# Vistra Energy
# 2016 Results

March 30, 2017

# Safe Harbor Statements

VISTRA ENERGY

**Cautionary Note Regarding Forward-Looking Statements**

This presentation 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.

# Safe Harbor Statements, Continued

**Information 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 in the appendix to this presentation reconcile the non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

# Agenda

## Welcome and Safe Harbor
Molly Sorg, *Vice President, Investor Relations*

## 2016 Highlights and Operational Review
Curt Morgan, *President and Chief Executive Officer*

## 2016 Financial Review
Bill Holden, *Chief Financial Officer*

## Q&A

# 2016 Highlights & Operational Review

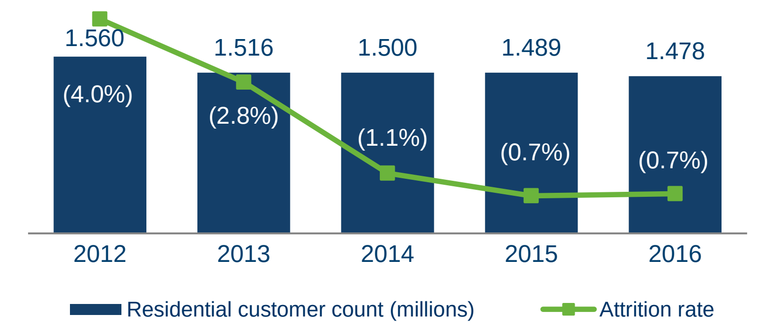
Curt Morgan, President and Chief Executive Officer

# 2016 Highlights

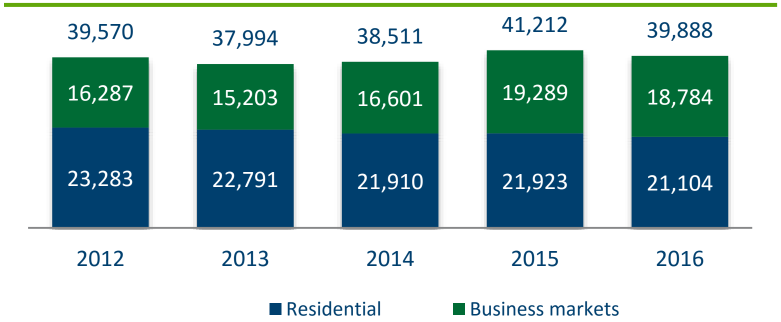
- ✓ Emerged from bankruptcy on October 3, 2016, eliminating more than $33 billion in pre-emergence debt
  - Current total debt of $4.6 billion (~$3.97 billion net of collateralized L/C facility)
    - 2.5x gross debt/EBITDA; 1.96x net debt/EBITDA
  - $1.6 Billion of Adjusted EBITDA – top quartile of range
- ✓ Rebranded as Vistra Energy; retained industry-leading TXU Energy retail brand
- ✓ Eliminated more than $300mm in costs via a support organization restructuring
- ✓ Launched an operational performance initiative to ensure our generation fleet is operating as efficiently and cost effectively as possible, while maintaining our focus on safety
- ✓ Exceptional retail performance, delivering highest Adjusted EBITDA since 2012
- ✓ Strong execution by our generation portfolio, including continued value-added contributions from the commodity risk management and asset optimization teams
- ✓ Initiated process for an uplisting to the New York Stock Exchange

# Retail Highlights

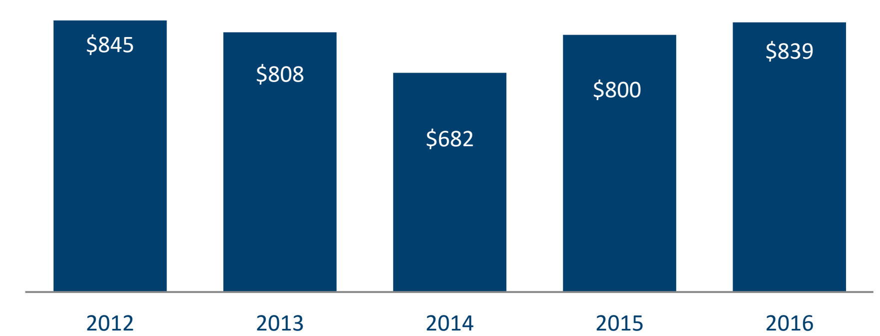
## Residential Net Attrition Continues to Flatten




