



Third Fiscal Quarter 2015

Earnings summary

May 7, 2015

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: our possible or assumed future results of operations; future demands for solar energy solutions; business strategies; technology developments; 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 Registration Statement on Form S-1 (including the related prospectus).

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 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.

KEY OPERATING METRICS



**946K optimizers
shipped**

**39K inverters
shipped**

**248 Megawatts
shipped**

\$86M revenues

FISCAL THIRD QUARTER HIGHLIGHTS

Financial highlights

- Record revenue of \$86.4 million, up 18% from QoQ; 183% YoY
- GAAP gross margin of 27.4%
- GAAP net income of \$6.0 million
- Non-GAAP net income of \$8.7 million

Business highlights

- Increased capacity with contract manufacturers
- 248 Megawatts AC inverters shipped
- 946K optimizers and 39K inverters shipped



NOTEWORTHY

- Continued on-time development of next generation products to further improve usability, compliance and efficiency at reduced cost
- Inverter prices in the US face pressure, especially from European manufacturers benefitting from lower Euro/Dollar exchange rate
- Natural hedging is required to overcome unstable Euro/Dollar exchange rate

STRATEGY AND TECHNOLOGY

- After years of market decline in Germany, we see stabilization of this market
- In recent years, while the European market shrunk in size, SolarEdge successfully increased market share. We are now expecting further growth, primarily in Germany, the UK and the Netherlands as well as from new potential opportunities in Turkey and South Africa
- We continue to increase our commercial offering with anticipated introduction of a larger three phase inverter in FYQ4 15
- Development of storage solutions, mainly for US and Europe expected to create new business

FINANCIAL RESULTS

USD in millions*	FYQ3 '15	FYQ2 '15	FYQ3 '14
Revenues	86.4	73.3	30.6
Gross margin	27.4%	21.5%	20.4%
Operating expenses	13.9	11.5	10.8
Operating income	9.8	4.2	-4.5
Net income	6.0	3.4	-5.2
Net diluted earnings per share	0.01	0.00	-1.87

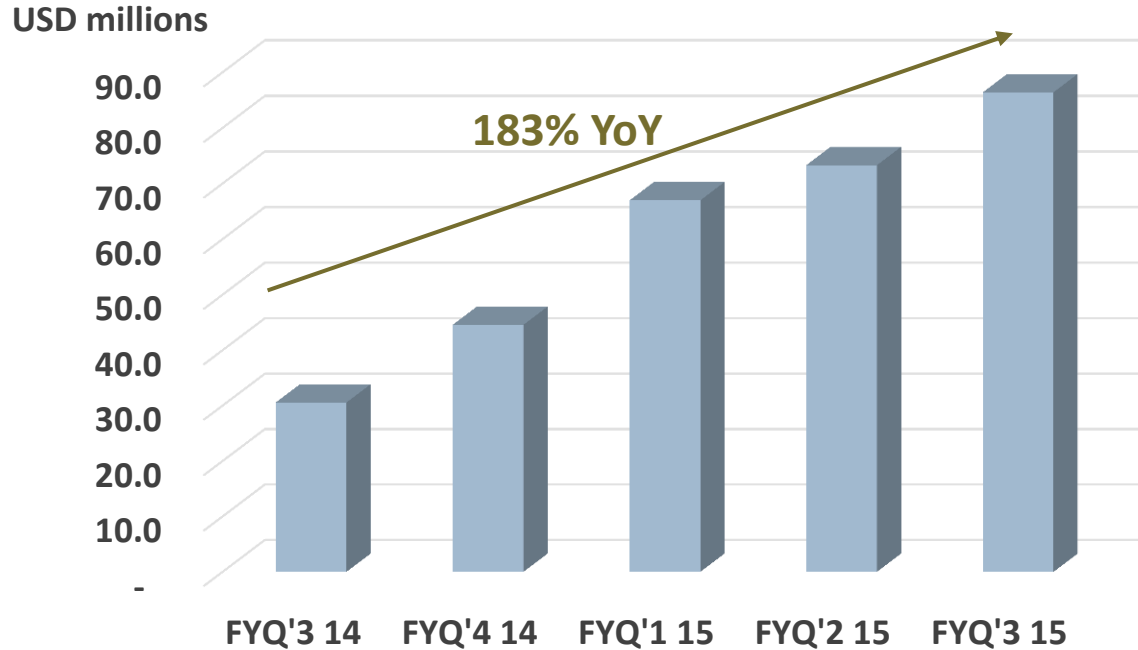
*with the exception of gross margin and per share data

