

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 February 2020

Commission File Number 001-35751

STRATASYS LTD.

(Translation of registrant's name into English)

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

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

(Addresses of principal executive offices)

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

Form 20-F ☒ Form 40-F ☐

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

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

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Quarterly and Annual Results of Operations

On February 26, 2020, Stratasys Ltd. (“we” or “us”) announced our financial results for the fourth quarter and the full year ended December 31, 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 February 26, 2020 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: February 26, 2020

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 February 26, 2020 announcing the financial results of Stratasys Ltd. for the fourth quarter and full year ended December 31, 2019
99.2	Script for conference call of Stratasys Ltd. discussing quarterly and annual financial results, held on February 26, 2020
99.3	PowerPoint presentation with additional information for the foregoing conference call



NEWS RELEASE

STRATASYS RELEASES FOURTH QUARTER AND FULL YEAR 2019 FINANCIAL RESULTS

Fourth Quarter Revenue of \$160.2 million and \$636.1 million for full year 2019

Fourth Quarter GAAP net loss of \$2.8 million, or \$0.05 per diluted share, and non-GAAP net income of \$10.0 million, or \$0.18 per diluted share

Company releases full year 2020 earnings guidance

Minneapolis & Rehovot, Israel, February 26, 2019 — Stratasys Ltd. (NASDAQ: SSYS) announced financial results for the fourth quarter and full year 2019.

Q4 2019 Financial Results Summary:

Revenue for the fourth quarter of 2019 was \$160.2 million, compared to \$177.1 million for the same period last year.

- GAAP gross margin was 49.1% for the quarter, flat compared to the same period last year.
 - Non-GAAP gross margin was 52.4% for the quarter, compared to 52.2% for the same period last year.
 - GAAP operating loss for the quarter was \$3.3 million, compared to an operating loss of \$3.8 million for the same period last year.
 - Non-GAAP operating income for the quarter was \$10.2 million, compared to non-GAAP operating income of \$12.8 million for the same period last year.
 - Non-GAAP EBITDA was \$15.8 million for the quarter, compared to \$20.1 million for the same period last year.
 - GAAP net loss for the quarter was \$2.8 million, or (\$0.05) per diluted share, compared to a net income of \$6.3 million, or \$0.12 per diluted share, for the same period last year.
 - Non-GAAP net income for the quarter was \$10.0 million, or \$0.18 per diluted share, compared to net income of \$11.3 million, or \$0.21 per diluted share, for the same period last year.
 - The Company used \$3.4 million of cash from operations during the fourth quarter and ended the period with \$321.8 million in cash, cash equivalents and short-term deposits.
-

“Since joining Stratasys I have taken the opportunity to begin an in-depth review of the business and am already impressed by the deep level of knowledge, professionalism, and dedication exhibited at all levels of the organization. I strongly believe in the solid foundation for growth that has been created at Stratasys, including an innovative and expanding product portfolio, disciplined financial management, and the industry’s leading distribution partners,” said Yoav Zeif, Chief Executive Officer of Stratasys. “Starting in the back half of this year we expect to introduce our next phase of growth with a notable step-change in our portfolio as we begin to launch a series of new products for both manufacturing and design prototyping solutions. I am extremely optimistic regarding the outlook of the business, and I believe that there is tremendous potential to drive significant near-term and long-term value for all of our stakeholders.”

Fiscal 2019 Financial Results Summary:

- Revenue for fiscal 2019 was \$636.1 million compared to \$663.2 million for fiscal 2018.
- GAAP operating loss for fiscal 2019 was \$11.7 million, compared to a loss of \$8.8 million for fiscal 2018.
- Non-GAAP operating income for fiscal 2019 was \$34.1 million, compared to \$36.5 million for fiscal 2018.
- GAAP net loss for fiscal 2019 was \$10.8 million, or (\$0.20) per diluted share, compared to a loss of \$11.0 million, or (\$0.22) per diluted share, for fiscal 2018.
- Non-GAAP net income for fiscal 2019 was \$30.5 million, or \$0.56 per diluted share, compared to non-GAAP net income of \$27.8 million, or \$0.52 per diluted share, for fiscal 2018.
- The Company used \$11.2 million in cash from operations in fiscal 2019.

