# 3rd Quarter 2016

## Financial Results Conference Call

## November 3, 2016

# Safe Harbor Statement and Use of Non-GAAP Measures

Statements in this presentation regarding management's future expectations, beliefs, intentions, goals, strategies, plans or prospects, including, without limitation, statements relating to the Company’s future financial performance on both a GAAP and non-GAAP basis, and the future growth and success of the Company’s energy intelligence software and demand response solutions, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Forward-looking statements can be identified by terminology such as "anticipate," "believe," "could," "could increase the likelihood," "estimate," "expect," "intend," "is planned," "may," "should," "will," "will enable," "would be expected," "look forward," "may provide," "would" or similar terms, variations of such terms or the negative of those terms. Such forward-looking statements involve known and unknown risks, uncertainties and other factors including those risks, uncertainties and factors referred to under the section "Risk Factors" in EnerNOC's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, as well as other documents that may be filed by EnerNOC from time to time with the Securities and Exchange Commission. As a result of such risks, uncertainties and factors, the Company's actual results may differ materially from any future results, performance or achievements discussed in or implied by the forward-looking statements contained herein. EnerNOC is providing the information in this presentation as of this date and assumes no obligations to update the information included in this presentation or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation contains references to non-GAAP financial measures including adjusted EBITDA. These financial measures are non-GAAP financial measures that are not prepared in accordance with generally accepted accounting principles. The definitions and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measure are available in the Appendix of this presentation. Management uses these non-GAAP measures when evaluating the Company’s operating performance and for internal planning and forecasting purposes. Management believes that such measures help indicate underlying trends in the business, are important in comparing current results with prior period results, and are useful to investors and financial analysts in assessing the Company’s operating performance. For example, management considers adjusted EBITDA to be an important indicator of the Company’s operational strength and performance of the business and a good measure of the Company’s historical operating trend.

# 3rd Quarter 2016 and Recent Highlights

**Delivered third quarter consolidated revenue and adjusted EBITDA ahead of expectations**

- Increasing full-year adjusted EBITDA outlook by $18M at the midpoint

**Surpassed 1,000 megawatts of enrolled demand response capacity in Korea**

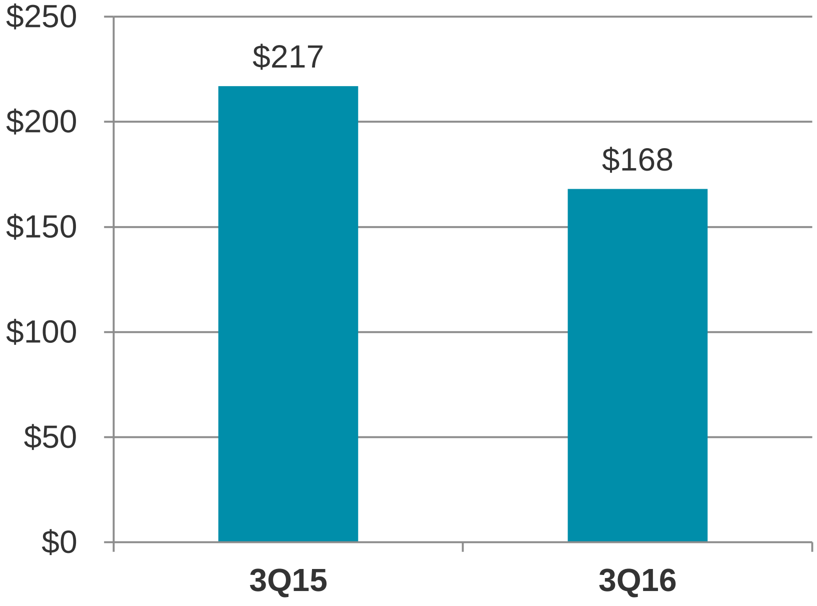
**Signed new utility demand response contracts in New York, Pennsylvania and California**

