



The Future of Home Energy Management



Your energy • Your choice • Always on



Enphase was founded in 2006 with five key elements to our value proposition: deliver products that are smart, simple, reliable, productive, and safe. Our value proposition rings as true today as when the company was founded.

Solar and storage technologies have the potential to enable energy independence for the homeowner through self-consumption. We estimate that the worldwide solar residential market will be more than 13GW in 2019, with a 10% compound annual growth rate (CAGR) from 2016 through 2022. Our served available market is approximately 40% of this market today.¹ The residential storage market is also picking up a lot of steam and is expected to be around 1.5GWh in 2019 with a 34% CAGR from 2016 through 2022². These volume increases, coupled with the residential segment catering to customers paying retail rates, make our served markets very attractive.



Solar and semiconductor technology expertise

We distinguish ourselves from other solar microinverter and traditional string inverter companies with our systems-based and high technology approach. One of our core competencies is product innovation through software and semiconductors. Our intellectual property portfolio now includes more than 300 issued patents worldwide. Enphase revolutionized the solar industry by pioneering a semiconductor-based microinverter that converts energy at the individual solar module level and, combined with our proprietary networking and software technologies, provides advanced energy monitoring and control. Our microinverters go through rigorous testing, enabling us to continually integrate new improvements in each microinverter generation. The end result is smaller, lighter and more cost-effective products that improve both the value for our customers and the financial return for Enphase.



¹ Enphase Energy Estimates

² Frost and Sullivan Report, 2016

Management has deep semiconductor and solar expertise



Badri Kothandaraman

President and CEO

- Former COO At Enphase, Exec VP At Cypress Semiconductor For Memory And IoT Products
- B.Tech From IIT Madras And Masters In Materials Science From U.C. Berkeley
- Attended The Stanford Executive Program And Holds 8 US Patents



Eric Branderiz

Chief Financial Officer

- 20+ Years Of Semiconductor, Energy And Solar Industry Finance And Operations Experience
- Former Tesla VP, Corporate Controller, And Chief Accounting Officer
- Former SVP, And Chief Accounting Officer At Sunpower & Spansion
- CPA, Bachelor's Degree in Business Commerce With Accounting Concentration From Univ Of Alberta



Jeff McNeil

Chief Operating Officer

- Seasoned Executive In Semiconductor And Disk Drive Industry With 35 Years Experience
- SVP Operations At Cypress, Transformed Supply Chain Management
- Led A Precedent Setting FCC Certification For At-a-distance Wireless Power At Energous
- BS Chemical Eng. From San Jose State University



David Ranhoff

Chief Commercial Officer

- Seasoned Executive In Solar And Semiconductor Manufacturing
- Key Leadership Roles In Solar At GCL- Poly Solar, SunEdison And Solaicx
- Former CEO Of Credence Systems, A Semiconductor Equipment Manufacturer
- BSEE From Northeastern University And Attended The Stanford Executive Program



Raghu Belur

Chief Products Officer

- Co-founder Of Enphase
- Developed High-speed Optical Communication Technology For Cerent (Acquired By Cisco)
- Master's Degree In EE From Texas A&M And MBA From Berkeley's Haas School Of Business



Martin Fornage

Chief Technology Officer

- Co-founder Of Enphase And Developed The World's First Microinverter System
- 20 Years Designing Power Supplies, Fiber Optics, Wireline And RF Communications
- "Ingénieur Diplômé D'état" Degree From ENSEA In France
- Holds 77 US Patents



Solid financial foundation

Enphase has undergone a major strategic transformation moving from “growth at any cost” to “profitable growth.” To that end, in June 2017 we announced our 30-20-10 target financial base model. At the end of Q3’19, we did a lot better than 30-20-10, and exited the quarter with approximately 36-14-22, which means 36% gross margin, 14% operating expense and 22% operating income, all as a percentage of revenue on a non-GAAP basis.

