



# Q3 2018 FINANCIAL RESULTS

November 7, 2018



# Safe Harbor & Forward Looking Statements

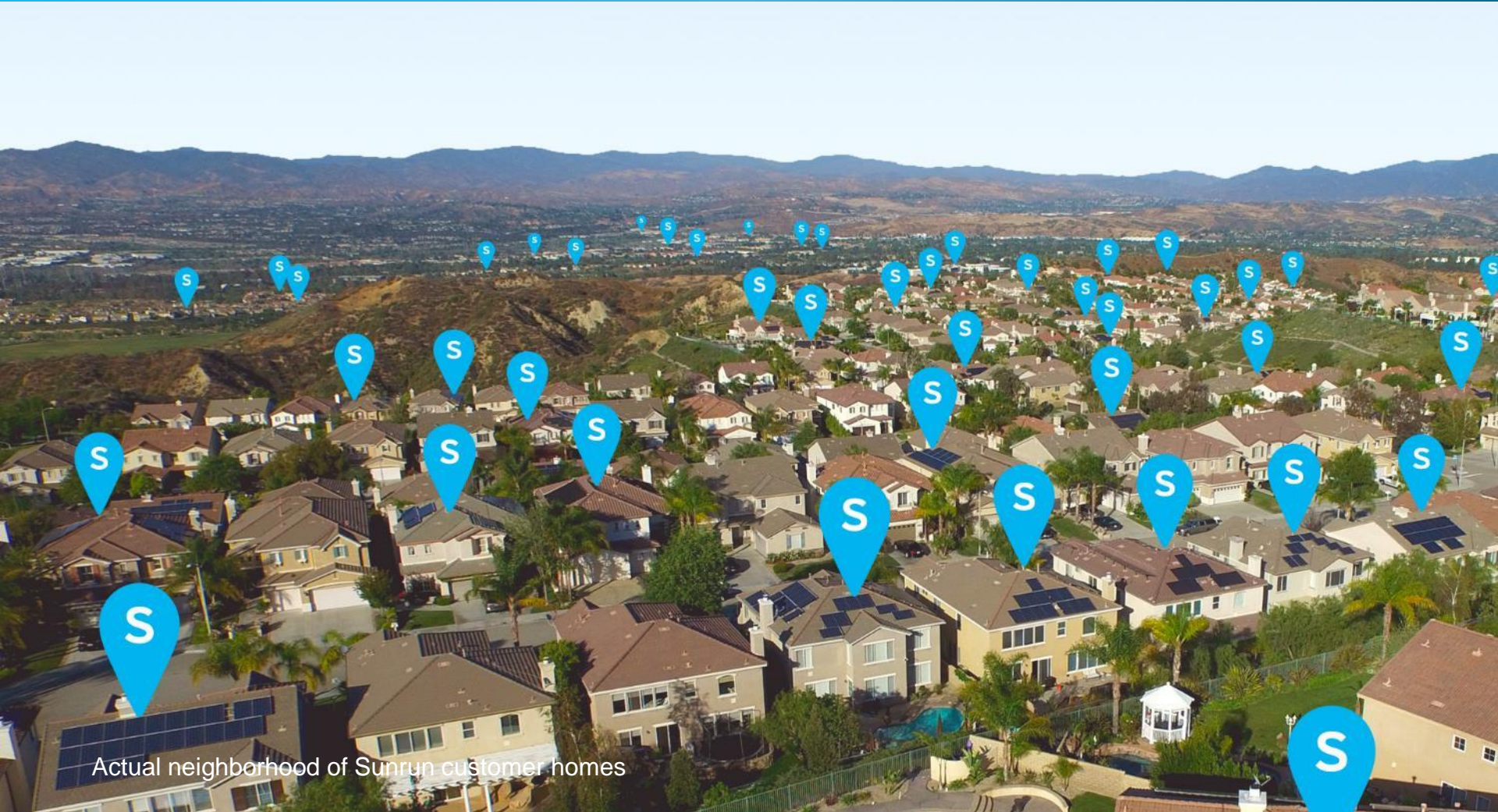
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this presentation include, but are not limited to, statements related to financial and operating guidance and expectations for our fourth quarter and full year 2018, momentum in our business strategies, expectations regarding utility rates, expectations regarding our solar + storage offering, expectations regarding our strategic partnership with Comcast, expectations regarding our capital structure, expectations regarding our grid services business and the grid services market generally, expectations regarding module supplies, expectations regarding market share, market position, market penetration, customers, cost reductions, project value, MW deployed, product mix, proceeds raised on assets deployed and NPV as well as our ability to raise debt, tax equity, and project equity and manage cash flow and liquidity, leverage our platform services and deliver on planned innovations and investments as well as expectations for our growth, the growth of the industry, macroeconomic trends and the legislative and regulatory environment of the industry.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. These forward-looking statements are subject to a number of risks, uncertainties and assumptions which could cause our results to differ materially and adversely from those expressed or implied including, but 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 and uncertainties identified in the reports that we file with the U.S. Securities and Exchange Commission, or SEC, from time to time. You should not rely on forward-looking statements as predictions of future events.

All forward-looking statements in this presentation 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.



# CREATE A PLANET RUN BY THE SUN



Actual neighborhood of Sunrun customer homes

# Sunrun is Growing Volumes & Increasing Market Share

100 MW

DEPLOYED IN Q3  
10% increase vs. Q2 2018



1,460

CUMULATIVE MW DEPLOYED  
31% increase vs. Q3 2017

\$4.34

PROJECT VALUE PER WATT



\$3.34

CREATION COST PER WATT<sup>(1)(2)</sup>

\$1.00

UNLEVERED NPV PER WATT



\$1.4 Billion

IN NET EARNING ASSETS<sup>(3)</sup>

See Appendix for glossary of terms.

- (1) The presentation of Creation Cost for periods commencing with March 31, 2018 reflects changes made to the calculation owing to the adoption of new accounting standards, as described in the recast financials summary available on our investor relations website.
- (2) The pass-through financing obligation used to calculate Net Earning Assets is reduced to the extent we expect the liability to be eliminated when the pass-through financing provider receives investment tax credits on assets it has funded, at which time the value of the credits is recognized as revenue. This amount is reflected in the current portion of the pass-through financing obligation. In the third quarter of 2018 the adjustment was \$53.9 million.



