**SSYS BUSINESS DESCRIPTION**
Stratasys Ltd. provides three-dimensional (3D) printing and additive manufacturing solutions for the creation of parts used in the processes of designing and manufacturing products; and for the direct manufacture of end parts.

**STOCK PERFORMANCE (%)**
- 3 Mo.: 1.88%
- 1 Yr.: 15.53%
- 3 Yr. (Ann): -39.97%

**GROWTH (%)**
- Last Qtr: -0.84%
- 12 Mo.: -0.93%
- 3 Yr. CAGR: -1.17%

**RETURN ON EQUITY (%)**

<table>
<thead>
<tr>
<th></th>
<th>SSYS</th>
<th>Ind Avg</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2017</td>
<td>-3.94%</td>
<td>34.87%</td>
<td>13.41%</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>-25.72%</td>
<td>84.82%</td>
<td>NA</td>
</tr>
<tr>
<td>Q3 2015</td>
<td>-86.95%</td>
<td>84.81%</td>
<td>NA</td>
</tr>
</tbody>
</table>

**P/E COMPARISON**

<table>
<thead>
<tr>
<th></th>
<th>SSYS</th>
<th>Ind Avg</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n/m</td>
<td>20.17%</td>
<td>24.97%</td>
</tr>
</tbody>
</table>

**EPS ANALYSIS ($)**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 -2.24</td>
<td>Q1 -0.44</td>
<td>Q1 -0.26</td>
<td>Q1 -0.11</td>
</tr>
<tr>
<td>Q2 -0.55</td>
<td>Q2 -0.36</td>
<td>Q2 -0.30</td>
<td>Q2 -0.19</td>
</tr>
<tr>
<td>Q3 -1.2</td>
<td>Q3 -0.4</td>
<td>Q3 -0.28</td>
<td>Q3 -0.19</td>
</tr>
<tr>
<td>Q4 -4.46</td>
<td>Q4 -4.40</td>
<td>Q4 -4.30</td>
<td>Q4 -4.28</td>
</tr>
</tbody>
</table>

**RECOMMENDATION**
We rate STRATASYS LTD (SSYS) a SELL. This is driven by a few notable weaknesses, which we believe should have a greater impact than any strengths, and could make it more difficult for investors to achieve positive results compared to most of the stocks we cover. The area that we feel has been the company’s primary weakness has been its declining revenues.

**HIGHLIGHTS**
The company’s current return on equity greatly increased when compared to its ROE from the same quarter one year prior. This is a signal of significant strength within the corporation. Compared to other companies in the Computers & Peripherals industry and the overall market, STRATASYS LTD’s return on equity significantly trails that of both the industry average and the S&P 500.

The gross profit margin for STRATASYS LTD is rather high; currently it is at 59.23%. Regardless of SSYS’s high profit margin, it has managed to decrease from the same period last year. Despite the mixed results of the gross profit margin, SSYS’s net profit margin of -6.51% significantly underperformed when compared to the industry average.

SSYS, with its decline in revenue, underperformed when compared the industry average of 12.5%. Since the same quarter one year prior, revenues slightly dropped by 0.8%. The declining revenue has not hurt the company’s bottom line, with increasing earnings per share.

SSYS’s debt-to-equity ratio is very low at 0.02 and is currently below that of the industry average, implying that there has been very successful management of debt levels. Along with this, the company maintains a quick ratio of 2.65, which clearly demonstrates the ability to cover short-term cash needs.

Compared to where it was a year ago today, the stock is now trading at a higher level, and has traded in line with the S&P 500. Turning our attention to the future direction of the stock, we do not believe this stock offers ample reward opportunity to compensate for the risks, despite the fact that it rose over the past year.
INDUSTRY ANALYSIS

The computers and peripherals industry includes PC equipment, handheld devices, complex information technology systems and network equipment. Technological factors such as interoperability of hardware products and compatibility with the web have brought about industry consolidation. Also, intense competition and the importance of intellectual property rights have been instrumental to growth.

The US computers and peripherals industry is one of the largest global markets, including companies such as Apple (AAPL), EMC (EMC), Canon (CAJ), Western Digital (WDC), and HP (HPQ). The industry is capital-intensive with highly automated operations. Larger companies are built on purchasing power and mass production while smaller firms concentrate on product specialty and superior technology.