Financial Guidance:

Stratasys today issued the following information regarding the Company’s guidance for the fiscal year ending December 31, 2020:

- Revenue guidance of \$620 million to \$680 million.
 - GAAP net loss of \$30 million to \$18 million, or (\$0.54) to (\$0.33) per diluted share.
 - Non-GAAP net income of \$25 million to \$34 million, or \$0.45 to \$0.60 per diluted share.
 - Non-GAAP operating margins of 5% to 6.5 %.
 - Capital expenditures are projected at \$40 million 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 \$25 million to \$26 million of projected amortization of intangible assets; \$26 million to \$28 million of share-based compensation expense; reorganization and other expenses of (\$3 million) to \$4 million. Non-GAAP guidance includes tax adjustments of \$3 million to \$4 million on the above non-GAAP items.

Stratasys Ltd. Q4 2019 Conference Call Details

The Company plans to hold the conference call to discuss its fourth quarter and full year 2019 financial results on Wednesday, February 26, 2020 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/fkuz2uod>.

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 3394546.

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®, PolyJet™ and stereolithography 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, strategic consulting and professional services, and paid parts production. Online at: <http://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 2020, 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 our success at introducing new or improved products and solutions that gain market share; the degree of growth of the 3D printing market generally; the impact of potential shifts in the prices or margins of the products that we sell or services that we provide, including due to a shift towards lower-margin products or services; 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; to the extent of our success at successfully consummating acquisitions or investments in new businesses, technologies, products or services; potential changes in our management and board of directors; global market, political and economic conditions, and in the countries in which we operate in particular (including risks related to the impact of coronavirus on our supply chain and business); costs and potential liability relating to litigation and regulatory proceedings; risks related to infringement of our intellectual property rights by others or infringement of others' intellectual property rights by us; the extent of our success at maintaining our liquidity and financing our operations and capital needs; the impact of tax regulations on our results of operations and financial condition; 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, 2019 (the **"2019 Annual Report"**), which we expect to file with the Securities and Exchange Commission (the **"SEC"**) on February 26, 2020. Readers are urged to carefully review and consider the various disclosures made throughout our 2019 Annual Report and the Reports of Foreign Private Issuer on Form 6-K that attach Stratasys' unaudited, condensed consolidated financial statements and its review of its results of operations and financial condition, for the quarterly periods throughout 2020, which will be furnished to the SEC throughout 2020, 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

Stratasys Ltd.

Consolidated Balance Sheets (Unaudited)

(in thousands, except share data)

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 293,484	\$ 393,167
Short-term deposits	\$ 28,300	-
Accounts receivable, net	132,558	138,146
Inventories	168,504	123,524
Prepaid expenses	6,567	6,398
Other current assets	29,659	22,936
Total current assets	659,072	684,171
Non-current assets		
Property, plant and equipment, net	189,706	188,150
Goodwill	385,658	385,849
Other intangible assets, net	87,328	107,274
Operating lease right-of-use assets	20,936	-
Other non-current assets	38,819	22,810
Total non-current assets	722,447	704,083
Total assets	\$ 1,381,519	\$ 1,388,254
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 35,818	\$ 45,855
Current portion of long term-debt	-	5,143
Accrued expenses and other current liabilities	28,528	39,115
Accrued compensation and related benefits	34,013	31,703
Deferred revenues	52,268	53,965
Operating lease liabilities - short term	9,292	-
Total current liabilities	159,919	175,781
Non-current liabilities		
Long-term debt	-	22,000
Deferred revenues - long-term	16,039	18,422
Operating lease liabilities - long term	12,445	-
Other non-current liabilities	35,343	29,084
Total non-current liabilities	63,827	69,506
Total liabilities	223,746	245,287
Redeemable non-controlling interests	622	852
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 thousands shares; 54,428 thousands shares and 53,881 thousands shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	150	146
Additional paid-in capital	2,706,892	2,681,048
Accumulated other comprehensive loss	(7,716)	(7,753)
Accumulated deficit	(1,542,175)	(1,531,326)
Total equity	1,157,151	1,142,115
Total liabilities and equity	\$ 1,381,519	\$ 1,388,254

Stratasys Ltd.

