

## Vistra Energy Reports Third Quarter 2017 Results, Narrows 2017 Guidance, and Initiates 2018 Guidance

IRVING, Texas, Nov. 3, 2017 /PRNewswire/ -- Vistra Energy (NYSE: VST), the parent company for TXU Energy and Luminant, today reported third quarter 2017 net income of \$273 million. Net income for the first three quarters of 2017 was \$325 million and cash provided by operating activities for the same period was \$845 million.

Adjusted EBITDA for the third quarter 2017 was \$522 million. For the first three quarters of 2017, Vistra Energy's adjusted EBITDA was \$1,143 million and adjusted free cash flow was \$625 million.

Curt Morgan, Vistra Energy's chief executive officer, remarked, "Vistra Energy's third quarter results were strong, despite disappointing summer weather and the unplanned outage at Comanche Peak Unit 2 that lasted through early August. Our results this quarter, in the face of these headwinds, once again reinforce the strength of our integrated operations and our commercial capabilities."

Morgan continued, "In 2017 we have put considerable focus on optimizing the value of our wholesale operations in order to successfully compete in this challenging, low wholesale power price environment. Our operations performance initiative has been successful, identifying approximately \$50 million in annual run-rate EBITDA enhancement opportunities on a full-year basis. Despite this great result, certain of our coal assets no longer support continued investment in this existing oversupplied generation market, which includes the proliferation of subsidized renewables, that when combined with low natural gas prices has created a period of historically low wholesale power prices. As a result, earlier this month we announced the difficult decision to retire three of our coal plants. We thank our employees at these sites, who have reliably powered Texas for decades, for their dedicated service."

### Narrowing 2017 Guidance and Initiating 2018 Guidance

Vistra Energy is narrowing its 2017 adjusted EBITDA and adjusted free cash flow guidance ranges, and the company is also initiating guidance for 2018, each as set forth below:

(\$ in millions)	2017 Prior Guidance	2017 Narrowed Guidance	2018 Guidance
Adjusted EBITDA	\$1,350 – 1,500	\$1,375 – 1,475	\$1,300 – 1,450
Adjusted Free Cash Flow	\$745 – 925	\$770 – 900	\$600 – 750

Vistra Energy's 2018 guidance ranges reflect expectations of continued strong performance from the retail operations, hedge positions as of Oct. 20, 2017, and the impact of forward price curves on the wholesale operation's open position as of the same date. Had Vistra Energy been unhedged as of Oct. 20, 2017, Vistra Energy's adjusted EBITDA guidance range would have moved up by approximately \$75 million and its adjusted free cash flow guidance range would have moved up by a similar amount. The 2018 guidance also assumes full-year contributions from the Odessa plant and the operations performance initiative, one planned nuclear refueling outage at Comanche Peak, and assumes each of Monticello, Sandow, and Big Brown are retired in early 2018.

### Liquidity

As of Sept. 30, 2017, Vistra Energy had total available liquidity of approximately \$2.084 billion, including cash and cash equivalents of \$1.054 billion, \$170 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 September 30, 2017. Liquidity increased by approximately \$63 million in the third quarter of 2017 primarily due to increased available cash from operations.

### Announced Plant Retirements

In October, Vistra Energy filed notices with the Electric Reliability Council of Texas ("ERCOT") stating its plans to retire its Monticello, Sandow, and Big Brown generation plants. The decision to retire these units came after an extensive year-long review that determined these plants are economically challenged in the competitive ERCOT environment. The retirement of these facilities will reduce Vistra's generation capacity by approximately 4,200 MW from its approximately 17,800 MW of current capacity. Monticello (1,880 MW) will be taken offline in January 2018. Assuming ERCOT does not determine the plant is needed for system reliability, Sandow (1,137

MW) will also be taken offline in January 2018. Big Brown (1,150 MW) will be taken offline in February 2018 unless either ERCOT determines the plant is needed for system reliability or the ongoing sales process is successful.

Also in October, Vistra Energy and Alcoa entered into a contract termination agreement, resulting in an early settlement of certain power and mining agreements. In consideration for the early termination, Alcoa made a one-time payment to Luminant of \$237.5 million. The contracts helped shield Sandow from significant exposure to the downturn in the wholesale power market; however, the standalone economics of the Sandow complex did not support continued investment in the site.

#### 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 and generator of electricity 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 18,000 MW of generation in Texas, including 2,300 MW fueled by nuclear power, 8,000 MW fueled by coal, and 7,500 MW fueled by natural gas, and is a large purchaser of renewable power including wind and solar-generated electricity. The company is currently developing one of the largest solar facilities in Texas by capacity.

