

**Industry:** Information Technology (GIC Code: 45)  
**GICS Sector:** Technology Hardware and Equipment (GIC Sub code: 4520)

**Company Summary:** 3D Systems Corporation ("3DS"), based in Rock Hill, South Carolina, provides 3D printing centric design-to-manufacturing solutions in the United States, Germany, the Asia-Pacific, and other European countries. Its 3D printers convert data input from computer aided design generated software format or 3D scanning and sculpting devices to printed parts. The company offers stereolithography, selective laser sintering, direct metal sintering, multi-jet modeling, color jet printing, and film transfer imaging printers, as well as plastic jet printing products. It also manufactures proprietary plastic, nylon, and metal materials and composites for the use in printers. In 2014, the Company generated \$643 million in revenues.

**Analyst Notes:**

**Analysis by Bruce Roberts (917) 701-3357 & Allen Gillespie, CFA (864) 288-2849**

- The company's 1Q 2015 financial results were in line with our expectations, which were already significantly tempered by updated guidance. 1Q 2015 sales were \$160.7 million, up just 8.8%, or \$13.0 million y-o-y, and down 14.4% sequentially from \$187.7 million. **Organic sales dropped 7% y-o-y** driven by lower flagship design and manufacturing printer and materials sales, a decline blamed on F/X headwinds (without which sales were up 17% y-o-y), and economic uncertainty on the part of the company's aerospace, healthcare and automotive industrial customers who are grappling with the economic implications of the fall in oil prices. (We estimate that other 3D printing companies also faced macroeconomic headwinds in the quarter. For example, Stratasys (SSYS, \$34.78, NR) lowered 2015 sales guidance 13% to \$830 million). DDD's European sales grew just 2% y-o-y, while Asia Pac revenues collapsed 20%, highlighted by particular weakness in the Japanese market. Another area of disappointment was healthcare. Over the last several years, healthcare revenues averaged 89% annual growth. In 1Q 2015, such revenues grew just 38.4% and made up just 18.7%, or \$30.0 million of total revenues, versus 25.7% of 4Q 2014 sales.
- Profitability suffered as costs continued to inflate while the top line languished. Gross profit was \$79.0 million, or 49.1% of sales, versus our estimate of a 50.4% GM. On a positive note, ongoing printer gross margin decline was reversed, for at least one quarter. Operating expenses expanded 46% y-o-y, to \$97 million versus our estimate of \$83 million. SG&A came to \$74.3 million, or 46.1% of revenues, representing a 53.9% y-o-y increase, even while organic sales fell 7.4%. Furthermore, SG&A climbed 17.9% sequentially, while sales dropped 14.2%. On a y-o-y basis, SG&A expenses were \$25.6 million higher, with some \$11.0 million due to **increased staffing expense**. These results suggest an inability to accurately forecast near and medium term supply characteristics of the company's end markets. We were expecting SG&A to remain ~ flat at \$65 million.
- There were some positive developments, including the continuation of a rebound from a 2014 delay in direct metals printer sales, and continued consumer printer sales strength (which rose 64.5% y-o-y to \$15.9 million). North America sales were up 27% y-o-y. **A 'deeper dive' into revenue growth components indicates more sales strength than the headline numbers.** The analysis indicates that F/X translation accounted \$11.7 million of the shortfall, and lower volume of new products and services accounted for \$14.4 million of the decline. Excluding both items, sales would have been ~\$186 million versus our \$196 million forecast. In addition, the company reported progress on its various channel productivity initiatives.
- Our revised DCF-based valuation model, based on a 13.8% WACC and 10% perpetuity growth rate, indicates that the shares are worth \$26, down from \$37. We maintain our BUY rating only for high-risk tolerant investors seeking long term exposure to the 3D printing industry.



**Fintrust Recommendation**

**Fintrust Rating:** BUY  
**Target Price:** \$26.30  
**Current Share Price:** \$21.33  
**Expected Return:** 23.3%  
**52 Week Price Range:** \$69.66 - \$20.82

Fintrust Brokerage Services, LLC rates companies a BUY, HOLD, SELL, or SHORT.

- A BUY rating is given when the security is expected to outperform the broad equity market as measured by the S&P 500 on a risk adjusted basis over the next year.
- A HOLD rating is given when the security is expected to perform in line with the broad equity market as measured by the S&P 500 on a risk adjusted basis over the next year.
- A SELL rating is given when the security is expected to perform below the broad equity market as measured by the S&P 500 on a risk adjusted basis over the next year.
- A SELL SHORT is given when the security is expected to decline in value over the next year.

The distribution of ratings across Fintrust's entire company universe is 66.7% Buy, 25.0% Hold, 8.3 % Sell, and 0% Short

**Key Figures**

Key figures pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified.

