

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.

**materialise**  
innovators you can count on

**4Q 2018 Financial Results  
Conference Call  
March 6, 2019**

[www.materialise.com](http://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 2019 revenues, deferred revenue from annual licenses and maintenance and Adjusted EBITDA, our expectations regarding fiscal 2019 sales, Adjusted EBITDA margin and investments, results of operations, cash needs, capital expenditures, expenses, financial condition, liquidity, prospects, growth and strategies (including our strategic priorities for 2019), 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 risk factors described in the company's annual report on Form 20-F filed with the U.S. Securities and Exchange Commission 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 presentation. 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.

This presentation includes non-IFRS financial measures, including EBITDA and Adjusted EBITDA. These measures are supplemental measures of financial performance that are not required by, or presented in accordance with, international financial reporting standards (“IFRS”). Please refer to the Appendix of this presentation for a reconciliation of such non-IFRS financial measures to the most directly comparable financial measures prepared in accordance with IFRS.

# Agenda



**Fried Vancraen**  
*Founder & CEO*



**Peter Leys**  
*Executive Chairman*



**Johan Albrecht**  
*CFO*

- ▶ Q4 and FY 2018 Highlights
- ▶ Financial and Strategic Accomplishments
- ▶ Q4 2018 Financial Results
- ▶ FY 2019 Strategy and Financial Guidance
- ▶ Q&A

# Full Year and Q4 2018 Highlights

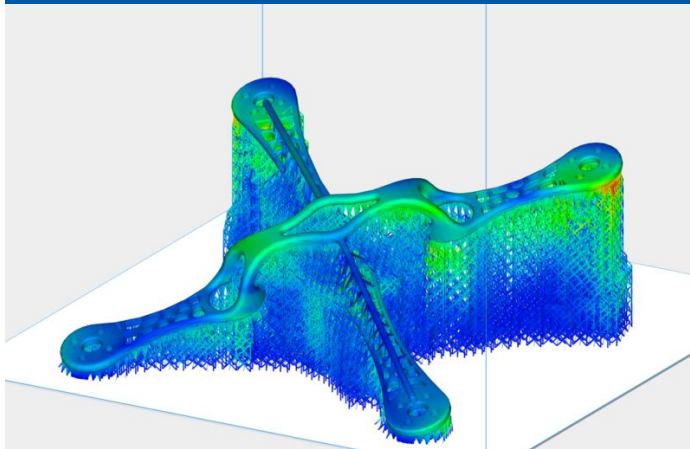


- ▶ Q4 2018 revenue increased 10% to 49,014 kEUR
- ▶ Q4 2018 Adjusted EBITDA rose 246 kEUR to 6,052 kEUR
- ▶ Q4 2018 net profit was 525 kEUR compared to 1,067 kEUR in Q4 2017
  
- ▶ Total annual revenue increased 30% to 184,721 kEUR
- ▶ Full year adjusted EBITDA rose 61% to 23,526 kEUR
- ▶ 2018 net profit was 3,027 kEUR compared to (2,117) kEUR for 2017

**Continued track record of financial performance**

# Highlights of 2018

## Software



- Simulation Module Launched
- Strategic software collaboration with Essentium
- e-stage for Metal wins TCT award for advancements in 3D software

