

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 lines. The sky is a clear, pale blue. The right side of the image is partially obscured by a dark blue diagonal overlay.

First Quarter 2019 Earnings Summary

May 6, 2019

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; 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 Form.

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.

Key Metrics



3.0M

Power Optimizers Shipped

131K

Inverters Shipped

1.1 GW

Systems Shipped

\$271.9M

Revenues

Financial Results for Quarter

- Record revenue of \$271.9 million, up 29.5% YoY
- Revenue from solar products \$253.1 million
- GAAP gross margin of 31.7%
- Non-GAAP gross margin 32.8%
- GAAP operating income of \$28.0 million
- Non-GAAP operating income of \$41.2 million
- GAAP net income of \$19.0 million
- Non-GAAP net income of \$32.9 million
- Net diluted Non GAAP earnings per share \$0.64
- Cash flow from operation of \$56.5 million

Business highlights for quarter

- 1.1 Gigawatts AC inverters shipped
- 3.0M power optimizers and 131K inverters shipped



Noteworthy

- Record revenues and continued strong cash generation from operations
- Geographic spread of revenues continues, with 53% generated outside the U.S.
- Improved gross margin for solar business
- More than one million PV systems monitored in SolarEdge monitoring portal
- Establishing additional manufacturing site in Vietnam for North American product supply
- S.M.R.E acquisition completed and consolidated into financial results

GAAP Financial Results

*USD in millions	Q1 18	Q4 18	Q1 19
Revenues	209.9	263.7	271.9
Gross margin	37.9%	30.2%	31.7%
Operating expenses	38.8	55.3	58.1
Operating income	40.8	24.4	28.0
Net income	35.7	12.9	19.0
Net diluted earnings per share**	0.75	0.27	0.39

*With the exception of gross margin and per share data

** Share count in Q1 19 increased as a result of share issuance in connection with SMRE acquisition

NON-GAAP Financial Results

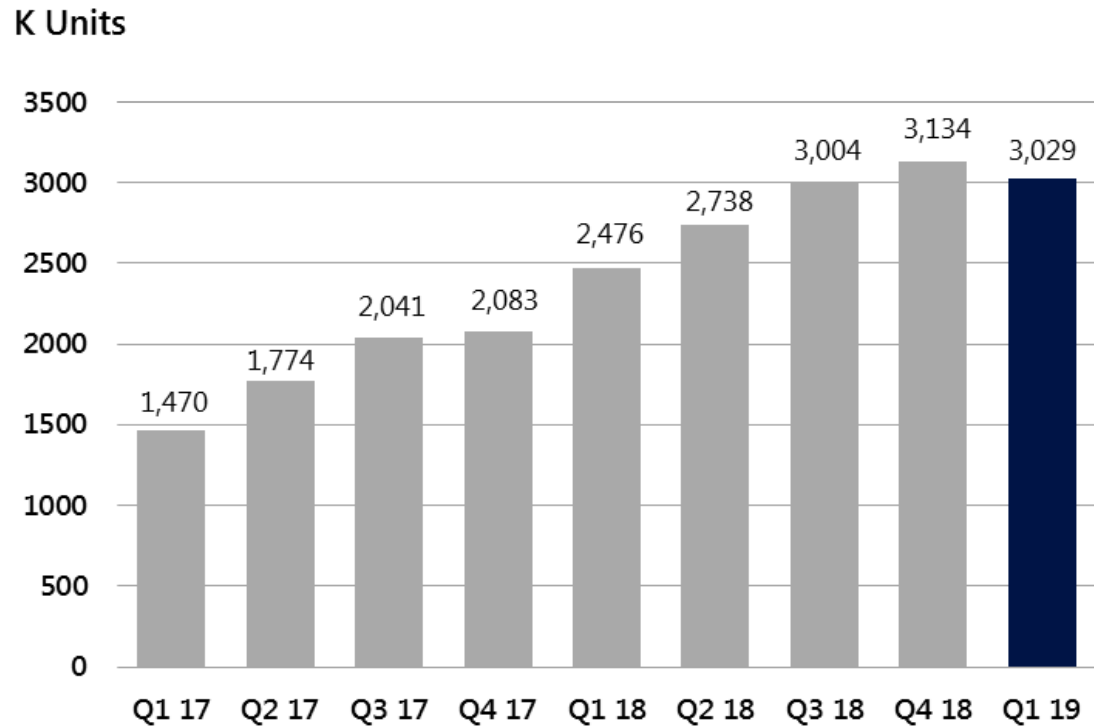
*USD in millions	Q1 18	Q4 18	Q1 19
Revenues	209.9	263.7	271.9
Gross margin	38.4%	30.9%	32.8%
Operating expenses	32.9	45.1	48.0
Operating income	47.6	36.4	41.2
Net income	42.5	31.5	32.9
Net diluted earnings per share**	0.87	0.63	0.64