# We enable people's desire for 100% renewables

## Americans are eager for a 100% clean, resilient and affordable energy future

- Nearly everyone agrees that clean, renewable energy is good for America and the world. It is not surprising that governments are responding with new renewable portfolio standards and mandates for renewable energy.
- Recent EEI-commissioned survey found that 74% of Americans think we should use solar “as much as possible” and 70% agree that in the near future, we should produce 100% of our electricity from renewable energy sources.<sup>(1)</sup>
- A survey from Consumer Reports highlights an overwhelming majority of Americans support greater reliance on cleaner and renewable energy sources. Only 22% think their utility is doing a good job investing in renewable energy.<sup>(2)</sup>
- Severe weather is increasing the urgency and need to accelerate this transition.

## Home solar and batteries are part of the solution; Sunrun is the market leader

- We have already launched our home solar and battery service in eight markets and it represents about 10% of our direct business overall. In California, more than 25% of the time our direct customers are choosing to add a Brightbox.
- Financial returns are attractive and the service further differentiates Sunrun as the nation's leader. Brightbox provides customers with backup power, ability to manage time-of-use pricing, and offers Sunrun additional revenue streams through Grid Services while protecting us against attempts by utilities to undermine the value of residential solar.
- Not only can we provide a product customers want today, but the assets we are deploying can be leveraged over time to help alleviate congestion on the electric grid by providing resources when and where it is needed most. Working collaboratively with utilities and grid operators, we can help America transition to a carbon-free and affordable power system. This is the goal of our partnership with National Grid.
- We will have installed nearly 5,000 Brightbox systems by the end of the year and expect Brightbox installations to grow more quickly than solar-only rates.

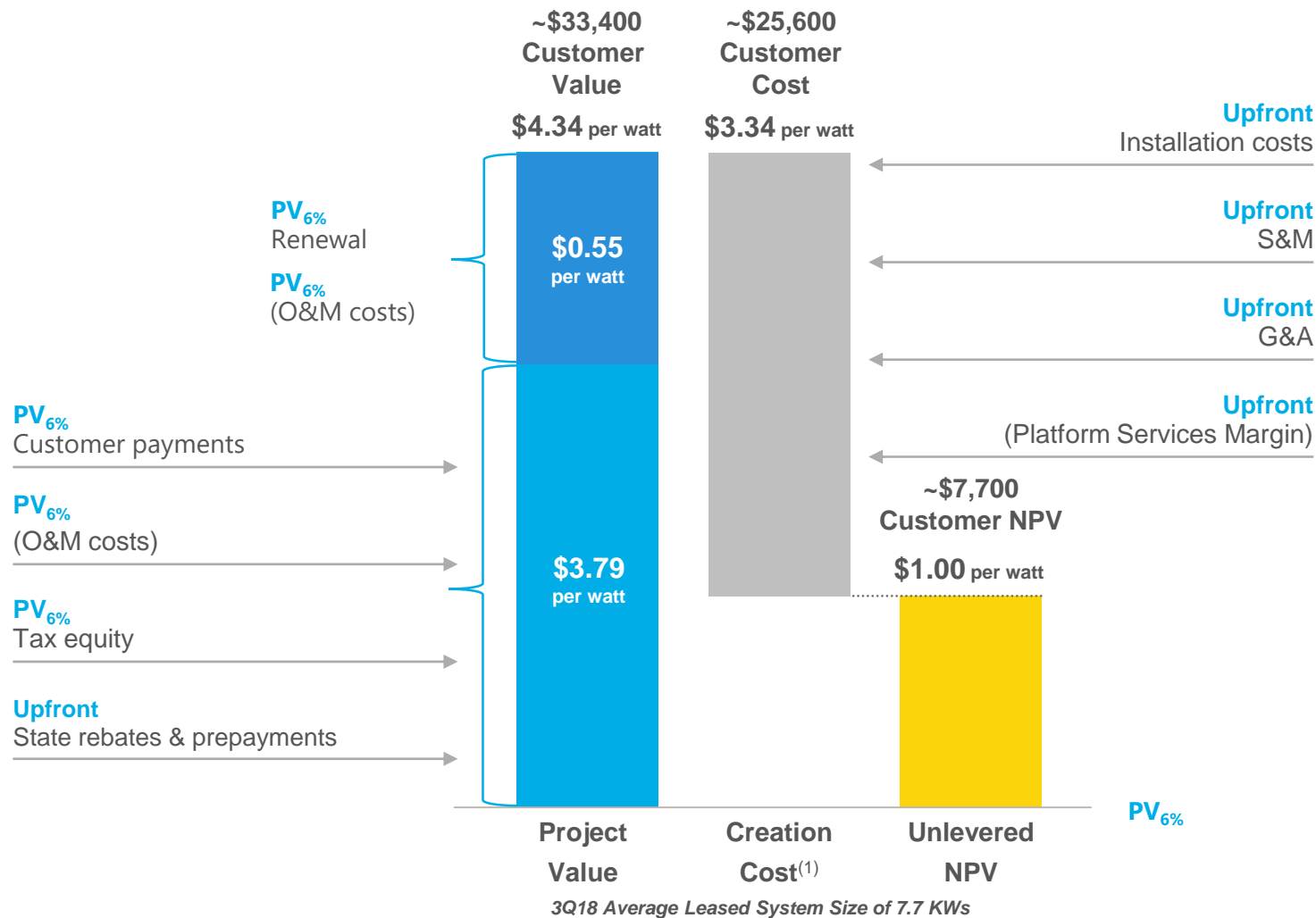
(1) Vox: “Utilities have a problem: the public wants 100% renewable energy, and quick” October 11, 2018.

