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; anticipated progress on goals and results; strategies for achieving its target operating model; new product features, functionalities and expected launch dates; ASIC road map, including features and anticipated size and cost reduction; expected decrease in operating expense; grid-independent “Solar 2.0” technology, including Enphase Ensemble™; beliefs regarding the future size of the market for solar products, and Enphase’s share of that market; forecasts for growth in revenue and profits in 2018; potential for significant increase in market share; opportunities in Africa and India; expected near-term and sustained profitability, and positive cash flow; 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 March 31, 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.
Agenda

Paul Nahi
President & CEO

Badri Kothandaraman
Chief Operating Officer

Raghu Belur
Vice President, Products

Bert Garcia
Chief Financial Officer

All

Overview

Operations

Quality and Reliability
Ensemble™: The Future of Distributed Energy

Financial Recap

Product Demonstration
Q&A
Enphase Energy

A Global Energy Technology Company
Enphase Global Footprint

Enphase in more than 375,000 systems in 95 countries
Enphase Global Footprint

620,000

Enphase in more than 375,000 systems in 95 countries

Market Position
Enphase Goals

[1] Invest in our next generation technology to reduce costs by 50% in 24 months, to $0.10 per Watt

We have the products to meet our 50% cost reduction; however we are approximately six months late.

[2] Provide our partners with best-in-class power electronics, storage solutions, communications, and load control all managed by a cloud-based energy management system

We believe we have the highest quality and highest reliability inverter in the market. Our AC Battery and Enlighten, our cloud-based energy management system, enable a total energy system that is best-in-class for the residential market.
The Enphase Home: Complete Energy Solution

ENERGY MANAGEMENT

ENLIGHTEN

Enphase S-Series Microinverter

GENERATION

CONTROL

ENPHASE

Enphase Envoy

ENERGY USE

Enphase AC Battery

STORAGE

Enphase Envoy

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AC Module

Advances in size, weight and technology enable the **AC module**

- Next level of integration with PV module
- Eliminates unnecessary components like extra wire and bypass diodes
- Possible removal of PV junction box
AC Module

Advances in size, weight and technology enable the AC module

- Next level of integration with PV module
- Eliminates unnecessary components like extra wire and bypass diodes
- Possible removal of PV junction box
- AC Modules will be available for sale in July 2017
Enphase Market Assumptions

[1] US residential market to grow between 0%-10% in the overall 2017 market, but the small to medium installers are growing faster

[2] Module power increasing faster than anticipated, which uniquely accelerates cost reduction for microinverters

[3] Inverter pricing stabilizing at a 7%-10% year-over-year reduction

[4] The storage market continues to show promise, but is growing slower than preorders indicated
## Enphase Target Operating Model: 30-20-10

### Target Model

<table>
<thead>
<tr>
<th>Component</th>
<th>Target Model</th>
<th>Focus Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Profitable Growth</td>
<td>• Increase market share with IQ, ACM, ACB</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• World class quality and reliability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Enter new geographies with ACM, IQ7</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>30%</td>
<td>• Better cost management – cost reduction initiatives</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Continued innovation – IQ7, IQ8</td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
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<td>20%</td>
<td>• Focus on key products</td>
</tr>
<tr>
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<td></td>
<td>• Release a single worldwide SKU: IQ7</td>
</tr>
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<td></td>
<td></td>
<td>• Continue increasing corporate efficiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Disciplined lean approach</td>
</tr>
<tr>
<td>Operating Income</td>
<td>10%</td>
<td>• Achieve sustained profitability</td>
</tr>
</tbody>
</table>
Badri Kothandaraman
Chief Operating Officer
## 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 ACM, 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)

- **Cost Management:**
  - Clear supplier strategies
  - Better understanding of commodity landscape
  - Overhead reduction

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

- **Revenue Management:**
  - Pricing discipline
  - Leverage market trends
  - Channel management
Cost Management
Transformation Via Procurement Excellence and Overhead Management

