

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 May 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-T Rule 101(b)(7): ☐

CONTENTS

On May 14, 2020, Stratasys Ltd. (“we” or “us”) announced our financial results for the first quarter of 2020, ended March 31, 2020. 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 May 14, 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 slide 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: May 14, 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 May 14, 2020, announcing the financial results of Stratasys Ltd. for the quarter ended March 31, 2020
99.2	Script for conference call of Stratasys Ltd. discussing quarterly financial results, held on May 14, 2020
99.3	Slide presentation with additional information for the foregoing conference call



NEWS RELEASE

STRATASYS RELEASES FIRST QUARTER 2020 FINANCIAL RESULTS

First Quarter Revenue of \$132.9 million

First Quarter GAAP net loss of \$21.7 million, or (\$0.40) per diluted share, and non-GAAP net loss of \$10.6 million, or (\$0.19) per diluted share

Generated \$11.3 million of cash from operations - \$325.5 million net cash position with no debt

Company withdrawing full year 2020 guidance due to economic uncertainty caused by COVID-19

Minneapolis & Rehovot, Israel, May 14, 2020 — Stratasys Ltd. (NASDAQ: SSYS) announced financial results for the first quarter of 2020.

Q1 2020 Financial Results Summary:

Revenue for the first quarter of 2020 was \$132.9 million, compared to \$155.3 million for the same period last year. The 14.4% reduction was driven primarily by the adverse impact of COVID-19 on the company's customers throughout the industries into which the company sells its products and services.

- GAAP gross margin was 45.0% for the quarter, compared to 49.2% for the same period last year.
 - Non-GAAP gross margin was 48.4% for the quarter, compared to 52.0% for the same period last year.
 - Gross margin decline is due primarily to the lower proportion of hardware and consumables out of the total revenue mix due to the COVID-19 crisis, not to discounting or material ASP reductions. The company strongly believes that gross margins will return to their recent levels as the economy recovers.
 - GAAP operating loss for the quarter was \$19.9 million, compared to an operating loss of \$3.3 million for the same period last year.
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- Non-GAAP operating loss for the quarter was \$8.4 million, compared to non-GAAP operating income of \$6.8 million for the same period last year.
- Non-GAAP EBITDA was (\$4.0) million for the quarter, compared to \$15.8 million for the same period last year.
- GAAP net loss for the quarter was \$21.7 million, or (\$0.40) per diluted share, compared to a net loss of \$2.3 million, or (\$0.04) per diluted share, for the same period last year.
- Non-GAAP net loss for the quarter was \$10.6 million, or (\$0.19) per diluted share, compared to net income of \$5.7 million, or \$0.10 per diluted share, for the same period last year.
- The Company generated \$11.3 million of cash from operations during the first quarter and ended the period with \$325.5 million in cash, cash equivalents and short-term deposits. The Company has no debt.

“With over 30 years of experience leading the 3D Printing industry that we helped found, Stratasys was well positioned to mobilize what we believe is the largest additive manufacturing network in the world, in order to assist in the fight against COVID-19,” said Yoav Zeif, Chief Executive Officer of Stratasys. “We leveraged our application expertise, our channel and partner network and our corporate-wide resources to help get a variety of printed parts to the global medical community. We are well-prepared to manage the downturn with a strong balance sheet and focus on cost control and cash generation. We have over \$325 million in cash and equivalents and no debt. Our engagement level with our customers remains high and the demand for our systems is strong. It’s clear that this crisis has helped generate significant awareness that 3D printing is becoming essential for accelerating and improving design, speeding up time to market and production, and creating less dependent and more resilient global supply chains, including localized digital inventory and distributed manufacturing.”

COVID-19 Actions

In response to COVID-19, the company has taken decisive actions to ensure employee safety, preserve liquidity, maintain business continuity, mitigate costs and support the global healthcare community to combat the pandemic. These temporary actions include:

- Initiated travel restriction policies, instituted work-from-home for most employees, implemented comprehensive safety protocols for all offices.
 - Instituted non-essential hiring freeze, effectively reduced all employees to a 4-day work week, adjusted our cost base and production plan.
 - Continued to invest in our new product development that we believe will be the foundation of growth for many years to come.
 - Worked with our global network of partners and customers to facilitate the printing of hundreds of thousands of components such as face shields, testing swabs and ventilator tubes to the global medical community.
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Financial Guidance:

The company is withdrawing its 2020 financial guidance for revenue, GAAP and non-GAAP net income and EPS, non-GAAP operating margins and capital expenditures due to the high level of economic uncertainty and disruption caused by COVID-19.

Stratasys Ltd. Q1 2020 Conference Call Details

The Company plans to hold the conference call to discuss its first quarter 2020 financial results on Thursday, May 14, 2020 at 8:30 a.m. (ET).

