



Calendar First Quarter 2017

Earnings summary

May 9th, 2017

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 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.

KEY OPERATING METRICS



**1,470K optimizers
shipped**



**58K inverters
shipped**



**455 Megawatts
shipped**



\$115.1M revenues

FIRST QUARTER HIGHLIGHTS

Financial highlights for quarter

- ☐ Revenue of \$115.1 million, up 3.2% QoQ
- ☐ GAAP gross margin of 33.6%
- ☐ GAAP operating income of \$12.0 million
- ☐ GAAP net income of \$14.2 million
- ☐ Non-GAAP net income of \$16.5 million
- ☐ \$25.7M cash flow from operation

Business highlights for quarter

- ☐ 455 Megawatts AC inverters shipped
- ☐ 1.5 million optimizers and 58K inverters shipped



NOTEWORTHY

- U.S solar market remains weak and we expect tougher times before improvement
- Growth in U.S solar market share while managing customer risk and pricing
- Increased sales in Europe despite seasonality, indicating market comeback
- Increased sales in certain Asian and Pacific markets including Australia and Japan
- Record high of commercial sales in MW shipped
- Successful rollout of HD Wave in the U.S. and elsewhere as planned
- Still no evidence of change in competitive landscape
- Ramp up with additional contract manufacturer is underway

FINANCIAL RESULTS

*USD in millions	CQ1'17	CQ4'16	CQ1'16
Revenues	115.1	111.5	125.2
Gross margin	33.6%	35.0%	32.5%
Operating expenses	26.7	23.9	21.0
Operating income	12.0	15.1	19.7
Net income	14.2	9.8	20.8
Net diluted earnings per share	0.32	0.22	0.47

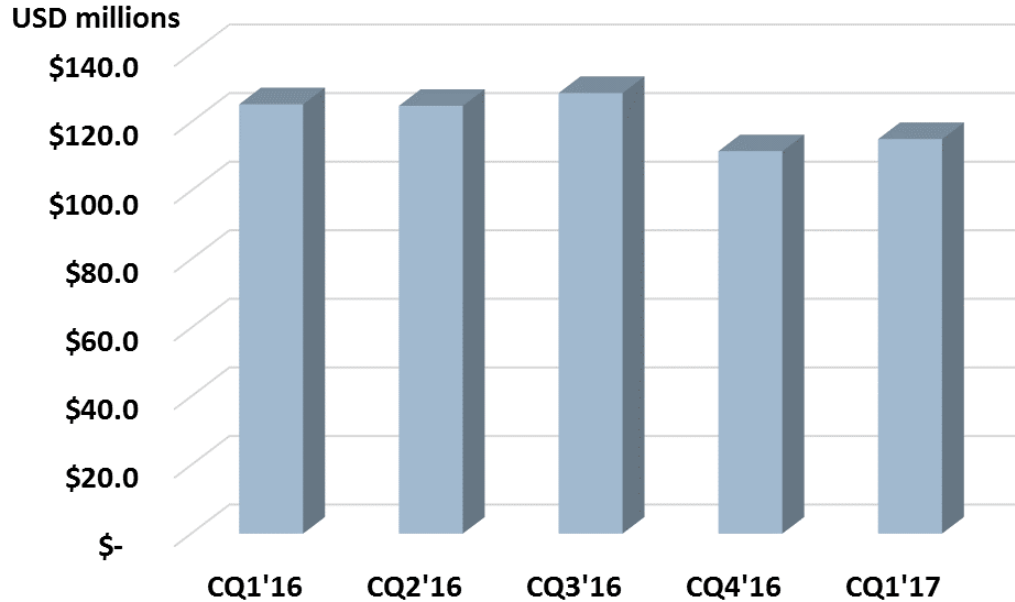
*with the exception of gross margin and per share data

NON-GAAP FINANCIAL RESULTS

*USD in millions	CQ1'17	CQ4'16	CQ1'16
Revenues	115.1	111.5	125.2
Gross margin	34.0%	35.4%	32.7%
Operating expenses	23.6	20.9	18.6
Operating income	15.6	18.6	22.4
Net income	16.5	14.7	23.3
Net diluted earnings per share	0.36	0.32	0.51

