



Fourth Fiscal Quarter 2015

Earnings summary

August 12, 2015

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# SAFE HARBOR

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## 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



**1,138K optimizers  
shipped**



**44K inverters  
shipped**



**284 Megawatts  
shipped**



**\$98.4M revenues**

# — FISCAL FOURTH QUARTER HIGHLIGHTS —

## Financial highlights for quarter

- Record revenue of \$98.4 million, up 13.9% QoQ; 120.8% YoY
- GAAP gross margin of 28.7%
- GAAP net income of \$9.3 million
- Non-GAAP net income of \$13.8 million
- Cash generated from operations \$15.7 million

## Business highlights for quarter

- ASP slightly above plan, despite price pressure
- Continued to increase manufacturing capacity
- 284 Megawatts AC inverters shipped
- 1,138K optimizers and 44K inverters shipped



# YEAR OVER YEAR HIGHLIGHTS

## Financial highlights for FY 2015

- Annual revenues of \$325.1 million, YoY growth of 144.0%
- GAAP gross margin of 25.2%
- GAAP net income of \$21.1 million
- Non-GAAP net income of \$29.4 million

## Business highlights for FY 2015

- 920 Megawatts AC inverters shipped
- 3,534K optimizers and 150K inverters shipped
- Significant increase in U.S. and European market share
- Successful IPO



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# NOTEWORTHY

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- ▣ Continue growth in commercial markets in the U.S. and rest of world
- ▣ Launch of three phase 25-33kW inverters enables broader entry into large commercial markets
- ▣ SolarEdge-Tesla collaboration progresses; Tesla-ready products expected to arrive in market by fourth calendar quarter 2015
- ▣ First automated assembly center installed in Hungary

# FINANCIAL RESULTS

USD in millions*	FYQ4 '15	FYQ3 '15	FYQ4 '14
Revenues	98.4	86.4	44.6
Gross margin	28.7%	27.4%	19.6%
Operating expenses	16.4	13.9	11.2
Operating income (loss)	11.9	9.8	-2.4
Net income (loss)	9.3	6.0	-3.0
Net diluted earnings per share	0.21	0.01	-1.08