<table>
<thead>
<tr>
<th>FY16</th>
<th>Today</th>
<th>Preliminary Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single supplier</td>
<td>Multiple sourcing strategy</td>
<td>Achieved 30% reduction in some key electrical components</td>
</tr>
<tr>
<td>Unstructured supplier selection</td>
<td>Clear supplier strategies and research of new suppliers</td>
<td>Achieved 30% lower mechanical component pricing</td>
</tr>
<tr>
<td>Limited fact-based rigor in procurement decisions</td>
<td>Collect and understand key market, technology information</td>
<td>Reduced warehouse operating budget by 50%</td>
</tr>
<tr>
<td>Excessive overhead costs</td>
<td>Optimizing all aspects - freight, service, stocking</td>
<td>Reduced return logistics by 25%</td>
</tr>
</tbody>
</table>
New Products
Every Generation Is Better

**M250**
4th Generation Product
Integrated Grounding
Rapid Shut Down

**IQ6/6+**
Advanced Grid Functions
2-Wire AC Cabling
AC Module Support

**IQ7**
Single Worldwide SKU
Lower Component Count

**iPhone 7+**

---

**B**

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New Products
ASIC Roadmap Delivers More Integration, Leveraging Moore’s Law

<table>
<thead>
<tr>
<th>$X</th>
<th>2014</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heron 1 – S280</td>
<td>Advanced grid functions, Reactive power control</td>
<td></td>
</tr>
<tr>
<td>Heron 2 – IQ6 (Today)</td>
<td>PCU algorithm improvements, 2.8 Million Gates</td>
<td></td>
</tr>
<tr>
<td>Swift – IQ8</td>
<td>Ensemble Support, 5.0 Million Gates</td>
<td></td>
</tr>
<tr>
<td>Heron 3 – IQ7</td>
<td>Die shrink, 3.8 Million Gates</td>
<td></td>
</tr>
<tr>
<td>Swift 2</td>
<td>Die shrink, Higher performance</td>
<td></td>
</tr>
</tbody>
</table>

ASIC Cost

$0.2X
New Products


IQ6 Microinverter
- Supports 60-cell modules
- Up to 330W DC
- Advanced Grid Functions
- Available Now

IQ6+ Microinverter
- Supports 60 and 72-cell modules
- Up to 400W DC
- Advanced Grid Functions
- Available Now

Expect to ship 100,000 units of IQ6/6+ in Q2’17
### Cost Reduction – “By the Numbers”

<table>
<thead>
<tr>
<th>Part count</th>
<th>M250 2015</th>
<th>S290 2016</th>
<th>S300 2017</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part count</td>
<td>396</td>
<td>339</td>
<td>250</td>
<td>-37%</td>
</tr>
<tr>
<td>ASIC count</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>+200%</td>
</tr>
<tr>
<td>ASIC gates (millions)</td>
<td>1.8</td>
<td>2.8</td>
<td>5</td>
<td>+178%</td>
</tr>
<tr>
<td>AC cable wires</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>-50%</td>
</tr>
<tr>
<td>Weight (kg)</td>
<td>1.66</td>
<td>1.38</td>
<td>1.15</td>
<td>-31%</td>
</tr>
<tr>
<td>AC cable weight (kg)</td>
<td>0.985</td>
<td>0.407</td>
<td>0.407</td>
<td>-59%</td>
</tr>
<tr>
<td>Max AC power</td>
<td>250W</td>
<td>290W</td>
<td>300W</td>
<td>+20%</td>
</tr>
</tbody>
</table>
## Cost Reduction – “By the Numbers”

![Image of M250, S290 IQ6*, S300 IQ7* devices]

<table>
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<th>Part</th>
<th>M250 2015</th>
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<td>300W</td>
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</tr>
</tbody>
</table>

