

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 November 2018

Commission File Number 001-35751

STRATASYS LTD.

(Translation of registrant's name into English)

c/o Stratasys, 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 November 1, 2018, Stratasys Ltd. (“**we**” or “**us**”) announced our financial results for the quarter and nine months ended September 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 held on November 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.

Dated: November 1, 2018

STRATASYS LTD.

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 November 1, 2018, announcing the financial results of Stratasys Ltd. for the quarter and nine months ended September 30, 2018
99.2	Script for our conference call held on November 1, 2018
99.3	PowerPoint presentation with additional information



NEWS RELEASE

STRATASYS RELEASES THIRD QUARTER 2018 FINANCIAL RESULTS

Third Quarter Revenue of \$162.0 million

Third Quarter GAAP net loss of \$0.7 million, or (\$0.01) per diluted share, and non-GAAP net income of \$5.7 million, or \$0.11 per diluted share

Generated \$5.0 million of cash from operations during the quarter

Minneapolis & Rehovot, Israel, November 1, 2018 — Stratasys Ltd. (NASDAQ: SSYS) announced financial results for the third quarter of 2018.

Q3 2018 Financial Results Summary:

Revenue for the third quarter of 2018 was \$162.0 million, compared to \$155.9 million for the same period last year.

- GAAP gross margin was 48.7% for the quarter, compared to 48.3% for the same period last year.
 - Non-GAAP gross margin was 52.1% for the quarter, compared to 52.5% for the same period last year.
 - GAAP operating income for the quarter was \$3.4 million, compared to operating loss of \$6.9 million for the same period last year.
 - Non-GAAP operating income for the quarter was \$8.2 million, compared to operating income of \$8.1 million for the same period last year.
 - GAAP net loss for the quarter was \$0.7 million, or (\$0.01) per diluted share, compared to a net loss of \$10.2 million, or (\$0.19) per diluted share, for the same period last year.
 - Non-GAAP net income for the quarter was \$5.7 million, or \$0.11 per diluted share, compared to Non-GAAP net income of \$4.1 million, or \$0.08 per diluted share, reported for the same period last year.
 - GAAP R&D expenses, net for the quarter amounted to \$25.8 million, an increase of 18.5% compared to the same period last year.
 - The Company generated \$5.0 million in cash from operations during the third quarter and ended the period with \$348.9 million in cash and cash equivalents.
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"We are pleased with our results this quarter, reflecting continued strength in our high-end systems orders, utilization rates and our parts services business," said Elchanan (Elan) Jaglom, Interim Chief Executive Officer of Stratasys. "The level of engagement we are experiencing with customers in our key verticals is encouraging, as we highlighted at the recent International Manufacturing Technology Show. And we are excited about the innovation we plan to bring to market to drive incremental, long-term opportunities, as we continue to invest in new products and materials across our portfolio of FDM and PolyJet technologies, our new metal additive manufacturing platform, and advanced composite materials."

Financial Guidance:

Stratasys today updated 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 \$680 million, compared to previous guidance of \$670 to \$700 million.
- GAAP net loss of \$10 to \$2 million, or (\$0.19) to (\$0.04) per diluted share, compared to previous guidance of net loss of \$41 to \$25 million, or (\$0.75) to (\$0.46) per diluted share.
- Non-GAAP net income of \$27 to \$30 million, or \$0.50 to \$0.55 per diluted share, compared to previous guidance of net income of \$16 to \$27 million, or \$0.30 to \$0.50 per diluted share.
- Non-GAAP operating margins are unchanged at 4.5% to 6%.

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

- Capital expenditures are projected at \$25 to \$35 million, compared to previous projection of \$30 to \$40 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 is the best measure of its performance.

Non-GAAP earnings guidance excludes \$34 million of projected amortization of intangible assets; \$16 to \$17 million of share-based compensation expense; net gains from divestitures of \$23 to \$22 and reorganization related expense of \$6 to \$7 million; and includes (\$1) to \$1 million in tax expenses (income) related to non-GAAP adjustments.

