
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 26, 2013

ENPHASE ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

001-35480

(Commission File No.)

20-4645388

(IRS Employer Identification No.)

**1420 N. McDowell Blvd
Petaluma, CA 94954**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(707) 774-7000**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On February 26, 2013, Enphase Energy, Inc. (the "Company") issued a press release announcing the Company's financial results for the fourth quarter and fiscal year ended December 31, 2012. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information in this Form 8-K and the exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and shall not be incorporated by reference in any registration statement or other document filed under the Securities Act or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filings, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

| Exhibit Number | Description |
|----------------|---|
| 99.1 | Press release, of the Company, dated February 26, 2013, entitled "Enphase Energy Reports Strong Fourth Quarter 2012 Operating Results." |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 26, 2013

ENPHASE ENERGY, INC.

By: /s/ Kris Sennesael

Kris Sennesael

Vice President and Chief Financial Officer

INDEX TO EXHIBITS

| Exhibit Number | Description |
|----------------|---|
| 99.1 | Press release, of the Company, dated February 26, 2013, entitled “Enphase Energy Reports Strong Fourth Quarter 2012 Operating Results.” |



Enphase Energy Reports Strong Fourth Quarter 2012 Operating Results

PETALUMA, Calif. — February 26, 2013 — Enphase Energy, Inc. (NASDAQ: ENPH) announced today financial results for the fourth quarter and fiscal year ended December 31, 2012.

Fourth Quarter 2012 Highlights

- Revenue of \$57.6 million
- Record gross margin of 27.9 percent, up 500 basis points year-over-year
- First sequential quarterly decline in operating expenses in the Company's history
- Strong positive cash flow from operations of \$7.6 million
- Shipped over 3,000,000 Enphase microinverters since Company's inception

Enphase Energy reported total revenues for the fourth quarter of \$57.6 million. This compares to revenue of \$57.1 million for the fourth quarter of 2011, which included approximately \$6.5 million of revenue associated with shipments related to the expiring 1603 grant program. Units sold in the fourth quarter of 2012 totaled 384,000. During the quarter, the Company also shipped its 3,000,000th microinverter since its inception.

GAAP gross margin for the fourth quarter of 2012 was 27.9 percent, an increase of 500 basis points when compared to 22.9 percent in the fourth quarter of 2011, and an increase of 110 basis points compared to 26.8 percent in the third quarter of 2012. This was mainly driven by the Company's ongoing cost reduction efforts along with stable pricing.

GAAP operating expenses for the fourth quarter were \$22.2 million and non-GAAP operating expenses were \$20.3 million, which is approximately 12 percent down from the third quarter of 2012, marking the first sequential decline in quarterly operating expense.

Fourth quarter of 2012 GAAP net loss was \$7.7 million, or a loss of \$0.19 per share. On a non-GAAP basis, the net loss was \$5.0 million, or a loss of \$0.12 per share.

Cash flow from operations during the fourth quarter was \$7.6 million and net cash flow was \$3.6 million. As a result, the Company exited the year with a total cash balance of \$45.3 million, up from the third quarter ending cash balance of \$41.7 million.

“Our fourth quarter results are encouraging on several fronts,” commented Paul Nahi, CEO of Enphase. “We had a significant improvement in operating performance and continued our gross margin expansion to a new record level. In addition, the fourth quarter is the first time that operating expenses did not increase sequentially and strict working capital management resulted in a positive operating cash flow of \$7.6 million. This performance gives us confidence we will begin to realize leverage from the investments we have made in our business infrastructure.”

Full Year 2012 Highlights

- Record revenue of \$216.7 million, up 45% year-over-year
- Record gross margin of 25.5%, up 610 basis points year-over-year
- More than 1.5 million microinverters shipped in 2012, up 50% year-over-year
- Ended 2012 as the #1 inverter brand by market share in the California residential market
- Named World Economic Forum 2013 Technology Pioneer

For the fiscal year 2012, total revenues were \$216.7 million, an increase of 45 percent compared to last year. Units sold in 2012 increased to 1.5 million compared to 1.0 million in 2011. GAAP gross margin for the year was 25.5 percent, an increase of 610 basis points year-over-year. GAAP net loss for the year totaled \$38.2 million, or \$1.24 per share. Non-GAAP net loss was \$28.8 million, or a loss of \$0.93 per share.

