SunEdison Inc.

Disclosing a Tough Outlook

Equities

Americas
Electric Components & Equipment

12-month rating	**Sell**
12m price target	**US$2.00**
Price	**US$5.92**

RIC: SUNE.N **BBG:** SUNE US

Trading data and key metrics

52-wk range	US$32.13-2.82
Market cap.	US$1.61bn
Shares o/s	272m (COM)
Free float	99%
Avg. daily volume ('000)	7,865
Avg. daily value (m)	US$43.7
Common s/h equity (12/15E)	US$1.28bn
P/BV (12/15E)	1.4x
Net debt / EBITDA (12/15E)	0.5x

EPS (UBS, diluted) (US$)

	12/15E	
	UBS	**Cons.**
Q1	(0.76)	(1.36)
Q2	(0.88)	(0.93)
Q3E	(0.84)	(0.91)
Q4E	0.71	(0.67)
12/15E	(1.72)	(3.66)
12/16E	(0.53)	(1.86)
12/17E	(0.33)	(1.62)

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On Christmas Eve SUNE gives present of enhanced disclosures

Mgmt provided a full view of 2016 liquidity seemingly as part of a disclosure resulting from its ongoing financing efforts (began 12/10) for a $650 Mn credit facility. While some appear to be viewing disclosures as encouraging of a 'bridge' to improvement, we alternatively view the disclosures as reiterating concerns on immediate cash liquidity heading into 1Q, and further focus on SUNE assumptions of margin achievable at its DevCo and services businesses. Beyond liquidity as SUNE continues to finance the business primarily with debt (as evidenced by the latest issuance) we simply see limited equity value given the magnitude of obligations.

Financing terms are next key datapoint: at what price can it happen?

With the contemplated $650 Mn second-lien credit financing likely refinancing the $169 Mn GS term-loan (due in August at an all-in effective rate of ~15%), we see this as the next key datapoint for shares. Ability to raise debt capital on palatable terms (eg-without increasing its cash interest expense) would appear a positive, particularly with the facility extending incremental liquidity. Every dollar counts in this environment. Risk to shares relates primarily to closing terms incl. any associated equity raise/warrants.

Services business is the new focus for 'core' of company; define 'service' first

Mgmt appears quite focused in articulating the value proposition of its services biz in 2016, disclosing a projected $223Mn in EBITDA in 2016. If achievable we estimate this would imply ~$7/sh in value to shares. However, looking through to comps and past guidance we believe execution at these implied margins could be unsustainable (rev at implied at ~$60/kW-yr vs. UBSe rev of $20/kW-yr) and margins of ~$30/kW-yr vs. our est of ~$4/kW-yr. Mgmt includes PPA revenue in its services segment which seemingly overstates the pure-play O&M services biz.

Valuation: Maintain Sell-rating as debt continues to grow

We remain cautious on shares. While they've recovered appreciably in recent weeks as solar ITC extension has lifted the whole sector we see risk in the 2016 guidance. Disclosures only reiterate our funding concerns and granularity on assumptions embedded in '16 FCF has clear downside risk in our view.

Highlights (US$m)	12/12	12/13	12/14	12/15E	12/16E	12/17E	12/18E	12/19E
Revenues	2,870	2,556	2,484	1,403	1,663	1,906	2,530	2,996
EBIT (UBS)	40	(226)	(540)	(51)	563	849	1,400	2,071
Net earnings (UBS)	64	(210)	(255)	(526)	(168)	(105)	140	550
EPS (UBS, diluted) (US$)	0.28	(0.87)	(0.95)	(1.72)	(0.53)	(0.33)	0.44	1.72
DPS (US$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net (debt) / cash	(279)	414	27	(222)	296	868	1,927	3,796

Profitability/valuation	12/12	12/13	12/14	12/15E	12/16E	12/17E	12/18E	12/19E
EBIT margin %	1.4	-8.9	-21.8	-3.6	33.9	44.6	55.3	69.1
ROIC (EBIT) %	1.7	(8.2)	(10.3)	(0.6)	4.0	4.3	5.5	6.7
EV/EBITDA (core) x	3.0	44.3	-27.1	4.1	1.5	1.2	0.9	0.6
P/E (UBS, diluted) x	11.0	(8.8)	(20.2)	(3.4)	(11.2)	(17.8)	13.4	3.4
Equity FCF (UBS) yield %	(68.2)	(44.6)	(17.7)	(293.8)	(392.2)	(359.9)	(309.8)	(248.9)
Net dividend yield %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, Thomson Reuters, UBS estimates. UBS adjusted EPS is stated before goodwill-related charges and other adjustments for abnormal and economic items at the analysts' judgement. Valuations: based on an average share price that year, (E): based on a share price of US$5.92 on 24 Dec 2015 19:38 EST

More dilution coming?

