

# Third Quarter 2014 Results Conference Call

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November 6, 2014



# 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 2013 Form 10-K and its Forms 10-Q for 3Q'14, 2Q'14; and 1Q'14, 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 our results press release filed on Form 8-K today with the SEC and posted in the Investor Relations portion of our web site at [www.SunEdison.com](http://www.SunEdison.com).

# Forward-Looking Statements

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Certain matters discussed in this presentation and conference call are forward-looking statements, including that for the third quarter of 2014, the company expects solar energy systems sold total non-GAAP sales volume to be in the range of 84 MW to 124 MW, solar energy systems MW retained on the balance sheet to be between 251 MW and 361 MW, total solar energy systems completed to be between 335 MW and 485 MW, and that fully developed solar energy systems average project pricing to be between \$2.50/watt and \$2.75/watt; that for the 2014 full year, the company expects solar energy systems sold total non-GAAP sales volume to be in the range of 260 MW to 300 MW, solar energy systems MW retained on the balance sheet to be between 740 MW and 850 MW, total energy systems completed to be between 1,000 MW and 1,150 MW in 2014, and total solar energy systems average project pricing to be between \$2.50/watt and \$3.00/watt and that the company estimates compound annual growth rate through 2015 of 88% with total energy systems to be completed in 2015 to be between 1,600 MW and 1,800 MW. 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 include concentrated project development risks related to large scale solar projects; the availability of attractive project finance and other capital for Solar Energy projects; market demand for our products and services; changes in the pricing environment for silicon wafers and polysilicon, as well as solar power systems; the availability and size of government and economic incentives to adopt solar power, including tax policy and credits and renewable portfolio standards; the ability to effectuate and realize the savings from the restructuring plan; our ability to maintain adequate liquidity and compliance with our debt covenants; the need to impair long lived assets or other intangible assets due to changes in the carrying value or realizability of such assets; the effect of any antidumping or countervailing duties imposed on photovoltaic cells and/or modules in connection with any trade complaints in the United States, Europe or elsewhere; the result of any Chinese government investigations of unfair trade practices in connection with polysilicon exported from the United States or South Korea into China; changes to accounting interpretations or accounting rules; existing or new regulations and policies governing the electric utility industry; our ability to convert solar project pipeline into completed projects in accordance with our current expectations; dependence on single and limited source suppliers; utilization of our manufacturing volume and capacity; the terms of any potential future amendments to or terminations of our long-term agreements with our solar wafer customers or any of our suppliers; general economic conditions, including interest rates; the ability of our customers to pay their debts as they become due; changes in the composition of worldwide taxable income and applicable tax laws and regulations, including our ability to utilize any net operating losses; failure of third-party subcontractors to construct and install our solar energy systems; quarterly fluctuations in our Solar Energy business; the impact of competitive products and technologies; inventory levels of our customers; supply chain difficulties or problems; interruption of production; outcome of pending and future litigation matters; good working order of our manufacturing facilities; our ability to reduce manufacturing and operating costs; assumptions underlying management's financial estimates; actions by competitors, customers and suppliers; changes in the retail industry; damage to our brand; acquisitions of pipeline in our Solar Energy segment; changes in product specifications and manufacturing processes; changes in financial market conditions; changes in foreign economic and political conditions; changes in technology; changes in currency exchange rates; with respect to the separation of the semiconductor business, SunEdison Semiconductor Limited, and initial public offering of TerraForm Power, Inc.: (i) the expected use of the proceeds received, and (ii) we may be involved in various conflicts of interest which could be resolved in a manner unfavorable to us, we may not be able to achieve some or all of the expected benefits; and other risks described in the company's filings with the Securities and Exchange Commission. In addition, we are exposed to risks associated with certain obligations to TerraForm associated with the initial portfolio, future Call Right Projects and interests in additional clean energy projects. The forward-looking statements contained in this presentation represent the company's judgment as of the date of this press release. The company disclaims, however, any intent or obligation to update these forward-looking statements.

# Quarter Review

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- ✓ **Completed 297 MW in 3Q'14**
  - Up 197 MW Y/Y & 79 MW Q/Q
  - 610 MW under construction at end of 3Q'14
- ✓ **Retained 251 MW; ~36 MW above guidance midpoint**
  - Represents an estimated \$466 million in retained value
- ✓ **Continued Robust Business Development**
  - Gross pipeline additions were 561 MW; Pipeline now at 4.5 GW
  - Gross backlog grew ~ 1.0 GW; Backlog grew to 1.8 GW
  - Added ~200 projects in North America, Asia, and South Africa
- ✓ **Grew MW of Non-TERP projects on balance sheet to 265 MW**
  - Unlevered, these provide greater than \$40 million of CAFD
- ✓ **Successful IPO of TerraForm Power**
  - Market cap of approximately \$3 billion as of 9/30
  - SunEdison retained 64% of ownership, worth \$1.9 billion

# 3Q'14 Results Review

Key Metrics	3Q'14 Outlook	3Q'14 Actual
Solar Energy Systems MW Sold (Non-GAAP)	70 to 80	46
Solar Energy Systems MW Retained on Balance Sheet	200 to 230	251
Solar Energy Systems Total MW Completions	270 to 310	297
Fully-Developed Solar Energy Systems Avg. Price (\$/W <sub>dc</sub> )	\$2.60 to \$3.00	\$3.32

## 3Q'14 Highlights

- Total MW completions above mid-point of guidance
- Exceeded plan for MWs held on balance sheet
  - Retained value \$466 million
  - \$286 million above estimated foregone margin
- ASP: \$3.32/watt
  - Exceeded guidance on favorable geographic mix

Note: Unaudited

# Solar Results (Non-GAAP)

(\$'s in millions)