“We finished fiscal 2012 with impressive results highlighted by continued gross margin expansion and significant improvements in cash flow. While European demand softened in the second half of the year, we continue to make good progress with our geographic market expansion strategy,” said Paul Nahi. “Our fourth quarter capped a year of improving strategic and financial performance, underscored by the shipment of our 3,000,000th inverter. This demonstrates the widespread acceptance of our microinverter system offering. Together with the strengthening of our balance sheet attributable to last April's IPO and the additional credit capacity we have put in place, we are well positioned entering 2013 to execute our balanced profitable growth strategy. I am tremendously proud of what we accomplished in our first year as a public company which was made possible by the hard work and commitment of our entire Enphase family.”

Business Outlook

“Looking forward we expect revenues for the first quarter of 2013 to be within a range of \$43 million to \$46 million, and for gross margin to be within a range of 26 percent to 28 percent,” said Kris Sennesael, CFO of Enphase. “The expected sequential decline in revenue during the first quarter is in line with normal seasonality. We also expect non-GAAP operating expenses for the first quarter of 2013 to be approximately flat compared to the fourth quarter of 2012.”

Use of Non-GAAP Financial Measures

The Company has presented certain non-GAAP financial measures in this release. 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. Reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure can be found in the accompanying tables to this press release. 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. 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 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 our GAAP results, provide a more complete understanding of factors and trends affecting its business.

Conference Call Information

Enphase Energy will host a conference call for analysts and investors to discuss its fourth quarter and full year results and first quarter 2013 business outlook today at 4:30 p.m. Eastern Time (1:30 p.m. Pacific Time). Open to the public, investors may access the call by dialing 877-644-1284; participant passcode 87558671. A live webcast of the conference call will also be accessible from the Investor Relations section of the company's website at investor.enphase.com. Following the webcast, an archived version will be available on the website for 30 days. In addition, an audio replay of the conference call will be available by calling 855-859-2056; participant passcode 87558671 beginning approximately one hour after the call.

Forward-Looking Statements

This press release contains forward-looking statements, including, but not limited to, statements related to Enphase Energy's financial performance, market demands for its microinverters, advantages of its technology, market trends and future financial performance. These forward-looking statements are based on the Company's current expectations and inherently involve significant risks and uncertainties. Enphase Energy'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: the future demands for solar energy solutions; the reduction, elimination or expiration of government subsidies and economic incentives for on-grid solar electricity applications; the Company's ability to achieve broad market acceptance of its microinverter systems and to develop new and enhanced products in response to customer demands and rapid market and technological changes in the solar industry; the success of competing solar solutions that are or become available; the Company's ability to effectively manage the growth of its organization and expansion into new markets and to maintain or achieve anticipated product quality, product performance and cost metrics; competition and other factors that may cause potential future price reductions for its products; the Company's ability to optimally match production with demand and dependence on a limited number of outside contract manufacturers and lack of supply contracts with these manufacturers; general economic conditions in domestic and international markets; and other risks detailed in the "Risk Factors" and elsewhere in Enphase Energy's Securities and Exchange Commission (SEC) filings and reports, including its most recent report on Form 10-Q filed on November 13, 2012. Additional information will also be set forth in those sections in Enphase Energy's Annual Report on Form 10-K for the year ended December 31, 2012, which will be filed with the SEC in the first quarter of 2013. Enphase Energy undertakes no duty or obligation to update any forward-looking statements contained in this release as a result of new information, future events or changes in its expectations.

A copy of this press release can be found on the Investor Relations page of Enphase Energy's website at investor.enphase.com.

About Enphase Energy, Inc.

Enphase Energy delivers microinverter technology for the solar industry that increases energy production, simplifies design and installation, improves system uptime and reliability, reduces fire safety risk and provides a platform for intelligent energy management. Our semiconductor-based microinverter system converts energy at the individual module level and brings a system-based, high technology approach to solar energy generation. www.enphase.com

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Contacts

Media Relations

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ENPHASE ENERGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|------------|-------------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Net revenues | \$ 57,568 | \$ 57,134 | \$ 216,678 | \$ 149,523 |
| Cost of revenues | 41,512 | 44,063 | 161,390 | 120,454 |
| Gross profit | 16,056 | 13,071 | 55,288 | 29,069 |
| Operating expenses: | | | | |
| Research and development | 8,533 | 7,180 | 35,601 | 25,099 |
| Sales and marketing | 7,525 | 5,612 | 25,973 | 17,454 |
| General and administrative | 6,177 | 4,109 | 24,875 | 15,228 |
| Total operating expenses | 22,235 | 16,901 | 86,449 | 57,781 |
| Loss from operations | (6,179) | (3,830) | (31,161) | (28,712) |
| Other expense, net: | | | | |
| Interest income | — | — | 17 | 4 |
| Interest expense | (1,025) | (1,380) | (6,436) | (3,006) |
| Other (expense) income | (233) | (327) | 13 | (576) |
| Total other expense, net | (1,258) | (1,707) | (6,406) | (3,578) |
| Loss before income taxes | (7,437) | (5,537) | (37,567) | (32,290) |
| Provision for income taxes | (305) | — | (651) | — |
| Net loss attributable to common stockholders | \$ (7,742) | \$ (5,537) | \$ (38,218) | \$ (32,290) |
| Net loss per share attributable to common stockholders, basic and diluted | \$ (0.19) | \$ (3.41) | \$ (1.24) | \$ (25.73) |
| Shares used in computing net loss per share attributable to common stockholders, basic and diluted | 40,819 | 1,626 | 30,740 | 1,255 |

