SPARK ENERGY, INC.

FORM 8-K
(Current report filing)

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Symbol	SPKE
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Industry	Electric Utilities
Sector	Utilities
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): March 23, 2016

Spark Energy, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware	001-36559	46-5453215
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

12140 Wickchester Ln, Suite 100
Houston, Texas 77042
(Address of Principal Executive Offices)
(Zip Code)

(713) 600-2600
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On March 23, 2016 Spark Energy, Inc. (the "Company") issued a press release announcing fourth quarter 2015 earnings (the "Press Release"). The Press Release is being furnished as Exhibit 99.1 to this Current Report and is incorporated by reference herein.

The information above is being furnished, not filed, pursuant to Item 2.02 of Form 8-K. Accordingly, the information in Item 2.02 of this Current Report, including the Press Release, will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, unless specifically identified therein as being incorporated by reference.

Item 7.01 Regulation FD Disclosure.

The Company has prepared updated investor presentation materials (the "Investor Presentation") for use from time to time in presentations about the Company's operations and performance. The updated Investor Presentation will also be posted in the Investor Relations section of the Company's website at www.sparkenergy.com. A copy of the Investor Presentation is furnished as Exhibit 99.2 hereto.

The information contained in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.2, is being furnished and shall not be deemed to be “filed” for the purpose of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, regardless of any general incorporation language in any such filings.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release of Spark Energy, Inc. dated March 23, 2016
99.2	Investor Presentation of Spark Energy, Inc. – March 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: March 24, 2016	**Spark Energy, Inc.**	
	By:	/s/ Georganne Hodges
	Name:	Georganne Hodges
	Title:	Chief Financial Officer
		(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

Exhibit No.	**Description**
99.1	Press Release of Spark Energy, Inc. dated March 23, 2016
99.2	Investor Presentation of Spark Energy, Inc. – March 2016

Spark Energy, Inc. Reports Full Year and Fourth Quarter 2015 Financial Results, Provides 2016 Update

HOUSTON, March 23, 2016 (GLOBE NEWSWIRE) -- Spark Energy, Inc. (NASDAQ:SPKE), a Delaware corporation ("Spark"), today reported financial results for the year ended December 31, 2015.

For 2015, Adjusted EBITDA was $36.9 million and Retail Gross Margin was $113.6 million on revenue of $358.2 million, compared to Adjusted EBITDA of $11.3 million and Retail Gross Margin of $76.9 million for 2014. Spark invested $19.9 million in organic customer acquisition costs in 2015 compared to $26.2 million in 2014.

For the fourth quarter of 2015, Adjusted EBITDA was $16.3 million and Retail Gross Margin was $34.4 million on revenue of $94.8 million, compared to Adjusted EBITDA of $5.0 million and Retail Gross Margin of $26.8 million for the fourth quarter of 2014.

“We are very pleased with our 2015 results,” said Nathan Kroeker, Spark Energy, Inc.’s President and Chief Executive Officer. “With continued enhanced margins in our retail electricity and retail natural gas segments, along with three transactions during the year, we delivered $36.9 million in Adjusted EBITDA in 2015, along with $113.6 million of Retail Gross Margin. In terms of customer count, we were able to grow by 9%, and on an RCE basis, we grew by 27%. As we move through the first quarter of 2016, we continue to see strong results.”

2015 Highlights

- $36.9 million in Adjusted EBITDA and $113.6 million in Retail Gross Margin
- Invested $19.9 million in organic customer acquisitions
- Closed CenStar Energy and Oasis Energy transactions
- Completed book purchase of approximately 26,000 Entrust Energy customers
- Consistently strong unit margins across both retail natural gas and electricity segments
- Increased customer count from 318,000 to 347,000
- Increased RCE count from 326,000 to 415,000

- Amended and restated existing senior credit facility
- Paid annual dividend of $1.45 per share of Class A common stock

Summary Full Year 2015 Financial Results

For the year ended December 31, 2015, Spark reported Adjusted EBITDA of $36.9 million on $358.2 million of revenue compared to Adjusted EBITDA of $11.3 million for the year ended December 31, 2014. This increase of $25.6 million is primarily attributable to increased Retail Gross Margin and decreased customer acquisition spending, partially offset by increased general and administrative expenses.

For the year ended December 31, 2015, Spark reported Retail Gross Margin of $113.6 million compared to Retail Gross Margin of $76.9 million for the year ended December 31, 2014. This increase of $36.7 million is primarily attributable to increased unit margins in both our retail electricity and retail natural gas segments, which were positively impacted by expanded spot margins from the overall lower commodity price environment, and increased volume in our retail electricity segment, which was primarily driven by our CenStar and Oasis acquisitions.

Net income for the year ended December 31, 2015 was $26.0 million, or $1.06 of diluted earnings per share of Class A common stock (“EPS”). An unrealized gain on the hedge portfolio valuation of our future supply positions positively impacted net income by $1.0 million and EPS by $0.07. Net income and EPS for the year ended December 31, 2014 were $(4.3) million and $(0.02), respectively.

Summary Fourth Quarter 2015 Financial Results

For the quarter ended December 31, 2015, Spark reported Adjusted EBITDA of $16.3 million on $94.8 million of revenue compared to Adjusted EBITDA of $5.0 million for the quarter ended December 31, 2014. This increase of $11.3 million is primarily attributable to increased Retail Gross Margin in our electricity segment, decreased customer acquisition costs, and earnings from our CenStar Energy and Oasis Energy acquisitions, partially offset by increased general and administrative expenses.

For the quarter ended December 31, 2015, Spark reported Retail Gross Margin of $34.4 million compared to Retail Gross Margin of $26.8 million for the quarter ended December 31, 2014.

This increase of $7.6 million is primarily attributable to expanded retail electricity and retail natural gas unit margins and increased retail electricity volumes. Favorable supply costs across several of our markets were a key driver of these elevated unit margins in the fourth quarter.

Net income and EPS for the quarter ended December 31, 2015 were $3.1 million and $(0.01), respectively. An unrealized loss on the hedge portfolio valuation of our future supply positions negatively impacted net income by $(3.6) million and EPS by $(0.09). Net income and EPS for the quarter ended December 31, 2014 were $(11.4) million and $(0.37), respectively.

M&A Update

We successfully acquired and integrated two stock purchases in 2015, as well as a book of customers, and we continue to evaluate additional M&A opportunities. In 2015, our founder implemented a "drop-down strategy" pursuant to which our affiliate would acquire retail energy providers which could potentially be offered to us. This drop-down strategy affords the Company access to opportunities that might not otherwise be available to us due to our size and availability of capital. As a part of this strategy, we acquired Oasis Energy from an affiliate in the third quarter. Both the Oasis and CenStar acquisitions have exceeded our expectations in terms of customer growth and profitability.

2016 Financial Guidance

Financial guidance is reaffirmed for 2016, consisting of Adjusted EBITDA in the range of $44 million to $48 million, based upon projected customer acquisition costs of $13 million to $17 million. Our 2016 financial guidance does not include the benefit of any potential M&A transactions in 2016 and assumes that any potential effect from the recent New York Public Service Commission order will not significantly affect our 2016 earnings guidance (see below).

Recent New York State Public Service Commission Order

On February 23, 2016, the New York Public Service Commission (NYPSC) issued an order enacting new restrictions on retail energy providers (REPs) operating in New York. A temporary restraining order to block implementation of the NYPSC's order has been granted until April 14, 2016. Although the Company believes that the NYPSC and the REPs will reach a mutually beneficial resolution, it is difficult to predict the outcome at this time. As of December 31, 2015, customers potentially affected by the New York order represented approximately 10% of the Company's RCEs.

Liquidity and Capital Resources

(in thousands)		December 31, 2015
Cash and cash equivalents	$	4,474
Senior Credit Facility Working Capital Line Availability [1]		15,950
Senior Credit Facility Acquisition Line Availability [2]		5,102
Total Liquidity	$	25,526

[1] Subject to Senior Credit Facility borrowing base restrictions.
[2] Subject to Senior Credit Facility covenant restrictions.

Conference Call and Webcast

Spark will host a conference call to discuss full year 2015 results on Thursday, March 24, 2016 at 10:00 AM Central Time (11:00 AM Eastern).

A live webcast of the conference call can be accessed from the Events & Presentations page of the Spark Energy Investor Relations website at http://ir.sparkenergy.com/events.cfm. An archived replay of the webcast will be available for twelve months following the live presentation.

About Spark Energy, Inc.

Spark Energy, Inc. is an established and growing independent retail energy services company founded in 1999 that provides residential and commercial customers in competitive markets across the United States with an alternative choice for their natural gas and electricity. Headquartered in Houston, Texas, Spark currently operates in 16 states and serves 66 utility territories. Spark offers its customers a variety of product and service choices, including stable and predictable energy costs and green product alternatives.

Cautionary Note Regarding Forward-Looking Statements

This earnings release contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. These statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) can be identified by the use of forward-looking terminology including “may,” “should,” “likely,” “will,” “believe,” “expect,” “anticipate,” “estimate,” “continue,” “plan,” “intend,” “projects,” or other similar words. All statements, other than statements of historical fact included in this release, regarding strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans, objectives and beliefs of management are forward-looking statements. Forward-looking statements appear in a number of places in this release and may include statements about business strategy and prospects for growth, customer acquisition costs, ability to pay cash dividends, cash flow generation and liquidity, availability of terms of capital, competition and government regulation and general economic conditions. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurance that such expectations will prove correct.

The forward-looking statements in this report are subject to risks and uncertainties. Important factors which could cause actual results to materially differ from those projected in the forward-looking statements include, but are not limited to:

- changes in commodity prices,
- extreme and unpredictable weather conditions,
- the sufficiency of risk management and hedging policies,
- customer concentration,
- federal, state and local regulation, including the industry's ability to prevail on its challenge to the New York Public Service Commission's order enacting new regulations that sought to impose significant new restrictions on retail energy providers operating in New York,
- key license retention,
- increased regulatory scrutiny and compliance costs,
- our ability to borrow funds and access credit markets,

- restrictions in our debt agreements and collateral requirements,
- credit risk with respect to suppliers and customers,
- level of indebtedness,
- changes in costs to acquire customers,
- actual customer attrition rates,
- actual bad debt expense in non-POR markets,
- accuracy of internal billing systems,
- ability to successfully navigate entry into new markets,
- whether our majority shareholder or its affiliates offers us acquisition opportunities on terms that are commercially acceptable to us,
- competition, and
- other factors discussed in “Risk Factors” in our Form 10-K for the year ended December 31, 2014, our Form 10-Q for the quarter ended September 30, 2015 and in our other public filings and press releases.

