

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 March 2019

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

(Addresses of principal executive offices)

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

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 March 7, 2019, Stratasys Ltd. (“**we**” or “**us**”) announced our financial results for the quarter and a year ended December 31, 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 March 7, 2019 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: March 7, 2019

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 March 7, 2019, announcing the financial results of Stratasys Ltd. for the quarter and year ended December 31, 2018
99.2	Script for our conference call held on March 7, 2019
99.3	PowerPoint presentation with additional information for the foregoing conference call



NEWS RELEASE

STRATASYS RELEASES FOURTH QUARTER AND FULL YEAR 2018 FINANCIAL RESULTS

Fourth Quarter Revenue of \$177.1 million and \$663.2 million for full year 2018

Fourth Quarter GAAP net income of \$6.3 million, or \$0.12 per diluted share, and non-GAAP net income of \$11.3 million, or \$0.21 per diluted share

Generated \$18.7 million of cash from operations during the quarter, and a record \$63.7 million in cash from operations in full year 2018

Company releases full year 2019 earnings guidance

Minneapolis & Rehovot, Israel, March 7, 2019 — Stratasys Ltd. (NASDAQ: SSYS) announced financial results for the fourth quarter and full year of 2018.

Q4 2018 Financial Results Summary:

Revenue for the fourth quarter of 2018 was \$177.1 million, compared to \$179.3 million for the same period last year.

- GAAP gross margin was 49.1% for the quarter, compared to 48.7% for the same period last year.
 - Non-GAAP gross margin was 52.2% for the quarter, compared to 52.5% for the same period last year.
 - GAAP operating loss for the quarter was \$3.8 million, compared to operating loss of \$6.0 million for the same period last year.
 - Non-GAAP operating income for the quarter was \$12.8 million, compared to operating income of \$13.5 million for the same period last year.
 - GAAP net income for the quarter was \$6.3 million, or \$0.12 per diluted share, compared to a net loss of \$10.0 million, or (\$0.19) per diluted share, for the same period last year.
-

- Non-GAAP net income for the quarter was \$11.3 million, or \$0.21 per diluted share, compared to Non-GAAP net income of \$8.4 million, or \$0.16 per diluted share, reported for the same period last year.
- The Company generated \$18.7 million in cash from operations during the fourth quarter and ended the period with \$393.2 million in cash and cash equivalents.

“We are pleased with our fourth quarter and full year profitability, and finished 2018 with record cash flow from operations as we continue to build a strong operational foundation for future growth opportunities and to invest in accelerating new product introductions to expand our addressable markets,” said Elchanan (Elan) Jaglom, Interim Chief Executive Officer of Stratasys. “Our consolidated top line results this quarter reflect continued positive traction in high-end system and materials sales for our PolyJet and FDM technology platforms, primarily in North America, offset partially by the impact late in the quarter of the government shutdown in the United States and what we believe is temporary weakness in the Automotive sector in Europe.”

Fiscal 2018 Financial Results Summary:

- Revenue for fiscal 2018 was \$663.2 million compared to \$668.4 million for fiscal 2017.
- GAAP operating loss for fiscal 2018 was \$8.8 million, compared to a loss of \$30.5 million for fiscal 2017.
- Non-GAAP operating income for fiscal 2018 was \$36.5 million, compared to \$36.7 million for fiscal 2017.
- GAAP net loss for fiscal 2018 was \$11.0 million, or (\$0.22) per diluted share, compared to a loss of \$40.0 million, or (\$0.75) per diluted share, for fiscal 2017.
- Non-GAAP net income for fiscal 2018 was \$27.8 million, or \$0.52 per diluted share, compared to non-GAAP net income of \$24.2 million, or \$0.45 per diluted share, reported for fiscal 2017.
- The Company generated a record \$63.7 million in cash from operations in fiscal 2018.

Financial Guidance:

Stratasys today provided the following information regarding the Company’s guidance for projected revenue and net income for the fiscal year ending December 31, 2019:

- Revenue guidance of \$670 to \$700 million.
 - GAAP net loss of \$22 to \$12 million, or (\$0.40) to (\$0.22) per diluted share.
 - Non-GAAP net income of \$30 to \$38 million, or \$0.55 to \$0.70 per diluted share.
-

Stratasys also provided the following guidance regarding the Company's projected performance and strategic plans for 2019:

- Non-GAAP operating margins of 5.5% to 6.5%.
- Capital expenditures are projected at \$45 to \$60 million.

