

Sunrun Reports Fourth Quarter and Full Year 2017 Financial Results

Unlevered NPV of \$1.22 per watt in Q4 2017, the highest in the company's history

Total deployments of 323 MWs in 2017, an increase of 15% year-over-year

Net Earning Assets of \$1.2 billion, an increase of 16% year-over-year

Customers now exceed 180,000, an increase of 34% year-over-year

Achieved structural cash flow positive milestone in 2017

SAN FRANCISCO, March 06, 2018 (GLOBE NEWSWIRE) -- Sunrun (Nasdaq:RUN), the nation's largest dedicated provider of residential solar, storage and energy services, today announced financial results for the fourth quarter and full year ended December 31, 2017.

Full Year 2017 Operating Highlights

- Total deployments of 323 MW, an increase of 15% year-over-year
- Net Present Value of \$314 million created, an increase of 47% year-over-year
- Unlevered NPV of \$1.09 per watt, an increase of 25% year-over-year
- Cumulative MW deployed of 1,202 MW, an increase of 37% year-over-year
- Net Earning Assets of \$1.2 billion, reflecting a 16% increase year-over-year
- Customers now exceed 180,000, an increase of 34% year-over-year
- Achieved structural cash flow positive milestone in 2017

Fourth Quarter 2017 Operating Highlights

- Unlevered NPV of \$1.22 per watt, the highest level in the company's history
- Total deployments of 85 MW, an increase of 10% year-over-year
- Net Present Value of \$91 million created, an increase of 35% year-over-year

"Sunrun is entering 2018 as the residential market leader," said Lynn Jurich, Sunrun Chief Executive Officer and co-founder. "We achieved our highest unit margins and turned structurally cash flow positive. We expect to deliver an even stronger performance in 2018." Jurich added, "Last year households experienced an unprecedented level of power outages driving demand for a more reliable electricity solution. Sunrun is meeting this need with our Brightbox solar and home battery service which is now available in six states and provides affordable electricity with backup power."

Key Operating Metrics

In the fourth quarter of 2017, MW deployed increased to 85 MW from 77 MW in the fourth quarter of 2016, a 10% year-over-year increase.

In the full year 2017, MW deployed increased to 323 MW from 282 MW in the full year 2016, a 15% year-over-year increase.

In the fourth quarter of 2017, MW booked were 83 MW, an increase of 15% from the fourth quarter of 2016.

Creation Cost per watt was \$3.30 in the fourth quarter of 2017 compared to \$3.41 in the fourth quarter of 2016, an improvement of \$0.11 year-over-year. Project Value per watt was \$4.52 in the fourth quarter of 2017, an increase of \$0.11 compared to the fourth quarter of 2016.

NPV created in the fourth quarter of 2017 was \$91 million, a 35% increase from \$67 million in the fourth quarter of 2016. Unlevered NPV per watt in the fourth quarter of 2017 was \$1.22, reflecting the highest level in the company's history, compared to \$1.00 in the prior year.

Gross Earning Assets as of December 31, 2017 were \$2.2 billion, up \$404 million, or 22% from the prior year. Net Earning Assets as of December 31, 2017 were \$1.2 billion, up \$165 million, reflecting a 16% increase from the prior year.

Financing Activities

As of March 6, 2018, closed transactions and executed term sheets provide us expected tax equity and back-leverage capacity into the third quarter of 2018.

Fourth Quarter 2017 GAAP Results

Operating leases and incentives revenue grew 31% year-over-year to \$59.5 million. Solar energy systems and product sales increased 15% year-over-year to \$86.9 million. Total revenue grew to \$146.4 million in the fourth quarter of 2017, up \$25.9 million, or 21% from the fourth quarter of 2016.

Total cost of revenue was \$127.4 million, an increase of 21% year-over-year. Total operating expenses were \$197.9 million, an increase of 17% year-over-year.

Net income available to common stockholders was \$58.9 million in the fourth quarter of 2017, an increase of 103% year-over-year.

Diluted net earnings per share available to common stockholders was \$0.54 per share. Net income available to common stockholders benefited from a one-time tax item of approximately \$31.9 million related to recent changes to the U.S. tax code, or a \$0.29 benefit per diluted share.

