

SUNRUN



# Q2 2021 Financial Results

August 5, 2021

# Safe Harbor & Forward Looking Statements

This communication contains forward-looking statements related to Sunrun (the “Company”) within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements related to: the impact of COVID-19 on the Company and its business and operations; the Company’s leadership team; the Company’s financial and operating guidance and expectations; the Company’s business plan, market leadership, competitive advantages, operational and financial results and metrics (and the assumptions related to the calculation of such metrics); the Company’s momentum in the company’s business strategies, expectations regarding market share, customer value proposition, market penetration, financing activities, financing capacity, product mix, and ability to manage cash flow and liquidity; the growth of the solar industry; the Company’s ability to manage supply chains and workforce; factors outside of the Company’s control such as macroeconomic trends, public health emergencies, natural disasters, and the impacts of climate change; the legislative and regulatory environment of the solar industry; and expectations regarding the Company’s storage and energy services businesses, the Company’s acquisition of Vivint Solar (including cost synergies), anticipated emissions reductions due to utilization of the Company’s solar systems, and expectations regarding the growth of home electrification, electric vehicles, virtual power plants, and distributed energy resources. These statements are not guarantees of future performance; they reflect the Company’s current views with respect to future events and are based on assumptions and estimates and are subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. The risks and uncertainties that could cause the Company’s results to differ materially from those expressed or implied by such forward-looking statements include: the impact of COVID-19 on the Company and its business and operations; the successful integration of Vivint Solar; the Company’s leadership team and ability to retract and retain key employees; the availability of additional financing on acceptable terms; changes in the retail prices of traditional utility generated electricity; worldwide economic conditions, including slow or negative growth rates in global and domestic economies and weakened consumer confidence and spending; 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, batteries, and other components and raw materials; the Company’s ability to attract and retain the Company’s relationships with third parties, including the Company’s solar partners; the Company’s continued ability to manage costs associated with solar service offerings; the Company’s business plan and the Company’s ability to effectively manage the Company’s growth and labor constraints; the Company’s ability to meet the covenants in the Company’s investment funds and debt facilities; factors impacting the solar industry generally, and such other risks and uncertainties identified in the reports that we file with the U.S. Securities and Exchange Commission from time to time. All forward-looking statements used herein are based on information available to us as of the date hereof, and we assume no obligation to update publicly these forward-looking statements for any reason, except as required by law.



