

Second Quarter 2015
Earnings Conference Call

August 4, 2015

Safe Harbor

Use of Forward-Looking Statements

- This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, but not limited to, statements related to Enphase Energy's financial performance, market demands for its Microinverters, advantages of its technology, market trend and future financial performance.
- These forward-looking statements are based on Enphase's current expectations and are inherently subject to risks and uncertainties. They should not be considered guarantees of future results, which could differ materially from the results set forth in, contemplated by, or underlying this presentation.
- Factors that could cause actual results to differ materially from the Company's expectations are described in the reports filed by the Company with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 and we encourage you to review our filing carefully, especially the sections entitled "Risk Factors" in our report on form 10-K for the year ended December 31, 2014 and on form 10-Q for the most recent quarter ended June 30, 2015, which will be filed with the SEC in the third quarter of 2015.
- Enphase Energy undertakes no duty or obligation to update any forward-looking statements contained in this presentation as a result of new information, future events or changes in its expectations.

Use of Non-GAAP Financial Measures

- Financial measures in this presentation are non-GAAP unless otherwise noted. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles in the United States of America, or GAAP. As such, these non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP.
- Reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure can be found in the tables at the end of this presentation.
- The Company uses these non-GAAP financial measures to analyze its operating performance and future prospects, develop internal budgets and financial goals, and to facilitate period-to-period comparisons. Enphase believes that these non-GAAP financial measures reflect an additional way of viewing aspects of its operations that, when viewed with its GAAP results, provide a more complete understanding of factors and trends affecting its business.

Enphase from Start-Up to #1



Founded by
Raghu Belur and
Martin Fornage
in California

Enphase listed on
NASDAQ under
symbol ENPH

Approximately 9 million
units shipped,
representing over 2GW



2006

2007

2008 ~ 2011

2012

2013

2014

2015



First microinverter system introduced



1 million units shipped,
Enphase expands globally



Fourth-generation
technology introduced



Fifth-generation
technology announced

Second Quarter 2015 Highlights

- Revenue of **\$102.1M**, up **25%** year-over-year
- Shipped **195MW (AC) or 225MW (DC)**, up **48%** year-over-year
- Non-GAAP gross margin of **32.7%**
- Non-GAAP operating income of **\$3.0 million**
- Non-GAAP net income of **\$2.8 million**
- Non-GAAP diluted **earnings per share** of **\$0.06**



Second Quarter 2015 Business Highlights

Continued Strong Business Momentum with Top Line Growth and Profitability

- Revenue up 25% year-over-year
- Megawatt shipments increased 48% year-over-year
- U.S. revenue up 22% year-over-year
- International revenue up 37% year-over-year

Continued to Build Partnerships with Leading Solar Companies

- Signed strategic supply agreement with Sunrun to be a preferred supplier of solar energy systems for Sunrun's home installation business
- Joined forces with REPOWER by Solar Universe making Enphase the primary solar energy system supplier for REPOWER's integrated solar power and smart home technology bundle
- Partnered with Domos Industries in France on availability of Freewatt, a complete solar PV system powered by Enphase to address residential solar needs in France

Began Shipping M250 Microinverter System in APAC Region

- Addresses the needs of commercial solar installers
- Supports both 60- and 72-cell PV modules; includes a new installation design tool, financing options and operations and maintenance services
- Delivers optimal performance and reduces labor and overall construction costs

Second Quarter 2015 Financial Highlights

\$ in millions	Q2 '15	Q1 '15	Q2 '14
Total Revenue	\$102.1	\$86.7	\$82.0
Gross Margin %	32.7%	32.6%	33.0%
Operating Expenses	\$30.4	\$30.7	\$27.0
Operating Income	\$3.0	(\$2.5)	\$0.0
Net Income	\$2.8	(\$3.2)	(\$0.04)
Earnings Per Share	\$0.06	(\$0.07)	(\$0.01)

Non-GAAP measures

Accelerated Revenue Growth



Significant Gross Margin Expansion



Non-GAAP measures

Operating Expense Control Drives Leverage



Non-GAAP measures

Cash Flow and Balance Sheet **Highlights**

\$ in millions	Q2 '15	Q1 '15	Q2 '14
Cash Flow from Operations	(\$11.8)	(11.5)	(\$0.1)
Capital Expenditures	\$2.6	\$3.6	\$2.2
Depreciation	\$2.5	\$2.5	\$2.0
Cash	\$31.9	\$27.1	\$37.6
Total Debt	\$17.0	\$0.0	\$6.5