While shares have rallied on positive liquidity datapoints, we still see equity solvency as challenged. With SUNE looking to add additional debt obligations we see even further pressure on the equity layer. Additionally it appears that the latest debt offering could include some form of equity. While a warrant would not be unusual, management's disclosure (reproduced below) is unclear about form or magnitude.

"The Company is disclosing this information as part of an ongoing financing process and intends to continue to explore the potential second lien credit facility that may include a significant amount of the Company's outstanding equity."

Emphasizing the Services Opportunity

While mgmt. has not emphasized this business thus far (nor provided much transparency on which MWs and margins apply), the focus of the December 24th presentation to raise debt capital was logically premised on these cash flows.

- **Margins quite high:** We continue to assume 20% margins on this business, off the roughly $20/kW-yr we assume for a typical renewable platform. We typically assume ~$30/kW-yr in total O&M, inclusive of property taxes, and insurances for solar projects. This would imply ~$4/kW-yr in overall EBITDA margin for SUNE; this stands in sharp contrast to the ~$32/kW-yr (using an average of ~7GW in 2016 as the business scales

Including PPA revenue distorts comparisons.

- **Revenue acceleration:** Among the key inputs we question is the trajectory of revenues, with 1Q revenues projected at $96 Mn vs. YE revenues at $128 Mn, which represents a +30% change in revenue despite projections for a *tripling* in the MWs originally projected. We note the bulk of scaling expected relates to the recent acquisitions.

We emphasize *even* the 1Q16 pace (likely off the 6.4GW YE15 run-rate) would imply $60/kW-yr in revenue, triple our historic assumption of direct O&M, and double our historic assumption of total cost structure for renewables.

- **How *should* it be valued?** Services peers are quoted by mgmt. at 11.6x EV/EBITDA, with mgmt recommending valuation on its own business at a 10x multiple. Mgmt does not disclose comparable service businesses.
  - **How have we been valuing this segment?** We apply a 9x EBITDA multiple to this business at present, however off a significantly lower margin. We emphasize scaling in 2016+ appears substantially predicated on third-party contracts, likely quite vulnerable to shifts in confidence on the SUNE business model.
- **Services business trending *ahead* of guidance:** We note that while Analyst Day expectations had targeted 5GW, estimates for YE2015 are 6.4GW. That said mgmt. does not make explicit note of its 2016 MW targets.

The presentation for the services business provides bullish future projections but management does not reconcile with the historical performance.

- **Change of control a minor concern:** SUNE notes that "substantially all" service contracts lack termination rights in the event of a change of control but does not disclose further details. Information about change of control is a hot topic lately and we would believe future counterparties press for additional rights.
- **Bottom line:** While an exceptionally bullish outlook for this segment, without much discussion in recent months, we ascribe limited credibility, particularly given its unusually high revenues (and in turn margin); at best, we believe

investors will likely ascribe a discounted multiple vs peers to account for seemingly unsustainable revenue/margin profile of the segment. We believe the above-average revenues drive the unusually high margins to this segment.

- **What does this mean for TERP and GLBL?** Given the seemingly above-market revenues allocated to the services business, this raises the latest inter-company questions following our recent governance concerns.

As mentioned, mgmt includes PPA revenue in its Services business for the December 24th presentation. The 53% 2016E gross margin drops to 41%.

