

SUNRUN



# Q4 2020 Financial Results

February 25, 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 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), and anticipated emissions reductions due to utilization of the Company’s solar systems. 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 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.



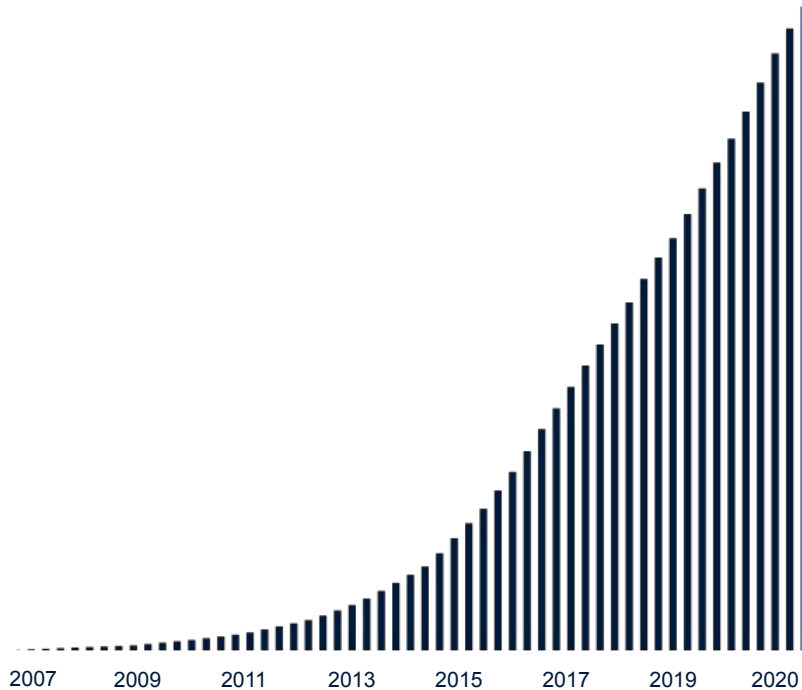
**SUNRUN**



**The time for  
solar is now.**

# Sunrun is Growing its Base of Customers

550,000+ Customers  
18% year-over-year growth



Customers gives 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

# Making an Impact

Now more than 550,000 Customers strong, we are fighting climate change and retiring fossil fuel plants.

- In 2020, our Network of Solar Energy Capacity prevented GHG emissions totaling an estimated 2.4 million metric tons of CO<sub>2</sub>e.
- In 2020, we installed more than 600 megawatts of solar to over 84,000 Customers. These systems are expected to prevent the emission of over 13 million metric tons of CO<sub>2</sub>e over their lifetimes.

...and residential solar remains only 3% penetrated in the United States.



# Our Customers are Powering Through

Actual Sunrun Brightbox customer powering through blackouts in Houston, Texas in February 2021

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

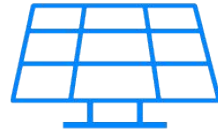


23,500

CUSTOMER ADDITIONS IN Q4  
172 MEGAWATTS SOLAR ENERGY  
CAPACITY INSTALLED IN Q4

550,000+

CUSTOMERS  
+18% YEAR-OVER-YEAR  
NETWORKED SOLAR ENERGY  
CAPACITY OF 3,885 MEGAWATTS



\$37,368

SUBSCRIBER VALUE  
IN Q4

\$28,317

CREATION COST  
IN Q4

\$9,051

NET SUBSCRIBER VALUE  
IN Q4



\$170 Million  
TOTAL VALUE GENERATED  
IN Q4

\$4.2 Billion  
NET EARNING ASSETS  
AS OF 12/31/2020

\$668 Million

ANNUAL RECURRING REVENUE  
FROM SUBSCRIBERS  
AS OF 12/31/2020

17 Years

AVERAGE CONTRACT  
LIFE REMAINING  
AS OF 12/31/2020

# Evolving and Augmenting Metrics

We are moving to a per customer framework. 'Per watt' figures are still available in the supplemental creation cost memo and can be calculated from continuing disclosures, but presenting metrics on a 'per customer' basis better aligns to our cost and value drivers of the business.

