



## Capital Markets Day

**NORM TAFTE**

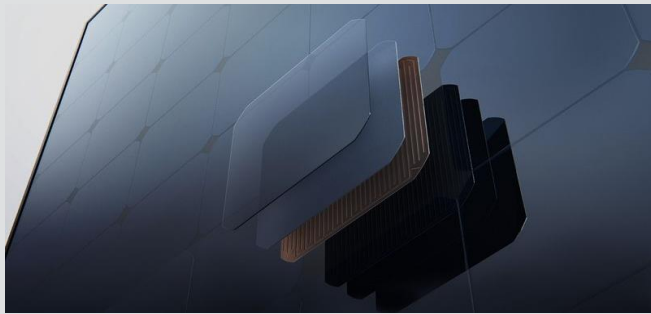
EVP, North America Residential

**MARCH 2019**

## SUNPOWER STRATEGIC OVERVIEW

# The Transformation: Innovation and DG Focus

### Panel Technology and ROW Sales SPT Jeff Waters



- Extend panel innovation leadership
- DG margin expansion with Maxeon® 5 “NGT”
- Ramp PP volume with P-Series China JV
- Leverage capital light / low capex model

### NA Commercial SPES Nam Nguyen



- Strong demand – MW up 50% 2019
- Accelerate cost reduction – system / scale
- Drive Storage – software / installed base
- Expand Service offering – customer, grid

### NA Residential SPES Norm Taffe



- Leverage NGT panel advantage
- Expand powerful energy platform
- Exploit New Homes market leadership
- Extend offering to storage & services