A financially stable Enphase is better for customers, partners, suppliers, and investors. Our focus on operational excellence has been important for building a solid financial foundation. We strengthened our balance sheet and exited Q3’19 with a total cash balance of \$203.0 million, and we generated \$5.0 million in cash flow from operations. These financials represented a significant accomplishment and reaffirmed customer confidence.

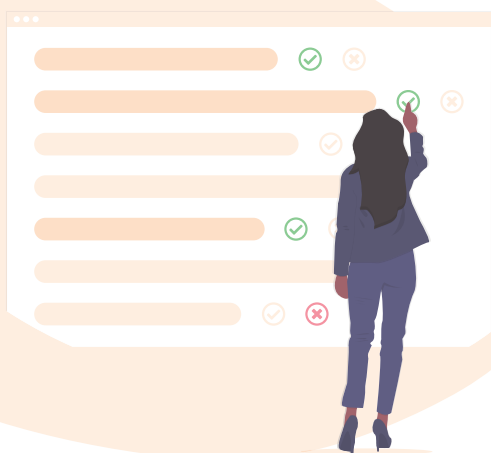


Customer experience through quality and service

We have shipped more than 23 million microinverters since inception, providing us with invaluable experience to identify potential product failure mechanisms and the ability to make improvements in future product generations. Quality is the bedrock of the Enphase product design, and we consistently set the bar high for quality and reliability. We improve the quality from one product generation to the next, and our systems have very high uptimes with no single point of failure. Our solution is based on a connected network of products that allow us to diagnose and problem solve remotely, reducing the end cost for both our customers and Enphase.

An important area of focus for us is ease of doing business - how customers perceive us. Quality and customer service together constitute customer experience and are the cornerstones of our strategy. Our customers are homeowners, installers and AC module partners. During the past several quarters, we have made many improvements in some of our customer call center metrics and online support. We are pleased that at the end of October 2019, that over 6,300 homeowners have now joined our Enphase Upgrade Program for early adopters of our legacy microinverters. This program represents our commitment to quality and customer service.

The key metric we use to measure customer experience is the Net Promoter Score, or NPS. This metric is calculated based on feedback from customer surveys on how likely customers or partners will recommend Enphase to a friend or colleague. Our NPS in North America was approximately 54% in Q3’19, compared to approximately 53% in Q2’19. Our target is to achieve a worldwide NPS of 60% or higher in Q4’19.

