
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 8, 2018

Vivint Solar, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36642

45-5605880
(IRS Employer
Identification No.)

1800 West Ashton Blvd.
Lehi, UT
(Address of Principal Executive Offices)

(Commission File Number)

84043
(Zip Code)

Registrant's telephone number, including area code: (877) 404-4129

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On May 8, 2018, Vivint Solar, Inc. (the “Company”) issued a press release reporting its financial results for the first quarter ended March 31, 2018. A copy of the press release is furnished herewith as Exhibit 99.1.

The Company makes reference to non-GAAP financial measures in the press release, and includes information regarding such measures in the press release.

The Company also posted a memorandum to the investors section of its website outlining the Company’s methodology for estimating its cost per watt for installing solar energy systems that has been updated for its financial results for the first quarter ended March 31, 2018.

The information furnished in this Current Report under Item 2.02 and the exhibit attached hereto shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01

Financial Statements and Exhibits.

(d) Exhibits.

Pursuant to the rules and regulations of the Securities and Exchange Commission, the attached exhibit is deemed to have been furnished to, but not filed with, the Securities and Exchange Commission:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Vivint Solar, Inc. press release dated May 8, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Vivint Solar, Inc.

By: /s/ DANA RUSSELL
Dana Russell
Chief Financial Officer
and Executive Vice President

Date: May 8, 2018

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Vivint Solar, Inc. press release dated May 8, 2018



VIVINT SOLAR REPORTS FIRST QUARTER 2018 RESULTS

LEHI, Utah, May 8, 2018 -- Vivint Solar (NYSE: VSLR), today announced financial results for the first quarter ended March 31, 2018.

First Quarter 2018 Operating Highlights

Key operating and development highlights include:

- MW Booked of approximately 52 MWs for the quarter.
- MW Installed of approximately 40 MWs for the quarter. Total cumulative MWs installed were approximately 905 MWs.
- Installations were 5,813 for the quarter. Cumulative installations were 132,643.
- Estimated Retained Value increased by approximately \$77 million during the quarter to approximately \$1.7 billion. Estimated Retained Value per Watt at quarter end was \$2.02.
- Cost per Watt was \$3.15, an increase from \$2.95 in the fourth quarter of 2017 and an increase from \$2.98 in the first quarter of 2017.

Financing Activity

As of March 31, 2018, the company had \$200 million in undrawn capacity in the aggregation facility and approximately 29 MWs of available installation capacity remaining in its tax equity funds. Subsequent to quarter end, the company closed a new tax equity partnership with a \$101 million commitment that will fund the installation of approximately 64 MWs with a new tax equity investor.

Summary First Quarter 2018 Financial Results

\$ amounts in millions, except per share data

	Three Months Ended March 31,		
	2018	2017	YoY
Revenue:			
Operating leases and incentives	\$ 31.1	\$ 30.4	up 2%
Solar energy system and product sales	37.1	22.7	up 63%
Total Revenue	68.3	53.1	up 28%
Cost of revenue:			
Operating leases and incentives	38.7	35.1	up 10%
Solar energy system and product sales	26.0	18.7	up 40%
Total cost of revenue	64.7	53.7	up 20%
Gross profit (loss)	3.5	(0.6)	up 667%
Loss from Operations	(28.1)	(31.1)	up 10%
Net (loss) income	\$ (13.0)	\$ 13.3	down 198%
Net (loss) income per diluted share	\$ (0.11)	\$ 0.11	down 200%
Non-GAAP net loss per share	\$ (0.53)	\$ (0.50)	down 6%

Note: Totals may not sum due to rounding.

Guidance for the Second Quarter 2018

The following statements are based on current expectations. These statements are forward-looking, and actual results may differ materially. These statements supersede all prior statements regarding projected 2018 financial results.

For the second quarter of 2018, Vivint Solar expects:

- MW Installed: 45 to 48 MWs
- Cost per Watt: \$3.05 - \$3.13

Earnings Conference Call

Vivint Solar will host an investor conference call and live webcast today, Tuesday, May 8, 2018, at 5:00 p.m. ET to discuss these financial results. To access the conference call, dial 1.866.393.4306 or 1.734.385.2616 for international callers. The conference ID is 233 7889. A listen-only webcast will be accessible on the investor relations page of the company's website at investors.vivintsolar.com/ and will be archived and available on this site until May 31, 2018. Participants should follow the instructions provided on the website to download and install the necessary audio applications in advance of the call. In addition, the earnings presentation slides will be available on the investor

relations page of the site by 5:00 p.m. ET along with this press release and the financial information discussed on today's conference call at investors.vivintsolar.com/.

