



***Materialise***  
*innovators you can count on*



**Q2 2014 Financial Results  
Conference Call  
August 14, 2104**

# Safe Harbor Summary

This presentation contains forward-looking statements regarding, among other things, the plans, objectives, expectations, strategies and prospects of the Company, both financial and business. 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 the presentation. These expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them. However, we 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 our forward-looking statements are subject to risks and uncertainties that may cause our actual results to differ materially from our expectations. We make no commitment, and disclaim any duty to update or revise any forward-looking statements to reflect future events or changes in our expectations. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this presentation.

We are providing this information as of the date of this presentation and do not undertake any obligation to update any forward-looking statements contained in this presentation as a result of new information, future events or otherwise.

This presentation presents non-IFRS financial measures, including Adjusted EBITDA. These measures are commonly used to compare operating results between periods or companies, but are not international financial reporting standards (IFRS).

# Agenda



**Fried Vancraen**  
*Founder & CEO*



**Peter Leys**  
*Executive Chairman*



**Frederic Merckx**  
*CFO*

- Q2 2014 Highlights
- Who We Are
- Q2 Financial Results and 2014 Guidance
- H1 2014 Accomplishments, H2 2014 Priorities
- Long-Term Financial Objectives
- Q&A

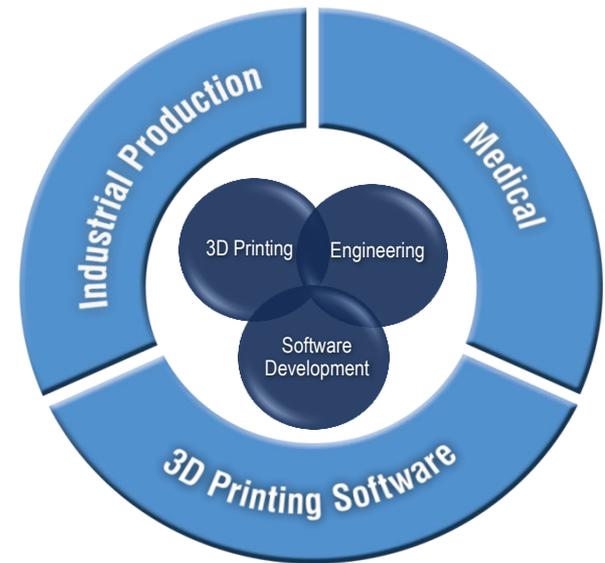
## Q2 2014 Highlights

- Completed initial public offering, raising \$89M in net proceeds.
- Revenue increased 15.1% to 19,238 kEUR from prior year.
- Total software sales increased to 31% of total revenue.
- R&D increased by 930 kEUR to 18.5% of total revenue.
- EBITDA was 1,065 kEUR.
- Adjusted EBITDA, excluding non-recurring IPO expenses and non-cash based compensation expense was 1,372 kEUR, or 7.1% of total revenue.

# Materialise at a Glance

- Established provider of additive manufacturing software and services
- Unique business model
- Executive operating team: 20+ years average experience at company
- 50+% of employees have a Masters or Ph.D. degree
- Business segments: 3D printing software, medical, industrial production

## The Materialise “Flywheel”



# Use of IPO Proceeds

✓ Increase our sales and marketing teams worldwide

**\$7 – 14 million**

✓ Fund additional research and development activities

**\$7 – 14 million**

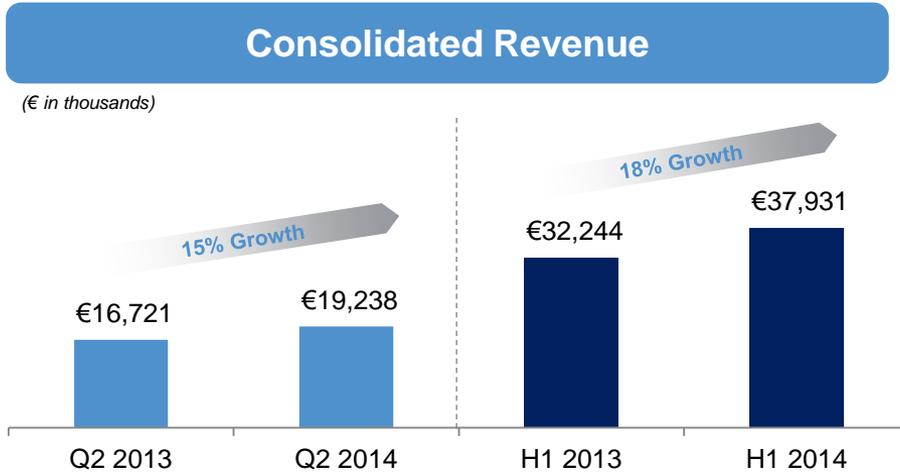
✓ Expansion of our 3D printing capacity, including the addition of new printers and additional technologies, to serve our industrial and medical needs

