Materialise

innovators you can count on

Investor Presentation
January 2016

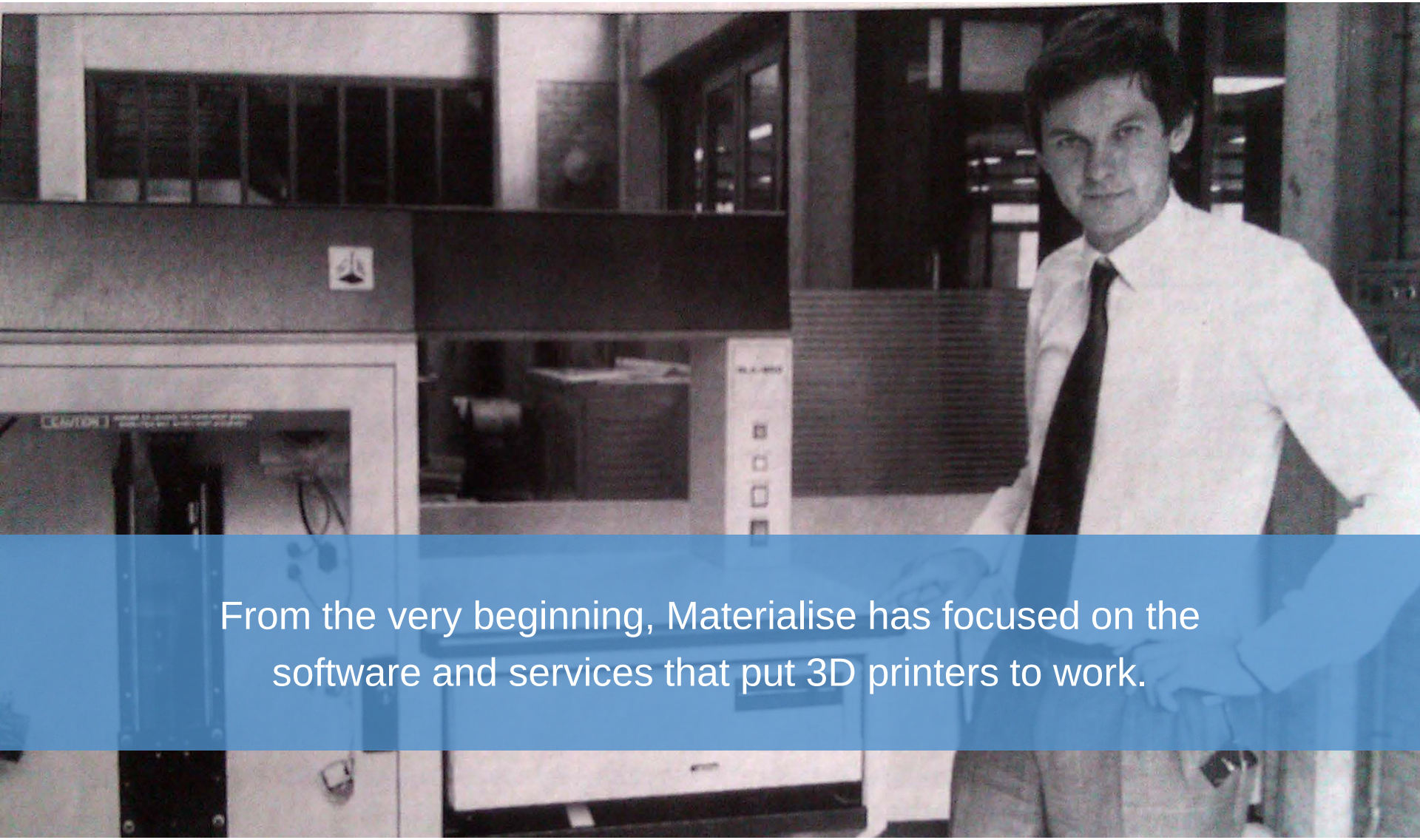
www.materialise.com
NASDAQ: MTLS

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 2015 revenues and Adjusted EBITDA, investments in R&D and S&M initiatives, results of operations, cash needs, capital expenditures, expenses, financial condition, liquidity, prospects, growth and strategies, 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 press release. 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 the risk factors described in Item 3.D. of our Annual Report on Form 20-F filed with the SEC on April 30, 2015. 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 press release.

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 press release 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.

25 Years of Software Innovation



From the very beginning, Materialise has focused on the software and services that put 3D printers to work.

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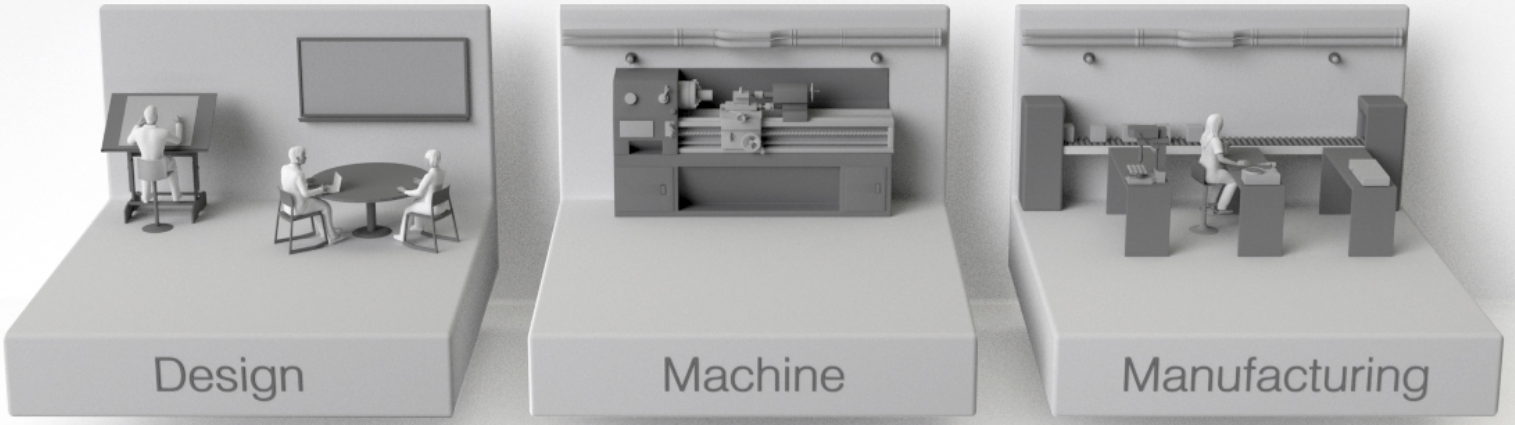
Industrial Manufacturing Ecosystem

Idea



Product

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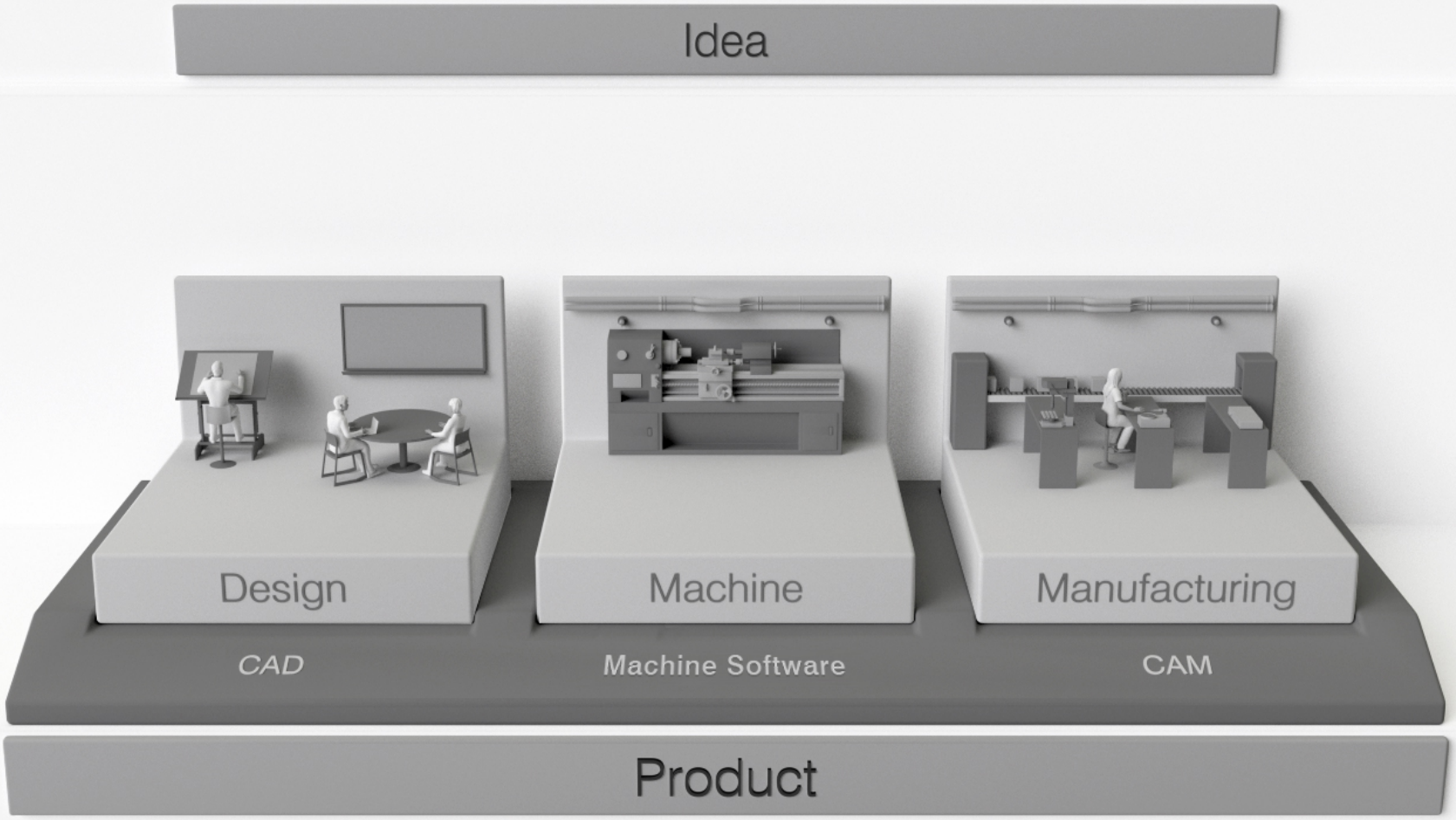
Industrial Manufacturing Backbone