* Delayed by 6 months; new schedule on slide 23.
## New Products

Cost Reduction While Adding Functionality and Value

<table>
<thead>
<tr>
<th></th>
<th>M250</th>
<th>IQ6 – Q1’17</th>
<th>IQ7 – Q1’18</th>
<th>IQ8 – Q1’19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part count</td>
<td>396</td>
<td>364</td>
<td>338</td>
<td>&lt; 250</td>
</tr>
<tr>
<td>ASIC gates (millions)</td>
<td>1.8</td>
<td>2.8</td>
<td>3.8</td>
<td>5</td>
</tr>
<tr>
<td>Max DC Power (W)</td>
<td>350</td>
<td>400</td>
<td>420</td>
<td>440</td>
</tr>
<tr>
<td>Weight (kg)</td>
<td>1.66</td>
<td>1.38</td>
<td>1.15</td>
<td>1.0</td>
</tr>
<tr>
<td>Key Feature</td>
<td>Rapid Shut Down</td>
<td>Advanced Grid Functions</td>
<td>Single Worldwide SKU</td>
<td>Ensemble</td>
</tr>
</tbody>
</table>

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New Products
The IQ AC Module Enhances Our Value Proposition

In partnership with:

- Shipped 18K+ microinverters in Q2’17
- 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+ to high power modules means more production for the same number of modules
  - **Higher Reliability**
    Pre-tested microinverter and module operation in assembly

**New Products**
The IQ AC Module Enhances Our Value Proposition

In partnership with:
Revenue Management
Innate Product Advantages Provide Higher Value

Higher Power Production
*Microinverters operate independently with all technology embedded in one unit, resulting in higher efficiency*

Superior Quality and Reliability
*Reliability of our microinverters is among the best in industry; our distributed architecture requires less maintenance, creating systems without single point of failure*

Safer
*All AC system means no high voltage DC on the roof, meeting strict government safety requirements*

Easier to Design, Install and Maintain
*Fewer components and remote problem-solving through Enlighten saves time for installers*

A microinverter solution provides more value than competitive architectures.
Revenue Management: Profitable Growth Leveraging Market Trends

US Market Size by Installer Tier
MW, % of total US residential market

<table>
<thead>
<tr>
<th></th>
<th>Q1'15</th>
<th>Q2'15</th>
<th>Q3'15</th>
<th>Q4'15</th>
<th>Q1'16</th>
<th>Q2'16</th>
<th>Q3'16</th>
<th>Q4'16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 (&gt;40 MW)</td>
<td>434</td>
<td>502</td>
<td>594</td>
<td>656</td>
<td>630</td>
<td>655</td>
<td>616</td>
<td>641</td>
</tr>
<tr>
<td>CAGR=</td>
<td>-2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 2 (4-40 MW)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAGR=</td>
<td>23%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 3 (&lt;4 MW)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAGR=</td>
<td>42%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Enphase uniquely positioned to serve small to mid-sized installers due to our:
- Simplicity
- Value proposition
- Broad distribution network

Source - GTM Leaderboard Feb. 2017
OPEX Management:
We have cut expenses nearly 50%

Operating Expense
$M USD (Non-GAAP)

- Restructuring completed Q1’17
- Single worldwide SKU on IQ7 helps in R&D spend
- Outsourcing of non-core functions
- Continuous review and optimization of R&D portfolio
Raghu Belur

Co-founder, Vice President of Products and Strategic Initiatives
Our overarching philosophy is that quality and reliability cannot be just tested into any product – they must be ingrained into every aspect of the business.
Rigorous Testing Criteria

Long-Term Testing Exceeds Industry Standards

- IP 67 or NEMA6 rating
  - Testing for failure in enclosure seals, joints and cables under water

<table>
<thead>
<tr>
<th></th>
<th>NEMA6</th>
<th>Enphase Enhanced NEMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>OFF</td>
<td>100%</td>
</tr>
<tr>
<td>Thermal cycling</td>
<td>None</td>
<td>-30C to 65C</td>
</tr>
<tr>
<td>Submersion Duration</td>
<td>30 mins</td>
<td>21 days</td>
</tr>
</tbody>
</table>

Inverters in pressure vessel

Pressure apparatus in chamber
Rigorous Testing Criteria
Long-Term Testing Exceeds Industry Standards