**\$14 – 28 million**

✓ General corporate purposes (including, but not limited to, potential acquisitions or partnerships)

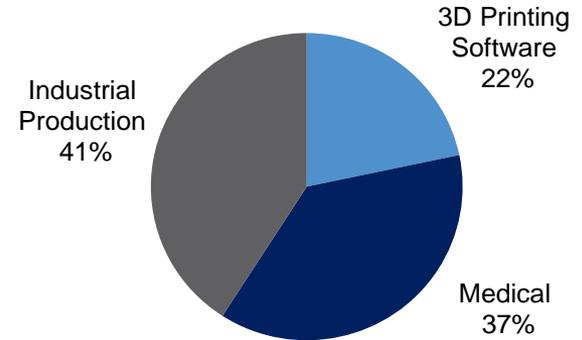
**Remaining  
Proceeds**

# Consolidated Revenue

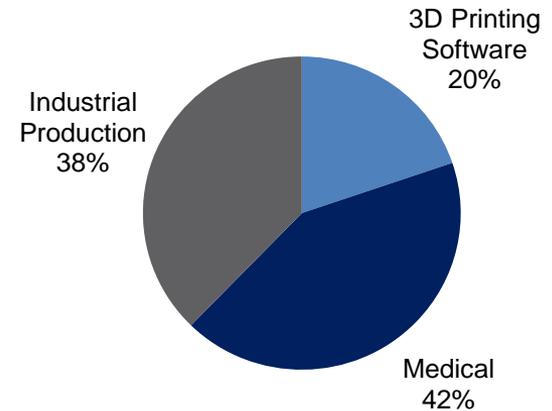


- ✓ 31% of Q2 2014 revenue from software sales.
- ✓ 40% of Q2 2014 revenue from end parts.

