

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934

For the month of August 2018

Commission File Number 001-35751

STRATASYS LTD.

(Translation of registrant's name into English)

c/o Stratasy, Inc.
7665 Commerce Way
Eden Prairie, Minnesota 55344

1 Holtzman Street, Science Park
P.O. Box 2496
Rehovot, Israel 76124

(Addresses of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

CONTENTS

On August 1, 2018, Stratasys Ltd. (“we” or “us”) announced our financial results for the quarter and six months ended June 30, 2018. A copy of our press release announcing our results is furnished as Exhibit 99.1 to this Report of Foreign Private Issuer on Form 6-K (“**Form 6-K**”) and is incorporated herein by reference.

In conjunction with the conference call to be held on August 1, 2018 to discuss our results, we are also furnishing a copy of the script used for the conference call to provide additional information regarding our business and our financial results (attached to this Form 6-K as Exhibit 99.2 and incorporated herein by reference) and a PowerPoint presentation with additional information (attached to this Form 6-K as Exhibit 99.3 and incorporated herein by reference).

The information in this Form 6-K, including Exhibits 99.1, 99.2 and 99.3, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STRATASYS LTD.

Dated: August 1, 2018

By: /s/ Lilach Payorski

Name: Lilach Payorski

Title: Chief Financial Officer

EXHIBIT INDEX

The following exhibits are furnished as part of this Form 6-K:

Exhibit	Description
99.1	Press release dated August 1, 2018, announcing the financial results of Stratasys Ltd. for the quarter and six months ended June 30, 2018
99.2	Script for our conference call to be held on August 1, 2018
99.3	PowerPoint presentation with additional information



NEWS RELEASE

STRATASYS RELEASES SECOND QUARTER 2018 FINANCIAL RESULTS

Second Quarter Revenue of \$170.2 million

Second Quarter GAAP net loss of \$3.6 million, or (\$0.08) per diluted share, and non-GAAP net income of \$8.1 million, or \$0.15 per diluted share

Generated \$13.0 million of cash from operations during the quarter

Minneapolis & Rehovot, Israel, August 1, 2018 — Stratasys Ltd. (NASDAQ: SSYS), a global leader in additive technology solutions, announced financial results for the second quarter of 2018.

Q2 2018 Financial Results Summary:

Revenue for the second quarter of 2018 was \$170.2 million, compared to \$170.0 million for the same period last year.

- GAAP gross margin was 49.1% for the quarter, flat compared to the same period last year.
 - Non-GAAP gross margin was 52.5% for the quarter, compared to 53.0% for the same period last year.
 - GAAP operating loss for the quarter was \$1.9 million, compared to operating loss of \$5.0 million for the same period last year.
 - Non-GAAP operating income for the quarter was \$10.6 million, compared to operating income of \$11.1 million for the same period last year.
 - GAAP net loss for the quarter was \$3.6 million, or (\$0.08) per diluted share, compared to a net loss of \$6.0 million, or (\$0.11) per diluted share, for the same period last year.
 - Non-GAAP net income for the quarter was \$8.1 million, or \$0.15 per diluted share, compared to Non-GAAP net income of \$9.2 million, or \$0.17 per diluted share, reported for the same period last year.
 - Net R&D expenses for the quarter amounted to \$23.7 million, an increase of 1.9% compared to the same period last year.
 - The Company generated \$13.0 million in cash from operations during the second quarter and ended the period with \$346.7 million in cash and cash equivalents.
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“Our second quarter revenue was in-line with our expectations for the period, as we saw recovery in high-end system orders in North America and in certain verticals, specifically our customers in government, aerospace, and automotive,” said Elchanan (Elan) Jaglom, Interim Chief Executive Officer of Stratasys. “We are pleased with the increased adoption we are seeing for our production-focused solutions, including our new F900 Aircraft Interiors Certification Solutions (AICS) 3D Printer and our J700 Dental 3D Printer, both of which address the unique needs of production applications in their respective verticals for aerospace and dental. We continued our positive trend of cash generation and operational discipline, while we also continue to ramp up our investments in our core FDM and PolyJet technologies, new metal additive manufacturing platform, advanced composite materials, and software and application development.”

Financial Guidance:

Stratasys today reiterated the following information regarding the Company’s guidance for projected revenue and net income for the fiscal year ending December 31, 2018:

- Revenue guidance of \$670 to \$700 million.
- GAAP net loss of \$41 to \$25 million, or (\$0.75) to (\$0.46) per diluted share.
- Non-GAAP net income of \$16 to \$27 million, or \$0.30 to \$0.50 per diluted share.
- Non-GAAP operating margins of 4.5% to 6%.

Stratasys also updated the following guideline regarding the Company’s projected performance and strategic plans for 2018:

- Capital expenditures are projected at \$30 to \$40 million, compared to previous projection of \$40 to \$50 million.

The Company’s guidance reflects increased investments in R&D, tools, materials, and additional resources aimed at expanding addressable markets by accelerating development efforts for the new metal additive manufacturing platform, further advancements based on its FDM and PolyJet technologies, and specific go-to-market initiatives in order to deepen customer engagement.

Given the expected ongoing negative impact of not recording a tax benefit on U.S. tax losses on the Company's non-GAAP net income, the Company believes that the rate of growth in its non-GAAP operating income will be the best measure of its performance.

