

A Buying Opportunity In Materialise

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Disclosure: The author has no positions in any stocks mentioned, but may initiate a long position in MTLS over the next 72 hours. **(More...)**

Summary

- Materialise remains a solid growing 3D printing software stock.
- The stock now trades at lows following weakness in the momentum of the sector stocks and ending of the IPO lockup.
- The stock trades at a substantial discount to the recent price target of Canaccord analysts, providing for an attractive entry point with tax-loss selling likely contributing to further selling pressure.

3D printing stocks have taken a major beating as the market rationalizes higher expenses and up coming competition from Hewlett-Packard (NYSE:[HPQ](#)). The recent IPO of Materialise (NASDAQ:[MTLS](#)) was not spared from the carnage. Possibly a hot IPO if it occurred back in 2013, it has seen the stock plunge nearly 50% from the highs over \$15 the week following the initial trading.

Materialise offers investors a leading software franchise in 3D printing plus a solid industrial parts business and a growing medical business. The stock faces an insider lockup at the end of the month that combined with tax-loss selling could provide an exceptional buying opportunity.

Solid Execution So Far

A big key in the collapse in the momentum of the 3D printing stocks is the sudden propensity to either miss earnings or guide down future EPS estimates due to higher costs. Both 3D Systems (NYSE:[DDD](#)) and ExOne (NASDAQ:[XONE](#)) have missed estimates and Stratasys (NASDAQ:[SSYS](#)) has seen expectations cut.

The good news so far with Materialise are the solid results leading to a strong [Q314 earnings](#) beat and analysts raising EPS numbers going forward. Even though the company is increasing key research and development expenses by 45%, the analyst community has already factored the expense growth into estimates too aggressively.

For Q314, Materialise reported earnings of \$0.07, beating analyst estimates of a \$0.01 loss by \$0.08. Revenue came in at an impressive \$25.0 million to beat analyst estimates of \$24.5 million.

Based on this solid earnings beat and guidance, analysts raised estimates for 2014 and 2015. The trend remains solid.

EPS Trends	Current Qtr. Dec 14	Next Qtr. Mar 15	Current Year Dec 14	Next Year Dec 15
Current Estimate	0.00	-0.01	0.05	0.06
7 Days Ago	0.00	-0.01	0.06	0.06
30 Days Ago	0.00	-0.01	0.04	0.05
60 Days Ago	-0.01	-0.01	-0.04	0.02
90 Days Ago	-0.01	0.01	-0.05	0.03

