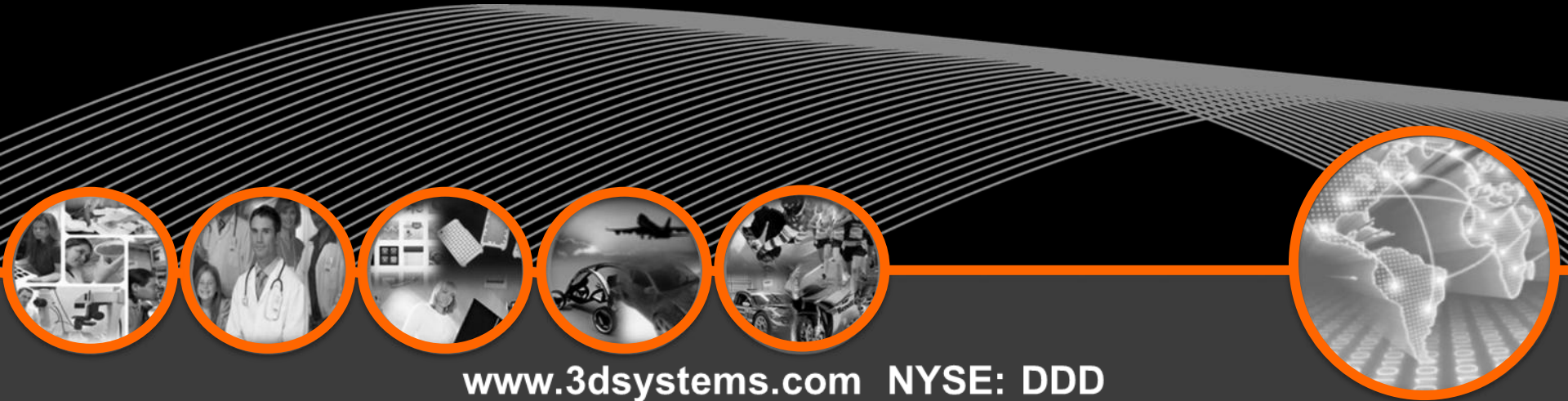




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3DSYSTEMS™

**Conference Call and Webcast
Fourth Quarter and Full Year 2012**



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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- **Participant Code:
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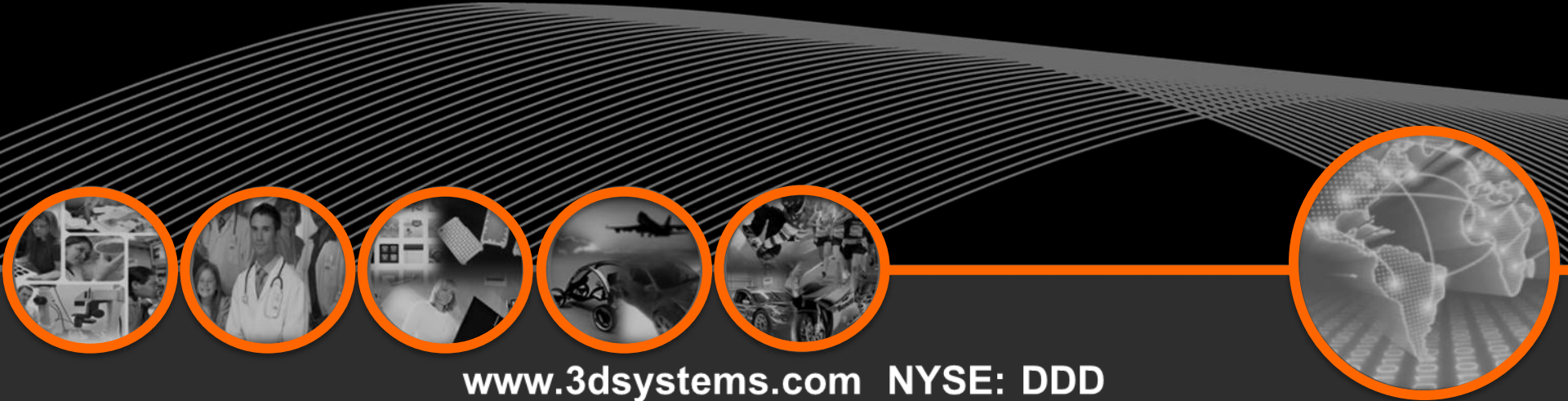