Capacity: 1600 to 2000 Units

- IEC 61215 Standards Testing
  - Thermal cycling
    - Between -40C to +85C
    - 6 hour cycles
  - Damp heat 85C and 85% RH

<table>
<thead>
<tr>
<th></th>
<th>Standard</th>
<th>Enphase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thermal Cycling</td>
<td>200 cycles</td>
<td>600 cycles</td>
</tr>
<tr>
<td>Damp Heat</td>
<td>1000 hours</td>
<td>1500 hours</td>
</tr>
<tr>
<td>Powered</td>
<td>No</td>
<td>100%</td>
</tr>
</tbody>
</table>
Component Level Testing

Significant Design Margin—Electrolytic capacitors

- **Design margin**
  - **Rating**
    - Temperature: 105°C
    - Ripple current: 3.4A rms
    - Redundancy: 1 capacitor
  - **Enphase**
    - Temperature: 75°C max.
    - Ripple current: 1.85A rms
    - Redundancy: 4 capacitors

- **Field data**
  - No degradation after 5 years of operation
  - Not in the top 10 failure modes
  - Lifetime failures
    - 9 out of 56 million
    - 0.16 dppm per e-cap.

Enphase has solved the e-cap problem
Enphase Ensemble™ is the result of 10 years of R&D with over 300 patents filed, making Enphase the only Solar 2.0 company.
The Essence of Enphase is Semiconductor Integration

The world is moving to a networked, distributed digital architecture

- Telecom
- Computing
- Networking
- Blockchain
10 Years of Enphase Innovation

- First micro-inverter system introduced 2008
- 1 million units shipped, Enphase expands globally 2011
- Fourth-generation technology introduced 2013
- AC battery introduced 2016
- Sixth-generation launched 2017
- AC battery introduced 2016
- First micro-inverter system introduced 2008
- 1 million units shipped, Enphase expands globally 2011
- Fourth-generation technology introduced 2013
- AC battery introduced 2016
- Sixth-generation launched 2017

Distributed architecture / Systems solution / Software-defined inverters
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

#### 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

### Requirements
- High speed digital control system which is mathematically intensive
- Very high speed power train

### Parameters
- Closed-form control solutions
- Control vector updated on the fly every 20ns
- Virtual impedance up to the 150th harmonic of the grid
- Sophisticated droop control

**Software-defined inverter**
- Digital architecture
- ASICs
Solar 2.0 Provides the Best of All Worlds

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

- **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
Market Impact of Ensemble™
Expands market share and improves gross margin

Global Market Size
Worldwide total residential market (MW)

- Sets a new standard for customer expectation
- Software configurable
- Leverages existing channels
- Forecasting shipments in Q1 '19
Ensemble™ Expands Enphase into Energy Access and Microgrids
Increasing TAM by Developing New Markets

1.2B+ people live in off- and weak-grid areas
Population share without grid access

- Today’s off-grid regions well suited for solar systems
- Market Size of >$100Bn
- Yet, major market development efforts required

- President Obama signs Electrify Africa Act
- Prime Minister Modi to fully electrify India by 2021
Ensemble™ Systems are Built with IoT Appliances

- AC Module
- AC Battery
- Energy Hub
The Future of Solar

Enphase Ensemble™ is the result of 10 years of R&D, making Enphase the only Solar 2.0 company. We intend to own the future.
### Enphase Target Operating Model: 30-20-10

#### Target Model

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<td></td>
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</table>
Steps Already Taken to Improve Operating Income

Restructuring Actions – $38M/Year in OpEx Reductions

Supply Chain Optimization – $18M/Year in Reductions, Exiting Q4’17

Completed Investments That Will Drive Revenue Growth

• Product Cost Reduction – IQ6
• IQ7 Development – Universal SKU
• New Products – AC Battery & AC Module
• Next-Generation Energy Technology (Ensemble™)
Paul Nahi

Summary and Conclusion
Enphase Target Operating Model: 30-20-10

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▪ Continue increasing corporate efficiency  
▪ Disciplined lean approach |
| **Operating Income** | 10% | ▪ Achieve sustained profitability |