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IDEA

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Clean Tech | North America

Earnings Takeaways: SEDG, EVGO, ARRY, RUN & FLNC

Below, we lay out our takeaways on a busy day of Clean Tech Earnings.

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CLEAN TECH

North America

Industry View **In-Line**

WHAT'S CHANGED

	From	To
EVgo Inc (EVGO.O) Price Target	$3.50	**$2.50**
Solaredge Technologies Inc (SEDG.O) Price Target	$40.00	**$35.00**

AlphaSignals Earnings Reaction

Impact to our thesis	Financial results versus consensus	Direction of next 12-month consensus EPS
Array Technologies Inc (ARRY.O)		
Strengthens our thesis	↑ Meaningful upside	↑ Modest revision higher
EVgo Inc (EVGO.O)		
Weakens our thesis	– In-line	↓ Modest revision lower
Fluence Energy Inc (FLNC.O)		
Unchanged	↓ Meaningful shortfall	↓ Meaningful revision lower
Solaredge Technologies Inc (SEDG.O)		
Weakens our thesis	– In-line	↓ Modest revision lower
Sunrun Inc (RUN.O)		
Weakens our thesis	↓ Meaningful shortfall	↓ Modest revision lower

Source: Company data, Morgan Stanley Research

Array Technologies (ARRY)

Key Takeaways

- 2Q results exceeded expectations, with revenue 9% above consensus and adj EBITDA 46% higher; adj GM of 30.8% was more than 450 bps above consensus, driven by favorable mix, productivity and incremental 45X capture (Exhibit 1).
- ARRY booked $500m of orders in 2Q ($2.5b cumulative orderbook). The orderbook remains predominantly domestic (higher ASP) and ~80% expected to convert over the next six quarters.
- Margin execution improved, prompting a 100-bps increase to FY adj GM guidance and higher floors for adj EBITDA and EPS. However, margins peaked in 2Q as higher metals and logistics costs and a greater international mix will lower GM for the 2H.
- ARRY's M&A strategy is progressing well; AWM adds a complementary wire-management solution for the consolidated business. ARRY is now focused on capturing incremental synergies and cross-selling opportunities.
- FY revenue guidance was unchanged (project timing will create a more pronounced 4Q weighting) and ARRY raised it's FY GM guidance range 100 bps to 27-28% and the narrowed the bottom end of its EBITDA guide.

Our thoughts:

ARRAY delivered a broad-based 2Q beat, with stronger domestic volume and mix, cost-out execution and higher 45X capture supporting revenue, GM and adj EBITDA upside. The underlying setup has improved through record backlog, better cost execution and a broader product portfolio despite the relatively soft 3Q rev guide - driven primarily by project timing. However, in our view, the risk-reward remains balanced as the focus shifts to sustaining margins and demonstrating tangible synergies and cross-selling benefits from APA and AWM.

Remain EW with an unchanged $8 PT. We have aligned our forecasts with the updated FY guidance, with modestly better profitability offset by limited change to the revenue outlook, greater 4Q concentration and the associated working-capital timing. The current valuation continues to reflect a balanced risk-reward: stronger execution and M&A synergies could drive estimate upside, while integration, margin normalization and backlog-conversion risks remain.

Exhibit 1: ARRY 2Q26 Variance

VARIANCE TABLE - EARNINGS RESULTS ARRAY Technologies, Inc.	2Q 2026	Cons	MSe	vs. Cons	vs. MSe
Income Statement ($m)					
Revenue	$342	$313	$310	9.3%	10.4%
Adj. Gross Margin	30.8%	26.3%	27.9%	*+452 bps*	*+288 bps*
Adj. EBITDA	$63	$43	$40	45.6%	57.6%
Adj. EBITDA Margin %	*19%*	*14%*	*13%*		

Source: Company data, Factset, Morgan Stanley Research estimates

Exhibit 2: ARRY FY26 Guidance

VARIANCE TABLE - GUIDANCE ARRAY Technologies, Inc.	Low	FY 2026 High	Midpoint	Cons	MSe	vs. Cons	vs. MSe
Income Statement ($m)							
Revenue*	$1,400	$1,500	$1,450	$1,463	$1,463	-0.9%	-0.9%
Adj. EBITDA	$210	$230	$220	$219	$218	0.7%	0.9%
Adj. EPS	$0.68	$0.75	$0.72	$0.71	$0.79	0.9%	-9.0%

Source: Company data, Factset, Morgan Stanley Research estimates

EVgo Inc. (EVGO)

EVgo delivered 2Q results broadly in line with expectations, but reduced FY26 revenue and adj. EBITDA guidance as slower EV adoption, a more gradual ramp in the 2025 stall cohort and weaker conversion of retail customers from expiring OEM charging programs weigh on near-term throughput. Separately, the Tesla agreement is an incrementally constructive development that expands EVgo's addressable market.

Key Takeaways

- 2Q revenue of $83m and an adj. EBITDA loss of $11m were within the company's prior outlook. Charging network revenue increased 19% y/y and throughput grew 13%, while lower eXtend and AV activity drove the decline in consolidated revenue (Exhibit 3).
- EVgo ended the quarter with 5,380 operational stalls, up 24% y/y, but daily throughput per public-network stall declined modestly because of a slower ramp in the 2025 vintage, weakening utilization of legacy equipment and lower-than-expected customer conversions.
- FY26 guidance was lowered to $400-430m of revenue and an adj. EBITDA loss of $25-5m, heavily back-end loaded.
- EVGO announced an agreement with TSLA (covered by Andrew Percoco) deploy V4 500kW superchargers under the EVgo brand. This should provide 2x EVGO's TAM by accelerating its NACS ramp - EVgo will own the assets and control site selection and pricing, while Tesla will build and operate the chargers.
- Management also introduced illustrative 2030 targets of 15,000-17,000 public stalls and $400-600m of adj. EBITDA and noted its next generation charger will begin to be installed in 2H26.

The Tesla partnership is the most important incremental development from the quarter, in our view. In addition to deploying EVgo-branded Superchargers, NACS-equipped EVgo sites will become visible in Tesla navigation, potentially addressing a major customer-acquisition bottleneck. The economics appear favorable given comparable capex and operating costs, existing financing availability and limited incremental growth G&A.