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 \$32 million of projected amortization of intangible assets; \$20 to \$22 million of share-based compensation expense; reorganization related and other expense of \$1 to \$2 million; and includes (\$3) to (\$4) million in tax expenses related to non-GAAP adjustments.

"We are entering into 2019 with an impressive roadmap of new technology and products, and continued, steady progress in customer adoption of our additive manufacturing solutions for advanced applications in our target verticals of aerospace, automotive, healthcare, and high-realism rapid prototyping," continued Jaglom. "We are excited about our recent and upcoming new product introductions and believe that we will see accelerated growth beginning in 2020."

Stratasys Ltd. Q4 2018 Conference Call Details

The Company plans to hold the conference call to discuss its third quarter financial results on Thursday, March 7, 2019 at 8:30 a.m. (ET).

The investor conference call will be available via live webcast on the Stratasys Web site at www.stratasys.com under the "Investors" tab; or directly at the following web address: <https://edge.media-server.com/m6/p/znvsr248>.

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 2462328.

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 2019, 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 shifts in our product mix to lower-margin products or in our revenues mix towards our AM services business; potential further charges against earnings that we could be required to take due to impairment of additional goodwill or other intangible assets; potential failure to successfully consummate acquisitions or investments in new businesses, technologies, products or services; 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, 2018 (the "**2018 Annual Report**"), filed with the Securities and Exchange Commission (the "**SEC**") on March 7th, 2019. Readers are urged to carefully review and consider the various disclosures made throughout our 2018 Annual Report that attaches Stratasys' unaudited, condensed consolidated financial statements as of, and for the quarter and full year ended, December 31, 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

(in thousands, except share data)

	December 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 393,167	\$ 328,761
Accounts receivable, net	138,146	132,671
Inventories	123,524	115,717
Net investment in sales-type leases	2,658	7,208
Prepaid expenses	6,398	7,696
Other current assets	20,278	22,858
Total current assets	684,171	614,911
Non-current assets		
Net investment in sales-type leases - long term	1,552	4,439
Property, plant and equipment, net	188,150	199,951
Goodwill	385,849	387,108
Other intangible assets, net	107,274	142,122
Other non-current assets	21,258	31,219
Total non-current assets	704,083	764,839
Total assets	\$ 1,388,254	\$ 1,379,750
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 45,855	\$ 39,849
Current portion of long term-debt	5,143	5,143
Accrued expenses and other current liabilities	39,115	30,041
Accrued compensation and related benefits	31,703	35,356
Deferred revenues	53,965	52,908
Total current liabilities	175,781	163,297
Non-current liabilities		
Long-term debt	22,000	27,143
Deferred tax liabilities	1,662	7,069
Deferred revenues - long-term	18,422	15,200
Other non-current liabilities	27,422	32,899
Total non-current liabilities	69,506	82,311
Total liabilities	245,287	245,608
Redeemable non-controlling interests	852	1,635
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 thousands shares; 53,881 thousands shares and 53,631 thousands shares issued and outstanding at December 31, 2018 and December 31, 2017, respectively	146	145
Additional paid-in capital	2,681,048	2,663,274
Accumulated other comprehensive loss	(7,753)	(7,023)
Accumulated deficit	(1,531,326)	(1,523,906)
Equity attributable to Stratasys Ltd.	1,142,115	1,132,490
Non-controlling interest	-	17
Total equity	1,142,115	1,132,507
Total liabilities and equity	\$ 1,388,254	\$ 1,379,750

