



# Cleco Corporate Holdings LLC

*Investor Presentation*

*November 2021*

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# Executive Summary

**Vertically integrated, single state, rate regulated utility combined with a heavily contracted unregulated subsidiary produces stable, sustainable cash flow**

## Stable Financial Profile

- Approximately 75% of net cash generated from stable, rate regulated utility
- Balance of cash generated by heavily contracted unregulated operations

## Constructive Regulatory Environment

- **Rate Case Settlement Drives Revenue Stability Through 2024**
  - Includes riders for investment and cost recovery; includes increased equity capitalization
  - Provides incentive for cost reduction with ability to earn up to 10.2% ROE<sup>(1)</sup>
- **Storm Cost Securitization Enables Expedited Cost Recovery**
  - Interim storm cost relief recovery commenced June 1, 2021
  - Securitization of storm cost recovery proceeding underway; interim financing in place
- **Winter Storm Fuel and Purchased Power Costs Fully Recoverable**
  - Currently being recovered through Fuel Adjustment Clause

## Heavily Contracted Unregulated Subsidiary

- Bulk of Cleco Cajun output under contract through April 2025; re-contracting efforts underway

## Attractive Investment Pipeline

- Pipeline of investment to ensure high-quality customer service while maintaining affordable rates

## Transition Away from Fossil Fuels

- Ended mining at Dolet Hills Power Station; intent to retire plant by year end 2021
- Coordinating Integrated Resource Plan with the Louisiana Public Service Commission (“LPSC”) with potential for expanding renewable footprint
- Teche 3 slated for retirement<sup>(2)</sup>
- Commitment to end solid fuel use at Big Cajun II Unit 1 by 2025; Sterlington plant retired<sup>(3)</sup>

**Cleco generates steady, stable cash flow in a constructive regulatory environment**



(1) Rate case settlement incorporates ability to earn up to 10.0% ROE prior to customer sharing and 10.2% with customer sharing  
(2) Teche 3 slated to retire by year end 2022  
(3) Retired year end 2020

# ESG Strategy

## Cleco's Vision: Be the leading energy company in Louisiana

### Environmental

- Vision to transition away from coal-fired and fossil fuel generation
- Coordinating Integrated Resource Plan with LPSC with potential for expanding renewable footprint

#### Decarbonization Underway

- Dolet Hills Power Station lignite plant slated to retire at year end 2021
- Teche 3 slated to retire<sup>(1)</sup>
- Net zero carbon St. Mary Clean Energy Center plant online
- \$7 MM in annual recoverable spending for the energy efficiency program
- Commitment to end solid fuel use at Cleco Cajun Big Cajun II Unit 1 by April 2025
- Retired Cleco Cajun's Sterlington Plant year end 2020

### Social

#### Internal Initiatives

- Strong talent development program aimed at organizational stability
- Diversity and Inclusion Council and an Employee Resource Group champion issues for under-represented groups
- Diversity Scholars and Power of a Promise scholarships educates and employs under-represented groups

#### External Initiatives

- Cleco continues to recruit from historically black colleges
- Long history of philanthropy and Louisiana economic development; \$14 MM contributed since 2016
- \$1 MM contribution to Louisiana community colleges
- Top-quartile JD Power ranking<sup>(2)</sup>

### Governance<sup>(3)</sup>

- Financial Code of Conduct applies to executive officer, financial officer, principal accounting officer, and treasurer
- Ethics, Conflict of Interest, and Related Policies applicable to all employees
- Boards of Managers has independent chair and compensation committee
- Enterprise Risk Management Policy drives recurring strategic review, evaluation, and ranking of risks
- Boards of Managers has dedicated ESG oversight responsibility
- Cybersecurity reviewed under DOE's Cybersecurity Capability Maturity Model
- Established ESG Steering Committee

**Cleco's largest investor committed to managing portfolio companies to target net zero carbon emissions by 2040**

Annual review by GRESB<sup>(4)</sup>

**Cross functional team finalizing formal ESG strategy, including establishing emissions reductions targets and milestones; initial disclosure expected by year end**



