



# News Release

3D Systems Corporation  
333 Three D Systems Circle  
Rock Hill, SC 29730

www.3dsystems.com  
NYSE: DDD

**Investor Contact:** Stacey Witten  
803-326-4010  
Email: Stacey.Witten@3dsystems.com

**Media Contact:** Cathy Lewis  
781-852-5007  
Email: Cathy.Lewis@3dsystems.com

---

## 3D Systems Reports Q1 2013 Results

- Delivers Record Quarterly Revenue and Gross Profit on Higher Printer Units

**ROCK HILL, South Carolina – April 30, 2013** - [3D Systems](#) Corporation (NYSE: DDD) announced today non-GAAP earnings of 21 cents per share for the first quarter of 2013 and GAAP earnings of 6 cents per share.

The company reported that its first quarter revenue grew 31% from the prior year to \$102.1 million on a 61% increase in printers' and other products revenue and 22.1% overall organic growth. Gross profit increased 38% and gross profit margin expanded 250 basis points to 52.4%, contributing to non-GAAP net income improvement of 43% over the 2012 quarter to \$18.9 million, and GAAP net income of \$5.9 million.

"We are very pleased to report outstanding quarterly results on higher printers' sales," said Avi Reichental, 3D Systems' President and Chief Executive Officer. We believe that the vibrancy of our diversified portfolio, productivity of our channels and effectiveness of our strategic growth initiatives will continue to fuel our progress and results."

3D printers and other products revenue increased \$15.0 million to \$39.7 million on 81% higher printer units and the addition of 3D authoring tools. Print materials revenue grew \$4.1 million over 2012 to \$28.7 million and services revenue rose \$5.1 million over 2012 to \$33.6 million.

During the first quarter of 2013, the company introduced significant new products including personal and professional 3D printers, powerful designer software packages and exciting consumer apps. The company increased its R&D expenditures by \$1.6 million compared to last year in support of its expanded product portfolio and extended its sales channels and printer manufacturing capacity.

The company ended the first quarter with \$110.5 million in cash, driven by \$10.7 million of cash from operations.

"We continue to experience positive sales momentum that is shaped primarily by increased demand from advanced manufacturing activities. While we may face lingering economic uncertainties in parts of the world, we expect to continue to benefit from robust R&D and manufacturing spending by our customers worldwide," concluded Reichental.

### **Conference Call and Webcast Details**

3D Systems will hold a conference call and webcast to discuss its operating results for the first quarter 2013 on Tuesday, April 30, 2013 at 9:00 a.m., Eastern Time.

- To access this webcast, log onto 3D Systems' web site at [investor.3dsystems.com](http://investor.3dsystems.com). To ensure timely participation and technical capability, we recommend logging on a few minutes prior to the conference call to activate your participation.
- To access this conference call, dial 1-866-318-8616 from in the U.S. or 1-617-399-5135 from outside the U.S. and enter participant code 19084856.
- The webcast will be also be available for replay beginning approximately two hours after completion of the call at: [investor.3dsystems.com](http://investor.3dsystems.com).

### **Forward-Looking Statements**

Certain statements made in this release 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 or projections expressed or implied by such forward-looking statements. In addition to statements that explicitly describe such risks and uncertainties, readers are urged to consider statements in the conditional or future tenses or that include terms such as "believes," "belief," "expects," "estimates," "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 and are necessarily subject to uncertainties, many of which are outside the control of the company. The factors described under the headings "Forward-Looking Statements," "Cautionary Statements and Risk Factors," and "Risk Factors" 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.

### **Presentation of Information in This Press release**

To facilitate a better understanding of the impact that several strategic acquisitions had on its financial results, the company reported non-GAAP measures that adjust net income and earnings per share by excluding the impact of amortization of intangibles, non-cash interest expense, acquisition and severance expenses, litigation settlements, loss on conversion of notes and stock-based compensation expense. A reconciliation of GAAP to non-GAAP results is provided in the accompanying schedule.

### **About 3D Systems Corporation**

3D Systems is a leading provider of 3D content-to-print solutions including 3D printers, print materials and on-demand custom parts services for professionals and consumers alike. The company also provides affordable CAD modeling, reverse engineering and inspection software tools and consumer 3D printers, apps and services. Its expertly integrated solutions replace and complement traditional methods and reduce the time and cost of designing and manufacturing new products. 3D Systems' products and services are used to rapidly design, communicate, prototype or produce real functional, parts, empowering customers to create and make with confidence.

