

Operator: Greetings, and welcome to The ExOne Company's Fourth Quarter 2018 Financial Results Conference Call. [Operator Instructions] As a reminder, today's conference is being recorded.

I'd now like to turn the conference over to your host Karen Howard, Investor Relations for The ExOne Company. Please go ahead.

Karen L. Howard: Thank you, Cheri, and good morning, everyone. We appreciate your time today for our fourth quarter and full year 2018 financial results conference call.

Referring to our slide deck on Slide 2. On the line with me today are our presenters, Kent Rockwell, our Chairman and Chief Executive Officer; John Hartner, our Chief Operating Officer; and Doug Zemba, our Chief Financial Officer and Treasurer. In addition, Brian Smith, our Senior Vice President of Corporate Development, is with us and may participate in the Q&A.

Recall that John Hartner joined ExOne in November. Since this is his first earnings call, I will remind you of some of his background. He has led technology companies around the world for 30 years in the automation, electronics and digital printing industries. For almost half his career, he lived and worked in Asia and Europe. John has led a variety of industrial technology businesses, including roles with Dover Corporation, FMC Technologies and Rockwell International. So that gives you a sense for the depth and breadth of his experience that he brings to ExOne.

Now back to the business at hand. Kent, John and Doug will be reviewing the results that were published in the press release distributed this morning. If you don't have that release, it's available on our website at www.exone.com. The slides that accompany our discussion today are also posted on our website.

On Slide 3 is our safe harbor statement. As you may be aware, we will make some forward-looking statements during this presentation and may also during the Q&A. These statements apply to future events that are subject to risks and uncertainties as well as other factors that could cause the actual results to differ from where we are today. These risks and uncertainties and other factors are provided in the earnings release as well as other documents filed by the Company with the Securities and Exchange Commission. These documents can be found on our website or at www.sec.gov.

I also want to point out that during today's call, we may discuss some non-GAAP financial measures, which we believe are useful in evaluating our performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. We have provided reconciliations of comparable GAAP to non-GAAP measures in the tables accompanying today's earnings release.

Kent will get us started. Doug will go through a detailed review of the financial results. And then John will provide perspective on our outlook before we open up the line for questions and answers.

And with that, it's my pleasure to turn the call over to Kent to begin.

Kent Rockwell: Thank you, Karen. Good morning, and welcome to everybody for our Q4 review. I'm going to start off by reviewing some of the highlights of the press release that we put out earlier today. I'm not going to spend too much time on that because you'll hear a lot more detail from Doug, so this will just be a brief overview.

If you turn to **Slide 5**, I will review our 2018 results. We had record revenues of \$64.6 million, which was an increase of 12% over the prior year. I'm pleased with this performance even though that is

a little bit less than the annualized growth that we had anticipated. I'm going to address that in just a minute on a subsequent slide. Our 2018 global cost reduction initiative improved our performance in the second half of the year substantially. We talked about that previously, and I think that we've been very effective in getting our costs aligned as we move into 2019.

Our gross profit is up 46% over the prior year quarter, which is a healthy improvement for us, and which is a 3-year compound annual growth rate of 39%. We continue to invest in exciting new developments and materials, which will be coming online. These investments are also in making our machines more productive, and John Hartner is going to touch on that. This is a key to funding future growth initiatives, and John will bring you up to speed on it.

Next on **Slide 6**, I wanted to go back just for a minute to touch on what we said we were going to do in the prior quarter, and then just post that up against our actual results. In Q3, we provided a few goals that I'll present here again under the list of expectations. With respect to machine sales, we said that we would anticipate it increasing by 100% in both units and revenues. In actuality, we increased 87% in units and 95% in revenues, so I do not consider that to be too far off of our intended mark.

We said that would depend on good execution on our part and also a good execution by our customers to complete these transactions. I think that ExOne executed in a very fine fashion in the quarter and delivered a record number 28 machines, and we had a couple of customers that were not able to execute on their end by the end of the fourth quarter. I'll touch it again in just a minute.

Net income exceeded our expectations, and we were pleased with the results of that. Doug will bring you up to speed on all the details of our income. In R&D spending, we spent a little bit less than we thought we were going to spend. That was not for any other reason than some of the requirements that we had for the new machine developments. Some of the larger pieces of that did not come in until the first quarter of '19, and that does get expensive.

