

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 shape that tapers from the top right to the bottom left, creating a sense of movement and growth.

materialise
innovators you can count on

**4Q 2016 Financial Results
Conference Call
February 24, 2017**

www.materialise.com
NASDAQ: MTL

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 28, 2016. 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

- ▶ Q4 and FY 2016 Highlights
- ▶ Strategic Accomplishments and Positioning
- ▶ Q4 2016 Financial Results
- ▶ Operational Accomplishments & Goals – 2016 and 2017
- ▶ Fiscal 2017 Guidance
- ▶ Q&A

Q4 2016 Highlights

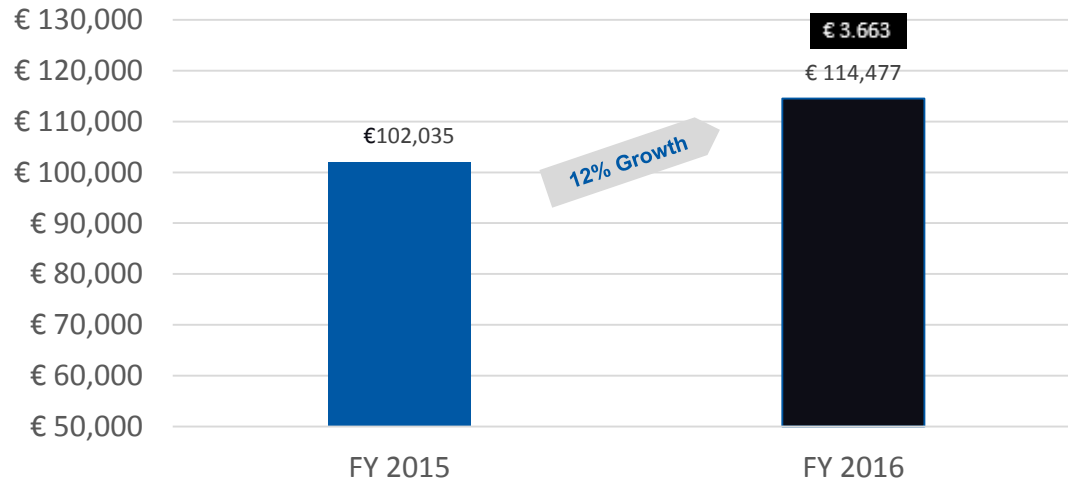


- ▶ Total revenue increased 12.3% from Q4 2015 to 31,477 kEUR, with increases in all three business segments.
- ▶ Total deferred revenue from annual software sales and maintenance contracts increased 3,663 kEUR from 13,136 kEUR for Q4 2015 to 16,799 kEUR for Q4 2016.
- ▶ Adjusted EBITDA was 4,455 kEUR compared to 2,979 kEUR for Q4 2015.
- ▶ Net profit was 620 kEUR, or 0.01 EUR per diluted share.