	Actuals		
	1Q'14	2Q'14	3Q'14
MW Sold	76	54	46
MW Retained	74	164	251
<b>Total MW Completed</b>	150	218	297
<b>Revenue</b>	372	343	327
<b>Gross Margin</b>	13	5	55
<b>Gross Margin %</b>	3%	2%	17%
<b>OPEX</b>	100	115	168
<b>Op Profit</b>	(87)	(110)	(113)
<b>Retained Value</b>	122	330	466
<b>Net Value Created</b>	35	220	299
<b>Foregone Revenue</b>	181	502	982
<b>Foregone Margin</b>	25	145	180

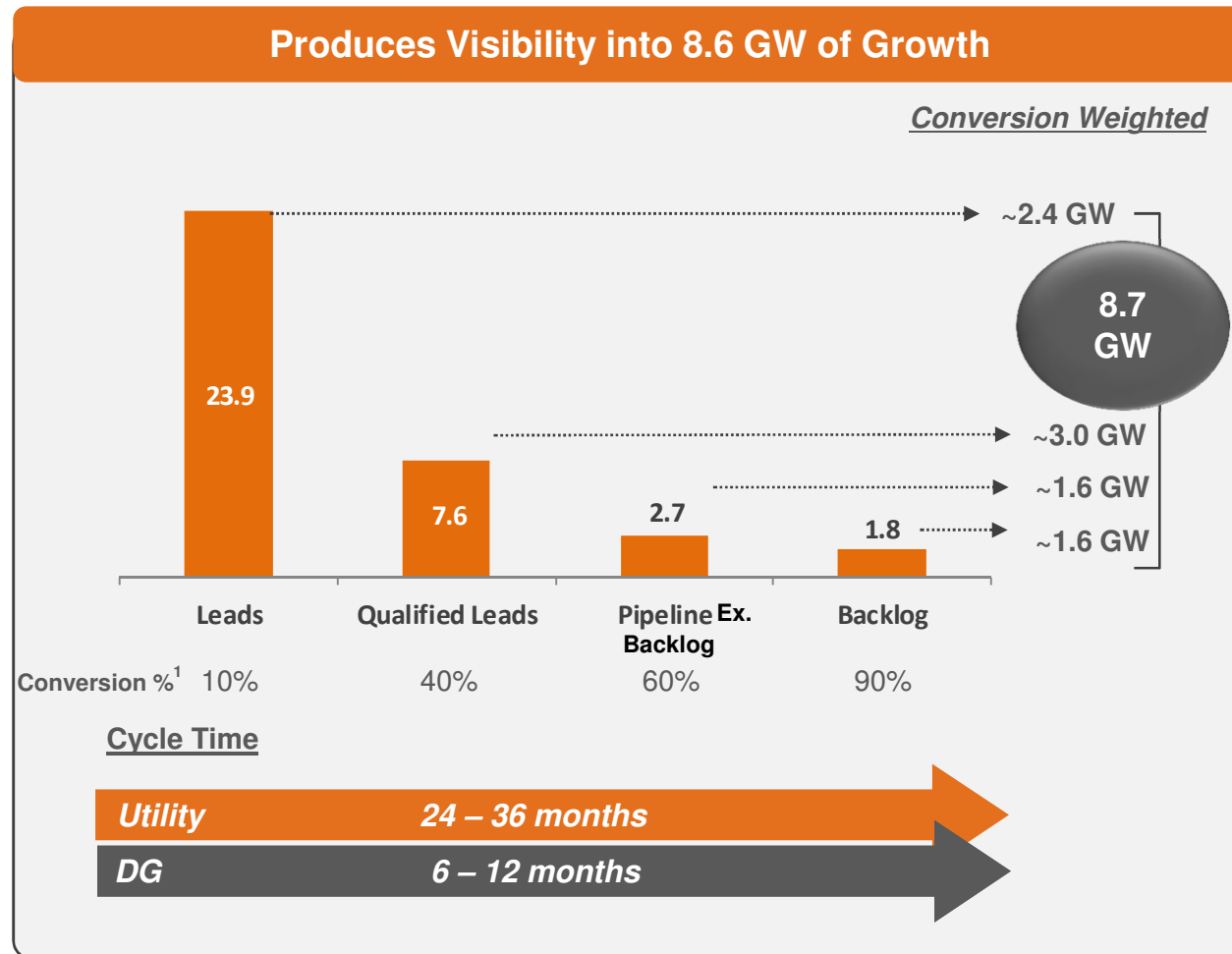
## 3Q'14 Details

- Non-GAAP revenue for the quarter was \$327 million
- Gross Margin improved on higher energy sales
- Opex:
  - Includes \$44 million of non-cash items (one – time materials equipment write-downs and project write-offs, plus stock comp)
  - One-time \$9 million cash write-off in materials
  - \$12 million Opex for residential ramp
- Retained value of \$466 million for the quarter

Note: Unaudited and includes the combined Solar Energy Segment plus TerraForm Power Segment minus Intersegment Eliminations

