



3DSYSTEMS®

SECOND QUARTER & SIX MONTHS 2014 CONFERENCE CALL AND WEBCAST



MANUFACTURING *THE* FUTURE

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PRESENTERS

Stacey Witten

- Director Investor Relations

Avi Reichental

- President & Chief Executive Officer

Damon Gregoire

- Senior Vice President & Chief Financial Officer

Andy Johnson

- Vice President & General Counsel



WELCOME WEBCAST VIEWERS

To listen to the conference via phone and to ask questions during our Q&A session, please dial:

- 1-866-953-6860 in the United States
- 1-617-399-3484 from outside the United States
- Participant Code: 39529244



FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements, as defined by federal and state securities laws. Forward-looking statements include statements concerning plans, objectives, goals, strategies, expectations, intentions, projections, developments, future events, performance or products, underlying assumptions, and other statements which are other than statements of historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "hope," "expects," "intends," "plans," "anticipates," "contemplates," "believes," "estimates," "predicts," "projects," "potential," "continue," and other similar terminology or the negative of these terms. From time to time, we may publish or otherwise make available forward-looking statements of this nature. All such forward-looking statements, whether written or oral, and whether made by us or on our behalf, are expressly qualified by the cautionary statements described on this message including those set forth below. In addition, we undertake no obligation to update or revise any forward-looking statements to reflect events, circumstances, or new information after the date of the information or to reflect the occurrence or likelihood of unanticipated events, and we disclaim any such obligation.

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OPERATING RESULTS

Avi Reichental
President & CEO



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SECOND QUARTER 2014 HIGHLIGHTS

Higher demand for design and manufacturing printers drove a 126% unit sales increase for the category

Growing advanced manufacturing printer placement fueled a 30% increase in materials revenue, and service revenue grew by 38%

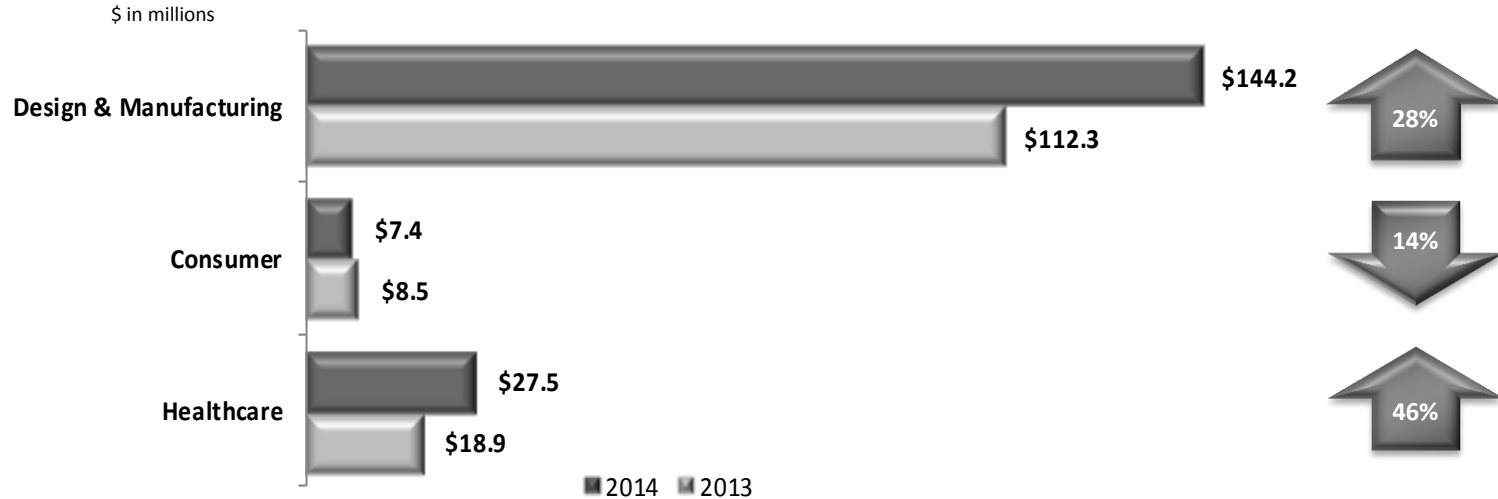
Revenue grew 25% to \$151.5 million on 77% higher bookings over last year's quarter on increased orders for our design, manufacturing and consumer printers