In cash flow, we said that we would be positive cash flow in Q4. We were not. We had a slight miss of \$2.9 million. In the scheme of things, when you're selling machines at \$1.4 million, \$1.5 million, it only takes 1 or 2 deferrals to make this change, which is why I don't consider that to be significant as well. When I look at the availability of our credit line of \$15 million, which is completely unused at this point, I believe that we have sufficient capital reserves to meet our current planned objectives as we move into 2019.

Finally, and I think this is very significant, the top line growth was without sacrificing profitability. Our profitability is best measured by our gross margin. Our gross margin hit 40.2%. I believe that's a very strong margin. It shows the power of our earnings capability when we start to get to higher volumes, as we bring on more and more new machines, and see better adoption.

On **Slide 7**, I will discuss how, with our revenue recognition, we did not achieve our expected 20% revenue growth, broken down by machines. We had two customers that did not get their funding in place. The machines were ready, they were accepted at the factory, but we did not ship them. If those two machines had just fallen in place with both international customers completing their financing processes, we would have been closer to 17% to 18% growth because these were large machines. We have one machine that did not get in 2018 due to the government. The U.S. government paperwork was delayed, and we're still processing that through. But all of these customers are still with us and still going to be closed. These were not customers lost, and they were not deferred. We had 4 small machines that all have subsequently closed in 2019, while we had anticipations that some of those would have closed in the 2018 year.

A few machines out of the total makes a huge difference in percentages. It's almost funny to try and measure the differences just as a function of the size of the machines versus the total business we have here. Our growth is still moving in the right direction, and I'm pleased about that.

Moving to **Slide 8**, the technology for binder jetting is just maturing. As you know, binder jetting is a subset of the 3D printing technology, and five years ago, binder jetting wouldn't have even been recognized as a relevant process. It was all about e-beams, electric beams, lasers and the plastic or the polymer printers. But today, it has gained much recognition. It's what may become the most cost-effective process for volume production, and we now see competitors such as GE, HP, Desktop Metal all making large investments in this type of technology. It does not stress me from the ExOne perspective that we much larger competitors like this in the marketplace. I think, rather, it's a validation of where we've been headed all along, and I believe that ExOne holds a very strong proprietary position in this field and that we're perfectly capable of competing effectively in this market as it continues to grow.

As this technology expands and is being used by more and more customers, more and more applications are being developed, creating a diverse body of global users. There's tremendous growth opportunity that we're starting to see. In one case, with the indirect machines, we now are looking at printing molds for certain applications that may even extend beyond the market size of the molds for sand printing. This is continuing to grow at a good rate.

In my opinion, the demand for this technology is going to exceed supply over the next few years as the market users find more viable applications for this process, and for the many materials to which it applies. We're going to have to continue to be innovative leaders in collaboration with the growing universe of our users. A lot of our customers still prefer to keep all of the work that they're doing in this area confidential, and so we do not discuss some of these things. But I can tell you that there's a lot of opportunity with major global customers that we're working on. We are well positioned with our latest machine designs to achieve good market penetration in this growing global market.

John is going to touch on that more and will speak to that subject. I'm going to let John and Doug take over the show from here.

Doug Zemba: Thanks, Kent. Good morning, everyone. If you could please turn to **Slide 10**, we'll start with revenue.

Revenue was up 25% to a record \$25.3 million in Q4 2018 compared with Q4 2017. For the year, as Kent mentioned, we achieved record revenue of \$64.6 million, reflecting 12% growth over 2017. You can see that we had a very strong quarter for machine revenue, which represented 75% of our fourth quarter revenue, and 56% of our full year revenue for 2018.

Now let's go to **Slide 11**. Here, you can see that our fourth quarter machine sales were up 47% to \$19 million compared to Q4 2017. As we indicated last quarter, we expected significant growth in the fourth quarter. We finished the year with \$36.4 million of machine sales, reflecting 21% growth over 2017.

Now if we can turn to **Slide 12**, we will review machine unit sales. You'll notice that this breakdown is different from our past disclosure. We believe we've reached a size where disclosing the specific machine type is no longer as relevant but that the breakdown between direct and indirect machines may be more informative. As a reminder, our direct machines directly print components such as metal parts and include our Innovent+ and M-Flex platforms. Our indirect machines print tools such

as sand molds and cores and include our S-Max and S-Print platforms. Our indirect machines are our larger footprint systems. Such systems generally achieve a higher average selling value.

