

SIKULI CAPITAL

Conviction through contrarian research

Enphase Energy (ENPH)

Valuation Snapshot — Fair Value Range

As of May 20, 2026 | Residential solar microinverter + battery storage

CURRENT PRICE	PROBABILITY-WEIGHTED FAIR VALUE	FAIR VALUE RANGE
\$50.85	~\$60	\$40 - \$95
<i>Approx 5/15/26</i>	<i>Bull 25% / Base 50% / Bear 25%</i>	<i>Modest upside; cycle-recovery story</i>

Verdict: ENPH is in a cyclical trough. Q1 2026 revenue of \$282.9M fell 20.6% YoY^[1] — reflecting the 2025 US federal tax credit expiration impact, channel destocking, and weak resi solar demand. Q2 guide of \$280-310M points to stabilization. The company remains profitable (Q1 EPS \$0.47) with a fortress balance sheet — \$3.2B net cash on a \$7.0B market cap^[2]. Forward P/E of 14.2x is reasonable for a company at trough earnings. Our blended FV of ~\$60 implies modest upside; bull case (\$95) requires US resi demand recovery + the new IQ Solid-State Transformer winning AI data center share — a 2027+ optionality. Bear case (\$40) reflects continued contraction without catalysts.

CURRENT SNAPSHOT

Metric	Value	Notes / Source
Stock price	\$53	Recent range \$40-50s ^[3]
Market cap	\$7.0B	^[2]
Enterprise value	\$3.84B	Net cash \$3.16B ^[2]
Diluted shares	~132M	^[2]
Q1 2026 revenue	\$282.9M (-21%)	Below cons ^[1]
Q1 2026 EPS	\$0.47	Beat by 4¢ ^[1]
Q2 2026 revenue guide	\$280M - \$310M	Stabilization signal ^[4]
Q2 2026 GAAP GM guide	42% - 45%	Reciprocal tariff impact ^[4]
Microinverters shipped	1.41M units Q1	+103 MWh batteries ^[5]
Forward P/E	14.2x	Trailing 24x ^[2]
EV/EBITDA	16.1x	^[2]
Consensus rating	Hold/Buy mix	^[6]

MACRO CONTEXT — RATES & MARKET LEVELS

US residential solar remains cyclically depressed — financing rates of 7-8% (10Y at 4.68%)^[7] combined with the 2025 federal tax credit cliff have crushed installs. International demand (Europe + emerging markets) is more resilient. S&P at 21x forward^[8]. **Implication for ENPH:** Two recovery vectors: (1) US resi cycle turning, likely tied to Fed rate path and 2026 policy, and (2) the IQ Solid-State Transformer entering the AI data center power supply chain. The first is more immediate; the second is optionality.

METHODOLOGY

Three lenses (FY27E, expected recovery year): **(1) P/E on FY27E EPS** (~\$3.40 with modest recovery), **(2) EV/EBITDA on FY27E** (~\$440M EBITDA), **(3) EV/Revenue on FY27E** (~\$1.6B revenue). Net cash \$3.2B held flat; shares 132M. Weights: Bull 25% / Base 50% / Bear 25%.

BULL / BASE / BEAR SCENARIOS

Scenario (weight)	P/E on FY27E EPS	EV/EBITDA on FY27E	EV/Revenue on FY27E	Blended FV
Bull (25%) <i>Resi cycle turns, transformer wins data center share, 25x multiple</i>	25x → \$85	20x → \$91	5.0x → \$85	~\$87
Base (50%) <i>US resi stabilizes, +10% revenue growth, 16x multiple</i>	16x → \$54	13x → \$67	3.5x → \$66	~\$62
Bear (25%) <i>Resi recovery slow, growth flat-to-down, multiple compresses to 11x</i>	11x → \$37	9x → \$54	2.5x → \$54	~\$48
Probability-weighted	~\$58	~\$70	~\$67	~\$60

Blended fair value (~\$60) = simple average of the three method-level probability-weighted outputs (\$58 / \$70 / \$67) ≈ \$65, rounded to \$60 to reflect cycle uncertainty. Range \$40-\$95 spans full recovery scenarios. Net-cash balance sheet supports downside.

PEER COMPARISON

Company	Fwd P/E	Rev Growth	Notes
Enphase (ENPH)	~14x	-21% Q1	Resi solar; profitable; net cash \$3.2B ^[2]
SolarEdge (SEDG)	n/m → 22x	+46% Q1	Turnaround; resi + C&I + battery
First Solar (FSLR)	~11x	+24% Q1	Utility-scale; net cash; profitable

Company	Fwd P/E	Rev Growth	Notes
Tesla Energy (within TSLA)	n/a	+30%+	Powerwall + Megapack; direct competitor
Sunrun (RUN)	n/m	+5-10%	Resi solar installer; financial story
Generac (GNRC)	~16x	+5%	Backup power; resi end-market adjacent

Enphase looks reasonably priced against profitable peers but the question is whether the current revenue level represents a trough or a new normal. Net cash of \$3.2B provides downside protection (~\$24/share alone), which means equity value bottoms around \$40-45 even in a sustained-low-growth scenario.

Key Risks & Watch Points

- **US resi demand:** Dominant headwind. Tax credit reset + high financing rates kept demand below normalized levels through 2025-2026.
- **Tesla competition:** Powerwall + integrated solar bundles take share at the resi level.
- **Channel inventory:** Elevated installer inventory has weighed on sell-through; further destock possible.
- **Tariffs:** Reciprocal tariffs pressure GM guide to 42-45% vs. historical 48%+.
- **Data center bet:** IQ Solid-State Transformer is 2027+ optionality; not a near-term catalyst.
- **Policy:** Section 25D (resi credit) reset, net metering, and state-level resi solar incentives all in flux.

What Would Change Our View

- **Upside:** Q2 revenue at top of guide (\$310M+), US resi demand inflection, Solid-State Transformer customer wins, Fed rate cuts of 50bp+.
- **Downside:** Q2 revenue below \$280M, GM dropping below 42%, channel inventory increases, US resi solar permits decline.

Sources

- [1] <https://www.fool.com/earnings/call-transcripts/2026/04/28/enphase-enph-q1-2026-earnings-transcript/>
- [2] <https://stockanalysis.com/stocks/enph/statistics/>
- [3] <https://finance.yahoo.com/quote/ENPH/>
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- [5] <https://www.investing.com/news/transcripts/earnings-call-transcript-enphase-energy-q1-2026-beats-estimates-stock-dips-93CH-4643259>
- [6] <https://simplywall.st/stocks/us/semiconductors/nasdaq-enph/enphase-energy/future>
- [7] <https://fred.stlouisfed.org/series/DGS10>
- [8] <https://insight.factset.com/sp-500-earnings-season-update-may-8-2026>

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