Clearway Energy, Inc. Signs Binding Agreement to Acquire a 413 MW Wind Portfolio

June 28, 2022

PRINCETON, N.J., June 28, 2022 (GLOBE NEWSWIRE) -- Clearway Energy, Inc. (NYSE: CWEN, CWEN.A) ("Company") today announced that it has entered into a binding agreement to acquire a portfolio of operating wind projects from Capistrano Wind Partners, LLC ("Capistrano Portfolio") for, subject to closing adjustments, cash consideration of $255 million, plus the assumption of approximately $160 million of non-recourse debt.

The Capistrano Portfolio consists of five utility-scale wind projects representing 413 MW of capacity located in Texas, Nebraska, and Wyoming that achieved commercial operations between 2008 to 2012. The assets within the portfolio sell power under power purchase agreements with investment-grade counterparties that have a weighted average remaining contract duration of approximately 10 years. The operations, maintenance and asset management of these projects have been and will continue to be provided by subsidiaries of the Company's sponsor, Clearway Energy Group ("Clearway Group").

The Capistrano Portfolio will also provide additional growth potential as the Company will have the option to invest in future wind repowering opportunities that will be evaluated in partnership with Clearway Group. Concurrent with the acquisition of the Capistrano Portfolio, the Company has also entered into a Development Agreement with Clearway Group, whereby Clearway Group will pay $10 million to the Company to partially fund the acquisition of the Capistrano Portfolio for an exclusive right to develop, construct, and repower the projects in the Capistrano Portfolio ("Rights Fee") [1].

After factoring in estimated closing adjustments, proceeds from the Rights Fee, and new non-recourse debt, the Company expects its total long-term corporate capital commitment to acquire the Capistrano Portfolio to be approximately $110-130 million[2], which the Company expects to fund with cash on hand. Based on current expected terms and conditions of the new non-recourse financing, the acquisition is expected to provide incremental annual levered asset CAFD on a five-year average basis of approximately $12-14 million beginning January 1, 2023. The Company expects the transaction to close in the second half of 2022.

"With this acquisition, Clearway continues its successful track record of executing on third party transactions at attractive economics while further diversifying the Clearway platform on a regional basis. Furthermore, the Development Agreement with Clearway Group further demonstrates the strength of our sponsor by its willingness to invest alongside the Company for potential future growth," said Christopher Sotos, Clearway Energy, Inc.'s President and Chief Executive Officer. "The Company has now committed to or has line of sight to the future deployment of over 55% of the $750 million of excess proceeds from the Thermal sale which solidifies Clearway's ability to achieve the upper range of our 5% to 8% annual dividend growth objective through at least 2026."

About Clearway Energy, Inc.

Clearway Energy, Inc. is one of the largest renewable energy owners in the US with over 5,000 net MW of installed wind and solar generation projects. The Company's over 7,500 net MW of assets also include approximately 2,500 net MW of environmentally sound, highly efficient natural gas generation facilities. Through this environmentally-sound diversified and primarily 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.

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," "target," "anticipate," "forecast," "plan," "outlook," "believe" and similar terms. Such forward-looking statements include, but are not limited to, statements regarding the anticipated consummation of the transactions described above, the anticipated benefits, opportunities and results with respect to the transactions, including the expected incremental economic benefits and potential repowering opportunities, the anticipated use of proceeds from the Thermal sale, the Company's operations, its facilities and its financial results, impacts related to COVID-19 (including any variant of the virus) or any other pandemic, 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, the Company's ability to maintain and grow its quarterly dividend, impacts related to COVID-19 (including any variant of the virus) or any other pandemic, risks relating to the Company's relationships with its sponsors, the failure to identify, execute or successfully implement acquisitions or dispositions (including receipt of third party consents and regulatory approvals), the Company's ability to acquire assets from its sponsors, the Company's ability to raise additional capital due to its indebtedness, corporate structure, market conditions or otherwise, hazards customary in the power industry, weather conditions, including wind and solar performance, the Company's ability to operate its businesses efficiently, manage maintenance capital expenditures and costs effectively, and generate earnings and cash flows from its asset-based businesses in relation to its debt and other obligations, the willingness and ability of counterparties to the Company's offtake agreements to fulfill their obligations under such agreements, the Company's ability to enter into new contracts as existing contracts expire, changes in government regulations, operating and financial restrictions placed on the Company that are contained in the project-level debt facilities and other agreements of the Company and its subsidiaries, cyber terrorism and inadequate cybersecurity and the Company's ability to borrow additional funds and access capital markets. 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 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. In addition, Clearway Energy, Inc. makes available free of charge at www.clearwayenergy.com, copies of materials it files with, or furnishes to, the Securities and Exchange Commission.

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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)	**5-Year Average 2023 - 2027**
Net Income	**$ 28-30**
Interest Expense, net	12-10
Depreciation, Amortization, and ARO Expense	13
Adjusted EBITDA	**53**
Cash interest paid	(12)-(10)
Cash from Operating Activities	**41-43**
Maintenance Capex	(3)
Principal amortization of indebtedness	(26)
Estimated Cash Available for Distribution	**$ 12-14**

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

A non-GAAP measure, Cash Available for Distribution is defined as of March 31, 2022 as Adjusted EBITDA plus cash distributions/return of investment from unconsolidated affiliates, cash receipts from notes receivable, cash distributions from noncontrolling interests, adjustments to reflect sales-type lease cash payments and payments for lease expenses, 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, 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.

[1] The Development Agreement is subject to certain terms and conditions. Upon the first repowering, if any, the Company will reimburse Clearway Group for the Rights Fee at a pre-agreed internal rate of return

[2] Subject to customary working capital and other closing adjustments

Clearway Energy

Source: Clearway Energy, Inc