



Fiscal Third Quarter 2016

Earnings summary

May 9, 2016

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 revenue and gross margin outlook, 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 known or unknown risks and uncertainties that may cause actual revenues, gross margins, other financial results, levels of activity, performance or achievements to be materially different from those expressed or implied by the forward looking statements. They should not be considered guarantees of future events or 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 10K. 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. See Appendix to this presentation for reconciliation of these Non-GAAP measures to their most comparable GAAP measures.

KEY OPERATING METRICS



**1,417K optimizers
shipped**



**52.3K inverters
shipped**



**416 Megawatts
shipped**



\$125.2M revenues

FISCAL THIRD QUARTER HIGHLIGHTS

Financial highlights for quarter

- Record revenue of \$125.2 million, up 0.3% QoQ; 44.9% YoY
- GAAP gross margin of 32.5%
- GAAP net income of \$20.8 million
- Non-GAAP net income of \$23.3 million
- Continued to generate cash flow from operations

Business highlights for quarter

- Stable ASP while expecting annual erosion within plan
- 416 Megawatts AC inverters shipped
- 1,417K optimizers and 52.3K inverters shipped



NOTEWORTHY

- ▣ Gross margin is higher than anticipated
- ▣ Continue to increase market share in U.S. and Europe, while general slowdown of U.S. PV market is noticeable
- ▣ Continued growth of commercial sales
- ▣ Healthy demand for StorEdge solutions
- ▣ Product cost reduction continues
- ▣ HD Wave mass production is beginning this quarter
- ▣ Continued expansion of profitability and cash flow from operations

FINANCIAL RESULTS

*USD in millions	FYQ3 '16	FYQ2 '16	FYQ3 '15
Revenues	125.2	124.8	86.4
Gross margin	32.5%	30.9%	27.4%
Operating expenses	21.0	19.3	13.9
Operating income	19.7	19.3	9.8
Net income*	20.8	24.1	6.0
Net diluted earnings per share	0.47	0.55	0.01

