Vistra Energy Reports 2016 Results and Reaffirms 2017 Guidance

DALLAS, March 30, 2017 /PRNewswire/ -- Vistra Energy (OTCQX: VSTE), the parent company for TXU Energy and Luminant, today reported its 2016 financial and operational results. Vistra Energy's predecessor entity, TCEH Corp., emerged from Chapter 11 bankruptcy on October 3, 2016, on which date Vistra Energy adopted fresh-start accounting, which resulted in Vistra Energy becoming a new entity for financial reporting purposes. As a result, Vistra Energy's 2016 results are reported for the predecessor entity for the period from January 1, 2016 through October 2, 2016 (the "Predecessor") and for the successor entity for the period from October 3, 2016 through December 31, 2016 (the "Successor").

The financial statements of Vistra Energy for periods on or after October 3, 2016 are not comparable to the financial statements of the Predecessor prior to that date, as those previous periods do not give effect to any adjustments to the carrying values of assets or amounts of liabilities that resulted from the plan of reorganization, and the related application of fresh-start reporting, which includes accounting policies implemented by Vistra Energy that differ from those of the Predecessor. Please refer to our 2016 Annual Report for additional discussion regarding the accounting impacts of our emergence from Chapter 11 and the application of fresh-start accounting to our GAAP financial statements. Our 2016 Annual Report can be found in the investor relations section of Vistra Energy's website at www.vistraenergy.com.

Given the impacts of fresh-start accounting and the implementation of the plan of reorganization on GAAP earnings in 2016, Vistra Energy believes its non-GAAP financial measures of adjusted EBITDA and adjusted free cash flow are more meaningful in evaluating its full-year performance. Vistra Energy's management team evaluates its financial and operational results utilizing these non-GAAP measures. Combining the 2016 results of the Predecessor and the Successor, Vistra Energy reported 2016 adjusted EBITDA of $1,601 million and, after adjusting the presentation of adjusted free cash flow to exclude changes in working capital and margin deposits, Vistra Energy reported 2016 adjusted free cash flow of $886 million.

Curt Morgan, Vistra Energy's chief executive officer, commented, "2016 was a highly productive year for Vistra Energy, as we delivered very strong results under difficult market conditions, demonstrating the resilience of our integrated model and high-performing commercial and retail operations. We exited bankruptcy with a strong and flexible capital structure, and restructured our support organization costs, paving the way to excel in a highly competitive and challenged marketplace. As we move forward into 2017, we are focused on finalizing the process to list on the New York Stock Exchange, improving our plant performance including portfolio optimization, and implementing our capital allocation process, all with an eye toward delivering value to our shareholders."

2017 Guidance

Vistra Energy is reaffirming its 2017 guidance, reflecting an adjusted EBITDA range of $1,350 million to $1,500 million and an adjusted free cash flow range of $745 million to $925 million.

Liquidity

As of December 31, 2016, Vistra Energy had cash and cash equivalents of $843 million, $131 million in available letter of credit capacity under its term loan C facility, and $860 million of availability under its revolving credit facility, which remained undrawn at December 31, 2016.

Earnings Conference Call

Vistra Energy will host a conference call today, March 30, 2017, beginning at 11 a.m. EDT (10 a.m. CDT) to discuss these results and related matters. The live, listen-only webcast of the conference call can be accessed via the investor relations section of Vistra Energy's website at www.vistraenergy.com. For those unable to participate in the live event, a replay of the call will be available on the Vistra Energy website for one year following the call.

About Non-GAAP Financial Measures and Items Affecting Comparability

"Adjusted EBITDA" (EBITDA as adjusted for unrealized gains or losses from hedging activities, tax receivable agreement obligations, reorganization items, and certain other items described from time to time in Vistra Energy's earnings releases); and "adjusted free cash flow" (cash from operating activities excluding changes in margin deposits and working capital and adjusted for capital expenditures, other net investment activities, preferred stock dividends, and other items described from time to time in Vistra Energy's earnings releases), are "non-GAAP financial measures." A non-GAAP financial measure is a numerical measure of financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in Vistra Energy's consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows. Non-GAAP financial measures should not be considered in isolation or as a substitute for the most directly comparable GAAP measures. Vistra Energy's non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.

Vistra Energy uses adjusted EBITDA as a measure of performance and believes that analysis of its business by external users is enhanced by visibility to both net income prepared in accordance with GAAP and adjusted EBITDA. Vistra Energy uses adjusted free cash flow as a measure of liquidity and believes that analysis of its ability to service its cash obligations is supported by disclosure of both cash provided by (used in) operating activities prepared in accordance with GAAP as well as adjusted free cash flow. The schedules attached to this earnings release reconcile the non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

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About Vistra Energy
Vistra Energy is a premier Texas-based energy company focused on the competitive energy and power generation markets through operation as the largest retailer of electricity and generator in the growing Texas market. Our integrated portfolio of competitive businesses consists primarily of TXU Energy and Luminant. TXU Energy sells retail electricity and value-added services (primarily through our market-leading TXU Energy™ brand) to approximately 1.7 million residential and business customers in Texas. Luminant generates and sells electricity and related products from our diverse fleet of generation facilities totaling approximately 17,000 MW of generation in Texas, including 2,300 MW fueled by nuclear power, 8,000 MW fueled by coal and 6,000 MW fueled by natural gas, and is a large purchaser of wind-generated electricity.