## Medical



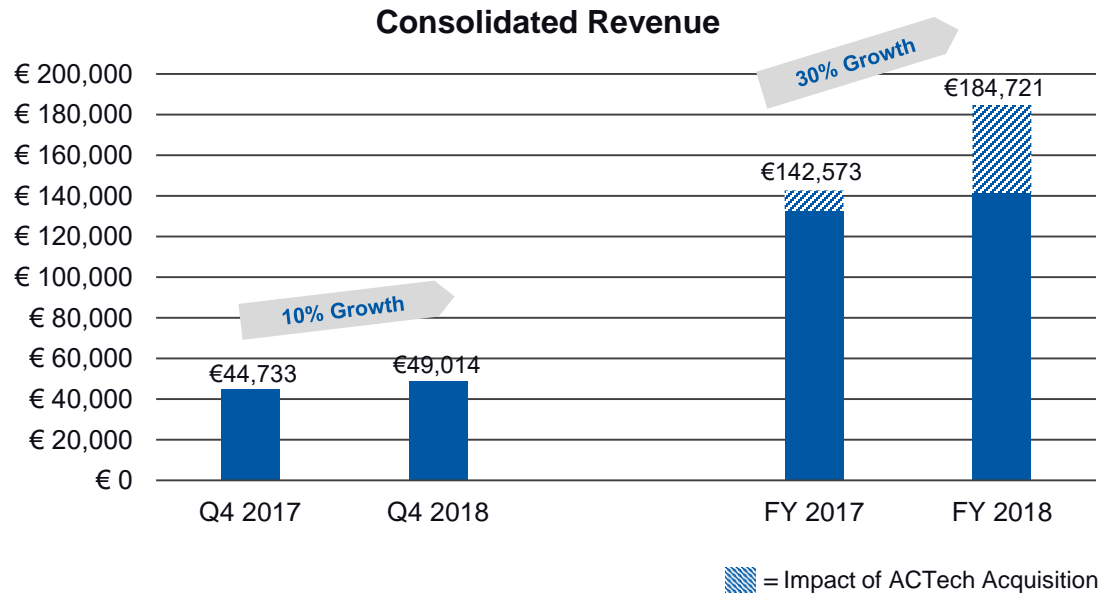
- Successful scaling of partnerships with new product launches
- FDA clearance for diagnostic 3D printed anatomical models
- Scripting added to Mimics

## Manufacturing



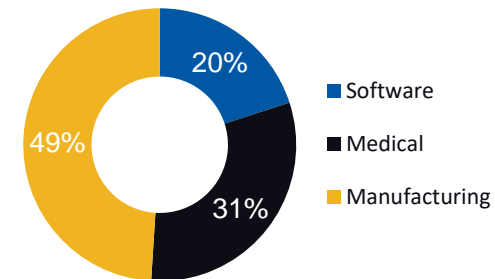
- Entered strategic alliance with BASF
- Developed a comprehensive metal manufacturing offering
- Won 2 Silmo d'Or Awards for innovation and excellence in eyewear

# Q4 2018 Consolidated Revenue

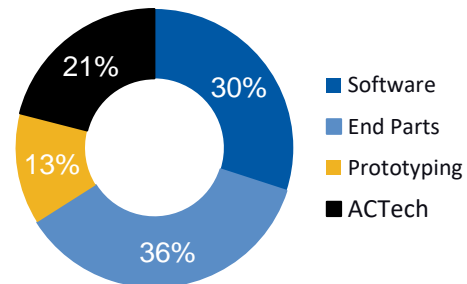


- Double digit revenue growth boosted by the Medical segment
- Increase in deferred revenue of 3,883 kEUR compared to year-end 2017

