

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 diagonal split.

**materialise**  
innovators you can count on

**Q1 2018 Financial Results  
Conference Call  
May 4, 2018**

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

# 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 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 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, 2018. 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.

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# Agenda



**Fried Vancraen**  
*Founder & CEO*



**Peter Leys**  
*Executive Chairman*



**Johan Albrecht**  
*CFO*

- ▶ Q1 2018 Highlights
- ▶ Materialise Medical: An Example of Successful Vertical Market Development
- ▶ Q1 2018 Financial Results
- ▶ Driving the Digital Supply Chain
- ▶ Q&A

# Q1 2018 Highlights

- ▶ Total revenue increased 38% from Q1 2017 to 43,899 kEUR
- ▶ Revenue and EBITDA outperformance in Materialise Medical and Materialise Manufacturing's new business from ACTech
- ▶ Adjusted EBITDA was 5,224 kEUR compared to 2,813 kEUR for Q1 2017.
  - ▶ Excluding ACTech, Adjusted EBITDA was 2,383 kEUR
- ▶ Net result improved 633 kEUR to (183) kEUR, or 0.00 EUR per diluted share

**Strong Q1 performance, with double-digit EBITDA margins  
in all three segments**

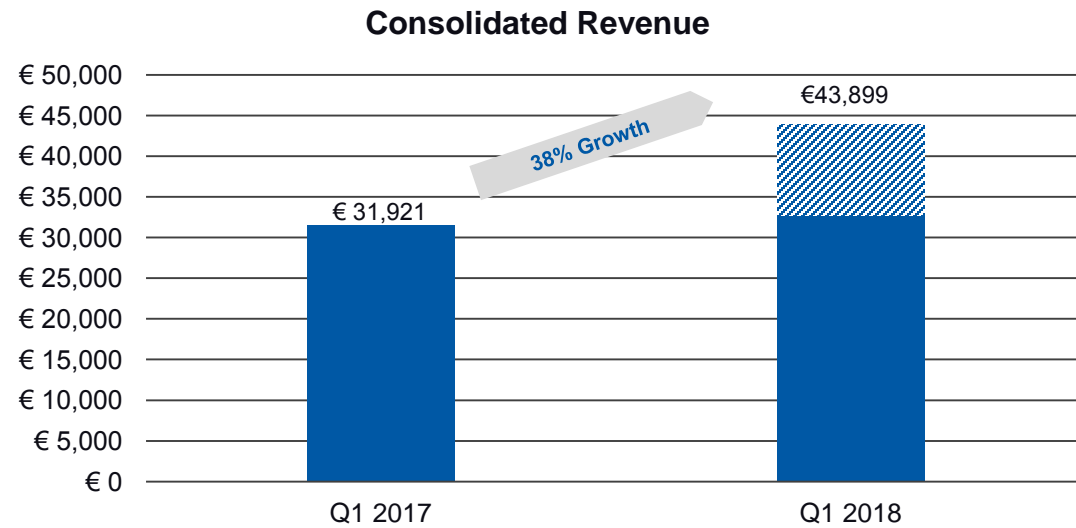
# Materialise Medical: An Example of Successful Vertical Market Development

- ▶ Medical -- our company's oldest and largest vertical market
  - ▶ Products brought to market combine all our core competencies and offer significant benefits to patients
    - ▶ Pricing reflects our entire value offering
  - ▶ E.g.: Development of TRUMATCH® titanium 3-D printed implants
    - ▶ Complex, multi-faceted development effort began in 2009
- ▶ Currently executing similar efforts for a variety of vertical markets in Materialise Manufacturing






**Creation of new product categories in verticals offers unprecedented added value and, over time, financial benefits for Materialise**