Non-GAAP earnings guidance excludes \$32 to \$34 million of projected amortization of intangible assets; \$17 to \$19 million of share-based compensation expense; and \$7 to \$9 million in reorganization and other related costs; and includes \$4 to \$5 million in tax expenses related to non-GAAP adjustments.

Stratasys Ltd. Q2 2018 Conference Call Details

The Company plans to hold a conference call to discuss its second quarter financial results on Wednesday, August 1, 2018 at 8:30 a.m. (ET).

The investor conference call will be available via live webcast on the Stratasys website at www.stratasys.com under the "Investors" tab; or directly at the following web address: <https://edge.media-server.com/m6/p/2hp76z7i>.

To participate by telephone, the domestic dial-in number is (866) 394-5776 and the international dial-in is (409) 350-3596. The access code is 7497765.

Investors are advised to dial into the call at least ten minutes prior to the call to register. The webcast will be available for 90 days on the "Investors" page of the Stratasys website or by accessing the provided web address.

Stratasys (NASDAQ: SSYS) is a global leader in additive technology solutions for industries including Aerospace, Automotive, Healthcare, Consumer Products and Education. For nearly 30 years, a deep and ongoing focus on customers' business requirements has fueled purposeful innovations—1,200 granted and pending additive technology patents to date—that create new value across product lifecycle processes, from design prototypes to manufacturing tools and final production parts. The Stratasys 3D printing ecosystem of solutions and expertise—advanced materials; software with voxel level control; precise, repeatable and reliable FDM and PolyJet 3D printers; application-based expert services; on-demand parts and industry-defining partnerships—works to ensure seamless integration into each customer's evolving workflow. Fulfilling the real-world potential of additive, Stratasys delivers breakthrough industry-specific applications that accelerate business processes, optimize value chains and drive business performance improvements for thousands of future-ready leaders around the world.

Corporate Headquarters: Minneapolis, Minnesota and Rehovot, Israel.

Online at: www.stratasys.com, <http://blog.stratasys.com> and LinkedIn.

Stratasys and Fortus are registered trademarks and the Stratasys signet is a trademark of Stratasys Ltd. and/or its subsidiaries or affiliates. All other trademarks are the property of their respective owners.

Cautionary Statement Regarding Forward-Looking Statements

The statements in this press release regarding Stratasys' strategy, and the statements regarding its projected future financial performance, including the financial guidance concerning its expected results for 2018, are forward-looking statements reflecting management's current expectations and beliefs. These forward-looking statements are based on current information that is, by its nature, subject to rapid and even abrupt change. Due to risks and uncertainties associated with Stratasys' business, actual results could differ materially from those projected or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to: the degree of market acceptance of our 3D printers, high-performance systems and consumables, and the software and technology included in those systems; potential declines in the demand for, or the prices of, our products and services, or volume of our sales, due to decreased demand either for them specifically or in the 3D printing market generally; potential further charges against earnings that we could be required to take due to impairment of additional goodwill or other intangible assets; potential shifts in our product mix to lower-margin products or in our revenues mix towards our AM services business; any failure to adequately adapt our infrastructure and properly integrate the internal and external sources of our growth to generate intended benefits (including from the companies that we recently acquired); the impact of competition and new technologies; risks related to our relationships with our suppliers, resellers and independent sales agents, and our operations at our manufacturing sites; risks related to the international scope of our operations and regulatory compliance (including reporting, environmental, anti-corruption and other regulatory compliance) related to that scope of operations; risks related to the security of our information systems (including risks related to potential cyber-attacks); changes in the overall global economic environment or in political and economic conditions in the countries in which we operate; changes in our strategy; costs and potential liability relating to litigation and regulatory proceedings; and those additional factors referred to in Item 3.D "Key Information - Risk Factors", Item 4, "Information on the Company", Item 5, "Operating and Financial Review and Prospects," and all other parts of our Annual Report on Form 20-F for the year ended December 31, 2017 (the **"2017 Annual Report"**), filed with the Securities and Exchange Commission (the **"SEC"**) on February 28th, 2018. Readers are urged to carefully review and consider the various disclosures made throughout our 2017 Annual Report, and the Report on Form 6-K that attaches Stratasys' unaudited, condensed consolidated financial statements as of, and for the quarter and six months ended, June 30, 2018, and its review of its results of operations and financial condition for those periods, which has been furnished to the SEC on or about the date hereof, and our other reports filed with or furnished to the SEC, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects. Any guidance provided, and other forward-looking statements made, in this press release are made as of the date hereof, and Stratasys undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Use of non-GAAP financial measures

The non-GAAP data included herein, which excludes certain items as described below, are non-GAAP financial measures. Our management believes that these non-GAAP financial measures are useful information for investors and shareholders of our Company in gauging our results of operations (x) on an ongoing basis after excluding merger and acquisition related expense and reorganization-related charges or gains, and (y) excluding non-cash items such as stock-based compensation expenses, acquired intangible assets amortization, including intangible assets amortization related to equity method investments, impairment of long-lived assets, changes in fair value of obligations in connection with acquisitions and the corresponding tax effect of those items. These non-GAAP adjustments either do not reflect actual cash outlays that impact our liquidity and our financial condition or have a non-recurring impact on the statement of operations, as assessed by management. These non-GAAP financial measures are presented to permit investors to more fully understand how management assesses our performance for internal planning and forecasting purposes. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of our results of operations without including all items indicated above during a period, which may not provide a comparable view of our performance to other companies in our industry. Investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with GAAP. Reconciliation between results on a GAAP and non-GAAP basis is provided in a table below.