You should review the risk factors and other factors disclosed throughout our Report on Form 10-K for the year ended December 31, 2014 and the Form 10-Q for the quarter ended September 30, 2015, both of which are filed with the Securities and Exchange Commission, which could cause our actual results to differ materially from those contained in any forward-looking statement. All forward-looking statements speak only as of the date of this release. Unless required by law, we disclaim any obligation to publicly update or revise these statements whether as a result of new information, future events or otherwise. It is not possible for us to predict all risks, nor can we assess the impact of all factors on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

SPARK ENERGY, INC.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2015 AND DECEMBER 31, 2014

(in thousands)

	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 4,474	$ 4,359
Restricted cash	-	707
Accounts receivable, net of allowance for doubtful accounts of $1.9 million and $8.0 million as of December 31, 2015 and 2014, respectively	59,936	63,797
Accounts receivable—affiliates	1,840	1,231
Inventory	3,665	8,032
Fair value of derivative assets	605	216
Customer acquisition costs, net	13,389	12,369
Customer relationships, net	6,627	486
Prepaid assets (1)	700	1,236
Deposits	7,421	10,569
Other current assets	4,023	2,987
Total current assets	102,680	105,989
Property and equipment, net	4,476	4,221
Customer acquisition costs, net	3,808	2,976
Customer relationships, net	6,802	1,015
Deferred tax assets	23,380	24,047
Goodwill	18,379	-
Other assets	2,709	149
Total Assets	$ 162,234	$ 138,397
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 29,732	$ 38,210
Accounts payable—affiliates	1,962	1,017
Accrued liabilities	12,245	7,195
Fair value of derivative liabilities	10,620	11,526
Current portion of Senior Credit Facility	27,806	33,000
Current deferred tax liability	853	-
Other current liabilities	1,823	1,868
Total current liabilities	85,041	92,816

Long-term liabilities:		
Fair value of derivative liabilities	618	478
Payable pursuant to tax receivable agreement—affiliates	20,713	20,767
Long-term portion of Senior Credit Facility	14,592	-
Convertible subordinated notes to affiliates	6,339	-
Other long-term liabilities	1,612	219
Total liabilities	128,915	114,280
Stockholders' equity:		
Common Stock:		
Class A common stock, par value $0.01 per share, 120,000,000 shares authorized, 3,118,623 issued and outstanding at December 31, 2015 and 3,000,000 issued and outstanding at December 31, 2014	31	30
Class B common stock, par value $0.01 per share, 60,000,000 shares authorized, 10,750,000 issued and outstanding at December 31, 2015 and 2014	108	108
Preferred Stock:		
Preferred stock, par value $0.01 per share, 20,000,000 shares authorized, zero issued and outstanding at December 31, 2015 and 2014	-	-
Additional paid-in capital	12,565	9,296
Retained deficit	(1,366)	(775)
Total stockholders' equity	11,338	8,659
Non-controlling interest in Spark HoldCo, LLC	21,981	15,458
Total equity	33,319	24,117
Total Liabilities and Stockholders' Equity	$ 162,234	$ 138,397

(1) Prepaid assets includes prepaid assets—affiliates of $210 as of December 31, 2015. See Note 13 “Transactions with Affiliates” for further discussion.

SPARK ENERGY, INC.

COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 and 2013

(in thousands, except per share data)

	Year Ended December 31,		
	2015	**2014**	**2013**
Revenues:			
Retail revenues [(1)]	$ 356,659	$ 320,558	$ 316,776
Net asset optimization revenues [(2)]	1,494	2,318	314
Total Revenues	358,153	322,876	317,090
Operating Expenses:			
Retail cost of revenues [(3)]	241,188	258,616	233,026
General and administrative [(4)]	61,682	45,880	35,020
Depreciation and amortization	25,378	22,221	16,215
Total Operating Expenses	328,248	326,717	284,261
Operating income (loss)	29,905	(3,841)	32,829
Other (expense)/income:			
Interest expense	(2,280)	(1,578)	(1,714)
Interest and other income	324	263	353
Total other expenses	(1,956)	(1,315)	(1,361)
Income (loss) before income tax expense	27,949	(5,156)	31,468
Income tax expense (benefit)	1,974	(891)	56
Net income (loss)	$ 25,975	$ (4,265)	$ 31,412
Less: Net income (loss) attributable to non-controlling interests	22,110	(4,211)	-
Net income (loss) attributable to Spark Energy, Inc. stockholders	$ 3,865	$ (54)	$ 31,412
Other comprehensive income (loss):			
Deferred gain from cash flow hedges	-	-	2,620
Reclassification of deferred loss from cash flow hedges into net income	-	-	(84)
Comprehensive income (loss)	$ 25,975	$ (4,265)	$ 33,948
Net income (loss) attributable to Spark Energy, Inc. per common share			
Basic	$ 1.26	$ (0.02)	
Diluted	$ 1.06	$ (0.02)	

Weighted average commons shares outstanding		
Basic	3,064	3,000
Diluted	3,327	3,000

(1) Retail revenues includes retail revenues—affiliates of $0, $2,170 and $4,022 for the years ended December 31, 2015, 2014 and 2013, respectively.

(2) Net asset optimization revenues includes asset optimization revenues—affiliates of $1,101, $12,842 and $14,940 for the years ended December 31, 2015, 2014 and 2013, respectively, and asset optimization revenues—affiliates cost of revenues of $11,285, $30,910 and $15,928 for the years ended December 31, 2015, 2014 and 2013, respectively.

(3) Retail cost of revenues includes retail cost of revenues—affiliates of $17, $13 and $55 for the years December 31, 2015, 2014 and 2013, respectively.

(4) General and administrative includes general and administrative expense—affiliates of $0, less than $100 and less than $100 for the years ended December 31, 2015, 2014 and 2013, respectively.

SPARK ENERGY, INC.

COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 and 2013

(in thousands)

	Member's Equity	Issued Shares of Class A Common Stock	Issued Shares of Class B Common Stock	Issued Shares of Preferred Stock	Class A Common Stock	Class B Common Stock	Accumulated Other Comprehensive Income	Additional Paid-In Capital	Retained Deficit	Total Stock-holders' Equity	Non-controlling Interest	Total Equity
Balance at 12/31/2012:	$ 63,838	-	-	-	$ -	$ -	$ (2,536)	$ -	$ -	$ -	$ -	$ 61,302
Capital contributions from member	12,400	-	-	-	-	-	-	-	-	-	-	12,400
Distributions to member	(71,737)	-	-	-	-	-	-	-	-	-	-	(71,737)
Net income	31,412	-	-	-	-	-	-	-	-	-	-	31,412
Deferred gain from cash flow hedges	-	-	-	-	-	-	2,620	-	-	-	-	2,620
Reclassification of deferred loss from cash flow hedges into net income	-	-	-	-	-	-	(84)	-	-	-	-	(84)
Balance at 12/31/2013:	$ 35,913	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,913
Capital contributions from member and liabilities retained by affiliate	54,201	-	-	-	-	-	-	-	-	-	-	54,201
Distributions to member	(61,607)	-	-	-	-	-	-	-	-	-	-	(61,607)
Net loss prior to the IPO	(21)	-	-	-	-	-	-	-	-	-	-	(21)

Balance prior to Corporate Reorganization and the IPO:	28,486	-	-	-	-	-	-	-	-	-	-	28,486
Reorganization Transaction:												
Issuance of Class B common stock	(28,486)	-	10,750	-	-	108	-	28,378	-	28,486	-	-
IPO Transactions:												
IPO costs paid	-	-	-	-	-	-	-	(2,667)	-	(2,667)	-	(2,667)
Issuance of Class A Common Stock, net of underwriters discount	-	3,000	-	-	30	-	-	50,190	-	50,220	-	50,220
Distribution of IPO proceeds and payment of note payable to affiliate	-	-	-	-	-	-	-	(47,604)	-	(47,604)	-	(47,604)
Initial allocation of non-controlling interest of Spark Energy, Inc. effective on date of IPO	-	-	-	-	-	-	-	(22,232)	-	(22,232)	22,232	-
Tax benefit from tax receivable agreement	-	-	-	-	-	-	-	23,636	-	23,636	-	23,636
Liability due to tax receivable agreement	-	-	-	-	-	-	-	(20,915)	-	(20,915)	-	(20,915)
Balance at inception of public company (8/1/2014):	$ -	3,000	10,750	-	$ 30	$ 108	$ -	$ 8,786	$ -	$ 8,924	$ 22,232	$ 31,156
Stock based compensation	-	-	-	-	-	-	-	510	-	510	-	510
Consolidated net loss subsequent to the IPO	-	-	-	-	-	-	-	-	(54)	(54)	(4,190)	(4,244)
Distributions paid to Class B non-controlling unit holders	-	-	-	-	-	-	-	-	-	-	(2,584)	(2,584)
Dividends paid to Class A common shareholders	-	-	-	-	-	-	-	-	(721)	(721)	-	(721)
Balance at 12/31/2014:	$ -	3,000	10,750	-	$ 30	$ 108	$ -	$ 9,296	$ (775)	$ 8,659	$ 15,458	$ 24,117
Stock based compensation	-	-	-	-	-	-	-	2,165	-	2,165	-	2,165
Restricted stock unit vesting	-	119	-	-	1	-	-	186	-	187	-	187
Contribution from NuDevco	-	-	-	-	-	-	-	129	-	129	-	129
Consolidated net income	-	-	-	-	-	-	-	-	3,865	3,865	22,110	25,975
Beneficial conversion feature	-	-	-	-	-	-	-	789	-	789	-	789
Distributions paid to Class B non-controlling unit holders	-	-	-	-	-	-	-	-	-	-	(15,587)	(15,587)
Dividends paid to Class A common shareholders	-	-	-	-	-	-	-	-	(4,456)	(4,456)	-	(4,456
Balance at 12/31/2015:	$ -	3,119	10,750	-	$ 31	$ 108	$ -	$ 12,565	$ (1,366)	$ 11,338	$ 21,981	$ 33,319

SPARK ENERGY, INC.

COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

(in thousands)

	Year Ended December 31,		
	2015	**2014**	**2013**
Cash flows from operating activities:			
Net income (loss)	$ 25,975	$ (4,265)	$ 31,412
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization expense	25,378	22,221	16,215
Deferred income taxes	1,340	(1,064)	-
Stock based compensation	3,181	858	-
Amortization and write off of deferred financing costs	412	631	678
Bad debt expense	7,908	10,164	3,101
Loss (gain) on derivatives, net	18,497	14,535	(6,567)
Current period cash settlements on derivatives, net	(23,948)	3,479	(1,040)
Other	(1,320)	-	-
Changes in assets and liabilities:			
Decrease (increase) in restricted cash	707	(707)	-
Decrease (increase) in accounts receivable	7,876	(11,283)	6,338
(Increase) decrease in accounts receivable—affiliates	(608	5,563	13,369
Decrease (increase) in inventory	4,544	(3,711)	(599)
Increase in customer acquisition costs	(19,869)	(26,191)	(8,257)
Decrease (increase) in prepaid and other current assets	10,845	(6,905)	(1,917)
(Increase) decrease in other assets	(1,101)	(90)	144
Increase in customer relationships and trademarks	(2,776)	(1,545)	-
(Decrease) increase in accounts payable and accrued liabilities	(13,307)	1,449	(7,879)
Increase in accounts payable—affiliates	944	1,017	-
(Decrease) increase in other current liabilities	(645)	1,867	(518)
Decrease (increase) in other non-current liabilities	1,898	(149)	-
Net cash provided by operating activities	45,931	5,874	44,480

Cash flows from investing activities:			
Acquisitions of CenStar and Oasis	(39,847)	-	-
Purchases of property and equipment	(1,766)	(3,040)	(1,481)
Contribution to equity method investment in eRex Spark	(330)	-	-
Net cash used in investing activities	(41,943)	(3,040)	(1,481)
Cash flows from financing activities:			
Borrowings on notes payable	59,224	78,500	80,000
Payments on notes payable	(49,826)	(44,000)	(62,500)
Issuance of convertible subordinated notes to affiliate	7,075	-	-
Restricted stock vesting	(432)	-	-
Contributions from NuDevco	129	-	-
Deferred financing costs	-	(402)	(532)
Member contribution (distributions), net	-	(36,406)	(59,337)
Proceeds from issuance of Class A common stock	-	50,220	-
Distributions of proceeds from IPO to affiliate	-	(47,554)	-
Payment of note payable to NuDevco	-	(50)	-
IPO costs	-	(2,667)	-
Payment of distributions to Class B non-controlling unit holders	(15,587)	(2,584)	-
Payment of dividends to Class A common shareholders	(4,456)	(721)	-
Net cash used in financing activities	(3,873)	(5,664)	(42,369)
Increase (decrease) in cash and cash equivalents	115	(2,830)	630
Cash and cash equivalents—beginning of period	4,359	7,189	6,559
Cash and cash equivalents—end of period	$ 4,474	$ 4,359	$ 7,189
Supplemental Disclosure of Cash Flow Information:			
Non cash items:			
Issuance of Class B common stock	$ -	$ 28,486	$ -
Liabilities retained by affiliate	$ -	$ 29,000	$ -
Tax benefit from tax receivable agreement	$ (64)	$ 23,636	$ -

Liability due to tax receivable agreement	$ (55)	$ 20,767	$ -
Initial allocation of non-controlling interest	$ -	$ 22,232	$ -
Property and equipment purchase accrual	$ 45	$ 19	$ -
CenStar Earnout accrual	$ 500	$ -	$ -
Cash paid during the period for:			
Interest	$ 1,661	$ 860	$ 879
Taxes	$ 216	$ 85	$ 195

SPARK ENERGY, INC.

OPERATING SEGMENT RESULTS

FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 and 2013

(in millions, except per unit operating data)

(unaudited)

	Year Ended December 31,		
	2015	**2014**	**2013**
Retail Natural Gas Segment			
Total Revenues	$ 128.7	$ 146.5	$ 125.2
Retail Cost of Revenues	70.5	109.2	83.1
Less: Net Asset Optimization Revenues	1.5	2.3	0.3
Less: Net Gains (Losses) on non-trading derivatives, net of cash settlements	3.3	(9.3)	(0.6)
Retail Gross Margin—Gas	$ 53.4	$ 44.3	$ 42.4
Volumes—Gas (MMBtu's)	14,786,681	15,724,708	16,598,751
Retail Gross Margin—Gas per MMBtu	$ 3.61	$ 2.82	$ 2.55
Retail Electricity Segment			
Total Revenues	$ 229.5	$ 176.4	$ 191.9
Retail Cost of Revenues	170.7	149.5	149.9
Less: Net Gains (Losses) on non-trading derivatives, net of cash settlements	(1.4)	(5.7)	2.7
Retail Gross Margin—Electricity	$ 60.2	$ 32.6	$ 39.3
Volumes—Electricity (MWh's)	2,075,479	1,526,652	1,829,657
Retail Gross Margin—Electricity per MWh	$ 29.03	$ 21.37	$ 21.48

Reconciliation of GAAP to Non-GAAP Measures

Adjusted EBITDA

We define “Adjusted EBITDA” as EBITDA less (i) customer acquisition costs incurred in the current period, (ii) net gain (loss) on derivative instruments, and (iii) net current period cash settlements on derivative instruments, plus (iv) non-cash compensation expense and (v) other non-cash operating items. EBITDA is defined as net income (loss) before provision for income taxes, interest expense and depreciation and amortization. We deduct all current period customer acquisition costs (representing spending for organic customer acquisitions) in the Adjusted EBITDA calculation because such costs reflect a cash outlay in the year in which they are incurred, even though we capitalize such costs and amortize them over two years in accordance with our accounting policies. The deduction of current period customer acquisition costs is consistent with how we manage our business, but the comparability of Adjusted EBITDA between periods may be affected by varying levels of customer acquisition costs. For example, our Adjusted EBITDA is lower in years of customer growth reflecting larger customer acquisition spending. We do not deduct the cost of customer relationships (representing those customer acquisitions through acquisitions of business or portfolios of customers). We deduct our net gains (losses) on derivative instruments, excluding current period cash settlements, from the Adjusted EBITDA calculation in order to remove the non-cash impact of net gains and losses on derivative instruments. We also deduct non-cash compensation expense as a result of restricted stock units that are issued under our long-term incentive plan.

We believe that the presentation of Adjusted EBITDA provides information useful to investors in assessing our liquidity and financial condition and results of operations and that Adjusted EBITDA is also useful to investors as a financial indicator of a company’s ability to incur and service debt, pay dividends and fund capital expenditures. Adjusted EBITDA is a supplemental financial measure that management and external users of our combined and consolidated financial statements, such as industry analysts, investors, commercial banks and rating agencies, use to assess the following:

- our operating performance as compared to other publicly traded companies in the retail energy industry, without regard to financing methods, capital structure or historical cost basis;

- the ability of our assets to generate earnings sufficient to support our proposed cash dividends; and
- our ability to fund capital expenditures (including customer acquisition costs) and incur and service debt.

Retail Gross Margin

We define retail gross margin as operating income (loss) plus (i) depreciation and amortization expenses and (ii) general and administrative expenses, less (i) net asset optimization revenues, (ii) net gains (losses) on non-trading derivative instruments, and (iii) net current period cash settlements on non-trading derivative instruments. Retail gross margin is included as a supplemental disclosure because it is a primary performance measure used by our management to determine the performance of our retail natural gas and electricity business by removing the impacts of our asset optimization activities and net non-cash income (loss) impact of our economic hedging activities. As an indicator of our retail energy business' operating performance, retail gross margin should not be considered an alternative to, or more meaningful than, operating income (loss), its most directly comparable financial measure calculated and presented in accordance with GAAP.

The GAAP measures most directly comparable to Adjusted EBITDA are net income (loss) and net cash provided by operating activities. The GAAP measure most directly comparable to Retail Gross Margin is operating income (loss). Our non-GAAP financial measures of Adjusted EBITDA and Retail Gross Margin should not be considered as alternatives to net income (loss), net cash provided by operating activities, or operating income (loss). Adjusted EBITDA and Retail Gross Margin are not presentations made in accordance with GAAP and have important limitations as analytical tools. You should not consider Adjusted EBITDA or Retail Gross Margin in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA and Retail Gross Margin exclude some, but not all, items that affect net income (loss) and net cash provided by operating activities, and are defined differently by different companies in our industry, our definition of Adjusted EBITDA and Retail Gross Margin may not be comparable to similarly titled measures of other companies.

Management compensates for the limitations of Adjusted EBITDA and Retail Gross Margin as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these data points into management's decision-making process.

The following tables present a reconciliation of Adjusted EBITDA to net income (loss) and net cash provided by operating activities for each of the periods indicated.

APPENDIX TABLES A-1 AND A-2

ADJUSTED EBITDA RECONCILIATIONS

(in thousands)

(unaudited)

	Year Ended December 31,		Quarter Ended December 31,	
	2015	**2014**	**2015**	**2014**
Reconciliation of Adjusted EBITDA to Net Income (Loss):				
Net income (loss)	$ 25,975	$ (4,265)	$ 3,132	$ (11,394)
Depreciation and amortization	25,378	22,221	7,505	11,897
Interest expense	2,280	1,578	865	428
Income tax expense (benefit)	1,974	(891)	374	(1,668)
EBITDA	55,607	18,643	11,876	(737)
Less:				
Net, Losses on derivative instruments	(18,497)	(14,535)	(12,379)	(14,797)
Net, Cash settlements on derivative instruments	20,547	(3,479)	7,660	3,773
Customer acquisition costs	19,869	26,191	2,144	5,825
Plus:				
Non-cash compensation expense	3,181	858	1,807	496
Adjusted EBITDA	$ 36,869	$ 11,324	$ 16,258	$ 4,958

	Year Ended December 31,		Quarter Ended December 31,	
	2015	2014	2015	2014
Reconciliation of Adjusted EBITDA to net cash provided by (used in) operating activities:				
Net cash provided by operating activities	$ 45,931	$ 5,874	$ 6,256	$ (6,091)
Amortization of deferred financing costs	(412)	(631)	(117)	(51)
Allowance for doubtful accounts and bad debt expense	(7,908)	(10,164)	(1,826)	(6,191)
Interest expense	2,280	1,578	865	428
Income tax expense (benefit)	1,974	(891)	375	(1,668)
Changes in operating working capital				
Accounts receivable, prepaids, current assets	(18,820)	13,332	10,640	24,725
Inventory	4,544	3,711	7,522	(1,627)
Accounts payable and accrued liabilities	13,008	(2,466)	(753)	(7,505)
Other	(3,728)	981	(6,704)	2,938
Adjusted EBITDA	$ 36,869	$ 11,324	$ 16,258	$ 4,958
Cash Flow Data:				
Cash flows provided by (used in) operating activity	$ 45,931	$ 5,874	$ 6,256	$ (6,091)
Cash flows (used in) provided by investing activity	$ (41,943)	$ (3,040)	$ 876	$ (826)
Cash flows (used in) provided by financing activity	$ (3,873)	$ (5,664)	$ (10,013)	$ 8,793

The following table presents a reconciliation of Retail Gross Margin to operating income (loss) for each of the periods indicated.

APPENDIX TABLE A-3

RETAIL GROSS MARGIN RECONCILIATION

(in thousands)

(unaudited)

	Year Ended December 31,		Quarter Ended December 31,	
	2015	**2014**	**2015**	**2014**
Reconciliation of Retail Gross Margin to Operating Income (Loss):				
Operating income (loss)	$ 29,905	$ (3,841)	$ 4,374	$ (12,786)
Depreciation and amortization	25,378	22,221	7,505	11,897
General and administrative	61,682	45,880	17,773	17,386
Less:				
Net asset optimization revenues	1,494	2,318	177	637
Net, Losses on non-trading derivative instruments	(18,423)	(8,713)	(12,547)	(14,560)
Net, Cash settlements on non-trading derivative instruments	20,279	(6,289)	7,636	3,670
Retail Gross Margin	$ 113,615	$ 76,944	$ 34,386	$ 26,750

Contact: Spark Energy, Inc.