1) Teche 3 slated to retire by year end 2022  
 2) Most recently ranked 5<sup>th</sup> in ranking of mid sized utilities, or top-quartile  
 3) Cleco's Governance Guidelines, Code of Conduct, Ethics Guide, Conflicts of Interest and Related Policies, and the charters of the Boards of Managers' Audit, Leadership, Development and Compensation, Business Planning and Budget Review, Governance and Public Affairs, and Asset Management committees are available on Cleco's website  
 4) Global Real Estate Sustainability Benchmark

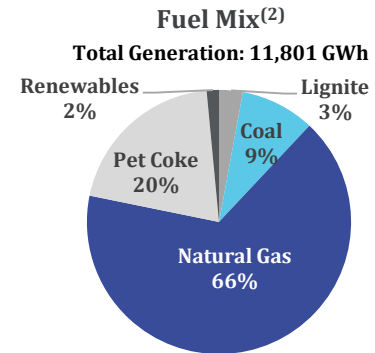
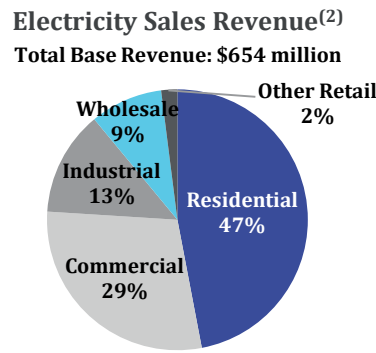
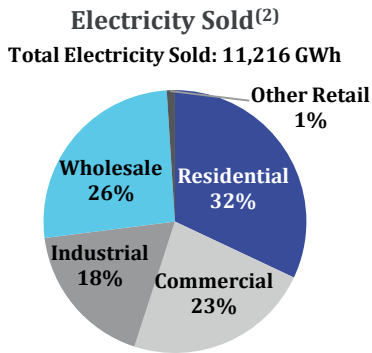
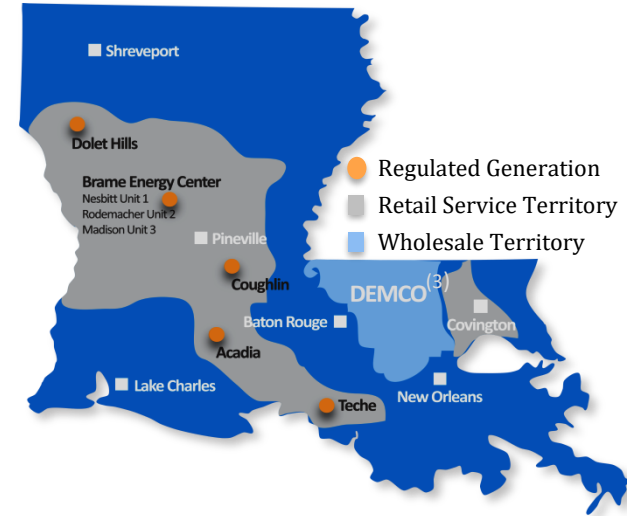
# Cleco Power LLC

## Vertically Integrated Regulated Utility



# Overview of Cleco Power

- Vertically integrated regulated electric utility serving ~290,000<sup>(1)</sup> Louisiana customers with over 13,000 miles of transmission and distribution infrastructure
- Fully upgraded Advanced Metering Infrastructure (AMI) technology in place
  - Continuous “smart grid” technology investment improves service restoration
- State-of-the-art IT solutions supporting customer, financial, and work management with Enterprise Resource Planning
- Serves over 150,000 customers in LA and MS through wholesale contracts
- 10 generating units across 5 parishes provide geographic diversity; fuel diversity provides cost stability for customers<sup>(1)</sup>
- Generation serves both retail and wholesale demand; 2020 peak demand of 2,536 MW
- Current capacity length has potential to accommodate load growth with existing fleet
- Successful in proactive franchise renewals; no franchise expirations until April 2022
- Revenue anchored by Residential customers comprising nearly 50% of total sales