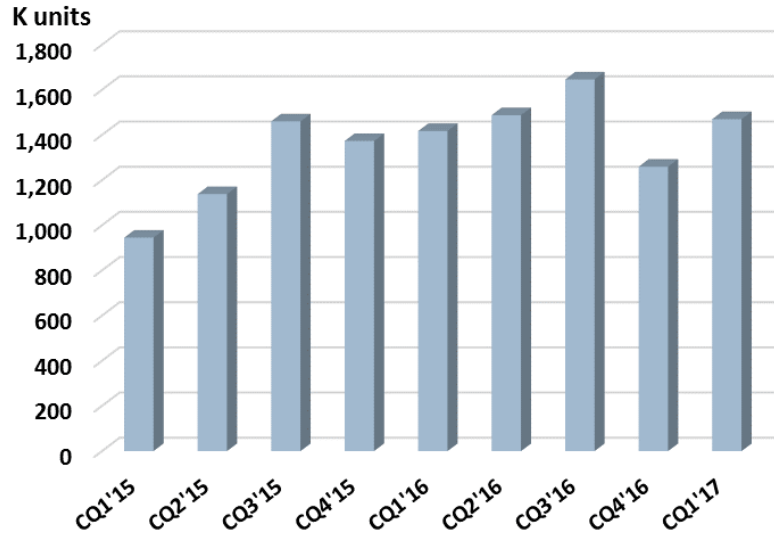
*with the exception of gross margin and per share data