Full Year 2017 GAAP Results

Total revenue grew to \$529.7 million in the full year 2017, up \$75.8 million, or 17% from 2016. Operating leases and incentives revenue grew 37% year-over-year to \$231.4 million. Solar energy systems and product sales grew 4% year-over-year to \$298.3 million.

Total cost of revenue was \$448.1 million, an increase of 12% year-over-year. Total operating expenses were \$711.9 million, an increase of 6% year-over-year.

Net income available to common stockholders was \$124.5 million in the full year 2017, compared to net income available to common stockholders of \$91.7 million in 2016.

Diluted net earnings per share available to common shareholders was \$1.15 per share.

Guidance for Full Year 2018

The following statement is based on current expectations. This statement is forward-looking and actual results may differ materially.

For the full year 2018, we expect deployments to grow 15% year-over-year.

Conference Call Information

Sunrun is hosting a conference call for analysts and investors to discuss its fourth quarter and full year 2017 results and outlook for its first quarter 2018 at 2:00 p.m. Pacific Time today, March 6, 2018. A live audio webcast of the conference call along with supplemental financial information will be accessible via the "Investor Relations" section of the Company's website at http://investors.sunrun.com. The conference call can also be accessed live over the phone by dialing (877) 470-1078 (domestic) or (615) 247-0087 (international) using ID #5768987. A replay will be available following the call via the Sunrun Investor Relations website or for one week at the following numbers (855) 859-2056 (domestic) or (404) 537-3406 (international) using ID #5768987.

About Sunrun

Sunrun (Nasdaq:RUN) is the nation's largest dedicated residential solar, storage and energy services company with a mission to create a planet run by the sun. Since establishing the solar as a service model in 2007, Sunrun leads the industry in providing clean energy to homeowners with little to no upfront cost and at a savings to traditional electricity. The company designs, installs, finances, insures, monitors and maintains the systems, while families receive predictable pricing for 20 years or more. The company also offers Sunrun Brightbox solar power generation with smart inverter technology and home battery storage. For more information, please visit: www.sunrun.com.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995, including statements regarding our market position and market share, consumer demand, our future financial and operating guidance, operational and financial results such as growth, value creation, MW bookings and deployments, gross and net earning assets, project value, creation costs and NPV, and the assumptions related to the calculation of the foregoing metrics, as well as our expectations regarding our growth and financing capacity. The risks and uncertainties that could cause our results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to: the availability of additional financing on acceptable terms; changes in the retail prices of traditional utility generated electricity; changes in policies and regulations including net metering and interconnection limits or caps; the availability of rebates, tax credits and other incentives; the availability of solar panels and other raw materials; our limited operating

history, particularly as a new public company; our ability to attract and retain our relationships with third parties, including our solar partners; our ability to meet the covenants in our investment funds and debt facilities; and such other risks identified in the reports that we file with the U.S. Securities and Exchange Commission, or SEC, from time to time. All forward-looking statements in this press release are based on information available to us as of the date hereof, and we assume no obligation to update these forward-looking statements.

Consolidated Balance Sheets (In Thousands)