**Cleco Power is a vertically integrated utility with a strong regulatory framework and diverse fuel mix**



(1) See Appendix for roster of generation assets  
 (2) Cleco Power Form 10-K for the fiscal year ended 12/31/2020  
 (3) In August 2021, DEMCO informed Cleco Power that it was not selected as wholesale supplier after its power supply and services agreement expires in 2024

# Regulatory Update

## New Formula Rate Plan (FRP)

- Settlement approved by LPSC; new rates effective July 1, 2021
- Key components of the settlement:
  - Target ROE of 9.5%; ability to earn up to 10.0% before sharing and 10.2% with sharing
  - Capital structure of 52%/48% Equity/Debt; equity capitalization increased to 52% from 51% previously
  - Full recovery of all rate base investments
- Next rate case effective date is expected July 2024

## Storm Restoration Cost Securitization

- Interim recovery of \$16 million per year of hurricane storm restoration costs commenced June 1, 2021
- Initial application for securitization of \$342 million of storm restoration and associated securitization costs, including creation of a \$100 million storm reserve, filed August 5, 2021
- Supplemental testimony filed September 28, 2021 to increase securitization amount to \$442 million by creating an additional \$100 million storm reserve to address Hurricane Ida storm restoration costs (estimated \$85-95 million)

## Dolet Hills Power Station and Mine Retirement

- Planned retirement of Dolet Hills Power Station in December 2021
- Anticipate regulatory filing to request recovery of plant and related mine closure costs through securitization

## Winter Storm Fuel and Purchased Power Cost Recovery

- Fuel clause recovery of \$50 million of fuel and purchased power costs associated with winter storms Uri and Viola commenced in May 2021
- Full recovery expected over 12 months through April 2022

## Regulatory Model Continues to Reflect Constructive Design

- ✓ Rider mechanisms for cost recovery
- ✓ Ability to earn on major projects with minimal regulatory lag
- ✓ ROE bands with sharing mechanism
- ✓ Fuel Cost Recovery with two month lag
- ✓ Environmental Cost Recovery
- ✓ Blanket Financing Authority

**Formula Rate Plan provides regulatory rate-making clarity for Cleco Power**

# Risk Mitigation to Facilitate Growth

## Key 2020 and 2021 Accomplishments

<p><b>1</b></p>	<p><b>Establishing Storm Reserves</b></p> <ul style="list-style-type: none"> <li>Seeking to establish \$100 million storm reserve to address future storm restoration costs</li> <li>Requested an additional \$100 million storm reserve to address Hurricane Ida storm restoration costs</li> </ul>	<p><b>4</b></p>	<p><b>Managing Customer Affordability</b></p> <ul style="list-style-type: none"> <li>Closely managing customer affordability given storm restoration costs and anticipated Dolet Hills Power Station cost recovery</li> <li>Cost savings initiative launched and executed in 2021</li> </ul>
<p><b>2</b></p>	<p><b>Executed Bridge Financing</b></p> <ul style="list-style-type: none"> <li>Issued \$325 million of 2023 Floating Rate Senior Notes (FRNs) callable on or after March 15, 2022</li> <li>Proceeds used for general corporate purposes including repaying revolving credit facility balances and funding prospective Hurricane Ida storm restoration costs</li> <li>Anticipate retiring FRNs upon completion of storm restoration cost securitization</li> </ul>	<p><b>5</b></p>	<p><b>Well Funded Pension Plan</b></p> <ul style="list-style-type: none"> <li>No projected required pension plan contributions through 2025</li> </ul>
<p><b>3</b></p>	<p><b>Deferral of Distributions</b></p> <ul style="list-style-type: none"> <li>Owner distributions from 2020-2021 YTD delayed initially to manage uncertainty of pandemic and subsequently to fund storm restoration costs</li> </ul>	<p><b>6</b></p>	<p><b>Responding to Non-Renewal of DEMCO Contract</b></p> <ul style="list-style-type: none"> <li>Intervened at LPSC; alternate selection is higher risk for DEMCO customers</li> <li>Pursuing potential load replacement; alternate recovery mechanism through retail rates</li> </ul>

**Significant steps taken to strengthen Cleco Power’s financial position, protect from future storm risks, and manage customer affordability, all of which facilitate continued investment and growth**