*With the exception of gross margin and per share data

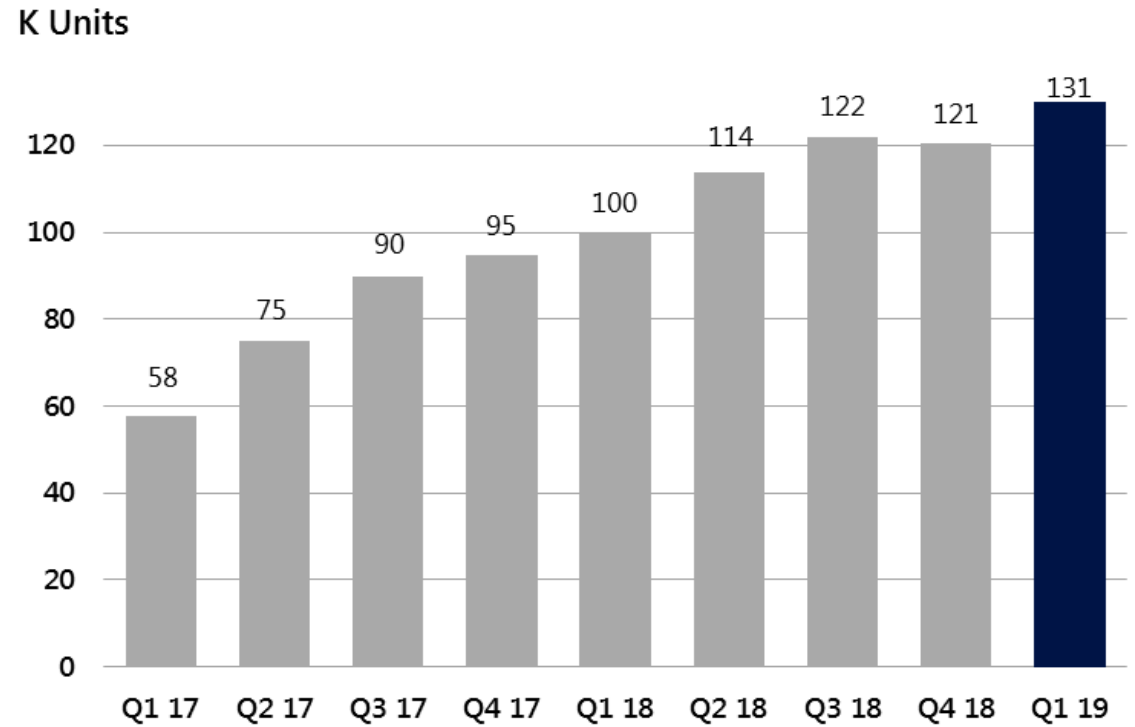
** Share count in Q1 19 increased as a result of share issuance in connection with SMRE acquisition