Driving MW growth and higher gross margin \$/w across the platform

## GROWING MARKET SHARE

# Residential Sales Growth

#1 NA Residential Solar Panel supplier, #2 in NA Residential Sales

278

Megawatts installed in 2018

>20%

Revenue Growth in 2018

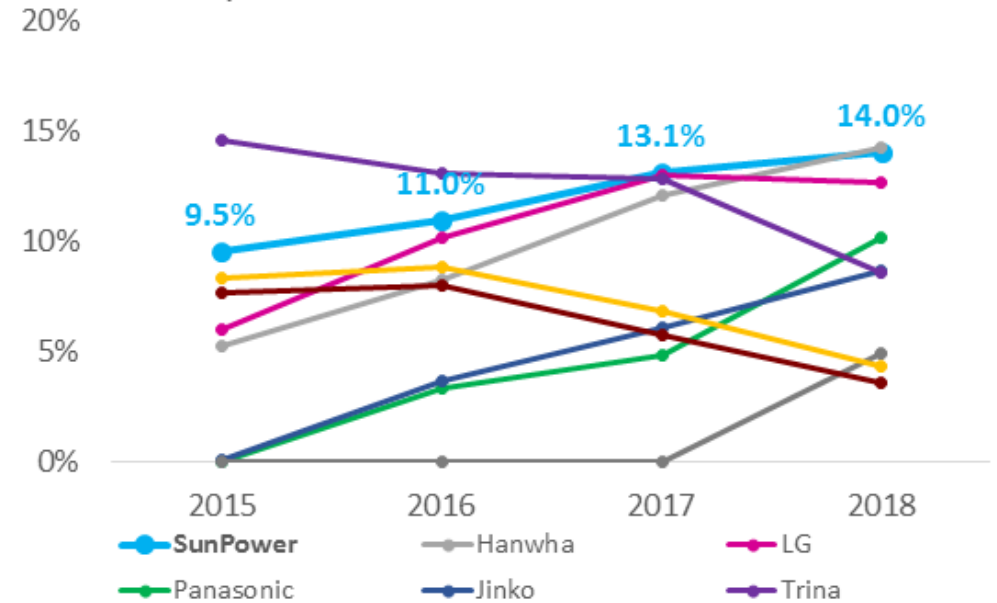
42%

Sold and installed by 30 Master Dealers

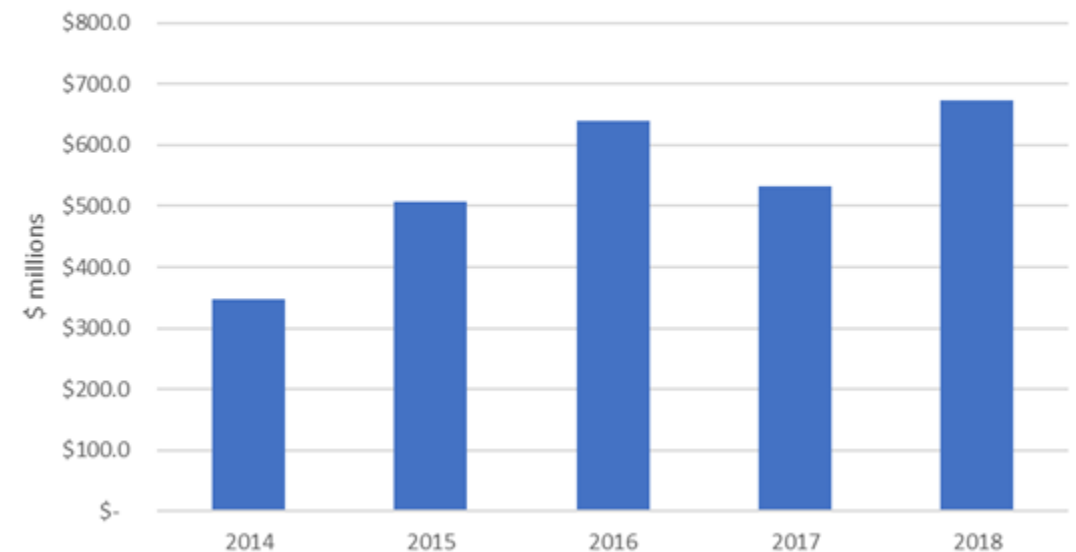
20%

Partner Sales from SunPower generated appointments

Top Residential Market Shares - Annual



NA RES Revenue

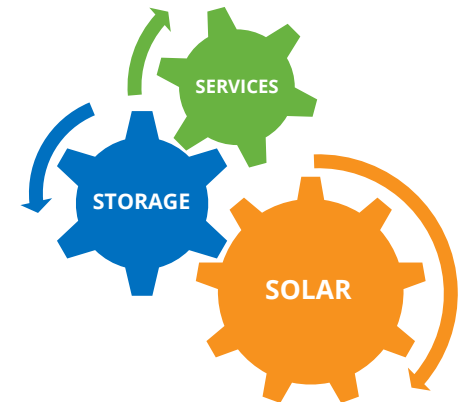


## PROFIT MODEL

# Target Model

Solar + Storage + Services

Revenue Growth (CAGR)	10-20%	<ul style="list-style-type: none"><li>• New products, New Homes growth, storage</li></ul>
Gross Margin	>20%	<ul style="list-style-type: none"><li>• Premium platform, software, storage and services</li></ul>
Operating Expenses	<10%	<ul style="list-style-type: none"><li>• Scale, efficient channels, digitized operations</li></ul>
Adjusted EBITDA	>10%	<ul style="list-style-type: none"><li>• Simplified, cash-based accounting</li></ul>



## NORTH AMERICA RESIDENTIAL STRATEGY

# The Power of One® Platform

Continue to expand a highly differentiated energy platform that delivers higher margins and increased customer and partner loyalty

### Complete Premium Solutions

Equinox™, EnergyLink®, storage, financial products and services

### Increasingly Powerful Capabilities

Digital tools, marketing, local lead gen, and an increasing array of services to complement our strong brand/reputation

### Strong channels to market

Premium loyal dealers, a growing 3rd-party sales network and a commanding position in New Homes



