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PRESENTATION

Raquel Betesh - *JPMorgan Chase & Co, Research Division - Research Analyst*

Good afternoon, everyone, and welcome to JPMorgan's 50th Annual Global Technology, Media and Communications Conference. We appreciate everyone coming out today and are excited to be back in person. I'm Raquel Betesh. I'm a software analyst here in research at JPMorgan. And today, I have the pleasure of speaking with Randy Altschuler, the CEO of Xometry.

Thank you for being here, Randy. This is your first JPMorgan tech conference as a public company. So for those unfamiliar in the audience, can you provide a brief overview of the company?

Randolph Brody Altschuler - *Xometry, Inc. - Co-Founder, CEO & Director*

Sure. And good afternoon, everyone, and thank you for having me here at the conference. So Xometry is the leading marketplace for custom manufacturing. So there's a global manufacturing market, which is \$35 trillion-plus. And there's a segment of that market, which now, together with our acquisition of Thomas, is \$2.6 trillion, which involves buyers buying manufacturing from small- to medium-sized manufacturers. It's a very inefficient market, lack of price transparency, a very heavily fragmented supplier base. And with our artificial intelligence, we're connecting buyers and suppliers of manufacturing in real time. We also have a basket of services for our suppliers to help them grow and better their businesses.

QUESTIONS AND ANSWERS

Raquel Betesh - *JPMorgan Chase & Co, Research Division - Research Analyst*

So can you elaborate a little bit on where the value lies for both buyers and sellers on the platform, given that it's the 2-sided marketplace business model?

Randolph Brody Altschuler - *Xometry, Inc. - Co-Founder, CEO & Director*

Yes. So for buyers Xometry has a very extensible technology platform. We play in many verticals from aerospace to defense, to medical devices, robotics, automotive. For these buyers, it is very difficult for them to find the optimal solution for their manufacturing needs. So if they went to 4 or 5 different manufacturers with a request for quote, it can sometimes take days or even weeks to get back a response, and the price differential between the RFQs can be hundreds of percent off. And likewise, they're going to small- to medium-sized manufacturers, which inherently are more risky.

So with our artificial intelligence, buyers or customers can come to our website and instantly get a price. And that price reflects hopefully best in market pricing for them based on the wide network of suppliers we have. And we're constantly training our data and growing our network, hopefully always providing better value for our buyers.

On the supplier side, the small manufacturers, they're usually landlocked or limited to their local customer base. So if you're a manufacturer in Michigan, you usually live and die with the automotive industry, for example. Or if you're in Houston, Texas, maybe that's with the oil and gas industry. So even if you have open capacity, it's very difficult for you to find the customers outside of your direct region to fill that capacity.

So as suppliers in the Xometry marketplace, they can not only fill all of their open capacity, but they can also optimize the kind of work that they get because for a supplier, any 2 different jobs could provide radically different kinds of margins for them, depending on the skills that are required and the equipment required. So with Xometry, they're able to get work that better fits the envelope of what they can do. It's more profitable work for them.

And then on top of that, we have this basket of supplier services, so for example, financial services, that help them speed up their cash flow so they can invest in their business. We have other services that help them with their marketing and data solutions and also the ability to purchase tools and materials, the inputs they need to manufacture at lower prices. So we're helping lower their operating costs. And for these small businesses, inherently, they tend to have higher operating costs than larger companies.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So your TAM is \$260 billion as manufacturing industry is one of the largest segments of the global economy, making your TAM one of the largest TAMs in our software universe. To what extent do you believe you can penetrate the market there?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So in our space, it's very unusual because the long tail of the Internet has not touched a lot of these manufacturers. So if you're a service provider or a retailer, there were lots of options for you to sell your goods or if you were to sell your services, but that really hasn't happened in manufacturing. And so we're providing a really unique value proposition for those suppliers.

Likewise, for the customers, the shift to digital that's happened in so many other industries hasn't happened in manufacturing either. So it's sort of inevitable. It's a secular shift that's happening right now. And for these buyers, so many other things are being bought via marketplaces. And in an e-commerce-like manner, it makes sense that manufacturing would have a similar dynamic.

