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Enphase Energy Announces Restructuring Initiatives and Quarterly Outlook Update

PETALUMA, CA -- (Marketwired) -- 09/22/16 -- Enphase Energy, Inc. (NASDAQ: ENPH), a global energy technology company, today announced restructuring and cost savings initiatives that are expected to result in approximately \$20 million of annualized operating expense savings.

Enphase is reducing approximately 11 percent of its global workforce and eliminating certain non-core projects. The Company expects to incur aggregate restructuring charges in the third quarter of 2016 of approximately \$3.0 million, including approximately \$1.7 million in cash-based severance and related benefits, and approximately \$1.3 million in non-cash expense for asset impairments and write-offs related to property and equipment. The restructuring actions are expected to be completed in the fourth quarter of 2016.

"We made these decisions as part of our efforts to increase our competitiveness in an environment where industry dynamics are constantly evolving," said Paul Nahi, President and CEO of Enphase Energy. "We believe these restructuring actions will better align Enphase's resources with our long-term competitive growth strategies and market opportunities. I would like to express my sincere gratitude to those employees affected by today's announcement for their many contributions to Enphase."

Business Outlook for Third and Fourth Quarters of 2016

"As previously reported, we expect revenue for the third quarter of 2016 to be within a range of \$87 million to \$93 million, and GAAP and non-GAAP gross margin to be within a range of 17% to 20%," said Bert Garcia, CFO of Enphase Energy. "Non-GAAP gross margin excludes approximately \$0.3 million of stock-based compensation expense. We now expect our GAAP operating expense for the third quarter of 2016 to be within a range of \$33 million to \$35 million, an increase from our previously reported outlook, as a result of approximately \$3.0 million of restructuring charges that we expect to incur in the third quarter of 2016 relating to the restructuring initiatives we announced today. We expect non-GAAP operating expense to be within a range of \$27 million to \$29 million, excluding an estimated \$3.0 million of restructuring expense and \$3.0 million of stock-based compensation expense.

"We expect our revenue for the fourth quarter of 2016 to be within a range of \$90 million to \$100 million, and GAAP and non-GAAP gross margin to be within a range of 16% to 20%. Non-GAAP gross margin excludes approximately \$0.3 million of stock-based compensation expense. We expect our GAAP operating expense for the fourth quarter to be within a range of \$22.5 million to \$27.5 million and non-GAAP operating expense to be within a range of \$20 million to \$25 million, excluding an estimated \$2.5 million of stock-based compensation expense," stated Garcia.

About Enphase Energy, Inc.

Enphase Energy, a global energy technology company, delivers simple, innovative and reliable energy management solutions that advance the worldwide potential of renewable energy. Enphase has shipped approximately 12 million microinverters, and over 500,000 Enphase residential and commercial systems have been deployed in more than 100 countries.

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Forward-Looking Statements

This press release contains forward-looking statements, including, but not limited to, statements related to the expected costs associated with restructuring initiatives, the financial impact of the restructuring initiatives, and future financial performance. These forward-looking statements are based on the Company's current expectations and inherently involve significant risks and uncertainties. The Company's actual results and the timing of events could differ materially from those anticipated in such forward looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to cost reduction efforts, market demands for solar energy solutions and the Company's products, and the development of the Company's pipeline products. These and other risk factors are discussed under the heading "Risk Factors" in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016, filed by the Company with the Securities and Exchange Commission on August 3, 2016. In addition, if the Company's estimates and assumptions are

incorrect or if other unforeseen events occur, the Company's restructuring initiatives, including the workforce reduction, may not result in the savings expected from such actions, and the Company's results of operations, financial condition, liquidity, cash flow, and development activities could be adversely affected. Furthermore, even if these initiatives are successful, the Company faces risks associated with them, including those related to the efficiency of its operations, which risks could have an adverse impact on the Company's business. The Company undertakes no duty or obligation to update any forward-looking statements contained in this press release as a result of new information, future events or changes in its expectations.

Use of Non-GAAP Financial Measures

The Company has presented certain non-GAAP financial measures in this press release. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flow 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. Non-GAAP financial measures presented in this press release include non-GAAP gross margin and operating expense. The excluded items, restructuring expense and stock-based compensation expense, are driven by discrete events that the Company does not consider to be directly related to its core operating performance or does not require a cash outlay.

These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same captions and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies. In addition, these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with 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. The Company uses these non-GAAP financial measures to analyze its operating performance and future prospects, develop internal budgets and financial goals, and 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.

Contact:
Christina Carrabino
Enphase Energy, Inc.
Investor Relations
ir@enphaseenergy.com
+1-707-763-4784 x7294

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