"We ended the quarter with positive cash generation and expense controls that drove efficiencies and maintained operational discipline as we continue to invest in research and development to expand our portfolio," continued Jaglom. "We believe we have the best go-to-market execution strategy in the industry and are focused on delivering new, innovative solutions in the coming years that will drive strong, profitable top and bottom-line growth."

Stratasys Ltd. Q3 2018 Conference Call Details

The Company plans to hold the conference call to discuss its third quarter financial results on Thursday, November 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 in the "Investor Relations" section; or directly at the following web address: <https://edge.media-server.com/m6/p/a8omzkip4>.

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 2963439.

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 is a global leader in additive manufacturing *or 3D printing* technology, and is the manufacturer of FDM® and PolyJet™ 3D Printers. The Company's technologies are used to create prototypes, manufacturing tools, and production parts for industries, including aerospace, automotive, healthcare, consumer products and education. For 30 years, Stratasys products have helped manufacturers reduce product-development time, cost, and time-to-market, as well as reduce or eliminate tooling costs and improve product quality. The Stratasys 3D printing ecosystem of solutions and expertise includes: 3D printers, materials, software, expert services, and on-demand parts production. Online at: www.stratasys.com, <http://blog.stratasys.com> and LinkedIn.

Stratasys is a registered trademark 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 nine months ended, September 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 mergers, acquisitions and divestments related expense or gains 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)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 348,887	\$ 328,761
Accounts receivable, net	129,477	132,671
Inventories	118,075	115,717
Net investment in sales-type leases	3,489	7,208
Prepaid expenses	5,932	7,696
Other current assets	41,870	22,858
Total current assets	647,730	614,911
Non-current assets		
Net investment in sales-type leases - long term	2,038	4,439
Property, plant and equipment, net	191,437	199,951
Goodwill	386,728	387,108
Other intangible assets, net	117,448	142,122
Other non-current assets	20,428	31,219
Total non-current assets	718,079	764,839
Total assets	\$ 1,365,809	\$ 1,379,750
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 38,944	\$ 39,849
Current portion of long term-debt	5,143	5,143
Accrued expenses and other current liabilities	34,257	30,041
Accrued compensation and related benefits	32,382	35,356
Deferred revenues	53,102	52,908
Total current liabilities	163,828	163,297
Non-current liabilities		
Long-term debt	23,286	27,143
Deferred tax liabilities	1,836	7,069
Deferred revenues - long-term	16,009	15,200
Other non-current liabilities	30,459	32,899
Total non-current liabilities	71,590	82,311
Total liabilities	235,418	245,608
Redeemable non-controlling interests	931	1,635
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 thousands shares; 53,810 thousands shares and 53,631 thousands shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	146	145
Additional paid-in capital	2,675,762	2,663,274
Accumulated other comprehensive loss	(8,815)	(7,023)
Accumulated deficit	(1,537,633)	(1,523,906)
Equity attributable to Stratasys Ltd.	1,129,460	1,132,490
Non-controlling interest	-	17
Total equity	1,129,460	1,132,507
Total liabilities and equity	\$ 1,365,809	\$ 1,379,750

