

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 July 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

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 July 31, 2019, Stratasys Ltd. (“we” or “us”) announced our financial results for the second quarter of 2019, ended June 30, 2019. 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 (this “**Form 6-K**”) and is incorporated herein by reference.

In conjunction with the conference call being held on July 31, 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: July 31, 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 July 31, 2019, announcing the financial results of Stratasys Ltd. for the quarter ended June 30, 2019
99.2	Script for conference call of Stratasys Ltd. discussing quarterly financial results, held on July 31, 2019
99.3	PowerPoint presentation with additional information for the foregoing conference call



NEWS RELEASE

STRATASYS RELEASES SECOND QUARTER 2019 FINANCIAL RESULTS

Second Quarter Revenue of \$163.2 million

Second Quarter GAAP net income of \$1.2 million, or \$0.02 per diluted share, and non-GAAP net income of \$8.5 million, or \$0.16 per diluted share

Minneapolis & Rehovot, Israel, July 31, 2019 — Stratasys Ltd. (NASDAQ: SSYS) announced financial results for the second quarter of 2019.

Q2 2019 Financial Results Summary:

Revenue for the second quarter of 2019 was \$163.2 million, compared to \$170.2 million for the same period last year.

- GAAP gross margin was 49.7% for the quarter, compared to 49.1% for the same period last year.
 - Non-GAAP gross margin was 52.5% for the quarter, with no change compared to the same period last year.
 - GAAP operating income for the quarter was \$0.8 million, compared to an operating loss of \$1.9 million for the same period last year.
 - Non-GAAP operating income for the quarter was \$9.1 million, compared to non-GAAP operating income of \$10.6 million for the same period last year.
 - GAAP net income for the quarter was \$1.2 million, or \$0.02 per diluted share, compared to a net loss of \$3.6 million, or (\$0.08) per diluted share, for the same period last year.
 - Non-GAAP net income for the quarter was \$8.5 million, or \$0.16 per diluted share, compared to non-GAAP net income of \$8.1 million, or \$0.15 per diluted share, for the same period last year.
 - The Company used \$3.8 million of cash from operations during the second quarter and ended the period with \$366.3 million of cash and cash equivalents.
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“Our second quarter results reflect continued strong performance in the Americas, where we saw revenue growth across systems, consumables, and services, which was offset mainly by significant economic weakness in Europe that we believe is impacting capital investments and general spending in the automotive and industrial machinery markets in that region, as well as by the adverse impact of foreign exchange rates in Europe and Asia Pacific,” said Elchanan (Elan) Jaglom, Interim Chief Executive Officer of Stratasys. “We believe that we are well positioned to return to growth in Europe when macro conditions improve, and our new products and platforms are launched and adopted in the market. Additionally, despite relatively flat revenue growth after excluding divestments, we are pleased that our emphasis on operational efficiency delivered earnings and profitability while we continue to invest in new products and strengthen our R&D efforts to expand our addressable markets.”

Financial Guidance:

Stratasys today issued the following information regarding the Company’s guidance for the fiscal year ending December 31, 2019:

- Revenue guidance of \$670 to \$700 million.
- GAAP net loss of \$17 to \$3 million, or (\$0.31) to (\$0.05) per diluted share, compared to previous guidance of a 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.
- Non-GAAP operating margins of 5.5% to 6.5%.
- Capital expenditures are projected at \$30 to \$45 compared to previous guidance of \$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 \$23 to \$24 million of projected amortization of intangible assets; \$22 to \$24 million of share-based compensation expense; reorganization expenses and other of (\$1) to \$1 million; and includes tax adjustments of (\$2) to (\$3) million on the above non-GAAP items.

“We are excited about the market response to the new products that we have recently launched, and about the several additional product announcements we intend to make later this year and in 2020,” continued Jaglom. “We believe we are well positioned to continue expanding in manufacturing, rapid prototyping, and photo-realism design as well as in our target verticals of aerospace, automotive, healthcare, and dental. Our focus on innovation and select partnerships over the last several years is opening new, incremental opportunities that along with our healthy balance sheet will support our accelerated growth plan beginning in 2020.”

