

# Vistra Corp.

## Overview



## Cautionary Note Regarding Forward-Looking Statements

The information presented herein includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are based on current expectations, estimates and projections about the industry and markets in which Vistra Corp. ("Vistra") operates and beliefs of and assumptions made by Vistra's management, involve risks and uncertainties, which are difficult to predict and are not guarantees of future performance, that could significantly affect the financial results of Vistra. All statements, other than statements of historical facts, that are presented herein, or in response to questions or otherwise, that address activities, events or developments that may occur in the future, including such matters as activities related to our financial or operational projections, the potential impacts of the COVID-19 pandemic on our results of operations, financial condition and cash flows, projected synergy, value lever and net debt targets, capital allocation, capital expenditures, liquidity, projected Adjusted EBITDA to free cash flow conversion rate, dividend policy, business strategy, competitive strengths, goals, future acquisitions or dispositions, development or operation of power generation assets, market and industry developments and the growth of our businesses and operations (often, but not always, through the use of words or phrases, or the negative variations of those words or other comparable words of a future or forward-looking nature, including, but not limited to: "intends," "plans," "will likely," "unlikely," "believe," "confident," "expect," "seek," "anticipate," "estimate," "continue," "will," "shall," "should," "could," "may," "might," "predict," "project," "forecast," "target," "potential," "goal," "objective," "guidance" and "outlook"), are forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. Although Vistra believes that in making any such forward-looking statement, Vistra'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, but not limited to: (i) adverse changes in general economic or market conditions (including changes in interest rates) or changes in political conditions or federal or state laws and regulations; (ii) the ability of Vistra to execute upon its contemplated strategic, capital allocation, performance, and cost-saving initiatives and to successfully integrate acquired businesses; (iii) actions by credit ratings agencies; (iv) the severity, magnitude and duration of pandemics, including the COVID-19 pandemic, and the resulting effects on our results of operations, financial condition and cash flows; (v) the severity, magnitude and duration of extreme weather events (including winter storm Uri), contingencies and uncertainties relating thereto, most of which are difficult to predict and many of which are beyond our control, and the resulting effects on our results of operations, financial condition and cash flows; and (vi) those additional risks and factors discussed in reports filed with the Securities and Exchange Commission by Vistra from time to time, including the uncertainties and risks discussed in the sections entitled "Risk Factors" and "Forward-Looking Statements" in Vistra's annual report on Form 10-K for the year ended December 31, 2020 and any subsequently filed quarterly reports on Form 10-Q.

Any forward-looking statement speaks only at the date on which it is made, and except as may be required by law, Vistra will not undertake any 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 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.

## Disclaimer Regarding Industry and Market Data

Certain industry and market data used in this presentation is based on independent industry publications, government publications, reports by market research firms or other published independent sources. We did not commission any of these publications, reports or other sources. Some data is also based on good faith estimates, which are derived from our review of internal surveys, as well as the independent sources listed above. Industry publications, reports and other sources generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these publications, reports and other sources is reliable, we have not independently investigated or verified the information contained or referred to therein and make no representation as to the accuracy or completeness of such information. Forecasts are particularly likely to be inaccurate, especially over long periods of time, and we often do not know what assumptions were used in preparing such forecasts. Statements regarding industry and market data used in this presentation involve risks and uncertainties and are subject to change based on various factors, including those discussed above under the heading "Cautionary Note Regarding Forward-Looking Statements".

## 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 impacts, reorganization items, and certain other items described from time to time in Vistra’s earnings releases), “Adjusted Free Cash Flow before Growth” (or “Adjusted FCFbG”) (cash from operating activities excluding changes in margin deposits and working capital and adjusted for capital expenditures (including capital expenditures for growth investments), other net investment activities, and other items described from time to time in Vistra’s earnings releases), “Ongoing Operations Adjusted EBITDA” (adjusted EBITDA less adjusted EBITDA from Asset Closure segment), “Net Income from Ongoing Operations” (net income less net income from Asset Closure segment) and “Ongoing Operations Adjusted Free Cash Flow before Growth” or “Ongoing Operations Adjusted FCFbG” (adjusted free cash flow before growth less cash flow from operating activities from Asset Closure segment before growth), 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’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’s non-GAAP financial measures may be different from non-GAAP financial measures used by other companies.