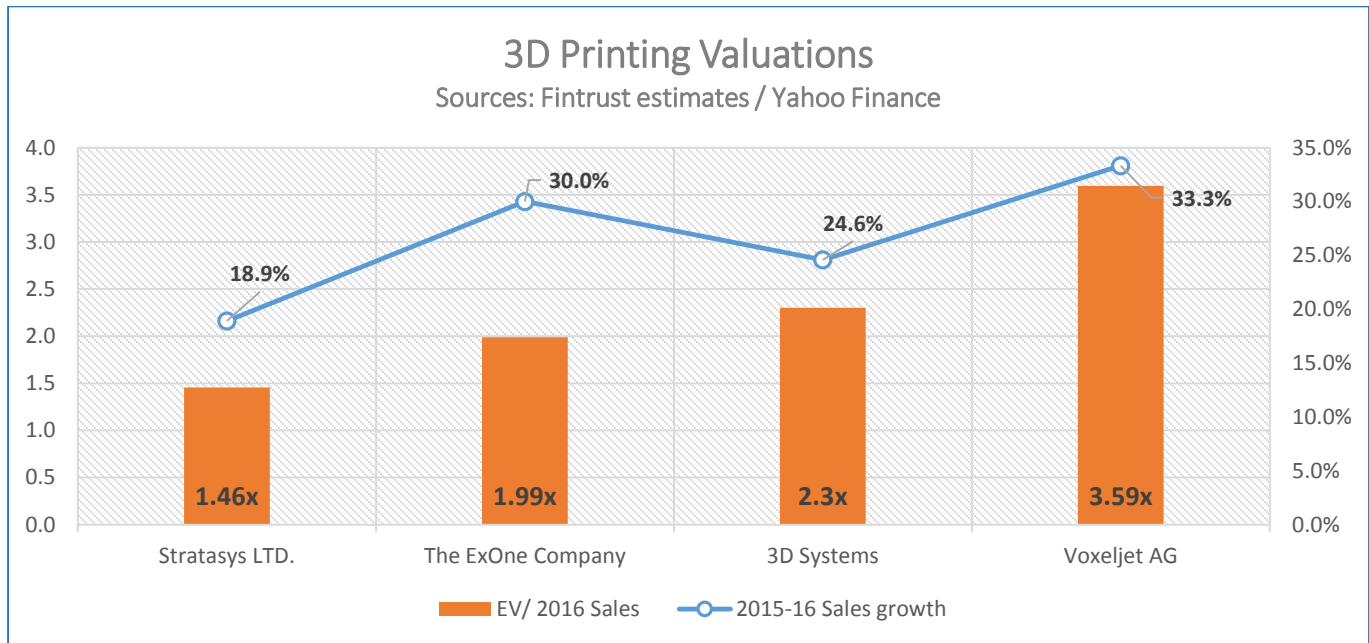
<b>Return on Equity ('16E)</b>	<b>3.1%</b>
<b>Net Margin ('16E)</b>	<b>3.8%</b>
<b>Payout Ratio</b>	<b>n/a</b>
<b>Revenue (000's)</b>	<b>\$731,989</b>
<b>Net Income (000's)</b>	<b>(\$17,395)</b>
<b>Shares Outstanding (mi)</b>	<b>111.7</b>
<b>Shares Short (mil)</b>	<b>36.6</b>
<b>Enterprise Value (\$ mil)</b>	<b>\$2,145</b>
<b>Cash (\$ mil)</b>	<b>\$199</b>
<b>Beta</b>	<b>1.32x</b>

**Valuation**

<b>Price/Book</b>	<b>1.84x</b>
<b>Book Value/Share</b>	<b>\$11.37</b>
<b>Sales (14A) (000s)</b>	<b>\$654</b>
<b>Sales ('15E) (000s)</b>	<b>\$732</b>
<b>Sales ('16E) (000s)</b>	<b>\$913</b>
<b>EV /S (14)</b>	<b>3.3x</b>
<b>EV /S (15)</b>	<b>2.9x</b>
<b>EV /S (16)</b>	<b>2.3x</b>
<b>Est. 2015-2019 Sales CAGR</b>	<b>20.6%</b>

Please see pages 7 and 8 of this publication for important certification and disclosure information.

Analyst's Notes....Continued



## Selected Recent Guidance

While we recommend the shares to high risk-tolerant investors seeking exposure to the 3D industry, for the purposes of full disclosure, we'd like to remind investors that recent results indicate a pattern of progress and setbacks. The 3D industry is, we estimate, still in the early stages of development. While industry analysts devoted to the 3D space predict exceptional annual growth over the next few years, growth is likely to continue to be lumpy, and as well, the pending entrance of Hewlett Packard sometime next year is a major risk factor.

- In October 2014, management lowered full year 2014 revenues expectations to ~ \$650 to ~ \$690 million, down from the original guidance of ~ \$720 million. Failure to put a 2<sup>nd</sup> metals printing manufacturing line into service on a timely basis, and the need to defer consumer printer sales (to tweak the products) were cited as the reasons for the new guidance. In October, management indicated that 2015 sales guidance will be revisited.
- In March 2015, with the release of 4Q 2015 results, management indicated that (1) the 2<sup>nd</sup> manufacturing line was successfully put 'on line' and that the consumer printer lineup was improved and that consumer printer sales grew 68% y-o-y. In addition, management indicated that 2015 will be a harvesting year, in which M&A activity will slow, giving the company an opportunity to integrate its many acquisitions and focus on profitability. However, in 4Q 2014, sales rose just 7% on a y-o-y organic basis due to poor 'channel productivity' in North America and Asia Pac. Management indicated that efforts to increase NA and Asia PAC channel productivity ('realign channel incentives') will bear fruit this year. Direct metals and healthcare vertical sales jumped 178% and 98%, respectively, confirming the Company's strategic thrusts. Healthcare gained momentum. Since Q4 2012, DDD healthcare revenues have grown at an 89% CAGR, reaching \$42.8 million, or 25.7% of Q4 2014 sales. Gross profit for the 4Q 2014 quarter was \$89.8 million, or 47.9% of sales, versus our 49.2% gross margin expectation such that gross profit advanced just 12.1%. Printer gross margins were 33.8%, down 10%-points y-o-y. DDD indicated that capacity expansion, and a high number of new product offerings caused the drop, and that 2015 will be a year in which margin will have a chance to 'catch up' to sales growth.

