



## 3Q 2014 Earnings

November 5, 2014



**TerraForm**<sup>POWER</sup>  
a SunEdison company

# Safe Harbor

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With the exception of historical information, the matters disclosed in this presentation are forward-looking statements. Such statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Potential risks and uncertainties are described in the Company's filings with the Securities and Exchange Commission (SEC), including its Form S-1 and Form 10-Q for 3Q 2014, in addition to the risks and uncertainties described on page 3 of this presentation. These forward-looking statements represent the Company's judgment as of the date of this presentation. The Company disclaims, however, any intent or obligation to update these forward-looking statements.

This presentation also includes non-GAAP financial measures. You can find a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures in today's press release announcing our financial results, which press release is included as an exhibit to our Form 8-K filed today with the SEC and has been posted in the Investor Relations portion of our web site at [www.TerraForm.com](http://www.TerraForm.com).

# Forward-Looking Statements

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This release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks, uncertainties and assumptions, including with respect to expected Adjusted EBITDA, cash available for distribution, earnings, future growth and financial performance, and typically can be identified by the use of words such as “expect,” “estimate,” “anticipate,” “forecast,” “intend,” “project,” “target,” “plan,” “believe” and similar terms and expressions. Forward-looking statements are based on current expectations and assumptions. Although TerraForm Power believes that its expectations and assumptions are reasonable, it can give no assurance that these expectations and assumptions will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, among others: the failure of counterparties to fulfill their obligations under offtake agreements; price fluctuations, termination provisions and buyout provisions in offtake agreements; delays or unexpected costs during the completion of projects under construction; TerraForm Power’s ability to successfully identify, evaluate and consummate acquisitions from SunEdison, Inc. or third parties or changes in the anticipated timing of any acquisitions; government regulation; operating and financial restrictions under agreements governing indebtedness; TerraForm’s ability to borrow additional funds and access capital markets; TerraForm Power’s ability to compete against traditional and renewable energy companies; and hazards customary to the power production industry and power generation operations, such as unusual weather conditions and outages. Furthermore, any dividends are subject to available capital, market conditions and compliance with associated laws and regulations.

TerraForm Power undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Adjusted EBITDA and cash available for distribution are estimates as of today’s date, November 5, 2014, and are based on assumptions believed to be reasonable as of this date. TerraForm Power expressly disclaims any current intention to update such guidance. The foregoing review of factors that could cause TerraForm Power’s actual results to differ materially from those contemplated in the forward-looking statements included in this news release should be considered in connection with information regarding risks and uncertainties that may affect TerraForm Power’s future results included in TerraForm Power’s filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). In addition, TerraForm Power makes available free of charge at [www.terraform.com](http://www.terraform.com) copies of materials it files with, or furnishes to, the SEC.