Vistra 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 uses Adjusted Free Cash Flow before Growth 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 before Growth. Vistra uses Ongoing Operations Adjusted EBITDA as a measure of performance and Ongoing Operations Adjusted Free Cash Flow before Growth as a measure of liquidity and Vistra’s management and board of directors have found it informative to view the Asset Closure segment as separate and distinct from Vistra’s ongoing operations. Vistra uses Net Income from Ongoing Operations as a non-GAAP measure that is most comparable to the GAAP measure Net Income in order to illustrate the Company’s Net Income excluding the effects of the Asset Closure segment, as well as a measure to compare to Ongoing Operations Adjusted EBITDA. The schedules attached to this earnings presentation reconcile the non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

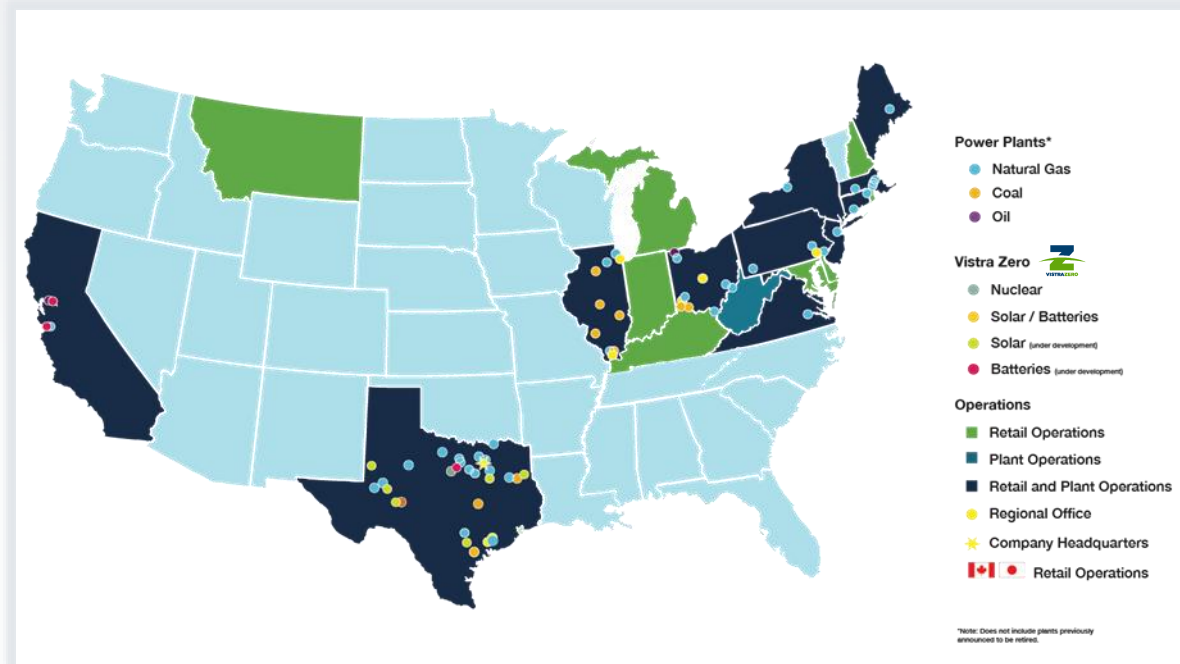
Vistra is a leading integrated retail electricity and power generation company operating in 20 states and the District of Columbia, including six of the seven competitive wholesale markets in the U.S. and retail markets in Canada and Japan

## RETAIL

- ▶ Serves ~4.3 million residential, commercial, and industrial customers via multiple brands in 19 states and the District of Columbia
- ▶ ~100 TWh<sup>1</sup> of load delivered annually
- ▶ Offers over 50 renewable energy and conservation-focused plans

## GENERATION

- ▶ Largest competitive power generator in the US with a capacity of ~39,000 megawatts
- ▶ Diverse portfolio of assets, including natural gas, nuclear, solar, coal, and battery energy storage facilities
- ▶ Targeting ~90% of generation from low-to-no carbon emitting resources by 2030 and net-zero emissions by 2050<sup>2</sup>



<sup>1</sup> 2021E.  
<sup>2</sup> Assuming necessary advancements in technology and supportive market constructs and public policy.

## **PURPOSE**

Lighting up people's lives, powering a better way forward.

