# TALEN ENERGY

**NASDAQ:** TLN

**Long Recommendation**

**Price Target:** $433.61 (24.7% upside)

Sunskriti Jain

# Company Overview

Talen Energy owns **facilities that generate electricity** and sell it wholesale to the **grid**, **utilities**, and increasingly directly to **data centers**

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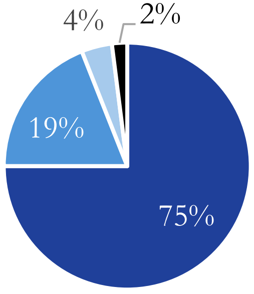
## Business Overview

Talen Energy is an independent power producer that provides electricity and operates a **~13 GW portfolio** of **nuclear, natural gas, and coal plants** primarily in the PJM grid region. Its customers are wholesale power markets, grid operators, and large technology companies that need **power for data centers**.

Talen is actively **transitioning away from being a merchant generator** toward a contracted company, led by its **front-of-meter nuclear PPA with AWS**.

## Revenue Generation

- Energy Revenue
- Capacity Revenue
- Physical Bilateral Contracts
- Other




**Contracted Revenue** (fixed, predictable cash flows) = 22%

**Merchant Revenue** (market-driven, variable cash flows) = 78%

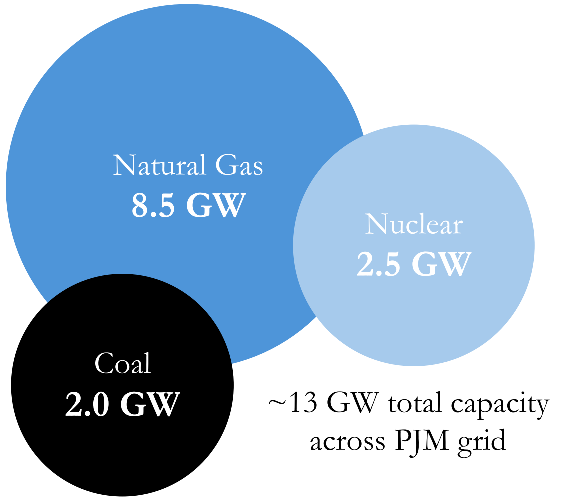
## Key Costs

| | |
|---|---|
| Fuel & Energy Purchases | **35%** of revenue |
| Direct Operating & Maintenance | **28%** of revenue |
| General & Administrative | **24%** of revenue |

## From Bankruptcy to $18B Contract with AWS

| May 2023 | 2023 - 2024 | Early 2025 | June 2025 | 2026 | 2030+ | 2042 |
|---|---|---|---|---|---|---|
| **Exit From Bankruptcy** | **Regulatory Moat Start** | **AWS Builds On-Site** | **PPA Live: 960 MW** | **Full Ramp: 1,900 MW** | **Montour SMR Collab** | **Contract Expiry** |
| pure merchant company, zero-regulated subsidiaries | first front-of-the-meter approvals in the US | Amazon invests $650M to construct data center | direct wire to AWS campus, take-or-pay structure | AWS pays a premium for a 24/7 certain power source | X-Energy Xe-100 SMRs replicate Susquehanna | $18B, 17-year, locked regardless of spot prices |

## Generation Fleet




~13 GW total capacity across PJM grid

# Industry Overview

The US power generation industry produces **4,400 TWh of electricity** annually and is a market worth **$490B** that is crucial to the economy

## Competitive Landscape

| Merchant Generators | Contract Generators |
|---|---|


**Merchant Generators**

- Revenue is tied to spot electricity prices: **earnings swing** with market conditions and capacity auctions
- **No long-term offtake agreements**
- **Valued at lower multiples** (5 - 7x EBITDA) because earnings are unpredictable and cyclical

**Contract Generators**

- Revenue depends on agreements: **earnings are predictable**
- **Take-or-pay contracts** eliminates volume risks on counterparty side
- **Valued at higher multiples** (12 - 16x EBITDA) because cash flows are stable, visible, and bond-like

## General Industry Trends

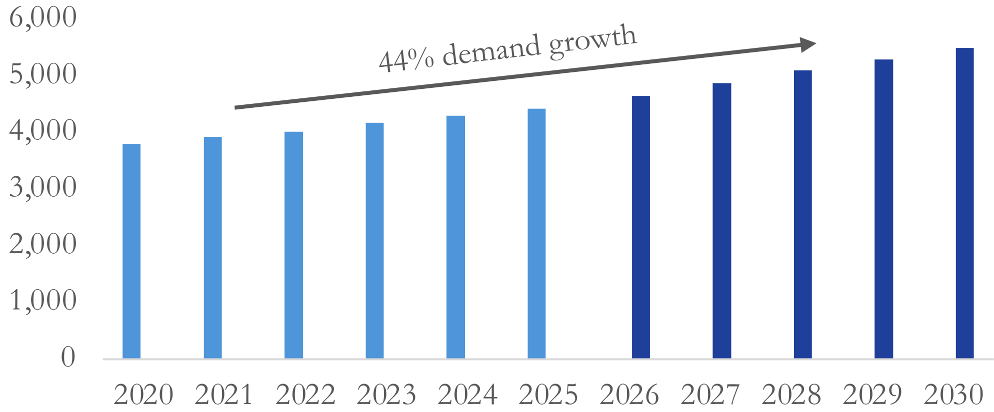
### Tailwinds

- **Electricity demand is growing** due to electrification, industrial reshoring, and technology loads
- PJM **capacity market prices** have tripled in a single year
- Federal policy is accelerating the **transition to nuclear with PTCs** improving plant economics

### Headwinds

- **Supply is decreasing** due to interconnection queues and deteriorating power plants
- **Rising cost of capital** slows down new builds and M&A
- **Regulatory hurdles** create barriers to adding new baseload capacity at scale

## US Electricity Demand (TWh): Historical and Projected



# Competitive Advantage

Talen differentiates itself as the **only merchant nuclear operator** with **front-of-meter approval**, converting assets into **AI infrastructure**

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## Post-Bankruptcy Balance Sheet = Aggressive M&A Capacity

*Predecessor* *Predecessor + Successor* *Successor*

What a post-bankruptcy balance sheet entails:
- Legacy liabilites wiped
- Restructured capital stack
- Financial flexibility to do aggressive deals (Freedom/Guernsey/Cornerstone) without baggage

Talen wiped the slate clean in 2023. Their ability to do $3.4B acquisitions without breaking leverage covenants is a direct result of the clean balance sheet. This is a structural advantage, not a cyclical one.

Most competitors are carrying decades of debt from utility-era capital structures. For example, competitors like Constellation carry legacy pension obligations, regulatory capital requirements, and old debt structures.

## Nuclear + Gas Hybrid Structure

Nuclear provides 24/7 contracted baseload that hyperscalers demand

+

Gas provides dispatchable capacity that captures PJM auction upside

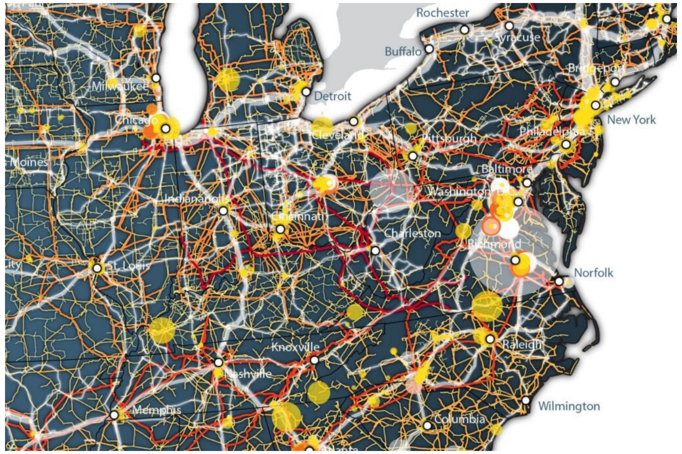
=

**Talen is the only merchant operator that can offer a complete power platform**

## PJM Location + Interconnection Queue

**“Data Center Alley”**

Susquehanna sits in the heart of the densest data center market in the world. Any new entrant wanting grid-connected power enters a 5-7 year PJM queue. **Talen’s sites are already connected.** Threat of substitutes is low: can't replicate the geography or the queue position.




## Operational Track Record

Susquehanna has **40+ years of continuous operating history** with a clean NRC safety record

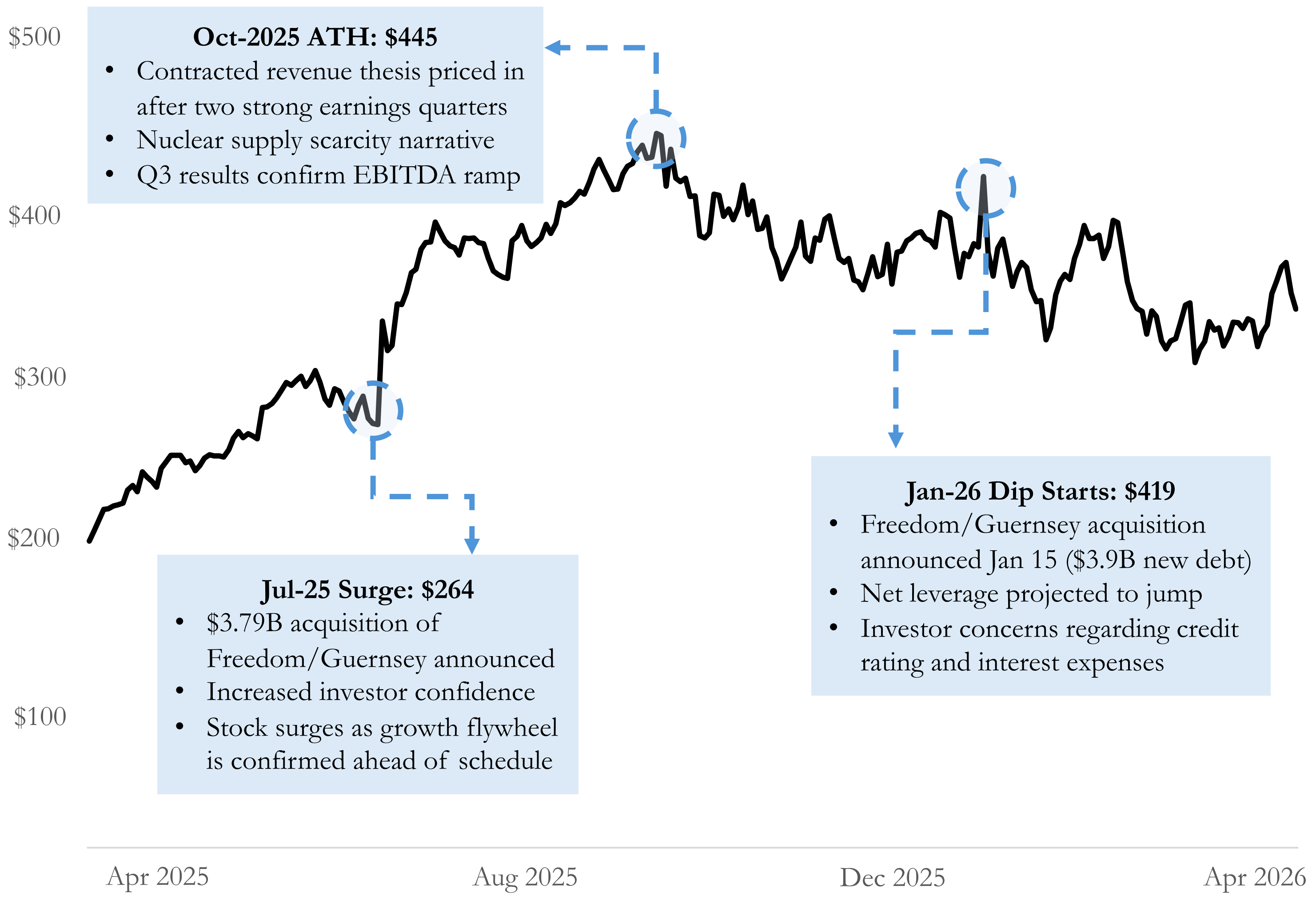
When a hyperscaler signs a 17-year take-or-pay contract, **the operator is equally as important** as the asset

That track record is auditable, bankable, and **impossible for new entrants to fak**e (new entrants like SMR developers and first-time nuclear operators cannot offer it)

# Stock Setup and Key Debates

TLN has been **down ~15% since the beginning of 2026** due to raised **debt**, which I believe provide grounds for a compelling **long thesis**

## 1Y Stock Chart Analysis




## Key Debates

- Will Talen sign a **second major hyperscaler PPA** to prove that AWS is a repeatable deal-type and not just a one-off?
- Can the Cornerstone deal close on time and deliver the **$500M+ EBITDA** to bring leverage below 3.5x by end of 2026?
- Is staying **60% unhedged in 2027** actually a stategic move?
- Is the **front-of-meter nuclear moat defensible**, or will grid-connected alternatives close the gap faster than expected?