Strong Performance by Materialise in a Transition Period for the Industry

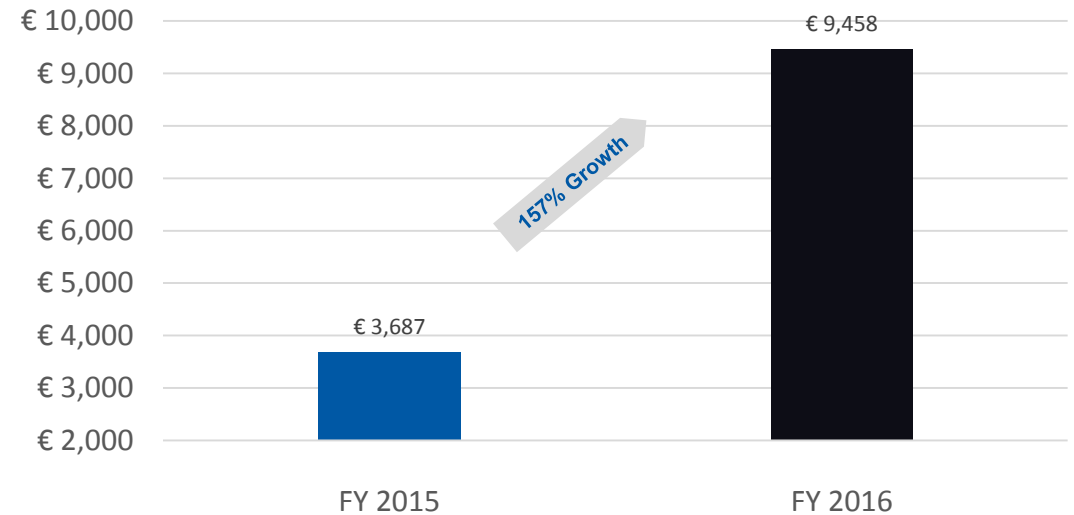
FY 2016 Overview

Consolidated Revenue



- FY revenue increase of 12%
- Excluding increase of 3,663 kEUR deferred revenue from license and maintenance fees.

Consolidated Adjusted EBITDA



- FY Adjusted EBITDA increase of 157%
- Revenue increase of 12%.
- Gross profit margin rose to 59.2% from 57.9%.
- 5% increase in operating expenses.

Strategic Accomplishments and Positioning

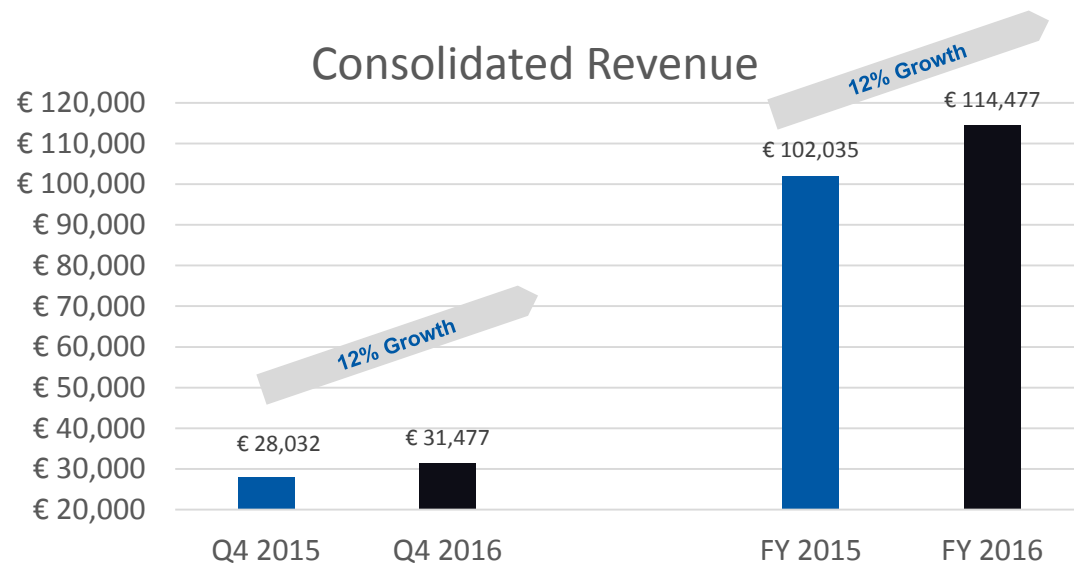


- ▶ Launched new product brand architecture to serve as backbone for 3D printing.
- ▶ Introduced multiple new product suites tailored to the needs of specific customer groups.
- ▶ Entered into partnership with Siemens that will give Materialise access to a broader customer base early in the product development cycle.
- ▶ Printed more than one million 3D printed parts in 2016.
- ▶ Launched Yuniku eyewear – a prime example of the vertical backbone implementation of our technologies.