# Cleco Cajun LLC

## Wholesale Provider with Long-term Contracts



# Portfolio Summary

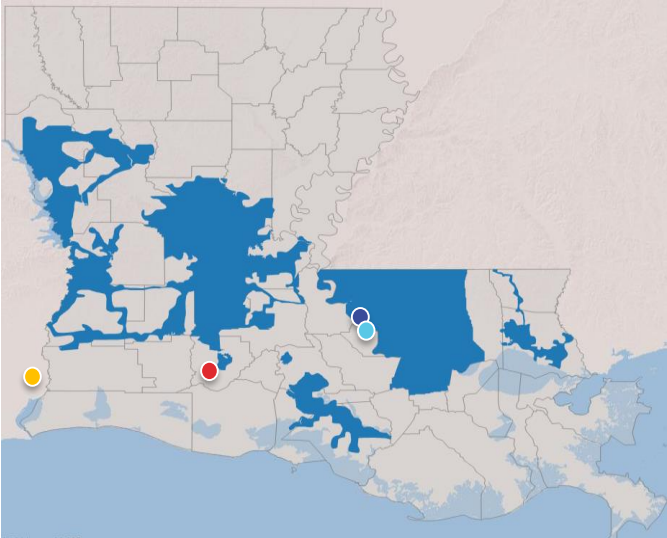
## Contracted Load

- 12 contracts totaling approximately 2,100 MW
  - Co-op contracts comprise 90% of total contracted capacity
  - Includes 50 MW contract with local utility
- Contracts are certified by the LPSC; costs are passed through to the Co-op's respective customers
- Serves approximately 300,000 end-use customers

## Backed by Generation<sup>(1)</sup>

- 2,116 MW of generating capacity in Louisiana
  - Locations provide geographic diversity within the region
  - Fleet provides fuel diversity through environmentally compliant coal-fired and natural gas-fired capacity
- Owns the 1,263 MW Cottonwood Combined Cycle Gas Turbine in Texas
  - Fully leased to NRG Energy through May 2025 for an annual fixed payment of \$40 million in addition to payments for property taxes and a Long-Term Service Agreement
  - NRG Energy operates and maintains the facility

## Cleco Cajun Fleet and Service Territory



■ Service Territory

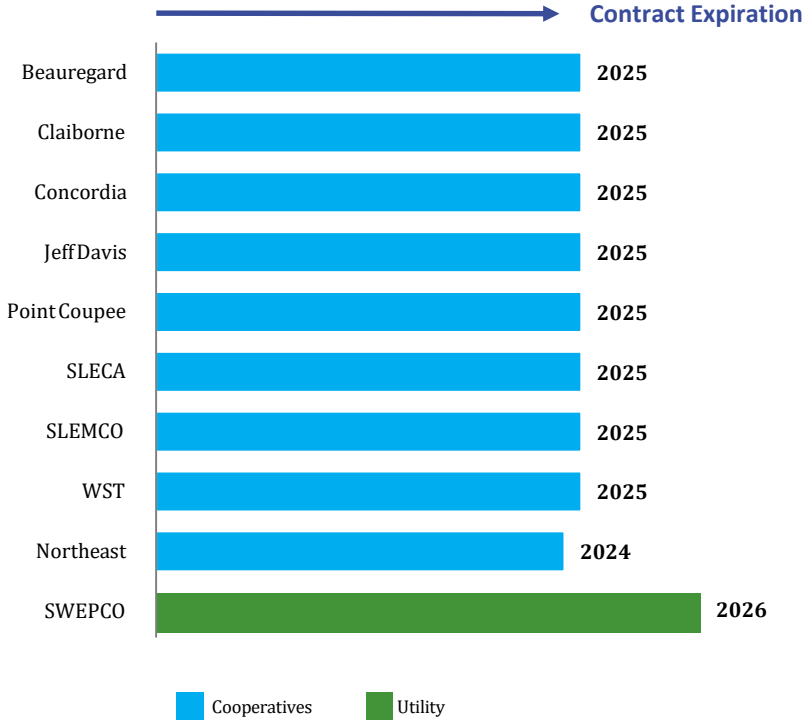
- Big Cajun I
- Big Cajun II
- Bayou Cove
- Cottonwood

