

In The News

Vistra Energy Announces Agreement to Acquire Ambit Energy

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Vistra Energy

Vistra Energy (NYSE: VST) announced it has entered into an agreement to acquire Ambit Energy for \$475 million plus net working capital in an all-cash transaction. Following the closing of the transaction, Vistra's share of the ERCOT residential market will grow from approximately 25 percent to approximately 32 percent and an industry-leading 26 percent in all U.S. competitive markets.

"Ambit is a very attractive standalone retail company and a great match for Vistra's retail business, given its leading direct selling capability and its proprietary technology platform. Importantly, Ambit's retail load is nearly two-thirds in the ERCOT market, followed by PJM and the northeast, and this load is 90 percent comprised of residential and small business customers," said Curt Morgan, Vistra's president and chief executive officer. "This acquisition offers significant benefits including consequential synergies and a material enhancement of Vistra's generation to retail load match, with total customers reaching nearly 5 million, and our expected returns from the transaction representing a superior use of capital. Given the attractive EBITDA to free cash flow conversion profile of the business, we expect the transaction to have a minimal impact on Vistra's credit metrics and our capital allocation plan moving forward."

Ambit is headquartered in Dallas, Texas and serves approximately 1.1 million residential customer equivalents in 17 states. The North Texas overlap of administrative functions will uniquely position Vistra to capture synergies and enable the teams to quickly integrate operations. Vistra expects the Ambit business will contribute approximately \$125 million to adjusted EBITDA after the full run-rate of approximately \$25 million of anticipated annual synergies is achieved.

Transaction Highlights:

- Expected annual adjusted EBITDA contribution of approximately \$125 million after the full run-rate of synergies is achieved, representing an acquisition multiple of approximately 3.8 times enterprise value to adjusted EBITDA
- Acquisition economics materially exceed Vistra's investment threshold of mid-to-high teens unlevered returns; achieved only through the expertise and scale of the Vistra wholesale and retail businesses
- Transaction expected to be immediately accretive to adjusted EBITDA and adjusted FCFbG per share in the range of 2-3 percent
- Increases Vistra's match of its generation to retail load profile to approximately 58 percent – over a 20 percent increase since the Dynegy acquisition; 63 percent match in ERCOT with 75 percent at peak, further enhancing Vistra's integrated value proposition
- Essentially leverage-neutral acquisition that strengthens Vistra's retail position in the core ERCOT and PJM markets
- Estimated conversion of adjusted EBITDA to adjusted FCFbG of more than 90 percent
- Ambit is the largest energy-focused direct seller in the United States, providing a new complementary sales channel for Vistra
- Includes acquisition of Ambit's sophisticated, custom-built technology platform, and impressive network of consultants

Transaction and Approvals

In addition to satisfying the closing conditions and consents customary for a transaction of this nature, the transaction is also subject to applicable regulatory approvals, including the expiration or termination of any applicable waiting period under the United States Hart-Scott-Rodino Antitrust Improvements Act, and approval by the Federal Energy Regulatory Commission (FERC).

Pending the receipt of all necessary approvals and the fulfillment of all other customary closing conditions, the parties expect the transaction to close by year end 2019.

Additional Information

Vistra has posted a presentation with additional details of the transaction on the investor relations section of its website at www.vistraenergy.com.

Advisors

Scotiabank is serving as financial advisor and Munsch Hardt Kopf & Harr, P.C. is serving as legal advisor to Ambit.

Latham & Watkins LLP is serving as legal advisor to Vistra.

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