The investor conference call will be available via live webcast on the Stratasys Website at investors.stratasys.com; or directly at the following web address:

<https://78449.themediaframe.com/dataconf/productusers/ssys/mediaframe/36448/index1.html>

To participate by telephone, the U.S. toll-free number is 877-407-0619 and the international dial-in is +1-412-902-1012. Investors are advised to dial into the call at least ten minutes prior to the call to register. The webcast will be available for 6 months at investors.stratasys.com, or by accessing the above-provided web address.

Stratasys (Nasdaq: SSYS) 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 more than 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.

To learn more about Stratasys, visit www.stratasys.com, the Stratasys blog, Twitter, LinkedIn, or Facebook. Stratasys reserves the right to utilize any of the foregoing social media platforms, including the company's websites, to share material, non-public information pursuant to the SEC's Regulation FD. To the extent necessary and mandated by applicable law, Stratasys will also include such information in its public disclosure filings.

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 (or withdrawal of 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 duration of the global COVID-19 pandemic, which, if extensive, may continue to impact, in a material adverse manner, our operations, financial position and cash flows, and those of our customers and suppliers; 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 operations, supply chain, liquidity, cash flow and customer orders; 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 filed 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 Report of Foreign Private Issuer on Form 6-K that attaches Stratasys' unaudited, condensed consolidated financial statements and its review of its results of operations and financial condition, for the quarterly period ended March 31, 2020, which we are furnishing 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 on an ongoing basis after (i) excluding mergers, acquisitions and divestments related expense or gains and reorganization-related charges or gains, and (ii) 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)

	March 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 297,177	\$ 293,484
Short-term deposits	\$ 28,300	\$ 28,300
Accounts receivable, net	115,093	132,558
Inventories	172,511	168,504
Prepaid expenses	7,327	6,567
Other current assets	25,424	29,659
Total current assets	645,832	659,072
Non-current assets		
Property, plant and equipment, net	191,534	189,706
Goodwill	385,409	385,658
Other intangible assets, net	81,523	87,328
Operating lease right-of-use assets	19,887	20,936
Other non-current assets	35,259	38,819
Total non-current assets	713,612	722,447
Total assets	\$ 1,359,444	\$ 1,381,519
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 34,189	\$ 35,818
Accrued expenses and other current liabilities	33,750	28,528
Accrued compensation and related benefits	36,600	34,013
Deferred revenues	51,353	52,268
Operating lease liabilities - short term	9,254	9,292
Total current liabilities	165,146	159,919
Non-current liabilities		
Deferred revenues - long-term	14,463	16,039
Operating lease liabilities - long term	11,057	12,445
Other non-current liabilities	28,988	35,343
Total non-current liabilities	54,508	63,827
Total liabilities	219,654	223,746
Redeemable non-controlling interests	537	622
Equity		
Ordinary shares, NIS 0.01 nominal value, authorized 180,000 thousands shares; 54,799 thousands shares and 54,441 thousands shares issued and outstanding at March 31, 2020 and December 31, 2019, respectively	151	150
Additional paid-in capital	2,711,828	2,706,892
Accumulated other comprehensive loss	(8,848)	(7,716)
Accumulated deficit	(1,563,878)	(1,542,175)
Total equity	1,139,253	1,157,151
Total liabilities and equity	\$ 1,359,444	\$ 1,381,519

Consolidated Statements of Operations

(in thousands, except per share data)

	Three Months Ended March 31,	
	2020	2019
	(unaudited)	(unaudited)
Net sales		
Products	\$ 83,172	\$ 105,091
Services	49,735	50,209
	132,907	155,300
Cost of sales		
Products	39,248	44,169
Services	33,789	34,674
	73,037	78,843
Gross profit	59,870	76,457
Operating expenses		
Research and development, net	24,194	22,574
Selling, general and administrative	55,576	57,154
	79,770	79,728
Operating loss	(19,900)	(3,271)
Financial income (expense), net	(829)	753
Loss before income taxes	(20,729)	(2,518)
Income tax expenses	221	1,218
Share in profits (losses) of associated companies	(838)	1,423
Net loss	(21,788)	(2,313)
Net loss attributable to non-controlling interests	(85)	(43)
Net loss attributable to Stratasys Ltd.	<u>\$ (21,703)</u>	<u>\$ (2,270)</u>
Net loss per ordinary share attributable to Stratasys Ltd.		
Basic	\$ (0.40)	\$ (0.04)
Diluted	\$ (0.40)	(0.04)
Basic	54,544	53,966
Diluted	54,544	53,966

