

Fourth Quarter 2014
Earnings Conference Call

Feb. 17, 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, 2013 and on form 10-Q for the most recent quarter ended September 30, 2014.
- 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



7.2 million units
shipped, representing
over 1GW



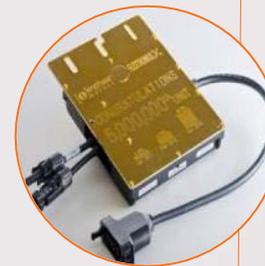
2006 2007 2008 ~ 2011 2012 2013 2014 2015



**First microinverter
system** introduced



1 million units shipped,
Enphase expands globally



Fourth-generation
technology introduced



Fifth-generation
technology announced

Fourth Quarter 2014 Highlights

- Record revenue of **\$105.2M**, up **57%** year-over-year
- Shipped **180MW (AC) or 207MW (DC)**, representing 799,000 units
- Record gross margin of **33.5%**, up **120 bps** year-over-year
- Record non-GAAP operating income of **\$4.8 million**
- Non-GAAP net income of **\$3.5 million**
- Non-GAAP diluted **earnings per share** of **\$0.07**
- Strong positive cash flow from operations of **\$8.9 million**



Fourth Quarter 2014 Business Highlights

Strong Business Momentum and Record Top Line

- Increasing customer demand in US residential market, as well as in UK and Australia
- US revenue up 57% year-over-year
- International revenue up 59% year-over-year

Announced Enphase Energy Management System

- Groundbreaking system enables large-scale implementation of solar globally
- Includes the fifth generation microinverter, Envoy-S Gateway, cloud-based Enlighten monitoring system and Enphase Energy services team

Announced Entry into Energy Storage Business with AC Battery

- Advanced energy storage solution with a modular, plug-and-play storage device fully integrated with the Enphase Energy Management System
- Safe, reliable and easy-to-install storage solution, designed for residential and commercial applications

Fourth Quarter 2014 Financial Highlights

\$ in millions	Q4 '14	Q3 '14	Q4 '13
Total Revenue	\$105.2	\$99.1	\$67.1
Gross Margin %	33.5%	33.0%	32.3%
Operating Expenses	\$30.4	\$28.0	\$21.3
Operating Income	\$4.8	\$4.8	\$0.4
Net Income	\$3.5	\$3.8	(\$0.7)
Earnings Per Share	\$0.07	\$0.08	(\$0.02)

Non-GAAP measures

Full Year Financial Highlights

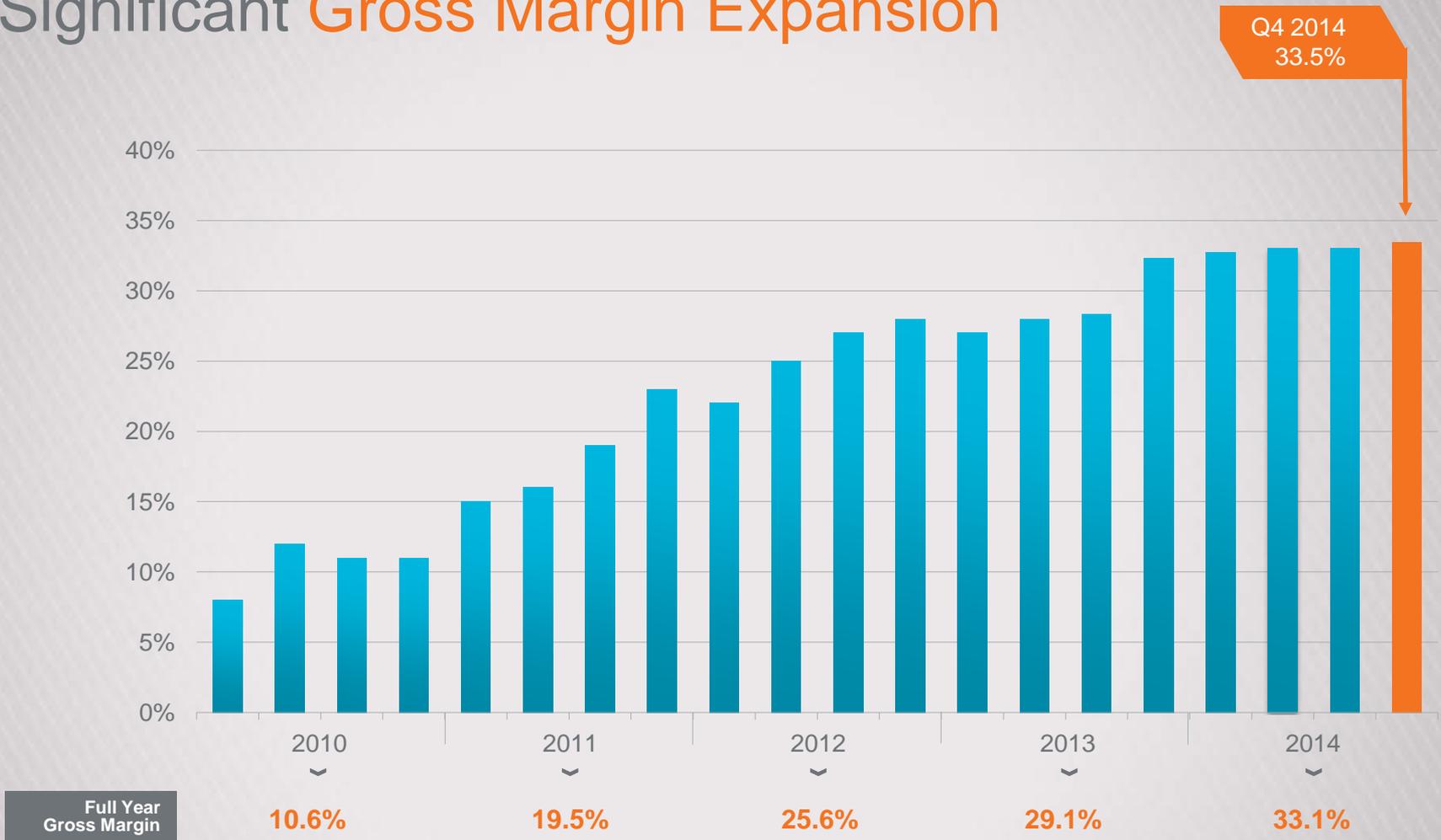
\$ in millions	2014	2013	2012
Total Revenues	\$343.9	\$232.8	\$216.7
Gross Margin %	33.1%	29.1%	25.6%
Operating Expenses	\$108.0	\$82.5	\$81.5
Operating Income (loss)	\$5.9	(\$14.6)	(\$26.0)
Net Income (loss)	\$2.7	(\$18.0)	(\$28.8)
Earnings Per Share	\$0.06	(\$0.43)	(\$0.93)