**General Bull Argument**

- The **AWS deal will permanently de-risk the earnings base** regardless of spot prices/peak demand movements
- Talen is the only company with **approvals for a front-of-meter pipeline**, making the second hyperscaler deal easier
- **Management has already run the leverage toggle** once successfully, so Cornerstone should follow the same playbook

**General Bear Argument**

- **Total debt nearing $11B** post-Cornerstone creates real ratings downgrade risk and, by verse, will increase borrowing cost
- ***Hedging is too much of a bet*** and can capture high downsides
- For Talen, nuclear growth beyond Susquehanna is structurally limited and **competitors might outpace them** in terms of how many power plants they own/customers they can provide to

# Thesis 1A: Talen Built the Hyperscaler Nuclear Template

Talen secured the **only front-of-meter nuclear approval** in the US, making them the **default partner** for the next hyperscaler deal

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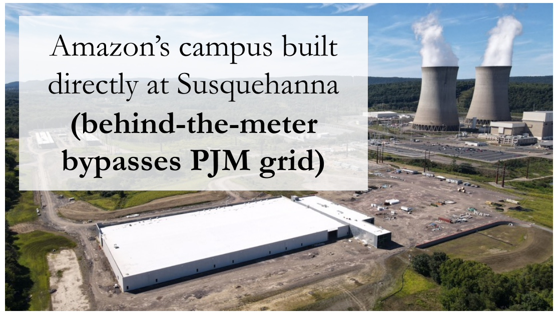
**Market View** — The market treats the AWS deal as a one-off tied to Susquehanna's unique circumstances, not proof of a repeatable model

**Variant Perspective** — NRC co-location and FERC front-of-meter approval already established, so the second hyperscaler will skip regulatory hurdles

## Hyperscalers are Buying Certainty, not Cheap Prices

**Real Problem:** AI model training costs $10M+ (power outages revert to 0)
*hyperscalers will pay a lot of money to ensure stability




**Structural moat is not replicable** (at least not in the near future)

- Spring-26: front-of-the-meter switch
- **Pros:** Avoiding regulatory hurdles, power increase from 300 MW to 480 MW, grid stability, investment returns
- **Cons:** Grid fees

### Why Nuclear

- Nuclear runs at 90%+ capacity rate
- Runs 24/7 regardless of weather
- Gas cannot offer this guarantee
- Carbon-free power
- Future with SMRs

### Why Talen

- Less regulatory constraints (not a regulated utility, it's an IPP)
- Legal precedent (already signed once)
- Susquehanna = PJM prime location
- Uprates to raise limit for production

## Who Can Do the Next Deal?

Data center developers who want grid-connected power enter a 5-7 year PJM interconnection **queue**

| | |
|---|---|
| **Constellation**<br>Regulated utility | 0 nuclear MW available, can't structure front-of-meter deals |
| **Entergy**<br>Regulated utility | 0 nuclear MW available, state commission must approve every contract |
| **Talen**<br>Merchant generator | 1.9 GW contracted to AWS · ~400 MW available + Montour optionality |

## X-Energy's IPO Confirms the Undervaluation

- Amazon is Talen's AWS PPA customer
- Amazon is an equity investor in X-Energy
- Talen is to depoly xe-100 SMRs at existing sites

Amazon **isn't just buying power** from Talen: they're **investing in infra.** that will supply their next data center campus

### X-Energy IPO (April 24, 2026)

- IPO'd at $23, jumped 30% to $30, and is now valued at $11.9B
- Talen = live $18B AWS contract + $1B EBITDA and trades at only ~$4.5B more
- *Idea* and *reality* are priced almost the same

# Thesis 1B: The Flywheel Re-Rates Acquisitions

Talen's **acquire-and-contract flywheel** is converting merchant assets into infrastructure cash flows, **driving EBITDA margins** higher

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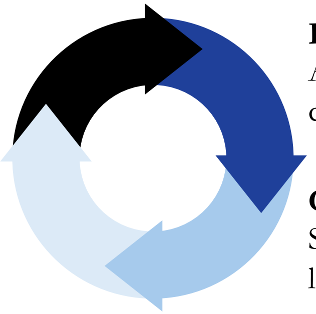
**Market View** | The market sees Talen as a merchant power generator whose EBITDA fluctuates with spot prices and capacity auction outcomes

Each acquisition converts to contracted cash flows and compounds EBITDA regardless of spot prices, correlating to the stock price | **Variant Perspective**

## Talen Flywheel

**REPEAT**
Use remaining FCF to buy the next plant

**BUY**
Acquire power plants at cheap merchant multiples



**RE-RATE**
Commodity assets turned into infrastructure assets

**CONTRACT**
Sign data center deals, lock-in cash flows

## Contracting Assets Strengthen the Balance Sheet

| | Q4 2024 – Q1 2025 | Q1 2025 – Q3 2025 | Q3 2025 – Q4 2025 |
|---|---|---|---|
| **TLN Stock** | ↓~28% ($245 to $174) | ↑ ~60% ($174 to $438) | ↓~44% ($438 to $345) |
| **Interest Coverage** | ↓ Decline (0.95 to -1.43) | ↑ Rise (-1.43 to 3.93) | ↓ Decline (3.93 to 1.66) |
| **Debt/Equity** | ↑ Rise (2.15 to 2.54) | ↓ Decline (2.56 to 2.06) | ↑ Rise (2.56 to 5.53) |

**Interest coverage moves with the stock** and **D/E moves against it**. This means that when the stock increases, the balance sheet is strengthening, and when it drops, leverage is building up.

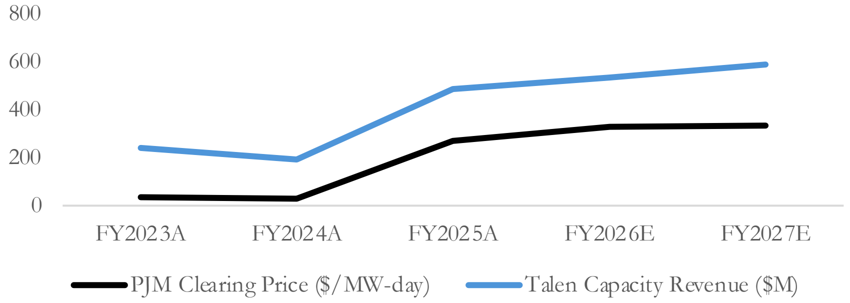
## Acquisitions Outlined

**Susquehanna**
- Nuclear, existing
- 2,500 MW
- AWS deal
- Still has ~400 MW merchant upside + uprate potential

**Freedom/Guernsey**
- Gas, existing
- $3.8B debt, 2.8 GW
- Acquired at merchant multiples (contractable to data centers)

**Cornerstone**
- Gas, pending close
- $3.5B debt, 2.5 GW
- Bought explicitly to be contracted out
- More assets bought cheap before re-rate

## Capacity Prices Compound into EBITDA




Capacity prices skyrocketed from $29 to $333/MW-day, and this compounds directly into EBITDA, proving that the flywheel's re-rating thesis is already playing, regardless of spot price volatility.

# Thesis 2: Talen's Gas Fleet is Severely Underpriced

Talen's gas fleet is defensible through **RMR agreements**, built for contracting, and **deliberately unhedged** in 2027 to capture spot price upside

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**Market View**

Gas and coal are low-quality merchant assets that are exposed to commodity prices and have no durable competitive advantage

Coal has locked-in RMR contracts, gas is being contracted to hyperscalers, and 2027 is deliberately unhedged to capture spot upside

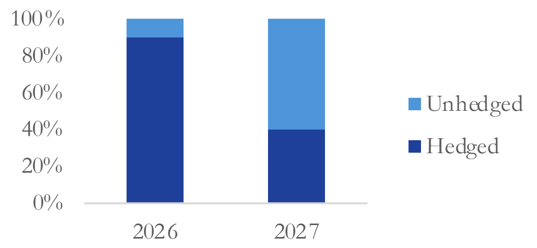
**Variant Perspective**

## Coal Being Turned From a Liability to an Asset

- Brandon Shores + H.A. Wagner = 2.8 GW of coal plants most people assume are dying
- PJM approved **Reliability Must Run (RMR) agreements** for both in Q1 2025
- RMR = PJM pays Talen to keep these plants on standby for grid reliability
- Get paid regardless of whether the plants actually generate power
- Revenue incoming through 2029 (~$105M/year fixed payments + ~$50M energy sales)

**Market sees coal as a liability, but RMR makes it a contracted revenue stream**

## Unhedged Position = Spot Price Leverage




- Talen hedges its generation to lock in prices and reduce earnings volatility
- AI data center load pushes PJM spot prices higher, that 60% **captures all the upside**
- Sell-side models use conservative 2027 spot assumptions, but any beat goes to EBITDA

## Cornerstone Acquisition as the Move Toward Hyperscalers

- $3.45B acquisition of 2.45 GW of gas capacity in PJM, pending close
- Management explicitly said in Q4 2025 it was bought to be contracted to data centers
- Gas does what nuclear can't: it ramps up and down quickly, providing **backup power**
- Hyperscalers need both: nuclear for guaranteed baseload, gas for dispatchable backup
- Market is pricing Cornerstone as merchant gas, but **Talen is building a data center PPA**

## Full Fleet Re-Rating

- Nuclear is already getting partial infrastructure re-rating from the AWS deal
- The remaining 11 GW gas + coal fleet is still priced at merchant multiples
- As Cornerstone + Freedom/Guernsey get contracted, those assets will partially re-rate too
- People are overlooking the fact that these will become more long-time assets

"All of this remains consistent with our Investor Day guidance and does not include any contribution from the pending Cornerstone acquisition."

This is the next leg of the re-rating, and it is just starting now

# Revenue Build

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| Talen Energy Corp. (TLN) Revenue Build ($mm unless noted otherwise) | Sep-23 Q3-2023 | Dec-23 Q4-2023 | Dec-23 FY2023A | Mar-24 Q1-2024 | Jun-24 Q2-2024 | Sep-24 Q3-2024 | Dec-24 Q4-2024 | Dec-24 FY2024A | Mar-25 Q1-2025 | Jun-25 Q2-2025 | Sep-25 Q3-2025 | Dec-25 Q4-2025 | Dec-25 FY2025A |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SCENARIO (toggle between Bull, Bear, Base) --> | Bull | | | | | | | | | | | | |
| **ENERGY AND OTHER REVENUE** | | | | | | | | | | | | | |
| **Total Energy and Other Revenues, mm** | $ 600 | $ 368 | $ 2,198 | $ 572 | $ 367 | $ 505 | $ 437 | $ 1,881 | $ 582 | $ 366 | $ 604 | $ 589 | $ 2,141 |
| *Y/Y Growth, %* | | | | | | -15.8% | 18.8% | -14.4% | 1.7% | -0.3% | 19.6% | 34.8% | 13.8% |
| *% of Total Revenue* | 116.3% | 69.8% | 86.1% | 112.4% | 75.1% | 77.7% | 93.6% | 88.9% | 149.2% | 58.1% | 74.4% | 78.6% | 83.0% |
| **Nuclear Energy Revenue** | $ 229 | $ 203 | $ 432 | $ 254 | $ 178 | $ 229 | $ 203 | $ 863 | $ 229 | $ 240 | $ 280 | $ 286 | $ 1,035 |
| *Y/Y Growth, %* | | | | | | 0.0% | 0.0% | 100.0% | -10.0% | 35.3% | 22.5% | 40.9% | 19.9% |
| *% of Total Revenue* | 44.3% | 38.5% | 16.9% | 49.9% | 36.3% | 35.2% | 43.5% | 40.8% | 58.6% | 38.2% | 34.5% | 38.2% | 40.1% |
| AWS PPA Revenue | | | | | | | | | | $ 41 | $ 123 | $ 123 | $ 288 |
| MW Contracted (capacity ramp schedule) | | | | | | | | | | 320 | 960 | 960 | 747 |
| Capacity Factor, % | | | | | | | | | | 92.0% | 92.0% | 92.0% | 92.0% |
| MWh Generated (TWh) | | | | | | | | | | 0.6 | 1.9 | 1.9 | 4.5 |
| Implied Revenue per MWh | | | | | | | | | | 64 | 64 | 64 | 64 |
| Merchant Nuclear Revenue | $ 229 | $ 203 | $ 432 | $ 254 | $ 178 | $ 229 | $ 203 | $ 863 | $ 229 | $ 199 | $ 156 | $ 163 | $ 747 |
| MW Available (Susquehanna Total - AWS Contract) | 2,500 | 2,500 | | 2,500 | 2,500 | 2,500 | 2,500 | | 2,500 | 2,180 | 1,540 | 1,540 | |
| Capacity Factor, % | 92.0% | 92.0% | | 92.0% | 92.0% | 92.0% | 92.0% | | 92.0% | 92.0% | 92.0% | 92.0% | |
| Spot Price Assumption *(toggles with assumption)* | 45 | 40 | 43 | 50 | 35 | 45 | 40 | 43 | 45 | 45 | 50 | 52 | 48 |
| Another Hyperscaler Revenue | | | | | | | | | | | | | |
| Probability of Deal, % *(toggles with assumption)* | | | | | | | | | | | | | |
| MW if Signed | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Revenue per MWh ($/MWh) | 62 | 62 | | 62 | 62 | 62 | 62 | | 62 | 62 | 62 | 62 | |
| **Natural Gas/Coal Energy Revenue** | $ 371 | $ 165 | $ 1,766 | $ 318 | $ 189 | $ 276 | $ 234 | $ 1,018 | $ 353 | $ 126 | $ 324 | $ 303 | $ 1,106 |
| *Y/Y Growth, %* | | | | | | -25.6% | 41.9% | -42.4% | 11.1% | -33.6% | 17.2% | 29.5% | 8.7% |
| *% of Total Revenue* | 72.0% | 31.3% | 69.2% | 62.5% | 38.7% | 42.5% | 50.1% | 48.1% | 90.6% | 19.9% | 39.9% | 40.4% | 42.9% |
| **CAPACITY REVENUE** | | | | | | | | | | | | | |
| **Capacity Revenues, mm** | $ 44 | $ 63 | $ 241 | $ 45 | $ 46 | $ 50 | $ 51 | $ 192 | $ 49 | $ 88 | $ 166 | $ 182 | $ 485 |
| *% of Total Revenue* | 8.5% | 12.0% | 9.4% | 8.8% | 9.4% | 7.7% | 10.9% | 9.1% | 12.6% | 14.0% | 20.4% | 24.3% | 18.8% |
| **DERIVATIVE INSTRUMENTS** | | | | | | | | | | | | | |
| **Unrealized Gain (Loss) Income on Derivative Investments, mm** | $ (128) | $ 96 | $ 115 | $ (108) | $ 76 | $ 95 | $ (21) | $ 42 | $ (241) | $ 176 | $ 42 | $ (22) | $ (45) |
| *Y/Y Growth, %* | | | | | | -174.2% | -121.9% | -63.5% | 123.1% | 131.6% | -55.8% | 4.8% | -207.1% |
| **Total Revenue** | $ 516 | $ 527 | $ 2,554 | $ 509 | $ 489 | $ 650 | $ 467 | $ 2,115 | $ 390 | $ 630 | $ 812 | $ 749 | $ 2,581 |
| *Y/Y Growth, %* | | | | | | 26.0% | -11.4% | -17.2% | -23.4% | 28.8% | 24.9% | 60.4% | 22.0% |