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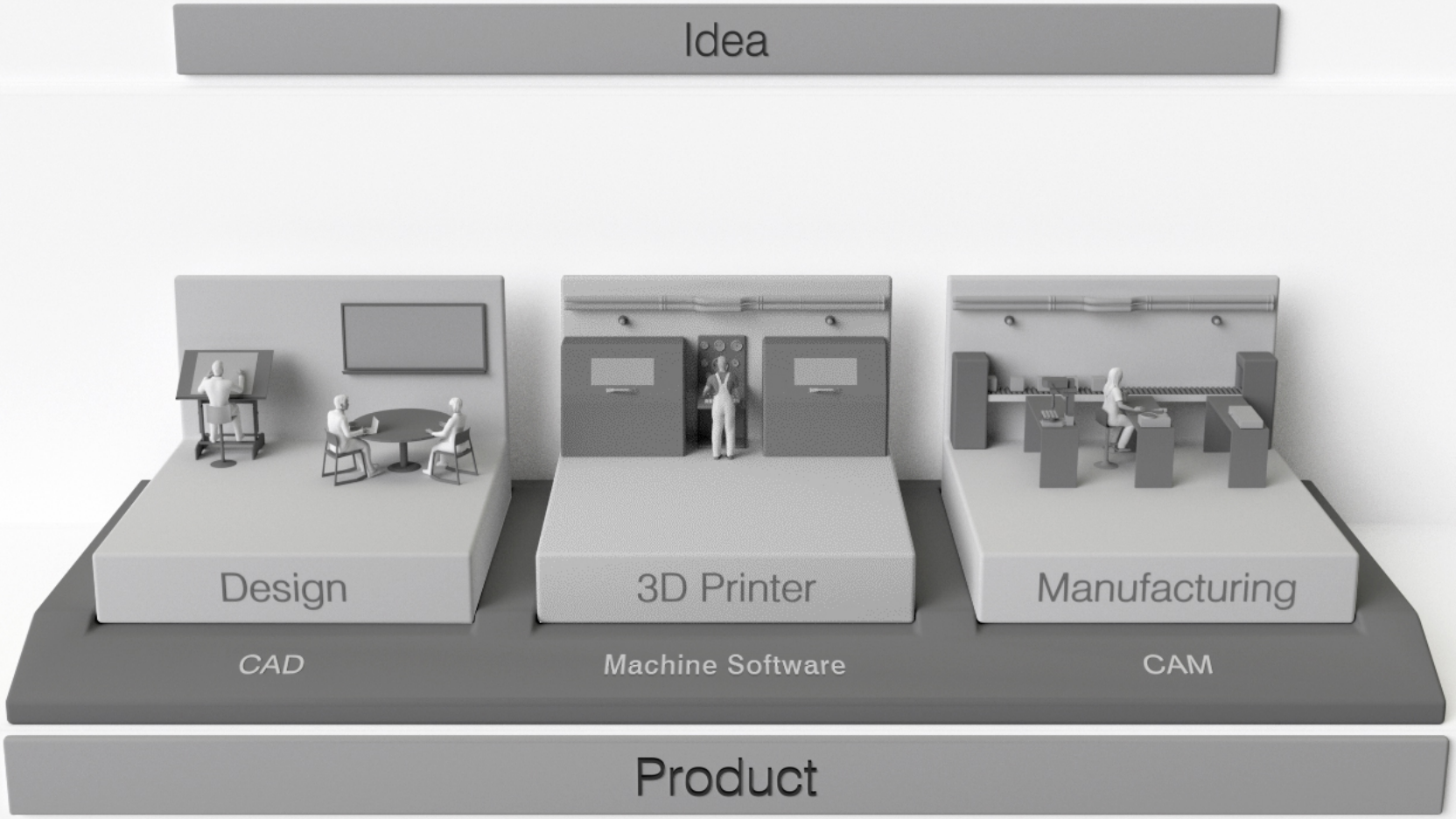
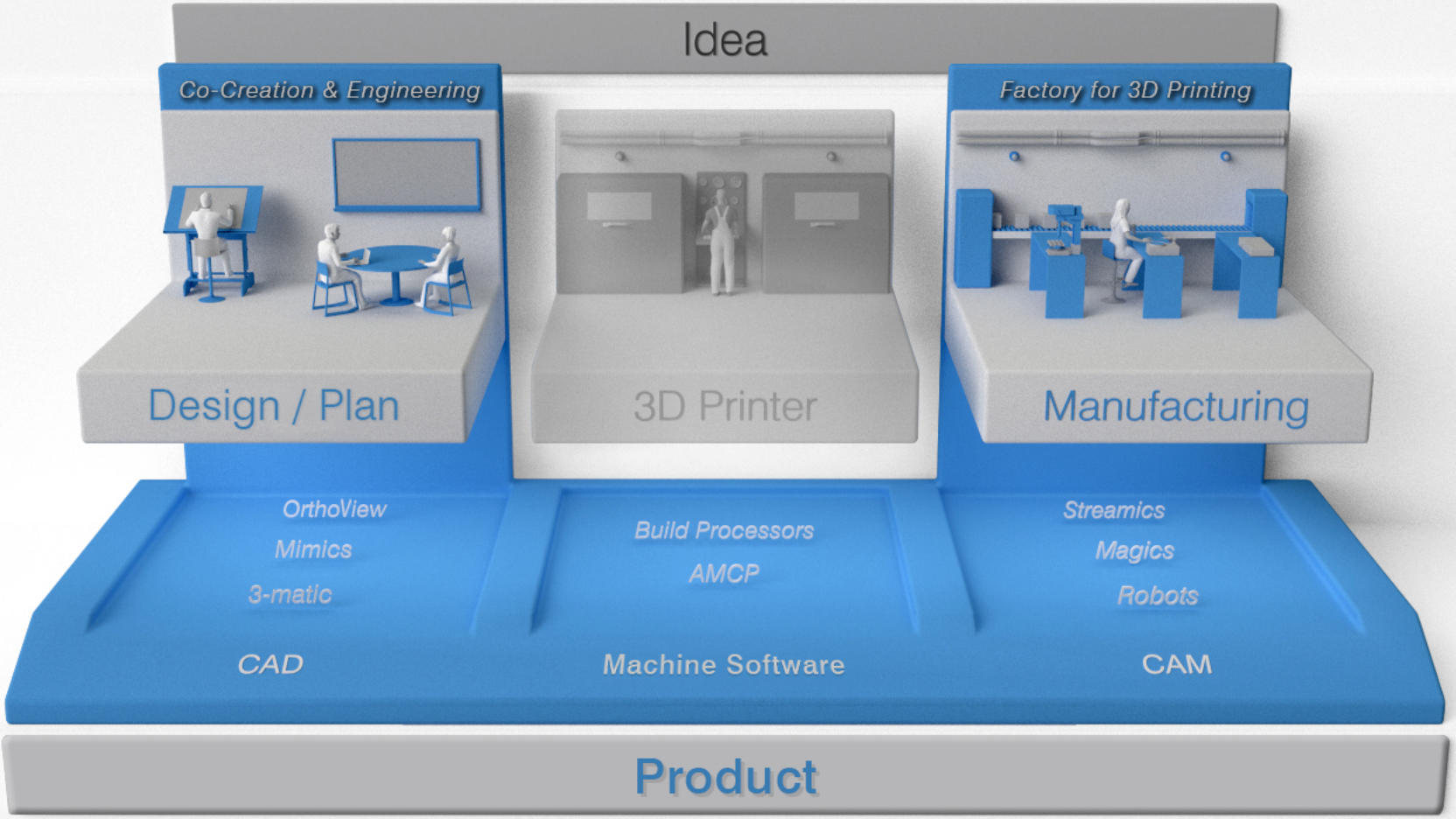
Industrial 3D Printing Ecosystem and Backbone



Materialise: the Backbone of the 3D Printing Ecosystem



Our Strategy at a Glance

Materialise has incorporated more than **25 years** of 3D printing experience into a suite of **software solutions** and 3D printing **services**, that together form the **backbone** of the 3D printing industry.

Our **open and flexible** solutions enable all players in the ecosystem to build **innovative 3D printing applications** that will make the world a better and healthier place.

Our Competitive Edge

- Our backbone is **open** to all players in the 3D printing ecosystem, offering them a **neutral and flexible** platform to build meaningful applications.

- We are the only company that combines the largest group of **software developers** in the industry with one of the largest **3D printing facilities** in the world.

- We have 25 years of **experience**. We are **global**. We have a portfolio of over 60 granted **patents** and more than 100 pending.

