



Financial Results
March Quarter 2016

May 3, 2016



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Today's Speakers



Gabi Seligsohn
CEO



Guy Avidan
CFO



Business Overview

March Quarter 2016

Gabi Seligsohn, Chief Executive Officer



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Continuing strong growth with meaningful large customers

- Advanced stage of discussions with a large global undisclosed customer:
 - Customer is expected to have very significant contribution to H2/16 revenues and for years to come
 - Customer looking for flawless 24X7 operations requiring close account management and service and applications support excellence from Kornit
 - Current installed systems already working at capacity
- Revenues during Q1/16 near guidance midpoint representing 24% increase YoY
- Strong demand in the US with renewed efforts in Latin America starting to bear fruits
- Asia weaker due to economic headwinds and exchange rate pressures vs. USD
- Gross margins at 48.7% represent 300 basis point increase vs. last year
- 3.1% operating profit despite 50% YoY increase in OpEx

Achieved milestones of strategic importance

- Very successful introduction of new Storm Hexa resulting in multiple orders and increasing demand during the second quarter
 - Platform will also offer upgrade to hundreds of existing Storm II installations, making it a meaningful source of revenues to services group
- Second Vulcan evaluation site installed in Q1 – both sites shipping high quality products
 - Third installation recently completed and expected to ramp up during Q2
 - Expecting Vulcan to pave our way into mass retail market for print batch sizes of 70-400 units
- Initial orders for Allegro from customers in Asia Pacific and Latin America
 - Allegro inherently longer sales cycles given the disruptive nature of the platform
 - Portuguese customer serving high end brands – recently published testimonial
 - Allegro demo facilities up and running in all three major territories by end of May

Market conditions and main strategic efforts

- New product introductions to continue in H2/16
- Several existing customers becoming multi-system accounts
 - Mostly driven by web-to-print market
 - Especially in the US, recently also in Europe
 - U.K playing a key role – Spain and Italy coming back
- Asia Pacific region macro conditions and exchange rates create softness in that region – will continue to monitor
- Renewed efforts in Latin America reveal good market in Mexico and central America – Argentina leadership changes expected to have positive impact
- Online business a key factor in retail growth
 - Already representing 12% of \$340B apparel and footwear US market
 - Kornit very well positioned to overcome challenge of offering large variety while carefully managing inventories at retail web stores

Second quarter and rest of the year outlook

- Planning two large tradeshow events in China during Q2
- Two Allegro open house events in US and EU
 - Expected to yield strong sales leads
- Continue and complete preparations for Vulcan general availability in H2/16
- Expect moderate second quarter growth
- Expect significant ramp up in H2/16 emanating from:
 - Significant revenues from Vulcan
 - Significant contribution from large customer agreement
 - New product launches during H2
 - System upgrades start playing meaningful role for services business



Financial Overview

March Quarter 2016

Guy Avidan, Chief Financial Officer

May 3, 2016



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March Quarter Financial Results

- Quarterly revenues of \$21.8 million VS. \$17.6 in prior year, 24% YoY increase
- Quarterly non-GAAP gross margins of 48.7%, Increase from 45.7% in Q1 2015
- Operating expenses of \$9.9 million, up 49.3% YoY
 - Research and Development: 16.6% of revenues
 - Sales & Marketing: 19.7% of revenues
- \$70.7M cash balance at end of Q1

March Quarter – Geographic distribution

Geographic Segments	Q1-16
Americas	65%
EMEA	23%
Asia Pacific	13%
Total	100%

March Quarter – COGS & OPEX

- Non GAAP Gross margin of 48.7% in Q1/16 vs. 45.7% in Q1/15, and vs 48.6% Q4/15.
- R&D expenses: 16.6% of sales in Q1/16 vs. 15.5% in Q1/15
- Sales and Marketing expense: 19.7% of sales in Q1/16 vs. 14.6% in Q1/15
- G&A expenses: 9.3% of sales in Q1/16 vs. 7.7% in Q1/15
- Headcount as of March 31st was 363 employees

Q2' 2016 Guidance

- Expected revenues between \$23 million to \$26 million
- Operating income expected to be between 1.5% to 7.8% of revenues
- End of quarter share count expected to be approximately 32.4M



Than  You!



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