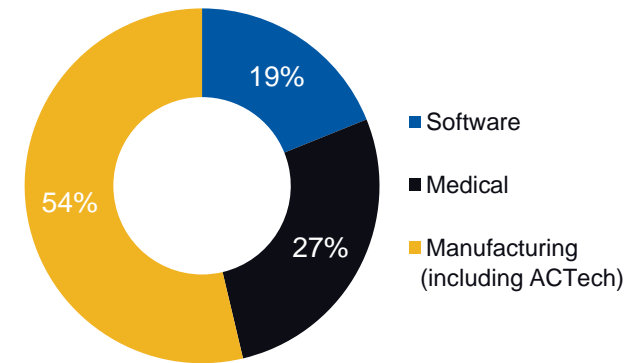
# Q1 2018 - Consolidated Revenue



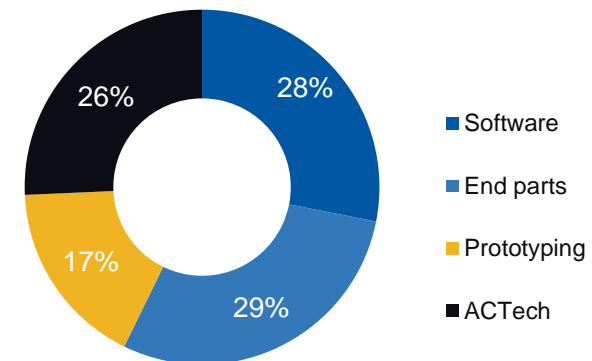
 = Impact of ACTech Acquisition

-  Solid sales increase in Medical and Software segments
-  Deferred revenue increased 2,116 kEUR
-  ACTech contributed 11,197 kEUR.