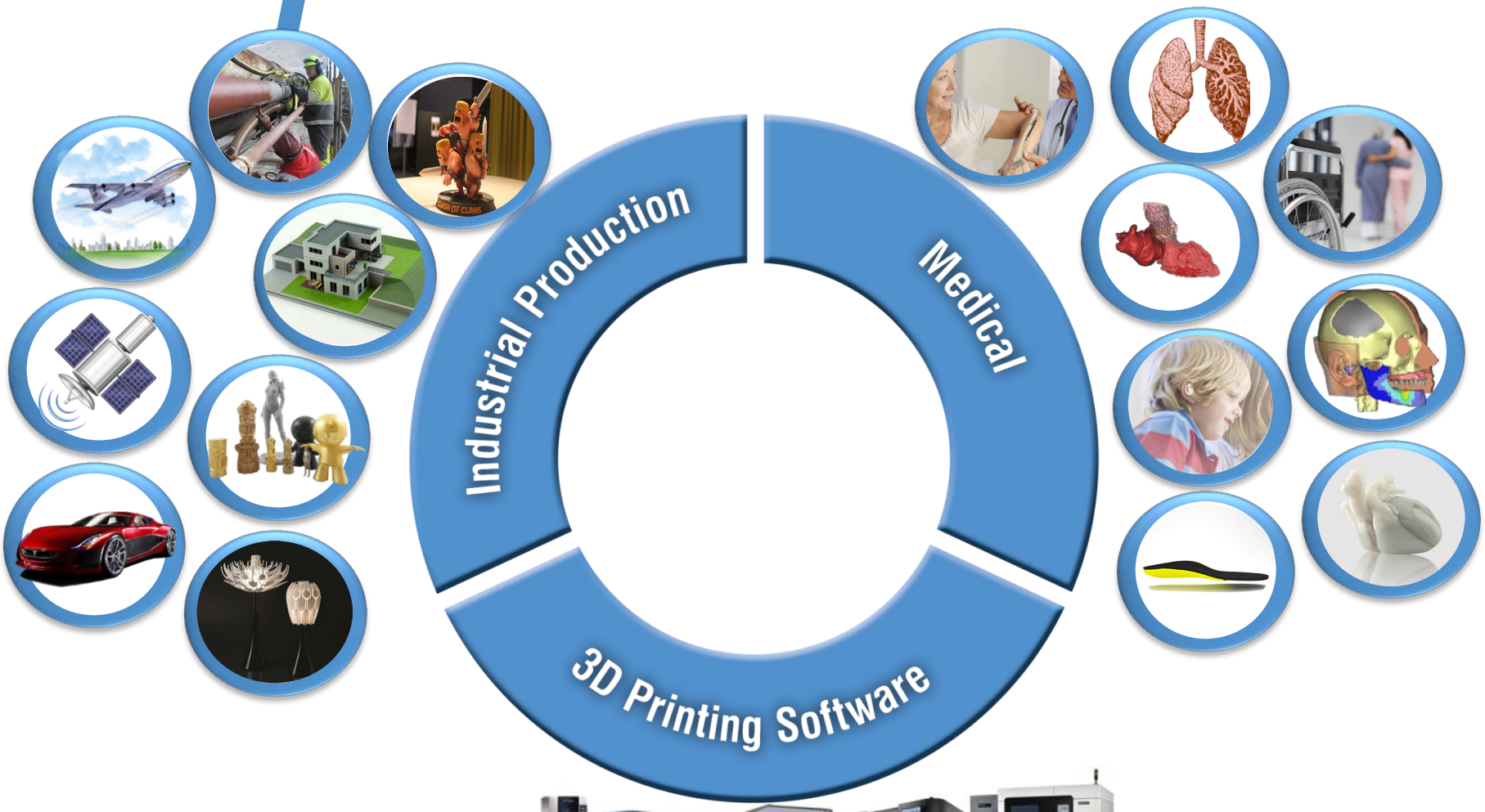
Who Our Backbone Supports

- Those who 3D print,
  - rely on our software tools to *optimize* the print files, to *prepare* the build platform and to better *control* the printing process;

- Those who subcontract the 3D printing of prototypes or end-use parts,
  - turn to us to *(re-)engineer* and *3D print* their most complex designs, using our wide variety of technologies and materials, which can operate in highly regulated and certified environments;

- Those who introduce 3D Printing to their businesses,
  - For healthcare applications, they work with our *planning and design* software tools, rely on our 3D-printed anatomical *models* and surgical *guides*, and use our targeted patient-specific *implants*.
  - For industrial applications, they work with us to set up vertical solutions covering the entire cycle from *design* to *production*.

Our 3 Segments



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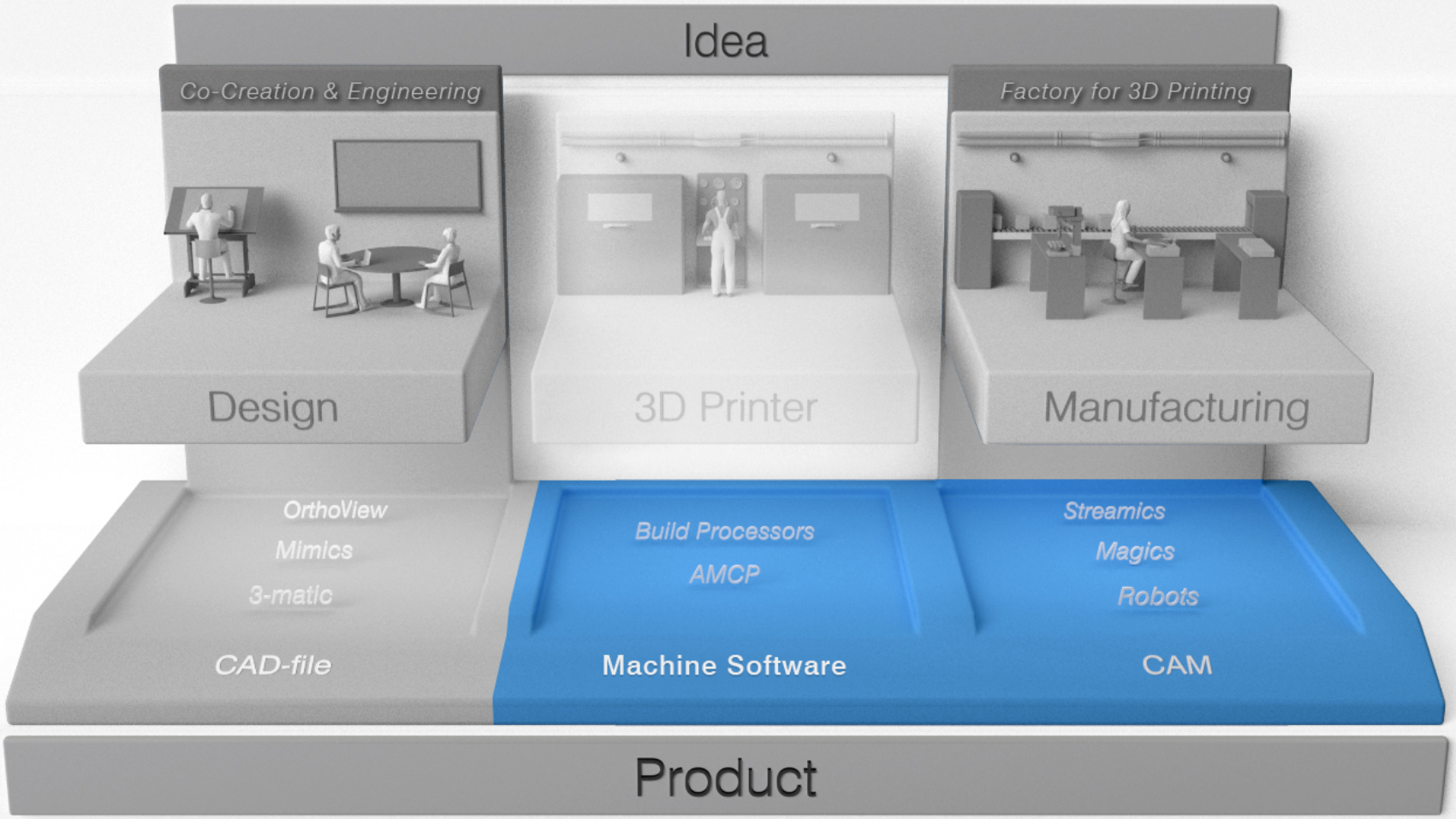
Our 3D Printing Software Segment



Our 3D Printing Software Segment
Product Suites

Materialise Magics Expert Suite	Materialise Magics Manufacturing Suite	Materialise Magics Partner Program
- Focuses on Service Bureaus, both large and small, both external and internal, producing prototypes and small series of end parts.	- Focuses on OEMs operating 3D printing lines for the serial production of complex end parts and/or customized products.	- Partnerships whereby machine vendors, CAD/CAM providers and/or platform providers integrate Materialise solutions into their product offerings.
- Ensures computer design files can be successfully and much more efficiently 3D printed.	- Streamlines the 3D manufacturing process, including managing several materials, machines and customers simultaneously.	- May include parts of both the Expert and the Manufacturing Suites.
These Suites include a tailor-made mix of: Build Processors, AMCP, Magics, Streamics, and/or Robots.		

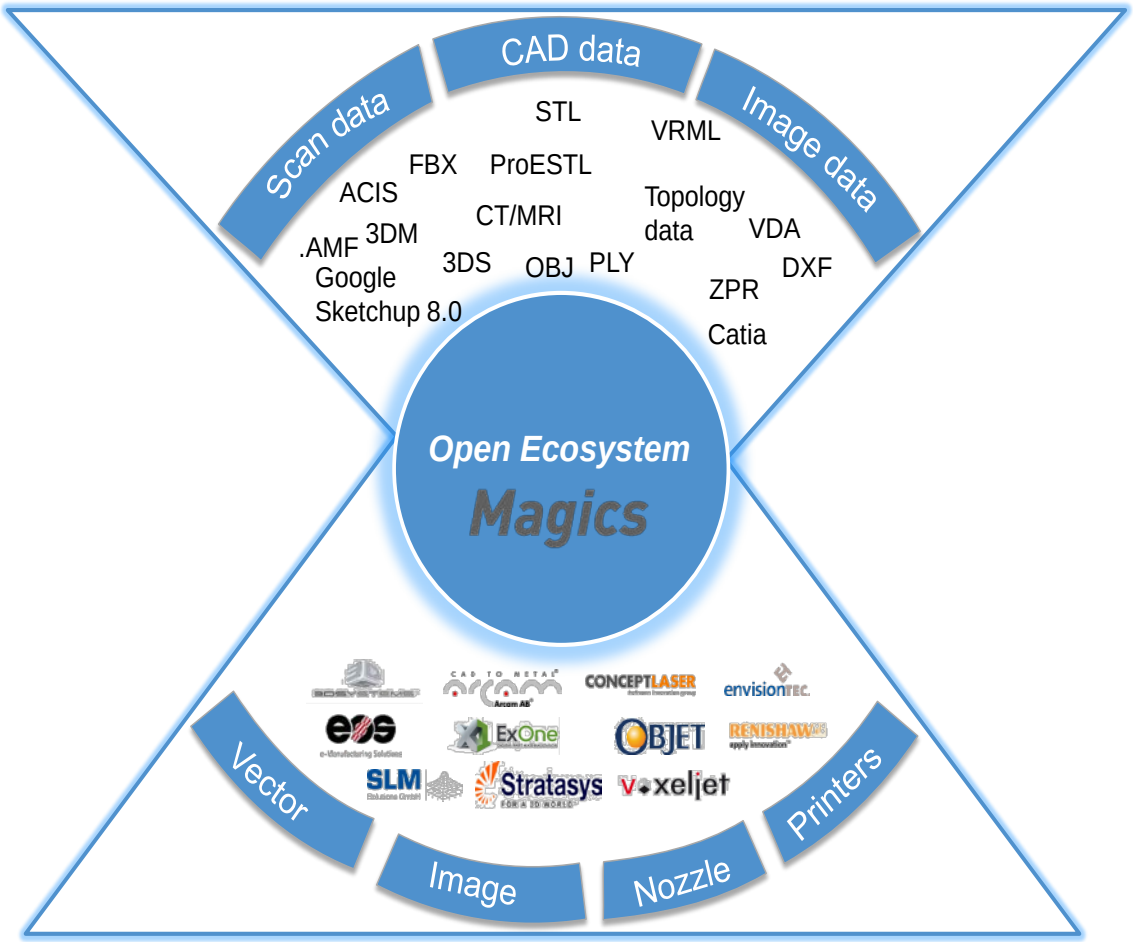
Our 3D Printing Software Segment
Machine Software

