Operator: Greetings. Welcome to ExOne Company’s Second Quarter 2020 Financial Results Conference Call.

Please note, this conference is being recorded. I will now turn the conference over to Monica Gould, Investor Relations for the ExOne Company. Thank you. You may begin.

Monica M. Gould: Thank you, operator, and good morning, everyone. ExOne released results for the second quarter of 2020 ended June 30, 2020, yesterday after market close. If you did not receive a copy of our earnings press release, you may obtain it from the Investor Relations section of our website at investor.exone.com.

With me on today's call are John Hartner, Chief Executive Officer; and Doug Zemba, Chief Financial Officer. This call is being webcast and will be archived on the Investor Relations section of ExOne's website.

Before I turn the call over to John, I'd like to note that today's discussion will contain forward-looking statements, and as such, is subject to risks and uncertainties. These risks and uncertainties include those risk factors discussed in the most recent reports on Form 10-Q and 10-K filed by the company as well as those discussed in the press release. Any forward-looking statements that are made on this call are based on assumptions as of today. And we undertake no obligation to update these statements as a result of new information or future events.

In addition to U.S. GAAP reporting, ExOne reports certain financial measures that do not conform to generally accepted accounting principles. We believe these non-GAAP measures enhance the understanding of our performance. Reconciliations between these GAAP and non-GAAP measures are included in the tables found in today's press release.

And with that, I'd like to turn the call over to John.

John F. Hartner: Thank you, Monica. Good morning, everybody, and welcome to our second quarter 2020 earnings call. I'd like to start by thanking the ExOne team around the world for performing admirably during these challenging times and delivering a solid quarter and year-to-date performance. Our results showcase how ExOne's business is truly differentiated within the 3D market.

During the second quarter, we made continued progress towards a more predictable revenue model. We delivered recurring revenues of $6.2 million, a year-on-year increase of 3% and were up 6% in this category for the trailing 12-month period. This growth is largely due to the growth in our installed base, which is consuming more aftermarket products, funded R&D and other engineering development services. At the same time, we continued to grow our already strong backlog to $38.2 million, a new record level that will continue to support the predictability of our revenue for some time. And our backlog is also diverse with no concentration of geography or industry, or any one machine type. It's also worth emphasizing here, not a single machine sale contract has been canceled since the onset of the COVID-19 pandemic. Also during the quarter, we expanded our liquidity, which now totals almost $30 million. We achieved this with both prudent operational actions as well as the execution of 2 financing transactions that Doug will touch on in his prepared remarks.

Overall, our performance highlights our operating models resiliency and our team's ability to continue to execute on our strategy in the face of very difficult times. Now just as a reminder, we've released an updated investor presentation that's available on our website. But I'll summarize the key points here, which show how the fundamentals that support our business remain highly favorable and may even be
enhanced by the current market conditions. ExOne is part of a $10 billion 3D printing industry that's growing at double-digit rates and yet remains relatively young.

For example, 3D printing has only a 5% penetration in the $20 billion molds and tooling market and the upside around end-use parts is even more compelling. Within that $490 billion market, 3D printing represents an estimated 1% of production. That number is only expected to grow. Along with increased production expectations for a more responsive and sustainable supply chain. ExOne is positioned favorably on all these counts. In fact, we believe our binder jetting technology is really in a sweet spot here as manufacturers look for smart and sustainable supply chain solutions that link into a new Industry 4.0 dynamic.

As a quick reminder, we're the only binder jet 3D printing provider with a comprehensive portfolio of solutions for the direct printing of metals and ceramics, in addition to sand molds and cores used for metal casting. In all, we are capable of printing more than 20 materials. A key competitive advantage for ExOne and one that offers our customers incredible manufacturing flexibility.

Recently, we won our first commitments for our X1 160 Pro, the industry's largest metal binder jet system, which we announced last November. This breakthrough system, our tenth metal printer to date, is well on its way to proving itself as a critical tool to move metal 3D printing into high-volume production. Our team has already begun producing the first 160 Pros for customers and we remain on target with our release plans.

We continue to expect first shipments by the end of 2020 for revenue recognition in 2021. Like many other innovations we've announced in the past year, these new machines carry higher ASPs than our historic products. These machines have been well received by the market and we continue to receive many inbound requests and interest to produce end-use products at scale and closer to the end market.