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Operating Results

Avi Reichental, President & CEO



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2012 Highlights

Fourth-Quarter 2012

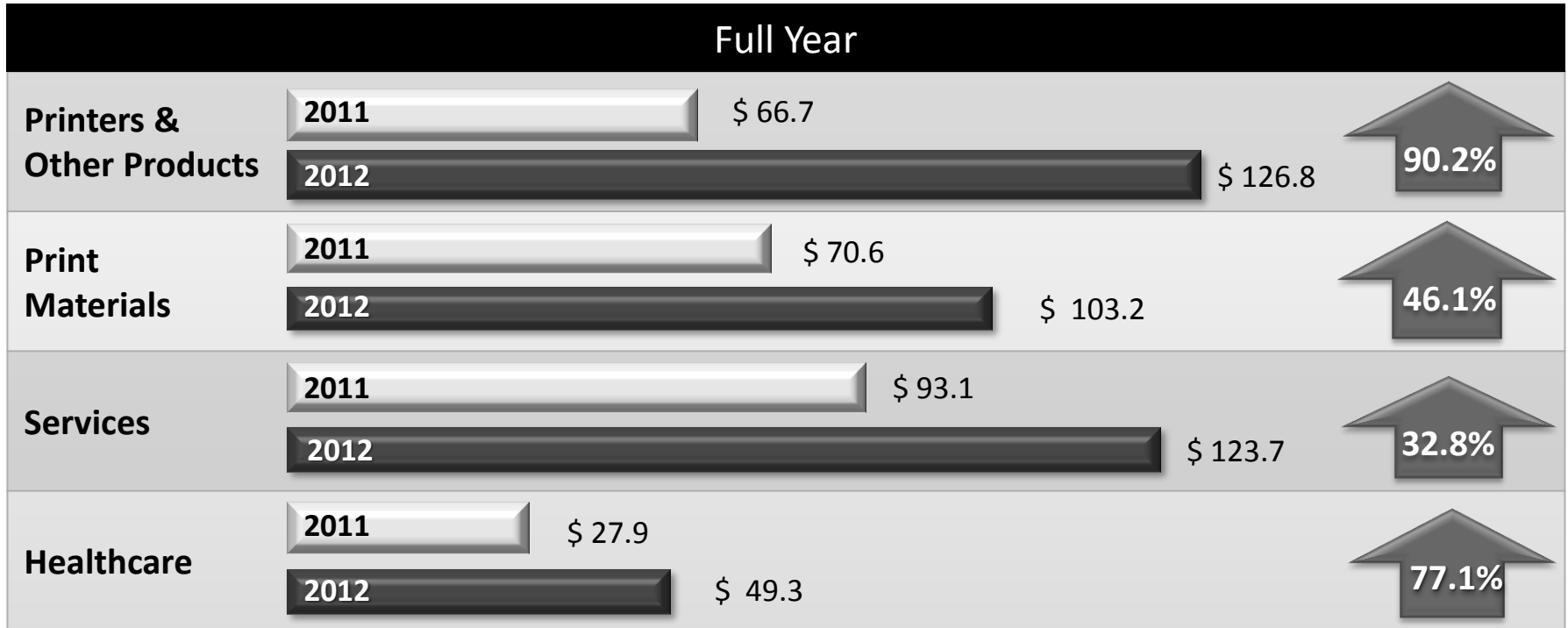
- Revenue grew 45%, to record \$101.6 million on a 93% surge in printers/other products sales and 18.8% organic growth
- Quarter-end backlog expanded 23% sequentially to \$11.4 million and included \$3.2 million of current printers sales
- Gross profit increased 60% on higher revenue and GPM expanded 460 basis points to 51.7%

Full-Year 2012

- Revenue grew 54% to record \$353.6 million on a 90% boost in printers/other products sales and 22.4% organic growth
- Gross profit increased 66% on higher revenue and GPM expanded 390 basis points to 51.2%
- Sixteen new products, several key acquisitions and expanded sales channels contributed to our results and position us for continued success