**Initiated restructuring plan to materially reduce the Company's operating expenses**

# Total Revenue and Adjusted EBITDA

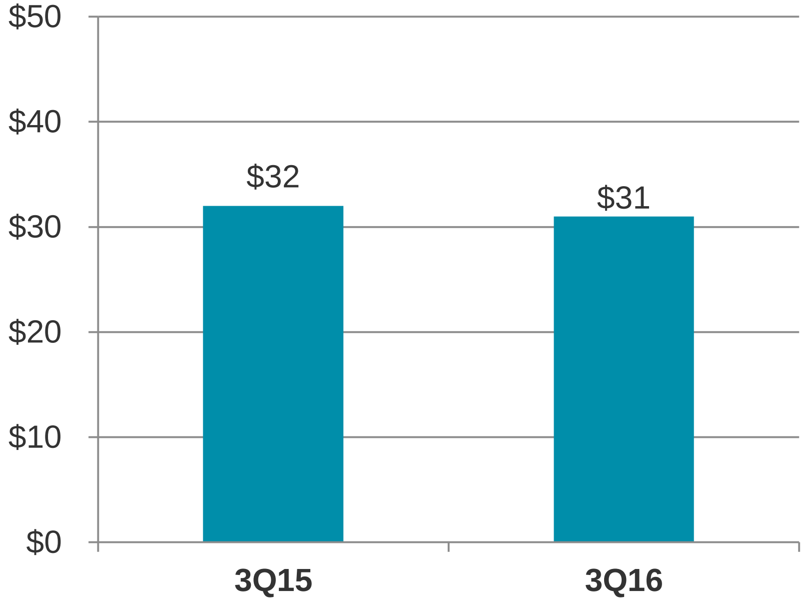
## Revenue[1]

