

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 line separating the top right and bottom left corners.

materialise
innovators you can count on

**2Q 2019 Financial Results
Conference Call
August 6, 2019**

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. 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

- ▶ Q2 2019 and Other Highlights
- ▶ Materialise Medical Initiatives
- ▶ Q2 2019 Financial Results
- ▶ Fiscal 2019 Financial Guidance Update
- ▶ Q&A

Q2 2019 and Other Highlights

- ▶ Total revenue increased 7% from Q2 2018 to 48,404 kEUR
- ▶ Adjusted EBITDA of 5,059 kEUR or an Adjusted EBITDA margin of 10.5%
- ▶ Net result of (297) kEUR or (0.01) EUR per diluted share
- ▶ Acquisition of controlling stake in Engimplan Holding Ltda.
 - ▶ Brazil-based manufacturer of orthopedic and cranio-maxillofacial (CMF) implants and instruments

Continuing to Increase Our Presence in Promising Verticals

Materialise Medical Initiatives

Investment in Engimplan

- ▶ Embodies our vision to invest in meaningful medical applications of 3D printing, particularly CMF and orthopedic verticals
 - ▶ Engimplan on the verge of introducing 3D metal printing into its production process
 - ▶ Materialise's solutions and expertise can accelerate Engimplan's technological advantage and strengthen local market share
- ▶ Controlling stake acquired; financial results to be consolidated as of August 1, 2019
- ▶ Expect Engimplan revenues to grow in low double-digit range

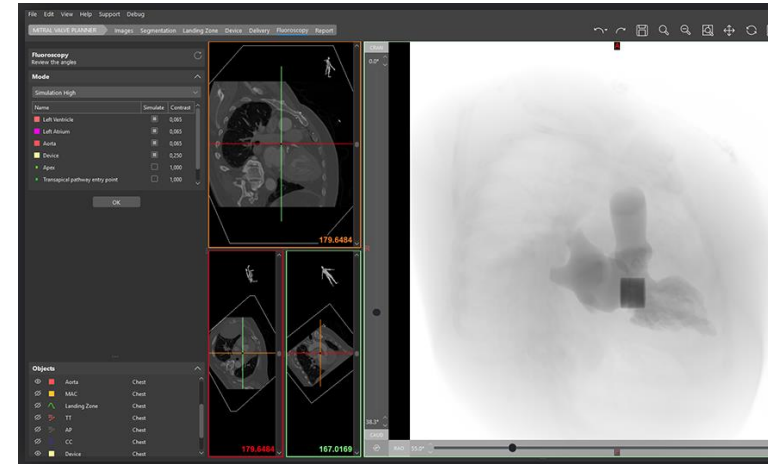
engimplan...



Materialise Medical Initiatives (cont'd)

Mitral Valve Planner

- ▶ Illustrates how strengths of Mimics Innovation Suite are being leveraged
 - ▶ First release of Mimics Enlight supports planning of complex TMVR procedures
 - ▶ FDA clearance received; currently being commercialized
 - ▶ Other planning tools from Mimics platform involve shoulder and knee
- ▶ Ceased capitalizing development expenses following FDA clearance