| Talen Energy Corp. (TLN) Revenue Build ($mm unless noted otherwise) | Mar-26 Q1-2026 | Jun-26 Q2-2026 | Sep-26 Q3-2026 | Dec-26 Q4-2026 | Dec-26 FY2026A | Mar-27 Q1-2027 | Jun-27 Q2-2027 | Sep-27 Q3-2027 | Dec-27 Q4-2027 | Dec-27 FY2027A |
|---|---|---|---|---|---|---|---|---|---|---|
| **ENERGY AND OTHER REVENUE** | | | | | | | | | | |
| **Total Energy and Other Revenues, mm** | $ 725 | $ 463 | $ 707 | $ 682 | $ 2,576 | $ 858 | $ 537 | $ 875 | $ 858 | $ 3,128 |
| *Y/Y Growth, %* | 24.5% | 26.4% | 17.1% | 15.7% | 20.3% | 18.3% | 16.1% | 23.7% | 25.9% | 21.4% |
| *% of Total Revenue* | 78.8% | 68.8% | 74.9% | 74.2% | 74.6% | 78.7% | 69.6% | 78.5% | 78.2% | 76.8% |
| **Nuclear Energy Revenue** | $ 318 | $ 318 | $ 318 | $ 318 | $ 1,273 | $ 350 | $ 350 | $ 350 | $ 350 | $ 1,399 |
| *Y/Y Growth, %* | 39.3% | 32.4% | 13.7% | 11.2% | 23.0% | 9.9% | 9.9% | 9.9% | 9.9% | 9.9% |
| *% of Total Revenue* | 34.6% | 47.3% | 33.7% | 34.6% | 36.8% | 32.1% | 45.3% | 31.4% | 31.8% | 34.3% |
| AWS PPA Revenue | $ 244 | $ 244 | $ 244 | $ 244 | $ 977 | $ 244 | $ 244 | $ 244 | $ 244 | $ 977 |
| MW Contracted (capacity ramp schedule) | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 |
| Capacity Factor, % | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% |
| MWh Generated (TWh) | 3.8 | 3.8 | 3.8 | 3.8 | 15.3 | 3.8 | 3.8 | 3.8 | 3.8 | 15.3 |
| Implied Revenue per MWh | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 | 64 |
| Merchant Nuclear Revenue | $ 49 | $ 49 | $ 49 | $ 49 | $ 195 | $ 65 | $ 65 | $ 65 | $ 65 | $ 260 |
| MW Available (Susquehanna Total - AWS Contract) | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Capacity Factor, % | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% | 92.0% |
| Spot Price Assumption *(toggles with assumption)* | 60 | 60 | 60 | 60 | 60 | 80 | 80 | 80 | 80 | 80 |
| Another Hyperscaler Revenue | $ 25 | $ 25 | $ 25 | $ 25 | $ 101 | $ 40 | $ 40 | $ 40 | $ 40 | $ 161 |
| Probability of Deal, % *(toggles with assumption)* | 50% | 50% | 50% | 50% | 50% | 80% | 80% | 80% | 80% | 80% |
| MW if Signed | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 |
| Revenue per MWh ($/MWh) | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 | 62 |
| **Natural Gas/Coal Energy Revenue** | $ 406 | $ 144 | $ 389 | $ 363 | $ 1,303 | $ 508 | $ 188 | $ 525 | $ 509 | $ 1,730 |
| *Y/Y Growth, %* | 15.0% | 15.0% | 20.0% | 20.0% | 17.5% | 25.0% | 30.0% | 35.0% | 40.0% | 32.5% |
| *% of Total Revenue* | 44.2% | 21.5% | 41.2% | 39.6% | 37.7% | 46.6% | 24.3% | 47.1% | 46.3% | 42.4% |
| **CAPACITY REVENUE** | | | | | | | | | | |
| **Capacity Revenues, mm** | $ 170 | $ 185 | $ 212 | $ 212 | $ 779 | $ 207 | $ 210 | $ 215 | $ 215 | $ 847 |
| *% of Total Revenue* | 18.5% | 27.5% | 22.5% | 23.1% | 22.5% | 19.0% | 27.2% | 19.3% | 19.6% | 20.8% |
| **DERIVATIVE INSTRUMENTS** | | | | | | | | | | |
| **Unrealized Gain (Loss) Income on Derivative Investments, mm** | $ 25 | $ 25 | $ 25 | $ 25 | $ 100 | $ 25 | $ 25 | $ 25 | $ 25 | $ 100 |
| *Y/Y Growth, %* | -110.4% | -85.8% | -40.5% | -213.6% | -322.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Total Revenue** | $ 920 | $ 673 | $ 944 | $ 919 | $ 3,455 | $ 1,090 | $ 772 | $ 1,115 | $ 1,098 | $ 4,075 |
| *Y/Y Growth, %* | 135.8% | 6.8% | 16.3% | 22.7% | 33.9% | 18.5% | 14.8% | 18.1% | 19.6% | 17.9% |

## Assumptions and Projections Logic

1. Spot Price Assumptions (bull, bear, base toggles): tied to Thesis 1
2. Probability of Another Deal (bull, bear, base toggles): tied to Thesis 1
3. Natural Gas/Coal Ramp: tied to Thesis 2
4. Consensus Projections for everything else

# Multiples Valuation

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| TLN Comps | Overview | | | EV/Rev | | EV/EBITDA | | P/E | | Drivers | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ticker | Market Cap | Net Debt | Total Enterprise Value | LTM | NTM | LTM | NTM | NTM EPS | NTM | 1-yr Revenue Growth | LTM EBITDA Margin | LTM Gross Margin |
| The AES Corporation (NYSE:AES) | $10,332 | $29,387 | $47,585 | 3.9x | 3.7x | 13.6x | 15.5x | $2 | 6.3x | (0.37%) | 28.4% | 18.4% |
| Entergy Corporation (NYSE:ETR) | $52,024 | $29,399 | $81,734 | 6.3x | 5.9x | 14.5x | 13.0x | $4 | 25.8x | 8.98% | 43.1% | 47.7% |
| NRG Energy, Inc. (NYSE:NRG) | $34,232 | $11,918 | $46,800 | 1.5x | 1.3x | 14.5x | 8.4x | $9 | 17.5x | 9.18% | 9.7% | 19.4% |
| Constellation Energy Corporation (NasdaqGS:CEG) | $113,583 | $5,856 | $119,775 | 4.7x | 3.8x | 20.7x | 13.5x | $12 | 26.9x | 8.34% | 22.1% | 18.4% |
| Vistra Corp. (NYSE:VST) | $55,641 | $19,622 | $77,752 | 4.4x | 3.4x | 14.7x | 10.7x | $8 | 19.4x | 2.98% | 29.5% | 33.2% |
| Brookfield Renewable Corporation (NYSE:BEPC) | $13,984 | $14,822 | $38,444 | 10.3x | 6.4x | 18.2x | 13.4x | ($1) | NM | (10.00%) | 56.9% | 59.9% |
| Min | $10,332 | $5,856 | $38,444 | 1.5x | 1.3x | 13.6x | 8.4x | ($1) | 6.3x | -10.0% | 9.7% | 18.4% |
| 25th Percentile | $13,071 | $10,403 | $44,711 | 3.3x | 2.9x | 14.3x | 10.1x | $1 | 11.9x | -2.8% | 19.0% | 18.4% |
| Mean | $46,633 | $18,501 | $68,682 | 5.2x | 4.1x | 16.0x | 12.4x | $6 | 19.2x | 3.2% | 31.6% | 32.8% |
| Median | $43,128 | $17,222 | $62,669 | 4.6x | 3.7x | 14.6x | 13.2x | $6 | 19.4x | 5.7% | 29.0% | 26.3% |
| 75th Percentile | $70,126 | $29,390 | $91,244 | 7.3x | 6.0x | 18.8x | 14.0x | $10 | 26.4x | 9.0% | 46.6% | 50.8% |
| Max | $113,583 | $29,399 | $119,775 | 10.3x | 6.4x | 20.7x | 15.5x | $12 | 26.9x | 9.2% | 56.9% | 59.9% |
| **NYSE: TLN** | $16,538 | $6,144 | $22,682 | 8.6x | 5.4x | 70.7x | 11.5x | $20 | 17.9x | 26.68% | 12.2% | 38.1% |

**EV Based Multiple**

| | | 1.60 |
|---|---|---|
| Calendar Date | Apr-26 | Dec-27 |
| EBITDA | $1,357.1 | $1,932.2 |
| NTM EV/EBITDA | 14.0x | 14.0x |
| Implied EV | | $27,012.6 |
| (+) Net Debt | | $6,144.0 |
| TLN Equity Value | | $20,868.6 |
| (/) FDSO | 48.2 | 48.1 |
| TLN PT | $347.7 | $433.61 |
| Upside/Downside, % | | 24.7% |
| IRR, % | | 14.8% |

## Multiples Logic

- TLN is capital-intensive with heavy D&A and interest expense that distorts net income
- EBITDA strips those out to show the true operating cash generation that the business is actually being bought and sold on

## Companies Logic

1. **AES:** diversified power generation with similar merchant exposure (price-taker to an extent)
2. **Entergy:** nuclear-heavy fleet, overlapping in the PJM market (location is similar too)
3. **NRG:** also a player in unregulated competitive power markets, merchant pricing risk
4. **Constellation:** the largest US nuclear operator, direct capacity auction participant
5. **Vistra:** a merchant power generator with nuclear and gas, PJM presence
6. **Brookfield Renewable:** large-scale contracted power, clean energy premium comp

## Conclusion

**Price Target: $433.61**

**Implied Upside: 24.7%**

**Position: LONG**

# DCF Valuation

TALEN ENERGY

| DCF | | 2025A | 2026E | 2027E |
|---|---|---|---|---|
| Year | | 0 | 1 | 2 |
| **Revenue** | | **$ 2,581** | **$ 3,362** | **$ 3,930** |
| *% Growth YY* | | | *30.3%* | *16.9%* |
| *$ Growth YY* | | | $ 781 | $ 567 |
| **Adj. EBIT** | | **($90.0)** | **$971.4** | **$1,455.7** |
| *% Growth YY* | | | *-1179.3%* | *49.9%* |
| *$ Growth YY* | | | $1,061.4 | $484.4 |
| *%Margin* | | *-3.5%* | *28.9%* | *37.0%* |
| bps YY | | | *323.8* | *81.6* |
| *%Inc. Margin* | | | *135.8%* | *85.4%* |
| *Effective Tax Rate* | | *-59%* | *3%* | *21%* |
| **NOPAT** | | **($143.0)** | **$941.4** | **$1,150.0** |
| (-) CapEx | | 98.0 | 119.9 | 140.1 |
| *% Revenue* | | *3.8%* | *3.6%* | *3.6%* |
| (+) D&A | | 221.0 | 241.2 | 274.9 |
| *% Revenue* | | *8.6%* | *7.2%* | *7.0%* |
| *% CapEx* | | *225.5%* | *201.2%* | *196.2%* |
| (-) Change in WC | | 143.0 | 545.6 | 199.3 |
| *% Revenue* | | *5.5%* | *16.2%* | *5.1%* |
| **FCFF** | | ($163) | $517 | $1,086 |
| *% Growth YY* | | | *-417.2%* | *110.0%* |
| Discount Factor | | 1.00 | 1.10 | 1.21 |
| **DFCFF** | | **($163)** | **$470** | **$897** |

| | | % |
|---|---|---|
| Market Cap | **$16,736.0** | 73% |
| Debt | **$6,212.0** | 27% |
| **WACC** | **10.0%** | |
| 5Y Beta | 1.5 | |
| ERP | 5.5% | |
| RFR | 4.3% | |
| **Cost of Equity** | **12.3%** | |

| | **Coupon %** | $ |
|---|---|---|
| Operating Lease | 5.00% | $6,212 |
| Cost of Debt | 4.7% | |
| **After-tax kD** | **3.7%** | |

**TLN as of 04/24/2026** **$ 347.74**

| **Assumptions** | |
|---|---|
| LT Growth Rate | 2.0% |
| FY 2027 EBITDA | 1,863 |
| FY2027 EV/EBITDA | 14.0x |
| Tax Rate | 21% |
| WACC | 10.0% |

| **Valuation - Exit Multiple** | |
|---|---|
| Sum of Growth Period FCFF | $1,204 |
| Terminal Enterprise Value | $26,051 |
| PV of Terminal Value | $21,527 |
| Implied Enterprise Value | $22,731 |
| (+) Cash | $4,047 |
| (-) Debt | $6,212 |
| Market Cap (Equity Value) | $20,566 |
| FDSO | 48 |
| Implied DCF PT | $427.31 |
| Current Share Price | $347.74 |
| *%MoS* | *23%* |

# Risks, Mitigants, & Catalysts

As Talen aims to position itself as a contracted company, it faces **structural key risks**, but each has a **defined mitigant** to avoid it

TALEN ENERGY

| Risks | Mitigants |
|---|---|
| **Flywheel breaks if hyperscalers only want nuclear as a power source** | • Hyperscalers need both baseload nuclear and dispatchable gas backup<br>• Cornerstone is positioned as complementary, not competing<br>• Nuclear plants take 10-15 years to build (time lag if demand is now) |
| **2027 60% unhedged position is very exposed to spot price downside** | • AI-driven data center load growth is structurally pushing PJM spot prices higher<br>• Prices have skyrocketed recently, so most likely to go up more (projected increase, magnitude uncertain)<br>• This will make downside scenario increasingly unlikely |
| **Montour co-location NRC regulatory approval is not guaranteed** | • Talen has already navigated Susquehanna approval<br>• Montour uses identical regulatory pathway, reducing approval risk materially<br>• X-Energy just IPO'd and it's looking up in the SMR market |

## Catalysts

**Spring 2026:**
Front-of-meter switch gets completed because this is when it is scheduled for. When it executes cleanly, the legal ambiguity is gone and the hyperscaler template is proven to be replicable.

