Innovators you can count on

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Materialise is a **multinational company driving innovations in 3D printing software** and services for the industrial and medical markets.

We hold a **unique position in the additive manufacturing market,** offering complete and automated software solutions and certified printing services which are the result of world-class engineering efforts through the past 30 years.

Since Materialise was founded in 1990, our goal has been to enable new uses for the extra-ordinary potential that 3D printing offers. Since then, we have leveraged our experience to create a range of software solutions and 3D printing services, which together form the backbone of the 3D printing industry.

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SWEDEN
GERMANY
UKRAINE
BELGIUM
POLAND
USA
UK
FRANCE
CZECH REPUBLIC
AUSTRIA
JAPAN
CHINA
COLOMBIA
SPAIN
MALAYSIA
ITALY
INDIA
AUSTRALIA

● Office
■ Production Center
■ Competence Center
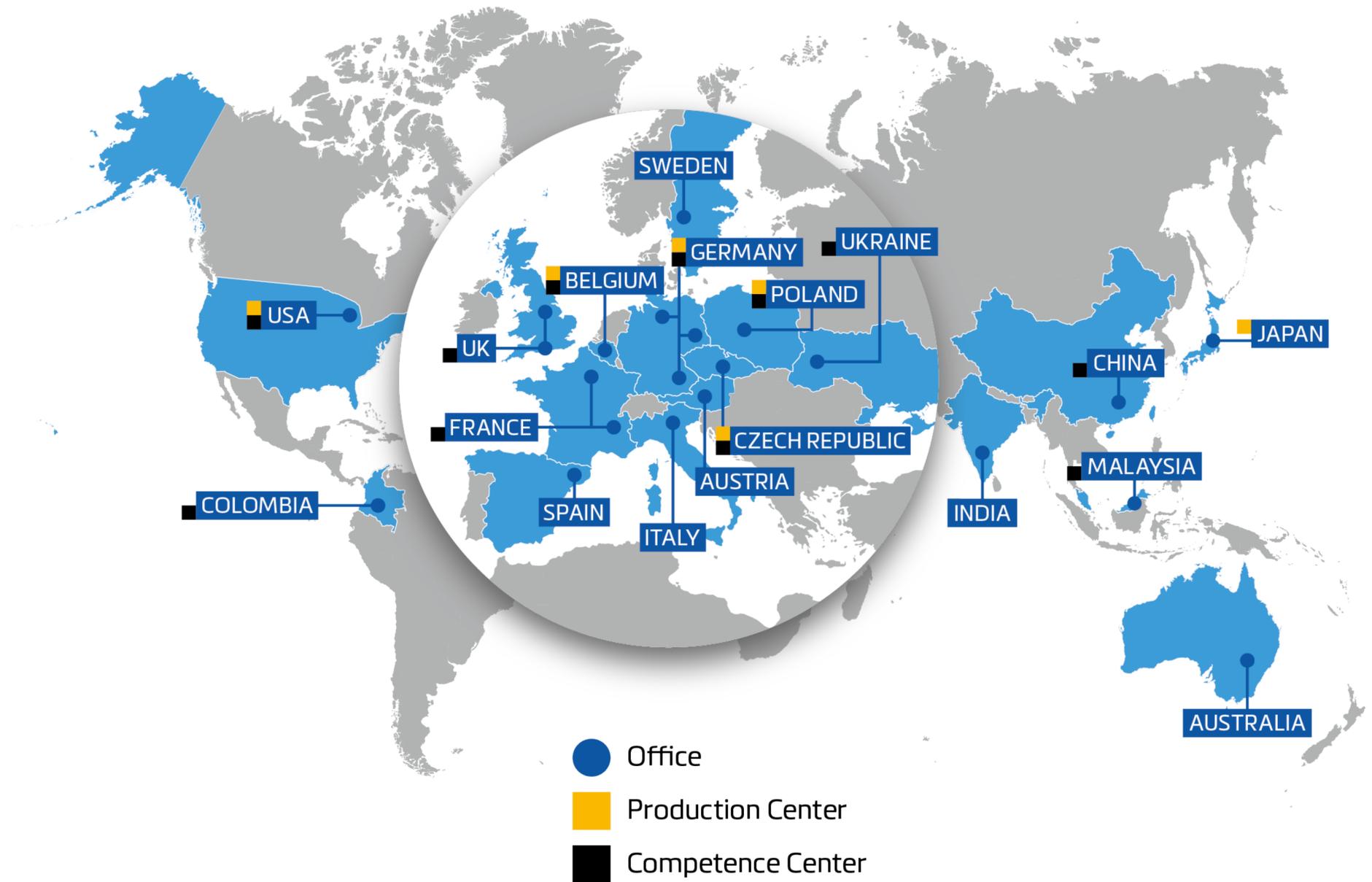
+1900 employees

24 offices
in 18 countries

+242 patents granted
+195 patents pending

+180 printers

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# Why industries are turning to Additive Manufacturing today?

