



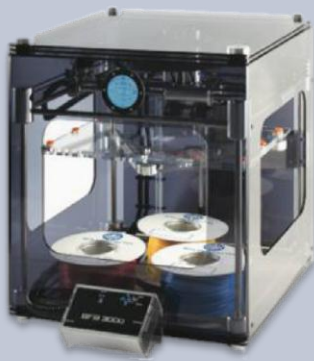
**3D Systems**

[www.3dsystems.com](http://www.3dsystems.com)  
NASDAQ:TDSC

**Conference  
Call & Webcast**

February 17, 2011

**Fourth  
Quarter  
2010  
Results**



Create **with** Confidence

# Participants

**Stacey Witten**

- **Investor Relations Coordinator**

**Abe Reichental**

- **President & Chief Executive Officer**

**Damon Gregoire**

- **Senior Vice President & Chief Financial Officer**

**Bob Grace**

- **Vice President & General Counsel**

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# Forward Looking Statements

Certain statements made in this presentation that are not statements of historical or current facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the company to be materially different from historical results or from any future results expressed or implied by such forward-looking statements.

In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements in the future or conditional tenses or that include the terms “believes,” “belief,” “estimates,” “expects,” “intends,” “anticipates” or “plans” to be uncertain and forward-looking. Forward-looking statements may include comments as to the company’s beliefs and expectations as to future events and trends affecting its business.

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The factors stated under the headings “Forward-Looking Statements,” “Cautionary Statements and Risk Factors,” and “Risk Factors” that appear in the company’s periodic filings with the Securities and Exchange Commission, as well as other factors, could cause actual results to differ materially from those reflected or predicted in forward-looking statements.


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**Operating Results**  
Abe Reichental President & CEO



# Fourth Quarter and Full Year 2010 Overview



We are pleased with our performance and results for the fourth quarter and full year

We achieved record revenue growth from all revenue buckets

We expanded our gross profit and gross profit margin over comparable periods and sequentially

We exceeded the first revenue goal post of our operating model and achieved our operating income target



# Financial Review

Damon Gregoire Senior Vice President & CFO

# Across-The-Board Revenue Growth

(\$ in millions)

## 2010 Full Year Revenue Growth of 42%

Production Printers

2009

\$18.7

2010

\$32.4

74%

Personal & Professional Printers

2009

\$11.8

2010

\$22.3

88%

Services

2009

\$32.0

2010

\$46.8

46%

Print Materials

2009

\$50.3

2010

\$58.4

16%

Health Care

2009

\$15.7

2010

\$21.6

38%

## Organic Revenue Growth of 27%

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# Fourth Quarter 2010 Operating Results

(\$ in millions, except per share amounts)

Fourth Quarter			
Operating Results	2010	2009	% Change Favorable (Unfavorable)
Revenue	\$51.6	\$36.4	42%
Gross Profit	\$24.9	\$16.1	54%
<b>% of Revenue</b>	<b>48%</b>	<b>44%</b>	
Operating Expenses	\$15.2	\$11.7	(30%)
<b>% of Revenue</b>	<b>29%</b>	<b>32%</b>	
Net Income	\$9.4	\$3.6	165%
<b>% of Revenue</b>	<b>18%</b>	<b>10%</b>	
Depreciation & Amortization	\$2.2	\$1.5	(40%)
<b>% of Revenue</b>	<b>4%</b>	<b>4%</b>	
Diluted Earnings Per Share	\$0.40	\$0.16	150%

- Percents are rounded to the nearest whole number

# Full Year 2010 Operating Results

(\$ in millions, except per share amounts)

Operating Results	Full Year		% Change Favorable (Unfavorable)
	2010	2009	
Revenue	\$159.9	\$112.8	42%
Gross Profit	\$74.0	\$49.7	49%
% of Revenue	46%	44%	
Operating Expenses	\$53.1	\$46.7	(14%)
% of Revenue	33%	41%	
Net Income	\$19.6	\$1.1	1,618%
% of Revenue	12%	1%	
Depreciation & Amortization	\$7.5	\$5.9	(28%)
% of Revenue	5%	5%	
Diluted Earnings Per Share	\$0.83	\$0.05	1,560%