At the same time, our team is working to surround our new production 3D printers, which also include the S Max Pro on the sand side with a complete and intelligent digital workflow that enhances the user experience. Recently, we announced 2 offerings that support this effort. First, we launched our new Scout app to monitor and analyze our industrial 3D printers, especially in a connected factory environment. Secondly, we announced the creation of a new sand 3D printing network that manufacturers can conveniently tap for quick digital production of complex castings and tooling. These are first steps. But this effort will continue and include new automation and software tools that are currently in development. At ExOne, the pathway to these new production machines is also paved with program development contracts as companies ramp up the engineering work associated with getting a production 3D printing cell and workflow off the ground. So part of the growth in these contracts, which are recognized as recurring revenue, is leading towards future production machine sales. One example of this is a recently awarded $1.6 million contract with the U.S. Department of Defense to develop a field deployable binder jet printer.

Beyond government awards, we have several global manufacturers in the automotive, medical and consumer goods industries now engaged with us on production program developments. At least one of these companies is planning to use our printers to modernize and decentralize their supply chain in key locations around the world. This is a good example of how 3D printing can support a strategy for quick and streamlined local production.

Finally, I'd like to discuss sustainability. At ExOne, we have a deep commitment to sustainability and our dedication on this topic has existed since the company was founded. Our binder jet 3D printing process
generates far less waste than other traditional manufacturing processes. It enables the production of lighter parts as well as the consolidation of parts. It saves energy throughout the entire manufacturing process. But the key for us is that ExOne delivers these benefits at high volumes, a scale that can truly make a difference. So while the short-term may be turbulent, we remain optimistic about the long-term fundamentals of the business and the global growth of additive manufacturing. We believe that our printer solutions will play a critical role in the transformation of traditional manufacturing to a more sustainable and decentralized manufacturing model.

With that, I'll now turn the call over to Doug, who will provide details about our second quarter financial results and outlook.

Douglas D. Zemba: Thanks, John. Good morning, everyone. We ended our second quarter with total revenue of $11.1 million compared with $15.3 million in the second quarter of 2019. The decrease in revenue resulted from a decrease in sales of 3D printing machines, offset by an increase in sales of 3D printed and other products, materials and services. Both of our product groups were disrupted by COVID-19, primarily as a result of domestic and international shipping and travel restrictions, which delayed or prohibited the delivery and/or installation of our products. Consistent with the trend in our quarterly revenue, on a trailing 12-month basis, revenue was $52.9 million through the second quarter of 2020 compared to $66.8 million through Q2 of 2019. Sales of 3D printing machines were down 47% to $4.9 million in the second quarter compared to $9.3 million in the prior year quarter due to lower comparable volumes under the backdrop of COVID-19, coupled with an unfavorable mix of machines sold.

Trailing 12-month machine sales were $25.9 million through the second quarter of 2020 compared to $41.2 million through the second quarter of 2019.

Now I'll move to machine unit sales for the period. As a reminder, our direct machines print components such as metal and ceramic parts for industrial and other applications and include our X1 25Pro, Innovent+ and M-Flex platforms as well as our recently introduced X1 160Pro platform, the industry's largest metal 3D printer. Our indirect machines print tools such as sand cores and molds and include our S Max Pro, S Max and S print platforms. Our indirect machines are our larger footprint systems which typically generate a higher average sales value. We sold 8 machines in the second quarter compared to 13 in the prior year quarter. The 8 machines sold in the second quarter consisted of 3 indirect and 5 direct printing machines.

Once again, our machine sales during Q2 represented a diverse set of global geographies and customer applications and included a mix of industrial and research and development users. While we are obviously disappointed with the decline in our machine revenue year-on-year, we recognized the unprecedented challenges that COVID-19 has brought to both our business and the market as a whole. All things considered, our second quarter performance was only achievable as a result of the investments we have made in our global operations footprint and the sacrifice and dedication of our people.

On a TTM basis, we sold a total of 45 machines of which 23 were direct and 22 indirect for 2020 versus 64 machines of which 34 were direct and 30 indirect for the second quarter 2019 TTM period. Recurring revenue, which includes our 3D printed and other products, materials and services, was $6.2 million in the second quarter, reflecting a 3% increase over last year's second quarter. This growth was driven primarily by funded research and development arrangements including an automotive development project, which began in the fourth quarter of 2019.