# Accelerated Execution

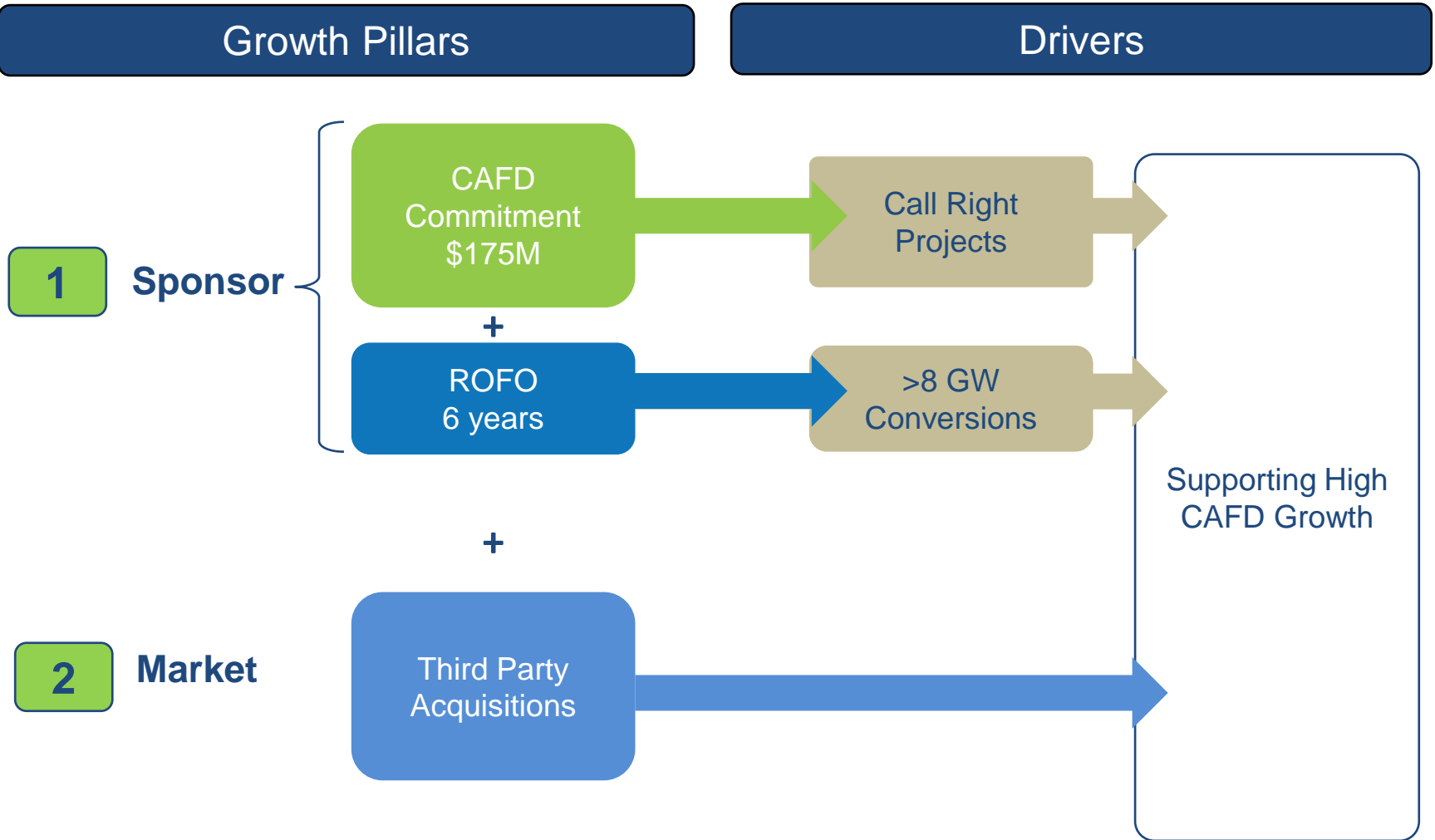
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- **Successful first quarter post IPO across all aspects of our business**
  - Generated CAFD of \$30M – ahead of plan for the quarter
  - Underlying portfolio performing to plan
  - \$475M of liquidity to support growth. Leverage (HoldCo Debt / CAFD) 3x
- **Completed 50MW UK drop down from SunEdison on Nov 4**
- **Executed acquisition opportunities generating \$22M CAFD**
  - Closed Hudson: 26 MW, ~14% return, 101 plants
  - Signed Capital Dynamics portfolio acquisition: 78 MW, ~9% return, 39 plants
- **Revising CAFD guidance for 2015 to \$156M, run rate of \$170M for 2016**
  - Clear line of sight to accretive acquisitions and organic growth
  - Will revisit dividend guidance post closing of Capital Dynamics