Consolidated Statements of Operations

(in thousands, except per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net sales				
Products	\$ 108,968	\$ 124,537	\$ 430,746	\$ 456,504
Services	51,189	52,582	205,334	206,733
	160,157	177,119	636,080	663,237
Cost of sales				
Products	46,825	56,502	182,430	203,622
Services	34,673	33,618	139,958	134,391
	81,498	90,120	322,388	338,013
Gross profit	78,659	86,999	313,692	325,224
Operating expenses				
Research and development, net	24,019	24,379	94,253	98,964
Selling, general and administrative	57,921	66,423	231,138	235,107
	81,940	90,802	325,391	334,071
Operating profit (loss)	(3,281)	(3,803)	(11,699)	(8,847)
Financial income (expense), net	1,760	747	4,555	633
Income (loss) before income taxes	(1,521)	(3,056)	(7,144)	(8,214)
Income tax expenses	439	3,626	3,523	4,736
Share in profits (losses) of associated companies	(907)	12,910	(412)	1,725
Net income (loss)	(2,867)	6,228	(11,079)	(11,225)
Net loss attributable to non-controlling interests	(78)	(79)	(230)	(261)
Net income (loss) attributable to Stratasys Ltd.	\$ (2,789)	\$ 6,307	\$ (10,849)	\$ (10,964)
Net income (loss) per ordinary share attributable to Stratasys Ltd.				
Basic	\$ (0.05)	\$ 0.12	\$ (0.20)	\$ (0.22)
Diluted	\$ (0.05)	0.12	(0.20)	(0.22)
Basic	54,435	53,854	54,260	53,751
Diluted	54,435	54,132	54,260	53,751

Three Months Ended December 31,						
	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)	\$ 78,659	\$ 5,294	\$ 83,953	\$ 86,999	\$ 5,499	\$ 92,498
Operating income (loss) (1,2)	\$ (3,281)	\$ 13,436	\$ 10,155	\$ (3,803)	\$ 16,574	\$ 12,771
Net income (loss) attributable to Stratasys Ltd. (1,2,3)	\$ (2,789)	\$ 12,741	\$ 9,952	\$ 6,307	\$ 4,993	\$ 11,300
Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.05)	\$ 0.23	\$ 0.18	\$ 0.12	\$ 0.09	\$ 0.21
(1) Acquired intangible assets amortization expense		4,770			5,221	
Non-cash stock-based compensation expense		478			294	
Reorganization and other related costs		46			(16)	
		<u>5,294</u>			<u>5,499</u>	
(2) Acquired intangible assets amortization expense		2,985			2,532	
Non-cash stock-based compensation expense		4,325			3,686	
Impairment charges of intangible assets and other long-lived assets		-			4,797	
Reorganization and other related costs		556			60	
Merger and acquisition and other expense		276			-	
		<u>8,142</u>			<u>11,075</u>	
		<u>13,436</u>			<u>16,574</u>	
(3) Corresponding tax effect		(721)			1,853	
Gain from equity method divestment and related amortization and impairments		26			(13,434)	
		<u>12,741</u>			<u>\$ 4,993</u>	
(4) Weighted average number of ordinary shares outstanding- Diluted	54,435		54,738	54,132		54,132

Twelve Months Ended December 31,						
	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)	\$313,692	\$ 19,074	\$ 332,766	\$ 325,224	\$ 22,351	\$ 347,575
Operating income (loss) (1,2)	\$ (11,699)	\$ 45,812	\$ 34,113	\$ (8,847)	\$ 45,324	\$ 36,477
Net income (loss) attributable to Stratasys Ltd. (1,2,3)	\$ (10,849)	\$ 41,315	\$ 30,466	\$ (10,964)	\$ 38,782	\$ 27,818
Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.20)	\$ 0.76	\$ 0.56	\$ (0.22)	\$ 0.74	\$ 0.52
(1) Acquired intangible assets amortization expense		16,484			20,866	
Non-cash stock-based compensation expense		1,848			1,474	
Reorganization and other related costs		742			11	
		19,074			22,351	
(2) Acquired intangible assets amortization expense		8,673			10,161	
Impairment charges of intangible assets and other long-lived assets		-			4,797	
Non-cash stock-based compensation expense		18,712			14,212	
Gain from divestiture, net of transaction costs		(3,578)			(7,016)	
Reorganization and other related costs		2,655			691	
Merger and acquisition and other expense		276			128	
		26,738			22,973	
		45,812			45,324	
(3) Corresponding tax effect		(2,919)			(808)	
Gain from equity method divestment, related write-offs and amortization		(1,578)			(5,734)	
		\$ 41,315			\$ 38,782	
(4) Weighted average number of ordinary shares outstanding- Diluted	54,260		54,713	53,751		53,898

Reconciliation of GAAP to Non-GAAP Forward Looking Guidance

Fiscal Year 2019

(in millions, except per share data)

GAAP net loss	(\$30) to (\$18)
Adjustments	
Stock-based compensation expense	\$26 to \$28
Intangible assets amortization expense	\$25 to \$26
Reorganization and other related costs	\$3 to \$4
Tax expense related to Non-GAAP adjustments	(\$3) to (\$4)
Non-GAAP net income	\$25 to \$34
GAAP loss per share	(\$0.54) to (\$0.33)
Non-GAAP diluted earnings per share	\$0.45 to \$0.60

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 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 fourth quarter and full year financial results. On the call with us today are our new CEO Yoav Zeif, and our CFO, Lilach Payorski.