Investors:
Andy Davis, 832-200-3727

Media:
Jenn Korell, 281-833-4151


sparkenergy
empower what matters
Investor Presentation
March 2016

Safe Harbor Statement

This presentation contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. These statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") can be identified by the use of forward-looking terminology including "guidance," "may," "should," "likely," "will," "believe," "expect," "anticipate," "estimate," "continue," "plan," "intend," "projects," or other similar words. All statements, other than statements of historical fact included in this presentation, regarding strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans, objectives and beliefs of management are forward-looking statements. Forward-looking statements appear in a number of places in this presentation and may include statements about business strategy and prospects for growth, customer acquisition costs, ability to pay cash dividends, cash flow generation and liquidity, availability of terms of capital, competition and government regulation and general economic conditions. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurance that such expectations will prove correct.

The forward-looking statements in this presentation are subject to risks and uncertainties. Important factors which could cause actual results to materially differ from those projected in the forward-looking statements include, but are not limited to:

- changes in commodity prices,
- extreme and unpredictable weather conditions,
- the sufficiency of risk management and hedging policies,
- customer concentration,
- federal, state and local regulation, including the industry's ability to prevail on its challenge to the New York Public Service Commission's order enacting new regulations that sought to impose significant new restrictions on retail energy providers operating in New York,
- key license retention,
- increased regulatory scrutiny and compliance costs,
- our ability to borrow funds and access credit markets,
- restrictions in our debt agreements and collateral requirements,
- credit risk with respect to suppliers and customers,
- level of indebtedness,
- changes in costs to acquire customers,
- actual customer attrition rates,
- actual bad debt expense in non-POR markets,
- accuracy of internal billing systems,
- ability to successfully navigate entry into new markets,
- whether our majority shareholder or its affiliates offers us acquisition opportunities on terms that are commercially acceptable to us,
- changes in the assumptions we used to estimate our 2016 Adjusted EBITDA, including weather and customer acquisition costs,
- competition, and
- other factors discussed in "Risk Factors" in our Form 10-K for the year ended December 31, 2015, our Quarterly Reports on Form 10-Q for 2015 and in our other public filings and press releases.

You should review the risk factors and other factors disclosed throughout our Report on Form 10-K for the year ended December 31, 2015 and the Quarterly Reports on Form 10-Q for 2015, all of which are filed with the Securities and Exchange Commission, which could cause our actual results to differ materially from those contained in any forward-looking statement.

In this presentation, we refer to EBITDA and Adjusted EBITDA, which are non-GAAP financials measures the Company believes are helpful in evaluating the performance of its business. Except as otherwise noted, reconciliation of such non-GAAP measures to the relevant GAAP measures can be found at the end of this presentation.

Spark Energy at a Glance

Spark Energy, Inc. Independent Retail Energy Services Provider

Headquartered:	Houston, TX
Founded:	1999
IPO:	July 2014
Ticker / Exchange:	SPKE / NASDAQ Global Select Market
Market Capitalization:	$332.8MM
Long-Term Debt	$20.9MM
Enterprise Value:	$353.7MM
Annual Dividend:	$1.45 (paid quarterly)
Implied Dividend Yield:	6.0%

17 Years of Dedicated Service to the Deregulated Energy Markets

Market Data and Long-Term Debt as of March 22, 2016

Creating Shareholder Value

Total Shareholder Return assumes an investment of $100 on January 1, 2015 and also assumes the reinvestment of dividends

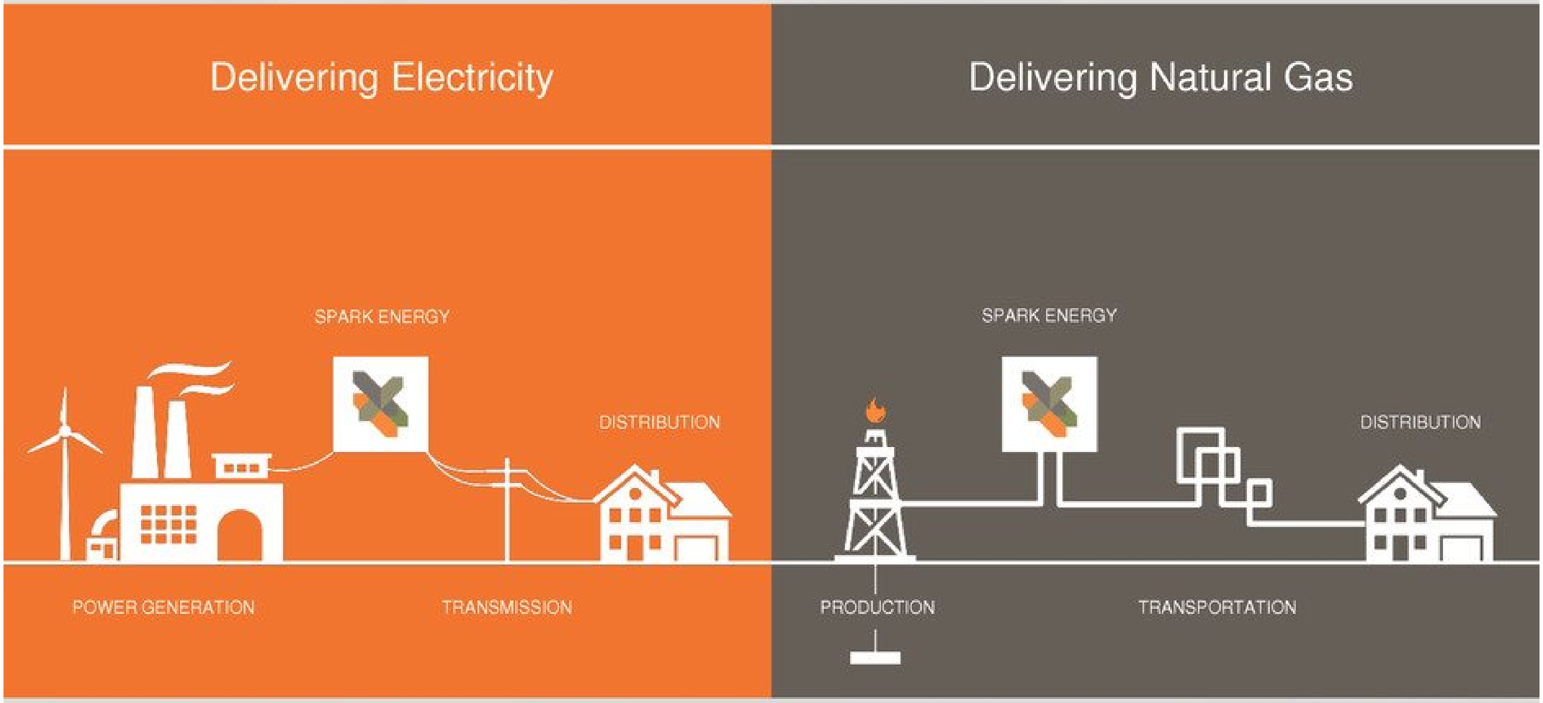
As of March 22, 2016

sparkenergy

Spark Energy Highlights

- Five recent M&A transactions successfully integrated and creating shareholder value
- Aligned sponsor supports growth strategy
  - Dropped down Oasis transaction
  - Financed 25% of our CenStar and Oasis transactions
  - Implemented Retailco, a customer operations platform, to provide our back office functions at an expected 5-8% annual cost savings
- Quarterly dividends of $0.3625 ($1.45 annualized) since IPO in July 2014
- Management team includes experienced retail energy veteran specializing in organic sales, marketing, and customer retention
- Organic commission structure enhances customer quality and lifetime value
- Southern California operational issues are now behind us
- ***Total Shareholder Return of ~90% since January 2015***

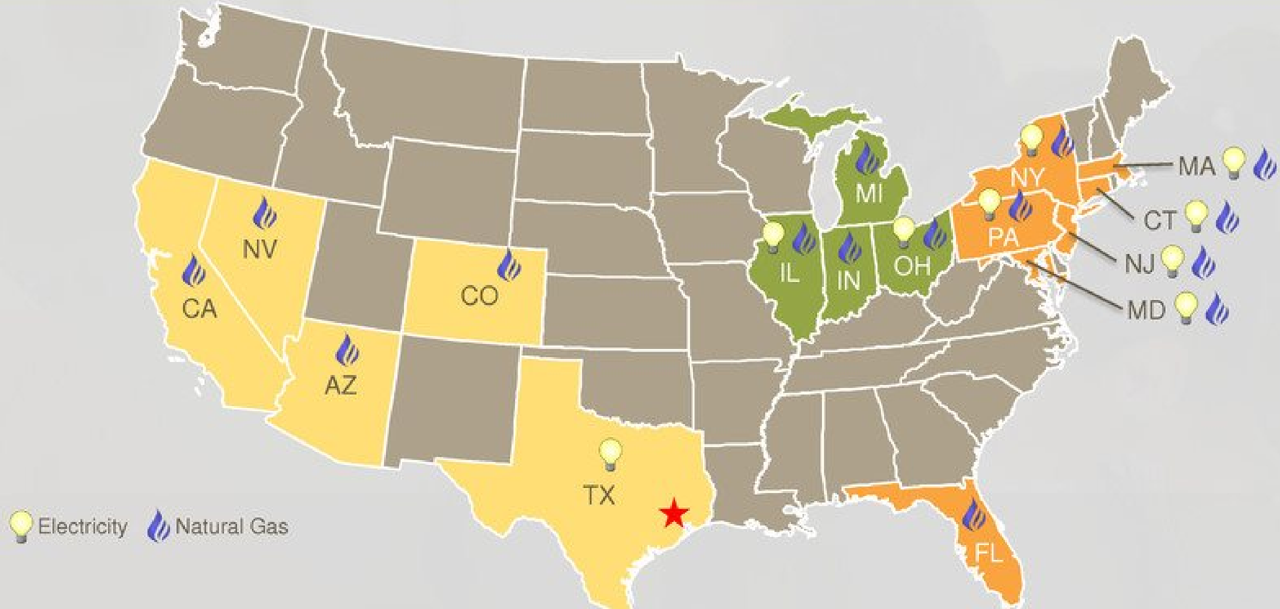
How Spark Energy Serves its Customers



Our Value Proposition to the Customer

Stable and Predictable Energy Costs	Green and Renewable Products	Potential Cost Savings

Spark's Geographical Diversity: 16 States and 66 Utility Territories



Residential Customer Equivalents RCEs

(In thousands)	Electricity	Percent	Natural Gas	Percent	Total	Percent
East	154	60%	52	33%	206	50%
Midwest	43	17%	62	39%	105	25%
Southwest	60	23%	44	28%	104	25%
Total	257	100%	158	100%	415	100%