Stratasys Ltd. Q2 2019 Conference Call Details

The Company plans to hold the conference call to discuss its second quarter financial results on Wednesday, July 31, 2019 at 8:30 a.m. (ET).

The investor conference call will be available via live webcast on the Stratasys Web site at investors.stratasys.com; or directly at the following web address: <https://edge.media-server.com/mmc/p/o8gp8web>.

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 9771494.

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 at investors.stratasys.com, 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 overall strategy, including as related to any reorganization activities and our capital expenditures; potential shifts in our product mix to lower-margin products or in our revenues mix towards our AM services business; the impact of competition and new technologies; 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; 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 and the Report of Foreign Private Issuer on Form 6-K that attaches Stratasys' unaudited, condensed consolidated financial statements as of, and for the quarter and six months ended, June 30, 2019, and its review of its results of operations and financial condition for that period, 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, and the corresponding tax effect of those items. These non-GAAP adjustments either do not reflect actual cash outlays that impact our liquidity and our financial condition or have a non-recurring impact on the statement of operations, as assessed by management. These non-GAAP financial measures are presented to permit investors to more fully understand how management assesses our performance for internal planning and forecasting purposes. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of our results of operations without including all items indicated above during a period, which may not provide a comparable view of our performance to other companies in our industry. Investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with GAAP. Reconciliation between results on a GAAP and non-GAAP basis is provided in a table below.

Stratasys Investor Relations

Yonah Lloyd

Vice President - Investor Relations

Yonah.Lloyd@stratasys.com

Consolidated Balance Sheets

(Unaudited)

(in thousands, except share data)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 366,327	\$ 393,167
Accounts receivable, net	131,546	138,146
Inventories	147,799	123,524
Prepaid expenses	8,117	6,398
Other current assets	29,686	22,936
Total current assets	683,475	684,171
Non-current assets		
Property, plant and equipment, net	189,794	188,150
Goodwill	385,803	385,849
Other intangible assets, net	96,001	107,274
Operating lease right-of-use assets	23,399	-
Other non-current assets	18,891	22,810
Total non-current assets	713,888	704,083
Total assets	\$ 1,397,363	\$ 1,388,254
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 54,662	\$ 45,855
Current portion of long term-debt	-	5,143
Accrued expenses and other current liabilities	29,942	39,115
Accrued compensation and related benefits	29,572	31,703
Deferred revenues	54,298	53,965
Operating lease liabilities - short term	9,106	-
Total current liabilities	177,580	175,781
Non-current liabilities		
Long-term debt	-	22,000
Deferred revenues - long-term	16,652	18,422
Operating lease liabilities - long term	14,702	-
Other non-current liabilities	31,409	29,084
Total non-current liabilities	62,763	69,506
Total liabilities	240,343	245,287
Redeemable non-controlling interests	742	852
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 thousands shares; 54,344 thousands shares and 53,881 thousands shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	147	146
Additional paid-in capital	2,695,622	2,681,048
Accumulated other comprehensive loss	(7,047)	(7,753)
Accumulated deficit	(1,532,444)	(1,531,326)
Total equity	1,156,278	1,142,115
Total liabilities and equity	\$ 1,397,363	\$ 1,388,254

