

Second Quarter 2014

Earnings Conference Call

Aug. 5, 2014

[e] enphase[®]
ENERGY

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 them carefully.
- 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 Energy

- **Leading global supplier of solar microinverter systems**
- **Established 2006 / First Commercial shipments 2008**
- **Headquartered in California, ~400 employees**
- **More than 5.7 million units shipped, representing over 1.4GW(DC)**
- **Shipping 4th generation microinverter system**
- **~125 patent families**
- **World-class team from leading technology companies**
- **Listed on Nasdaq: ENPH**



Second Quarter 2014 Highlights

- Record revenue of \$82.0M, up 41% year-over-year
- Shipped 132MW (AC) or 152MW (DC), representing 598,000 units
- Record gross margin of 33.0%, up 490 bps year-over-year
- Non-GAAP operating income at breakeven



- Non-GAAP measures

Second Quarter 2014 Business Highlights

Strong Business Momentum and Record Top Line Growth

- Strong demand for solar in U.S. residential market, as well as U.K. and Australia
- U.S. revenue up 50% year-over-year
- Revenue in Canada, Europe and Australia up 38% sequentially



4th Generation Enphase System Offered in U.K., Europe and Australia

- The M250 microinverter, continues to raise the bar for inverter quality, performance and reliability

Continued to Build Partnerships with Leading Solar Installers and Financing Companies

- Expanded partnership with Sunnova by launching into the U.S. Virgin Islands
- Joined forces with Mosaic to launch first home solar loan packaged with O&M services
- Offering financial packages for the U.S. commercial solar market with Technology Credit Corporation

Named #1 North American Residential PV Monitoring Company by GTM Research

- Enphase is fastest growing residential PV monitoring provider in the world
- Currently monitor over 160,000 systems globally; collect over 500 GB of performance daily

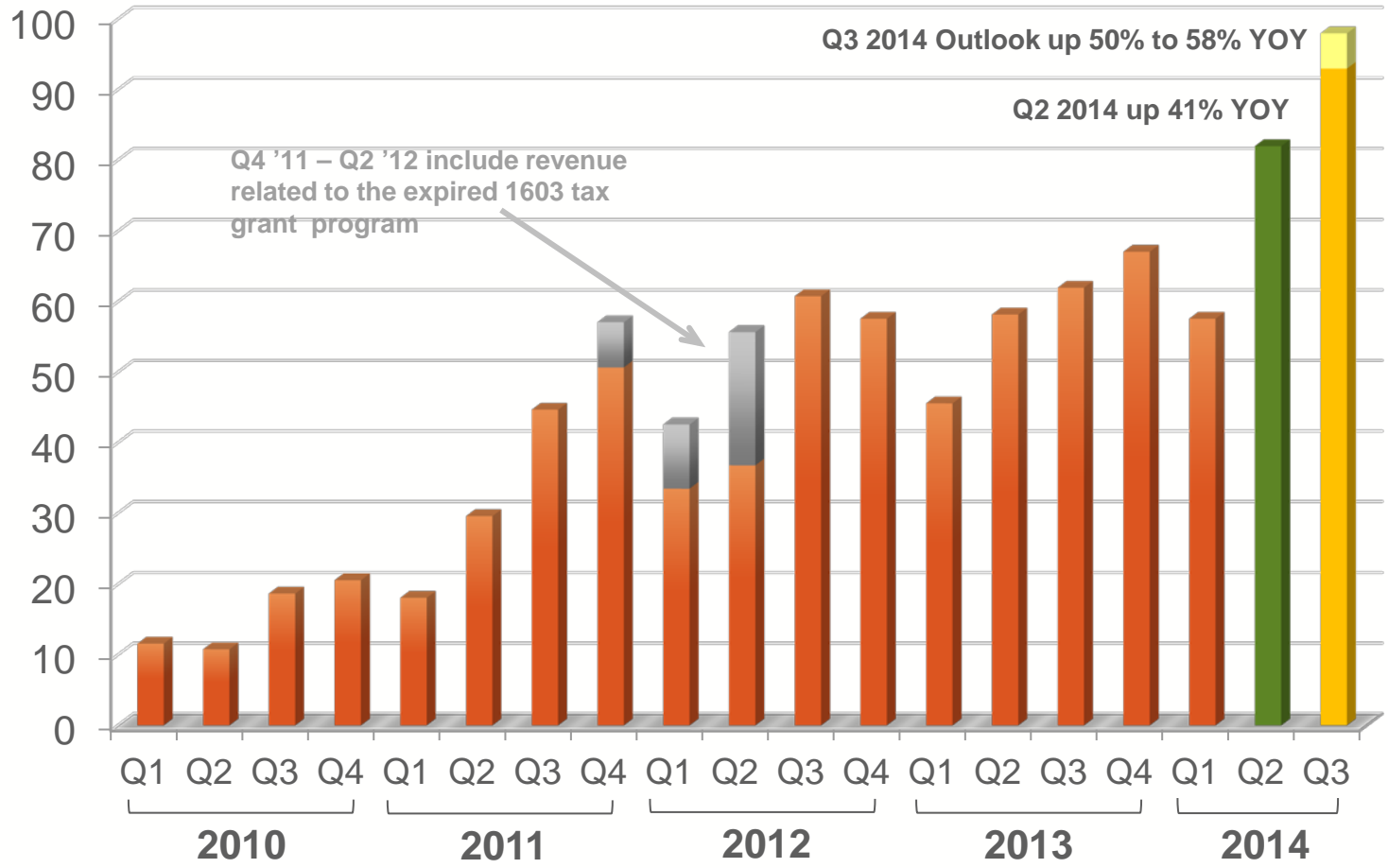
Second Quarter 2014 Financial Highlights