Units Shipped

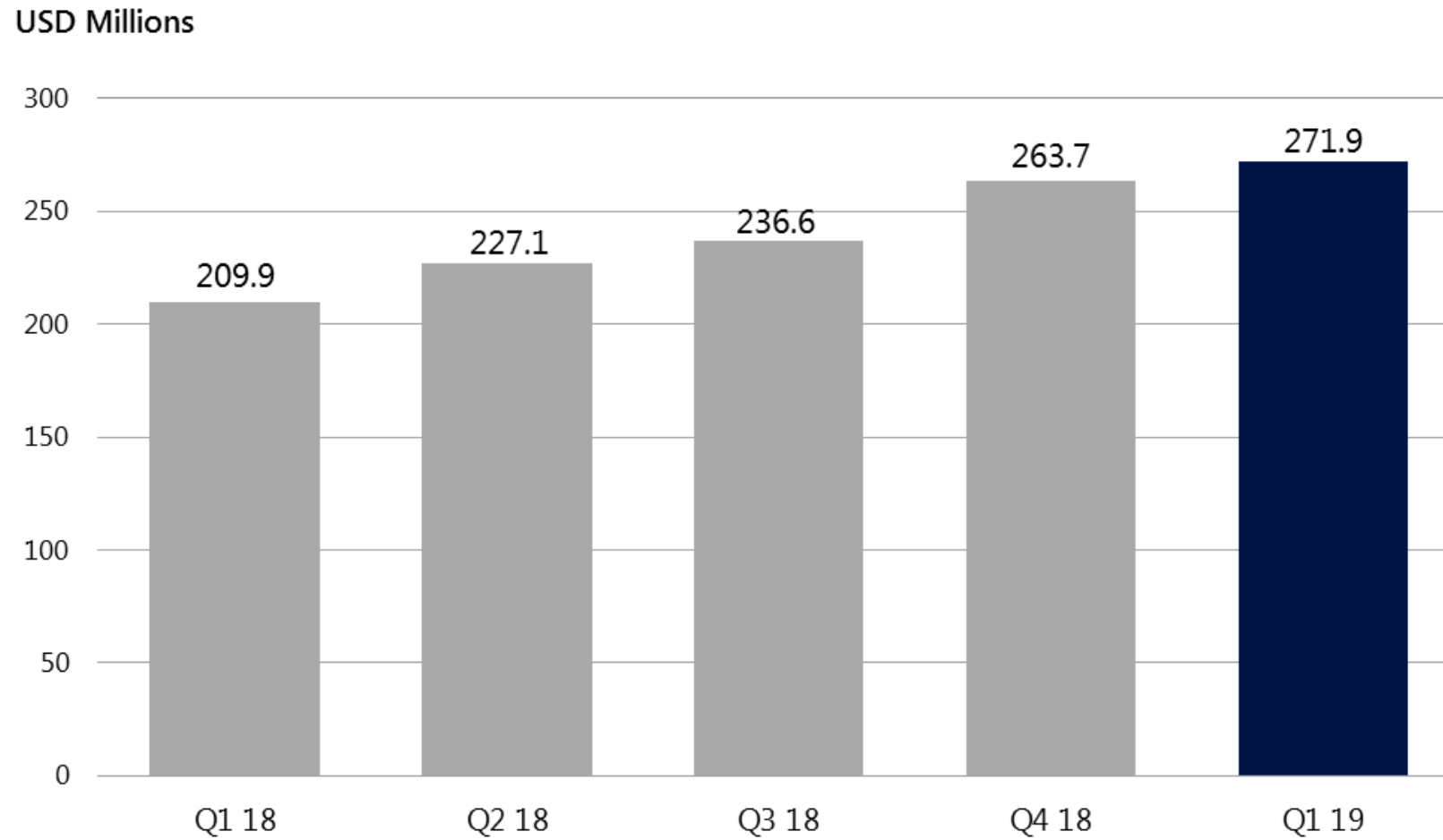
Power optimizers shipped



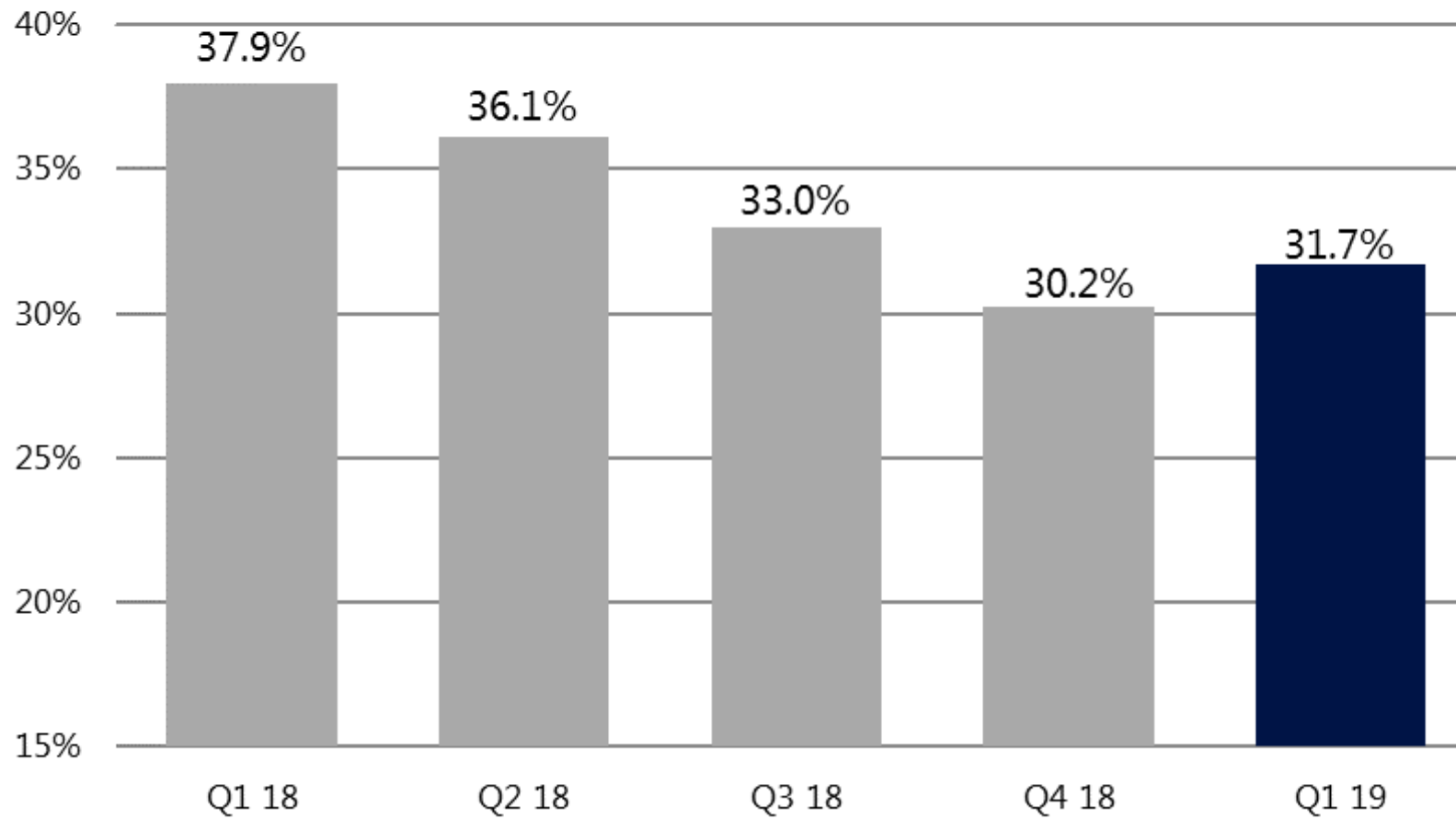
Inverters shipped