Execution → CAFD Growth → DPS Growth



# Multiple Pillars Driving Growth



# Project Acquisition Framework

## 1 Capital

- Ample liquidity
- Conservative leverage
- Attractive cost of capital



- Opportunistic transactions
- First mover
- Certainty of execution

## 2 Resources

- Dedicated team
- Partner network
- Cross-functional



- Access the best deals
- Parallel track opportunities

## 3 Capabilities

- Asset management
- On-boarding power plants
- Expertise

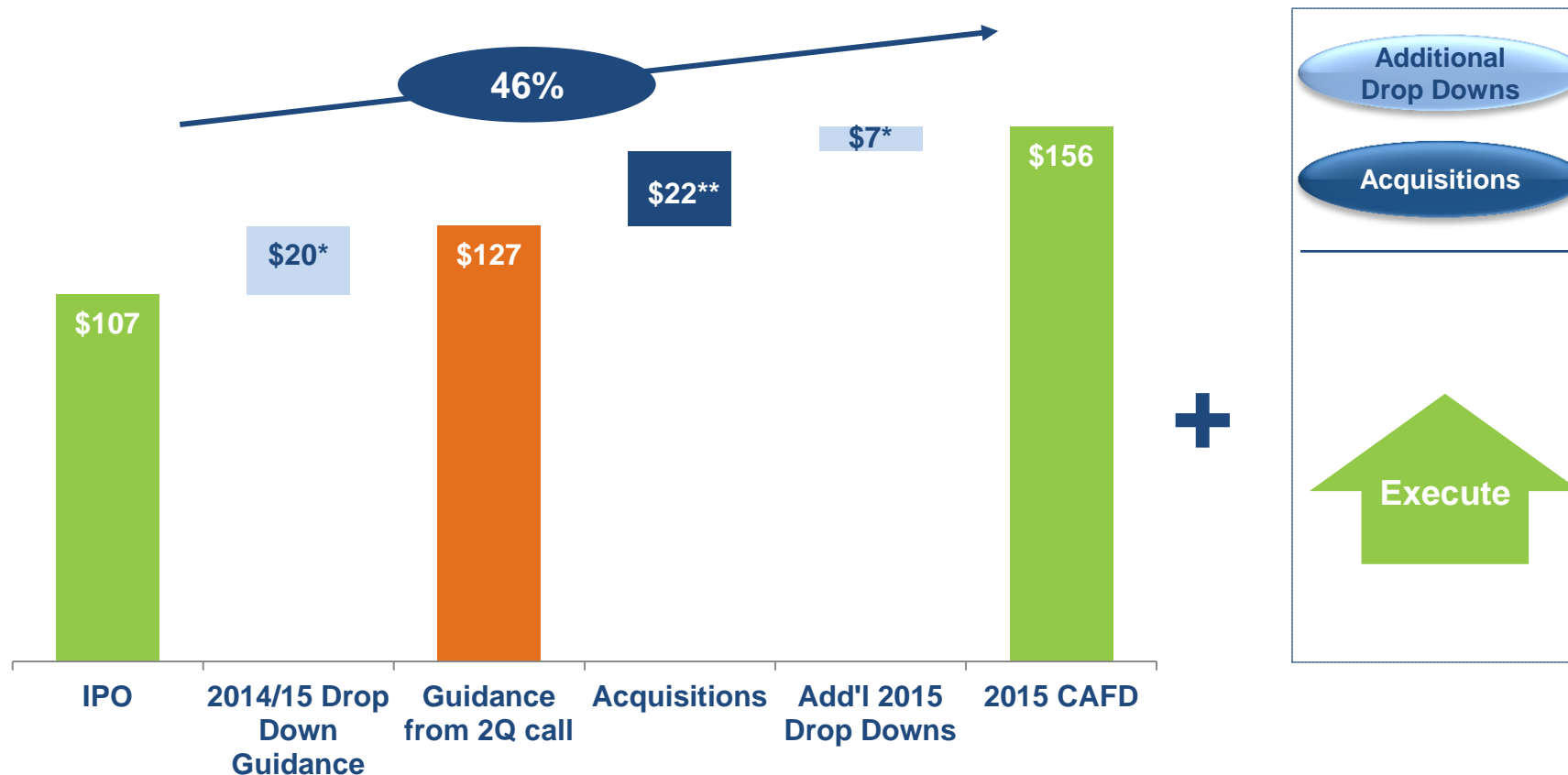


- Extract asset value
- Scale
- Seamless integration

Well-positioned to capitalize on fragmented market and unique situations

# Revised 2015 CAFD Guidance

(\$M unless otherwise noted)



Revised CAFD guidance to \$156M in 2015 (up \$29M vs. previous guidance)  
At year-end 2015, run rate CAFD of \$170M