**SUNRUN**

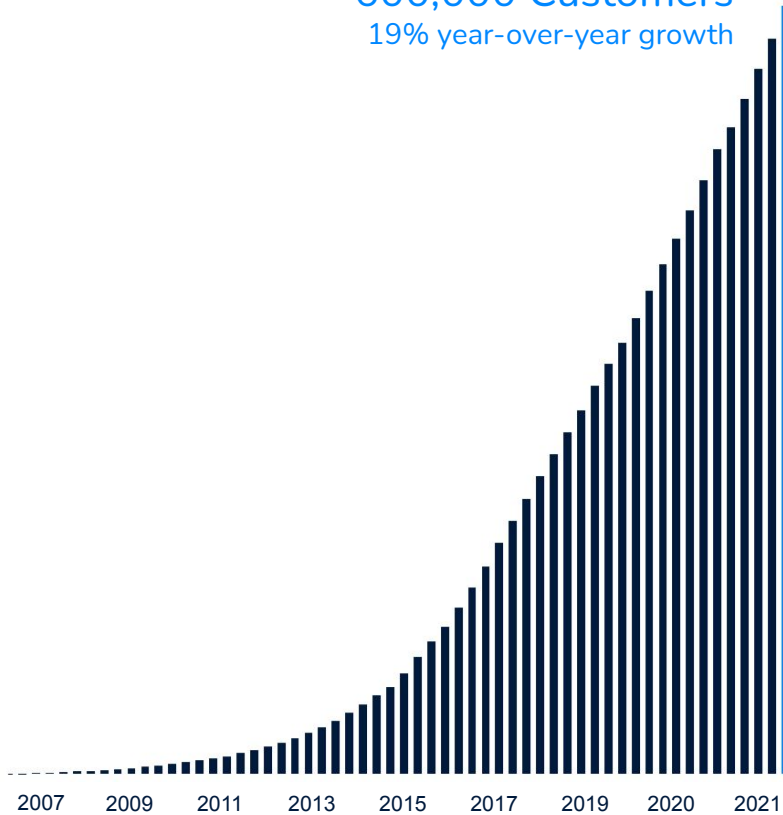


**The time for  
solar is now.**



# Sunrun is Growing its Base of Customers

600,000 Customers  
19% year-over-year growth



Customers figure is rounded and historical figures give pro forma effect to our acquisition of Vivint Solar from 2012 to 2019 and includes Vivint Solar in 2020. 2007-2011 reflects legacy Sunrun standalone because Vivint Solar was founded in October 2011. See Appendix for glossary of terms and accompanying notes.



sunrun






# Welcoming a Visionary Leader to Drive Sunrun's Next Phase of Growth and Innovation



## Mary Powell

### Sunrun's Next CEO

Transition effective August 31, 2021

-  **Proven leader and innovator in the energy sector** with a strong customer focus and track record of driving operational excellence
-  **Over 10 years of experience serving as CEO of Green Mountain Power**, where she executed a growth strategy to position the company as a leading energy transformation business and drive customer satisfaction
-  **Deep understanding of Sunrun's people, business and strategy** having served as a member of the Board since 2018
-  **Nationally recognized for her work disrupting the energy system**, with numerous industry awards, including "Executive of the Year" from Utility Dive in 2019
-  **Shares Sunrun's mission to create a planet run by the sun** and is committed to the Company's efforts to build the electrical grid of the future

**Additional experience guiding boards of public companies** at the forefront of the industry

CLIMATE  
REAL  
IMPACT  
SOLUTIONS 

**HEI**

**CGI**

# Sunrun is Building a Base of Customers with Recurring Revenue and Multi-Decade Relationships



26,100

CUSTOMER ADDITIONS IN Q2

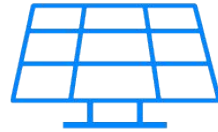
186 MEGAWATTS SOLAR ENERGY  
CAPACITY INSTALLED IN Q2  
+52% YEAR-OVER-YEAR  
+11% FROM Q1

600,000

CUSTOMERS

+19% YEAR-OVER-YEAR

NETWORKED SOLAR ENERGY  
CAPACITY OF 4,238 MEGAWATTS



\$34,519

SUBSCRIBER VALUE  
IN Q2

\$28,945

CREATION COST  
IN Q2

\$5,574

NET SUBSCRIBER VALUE IN Q2  
(\$8,039 PRO-FORMA FOR GROWTH  
TIMING ADJUSTMENTS)



