



# Second Quarter 2019 Earnings

August 19, 2019

**sunnova**<sup>™</sup>



# Legal Disclaimer

- This presentation and the accompanying oral presentations contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements generally relate to future events or Sunnova's future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "going to," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern Sunnova's expectations, strategy, priorities, plans or intentions. Forward-looking statements in this presentation include, but are not limited to, statements regarding Sunnova's future customer growth rate, future financial and operating performance, including its outlook and guidance, demand for Sunnova's products and services, adoption and implementation of new Sunnova products and technology, the markets in which Sunnova operates, maintenance and growth of our dealer network and the future of solar energy and energy storage services. Sunnova's expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected, including risks regarding our ability to forecast our business due to our limited operating history, our competition, fluctuations in the solar and home-building markets, our ability to attract and retain dealers and customers and our dealer and strategic partner relationships. The forward-looking statements contained in this presentation are also subject to other risks and uncertainties, including those more fully described in Sunnova's filings with the Securities and Exchange Commission, including Sunnova's prospectus filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, on July 26, 2019. The forward-looking statements in this presentation are based on information available to Sunnova as of the date hereof, and Sunnova disclaims any obligation to update any forward-looking statements, except as required by law.
- In addition to financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this presentation and the accompanying oral presentation include certain non-GAAP financial measures, including Adjusted EBITDA, Adjusted Cash Flow and Adjusted Operating Expense. These non-GAAP measures are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. These non-GAAP measures have limitations as analytical tools, and they should not be considered in isolation or as a substitute for analysis of other GAAP financial measures. Adjusted EBITDA and Adjusted Operating Expense are non-GAAP financial measures that help management, investors and securities analysts in evaluating Sunnova's performance. These measurements are not recognized in accordance with GAAP and should not be viewed as alternatives to GAAP measures of performance. The GAAP measures most directly comparable to Adjusted EBITDA and Adjusted Operating Expense are net income/loss and total operating expense, respectively. Adjusted Operating Cash Flows is a non-GAAP measure that helps management, investors and analysts in evaluating Sunnova's liquidity and ability to service its contractual obligations. This measurement is not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of liquidity. The GAAP measure most directly comparable to Adjusted Operating Cash Flow is net cash used in operating activities. Adjusted EBITDA, Adjusted Operating Cash Flows and Adjusted Operating Expense have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of Sunnova's results as reported under GAAP. In addition, Adjusted EBITDA, Adjusted Operating Cash Flows and Adjusted Operating Expense are not necessarily comparable to Adjusted EBITDA, Adjusted Operating Cash Flows or Adjusted Operating Expense as calculated by other companies. Reconciliations of each of these measures to their most directly comparable GAAP measure are included in the appendix to this presentation for historical periods. Sunnova is unable to reconcile projected Adjusted EBITDA, Adjusted Operating Expense and Adjusted Operating Cash Flow to the most comparable financial measures calculated in accordance with GAAP because of fluctuations in interest rates and their impact on our unrealized and realized interest rate hedge gains or losses. Sunnova provides a range for the forecasts of Adjusted EBITDA, Adjusted Operating Expense and Adjusted Operating Cash Flow to allow for the variability in the timing of cash receipts and disbursements, customer utilization of our assets, and the impact on the related reconciling items, many of which interplay with each other. Therefore, the reconciliation of projected Adjusted EBITDA, Adjusted Operating Expense and Adjusted Operating Cash Flow to projected net income (loss), total operating expense, or net cash provided by (used in) operating activities, as the case may be, is not available without unreasonable effort.
- This presentation includes operational metrics such as number of customers, weighted average number of customers and estimated gross contracted customer value. These operational metrics are not necessarily comparable to the same or similar metrics as calculated by other companies.
- This presentation and the accompanying oral presentation also contain market data, statistical data, estimates and forecasts that are based on independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to such information. Some data are also based on Sunnova's good faith estimates, which are derived from its review of internal sources as well as the independent sources described above. Although Sunnova believes these sources are reliable, we have not independently verified the accuracy or completeness of the information contained in the industry publications and other publicly available information. Accordingly, Sunnova makes no representations as to the accuracy or completeness of that information nor do we undertake to update such information after the date of this presentation.