Build Processors	Additive Mfg Control Platform (AMCP)
- Allow for a seamless transfer of data, both telling the 3D printer what to do and allowing the printer to give feedback to the operator.	- Provides the computing power necessary to operate the demanding quality control systems that are needed in industries such as aerospace and medical.
- Enable 3D printers to create more complex & better-quality parts. - Data on specific jobs can be traced, helping to meet the strict manufacturing requirements of many sectors.	- Facilitates the introduction of 3D Printing into highly regulated industries. - Key component of quality management systems.
- Customized.	- Open ecosystem.

Our 3D Printing Software Segment
Certified Additive Manufacturing

Magics	Streamics	Robots
- Enables the user to import, repair, and optimize the data of computer design files and get them ready for printing.	- Provides real-time data regarding printer condition, print job status, and material/shipment flow.	- Automates much of what Magics does, including support for instant quoting.
- Ensures computer design files can be successfully 3D printed.	- Streamlines the otherwise-complex task of managing several materials, machines and customers simultaneously.	- Further streamlines and speeds up the 3D printing production process, reducing manual effort and the possibility of human error.
- Industry standard. - Open ecosystem.	- Customized. - Open ecosystem.	- Industry standard. - Open ecosystem.

Our Flagship Product: *Magics*



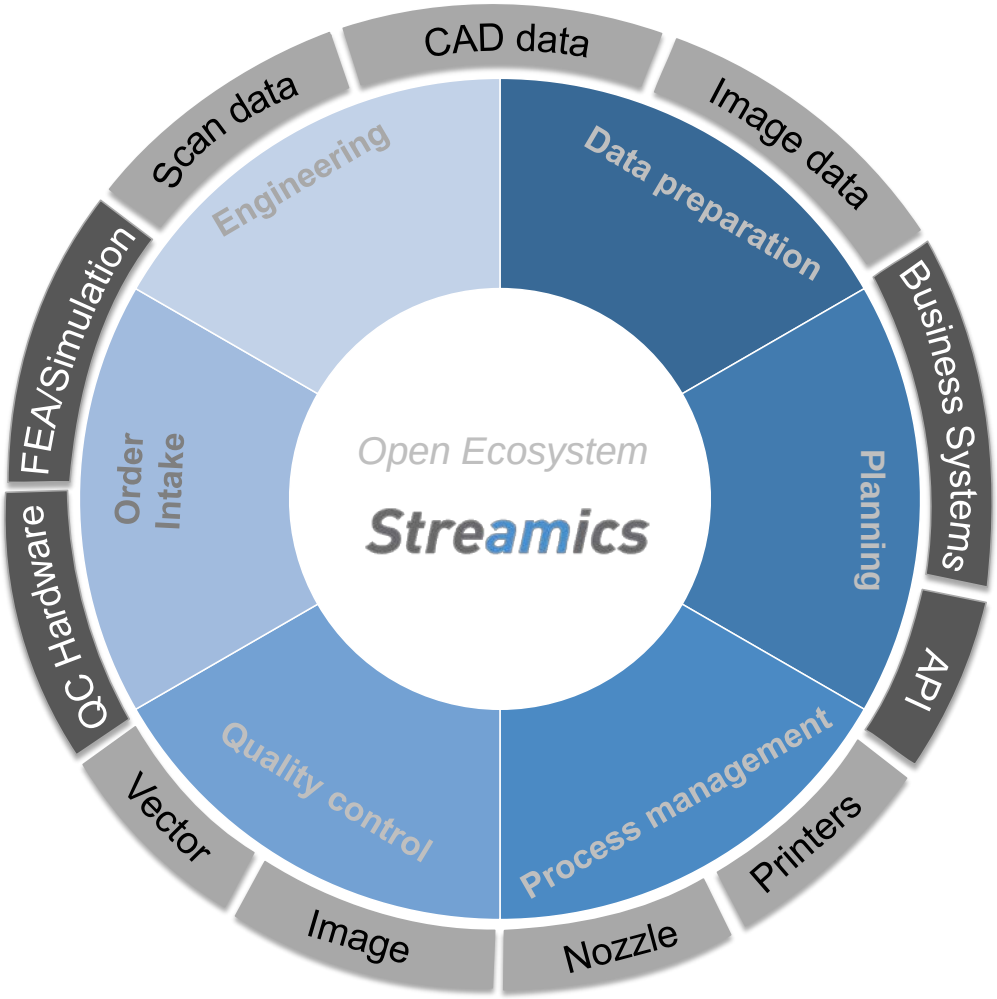
Magics is a user-friendly data preparation software package and STL editor that guides you through every step of your rapid prototyping and additive manufacturing workflow:

- ✓ **Import files**
- ✓ **Fix and prepare STL files**
- ✓ **Enhance and edit data**
- ✓ **Prepare the platform**
- ✓ **Print better parts**

Offered through Proprietary Printer-Neutral Platform

Our Flagship Product: Streamics™

AM automation & control system



Streamics is a central automation and control system, specifically developed to manage and grow additive manufacturing businesses. Its modular solution links people, machines, processes and materials together to improve customer service and save time and money.

Offered through Proprietary Printer-Neutral Platform

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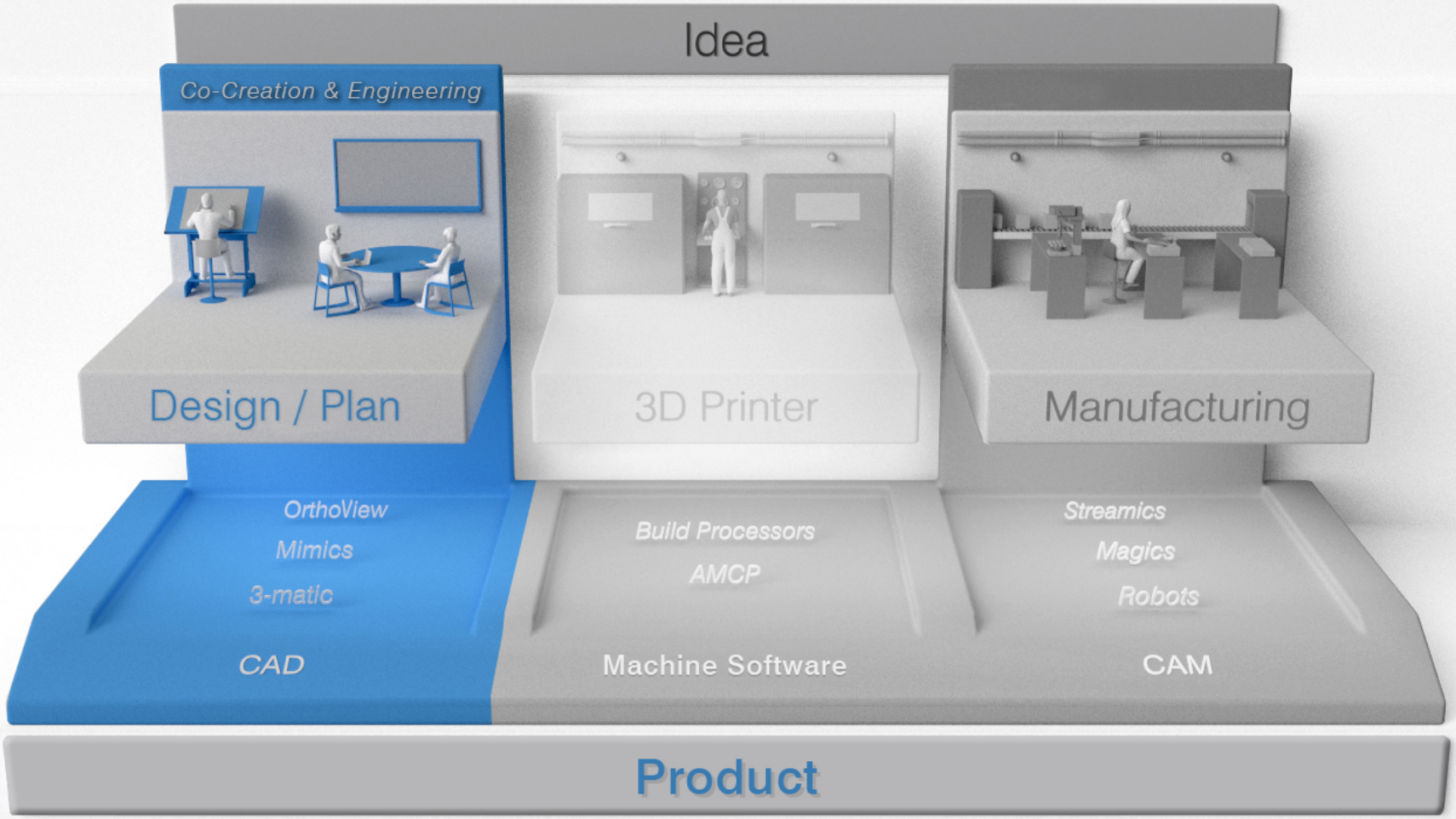
Our 3D Medical Segment



Our 3D Medical Segment
Product Suites

Materialise Mimics Innovation Suite	Materialise Mimics [Hospital Solution]	Materialise Mimics Partner Program
- Addresses the needs of research institutes, universities and medical device companies.	- Focuses on the needs of hospitals and medical professionals.	- Partnerships whereby medical device companies integrate or link Materialise solutions in or with their own product offering.
- Starting with CT or MRI images, creates a precise 3D replica of patient anatomy in a virtual software environment and enables the design of medical devices (implants, surgical guides) on the anatomy of the patient. Both (parts of) the anatomy as well as the (newly designed) devices can be 3D printed.	- Same software core as the Innovation Suite, but adapted for precise surgical planning purposes in a hospital setting (both in 2D and 3D); includes optionality to 3D print patient specific medical devices.	- Includes solutions of the Materialise Mimics backbone.
These Suites include a tailor-made mix of: Mimics, 3-matic, OrthoView, Surgical Planning Devices, and/or Custom Implants.		

