



## NRG Energy agrees to buy Stream Energy's retail electricity and natural gas business

May 20, 2019

— Acquisition to strengthen NRG's position as a leading, customer-driven energy company —

- \$300 million all-cash transaction<sup>1</sup>
- \$65 million annualized Adjusted EBITDA<sup>2</sup>
- Adds more than 600,000 Residential Customer Equivalents<sup>3</sup>

PRINCETON, N.J.--(BUSINESS WIRE)--May 20, 2019-- NRG Energy, Inc. (NYSE: NRG) has agreed to acquire Stream Energy's retail electricity and natural gas business for \$300 million plus working capital in an all-cash transaction.

"This transaction will strengthen NRG's position as a growing, customer-driven energy company. It represents another step in perfecting our integrated business model," said Mauricio Gutierrez, president and chief executive officer, NRG Energy. "Stream Energy's retail energy business provides NRG an attractive opportunity to increase our national retail leadership position and potential for growth."

### Strategic and Financial Benefits

This acquisition, with an anticipated \$65 million annual EBITDA contribution, is expected to further enhance NRG's position as the premier retail energy provider in the U.S. and, when combined with NRG's generation assets, will enable NRG to deliver even greater value to customers and shareholders.

Stream Energy, one of the largest direct selling companies in the energy market and one of the nation's fastest growing retailers, serves more than 600,000 Residential Customer Equivalents (RCEs) in nine states and the District of Columbia. The transaction is expected to increase NRG's market share in Texas, Pennsylvania and a number of other markets in the Eastern U.S., accelerating the pace of growth in these markets. The combination will also enhance NRG's multi-brand strategy.

### Forecast

The transaction represents a 4.6x Enterprise Value/Adjusted EBITDA multiple of the expected annualized Adjusted EBITDA run rate of \$65 million.<sup>2</sup>

### Approvals and Time to Close

The transaction is expected to close in the third quarter of 2019 and is subject to various customary closing conditions, approvals and consents, including the Federal Energy Regulatory Commission (FERC), Georgia Public Service Commission, and antitrust review under Hart-Scott-Rodino.

### Table 1:

#### Acquisition Run Rate Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to Net Income and total comprehensive income

(\$ in millions)	Annualized
<b>Net Income / (Loss)</b>	<b>41</b>
Plus:	
Income tax	-
Interest expense, net	-
Depreciation, amortization, Amortization of Contracts and ARO expense	21
<b>EBITDA</b>	<b>62</b>
Acquisition-related transaction & integration costs	3
Reorganization costs	-
Other non recurring charges	-
Mark-to-Market (MtM) losses / (gains) on economic hedges	-
<b>Adjusted EBITDA</b>	<b>65</b>

<sup>1</sup> Excluding working capital

<sup>2</sup> See reconciliation of Adjusted EBITDA to net income in Table 1.

<sup>3</sup> Residential Customer Equivalent (RCE) is a unit of measure used by the energy industry to denote the typical annual commodity consumption by a single-family residential customer. 1 RCE represents 1,000 therms of natural gas or 10,000 kWh of electricity.

### About NRG

At NRG, we're redefining power by putting customers at the center of everything we do. We create value by generating electricity and serving more than 3 million residential and commercial customers through our portfolio of retail electricity brands. A Fortune 500 company, NRG delivers customer-focused solutions for managing electricity, while enhancing energy choice and working towards a sustainable energy future. More information is available at [www.nrg.com](http://www.nrg.com). Connect with NRG on Facebook, LinkedIn and follow us on Twitter @nrgenergy, @nrginsight.

### **Forward-Looking Statements**

The information presented in this press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks and uncertainties and can typically be identified by terminology such as "may," "should," "could," "objective," "projection," "forecast," "goal," "guidance," "outlook," "expect," "intend," "seek," "plan," "think," "anticipate," "estimate," "predict," "target," "potential" or "continue" or the negative of these terms or other comparable terminology. Such forward-looking statements include, but are not limited to, statements relating to the satisfaction or waiver of the conditions necessary for NRG to complete the transaction contemplated by the purchase agreement, as well as the anticipated timing of the closing of the transactions contemplated by the purchase agreement. These forward-looking statements are subject to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to, the possibility that the closing conditions to the transactions contemplated by the purchase agreement may not be satisfied or waived in a timely manner or at all, including that a governmental entity may prohibit, delay or refuse to grant a necessary regulatory approval, as well as factors described from time to time in NRG's filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to be correct, and actual results may vary materially. NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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