Lowering our PT to $2.50 from $3.50; Remain EW. We've revised our model to incorporate EVGO's lower 2026 guidance and in tandem we've lowered our medium and long term profitability forecasts. Our stall deployment progression and revenue estimates are largely unchanged. Our DCF-derived valuation now implies 6.7x MSe 2028 EBITDA (vs 8.6x previously). While the core business model remains intact and we are confident in the long term growth story, shares have declined ~50% YTD and we see a limited path of catalysts that could spur an inflection in current trading levels.

Exhibit 3: EVGO 2Q26 Variance

VARIANCE TABLE - EARNINGS RESULTS EVgo Inc	2Q 2026	Cons	MSe	vs. Cons	vs. MSe
Income Statement ($m)					
Revenue	$83	$80	$84	3%	-1%
Adj. Gross Margin	31.8%	24.5%	33.6%	+732 bps	-179 bps
Adj. EBITDA	($11)	($10)	($9)	-6%	-23%
Adj. EBITDA Margin %	-12.8%	-12.5%	-10.3%		

Source: Company data. Factset. Morgan Stanley Research estimates

Exhibit 4: EVGO FY26 Guidance

VARIANCE TABLE - GUIDANCE EVGo Inc	FY 2026 Low	 High	 Mid	Cons	Mse	vs. Cons	vs. MSe
Income Statement ($m)							
Revenue	$400	$430	$415	$433	$432	-4.1%	-4.0%
Adj. EBITDA	($25)	($5)	($15)	($1)	($2)	-1403%	-654%
Adj. EBITDA Margin %			-3.6%	-0.2%	-0.5%		

Source: Company data, Factset, Morgan Stanley Research estimates

Fluence Energy (FLNC)

Key Takeaways

- 3Q revenue of $650m and adj EBITDA of $(29)m were below expectations, mgmt attributed ~$90m of rev shortfall to manufacturing delays and initial quality issues at a new international facility.
- Demand remained strong, with record order intake of $1.44bn and backlog increasing 14% q/q to a company-record $6.4bn; mgmt expects 4Q order intake to exceed the 3Q level.
- Adj GM declined to 5.9%, reflecting lower rev conversion and production-delay related costs. FLNC also incurred ~$15m of upfront cost related to a planned international battery cell supply agreement; margin recovery now depends on successful facility ramps and normalization of these costs.
- In July, FLNC booked $850m of orders from data centers and its data-center pipeline increased 35% to 16 GWh.
- FY26 rev and adj EBITDA guidance midpoints were lowered to $3.0bn and $(10)m (Exhibit 6), reflecting ~$400m of rev shifting into FY27 from production delays;

FLNC's earnings call is scheduled for 8:30 AM EST today.

Exhibit 5: FLNC FY3Q26 Variance

VARIANCE TABLE - EARNINGS RESULTS Fluence Energy	3Q 2026	Cons	MSe	vs. Cons	vs. MSe
Income Statement ($m)					
Revenue	$650	$819	$804	-21%	-19%
Adj. Gross Margin	5.9%	11.9%	11.2%	-600 bps	-534 bps
Adj. EBITDA	($29)	$14	($6)	-306%	-367%
Adj. EBITDA Margin %	*(5%)*	*2%*	*(1%)*		

Source: Company data, Factset, Morgan Stanley Research estimates

Exhibit 6: FLNC FY26 Guidance

VARIANCE TABLE - GUIDANCE Fluence Energy	FY 2026 Low	 High	 Midpoint	Cons	MSe	vs. Cons	vs. MSe
Income Statement ($m)							
Revenue*	$2,900	$3,100	$3,000	$3,362	$3,387	-11%	-11%
Adj. EBITDA	($30)	$10	($10)	$53	$55	-119%	-118%
Adj. EBITDA Margin %			*(0.3%)*	*1.6%*	*1.6%*		

Source: Company data, Factset, Morgan Stanley Research estimates

Sunrun (RUN)

Key Takeaways

- 2Q operating metrics were below expectation as RUN continues to strategically reduce affiliate originations and Freedom Forever Chapter 11 bankruptcy weighs on demand (Exhibit 7).
- Underlying direct demand improved despite weaker overall originations. Direct volumes increased more than 20% q/q and was nearly flat y/y. RUN reiterated that the transition should improve the quality of business in the longer term.
- Upfront costs were higher in 2Q as sales hiring/onboarding has taken longer than anticipated and channel-mix costs were front-loaded, although mgmt expects margin improvement in 3Q as productivity increases.
- Fleet monetization is emerging as the principal strategic upside. RUN's 4.6 GWh of networked storage supports a grid-services business expected to generate approximately $40m of 2026 revenue and more than $10m of operating margin, while the 16 GW hyperscaler framework and distributed AI pilot expand the potential opportunity but remain early-stage.
- FY26 guidance was reduced, with Aggregate Subscriber Value now expected at $4.6-4.9bn (vs $4.8-5.2b previously) and Cash Generation at $200-375m excluding safe-harbor investments (vs $250-450m).

Exhibit 7: RUN 2Q26 Variance

VARIANCE TABLE - EARNINGS RESULTS RUN	2Q 2026	Cons	MSe	vs. Cons	vs. MSe
Key Performance Indicators					
Net Subscriber Value ($)	$9,444	$11,276	$7,865	-16.2%	20.1%
Customers Added	20,979	25,454	25,526	-17.6%	-17.8%
Solar MW Deployed	174	198	182	-11.9%	-4.4%
Storage MWh Deployed	332	NA	382	NA	-13.1%

Source: Company data, Visible Alpha, Morgan Stanley Research estimates

SolarEdge (SEDG)

SolarEdge delivered better-than-expected 2Q results and returned to profitability, but the quality of the margin improvement and softer 3Q demand outlook are the key offsets. Headline GM benefited materially from tariff refunds, while lower volume and fixed-cost absorption pressure the underlying margin cadence. Nexus adoption could provide upside as the platform ramps, but we still need evidence of sustained share gains and demand recovery. Lowering our PT to $35 from $40; remain EW.

