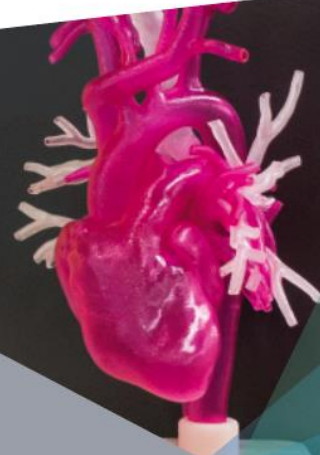
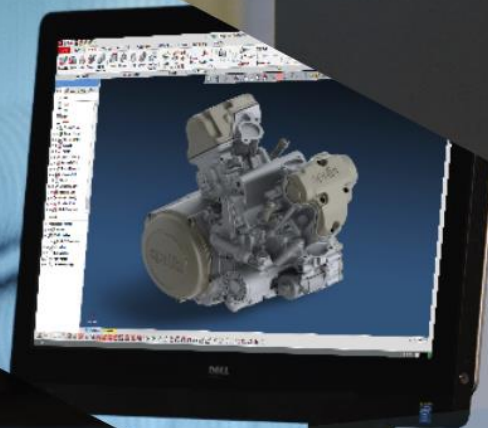




# First Quarter 2019 Financial Results

May 7, 2019



# Welcome and Participants

- **Vyomesh Joshi**  
President and Chief Executive Officer
- **John McMullen**  
Executive Vice President and Chief Financial Officer
- **Andy Johnson**  
Executive Vice President, Chief Legal Officer and Secretary
- **Stacey Witten**  
Vice President, Finance, Investor Relations and Financial Planning & Analysis

To participate via phone,  
please dial:

In the US:

1-877-407-8291

Outside the US:

1-201-689-8345

# Forward Looking Statements

This presentation contains certain statements 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 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 terms such as “believes,” “beliefs,” “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “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.

Forward-looking statements are based upon management’s beliefs, assumptions and current expectations concerning future events and trends, using information currently available, and are necessarily subject to uncertainties, many of which are outside our control. In addition, we undertake no obligation to update or revise any forward-looking statements made by us or on our behalf, whether as a result of future developments, subsequent events or circumstances, or otherwise, or to reflect the occurrence or likelihood of unanticipated events, and we disclaim any such obligation.

Forward-looking statements are only predictions that relate to future events or our future performance and are subject to known and unknown risks, uncertainties, assumptions, and other factors, many of which are beyond our control, that may cause actual results, outcomes, levels of activity, performance, developments, or achievements to be materially different from any future results, outcomes, levels of activity, performance, developments, or achievements expressed, anticipated, or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, forward-looking statements are not, and should not be relied upon as a guarantee of future performance or results, nor will they necessarily prove to be accurate indications of the times at or by which any such performance or results will be achieved. 3D System’s actual results could differ materially from those stated or implied in forward-looking statements. Past performance is not necessarily indicative of future results. We do not undertake any obligation to and do not intend to update any forward-looking statements whether as a result of future developments, subsequent events or circumstances or otherwise.

Further, we encourage you to review “Risk Factors” in Part 1 of our Annual Report on Form 10-K and Part II of our quarterly reports on Form 10-Q filed with the SEC as well as other information about us in our filings with the SEC. These are available at [www.SEC.gov](http://www.SEC.gov).



# Vyomesh Joshi (VJ)

President & Chief Executive Officer

# First Quarter Summary

- GAAP revenue in the first quarter of \$152.0 million decreased 8% year over year. Excluding a large enterprise customer's orders from both periods, total revenue decreased 5%
- Revenue in the first quarter was negatively impacted by approximately \$8 million as a result of the timing of shipments of metals printers
- Printer unit sales increased 90%, mainly driven by Figure 4, SLA, and DMP sales
- GAAP gross profit margin of 43.2% was negatively impacted by under absorption of overhead as a result of the lower revenue and production in the first quarter as well as by mix of sales
- We reduced operating expenses both year over year and sequentially to \$87.0 million on a GAAP basis and \$72.9 million on a non-GAAP basis
- For the first quarter of 2019, we reported a non-GAAP loss of \$0.09 per share and a GAAP loss of \$0.22 per share



