

# Investor Presentation

August 2020

# Forward Looking Statements

Certain statements made in this presentation 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 in 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 Systems’ 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).



# New Leader. New Future.



Dr. Jeffrey Graves is President and CEO of 3D Systems and joined the company on May 26, 2020.

Prior to joining 3D Systems, from 2012 to May 2020, he served as CEO, President and Director of MTS Systems Corporation, a global supplier of test, simulation, and measurement systems. From 2005 until 2012, he served as President and CEO of C&D Technologies, Inc. He also held leadership roles with Kemet Corporation as Chief Operating Officer (2001-2003) and CEO (2003 to 2005). Previously he held a number of leadership and technical roles with GE, Rockwell Automation and Howmet Corporation.

Graves currently serves on the Board of Directors of FARO Technologies and Hexcel Corporation.

He holds a bachelor's degree in metallurgical engineering from Purdue University. He also holds a master's degree and PhD in metallurgical engineering from the University of Wisconsin. He has been recognized with the distinguished alumni award from both universities. He is also a master black belt in six sigma.



# 3D Systems' Strategic Purpose

We are the leaders in...

**enabling additive manufacturing solutions**

for **applications in growing markets**

that **demand high reliability products.**



# Clear, Strategic Actions for Profitable Growth



- We are the leaders in enabling **additive manufacturing solutions** for applications in **growing markets** that demand **high reliability** products.
- To accelerate our strategic purpose, the second step we took was to **organize the company** around two key market verticals: **Healthcare and Industrial**.
- Ensure we are focusing our efforts and **resources against our most strategic priorities** to set up the company for success today – and well into the future.
- Resizing + other **cost reduction** measures = approx. **\$100 million** cost reductions by **end of next year**.
  - This should enable the company to be profitable at current revenue levels.
- We are **well positioned** to leverage the sales **growth** as it returns.
  - Healthcare and Industrial businesses drive **application specific solutions** within the market verticals.



# Market Focus

## Healthcare Solutions

Dental  
Medical Devices  
Simulations  
Surgical Planning

## Industrial Solutions

Aerospace & Defense  
Transportation & Motorsports  
Investment Castings  
Jewelry  
Consumer Durables &  
Electronics

**Focus on Key Applications within these Markets**



# Full Solution Provider

## SERVICES & SOFTWARE

- Application experts
- Customer Innovation Centers (CIC) for Custom Solutions
- Printing process and management Software tools
- On Demand Manufacturing – printing services
- Full service and support post-purchase

## HARDWARE & MATERIALS

- Full range of 3D printers to address AM needs in
  - Wax
  - Plastic
  - Metal
- 100+ Materials portfolio for prototyping and production applications

## GLOBAL REACH

- Service Experts across 5 continents
- Local to over 80% of customer base
- CIC in US & Europe
- 8 Manufacturing locations across 4 continents

## PRODUCTION

- Deep and diverse experience in production parts and applications
- Proven across an install base that prints up to **500,000 production parts per day** using 3D Systems solutions

# Restructuring



- Reduce operating costs by \$100 million per year by end of next year
- Expect to be profitable at current sales level
  - Then, well positioned to leverage sales growth as it returns
- Nearly 20% workforce reduction – majority this year
- Continue to aggressively reduce footprint – mostly office spaces
- Total costs expected in the range of \$25 to \$30 million
- Evaluating divestiture of businesses that do not align with new strategic focus

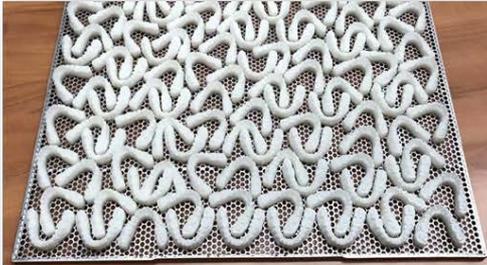


# Why AM? Tangible Benefits to AM Design

## CAPABILITY FOR MASS CUSTOMIZATION

Orthodontic Tooling Models  
for DENTAL ALIGNERS

Golden Standard SLA 800



- Each model is patient specific
- Up to 400,000 per day
- Single use patterns that are tagged and tracked in millions

