



Conference Call and Webcast

First Quarter 2011



www.3dsystems.com NASDAQ:TDSC

Participants

Stacey Witten

- **Investor Relations Manager**

Abe Reichental

- **President & Chief Executive Officer**

Damon Gregoire

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

Bob Grace

- **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:

- **1-888-626-7452 in the United States**
- **1-201-604-5102 from outside the United States**

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

Abe Reichental, President & CEO



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First Quarter 2011 Highlights

We are pleased with our performance and results for the first quarter which reflect revenue growth from all revenue categories and continued margin expansion

We made several acquisitions during the quarter and completed a successful equity raise that enhances our financial strength and flexibility to fund our strategic initiatives in a disciplined and accretive manner

This morning we also announced a two-for-one stock split. On May 18, 2011, each stock holder of record as of the close of business on May 9, 2011 will receive one additional share for every outstanding share held on the record date. Trading is expected to begin on a split-adjusted basis on May 19, 2011

We remain focused on democratizing access to affordable and viable 3D content-to-print solutions for professionals and consumers alike

We are optimistic about our future and believe that we are on track to achieve our long-term target operating model



Financial Review

Damon Gregoire, Senior Vice President & CFO



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Across-The-Board Revenue Growth

\$ in millions

First Quarter 2011



First quarter 2011 revenue grew 51%

23% came from organic growth

First Quarter 2011 Operating Results

\$ in millions, except earnings per share

Drivers	First Quarter		% Change Favorable/(Unfavorable)
	2011	2010	
Revenue	\$ 47.9	\$ 31.6	51%
Gross Profit	\$ 23.2	\$ 14.3	62%
<i>% of Revenue</i>	<i>48%</i>	<i>45%</i>	
Operating Expenses	\$15.8	\$11.7	(35%)
<i>% of Revenue</i>	<i>33%</i>	<i>37%</i>	
Net Income	\$6.8	\$2.0	238%
<i>% of Revenue</i>	<i>14%</i>	<i>6%</i>	
Depreciation & Amortization	\$2.4	\$1.5	(60%)
<i>% of Revenue</i>	<i>5%</i>	<i>5%</i>	
Diluted Earnings Per Share	\$0.28	\$0.09	211%