**Analyst's Notes.....Continued**

- In April 2015, DDD issued disappointing preliminary 1Q 2015 guidance of ~\$160 million in sales, versus our \$196 million estimate. Some \$12 million of the \$36 million shortfall was attributed to F/X exchange rates and the stronger dollar. The remainder of the shortfall was blamed on lower oil 'aftershock's that caused the company's aerospace, automotive and **healthcare** customers to delay purchases across the DDD product spectrum. On a positive note consumer printer demand was very strong, with a 169% y-o-y growth in unit demand, and direct metals printer demand was also strong with a 46% y-o-y unit growth rate. DDD noted that early 2<sup>nd</sup> quarter orders were strengthening.
- In May, DDD released 1Q 2015 earnings, noting that (1) excluding F/X, revenues grew 17% on a y-o-y basis, versus 9% on a reported basis, to \$160.7 million. On an organic basis, due to weakness in the company's flagship design and manufacturing printers and materials unit, sales dropped 7% y-o-y. Once again, direct metals printer sales were strong, further evidence that earlier issues regarding putting a 2<sup>nd</sup> direct metals printing manufacturing line in service were resolved. As well, consumer printer sales were robust. Healthcare revenues advanced only 38% y-o-y versus 89% historical growth. In addition, management declined to provide 2015 sales guidance until industry conditions have 'stabilized'.

**3D Systems Financial Results**

\$ mms	1Q 2015	1Q 2014	4Q 2014	Y/Y Change	Q/Q Change
Sales					
Products	62.7	60.7	87.7	3.3%	-28.5%
Materials	37.1	40.4	41.2	-8.2%	-10.0%
Services	<u>60.9</u>	<u>46.5</u>	<u>58.3</u>	31.0%	4.5%
Total Sales	160.7	147.8	187.4	8.7%	-14.2%
Gross Profit	78.9	75.4	89.8	4.6%	-12.1%
Gross Margin	49.1%	51.1%	47.9%	-3.9%	2.5%
SG&A	74.3	48.7	63.0	52.6%	17.9%
R&D	<u>22.2</u>	<u>17.2</u>	<u>22.5</u>	29.1%	-1.3%
Income (Loss) From Operations	(17.5)	9.5	4.2	nmf	nmf

Source: Financials

**Other Results**

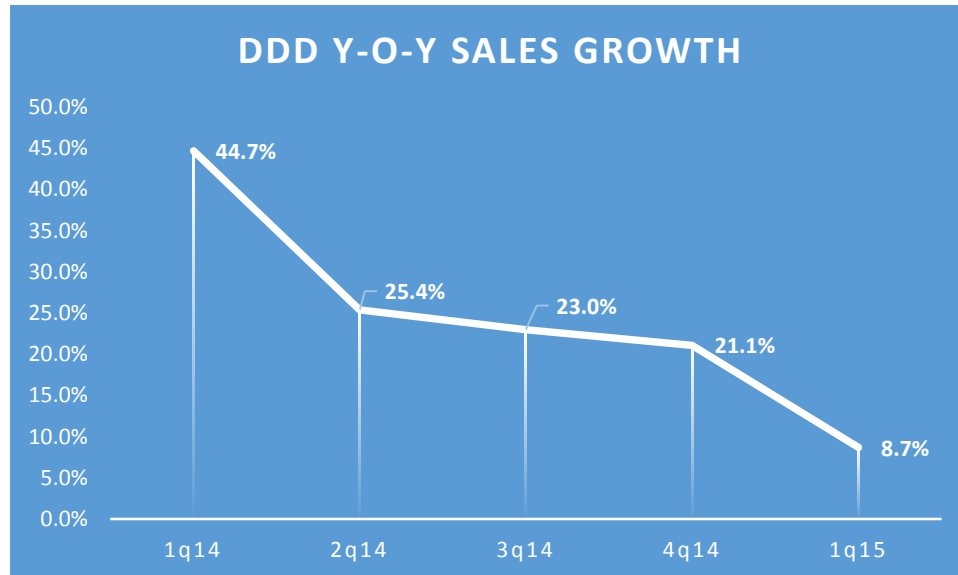
Overall revenues increased by 8.7%, or \$13 million, to \$160.7 million. We had preliminarily expected 10% y-o-y growth. Design and manufacturing revenues were \$144.8 million, or 90.1% of total sales. Such revenues grew just 5% y-o-y due to the industry 'pause' described earlier. Consumer revenues grew 65% y-o-y, to \$15.9 million. Healthcare revenues grew 38% y-o-y to \$30.0 million, but declined 30.2% sequentially.

