



Financial Results
December Quarter and Full Year 2015

February 9, 2016



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Today's Speakers



Gabi Seligsohn
CEO



Guy Avidan
CFO



Business Overview

December Quarter and full year 2015

Gabi Seligsohn, Chief Executive Officer



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2015 – another year of steep growth!

- Great finish to the year
 - 4th quarter revenues of \$25.5M represent 35% YoY growth
- Overall revenues for the year \$86.4M represent 30% YoY growth
 - In line with our CAGR for the past several years
- OpEx growth of 25.5% for the year while generating non-GAAP net income of 11%
 - Clearly demonstrates the strength of our business model even before factoring in operational efficiencies which will come at a later stage of our evolution

2015 – a year of significant achievements

- Successful completion of IPO in April
- Successful penetration of Allegro into multiple accounts and in multiple regions
- Successfully met our target of >90% of system revenues coming from industrial part of the market
- Laid solid foundations for turning service into a profitable business
- Trend towards large scale global accounts with localized fulfilment gaining momentum. Partnerships such as recently announced Amazon deal continue to grow
- Vulcan early demo created huge buzz - will turn into meaningful business in 2016
- Opened multiple locations and demo facilities around the world
- Successful onboarding of close to 100 new employees

Non-GAAP Financial & Operational Highlights

2-year Operating Highlights

✓ Revenue Growth Over 30% / yr

- ✓ System mix shift to industrial systems
- ✓ Higher volume of ink & consumables
- ✓ Launch of services business

560 basis point op margin improvement.

- ✓ Favorable mix shift to industrials systems
- ✓ Greater scale
- ✓ While investing in global infrastructure

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>13-15' Change</u>	
Total Revenues	49,395	66,364	86,405	↑ 74.9%	
Gross profit	21,549	29,400	41,278	↑ 91.6%	
Gross Margin	43.6%	44.3%	47.8%	↑ 410 bp	
operating expenses	18,340	24,556	30,830	↑ 68.1%	
Operating income	3,209	4,844	10,448	↑ 225.6%	
Net income	<u>1,356</u>	<u>4,047</u>	<u>9,405</u>	↑ 593.6%	

Great plans for 2016

- The stage is set for another year of strong growth and profitability
- Addressable DTG and R2R markets continue to grow
 - Leverage our strong market position
- Aggressive and highly differentiated product roadmap
 - Delivering new versions of our products; Extensive SW and HW upgrades for large installed base
- Take advantage of our leading chemistry and application capabilities to expand addressable market
- Proliferating Vulcan platform into multiple new and existing customers and market categories
 - We carefully chose a variety of early customers to qualify the system for production
 - Expecting to recognize meaningful revenues second half of the year
- R2R Allegro continues to be highly differentiated given proprietary process and quality
- Continue leading the supply chain revolution of printed textiles through strategic collaborations
- Achieve service breakeven results as a function of growth
- Continue to selectively grow infrastructure and HC at much slower pace

Plans for the first quarter of 2016

- Attending three meaningful tradeshows in Europe with significant announcements planned for FESPA Amsterdam in March
- First quarter is always seasonally low but will show nice growth vs. comparable quarter of 2015
- Aggressive plan for the year combines several roadmap items with strong market position
 - Provides confidence in our ability to continue to grow strongly in 2016



Financial Overview

December Quarter and full year 2015

Guy Avidan, Chief Financial Officer

February 9, 2016



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December Quarter Financial Results

- Quarterly revenues of \$25.5 million VS. \$18.9 in prior year, 35% YoY increase
- 16% Increase QoQ
- Quarterly non-GAAP gross margins of 48.6%, Increase from 45.6% in Q4 2014
- Operating expenses of \$9.1 million, up 31.7% YoY
 - Research and Development: 12.7% of revenues
 - SG&A: 22.8% of revenues
- \$74.1M Cash balances
- Positive cash flow from operating activities of \$0.6 million

December Quarter - Revenues

- \$25.5 revenues in Q4/15 – 35.1% increase vs. Q4/14
- \$86.4 revenues in 2015 30.2% increase vs. 2014
- Geographic distribution:

Geographic Segments	Q4-15	1-12.2015
Americas	59%	56%
EMEA	26%	25%
Asia Pacific	15%	19%
Total	100%	100%

- Increase in the proportions of high throughput systems sold

December Quarter – COGS & OPEX

- Non GAAP Gross margin of 48.6% in Q4/15 vs. 45.6% in Q4/14
- Non GAAP Gross margin of 47.8% in 2015 vs. 44.3% in 2014
- R&D expenses: 12.7% of sales in Q4/15 and 13.2% in 2015
- Sales and Marketing expense: 15.7% of sales in Q4/15 and 14.8% in 2015
- G&A expenses: 7.1% of sales in Q4/15 and 7.6% in 2015

December Quarter – Global Headcount

Geographic Personnel	Q4-15
Israel	220
USA - KDNA	51
Europe	36
Asia Pacific	36
Total	343

December Quarter – EPS

- Non GAAP Net Income Q4/15 \$3.2 - \$0.10 per diluted share
- GAAP Net Income Q4/15 \$2.1 - \$0.07 per diluted share
- Non GAAP Net Income in 2015 \$9.4 - \$0.35 per diluted share
- GAAP Net Income in 2015 \$4.7 - \$0.18 per diluted share

Q1' 2016 Guidance

- Expected revenues between \$21 million to \$24 million
- Operating income expected to be between 0% to 5% of revenues
- End of quarter share count expected to be approximately 32.5M



Than  You!



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