Similar to machine sales, recurring revenue felt the impact of COVID-19 in the second quarter, mostly in the area of materials where we saw a steep drop off between our first and second quarter. We attribute this to some abnormal buying trends by our customers late in the first quarter as COVID-19 began to
appear in the market and general industrial slowness and shutdowns of operations, which reduced consumption during the second quarter.

For the trailing 12 months, recurring revenue was $27 million compared to $25.5 million in the prior year period. For the second quarter, gross margin of 27.8% compared to 33.7% in the second quarter of 2019. The decrease was primarily due to lower revenue volume, which I cited, partially offset by lower fixed overhead costs driven by cost actions taken and other reductions realized as a result of COVID-19. For the trailing 12 months, gross margin of 30.9% compared to 36.7%.

As I just referenced, in response to COVID-19, we took various cost saving actions, including a mix of employee terminations, furloughs, pay rate reductions and decreases in consulting and other spending, all in an effort to conserve cash and maintain adequate liquidity. As a result of these actions and other reduced costs, such as global travel, we realized approximately $2 million in cost savings in the second quarter. We estimate an additional cost savings in the range of approximately $2 million to $3 million for the remainder of 2020 with approximately $2.5 million of the total 2020 cost savings sustained into 2021. For the quarter, our total operating expenses decreased by 21% to $6.9 million from $8.7 million in the prior year period.

Research and development expenses were $2.4 million compared to $2.5 million in the second quarter of 2019. The decrease of 7% was primarily due to lower employee-related costs resulting from actions taken in response to COVID-19. Our R&D investments remain focused on the further development of binder jetting technology, including the X1 160Pro production metal printing 3D printing system for which we recently secured our first customer commitments for delivery in 2021.

For the trailing 12 months, R&D was $9.8 million through Q2 2020 versus $9.7 million through Q2 2019. Selling, general and administrative expenses were $4.5 million compared to $6.2 million for Q2 2019. This decrease of 27% was driven by a combination of factors including lower trade show expenses and cost reductions associated with COVID-19 as well as lower equity-based compensation.

For the trailing 12 months, SG&A was $21.7 million through second quarter 2020 compared to $22.2 million through second quarter 2019.

Turning to our backlog. As a reminder, our backlog includes firmly committed orders received from our machine and recurring revenue customers. It also includes our machine maintenance contracts as well as the noncancelable portion of our operating lease agreements. Additionally, backlog includes orders for our global metal and sand printing operations and other contractual services, including funded research and development. We ended Q2 with another record backlog balance of $38.2 million compared to $23.2 million at the end of the second quarter of 2019 and $33.8 million at the end of the first quarter of 2020. Our second quarter backlog includes machine orders totaling $25.8 million, representing 35 total units.

Significant uncertainties associated with the duration and severity of COVID-19 continue to make it difficult for us to predict the full year and longer-term effect on our business at this time, including the impact on future capital equipment spending decisions of our customers. While our record backlog provides a path for operating stability in our second half, we remain cautious given the numerous disruptions we have faced over the last several months.

Our goal continues to be to appropriately manage our business through this crisis and ultimately exit the situation in a position of strength, further enhancing our market-leading position in binder jetting technology.
Moving to the balance sheet. Cash, cash equivalents and restricted cash as of June 30, 2020, increased to $20.2 million from $17.3 million at March 31, 2020. The increase was driven by cash inflows from financing activities of $5.6 million, including $2.9 million in sales of common stock in at-the-market offerings and $2.2 million through a federal COVID-19 loan program.

Offsetting this were cash outflows from operations of $2.6 million, mostly due to the widening of net loss, net of noncash items for the period. Working capital remained generally balanced as inflows from customers approximated our investment in inventories for future delivery against backlog. Our cash capital expenditures for the second quarter were limited to $300,000. We anticipate an additional $500,000 to $1 million of planned cash CapEx for the remainder of 2020, reflecting a reduction to our previous outlook as part of our capital conservation plan.