Products sales increased 3.3%, or \$2.0 million, to \$62.7 million. The \$2.0 million increase in revenue from products compared to the first quarter of 2014 was driven by increased demand for consumer printers, software and expanded healthcare products. Software revenue, including perceptual and haptic devices, contributed \$8.9 million and \$5.8 million of products revenue in 2015 and 2014, respectively. Materials sales declined 8.2% y-o-y, to \$37.1 million, or a \$3.3 million decrease, of which \$3.0 million represented unfavorable F/X impacts. This decrease was driven by lower design and manufacturing printer sales during the quarter coupled with an unfavorable impact of foreign currency translation. As well, the company reported curbed utilization of materials in the quarter by customers. Services sales grew 31.0%, to \$60.9 million. The increase in services revenue primarily reflects the addition of healthcare services, coupled with growing service bureau, consumer and software services.

Gross profit increased 4.6% y-o-y, to \$79.0 million, equating to a 49.1% GM, down from 51.1% in 1Q 2014. Sequentially, however, GM *increased* 120 basis points. Customers purchased a higher proportion of lower margin products across most categories. For example, DDD sold a higher proportion of lower-margin consumer printers than in the past. As well, continued expansion of manufacturing capacity has placed added pressure on margins. As we mentioned earlier operating expenses climbed dramatically, or 46.2%, driven by higher

**Analyst's Notes....Continued**

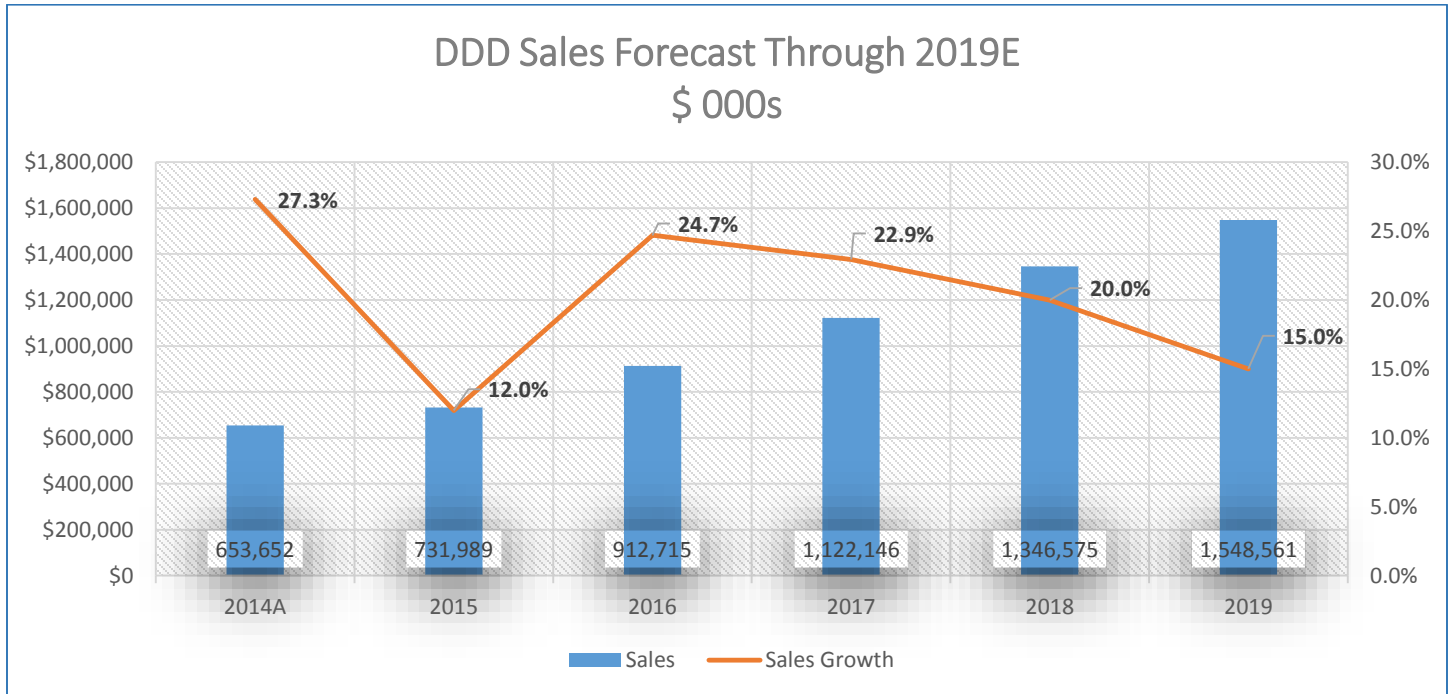
SG&A-related salaries expense. Net loss was \$13.2 million, compared to net income of \$4.9 million in 1Q 2014. We were anticipating a net loss of \$13.8 million. Lastly, cash from operating activities was essentially flat at (\$937K) versus a \$308K metric in 1Q 2014.



