



**First Quarter 2016**  
**Earnings Conference Call**

May 3, 2016

# 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, 2015, and on form 10-Q for the quarter ended March 31, 2016, which will be filed with the SEC in the second quarter of 2016.
- 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



**Founded by**  
Raghu Belur and  
Martin Fornage  
in California

Enphase listed on  
**NASDAQ** under  
symbol ENPH



**Approximately 11  
million** units shipped,  
representing  
over 2.8GW



2006

2007

2008 ~ 2011

2012

2013

2014

2015



**First microinverter  
system** introduced



**1 million** units shipped,  
Enphase expands globally



**Fourth-generation**  
technology introduced



**Home Energy Solution**  
AC Battery storage  
system announced



**Fifth-generation**  
technology introduced

# First Quarter 2016 Highlights

- Revenue of **\$64.1M**
- Shipped **143MW (AC)** or 168MW (DC), representing 611,000 microinverters
- **Approximately 11 million** microinverters shipped since inception, representing more than **2.8GW** of Enphase systems



# First Quarter 2016 Financial Highlights (Non-GAAP)

\$ in millions	Q1 '16	Q4 '15	Q1'15
Total Revenue	\$64.1	\$65.6	\$86.7
Gross Margin %	18.8%	24.5%	32.6%
Operating Expenses	\$28.1	\$27.8	\$30.7
Operating Loss	(\$16.0)	(\$11.7)	(\$2.5)
Net Loss	(\$15.7)	(\$11.5)	(\$3.2)
Loss per Share	(\$0.34)	(\$0.25)	(\$0.07)

# Cash Flow and Balance Sheet Highlights

\$ in millions	Q1 '16	Q4 '15	Q1 '15
Cash Flow from Operations	(\$15.2)	\$8.1	(\$11.5)
Capital Expenditures	\$3.3	\$2.8	\$3.6
Depreciation	\$2.7	\$2.8	\$2.5
Cash	\$13.0	\$28.5	\$27.1
Total Debt	\$20.0	\$17.0	\$0.0

# Second Quarter 2016 Outlook (Non-GAAP)

Revenue \$76M - \$82M

Gross Margin 17% - 20%

Operating Expenses \$27M - \$29M



## Reconciliation of Non-GAAP Financial Measures

	<u>1Q16</u>	<u>4Q15</u>	<u>1Q15</u>
<b>Gross Margin (GAAP)</b>	18.3 %	23.9 %	32.3 %
Stock-based Compensation	0.5 %	0.6 %	0.3 %
<b>Gross Margin (Non-GAAP)</b>	<u>18.8 %</u>	<u>24.5 %</u>	<u>32.6 %</u>
<b>Operating expenses (GAAP)</b>	\$ 30.8	\$ 30.9	\$ 33.6
Stock-based compensation	(2.7)	(2.8)	(2.7)
Amortization of acquisition-related intangibles	—	—	—
Revaluation of contingent consideration	—	0.2	(0.1)
Severance costs	—	(0.5)	—
<b>Operating expenses (Non-GAAP)**</b>	<u>\$ 28.1</u>	<u>\$ 27.8</u>	<u>\$ 30.7</u>
<b>Loss from operations (GAAP)</b>	\$ (19.1)	\$ (15.1)	\$ (5.5)
Stock-based Compensation	3.0	3.1	3.0
Amortization of acquisition-related intangibles	—	—	—
Revaluation of contingent consideration	—	(0.2)	0.1
Severance costs	—	0.5	—
<b>Loss from operations (Non-GAAP)**</b>	<u>\$ (16.0)</u>	<u>\$ (11.7)</u>	<u>\$ (2.4)</u>
<b>Net loss (GAAP)</b>	\$ (18.8)	\$ (15.8)	\$ (6.3)
Stock-based Compensation	3.0	3.1	3.0
Amortization of acquisition-related intangibles	—	—	—
Revaluation of contingent consideration	—	(0.2)	0.1
Severance costs	—	0.5	—
Non-cash interest expense	—	0.1	0.1
Income tax effect on revaluation of contingent consideration liability	—	0.8	—
<b>Net loss (Non-GAAP)**</b>	<u>\$ (15.7)</u>	<u>\$ (11.5)</u>	<u>\$ (3.1)</u>
<b>Net loss per share, basic and diluted (GAAP)</b>	\$ (0.41)	\$ (0.35)	\$ (0.14)
Stock-based Compensation	0.07	0.07	0.07
Severance costs	—	0.01	—
Income tax effect on revaluation of contingent consideration liability	—	0.02	—
<b>Net loss per share, basic and diluted (Non-GAAP)</b>	<u>\$ (0.34)</u>	<u>\$ (0.25)</u>	<u>\$ (0.07)</u>

\*\*Numbers may not add precisely due to rounding



**The ENPHASE Promise:**

We make solar simple  
and energy smart.