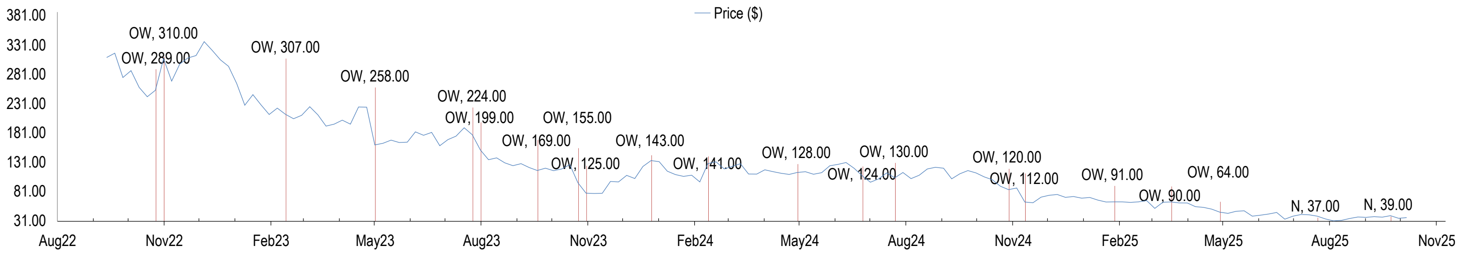
Enphase Energy

WORLD TRADE SECURITIES

Equity Research

Recommendation	Price Target	PT End Date	Price	Upside/Downside to PT
Neutral	$39.00	31-Dec-26	$34.27	13.80%

Enphase Energy Inc. manufactures solar power solutions. The Company offers solutions to increase productivity and reliability of solar modules.



Note: All analysts forecasts are as of last note published on 19-Sep-2025

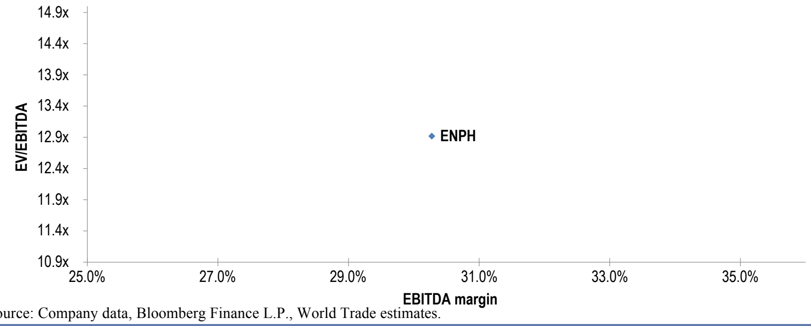
Source: Bloomberg Finance L.P., World Trade estimates.

The Upside/Downside to PT is calculated based on the previous day's closing price which is quoted above.

Key Financials ($mn, year end Dec)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	2,291	1,330	1,451	1,325	1,473
EBITDA	772	403	439	398	449
EBIT	697	322	360	336	402
Pretax Income	773	373	393	357	423
Net Profit	631	331	338	302	357
Total Assets	3,383	3,250	3,362	3,681	4,074
Shareholder Equity	984	833	1,040	1,363	1,742
Adjusted Net Debt/(Cash)	1,041	933	540	198	(179)
Capex	(110)	(34)	(39)	(33)	(33)
Free Cash Flow to firm	586	480	378	342	377
EPS ($)	4.41	2.37	2.50	2.23	2.64
DPS	n/a	n/a	n/a	n/a	n/a
Key Ratios	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
EBITDA Margin	33.7%	30.3%	30.3%	30.0%	30.5%
EBIT Margin	30.4%	24.2%	24.8%	25.4%	27.3%
Net Margin	27.6%	24.9%	23.3%	22.8%	24.3%
Payout Ratio	n/a	n/a	n/a	n/a	n/a
Net Debt/Equity (excl MI)	105.8%	112.0%	51.9%	14.5%	NM
FCF Yield	11.9%	10.0%	8.1%	7.4%	8.1%
P/E	7.8x	14.5x	13.7x	15.4x	13.0x
EV/EBITDA	8.0x	15.0x	12.9x	13.4x	11.0x
ROE	69.8%	36.5%	36.1%	25.1%	23.0%

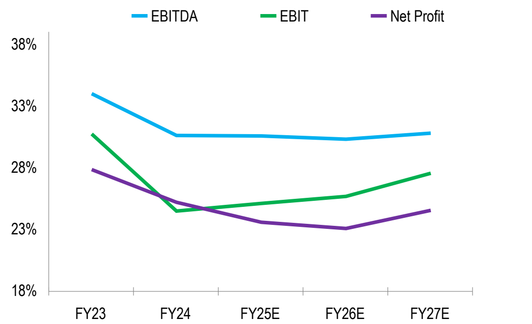
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Chart FY25



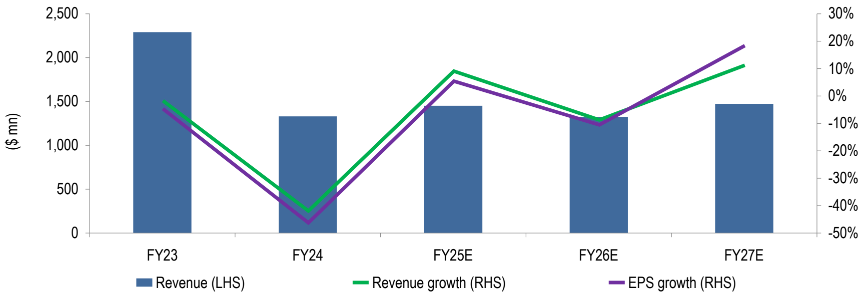
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Margin Analysis (ENPH)



Source: Company data, World Trade estimates.