Many metrics have new names but the calculation method remains the same:

**Megawatts Deployed** is now **Solar Energy Capacity Installed**  
**Customers Deployed** is now **Customer Additions**  
**Lease Customers Deployed** is now **Subscriber Additions**  
**Cumulative MWs Deployed** is now **Networked Solar Energy Capacity**

**Project Value** is now **Subscriber Value**  
**Unlevered NPV** is now **Net Subscriber Value**  
**NPV** is now **Total Value Generated**

- We have moved to a 5% discount rate for **Subscriber Value** and **Gross Earning Assets** reflecting the lower cost of capital environment and our continued ability to raise capital at rates well below 6%. We will continue to provide discount rate sensitivity tables for certain metrics such as Gross Earning Assets.
- **Net Earning Assets** now includes total cash and reflects both recourse and non-recourse debt.
- **Net Subscriber Value** also includes uncapitalized operating expenses within **Creation Cost**, harmonizing with Vivint Solar's former reporting method along with modifications the company has made to internal cost accounting and measurement for fleet servicing expenses.
- Our base of cumulative **Customers** and **Subscribers** are counted when deployed, instead of at 'Notice to Proceed' (note that in-period metrics have always been measured at deployment)
- We are introducing additional metrics:

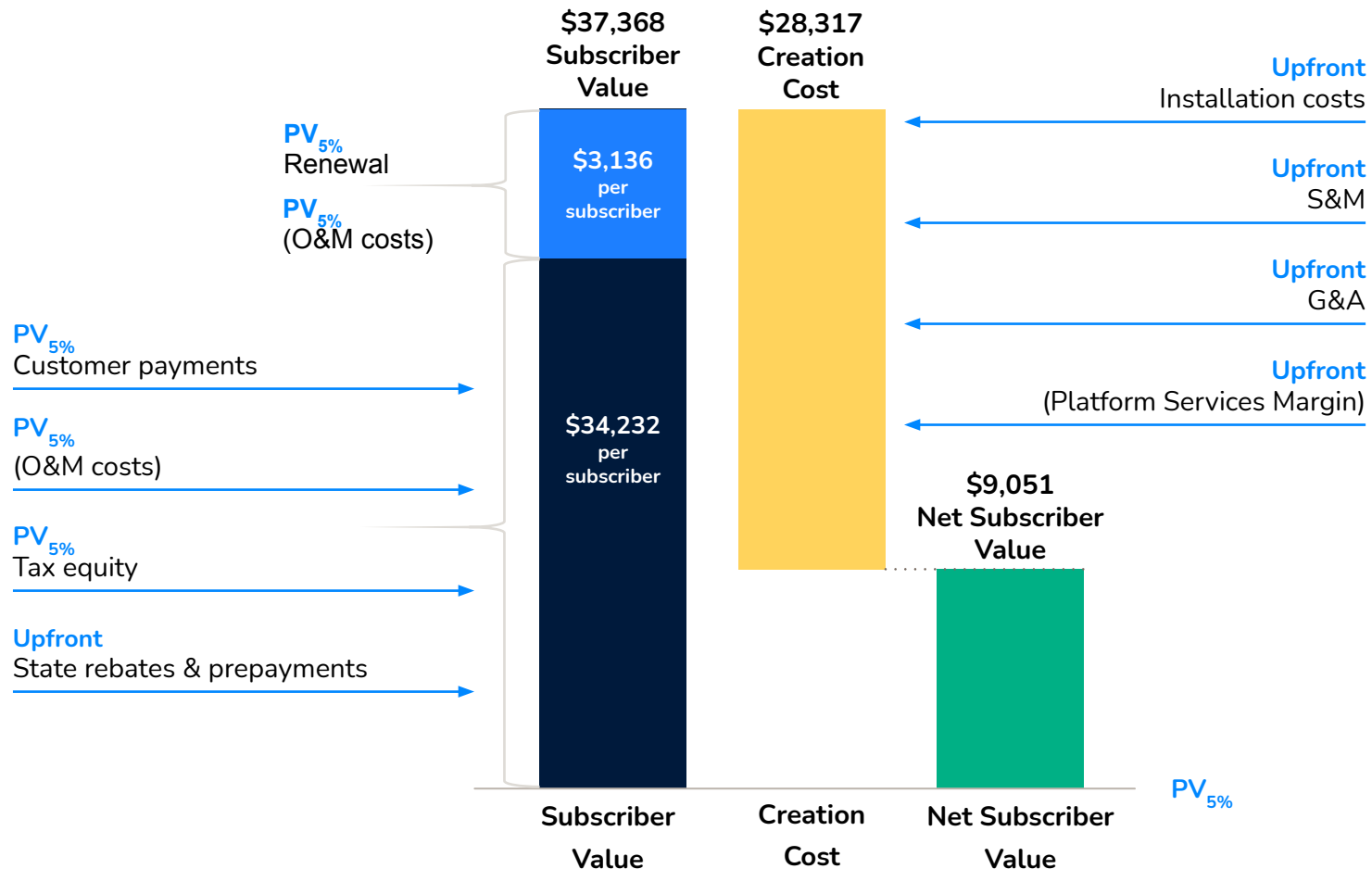
**Annual Recurring Revenue (ARR)** represents revenue from Customer Agreements over the following twelve months for Subscribers.