Assets 2017 2016 Current assets: \$202,525 \$205,636 Restricted cash 30,265 11,882 Accounts receivable, net 11,085 60,288 State tax credits receivable 11,085 61,383 Inventories 94,427 67,228 Prepaid expenses and other current assets 49,202 389,345 Restricted cash 42,202 389,345 Restricted cash 43,202 48,117 Property and equipment, net 36,402 48,417 Intangible assets, net 38,402 48,427 Coodwill 87,523 37,225 Total asset 39,278,42 38,523,81 Total assets 31,203 38,523 Total assets 32,223 38,523 Total assets 11,513 36,601 <th></th> <th colspan="4">As of December 31,</th>		As of December 31,			
Current assets: \$ 202,525 \$ 206,81 Restricted cash 39,265 11,862 Accounts receivable, net 76,198 60,288 State tax credits receivable 11,085 13,713 Irventories 94,277 67,326 Prepal dexpenses and other current assets 9,202 9,802 Restricted cash 432,702 61,117 Solar energy systems, net 3,319,708 26,29,366 Properly and equipment, net 36,402 418,491 Intangible assets, net 37,543 87,543 Octowill 87,543 87,543 Other assets 37,225 34,936 Trepald tax asset 3,227,807 35,228 Other assets 3,227,807 35,228 Total assets 3,227,807 35,228 Prepald tax asset 3,227,807 36,802 Total graph 4,527 34,936 Other seets 3,227,807 36,928 Itabilities and total equity 4,524 4,524 Accounts payable to noncontrolling			2017		2016
Cash riched cash \$202,525 \$206,364 Restricted cash 33,665 11,862 State ka credits receivable 11,005 13,713 Inventories 11,005 13,713 Inventories 9,202 369,345 Prepaid expenses and other current assets 9,202 369,345 Restricted cash - - 6,171 Sclaurent assets 3,319,708 262,936 Property and equipment, net 36,002 48,471 Intangible assets, net 31,229 378,541 Goodwill 87,543 87,543 Prepaid tax asset 37,225 378,541 Total assets 33,278 372,281 Total assets 31,225 378,541 Total paylable 11,519 \$16,004 Istibilitions payable to noncontrolling interests and redeemable noncontrolling interest 13,159 \$60,004 Deferred grants, current portion 36,00 39,20 39,20 Carciude expenses and other liabilities 31,50 30,00 30,00 30,00	Assets				
Restricted cash 39,265 11,828 Accounts receivable, net 76,198 60,288 State tax credits receivable 11,005 13,713 Inventories 94,427 67,326 Prepaid expenses and other current assets 482,702 369,345 Restricted cash - 6,117 Solar energy systems, net 33,19,708 2629,366 Property and equipment, net 14,294 18,499 Goodwill 87,543 87,541 Intangible assets, net 14,294 18,499 Coodwill 37,255 379,581 Other assets 3,225 39,572,818 Total assets 3,225 39,572,818 Labilities and total equity \$15,593 59,72,818 Propaid tax asset \$15,193 \$60,018 Cotract labilities \$15,593 59,281 Defered research labilities \$15,593 59,281 Cocurs payable \$15,593 59,281 Deferred grants, current portion \$2,503 59,281 Capicare	Current assets:				
Accounts receivable, net 76,198 60,288 State tax credits receivable 11,085 3,737 Inventories 94,427 67,262 Prepaid expenses and other current assets 9,202 9,802 Total current assets 432,702 369,345 Restricted cash 3,319,708 2,629,366 Property and equipment, net 36,402 44,741 Intangible assets, net 14,294 18,499 Goodwill 87,543 87,543 Prepaid tax asset 37,255 49,506 Other assets 30,272 34,936 Total assets 30,272 34,936 Total assets 30,272 34,936 Total problems 115,193 8,66,108 Current Inabilities 115,193 9,66,108 Distributions payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,665 Deferred green, current portion 2,26 8,011 Cered revenue, current portion 2,26 8,011 Capital lease obligations, current portion	Cash	\$	202,525	\$	206,364
Bate lax credits receivable Inventories 11,085 13,713 Inventories 94,227 67,326 Prepaid expenses and other current assets 9,202 9,802 Total current assets 432,702 369,345 Restricted cash 3,319,708 2,629,366 Property and equipment, net 36,402 48,471 Intangible assets, net 14,294 18,499 Goodwill 87,543 87,543 Prepaid tax asset 37,225 34,936 Total assets 37,225 34,936 Total assets \$3,927,874 35,7281 Excounts payable \$115,193 66,018 Current liabilities \$15,593 10,684 Current leavenue, current portion \$7,310 70,841 Current grants, current portion \$7,310 70,841 Cerived expenses and other liabilities \$3,593 59,261 Deferred grants, current portion \$7,310 70,482 Carred expenses expess-through financing obliqation, current portion \$3,503 24,740 Capital lease obli	Restricted cash		39,265		11,882
Inventories 94,427 67,326 Prepail expenses and other current assets 9,802 3,803,45 Total current assets 43,200 3,803,45 Restricted cash 3,117 6,6117 Solar energy systems, net 3,6402 48,471 Intangible assets, net 36,402 48,471 Intangible assets, net 11,4294 18,499 Goodwill 6,732,533 87,543 Other assets 6,722,536 34,936 Total assets 3,722,53 34,936 Total assets 5,392,784 35,72,818 Edibilities and total equity 5 3,572,818 User Intabilities 5,115,193 8,66,018 Distributions payable to noncontrolling interests and redeemable noncontrolling interests 3,532,218 10,654 Deferred greense, current portion 7,7310 70,849 Ederived grants, current portion 7,421 10,015 Capital lease obligations, current portion 21,529 14,153 Deferred grants, net of current portion 5,811 12,926	Accounts receivable, net		76,198		60,258