**95% of capacity contracted through April 2025 with LPSC regulated counterparties**

(1) Cleco public filings; reflects rated capacity

# Contracted Load

## Attractive Profile of Existing Contracts



## Beyond 2025

- Multiple RFPs are underway for Louisiana Co-ops to procure long-term supply
- Received notice of two RFPs (~1 GW) in which Cleco Cajun was not selected
  - Cleco Cajun has intervened in the certification process
  - In addition, Cleco Cajun is actively evaluating other opportunities to market its generation beyond 2025
- Cleco Cajun is in active negotiations with Co-ops running third RFP process to provide long-term, full-requirements solution

**Diverse long-term contracted load provides strong and stable cash flow through 2025; active process underway to evaluate opportunities to market uncontracted generation beyond 2025**

# Credit and Liquidity Overview



# Key Credit Highlights

- 1 Vertically integrated, regulated utility
- 2 Constructive regulatory model
- 3 Historical cost recovery through securitization with enabling legislation
- 4 Heavily contracted unregulated subsidiary
- 5 Improving credit metrics profile
- 6 Vision to transition away from fossil fuel generation

**Commitment to maintaining investment grade ratings**

# Cleco Structural Overview



**Cleco Power Key Ring-Fencing Provisions<sup>(3)</sup>**

- Separate books and records
- No Cleco Holdings recourse to Cleco Power assets
- No obligation unrelated to Cleco Power in jurisdictional rates
- Non-consolidation legal opinion
- No liability for another entity’s obligations
- No cross-subsidization of non-Cleco Power activity
- Independent director not on Cleco Holdings’ board
- LPSC oversight of affiliate transactions
- Distributions to Cleco Holdings require two Investment Grade ratings (at Cleco Power) and a minimum 48% equity to capital ratio

**Cleco Cajun Key Acquisition Commitments<sup>(3)</sup>**

- Merger commitments to LPSC remain enforceable; no further investment outside Cleco Power without LPSC approval
- Acquisition debt limited to \$400 million; no further debt issuances at or on behalf of Cleco Cajun without LPSC approval
- Acquisition debt repayment by December 31, 2024 (which is prior to power sales contract expirations)
- Minimum annual debt payments of ~\$67 million
- Proceeds from sale of Cleco Cajun assets must repay outstanding acquisition debt, subject to certain conditions

**Corporate Distribution Restrictions<sup>(3)</sup>**

- Distributions to Cleco Group require one Investment Grade rating (at Cleco Holdings) and Debt/EBITDA ≤ 6.5x



(1) Structural overview reflects principal legal entities but may not reflect all legal entities in the organizational structure  
 (2) Cleco public filings as of 9/30/2021; reflects notional value of debt and senior unsecured ratings  
 (3) Key commitments from the 2016 merger and/or 2019 Cleco Cajun acquisition by Cleco Holdings

# Liquidity and Credit Ratings

<b>Available Liquidity</b> As of 09/30/2021 in \$ millions	<b>Cleco Holdings<sup>(1)</sup></b>	<b>Cleco Power<sup>(2)</sup></b>	<b>Consolidated</b>
Cash and Equivalents	\$116.9	\$156.3	\$273.2
<i>Credit Facility Capacity</i>	<i>\$175.0</i>	<i>\$300.0</i>	
<i>Less: Amount Drawn</i>	<i>\$0.0</i>	<i>\$0.0</i>	
Available Credit Facility	\$175.0	\$300.0	\$475.0
<b>Total Liquidity</b>	<b>\$291.9</b>	<b>\$456.3</b>	<b>\$748.2</b>

<b>Credit Ratings<sup>(3)</sup></b> As of 11/01/2021	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
Cleco Holdings	Baa3	BBB-	BBB-
<i>Outlook</i>	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>
Cleco Power	A3	BBB+	BBB+
<i>Outlook</i>	<i>Stable</i>	<i>Negative</i>	<i>Stable</i>