QUARTERLY REVENUES

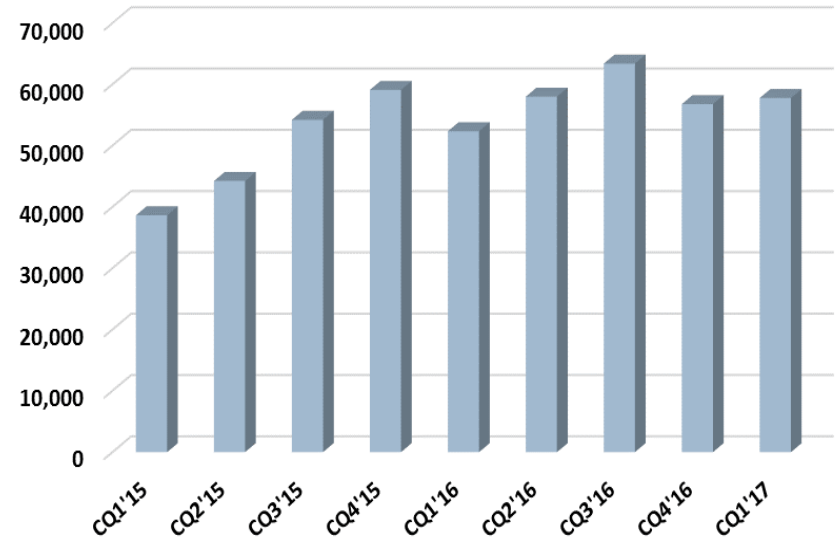


UNITS SHIPPED

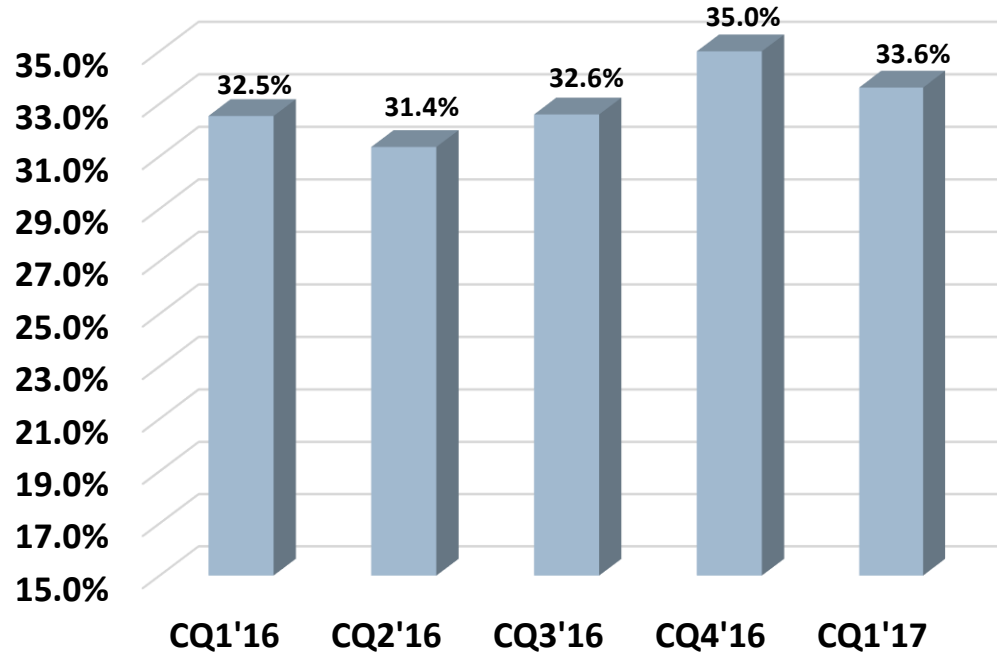
Optimizers shipped



Inverters shipped

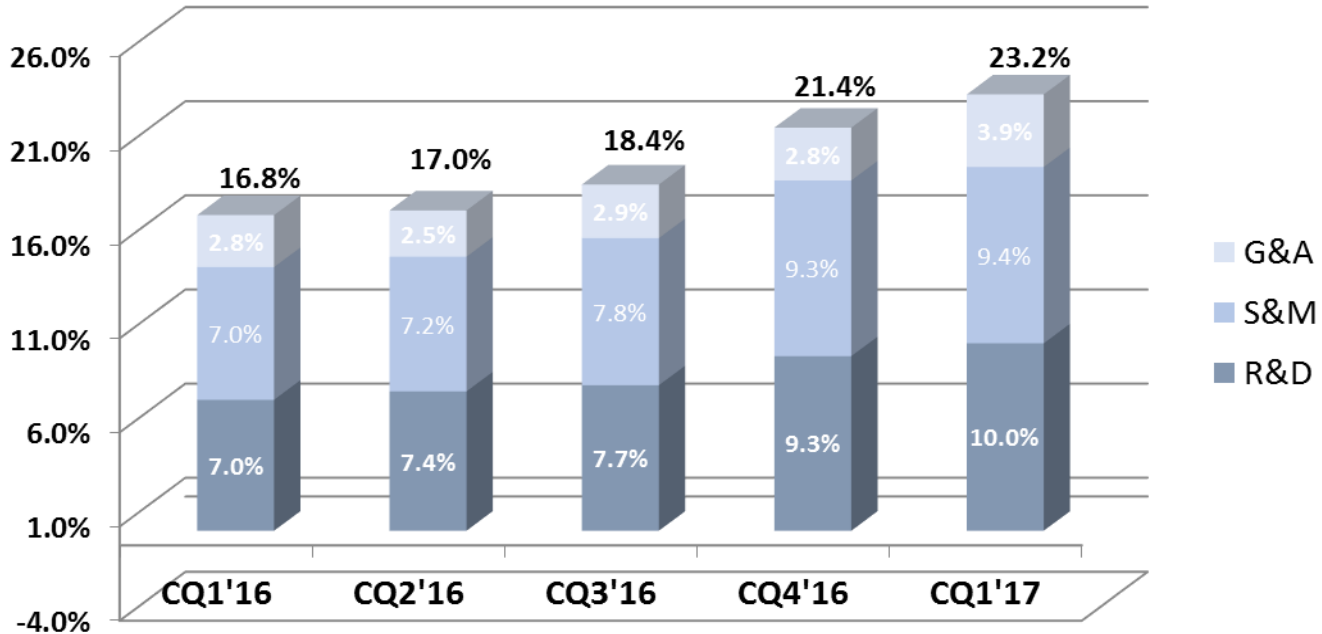


GROSS MARGIN



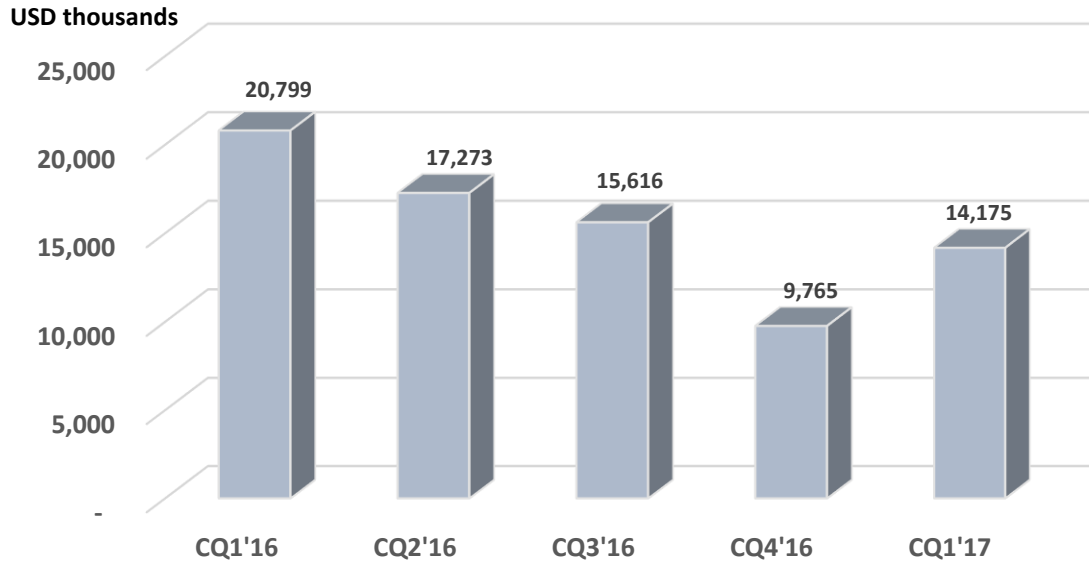
*CQ4' 16 margin included one time benefit of approximately 2%

OPERATING EXPENSES