*($ in millions)*




## Adjusted EBITDA[2]

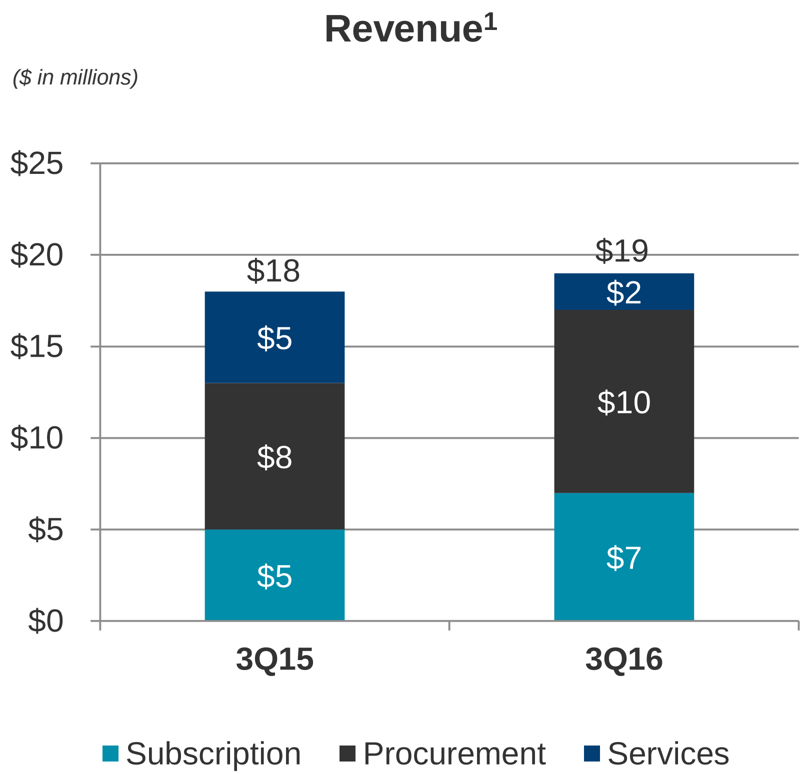
*($ in millions)*

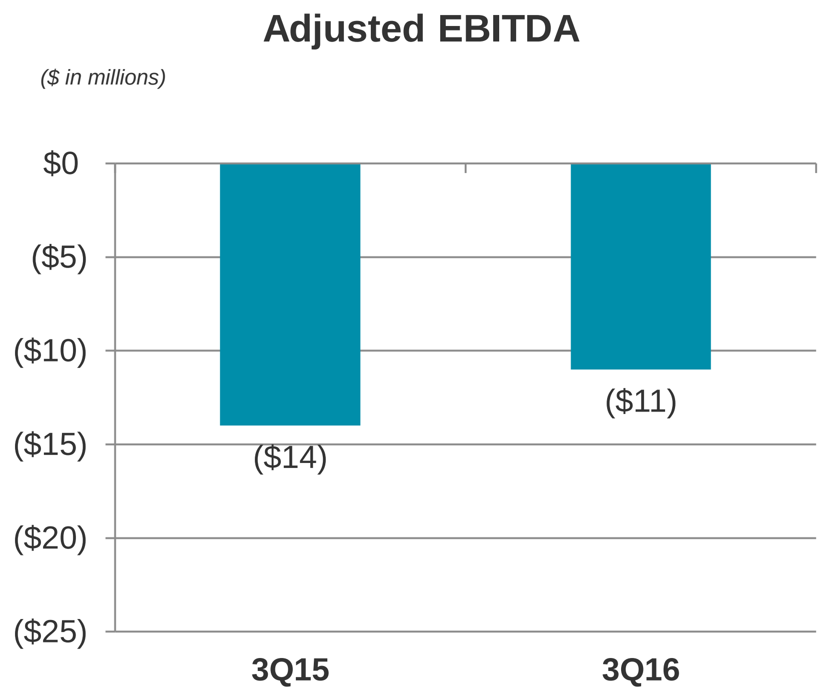



1. 3Q15 revenue includes $2M of energy efficiency revenue that was divested in 4Q15 and $1M of utility services revenue that was divested in 2Q16. Both 3Q15 and 3Q16 revenue include $1M of utility customer engagement software revenue that was divested in 3Q16.