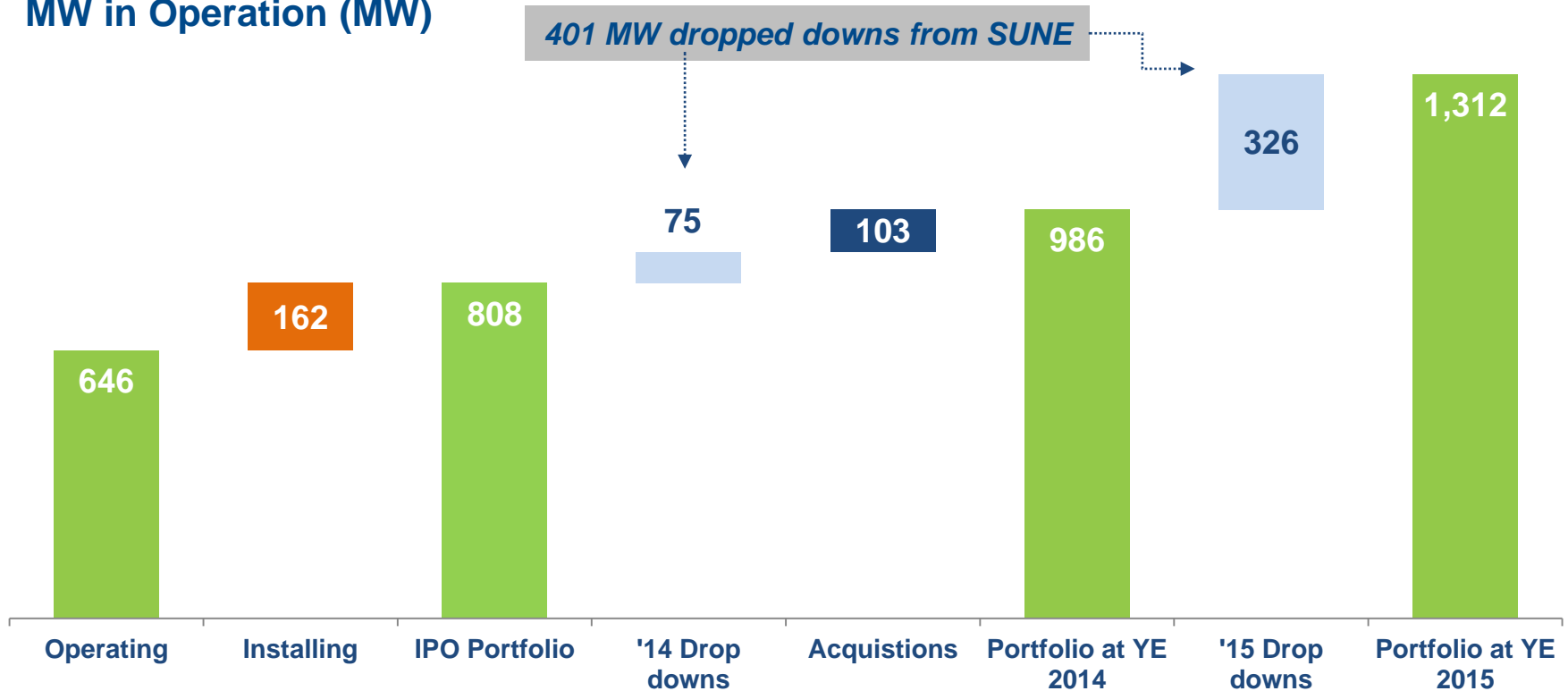
\* \$20M of Initial drop down CAFD has a run-rate of \$30M. The \$7M of Add'l 2015 drop down CAFD has a run-rate of \$11M

\*\* The \$22M of CAFD from acquisitions is the levered CAFD (after debt service of \$4M)



# MW Build-Out Through 2015

## MW in Operation (MW)



- On track for all 401 MW of Call Rights projects to be dropped down in 2014/15
  - 50 MW of UK projects accelerated from 2015 to 4Q 2014
- Expect SUNE to drop down projects beyond 401 MW to achieve \$75M CAFD commitment
- Continued focus on the short-cycle distributed generation projects and drop downs



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# Financial Review

# Q3 Results Overview

Metric	Result
MW in Operation 9/30	646 MW
MWh	327k
Capacity Factor	23.1%
Adjusted Revenue	\$56M
Adjusted EBITDA	\$47M
CAFD	\$30M

## Highlights

- Ended Q3 with 646 MW in operation
  - Since IPO, completed 26 MW of under construction projects
- MWh generated consistent with timing of portfolio installations
- Revenue and Adjusted EBITDA in-line with plan
- CAFD outperformance driven by IPO deleveraging transactions

# September Ending Liquidity \$475M

(\$M unless otherwise noted)

