

SunRun

SunRun off to the races; 4Q23 print derisks volume, FY24 run rate cash guide

Reiterate Rating: BUY | PO: 21.00 USD | Price: 11.90 USD

Productive 4Q23 checks a lot of boxes; ready to inflect

We reiterate our Buy rating on residential solar and storage provider SunRun (RUN). We believe RUN's strong 4Q23 print and commentary should quell many previous concerns that have dampened early FY24 share performance. Street fears about 5-10% MW deployment declines were clearly misplaced, with RUN guiding flat MW deployments at the midpoint with contract replacement of Home Depot with Lowe's. RUN generated cash for the second consecutive quarter and affirmed its target for run-rate cash generation of \$200-500mn annually exiting 2024, signaling sustained cash generation alongside the residential solar recovery in FY24 and FY25. The announcement of \$475mn of convertible senior notes was met with skepticism by some investors but is essentially a refi to replace outstanding converts and extend maturity to 2030, further derisking the story. We view the issuance as a net positive for the story and not indicative of run rate parent capital activity or needs. On the contrary, we see growth and cash visibility driving an inflection in shares as attention shifts from discussion of maturities to operating progress underpinned by hardware cost deflation and ITC (investment tax credit) adder value arising in 2024.

Renewal value an emerging but premature bear thesis

Many investors have focused on mgmt's offer to PPA (power purchase agreement) subscribers the option to renew their contracts prior to maturity. They appear eager to extend and renew in an effort to reduce the meaningful portion of Net Earnings Assets tied to renewal. On balance, the ~75% extension rate relative to baseline assumptions in materials has received the most cautious reaction to results. Admittedly we still expect contract renewals to increase considering they are being done relatively early for customers not pursuing renewal immediately tied to outright cash acquisitions vs those anticipating moving, and ultimately those simply electing to wait. We don't read this cautiously. Debate remains squarely on capital needs vs conceptual renewal questions.

PO \$20; +60% implied upside, still an interest rate play

We update our estimates for newly issued guidance and roll forward our valuation but keep our assumptions for borrowing and discount rates unchanged, although we ultimately view RUN's risk profile as meaningfully improved with the 4Q23 print. We now estimate DevCo value of \$11/sh and PowerCo Value and net cash of \$9/sh. This primarily reflects more robust storage attachment rates and scaling of ITC adders and hardware cost deflation, partially offset by lower advance rates (we assume 80% going forward versus current advance rates of 77%-82%). Rate cut deliberations will drive vol.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	(0.39)	0.79	(2.06)	(4.71)	(4.85)
EPS Change (YoY)	68.5%	NM	NM	-128.6%	-3.0%
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	NM	15.1x	NM	NM	NM
EV / EBITDA*	NM	NM	NM	452.1x	178.3x
Free Cash Flow Yield*	-95.8%	-109.4%	-131.2%	-152.8%	-155.4%

* For full definitions of *IQmethod*SM measures, see page 9.

26 February 2024

Equity

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Stock Data

Price	11.90 USD
Price Objective	21.00 USD
Date Established	23-Feb-2024
Investment Opinion	C-1-9
52-Week Range	8.43 USD - 25.80 USD
Mkt Val (mn) / Shares Out (mn)	2,613 USD / 219.6
Free Float	97.0%
Average Daily Value (mn)	177.76 USD
BofA Ticker / Exchange	RUN / NAS
Bloomberg / Reuters	RUN US / RUN.OQ
ROE (2023E)	-7.5%
Net Dbt to Eqty (Dec-2022A)	95.1%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

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Timestamp: 26 February 2024 05:18PM EST

iQprofileSM SunRun

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	-4.1%	-3.5%	-3.9%	-2.6%	-2.1%
Return on Equity	-1.3%	2.7%	-7.5%	-21.4%	-27.2%
Operating Margin	-41.4%	-28.5%	-36.3%	-25.4%	-21.1%
Free Cash Flow	(2,503)	(2,860)	(3,429)	(3,993)	(4,062)

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	NM	-4.9x	NM	NM	NM
Asset Replacement Ratio	4.4x	4.5x	5.0x	4.7x	5.0x
Tax Rate	NM	NM	0.8%	0.8%	0.8%
Net Debt-to-Equity Ratio	79.2%	95.1%	145.6%	155.6%	160.2%
Interest Cover	-2.0x	-1.5x	-1.3x	-0.8x	-0.6x