As of December 31, 2015

sparkenergy

Customer Lifetime Value Strategy

Sophisticated Customer Acquisition Model

- Multi-channel sales
- Diverse sales geography
- Leverage analytics to determine market entry and product tailoring
- Contracted revenue model with subscription-like flow

Increase Lifetime Value

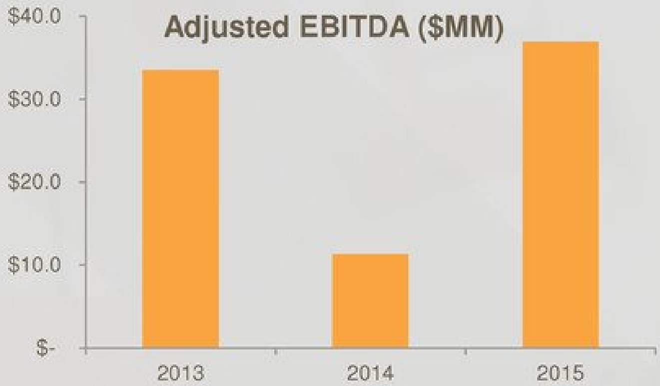
- Analyze historical usage and attrition data to pinpoint profitability potential
- Deploy customer retention team focused on product selection, renewal, and cross-sell opportunities
- Provide high-quality service

Create Long-Tenure, High Value Customers

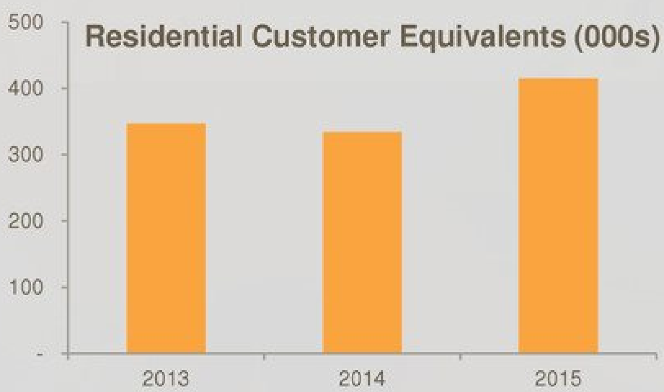
- Attractive EBITDA margin and cash flow conversion
- Targeted payback period is 12 months
- Long-standing customer relationships

Actively Managed Customer Base Drives Profitability

Spark by the Numbers



($ in millions)	2013	2014	2015
Revenue	$317.1	$322.9	$358.2
Retail Gross Margin	$81.7	$76.9	$113.6
Adjusted EBITDA	$33.5	$11.3	$36.9
Customer Acquisition Costs	$8.3	$26.2	$19.9



	2013	2014	2015
RCEs (000s)	310	326	415
RCE Attrition	3.5%	4.9%	5.1%
Electricity Volume (MWh)	1,829,657	1,526,652	2,075,479
Natural Gas Volume (MMBtu)	16,598,751	15,724,708	14,786,681
Electricity Unit Margin ($/MWh)	$21.48	$21.37	$29.03
Natural Gas Unit Margin ($/MMBtu)	$2.55	$2.82	$3.61

Key Investment Highlights

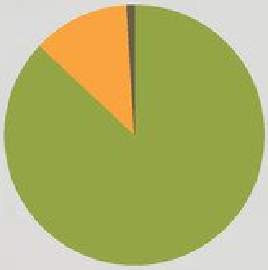
High Growth		Sustainable Dividends		
Proven Track Record of Accretive Acquisitions and Integrations	Consistent Organic Growth	Customer & Product Diversification Underpins our Dividend	Conservative Capitalization and Risk Management	Committed to the Dividend and Total Shareholder Return
5 Transactions in the last sixteen months	**~3%** Organic customer growth last three years (CAGR)	**16** States **66** Utilities **2** Commodities **3** Brands	**0.6x** Leverage Ratio	**$1.45** Annual Dividend

Aligned Sponsor Provides Access to Capital, Derisked M&A Opportunities, and Streamlined Customer Operations Services to Support Aggressive Growth

Opportunities for Organic and M&A Growth

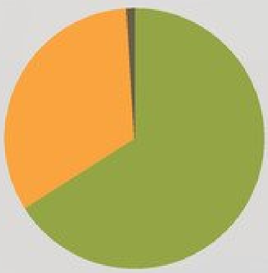
High Growth

Natural Gas



43MM Eligible Customers[1]
12% Penetration
<1% Spark Share

Electricity



48MM Eligible Customers[1]
33% Penetration
<1% Spark Share

Only 12% of eligible natural gas customers and 33% of eligible electricity customers have made a competitive supplier choice[1]

Source: DNV GL Q4 2013 Retail Energy Outlook, EIA
[1]Eligible customers defined as customers in deregulated states

M&A Opportunities Remain Strong

- ✓ Highly fragmented competitive market of independent energy retailers
- ✓ Majority with < 300,000 customers
- ✓ Spark's corporate structure and relationship with its Sponsor provides the ability to finance and transact quickly

Strategic M&A Criteria

- ✓ Scale / Density
- ✓ Geography
- ✓ Products
- ✓ Synergies
- ✓ Growth Engine

Potential for Accretive Transactions with Synergies

Aligned Sponsor Provides Access to M&A Opportunities, Capital, and Other Services To Propel Growth

High Growth

Step 1: Target Company Acquisition

National Gas and Electric (NG&E), an affiliate of our Sponsor, acquires retail books of customers and retail companies

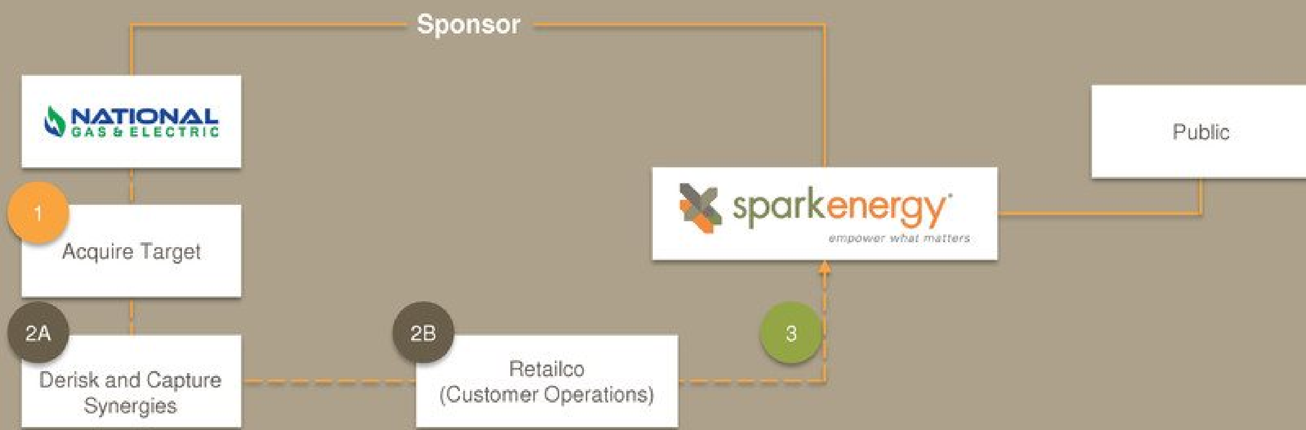
Step 2: Derisk and Capture Synergies

A) NG&E and Spark work together to capture initial synergies (supply, finance, etc.)
B) NG&E puts acquired customers on shared Retailco customer operations platform

Step 3: Purchase Customer Base

Spark purchases the customer book/company in part or whole by issuing debt or equity to our Sponsor

Customers remain on Retailco platform upon transition to Spark



Proven Track Record of Acquisitions and Integration

High Growth

Recent Transactions

Company	Size	Location / Markets	Date
townsquare energy	~2,000 Customers	Connecticut	December 2014
DISCOUNT POWER	~12,000 Customers	Connecticut	December 2014
entrust ENERGY.	~26,000 Customers	Northern California	March 2015
CenStar Energy	~65,000 RCEs	13 New Markets	July 2015
OASIS ENERGY	~40,000 RCEs	7 New Markets	July 2015

Outsourcing of Customer Operations and I.T. Supports Growth Strategy and Provides Cost Savings

High Growth

- Delivers 5-8% immediate annual cost savings (versus 2015 run rate)
- Provides scalability and supports Spark and NGE's M&A strategy
- Contractual terms and service level penalties derisk operating costs
- Spark Management freed up to focus on growth
- Costs and service levels are reviewed and may be adjusted quarterly

Customer Care

Billing

Transaction Management

Collections

Contract Management

Information Technology

RETAILCO

(100% owned by our Majority Shareholder)

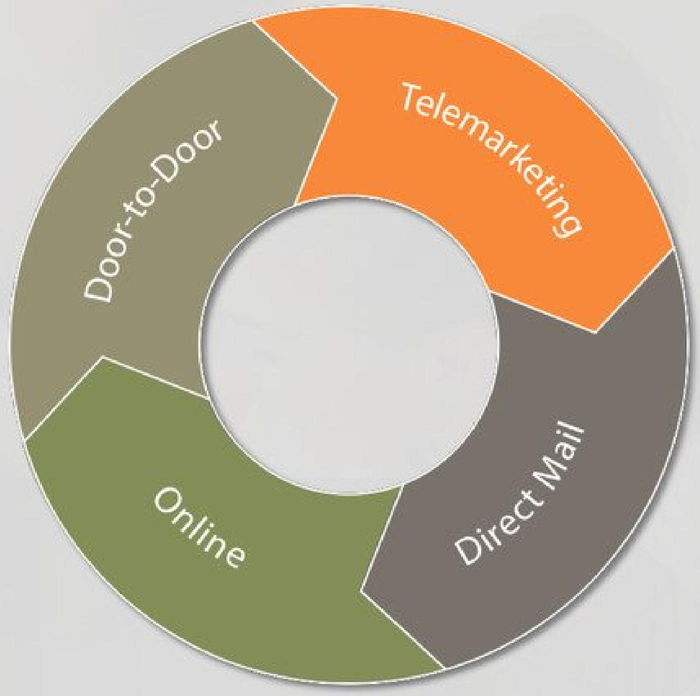
Multiple Brands and Sales Channels Enhance Our Ability to Acquire Customers Organically

High Growth

sparkenergy

OASIS ENERGY

CenStar Energy
Save Money. Make Money.