So we're very confident that we can convince the buyers that, hey, this is an easier, faster, less expensive way for you to purchase manufacturing. And likewise, for suppliers, this is a better way for you to fill your capacity and a better way for you to operate your business. So they're still going to be serving one another, but via the Xometry marketplace, we hope to make them both better.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

I know you touched a little bit on your AI algorithms, but can you elaborate, do you guys consider that your secret sauce of the business? And what do the AI algorithms really mean for the marketplace?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So it certainly is part of our secret sauce. So we've got a team of PhDs and everything from computational geometry to other disciplines. And we've developed these models. We're training on thousands of different features on different kinds of parts, different kinds of manufacturing technologies. And as we're accumulating data and we're accumulating millions of points of data now, we're using machine learning, a technique particularly called deep learning, to come up with these algorithms that not only price the parts for the buyers but also price the parts for the suppliers and optimizes the match between the buyers and the suppliers.

And that data gets smarter as we accumulate more of it. So the more data we get, the more accurate the pricing becomes, the more effective we are with buyers and suppliers. So even as Xometry has grown so quickly, since our founding, I cofounded the company in 2013. We opened for business in 2014. We've been growing like a weed. Last year, we grew from about \$141 million of revenue to \$218 million. This year, we've guided from \$218 million to \$392 million to \$400 million. Even as we've been growing at that rapid rate, you've seen our gross margins increase tremendously as well because the data is getting smarter and smarter.

So it's very powerful. And we're retraining our data set every week. So to the extent there's any inflation in the market or anything is happening, our data set is catching up. And we're providing that real-time pricing transparency or real-time pricing status for both the buyers and the suppliers.

Raquel Betesh - *JPMorgan Chase & Co, Research Division - Research Analyst*

So now I think it's important we touch on the macros. So given that manufacturing is a highly cyclical industry, what are your expectations to Xometry's top and bottom line, given the current macroeconomic environment?

Randolph Brody Altschuler - *Xometry, Inc. - Co-Founder, CEO & Director*

Yes. So first of all, it's a giant industry. And even though I'm really proud that we're going to do up to \$400 million this year, and we're the leader, we're still very small versus the overall size of the market. So I'm very confident that our -- what people would call hyper-growth will continue for the future.

And as I mentioned earlier, there is a secular shift now to the digital. This is a better solution for buyers and suppliers. And as the leading 2-sided marketplace, we are the recipient of that secular shift. And we've seen great activity in the marketplace. As we gave guidance for Q2, it was not only a great year-over-year guidance, but it was also double-digit sequential growth from Q1 to Q2.

And we did our earnings just a few weeks ago for Q1, we actually upped the bottom end of our revenue guidance for the full year and also increased the range of the gross margins guidance as well. So we're seeing great activity, and we can expect that to continue throughout this year and beyond.

Raquel Betesh - *JPMorgan Chase & Co, Research Division - Research Analyst*

Following up on that, is there any notion that a slowdown could bring more sellers to the platform as they look to fill gaps in their production schedule?

Randolph Brody Altschuler - *Xometry, Inc. - Co-Founder, CEO & Director*

Yes. So I think to the extent -- and again, Xometry has grown through all sorts of environments. We grew pre-COVID. And during COVID, when the entire sectors shut down, the year when we sort of full brunt, we went from \$80 million to \$141 million. So we grew rapidly that year. So I'm confident that, that durable growth will continue in any environment.

But if there was a recession, I think it would benefit us with both the buyers and the suppliers. So for the buyers, in that case, they're going to be looking for better pricing. And the best way for them to get better pricing is to go to a marketplace at Xometry, where we have that flywheel going in a robust set of suppliers. They're also going to be concerned about the financial wherewithal of their small- to medium-sized manufacturers. So for our buyers, for our customers, we're helping them make the products that they need to run their actual businesses, so there's going to be a flight to safety or surety. Xometry is now a public company, and we have a strong balance sheet, so we provide that good cushion for them against the potential problems that small- and medium-sized manufacturers might have in a more difficult environment.

Likewise, when you look at the suppliers, just as you pointed out, if they need to fill capacity, their local customer maybe isn't doing so well in their particular industry, maybe there's a slowdown in their industry, they can come to Xometry and we can fill that capacity for them. And then we also have those suite of supplier services from our financial services to our data services and marketing services that help them manage cash flow and lower their operating costs and grow their businesses. So that would be even more attractive to them in a recessionary environment.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

In the context of ongoing supply chain challenges, can you talk to us about how the Xometry platform benefits the buyers, and more importantly, the sellers?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So right now, some of the buzzwords are resiliency in your supply chain. So you want to make sure that -- particularly for folks who have historically sourced things overseas. So most of what we do -- so Xometry is based in the Washington, D.C. area, Maryland, we also are based in Germany and Europe, and we also opened up in Q1 in China based in Shanghai. Most of what we do is done in-continent or in-country. So most of what we provide for American customers, North American customers, is done by American manufacturers.

