

Enphase Energy, Inc. Investor Presentation

March 2018

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 statements related to Enphase Energy's: market assumptions; path and strategies for achieving its target operating model; new product features, functionalities and expected launch dates; the future of solar; grid-independent "Solar 2.0" technology, including Enphase Ensemble™; Enphase's 30-20-10 target operating model; and other measures and market trends.
- 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 filings carefully, especially the sections entitled "Risk Factors" detailed in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017.
- 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.

Enphase Global Footprint

Enphase in approximately 739,000 systems in 110+ countries



The Enphase Home: Complete Energy Solution



Enphase Target Operating Model: 30-20-10

Target Model

Revenue

Profitable
Growth

- Increase market share with IQ, ACM, ACB
- World class quality and reliability
- Enter new geographies with IQ7

Gross Margin

30%

- Better cost management – cost reduction initiatives
- Continued innovation – IQ7, IQ8
- Improved revenue management

OPEX

20%

- Focus on key products
- Release a single worldwide SKU: IQ7
- Continue increasing corporate efficiency
- Disciplined lean approach

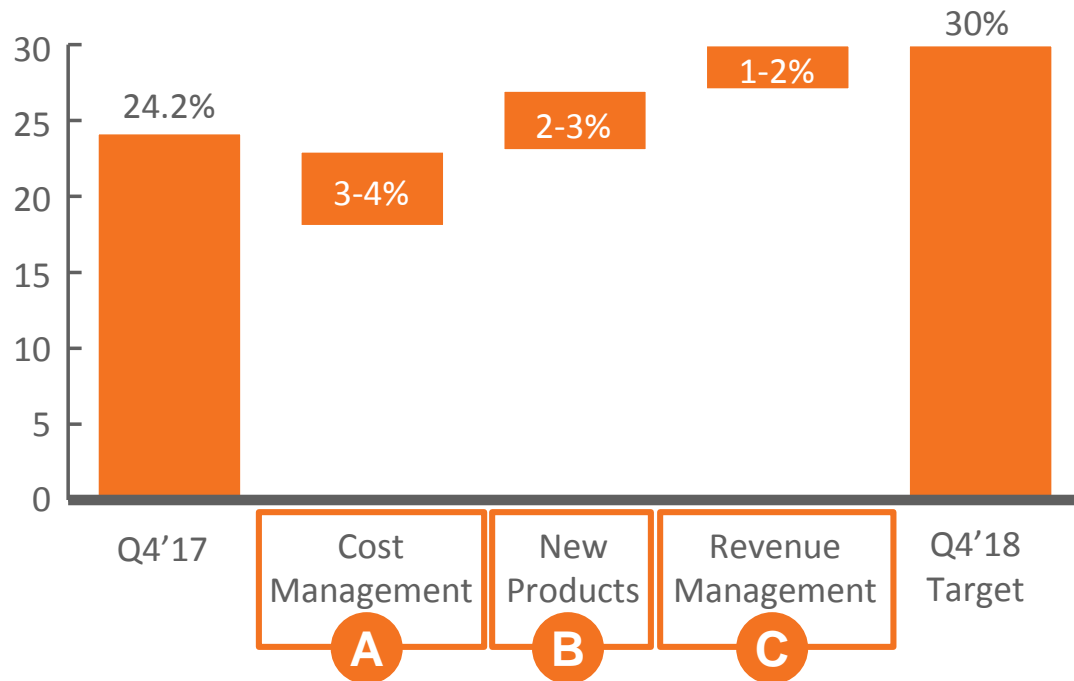
Operating Income

10%

- Achieve sustained profitability

3 Key Levers to Achieve 30% Gross Margin

Path to Target Gross Margin
% Gross Margin (Non-GAAP)



A Cost Management:

- Clear supplier strategies
- Better understanding of commodity landscape
- Overhead reduction

B New Products:

- Microinverter innovation
- New IQ every 4-6 quarters
- IQ-based AC Module

C Revenue Management:

- Pricing discipline
- Leverage market trends
- Channel management

Cost Management

Transformation Via Procurement Excellence and Overhead Management

2016

- Single supplier
- Unstructured supplier selection
- Limited fact-based rigor in procurement decisions
- Excessive overhead costs

2017

- Multiple sourcing strategy
- Clear supplier strategies and research of new suppliers
- Collect and understand key market, technology information
- Optimizing all aspects - freight, service, stocking