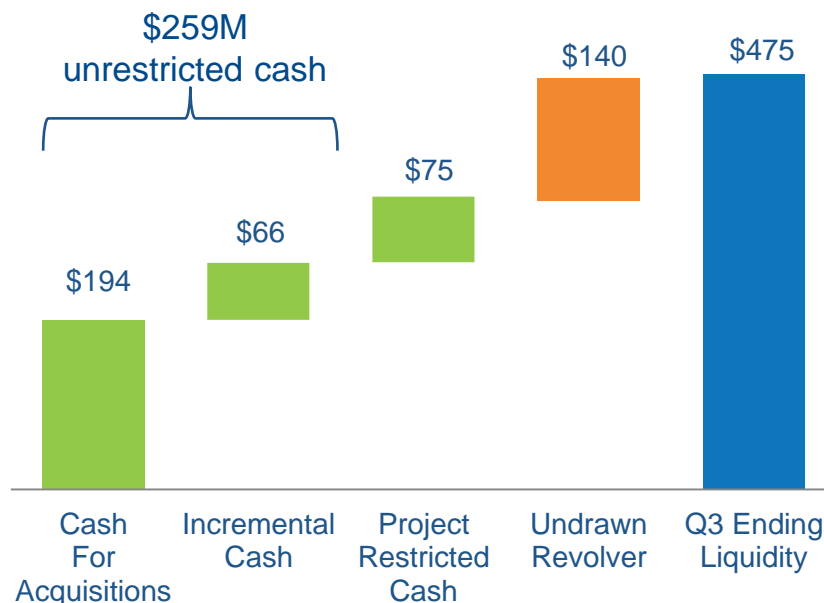
## Sources of Funds Q3 Total

IPO Proceeds	\$534
Permanent Term Loan	300
Private Placements	65
Release Bridge Loan Debt Service Reserve	16
Q3 Starting Cash, Operations, Other	45
<b>Total Sources of Funds</b>	<b>\$960</b>

## Uses of Funds Q3 Total

Repay Acquisition Bridge Facility	\$400
Deleveraging of IPO Initial Portfolio	114
Purchase of SunEd B Shares and Units	160
IPO Balance Sheet Cash for Growth	194
Incremental Cash to Balance Sheet	66
IPO Fees & Expenses	26
<b>Total Uses of Funds</b>	<b>\$960</b>

## Well-Capitalized Balance Sheet @ 9/30



- \$114M used for formation transactions as planned
- Available Cash from IPO and Operations, and undrawn revolver position TERP for growth

# Completed 50 MW of Drop Downs from SunEdison

## Asset Overview

	Crundale	Fairwinds
Size :	38 MW	12 MW
PPA Offtaker:	Statkraft	
Credit Rating:	A- / Baa1	
Type:	Fixed Ground Mount	



## Economics

CAFD (unlevered):	\$8M
CAFD (levered @ 3x)	~\$6.5M
Equity:	\$72M
Holdco Debt:	\$24M
Total Consideration:	\$96M
Cash-on-Cash Return (levered):	~9%

## Geographic Overview



# Third Party Acquisitions in 4Q

			Total
Size	25.5 MW	77.6 MW	103.1 MW
# of power plants	101	39	140
CAFD (unlevered)	-	\$21M	
CAFD (incl debt)	\$5M	\$17M	\$22M
Enterprise Value	\$56M <sup>1</sup>	\$250M <sup>2</sup>	\$306M
Equity Value	\$35M	\$190M	\$225M
Levered Cash-on-cash return (yr 1)	~14%	~9%	
Plant locations	NY, MA, PA	CA, NY, MA, NJ, PA	
Expected closing	Closed (Nov 4)	4Q 2014	

<sup>1</sup> Hudson has \$21M in assumed debt

<sup>2</sup> Capital Dynamics calculation assumes Holdco debt of 3x CAFD (\$60M)

# Fully Committed Financing Enhances Liquidity

(\$M unless otherwise noted)

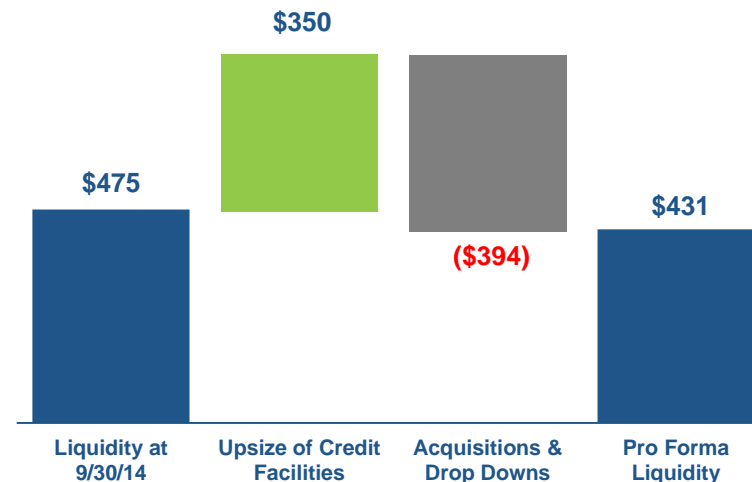
## Sources of Funds

Term Loan Upsize	\$275
Revolver Upsize	75
Cash on hand	44
<b>Total Sources of Funds</b>	<b>\$394</b>

