3D Systems

23rd Annual Needham Growth Conference

January 13, 2021

©2021 3D Systems, Inc. | All Rights Reserved.

3D SYSTEMS
Additive Manufacturing Solutions

Forward Looking Statement

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.

Key Messages



New management team executing a transformation journey



A leader in a large growth market



Full Solution capabilities with focus on application driven growth

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.



Purpose Statement

We are the leaders in enabling additive manufacturing solutions for applications in growing markets that demand high reliability products.

Transformation Framework



We are the leaders in enabling additive manufacturing solutions for applications in growing markets that demand high reliability products.

Focus on Key Applications within Healthcare and Industrial Markets

Experienced Management Team

Resizing + other cost reduction measures

On Track to Achieve $60M Run-Rate Cost Savings by End of 2020

Divest non-core assets and Invest for growth

We are well positioned to leverage the sales growth as it returns and capture the market growth of additive manufacturing

Why AM? Tangible Benefits to AM Design

Capability for Mass Customization



Improved Lead Times



Part / Assembly Consolidation



Supply Chain Optimization and Flexibility



Weight Reduction



Precision Parts



Market Opportunity: AM Growth Estimate

SCALE OF AM GROWTH

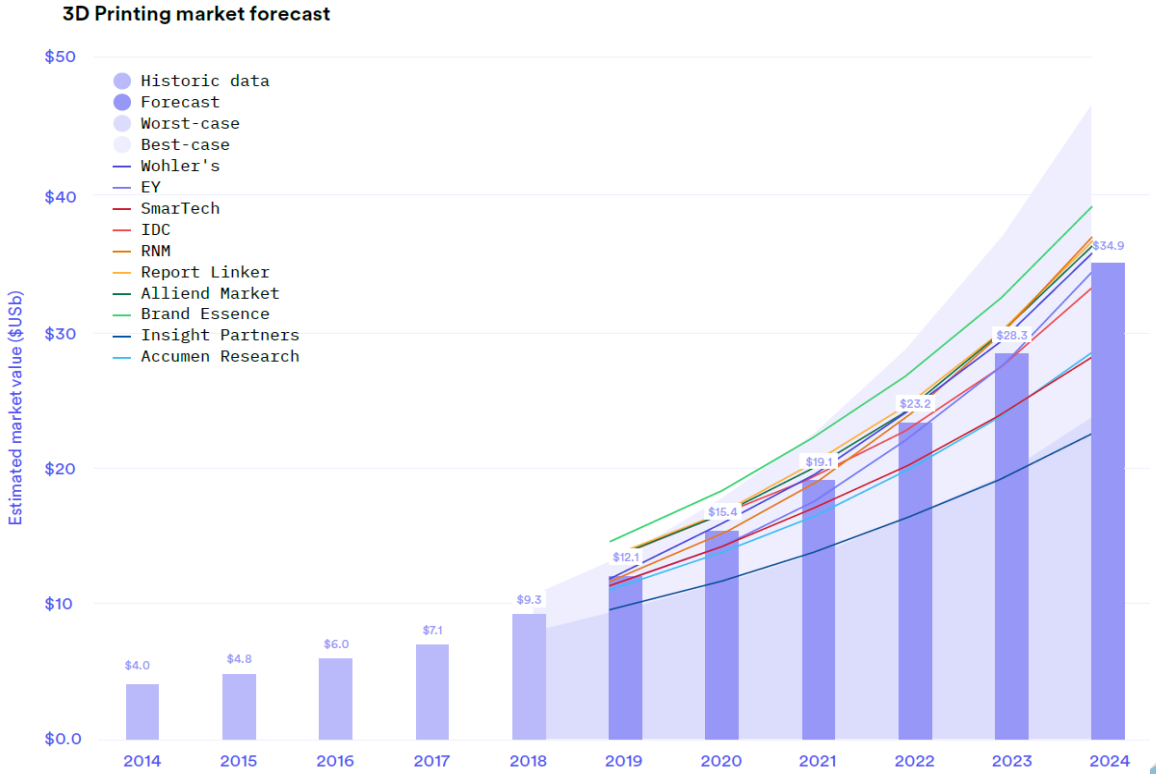
Over the next 5 years, market is expected to grow on average at 24% CAGR, reaching $35B by 2024

