



SUNPOWER®

Capital Markets Day

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EVP and Chief Financial Officer

MARCH 2019

Compelling Value Proposition

- Business model transformed – 3 strong franchises
- Shift focus towards high-growth DG markets
- Industry tailwinds and SPWR technology drives volume expansion
- Increasing margins through innovation: NGT, P-Series, Storage + Services
- Simplified P+L, delivered balance sheet, reduced overhead structure

Transformed Business Model

Pre-Transformation

- Utility scale power plant development
- 8Point3 (accounting)
- Residential leases and C&I leaseback arrangements on balance sheet
- Non-controlling interests (NCI)
- Non-recourse project financing and complex financing arrangements
- Multiple non-core businesses impacting P+L and balance sheet

Current / Future

- Exited PP development
- Deconsolidated leases from financials
- Monetized non core assets: (8point3, PP development, micro-inverters)
- Continued investment in innovative solar solutions

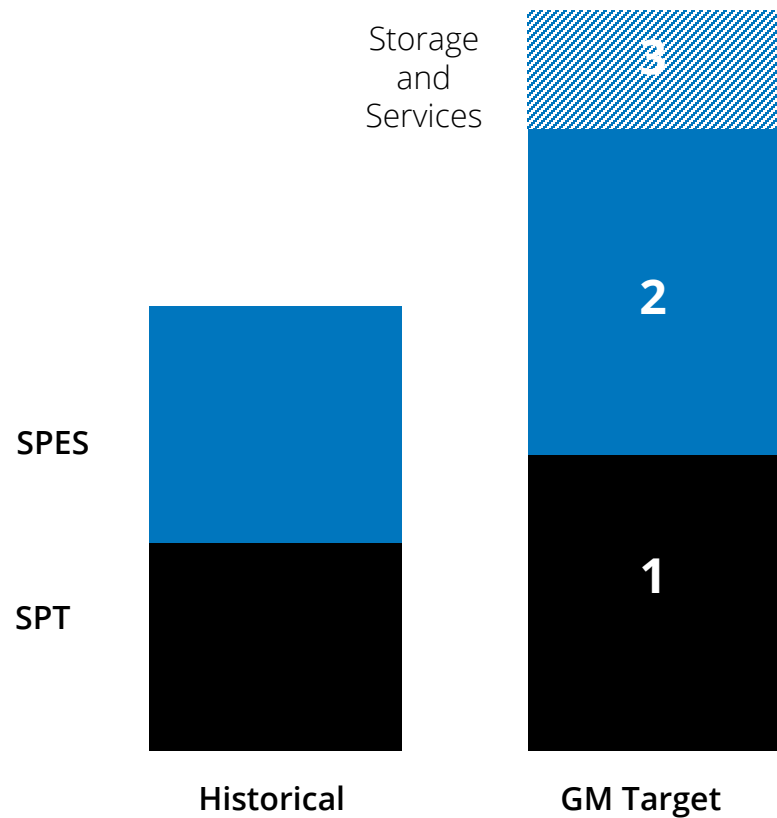


- Three valuable franchises – Technology, NA Residential, NA Commercial
- Simpler and more transparent financials

Shift Towards High-Margin, High-Growth DG and Services

	Power Plant Development	Distributed Generation (DG)	DG + Storage / Services
Growth Rates	+	++	+++
Margin	Low	Mid-high teens	> 20%
Up-Front Development Timing	6-12 months	0-3 months	0-3 months
Capital Intensity	High	Low	Low
Working Capital Cycle	Multi-Year	6-9 Months	<6 months
Offtaker Concentration	Concentrated	Diversified	Diversified

Expanding GM\$/watt From Technology Leadership, Scale and Cost Initiatives



1

- Maxeon® 5 (NGT) – low cost, high efficiency
- P-Series volume and capacity expansion
- Sustain pricing premium

2

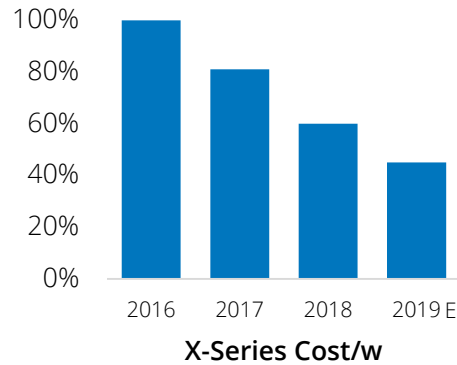
- Leverage Maxeon® 5 system economics
- Scale – Installed base (2.5GW), cost initiatives
- Improving residential lease economics

3

- Executing on commercial storage
- Residential storage in 2H'19
- Adjacent high-margin services