Stratasys Ltd.
Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net sales				
Products	\$ 109,647	\$ 108,401	\$ 331,967	\$ 344,509
Services	52,402	47,466	154,151	144,510
	162,049	155,867	486,118	489,019
Cost of sales				
Products	48,640	49,840	147,120	159,043
Services	34,481	30,788	100,773	94,465
	83,121	80,628	247,893	253,508
Gross profit	78,928	75,239	238,225	235,511
Operating expenses				
Research and development, net	25,786	21,767	74,585	69,652
Selling, general and administrative	49,792	60,345	168,684	190,406
	75,578	82,112	243,269	260,058
Operating loss	3,350	(6,873)	(5,044)	(24,547)
Financial income (expense), net	(39)	(305)	(114)	380
Loss before income taxes	3,311	(7,178)	(5,158)	(24,167)
Income tax expenses	304	2,571	1,110	5,205
Share in losses of associated companies	(3,752)	(489)	(11,185)	(1,006)
Net loss	(745)	(10,238)	(17,453)	(30,378)
Net loss attributable to non-controlling interests	(66)	(81)	(182)	(377)
Net loss attributable to Stratasys Ltd.	<u>\$ (679)</u>	<u>\$ (10,157)</u>	<u>\$ (17,271)</u>	<u>\$ (30,001)</u>
Net loss per ordinary share attributable to Stratasys Ltd.				
Basic	\$ (0.01)	\$ (0.19)	\$ (0.34)	\$ (0.57)
Diluted	(0.01)	(0.19)	(0.34)	(0.57)
Basic	53,769	53,012	53,716	52,827
Diluted	53,769	53,012	53,716	52,827

Reconciliation of GAAP to Non-GAAP Results of Operations

		Three Months Ended September 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)	\$ 78,928	\$ 5,545	\$ 84,473	\$ 75,239	\$ 6,598	\$ 81,837
	Operating income (loss) (1,2)	3,350	4,815	8,165	(6,873)	14,933	8,060
	Net income (loss) attributable to Stratasys Ltd. (1,2,3)	(679)	6,383	5,704	(10,157)	14,299	4,142
	Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.01)	\$ 0.12	\$ 0.11	\$ (0.19)	\$ 0.27	\$ 0.08
(1)			5,221			5,688	
	Acquired intangible assets amortization expense		5,221			5,688	
	Non-cash stock-based compensation expense		351			642	
	Reorganization and other related costs		(27)			72	
	Merger and acquisition related expense		-			196	
			5,545			6,598	
(2)			2,532			2,593	
	Acquired intangible assets amortization expense		2,532			2,593	
	Non-cash stock-based compensation expense		3,662			4,256	
	Change in fair value of obligations in connection with acquisitions		-			65	
	Gain from divestiture, net of transaction costs		(7,016)			-	
	Reorganization and other related costs		92			383	
	Merger and acquisition related expense		-			1,038	
			(730)			8,335	
			4,815			14,933	
(3)			(750)			(836)	
	Corresponding tax effect		(750)			(836)	
	Acquired intangible assets amortization and write-off related to equity method investments		2,318			202	
			\$ 6,383			\$ 14,299	
(4)		53,769		53,992	53,012		53,664
	Weighted average number of ordinary shares outstanding- Diluted	53,769		53,992	53,012		53,664

Reconciliation of GAAP to Non-GAAP Results of Operations

Nine Months Ended September 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)	\$ 238,225	\$ 16,852	\$ 255,077	\$ 235,511	\$ 19,996	\$ 255,507
Operating income (loss) (1,2)	(5,044)	28,750	23,706	(24,547)	47,708	23,161
Net income (loss) attributable to Stratasys Ltd. (1,2,3)	(17,271)	33,789	16,518	(30,001)	45,729	15,728
Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.34)	\$ 0.65	\$ 0.31	\$ (0.57)	\$ 0.86	\$ 0.29
(1) Acquired intangible assets amortization expense		15,645			17,081	
Non-cash stock-based compensation expense		1,180			2,084	
Reorganization and other related costs		27			303	
Merger and acquisition related expense		-			528	
		16,852			19,996	
(2) Acquired intangible assets amortization expense		7,629			7,725	
Non-cash stock-based compensation expense		10,526			12,049	
Change in fair value of obligations in connection with acquisitions		-			1,378	
Gain from divestiture, net of transaction costs		(7,016)				
Reorganization and other related costs		631			2,667	
Merger and acquisition related expense		128			3,893	
		11,898			27,712	
		28,750			47,708	
(3) Corresponding tax effect		(2,661)			(2,571)	
Acquired intangible assets amortization and write-off related to equity method investments		7,700			592	
		\$ 33,789			\$ 45,729	
(4) Weighted average number of ordinary shares outstanding- Diluted	53,716		53,820	52,827		53,521