Stratasys Investor Relations

Yonah Lloyd

Vice President - Investor Relations

Yonah.Lloyd@stratasys.com

Consolidated Balance Sheets

(Unaudited)

(in thousands, except share data)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 346,697	\$ 328,761
Accounts receivable, net	123,466	132,671
Inventories	117,039	115,717
Net investment in sales-type leases	4,758	7,208
Prepaid expenses	7,036	7,696
Other current assets	24,332	22,858
Total current assets	623,328	614,911
Non-current assets		
Net investment in sales-type leases - long term	2,627	4,439
Property, plant and equipment, net	195,944	199,951
Goodwill	386,746	387,108
Other intangible assets, net	125,039	142,122
Other non-current assets	34,694	31,219
Total non-current assets	745,050	764,839
Total assets	\$ 1,368,378	\$ 1,379,750
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 47,189	\$ 39,849
Current portion of long term-debt	5,143	5,143
Accrued expenses and other current liabilities	33,586	30,041
Accrued compensation and related benefits	30,290	35,356
Deferred revenues	54,063	52,908
Total current liabilities	170,271	163,297
Non-current liabilities		
Long-term debt	24,571	27,143
Deferred tax liabilities	2,995	7,069
Deferred revenues - long-term	15,098	15,200
Other non-current liabilities	29,953	32,899
Total non-current liabilities	72,617	82,311
Total liabilities	242,888	245,608
Redeemable non-controlling interests	997	1,635
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 thousands shares; 53,729 thousands shares and 53,631 thousands shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	146	145
Additional paid-in capital	2,670,404	2,663,274
Accumulated other comprehensive loss	(9,103)	(7,023)
Accumulated deficit	(1,536,954)	(1,523,906)
Equity attributable to Stratasys Ltd.	1,124,493	1,132,490
Non-controlling interest	-	17
Total equity	1,124,493	1,132,507
Total liabilities and equity	\$ 1,368,378	\$ 1,379,750

Consolidated Statements of Operations

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net sales				
Products	\$ 118,403	\$ 121,021	\$ 222,320	\$ 236,108
Services	51,833	48,969	\$ 101,749	\$ 97,044
	170,236	169,990	324,069	333,152
Cost of sales				
Products	53,262	54,723	98,480	109,203
Services	33,327	31,875	66,292	63,677
	86,589	86,598	164,772	172,880
Gross profit	83,647	83,392	159,297	160,272
Operating expenses				
Research and development, net	23,689	23,251	48,799	47,885
Selling, general and administrative	61,887	65,186	118,892	130,061
	85,576	88,437	167,691	177,946
Operating loss	(1,929)	(5,045)	(8,394)	(17,674)
Financial income (expense), net	(83)	429	(75)	685
Loss before income taxes	(2,012)	(4,616)	(8,469)	(16,989)
Income tax expenses	205	1,308	806	2,634
Share in losses of associated companies	(1,360)	(229)	(7,433)	(517)
Net loss	(3,577)	(6,153)	(16,708)	(20,140)
Net loss attributable to non-controlling interests	(26)	(166)	(116)	(296)
Net loss attributable to Stratasys Ltd.	<u>\$ (3,551)</u>	<u>\$ (5,987)</u>	<u>\$ (16,592)</u>	<u>\$ (19,844)</u>
Net loss per ordinary share attributable to Stratasys Ltd.				
Basic	\$ (0.08)	\$ (0.11)	\$ (0.33)	\$ (0.38)
Diluted	(0.08)	(0.11)	\$ (0.33)	\$ (0.38)
Basic	53,722	52,778	53,689	52,733
Diluted	53,722	52,778	53,689	52,733

Stratasys Ltd.
Reconciliation of GAAP to Non-GAAP Results of Operations

		Three Months Ended June 30,					
		2018	Non-GAAP	2018	2017	Non-GAAP	2017
		GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
U.S. dollars and shares in thousands (except per share amounts)							
	Gross profit (1)	\$ 83,647	\$ 5,708	\$ 89,355	\$ 83,392	\$ 6,784	\$ 90,176
	Operating income (loss) (1,2)	(1,929)	12,548	10,619	(5,045)	16,117	11,072
	Net income (loss) attributable to Stratasys Ltd. (1,2,3)	(3,551)	11,643	8,092	(5,987)	15,165	9,178
	Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.08)	\$ 0.23	\$ 0.15	\$ (0.11)	\$ 0.28	\$ 0.17
(1)	Acquired intangible assets amortization expense		5,220			5,688	
	Non-cash stock-based compensation expense		442			799	
	Reorganization and other related costs		36			137	
	Merger and acquisition related expense		10			160	
			5,708			6,784	
(2)	Acquired intangible assets amortization expense		2,539			2,588	
	Non-cash stock-based compensation expense		3,836			4,532	
	Change in fair value of obligations in connection with acquisitions		-			617	
	Reorganization and other related costs		431			598	
	Merger and acquisition related expense		34			998	
			6,840			9,333	
			12,548			16,117	
(3)	Corresponding tax effect		(1,119)			(1,150)	
	Amortization of acquired intangibles assets related to equity method investments		214			198	
			\$ 11,643			\$ 15,165	
(4)	Weighted average number of ordinary shares outstanding- Diluted	53,722		53,745	52,778		53,473

