



## Clearway Energy, Inc. Announces Binding Agreements to Acquire and Invest in a Portfolio of Renewable Energy Projects

April 20, 2020

PRINCETON, N.J., April 20, 2020 (GLOBE NEWSWIRE) -- Clearway Energy, Inc. (NYSE: CWEN, CWEN.A) ("Company"), today announced that, through indirect subsidiaries of the Company, it has entered into binding agreements related to the previously announced drop-down offer from Clearway Group ("CEG") to acquire and invest in a portfolio of renewable energy projects. These agreements commit the Company, at closing, to invest an estimated \$241 million in corporate capital, subject to closing adjustments<sup>1</sup>. The transactions are expected to have a five-year average annual asset CAFD of approximately \$23 million prior to corporate financing costs.

"The investments we are announcing today not only provide Clearway additional CAFD growth but also regional diversification for the Company," said Christopher Sotos, Clearway Energy, Inc.'s President and Chief Executive Officer. "We look forward to providing additional updates in the future as we continue to work with our Sponsor, Clearway Group, on additional drop-down opportunities to support the Company's long-term growth objectives."

"The wind projects we're developing, building, and repowering all over the country continue to provide value to local economies, to customers, and to investors," said Craig Cornelius, Chief Executive Officer at Clearway Group. "We are pleased to complete these transactions with Clearway Energy, Inc. and extend the stable and long-term value of renewable energy to its shareholders."

The following projects are included in the drop-down:

- **Rattlesnake Wind:** The Company signed agreements to acquire 100% of the equity interests in Rattlesnake Flat, LLC, which owns the Rattlesnake Wind Project, a 144 net MW wind facility located in Adams County, WA. The project has a 20-year power purchase agreement with Avista.
- **Remaining Interest in Repowering 1.0:** The Company signed an agreement to acquire CEG's remaining interest in Repowering Partnership II LLC ("Repowering 1.0"), which would give the Company sole ownership of the Partnership. Repowering 1.0 includes the 161 MW Wildorado and 122 MW Elbow Creek wind projects, which were previously repowered.
- **Pinnacle Wind Repowering:** The Company, through an indirect subsidiary, agreed to enter into a new partnership with CEG to repower the Pinnacle Wind Project, a 55 net MW wind facility located in Mineral County, WV. In order to facilitate the repowering, the Company will contribute its interests in the Pinnacle Wind Project into the partnership. The existing Pinnacle Wind power purchase agreements with investment grade counterparties continue to run through 2031. As part of the agreement, the Company has committed to make an additional payment to CEG, subject to closing adjustments, of \$27 million in 2031.

The Company currently intends to fund the transactions with existing corporate liquidity. This funding will occur upon each project achieving its requisite closing conditions including commercial operations, of which the Company currently expects all projects to reach by the end of 2020.

### About Clearway Energy, Inc.

Clearway Energy, Inc. is a leading publicly-traded energy infrastructure investor focused on modern, sustainable and long-term contracted assets across North America. Clearway Energy's environmentally-sound asset portfolio includes over 7,000 megawatts of wind, solar and natural gas-fired power generation facilities, as well as district energy systems. Through this diversified and contracted portfolio, Clearway Energy endeavors to provide its investors with stable and growing dividend income. Clearway Energy's Class C and Class A common stock are traded on the New York Stock Exchange under the symbols CWEN and CWEN.A, respectively. Clearway Energy, Inc. is sponsored by its controlling investor Global Infrastructure Partners III (GIP), an independent infrastructure fund manager that invests in infrastructure and businesses in both OECD and select emerging market countries, through GIP's portfolio company, Clearway Energy Group.

### About Clearway Energy Group

Clearway Energy Group is accelerating the world's transformation to a clean energy future. With more than 4.3 gigawatts of solar and wind energy assets in 25 states and a development pipeline across the country, we are offsetting the equivalent of nearly 9 million tons of carbon emissions for our customers. The company is headquartered in San Francisco, CA with offices in Carlsbad, CA; Scottsdale, AZ; Houston, TX; and New York, NY. For more information, visit [www.clearwayenergygroup.com](http://www.clearwayenergygroup.com).

