

A low-angle, upward-looking photograph of a modern glass skyscraper. The building's facade is composed of numerous rectangular glass panels, creating a complex geometric pattern of reflections and refractions. The sky is a clear, pale blue. The right side of the image is partially obscured by a dark blue diagonal overlay.

First Quarter 2020 Earnings Summary

May 6, 2020

Safe Harbor

Use of Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward looking statements include information, among other things, concerning: the expected impact of the COVID-19 pandemic and related public health measures on our business, results of operations, financial condition and liquidity; our possible or assumed future results of operations; future demands for solar energy solutions; business strategies; technology developments; new products and services; financing and investment plans; dividend policy; competitive position; industry and regulatory environment; general economic conditions; potential growth opportunities; and the effects of competition.

Forward-looking statements are only predictions based on our current expectations and are inherently subject to risks and uncertainties. They should not be considered guarantees of future results, which could differ materially from the results set forth in, contemplated by, or underlying this presentation.

Factors that could cause actual results to differ materially from our expectations are described in the reports filed by SolarEdge with the Securities and Exchange Commission and we encourage you to review our filings carefully, especially the sections entitled "Risk Factors" in our annual report on Form 10-K and our quarterly reports on Form 10-Q, noting that many of the risks, uncertainties and other factors identified therein are, and will be, amplified by the COVID-19 pandemic. .

SolarEdge undertakes no duty or obligation to update any forward-looking statements contained in this presentation as a result of new information, future events or changes in its expectations.

This presentation describes non-GAAP revenues, gross margin, operating expenses, operating income, net income and non-GAAP net diluted earnings per share, which are not measures prepared in accordance with U.S. GAAP (i.e. "Non-GAAP" measures). The Non-GAAP measures are presented in this presentation as we believe that they provide investors with a means of evaluating and understanding how SolarEdge's management evaluates the company's operating performance. These Non-GAAP measures should not be considered in isolation from, as substitutes for, or superior to financial measures prepared in accordance with U.S. GAAP.

First Quarter Key Metrics



5.1M

Power Optimizers Shipped



202K

Inverters Shipped



1.85 GW

Systems Shipped



\$431.2M

Revenues

Financial Results for Quarter

- Record revenue of **\$431.2 million, up 58.6% YoY**
- Record revenue from solar products of **\$407.6 million**
- Total cash and investments, net of debt, **\$543.6 million**

- GAAP gross margin of 32.5%
- Non-GAAP gross margin of 33.6%
- Non-GAAP gross margin for the solar business of 35.0%
- Record GAAP operating income of \$67.8 million
- Non-GAAP operating income of \$78.6 million
- GAAP net income of \$42.2 million
- Non-GAAP net income of \$50.7 million
- Net diluted GAAP earnings per share of \$0.81
- Net diluted Non-GAAP earnings per share of \$0.95
- Record cash flow from operation of \$107.7 million



Noteworthy

- Record revenues and record cash flow from operations
- COVID-19 did not materially impact first quarter results
- Company and its global manufacturing sites are operating fully despite country specific restrictions
- Began shipments to U.S. of new storage and backup offering based on new inverter, EnergyHub
- During March and April (COVID-19 impacted months), installation rate of SolarEdge products outside the U.S. increased by 15% compared to same period last year, while in the U.S., the rate declined 16%
- The Company has implemented cost control measures aimed at adjusting spending levels to current expected business volumes
- Spending on research and development and manufacturing capabilities continues as planned and in some cases, accelerated

GAAP Financial Results

*USD in millions	Q1 19	Q4 19	Q1 20
Revenues	271.9	418.2	431.2
Gross margin	31.7%	34.3%	32.5%
Operating expenses	58.1	92.7 **	72.2 **
Operating income	28.0	50.5	67.8
Net income	19.0	52.8	42.2
Net diluted earnings per share	0.39	1.03	0.81

