1Q 2026 Earnings Call
May 6, 2026
Prepared Remarks

OPERATOR INSTRUCTIONS

Good afternoon and welcome to Sunrun's first quarter 2026 earnings conference call. Please note that this call is being recorded and that one hour has been allocated for the call, including the Q&A session. To join the Q&A session after prepared remarks, please press star 1 at any time. We ask participants to limit themselves to one question and one follow-up question. I will now turn the call over to Patrick Jobin, Sunrun's Investor Relations Officer.

PATRICK JOBIN

Thank you operator.

Before we begin, please note that certain remarks we will make on this call constitute forward-looking statements related to the expected future results for our Company, including our Q2 and full year 2026 financial outlook and other statements that are not historical in nature, are predictive in nature or depend upon or refer to future events or conditions, such as our expectations, estimates, predictions, strategies, beliefs or other statements that may be considered forward-looking. Although we believe these statements reflect our best judgment based on factors currently known to us, actual results may differ materially and adversely. Please refer to the Company's filings with the SEC for a more inclusive discussion of risks and other factors that may cause our actual results to differ from projections made in any forward-looking statements. Please also note these statements are being made as of today, and we disclaim any obligation to update or revise them.

Please note, during this earnings call, we may refer to certain non-GAAP measures, including Cash Generation and Aggregate Creation Costs, which are not measures prepared in accordance with U.S. GAAP. These non-GAAP measures are being presented because we believe that they provide investors with a means of evaluating and understanding how the company's management evaluates the company's operating performance. Reconciliation of these measures can be found in our earnings press release and other investor materials available on the company's investor relations website. These non-GAAP measures should not be considered in isolation from, as substitutes for, or superior to, financial measures prepared in accordance with U.S. GAAP.

On the call today are Mary Powell, Sunrun's CEO, Danny Abajian, Sunrun's CFO, and Paul Dickson, Sunrun's President and Chief Revenue Officer.

A presentation is available on Sunrun's investor relations website, along with supplemental materials. An audio replay of today's call, along with a copy of today's prepared remarks and transcript including Q&A will be posted to Sunrun's investor relations website shortly after the call.

And now let me turn the call over to Mary.

SUNRUN

MARY POWELL

Thank you, Patrick, and thank you all for joining us today.

At Sunrun, we are busy rapidly ramping sales and operations to fulfill the surging customer demand we have generated for our offering.

Sunrun is solidifying and expanding its leadership position as the nation's largest residential distributed power plant developer and operator. Our addressable market is no longer solar-driven savings, it is America's need for power to fuel our economy.

Our strategy is working. In Q4 we told you we had reached an inflection point. Today, we're here to tell you that the momentum we built is holding, and accelerating. In a market environment that continues to test many participants, our scale, our vertically-integrated model, our product strategy, and our relentless focus on execution and customer experience are proving to be genuine, durable competitive advantages. Put simply, we believe that the market dislocations occurring around us present opportunities for us to extend our lead and accelerate profitable, high-quality growth.

Financial Highlights

Let me start with our Q1 results.

We added approximately 19 thousand customers in Q1, and our storage attachment rate increased again to 73%, reflecting our continued commitment to a storage-first strategy as we build the nation's largest distributed power plant.

Aggregate Subscriber Value for Q1 was $1.1 billion, above our guidance range of $850 to $950 million.

Contracted Net Value Creation was $108 million, near the high-end of our guided range of $25 to $125 million.

Cash Generation came in at negative $31 million when excluding equipment safe harbor investments. We chose to shift certain project finance transaction activity from Q1 into Q2, negatively impacting our Cash Generation for Q1. We remain on track for our full-year guidance of $250 to $450 million.

Danny will walk you through the details of the financials in a moment, but I want to give you the strategic picture first.

Strategy: Building the Nation's Largest Distributed Power Plant

When we closed 2025, we had installed more than 237,000 solar-plus-storage systems — approximately 4 gigawatt hours of networked storage capacity. In Q1, that number grew to 4.3 gigawatt hours. Our fleet of dispatchable storage has grown over 50% compared to the prior year. That is not just a metric — it is infrastructure. It is real, distributed, dispatchable power woven into American homes and the energy system, and it is something no one else in this industry has at our scale.