Consolidated Statements of Operations

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net sales				
Products	\$ 110,341	\$ 118,403	\$ 215,432	\$ 222,320
Services	52,822	51,833	103,031	101,749
	163,163	170,236	318,463	324,069
Cost of sales				
Products	47,095	53,262	91,264	98,480
Services	34,901	33,327	69,575	66,292
	81,996	86,589	160,839	164,772
Gross profit	81,167	83,647	157,624	159,297
Operating expenses				
Research and development, net	24,040	23,689	46,614	48,799
Selling, general and administrative	56,322	61,887	113,476	118,892
	80,362	85,576	160,090	167,691
Operating profit (loss)	805	(1,929)	(2,466)	(8,394)
Financial income (expense), net	1,755	(83)	2,508	(75)
Income (loss) before income taxes	2,560	(2,012)	42	(8,469)
Income tax expenses	1,280	205	2,498	806
Share in profits (losses) of associated companies	(195)	(1,360)	1,228	(7,433)
Net income (loss)	1,085	(3,577)	(1,228)	(16,708)
Net loss attributable to non-controlling interests	(67)	(26)	(110)	(116)
Net income (loss) attributable to Stratasys Ltd.	<u>\$ 1,152</u>	<u>\$ (3,551)</u>	<u>\$ (1,118)</u>	<u>\$ (16,592)</u>
Net income (loss) per ordinary share attributable to Stratasys Ltd.				
Basic	\$ 0.02	\$ (0.08)	\$ (0.02)	\$ (0.33)
Diluted	\$ 0.02	\$ (0.08)	\$ (0.02)	\$ (0.33)
Basic	54,231	53,722	54,102	53,689
Diluted	54,687	53,722	54,102	53,689

Reconciliation of GAAP to Non-GAAP Results of Operations

	Three Months Ended June 30,					
	2019	Non-GAAP	2019	2018	Non-GAAP	2018
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
U.S. dollars and shares in thousands (except per share amounts)						
Gross profit (1)	\$ 81,167	\$ 4,441	\$ 85,608	\$ 83,647	\$ 5,708	\$ 89,355
Operating income (loss) (1,2)	805	8,246	9,051	(1,929)	12,548	10,619
Net income (loss) attributable to Stratasys Ltd. (1,2,3)	1,152	7,372	8,524	(3,551)	11,643	8,092
Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ 0.02	\$ 0.14	\$ 0.16	\$ (0.08)	\$ 0.23	\$ 0.15
(1) Acquired intangible assets amortization expense		3,900			5,220	
Non-cash stock-based compensation expense		541			442	
Reorganization and other related costs		-			46	
		4,441			5,708	
(2) Acquired intangible assets amortization expense		1,783			2,539	
Non-cash stock-based compensation expense		5,552			3,836	
Reorganization expenses and other		(3,530)			465	
		3,805			6,840	
		8,246			12,548	
(3) Corresponding tax effect		(874)			(1,119)	
Amortization of acquired intangibles assets related to equity method investments		-			214	
		\$ 7,372			\$ 11,643	
(4) Weighted average number of ordinary shares outstanding- Diluted	54,687		54,687	53,722		53,745

Reconciliation of GAAP to Non-GAAP Results of Operations

	Six Months Ended June 30,					
	2019	Non-GAAP	2019	2018	Non-GAAP	2018
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
U.S. dollars and shares in thousands (except per share amounts)						
Gross profit (1)	\$ 157,624	\$ 8,693	\$ 166,317	\$ 159,297	\$ 11,307	\$ 170,604
Operating income (loss) (1,2)	(2,466)	18,321	15,855	(8,394)	23,935	15,541
Net income (loss) attributable to Stratasys Ltd. (1,2,3)	(1,118)	15,299	14,181	(16,592)	27,406	10,814
Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.02)	\$ 0.28	\$ 0.26	\$ (0.33)	\$ 0.53	\$ 0.20
(1) Acquired intangible assets amortization expense		7,798			10,424	
Non-cash stock-based compensation expense		895			829	
Reorganization and other related costs		-			54	
		8,693			11,307	
(2) Acquired intangible assets amortization expense		3,672			5,097	
Non-cash stock-based compensation expense		9,427			6,864	
Reorganization expenses and other		(3,471)			2,230	
Gain from sale of plant and property		-			(1,563)	
		9,628			12,628	
		18,321			23,935	
(3) Corresponding tax effect		(1,418)			(1,911)	
Gain from equity method divestment, related write-offs and amortization		(1,604)			5,382	
		\$ 15,299			\$ 27,406	
(4) Weighted average number of ordinary shares outstanding- Diluted	54,102		54,585	53,689		53,732