-Percents are rounded to nearest whole number

Factors Affecting Earnings Per Share

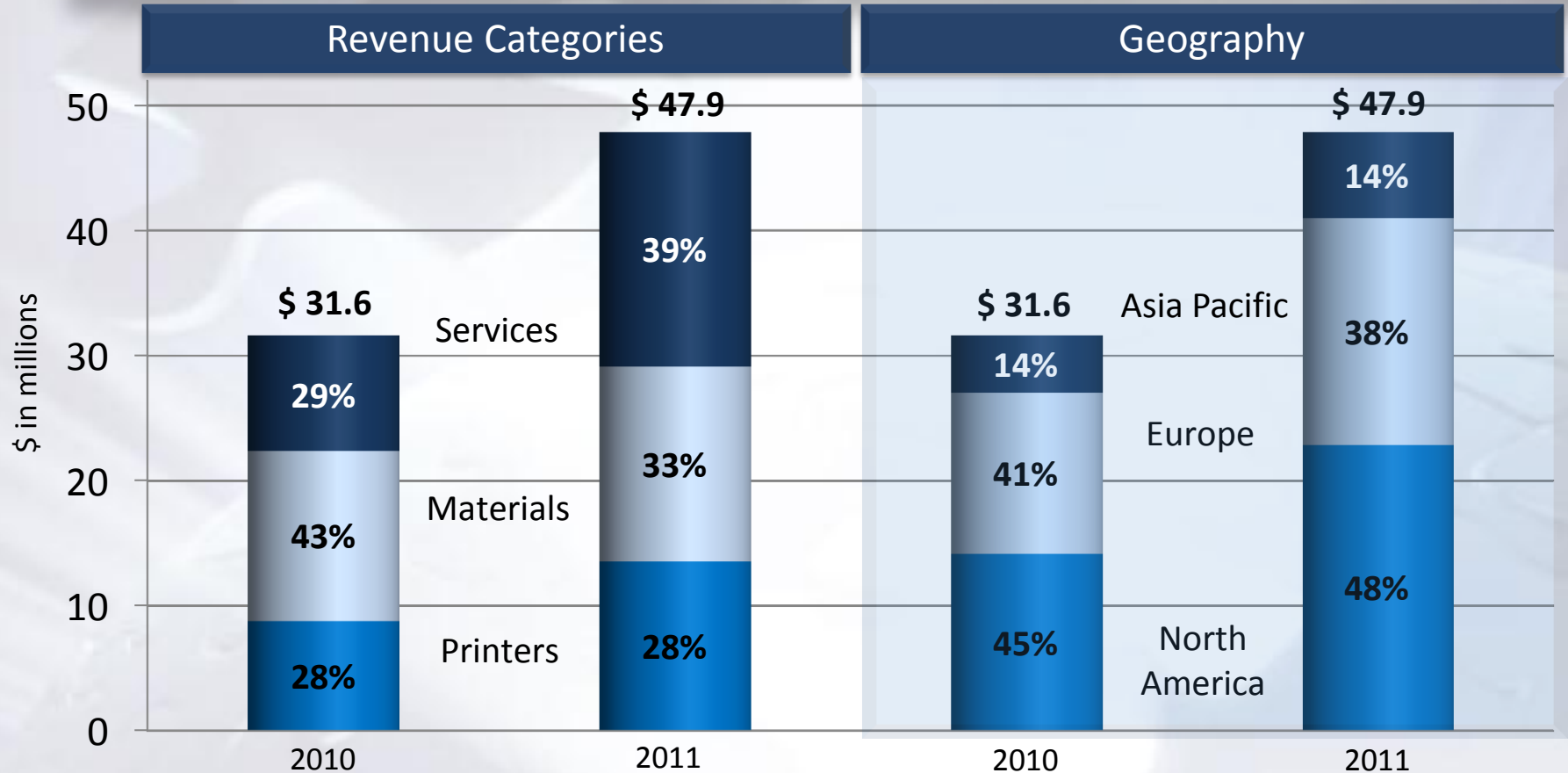
First quarter 2011 diluted earnings per share

\$ 0.28

- Legal costs reduced EPS by 7 cents per share for the quarter
- As anticipated, the negative impact from V-Flash[®] activity decreased and did not affect our reported EPS for the quarter

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

First Quarter Revenue by Category & Geography



Q1 2011 recurring revenue accounted for 72% of total revenue

First Quarter Gross Profit and Margin

First Quarter

Category	2011		2010		Yr-Yr%	
	\$ Millions	Gross Profit Margin	\$ Millions	Gross Profit Margin	\$	Margin
Printers	\$5.5	41%	\$ 3.1	36%	75%	13%
Print materials	\$9.9	63%	\$ 8.3	61%	20%	5%
Services ⁽¹⁾	\$7.8	42%	\$ 2.9	32%	167%	31%
Total	\$23.2	48%	\$ 14.3	45%	62%	7%

⁽¹⁾ Printer services gross profit margin was 44.5% for Q1 2011 compared to 42.6% for Q1 2010 and custom parts services gross profit margin improved sequentially to 39.2% for Q1 2011 from 25.5% for Q4 2010

Q2-09
43.8%

Q3-09
44.5%

Q4-09
44.2%

Q1-10
45.3%

Q210
45.4%

Q3-10
45.4%

Q4-10
48.2%

Q1-11
48.4%

First Quarter Operating Expenses

(\$ in millions)

First Quarter			
Category	2011	2010	% Change Favorable (Unfavorable)
Selling, general & administrative	\$13.0	\$ 9.2	(42%)
Research and development	\$2.8	\$ 2.5	(13%)
Total Operating Expenses	\$15.8	\$ 11.7	(35%)
<i>% of Revenue</i>	33%	37%	11%