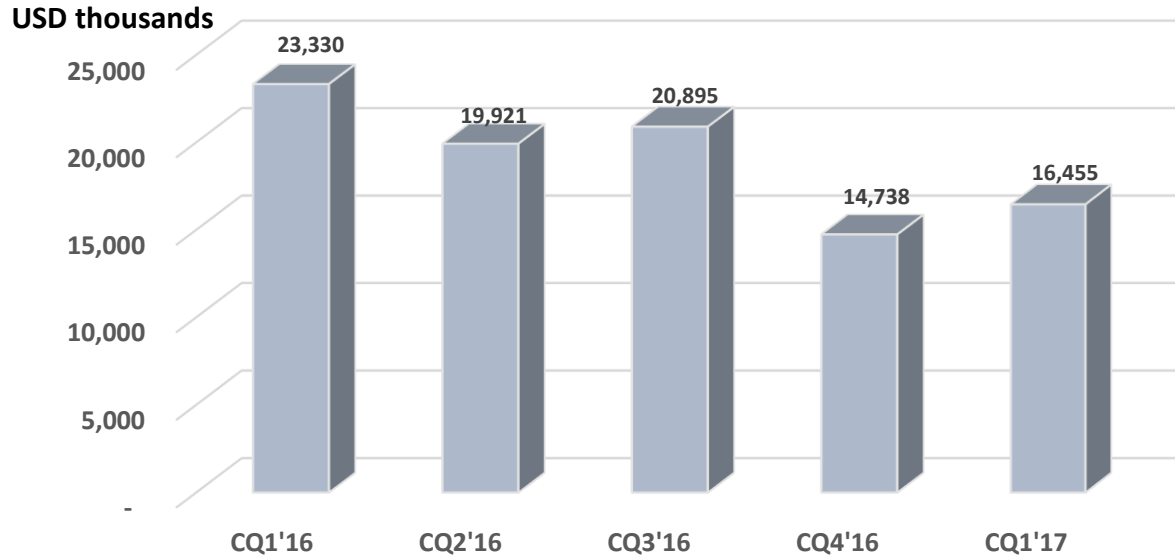


*CQ1' 17 margin includes accrual of doubtful debt representing 1% of revenues

GAAP NET INCOME



NON GAAP NET INCOME



BALANCE SHEET & CASH FLOW

USD in millions	CQ1'17	CQ4'16	CQ1'16
Cash and investments	247.6	224.3	172.2
Inventory	60.9	67.4	85.5
Capital Expenditures	2.1	7.2	5.9
Total Debt	-	-	-
Cash Flow From Operations	25.7	24.7	15.3

