

Conference Call and Webcast

Discussion of First Quarter 2010 Results



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NASDAQ: TDSC - www.3dsystems.com

Participants

- ❑ Amanda Molbert
Coordinator, Investor Relations
- ❑ Abe Reichental
President & Chief Executive Officer
- ❑ Damon Gregoire
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:
 - 1-888-336-3485 in the United States
 - 1-706-634-0653 from outside the United States
 - Participant Code: 70048832

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Operating Results

Abe Reichental, President & CEO



First Quarter 2010 Overview

- ❑ Improved business conditions resulted in revenue growth from all revenue buckets.
- ❑ We expanded gross margin and lowered operating expenses driven in part by our ongoing operational and quality improvements.
- ❑ We continued to expand our 3Dparts™ service organically and through acquisitions.
- ❑ We believe that our marketplace conditions have stabilized.
- ❑ We expect to be able to preserve and expand the operating leverage in our P&L.

Our improved performance resulted in \$2.0 million net income.

Financial Review

Damon Gregoire, Vice President & CFO



First Quarter 2010 Operating Results

(\$ Millions except per share amounts)

First Quarter			
Operating Results	2010	2009	% Change Favorable (Unfavorable)
Revenue	\$ 31.6	\$ 24.0	32%
Gross Profit	\$ 14.3	\$ 10.5	37%
% of Revenue	45%	44%	
Operating Expenses	\$ 11.7	\$ 12.1	3%
% of Revenue	37%	50%	
Net Income (Loss)	\$ 2.0	(\$2.1)	NM
Depreciation & Amortization	\$ 1.5	\$ 1.6	6%
% of Revenue	5%	7%	
Fully Diluted Earnings (Loss) Per Share	\$0.09	(\$0.09)	NM

Factors Shaping First Quarter Results

(\$ Millions)

Q1-10 vs. Q1-09 Revenue Growth				
	<u>2010</u>	<u>2009</u>	<u>Growth</u>	<u>% Growth</u>
Systems	\$8.8	\$4.9	\$3.9	81%
Materials	13.6	10.6	3.0	28%
Services	9.2	8.5	0.7	8%
Total	31.6	24.0	7.6	32%

- ❑ **Systems revenue in Q1 2010 consisted of:**
 - ❑ 25% large-frame systems (9% in Q1 2009)
 - ❑ 21% mid-frame systems (37% in Q1 2009)
 - ❑ 54% 3-D printers (54% in Q1 2009)
- ❑ **Services revenue includes:**
 - ❑ Maintenance and warranty contract revenue
 - ❑ Sales of system upgrades
 - ❑ Installation of and training on machines
 - ❑ 3Dparts™ sales

Healthcare Solutions First Quarter Revenue

- ❑ Healthcare Solutions represented 12% of total revenue.
- ❑ Recurring revenue from materials and services amounted to 68% of total Healthcare Solutions revenue.
- ❑ Healthcare Solutions revenue consists of sales of systems, materials and services into:
 - ❑ Hearing aid applications,
 - ❑ Dental applications,
 - ❑ Medical device applications and
 - ❑ Other healthcare applications.
- ❑ Given its early development stage, Healthcare Solutions revenue may fluctuate due to timing of Production Systems sales within a reporting period.

Recurring materials and services revenue amounted to 68% of total Healthcare Solutions sales.

Factors Shaping First Quarter Results

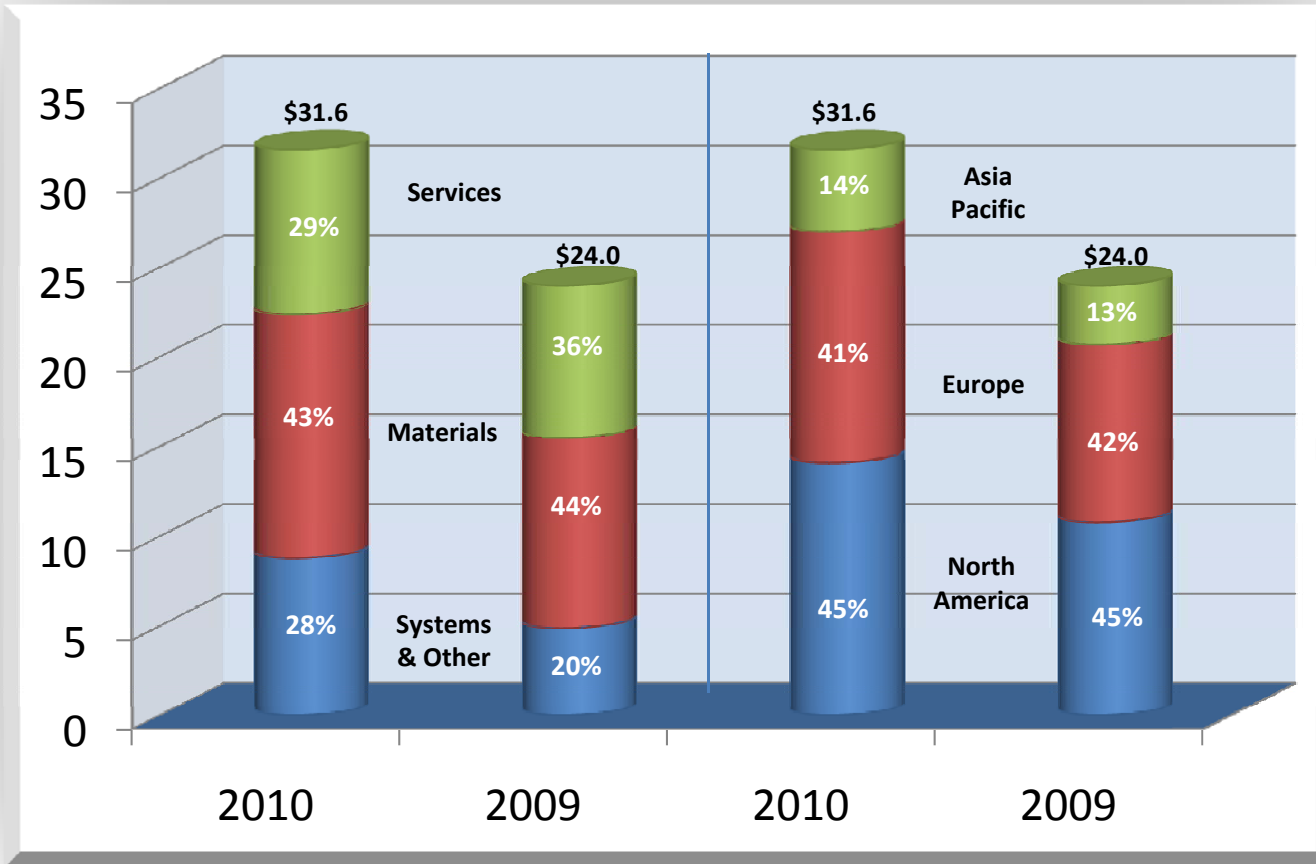
(\$ Millions)

