



**materialise**  
innovators you can count on

**1Q 2016 Financial Results  
Conference Call  
May 11, 2016**

[www.materialise.com](http://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 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.

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# Agenda



**Fried Vancraen**  
*Founder & CEO*



**Peter Leys**  
*Executive Chairman*



**Johan Albrecht**  
*CFO*

- ▶ Q1 2016 Highlights
- ▶ Materialise Magics 3D Print Suite
- ▶ Q1 2016 Financial Results
- ▶ Operational Review
- ▶ Q&A

## Q1 2016 Highlights



- ▶ Total revenue increased 14% to 26,667 kEUR from prior year in a seasonally slow quarter.
- ▶ Deferred revenue from annual software sales and maintenance contracts increased 1,731 kEUR from prior year to 13,962 kEUR.
- ▶ Gross margin expanded to 59.9%.
- ▶ Adjusted EBITDA was 1,135 kEUR for a 4.3% margin.

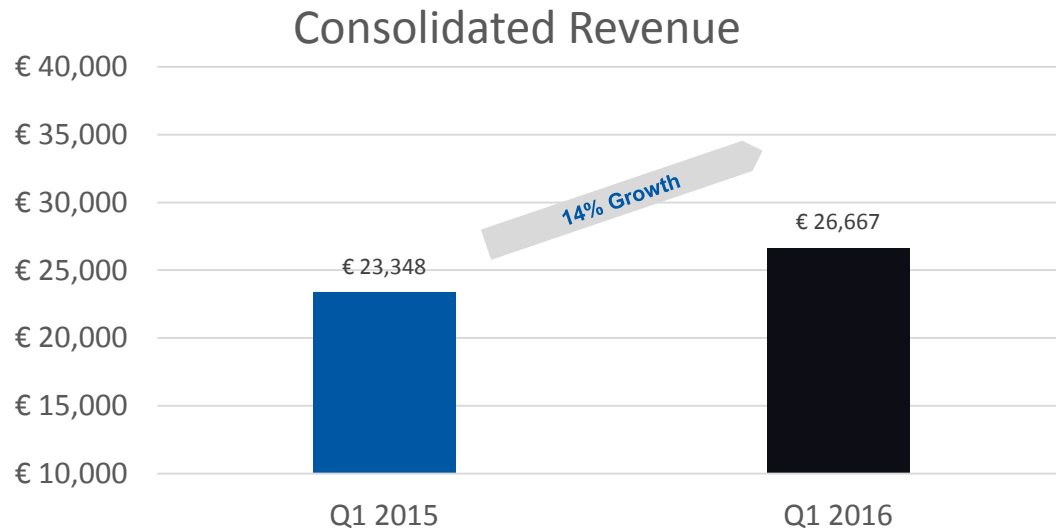
# Materialise Magics 3D Print Suite



- ▶ New software suite to be launched at RAPID this month.
- ▶ Combines the functionality of multiple applications into one complete set of business solutions.
- ▶ Open, neutral platform allows users to create high-quality applications regardless of design software, technology or material.
- ▶ Suite built to adapt to new industries embracing 3D printing as well as to help existing customers' evolving production requirements.

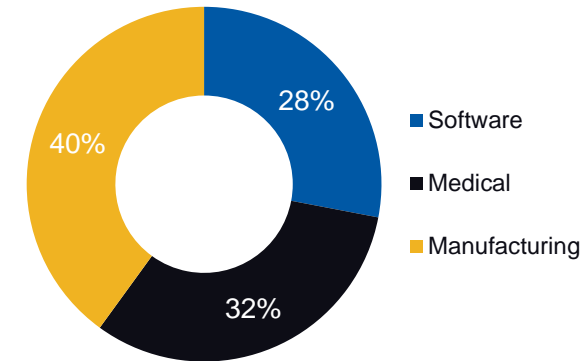
**Continually Raising the Bar of Additive Manufacturing**