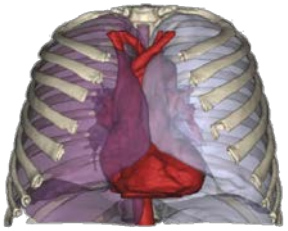
Our Medical Segment Software

Mimics	3-matic	OrthoView
- Starting with CT or MRI images, creates a precise 3D replica of patient anatomy in a virtual software environment. This replica can also be 3D printed.	- Starting with a Mimics 3D image, enables the design of medical devices (implants, surgical guides) right on the anatomy of a patient in a virtual software environment. These devices can then be 3D printed.	- Imports 2D x-ray images into a virtual software environment, and allows for the positioning of the templates of suitable prostheses on the image at the correct scale.
- Enables surgical pre-planning, minimizing variability in the operating room.	- Allows the design of implants that fit the anatomy of a patient.	- Enables surgical pre-planning based on more widely available 2D x-rays.
- Regulatory clearance in US & EU. - CE-labelled. - Underlying files 3D printable.	- Regulatory clearance in US & EU. - CE-labelled. - Underlying files 3D printable.	- Regulatory clearance in US & EU. - CE-labelled. - Compatible with many PAC systems.

Mimics Innovation Suite

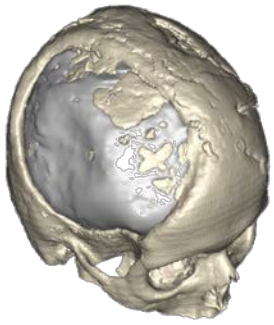
Mimics®

CT/MRI scan

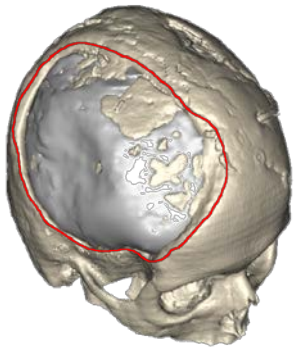


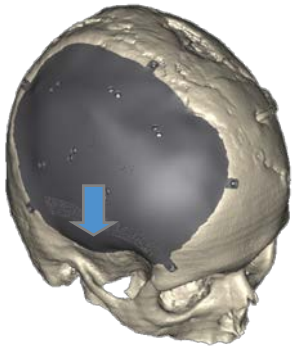
Mimicking the application,
no diagnostics

3-matic®



3D model from Mimics





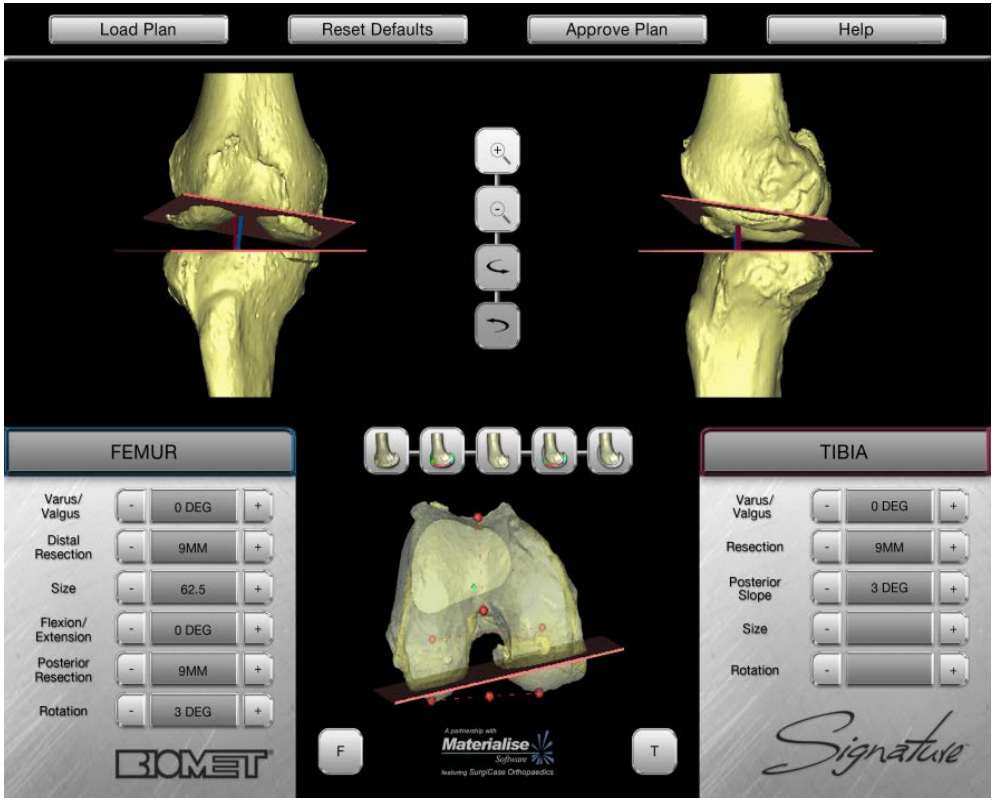
3-matic software

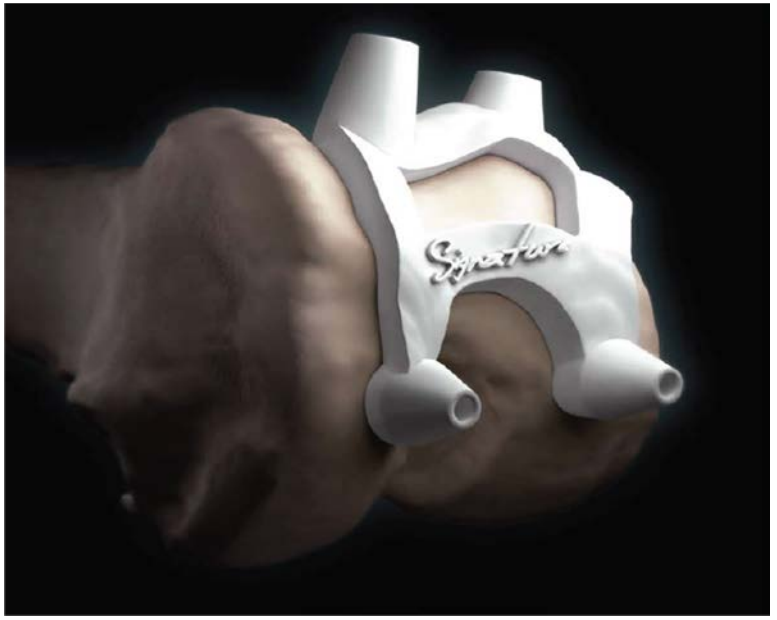
Unique position: 3D imaging ⇨ 3D printing, regulatory clearances obtained

Our Medical Segment
3D-Printed Products

Surgical Planning Devices		Custom Implants
Models	Surgical Guides	
- 3D-printed based on a precise 3D replica of patient anatomy created in Mimics software.	- 3D-printed based on surgical plans created right on patient anatomy in Mimics & 3-matic. - Used by surgeons in the operating room to precisely guide where it is necessary to cut and drill in order to optimally install standard implants.	- Patient-specific orthopedic bone & joint implants, produced through Mobelife. *Flagship product*: Hip revision implants. - Patient-specific titanium implants for cranio-maxillofacial surgeries, produced through OBL. *Flagship product:* Cranial plates.
- Provide exact, rather than approximate, physical representations of patient anatomy, enabling precise surgical preplanning.	- Ensure placement of standard implants, and minimize variability in the operating room.	- Provide solutions for complex reconstructive surgeries that precisely fit the anatomy of the patient and respect the physiology of bone.
- Unique offering in combination with our front- and back-end software tools.	- Unique offering in combination with our front- and back-end software tools.	- One-of-a-kind.