Consolidated Statements of Operations

(in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Net sales				
Products	\$ 124,537	\$ 129,777	\$ 456,504	\$ 474,286
Services	52,582	49,566	206,733	194,076
	177,119	179,343	663,237	668,362
Cost of sales				
Products	56,502	59,977	203,622	219,020
Services	33,618	32,100	134,391	126,565
	90,120	92,077	338,013	345,585
Gross profit	86,999	87,266	325,224	322,777
Operating expenses				
Research and development, net	24,379	26,585	98,964	96,237
Selling, general and administrative	66,423	66,657	235,107	257,063
	90,802	93,242	334,071	353,300
Operating loss	(3,803)	(5,976)	(8,847)	(30,523)
Financial income, net	747	667	633	1,047
Loss before income taxes	(3,056)	(5,309)	(8,214)	(29,476)
Income taxes expense	3,626	4,102	4,736	9,273
Share in profits (losses) of associated companies	12,910	(704)	1,725	(1,710)
Net income (loss)	6,228	(10,081)	(11,225)	(40,459)
Net loss attributable to non-controlling interest	(79)	(101)	(261)	(478)
Net loss attributable to Stratasys Ltd.	<u>\$ 6,307</u>	<u>\$ (9,980)</u>	<u>\$ (10,964)</u>	<u>\$ (39,981)</u>
Net loss per ordinary share attributable to Stratasys Ltd.				
Basic	\$ 0.12	\$ (0.19)	\$ (0.22)	\$ (0.75)
Diluted	0.12	(0.19)	(0.22)	(0.75)
Basic	53,854	53,356	53,751	52,959
Diluted	54,132	53,356	53,751	52,959

Reconciliation of GAAP to Non-GAAP Results of Operations

	Three Months Ended December 31,					
	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)	\$ 86,999	\$ 5,499	\$ 92,498	\$ 87,266	\$ 6,864	\$ 94,130
Operating income (loss) (1,2)	(3,803)	16,574	12,771	(5,976)	19,518	13,542
Net income (loss) attributable to Stratasys Ltd. (1,2,3)	6,307	4,993	11,300	(9,980)	18,429	8,449
Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ 0.12	\$ 0.09	\$ 0.21	\$ (0.19)	\$ 0.35	\$ 0.16
(1) Acquired intangible assets amortization expense		5,221			5,687	
Non-cash stock-based compensation expense		294			497	
Impairment charges of other intangible assets		-			646	
Reorganization and other related costs		(16)			34	
		5,499			6,864	
(2) Acquired intangible assets amortization expense		2,532			2,594	
Non-cash stock-based compensation expense		3,686			3,092	
Impairment charges of intangible assets and other long lived assets		4,797			3,742	
Reorganization and other related costs		60			3,136	
Merger and acquisition related expense		-			90	
		11,075			12,654	
		16,574			19,518	
(3) Corresponding tax effect		1,853			(1,295)	
Gain from equity method divestment, related write-offs and amortization		(13,434)			206	
		\$ 4,993			\$ 18,429	
(4) Weighted average number of ordinary shares outstanding- Diluted	54,132		54,132	53,356		53,584

Reconciliation of GAAP to Non-GAAP Results of Operations

	Twelve Months Ended December 31,					
	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)	\$ 325,224	\$ 22,351	\$ 347,575	\$ 322,777	\$ 26,860	\$ 349,637
Operating income (loss) (1,2)	(8,847)	45,324	36,477	(30,523)	67,226	36,703
Net income (loss) attributable to Stratasys Ltd. (1,2,3)	(10,964)	38,782	27,818	(39,981)	64,158	24,177
Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.22)	\$ 0.74	\$ 0.52	\$ (0.75)	\$ 1.20	\$ 0.45
(1) Acquired intangible assets amortization expense		20,866			22,768	
Non-cash stock-based compensation expense		1,474			2,581	
Impairment charges of other intangible assets		-			646	
Reorganization and other related costs		11			337	
Merger and acquisition related expense		-			528	
		22,351			26,860	
(2) Acquired intangible assets amortization expense		10,161			10,319	
Impairment charges of intangible assets and other long-lived assets		4,797			3,742	
Non-cash stock-based compensation expense		14,212			15,141	
Gain from divestiture, net of transaction costs		(7,016)			-	
Change in fair value of obligations in connection with acquisitions		-			1,378	
Reorganization and other related costs		691			5,803	
Merger and acquisition related expense		128			3,983	
		22,973			40,366	
		45,324			67,226	
(3) Corresponding tax effect		(808)			(3,866)	
Gain from equity method divestment, related write-offs and amortization		(5,734)			798	
		\$ 38,782			\$ 64,158	
(4) Weighted average number of ordinary shares outstanding- Diluted	53,751		53,898	52,959		53,536

Reconciliation of GAAP to Non-GAAP Forward Looking Guidance

Fiscal Year 2019

(in millions, except per share data)