**FinTrust Estimates**

We revamped our earnings forecast to reflect greater uncertainty. We lowered our 2015E sales forecast by 15.3%. Our new 2015E sales target is \$732 million, or 12% higher than 2014. On a longer-run basis, we compressed our 2014 – 2019 sales and gross profit CAGR to 20.6% and 22.4%, respectively. Previously, we were estimating 26.9% and 28.8% respective annual growth rates. By 2015, we expect DDD to generate ~ \$1.55 billion in sales, versus our previous \$2.20 billion metric. At \$1.55 billion, DDD would enjoy an 8% industry market share, given 3D printing industry analyst estimates of a 2019E market of ~ \$20 billion. Based on current industry estimates, DDD enjoys a ~ 15% share at this time. From a gross margin standpoint, we expect margins to slightly expand to 51.9% by 2019, up from ~ 49% today. Competition and the entry of HP into the industry present a formidable threat to our GM expectations. Our DCF-based target price is \$26, down from our prior target of \$37. This represents a potential 23.3% share price upside. We note that our DCF target is highly sensitive to changes in WACC and perpetuity growth assumptions. At \$26, DDD would be worth ~ \$2.9 billion, or roughly 3.9X and 3.1X 2015E and 2016E sales. **We expect sales to grow 12.0% and 24.7% this year and next:**

Analyst's Notes.....Continued



Source: FinTrust Brokerage Services estimates

### Risks

Risk includes, but are not limited to: (1) failure to achieve accelerated organic growth (2) competition from new entrants, such as Hewlett Packard resulting in falling sales growth and lower profit margins (3) inability to design new products that increase sales and (4) inability to successfully absorb acquisitions and successfully navigate expansion in a high growth industry.

		DCF Valuation Matrix: DDD				
		WACC				
		12.77%	13.27%	13.77%	14.27%	14.77%
Perpetual Growth Rate	8.50%	\$ 24.4	\$ 22.0	\$ 20.1	\$ 18.6	\$ 17.2
	9.00%	\$ 27.0	\$ 24.1	\$ 21.8	\$ 19.9	\$ 18.3
	9.50%	\$ 30.4	\$ 26.6	\$ 23.8	\$ 21.5	\$ 19.6
	10.00%	\$ 35.1	\$ 30.0	\$ 26.3	\$ 23.4	\$ 21.2
	10.50%	\$ 41.8	\$ 34.6	\$ 29.6	\$ 25.9	\$ 23.1
	11.00%	\$ 52.3	\$ 41.2	\$ 34.1	\$ 29.2	\$ 25.6
	11.50%	\$ 71.1	\$ 51.5	\$ 40.6	\$ 33.6	\$ 28.8