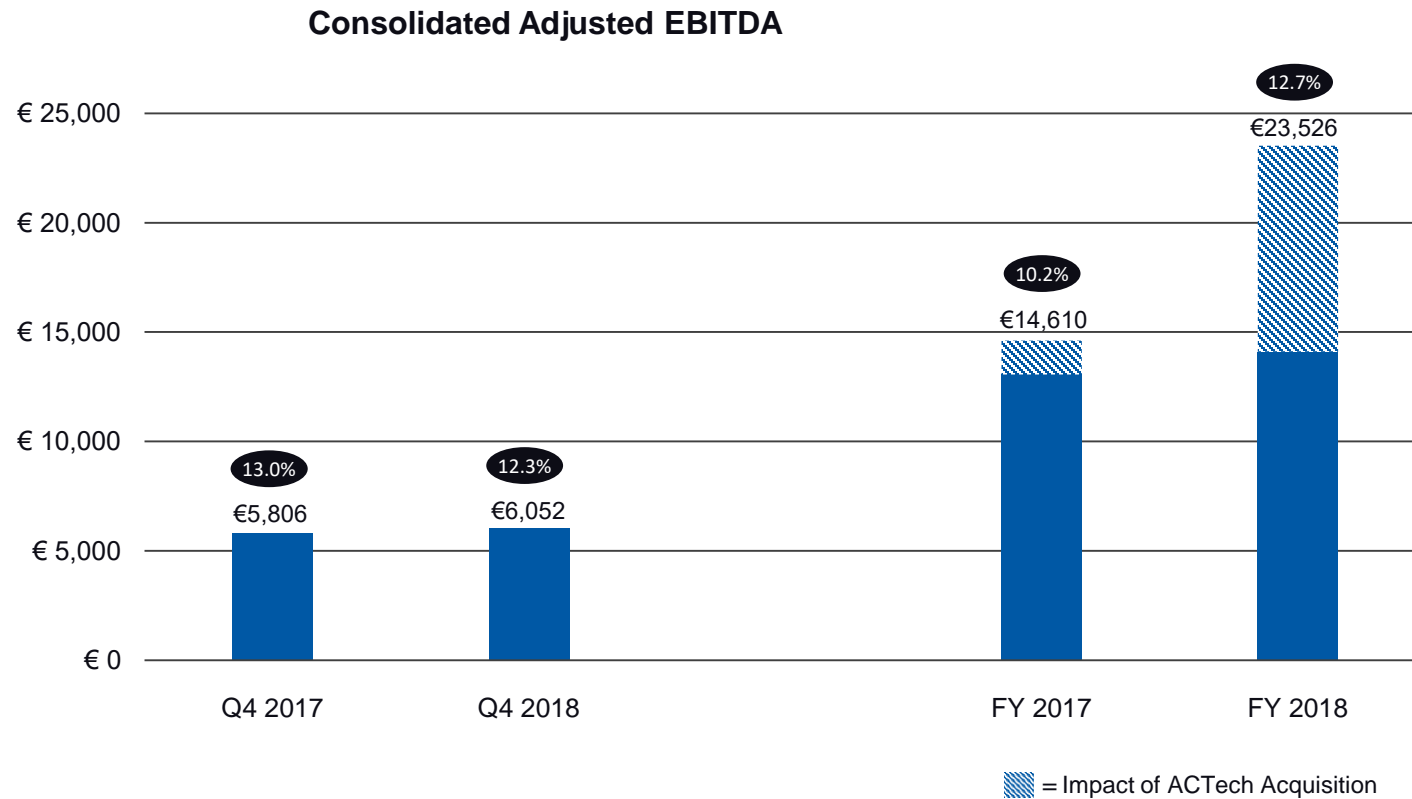
## Q4 2018 Revenue by Segment



## Q4 2018 Revenue by Product Type

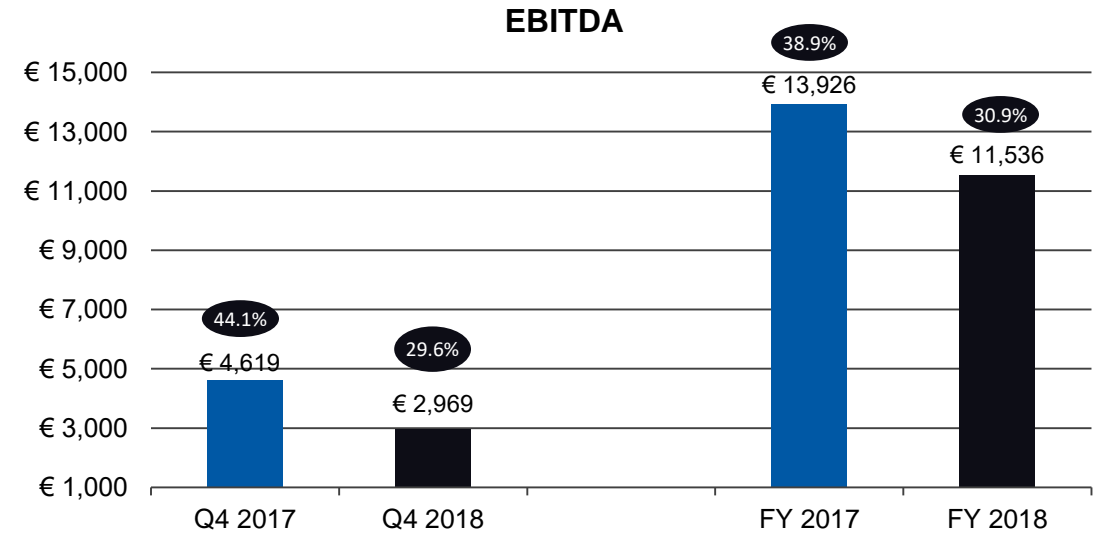
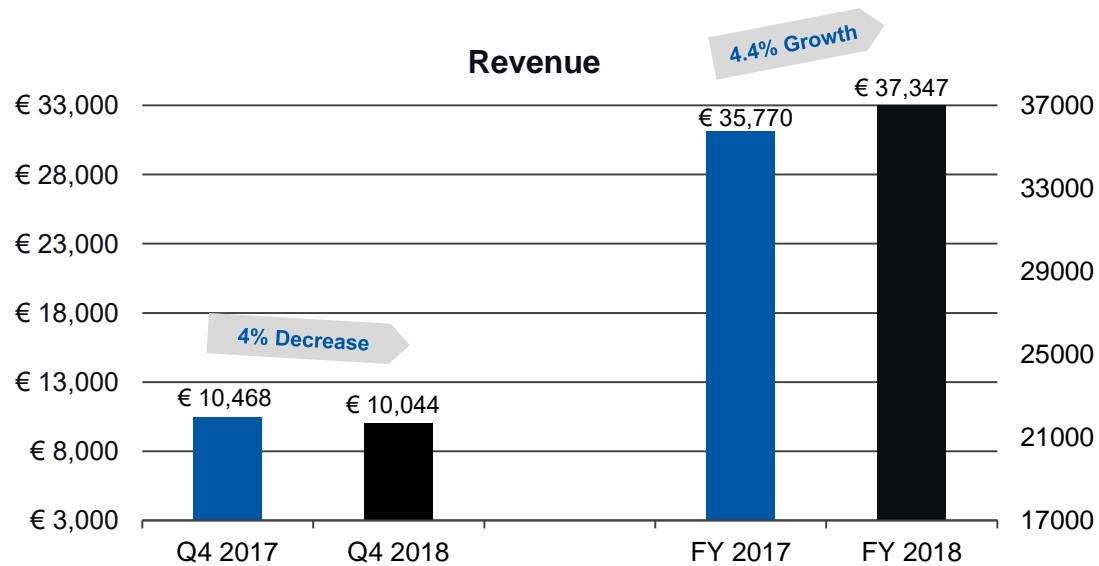


# Q4 2018 Consolidated Adjusted EBITDA



- ▶ Q4 2018 consolidated adjusted EBITDA increased 4%
- ▶ Q4 2018 consolidated adjusted EBITDA decreased by 70 basis points to 12.3%
- ▶ Consolidated adjusted EBITDA impacted by:
  - ▶ Gross profit increased 16%
  - ▶ Operating expenses increased 11%
  - ▶ Increase in doubtful receivables (total amount of 851 kEUR includes IFRS 9 impact)