Prepaid expenses and other current assets 9,002 36,036 Total current assets 43,702 369,345 Restricted ash — 6,117 Solar energy systems, net 3,319,708 2,629,366 Properly and equipment, net 36,402 48,471 Intangible assets, net 41,294 18,499 Goodwill 87,543 87,543 Other assets 3,7225 34,936 Other assets 3,7225 34,936 Total assets 3,97285 38,7818 Cotal sasets 5,372,818 3,97281 Lishlities and total equity 8,563 5,78,181 Cocurs payable 115,193 6,660,181 Caccounts payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,654 Deferred revenue, current portion 8,569 8,511 10,654 Ceferred revenue, current portion 7,7310 70,849 10,615 Deferred grants, current portion 8,269 8,011 13,533 14,653 Caper accurse debt, net of current portion <td>State tax credits receivable</td> <td></td> <td>11,085</td> <td></td> <td>13,713</td>	State tax credits receivable		11,085		13,713
Total current assets 432,702 369,345 Restricted cash — 6,117 Solar energy systems, net 33,19,708 2,629,366 Property and equipment, net 36,402 48,471 Intangible assets, net 11,294 118,499 Goodwill 87,543 87,543 Prepaid tax asset — 37,251 Other assets 33,27,261 34,936 Total assets 33,27,81 35,72,818 Liabilities and total equity Urrent liabilities Accounts payable to noncontrolling interests and redeemable noncontrolling interests 115,193 66,018 Deferred revenue, current portion 85,639 59,261 Deferred devenue, current portion 3,660 36,801 Capital lease obligations, current portion 3,600 11,153 Case pass through financing obligation, current portion 6,807 58,231 Total current liabilities 335,031 244,784 Deferred grants, net of current portion 22,803 38,401 Deferred grants, net of current	Inventories		94,427		67,326
Restricted cash — 6.117 Solar energy systems, net 3.319,708 2,629,368 Property and equipment, net 36,402 48,471 Intangible assets, net 114,294 18,499 Goodwill 87,543 87,543 Prepaid tax asset 37,225 34,935 Total assets 33,27,878 34,935 Current liabilities Current liabilities \$115,193 \$66,018 Current liabilities \$115,193 \$66,018 Accounts payable to noncontrolling interests and redeemable noncontrolling interests \$13,583 10,654 Accrued expenses and other liabilities \$15,593 \$52,611 Accrued expenses and other liabilities \$3,503 \$52,621 Deferred grants, current portion \$7,731 \$70,849 Deferred grants, current portion \$3,269 \$8,011 Capital lease obligations, current portion \$1,529 \$1,415 Deferred grants, current portion \$35,031 \$24,764 Capital current liabilities \$335,031 \$24,764 </td <td>Prepaid expenses and other current assets</td> <td></td> <td>9,202</td> <td></td> <td>9,802</td>	Prepaid expenses and other current assets		9,202		9,802
Solar energy systems, net 3,319,708 2,629,366 Property and equipment, net 36,402 48,471 Intangible assets, net 14,294 18,499 Goodwill 87,543 87,543 Prepaid tax asset 7.2 34,936 Other assets 3,927,873 34,936 Total assets 3,927,873 35,72,818 Liabilities and total equity Current liabilities Accounts payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,654 Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 77,310 70,849 Deferred grants, current portion 7,421 10,015 Non-recourse debt, current portion 7,421 10,015 Non-recourse debt, current portion 335,031 244,784 Lease pass-through financing obligation, current portion 584,427 583,401 Deferred revenue, net of current portion 5811 12,968	Total current assets		432,702		369,345
Property and equipment, net 36,402 48,471 Intangible assets, net 14,294 18,499 Goodwill 87,543 87,543 Prepaid tax asset — 378,541 Other assets 37,225 34,936 Total assets ***3,927,874 \$3,572,818 Liabilities and total equity ************************************	Restricted cash		_		6,117
Intangible assets, net 14,294 18,499 Goodwill 87,543 87,543 Prepaid tax asset 37,225 34,936 Other assets 37,225 34,936 Total assets 3,927,874 3,572,818 Exhibilities and total equity Current liabilities *** Accounts payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,654 Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 8,269 8,011 Capital lease obligations, current portion 1,152 10,015 Non-recourse debt, current portion 335,031 244,784 Deferred grants, net of current portion 584,427 583,401 Deferred revenue, net of current portion 228,603 228,603 Capital lease obligations, et of current portion 247,000 244,704 Deferred grants, net of current portion	Solar energy systems, net		3,319,708		2,629,366
Goodwill 87,543 87,543 Prepaid tax asset ————————————————————————————————————	Property and equipment, net		36,402		48,471
Prepaid tax asset ————————————————————————————————————	Intangible assets, net		14,294		18,499
Other assets 37,225 34,936 Total assets 3,927,874 3,572,818 Liabilities and total equity Current liabilities Accounts payable \$115,193 \$66,018 Distributions payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,654 Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,410 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 7,421 10,015 Non-recourse debt, current portion 6,87 5,823 Lease pass-through financing obligation, current portion 6,87 5,834 Deferred revenue, net of current portion 28,402 58,404 Deferred grants, net of current portion 28,402 28,603 Recourse debt, net of current portion 28,102 28,603 28,603 Recourse debt, net of current portion 1,026,416 63,937 45,000 Coherred tax liabilities 1,026,416 63,937 45,000 <	Goodwill		87,543		87,543
Total assets \$ 3,927,874 \$ 3,572,818 Liabilities and total equity Current liabilities: \$ 115,193 \$ 66,018 Accounts payable \$ 115,193 \$ 66,018 Distributions payable to noncontrolling interests and redeemable noncontrolling interests \$ 13,583 10,654 Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 7,421 10,015 Non-recourse debt, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 138,520 5,457 Lease pass-through financing obligation, net of current portion 138,520 5,457	Prepaid tax asset		_		378,541