\*with the exception of gross margin and per share data

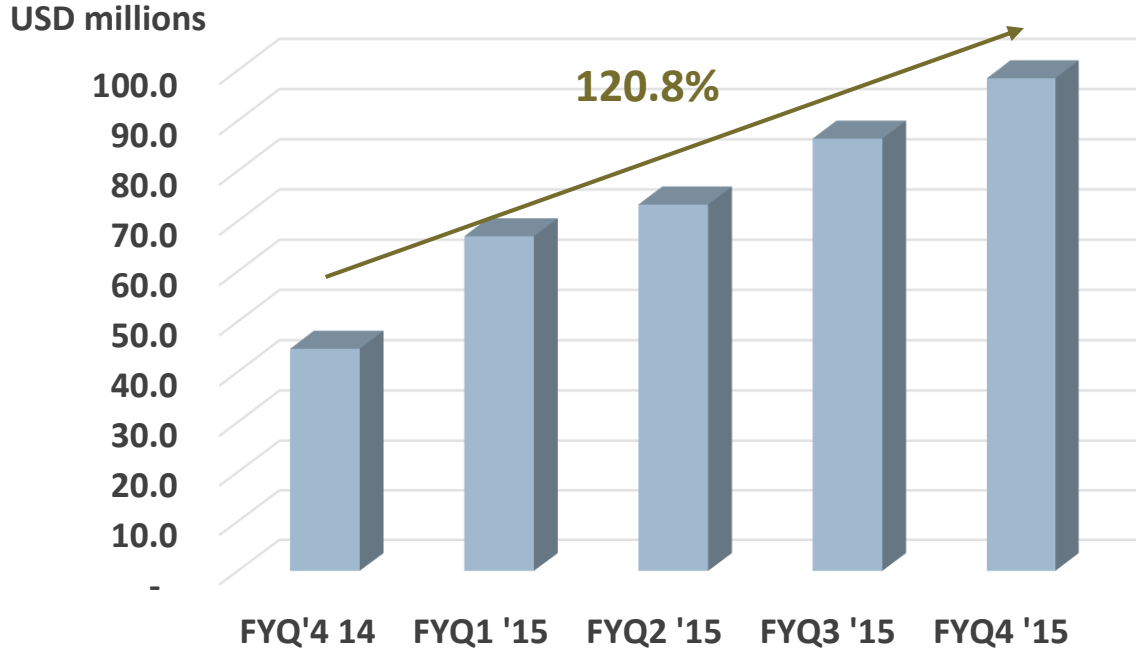
# NON-GAAP FINANCIAL RESULTS

USD in millions*	FYQ4 '15	FYQ3 '15	FYQ4 '14
Revenues	98.4	86.4	44.6
Gross margin	28.9%	27.6%	19.6%
Operating expenses	15.4	13.1	10.9
Operating income (loss)	13.1	10.8	-2.1
Net income (loss)	13.8	8.7	-2.8
Net diluted Earnings Per Share	0.31	0.20	-0.10