Our capital expenditures for the remainder of the year will be focused on our existing operations and strategic asset acquisition and deployment. We increased our total liquidity, which includes unrestricted cash and cash equivalents and availability under our related party revolving credit facility to $29.7 million at the end of the second quarter compared to $26.8 million at the end of the first quarter. The increase was driven by changes in cash that I just discussed as there were no borrowings outstanding under the company's $10 million related party revolving credit facility for either period.

We continue to believe that we have sufficient liquidity to manage through these uncertain times and to provide stability for our business. That concludes our prepared remarks, and we would now be happy to take your questions.

Operator: Our first question is from Brian Kinstlinger with Alliance Global partners.

Brian David Kinstlinger, Alliance Global Partners: I missed it. Did you say there were 35 machines in the backlog? And then how many machines have been in there longer than 6 months? And how long do they typically sit in backlog?

Douglas D. Zemba: Thanks Brian, this is Doug. That's correct. 35 total units. The age of the contract has varied. Some of them can go back as far as 2019 at this point. So I don't have a specific statistic for you on the relative age. Our typical average at this point from order to completion of an arrangement, last year, the average is about 4 months. Given the disruptions associated with COVID, I could see a situation where that is perhaps a little bit longer when we stretch out all of 2020. But it's our goal to try and tighten and shorten that timeframe. And it can vary from 1 transaction to the next, depending on the machine type and the geography that we're focused on.

Brian David Kinstlinger, Alliance Global Partners: And I don't know if you have it with you. Do you have maybe a breakdown of direct versus indirect in there?

Douglas D. Zemba: I can get that number for you. Related to machines, I do keep statistics relative to that, but just not for overall backlog. Since we really don't run those as separate businesses. We're really running them as product lines or the product lines within our consolidated operation.

Brian David Kinstlinger, Alliance Global Partners: Great. And then are you able to share with us maybe deliveries in July and early August, what's already been delivered?

Douglas D. Zemba: No specific statistics. What I can tell you is that near the end of June, really for the month of June, things started to open up a little bit. Certainly, domestically, if you looked at some of the -- and when I say domestically, I mean, here in the United States, a lot of the restrictions that have been
imposed by various government authorities, primarily states, state governors started to open up a bit. And I know we've had a little bit of a fallback related to COVID-19 recently. But that gave us the opportunity really kicking off in June to go out and do some work. We're in the process -- we completed 1 domestic installation within the month of June, and we've continued that work thereafter. In Europe, and then broadly in Asia, you're starting to see things open up a little bit as well. So for the month of July, we're out conducting work in various geographies, but I'm not going to give a number specific or any other detail related to the third quarter.

**Brian David Kinstlinger, Alliance Global Partners:** Yes. And then you had mentioned last quarter about international travel creating some restrictions, obviously, for your international demand. How are you adjusting to that? And has anything changed since the last time we talked that has helped that business out?

**Douglas D. Zemba:** Sure. So when you look at the trend line, certainly, in the April, May time period, I think that the -- for the most part, the global have been shut down for several weeks. What you're seeing now predominantly is some form of disruption from the U.S. traveling abroad. Obviously, the COVID effect is a little bit more significant here than it is in other parts of the world from our -- but luckily, what we have is, as I mentioned in my prepared remarks, we've invested as a company in the global footprint. So we have operations in each of our most significant geographies, including the U.S., Germany and Japan, where we can move around fairly freely. So the biggest challenge at this point is having folks from the United States travel abroad and touch customers in foreign jurisdictions. In some cases, that's a technical requirement that may be associated with the contract. So we're going to look into the second half to see how that plays out. Beyond that, again, we're starting to see things open up relative to Asia and Europe. So I feel a lot better about where that is heading into the second half than I certainly did on our last call.

**Brian David Kinstlinger, Alliance Global Partners:** Great. Last question, and I'll hop back in the queue. You mentioned COVID impacting the recurring material sales. It didn't look like a lot given you still had marginal growth, but clearly, it's impacting it. Has that business began to slowly recover since the end of the quarter as well as restrictions have eased and businesses have opened up?