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	1,610	2,321	2,260	2,441	2,687
% Change	74.6%	44.2%	-2.7%	8.0%	10.1%
Gross Profit	244	299	163	255	313
% Change	36.8%	22.2%	-45.4%	56.4%	22.7%
EBITDA	(278)	(211)	(289)	35	89
% Change	-25.2%	24.1%	-36.9%	NM	153.6%
Net Interest & Other Income	(305)	(185)	(717)	(850)	(954)
Net Income (Adjusted)	(79)	173	(446)	(1,024)	(1,052)
% Change	54.2%	NM	NM	-129.2%	-2.7%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(981)	(850)	(1,525)	(1,459)	(1,509)
Depreciation & Amortization	388	451	532	656	656
Change in Working Capital	(485)	(411)	(195)	(237)	(102)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	260	(39)	368	117	123
Capital Expenditure	(1,686)	(2,011)	(2,608)	(3,071)	(3,231)
Free Cash Flow	-2,503	-2,860	-3,429	-3,993	-4,062
% Change	-94.4%	-14.2%	-19.9%	-16.5%	-1.7%
Share / Issue Repurchase	0	0	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	1,609	1,850	2,141	2,280	2,331

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	850	953	988	1,434	1,981
Trade Receivables	146	214	172	214	299
Other Current Assets	551	931	723	1,044	1,111
Property, Plant & Equipment	57	67	149	170	191
Other Non-Current Assets	14,878	17,104	18,419	20,813	23,367
Total Assets	16,483	19,269	20,450	23,675	26,948
Short-Term Debt	208	186	586	586	586
Other Current Liabilities	804	970	902	944	909
Long-Term Debt	6,638	8,548	10,471	12,751	15,081
Other Non-Current Liabilities	1,260	1,387	1,577	1,660	1,746
Total Liabilities	8,911	11,090	13,536	15,942	18,323
Total Equity	7,573	8,179	6,914	7,651	8,544
Total Equity & Liabilities	16,483	19,269	20,450	23,592	26,866

* For full definitions of iQmethodSM measures, see page 9.

Company Sector

Alternative Energy

Company Description

Founded in 2007, SunRun finances, installs and services solar power arrays on customer premises. The company acquires customers directly as well as through a partnership model. The majority of the company's solar installations are leased from SunRun by its customers, with a smaller portion of the business comprised of systems sold to customers outright.

Investment Rationale

We rate RUN Buy seeing underappreciated attribution to future value creation and prospective renewal value reflected in the shares. While we observe a confluence of current macro headwinds, we note RUN's history on execution navigating a series of policy headwinds in the past. We are encouraged by the strong FY24 guide and progress toward sustained cash generation.

Stock Data

Average Daily Volume 14,938,200

Quarterly Earnings Estimates

	2022	2023
Q1	-0.42A	-1.12A
Q2	-0.06A	0.25A
Q3	0.95A	-4.92A
Q4	0.29A	-1.60E

Nice 4Q23 print despite Street reaction

RUN's share price declined 22% after reporting 4Q23 earnings, which we largely attribute to the Street reacting to the announcement of \$475mn of convertible debt maturing 2030 to retire the existing convertible debt maturing in 2026. Still, we think RUN's 4Q23 report was net positive to the overall story: RUN's MW deployment guide came in ahead of BofAe and Street expectations and the company recommitted to its run-rate \$200-\$500mn cash generation guide exiting 2024. Net subscriber value rose to \$13.4K, or \$15.3K on a pro forma basis when including potential ITC adder value and equipment cost deflation.

We stress improving metrics and a beat on the core business were notable, but the Street remains quite fixated on FCF needs and wider concerns about where capital markets are for SunPower. While the nuances of RUN and NOVA's finances attract many solar finance aficionados to debate the discrete merits, the wider fate of SunPower (and failure of other dealers) appears to be having a greater impact on financing partners than we initially appreciated. On balance, an improvement in cash flow off the \$11mn this quarter couldn't come soon enough. Market concerns about liquidity are clearly back, led by capital market actions. The roll forward of RUN's maturity profile (despite the refinancing of its existing 0% coupon converts) is defensive in nature but should help quell the market's most acute concerns about extending the runway. Many were not expecting said actions; hence the cautious reaction, in our view.

The big picture in our view is about 2024 and IRA.

We remain broadly comfortable with RUN's ability to ramp FCF thru 2H. This should work to counteract concerns across the market about cash. Potential timing of this inflection is good. In related developments, finalization of domestic content regulation from the IRS is likely in ~2Q and corresponding expansion of domestic content-enabling products should add latitude to the business model. We see the ~34% assumption reflected with an ability to scale this further as quite appealing. We're bullish that RUN can avoid the worst of what is feared and emerge intact. Yes, the doldrums for resi solar could last months as more dealers and installers face cash flow issues through the 1H recovery. Yes, the headlines will persist, but no, we're not shaken in our underlying confidence in RUN's ability to turn it around this year in 2H. The 4% coupon on the convert off the \$475mn is still only \$19mn relative to total FCF run-rate guide of \$200-500mn exiting '24.