\$ in millions	Q2 '14	Q1 '14	Q2 '13
Total Revenue	\$82.0	\$57.6	\$58.2
Gross Margin %	33.0%	32.7%	28.1%
Operating Expenses	\$27.0	\$22.6	\$20.4
Operating Income (loss)	\$0.0	(\$3.8)	(\$4.0)
Net Loss	(\$0.4)	(\$4.1)	(\$4.8)
Loss Per Share	(\$0.01)	(\$0.10)	(\$0.12)

- Non-GAAP measures

Robust Revenue Growth

(\$ in millions)



Total Revenue

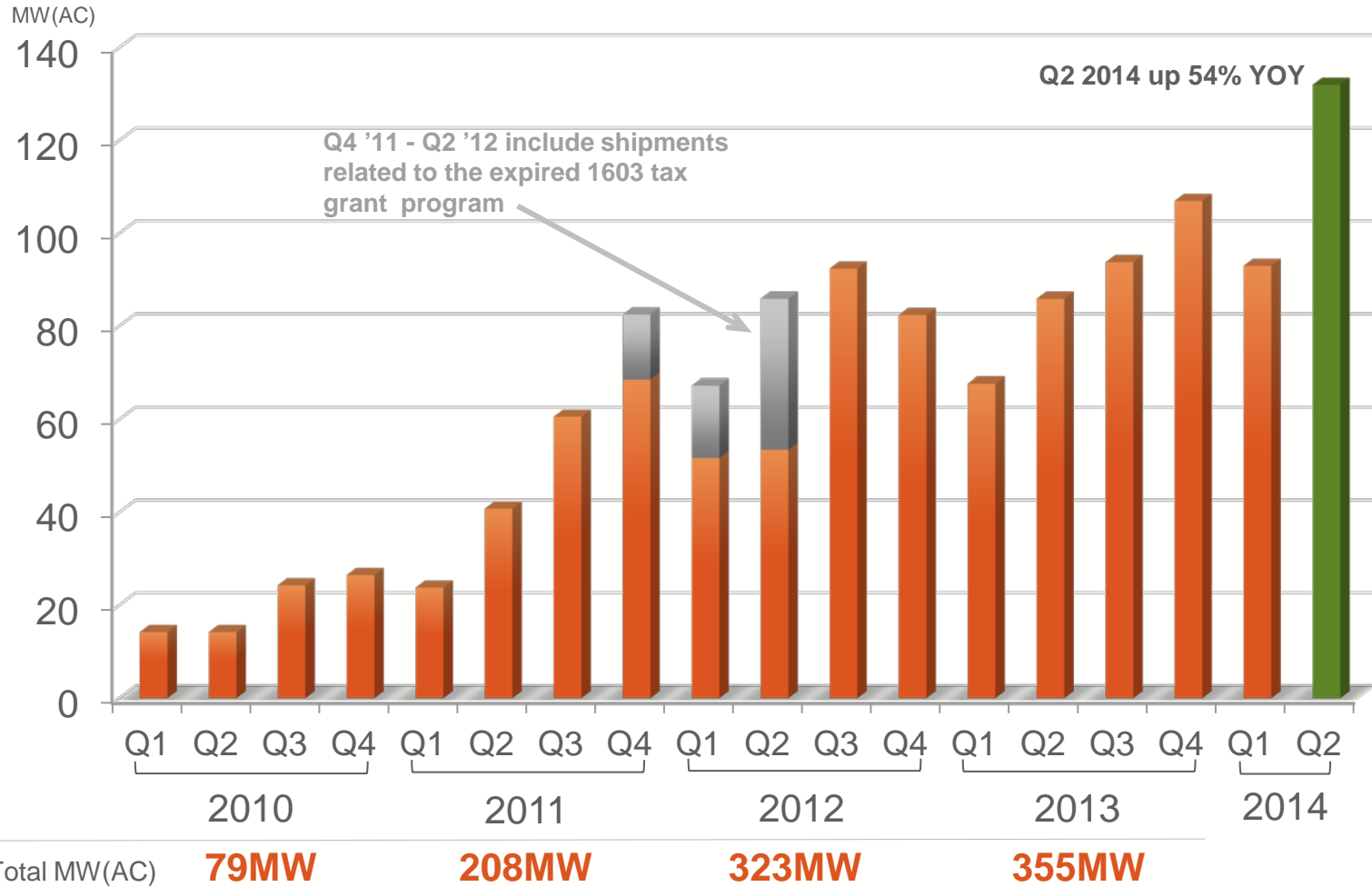
\$62M

\$150M

\$217M

\$233M

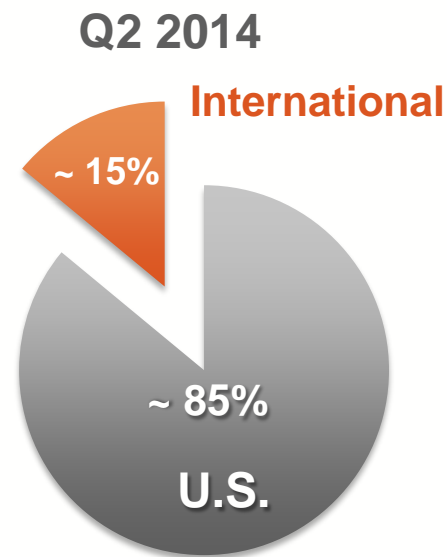
Enphase Surpasses 1GW of System Shipments



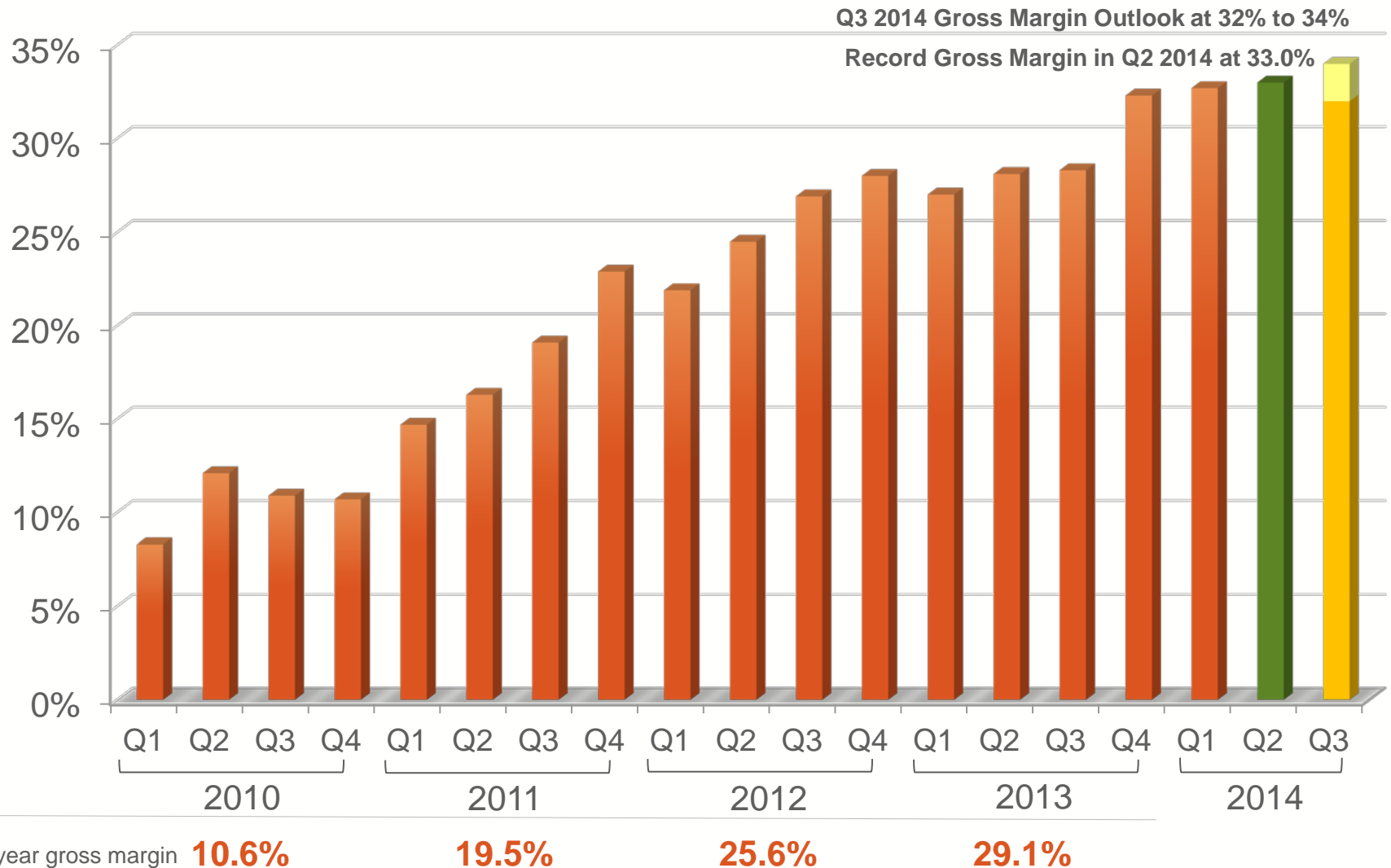
International Expansion a Key Driver of Growth