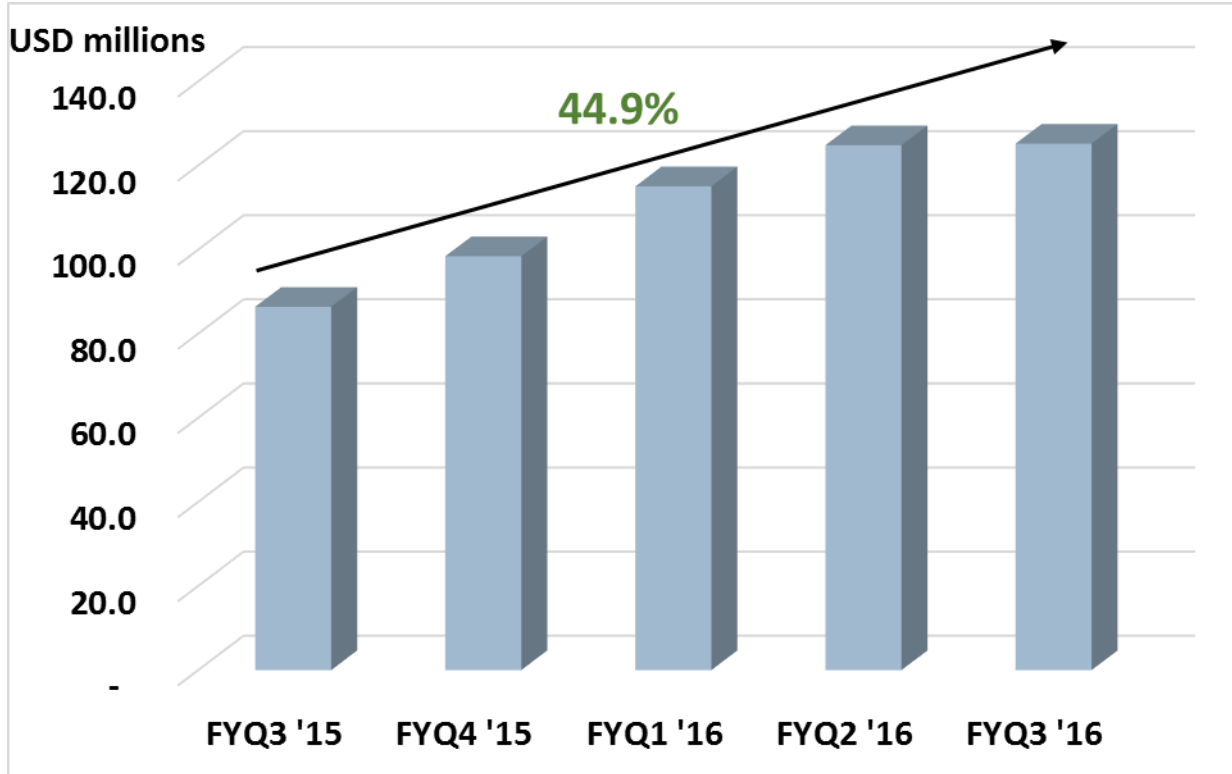
*FYQ2' 16 included \$6.6M tax asset

NON-GAAP FINANCIAL RESULTS

*USD in millions	FYQ3 '16	FYQ2 '16	FYQ3 '15
Revenues	125.2	124.8	86.4
Gross margin	32.7%	31.1%	27.6%
Operating expenses	18.6	17.3	13.1
Operating income	22.4	21.5	10.8
Net income	23.3	19.8	8.7
Net diluted earnings per share	0.51	0.44	0.24

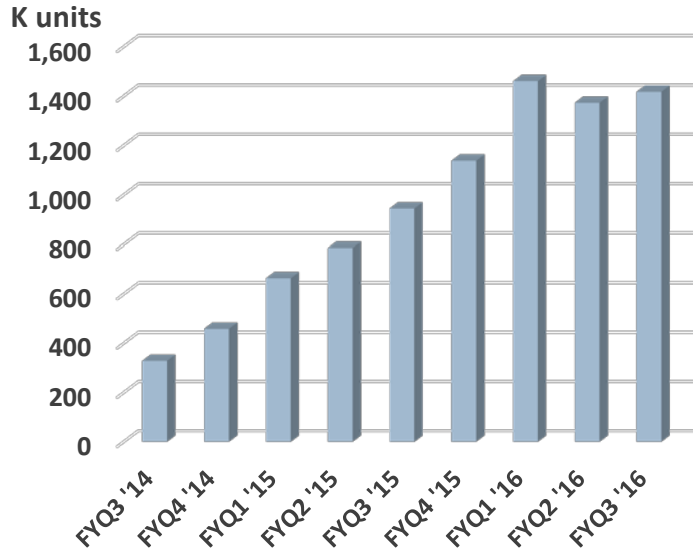
*with the exception of gross margin and per share data