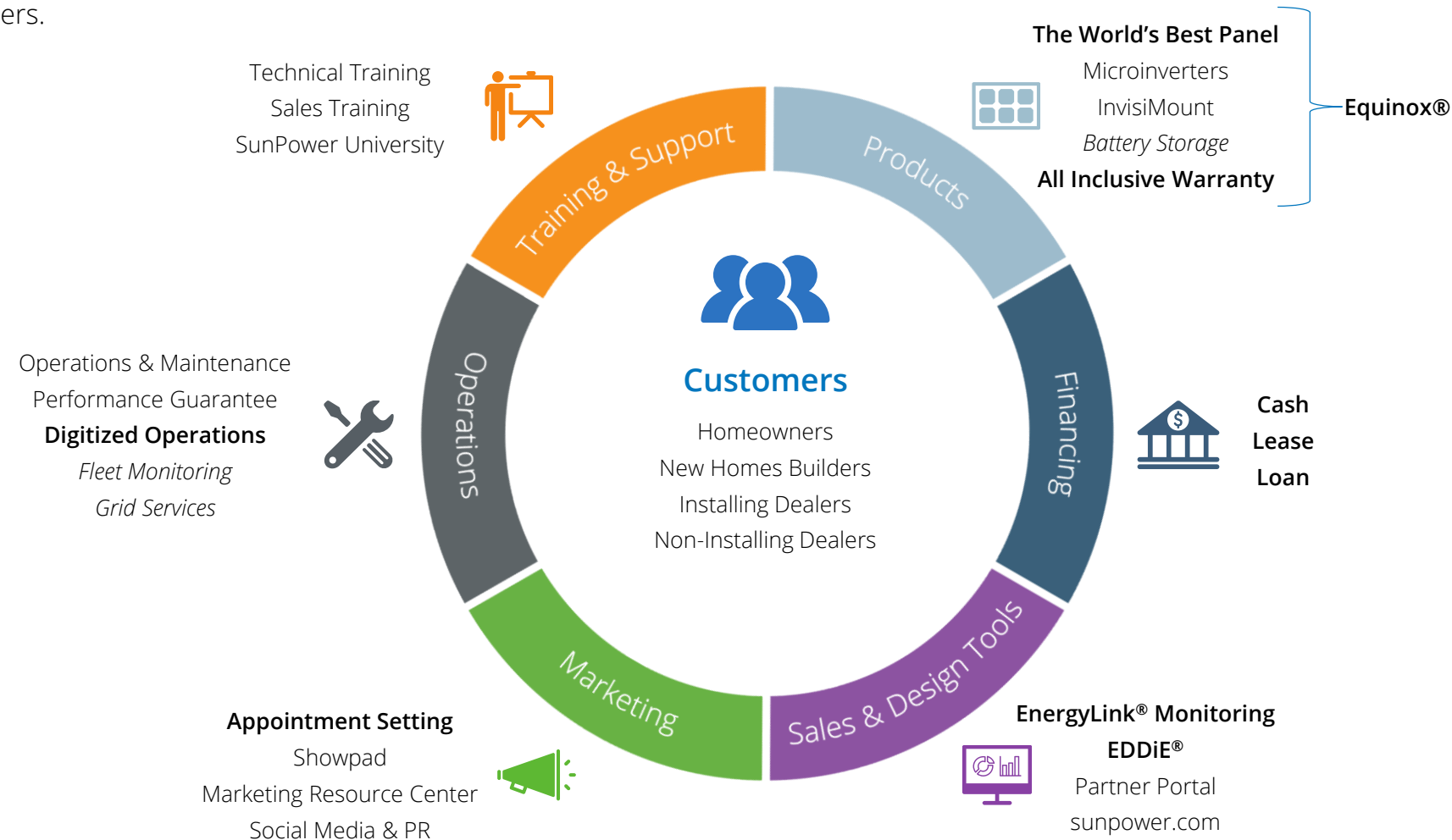
SUNPOWER®



OUR PREMIUM ENERGY PLATFORM

# The Power of One®

An ever-expanding collection of powerful capabilities for our customers and our partners.



DRIVES REVENUE GROWTH, IMPROVES GROSS MARGIN

# SunPower® A-Series Solar Panels

The World's Best Solar Panels Just Got Better

## More Power in less space

Features the highest power density on the market at **400 and 415 Watts**<sup>1</sup>

## Complete Solution

Built specifically for SunPower® Equinox™, with the industry's **most powerful microinverter**<sup>1</sup>

## Greater Lifetime Savings

Designed to deliver up to **60% more energy** over 25 years compared to conventional panels in the same space<sup>2</sup>

## More Power in less space

Featuring the new **Maxeon Gen 5 solar cells**, our most innovative yet

<sup>1</sup> Based on survey of datasheet values from websites of top 20 manufacturers per IHS, as of January 2019.

<sup>2</sup> SPWR 360W panel compared to a Conventional Panel on same sized arrays (260W, 16% efficient, approx. 1.6 m<sup>2</sup>), 4% more energy per watt (based on 3pty module characterization and PVSIM), 0.75% / year slower degradation (Campeau, Z. et al. "SunPower Module Degradation Rate," SunPower white paper, 2013).