Building those local resilient supply chains is increasingly important to people, particularly with supply chain disruptions, geopolitical issues, the effects of COVID, when entire countries are shutting down. So customers who have sole-sourced in the past are now, for business continuity reasons, for -- they need to start multi-sourcing or have redundant supply chains. Xometry can give that them instantly. They don't have to build that on their own.

And likewise, for suppliers, going back to what happens in a recession or a difficult environment, if their local customer is hurting, there's an issue with their local customer, we can source work from them from other places. And sometimes it's other countries, but sometimes that's also here within the continent of the United States, just from a different state or a different region of the country. So...

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So Xometry breaks up their revenue into marketplace revenue and seller services, for those who are less familiar. So I first want to touch upon marketplace revenue. In Q1, you provided additional disclosure on marketplace and supplier services. Can you give us a brief overview of the components of revenue and gross margins in each business?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Sure. So marketplace revenue is composed of customers coming and buying parts or assemblies from the Xometry marketplace. And our gross margin is effectively the difference between what a buyer will buy the parts from Xometry and how much Xometry pays a supplier to make those parts. So that gross margin has grown in Q1 [year-over year] (corrected by company after the call). But that gross margin has grown effectively almost 500 basis points over the last 12 months. So we're continuing to see that gross margin grow as we get more data and as we get more and more active sellers or suppliers in the marketplace. So that's our marketplace revenue.

Our supplier services revenue has got our financial service products in it. It's got the marketing and data services in it and also has our business where we are helping our suppliers procure the inputs, the materials and tools that they need for less money. So that had, in Q1, a [79.3%] (corrected by company after the call) gross margin. So our aggregate gross margin, I think, was 39.4%. And we expect to see continued growth in both parts of the business. And particularly in the marketplace side of the business, we continue to expect to see continued accretion of our gross margin.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

Active buyers have continued to grow in the network, up over 40% year-over-year for the last several quarters. Can you talk about the strength you're seeing here and how we should think about the trend going forward? And then in that context as well, can you expand on the thought that active buyers serve as a leading indicator for Xometry?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So we've got a very effective customer acquisition model. It starts with -- the top of funnel for us is usually digital marketing. And as you said, last quarter, we added over 2,500 new active buyers. So we had, I think, 30,600-plus active buyers in the quarter. That's folks who've ordered within the last 12 months, and that number has been growing very nicely. So we're continuing to have a nice top of funnel to acquire new buyers.

We're also growing very nicely organically within our existing customer base. So you're seeing individual engineers referring us to one another or procuring people one another. And we're also doing more enterprise work. So top-of-funnels marketing, and then we have a sales team that has a land-and-expand strategy. And so once we've acquired those customers, and particularly when they're larger customers, we're now delving deeper into those accounts to grow the spend of those accounts.

So another metric that we report out is accounts with more than \$50,000 of spend on an LTM basis. That number actually grew 92% year-over-year in Q1. We added [89] (corrected by company after the call) new accounts there. So we're seeing some great -- 90 new accounts sequentially from Q4 to Q1. So we're seeing some great growth there as well.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So building off of that, on the growth of your larger accounts, can you elaborate on how the larger accounts of \$50,000-plus help drive stickiness and recurring stream of revenue?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So obviously, the more the customer or the account is spending with us, the more entangled we are or embedded we are into that customer. We've been doing some other things that have increased the stickiness. So we've now got integrations with our customers' ERP systems, so they can actually purchase from Xometry without even coming to our sites. So whether or not they're using SAP or they're using Coupa, they can do what's called a punch-out, and that procurement person can buy directly within their ERP system. So it gives us a good beachhead within that customer.

We also have integrations with the leading CAD programs, Autodesk programs, Dassault, PTCs programs. So that also, again, makes it very easy for the individual engineer to buy from us without even having to come to our site. They can do it right within their CAD software.

So the other nice thing is -- so we're building those integrations. We're also seeing an increase in the number of production orders that we're doing. So as customers become -- or accounts become more comfortable with us and as we add more production-level manufacturing technologies to our marketplace, so suppliers who can provide things like not only injection molding but die casting and stamping, we're seeing more and more production orders. And so that's also showing a nice increase in our revenue from those customers.

