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3Q 2019 Financial Results

Conference Call
October 31, 2019

www.materialise.com
NASDAQ: MTLS

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. 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

- Q3 2019 Highlights
- Materialise Software Initiatives
- Q3 2019 Financial Results
- Fiscal 2019 Financial Guidance
- Q&A

Fried Vancraen
Founder & CEO

Peter Leys
Executive Chairman

Johan Albrecht
CFO

Q3 2019 Highlights

- Total revenue increased 8% from Q3 2018 to 50,449 kEUR
- Record quarter with Adjusted EBITDA of 8,022 kEUR or an Adjusted EBITDA margin of 15.9%
- Net result of 1,001 kEUR or 0.02 EUR per diluted share

Strong Results in a Challenging Macro Environment

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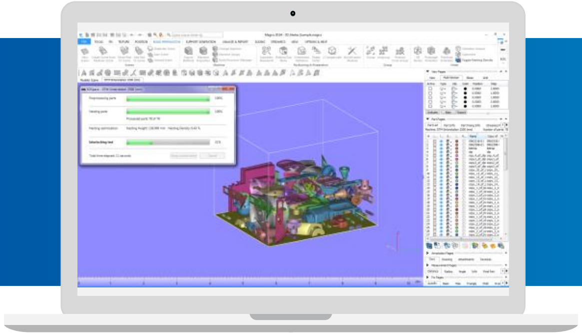
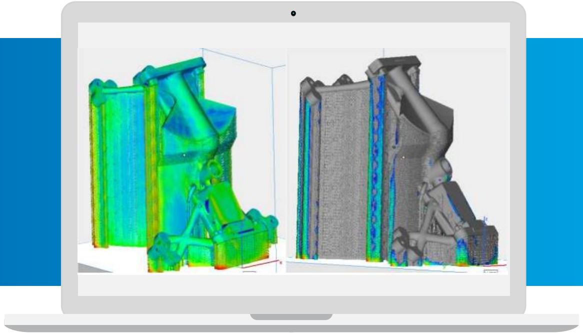
Materialise Software
Key Productivity Drivers





Data Processing Speed

- Magics Nesting Module increased process speed with a factor 30, making it not only faster, but also more sustainable by saving material

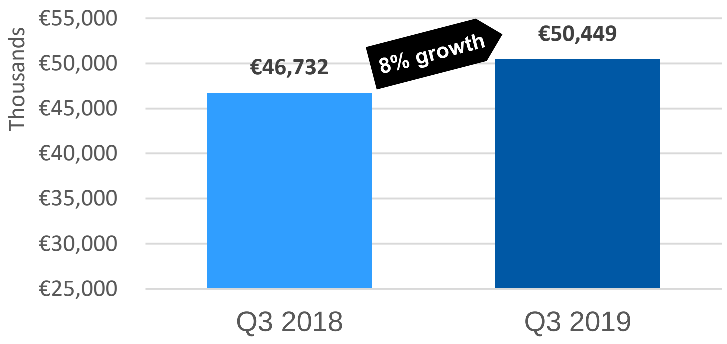
Automation Functionalities

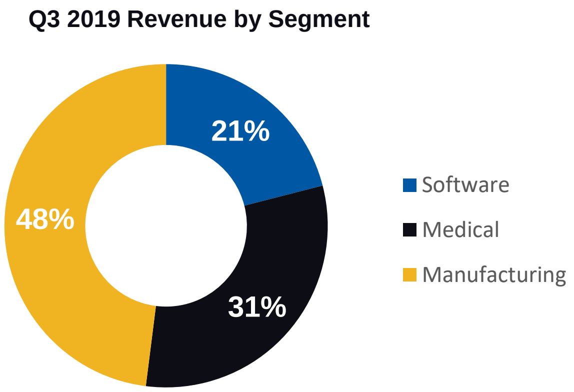
- Our new generation of products have significantly enhanced automation functionalities, saving working hours
- Digital Twins in combination with AI speed up process understanding

New Product Introduction

- Our software API allows us to bring new functionalities to the market faster
- A new suite of NPI software products are built on API