Stratasys Ltd.
Reconciliation of GAAP to Non-GAAP Results of Operations

		Six Months Ended June 30,					
		2018	Non-GAAP	2018	2017	Non-GAAP	2017
		GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
U.S. dollars and shares in thousands (except per share amounts)							
	Gross profit (1)	\$ 159,297	\$ 11,307	\$ 170,604	\$ 160,272	\$ 13,398	\$ 173,670
	Operating income (loss) (1,2)	(8,394)	23,935	15,541	(17,674)	32,775	15,101
	Net income (loss) attributable to Stratasys Ltd. (1,2,3)	(16,592)	27,406	10,814	(19,844)	31,430	11,586
	Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.33)	\$ 0.53	\$ 0.20	\$ (0.38)	\$ 0.60	\$ 0.22
(1)	Acquired intangible assets amortization expense		10,424			11,393	
	Non-cash stock-based compensation expense		829			1,442	
	Reorganization and other related costs		54			231	
	Merger and acquisition related expense		-			332	
			11,307			13,398	
(2)	Acquired intangible assets amortization expense		5,097			5,132	
	Non-cash stock-based compensation expense		6,864			7,793	
	Change in fair value of obligations in connection with acquisitions		-			1,313	
	Reorganization and other related costs		2,102			2,284	
	Gain from sale of plant and property		(1,563)			-	
	Merger and acquisition related expense		128			2,855	
			12,628			19,377	
			23,935			32,775	
(3)	Corresponding tax effect		(1,911)			(1,735)	
	Amortization of acquired intangibles assets related to equity method investments		5,382			390	
			\$ 27,406			\$ 31,430	
(4)	Weighted average number of ordinary shares outstanding- Diluted	53,689		53,732	52,733		53,406

Reconciliation of GAAP to Non-GAAP Forward Looking Guidance

Fiscal Year 2018

(in millions, except per share data)

GAAP net loss	(\$41) to (\$25)
<u>Adjustments</u>	
Stock-based compensation expense	\$17 to \$19
Intangible assets amortization expense	\$32 to \$34
Reorganization and other related costs	\$7 to \$9
Tax expense related to Non-GAAP adjustments	(\$4) to (\$5)
Non-GAAP net income	\$16 to \$27
GAAP loss per share	(\$0.75) to (\$0.46)
Non-GAAP diluted earnings per share	\$0.30 to \$0.50

SLIDE 1 & 2: TITLE SLIDES

SPEAKER: Operator

Good day, ladies and gentlemen. Welcome to today's conference call to discuss Stratasys' second quarter 2018 financial results.

My name is [INSERT], and I'm your operator for today's call. [INSERT RELEVANT INSTRUCTIONS].

And now, I'd like to hand the call over to Yonah Lloyd, Vice President of Investor Relations for Stratasys. Mr. Lloyd, please go ahead.

SLIDE 3&4: FLS & NON-GAAP DISCLOSURE

SPEAKER: Yonah Lloyd

Good morning, everyone, and thank you for joining us to discuss our second quarter financial results. On the call with us today are Elan Jaglom, Interim CEO, David Reis, Vice-Chairman and head of our Board's Oversight Committee, and Lilach Payorski, CFO of Stratasys.

I remind you that access to today's call, including the prepared slide presentation, is available online at the web address provided in our press release.

In addition, a replay of today's call, including access to the slide presentation, will also be available, and can be accessed through the investor section of our website.

Please note that some of the information you will hear during our discussion today will consist of forward-looking statements including, without limitation, those regarding revenue, gross margin, operating expenses, taxes and future business outlook. Actual results or trends could differ materially from our forecast. For more information, please refer to the risk factors discussed in Stratasys' annual report on Form 20-F for the 2017 year, filed with the SEC on February 28, 2018, and in our report on Form 6-K, along with the associated press release concerning our earnings for the 2nd quarter of 2018, which we are furnishing to the SEC today. Stratasys assumes no obligation to update any forward-looking statements or information which speak as of their respective dates.

As in previous quarters, today's call will include GAAP and non-GAAP financial measures. The non-GAAP financial measures should be read in combination with our GAAP metrics to evaluate our performance. Certain non-GAAP to GAAP reconciliations are provided in the table contained in our slide presentation and in today's press release.

Now I would like to turn the call over to our Interim CEO, Elan Jaglom. Elan?

SLIDE 5: OPENING SUMMARY

SPEAKER: Elan Jaglom

Thank you Yonah.

Good morning everyone, and thank you for joining today's call.

We are pleased with our second quarter results, which were in-line with expectations.

We observed a recovery in high-end system orders and a return to more typical ordering behavior for our key verticals of aerospace, automotive and government in North America after a slowdown in the first quarter.

Additionally, we are pleased with the improved growth in consumables and services revenues compared to the prior few quarters.

I will return later in the call to provide an update on our search for a new Chief Executive Officer, as well as other key developments, and David will provide more details regarding the highlights of the quarter, but first I will turn the call over to our CFO, Lilach Payorski, who will review the details of our financial results.

Lilach?

SLIDE 6&7: FINANCIAL RESULTS SUMMARY

SPEAKER: Lilach Payorski

Thank you, Elan, and good morning, everyone.

Total revenue in the second quarter was \$170.2 million compared to \$170.0 million for the same period last year.