REVENUE GROWTH

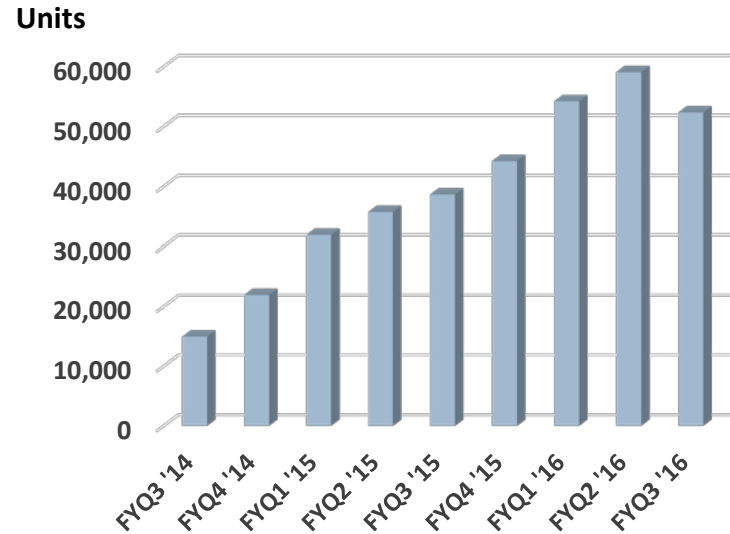


UNITS SHIPPED

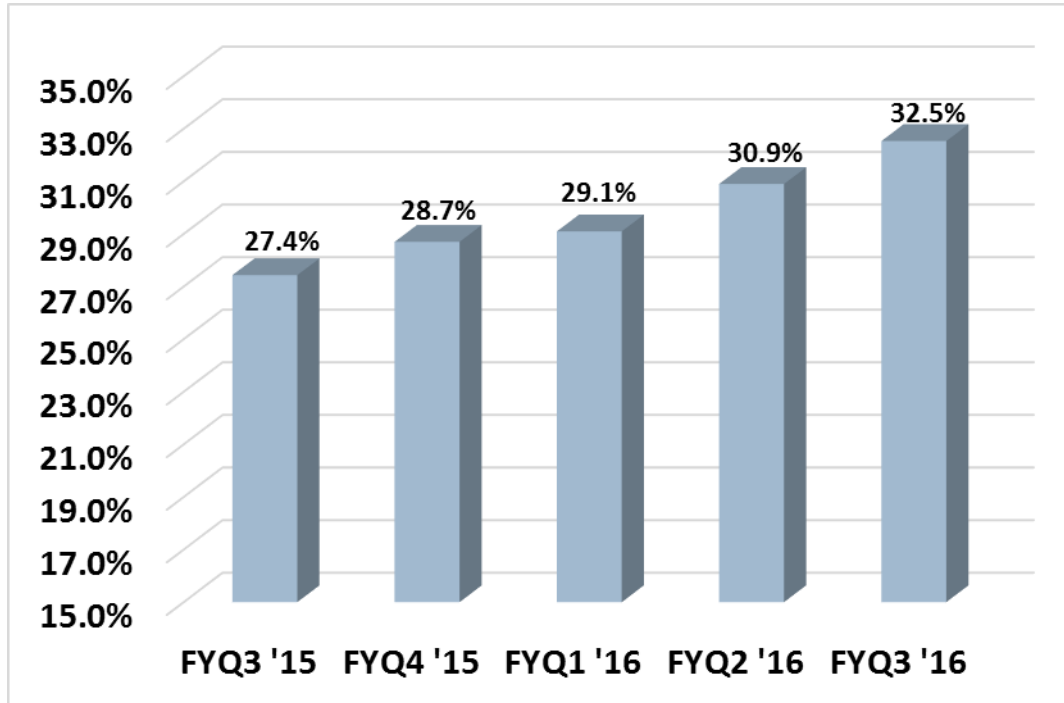
Optimizers shipped



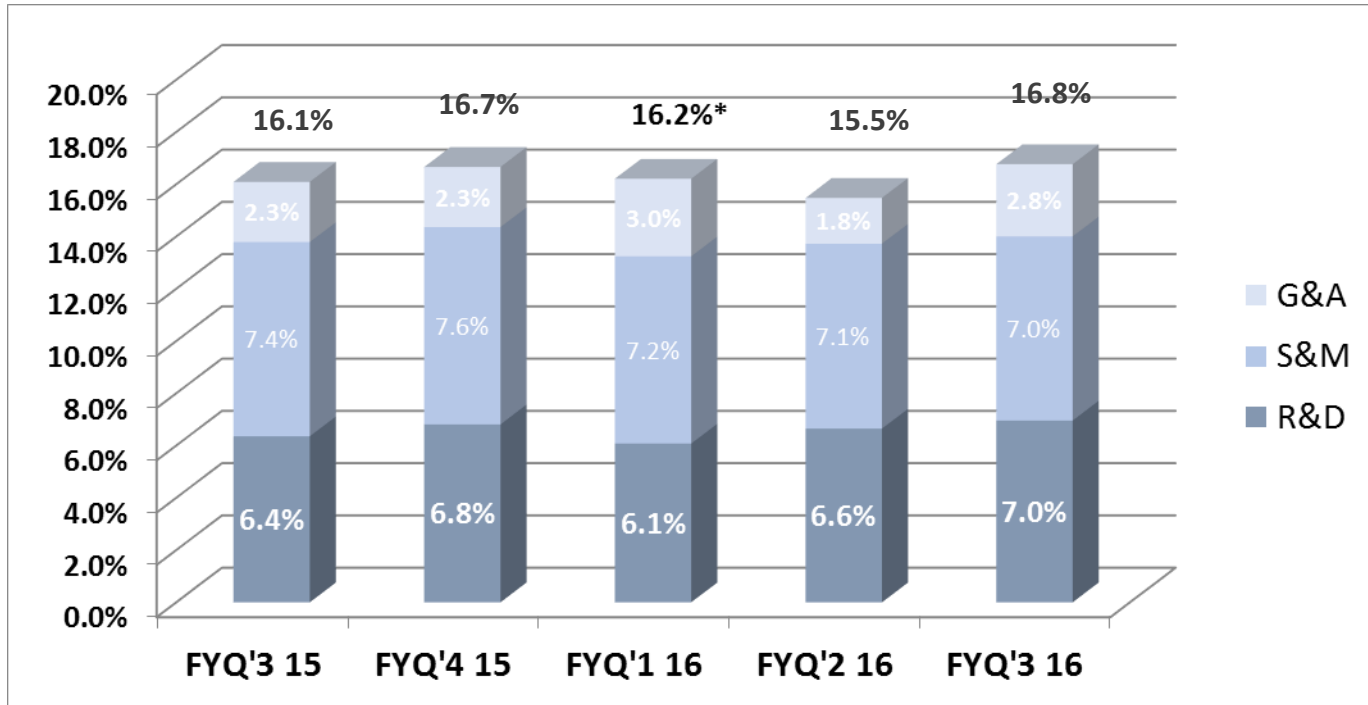
Inverters shipped



GROSS MARGIN

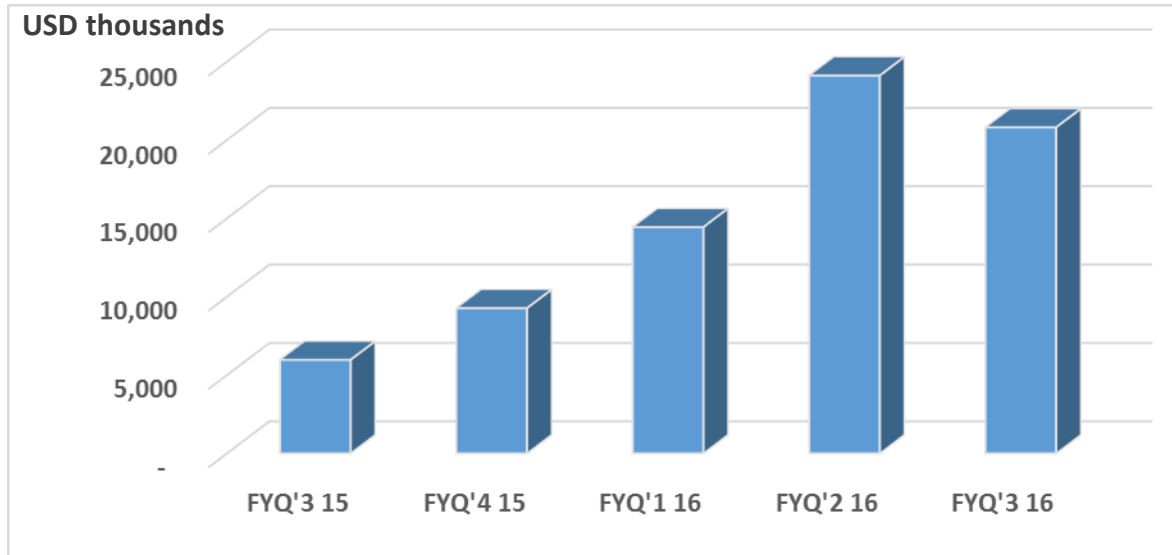


OPERATING EXPENSES



* G&A expenses include \$600K, or 0.5% of revenues, of accrual for doubtful account

GAAP NET INCOME



*FYQ2' 16 included \$6.6M tax asset

BALANCE SHEET & CASH FLOW

USD in millions	FYQ3 '16	FYQ2 '16	FYQ3 '15
Cash and investments	172.2	162.0	138.8
Inventory	85.5	87.4	64.5
Capital Expenditures	5.7	2.3	5.1
Total Debt	-	-	-
Cash Flow From Operations	15.3	13.1	13.0

— FISCAL FOURTH QUARTER OUTLOOK —

- ▣ Revenues expected to be within the range of \$125 million to \$134 million
- ▣ Gross margin expected to be within the range of 29.0% to 31.0%



Appendix

—RECONCILIATION OF GAAP TO NON-GAAP—

Reconciliation of GAAP to Non-GAAP Gross Profit