**Second hyperscaler PPA announcement:**
This doesn't need to be signed, even an LOI or management commentary pointing to advanced negotiations will trigger a re-rating.

**Q3 2026 earnings showing EBITDA inflection:**
This will be the first full quarter reflecting the $270/MW-day capacity prices. When the market sees EBITDA actually print at $400M+ in a single quarter, will solidify my thesis.

# Appendix 1: Revenue Build Assumptions

| Talen Energy Corp. (TLN)<br>Revenue Build ($mm unless noted otherwise) | |
|---|---|
| **SCENARIO (toggle between Bull, Bear, Base) -->** | |
| **ENERGY AND OTHER REVENUE** | |
| **Total Energy and Other Revenues, mm** | |
| *Y/Y Growth, %* | |
| *% of Total Revenue* | |
| **Nuclear Energy Revenue** | |
| *Y/Y Growth, %* | |
| *% of Total Revenue* | |
| AWS PPA Revenue | |
| MW Contracted (capacity ramp schedule) | AWS PPA went live in June 2025. Q2'25 = ~1 month (320 MW). Full 960 MW Q3'25. Ramp to 1,900 MW in 2026. Annual numbers = avg MW across quarters. |
| Capacity Factor, % | Susquehanna historical CF = 92%, already accounts for outages on average across the whole year |
| MWh Generated (TWh) | Caluclation is done using the equation in the image at the bottom, but I just divided the hours by 4 because I split into quarterly |
| Implied Revenue per MWh | Implied $64/MWh because the deal is worth $18B, then divide by 17yr conract and account of change in units |
| Merchant Nuclear Revenue | Same rationale for the calculation as seen in line 22 (but times the price to get revenue) |
| MW Available (Susquehanna Total - AWS Contract) | Merchant MW = (2,500 × 92% CF) − AWS contracted MW. ~400 MW available at full AWS ramp (vs 600 MW without CF adjustment). |
| Capacity Factor, % | Same rationale for the CF as seen in line 21 |
| Spot Price Assumption *(toggles with assumption)* | Toggled base on bear, base, bull case as seen in Revenue Build Toggles sheet |
| Another Hyperscaler Revenue | Same rationale for the calculation as seen in line 22 (but times the price to get revenue) |
| Probability of Deal, % *(toggles with assumption)* | Toggled base on bear, base, bull case as seen in Revenue Build Toggles sheet |
| MW if Signed | Since there is only 400 MW left until fulfilling the CF, it can all *theoretically* be used if another deal was to get signed |
| Revenue per MWh ($/MWh) | |
| **Natural Gas/Coal Energy Revenue** | |
| *Y/Y Growth, %* | Cornerstone acqusition will be competed in the 3rd quarter of 2026, so revenue from these should increase. The 10% is striaght line as consensus |
| *% of Total Revenue* | |
| **CAPACITY REVENUE** | |
| **Capacity Revenues, mm** | Was orignially going to do capacity revenue growth rate consensus, but these prices have already been decided so I just backlogged into the actual revenue TLN should be getting each Q |
| *% of Total Revenue* | |
| **DERIVATIVE INSTRUMENTS** | |
| **Unrealized Gain (Loss) Income on Derivative Investments, mm** | Consensus hardcoded |
| *Y/Y Growth, %* | |
| **Total Revenue** | |
| *Y/Y Growth, %* | |

# Appendix 2: Revenue Build Toggles

TALEN ENERGY

| Talen Energy Corp. (TLN)<br>Revenue Build Assumptions | | | |
|---|---|---|---|
| **Assumption** | **Scenario** | **2026E** | **2027E** |
| Merchant Nuclear Spot Price ($/MWh) | Bear | $40 | $42 |
| Merchant Nuclear Spot Price ($/MWh) | Base | $50 | $60 |
| Merchant Nuclear Spot Price ($/MWh) | Bull | $60 | $80 |
| Second Hyperscaler Probability | Bear | 0.0% | 10.0% |
| Second Hyperscaler Probability | Base | 20.0% | 40.0% |
| Second Hyperscaler Probability | Bull | 50.0% | 80.0% |

| Talen Energy Corp. (TLN)<br>Revenue Build Assumptions | |
|---|---|
| **Assumption** | **Rationale** |
| Merchant Nuclear Spot Price ($/MWh) | **Bear:** Mild weather + abundant gas supply keeps PJM energy prices suppressed; assuming there is also no material demand shock |
| Merchant Nuclear Spot Price ($/MWh) | **Base:** Historical PJM Western Hub averages; moderate AI data center load growth priced in (basically just following current trends) |
| Merchant Nuclear Spot Price ($/MWh) | **Bull:** Assuming there is a hotter summer/colder winter + AI data center demand surges PJM supply by more; gas prices elevated |
| Second Hyperscaler Probability | **Bear:** 2026E: No deal signed; market views AWS as one-off deal; regulatory timeline still uncertain. 2027E: Small probability one smaller deal closes after 2+ years of demonstrated AWS performance |
| Second Hyperscaler Probability | **Base:** 2026E: Active negotiation for a deal; NRC/FERC approval + Constellation fully committed nuclear capacity de-risks the pipeline. 2027E: A 2-year window gives adequate runway; hyperscaler urgency grows with AI capex expansion |
| Second Hyperscaler Probability | **Bull:** 2026E: Hopefully a deal announced; hyperscalers will be competing for Talen's remaining ~400 MW merchant capacity. 2027E: Deal confirmed + second deal in pipeline; Talen template now standard industry practice |

# Appendix 3: Income Statement

TALEN ENERGY

| Talen Energy Corp. (TLN)<br>Income Statement ($mm unless noted otherwise) | Sep-23<br>Q3-2023 | Dec-23<br>Q4-2023 | **Dec-23<br>FY2023A** | Mar-24<br>Q1-2024 | Jun-24<br>Q2-2024 | Sep-24<br>Q3-2024 | Dec-24<br>Q4-2024 | **Dec-24<br>FY2024A** | Mar-25<br>Q1-2025 | Jun-25<br>Q2-2025 | Sep-25<br>Q3-2025 | Dec-25<br>Q4-2025 | **Dec-25<br>FY2025A** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Revenue** | $ 516 | $ 527 | $ 2,554 | $ 509 | $ 489 | $ 650 | $ 467 | $ 2,115 | $ 390 | $ 630 | $ 812 | $ 749 | $ 2,581 |
| *Y/Y Total Revenue growth, %* | | | | | | 26.0% | -11.4% | -17.2% | -23.4% | 28.8% | 24.9% | 60.4% | 22.0% |
| Cost of Goods Sold | 256 | 151 | 867 | 212 | 176 | 245 | 164 | 797 | 235 | 252 | 292 | 287 | 1,066 |
| **Gross Profit** | $ 260 | $ 376 | $ 1,687 | $ 297 | $ 313 | $ 405 | $ 303 | $ 1,318 | $ 155 | $ 378 | $ 520 | $ 462 | $ 1,515 |
| *Gross Margin, %* | 50.4% | 71.3% | 66.1% | 58.3% | 64.0% | 62.3% | 64.9% | 62.3% | 39.7% | 60.0% | 64.0% | 61.7% | 58.7% |
| Operational Expenses | 140 | 149 | 643 | 154 | 164 | 127 | 147 | 592 | 146 | 192 | 131 | 151 | 620 |
| *% of Total Revenue* | 27.1% | 28.3% | 25.2% | 30.3% | 33.5% | 19.5% | 31.5% | 28.0% | 37.4% | 30.5% | 16.1% | 20.2% | 24.0% |
| General & Administrative | 37 | 38 | 144 | 43 | 40 | 38 | 42 | 163 | 34 | 41 | 38 | 511 | 624 |
| *% of Total Revenue* | 7.2% | 7.2% | 5.6% | 8.4% | 8.2% | 5.8% | 9.0% | 7.7% | 8.7% | 6.5% | 4.7% | 68.2% | 24.2% |
| Depreciation & Amortization | 66 | 71 | 365 | 75 | 75 | 75 | 73 | 298 | 74 | 70 | 61 | 74 | 279 |
| *% of Total Revenue* | 12.8% | 13.5% | 14.3% | 14.7% | 15.3% | 11.5% | 15.6% | 14.1% | 19.0% | 11.1% | 7.5% | 9.9% | 10.8% |
| Other Operating Income / (expense) | 10 | 20 | 451 | 0 | 7 | 7 | 25 | 39 | 7 | 9 | 27 | 39 | 82 |
| *% of Total Revenue* | 1.9% | 3.8% | 17.7% | - | 1.4% | 1.1% | 5.4% | 1.8% | 1.8% | 1.4% | 3.3% | 5.2% | 3.2% |
| **Operating Income (EBIT)** | $ 7 | $ 98 | $ 84 | $ 25 | $ 27 | $ 158 | $ 16 | $ 226 | $ (106) | $ 66 | $ 263 | $ (313) | $ (90) |
| *Operating Margin, %* | 1.4% | 18.6% | 3.3% | 4.9% | 5.5% | 24.3% | 3.4% | 10.7% | -27.2% | 10.5% | 32.4% | -41.8% | -3.5% |
| Net Interest Expense / (income) | (68) | (75) | (339) | (59) | (62) | (66) | (51) | (238) | (74) | (62) | (67) | (99) | (302) |
| Other Income | (31) | 213 | 1,126 | 422 | 605 | 87 | 9 | 1,123 | (7) | 93 | 108 | 32 | 226 |
| **Pre-tax Income** | $ (92) | $ 236 | $ 871 | $ 388 | $ 570 | $ 179 | $ (26) | $ 1,111 | $ (187) | $ 97 | $ 304 | $ (380) | $ (166) |
| Provision / (benefit) for Income Taxes | (16) | 48 | 263 | 69 | 112 | 11 | (94) | 98 | (52) | 25 | 97 | (17) | 53 |
| *Tax Rate, %* | 17.4% | 20.3% | 30.2% | 17.8% | 19.6% | 6.1% | 361.5% | 8.8% | 27.8% | 25.8% | 31.9% | 4.5% | (31.9%) |
| **Net Income (Loss)** | $ (76) | $ 188 | $ 608 | $ 319 | $ 458 | $ 168 | $ 68 | $ 1,013 | $ (135) | $ 72 | $ 207 | $ (363) | $ (219) |
| Net Income to NCI | 1 | 6 | (5) | 25 | 4 | 0 | (14) | 15 | 0 | 0 | 0 | 0 | 0 |
| **Net Income (Loss) to Common Shareholders** | $ (77) | $ 182 | $ 613 | $ 294 | $ 454 | $ 168 | $ 82 | $ 998 | $ (135) | $ 72 | $ 207 | $ (363) | $ (219) |
| EPS (Basic), $ | $ (1.30) | $ 3.08 | $ 10.38 | $ 5.00 | $ 7.90 | $ 3.30 | $ 1.64 | $ 18.39 | $ (2.94) | $ 1.58 | $ 4.53 | $ (8.96) | $ (4.79) |
| EPS (Diluted), $ | $ (1.30) | $ 3.01 | $ 10.32 | $ 4.84 | $ 7.60 | $ 3.16 | $ 1.56 | $ 17.67 | $ (2.94) | $ 1.50 | $ 4.26 | $ (8.96) | $ (4.79) |
| Basic Weighted Average Shares | 59.0 | 59.0 | 59.0 | 58.8 | 57.4 | 50.9 | 49.9 | 54.3 | 45.8 | 45.6 | 45.7 | 40.5 | 45.7 |
| *Y/Y Growth, %* | | | | | | -13.7% | -15.4% | -8.1% | -22.0% | -20.7% | -10.3% | -18.8% | -15.8% |
| Diluted Weighted Average Shares | 59.0 | 60.5 | 59.4 | 60.7 | 59.8 | 53.2 | 52.4 | 56.5 | 45.8 | 47.9 | 48.6 | 40.5 | 45.7 |
| *Y/Y Growth, %* | | | | | | -9.9% | -13.4% | -4.9% | -24.5% | -19.9% | -8.6% | -22.7% | -19.1% |
| **EBIT** | $ 7 | $ 98 | $ 84 | $ 25 | $ 27 | $ 158 | $ 16 | $ 226 | $ (106) | $ 66 | $ 263 | $ (313) | $ (90) |
| Add back: D&A | 66 | 71 | 365 | 75 | 75 | 75 | 73 | 298 | 74 | 70 | 61 | 74 | 279 |
| **EBITDA** | $ 73 | $ 169 | $ 449 | $ 100 | $ 102 | $ 233 | $ 89 | $ 524 | $ (32) | $ 136 | $ 324 | $ (239) | $ 189 |
| *% of Total Revenue* | 14.1% | 32.1% | 17.6% | 19.6% | 20.9% | 35.8% | 19.1% | 24.8% | -8.2% | 21.6% | 39.9% | -31.9% | 7.3% |