Liabilities and total equity Current liabilities: *** Accounts payable \$ 115,193 \$ 66,018 Distributions payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,654 Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 7,421 10,015 Non-recourse debt, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 135,102 <td>Other assets</td> <td></td> <td>37,225</td> <td></td> <td>34,936</td>	Other assets		37,225		34,936
Current liabilities: Current liabilities: Accounts payable \$ 115,193 \$ 66,018 Distributions payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,654 Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 13,520 5,457 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 59,131 415,397 Total labilities	Total assets	\$	3,927,874	\$	3,572,818
Accounts payable \$ 115,193 \$ 66,018 Distributions payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,654 Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 7,421 10,015 Non-recourse debt, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 59,131 415,397 <t< td=""><td>Liabilities and total equity</td><td></td><td></td><td>_</td><td></td></t<>	Liabilities and total equity			_	
Distributions payable to noncontrolling interests and redeemable noncontrolling interests 13,583 10,654 Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907	Current liabilities:				
Accrued expenses and other liabilities 85,639 59,261 Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 1,026,416 639,870 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total	Accounts payable	\$	115,193	\$	66,018
Deferred revenue, current portion 77,310 70,849 Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 7,421 10,015 Non-recourse debt, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 1,026,416 639,870 Cher liabilities 13,520 5,457 Deferred tax liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 2638,063 2,510,725 Redeemable noncontrolling interests 354,076 251,225 Total equity 354,076 <td>Distributions payable to noncontrolling interests and redeemable noncontrolling interests</td> <td></td> <td>13,583</td> <td></td> <td>10,654</td>	Distributions payable to noncontrolling interests and redeemable noncontrolling interests		13,583		10,654
Deferred grants, current portion 8,269 8,011 Capital lease obligations, current portion 7,421 10,015 Non-recourse debt, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924	Accrued expenses and other liabilities		85,639		59,261
Capital lease obligations, current portion 7,421 10,015 Non-recourse debt, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Deferred revenue, current portion		77,310		70,849
Non-recourse debt, current portion 21,529 14,153 Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Deferred grants, current portion		8,269		8,011
Lease pass-through financing obligation, current portion 6,087 5,823 Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Capital lease obligations, current portion		7,421		10,015
Total current liabilities 335,031 244,784 Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Non-recourse debt, current portion		21,529		14,153
Deferred revenue, net of current portion 584,427 583,401 Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Lease pass-through financing obligation, current portion		6,087		5,823
Deferred grants, net of current portion 228,603 226,893 Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Total current liabilities		335,031		244,784
Capital lease obligations, net of current portion 5,811 12,965 Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Deferred revenue, net of current portion		584,427		583,401
Recourse debt, net of current portion 247,000 244,000 Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Deferred grants, net of current portion		228,603		226,893
Non-recourse debt, net of current portion 1,026,416 639,870 Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Capital lease obligations, net of current portion		5,811		12,965
Lease pass-through financing obligation, net of current portion 138,124 137,958 Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Recourse debt, net of current portion		247,000		244,000
Other liabilities 13,520 5,457 Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Non-recourse debt, net of current portion		1,026,416		639,870
Deferred tax liabilities 59,131 415,397 Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Lease pass-through financing obligation, net of current portion		138,124		137,958
Total liabilities 2,638,063 2,510,725 Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Other liabilities		13,520		5,457
Redeemable noncontrolling interests 123,737 137,907 Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Deferred tax liabilities		59,131		415,397
Total stockholders' equity 811,998 672,961 Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Total liabilities	-	2,638,063		2,510,725
Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Redeemable noncontrolling interests		123,737		137,907
Noncontrolling interests 354,076 251,225 Total equity 1,166,074 924,186	Total stockholders' equity		811,998		672,961
Total equity 1,166,074 924,186	• •		· ·		-
	-				
		\$		\$	3,572,818