# High Velocity Engine Driving Growth

Distinct Capabilities and Alignment Lead to High Conversion Volume



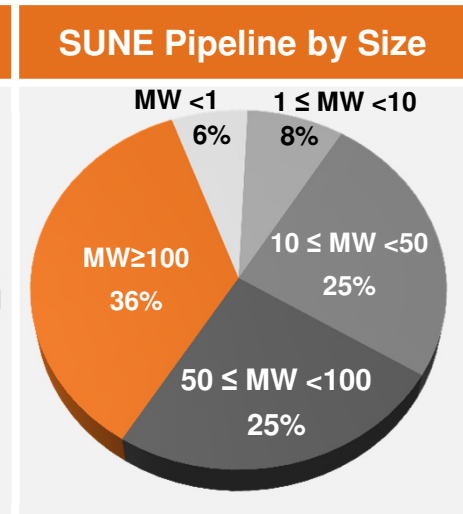
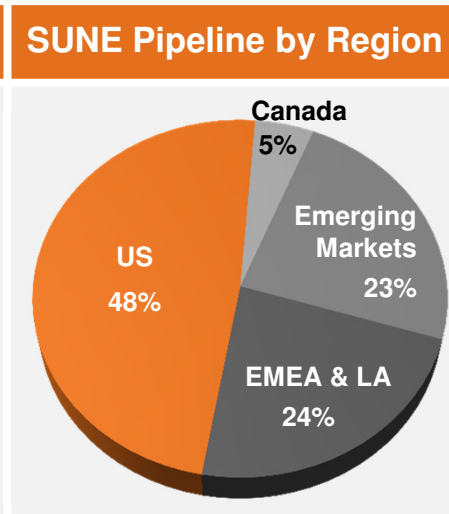
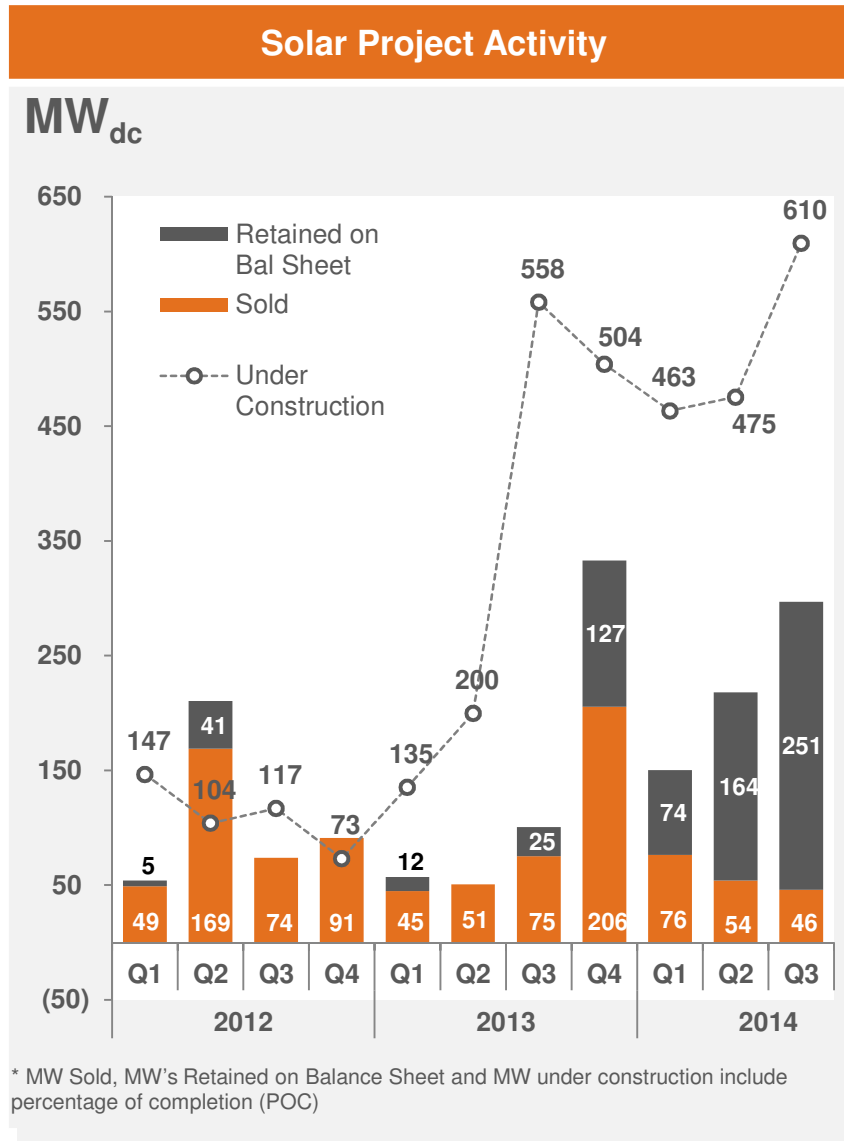
## 3Q'14 Highlights

- Visibility into ~36 GW of projects
- Expected Conversion of ~8.7 GW into completed projects
- Expected Conversion is up 1.5 GW vs. prior quarter
- Additional potential deal flow with high throughput in distributed generation and residential and small commercial

<sup>1</sup> Conversions based on SunEdison's historical conversion rates from each category

<sup>2</sup> Total Pipeline equals 4.5 GW and excludes Qualified Leads and Leads

# Solar Project Pipeline & Installations



## 4.5 GW<sub>dc</sub> Pipeline

- 561 MW gross additions in 3Q'14
- Up net 264 MW from 2Q'14

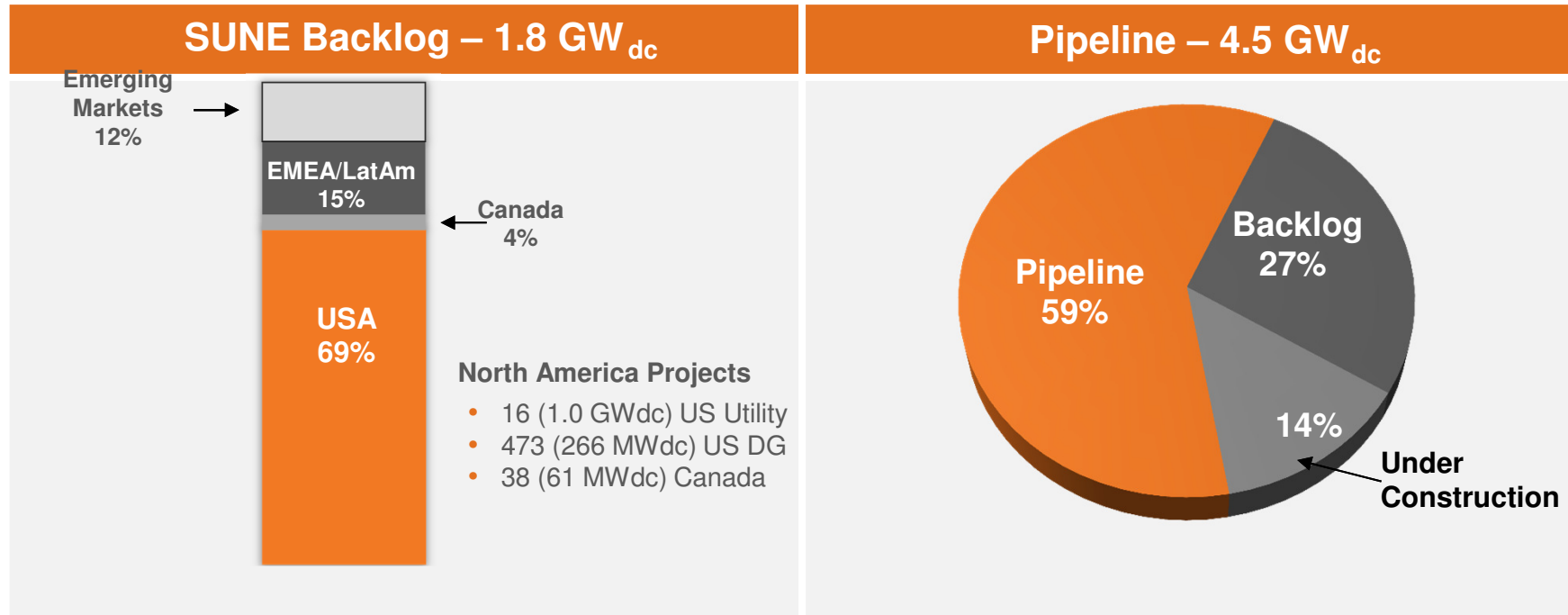
## 610 MW<sub>dc</sub> Under Construction