\$122 Million

TOTAL VALUE GENERATED  
IN Q2

\$4.5 Billion

NET EARNING ASSETS  
INCLUDING \$858 MILLION OF CASH  
AS OF 6/30/2021

\$747 Million

ANNUAL RECURRING REVENUE  
FROM SUBSCRIBERS  
AS OF 6/30/2021

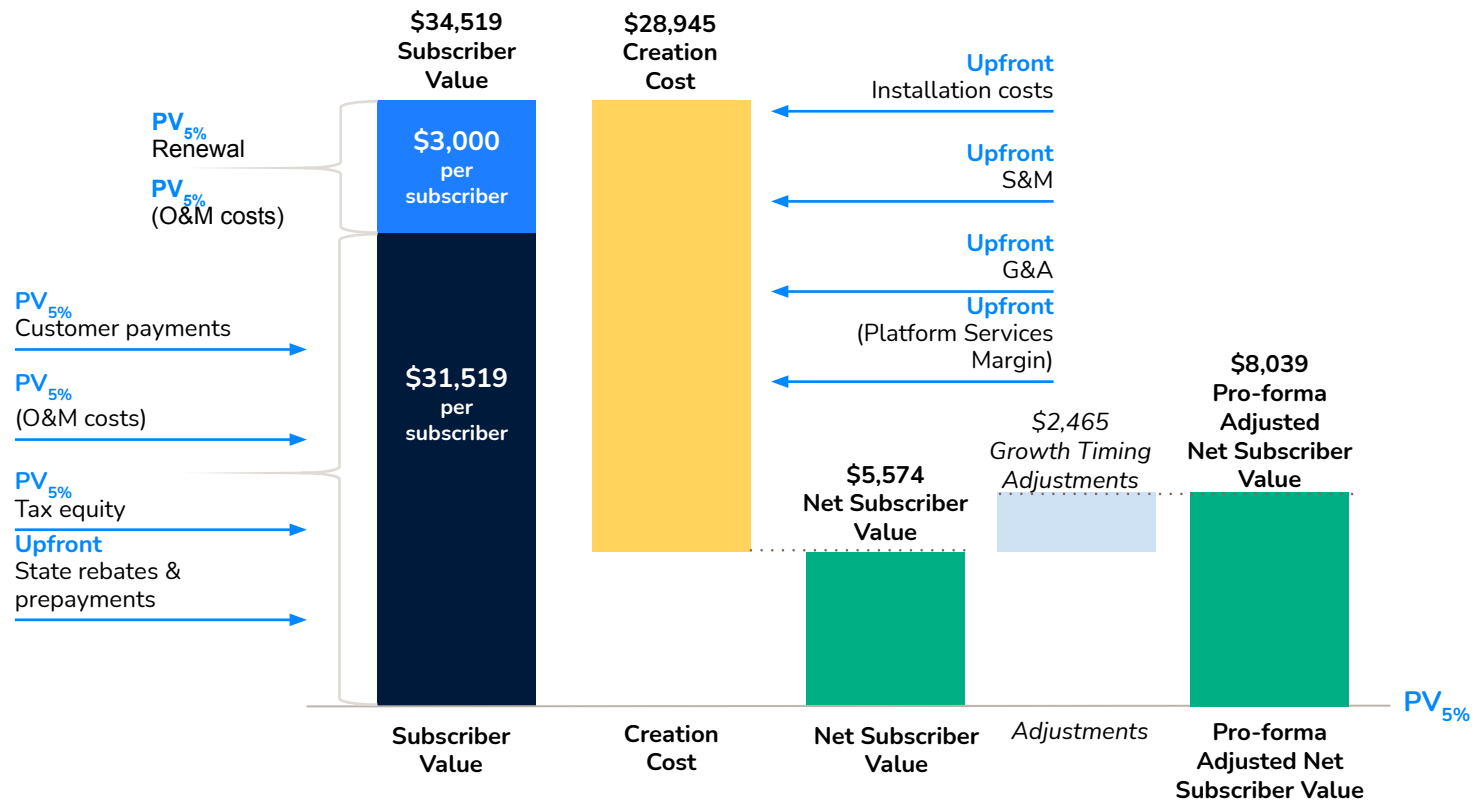
17 Years

AVERAGE CONTRACT  
LIFE REMAINING  
AS OF 6/30/2021

# Total Value Generated of \$122 million in Q2

21,894 Subscriber Additions with Net Subscriber Value of \$5,574, or \$8,039 adjusted for effects of accelerated growth on upfront cost recognition

Given the strong growth in Sunrun's business, an increasing amount of costs are incurred and recognized in Creation Costs before Subscriber Additions are recognized, such as selling and marketing expenses and capital expenditures for systems that are still being constructed (increasing the 'construction in progress' fixed asset balance which is included in Creation Costs). Given the rapid growth in the business with sales volumes significantly outpacing deployments, we present an adjusted Net Subscriber Margin which adds back costs as if we had normalized sales & marketing costs by customer order volumes, instead of deployments, while also eliminating the increase in 'construction in progress' associated with systems that have not yet been recognized as deployed.