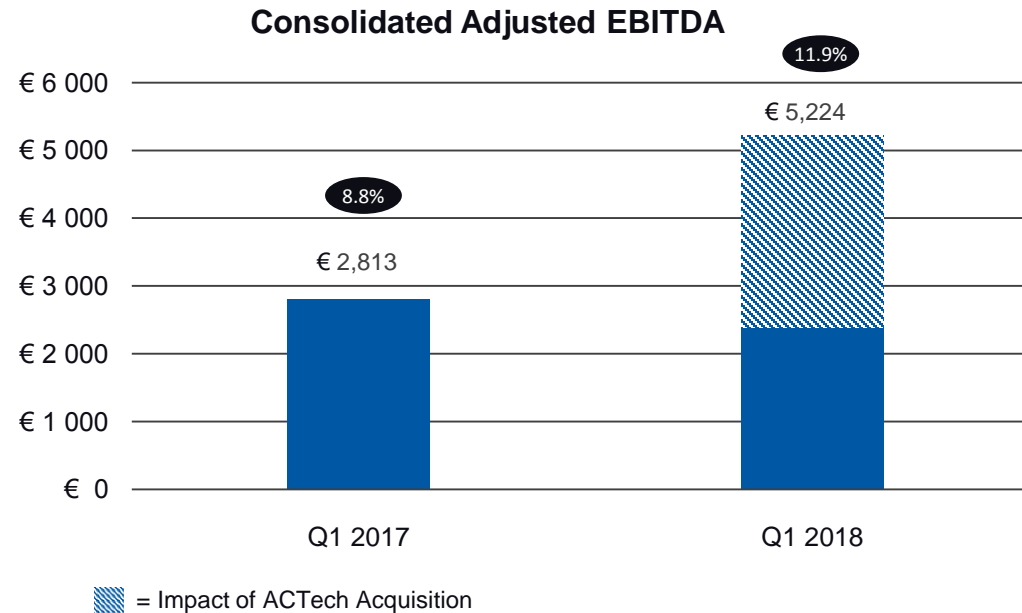
## Q1 2018 Revenue by Segment



## Q1 2018 Revenue by Product Type

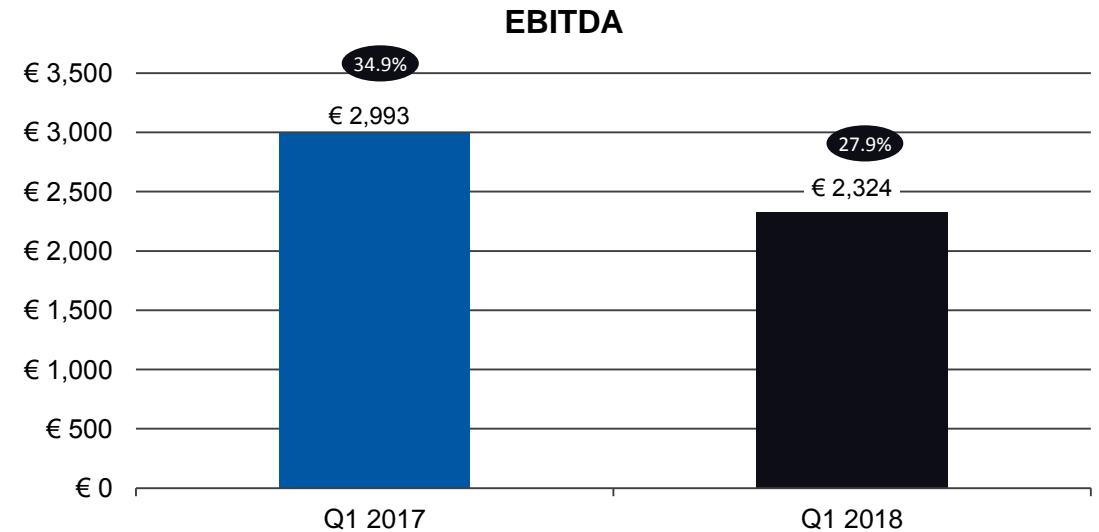
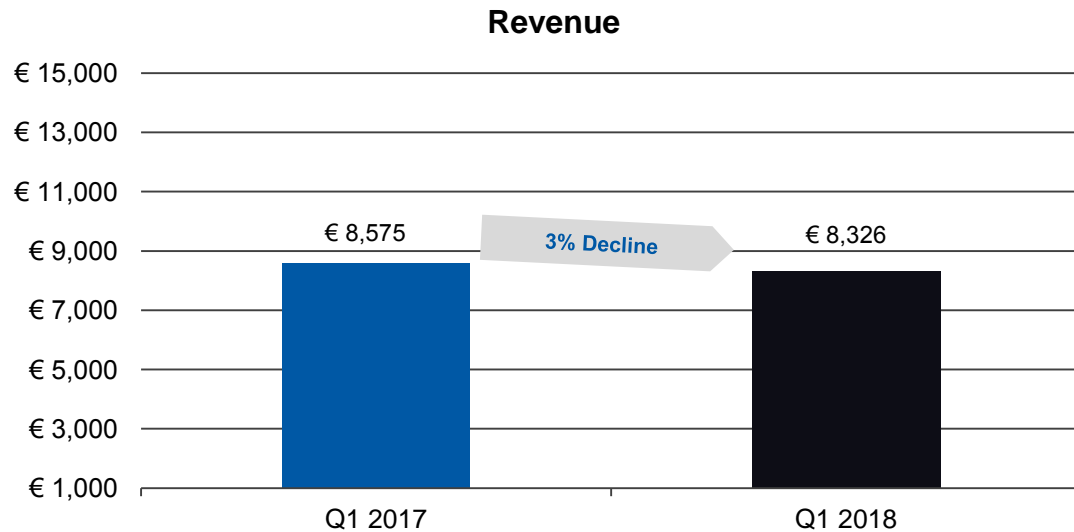


# Q1 2018 - Consolidated Adjusted EBITDA



- Q1 2018 consolidated adjusted EBITDA increased 86%
- Q1 2018 consolidated adjusted EBITDA grew 310 basis points to 11.9%.
- Improvement reflects:
  - ACTech's EBITDA contribution of 2,841 kEUR
  - Significant increase in Medical segment's EBITDA offset by lower EBITDA in Software and organic Manufacturing businesses