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



Footnote:

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

** 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.

Source: 3D Hubs

Application 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 and Software

Application experts & Customer Innovation Centers

Printing process and management software tools

On Demand Manufacturing – printing services

Full service and support post-purchase

Hardware and Materials

Full range of 3D printers to address AM needs in metals, plastics and wax

Professional and production systems

100+ Materials portfolio for prototyping and production applications



Production Experience

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

Global Reach

Service Experts across 5 continents

Local to over 80% of customer base

Innovation Centers in US & Europe

Six Manufacturing locations around the globe

Capabilities to help customers evaluate, test and scale additive manufacturing into their business

Healthcare Case Study

Veterans Health Administration (VHA)

U.S. Department of Veterans Affairs

3D Systems will assist the VA with establishing additive manufacturing production capabilities for medical devices to improve treatment for U.S. Veteran patients

VA Objectives

- COVID-19 related manufacturing
- Establish quality management system
- Develop patient-matched medical device products
- Regulatory compliance

3D Systems Solution

- Hardware / materials
- Software
- QMS & regulatory consulting
- Managed service manufacturing

Expected Outcomes

- Supply chain independence
- Improved patient care
- Retention of patients
- Reduced procedure costs
- Investment in American jobs

Healthcare Case Study

Orthopedic

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



Customer Challenge

Machining-plus-coating traditional design and manufacturing processes lead to poor surface quality, high component variability, long process cycle times, high inventory and waste levels, and sub-optimal implant performance.

3D Systems Solution

- Factories – Two ISO13485 certified factories and validated workflows for accelerated product commercialization
- People – Application Engineers, Metals R&D Engineering Teams that can optimize Design for Manufacturing
- Hardware – DMP Flex 350 (High purity Titanium printer)
- Software – 3DXpert and customized software