Cautionary Note Regarding Forward-Looking Statements
This press release includes forward-looking statements, which are subject to risks and uncertainties. All statements, other than statements of historical facts, are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "shall," "anticipate," "seek," "estimate," "intend," "plan," "project," "forecast," "goal," "target," "would" and "outlook," or the negative variations of those words or other comparable words of a future or forward-looking nature. Readers are cautioned not to place undue reliance on forward-looking statements. Although Vistra Energy believes that in making any such forward-looking statement, Vistra Energy's expectations are based on reasonable assumptions, any such forward-looking statement involves uncertainties and risks, including the following important factors, among others, that could cause results to differ materially from those projected in or implied by such forward-looking statements:

- general industry trends;
- economic conditions, including the impact of an economic downturn;
- weather conditions, including drought and limitations on access to water, and other natural phenomena, and acts of sabotage, wars or terrorist or cybersecurity threats or activities;
- the actions and decisions of regulatory authorities and credit rating agencies;
- our ability to collect trade receivables from our customers;
- our ability to attract, retain and profitably serve customers;
- restrictions on competitive retail pricing;
- changes in wholesale electricity prices or energy commodity prices or changes in market heat rates in the ERCOT electricity market;
- changes in prices of transportation of natural gas, coal, fuel and other refined products;
- our ability to effectively hedge against unfavorable commodity prices, including the price of natural gas and market heat rates;
- population growth or decline, or changes in market supply or demand and demographic patterns, particularly in ERCOT;

- access to adequate transmission facilities to meet changing demands;
- changes in interest rates, commodity prices, rates of inflation or foreign exchange rates;
- changes in operating expenses, liquidity needs and capital expenditures;
- commercial bank market and capital market conditions and the potential impact of disruptions in United States and international credit markets;
- access to capital, the attractiveness of the cost and other terms of such capital and the success of financing and refinancing efforts, including availability of funds in the capital markets;
- competition for new energy development and other business opportunities;
- changes in technology (including large scale electricity storage) used by and services offered by us;
- changes in electricity transmission that allow additional power generation to compete with our generation assets;
- limitations on our ability to utilize previously incurred federal net operating losses or alternative minimum tax credits; and
- hazards customary to the industry and the possibility that we may not have adequate insurance to cover losses resulting from such hazards

Any forward-looking statement speaks only at the date on which it is made, and except as may be required by law, Vistra Energy undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible to predict all of them; nor can Vistra Energy assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

VISTRA ENERGY CORP.

ADJUSTED EBITDA RECONCILIATION

(Unaudited) (Millions of Dollars)

	Successor (a)		Predecessor (b)	
	Period from October 3, 2016 through December 31, 2016		Period from January 1, 2016 through October 2, 2016	
Net income	$	(163)	$	22,851
Income tax benefit		(70)		(1,267)
Interest expense and related charges		60		1,049
Depreciation and amortization (c)		247		551
EBITDA before adjustments	$	74	$	23,184
Reorganization items and restructuring expenses		18		(22,095)
Unrealized net loss resulting from hedging transactions		165		36
Severance		44		32
Impairment of assets and inventory write down		3		42
Fresh start and purchase accounting impacts		35		9
Tax receivable agreement obligation accretion		22		—
Other		7		25
Adjusted EBITDA	$	368	$	1,233

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(a) The Successor period from October 3, 2016 through December 31, 2016 reflects the results of Vistra Energy

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(b)	The Predecessor period from January 1, 2016 through October 2, 2016 reflects the results of Texas Competitive Electric Holdings Company, LLC ("TCEH").
(c)	Includes nuclear fuel amortization of $31 million and $92 million for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016, respectively.

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ADJUSTED FREE CASH FLOW RECONCILIATION

(Unaudited) (Millions of Dollars)

	Successor (a)		Predecessor (b)	
	Period from October 3, 2016 through December 31, 2016		Period from January 1, 2016 through October 2, 2016	
Adjusted EBITDA	$	368	$	1,233
Interest paid, net		(20)		(1,065)
Tax payments		(2)		(22)
Changes in working capital		62		(51)
Changes in margin deposits		(193)		(124)
Commodity and other derivative contractual assets and liabilities		(48)		29
Reorganization items		—		(178)
Severance		(44)		(32)
Other, net		(42)		(28)
Cash provided by (used in) operating activities	$	81	$	(238)
Notes/advances due from affiliates		—		(41)
Capital expenditures		(48)		(230)
Nuclear fuel purchases		(41)		(33)
Lamar and Forney acquisition — net of cash acquired		—		(1,343)
Other net investing activities (c)		(4)		(6)
Free cash flow	$	(12)	$	(1,891)
Adjustments				
Payment of principal on Tex-La notes		—		34
Payments funded from restructuring escrow accounts		37		—
Interest payments		20		1,065
Professional fees paid for chapter 11 cases		14		102
Lamar and Forney acquisition — net of cash acquired		—		1,343
Bankruptcy related payments		—		42
Interest payments (d)		(43)		(131)

Interest payments (d)		(45)		(151)
Adjusted free cash flow--December guidance (e)	$	16	$	564
Changes in working capital		(62)		51
Changes in margin deposits		193		124
Adjusted free cash flow	$	147	$	739

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(b)	The Predecessor period from January 1, 2016 through October 2, 2016 reflects the results of Texas Competitive Electric Holdings Company, LLC ("TCEH").
(c)	Includes investments in and proceeds from the nuclear decommissioning trust fund and other net investing cash flows, but excludes changes in restricted cash.
(d)	Estimate of interest paid on Term Loan B Facility and Term Loan C Facility if the facilities were outstanding at the beginning of the period.
(e)	Adjusted free cash flow methodology utilized for the December 2016 guidance, which did not exclude impacts of timing items (working capital and margin deposits).

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