The bigger issue is the fate of any developments associated with IRA (Inflation Reduction Act). This is rightly a concern for investors. For every reason that we are watching a scaling in energy communities and domestic contents adders to bolster cash is every reason shares could be particularly volatile about any potential tweaks in regulations. We perceive it's not just the turnover of the IRA regulations themselves that investors will watch (we're not particularly concerned), but rather the nuances of how IRA is enacted that matters. We think executive branch and IRS tweaks to rules under any future administration will be enormously important. Investors will likely discount any real recovery in shares until '25 pending real clarity starts to take shape.



Exhibit 1: RUN performance trails ICLN over last year

Excluding a brief period in late December and early January, RUN has consistently trailed ICLN; relative performance matches interest rate deliberations



Source: Bloomberg

BofA GLOBAL RESEARCH

The convertible debt issuance: complicated, but prudent

While we certainly did not expect a corporate capital raise with the announcement, we see several factors having coalesced to justify prudence about the issuance. First, discussions of the upcoming February 2026 convertible debt maturity have dominated much of the conversation on SunRun (similarly to peer Sunnova Energy's convertible debt maturing December 2026). Given investor focus specifically on the cash generation schedule (recall, annual run-rate \$200mn exiting 4Q24), repayment of the converts using cash expected to be generated in 2025 could ultimately elevate the risk profile of the maturity, and as such RUN decided to be proactive in extending the maturity. Further, the irony of the opportunity to repurchase the convertible notes now is that, while RUN's current cash generation is modest, the bonds are more likely to be attractively priced for purchase now versus when the company becomes more visibly cash generative in 4Q24, in a sense creating incentive to act now versus waiting on organic business cash flows. Second, given continued consternation over the health of the residential solar industry, as well as the status of SunRun's current working capital facility coming due in 2025 that bears a higher interest rate than that of the converts, RUN ultimately determined its most prudent use of capital was to derisk liquidity and minimize borrowing costs in addition to pushing out maturities.

While investors seemed to interpret convertible issuance as additive to the existing issue, we view the issuance as pure refinancing of the prior issuance given management's view that proceeds should be applied in a manner where the impact to outstanding debt is approximately neutral. In this case, we see the issuance more in the vein of derisking the story rather than indicating reliance on additional parent capital. RUN disclosed that \$83mn of the net proceeds from the offering were used to purchase \$97.5mn aggregate principle of the 0% convertible senior notes due 2026 and intends to engage in further transactions so as to reduce the issue in a programmatic fashion.

Updating model for stronger cost structure, flat 2024 MW

We have made two primary changes to our model following 4Q23 earnings. First, we have adjusted our assumption for MW deployments in FY24 to be flat versus our prior estimate of down -8% YoY. Our prior estimate had embedded the assumption that RUN would be losing some single-digit percentage of sales from the lapse of its retail presence in Home Depot, yet the company's announcement with results provided an update that Home Depot-dedicated personnel would be relocated to Lowe's, where the company believes there is a stronger and more sustainable economic proposition for originations. Even stripping out this assumption, RUN's FY24 growth guidance exceeded our expectations and, in our view, meaningfully enhances the story heading into the beginning of a protracted recovery for the broader residential solar space.

Exhibit 2: BofA growth expectations

Now forecasting flat FY24 MW deployments; growth steady for next few years at 5% annually

	2021	2022	1Q23	2Q23	3Q23	4Q23	2023E	1Q24E	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E
Total New MWs	792	991	240	297	258	227	1,022	170	282	284	284	1,020	1,071	1,122
growth	31%	25%	12%	20%	1%	-18%	3%	-29%	-5%	10%	25%	0%	5%	9%
Guidance	30%	20%+				0.3	20%+							
MW's Leased	643	715	188	247	229	208	872	145	240	242	242	870	914	958
% share	81%	72%	78%	83%	89%	92%	85%	85%	85%	85%	85%	85%	85%	85%
System sales	149	276	52	50	29	19	150	25	41	42	42	150	157	164
% share	19%	28%	22%	17%	11%	8%	15%	15%	15%	15%	15%	15%	15%	15%
Total	792	991	240	297	258	227	1,022	170	282	284	284	1,020	1,071	1,122
New Customers	110,234	136,985	32,413	39,755	33,806	30,005	135,979	22,659	37,503	37,800	37,780	135,742	142,529	149,000
growth	30.4%	24%	10%	16%	-5%	-20%	-1%	-30%	-6%	12%	26%	0%	5%	9%
New Subscribers	88,834	99,497	25,154	32,389	29,303	27,000	113,846	18,971	31,399	31,647	31,631	113,648	119,330	125,000
Cumulative Customers	660,311	797,296	829,709	869,464	903,270	933,275	933,275	955,934	993,437	1,031,237	1,069,017	1,204,760	1,347,289	1,496,289