Figure 1: Services Business – Valuation - SUNE

	1Q16	2Q16	3Q16	4Q16	2016
O&M Revenue	21	22	24	24	92
IPP PPA Revenue	34	34	34	33	134
SLB PPA Revenue	18	18	18	18	72
3rd Party O&M Revenue	23	30	41	52	146
Total Revenue	96	104	116	128	443
O&M Costs	15	16	17	17	64
IPP Costs	6	6	6	6	22
SLB Costs	12	12	12	12	47
3rd Party Costs	9	16	21	29	74
Total Costs	41	49	55	63	208
% of sales	43%	47%	47%	49%	47%
O&M Profit	6	7	7	7	28
IPP Gross Profit	28	28	28	28	112
SLB Gross Profit	6	6	6	6	24
3rd Party Gross Party	14	14	20	24	71
Total Gross Profit	54	55	61	65	235
% Margin	56%	53%	53%	51%	53%
OpEx	-3	-3	-3	-3	-12
% of sales	-3%	-3%	-3%	-2%	-3%
EBITDA	51	51	58	62	223
% Margin	53%	49%	50%	48%	50%

Source: Company presentations

Figure 2: Services Business – Valuation off 2017 - UBSe

Solar and Wind Servicing			
	2015 (Today)	2017	2017 Upside
Capacity (MW)	5,000	14,523	14,523
Revenue @ $20/kW-yr	100	290.46	290.46
EBITDA Margin %	16%	20%	25%
EBITDA	16	58	73
EV/EBITDA	9.0x	9.0x	9.0x
Implied Value	144	523	654
Implied Value ($/kW-yr)	3	4	5
Value to SUNE	$0.41	$1.48	$1.85

Source: UBSe

We also include our assumptions from our UBS model for the services business, showing average MWS in 2016-2019. We project substantially lower margins than peers.

Figure 3: Projection for Services business (UBSe)

	FY 2015E	FY 2016E	FY 2017E	FY 2018E	FY 2019E
Service Business					
MWs	6,200	9,000	13,000	17,000	21,000
MW additions	2,200	2,800	4,000	4,000	4,000
Revenue ($/kW-yr)	20	20	20	20	20
Revenue ($ Mn)	124	180	260	340	420
Margins (%)	18%	18.0%	20.0%	22.0%	24.0%
Margin ($ Mn)	$22	$32	$52	$75	$101

Source: UBSe

How Much Cash is Left?

We see the latest presentation as presenting the greatest transparency on pro-forma cash yet for the company. We see the projected ~$268 Mn implied from SUNE's disclosures as roughly consistent with our belief that liquidity remains quite tight. Assuming a further $266 Mn of the $1.34 Bn is consolidated cash from TERP and GLBL subsidiaries would suggest true cash liquidity at SUNE parent is *negligible* as of YE15. This would be consistent with our read into recent actions which have largely appeared to raise financing/proceeds on a short-term basis to address forthcoming obligations.

- FirstWind earnout: Notably 4Q cash burn assumes $215 Mn of payment is made by SUNE, rather than any other subsidiaries (TERP). Notably, SUNE is also assuming a further FirstWind payout of $125 Mn in 1Q16; timing could potentially be delayed to later in the year if similar to the initial payment structure in 2015.

- Equity investments in 4Q could further obfuscate factor: While we have allocated $254 and $283 Mn in cash equity investments for the purposes of this cash walk ,there could be some overlap with the projected FCF 4Q cash burn of -$535 Mn below.

Figure 4: SUNE Project Cash Disclosures (incl. consolidated TERP & GLBL cash)

SUNE Projected Cash Disclosures	
1,340	Cash and Cash Committed For Construction of Projects (9/30)
(254)	Solar Cash Equity Investments
(283)	Wind Cash Equity Investments
(535)	FCF for 4Q Cashburn
268	**UBSe Projected as of 12/31/2015 (from Disclosures)**

Source: Company Filings and UBS Estimates

Changes in Working Capital in 2016: Still Drawing Down

Among the key liquidity datapoints in the projections is the drawdown of Net PP&E in 1Q and 2Q, as investment in projects ramp up to hit the targeted 3.5GW. We emphasize the quarterly use in cash remains biased towards 1H, suggesting we expect to see either an acceleration in financing activities to fund cash burn *or* a reduction in guidance.

Figure 5: 2016 Projected Working Capital

2016 Projected Working Capital	
(259)	Changes in W/C
(428)	Changes in Net PP&E
298	Changes in pre-construction, construction, and term debt
(389)	**UBSe Projected as of 12/31/2015 (from Disclosures)**

Source: Company Filings and UBS Estimates

Keeping Guidance Intact (for now)

While we continue to expect a slowing of guidance, mgmt. did not formally reduce its guidance in the enclosed deck. *We continue to expect a scaling back of capex and MW deployment in 2016.*

Margins are reflected near midpoint

With SUNE having historically guided towards 15-20% margins, 2016 projections reflect an average of 17% (with direct sales reflecting the lower end of the range at 16.1% and Warehouse sales at 17.1%). The key question is how firm these margins to the warehouse structure are given the ~10% upfront nature of these deals. We include the full table of disclosures below.