About Vivint Solar

Vivint Solar is a leading full-service residential solar provider in the United States. With Vivint Solar, customers can power their homes with clean, renewable energy and typically achieve significant financial savings over time. Offering integrated residential solar solutions for the entire customer lifecycle, Vivint Solar designs and installs the solar energy systems for its customers, and offers monitoring and maintenance services. In addition to being able to purchase a solar energy system outright, customers may benefit from Vivint Solar's affordable, flexible financing options, power purchase agreements, or lease agreements, where available. For more information, visit www.vivintsolar.com or follow @VivintSolar on Twitter.

Note on Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995, including statements regarding Vivint Solar's guidance for Megawatts Installed and Cost per Watt, installation capacity remaining in tax equity funds, growth prospects, and operating and financial results, such as estimates of nominal contracted payments remaining, estimated retained value, and estimated retained value per watt, including the assumptions related to the calculation of the foregoing metrics.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Forward-looking statements should not be read as a guarantee of future performance or results, and they will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. These statements are based on current expectations and assumptions regarding future events and business performance as of the date of this press release, and they are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements, including but not limited to: the availability of additional financing on acceptable terms; changes in the retail price of traditional utility generated electricity; changes in electric utility policies and regulations; the availability of rebates, tax credits and other incentives, including solar renewable energy certificates, or SRECs, and other federal and state incentives; regulations and policies related to net metering; changes in regulations, tariffs and other trade barriers and tax policy affecting us and our industry; our ability to manage growth, product offering mix, and costs effectively, including attracting, training and retaining sales personnel and solar energy system installers; the availability and price of solar panels and other system components, the assumptions employed in calculating our operating metrics may be inaccurate; and such other risks identified in the registration statements and reports that Vivint Solar files with the U.S. Securities and Exchange Commission, or SEC, from time to time. Although we believe that the expectations reflected in the forward-looking

statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances reflected in those statements will be achieved or will occur, and actual results could differ materially from those anticipated or implied in the forward-looking statements. Except as required by law, Vivint Solar does not undertake and expressly disclaims any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. You should read the documents Vivint Solar has filed with the SEC for more complete information about the company. These documents are available on both the EDGAR section of the SEC's website at www.sec.gov and the Investor Relations section of the company's website at investors.vivintsolar.com/.

Vivint Solar, Inc.
Condensed Consolidated Unaudited Balance Sheets
(In thousands)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 78,466	\$ 108,452
Accounts receivable, net	18,236	19,665
Inventories	15,790	22,597
Prepaid expenses and other current assets	22,234	34,049
Total current assets	134,726	184,763
Restricted cash and cash equivalents	47,773	46,486
Solar energy systems, net	1,727,479	1,673,532
Property and equipment, net	13,315	15,078
Intangible assets, net	725	862
Prepaid tax asset, net	—	505,883
Other non-current assets, net	41,763	37,325
TOTAL ASSETS	\$ 1,965,781	\$ 2,463,929
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY		
Current liabilities:		
Accounts payable	\$ 40,751	\$ 40,736
Accounts payable—related party	529	163
Distributions payable to non-controlling interests and redeemable non-controlling interests	7,501	16,437
Accrued compensation	19,890	20,992
Current portion of long-term debt	13,566	13,585
Current portion of deferred revenue	24,255	41,846
Current portion of capital lease obligation	3,439	4,166
Accrued and other current liabilities	25,989	29,675
Total current liabilities	135,920	167,600
Long-term debt, net of current portion	959,187	925,964
Deferred revenue, net of current portion	11,311	29,200
Capital lease obligation, net of current portion	1,226	1,599
Deferred tax liability, net	356,984	342,382
Other non-current liabilities	12,623	13,674
Total liabilities	1,477,251	1,480,419
Commitments and contingencies		
Redeemable non-controlling interests	130,107	122,444
Stockholders' equity:		
Common stock	1,153	1,151
Additional paid-in capital	562,962	559,788
Accumulated other comprehensive income	13,694	6,905
(Accumulated deficit) retained earnings	(277,015)	213,107
Total stockholders' equity	300,794	780,951
Non-controlling interests	57,629	80,115
Total equity	358,423	861,066
TOTAL LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND EQUITY	\$ 1,965,781	\$ 2,463,929

Vivint Solar, Inc.
Condensed Consolidated Unaudited Statements of Operations
(In thousands, except per share data)