**John McMullen**

Executive Vice President & Chief Financial Officer

# GAAP Operating Results

	First Quarter		
	2019	2018	Y/Y Better/(Worse)
<i>(in millions, except per share amounts)</i>			
<b>Revenue</b>	\$ 152.0	\$ 165.9	(8)%
<b>Gross Profit</b>	65.7	77.9	(16)%
<i>Gross Profit Margin</i>	43.2%	46.9%	(370) bps
<b>SG&amp;A</b>	65.1	69.5	6%
<b>R&amp;D</b>	21.9	25.9	15%
<b>Operating Expenses</b>	87.0	95.3	9%
<i>% of Revenue</i>	57.2%	57.5%	
<b>Operating Loss</b>	(21.3)	(17.5)	(22)%
<i>% of Revenue</i>	14.0%	10.5%	
<b>Net Loss per 3D Systems</b>	\$ (24.4)	\$ (21.0)	(16)%
<i>% of Revenue</i>	16.1%	12.7%	
<b>Loss Per Share</b>	\$ (0.22)	\$ (0.19)	(16)%

# Non-GAAP Financial Measures

	First Quarter		
	2019	2018	Y/Y Better/(Worse)
<i>(in millions, except per share amounts)</i>			
Non-GAAP R&D Expense	\$ 21.9	\$ 25.9	15%
Non-GAAP SG&A Expense	51.0	53.6	5%
<b>Non-GAAP Operating Expenses</b>	<b>\$ 72.9</b>	<b>\$ 79.5</b>	<b>8%</b>
Non-GAAP Net income (loss) attributable to 3D Systems Corporation	\$ (10.1)	\$ (3.4)	(197)%
<b>Non-GAAP Net income (loss) per share available to 3D Systems Corporation common stockholders - basic and diluted</b>	<b>\$ (0.09)</b>	<b>\$ (0.03)</b>	<b>(200)%</b>

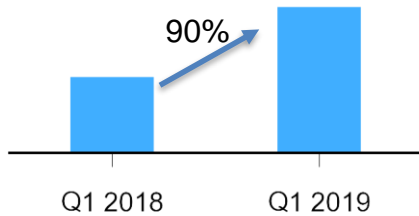
We use non-GAAP measures to supplement our financial statements presented on a GAAP basis because management believes non-GAAP financial measures are useful to investors in evaluating our operating performance and to facilitate a better understanding of the impact that strategic acquisitions, non-recurring charges and certain non-cash expenses had on our financial results. See appendix for reconciliation of non-GAAP items.

\* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.