Research and development spending at large manufacturers generally varies between 5% and 15% of product revenue and can be more for smaller companies and low for pure assemblers like Dell. Patent licensing is a common practice as are disputes arising from patents. Technological advancement renders products quickly outdated. Many products have a lifespan less than 18 months.

Companies with excellent process technology, capital-intensive components production and flexible high-volume assembly are expected to dominate the hardware value chain. Companies with patent capital, close links to component and equipment developers and the ability to afford research and development expenditures and capital investments will benefit the most in the future. These attributes play into the strategic and technical strengths of Japanese companies. The US industry has superior design skills, but remains largely fragmented, undercapitalized and lacks a long-term approach. However, some US companies have been successful in producing structures, strategy and operational techniques necessary for commercial success.

With the global economic recovery, the computers and peripherals industry is expected to thrive as corporations continue to automate and upgrade their systems to increase efficiency and enhance competitive positions. Major players in the sector derive a substantial portion of their revenues from foreign markets adding geographic diversity to their product sales base. A weaker US dollar has previously given a pricing edge to American products and services.

Companies have little room for errors or inefficiencies in such a competitive and economically volatile environment. According to International Data Corp., price wars and technological evolution can drive down prices by 25% a year.

Computer storage and peripherals are strong sellers as data storage continues to be a top priority across businesses. Increasing amounts of data and content and the proliferation of broadband access have necessitated greater capacity across the storage infrastructure.

PEER GROUP: Computers & Peripherals

The peer group comparison is based on Major Technology Hardware, Storage & Peripherals companies of comparable size.

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Company Name</th>
<th>Price ($)</th>
<th>Market Cap ($M)</th>
<th>Price/ Earnings</th>
<th>Net Sales TTM ($M)</th>
<th>Net Income TTM ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSYS</td>
<td>STRATASYS LTD</td>
<td>22.16</td>
<td>1,179</td>
<td>NM</td>
<td>684.32</td>
<td>-44.76</td>
</tr>
<tr>
<td>CRAY</td>
<td>CRAY INC</td>
<td>23.25</td>
<td>940</td>
<td>62.84</td>
<td>572.44</td>
<td>15.49</td>
</tr>
<tr>
<td>BB</td>
<td>BLACKBERRY LTD</td>
<td>10.73</td>
<td>5,691</td>
<td>12.77</td>
<td>1,048.00</td>
<td>526.00</td>
</tr>
<tr>
<td>USAT</td>
<td>USA TECHNOLOGIES INC</td>
<td>8.50</td>
<td>467</td>
<td>850.00</td>
<td>108.12</td>
<td>0.40</td>
</tr>
<tr>
<td>NCR</td>
<td>NCR CORP</td>
<td>30.50</td>
<td>3,715</td>
<td>17.94</td>
<td>6,536.00</td>
<td>334.00</td>
</tr>
<tr>
<td>AVID</td>
<td>AVID TECHNOLOGY INC</td>
<td>7.05</td>
<td>290</td>
<td>176.25</td>
<td>440.79</td>
<td>1.59</td>
</tr>
<tr>
<td>PSTG</td>
<td>PURE STORAGE INC</td>
<td>18.34</td>
<td>1,780</td>
<td>NM</td>
<td>831.91</td>
<td>-245.80</td>
</tr>
<tr>
<td>DBD</td>
<td>DIEBOLD NIJDORF INC</td>
<td>18.50</td>
<td>1,397</td>
<td>15.90</td>
<td>4,602.80</td>
<td>-202.60</td>
</tr>
<tr>
<td>EFI</td>
<td>ELECTRONICS FOR IMAGING INC</td>
<td>29.06</td>
<td>1,348</td>
<td>46.13</td>
<td>990.80</td>
<td>29.97</td>
</tr>
<tr>
<td>SMCI</td>
<td>SUPER MICRO COMPUTER INC</td>
<td>21.30</td>
<td>1,037</td>
<td>15.90</td>
<td>2,529.92</td>
<td>69.32</td>
</tr>
<tr>
<td>DDD</td>
<td>3D SYSTEMS CORP</td>
<td>8.85</td>
<td>1,008</td>
<td>NM</td>
<td>634.74</td>
<td>-50.83</td>
</tr>
</tbody>
</table>

The recent market price as of 11/22/2017.