**Average Contract Life Remaining:** represents the average number of years remaining in the initial term of Customer Agreements.



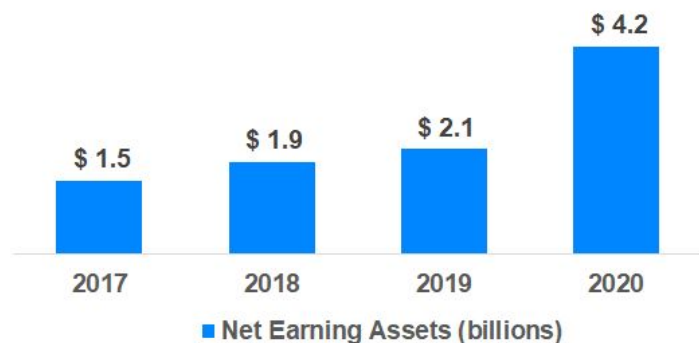
# Total Value Generated of \$170 million in Q4

18,803 Subscriber Additions with Net Subscriber Value of \$9,051



4Q20 average subscriber system size was 7.4 KWs.

# Net Earning Assets Now at \$4.2 Billion



- Metrics now reflect a 5% discount rate and Net Earning Assets includes both recourse and non-recourse debt and total cash.
- Historical numbers are not pro forma for the acquisition of Vivint Solar but have been recast at 5%.

<i>(\$ in millions)</i>	4Q19	1Q20	2Q20	3Q20	4Q20
Gross Earning Assets Contracted Period	\$2,743	\$2,890	\$2,892	\$2,996	\$5,234
Gross Earning Assets Renewal Period	\$1,403	\$1,452	\$1,495	\$1,542	\$2,539
<b>Gross Earning Assets</b>	<b>\$4,147</b>	<b>\$4,342</b>	<b>\$4,387</b>	<b>\$4,538</b>	<b>\$7,773</b>
(-) Recourse Debt	(\$239)	(\$238)	(\$236)	(\$225)	(\$231)
(-) Non-Recourse Debt	(\$2,015)	(\$2,200)	(\$2,187)	(\$2,260)	(\$4,565)
(-) Pass-through financing obligation	(\$339)	(\$338)	(\$338)	(\$336)	(\$340)
(+) Pro-forma debt adj. for safe harboring facility	\$14	\$101	\$89	\$54	\$23
(+) Pro-forma debt adj. for debt within project equity funds	\$179	\$178	\$177	\$176	\$800
(+) Total cash	\$363	\$366	\$354	\$382	\$708
<b>Net Earning Assets</b>	<b>\$2,108</b>	<b>\$2,211</b>	<b>\$2,245</b>	<b>\$2,328</b>	<b>\$4,168</b>

We have \$7.8 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 \$4.2 billion in present value.

# Sunrun's acquisition of Vivint Solar

## A Shared Mission to Create a Planet Run by the Sun

**Our Vision:**  
Empower families to control their energy future.

**How We Do That:**  
Provide superior products and services for homeowners' energy needs and network them for a stronger and cleaner electricity system.

● ROOFTOP SOLAR POWER

● HOME ELECTRIFICATION

● HOME ENERGY MANAGEMENT

● RECHARGEABLE SOLAR BATTERY SYSTEM

● SOLAR ELECTRIC VEHICLE CHARGING

A winning combination for our customers, our investors and our communities.

- Acquisition closed October 8<sup>th</sup> 2020
- Transformational transaction solidifying Sunrun as the residential solar market leader that will help the company accelerate the adoption of renewable energy and benefit more customers
- At the time of acquisition, Sunrun estimated cost synergies of \$90 million. Today, we are increasing the estimate to \$120 million of run-rate cost synergies by year-end 2021.