GAAP operating loss for the second quarter was \$1.9 million, compared to operating loss of \$5.0 million for the same period last year.

Non-GAAP operating income for the second quarter was \$10.6 million, compared to operating income of \$11.1 million for the same period last year.

SLIDE 8: REVENUE

Product revenue in the second quarter was \$118.4 million, a decrease of 2.2% compared to the same period last year.

Within product revenue, system revenue for the quarter decreased by 8.2% compared to the same period last year.

Consumables revenue increased by 4.8% compared to the same period last year, reflecting strong utilization of our installed base of systems.

Services revenue in the second quarter was \$51.8 million, an increase of 5.8% compared to the same period last year, driven by high growth of customer support revenues and improved performance at Stratasys Direct Manufacturing.

Within services revenue, customer support revenue, which includes revenue generated mainly by maintenance contracts on our systems, increased by 9.6% compared to the same period last year, driven primarily by growth in our installed base of systems and improvement in our service contract attach rate.

SLIDE 9: GROSS MARGIN TRENDS

GAAP gross margin was 49.1% for the quarter, flat compared to the same period last year.

Non-GAAP gross margin decreased to 52.5% for the second quarter, compared to 53.0% for the same period last year, driven by product mix.

Non-GAAP product gross margin decreased to 59.6%, compared to 59.9% for the same period last year, also driven by product mix.

Non-GAAP services gross margin was 36.2%, flat compared to same period last year.

SLIDE 10: OPERATING EXPENSES & OPERATING INCOME

GAAP operating expenses decreased by 3.2% to \$85.6 million for the second quarter, as compared to the same period last year.

Non-GAAP operating expenses decreased by 0.5% to \$78.7 million for the second quarter as compared to the same period last year.

SLIDE 11: BALANCE SHEET SUMMARY & CASH FLOW FROM OPERATIONS

The Company generated \$13.0 million cash from operations during the second quarter, as compared to \$10.6 million of cash generated in the second quarter last year.

We ended the second quarter with \$346.7 million in cash and cash equivalents, compared to \$346.5 million at the end of the first quarter of 2018.

Inventory decreased to \$117.0 million, compared to \$120.1 million in first quarter of 2018.

Accounts receivable increased to \$123.5 million, compared to \$119.8 million as of the end of the first quarter of 2018, with Days Sales Outstanding, or DSO, on 12-month trailing revenue at 68.

SLIDE 12: FINANCIAL SUMMARY

To recap:

- 1.) Revenue results were in-line with expectations, as we began to observe recovery in high-end systems sales in North America.
- 2.) We are pleased with the ongoing revenue growth in consumables and services, which demonstrate the strength of the recurring revenue generated by our leading installed base.
- 3.) We are committed to our ongoing investments in long-term initiatives to support our technological leadership and expand our addressable markets.
- 4.) We continued our trend of positive cash generation from operating activities, and believe we maintain a healthy balance sheet, and are well prepared to take advantage of opportunities moving forward.
- 5.) We are reaffirming the full year guidance that we issued earlier this year.

I would now like to turn the call back over to Elan.

SLIDE 13 & 14: CEO SEARCH UPDATE

Thank you, Lilach.

Having recently assumed the role of interim CEO, I would like to take a moment to thank our outgoing CEO, Ilan Levin, for his contributions over the 18 years that he spent with us, first at Objet, and then at Stratasys.

The Company's Board of Directors has appointed an Oversight Committee to help support the management of the Company during the interim period, until a successor is appointed. The committee is comprised of the Company's Vice Chairman of the Board, Executive Director and former CEO, David Reis, along with additional Directors Scott Crump, a previous Chairman and Founder, and Dov Ofer, previously a CEO in the printing industry with significant operational experience.

The Company's Board of Directors has also established an Executive Search Committee, composed of myself and Victor Leventhal, the Chairman of our Compensation Committee, to help identify a new Chief Executive Officer.

We are in the midst of this process, and look forward to announcing a new CEO when we have completed the search.

I would now like to ask David to provide more detailed information regarding the results of the quarter, David?

SLIDE 15 & 16: REVIEW OF QUARTER

Thank you, Elan.

As Lilach noted, we were pleased with the performance of our high-end, production focused products in the second quarter, driven by North American customers in Government, Aerospace, and Automotive.

As we noted on the last call, we saw no change in the overall level of engagement in these verticals, and continue to see an increasing commitment to the adoption of additive manufacturing technology with these key customers.

In the second quarter, we made several announcements that showcase our continued leadership in additive manufacturing, including significant new product introductions at RAPID that we discussed on our last call.

We are pleased to share that initial interest in our new solutions has been strong, including multiple global installations of our F900 Pro and F900 Aircraft Interiors Certification Solutions, which delivers the performance and traceability required for producing flight-worthy parts using ULTEM 9085 and achieves the highest FDM repeatability, complete material-and-process traceability, and a robust statistical data set.

Additionally, we saw additional placements of J700 Dental 3D Printers at dental labs to produce clear aligners, addressing an application that has matured out of the qualification phase and now is characterized by incremental unit sales to customer installed bases and steady recurring revenue from consumables.

We are pleased with the market reaction to our recently announced products, and believe that looking forward, our technology roadmap and investment strategy will accelerate the development of programs to expand our addressable markets, including our new metal additive manufacturing platform, advanced composite materials, software and application development, as well as further advancements of our FDM and PolyJet technologies.