- Rising order-book of professional, production and consumer printers expanded June printers' backlog by 29% sequentially to \$23.1 million

Gross profit margin compressed 400 basis points to 47.8% on the residual effects of new product launches, absorption of manufacturing expansion and sales mix

We generated \$19 million of cash from operations and ended the quarter with \$570.3 million cash on hand after completing an equity raise with net proceeds of \$299.7 million

REVENUE HIGHLIGHTS



Design and manufacturing sales grew on robust demand for our leading fab-grade plastic and metal printers

Strengthening consumer backlog, with \$7.7 million of orders in hand, is expected to favorably contribute to second half revenue

Healthcare revenue increased, aided by our expanding personalized surgery and medical device capabilities



CONSUMER NEW PRODUCT ROADMAP



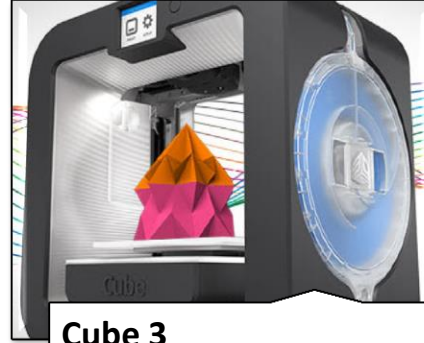
Cube Pro

•Available now



iSense

•Available now



Cube 3

•August



Touch

•August



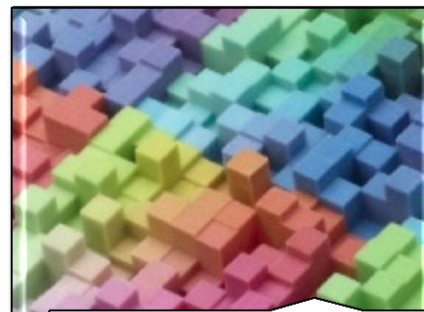
EKOCYCLE Cube

•Fourth Quarter



3DMe Photobooth

•Fourth Quarter



CubeJet

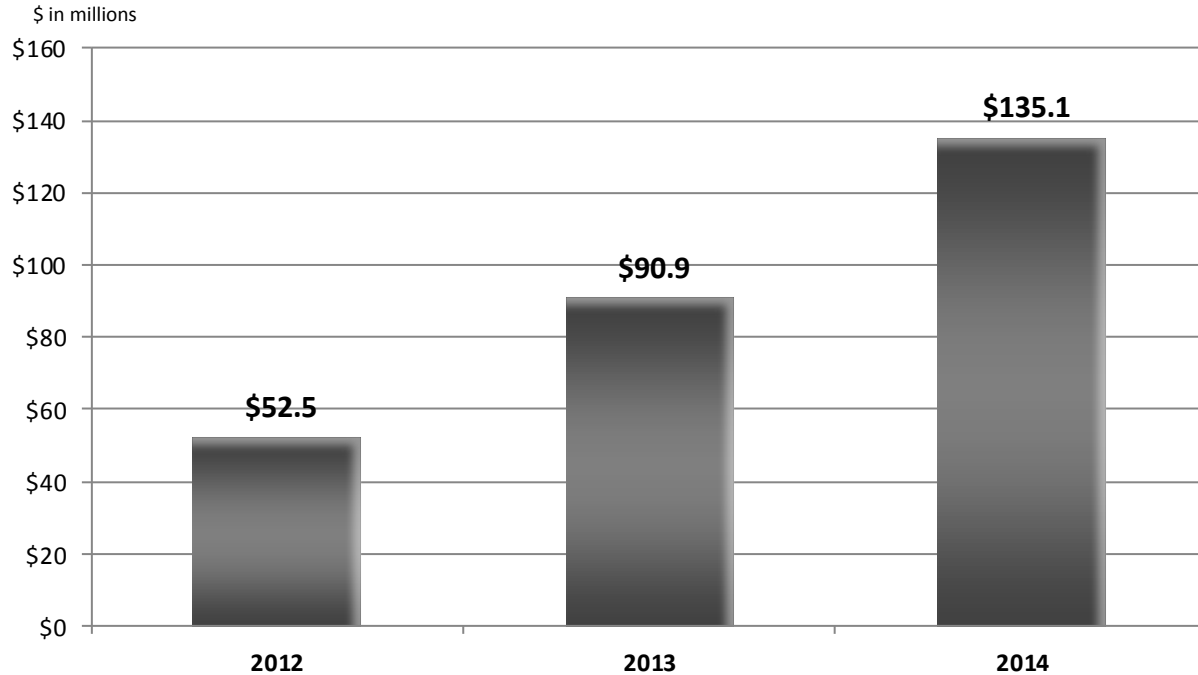
•Fourth Quarter



ChefJet & ChefJet Pro

•Fourth Quarter