Reconciliation of GAAP to Non-GAAP Forward Looking Guidance

Fiscal Year 2019

(in millions, except per share data)

GAAP net loss		(\$17) to (\$3)
<u>Adjustments</u>		
Stock-based compensation expense		\$22 to \$24
Intangible assets amortization expense		\$23 to \$24
Reorganization and other related costs		(\$1) to \$1
Tax expense related to Non-GAAP adjustments		(\$2) to (\$3)
Non-GAAP net income		\$30 to \$38
GAAP loss per share		(\$0.31) to (\$0.05)
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' second quarter 2019 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 2019 second quarter 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, as well as our report on Form 6-K and the related press release concerning our earnings for the second quarter of 2019, the latter two of 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

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

Our second quarter results reflect continued strong performance in the Americas, our largest market, where we saw revenue growth across systems, consumables, and services.

In-line with our long-term strategy, we continue to invest in developing new products that we believe will expand our addressable markets and generate accelerated growth beginning in 2020.

Over the coming two years, we anticipate multiple major product introductions of new systems, platforms and technologies, subject to R&D timelines.

Our focus on operational efficiency has allowed us to continue generating earnings and profitability even as overall revenue growth remains relatively flat, after excluding divestments.

We believe we are well positioned to continue expanding in manufacturing, rapid prototyping, and photo-realism design as well as in our target verticals of aerospace, automotive, healthcare, and dental.

Additionally, our emphasis on innovation and select partnerships over the last several years is opening new, incremental opportunities that, along with our healthy balance sheet, will support our accelerated growth plan beginning in 2020.

We are excited about the market response to the new products that we have recently launched, and about several additional announcements we plan to make later this year and in 2020.

Our positive Americas top-line results in the second quarter were offset by our disappointing performance in EMEA. We believe that our sales are being affected primarily by the significant economic weakness in Europe that is impacting capital investments and general spending in the European automotive and industrial machinery markets. Our results were also unfavorably impacted by foreign exchange rates in Europe and Asia Pacific.

Despite the revenue weakness we are experiencing in Europe, we continue to see high levels of customer engagement and are encouraged by the interest in deploying our solutions there. We believe that we are well positioned to return to growth in that region once conditions improve.

I will return later in the call to provide an update on our search for a new CEO, and David will provide more details regarding the quarter and other items, but first I will turn the call over to our CFO, Lilach Payorski, who will review the details of our financial results.

SLIDE 6 & 7: FINANCIAL RESULTS SUMMARY

SPEAKER: Lilach Payorski

Thank you, Elan, and good morning, everyone.

Total revenue in the second quarter was \$163.2 million compared to \$170.2 million for the same period last year.

After adjusting for the sale of our divested entities during 2018, total revenue decreased 2% for the quarter and decreased 1% after also adjusting for constant currency.

GAAP operating income for the second quarter was \$0.8 million, compared to a loss of \$1.9 million for the same period last year.

Non-GAAP operating income for the quarter was \$9.1 million, compared to non-GAAP operating income of \$10.6 million for the same period last year.

GAAP net income for the quarter was \$1.2 million, or \$0.02 per diluted share, compared to a net loss of \$3.6 million, or (\$0.08) per diluted share, for the same period last year.

Non-GAAP net income for the quarter was \$8.5 million, or \$0.16 per diluted share, compared to non-GAAP net income of \$8.1 million, or \$0.15 per diluted share, for the same period last year.

SLIDE 8: REVENUE

Product revenue in the second quarter was \$110.3 million, a decrease of 7% compared to the same period last year. Excluding the divested entities and on a constant currency basis, product revenue decreased by 3%.

