

SunEdison's TerraForm Units Both Say They're Seeking Buyers (1)

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(Bloomberg) -- TerraForm Power Inc. and TerraForm Global Inc., two yieldcos that own wind and solar farms linked to bankrupt SunEdison Inc., are seeking to sell themselves.

The companies, which have yet to file a claim in the Chapter 11 bankruptcy of SunEdison, are working closely with their parent to resolve all inter-company claims, according to statements from both of the TerraForm companies on Monday.

"We are actively exploring the potential sale" of the equity interests, "as well as alternative structures," Peter Blackmore, interim chief executive officer of both companies, said in the statements. The companies are also taking steps to operate as independent companies, "without a new sponsor, if that should become necessary in the short or long term."

TerraForm Power owns about 3 gigawatts of power plants, 79 percent of that in the U.S. as well as some in Canada, Chile and the U.K. They average about 3 years old and have deals to sell power that will run for an average of 15 more years, according to a presentation posted on the company's website Friday.

Portfolio Size

TerraForm Global posted a similar presentation, detailing 917 megawatts of wind and solar projects in South America, Africa and Asia, with about 18 years remaining on their power-purchase deals.

TerraForm Power rose 3.3 percent to \$13.49 at 11:18 a.m. in New York. TerraForm Global surged 11 percent to \$3.77.

The TerraForm Power assets make the company worth about \$5.50 a share, according to Matt Tucker, an analyst at KeyCorp.

That's less than half the current price, largely because of the chance of a bidding war for the company.

"That's what the shares are reflecting," Tucker said in an interview Monday. "We think the shares are overvalued."

That figure excludes potential growth in TerraForm Power's portfolio or any value of the power plants after their existing contracts expire. The company estimates the wind and solar farms have an average remaining useful life of 26 years, well beyond the duration of their power deals. He didn't have any estimates for the value of TerraForm Global.

Multiple Bidders

Multiple companies have expressed interest in TerraForm Power. Golden Concord Holdings Ltd., a Chinese clean-energy group, is planning to bid for SunEdison's controlling stake in the company, people familiar with the plans said in August. That would challenge a joint offer from Canada's biggest alternative-asset manager, Brookfield Asset Management Inc., and billionaire David Tepper's Appaloosa Management LP hedge fund.

TerraForm Power said in August that it was considering plans to set up an auction to sell itself, according to people familiar with the matter. SunEdison, which has been selling off assets in Chapter 11, said earlier this month that it had reached an agreement with the two non-bankrupt yieldcos over when and how they would bring claims as part of the bankruptcy.

The process may not lead to a deal, according to Swami Venkataraman, an analyst at Moody's Investors Service.

If the bids "highly undervalue" TerraForm Power and its assets, "they may choose to operate as an independent company for some time," Venkataraman said in an e-mail Monday.

The case is SunEdison Inc., 16-10992, U.S. Bankruptcy Court, Southern District of New York (Manhattan)

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