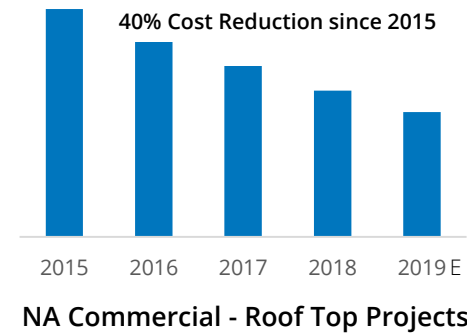
Expanding GM\$/watt: Cost Initiatives

Product Cost Improvements



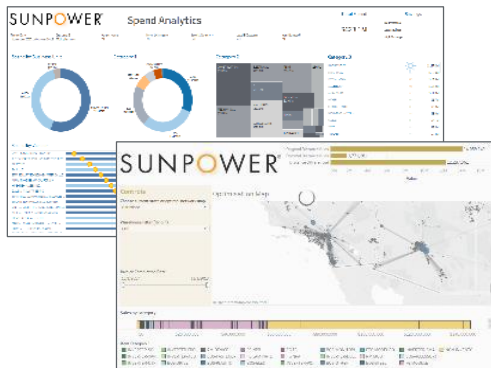
- Module efficiency improvement
- Lean initiatives: fewer process steps and line run rate increase
- IBC / P Series scale and cost roadmap

EPC Operational Excellence



- Contract Management operating system
- Cost optimized product design
- Highest Health & Safety record in the industry

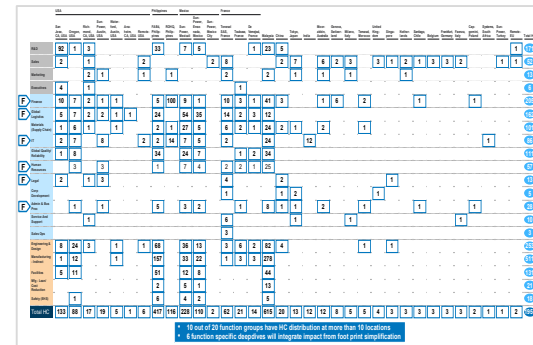
Supply Chain Efficiencies



Spend Analysis

- Reduce last mile delivery costs
- US warehouse consolidation
- Procurement spend analytics and supplier forums