Record Annual Revenue

\$ in millions



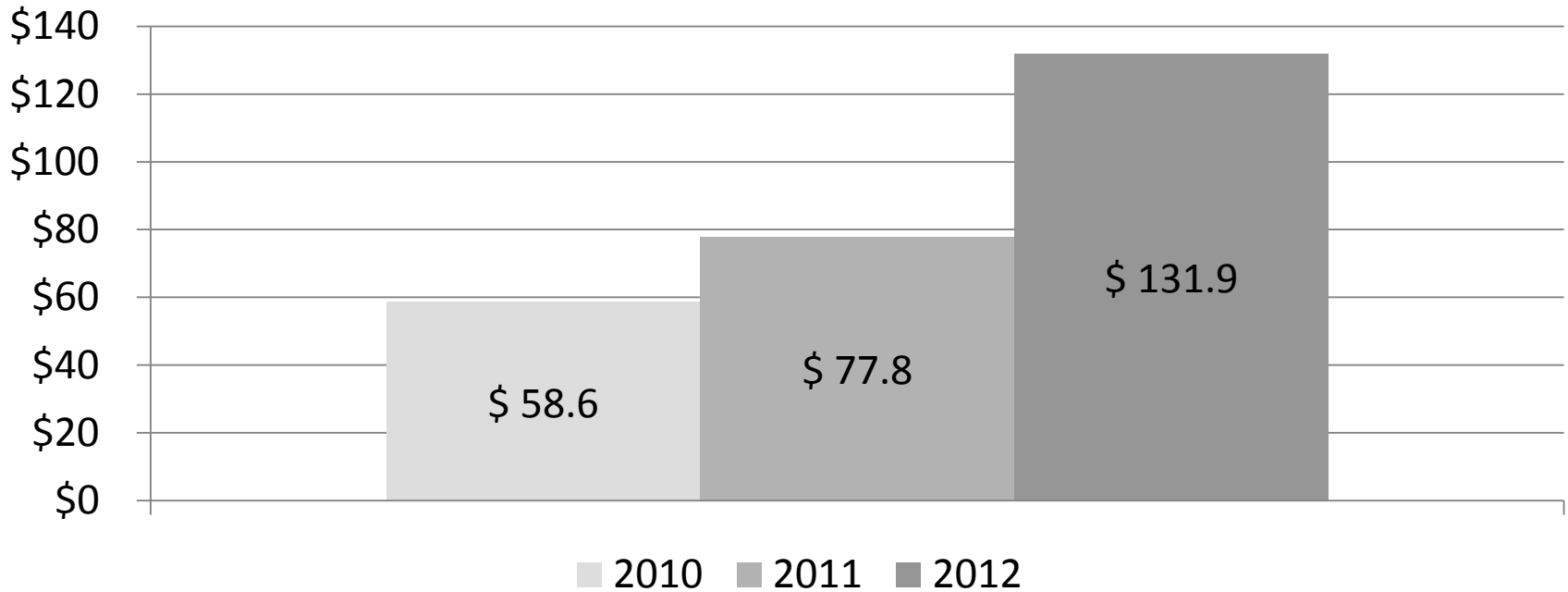
53.5% total revenue growth

22.4% organic revenue growth

New Products Fuel Our Growth

\$ in millions

New Products Revenue



2012 Comparison to 2011

Commercialized 16 new products

New products revenue up 70%

Integrated materials revenue up 76%

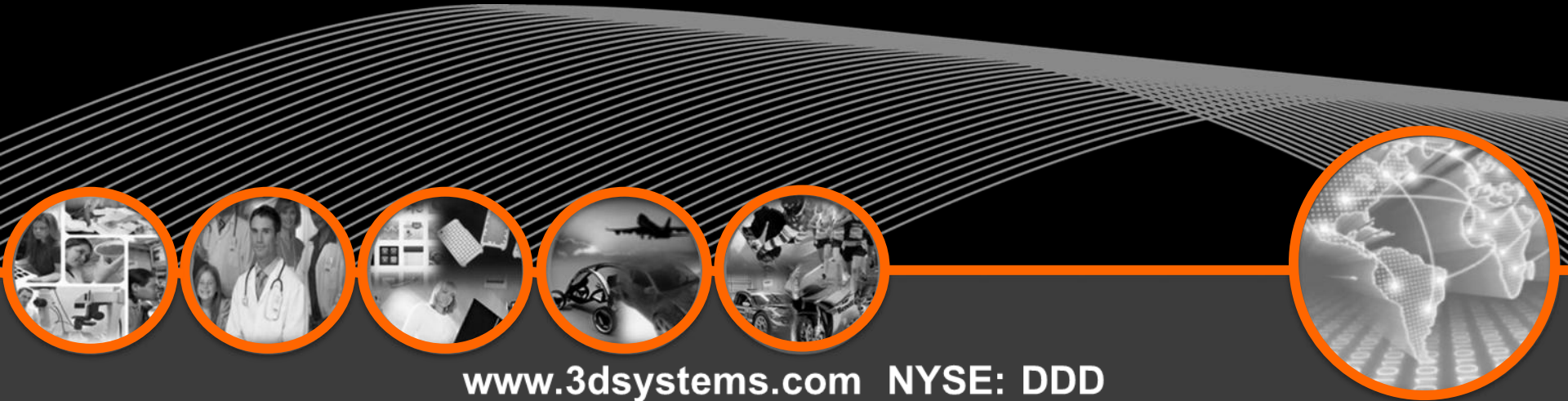


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Financial Review

Damon Gregoire, Senior Vice President and CFO



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Fourth Quarter Operating Results

\$ in millions, except earnings per share

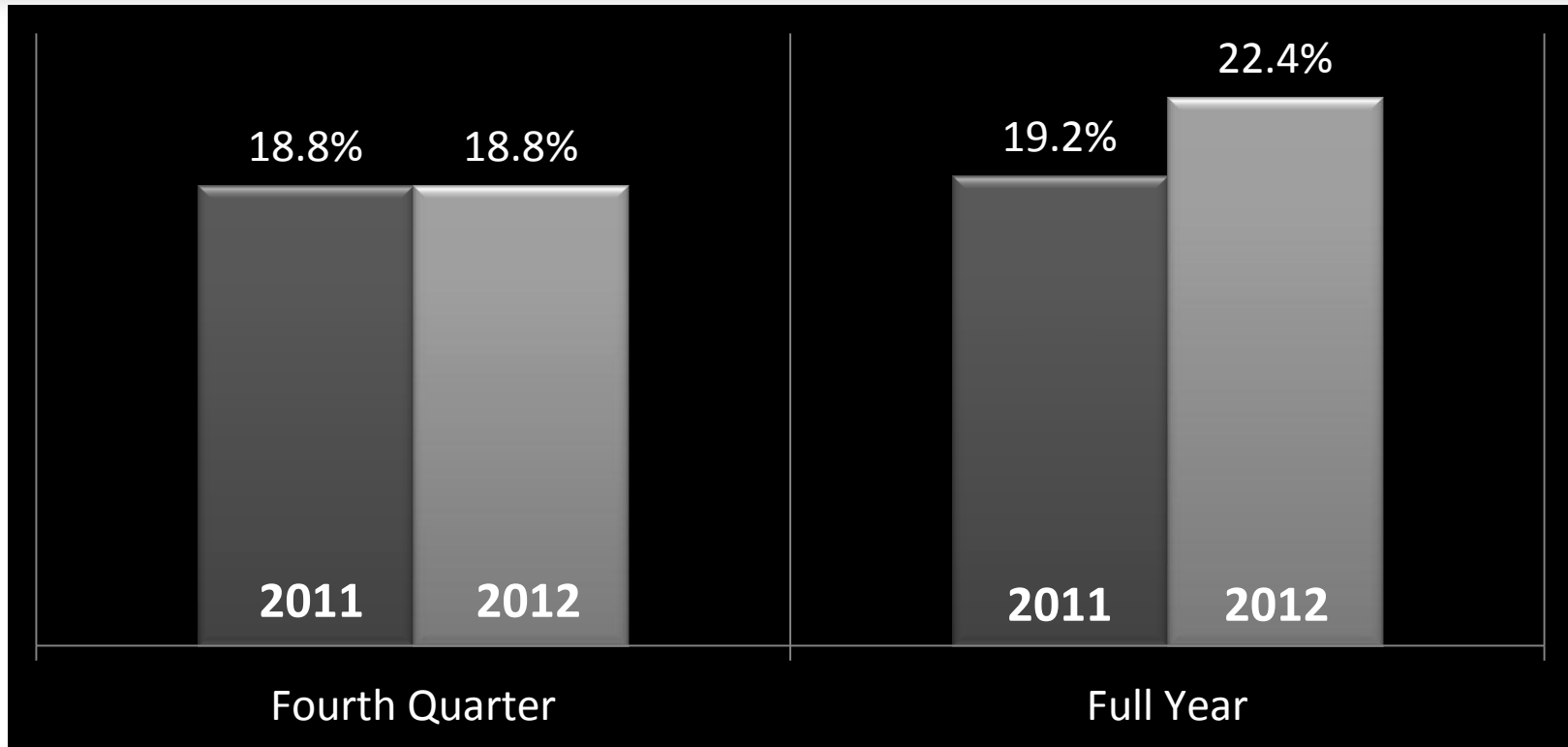
Fourth Quarter – Non-GAAP			
Drivers	2011	2012	% Change Favorable/(Unfavorable)
Revenue	\$ 69.9	\$ 101.6	45.4%
Gross Profit	\$ 32.9	\$ 52.6	59.7%
<i>% of Revenue</i>	47.1%	51.7%	
Operating Expenses	\$ 16.8	\$ 28.2	(67.5%)
<i>% of Revenue</i>	24.1%	27.7%	
Net Income	\$ 13.8	\$ 22.6	63.6%
<i>% of Revenue</i>	19.8%	22.2%	
Depreciation & Amortization	\$ 1.5	\$ 2.4	(63.3%)
<i>% of Revenue</i>	2.1%	2.3%	
Diluted Earnings Per Share	\$ 0.27	\$ 0.39	44.4%

