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Q2 2020 Financial Results

Conference Call
July 30, 2020

www.materialise.com
NASDAQ: MTL

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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

- Q2 2020 Highlights
- Recent Initiatives
- Q2 2020 Financial Results
- Fiscal 2020 Financial Outlook
- Q&A



Fried Vancraen
Founder & CEO



Peter Leys
Executive Chairman



Johan Albrecht
CFO

Q2 2020

Financial Highlights

- Q2 2020 revenue decreased 21.3% to 38,117 kEUR
- Deferred revenue from software licenses and maintenance was 28,240 kEUR compared to 27,667 kEUR at year-end 2019
- Q2 2020 Adjusted EBITDA amounted to 3,382 kEUR
- Q2 2020 net loss was (1,932) kEUR or (0.04) EUR per diluted share
- Total cash of 125,454 kEUR at quarter end; net cash of 3,905 kEUR

Q2 significantly impacted by the pandemic crisis
Our balance sheet remained solid, net cash increased

Our COVID Initiatives

For a better and healthier world

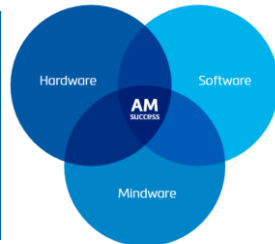
- Our years of experience in 3D printed medical devices and our unique position in the medical ecosystem have enabled an **innovative and quick response** to this health crisis.
- For the handsfree dooropener, we went **from idea to product in less than 1 week**. The file has been downloaded over 100,000 times.
- We focused on **meaningful applications** - in close collaboration with clinicians we've developed the Materialise NIP mask, which allows oxygen to be provided to patients without ventilation.



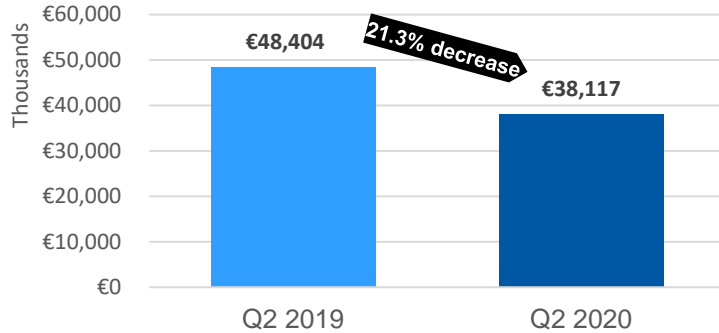
Keeping Up Our R&D Efforts

Empowering meaningful application

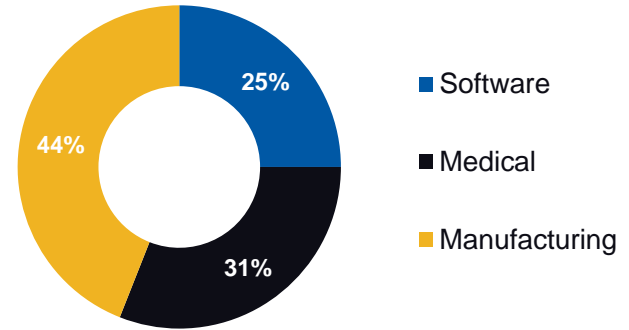
- The improved scripting of the new Mimics Innovation Suite offers **lean product development opportunities** for our medical innovations
- Mimics Enlight 2.0 offers an automated planning workflow for Transcatheter Mitral Valve Replacement, a procedure that is **expected to grow significantly in the coming years**
- Covid19 has fundamentally increased the interest of hospitals in **Point of Care 3D printing**
- Our Mindware program uses our **30 years of Additive Manufacturing Intelligence** to accelerate the growth of our customer's business



Q2 2020 Consolidated Revenue



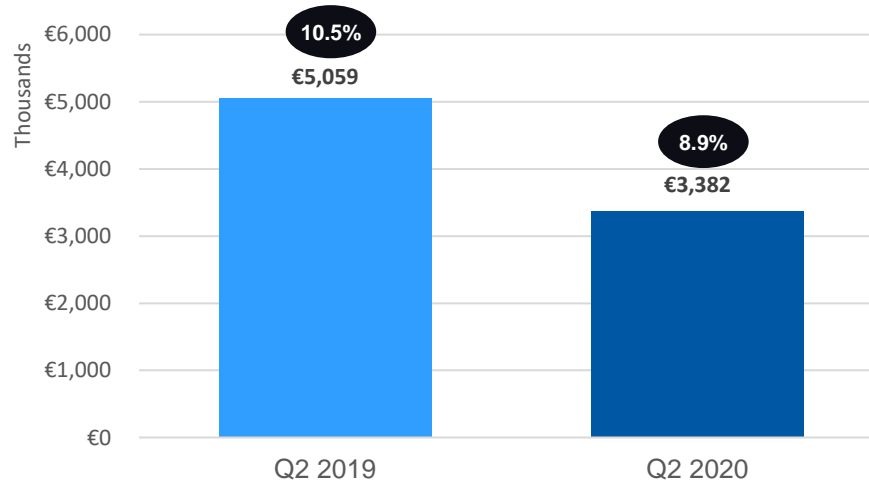
Q2 2020 Revenue by Segment



- Covid-19 impacted all of our segments' businesses negatively in Q2
- Cross-segment revenue from software products amounted to 38%