GAAP net loss	(\$22) to (\$12)
Adjustments	
Stock-based compensation expense	\$20 to \$22
Intangible assets amortization expense	\$32
Reorganization Related Expense	\$1 to \$2
Tax expense (Income) related to Non-GAAP adjustments	(\$4) to (\$3)
Non-GAAP net income	\$30 to \$38
GAAP diluted loss per share	(\$0.40) to (\$0.22)
Non-GAAP diluted earnings per share	\$0.55 to \$0.70

SLIDE 1 & 2: TITLE SLIDES

SPEAKER: Operator

Good day, ladies and gentlemen. Welcome to today's conference call to discuss Stratasys' fourth quarter and full year 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 2018 fourth quarter and full year financial results. On the call with us today are Elan Jaglom, Interim CEO, David Reis, Vice-Chairman and member of our Board's Oversight Committee, and Lilach Payorski, 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 2018 year, our report on Form 6-K, along with the related press release concerning our earnings for the fourth quarter of 2018, all of which we are filing with or furnishing to (as applicable) 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.

Our fourth quarter top line results reflect continued positive traction in high-end system and materials sales for both our PolyJet and FDM technologies, primarily in North America, improved growth at Stratasys Direct Manufacturing, and steady growth in customer support revenues. Late in the quarter our revenues were impacted by the government shutdown in the US, and some weakness in the Automotive sector in Europe which we believe is temporary and not fundamental, as we remain highly engaged with our OEM partners there.

We are pleased to have achieved our profitability expectations both for the fourth quarter and full year, and to have generated a record amount of cash from operations for 2018, demonstrating a continuation of our effort to successfully deliver earnings value to our shareholders.

Overall, we are pleased with the progress we have made over the last few years to build a strong operational foundation for future growth.

We are excited about our recent and upcoming new product introductions that expand our addressable markets, and believe we have a portfolio roadmap in place that will result in accelerated growth beginning in 2020.

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 our strategy and growth prospects, 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 fourth quarter was \$177.1 million compared to \$179.3 million for the same period last year. For the full year 2018, total revenue was \$663.2 million compared to \$668.4 million for 2017.

After adjusting for the sale of our divested entities during 2018, on a like-for-like basis total revenue was up 0.7% for the fourth quarter and was flat for the full year.

Non-GAAP operating income for the fourth quarter was \$12.8 million, compared to operating income of \$13.5 million for the same period last year.

GAAP net income for the quarter was \$6.3 million, or \$0.12 per diluted share, compared to a net loss of \$10.0 million, or (\$0.19) per diluted share, for the same period last year.

Non-GAAP net income for the quarter was \$11.3 million, or \$0.21 per diluted share, compared to Non-GAAP net income of \$8.4 million, or \$0.16 per diluted share, reported for the same period last year.

For full year 2018, GAAP net loss was \$11.0 million, or (\$0.22) per diluted share, compared to a loss of \$40.0 million, or (\$0.75) per diluted share, for fiscal 2017, and non-GAAP net income was \$27.8 million, or \$0.52 per diluted share, compared to non-GAAP net income of \$24.2 million, or \$0.45 per diluted share, reported for fiscal 2017.

SLIDE 8: REVENUE

Product revenue in the fourth quarter was \$124.5 million, a decrease of 4.0% compared to the same period last year, and for the full year 2018, product revenue was \$456.5 million, a decrease of 3.7% compared to 2017. Excluding the divested entities, Q4 product revenue decreased 1.6%, and 2.6% for full year 2018.

Within product revenue, system revenue for the quarter decreased 6.9%, and 4% after adjusting for the divested entities, compared to the same period last year. On an annual basis, 2018 system revenue decreased 9%, and 7.9% after adjusting for divestments.

Consumables revenue for the quarter was flat compared to the same period last year, and up 1.3% excluding the divested entities. On an annual basis, 2018 consumables revenue increased 2.2%, and 3.2% after adjusting for the divestments. We are observing strong consumables growth in the US, our largest and most mature geographical market, offset by the previously mentioned partial impact of Automotive in EMEA.

Services revenue in the fourth quarter was \$52.6 million, an increase of 6.1% compared to the same period last year, and for the full year 2018, services revenue was \$206.7 million, an increase of 6.5% compared to 2017. Excluding the divested entities, Q4 services revenue increased 6.7%, and 6.9% for full year 2018.