Preliminary Results

- Achieved 30% reduction in some key electrical components
- Achieved 30% lower mechanical component pricing
- Reduced warehouse operating budget by 50%
- Reduced return logistics by 25%

B

New Products

Every Generation Is Better



2014



M250

4th Generation Product
Integrated Grounding
Rapid Shut Down



Q1'17



IQ6/6+

Advanced Grid Functions
2-Wire AC Cabling
AC Module Support



Q1'18



IQ7

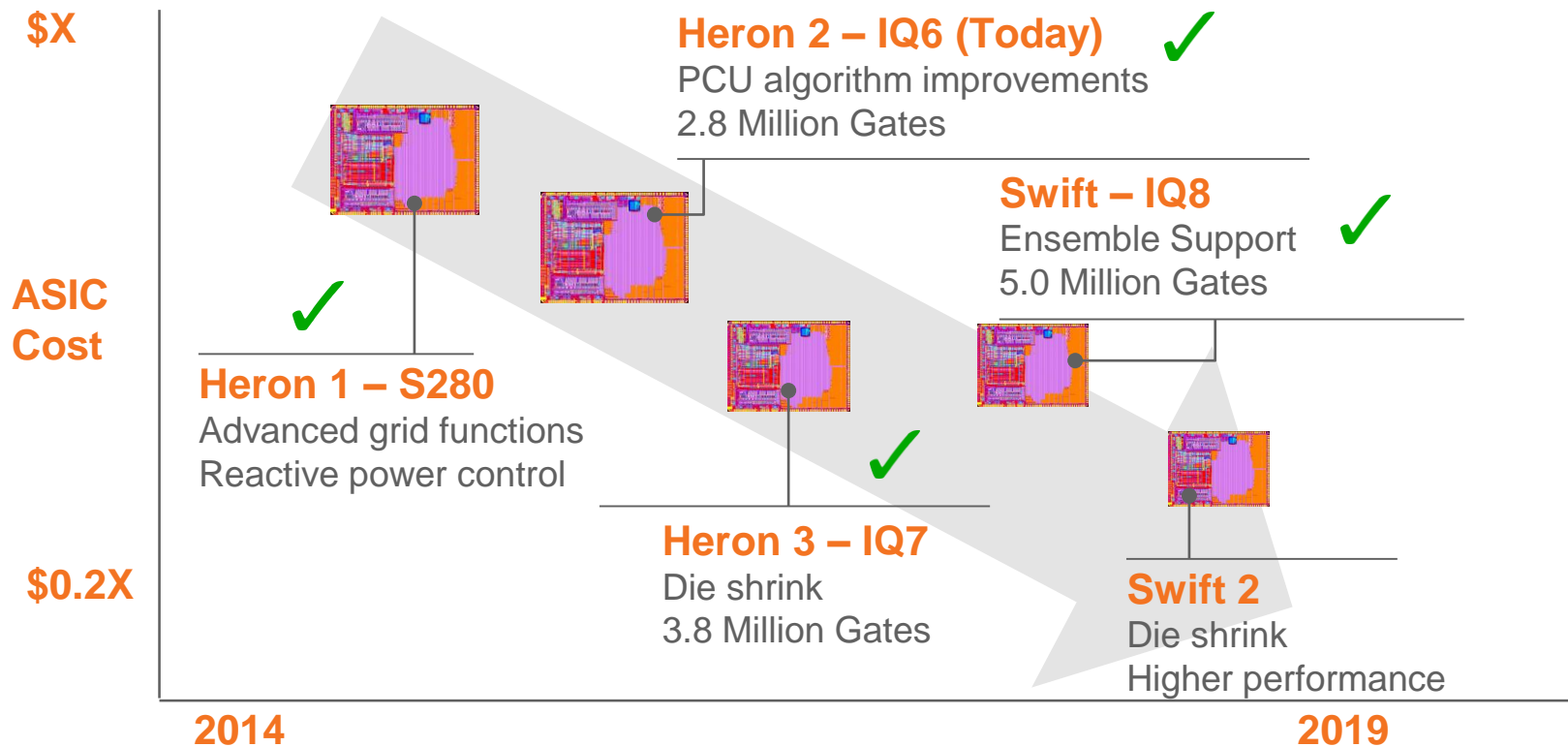
Single Worldwide SKU
Lower Component Count