		Three Months Ended March 31,					
		2020	Non-GAAP	2020	2019	Non-GAAP	2019
		GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
		U.S. dollars and shares in thousands (except per share amounts)					
	Gross profit (1)	\$ 59,870	\$ 4,414	\$ 64,284	\$ 76,457	\$ 4,252	\$ 80,709
	Operating income (loss) (1,2)	\$ (19,900)	\$ 11,491	\$ (8,409)	\$ (3,271)	\$ 10,075	\$ 6,804
	Net income (loss) attributable to Stratasys Ltd. (1,2,3)	\$ (21,703)	\$ 11,137	\$ (10,566)	\$ (2,270)	\$ 7,927	\$ 5,657
	Net income (loss) per diluted share attributable to Stratasys Ltd. (4)	\$ (0.40)	\$ 0.21	\$ (0.19)	\$ (0.04)	\$ 0.14	\$ 0.10
(1)	Acquired intangible assets amortization expense		4,065			3,898	
	Non-cash stock-based compensation expense		402			354	
	Reorganization and other related costs		(53)			-	
			4,414			4,252	
(2)	Acquired intangible assets amortization expense		2,142			1,889	
	Non-cash stock-based compensation expense		4,503			3,875	
	Reorganization and other related costs		31			59	
	Merger and acquisition and other expense		401			-	
			7,077			5,823	
			11,491			10,075	
(3)	Corresponding tax effect		(431)			(544)	
	Gain from equity method divestment, related writes-offs and amortization		77			(1,604)	
			11,137			7,927	
(4)	Weighted average number of ordinary shares outstanding- Diluted	54,544		54,544	53,966		54,477

SLIDE 1: TITLE

SPEAKER: Operator

Good day, ladies and gentlemen. Welcome to today's conference call to discuss Stratasys' first quarter 2020 financial results.

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

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 2: CALL DETAILS & PARTICIPANTS

SPEAKER: Yonah Lloyd

Good morning, everyone, and thank you for joining us to discuss our 2020 first quarter financial results. On the call with us today are our 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.

SLIDE 3: FORWARD-LOOKING STATEMENT

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 or referenced in (a) Stratasys' annual report on Form 20-F for the 2019 year, as well as in (b), our reports on Form 6-K that we are furnishing to the SEC today, including (i) the related press release concerning our earnings for the first quarter of 2020, and (ii) our Operating and Financial Review and Prospects, which are attached as exhibits to those reports on Form 6-K. Stratasys assumes no obligation to update any forward-looking statements or information which speak as of their respective dates.

SLIDE 4: NON-GAAP DISCLOSURE

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 OPENING REMARKS

SPEAKER: Yoav Zeif

Thank you Yonah.

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

First and foremost, I hope that you and your families are healthy and safe. We are all experiencing an unprecedented global pandemic. Our thoughts go out to those that have been impacted, and we'd like to extend our deepest gratitude to the many heroes that are working hard to keep people safe during this difficult time.

SLIDE 6: GENERAL BUSINESS REVIEW

As many of you have learned, 3D Printing has played an important, even critical role during this crisis, helping the medical community maintain a steady supply of personal protective equipment, testing swabs and more. I could not be prouder of the Stratasys team and how we have responded to the situation. Our top priority is the well-being of our most valuable asset, our employees worldwide. We began an ongoing communications channel here as soon as the news began trickling out. As early as February 3rd we sent a company-wide email regarding travel restrictions and have tried to be ahead of the curve wherever possible. We implemented work-from-home options early, ensured that all IT needs would be met for remote activity, and set up an intranet for real-time updates and FAQs. Stratasys operated as an “essential business” in all key US locations. Our regional HR teams have been providing round-the-clock support. And we have increased the frequency of our management updates, across all corporate and regional teams, with a weekly review of practices and procedures to meet the current specific challenges. I want to recognize the efforts of the entire Stratasys family – those who have made a swift and effective adjustment to working remotely to support our business, as well as those who continued coming into the offices, the labs and production facilities, working under social distancing and safety conditions to keep our production plants open and our products shipping. Our people have demonstrated relentless passion to keep our business strong and active - on behalf of the leadership team, we greatly appreciate your extraordinary resilience at this challenging time.

On to the business. We are committed to transparently sharing what we are seeing to the extent possible. The unpredictability of so many factors at play, on a global scale, has created an atmosphere of uncertainty on many levels. We will lay out the ways we are being both proactive and adapting as needed, while staying focused on maintaining our business continuity and coming out of this pandemic stronger and poised for growth. We do believe that the fog is slowly lifting and that as things stabilize our visibility will improve in the coming months.

Let me start by saying that our business is healthy. We believe that we are well-prepared to manage the current downturn with a strong balance sheet, while focusing on cost control and cash generation. We have over \$325 million in cash and equivalents and no debt. Our engagement level with our customers remains high and the demand for our systems is strong.

Unfortunately, due to COVID-19 our business in Asia was already affected earlier in the quarter, followed by Europe and then the US. As events were unfolding, we recognized how our technology can play a major role to support the healthcare community and we responded immediately. I'd like to share some of what we have experienced – including actions we took to help fight the pandemic, the measures we are taking to address the business operationally, and how we see the market playing out. In fact, as we will soon discuss, in some ways we may emerge from this situation in an even better position for the long-term than before.

