



Risk Management in a Supply Chain Chaos

Feb. 13, 2022



About SolarEdge

SolarEdge in Numbers

78.8M 
Power Optimizers
Shipped

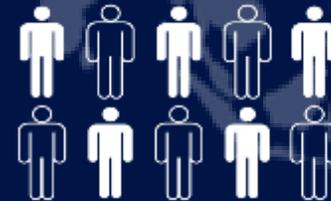
31
Countries
Presence

380 Awarded
Patents and **368**
Additional Patent
Applications

>2.3M
Monitored systems
around the world

#1 
Solar
Inverter
Company *

3,922
employees



3.3M
Inverters
Shipped 

S&P500
company



27.6GW
of our systems
shipped worldwide



* Revenue wise - PV Inverter Market Tracker – Third Quarter 2021

Q3/2021 Financial Results

\$526.4M



GAAP Revenue

\$82.1M

Non-GAAP Net Income



32.8%

GAAP Gross Margin



\$61.8M

Cash Flow From Operations

\$53.0M

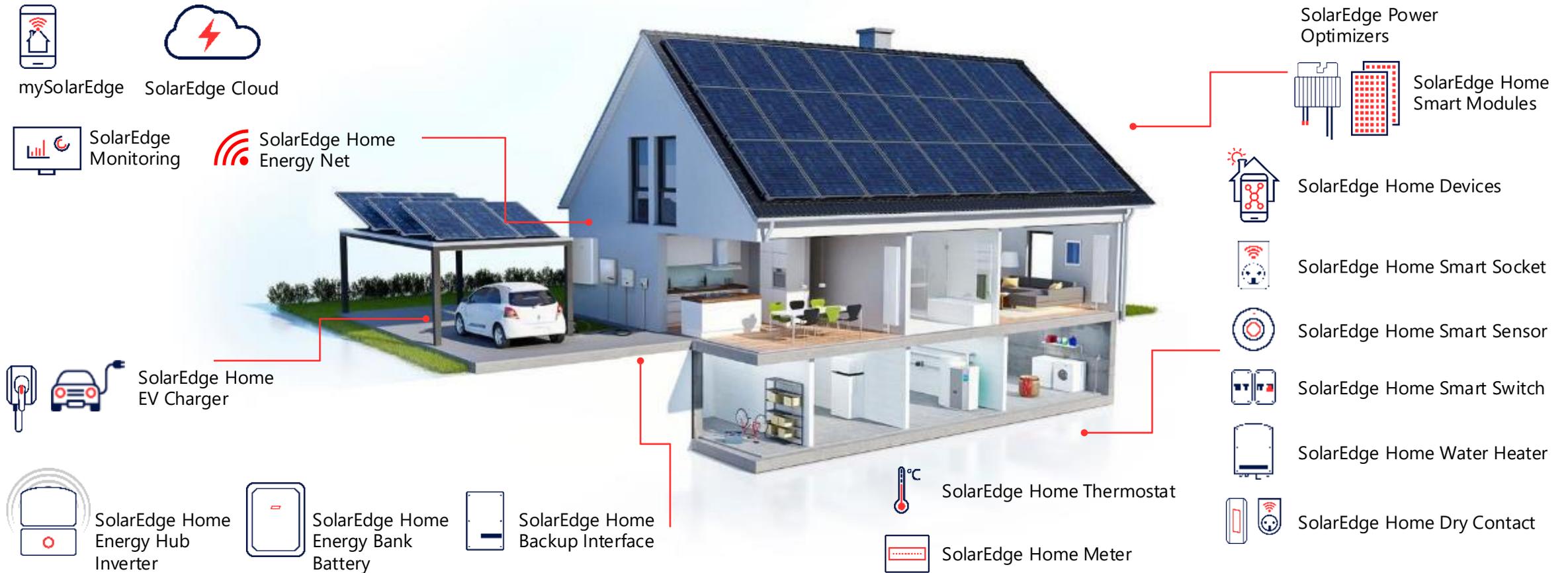
GAAP Net Income

\$524.1M

Cash, Deposits
and Investments,
Net of Debt

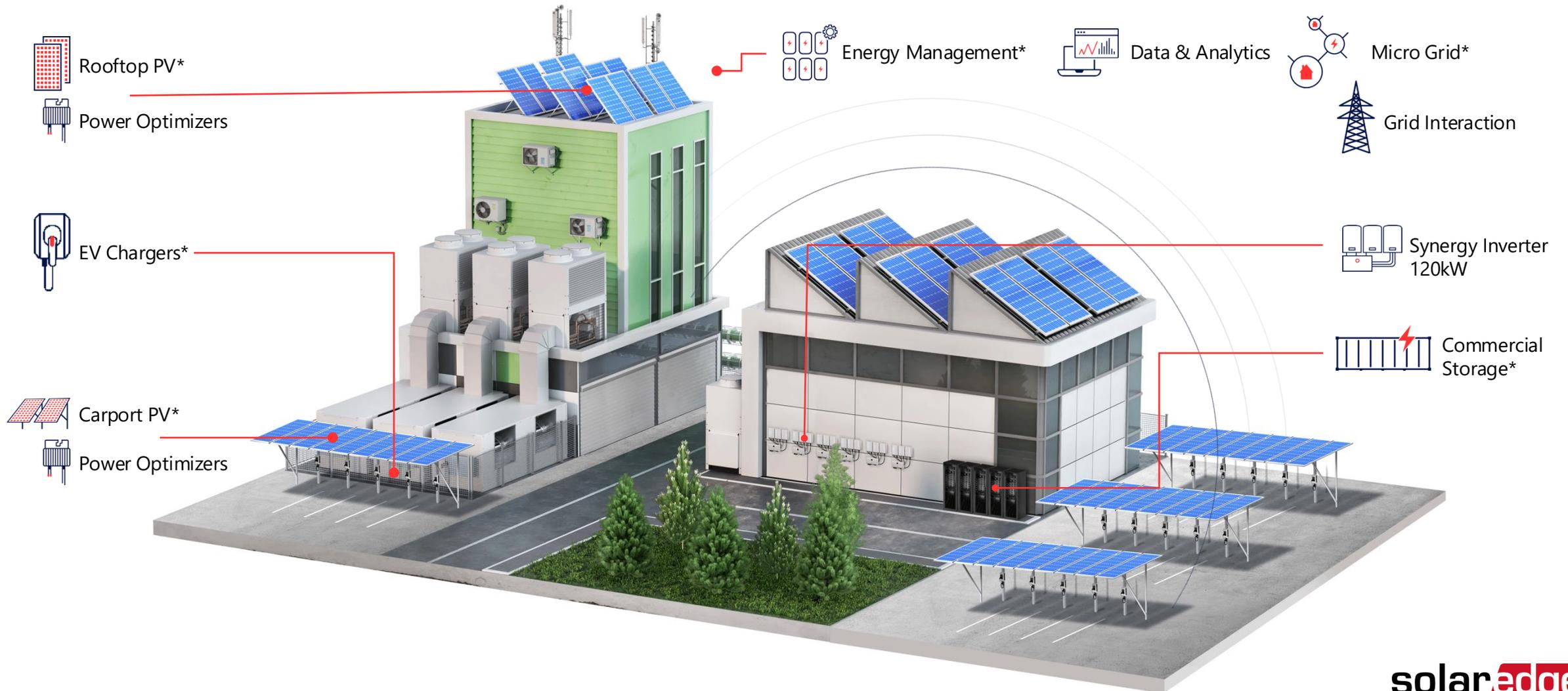
SolarEdge Home – Complete Residential Solution