## Uses of Funds

Capital Dynamics Acquisition	\$250
Hudson Acquisition	35
Q4 UK Dropdowns	72
Q4 DG Drop Downs	37
<b>Total Uses of Funds</b>	<b>\$394</b>

## Well-Capitalized Balance Sheet



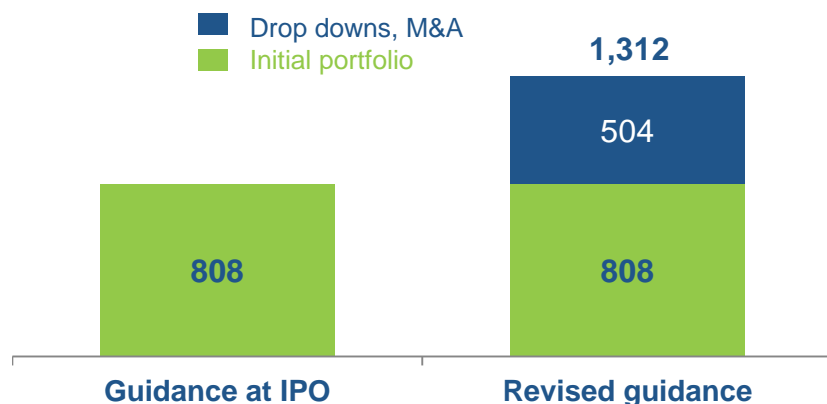
- Significant flexibility to fund future acquisitions and drop downs
- All necessary financing commitments received
  - Term Loan to be upsized by \$275M, to \$575M
  - Revolving Credit Facility to be upsized by \$75M, to \$215M



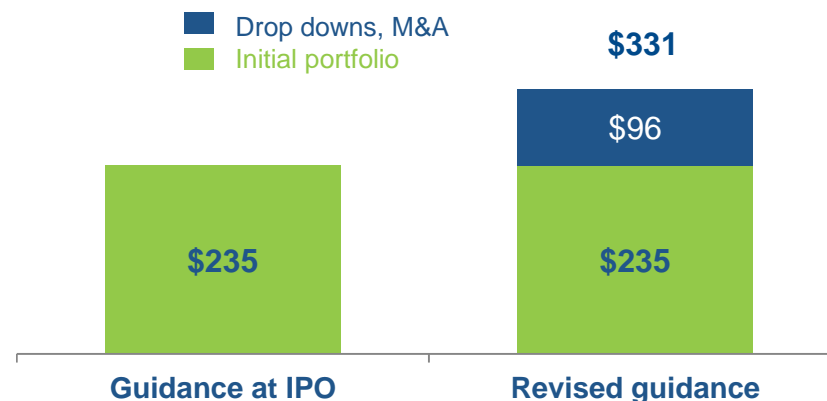
# Acquisitions and Drop Downs Driving Increased Guidance

(\$M unless otherwise noted)

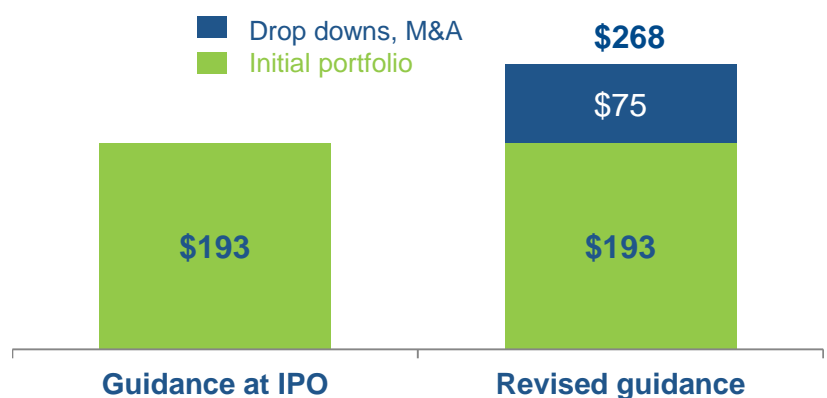
## Operational Capacity at YE2015 (MW)