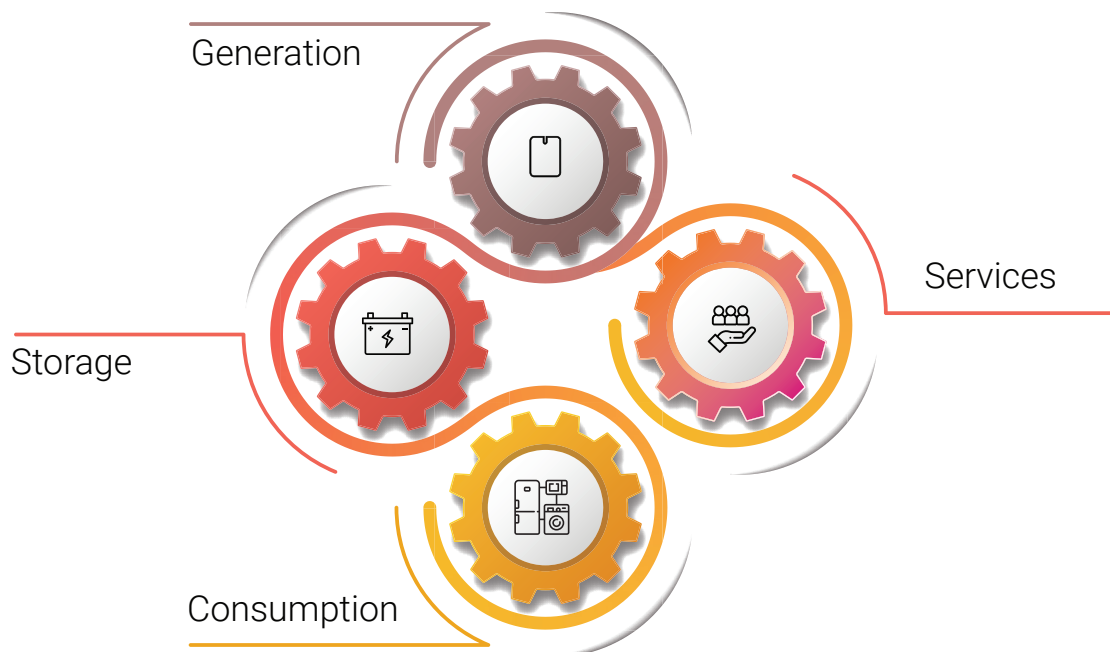




Global reach

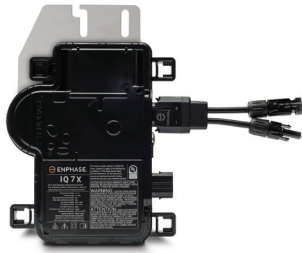
The Enphase presence extends globally, with our efforts focused in North America, Latin America, EMEA, and APAC. We have 515 employees worldwide as of September 30, 2019. Each global office has its own local sales teams, field application engineers and well-trained installer and partner networks. In addition, our state-of-the-art R&D facilities in California and New Zealand ensure product reliability with rigorous testing for products installed around the world. We also have an R&D and Operations center in India to take advantage of the great talent available there.

Our contract manufacturing model provides us with strategic manufacturing capabilities and flexibility, including expanding our manufacturing agreement to include Mexico as part of our plan to mitigate the Section 301 tariffs, increase global capacity and improve delivery. Starting in late Q2'19, we began shipping our IQ™ 7 microinverters produced in Mexico to the Americas markets and increased shipments in Q3'19. This additional line in Mexico will help Enphase to not only mitigate tariffs, but also better serve our customers by cutting down cycle times and streamlining inventory, at similar manufacturing cost as China.



Long-term growth strategy

Over the past few years, we have transitioned from a solar microinverter systems company to an energy management systems company. We think about this transition in terms of four gears or components – energy generation, energy storage, energy consumption, and services.

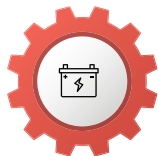


Energy Generation

The first gear, energy generation, is the core part of our business today. The latest products in this gear consist of our IQ™ 7 family of microinverters and AC Modules (ACMs), which are a combination of Enphase microinverters and photovoltaic (PV) modules. Approximately 99% of our microinverter shipments in Q3'19 were from the IQ 7 family, up from 98% in Q2'19.

We are pleased to announce the general availability of our latest product called IQ 7A, a high-power microinverter targeted for modules up to 450W DC. Installers will be able to pair the IQ 7A microinverter with mono-facial or bi-facial solar modules. The pairing of high-efficiency solar modules with the IQ 7A family of microinverters is a powerful combination that creates value for homeowners.

We will continue to create value with ACMs that reduce logistics cost, while speeding up installation time. Installers have reported that these integrated systems help provide installation time savings up to 20%, logistics savings up to 10% and simpler inspection procedures when compared to a non-ACM solution. Our leading module manufacturer partners in developing Enphase Energized™ ACMs include SunPower, Panasonic and Solaria, to mention a few. Enphase Energized ACMs from our module partners have been adopted by more than 600 installers in the U.S. as of the end of Q3'19.



Energy Storage

Our second gear is energy storage, and we expect it to play a major role in our near-term revenue growth. We plan to take pre-orders of Ensemble™ 1.0, which is focused on enabling high capacity storage for North America, through our distribution partners in November 2019. We expect production shipments in the first quarter of 2020 after completing real-world beta installations with nearly 20 installers. Storage is enabled by the Encharge™ battery which is a modular 3.4 kWh solution. The 3.4 kWh modularity allows for ease of installation, flexibility and scalability, while helping to streamline our supply chain. The Encharge battery will offer capacities of 3.4 and 10.1 kilowatt hours.