	Reconciliation of GAAP to Non-GAAP Gross Profit				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Gross profit (GAAP)	40,734	38,582	23,701	112,843	53,512
Stock-based compensation	246	209	142	635	254
Gross profit (Non-GAAP)	<u>40,980</u>	<u>38,791</u>	<u>23,843</u>	<u>113,478</u>	<u>53,766</u>

Reconciliation of GAAP to Non-GAAP Gross Margin

	Reconciliation of GAAP to Non-GAAP Gross Margin				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Gross margin (GAAP)	32.5%	30.9%	27.4%	30.9%	23.6%
Stock-based compensation	0.2%	0.2%	0.2%	0.2%	0.1%
Gross margin (Non-GAAP)	<u>32.7%</u>	<u>31.1%</u>	<u>27.6%</u>	<u>31.1%</u>	<u>23.7%</u>

Reconciliation of GAAP to Non-GAAP Operating expenses

	Reconciliation of GAAP to Non-GAAP Operating expenses				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Operating expenses (GAAP)	20,995	19,320	13,902	58,968	37,128
Stock-based compensation R&D	724	518	184	1,637	450
Stock-based compensation S&M	842	749	292	2,207	546
Stock-based compensation G&A	819	750	354	2,210	502
Operating expenses (Non-GAAP)	<u>18,610</u>	<u>17,303</u>	<u>13,072</u>	<u>52,914</u>	<u>35,630</u>

—RECONCILIATION OF GAAP TO NON-GAAP—

	Reconciliation of GAAP to Non-GAAP Operating income				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Operating income (GAAP)	19,739	19,262	9,799	53,875	16,384
Stock-based compensation	2,631	2,226	972	6,689	1,752
Operating income (Non-GAAP)	<u>22,370</u>	<u>21,488</u>	<u>10,771</u>	<u>60,564</u>	<u>18,136</u>

	Reconciliation of GAAP to Non-GAAP Finance expenses				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Finance expenses (Income) (GAAP)	(2,029)	959	3,436	(998)	3,378
Warrants remeasurement	----	----	1,800	----	2,065
Finance expenses (Non-GAAP)	<u>(2,029)</u>	<u>959</u>	<u>1,636</u>	<u>(998)</u>	<u>1,313</u>