### Safe Harbor Disclosure

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements are subject to certain risks, uncertainties and assumptions, and typically can be identified by the use of words such as "expect," "estimate," "anticipate," "forecast," "plan," "outlook," "believe" and similar terms. Such forward-looking statements include, but are not limited to, statements regarding impacts resulting from the PG&E bankruptcy, the benefits of the relationship with Global Infrastructure Partners III (GIP) and GIP's expertise, the Company's future relationship and arrangements with GIP and Clearway Energy Group, as well as the Company's Net Income, Adjusted EBITDA, Cash from Operating Activities, Cash Available for Distribution, the Company's future revenues, income, indebtedness, capital structure, strategy, plans, expectations, objectives, projected financial performance and/or business results and other future events, and views of economic and market conditions.

Although Clearway Energy, Inc. believes that the expectations are reasonable, it can give no assurance that these expectations will prove to be correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include,

among others, impacts relating to the COVID-19 pandemic, impacts relating to the PG&E bankruptcy, general economic conditions, hazards customary in the power industry, weather conditions, including wind and solar performance, competition in wholesale power markets, the volatility of energy and fuel prices, failure of customers to perform under contracts, changes in the wholesale power markets, changes in government regulations, the condition of capital markets generally, the Company's ability to access capital markets, cyber terrorism and inadequate cybersecurity, the ability to engage in successful acquisitions activity, unanticipated outages at its generation facilities, adverse results in current and future litigation, failure to identify, execute or successfully implement acquisitions (including receipt of third party consents and regulatory approvals), the Company's ability to enter into new contracts as existing contracts expire, risk relating to the Company's relationships with GIP and Clearway Energy Group, the Company's ability to acquire assets from GIP, Clearway Energy Group or third parties, the Company's ability to close drop down transactions, and the Company's ability to maintain and grow its quarterly dividends. Furthermore, any dividends are subject to available capital, market conditions, and compliance with associated laws and regulations.

Clearway Energy, Inc. undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The Adjusted EBITDA and Cash Available for Distribution are estimates as of today's date, April 20, 2020, and are based on assumptions believed to be reasonable as of this date. Clearway Energy, Inc. expressly disclaims any current intention to update such guidance. The foregoing review of factors that could cause Clearway Energy, Inc.'s actual results to differ materially from those contemplated in the forward-looking statements included in this news release should be considered in connection with information regarding risks and uncertainties that may affect Clearway Energy, Inc.'s future results included in Clearway Energy, Inc.'s filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov). In addition, Clearway Energy, Inc. makes available free of charge at [www.clearwayenergy.com](http://www.clearwayenergy.com), copies of materials it files with, or furnishes to, the Securities Exchange Commission.

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<sup>1</sup> Closing is subject to the timing of projects achieving commercial operations. The investment at commercial operations excludes, subject to closing adjustments, an additional \$27 million payment in 2031 at the Pinnacle Wind Repowering Partnership.

#### Appendix Table A-1: Adjusted EBITDA and Cash Available for Distribution Reconciliation

The following table summarizes the calculation of Estimated Cash Available for Distribution and provides a reconciliation to Net Income/(Loss):

(\$ in millions)	Dropdown Portfolio 5 Year Ave. - 2021-2025
<b>Net Income</b>	<b>\$ 4</b>
Interest Expense, net	(4)
Depreciation, Amortization, and ARO Expense	8
<b>Adjusted EBITDA</b>	<b>8</b>
Cash interest paid	4
<b>Cash from Operating Activities</b>	<b>12</b>
Net distributions to non-controlling interest	8
Maintenance capital expenditures	1
Principal amortization of indebtedness	2
<b>Estimated Cash Available for Distribution</b>	<b>23</b>

#### Non-GAAP Financial Information

##### EBITDA and Adjusted EBITDA

EBITDA, Adjusted EBITDA, and Cash Available for Distribution (CAFD) are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. The presentation of non-GAAP financial measures should not be construed as an inference that Clearway Energy's future results will be unaffected by unusual or non-recurring items.