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 2019 year, which we are filing today with the SEC, as well as our report on Form 6-K and the related press release concerning our earnings for the fourth 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 CEO, Yoav Zeif - Yoav?

SLIDE 5: CEO INTRODUCTION

Thanks, Yonah.

I'll start by expressing my excitement and enthusiasm to be serving as Stratasys' new CEO at such a pivotal time for the company.

Since joining Stratasys this month I have taken the opportunity to begin an in-depth review of the business and am already impressed by the deep level of knowledge, professionalism, and dedication exhibited at all levels of the organization.

I strongly believe in the solid foundation for growth that has been created at Stratasys, including an innovative and expanding product portfolio, disciplined financial management, and the industry's leading distribution partners. Last month I had the opportunity to attend our annual global partner event where I met with many of our resellers. We believe that Stratasys has the strongest distribution channel in our industry, and I appreciate their input and their passion for mutual success – together we will have an exciting journey in the coming years.

I would like to thank Elan Jaglom and the board of directors, and the oversight committee of David Reis, Scott Crump, and Dov Ofer, for the exemplary work done under Elan's leadership to guide the company through the transition period, laying the groundwork and building the infrastructure that will be the basis of our future growth.

In addition, over the last several years the Company has implemented a culture of financial discipline led by Lilach Payorski and her team that has resulted in meeting our profitability targets and maintaining a healthy balance sheet.

Starting in the back half of this year we will introduce our next phase of growth with a notable step-change in our portfolio as we begin to launch a series of new products, including both manufacturing and design prototyping focused solutions. We plan to invest in the success of these new launches by increasing our go-to-market spending this year. We also expect to continue to see the steadily increasing adoption of our manufacturing-focused platforms in our target verticals of automotive, aerospace, and healthcare. Our penetration into industrial manufacturing applications is among the deepest in the industry, and we plan to expand our leadership even further with our new solutions.

Overall, I am extremely optimistic regarding the outlook of the business and believe that there is tremendous potential to drive significant near-term and long-term value for all of our stakeholders.

I want to take the opportunity now, as the new CEO, to emphasize my strong belief that Stratasys will continue to lead the additive manufacturing industry as it moves through what we, and industry analysts, expect to be a period of growth and adoption.

We will continue to build on our key focus areas of design and engineering prototyping, manufacturing, healthcare, and software; and we will work to generate a more effective operating model and to execute with excellence on our go-to-market strategy with the goal of offering the broadest, most innovative product portfolio and unique field-support service organization.

As I continue to learn and familiarize myself with Stratasys, I look forward to meeting our customers, partners, investors and most importantly, our amazing employees worldwide, and to providing further updates to you during the course of the year.

Now, I'd like to 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, Yoav, and good morning, everyone.

2019 was a year of market challenges, primarily stemming from ongoing macro conditions. We took a conservative approach and continued to drive efficiencies by remaining committed to operating expense controls to meet our profitability objectives, while continuing to invest in our new product introductions.

Total revenue in the fourth quarter was \$160.2 million compared to \$177.1 million for the same period last year. On a constant currency basis, total revenue declined 9.3%.

For the full year 2019, total revenue was \$636.1 million compared to \$663.2 million for 2018, and on a constant currency basis, full year revenue declined 3.1%.

After adjusting for the sale of our divested entities during 2018, on a like-for-like basis total revenue declined 3.2% for the full year, and 2.2% on a constant currency basis.

Regionally, we saw mid-single digit year-over-year growth in our core Americas business for full year 2019, offset by the impact of macro weakness in Europe and Asia.

In the Americas region, we are pleased with the growth we are seeing in our target verticals, as well as the share of new systems that are being sold into manufacturing environments.

GAAP operating loss for the quarter was \$3.3 million, compared to an operating loss of \$3.8 million for the same period last year.

Non-GAAP operating income for the fourth quarter was \$10.2 million, compared to operating income of \$12.8 million for the same period last year.