Costs still at $600 Mn … can more come out?

Following news headlines of further scaling back in India and Japan, we wouldn't be surprised to see this figure reduced yet further, particularly in conjunction with any reduction in DevCo gross margin expectations.

Can the materials business recover?

Among the 'moving pieces' we have not accounted for in our estimates, but appears to oscillate considerably is SUNE's material business. While the company projects an -$88 Mn margin loss in 4Q, we see the $121 Mn in positive margin as uncertain give the relatively depressed value of poly prices.

Figure 6: Cash based EBITDA and EBITDA operating metrics

Total MW Completed	4Q15	1Q16	2Q16	3Q16	4Q16	FY2016
Direct Sales	74	106	79	542	174	900
TERP	44	15	15	0	0	30
GLBL	115	172	252	0	0	424
Warehouse	218	100	473	489	1084	2145
Total	450	393	819	1031	1258	3500
Revenue						
Direct Sales	$124	$230	$172	$1,180	$378	$1,959
TERP	$131	$42	$42	$0	$0	$84
GLBL	$189	$272	$399	$0	$0	$671
Warehouse	$383	$204	$966	$998	$2,215	$4,383
Total Projects	$826	$748	$1,578	$2,178	$2,593	$7,097
IPP, SLB & Services	$84	$96	$104	$116	$128	$443
Solar Materials	$102	$100	$79	$64	$92	$336
Total	$1,012	$944	$1,761	$2,359	$2,813	$7,876
Gross Margin						
Direct Sales	$13	$37	$28	$190	$61	$315
TERP	$20	$5	$5	$0	$0	$11
GLBL	$38	$60	$88	$0	$0	$149
Warehouse	$44	$35	$165	$171	$379	$751
Total Projects	$115	$138	$287	$361	$440	$1,225
IPP, SLB & Services	$44	$54	$55	$61	$65	$235
Solar Materials	($88)	$100	$72	($105)	$54	$121
Total Gross Margin	$71	$292	$413	$317	$559	$1,581
Operating expenses	$190	$150	$150	$150	$150	$600
D&A	$49	$49	$49	$50	$50	$198
EBIT	($169)	$93	$214	$117	$359	$783
D&A	$49	$49	$49	$50	$50	$198
Stock Comp & Other Non Cash	$1	$19	$19	$19	$19	$77
Dividends & IDRs	$23	$32	$32	$32	$32	$128
Adjusted EBITDA	($95)	$193	$314	$218	$460	$1,186

Implied $ / W	4Q15	1Q16	2Q16	3Q16	4Q16	FY2016
Direct Sales	$1.68	$2.18	$2.18	$2.18	$2.18	$2.18
TERP	$2.97	$2.77	$2.77			$2.77
GLBL	$1.64	$1.58	$1.58			$1.58
Warehouse	$1.76	$2.04	$2.04	$2.04	$2.04	$2.04
Average for projects	$1.83	$1.90	$1.93	$2.11	$2.06	$2.03
QoQ growth						
Direct Sales		85%	-25%	588%	-68%	
TERP		-68%	0%	-100%		
GLBL		44%	46%	-100%		
Warehouse		-47%	373%	3%	122%	
Total Projects		-9%	111%	38%	19%	
IPP & Services		13%	8%	12%	10%	
Solar Materials		-2%	-21%	-19%	44%	
Total						
GM as % of sales						
Direct Sales	10%	16%	16%	16%	16%	16%
TERP	15%	12%	12%			13%
GLBL	20%	22%	22%			22%
Warehouse	11%	17%	17%	17%	17%	17%
Total Projects	14%	18%	18%	17%	17%	17%
IPP, SLB & Services	52%	56%	53%	53%	51%	53%
Solar Materials	-86%	100%	91%	-164%	59%	36%
Total GM	7%	31%	23%	13%	20%	20%
Opex as % of sales	19%	16%	9%	6%	5%	8%
D&A as $ of sales	5%	5%	3%	2%	2%	3%
EBIT margin	-17%	10%	12%	5%	13%	10%
EBITDA margin	-9%	20%	18%	9%	16%	15%

Source: Company presentation

The Full Disclosure

We reproduce management's projected full cash flow liquidity through 4Q16.