ENPHASE ENERGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

| | As of December 31, | |
|---|--------------------|-------------------|
| | 2012 | 2011 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 45,294 | \$ 51,524 |
| Accounts receivable, net | 27,743 | 17,771 |
| Inventory | 19,843 | 11,228 |
| Prepaid expenses and other | 2,118 | 1,264 |
| Total current assets | 94,998 | 81,787 |
| Property and equipment, net | 25,541 | 18,411 |
| Other assets | 1,752 | 6,044 |
| Total assets | <u>\$ 122,291</u> | <u>\$ 106,242</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 11,272 | \$ 12,928 |
| Accrued liabilities | 19,266 | 10,100 |
| Deferred revenues | 933 | 23,414 |
| Current portion of term loans | 2,384 | 4,529 |
| Convertible preferred stock warrant liability | — | 1,399 |
| Total current liabilities | 33,855 | 52,370 |
| Long-term liabilities: | | |
| Deferred revenues | 7,537 | 3,670 |
| Warranty obligations | 15,260 | 6,733 |
| Other liabilities | 307 | 145 |
| Term loans | 8,677 | 10,148 |
| Convertible notes | — | 19,202 |
| Total long-term liabilities | 31,781 | 39,898 |
| Total liabilities | 65,636 | 92,268 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Convertible preferred stock | — | 93,596 |
| Preferred stock | — | — |
| Common stock | — | — |
| Additional paid-in capital | 183,629 | 9,103 |
| Accumulated deficit | (127,026) | (88,808) |
| Accumulated other comprehensive income | 52 | 83 |
| Total stockholders' equity | 56,655 | 13,974 |
| Total liabilities and stockholders' equity | <u>\$ 122,291</u> | <u>\$ 106,242</u> |

ENPHASE ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

| | Year Ended December 31, | |
|--|----------------------------|-------------|
| | 2012 | 2011 |
| Cash flows from operating activities: | | |
| Net loss | \$ (38,218) | \$ (32,290) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 5,568 | 3,032 |
| Provision for doubtful accounts | 1,068 | 127 |
| Net loss on disposal of assets | 120 | — |
| Non-cash interest expense | 4,777 | 1,835 |
| Stock-based compensation | 4,766 | 2,120 |
| Change in fair value of convertible preferred stock warrants | (520) | 321 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (11,040) | (9,874) |
| Inventory | (8,615) | (6,708) |
| Prepaid expenses and other assets | (711) | (1,648) |
| Accounts payable, accrued and other liabilities | 16,774 | 17,275 |
| Deferred revenues | (18,614) | 25,443 |
| Net cash used in operating activities | (44,645) | (367) |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (12,990) | (14,662) |
| Net cash used in investing activities | (12,990) | (14,662) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of convertible notes | — | 19,726 |
| Proceeds from private placement of common stock | — | 1,858 |
| Proceeds from borrowings under term loans | 10,000 | 9,898 |
| Payments of financing costs | (1,031) | (573) |
| Repayments of term loans | (14,103) | (1,863) |
| Principal payments under capital leases | (96) | (169) |
| Proceeds from issuance of common stock under employee stock plans | 255 | 190 |
| Proceeds from issuance of common stock in IPO, net of underwriting discounts and commissions | 58,609 | — |
| Payment of offering costs | (2,198) | (2,585) |
| Net cash provided by financing activities | 51,436 | 26,482 |
| Effect of exchange rate changes on cash | (31) | 78 |
| Net (decrease) increase in cash and cash equivalents | (6,230) | 11,531 |
| Cash and cash equivalents—Beginning of period | 51,524 | 39,993 |
| Cash and cash equivalents—End of period | \$ 45,294 | \$ 51,524 |