## Sunnova is a Leading Residential Solar and Energy Storage Service Provider

100

Independent dealers drive operating leverage and flexibility



Multiple service offerings and long-term financing solutions for customers

27%

Year-over-year customer growth

2+

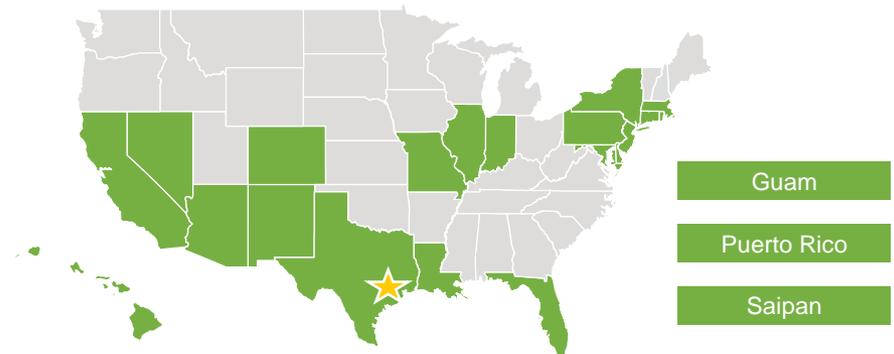
2+ years of positive Adjusted EBITDA

### A Differentiated Ecosystem



### Strategic Footprint

#### Regions with In-Service Assets





# Sunnova is Positioned to Deliver Value

- Customer Growth
- Dealer Growth
- Product Growth



- Dealer Model Enables
- Platform Scales Efficiently
- Proven

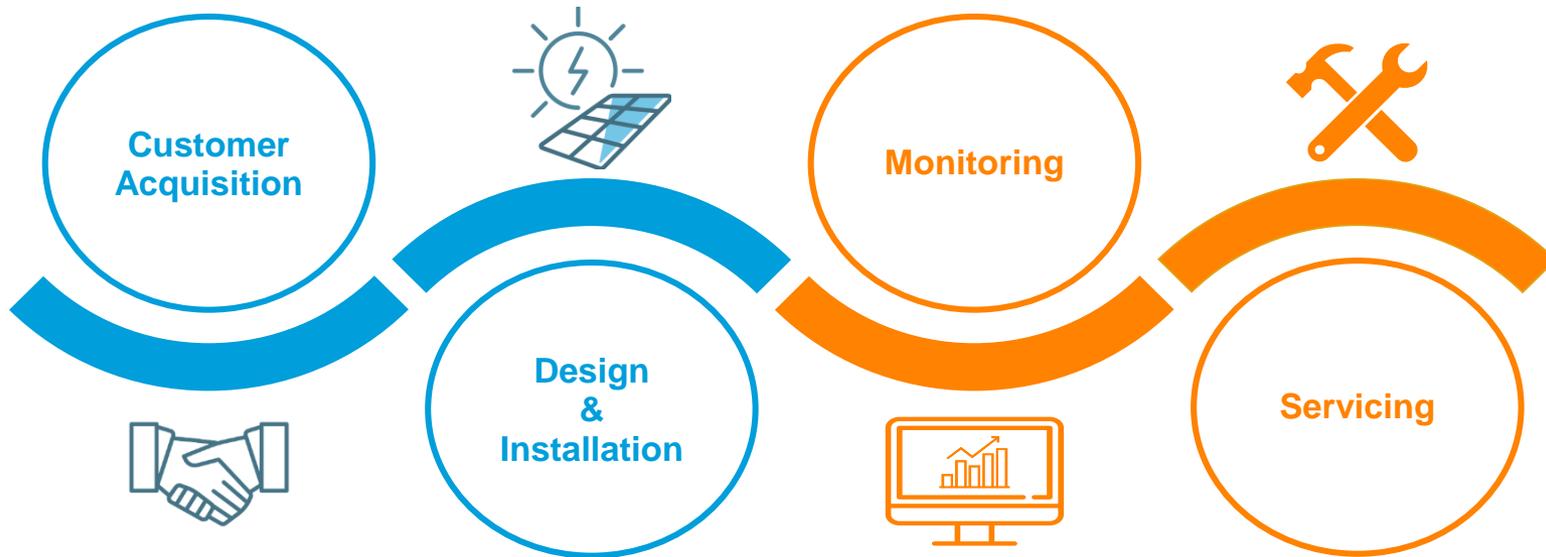
- Adjusted EBITDA and P&I Growth
- Multiple Financing Options
- Cash to Drive Future Growth

# Differentiated Dealer Model



# Focus on Long-Term Customer Service & Relationship

Sunnova partners with local dealers to drive customer origination and reduce overhead costs, while retaining the long-term customer relationship.