Key Takeaways

- 2Q revenue of $346m was modestly above consensus, while adj. GM and operating income exceeded expectations; however, the 28.6% adj. GM included a $13.3m tariff refund.
- Demand remains soft, particularly in US residential. Constrained tax-equity funding, FEOC uncertainty and cautious distributor purchasing are limiting near-term activity. Management does not expect the typical US seasonal pickup in 3Q.
- 3Q revenue guidance implies a sequential decline, led by European seasonality and continued US residential weakness. The 22-26% GM outlook excludes potential tariff refunds and reflects lower fixed-cost absorption, keeping the pace of underlying margin recovery as the central debate.
- Nexus is the principal upside opportunity. Three-phase European shipments exceeded $60m in 2Q, initial US feedback has been positive, and approvals across financing platforms should support broader adoption as volume rollout begins.
- SST development continues to progress, with live demonstrations completed and a full-scale lab system targeted by year-end, followed by pilots in 2027 and initial revenue in 2028. We continue to view SSTs as longer-dated optionality rather than a near-term earnings driver.

Our thoughts:

The quarter demonstrated continued operational discipline as SEDG achieved its first profitable quarter in two years but 3Q guidance was well below expectations, weighing on shares yesterday. The return to profitability is constructive, though lower volumes in the remainder of the year will still materially pressure profitability through fixed-cost absorption. Europe and US C&I remain relative areas of strength, but softer US residential demand and distributor caution reduce visibility into a broader recovery.

Nexus could improve the setup if installer adoption translates into measurable share gains and stronger storage attachment, particularly as US financing approvals expand and the European rollout broadens. The timing of demand normalization remains dependent on funding conditions and regulatory clarity, while SSTs are unlikely to contribute meaningfully before 2028. Execution on Nexus and evidence that GM can recover without refund benefits are the key incremental proof points.

Lowering our PT to $35 from $40; remain EW. We've adjusted our DCF-derived valuation, implying 15.7x MSe 2027 EBITDA. now represents 3.9% upside to yesterday's close. The lower PT embeds 3Q guidance and reflects reduced confidence in the near-term core demand and underlying margin recovery trajectory, partly offset by greater upside potential from Nexus adoption. We look towards SEDG's analyst day in September for updated medium term guidance and as the next catalyst for shares.

Exhibit 8: SEDG 2Q26 Variance

VARIANCE TABLE - EARNINGS RESULTS SolarEdge Technologies, Inc.	2Q 2026	Cons	MSe	vs. Cons	vs. MSe
Income Statement ($m)					
Revenue	$346.2	$341.2	$342.4	1.5%	1.1%
Adj. Gross Margin	27.5%	24.5%	25.6%	+302 bps	+190 bps
Adj. EBIT	$10.2	($3.4)	$5.4	397.4%	88.8%
Adj. EBIT Margin %		-1.0%	+1.6%		
Adj. Net Income	$3.6	($0.7)	$1.9	645.4%	87.1%
Diluted Shares	60	75	61		
Diluted EPS	$0.06	($0.01)	$0.03	785.2%	89.7%
Free Cash Flow	$3.1	($19.8)	$103.4	115.6%	-97.0%
Key Performance Indicators					
Solar System Unit Shipments (K#)	2,549	2,872	3,387	-11.3%	-24.8%
Battery Shipments (MWh)	426	NA	321	NA	32.7%

Source: Company data, Factset, Visible Alpha, Morgan Stanley Research estimates

Exhibit 9: SEDG 3Q26 Guidance

VARIANCE TABLE - GUIDANCE SolarEdge Technologies, Inc.	3Q 2026 Low	 High	 Midpoint	Cons	MSe	vs. Cons	vs. MSe
Income Statement ($m)							
Total Revenue	$310.0	$340.0	$325.0	$368.1	$383.1	-11.7%	-15.2%
Adj. Gross Profit	$68.2	$88.4	$78.3	$93.9	$103.5		
Adj. Gross Margin*	22.0%	26.0%	24.0%	25.5%	27.0%	-152 bps	-303 bps
Adj. Operating Expenses	$86.0	$91.0	$88.5	$83.4	$87.3	6.1%	1.3%
Implied Adj. EBIT	($22.8)	$2.4	($10.2)	$10.6	$16.2	-196.7%	-162.9%
Adj. EBIT Margin %			-3.1%	+2.9%	+4.2%		

Source: Company data, Factset, Morgan Stanley Research estimates

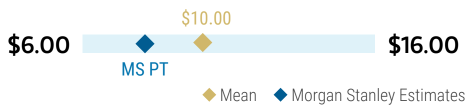
Risk Reward – Array Technologies Inc (ARRY.O)

Competitive Pressure Weighing on Profitability Outlook; Sector Demand Remains

PRICE TARGET $8.00

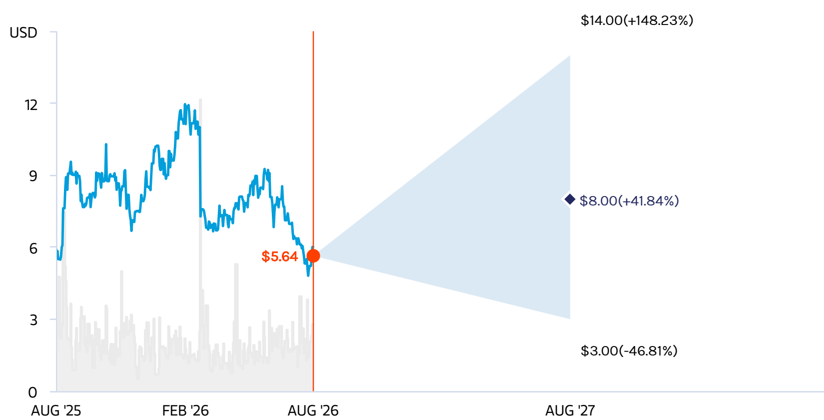
We value ARRY using a DCF to 2035, with unlevered free cash flow of -$57m in 2026 growing to $297m in 2035. We use a 12% WACC which embeds a 4.25% risk-free rate, a 25% tax rate (Federal and State), a 4.6% equity risk premium, and a 2.0 beta. PT implies a 1.5 EV/ 2027 Sales multiple and 8.6x 2026 adj. EBITDA.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



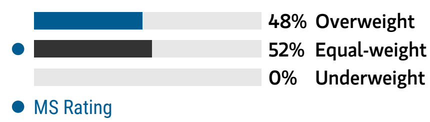
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

Strong product value proposition to take share from fixed tilt systems and compete effectively vs. other trackers in the market. With recent acquisition of APA, ARRY remains well positioned for US market share recovery and international expansion offers large addressable market. However, persistent interconnection delays and supply chain challenges are headwinds. The Inflation Reduction Act's Section 45X credits, should continue to provide a benefit to margins until it is phased down.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Negative*
Renewable Energy: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $14.00

9.2x 2027 EV/EBITDA

ARRY is able to sustain its strong market share position longer-term, leading to gross margins maintained at ~28-32% through 2032, after which we expect margin compression through 2035 to 22%. This drives 2030 FCF to $334m. Assumes a slightly lower WACC of 11.1%.