Source: BofA Global Research estimates, Company filings, Bloomberg

BofA GLOBAL RESEARCH

On the cost side, RUN expects net subscriber value to benefit meaningfully from 2Q24 onward as fixed cost absorption seasonally improves and stronger storage mix drive significant improvements in per-unit economics. Further, hardware cost deflation is anticipated to drive a \$1,046 benefit to lower creation cost in future periods due to more efficient equipment procurement activities. We see further upside from ITC adder value beginning in 2024 and rising in future periods. Creation costs in our updated model are actually higher than previously due to a higher storage attachment mix (now scaling up to 75% in the late-2020s), although this is offset by higher project value per watt. We have also nudged up our still-conservative blended ITC recognition in 2024 to 32% from 30% prior. Also, we adjusted our go-forward assumption for advance rates to 80% versus 85% prior, reflecting what management is currently viewing to be 77%-82% observed advance rates in the market.

Valuation: shares attractive after selling off

We make no change to our \$20 PO and continue to evaluate RUN with the same methodology as before, though rolled forward to account for FY1 of 2024. We attribute value to RUN in two pieces: the PowerCo and DevCo. Our PowerCo attribution of \$9/sh represents a -\$1/sh decline from prior, primarily reflecting lower net cash. We use a DCF of existing home contracts benchmarked against an unchanged 15% discount rate for the non-cash PowerCo attribution. For DevCo, we attribute \$11/sh of value versus \$10/sh prior, reflecting stronger growth prospects and rising benefits from ITC adders and lower hardware costs over the planning period. We continue to discount future cash flows at a 15% discount rate and apply a 6x terminal value multiple on 2030 NPV discounted back to 2024. Overall, we view shares as particularly attractive given the recent sell-off and prospects for RUN to strengthen throughout the year as visibility toward hardware deflation and ITC adder clarity improves. We believe current share levels are overly cautious and expect a line of sight to sustained cash generation approaching the magnitude of \$200mn run-rate annually by 4Q24 would meaningfully propel shares higher.



Exhibit 3: RUN SOTP

PO still \$20; \$9/sh for existing book and cash, and \$11/sh for growth

**SunRun: Consolidated Sum of the Parts
Valuation****Power Co (Retained Lease Value) - as of 4Q23 (at 10% Unlevered Discount Rate)**

NPV (\$Mn)

Levered FCF Contract Period - RUN (incl. VSLR)

\$256

Total Power Co

\$256

	Growth Estimates and Unlevered PV-5 (NPV/W)			Levered PV-10 (Contracted)			Contracted Value Creation				
	MW Leased	YoY Growth	NPV/W Unlevered PV-5	Solar	Storage	SBC & R&D	NPV (\$Mn)- Pre Discount	Storage NPV - Pre Discount	NPV % Storage	NPV (\$Mn)- Discounted	Contracted
Dev Co @ 15% Discount Rate											
DevCo 2024: NPV (Consolidated)	870	-	1.20	0.21	0.23	(0.12)	\$279	\$198	41%	\$211	\$88
DevCo 2025: NPV (Consolidated)	914	5%	1.40	0.37	0.27	(0.10)	\$495	\$248	33%	\$325	\$109
DevCo 2026: NPV (Consolidated)	959	5%	1.38	0.37	0.26	(0.10)	\$506	\$252	33%	\$290	\$96
DevCo 2027: NPV (Consolidated)	998	4%	1.39	0.41	0.25	(0.10)	\$559	\$251	31%	\$278	\$86
DevCo 2028: NPV (Consolidated)	1,028	3%	1.32	0.40	0.21	(0.10)	\$529	\$219	29%	\$229	\$67
DevCo 2029: NPV (Consolidated)	1,048	2%	1.28	0.40	0.19	(0.11)	\$507	\$201	28%	\$190	\$54
										Terminal Value Multiple 6.0x	
DevCo 2030: NPV (Consolidated)	1,069	2%	\$1.25	\$0.39	\$0.18	(\$0.11)	\$491	\$189		\$963	\$371
Total Post DevCo Value										\$2,485.95	\$578.34