<https://www.vox.com/platform/amp/energy-and-environment/2018/9/14/17853884/utilities-renewable-energy-100-percent-public-opinion>

(2) Consumer Reports: “Majority of Americans Want Cleaner Energy From Renewable Sources” October 29, 2018

<https://www.consumerreports.org/alternative-energy/majority-of-americans-want-cleaner-energy-from-renewable-sources/>

# Unlevered NPV was \$1.00 per watt in Q3



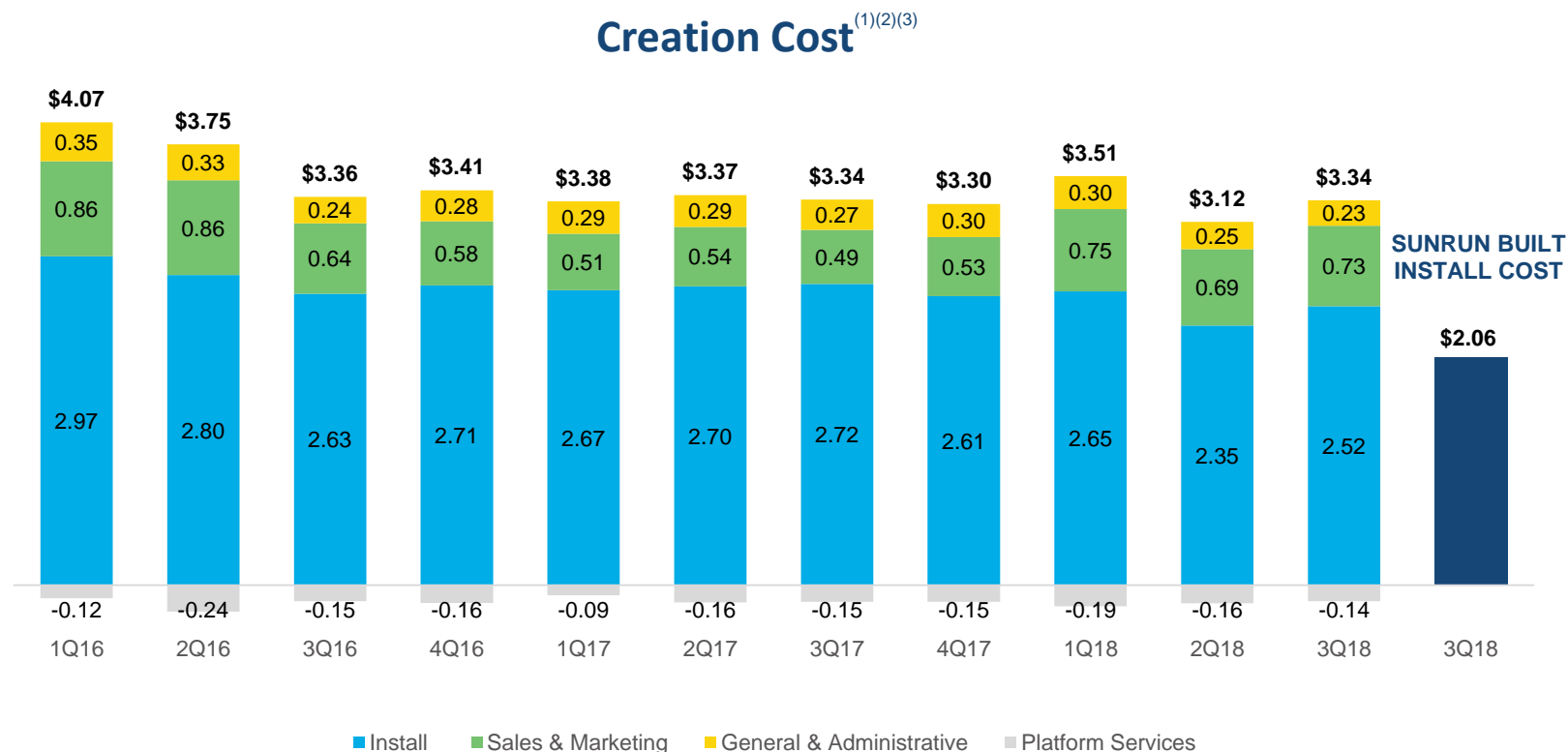
See Appendix for glossary of terms. Numbers may not tie due to rounding.

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# YTD Creation Cost Declined 2% year-over-year

Q3 Creation Costs flat year-over-year, despite increased adoption of batteries and modules tariffs

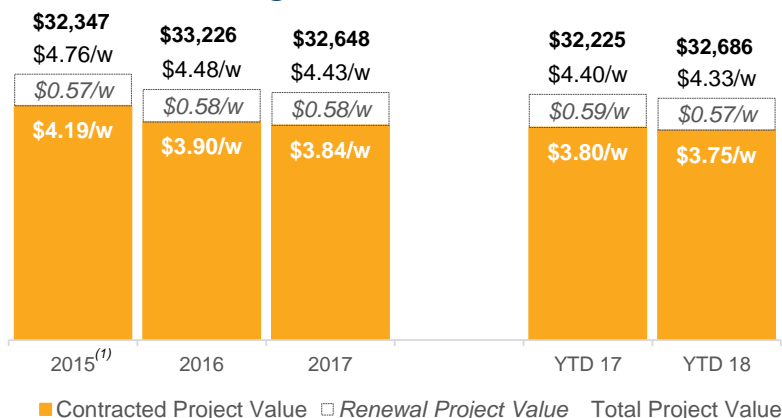


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- (2) The presentation of Creation Cost for periods prior to December 31, 2016 reflects changes made to the calculation further described in our Fourth Quarter 2016 earnings presentation available on our investor relations website.
- (3) Creation Cost for Q1 2016 excludes exit costs in Nevada. Creation Cost for 1Q 2018 excludes two non-recurring items totaling approximately \$7 million: charges related to establishing a reserve for litigation and an impairment of solar assets under construction by a channel partner that ceased operations. Creation Cost for 2Q 2018 excludes a non-recurring item of \$1.9 million for settlement of the consolidated state court class action lawsuit related to the IPO.