2012 Operating Results

\$ in millions, except earnings per share

Full Year – Non-GAAP			
Drivers	2011	2012	% Change Favorable/(Unfavorable)
Revenue	\$ 230.4	\$ 353.6	53.5%
Gross Profit	\$ 109.3	\$ 181.4	66.0%
<i>% of Revenue</i>	47.4%	51.3%	
Operating Expenses	\$ 63.0	\$ 99.8	(58.3%)
<i>% of Revenue</i>	27.4%	28.2%	
Net Income	\$ 41.0	\$ 67.9	65.7%
<i>% of Revenue</i>	17.8%	19.2%	
Depreciation & Amortization	\$ 6.0	\$ 10.1	(67.4%)
<i>% of Revenue</i>	2.6%	2.9%	
Diluted Earnings Per Share	\$ 0.81	\$ 1.25	54.3%

Organic Growth Trend



We consider acquired revenue as such from the date of acquisition until its 12-month anniversary date

From its 12-month anniversary going forward, we add the actual total first year revenue to our total base and count only the incremental revenue growth over our total base as organic growth

Non-GAAP Reconciliation

<i>(in millions, except per share amounts)</i>	Quarter Ended December 31,		Year Ended December 31,	
	2011	2012	2011	2012
GAAP Net Income	\$ 8.0	\$ 10.9	\$ 35.4	\$ 38.9
Adjustments (tax effected):				
Stock-based compensation	\$ 0.8	\$ 1.3	\$ 2.6	\$ 4.6
Amortization of intangibles (a)	\$ 2.1	\$ 2.9	\$ 5.1	\$ 11.5
Acquisition and severance expense	\$ 2.5	\$ 2.0	\$ 3.7	\$ 5.0
Non-cash interest expenses	\$ 0.4	\$ 0.9	\$ 0.4	\$ 3.5
Loss on conversion of convertible debt	-	\$ 5.2	-	\$ 6.3
Net gain on acquisitions and litigation settlements	-	-	-	(\$ 1.3)
Release of valuation allowance on deferred tax assets	-	(\$ 0.6)	(\$ 6.2)	(\$ 0.6)
Non-GAAP adjusted net income	\$ 13.8	\$ 22.6	\$ 41.0	\$ 67.9
Non-GAAP adjusted income per share – basic	\$ 0.27	\$ 0.39	\$ 0.82	\$ 1.26
Non-GAAP adjusted income per share – diluted	\$ 0.27	\$ 0.39	\$ 0.81	\$ 1.25

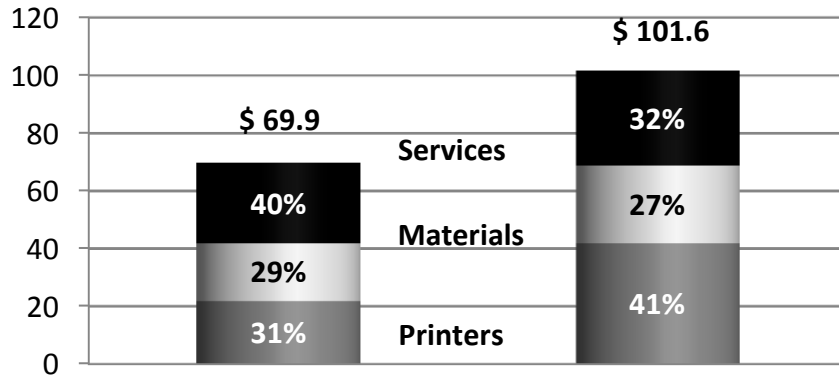
-Columns may not foot due to rounding

(a) Represents amortization expense for the quarters ended December 31, 2011 and 2012 of which \$0.1 million each quarter, is included in cost of sales and the remaining \$2.0 million and \$2.8 million, respectively, is included in operating expenses. Represents amortization expense for the year ended December 31, 2011 and 2012 of which \$0.2 million each year, is included in cost of sales and the remaining \$4.8 million and \$11.3 million, respectively, is included in operating expenses.

