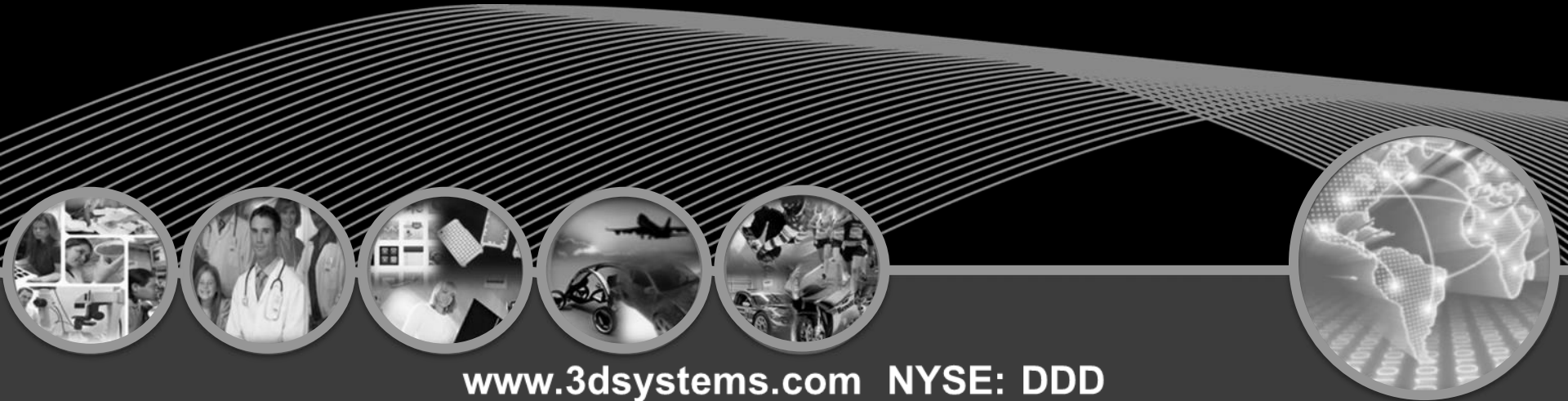




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**Conference Call and Webcast
First Quarter 2014**



www.3dsystems.com NYSE: DDD

Presenters

Stacey Witten

- Director Investor Relations

Avi Reichental

- President & Chief Executive Officer

Damon Gregoire

- Senior Vice President & Chief Financial Officer

Andrew Johnson

- Vice President & General Counsel

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questions during our Q&A
session, please dial:

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United States
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- **Participant Code: 69473318**

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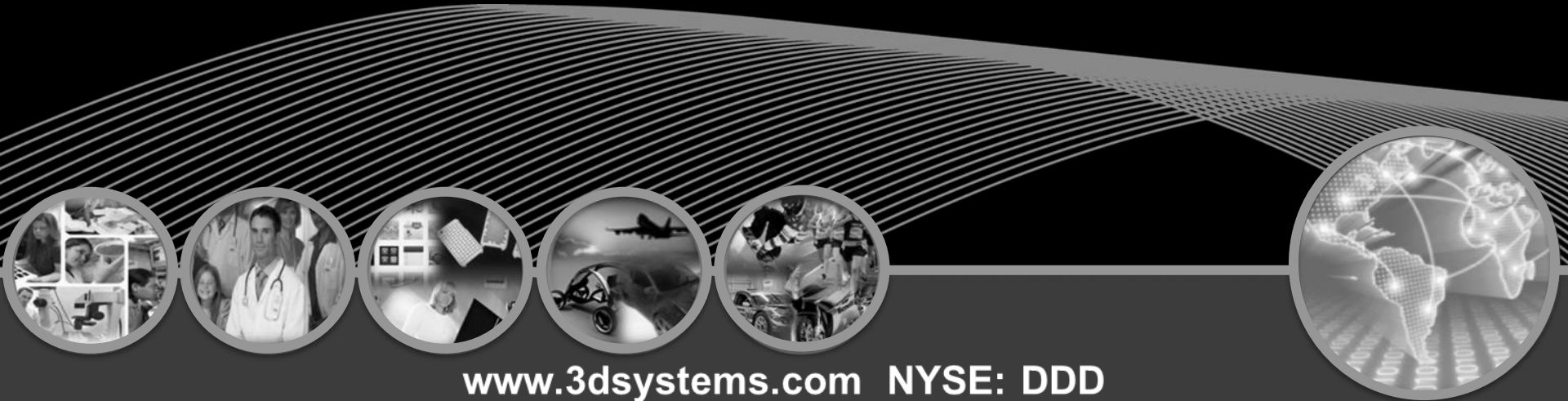