More information on the company is available at [www.3DSystems.com](http://www.3DSystems.com).

Tables Follow

**3D Systems Corporation**  
**Unaudited Consolidated Statements of Operations and Comprehensive Income**  
**Quarter Ended March 31, 2013 and 2012**

| <i>(in thousands, except per share amounts)</i> | <b>Quarter Ended March 31,</b> |             |
|---|--------------------------------|-------------|
|   | <b>2013</b>                    | <b>2012</b> |
| Revenue:  |                                |             |
| Products  | \$ 68,452                      | \$ 49,397   |
| Services  | 33,627                         | 28,523      |
| Total revenue                                   | 102,079                        | 77,920      |
| Cost of sales:                                  |                                |             |
| Products  | 29,745                         | 23,047      |
| Services  | 18,857                         | 16,020      |
| Total cost of sales                             | 48,602                         | 39,067      |
| Gross profit                                    | 53,477                         | 38,853      |
| Operating expenses:                             |                                |             |
| Selling, general and administrative             | 29,454                         | 23,950      |
| Research and development                        | 6,504                          | 4,933       |
| Total operating expenses                        | 35,958                         | 28,883      |
| Income from operations                          | 17,519                         | 9,970       |
| Interest and other expense, net                 | 10,067                         | 2,682       |
| Income before income taxes                      | 7,452                          | 7,288       |
| Provision for income taxes                      | 1,569                          | 1,100       |
| Net income                                      | \$ 5,883                       | \$ 6,188    |
| Other comprehensive income                      |                                |             |
| Unrealized gain (loss) on pension obligation    | \$ 29                          | \$ (6 )     |
| Foreign currency translation gain (loss)        | (3,261 )                       | 1,190       |
| Comprehensive income                            | \$ 2,651                       | \$ 7,372    |
| Net income per share — basic                    | \$ 0.06                        | \$ 0.08     |
| Net income per share — diluted                  | \$ 0.06                        | \$ 0.08     |

**3D Systems Corporation**  
**Unaudited Consolidated Balance Sheets**  
**March 31, 2013 and December 31, 2012**

| <i>(in thousands, except par value)</i>  | March 31,<br>2013 | December 31,<br>2012 |
|--|-------------------|----------------------|
| <b>ASSETS</b>  |                   |                      |
| Current assets:  |                   |                      |
| Cash and cash equivalents  | \$ 110,543        | \$ 155,859           |
| Accounts receivable, net of allowance for doubtful accounts of \$5,035 (2013) and \$4,317 (2012)   | 89,558            | 79,869               |
| Inventories, net   | 44,018            | 41,820               |
| Prepaid expenses and other current assets  | 5,074             | 4,010                |
| Current deferred income taxes  | 6,748             | 5,867                |
| Restricted cash  | 13                | 13                   |
| Total current assets   | 255,954           | 287,438              |
| Property and equipment, net  | 35,994            | 34,353               |
| Intangible assets, net   | 121,492           | 108,377              |
| Goodwill   | 277,690           | 240,314              |
| Long term deferred income taxes  | 149               | 107                  |
| Other assets, net  | 6,375             | 6,853                |
| Total assets   | \$ 697,654        | \$ 677,442           |
| <b>LIABILITIES AND EQUITY</b>  |                   |                      |
| Current liabilities:   |                   |                      |
| Current portion of capitalized lease obligations   | \$ 178            | \$ 174               |
| Accounts payable   | 29,779            | 32,095               |
| Accrued and other liabilities  | 29,257            | 24,789               |
| Customer deposits  | 4,043             | 2,786                |
| Deferred revenue   | 18,540            | 15,309               |
| Total current liabilities  | 81,797            | 75,153               |
| Long term portion of capitalized lease obligations   | 7,395             | 7,443                |
| Convertible senior notes, net  | 43,090            | 80,531               |
| Deferred income tax liability  | 22,590            | 23,142               |
| Other liabilities  | 10,133            | 10,840               |
| Total liabilities  | 165,005           | 197,109              |
| Commitments and Contingencies  |                   |                      |
| Stockholders' equity:  |                   |                      |
| Preferred stock, authorized 5,000 shares, none issued  | —                 | —                    |
| Common stock, \$0.001 par value, authorized 120,000 shares; issued 93,218 (2013) and 89,783 (2012) | 93                | 60                   |
| Additional paid-in capital   | 509,904           | 460,237              |
| Treasury stock, at cost: 539 (2013) and 533 shares (2012)  | (244 )            | (240 )               |
| Accumulated earnings   | 22,262            | 16,410               |
| Accumulated other comprehensive income   | 634               | 3,866                |
| Total stockholders' equity   | 532,649           | 480,333              |
| Total liabilities and stockholders' equity   | \$ 697,654        | \$ 677,442           |