- Percents are rounded to the nearest whole number

# Factors Affecting Earnings Per Share

## Diluted Earnings Per Share

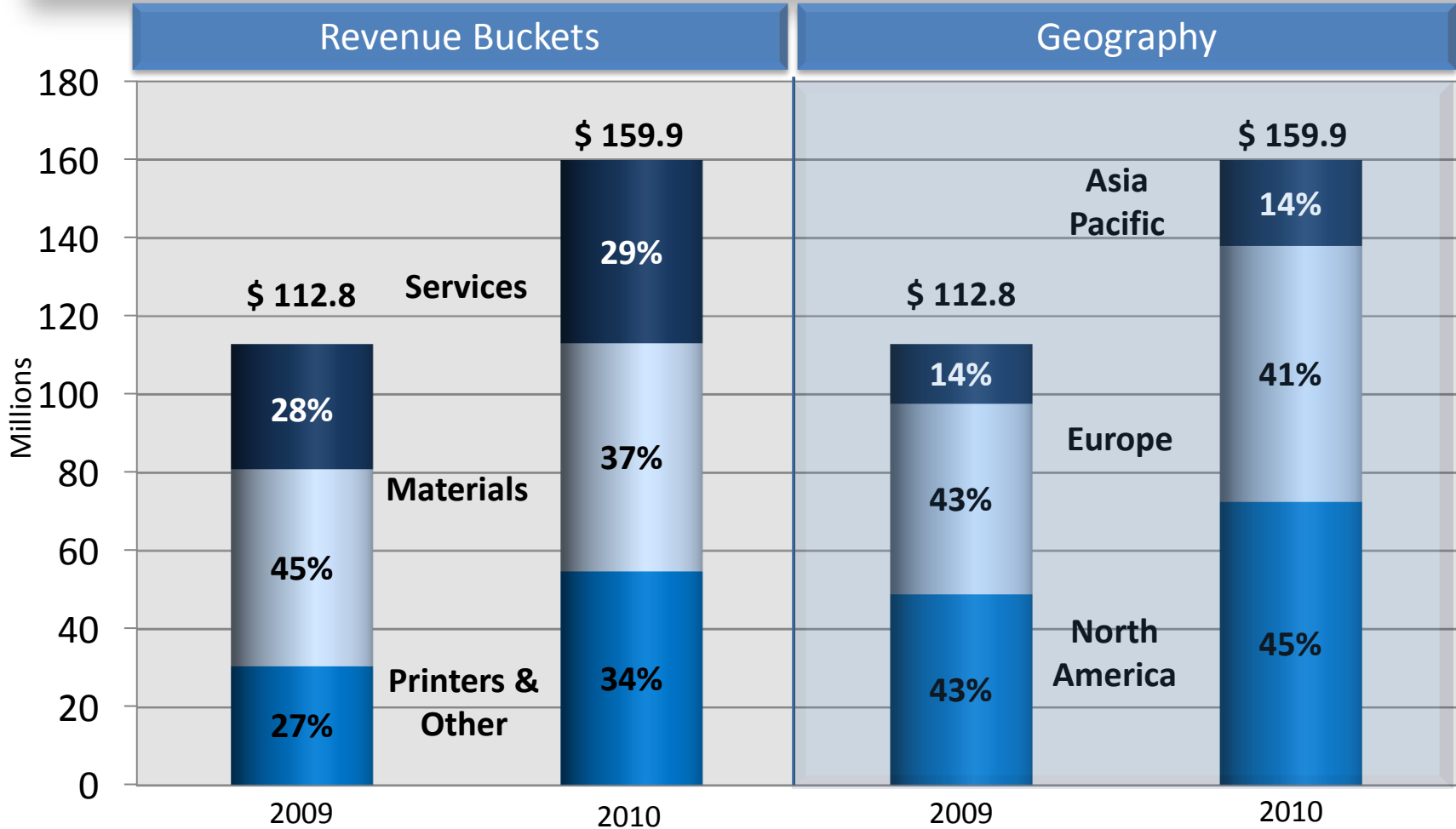
Fourth Quarter 2010	\$0.40
Full Year 2010	\$0.83

## Earnings Per Share were impacted by:

- Planned V-Flash<sup>®</sup> ramp up reduced EPS by 2 cents per share for the quarter and 7 cents per share for the year
- Legal costs reduced EPS by 8 cents per share for the quarter and 25 cents per share for the year
- Releasing a portion of our valuation allowance on deferred tax assets (DTA) increased EPS by 5 cents per share for both the fourth quarter and the full year 2010

Future performance may result in release of additional portions of our valuation allowance on DTA. We expect to periodically evaluate the timing and amounts of future releases of valuation allowances as required

# Full Year Revenue by Category and Region



Full Year 2010 recurring revenue accounted for 66% of total revenue

# Fourth Quarter Gross Profit and Margin

	2010		2009		Yr-Yr %	
	\$ Millions	Gross Profit Margin	\$ Millions	Gross Profit Margin	\$	Margin
Printers	\$ 9.3	45%	\$ 4.7	36%	100%	25%
Materials	\$ 10.4	63%	\$ 8.5	57%	22%	9%
Services*	\$ 5.2	36%	\$ 2.9	34%	77%	7%
<b>TOTAL</b>	<b>\$ 24.9</b>	<b>48%</b>	<b>\$16.1</b>	<b>44%</b>	<b>54%</b>	<b>9%</b>

\*Core services without 3Dparts™ was 47% for Q4 2010 compared to 41% for Q4 2009

- Columns may not foot due to rounding

- Percents are rounded to nearest whole number

Q1-09  
43.6%

Q2-09  
43.8%

Q3-09  
44.5%

Q4-09  
44.2%

Q1-10  
45.3%

Q2-10  
45.4%

Q3-10  
45.4%

Q4-10  
48.2%



# Fourth Quarter Operating Expenses

(\$ in millions)