Figure 7: Projected Cash Flow – 2016

CFO	4Q15	1Q16	2Q16	3Q16	4Q16	FY2016
Adjusted EBITDA(a)	($95)	$193	$314	$218	$460	$1,186
Plus / (Less): Cash interest expense	($86)	($85)	($99)	($83)	($96)	($363)
Plus / (Less): Cash taxes(b)	$0	$0	$0	$0	$0	$0
Plus / (Less): Change in Working Capital	($112)	($112)	($27)	$44	($164)	($259)
Plus / (Less): Change in PP&E	($131)	($676)	($536)	$198	$585	($428)
Plus / (Less): Change in pre-construction, construction, and term debt	$89	$462	$212	$66	($442)	$298
Plus / (Less): Other(c)	$0	($25)	$42	($22)	($5)	($10)
Total CFO	($335)	($243)	($94)	$422	$340	$424
CFI						
Sale of 425MW to GLBL and margin offset	$231	($58)	($58)	($58)	($58)	($231)
Vivint acquisition	$0	($1,058)	$0	$0	$0	($1,058)
First Wind Earnout	($215)	($125)	$0	$0	$0	($125)
Proceeds from asset sales	$27	$64	$143	$63	$0	$270
Total CFI	$43	($1,176)	$85	$5	($58)	($1,144)
CFF						
Equity to Vivint sellers	$0	$456	$0	$0	$0	$456
New Vivint convertible bonds	$0	$350	$0	$0	$0	$350
New Vivint Term Loan	$0	$258	($95)	($122)	($40)	$0
New Vivint Blackstone Loan	$0	$244	($6)	($6)	($6)	$225
Existing Margin Loan repayment	($399)	$0	$0	$0	$0	$0
Release of restricted cash	$147	$0	$0	$0	$0	$0
Financing leaseback obligations	($4)	($4)	($4)	($4)	($4)	($15)
Other financing	$12	$0	$0	$0	$0	$0
Total CFF	($244)	$1,304	($105)	($132)	($50)	$1,016
Delta in cash	($535)	($115)	($114)	$294	$232	$296
Beginning cash, including cash committed for construction projects	$1,340	$805	$689	$575	$870	$805
Delta in cash	($535)	($115)	($114)	$294	$232	$296
Ending cash, including cash committed for construction projects	$805	$689	$575	$870	$1,101	$1,101

Source: Company presentation

What are the major moving pieces?

We also reproduce the full cash flow walk from 3Q15 (9/30) through 4Q16.

- The below does *not* reflect an additional $155 Mn of collateral that would be released upon repayment of the $300 Mn term loan. Reasoning for not including however is unclear per mgmt.

Figure 8: Aggregate cash – 3Q15 – 4Q16

Begining Cash - 3Q15	$1,340
CFO	$642
Debt raised	$388
Capex	($559)
Wrking Capital	($370)
Total CFO	$101
CFI	
425 MW Sold to GLBL	$231
GLBL margin offset	($231)
Sale of development assets	$297
First Wind Earnout	($340)
Total Investment ex Acquisition	($43)
Vivint	
Equity Issuance	$456
Issuance of Convertible notes	$350
Issuance of term loan	$300
Issuance of Blackstone loan	$250
Acquisition	($1,058)
Total Acquisition	$298
Total CFI	$255
CFI	
Vivint	
Blackstone Loan repayment	($25)
Term Loan Repayment	($300)
Margin Loan repayment	($399)
Release of restricted cash	$147
Other	($17)
Total CFF	($594)
Ending Cash - 4Q16	$1,102