\*with the exception of gross margin and per share data

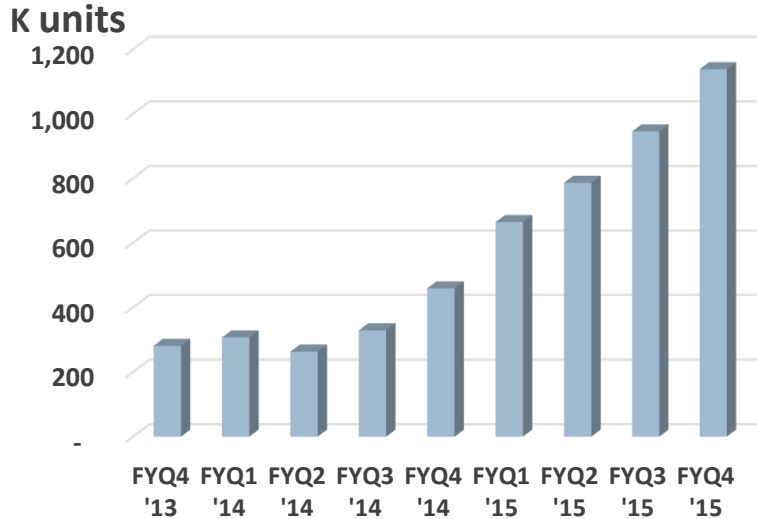


# REVENUE GROWTH

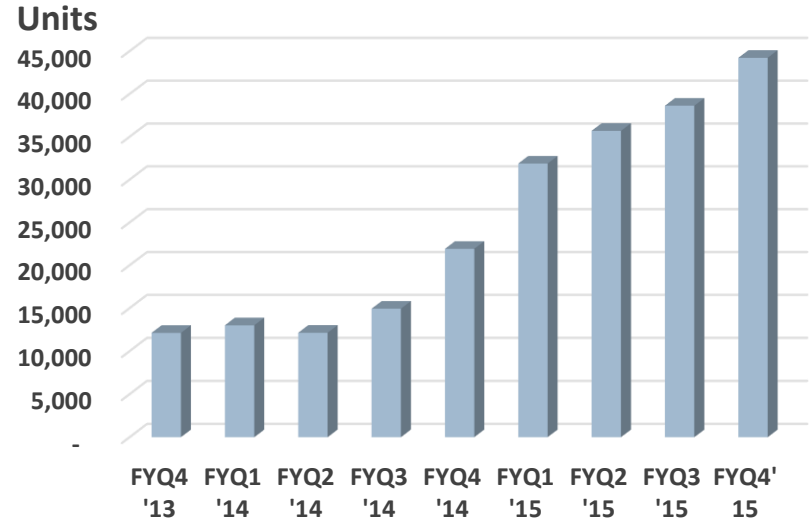


# UNITS SHIPPED

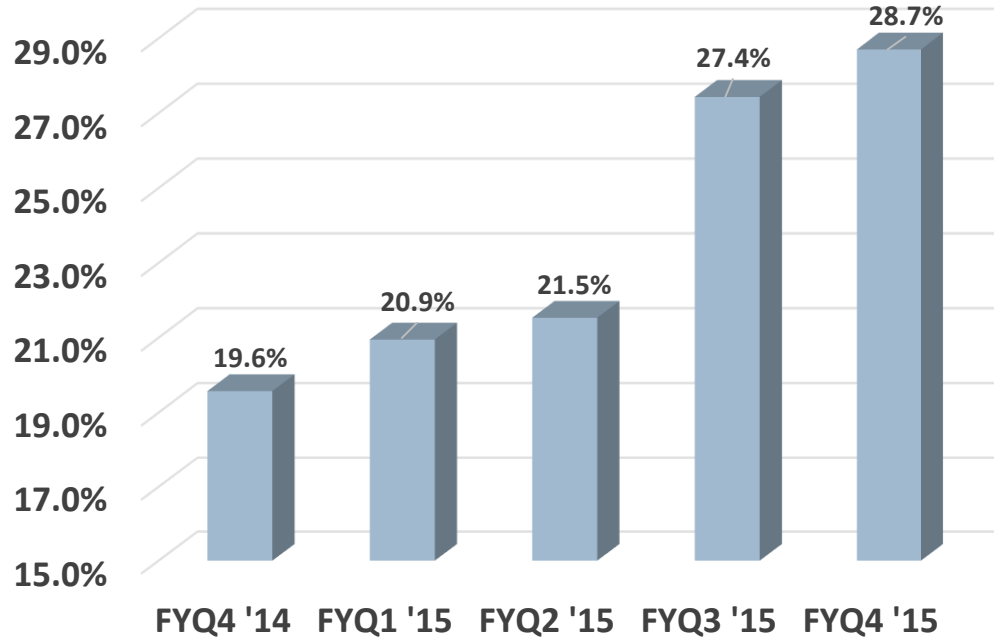
## Optimizers shipped



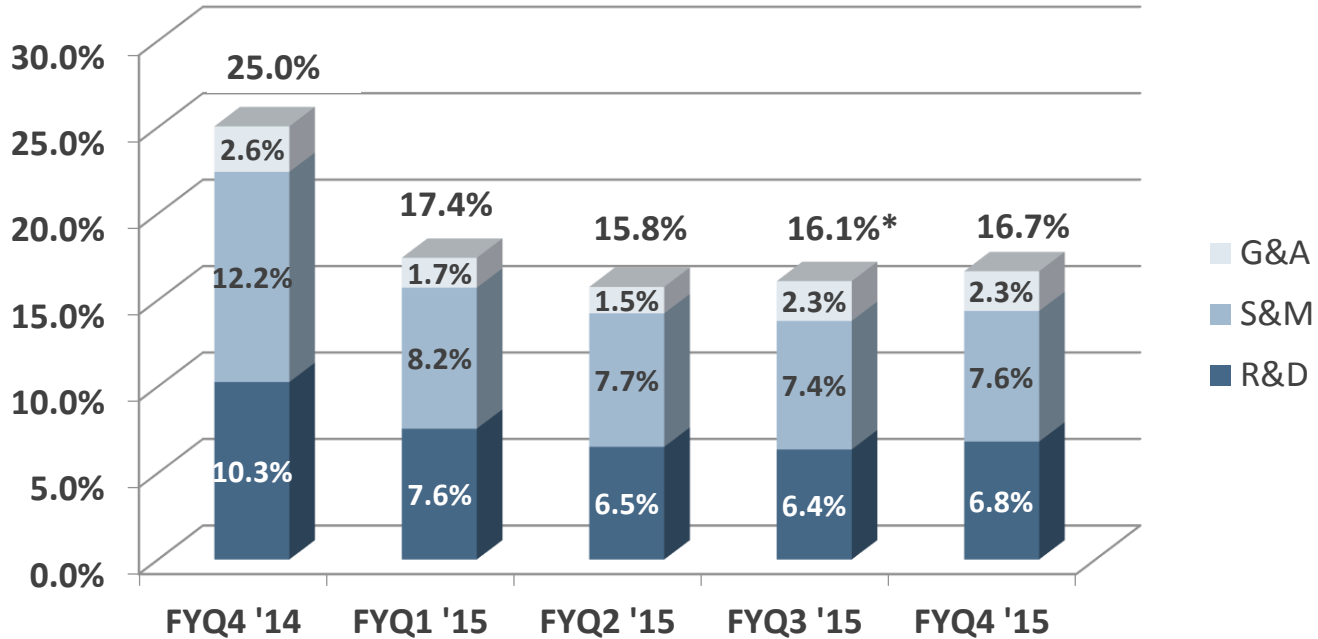
## Inverter shipped



# GROSS MARGINS



# OPERATING EXPENSES

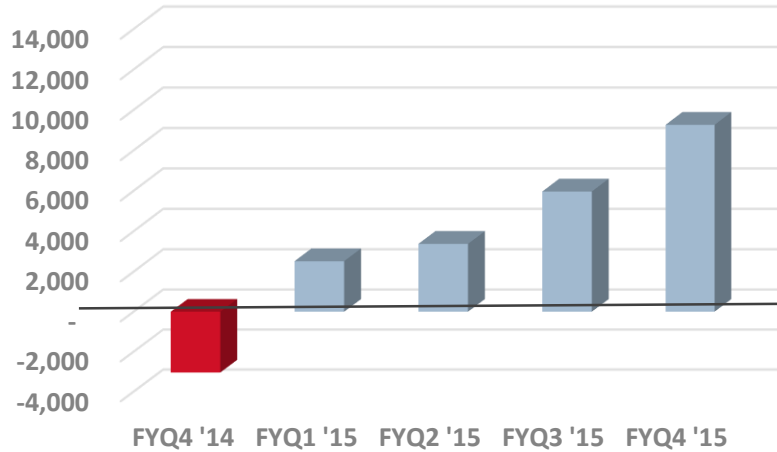


\* 15.4% excluding IPO related expenses