In the long-term, we aim to transform access to energy and create new markets, particularly in remote communities, with our next-generation IQ™ 8 product based on our Ensemble “always on” Solar and Storage technology. Ensemble presents a transformative opportunity for Enphase to increase our revenue potential per home from approximately \$2,000 to \$10,000.



Energy Consumption

Our third gear, energy consumption, will provide customers the ability to measure, report and manage their consumption. We currently ship products that provide both measurement and reporting through our Enphase IQ Combiner™ products and Enphase Enlighten™ cloud-based energy monitoring and management platform, at an aggregated level. We expect to release new products over time, with advanced hardware and software capabilities to manage consumption in a fine-grained manner, both at a breaker level and an appliance level.

Services

The fourth and final gear is services. Our existing installed base of more than approximately 997,000 systems worldwide represents many potential opportunities, including product upgrades for both solar and storage, in addition to software services. We have learned a lot from the success of our legacy product upgrade program by engaging directly with homeowners. We plan to build on this learning and introduce Ensemble storage upgrades directly to our homeowner installed base in conjunction with both our distributor and qualified installer network. There are also several services such as APIs, warranty extensions, system monitoring, and advanced Enlighten features which have the potential to generate new revenue streams, including recurring subscriptions. In November 2019, we launched an e-commerce website with legacy Enphase products available for direct purchase by homeowners and solar installation professionals. The Enphase Store is designed to improve the experience of Enphase customers who wish to replace individual components quickly and without volume purchase requirements.



Building a solid foundation

In summary, Enphase Energy is a global energy management system solutions company with a mission to deliver technology solutions that make clean energy affordable, reliable and accessible to all. We consistently set the bar high for delivering quality and reliable products, and are laser focused on providing a superior customer experience through quality and ease of doing business. With a management team consisting of Silicon Valley industry veterans with solid energy management, solar technology and semiconductor industry experience, we are committed to operational excellence through improved business processes, thereby optimizing Enphase's cost of doing business.

Use of Forward-Looking Statements

This presentation contains forward-looking statements made pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements concerning financial performance and guidance, including revenues, gross margin, operating results, expenses and costs; our business strategies, including anticipated trends and developments in markets in which we operate and in the markets and regions in which we plan to expand; the availability of our products and the anticipated market adoption of our products; the capabilities and performance of our technology and products, including product flexibility, the ability to optimize and customize products, load disaggregation, monitoring, and management, and reduction in installation, logistics and supply chain times; planned changes to our technology and products including the number of components, die shrink, and ASIC integration; our performance in operations, including product quality, cost management, and customer service are based upon current expectations that involve risks and uncertainties. Any statements that are not of historical fact, may be forward-looking statements. Words used such as "anticipates," "believes," "continues," "designed," "estimates," "expects," "goal," "intends," "likely," "may," "ongoing," "plans," "projects," "pursuing," "seeks," "should," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these words. All forward-looking statements are based on our current assumptions, expectations and beliefs, and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward-looking statements. Therefore, you should not place undue reliance on our forward-looking statements. A detailed discussion of risk factors that affect our business is included in the filings we make with the Securities and Exchange Commission (SEC) from time to time, including our most recent reports on Form 10-K and Form 10-Q, particularly under the heading "Risk Factors." Copies of these filings are available on the Enphase website at <http://investor.enphase.com/sec.cfm>, or on the SEC website at www.sec.gov. All forward-looking statements in this presentation are based on information currently available to us, and we assume no obligation to update these forward-looking statements in light of new information or future events.

Industry Information

Information regarding market and industry statistics in this presentation is based on information available to us that we believe is accurate. It is generally based on publications that are not produced for purposes of economic analysis.