## WEIGHT REDUCTION

Aerospace Brackets

ProX DMP 320 using  
LaserForm Ti Gr5 (A)

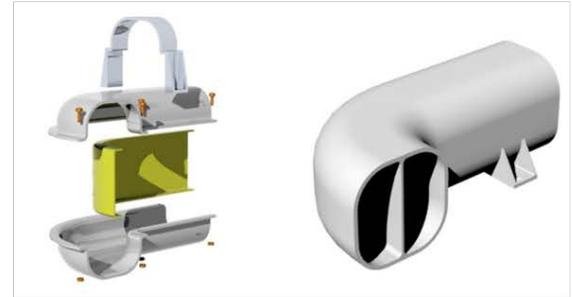


- Ti brackets are 25% Lighter
- Better stiffness-to-weight ratio
- Production in 4-5 weeks vs. 10

## ASSEMBLY CONSOLIDATION

Air Ducts  
16 components reduced to 1

SLS Printer & Duraform PA



- Reduced production costs
- No tooling, reduced testing costs
- Reduced failure modes
- Increased end part efficiency

# How Big is the Market? AM Industry Growth Estimate

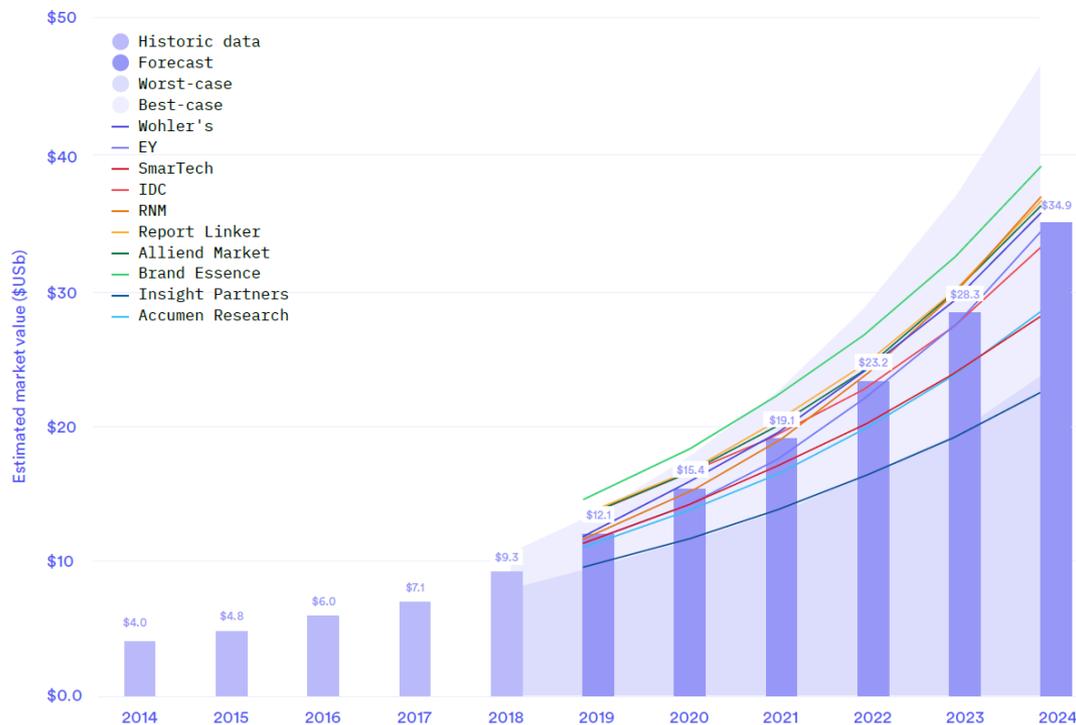
## SCALE OF AM GROWTH

- Over the next 5 years, market is expected to grow on average at 24% CAGR, reaching \$35B by 2024

## INDUSTRY GROWTH DRIVERS

- High focus to introduce new designs & business models that take full advantage of the manufacturing freedom
- Growth is expected in system placement, material usage and printing services and replace end-use production processes
- Top customers in high growth verticals - Healthcare, Automotive, Durable Goods, and Aerospace are squarely focused on AM exploration and adoption

3D Printing market forecast



Footnote:

\* The historic market size was calculated by averaging the market size reported by Wohler's associates<sup>[80]</sup>, EY<sup>[81]</sup>, and SmarTech<sup>[82]</sup>.