And we've got in to the extent people want to download our Q1 earnings deck, we've got a nice slide in there that's got some case studies, and you can see the tremendous growth we've seen in various accounts in various verticals because we're very wide. So when you talk about a recession even when one industry may be weak, we cover so many industries, you can see different examples of where we've grown really strongly over the last few years within these different verticals on the backs of more technologies, more integrations and more production.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

When you win with these large enterprise buyers, why do you win? What are the key pieces of the value proposition that are drawing these customers in?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So when you think about a large company, and we work with the largest companies in the world, they're often buying sometimes billions of dollars of manufacturing. But there's a segment of it, the -- where they have to go to the small- and medium-sized manufacturers, and they're dealing with hundreds, sometimes thousands, of these small- and medium-sized manufacturers. So it's very expensive for them to procure these small lots of manufacturing.

If they can effectively take that entire spend and run it through the Xometry marketplace and have one throat to choke, and unfortunately, it's my throat, but if they can have one throat to choke and they can eliminate a lot of the time and the cost to procure, that's worth a lot for them.

Also, and I mentioned this earlier, it's also a safer option for them to have. So instead of depending on the small- to medium-sized manufacturer for mission-critical things for them, things that they require to deliver to their customers, now they've got a public company with that balance sheet and with the transparency and governance in front of them to stand behind that. That's very powerful for them.

And then with our algorithms, we're also finding them better deals. So they don't have to go out and scour the country or to find the best deal. They can get those great deals just by coming from Xometry. And as we've added more suppliers and as we've gotten more efficient, even in today's environment, we're seeing prices for a lot of our parts go down because where we train that model every week and as we're getting more and more efficient, we can give customers better deals. So when things are getting more expensive, sometimes they come Xometry, and actually, it can be cheaper. And that's something as we grow and we get more of that flywheel, we hope that will continue.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

Can you talk a little bit about churn and what trend you're seeing there?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So we went public last year in June. And so you can check out in our S-1, we've got some great cohort data that we've been tracking. We actually saw year-over-year growth in our LTV to CAC, I think, of about [15%] (corrected by company after the call). So last report, LTV to CAC was 6.1x, which is great, best-in-class unit economics.

That's really being driven by 2 things. One thing is our gross profit is growing. So we're becoming more profitable. And so that's making each individual customer more valuable for us or more lucrative for us. We're also seeing that none of our cohorts are tailing off. So you're looking at it's sticky, and the cohorts continue to order over and over again. So as we've been calculating that LTV to CAC, we have some sort of terminal value on when they're going to extinguish. We haven't seen that.

Of all the monthly cohorts we've had since we started our company, all of our cohorts have continued to do well, except for one cohort, so one monthly cohort from January of 2014. So that creates a really nice predictable set of recurring revenue. That's why we were so confident in giving guidance for this year. And even though we're not a SaaS company, we have reoccurring revenue, and that just enables us to manage our business.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

What are the key drivers for expanding gross margins in your marketplace?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. And there are really -- as I said, there are sort of 2 key drivers. One is just more data. Anybody would tell you, in the business of machine learning, it's all about the data. So the more data we get, the more effective our predictions on price are going to be. So we're like a market maker. We're setting the price for something that is bespoke, is difficult. Like a high-yield versus trading munis and high yield, we're creating that. And the more data we get, the more accurate we can be about predicting what that price should be. We're also adding to the features that we're training on. So we're training on more and more features, and we're getting more and more data. So we get smarter. We have less mistakes. We miss price less.

And then the second thing is we have more active sellers or more active suppliers. So the more suppliers we have, we're more likely to get a better outcome for both Xometry, the buyers and the sellers themselves. So those 2 things and more data and the more active suppliers have really contributed to increasing gross margins. And we've indicated this year on the marketplace gross margins, you'll continue to see those grow.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So kind of piggybacking there off of seller growth. Sellers tend to use Xometry to fill gaps in their production schedule. So how do you plan to stimulate sellers to view and use Xometry as more of a primary distribution channel?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So we acquired last year a company called FactoryFour, which had an MES system, manufacturing execution system, that enables suppliers to manage their production, their quality. We provided in our latest earnings deck a release schedule, product release schedule, which I'd encourage people to take a look at. We're going to be providing a freemium version of that to all the suppliers that we've got.

So Xometry bought a company called Thomasnet, which has 500,000 listed suppliers. They'll all get this free software to help them manage their production. Most of these suppliers or many of them don't have any system today. They're small manufacturers that are using spreadsheets. So we hope that will drive adoption. And plus, we're also going to be routing all the opportunities that come from Xometry in our ecosystem through this software. So -- and they can manage their own work there.