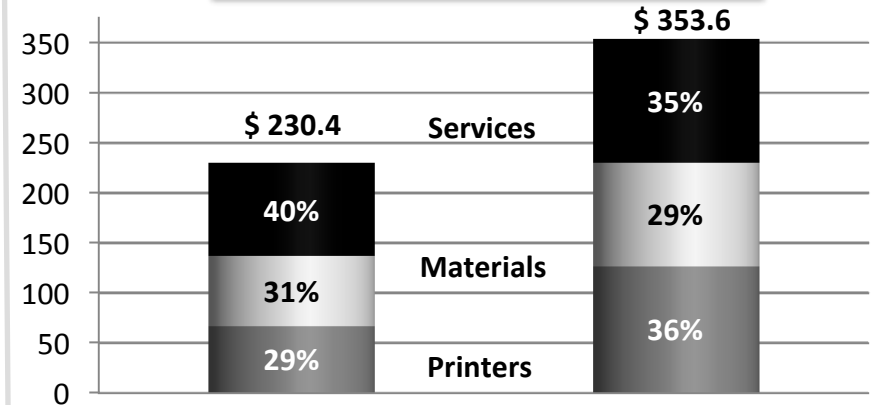
Revenue by Category & Geography

\$ in millions

Fourth Quarter

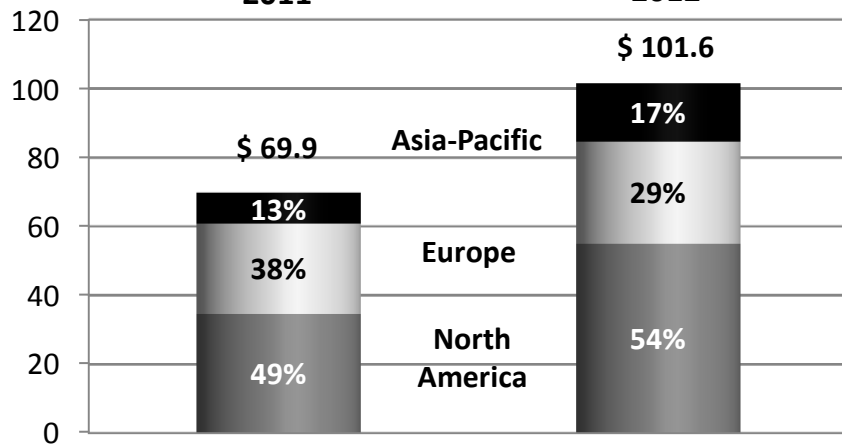


Full Year



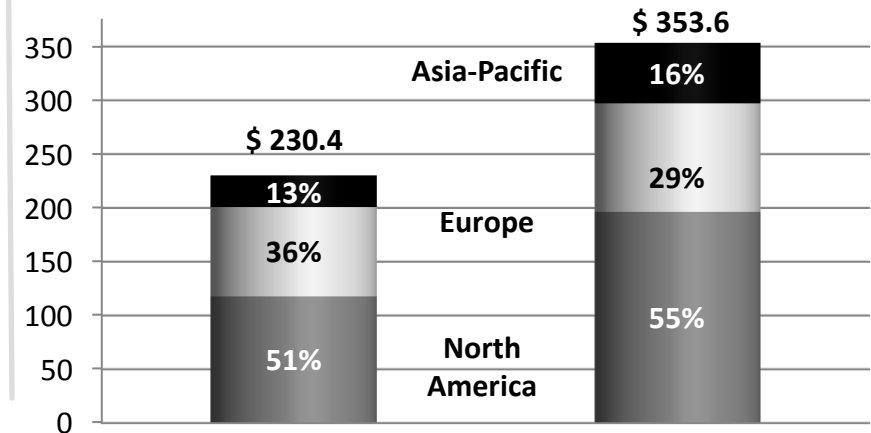
2011

2012



2011

2012



Q4 and full year 2012 recurring revenue accounted for 59% and 64% of total revenue

Gross Profit and Margin

Fourth Quarter

Category	2011		2012		Yr-Yr%	
	\$ Millions	Gross Profit Margin	\$ Millions	Gross Profit Margin	\$	Margin
Printers & other products	\$ 7.9	36.2%	\$ 18.0	43.1%	128.5%	18.8%
Print materials	\$ 13.2	65.5%	\$ 19.0	71.0%	44.0%	8.3%
Services	\$ 11.8	42.1%	\$ 15.4	46.9%	31.1%	11.4%
Total	\$ 32.9	47.0%	\$ 52.5	51.7%	59.7%	9.9%

Full Year

Category	2011		2012		Yr-Yr%	
	\$ Millions	Gross Profit Margin	\$ Millions	Gross Profit Margin	\$	Margin
Printers & other products	\$ 25.0	37.4%	\$ 54.3	42.8%	117.4%	14.3%
Print materials	\$ 45.8	64.8%	\$ 70.4	68.2%	53.9%	5.4%
Services	\$ 38.3	41.1%	\$ 56.5	45.7%	47.5%	11.1%
Total	\$ 109.0	47.3%	\$ 181.2	51.2%	66.2%	8.3%

-Columns may not foot due to rounding

Operating Expenses

Fourth Quarter

\$ in millions	GAAP			Non-GAAP		
	2011	2012	% Change Favorable/(Unfavorable)	2011	2012	% Change Favorable/(Unfavorable)
Category						
SG&A	\$ 17.6	\$ 26.5	(51.0%)	\$ 12.2	\$ 20.4	(66.6%)
R&D	\$ 4.6	\$ 7.8	(69.9%)	\$ 4.6	\$ 7.8	(69.9%)
Total Operating Expenses	\$ 22.2	\$ 34.3	(54.9%)	\$ 16.8	\$ 28.2	(67.5%)
% of Revenue	31.7%	33.8%		24.1%	27.7%	

Full Year

\$ in millions	GAAP			Non-GAAP		
	2011	2012	% Change Favorable/(Unfavorable)	2011	2012	% Change Favorable/(Unfavorable)
Category						
SG&A	\$ 59.8	\$ 97.4	(62.9%)	\$ 48.7	\$ 76.6	(57.3%)
R&D	\$ 14.3	\$ 23.2	(61.9%)	\$ 14.3	\$ 23.2	(61.9%)
Total Operating Expenses	\$ 74.1	\$ 120.6	(62.7%)	\$ 63.0	\$ 99.8	(58.3%)
% of Revenue	32.2%	34.1%		27.4%	28.2%	