### **WE DO BUSINESS THE RIGHT WAY**

Every decision we make and action we take will be evidence of the utmost integrity and compliance. Conducting our daily activities within the laws, regulations, and rules is not an option we choose but rather the way we do business that is ingrained in our culture.

### **WE WORK AS A TEAM**

We are committed to each other; in everything we do and to the success of our company. Collaboration, information sharing, and cross-functional teamwork are fundamental to how we conduct our day-to-day activities.

### **WE COMPETE TO WIN**

We will create the leading integrated energy company with an unmatched work ethic, an analysis-driven and disciplined culture with strong leadership and decision-making throughout the organization.

### **WE CARE ABOUT OUR KEY STAKEHOLDERS**

We care about our employees, customers, and communities where we live and do business. We will maintain productive and respectful relationships with our elected officials, regulators and community leaders. We strive to achieve the full value of our enterprise for our investors.

✓ Prioritize **operational excellence of integrated** retail / generation model and execute on our **financial commitments**, building on track record of delivering **consistently strong EBITDA and robust FCF** – conversion ratio of **60-70%**

✓ **Transition portfolio** toward low-to-no carbon emitting resources by responsibly retiring coal assets and investing approximately a quarter of FCF in **transformational growth investments - solar, energy storage, and retail**



✓ Maintain **strong balance sheet** and **investment discipline** with long-term leverage target in the range of 2.5x net debt to EBITDA and investment threshold of 500-600 bps above cost of equity

✓ **Return a significant amount of capital to financial stakeholders**, estimated at ~\$1.5 billion<sup>1</sup> on average annually over the next 10 years

✓ **Capture value, manage risk, and minimize earnings volatility** via industry-leading commercial execution

<sup>1</sup> Average annual return of capital estimate excludes one-time impact of Winter Storm Uri.

Keeping customers at the center of everything we do, Vistra’s multi-brand strategy attracts customers from diverse segments, while our market-leading innovation backed by a scalable operating platform supports continued organic growth and opportunistic M&A

## INDUSTRY LEADING PLATFORM

ATTRACTIVE RETAIL PORTFOLIO



Balanced, diversified portfolio with strong financial performance in a variety of power price environments

FOCUS ON THE CUSTOMER



Differentiated products and services offered through a variety of sales channels

CAPABILITIES AND INNOVATION



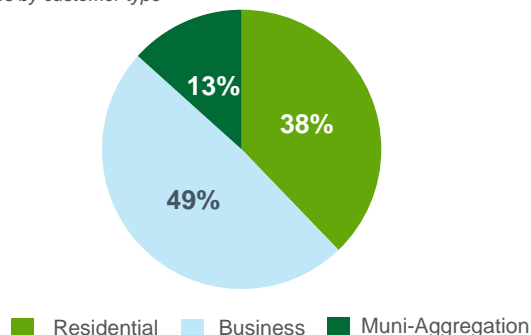
Market-leading innovation backed by a scalable operating platform

## KEY RETAIL BRANDS



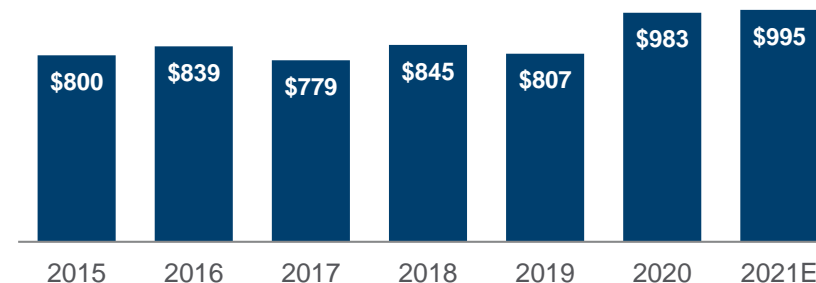
## DIVERSE CUSTOMER BASE

2021E electricity volumes by customer type



## RELATIVELY STABLE AND GROWING RETAIL ADJ. EBITDA

\$ in millions



<sup>1</sup> Midpoint of retail guidance provided on September 29, 2020, which excludes impact of Winter Storm Uri. Midpoint of revised 2021 guidance issued in April 2021 taking into account Winter Storm Uri is \$600 million.