iPhone 7+

New Products

ASIC Roadmap Delivers More Integration, Leveraging Moore's Law



B

New Products

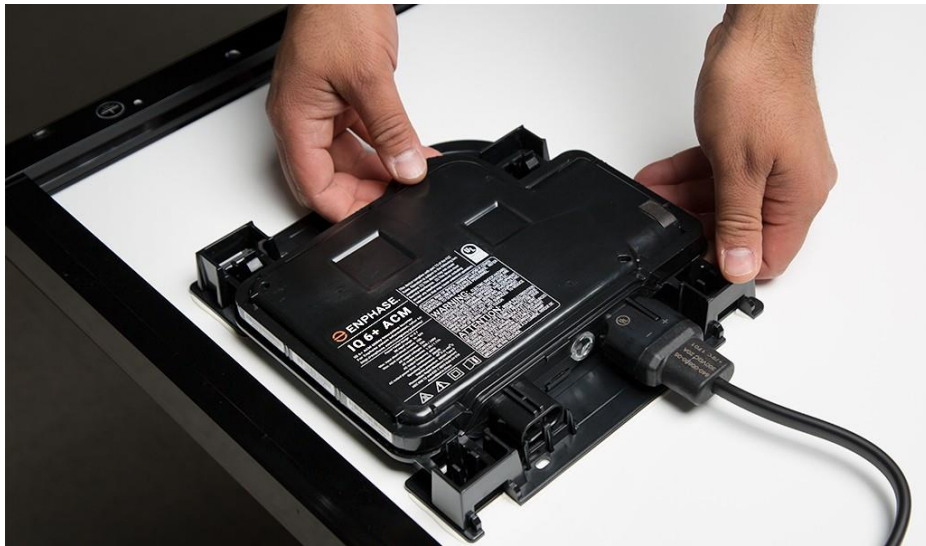
Cost Reduction While Adding Functionality and Value



	M250	IQ6 – Q1'17	IQ7 – Q1'18	IQ8 – 2019
Part count	396	364	338	< 250
ASIC gates (millions)	1.8	2.8	3.8	5
Max DC Power (W)	350	400	420	440
Weight (kg)	1.66	1.38	1.15	1.0
Key Feature	Rapid Shut Down	Advanced Grid Functions	Single Worldwide SKU	Ensemble

New Products

The IQ AC Module Enhances Our Value Proposition



In partnership with:



LG

Jinko^{Solar}

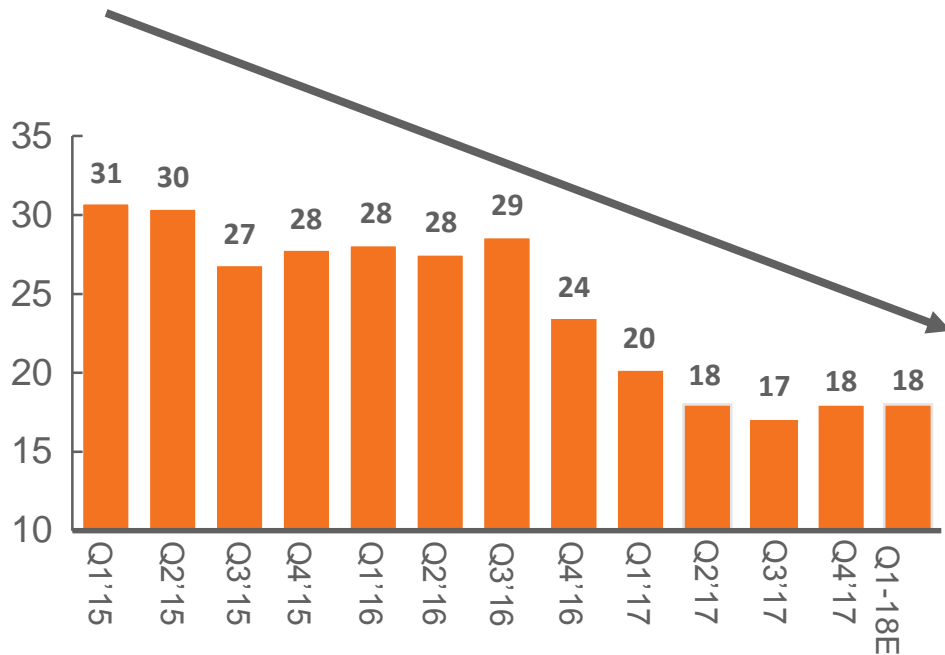
Panasonic[®]