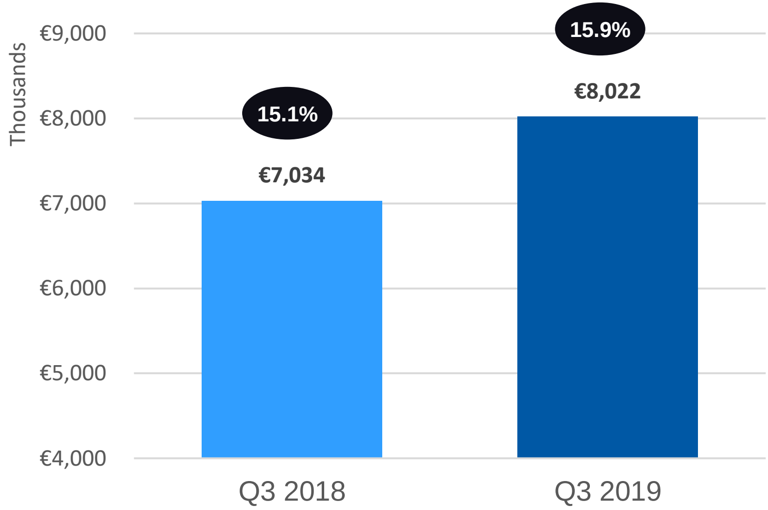
Q3 2019
Consolidated Revenue





- Revenue increased 21% in Medical
- Software sales rebounded into double digit growth again
- Deferred revenue from software licenses and maintenance fees increased 1,350 kEUR compared to year-end 2018
- Cross-segment revenue from software products amounted to 31% of total revenue

Q3 2019
Consolidated Adjusted EBITDA



- Q3 2019 consolidated adjusted EBITDA increased 988 kEUR
- Q3 2019 consolidated adjusted EBITDA margin of 15.9%
- Operating profit increased 25%, result of improved gross margin and moderate increase of operating expenses

Q3 2019
Software Segment

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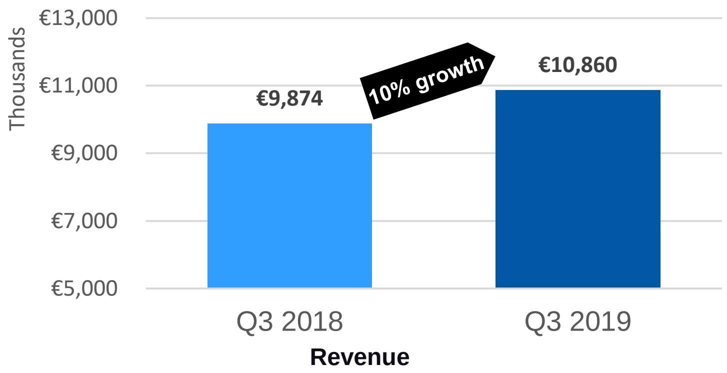
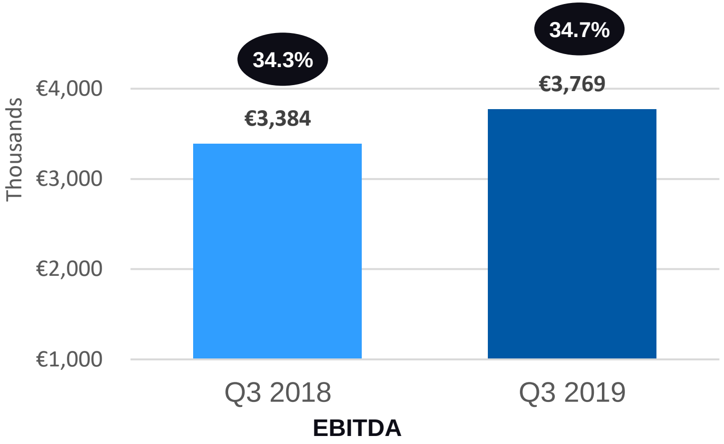
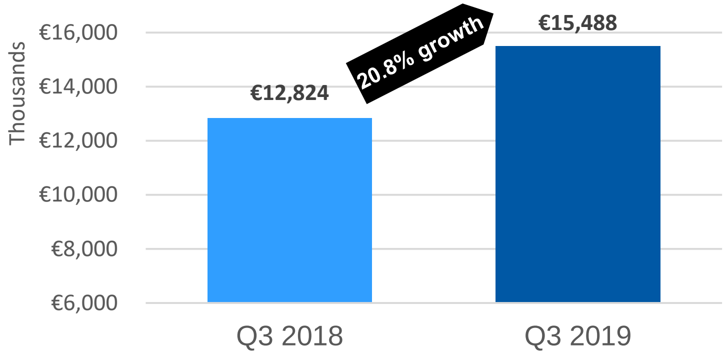




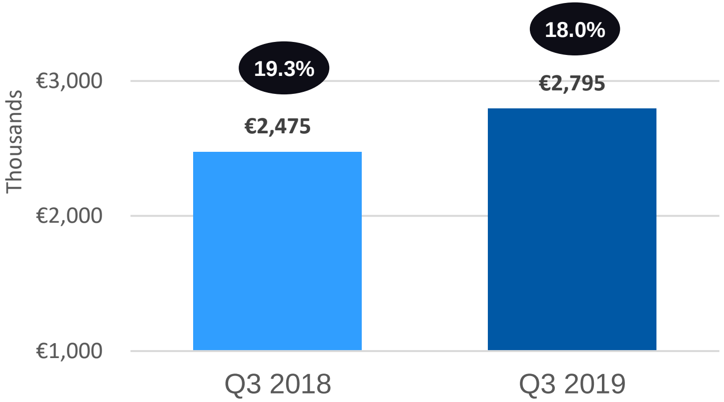
- Revenue increased 10%, Sales* grew 16.4%
- Q3 2019 recurrent revenue up 5.3%
- Q3 2019 non-recurrent revenue up 14.4%
- Q3 2019 EBITDA margin of 34.7%