BASE CASE $8.00

8.0x 2027 EV/EBITDA

ARRY maintains its market share position in a growing US market. Longer-term we expect margins to erode as new entrants come to market. We value ARRY using a DCF to 2035, with unlevered free cash flow of -$152m in 2026 growing to $289m in 2030. We use a WACC of 12% which embeds a 4.25% risk-free rate, a 25% tax rate (Federal and State), a 4.6% equity risk premium, and a 2.0 beta.

BEAR CASE $3.00

5.1x 2026 EV/EBITDA

Increased competition leads to GAAP gross margin erosion from 26% in 2026 to 22% by 2035. FCF sees minimal expansion, reaching $241m in 2030 but declining to $163m in 2035. In the bear case we apply a 13% WACC, incorporating a 2.25 beta, 4.6% ERP and 4.25% risk-free rate.

Risk Reward – Array Technologies Inc (ARRY.O)

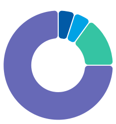
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Volume Growth (%)	29.1	10.4	8.8	10.6
Total Product & Install ASP ($/W) ($)	0.102	0.106	0.104	0.104
Total Installed System Cost-TISC ($/W) ($)	0.078	0.081	0.081	0.079

INVESTMENT DRIVERS

- Differentiated margin profile derived from product offering
- Shortening timelines from awards to project starts
- Penetration of trackers Internationally

GLOBAL REVENUE EXPOSURE



- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% Latin America
- 10-20% Europe ex UK
- 70-80% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

RISKS TO PT/RATING

RISKS TO UPSIDE

- Stronger than expected demand for utility-scale solar
- 45X phasedown later than expected
- Better than expected international execution / FX
- Favorable rate environment

RISKS TO DOWNSIDE

- Competitors imitate product, driving more competition
- Continued FX fluctuations and lower demand
- Customer base exposure to project financing challenges

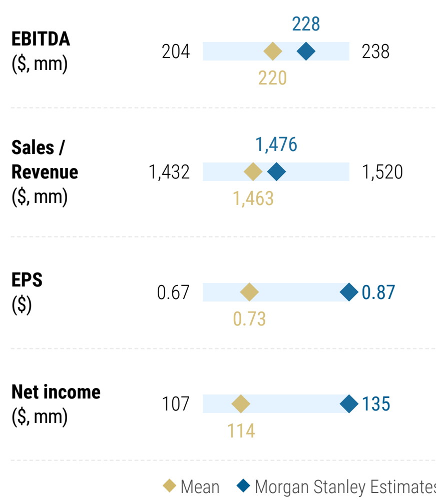
OWNERSHIP POSITIONING

Inst. Owners, % Active	59.5%
HF Sector Long/Short Ratio	1.4x
HF Sector Net Exposure	8.8%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

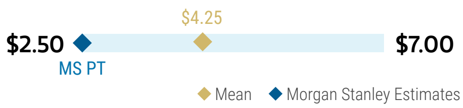
Risk Reward – EVgo Inc (EVGO.O)

Attractive Growth Priced In Along with Regulatory and Competitive Risks

PRICE TARGET $2.50

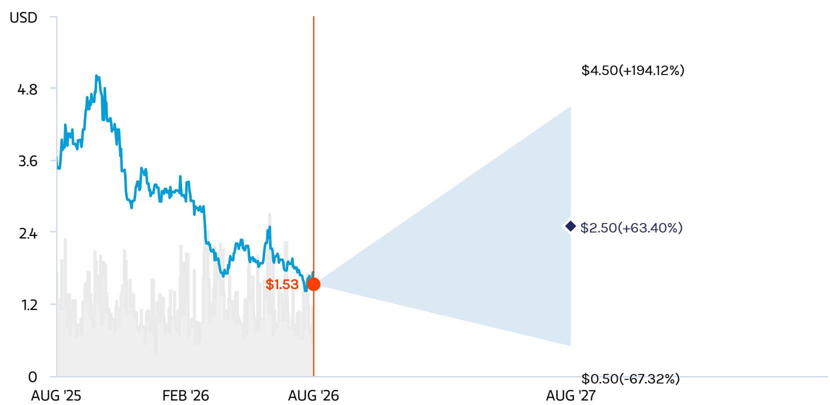
Our DCF uses a 11.2% WACC based on a capital structure with 15% debt and 85% equity. We assume a 4.25% risk-free rate, a 21% tax rate (federal and state), a 4.60% equity risk premium, and 1.75x beta.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



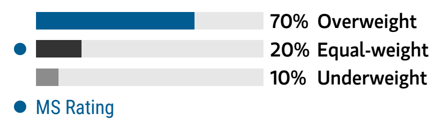
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

EQUAL-WEIGHT THESIS

EVgo is well positioned to benefit from relatively robust growth in EV penetration, in part due to its strong partnerships with auto OEM's (GM, Nissan, and Toyota), retail chains (Target, Whole Foods, Kroger, and more), and ridesharing fleets (Uber & Lyft). That said, an uncertain EV regulatory environment, heightened competition from Tesla are key risks to the outlook. We believe the current valuation appropriately balances the revenue and earnings growth outlook.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Electric Vehicles: *Positive*
Renewable Energy: *Positive*
Secular Growth: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $4.50

EV VIO and EVGO Stall Build Out Re-Accelerates

Our bull case assumes EV VIO growth reacceleration and EVGO increases its stall build out above expectations through additional non-dilutive financing. Increased volumes drive significant operating leverage via throughput and utilization well above expectations. The company grows revenue at a 30% CAGR from 2026-2035E and 2035E adj. EBITDA margin goes to ~40%.

BASE CASE $2.50

EV VIO Growth, EVGO Stall Build Out Proceeds

Our base case assumes continued EV VIO growth and EVGO's stall build out proceeds as laid out by the company. The company generates attractive unit economics from operating leverage and grows revenue at a ~25% CAGR from 2026-2035E and 2035E adj. EBITDA margin goes to ~37%.