**Douglas D. Zemba:** It's been a little slow -- at least -- in the month of July, I would say it's been a little bit slow. I think that -- what I was trying to highlight was, if you looked at the sequential quarter, you saw basically a $900,000 drop 1Q to the next relative to recurring. And from our end, materials represented about $800,000 of that $900,000 total, which, again, was abnormal purchasing that we saw and highlighted in our Q1 discussion, which really dropped off in Q2. There was a lot of sort of hoarding of materials, sort of a toilet paper mentality that took place in the month of March for the most part. And then what you saw in April and May was a lot of our customers because of whatever restrictions were in place or even just macroeconomic factors weren't running printers as hard as they typically would. Therefore, consumption was lower and there wasn't necessarily a need to pool supply for materials. We've seen some of that stabilize, I think, in the third quarter. But I think what you ultimately see is sort of an abnormal first and second quarter. And we should see that the third quarter matches more closely to the second.

**Operator:** Our next question is from Sarkis Sherbetchyan with B. Riley.

**Sarkis Sherbetchyan, B. Riley:** In your prepared remarks, you talked about inbound requests and interest to produce end-use products at scale. Maybe if you can touch on some more details regarding that, just to kind of give us a sense for what kind of activity you're seeing even in this market?
John F. Hartner: Sure. And that's -- it's a global phenomenon. I think whether it was started with the trade wars or COVID-19 or other political tension, there's a desire with all that uncertainty for companies to consider where they build things to supply future demand. And there are major -- this is happening across all of our sectors. And frankly, midsized and large companies that are talking about this, where binder jet sits with its ability to do ad volume or end-use parts at volume allows us to be the type of solution where customers come by and talk to us regarding that potential future solution. Those supply chains have been built over a number of years, so they don't change overnight, but the good sign we're seeing is customers engaging with us. Many of those engagements, we are working with them on process development contracts to ensure that we can produce at scale their parts and re-shore those parts, whether that's bringing back into Germany or Italy or to the U.S. or to Japan. So it's quite a really positive discussion point we're having with a number of companies, and we're in a, as I said, a sweet spot to be able to deliver on that desire to have a more decentralized, a more resilient and a more sustainable supply chain.

Sarkis Sherbetchyan, B. Riley: That's helpful. And I know also in the prepared remarks, you talked about auto, medical and consumer goods as kind of some of the representative sectors you're involved with. Any sector that's kind of surprising or new that you guys are dealing with?

John F. Hartner: Our business is quite diverse, which is a strength in these sorts of uncertain economic times. So it is fairly broad. I would say the 1 sector I may highlight there is because we are -- we have such a broad range of materials set and can produce at scale. I'd say medical is the one that's kind of cropped up, not been a large part of our business in the past, but at least we're seeing customers who may have gotten supply from other geographies, looking at getting those supplies closer to home. So I'd say broadly, no, it's diverse. That's our demand. That's a good thing in these uncertain times, but the only one that might pop up as unique might be medical.

Sarkis Sherbetchyan, B. Riley: Got it. And 1 for Doug here. You mentioned on the OpEx side, an estimated additional $2 million to $3 million remaining for 2020. Can you maybe help us understand where that comes from? Is it predominantly the SG&A line? Is it R&D? Is it a combination of both?

Douglas D. Zemba: It's actually a combination of our fixed overhead, G&A and R&D. It's all 3 areas, really our fixed cost base overall. And it stems from the remaining benefit or the remaining reduction that we would see throughout the remainder of the year associated with some of the permanent terminations that we took action on in March and April. The furloughs that we've had for our programs, both in the U.S. and abroad as well as other variable costs that we would see play out for the remainder of the year against our original plans.

Sarkis Sherbetchyan, B. Riley: Got it. And if we kind of think about the comments around stability, do you kind of think the back half of the year looks a lot like the -- what we saw here in the second quarter? Or do you think there's an opportunity to kind of show sequentially improving financial results closing out the year?

Douglas D. Zemba: I think from our perspective, we would see Q2 as sort of the trough. But to give any specific color on Q3 and Q4 individually, I think is a bit of a stretch just given some of the uncertainties associated, particularly on the systems side. I think we've commented several times related to our comfort level related to the stability on the recurring revenue side. I think you look again at Q2 as a likely trough point. The systems side, and again, the backlog driving that, the $25.8 million of machines. A lot of that gives us the opportunity to deliver in the second half, but a lot of that has contingency in it associated with the impacts on the broader market of COVID-19. And again, making sure that some of these travel
restrictions and other restrictions that are in place don't become more pervasive for us to operate.