| Talen Energy Corp. (TLN)<br>Income Statement ($mm unless noted otherwise) | Mar-26<br>Q1-2026 | Jun-26<br>Q2-2026 | Sep-26<br>Q3-2026 | Dec-26<br>Q4-2026 | **Dec-26<br>FY2026A** | Mar-27<br>Q1-2027 | Jun-27<br>Q2-2027 | Sep-27<br>Q3-2027 | Dec-27<br>Q4-2027 | **Dec-27<br>FY2027A** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Total Revenue** | $ 920 | $ 673 | $ 944 | $ 919 | $ 3,455 | $ 1,090 | $ 772 | $ 1,115 | $ 1,098 | $ 4,075 |
| *Y/Y Total Revenue growth, %* | 135.8% | 6.8% | 16.3% | 22.7% | 33.9% | 18.5% | 14.8% | 18.1% | 19.6% | 17.9% |
| Cost of Goods Sold | $ 322 | $ 235 | $ 330 | $ 322 | $ 1,209 | $ 360 | $ 255 | $ 368 | $ 362 | $ 1,345 |
| **Gross Profit** | $ 598 | $ 437 | $ 614 | $ 597 | $ 2,246 | $ 730 | $ 517 | $ 747 | $ 736 | $ 2,730 |
| *Gross Margin, %* | 65.0% | 65.0% | 65.0% | 65.0% | 65.0% | 67.0% | 67.0% | 67.0% | 67.0% | 67.0% |
| Operational Expenses | 184 | 135 | 189 | 184 | 691 | 163 | 116 | 167 | 165 | 611 |
| *% of Total Revenue* | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% | 15.0% | 15.0% | 15.0% | 15.0% | 15.0% |
| General & Administrative | 43 | 44 | 44 | 57 | 189 | 30 | 49 | 50 | 35 | 164 |
| *% of Total Revenue* | 4.7% | 6.5% | 4.7% | 6.2% | 5.5% | 2.7% | 6.3% | 4.5% | 3.2% | 4.0% |
| Depreciation & Amortization | 94 | 85 | 84 | 96 | 359 | 112 | 97 | 100 | 114 | 423 |
| *% of Total Revenue* | 10.3% | 12.6% | 8.9% | 10.4% | 10.4% | 10.3% | 12.6% | 8.9% | 10.4% | 10.4% |
| Other Operating Income / (expense) | 2 | 2 | 2 | 2 | 9 | 6 | 5 | 5 | 6 | 23 |
| *% of Total Revenue* | 0.3% | 0.3% | 0.2% | 0.3% | 0.3% | 0.6% | 0.7% | 0.5% | 0.6% | 0.6% |
| **Operating Income (EBIT)** | $ 274 | $ 172 | $ 294 | $ 258 | $ 998 | $ 419 | $ 251 | $ 425 | $ 415 | $ 1,509 |
| *Operating Margin, %* | 29.8% | 25.6% | 31.2% | 28.1% | 28.9% | 38.4% | 32.4% | 38.1% | 37.8% | 37.0% |
| Net Interest Expense / (income) | (150) | (149) | (148) | (147) | (593) | (146) | (145) | (144) | (143) | (577) |
| Other Income | 220 | 220 | 220 | 220 | 880 | 220 | 220 | 220 | 220 | 880 |
| **Pre-tax Income** | $ 344 | $ 243 | $ 366 | $ 331 | $ 1,285 | $ 493 | $ 326 | $ 501 | $ 492 | $ 1,812 |
| Provision / (benefit) for Income Taxes | 5 | 5 | 11 | 9 | 30 | 8 | 4 | 9 | 9 | 30 |
| *Tax Rate, %* | 1.5% | 2.1% | 3.0% | 2.7% | 2.3% | 1.6% | 1.2% | 1.8% | 1.8% | 1.7% |
| **Net Income (Loss)** | $ 339 | $ 238 | $ 355 | $ 322 | $ 1,255 | $ 485 | $ 322 | $ 492 | $ 483 | $ 1,782 |
| Net Income to NCI | 3 | 3 | 3 | 3 | 12 | 3 | 3 | 3 | 3 | 12 |
| **Net Income (Loss) to Common Shareholders** | $ 336 | $ 235 | $ 352 | $ 319 | $ 1,243 | $ 482 | $ 319 | $ 489 | $ 480 | $ 1,770 |
| EPS (Basic), $ | $ 7.35 | $ 5.15 | $ 7.71 | $ 6.99 | $ 27.21 | $ 10.55 | $ 6.98 | $ 10.70 | $ 10.51 | $ 38.75 |
| EPS (Diluted), $ | $ 6.95 | $ 4.89 | $ 7.32 | $ 6.64 | $ 25.80 | $ 10.02 | $ 6.63 | $ 10.16 | $ 9.98 | $ 36.78 |
| Basic Weighted Average Shares | 45.7 | 45.7 | 45.7 | 45.7 | 45.7 | 45.7 | 45.7 | 45.7 | 45.7 | 45.7 |
| *Y/Y Growth, %* | -0.4% | 0.3% | 0.0% | 12.8% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Diluted Weighted Average Shares | 48.4 | 48.1 | 48.1 | 48.1 | 48.2 | 48.1 | 48.1 | 48.1 | 48.1 | 48.1 |
| *Y/Y Growth, %* | 5.5% | 0.5% | -0.9% | 18.8% | 5.5% | -0.5% | 0.0% | 0.0% | 0.0% | -0.1% |
| **EBIT** | $ 274 | $ 172 | $ 294 | $ 258 | $ 998 | $ 419 | $ 251 | $ 425 | $ 415 | $ 1,509 |
| Add back: D&A | 94 | 85 | 84 | 96 | 359 | 112 | 97 | 100 | 114 | 423 |
| **EBITDA** | $ 368 | $ 257 | $ 379 | $ 354 | $ 1,357 | $ 531 | $ 348 | $ 524 | $ 530 | $ 1,932 |
| *% of Total Revenue* | 40.0% | 38.2% | 40.1% | 38.5% | 39.3% | 48.7% | 45.0% | 47.0% | 48.2% | 47.4% |

# Appendix 4: Income Statement Assumptions

| Talen Energy Corp. (TLN)<br>Income Statement ($mm unless noted otherwise) | |
|---|---|
| **Total Revenue** | |
| *Y/Y Total Revenue growth, %* | |
| Cost of Goods Sold | |
| **Gross Profit** | |
| *Gross Margin, %* | AWS nuclear PPA scales at ~85% gross margin, so the overall gross margin should be higher than consenus as this contracted revenue dominates the mix |
| Operational Expenses | |
| *% of Total Revenue* | Contracted nuclear revenue can increase at near-zero marginal operating cost (there is fixed O&M) and if seen across a growing revenue, it would proportinally decrease OpEx |
| General & Administrative | |
| *% of Total Revenue* | consensus projections |
| Depreciation & Amortization | |
| *% of Total Revenue* | consensus projections |
| Other Operating Income / (expense) | |
| *% of Total Revenue* | consensus projections |
| **Operating Income (EBIT)** | |
| *Operating Margin, %* | |
| Net Interest Expense / (income) | flows through statements |
| Other Income | consensus hardcoded |
| **Pre-tax Income** | |
| Provision / (benefit) for Income Taxes | consensus hardcoded |
| *Tax Rate, %* | |
| **Net Income (Loss)** | |
| Net Income to NCI | consensus hardcoded |
| **Net Income (Loss) to Common Shareholders** | |
| EPS (Basic), $ | |
| EPS (Diluted), $ | |
| Basic Weighted Average Shares | consensus hardcoded |
| *Y/Y Growth, %* | |
| Diluted Weighted Average Shares | consensus hardcoded |
| *Y/Y Growth, %* | |
| **EBIT** | |
| Add back: D&A | |
| **EBITDA** | |
| *% of Total Revenue* | |