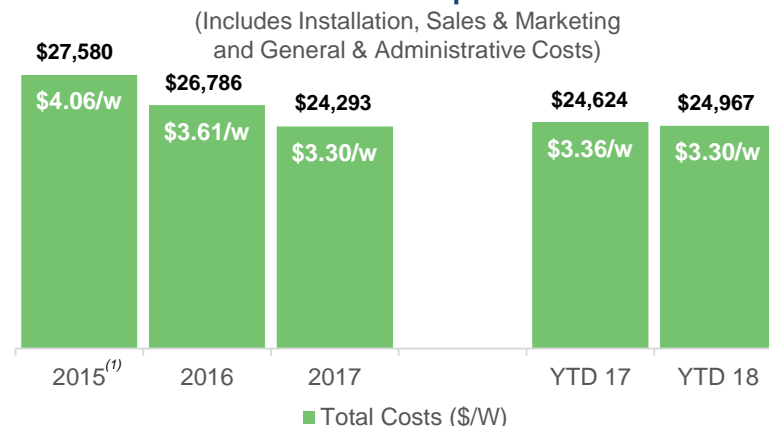


# Strong Customer Values and Cost Improvements Drive Continued Margin Expansion

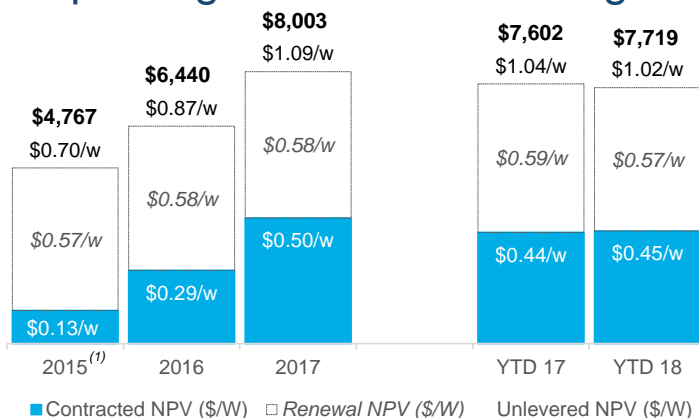
## Strong Customer Values



## Continued Cost Improvements<sup>(2)(3)(4)</sup>



## Improving Customer Net Margins



### Additional Value Streams Beyond Initial Net Contracted Customer Margins:

- + Purchase or Renewal after Initial 20- or 25-year Contract
- + Selling Additional Services, Such as Batteries or Grid Service Revenues
- + Customer Acquisition Benefits through Referrals and Home Moves

- (1) For the purposes of calculating per customer metrics in 2015 for Customer Value, Customer Costs, and Customer Net Margins, 2016 average system sizes were used.
- (2) The presentation of Creation Cost for periods commencing with March 31, 2018 reflects changes made to the calculation owing to the adoption of new accounting standards, as described in materials available on our investor relations website. The presentation of Creation Cost for periods prior to March 31, 2018 remain as previously reported, as the new calculation and recast financials would have resulted in immaterial changes in the Creation Cost for such prior periods. Please see our recast financials summary available on our investor relations website.
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Reiterating guidance of

**15% growth**

in deployments for  
full year 2018

# Net Earning Assets Grew 17% Year-Over-Year

(\$ in millions)	3Q17	4Q17	1Q18	2Q18	3Q18
Gross Earning Assets, Contracted <sup>(1)(3)</sup>	\$1,359	\$1,459	\$1,583	\$1,715	\$1,912
Gross Earning Assets, Renewal <sup>(1)</sup>	\$709	\$754	\$800	\$863	\$917
<b>Total Gross Earning Assets<sup>(1)(3)</sup></b>	<b>\$2,068</b>	<b>\$2,213</b>	<b>\$2,383</b>	<b>\$2,578</b>	<b>\$2,829</b>
Project level debt	(\$869)	(\$1,048)	(\$1,137)	(\$1,251)	(\$1,318)
Pro forma debt adjustment for debt within project equity funds <sup>(1)(2)</sup>	\$130	\$155	\$182	\$186	\$186
Pro forma pass-through financing obligation <sup>(4)(5)</sup>	(\$138)	(\$138)	(\$138)	(\$224)	(\$308)
<b>Net Earning Assets<sup>(4)</sup></b>	<b>\$1,192</b>	<b>\$1,182</b>	<b>\$1,289</b>	<b>\$1,290</b>	<b>\$1,389</b>

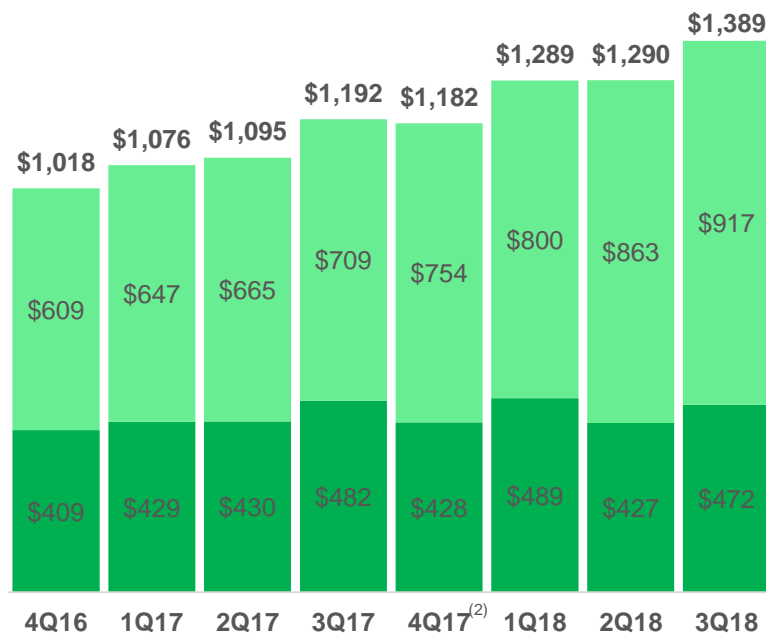
***Estimated future cash flows from assets deployed through 3Q18, less all project debt, represents \$1.4 billion in present value or approximately \$11.50 per share.***

See Appendix for glossary of terms. Numbers may not tie due to rounding.