## To shorten time-to-market
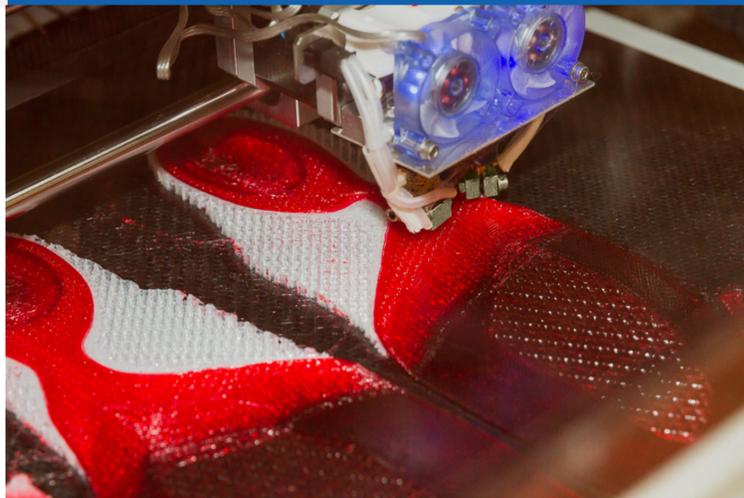
3D printing reduces the time to market allowing placement in the market at the right time when the market is demanding.

## To reduce the cost of complexity

Reducing the cost of complexity is key to lower costs and open up new opportunities to grow.

## To enable mass customization

Additive manufacturing facilitates mass customization and a bigger variety of products at the same price.

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# Additive Manufacturing,
# a large and rapidly growing market

**AM currently represents less than 0,1% of the $12.8 trillion global manufacturing market**

## Additive Manufacturing Market Forecast ($M)

CAGR: **24.5%**

| | | | |
|---|---|---|---|
| $ 7 336 | $ 11 738 | $ 18 194 | $ 27 303 |
| 2017 | 2019 | 2021 | 2023 |
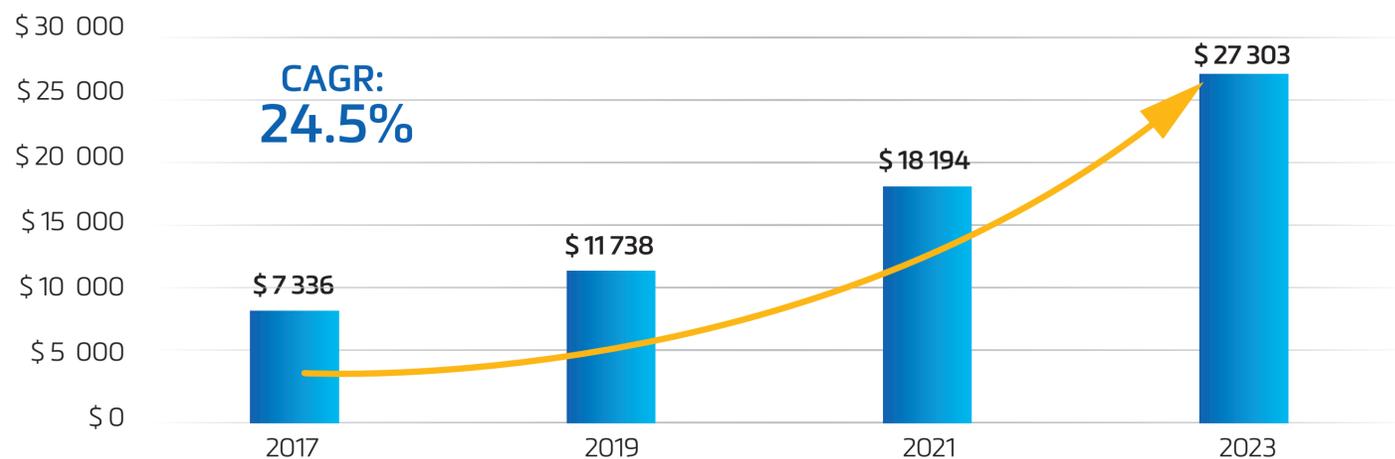
*Source: Wohlers Report 2018*

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## Disrupting Vertical Paradigms