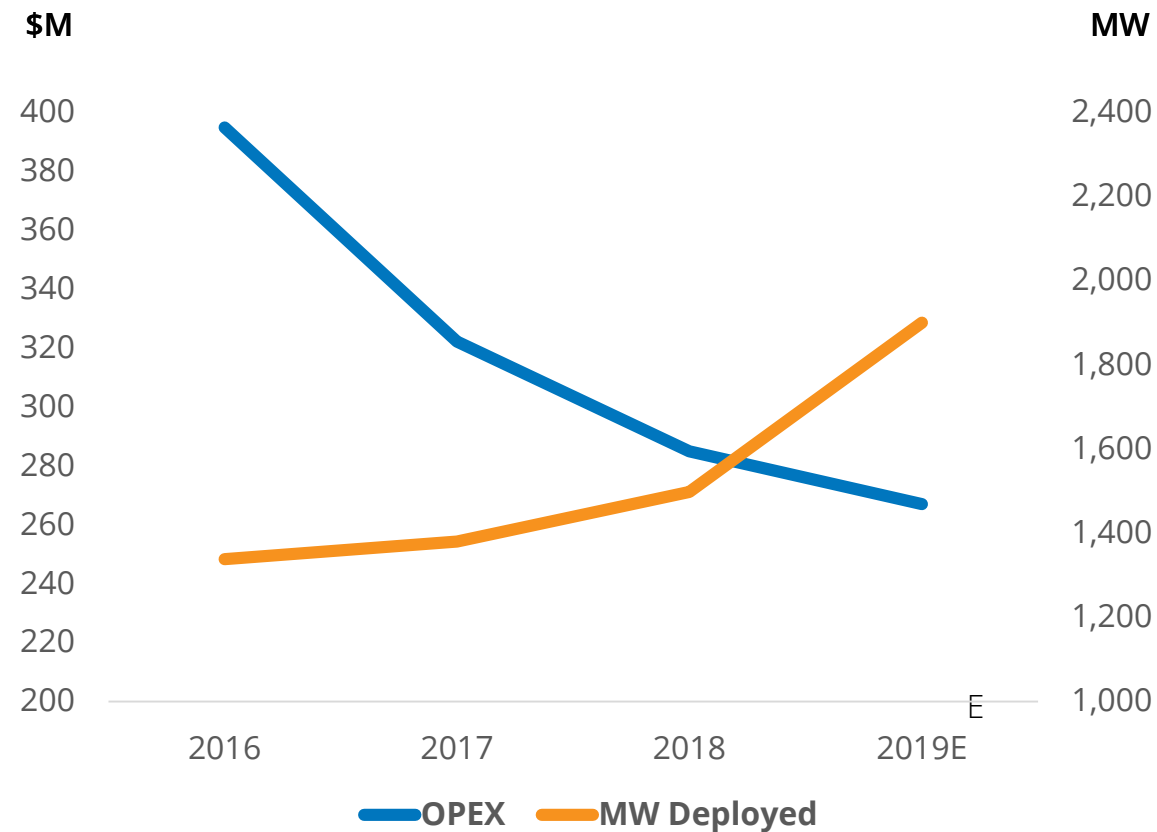
Spend Rationalization



Global Plant Indirect Labor Analysis

- Factory overhead spend optimization
- Executing on third party spend reduction
- Process efficiencies through digital

Lowered Break Even Point Through Reduced Overhead Structure



>25% opex reduction since 2016

- Current opex supports high margin DG business
- Corporate opex <2% of sales, and shrinking

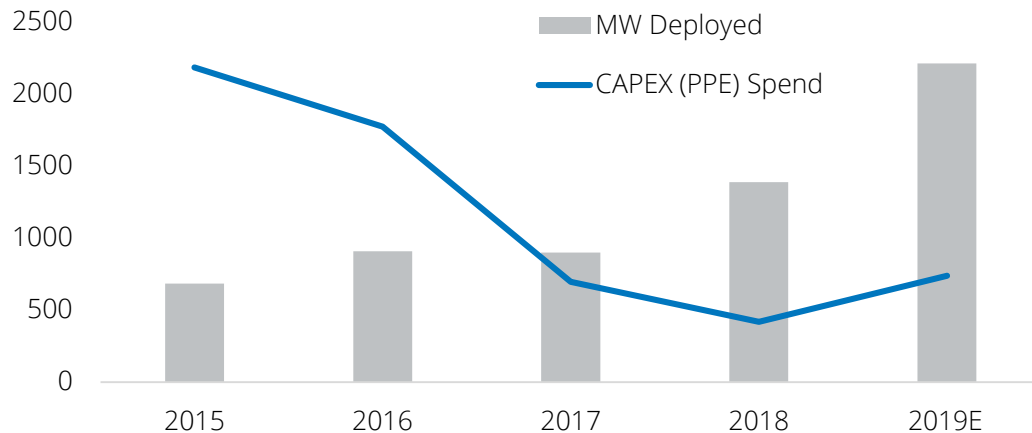
Optimizing business overhead structure

- Foot print reduction; exit non-core business and markets
- Investing in digital (on-line design and on-line ordering)

Reduced Capital Intensity

SPT

Capital Efficient growth in MW deployed



- >70% reduction in capex\$ / watt
- Constructing NGT at significantly lower capex/watt,
- P-Series JV ramp up without capital expenditure from SPWR

SPES

Leveraging partnerships with pools of long term capital



Supported by capital light structured solutions for both NA Residential and NA Commercial

- Lease structure for Residential to capture cash upfront
- C&I forward flow where project is sold at Notice to Proceed

Safe Harbor Program

Opportunity to safe harbor modules ahead of ITC step down

- Extends applicability of 30% ITC and preserves project economic value
- Expands margins for future SPES projects given system cost roadmaps
- Modules deployed across SPES Residential and Commercial Projects

