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## 3D Systems Corporation, Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) Your first question comes from the line of Brian Drab with William Blair.

**Brian Drab - William Blair**

Good morning.

**Abe Reichental**

Good morning.

**Brian Drab - William Blair**

My question is just around the V-Flash, I just wanted to be clear, the \$0.02 to \$0.04 that you mentioned is that for the four quarters of shipments or is that per quarter?

**Abe Reichental**

It will be per quarter, and that's the range of anticipated drag as we scale up the shipments until we reach certain critical volumes.

**Brian Drab - William Blair**

Okay. And could you remind us what types of volumes work into that assumption and is the EPS hit primarily coming from gross margin contraction?

**Abe Reichental**

Yes. It comes from gross margin contraction on systems ahead of recurring revenue contribution from V-Flash, more than making up for it. In the models that we shared with you starting in May of '08, we begin to outline the potential scalability and recurring revenue generation based on unit placements and we said repeatedly in the last few quarters that we expect to exit the first 12 months of full commercial activity with at least at run rate of a 1000 units.

**Brian Drab - William Blair**

Fine okay thank you I'll get back in the queue.

**Abe Reichental**

You are welcome.

**Operator**

Your next question comes from the line of Bill Gibson with Nollenberger Capital.

**Bill Gibson - Nollenberger Capital**

Hi I think you talked about the expansion of the reseller channel could you give us a little more detail on that as to where we stand and just efforts you are taking in terms of tracking their financial strength?

**Abe Reichental**

Well let me start with tracking the financial strength of resellers obviously in a period like this when we or as we contemplate adding additional resellers. We look well beyond the conventional due diligence that one would have done, 12 or 18 months ago and we particularly scrutinize and do a deep dive into their financial strength and flexibility of the resellers during this period.

When we speak about where and how we are adding resellers today, our offering deal of 3-D Printers expanded significantly in the last 12 months starting last March with the introduction of the first project HD and culminating in October and November with the introduction of the project CP and CPX our first two RealWax units.

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