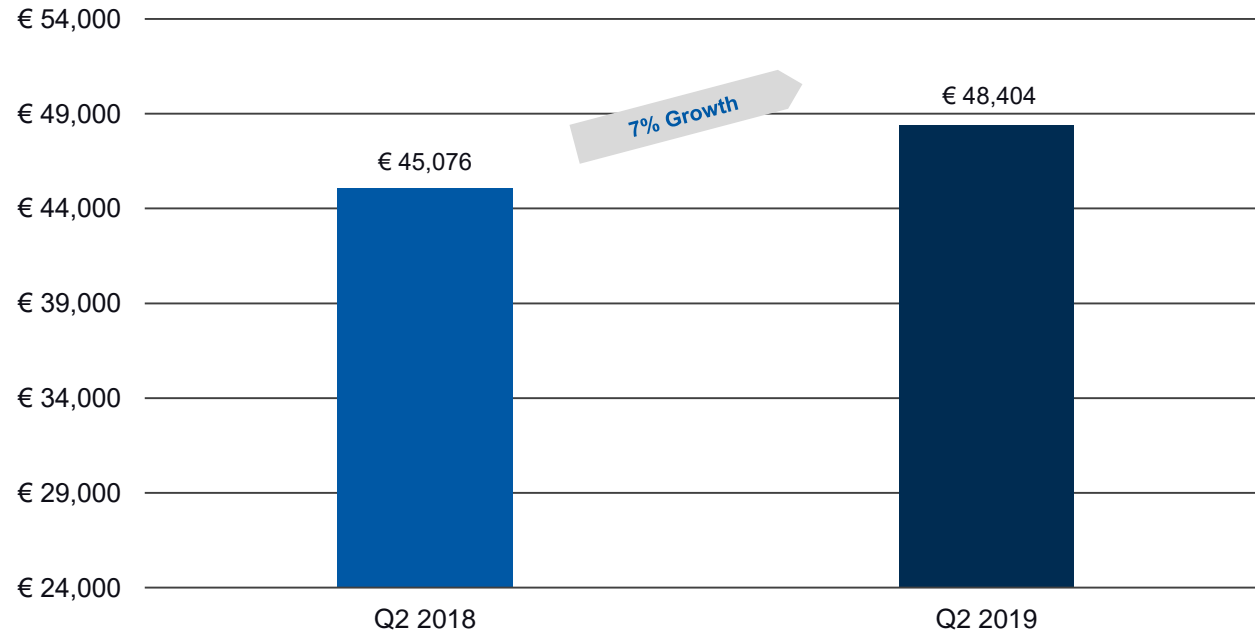
Tracheal Splint

- ▶ Developing and commercializing a 3-D printed tracheal splint for children with a congenital airway disorder
- ▶ 22 patients treated with this device by the University of Michigan under the FDA's Expanded Access Program