# Software Segment

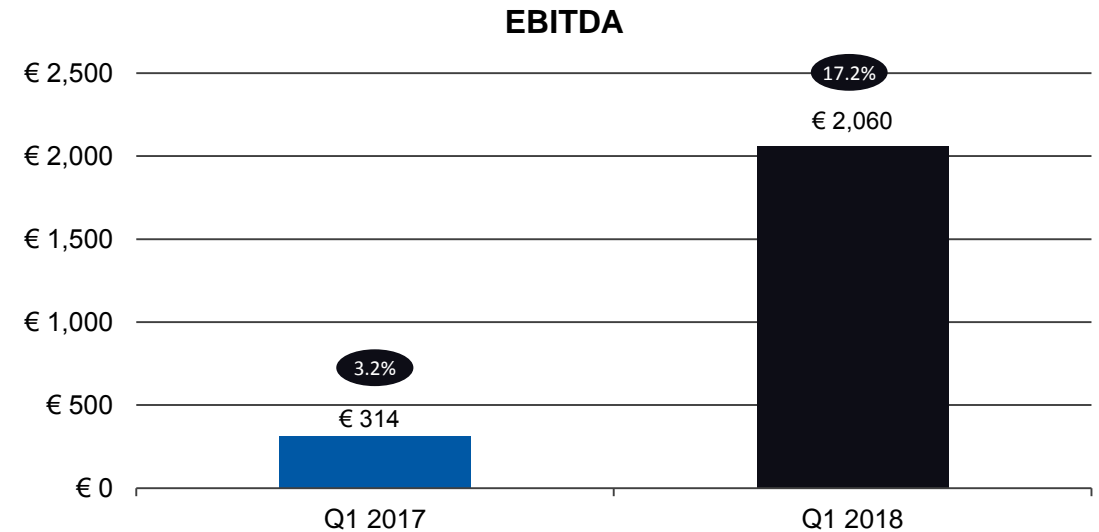
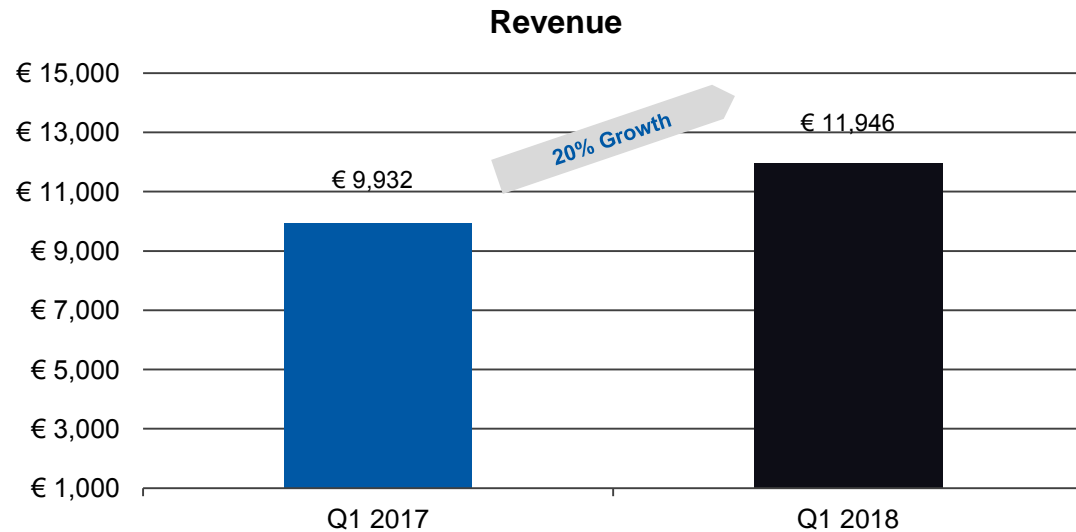


- 6% quarter-to-quarter revenue growth from recurring sales
- Q1 2018 sales\* generated from OEMs up 6%; direct sales up 10% compared to Q1 2017
- Higher deferred revenue combined with continued R&D and S&M investments resulted in 28% EBITDA margin