# NET INCOME

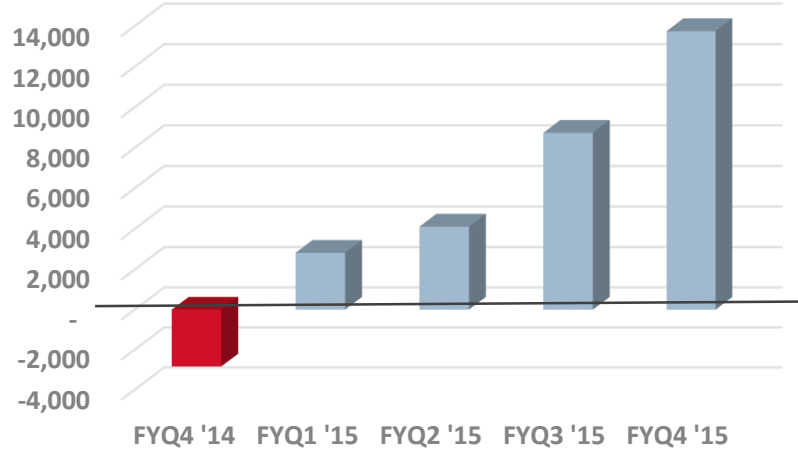
## GAAP

USD thousands



## Non-GAAP

USD thousands



# BALANCE SHEET & CASH FLOW

USD in millions	FYQ4 '15	FYQ3 '15	FYQ4 '14
Cash and investments	148.4	138.8	11.4
Inventory	74.0	64.5	25.5
Capital Expenditures*	3.5	5.1	0.7
Total Debt	-	-	20.2
Cash Flow From Operations	15.7	-13.0	-5.0

\*FYQ4 '15 and FYQ3 '15 includes \$0.7M and \$3.5M related to leasehold improvements, respectively