GAAP net loss for the quarter was \$2.8 million, or (\$0.05) per diluted share, compared to a net income of \$6.3 million, or \$0.12 per diluted share, for the same period last year.

Non-GAAP net income for the quarter was \$10.0 million, or \$0.18 per diluted share, compared to Non-GAAP net income of \$11.3 million, or \$0.21 per diluted share, reported for the same period last year.

For full year 2019, GAAP net loss was \$10.8 million, or (\$0.20) per diluted share, compared to a loss of \$11.0 million, or (\$0.22) per diluted share, for fiscal 2018, and non-GAAP net income was \$30.5 million, or \$0.56 per diluted share, compared to non-GAAP net income of \$27.8 million, or \$0.52 per diluted share, reported for fiscal 2018.

SLIDE 8: REVENUE

Product revenue in the fourth quarter was \$109.0 million, a decrease of 12.5% compared to the same period last year, or 12.1% on a constant currency basis.

For the full year 2019, product revenue was \$430.7 million, a decrease of 5.6% compared to 2018. Excluding the divested entities and on constant currency basis, full year product revenue decreased 3.3%.

Within product revenue, consumables revenue for the quarter decreased by 2.9% compared to the same period last year and decreased 2.4% on constant currency basis.

On an annual basis, 2019 consumables revenue decreased 0.5%, and increased 1.7% after adjusting for divestments and constant currency.

Materials for our higher-end platforms, such as Design Realism in PolyJet, and advanced materials in FDM, including Ultem and Antero, grew year-over-year, demonstrating customer adoption of our solutions for high-value applications. We also continue to see materials growth for our F123 platform.

The decrease in the period was driven primarily by regional weakness in Europe and Asia, coupled with some decline in materials associated with our legacy platforms, which we believe will be offset over time by strong growth in materials demand that will come from our new products, as well as from systems that we have placed over the last few years.

System revenue for the quarter decreased 20.6%, compared to the same period last year, with no material change on a constant currency basis. Our systems revenues were negatively impacted primarily by continued macroeconomic weakness in Europe and Asia, as well as declines in certain legacy product lines that we expect will be more than offset by our new product introductions.

For full year 2019, system revenue decreased 10.8%, and 8.3% after adjusting for divestments and constant currency.

Services revenue in the fourth quarter was \$51.2 million, a decrease of 2.6% compared to the same period last year, with no material change on a constant currency basis. For the full year 2019, services revenue was \$205.3 million, a decrease of 0.7% compared to 2018, and relative flat on a constant currency basis.

Within services revenue, customer support revenue increased by 1.0% compared to the same period last year, with no material change on a constant currency basis. For the full year 2019, customer support revenue increased 1.9% compared to 2018, and 3.1% on a constant currency basis.

SLIDE 9: GROSS MARGIN TRENDS

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

Non-GAAP gross margin was 52.4% for the quarter, compared to 52.2% for the same period last year.

SLIDE 10: OPERATING EXPENSES & OPERATING INCOME

GAAP operating expenses decreased by 9.8% to \$81.9 million for the fourth quarter, as compared to the same period last year. For full year 2019, GAAP operating expenses decreased 2.6% to 325.4 million.

Non-GAAP operating expenses decreased by 7.4% to \$73.8 million for the fourth quarter as compared to the same period last year, driven by our focus on efficiency. We remain committed to our long-term strategy and we continue to invest in developing new products that we believe will expand our addressable markets.

For full year 2019, non-GAAP operating expenses decreased 4.0% to \$298.7 million reflecting our successful operational discipline and the impact of divestments.

SLIDE 11: BALANCE SHEET SUMMARY & CASH FLOW FROM OPERATIONS

The Company used \$3.4 million of cash from operations during the fourth quarter, as compared to \$18.7 million of cash generated in the fourth quarter last year, primarily due to proactive steps to increase inventory levels in order to improve fulfillment time and support product demand as well as to prepare for new product launches in 2020.

We ended the fourth quarter with \$321.8 million in cash, cash equivalents and short-term deposits, compared to \$347.1 million at the end of the third quarter of 2019.

SLIDE 12: FINANCIAL SUMMARY

To recap:

1. We are pleased with the full year growth we observed in our target verticals in the Americas.
 2. We successfully drove efficiencies through expense control, demonstrated by our stable gross margins and ability to meet profitability objectives while investing in new product introductions.
 3. Our balance sheet remains healthy and we are well positioned for future opportunities
-

I would now like to turn the call over to our VP of Investor Relations, Yonah Lloyd, who will provide greater details on our 2020 financial guidance. Yonah?