# VISTRA GENERATION AND COMMERCIAL OPERATIONS



Vistra is a leading competitive power generator in the U.S., transforming its portfolio through investments in zero-carbon generation and coal plant retirements

## INDUSTRY LEADING ASSETS

SAFE, RELIABLE, AND LOW-COST



Focused on safe and efficient performance with cost and capital discipline

DIVERSIFIED PORTFOLIO



Gas-predominant portfolio in attractive competitive power markets with significant earnings diversification

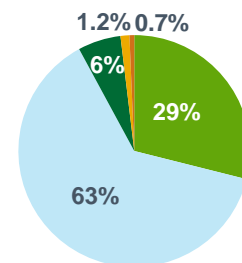
DELIVERING VALUE



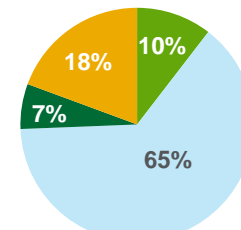
Identified over \$525 million of OPI value with 'in the money' assets earning both energy and capacity revenues

## TRANSFORMATION OF GENERATION BY FUEL TYPE

Current Capacity



2030 Capacity Illustrative<sup>1</sup>



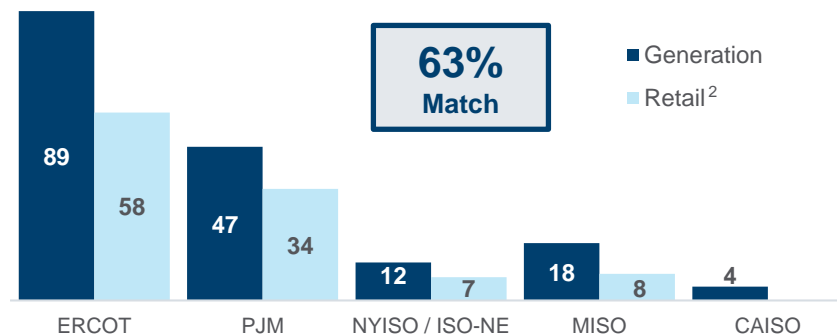
Coal Gas Nuclear Renewables Oil

## INTEGRATED MODEL

- The pairing of retail with generation creates **higher margins** and more **stability in cash flows**, making for a more **predictable and attractive investment**
- In-the-money** generating assets support the commercial team's ability to hedge in the forward curves and a **strong balance sheet** enables execution of forward transactions
- Overall **risk exposure is reduced** with retail as a natural off-taker of generation length with some **opportunity remaining to capture upside**

## 2021E GENERATION TO RETAIL LOAD MATCH

By region, in terawatt-hours



<sup>1</sup> Illustrative 2030 assumes ~7,000 MW of coal retirements and ~6,000 MW of investments in renewable generation.

<sup>2</sup> Retail includes electric volume associated with default service contracts.