- (1) Gross Earning Assets excludes the pro-rata share of forecasted unlevered cash flows attributable to project equity financing partners, allocated based on the estimated pro-rata split of cash flows. Because estimated cash distributions to our project equity financing partners are deducted from Gross Earning Assets, so is a proportional share of the corresponding project level debt from Net Earning Assets.
- (2) In the third quarter of 2018, pro forma debt adjustment is calculated as carrying value of non-recourse debt for funds supported by cash equity, totaling \$188.3 million as of Q3 2018 outlined in Note 8 in the 10Q filing, multiplied by 99%, the pro rata share of cash flows with the project equity investor.
- (3) In 4Q2017, Gross Earnings 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.
- (4) Pass-through financing obligation for periods from September 30, 2017 through December 31, 2017 reflect recast financials following the adoption of certain accounting standards, as described in our 1Q 2018 Quarterly report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on May 9, 2018. Please also see our recast financials summary available on our investor relations website.
- (5) The pass-through financing obligation used to calculate Net Earning Assets is reduced to the extent we expect the liability to be eliminated when the pass-through financing provider receives investment tax credits on assets it has funded, at which time the value of the credits is recognized as revenue. This amount is reflected in the current portion of the pass-through financing obligation. In the second and third quarter of 2018 the adjustment was \$36.2 million and \$53.9 million, respectively.

# Growing Cash Flow & Long-Term Value

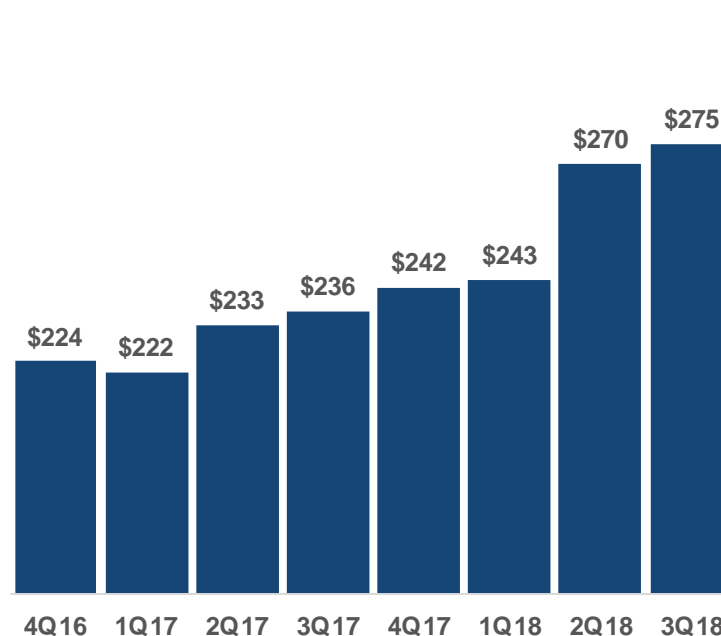
Sunrun is cash flow positive while accumulating future cash flows<sup>(1)</sup>



Total Net Earning Assets (\$ in millions)<sup>(3)(4)</sup>

■ Renewal Net Earning Assets (\$ in millions)

■ Contracted Net Earning Assets (\$ in millions)<sup>(3)(4)</sup>



■ Consolidated Cash Balance, unrestricted and restricted (\$ in millions)

Notes: See Appendix for glossary of terms. Numbers may not sum due to rounding.

- (1) Cash generation defined as change in consolidated total cash balance (including restricted cash) less any increases in recourse debt balances, adjusted for one-time items
- (2) In the fourth quarter of 2017, Gross Earnings 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.
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# APPENDIX



# Operating Metrics Summary

For a description of how the below metrics are calculated, see (i) our 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 6, 2018, (ii) the quarterly earnings releases and presentation materials for each applicable period available on our investor relations website and (iii) the accompanying notes therein.

