



Materialise
innovators you can count on



**Q3 2015 Financial Results
Conference Call
November 13, 2015**

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 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 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 April 30, 2015. 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

- Q3 2015 Highlights
- MTLS “Backbones” Strategy
- Q3 2015 Financial Results
- Q3 2015 Operational Achievements and Q4 2015 Operational Priorities
- 2015 Guidance
- Q&A

Q3 2015 Highlights

- ✓ Total revenue increased 30.5% to 25,883 kEUR from prior year; organic growth was 25.5% as compared to Q3 2014
- ✓ Deferred revenue from annual software sales and maintenance contracts increased 87% from prior year to 11,800 kEUR
- ✓ Medical sales increased 29% from prior year to 9,123 kEUR
- ✓ All three segments generated impressive revenue gains and positive EBITDA
- ✓ Adjusted EBITDA was 1,175 kEUR compared to 2,055 kEUR in Q3 2014

Materialise's "Backbones"

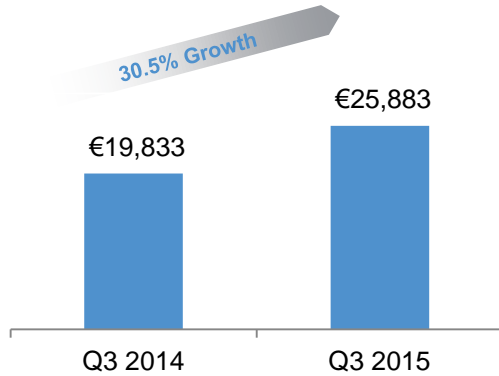
- ✓ Magics platform -- the industrial software backbone
 - Used by everyone who prints on an industrial basis
 - Especially critical for users moving to manufacturing of end parts
- ✓ Manufacturing platform -- open to all parties who want to:
 - Print prototypes efficiently and expediently
 - Print end parts in a certified and dedicated environment
 - Create and co-develop vertically integrated solutions
- ✓ Mimics platform -- the medical planning & design software backbone
 - Used by hospitals, medical device companies and research centers to add 3D printing to their surgical and medical planning & design tools

Comprehensive Platform of Software and Services Enables Building of Meaningful Applications

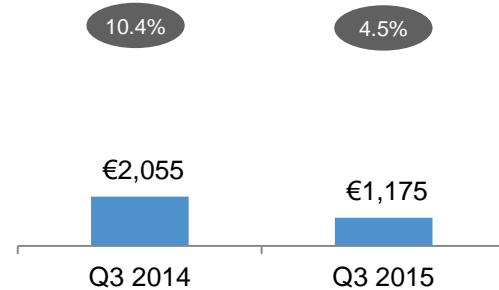
Consolidated Results

Consolidated Revenue

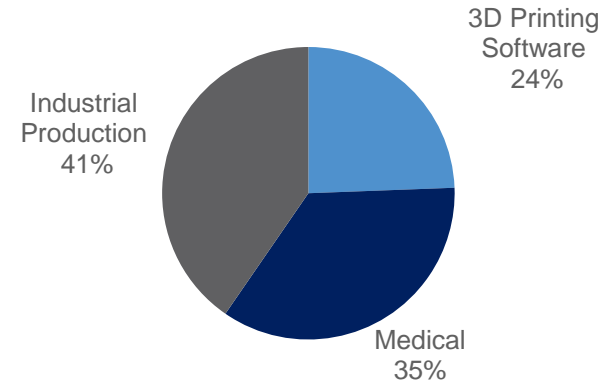
(€ in thousands)