# FISCAL FIRST QUARTER OUTLOOK

▣ Revenues to be within the range of \$108-112 million

▣ Gross margin to be within the range of 27-29%



## Appendix



# —RECONCILIATION OF GAAP TO NON-GAAP—

## Reconciliation of GAAP to Non-GAAP Gross Profit

	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Gross profit (GAAP)</b>	28,271	23,701	8,724
Stock-based compensation	188	140	28
<b>Gross profit (Non-GAAP)</b>	28,459	23,841	8,752

## Reconciliation of GAAP to Non-GAAP Gross Margin

	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Gross margin (GAAP)</b>	28.7%	27.4%	19.6%
Stock-based compensation	0.2%	0.2%	0.1%
<b>Gross margin (Non-GAAP)</b>	28.9%	27.6%	19.6%

## Reconciliation of GAAP to Non-GAAP Operating expenses

	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Operating expenses (GAAP)</b>	16,398	13,902	11,164
Stock-based compensation R&D	184	183	110
Stock-based compensation S&M	263	292	82
Stock-based compensation G&A	569	355	71
<b>Operating expenses (Non-GAAP)</b>	15,382	13,072	10,901

# — RECONCILIATION OF GAAP TO NON-GAAP —

## Reconciliation of GAAP to Non-GAAP Operating income (loss)

	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Operating income (loss) (GAAP)</b>	11,873	9,799	(2,440)
Stock-based compensation	1,204	970	291
<b>Operating income (loss) (Non-GAAP)</b>	13,077	10,769	(2,149)

## Reconciliation of GAAP to Non-GAAP Finance expenses

	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Finance expenses (GAAP)</b>	1,699	3,436	470
Warrants remeasurement	3,285	1,800	(8)
<b>Finance expenses (Non-GAAP)</b>	(1,586)	1,636	478

## Reconciliation of GAAP to Non-GAAP Net income (loss)

	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Net income (loss) (GAAP)</b>	9,261	5,965	(3,042)
Stock-based compensation	1,204	970	291
Warrants remeasurement	3,285	1,800	(8)
<b>Net income (loss) (Non-GAAP)</b>	13,750	8,735	(2,759)

# —RECONCILIATION OF GAAP TO NON-GAAP—

	Reconciliation of GAAP to Non-GAAP Net basic EPS		
	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Net basic earnings (loss) per share (GAAP)</b>	0.24	0.01	(1.08)
Stock-based compensation	0.03	0.03	0.01
Warrants remeasurement	0.08	0.04	----
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	----	0.14	0.97
<b>Net basic earnings (loss) per share (Non-GAAP)</b>	<u>0.35</u>	<u>0.22</u>	<u>(0.10)</u>

	Reconciliation of GAAP to Non-GAAP No. of shares used in net basic EPS		
	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Number of shares used in computing net basic earnings (loss) per share (GAAP)</b>	39,160,372	2,822,893	2,809,950
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	----	36,297,931	24,442,902
<b>Number of shares used in computing net basic earnings (loss) per share (Non-GAAP)</b>	<u>39,160,372</u>	<u>39,120,824</u>	<u>27,252,852</u>

# —RECONCILIATION OF GAAP TO NON-GAAP—

## Reconciliation of GAAP to Non-GAAP Net diluted EPS

	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Net diluted earnings (loss) per share (GAAP)</b>	0.21	0.01	(1.08)
Stock-based compensation	0.02	0.02	0.01
Warrants remeasurement	0.08	0.04	----
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	----	0.13	0.97
<b>Net diluted earnings (loss) per share (Non-GAAP)</b>	<b>0.31</b>	<b>0.20</b>	<b>(0.10)</b>

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

	FYQ4 '15	FYQ3 '15	FYQ4 '14
<b>Number of shares used in computing net diluted earnings (loss) per share (GAAP)</b>	44,473,080	7,099,046	2,809,950
Stock-based compensation	319,840	647,474	
Warrants remeasurement	126,634	103,777	
Additional shares giving effect to IPO and conversion of preferred stock at the beginning of the periods	----	36,297,931	24,442,902
<b>Number of shares used in computing net diluted earnings (loss) per share (Non-GAAP)</b>	<b>44,919,554</b>	<b>44,148,228</b>	<b>27,252,852</b>

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