#### 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," "guidance" 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 that could cause results to differ materially from those projected in or implied by any such forward-looking statement, including the uncertainties and risks discussed in the sections entitled "Risk Factors" and "Special Note Regarding Forward-Looking Statements" in our prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) of the Securities Act on May 9, 2017 (as supplemented).

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.

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#### CONDENSED STATEMENTS OF CONSOLIDATED INCOME

(Unaudited) (Millions of Dollars, Except Earnings Per Share)

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
Operating revenues	\$ 1,833	\$ 4,487
Fuel, purchased power costs and delivery fees	(838)	(2,250)
Operating costs	(218)	(626)
Depreciation and amortization	(178)	(519)
Selling, general and administrative expenses	(147)	(434)
Operating income	452	658
Other income	10	29
Other deductions	—	(5)
Interest expense and related charges	(76)	(169)
Impacts of Tax Receivable Agreement	138	96
Income before income taxes	524	609
Income tax expense	(251)	(284)
Net income	\$ 273	\$ 325
Weighted average shares of common stock outstanding:		
Basic	427,591,426	427,587,404
Diluted	428,312,438	428,001,869
Net income per weighted average share of common stock outstanding:		
Basic	\$ 0.64	\$ 0.76
Diluted	\$ 0.64	\$ 0.76

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#### CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS

(Unaudited) (Millions of Dollars)

Nine Months  
Ended  
September 30, 2017

Cash flows — operating activities:

Net income \$ 325

Adjustments to reconcile net income to cash provided by operating activities:

Depreciation and amortization 621

Deferred income tax expense, net 209

Unrealized net gain from mark-to-market valuations of derivatives (199)

Impacts of Tax Receivable Agreement (96)

Stock-based compensation 13

Other, net 84

Changes in operating assets and liabilities:

Margin deposits, net 183

Accrued taxes 4

Accrued incentive plan (46)

Accrued interest (26)

Other operating assets and liabilities (227)

Cash provided by operating activities 845

Cash flows — financing activities:

Repayments/repurchases of debt (32)

Other, net (5)

Cash used in financing activities (37)

Cash flows — investing activities:

Capital expenditures (86)

Nuclear fuel purchases (56)

Odessa acquisition (355)

Solar development expenditures (129)

Changes in restricted cash 34

Proceeds from sales of nuclear decommissioning trust fund securities 154

Investments in nuclear decommissioning trust fund securities (169)

Other, net 10

Cash used in investing activities (597)

Net change in cash and cash equivalents 211

Cash and cash equivalents — beginning balance 843

Cash and cash equivalents — ending balance \$ 1,054

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ADJUSTED EBITDA RECONCILIATION

(Unaudited) (Millions of Dollars)

	Successor			
	Three Months Ended			
	September 30, 2017			
	Wholesale Generation	Retail Electricity	Eliminations / Corp and Other	Vistra Energy Consolidated
Net income	\$ 469	\$ 7	\$ (203)	\$ 273
Income tax expense	—	—	251	251
Interest expense and related charges	9	—	67	76
Depreciation and amortization (a)	78	108	10	196
EBITDA before adjustments	\$ 556	\$ 115	\$ 125	\$ 796
Unrealized net (gain) loss resulting from hedging transactions	(235)	87	—	(148)
Generation plant retirement expense	24	—	—	24
Fresh start accounting impacts	4	(19)	—	(15)
Impacts of Tax Receivable Agreement	—	—	(138)	(138)
Reorganization items and restructuring expenses	—	—	2	2
Other, net	—	(7)	8	1
Adjusted EBITDA	\$ 349	\$ 176	\$ (3)	\$ 522

(a)	Includes nuclear fuel amortization of \$18 million for the three months ended September 30, 2017.