Q2 average subscriber system size was 7.2 KWs.

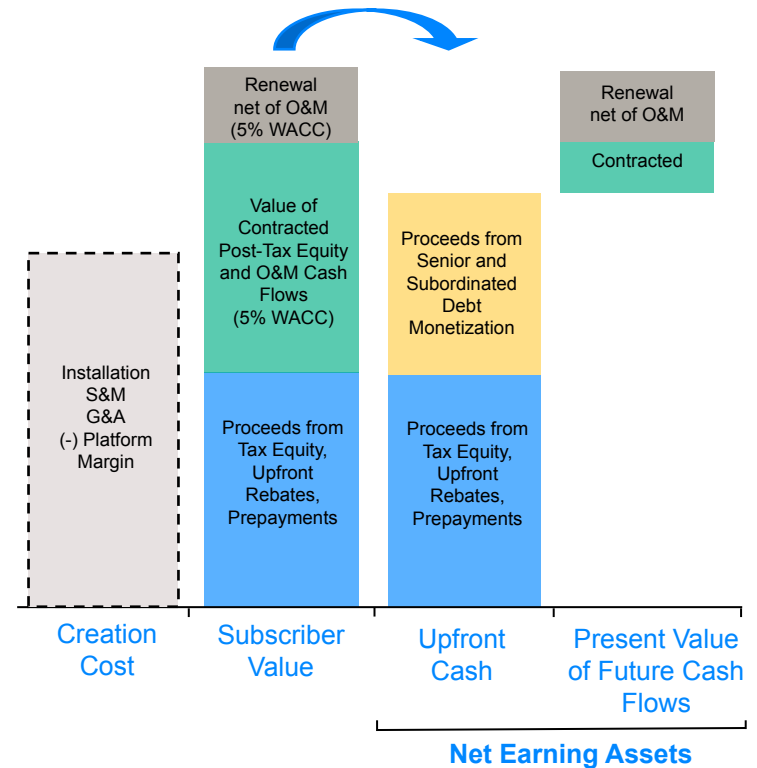
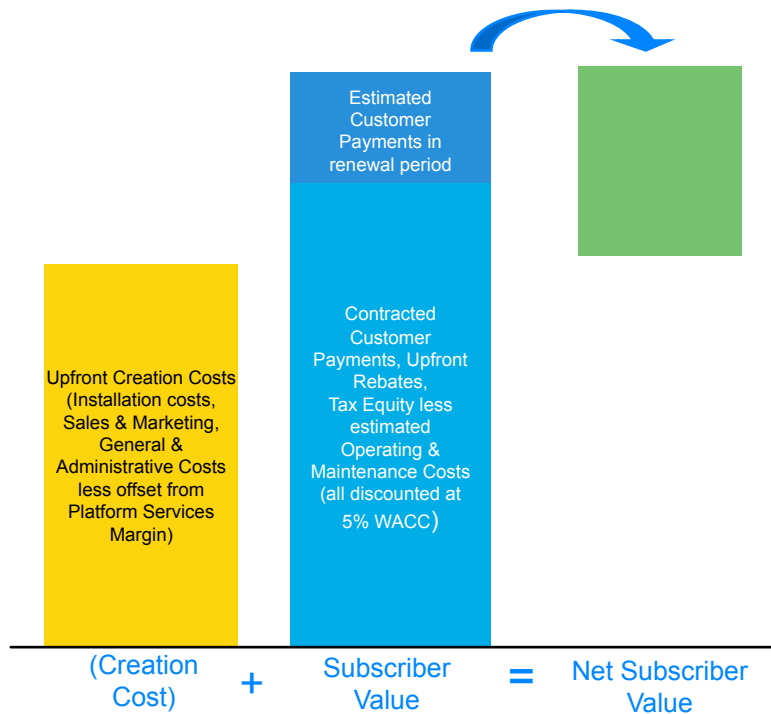