Reconciliation of GAAP to Non-GAAP Forward Looking Guidance

Fiscal Year 2018

(in millions, except per share data)

GAAP net loss	(\$10) to (\$2)
Adjustments	
Stock-based compensation expense	\$16 to \$17
Intangible assets amortization expense	\$34
Net Gains for Divestitures	(\$23) to (\$22)
Reorganization Related Expense	\$6 to \$7
Tax expense (Income) related to Non-GAAP adjustments	(\$1) to \$1
Non-GAAP net income	\$27 to \$30
GAAP loss per share	(\$0.19) to (\$0.04)
Non-GAAP diluted earnings per share	\$0.50 to \$0.55

SLIDE 1 & 2: TITLE SLIDES

SPEAKER: Operator

Good day, ladies and gentlemen. Welcome to today's conference call to discuss Stratasys' third 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 third 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, our CFO.

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 relations 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 our expectations as to our future revenue, gross margin, operating expenses, taxes and other future financial performance, and our expectations for our business outlook. All statements that speak to future performance, events, expectations or results are forward-looking statements. Actual results or trends could differ materially from our forecast. For risks that could cause actual results to be materially different from those set forth in forward-looking statements, 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 related press release concerning our earnings for the third 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 third quarter results that showed a continued recovery in high-end system orders which began the previous quarter, as well as improved results at Stratasys Direct Manufacturing and steady growth in recurring consumable and customer support revenues.

I will return later in the call to provide an update on our search for a new Chief Executive Officer, and David will provide more details regarding the highlights of the quarter and other key developments, 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 third quarter was \$162.0 million compared to \$155.9 million for the same period last year, up 4.0%. After adjusting for the sale of our divested entities this quarter, on a like-for-like basis total revenue was up 6.0%.

GAAP operating income for the third quarter was \$3.4 million, compared to operating loss of \$6.9 million for the same period last year.

Non-GAAP operating income for the third quarter was \$8.2 million, compared to operating income of \$8.1 million for the same period last year.

SLIDE 8: REVENUE

Product revenue in the third quarter was \$109.6 million, an increase of 1.1% compared to the same period last year and 3.8% excluding the divested entities.

Within product revenue, system revenue for the quarter was flat compared to the same period last year, but was up 3.3% after adjusting for the divested entities.

Consumables revenue increased by 2.6% compared to the same period last year, and up 4.3% excluding the divested entities.

Services revenue in the third quarter was \$52.4 million, an increase of 10.4% compared to the same period last year, driven by growth of customer support revenues and strong performance at Stratasys Direct Manufacturing.

Within services revenue, customer support revenue, which includes revenue generated mainly by maintenance contracts on our systems, increased by 7.4% 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 48.7% for the quarter, compared to 48.3% for the same period last year.

Non-GAAP gross margin was 52.1% for the third quarter, compared to 52.5% for the same period last year, driven by the composition of our revenue sources.

Non-GAAP product gross margin increased to 60.6%, compared to 59.6% for the same period last year, driven by product mix.

Non-GAAP services gross margin was 34.5%, compared to 36.3% for the same period last year, reflecting increased investments in our customer service and support operations.

SLIDE 10: OPERATING EXPENSES & OPERATING INCOME

GAAP operating expenses decreased by 8.0% to \$75.6 million for the third quarter, as compared to the same period last year, primarily due to the net gain from the divestures.

Non-GAAP operating expenses increased by 3.4% to \$76.3 million for the third quarter as compared to the same period last year, reflecting our continued R&D investment in long-term initiatives, including advancements in our core FDM and PolyJet technologies, as well as our new metal additive manufacturing platform, advanced composite materials, and software and application development.