NON-GAAP FINANCIAL RESULTS

USD in millions*	FYQ3 '15	FYQ2 '15	FYQ3 '14
Revenues	86.4	73.3	30.6
Gross margin	27.6%	21.6%	20.5%
Operating expenses	13.1	11.2	10.5
Operating income	10.8	4.7	-4.3
Net income	8.7	4.1	-5.0
Net diluted Earnings Per Share	0.20	0.12	-0.19

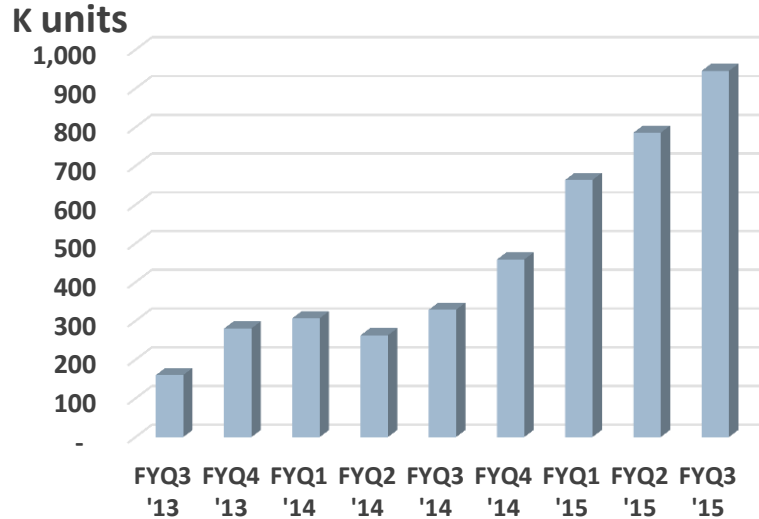
*with the exception of gross margin and per share data