- Multiple brands allow for brand positioning and winback strategies not previously available
- Outsourced vendor relationships allow rapid scaling and low fixed costs while driving quality, efficiency and flexibility
- Recently instituted organic commission structure ensures customer quality and lifetime value

Customer and Product Diversity Provides Stable Cash Flow

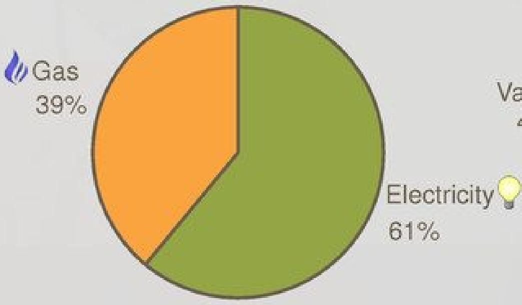
Sustainable Dividends

Geography	• 66 utility service territories in 16 states • Able to quickly react to market trends and redirect customer portfolio • Geographic diversity minimizes risks related to regulatory, weather and supply fluctuations
Commodity	• Natural gas and electricity (depending on location/utility)
Brand/Product	• Three distinct brands • Fixed-price and variable-price contracts (various terms) • Provide a range of unique value added products like green energy to drive additional sales, retention and profitability
Sales Channels	• Multiple channels ensure access to new customers at optimal costs • Flexible channels provide the ability to ramp up and ramp down quickly
Outsourced Vendors	• Low sales vendor concentration and no single-source providers • Outsourced vendor relationships drive quality, efficiency and flexibility

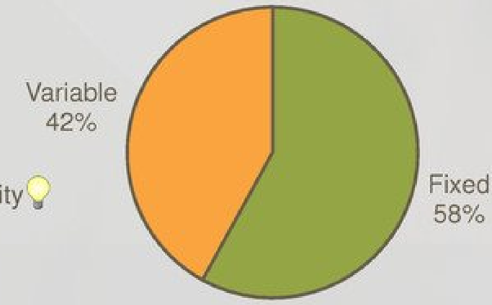
Portfolio Diversification

Sustainable Dividends

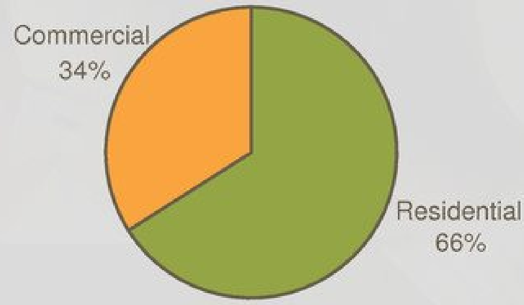
Commodity



Product



Customer



Both product and customer mix, combined with geographic diversification supports stable cash flow

Based on RCEs as of December 31, 2015

sparkenergy

Conservative Capitalization Minimizes Risk

Sustainable Dividends

- $85 million syndicated credit facility
- $60 million working capital line (eliminates need for costly credit sleeve)
- $19.9 million drawn on $25 million acquisition tranche[1]
- Low cost of capital
- Anticipate near-term M&A transactions will be financed predominately using equity

Leverage Ratio[1]	
Long-Term Debt[2]	$20.9MM
2015 Adjusted EBITDA	$36.9MM
Leverage Ratio	**0.6x**

[1]As of March 22, 2015
[2]Includes long-term portion of senior credit facility & convertible subordinated notes to affiliates

Managing Commodity Price Risk

Sustainable Dividends

Seasoned, in-house supply team provides a strong competitive advantage relative to our peers while ensuring risk mitigation

- Proven hedging strategy that has been refined over Spark Energy's 17 year history
- Demonstrated ability to "weather the storm" through up-and-down commodity markets, extreme weather events, and down economies
- Disciplined risk management supports aggressive growth plans
  - Virtually all fixed price exposure is hedged
  - Variable hedging policy based on individual market characteristics
  - Hedging policy monitored closely by CFO and CRO
- Risk management policy approved by syndicate banks and Board of Directors
- Approximately $250MM in available credit with wholesale suppliers[1]

[1]As of March 22, 2016

Key Investment Highlights

High Growth		Sustainable Dividends		
Proven Track Record of Accretive Acquisitions and Integrations	Consistent Organic Growth	Customer & Product Diversification Underpins our Dividend	Conservative Capitalization and Risk Management	Committed to the Dividend and Total Shareholder Return
5 Transactions in the last sixteen months	**~3%** Organic customer growth last three years (CAGR)	**16** States **66** Utilities **2** Commodities **3** Brands	**0.6x** Leverage Ratio	**$1.45** Annual Dividend

Aligned Sponsor Provides Access to Capital, Derisked M&A Opportunities, and Streamlined Customer Operations Services to Support Aggressive Growth

Spark in the Community

Empower What Matters Most
We partner with organizations that:

- Raise the quality of life for children and military veterans
- Make communities better places to live and work
- Drive America's economic future through entrepreneurship education
- Provide an avenue for our employees to get involved in our community and to support our green values

Arbor Day Foundation

Through our work with the **Arbor Day Foundation**, we are able to extend our environmental efforts far beyond green energy.

Lemonade Day!

We help **Lemonade Day** introduce youth to the concept of starting and operating their own lemonade stand businesses while teaching the real-world skills they need to achieve their dreams.

luminAID
Makers of Brilliant Things.

1.6 million people around the world lack proper access to electricity. Through our relationship with **LuminAID**, we are developing programs to distribute solar-powered inflatable lights to areas that need it the most.

The Beer-Sheba Project

We are working with **The Beer-Sheeba Project**, which focuses on sustainable agro-forestry and holistic environmental education in Senegal. We started with a solar panel expansion plan that is now bringing additional energy to power the project's feed mills, irrigation pumps and cooling systems.

HELPING A HERO.ORG

Helping a Hero provides specially adapted homes — and other much-needed services and resources — for severely-injured military combat veterans. We're proud to play our part in helping America's heroes transition back to normal lives in their communities by donating electricity to these warriors for the first year they own their new homes.

Investor Relations Contact Information

Investor Relations
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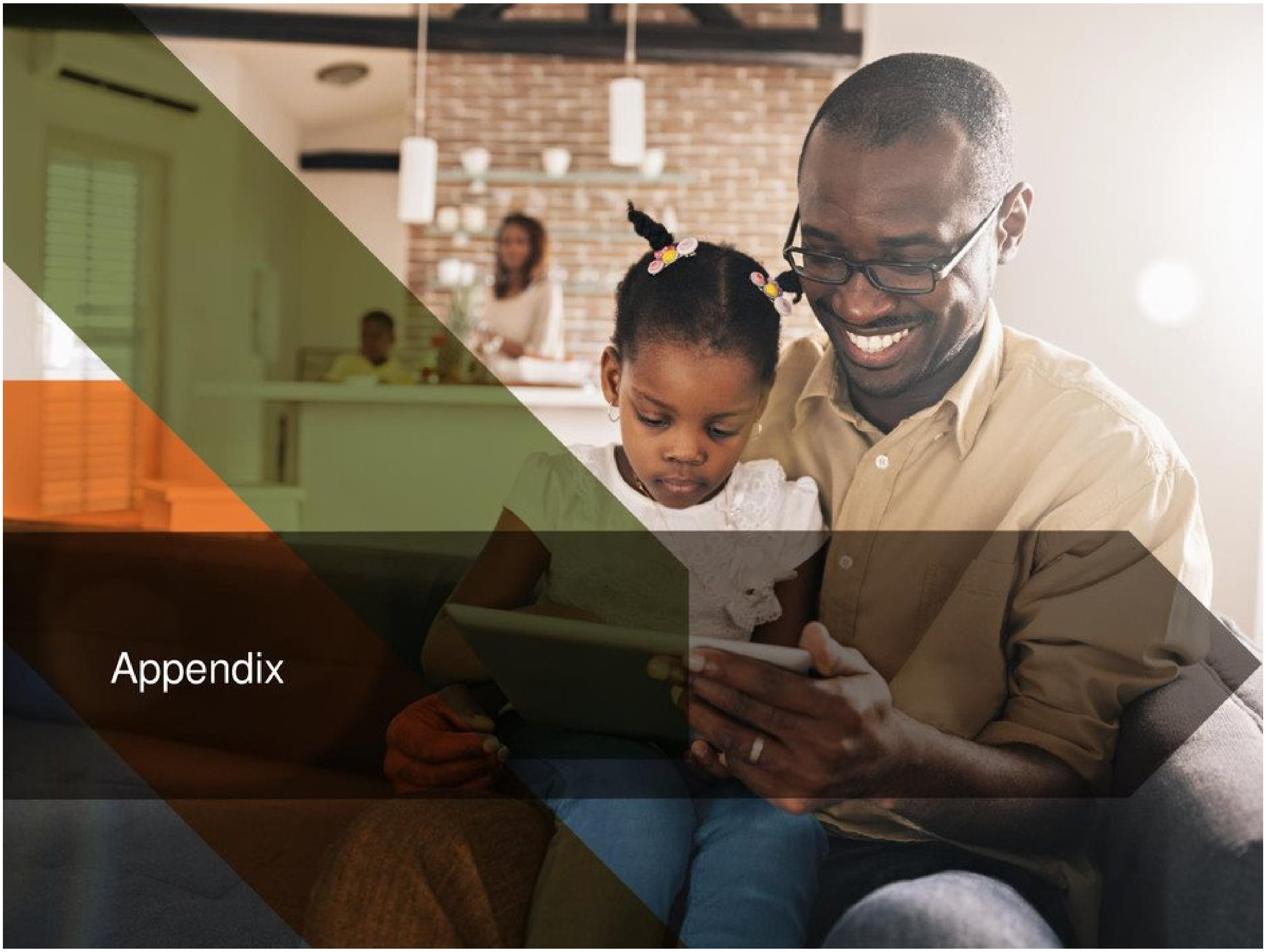
Houston, TX 77079
http://ir.sparkenergy.com/

Contact: Andy Davis
ir@sparkenergy.com
832-200-3727

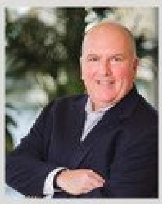

Appendix

Proven Leadership

Senior Management has over 45 Years of Retail Energy Experience

Nathan Kroeker • CEO and President
- Veteran leader in sales strategy, global energy supply, and M&A across the upstream, downstream, and midstream energy sectors
- Extensive international experience; board member of ESM (a Japanese retail energy company); previously worked for Macquarie and Centrica

Georganne Hodges • Chief Financial Officer
- Former CFO of Direct Energy's (LSE:CNA) retail energy services business
- Experienced in M&A and integration of retail energy companies
- Certified public accountant



Jason Garrett • Executive Vice President
- Served in leadership roles, including M&A, for various deregulated energy companies including SouthStar Energy, Just Energy, and Continuum
- Proven success and expertise in sales leadership, call center management, operational improvements and cost reduction initiatives

Gil Melman • Vice President, General Counsel and Corporate Secretary
- Former general counsel to Madagascar Oil Limited (LSE:MOIL) and lawyer at Vinson & Elkins LLP
- Proficient in representing public and private companies, investment funds and investment banking firms on M&A and capital markets transactions

Extensive M&A Experience Across the Team Ensures Value Creation

Board of Directors

W. Keith Maxwell III • Chairman of the Board of Directors

Mr. Maxwell serves as non-executive Chairman of the Board of Directors, and was appointed to this position in connection with the IPO. Mr. Maxwell also serves as Chief Executive Officer of NuDevco Partners, LLC and National Gas & Electric, LLC, each of which is affiliated with us. Prior to founding the predecessor of Spark Energy in 1999, Mr. Maxwell was a founding partner in Wickford Energy, an oil and natural gas services company, in 1994. Wickford Energy was sold to Black Hills Utilities in 1997. Prior to Wickford Energy, Mr. Maxwell was a partner in Polaris Pipeline, a natural gas producer services and midstream company sold to TECO Pipeline in 1994. In 2010, Mr. Maxwell was named Ernst & Young Entrepreneur of the Year in the Energy, Chemicals and Mining category. A native of Houston, Texas, Mr. Maxwell earned a Bachelor's Degree in Economics from the University of Texas at Austin in 1987. Mr. Maxwell has several philanthropic interests, including the Special Olympics, Child Advocates, Salvation Army, Star of Hope and Helping a Hero. We believe that Mr. Maxwell's extensive energy industry background, leadership experience developed while serving in several executive positions and strategic planning and oversight brings important experience and skill to our board of directors.