# Strong unit margins allow us to grow, generate cash and increase our base of recurring cash flows

## Strong Unlevered Unit-level Economics:

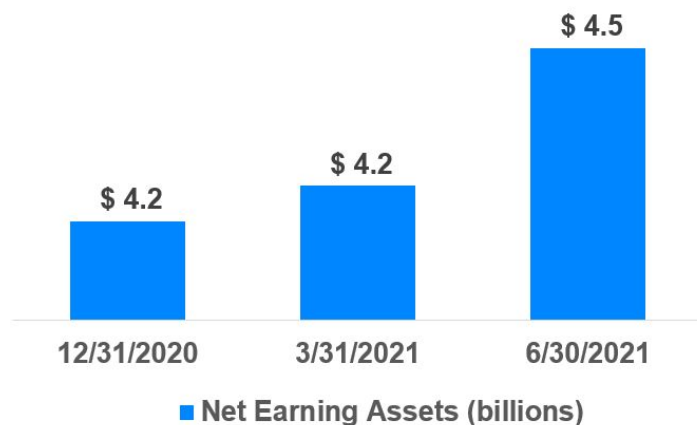
Subscribers have significant value with 20-30 years of expected cash flows

We can raise 95-100% of **Contracted Subscriber Value** in upfront funding, exceeding **Creation Costs**, allowing us to grow our cash balance while continuing to build our long-term stream of recurring cash flows





# Net Earning Assets at \$4.5 Billion



- We have \$8.6 billion in Gross Earning Assets, which is our measure of the present value of cash flows from customers over time.
- Projected cash flow from customers plus cash, less total debt and pass-through obligations represents \$4.5 billion in present value, which we call Net Earning Assets.
- Metrics reflect a 5% discount rate and Net Earning Assets includes both recourse and non-recourse debt and total cash.

(\$ in millions)	2Q20	3Q20	4Q20	1Q21	2Q21
Gross Earning Assets Contracted Period	\$2,892	\$2,996	\$5,234	\$5,488	\$5,797
Gross Earning Assets Renewal Period	\$1,495	\$1,542	\$2,539	\$2,633	\$2,815
<b>Gross Earning Assets</b>	<b>\$4,387</b>	<b>\$4,538</b>	<b>\$7,773</b>	<b>\$8,122</b>	<b>\$8,613</b>
(-) Recourse Debt & Convertible Senior Notes	(\$236)	(\$225)	(\$231)	(\$569)	(\$607)
(-) Non-Recourse Debt	(\$2,187)	(\$2,260)	(\$4,565)	(\$4,705)	(\$5,003)
(-) Pass-through financing obligation	(\$338)	(\$336)	(\$340)	(\$339)	(\$337)
(+) Pro-forma debt adj. for safe harboring facility	\$89	\$54	\$23	\$40	\$36
(+) Pro-forma debt adj. for debt within project equity funds	\$177	\$176	\$800	\$865	\$901
(+) Total cash	\$354	\$382	\$708	\$813	\$858
<b>Net Earning Assets</b>	<b>\$2,245</b>	<b>\$2,328</b>	<b>\$4,168</b>	<b>\$4,227</b>	<b>\$4,460</b>

Historical numbers prior to 4Q20 are not pro forma for the acquisition of Vivint Solar but have been recast using a 5% discount rate. See Appendix for glossary of terms and accompanying notes.