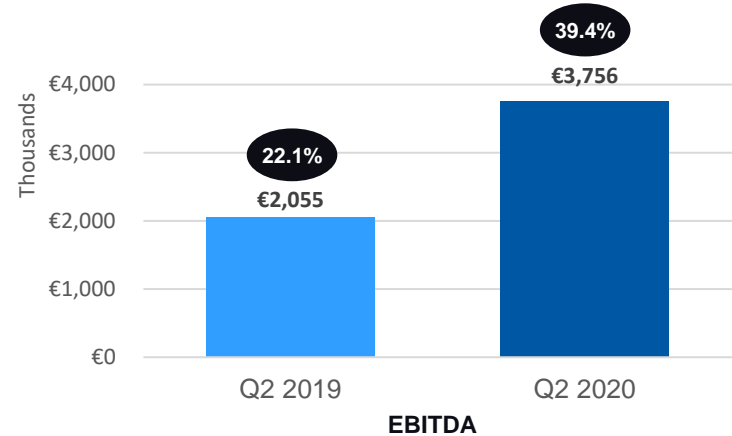
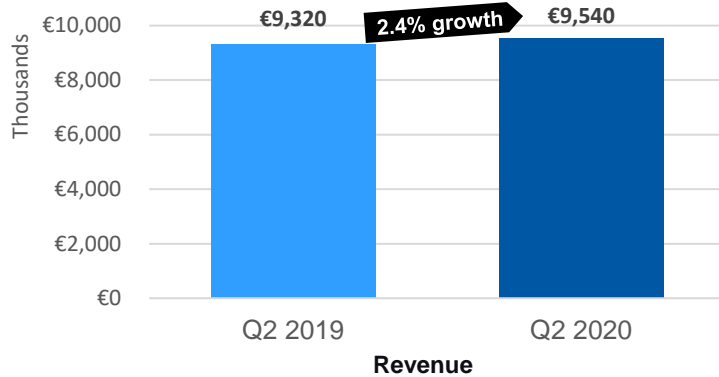
Q2 2020

Consolidated Adjusted EBITDA



- Q2 2020 consolidated adjusted EBITDA decreased 1,677 kEUR
- Q2 2020 Operating Profit decreased to (1,827) kEUR from 36 kEUR, impacted by:
 - Revenue decrease in Medical & Manufacturing and continued cost of capacity was partially off-set by savings in S&M and G&A expenditures in all segments

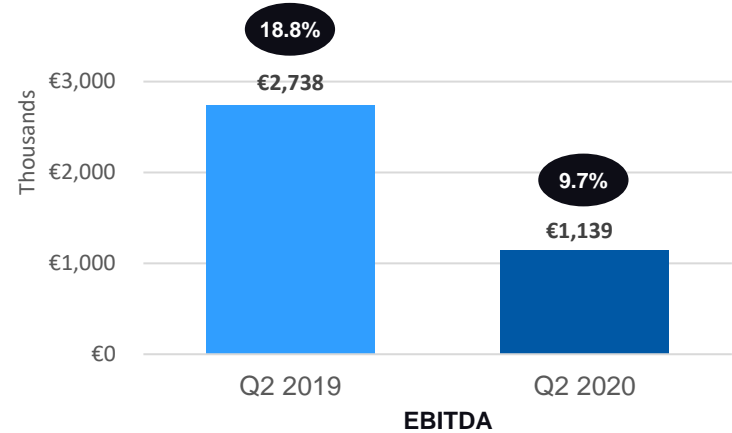
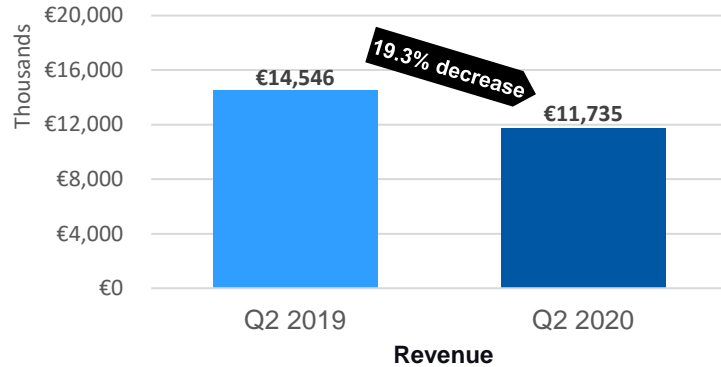
Q2 2020 Software Segment