## Strong ’16 Volumes (GWh) Despite Mild Weather



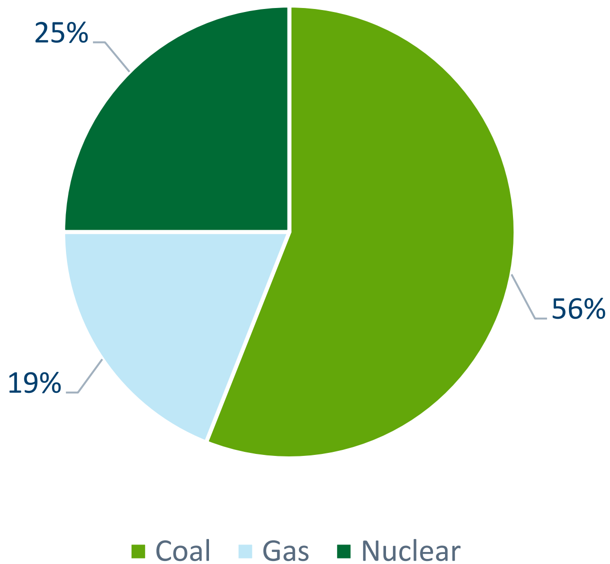

## Consistent Retail EBITDA Contribution

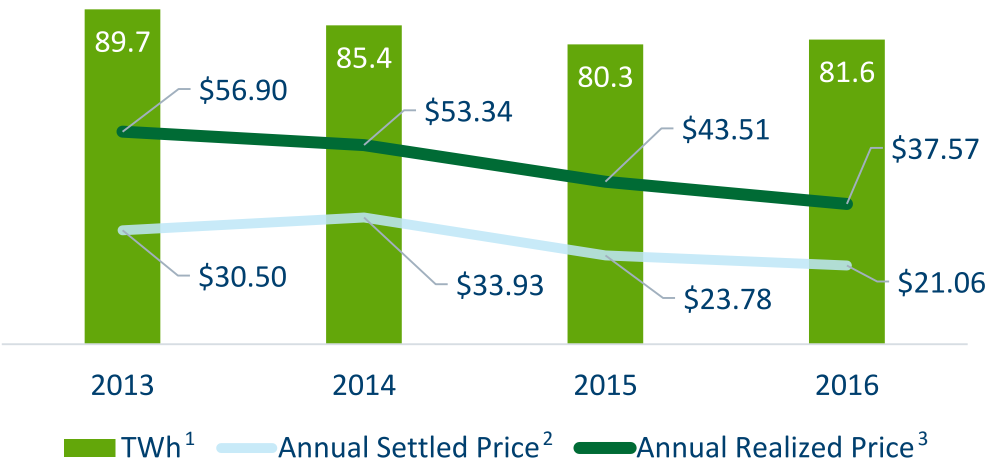



***Retail EBITDA grew by nearly 5% as compared to 2015 as a result of improved SG&A cost efficiencies and margin performance in a low wholesale power price environment***