**23%**
Growth of 3D printing in the medical device vertical (2015-2025)[1]

**75%**
New commercial & military aircraft with 3D-printed engine, airframe or other components by 2021[2]

**500 days**
Time taken by U.S. hearing aid market to become 100% 3D-printed[3]

**40%**
Manufacturing enterprises with 3D printing center of excellence by 2021[2]

**34%**
CAGR of global 3D-printing revenue in the automotive sector[1]
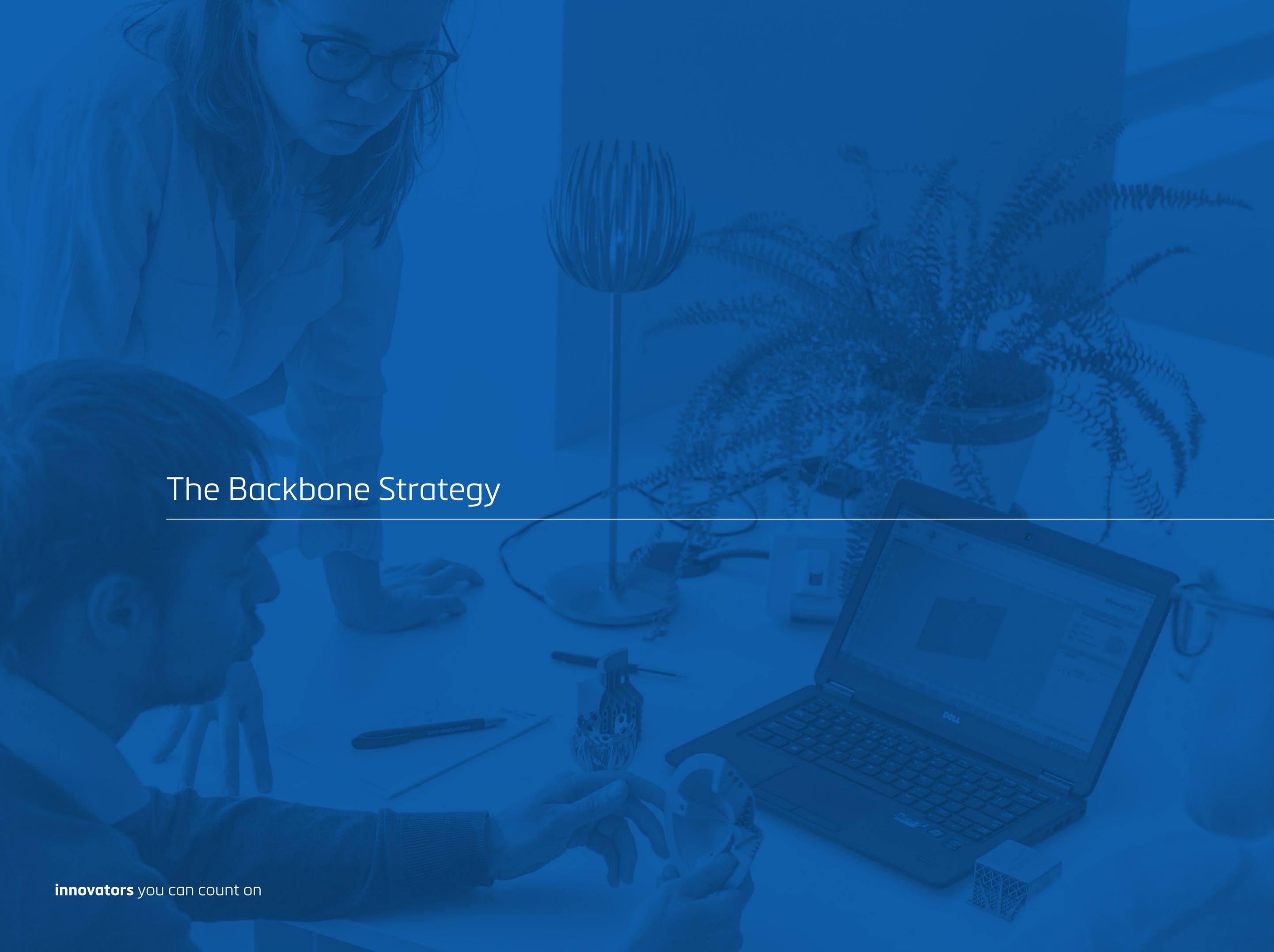
# The Backbone Strategy

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Materialise in some cases outpaces the growth of the market by empowering new applications of 3D printing and creating new markets themselves in interesting verticals.

**We do this by co-creating together with other industry leaders.**

Strong horizontal integration in the market by offering a wide array of services and software tools, allowing customers to use the full potential of 3D printing.

# Software Segment
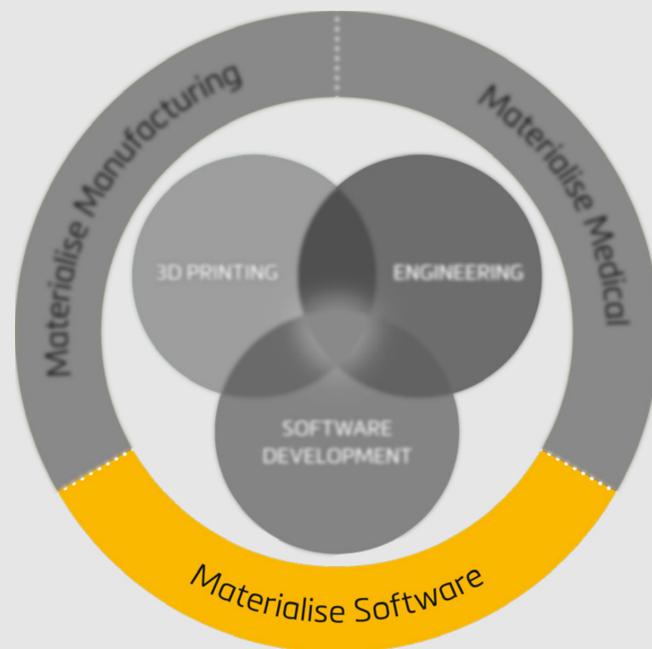


## Strategy

Offer proprietary software worldwide through open programs and platforms that enable and enhance the functionality of 3D printers and 3D printing operations.

