



News Release

3D Systems Corporation
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3D Systems Reports First Quarter 2016 Financial Results

- Revenue of \$152.6 million and gross profit margin of 50.8%
- Generated \$18.1 million of cash from operations
- CEO Joshi focused on developing strategic plan

ROCK HILL, South Carolina – May 5, 2016 - 3D Systems Corporation (NYSE: DDD) announced today its financial results for the first quarter ended March 31, 2016.

For the first quarter of 2016, the company reported revenue of \$152.6 million, a decrease of 5% from the prior year period. Excluding the contribution of consumer products and services that the company no longer sells, revenue decreased 2% year-over-year. The company reported a GAAP loss of \$0.16 per share and non-GAAP earnings of \$0.05 per share.

Gross profit margin for the first quarter of 2016 was 50.8%, an improvement of 170 basis points compared to the first quarter of 2015, driven primarily by the company's shift away from consumer products.

For the first quarter of 2016, total operating expenses for the quarter decreased \$2.2 million from the first quarter of 2015 to \$94.3 million, including flat SG&A expenses of \$74.0 million and a 9% decrease in R&D expenses to \$20.3 million.

The company reported a first quarter GAAP net loss of \$17.8 million, or a \$0.16 loss per share. The company reported non-GAAP income of \$5.2 million, or \$0.05 earnings per share.

The company generated \$18.1 million of cash from operations during the quarter and had \$169.8 million of cash on hand at the end of March.

"I've spent the past month listening to and learning from customers, partners and employees," commented Vyomesh Joshi (VJ), Chief Executive Officer, 3D Systems. "I will be focusing on improving quality, reliability and supply chain. The next phase for us is to develop a strategy to drive profitable growth with operational excellence and an appropriate cost structure."

"I am excited to lead this company and believe we have a tremendous market opportunity," concluded Joshi.

Q1 2016 Conference Call and Webcast

The company expects to file its first quarter 2016 Form 10-Q with the Securities and Exchange Commission on May 5, 2016. 3D Systems plans to hold a conference call and simultaneous webcast to discuss these results on Thursday, May 5, 2016, at 8:30 a.m. Eastern Time.

Date: Thursday, May 5, 2016

Time: 8:30 a.m. Eastern Time

Listen via Internet: www.3dsystems.com/investor

Participate via telephone:

Within the U.S.: 1-877-407-8291

Outside the U.S.: 1-201-689-8345

The recorded webcast will be available beginning approximately two hours after the live presentation at www.3dsystems.com/investor.

Forward-Looking Statements

Certain statements made in this release 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 involve known

and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the company to be materially different from historical results or from any future results or projections expressed or implied by such forward-looking statements. In many cases, forward looking statements can be identified by terms such as “believes,” “belief,” “expects,” “estimates,” “intends,” “anticipates” or “plans” or the negative of these terms or other comparable terminology. Forward-looking statements are based upon managements beliefs, assumptions and current expectations and may include comments as to the company’s beliefs and expectations as to future events and trends affecting its business and are necessarily subject to uncertainties, many of which are outside the control of the company. The factors described under the headings “Forward-Looking Statements” and “Risk Factors” in the company’s periodic filings with the Securities and Exchange Commission, as well as other factors, could cause actual results to differ materially from those reflected or predicted in forward-looking statements. Although management believes 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 which such performance or results will be achieved. The forward-looking statements included are made only as the date of the statement. 3D Systems undertakes no obligation to update or review any forward-looking statements made by management or on its behalf, whether as a result of future developments, subsequent events or circumstances or otherwise.

Presentation of Information in This Press release

To facilitate a better understanding of the impact that several strategic acquisitions had on its financial results, the company reported non-GAAP measures that adjust net income and earnings per share by excluding the impact of amortization of intangibles, non-cash interest expense, acquisition and severance expenses and stock-based compensation expense. A reconciliation of GAAP to non-GAAP results is provided in the accompanying schedule.

About 3D Systems

3D Systems provides comprehensive 3D products and services, including 3D printers, print materials, on demand manufacturing services and digital design tools. Its ecosystem supports advanced applications from the product design shop to the factory floor to the operating room. 3D Systems' precision healthcare capabilities include simulation, Virtual Surgical Planning, and printing of medical and dental devices as well as patient-specific surgical instruments. As the originator of 3D printing and a shaper of future 3D solutions, 3D Systems has spent its 30 year history enabling professionals and companies to optimize their designs, transform their workflows, bring innovative products to market and drive new business models.