BEAR CASE $0.50

Increased Competition and EV Penetration Lags

Our bear case assumes EV VIO slows materially longer term and greater competitor investment in their own infrastructure, limiting EVGO throughput and utilization growth. Revenue grows at a 22% CAGR from 2026-2035E and 2035E adj. EBITDA margin goes to ~39%.

Risk Reward – EVgo Inc (EVGO.O)

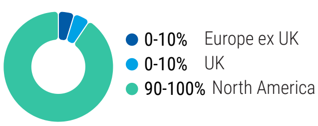
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Revenue Growth (%)	50	6	54	21
EBITDA Margin (%)	3	(6)	10	18
FCF ($, mm)	(124)	(328)	(258)	(186)

INVESTMENT DRIVERS

- EV VIO (Vehicles in Operation)
- DCFC industry charger count
- Stalls in operation
- Electricity prices

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

RISKS TO PT/RATING

RISKS TO UPSIDE

- Additional non-dilutive financing
- Partnerships with OEMs, rideshare, and fleet operators
- EVgo successfully decreases capex per stall

RISKS TO DOWNSIDE

- Repeal or limitation of EV government subsidies or Department of Energy loan
- Increased competition leads to lower EVgo volumes
- Rideshare and fleet operators are slow to adopt to EVs / AVs

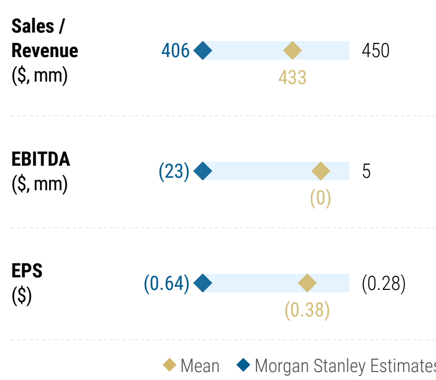
OWNERSHIP POSITIONING

Inst. Owners, % Active	45.1%
HF Sector Long/Short Ratio	1.7x
HF Sector Net Exposure	11.1%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

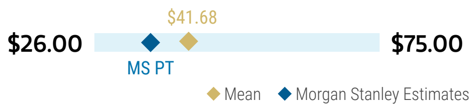
Risk Reward – Solaredge Technologies Inc (SEDG.O)

Constructive Outlook for TPO Resi Solar Market and New Product Opportunities

PRICE TARGET $35.00

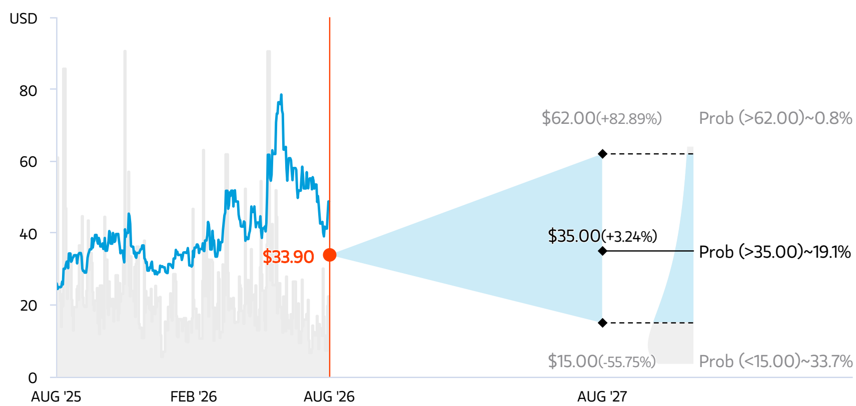
Our PT is arrived at using an unlevered Discounted Cash Flow (DCF) analysis that reflects: 1) ~9% annual revenue growth between 2025-2035 partially due to sustained depressed resi solar demand in the near term ; 2) operating profit margin expansion from 10% in 2023 to a peak of 21% by 2030, after which we assume some compression to ~13% by 2035; 3) EBITDA breakeven starting in 2026; and 4) a WACC of 11.7%.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



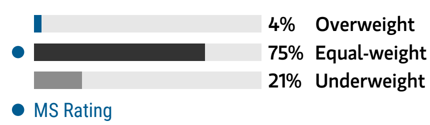
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 5 Aug 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

EQUAL-WEIGHT THESIS

- **Recovering residential solar demand.** An improving interest rate environment and tax credit clarity provide a path for US resi solar originations to rebound, though offset by the sunsetting of 25D at YE25.
- **Growing profitability.** Higher shipment volumes of US manufactured products with 45X credits and new product introductions strengthen SEDG's profitability outlook and should offer a roadmap back to pre-Covid levels.
- **International headwinds likely to persist.** There remains a ways to go to regain share and execute on key objectives. SEDG is competing against Chinese peers selling at a steep discount, particularly in the EU, where the company historically has had an outsized exposure.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Technology Diffusion: *Positive*
Renewable Energy: *Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $62.00

21.4x 2027 EV/EBITDA

Driven by higher top-line CAGR of ~12% (vs. 9% in base case) in 2025-2035 reflecting a quicker recovery of solar demand, operating margin reaches 20% in 2031 before declining to ~15% by 2035, and uses a WACC of 10.6% (vs 11.7% in the base case).

BASE CASE $35.00

15.7x 2027 EV/EBITDA

Discounted Cash Flow (DCF) analysis that reflects: 1) ~9% annual revenue growth between 2025-2035 partially due to sustained depressed resi solar demand in the near term ; 2) operating profit margin expansion from 10% in 2023 to a peak of 21% by 2030, after which we assume some compression to ~14% by 2033; 3) EBITDA breakeven starting in 2026; and 4) a WACC of 11.7%.

BEAR CASE $15.00

12.6x 2027 EV/EBITDA

Assumes a 6% revenue CAGR between 2025-2035 reflecting prolonged depressed resi solar demand and a larger negative impact from the sunsetting of 25D, peak adj. operating margin reaches 17% in 2033 and falls to 7% by 2035, and uses a WACC of 12.8%.