\*\* The forecasted market size in the media market size reported by all market analysts.

\*\*\* The worst-case and best-case scenarios were calculated starting at ±15% of the market size in 2018 and by applying 20% and 28% CAGR respectively.

# Healthcare Case Study



## Customer Need

An economically viable orthopedic implant with optimized surface characteristics and mechanical properties for superior performance.

## The Challenge with Traditional Manufacturing

'Machining-plus-coating' manufacturing processes lead to poor surface quality, high component variability, long process cycle times, high inventory and waste levels.

## 3D Systems Additive Manufacturing Solutions Approach

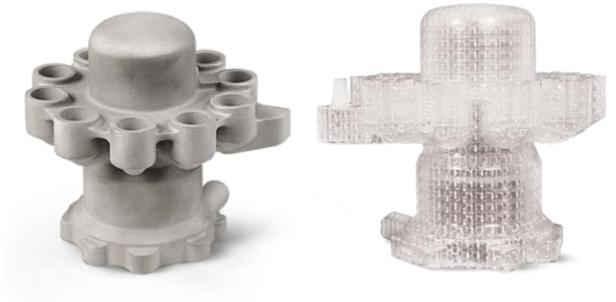
- **Software** – 3DXpert, custom software development for customer factory integration
- **Hardware** – Flex 350 (Titanium printer)
- **People** – Application Engineers in CIC, Metals R&D Engineering Teams
- **Advanced Manufacturing Operations** – Two factories working together to provide validated workspaces for pilot runs

Utilized holistic solutions approach to develop and commercialize the state-of-the-art total joint implant with engineered surface and optimized mechanical properties

# Industrial Case Study

## Customer Need

State-of-the-art cast metal parts with highly complex geometries to enable improved levels of performance at reduced cost



## The Challenge with Traditional Manufacturing

Traditional investment casting production methodology limits geometric design options and involves long, complex manufacturing cycle times.

## 3D Systems Additive Manufacturing Solutions Approach

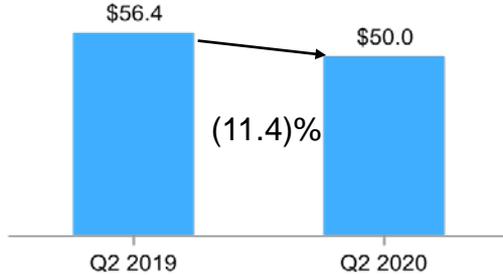
- **Materials (resins)** that provide consistent performance, accuracy and dimensional stability, with clean burnout, highly stable dimensional control and ultra-low ash content
- **Software** with hollow lattice filled build styles and print process parameters that provide sufficient strength for processing while being easily and efficiently removed late in the process
- **Stereolithography** printers that set the standard for around-the-clock, reliable high performance

Utilized holistic solutions with materials, hardware and software elements tuned by application experts to solve the challenge