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Enphase Financials – GAAP To Non-GAAP Reconciliation

\$ in millions (*)	Q1'16	Q2'16	Q3'16	Q4'16	FY16	Q1'17	Q2'17	Q3'17	Q4'17	FY17	Q1'18	Q2'18	Q3'18	Q4'18	FY18	Q1'19	Q2'19	Q3'19
Gross profit (GAAP)	\$ 11.8	\$ 14.1	\$ 15.9	\$ 16.2	\$ 58.0	\$ 7.0	\$ 13.5	\$ 16.5	\$ 19.0	\$ 56.0	\$ 18.3	\$ 22.7	\$ 25.3	\$ 28.2	\$ 94.4	\$ 33.4	\$ 45.3	\$ 64.7
Stock-based compensation	0.3	0.3	0.3	0.3	1.2	0.2	0.2	0.3	0.3	1.1	0.2	0.4	0.3	0.1	1.1	0.2	0.4	0.5
Gross profit (Non-GAAP)	<u>\$ 12.1</u>	<u>\$ 14.4</u>	<u>\$ 16.2</u>	<u>\$ 16.5</u>	<u>\$ 59.2</u>	<u>\$ 7.3</u>	<u>\$ 13.8</u>	<u>\$ 16.8</u>	<u>\$ 19.3</u>	<u>\$ 57.1</u>	<u>\$ 18.5</u>	<u>\$ 23.1</u>	<u>\$ 25.6</u>	<u>\$ 28.3</u>	<u>\$ 95.5</u>	<u>\$ 33.6</u>	<u>\$ 45.7</u>	<u>\$ 65.2</u>
Gross margin (GAAP)	18.3%	17.9%	17.9%	17.9%	18.0%	12.9%	18.1%	21.4%	23.8%	19.6%	26.2%	29.9%	32.4%	30.5%	29.9%	33.3%	33.8%	35.9%
Stock-based compensation	0.5%	0.3%	0.3%	0.3%	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%	0.3%	0.6%	0.4%	0.2%	0.3%	0.2%	0.3%	0.3%
Gross margin (Non-GAAP)	<u>18.8%</u>	<u>18.2%</u>	<u>18.2%</u>	<u>18.2%</u>	<u>18.4%</u>	<u>13.3%</u>	<u>18.4%</u>	<u>21.8%</u>	<u>24.2%</u>	<u>20.0%</u>	<u>26.5%</u>	<u>30.5%</u>	<u>32.8%</u>	<u>30.7%</u>	<u>30.2%</u>	<u>33.5%</u>	<u>34.1%</u>	<u>36.2%</u>
Operating expenses (GAAP)	\$ 30.8	\$ 29.9	\$ 33.6	\$ 26.3	\$ 120.7	\$ 29.1	\$ 22.8	\$ 22.4	\$ 21.1	\$ 95.4	\$ 20.8	\$ 23.3	\$ 25.6	\$ 23.2	\$ 92.8	\$ 26.2	\$ 27.9	\$ 31.0
Stock-based compensation	(2.7)	(2.4)	(2.2)	(1.8)	(9.1)	(1.7)	(1.4)	(1.4)	(1.2)	(5.7)	(1.4)	(3.9)	(3.7)	(1.4)	(10.4)	(3.0)	(4.2)	(5.0)
Restructuring and asset impairment charges	-	-	(2.7)	(1.1)	(3.8)	(7.2)	(3.6)	(4.1)	(2.0)	(16.9)	-	-	(2.6)	(1.5)	(4.1)	(0.4)	(0.7)	(0.5)
Reserve for non-recurring legal matter	-	-	-	-	-	-	-	-	-	-	(1.8)	-	-	-	(1.8)	-	-	-
Acquisition related expenses and amortization	(0.0)	(0.0)	(0.0)	(0.0)	(0.2)	-	-	-	-	-	-	(0.4)	(0.7)	(0.5)	(1.6)	(0.5)	(0.5)	(0.5)