## Revenue Model

Generate revenue from software licenses, maintenance contracts and hardware controller sales for our Materialise Controllers and custom software development services – License software products on either

- ➤ a time basis (often annual) or
- ➤ perpetual basis with annual maintenance contracts that provide for software updates and support

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# Software Segment

## Products

**Materialise Magics**
Data and Build Preparation
➤ Wide import, design, documenting and planning ability

**Materialise 3-matic**
Research
➤ A versatile application for design modification

**Materialise Streamics**
➤ Central control system for the printing process

**Materialise Build Processor**
➤ Machine communication tailored to each need

## Customer Segments

Internal Service Bureaus

External Service Bureaus

R&D departments

New Manufacturing Lines

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# Software Segment

| Go-to-market channels | Opportunities for Growth |
|---|---|
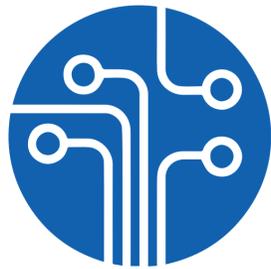
**OEM Partner Sales**
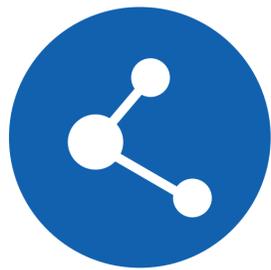
**Third-party distributors**

**Direct Sales**

Tiered market offering

Broaden technology suite into inspection

Focus on automation and cost reduction

Utilize state-of-the-art simulation and AI technology

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# Software Segment

## Partners

# Medical Segment
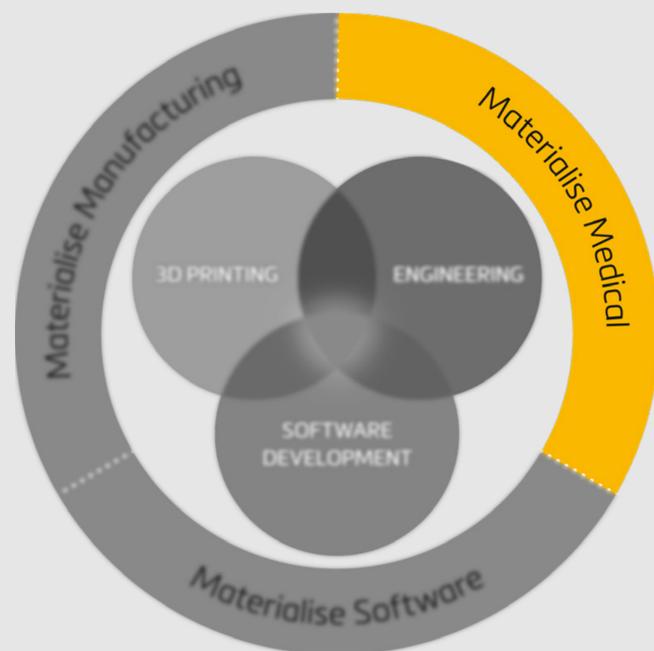


## Strategy

Enable truly personalized healthcare by offering a medical backbone of planning software and services, while pioneering and scaling in well-chosen vertical markets (e.g. knee, CME, hip,etc.).

## Revenue Model

▶ Generate revenue through clinical services and medical software

▶ Manufacture or sell medical devices (guides, models, implants, etc.)

▶ Sell primarily annual licenses to our software packages and software maintenance contracts

▶ Provide custom software development and engineering services, which are charged on either 1) time and material or 2) fixed cost basis

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# Medical Segment

## Products



**Planning & 3D Modeling**
► OrthoView, SurgiCase, ProPlan CMF, Mimics inPrint, HeartPrint, Mimics, 3-matic



**High volume 3D Printing of Patient Specific Medical Guides and Devices**
► Shoulder, hip, knee, osteotomy, CMF guides, titanium implants