NEW PRODUCTS CONTRIBUTION



Announced 10 new products in first six months of 2014

Six months new products revenue increased 49% over 2013

Expect greater revenue impact from new products during second half of 2014

- Products are considered new for the first 3 years of a product's commercial life



FINANCIAL REVIEW

Damon Gregoire
Senior Vice President & CFO



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SECOND QUARTER GAAP OPERATING RESULTS

\$ in millions, except earnings per share

Drivers	2014	2013	% Change Favorable/ (Unfavorable)
Revenue	\$ 151.5	\$ 120.8	25.4%
Gross Profit	\$ 72.4	\$ 62.6	15.7%
<i>Gross Profit Margin</i>	<i>47.8%</i>	<i>51.8%</i>	
Operating Expenses	\$ 68.0	\$ 45.8	(48.6%)
<i>% of Revenue</i>	<i>44.9%</i>	<i>37.9%</i>	
Operating Income	\$ 4.4	\$ 16.8	(74.0%)
<i>% of Revenue</i>	<i>2.9%</i>	<i>13.9%</i>	
Net Income	\$ 2.1	\$ 9.3	(77.3%)
<i>% of Revenue</i>	<i>1.4%</i>	<i>7.7%</i>	
Diluted Earnings Per Share	\$ 0.02	\$ 0.10	(80.0%)



SIX MONTHS GAAP OPERATING RESULTS

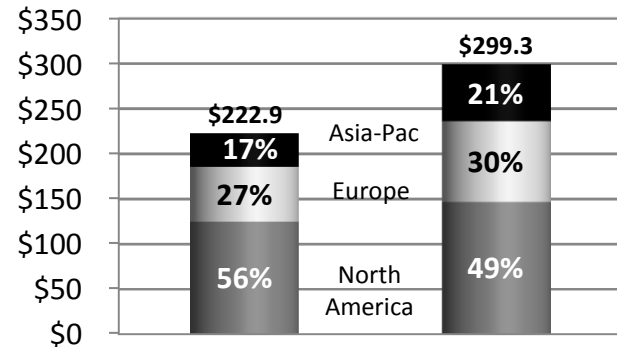
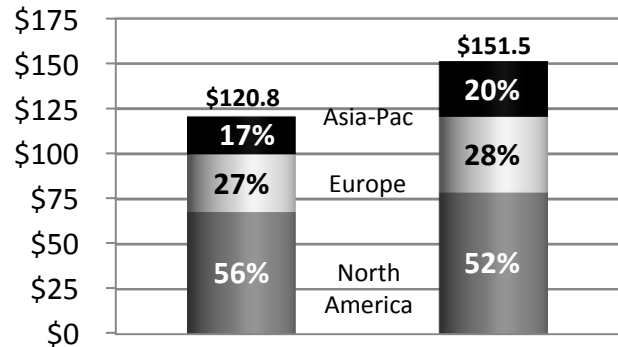
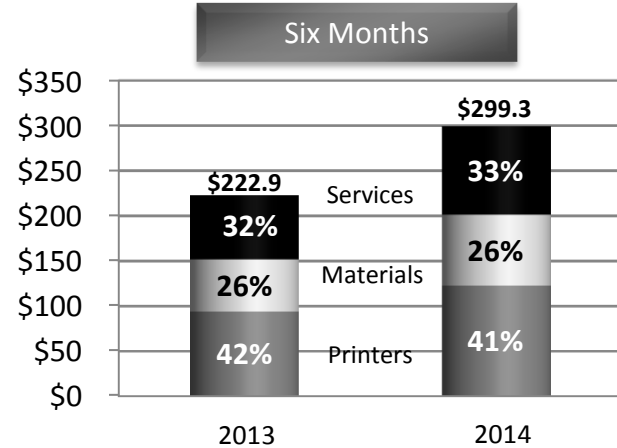
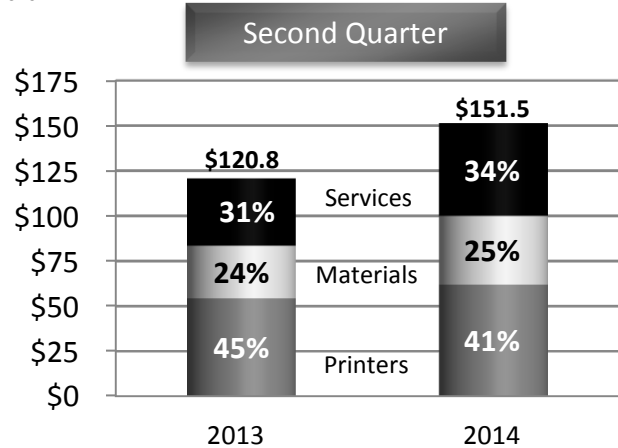
\$ in millions, except earnings per share