- Up from 475 MW in 2Q'14 due mostly to addition of several large projects

## 297 MW<sub>dc</sub> Completed in 3Q'14



# Solar Project Backlog



- Gross Backlog up ~ 1 GW for the quarter
- Net Backlog up 750 MW Q/Q
  - Majority of additions in USA & UK
- 610 MW of Backlog was under Construction at quarter end
  - All backlog projects have signed Power Purchase Agreement (PPA) or Feed-in Tariff (FiT)
  - Most expected to be completed in the next 24 months

*Pipeline: A project with a signed or awarded PPA or other energy off-take agreement or has achieved each of the following three items: site control, an identified interconnection point with interconnection cost estimate, and executed energy off-take agreement or the determination that there is a reasonable likelihood that an energy off-take agreement will be signed.*

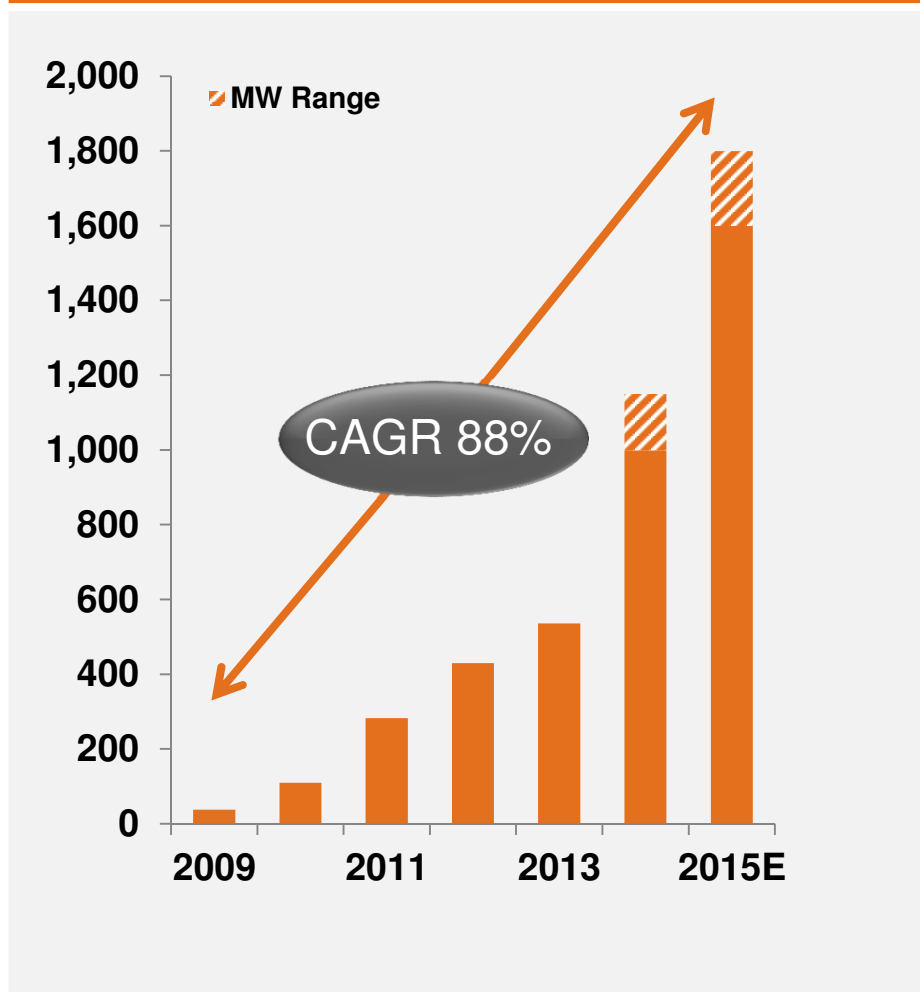
*Backlog: A project with an executed PPA or other energy off-take agreement, such as a FiT.*

Note: Unaudited



# High Growth Development Engine

## Global MW Completions



- DevCo focus remains on building a diversified renewable energy platform by participating in various segments and geographies
- Recent quarter end emerging market announcements
  - 1 GW JIC JV in China
  - 5 GW India
- Focus on high growth segments
  - Commercial/Industrial
  - Residential/Small Commercial
- Continued rapid growth
  - 1.6 to 1.8 GW of installations expected in 2015