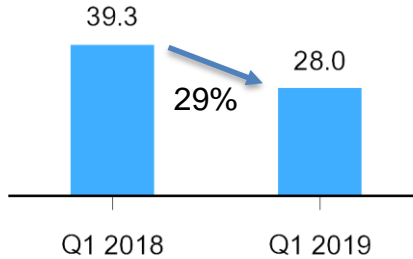


# Revenue Drivers

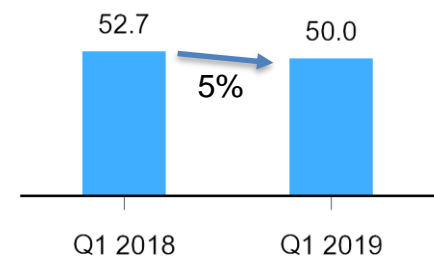
## Printer Units



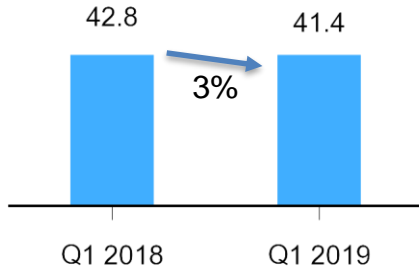
## Printer Revenue



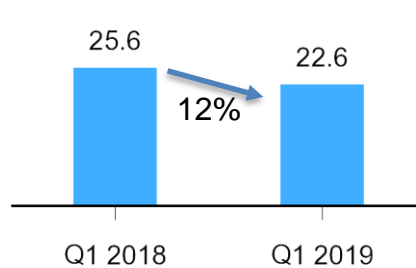
## Healthcare Revenue



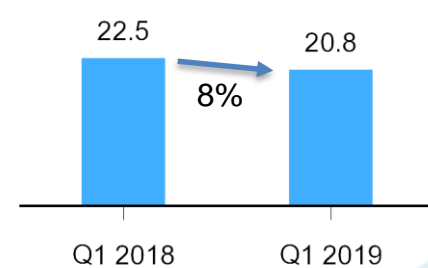
## Materials Revenue



## On Demand Revenue

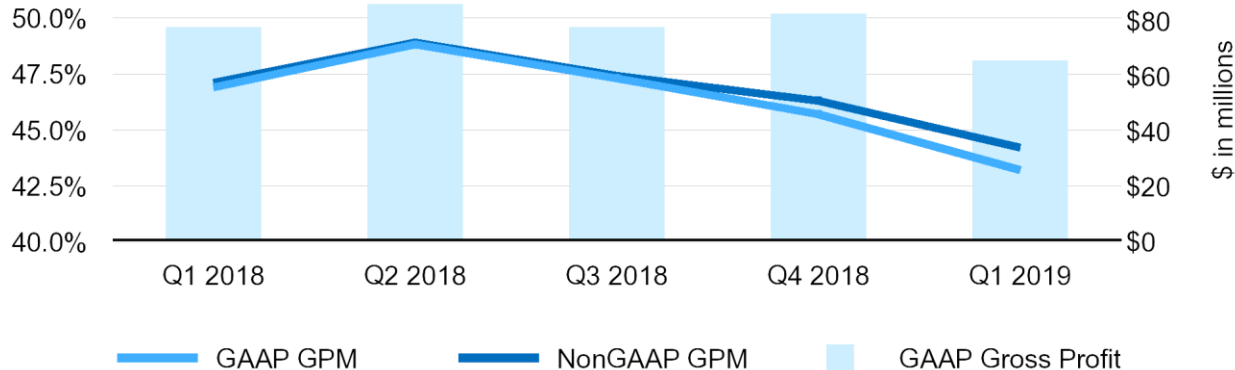


## Software Revenue



# Gross Profit and Margin

- GAAP GPM was 43.2% and non-GAAP GPM was 44.2% in Q1 2019
- Lower gross profit margin in Q1 2019 was driven by under absorption of supply chain overhead related to lower revenue and production during the quarter, as well as the impact of mix of sales
- We continue to drive supply chain optimization, manufacturing efficiencies and process improvements