Drivers	2014	2013	% Change Favorable/ (Unfavorable)
Revenue	\$ 299.3	\$ 222.9	34.3%
Gross Profit	\$ 147.9	\$ 116.1	27.4%
<i>Gross Profit Margin</i>	<i>49.4%</i>	<i>52.1%</i>	
Operating Expenses	\$ 134.0	\$ 81.7	(63.9%)
<i>% of Revenue</i>	<i>44.8%</i>	<i>36.7%</i>	
Operating Income	\$ 13.9	\$ 34.3	(59.6%)
<i>% of Revenue</i>	<i>4.6%</i>	<i>15.4%</i>	
Net Income	\$ 7.0	\$ 15.2	(54.0%)
<i>% of Revenue</i>	<i>2.3%</i>	<i>6.8%</i>	
Diluted Earnings Per Share	\$ 0.07	\$ 0.16	(56.3%)



REVENUE BY CATEGORY & GEOGRAPHY

\$ in millions



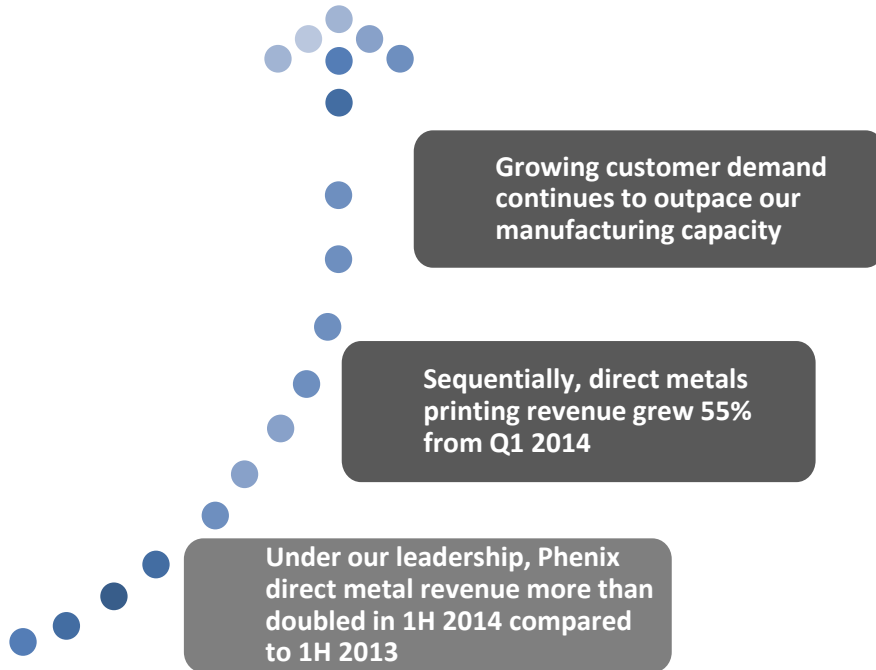
ACCELERATING MATERIALS GROWTH



- Materials increased 30% over the 2013 quarter
- Integrated materials grew 35% for the quarter and 41% for six months
- Expect materials growth rate to rise as more manufacturing printers are installed and customers' capacity utilization increases