	Reconciliation of GAAP to Non-GAAP Tax on income (Tax benefit)				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Tax on income (Tax benefit) (GAAP)	969	(5,802)	398	(4,463)	1,146
Tax benefit due to deferred tax asset	100	6,527	----	6,627	----
Tax on income (Tax benefit) (Non-GAAP)	<u>1,069</u>	<u>725</u>	<u>398</u>	<u>2,164</u>	<u>1,146</u>

—RECONCILIATION OF GAAP TO NON-GAAP—

	Reconciliation of GAAP to Non-GAAP Net income				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Net income (GAAP)	20,799	24,105	5,965	59,336	11,860
Stock-based compensation	2,631	2,226	972	6,689	1,752
Warrants remeasurement	----	----	1,800	----	2,065
Tax benefit due to deferred tax asset	(100)	(6,527)	----	(6,627)	----
Net income (Non-GAAP)	<u>23,330</u>	<u>19,804</u>	<u>8,737</u>	<u>59,398</u>	<u>15,677</u>

	Reconciliation of GAAP to Non-GAAP Net basic EPS				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Net basic earnings per share (GAAP)	0.52	0.61	0.01	1.49	0.02
Stock-based compensation	0.06	0.06	0.03	0.17	0.05
Warrants remeasurement	----	----	0.04	----	0.07
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	----	----	0.14	----	0.34
Tax benefit due to deferred tax asset	----	(0.17)	----	(0.16)	----
Net basic earnings per share (Non-GAAP)	<u>0.58</u>	<u>0.50</u>	<u>0.22</u>	<u>1.50</u>	<u>0.48</u>

—RECONCILIATION OF GAAP TO NON-GAAP—

	Reconciliation of GAAP to Non-GAAP No. of shares used in net basic EPS				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Number of shares used in computing net basic earnings per share (GAAP)	40,362,093	39,511,967	2,822,893	39,725,227	2,817,090
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	----	----	36,297,931	----	30,025,279
Number of shares used in computing net basic earnings per share (Non-GAAP)	<u>40,362,093</u>	<u>39,511,967</u>	<u>39,120,824</u>	<u>39,725,227</u>	<u>32,842,369</u>
	Reconciliation of GAAP to Non-GAAP Net diluted EPS				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Net diluted earnings per share (GAAP)	0.47	0.55	0.01	1.34	0.01
Stock-based compensation	0.04	0.03	0.01	0.11	0.05
Warrants remeasurement	----	----	0.04	----	0.05
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	----	----	0.14	----	0.32
Tax benefit due to deferred tax asset	----	(0.14)	----	(0.14)	----
Net diluted earnings per share (Non-GAAP)	<u>0.51</u>	<u>0.44</u>	<u>0.20</u>	<u>1.31</u>	<u>0.43</u>

—RECONCILIATION OF GAAP TO NON-GAAP—

	Reconciliation of GAAP to Non-GAAP No. of shares used in Net diluted EPS				
	Three months ended			Nine months ended	
	Mar 31, 2016	Dec 31, 2015	Mar 31, 2015 (1)	Mar 31, 2016	Mar 31, 2015 (1)
Number of shares used in computing net diluted earnings per share (GAAP)					
Stock-based compensation	44,577,901	44,007,348	7,099,046	44,347,071	5,534,903
Warrants remeasurement	1,071,876	1,341,335	647,474	1,033,227	670,669
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	----	0	103,777	0	36,839
	----	----	36,297,931	----	30,025,279
Number of shares used in computing net diluted earnings per share (Non-GAAP)					
	<u>45,649,777</u>	<u>45,348,683</u>	<u>44,148,228</u>	<u>45,380,298</u>	<u>36,267,690</u>

(1) Assumes shares of common stock outstanding after accounting for the automatic conversion of the shares of preferred stock then outstanding into common stock at the beginning of fiscal year 2015.

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