We sold 28 machines in the 2018 fourth quarter, representing a 75% increase over Q4 2017. Our 2018 fourth quarter machines were evenly split between our direct and indirect platforms. In the 2017 fourth quarter, we were more heavily weighted toward our larger and higher-value indirect machines.

As you can see, we doubled our direct machine sales over last year's fourth quarter. These were driven by sales of our fine powder printing Innovent+ machine. The sales of this machine demonstrate the customer interest in our fine powder printing technology where we are investing and have announced our next new machine, the X1 25PRO™. The X1 25PRO represents a scalable transition from our Innovent+ printer to a true production machine for purposes of fine powder printing.

Seventeen of the 28 machines sold this quarter were to customers that have experience operating our machines, and 11 were to first-time machine customers. Included in our sales to experienced customers were two indirect printers to a significant foundry customer, which represented their seventh and eighth units purchased globally. In addition, we're excited that the same customer has now ordered their ninth unit from us in 2019, and they recently communicated to us their intent to purchase at least one additional unit during the year.

Industries we sold our machines into during the quarter included each of our primary targets: automotive, aerospace, general industrial and energy. We also sold machines to research and educational institutions seeking to further advance their own research and development activities, including materials development for industrial and other applications. For the full year in 2018, we sold 56 machines, a 37% increase over 2017. Again, you see the significant increase in direct unit sales, which grew 67% over last year to 30 machines in 2018, led by our Innovent+.

Now let's turn to **Slide 13**. Non-machine revenue was \$6.3 million in the fourth quarter of 2018, down 13% compared to last year's fourth quarter. For the year, non-machine revenue grew 2% to \$28.2 million. Our fourth quarter decline is attributed to a lower volume of printing projects based on timing of customer orders and the impact of the exit from our Houston, Texas facility executed in the third quarter. These declines were partially offset by increases in aftermarket revenues associated with our growing customer installed base of machines.

For the year, the comparison is similar with impacts from our exit from Houston, as I previously described; and from our 2017 exit from our Sweden printing operation, which converted to a machine relationship; and our former specialty machining operation in Michigan.

Turning to **Slide 14**, we'll talk about gross profit and gross margin. Gross profit was \$10.2 million, resulting in a 40.2% gross margin for the fourth quarter of 2018, a significant improvement over 33% margin for the fourth quarter of 2017. The increase was driven by operating leverage on better sales volume as well as a reduction in the fixed cost portion of our cost of goods sold.

For the year, we realized gross profit of \$20.9 million and a gross margin of 32.4%, up from 24.9% in 2017. The increase was driven by higher revenue as well as benefits from our 2018 global cost realignment initiatives and other restructuring activities that have been ongoing since early 2017.

Additionally, last year included higher net inventory obsolescence charges, gains from property and equipment disposals and the sale of Exerial machines with a breakeven contribution margin which did not repeat in 2018.

Please turn to **Slide 15**, and we'll discuss SG&A. Comparing the fourth quarter of 2018 to 2017, our SG&A expenses were down approximately \$400,000 or 6%. The decrease was principally due to lower employee-related costs resulting from our 2018 global cost realignment program. For the full year, our SG&A decreased by \$1 million to \$23.2 million or 36% of sales. The decrease was primarily due to lower equity-based compensation and a reduction in amortization expense, partially offset by higher employee-related costs in the first half of the year, which were reduced in the second half following the enactment of the 2018 global cost realignment program.

Please turn to **Slide 16**, and we'll discuss our investment in R&D. The 2018 fourth quarter reflects an approximate \$400,000 or 16% decrease compared with the 2017 fourth quarter. The decrease resulted primarily from the 2018 global cost realignment program, resulting in lower employee-related and consulting costs. While we have reduced costs, this has not had a corresponding impact on the advancing development of our binder jetting technologies.

You may recall early in 2018, we anticipated spending approximately \$6 million to \$8 million more on R&D than we did in 2017. However, upon studying our planned spending as part of our 2018 global cost realignment initiative, we determined that we could undertake our critical R&D activities in a much more cost-effective manner. For the year, our 2018 R&D investment dollars reflect higher costs preceding that initiative.

