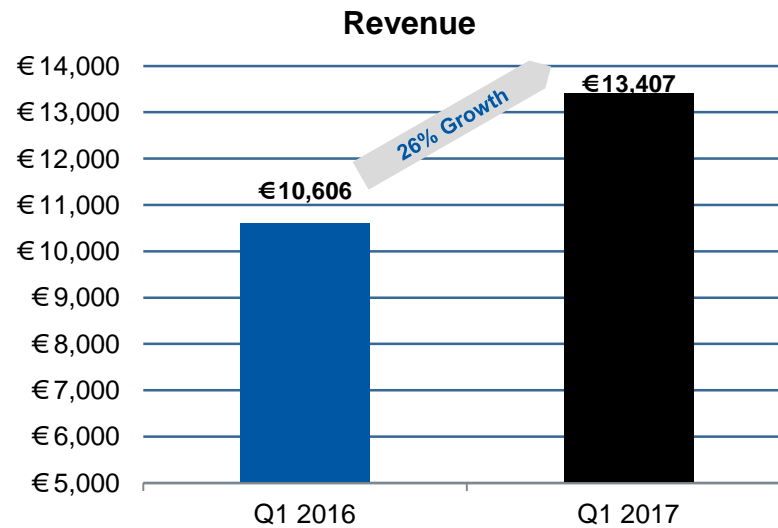
*Sales are defined in this presentation as revenue plus deferred revenue.

Medical Segment



- ▶ Q1 2017 revenue from medical software sales increased 16% from Q1 2016.
- ▶ Revenue from direct sales from complex surgery devices and from medical collaboration partners rose 15% from Q1 2016.
- ▶ EBITDA margin up 940 basis points.

Manufacturing Segment



- ▶ End part manufacturing revenue increased 35% from Q1 2016.
- ▶ EBITDA margin up 750 basis points.
- ▶ Number of printers increased to 155 as of March 31, 2017.

Income Statement Highlights



(in thousands of euros, except where indicated)	Q1	
	<u>2017</u>	<u>2016</u>
Revenue	31,921	26,667
Cost of sales	<u>(13,444)</u>	<u>(10,705)</u>
Gross profit	18,477	15,962
Research & development expenses	(4,592)	(4,372)
Sales & marketing expenses	(9,608)	(8,815)
General & administrative expenses	(5,379)	(5,050)
Other income/(expenses), net	<u>1,018</u>	<u>1,286</u>
Operating profit/(loss)	(84)	(989)
Financial income/(expenses), net	(142)	(734)
Share in loss of joint venture	(389)	(168)
Taxes	(201)	(1,260)
Net profit/(loss)	(816)	(3,151)
Diluted EPS*	(0.02)	(0.07)
Diluted weighted average shares (thousands)	47,325	47,325

* Excludes non-controlling interest.

Other Financial Highlights



(in thousands of euros)	03/31/2017	12/31/16
Cash & equivalents	55,071	55,912
Receivables	30,507	27,479
Inventories	8,267	7,870
Payables	14,617	14,326
Total deferred income	23,549	21,410
Total borrowings	41,408	33,806
Total equity	78,585	79,033
Total liabilities and equity	171,835	161,920
(in thousands of euros)	Q1 2017	Q1 2016
Capital expenditures (incl. financial lease)	9,169	1,590
Cash flow from operations	1,603	1,376

2017 Strategic Priorities



Continue strengthening position as backbone of 3D printing industry and leading enabler of 3D printing applications

SOFTWARE

- ▶ Continue to execute backbone strategy
- ▶ Further expand direct and indirect sales footprint
- ▶ Continuous innovation of technology platform

MEDICAL

- ▶ Implement initiatives to drive next stage of growth
- ▶ Bolster sales to hospital market
- ▶ Expand open guide platform
- ▶ Continued growth of direct and indirect sales of patient-specific implants

MANUFACTURING

- ▶ Continue focus on additive manufacturing of end parts
- ▶ Increase role as incubation center for new vertical applications of 3D printing

Re-iterating Guidance for Full Year 2017

APPENDIX

Adjusted EBITDA Reconciliation



	For the three months ended March 31	
(in thousands of euros)	2017	2016
Net profit/(loss)	(816)	(3,151)
Income taxes	201	1,260
Financial expense	919	897
Financial income	(777)	(163)
Share of loss in a joint venture	389	168
Depreciation & amortization	2,568	1,910
EBITDA	2,484	921
Non-cash stock-based compensation expenses	329	214
Adjusted EBITDA	2,813	1,135