METAL PRINTING PERFORMANCE



We successfully expanded metal printer sales into aerospace, automotive and medical customers

We are adding our direct metal printing to our Quickparts services

We are fitting our medical modeling operation with our own metal printers and pursuing required FDA clearances

We are bringing a second manufacturing location online in Q3 in the U.S.



GROSS PROFIT AND MARGIN

\$ in millions

Second Quarter						
Category	2014		2013		Yr-Yr%	
	Gross Profit		Gross Profit		Gross Profit	
	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin
Printers & other products	\$ 22.1	35.7%	\$ 24.7	45.6%	(10.4%)	(21.6%)
Print materials	\$ 26.6	70.0%	\$ 21.5	73.6%	23.5%	(4.9%)
Services	\$ 23.6	45.9%	\$ 16.3	43.8%	44.8%	4.8%
Total	\$ 72.4	47.8%	\$ 62.6	51.8%	15.7%	(7.8%)

First Six Months						
Category	2014		2013		Yr-Yr%	
	Gross Profit		Gross Profit		Gross Profit	
	Gross Profit	Margin	Gross Profit	Margin	Gross Profit	Margin
Printers & other products	\$ 46.3	37.7%	\$ 42.5	45.3%	8.9%	(16.7%)
Print materials	\$ 56.8	72.4%	\$ 42.4	73.1%	34.0%	(0.9%)
Services	\$ 44.7	45.6%	\$ 31.1	43.8%	43.8%	4.1%
Total	\$ 147.9	49.4%	\$ 116.1	52.1%	27.4%	(5.2%)

-columns may not foot due to rounding



GROSS PROFIT MARGIN DRIVERS

Suppressed gross profit margin from a one time inventory write down, the residual impact of start up costs of new products, change in quarterly sales mix and timing of shipments

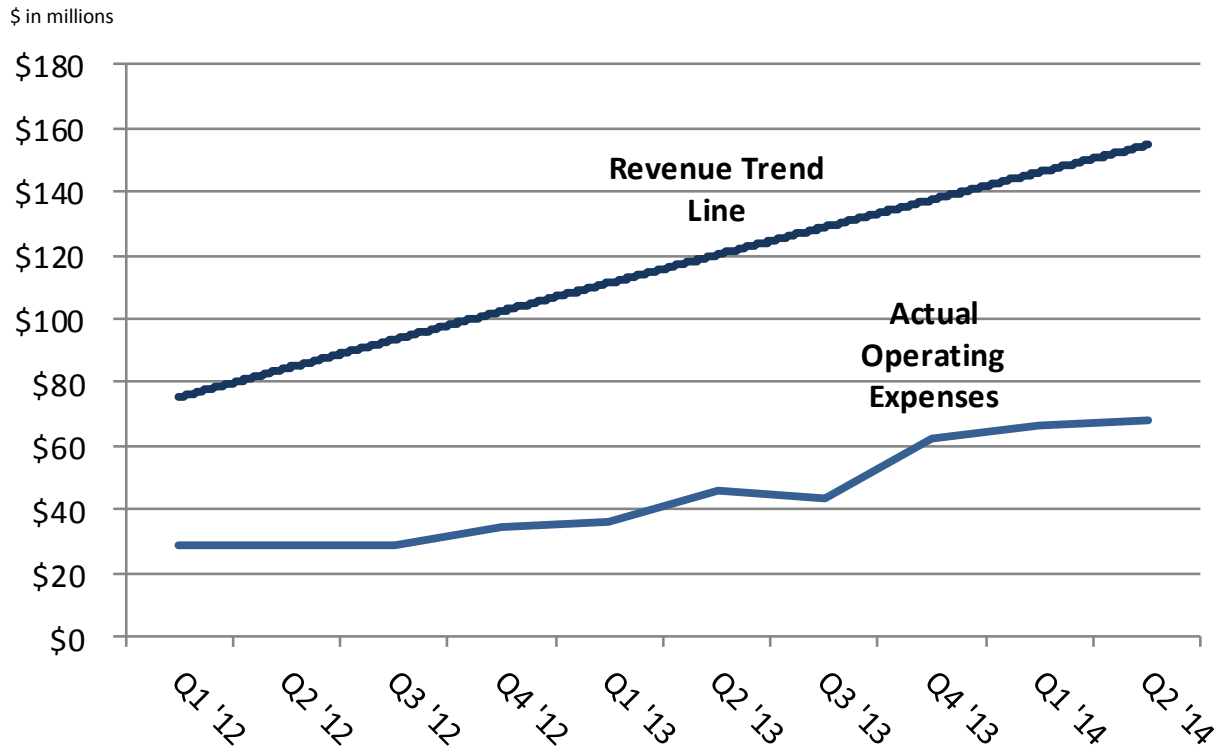
- A one time inventory write down for stock of legacy products reduced Q2 gross profit margin by 1.3 percentage points
- Change in mix of products sold and within product categories reduced gross profit margin by 2 percentage points
- Impact of startup costs of new product manufacturing with end of life manufacturing for legacy products