From Design Software to Printed Guides

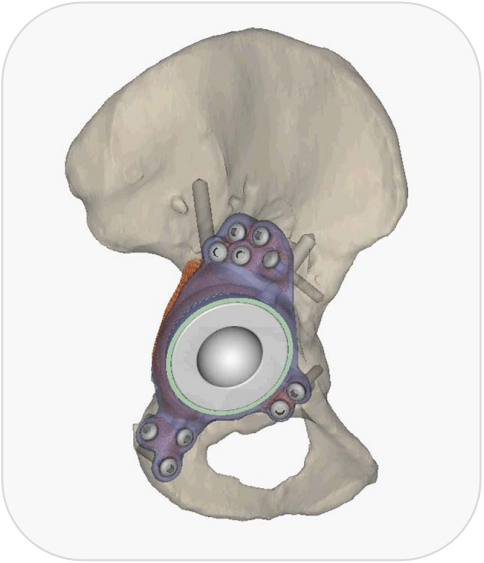




Customized Guides with Standard Implants

Custom Implants – Mobelife

Mobelife: Hip revision tumor reconstruction

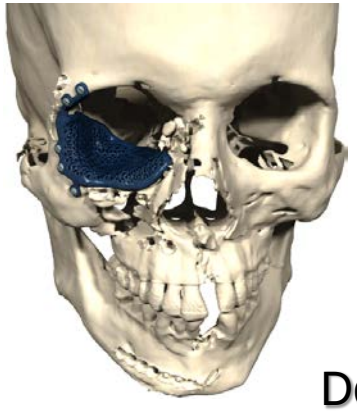


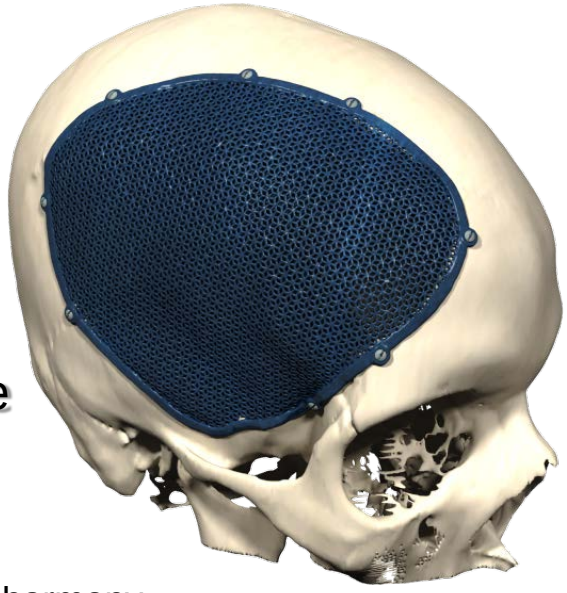
Patient-Specific Hip Implant Functional Simulation

Customized Guides with Customized Implants

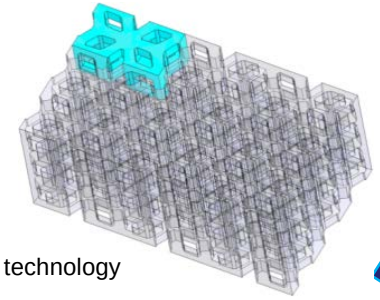
Custom Implants – OBL

OBL PorousiTi ® for CMF interventions





Designed to respect the physiology of the bone



Patented technology

- Porous structure in harmony with patient anatomy and function
- Mechanical properties close to those of bone
- Cell ingrowth

Customized Guides with Customized Implants

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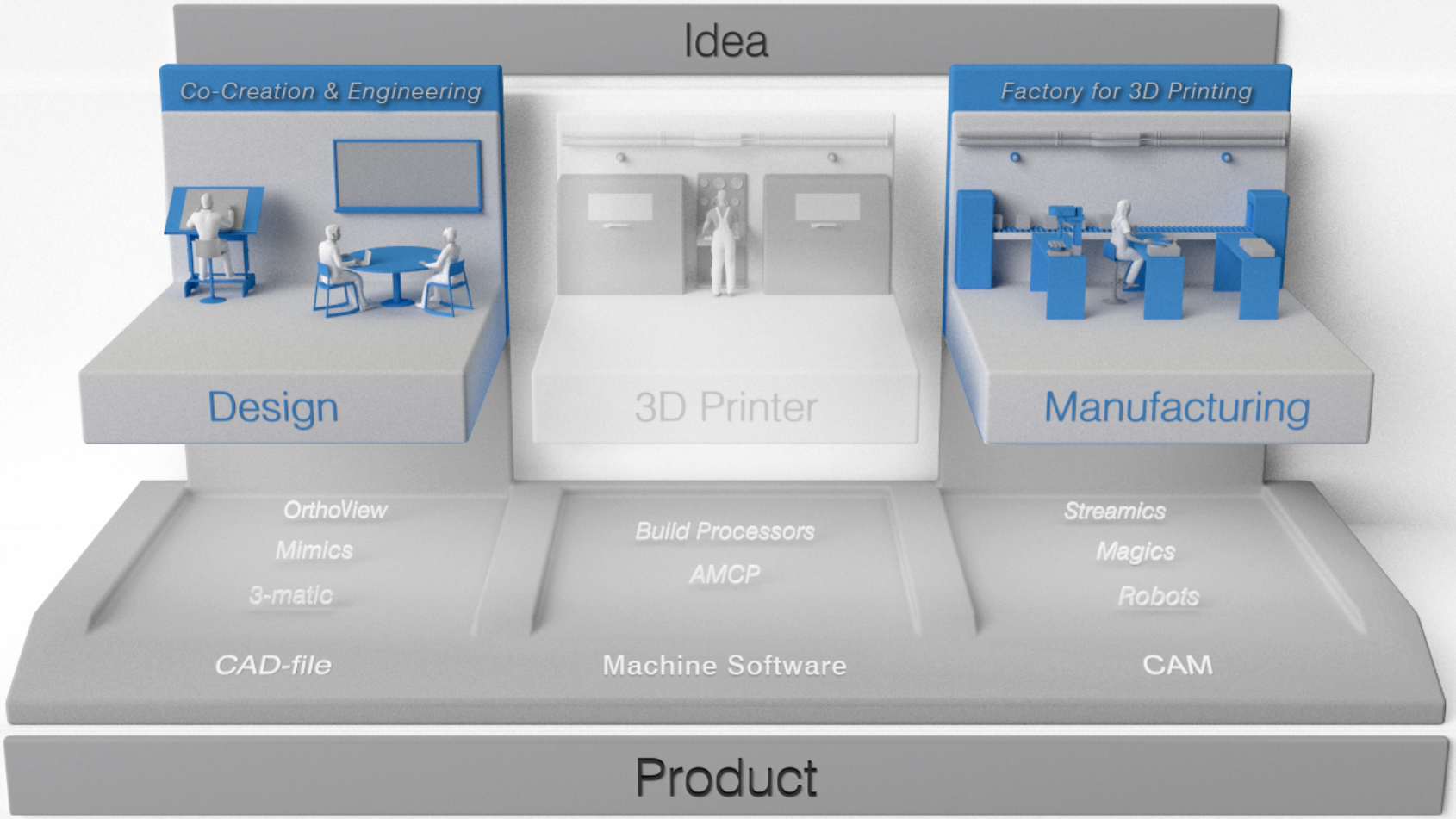
Our Industrial Production Segment



Our Industrial Production Segment
Co-Creation & Manufacturing

Materialise Co-Creation	Materialise Manufacturing	
	End Parts	Prototypes
- Through **3DP Academy©**, **Co-Creation Lab©**, and **3DP Scan©**, work hand-in-hand with customers to help them discover what 3D Printing can mean for them and support them in the creation of new products or the transformation of existing ones. - Co-develop with the customer, new **vertical solutions** from design to production.	- Through our **Certified Manufacturing** Process, offers customers access to a wide-range of 3D printing technologies and materials for the creation of end-use products. - Through the web-based **i.materialise**, manufacturing services are also accessible to smaller businesses and consumers.	- Offers customers access to a wide-range of 3D printing technologies and materials for the creation of prototypes and models to verify designs. - Through the web-based **Materialise OnSite**, prototyping services are accessible 24 hours a day, 7 days a week.

Vast Additive Manufacturing (AM) Technology and Capacity

Services	Concepts / Design	Prototyping	Production

Technology	PolyJet	DMLS	Powder Binding	Vacuum Casting	Stereolithography	FDM	Laser Sintering
Size				Small	Small / Medium	Small	Small
			Medium	Medium	Medium	Medium	Medium
				Large	Mammoth	Large	Large
Machines	3	5	7	6	43	34	36

2016 Focus: 3D Printing “Backbone”

Consists of market-oriented platforms:

- ✓ Materialise Magics — The industrial software platform
  Used by those who print on an industrial basis
  - Especially critical for users moving to manufacturing of end parts

- ✓ Materialise Mimics — The medical planning & design software platform
  - Used by hospitals, medical device companies and research centers to add 3D Printing to their surgical and medical planning & design tools

- ✓ Materialise Manufacturing — Open to all parties who want to
  - Print prototypes efficiently and expediently
  - Print end parts in a certified and dedicated environment
  - Create and co-develop vertically integrated solutions

Comprehensive Platform of Software and Services Enables Building of Meaningful Applications

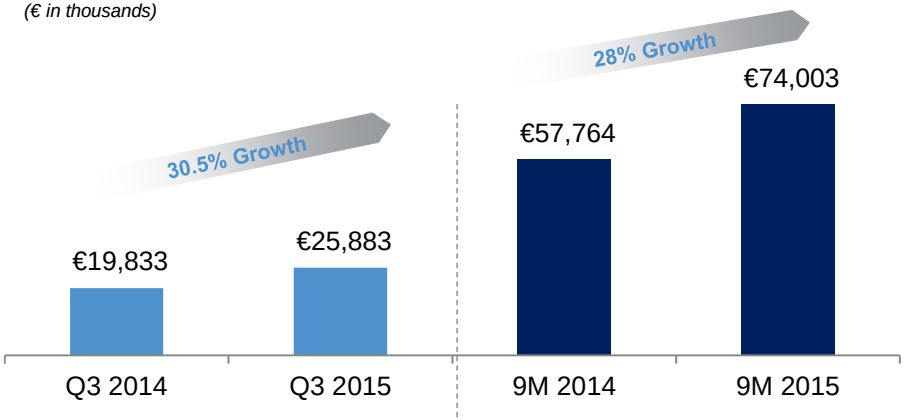
MTLS Growth Strategy: Built to Last

	3D Printing Software	Medical	Industrial Production
Market Growth Drivers	✓ Growth of professional 3D Printing Industry ✓ Expanding from prototypes to more and more manufacturing	✓ Patient-specific, evidence-based and functional medicine	✓ Increased product complexity in highly regulated markets
Near-Term MTLS Strategic Imperatives	✓ Sustain leadership position through continuous innovation and expanded sales footprint	✓ Implement initiatives to support growing need for planning tools and patient-specific solutions	✓ Increase presence in market for additive manufacturing of end-use parts

Q3 and 9M 2015 Performance

Consolidated Revenue

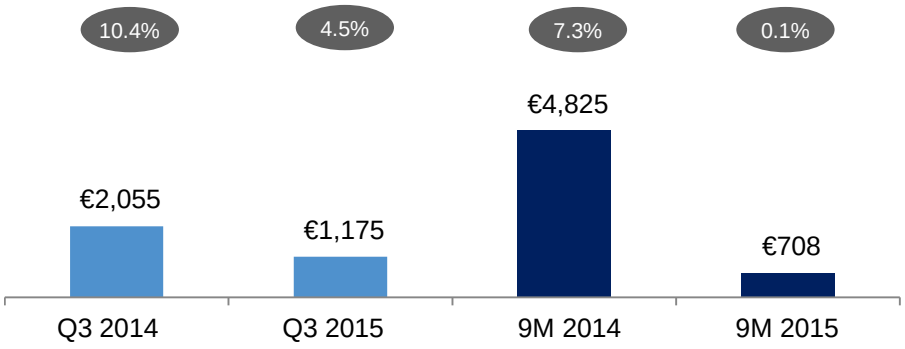
(€ in thousands)



Consolidated Adjusted EBITDA (1)

Margin

(€ in thousands)



(1) Excludes non-cash stock-based compensation expense and non-recurring IPO expenses.