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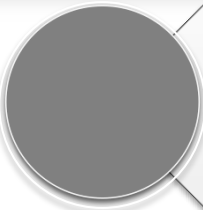
Operating Results

Avi Reichental, President & CEO

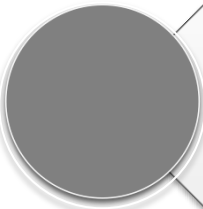


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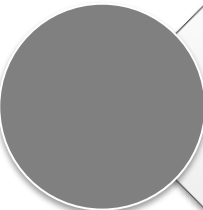
Q1 2014 Highlights



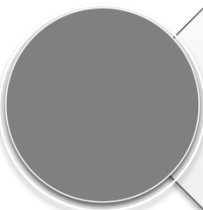
Robust demand for design and manufacturing printers, accelerated materials' growth-rate and substantial unit sales increase combined to deliver 45% revenue growth to \$147.8 million on expanding overall organic growth of 28%



Expanded sales coverage by combining our direct and channel sales forces, and commenced selling all our design and manufacturing products, including our SLA, SLS and Direct Metal printers and materials, through our global reseller channel



Strong overall unit growth of 54% included a 76% increase in design and manufacturing printers and 48% growth in our consumer units

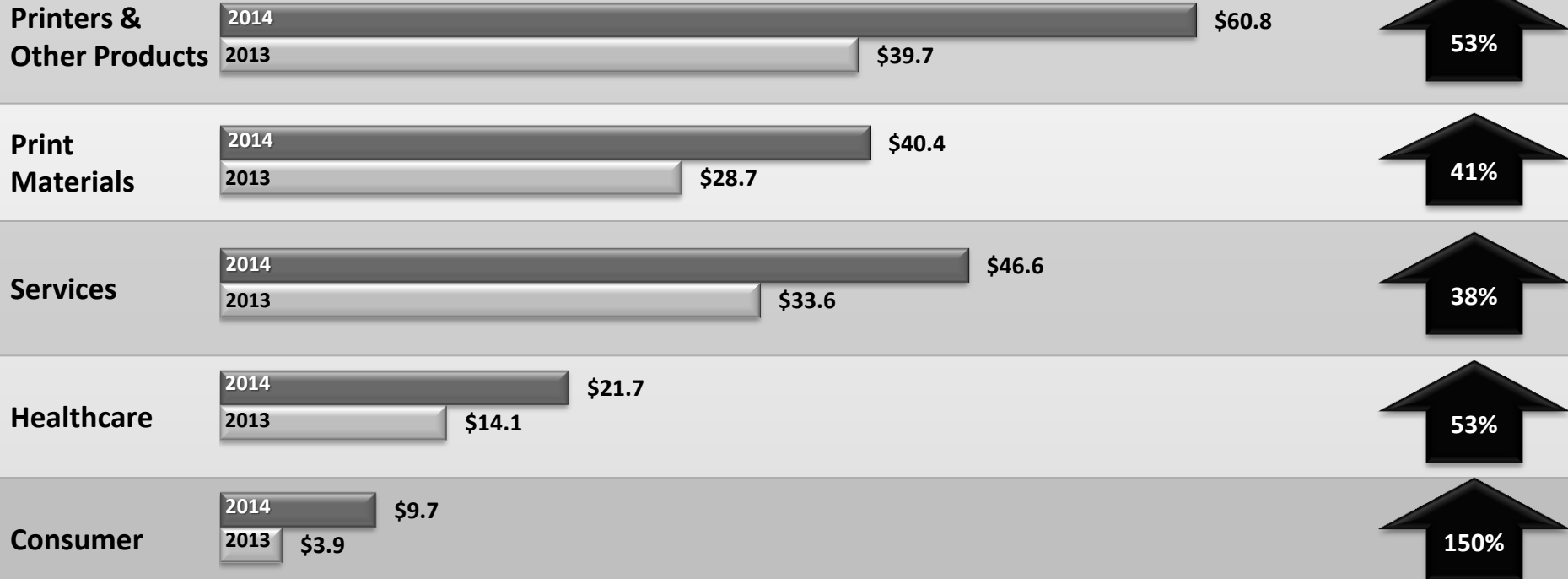


Growing direct metal 3D printers sales again outstripped our manufacturing capacity, even as we continued to add capacity, and contributed to increased overall printers backlog