Source: Company presentation

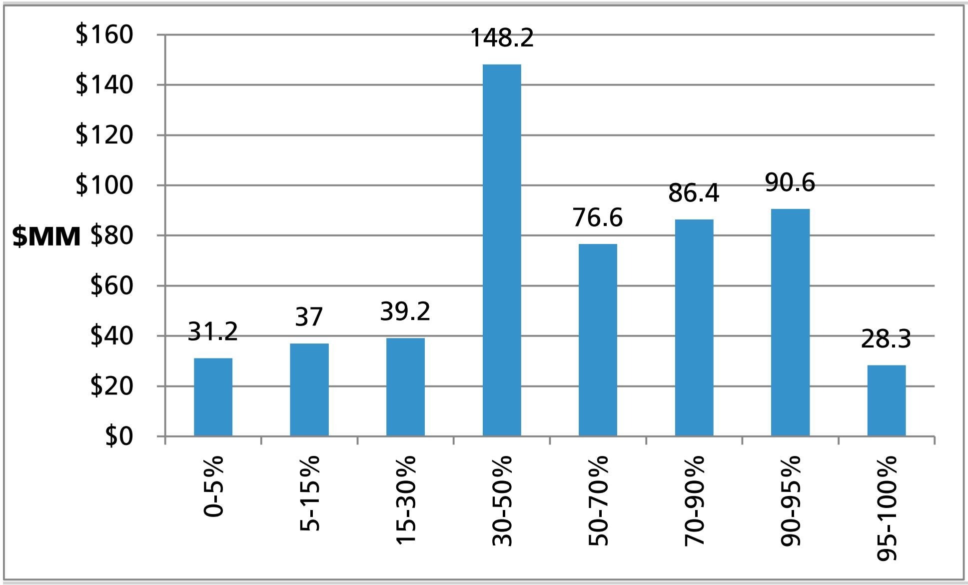
Key Financing Assumptions

We note the 2016 CFF profile assumes the repayment of the $300 Mn term loan associated with the Vivint acquisition, which we had assumed was to be ratably paid down as a function of margins generated by the Vivint acquisition (amortizing over a ~couple years). Further, we note the 2016 GS term loan repayment is *not* reflected in the YoY walk despite its maturity in August, 2016. However, this paydown would appear fungible with the repayment of the VSLR term loan.

When will projects come to fruition?

Mgmt reflects a project completion profile, showing the % completion of projects and associated $ Mn investments. With the largest portion in the 30-50% range, we think much of this is contemplated for late 2016 consistent with the original ITC expiration timeline.

Figure 9: Equity invested into projects vs status of project completions



Source: Company presentation

Contrasting against mgmt's updated self-valuation?

SUNE mgmt. provided an updated view on how it views the SOP value proposition for shares.

- **Services:** Notably higher is $2.2 Bn in value for the Services business (prominently featured at the top of its latest SOP table). This would imply $7/sh vs. our $1.50 we reflect today. As mentioned, management's services business as presented seemingly includes the cash flows generated by operating assets which we value separately (~$1.50/sh). The core question is how to treat and what the source of the IPP PPA and SLB PPA revenues now recognized in this segment are, which had previously not been included in this segment.

- **'Other' segment:** Mgmt is also emphasizing the value proposition of its three principal 'other' segments reflecting a total of $490 Mn. We had previously removed the value from its poly business as poly prices fell in 2H15, net of debt at the plant.

  - **SMP Value =** $225 Mn based on total $408 Mn equity value, implying ~$0.60/sh.

  - **Mosaix and MEMC Pasadena =** $265 Mn in book value. While mgmt. discloses strong interest from manufacturing companies globally to license its technology, we hold off on ascribing any value.

- **Pipeline and Backlog value:** Mgmt estimates implied pipeline/backlog value for the Solar business at $3 Bn+, on its 6GW total, implying $0.50/W. We note with fully developed projects targeted to monetize at $0.35/W, this

assumptions appears robust. With 1.9GW in Wind Pipeline/Backlog, mgmt. estimates value here at $2Bn+, suggesting north of $1.0/W in value.

While we appreciate a need to ascribe value for the overall devco platform, we would apply a discount to committed backlog projects (eg- 50% of $0.35/W) should the business liquidate its platform rather than develop assets. Overall implied backlog and pipeline are estimated at $5 Bn or ~$15/sh, vs. the ~$9/sh we already apply in our full Devco value (using a 5x multiple off '16 EBITDA).

Reflecting Updated Cash Walk Assumptions in SOP

We include an updated approach to reflecting SUNE's cash balance, netting out not just TERP and GLBL cash balances but also assets held for sale as well as cash commitments already to solar and wind assets.