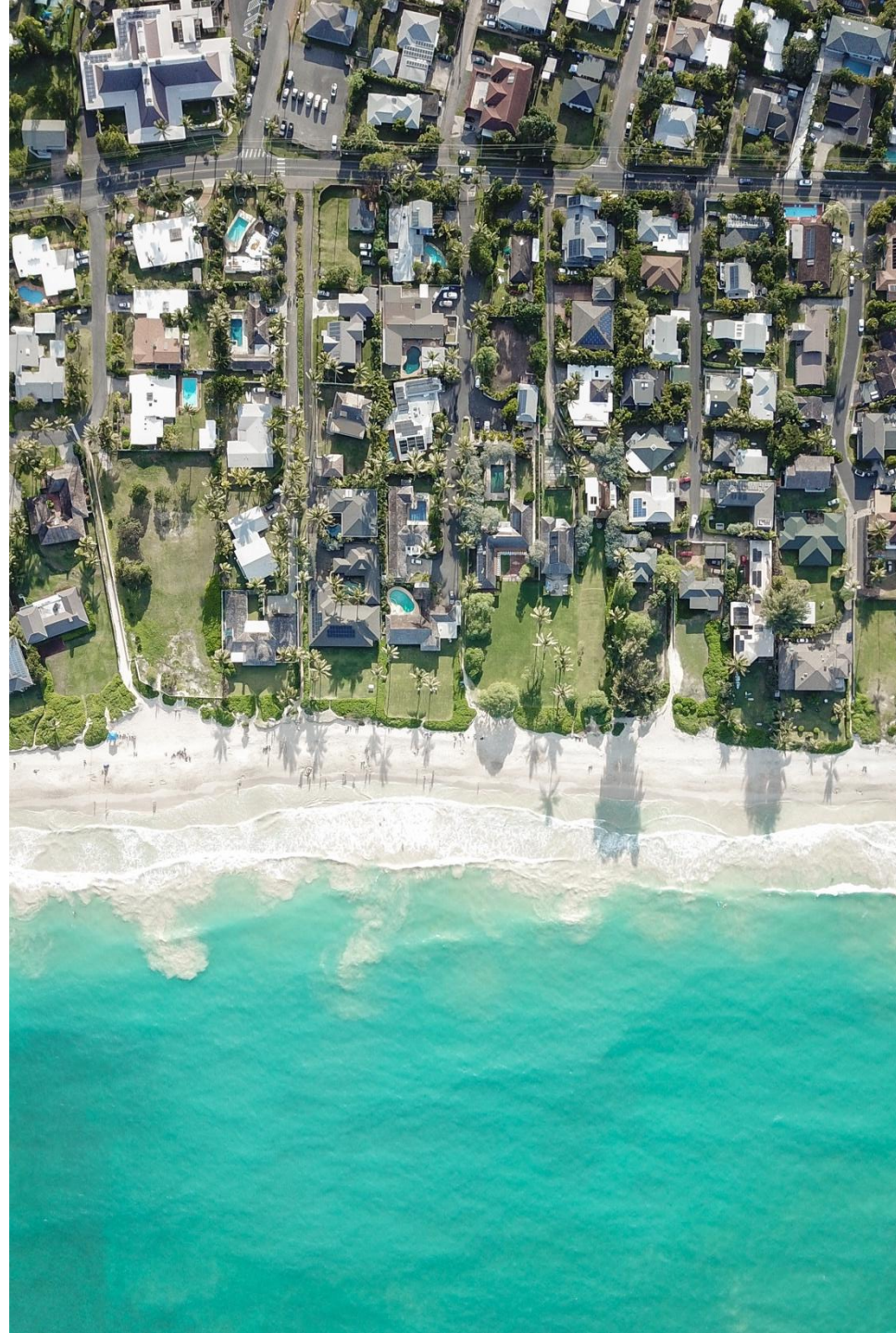
# Outlook

**20% TO 25% GROWTH**  
IN SOLAR ENERGY CAPACITY INSTALLED FOR  
FULL YEAR 2021<sup>(1)</sup>

TOTAL VALUE GENERATED TO EXCEED  
**\$700 MILLION**  
FOR FULL YEAR 2021

INCREASING EXPECTED COST SYNERGIES TO  
**\$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 December 31, 2020*

<b>Gross Earning Assets Contracted Period</b>					
	<b>Discount rate</b>				
<b>Default rate</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>
5%	\$ 6,007	\$ 5,515	\$ 5,084	\$ 4,838	\$ 4,367
0%	\$ 6,187	\$ 5,677	\$ 5,234	\$ 4,840	\$ 4,486

<b>Gross Earning Assets Renewal Period</b>					
	<b>Discount rate</b>				
<b>Purchase or Renewal rate</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>
80%	\$ 3,390	\$ 2,759	\$ 2,201	\$ 1,847	\$ 1,518
90%	\$ 3,903	\$ 3,176	\$ 2,539	\$ 2,084	\$ 1,748
100%	\$ 4,416	\$ 3,594	\$ 2,936	\$ 2,406	\$ 1,978

<b>Gross Earning Assets</b>					
	<b>Discount rate</b>				
<b>Purchase or Renewal rate</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>
80%	\$ 9,577	\$ 8,435	\$ 7,435	\$ 6,686	\$ 6,004
90%	\$ 10,090	\$ 8,853	\$ 7,773	\$ 6,923	\$ 6,234
100%	\$ 10,604	\$ 9,271	\$ 8,170	\$ 7,245	\$ 6,464

# Glossary

*See slide 8 for a summary of changes that have been made to certain metrics.*

**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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