First Quarter Revenue

\$ in millions

Q1 Revenue by Category

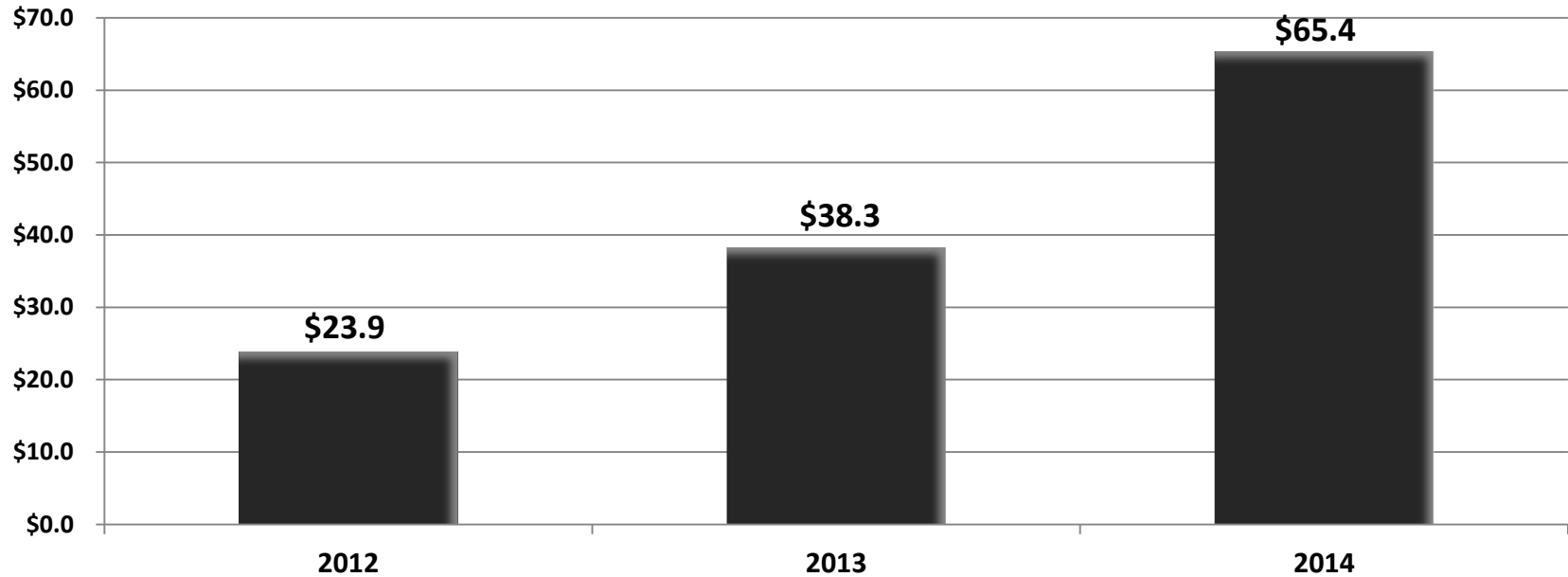


45% overall revenue growth

28% organic revenue growth

New Products Fuel Our Growth

\$ in millions



Launched 9 new products in Q1 2014

Q1 new products revenue increased 71% over 2013

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

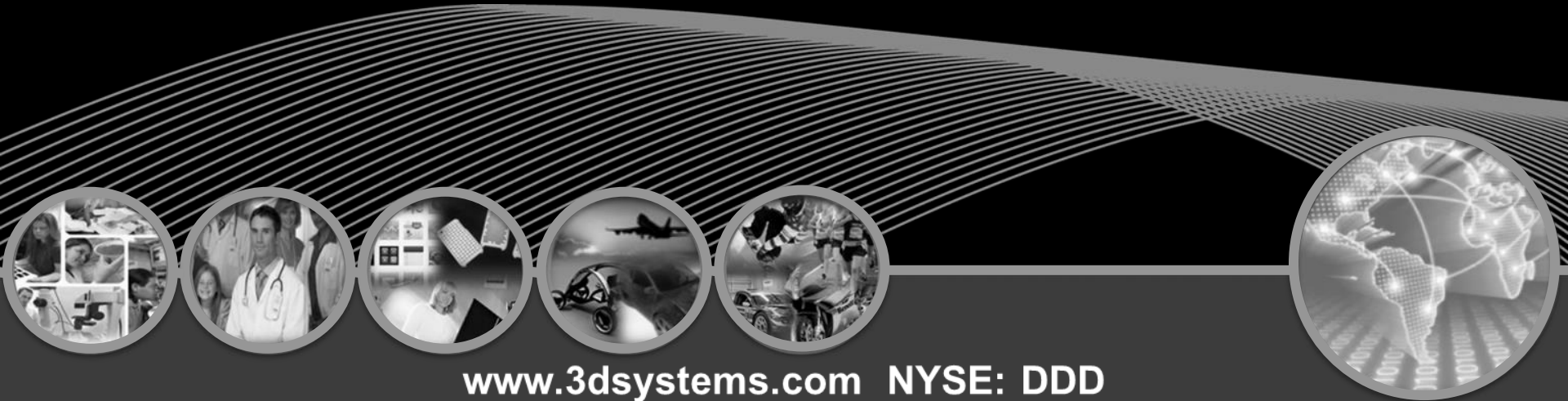


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Financial Review

Damon Gregoire, Senior Vice President and CFO



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First Quarter GAAP Operating Results

\$ in millions, except earnings per share

Drivers	2014	2013	% Change Favorable/ (Unfavorable)
Revenue	\$ 147.8	\$ 102.1	44.7%
Gross Profit	\$ 75.5	\$ 53.5	41.1%
<i>Gross Profit Margin</i>	<i>51.1%</i>	<i>52.4%</i>	
Operating Expenses	\$ 66.0	\$ 36.0	(83.4%)
<i>% of Revenue</i>	<i>44.6%</i>	<i>35.2%</i>	