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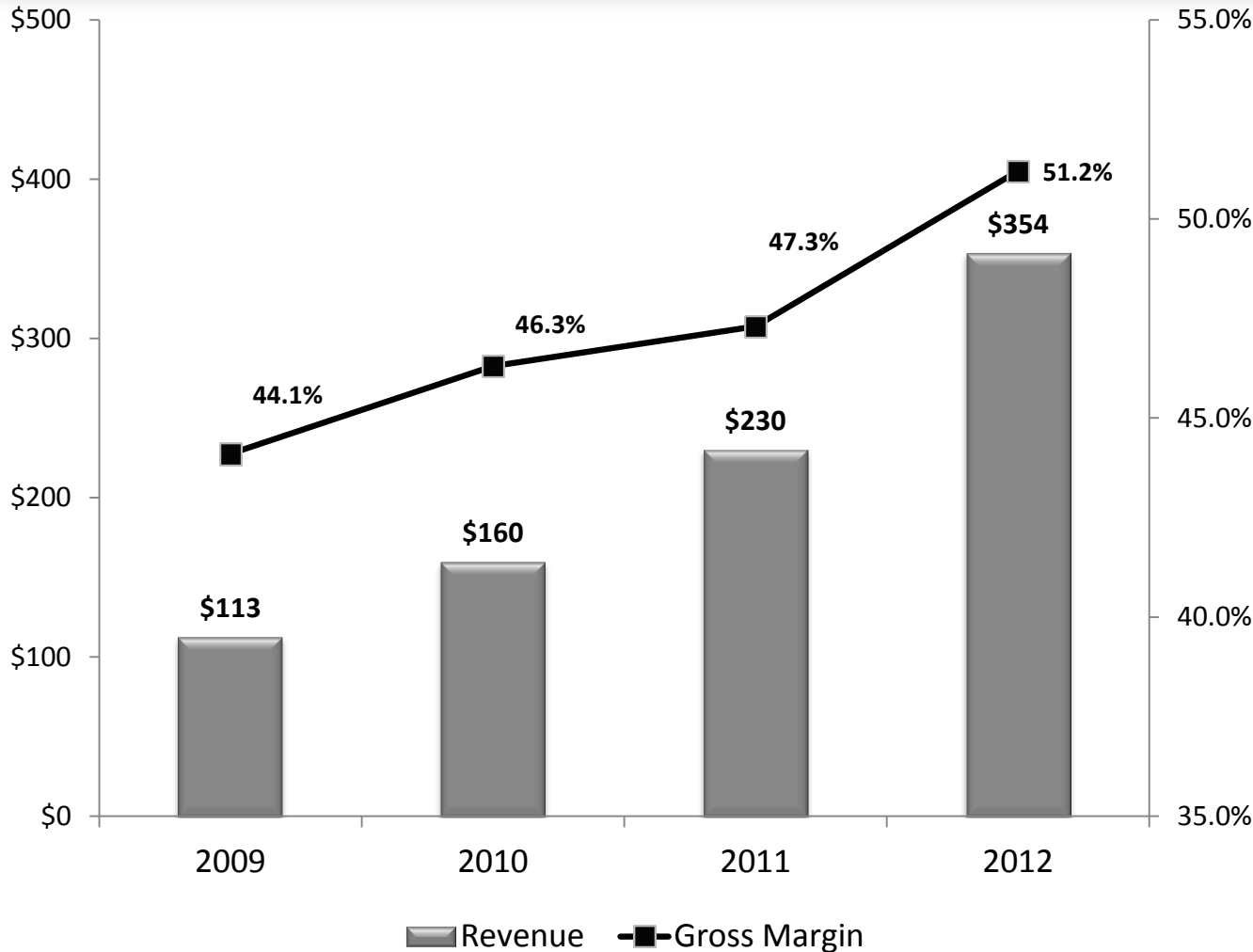
Working Capital

(\$ in millions)	December 2011	December 2012	% Change Favorable/(Unfavorable)
Cash	\$ 179.1	\$ 155.9	(13.0%)
Inventory	\$ 25.3	\$ 41.8	(65.4%)
Accounts Receivable	\$ 51.2	\$ 79.9	56.0%
Accounts Payable	\$ 25.9	\$ 32.1	(23.9%)
Working Capital	\$ 202.4	\$ 212.3	4.9%

- Cash on hand at end of 2012 compared to the end of 2011 decreased **\$23.2** million after raising **\$106.9** million from our common stock offering, paying **\$183.7** million for acquisitions and generating **\$53.0** million from operations
- Since September 2009, our cash on hand **increased \$117.1** million after excluding **\$314.3** million of proceeds from capital markets transactions and **\$299.7** million cash paid for acquisitions