SLIDE 7: RESPONSE TO COVID-19

With over 30 years of experience leading the 3D Printing industry that we helped found, Stratasys was well positioned to mobilize what we believe is the largest additive manufacturing network in the world, in order to assist in the fight against COVID-19. We leveraged our application expertise, our channel and partner network and our corporate-wide resources to help get a variety of printed parts to the global medical community.

SLIDE 8: COVID-19 - OEM COALITION

Initially, in consultation with customers like Medtronic and the Mayo Clinic, we identified face shields as the first application and fastest way to match what was desperately needed with what could be produced. We built a coalition of over 100 companies, including Medtronic, Boeing and Raytheon, that agreed to use their Stratasys systems and others for this effort. To-date, over 100,000 shields and related items have been delivered. We connected most of them via the cloud using our new GrabCAD Shop work management software. Other customers of ours responded as well, such as Schlumberger, General Atomics and Bayer. It has been amazing to watch these multi-national OEMs pivot so quickly to meet the need, highlighting a key benefit of 3D Printing over conventional methods – the versatility to instantly go from making air ducts or tail-lights to PPE and ventilator tubes.

SLIDE 9: COVID-19 - PARIS HOSPITAL

In Paris, AP-HP, the largest hospital system in Europe, bought, installed and began running 60 of our FDM printers - literally 48 hours from ordering to making their first shield. This provides them with a rapid-response system to address multiple protective equipment and medical device needs, as well as better control over their supply of 3D-printable parts.

SLIDE 10: COVID-19 - COVENT CHALLENGE

In the US we have been hosting the CoVent-19 Challenge in our GrabCAD community, through the auspices of a team of anesthesiology resident physicians from Massachusetts General Hospital. We have already received over 200 entries from more than two dozen countries around the world. The goal is to design a rapidly deployable, low-cost mechanical ventilator, and Stratasys applications engineers are helping seven finalist teams develop working prototypes in our labs this month.

SLIDE 11: COVID-19 - ORIGIN SWABS COLLABORATION

Additionally, we recently announced an agreement with Origin, a San Francisco additive manufacturing company, to deliver to healthcare providers and testing centers up to 1.3 million testing swabs every week. We've already facilitated orders for a few hundred thousand units.

Here in Israel the government implemented a robotic COVID-19 testing system to conduct up to 3000 tests per day. Before the program could launch, the system sustained irreversible damage to its fluid containers, and it would have taken weeks or longer to get the exact precision and replacement parts from the vendor in the Far East. Using our PolyJet technology with Bio-compatible materials we were able to quickly print these parts so that the testing could continue.

And globally, in order to address the unique challenges of providing support at this time, for certain printers such as our new J55, our service teams have been enhancing their tools with videos and remote device management systems in order to provide better digital and real-time support for installation and troubleshooting.

SLIDE 12: COVID-19 - 3D PRINTING VALUE PROPOSITION

These are just a few examples of what is truly an incredible display of commitment across a worldwide network of “makers,” led by Stratasys and peer companies throughout the entire additive manufacturing industry, to combat COVID-19. We have no doubt that all of these efforts are showcasing our industry in a positive light, educating the market and significantly increasing awareness of the many value propositions of additive. As a reminder, some of those key benefits include greater freedom of design, speed and cost-efficiency of product iteration and the flexibility to produce a wide range of products from a single system. Only 3D Printing can provide localized production in proximity to the end market through digital inventory, adjust production flow on the fly for factory jigs and fixtures, and as demonstrated during this crisis - help alleviate the problem of a supply chain crunch. We believe that as a result of the way our industry has stepped up during this time, more and more companies and governments will reassess their supply chains and implement decisions that drive increased demand for 3D Printing as a strategic imperative, leading to incremental business opportunities once we emerge from the current situation.

SLIDE 13: COVID-19 - MITIGATION MEASURES

The decline in Q1 sales and the softness we are seeing now in Q2 are clearly due to a meaningful portion of our customer base being effectively shut down from a purchasing and consumption perspective. As a reminder, our revenue cadence tends to be back-end loaded, with a significant portion of business coming in the final few weeks of the quarter, so the impact on our results was more notable. Furthermore, the unusually low 48.4% margins was not due to special discounts or material ASP reductions, rather it is based on the lower proportion of hardware and consumables out of the total revenue mix. We strongly believe that margins will come back into our usual range in the low 50's percent when the macro environment recovers.

Meanwhile, to help mitigate the impact we began to implement cost-control measures at the end of February and continue to closely manage them. All employees were effectively reduced to a 4-day work-week last month, we've instituted a non-essential hiring freeze and we've adjusted our cost base and production plan accordingly. As a reminder, in 2019 we built inventory in both raw materials and finished goods to help us meet demand in a more efficient way and prepare for our new product launches. While it reduced our operational cash generation last year, it proved to be an even wiser move than anticipated, as we have more finished goods now that are located in their respective regions. While we are facing some minimal supply issues for our new products, we are less exposed for our existing ones. Additionally, our plants are operational, as we continue production to secure our inventory levels to meet demand. And yet, even though the business environment right now is slow, we are encouraged by the discussions we are having and the opportunities that will come once the situation passes.