**Robust Value-Based Strategic Choices in 2016 Set the Stage
for Further Long-term Value Creation**

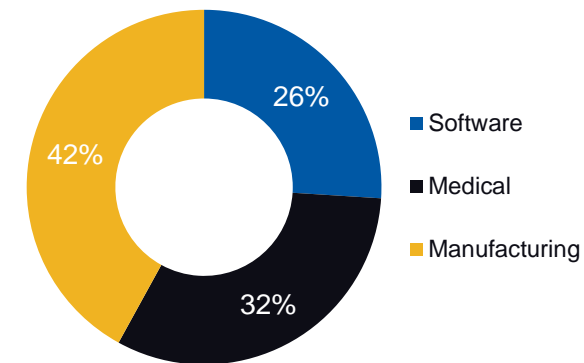


Q4 2016 - Consolidated Revenue

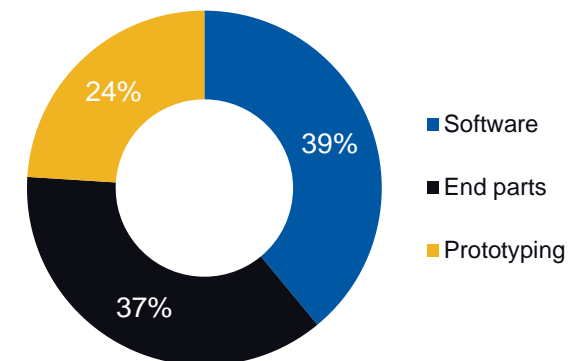


- Revenue increases in all segments.
- Manufacturing led the gain, with a 19% increase quarter to quarter, followed by Software.
- 76% of Q4 2016 revenue from software sales and end parts.