Note: Unaudited

# Focus: IDR Calculations

	Dividend Threshold	% Increase vs. Original	IDR Payout	Common Dividend	Explanation
<b>Tier 1</b>	$\$.905 < X \leq \$1.35$	Base	0%	100%	SUNE receives Common Ownership %
<b>Tier 2</b>	$\$1.35 < X \leq \$1.58$	50%	15%	85%	SUNE receives 15% of every incremental distributed dollar via IDR in this tier + ( 85% * Common Ownership %)
<b>Tier 3</b>	$\$1.58 < X \leq \$1.81$	75%	25%	75%	SUNE receives 25% of every incremental distributed dollar via IDR in this tier + (75% * Common Ownership %)
<b>Tier 4</b>	$X > \$1.81$	100%	50%	50%	SUNE receives 50% of every incremental distributed dollar in this tier + (50% * Common Ownership %)

## Illustration of Potential Timing of TERP Meeting IDR

<b>Tier 1</b>				
<b>Tier 2</b>				
<b>Tier 3</b>				
<b>Tier 4</b>				
<b>YEAR</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>

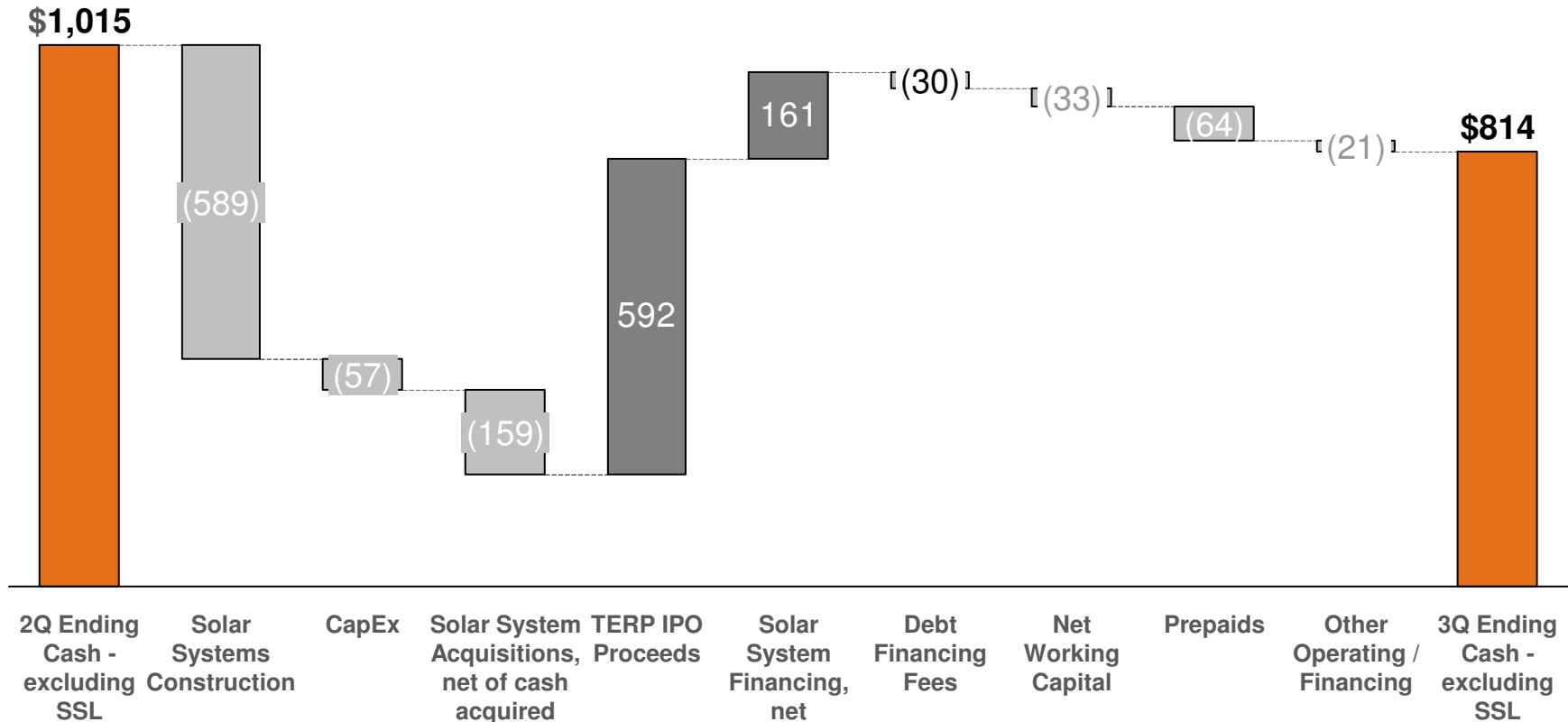
Note: Illustration is Based on TERP current CAFD Guidance and Assumes SUNE Meets Call Right Commitments of \$75 million in 2015 and \$100 million in 2016

Note: Unaudited



# Solar Cash Walk

(\$'s in millions)