Current Cash Balance (as of 4Q23)

\$952

Construction in Progress (as of 4Q23)

\$789

Total Equity Value Per Share

\$4,783.63

Equity Value Summary

% Storage

Total PowerCo Value (Incl. Renewal) + Net Cash**Total DevCo Value**

\$2,486

23%

\$578

Total Equity Value Per Share (Contracted)

Source: BofA Global Research estimates, Company filings, Bloomberg

BofA GLOBAL RESEARCH

Price objective basis & risk

SunRun (RUN)

We arrive at our \$20/share price objective in two pieces: PowerCo and DevCo. Our PowerCo attribution of \$9/sh reflects the DCF of existing home contracts benchmarked against a 15% discount rate plus net cash / debt at the corporate level. We use a DevCo attribution of \$11/sh, reflecting DCF of future years of subscribing new customers benchmarked to a 15% discount rate. We discount the value creation of the future years of subscribing customers at a 15% discount rate and apply an 6x terminal value multiple on our 2030E NPV discounted back to 2024. We net out holding company recourse debt and cash within our PowerCo valuation.

Downside risks: are associated with the ability to meet cost reduction expectations, MW deployment guidance, Net Energy Metering (NEM), and access to debt capital markets given the highly leveraged strategy employed.

Analyst Certification

I, Julien Dumoulin-Smith, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	MDU Resources Group, Inc.	MDU	MDU US	Julien Dumoulin-Smith
	Nextrackr Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Energy Group	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith
	Vistra Corp	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
NEUTRAL				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Paul Zimbardo
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Paul Zimbardo



North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	AltaGas	YALA	ALA CN	Cameron Lochridge
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Emera Inc	YEMA	EMA CN	Julien Dumoulin-Smith
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVERG	EVERG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Julien Dumoulin-Smith
	TransAlta Corporation	YTA	TA CN	Julien Dumoulin-Smith
UNDERPERFORM				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith
RSTR				
	New Fortress Energy	NFE	NFE US	Cameron Lochridge

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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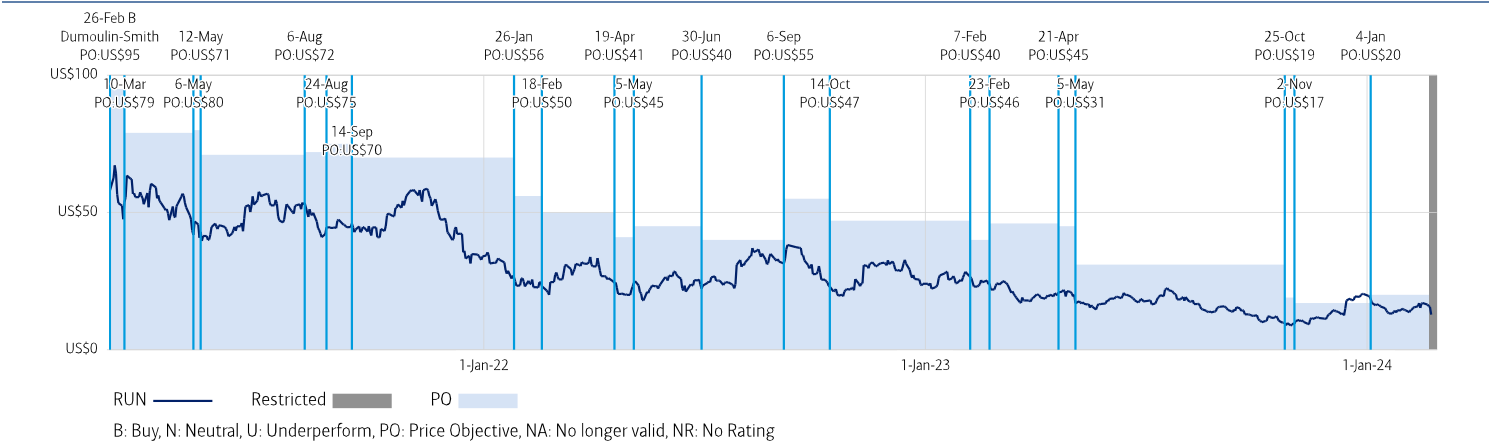
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SunRun (RUN) Price Chart



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Equity Investment Rating Distribution: Alternative Energy Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	8	47.06%	Buy	8	100.00%
Hold	5	29.41%	Hold	3	60.00%
Sell	4	23.53%	Sell	1	25.00%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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