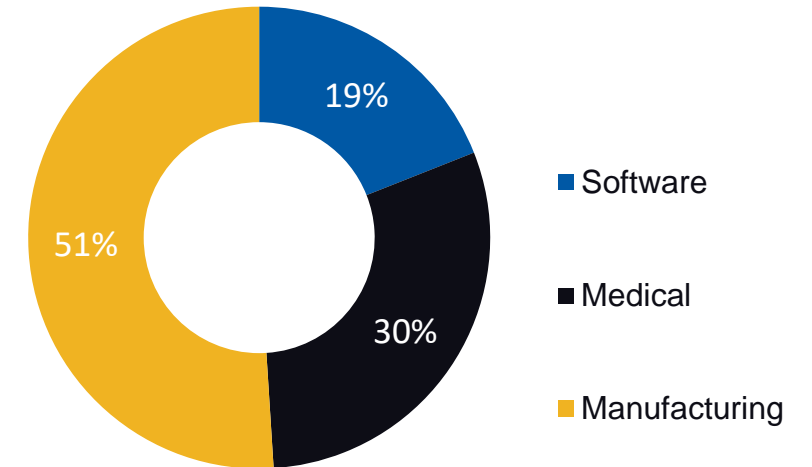


Q2 2019 - Consolidated Revenue

Consolidated Revenue

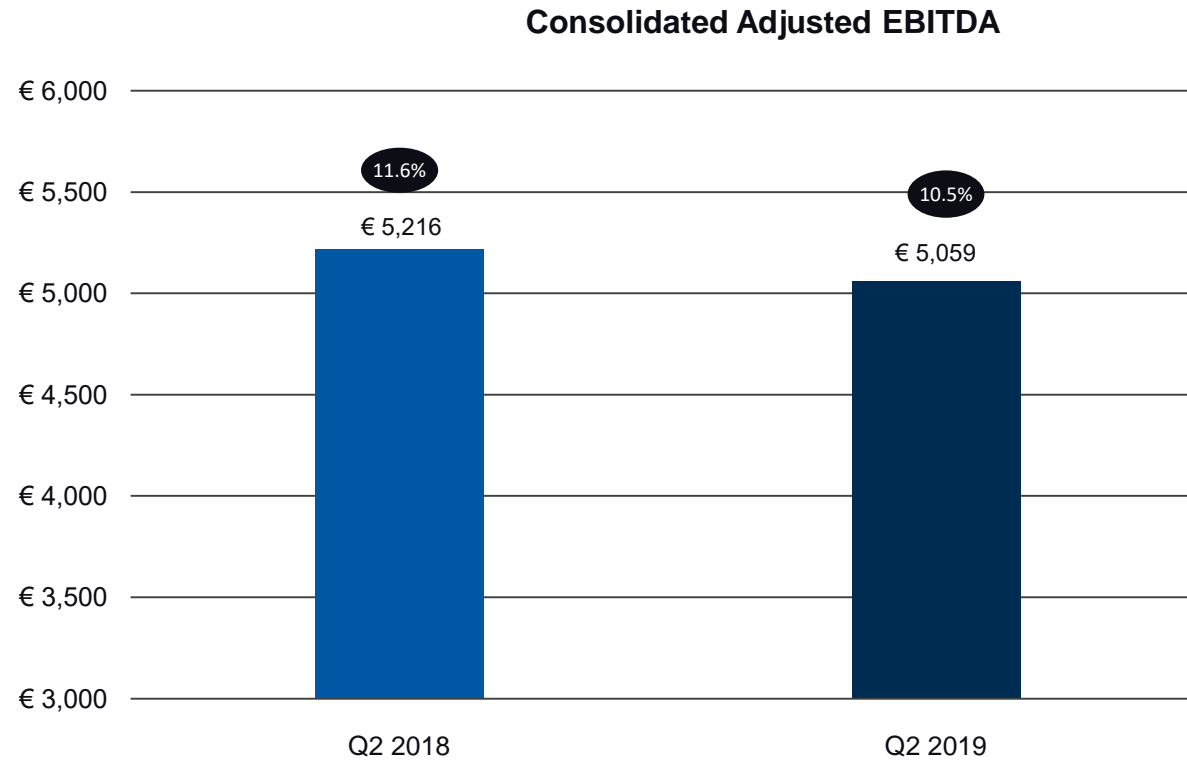


Q2 2019 Revenue by Segment



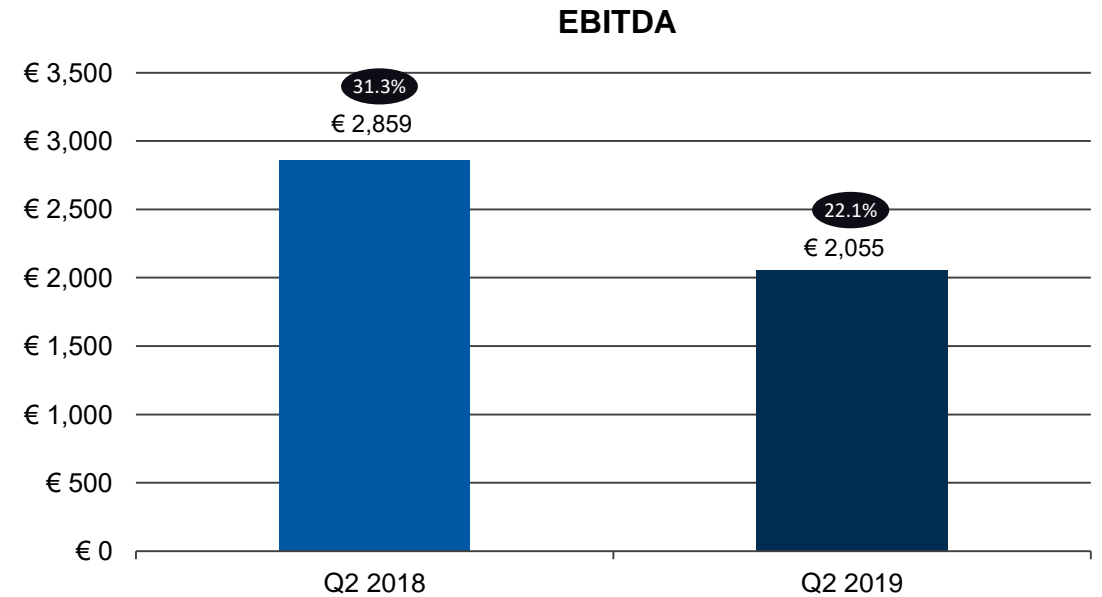
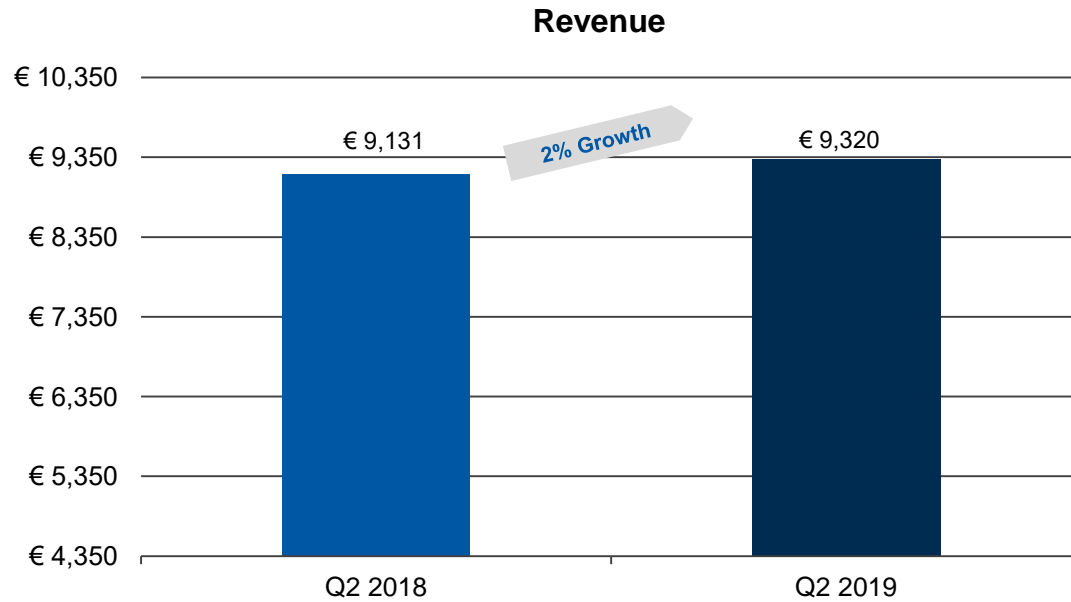
- ▶ Solid revenue increase in Medical
- ▶ Third consecutive quarter of revenue growth in Manufacturing
- ▶ Deferred revenue from software licenses and maintenance fees increased 2,218 kEUR compared to year-end 2018
- ▶ Cross-segment revenue from software products amounted to 29% of total revenue