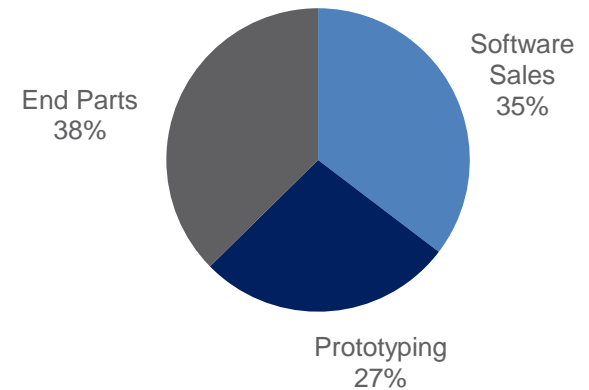
Consolidated Adjusted EBITDA Margin



Q3 2015 Revenue



Q3 2015 Revenue

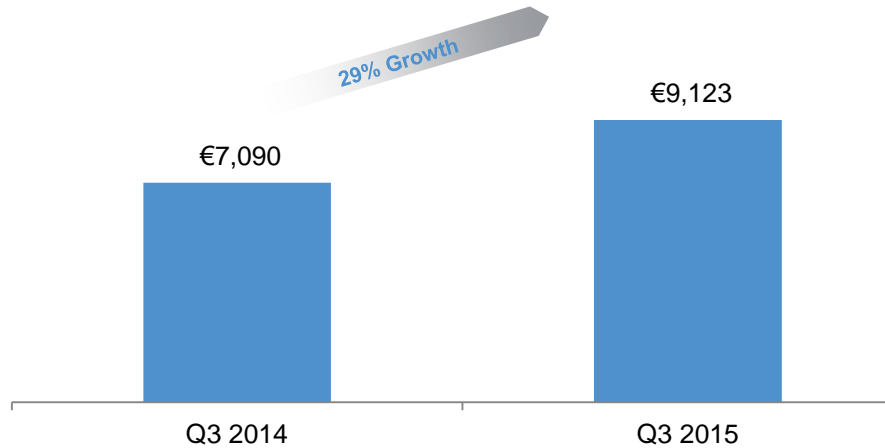


- ✓ 73% of Q3 2015 revenue from software sales and end parts.
- ✓ Q3 2015 S&M and R&D spending increased 32% or 3,169 kEUR from prior year.
- ✓ Non-cash stock-based compensation expense in Q3 2015 was 180 kEUR.

Medical Segment

Revenue

(€ in thousands)

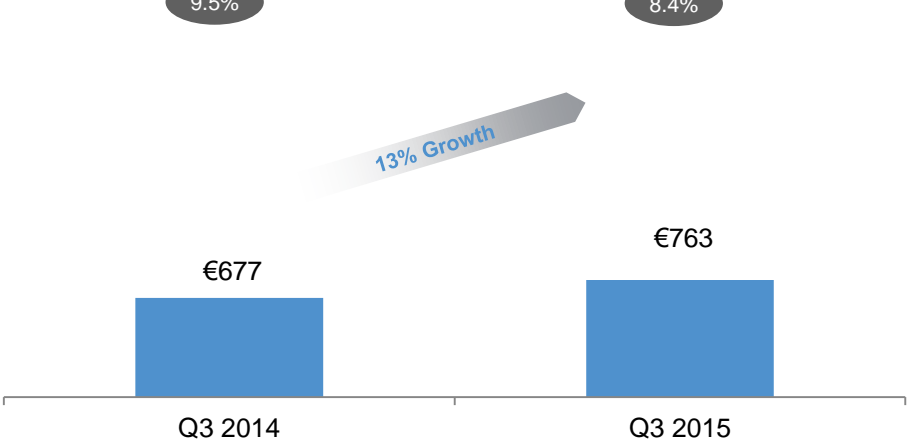


EBITDA

Margin

9.5%

8.4%

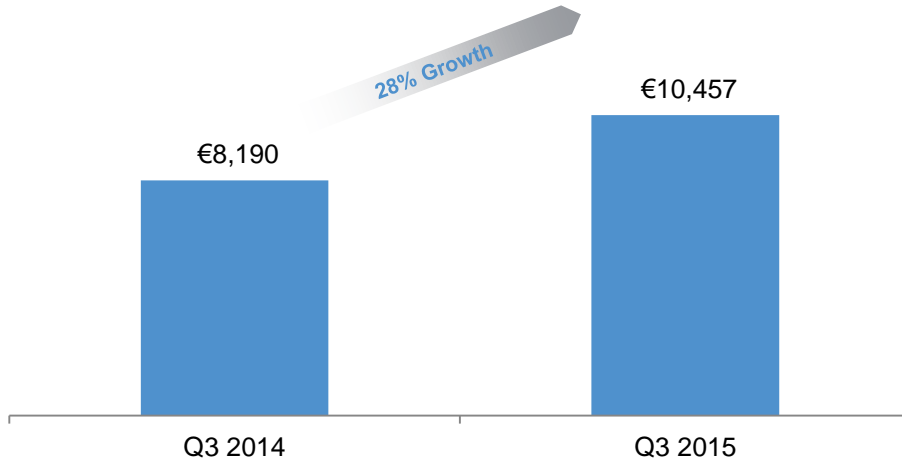


- ✓ Q3 2015 medical software revenue increased 59% from the prior year (15% excluding OrthoView) and represented 31% of total medical sales (as compared to 25% in Q3 2014).
- ✓ Share of annual licenses increased to 65% of new license sales from 18% last year, excluding OrthoView.
- ✓ Q3 2015 revenue from direct sales of complex surgery devices increased by 22% from the prior year and represented 16% of total medical sales.
- ✓ Q3 2015 revenue from medical collaboration partners increased 6% from the prior year.