- Provides significant value for installers and homeowners:
 - **Easy Installation**
Pre-assembled inverter and module saves time for installers
 - **Streamlined Logistics**
Less components means less space and less trips for installers
 - **Higher Production**
Attaching IQ6/IQ7 to high power modules means more production for the same number of modules
 - **Higher Reliability**
Pre-tested microinverter and module operation in assembly

OPEX Management:

We have cut expenses by 38%*

Operating Expense \$M USD (Non-GAAP)



- Single worldwide SKU on IQ7 will help in R&D spend
- Outsourcing of non-core functions
- Continuous review and optimization of R&D portfolio

Financial Results

P&L - Non GAAP (\$ in MUSD)	Q1'16 Actual	Q2'16 Actual	Q3'16 Actual	Q4'16 Actual	FY16 Actual	Q1'17 Actual	Q2'17 Actual	Q3'17 Actual	Q4'17 Actual	FY17 Actual	Q1'18 MID
Revenues	\$ 64.1	\$ 79.2	\$ 88.7	\$ 90.6	\$ 322.6	\$ 54.8	\$ 74.7	\$ 77.0	\$ 79.7	\$ 286.2	\$ 67.5
Gross Margin %	18.8%	18.2%	18.2%	18.2%	18.4%	13.3%	18.4%	21.8%	24.2%	20.0%	23.5%
Operating expenses	(28.1)	(27.5)	(28.6)	(23.5)	(107.6)	(20.2)	(17.8)	(16.9)	(18.0)	(72.8)	(18.0)
Operating income	(16.0)	(13.0)	(12.4)	(6.9)	(48.4)	(12.9)	(4.0)	(0.1)	1.3	(15.7)	(2.1)
Net Cash Flow	(15.4)	(4.8)	15.9	(6.3)	(10.7)	12.2	1.0	(2.1)	0.3	11.4	na
Free Cash Flow	(18.6)	2.4	(22.7)	(5.9)	(44.7)	(28.0)	0.1	(2.3)	(2.4)	(32.6)	na

Commitment: Sustained Profitability & Positive Cash Flow

We are at an Inflection Point

Revenue

- Next-Gen Microinverters (IQ6 & IQ7)
- Competitive Pricing & Product Differentiation (ACM & ACB)
- Share Growth (ACM) & SAM Expansion (IQ7X NA, IQ7 ROW)
- Improved Bankability

Gross Margin

- Transition to IQ6, IQ7 & IQ8
- Cost Reduction & Supply Chain Optimization
- Pricing Discipline & Optimization

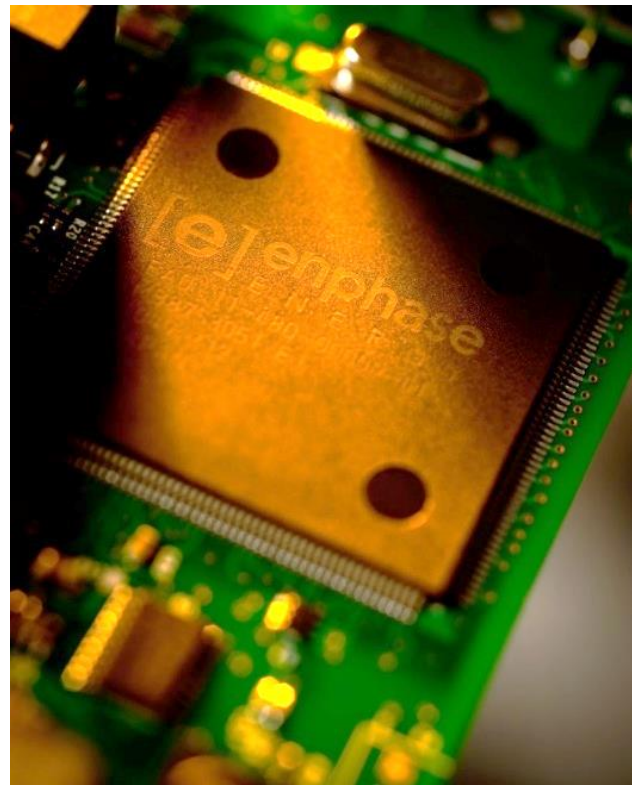
Operating Expense

- Maintain Right-Sized Operating Structure (Continuous Optimization)
- Focus on Core Business with High ROI