Q2 2019 - Consolidated Adjusted EBITDA



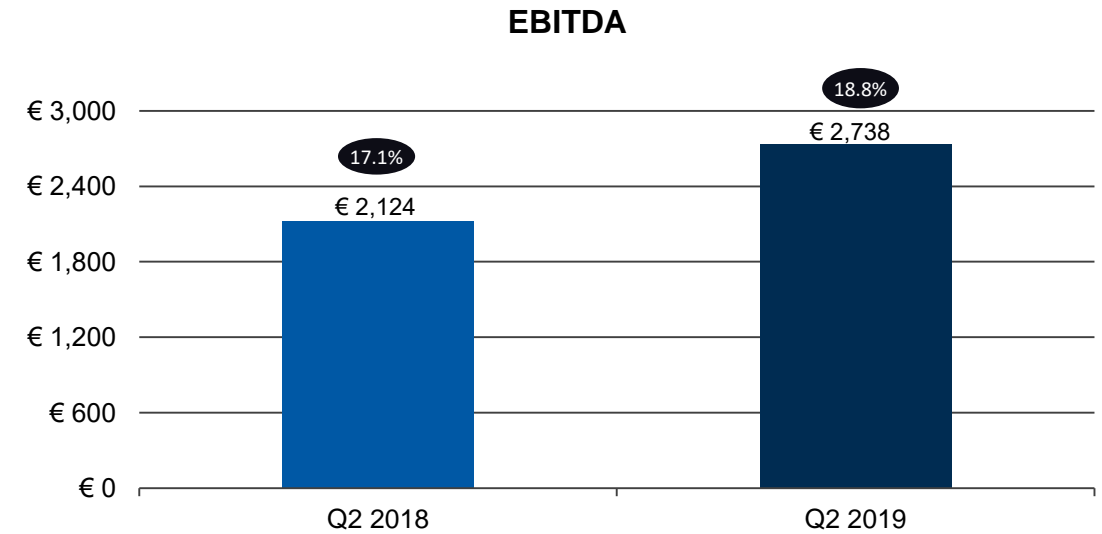
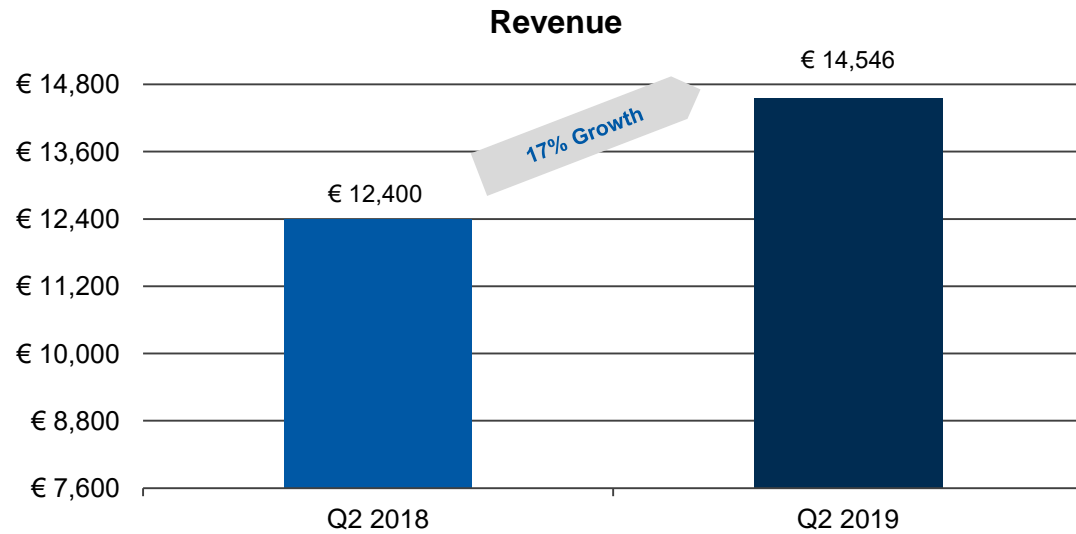
- Q2 2019 consolidated adjusted EBITDA decreased 3%
- Q2 2019 consolidated adjusted EBITDA margin of 10.5%
- Lower Software revenue weighed on our EBITDA margin this quarter