Nathan Kroeker • Director, President and Chief Executive Officer

Nathan Kroeker, appointed President of Spark Energy in April 2012, is responsible for overseeing the day-to-day operations and help shape the overall strategy of the company. Nathan is a 15-year industry veteran with diverse experience in public accounting, M&A, and both retail and wholesale energy. Nathan first joined the company in July 2010 as Executive Vice President and Chief Financial Officer of Spark Energy Ventures. Prior to Spark, Nathan held senior finance and leadership roles with Macquarie and Direct Energy. He began his career in public accounting, including both audit and M&A advisory functions. Nathan holds a Bachelor of Commerce (honors) degree from the University of Manitoba, and has both a CPA (Texas) as well as a CA (Canada). He is a board member for Young Life, a non-denominational community youth outreach program, and was formerly a board member for the Texas Diversity Council, where he received the Diversity First Award.

James G. Jones II • Independent Director

Mr. Jones has served on Spark Energy's Board of Directors since our initial public offering in July 2014. Mr. Jones is a partner at Padgett Stratemann & Co, a regional CPA with over 230 professionals. Mr. Jones is the leader of the Houston office which opened in May 2014. Prior to Padgett Stratemann & Co, Mr. Jones worked at Ernst & Young LLP from 1998 to March 2014, where he was a tax partner. Mr. Jones holds a Doctor of Jurisprudence from Louisiana State University and a Bachelor of Science in Accounting from the University of Louisiana at Monroe. Mr. Jones was selected as a director because of his extensive tax and financial background as well as his management expertise.

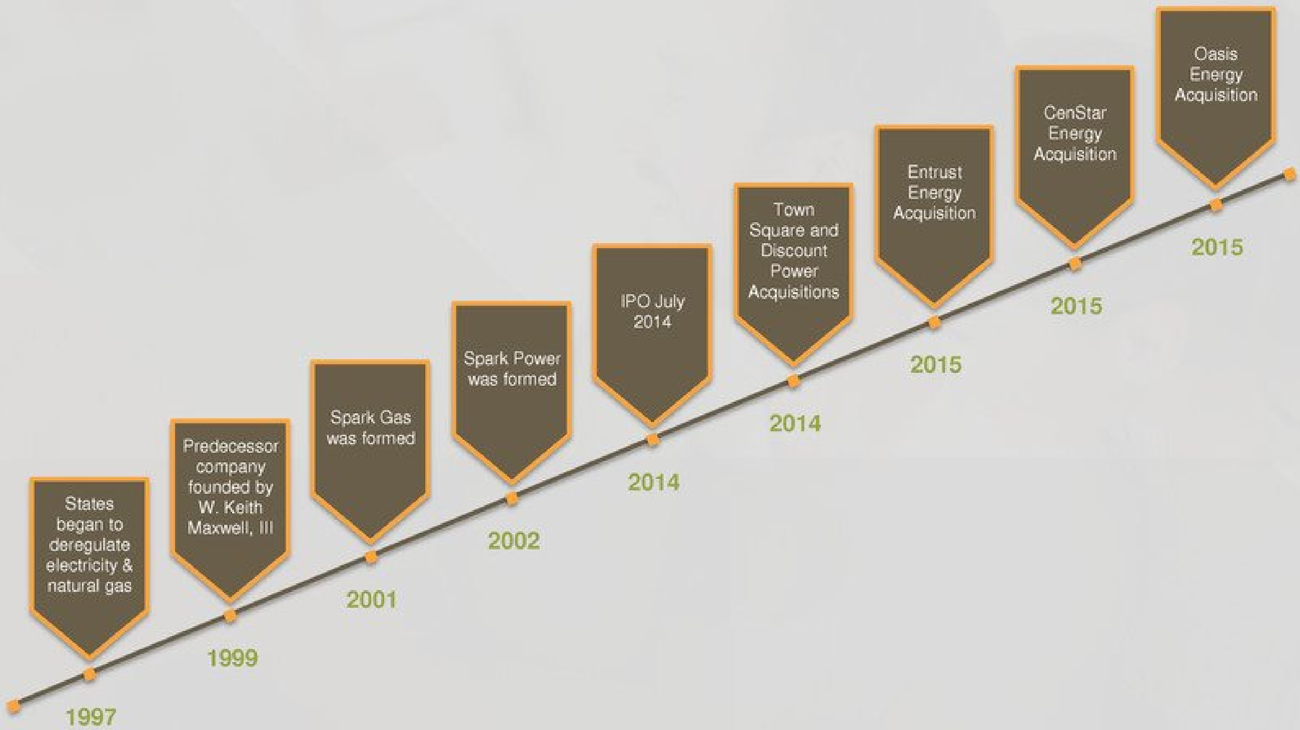
John Eads • Independent Director

Mr. Eads has served on Spark Energy's Board of Directors since our initial public offering in July 2014. Mr. Eads currently serves as President of Sierra Resources, LLC, a privately-held oil and gas company, a position he has held since 2002, where he directly supervises the negotiation and closing of all of Sierra Resources, LLC's acquisitions and exploratory projects. Mr. Eads has been an independent producer in the oil and natural gas industry for over 37 years. Mr. Eads holds a Bachelor of Science in Mechanical Engineering from Southern Methodist University and a Masters of Business Administration from the University of Texas. Mr. Eads was selected as a director because of his substantial knowledge of the natural gas industry and his business, leadership and management expertise.

Kenneth M. Hartwick • Independent Director

Mr. Hartwick has served on Spark Energy's Board of Directors since our initial public offering in July 2014. Mr. Hartwick served in various roles for Just Energy Group Inc., a retail natural gas and electricity provider, most recently serving as President and Chief Executive Officer from 2004 through 2014. Mr. Hartwick also served for Just Energy Group Inc. as President from 2006 to 2008, as Chief Financial Officer from 2004 to 2006 and as a director from 2008 to 2014. Mr. Hartwick also served as the Chief Financial Officer of Hydro One, Inc., an energy distribution company, from 2001 to 2004. Mr. Hartwick currently serves as a director of Atlantic Power Corporation, a power generation plant operator, a position he has held since 2004. Mr. Hartwick also serves as a director of MYR Group Inc., an electrical contractor specializing in transmission, distribution, and substation projects, a position he has held since 2015. Mr. Hartwick holds an Honours of Business Administration degree from Trent University. Mr. Hartwick was selected as a director because of his extensive knowledge of the retail natural gas and electricity business and his leadership and management expertise.

Spark's History Dates Back to the Early Days of Retail Energy Deregulation



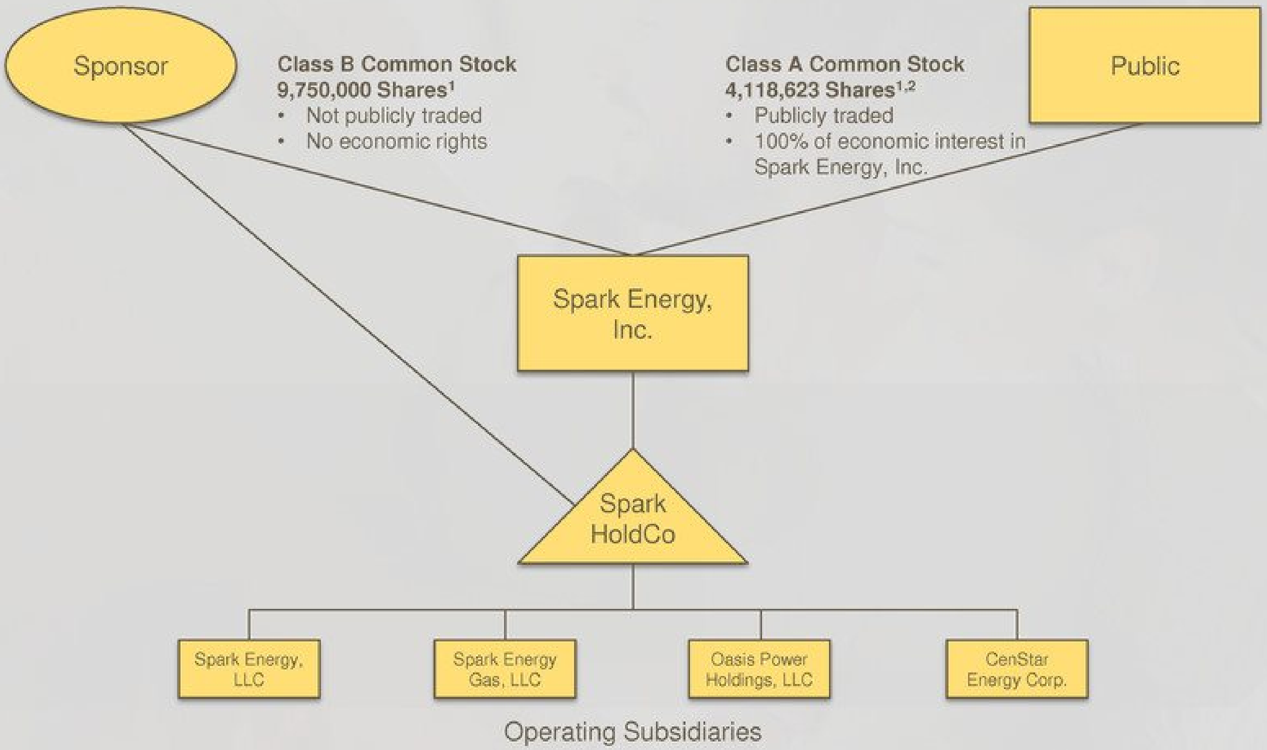
Condensed Balance Sheet

($ in thousands)