*With the exception of gross margin and per share data

** Q1 20 and Q4 19 include non recurring operating (income) expenses of (\$4.9M) and \$22.4M, respectively

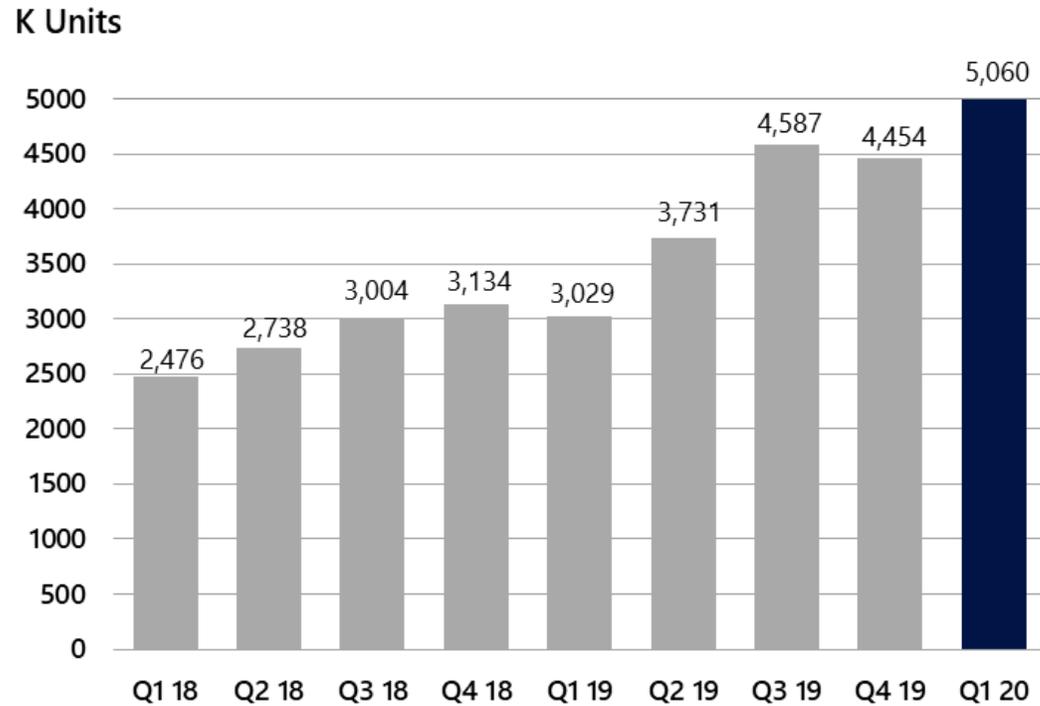
NON-GAAP Financial Results

*USD in millions	Q1 19	Q4 19	Q1 20
Revenues	271.9	418.2	431.2
Gross margin	32.8%	35.5%	33.6%
Operating expenses	48.0	63.1	66.3
Operating income	41.2	85.3	78.6
Net income	32.9	87.4	50.7
Net diluted earnings per share	0.64	1.65	0.95

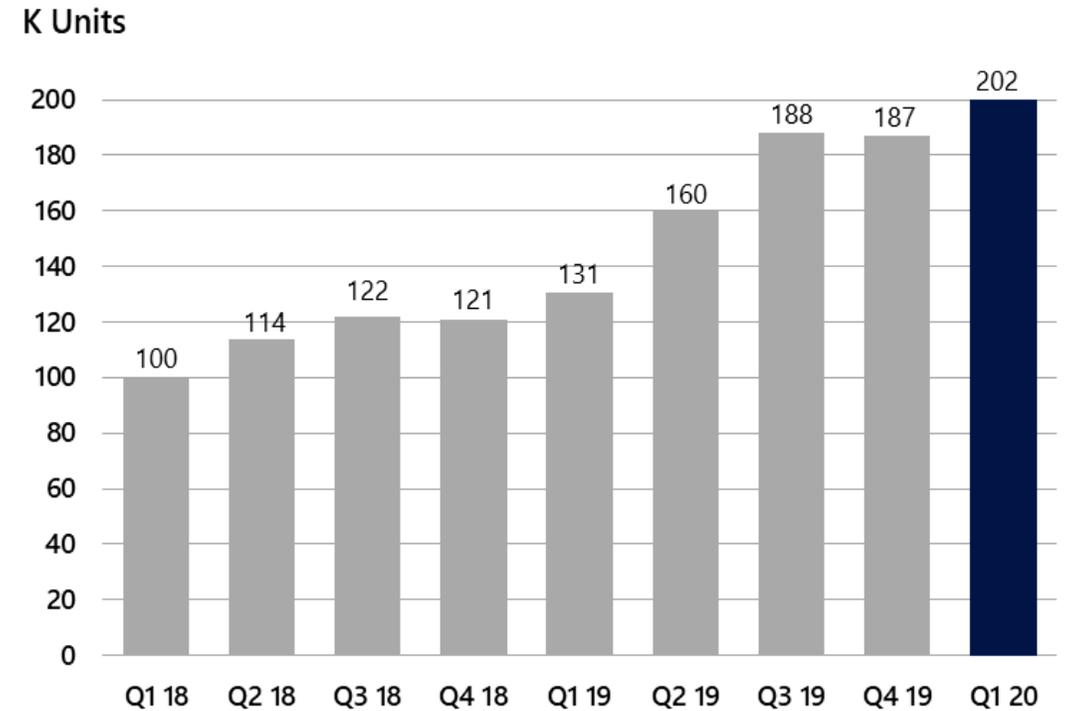
*With the exception of gross margin and per share data