This is the business we have been building — not a company that sells solar panels, but a company that operates critical energy infrastructure that stabilizes the grid and provides customers price certainty and backup power. In a moment of unprecedented electricity demand — driven by AI data centers and electrification – coupled with an aging grid, that distinction has never mattered more.

Industry conditions presenting opportunities for Sunrun

I want to spend a moment on the dynamic industry environment we are operating in. Sunrun is incredibly well positioned to capitalize and extend our lead in the industry. The changes happening in the industry are difficult for many companies to navigate, but we believe that they play directly to Sunrun's strengths. Let me hit the big changes in the industry and our position.

First, the consumer ITC under Section 25D of the tax code, associated with cash purchases or loan financing, sunset at the end of December. Many smaller dealers and some of our affiliate partners that had significant volume dependent on the 25D tax credit have suffered significant volume declines this year. Sunrun's origination volume is almost entirely Subscriptions and thus we are not seeing similar impacts from changes to the 25D tax credit.

Second, utility rate structures have become increasingly complex, and customer value propositions hinge on – and can be expanded by – storage that is properly designed and actively managed to ensure consumer value. We believe that our vertically-integrated model has allowed us to provide the best customer experience and offerings. We train our salesforce and operations teams and ensure end-to-end alignment. This is one of the reasons we have very deliberately shifted our growth mix towards our direct business.

Third, the regulatory complexity navigating Domestic Content and FEOC rules is increasing. We believe that our experience and scale give us tremendous advantages to navigate these items, from equipment procurement, logistics, and compliance.

Fourth, we have focused on margins and Cash Generation, well ahead of others in industry. This allows us to operate with a strong balance sheet that has low parent recourse leverage, enabling us to strategically invest in profitable growth and make the right long-term business decisions from a position of strength.

Our balance sheet strength, along with our large scale operations, has also afforded us the ability to prudently invest in safe harboring, enabling maximum ITC levels through 2030.

Sunrun's end-to-end visibility, our vertical integration, our sophisticated capital markets experience — is precisely what allows us to drive competitive advantages and thrive. We are leaning in during this moment of industry change. We are seeing strong momentum in direct salesforce recruiting. We are matching direct sales momentum with ramping our direct installation capacity enabling us to approach year-over-year growth in overall installations later this year. We hired more than 1,000 people in sales year-to-date who are excited to be part of our growth trajectory.

We are onboarding hundreds more representing some of the best talent in the industry from sales dealers who have recognized Sunrun's sustainable approach and appreciate our customer experience focus. These talented sales representatives understand the shifts in industry have made the dealer model unstable and unattractive.

We are driving strong, profitable growth – with expanding margins for new customers. We are also deep into our strategy of building capital-light sources of recurring cash flows that are independent of new customer origination. We will be monetizing our base of customers and providing at-scale resources to the grid. We plan to also offer these services to orphaned customers across the industry. We expect these recurring cash flows to scale and augment our Cash Generation growth in the coming years.

Our full-year 2026 guidance remains intact and we are excited about our long-term growth trajectory.

Closing

I want to close by returning to what I believe most deeply about this company and this moment.

America needs more power and Americans want more independence and control. The proliferation of AI data centers, the electrification of transportation and homes, the decarbonization of the grid — all of these demand new solutions. The answer is not going to come from a single large plant that takes years and years to build. Instead, we believe distributed, intelligent, flexible resources deployed into homes and communities today will be a meaningful part of the solution.

That is Sunrun.

We have over 1.1 million customers across the country. We have the largest residential battery fleet in the country. We are dispatching energy to the grid. We are protecting families from outages. And we are doing all of this while generating meaningful cash, paying down debt, and building a balance sheet that gives us flexibility to invest in the future.

Celebrating our people

Before handing over to Danny, I also want to take a moment to celebrate some of our people who truly embrace our customer first and service focused mentality. This quarter, I specifically want to call out our team members in Hawaii.