SUNPOWER®

IMPROVES GROSS MARGIN, LOWERS OPEX

# SunPower Software

Going solar doesn't have to be complicated. Our advanced web application makes it easy to design, price and adjust solar solutions with customers in real time.

## Sell and Deliver Solar Nationwide

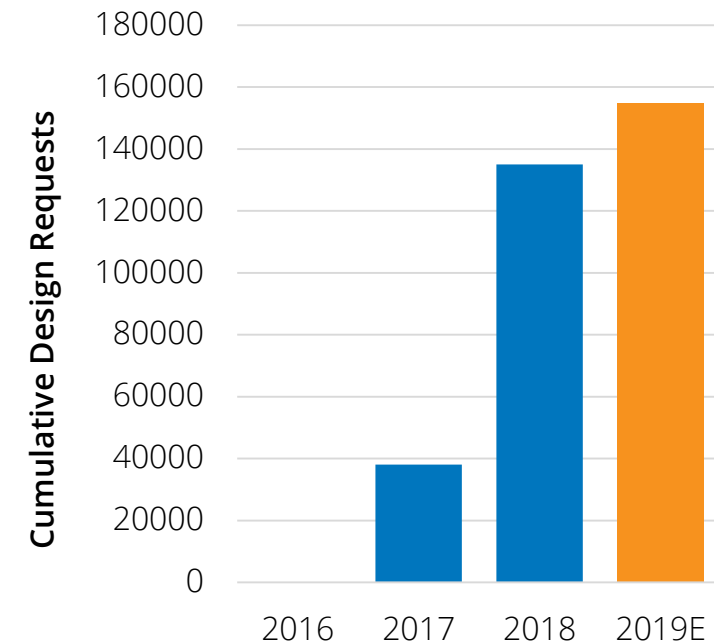
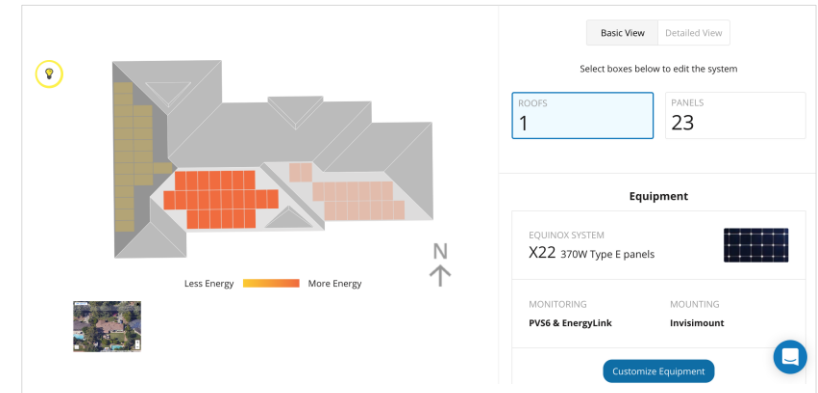
Unmatched ease of use and feature set are available exclusively to our dealer network.

## Growing Services Revenue

Platform drives dealer demand for lead generation, design and operations services.

## Scalable to Next-Generation Technologies

Now featuring third-party storage quoting, plus new homeowner offerings as they are released.