# Outlook

INCREASING GUIDANCE TO

**30% GROWTH**

IN SOLAR ENERGY CAPACITY INSTALLED  
FOR FULL YEAR 2021<sup>(1)</sup>

ADJUSTING GUIDANCE FOR TOTAL VALUE  
GENERATED TO BE IN A RANGE OF

**\$700 to \$750 MILLION**

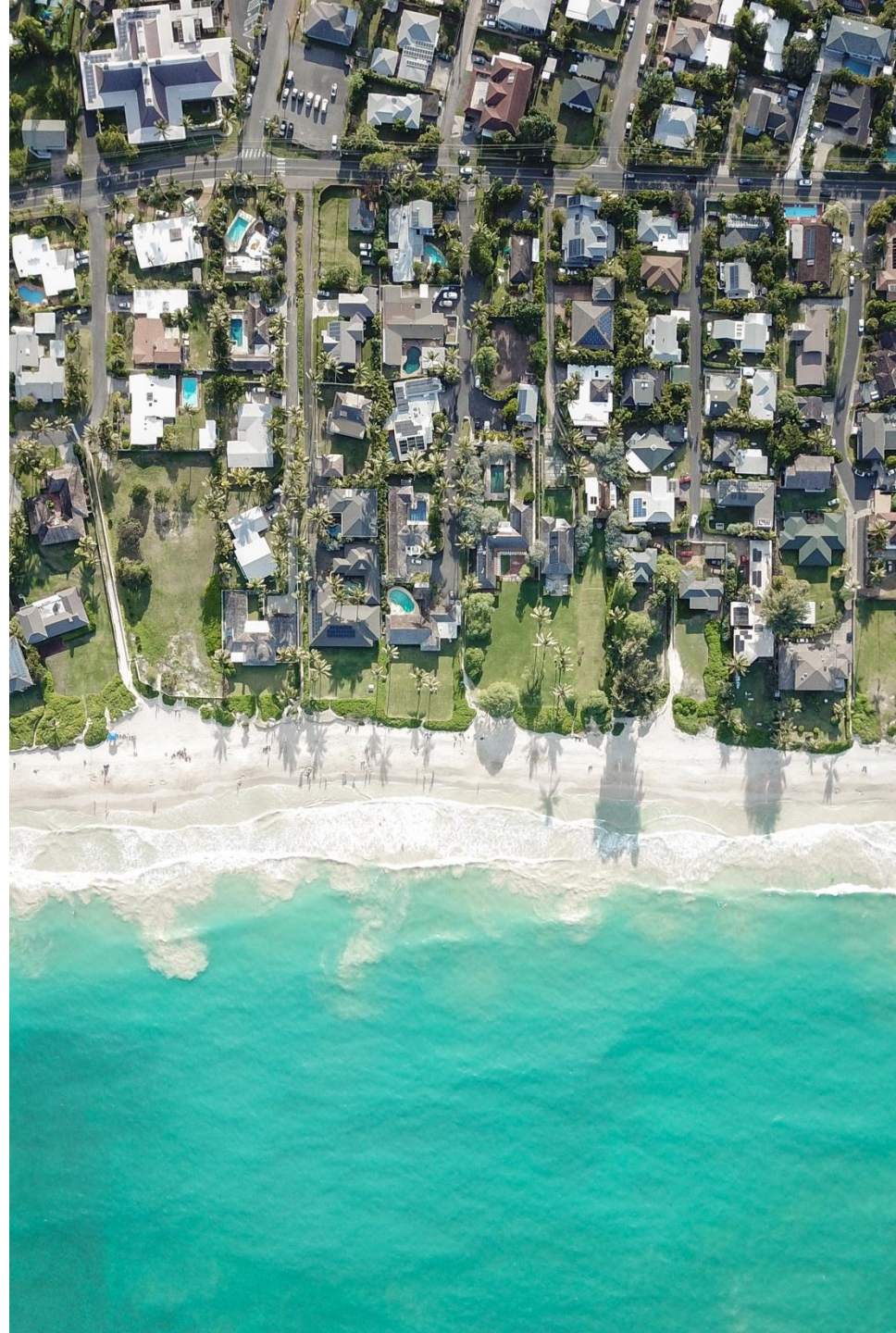
FOR FULL YEAR 2021, GIVEN ACCELERATING  
GROWTH & TIMING OF COST RECOGNITION

REITERATING EXPECTED COST SYNERGIES OF

**\$120 MILLION**

RUN-RATE BY END OF 2021

(1) Growth based on 2020 operating performance pro-forma to include Vivint Solar. In 2020, Solar Energy Capacity Installed was 603 Megawatts, pro-forma to include Vivint Solar.