Performance Improvements

\$ in millions

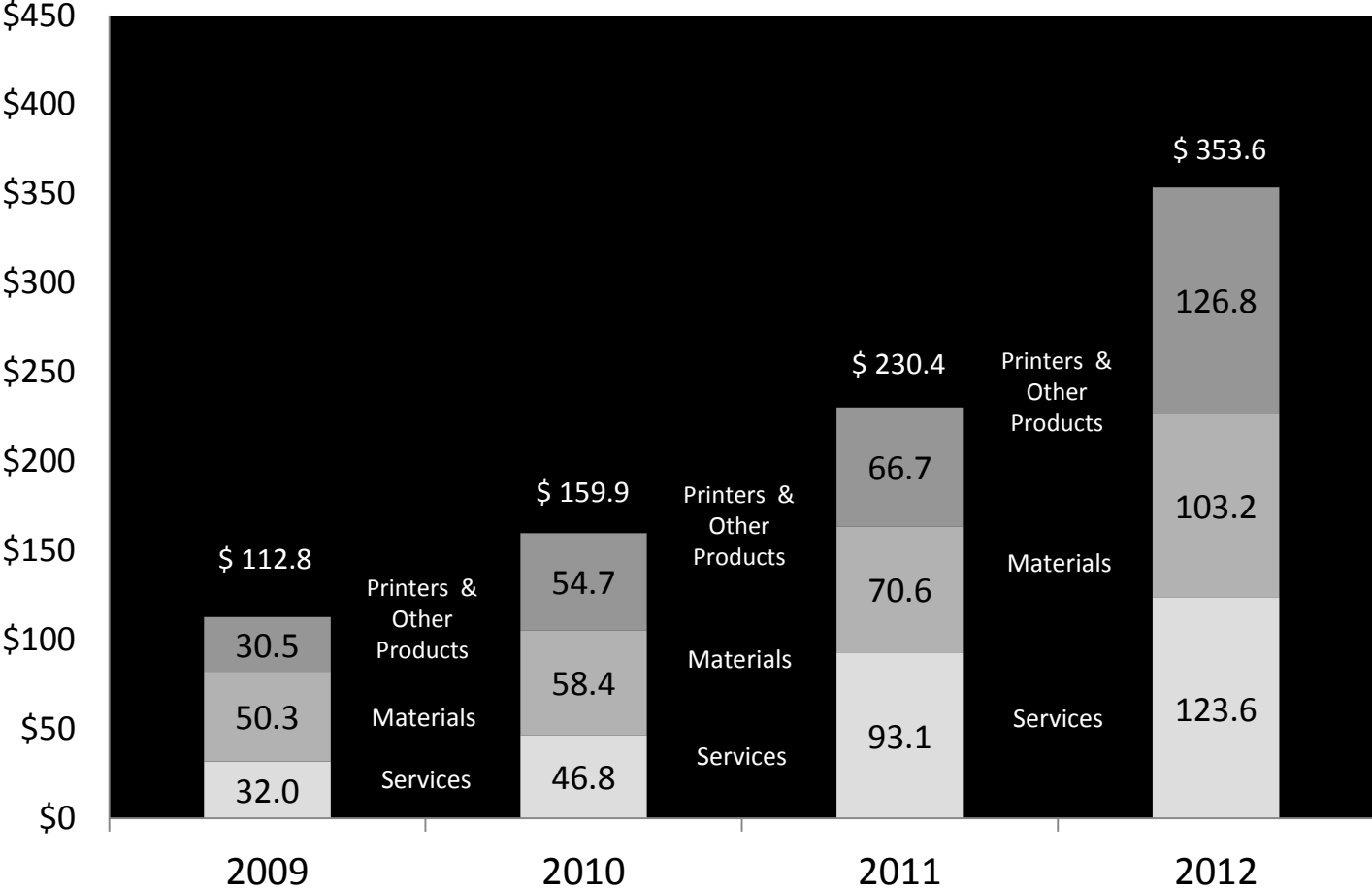


55.0%
50.0%
45.0%
40.0%
35.0%

Non-GAAP Performance Drivers	2012 Vs. 2011 % Change
Revenue	54%
Printer units	124%
Gross profit	66%
Net income	66%
Net income per employee	17%
Diluted earnings per share	54%