Consolidated Statements of Operations (In Thousands, Except Per Share Amounts)

	Three Months Ended December 31,		Year E Decem		
	2017	2016	2017	2016	
Revenue:			_		
Operating leases and incentives	\$ 59,536	\$ 45,333	\$ 231,433	\$ 168,417	
Solar energy systems and product sales	86,907	75,251	298,266	285,481	
Total revenue	146,443	120,584	529,699	453,898	
Operating expenses:					
Cost of operating leases and incentives	53,272	42,380	193,954	159,858	
Cost of solar energy systems and product sales	74,174	63,005	254,131	239,381	
Sales and marketing	35,357	35,685	137,115	162,781	
Research and development	4,437	2,905	15,079	10,199	
General and administrative	29,644	24,184	107,420	92,377	
Amortization of intangible assets	1,050	1,052	4,204	4,206	
Total operating expenses	197,934	169,211	711,903	668,802	
Loss from operations	(51,491)	(48,627)	(182,204)	(214,904)	
Interest expense, net	20,932	14,709	70,518	53,244	
Other expenses (income), net	1,285	(380)	1,874	(840)	
Loss before income taxes	(73,708)	(62,956)	(254,596)	(267,308)	
Income tax expense (benefit)	(5,487)	22,847	32,138	35,993	
Net loss	(68,221)	(85,803)	(286,734)	(303,301)	
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	(127,115)	(114,835)	(411,259)	(394,988)	
Net income available to common stockholders	\$ 58,894	\$ 29,032	\$ 124,525	\$ 91,687	
Net income per share available to common stockholders					
Basic	\$ 0.55	\$ 0.28	\$ 1.18	\$ 0.90	
Diluted	\$ 0.54	\$ 0.27	\$ 1.15	\$ 0.87	
Weighted average shares used to compute net income per share available to common stockholders					
Basic	106,538	103,504	105,432	102,367	
Diluted	109,135	105,761	108,206	104,964	