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

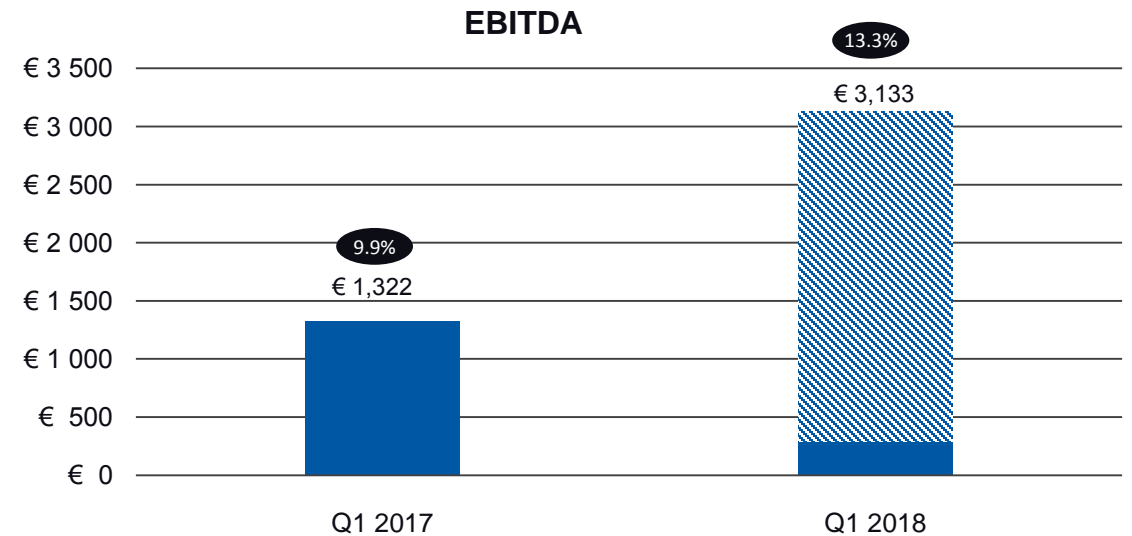
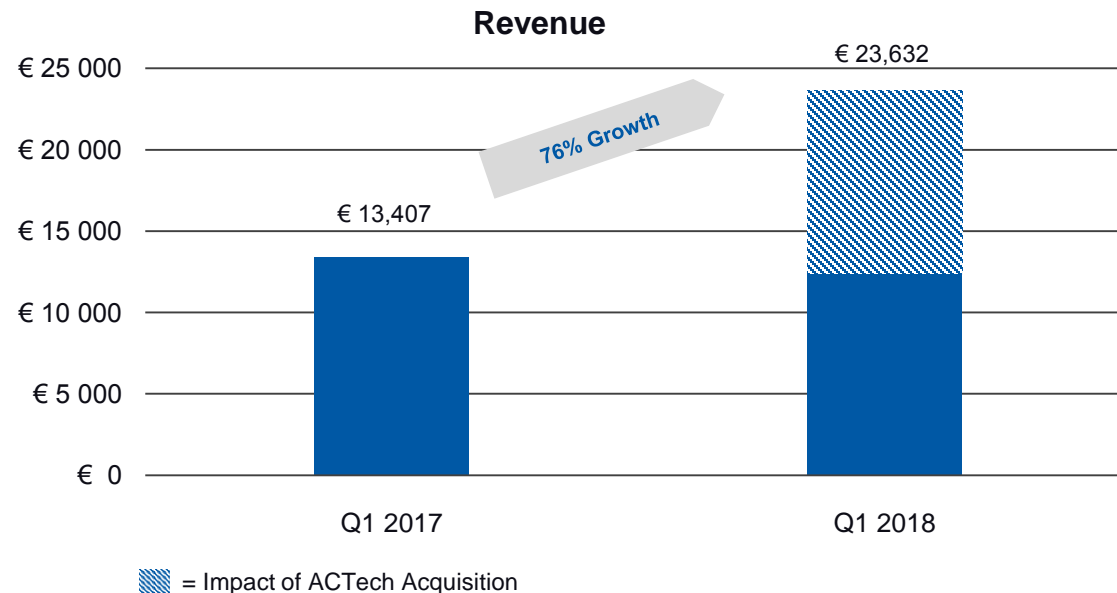


# Medical Segment



- Q1 2018 revenue from medical software sales increased 18%
- Revenue from direct sales from medical devices and services rose 22%
- Top line excludes deferred income from partner contract project fees
- EBITDA increased 1,746 kEUR, resulting in a 17% EBITDA margin, due to solid revenue growth and limited increase of operating expenses

# Manufacturing Segment



- Organically, slow dynamics in European market led to 7.3% revenue decline compared to record Q1 2017
- ACTech contributed 2,841 kEUR to EBITDA
- EBITDA margin increased to 13%
- 182 printers in production as of March 31, 2018