The Future of Solar

IQ8

Powered by Ensemble™ technology



Enphase is Transforming Solar 1.0 into Solar 2.0

Solar 1.0 – Grid tied or off-grid

Grid tied

- Requires constant grid connection
- Provides bill optimization for homeowners



OR

Off-grid

- Works in the absence of a grid connection
- Provides power in off-grid locations



Solar 2.0 – Grid independent

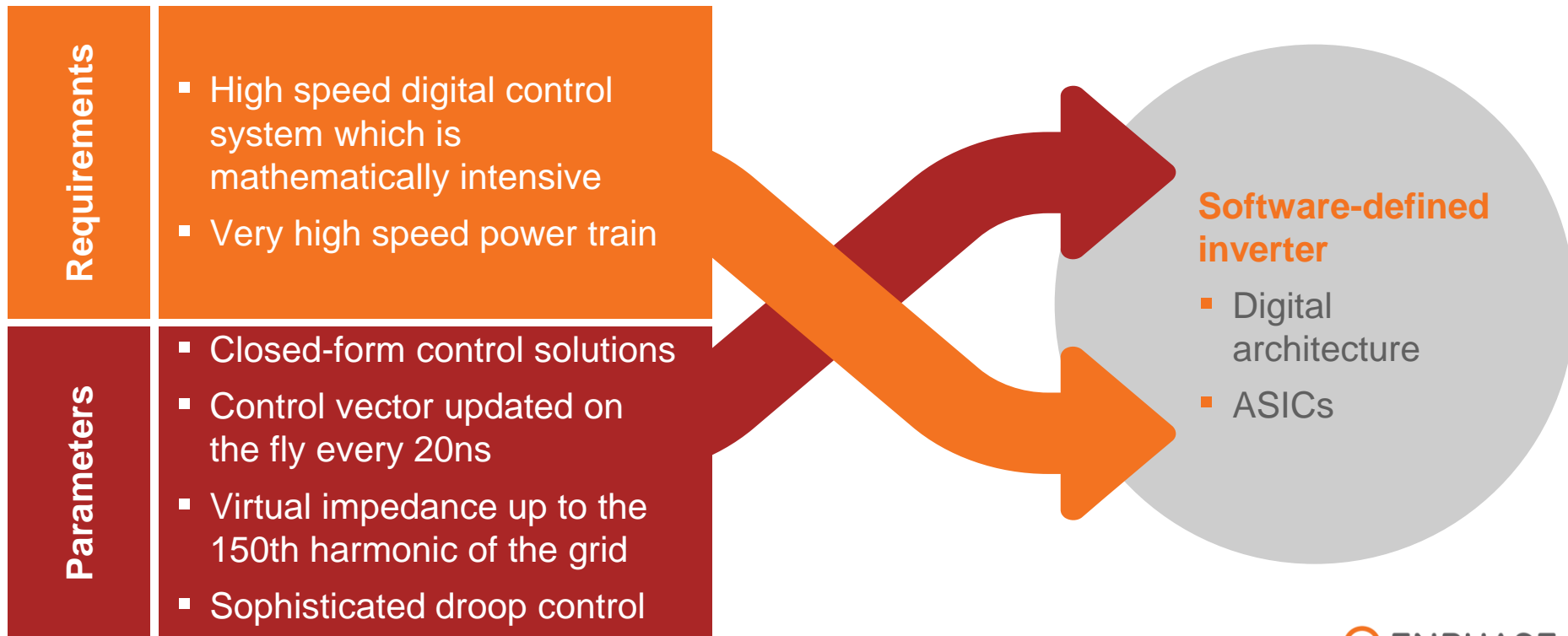
Distributed

- Simple and reliable
- Modular and scalable

- **Seamless transition between grid tied and off-grid**

We Cracked the Code for Solar 2.0 with Ensemble™

Ensemble™ provides a true power plant in a microinverter



IQ8 Provides the Best of All Worlds

Seamless



- **Next-generation microinverter** capable of working seamlessly in grid tied or off-grid mode

Simple



- **Modular solution:** Plug and play with AC Module & AC Battery
- **Very simple** to design, install and maintain

Scalable



- **No limitation** on system size
- **Same microinverter** for any size system

Reliable



- **Robust** with no single point of failure

Business Impact of IQ8

- [1] Increases TAM by developing new markets
- [2] Expands Enphase into energy access and microgrid markets
- [3] Increases Enphase market share and improves gross margin
- [4] Forecasting IQ8 shipments in 2019

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