# Wholesale Highlights

## 2016 Net Generation[1]

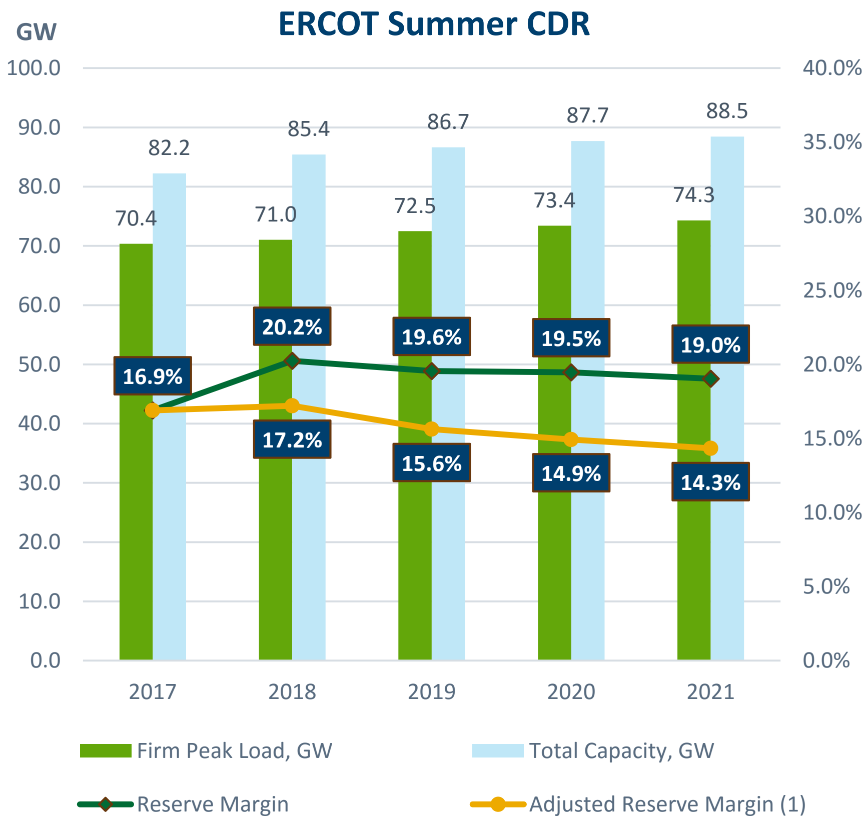


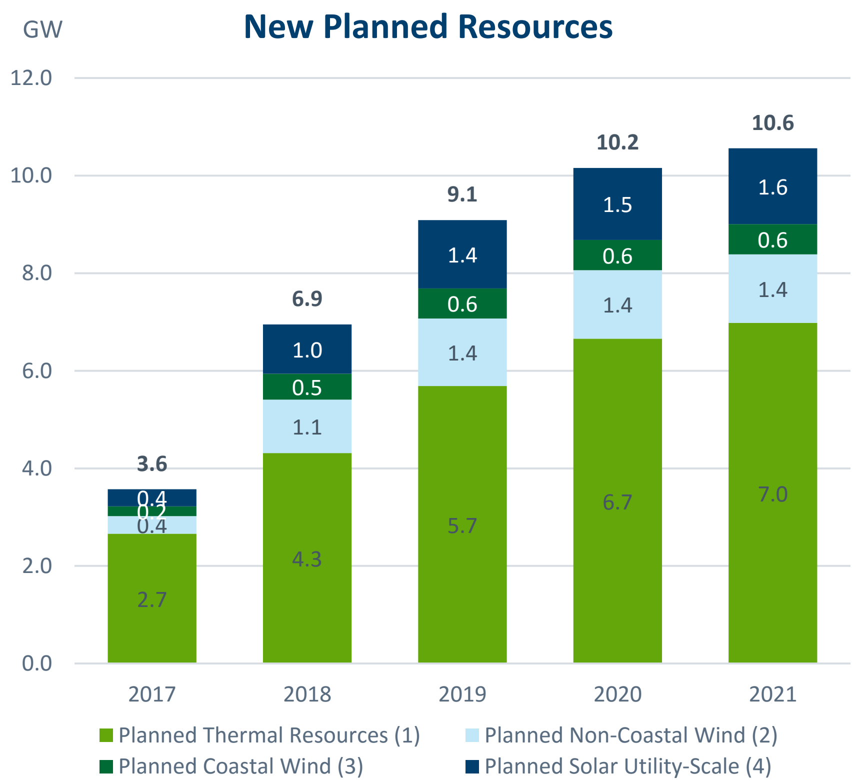

***Realized prices for 2016 were nearly 80% higher than settled prices as a result of solid asset optimization performance and effective hedging***

[1] Proforma including Forney and Lamar net generation.
[2] ERCOT North Hub ATC power prices per Intercontinental Exchange. 2014 power price excludes six extreme weather days in Q1 2014.
[3] Realized prices reflect Luminant actuals ex-Forney and Lamar prior to acquisition.

# ERCOT Market Highlights




(1) Adjusted Reserve Margin assumes only 50% of the new thermal additions as presented in the December 2016 ERCOT CDR report come online in each year from 2018 through 2021.




(1) Planned Thermal Resources with Signed IA, Air Permits and Water Rights, GW.
(2) Planned Non-Coastal Wind with Signed IA, Peak Average Capacity Contribution (14%).
(3) Planned Coastal Wind with Signed IA, Peak Average Capacity Contribution (58%).
(4) Planned Solar Utility-Scale, Peak Average Capacity Contribution (77%).