Fundamentals of business model remain intact and we expect gross profit margin to rebound and resume its trajectory in the second half from:

- Rebounding and expanding materials gross profit margin with higher margin materials representing a higher portion of total sales
- Recovering printers gross margin post new product launches and capacity increases
- Continuing operational synergies within our Quickparts network
- Increasing software sales, contributing more revenue at higher gross profit margins



OPERATING LEVERAGE



-GAAP Operating Expenses

Operating Expense Expectations

- Continued expansion of operating leverage
- Flattening SG&A expense
- Normalized R&D expenses at 8% of revenue in 2015

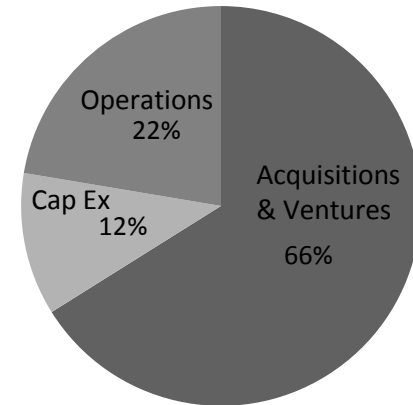


WORKING CAPITAL

\$ in millions

	June 2014	December 2013
Cash	\$ 570.3	\$ 306.3
Inventory	\$ 90.2	\$ 75.1
Accounts Receivable	\$ 137.4	\$ 132.1
Accounts Payable	\$ 65.4	\$ 51.7
Working Capital	\$ 692.7	\$ 416.4

2014 Use of Cash



- Generated \$19 million of cash from operations during the second quarter of 2014
- Paid \$54 million of cash for acquisitions and venture investments
- Cash on hand at June 2014 increased \$264 million compared to December 2013
- Inclusive of \$300 million of proceeds from equity raise completed May 2014

REVENUE GROWTH EXPECTATIONS

We entered the second half of 2014 with higher demand and a 77% higher order-book than the June quarter last year

We typically generate a higher portion of our revenue during the second half of a given year