Revenue and EPS growth



Source: Company data, World Trade estimates.

Company Data

Market Cap (USDmn)	4,634
Shares O/S (mn)	135
Float	96.6%
Dividend Yield	n/a
EPS ($)	2.50
3M - Avg daily volume (mn)	8.36
52 wk High/Low ($)	103.99-29.89

WTS EPS Estimate		BBG EPS Estimate	
FY25E	FY26E	FY25E	FY26E
2.50	2.23	2.69	2.54

Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Analysis	Ticker	Fiscal Year End	Last Note Published	Rating	Price Target	Mkt Cap ($mn)	EV/EBITDA		P/BV		P/E		ROE	
Local peers							FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
SolarEdge Technologies	SEDG	2024/12	19-Sep-25	N	$27.00	2,015	NM	5.9x	3.7x	2.6x	NM	20.2x	NM	15.1%
Global peers														
Enphase Energy	**ENPH**	**2024/12**	**19-Sep-25**	**N**	**$39.00**	**4,634**	**12.9x**	**13.4x**	**4.3x**	**3.3x**	**13.7x**	**15.4x**	**36.1%**	**25.1%**
Median							12.9x	9.7x	4.0x	2.9x	13.7x	17.8x	36.1%	20.1%
Mean							12.9x	9.7x	4.0x	2.9x	13.7x	17.8x	36.1%	20.1%
High							12.9x	13.4x	4.3x	3.3x	13.7x	20.2x	36.1%	25.1%
Low							0.0x	5.9x	3.7x	2.6x	0.0x	20.2x	0.0%	15.1%

Source: Company data, World Trade estimates.

We are encouraged by ENPH’s long-term fundamental outlook, driven by industry tailwinds (continued unit growth in solar, MLPE share gains against traditional string inverters, energy storage penetration, electric vehicle adoption) as well as company-specific tailwinds (new products, improving margins and cash flow, international expansion opportunities). That said, we believe near-term US residential solar market dynamics impacted by the One Big Beautiful Bill likely result in a lack of positive catalysts and potential headwinds to ENPH’s market share and gross margins.

Valuation

Maintain Neutral. We are establishing a YE26 PT of $39, from a prior YE25 PT of $37, based on a 20x multiple on our FY27 EPS estimate. The multiple is a premium to our coverage though a significant discount to historical multiples. We continue to believe a premium to our coverage is justified, as ENPH is one of the few upstream solar stocks that is consistently profitable, generates cash, and carries a net cash position. That said, we believe near-term US residential solar market dynamics impacted by the One Big Beautiful Bill likely result in a lack of positive catalysts and potential headwinds to ENPH’s market share and gross margins.

Risks to Rating and Price Target

Our price target and rating for ENPH could be at risk to the upside for any of the following reasons:

- A macroeconomic acceleration in major ENPH markets (e.g., US, Europe) could positively impact overall electricity demand and/or demand for rooftop solar vs. other energy sources.
- Competitors exit the market.
- Improvements in other areas of the solar value chain (e.g., panels, labor, financing) may positively impact the solar industry’s ability to compete with other sources of energy, benefiting ENPH’s growth.
- Changes to incentives and the rules governing the attachment of distributed solar to the grid could impact the PV solar industry.
- There could be upside risk to expectations if new solutions from ENPH exceed customer demands or if competitors introduce inferior products.

Our price target and rating for ENPH could be at risk to the downside for any of the following reasons:

- A macroeconomic slowdown in major ENPH markets (e.g., US, Europe) could negatively impact overall electricity demand and/or demand for rooftop solar vs. other energy sources.
- ENPH faces head-on competition from its nearest MLPE rival, SolarEdge, and more oblique competition from incumbent string inverter suppliers. Additionally, ENPH faces competition for its energy storage products from well-capitalized peers such as Tesla (TSLA/Brinkman). The rate of innovation is quite rapid in this space, and there are potentially disruptive technologies on the horizon. Additionally, impacts to other areas of the solar value chain (e.g., panels, labor, financing) may negatively impact the solar industry’s ability to compete with other sources of energy, weighing on ENPH’s growth.
- Changes to incentives and the rules governing the attachment of distributed solar to the grid could impact the PV solar industry.
- If customers develop vertically integrated solutions, Enphase could be disintermediated from DG solar solutions.