SLIDES 14 & 15: J55 LAUNCH EVENT

As an example of the high level of interest, two weeks ago many of you attended our digital launch event featuring the new PolyJet J55, an exciting and highly innovative system that brings most of the features of our premium PolyJet technology right into the office, in a quiet, yet powerful new and patented turntable format. Thousands of people attended the event, including many Fortune 500 companies, a strong indication of interest.

Our new product development plans are continuing, and to-date we have not reduced our spending for these programs. We had originally planned to launch new products in the back half of this year, primarily in Q4. Due to the current situation it is clear that the return on the investment of marketing, trade shows, travel and other expenses needed to launch would be severely limited in a tempered spending environment. In order to maximize the impact, and to avoid any potential supply chain issues, we believe it makes more sense to wait until the first half of 2021. We are excited about these additions to our product and technology portfolio and look forward to sharing more at the appropriate time.

I would like to now turn the call over to our CFO, Lilach Payorski, who will review the details of our financial results. Lilach?

SLIDE 16: CFO REMARKS

SPEAKER: Lilach Payorski

Thank you, Yoav, and good morning, everyone.

SLIDE 17: FINANCIAL RESULTS SUMMARY

Total revenue in the first quarter was \$132.9 million compared to \$155.3 million for the same period last year. On a constant currency basis, total revenue declined 13.9%.

GAAP operating loss for the quarter was \$19.9 million, compared to an operating loss of \$3.3 million for the same period last year.

Non-GAAP operating loss for the quarter was \$8.4 million, compared to operating income of \$6.8 million for the same period last year.

GAAP net loss for the quarter was \$21.7 million, or (\$0.40) per diluted share, compared to a net loss of \$2.3 million, or (\$0.04) per diluted share, for the same period last year.

Non-GAAP net loss for the quarter was \$10.6 million, or (\$0.19) per diluted share, compared to Non-GAAP net income of \$5.7 million, or \$0.10 per diluted share reported for the same period last year.

SLIDE 18: REVENUE

Product revenue in the first quarter was \$83.2 million, a decrease of 20.9% compared to the same period last year, or 20.3% on a constant currency basis.

Within product revenue, system revenue decreased 39.5%, compared to the same period last year, and decreased 39.2% on a constant currency basis.

Consumables revenue decreased by 5.8% compared to the same period last year and decreased 5.1% on a constant currency basis.

Services revenue was \$49.7 million, a decrease of 0.9% compared to the same period last year and decreased 0.6% on a constant currency basis.

Within services revenue, customer support revenue increased by 2.2% compared to the same period last year and increased 2.9% on a constant currency basis.

SLIDE 19: GROSS MARGINS

GAAP gross margin was 45.0% for the quarter, compared to 49.2% for the same period last year.

Non-GAAP gross margin was 48.4% for the quarter, compared to 52.0% for the same period last year. The decline in gross margin is due primarily to the lower proportion of hardware and consumables out of the total revenue mix. We are confident that our gross margins will return to their usual range once the situation passes.

SLIDE 20: OPERATING EXPENSES

GAAP operating expenses was \$79.8 million, relatively flat compared to the same period last year.

Non-GAAP operating expenses decreased by 1.6% to \$72.7 million for the quarter as compared to the same period last year, driven by cost-cutting measures in SG&A. Please note that R&D spending this quarter was higher than Q1 of last year, as we remain committed to our long-term strategy and we continue to invest in developing new products that we believe will meaningfully expand our addressable markets.

SLIDE 21: BALANCE SHEET SUMMARY & CASH FLOW FROM OPERATIONS

The Company generated \$11.3 million of cash from operations during the first quarter, as compared to \$4.6 million of cash generated in the same quarter last year.

We ended the quarter with \$325.5 million in cash, cash equivalents and short-term deposits, compared to \$321.8 million at the end of the fourth quarter of 2019. We believe that we are well-prepared to manage the COVID-19 situation with a strong balance sheet and no debt, while focusing on cost-control and cash generation.

The company is withdrawing its 2020 financial guidance for revenue, GAAP and non-GAAP net income and EPS, non-GAAP operating margins and capital expenditures due to the high level of economic uncertainty and disruption caused by COVID-19.

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.

I'd like to turn the call back to Yoav for closing remarks, Yoav?

SLIDE 22: CEO CLOSING REMARKS

SPEAKER: Yoav Zeif

Thank you, Lilach.