Operating Income	\$ 9.5	\$ 17.5	(45.7%)
<i>% of Revenue</i>	<i>6.4%</i>	<i>17.2%</i>	
Net Income	\$ 4.9	\$ 5.9	(17.1%)
<i>% of Revenue</i>	<i>3.3%</i>	<i>5.8%</i>	
Diluted Earnings Per Share	\$ 0.05	\$ 0.06	(16.7%)

Non-GAAP Reconciliation

(\$ in millions, except per share amounts)	Quarter Ended March 31,	
	2014	2013
GAAP net income	\$ 4.9	\$ 5.9
Cost of sales adjustments:		
Amortization of intangibles	\$ 0.1	\$ 0.1
Operating expense adjustments:		
Amortization of intangibles	\$ 9.1	\$ 3.8
Acquisition and severance expenses	\$ 1.0	\$ 2.2
Non-cash stock-based compensation expense	\$ 7.3	\$ 2.2
Other expense adjustments:		
Non-cash interest expense	\$ 0.1	\$ 0.5
Loss on convertible notes	—	\$ 5.7
Loss on litigation and tax settlements	—	\$ 2.0
Tax effect	(\$ 7.4)	(\$ 3.4)
Non-GAAP net income	\$ 15.1	\$ 18.9
Non-GAAP diluted earnings per share	\$ 0.15	\$ 0.21