Software Segment



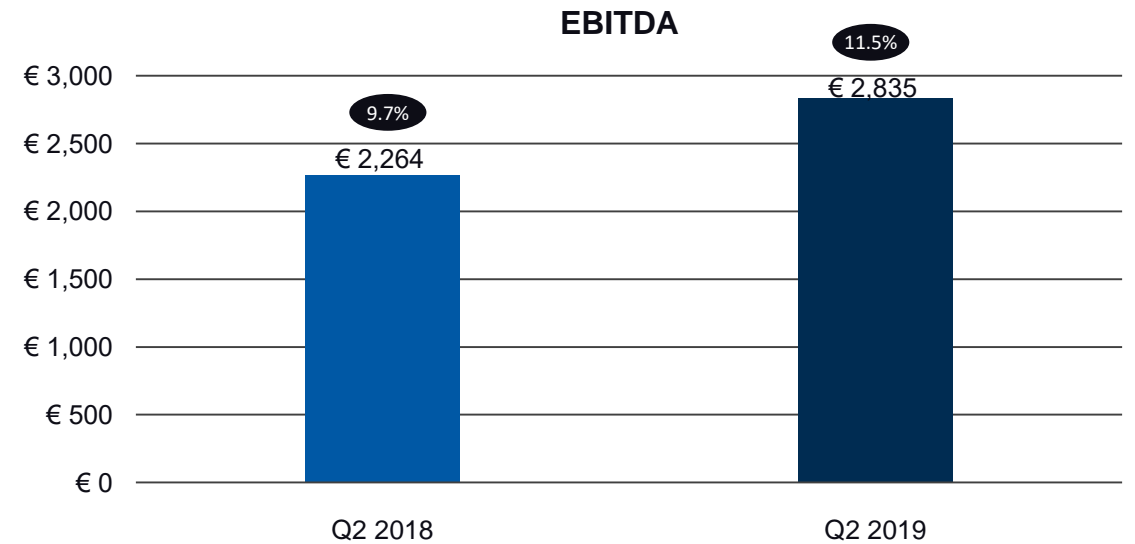
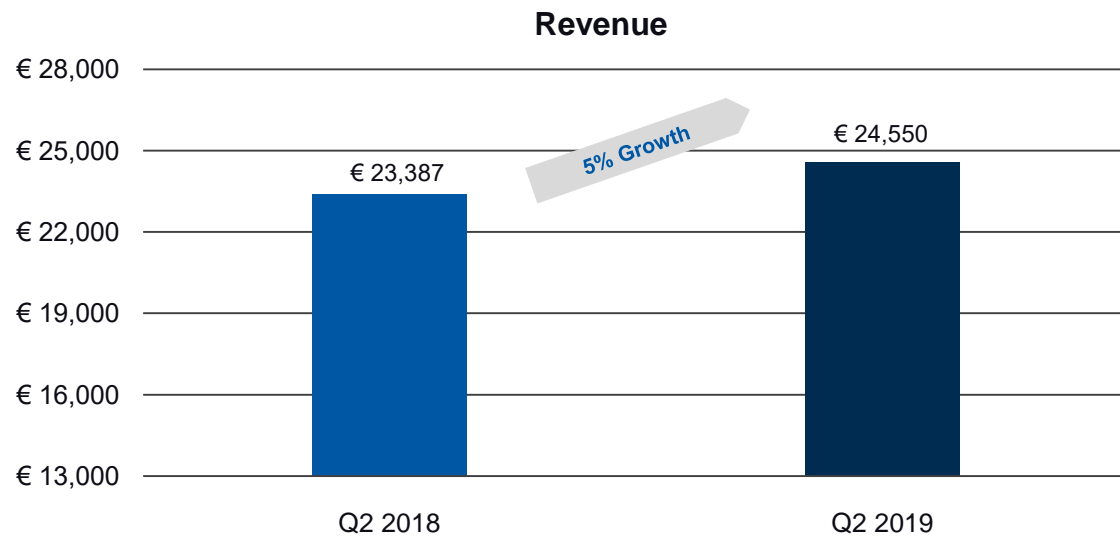
- Revenue increased 2%
- Q2 2019 recurrent revenue up 23%
- Q2 2019 non-recurrent revenue down 14%
- Q2 2019 EBITDA margin of 22%