	FY2015	1Q16	2Q16	3Q16	4Q16	FY2016	1Q17	2Q17	3Q17	4Q17	FY2017	1Q18	2Q18	3Q18
<b>Customers Deployed</b> <sup>(1)</sup> (in period)		8,300	9,000	11,100	10,600	39,000	10,200	10,200	12,600	11,600	44,600	9,400	12,100	13,200
Lease Customers Deployed <sup>(1)</sup> (in period)		7,000	7,300	9,800	9,000	33,100	9,300	8,900	11,100	9,900	39,200	8,000	10,400	11,100
<b>Cumulative Customers</b> <sup>(1)</sup>		102,000	111,000	123,000	134,000	134,000	144,000	156,000	169,000	180,000	180,000	189,000	202,000	218,000
<b>MW Deployed</b>	202.9	59.9	65.2	79.9	77.2	282.2	72.8	75.6	89.8	85.1	323.3	67.6	90.7	99.8
<b>Cumulative MW Deployed</b>	596.0	656.0	721.0	801.0	878.5	878.5	951.3	1,026.9	1,116.7	1,201.8	1,201.8	1,269.4	1,360.1	1,459.9
<b>Leased MW Deployed</b>	186.2	51.7	54.9	71.6	67.3	245.5	67.4	67.1	80.2	74.2	289.0	58.7	78.9	85.3
Leased MWs as % of total MW Deployed	92%	86%	84%	90%	87%	87%	93%	89%	89%	87%	89%	87%	87%	85%
<b>Cumulative Leased MW Deployed</b> <sup>(2)</sup>	529.3	580.9	635.9	707.4	774.8	774.8	842.1	909.3	989.5	1,063.7	1,063.7	1,122.4	1,201.3	1,286.6
y/y growth		54%	52%	50%	46%	46%	45%	43%	40%	37%	37%	33%	32%	30%
<b>Project Value (per watt)</b>	\$ 4.76	\$ 4.51	\$ 4.61	\$ 4.43	\$ 4.41	\$ 4.48	\$ 4.21	\$ 4.47	\$ 4.49	\$ 4.52	\$ 4.43	\$ 4.61	\$ 4.10	\$ 4.34
Contracted	4.19	3.99	4.03	3.84	3.80	3.90	3.58	3.89	3.92	3.96	3.84	4.03	3.51	3.79
Renewal	0.57	0.52	0.58	0.59	0.60	0.58	0.63	0.58	0.57	0.56	0.58	0.58	0.59	0.55
<b>Creation Cost (per watt)</b> <sup>(3)(4)</sup>	\$ 4.06	\$ 4.07	\$ 3.75	\$ 3.36	\$ 3.41	\$ 3.61	\$ 3.38	\$ 3.37	\$ 3.34	\$ 3.30	\$ 3.34	\$ 3.51	\$ 3.12	\$ 3.34
Installation	2.95	2.97	2.80	2.63	2.71	2.76	2.67	2.70	2.72	2.61	2.68	2.65	2.35	2.52
Sales & Marketing (expensed & capitalized)	0.83	0.86	0.86	0.64	0.58	0.72	0.51	0.54	0.49	0.53	0.52	0.75	0.69	0.73
General & Administrative	0.37	0.35	0.33	0.24	0.28	0.29	0.29	0.29	0.27	0.30	0.29	0.30	0.25	0.23
(-) Platform services margin	(0.09)	(0.12)	(0.24)	(0.15)	(0.16)	(0.17)	(0.09)	(0.16)	(0.15)	(0.15)	(0.14)	(0.19)	(0.16)	(0.14)
<b>Sunrun Built Install Cost (per watt)</b>		\$ 2.36	\$ 2.27	\$ 2.01	\$ 2.04	\$ 2.21	\$ 2.14	\$ 1.87	\$ 1.72	\$ 1.85	\$ 1.89	\$ 1.92	\$ 1.95	\$ 2.06
<b>Unlevered NPV (per watt)</b>	\$ 0.70	\$ 0.44	\$ 0.86	\$ 1.07	\$ 1.00	\$ 0.87	\$ 0.83	\$ 1.10	\$ 1.15	\$ 1.22	\$ 1.09	\$ 1.10	\$ 0.98	\$ 1.00
<b>NPV created (\$ in millions)</b>	\$ 130	\$ 23	\$ 47	\$ 76	\$ 67	\$ 213	\$ 56	\$ 74	\$ 93	\$ 91	\$ 314	\$ 65	\$ 77	\$ 86
y/y growth		3%	70%	126%	47%	64%	145%	56%	21%	35%	47%	16%	4%	(7)%
Gross Earning Assets, contracted <sup>(5)(6)</sup>	\$ 842	\$ 913	\$ 992	\$ 1,108	\$ 1,200	\$ 1,200	\$ 1,269	\$ 1,229	\$ 1,359	\$ 1,459	\$ 1,459	\$ 1,583	\$ 1,715	\$ 1,912
Gross Earning Assets, renewal <sup>(5)</sup>	432	467	507	561	609	609	647	665	709	754	754	800	863	917
<b>Gross Earning Assets (\$ in millions)</b> <sup>(5)(6)</sup>	\$ 1,274	\$ 1,380	\$ 1,499	\$ 1,669	\$ 1,809	\$ 1,809	\$ 1,916	\$ 1,894	\$ 2,068	\$ 2,213	\$ 2,213	\$ 2,383	\$ 2,578	\$ 2,829
q/q growth		8%	9%	11%	8%		6%	(1)%	9%	7%		8%	8%	10%
y/y growth		57%	56%	55%	42%	42%	39%	26%	24%	22%	22%	24%	36%	37%
(-) Project level debt	(338)	(442)	(512)	(571)	(654)	(654)	(702)	(780)	(869)	(1,048)	(1,048)	(1,137)	(1,251)	(1,318)
(+) Pro forma debt adjustment <sup>(5)</sup>	-	-	-	-	-	-	-	120	130	155	155	182	186	186
(-) Pro forma pass-through financing obligation <sup>(7)(8)</sup>	(157)	(148)	(144)	(143)	(137)	(137)	(138)	(139)	(138)	(138)	(138)	(138)	(224)	(308)
<b>Net Earning Assets (\$ in millions)</b> <sup>(7)</sup>	\$ 779	\$ 791	\$ 843	\$ 954	\$ 1,018	\$ 1,018	\$ 1,076	\$ 1,095	\$ 1,192	\$ 1,182	\$ 1,182	\$ 1,289	\$ 1,290	\$ 1,389
q/q growth		2%	7%	13%	7%		6%	2%	9%	(1)%		9%	0%	8%
y/y growth		60%	51%	55%	31%	31%	36%	30%	25%	16%	16%	20%	18%	17%
<b>Contracted Net Earning Assets (\$ in millions)</b> <sup>(7)</sup>	\$ 347	\$ 323	\$ 336	\$ 394	\$ 409	\$ 409	\$ 429	\$ 430	\$ 482	\$ 428	\$ 428	\$ 489	\$ 427	\$ 472
q/q growth		(7)%	4%	17%	4%		5%	0%	12%	(11)%		14%	(13)%	11%
y/y growth					18%	18%	33%	28%	23%	5%	5%	14%	(1)%	(2)%

(1) Customer counts are rounded.

(2) Cumulative Leased MW Deployed were reduced by 6.3 MW following accounting standard changes implemented in 1Q 2018 based on transactions prior to 2015. This adjustment has no effect on Cumulative MW Deployed.

(3) The presentation of Creation Cost for periods commencing with March 31, 2018 reflects changes made to the calculation owing to the adoption of new accounting standards, as described in materials available on our investor relations website. The presentation of Creation Cost for periods prior to March 31, 2018 remain as previously reported, as the new calculation and recast financials would have resulted in immaterial changes in the Creation Cost for such prior periods. Please see our recast financials summary available on our investor relations website.

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(6) In the fourth quarter of 2017, Gross Earnings 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.

(7) The pass-through financing obligation for periods from December 31, 2016 through December 31, 2017 reflect recast financials following the adoption of certain accounting standards, as described in our 1Q 2018 Quarterly report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on May 9, 2018. Prior periods are presented as originally reported for total lease pass-through financing obligations.

(8) The pass-through financing obligation used to calculate Net Earning Assets is reduced to the extent we expect the liability to be eliminated when the pass-through financing provider receives investment tax credits on assets it has funded, at which time the value of the credits is recognized as revenue. This amount is reflected in the current portion of the pass-through financing obligation. In the second and third quarter of 2018 the adjustment was \$36.2 million and \$53.9 million, respectively.