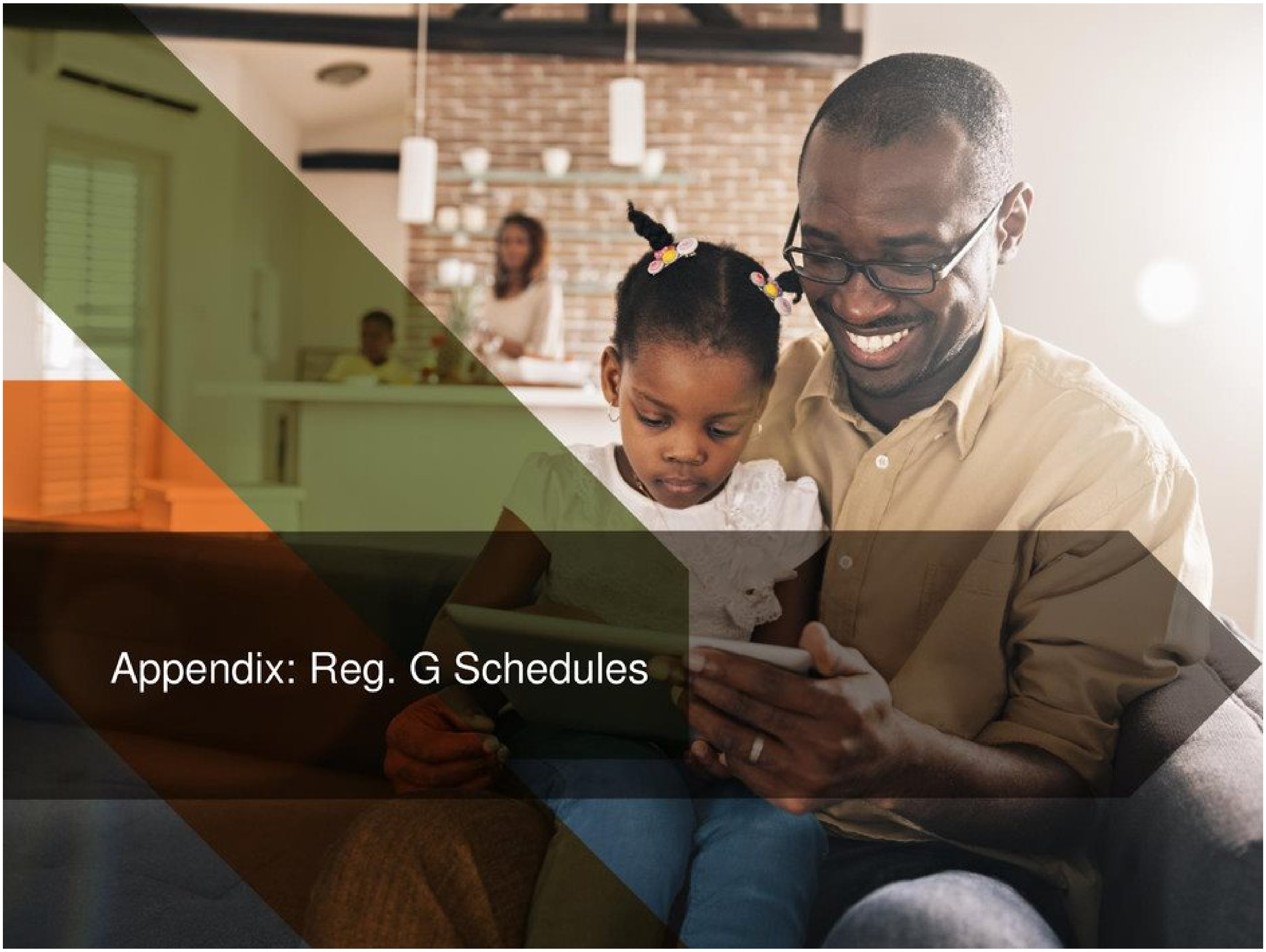
Cash	$	4,474
Accounts receivable		61,776
Inventory		3,665
Customer acquisition costs/Customer relationships		20,016
Other current assets		12,749
Total current assets	**$**	**102,680**
Deferred tax asset		23,380
Customer acquisition costs/Customer relationships		10,610
Goodwill		18,379
Other long-term assets		7,185
Total assets	**$**	**162,234**
Accounts payable & accrued liabilities	$	43,939
Senior credit facility (Working capital)		22,500
Senior credit facility (Acquisition tranche)		5,306
Other current liabilities		13,296
Total current liabilities	**$**	**85,041**
Payable pursuant to the TRA		20,713
Senior credit facility (Acquisition tranche)		14,592
Convertible notes		6,339
Other long-term liabilities		2,230
Total liabilities	**$**	**128,915**
Common Stock/APIC/RE		11,338
Non-controlling interest in Spark HoldCo		21,981
Total equity	**$**	**33,319**
Total liabilities and stockholders' equity	**$**	**162,234**

As of December 31, 2015

Up-C Structure



[1]*Shares as of March 22, 2016*
[2]*Includes 664,114 shares held by our sponsor and his affiliate*


Appendix: Reg. G Schedules

Reg. G

Appendix Table A-1: Adjusted EBITDA Reconciliation

The following table presents a reconciliation of Adjusted EBITDA to net income (loss) for each of the years indicated.

($ in thousands)	2013	2014	2015
Net income (loss)	$31,412	$(4,265)	$25,975
Depreciation and amortization	16,215	22,221	25,378
Interest expense	1,714	1,578	2,280
Income tax expense	56	(891)	1,974
EBITDA	49,397	18,643	55,607
Less:			
Net, Gains (losses) on derivative instruments	6,567	(14,535)	(18,497)
Net, Cash settlements on derivative instruments	1,040	(3,479)	20,547
Customer acquisition costs	8,257	26,191	19,869
Plus:			
Non-cash compensation expense	-	858	3,181
Adjusted EBITDA	**$33,533**	**$11,324**	**$36,869**

Reg. G

Appendix Table A-2: Adjusted EBITDA Reconciliation

The following table presents a reconciliation of Adjusted EBITDA to net cash provided by operating activities for each of the years indicated.

($ in thousands)	2013	2014	2015
Net cash provided by operating activities	$44,480	$5,874	$45,931
Amortization and write off of deferred financing costs	(678)	(631)	(412)
Allowance for doubtful accounts and bad debt expense	(3,101)	(10,164)	(7,908)
Interest expense	1,714	1,578	2,280
Income tax expense (benefit)	56	(891)	1,974
Changes in operating working capital			
Accounts receivable, prepaids, current assets	(17,790)	13,332	(18,820)
Inventory	599	3,711	4,544
Accounts payable and accrued liabilities	7,879	(2,466)	13,008
Other	374	981	(3,728)
Adjusted EBITDA	**$33,533**	**$11,324**	**$36,869**

Reg. G

Appendix Table A-3: Retail Gross Margin Reconciliation

The following table presents a reconciliation of Retail Gross Margin to operating income (loss) for each of the years indicated.

($ in thousands)	2013	2014	2015
Operating income (loss)	$32,829	$(3,841)	$29,905
Depreciation and amortization	16,215	22,221	25,378
General and administrative	35,020	45,880	61,682
Less:			
Net asset optimization revenue	314	2,318	1,494
Net, Gains (losses) on non-trading derivative instruments	1,429	(8,713)	(18,423)
Net, Cash settlements on non-trading derivative instruments	653	(6,289)	20,279
Retail Gross Margin	**$81,668**	**$76,944**	**$113,615**

Reg. G

Adjusted EBITDA

We define "Adjusted EBITDA" as EBITDA less (i) customer acquisition costs incurred in the current period, (ii) net gain (loss) on derivative instruments, and (iii) net current period cash settlements on derivative instruments, plus (iv) non-cash compensation expense and (v) other non-cash operating items. EBITDA is defined as net income (loss) before provision for income taxes, interest expense and depreciation and amortization. We deduct all current period customer acquisition costs (representing spending for organic customer acquisitions) in the Adjusted EBITDA calculation because such costs reflect a cash outlay in the year in which they are incurred, even though we capitalize such costs and amortize them over two years in accordance with our accounting policies. The deduction of current period customer acquisition costs is consistent with how we manage our business, but the comparability of Adjusted EBITDA between periods may be affected by varying levels of customer acquisition costs. For example, our Adjusted EBITDA is lower in years of customer growth reflecting larger customer acquisition spending. We do not deduct the cost of customer relationships (representing those customer acquisitions through acquisitions of business or portfolios of customers). We deduct our net gains (losses) on derivative instruments, excluding current period cash settlements, from the Adjusted EBITDA calculation in order to remove the non-cash impact of net gains and losses on derivative instruments. We also deduct non-cash compensation expense as a result of restricted stock units that are issued under our long-term incentive plan.

We believe that the presentation of Adjusted EBITDA provides information useful to investors in assessing our liquidity and financial condition and results of operations and that Adjusted EBITDA is also useful to investors as a financial indicator of a company's ability to incur and service debt, pay dividends and fund capital expenditures. Adjusted EBITDA is a supplemental financial measure that management and external users of our combined and consolidated financial statements, such as industry analysts, investors, commercial banks and rating agencies, use to assess the following:

- our operating performance as compared to other publicly traded companies in the retail energy industry, without regard to financing methods, capital structure or historical cost basis;
- the ability of our assets to generate earnings sufficient to support our proposed cash dividends; and
- our ability to fund capital expenditures (including customer acquisition costs) and incur and service debt.

Retail Gross Margin

We define retail gross margin as operating income (loss) plus (i) depreciation and amortization expenses and (ii) general and administrative expenses, less (i) net asset optimization revenues, (ii) net gains (losses) on non-trading derivative instruments, and (iii) net current period cash settlements on non-trading derivative instruments. Retail gross margin is included as a supplemental disclosure because it is a primary performance measure used by our management to determine the performance of our retail natural gas and electricity business by removing the impacts of our asset optimization activities and net non-cash income (loss) impact of our economic hedging activities. As an indicator of our retail energy business' operating performance, retail gross margin should not be considered an alternative to, or more meaningful than, operating income (loss), its most directly comparable financial measure calculated and presented in accordance with GAAP.

The GAAP measures most directly comparable to Adjusted EBITDA are net income (loss) and net cash provided by operating activities. The GAAP measure most directly comparable to Retail Gross Margin is operating income (loss). Our non-GAAP financial measures of Adjusted EBITDA and Retail Gross Margin should not be considered as alternatives to net income (loss), net cash provided by operating activities, or operating income (loss). Adjusted EBITDA and Retail Gross Margin are not presentations made in accordance with GAAP and have important limitations as analytical tools. You should not consider Adjusted EBITDA or Retail Gross Margin in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA and Retail Gross Margin exclude some, but not all, items that affect net income (loss) and net cash provided by operating activities, and are defined differently by different companies in our industry, our definition of Adjusted EBITDA and Retail Gross Margin may not be comparable to similarly titled measures of other companies.

Management compensates for the limitations of Adjusted EBITDA and Retail Gross Margin as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating these data points into management's decision-making process.