Within services revenue, customer support revenue, which includes revenue generated mainly by maintenance contracts on our systems, increased by 6.2% compared to the same period last year. For the full year 2018, customer support revenue increased 7.5% compared to 2017.

SLIDE 9: GROSS MARGIN TRENDS

GAAP gross margin was 49.1% for the quarter, compared to 48.7% for the same period last year.

Non-GAAP gross margin was 52.2% for the fourth quarter, compared to 52.5% for the same period last year, driven by mix of revenue sources.

Non-GAAP product gross margin increased to 58.9%, compared to 58.8% for the same period last year, driven by product mix.

Non-GAAP services gross margin was 36.3%, compared to 35.9% for the same period last year, reflecting improvements in Stratasys Direct Manufacturing performance.

SLIDE 10: OPERATING EXPENSES & OPERATING INCOME

GAAP operating expenses decreased by 2.6% to \$90.8 million for the fourth quarter, as compared to the same period last year, primarily due to the exclusion of our divested entities.

Non-GAAP operating expenses decreased by 1.1% to \$79.7 million for the fourth quarter as compared to the same period last year, driven by administrative cost controls and the impact of divestitures.

SLIDE 11: BALANCE SHEET SUMMARY & CASH FLOW FROM OPERATIONS

The Company generated \$18.7 million of cash from operations during the fourth quarter, as compared to \$20.8 million of cash generated in the fourth quarter last year. For 2018 we generated a record \$63.7 million of cash from operations.

We ended the fourth quarter with \$393.2 million in cash and cash equivalents, compared to \$348.9 million at the end of the third quarter of 2018.

Inventory increased to \$123.5 million, compared to \$118.1 million in the third quarter of 2018.

Accounts receivable increased to \$138.1 million, compared to \$129.5 million as of the end of the third quarter of 2018, with Days Sales Outstanding, or DSO, on 12-month trailing revenue at 76.

SLIDE 12: FINANCIAL SUMMARY

To recap:

- 1.) We are pleased with our Non-GAAP earnings, demonstrating the success of our continuous effort to improve operational discipline and expense management.
- 2.) Our revenue results reflect strong performance and increased adoption in North America for our high-end PolyJet and FDM systems, as well as consumables, partially offset by what we believe is temporary weakness in the Automotive sector in EMEA.
- 3.) We continue to enjoy a healthy balance sheet and positive cash generation from operating activities, demonstrated by a record \$63.7 million in 2018.

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

SLIDE 13: UPDATE ON CEO SEARCH / CEO ANNOUNCEMENT

Thank you, Lilach.

As we noted on the last call, Victor Leventhal, Chairman of our Compensation Committee, and I, as the Company's Executive Search Committee, and have been actively interviewing CEO candidates.

They are all outstanding leaders, with global operational experience and a strong history of growing large, public companies and delivering significant shareholder value.

At this time we have not yet finalized a decision, and we look forward to announcing a new CEO when we have completed the process.

I would now like to ask David to provide more detailed information regarding the results of the quarter and full year 2018, as well as our longer-term growth outlook, David?

SLIDE 14 - 16: Q4 AND FY 2018 UPDATE

Thank you, Elan.

We are pleased with the success of our high-end systems in the fourth quarter and full year 2018, which we believe will lead to accelerated future annuity streams from materials and services.

Our J750 and new J735 full color and multi-material 3D printers are seeing high demand in the CPG segment where adoption has been increasing and systems are seeing high utilization as mission-critical tools in product design and development. This segment represents a significant opportunity for us within the prototyping space.

On the growing manufacturing side of our business, we had a strong year for our F900 series and our advanced materials, which, to our observation, are increasingly being adopted for tooling and end-use part production in our target verticals. As a result of our work with Aerospace OEMs, there are tens of thousands of FDM production parts already flying, and that number continues to increase.

Overall, the percentage of our system sales that go into manufacturing environments continues to grow, which we believe will lead to strong recurring revenue from materials and services. Already, we see utilization rates on manufacturing-focused units like the F900 exceeding those of prototyping units like the F123 by a factor of three.