So we're just trying to get more embedded in their day-to-day work with on platform and off platform. And we're also embedding in that FactoryFour software all of our financial services. So we're making it really easy, one pane of glass for them to manage all their work, including work that comes from our ecosystem, and adding products that they can make them more efficient. So...

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

To what extent are buyer and seller growth correlated, so since the pricing from the buyer's perspective improves when more sellers compete?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

We want to see a healthy growth in both. I think particularly -- and you kind of touched upon it earlier, within the buyers and the sellers themselves, suppliers, we also want to grow our share of wallet within them. So we're still a relatively modest portion of their overall capacity or utilization. So we want to grow that. So I think you'll continue to see robust growth in sellers, but you'll also see us do more and more and have a bigger spend. So you could see, when you look at 2020 versus 2021, the average spend per supplier actually grew about 6%. So we're going to grow that network, but we're also going to go deeper, too.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So if you could speak a little bit to the trends you're seeing in average order sizes and then how you plan to stimulate larger orders going forward.

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So we called out specifically that we've been seeing more and more production orders, and that's giving us great visibility into our revenue this year. So we recognize revenue when we ship. So -- but we've gotten those orders. And as we start shipping them, that will give us more -- that will obviously drive revenue. So that's a really great trend for us. We're seeing those larger orders, and that's being driven by some of the things I mentioned before.

First of all, we're introducing more manufacturing -- more production manufacturing technologies into the marketplace. So we're giving the customer the option to buy production from us, and we've got more and more options for them. Our land-and-expand strategy and enterprise strategy is becoming increasingly successful. So we're embedding ourselves within those customers. And we're just getting more visibility at the higher ranks, the Chief Procurement Officer, they're folks who can make larger decisions versus one-off order decisions. Now we've got people responsible for entire books of spend, saying, "Hey, this could be a good option for us to push this full amount of spend via the marketplace versus just doing it one transaction at a time."

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So now I want to touch on supplier services. It's still early, but how has the traction been so far, particularly with financial services? And how do they help enhance the stickiness of the platform?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So our suppliers are small companies, and cash is king for them. And they're -- often you've got -- it's an owner operator. And a lot of their costs are fixed or upfront. So they're paying off their equipment. They've got to pay their staff. They've got to pay the materials. So anything you can do to accelerate their cash flow is a huge plus for them. Those are the customers they love.

So we have a suite of services, including a debit card, where they can get paid upfront for a part of it. There -- we have something called FastPay and we have -- I think it's called QuickPay, so they can get paid right actually they deliver a job as well. So that's been very popular with our suppliers.

And as we go deeper into this giant supplier network we got with the acquisition of Thomas, these 500,000, we expect to see our total payment value rise pretty substantially from that as those -- as we get more and more suppliers who can avail themselves of those products. Obviously, that creates stickiness and loyalty. We're also trying to drive those suppliers to bring their own customers into the marketplace because if they do that, they can take advantage of those financial service products that will help them speed up their cash flow.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

When should we actually expect supplier services to materially contribute to revenue and your gross margin expansion?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So I think it's a decent contributor this year from a revenue perspective. So we expect that to be -- that will be a nice driver. It obviously helps with the margin as well. So I think this year, you'll see stronger growth in marketplace than you will in supplier services. But we've added a lot of things to make the supplier services easier. So we've got self-service options. We've created different price points for things like advertising services

that we've got. So different things that, I think, will start increasing the number of suppliers that are going to be purchasing our services, and plus, embedding this free software in them just makes it really easy for them to increase their adoption.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

Can you discuss the Thomas acquisition? And what appealed to you the most there? And what does that really add for supplier services in terms of value?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. And so to give some context of -- so Thomasnet was a 100-year-old company. Think about it like the Google for industrial sourcing of custom parts. So has 500,000 suppliers, has 1.4 million registered users. So we bought that company in Q4 of last year.

And just to put that into context, they have 1.4 million registered users. Xometry has -- we just had [30,683] (corrected by company after the call) active buyers. So we are focused on converting those Thomas users who Thomas never monetized into Xometry buyers. So there's a huge opportunity for continued uplift and growth. We haven't -- so that's exciting. You'll particularly see that in the back end of the year.

And plus, Thomas has 500,000 suppliers listed on Thomasnet. So Xometry last year had [2,010] (corrected by company after the call) active suppliers. So we're also converting some of those listed suppliers into Xometry suppliers. That will also help increase gross margin and things like adoption of our financial services. So there's this huge opportunity here. And we think that will just -- it's upside.