	Three Months Ended March 31,	
	2018	2017
Revenue:		
Operating leases and incentives	\$ 31,114	\$ 30,389
Solar energy system and product sales	37,136	22,725
Total revenue	68,250	53,114
Cost of revenue:		
Cost of revenue—operating leases and incentives	38,687	35,070
Cost of revenue—solar energy system and product sales	26,045	18,665
Total cost of revenue	64,732	53,735
Gross profit (loss)	3,518	(621)
Operating expenses:		
Sales and marketing	11,125	8,818
Research and development	486	896
General and administrative	19,851	20,579
Amortization of intangible assets	136	140
Total operating expenses	31,598	30,433
Loss from operations	(28,080)	(31,054)
Interest expense	16,922	14,721
Other (income) expense, net	(2,261)	276
Loss before income taxes	(42,741)	(46,051)
Income tax expense	18,643	9,401
Net loss	(61,384)	(55,452)
Net loss attributable to non-controlling interests and redeemable non-controlling interests	(48,408)	(68,744)
Net (loss attributable) income available to common stockholders	\$ (12,976)	\$ 13,292
Net (loss attributable) income available per share to common stockholders:		
Basic	\$ (0.11)	\$ 0.12
Diluted	\$ (0.11)	\$ 0.11
Weighted-average shares used in computing net (loss attributable) income available per share to common stockholders:		
Basic	115,155	110,765
Diluted	115,155	116,398

Vivint Solar, Inc.
Condensed Consolidated Unaudited Statements of Cash Flows
(In thousands)

	Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (61,384)	\$ (55,452)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	16,307	14,162
Amortization of intangible assets	136	140
Deferred income taxes	18,969	36,125
Stock-based compensation	2,969	3,922
Loss on solar energy systems and property and equipment	570	2,025
Non-cash interest and other expense	2,007	2,126
Reduction in lease pass-through financing obligation	(687)	(649)
(Gains) losses on interest rate swaps	(2,262)	276
Changes in operating assets and liabilities:		
Accounts receivable, net	1,429	(4,481)
Inventories	6,807	(2,115)
Prepaid expenses and other current assets	11,746	27,901
Prepaid tax asset, net	—	(24,181)
Other non-current assets, net	385	(3,861)
Accounts payable	374	641
Accrued compensation	(2,351)	(1,763)
Deferred revenue	(9,083)	2,109
Accrued and other liabilities	(103)	6,473
Net cash (used in) provided by operating activities	<u>(14,171)</u>	<u>3,398</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the cost of solar energy systems	(72,208)	(75,140)
Payments for property and equipment	(40)	(278)
Proceeds from disposals of solar energy systems and property and equipment	775	171
Net cash used in investing activities	<u>(71,473)</u>	<u>(75,247)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from investment by non-controlling interests and redeemable non-controlling interests	42,771	58,560
Distributions paid to non-controlling interests and redeemable non-controlling interests	(18,122)	(15,027)
Proceeds from long-term debt	40,000	253,750
Payments on long-term debt	(7,748)	(141,159)
Payments for debt issuance and deferred offering costs	—	(10,430)
Proceeds from lease pass-through financing obligation	852	852
Principal payments on capital lease obligations	(1,015)	(1,196)
Proceeds from issuance of common stock	207	147
Net cash provided by financing activities	<u>56,945</u>	<u>145,497</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS	(28,699)	73,648
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS—Beginning of period	154,938	123,439
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED AMOUNTS—End of period	<u>\$ 126,239</u>	<u>\$ 197,087</u>

Vivint Solar, Inc.
Key Operating Metrics

	<u>March 31,</u> <u>2018</u>	<u>Three Months Ended</u> <u>December 31,</u> <u>2017</u>	<u>March 31,</u> <u>2017</u>
Installations	5,813	6,467	6,581
Megawatts installed	40.4	44.6	45.8
Cumulative installations	132,643	126,830	106,179
Cumulative megawatts installed	905.3	864.9	726.9
Estimated nominal contracted payments remaining (in millions)	\$ 3,128.2	\$ 3,021.6	\$ 2,691.9
Estimated retained value under energy contracts (in millions)	\$ 1,295.7	\$ 1,238.0	\$ 1,068.3
Estimated retained value of renewal (in millions)	\$ 396.6	\$ 377.1	\$ 317.4
Estimated retained value (in millions)	\$ 1,692.3	\$ 1,615.1	\$ 1,385.7
Estimated retained value per watt	\$ 2.02	\$ 2.00	\$ 1.97

Sensitivity Analysis for Retained Value

The following table provides quantitative sensitivity analysis of our estimate of retained value of solar energy systems under contracts as of March 31, 2018, including both the contracted and estimated renewal portion, at a range of discount rates (retained value amounts in millions):