***Without any significant retirements built into the ERCOT CDR, reserve margins are forecasted to remain above 19% over the next five years***

# 2017 Initiatives

- Implement capital allocation strategy
- Complete and implement operational performance review and optimize Luminant's generation fleet
- Complete implementation of support cost restructuring initiative and generation portfolio assessment/rationalization
- List on the New York Stock Exchange

# 2016 Financial Review

Bill Holden, Chief Financial Officer

# 2016 Financial Results

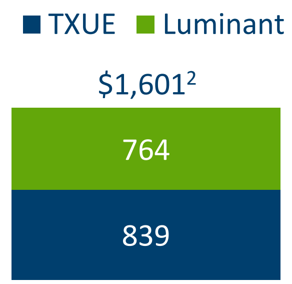
## Highlights

- 2016 Adjusted EBITDA – top quartile of December guidance range
- New presentation for 2016 Adjusted Free Cash Flow guidance range excluding timing items[1]:
  - Guidance range = $815mm to $880mm
  - 2016 Adjusted FCF exceeded high end of range
- Luminant results exceeded guidance range as a result of lower than expected costs
- TXU Energy results came in just shy of December guidance midpoint as a result of lower volumes driven primarily by milder Nov./Dec. weather
- 2017 guidance reaffirmed:
  - Adjusted EBITDA $1,350 – $1,500mm
  - Adjusted FCF $745 – $925mm

## Performance

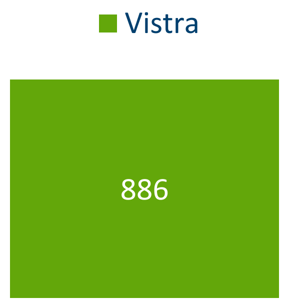
**2016 Adjusted EBITDA**

*($ in millions)*




**2016 Adjusted FCF**

*($ in millions)*

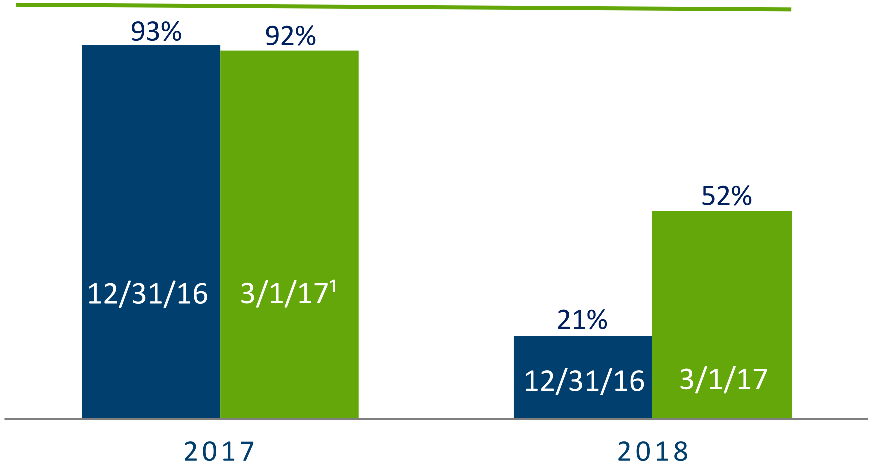



***Strong execution in 2016, delivering Adjusted EBITDA above the mid-point of the 2016 guidance range; Reaffirming 2017 guidance***

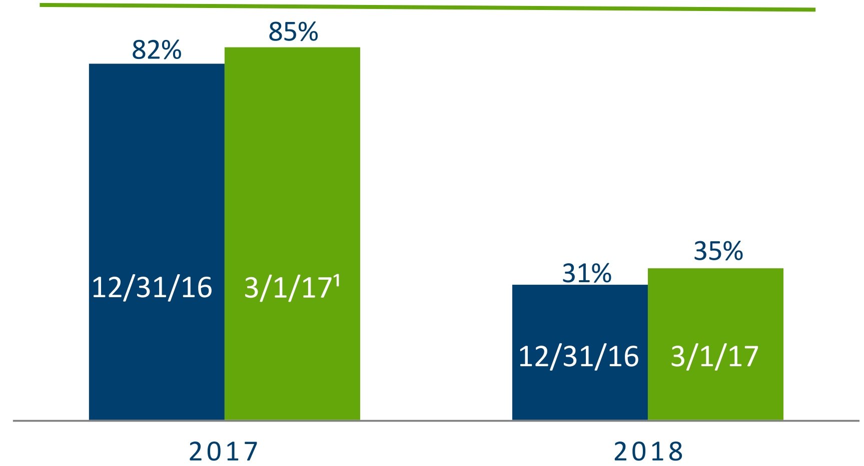
[1] December 2016 Free Cash Flow guidance range including timing items (collateral and working capital) was $615mm to $680mm.
[2] 2016 Adjusted EBITDA for Corporate was ($2).