**Advanced analytics packages**
► ADaM: Materialise Anatomical Data Mining

## Customer Segments

- Medical Device Companies
- Hospitals
- Universities
- Research Institutes

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# Medical Segment

| Go-to-market channels | Opportunities for Growth |
|---|---|

**Partner Sales**

**Imaging Companies**

**Direct Sales**

Increase sales mix in favour of recurrent software sales

Leverage portfolio of devices via partnership

Innovate to reach new markets

Position in planning

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# Medical Segment

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# Manufacturing Segment
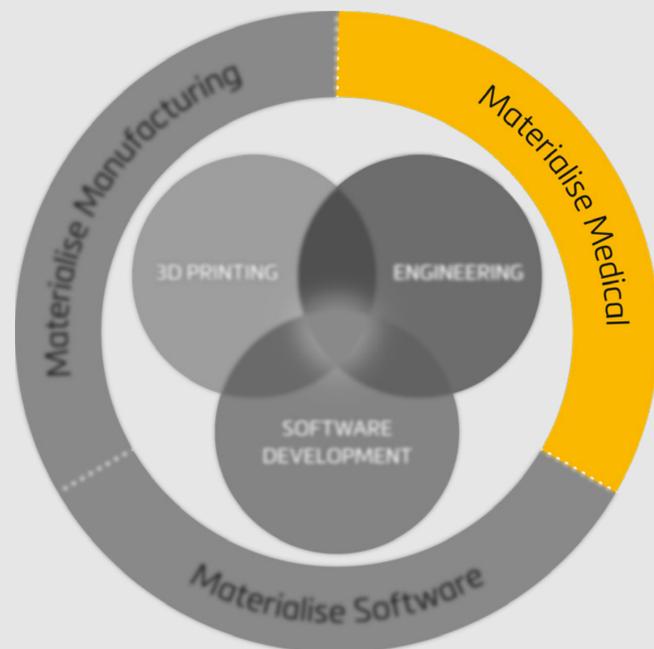
## Strategy

Printing on demand in what we believe is one of the world's largest 3D printing factories, using the knowledge to improve our software solutions and act as an incubator for new verticals.

## Revenue Model

► Offering prototyping services through online portal for B2B and B2C market

► Prinitng End Products through what we believe is one of Europe's largest certified 3D printing factories with certified lines for eyewear, aviation and automotive quality control tools

► Provide engineering services, which are charged on either 1) time and material or 2) fixed cost basis

► Host co-creation sessions with industry leaders to incubate new verticals leveraging both our software products and licensing our patent portfolio

# Manufacturing Segment

## Products
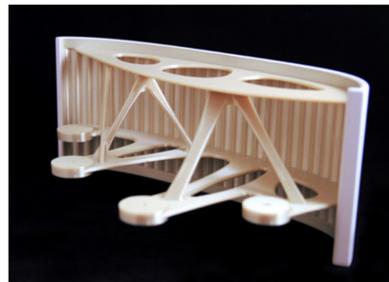


### Certified Manufacturing
➤ Certified lines for aerospace and automotive
➤ Capital efficient



### Full-Service Metals Printing
➤ 3D capabilities bolstered by traditional capacity
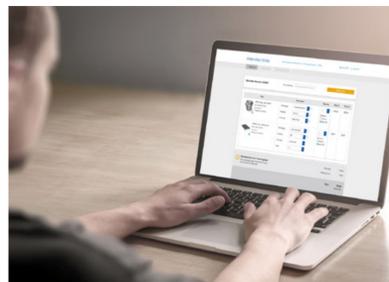