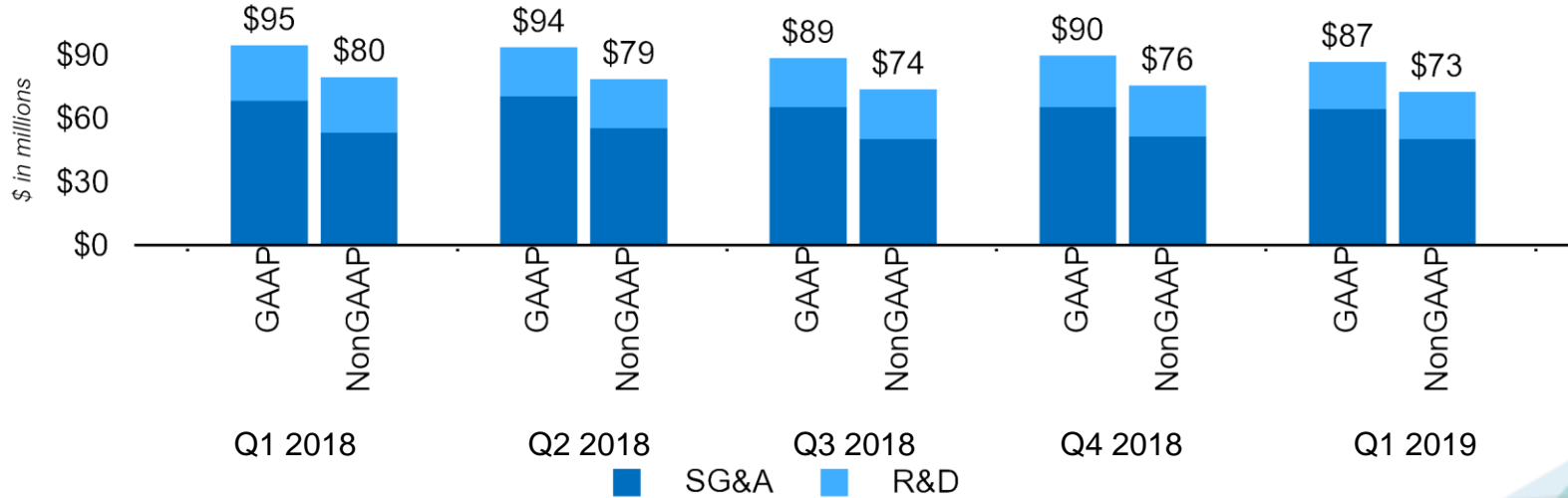


– For the periods presented above, GAAP and non-GAAP GPM were within 10 basis points; therefore, the lines overlap.

See appendix for a reconciliation of non-GAAP operating expenses.

# Operating Expenses

- GAAP operating expenses decreased 9% and non-GAAP operating expenses decreased 8% compared to the first quarter of the prior year
- We plan to accelerate cost reductions this year and drive profitability
- R&D is focused on materials and software development in 2019



See appendix for a reconciliation of non-GAAP operating expenses.

# Balance Sheet and Cash

- We used \$15.2 million of cash in operations and \$9.0 million in CapEx in the first quarter
- We ended the quarter with \$157.3 million of cash on hand
- We are investing in areas critical to long term growth while in parallel reducing costs in multiple areas and plan to drive inventory lower through the end of the year
- We expect cash use and generation will fluctuate from period to period, but plan to generate organic free cash flow in 2019



# Vyomesh Joshi (VJ)

President & Chief Executive Officer

# Summary

- We are focused on improving our cost structure and continuing to refine the organization and operations to drive profitable growth
- We have taken actions to accelerate previously planned cost reductions and will be taking additional steps over the coming quarters to reduce total 2019 expenses by \$10 million to \$15 million on top of our original plans for this year
- We are exiting the entertainment business, effective Q1 2019
- We are migrating to two primary businesses within the company:
  - Plastics and metals hardware and materials and on demand solutions
  - Software and healthcare workflow solutions

# Outlook

- We expect to ramp sales of new platforms and drive unit growth
- We expect materials growth to improve in the second half of 2019, and plan to launch additional materials for plastics this year
- Launched online portal for on demand services, which helps standardize and automate export related processes, which we believe will help return to growth in on demand solutions
- With the combination of software and healthcare, we believe we can further expand workflow solutions opportunities
- With the breadth and strength of our portfolio, we continue to have significant market opportunities and remain committed to executing on our strategy and driving long term profitable growth



# Q&A Session

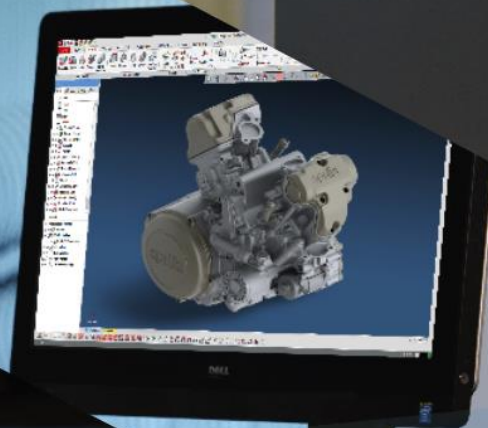
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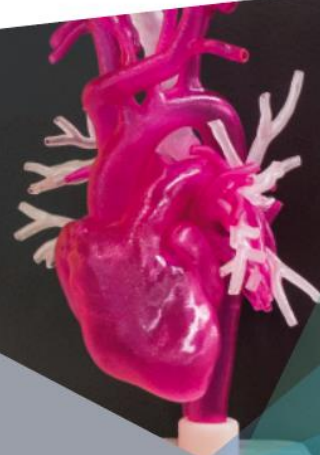
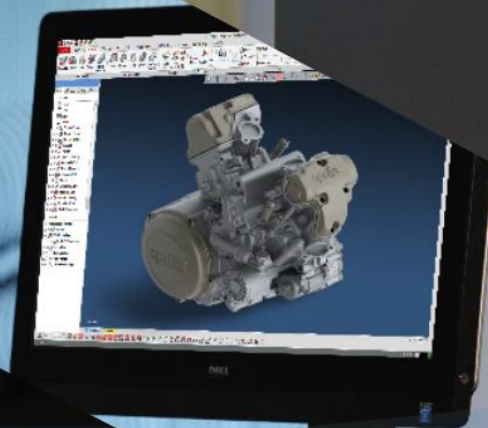