SLIDE 11: BALANCE SHEET SUMMARY & CASH FLOW FROM OPERATIONS

The Company generated \$5.0 million cash from operations during the third quarter, as compared to \$4.6 million of cash generated in the third quarter last year.

We ended the third quarter with \$348.9 million in cash and cash equivalents, compared to \$346.7 million at the end of the second quarter of 2018.

Inventory increased slightly to \$118.1 million, compared to \$117.0 million in the second quarter of 2018.

Accounts receivable increased to \$129.5 million, compared to \$123.5 million as of the end of the second quarter of 2018, with Days Sales Outstanding, or DSO, on 12-month trailing revenue at 71.

SLIDE 12: FINANCIAL SUMMARY

To recap:

- 1.) Our revenue results are in-line with expectations and reflect the continuation of a recovery in high-end system sales.
- 2.) We are pleased with the continued improvement at Stratasys Direct Manufacturing, which contributed to growth in overall service revenue.
- 3.) Our continued growth in recurring revenue from consumables and customer support is encouraging and demonstrates the continued health of our installed base of systems.
- 4.) We are pleased with our operating expense controls, which resulted in a reduction in G&A, even as we increase investments in long-term initiatives to support our technological leadership and expand our addressable markets.
- 5.) 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.

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

SLIDE 13 & 14: UPDATE ON CEO SEARCH

Thank you, Lilach.

As we noted on the last call, the Company's Board of Directors has 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.

Vic and I have been actively interviewing candidates, a few of whom have gone deeper into the process and have met or spoken with other members of our board. We are confident that the people on our short list are strong leaders, with relevant global operational experience, and we 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: REVIEW OF QUARTER

Thank you, Elan.

In the third quarter, we were pleased with the continued commitment we are observing from our customers, reflected in the strong sales of high-end production systems, as well as the ongoing strength in recurring revenue from consumables and services, which is notable despite the decline in systems sales we experienced earlier in the year.

SLIDE 16: MANUFACTURING CUSTOMER COMMITMENT

We are pleased with the increasing level of customer commitment we continue to see as customers move beyond the qualification and validation phases around an application, to expanding their capacity in a true production environment.

As an example, we spoke in the first quarter of last year about how Siemens Mobility was pioneering the use of Stratasys FDM 3D printing technology by producing customized final production parts for a German transport services provider.

In mid-September, Siemens Mobility announced it has opened its first digital rail maintenance center – the Siemens Mobility RRX Rail Service Center in Germany. The new maintenance depot expects to service over 100 trains every month, and offers the highest level of digitalization in the rail industry, with advanced FDM 3D printing from Stratasys at the heart of their servicing operation.

Additionally, in August, at the biennial IMTS manufacturing exhibition, we showcased multiple customers in our booth and highlighted the unique applications that they are addressing with our technology today, including:

- FedEx, who are developing efficiencies in their supply chain as they work to deploy additive manufacturing facilities closer to customers as part of their FedEx Forward Depots service offering;
- SSL, an aerospace customer using our FDM technology for rapid-response, customized, high-temperature lay-up tooling that previously would have been done with CNC;
- Lockheed Martin, leveraging our new Antero PEKK advanced thermoplastic to create highly repeatable parts that meet the strict mechanical, functional, and dimensional requirements for space travel; and,
- Penske's NASCAR division, showing multiple 3D printed end-use parts that their production managers can create in a single day, compared to multiple days using traditional machining methods.

Looking beyond the manufacturing applications that our technology can address today, we are excited about our progress in developing new innovative solutions across our FDM and PolyJet platforms that we believe will expand our addressable markets in advanced manufacturing over the long term, and we expect to accelerate the introduction of new systems and materials as we move through 2019.

We are pleased with the progress being made in the development of our new metal additive manufacturing platform for short run production and expect to have greater engagement with our development partners next year as we move through the stages towards commercialization.

SLIDE 17: STRATASYS DIRECT MANUFACTURING UPDATE

We are encouraged with the improved performance at Stratasys Direct Manufacturing.