# Appendix 4: Balance Sheet

TALEN ENERGY

| Talen Energy Corp. (TLN)<br>Balance Sheet ($mm unless noted otherwise) | Sep-23<br>Q3-2023 | Dec-23<br>Q4-2023 | **Dec-23<br>FY2023A** | Mar-24<br>Q1-2024 | Jun-24<br>Q2-2024 | Sep-24<br>Q3-2024 | Dec-24<br>Q4-2024 | **Dec-24<br>FY2024A** | Mar-25<br>Q1-2025 | Jun-25<br>Q2-2025 | Sep-25<br>Q3-2025 | Dec-25<br>Q4-2025 | **Dec-25<br>FY2025A** | Mar-26<br>Q1-2026 | Jun-26<br>Q2-2026 | Sep-26<br>Q3-2026 | Dec-26<br>Q4-2026 | **Dec-26<br>FY2026A** | Mar-27<br>Q1-2027 | Jun-27<br>Q2-2027 | Sep-27<br>Q3-2027 | Dec-27<br>Q4-2027 | **Dec-27<br>FY2027A** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Current Assets** | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and Cash Equivalents | 244 | 400 | 400 | 597 | 632 | 648 | 328 | 328 | 295 | 122 | 497 | 689 | 689 | 535 | 1,093 | 1,358 | 1,829 | 1,829 | 2,317 | 2,950 | 3,610 | 4,035 | 4,035 |
| Restricted Cash and Cash Equivalents | 520 | 501 | 501 | 483 | 483 | 484 | 37 | 37 | 25 | 13 | 0 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 | 63 |
| Accounts Receivable, Net | 168 | 137 | 137 | 126 | 151 | 97 | 123 | 123 | 100 | 226 | 180 | 196 | 196 | 253 | 185 | 259 | 252 | 252 | 299 | 212 | 306 | 302 | 302 |
| Inventory | 298 | 375 | 375 | 279 | 280 | 297 | 302 | 302 | 219 | 224 | 263 | 278 | 278 | 849 | 621 | 871 | 848 | 848 | 1,005 | 713 | 1,028 | 1,013 | 1,013 |
| Derivative Instruments | 76 | 89 | 89 | 14 | 27 | 50 | 66 | 66 | 33 | 80 | 45 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 | 56 |
| Other Current Assets | 123 | 52 | 52 | 598 | 380 | 97 | 184 | 184 | 174 | 165 | 63 | 67 | 67 | 201 | 147 | 207 | 201 | 201 | 218 | 154 | 223 | 220 | 220 |
| **Total Current Assets** | **$ 1,429** | **$ 1,554** | **$ 1,554** | **$ 2,097** | **$ 1,953** | **$ 1,673** | **$ 1,040** | **$ 1,040** | **$ 846** | **$ 830** | **$ 1,048** | **$ 1,349** | **$ 1,349** | **$ 1,957** | **$ 2,165** | **$ 2,814** | **$ 3,249** | **$ 3,249** | **$ 3,959** | **$ 4,148** | **$ 5,286** | **$ 5,688** | **$ 5,688** |
| **Non-Current Assets** | | | | | | | | | | | | | | | | | | | | | | | |
| Property, Plant, and Equipment | 3,846 | 3,839 | 3,839 | 3,359 | 3,250 | 3,228 | 3,154 | 3,154 | 3,138 | 3,089 | 3,075 | 7,546 | 7,546 | 7,508 | 7,484 | 7,450 | 7,417 | 7,417 | 7,379 | 7,351 | 7,311 | 7,272 | 7,272 |
| Nuclear Decomissioning Trust Funds | 1,456 | 1,575 | 1,575 | 1,642 | 1,659 | 1,737 | 1,724 | 1,724 | 1,717 | 1,790 | 1,870 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 |
| Derivative Instruments | 1 | 6 | 6 | 4 | 13 | 22 | 5 | 5 | 5 | 0 | 1 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Other Non-Current Assets | 160 | 147 | 147 | 163 | 207 | 188 | 183 | 183 | 159 | 118 | 103 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 | 106 |
| **Total Non-Current Assets** | **$ 5,463** | **$ 5,567** | **$ 5,567** | **$ 5,168** | **$ 5,129** | **$ 5,175** | **$ 5,066** | **$ 5,066** | **$ 5,019** | **$ 4,997** | **$ 5,049** | **$ 9,556** | **$ 9,556** | **$ 9,518** | **$ 9,494** | **$ 9,460** | **$ 9,427** | **$ 9,427** | **$ 9,389** | **$ 9,361** | **$ 9,321** | **$ 9,282** | **$ 9,282** |
| **Total Assets** | **$ 6,892** | **$ 7,121** | **$ 7,121** | **$ 7,265** | **$ 7,082** | **$ 6,848** | **$ 6,106** | **$ 6,106** | **$ 5,865** | **$ 5,827** | **$ 6,097** | **$ 10,905** | **$ 10,905** | **$ 11,475** | **$ 11,659** | **$ 12,275** | **$ 12,677** | **$ 12,677** | **$ 13,347** | **$ 13,509** | **$ 14,607** | **$ 14,970** | **$ 14,970** |
| **Current Liabilities** | | | | | | | | | | | | | | | | | | | | | | | |
| Long Term Debt, due within a year | 12 | 9 | 9 | 9 | 9 | 9 | 17 | 17 | 17 | 17 | 17 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Accrued Interest | 69 | 32 | 32 | 61 | 31 | 54 | 18 | 18 | 54 | 30 | 53 | 60 | 60 | 150 | 149 | 148 | 147 | 147 | 146 | 145 | 144 | 143 | 143 |
| Account Payable and Other Accrued Liabilities | 289 | 344 | 344 | 177 | 212 | 210 | 266 | 266 | 203 | 226 | 192 | 281 | 281 | 343 | 251 | 352 | 342 | 342 | 406 | 288 | 415 | 409 | 409 |
| Derivative Instruments | 69 | 32 | 32 | 98 | 63 | 6 | 0 | 0 | 92 | 32 | 44 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 | 101 |
| Stock-Based Compensation Liabilities | | | | | | | | | | | | 501 | 501 | 501 | 501 | 501 | 501 | 501 | 501 | 501 | 501 | 501 | 501 |
| Other Current Liabilities | 85 | 69 | 69 | 115 | 118 | 129 | 154 | 154 | 156 | 147 | 151 | 78 | 78 | 212 | 155 | 218 | 212 | 212 | 252 | 178 | 257 | 254 | 254 |
| **Total Current Liabilities** | **$ 524** | **$ 486** | **$ 486** | **$ 460** | **$ 433** | **$ 408** | **$ 455** | **$ 455** | **$ 522** | **$ 452** | **$ 457** | **$ 1,050** | **$ 1,050** | **$ 1,336** | **$ 1,186** | **$ 1,349** | **$ 1,332** | **$ 1,332** | **$ 1,434** | **$ 1,242** | **$ 1,448** | **$ 1,437** | **$ 1,437** |
| **Non-Current Liabilites** | | | | | | | | | | | | | | | | | | | | | | | |
| Long Term Debt | 2,823 | 2,811 | 2,811 | 2,619 | 2,617 | 2,616 | 2,987 | 2,987 | 2,975 | 2,972 | 2,969 | 6,782 | 6,782 | 6,710 | 6,665 | 6,619 | 6,574 | 6,393 | 6,529 | 6,484 | 6,438 | 6,393 | 6,212 |
| Derivative Instruments | 11 | 11 | 11 | 4 | 1 | 4 | 7 | 7 | 42 | 62 | 37 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 | 67 |
| Post-Retirement Benefit Obligations | 334 | 368 | 368 | 367 | 364 | 318 | 305 | 305 | 289 | 282 | 243 | 229 | 229 | 229 | 229 | 229 | 229 | 229 | 229 | 229 | 229 | 229 | 229 |
| Asset Retirement Obligations and Accrued Environmental Costs | 452 | 469 | 469 | 471 | 473 | 475 | 468 | 468 | 468 | 478 | 477 | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 | 494 |
| Deferred Income Taxes | 346 | 407 | 407 | 460 | 495 | 452 | 362 | 362 | 294 | 297 | 409 | 486 | 486 | 486 | 486 | 486 | 486 | 486 | 486 | 486 | 486 | 486 | 486 |
| Acquired Fuel Supply Contract Liabilities | | | | | | | | | | | | 662 | 662 | 662 | 662 | 662 | 662 | 662 | 662 | 662 | 662 | 662 | 662 |
| Other Non-Current Liabilites | 44 | 35 | 35 | 118 | 127 | 130 | 135 | 135 | 95 | 38 | 36 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 | 42 |
| **Total Non-Current Liabilities** | **$ 4,010** | **$ 4,101** | **$ 4,101** | **$ 4,039** | **$ 4,077** | **$ 3,995** | **$ 4,264** | **$ 4,264** | **$ 4,163** | **$ 4,129** | **$ 4,171** | **$ 8,762** | **$ 8,762** | **$ 8,690** | **$ 8,645** | **$ 8,599** | **$ 8,554** | **$ 8,373** | **$ 8,509** | **$ 8,464** | **$ 8,418** | **$ 8,373** | **$ 8,192** |
| **Total Liabilities** | **$ 4,534** | **$ 4,587** | **$ 4,587** | **$ 4,499** | **$ 4,510** | **$ 4,403** | **$ 4,719** | **$ 4,719** | **$ 4,685** | **$ 4,581** | **$ 4,628** | **$ 9,812** | **$ 9,812** | **$ 10,026** | **$ 9,830** | **$ 9,948** | **$ 9,886** | **$ 9,705** | **$ 9,943** | **$ 9,705** | **$ 9,866** | **$ 9,810** | **$ 9,629** |
| **Shareholder's Equity** | | | | | | | | | | | | | | | | | | | | | | | |
| Additional Paid in Capital | 2,337 | 2,346 | 2,346 | 2,339 | 2,092 | 1,980 | 1,725 | 1,725 | 1,718 | 1,711 | 1,726 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 |
| Accumulated Retained Earnings | (48) | 134 | 134 | 428 | 448 | 412 | (326) | (326) | (528) | (456) | (249) | (612) | (612) | (273) | (35) | 321 | 643 | 643 | 1,128 | 1,450 | 1,942 | 2,426 | 2,426 |
| Accumulated Other Comprehensive Income | (12) | (23) | (23) | (66) | (29) | (5) | (12) | (12) | (10) | (9) | (8) | (4) | (4) | 13 | 154 | 297 | 438 | 619 | 567 | 644 | 1,090 | 1,026 | 1,207 |
| **Total Shareholder's Equity** | **$ 2,277** | **$ 2,457** | **$ 2,457** | **$ 2,701** | **$ 2,511** | **$ 2,387** | **$ 1,387** | **$ 1,387** | **$ 1,180** | **$ 1,246** | **$ 1,469** | **$ 1,093** | **$ 1,093** | **$ 1,449** | **$ 1,828** | **$ 2,327** | **$ 2,790** | **$ 2,971** | **$ 3,404** | **$ 3,804** | **$ 4,741** | **$ 5,160** | **$ 5,341** |
| Non-Controlling Interest | 81 | 77 | 77 | 65 | 61 | 58 | | | | | | | | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **Total Liabilites & Shareholder's Equity** | **$ 6,892** | **$ 7,121** | **$ 7,121** | **$ 7,265** | **$ 7,082** | **$ 6,848** | **$ 6,106** | **$ 6,106** | **$ 5,865** | **$ 5,827** | **$ 6,097** | **$ 10,905** | **$ 10,905** | **$ 11,475** | **$ 11,659** | **$ 12,275** | **$ 12,677** | **$ 12,677** | **$ 13,347** | **$ 13,509** | **$ 14,607** | **$ 14,970** | **$ 14,970** |
| *Balance Check* | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |

# Appendix 5: Balance Sheet Schedules

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **PP&E Schedule** | | | | | | | | | | | | | | | | | | | | | | | |
| Beginning PP&E | | 3,368 | | 3,405 | 2,964 | 2,934 | 2,886 | 3,405 | 2,810 | 2,785 | 2,759 | 2,719 | 2,810 | 7,093 | 7,060 | 7,036 | 7,002 | | 6,969 | 6,931 | 6,903 | 6,863 | |
| (+) CapEx | | 50 | 229 | 23 | 18 | 12 | 24 | 77 | 16 | 30 | 19 | 23 | 88 | 33 | 24 | 34 | 33 | | 39 | 28 | 40 | 39 | |
| (-) Depreciation | | (57) | (305) | (60) | (56) | (56) | (53) | (225) | (55) | (52) | (46) | (58) | (211) | (70) | (51) | (72) | (70) | | (83) | (59) | (85) | (83) | |
| (+) Other net additions to PP&E | | 44 | (393) | (404) | 8 | (4) | (47) | (447) | 14 | (4) | (13) | 4,409 | 4,406 | 4 | 3 | 4 | 4 | | 5 | 4 | 5 | 5 | |
| Ending PP&E (net) | 3,368 | 3,405 | 3,405 | 2,964 | 2,934 | 2,886 | 2,810 | 2,810 | 2,785 | 2,759 | 2,719 | 7,093 | 7,093 | 7,060 | 7,036 | 7,002 | 6,969 | | 6,931 | 6,903 | 6,863 | 6,824 | |
| CapEx % of Revenue | | 9.8% | 43.4% | 0.9% | 3.5% | 2.4% | 3.7% | 16.4% | 0.8% | 7.6% | 3.0% | 2.9% | 11.8% | 3.6% | 3.6% | 3.6% | 3.6% | | 3.6% | 3.6% | 3.6% | 3.6% | |
| Depreciation % of Revenue | | -11.0% | -57.9% | -2.3% | -11.0% | -11.5% | -8.2% | -48.2% | -2.6% | -13.3% | -7.3% | -7.1% | -28.2% | -7.6% | -7.6% | -7.6% | -7.6% | | -7.6% | -7.6% | -7.6% | -7.6% | |
| Net Additions % of Revenue | | 8.3% | -15.4% | -79.3% | 1.6% | -0.6% | -10.1% | -21.1% | 3.5% | -0.6% | -1.6% | 588.6% | 170.7% | 0.5% | 0.5% | 0.5% | 0.5% | | 0.5% | 0.5% | 0.5% | 0.5% | |
| **Operating Working Capital** | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Receivable | 168 | 137 | 137 | 126 | 151 | 97 | 123 | 123 | 100 | 226 | 180 | 196 | 196 | 253 | 185 | 259 | 252 | | 299 | 212 | 306 | 302 | |
| Inventory | 298 | 375 | 375 | 279 | 280 | 297 | 302 | 302 | 219 | 224 | 263 | 278 | 278 | 849 | 621 | 871 | 848 | | 1,005 | 713 | 1,028 | 1,013 | |
| Accounts Payable | 289 | 344 | 344 | 177 | 212 | 210 | 266 | 266 | 203 | 226 | 192 | 281 | 281 | 343 | 251 | 352 | 342 | | 406 | 288 | 415 | 409 | |
| Other Current Assets | 123 | 52 | 52 | 598 | 380 | 97 | 184 | 184 | 174 | 165 | 63 | 67 | 67 | 201 | 147 | 207 | 201 | | 218 | 154 | 223 | 220 | |
| Other Current Liabilties | 85 | 69 | 69 | 115 | 118 | 129 | 154 | 154 | 156 | 147 | 151 | 78 | 78 | 212 | 155 | 218 | 212 | | 252 | 178 | 257 | 254 | |
| Days Receivable | 119 | 95 | 20 | 90 | 113 | 54 | 96 | 21 | 94 | 131 | 81 | 96 | 28 | 100 | 100 | 100 | 100 | | 100 | 100 | 100 | 100 | |
| Days Inventory | 425 | 906 | 158 | 480 | 581 | 442 | 672 | 138 | 340 | 324 | 329 | 354 | 95 | 337 | 337 | 337 | 337 | | 337 | 337 | 337 | 337 | |
| Days Payable | 204 | 238 | 49 | 127 | 158 | 118 | 208 | 46 | 190 | 131 | 86 | 137 | 40 | 136 | 136 | 136 | 136 | | 136 | 136 | 136 | 136 | |
| Other Current Assets as a % of Revenue | 23.8% | 9.9% | 2.0% | 117.5% | 77.7% | 14.9% | 39.4% | 8.7% | 44.6% | 26.2% | 7.8% | 8.9% | 2.6% | 21.9% | 21.9% | 21.9% | 21.9% | | 20.0% | 20.0% | 20.0% | 20.0% | |
| Other Current Liabilities as a % of Revenue | 16.5% | 13.1% | 2.7% | 22.6% | 24.1% | 19.8% | 33.0% | 7.3% | 40.0% | 23.3% | 18.6% | 10.4% | 3.0% | 23.1% | 23.1% | 23.1% | 23.1% | | 23.1% | 23.1% | 23.1% | 23.1% | |
| **Debt Schedule** | | | | | | | | | | | | | | | | | | | | | | | |
| (+) Cash flow from operations | 181 | 222 | 864 | 173 | (23) | 96 | 10 | 256 | 119 | (184) | 489 | 280 | 704 | (85) | 639 | 363 | 569 | 1,486 | 583 | 762 | 801 | 575 | 2,721 |
| (+) Cash flow from investing | (70) | (63) | (328) | 265 | 714 | 246 | (54) | 1,171 | (68) | (46) | (42) | (3,847) | (4,003) | (69) | (81) | (98) | (98) | (345) | (94) | (130) | (141) | (150) | (516) |
| Cash flow generated to service debt | 111 | 159 | 536 | 438 | 691 | 342 | (44) | 1,427 | 51 | (230) | 447 | (3,567) | (3,299) | (154) | 558 | 265 | 471 | 1,140 | 488 | 633 | 660 | 425 | 2,205 |
| (+) Beginning cash balance | | 244 | | 400 | 597 | 632 | 648 | 400 | 328 | 295 | 122 | 497 | 328 | 689 | 535 | 1,093 | 1,358 | 689 | 1,829 | 2,317 | 2,950 | 3,610 | 1,829 |
| (-) Minimum cash required | (15) | (16) | (77) | (15) | (15) | (20) | (14) | (63) | (12) | (19) | (24) | (22) | (77) | (28) | (20) | (28) | (28) | (104) | (33) | (23) | (33) | (33) | (122) |
| Cash available to service debt | 96 | 387 | 459 | 823 | 1,273 | 955 | 590 | 1,764 | 367 | 46 | 545 | (3,092) | (3,048) | 508 | 1,073 | 1,330 | 1,802 | 1,726 | 2,285 | 2,927 | 3,576 | 4,002 | 3,912 |
| Long Term Debt | | | | | | | | | | | | | | | | | | | | | | | |
| Beginning balance | 2,823 | 2,815 | 2,823 | 2,796 | 2,614 | 2,614 | 2,614 | 2,796 | 2,971 | 2,958 | 3,023 | 2,929 | 2,971 | 6,755 | 6,710 | 6,665 | 6,619 | 6,574 | 6,574 | 6,529 | 6,484 | 6,438 | 6,393 |
| (+) Issuance | 289 | (1) | 288 | 0 | 0 | 0 | 849 | 849 | 0 | 75 | 0 | 3,890 | 3,965 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (-) Mandatory repayments | (297) | (18) | (315) | (182) | 0 | 0 | (492) | (674) | (13) | (10) | (94) | (64) | (181) | (45) | (45) | (45) | (45) | (181) | (45) | (45) | (45) | (45) | (181) |
| (-) Optional repayments (sweep) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending balance | 2,815 | 2,796 | 2,796 | 2,614 | 2,614 | 2,614 | 2,971 | 2,971 | 2,958 | 3,023 | 2,929 | 6,755 | 6,755 | 6,710 | 6,665 | 6,619 | 6,574 | 6,393 | 6,529 | 6,484 | 6,438 | 6,393 | 6,212 |
| Surplus cash / (Revolver draw) | 88 | 368 | 368 | 641 | 1,273 | 955 | 947 | 947 | 354 | 111 | 451 | 734 | 734 | 463 | 1,028 | 1,285 | 1,756 | 1,756 | 2,239 | 2,881 | 3,531 | 3,956 | 3,956 |
| Average debt balance | 2,819 | 2,806 | 2,810 | 2,705 | 2,614 | 2,614 | 2,793 | 2,884 | 2,965 | 2,991 | 2,976 | 4,842 | 4,863 | 6,755 | 6,710 | 6,665 | 6,619 | 6,574 | 6,574 | 6,529 | 6,484 | 6,438 | 6,393 |
| Weighted avg interest rate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Minimum cash as % of sales | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| **Equity & Retained Earnings Schedule** | | | | | | | | | | | | | | | | | | | | | | | |
| Retained Earnings Roll-forward | | | | | | | | | | | | | | | | | | | | | | | |
| Beginning balance | 28 | (48) | 28 | 140 | 459 | 917 | 1,085 | 140 | 1,153 | 1,018 | 1,090 | 1,297 | 1,153 | (612) | (273) | (35) | 321 | (612) | 643 | 1,128 | 1,450 | 1,942 | 643 |
| (+) Net Income | (76) | 188 | 112 | 319 | 458 | 168 | 68 | 1,013 | (135) | 72 | 207 | (363) | (219) | 339 | 238 | 355 | 322 | 1,255 | 485 | 322 | 492 | 483 | 1,782 |
| (-) Dividends | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending Retained Earnings | (48) | 140 | 140 | 459 | 917 | 1,085 | 1,153 | 1,153 | 1,018 | 1,090 | 1,297 | 934 | 934 | (273) | (35) | 321 | 643 | 643 | 1,128 | 1,450 | 1,942 | 2,426 | 2,426 |
| APIC / Common Stock Roll-forward | | | | | | | | | | | | | | | | | | | | | | | |
| Beginning balance | 2,396 | 2,337 | 2,396 | 2,337 | 2,268 | 1,616 | 1,311 | 2,337 | 206 | 123 | 103 | 103 | 206 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 |
| (+) Stock-based compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 526 | 526 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (+) Stock issuance / (-) Repurchases | (59) | 0 | (59) | (69) | (652) | (305) | (1,105) | (2,131) | (83) | (20) | 0 | 0 | (103) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ending APIC | 2,337 | 2,337 | 2,337 | 2,268 | 1,616 | 1,311 | 206 | 206 | 123 | 103 | 103 | 629 | 629 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 | 1,709 |