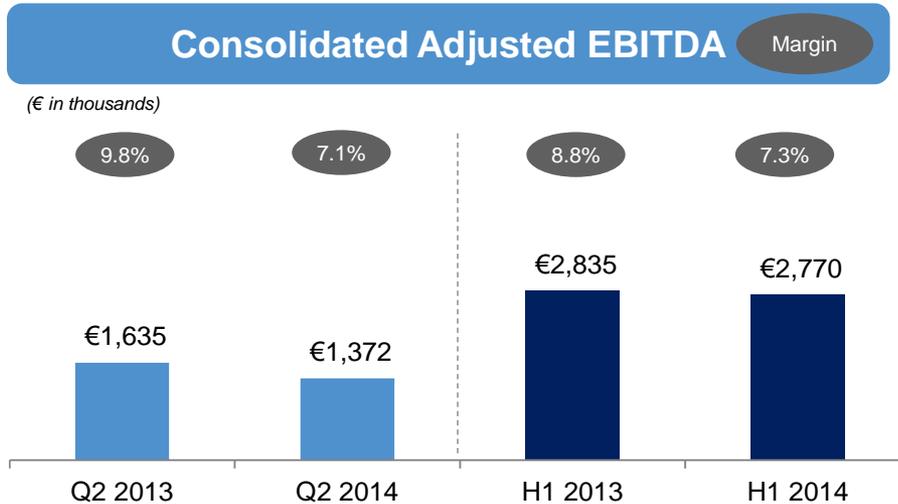
H1 2014 Revenue



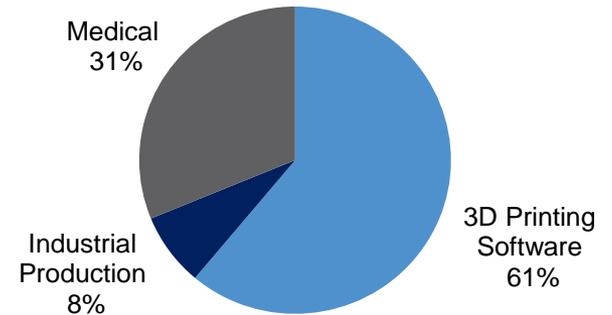
H1 2013 Revenue



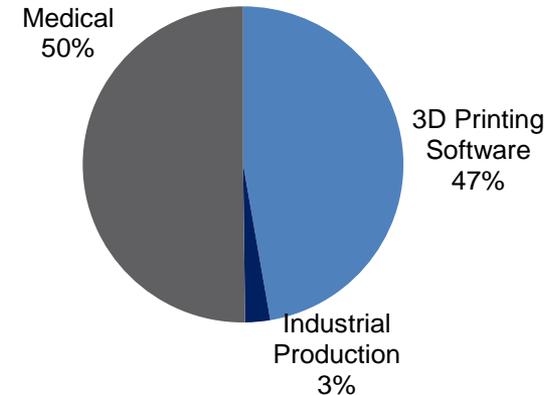
# Consolidated Adjusted EBITDA



H1 2014 Adj. EBITDA<sup>(1)</sup>



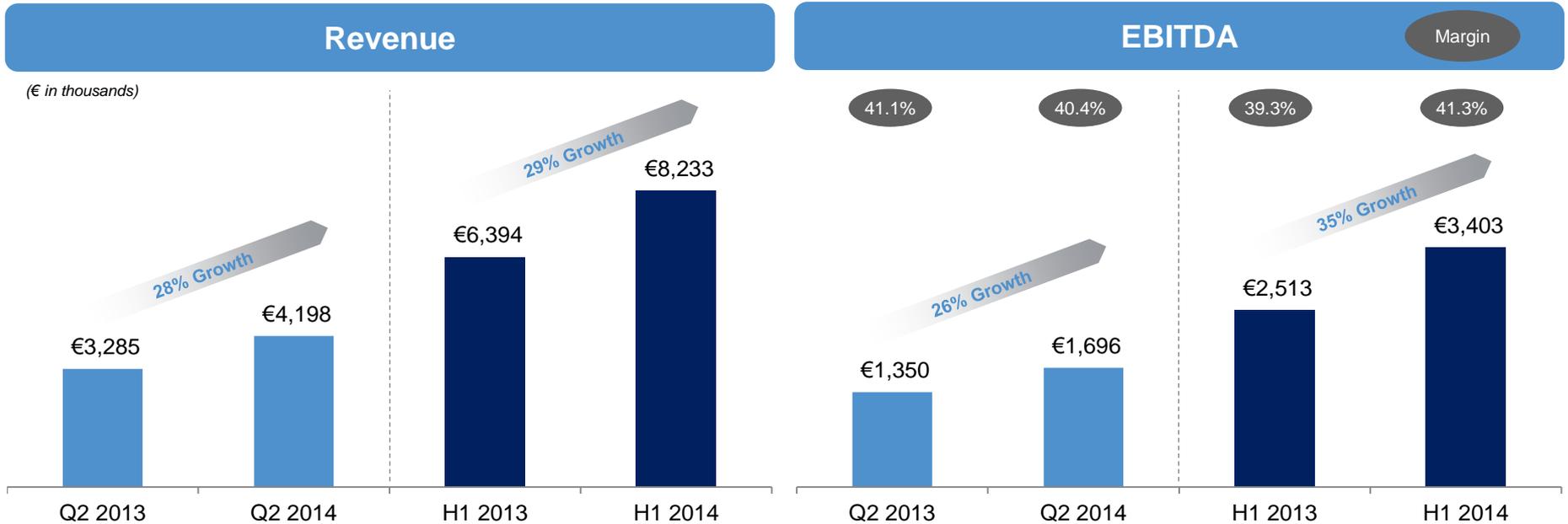
H1 2013 Adj. EBITDA<sup>(1)</sup>



- ✓ Q2 2014 R&D spending increased 35% or 930 kEUR from prior year.
- ✓ Non-recurring IPO expenses in Q2 2014 were 182 kEUR.
- ✓ Non-cash stock-based compensation expense in Q2 2014 was 125 kEUR.