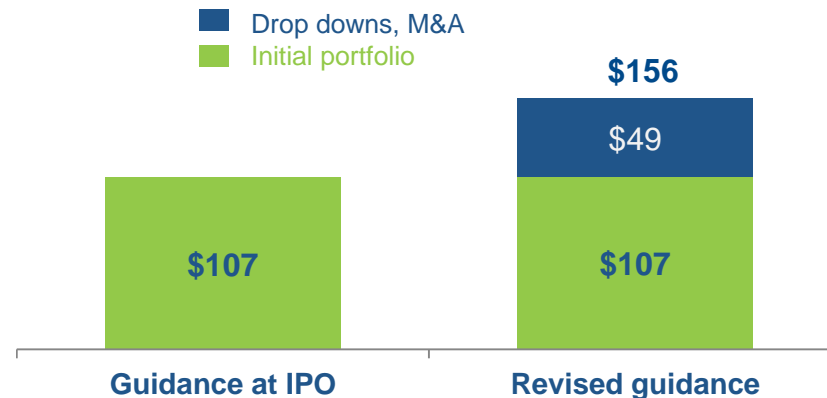
## Adjusted Revenue for 2015 (\$M)



## Adjusted EBITDA for 2015 (\$M)



## CAFD for 2015 (\$M)



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# Appendix

# IPO Call Right List – Dropped Down to TERP Earlier than Scheduled

Project Name	Country	Projected Period of Drop Down	Capacity (MW)
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## 2014 / 2015 Call Right Projects

UK projects #1-2	UK	4Q 2014	50
Distributed Generation Projects	US	4Q 2014	25
Distributed Generation Projects	US	Q1 2015 - Q4 2015	112
Javiera	Chile	Q1 2015	69
UK projects #1-6	UK	Q1 – Q2 2015	89
Ontario 2015 projects	Canada	Q1 - Q4 2015	13
US Utility projects	US	Q2 – Q3 2015	43
			401

■ UK projects transferred Nov 4

■ Distributed Generation

— 25 MW in 4Q 2014

— Move rapidly from lead to install

— Expect additions to this category

## 2016 Call Right Projects

Chile project #2	Chile	Q1 2016	94
US Southeast project #1	US	Q2 2016	65
Ontario projects	Canada	Q1 - Q4 2016	11
Comanche	US	Q2 2016	156
US Southwest project #1	US	Q2 2016	100
US Island project #1	US	Q2 2016	65
US California project #1	US	Q2 2016	54
Tenaska	US	Q3 2016	73
US California project #2	US	Q3 2016	45
Distributed Generation Projects	US	Q1 - Q4 2016	46
US California projects	US		528
			1,236

■ Overall drop downs increasing:

— Visibility to off-take funding

— Ownership model

**1,637 MW**



# Reg. G: Q3 2014 Reconciliation of Revenue to Adjusted Revenue

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(\$ in thousands)	Three Months Ended	
	September 30, 2014	
Revenue	\$	53,221
Amortization of acquired PPA intangible assets (a)		<u>(2,787)</u>
Adjusted Revenue	\$	56,008

- a. As of September 30, 2014, the Company had power purchase agreement ("PPA") intangible assets representing long term electricity sales agreements. PPA intangible assets are amortized on a straight-line basis over the life of the agreements, which typically range from 15 to 25 years. Amortization expense related to the PPA intangible assets is recorded on the consolidated statements of operations as a reduction of energy revenue. Amortization expense was \$2.8 million during the three months ended September 30, 2014.

# Reg. G: Q3 2014 Reconciliation of Net Income to EBITDA

(\$ in thousands)	Three Months Ended September 30, 2014
Net (loss) income	\$ (1,521)
Interest expense, net (a)	22,466
Income tax expense (benefit)	2,806
Depreciation, amortization and accretion	15,839
General and administrative - affiliate (b)	5,051
Stock-based compensation	1,240
Acquisition costs (c)	4,128
Formation and offering related fees and expenses (d)	536
Gain on extinguishment of debt (e)	(9,580)
Loss on foreign exchange (f)	6,240
Adjusted EBITDA	<u>\$ 47,205</u>