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COMPANY DESCRIPTION
Stratasys Ltd. provides three-dimensional (3D) printing and additive manufacturing solutions for the creation of parts used in the processes of designing and manufacturing products; and for the direct manufacture of end parts. Its 3D printing systems utilize its patented fused deposition modeling (FDM) and inkjet-based PolyJet technologies to enable the production of prototypes, tools used for production and manufactured goods directly from 3D CAD files or other 3D content. The company offers entry-level desktop 3D printers to systems for rapid prototyping, and production systems for direct digital manufacturing. It also provides 3D printing consumable materials, including FDM, cartridge-based materials, PolyJet cartridge-based materials, smooth curvature printing inkjet-based materials, non-color digital materials, and color variations, as well as non-toxic thermoplastic modeling materials. In addition, the company offers customer support, basic warranty, and extended support programs; leases or rents 3D printers and 3D production systems; produces prototypes and end-use parts for customers from a customer-provided CAD file; and provides plastic and metal parts for rapid prototyping and production processes, as well as related professional services. Further, it operates Thingiverse, an online community for sharing downloadable, digital 3D designs; and GrabCAD Community for mechanical engineers and designers. The company’s products and services are used in aerospace, automotive, consumer electronics, consumer goods, medical processes and medical devices, education, dental, jewelry, and other industries. Stratasys Ltd. sells its products through a network of resellers and independent sales agents worldwide. The company was founded in 1989 and is headquartered in Eden Prairie, Minnesota.

STRATASYS LTD
7665 Commerce Way
Eden Prairie, MN 55344
ISR
Phone: 952-937-3000
Fax: 952-937-0070
http://www.stratasys.com
Employees: 2000

STOCK-AT-A-GLANCE
Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of SSYS shares. It is provided in order to give you a deeper understanding of the rating methodology as well as to paint a more complete picture of a stock’s strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock’s valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR SCORE
Growth 0.5 out of 5 stars
Measures the growth of both the company’s income statement and cash flow. On this factor, SSYS has a growth score better than virtually none of the stocks we rate.

Total Return 1.5 out of 5 stars
Measures the historical price movement of the stock. The stock performance of this company has beaten 20% of the companies we cover.

Efficiency 1.0 out of 5 stars
Measures the strength and historic growth of a company’s return on invested capital. The company has generated more income per dollar of capital than 10% of the companies we review.

Price volatility 1.0 out of 5 stars
Measures the volatility of the company’s stock price historically. The stock is less volatile than 10% of the stocks we monitor.

Solvency 4.0 out of 5 stars
Measures the solvency of the company based on several ratios. The company is more solvent than 70% of the companies we analyze.

Income 0.5 out of 5 stars
Measures dividend yield and payouts to shareholders. This company pays no dividends.

THE STREET RATINGS RESEARCH METHODOLOGY
TheStreet Ratings’ stock model projects a stock’s total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock’s valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock’s performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.
STRATASYS LTD

<table>
<thead>
<tr>
<th>Sector: Technology</th>
<th>Technology Hardware, Storage &amp; Peripherals</th>
<th>Source: S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Dividend Rate</td>
<td>Annual Dividend Yield</td>
<td>Beta</td>
</tr>
<tr>
<td>NA</td>
<td>NA</td>
<td>1.39</td>
</tr>
</tbody>
</table>

Consensus EPS Estimates² ($)
IBES consensus estimates are provided by Thomson Financial

- Q4 FY17
- 2017(E)
- 2018(E)

<table>
<thead>
<tr>
<th></th>
<th>Q4 FY17</th>
<th>2017(E)</th>
<th>2018(E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.15</td>
<td>0.45 E</td>
<td>0.60 E</td>
<td></td>
</tr>
</tbody>
</table>

FINANCIAL ANALYSIS
STRATASYS LTD’s gross profit margin for the third quarter of its fiscal year 2017 is essentially unchanged when compared to the same period a year ago. Even though sales decreased, the net income has increased. STRATASYS LTD is extremely liquid. Currently, the Quick Ratio is 2.65 which clearly shows the ability to cover any short-term cash needs. SSYS managed to increase the liquidity from the same period a year ago, despite already having very strong liquidity to begin with. This would indicate improved cash flow.