Units Shipped

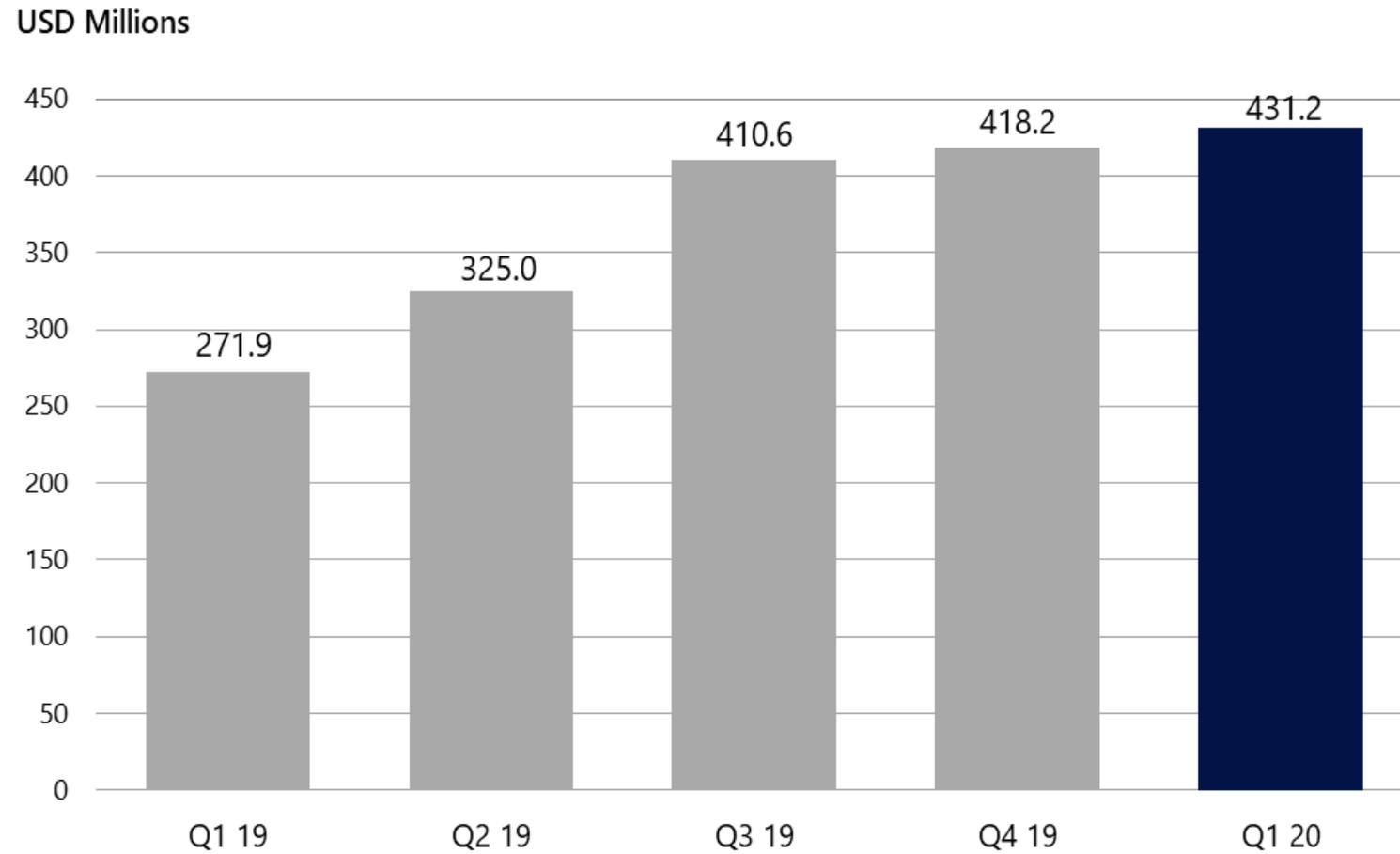
Power optimizers shipped



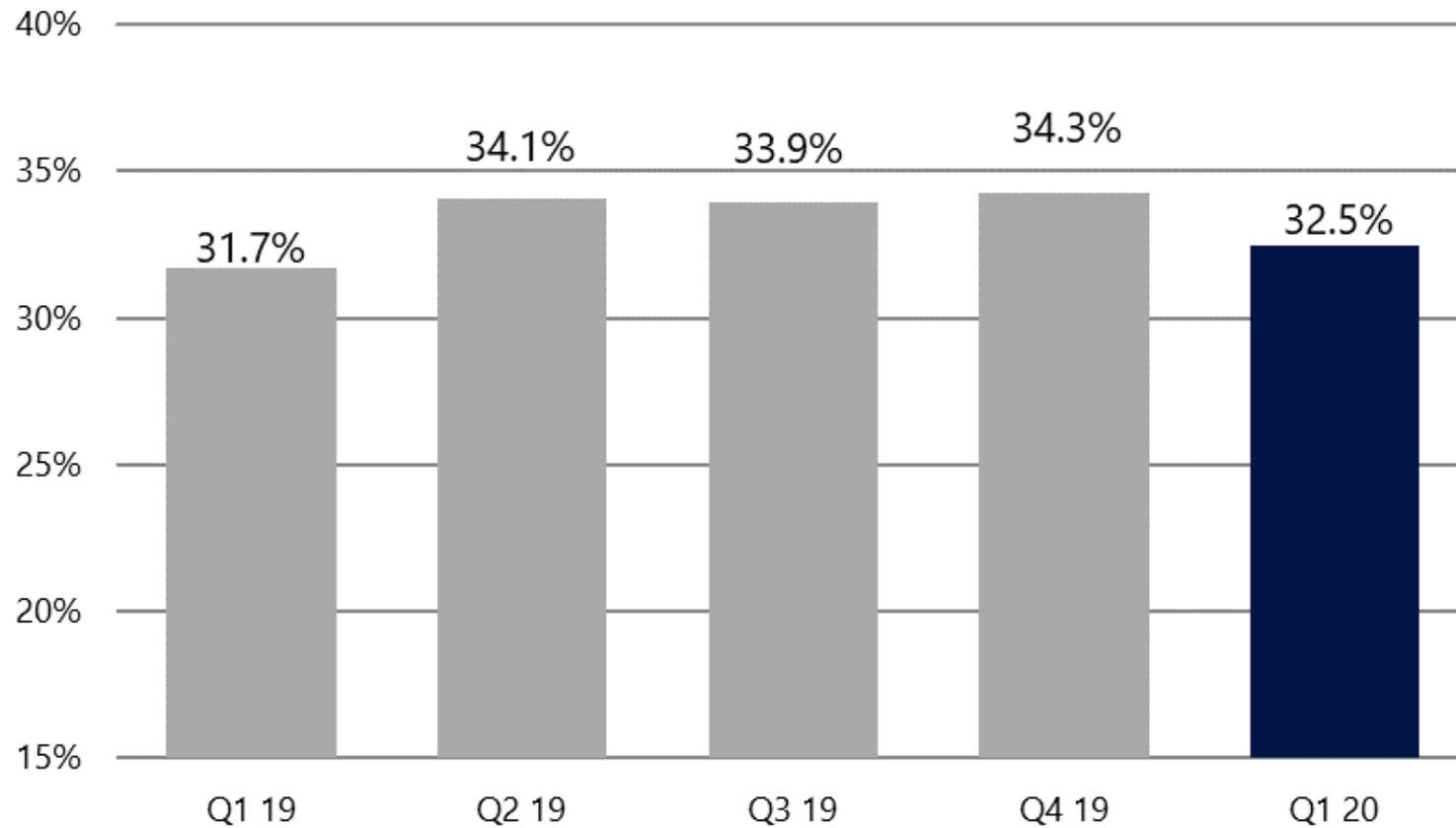