# Income Statement Highlights

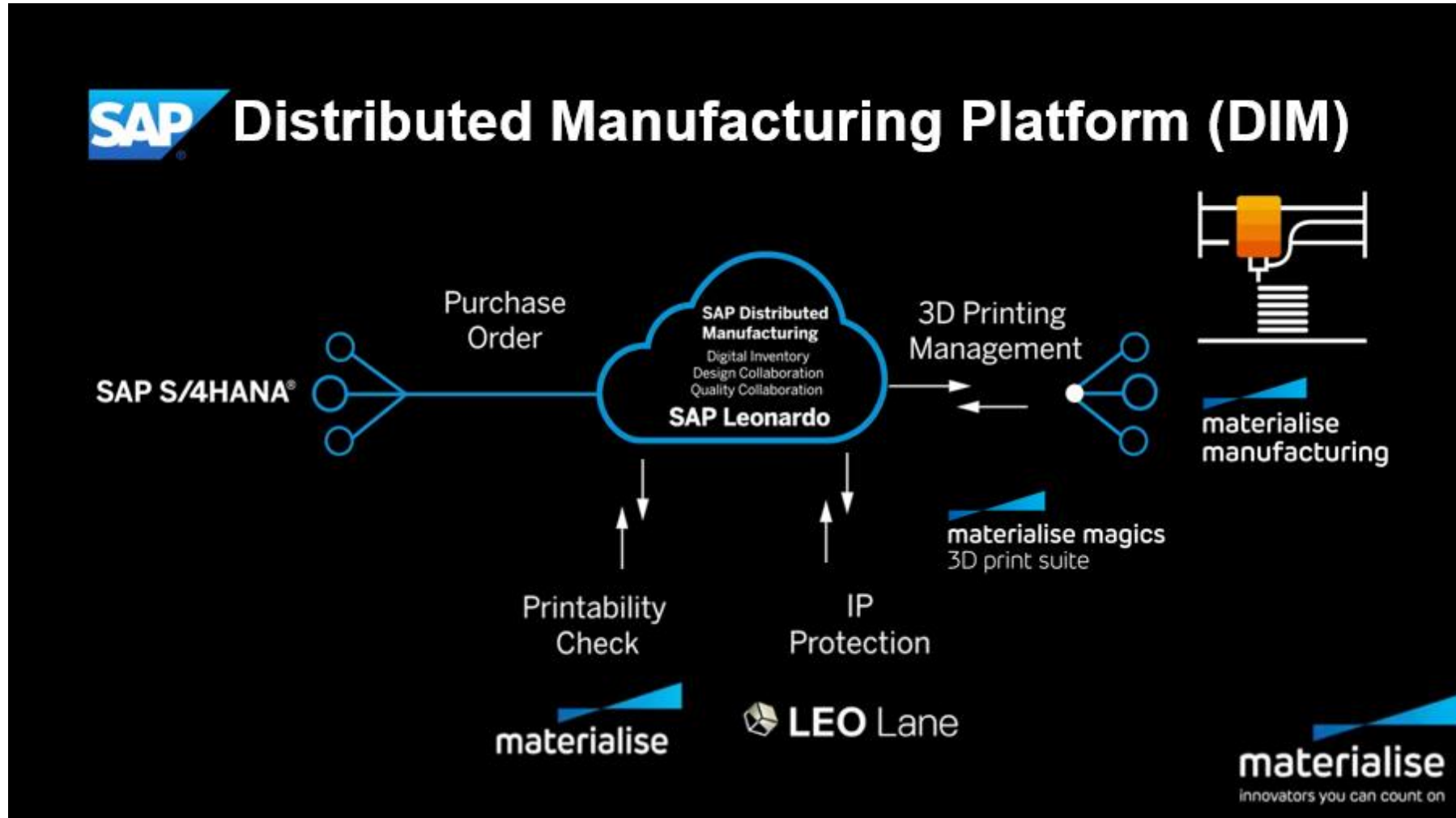
(in thousands of euros, except where indicated)	Q1	
	<u>2018</u>	<u>2017</u>
Revenue	43,899	31,921
Cost of sales	<u>(19,944)</u>	<u>(13,444)</u>
Gross profit	23,955	18,477
Research & development expenses	(5,615)	(4,592)
Sales & marketing expenses	(10,599)	(9,608)
General & administrative expenses	(7,160)	(5,379)
Other income/(expenses), net	<u>549</u>	<u>1.018</u>
Operating profit/(loss)	1,130	(84)
Financial income/(expenses), net	(710)	(142)
Share in loss of joint venture	(103)	(389)
Taxes	(500)	(201)
Net profit/(loss)	(183)	(816)
Diluted EPS*	0.00	(0.02)
Diluted weighted average shares (thousands)	47,428	47,325

\* Excludes non-controlling interest.

## Other Financial Highlights

(in thousands of euros)	03/31/2018	12/31/2017
Cash & equivalents	44,697	43,175
Receivables	39,535	35,582
Inventory	10,426	11,594
Payables	21,205	19,230
Total deferred income	29,111	23,831
Total borrowings	94,795	94,557
Total equity	76,443	77,515
Total equity and liabilities	242,652	237,539

(in thousands of euros)	Q1 2018	Q1 2017
Capital expenditures	(4,680)	(9,169)
Cash flow from operations	6,200	1,603



# APPENDIX

## Adjusted EBITDA Reconciliation

	For the three months ended March 31	
(in thousands of euros)	2018	2017
Net profit/(loss)	(183)	(816)
Income taxes	500	201
Financial expense	1,550	919
Financial income	(840)	(777)
Share of loss in a joint venture	103	389
Depreciation & amortization	4,006	2,568
EBITDA	5,136	2,484
Non-cash stock-based compensation expenses	88	329
Adjusted EBITDA	5,224	2,813