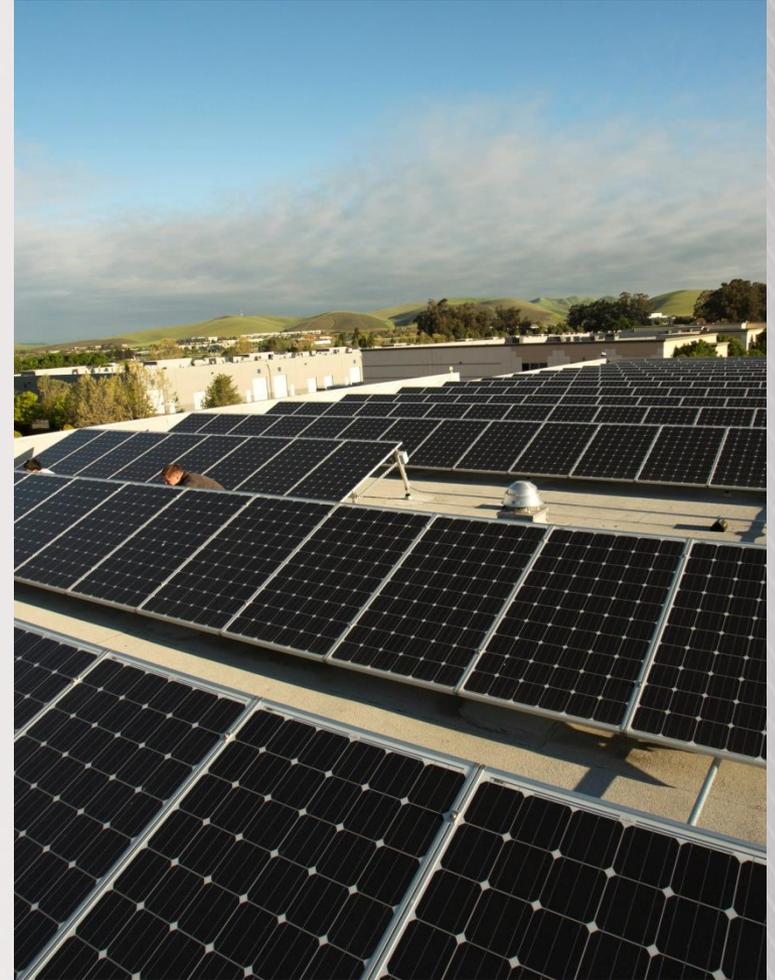
Third Quarter 2015 Outlook

Revenue \$100 - \$105M

Gross Margin 30% - 32%

Operating Expenses Flat to up 3% sequentially

- Non-GAAP measures



Reconciliation of Non-GAAP Financial Measures

	Reconciliation of GAAP to Non-GAAP Gross Margin																							
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15		
Gross Margin (GAAP)	8.3 %	12.1 %	10.9 %	10.7 %	14.7 %	16.2 %	19.1 %	22.9 %	21.8 %	24.4 %	26.8 %	27.9 %	26.8 %	28.0 %	28.1 %	32.1 %	32.4 %	32.7 %	32.8 %	33.3 %	32.3 %	32.3 %		
Stock-based Compensation	—%	—%	—%	—%	—%	0.1 %	—%	—%	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.2 %	0.2 %	0.3 %	0.3 %	0.2 %	0.2 %	0.3 %	0.4 %		
Gross Margin (Non-GAAP)	8.3 %	12.1 %	10.9 %	10.7 %	14.7 %	16.3 %	19.1 %	22.9 %	21.9 %	24.5 %	26.9 %	28.0 %	27.0 %	28.1 %	28.3 %	32.3 %	32.7 %	33.0 %	33.0 %	33.5 %	32.6 %	32.7 %		

	Reconciliation of GAAP to Non-GAAP Operating Expenses																							
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15		
Operating expenses (GAAP)	\$ 4.7	\$ 5.8	\$ 7.8	\$ 8.9	\$ 11.6	\$ 14.3	\$ 15.0	\$ 16.9	\$ 18.6	\$ 21.1	\$ 24.5	\$ 22.2	\$ 21.9	\$ 21.8	\$ 22.7	\$ 23.1	\$ 24.5	\$ 29.3	\$ 30.6	\$ 33.1	\$ 33.5	\$ 33.4		
Stock-based compensation	(0.1)	(0.1)	(0.3)	(0.3)	(0.4)	(0.5)	(0.6)	(0.7)	(0.7)	(1.0)	(1.4)	(1.5)	(1.3)	(1.4)	(1.9)	(1.7)	(1.9)	(2.3)	(2.3)	(2.5)	(2.7)	(3.0)		
Amortization of acquisition-related intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.1)		
Secondary offering expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.4)	—	—	—		
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.2)	—	—		
Revaluation of contingent consideration	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.1)	1.0		
Severance costs	—	—	—	—	—	—	—	—	—	—	(0.4)	(0.2)	(0.2)	—	(0.4)	(0.1)	—	—	—	—	—	(1.0)		
Operating expenses (Non-GAAP)	\$ 4.6	\$ 5.7	\$ 7.5	\$ 8.6	\$ 11.2	\$ 13.8	\$ 14.4	\$ 16.2	\$ 17.9	\$ 20.1	\$ 23.1	\$ 20.3	\$ 20.4	\$ 20.4	\$ 20.4	\$ 21.3	\$ 22.6	\$ 27.0	\$ 27.9	\$ 30.4	\$ 30.7	\$ 30.3		