ENPHASE ENERGY, INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|-------------|-------------------------------------|-------------|
| | 2012 | 2011 | 2012 | 2011 |
| Reconciliation of Gross Profit and Gross Margin on a GAAP Basis to Gross Profit and Gross Margin on a Non-GAAP Basis: | | | | |
| Gross profit on a GAAP basis | \$ 16,056 | \$ 13,071 | \$ 55,288 | \$ 29,069 |
| Stock-based compensation | 76 | 14 | 196 | 39 |
| Gross profit on a non-GAAP basis | \$ 16,132 | \$ 13,085 | \$ 55,484 | \$ 29,108 |
| Gross margin on a GAAP basis | 27.9% | 22.9% | 25.5% | 19.4% |
| Gross margin on a non-GAAP basis | 28.0% | 22.9% | 25.6% | 19.5% |
| Reconciliation of Operating Expenses on a GAAP Basis to Operating Expenses on a Non-GAAP Basis: | | | | |
| Operating expenses on a GAAP basis | \$ (22,235) | \$ (16,901) | \$ (86,449) | \$ (57,781) |
| Stock-based compensation(1) | 1,531 | 667 | 4,570 | 2,081 |
| Severance costs | 371 | — | 371 | — |
| Operating expenses on a non-GAAP basis | \$ (20,333) | \$ (16,234) | \$ (81,508) | \$ (55,700) |
| (1) Includes stock-based compensation as follows: | | | | |
| Research and development | \$ 557 | \$ 267 | \$ 1,728 | \$ 795 |
| Sales and marketing | 429 | 187 | 1,254 | 671 |
| General and administrative | 545 | 213 | 1,588 | 615 |
| Total | \$ 1,531 | \$ 667 | \$ 4,570 | \$ 2,081 |
| Reconciliation of Loss from Operations on a GAAP Basis to Loss from Operations on a Non-GAAP Basis: | | | | |
| Loss from operations on a GAAP basis | \$ (6,179) | \$ (3,830) | \$ (31,161) | \$ (28,712) |
| Stock-based compensation | 1,607 | 681 | 4,766 | 2,120 |
| Severance costs | 371 | — | 371 | — |
| Loss from operations on a non-GAAP basis | \$ (4,201) | \$ (3,149) | \$ (26,024) | \$ (26,592) |
| Reconciliation of Net Loss on a GAAP Basis to Net Loss on a Non-GAAP Basis: | | | | |
| Net loss on a GAAP basis | \$ (7,742) | \$ (5,537) | \$ (38,218) | \$ (32,290) |
| Stock-based compensation | 1,607 | 681 | 4,766 | 2,120 |
| Severance costs | 371 | — | 371 | — |
| Non-cash interest expense and write-off of deferred financing costs | 808 | 1,090 | 4,777 | 1,835 |
| (Gains) losses from convertible preferred stock warrant liability revaluation | — | 48 | (520) | 321 |
| Net loss on a non-GAAP basis | \$ (4,956) | \$ (3,718) | \$ (28,824) | \$ (28,014) |
| Reconciliation of Basic and Diluted Net Loss per Share on a GAAP Basis to Basic and Diluted Net Loss per Share on a Non-GAAP Basis: | | | | |
| Basic and diluted net loss per share on a GAAP basis | \$ (0.19) | \$ (3.41) | \$ (1.24) | \$ (25.73) |
| Stock-based compensation | 0.04 | 0.42 | 0.16 | 1.69 |
| Severance costs | 0.01 | 0.00 | 0.01 | 0.00 |
| Non-cash interest expense and write-off of deferred financing costs | 0.02 | 0.67 | 0.16 | 1.46 |
| (Gains) losses from convertible preferred stock warrant liability revaluation | — | 0.03 | (0.02) | 0.26 |
| Basic and diluted net loss per share on a non-GAAP basis | \$ (0.12) | \$ (2.29) | \$ (0.93) | \$ (22.32) |

ENPHASE ENERGY, INC.
SUPPLEMENTAL OPERATING DATA

(Unaudited)

| | Quarterly Period | | | | |
|--|------------------|-----------|-----------|-----------|-----------|
| | 4Q12 | 3Q12 | 2Q12 | 1Q12 | 4Q11 |
| Net revenues (in thousands) | \$ 57,568 | \$ 60,813 | \$ 55,697 | \$ 42,600 | \$ 57,134 |
| Gross profit (in thousands) | 16,056 | 16,324 | 13,601 | 9,307 | 13,071 |
| Gross margin | 27.9% | 26.8% | 24.4% | 21.8% | 22.9% |
| Microinverter units shipped (in thousands) | 384 | 431 | 403 | 292 | 389 |
| Megawatts shipped(1) | 82.6 | 92.4 | 86.0 | 62.5 | 82.5 |

(1) Represents the productive capacity of microinverters shipped.