Revenue Trends

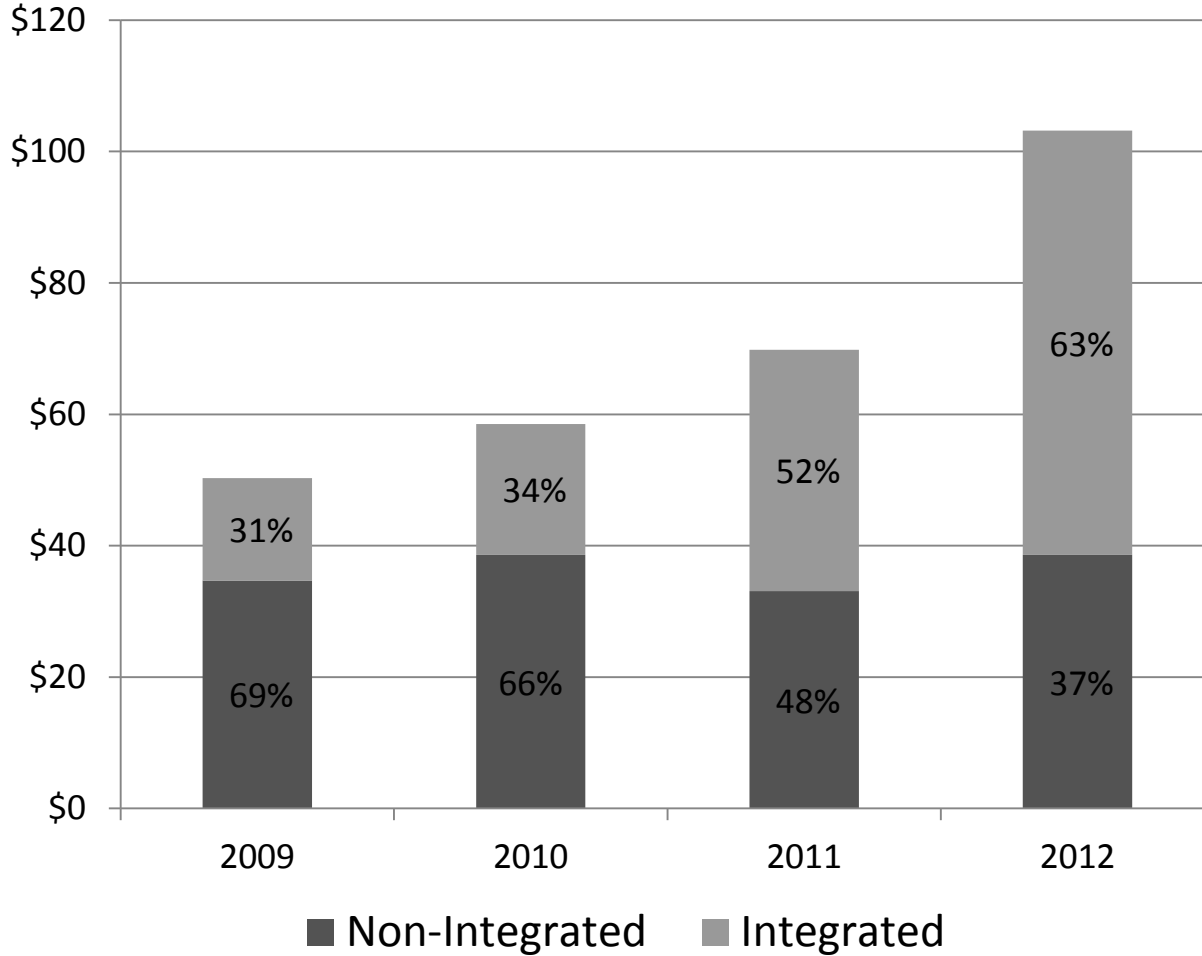
\$ in millions



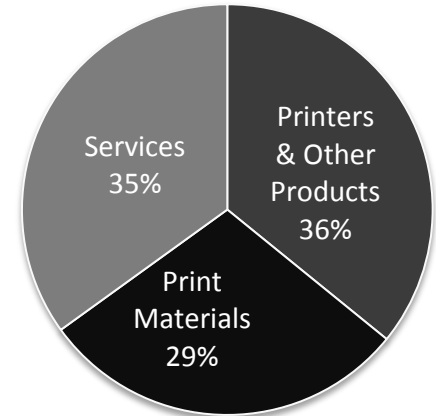
Revenue Category	Compound Annual Growth Rate
Printers & Other Products	61%
Print Materials	27%
Services	57%

Gross Profit Drivers

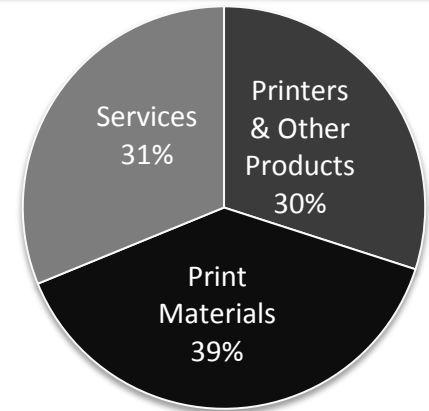
\$ in millions



2012 Revenue by Category



2012 Gross Profit by Category



2013 Guidance

Revenue

- We expect revenue for the full year to be in the range of **\$440 million to \$485 million***

Earnings

- We expect split-adjusted non-GAAP earnings per share to be in the range of **\$1.00 to \$1.15***

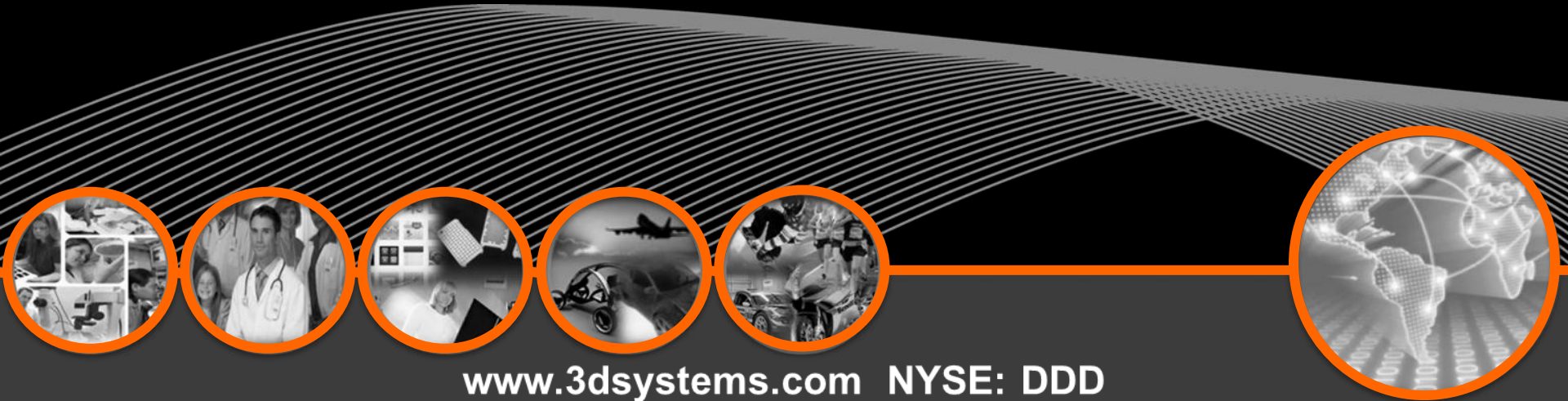
*Inclusive of Geomagic, which we expect to close by the end of February



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Outlook and Progress
Avi Reichental, President and CEO



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Strategic Growth Initiatives Update



In support of our rapidly growing 3D printer business, we launched the eight new ProJet® 3D 3510 professional printers and two new print materials: VisiJet® Pearlstone, dental material, and VisiJet® X, ABS performance material



In support of our consumer initiative, we launched the second generation Cube® and the new CubeX™ at CES in January, winning a KAPi award and Best of CES in emerging tech. we also acquired COWEB, a startup in France with technology to customized 3D printed novelty items and collectibles



In support of our on-demand parts growth initiative, we acquired TIM, a leading provider in the Netherlands, and expanded our QuickParts® technology to Europe and Asia-Pacific



In support of our 3D authoring solutions growth initiative, we acquired Rapidform® a global provider of 3D scan-to-CAD and inspection software tools based in South Korea and announced a definitive agreement to acquire Geomagic, a provider of design, sculpt, and scan software tools, which we expect to close by the end of February

Outlook

We entered 2013 with positive sales momentum driven by strong demand and \$11.4 million backlog, including \$5.9 million of on-demand parts

We expect continued strong growth along with gross profit margin expansion in line with our higher revenue targets

We are pleased with our consumer solutions progress and expect consumer products revenue to reach material levels in the second half of 2013

We expect continued portfolio diversification, expanded channels and focused growth initiatives to deliver improved results

We expect to accelerate the pace of new printers and product launches and to commercialize Bespoke personalized medical devices in the second half of 2013

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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