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ADJUSTED EBITDA RECONCILIATION

(Unaudited) (Millions of Dollars)

	Successor			
	Nine Months Ended			
	September 30, 2017			
	Wholesale	Retail	Eliminations /	Vistra Energy

	wholesale Generation	Retail Electricity	Eliminations / Corp and Other	vistra Energy Consolidated
Net income	\$ 653	\$ 77	\$ (405)	\$ 325
Income tax expense	—	—	284	284
Interest expense and related charges	14	—	155	169
Depreciation and amortization (a)	233	322	29	584
EBITDA before adjustments	\$ 900	\$ 399	\$ 63	\$ 1,362
Unrealized net (gain) loss resulting from hedging transactions	(362)	160	—	(202)
Generation plant retirement expense	24	—	—	24
Fresh start accounting impacts	11	24	—	35
Impacts of Tax Receivable Agreement	—	—	(96)	(96)
Reorganization items and restructuring expenses	1	2	12	15
Other, net	6	(13)	12	5
Adjusted EBITDA	\$ 580	\$ 572	\$ (9)	\$ 1,143

(a)	Includes nuclear fuel amortization of \$65 million for the nine months ended September 30, 2017.

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#### ADJUSTED FREE CASH FLOW RECONCILIATION

(Unaudited) (Millions of Dollars)

	Successor
	Nine Months
	Ended
	September 30, 2017
Adjusted EBITDA	\$ 1,143
Interest paid, net (a)	(182)
Taxes paid	(51)
Payments funded from restructuring escrow accounts	(29)
Other changes in operating assets and liabilities	(115)
Working capital and margin deposits	102
Reclamation and remediation	(23)
Cash provided by operating activities	\$ 845
Capital expenditures	(86)

Capital expenditures	(88)
Nuclear fuel purchases	(56)
Solar development expenditures	(129)
Odessa acquisition	(355)
Other net investing activities (b)	(5)
Free cash flow	\$ 214
Working capital and margin deposits	(102)
Solar development expenditures	129
Odessa acquisition	355
Payments funded from restructuring escrow accounts	29
Adjusted free cash flow	\$ 625

(a)	Net of interest received. Excludes fees paid on Vistra Operations Credit Facility repricing in February 2017 and August 2017.
(b)	Includes investments in and proceeds from the nuclear decommissioning trust fund and other net investing cash flows, but excludes changes in restricted cash.

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#### ADJUSTED EBITDA GUIDANCE RECONCILIATION

(Unaudited) (Millions of Dollars)

	Year Ended		Year Ended	
	December 31, 2017		December 31, 2018	
	Low	High	Low	High
Net Income	\$ 393	\$ 458	\$ 150	\$ 248
Income tax expense	161	196	127	179
Interest expense and related charges	202	202	176	176
Depreciation and amortization	761	761	660	660
EBITDA before adjustments	\$ 1,517	\$ 1,617	\$ 1,113	\$ 1,263
Unrealized net (gain) loss resulting from hedging transactions	(134)	(134)	44	44
Generation plant retirement expenses	24	24	24	24
Fresh start accounting impacts	59	59	36	36
Reorganization and restructuring expenses	11	11	3	3
Other, net	(102)	(102)	80	80
Adjusted EBITDA	\$ 1,375	\$ 1,475	\$ 1,300	\$ 1,450

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ADJUSTED FREE CASH FLOW GUIDANCE RECONCILIATION

(Unaudited) (Millions of Dollars)

	Year Ended		Year Ended	
	December 31, 2017		December 31, 2018	
	Low	High	Low	High
Adjusted EBITDA	\$ 1,375	\$ 1,475	\$ 1,300	\$ 1,450
Interest payments	(219)	(219)	(203)	(203)
Tax payments	(106)	(141)	(22)	(22)
Tax receivable agreement payments	(25)	(25)	—	—
Working capital and margin deposits	350	350	50	50
Payments funded from restructuring escrow accounts	(90)	(90)	—	—
Alcoa settlement	238	238	—	—
Reclamation and remediation	(41)	(41)	(121)	(121)
Other changes in operating assets and liabilities	(100)	(35)	5	5
Cash provided by operating activities	\$ 1,382	\$ 1,512	\$ 1,009	\$ 1,159
Capital expenditures including nuclear fuel	(213)	(213)	(363)	(363)
Solar development expenditures	(204)	(204)	(29)	(29)
Odessa acquisition	(355)	(355)	—	—
Other net investing activities	(5)	(5)	(20)	(20)
Free cash flow	\$ 605	\$ 735	\$ 597	\$ 747
Working capital and margin deposits	(350)	(350)	(50)	(50)
Solar development expenditures	204	204	29	29
Odessa acquisition	355	355	—	—
Alcoa settlement, net of related taxes	(154)	(154)	—	—
Generation plant retirement expenses	11	11	24	24
Restructuring related payments	9	9	—	—
Payments funded from restructuring escrow accounts	90	90	—	—
Adjusted free cash flow	\$ 770	\$ 900	\$ 600	\$ 750

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