SDM is benefiting from the organizational changes we made early in the year to bring it directly under our North American sales organization and leverage the synergy between our parts and our hardware businesses, as well as strong growth in manufacturing orders led by metal part production, and an increase in larger, more complex projects and programs from our top customers, particularly in aerospace.

Specifically, in the third quarter we were pleased to see several large customers significantly grow their order sizes as they increasingly rely on SDM for production parts and development needs.

And as we have discussed in the past, the mix of SDM business has shifted significantly towards the more profitable additive manufactured parts over those made conventionally.

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

SLIDE 18: REVENUE & EARNINGS GUIDANCE

SPEAKER: Yonah Lloyd

Thank you, David.

We are updating our guidance for 2018 as follows:

1. Total revenue in the range of \$670 to \$680 million, compared to previous guidance of \$670 to \$700 million.
2. GAAP net loss of \$10 million to \$2 million, or (\$0.19) to (\$0.04) per diluted share, compared to previous guidance of net loss of \$41 million to \$25 million, or (\$0.75) to (\$0.46) per diluted share.
3. Non-GAAP net income in the range of \$27 to \$30 million, or \$0.50 to \$0.55 per diluted share, compared to previous guidance of net income of \$16 to \$27 million, or \$0.30 to \$0.50 per diluted share.
4. Non-GAAP operating margin is still expected to be in the range of 4.5% to 6%.
5. Capital expenditures are projected to be \$25 to \$35 million, compared the previous projection of \$30 to \$40 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 to deepen our customer engagement.

Non-GAAP earnings guidance excludes \$34 million of projected amortization of intangible assets; \$16 to \$17 million of share-based compensation expense; net gains from divestitures of \$23 million to \$22 million; and reorganization related expense of \$6 to \$7 million; and includes between (\$1) million in tax expenses to \$1 million in tax income 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 is the best measure of our performance.

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 19: Q&A

SPEAKER: Elan Jaglom

Thank you for joining today's call. We look forward to seeing those of you who will be attending the annual Formnext exhibition in Frankfurt later this month, and to speaking with all of you again early next year.

SLIDE 20: FINANCIAL RECONCILIATION TABLES



STRATASYS

Q3 2018

Financial Results Conference Call
November 1, 2018



Q3 2018 Conference Call and Webcast Details

Speakers

- Elan Jaglom – Interim CEO
- David Reis – Vice-Chairman
- Lilach Payorski – CFO
- Yonah Lloyd – VP, Investor Relations

Live webcast and replay:
<https://edge.media-server.com/m6/p/a8omzpk4>

Live Dial-in Information

Primary Dial-in:
+1-866-394-5776

International Dial-in:
+1-409-350-3596

Participant Passcode:
2963439

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 nine months ended, September 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 mergers, acquisitions and divestments related expense or gains 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 20.





Elan Jaglom Interim CEO

Opening Remarks

- Pleased with third quarter results
- Continued recovery in high-end system orders
- Improved results at Stratasys Direct Manufacturing
- Steady growth in consumables and services

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FINANCIAL UPDATE

Lilach Payorski – CFO

Financial Results

↑ Revenue 4%
 ↑ GAAP Gross Profit 5%
 ↑ GAAP Operating Income 149%
 ↑ Non-GAAP Gross Profit 3%
 ↑ Non-GAAP Operating Income 1%