3D Systems Corp (DDD)  
DDD Issues 1Q 2015 Results

Analyst's Notes....Continued

3D Systems										3D Systems												
Income Statement										Income Statement												
FY Ended December 31										FY Ended December 31												
(\$ in thousands)																						
	1Q 2014		2Q 2014		3Q 2014		4Q 2014		FY2014	FY2014	1Q 2015		2Q 2015E		3Q 2015E		4Q 2015E		FY2015E	FY2015E		
	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total	% of Total		
Revenues:																						
Printers / other products	60,753	41.1%	61,948	40.9%	72,917	43.7%	87,721	46.8%	283,339	43.3%	62,697	39.0%	65,045	39.6%	83,855	43.8%	100,879	46.9%	312,476	42.7%		
Materials	40,441	27.4%	38,036	25.1%	39,009	23.4%	41,373	22.1%	158,859	24.3%	37,084	23.1%	34,993	21.3%	39,009	20.4%	41,373	19.2%	152,460	20.8%		
Services	46,564	31.5%	51,528	34.0%	55,018	33.0%	58,344	31.1%	211,454	32.3%	60,941	37.9%	64,410	39.2%	68,773	35.9%	72,930	33.9%	267,054	36.5%		
Total revenues	147,758	100.0%	151,512	100.0%	166,944	100.0%	187,438	100.0%	653,652	100.0%	160,722	100.0%	164,449	100.0%	191,636	100.0%	215,182	100.0%	731,989	100.0%		
Revenues by Region:																						
US	68,032	46.0%	78,895	52.1%	90,992	54.5%	96,006	51.2%	333,925	51.1%	86,262	53.7%	88,262	53.7%	101,567	53.0%	114,047	53.0%	390,138	53.3%		
Europe	47,564	32.2%	42,015	27.7%	47,207	28.3%	59,301	31.6%	196,087	30.0%	48,704	30.3%	49,833	30.3%	55,574	29.0%	62,403	29.0%	216,515	29.6%		
Asia Pac	32,162	21.8%	30,602	20.2%	28,745	17.2%	32,131	17.1%	123,640	18.9%	25,756	16.0%	26,353	16.0%	34,494	18.0%	38,733	18.0%	125,336	17.1%		
Total revenues	147,758	100.0%	151,512	100.0%	166,944	100.0%	187,438	100.0%	653,652	100.0%	160,722	100.0%	164,449	100.0%	191,636	100.0%	215,182	100.0%	731,989	100.0%		
Cost of sales:		COGS%		COGS%		COGS%		COGS%		COGS%		COGS%		COGS%		COGS%		COGS%		COGS%		COGS%
Printers / other products	36,591	60.2%	39,814	64.3%	47,148	64.7%	58,105	66.2%	181,658	64.1%	40,933	65.3%	41,978	64.5%	53,698	64.0%	64,096	63.5%	200,705	64.2%		
Materials	10,225	25.3%	11,418	30.0%	10,479	26.9%	10,211	24.7%	42,333	26.6%	9,502	25.6%	8,792	25.1%	9,605	24.6%	9,898	23.9%	37,797	24.8%		
Services	25,470	54.7%	27,882	54.1%	29,519	53.7%	29,356	50.3%	112,227	53.1%	31,303	51.4%	34,638	50.9%	34,638	50.4%	36,221	49.7%	134,925	50.5%		
Total Cost of Revenues	72,286	48.9%	79,114	52.2%	87,146	52.2%	97,672	52.1%	336,218	51.4%	81,738	50.9%	83,533	50.8%	97,941	51.1%	110,215	51.2%	373,428	51.0%		
Gross Profit		GM%		GM%		GM%		GM%		GM%		GM%		GM%		GM%		GM%		GM%		GM%
Printers / other products	24,162	39.8%	22,134	35.7%	25,769	35.3%	29,616	33.8%	101,681	35.9%	21,764	34.7%	23,067	35.5%	30,157	36.0%	36,783	36.5%	111,771	35.8%		
Materials	30,216	74.7%	26,618	70.0%	28,530	73.1%	31,162	75.3%	116,526	73.4%	27,582	74.4%	26,202	74.9%	29,404	75.4%	31,475	76.1%	114,662	75.2%		
Services	21,094	45.3%	23,646	45.9%	25,499	46.3%	28,988	49.7%	99,227	46.9%	29,638	48.6%	31,647	49.1%	34,134	49.6%	36,709	50.3%	132,128	49.5%		
Total Gross Profit	75,472	51.1%	72,398	47.8%	79,798	47.8%	89,766	47.9%	317,434	48.6%	78,984	49.1%	80,916	49.2%	93,695	48.9%	104,967	48.8%	358,561	49.0%		
Operating Expense																						
SG&A	48,720	33.0%	50,322	33.2%	53,656	32.1%	63,026	33.6%	215,724	33.0%	74,292	46.2%	75,646	46.0%	72,822	38.0%	71,010	33.0%	293,770	40.1%		
R&D	17,235	11.7%	17,714	11.7%	17,934	10.7%	22,512	12.0%	75,385	11.5%	22,216	13.8%	21,378	13.0%	19,164	10.0%	18,290	8.5%	81,048	11.1%		