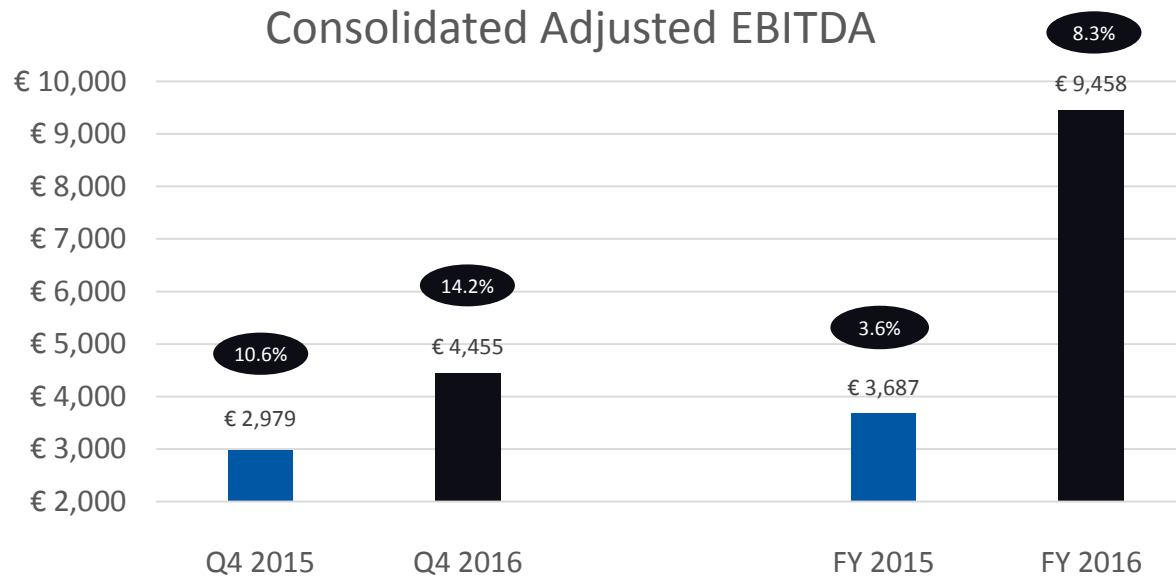
Q4 2016 Revenue by Segment



Q4 2016 Revenue by Product Type

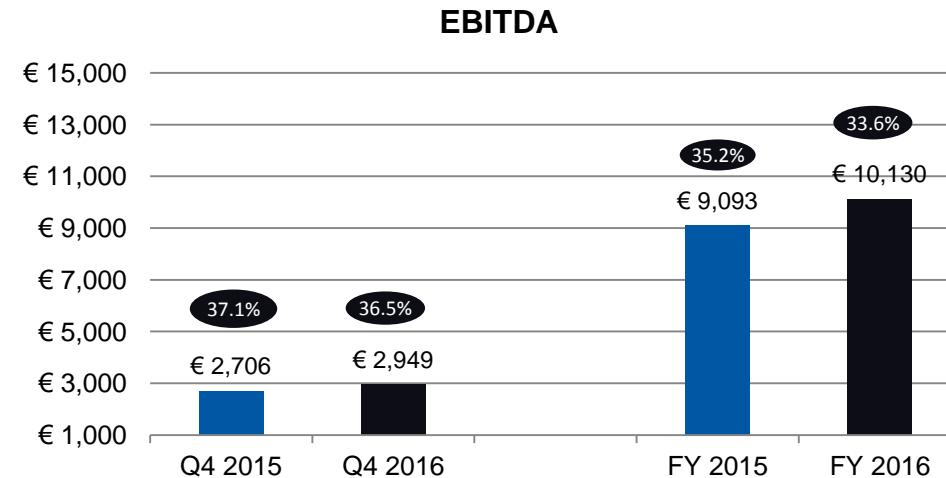
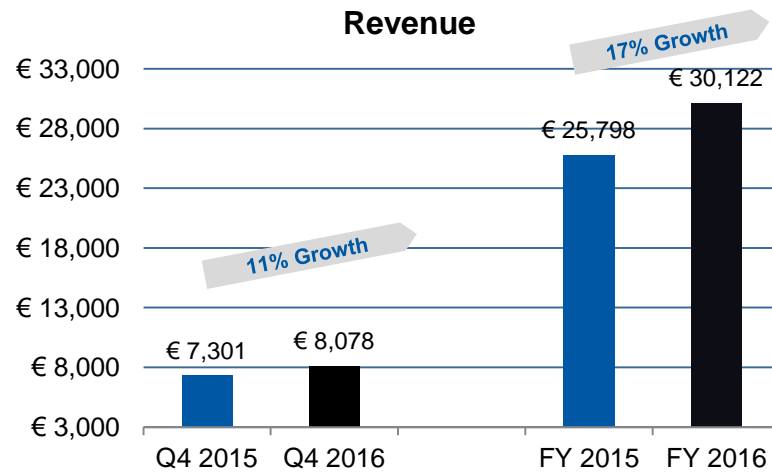


Q4 2016 - Consolidated Adjusted EBITDA



- Q4 2016 Consolidated Adjusted EBITDA was 4,455 kEUR compared to 2,979 kEUR for 4Q 2015.
- Q4 2016 Consolidated Adjusted EBITDA margin grew 360 basis points to 14%.
- Improvements reflect:
 - 12% revenue growth
 - 4% increase in operational expenses

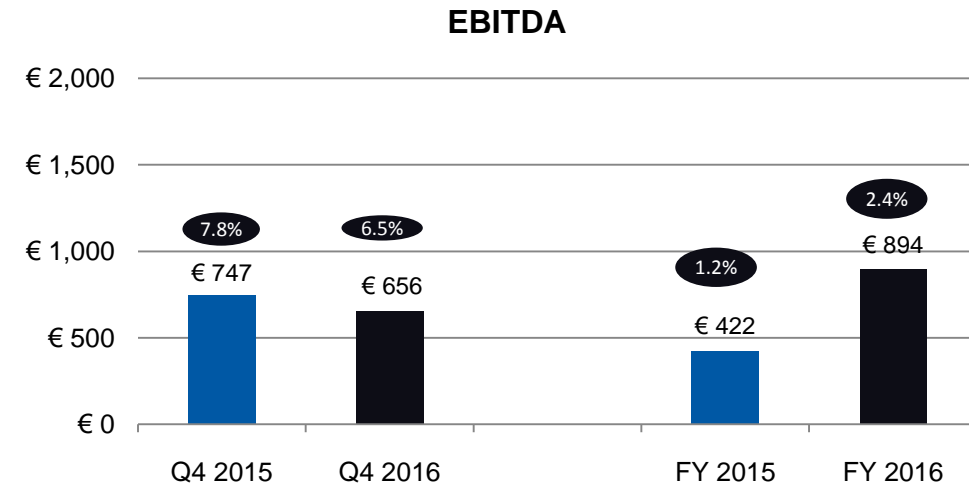
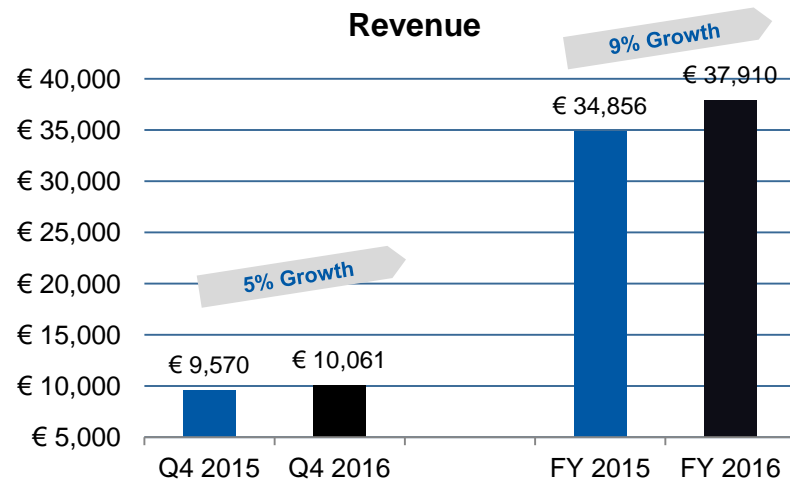
Software Segment