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

Q3 2019
Medical Segment



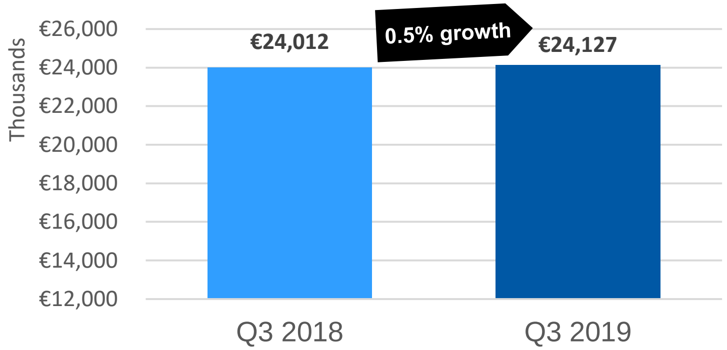
Revenue



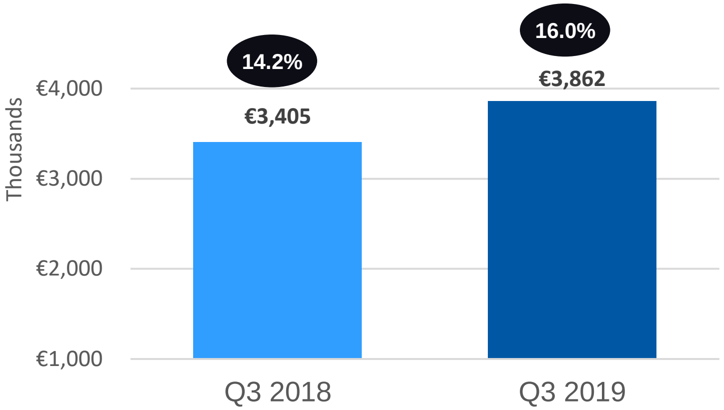
EBITDA

- Q3 2019 revenue from medical devices and services rose 25%, including 2 months of Engimplan’s contribution
- Q3 2019 revenue from medical software increased 12.7%
- EBITDA of 2,795 kEUR, resulting in an 18.0% EBITDA margin

Q3 2019
Manufacturing Segment



Revenue



EBITDA

- Q3 2019 revenue up 0.5%
- EBITDA increased 13.5% to 3,862 kEUR, resulting in an EBITDA margin of 16.0%
- 193 printers (Manufacturing + Medical) in production as of September 30, 2019

Income Statement Highlights

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(in thousands of euros, except where indicated)	Q3 2019	Q3 2018
Revenue	50,449	46,732
Cost of sales	(21,426)	(20,314)
Gross profit	29,023	26,418
Research & development expenses	(5,626)	(5,634)
Sales & marketing expenses	(13,545)	(11,292)
General & administrative expenses	(8,269)	(7,739)
Other income/(expenses), net	1,332	571
Operating profit/(loss)	2,916	2324
Financial income/(expenses), net	(966)	268
Share in gain/(loss) of joint venture	(41)	(47)
Taxes	(908)	(230)
Net profit/(loss)	1,001	2,316
Diluted EPS (in €)	0.02	0.04
Diluted weighted average shares (thousands)	52,970	52,319

Other Financial Highlights

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(in thousands of euros)	09/30/2019	12/31/2018
Cash and equivalents	131,095	115,506
Receivables	36,983	36,891
Inventories	11,916	9,986
Payables	21,198	20,980
Deferred income	29,405	27,782
Borrowings	131,618	106,038
Equity	139,894	135,989
Total Balance sheet	347,054	313,225

(in thousands of euros)	Q3 2019	Q3 2018
Capital expenditures	(5,628)	(5,605)
Cash flow from operations	13,897	7,234

Fiscal 2019 Financial Guidance

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Consolidated Revenue	**196M to 204M euros**
Consolidated Adj. EBITDA(1)	**29M to 33M euros** (low end of range)
Increased Deferred Revenue (from annual licenses and maintenance)	**2M to 4M 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 the company's Form 20-F filed with the U.S. Securities and Exchange Commission. 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 September 30	
(in thousands of euros)	**2019**	**2018**
Net profit/(loss)	1,001	2,316
Income taxes	908	230
Financial expenses	1,138	1,039
Financial income	(172)	(1,308)
Share of loss in a joint venture	41	47
Depreciation & amortization	4,904	4,519
EBITDA	7,820	6,843
Non-cash stock-based compensation expenses	60	191
Acquisition-related expenses	140	-
Adjusted EBITDA	8,022	7,034