Consolidated Statements of Cash Flows (In Thousands)

	Three Months Ended December 31,		Year I Decem	Ended iber 31,
	2017	2016	2017	2016
Operating activities:				
Net loss	\$ (68,221)	\$ (85,803)	\$ (286,734)	\$ (303,301)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization, net of amortization of deferred grants	36,687	30,535	136,361	104,105
Deferred income taxes	(F 40C)	22.847	22.420	25.002
Stock based componentian expense	(5,486) 5,548	4,697	32,138 22,042	35,993 18,723
Stock-based compensation expense	5,546 4,006	4,697 5,417	22,042 17,150	•
Noncash interest expense Interest on lease pass-through financing obligations	3,010	3,030	11,973	13,441 12,081
Reduction in lease pass-through financing obligations	(4,509)	(4,402)	(18,230)	(18,551)
Other noncash losses and expenses	6,697	1,081	13,546	5,235
Changes in operating assets and liabilities:	0,007	1,001	10,040	0,200
Accounts receivable	(3,907)	(8,509)	(17,870)	674
Inventories	(31,104)	18,615	(27,101)	4,042
Prepaid and other assets	142	336	(3,478)	(4,799)
Accounts payable	16,168	(18,116)	47,837	(40,336)
Accrued expenses and other liabilities	13,940	3,805	2,573	11,819
Deferred revenue	5,184	3,118	8,782	10,294
Net cash used in operating activities	(21,845)	(23,349)	(61,011)	(150,580)
Investing activities:	, , ,	, , ,	, ,	, ,
Payments for the costs of solar energy systems, leased and to be				
leased	(221,183)	(197,273)	(804,371)	(727,568)
Purchases of property and equipment	(2,000)	(2,147)	(7,956)	(12,544)
Business acquisition, net of cash acquired		_		(5,000)
Net cash used in investing activities	(223,183)	(199,420)	(812,327)	(745,112)
Financing activities:				
Proceeds from state tax credits, net of recapture	988	_	13,773	9,081
Proceeds from issuance of recourse debt	45,000	104,000	170,400	458,400
Repayment of recourse debt	(45,000)	(104,000)	(167,400)	(411,400)
Proceeds from issuance of non-recourse debt	454,720	85,846	748,806	335,666
Repayment of non-recourse debt	(269,962)	(4,963)	(362,763)	(23,076)
Payment of debt fees	(8,060)	(127)	(14,392)	(13,741)
Proceeds from lease pass-through financing obligations	1,582	1,805	6,221	16,047
Repayment of lease pass-through financing obligations	_	_	_	_
Contributions received from noncontrolling interests and redeemable noncontrolling interests	123,599	151,335	594,921	573,542
Distributions paid to noncontrolling interests and redeemable	120,000	101,000	004,021	070,042
noncontrolling interests	(15,769)	(11,793)	(54,530)	(39,542)
Acquisition of noncontrolling interests	(35,386)		(35,386)	
Proceeds from exercises of stock options, net of withholding taxes on restricted stock	,		, ,	
units and issuance of shares in connection with the Employee Stock				
Purchase Plan	1,242	2,660	1,035	7,364
Proceeds received, net and (offering costs paid) related to initial public offering	_	_	_	(437)
Payment of capital lease obligations	(2,251)	(3,091)	(9,836)	(12,759)
Change in restricted cash	(19,292)	(16)	(21,350)	(953)
Net cash provided by financing activities	231,411	221,656	869,499	898,192
Net change in cash	(13,617)	(1,113)	(3,839)	2,500
Cash, beginning of period	216,142	207,477	206,364	203,864
Cash, end of period	\$ 202,525	\$ 206,364	\$ 202,525	\$ 206,364

Key Operating Metrics and Financial Metrics

	Full Year Decemb				
		2017		2016	
MW Booked (during the period) (1)		337		285	
MW Deployed (during the period)		323		282	
Cumulative MW Deployed (end of period)		1,202		879	
Gross Earning Assets under Energy Contract (end of period)(in millions) (2)	\$	1,459	\$	1,200	
Gross Earning Assets Value of Purchase or Renewal (end of period)(in millions)	\$	754	\$	609	
Gross Earning Assets (end of period)(in millions) (2)(3)	\$	2,213	\$	1,809	
Net Earning Assets (end of period)(in millions) (3)	\$	1,176	\$	1,011	
		Three Months Ended December 31,			
	2017		2016		
Project Value, Contracted Portion (per watt)	\$	3.96	\$	3.80	
Project Value, Renewal Portion (per watt)	\$	0.56	\$	0.60	
Total Project Value (per watt)	\$	4.52	\$	4.41	
Creation Cost (per watt) (4)	\$	3.30	\$	3.41	
Unlevered NPV (per watt) (3)	\$	1.22	\$	1.00	
NPV (in millions) (3)	\$	91	\$	67	

- 1. The presentation of MW Booked for periods prior to December 31, 2016 reflects changes made to the calculation methodology as further described in our Annual Report on Form 10-K filed with the SEC on March 8, 2017.
- 2. In the fourth quarter of 2017, Gross Earning Assets under Energy Contract and Total Gross Earning Assets were reduced by \$13 million to reflect changes related to modifications to the Federal Tax Code for assets deployed through December 31, 2017, including a reduction held as a reserve pending final tax regulation guidance based on the company's best estimate of the potential effect.
- 3. Numbers may not sum due to rounding.
- 4. The presentation of Creation Cost for periods prior to December 31, 2016 reflects changes made to the calculation methodology as further described in our Fourth Quarter 2016 earnings presentation available on our investor relations website.