Total OpEX	65,955	44.6%	68,036	44.9%	71,590	42.9%	85,538	45.6%	291,119	44.5%	96,508	60.0%	97,025	59.0%	91,985	48.0%	89,301	41.5%	374,819	51.2%		
EBIT	9,517	6.4%	4,362	2.9%	8,208	4.9%	4,228	2.3%	26,315	4.0%	(17,524)	-10.9%	(16,109)	-9.8%	1,709	0.9%	15,666	7.3%	(16,257)	-2.2%		
Interest & Other	1,048	0.7%	1,476	1.0%	3,955	2.4%	2,449	1.3%	8,928	1.4%	2,567	1.6%	2,567	1.6%	2,567	1.3%	2,567	1.2%	10,268	1.4%		
EBT	8,469	5.7%	2,886	1.9%	4,253	2.5%	1,779	0.9%	17,387	2.7%	(20,091)	-12.5%	(18,676)	-11.4%	(858)	-0.4%	13,099	6.1%	(26,525)	-3.6%		
Income Taxes	3,559	2.4%	694	0.5%	1,113	0.7%	75	0.0%	5,441	0.8%	(6,943)	-4.3%	(6,350)	-3.9%	(292)	-0.2%	4,454	2.1%	(9,131)	-1.2%		
Net Income Available to Common	\$4,910	3.3%	\$2,192	1.4%	\$3,140	1.9%	\$1,704	0.9%	\$11,946	1.8%	(\$13,148)	-8.2%	(\$12,326)	-7.5%	(\$566)	-0.3%	\$8,646	4.0%	(\$17,395)	-2.4%		
Non GAAP Net Income											\$5,633		\$8,265		\$17,491		\$24,827		\$61,700			
Net income per common share:																						
Basic	\$0.05		\$0.02		\$0.03		\$0.02		\$0.11		(\$0.12)		(\$0.11)		(\$0.01)		\$0.08		(\$0.16)			
Diluted	\$0.05		\$0.02		\$0.03		\$0.02		\$0.11		(\$0.12)		(\$0.11)		(\$0.01)		\$0.08		(\$0.16)			
NonGAAP									\$0.70		\$0.05		\$0.07		\$0.16		\$0.22		\$0.55			
Weighted average common shares outstanding:																						
Basic	103,546,000		106,407,000		110,737,000		110,757,000		107,861,750		111,797,093		111,817,093		111,837,093		111,857,093		111,827,093			
Diluted	103,546,000		106,407,000		110,737,000		110,757,000		111,210,093		111,797,093		111,817,093		111,837,093		111,857,093		111,827,093			
<b>Year-Over-Year Growth</b>																						
Printer / other Sales	52.9%	14.3%	21.9%	18.7%	24.5%	3.2%	24.5%	15.0%	15.0%	15.0%	5.0%	15.0%	15.0%	15.0%	15.0%	15.0%	10.3%	10.3%				
Materials Sales	40.8%	29.9%	17.6%	11.2%	23.7%	-8.3%	23.7%	-8.0%	-8.0%	-8.0%	-8.0%	-8.0%	0.0%	-4.0%	-4.0%	-4.0%	-4.0%	-4.0%				
Services Sales	38.4%	38.1%	28.9%	33.4%	34.4%	30.9%	34.4%	30.9%	30.9%	30.9%	25.0%	25.0%	25.0%	26.3%	26.3%	26.3%	26.3%	26.3%				
Total Sales	44.7%	25.4%	23.0%	21.1%	27.3%	8.8%	27.3%	8.8%	8.8%	8.8%	8.5%	8.5%	14.8%	12.0%	12.0%	12.0%	12.0%	12.0%				
Cost of Goods Sold	48.7%	35.9%	35.6%	30.7%	36.8%	13.1%	36.8%	13.1%	13.1%	13.1%	5.6%	5.6%	12.4%	11.1%	11.1%	11.1%	11.1%	11.1%				
Printer / other Sales Gprofit	35.5%	-10.4%	-4.3%	-8.5%	-0.2%	-9.9%	-0.2%	-9.9%	-9.9%	-9.9%	4.2%	4.2%	17.0%	9.9%	9.9%	9.9%	9.9%	9.9%				
Materials Sales Gprofit	44.7%	23.5%	16.5%	12.6%	13.4%	-1.6%	13.4%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%	3.1%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%				
Services Sales Gprofit	42.8%	44.8%	27.3%	44.6%	39.4%	40.5%	39.4%	40.5%	40.5%	40.5%	33.8%	33.8%	33.9%	33.2%	33.2%	33.2%	33.2%	33.2%				
Total Gross Profit	41.1%	15.7%	11.7%	12.1%	18.6%	4.7%	18.6%	4.7%	4.7%	4.7%	11.8%	11.8%	16.9%	13.0%	13.0%	13.0%	13.0%	13.0%				
SG&A	65.4%	39.1%	67.4%	38.4%	50.6%	52.5%	50.6%	52.5%	52.5%	52.5%	50.3%	50.3%	35.7%	36.2%	36.2%	36.2%	36.2%	36.2%				
R&D	165.0%	84.6%	65.9%	35.8%	73.4%	28.9%	73.4%	28.9%	28.9%	28.9%	20.7%	20.7%	6.9%	7.5%	7.5%	7.5%	7.5%	7.5%				
Total OpEX	83.4%	48.6%	67.0%	37.7%	55.9%	46.3%	55.9%	46.3%	46.3%	46.3%	42.6%	42.6%	28.5%	28.8%	28.8%	28.8%	28.8%	28.8%				
EBIT	-45.7%	-74.0%	-71.3%	-76.5%	-67.5%	-284.1%	-67.5%	-284.1%	-284.1%	-284.1%	-469.3%	-469.3%	-79.2%	-161.8%	-161.8%	-161.8%	-161.8%	-161.8%				