REVENUE GROWTH

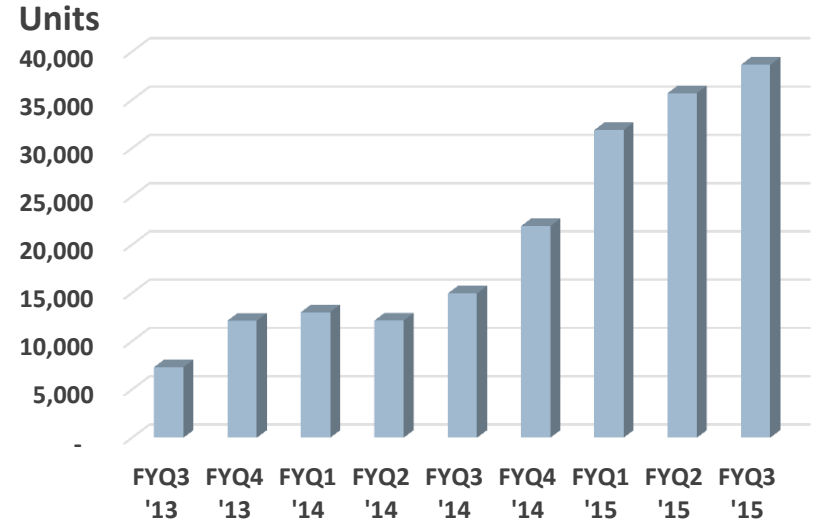


UNITS SHIPPED

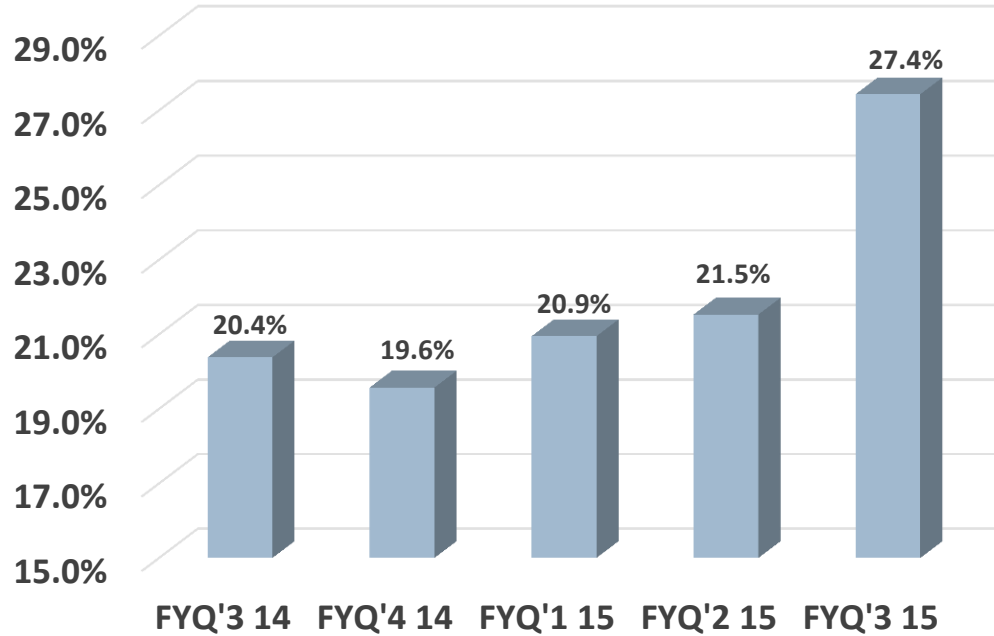
Optimizers shipped



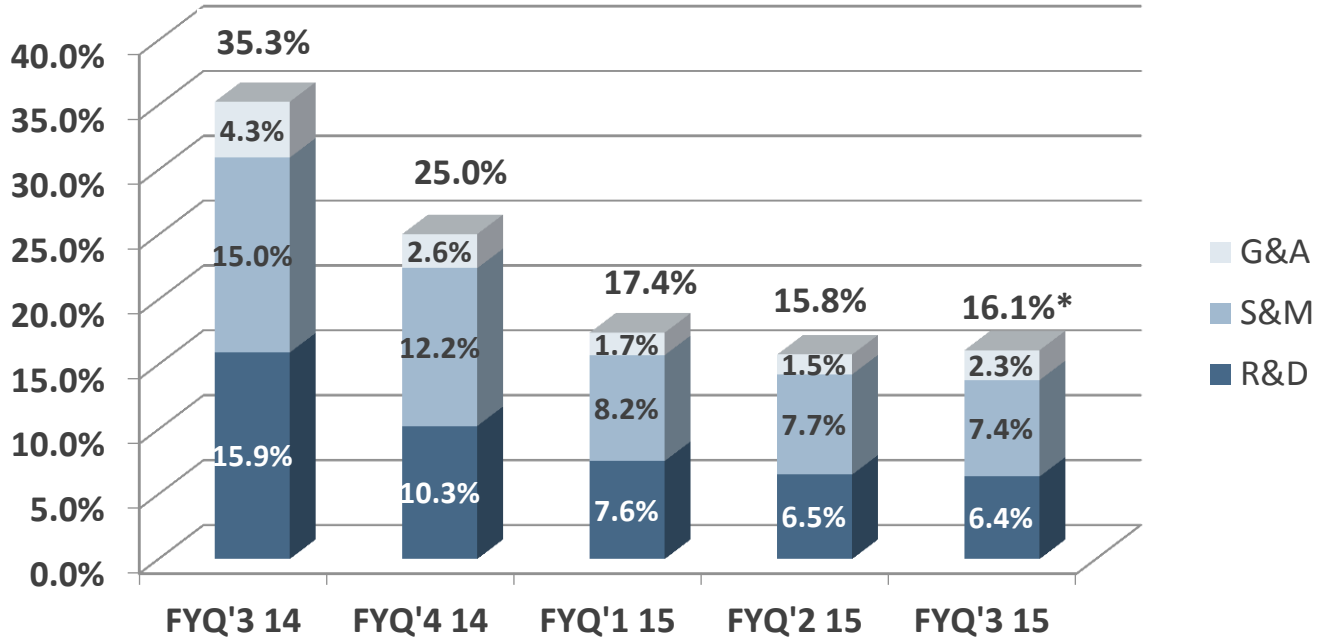
Inverter shipped



GROSS MARGINS



OPERATING EXPENSES

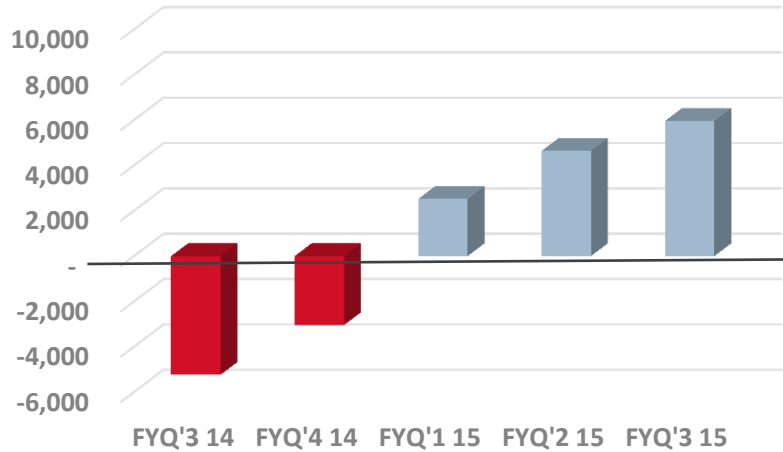


* 15.4% excluding IPO related expenses

NET INCOME

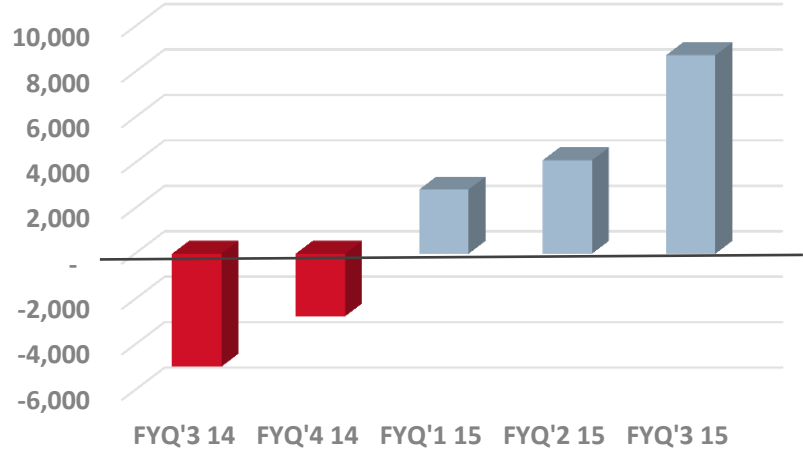
GAAP

USD thousands



Non-GAAP

USD thousands



BALANCE SHEET & CASH FLOW

USD in millions	FYQ3 '15	FYQ2 '15	FYQ3 '14
Cash and investments	138.8	27.2	12.9
Inventory	64.5	47.6	25.2
Capital Expenditures*	5.1	2.1	0.8
Total Debt	-	4.7	19.1
Cash Flow From Operations	-13.0	9.7	-4.9

*FYQ3 '15 includes \$3.5M related to leasehold improvements

— FISCAL FOURTH QUARTER OUTLOOK —

- ▣ Revenues to be within the range of \$92-96 million
- ▣ Gross margin to be within the range of 26%-28%



Appendix

—RECONCILIATION OF GAAP TO NON-GAAP—

	Reconciliation of GAAP to Non-GAAP Gross Profit		
	FYQ3 '15	FYQ2 '15	FYQ3 '14
Gross profit (GAAP)	23,701	15,781	6,229
Stock-based compensation	140	77	33
Gross profit (Non-GAAP)	<u>23,841</u>	<u>15,858</u>	<u>6,262</u>

	Reconciliation of GAAP to Non-GAAP Gross Margin		
	FYQ3 '15	FYQ2 '15	FYQ3 '14
Gross margin (GAAP)	27.4%	21.5%	20.4%
Stock-based compensation	0.2%	0.1%	0.1%
Gross margin (Non-GAAP)	<u>27.6%</u>	<u>21.6%</u>	<u>20.5%</u>