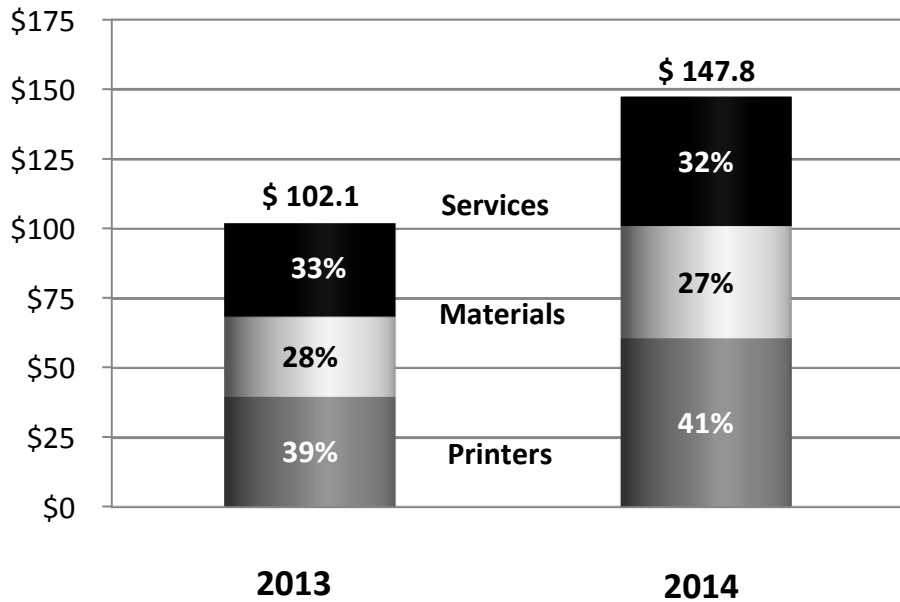
-columns may not foot due to rounding

We use non-GAAP financial measures of adjusted net income and adjusted earnings per share to supplement our unaudited condensed consolidated financial statements presented on a GAAP basis to facilitate a better understanding of the impact that several strategic acquisitions had on our financial results.

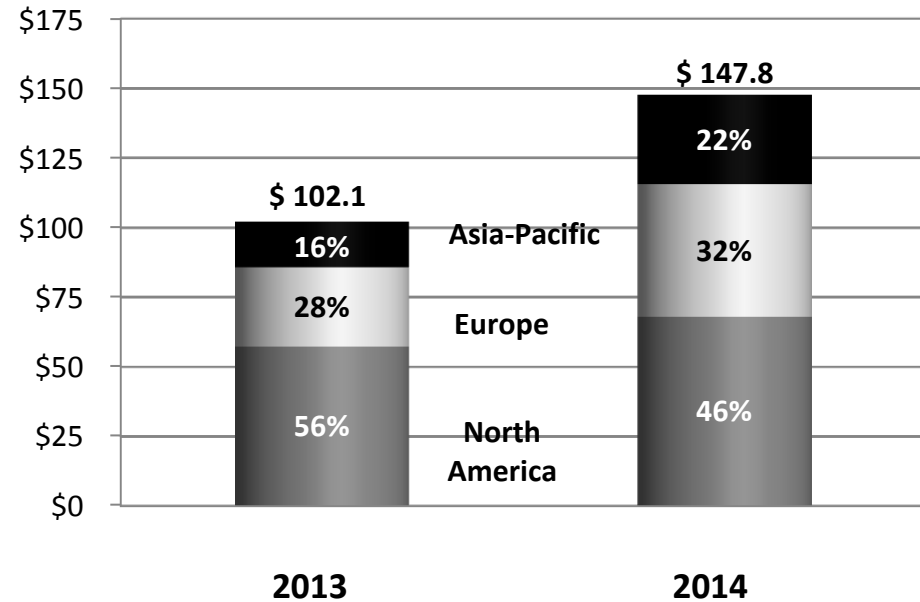
Revenue by Category & Geography

\$ in millions

Category



Geography



Q1 2014 recurring revenue accounted for 59% of total revenue

Gross Profit and Margin

\$ in millions

Category	First Quarter					
	2014		2013		% Change	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
Printers & other	\$ 24.2	39.8%	\$ 17.8	44.9%	35.5%	(11.4%)
Print materials	\$ 30.2	74.7%	\$ 20.9	72.7%	44.7%	2.8%
Services	<u>\$ 21.1</u>	45.3%	<u>\$ 14.8</u>	43.9%	42.8%	3.2%
Total	\$ 75.5	51.1%	\$ 53.5	52.4%	41.1%	(2.5%)

- 3D printers' growth continues to surpass all other product categories
- Resulting mix delayed anticipated expansion of our gross profit margin
- Higher placement and utilization of advanced 3D printers accelerated the growth rate of materials to 41%
- At 27% of total revenue, materials contributed 40% of total gross profit

Operating Expenses

\$ in millions

First Quarter						
Category	GAAP			Non-GAAP		
	2014	2013	% Change Favorable/ (Unfavorable)	2014	2013	% Change Favorable/ (Unfavorable)
SG&A	\$ 48.7	\$ 29.5	(65.4%)	\$ 31.3	\$ 21.3	(47.2%)
R&D	\$ 17.2	\$ 6.5	(165.0%)	\$ 17.2	\$ 6.5	(165.0%)
Total Operating	\$ 66.0	\$ 36.0	(83.4%)	\$ 48.6	\$ 27.8	(74.8%)
<i>% of Revenue</i>	44.6%	35.2%		32.9%	27.2%	

-Columns may not foot due to rounding

- SG&A increase was driven by sales, marketing costs and infrastructure increases and acquired operating costs
- R&D expenses increased primarily from accelerated new product developments and the addition of the acquired Wilsonville engineering location
- Sequentially, non-GAAP operating expenses decreased \$1.4 million, or 3%, signaling normalization of our stepped up investments