# Consolidated Financial Statement Summaries

(\$ in '000s, except per share amounts)

	FY2015	1Q16	2Q16	3Q16	4Q16	FY2016	1Q17	2Q17	3Q17	4Q17	FY2017	1Q18	2Q18	3Q18
<b>Income Statement <sup>(1)</sup></b>														
Customer agreements & incentives revenue	\$ 118,004	\$ 34,540	\$ 45,394	\$ 43,150	\$ 45,333	\$ 191,626	\$ 49,090	\$ 58,111	\$ 61,717	\$ 65,358	\$ 234,276	\$ 66,990	\$ 91,605	\$ 114,572
Solar energy systems & product sales	186,602	64,203	77,144	68,883	75,251	285,481	56,019	72,511	82,829	86,907	298,266	77,373	78,933	90,388
Total revenue	304,606	98,743	122,538	112,033	120,584	477,107	105,109	130,622	144,546	152,265	532,542	144,363	170,538	204,960
y/y growth		99%	69%	36%	21%	57%	6%	7%	29%	26%	12%	37%	31%	42%
Cost of customer agreements & incentives	111,784	38,100	38,608	40,770	42,380	154,244	42,613	45,289	47,299	51,234	186,435	54,576	57,769	63,195
Cost of solar energy systems & product sales	168,751	57,512	61,600	57,264	63,005	239,381	49,431	60,938	69,588	74,174	254,131	64,579	64,268	76,179
Total COGS	280,535	95,612	100,208	98,034	105,385	393,625	92,044	106,227	116,887	125,408	440,566	119,155	122,037	139,374
y/y growth		105%	62%	30%	9%	40%	-4%	6%	19%	19%	12%	29%	15%	19%
Gross margin from customer agreements & incentives	5%	-10%	15%	6%	7%	20%	13%	22%	23%	22%	20%	19%	37%	45%
Gross margin from systems & product sales	10%	10%	20%	17%	16%	16%	12%	16%	16%	15%	15%	17%	19%	16%
S&M	145,477	43,188	43,716	40,192	35,685	168,737	33,132	35,056	39,921	38,317	146,426	44,079	49,237	56,758
R&D	9,657	2,463	2,373	2,458	2,905	10,199	2,996	3,710	3,936	4,437	15,079	3,096	5,052	4,604
G&A	84,442	23,248	23,614	21,331	24,184	92,416	24,608	25,228	27,925	29,639	107,400	32,893	28,130	26,720
Amortization of intangible assets	3,695	1,052	1,051	1,051	1,052	4,206	1,051	1,051	1,052	1,050	4,204	1,051	1,051	1,051
Total operating expenses	523,806	165,563	170,962	163,066	169,211	669,183	153,831	171,272	189,721	198,851	713,675	201,074	205,507	228,507
EBIT	(219,200)	(66,820)	(48,424)	(51,033)	(48,627)	(192,076)	(48,722)	(40,650)	(45,175)	(46,586)	(181,133)	(56,711)	(34,969)	(23,547)
Interest & other expense (income)	35,005	10,983	13,093	13,999	14,329	72,500	21,033	22,179	23,123	27,794	94,129	26,506	32,380	29,965
Tax expense (benefit)	(5,299)	-	3,210	9,936	22,847	56,263	5,400	10,781	14,517	(18,345)	12,353	8,203	4,378	(5,988)
Net loss	(248,906)	(77,803)	(64,727)	(74,968)	(85,803)	(320,839)	(75,155)	(73,610)	(82,815)	(56,035)	(287,615)	(91,420)	(71,727)	(47,524)
Net loss attributable to NCI and redeemable NCI	(220,660)	(90,937)	(97,370)	(91,846)	(114,835)	(395,968)	(85,037)	(91,956)	(110,822)	(125,289)	(413,104)	(119,452)	(79,136)	(44,628)
<b>Net income (loss) available to common stockholders</b>	<b>(28,246)</b>	<b>13,134</b>	<b>32,643</b>	<b>16,878</b>	<b>29,032</b>	<b>75,129</b>	<b>9,882</b>	<b>18,346</b>	<b>28,007</b>	<b>69,254</b>	<b>125,489</b>	<b>28,032</b>	<b>7,409</b>	<b>(2,896)</b>
<b>Diluted EPS</b>	<b>\$ (0.96)</b>	<b>\$ 0.13</b>	<b>\$ 0.31</b>	<b>\$ 0.16</b>	<b>\$ 0.27</b>	<b>\$ 0.72</b>	<b>\$ 0.09</b>	<b>\$ 0.17</b>	<b>\$ 0.26</b>	<b>\$ 0.63</b>	<b>\$ 1.16</b>	<b>\$ 0.25</b>	<b>\$ 0.06</b>	<b>\$ (0.02)</b>
<b>Balance Sheet <sup>(1)</sup></b>														
Cash, restricted & unrestricted	221,161	223,684	223,374	225,538	224,363	224,363	221,938	232,945	236,130	241,790	241,790	243,328	270,403	275,133
Solar energy systems, net	1,992,021	2,137,015	2,282,729	2,461,506	2,498,644	2,498,644	2,653,049	2,807,378	2,997,402	3,161,570	3,161,570	3,285,804	3,437,822	3,618,125
Non-recourse debt	337,764	441,787	512,286	571,473	654,023	654,023	701,875	780,232	868,795	1,047,945	1,047,945	1,137,029	1,250,609	1,317,598
Pass-through financing obligation	156,898	147,560	144,174	143,298	137,283	137,283	137,543	138,866	137,916	138,210	138,210	138,287	260,167	361,997
Recourse debt	197,000	191,000	242,400	244,000	244,000	244,000	247,400	247,000	247,000	247,000	247,000	247,000	247,000	247,000
<b>Cash Flow <sup>(1)</sup></b>														
Cash Flow from Operations	(105,266)	(77,395)	(21,018)	(28,818)	(23,349)	(200,141)	(37,480)	(11,691)	(14,859)	(32,073)	(96,103)	(45,754)	(65,427)	(32,575)
Cash Flow from Investing	(627,489)	(169,652)	(176,028)	(200,012)	(199,420)	(695,802)	(162,364)	(182,079)	(219,906)	(212,970)	(777,319)	(164,711)	(185,013)	(224,536)
Cash Flow from Financing	784,465	251,496	195,953	229,087	221,656	899,145	197,419	204,777	237,950	250,703	890,849	212,003	277,515	261,841
Proceeds from NCI	275,704	154,944	84,677	182,586	151,335	573,542	162,565	140,980	167,777	123,599	594,921	143,604	23,864	80,236
Proceeds for pass-through financing & other obligations	129,121	9,746	3,059	1,437	1,805	16,047	1,448	1,614	1,577	1,582	6,221	1,502	150,130	135,010
Proceeds from non-recourse debt	159,400	106,400	83,346	60,074	85,846	335,666	38,225	161,300	94,561	454,720	748,806	95,900	154,332	238,144
<b>Additional items <sup>(1)</sup></b>														
Depreciation & Amortization	71,373	21,596	24,968	27,006	30,535	98,493	29,948	31,706	32,423	34,610	128,687	36,186	37,794	39,731
Stock Based Compensation (SBC)	15,823	3,809	4,838	5,379	4,697	18,723	5,874	5,515	5,105	5,548	22,042	10,694	5,547	5,741
COGS - customer agreements and incentives SBC	1,649	207	632	711	489	2,039	751	1,110	(69)	507	2,299	611	667	648
COGS - solar energy systems and product sales SBC	236	81	117	86	125	409	114	156	171	168	609	170	186	188
S&M SBC	5,242	1,618	1,890	2,484	1,839	7,831	1,917	807	1,580	892	5,196	4,150	834	1,102
R&D SBC	205	97	149	115	154	515	149	186	259	242	836	295	311	313
G&A SBC	8,491	1,806	2,050	1,983	2,090	7,929	2,943	3,256	3,164	3,739	13,102	5,468	3,549	3,490
<b>Other Adjustments for Creation Costs</b>														
S&M: Amortization of intangibles	5,754	1,575	1,705	1,731	1,749	6,760	1,797	708	638	653	3,797	630	615	596
S&M: Amortization of costs to obtain contracts												1,902	2,048	2,217
G&A: Amortization of intangibles	1,411	300	302	287	468	1,357	303	297	348	330	1,277	272	226	185
Other Adjustments	1,057	2,393	-	-	-	2,393	-	-	-	-	-	7,082	1,900	-