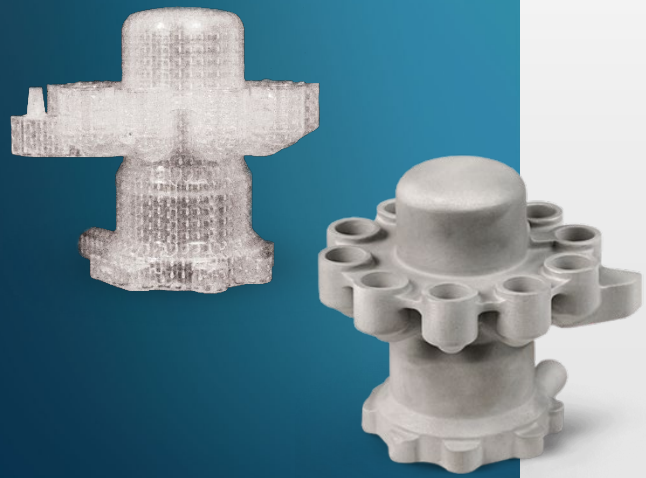
Outcome

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

Industrial Case Study

Investment Casting

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



Customer Challenge

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

3D Systems Solution

- 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

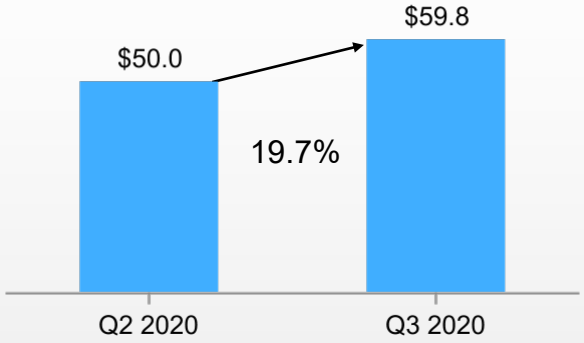
Outcome

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

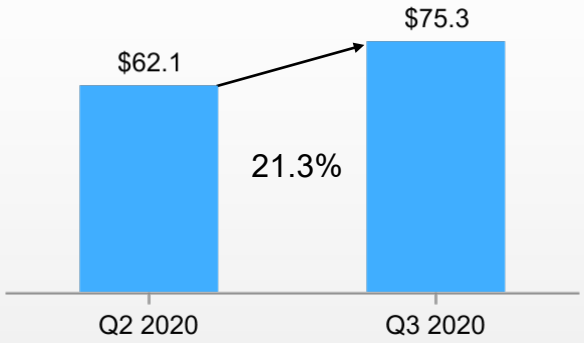
Q3 2020 Revenue By Market

(quarter ended 9/30/20)
$ in millions

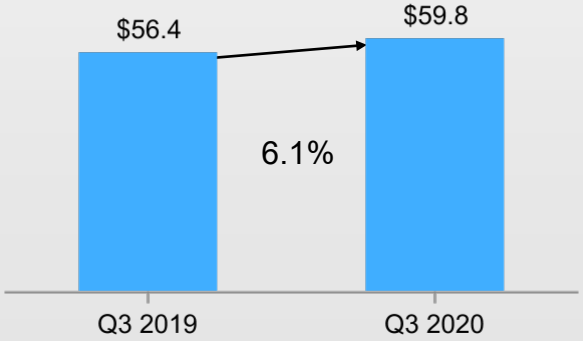
Healthcare Revenue Q3 QoQ



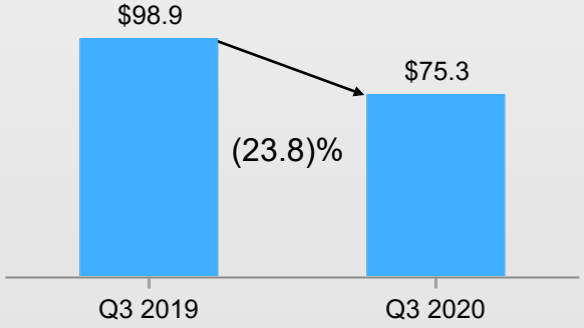
Industrial Revenue Q3 QoQ



Healthcare Revenue Q3 YoY

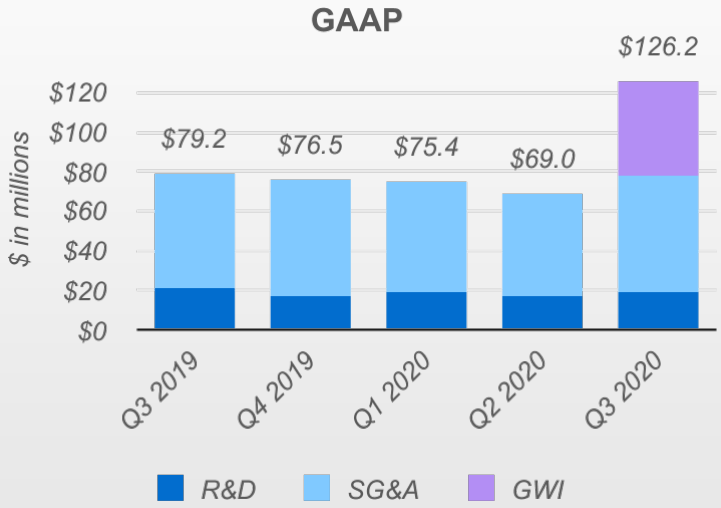


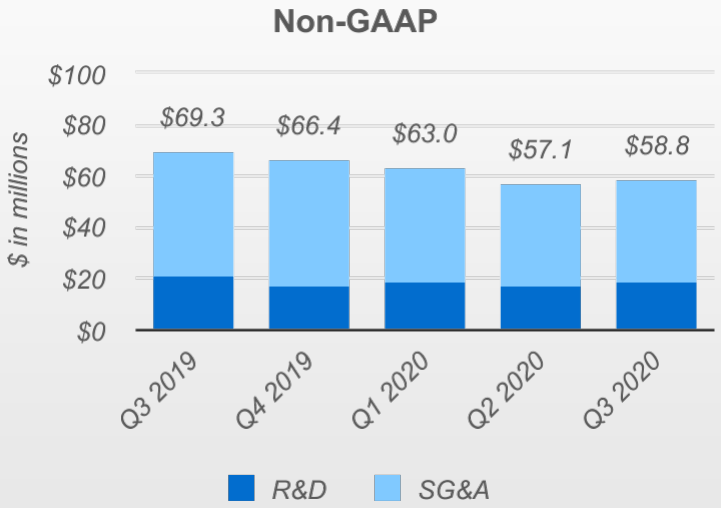
Industrial Revenue Q3 YoY



Operating Expense Trend

Q3 2020 non-GAAP operating expenses decreased 15.2% compared to Q3 2019 as cost actions were implemented





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

Business and Financial Update

Announcement 1/7/21

- Closed sale of non-core software businesses for cash proceeds of approximately $64 million
- Repayment of all debt outstanding under senior secured term loan
- Official termination of ‘At-the-Market’ Equity Offering Program
- Strong Q4 preliminary financial performance with expected revenues between $170 million and $176 million
- Expected revenue reflects strong organic growth exceeding 20% in both Healthcare and Industrial business units on a consecutive quarter basis
- Q4 and FY 2020 results scheduled for February 24, 2021

Summary

Our Transformation Journey:

- Reorganization complete