Operating expenses (Non-GAAP)	<u>\$ 28.1</u>	<u>\$ 27.5</u>	<u>\$ 28.6</u>	<u>\$ 23.4</u>	<u>\$ 107.6</u>	<u>\$ 20.2</u>	<u>\$ 17.8</u>	<u>\$ 16.9</u>	<u>\$ 18.0</u>	<u>\$ 72.8</u>	<u>\$ 17.7</u>	<u>\$ 19.0</u>	<u>\$ 18.6</u>	<u>\$ 19.7</u>	<u>\$ 75.0</u>	<u>\$ 22.3</u>	<u>\$ 22.5</u>	<u>\$ 25.0</u>
Income (loss) from operations (GAAP)	\$(19.1)	\$(15.8)	\$(17.7)	\$(10.1)	\$(62.7)	\$(22.1)	\$(9.2)	\$(5.9)	\$(2.1)	\$(39.4)	\$(2.5)	\$(0.6)	\$(0.4)	\$ 5.0	\$ 1.6	\$ 7.1	\$ 17.4	\$ 33.7
Stock-based compensation	3.0	2.7	2.5	2.1	10.3	1.9	1.6	1.7	1.4	6.7	1.6	4.3	4.1	1.5	11.4	3.3	4.6	5.5
Restructuring and asset impairment charges	-	-	2.7	1.1	3.8	7.2	3.6	4.1	2.0	16.9	-	-	2.6	1.5	4.1	0.4	0.7	0.5
Reserve for non-recurring legal matter	-	-	-	-	-	-	-	-	-	-	1.8	-	-	-	1.8	-	-	-
Acquisition related expenses and amortization	0.0	0.0	0.0	0.0	0.2	-	-	-	-	-	-	0.4	0.7	0.5	1.6	0.5	0.5	0.5
Income (loss) from operations (Non-GAAP)	<u>\$(16.0)</u>	<u>\$(13.0)</u>	<u>\$(12.4)</u>	<u>\$(6.9)</u>	<u>\$(48.4)</u>	<u>\$(12.9)</u>	<u>\$(4.0)</u>	<u>\$(0.1)</u>	<u>\$ 1.3</u>	<u>\$(15.7)</u>	<u>\$ 0.9</u>	<u>\$ 4.1</u>	<u>\$ 7.0</u>	<u>\$ 8.6</u>	<u>\$ 20.5</u>	<u>\$ 11.3</u>	<u>\$ 23.2</u>	<u>\$ 40.2</u>
Cash flows from operating activities	\$ (15.2)	\$ 7.3	\$(20.6)	\$ (4.4)	\$ (33.0)	\$(24.5)	\$ 0.2	\$ (2.2)	\$ (1.9)	\$(28.4)	\$ 3.4	\$ 4.1	\$ 6.8	\$ 1.9	\$ 16.1	\$ 17.1	\$ 14.8	\$ 5.0
Payments for acquisition reported in cash flows from operating activities	-	-	-	-	-	-	-	-	-	-	-	-	6.0	4.0	10.0	-	-	-
Purchases of property and equipment	(3.3)	(4.2)	(2.1)	(2.6)	(12.2)	(3.5)	(0.0)	(0.1)	(0.5)	(4.1)	(1.0)	(0.4)	(0.9)	(1.8)	(4.2)	(0.7)	(2.5)	(4.2)
Adjusted free cash flow	<u>\$(18.6)</u>	<u>\$ 3.1</u>	<u>\$(22.7)</u>	<u>\$(6.9)</u>	<u>\$(45.1)</u>	<u>\$(28.0)</u>	<u>\$ 0.1</u>	<u>\$(2.3)</u>	<u>\$(2.4)</u>	<u>\$(32.6)</u>	<u>\$ 2.3</u>	<u>\$ 3.6</u>	<u>\$ 11.9</u>	<u>\$ 4.1</u>	<u>\$ 22.0</u>	<u>\$ 16.4</u>	<u>\$ 12.3</u>	<u>\$ 0.8</u>

* Amounts may not total due to rounding