Pro-Forma SUNE Cash Walk	**3Q15**
SUNE total cash (from 3Q presentation)	$ 1,380
Assets Held for Sale	*(40)*
TERP restricted cash (on subsidiary b/s)	*(90)*
GLBL restricted cash (on subsidiary b/s)	*(176)*
Cash Commited to Solar/Wind Assets	*(537)*
3Q15 Pro-Forma Net Cash	**$ 537**

Source: Company data, UBSe

Forecast returns

Forecast price appreciation	-66.2%
Forecast dividend yield	0.0%
Forecast stock return	-66.2%
Market return assumption	6.0%
Forecast excess return	-72.2%

Statement of Risk

Risks to SunEdison include but are not limited to: liquidity and failure to meet liabilities and other obligations as due, potential failure to close the pending Vivint Solar and other contemplated M&A transactions, inability to transact with its YieldCo entities in an accretive fashion, inability to transact with third parties in an accretive fashion, increasing cost structure and competition pressuring realized margins, unfavorable international, federal, state, or local legislation/regulation, natural disasters, increased completion for project development opportunities, adverse changes to tax subsidies for solar and wind generation, unfavorable weather (wind and solar resource generation), below-average customer demand. SunEdison's expansion plans are also driven by expected cost reductions in renewable energy system equipment. Additionally, adoption of renewable energy generation is associated with the costs of incumbent generation sources and will be heavily impacted by any large swing in the costs of these energy sources. Swings in value can be driven by shifts in TERP shares and corresponding ability to realize Incentive Distribution Rights (IDRs). Moreover, developer margins are highly cyclical off a large fixed operating cost structure.

Required Disclosures

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UBS Investment Research: Global Equity Rating Definitions

12-Month Rating	Definition	Coverage[1]	IB Services[2]
Buy	FSR is > 6% above the MRA.	49%	33%
Neutral	FSR is between -6% and 6% of the MRA.	40%	26%
Sell	FSR is > 6% below the MRA.	12%	18%
Short-Term Rating	**Definition**	**Coverage[3]**	**IB Services[4]**
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%

Source: UBS. Rating allocations are as of 30 September 2015.
1:Percentage of companies under coverage globally within the 12-month rating category. 2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.
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UBS Securities LLC: Julien Dumoulin-Smith; Michael Weinstein; Paul Zimbardo.

Company Disclosures

Company Name	Reuters	12-month rating	Short-term rating	Price	Price date
SunEdison Inc.[13, 16]	SUNE.N	Sell	N/A	US$5.92	24 Dec 2015
TerraForm Power, Inc.[2, 4, 5, 6, 16]	TERP.O	Sell	N/A	US$12.15	24 Dec 2015
Vivint Solar Inc[16]	VSLR.N	Not Rated	N/A	US$9.82	24 Dec 2015