DRIVES REVENUE GROWTH, IMPROVES GROSS MARGIN

# Storage Opportunity

Significant incremental revenue and margin potential

## Residential storage adoption is just beginning

- Becoming economic as costs come down and policy changes

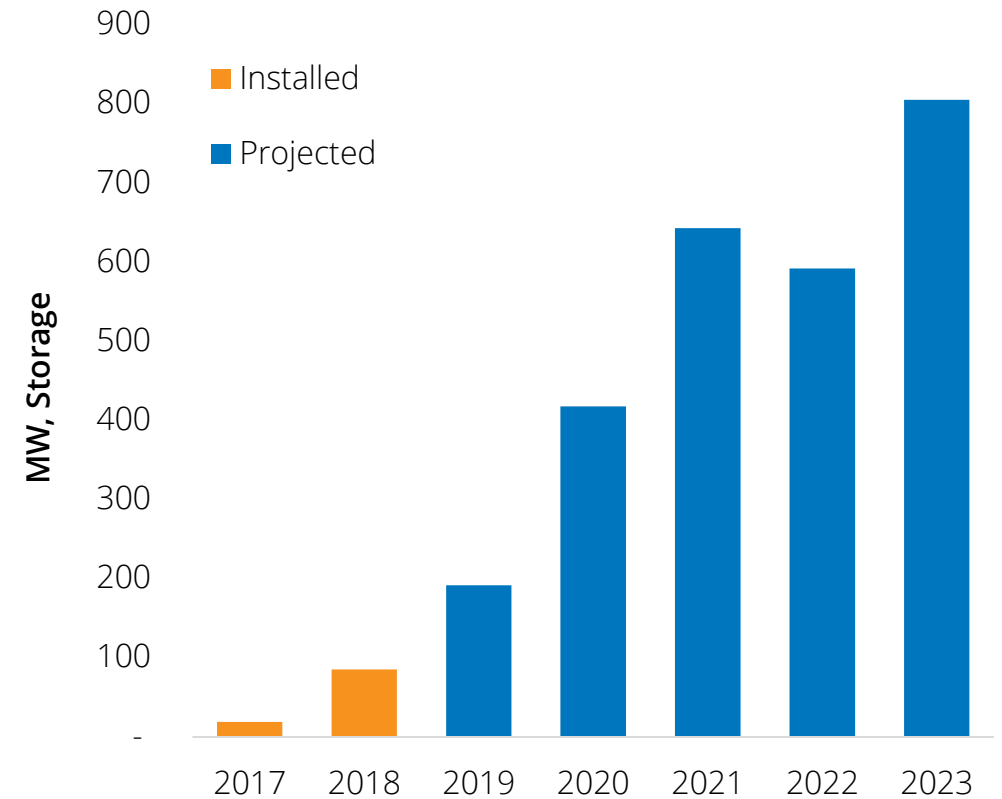
## Revenue growth opportunity

- As much as 40% more revenue per customer sale
- Opportunity to upgrade our 240,000 existing customers.

## Key element of our Equinox evolution

- Leveraging market-leading Commercial storage SW technology
- Another important element in our differentiated platform