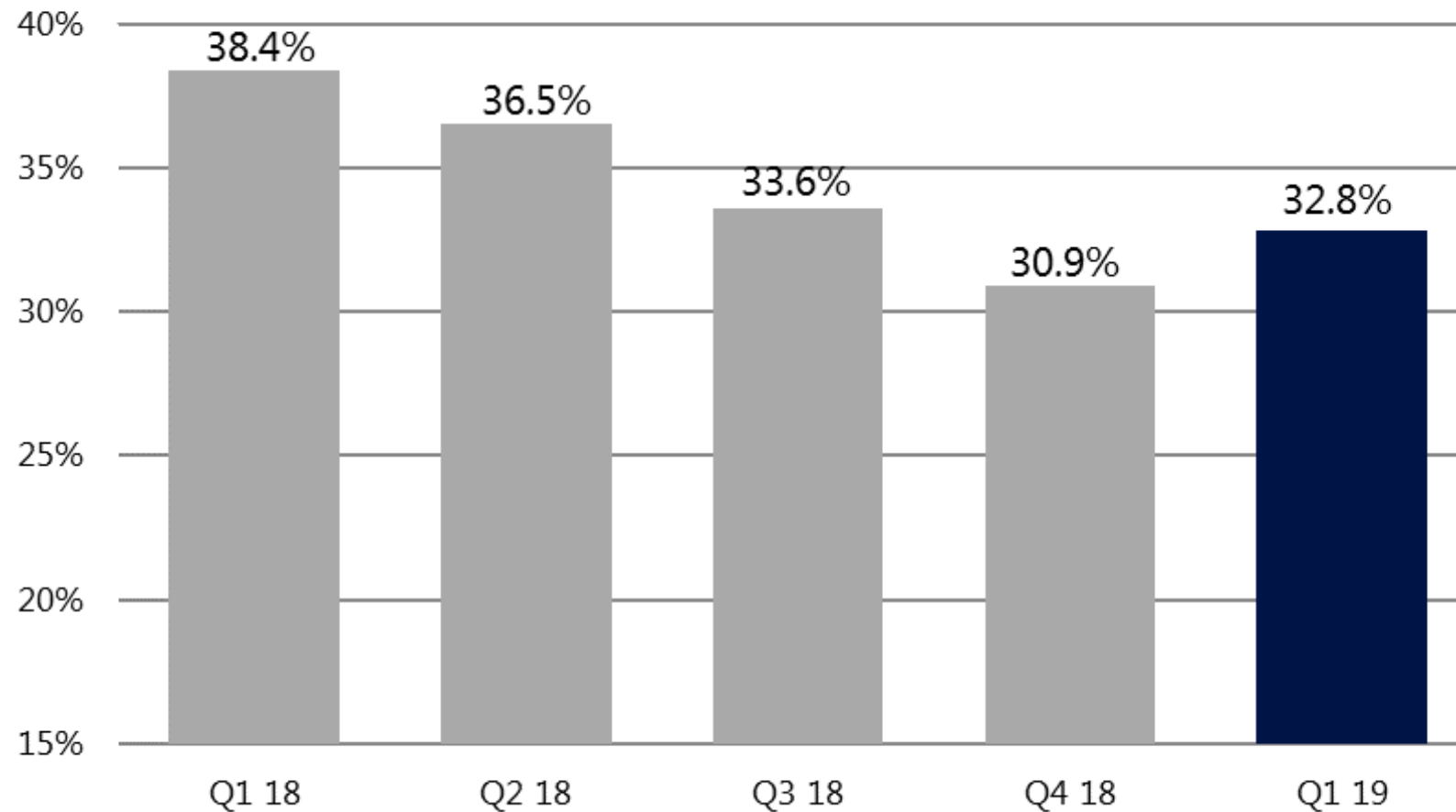
Quarterly Revenues



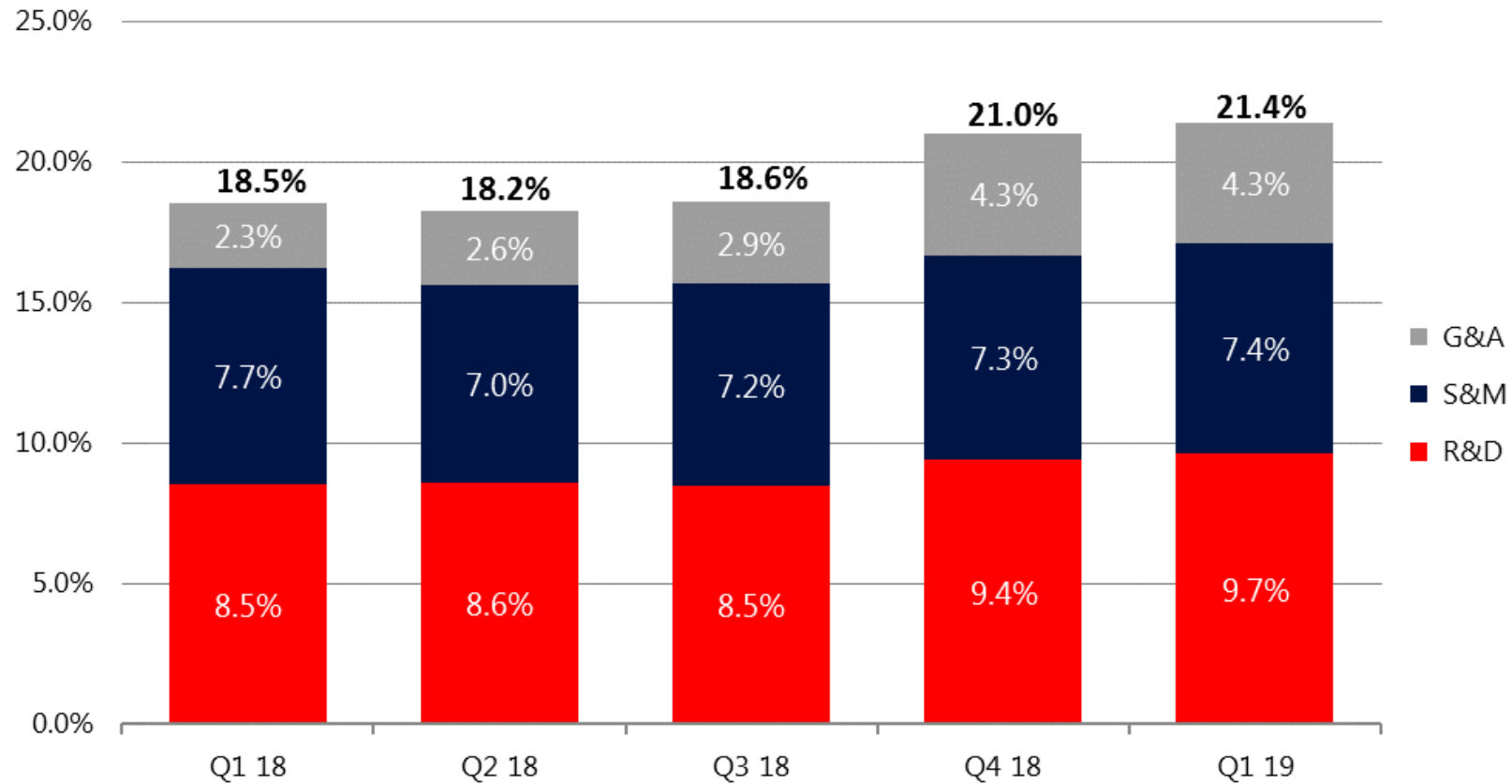
GAAP Gross Margins Trend by Quarters (%)