SLIDE 13: REVENUE & EARNINGS GUIDANCE

SPEAKER: Yonah Lloyd

Thank you, Lilach.

We are providing full year guidance for 2020 as follows:

1. Revenue guidance of \$620 million to \$680 million.
2. GAAP net loss of \$30 million to \$18 million, or (\$0.54) to (\$0.33) per diluted share.
3. Non-GAAP net income of \$25 million to \$34 million, or \$0.45 to \$0.60 per diluted share.
4. Non-GAAP operating margins of 5% to 6.5%.
5. Capital expenditures are projected at \$40 million to \$60 million.

We are committed to successfully introducing our new products and our guidance reflects increased investments earlier in the year in resources for specific go-to-market initiatives in order to support the planned launches that will begin in the back half of 2020, primarily in Q4.

We believe that this increase in operating expenses will provide the basis for long term growth.

Additionally, our guidance range is larger than we typically provide, due primarily to the ongoing industrial macro-economic issues globally, as well as uncertainty around the potential impact of the Coronavirus. We are in the early stages of understanding if and to what extent we may be temporarily impacted by this and we will provide additional updates later in the year.

Non-GAAP earnings guidance excludes \$25 million to \$26 million of projected amortization of intangible assets; \$26 million to \$28 million of share-based compensation expense; reorganization and other expenses of \$3 million to \$4 million. Non-GAAP guidance includes tax adjustments ranging from \$3 million to \$4 million on the above non-GAAP items.

The estimated non-GAAP tax rate for 2020 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.

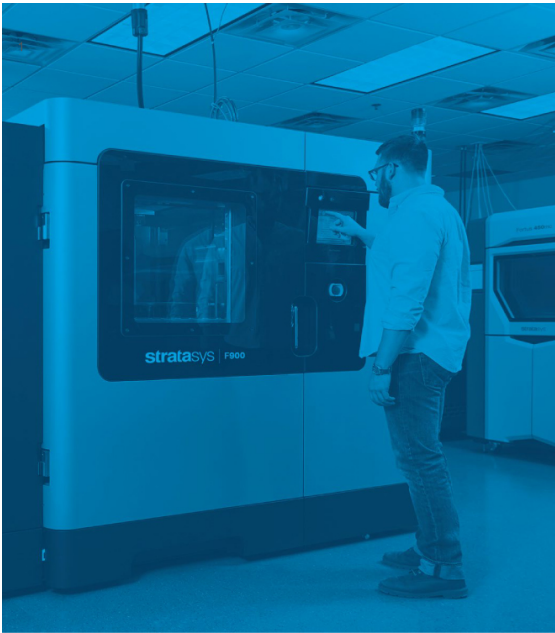
Operator, please open the call for questions.

SLIDE 14: Q&A

SPEAKER: Yoav

Thank you for joining today's call. I am thrilled to be joining the Stratasys team and look forward to speaking with all of you again next quarter.

SLIDE 15: FINANCIAL RECONCILIATION TABLES



Stratasys Q4 & FY 2019

Financial Results Conference Call

February 26, 2020



Q4 & FY 2019

Conference call & webcast details

Speakers

- Yoav Zeif – CEO
- Lilach Payorski – CFO
- Yonah Lloyd – VP, Investor Relations

Live webcast and replay:

<https://edge.media-server.com/mmc/p/fkuz2uod>

Live dial-in information

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

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

Participant passcode:
3394546

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 2020, 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 our success at introducing new or improved products and solutions that gain market share; the degree of growth of the 3D printing market generally; the impact of potential shifts in the prices or margins of the products that we sell or services that we provide, including due to a shift towards lower-margin products or services; 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; to the extent of our success at successfully consummating acquisitions or investments in new businesses, technologies, products or services; potential changes in our management and board of directors; global market, political and economic conditions, and in the countries in which we operate in particular (including risks related to the impact of coronavirus on our supply chain and business); costs and potential liability relating to litigation and regulatory proceedings; risks related to infringement of our intellectual property rights by others or infringement of others' intellectual property rights by us; the extent of our success at maintaining our liquidity and financing our operations and capital needs; the impact of tax regulations on our results of operations and financial condition; 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, 2019 (the "2019 Annual Report"), which we expect to file with the Securities and Exchange Commission (the "SEC") on February 26, 2020. Readers are urged to carefully review and consider the various disclosures made throughout our 2019 Annual Report and the Reports of Foreign Private Issuer on Form 6-K that attach Stratasys' unaudited, condensed consolidated financial statements and its review of its results of operations and financial condition, for the quarterly periods throughout 2020, which will be furnished to the SEC throughout 2020, 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.