Working Capital

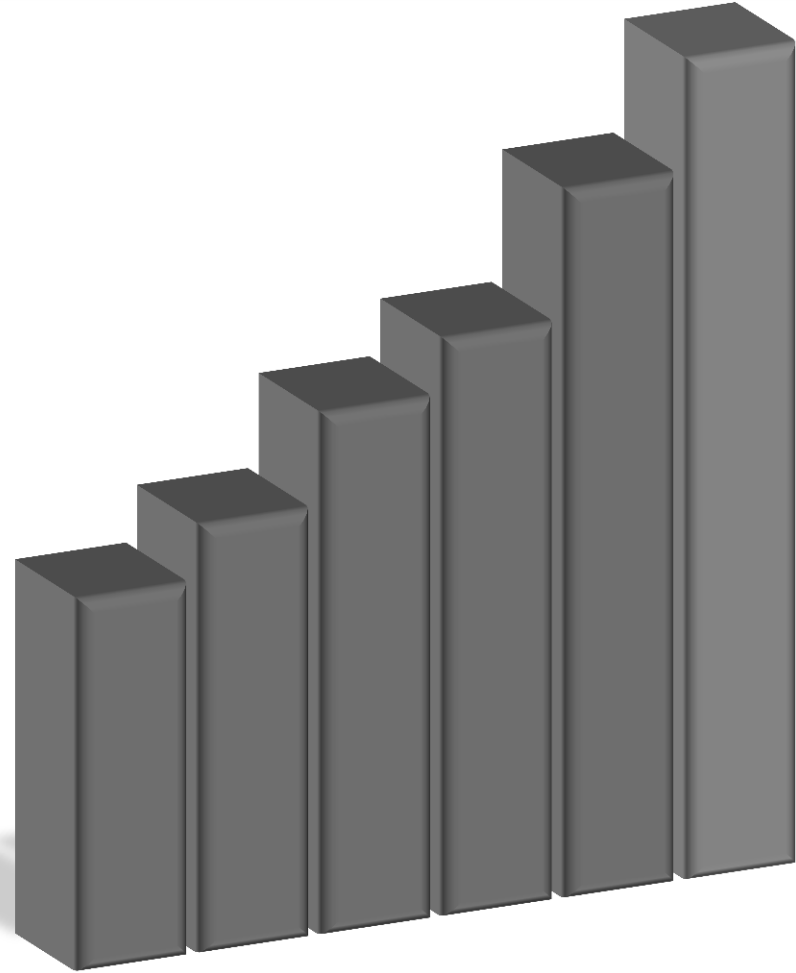
\$ in millions

	March 2014	December 2013	% Change Favorable/(Unfavorable)
Cash	\$ 306.7	\$ 306.3	0.1%
Inventory	\$ 86.0	\$ 75.1	(14.5%)
Accounts Receivable	\$ 142.0	\$ 132.1	7.5%
Accounts Payable	\$ 56.4	\$ 51.7	(9.1%)
Working Capital	\$ 433.8	\$ 416.4	4.2%

- Cash on hand at March 2014 compared to the end of 2013 increased \$0.4 million after generating \$0.3 million of cash from operations and paying \$2.1 million of cash for acquisitions and venture investments
- Cash from operations was impacted by our continued inventory build up in anticipation of new product releases

Reiterating Full-Year 2014 Guidance

- **We expect annual revenue for 2014 to be in the range of \$680 million to \$720 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 non-GAAP adjusted earnings guidance is fully tax-effected and inclusive of all acquisitions completed to date**