	Reconciliation of GAAP to Non-GAAP Income (Loss) from Operations																							
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15		
Income (loss) from operations (GAAP)	\$ (3.7)	\$ (4.5)	\$ (5.8)	\$ (6.7)	\$ (9.0)	\$ (9.5)	\$ (6.5)	\$ (3.8)	\$ (9.3)	\$ (7.5)	\$ (8.2)	\$ (6.2)	\$ (9.7)	\$ (5.5)	\$ (5.3)	\$ (1.6)	\$ (5.8)	\$ (2.5)	\$ 1.9	\$ 1.9	\$ (5.5)	\$ (0.4)		
Stock-based Compensation	0.1	0.1	0.3	0.3	0.4	0.5	0.6	0.7	0.7	1.0	1.4	1.6	1.4	1.5	2.1	1.9	2.0	2.5	2.5	2.7	3.0	3.3		
Amortization of acquisition-related intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1		
Secondary offering expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.4	—	—	—		
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2	—	—		
Revaluation of contingent consideration	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1	(1.0)		
Severance costs	—	—	—	—	—	—	—	—	—	—	—	0.4	0.2	—	0.4	0.1	—	—	—	—	—	1.0		
Income (loss) from operations (Non-GAAP)	\$ (3.6)	\$ (4.4)	\$ (5.5)	\$ (6.4)	\$ (8.6)	\$ (9.0)	\$ (5.9)	\$ (3.1)	\$ (8.6)	\$ (6.5)	\$ (6.8)	\$ (4.2)	\$ (8.1)	\$ (4.0)	\$ (2.8)	\$ 0.4	\$ (3.8)	\$ —	\$ 4.8	\$ 4.8	\$ (2.4)	\$ 3.0		

	Reconciliation of GAAP to Non-GAAP Net Income (Loss)																							
	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15										
Net income (loss) (GAAP)	\$ (10.2)	\$ (11.4)	\$ (8.9)	\$ (7.7)	\$ (10.4)	\$ (6.4)	\$ (6.3)	\$ (2.8)	\$ (6.2)	\$ (3.0)	\$ 0.8	\$ 0.4	\$ (6.3)	\$ (0.6)										
Stock-based Compensation	0.7	1.0	1.4	1.6	1.4	1.5	2.1	1.9	2.0	2.5	2.5	2.7	3.0	3.3										
Amortization of acquisition-related intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	0.1										
Secondary offering expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
Revaluation of contingent consideration	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
Severance costs	—	—	—	0.4	0.2	—	0.4	0.1	—	—	—	—	—	—										
Non-cash interest expense	0.9	3.0	0.1	0.8	0.1	0.1	0.1	0.1	0.1	—	0.1	0.2	—	—										
(Gains) losses from convertible preferred stock revaluation	(0.6)	0.1	—	—	—	—	—	—	—	—	—	—	—	—										
Net income (loss) (Non-GAAP)	\$ (9.2)	\$ (7.3)	\$ (7.4)	\$ (4.9)	\$ (8.7)	\$ (4.8)	\$ (3.7)	\$ (0.7)	\$ (4.1)	\$ (0.5)	\$ 3.8	\$ 3.5	\$ (3.2)	\$ 2.8										

	Reconciliation of GAAP to Non-GAAP Net Income (Loss) per Diluted Share																							
	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15										
Net income (loss) per share, diluted (GAAP)	\$ (5.97)	\$ (0.29)	\$ (0.22)	\$ (0.19)	\$ (0.25)	\$ (0.15)	\$ (0.15)	\$ (0.07)	\$ (0.15)	\$ (0.07)	\$ 0.02	\$ 0.01	\$ (0.14)	\$ (0.01)										
Stock-based Compensation	0.41	0.02	0.04	0.04	0.04	0.03	0.05	0.05	0.05	0.06	0.06	0.06	0.07	0.07										
Amortization of acquisition-related intangibles	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
Secondary offering expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
Revaluation of contingent consideration	—	—	—	—	—	—	—	—	—	—	—	—	—	—										
Severance costs	—	—	—	0.01	—	—	0.01	—	—	—	—	—	—	—										
Non-cash interest expense	0.55	0.08	—	0.02	—	—	—	—	—	—	—	—	—	—										
(Gains) losses from convertible preferred stock revaluation	(0.37)	—	—	—	—	—	—	—	—	—	—	—	—	—										
Net income (loss) per share, diluted (Non-GAAP)	\$ (5.38)	\$ (0.19)	\$ (0.18)	\$ (0.12)	\$ (0.21)	\$ (0.12)	\$ (0.09)	\$ (0.02)	\$ (0.10)	\$ (0.01)	\$ 0.08	\$ 0.07	\$ (0.07)	\$ 0.06										



The enphase Promise:

We make solar simple
and energy smart.

The logo consists of a white lowercase letter 'e' inside a square bracket, followed by the word 'enphase' in a sans-serif font, and the word 'ENERGY' in a smaller, all-caps sans-serif font below it.