Note: Numbers may not sum due to rounding.

(1) Income Statement, Balance Sheet and Cash Flow Statement figures for periods from Full-year 2016 through Full-year 2017 reflect recast financials following the adoption of certain accounting standards, as described in our 1Q 2018 Quarterly report on Form 10-Q filed with the Securities and Exchange Commission (SEC) on May 9, 2018. Other items, including "Additional Items" listed above, except for depreciation & amortization, for all periods prior to 1Q 2018, along with Income Statement, Balance Sheet and Cash Flow Statement figures prior to 4Q 2016, are presented as originally reported in financial statements, quarterly earnings releases and presentation materials for each applicable period. Depreciation & amortization listed above reflects recast financials for all periods between Full-year 2016 through Full-year 2017.

# Gross Earning Asset Sensitivities

\$ in millions, as of September 30, 2018

## Gross Earning Assets Under Energy Contract

<u>Default rate</u>	<u>Discount rate</u>				
	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
5%	\$ 2,182	\$ 2,014	\$ 1,864	\$ 1,731	\$ 1,613
0%	\$ 2,240	\$ 2,066	\$ 1,912	\$ 1,774	\$ 1,652

## Gross Earning Assets Value of Purchase or Renewal

<u>Purchase or Renewal rate</u>	<u>Discount rate</u>				
	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
80%	\$ 1,214	\$ 984	\$ 800	\$ 653	\$ 534
90%	\$ 1,392	\$ 1,128	\$ 917	\$ 748	\$ 612
100%	\$ 1,569	\$ 1,272	\$ 1,034	\$ 843	\$ 690

## Total Gross Earning Assets

<u>Purchase or Renewal rate</u>	<u>Discount rate</u>				
	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>
80%	\$ 3,455	\$ 3,050	\$ 2,712	\$ 2,427	\$ 2,186
90%	\$ 3,632	\$ 3,194	\$ 2,829	\$ 2,522	\$ 2,264
100%	\$ 3,809	\$ 3,338	\$ 2,946	\$ 2,618	\$ 2,342

# Glossary

**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** represent the remaining net cash flows (discounted at 6%) we expect to receive during the initial term of our Customer Agreements (typically 20 or 25 years) 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 deducts 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 project equity financing providers. In calculating Gross Earning Assets, we do not deduct customer payments we are obligated to pass through to investors in pass-through financing obligations as these amounts are reflected on our balance sheet as long-term and short-term pass-through financing obligations, similar to the way that debt obligations are presented. In determining our finance strategy, we use pass-through financing obligations and long-term debt in an equivalent fashion as the schedule of payments of distributions to pass-through financing 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. We calculate the Gross Earning Assets value of the purchase or renewal amount at the expiration of the initial contract term assuming either a system purchase or a five year renewal (for our 25-year Customer Agreements) or a 10-year renewal (for our 20-year Customer Agreements), in each case 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 power prices. Gross Earning Assets Under Energy Contract represents the remaining net cash flows during the initial 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 Under Energy Contract** represents the remaining net cash flows during the initial 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 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 pass-through financing obligations, as of the same measurement date. Because estimated cash distributions to our project 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.

**Proceeds** equals the sum of proceeds from non-recourse debt, proceeds from pass-through financing obligations, contributions received from redeemable and non-redeemable noncontrolling interests, proceeds from state tax credits, and estimated customer upfront payments and utility rebates. Estimated customer upfront payments and utility rebates is estimated by averaging the beginning period deferred revenue (current portion) and end period deferred revenue (current portion) divided by the portion of the year being analyzed.

**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.





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