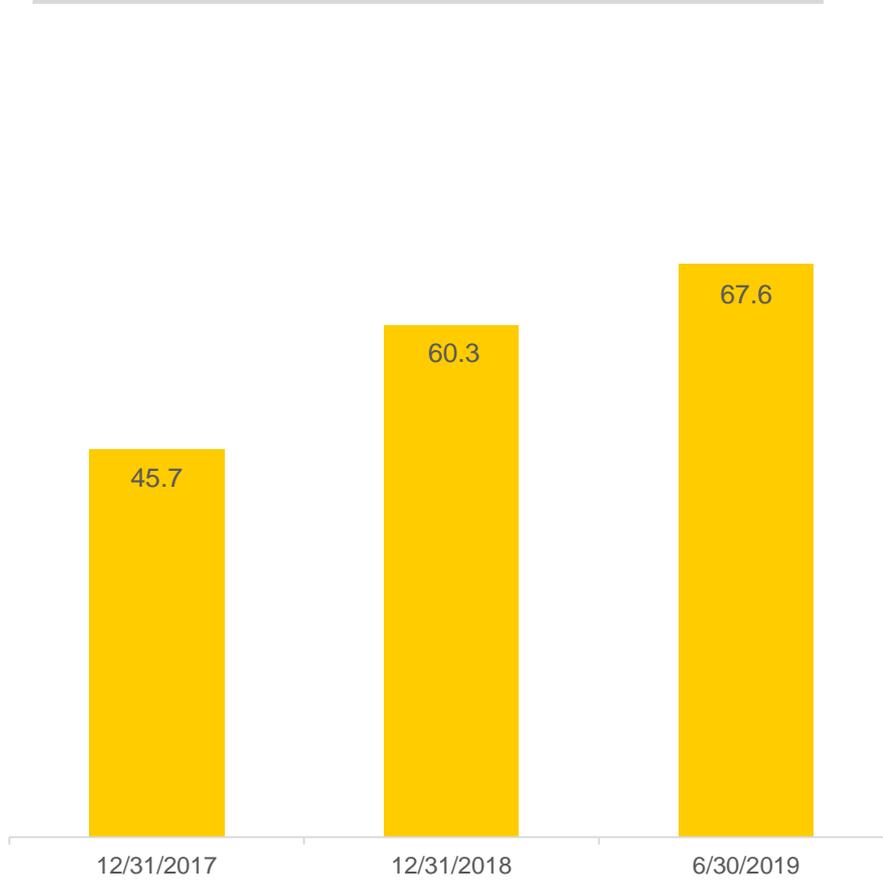
**Dealers** adhere to Sunnova's underwriting criteria, strict consumer compliance standards, and installation framework

**Sunnova** owns the long-term service relationship typically under **25-year contracts**, positioning us to meet the evolving needs of our customers

Entire customer experience managed via Sunnova's **scalable technology platform**

The strength of our business model is illustrated by our financial results.

Total Customers (000s)



Adjusted EBITDA <sup>(1)</sup> and P<sup>(2)</sup> & I (\$M)

- Interest
- Principal
- AEBITDA



Adjusted Operating Cash Flow <sup>(1)</sup> (\$M)



1. Adjusted EBITDA and Adjusted Operating Cash Flows are non-GAAP financial measures. See slides 14 and 15 for a reconciliation to the most directly comparable GAAP measure  
 2. Net of amounts recorded in revenue



# Financial Highlights

**sunnova**<sup>™</sup>



# Key Financial Update

*US\$ millions except for customer count*

	Annual			Second Quarter	
Key Financial Results	2017	2018	2019 YTD	2Q'18	2Q'19
Revenue	76.9	104.4	61.3	29.0	34.6
Adjusted Operating Expense	53.5	63.3	39.7	15.8	21.0
Adjusted EBITDA	23.4	41.1	21.7	13.2	13.6
Loan Principal Payments <sup>(1)</sup>	2.4	6.8	8.7	2.0	5.2
Loan Interest Payments	3.0	6.1	5.0	1.4	2.7
Adjusted Operating Cash Flow	(44.5)	8.4	(20.0)		