# Appendix 6: Cash Flow Statement

TALEN ENERGY

| Talen Energy Corp. (TLN)<br>Cash Flow Statement ($mm unless noted otherwise) | Sep-23<br>Q3-2023 | Dec-23<br>Q4-2023 | **Dec-23<br>FY2023A** | Mar-24<br>Q1-2024 | Jun-24<br>Q2-2024 | Sep-24<br>Q3-2024 | Dec-24<br>Q4-2024 | **Dec-24<br>FY2024A** | Mar-25<br>Q1-2025 | Jun-25<br>Q2-2025 | Sep-25<br>Q3-2025 | Dec-25<br>Q4-2025 | **Dec-25<br>FY2025A** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | **$ (76)** | **$ 188** | **$ 608** | **$ 319** | **$ 458** | **$ 168** | **$ 68** | **$ 1,013** | **$ (135)** | **$ 72** | **$ 207** | **$ (363)** | **$ (219)** |
| Stock-based compensation | - | - | - | - | - | - | - | - | - | - | - | 526 | 526 |
| (Gain) loss on sales of assets, net | - | - | - | (324) | (562) | - | - | (886) | - | - | (36) | - | (36) |
| Depreciation Expense, mm | 53 | 57 | 305 | 60 | 56 | 56 | 53 | 225 | 55 | 52 | 46 | 58 | 211 |
| Amortization Expense, mm | - | - | 5 | 2 | 4 | 5 | 5 | 16 | 5 | 3 | 1 | 1 | 10 |
| Accretion Expense, mm | 13 | 14 | 55 | 13 | 15 | 14 | 15 | 57 | 14 | 15 | 14 | 15 | 58 |
| Depreciation, amortization and accretion | 62 | 68 | 365 | 74 | 70 | 72 | 69 | 285 | 72 | 69 | 67 | 71 | 279 |
| Nuclear fuel amortization | 46 | 37 | 141 | 35 | 28 | 30 | 30 | 123 | 26 | 18 | 27 | 26 | 97 |
| Other Non-Cash Adjustments | 108 | (129) | (438) | 79 | (87) | (205) | (57) | (270) | 186 | (159) | 53 | 80 | 160 |
| **CFO before WC** | **$ 140** | **$ 164** | **$ 676** | **$ 183** | **$ (93)** | **$ 65** | **$ 110** | **$ 265** | **$ 149** | **$ -** | **$ 318** | **$ 340** | **$ 807** |
| Accounts receivable, net | (18) | 31 | 269 | 11 | (25) | 55 | (27) | 14 | 23 | (126) | 46 | 13 | (44) |
| Inventory, net | 20 | (77) | (58) | 89 | 1 | (17) | (6) | 67 | 83 | (5) | (43) | (6) | 29 |
| Accounts payable and accrued liabilities | - | 35 | (123) | (154) | 40 | (1) | 46 | (69) | (60) | 3 | (34) | 43 | (48) |
| Other Working Capital Changes | 39 | 69 | 100 | 44 | 54 | (6) | (113) | (21) | (76) | (56) | 202 | (110) | (40) |
| **Net CFO** | **$ 181** | **$ 222** | **$ 864** | **$ 173** | **$ (23)** | **$ 96** | **$ 10** | **$ 256** | **$ 119** | **$ (184)** | **$ 489** | **$ 280** | **$ 704** |
| Capex of PPE and Intangibles, mm | 40 | 56 | 254 | 25 | 20 | 13 | 27 | 85 | 18 | 33 | 21 | 26 | 98 |
| Percentage of PPE & Intangibles capex allocated to intangible assets, % | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* |
| Property, plant and equipment expenditures | (40) | (56) | (254) | (25) | (20) | (13) | (27) | (85) | (18) | (33) | (21) | (26) | (98) |
| Nuclear fuel expenditures | (29) | (2) | (94) | (41) | (3) | (45) | (15) | (104) | (46) | (4) | (44) | (14) | (108) |
| Nuclear Decommissioning, Net | (6) | (13) | (35) | (11) | (4) | (9) | (8) | (32) | (11) | (4) | (10) | (10) | (35) |
| Other investing activities | 5 | 8 | 55 | 342 | 741 | 313 | (4) | 1,392 | 7 | (5) | 33 | (3,797) | (3,762) |
| **Net CFI** | **$ (70)** | **$ (63)** | **$ (328)** | **$ 265** | **$ 714** | **$ 246** | **$ (54)** | **$ 1,171** | **$ (68)** | **$ (46)** | **$ (42)** | **$ (3,847)** | **$ (4,003)** |
| Bankruptcy emergence / one-time (never repeat) | - | - | (438) | - | - | - | - | - | - | - | - | - | - |
| Debt Issuance (new borrowing) | 289 | (1) | 288 | - | - | - | 849 | 849 | - | 75 | - | 3,890 | 3,965 |
| Debt Repayment (ongoing) | (297) | (18) | (397) | (182) | - | - | (492) | (674) | (13) | (10) | (94) | (64) | (181) |
| Repurchases of shares, warrants, RSUs | (59) | - | (59) | (69) | (652) | (305) | (1,105) | (2,131) | (83) | (20) | - | - | (103) |
| Other Financing Activities | 5 | (3) | (17) | (8) | (4) | (20) | 25 | (7) | - | - | 9 | (4) | 5 |
| **Net CFF** | **$ (62)** | **$ (22)** | **$ (623)** | **$ (259)** | **$ (656)** | **$ (325)** | **$ (723)** | **$ (1,963)** | **$ (96)** | **$ 45** | **$ (85)** | **$ 3,822** | **$ 3,686** |
| **Net Change in Cash** | **$ 49** | **$ 137** | **$ (87)** | **$ 179** | **$ 35** | **$ 17** | **$ (767)** | **$ (536)** | **$ (45)** | **$ (185)** | **$ 362** | **$ 255** | **$ 387** |

| Talen Energy Corp. (TLN)<br>Cash Flow Statement ($mm unless noted otherwise) | Mar-26<br>Q1-2026 | Jun-26<br>Q2-2026 | Sep-26<br>Q3-2026 | Dec-26<br>Q4-2026 | **Dec-26<br>FY2026A** | Mar-27<br>Q1-2027 | Jun-27<br>Q2-2027 | Sep-27<br>Q3-2027 | Dec-27<br>Q4-2027 | **Dec-27<br>FY2027A** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Net Income** | **339** | **238** | **355** | **322** | **1,255** | **485** | **322** | **492** | **483** | **1,782** |
| Stock-based compensation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (Gain) loss on sales of assets, net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation Expense, mm | (70) | (51) | (72) | (70) | (262) | (83) | (59) | (85) | (83) | (310) |
| Amortization Expense, mm | 3 | 4 | 4 | 4 | 14 | 4 | 6 | 6 | 7 | 24 |
| Accretion Expense, mm | 15 | 26 | 25 | 28 | 94 | 23 | 43 | 43 | 47 | 156 |
| Depreciation, amortization and accretion | 87 | 80 | 101 | 102 | 370 | 110 | 108 | 134 | 138 | 489 |
| Nuclear fuel amortization | 24 | 42 | 44 | 47 | 157 | 39 | 73 | 72 | 79 | 263 |
| Other Non-Cash Adjustments | 30 | 78 | 84 | 76 | 267 | 67 | 126 | 124 | 134 | 451 |
| **CFO before WC** | **$ 480** | **$ 438** | **$ 584** | **$ 548** | **$ 2,050** | **$ 701** | **$ 629** | **$ 821** | **$ 834** | **$ 2,985** |
| Accounts receivable, net | (57) | 68 | (75) | 7 | (56) | (47) | 40 | (7) | (90) | (103) |
| Inventory, net | (571) | 228 | (251) | 24 | (570) | (158) | 135 | (23) | (301) | (347) |
| Accounts payable and accrued liabilities | 62 | (92) | 101 | (10) | 61 | 64 | (55) | 9 | 122 | 140 |
| Other Working Capital Changes | 0 | (3) | 3 | (0) | 0 | 23 | 13 | 1 | 10 | 46 |
| **Net CFO** | **$ (85)** | **$ 639** | **$ 363** | **$ 569** | **$ 1,486** | **$ 583** | **$ 762** | **$ 801** | **$ 575** | **$ 2,721** |
| Capex of PPE and Intangibles, mm | 33 | 24 | 34 | 33 | 123 | 39 | 28 | 40 | 39 | 145 |
| Percentage of PPE & Intangibles capex allocated to intangible assets, % | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* |
| Property, plant and equipment expenditures | (33) | (24) | (34) | (33) | (123) | (39) | (28) | (40) | (39) | (145) |
| Nuclear fuel expenditures | (27) | (43) | (48) | (48) | (166) | (41) | (76) | (76) | (83) | (276) |
| Nuclear Decommissioning, Net | (9) | (15) | (16) | (17) | (57) | (14) | (26) | (26) | (28) | (95) |
| Other investing activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net CFI** | **$ (69)** | **$ (81)** | **$ (98)** | **$ (98)** | **$ (345)** | **$ (94)** | **$ (130)** | **$ (141)** | **$ (150)** | **$ (516)** |
| Bankruptcy emergence / one-time (never repeat) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Issuance (new borrowing) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Repayment (ongoing) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repurchases of shares, warrants, RSUs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Financing Activities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Net CFF** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** | **$ -** |
| **Net Change in Cash** | **$ (154)** | **$ 558** | **$ 265** | **$ 471** | **$ 1,140** | **$ 488** | **$ 633** | **$ 660** | **$ 425** | **$ 2,205** |