More information on the company is available at www.3dsystems.com

Tables Follow

3D Systems Corporation
Unaudited Condensed Consolidated Statements of Operations
and Comprehensive Income (Loss)
Quarter Ended March 31, 2016 and 2015

| <i>(in thousands, except per share amounts)</i> | Quarter Ended March 31, | |
|--|--------------------------------|-------------|
| | 2016 | 2015 |
| Revenue: | | |
| Products | \$ 90,964 | \$ 99,822 |
| Services | 61,591 | 60,900 |
| Total revenue | 152,555 | 160,722 |
| Cost of sales: | | |
| Products | 44,161 | 50,476 |
| Services | 30,881 | 31,262 |
| Total cost of sales | 75,042 | 81,738 |
| Gross profit | 77,513 | 78,984 |
| Operating expenses: | | |
| Selling, general and administrative | 73,967 | 74,292 |
| Research and development | 20,305 | 22,216 |
| Total operating expenses | 94,272 | 96,508 |
| Loss from operations | (16,759) | (17,524) |
| Interest and other (income) expense, net | (126) | 2,567 |
| Loss before income taxes | (16,633) | (20,091) |
| Provision (benefit) for income taxes | 1,179 | (6,943) |
| Net loss | (17,812) | (13,148) |
| Less: net income (loss) attributable to noncontrolling interests | (24) | 33 |
| Net loss attributable to 3D Systems Corporation | \$ (17,788) | \$ (13,181) |
| Net loss per share available to 3D Systems Corporation common stockholders — basic and diluted | \$ (0.16) | \$ (0.12) |
| Other comprehensive income (loss): | | |
| Pension adjustments, net of taxes | \$ (31) | \$ 265 |
| Foreign currency gain (loss) | 7,939 | (20,957) |
| Total other comprehensive income (loss) | 7,908 | (20,692) |
| Less foreign currency translation gain (loss) attributable to noncontrolling interests | 89 | (125) |
| Other comprehensive income (loss) attributable to 3D Systems Corporation | 7,819 | (20,567) |
| Comprehensive loss | (9,904) | (33,840) |
| Less comprehensive income (loss) attributable to noncontrolling interests | 65 | (92) |
| Comprehensive loss attributable to 3D Systems Corporation | \$ (9,969) | \$ (33,748) |

3D Systems Corporation
Unaudited Condensed Consolidated Balance Sheets
March 31, 2016 and December 31, 2015

| <i>(in thousands, except par value)</i> | <u>March 31,</u> <u>2016</u> | <u>December 31,</u> <u>2015</u> |
|--|---------------------------------|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 169,774 | \$ 155,643 |
| Accounts receivable, net of reserves — \$15,126 (2016) and \$14,139 (2015) | 134,793 | 157,406 |
| Inventories, net of reserves — \$28,768 (2016) and \$28,225 (2015) | 113,953 | 105,877 |
| Prepaid expenses and other current assets | <u>13,995</u> | <u>13,541</u> |
| Total current assets | 432,515 | 432,467 |
| Property and equipment, net | 92,300 | 85,995 |
| Intangible assets, net | 151,366 | 157,466 |
| Goodwill | 191,641 | 187,875 |
| Long term deferred income tax asset | 3,299 | 3,216 |
| Other assets, net | <u>25,593</u> | <u>26,256</u> |
| Total assets | <u>\$ 896,714</u> | <u>\$ 893,275</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Current portion of capitalized lease obligations | \$ 555 | \$ 529 |
| Accounts payable | 41,229 | 46,869 |
| Accrued and other liabilities | 52,179 | 54,699 |
| Customer deposits | 7,313 | 8,229 |
| Deferred revenue | <u>46,709</u> | <u>35,145</u> |
| Total current liabilities | 147,985 | 145,471 |
| Long term portion of capitalized lease obligations | 8,090 | 8,187 |
| Long term deferred income tax liability | 16,851 | 17,944 |
| Other liabilities | <u>59,317</u> | <u>58,155</u> |
| Total liabilities | <u>232,243</u> | <u>229,757</u> |
| Redeemable noncontrolling interests | <u>8,872</u> | <u>8,872</u> |
| Stockholders' equity: | | |
| Common stock, \$0.001 par value, authorized 220,000 shares; issued 113,140 (2016) and 113,115 (2015) | 113 | 113 |
| Additional paid-in capital | 1,291,405 | 1,279,738 |
| Treasury stock, at cost — 1,159 shares (2016) and 892 shares (2015) | (1,836) | (1,026) |
| Accumulated deficit | (601,156) | (583,368) |
| Accumulated other comprehensive loss | <u>(31,729)</u> | <u>(39,548)</u> |
| Total 3D Systems Corporation stockholders' equity | <u>656,797</u> | <u>655,909</u> |
| Noncontrolling interests | <u>(1,198)</u> | <u>(1,263)</u> |
| Total stockholders' equity | <u>655,599</u> | <u>654,646</u> |
| Total liabilities, redeemable noncontrolling interests and stockholders' equity | <u>\$ 896,714</u> | <u>\$ 893,275</u> |