2. Includes ($4M) of corporate unallocated expenses in both 3Q15 and 3Q16.

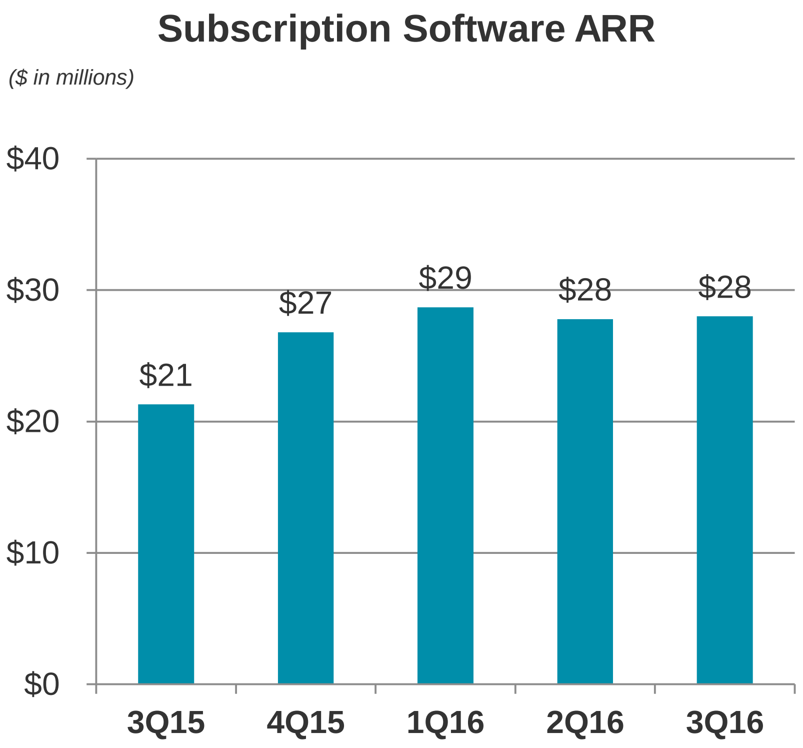
# Software Segment

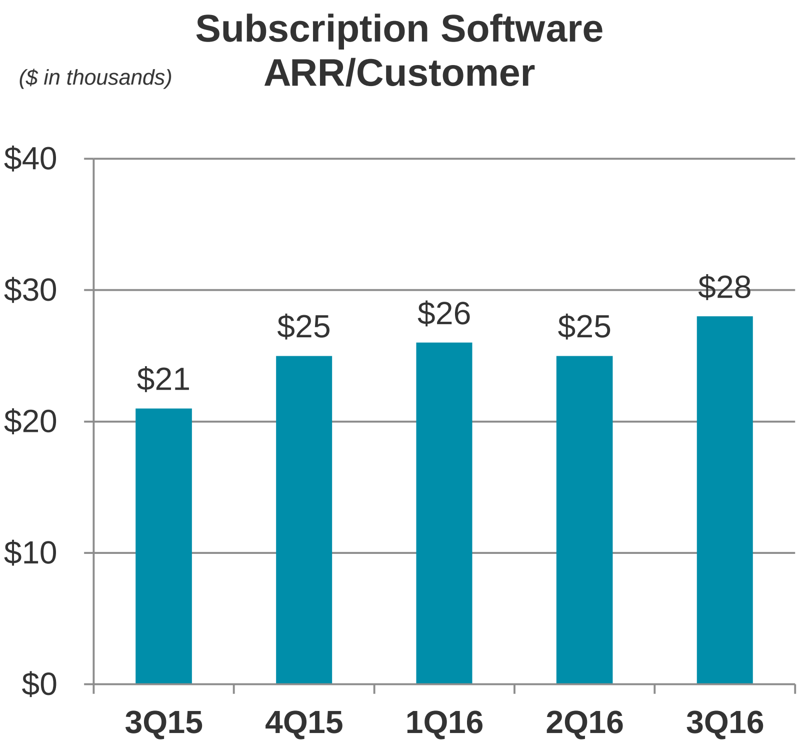



1. 3Q15 Total Software and Professional Services revenue include $2M of energy efficiency revenue that was divested in 4Q15 and $1M of utility services revenue that was divested in 2Q16. Both 3Q15 and 3Q16 Total Software and Subscription Software revenue include $1M of utility customer engagement software revenue that was divested in 3Q16.