Non-GAAP measures

Accelerated Revenue Growth



Significant Gross Margin Expansion



Non-GAAP measures

Operating Expense Control Drives Leverage

Operating expense increase reflects investments to support segment and international expansion



Non-GAAP measures

Cash Flow and Balance Sheet **Highlights**

\$ in millions	Q4 '14	Q3 '14	Q4 '13
Cash Flow from Operations	\$8.9	\$11.2	\$7.6
Capital Expenditures	\$4.2	\$4.8	\$1.4
Depreciation	\$2.3	\$2.1	\$1.9
Cash	\$42.0	\$44.5	\$38.2
Total Debt	\$0.0	\$5.9	\$8.7

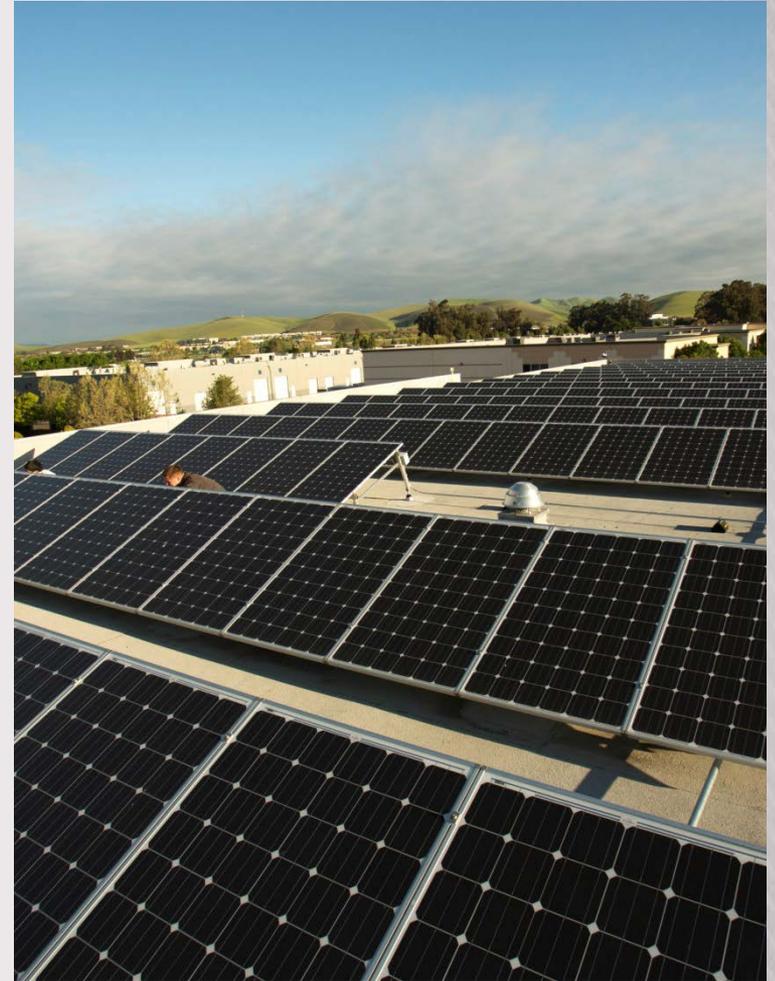
First Quarter 2015 Outlook

Revenue \$84 - \$88M

Gross Margin 31% - 33%

Operating Expenses Up 2% to 5% 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
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 %
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 %
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 %

	Reconciliation of GAAP to Non-GAAP Operating Expenses																			
	(In Millions)																			
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
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
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)
Secondary offering expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.4)	—
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(0.2)
Severance costs	—	—	—	—	—	—	—	—	—	—	—	(0.4)	(0.2)	—	(0.4)	(0.1)	—	—	—	—
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

	Reconciliation of GAAP to Non-GAAP Income (Loss) from Operations																			
	(In Millions)																			
	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14
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
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
Secondary offering expenses	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.4	—
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.2
Severance costs	—	—	—	—	—	—	—	—	—	—	—	0.4	0.2	—	0.4	0.1	—	—	—	—
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

	Reconciliation of GAAP to Non-GAAP Net Income (Loss)															
	(In Millions)															
	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14				
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				
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				
Secondary offering expenses	—	—	—	—	—	—	—	—	—	—	0.4	—				
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	—	0.2				
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				

	Reconciliation of GAAP to Non-GAAP Net Income (Loss) per Diluted Share															
	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14				
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				
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				
Secondary offering expenses	—	—	—	—	—	—	—	—	—	—	—	—				
Acquisition-related costs	—	—	—	—	—	—	—	—	—	—	—	—				
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				



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 bold, sans-serif font, and the word 'ENERGY' in a smaller, all-caps, sans-serif font below it.