3D Systems Corporation
Unaudited Condensed Consolidated Statements of Cash Flows
Quarter Ended March 31, 2016 and 2015

| <i>(in thousands)</i> | Quarter Ended March 31, | |
|---|--------------------------------|-------------|
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net loss | \$ (17,812) | \$ (13,148) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |
| Benefit of deferred income taxes | (1,092) | (10,254) |
| Depreciation and amortization | 15,089 | 19,470 |
| Impairment of investments | 899 | - |
| Provision for bad debts | 2,388 | 2,881 |
| Provision for inventory obsolescence and revaluation | 543 | 756 |
| Stock-based compensation | 11,667 | 10,329 |
| Loss on the disposition of property and equipment | 162 | 253 |
| Changes in operating accounts, net of acquisition activity: | | |
| Accounts receivable | 21,544 | 17,986 |
| Inventories | (8,527) | (20,767) |
| Prepaid expenses and other current assets | (434) | (2,784) |
| Accounts payable | (5,956) | (5,815) |
| All other operating activities | (353) | 156 |
| Net cash provided by (used in) operating activities | 18,118 | (937) |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (4,246) | (3,693) |
| Additions to license and patent costs | (231) | (203) |
| Cash paid for acquisitions, net of cash assumed | - | (77,984) |
| Other investing activities | - | (600) |
| Net cash used in investing activities | (4,477) | (82,480) |
| Cash flows from financing activities: | | |
| Tax benefits from share-based payment arrangements | - | 447 |
| Proceeds (repurchase) - restricted stock | (810) | 360 |
| Repayment of capital lease obligations | (262) | (176) |
| Net cash provided by (used in) financing activities | (1,072) | 631 |
| Effect of exchange rate changes on cash | 1,562 | (2,180) |
| Net increase (decrease) in cash and cash equivalents | 14,131 | (84,966) |
| Cash and cash equivalents at the beginning of the period | 155,643 | 284,862 |
| Cash and cash equivalents at the end of the period | \$ 169,774 | \$ 199,896 |

3D Systems Corporation
Schedule 1
Earnings (Loss) Per Share
Quarter Ended March 31, 2016 and 2015

| | <u>Quarter Ended March 31,</u> | |
|--|--------------------------------|------------------|
| | <u>2016</u> | <u>2015</u> |
| <i>(in thousands, except per share amounts)</i> | | |
| Numerator for basic and diluted net earnings per share: | | |
| Net loss attributable to 3D Systems Corporation | \$ (17,788) | \$ (13,181) |
| Denominator for basic and diluted net loss per share: | | |
| Weighted average shares | 112,197 | 111,731 |
| Net loss per share, basic and diluted | <u>\$ (0.16)</u> | <u>\$ (0.12)</u> |
| Restricted stock units excluded from diluted loss per share calculation ^(a) | 88 | 33 |

(a) Average outstanding diluted earnings (loss) per share calculation excludes restricted stock units since the effect of their inclusion would have been anti-dilutive.

3D Systems Corporation
Schedule 2
Unaudited Reconciliations of GAAP to Non-GAAP Measures
Quarter Ended March 31, 2016 and 2015

| <i>(in thousands, except per share amounts)</i> | Quarter Ended March 31, | |
|---|-------------------------|-------------|
| | 2016 | 2015 |
| GAAP net income (loss) attributable to 3D Systems Corporation | \$ (17,788) | \$ (13,181) |
| Cost of sales adjustments: | | |
| Amortization of intangibles | 84 | 75 |
| Operating expense adjustments: | | |
| Amortization of intangibles | 8,735 | 14,441 |
| Acquisition and severance expenses | 939 | 3,240 |
| Non-cash stock-based compensation expense | 11,667 | 10,329 |
| Tax effect (a) | 1,519 | (9,705) |
| Non-GAAP net income | \$ 5,156 | \$ 5,199 |
| Non-GAAP basic and diluted earnings per share | \$ 0.05 | \$ 0.05 |

^(a) tax effect on reconciling items is calculated quarterly, based on the actual tax rate for each quarter.