**3D Systems Corporation**  
**Unaudited Consolidated Statements of Cash Flows**  
**Three Months Ended March 31, 2013 and 2012**

| <i>(in thousands)</i>   | Three Months Ended March 31, |            |
|---|------------------------------|------------|
|   | 2013                         | 2012       |
| Cash flows from operating activities:   |                              |            |
| Net income  | \$ 5,883                     | \$ 6,188   |
| Adjustments to reconcile net income to net cash provided by operating activities: |                              |            |
| Provision for (benefit of) deferred income taxes                                  | (3,543 )                     | 628        |
| Depreciation and amortization   | 5,992                        | 5,391      |
| Non-cash interest on convertible notes  | 467                          | 960        |
| Provision for bad debts   | 601                          | 331        |
| Stock-based compensation  | 2,221                        | 1,176      |
| Loss on the disposition of property and equipment                                 | 63                           | 9          |
| Loss on conversion of convertible debt  | 5,715                        | —          |
| Changes in operating accounts:  |                              |            |
| Accounts receivable   | (8,785 )                     | (1,255 )   |
| Inventories   | (3,320 )                     | (4,097 )   |
| Prepaid expenses and other current assets   | (440 )                       | 239        |
| Accounts payable  | (755 )                       | 2,305      |
| Accrued liabilities   | 5,418                        | 4,309      |
| Customer deposits   | 1,284                        | (330 )     |
| Deferred revenue  | 1,798                        | 397        |
| Other operating assets and liabilities  | (1,853 )                     | (424 )     |
| Net cash provided by operating activities   | 10,746                       | 15,827     |
| Cash flows from investing activities:   |                              |            |
| Purchases of property and equipment   | (2,295 )                     | (755 )     |
| Additions to license and patent costs   | (177 )                       | (231 )     |
| Proceeds from disposition of property and equipment                               | 4                            | —          |
| Cash paid for acquisitions, net of cash assumed                                   | (52,949 )                    | (134,918 ) |
| Net cash used in investing activities   | (55,417 )                    | (135,904 ) |
| Cash flows from financing activities:   |                              |            |
| Proceeds from issuance of common stock  | —                            | —          |
| Proceeds from exercise of stock options and restricted stock, net                 | 302                          | 782        |
| Cash disbursed in lieu of fractional shares related to stock split                | (177 )                       | —          |
| Repayment of capital lease obligations  | (38 )                        | (36 )      |
| Restricted cash   | —                            | —          |
| Net cash provided by financing activities   | 87                           | 746        |
| Effect of exchange rate changes on cash   | (732 )                       | 238        |
| Net decrease in cash and cash equivalents   | (45,316 )                    | (119,093 ) |
| Cash and cash equivalents at the beginning of the period                          | 155,859                      | 179,120    |
| Cash and cash equivalents at the end of the period                                | \$ 110,543                   | \$ 60,027  |