Inverters shipped



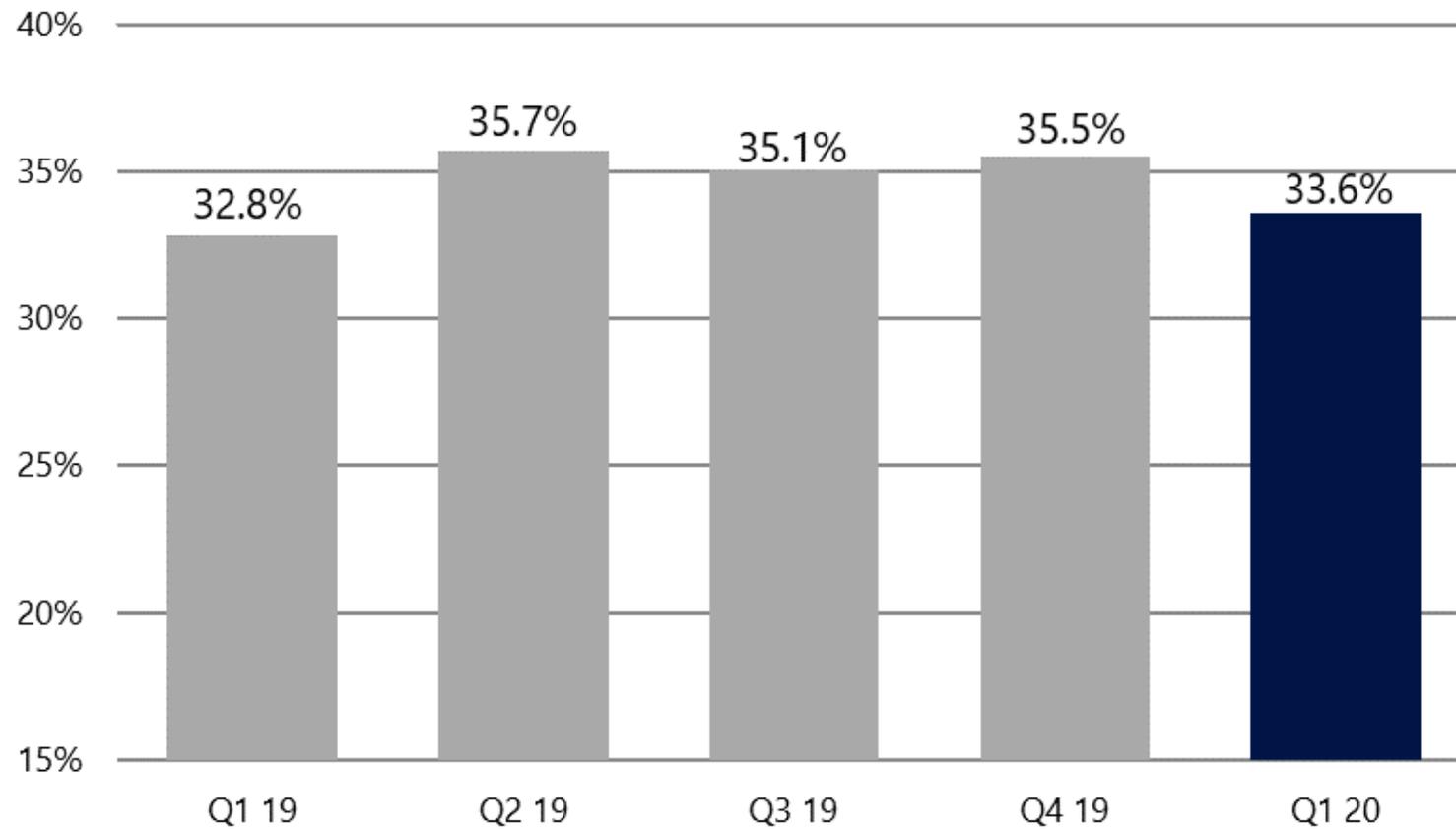
Quarterly Revenues