- Columns may not foot due to rounding

- Total operating expenses increased primarily due to:
 - Higher commissions from increased revenue
 - Cost from additional acquisitions made during the quarter
 - Legal expenses of \$1.7 million primarily due to litigation concentration and timing
- Selling, general & administrative expenses decreased to 27% of revenue for the quarter from 29% in the first quarter of 2010
- Research & development expenses decreased to 6% of revenue in 2011 from 8% of revenue in the 2010 quarter

Working Capital

(\$ in millions)

	March 31, 2011	December 31, 2010	% Change Favorable (Unfavorable)
Cash	\$70.8	\$ 37.3	90%
Inventory	\$ 26.6	\$23.8	(12%)
Accounts Receivable	\$ 39.3	\$ 35.8	10%
Accounts Payable	\$ 23.4	\$ 26.6	12%
Working Capital	\$ 76.5	\$ 42.5	80%

- Cash increased \$33.5 million from the fourth quarter of 2010, primarily reflecting \$54.0 million proceeds from our equity raise and \$22.1 million paid in cash for acquisitions during the quarter
- Working capital increased \$34.0 million compared to the end of 2010, including a \$3.5 million increase in accounts receivable and a \$7.5 million decrease in trade accounts payable
- Inventory increased \$2.8 million primarily related to timing of inventory purchases and customer deliveries

Progress Towards Operating Model

(\$ millions)

Drivers	Model Ranges		Q1 Actual Results
Revenue	\$200.0	\$300.0	\$ 47.9
Gross Profit	56%	62%	48%
SG&A	23%	20%	27%
R&D	7%	5%	6%
Operating Income	26%	37%	15%
Net Income After Tax*	18%	22%	14%
Depreciation & Amortization	4%	3%	5%
Capital Expenditures	2%	1%	1%
Recurring Revenue	70%	75%	72%

* 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.



Outlook and Progress

Abe Reichental, President & CEO



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Recent Developments

We continued to expand our custom parts services by:

- Acquiring Quickparts® in Atlanta, GA and ATI in Austin, TX
- Refining operations and optimizing capabilities as required

We expanded our reseller channel and grew personal and professional printer unit shipments and revenues over the comparable 2010 quarter


We announced plans to bring additional printer and print material production to Rock Hill and purchased expansion land adjacent to our headquarters

We strengthened our printer services offerings through the acquisition of NRP


We grew our healthcare solutions revenue and installed base year over year and remain optimistic about our growth prospects

We acquired Sycode, a software company in India as a step towards building 3D professional and consumer content tools and as part of our expansion into India. We also acquired Print3D, a startup desktop tools and utilities custom parts services company.


Revenue Outlook




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



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

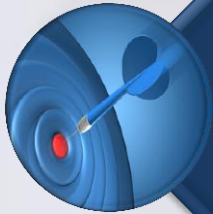


We expect custom parts services revenue growth from a combination of organic growth and additional acquisitions



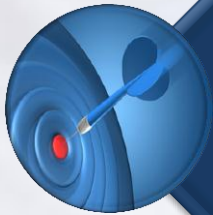
We expect healthcare solutions revenue growth benefiting from our expanding solutions portfolio and growing installed base

Gross Profit and Operating Expenses Outlook



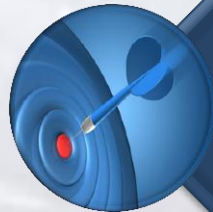
We expect our gross profit margin to expand subject to:

- Potential adverse printers mix in favor of higher unit volume, lower margin personal printers
- Impact of Integration costs of acquired businesses



We expect operating SG&A expenses for the remainder of 2011 to be in the range of \$40 – \$45 million:

- Inclusive of our anticipated litigation expenses as we currently understand them
- Increased operating costs associated with custom parts services acquisitions we made thus far



We expect R&D expenses for the remainder of 2011 to be in the range of \$9 – \$11 million:

- Reflecting our expanding print engine portfolio and planned new professional and consumer product introductions throughout the year

Bottom Line

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

Our 3D content-to-print products and 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

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:

- U.S.: 1-888-626-7452
- International: 1-201-604-5102



Thank You For Participating
Replay available at www.3dsystems.com/ir



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