### Rapid Prototyping
➤ Short lead times and accessible platforms



### Digital Supply Chains
➤ Development of new verticals through co-creation sessions with industry leaders

## Customer Segments

🚗 Automotive

✈ Aerospace

🛍 Consumer Goods

⚙ Industrial Machining

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# Manufacturing Segment

## Go-to-market channels

**Direct Sales**

**Online portal**

**Sales Force**

**Partnerships**
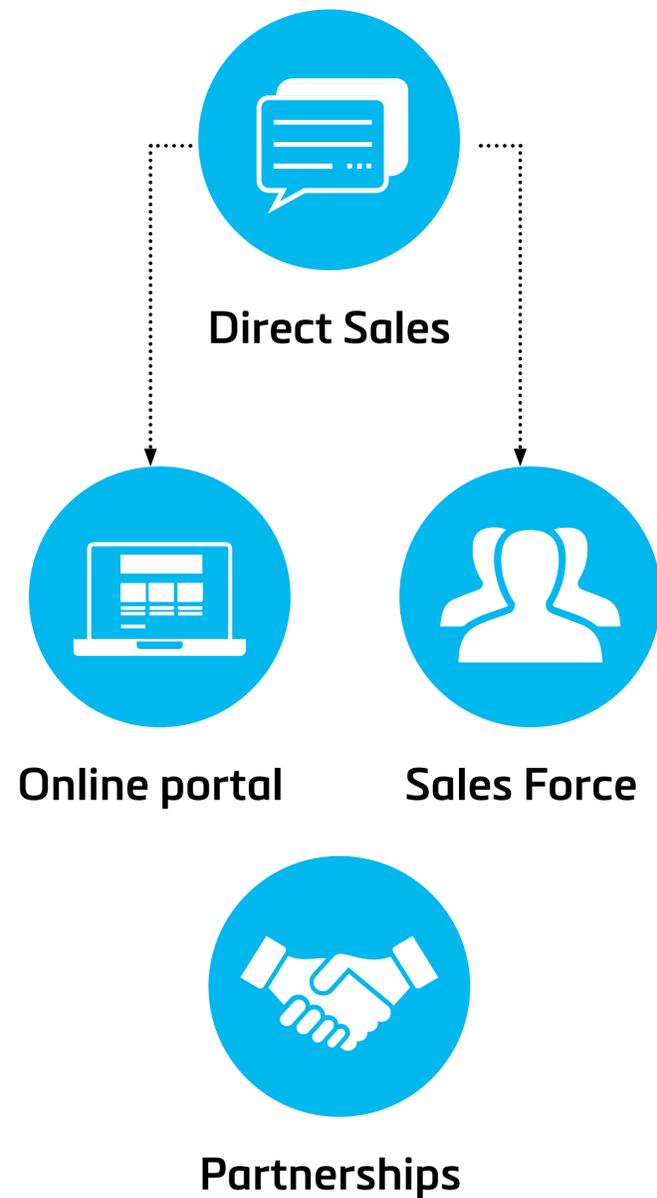
## Opportunities for Growth

Leverage shared ACTech resources

Expand RapidFit Technology

Develop new verticals through co-creation

Use online platforms for prototyping

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# Manufacturing Segment

## Partners

# Financial Highlights

- ► Sustained track-record of top-line revenue growth and profitability

- ► Increasing operating leverage with a strong commitment to innovation and product development

- ► Balanced and diversified engines of growth across business segments

- ► Healthy balance sheet and well capitalized to fund future growth

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# Continued Revenue and Adjusted EBiTDA Growth and adjusted EBITDA Margin Expansion

## Consistent top-line growth...

Total Revenue
(€ in millions)

~21% CAGR

81,4 — 2014
102,0 — 2015
114,5 — 2016
142,6 — 2017
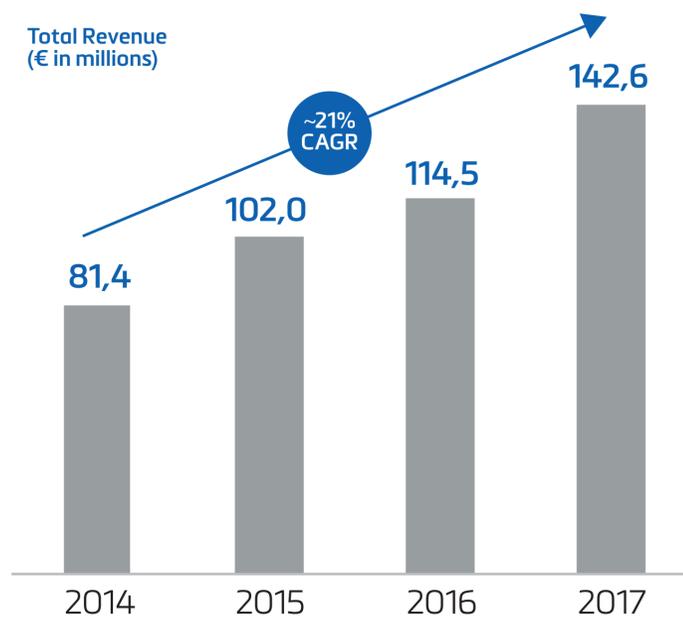
## ...with expanding Adjusted EBITDA margin

EBITDA and Adjusted EBITDA margin % (€ in millions)

~38% CAGR

5,8 — 2014
3,7 — 2015
9,5 — 2016
15,1 — 2017

7,1% — 2014
3,6% — 2015
8,3% — 2016
10,6% — 2017

---- Adjusted EBITDA margin %
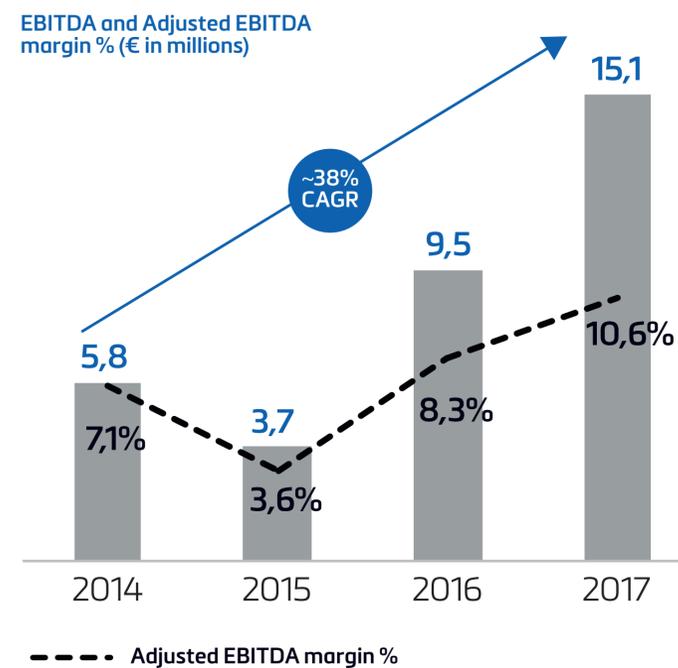
## A sustained commitment to innovation

€15.1m
2014 R&D Spend

€20.0m
2017 R&D Spend

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Yearly Results 2017

# Diversified Growth Across Segments

## Materialise Software

Total Revenue
(€ in millions)

25,8 — 2015
30,1 — 2016
35,8 — 2017

EBITDA and EBITDA
margin % (€ in millions)