Source: UBS. All prices as of local market close.
Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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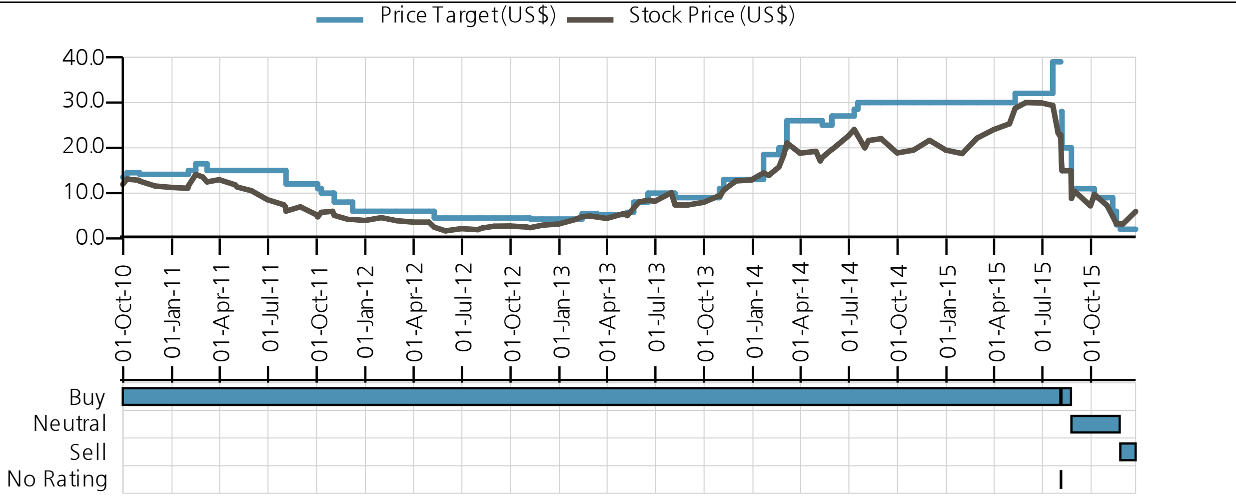
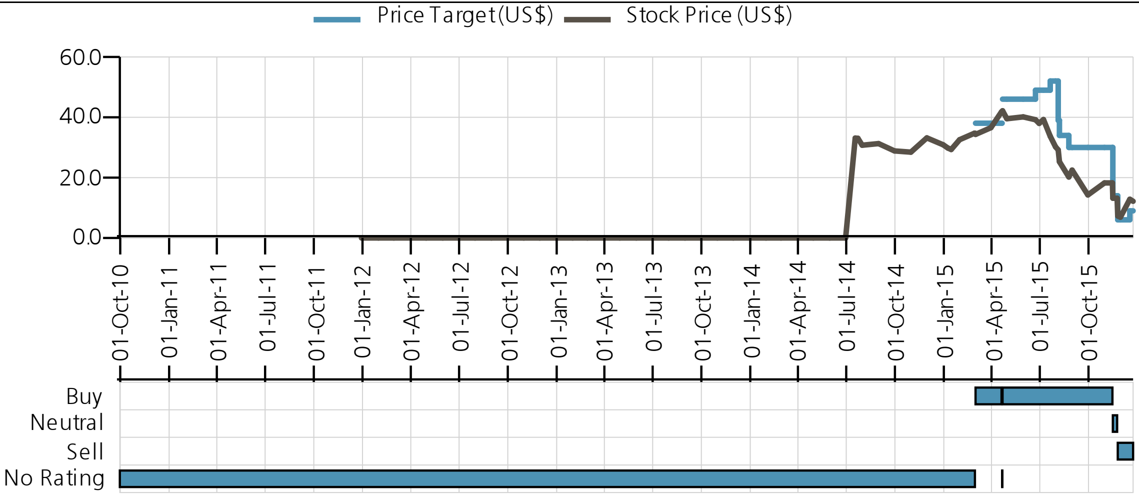
SunEdison Inc. (US$)



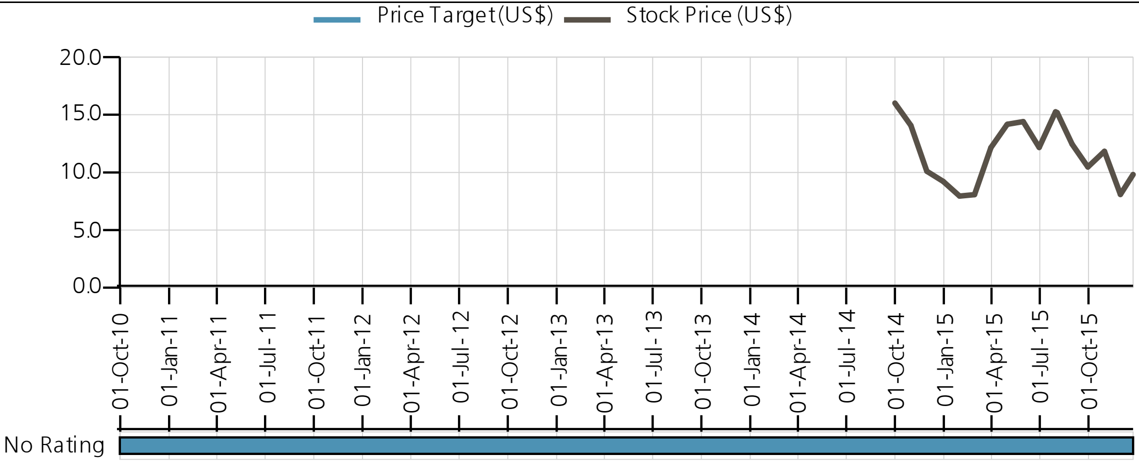
Source: UBS; as of 24 Dec 2015

TerraForm Power, Inc. (US$)



Source: UBS; as of 24 Dec 2015

Vivint Solar Inc (US$)



Source: UBS; as of 24 Dec 2015

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