EBITDA represents net income before interest (including loss on debt extinguishment), taxes, depreciation and amortization. EBITDA is presented because Clearway Energy considers it an important supplemental measure of its performance and believes debt and equity holders frequently use EBITDA to analyze operating performance and debt service capacity. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:

- EBITDA does not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or

principal payments, on debt or cash income tax payments;

- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in this industry may calculate EBITDA differently than Clearway Energy does, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to use to invest in the growth of Clearway Energy's business. Clearway Energy compensates for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only supplementally. See the statements of cash flow included in the financial statements that are a part of this news release.

Adjusted EBITDA is presented as a further supplemental measure of operating performance. Adjusted EBITDA represents EBITDA adjusted for mark-to-market gains or losses, non-cash equity compensation expense, asset write offs and impairments; and factors which we do not consider indicative of future operating performance such as transition and integration related costs. The reader is encouraged to evaluate each adjustment and the reasons Clearway Energy considers it appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. In addition, in evaluating Adjusted EBITDA, the reader should be aware that in the future Clearway Energy may incur expenses similar to the adjustments in this news release.

Management believes Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating our operating performance because it provides them with an additional tool to compare business performance across companies and across periods. This measure is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

Additionally, Management believes that investors commonly adjust EBITDA information to eliminate the effect of restructuring and other expenses, which vary widely from company to company and impair comparability. As we define it, Adjusted EBITDA represents EBITDA adjusted for the effects of impairment losses, gains or losses on sales, non-cash equity compensation expense, dispositions or retirements of assets, any mark-to-market gains or losses from accounting for derivatives, adjustments to exclude gains or losses on the repurchase, modification or extinguishment of debt, and any extraordinary, unusual or non-recurring items plus adjustments to reflect the Adjusted EBITDA from our unconsolidated investments. We adjust for these items in our Adjusted EBITDA as our management believes that these items would distort their ability to efficiently view and assess our core operating trends.

In summary, our management uses Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as a measure for planning and forecasting overall expectations and for evaluating actual results against such expectations, and in communications with our Board of Directors, shareholders, creditors, analysts and investors concerning our financial performance.

#### **Cash Available for Distribution**

Cash Available for Distribution (CAFD) is a non-GAAP financial measure. We define CAFD as Adjusted EBITDA plus cash distributions/return of investment from unconsolidated affiliates, adjustments to reflect CAFD generated by unconsolidated investments that are unable to distribute project dividends due to the PG&E bankruptcy, cash receipts from notes receivable, cash distributions from noncontrolling interests, less cash distributions to noncontrolling interests, maintenance capital expenditures, pro-rata adjusted EBITDA from unconsolidated affiliates, cash interest paid, income taxes paid, principal amortization of indebtedness, Walnut Creek investment payments, changes in prepaid and accrued capacity payments, and adjusted for development expenses. Management believes CAFD is a relevant supplemental measure of the Company's ability to earn and distribute cash returns to investors.

We believe CAFD is useful to investors in evaluating our operating performance because securities analysts and other interested parties use such calculations as a measure of our ability to make quarterly distributions. In addition, CAFD is used by our management team for determining future acquisitions and managing our growth. The GAAP measure most directly comparable to CAFD is cash provided by operating activities.

However, CAFD has limitations as an analytical tool because it does not include changes in operating assets and liabilities and excludes the effect of certain other cash flow items, all of which could have a material effect on our financial condition and results from operations. CAFD is a non GAAP measure and should not be considered an alternative to cash provided by operating activities or any other performance or liquidity measure determined in accordance with GAAP, nor is it indicative of funds available to fund our cash needs. In addition, our calculations of CAFD are not necessarily comparable to CAFD as calculated by other companies. Investors should not rely on these measures as a substitute for any GAAP measure, including cash provided by operating activities.



Source: Clearway Energy, Inc