	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10
Total Operating Expenses	\$ 12.1	\$ 11.7	\$ 11.2	\$ 11.7	\$ 11.7
Gross Profit Margin	44%	44%	45%	44%	45%
Cash	\$ 23.4	\$ 24.0	\$ 24.0	\$ 24.9	\$ 26.6
Inventory	\$ 19.9	\$ 19.1	\$ 20.3	\$ 18.4	\$ 20.3

- ❑ Gross margin and operating expenses both improved compared to the first quarter of 2009.
- ❑ Net income of \$2.0 million included \$1.8 million of non-cash expenses.
- ❑ Cash position improved from the previous quarter to \$26.6 million, even after funding our acquisition of Moeller Design.
- ❑ Inventory increased due in part to the timing of sales and revenue recognition at quarter-end.

First Quarter Revenue Composition by Category and Region

(\$ Millions)



Recurring revenue represents nearly three-quarters of total revenue.

First Quarter 2010 Gross Profit and Margin

	First Quarter 2010		First Quarter 2009		Yr-Yr %	
	\$ Millions	% Revenue	\$ Millions	% Revenue	\$	Margin
Systems	\$ 3.1	36%	\$ 0.9	18%	268%	105%
Materials	\$ 8.3	61%	\$ 6.7	63%	23%	(4%)
Services	\$ 2.9	32%	\$ 2.9	34%	0%	(8%)
TOTAL	\$ 14.3	45%	\$10.5	44%	37%	4%

Systems gross profit margin benefited from:

- The continued favorable impact of operational and cost improvements and
- Better overhead absorption over a larger revenue base.

First Quarter Working Capital Update



First Quarter Working Capital Update

(\$ Thousands)

Inventory	
Balance at 12/31/09	\$ 18,378
Q1 2010 Increase	1,900
Balance at 3/31/10	\$ 20,278

Cash	
Balance at 12/31/09	\$ 24,913
Q1 2010 Increase	1,723
Balance at 3/31/10	\$ 26,636

Progress & Outlook

Abe Reichental, President & CEO



Recent Developments



- ❑ We launched the ProJet™ MP 3000 dental production system.
- ❑ We continued to expand our 3Dparts™ services by:
 - ❑ Acquiring Moeller Design (Q1 2010)
 - ❑ Acquiring Design Prototyping Technologies (Q2 2010)

Growth Drivers

- ❑ We entered the second quarter of 2010 with a strong sales funnel.
- ❑ We expect sales of our expanding lineup of 3-D printers to continue to grow, helped by our V-Flash® and new ProJet™ printers.
- ❑ We are pleased with the progress we are making on 3Dproparts™ and expect to continue to grow this activity globally.
- ❑ We expect sales of our Healthcare Solutions to increase, benefiting from our expanding portfolio and technology leadership.



Revenue Outlook

- ❑ We are optimistic about our ability to continue to make progress even though economic conditions remain uncertain.
- ❑ We expect continued revenue growth during 2010 given our strengthened portfolio of products and services.
- ❑ We expect 3Dproparts™ revenue to reach 15-20% of our ongoing total revenue by the end of 2010 from continued organic growth and through additional strategic acquisitions globally.

We expect to benefit competitively from our new products and expanded services portfolio and stronger financial position.

Gross Profit and Operating Expenses Outlook

- We expect our gross profit margin to remain stable despite:
 - Potential adverse systems mix in favor of lower margin printers and integration period of acquired businesses and
 - Continued negative 2-4 percentage point drag from V-Flash® through the first half of 2010.
- We expect SG&A to be in the range of **\$27.5-31.5 million** for the remainder of 2010:
 - Inclusive of our anticipated litigation expenses as we currently understand them and
 - Increased operating costs associated with 3Dproparts™ acquisitions we made thus far.
- We expect R&D spending for the remainder of 2010 to be in the range of **\$7.5-9.0 million** while keeping pace with our planned new product introductions.

We believe that we can further enhance our operational effectiveness and optimize our operating costs.

Bottom Line

- ❑ Our sales funnel remains robust.
- ❑ Our Parts, Printers and Production Systems are expected to generate increased OEM demand.
- ❑ Our business model is built around significant, recurring revenue components that generate improved contribution 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

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Please direct all questions through the teleconference portion of this call.

To ask questions:

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- International: 1-706-634-0653
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Thank You for Participating



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