Operator: Our next question is from Jed Dorsheimer with Canaccord.

Jonathan Edward Dorsheimer, Canaccord Genuity: A lot of mine have been answered. But just
digging in, I guess my read is at least how you're describing it -- is it really depend on the travel limitations
and effect from COVID in terms of your business. So monitoring COVID is really how we should think
about your ability to deliver both the consumables and additional machines. Am I missing something?

John F. Hartner: Jed, John here. What I'd say is, certainly, in the short term, in the quarter, few quarters
ahead, that's true, relevant to delivering on the strong backlog that we have. Luckily, recurring revenue is
something we've continued to see grow, and we've developed other parts of recurring revenue like
contract services and in engineering development contracts, which we see growing in the future. But if I
step back and think long term, I go to the point I mentioned about reconfiguring supply chains and binder
jetting being the only 3D printing type of technology that will allow customers to reconfigure their supply
chains to re-shore, to break things closer to end-use markets. So as I made mention in my comments, I
think there's some long-term potential to see our markets grow even faster. And so that's why we're so
excited about our new products and how we're actually managing through this crisis.

Jonathan Edward Dorsheimer, Canaccord Genuity: Got it. No, I think we're seeing things. Sorry if I --
in terms of my question, I was just asking in terms of navigating through some of these choppy waters. I
guess -- but I do want to dig into the backlog for a minute in terms of -- maybe you can just help with -- do
any of these have cancellation provisions? And if you've got backlog that over 8 months old, 9 months
old, based on what Doug was saying, have those customers found -- I know that you're the only solution,
but there might be other workarounds in order to address, and I'm just wondering what the risk of
cancellations are with respect to that backlog.

Douglas D. Zemba: Sure, Jed. This is Doug. I'm happy to address that. So I would, in general, say that
the risk of cancellations with respect to our systems contracts is quite low. The reason I say that is a few
factors. Number one, most of the contracts we require a pretty significant deposit and they generally don't
have termination clauses that are one-sided on them, where you can simply back out before we deliver
the product. We're pretty well protected in that regard. When I look at the age, while some of these may
be dated back into 2019, for example. We often get orders that are placed well in advance of when even
a customer expects to receive and do an installation. And I know that, that sounds strange, but that's just
based on their business cycle and how they're operating. A lot of them need to do sort of custom facility
arrangements in advance of making an investment in additive, which requires perhaps like a clean room
to be developed or some nuance to their facility to be rearranged. And oftentimes, they're buying the
equipment in advance. So it's not uncommon to see some distance and relative age of the contracts. A lot
of the stuff that's the most aged that's in our current backlog, the machine is actually physically on-site at
the customers, and we've been working diligently to help support them remotely or continue the process
as we can through the crisis. The reality is that when you look at the company's inventories that are sitting
on its balance sheet, we have a fair amount listed in finished goods, over $7 million at the end of this
period. And when you draw up our typical profit, you can see that there's a large value that's sitting there
waiting to be turned over. The bulk of that is sitting in a customer facility at this point. So a lot of the newer
stuff that's 2020. I just don't see being likely to be canceled. In some respects, it may be delayed again
because of the macro conditions, but we've not had anyone come to us and say that they need to back
out for financial or other reasons.

Jonathan Edward Dorsheimer, Canaccord Genuity: That's a really important distinction. And thanks
for pointing that out. So of the $35 million, do you have a number that is on ground, that's just a revenue
recognition issue in terms of final acceptance because that would certainly, at least from my perspective, it reduces your risk there?

Douglas D. Zemba: Yes. I don't have a specific spot number that I want to give you. I can certainly do some research and come back to you if you'd like to discuss that further. But again, I would hinge that off of the finished goods inventory, which, again, is the way we are accounting for this generally means that we've completed the machine and it's either been delivered or is in a stage of delivery built to customer spec. So you can pretty much believe that, that value, considering our historical profit margins on such machines gives you an indicator of the aggregate value that's out there in the field. We don't hold finished goods really in our facilities very often. Unless there's just a slight timing delay in getting the unit out the door. So most of that is in transit or sitting at a customer site.