# Appendix

# Gross Earning Asset Sensitivities

\$ in millions, as of June 30, 2021

Gross Earning Assets Contracted Period					
<u>Default rate</u>	Discount rate				
	3%	4%	5%	6%	7%
5%	\$ 6,696	\$ 6,130	\$ 5,635	\$ 5,200	\$ 4,817
0%	\$ 6,898	\$ 6,311	\$ 5,797	\$ 5,346	\$ 4,948

Gross Earning Assets Renewal Period					
<u>Purchase or Renewal rate</u>	Discount rate				
	3%	4%	5%	6%	7%
80%	\$ 3,662	\$ 2,984	\$ 2,440	\$ 2,002	\$ 1,649
90%	\$ 4,223	\$ 3,442	\$ 2,815	\$ 2,311	\$ 1,903
100%	\$ 4,785	\$ 3,900	\$ 3,191	\$ 2,619	\$ 2,157

Gross Earning Assets (in millions)					
<u>Purchase or Renewal rate</u>	Discount rate				
	3%	4%	5%	6%	7%
80%	\$ 10,560	\$ 9,295	\$ 8,237	\$ 7,348	\$ 6,597
90%	\$ 11,121	\$ 9,753	\$ 8,613	\$ 7,657	\$ 6,851
100%	\$ 11,683	\$ 10,211	\$ 8,988	\$ 7,965	\$ 7,106



# Glossary

**Deployments** represent solar energy systems, whether sold directly to customers or subject to executed Customer Agreements (i) for which we have confirmation that the systems are installed on the roof, subject to final inspection, (ii) in the case of certain system installations by our partners, for which we have accrued at least 80% of the expected project cost, or (iii) for multi-family and any other systems that have reached our internal milestone signaling construction can commence following design completion, measured on the percentage of the system that has been completed based on expected system cost.

**Customer Agreements** refer to, collectively, solar power purchase agreements and solar leases.

**Subscriber Additions** represent the number of Deployments in the period that are subject to executed Customer Agreements.

**Customer Additions** represent the number of Deployments in the period.

**Solar Energy Capacity Installed** represents the aggregate megawatt production capacity of our solar energy systems that were recognized as Deployments in the period.

**Solar Energy Capacity Installed for Subscribers** represents the aggregate megawatt production capacity of our solar energy systems that were recognized as Deployments in the period that are subject to executed Customer Agreements.

**Creation Cost** represents the sum of certain operating expenses and capital expenditures incurred divided by applicable Customer Additions and Subscriber Additions in the period. Creation Cost is comprised of (i) installation costs, which includes the increase in gross solar energy system assets and the cost of customer agreement revenue, excluding depreciation expense of fixed solar assets, and operating and maintenance expenses associated with existing Subscribers, plus (ii) sales and marketing costs, including increases to the gross capitalized costs to obtain contracts, net of the amortization expense of the costs to obtain contracts, plus (iii) general and administrative costs, and less (iv) the gross profit derived from selling systems to customers under sale agreements and Sunrun's product distribution and lead generation businesses. Creation Cost excludes stock based compensation, amortization of intangibles, and research and development expenses, along with other items the company deems to be non-recurring or extraordinary in nature.

**Subscriber Value** represents the per subscriber value of upfront and future cash flows (discounted at 5%) from Subscriber Additions in the period, including expected payments from customers as set forth in Customer Agreements, net proceeds from tax equity finance partners, payments from utility incentive and state rebate programs, contracted net grid service program cash flows, projected future cash flows from solar energy renewable energy credit sales, less estimated operating and maintenance costs to service the systems and replace equipment, consistent with estimates by independent engineers, over the initial term of the Customer Agreements and estimated renewal period. For Customer Agreements with 25 year initial contract terms, a 5 year renewal period is assumed. For a 20 year initial contract term, a 10 year renewal period is assumed. In all instances, we assume a 30-year customer relationship, although the customer may renew for additional years, or purchase the system.