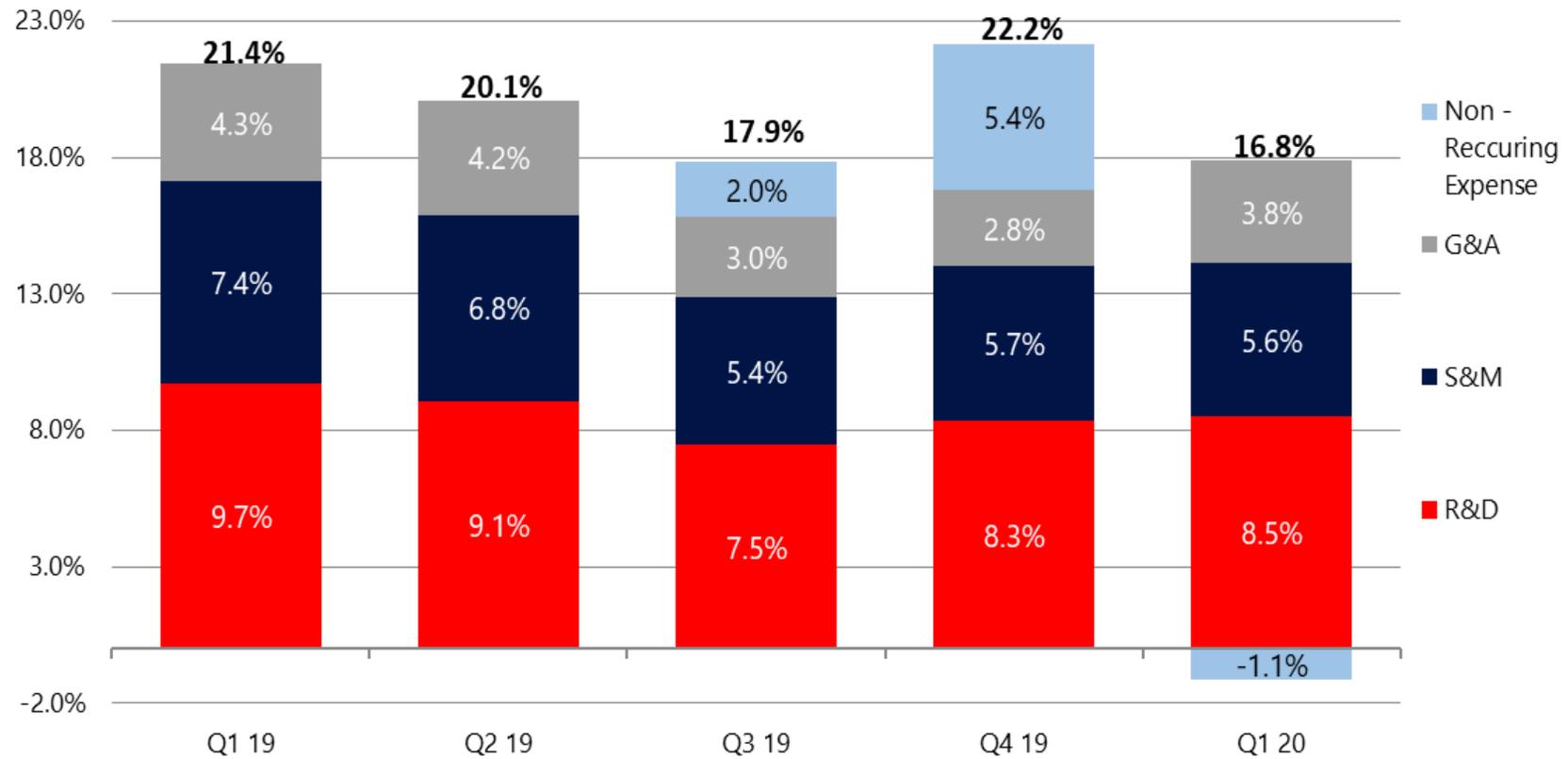
GAAP Gross Margins Trend by Quarters (%)



Non-GAAP Gross Margins Trend by Quarters (%)