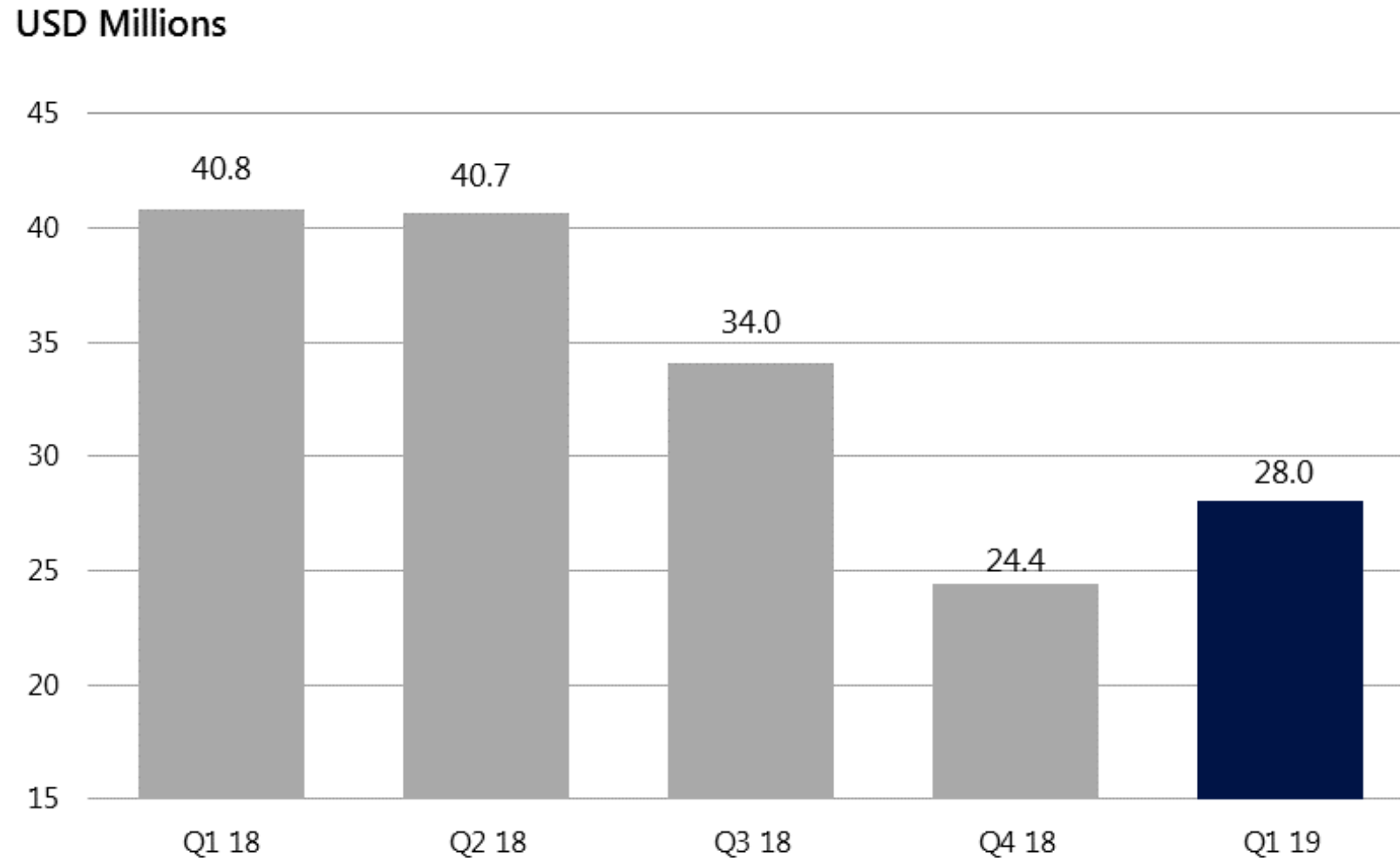
Non-GAAP Gross Margins Trend by Quarters (%)