— CALENDAR SECOND QUARTER OUTLOOK —

▢ Revenues expected to be within the range of \$120 million to \$130 million

▢ Gross margin expected to be within the range of 32% to 34%



Appendix

RECONCILIATION OF GAAP TO NON-GAAP

	Reconciliation of GAAP to Non-GAAP Gross Profit		
	Three months ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Gross profit (GAAP)	38,676	39,025	40,734
Stock-based compensation	493	486	246
Gross profit (Non-GAAP)	39,169	39,511	40,980

	Reconciliation of GAAP to Non-GAAP Gross Margin		
	Three months ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Gross margin (GAAP)	33.6%	35.0%	32.5%
Stock-based compensation	0.4%	0.4%	0.2%
Gross margin (Non-GAAP)	34.0%	35.4%	32.7%

RECONCILIATION OF GAAP TO NON-GAAP

Reconciliation of GAAP to Non-GAAP Operating expenses

	Three months ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Operating expenses (GAAP)	26,672	23,878	20,995
Stock-based compensation R&D	1,205	1,134	724
Stock-based compensation S&M	1,030	1,003	842
Stock-based compensation G&A	884	877	819
Operating expenses (Non-GAAP)	23,553	20,864	18,610

Reconciliation of GAAP to Non-GAAP Operating income

	Three months ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Operating income (GAAP)	12,004	15,147	19,739
Stock-based compensation	3,612	3,500	2,631
Operating income (Non-GAAP)	15,616	18,647	22,370

RECONCILIATION OF GAAP TO NON-GAAP

Reconciliation of GAAP to Non-GAAP Tax on income (Tax benefit)

Three months ended

	March 31, 2017	December 31, 2016	March 31, 2016
Tax on income (Tax benefit) (GAAP)	(761)	2,203	969
Deferred tax asset (realized)	1,332	(1,473)	100
Tax on income (Tax benefit) (Non-GAAP)	571	730	1,069

Reconciliation of GAAP to Non-GAAP Net income

Three months ended

	March 31, 2017	December 31, 2016	March 31, 2016
Net income (GAAP)	14,175	9,765	20,799
Stock-based compensation	3,612	3,500	2,631
Deferred tax realized (asset)	(1,332)	1,473	(100)
Net income (Non-GAAP)	16,455	14,738	23,330

RECONCILIATION OF GAAP TO NON-GAAP

	Reconciliation of GAAP to Non-GAAP Net basic EPS		
	Three months ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Net basic earnings per share (GAAP)	0.34	0.24	0.52
Stock-based compensation	0.09	0.08	0.06
Deferred tax realized (asset)	(0.03)	0.04	----
Net basic earnings per share (Non-GAAP)	0.40	0.36	0.58

	Reconciliation of GAAP to Non-GAAP Net diluted EPS		
	Three months ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Net diluted earnings per share (GAAP)	0.32	0.22	0.47
Stock-based compensation	0.06	0.07	0.04
Deferred tax realized (asset)	(0.02)	0.03	----
Net diluted earnings per share (Non-GAAP)	0.36	0.32	0.51

	Reconciliation of GAAP to Non-GAAP No. of shares used in Net diluted EPS		
	Three months ended		
	March 31, 2017	December 31, 2016	March 31, 2016
Number of shares used in computing net diluted earnings per share (GAAP)	43,837,505	43,683,458	44,577,901
Stock-based compensation	2,490,662	2,399,308	1,071,876
Number of shares used in computing net diluted earnings per share (Non-GAAP)	46,328,167	46,082,766	45,649,777

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