Now if you'll turn to **Slide 17**, I'll review backlog. We finished the year with total backlog in excess of \$12 million, impacted by the significant revenue reported in the fourth quarter based on our execution. As we have communicated in the past, we have been focused on improving our execution on customer contracts to reduce the time from order to recognized sales. Improved execution drives down our backlog as orders turn more quickly. The weighted average age of machine orders in our 2018 backlog has significantly reduced as compared to 2017 on this basis. We believe our 2018 backlog is more representative of a normalized backlog as compared to our historical balances, at our higher revenue base.

To remind you, backlog includes firm orders received from our machine and non-machine customers. It includes our firmly committed machine maintenance contracts as well as the non-cancelable portion of our operating lease agreements. Backlog also includes orders from our direct and indirect printing operations and other contractual services such as our missile defense agency contract.

In the first two-and-one-half months of 2019, we have continued to see favorable order activity. Year-to-date, we've landed an additional \$7 million of machine orders globally, which we expect to ship and execute during 2019. We continue to have confidence in the strength of our customer pipeline.

Now let's please turn to **Slide 18** to review CapEx. Our cash CapEx has continued at a modest pace. Our fourth quarter cash spending was consistent with the 2017 fourth quarter at approximately \$100,000. We ended the year at \$1.3 million in cash CapEx.

The noncash portion of our CapEx shown here pertains to the transfer of machinery from inventory into PP&E for use in our own direct and indirect printing operations, for R&D development or for customer leasing opportunities. Noted in the footnote are transfers from PP&E to inventory principally to support commercial sales activity with customers. Looking ahead to 2019, we estimate cash CapEx of approximately \$1 million to \$2 million.

Turning to **Slide 19**, this chart represents a waterfall of our 2018 cash flows split into two sections. The first half year is on the left, and the second half is on the right. Since I reviewed the first half year with you previously, I won't reiterate it, but I'll review the second half cash flows now. You'll notice that our cash usage was significantly lower in the second half of the year than in the first. I mentioned cash CapEx on the last slide.

Working capital changes resulted in a use of cash of about \$9.4 million during the second half, impacted by the timing of collections from customers and investments in inventory to support our growth. Our net income, net of noncash items and other, generated \$6 million of cash in the second half of the year, and we ended the year with \$9.1 million in total cash.

If you'll turn to **Slide 20**, you'll see our total liquidity at the end of 2018 and 2017. At the end of 2018, we had \$22.6 million of liquidity, consisting of \$7.6 million of unrestricted cash and cash equivalents and our \$15 million credit facility, which we put into place in March 2018. We continue to have virtually no debt outstanding.

That concludes my prepared comments. Now I'll turn it over to John.

John Hartner: Thanks, Doug. Good morning, everybody. I'm pleased to have my first opportunity to share insights into our positive outlook for the metal 3D printing market and ExOne's excellent positioning in the space. With my industrial technology background, including exposure to a wide range of digital printing markets, I have always seen the scalability of binder jetting compared to older raster imaging methodologies like laser. So I'm excited to be part of ExOne where I can influence the further development of binder jetting into a broader range of applications in real manufacturing environments.

If you could turn to **Slide 22**, I want to share a chart that, although a bit detailed, does a great job of comparing the technologies in the fast-growing metal 3D printing market. This was extracted from Roland Berger, a well-known independent consultant, and adapted for our use. As many of you are aware, there are several technologies in the world of metal 3D printing, and they are listed across the top of the chart. The most well-known, and the one with the lion's share of today's market is laser powder bed fusion, commonly referred to as laser sintering. That's shown in the far left column. And then you can see binder jetting in the far right column. This is the technology used by ExOne and whose capabilities have been rapidly growing over recent years.

I want to highlight four key parameters depicted in the rows. First, you can see the varying degree of manufacturing readiness in the second row of parameters. Manufacturing readiness for binder jetting has been attained for many industries, and is rapidly progressing to match and, in time, exceed laser sintering. Second, you will see a row of key materials for each technology. Notice that binder jetting has the broadest list of materials. We view this breadth as a real advantage for ExOne, as we have been in the industry for so long and have seen many applications with these materials used on our machines. This experience gives us access to many high-value applications that have been waiting for a high-volume 3D printing solution.

Regarding material properties, you'll notice I have a yellow checkmark next to the binder jetting column. We believe the authors of this chart view this area based on a group of companies, including several newcomers. We believe that we are at the forefront of that group, and therefore, our capabilities are better than what's shown here. Having said that, this is an area where we continue to focus R&D to enhance our material properties.