International Markets

- Canada
- U.K., France, Belgium, the Netherlands, Luxembourg, Italy, Switzerland
- Australia



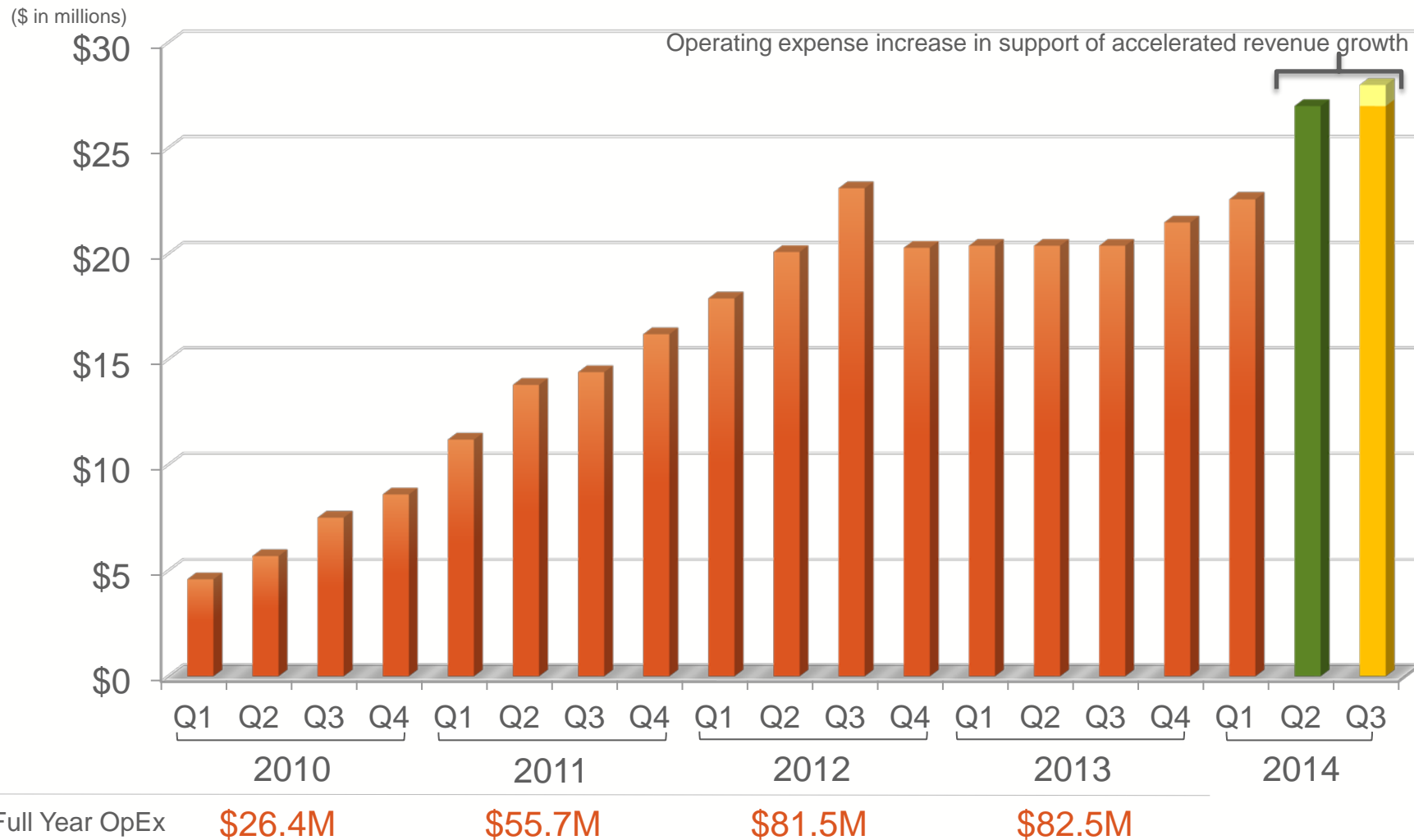
Significant Gross Margin Expansion



• Non-GAAP measures



Operating Expense Control drives Leverage



• Non-GAAP measures



Cash Flow and Balance Sheet Highlights

\$ in millions	Q2 '14	Q1 '14	Q2 '13
Cash Flow from Operations	(\$0.1)	\$4.3	(\$1.0)
Capital Expenditures	\$2.2	\$2.2	\$1.8
Depreciation	\$2.0	\$1.9	\$1.7
Cash	\$37.6	\$39.9	\$34.0
Total Debt	\$6.5	\$7.8	\$9.9

Third Quarter 2014 Outlook

Revenue \$93 - \$98 million

Gross Margin 32% - 34%

Operating Expenses Flat to up 4% sequentially

- Non-GAAP measures



Reconciliation of Non-GAAP Financial Measures

Reconciliation of GAAP Gross Margin to Non-GAAP Gross Margin

	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
GAAP Gross Margin	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 %
Stock-based Compensation	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.1 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.2 %	0.2 %	0.3 %	0.3 %
Non-GAAP Gross Margin	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 %

Reconciliation of GAAP Operating Expenses 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
GAAP Operating Expenses	\$ 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
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)
Severance	—	—	—	—	—	—	—	—	—	—	(0.4)	(0.2)	—	(0.4)	(0.1)	—	—	—
Non-GAAP Operating Expenses	\$ 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

Reconciliation of GAAP Operating Loss to Non-GAAP Operating Income (Loss)