# Software Segment

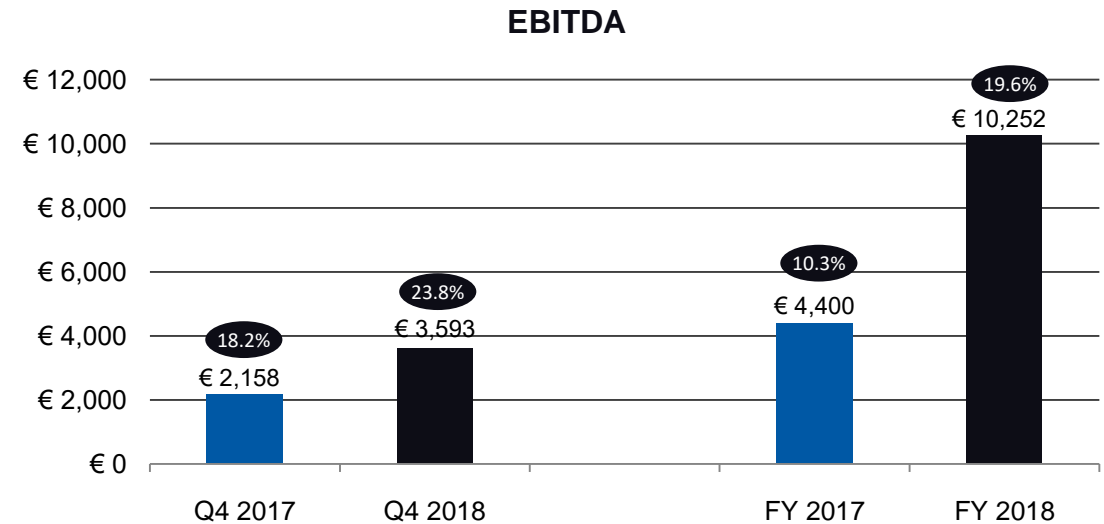
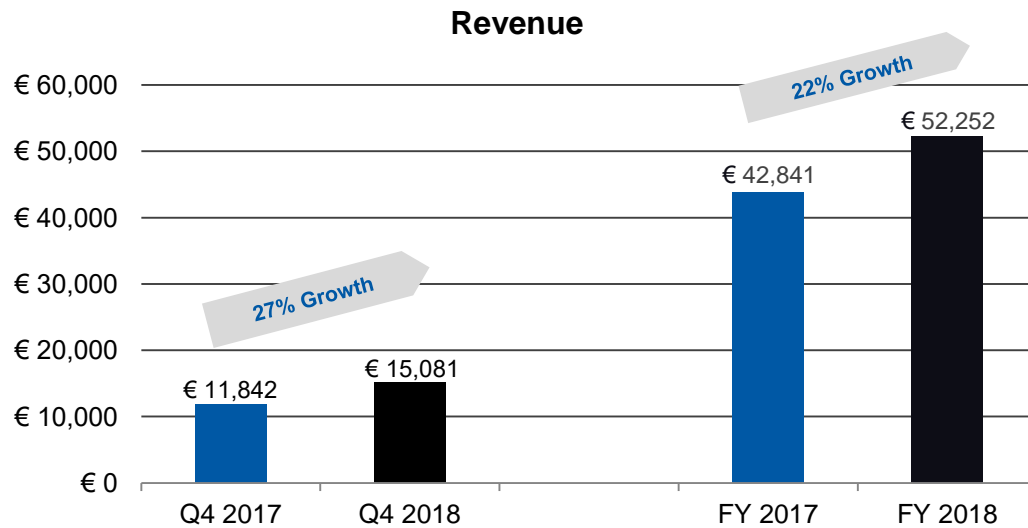


- Revenue decreased 4%, sales increased 5%
- Q4 OEMs (mainly perpetual licenses) down 30%
- Q4 direct sales (mainly recurrent licenses) up 25%
- Q4 EBITDA margin was 30%