Sales of Residential Storage (US)\*

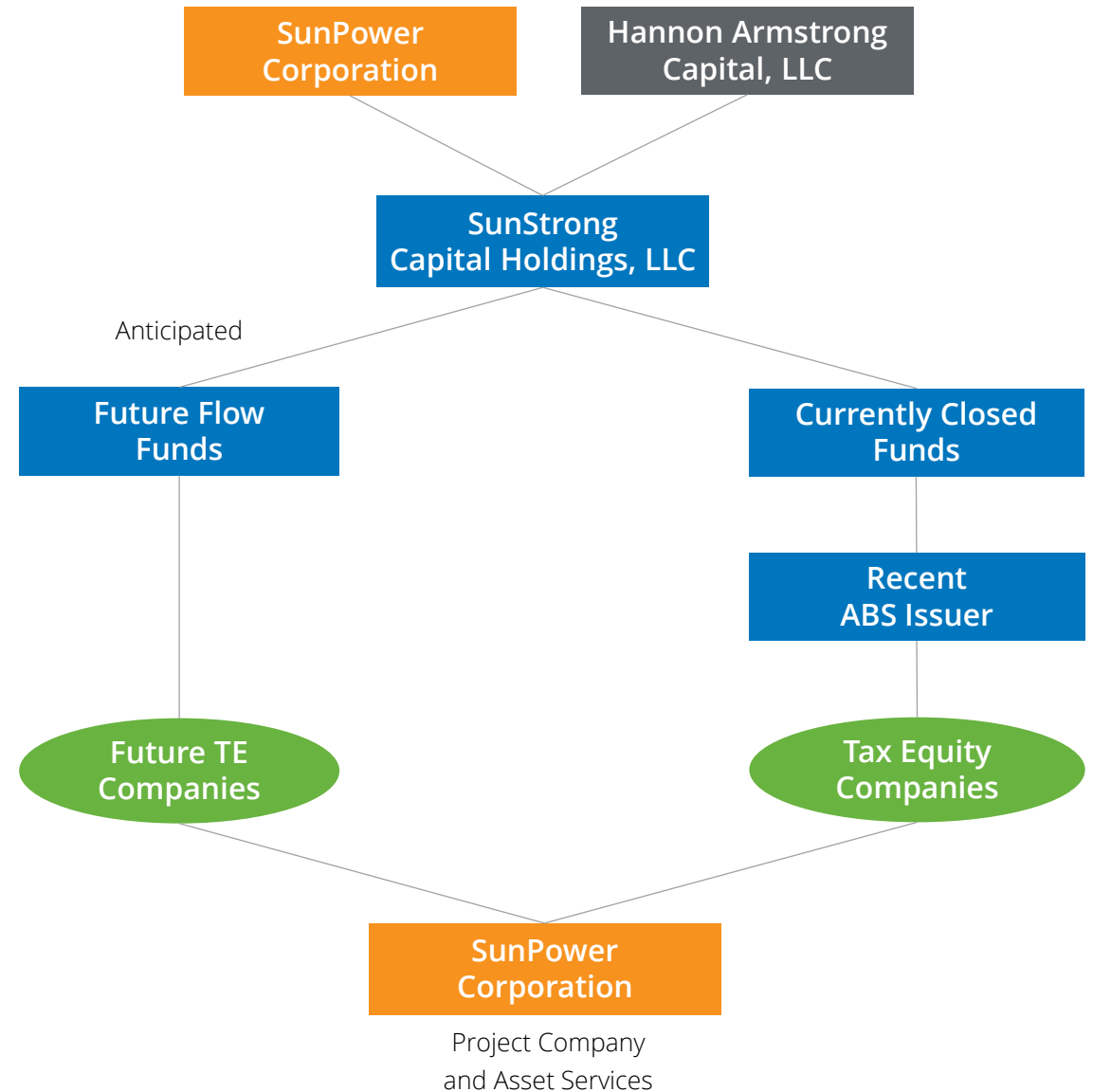


## IMPROVES GROSS MARGIN, LOWERS OPEX

# SunStrong Joint Venture Structure

SunStrong is an independent, de-consolidated entity for both sponsors.

- Joint venture **improves SunPower's cost of capital** and **removes debt from SunPower's balance sheet**
- Structure is designed to hold existing SunPower-developed assets and provide a vehicle for acquisition of forward flow projects
- SunPower Capital Services will provide **O&M and asset management services** to the joint venture
- 2 directors and 1 Co-CEO appointed from each Sponsor
- SunPower has a 50% voting interest and **51% economic equity interest in the residul value of the assets**; Hannon Armstrong has a 50% voting interest and 49% economic equity interest



DRIVES REVENUE, IMPROVES GROSS MARGIN, LOWERS OPEX

# North American Dealer Network

An extensive U.S. dealer network allows SunPower to provide localized sales, installation and support in more than 40 states.

>75%

Of our sales come from dealers  
that only sell SunPower

## Installing and Non-Installing Dealers

Provide high-quality solar installation services and meet customer satisfaction requirements.

## Elite Dealers

Equipped with advanced training and exceed expectations for customer satisfaction, installation quality and system performance.

## Master Dealers

The best of the best, hand-selected and trained by SunPower to deliver unparalleled expertise and customer service.

SUNPOWER®  
Elite Dealer

SUNPOWER®  
by Solar Inc.

DRIVES REVENUE, IMPROVES GROSS MARGIN, LOWERS OPEX

# SunPower Master Dealers

Our most exclusive dealer program (fewer than 10% of dealers are chosen) and a key ingredient in our continued growth.

## Cost-Effective Branding

Master Dealers are co-branded with SunPower, providing a sense of focus in our larger network and aligning multiple marketing budgets under a single brand.

## Increased Revenue

Master Dealers sell 100% SunPower products and are growing 2x faster than our broader dealer channel.

## Better Customer Experience

Master Dealers are held to the highest possible standards, including sales and technical training, Net Promoter Score, and required installation volume.