9M Financial Highlights

- ✓ Consistent execution on strategy of offering unique combination of software and printing services to high-end sub-segments of AM industry
- ✓ 9M 2015 revenue by segment
  - ✓ Industrial Production: 41%
  - ✓ Medical: 34%
  - ✓ Software: 25%
- ✓ Aggregate software sales up 48% YOY
- ✓ Revenue from end parts up 25% YOY
- ✓ Deferred revenue up 87% YOY to 11,800 kEUR
- ✓ 9M 2015 R&D spending up 29% YOY or 3,030 kEUR from 9M 2014

Income Statement Highlights

(in thousands, except EPS)	9M 2015	9M 2014
Revenue	74,003	57,764
Cost of sales	31,507	22,853
Gross profit	42,496	34,911
R&D	13,444	10,414
Sales and marketing	27,492	18,218
General & administrative expenses	11,278	8,470
Operating profit	(4,821)	1,231
Net profit (loss)	(5,005)	2,418
EPS*	(0.10)	0.06
Weighted average shares	47,208	42,602

* Excludes non-controlling interest.

Other Financial Highlights

(in thousands of euros)	09/30/2015	12/31/2014
Cash & equivalents*	48,734	61,019
Receivables	19,026	18,370
Inventories	4,689	3,660
Payables	7,877	7,333
Total deferred income	15,021	12,419
Total borrowings	15,864	17,347
Total equity	80,738	85,167
Total liabilities and equity	131,205	133,221
(in thousands of euros)	**Q3 2015**	**Q3 2014**
Capital expenditures	(2,828)	(3,487)
Cash flow from operations	268	26

* Including held-to-maturity investments of €10,000 as per 12/31/2014.

Adjusted EBITDA Reconciliation

	For the nine months ended September 30	
(in thousands of euros)	2015	2014
Net profit/(loss)	(5,005)	2,418
Income taxes	621	427
Financial expenses	2,108	821
Financial income	(2,793)	(2,462)
Share in Loss in a Joint Venture	248	0
Depreciation & amortization	4.877	3,032
EBITDA	56	4,236
Non-recurring IPO Expenses	0	182
Non-cash stock-based compensation expenses	652	407
Adjusted EBITDA	708	4,825

2015 Guidance

Consolidated Revenue	**99M to 101M euros**
Consolidated Adj. EBITDA(1)	**2.5M to 3.5M 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 Item 3.D. of our Annual Report on Form 20-F filed with the SEC on April 30, 2015. 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.

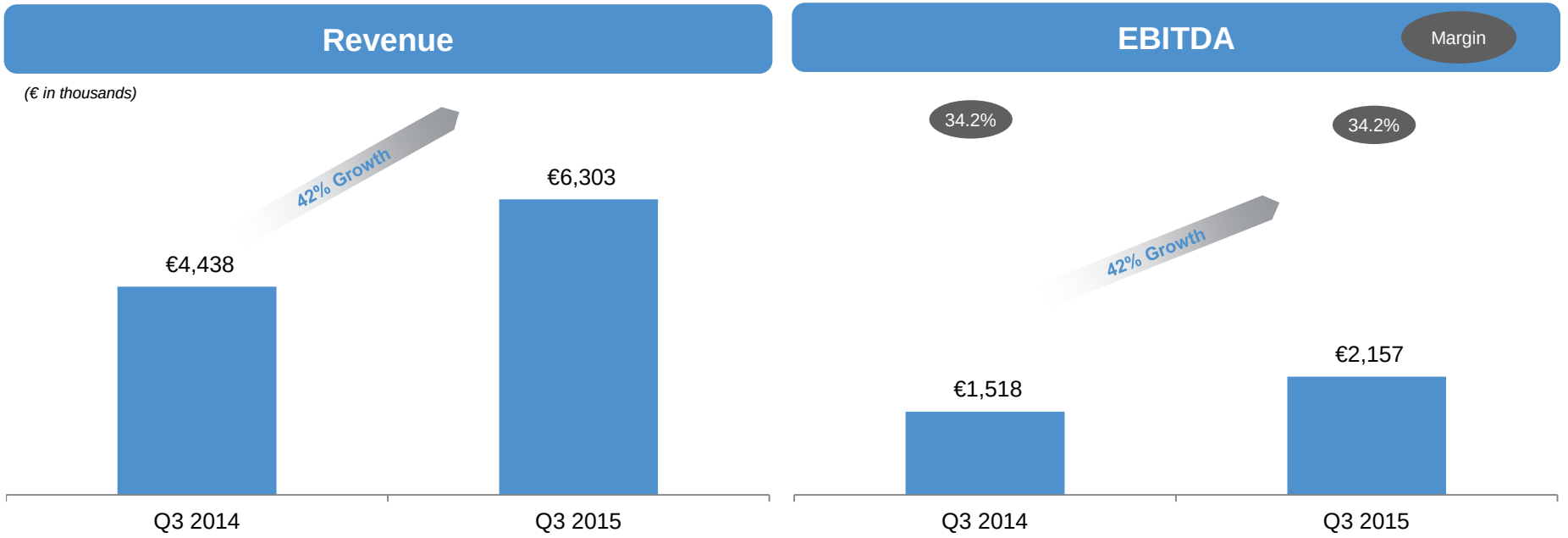
Appendix

Materialise Executive Team

	Name	Title / Business Unit Responsibility	Years with Materialise
Executive Board	Fried Vancraen	Founder & Chief Executive Officer	25
	Peter Leys	Executive Chairman	2
	Hilde Ingelaere	Executive Vice President, Medical	22
Executive Officers	Johan Albrecht	Chief Financial Officer	Recently joined
	Johan Pauwels	Executive Vice President, 3D Printing Software	25
	Bart Van Der Schueren	Executive Vice President, Industrial Production	20
	Wim Michiels	Executive Vice President, International	16

Cohesive Executive Operating Team: Average 16+ Years at Materialise

3D Printing Software Segment



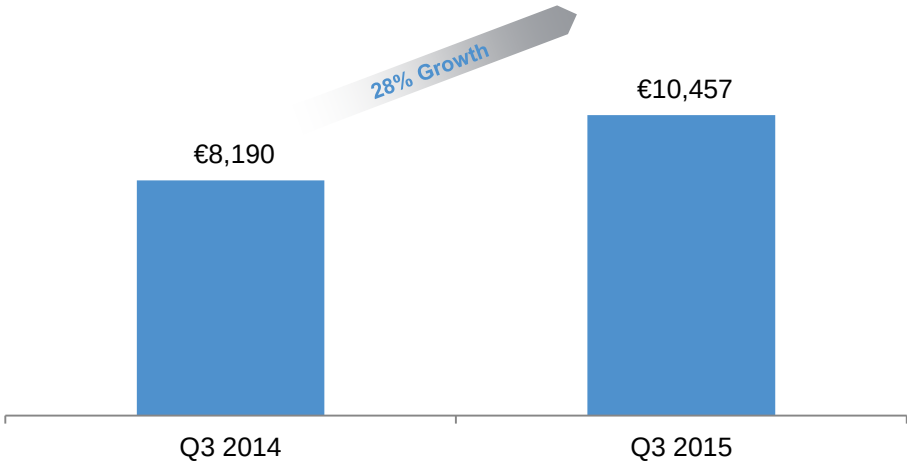
- ✓ Revenue from new licenses for Q3 2015 increased by 43% from the prior year.
- ✓ Q3 2015 revenue generated from OEMs increased by 34% from the prior year (1).

(1) Reflects a combination of software sold to or through OEMs.

Industrial Production Segment

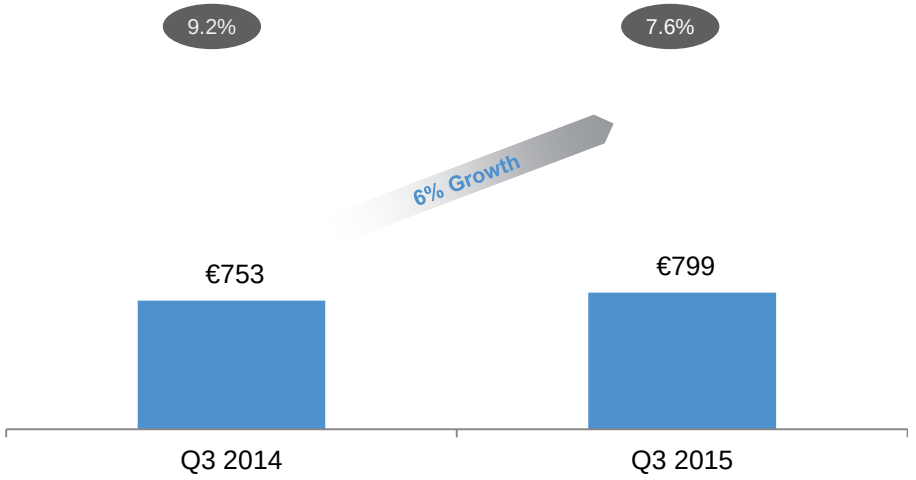
Revenue

(€ in thousands)