# Consolidated Revenue

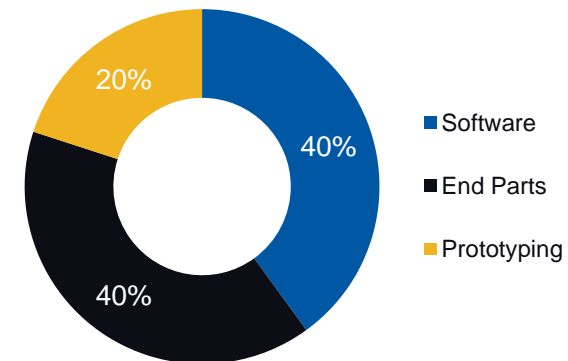


- ▶ Revenue increases in all segments.
- ▶ Continued to execute on strategy to grow contribution of software revenue.
- ▶ Continued to execute on strategy to increase end part manufacturing.

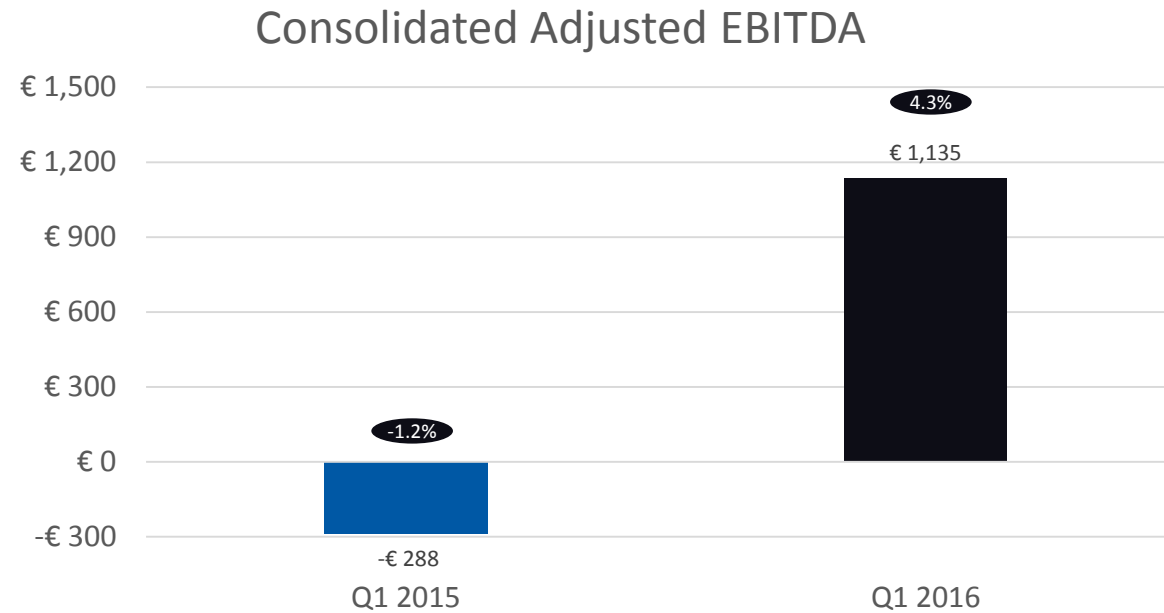
## Q1 2016 Revenue by Segment



## Q1 2016 Revenue by Product Type

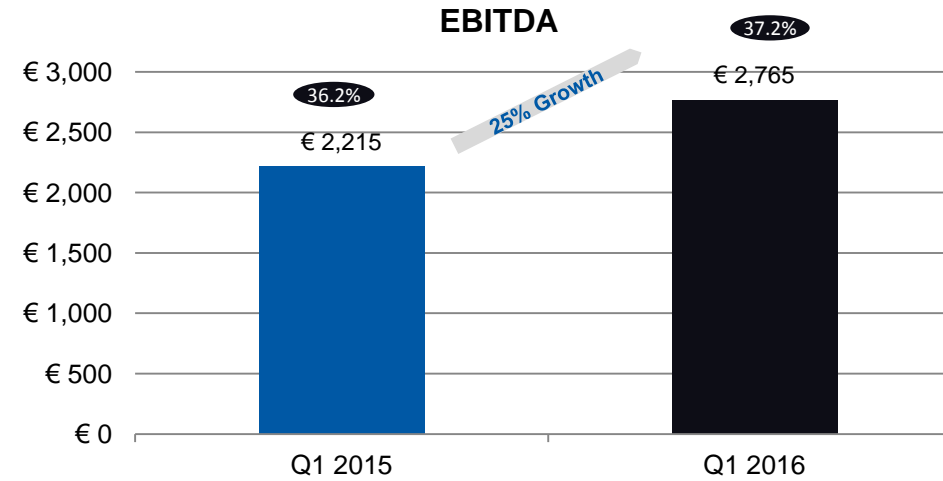
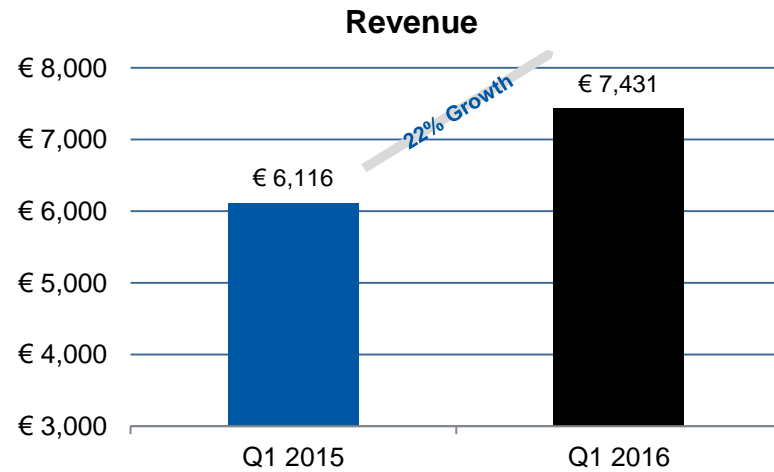


# Consolidated Adjusted EBITDA



- ▶ Q1 2016 consolidated adjusted EBITDA grew from (288) kEUR to 1,135 kEUR.
- ▶ Q1 2016 consolidated adjusted EBITDA grew 550 basis points to 4.3%.
- ▶ Improvements reflect:
  - ▶ Continued shift of revenue mix to industrial and medical software licenses.
  - ▶ Improvement in Manufacturing's gross margin.
  - ▶ Moderate increase of operational expenses compared to revenue growth.