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

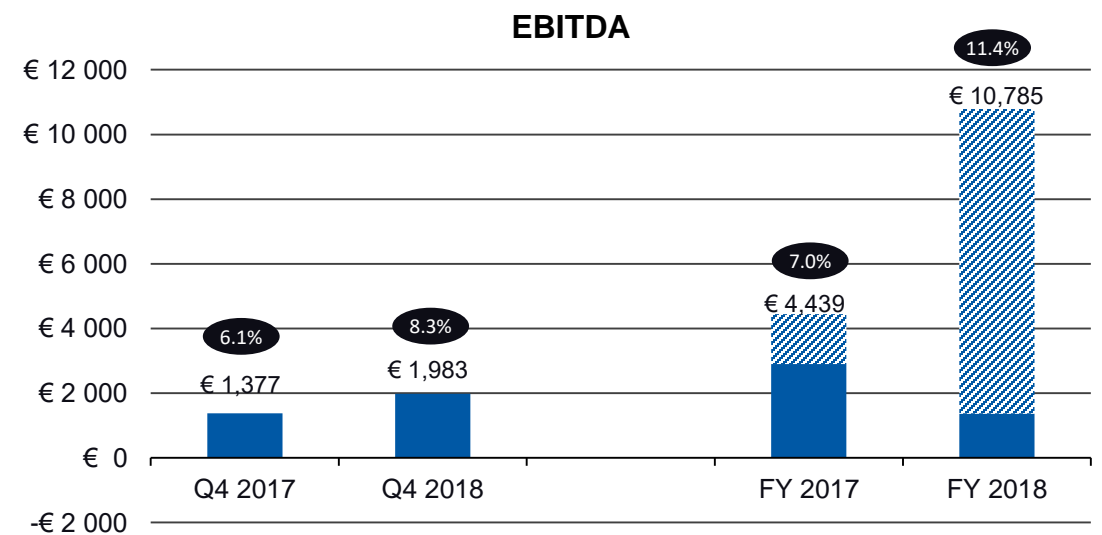
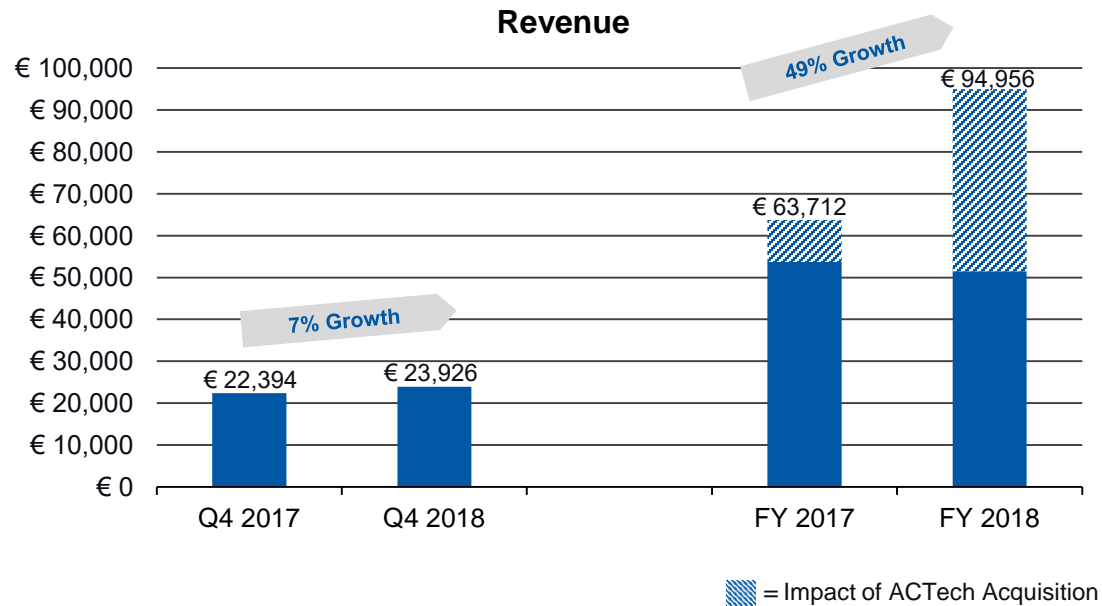


# Medical Segment



- ▶ Q4 2018 revenue from medical devices and services rose 40%
- ▶ Q4 2018 revenue from medical software increased 7%
- ▶ EBITDA increased 1,435 kEUR, resulting in a 24% EBITDA margin, due to solid revenue growth and moderate increase of operating expenses

# Manufacturing Segment



- ▶ Q4 2018 revenue grew 7%. Excluding ACTech, revenue grew 12%
- ▶ EBITDA margin increased 44%
- ▶ 187 printers in production (Manufacturing + Medical) as of December 31, 2018