# Appendix 7: Consensus Revenue Summary

TALEN ENERGY

| Talen Energy<br>Ticker : TLN US | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Last Price (USD)** | **$ 390.05** | **92** | **92** | **365** | **90** | **91** | **92** | **92** | **365** | **90** | **91** | **92** | **92** | **365** |
| **Real-Time Stock Price : Bloomberg** | **OFF** | ***Sep-25*** | ***Dec-25*** | ***Dec-25*** | ***Mar-26*** | ***Jun-26*** | ***Sep-26*** | ***Dec-26*** | ***Dec-26*** | ***Mar-27*** | ***Jun-27*** | ***Sep-27*** | ***Dec-27*** | ***Dec-27*** |
| **Model Sheet Currency : USD** | | **Q3-2025** | **Q4-2025** | **FY2025** | **Q1-2026** | **Q2-2026** | **Q3-2026** | **Q4-2026** | **FY2026** | **Q1-2027** | **Q2-2027** | **Q3-2027** | **Q4-2027** | **FY2027** |
| **Revenue Growth Analysis (FS)** | | | | | | | | | | | | | | |
| Capacity Revenues, mm | | 166 | 182 | 485 | 54 | 97 | 183 | 200 | 534 | 59 | 106 | 201 | 220 | 587 |
| *Y/Y Capacity Revenues Growth, %* | | *232.0%* | *256.9%* | *152.6%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* | *10.0%* |
| Energy and Other Revenues, mm | | 604 | 589 | 2,141 | 658 | 492 | 672 | 534 | 2,357 | 757 | 615 | 807 | 641 | 2,820 |
| *Y/Y Energy and Other Revenues Growth, %* | | *19.6%* | *34.8%* | *13.8%* | *13.1%* | *34.4%* | *11.3%* | *-9.3%* | *10.1%* | *15.0%* | *25.0%* | *20.0%* | *20.0%* | *19.6%* |
| Unrealized Gain (Loss) Income on Derivative Investments, mm | | 42 | (22) | (45) | 25 | 25 | 25 | 25 | 100 | 25 | 25 | 25 | 25 | 100 |
| **Total Operating Revenue, mm** | | **812** | **749** | **2,581** | **737** | **614** | **880** | **760** | **2,991** | **841** | **747** | **1,033** | **886** | **3,507** |
| *Consensus Estimates - Net Revenue* | | | | | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* | *N/A* |
| *Q/Q Total Operating Revenue Growth, %* | | *28.9%* | *-7.8%* | | *-1.6%* | *-16.7%* | *43.4%* | *-13.7%* | | *10.8%* | *-11.3%* | *38.3%* | *-14.2%* | |
| *Y/Y Total Operating Revenue Growth, %* | | *24.9%* | *60.4%* | *22.0%* | *89.0%* | *-2.6%* | *8.4%* | *1.4%* | *15.9%* | *14.1%* | *21.6%* | *17.4%* | *16.7%* | *17.3%* |

# Appendix 8: Consensus EBITDA Summary

TALEN ENERGY

## Talen Energy

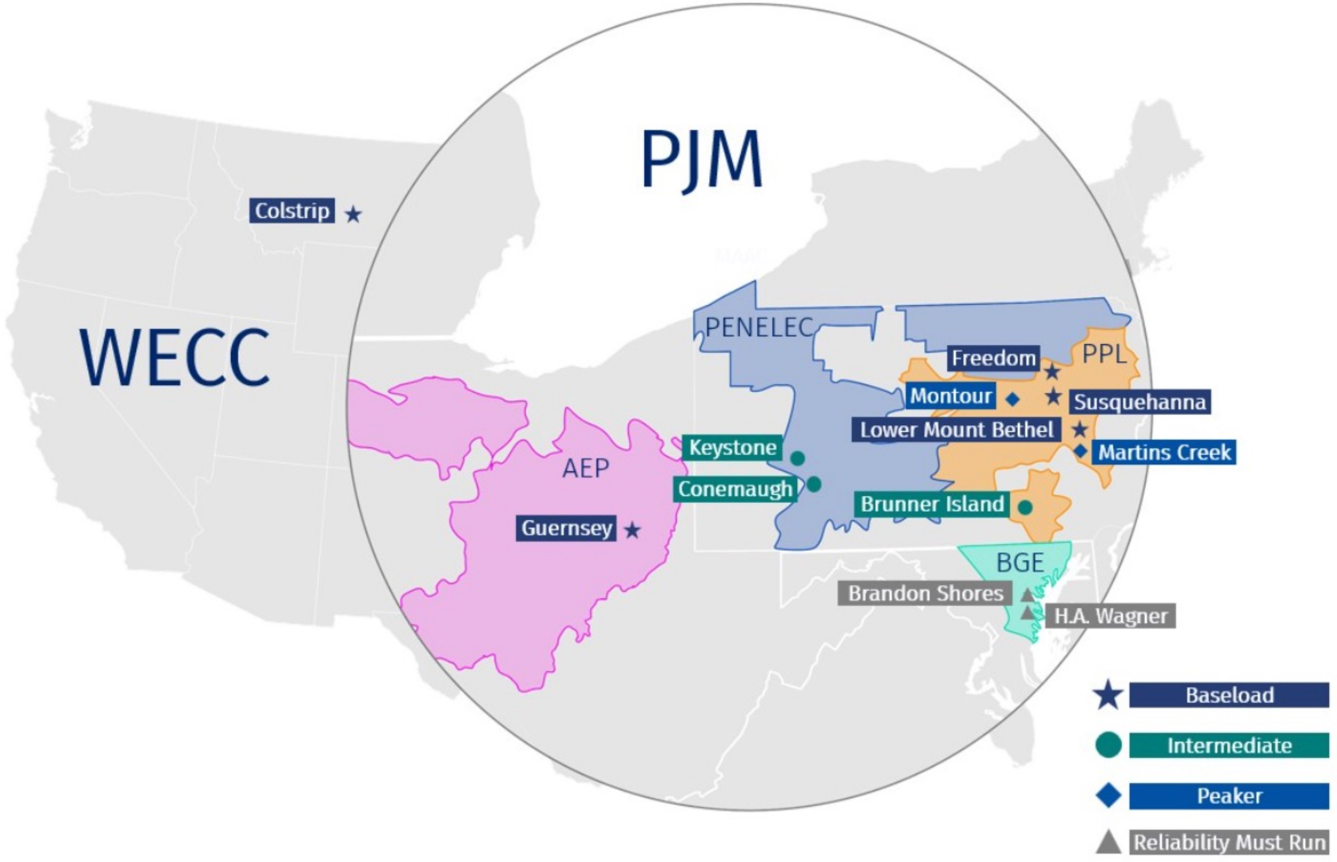
Ticker : TLN US

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Last Price (USD)** | **$ 390.05** | **92** | **92** | **365** | **90** | **91** | **92** | **92** | **365** | **90** | **91** | **92** | **92** | **365** |
| **Real-Time Stock Price : Bloomberg** | **OFF** | ***Sep-25*** | ***Dec-25*** | ***Dec-25*** | ***Mar-26*** | ***Jun-26*** | ***Sep-26*** | ***Dec-26*** | ***Dec-26*** | ***Mar-27*** | ***Jun-27*** | ***Sep-27*** | ***Dec-27*** | ***Dec-27*** |
| **Model Sheet Currency : USD** | | **Q3-2025** | **Q4-2025** | **FY2025** | **Q1-2026** | **Q2-2026** | **Q3-2026** | **Q4-2026** | **FY2026** | **Q1-2027** | **Q2-2027** | **Q3-2027** | **Q4-2027** | **FY2027** |
| **EBITDA, mm** | | **324** | **(239)** | **189** | **128** | **158** | **343** | **281** | **910** | **328** | **208** | **353** | **361** | **1,250** |
| *Y/Y Growth in EBITDA, %* | | *39.1%* | *-368.5%* | *-63.9%* | *-498.9%* | *16.0%* | *5.9%* | *-217.7%* | *381.4%* | *157.0%* | *31.6%* | *2.9%* | *28.4%* | *37.4%* |
| EBITDA Margin, % | | 39.9% | -31.9% | 7.3% | 17.3% | 25.7% | 39.0% | 37.0% | 30.4% | 39.0% | 27.8% | 34.2% | 40.7% | 35.6% |
| Y/Y Improvement in EBITDA Margin, bps | | 406 | (5,097) | (1,745) | 2,552 | 410 | (90) | 6,894 | 2,310 | 2,168 | 211 | (481) | 370 | 521 |

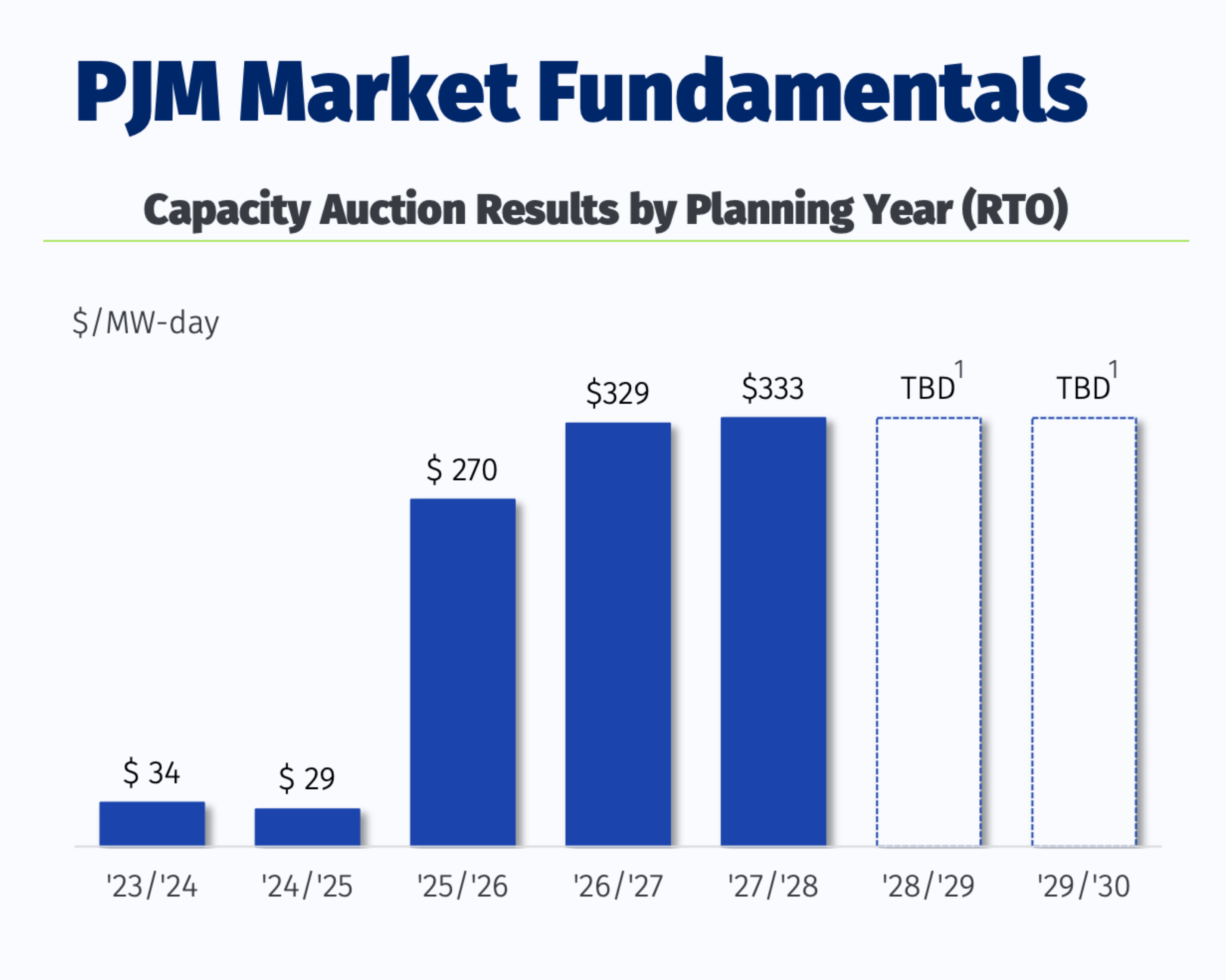
# Appendix 9: Talen Generation Fleet Locations

***Our Fleet***

The following discussion provides a brief overview of our fleet. See "Item 2. Properties" for additional information on each of our facilities



# Appendix 10: PJM Capacity Auction Revenue



# Appendix 11: X-Energy and Talen Energy Goals

TALEN ENERGY

X·ENERGY

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MAR 19, 2026

## X-energy, Talen Energy to Evaluate Gigawatt-Scale XE-100 SMR Deployment

DEPLOYMENTS

> *Our agreement with Talen is an important step forward to strengthen baseload capacity and meet growing energy demands in the PJM market. Our small modular reactor technology is uniquely suited to meet these demand opportunities reliably and safely, with the scalability and flexibility to deploy across a range of project sites.*
>
> DINKAR BHATIA, X-ENERGY'S CHIEF COMMERCIAL OFFICER.

> *Talen believes that future power demand needs an all-of-the-above supply approach, and this includes new nuclear technology. Commercial nuclear energy is a proven carbon-free energy source that provides for energy independence and diversification. We look forward to working with X-energy as part of our broader commitment to Powering the Future.*
>
> TALEN PRESIDENT TERRY NUTT