Yoav Zeif

CEO

Opening Remarks

- Conducting in-depth review of business
- Solid foundation for growth including innovative product portfolio, disciplined financial management, and industry's leading distribution partners
- Extremely optimistic in outlook for Stratasys with significant near and long term value for all stakeholders
- Company will continue to build on design and engineering prototyping, manufacturing, healthcare, and software
- Focus on more effective operating model and executing GTM strategy



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Financial Update

Lilach Payorski – CFO



Financial Results

	GAAP			Non-GAAP		
	Q4-18	Q4-19	Change Y/Y	Q4-18	Q4-19	Change Y/Y
Total Revenue	177.1	160.2	-9.6%	177.1	160.2	-9.6%
Gross Profit	87.0	78.7	(8.3)	92.5	84.0	(8.5)
% Margin	49.1%	49.1%	0.0%	52.2%	52.4%	0.2%
Operating Profit (Loss)	(3.8)	(3.3)	0.5	12.8	10.2	(2.6)
% Margin	-2.1%	-2.0%	0.1%	7.2%	6.3%	-0.9%
Net Income (Loss) attributed to SSYS Ltd.	6.3	(2.8)	(9.1)	11.3	10.0	(1.3)
% Margin	3.6%	-1.7%	-5.3%	6.4%	6.2%	-0.2%
Diluted EPS	0.12	(0.05)	(0.17)	0.21	0.18	(0.03)
Diluted Shares	54.1	54.4	0.6%	54.1	54.7	1.1%

	GAAP			Non-GAAP		
	2018	2019	Change Y/Y	2018	2019	Change Y/Y
Total Revenue	663.2	636.1	-4.1%	663.2	636.1	-4.1%
Gross Profit	325.2	313.7	(11.5)	347.6	332.8	(14.8)
% Margin	49.0%	49.3%	0.3%	52.4%	52.3%	-0.1%
Operating Profit (Loss)	(8.8)	(11.7)	(2.9)	36.5	34.1	(2.4)
% Margin	-1.3%	-1.8%	-0.5%	5.5%	5.4%	-0.1%
Net Income (Loss) attributed to SSYS Ltd.	(11.0)	(10.8)	0.1	27.8	30.5	2.6
% Margin	-1.7%	-1.7%	-0.1%	4.2%	4.8%	0.6%
Diluted EPS	(0.22)	(0.20)	0.02	0.52	0.56	0.04
Diluted Shares	53.8	54.3	0.9%	53.9	54.7	1.5%

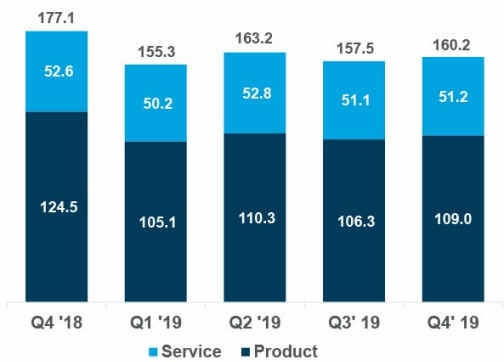
\$ in millions, except shares data

All numbers and percentages rounded

Financial Results

Revenue

Quarterly Trend



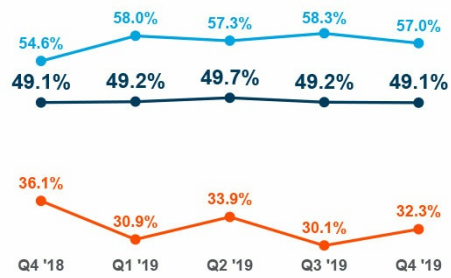
Revenue Growth – Q4 '19		
Revenue	Y/Y	Y/Y (exc. FX)
Product	-13%	-12%
System	-21%	-20%
Consumables	-3%	-2%
Service	-3%	-2%
Customer Support	+1%	+1%