Thank You





# Appendix



# GAAP Revenue Summary by Category

<i>(in millions)</i>	Q1 2019	Q4 2018	Q1 2018	Sequential Better/(Worse)	Y/Y Better/(Worse)
Printers	\$ 28.0	\$ 40.7	\$ 39.3	(31)%	(29)%
Software Products	10.0	15.2	11.7	(34)%	(15)%
Other Products	12.9	15.3	11.6	(16)%	11%
<b>Total Products</b>	<b>50.9</b>	<b>71.1</b>	<b>62.6</b>	<b>(28)%</b>	<b>(19)%</b>
<b>Total Materials</b>	<b>41.4</b>	<b>42.0</b>	<b>42.8</b>	<b>(1)%</b>	<b>(3)%</b>
On Demand Manufacturing	22.6	27.7	25.6	(19)%	(12)%
Software Services	10.8	11.6	10.9	(7)%	(1)%
Other Services	26.3	28.4	23.9	(7)%	10%
<b>Total Services</b>	<b>59.6</b>	<b>67.7</b>	<b>60.4</b>	<b>(12)%</b>	<b>(1)%</b>
<b>Total Revenue</b>	<b>\$ 152.0</b>	<b>\$ 180.7</b>	<b>\$ 165.9</b>	<b>(16)%</b>	<b>(8)%</b>
Software	\$ 20.8	\$ 26.7	\$ 22.5	(22)%	(8)%
Healthcare	\$ 50.0	\$ 58.4	\$ 52.7	(14)%	(5)%

\* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.

# Non-GAAP Reconciliation - EPS

## First Quarter Non-GAAP Earnings (Loss) per Share

	Quarter Ended March 31,	
	2019	2018
<i>(in millions, except per share amounts)</i>		
GAAP Net loss attributable to 3D Systems Corporation	\$ (24.4)	\$ (21.0)
Adjustments:		
Amortization, stock-based compensation & other <sup>1</sup>	12.2	15.2
Legal, acquisition and divestiture related <sup>2</sup>	0.4	0.5
Cost optimization plan, including severance costs <sup>3</sup>	1.7	0.5
Impairment of cost-method investments <sup>4</sup>	—	1.4
Non-GAAP net income attributable to 3D Systems Corporation	<u>\$ (10.1)</u>	<u>\$ (3.4)</u>
Non-GAAP net income per share available to 3D Systems common stock holders - basic and diluted <sup>5</sup>	<u>\$ (0.09)</u>	<u>\$ (0.03)</u>

<sup>1</sup> For the quarter ended March 31, 2019, the adjustment included \$0.1 in COGS and \$12.1 in SG&A. For the quarter ended March 31, 2018, the adjustment included \$0.1 in COGS and \$15.1 in SG&A.

<sup>2</sup> For the quarter ended March 31, 2019, the adjustment included \$(1.8) in Revenues \$1.9 in COGS and \$0.7 in SG&A and \$(0.5) in other income (expense). For the quarter ended March 31, 2018, the adjustment included \$0.5 in SG&A.

<sup>3</sup> For the quarter ended March 31, 2019, the adjustment included \$0.4 in COGS, \$1.2 in SG&A. For the quarter ended March 31, 2018, the adjustment included \$0.2 in COGS and \$0.3 in SG&A.

<sup>4</sup> For the quarter ended March 31, 2018, the adjustment included \$1.4 in interest and other income (expense), net. No impairment was recorded in 2019.

<sup>5</sup> Denominator based on weighted average shares used in the GAAP EPS calculation.

\* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.