- ▶ 38% quarter-to-quarter growth in recurring sales*.
- ▶ Q4 2016 sales* generated from OEMs up 41% compared to Q4 2015.
- ▶ EBITDA margin remained solid at approximately 37%.

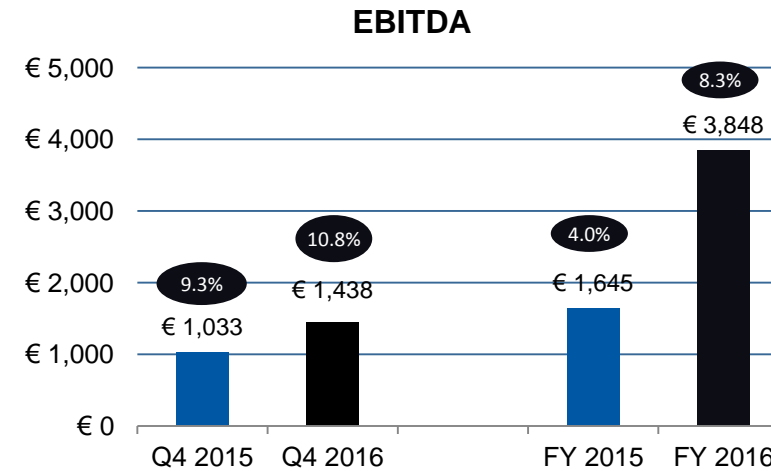
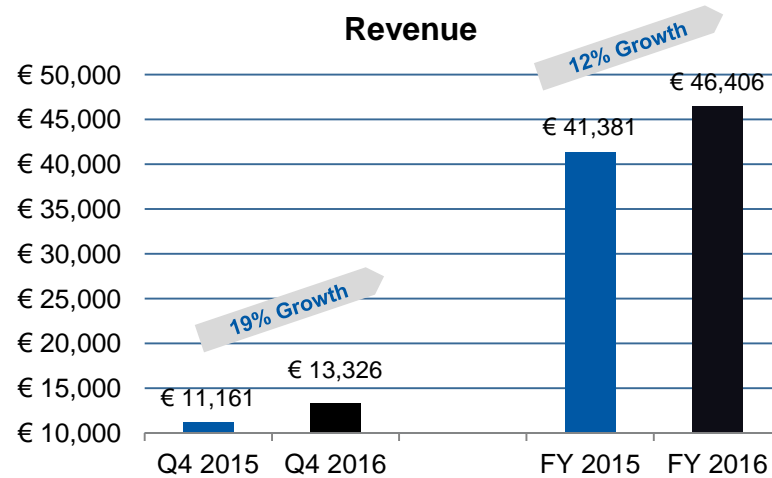
*Sales are defined in this presentation as revenue plus deferred revenue.

Medical Segment



- ▶ Q4 2016 sales from medical software increased 30% from Q4 2015.
- ▶ Sales from medical collaboration partners decreased 4% from Q4 2015.
- ▶ Direct sales from complex surgery solutions increased 83% from Q4 2015.
- ▶ EBITDA margin was approximately 7%.

Manufacturing Segment



- ▶ End part manufacturing revenue increased 20% from Q4 2015.
- ▶ EBITDA margin increased to 11% from 9% for Q4 2015.
- ▶ Excluding i.materialise and RapidFit, EBITDA margin in Q4 2016 was 16% versus 14% in Q4 2015.
- ▶ Number of printers increased to 150 as of December 31, 2016.