We believe that these efforts will continue to lead to the development of products that allow our customers to design and manufacture with confidence, and will ensure continued leadership for Stratasys as we drive adoption and growth through deeper customer engagements and partnerships.

I would now like to turn the call over to our VP of Investor Relations, Yonah Lloyd, who will provide you greater details on our 2018 financial guidance. Yonah?

SLIDE 17: REVENUE & EARNINGS GUIDANCE

SPEAKER: Yonah Lloyd

Thank you, David.

Our guidance for 2018 is as follows:

1. Total revenue in the range of \$670 to \$700 million, with non-GAAP net income in the range of \$16 to \$27 million, or \$0.30 to \$0.50 per diluted share.
 2. GAAP net loss of \$41 to \$25 million, or (\$0.75) to (\$0.46) per diluted share.
 3. Non-GAAP operating margin of 4.5% to 6%.
 4. Capital expenditures projected at \$30 to \$40 million, reduced from previous guidance of \$40 to \$50 million.
-

Our guidance reflects increased investments in R&D, tools, materials, and additional resources aimed at expanding our addressable markets by accelerating our development efforts for the new metal additive manufacturing platform, further advancements based on our FDM and PolyJet technologies, and specific go-to-market initiatives in order to deepen our customer engagement.

We believe that this ramp-up of operating expenses as guided, will provide the basis for long term growth.

Non-GAAP earnings guidance excludes \$32 to \$34 million of projected amortization of intangible assets; \$17 to \$19 million of share-based compensation expense; and \$7 to \$9 million in reorganization and other related costs; and includes \$4 to \$5 million in tax expenses related to non-GAAP adjustments.

The estimated non-GAAP tax rate for 2018 is impacted by the ongoing non-cash valuation allowance on deferred tax assets that we expect to record throughout the year on U.S. losses.

Given the expected ongoing negative impact of not recording a tax benefit on U.S. tax losses on our net income, as well as significant quarter to quarter variability in our non-GAAP tax rate, the Company believes non-GAAP operating income would be the best measure of our performance in 2018.

Appropriate reconciliations between GAAP and non-GAAP financial measures are provided in a table at the end of our press release and slide presentation, with itemized detail concerning the non-GAAP financial measures.

Operator, please open the call for questions.

SLIDE 18: Q&A

SPEAKER: Elan Jaglom

Thank you for joining today's call. We look forward to speaking with you again next quarter.

SLIDE 19: FINANCIAL RECONCILIATION TABLES



STRATASYS

Q2 2018

FINANCIAL RESULTS CONFERENCE CALL

August 1, 2018

stratasys



Q2 2018 Conference and webcast details

Speakers

Elan Jaglom
Interim CEO

David Reis
Vice-Chairman

Lilach Payorski
CFO

Yonah Lloyd
VP, Investor Relations

Live Dial-in Information

Primary Dial-in:
866-394-5776

International Dial-
in:
409-350-3596

Participant
Passcode:
7497765

Live webcast and replay:

<https://edge.media-server.com/m6/p/2hp76z7i>

stratasys

Forward Looking Statement

The statements in this presentation regarding Stratasys' strategy, and the statements regarding its projected future financial performance, including the financial guidance concerning its expected results for 2018, are forward-looking statements reflecting management's current expectations and beliefs. These forward-looking statements are based on current information that is, by its nature, subject to rapid and even abrupt change. Due to risks and uncertainties associated with Stratasys' business, actual results could differ materially from those projected or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to: the degree of market acceptance of our 3D printers, high-performance systems and consumables, and the software and technology included in those systems; potential declines in the demand for, or the prices of, our products and services, or volume of our sales, due to decreased demand either for them specifically or in the 3D printing market generally; potential further charges against earnings that we could be required to take due to impairment of additional goodwill or other intangible assets; potential shifts in our product mix to lower-margin products or in our revenues mix towards our AM services business; any failure to adequately adapt our infrastructure and properly integrate the internal and external sources of our growth to generate intended benefits (including from the companies that we recently acquired); the impact of competition and new technologies; risks related to our relationships with our suppliers, resellers and independent sales agents, and our operations at our manufacturing sites; risks related to the international scope of our operations and regulatory compliance (including reporting, environmental, anti-corruption and other regulatory compliance) related to that scope of operations; risks related to the security of our information systems (including risks related to potential cyber-attacks); changes in the overall global economic environment or in political and economic conditions in the countries in which we operate; changes in our strategy; costs and potential liability relating to litigation and regulatory proceedings; and those additional factors referred to in Item 3.D "Key Information - Risk Factors", Item 4, "Information on the Company", Item 5, "Operating and Financial Review and Prospects," and all other parts of our Annual Report on Form 20-F for the year ended December 31, 2017 (the "2017 Annual Report"), filed with the Securities and Exchange Commission (the "SEC") on February 28th, 2018. Readers are urged to carefully review and consider the various disclosures made throughout our 2017 Annual Report, and the Report on Form 6-K that attaches Stratasys' unaudited, condensed consolidated financial statements as of, and for the quarter and six months ended, June 30, 2018, and its review of its results of operations and financial condition for those periods, which has been furnished to the SEC on or about the date hereof, and our other reports filed with or furnished to the SEC, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects. Any guidance provided, and other forward-looking statements made, in this press release are made as of the date hereof, and Stratasys undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Use of Non-GAAP Financial Information