# Vistra Hedge Profile

## Natural Gas Hedge Profile

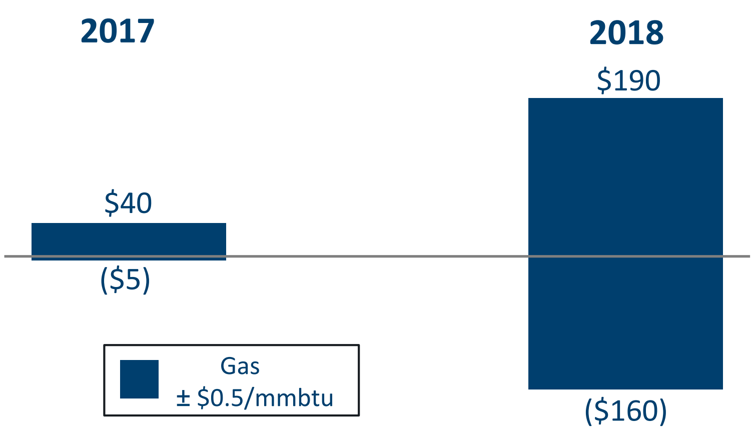



## Heat Rate Hedge Profile



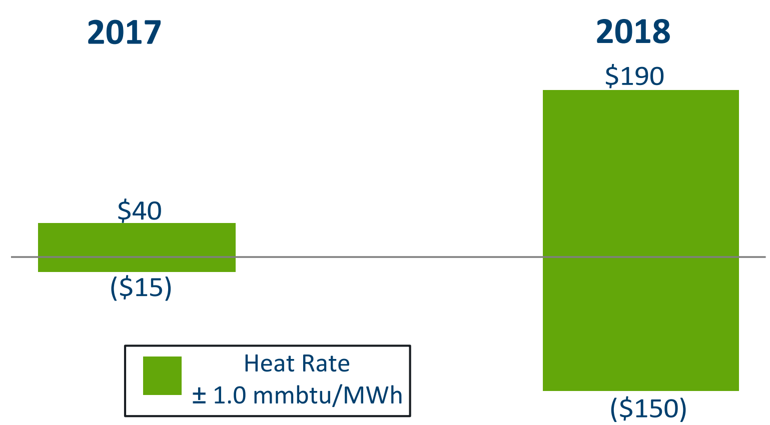

## Natural Gas Margin Sensitivity[2]

*($ in millions)*




## Heat Rate Margin Sensitivity[2]

*($ in millions)*




[1] Reflects balance of 2017 volumes and hedge percentages as of 3/1/2017.

[2] Gas sensitivity assumes HR stays constant; HR sensitivity assumes gas stays constant; includes margin changes on unhedged retail load.

# Vistra Capital Structure

- In February 2017, Vistra repriced its initial term loans B and C (totaling $3.5 billion) to L+275 with a 0.75% LIBOR floor, generating ~$44 million of interest savings per year
- In the fourth quarter of 2016, Vistra entered into $3 billion of interest rate swaps, reducing floating rate exposure and fixing interest rates between 4.67% and 4.91%
- 2017E pro forma interest expense ~$221 million[1]

| $ in millions | 2016A | 2017E |
|---|---|---|
| Long-Term Debt[2] | $4,623 | ~$4,623 |
| Term Loan Amortization and Other Debt Repayments | | (46) |
| Pro Forma Long-Term Debt | | ~4,577 |
| Less: Unrestricted Cash at 12/31/16 | (843) | (843) |
| Less: 2017E FCF[3] | | (835) |
| Less: Restricted Cash Collateral supporting Deposit L/C Facility | (650) | (650) |
| **Net Debt** | **$3,130** | **~$2,249** |
| **Adjusted EBITDA** | **$1,601** | **$1,425[3]** |
| **Net Debt / EBITDA (x)** | **1.96x** | **1.6x** |