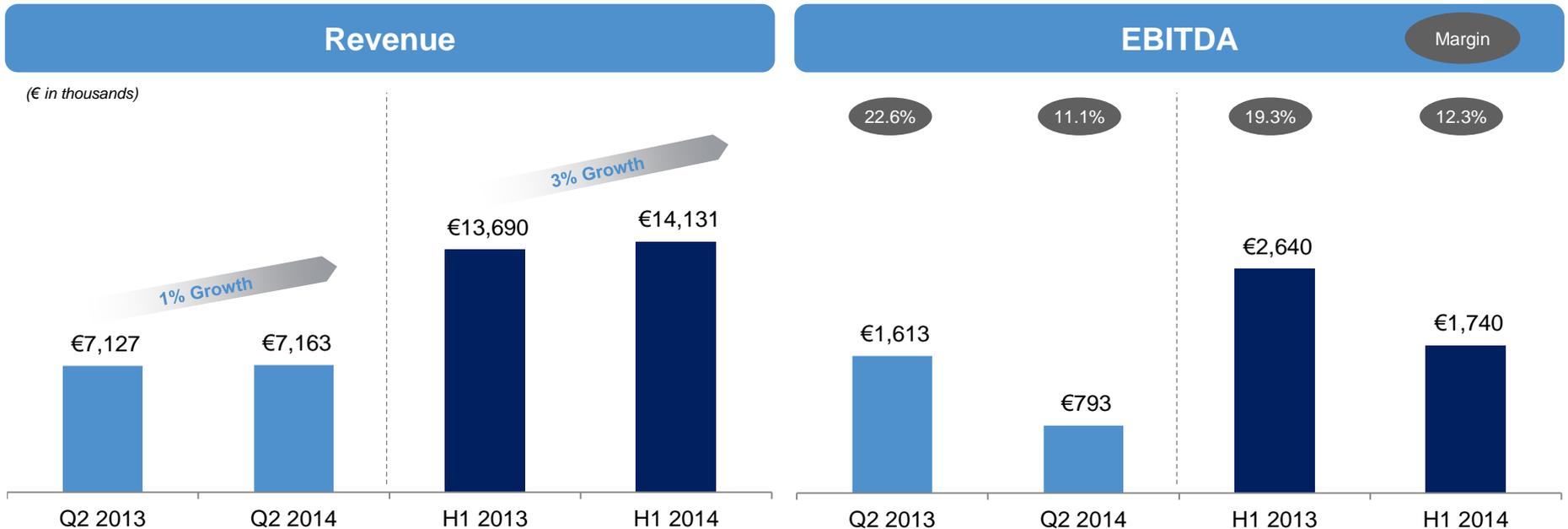
(1) Excludes adjustments and eliminations.

# 3D Printing Software Segment



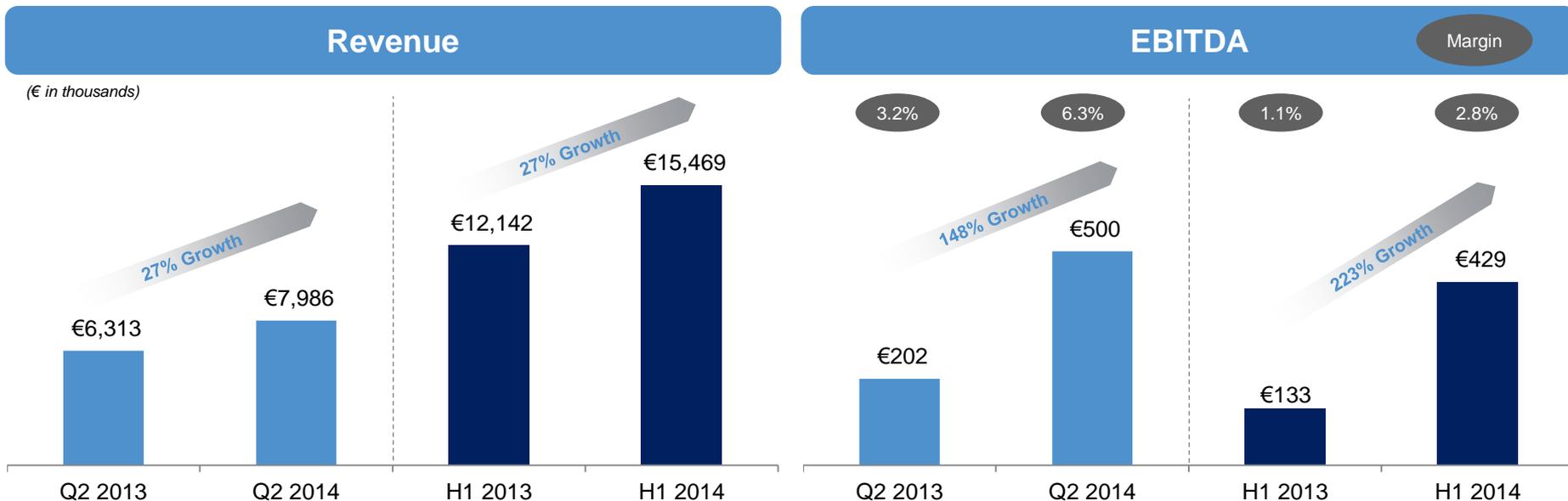
- ✓ Revenue from new licenses for Q2 2014 increased by 33% from the prior year.
- ✓ Q2 2014 recurring revenue increased 13% from the prior year.
- ✓ Q2 2014 revenue generated through OEMs increased by 40% from the prior year.
- ✓ YTD revenue from Asia increased by 58% from the prior year.