**3D Systems Corporation**  
**Schedule 1**  
**Earnings Per Share**

| <i>(in thousands, except per share amounts)</i>  | <b>Quarter Ended March 31,</b> |                 |
|--|--------------------------------|-----------------|
|  | <b>2013</b>                    | <b>2012</b>     |
| <b>Numerator:</b>  |                                |                 |
| Net income – numerator for basic net earnings per share  | \$ 5,883                       | \$ 6,188        |
| Add: Effect of dilutive securities   |                                |                 |
| Interest expense on 5.50% convertible notes (after-tax) <sup>(1)</sup>                             | —                              | —               |
| Stock options and other equity compensation  | —                              | —               |
| Numerator for diluted earnings per share   | <u>\$ 5,883</u>                | <u>\$ 6,188</u> |
| <b>Denominator:</b>  |                                |                 |
| Weighted average shares – denominator for basic net earnings per share                             | 91,822                         | 76,317          |
| Add: Effect of dilutive securities   |                                |                 |
| Stock options and other equity compensation  | —                              | 1,272           |
| 5.50% convertible notes (after-tax) <sup>(1)</sup>   | —                              | —               |
| Denominator for diluted earnings per share   | <u>91,822</u>                  | <u>77,589</u>   |
| <b>Earnings per share</b>  |                                |                 |
| Basic  | <u>\$ 0.06</u>                 | <u>\$ 0.08</u>  |
| Diluted  | <u>\$ 0.06</u>                 | <u>\$ 0.08</u>  |
| Interest expense excluded from diluted earnings per share calculation <sup>(1)</sup>               | \$ 977                         | —               |
| 5.50% Convertible notes shares excluded from diluted earnings per share calculation <sup>(1)</sup> | 3,379                          | —               |

<sup>(1)</sup> Average outstanding diluted earnings per share calculation excludes shares that may be issued upon conversion of the outstanding senior convertible notes since the effect of their inclusion would have been anti-dilutive.

**3D Systems Corporation**  
**Schedule 2**  
**Unaudited Reconciliation of GAAP Net Income to Non-GAAP Net Income**  
**Quarter Ended March 31, 2013 and 2012**

| <i>(Dollars in thousands, except per share)</i> | Quarter Ended March 31, |                         |            |           |                         |           |
|---|-------------------------|-------------------------|------------|-----------|-------------------------|-----------|
|   | 2013                    |                         |            | 2012      |                         |           |
|   | GAAP                    | Non-GAAP<br>Adjustment  | Non-GAAP   | GAAP      | Non-GAAP<br>Adjustment  | Non-GAAP  |
| Revenue   | \$ 102,079              | \$ —                    | \$ 102,079 | \$ 77,920 | \$ —                    | \$ 77,920 |
| Cost of sales                                   | 48,602                  | (59 ) <sup>(a)</sup>    | 48,543     | 39,067    | (47 ) <sup>(a)</sup>    | 39,020    |
| Gross Profit                                    | 53,477                  | 59                      | 53,536     | 38,853    | 47                      | 38,900    |
| Operating expenses                              | 35,958                  | (8,172 ) <sup>(b)</sup> | 27,786     | 28,883    | (6,934 ) <sup>(e)</sup> | 21,949    |
| Income from operations                          | 17,519                  | 8,231                   | 25,750     | 9,970     | 6,981                   | 16,951    |
| Interest and other expense, net                 | 10,067                  | (8,183 ) <sup>(c)</sup> | 1,884      | 2,682     | (960 ) <sup>(f)</sup>   | 1,722     |
| Income before taxes                             | 7,452                   | 16,414                  | 23,866     | 7,288     | 7,941                   | 15,229    |
| Provision for income taxes                      | 1,569                   | 3,447 <sup>(d)</sup>    | 5,016      | 1,100     | 950 <sup>(d)</sup>      | 2,050     |
| Net income                                      | \$ 5,883                | \$ 12,967               | \$ 18,850  | \$ 6,188  | \$ 6,991                | \$ 13,179 |
| Basic earnings per share                        | \$ 0.06                 |                         | \$ 0.21    | \$ 0.08   |                         | \$ 0.17   |
| Diluted earnings per share                      | \$ 0.06                 |                         | \$ 0.21    | \$ 0.08   |                         | \$ 0.17   |

(a) Represents intangibles amortization expense related to acquisitions.

(b) Represents \$2.2 million of non-cash stock based compensation expense, \$2.2 million of expenses related to acquisitions and \$3.8 million of intangibles amortization expense related to acquisitions.

(c) Represents \$0.5 million of non-cash interest expense related to convertible notes, a \$5.7 million loss on conversions of convertible notes and a loss on litigation settlement.

(d) Represents the tax impact related to non-GAAP adjustments.

(e) Represents \$1.2 million of non-cash stock based compensation expense, \$2.4 million of acquisition expenses, and \$3.4 million of intangibles amortization expense related to acquisitions.

(f) Represents \$1.0 million of non-cash interest expense related to convertible notes.