Risk Reward – Solaredge Technologies Inc (SEDG.O)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Total MWs Shipped	0.0	0.0	0.0	0.0
Blended Solar ASP ($/W) ($)	0.00	0.00	0.00	0.00
Non-GAAP Op. Margin (%)	(13.1)	(1.3)	5.6	11.6

INVESTMENT DRIVERS

Upside Drivers

- Modest solar installations globally
- Continued decarbonization of the global economy
- Differentiated product offering

Downside Drivers

- Elevated interest rates
- Adverse solar net metering policies
- Increased competition

GLOBAL REVENUE EXPOSURE

- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% MEA
- 0-10% UK
- 10-20% Europe ex UK
- 50-60% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 **BEST**	24 Month Horizon	5/5 **MOST**	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Increased market share gains in various markets
- A reduction in US tariffs on Chinese products
- Appreciation of the Euro & other FX
- Acceleration of global decarbonization drives higher volumes

RISKS TO DOWNSIDE

- Failure to differentiate product offering hinders share gains and margin stability
- Devaluation of currencies relative to USD
- Slowdown in residential solar extends into 2030+
- Needs to raise capital for liquidity

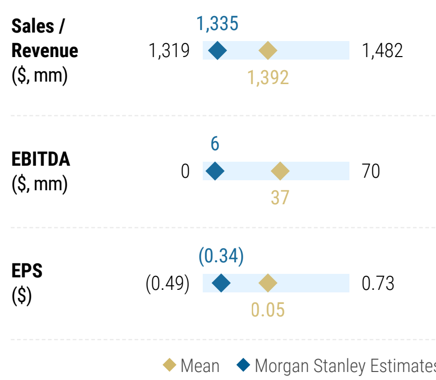
OWNERSHIP POSITIONING

Inst. Owners, % Active	49.4%
HF Sector Long/Short Ratio	2.1x
HF Sector Net Exposure	29.5%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e



Source: Refinitiv, Morgan Stanley Research

Valuation Methodology and Risks

Fluence Energy Inc (FLNC.O)

Our DCF-derived price target uses a 13.4% WACC and terminal margins of 12% reflect uncertainty around previously anticipated margin expansion. We assume a 4.00% risk-free rate, a 25% tax rate (federal and state), a 4.61% equity risk premium, and a 2.25 beta.

Risks to Upside

- Cost declines for batteries and renewables
- Favorable outcome in energy storage tax credits
- Adoption of domestic cells faster than expected

Risks to Downside

- Competitive behavior from foreign cell suppliers continue to weigh on margins, especially internationally
- Execution on battery manufacturing and cost mitigation strategies
- Incremental tariffs levied on supply chain

Sunrun Inc (RUN.O)

We use a DCF to estimate the value of existing assets and value of future growth. Our DCF inputs include 4% annual solar customer growth and ~7% annual storage growth through 2030, a 7.5% discount rate to value the NPV of assets placed in service and a ~11% cost of equity to discount future deployments back to the present.

Risks to Upside

- Stronger than expected battery storage attachment rate
- Larger than expected cost reductions
- Access to financing at favorable terms

Risks to Downside

- Negative regulatory outcomes
- Increased competition in the residential solar industry
- Poor execution on achieving lower incremental project costs
- Risk of re-contracting with existing customers and signing new leases
- Difficulty assessing cheap financing

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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Global Stock Ratings Distribution

(as of July 31, 2026)

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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1529	42%	442	47%	29%	750	43%
Equal-weight/Hold	1582	43%	396	42%	25%	773	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	560	15%	97	10%	17%	217	12%
Total	3,674		936			1741	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

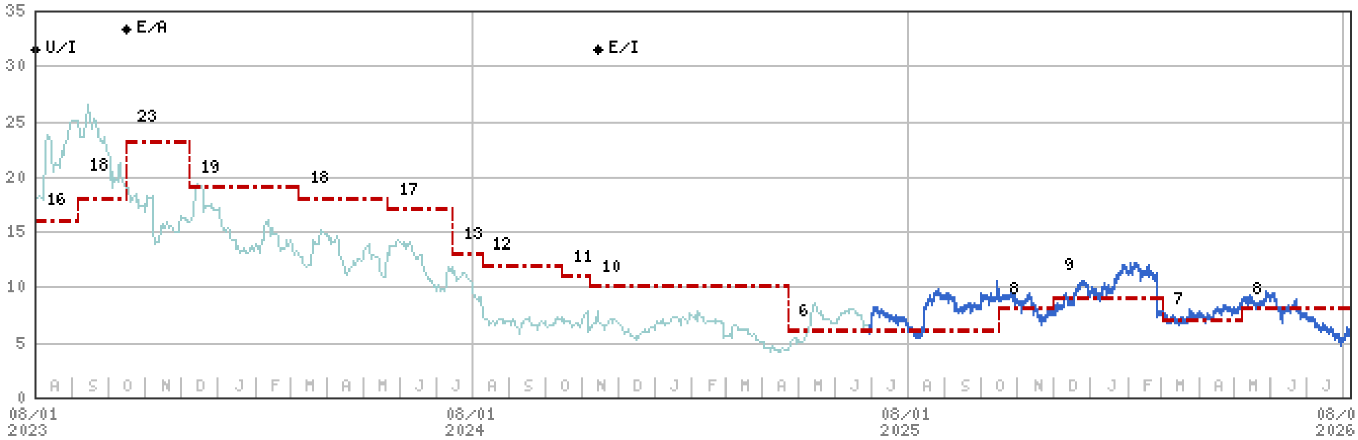
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Array Technologies Inc (ARRY.O) - As of 08/06/26 GMT in USD
Industry : Clean Tech



Stock Rating History: 8/1/21 : E/I; 1/13/22 : E/A; 8/18/22 : U/A; 4/3/23 : U/I; 10/17/23 : E/A; 11/15/24 : E/I

Price Target History: 5/14/21 : 19; 9/8/21 : 20; 12/2/21 : 21; 1/13/22 : 18; 5/9/22 : 17; 6/13/22 : 14; 6/29/22 : 15; 8/18/22 : 17; 11/2/22 : 16; 4/3/23 : 17; 7/17/23 : 16; 9/6/23 : 18; 10/17/23 : 23; 12/8/23 : 19; 3/8/24 : 18; 5/22/24 : 17; 7/16/24 : 13; 8/9/24 : 12; 10/15/24 : 11; 11/8/24 : 10; 4/23/25 : 6; 10/16/25 : 8; 12/1/25 : 9; 3/2/26 : 7; 5/8/26 : 8