# Medical Segment



- ✓ Q2 2014 medical software revenue increased 4.6% from the prior year.
- ✓ Share of annual-based licenses rose to 25% for Q2 2014 from 9% for the prior year.
- ✓ Q2 2014 revenue from medical collaboration partners decreased 4.4% from the prior year.
- ✓ Q2 2014 revenue from direct sales of guides and implants increased by 18% from the prior year.

# Industrial Production Segment



- ✓ Gain in 'additive manufacturing solutions' on 31% growth in sales of end parts for Q2 2014 over the prior year.
- ✓ Number of printers increased from 109 as of 3/31/14 to 115 as of 6/30/14.
- ✓ Excluding growth businesses EBITDA margin increased to 13.9% for Q2 2014 from 12.8% for the prior year.

(1) Excluding growth businesses in 2Q 2014, segment revenue was 6,700 kEUR and EBITDA was 931 kEUR versus revenue of 6,300 kEUR and EBITDA of 806 kEUR for 2Q 2013.

# Income Statement Highlights

(in thousands of euros, except where indicated)	Q2		H1	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue	19,238	16,721	37,931	32,244
Cost of sales	<u>(7,535)</u>	<u>(6,130)</u>	<u>(15,174)</u>	<u>(12,415)</u>
Gross profit	11,703	10,591	22,757	19,829
Research & Development Expenses	(3,563)	(2,633)	(6,742)	(5,148)
Sales & Marketing Expenses	(6,156)	(5,330)	(11,836)	(10,259)
General & Administrative Expenses	(2,996)	(2,577)	(5,712)	(4,695)
Other income/(expenses), net	<u>1,063</u>	<u>805</u>	<u>2,021</u>	<u>1,553</u>
Operating profit	51	856	488	1,280
Financial income/(expenses), net	(176)	(192)	(342)	(315)
Taxes	<u>(98)</u>	<u>(42)</u>	<u>(287)</u>	<u>(157)</u>
Net profit/(loss)	(223)	622	(141)	808
EPS* (euros)	(0.00)	0.02	(0.00)	0.02
Weighted average shares (thousands)	41,702	38,020	39,116	38,031

\* Excludes non-controlling interest.

## Other Financial Highlights

(in thousands of euros)	06/30/2014	12/31/2013
Cash & equivalents	67,431	12,598
Receivables	13,460	12,382
Inventories	2,778	3,328
Payables	8,122	6,837
Total borrowings	17,838	16,316
Total equity	82,427	17,735
Total liabilities and equity	125,242	55,688
(in thousands of euros)	Q2 2014	Q2 2013
Capital expenditures	1,889	1,115
Cash flow from operations	3,234	1,558

# 2014 Guidance

**Consolidated  
Revenue**

**77M to 80M euros**

**Consolidated  
Adj. EBITDA<sup>(1)</sup>**

**3.5M to 5.0M 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 consult the "Risk Factors" section of the prospectus filed with the SEC on June 26, 2014. 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 and stock-based compensation expense.

# 2014 Operational Review

## 1H Operational Achievements

### Software

- ✓ Established operations of RS Print joint venture

### Medical

- ✓ Initiated test phase of metal printers

### Industrial Production

- ✓ Finalized integration of e-Prototypy acquisition

## 2H Operational Priorities

### Software

- ✓ Drive OEM/distributor sales and upselling
- ✓ Extend leadership to OEMs in Asia

### Medical

- ✓ Grow customized implants business
- ✓ Advance X-ray based solutions project

### Industrial Production

- ✓ Grow end parts customer breadth and penetration
- ✓ Expand RapidFit through consolidation

# Long-Term Financial Objectives

	3D Printing Software	Medical	Industrial Production	Consolidated
Revenue Growth %	25-30%	20-25%	20-25%	20-25%
Adjusted EBITDA <sup>(1)</sup> Margin %	33-38%	20-25%	15-20%	20-25%

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## Q & A



Visionary company and leadership that has driven advancement of the 3D printing industry



Commitment to expanding 3D printing technology through constant ongoing Research & Development



At the forefront of 3D printing growth with a compelling and unique business and financial model

# Adjusted EBITDA Reconciliation

	For the quarter ended June 30		For the six months ended June 30	
(in thousands of euros)	2014	2013	2014	2013
Net profit/(loss)	(223)	622	(141)	808
Income taxes	98	42	287	157
Financial expense	210	243	409	387
Financial income	-34	-51	(67)	(72)
Depreciation & amortization	1,014	779	1,975	1,555
EBITDA	1,065	1,635	2,463	2,835
Non-recurring IPO Expenses	182	0	182	0
Non-cash stock-based compensation expenses	125	0	125	0
Adjusted EBITDA	1,372	1,635	2,770	2,835