Income Statement Highlights

(in thousands of euros, except where indicated)	Q4		Full Year	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue	31,477	28,032	114,477	102,035
Cost of sales	<u>(12,858)</u>	<u>(11,456)</u>	<u>(46,706)</u>	<u>(42,963)</u>
Gross profit	18,619	16,576	67,771	59,072
Research & development expenses	(4,161)	(4,742)	(17,682)	(18,186)
Sales & marketing expenses	(9,506)	(9,340)	(36,153)	(36,832)
General & administrative expenses	(4,816)	(3,767)	(20,041)	(15,045)
Other income/(expenses), net	<u>1,779</u>	<u>2,205</u>	<u>6,212</u>	<u>7,102</u>
Operating profit/(loss)	1,915	932	107	(3,889)
Financial income/(expenses), net	253	356	(398)	1,041
Share in loss of joint venture	(650)	(153)	(1,018)	(401)
Taxes	<u>(898)</u>	<u>1,010</u>	<u>(1,710)</u>	<u>389</u>
Net profit/(loss)	620	2,145	(3,019)	(2,860)
Diluted EPS*	0.01	0.05	-0.06	-0.06
Diluted weighted average shares (thousands)	47,325	47,779	47,325	47,224

* Excludes non-controlling interest.

Other Financial Highlights

(in thousands of euros)	12/31/2016	12/31/2015
Cash & equivalents	55,912	50,726
Receivables	27,479	22,843
Inventory	7,870	5,387
Payables	14,326	9,967
Total deferred income	21,410	16,601
Total borrowings	33,806	21,089
Total equity	79,033	82,955
Total equity and liabilities	161,920	144,136
(in thousands of euros)	Q4 2016	Q4 2015
Capital expenditures	(6,892)	(3,611)
Cash flow from operations	4,180	724

Strategic Achievements & Goals

2016 Achievements		2017 Strategic Priorities
<ul style="list-style-type: none"> ➤ Bolstered position in end part manufacturing market through structured partnerships, incl. Siemens ➤ Expanded technology platforms to meet high demands of end part manufacturing <ul style="list-style-type: none"> ➤ Launched Inspector ➤ Expanded framework of build processors 	<p>SOFTWARE</p>	<ul style="list-style-type: none"> ➤ Continue to execute backbone strategy <ul style="list-style-type: none"> ➤ Further expand direct and indirect sales footprint ➤ Continuous innovation of technology platform
<ul style="list-style-type: none"> ➤ Expanded and strengthened partners' platform, in particular for CMF products ➤ Launched Mimics Inprint and Anatomy Print ➤ Increased sales reach of complex surgery solutions 	<p>MEDICAL</p>	<ul style="list-style-type: none"> ➤ Implement initiatives to drive next stage of growth <ul style="list-style-type: none"> ➤ Bolster sales to hospital market ➤ Expand open guide platform ➤ Continued growth of direct and indirect sales of patient-specific implants
<ul style="list-style-type: none"> ➤ Launched Yuniku eyewear platform with Hoya ➤ Increased end parts production ➤ Engaged in co-creation sessions with key players considering 3D printing for end parts 	<p>MANUFACTURING</p>	<ul style="list-style-type: none"> ➤ Continue focus on additive manufacturing of end parts ➤ Increase role as incubation center for new vertical applications of 3D printing

Fiscal 2017 Guidance

Consolidated Revenue	128 M to 134 M euros
Consolidated Adj. EBITDA⁽¹⁾	10.5 M to 13.5 M euros
Deferred Revenue Increase (from software licenses & maintenance only)	4 M to 5 M 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 28, 2016. 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.

APPENDIX

Adjusted EBITDA Reconciliation



	For the quarter ended December 31		For the year ended December 31	
(in thousands of euros)	2016	2015	2016	2015
Net profit/(loss)	620	2,145	(3,019)	(2,860)
Income taxes	898	(1,010)	1,710	(389)
Financial expense	749	362	2,437	2,470
Financial income	(1,002)	(718)	(2,039)	(3,511)
Share of loss in a joint venture	650	153	1,018	401
Depreciation & amortization	2,280	1,933	8,374	6,810
EBITDA	4,195	2,865	8,481	2,921
Non-recurring IPO expenses	0	0	0	0
Non-cash stock-based compensation expenses	260	114	977	766
Adjusted EBITDA	4,455	2,979	9,458	3,687