Operating Expenses

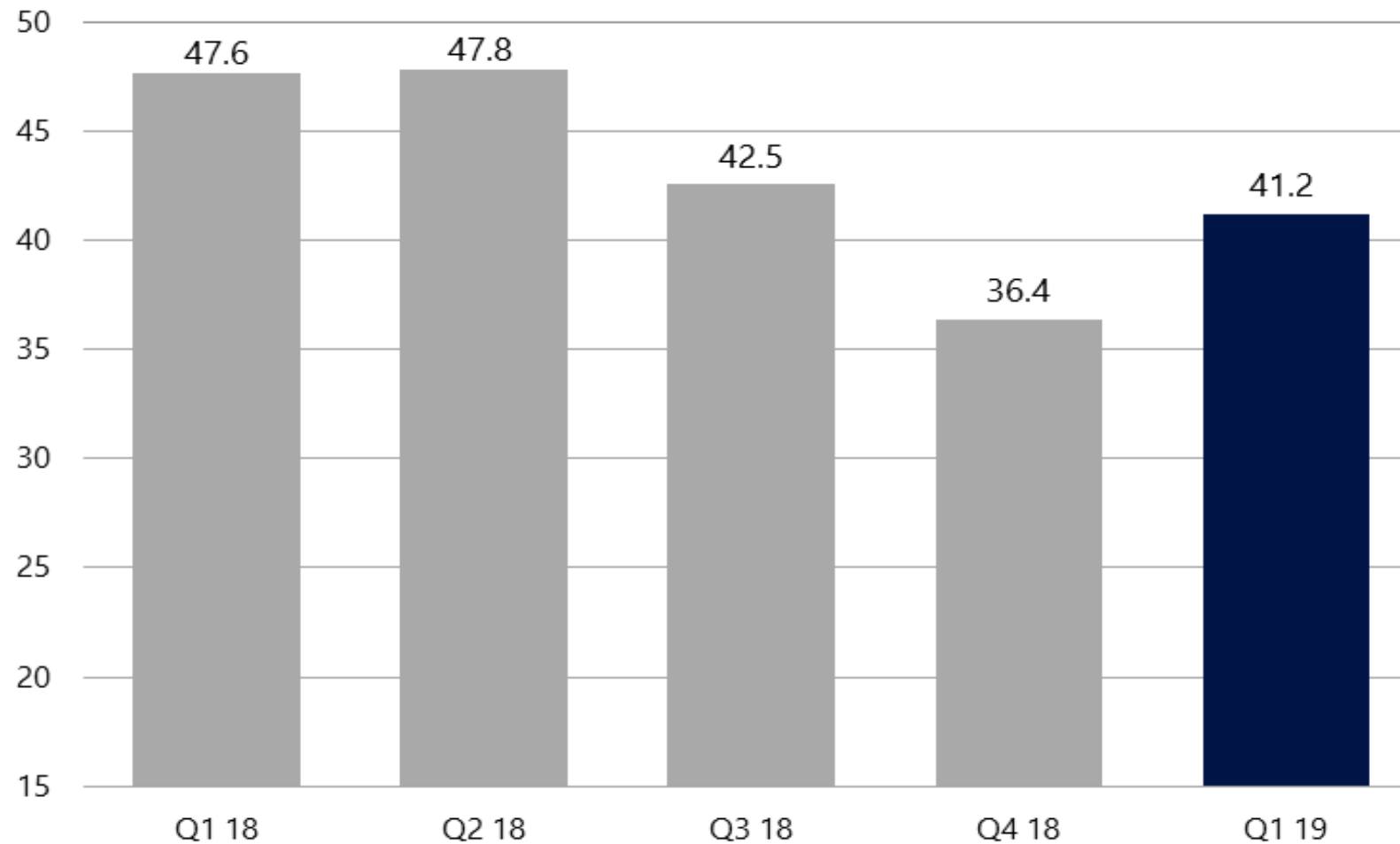


Consolidated GAAP Operating Income

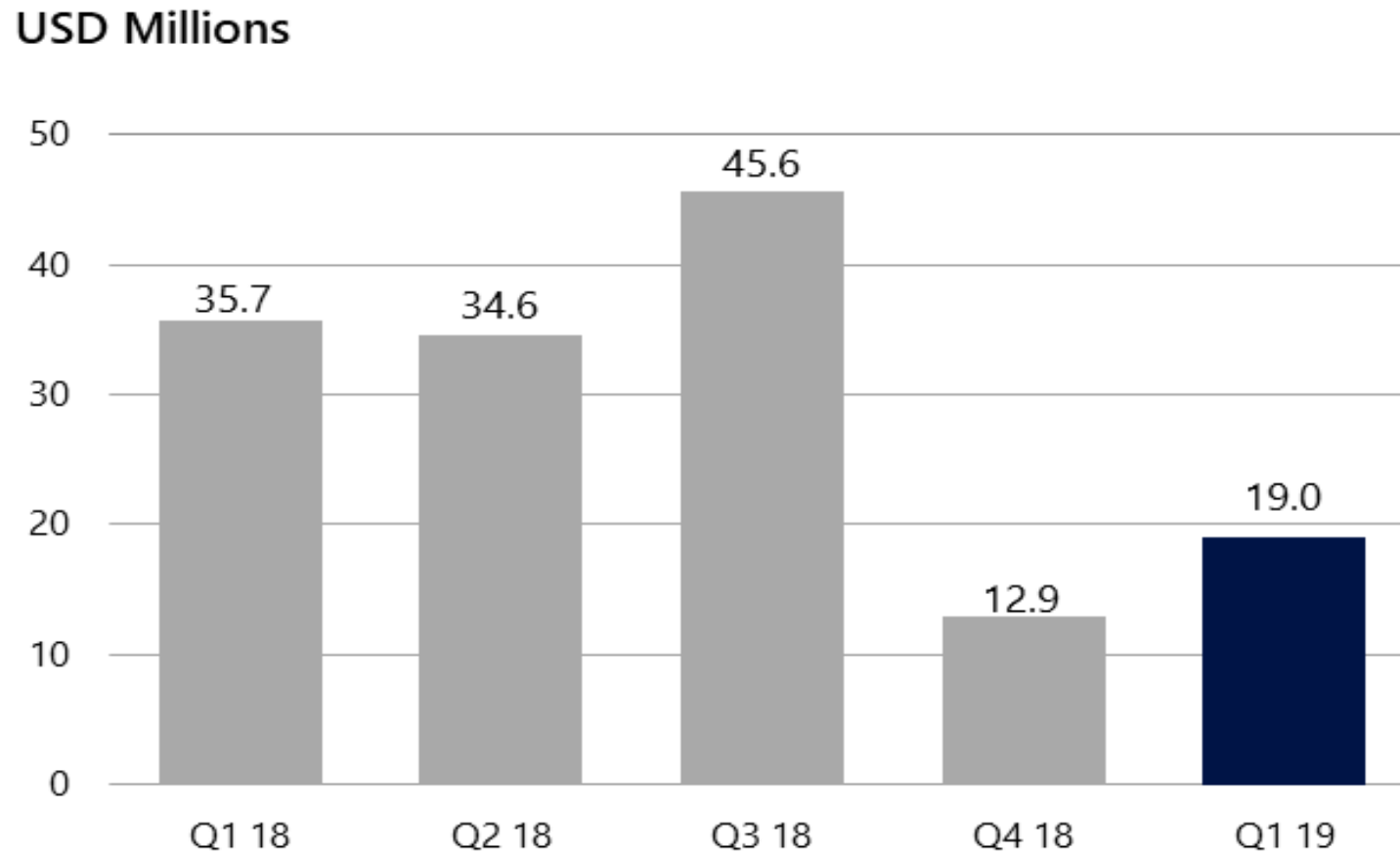


Consolidated NON-GAAP Operating Income

USD Millions

