



Financial results September Quarter 2015



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November 3, 2015

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Today's Speakers



Gabi Seligsohn
CEO



Guy Avidan
CFO



Business Overview September Quarter 2015

Gabi Seligsohn, Chief Executive Officer



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Q3/15 Results summary

- Revenues at low end of guidance still represented 20% growth YoY
- Lower growth rate attributed to timing of system orders and some delayed system buying decisions
- Order traction started to improve towards end of the quarter and continuing into the 4th quarter
- Recent momentum provides confidence that we are on track to meet our plans
- Caught up with hiring plans – total employees end of quarter – 316
- Delivering close to 14% operating margin on Opex which increased 37% YoY and on low revenue base is testament to our strong business model

Main events during the quarter

- Multiple successful customer interactions led to multiple Allegro orders
 - Expected to install in Q4
- Allegro has proven it's a real production solution – Running 21X7
 - 4th Spoonflower system
- 3 successful in-house demos of Vulcan to brand owners and online printers
 - Customers impressed with speed, cost per print and flexibility
 - Customers say business transitioning to batches ranging several dozens to a few hundreds
 - Detailed analysis shows Vulcan is an excellent alternative to screen printing
- Neopigment Pure proliferation very successful – high quality results allow leading customer to penetrate high end retail (Nordstrom, Urban Outfitters)
- Continued to sign multiple service contracts
 - Strategic effort towards service breakeven in 2016 and long term profitability

Strong signs of retail move to digital

Fast Fashion is here!

- Chinese market focused on local brands and e-commerce – Apparel fastest growth
- Sourcing costs of employment, energy and real-estate coupled with restrictions on water
 - Manufacturers looking to move to variable cost structure and digital is the way to go!
- Our operation in China is expanding
- Online shopping for apparel and fabric is fastest growth sector for many global brands as well
- Some existing web to print customers transitioning to fulfill retail demand for brands
- Brick and Mortar moving to “test runs” with chase orders – batches of 200-300 units
- Advanced order management systems enable inventory optimization and efficiency
- Online traffic not just focused on personalization – shoppers look to choose from variety
- “Merch by Amazon” starts to offer monetization for app/game developers

Kornit is extremely well positioned to take advantage of these trends



Looking forward – leverage our leading position

- Continue to strengthen company position – SGIA and ITMA
- ITMA to include Vulcan and Allegro as well as other products and capabilities
 - SG&A expected to be up for the fourth quarter as a result of trade shows
- Next 6-12 months will include several new product introductions
 - Installed base upgrades to become key component for service revenues
- Despite slower sequential growth during 3rd quarter, Kornit is on track to continue enjoying growth rates of previous years:
 - Trend towards digital continues to strengthen
 - Strong market position
 - Expanded field presence
 - Proprietary and differentiated process
 - Aggressive product Roadmap



Financial Overview September Quarter 2015

Guy Avidan, Chief Financial Officer

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September Quarter Financial Results

- Quarterly revenues of \$22.2 million vs. \$18.5 in prior year period representing a 20% YoY increase
- 4% sequential increase vs. Q2/15
- Quarterly non-GAAP gross margins of 48.3%
- Nine months non-GAAP gross margin 47.3% Vs. 43.8% in the first nine months 2014
- Operating expenses of \$7.7 million, up 37.5% YoY
 - Research and Development: 13.2% of revenues
 - SG&A: 21.7% of revenues

September Quarter Financial Results

- NON-GAAP net income of \$2.9M, or \$0.09 per diluted share
- Non-GAAP net income of \$6.2M in the first nine months vs. \$2.4M in prior year period
- GAAP net profit of \$2.1M, or \$0.07 per diluted share
- Financial income of \$0.3M
- End of quarter cash balance of \$74.2 million

Q4' 2015 Guidance

- Expected revenues between \$24 million to \$27 million
- Operating income expected to be between 11.2% to 14.8% of revenues
- End of quarter share count expected to be approximately 32-34 Million



Than  You!



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