	GAAP			Non-GAAP		
	Q3 '17	Q3 '18	Change Y/Y	Q3 '17	Q3 '18	Change Y/Y
Total Revenue	155.9	162.0	4.0%	155.9	162.0	4.0%
Gross Profit	75.2	78.9	3.7 / 4.9%	81.8	84.5	2.6 / 3.2%
% Margin	48.3%	48.7%		52.5%	52.1%	
Operating Income (Loss)	(6.9)	3.4	10.2 / 148.7%	8.1	8.2	0.1 / 1.3%
% Margin	-4.4%	2.1%		5.2%	5.0%	
Pre-Tax Income (Loss)	(7.2)	3.3	10.5 / 146.1%	7.8	8.1	0.4 / 4.8%
% Margin	-4.6%	2.0%		5.0%	5.0%	
Tax Rate	-35.8%	9.2%	88.2%	43.9%	13.0%	-69.1%
EBITDA	9.4	14.7	56.1%	16.3	14.1	-13.3%
Net Income (Loss) attributed to SSYS Ltd.	(10.2)	(0.7)	9.5 / -93.3%	4.1	5.7	1.6 / 37.7%
% Margin	-6.5%	-0.4%		2.7%	3.5%	
EPS (Diluted)	(0.19)	(0.01)	-93.4%	0.08	0.11	36.8%
Diluted Share	53.0	53.8	1.4%	53.7	54.0	0.6%

(\$ in millions unless noted otherwise)

Financial Results Revenue

↑ Product Revenue 1%
↔ System Revenue 0%
↑ Consumable Revenue 3%
↑ Service Revenue 10%
↑ Customer Support 7%

Total Revenue - Quarterly Trend



Financial Results – Gross Margin Trends

GAAP

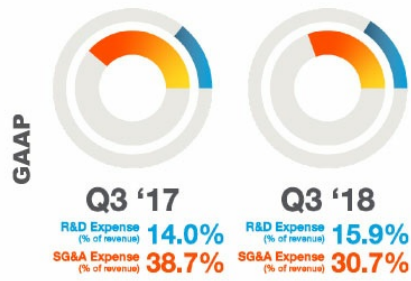


Non-GAAP

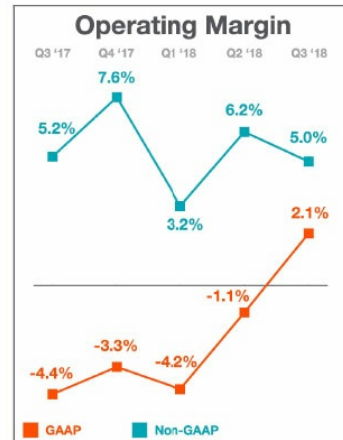


■ Product Gross Margin ■ Service Gross Margin ■ Total Gross Margin

Financial Results – Operating Expense and Margin



- ↓ GAAP Operating Expense 8%
- ↑ Non-GAAP Operating Expense 3%
- ↑ GAAP R&D Expense 18%
- ↓ GAAP SG&A Expense 17%



Financial Results – Balance Sheet Summary & Cash Flow From Operations

	Dec '17	June '18	Sept '18
Cash and Cash Equivalents	328.8	346.7	348.9
Accounts Receivable, net	132.7	123.5	129.5
Inventories	115.7	117.0	118.1
Net Working Capital	451.6	453.1	483.9

(\$ in millions unless noted otherwise)

Cash Flow From Operating Activities



Lilach Payorski

CFO

Financial Summary

- Revenue results in-line with expectations and reflect continued recovery in high-end system sales
- Pleased with growth in services revenue, including improvements at Stratasys Direct Manufacturing
- Recurring revenue demonstrates strength of installed base of systems
- Pleased with operating expense controls - while investing for short and long-term growth
- Continued trend of positive cash generation from operating activities and maintain healthy balance sheet

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UPDATE ON CEO SEARCH

Elan Jaglom – Interim CEO

Update on CEO Search

Executive Search Committee



Elan Jaglom
Chairman of
Board and
Interim CEO



Victor Leventhal
Chairman of
Compensation
Committee

Candidates Being Interviewed:

- ✓ Strong leaders
- ✓ Global backgrounds
- ✓ Operational experience



Q3 UPDATE

David Reis – Vice Chairman

Manufacturing Customer Commitment Increasing

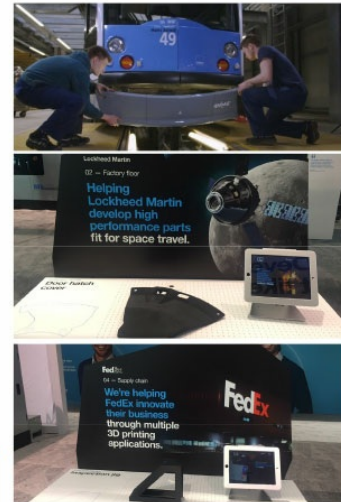
Siemens Mobility – AM Adoption

- April 2017 - Siemens Mobility begins providing rail industry with 3D printed parts
- Sept 2018 – Siemens Mobility announced its first digital rail maintenance center –the Siemens Mobility RRX Rail Service Center in Germany

Manufacturing Customers – Featured at IMTS

- FedEx – developing supply chain efficiencies
- SSL – Aerospace lay-up tooling with FDM
- Lockheed Martin –Antero PEKK for space program
- Team Penske – End use parts for NASCAR racing

**New Innovations to Drive Adoption & Expand Addressable Markets
Metal/FDM/PolyJet**



Stratasys Direct Manufacturing (SDM)

Improved performance driven by:

- SDM benefiting from organizational changes – now under North American sales
- Beginning to realize cross-selling synergies
Parts sell printers ↔ Printers sell parts
- Strong growth in manufacturing orders
- Increase in larger orders for complex projects and programs to top OEMs
- Positive mix shift toward AM vs. legacy traditional technologies



Revenue & Earnings Guidance

Revenue (M)

\$670 - \$680

GAAP Diluted EPS

\$(0.19) - \$(0.04)

Non-GAAP Diluted EPS

\$0.50 - \$0.55

Reconciliation of GAAP to Non-GAAP Guidance (\$ in millions, except per share data)

Revenue	\$670 to \$680
GAAP Net Loss	(\$10) to (\$2)
(1) Stock-Based Compensation Expense	\$16 to \$17
(2) Intangible Assets Amortization Expense	\$34
(3) Net Gains from Divestitures	(\$23) to (\$22)
(4) Reorganization Related Expense	\$6 to \$7
(5) Tax Expense (Income) Related to Non-GAAP Adjustments	(\$1) to \$1
Non-GAAP Net Income	\$27 to \$30
GAAP Loss Per Share	(\$0.19) to (\$0.04)
Non-GAAP Diluted Earnings Per Share	\$0.50 to \$0.55

Thank You

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

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$78,928	\$5,545	\$84,473	\$75,239	\$0,598	\$81,837
Operating income (Loss) (1,2)	3,350	4,815	8,165	(6,873)	14,933	8,060
Net income (Loss) attributable to Stratasys Ltd. (1,2,3)	(679)	6,383	5,704	(10,157)	14,299	4,142
Net income (Loss) per diluted share attributable to Stratasys Ltd. (4)	(\$0.01)	\$0.12	\$0.11	(\$0.19)	\$0.27	\$0.08
(1) Acquired intangible assets amortization expense		5,221			5,688	
Non-cash stock-based compensation expense		351			642	
Reorganization and other related costs		(27)			72	
Merger and acquisition related expense		0			195	
		5,545			6,598	
(2) Acquired intangible assets amortization expense		2,532			2,593	
Non-cash stock-based compensation expense		3,662			4,256	
Changes in fair value of obligations in connection with acquisitions		0			65	
Gain from divestiture, net of transaction costs		(7,016)			-	
Reorganization and other related costs		92			383	
Merger and acquisition related expense		0			1,038	
		730			8,335	
		4,815			14,933	
(3) Corresponding tax effect		(750)			(836)	
Acquired intangibles assets amortization and write-off related to equity method investments		2,318			202	
		\$6,383			\$14,299	
(4) Weighted average number of ordinary shares outstanding - Diluted	53,769		53,992	53,012		53,664