Within product revenue, system revenue for the quarter decreased 10%, and decreased by 6% after adjusting for the divested entities and on a constant currency basis, compared to the same period last year.

Consumables revenue for the quarter decreased by 4% compared to the same period last year and decreased by 1% after excluding the divested entities and on a constant currency basis.

Services revenue in the second quarter was \$52.8 million, an increase of 2% compared to the same period last year, and an increase of 3% after excluding divested entities and on a constant currency basis.

Within services revenue, customer support revenue increased by 2% compared to the same period last year, and by 4% after excluding divested entities and on a constant currency basis.

SLIDE 9: GROSS MARGIN TRENDS

GAAP gross margin was 49.7% for the quarter, compared to 49.1% for the same period last year.

Non-GAAP gross margin was 52.5% for the quarter, with no change compared to the same period last year.

SLIDE 10: OPERATING EXPENSES & OPERATING INCOME

GAAP operating expenses decreased by 6% to \$80.4 million for the second quarter, as compared to the same period last year, primarily due to the impact of divestments.

Non-GAAP operating expenses decreased by 3% to \$76.6 million for the second quarter as compared to the same period last year, driven by a continued focus on administrative cost controls and the impact of divestments.

SLIDE 11: BALANCE SHEET SUMMARY & CASH FLOW FROM OPERATIONS

The Company used \$3.8 million of cash from operations during the second quarter, as compared to \$13.0 million of cash generated in the second quarter last year, primarily due to proactive steps to increase inventory levels in order to improve fulfillment time and support product demand.

We ended the second quarter with \$366.3 million in cash and cash equivalents, compared to \$367.8 million at the end of the first quarter of 2019.

SLIDE 12: FINANCIAL SUMMARY

To recap:

1. We are pleased with year-over-year growth in Americas systems, consumables, and services revenues, which were offset primarily by the impact of economic conditions in EMEA.
 2. Our results reflect a continuation of strong non-GAAP earnings, demonstrating the success of our ongoing effort to maintain operational discipline and expense management as we continue to improve profitability.
 3. We continue to enjoy a healthy balance sheet and are well positioned to take advantage of opportunities moving forward.
-

I will now turn the call back over to Elan.

SLIDE 13: UPDATE ON CEO SEARCH

Thank you, Lilach.

Our search for a new CEO is moving ahead and we continue to meet with excellent candidates around the world, from various industries and backgrounds. These candidates have the requisite experience as public company leaders with strong track records of growing their businesses and delivering shareholder value, and we are being duly deliberate in our decision-making process.

As a reminder, our current Oversight Committee consisting of our board members, David Reis, Dov Ofer, and Scott Crump, continues to work closely with me and with our management team. I look forward to bringing this process to its conclusion and advising you of our decision at that time.

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

SLIDE 14 - 15: Q2 2019 UPDATE

Thank you, Elan.

Our second quarter results reflect a continuation of the trends we observed in the last several quarters, with systems, consumables and services growth in the Americas, our largest market, where we continue to observe increased adoption in our target verticals of aerospace, automotive, healthcare, and dental.

For example, in our North American aerospace segment, we are seeing strong sales of our production-focused 3D printers and materials, as well as encouraging early adoption of our recently launched Aircraft Interiors Solution.

We believe that our ability to meet the strict requirements of the aerospace industry is clearly demonstrated by our NCAMP qualification from NIAR which we discussed on our last call.

As the aerospace industry in general increases its investments into additive manufacturing, we believe that Stratasys is uniquely positioned to provide the OEM's and their entire supply chain with our solutions.

In addition to large deals with several top aerospace OEMs in Q2, we are seeing increased adoption by Tier 1 and Tier 2 suppliers, specifically for jigs, fixtures, and tooling applications.

We made several announcements at the Paris Airshow further demonstrating our focus and traction in the aerospace segment.