Medical Segment



- ▶ Q2 2019 revenue from medical devices and services rose 13%
- ▶ Q2 2019 revenue from medical software increased 28%
- ▶ EBITDA of 2,738 kEUR, resulting in a 19% EBITDA margin

Manufacturing Segment



- Q2 2019 revenue up 5%
- EBITDA increased 25% to 2,835 kEUR, resulting in an EBITDA margin of 11.5%
- 192 printers (Manufacturing + Medical) in production as of June 30, 2019

Income Statement Highlights

(in thousands of euros, except where indicated)	Q2	
	<u>2019</u>	<u>2018</u>
Revenue	48,404	45,076
Cost of sales	<u>(21,887)</u>	<u>(20,288)</u>
Gross profit	26,527	24,788
Research & development expenses	(6,100)	(5,831)
Sales & marketing expenses	(13,173)	(11,842)
General & administrative expenses	(8,588)	(8,027)
Other income/(expenses), net	<u>1,370</u>	<u>1,840</u>
Operating profit/(loss)	36	928
Financial income/(expenses), net	(190)	(375)
Share in loss of joint venture	(82)	(141)
Taxes	<u>(61)</u>	(42)
Net profit/(loss)	(297)	(369)
Diluted EPS	(0.01)	0.01
Diluted weighted average shares (thousands)	52,891	47,428

Other Financial Highlights

(in thousands of euros)	06/30/2019	12/31/2018
Cash and equivalents	108,865	115,506
Receivables	40,073	36,891
Inventories	10,031	9,986
Payables	20,260	20,980
Total deferred income	30,058	27,782
Total borrowings	107,698	106,037
Total equity	135,781	135,989
Total liabilities and equity	317,534	313,225

(in thousands of euros)	Q2 2019	Q2 2018
Capital expenditures	(3,052)	(4,797)
Cash flow from operations	4,759	4,831

Fiscal 2019 Financial Guidance Update

- On an organic basis, expect to be comfortably within Revenue and Deferred Revenue ranges for fiscal 2019 and at bottom of Adjusted EBITDA range
- Investment in Engimplan immediately accretive to revenues and Adjusted EBITDA
- Engimplan's expected financial contributions strengthen our confidence in maintaining guidance for fiscal 2019

Consolidated Revenue	196M to 204M euros
Consolidated Adj. EBITDA⁽¹⁾	29M to 33M euros
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 June 30	
(in thousands of euros)	2019	2018
Net profit/(loss)	(297)	369
Income taxes	61	42
Financial expenses	313	404
Financial income	(123)	(29)
Share of loss in a joint venture	82	141
Depreciation & amortization	4,649	4,009
EBITDA	4,685	4,940
Non-cash stock-based compensation expenses	(374)	(276)
Acquisition-related expenses	-	-
Adjusted EBITDA	5,059	5,216