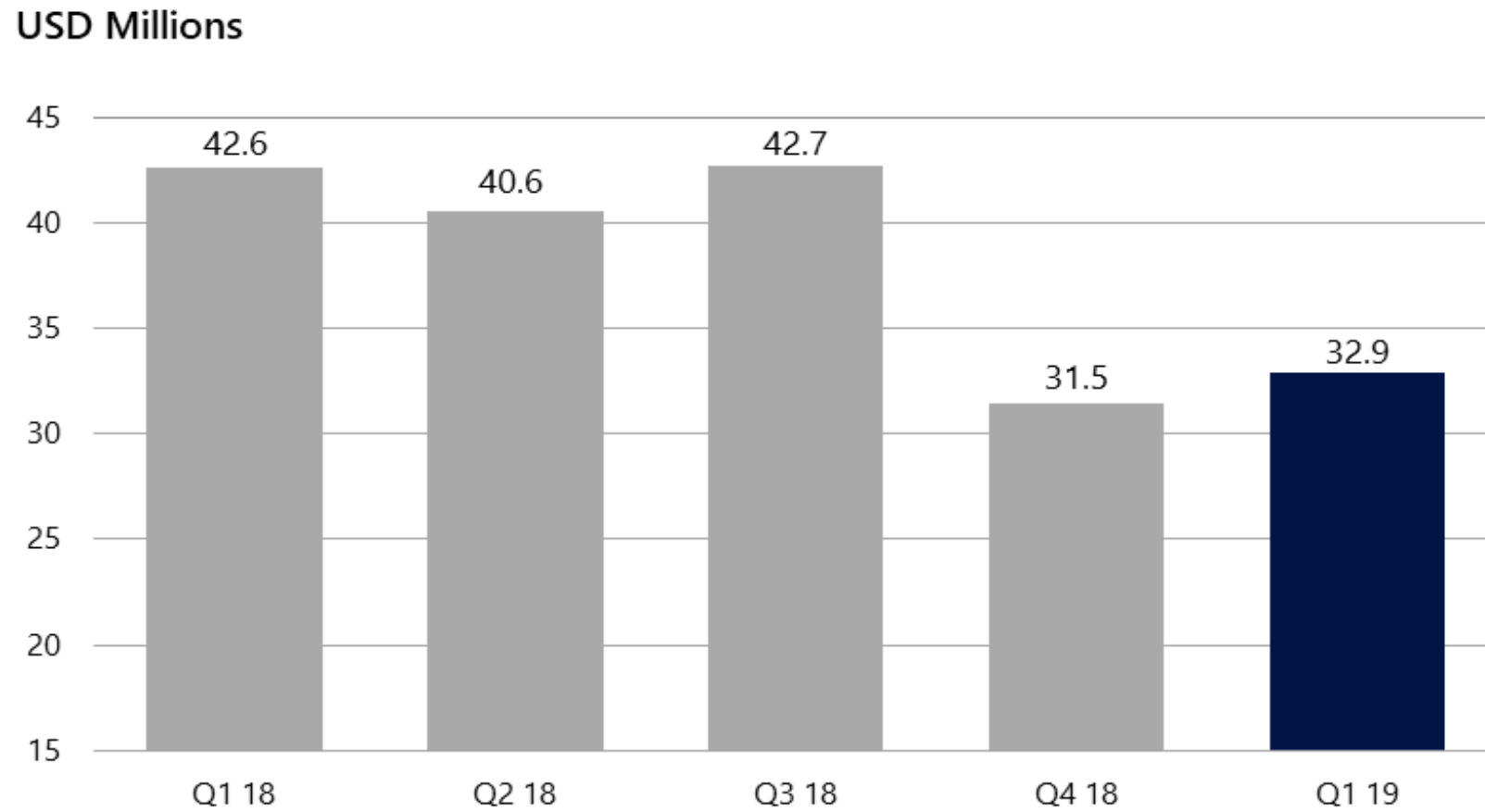


Consolidated GAAP Net Income



* Q1-18, and Q3-18 include transition tax of \$0.8M and a tax benefit of \$10.3M respectively.
Q4-18 includes provisional tax expense of \$8.2M.