We are also excited with the early interest we are seeing for our recent product introductions, which include:

1. The F380 Carbon Fiber Edition for tooling applications;
 2. Antero PEKK advanced FDM thermoplastic that meets the strict requirements for aerospace applications;
 3. Elastomer TPU material for the F123 platform which is seeing strong early interest from Automotive manufacturers and others;
 4. The MakerBot Method Performance 3D printer that bridges the gap between desktop and industrial systems and is on schedule to begin shipments later this month; and,
 5. The new J720 Dental 3D Printer that provides multi-color and multi-material capabilities for dental labs.
-

SLIDE 17: GROWTH STRATEGY & OUTLOOK

I would like to provide an update on our growth plans.

Over the last few years, we have improved our organization on multiple levels. Through relentless focus on operational efficiency we have achieved consistent non-GAAP profitability and cash flow generation, building the cash balance that OEMs in our target verticals expect from long-term partners.

We believe that we are well positioned to move fast and take advantage of opportunities, both internal and external, to improve our technology portfolio, our go-to-market, and ultimately our customer base.

In the back half of 2019 and into 2020 and beyond, we intend to bring to market innovative new systems, materials, software, and application-specific solutions that leverage our deep knowledge of additive manufacturing and customer requirements to create new, incremental revenue opportunities.

The new systems include major developments across our existing core technology portfolio of FDM and PolyJet, metal systems that include our upcoming Layered Powder Metallurgy, or LPM platform, as well as new offerings that will broaden the range of solutions we bring to the market. We look forward to sharing more details of our roadmap throughout the year.

Beginning in fiscal year 2020, on the strength of our R&D and sales and marketing efforts we expect to begin seeing accelerated revenue growth.

I would now like to turn the call over to our VP of Investor Relations, Yonah Lloyd, who will provide greater details on our 2019 financial guidance. Yonah?

SLIDE 18: REVENUE & EARNINGS GUIDANCE

SPEAKER: Yonah Lloyd

Thank you, David.

We are providing full year guidance for 2019 as follows:

1. Revenue guidance of \$670 to \$700 million.
2. GAAP net loss of \$22 to \$12 million, or (\$0.40) to (\$0.22) per diluted share.
3. Non-GAAP net income of \$30 to \$38 million, or \$0.55 to \$0.70 per diluted share.
4. Non-GAAP operating margin of 5.5% to 6.5%.
5. Capital expenditures projected at \$45 to \$60 million.

Our guidance reflects growth combined with a continued showing of operational efficiency, as our profitability will increase relative to the top-line.

Non-GAAP earnings guidance excludes \$32 million of projected amortization of intangible assets; \$20 to \$22million of share-based compensation expense; reorganization related and other expenses of \$1 to \$2 million; and includes (\$3) to (\$4) million in tax expenses (income) related to non-GAAP adjustments.

The estimated non-GAAP tax rate for 2019 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 speaking with all of you again next quarter.

SLIDE 20: FINANCIAL RECONCILIATION TABLES



STRATASYS

Q4 and Full Year 2018

Financial Results Conference Call
March 7, 2019



Q4 and FY 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/znvsr248>

Live Dial-in Information

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

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

Participant Passcode:
2462328

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 2019, 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 shifts in our product mix to lower-margin products or in our revenues mix towards our AM services business; potential further charges against earnings that we could be required to take due to impairment of additional goodwill or other intangible assets; potential failure to successfully consummate acquisitions or investments in new businesses, technologies, products or services; 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, 2018 (the "2018 Annual Report"), filed with the Securities and Exchange Commission (the "SEC") on March 7th, 2019. Readers are urged to carefully review and consider the various disclosures made throughout our 2018 Annual Report that attaches Stratasys' unaudited, condensed consolidated financial statements as of, and for the quarter and full year ended, December 31, 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 presentation 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

- Fourth quarter results show positive traction in high-end FDM and PolyJet systems, primarily in North America, improved results at Stratasys Direct Manufacturing, and steady growth in customer support revenues
- Revenue was impacted by government shutdown in the United States and by temporary weakness in Automotive sector in EMEA
- Pleased with profitability and progress in creating strong operational foundation for future growth

Make it Better. Make it with Stratasys.