## Bank Facilities Successfully Refinanced May 2021

- Cleco Holdings and Cleco Power extended their respective revolving credit facilities five years to 2026 and term loans three years to 2024

## Full Revolving Credit Facility Capacity Available After Issuance of Floating Rate Notes

- Cleco Power issued \$325 million of Floating Rate Senior Note maturing June 15, 2023 and callable at par on or after March 15, 2022; proceeds were used for general corporate purposes including repaying outstanding Cleco Power revolving credit facility balances as well as funding prospective Hurricane Ida storm restoration costs
- Cleco Power intends to use proceeds from its pending storm restoration cost securitization to retire the Floating Rate Notes

## Cleco Holdings and Cleco Power maintain robust liquidity



Source: Cleco public filings

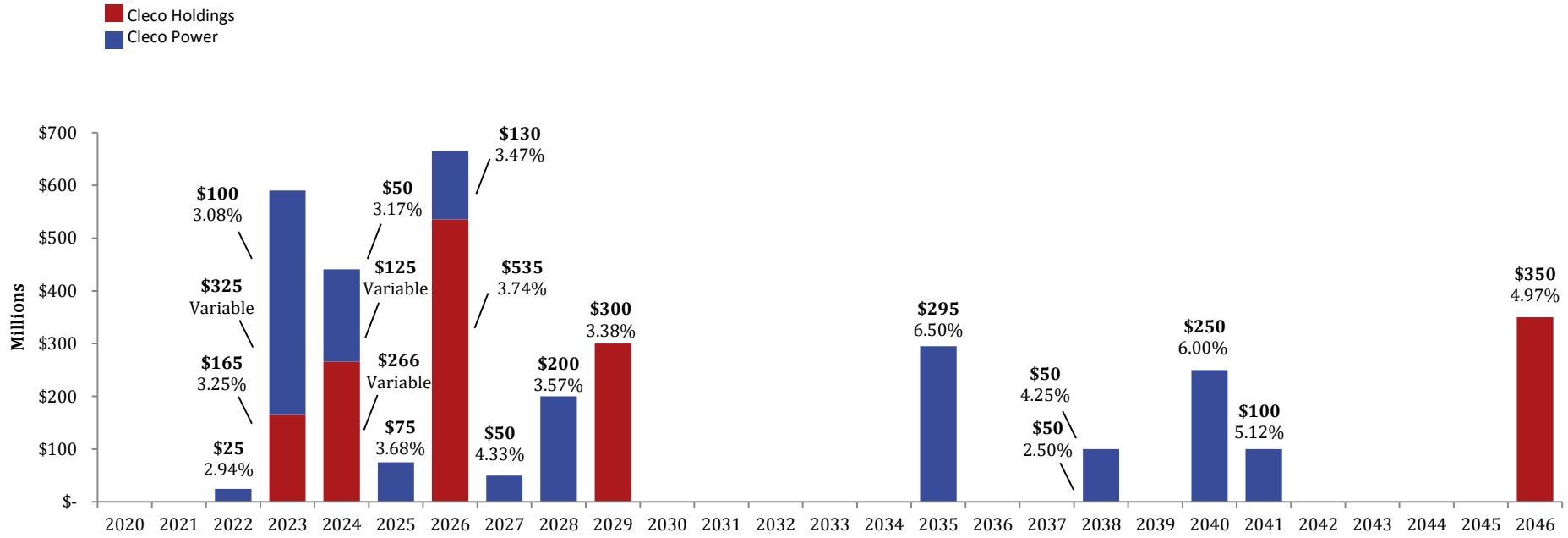
(1) Including Cleco Cajun, excluding Cleco Power; Credit Facility matures 2026, commitment fee of 0.275% and rate of L+1.625%

(2) Excludes Restricted Cash, Credit Facility matures 2026, commitment fee of 0.150% and rate of L+1.250%