Finally and perhaps most importantly, look at the build cost row and the large green check next to it. There, you will notice that binder jetting technology provides a significantly lower cost model than all others and dramatically lower than laser sintering. Accordingly, binder jetting better fits serial production applications, and this fit is one of the driving forces behind the growing awareness of binder jetting technology. Given our years of experience in working in real-world applications, we believe we have a very good position compared to others who are currently developing machines for 3D binder jetting.

Now let's go to **Slide 23**. Continuing on the strength of binder jetting technology and ExOne's position in the marketplace, I want to make a few more points. Material sets, which consist of metal powders, sands and ceramics as well as proprietary binders, continue to rapidly expand. We believe that the growing range of our material sets, together with the print quality achieved on our machines, is currently presenting us with higher-value sales opportunities than we've seen in the past. We are engaged with a range of high-performance customers such as those serving the DOD, regarding incorporating our technology into new contracts. This will result in new orders and, in turn, open new attractive market opportunities. We can't predict when it will happen, but we know it will based on our ongoing work with our customers.

Another trend is increasing ROIs for investments in binder jetting, which opens up many new applications. Continuing improvements to our cost of ownership are bringing new customers to the table and helping them arrive at favorable capital investment decisions.

Finally, regarding indirect 3D printing of sand molds and cores for cast metal components, our customer base is expanding beyond the early adopters. Companies are realizing that this is the way the casting industry is going and they need to jump on board or risk getting left behind. Also, we believe that the newly developed mold-making opportunities could become another very large market, similar to the casting market. These factors are winds at our back, contributing to growing customer interest in our technology and our long-term growth prospects.

Now if you can turn to **Slide 24**, I'll talk more specifically about our focus for this current year. First, we will focus on reducing the cycle time between new application concepts to customer order. We need to help our customers speed the validation and scalability of many of the new use cases for our technology. This, in turn, will accelerate our sales.

Secondly, we continue to advance our technology. With our new cost structure, we are approaching our research more efficiently but still in an aggressive manner to deliver meaningful improvements to the marketplace. From a machine perspective, that means we continue to focus on quality, speed and performance.

From a machine perspective, that means we continue to focus on quality, speed and performance. We announced in November our newest fine powder machine, the X1 25PRO™. There's lots of excitement for this machine with betas set and expected production shipments in the second half of the year. On the indirect machine side, we anticipate a number of new advancements to announce at the GIFA foundry show in Germany, so stay tuned for exciting details to come out in June. As always, our research on new materials persists.

With the excitement about binder jetting technology, we believe now is the time to make greater investments in our brand awareness. We are emphasizing ExOne's broad capabilities and successful installed base for real customers. For example, a growth area includes expanding our direct metal printing promotions globally, which previously were only known in the U.S.

An area I'm really passionate about is building the recurring revenue business. ExOne has done a great job of building the largest 3D metal binder jetting installed base in the world. We need to do a better job of serving those customers with consumables, services and parts to help them be even more successful and, at the same time, help reduce our top line and bottom line volatility.

Finally, we plan to increase attention to developing close working relationships with other players in our ecosystem, both upstream and downstream. ExOne will focus on being a best-in-class printing solution provider and cooperate with experts in software, powder suppliers and sintering. We believe this focus and ecosystem collaboration delivers the best overall solution for our customers and drives our success.

Now if you'll turn to **Slide 25**, I'll review our specific financial goals for 2019 and beyond. As you know, it's difficult to predict timing of customer actions, but at this time, given our strong customer pipeline, we feel confident that our revenues will grow faster than in 2018, and we expect growth in the mid-teens range. However, we know that revenues continue to be lumpy quarter-to-quarter. We expect our 2019 first quarter will be modestly below the 2018 first quarter due to delivery timing of some of our indirect machines. That timing is directed by our customers.

However, the growing machine order activity in our backlog as well as our customer pipeline gives us confidence in our second quarter and our second half. When thinking about first half/second half revenue split, we currently estimate 35/65, which is pretty consistent with our history.

From an execution standpoint, we will continue our fiscal prudence and anticipate achieving positive adjusted EBITDA in 2019 in total, while also maintaining the R&D investments that I spoke about a few moments ago.

In addition to machine revenue growth, we intend to grow our recurring revenue base by further penetration into our expanding installed base. In the past, our cost structure had been a headwind against the profitability in our non-machine revenues. During 2018, we improved the profitability of that revenue stream by removing fixed costs. Going forward, we anticipate this will be a tailwind with our revised structure and focus.