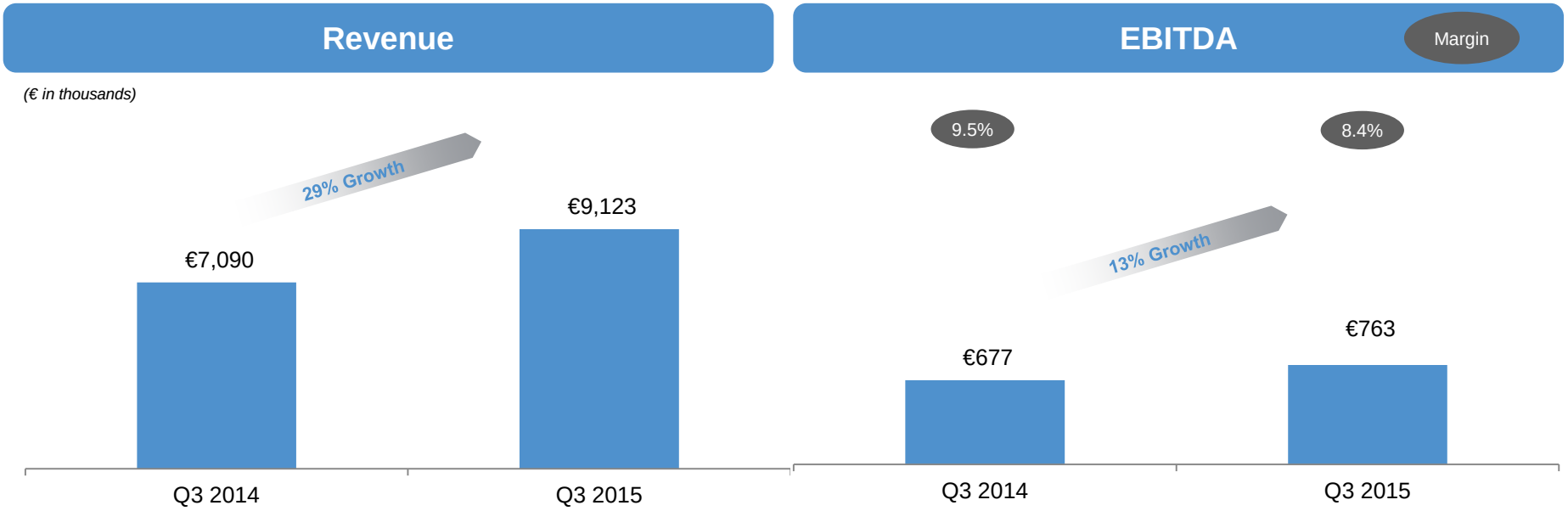
EBITDA

Margin



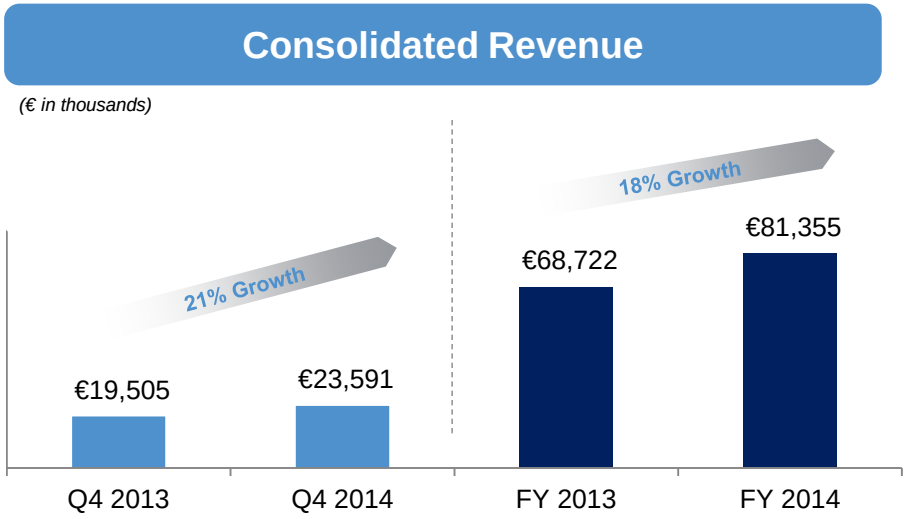
- ✓ 47% growth in sales of end parts for Q3 2015 over the prior year.
- ✓ Number of printers increased from 120 as of 9/30/14 to 134 as of 9/30/15.
- ✓ Excluding growth businesses, Q3 2015 EBITDA margin was 17% versus 19% for the prior year.
- ✓ Growth businesses performed well, with revenue growing 85%.

Medical Segment

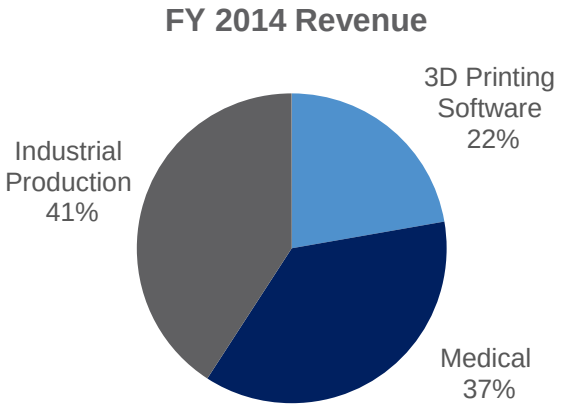


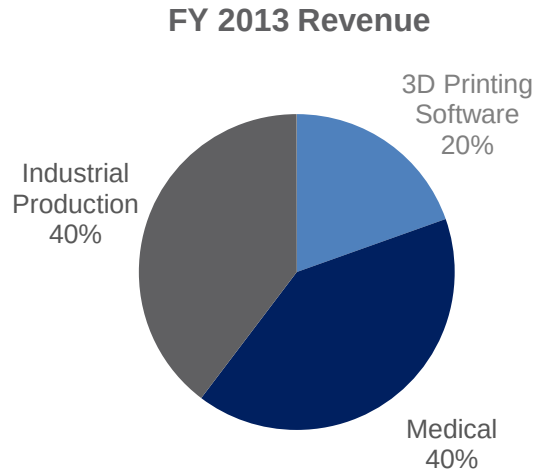
- ✓ Q3 2015 medical software revenue increased 59% from the prior year (15% excluding OrthoView) and represented 31% of total medical sales (as compared to 25% in Q3 2014).
- ✓ Share of annual licenses increased to 65% of new license sales from 18% last year, excluding OrthoView.
- ✓ Q3 2015 revenue from direct sales of complex surgery devices increased by 22% from the prior year and represented 16% of total medical sales.
- ✓ Q3 2015 revenue from medical collaboration partners increased 6% from the prior year.

Consolidated Revenue

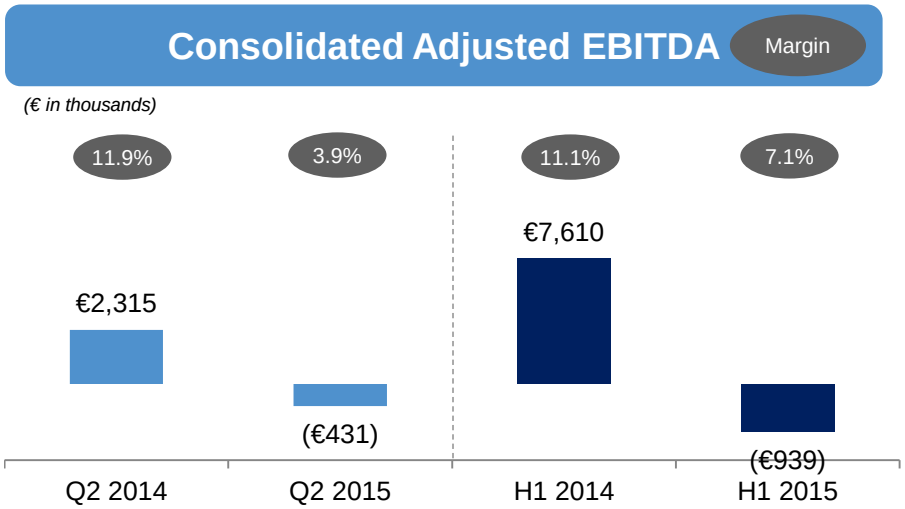


- ✓ 35% of Q4 2014 revenue from software sales.
- ✓ 38% of Q4 2014 revenue from end-use parts.
- ✓ 27% of Q4 2014 revenue from prototyping.



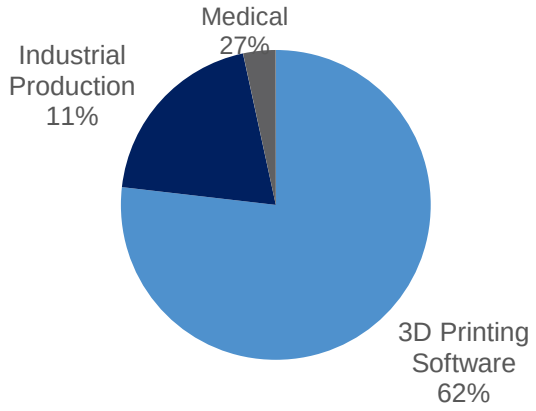


Consolidated Adjusted EBITDA

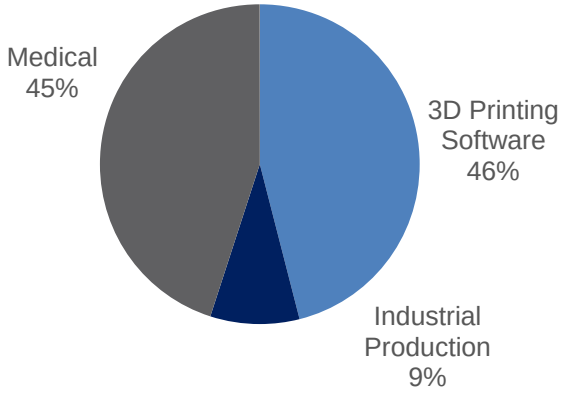


- ✓ Q4 2014 S&M and R&D spending increased 46% or 4,399 kEUR from prior year.
- ✓ Non-cash stock-based compensation expense in Q4 2014 was 268 kEUR.

FY 2014 Adj. EBITDA(1)



FY 2013 Adj. EBITDA(1)



(1) Excludes adjustments and eliminations.