Our core Xometry business is growing like a weed. We've guided that, that will -- marketplace will grow 50% to 60% this year, the revenue. And our gross profit for marketplace will grow 75% to 80%. So still hypergrowth in that, but supplier services is just a great opportunity to juice that all up.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So for those that are unfamiliar, can you talk about what the Xometry Everywhere initiative is? And then provide some color on kind of the number of websites once you explain the context.

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So historically, if you wanted to use our instant pricing engine, which is very unique because it's very hard to instantly price custom manufacturing. I mean think about it, you're an aerospace company and you have a custom part for your stuff. And historically, it's taken you forever to get a pricing, you come to our site and get it priced instantly. You had to come to our website to get that pricing.

We started deploying that pricing engine first in these CAD programs, Autodesk, Dassault, PTC now. And now we've created some software that you can embed in any website. So we start embedding it in websites where engineers like to go and procurement people like to go because we want to be the pricing mechanism of record.

So the same way every time anybody uses Google, that's powerful data for Google. Anytime anybody uses our pricing engine, that's powerful data for us. So we're syndicating it out in many places. And that's also going to be -- we're going to use that same technology to embed our instant quoting into Thomasnet, which has millions of visits. That way, it makes it very easy for those Thomasnet 1.4 million registered users to purchase Xometry services right within Thomasnet. They don't even have to come to the Xometry website.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So on your earnings call, you discussed some exciting new releases in the pipeline coming in Q2, including a freemium offering for your supplier base. So can you talk about the vision and the strategy here?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Yes. So 2 key releases that you'll see within the next 38 days or whatever, and we'll have some big splash around it. One is on the buyer side. So we're going to embed, just as I was mentioning before. Within Thomasnet, we're going to embed the Xometry instant quoting. So there'll be a buy now option because Thomasnet was historically an RFQ option. So right alongside the RFQ option, we'll have a buy now option. We're also going to enable the customer to do the RFQ on platform. So the way Thomas used to work is you go to Thomasnet, the buyer would choose -- they could choose -- they had lots of criteria to choose suppliers. They wanted to bid on something, they would launch the RFQ and we move all off platform. The supplier would get an e-mail, everything would happen off platform. We're moving that all on platform. So we're going to enable the customer, the potential buyer, to communicate, interact and to transact on the Thomasnet site.

And right alongside that, they'll have the buy now option with the instant pricing. So that should be very successful in not only converting some of those 1.4 million registered Thomas users into Xometry customers but it will help us monetize those RFQs, which they never got monetized before at Thomasnet. So that's really powerful.

And the second thing is, and I mentioned this earlier, we're going to be giving out this software to all the suppliers for free to manage the work they're getting from Thomas. So all those RFQs, instead of them going to RFQ -- instead of them going to e-mail, will now go into this management execution system that's free software we're giving them. All the work they get from Xometry will come into this, and they can manage their own work. And it will be free, one pane of glass, and we'll be giving them our financial services embedded in that. So it just gives us a very inexpensive distribution to tens of thousands of manufacturers virtually overnight and provides a lot more engagement.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

So we're in the last minute here, but if you could speak a little bit to your long-term growth outlook. And I know you guys had strong international revenue growth, 146% year-over-year, and how that kind of factors into your long-term outlook as well?

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Xometry will continue to grow like a weed. \$80 million, \$141 million, \$218 million. This year, we've got a \$392 million to \$400 million. I expect our growth to continue to be in a hyper level for many years to come. We are the largest -- I think we're the only 2-sided marketplace, or at least I can say the leading and largest 2-sided marketplace in this space, and there's still so much room to grow. And we work with the largest companies in the world, which alone have hundreds of millions of dollars of spend.

So as we embed, as our land-and-expand strategy grows, we'll get more and more of their spend. And likewise, we have this huge supplier base. As we embed deeper into them and they run more and more of their business through us, we can grow that supplier services and monetize that and gain stickiness there. International will continue to be important part of it. Europe has grown like a weed. We've now launched in Asia. And like other marketplaces, we expect at some point that to be up to 40% of our overall revenue.

Raquel Betesh - JPMorgan Chase & Co, Research Division - Research Analyst

Randy, thank you so much for joining us. It's been a pleasure. And thank you, everybody, for coming out today. I hope you enjoy the rest of the conference.

Randolph Brody Altschuler - Xometry, Inc. - Co-Founder, CEO & Director

Thank you.

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