After two years of rapid adoption for both RP and tooling applications, we extended the Boom Supersonic partnership by seven years to span well into their development program, and also showcased tooling and end-use part applications that Marshall Aerospace and Defense is addressing with our FDM technology.

Additionally, at the Aircraft Interiors Expo in April, Diehl Aviation highlighted their adoption of Stratasys FDM technology, specifically showing a printed curtain header for the Airbus A350 XWB, which is reportedly the largest 3D printed part to be made for a passenger aircraft.

SLIDE 16: INNOVATION AND NEW PRODUCT INTRODUCTIONS

As we noted at the beginning of the year, we are focused on bringing 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 being developed include major developments across our existing technology portfolio of FDM and PolyJet, our upcoming Layered Powder Metallurgy metal platform, or LPM, as well as new offerings that will broaden the range of solutions we bring to the market. As a brief update, we have shipped two Early Bird LPM systems, one to a large metal-focused service bureau and the other to a world leading automotive OEM.

We are pleased with the early market interest in the new products we introduced this year, including the F120 and V650, and expect to see the impact ramping in H2 2019.

Additionally, in the back half of 2019 and into 2020 we intend to make several additional announcements, including more details on the LPM metal platform, progress on the High-Speed Sintering platform developed in partnership with Xaar, as well as exciting new advancements in both FDM and PolyJet.

We continue to expect that beginning in fiscal year 2020, on the strength of our R&D and sales and marketing efforts we will 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 17: 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. We currently believe that revenue will be closer to the low end of the range, depending primarily on economic conditions in Europe.
 2. GAAP net loss of \$17 to \$3 million, or (\$0.31) to (\$0.05) per diluted share, compared to previous guidance of a 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 \$30 to \$45 million, compared to previous guidance of \$45 to \$60 million.
-

Non-GAAP earnings guidance excludes \$23 to \$24 million of projected amortization of intangible assets; \$22 to \$24 million of share-based compensation expense; reorganization expenses and other of \$1 to (\$1) million; and includes tax adjustments of (\$2) to (\$3) million on the above non-GAAP items.

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 18: 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 19: FINANCIAL RECONCILIATION TABLES



Stratasys Q2 2019

Financial Results Conference Call

July 31, 2019



Q2 2019

Conference call & 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/mmc/p/o8gp8wcb>

Live dial-in information

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

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

Participant passcode:
9771494

Forward looking statements

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 overall strategy, including as related to any reorganization activities and our capital expenditures; potential shifts in our product mix to lower-margin products or in our revenues mix towards our AM services business; the impact of competition and new technologies; 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; 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 and the Report of Foreign Private Issuer on Form 6-K that attaches Stratasys' unaudited, condensed consolidated financial statements as of, and for the quarter and six months ended, June 30, 2019, and its review of its results of operations and financial condition for that period, 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, and the corresponding tax effect of those items. These non-GAAP adjustments either do not reflect actual cash outlays that impact our liquidity and our financial condition or have a non-recurring impact on the statement of operations, as assessed by management. These non-GAAP financial measures are presented to permit investors to more fully understand how management assesses our performance for internal planning and forecasting purposes. The limitations of using these non-GAAP financial measures as performance measures are that they provide a view of our results of operations without including all items indicated above during a period, which may not provide a comparable view of our performance to other companies in our industry. Investors and other readers should consider non-GAAP measures only as supplements to, not as substitutes for or as superior measures to, the measures of financial performance prepared in accordance with GAAP. Reconciliation between results on a GAAP and non-GAAP basis is provided on slide 19.