Industrial Production Segment

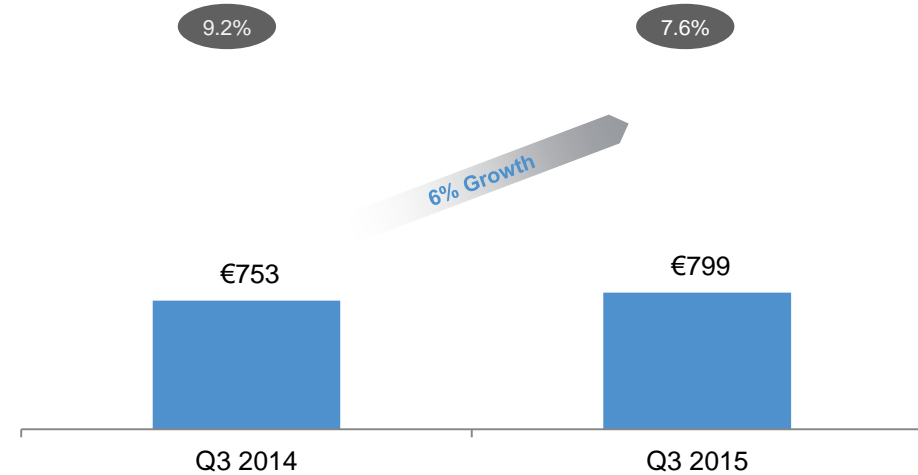
Revenue

(€ in thousands)