Key Operating Metrics	2017	2018	2019 YTD	2Q'18	2Q'19
Weighted Average Customers	38,800	53,400	63,900	51,800	65,800

<i>US\$ billions</i>	12/31/2017	12/31/2018	6/30/2019
Est. Gross Contracted Customer Value	1.13	1.48	1.65

1. Net of amounts recorded in revenue

## Recent financing activity positions Sunnova well for future growth.

Accomplishments		
✓	Initial Public Offering	\$178M
✓	Closed Private Placement (“RAYS I”)	\$364M
✓	Refinanced and Expanded Warehouses	\$350M
✓	Refinanced Senior Notes	\$45M
✓	Loan Securitization (“2019-A”)	\$168M
✓	New Tax Equity Commitment	\$75M

- Plan to safe harbor assets for ITC
- No debt at operating company or public parent
- Flexible strategy to finance future growth

Growth is expected to accelerate.

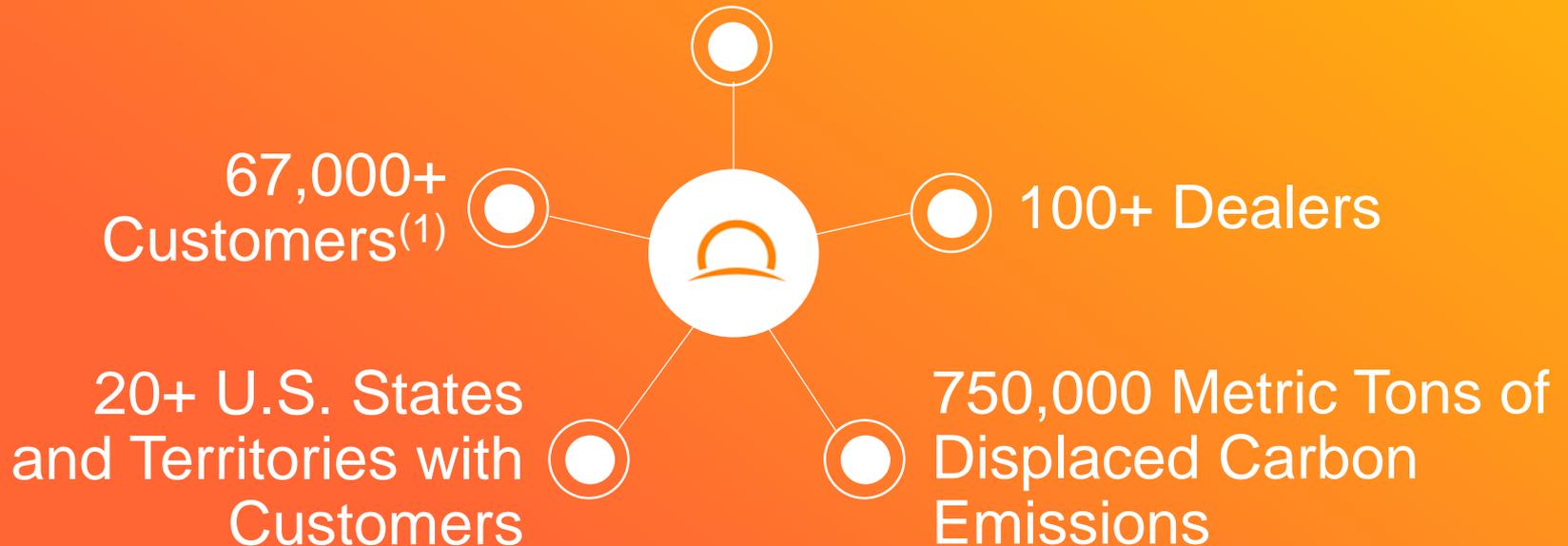
Metric	Guidance
Customer Growth Rate	30%+
Adjusted EBITDA	\$47 million to \$49 million
Customer Principal Payments from Solar Loans <sup>(1)</sup>	\$17 million to \$18 million
Customer Interest Payments from Solar Loans	\$12 million to \$13 million
Adjusted Operating Cash Flow	-\$2 million to \$1 million