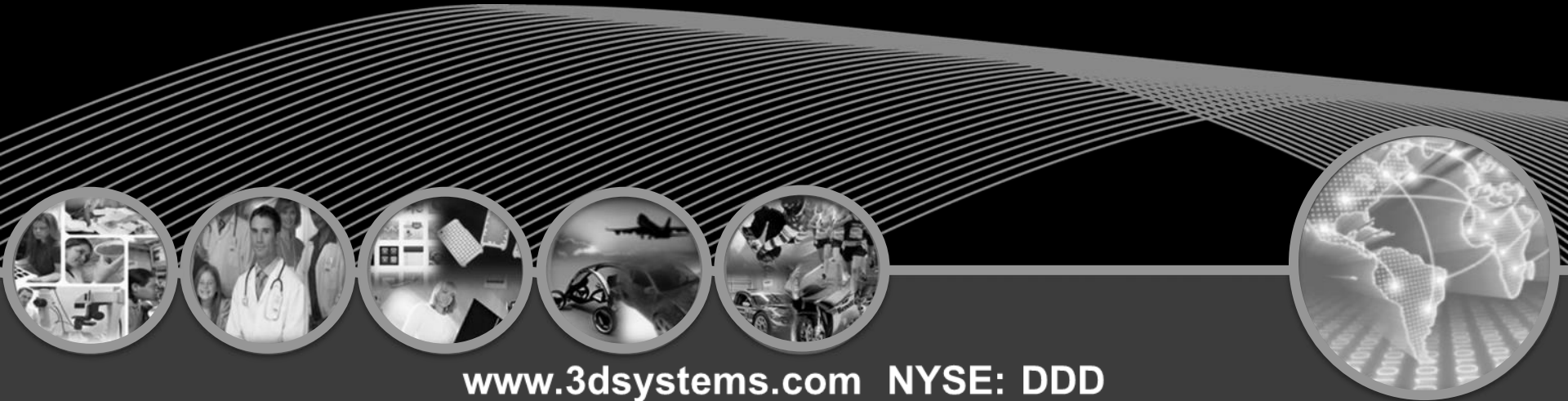




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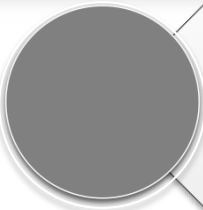
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Outlook and Progress
Avi Reichental, President and CEO

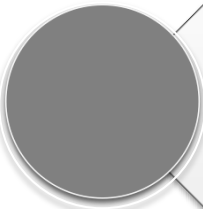


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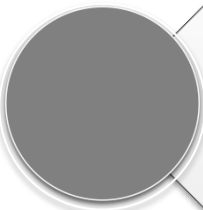
Business and Partnership Highlights



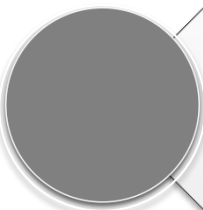
Began R&D operations at acquired Wilsonville location, with a fully assembled team of 100 engineers, chemists and materials scientists using state of the art labs and facilities to support the accelerated development of next-generation 3D printing technology



Made significant strides in the development of continuous, fab-grade 3D printer platform and materials in support of Google's Project Ara, and believe that this advanced manufacturing platform could serve to extend high speed, advanced manufacturing 3D printing into many industrial and consumer goods applications



Staples just launched two pilot, in-store 3D printing experiences in New York and Los Angeles. The Staples experience offers in-store drop off and pick up of printables in 7 performance materials and is powered exclusively by 3D Systems



Continued to expand manufacturing capacity across our portfolio, including accelerated expansion of our direct metals manufacturing as demand from industrial companies continues to outpace our capacity.

Medical Modeling

- Leading provider of 3D printing enabled, patient specific medical devices and personalized surgical treatments, including proprietary virtual surgical planning and clinical transfer tools
- Integrated 3D planning and printing combine as the digital thread to create a virtual-to-actual operating room in which surgeries can be planned, tested, refined and delivered economically
- Already delivers thousands of surgical planning tools, implants and facial prosthetic devices annually with world class expertise and FDA cleared processes available in both direct metals and biocompatible plastics
- Expected to be immediately accretive to net income



Robtec

Creates strategic Latin American sales and service platform

Provides significant in-region additive manufacturing service bureau capabilities, knowhow and customer relationships