- In 2013, 57% of revenue was generated in second half of the year

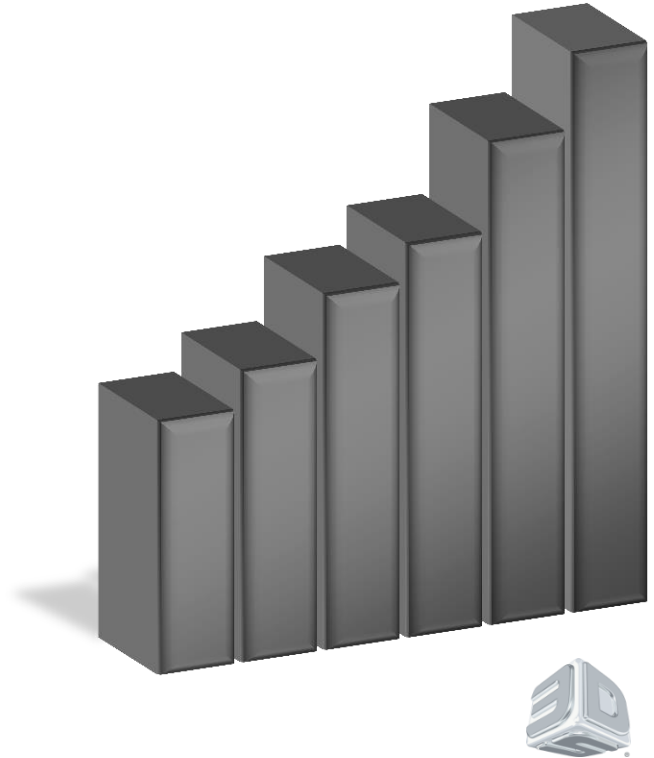
We expect higher consumer and newer products revenue contribution during the second half of 2014

- Delayed availability of newer consumer products shifted a larger portion of the category revenue opportunity to the second half of 2014
- Rising order book for consumer products combined with stronger across the board demand provides confidence in our ability to achieve our guidance



UPDATING FULL-YEAR 2014 GUIDANCE

- **We expect annual revenue for 2014 to be in the range of \$700 million to \$740 million with greater growth during the second half of the year**
- **We expect our GAAP earnings per share to be in the range of \$0.44 to \$0.56 and our non-GAAP earnings per share to be in the range of \$0.73 to \$0.85 with greater earnings during the second half of 2014**
- **Our 2014 guidance is fully tax-effected and inclusive of all acquisitions completed to date as well as the anticipated closing of the Robtec and Symbionix acquisitions, which are expected to close in the second half of 2014**



OUTLOOK & PROGRESS

Avi Reichental
President & CEO



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BUSINESS HIGHLIGHTS

Acquired Medical Modeling, adding proprietary VSP software and FDA clearance expertise

Announced the acquisition of Robtec in Brazil, which we now expect to close during the second half of this year

Added several major distributors globally including ScanSource, Konica Minolta and Canon Marketing Japan

Advanced the development of continuous high-speed 3D printer platform and related high performance polymer materials

Launched our MAKE.DIGITAL education initiative, showcasing it at the White House Maker Faire and other education events

Secured an additional 200,000 square foot manufacturing facility in Rock Hill, SC to further expand capacity and expect to have it operational by the first quarter of 2015



SIMBIONIX TRANSACTION SUMMARY

Total Transaction Value:	\$120 million
Form of Consideration:	100% Cash
Source of Funds:	Financed from cash on hand
Simbionix Headquarters:	Cleveland, Ohio (R&D in Israel)
Transaction Timing:	Closing expected in 30 days
Financial Impact:	Immediately accretive to Non-GAAP EPS and cash

Team of ~130 employees in US and Israel that has a strong cultural fit with 3DS

Manufacturing in Israel, Ohio and Spain; strong 24/7 after-sales customer support through 2 call centers

2,300+ systems in over 60 countries and services with a network of 24 distributors and ~50 sales and marketing professionals

Global footprint with strong representation and customer presence in every major geography

Repeat customers and strong backlog drive revenue visibility

Accretive gross profit margin driven by highly differentiated products



STRATEGIC RATIONALE

- Combination expands our healthcare reach from the training room to the operating room
- Synergistic technologies accelerate the creation of an end-to-end platform for 3D simulation, training, virtual surgical planning, guiding and delivery of 3D printed procedures and devices
- Complementary global sales channels and deep clinical relationships accelerate cross platform adoption
- Revolutionizing surgery by allowing physicians to master surgical procedures with improved performance
- Driving next-gen patient-specific modeling and simulation — a key driver of personalized surgery
- Strong IP protected by 46 global patents — largest patent portfolio in the industry
- Industry's largest R&D team comprised of software engineers, physicists, mathematicians, medical specialists and artists