# Non-GAAP Reconciliation - Revenue

## 2019 Non-GAAP Revenue

	Quarter Ended March 31,	
	2019	
<i>(in millions)</i>		
<b>GAAP Revenue</b>	\$	152.0
Adjustments:		
Legal, acquisition and divestiture related		(1.8)
<b>Non-GAAP Revenue</b>	\$	150.2

\* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.

# Non-GAAP Reconciliation - GP and GPM

## 2019 Non-GAAP Gross Profit & Margin

<i>(in millions)</i>	Quarter Ended March 31,	
	2019	
<b>GAAP Gross Profit</b>	\$	65.7
<b>GAAP Gross Profit Margin</b>		43.2%
Adjustments:		
Amortization, stock-based compensation & other		0.1
Legal, acquisition and divestiture related		0.1
Cost optimization plan, including severance costs		0.4
<b>Non-GAAP Gross Profit</b>	\$	66.4
<b>Non-GAAP Gross Profit Margin</b>		44.2%

\* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.

# Non-GAAP Reconciliation - Operating Expense

## 2019 Non-GAAP Operating Expenses

<i>(in millions)</i>	Quarter Ended March 31,	
	2019	
<b>GAAP R&amp;D Expenses</b>	\$	21.9
<b>GAAP SG&amp;A Expenses</b>		65.1
<b>GAAP Operating Expenses</b>		87.0
<b>Non-GAAP R&amp;D Expenses</b>		21.9
Adjustments to SG&A Expenses:		
Amortization, stock-based compensation & other		12.1
Legal, acquisition and divestiture related		0.7
Cost optimization plan, including severance costs		1.2
Total Adjustments to SG&A Expenses		14.1
<b>Non-GAAP SG&amp;A Expenses</b>		51.0
<b>Non-GAAP Operating Expenses</b>	\$	72.9

\* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.

# Non-GAAP Reconciliation- GP and GPM

## Full Year 2018 Non-GAAP Gross Profit & Margin

<i>(in millions)</i>	2018				
	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31	December 31
<b>GAAP Gross Profit</b>	\$ 77.9	\$ 86.2	\$ 77.8	\$ 82.6	\$ 324.4
<b>GAAP Gross Profit Margin</b>	46.9%	48.8%	47.3%	45.7%	47.2%
Adjustments:					
Amortization, stock-based compensation & other	0.1	0.1	0.1	(0.2)	0.1
Legal and acquisition-related	—	—	—	0.6	0.6
Cost optimization plan	0.2	0.2	0.1	0.7	1.1
<b>Non-GAAP Gross Profit</b>	\$ 78.1	\$ 86.4	\$ 78.0	\$ 83.6	\$ 326.2
<b>Non-GAAP Gross Profit Margin</b>	47.1%	48.9%	47.4%	46.3%	47.4%

\* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.



# Non-GAAP Reconciliation - Operating Expense

## Full Year 2018 Non-GAAP Operating Expenses

<i>(in millions)</i>	2018				
	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31	December 31
<b>GAAP R&amp;D Expenses</b>	\$ 25.9	\$ 22.7	\$ 23.2	\$ 23.5	\$ 95.3
<b>GAAP SG&amp;A Expenses</b>	69.5	71.2	65.6	66.1	272.3
<b>GAAP Operating Expenses</b>	95.3	93.9	88.8	89.6	367.6
Adjustments to R&D Expenses:					
Cost optimization plan <sup>1</sup>	—	0.2	0.3	—	0.5
<b>Non-GAAP R&amp;D Expenses</b>	25.9	22.5	22.8	23.5	94.8
Adjustments to SG&A Expenses:					
Amortization, stock-based compensation & other	15.1	14.3	15.1	14.1	58.6
Legal and acquisition-related	0.4	(0.4)	(0.7)	(1.0)	(1.7)
Cost optimization plan	0.4	0.7	0.4	0.8	2.4
Total Adjustments to SG&A Expenses	15.9	14.6	14.8	13.9	59.2
<b>Non-GAAP SG&amp;A Expenses</b>	53.6	56.6	50.8	52.2	213.1
<b>Non-GAAP Operating Expenses</b>	\$ 79.4	\$ 79.1	\$ 73.7	\$ 75.7	\$ 307.9

<sup>1</sup> For the quarter ended March 31, 2018, the adjustment included approximately \$32 thousand and therefore rounded down.

\* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.



Thank You