9,1 — 2015 — 35,2%
10,1 — 2016 — 33,6%
13,9 — 2017 — 38,9%
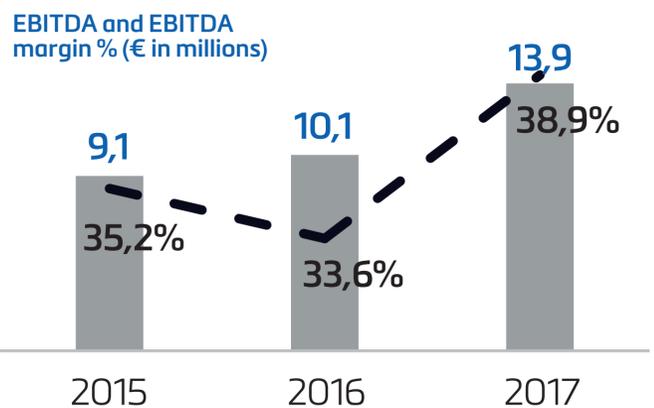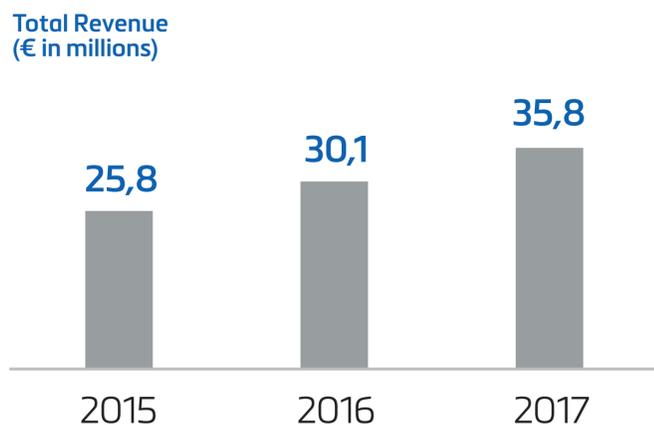
---- Adjusted EBITDA margin %

## Materialise Medical

Total Revenue
(€ in millions)

34,9 — 2015
37,9 — 2016
42,8 — 2017

EBITDA and EBITDA
margin % (€ in millions)

0,4 — 2015 — 1,1%
0,9 — 2016 — 2,4%
4,4 — 2017 — 10,3%
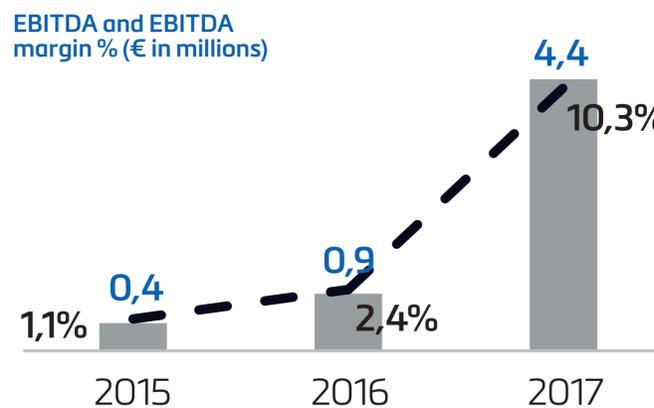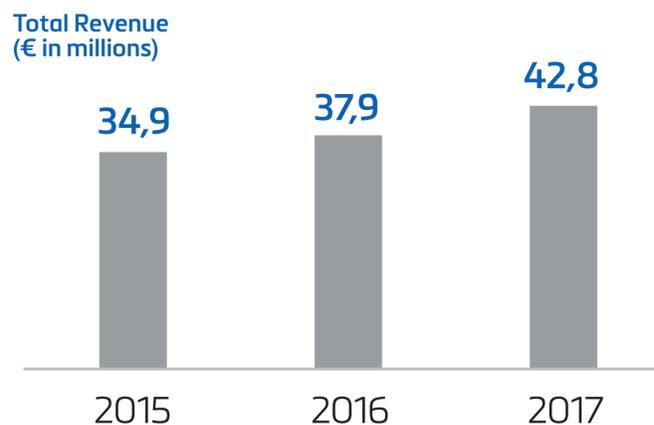
---- Adjusted EBITDA margin %

## Materialise Manufacturing

Total Revenue
(€ in millions)

41,4 — 2015
46,4 — 2016
63,7 — 2017

EBITDA and EBITDA
margin % (€ in millions)