**Net Subscriber Value** represents Subscriber Value less Creation Cost.

**Total Value Generated** represents Net Subscriber Value multiplied by Subscriber Additions.

**Customers** represent the cumulative number of Deployments, from the company's inception through the measurement date.

**Subscribers** represent the cumulative number of Customer Agreements for systems that have been recognized as Deployments through the measurement date.

**Networked Solar Energy Capacity** represents the aggregate megawatt production capacity of our solar energy systems that have been recognized as Deployments, from the company's inception through the measurement date.

**Networked Solar Energy Capacity for Subscribers** represents the aggregate megawatt production capacity of our solar energy systems that have been recognized as Deployments, from the company's inception through the measurement date, that have been subject to executed Customer Agreements.

**Gross Earning Assets** is calculated as Gross Earning Assets Contracted Period plus Gross Earning Assets Renewal Period.

**Gross Earning Assets Contracted Period** represents the present value of the remaining net cash flows (discounted at 5%) during the initial term of our Customer Agreements as of the measurement date. It is calculated as the present value of cash flows (discounted at 5%) that we would receive from Subscribers in future periods as set forth in Customer Agreements, after deducting expected operating and maintenance costs, equipment replacements costs, distributions to tax equity partners in consolidated joint venture partnership flip structures, and distributions to project equity investors. We include cash flows we expect to receive in future periods from state incentive and rebate programs, contracted sales of solar renewable energy credits, and awarded net cash flows from grid service programs with utilities or grid operators.

**Gross Earning Assets Renewal Period** is the forecasted net present value we would receive upon or following the expiration of the initial Customer Agreement term but before the 30th anniversary of the system's activation (either in the form of cash payments during any applicable renewal period or a system purchase at the end of the initial term), for Subscribers as of the measurement date. We calculate the Gross Earning Assets Renewal Period amount at the expiration of the initial contract term assuming either a system purchase or a renewal, forecasting only a 30-year customer relationship (although the customer may renew for additional years, or purchase the system), at a contract rate equal to 90% of the customer's contractual rate in effect at the end of the initial contract term. After the initial contract term, our Customer Agreements typically automatically renew on an annual basis and the rate is initially set at up to a 10% discount to then-prevailing utility power prices.

**Net Earning Assets** represents Gross Earning Assets, plus total cash, less adjusted debt and less pass-through financing obligations, as of the same measurement date. Debt is adjusted to exclude a pro-rata share of non-recourse debt associated with funds with project equity structures along with debt associated with the company's ITC safe harboring facility. Because estimated cash distributions to our project equity partners are deducted from Gross Earning Assets, a proportional share of the corresponding project level non-recourse debt is deducted from Net Earning Assets, as such debt would be serviced from cash flows already excluded from Gross Earning Assets.

**Annual Recurring Revenue** represents revenue from Customer Agreements over the following twelve months for Subscribers that have met initial revenue recognition criteria as of the measurement date.

**Average Contract Life Remaining** represents the average number of years remaining in the initial term of Customer Agreements for Subscribers that have met revenue recognition criteria as of the measurement date.

**Positive Environmental Impact from Customers** represents the estimated reduction in carbon emissions as a result of energy produced from our Networked Solar Energy Capacity over the trailing twelve months. The figure is presented in millions of metric tons of avoided carbon emissions and is calculated using the Environmental Protection Agency's AVERT tool.

**Positive Expected Lifetime Environmental Impact from Customer Additions** represents the estimated reduction in carbon emissions over thirty years as a result of energy produced from solar energy systems that were recognized as Deployments in the period. The figure is presented in millions of metric tons of avoided carbon emissions and is calculated using the Environmental Protection Agency's AVERT tool.



# SUNRUN

## Sunrun Investor Relations

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