■ A single solution for PV, storage, smart energy management, and EV charging



Note: Some of the products shown are under development

SolarEdge Commercial Solution

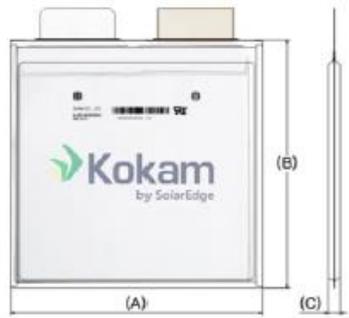


*Products or solutions owned by partners

Energy Storage

Innovative cell technology and owned manufacturing drive product differentiation and capacity benefits

Proprietary cell technology



Owned cell manufacturing



Solar



Non-Solar



Cell Technology

Cell Manufacturing

Complete Storage Products

\$61B*

global cumulative TAM for battery storage by 2025

25x*

Expected increase in battery storage capacity by 2030

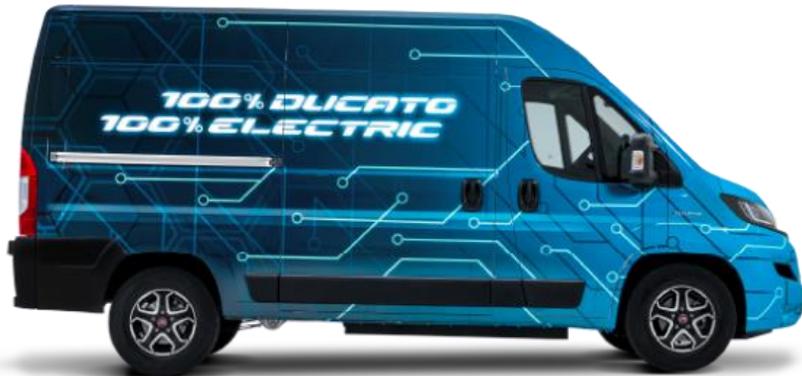
Source: EEl, WoodMackenzie. Note: All major global markets forecast double digit storage growth rates over the decade. U.S. and China lead energy storage growth with CARGs of ~45% and ~41% respectively through 2030.