- a. Subsequent to the closing of the IPO, SunEdison will pay all our scheduled interest on our term loan up to \$48 million through the third anniversary of our entering into the Term Loan under an interest payment agreement. During the period from July 24, 2014 to September 30, 2014, the Company received \$1.5 million equity contribution from SunEdison pursuant to the Interest Payment Agreement. There was no cash consideration paid to SunEdison for these services for the period from July 24, 2014 through September 30, 2014. Total actual costs for these services during the period from July 24, 2014 to September 30, 2014 of \$6.2 million is reflected in the consolidated statement of operations and has been treated as an equity contribution from SunEdison.
- b. Represents the non-cash allocation of SunEdison's corporate overhead. In conjunction with the closing of the IPO on July 23, we entered into the MSA with SunEdison, pursuant to which SunEdison will provide or arrange for other service providers to provide management and administrative services to us. There will be no cash payments to SunEdison for these services during 2014, and in subsequent years, the cash fees payable to SunEdison will be capped at \$4.0 million in 2015, \$7.0 million in 2016 and \$9.0 million in 2017. The amount of general and administrative expenses in excess of the fees paid to SunEdison in each year will be treated as an add back in the reconciliation of net income (loss) to Adjusted EBITDA.
- c. Represents transaction related costs associated with the acquisitions completed during the three month period ended September 30, 2014.
- d. Represents non-recurring professional fees for legal, tax and accounting services incurred as a result of the IPO.
- e. We recognized a net gain on extinguishment of debt of \$9.6 million for the three months ended September 30, 2014 due primarily to the termination of our capital lease obligations upon acquiring the lessor interest in the SunE Solar Fund X solar generation assets.
- f. We incurred a loss on foreign currency exchange of \$6.2 million during the three months ended September 30, 2014. These losses are driven by unrealized losses of \$6.3 million on the re-measurement of intercompany loans which are denominated in British pounds.



# Reg. G: Q3 2014 Reconciliation of Net Cash Provided By Operating Activities to CAFD

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(\$ in thousands)	Three Months Ended September 30, 2014
Net cash provided by operating activities	\$ 18,161
Changes in assets and liabilities	(3,845)
Deposits into/withdraws from restricted cash accounts	(4,873)
Cash distributions to non-controlling interests	(572)
Scheduled project-level and other debt service and repayments	(3,849)
Contributions received pursuant to Interest Payment Agreement with our Sponsor	1,523
Other:	
Bridge loan interest	1,918
Formation and offering related fees and expenses	536
Acquisition costs	4,128
Stock-based compensation	1,240
Change in accrued interest	16,727
Non-cash allocation of SunEdison corporate overhead	5,051
Other	(5,823)
Estimated cash available for distribution	\$ 30,321



# Reg. G: Reconciliation of 2015 Net Income to EBITDA

(\$ in thousands)	Year Ending 12/31/2015
Operating revenues	\$ 330,700
Operating costs and expenses:	
Costs of operations	55,700
Depreciation, amortization and accretion	107,500
General and administration (1)	17,200
<b>Total operating costs and expenses</b>	<b>\$ 180,400</b>
Operating income	\$ 150,300
Interest expense, net	91,100
<b>Income before income tax expense</b>	<b>59,200</b>
Income tax expense	23,000
<b>Net income</b>	<b>36,200</b>
Add:	
Depreciation, amortization and accretion	107,500
Interest expense, net	91,100
Income tax expense	23,000
Stock base compensation	10,500
<b>Adjusted EBITDA (2)</b>	<b>\$ 268,300</b>

(1) Reflects all costs of doing business associated with the initial portfolio, including all expenses paid by SunEdison in excess of the payments received under the Management Services Agreement, and stock compensation expense.

(2) Adjusted EBITDA and cash available for distribution are non-GAAP measures. You should not consider these measures as alternatives to net income (loss), determined in accordance with GAAP, or net cash provided by operating activities, determined in accordance with GAAP.



# Reg. G: Reconciliation of 2015 Net Income to CAFD

(\$ in thousands)	Year Ending 12/31/2015
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>	
<b>Net income</b>	<b>\$ 36,200</b>
Depreciation, amortization and accretion	107,500
Non-cash items	35,700
Changes in assets and liabilities	20,700
Other	(600)
<b>Net cash provided by operating activities</b>	<b>\$ 199,400</b>

## Adjustments to reconcile net cash provided by operating activities to cash available for distribution:

<b>Net cash provided by operating activities</b>	<b>199,400</b>
Changes in assets and liabilities	(20,700)
Deposits into/withdraws from restricted cash accounts	6,100
Cash distributions to non-controlling interests	( 11,400)
Scheduled project-level and other debt service and repayments	( 31,700)
Non-expansionary capital expenditures	(500)
Contributions received pursuant to the Interest Payment Agreement with SunEdison (3)	15,600
Other	(900)
<b>Estimated cash available for distribution</b>	<b>\$ 155,900</b>

(3) Represents contributions received from SunEdison pursuant to the Interest Payment Agreement. These contributions are recurring for three years beginning with the origination of the Term Loan.





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