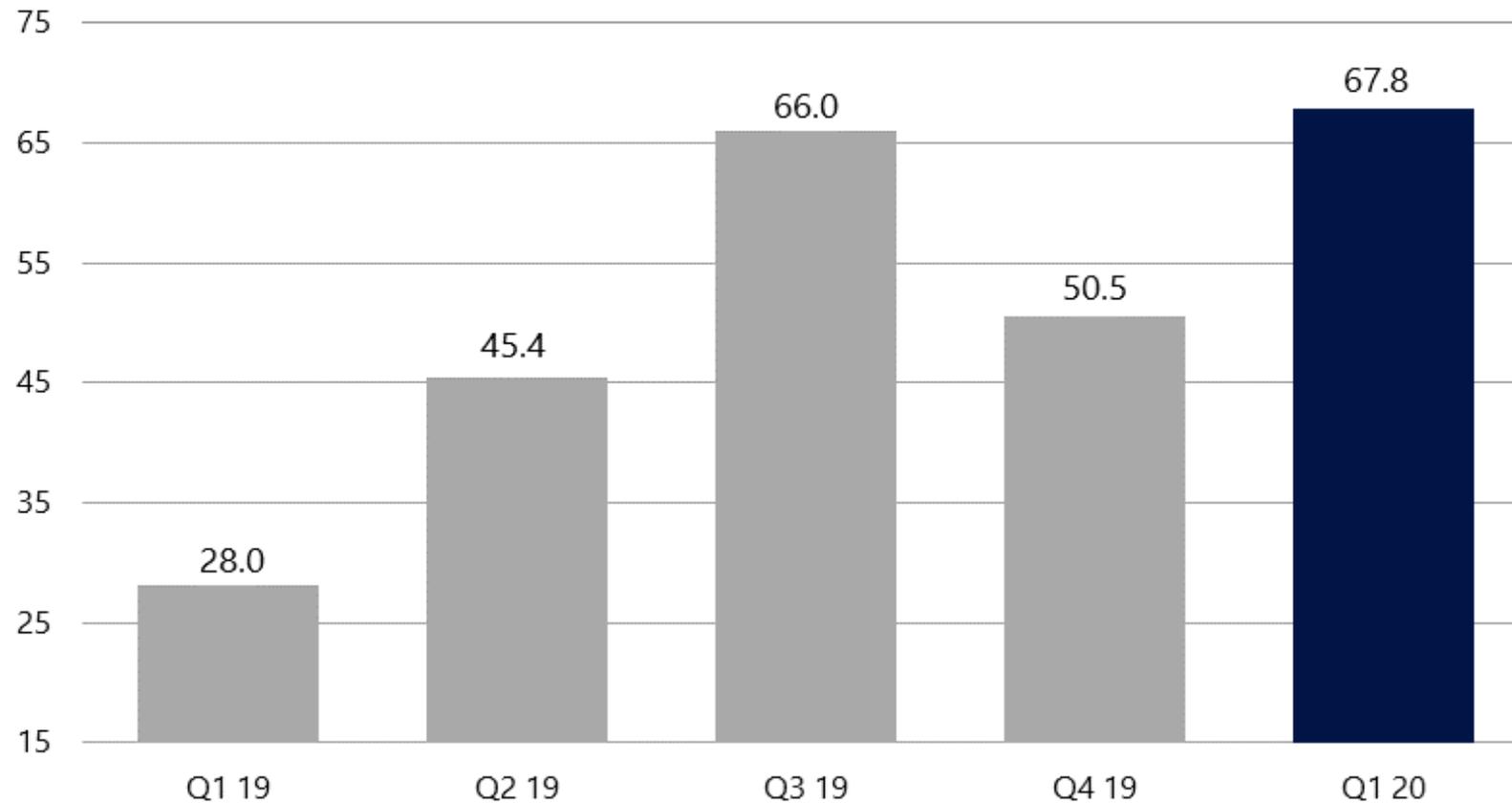


GAAP Operating Expenses



Consolidated GAAP Operating Income

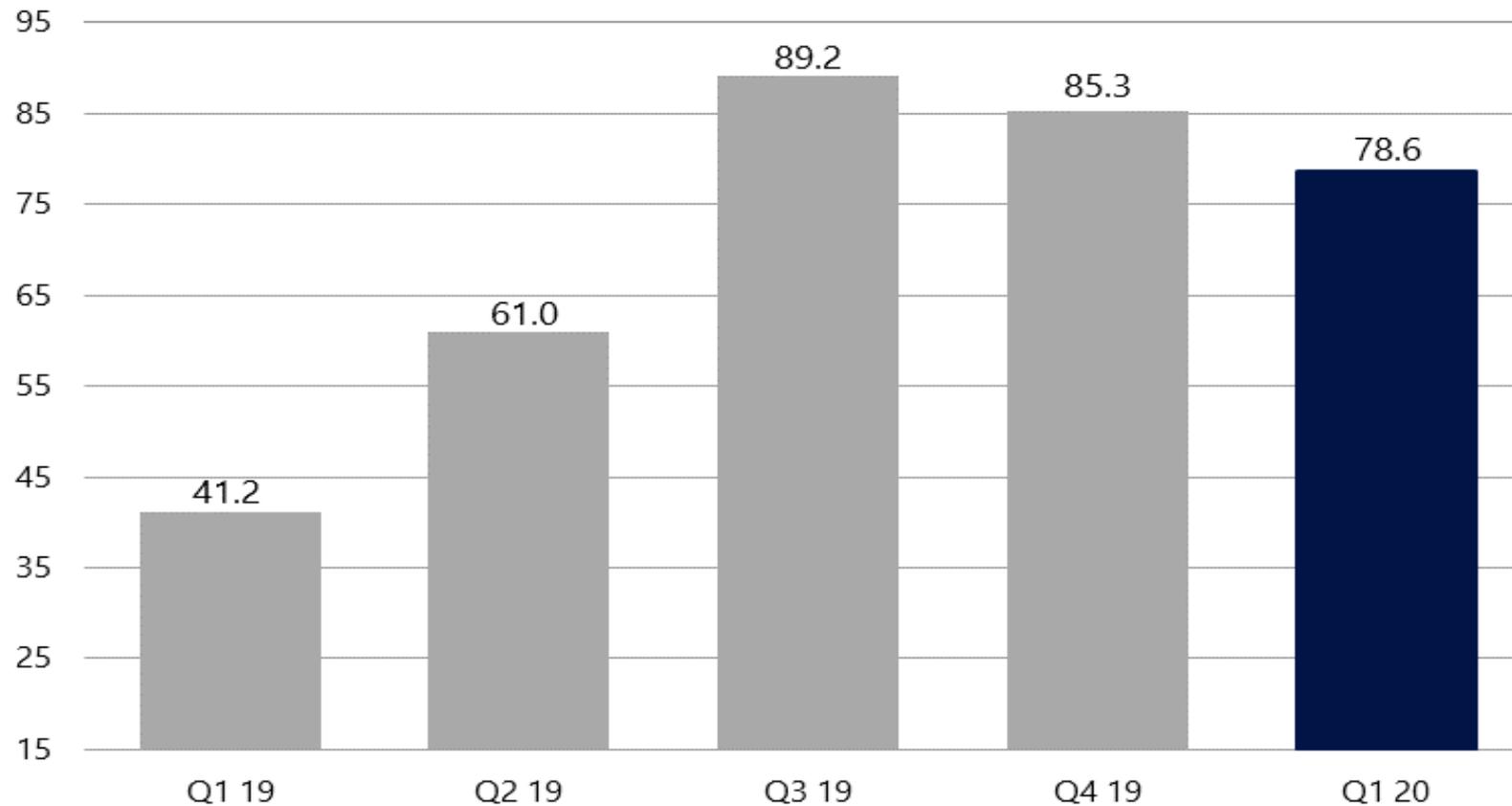
USD Millions



* Q1 20, Q4 19 and Q3 19 include non recurring operating (income) expenses of (\$4.9M), \$22.4M and \$8.3M respectively