- Revenue increased 2.4% to 9,540 kEUR
- Sales* decreased 15%, deferred revenue usage of 1.8 mEUR
- Q2 2020 recurrent revenue up 22% (sales down 5%)
- Q2 2020 non-recurrent revenue down 20% (sales down 25%)
- Q2 2020 EBITDA 3,756 kEUR, margin increased to 39.4%

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

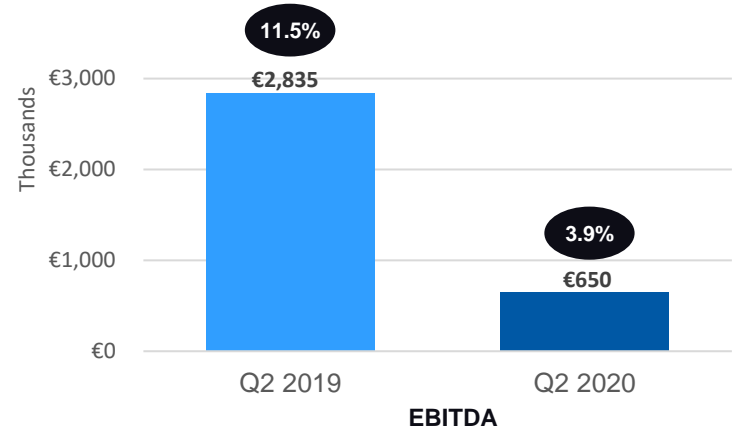
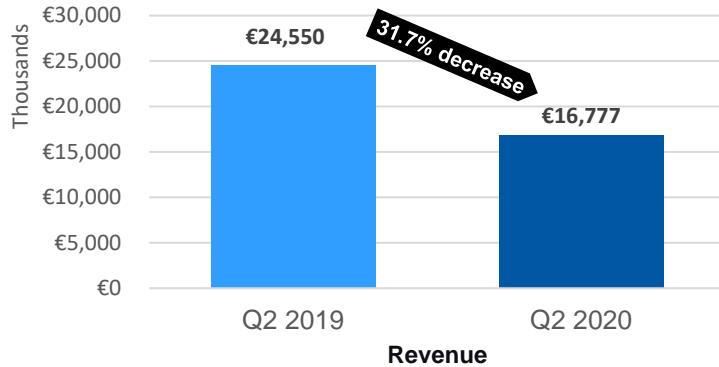
Q2 2020 Medical Segment



- Q2 2020 revenue from medical devices and services decreased 32%
- Q2 2020 revenue from medical software increased 7% (sales flat)
- EBITDA of 1,139 kEUR, resulting in a 9.7% EBITDA margin

Q2 2020

Manufacturing Segment



- Q2 Revenue decreased 31.7%
- Q2 EBITDA margin decreased to 3.9%, mainly due to the revenue decrease of 7,773 kEUR, partly offset by lower variable cost of sales, and SG&A savings of 25%

Income Statement Highlights

	Q2	
	2020	2019
(in thousands of euros, except where indicated)		
Revenue	38,117	48,404
Cost of sales	(18,131)	(21,878)
Gross profit	19,986	26,527
Research & development expenses	(6,045)	(6,100)
Sales & marketing expenses	(10,161)	(13,173)
General & administrative expenses	(6,499)	(8,586)
Other income/(expenses), net	892	1,370
Operating profit/(loss)	(1,827)	36
Financial income/(expenses), net	(295)	(190)
Share in gain/(loss) of joint venture	-	(82)
Taxes	191	(61)
Net profit/(loss)	(1,932)	(297)
Diluted EPS (in €)	(0.04)	(0.01)
Diluted weighted average shares (thousands)	53,194	52,891

Other Financial Highlights

(in thousands of euros)	06/30/2020	12/31/2019
Cash and equivalents	125,454	128,897
Receivables	30,253	40,322
Inventories	11,682	12,696
Payables	15,641	21,878
Deferred income	33,126	32,673
Borrowings	121,549	127,939
Equity (incl. NCI *)	132,847	142,675
Total balance sheet	330,431	349,294

(in thousands of euros)	Q2 2020	Q2 2019
Capital expenditures	3,398	3,052
Cash flow from operations	7,053	4,760

* NCI 2020: Non-Controlling Interest Engimplan 2,216

APPENDIX

Adjusted EBITDA Reconciliation

	For the quarter ended June 30th	
(in thousands of euros)	2020	2019
Net profit/(loss)	(1,932)	(297)
Income taxes	(191)	61
Financial expenses	640	313
Financial income	(345)	(123)
Share of loss in a joint venture	-	82
Depreciation & amortization	4,979	4,649
EBITDA	3,152	4,685
Non-cash share-based compensation expenses	231	374
Acquisition-related expenses	-	-
Adjusted EBITDA	3,382	5,059