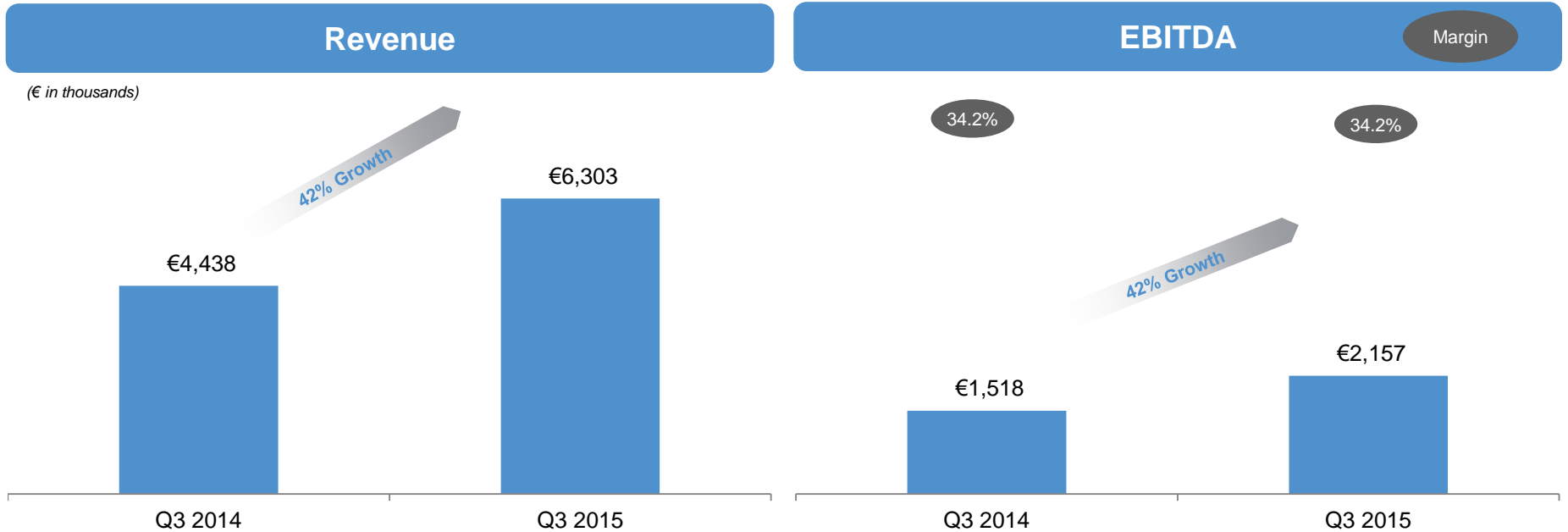
EBITDA

Margin



- ✓ 47% growth in sales of end parts for Q3 2015 over the prior year.
- ✓ Number of printers increased from 120 as of 9/30/14 to 134 as of 9/30/15.
- ✓ Excluding growth businesses, Q3 2015 EBITDA margin was 17% versus 19% for the prior year.
- ✓ Growth businesses performed well, with revenue growing 85%.

3D Printing Software Segment



- ✓ Revenue from new licenses for Q3 2015 increased by 43% from the prior year.
- ✓ Q3 2015 revenue generated from OEMs increased by 34% from the prior year ⁽¹⁾.

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

Income Statement Highlights

(in thousands of euros, except where indicated)	Q3	
	<u>2015</u>	<u>2014</u>
Revenue	25,883	19,833
Cost of sales	<u>(11,181)</u>	<u>(7,679)</u>
Gross profit	14,702	12,154
Research & Development Expenses	(4,566)	(3,672)
Sales & Marketing Expenses	(8,657)	(6,382)
General & Administrative Expenses	(3,956)	(2,758)
Other income/(expenses), net	<u>1,643</u>	<u>1,401</u>
Operating profit (loss)	(834)	743
Financial income/(expenses), net	151	1,984
Share in loss of joint venture	(125)	(28)
Taxes	(296)	(140)
Net profit/(loss)	(1,104)	2,559
Diluted EPS*	(0.02)	0.05
Diluted weighted average shares (thousands)	47,227	49,142

* Excludes non-controlling interest.

Other Financial Highlights

(in thousands of euros)	09/30/2015	12/31/2014
Cash & equivalents*	48,734	61,019
Receivables	19,026	18,370
Inventories	4,689	3,660
Payables	7,877	7,333
Total deferred income	15,021	12,419
Total borrowings	15,864	17,347
Total equity	80,738	85,167
Total liabilities and equity	131,205	133,221
(in thousands of euros)	Q3 2015	Q3 2014
Capital expenditures	(2,828)	(3,487)
Cash flow from operations	268	26

* Including held-to-maturity investments of €10,000 as per 12/31/2014.

Operational Review

Q3 Operational Accomplishments

- ✓ Signed various new partnerships for guide technology

Q4 Operational Priorities

MEDICAL

- ✓ Begin integrating new partners on open guide platform
- ✓ Set up medical printing center in Japan
- ✓ Expand complex surgery portfolio with a shoulder solution and increase global reach of these products

INDUSTRIAL PRODUCTION

- ✓ Opened metal 3D printing factory in Bremen, GY
- ✓ Entered into “wearable” partnerships with Adidas and SEIKO Optical Europe
- ✓ Launched i.materialise franchise in UAE with 3DVinci Creations
- ✓ Secure high-profile end part manufacturing contracts
- ✓ Strengthen MTLs presence in the “wearables” market

SOFTWARE

- ✓ Continued to roll out our build processor program
- ✓ Initiated commercial roll out of AMCP platform
- ✓ Launch Magics²⁰ platform at formnext

Fiscal 2015 Guidance

- ✓ Maintaining revenue guidance
- ✓ Updating adjusted EBITDA⁽¹⁾ guidance to reflect accelerated investments

**Consolidated
Revenue**

99M to 101M euros

**Consolidated
Adj. EBITDA⁽¹⁾**

2.5M to 3.5M 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 see the risk factors described in our annual report on Form 20-F filed with the SEC on April 30, 2015. 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.

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 three months ended September 30	
(in thousands of euros)	2015	2014
Net profit/(loss)	(1,104)	2,559
Income taxes	296	140
Financial expenses	373	412
Financial income	(524)	(2,395)
Share in Loss in a Joint Venture	125	-
Depreciation & amortization	1,829	1,057
EBITDA	995	1,773
Non-recurring IPO Expenses	0	0
Non-cash stock-based compensation expenses	180	282
Adjusted EBITDA	1,175	2,055