Sunnova is the source for clean, affordable and reliable energy, with a simple mission:

# to power energy independence.

25-Year Solar Service Agreements



1. Total cumulative customers as of 6/30/2019



# Appendix

sunnova™

## Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	
	2019	2018	2019	2018	2018	2017
	(in thousands)					
<b>Reconciliation of Net Loss to Adjusted EBITDA:</b>						
Net loss	\$ (49,807)	\$ (9,224)	\$ (85,303)	\$ (22,660)	\$ (68,409)	\$ (90,182)
Interest expense, net	37,310	10,724	68,971	15,707	51,582	59,847
Interest expense, net—affiliates	1,575	2,354	3,397	4,847	9,548	23,177
Interest income	(2,967)	(1,418)	(5,461)	(2,610)	(6,450)	(3,197)
Depreciation expense	11,627	9,386	22,639	18,350	39,290	29,482
Amortization expense	7	34	12	67	133	133
EBITDA	(2,255)	11,856	4,255	13,701	25,694	19,260
Non-cash compensation expense	1,884	824	2,271	1,550	3,410	1,495
ARO accretion expense	327	402	640	613	1,183	704
Financing deal costs	849	(182)	968	1,341	1,902	336
Disaster losses and related charges, net	—	296	—	612	8,217	1,034
IPO costs	1,307	1	2,046	1	563	—
Loss on extinguishment of long-term debt, net—affiliates	10,645	—	10,645	—	—	—
Unrealized loss on fair value option instruments	534	—	534	—	—	—
Legal settlements	293	—	293	—	150	575
Adjusted EBITDA	\$ 13,584	\$ 13,197	\$ 21,652	\$ 17,818	\$ 41,119	\$ 23,404

## Adjusted Operating Cash Flow

	Six Months Ended June 30,		Year Ended December 31,	
	2019	2018	2018	2017
(in thousands)				
<b>Reconciliation of Net Cash Used in Operating Activities to Adjusted Operating Cash Flow:</b>				
Net cash used in operating activities	\$ (55,694)	\$ (20,561)	\$ (11,570)	\$ (48,967)
Principal proceeds from customer notes receivable	9,336	3,768	7,715	2,816
Distributions to redeemable noncontrolling interests	(5,143)	(789)	(2,017)	(294)
Payments to dealers for exclusivity and other bonus arrangements	22,000	—	—	—
Inventory purchases	9,517	5,360	14,288	1,902
Adjusted Operating Cash Flow	<u>\$ (19,984)</u>	<u>\$ (12,222)</u>	<u>\$ 8,416</u>	<u>\$ (44,543)</u>

## Adjusted Operating Expense

Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	
2019	2018	2019	2018	2018	2017

(in thousands, except per customer data)

### Reconciliation of Total Operating Expense, Net to Adjusted Operating Expense:

Total operating expense, net	\$ 37,322	\$ 26,528	\$ 68,544	\$ 53,464	\$ 118,112	\$ 87,211
Depreciation expense	(11,627)	(9,386)	(22,639)	(18,350)	(39,290)	(29,482)
Amortization expense	(7)	(34)	(12)	(67)	(133)	(133)
Non-cash compensation expense	(1,884)	(824)	(2,271)	(1,550)	(3,410)	(1,495)
ARO accretion expense	(327)	(402)	(640)	(613)	(1,183)	(704)
Financing deal costs	(849)	182	(968)	(1,341)	(1,902)	(336)
Disaster losses and related charges, net	—	(296)	—	(612)	(8,217)	(1,034)
IPO costs	(1,307)	(1)	(2,046)	(1)	(563)	—
Legal settlements	(293)	—	(293)	—	(150)	(575)
Adjusted Operating Expense	<u>\$ 21,028</u>	<u>\$ 15,767</u>	<u>\$ 39,675</u>	<u>\$ 30,930</u>	<u>\$ 63,264</u>	<u>\$ 53,452</u>
Adjusted Operating Expense per weighted average customer	<u>\$ 320</u>	<u>\$ 304</u>	<u>\$ 621</u>	<u>\$ 621</u>	<u>\$ 1,185</u>	<u>\$ 1,378</u>