As we all saw, Hawaii experienced severe and catastrophic flooding this past March, affecting thousands of residents, including many Sunrun customers. Over a dozen of our team members in Hawaii — ranging from electricians, to installers, to sales leaders — spent many hours assisting in recovery efforts on the island of Oahu. I'm so thankful for their contributions.

Darius, Kelton, Chad, and to all our Hawaii team members: Mahalo! We are incredibly proud to have you representing Sunrun.

Danny, over to you.

DANNY ABAJIAN

Thank you, Mary.

Volumes

Our Q1 volume performance exceeded our expectations as we expanded our salesforce and increased productivity at a robust clip. We added nearly 19 thousand customers this quarter, with average system sizes up 5% from Q4, and a 73% storage attachment rate, up 2 points from Q4.

While Customer Additions are down year-over-year given the effects of reduced lead generation and sales activities in mid 2025 around the budget bill, and our decision to reduce affiliate partner volume, early funnel sales activities this year have seen an inflection point toward growth.

Based on the strong sales in our direct business, we are on track to resume overall year-over-year growth in installations later this year.

To provide some more color on early-stage sales activities in our direct business: our active salesforce has grown over 20% since the start of the year and March saw over 30% growth in sales bookings month-on-month. These trends are outpacing the typical ramps we have seen at this point in prior years. Importantly, this growth is occurring in higher-value geographies and with our desired product mix.

Margins

Aggregate Contracted Subscriber Value was $980 million in Q1. On a unit basis, Contracted Subscriber Value was up 14% year-over-year, driven by higher system sizes, a higher storage attachment rate, a higher average ITC level and lower capital costs.

Aggregate Creation Costs were $872 million in Q1. On a unit basis, Creation Costs were 18% higher year-over-year, driven by higher system sizes, higher storage attachment rate, and adverse fixed cost absorption from lower volumes.

Upfront Net Value Creation was $91 million in Q1, or approximately 9% of Aggregated Contracted Subscriber Value. This represents the cash margin we expect to obtain once systems and their tax attributes are monetized, before working capital and recourse debt interest costs. On a unit basis, Upfront Net Subscriber Value was $5,136, up over four thousand per Subscriber compared to the prior year.

Cash Generation

Cash Generation was negative $59 million in Q1, or negative $31 million excluding the $28 million net investment in equipment safe harboring. Cash Generation was lower than our guidance due to our decision to shift certain project finance transaction activity from Q1 into Q2.

We repaid $92 million of recourse debt in Q1, ending the quarter with $680 million of unrestricted cash, and $626 million of parent recourse debt.

Capital Markets

Turning now to our activity in the capital markets. Investor demand for Sunrun's assets remains strong.

We have executed and closed several traditional and hybrid tax equity funds and tax credit transfer agreements so far this year, and have developed a pipeline of several transactions we expect will close during Q2. Corporate ITC buyers and traditional tax equity investors are actively engaging in their 2026 tax planning and we are capturing a broadening base of investors.

According to industry data, approximately 27% of Fortune 1000 companies purchased tax credits in 2025, in a market which grew nearly 50% from 2024. Tax credit investment has become common practice for hundreds of corporate treasurers and CFOs who are generating savings and reducing their corporate tax rates, and we expect more of them will catch on this year.

Market activity has picked up considerably from the second half of 2025 when tax law changes created temporary tax planning uncertainty. The pickup in activity has also driven modest recovery in market pricing for ITCs. Certain multi-national tax equity investors have paused 2026 activity as they await Treasury guidance on FEOC ownership restrictions to confirm that their capital structure does not present any complications. The broader universe of tax credit investors is not impacted by ownership restrictions and remains active. We have built a supply chain and operating process for full FEOC compliance.

Through today, we have raised $774 million in non-recourse asset level debt financing year-to-date. The publicly-placed tranche of our recent $584 million securitization priced at a spread of 220 basis points, a 20 basis point improvement from our most recent transactions in Q3 of last year.