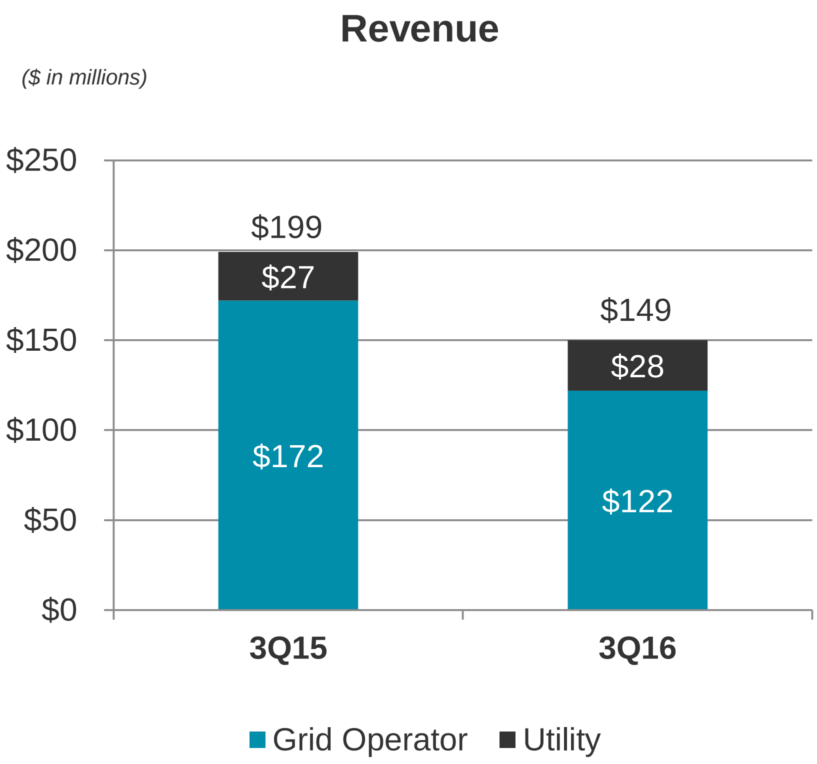
# Key Subscription Software Metrics

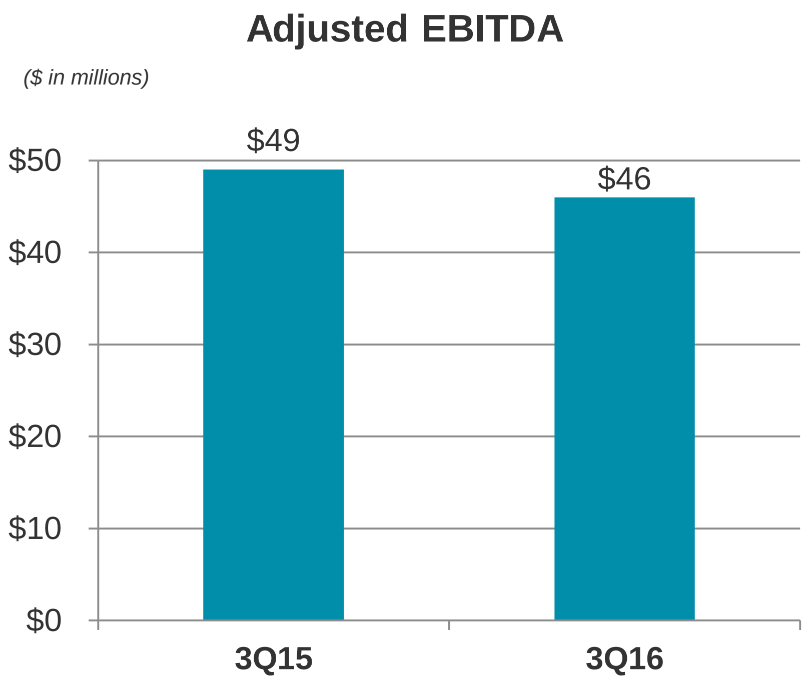



*Note: Metrics for all periods exclude ARR and customers related to the utility customer engagement software business divested in 3Q16.*

# Demand Response Segment



# Balance Sheet and Cash Flow

**$81M of cash at the end of the quarter**

– Experienced typical seasonal increase in working capital related to summer peaking demand response programs

**Favorable working capital dynamics expected to drive positive cash flow in the fourth quarter**

# Full Year 2016 Outlook

| ($ in millions, except per share amounts) | 2015 | 2016 Previous | 2016 Current |
|---|---|---|---|
| **Total Revenue** | **$400** | **$370-$400** | **$394-$404** |
| **Software** | **$82** | **$67-$72** | **$67-$72** |
| Subscription Software | $20 | 30%-40% | 20%-30%[1] |
| Procurement Solutions | $36 | 0%-5% | 0%-5% |
| Professional Services | $25 | ~(70%)[2] | ~(70%)[2] |
| **Demand Response** | **$318** | **$303-$328** | **$327-$332** |
| Grid Operator | $258 | (3%)-4% | 3%-5% |
| Utility | $60 | (10%)-0% | 0%-4% |
| | | | |
| **Consolidated adjusted EBITDA[3]** | **($24)** | **($35)-($25)** | **($15)-($9)** |
| **Software adjusted EBITDA** | **($58)** | **($65)-($60)** | **($58)-($55)** |
| **Demand Response adjusted EBITDA** | **$52** | **$50-$55** | **$63-$66** |
| **Corporate unallocated expenses** | **($18)** | **~($20)** | **~($20)** |
| | | | |
| **GAAP Net Loss Per Diluted Share** | **($6.51)[4]** | **($2.95)-($2.60)** | **($1.99)-($1.79)** |

1. The reduction in the Subscription Software year-over-year growth rate is due to the divestiture of the utility customer engagement software business in 3Q16. Excluding $4M of 2015 revenue and $2M of 2016 revenue related to the divestiture, Subscription Software is expected to grow by ~40% in 2016.
2. Year-over-year growth rate reflects the divestiture of two Professional Services businesses. Excluding $10M of 2015 energy efficiency revenue divested in 4Q15, and $8M of 2015 and $1M of 2016 utility services revenue divested in 2Q16, Professional Services revenue is expected to be approximately flat year-over-year in 2016.
3. Refer to “Statement of Use of Non-GAAP Measures” for non-GAAP definitions and refer to the tables in the appendix of this presentation for a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.
4. Includes ($3.55) per diluted share impact of $101M after-tax goodwill impairment charge.