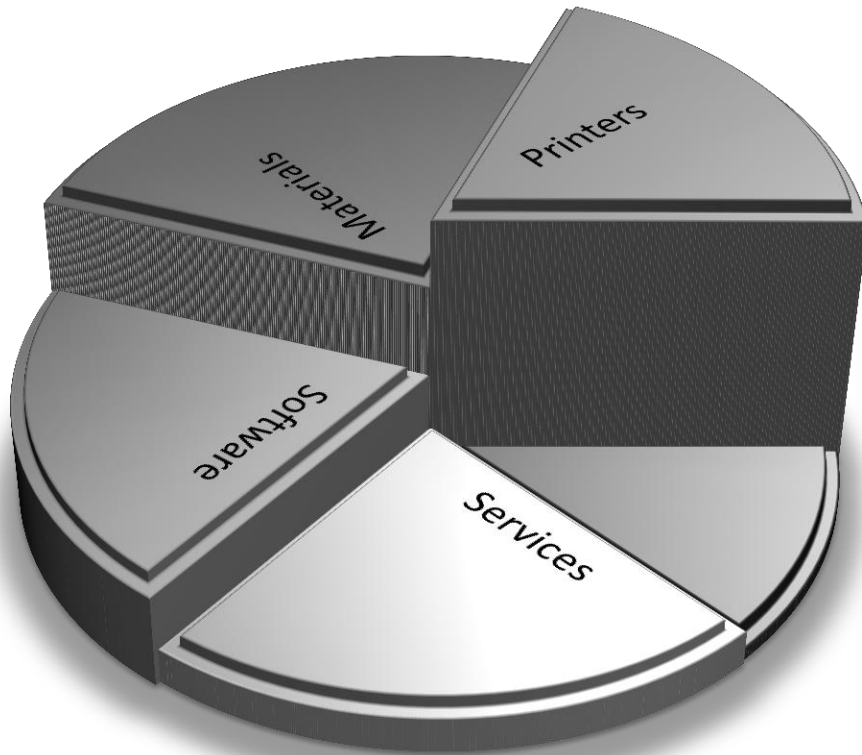
Expands global reach and ability to deliver the latest advanced manufacturing solutions and capabilities

Multiplexes reseller channel activities with locations in Brazil, Argentina, Chile, Uruguay and Mexico

Expected to be immediately accretive to cash generation & contribute to non-GAAP earnings per share within 12 months after closing

*Acquisition subject to customary closing conditions and expected to close within 75 days

Outlook



*This chart is intended to depict our expected relative 2014 growth rate trends in revenue categories. It is not to scale and does not indicate actual percentages or absolute amounts

- ❑ We entered the second quarter of 2014 with positive sales momentum and strong backlog, driven by increased demand from advanced manufacturing activities
- ❑ We expect our growth initiatives and accelerated investments to extend our first mover advantage and market share
- ❑ We believe that our unified sales force and channel focus can deliver continued success
- ❑ The 3D printing ecosystem we created and continue to expand provides unmatched, integrated content to print solutions
- ❑ We believe we are positioning ourselves for accelerated revenue growth and additional value creation over the long term, powered by continued leadership, innovation and focused investments

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:

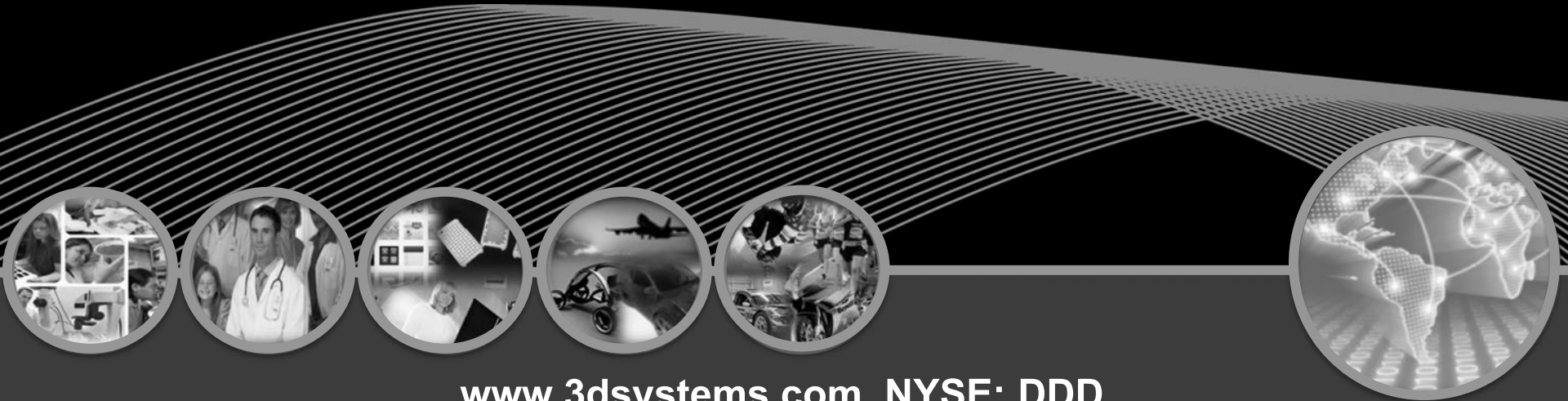
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Thank You



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