Elan Jaglom

Interim CEO



Opening Remarks

- Q2 results reflect continuation of strong Americas performance for systems, consumables, and services
- Offset by impact of economic weakness in EMEA
- Focus on operational efficiency resulting in positive earnings and profits
- Investing in new products to expand addressable markets and generate accelerated growth beginning in 2020

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Financial Update

Lilach Payorski – CFO



Financial Results

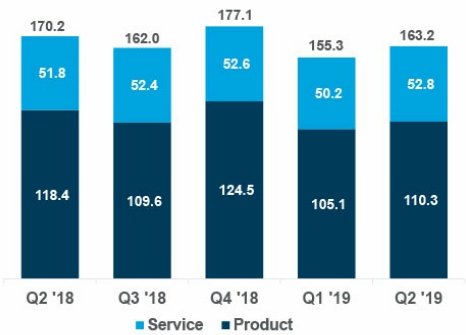
	GAAP			Non-GAAP		
	Q2-18	Q2-19	Change Y/Y	Q2-18	Q2-19	Change Y/Y
Total Revenue	170.2	163.2	-4.2%	170.2	163.2	-4.2%
Gross Profit	83.6	81.2	(2.5)	89.4	85.6	(3.7)
% Margin	49.1%	49.7%	0.6%	52.5%	52.5%	0.0%
Operating Income (Loss)	(1.9)	0.8	2.7	10.6	9.1	(1.6)
% Margin	-1.1%	0.5%	1.6%	6.2%	5.5%	-0.7%
Pre-Tax Income (Loss)	(2.0)	2.6	4.6	10.5	10.8	0.3
% Margin	-1.2%	1.6%	2.8%	6.2%	6.6%	0.4%
Tax Expenses	0.2	1.3	1.1	1.3	2.2	0.8
EBITDA	11.7	13.6	16%	16.7	16.1	-4%
Net Income (Loss) attributed to SSYS Ltd.	(3.6)	1.2	4.7	8.1	8.5	0.4
% Margin	-2.1%	0.7%	2.8%	4.8%	5.2%	0.5%
Diluted EPS	(0.08)	0.02	125.2%	0.15	0.16	3.5%
Diluted Shares	53.7	54.7	1.8%	53.7	54.7	1.8%

\$ in millions, except shares data
All numbers and percentages rounded

Financial Results

Revenue

Quarterly Trend



Revenue Growth – Q2 '19		
Revenue	Y/Y	Y/Y (exc. divested entities & FX)
Product	-7%	-3%
System	-10%	-6%
Consumables	-4%	-1%
Service	+2%	+3%
Customer Support	+2%	+4%

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

Financial Results

Gross margin trends

GAAP



● Total Gross Margin ● Product Gross Margin ● Service Gross Margin

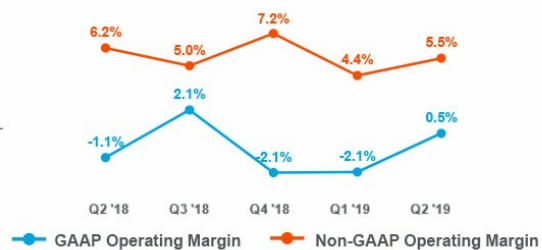
Non-GAAP



All percentages rounded

Financial Results

Operating expenses and operating margin trends

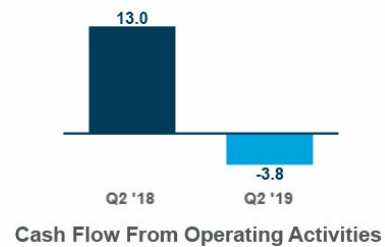


\$ in millions unless noted otherwise
All numbers and percentages rounded

Financial Results

Balance sheet summary and cash flow from operations

	Q2-18	Q1-19	Q2-19
Cash and Cash Equivalents	346.7	367.8	366.3
Accounts Receivable	123.5	128.4	131.5
Inventories	117.0	131.7	147.8
Net Working Capital	453.1	487.1	505.9



\$ in millions unless noted otherwise
All numbers rounded

Lilach Payorski

CFO

Financial Summary

- Pleased with year-over-year growth in Americas systems, consumables, and services, offset by the general economic conditions in EMEA
- Continuation of strong non-GAAP earnings, demonstrating the success of our ongoing effort to maintain operational discipline and expense management as we continue to improve profitability
- Continue to enjoy a healthy balance sheet and well positioned to take advantage of opportunities moving forward