The non-GAAP data that appears below, which excludes certain items as described below, are non-GAAP financial measures. Our management believes that these non-GAAP financial measures are useful information for investors and shareholders of our company in gauging our results of operations (x) on an ongoing basis after excluding merger and acquisition related expense and reorganization-related charges or gains, and (y) excluding non-cash items such as stock-based compensation expenses, acquired intangible assets amortization, including intangible assets amortization related to equity method investments, impairment of long-lived assets, changes in fair value of obligations in connection with acquisitions and the corresponding tax effect of those items. These non-GAAP adjustments either do not reflect actual cash outlays that impact our liquidity and our financial condition or have a non-recurring impact on the statement of operations, as assessed by management. These non-GAAP financial measures are presented to permit investors to more fully understand how management assesses our performance for internal planning and forecasting purposes. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of our results of operations without including all items indicated above during a period, which may not provide a comparable view of our performance to other companies in our industry. Investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with GAAP. Reconciliation between results on a GAAP and non-GAAP basis is provided on slide 19.

Elan Jaglom – Interim CEO



Opening Remarks

- Pleased with second quarter results
- Observing recovery in high-end system orders and return to typical ordering behavior in key verticals in North America
- Consumables and services showed improved growth compared to prior periods

Lilach Payorski – CFO

Financial Update

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Financial Results Stratasys, Ltd.

	Y/Y %
Revenue	↔ 0%
GAAP Gross Profit	↔ 0%
GAAP Operating loss	↓ 62%
Non-GAAP Gross Profit	↓ 1%
Non-GAAP Operating Profit	↓ 4%

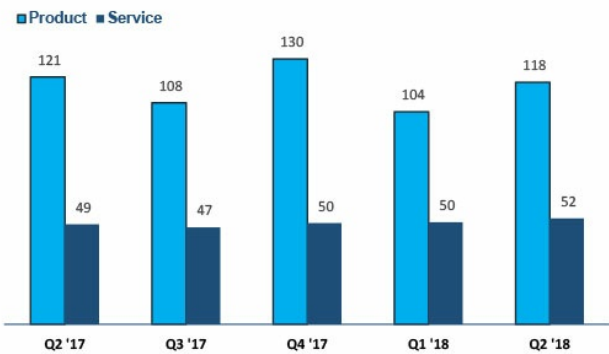
	GAAP			Non-GAAP		
	Q2-17	Q2-18	Change YOY	Q2-17	Q2-18	Change YOY
Total Revenue	\$170.0	\$170.2	0.1%	\$170.0	\$170.2	0.1%
Gross Profit (Loss)	83.4	83.6	0.3	90.2	89.4	(0.8)
% margin	49.1%	49.1%	0.3%	53.0%	52.5%	(0.9%)
Operating Profit (Loss)	(5.0)	(1.9)	3.1	11.1	10.6	(0.5)
% margin	(3.0%)	(1.1%)	(61.8%)	6.5%	6.2%	(4.1%)
Pre-tax Profit (Loss)	(4.6)	(2.0)	2.6	11.5	10.5	(1.0)
% margin	(2.7%)	(1.2%)	(56.4%)	6.8%	6.2%	(8.4%)
Tax Rate	(28.3%)	(10.2%)	(1.1)	21.4%	12.6%	(1.1)
			(84.3%)			(46.1%)
EBITDA	12.0	11.7	(2.1%)	20.0	16.7	(16.3%)
Net Income (loss) attributed to SSYS Ltd.	(6.0)	(3.6)	2.4	9.2	8.1	(1.1)
% margin	(3.5%)	(2.1%)	(40.7%)	5.4%	4.8%	(11.8%)
EPS (Diluted)	\$ (0.11)	\$ (0.08)	(26.4%)	\$ 0.17	\$ 0.15	(12.3%)
Diluted Shares	52.8	53.7	1.8%	53.5	53.7	0.5%

(\$ in millions unless noted otherwise)

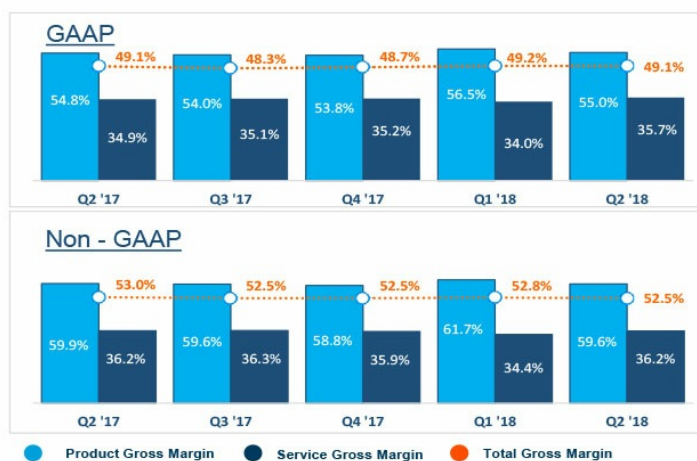
Financial Results – Revenue Stratasys, Ltd.