FINANCIAL UPDATE

Lilach Payorski – CFO

Financial Results

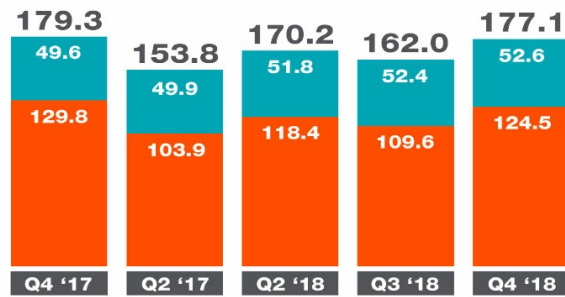
	GAAP			Non-GAAP		
	Q4 '17	Q4 '18	Change Y/Y	Q4 '17	Q4 '18	Change Y/Y
Total Revenue	179.3	177.1	-1.2%	179.3	177.1	-1.2%
Gross Profit	87.3	87.0	(0.3)	94.1	92.5	(1.6)
% Margin	48.7%	49.1%	-0.3%	52.5%	52.2%	-1.7%
Operating Income (Loss)	(6.0)	(3.8)	2.2	13.5	12.8	(0.8)
% Margin	-3.3%	-2.1%	36.4%	7.6%	7.2%	-5.7%
Pre-Tax Income (Loss)	(5.3)	(3.1)	2.3	14.2	13.5	(0.7)
% Margin	-3.0%	-1.7%	42.4%	7.9%	7.6%	-4.9%
Tax Rate	-76.6%	-118.7%	(2.3) 88.2%	37.7%	13.1%	(2.4) -69.1%
EBITDA	11.2	24.7	1.2	22.7	20.1	(0.1)
Net Income (Loss) attributed to SSYS Ltd.	(10.0)	6.3	16.3	8.4	11.3	2.9
% Margin	-5.6%	3.6%	-163.2%	4.7%	6.4%	33.7%
Diluted EPS	(0.19)	0.12	-162.3%	0.16	0.21	32.4%
Diluted Shares	53.4	54.1	1.5%	53.6	54.1	1.0%

\$ in millions, except shares data

All numbers and percentages rounded

Financial Results – Revenue

Total Revenue - Quarterly Trend



Y/Y Change

- ↓ Product Revenue -4%
- ↓ System Revenue -7%
- ↔ Consumable Revenue Flat
- ↑ Service Revenue +6%
- ↑ Customer Support +6%

Product

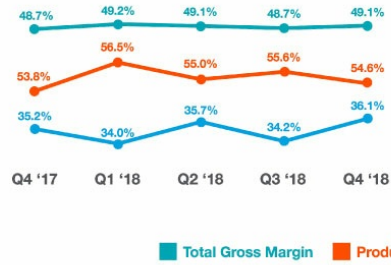
Service

Stratys

\$ in millions unless noted otherwise
All numbers and percentages rounded

Financial Results – Gross Margin Trends

GAAP



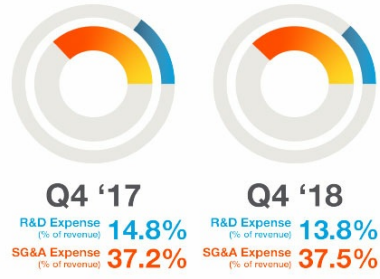
Non-GAAP



All percentages rounded

Financial Results – Operating Expense and Margin

GAAP



Y/Y Change

- ↓ GAAP Operating Expense -3%
- ↓ Non-GAAP Operating Expense -1%



Stratays

All percentages rounded

Financial Results – Balance Sheet Summary & Cash Flow From Operations

	Q4-17	Q3-18	Q4-18
Cash and Cash Equivalents	328.8	348.9	393.2
Accounts Receivable, net	132.7	129.5	138.1
Inventories	115.7	118.1	123.5
Net Working Capital	451.6	483.9	508.4

Cash Flow From Operating Activities



\$ in millions unless noted otherwise

*All numbers rounded

Lilach Payorski

CFO

Financial Summary

- Pleased with non-GAAP earnings driven by operational discipline and expense management
- Revenue reflects a strong quarter and increased adoption for high-end PolyJet and FDM systems and consumables North America, partially offset by what we believe is temporary weakness in the Automotive sector in EMEA
- Healthy balance sheet and positive cash generation from operating activities - record \$63.7 million in 2018

Make it Better. Make it with Stratasys.