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

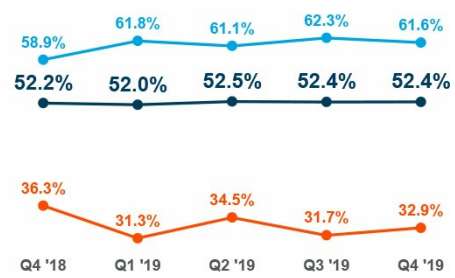
Financial Results

Gross margin trends

GAAP



Non-GAAP

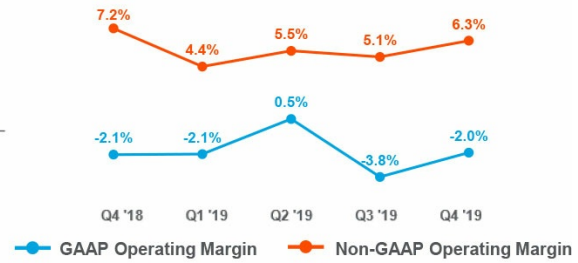
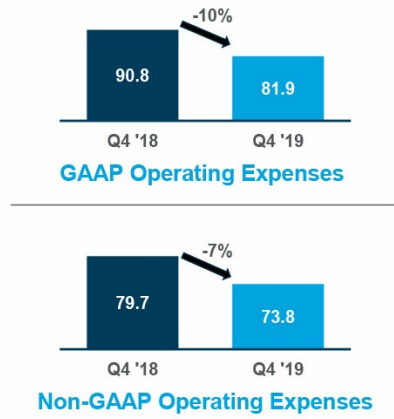


— Total Gross Margin — Product Gross Margin — Service Gross Margin

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

	Q4-18	Q3-19	Q4-19
Cash and Cash Equivalents and Short term deposits	393.2	347.1	321.8
Accounts Receivable	138.1	133.7	132.6
Inventories	123.5	164.7	168.5
Net Working Capital	508.4	509.0	499.2



Cash Flow From Operating Activities

\$ in millions unless noted otherwise

All numbers rounded

Lilach Payorski

CFO

Financial Summary

- Pleased with the full year growth we observed in target verticals in the Americas
- Successfully drove efficiencies through expense control, demonstrated by stable gross margins and ability to meet profitability objectives while investing in new products
- Balance sheet remains healthy and well positioned for future opportunities



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Revenue and Earnings Guidance

Revenue (M)

\$620 - \$680

GAAP Diluted EPS

(\$0.54) – (\$0.33)

Non-GAAP Diluted EPS

\$0.45 - \$0.60

Reconciliation of GAAP to Non-GAAP Guidance

(\$ in millions, except per share data)

Revenue	\$620 to \$680
GAAP Net Loss	(\$30) to (\$18)
(1) Stock-Based Compensation Expense	\$26 to \$28
(2) Intangible Assets Amortization Expense	\$25 to \$26
(3) Reorganization Related Expense	\$3 to \$4
(4) Income tax adjustments related to Non-GAAP items	(\$3) to (\$4)
Non-GAAP Net Income	\$25 to \$34
GAAP Diluted Loss Per Share	(\$0.54) to (\$0.33)
Non-GAAP Diluted Earnings Per Share	\$0.45 to \$0.60

\$ in millions unless noted otherwise

Thank You

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stratasys

GAAP to Non-GAAP Reconciliation

Results of operations Stratasy's Ltd

	Three Months Ended December 31, 2019			Three Months Ended December 31, 2018		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$78,050	\$5,294	\$83,053	\$85,999	\$5,499	\$92,498
Operating Income (Loss) (1,2)	(3,281)	13,436	10,155	(3,803)	\$16,574	\$12,771
Net Income (Loss) attributable to Stratasy's Ltd. (1,2,3)	(2,789)	12,741	9,952	\$5,307	\$4,993	\$11,300
Net Income (Loss) per diluted share attributable to Stratasy's Ltd. (4)	(\$0.05)	\$0.23	\$0.18	\$0.12	\$0.09	\$0.21
(1) Acquired intangible assets amortization expense		4,770			5,221	
Non-cash stock-based compensation expense		478			294	
Reorganization and other related costs		46			-16	
		5,294			5,499	
(2) Acquired intangible assets amortization expense		2,985			2,532	
Non-cash stock-based compensation expense		4,325			3,886	
Impairment charges of intangible assets and other long-lived assets		0			4,797	
Reorganization and other related costs		556			60	
Merger and acquisition related expense		276			0	
		8,142			11,075	
		13,436			16,574	
Corresponding tax effect		-721			1,853	
Gain from equity method divestment and related amortization and impairments		26			-13,434	
		\$12,741			\$4,993	
(4) Weighted average number of ordinary shares outstanding – Diluted	54,435		54,738	54,132		54,132

\$ in millions unless noted otherwise