Storage

New Business Opportunities

- ▄ Leveraging R&D core capabilities in new markets:
 - ▄ **eMobility** – Supplying powertrain kits and batteries for electric vehicles
 - ▄ **Critical Power** – Developing UPS solutions for adjacent customer base
 - ▄ Additional markets and opportunities are constantly being evaluated



Fiat eDucato powered by SolarEdge e-Mobility Solutions



SolarEdge Critical Power (UPS)



New opportunities in smart, renewable energy



Other



Risk management in post COVID world

Our Challenges in the Post COVID World of 2021

- Street expected annual growth rate of >30% off a \$1.5B revenue base
- Global manufacturing footprint (China, Vietnam, Hungary, Korea, Israel) in a restricted travel world
- Global customer base – sales in 40 countries, installations in 133 countries
- Strong demand for hardware products in a supply chain constrained environment and unprecedented component shortages
- COVID restrictions unexpectedly disrupt manufacturing and closes borders and ports for transportation of goods
- Shipment costs are 5X-7X, shipping period extends by 40%, shipping routes open and closed unexpectedly
- Unprecedented port congestions due to massive container disruption
- under all these constraints as a public company we need to provide guidance to the street....
And meet it.

Q3 2021 as a Risk Management Case Study

- ▀ Revenue guidance of \$520-540M compared to \$480.1 in Q2 2021
- ▀ We are a few days to the end of the quarter, with shipment plan that is sufficient to meet the range and then:

-45 Days: Vietnam mandated COVID lockdown



-25 days: Fiat stops production due to shortages

Automotive News Europe

HOME

FEATURES

OPINION

PHOTOS

PODCASTS

CAR CUTAWAYS

EVENTS

MORE

Production stops extended at Fiat, Jeep plant in Italy due to lack of computer chips

Reuters



TWEET



SHARE



SHARE



EMAIL



PRINT



-7 Days: ship does not stop in NY port



-5 Days: LA port does not release containers



-1 Day: Power shortages in Netherlands

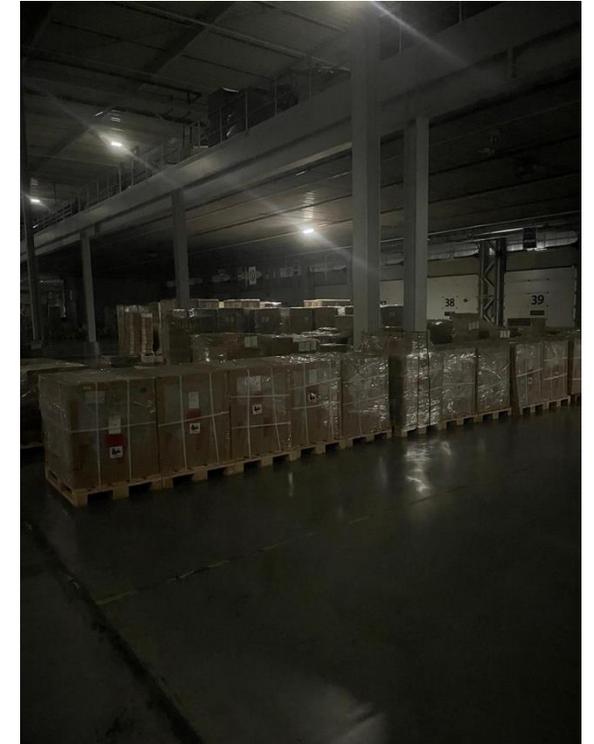


Solutions & Expertise Insights & Intelligence Our Experts About Us



29 SEP 2021 | 10:24 AM UTC

Netherlands: Power outage prompting rail disruptions between Amsterdam Airport Schiphol and Rotterdam Sept. 29



Q3 2021 as a Risk Management Case Study

- Revenue guidance of \$520-540M compared to \$480.1 in Q2 2021
- We are a few days to the end of the quarter, with shipment plan that is sufficient to meet the range and then:
 - 45 days: Vietnam factory closed due to government mandated COVID lockdown
 - 25 days: Fiat stops production due to shortages
 - 7 days: ship full of products decides to skip the NY port due to congestion and go straight to... Jamaica
 - 5 days: Message from LA port informing that millions worth of products can not be guaranteed for release due to port congestion
 - 1 days: the first power outage since WWII in Venlo area in the Netherlands
- Revenues ended at \$526.4

Risk Management approach and measures

- ▀ Identify known risk and try to quantify the potential impact
- ▀ Buffer management – find the balance between desire to meet street expectations with guidance and realistically assessing the changes of getting there
- ▀ Diversification of revenue streams between divisions and customers
- ▀ Alternatives preparation:
 - ▀ Alternative shipping methodologies and terms
 - ▀ Supporting measure (credit lines, logistic arrangements)
 - ▀ Cut off date flexibilities
- ▀ Know your tradeoffs – costs vs. targets
- ▀ Control as many as possible links in the overall supply chain and have a direct management access
- ▀ And make sure you have some luck by your side

Thank You!

Cautionary Note Regarding Market Data & Industry Forecasts

This power point presentation contains market data and industry forecasts from certain third-party sources. This information is based on industry surveys and the preparer's expertise in the industry and there can be no assurance that any such market data is accurate or that any such industry forecasts will be achieved. Although we have not independently verified the accuracy of such market data and industry forecasts, we believe that the market data is reliable and that the industry forecasts are reasonable.

Version #: V.1.0

solar**edge**