# 4th Quarter 2016 Outlook

| ($ in millions, except per share amounts) | 4Q16 Outlook |
|---|---|
| **Total Revenue** | **$40-$50** |
| Software | $15-$20 |
| Demand Response | $25-$30 |
| | |
| **Consolidated adjusted EBITDA[1]** | **($22)-($16)** |
| | |
| **GAAP Net Income Per Diluted Share** | **($1.29)-($1.09)** |

1. Refer to "Statement of Use of Non-GAAP Measures" for non-GAAP definitions and refer to the tables in the appendix of this presentation for a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures.

# Appendix

# Statement of Use of Non-GAAP Measures

To supplement the Company's consolidated financial statements presented on a GAAP basis, the Company discloses certain non-GAAP measures, including adjusted EBITDA, that exclude certain amounts. These non-GAAP measures are not in accordance with, or an alternative for, generally accepted accounting principles in the United States. Management uses these non-GAAP measures when evaluating the Company's operating performance and for internal planning and forecasting purposes. Management believes that such measures help indicate underlying trends in the business, are important in comparing current results with prior period results, and are useful to investors and financial analysts in assessing the Company's operating performance. For example, management considers adjusted EBITDA to be an important indicator of the Company's operational strength and performance of the business and a good measure of the Company's historical operating trend.

The GAAP measure most comparable to adjusted EBITDA is GAAP net (loss) income attributable to EnerNOC, Inc. Management defines adjusted EBITDA as net (loss) income attributable to EnerNOC, Inc., excluding depreciation, amortization, asset impairments, stock-based compensation, gains of sale of service lines and assets, direct and incremental expenses related to acquisitions, divestitures, and restructuring activities, gains on early extinguishment of debt, interest expense, income taxes and other income (expense), net.

Adjusted EBITDA may have limitations as an analytical tool. The non-GAAP financial information presented in this presentation should be considered in conjunction with, and not as a substitute for or superior to the financial information presented in accordance with GAAP and should not be considered measures of the Company's liquidity. There are significant limitations associated with the use of non-GAAP financial measures. Further, these measures may differ from the non-GAAP information, even where similarly titled, used by other companies and therefore should not be used to compare the Company's performance to that of other companies.

# Reconciliation of Non-GAAP Financial Measures

| | Guidance for 12M Ending December 31, 2016 | |
|---|---|---|
| *(in millions)* | Low | High |
| Software adjusted EBITDA | ($58) | ($55) |
| Demand Response adjusted EBITDA | $63 | $66 |
| Corporate unallocated expenses | ($20) | ($20) |
| **Consolidated adjusted EBITDA** | **($15)** | **($9)** |
| | | |
| **Reconciling adjustments:** | | |
| Depreciation and amortization | $36 | $36 |
| Stock-based compensation expense | $13 | $13 |
| Direct and incremental expenses[1] | $5 | $5 |
| Net gain on sale of assets or service lines | ($20) | ($20) |
| Interest and other expense | $8 | $8 |
| Provision for income taxes | $1 | $1 |
| | | |
| **Projected net loss** | **($58)** | **($52)** |
| **Weighted average diluted shares outstanding** | **29.1** | **29.1** |

1. Represents costs associated with reorganization, restructuring, and divestitures.

# Reconciliation of Non-GAAP Financial Measures

| | Guidance for 3M Ending December 31, 2016 | |
|---|---|---|
| *(in millions)* | Low | High |
| **Consolidated adjusted EBITDA** | **($22)** | **($16)** |
| | | |
| **Reconciling adjustments:** | | |
| Depreciation and amortization | $10 | $10 |
| Stock-based compensation expense | $3 | $3 |
| Direct and incremental expenses[1] | $1 | $1 |
| Interest and other expense | $2 | $2 |
| Provision for income taxes | - | - |
| | | |
| **Projected net income** | **($38)** | **($32)** |
| **Weighted average diluted shares outstanding** | **29.4** | **29.4** |

1. Represents costs associated with reorganization, restructuring, and divestitures.