1,6 — 2015 — 4,0%
3,8 — 2016 — 8,3%
5,0 — 2017 — 7,8%

---- Adjusted EBITDA margin %

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Yearly Results 2017
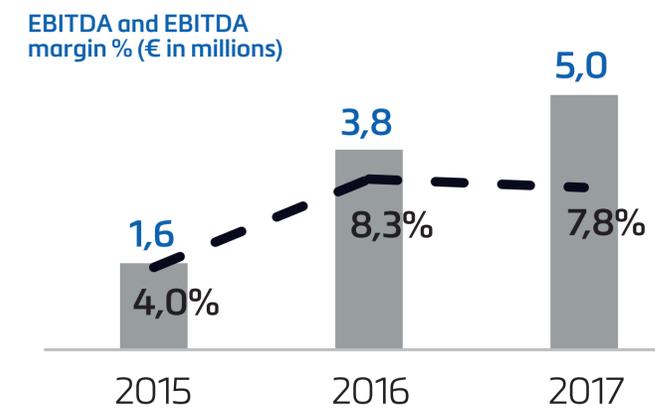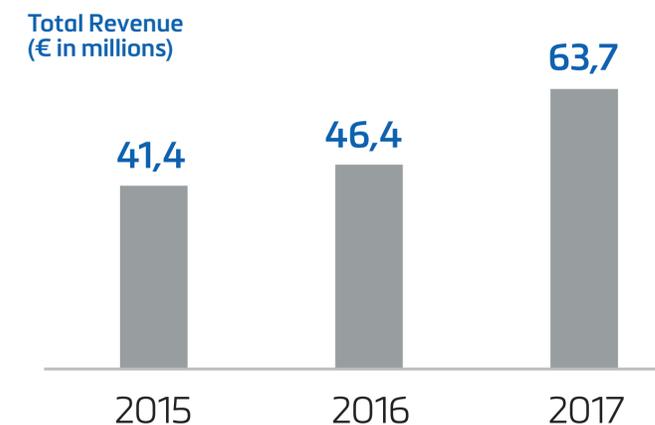
## Current Balance Sheet

| (in thousands of euros) | 09/30/2018 | 12/31/2017 |
|---|---|---|
| Cash & equivalents | 114,622 | 43,175 |
| Receivables | 36,790 | 35,582 |
| Inventories | 10,400 | 11,027 |
| Payables | 20,074 | 237,539 |
| Payables | 20,899 | 19,230 |
| Total deferred income | 27,454 | 22,559 |
| Total borrowings | 107,727 | 94,557 |
| Total equity | 134,862 | 77,054 |
| Total liabilities and equity | 312,756 | 236,215 |

| (in thousands of euros) | Q3 2018 | Q3 2017 |
|---|---|---|
| Capital expenditures | 5,605 | 9,621 |
| Cash flow from operations (3 months) | 7,234 | 1,603 |

# Highlights of 2017-2018
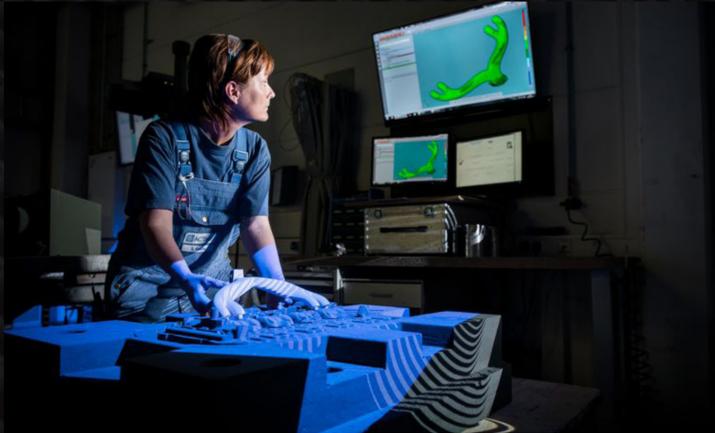
## ACTech Acquisition

- ► Capitalize on the 3D printing needs of the auto and aerospace industries

- ► Positioning in preproduction prototyping market

- ► Ability to offer complete manufacturing solutions for 3D-printed metal

## Materialise-BASF Strategic Alliance

- ► Establishing an open ecosystem to accelerate the growth of 3D printing market

- ► Developing meaningful applications to keep the growth of the industrial 3D printing market
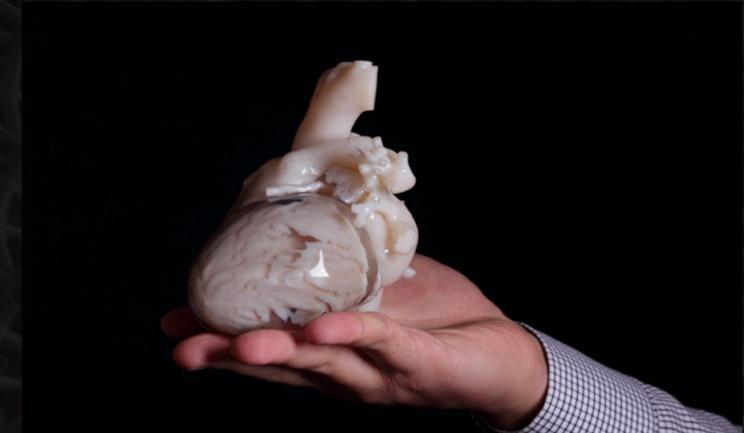
## FDA Clearance for diagnostic 3D-printed anatomical models

- ► First company in the world to receive FDA Clearance for software for 3D printing anatomical models

- ► The FDA clearance supports the creation of point-of-care 3D printing facilities in