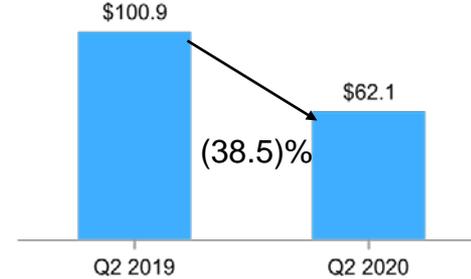
# Revenue by Market

*\$ in millions*

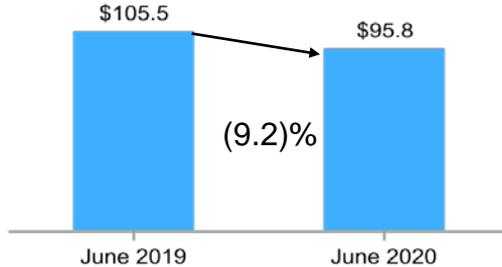
### Healthcare Revenue Q2 YoY



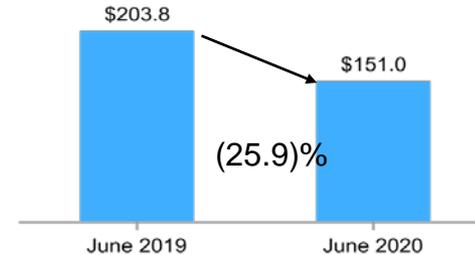
### Industrial Revenue Q2 YoY



### Healthcare Revenue YTD June



### Industrial Revenue YTD June



*Reflects impact from COVID-19 across all products and geographies*



# Second Quarter & 1<sup>st</sup> Half Summary

	Second Quarter		Six Months Ended	
	2020	2019	2020	2019
<i>(in millions, except per share amounts)</i>				
<b>Revenue</b>	\$ 112.1	\$ 157.3	\$ 246.8	\$ 309.3
<b>Operating Loss</b>	(33.9)	(19.2)	(52.1)	(40.5)
<b>Net Loss</b>	(38.0)	(23.9)	\$ (56.9)	\$ (48.3)
<b>Loss Per Share</b>	\$ (0.33)	\$ (0.21)	\$ (0.49)	\$ (0.43)
<b>Non-GAAP Operating Loss</b>	\$ (10.8)	\$ 2.4	\$ (15.9)	\$ (4.2)
<b>Non-GAAP Net Loss</b>	(15.1)	(0.6)	(19.6)	(10.7)
<b>Non-GAAP Loss Per Share</b>	\$ (0.13)	\$ —	\$ (0.17)	\$ (0.09)



# Cash and Liquidity at June 30, 2020

- \$64 million of cash and cash equivalents
- Term Loan of \$22 million
- \$100 million is undrawn
  - \$24 million of availability based on terms of agreement
- Board authorized "At The Market" equity issuance **up to** \$150 million
  - Provides financial flexibility as we go through restructuring and pandemic



# Summary

## Our Transformation Journey

- Refocus – based on establishing our purpose
- Reorganize – around two market verticals, Healthcare and Industrial
- Restructure – take out \$100 million of costs to return to profitability and position to leverage sales growth as it returns



# Thank You

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**Find out more at:**

[www.3dsystems.com](http://www.3dsystems.com)



# Appendix

# Non-GAAP Reconciliation - Operating Loss

## Second Quarter Non-GAAP Operating Loss

<i>(in millions, except per share amounts)</i>	Quarter Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
GAAP Operating income (loss)	\$ (33.9)	\$ (19.2)	\$ (52.1)	\$ (40.5)
Adjustments:				
Amortization, stock-based compensation & other <sup>(1)</sup>	11.4	12.6	22.1	24.8
Legal, acquisition and divestiture related <sup>(2)</sup>	0.2	5.1	0.5	5.9
Cost optimization plan, including severance costs <sup>(3)</sup>	0.5	3.9	2.8	5.6
Product end of life adjustment <sup>(4)</sup>	10.9	—	10.9	—
<b>Non-GAAP Operating income (loss)</b>	<b>\$ (10.8)</b>	<b>\$ 2.4</b>	<b>\$ (15.9)</b>	<b>\$ (4.2)</b>

<sup>(1)</sup> For the quarter ended June 30, 2020, the adjustment included \$0.1 in COGS and \$11.3 in SG&A. For the quarter ended June 30, 2019, the adjustment included \$0.1 in COGS and \$12.5 in SG&A. For the six months ended June 30, 2020, the adjustment included \$0.2 in COGS and \$21.9 in SG&A. For the six months ended June 30, 2019, the adjustment included \$0.2 million in COGS and \$24.6 in SG&A.