Finally, as we look ahead beyond 2019, we anticipate revenue growth at increasing rates over the next several years, driven by our initiatives. To reiterate, these include expanding applications enabled by binder jetting, broadening our machine platform range and growing our recurring revenue base. And our focus is not simply growth for growth's sake. We believe we are now positioned to leverage our cost base and achieve profitable growth. Let me say that again, profitable growth. That concludes my prepared remarks. Now let's open up the lines for questions.

Operator: [Operator Instructions] Our first question is from Chris Van Horn with B. Riley FBR.

Christopher Van Horn: Welcome, John. I was hoping, if you could just give a little more detail on the 2019 guidance, how we think about what our growth rate would look like relative to '18? Then when we think about profitability, do you see a similar kind of path that you saw in 2018 in terms of how it looks from a cadence perspective?

Doug Zemba: On the 2019 numbers, we're looking at a mid-teens revenue growth rate. We were 12% year-on-year for '18. We're thinking mid-teens for '19, somewhere within that range. Relative to the split, as John just mentioned, we're thinking 35/65, first half/second half. That measures against historical patterns for the Company. As John indicated, we think it's a first quarter shortfall

against prior, but with a lot of machine orders, as I referenced in my commentary, those will bring us back in the second half to hit those numbers.

Christopher Van Horn: Okay. Then would profitability look similar to 2018 in terms of how it plays out along with those revenues?

Doug Zemba: Yes. I think a good way to look at profitability is if you look at the fourth quarter and you look at that \$25 million revenue base, we hit 40%-plus on the gross margin side. That's a high quality margin for us, so we feel pretty good about the quality of the 40% on that strong revenue level. Of course at lower revenue levels, margin gets impacted by the fixed costs.

Christopher Van Horn: Okay, great. Then when you think about the cost savings initiatives, it seems like you've identified a lot, and congratulations on the success there. It seems like there could be more to come, and just curious of the timing or if you could quantify it at all for 2019 and maybe beyond.

Kent Rockwell: We put a very extensive effort into cleaning things up in '18 to be able to get to the level of profitability that we achieved in Q4, and we believe we have done a pretty good job. However, we are still a growing company, and so some of that, to be able to effect growth, you're going to have to be able to spend for the future. We'll continue to pursue cost initiatives, but there's not a lot left out there that I'm going to say was nonrecurring stuff that we're going to get rid of. I think it's more that, as we start to grow, we'll make more productive investments in some of the costs that we took out. It is not going to be at the same level. There's just not that much cost in the company to take out another \$8 million of costs.

Christopher Van Horn: Okay, that makes sense. Then what we're hearing from various end markets that we talk to is that the adoption of additive technology is ramping. Are you hearing from any specific end market, whether it's aerospace, general industrial, automotive, that the adoption is either more aggressive or quicker than you thought? Or is it kind of across the board?

John Hartner: I'd say it is across the board. We're in the early phases of additive, but it's been growing for a while. It certainly seems that binder jetting has captured the imagination of what's possible for series production, short lot production within metal 3D printing. We're getting positive responses from a number of customers who are working on scaling this, and as I said in my script, I believe there's a lot of high-value applications that we'll be able to bring online.

Christopher Van Horn: Okay, got it. Then lastly for me, you called out the aftermarket as a tailwind for the non-machine revenue. With the installed base growing like it is, is that business getting bigger? Are there more investments to be made in the aftermarket side from you all? What does the trajectory look like for you? I know it's probably still early, but any commentary around the aftermarket?

John Hartner: As I said, I've spent a lot of time in installed base businesses and that recurring revenue is critical. It's very symbiotic. We have customers who are more and more successful, increase the output of their machines, and we have a corresponding revenue stream in consumables or service, et cetera. We think the growth rate we had in 2018, it was impacted, as Doug mentioned, by some structural changes, but we see that growth rate increasing in the future. We are making some additional investments in that to ensure we can serve those customers better and drive that growth across the world and across our machine platforms.

Operator: [Operator Instructions] Our next question is from Jed Dorsheimer with Canaccord Genuity.

Stephen Colbert: It's actually Steve Colbert in for Jed. Looking at the competitive landscape, and you touched on this, but I guess the new interest you're seeing from some larger folks out there, is that both on the direct and the indirect side? Or how should we think about that?