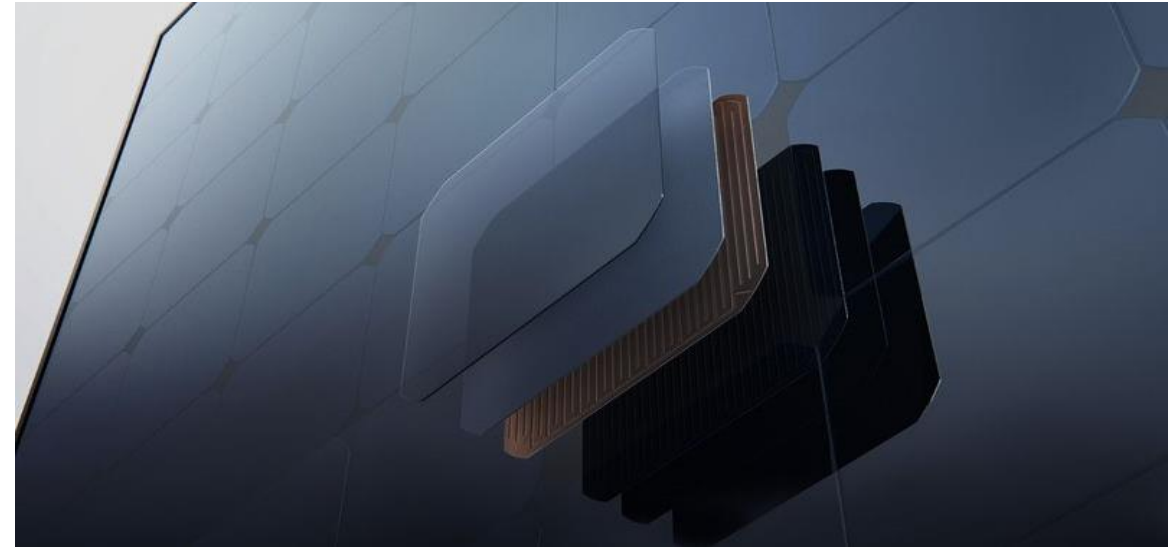
>200 MW of SPWR modules to be now deployed in 2019 as safe harbor inventory

- Additional volume through 2021
- Supply chain certainty and quality assurance given SPWR modules
- Module production and supply chain activities under way

Minimal use of SPWR Capital

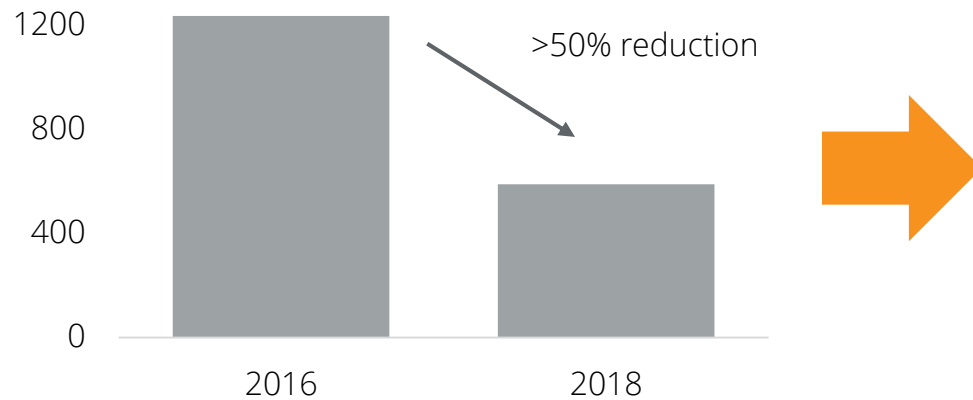
- On going discussions to finance inventory