Fourth Quarter			
Operating Expenses	2010	2009	% Change Favorable (Unfavorable)
Selling, General & Administrative	\$12.4	\$9.2	(36%)
Research and Development	\$2.7	\$2.5	(9%)
Total Operating Expenses	\$15.2	\$11.7	(30%)
% of Revenue	29%	32%	8%

- Columns may not foot due to rounding

- Total operating expenses increased primarily due to:
  - Compensation costs related to higher commissions from increased revenue and acquisitions
  - Legal expenses of \$1.8 million primarily due to litigation concentration and timing
- Selling, general & administrative expenses decreased as a percent of revenue to 24% for the quarter from 25% in the fourth quarter of 2009

**Operating expenses as a percentage of revenue reflects our leverage**

# Progress Towards Long Term Operating Model

(\$ in millions)

	Operating Model	Actual Results	
		Q4 2010	YTD 2010
Revenue	\$150.0	\$51.6	\$159.9
Gross Profit	48%	48%	46%
SG&A	25%	24%	26%
R&D	8%	5%	7%
Operating Income	15%	19%	13%
Net Income After Tax	10%	18%	12%
Depreciation & Amortization	4%	4%	5%
Capital Expenditures	2%	1%	1%
Recurring Revenue	70%	60%	66%

This target model is not intended to constitute financial guidance related to the company's expected performance. It is based upon management's current expectations concerning future events and trends and is necessarily subject to uncertainties.

# Revised Target Operating Model

(\$ Millions)

Drivers	Ranges	
Revenue	\$200.0	\$300.0
Gross Profit	56%	62%
SG&A	23%	20%
R&D	7%	5%
Operating Income	26%	37%
Net Income After Tax*	18%	22%
Depreciation & Amortization	4%	3%
Capital Expenditures	2%	1%
Recurring Revenue	70%	75%

\*Net income is inclusive of the estimated fully-burdened tax rate.

-The Company's current NOLs reduce the cash taxes to the portion relating to the Non-U.S. obligations.

This target model is not intended to constitute financial guidance related to the company's expected performance. It is based upon management's current expectations concerning future events and trends and is necessarily subject to uncertainties.

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# Outlook And Progress

Abe Reichental President & CEO

# Recent Developments

We continued to expand our 3Dparts™ services by:

- Acquiring Provel in Italy
- Consolidating and adding capabilities and capacity as required


We expanded our personal and professional 3D printer reach and technology breadth by acquiring Bits From Bytes and launching several new ProJet™ printers at Euromold

We grew our healthcare solutions revenue and installed base year over year and received production printer orders for delivery in future periods


We expanded our reseller channel and grew personal and professional printer revenues by 103% over the comparable 2009 quarter




# Revenue Outlook




We entered the first quarter of 2011 with a strong sales funnel and we expect revenue growth over the prior year quarter for the first quarter of 2011



We expect strong demand for our personal, professional and production printers helped by our expanding channel and expanding portfolio

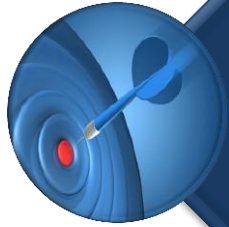


We expect 3Dproparts™ revenue growth from a combination of organic growth and additional acquisitions



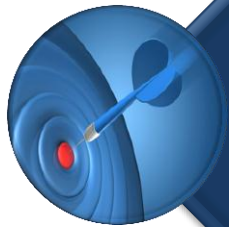
We expect healthcare solutions revenue growth benefiting from our expanding solutions portfolio and growing installed base

# Gross Profit and Operating Expenses Outlook



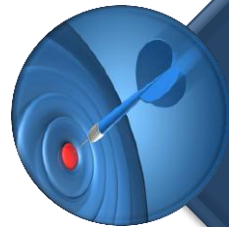
We expect our gross profit margin to improve over time but expect it to be susceptible to:

- Potential adverse printers mix in favor of lower margin personal printers
- Impact of Integration costs of acquired businesses
- Remaining V-Flash® drag that is expected to decrease and end all together during the second quarter of 2011



We expect operating SG&A expenses for 2011 to be in the range of \$47.0 - \$50.0 million:


- Inclusive of our anticipated litigation expenses as we currently understand them
- Increased operating costs associated with 3Dproparts™ acquisitions we made thus far




We expect R&D expenses for 2011 to increase and to be in the range of \$11.5 - \$13.5 million reflecting our expanding print engine portfolio and planned new product introductions throughout the year

# Bottom Line


Our sales funnel remains robust and our backlog reflects the strength of our business model



Our personal, professional and production printers and print services are expected to generate increased customer demand



Our business model is built around significant recurring revenue components that generate improved margins



We remain committed to our long-term growth objectives and confident in our ability to provide value to our customers and stockholders

# Q&A Session

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