Kent Rockwell: Regarding the indirect business and what we've done in the foundry market, the sand casting side is not something that we have other strong competitors, and we think we have a fairly good position in that market. Much of the future is in the metals, and it's taken time to get down to the fine powder level that will provide that capability for the market to really go into mass adoption. We now are down at that fine powder level, and so now the new machines that can print at that powder level will start to really get adoption. That market is so big that it's attracted other players. We don't feel disadvantaged to have other guys making large claims, in some cases, about what the future of this business is. As I've said, in my perception, demand will exceed supply. There's so many opportunities and so many applications, and it's not just all about one thing, about one speed or one particular kind of machine. There's going to be a variety of machines, depending on what are the specifics of the applications and the materials. We are seeing it accelerate because metals now is becoming a viably addressed market.

Stephen Colbert: Okay, that's helpful. Then maybe just to drill down a bit on the Innovent+, the fine powder. Can you just talk about what you're seeing with cadence of orders, et cetera? Do you still see getting the smaller printers in as a gateway, if you will, to getting the larger printers placed?

John Hartner: The Innovent+ is a great way for customers to get early experience with our platforms, and we continue to see the demand being at similar and growing levels from what we've seen in the past. The nice thing that we see is many of those customers are very interested over time in scaling their production with our X1 25Pro platform in the future. That continued growth within the industry and within their adoption is really encouraging for us for the future.

Kent Rockwell: At least a majority of buyers of the Innovent+ have said that they want to move to the larger platform as soon as it's available. We feel that's a positive sign, and it's one of the reasons we put Innovent+ out in the form that we did.

Stephen Colbert: Okay, great. Finally, for me, you mentioned the new promotions. Just maybe give a little more color there, on what we might be seeing in the future coming out.

John Hartner: We are definitely stepping up our brand awareness and marketing side. Again, there's some great tailwinds we have in the industry with many people investing in binder jetting, and that's creating buzz and creating new opportunities for us. But ExOne has a long history, and sometimes that history is associated more with the sand portion of our business, but we want to leverage our total business, including that very rapidly growing direct metal printing side. Secondly, I would say, that also would apply to us being more global in our brand and projecting around the world. I spent a lot of time in a number of geographies, and I think it's very critical that we have ExOne as the premier player in binder jetting across the globe.

Operator: Our next question is from Ephraim Fields with Echo Lake Capital.

Ephraim Fields: There's still a very high short position in your stock, and I think there's a concern out there that you guys will have to raise equity to fund your growth. I was wondering if you could talk a little bit about the credit facility. Specifically, are there any limitations on the Company's ability to access that facility? And what is the rate on that facility?

Doug Zemba: The credit facility, and I refer you to our historical filings for all the details that describe the terms and conditions, is available for our use through March of 2021. It's collateralized by certain assets of the Company, but we view it as an available source of liquidity as we need it, so no major restrictions. The prevailing interest rate as of the end of the year was 7.5%.

Kent Rockwell: Ephraim, the money sits in escrow, 100% funded, has been there since we did this. It is available at any time, to be drawn on at any time. We haven't had any requirements to do so at this point, and that is all a function of it only takes a few customer orders to really change our cash flow with our processes. We are just coming into that season. I am comfortable that capital is sufficient to meet the plans that we have. If our plans change, and if we see opportunities in the market where we can apply capital more effectively, I believe we could go to market and find capital. I don't think we're stressed in any way about it. We would do it if it makes sense, and at this point in time, we haven't seen the sense of that.

Operator: Ladies and gentlemen, we have reached the end of our question-and-answer session. I would like to turn the call back over to management for closing remarks.

Kent Rockwell: Okay. Thanks for your attention this morning and for your interest in ExOne. We're very excited about it here at the Company, and we think we've got a good direction for the future. We think that '19 will continue to be a moving-forward year, and our cost structure and our development areas are all continuing to be examined further.

We're excited about what '19 has in store and the future beyond that. You have to remember that, in this business, you must look out a couple of years to see where it really, really starts to develop. The machine developments for this year really don't hit us on a full annualized basis until 2020, even though they're coming online here in the middle to later this year.

We look forward to updating you again in May, and thank you again for your attention.

Operator: This concludes today's conference. You may disconnect your lines at this time and thank you for your participation.