- Restructuring continues, on track to achieve $60M run-rate cost savings by end of 2020
- Strengthening balance sheet
- Sales improving and expect continued strength of the business moving forward

Thank You

Find out more at:

www.3dsystems.com

©2019 3D Systems, Inc. | All Rights Reserved.

Appendix

©2021 3D Systems, Inc. | All Rights Reserved.

3D SYSTEMS
Additive Manufacturing Solutions

Non-GAAP Reconciliation - Operating Expense

Quarterly 2019 and 2020 Non-GAAP Operating Expenses

	2019				2020		
	Quarter Ended				Quarter Ended		
(in millions)	March 31	June 30	September 30	December 31	March 31	June 30	September 30
GAAP SG&A Expenses	**$ 65.1**	**$ 71.7**	**$ 58.3**	**$ 59.3**	**$ 56.1**	**$ 52.0**	**$ 59.1**
GAAP R&D Expenses	**21.9**	**20.8**	**20.9**	**17.1**	**19.2**	**17.0**	**18.9**
GAAP Goodwill Impairment	**—**	**—**	**—**	**—**	**—**	**—**	**48.3**
GAAP Operating Expenses	**87.0**	**92.5**	**79.2**	**76.5**	**75.4**	**69.0**	**126.2**
Adjustments to R&D Expenses:							
Cost optimization plan	—	0.3	—	—	0.1	—	—
Non-GAAP R&D Expenses	**21.9**	**20.5**	**20.9**	**17.1**	**19.1**	**17.0**	**18.9**
Adjustments to SG&A Expenses:							
Amortization, stock-based compensation & other	12.1	12.5	10.8	8.1	10.6	11.3	7.1
Legal and acquisition-related	0.7	4.6	(1.2)	1.4	0.2	0.1	0.1
Cost optimization plan	1.2	3.3	0.4	0.6	1.5	0.5	11.9
Total Adjustments to SG&A Expenses	14.1	20.4	10.0	10.1	12.2	12.0	19.1
Non-GAAP SG&A Expenses	**51.0**	**51.2**	**48.3**	**49.2**	**43.9**	**40.1**	**40.0**
Goodwill impairment adjustment	—	—	—	—	—	—	48.3
Non-GAAP Operating Expenses	**$ 72.9**	**$ 71.7**	**$ 69.3**	**$ 66.4**	**$ 63.0**	**$ 57.1**	**$ 58.8**

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