# Software Segment

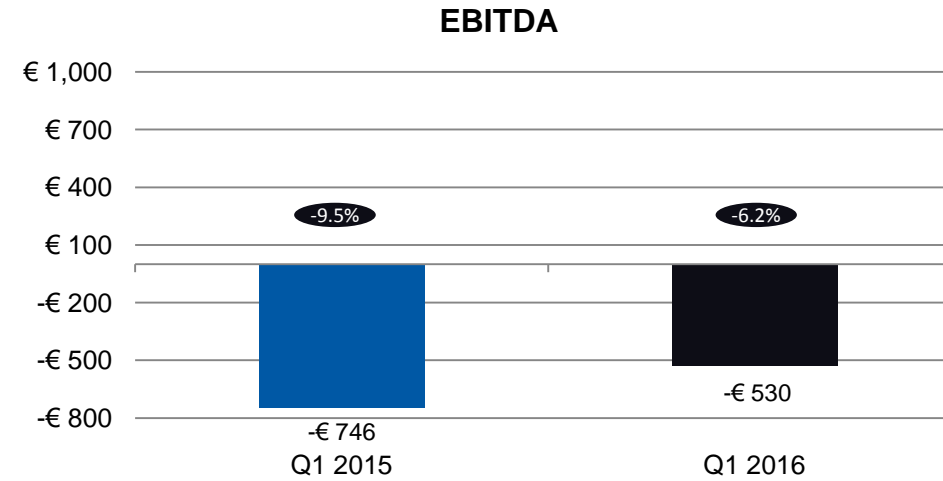
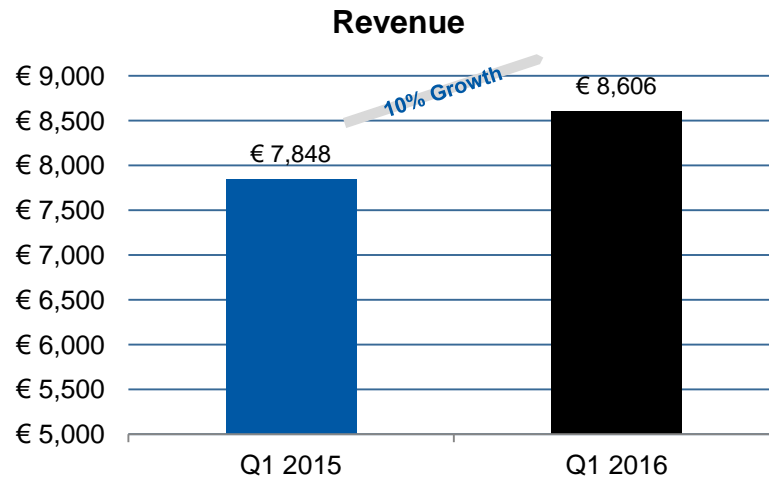


- ▶ Q1 2016 sales\* generated from OEMs increased by 13% from the prior-year period.
- ▶ Steady growth of recurring license revenue, up 25% from Q1 2015.
- ▶ EBITDA grew 25% on 22% revenue growth.

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

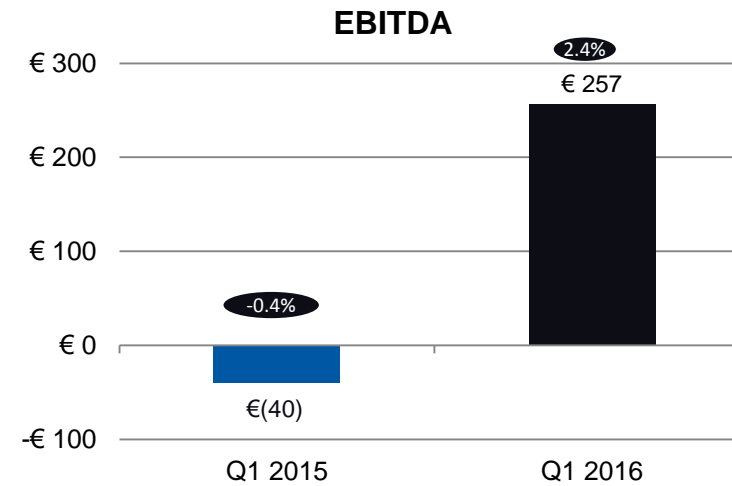
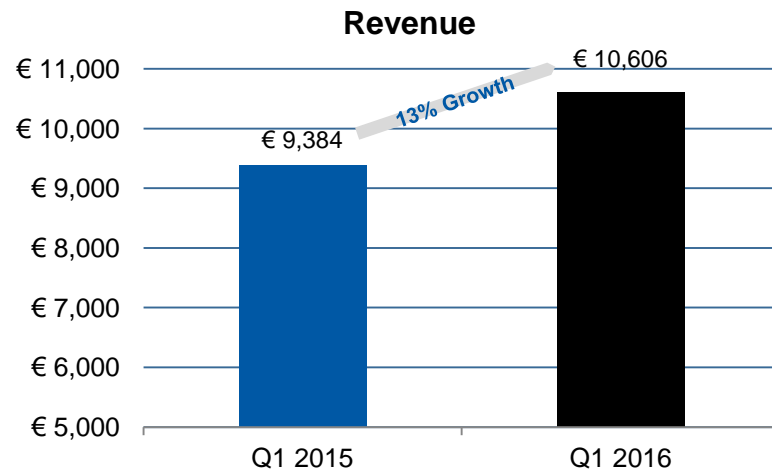