<sup>(2)</sup> For the quarter ended June 30, 2020, the adjustment included \$0.1 in COGS and \$0.1 in SG&A. For the quarter ended June 30, 2019, the adjustment included \$(0.9) in Revenue, \$1.4 in COGS and \$4.6 in SG&A. For the six months ended June 30, 2020, the adjustment included \$0.2 in COGS and \$0.3 in SG&A. For the six months ended June 30, 2019, the adjustment included \$(2.7) in Revenues, \$3.3 in COGS and \$5.3 in SG&A.

<sup>(3)</sup> For the quarter ended June 30, 2020, the adjustment included \$0.5 in SG&A. For the quarter ended June 30, 2019, the adjustment included \$0.3 in COGS, \$3.3 in SG&A, and \$0.3 in R&D. For the six months ended June 30, 2020, the adjustment included \$0.7 in COGS, \$2.0 in SG&A, \$0.1 in R&D. For the six months ended June 30, 2019, the adjustment included \$0.8 in COGS, \$4.6 in SG&A and \$0.3 in R&D.

<sup>(4)</sup> For the quarter and six months ended June 30, 2020, the adjustment included \$10.9 in COGS.

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



# Non-GAAP Reconciliation - EPS

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

	Quarter Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<i>(in millions, except per share amounts)</i>				
GAAP Net loss	\$ (38.0)	\$ (23.9)	\$ (56.9)	\$ (48.3)
Adjustments:				
Amortization, stock-based compensation & other	11.4	12.6	22.1	24.8
Legal, acquisition and divestiture related <sup>(1)</sup>	—	6.8	0.4	7.2
Cost optimization plan, including severance costs	0.5	3.9	2.8	5.6
Impairment of cost-method investments <sup>(2)</sup>	—	—	1.1	—
Product end of life adjustment	10.9	—	10.9	—
Non-GAAP net loss	\$ (15.1)	\$ (0.6)	\$ (19.6)	\$ (10.7)
Non-GAAP net loss per share - basic and diluted <sup>(3)</sup>	\$ (0.13)	\$ —	\$ (0.17)	\$ (0.09)

<sup>(1)</sup> In addition to the adjustments for operating income (loss), the net loss adjustments also included \$(0.2) and \$(0.1) in other income (expense) for the quarter and six months ended June 30, 2020 and \$1.8 and \$1.3 in other income (expense) for the quarter and six months ended June 30, 2019.

<sup>(2)</sup> For the six months ended June 30, 2020, the net loss adjustment included \$1.1 in interest and other income (expense), net.

<sup>(3)</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 - Operating Expense

## Quarterly 2019 and 2020 Non-GAAP Operating Expenses

<i>(in millions)</i>	2019				2020	
	Quarter Ended				Quarter Ended	
	March 31	June 30	September 30	December 31	March 31	June 30
<b>GAAP SG&amp;A Expenses</b>	\$ 65.1	\$ 71.7	\$ 58.3	\$ 59.3	\$ 56.1	\$ 52.0
<b>GAAP R&amp;D Expenses</b>	21.9	20.8	20.9	17.1	19.2	17.0
<b>GAAP Operating Expenses</b>	87.0	92.5	79.2	76.5	75.4	69.0
Adjustments to R&D Expenses:						
Cost optimization plan	—	0.3	—	—	0.1	—
<b>Non-GAAP R&amp;D Expenses</b>	21.9	20.5	20.9	17.1	19.1	17.0
Adjustments to SG&A Expenses:						
Amortization, stock-based compensation & other	12.1	12.5	10.8	8.1	10.6	11.3
Legal and acquisition-related	0.7	4.6	(1.2)	1.4	0.2	0.1
Cost optimization plan	1.2	3.3	0.4	0.6	1.5	0.5
Total Adjustments to SG&A Expenses	14.1	20.4	10.0	10.1	12.2	12.0
<b>Non-GAAP SG&amp;A Expenses</b>	51.0	51.2	48.3	49.2	43.9	40.1
<b>Non-GAAP Operating Expenses</b>	\$ 72.9	\$ 71.7	\$ 69.3	\$ 66.4	\$ 63.0	\$ 57.1

<sup>21</sup> \* Tables may not foot due to rounding; amounts calculated based on dollars in thousands.