Analyst's Notes....Continued

3D Systems		DDD																	
Income Statement																			
(\$ in thousands)																			
	FY2011A	FY2011A	FY2012A	FY2012A	FY2013A	FY2013A	FY2014	FY2014	FY2015E	FY2015E	FY2016E	FY2016E	FY2017E	FY2017E	FY2018E	FY2018E	FY2019E	FY2019E	'14 - '19
		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total		% of Total	CAGR
Revenues:																			
Printers / other products	66,665	28.9%	126,798	35.9%	227,627	44.3%	283,339	43.3%	312,476	42.7%	374,971	41.1%	449,966	40.1%	539,959	40.1%	620,953	40.1%	18.7%
Materials	70,641	30.7%	103,182	29.2%	128,405	25.0%	159,859	24.3%	152,460	20.8%	190,574	20.9%	238,219	21.2%	285,862	21.2%	328,741	21.2%	21.2%
Services	93,117	40.4%	123,653	35.0%	157,368	30.7%	211,454	32.3%	267,054	36.5%	347,170	38.0%	433,982	38.7%	520,754	38.7%	598,867	38.7%	22.4%
Total revenues	230,423	100.0%	353,633	100.0%	513,400	100.0%	653,652	100.0%	731,989	100.0%	912,715	100.0%	1,122,146	100.0%	1,346,575	100.0%	1,548,561	100.0%	20.6%
Revenues by Region:																			
US	117,739	51.1%	196,414	55.5%	284,752	55.5%	333,925	51.1%	390,138	53.3%	501,993	55.0%	617,180	55.0%	740,616	55.0%	851,709	55.0%	21.6%
Europe	83,324	36.2%	100,687	28.5%	133,781	26.1%	196,087	30.0%	216,515	29.6%	200,797	22.0%	246,872	22.0%	296,246	22.0%	340,683	22.0%	12.0%
Asia Pac	29,360	12.7%	56,532	16.0%	94,867	18.5%	123,640	18.9%	125,336	17.1%	209,925	23.0%	258,084	23.0%	309,712	23.0%	356,169	23.0%	29.8%
Total revenues	230,423	100.0%	353,633	100.0%	513,400	100.0%	653,652	100.0%	731,989	100.0%	912,715	100.0%	1,122,146	100.0%	1,346,575	100.0%	1,548,561	100.0%	20.6%
Cost of sales:																			
Printers / other products	41,698	COGS%	72,522	COGS%	125,789	COGS%	181,658	COGS%	200,705	COGS%	237,096	COGS%	280,016	COGS%	330,620	COGS%	374,003	COGS%	16.8%
Materials	24,890	35.2%	32,764	31.8%	33,824	26.3%	42,333	26.6%	37,797	24.8%	45,341	23.8%	54,294	22.8%	62,294	21.8%	68,351	20.8%	16.0%
Services	54,807	58.9%	67,151	54.3%	86,193	54.8%	112,227	53.1%	134,925	50.5%	175,403	50.5%	219,254	50.5%	263,104	50.5%	302,570	50.5%	22.4%
Total Cost of Revenues	121,395	52.7%	172,437	48.8%	245,806	47.9%	336,218	51.4%	373,428	51.0%	457,840	50.2%	553,564	49.3%	656,018	48.7%	744,924	48.1%	18.8%
Gross Profit																			
Printers / other products	24,967	37.5%	54,276	42.8%	101,838	44.7%	101,681	35.9%	111,771	35.8%	137,875	36.8%	169,950	37.8%	209,339	38.8%	246,950	39.8%	21.9%
Materials	45,751	64.8%	70,418	68.2%	94,581	73.7%	116,526	73.4%	114,662	75.2%	145,233	76.2%	183,924	77.2%	223,567	78.2%	260,390	79.2%	22.8%
Services	38,310	41.1%	56,502	45.7%	71,175	45.2%	99,227	46.9%	132,128	49.5%	171,767	49.5%	214,708	49.5%	257,550	49.5%	296,297	49.5%	22.4%
Total Gross Profit	109,028	47.3%	181,196	51.2%	267,594	52.1%	317,434	48.6%	358,561	49.0%	454,875	49.8%	568,582	50.7%	690,556	51.3%	803,637	51.9%	22.4%
Operating Expense																			
SG&A	59,795	26.0%	97,422	27.5%	143,244	27.9%	215,724	33.0%	293,770	40.1%	292,069	32.0%	336,644	30.0%	377,041	28.0%	402,626	26.0%	8.2%
R&D	14,331	6.2%	23,203	6.6%	43,489	8.5%	75,395	11.5%	81,048	11.1%	77,581	8.5%	95,382	8.5%	114,459	8.5%	131,628	8.5%	12.9%
Total OpEX	74,126	32.2%	120,625	34.1%	186,733	36.4%	291,119	44.5%	374,819	51.2%	369,650	40.5%	432,026	38.5%	491,500	36.5%	534,254	34.5%	9.3%
EBIT	34,902	15.1%	60,571	17.1%	80,861	15.8%	26,315	4.0%	(16,257)	-2.2%	85,225	9.3%	136,556	12.2%	199,057	14.8%	269,383	17.4%	
Interest & Other	2,456	1.1%	17,292	4.9%	16,855	3.3%	8,928	1.4%	10,268	1.4%	10,268	1.1%	10,268	0.9%	10,268	0.8%	10,268	0.7%	
EBT	32,446	14.1%	43,279	12.2%	64,006	12.5%	17,387	2.7%	(26,525)	-3.6%	74,957	8.2%	126,288	11.3%	188,789	14.0%	259,115	16.7%	
Income Taxes	(2,974)	-1.3%	4,338	1.2%	19,887	3.9%	5,441	0.8%	(9,131)	-1.2%	25,485	2.8%	42,938	3.8%	64,188	4.8%	88,099	5.7%	
Net Income Available to Common	\$35,420	15.4%	\$38,941	11.0%	\$44,119	8.6%	\$11,946	1.8%	(\$17,395)	-2.4%	\$49,472	5.4%	\$83,350	7.4%	\$124,601	9.3%	\$171,016	11.0%	
Non GAAP Net Income									\$61,700		\$108,431		\$129,128		\$149,159		\$170,660		
Net income per common share:																			
Basic	\$0.71		\$0.70		\$0.83		\$0.11		(\$0.16)		\$0.44		\$0.74		\$1.11		\$1.51		
Diluted	\$0.70		\$0.69		\$0.43		\$0.11		(\$0.16)		\$0.44		\$0.74		\$1.11		\$1.51		
NonGAAP							\$0.70		\$0.55		\$0.97		\$1.15		\$1.32		\$1.51		
Weighted average common shares outstanding:																			
Basic	49,887,323		55,370,833		5,299,000		107,861,750		111,827,093		112,127,093		112,427,093		112,727,093		113,027,093		
Diluted	50,600,000		56,150,704		102,900,000		111,210,093		111,827,093		112,127,093		112,427,093		112,727,093		113,027,093		
Year-Over-Year Growth																			
Printer / other Sales																			
Materials Sales																			
Services Sales																			
Total Sales																			
Cost of Goods Sold																			
Printer / other Sales Gprofit																			
Materials Sales Gprofit																			
Services Sales Gprofit																			
Total Gross Profit																			
SG&A																			
R&D																			
Total OpEX																			
EBIT																			



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