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CEO Search Update

Elan Jaglom, Interim CEO

Q2 2019 Updates



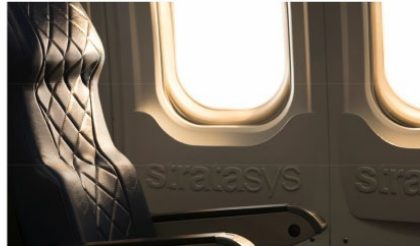
David Reis, Vice Chairman

Q2 2019 Update – Strong Growth in Americas

Growth in **system**, **consumables** and **services** in Americas

Pleased with North American **Aerospace** performance

- Strong sales of production-focused 3D printers and materials
- Several large deals with top OEMs as well as adoption by Tier 1 and Tier 2 suppliers
- Increased adoption for jigs, fixtures, and tooling applications
- Several important announcements in Q2:
 - Extension of Boom Supersonic relationship
 - Details of tooling and production applications with Marshall Aerospace and Defense and Diehl Aviation



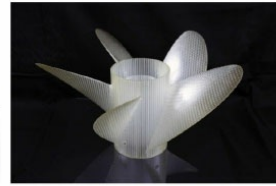
Innovation and New Product Introductions

Recent introductions:

- **F120** and **V650**
- Expect to see impact ramp in H2 2019

Planned announcements in H2 2019 and 2020 include:

- Major developments in **FDM** and **PolyJet**
- Additional new materials and software offerings to broaden range of solutions
- Details on **Layered Powder Metallurgy** metal platform (LPM)
- Details on **High-Speed Sintering** platform via partnership with Xaar



Revenue and Earnings Guidance

Revenue (M)

\$670 - \$700

GAAP Diluted EPS

\$(0.31) - \$(0.05)

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	(\$17) to (\$3)
(1) Stock-Based Compensation Expense	\$22 to \$24
(2) Intangible Assets Amortization Expense	\$23 to \$24
(3) Reorganization Related Expense (Income)	(\$1) to \$1
(4) Income tax adjustments related to Non-GAAP items	(\$2) to (\$3)
Non-GAAP Net Income	\$30 to \$38
GAAP Diluted Loss Per Share	(\$0.31) to (\$0.05)
Non-GAAP Diluted Earnings Per Share	\$0.55 to \$0.70

\$ in millions unless noted otherwise

Thank You

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GAAP to Non-GAAP Reconciliation

Results of operations Stratasys Ltd

	Three Months Ended June 30, 2019			Three Months Ended June 30, 2018		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$81,107	\$4,441	\$85,608	\$83,047	\$5,708	\$89,355
Operating income (Loss) (1,2)	805	8,246	9,051	(1,029)	12,548	10,619
Net income (Loss) attributable to Stratasys Ltd. (1,2,3)	1,152	7,372	8,524	(3,551)	11,643	8,092
Net income (Loss) per diluted share attributable to Stratasys Ltd. (4)	\$0.02	\$0.14	\$0.16	(\$0.08)	\$0.23	\$0.15
(1) Acquired intangible assets amortization expense		3,900			5,220	
Non-cash stock-based compensation expense		541			442	
Reorganization and other related costs		0			46	
		4,441			5,708	
(2) Acquired intangible assets amortization expense		1,783			2,539	
Non-cash stock-based compensation expense		5,552			3,836	
Reorganization expenses and other		(3,530)			465	
		3,805			6,840	
		8,246			12,548	
(3) Corresponding tax effect		-874			-1,119	
Amortization of acquired intangibles assets related to equity method investments		0			214	
		\$7,372			\$11,643	
(4) Weighted average number of ordinary shares outstanding — Diluted	54,687		54,687	53,722		53,745

\$ in millions unless noted otherwise