Our communication with the channels and key customers remains highly active, and we have continued to do business during this time, but with the US and other markets still effectively closed, we have little indication regarding the pace of recovery. Therefore, we believe that there is too much uncertainty at this point to provide a reasonable estimate of the full year financial impact related to COVID-19. Directionally speaking, we expect that many if not most of our customers will continue to keep their spending to a minimum in Q2, and given that there will be a full quarter's worth of COVID-19 impact we currently expect a sequential decline of 5%-10%. As for how things look as we emerge and begin to recover, it's clear that this crisis has helped generate significant awareness that 3D printing is becoming essential for accelerating and improving design, speeding up time to market and production, and creating less dependent and more resilient global supply chains, including localized digital inventory and distributed manufacturing. We've heard first-hand from our customers that executives are asking their engineering teams more questions about what 3D printing can do for them. This is important because optimizing value from additive manufacturing is a strategic exercise, and Stratasys is particularly suited to play the role of strategic additive partner for our customers. If economic recovery begins to kick in during H2 we would expect to see a gradual improvement, and we could see a return to sequential growth in the back half of the year. Additionally, we believe that we will be able to capitalize on the improved perspective of many businesses and governments, who, because of this crisis, are recognizing the weak links in their current production flow that we proved can be addressed by incorporating additive manufacturing. Meanwhile, we are being proactive in managing our performance during this challenging time. We built inventory last year to improve efficiencies and limit disruption. We've reprioritized spending to ensure adequate resources to address both COVID-19-related items and those critical for strategic growth. And we continue to monitor the industry for opportunities. Our agile, high-performing team is helping us persevere through it and is simultaneously preparing to seize upon opportunities to support an exciting growth period as we all recover from the current situation.

As part of my first 100 days as CEO, I have been directing a deep-dive diagnostic and strategic review of the company. Later in the year I plan to share a more extensive view of how Stratasys will look as we lead our industry forward with strong and sustainable growth for many years to come.

SLIDE 23: THANK YOU - Q&A

SPEAKER: Yonah Lloyd

Operator, please open the call for questions.

SPEAKER: Yoav Zeif

Thank you for joining us, stay safe and healthy, looking forward to updating you again next quarter.

SLIDE 24: FINANCIAL RECONCILIATION TABLES



Stratasys Q1 2020

Financial Results Conference Call

May 14, 2020



Q1 2020

Conference call & webcast details

Speakers

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

Live webcast and replay:

<https://78449.themediaframe.com/dataconf/productusers/sys/mediaframe/36448/indexl.html>

Live dial-in information

US Toll-Free dial-in:
1-877-407-0619

International dial-in:
+1-412-902-1012

Forward-looking statements

The statements in this presentation regarding Stratasys' strategy, and the statements regarding its projected future financial performance, including the financial guidance (or withdrawal of 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 duration of the global COVID-19 pandemic, which, if extensive, may continue to impact, in a material adverse manner, our operations, financial position and cash flows, and those of our customers and suppliers; 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 filed 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 Report of Foreign Private Issuer on Form 6-K that attaches Stratasys' unaudited, condensed consolidated financial statements and its review of its results of operations and financial condition, for the quarterly period ended March 31, 2020, which we are furnishing 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 on an ongoing basis after (i) excluding mergers, acquisitions and divestments related expense or gains and reorganization-related charges or gains, and (ii) 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 24.



Opening Remarks:

**Staying healthy, focused,
and proactive amidst an
unprecedented global
pandemic**

Make it Better.
Make it with Stratasys.



Yoav Zeif
CEO



We're Making It Together

- Travel restrictions implemented early
- Work from home where possible
 - Stratasys operated as an "essential business" in all key U.S. locations
- Rigorously follow safety and social distancing requirements in offices, labs and production facilities
- Communicate with employees consistently and frequently
- Business is healthy
 - \$325.5m cash, cash equivalents and short-term deposits / No debt
- **Demonstrated passion and resilience**



Our Response

to the COVID-19 pandemic



Stratasys COVID-19 Coalition





Key COVID-19 actions:

60 3D Printers

48 hours

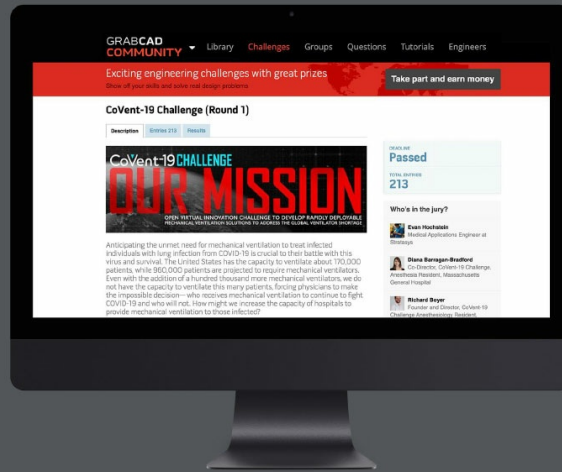
for Europe's largest
hospital system

Key COVID-19 actions:

CoVent-19 Challenge

200+

submissions on
GrabCAD for
mechanical
ventilator designs



Key COVID-19 actions:

Origin Nasal
Swab Agreement

100k

scaling to more than

1 million

swabs/week



Pandemic is Accelerating Trends Towards **3D Printing**



Develop better
products faster



Quickly retool
production lines



Localize
manufacturing

COVID-19 Financial Mitigation Measures

Short term GM impact driven by
reduced HW/Materials in sales mix

Expense Reduction Actions:

- Global 4-day work week
- Non-essential hiring freeze
- No merit increases
- Adjusted cost base / production plan
- Leverage 2019 inventory build-up

Top-Line Growth Actions:

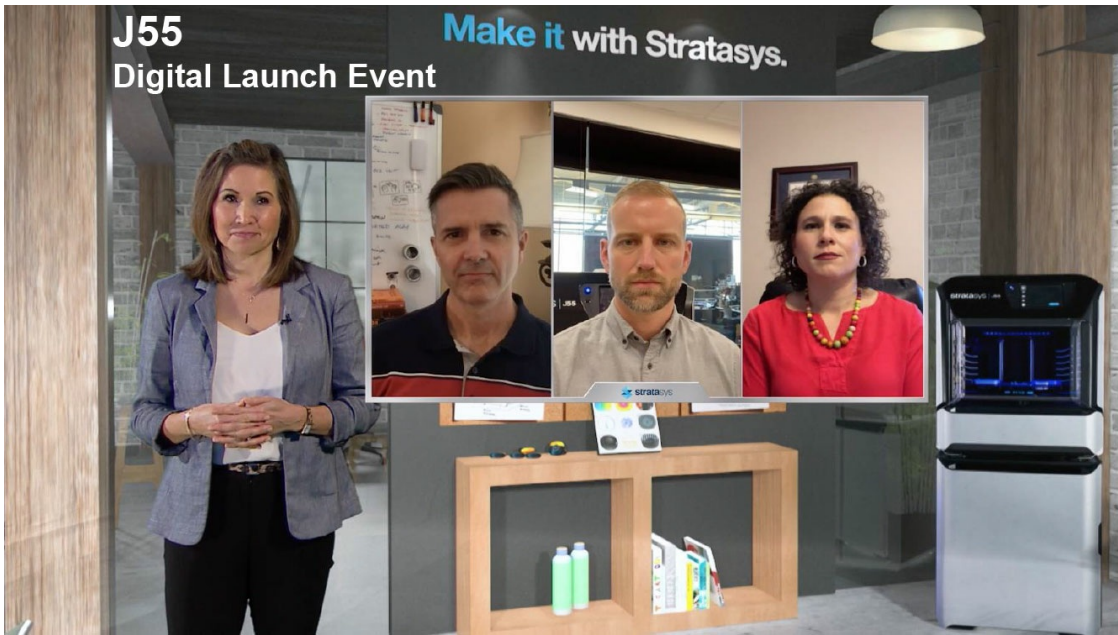
- Successful J55 digital product launch
 - 1000's of attendees including many Fortune 500
- Additional new product launches delayed to H1 2021 to maximize impact in a stronger economic environment



J55

Digital Launch Event

Make it with Stratasys.



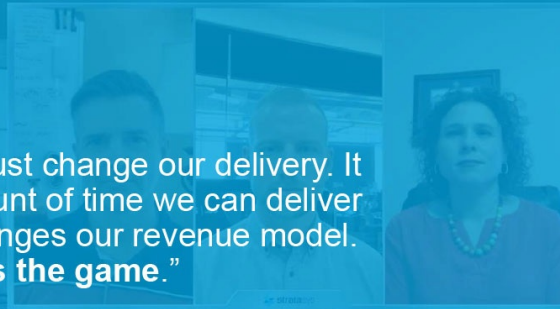
Make it with Stratasys.

“

The J55 doesn't just change our delivery. It changes the amount of time we can deliver that in. It also changes our revenue model. **It totally changes the game.**”