# Income Statement Highlights

(in thousands of euros, except where indicated)	Q4		Full Year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue	49,014	44,733	184,721	142,573
Cost of sales	<u>(21,753)</u>	<u>(21,132)</u>	<u>82,299</u>	<u>(63,234)</u>
Gross profit	27,261	23,601	102,422	79,339
Research & development expenses	(5,335)	(5,535)	(22,416)	(19,959)
Sales & marketing expenses	(12,571)	(10,739)	(46,303)	(39,109)
General & administrative expenses	(9,384)	(8,279)	(32,310)	(25,484)
Other income/(expenses), net	<u>810</u>	<u>1,945</u>	<u>3,771</u>	<u>5,605</u>
Operating profit/(loss)	781	993	5,164	392
Financial income/(expenses), net	(420)	(356)	(1,237)	(1,518)
Share in loss of joint venture	(184)	127	(475)	(469)
Taxes	<u>348</u>	<u>303</u>	<u>(425)</u>	<u>(522)</u>
Net profit/(loss)	525	1,067	3,027	(2,117)
Diluted EPS	0.01	0.02	0.06	-0.04
Diluted weighted average shares (thousands)	53,761	48,467	50,609	47,325

## Other Financial Highlights



(in thousands of euros)	12/31/2018	12/31/2017
Cash and equivalents	115,506	43,175
Receivables	36,891	35,582
Inventories	9,986	11,027
Payables	20,980	17,693
Total deferred income	27,782	22,559
Total borrowings	106,038	94,557
Total equity	135,589	77,054
Total liabilities and equity	313,225	234,678
(in thousands of euros)	FY 2018	FY 2017
Capital expenditures	20,557	34,811
Cash flow from operations	28,321	9,951
(in thousands of euros)	Q4 2018	Q4 2017
Capital expenditures	6,391	7,053
Cash flow from operations (3 months)	10,056	7,433

## Continued Execution of “Backbone” Strategy

2019 Priorities	
<b>Software</b>	<ul style="list-style-type: none"><li>▶ Continue global roll out of Magics and Streamics</li><li>▶ Focus innovation on functionalities related to production of end parts</li></ul>
<b>Medical</b>	<ul style="list-style-type: none"><li>▶ Continue investing in existing partnerships and products<ul style="list-style-type: none"><li>▶ Orthopedic and CMF planning</li></ul></li><li>▶ Gradually expand into additional fields<ul style="list-style-type: none"><li>▶ Cardiovascular and pulmonology</li></ul></li></ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"><li>▶ Continue serving as incubation center for new software solutions and vertical applications</li><li>▶ Advance shift of traditional business to online platform</li><li>▶ Increase S&amp;M initiatives for metal end parts</li><li>▶ Push eyewear initiatives forward</li></ul>

**Goal: A balance between revenue growth and expanded profitability**

# Fiscal 2019 Financial Guidance



<b>Consolidated Revenue</b>	<b>196M to 204M euros</b>
<b>Consolidated Adj. EBITDA<sup>(1)</sup></b>	<b>29M to 33M euros</b>
<b>Increased Deferred Revenue</b> (from annual licenses and maintenance)	<b>2M to 4M euros</b>

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 the company's FY 2017 Form 20-F. 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, stock-based compensation expense and acquisition-related expenses.

Adjusted EBITDA guidance for 2019 includes the positive impact, estimated at approximately 3,000 kEUR, of the application of the new IFRS16 Leases accounting standard, which requires leases to be recognized as an asset and depreciated over the lease term. As a result of the increased depreciation by approximately the same amount as the rental payments, our operating profit will not be impacted by this new standard.

# APPENDIX

## Adjusted EBITDA Reconciliation



	For the quarter ended December 31		For the year ended December 31	
(in thousands of euros)	2018	2017	2018	2017
Net profit/(loss)	525	1,067	3,027	(2,117)
Income taxes	(348)	(303)	425	522
Financial expense	1,308	1,434	4,864	4,728
Financial income	(888)	(1,078)	(3,627)	(3,210)
Share of loss in a joint venture	184	(127)	475	469
Depreciation & amortization	4,753	4,434	17,287	12,576
EBITDA	5,534	5,427	22,451	12,968
Non-cash stock-based compensation expenses	518	36	1,075	1,033
Acquisition-related expenses	-	343	-	609
Adjusted EBITDA	6,052	5,806	23,526	14,610