30

SunPower  
Co-Branded Master Dealers

42%

Q4 Volume from  
Co-Branded Master Dealers



SUNPOWER®



## DRIVES REVENUE GROWTH

# U.S. State Expansion

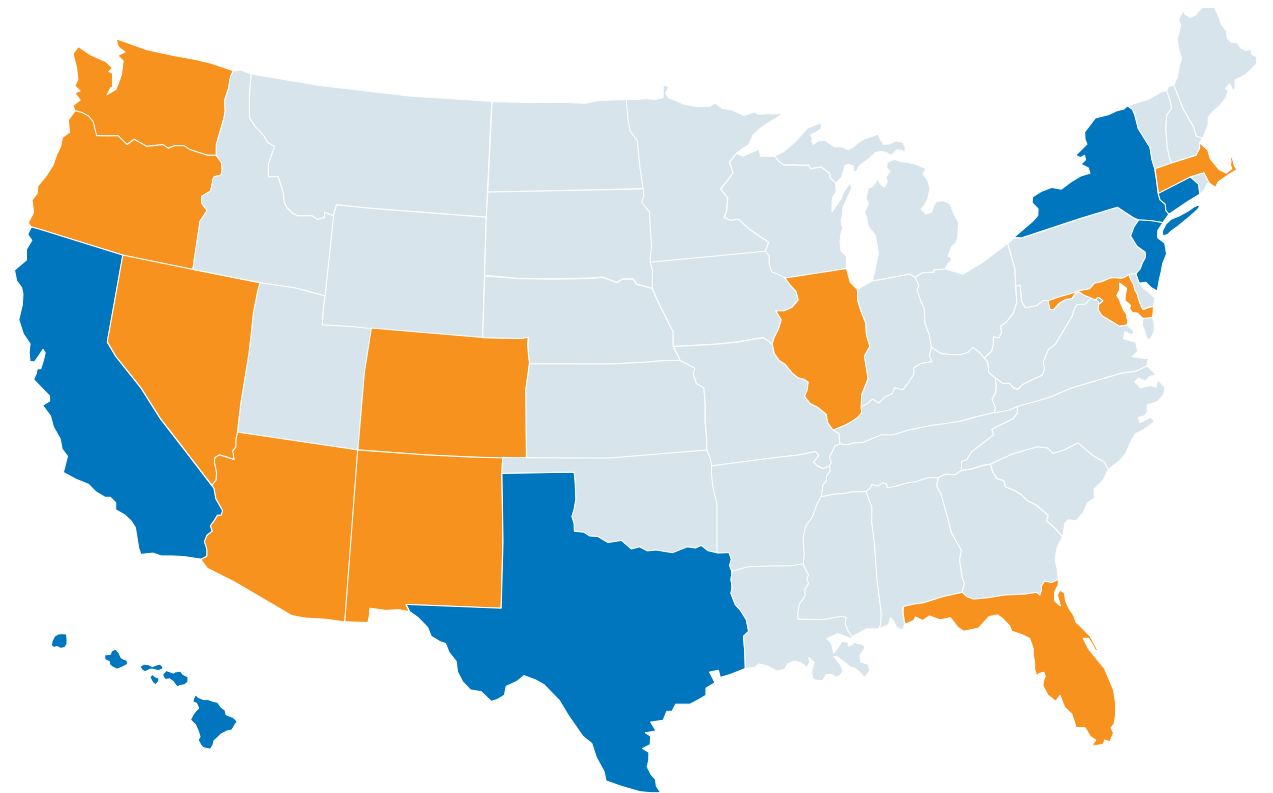
SunPower is well established with significant share in key markets and prepared for near-term growth.

### Key States

- California
- Connecticut
- Hawaii
- New York
- New Jersey
- Texas

### Growth States

- Arizona
- Colorado
- Florida
- Illinois
- Maryland
- Massachusetts
- New Mexico
- Nevada
- Oregon
- Washington



DRIVES REVENUE GROWTH, IMPROVES GROSS MARGIN

# Commanding New Homes Position

SunPower is the solar of choice for top U.S. home builders.



58%

2018 New Homes  
Market Share

33,000+

New Homes  
Currently Under Contract

18 out of 20

Top California Homebuilders  
Under Contract

65%

Year-Over-Year  
Growth



SUNPOWER®

PROFIT MODEL

# Target Model

Solar + Storage + Services

Revenue Growth (CAGR)	10-20%	<ul style="list-style-type: none"><li>• Entering new states to expand footprint</li><li>• Positioned to benefit most from CA New Home mandate</li><li>• Adoption of storage means more \$/install</li></ul>
Gross Margin	>20%	<ul style="list-style-type: none"><li>• Differentiated products/sales channels deliver a premium</li><li>• A-series, New Homes growth drive increased margin</li><li>• Expanding platform to enable growing service business</li></ul>
Operating Expenses	<10%	<ul style="list-style-type: none"><li>• Infrastructure in place to support growth</li><li>• Powerful operations platform, increasingly digitized</li><li>• Expect to maintain OPEX levels while growing</li></ul>
Adjusted EBITDA	>10%	