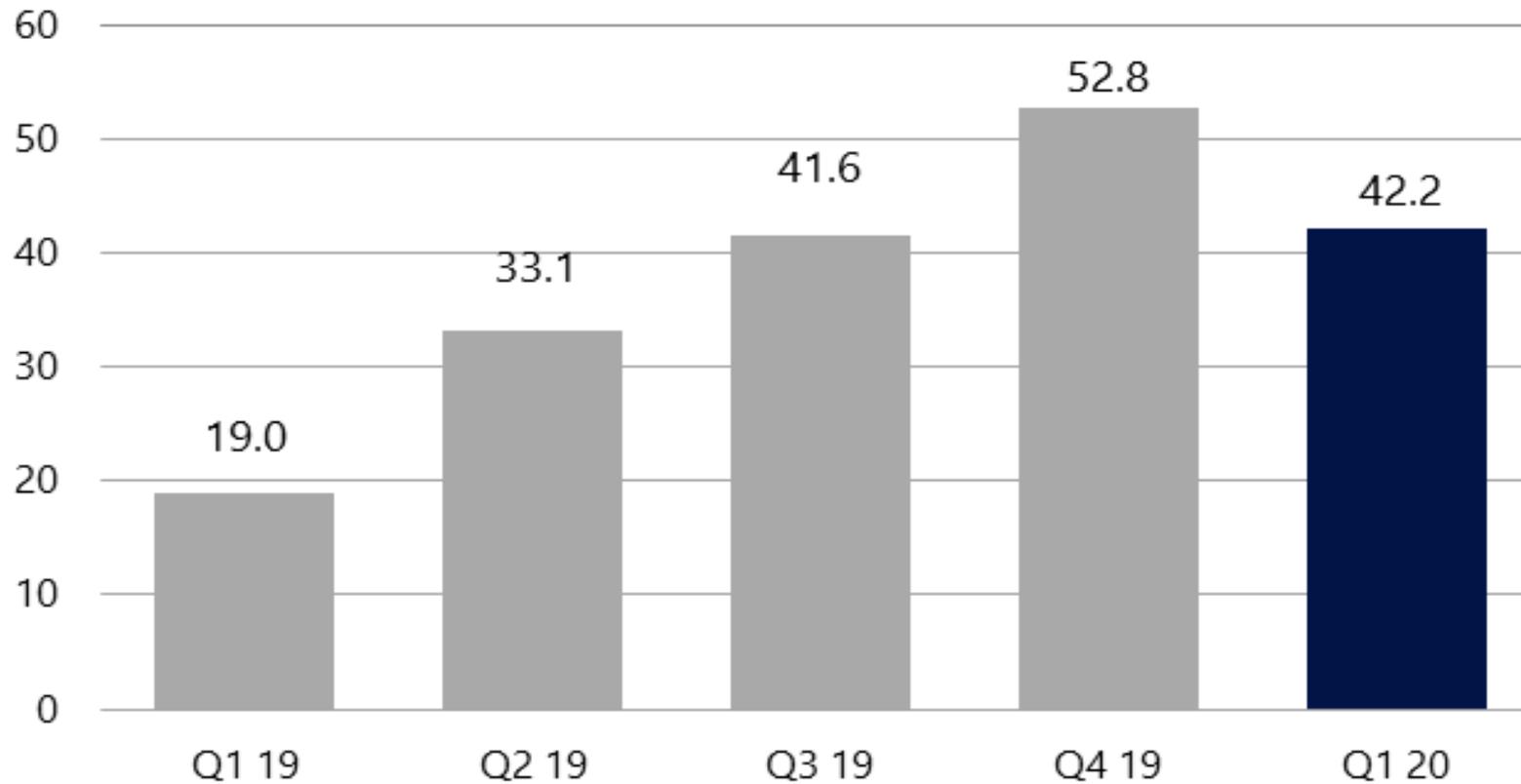
Consolidated NON-GAAP Operating Income

USD Millions



Consolidated GAAP Net Income

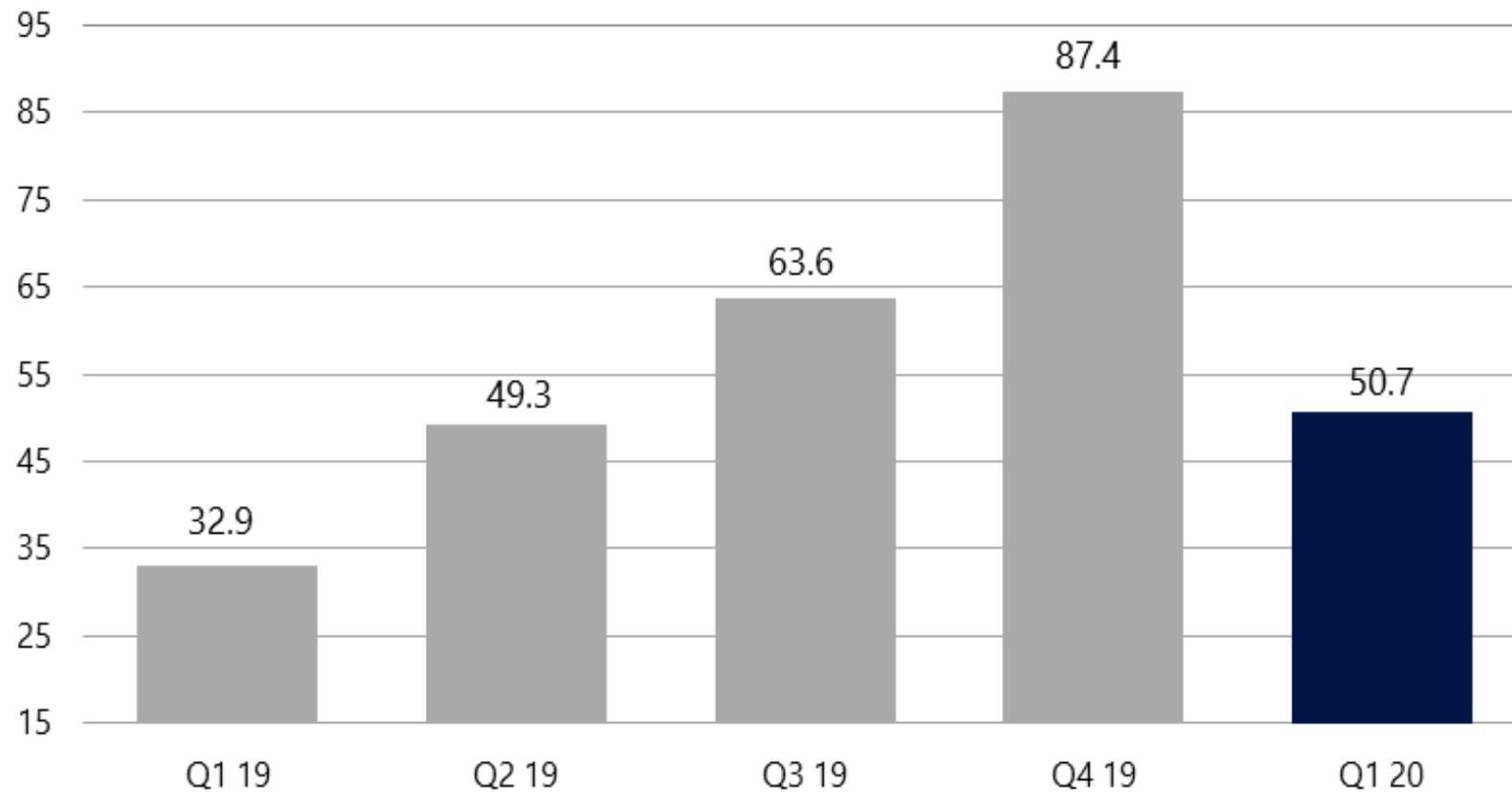
USD Millions



Q1 20, Q4 19 and Q3 19 include non recurring operating (income) expenses of (\$4.9M), \$22.4M and \$8.3M respectively

Consolidated NON-GAAP Net Income

USD Millions



Balance Sheet & Cash flow

USD in millions	Q1 19	Q4 19	Q1 20
Cash and investments	397.6	467.5	558.7
Inventory	150.8	170.8	198.6
Capital Expenditures	10.6	32.9	27.1
Total Debt*	24.3	15.8	15.0
Cash Flow From Operations	56.5	83.1	107.7

* Debt balances relate to pre acquisition loans in Kokam and SMRE

Second Quarter Guidance*

- Revenues to be within the range of \$305 million to \$335 million;
- Gross margins expected to be within the range of 30% to 32%;
- Revenues from solar products to be within the range of \$285 million to \$315 million;
- Gross margins from sale of solar products expected to be within the range of 32% to 34%

*The pandemic effects on economies around the world are unprecedented. The guidance includes the anticipated impact of the COVID-19 pandemic and related public health measures on the Company's business, at the time of publication.



Appendix

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Gross Profit		
	Three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Gross profit (GAAP)	140,008	143,249	86,110
Stock-based compensation	2,273	2,268	1,354
Cost of product adjustment	313	448	682
Amortization and depreciation of acquired assets	2,356	2,489	1,077
Gross profit (Non-GAAP)	144,950	148,454	89,223

	Reconciliation of GAAP to Non-GAAP Gross Margin		
	Three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Gross margin (GAAP)	32.5%	34.3%	31.7%
Stock-based compensation	0.5%	0.5%	0.5%
Cost of product adjustment	0.1%	0.1%	0.2%
Amortization and depreciation of acquired assets	0.5%	0.6%	0.4%
Gross margin (Non-GAAP)	33.6%	35.5%	32.8%

Reconciliation of GAAP to Non-GAAP

Operating expenses (GAAP)

Stock-based compensation - R&D
Stock-based compensation - S&M
Stock-based compensation - G&A
Amortization and depreciation of acquired assets - R&D
Amortization and depreciation of acquired assets - S&M
Amortization and depreciation of acquired assets - G&A
Acquisition related expenses
Assets disposal
Other operating income (expenses)

