Atlantic Power Corporation

Atlantic Power Corporation Announces Repricing of APLP Holdings Term Loan and Revolver and Repayment of Piedmont Project Debt

DEDHAM, Mass., Oct. 19, 2017 /PRNewswire/ -- Atlantic Power Corporation (NYSE: AT) (TSX: ATP) ("Atlantic Power" or the "Company") announced today a repricing of the $563 million senior secured term loan ("term loan") and $200 million senior secured revolving credit facility ("revolver") at its APLP Holdings Limited Partnership ("APLP Holdings") subsidiary, via a group of arranging banks led by Goldman Sachs Lending Partners LLC. The repricing became effective October 18, 2017. The interest rate margin on the term loan and revolver was reduced by 75 basis points to LIBOR plus 350 basis points. The LIBOR floor remains at 1.00%. This repricing is the second for these facilities; since the original financing in April 2016, the spread has been reduced 150 basis points, from LIBOR plus 500 basis points to LIBOR plus 350.

The Company is permitted to prepay the term loan in the first six months following this transaction at a 1% premium. Following the six-month period, prepayment is permitted at par. The mandatory 1% annual amortization and cash sweep provisions of the term loan are unchanged.

As a result of this repricing, the Company expects to realize interest cost savings in 2018 of approximately $4 million. Cumulative savings through the maturity dates of the term loan (April 2023) and revolver (April 2021) are estimated to be approximately $15 million. The combined savings of both repricing transactions is expected to be approximately $33 million over the terms of the facilities.

The Company expects to record fees related to this transaction in the fourth quarter similar to those recorded in the second quarter related to the April 2017 repricing of the term loan and revolver.

Separately, on October 12, 2017, the Company repaid the $54.6 million non-recourse project debt outstanding at its Piedmont plant. This debt had been scheduled to mature in August 2018. Annual interest cost savings from repayment of this 8.1% debt are approximately $4.5 million. The Company used $59.6 million of discretionary cash and $4.5 million of project-level cash (previously classified as restricted) in repayment of the debt, payment of accrued interest, and interest rate swap breakage costs.

"The additional reduction in the spread on our term loan and revolver and our recent credit rating upgrade by Moody's all reflect the progress we have made in reducing our leverage, which we expect will continue," said Terrence Ronan, Executive Vice President and Chief Financial Officer of Atlantic Power. "Our decision to repay the Piedmont maturity from discretionary cash brings total debt repayment expected in 2017 to approximately $166 million."

"The progress we have made in reducing debt, interest expense and overheads is providing us increased financial flexibility. The $8.5 million of interest cost savings from the recent repricing of our term loan and revolver and the repayment of Piedmont debt brings the total reduction in interest and overhead expenses achieved from our restructuring efforts over the past several years to nearly $100 million on an annualized basis," said James J. Moore, President and CEO of Atlantic Power. "We chose to allocate some of our approximately $250 million of liquidity to repayment of the existing project debt at Piedmont, which had been costing us 8%. We will retain ownership of Piedmont, which is generating improved Project Adjusted EBITDA of $9 to $10 million annually due to the work of our operations and asset management teams. The Power Purchase Agreement for Piedmont runs to 2032, is with an A-rated counterparty, and will help to underpin our long-term cash flows."

About Atlantic Power

Atlantic Power owns and operates a diverse fleet of twenty-three power generation assets across nine states in the United States and two provinces in Canada. The Company's power generation projects sell electricity to utilities and other large commercial customers largely under long-term power purchase agreements, which seek to minimize exposure to changes in commodity prices. The aggregate gross electric generation capacity of this portfolio is approximately 2,138 megawatts (MW), and the Company's aggregate net ownership interest is approximately 1,500 MW. Nineteen of the projects are currently operational, totaling 1,975 MW on a gross capacity basis and 1,337 MW on a net ownership basis. The remaining four projects, all in Ontario, are not operational, three due to revised contractual arrangements with the offtaker and the other, Tunis, has a forward-starting 15-year contractual agreement that will commence between November 2017 and June 2019.

Atlantic Power's shares trade on the New York Stock Exchange under the symbol AT and on the Toronto Stock Exchange under the symbol ATP. For more information, please visit the Company's website at www.atlanticpower.com or contact:

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Copies of the Company's financial data and other publicly filed documents are available on SEDAR at www.sedar.com or on EDGAR at www.sec.gov/edgar.shtml under "Atlantic Power Corporation" or on the Company's website.

Cautionary Note Regarding Forward-Looking Statements

To the extent any statements made in this news release contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and under Canadian securities law (collectively, "forward-looking statements").

Certain statements in this news release may constitute "forward-looking statements", which reflect the expectations of management regarding the future growth, results of operations, performance and business prospects and opportunities of the Company and its projects. These statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, can generally be identified by the use of the words "may," "will," "project," "continue," "believe," "intend," "anticipate," "expect" or similar expressions that are predictions of or indicate future events or trends and which do not relate solely to present or historical matters. Examples of such statements in this press release include, but are not limited, to statements with respect to the following:

- the Company's estimate of interest cost savings associated with the October 2017 repricing of its term loan and revolver of approximately $4 million in 2018 and $15 million over the terms of the facilities;
- the Company's estimate of interest cost savings associated with the October 2017 and April 2017 repricings on a combined basis of approximately $33 million over the terms of the facilities;
- the Company's expectation that the fees related to the October 2017 repricing to be recorded in the fourth quarter will be similar to those recorded in the second quarter related to the April 2017 repricing;
- the Company's estimate of interest cost savings of approximately $4.5 million annually resulting from the repayment of debt at its Piedmont plant;
- the Company's expectation that reduction in its leverage will continue;
- the Company's estimate of approximately $166 million in total debt repayment in 2017;
- the Company's estimate of the amount of Project Adjusted EBITDA generated by Piedmont, and
- the Company's expectation that the Power Purchase Agreement for Piedmont is expected to help underpin its long-term cash flows.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. Please refer to the factors discussed under "Risk Factors" and "Forward-Looking Information" in the Company's periodic reports as filed with the U.S. Securities and Exchange Commission (the "SEC") from time to time for a detailed discussion of the risks and uncertainties affecting the Company. Although the forward-looking statements contained in this news release are based upon what are believed to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

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