***Vistra's capital structure provides financial flexibility and represents the lowest leverage among IPPs***

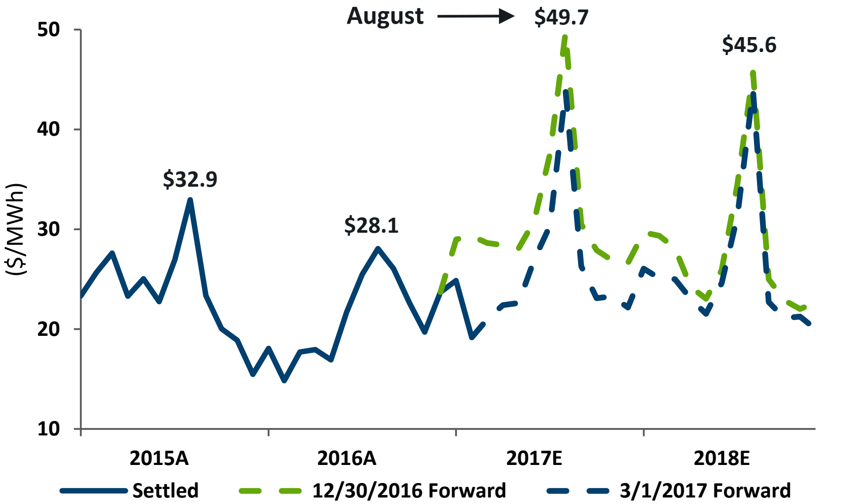
[1] As calculated on a cash basis.
[2] Long-Term Debt as presented on a GAAP basis.
[3] Midpoint of 2017 adjusted EBITDA and adjusted free cash flow guidance.

# Q&A

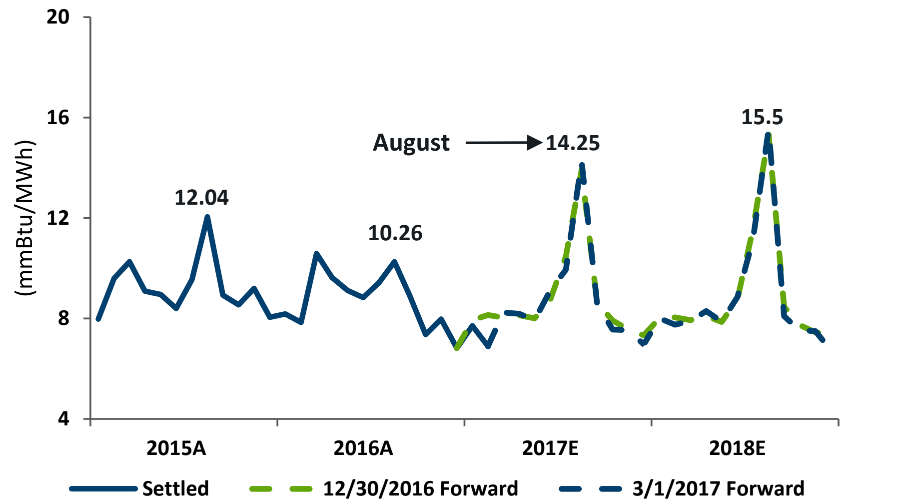
# Appendix

# ERCOT Market Pricing

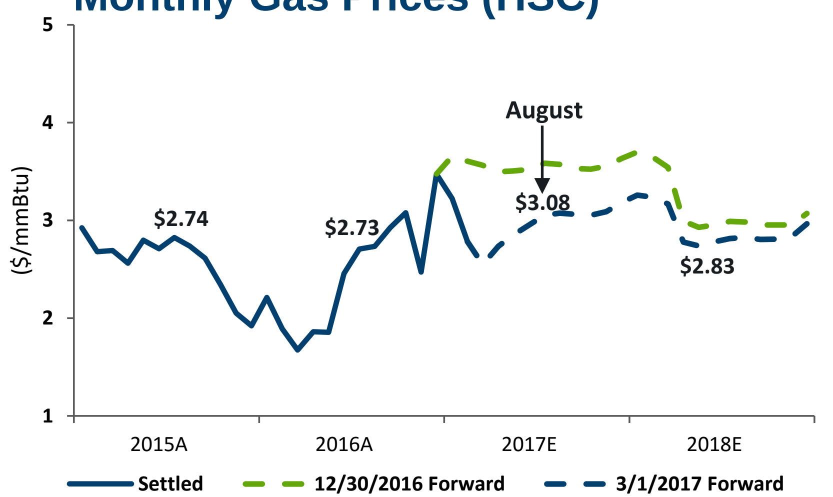
## Monthly North Hub ATC Power Prices[1]