During the same period, stockholders’ equity (‘net worth’) has remained virtually unchanged only decreasing by 1.08% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is very unlikely to face financial difficulties in the near future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.

INCOME STATEMENT
Q3 FY17 | Q3 FY16
---|---
Net Sales ($mil) | 155.87 | 157.18
EBITDA ($mil) | 11.70 | 7.37
EBIT ($mil) | -5.12 | -15.58
Net Income ($mil) | -10.16 | -20.83

BALANCE SHEET
Q3 FY17 | Q3 FY16
---|---
Cash & Equiv. ($mil) | 302.80 | 239.35
Total Assets ($mil) | 1,363.33 | 1,368.74
Total Debt ($mil) | 23.21 | 0.00
Equity ($mil) | 1,133.70 | 1,146.15

PROFITABILITY
Q3 FY17 | Q3 FY16
---|---
Gross Profit Margin | 59.23% | 61.59%
EBITDA Margin | 7.50% | 4.68%
Operating Margin | -3.28% | -9.91%
Sales Turnover | 0.49 | 0.49
Return on Assets | -3.28% | -21.53%
Return on Equity | -3.94% | -25.72%

DEBT
Q3 FY17 | Q3 FY16
---|---
Current Ratio | 3.58 | 3.17
Debt/Capital | 0.02 | 0.00
Interest Expense | NA | NA
Interest Coverage | NA | NA

SHARE DATA
Q3 FY17 | Q3 FY16
---|---
Shares outstanding (mil) | 53 | 53
Div / share | 0.00 | 0.00
EPS | -0.19 | -0.40
Book value / share | 21.31 | 21.79
Institutional Own % | NA | NA
Avg Daily Volume | 798,283 | 631,452

² Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.
The Street Ratings

Sector: Technology Hardware, Storage & Peripherals | Source: S&P

STRATASYS LTD

<table>
<thead>
<tr>
<th>Annual Dividend Rate</th>
<th>Annual Dividend Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

### RATINGS HISTORY
Our rating for STRATASYS LTD has not changed since 3/3/2015. As of 11/22/2017, the stock was trading at a price of $22.16 which is 28.2% below its 52-week high of $30.88 and 35.4% above its 52-week low of $16.37.

### MOST RECENT RATINGS CHANGES

<table>
<thead>
<tr>
<th>Date</th>
<th>Price</th>
<th>Action</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/20/15</td>
<td>$23.08</td>
<td>No Change</td>
<td>Sell</td>
<td>Sell</td>
</tr>
</tbody>
</table>

Price reflects the closing price as of the date listed, if available.

### RATINGS DEFINITIONS & DISTRIBUTION OF THE STREET RATINGS
(as of 11/22/2017)

**44.02% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**36.74% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**25.24% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

TheStreet Ratings
14 Wall Street, 15th Floor
New York, NY 10005
www.thestreet.com

Research Contact: 212-321-5381
Sales Contact: 866-321-8726

### VALUATION
SELL. The current P/E ratio is negative, which has no meaningful value in the assessment of premium or discount valuation, it simply displays that the company has negative earnings. For additional comparison, its price-to-book ratio of 1.04 indicates a significant discount versus the S&P 500 average of 3.17 and a significant discount versus the industry average of 6.12. The price-to-sales ratio is below the S&P 500 average and is well below the industry average, indicating a discount. After reviewing these and other key valuation criteria, STRATASYS LTD proves to trade at a discount to investment alternatives within the industry.

#### Price/Earnings

**SSYS NM** Peers 20.17
- Neutral. The absence of a valid P/E ratio happens when a stock can not be valued on the basis of a negative stream of earnings.
- SSYS’s P/E is negative making this valuation measure meaningless.

#### Price/Book

**SSYS 1.04** Peers 6.12
- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- SSYS is trading at a significant discount to its peers.

#### Price/Sales

**SSYS 1.77** Peers 3.46
- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- SSYS is trading at a significant discount to its industry on this measurement.

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