	Reconciliation of GAAP to Non-GAAP Operating expenses		
	FYQ3 '15	FYQ2 '15	FYQ3 '14
Operating expenses (GAAP)	13,902	11,547	10,774
Stock-based compensation R&D	183	155	102
Stock-based compensation S&M	292	152	74
Stock-based compensation G&A	355	76	69
Operating expenses (Non-GAAP)	<u>13,072</u>	<u>11,164</u>	<u>10,529</u>

—RECONCILIATION OF GAAP TO NON-GAAP—

	Reconciliation of GAAP to Non-GAAP Operating income (loss)		
	FYQ3 '15	FYQ2 '15	FYQ3 '14
Operating income (loss) (GAAP)	9,799	4,234	(4,545)
Stock-based compensation	970	460	278
Operating income (loss) (Non-GAAP)	<u>10,769</u>	<u>4,694</u>	<u>(4,267)</u>

	Reconciliation of GAAP to Non-GAAP Finance expenses		
	FYQ3 '15	FYQ2 '15	FYQ3 '14
Finance expenses (GAAP)	3,436	458	626
Warrants remeasurement	1,800	280	(8)
Finance expenses (Non-GAAP)	<u>1,636</u>	<u>178</u>	<u>634</u>

	Reconciliation of GAAP to Non-GAAP Net income (loss)		
	FYQ3 '15	FYQ2 '15	FYQ3 '14
Net income (loss) (GAAP)	5,965	3,375	(5,238)
Stock-based compensation	970	460	278
Warrants remeasurement	1,800	280	(8)
Net income (loss) (Non-GAAP)	<u>8,735</u>	<u>4,115</u>	<u>(4,968)</u>

—RECONCILIATION OF GAAP TO NON-GAAP—

	Reconciliation of GAAP to Non-GAAP Net basic EPS		
	FYQ3 '15	FYQ2 '15	FYQ3 '14
Net basic earnings (loss) per share (GAAP)	0.01	0.00	(1.87)
Stock-based compensation	0.03	0.00	0.01
Warrants remeasurement	0.04	0.01	----
Additional earnings per share giving effect to IPO and conversion of preferred stock at the beginning of the periods (1)	0.14	0.12	1.67
Net basic earnings (loss) per share (Non-GAAP)	0.22	0.13	(0.19)

	Reconciliation of GAAP to Non-GAAP No. of shares used in net basic EPS		
	FYQ3 '15	FYQ2 '15	FYQ3 '14
Number of shares used in computing net basic earnings (loss) per share (GAAP)	2,822,893	2,815,694	2,806,044
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	36,297,931	28,202,001	23,697,300
Number of shares used in computing net basic earnings (loss) per share (Non-GAAP)	39,120,824	31,017,695	26,503,344

— RECONCILIATION OF GAAP TO NON-GAAP —

Reconciliation of GAAP to Non-GAAP Net diluted EPS

	FYQ3 '15	FYQ2 '15	FYQ3 '14
Net diluted earnings (loss) per share (GAAP)	0.01	0.00	(1.87)
Stock-based compensation	0.02	0.00	0.01
Warrants remeasurement	0.04	0.01	----
Additional earnings per share giving effect to IPO and conversion of preferred stock at the beginning of the periods (1)	0.13	0.11	1.67
Net diluted earnings (loss) per share (Non-GAAP)	<u>0.20</u>	<u>0.12</u>	<u>(0.19)</u>

Reconciliation of GAAP to Non-GAAP No. of shares used in net diluted EPS

	FYQ3 '15	FYQ2 '15	FYQ3 '14
Number of shares used in computing net diluted earnings (loss) per share (GAAP)	7,099,046	2,815,694	2,806,044
Additional shares related Stock-based compensation	647,474	3,173,096	
Additional shares relate to warrants remeasurement adjustment	103,777	6,739	
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods (1)	36,297,931	28,202,001	23,697,300
Number of shares used in computing net diluted earnings (loss) per share (Non-GAAP)	<u>44,148,228</u>	<u>34,197,530</u>	<u>26,503,344</u>

(1) Assumes shares of common stock outstanding after accounting for (i) the automatic conversion of the shares of preferred stock then outstanding into common stock at the beginning of fiscal year 2015; and (ii) the issuance of 8,050,000 shares of common stock (associated with our initial public offering) at the beginning of the third fiscal quarter instead of the IPO closing date, March 31, 2015.

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