	Y/Y %
Product Revenue	↓ 2%
System Revenue	↓ 8%
Consumable Revenue	↑ 5%
Service Revenue	↑ 6%
Customer support	↑ 10%

Total Revenue - Quarterly Trend



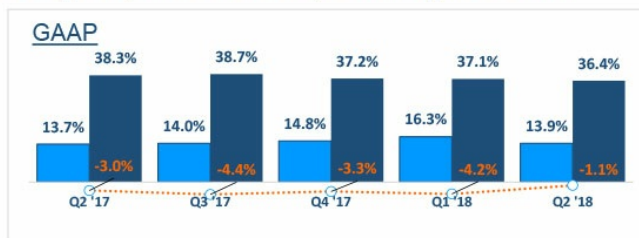
Financial Results – Gross Margin Trends Stratasys, Ltd.



Financial Results – Operating Expenses & Operating Income (loss) Stratasys, Ltd.

	YoY %
<u>GAAP</u>	
Operating Exp.	↓ 3%
R&D Exp.	↑ 2%
SG&A Exp.	↓ 5%

<u>Non-GAAP</u>	
Operating Exp.	↔ 0%
R&D Exp.	↑ 5%
SG&A Exp.	↓ 3%



Financial Results – Balance Sheet Summary & CF from operations Stratasys, Ltd.

Selected balance sheet items (\$ in millions)	Q1-18	Q2-18
Cash and Cash Equivalents	346.5	346.7 
Accounts Receivable	119.8	123.5 
Inventories	120.1	117.0 
Net Working Capital	450.2	453.1 

(\$ in millions)	Q2-17	Q2-18	YTD Q2-17	YTD Q2-18
Cash from operating activities	\$10.6	\$13.0	\$36.2	\$40.1

Lilach Payorski – CFO



Financial Summary

- Revenue results show early recovery after first quarter lag in high-end system sales in North America
- Pleased with recurring revenue – demonstrates strength of installed base of systems
- Committed to continued investment for long-term growth and expansion of addressable markets
- Continued our trend of positive cash generation from operating activities, and maintain healthy balance sheet
- Reaffirming the full year guidance issued earlier this year

Elan Jaglom – Interim CEO

UPDATE ON CEO SEARCH

CEO Search Update

Oversite Committee



David Reis - Vice Chairman of the Board, Executive Director and former CEO



Scott Crump
Director, previously Chairman of Board, and Stratasys founder



Dov Ofer
Director, former CEO in printing industry

Executive Search Committee



Elan Jaglom
Chairman of Board and Interim CEO



Victor Leventhal
Chairman of Compensation Committee

David Reis – Vice Chairman

UPDATE ON 2ND QUARTER

Increasing Commitment to AM From Key Customers & Verticals

Aero, Auto, and Government had strong quarter

- Early recovery visible as typical ordering patterns resumed
- High-end production solutions drove Q2 results

New Production-Focused Products Met With Strong Demand

- F900 Pro and F900 Aircraft Interiors Certification Solutions (AICS)
- J700 Dental 3D Printer

Investment Strategy Accelerating Technology Roadmap

- Further advancements to FDM and PolyJet
- New metal additive manufacturing platform, advanced composite materials, software and application development



Revenue & Earnings Guidance

Revenue (M)

\$670 - \$700

GAAP Diluted EPS

\$(0.75) - \$(0.46)

Non-GAAP Diluted EPS

\$0.30 - \$0.50

Reconciliation of GAAP to Non-GAAP Guidance

(\$ in millions, except per share data)

Revenue	\$670 to \$700
GAAP Net Loss	(\$41) to (\$25)
(1) Stock-Based Compensation Expense	\$17 to \$19
(2) Intangible Assets Amortization Expense	\$32 to \$34
(3) Reorganization and Other Related Costs	\$7 to \$9
(4) Tax Expense Related to Non-GAAP Adjustments	(\$4) to (\$5)
Non-GAAP Net Income	\$16 to \$27
GAAP Loss Per Share	\$(0.75) to \$(0.46)
Non-GAAP Diluted Earnings Per Share	\$0.30 to \$0.50

WE ARE

A GLOBAL LEADER IN APPLIED ADDITIVE TECHNOLOGY SOLUTIONS

Reconciliation of GAAP to Non-GAAP - Results of Operations Stratasys Ltd.

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$93,847	\$5,708	\$99,555	\$83,392	\$6,794	\$90,186
Operating income (Loss) (1,2)	(1,929)	12,548	10,619	(5,045)	16,117	11,072
Net income (Loss) attributable to Stratasys Ltd. (1,2,3)	(3,551)	11,843	8,092	(5,987)	15,165	9,178
Net income (Loss) per diluted share attributable to Stratasys Ltd. (4)	(\$0.08)	\$0.23	\$0.15	(\$0.11)	\$0.28	\$0.17
(1) Acquired intangible assets amortization expense		5,220			5,688	
Non-cash stock-based compensation expense		442			799	
Reorganization and other related costs		36			137	
Merger and acquisition related expense		10			180	
		5,708			6,784	
(2) Acquired intangible assets amortization expense		2,539			2,588	
Non-cash stock-based compensation expense		3,836			4,532	
Changes in fair value of obligations in connection with acquisitions		-			617	
Reorganization and other related costs		431			598	
Merger and acquisition related expense		34			998	
		6,840			9,333	
		12,548			16,117	
(3) Corresponding tax effect		(1,119)			(1,150)	
Amortization of acquired intangibles assets related to equity method investments		214			198	
		\$11,643			\$15,165	
(4) Weighted average number of ordinary shares outstanding – Diluted	53,722		53,745	52,778		53,473

(\$ in thousands except per share data)