Definitions

Creation Cost includes (i) certain installation and general and administrative costs after subtracting the gross margin on solar energy systems and product sales divided by watts deployed during the measurement period and (ii) certain sales and marketing expenses under new Customer Agreements, net of cancellations during the period divided by the related watts deployed.

Customers refers to all residential homeowners (i) who have executed a Customer Agreement or cash sales agreement with us and (ii) for whom we have internal confirmation that the applicable solar energy system has reached notice to proceed or "NTP", net of cancellations.

Customer Agreements refers to, collectively, solar power purchase agreements and solar

leases.

Gross Earning Assets represents the net cash flows (discounted at 6%) we expect to receive during the initial 20-year term of our Customer Agreements for systems that have been deployed as of the measurement date, plus a discounted estimate of the value of the Customer Agreement renewal term or solar energy system purchase at the end of the initial term. Gross Earning Assets excludes estimated cash distributions to investors in consolidated joint ventures and estimated operating, maintenance and administrative expenses for systems deployed as of the measurement date. In calculating Gross Earning Assets, we deduct estimated cash distributions to our cash equity financing providers. In calculating Gross Earning Assets, we do not deduct customer payments we are obligated to pass through to investors in lease pass-throughs as these amounts are reflected on our balance sheet as long-term and short-term lease pass-through obligations, similar to the way that debt obligations are presented. In determining our finance strategy, we use lease passthroughs and long-term debt in an equivalent fashion as the schedule of payments of distributions to lease pass-through investors is more similar to the payment of interest to lenders than the internal rates of return (IRRs) paid to investors in other tax equity structures.

Gross Earning Assets Under Energy Contract represents the net cash flows during the initial (typically 20 year) term of our Customer Agreements (less substantially all value from SRECs prior to July 1, 2015), for systems deployed as of the measurement date.

Gross Earning Assets Value of Purchase or Renewal is the forecasted net present value we would receive upon or following the expiration of the initial Customer Agreement term (either in the form of cash payments during any applicable renewal period or a system purchase at the end of the initial term), for systems deployed as of the measurement date.

MW Booked represents the aggregate megawatt production capacity of our solar energy systems, whether sold directly to customers or subject to an executed Customer Agreement, for which we have confirmation that the systems have reached NTP, net of cancellations.

MW Deployed represents the aggregate megawatt production capacity of our solar energy systems, whether sold directly to customers or subject to executed Customer Agreements, for which we have (i) confirmation that the systems are installed on the roof, subject to final inspection or (ii) in the case of certain system installations by our partners, accrued at least 80% of the expected project cost.

Net Earning Assets represents Gross Earning Assets less both project level debt and Lease Pass-Through Financing Obligation, as of the same measurement date. Because estimated cash distributions to our cash equity financing partners are deducted from Gross Earning Assets, a proportional share of the corresponding project level debt is deducted from Net Earning Assets.

NPV equals Unlevered NPV multiplied by leased megawatts deployed in period.

NTP or Notice to Proceed refers to our internal confirmation that a solar energy system has met our installation requirements for size, equipment and design.

Project Value represents the value of upfront and future payments by customers, the

benefits received from utility and state incentives, as well as the present value of net proceeds derived through investment funds. Specifically, Project Value is calculated as the sum of the following items (all measured on a per-watt basis with respect to megawatts deployed under Customer Agreements during the period): (i) estimated Gross Earning Assets, (ii) utility or upfront state incentives, (iii) upfront payments from customers for deposits and partial or full prepayments of amounts otherwise due under Customer Agreements and which are not already included in Gross Earning Assets and (iv) finance proceeds from tax equity investors, excluding cash true-up payments or the value of asset contributions in lieu of cash true-up payments made to investors. Project Value includes contracted SRECs for all periods after July 1, 2015.

Unlevered NPV equals the difference between Project Value and estimated Creation Cost on a per watt basis.

Investor Relations Contact:

Patrick Jobin Vice President, Finance & Investor Relations investors@sunrun.com (415) 638-4007

Media Contact:

Georgia Dempsey Director of Corporate Communications press@sunrun.com (415) 518-9418



Source: Sunrun Inc.