COMPLEMENTARY CHANNELS & CUSTOMERS

LEADING HOSPITALS, SIMULATION CENTERS & MEDICAL DEVICE OEM'S

Blue Chip Customers

16 of the Top 17 Hospitals 7 Training Centers



Top Medical Device OEMs



Major Medical Associations and Premier Research Institutions



Tier 1 Medical Device OEMs

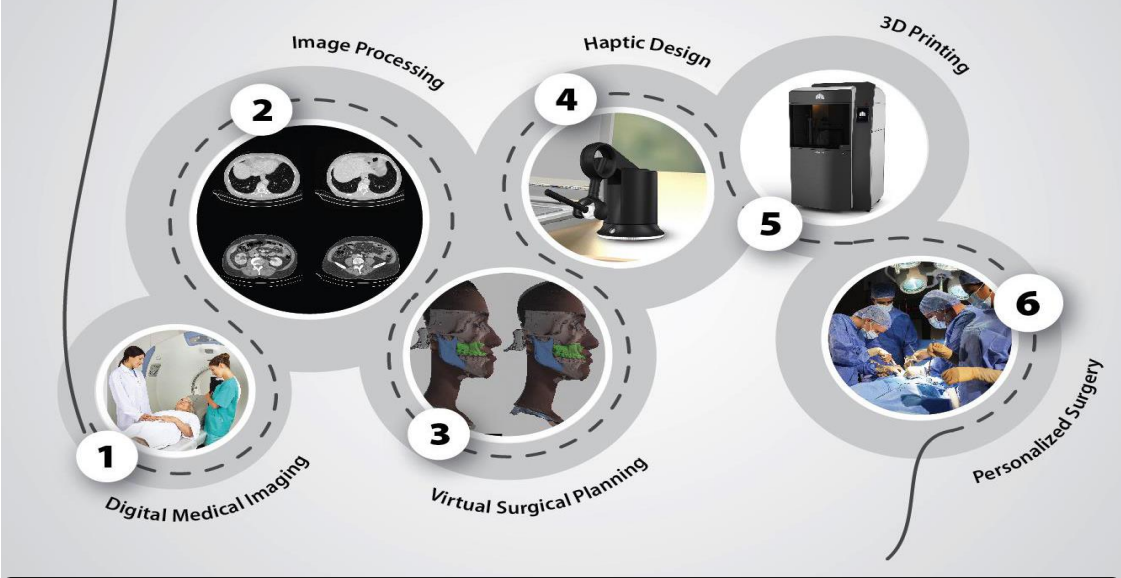


Partnerships with Thought Leaders in next-gen Med-Tech



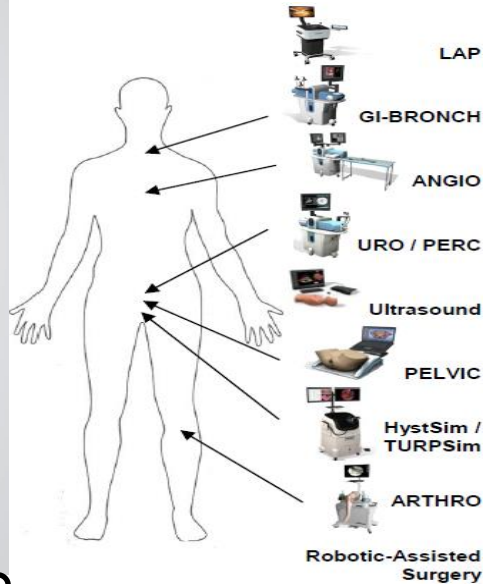
COMPLETES DIGITAL THREAD FOR PERSONALIZED SURGERY

Integrated 3D planning and printing digital thread for personalized surgery and patient specific 3D printed medical devices



Simbionix™ *The Market Leader in Medical Simulation*

Simbionix™



OUTLOOK

We entered Q3 with a record order book and positive sales momentum

We expect to benefit from the recent addition of several key distributors

We expect to generate a higher portion of our revenue during the second half and normalized mix and rebounding margins



Q&A SESSION

Out of respect for other conference call participants, please ask one question and then return to the queue to ask additional questions

Please direct all questions through the teleconference portion of this call

To ask questions:

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- International: 1-617-399-3484
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