UPDATE ON CEO SEARCH

Elan Jaglom – Interim CEO

Candidate Criteria:

- ✓ Strong leader
- ✓ Global operational experience
- ✓ Proven growth history
- ✓ Delivers shareholder value



Q4 & FY 2018 UPDATE

David Reis – Vice Chairman

2018 High End Systems and Materials Strength

Strong growth for **F900** addressing manufacturing focused applications

- Utilization rates exceed prototyping units such as F123 by 3X



J750 and **J735** increasingly adopted for applications requiring high-realism and multi-color and multi-material capabilities

- CPG, Dental, Medical surgical guides and patient-specific models
- Becoming mission-critical in product development
- Significant opportunity within prototyping space



Positive implications for future consumables and services recurring revenue streams

Recent New Product Introductions

F380 Carbon Fiber Edition

- Pleased with early demand

Antero PEKK

- Advanced FDM thermoplastic that meets strict aerospace requirements

FDM TPU Flexible Elastomer material for F123 Platform

- Strong early interest from Automotive manufacturers

MakerBot Method Performance 3D Printer

- Expect to begin shipping at end of Q1

J720 Dental 3D Printer

- Multi-color and multi-material capabilities for dental labs



Contributing to Expected 2019 Growth and Strengthening Product Portfolio

Growth Strategy and Outlook

Expected Accelerated Revenue Growth Beginning in 2020
Driven By:

- ✓ Focused R&D product roadmap
- ✓ New product introductions in 2019 and 2020
 - ✓ FDM and PolyJet platforms
 - ✓ Layered Powder Metallurgy (LPM) metal AM platform
 - ✓ Additional offerings to broaden range of solutions

Expected Accelerated Revenue Growth Beginning in 2020

Revenue & Earnings Guidance

Revenue (M)

\$670 - \$700

GAAP Diluted EPS

\$(0.40) - \$(0.22)

Non-GAAP Diluted EPS

\$0.55 - \$0.70

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

Revenue	\$670 to \$700
GAAP Net Loss	(\$22) to (\$12)
(1) Stock-Based Compensation Expense	\$20 to \$22
(2) Intangible Assets Amortization Expense	\$32
(3) Reorganization Related Expense	\$1 to \$2
(4) Tax Expense (Income) Related to Non-GAAP Adjustments	(\$4) to (\$3)
Non-GAAP Net Income	\$30 to \$38
GAAP Diluted Loss Per Share	(\$0.40) to (\$0.22)
Non-GAAP Diluted Earnings Per Share	\$0.55 to \$0.70

\$ in millions unless noted otherwise

*All numbers and percentages rounded

Thank You

Make it Better. Make it with Stratasy.

stratasy

Reconciliation of GAAP to Non-GAAP - Results of Operations Stratasy's Ltd.

	Three Months Ended December 31, 2018			Three Months Ended December 31, 2017		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$86,999	\$5,499	\$92,498	\$87,266	\$6,864	\$94,130
Operating income (Loss) (1,2)	-3,803	16,574	12,771	-5,976	19,518	13,542
Net income (Loss) attributable to Stratasy's Ltd. (1,2,3)	6,307	4,993	11,300	-9,980	18,429	8,449
Net income (Loss) per diluted share attributable to Stratasy's Ltd. (4)	\$0.12	\$0.09	\$0.21	(\$0.19)	\$0.35	\$0.16
(1) Acquired intangible assets amortization expense		5,221			5,687	
Impairment charges of intangible assets and other long-lived assets		0			646	
Non-cash stock-based compensation expense		294			497	
Reorganization and other related costs		-16			34	
		5,499			6,864	
(2) Acquired intangible assets amortization expense		2,532			2,594	
Non-cash stock-based compensation expense		3,686			3,092	
Impairment charges of intangible assets and other long-lived assets		4,797			3,742	
Reorganization and other related costs		60			3,136	
Merger and acquisition related expense		0			90	
		11,075			12,654	
		16,574			19,518	
Corresponding tax effect		1,853			-1,295	
Gain from equity method divestment and related amortization		-13,434			206	
		\$4,993			\$18,429	
(4) Weighted average number of ordinary shares outstanding - Diluted	54,132		54,132	53,366		53,584

\$ in millions unless noted otherwise

*All numbers and percentages rounded