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
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Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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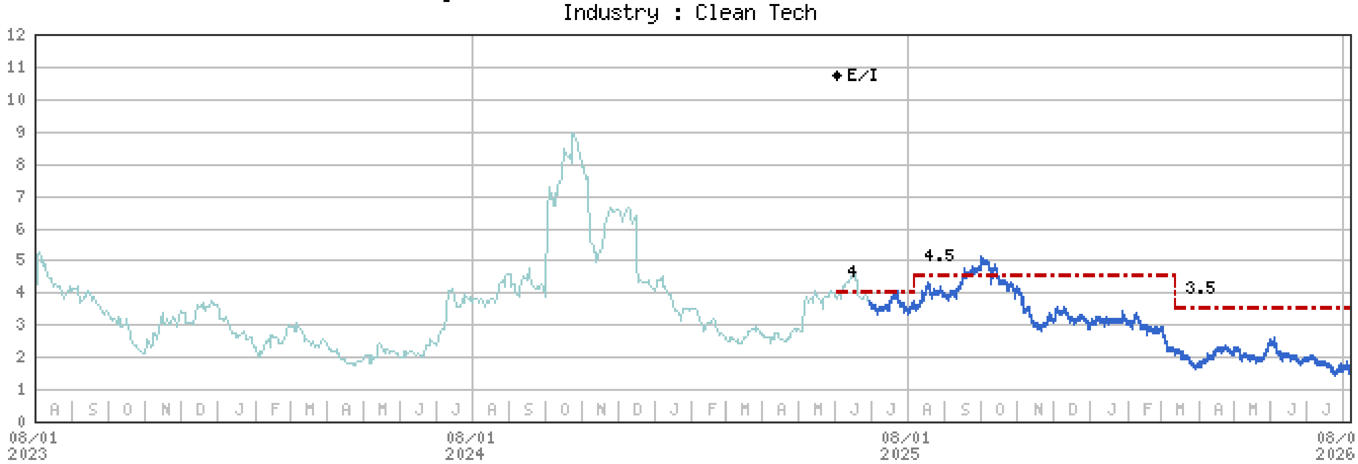
EVgo Inc (EVGO.O) - As of 08/06/26 GMT in USD
Industry : Clean Tech



Stock Rating History: 6/2/25 : E/I

Price Target History: 6/2/25 : 4; 8/6/25 : 4.5; 3/13/26 : 3.5

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
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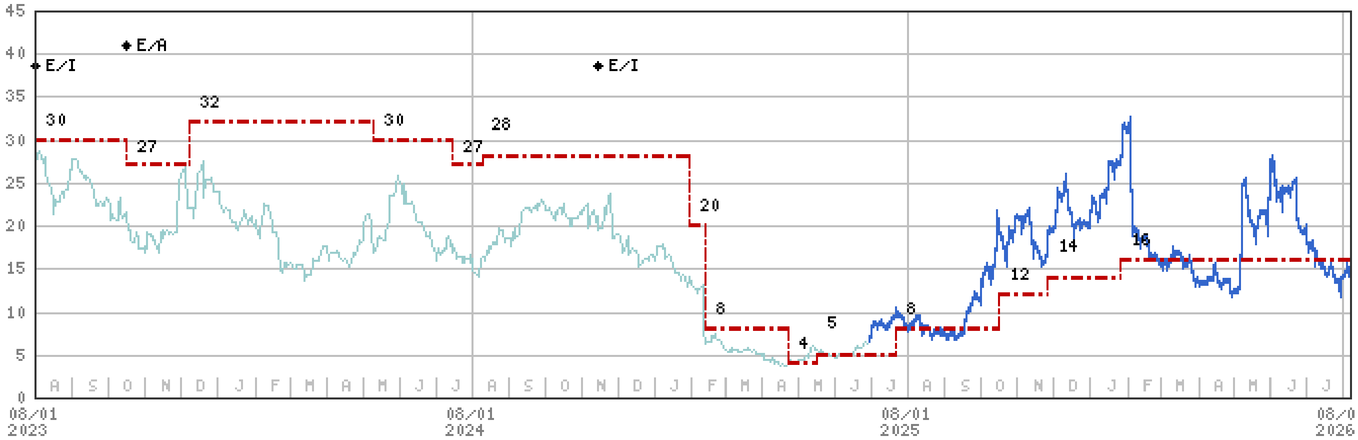
Fluence Energy Inc (FLNC.O) - As of 08/06/26 GMT in USD
Industry : Clean Tech



Stock Rating History: 11/22/21 : E/I; 1/13/22 : E/A; 4/3/23 : E/I; 10/17/23 : E/A; 11/15/24 : E/I

Price Target History: 11/22/21 : 39; 1/13/22 : 34; 4/5/22 : 16; 6/13/22 : 13; 8/18/22 : 17; 9/22/22 : 18; 1/9/23 : 20; 4/3/23 : 22; 6/14/23 : 26; 7/17/23 : 30; 10/17/23 : 27; 12/8/23 : 32; 5/10/24 : 30; 7/16/24 : 27; 8/9/24 : 28; 1/29/25 : 20; 2/12/25 : 8; 4/23/25 : 4; 5/16/25 : 5; 7/21/25 : 8; 10/16/25 : 12; 11/26/25 : 14; 1/26/26 : 16

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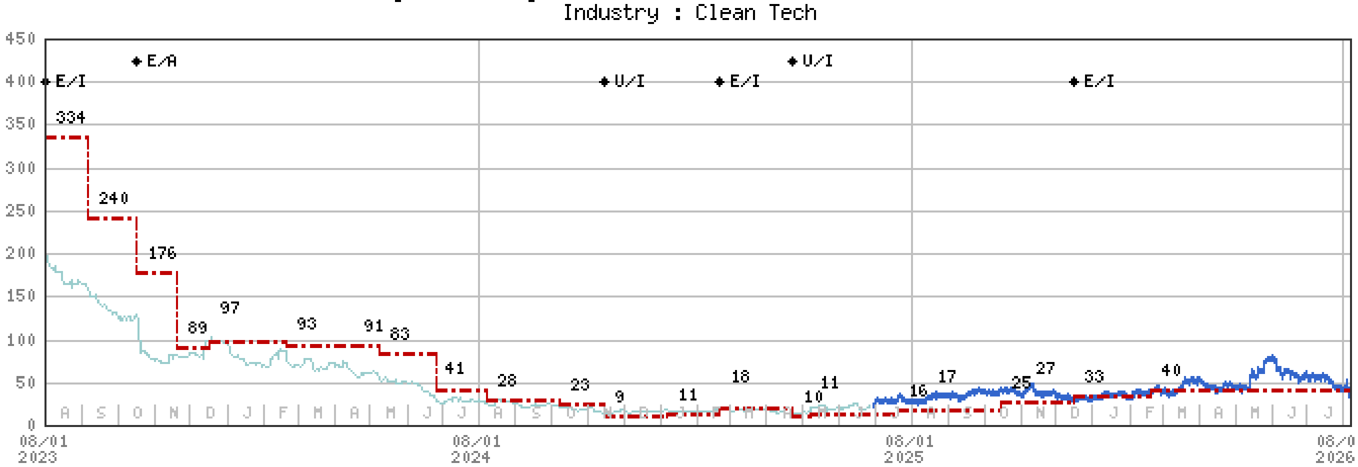
Solaredge Technologies Inc (SEDG.O) - As of 08/06/26 GMT in USD
Industry : Clean Tech