As of today, closed transactions and executed term sheets, inclusive of agreements related to Non-Retained or Partially Retained Subscribers, provide us with expected tax equity capacity or equivalent to fund approximately 1,000 megawatts of projects for Subscribers beyond what was deployed through the first quarter. We also have over $675 million in unused commitments available in our non-recourse senior revolving warehouse loan to fund over 250 megawatts of projects for Retained Subscribers as of the end of Q1, pro-forma to reflect the announced securitization.

Approximately 23% of our Subscriber Additions in Q1 were monetized through the Non-Retained or Partially Retained model. As a reminder, proceeds from these transactions are equal to or better than our on-balance sheet retained monetization, while also providing simpler GAAP treatment and further diversification of capital sources. Under the joint venture structure we retain a share of long-term cash flows along with grid services and the ability to cross-sell customers.

Outlook

Turning to our outlook on slide 23.

We are reiterating all of our 2026 full-year guidance. We expect strong volume growth in our direct business and to produce Cash Generation of $250 million to $450 million for the year, excluding the use of approximately $50 million to $100 million related to equipment safe harbor investments.

We expect to continue to allocate Cash Generation to reduce parent leverage and make final equipment safe harbor investments. In the coming quarters, we will evaluate additional value-accretive capital allocation strategies depending on the market environment and our outlook.

Operator, you can now open the line for questions.

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Forward Looking Statements

This communication contains forward-looking statements related to Sunrun (the "Company") within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include, but are not limited to, statements related to: the Company's financial and operating guidance and expectations; the Company's business plan, growth trajectory, expectations, 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 its business strategies including expectations regarding market share growth in certain geographies, customer value proposition, market penetration, growth of certain divisions and ability to scale offerings, financing activities, financing capacity, product mix, and ability to manage cash flow and liquidity; the Company's discussion of new products and offerings; the trajectory of the storage and solar industry; the Company's business, customer base, and market; and anticipated demand, market acceptance, and market adoption of the Company's offerings; the Company's strategy to be a margin-focused, multi-product, customer-oriented Company; the Company's expectations regarding its allocations of Cash Generation; and the Company's evaluation of additional value-accretive capital allocation strategies. 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 Company's continued ability to manage costs and compete effectively; the availability of additional financing on acceptable terms; worldwide economic conditions, including slow or negative growth rates and inflation; volatile or rising interest rates; changes in policies and regulations, including net metering, interconnection limits, and fixed fees, or caps and licensing restrictions and the impact of these changes on the solar industry and the Company's business; the Company's ability to attract and retain the Company's business partners; supply chain risks, including the Company's and its energy system partners' dependence on a limited number of suppliers of solar panels, batteries, and other system components and any shortage, bottlenecks, delays, detentions, or component price changes from these suppliers, restrictions on components and materials sourced from designated foreign entities of concern and the Company's reliance on specific countries for critical components, tariff and trade policy impacts, and raw material availability for solar panels and batteries; realizing the anticipated benefits of past or future investments, partnerships, strategic transactions, or acquisitions, and integrating those acquisitions; the Company's leadership team and ability to attract and retain key employees; regulators imposing rules on the type of electricians qualified to install and service the Company's solar and battery systems in California, which may result in workforce shortages, operational delays, and increased costs; changes in the retail prices of traditional utility generated electricity; the availability of rebates, tax credits and other incentives, and the risk that if the IRS makes determinations that the creditable basis of the Company's energy systems is materially lower than what it has claimed, it may have to pay significant amounts to its fund investors; the availability of solar panels, batteries, and other components and raw materials; the Company's failure or perceived failure to comply with existing or future laws, regulations, contracts, self-regulatory schemes, standards, and other obligations related to data privacy and security (including security incidents), including where compliance or the actual or perceived failure to comply could increase the costs of its products and services, limit their use or adoption, and otherwise negatively affect our operating results and business; 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 home electrification and 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.

Citations to industry and market statistics used herein may be found in our Investor Presentation, available via the “Investor Relations” section of Sunrun’s website at https://investors.sunrun.com.