	<u>4%</u>	<u>6%</u>	<u>8%</u>
Estimated retained value under energy contracts	\$ 1,541.0	\$ 1,295.7	\$ 1,102.6
Estimated retained value of renewal	617.0	396.6	257.8
Total estimated retained value	<u>\$ 2,158.0</u>	<u>\$ 1,692.3</u>	<u>\$ 1,360.4</u>

Non-GAAP Earnings per Share (EPS) Before Non-controlling Interests

We report GAAP EPS, which is based upon net (loss attributable) income available to common stockholders. We also report non-GAAP EPS. The difference between GAAP EPS and non-GAAP EPS is that non-GAAP EPS is based on net loss, which excludes net loss attributable to non-controlling interests and redeemable non-controlling interests. As we are in a net loss position for all periods reported, potentially issuable shares are excluded from the diluted EPS calculation since the effect would be antidilutive. Therefore, basic and diluted non-GAAP EPS are the same in each period presented.

Under GAAP accounting, we report net loss attributable to non-controlling interests and redeemable non-controlling interests to reflect our joint venture fund investors' allocable share in the results of these joint venture investment funds. Net loss attributable to non-controlling interests and redeemable non-controlling interests is calculated based primarily on the hypothetical liquidation at book value, or HLBV, method, which assumes that the joint venture funds are liquidated at the reporting date, even though liquidation may or may not ever occur. Additionally, the returns that will be allocated to the investors over the expected terms of the investment funds may differ significantly from the amounts calculated under the HLBV method. Accordingly, we also report non-GAAP EPS based on our losses before net loss attributable to non-controlling interests and redeemable non-controlling interests per share, which we view as a better measure of our operating performance. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP.

According to this definition, the non-GAAP loss before the allocation of loss attributable to non-controlling interests and redeemable non-controlling interests per share was (\$0.53) for the three months ended March 31, 2018.

Vivint Solar, Inc. Reconciliation from GAAP EPS to Non-GAAP EPS (In thousands, except per share data)

	March 31, 2018		Three Months Ended		March 31, 2017	
	Net Loss	EPS	Net Loss	EPS	Net Loss	EPS
Net (loss attributable) income available to common stockholders	\$ (12,976)	\$ (0.11)	\$ 13,292	\$ 0.12		
Net loss attributable to non-controlling interests and redeemable non-controlling interests	(48,408)	(0.42)	(68,744)	(0.62)		
Non-GAAP net loss	<u>\$ (61,384)</u>	<u>\$ (0.53)</u>	<u>\$ (55,452)</u>	<u>\$ (0.50)</u>		
Weighted-average shares used in computing net loss per share		<u>115,155</u>			<u>110,765</u>	

Glossary of Definitions

“ **Installations** ” represents the number of solar energy systems installed on customers’ premises.

“ **MWs or megawatts** ” represents the DC nameplate megawatt production capacity.

“ **MW Booked** ” represents the aggregate megawatt nameplate capacity of solar energy systems that were permitted during the period net of cancellations in the period.

“ **MW Installed** ” represents the aggregate megawatt nameplate capacity of solar energy systems for which panels, inverters, and mounting and racking hardware have been installed on customer premises in the period.

“ **Nominal Contracted Payments Remaining** ” equals the sum of the remaining cash payments that Vivint Solar’s customers are expected to pay over the term of their agreements for systems installed as of the measurement date. For a power purchase agreement, Vivint Solar multiplies the contract price per kilowatt-hour by the estimated annual energy output of the associated solar energy system to determine the estimated nominal contracted payments. For a customer lease, Vivint Solar includes the monthly fees and upfront fee, if any, as set forth in the lease.

“ **Retained Value** ” represents the net cash flows, discounted at 6%, that Vivint Solar expects to receive from customers pursuant to long-term customer contracts net of estimated cash distributions to fund investors and estimated operating expenses for systems installed as of the measurement date. For purposes of the calculation, Vivint Solar aggregates the estimated retained value from the solar energy systems during the typical 20-year term of Vivint Solar’s contracts, which Vivint Solar refers to as estimated retained value under energy contracts, and the estimated retained value associated with an assumed 10-year renewal term following the expiration of the initial contract term, which Vivint Solar refers to as estimated retained value of renewal. To calculate estimated retained value of renewal, Vivint Solar assumes all contracts are renewed at 90% of the contractual price in effect at the expiration of the initial term.

“ **Retained Value per Watt** ” is calculated by dividing the estimated retained value as of the measurement date by the aggregate nameplate capacity of solar energy systems under long-term customer contracts that have been installed as of such date, and is subject to the same assumptions and uncertainties as estimated retained value.

“ **Undeployed Tax Equity Financing Capacity** ” represents a forecast of the amount of megawatts that can be deployed based on committed available tax equity financing for energy contracts.

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