(3) Senior Unsecured Ratings

# Debt Maturities

## Debt Maturities as of 9/30/2021



### Debt Maturities

- Cleco Power’s \$300 million revolving credit facility matures in 2026; Cleco Holdings \$175 million revolving credit facility also matures in 2026 (no outstanding borrowings on either facility at 9/30/21)
- Series A GO Zone Bonds, \$50 million at 2.50% due 2038, include a mandatory tender offer in 2025
- Commitment associated with the acquisition of Cleco Cajun to reduce indebtedness at Cleco Holdings by at least ~\$67 million annually through 2024



Source: Cleco public filings



# Appendix



# Cleco Power Fleet Summary

## Regulated Generation Fleet

	Brame Energy Center				Coughlin		Teche			St. Mary Clean Energy Center
	Nesbitt	Rodemacher	Madison	Acadia	Unit 6	Unit 7	Slated to Retire Unit 3	Unit 4	Slated to Retire Dolet Hills	
Location	Lena, LA	Lena, LA	Lena, LA	Eunice, LA	St. Landry, LA	St. Landry, LA	Baldwin, LA	Baldwin, LA	Mansfield, LA	Franklin, LA
COD	1975	1982	2010	2002	2000	2000	1971	2011	1986	2019
Ownership	100%	30%	100%	100%	100%	100%	100%	100%	50%	100%
Net Capacity (MW)	413	149 <sup>(1)</sup>	623	549	248	474	331	34	318 <sup>(2)</sup>	47
Primary Fuel	Natural Gas	Coal	Petcoke/Coal	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Natural Gas	Lignite	Waste Heat

### Portfolio Attributes

- Total net capacity of 3,186 MW (3,360 MW rated) with full dispatch capability in MISO-South
- Full fleet serves both retail and wholesale load at Cleco Power
- All plants are environmentally compliant with NOx controls, FGD scrubbers, particulate controls, and Mercury controls, as applicable
- Over 60% of capacity built since 2000
- Teche Unit 4 black start capability improves system reliability

### Scheduled Asset Retirements

- Dolet Hills Power Station slated to retire by year end 2021
- Teche 3 slated to retire by year end 2022

Source: Cleco Power public filings

1) Represents Cleco Power's 30% ownership interest in the capacity of Rodemacher, a 523 MW generating unit

2) Represents Cleco Power's 50% ownership interest in Dolet Hills, a 650 MW generating unit

COD: Commercial operation date



# Cleco Cajun Fleet Summary

	Big Cajun II			Big Cajun I		Bayou Cove	Cottonwood
	Unit 1	Unit 2	Unit 3	Steam	Peaking		
Location	New Roads, LA	New Roads, LA	New Roads, LA	Jarreau, LA	Jarreau, LA	Jennings, LA	Deweyville, TX
COD	1981	1982	1983	1972	2001	2002	2003
Ownership	100%	100%	58%	100%	100%	100%	100%
Net Capacity (MW)	537	579	323 <sup>(1)</sup>	185	178	219 <sup>(2)</sup>	1,165
Primary Fuel Type	PRB Coal	Natural Gas	PRB Coal	Natural Gas	Natural Gas	Natural Gas	Natural Gas
Technology <sup>(3)</sup>	ST	ST	ST	ST	CT	CT	CCGT
Heat Rate	10,115	10,226	9,949	10,953	11,380	11,690	7,450
2014-2016 Avg. Capacity Factor	52.1%	46.1%	60.6%	1.0%	1.8%	4.8%	51.8%

**Leased to NRG Energy Through May 2025**

### Portfolio Attributes

- All units can dispatch into MISO-South with guaranteed transmission to Cleco Cajun contract load
- Environmentally compliant with current regulations

### Scheduled Asset Retirements

- Big Cajun II Unit 1 subject to conversion or retirement in 2025

Source: Cleco public filings

(1) Represents Cleco Cajun’s 58% ownership interest in Big Cajun II Unit 3 ~ 588 MW of rated capacity  
 (2) Represents Cleco Cajun’s 225 MW ownership interest in the capacity of Bayou Cove, a ~300 MW generating unit  
 (3) ST – Steam Turbine, CT – Combustion Turbine, CCGT – Combined cycle gas turbine  
 COD: Commercial operation date