Ryan Berger

Senior Industrial Designer
Priority Designs



Financial Update

Well prepared to manage COVID-19

Strong balance sheet / No debt
Cost control / Cash generation

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Lilach
Payorski
CFO



Financial Results

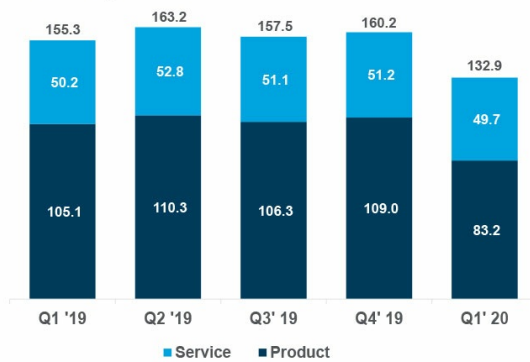
	GAAP			Non-GAAP		
	Q1-19	Q1-20	Change Y/Y	Q1-19	Q1-20	Change Y/Y
Total Revenue	155.3	132.9	-14.4%	155.3	132.9	-14.4%
Gross Profit	76.5	59.9	(16.6)	80.7	64.3	(16.4)
% Margin	49.2%	45.0%	-4.2%	52.0%	48.4%	-3.6%
Operating Income (Loss)	(3.3)	(19.9)	(16.6)	6.8	(8.4)	(15.2)
% Margin	-2.1%	-15.0%	-12.9%	4.4%	-6.3%	-10.7%
Net Income (Loss) attributed to SSYS Ltd.	(2.3)	(21.7)	(19.4)	5.7	(10.6)	(16.3)
% Margin	-1.5%	-16.3%	-14.9%	3.6%	-7.9%	-11.6%
Diluted EPS	(0.04)	(0.40)	(0.36)	0.10	(0.19)	(0.29)
Diluted Shares	54.0	54.5	1.1%	54.5	54.5	0%

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

Financial Results

Revenue

Quarterly trend



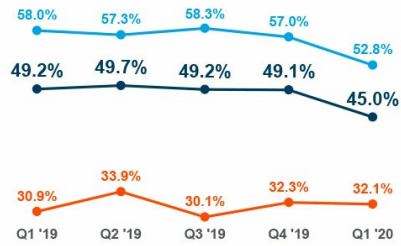
Revenue Growth – Q1 '20		
Revenue	Y/Y	Y/Y (exc. FX)
Product	-21%	-20%
System	-40%	-39%
Consumables	-6%	-5%
Service	-1%	-1%
Customer Support	+2%	+3%

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

Financial Results

Gross margin trends

GAAP



Non-GAAP

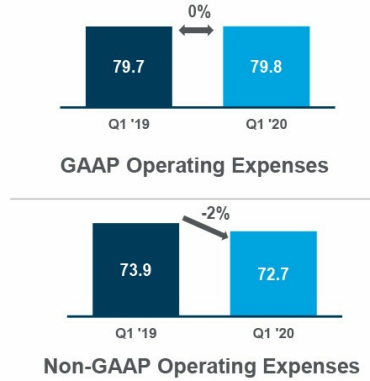


— Total Gross Margin — Product Gross Margin — Service Gross Margin

All percentages rounded.

Financial Results

Operating expenses and operating margin trends

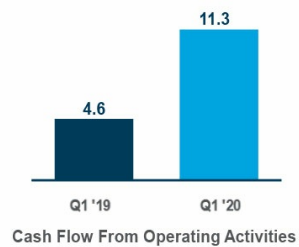


\$ in millions unless noted otherwise. All numbers and percentages rounded.

Financial Results

Balance sheet summary and cash flow from operations

	Q1-19	Q4-19	Q1-20
Cash and Cash Equivalents and Short term deposits	367.8	321.8	325.5
Accounts Receivable	128.4	132.6	115.1
Inventories	131.7	168.5	172.5
Net Working Capital	487.1	499.2	480.7



\$ in millions unless noted otherwise. All numbers rounded.

Recap:

Short-term uncertainty balanced by growth opportunities in H2 and beyond

- Capitalize on optimizing value of additive manufacturing
- Aligning spending to strategic growth priorities
- Finalizing strategic plan for strong, sustainable growth

Make it Better.
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Thank You

Make it Better.
Make it with Stratasys.

stratasys

GAAP to Non-GAAP Reconciliation Results of operations Stratasys Ltd

	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
	GAAP	Adjustments	Non-GAAP	GAAP	Adjustments	Non-GAAP
Gross Profit (1)	\$59,870	\$4,414	\$64,284	\$76,457	\$4,252	\$80,709
Operating income (Loss) (1,2)	-19,900	11,491	-8,409	-3,271	\$10,075	\$6,804
Net income (Loss) attributable to Stratasys Ltd. (1,2,3)	-21,703	11,137	-10,566	-2,270	\$7,927	\$5,657
Net income (Loss) per diluted share attributable to Stratasys Ltd. (4)	(\$0.40)	\$0.21	(\$0.19)	(\$0.04)	\$0.14	\$0.10
(1) Acquired intangible assets amortization expense		4,065			3,898	
Non-cash stock-based compensation expense		402			354	
Reorganization and other related costs		-53			0	
		4,414			4,252	
(2) Acquired intangible assets amortization expense		2,142			1,889	
Non-cash stock-based compensation expense		4,503			3,875	
Reorganization and other related costs		31			59	
Merger and acquisition related expense		401			0	
		7,077			5,823	
		11,491			10,075	
(3) Corresponding tax effect		-431			-544	
Gain from equity method divestment and related amortization and impairments		77			-1,604	
		\$11,137			\$7,927	
(4) Weighted average number of ordinary shares outstanding – Diluted	54,544		54,544	53,966		54,477

\$ in millions unless noted otherwise.