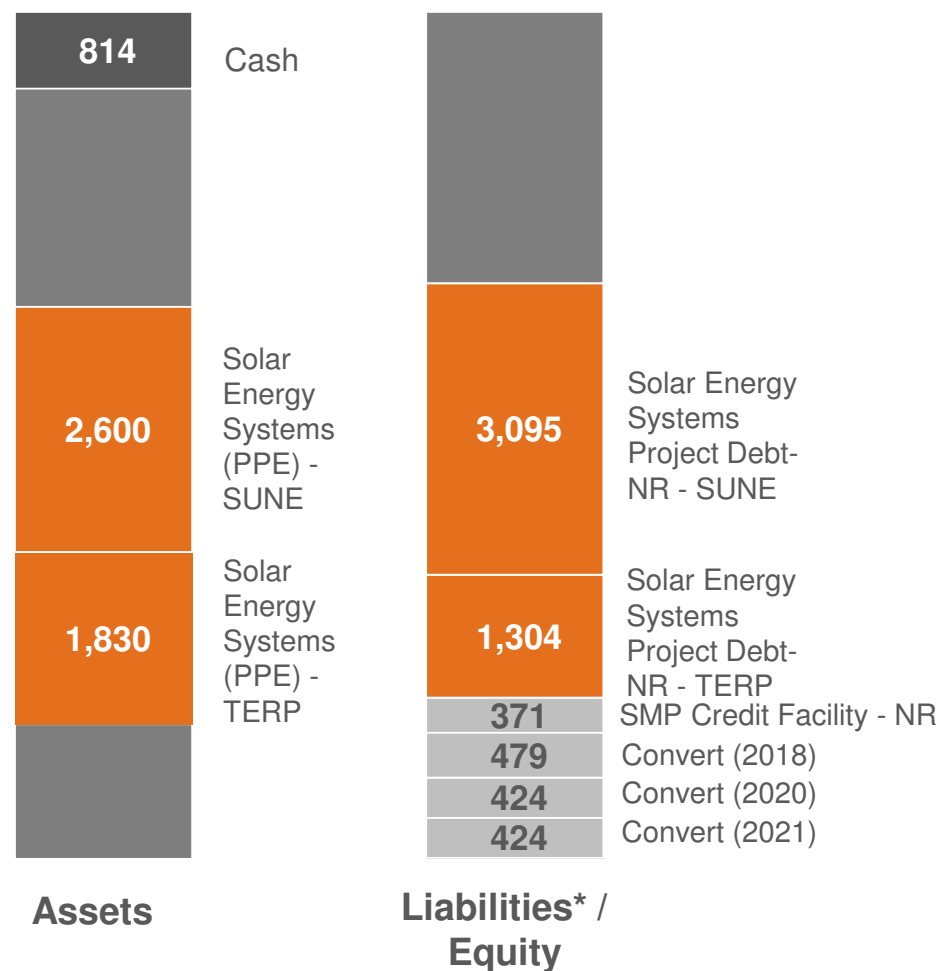
- Strong financing activity to fund project development & acquisition:
  - \$161 million proceeds from Solar Energy system financing, net
  - \$592 million TERP IPO Proceeds
- SSL 3Q'14 ending cash balance is \$103.1 million

*Cash:* Cash above includes cash and cash equivalents and cash committed for construction projects.

Note: Unaudited

# Balance Sheet & Liquidity – Solar Only

(\$'s in millions)



- \$814 million in cash & cash equivalents
  - \$76 million in cash committed for construction projects
- Debt:
  - Non-recourse Solar Energy Systems Project Debt
    - Supported by underlying Solar Energy System Revenue
    - Excluded from leverage covenant in LC Facility covenants
  - Equity-linked convertible debt also excluded from leverage covenant in LC Facility

*Cash:* Cash above includes cash and cash equivalents and cash committed for construction projects.

- SSL Balance Sheet is not included above. Total SSL debt at 9/30 is \$207.5 million
- \*Other Solar Recourse Debt - \$14 million

Note: Unaudited



# 2014 Guidance

Key Metrics	4Q'14 Forecast	FY 2014 Forecast		Comments
		Prior	Current	
Solar Energy Systems MW Sold (Non-GAAP)	84 to 124	290 to 320	260 to 300	Retaining more as % of total
Solar Energy Systems MW Retained on Balance Sheet	251 to 361	710 to 830	740 to 850	Driving higher retained value
Solar Energy Systems Total MW Completions	335 to 485	1,000 to 1,150	1,000 to 1,150	Nearly doubling Y/Y
Fully-Developed Solar Energy Systems Avg. Price (\$/W <sub>dc</sub> )	\$2.50 to \$2.75	\$2.50 to \$3.00	\$2.50 to \$3.00	ASP's driven by geography and segment



# Value Proposition

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## ✓ Global DevCo Platform

- Over 36 GW in identified projects with an anticipated conversion of 8.7 GW
  - Strength in Utility and DG across a number of geographies
  - Targeted ~20% non-GAAP gross margins

## ✓ TerraForm

- Market Cap of ~ \$3.0 billion as of 9/30
- 64% TERP ownership, worth ~\$1.9 billion
- Cost of capital advantage

## ✓ TerraForm Incentive Distribution Rights

- Provides SUNE preferential economic benefits as TERP's dividends grows

## ✓ Balance Sheet Projects

- 265 MW of Non-TERP projects
- More than \$40 million CAFD unlevered

## ✓ Services

- Over 3.0+ GW managed under management
- Recurring flow revenue with targeted 30%+ gross margins