Operating expenses (Non-GAAP)

Reconciliation of GAAP to Non-GAAP Operating expenses

	Three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
	72,233	92,721	58,062
	(5,378)	(4,937)	(3,490)
	(3,192)	(3,157)	(2,404)
	(1,930)	916	(2,456)
	(26)	(30)	(36)
	(295)	33	(858)
	(8)	45	----
	----	----	(798)
	----	(56)	----
	4,900	(22,391)	----
	<u>66,303</u>	<u>63,144</u>	<u>48,020</u>

Operating income (GAAP)

Cost of product adjustment
Stock-based compensation
Amortization and depreciation of acquired assets
Acquisition related expenses
Assets disposal
Other operating (income) expenses

Operating income (Non-GAAP)

Reconciliation of GAAP to Non-GAAP Operating income

	Three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
	67,775	50,528	28,048
	313	448	682
	12,773	9,446	9,704
	2,686	2,441	1,971
	----	----	798
	----	56	----
	(4,900)	22,391	----
	<u>78,647</u>	<u>85,310</u>	<u>41,203</u>

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income attributable to Solaredge Technologies Inc.		
	Three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Net income attributable to Solaredge Technologies Inc. (GAAP)	42,248	52,778	19,016
Cost of product adjustment	313	448	682
Stock-based compensation	12,773	9,446	9,704
Amortization and depreciation of acquired assets	3,668	2,093	1,971
Acquisition related expenses	----	----	798
Assets disposal	----	56	----
Other operating (income) expenses	(4,900)	22,391	----
Non cash interest	1,128	1,055	785
Currency fluctuation related to lease standard	(1,033)	266	948
Deferred tax realized (asset)	(3,536)	(1,114)	(973)
Net income attributable to Solaredge Technologies Inc. (Non-GAAP)	50,661	87,419	32,931

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net basic earnings per share		
	Three months ended		
	March 31, 2020	December 31, 2019	March 31, 2019
Net basic earnings per share (GAAP)	0.86	1.08	0.40
Cost of product adjustment	0.01	0.01	0.02
Stock-based compensation	0.25	0.20	0.21
Amortization and depreciation of acquired assets	0.08	0.04	0.04
Acquisition related expenses	----	----	0.01
Other operating (income) expenses	(0.10)	0.46	----
Non cash interest	0.02	0.02	0.02
Currency fluctuation related to lease standard	(0.02)	----	0.02
Deferred tax realized (asset)	(0.07)	(0.02)	(0.02)
Net basic earnings per share (Non-GAAP)	1.03	1.79	0.70

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