Consolidated NON-GAAP Net Income



Balance Sheet & Cash flow

USD in millions	Q1 18	Q4 18	Q1 19
Cash and investments	400.8	392.2	398.7
Inventory	98.4	141.5	150.8
Capital Expenditures	11.3	8.6	10.6
Total Debt	-	20.2	24.3
Cash Flow From Operations	64.0	46.9	56.5

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

Second Quarter Guidance

- ▀ Revenues to be within the range of \$310 million to \$320 million;
- ▀ Gross margins expected to be within the range of 32% to 34%
- ▀ Revenues from solar products to be within the range of \$290 million to \$300 million;
- ▀ Gross margins from sale of solar products expected to be within the range of 33% to 35%



Appendix

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Gross Profit		
	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Gross profit (GAAP)	86,110	79,711	79,597
Stock-based compensation	1,354	1,323	924
Cost of product adjustment	682	398	----
Intangible assets amortization	1,077	----	----
Gross profit (Non-GAAP)	89,223	81,432	80,521

	Reconciliation of GAAP to Non-GAAP Gross Margin		
	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Gross margin (GAAP)	31.7%	30.2%	37.9%
Stock-based compensation	0.5%	0.5%	0.5%
Cost of product adjustment	0.2%	0.2%	0.0%
Intangible assets amortization	0.4%	0.0%	0.0%
Gross margin (Non-GAAP)	32.8%	30.9%	38.4%

Reconciliation of GAAP to Non-GAAP

Operating expenses (GAAP)

Stock-based compensation R&D
Stock-based compensation S&M
Stock-based compensation G&A
Intangible assets amortization - R&D
Intangible assets amortization - S&M
Acquisition related expenses

Operating expenses (Non-GAAP)

Reconciliation of GAAP to Non-GAAP Operating expenses

Three months ended		
March 31, 2019	December 31, 2018	March 31, 2018
58,062	55,322	38,833
(3,490)	(3,230)	(2,382)
(2,404)	(2,564)	(2,204)
(2,456)	(1,574)	(1,339)
(36)	(652)	----
(858)	(101)	----
(798)	(2,140)	----
48,020	45,061	32,908

Operating income (GAAP)

Cost of product adjustment
Stock-based compensation
Intangible assets amortization
Acquisition related expenses

Operating income (Non-GAAP)

Reconciliation of GAAP to Non-GAAP Operating income

Three months ended		
March 31, 2019	December 31, 2018	March 31, 2018
28,048	24,389	40,764
682	398	----
9,704	8,691	6,849
1,971	753	----
798	2,140	----
41,203	36,371	47,613

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Financial expenses (income), net		
	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Financial expenses (income), net (GAAP)	6,151	(288)	584
Non cash interest	(785)	(769)	512
Currency fluctuation due to new lease standard adoption	(948)	----	----
Intangible assets amortization	----	528	----
Financial expenses (income), net (Non-GAAP)	4,418	(529)	1,096

	Reconciliation of GAAP to Non-GAAP Other expenses		
	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Other expenses (GAAP)	----	435	----
Fixed assets disposal	----	(435)	----
Other expenses (income) (Non-GAAP)	----	----	----

	Reconciliation of GAAP to Non-GAAP Tax on income (Tax benefit)		
	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Tax on income (Tax benefit) (GAAP)	3,922	12,093	5,662
Deferred tax asset	973	2,304	1,321
Transition tax of foreign earnings	----	(8,189)	(820)
Tax on income (Tax benefit) (Non-GAAP)	4,895	6,208	6,163

Reconciliation of GAAP to Non-GAAP

	Reconciliation of GAAP to Non-GAAP Net income attributable to Solaredge Technologies Inc.		
	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Net income attributable to Solaredge Technologies Inc. (GAAP)	19,016	12,936	35,686
Cost of product adjustment	682	398	----
Stock-based compensation	9,704	8,691	6,849
Intangible assets amortization	1,971	225	----
Acquisition related expenses	798	2,140	----
Non cash interest	785	769	512
Currency fluctuation due to new lease standard adoption	948	----	----
Fixed Assets disposal	----	435	----
Deferred tax asset	(973)	(2,304)	(1,321)
Transition tax of foreign earnings	----	8,189	820
Net income attributable to Solaredge Technologies Inc. (Non-GAAP)	32,931	31,479	42,546

Reconciliation of GAAP to Non-GAAP

Reconciliation of GAAP to Non-GAAP Net basic EPS

	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
	Net basic earnings per share (GAAP)	0.40	0.28
Cost of product adjustment	0.02	0.01	----
Stock-based compensation	0.21	0.19	0.15
Intangible assets amortization	0.04	0.01	----
Acquisition related expenses	0.01	0.04	----
Non cash interest	0.02	0.02	0.01
Currency fluctuation due to new lease standard adoption	0.02	----	----
Fixed Assets disposal	----	0.01	----
Deferred tax asset	(0.02)	(0.05)	(0.03)
Transition tax of foreign earnings	----	0.18	0.02
Net basic earnings per share (Non-GAAP)	0.70	0.69	0.96

Reconciliation of GAAP to Non-GAAP Net diluted EPS

	Three months ended		
	March 31, 2019	December 31, 2018	March 31, 2018
	Net diluted earnings per share (GAAP)	0.39	0.27
Cost of product adjustment	0.01	0.01	----
Stock-based compensation	0.17	0.16	0.12
Intangible assets amortization	0.04	0.01	----
Acquisition related expenses	0.01	0.04	----
Non cash interest	0.02	0.01	0.01
Currency fluctuation due to new lease standard adoption	0.02	----	----
Fixed Assets disposal	----	0.01	----
Deferred tax asset	(0.02)	(0.04)	(0.03)
Transition tax of foreign earnings	----	0.16	0.02
Net diluted earnings per share (Non-GAAP)	0.64	0.63	0.87

Reconciliation of GAAP to Non-GAAP

Number of shares used in computing net diluted earnings per share (GAAP)
Stock-based compensation
Number of shares used in computing net diluted earnings per share (Non-GAAP)

Reconciliation of GAAP to Non-GAAP No. of shares used in Net diluted EPS		
Three months ended		
March 31, 2019	December 31, 2018	March 31, 2018
47,020,218	47,637,478	47,673,522
4,766,230	2,204,179	1,535,408
51,786,448	49,841,657	49,208,930

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