(In Millions)

	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
GAAP Operating Loss	\$ (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)
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
Severance	—	—	—	—	—	—	—	—	—	—	0.4	0.2	—	0.4	0.1	—	—	—
Non-GAAP Operating (Loss) Income	\$ (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)	\$ —

Reconciliation of GAAP Net Loss to Non-GAAP Net Loss

(In Millions)

	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
GAAP Net Loss	\$ (10.2)	\$ (11.4)	\$ (8.9)	\$ (7.7)	\$ (10.4)	\$ (6.4)	\$ (6.3)	\$ (2.8)	\$ (6.2)	\$ (3.0)
Stock-based Compensation	0.7	1.0	1.4	1.6	1.4	1.5	2.1	1.9	2.0	2.5
Non-cash interest expense	0.9	3.0	0.1	0.8	0.1	0.1	0.1	0.1	0.1	0.1
(Gains) losses from convertible preferred stock revaluation	(0.6)	0.1	—	—	—	—	—	—	—	—
Severance	—	—	—	0.4	0.2	—	0.4	0.1	—	—
Non-GAAP Net Loss	\$ (9.2)	\$ (7.3)	\$ (7.4)	\$ (4.9)	\$ (8.7)	\$ (4.8)	\$ (3.7)	\$ (0.7)	\$ (4.1)	\$ (0.4)

Reconciliation of GAAP Loss per Share to Non-GAAP Loss per Share

	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14
GAAP Loss per Share	\$ (5.97)	\$ (0.29)	\$ (0.22)	\$ (0.19)	\$ (0.25)	\$ (0.15)	\$ (0.15)	\$ (0.07)	\$ (0.15)	\$ (0.07)
Stock-based Compensation	0.41	0.02	0.04	0.04	0.04	0.03	0.05	0.05	0.05	0.06
Non-cash interest expense	0.55	0.08	—	0.02	—	—	0.01	—	—	—
(Gains) losses from convertible preferred stock revaluation	(0.37)	—	—	—	—	—	—	—	—	—
Severance	—	—	—	0.01	—	—	—	—	—	—
Non-GAAP Loss per Share	\$ (5.38)	\$ (0.19)	\$ (0.18)	\$ (0.12)	\$ (0.21)	\$ (0.12)	\$ (0.09)	\$ (0.02)	\$ (0.10)	\$ (0.01)