## ✓ Technology / Intellectual Property

- FBR and CCZ
- Opportunities to monetize technology

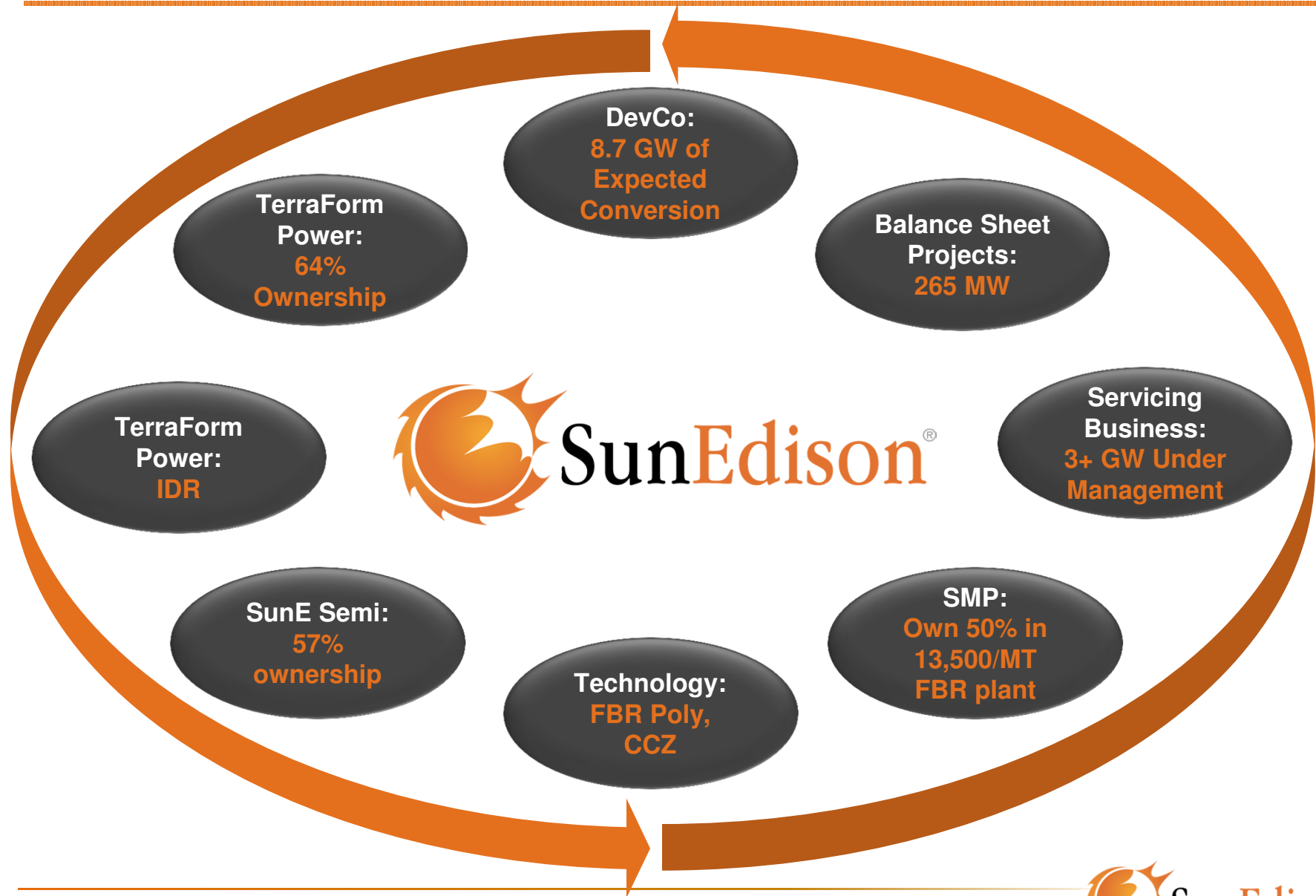
## ✓ SMP Poly Plant

- 50% ownership and capacity rights in a 13,500/MT polysilicon plant
- World class costs with below \$10/per kg cash
- Asset-light strategy within solar materials

## ✓ SunEdison Semiconductor

- Market cap of ~\$800 million as of 9/30
- 57% ownership valued ~ \$458 million

# Questions and Answers





# Appendix

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# 3Q'14 Summary Results

(\$'s in millions, except EPS)

	Semiconductor Materials	TerraForm Power	Solar Energy	SunEdison GAAP	Non-GAAP Adjustments (Solar Energy)	SunEdison Non-GAAP
<b>Net Sales</b>	\$ 213.2	\$ 53.2	\$ 414.8	\$ 681.2	\$ (140.7)	\$ 540.5
<b>Gross Profit</b>				67.9	14.2	82.1
<i>Gross Margin%</i>				60.0%		15.2%
<b>Operating Expenses</b>				257.7	-	257.7
<b>Operating Income (Loss)</b>	(62.5)	20.5	(147.8)	(189.8)	14.2	(175.6)
<i>Operating Margin %</i>	-29.3%	38.5%	-35.6%	-27.9%		-32.5%
<b>Other Expense / (Income)</b>				119.5	1.4	120.9
<b>Loss Before Tax</b>				(309.3)	12.8	(296.5)
<b>Income Tax Expense / (Income)</b>				8.6	(88.9)	(80.3)
<b>Equity in Earnings of JVs/Noncontrolling Interest</b>				34.5	-	34.5
<b>Net Income (Loss)</b>				\$ (283.4)	\$ 101.7	\$ (181.7)
<b>Diluted Earnings (Loss) per Share</b>				\$ (1.06)	\$ 0.38	\$ (0.68)

- Adjustments to GAAP are related to direct sale and financing sale-leaseback solar projects

Note: Unaudited. See non-GAAP to GAAP reconciliation included in our earnings press release filed on Form 8-K dated 11/5/2014



# Period Comparisons

(\$'s in millions, except EPS)

	3Q'14	2Q'14	vs. Prior Quarter		3Q'13	vs. Prior Year	
	Non-GAAP	Non-GAAP	\$ Variance	% Variance	Non-GAAP	\$ Variance	% Variance
<b>Net Sales</b>	\$ 540.5	\$ 557.5	\$ (17.0)	-3%	\$ 672.0	\$ (131.5)	-20%
<b>Gross Profit</b>	82.1	25.6	56.5	221%	63.9	18.2	28%
<i>Gross Margin %</i>	15.2%	4.6%			9.5%		
<b>Operating Expenses</b>	257.7	134.5	123.2	92%	109.7	148.0	135%
<b>Operating Income (Loss)</b>	(175.6)	(108.9)	(66.7)	61%	(45.8)	(129.8)	283%
<i>Operating Margin %</i>	-32.5%	-19.5%			-6.8%		
<b>Net Income (Loss)</b>	(181.7)	33.7	(215.4)	-639%	4.1	(185.8)	-4532%
<b>Diluted Earnings (Loss) per Share</b>	\$ (0.68)	\$ 0.12	\$ (0.80)	-667%	\$ -	\$ (0.68)	N/A

## Revenue

- Lower Q/Q & Y/Y due to lower solar project and solar materials sales, partially offset by higher energy sales

## Gross Margin

- Higher Q/Q & Y/Y due to higher energy sales, partially offset by lower solar project volume