Jonathan Edward Dorsheimer, Canaccord Genuity: Got it. That's helpful. And then last question, I guess, along similar type line. If you -- and maybe we can take this offline, but I would be interested if we kind of parse out what's on ground versus what's in queue? What do you consider sort of legacy versus -- where I'm going with this question is your ability to upsell through your leading-edge product, when you look at that backlog because of the delays. Is there a certain percentage that you think you can convert over because it's taking longer, which might be an opportunity for you guys?

Douglas D. Zemba: Yes. I mean, when I look at the backlog currently, I would say with a reasonable confidence that the vast majority of what we currently have under contract is representative of our new offerings. Our legacy offerings, which, for the most part, we've turned over now between '19 and '20, have pretty much been exhausted at this point. There are some examples of that within the backlog, including some refurbished machines that we've sold and maybe just a few more legacy models that are out there. But for the most part, the backlog is pretty fresh with the Pro offering on the sand side, and certainly, the 25Pro that we introduced or started delivering at the end of '19 on the metal side.

Operator: Our next question is from Ralph Weil with R. Weil Investment Management.

Ralph Weil: Nice report. Could you possibly talk a little more about the U.S. Department of Defense contract and perhaps give me some kind of indication of what might be the long-term potential of this? I assume it is not just a one-shot deal and maybe they're testing it. But what would be the long-term potential. And another question would be, could you comment just a little bit more, if possible, on the automotive development contract that you have? And might you be involved in doing anything for the EV industry? And a third would be for what uses might be initial commitments be for the X1 160Pro.

John F. Hartner: Sure. Okay. I'll try to get all 3 of those. The first one, Ralph, on the government contracts, we've talked about the 1 that has just been contracted in the quarter for $1.6 million. Stepping back, probably about a year ago, I mentioned in some of our commentary that we had a really great opportunity with binder jetting to approach and be a supplier to a range of government agencies, whether part of DoD, DoE, NASA, et cetera. And we put a team on that, a specific team that is focused on those projects and contracts. I think this is the early stage of what -- I mean there's a long gestation period to win those contracts to have them actually not just award it but actually contracted in the backlog. And most of these contracts are going to be run. Their R&D type work with potentially some part production or even machines included in them, certainly machines afterwards. They tend to run between 4 quarters and, let's say, 12 quarters. So it's categorized within our recurring revenue stream. So we see a lot of potential. I think this is the first time we're really talking about it, highlighting it in a quarterly call but we're going to be talking more about this in the future. So there is more where that came from, and we see that as an important leg of our future.
Secondly, I think the next question was on automotive, right? So the question -- the automotive projects, I mean, one of the things we’re seeing is the automotive suppliers have said binder jet, they love 3D printing, the issue with most 3D printing is the cost. And therefore, they have not had rapid adoption, except for in the prototype space. However, binder jetting has now been accepted as the high-volume production potential product of choice there, technology of choice. And so those customers -- I mean, across multiple automotive brand names are working with us to come up with the workflows, the certifications of products and materials to ensure these products are going into their future vehicles.

Just to be clear, we’re working primarily with customers who are talking about vehicles that will be launched and platforms that will be launched in 2022. So this is not a short-term type boost for us, but it is a very important long-term boost. And I can say some of those vehicles also include EV or hybrid type configurations that would allow us to help in that space. Certainly, for EV vehicles and hybrid vehicles, lightweighting is critical, and that’s when you come to 3D printing, and that’s when you come to binder jetting whenever you need volumes.

Ralph Weil: Okay. And third question was for what use might be initial commitment for the X1 160.

John F. Hartner: So that automotive is a perfect example, but the commitments we have are across 3 or 4 different spaces right now. So the nice thing is our platforms are very versatile. But anyone is looking for higher volume metal parts, decentralized production, the 160 is a great opportunity for them. So it is going across all of our end markets, so the ones that we’ve already mentioned. So we’re very excited about this platform. Again, we’re on schedule with it. We are planning to ship towards the end of this year. But we will not recognize revenue on this until sometime in 2021.

Operator: We have reached the end of our question-and-answer session. I would like to turn the conference back over to John for closing remarks.

John F. Hartner: All right. Everyone, thank you very much for spending the time today with us and for your continued interest in ExOne. We thank you for the time, and we look forward to updating you again next quarter. Goodbye.

Operator: Thank you. This does conclude today’s conference. You may disconnect your lines at this time, and thank you for your participation.