# VISTRA TRANSFORMATION



	<b>Evolution to 2020</b> <i>Revolutionized the Integrated Model</i>	<b>2030</b> <i>Sustainable Transformation</i>	<b>2040</b> <i>Leading Renewable Provider</i>																																		
<b>BUSINESS MODEL</b>	<p>Built a foundation that prioritizes a strong balance sheet and low cost, integrated operations ready for the expansion of retail, investments in new technologies, and renewables for portfolio transformation</p>	<p>Market-leading integrated platform powering America through the renewable transition: reliable natural gas generation complements renewable expansion with stable retail platform</p>	<p>Leader in renewable generation, serving our customers with reliable and zero-to-low carbon electricity to meet demand from the electrification of the economy</p>																																		
<b>DIVERSIFIED EARNINGS</b>	<p><b>2020A Adj. EBITDA<sup>1</sup></b></p> <table border="1"> <caption>2020A Adj. EBITDA Breakdown</caption> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Retail</td><td>26%</td></tr> <tr><td>Coal</td><td>20%</td></tr> <tr><td>Gas</td><td>43%</td></tr> <tr><td>Nuclear</td><td>11%</td></tr> <tr><td>Renewables</td><td>0.2%</td></tr> </table>	Category	Percentage	Retail	26%	Coal	20%	Gas	43%	Nuclear	11%	Renewables	0.2%	<p><b>2030E Adj. EBITDA</b> <i>Illustrative</i></p> <table border="1"> <caption>2030E Adj. EBITDA Breakdown (Illustrative)</caption> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Retail</td><td>28%</td></tr> <tr><td>Coal</td><td>9%</td></tr> <tr><td>Gas</td><td>38%</td></tr> <tr><td>Nuclear</td><td>6%</td></tr> <tr><td>Renewables</td><td>18%</td></tr> <tr><td>Carbon Free</td><td>53%</td></tr> <tr><td>Retail and low-to-zero carbon</td><td>90%</td></tr> </table>	Category	Percentage	Retail	28%	Coal	9%	Gas	38%	Nuclear	6%	Renewables	18%	Carbon Free	53%	Retail and low-to-zero carbon	90%	<p><b>2040E Adj. EBITDA</b> <i>Directional</i></p> <table border="1"> <caption>2040E Adj. EBITDA Breakdown (Directional)</caption> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>Carbon-Free</td><td>70-80%</td></tr> <tr><td>Low-Carbon Fossil Fuels</td><td>20-30%</td></tr> </table>	Category	Percentage	Carbon-Free	70-80%	Low-Carbon Fossil Fuels	20-30%
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<b>RETURN OF CAPITAL</b>	<p>Average ~65% conversion of EBITDA to FCF supporting &gt;\$6.5B of capital returned to financial stakeholders</p>	<p>Expected ~\$1.5B/yr returned to stakeholders<sup>2</sup>. Buy back market cap in &lt;9 yrs<sup>3</sup>. Creating value through ~\$500M/yr of growth investments</p>	<p>Continuation of significant return of capital and value creation</p>																																		
<b>BALANCE SHEET STRENGTH</b>	<p>Continue to target long-term leverage of 2.5x net debt / EBITDA</p>	<p>Strong balance sheet and expected investment grade credit ratings</p>	<p>Strong balance sheet and expected investment grade credit ratings</p>																																		

Note: Charts may not sum to 100% due to rounding. <sup>1</sup> Realized hedges allocated by generation volumes within segments. Support costs and Corp./Other segment expenses allocated based on plant capacity. <sup>2</sup> Average annual return of capital estimate excludes one-time impact of Winter Storm Uri. <sup>3</sup> Assumes an average of \$1 billion of share repurchases per year as part of a balanced capital allocation program; time to repurchase market cap assumes recent share price trading levels.

The transformation of Vistra's generation portfolio requires investments in renewables and other innovative technologies. These carbon-free investments join Vistra's other zero-carbon assets under its [Vistra Zero](#) portfolio

## VISTRA ZERO PORTFOLIO

### ► SOLAR

- Upton 2 Solar Facility | 180 MW | Upton County, TX
- Under Development:*
- Brightside Solar Facility | 50 MW | Live Oak County, TX
- Emerald Grove Solar Facility | 108 MW | Crane County, TX
- Forest Grove Solar Facility | 200 MW | Henderson County, TX
- Oak Hill Solar Facility | 200 MW | Rusk County, TX

### ► BATTERY ENERGY STORAGE

- Moss Landing Energy Storage Facility- Phase I | 300 MW / 1,200 MWh | Moss Landing, CA
- Upton 2 Energy Storage Facility | 10 MW / 42 MWh | Upton County, TX
- Under Development:*
- Moss Landing Energy Storage Facility- Phase II | 100 MW / 400 MWh | Moss Landing, CA
- Oakland Energy Storage Facility | 40 MW / 60 MWh | Oakland, CA
- Decordova Energy Storage Facility | 260 MW / 260 MWh | Hood County, TX

### ► NUCLEAR

- Comanche Peak Nuclear Power Plant | 2,300 MW | Glen Rose, TX



Vistra Zero generates zero-carbon electricity, powering America toward a clean energy future



Upton 2 Energy Storage Facility

We provide reliable and affordable electricity to our customers while supporting our communities, being good stewards of the environment, and delivering results for our financial stakeholders

Prioritize **operational excellence** of integrated model and execute on **financial commitments**

Promote and maintain a **diverse and inclusive** workforce where differences are **valued and respected**



Expand established retail business and **strengthen customer relationships**



Transform generation portfolio to one that is **low-to-now carbon** by 2030 and targeting **net-zero emissions** by 2050



Reinvest in business and **return significant capital** to financial stakeholders

Commit to **transparent ESG disclosures**

- 2020 [Sustainability Report](#) (GRI & SASB)
- [Climate Report](#) (TCFD)
- 2020 [CDP](#) questionnaire