## Operating Expense

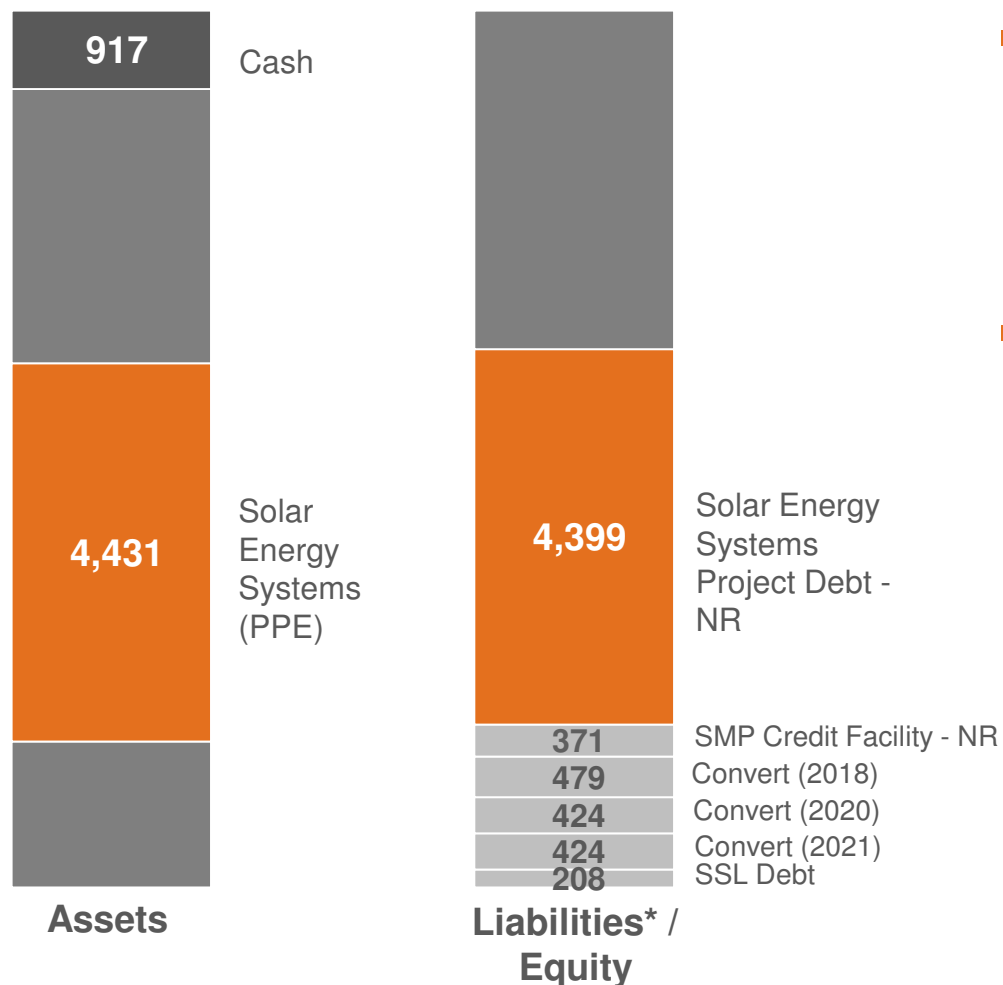
- Opex higher Y/Y and Q/Q due to investment in growth initiatives and \$100 million in long lived asset impairment charges

Note: Unaudited. See non-GAAP to GAAP reconciliation included in our earnings press release filed on Form 8-K dated 11/5/2014



# Balance Sheet & Liquidity – Consolidated

(\$'s in millions)



- \$917 million in cash & cash equivalents
  - \$76 million in cash committed for construction projects
- Debt:
  - Non-recourse Solar Energy Systems Project Debt
    - Supported by underlying Solar Energy System Revenue
    - Excluded from leverage covenant in LC Facility covenants
  - Equity-linked convertible debt and SSL debt excluded from Parent's leverage covenant in LC Facility

*Cash:* Cash above includes cash and cash equivalents and cash committed for construction projects

\*Other Solar Recourse Debt - \$14 million

Note: Unaudited

# Segment Cash Flow

(\$'s in millions)

	Solar Energy	TerraForm Power	Semiconductor Materials	SunEdison
<b>For the Quarter ending Sept. 30, 2014</b>				
<b>Net (Loss) Income</b>	\$ (235.9)	\$ (1.8)	\$ (80.0)	\$ (317.7)
Depreciation, Amortization, & Accretion	59.0	18.8	29.3	107.1
Stock Compensation	9.4	1.3	3.3	14.0
Long-lived Asset Impairment Charges	42.4	0.0	58.0	100.4
Accounts Receivable	0.0	(22.4)	1.4	(21.0)
Inventory/Solar Energy Systems	(132.9)	0.0	(10.3)	(143.2)
Accounts Payable & Accrueds	(3.1)	15.4	5.0	17.3
Deferred Revenue	3.2	15.1	0.0	18.3
Other Operating	(61.9)	(5.7)	15.6	(52.0)
Taxes, net	3.6	(2.5)	(0.6)	0.5
<b>Operating Cash Flow</b>	<b>(316.2)</b>	<b>18.2</b>	<b>21.7</b>	<b>(276.3)</b>
Capital Expenditures	(57.4)	0.0	(29.4)	(86.8)
Construction of PV Systems	(248.3)	(128.3)	0.0	(376.6)
PV System Financing & Capital Lease Obligations, net	274.1	(113.4)	0.0	160.7
Proceeds from Noncontrolling Interests	5.1	4.2	0.0	9.3
<b>Free Cash Flow</b>	<b>(342.7)</b>	<b>(219.3)</b>	<b>(7.7)</b>	<b>(569.7)</b>
Cash Committed to Construction Projects	58.9	0.0	0.0	58.9
Acquisitions of Solar Systems, net of cash acquired	13.2	(171.9)	0.0	(158.7)
Proceeds from TerraForm Power IPO	158.5	433.6	0.0	592.1
Restricted Cash & Other	(133.0)	101.3	(4.6)	(36.3)
<b>Total Cash Flow</b>	<b>\$ (245.1)</b>	<b>\$ 143.7</b>	<b>\$ (12.3)</b>	<b>\$ (113.7)</b>

Note: Unaudited