Safe harbor included in current 2019 guidance



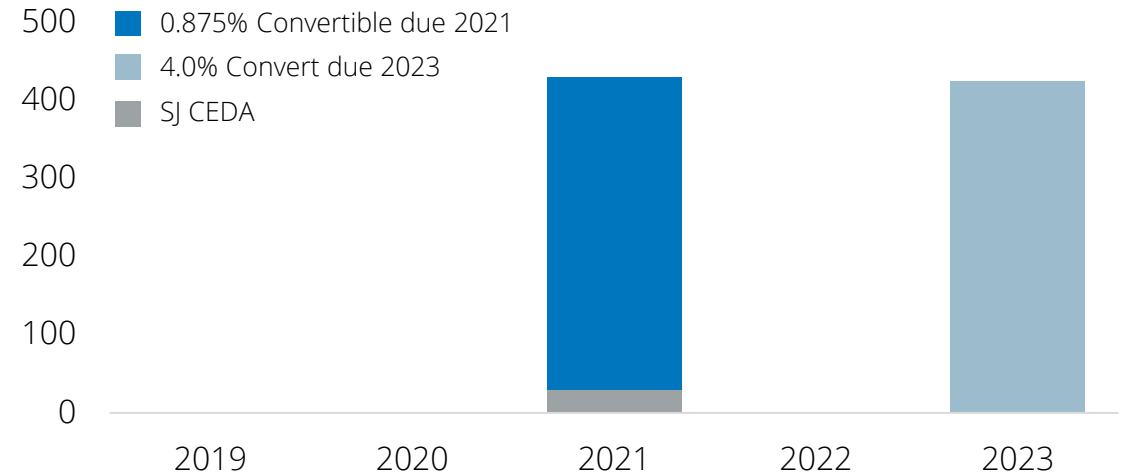
Deleveraging the Balance Sheet

Net Debt¹



LC Exposure **\$294** **\$61**

Corporate Debt Maturity Schedule

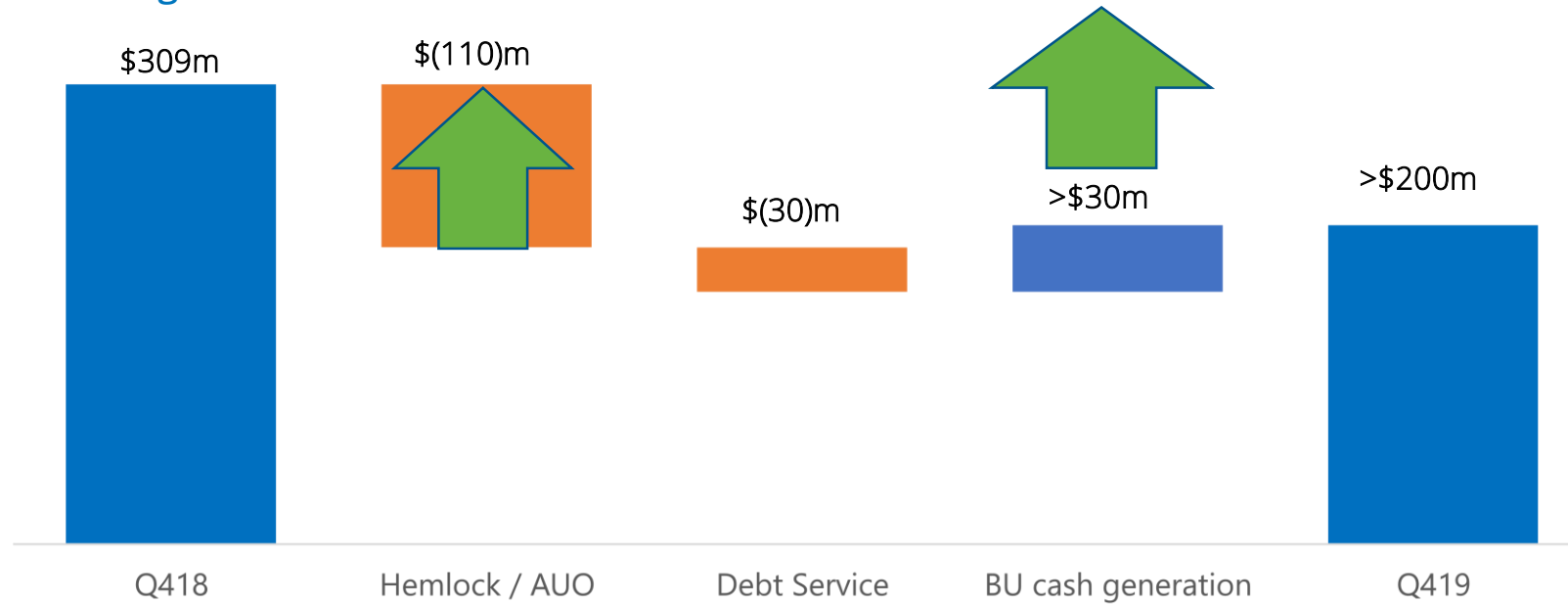


- Materially lowered net debt and simplified balance sheet
- Nearing end point of legacy poly contract and other obligations
- Strong operational execution to support liability management

¹ Net debt comprises of total debt net of cash and cash equivalents

Business Units to Generate Operating Cash in 2H'19

2019 Cash Bridge



- Nearing end point of legacy poly contract and other obligations
- Investing in Maxeon 5 (NGT)

1. Includes Hemlock poly obligation
2. Includes NGT capex spend and minimal capital needs to Safe Harbor inventory

On Track to Achieve Target Model

	February earnings call	3/27/19 Update
GW Deployed	1.9 – 2.1 GW	Plus safe harbor volume
GAAP Revenue	\$1.8 - \$1.9 billion	Affirmed
Non-GAAP Revenue	\$1.9 - \$2.0 billion	Affirmed
Non-GAAP Opex	<\$280m	<\$270m
Adjusted EBITDA	\$80-\$110m	Affirmed
Capital Expenditures	~\$75m	~\$65m
BU Operating Cash	2 nd half break even	2nd half generation
Storage	Deploying Commercial	+ Residential in 2H'19
NGT deployment	100 MW	Initial ramp started Q1

SPWR Target Model

	SPT	SPES C&I	SPES Resi	SPWR
Revenue Growth (CAGR)	10-20%	10-20%	10-20%	10-20%
Gross Margin	>15%	>15%	>20%	~20%
Opex	<7%	<10%	<10%	<10%
Adjusted EBITDA	>10%	7-10%	>10%	>10%