## Implied North Hub ATC Market Heat Rates




## Monthly Gas Prices (HSC)[2]




## Yearly Average Prices

| | NHUB ATC | NHUB ATC HR | Gas - HSC | PRB 8800 |
|---|---|---|---|---|
| 2015A[3] | $23.8 | 9.3 | $2.57 | $10.7 |
| 2016A[3] | $21.1 | 8.6 | $2.45 | $10.1 |
| 2017E[3] | $25.6 | 8.6 | $2.97 | $11.6 |
| 2018F[3] | $25.5 | 8.7 | $2.92 | $11.8 |

[1] Historical North Hub Intercontinental Exchange (ICE) Prices (January 2015 – February 2017) and Forward North Hub ICE Prices (February 2017 – December 2018); Forward prices are developed by multiplying projected heat rates and gas prices.

[2] Chicago Mercantile Exchange (CME) settled prices (January 2015 – March 2017) and Forward prices (April 2017 – December 2018).

[3] A – reflects settled prices; E – reflects an average of actual and forward prices; F – reflects forward prices.

# Luminant Asset Details

| Plant | Capacity (MW) | 2017E Lignite Blend | Heat Rate (btu/kWh) | Installed Environmental Control Equipment[1] FGD (Scrubber) | ACI | ESP | SNCR / SCR | Bag-house |
|---|---|---|---|---|---|---|---|---|
| Big Brown | 1,150 | 17% | 10,761 | | ✓ | ✓ | SNCR | ✓ |
| Monticello | 1,880 | 0% | 10,900 | ✓[2] | ✓ | ✓ | SNCR | ✓[2] |
| Martin Lake | 2,250 | 52% | 10,177 | ✓ | ✓ | ✓ | | |
| Sandow 4 | 557 | 100% | 10,316 | ✓ | ✓ | ✓ | SCR | |
| Sandow 5 | 580 | 100% | 9,827 | ✓ | ✓ | | SNCR | ✓ |
| Oak Grove | 1,600 | 100% | 9,911 | ✓ | ✓ | | SCR | ✓ |
| Comanche Peak | 2,300 | | | | | | | |
| Forney | 1,912 | | 6,600 | | | | | |
| Lamar | 1,076 | | 6,620 | | | | | |

[1]. FGD = Flue Gas Desulfurization; ACI = Activated Carbon Injection; ESP = Electrostatic Precipitator; SNCR = Selective Non-Catalytic Reduction; SCR = Selective Catalytic Reduction.
[2] Monticello Units 1 and 2 have a baghouse while Monticello Unit 3 has a Scrubber.

# Vistra Capital Expenditures

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Capital Expenditures[1]
*2015A-2017E ($ in millions)*

| | 2015A | 2016A | 2017E |
|---|---|---|---|
| **Nuclear Fuel** | 122 | 74 | 65 |
| **Nuclear & Fossil Maintenance** | 207 | 189 | 161 |
| **Environmental** | 82 | 62 | 31 |
| **IT, Corporate, and Other** | 44 | 27 | 50 |
| **Total Capital Expenditures** | **455** | **352** | **307** |
| **Non-recurring Capital Expenditures[2]** | - | - | (25) |
| **Adjusted Capital Expenditures** | **455** | **352** | **282** |

[1] Excludes capitalized interest. Capital expenditure projection is on a cash basis.
[2] Non-recurring capital expenditures of $25mm are included in IT, Corporate, and Other.

# Reg G Reconciliation – Adjusted EBITDA

**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** |

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

# Reg G Reconciliation – Adjusted FCF

VISTRA ENERGY CORP.
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) |
| **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** |

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