Stock Rating History: 8/1/21 : O/I; 11/30/21 : E/I; 1/13/22 : E/A; 4/3/23 : E/I; 10/17/23 : E/A; 11/15/24 : U/I; 2/20/25 : E/I; 4/23/25 : U/I; 12/16/25 : E/I

Price Target History: 6/21/21 : 310; 8/19/21 : 318; 11/30/21 : 338; 1/13/22 : 307; 3/22/22 : 333; 6/13/22 : 316; 8/18/22 : 352; 11/2/22 : 344; 1/9/23 : 374; 4/3/23 : 370; 7/17/23 : 334; 9/6/23 : 240; 10/17/23 : 176; 11/20/23 : 89; 12/18/23 : 97; 2/21/24 : 93; 4/17/24 : 91; 5/9/24 : 83; 6/25/24 : 41; 8/6/24 : 28; 10/8/24 : 23; 11/15/24 : 9; 1/7/25 : 11; 2/20/25 : 18; 4/23/25 : 10; 5/7/25 : 11; 7/21/25 : 16; 8/14/25 : 17; 10/16/25 : 25; 11/6/25 : 27; 12/16/25 : 33; 2/19/26 : 40

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
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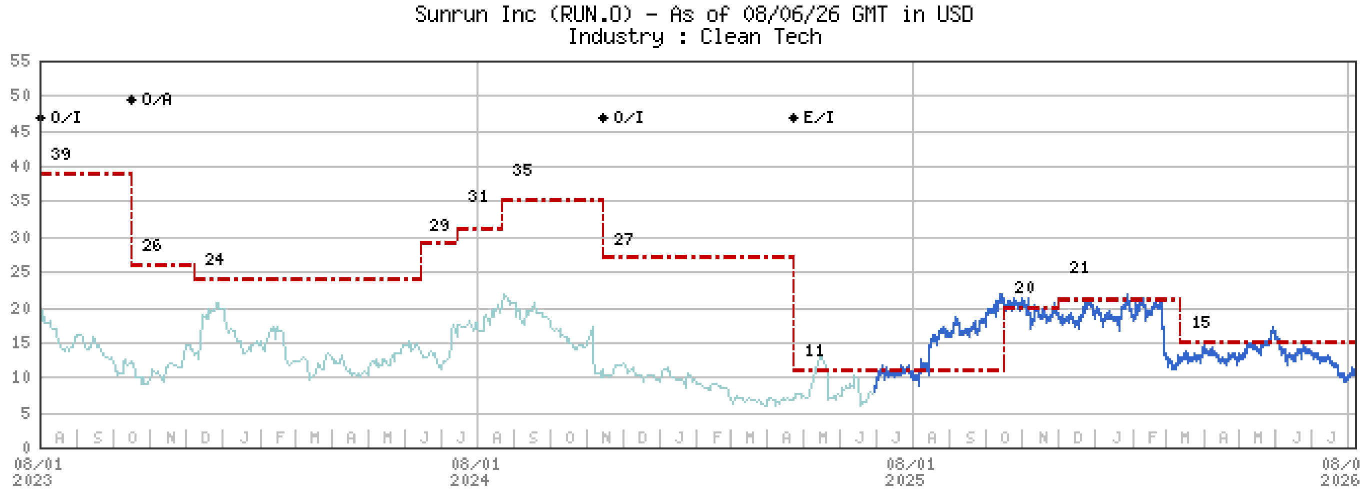

Stock Rating History: 8/1/21 : O/I; 1/13/22 : O/A; 4/3/23 : O/I; 10/17/23 : O/A; 11/15/24 : O/I; 4/23/25 : E/I

Price Target History: 6/16/21 : 91; 3/22/22 : 89; 6/13/22 : 70; 8/18/22 : 79; 11/3/22 : 72; 1/9/23 : 65; 4/3/23 : 30; 7/17/23 : 39; 10/17/23 : 26; 12/8/23 : 24; 6/14/24 : 29; 7/16/24 : 31; 8/21/24 : 35; 11/15/24 : 27; 4/23/25 : 11; 10/16/25 : 20; 12/1/25 : 21; 3/13/26 : 15

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
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INDUSTRY COVERAGE: Clean Tech

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/05/2026)
David Arcaro, CFA		
Array Technologies Inc (ARRY.O)	E (10/17/2023)	$5.64
Bloom Energy Corp. (BE.N)	O (01/09/2023)	$234.33
Enphase Energy Inc (ENPH.O)	U (04/23/2025)	$38.95
EVgo Inc (EVGO.O)	E (06/02/2025)	$1.53
First Solar Inc (FSLR.O)	O (12/08/2023)	$236.80
Fluence Energy Inc (FLNC.O)	E (11/22/2021)	$14.23
GE Vernova (GEV.N)	O (08/01/2024)	$1,017.96
Innio N.V. (INIO.O)	O (06/29/2026)	$26.11
Plug Power Inc. (PLUG.O)	U (12/06/2023)	$2.10
Shoals Technologies Group (SHLS.O)	E (12/16/2025)	$8.68
Solaredge Technologies Inc (SEDG.O)	E (12/16/2025)	$33.90
Sunrun Inc (RUN.O)	E (04/23/2025)	$10.49
X-Energy Inc. (XE.O)	O (05/19/2026)	$19.05

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.