# Medical Segment



- ▶ Q1 2016 medical software sales increased 4% from Q1 2015. Medical software represented 36% of total medical revenues.
- ▶ Direct sales from complex surgery devices increased 27% from Q1 2015 and represented 15% of total medical segment.
- ▶ Q1 2016 sales from medical collaboration partners increased 12% from Q1 2015.

# Manufacturing Segment



- ▶ 62% growth in sales of end parts for Q1 2016 over Q1 2015.
- ▶ Number of printers increased to 142 as of March 31, 2016.

# Income Statement Highlights

(in thousands of euros, except where indicated)	Q1	
	2016	2015
Revenue	26,667	23,348
Cost of sales	<u>(10,705)</u>	<u>(9,881)</u>
Gross profit	15,962	13,467
Research & development expenses	(4,372)	(4,507)
Sales & marketing expenses	(8,815)	(9,215)
General & administrative expenses	(5,050)	(3,575)
Other income/(expenses), net	<u>1,286</u>	<u>1,780</u>
Operating profit/(loss)	(989)	(2,050)
Financial income/(expenses), net	(734)	1,472
Share in loss of joint venture	(168)	(60)
Taxes	(1,260)	(250)
Net profit/(loss)	(3,151)	(888)
Diluted EPS*	(0.07)	(0.02)
Diluted weighted average shares (thousands)	47,325	47,170

\* Excludes non-controlling interest.

## Other Financial Highlights

<b>(in thousands of euros)</b>	<b>03/31/2016</b>	<b>12/31/2015</b>
Cash & equivalents	49,435	50,726
Receivables	23,152	22,843
Inventories	5,172	5,387
Payables	8,965	9,967
Total deferred income	18,181	16,601
Total borrowings	20,742	21,089
Total equity	79,028	82,955
Total liabilities and equity	140,452	144,136
<b>(in thousands of euros)</b>	<b>Q1 2016</b>	<b>Q1 2015</b>
Capital expenditures	1,590	3,057
Cash flow from operations	1,376	818

# Operational Review



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

	1Q 2016 Operational Accomplishments
<b>SOFTWARE</b>	<ul style="list-style-type: none"><li>▶ Launched partnership with Canon Europe to guide users through 3D printing work flow</li></ul>
<b>MEDICAL</b>	<ul style="list-style-type: none"><li>▶ Launched Mimics Care Suite in hospital care market</li><li>▶ Signed agreement with Canon Lifecare Solutions to distribute software solutions from Materialise Mimics Innovation and Care Suites in Japan</li><li>▶ Expanded guide platform</li></ul>
<b>MANUFACTURING</b>	<ul style="list-style-type: none"><li>▶ Partnered with HOYA to deliver 3D printed, vision examination system and equipment</li></ul>

Maintaining Full-Year Guidance for 2016

# APPENDIX

## Adjusted EBITDA Reconciliation



	For the three months ended March 31	
(in thousands of euros)	2016	2015
Net profit/(loss)	(3,151)	(888)
Income taxes	1,260	250
Financial expense	897	449
Financial income	(163)	(1,921)
Share of loss in a joint venture	168	60
Depreciation & amortization	1,910	1,542
EBITDA	921	(508)
Non-recurring IPO expenses	0	0
Non-cash stock-based compensation expenses	214	220
Adjusted EBITDA	1,135	(288)