Sempra Energy Announces Agreement To Sell Chilquinta Energía In Chile

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Transaction Would Complete Sale of Sempra Energy's Equity Interests in South American Businesses

SAN DIEGO, Oct. 14, 2019 /PRNewswire/ -- Sempra Energy (NYSE:SRE) today announced that it has entered into an agreement to sell its equity interests in its Chilean businesses, including its 100% stake in Chilquinta Energía S.A. (Chilquinta Energía), to State Grid International Development Limited (SGID). Sempra Energy's interests will be sold for $2.23 billion in cash, subject to adjustments for working capital and net indebtedness and other adjustments. The sale also will include Sempra Energy's 100% interest in Tecnored S.A., which provides electric construction and infrastructure services to Chilquinta Energía and third parties, and its 50% interest in Eletrans S.A., which owns, constructs, operates and maintains power transmission facilities.

"This agreement is really important. It moves our company one step closer to completing the sale of our South American businesses and concentrating our investment strategy right here in North America," said Jeffrey W. Martin, chairman and CEO of Sempra Energy. "All of our companies in Chile, including Chilquinta Energía and Tecnored S.A., are excellent businesses with a strong focus on safety, reliability and customer service. We are so appreciative of the hard work and dedication of our Chilean team over the past 20 years."

Chilquinta Energía signed an agreement to purchase the remaining 50% interest in Eletrans S.A. from Sociedad Austral de Electricidad S.A. Closing of this transaction, which will enable Sempra Energy to transfer 100% ownership of Eletrans S.A. to SGID, is contingent on the closing of the sale of Sempra Energy's Chilean businesses and will not change the economics of the transaction for Sempra Energy.

The sale to SGID is expected to be completed in the first quarter of 2020, subject to customary closing conditions, including approval by the Chilean anti-trust authority, certain Chinese regulatory approvals and approval by the Bermuda Monetary Authority.

Today's announcement follows Sempra Energy's agreement to sell its equity interests in its Peruvian business, including its 83.6% stake in Luz del Sur S.A.A., to China Yangtze Power International (Hongkong) Co., Limited. That sale, which was announced in September, is also expected to be completed in the first quarter of 2020, subject to customary closing conditions, including approval by the Peruvian anti-trust authority and the Bermuda Monetary Authority.

In combination, these transactions would conclude Sempra Energy's planned sale of its South American businesses for combined proceeds of approximately $5.82 billion in cash, subject to adjustments and satisfaction of their closing conditions.

"Proceeds from both of these transactions will be used to advance our business strategy by strengthening our company's balance sheet and supporting the growing capital needs of our utilities in California and Texas," said Martin.

BofA Merrill Lynch and Lazard are serving as financial advisors to Sempra Energy on the sales, and White & Case is serving as legal advisor.

Chilquinta Energía is the third-largest distributor of electricity in Chile. Chilquinta Energía provides electricity to approximately 2 million consumers in the regions of Valparaíso and Maule in central Chile, and is also active in the development and operation of electric transmission lines.

SGID, a wholly-owned subsidiary of State Grid Corporation of China (SGCC), is incorporated in Hong Kong as a limited liability company. It leverages SGCC's operational strengths and financial support to actively pursue investment opportunities worldwide and improve the operating efficiency of its portfolio of companies. SGID currently has investments in the Philippines, Brazil, Portugal, Australia, Hong Kong SAR, Italy and Greece. SGCC, headquartered in Beijing, China, is the world's largest power utility corporation, and has extensive experience in constructing and operating electricity transmission and distribution networks. The company's power grid network covers 26 provinces in China, accounting for more than 88% of China's territory, and serves a population of over 1.1 billion.

Sempra Energy's mission is to be North America's premier energy infrastructure company. With more than $60 billion in total assets reported in 2018, the San Diego-based company is the utility holding company with the largest U.S. customer base. The Sempra Energy companies' more than 20,000 employees deliver energy with purpose to approximately 40 million consumers worldwide. The company is focused on the most attractive markets in North America, including California, Texas, Mexico and the LNG export market. Sempra Energy has been consistently recognized for its leadership in diversity and inclusion, and sustainability, and is a member of the S&P 500 Utilities Index and the Dow Jones Utility Index.

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words such as "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "contemplates," "assumes," "depends," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "target," "pursue," "outlook," "maintain," or similar expressions or when we discuss our guidance, strategy, plans, goals, vision, mission, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: the possibility that, in connection with the agreements to sell Sempra Energy's interests in its Peruvian businesses, including its 83.6% interest in Luz del Sur, and its Chilean businesses, including its 100% interest in Chilquinta Energía, the closing conditions may not be satisfied or waived in a timely manner or at all, including that a governmental entity may prohibit, delay or refuse to grant a necessary regulatory approval, that we may be subject to indemnification obligations or material adjustments to the sale prices, and that we may be unable to fully realize the anticipated benefits; the greater degree and prevalence of wildfires in California in recent years and the risk that we may be found liable for damages regardless of fault, such as where inverse condemnation applies, and risk that we may not be able to recover any such costs in rates from customers in California or otherwise, including due to insufficient amounts in the wildfire fund; actions and the timing of actions, including decisions, investigations, new regulations and issuances of permits and other authorizations and renewal of franchises by the Comisión Federal de

Electricidad (CFE), California Public Utilities Commission, U.S. Department of Energy, California Department of Conservation's Division of Oil, Gas, and Geothermal Resources, Los Angeles County Department of Public Health, U.S. Environmental Protection Agency, Federal Energy Regulatory Commission, Pipeline and Hazardous Materials Safety Administration, Public Utility Commission of Texas, states, cities and counties, and other regulatory and governmental bodies in the U.S. and other countries in which we operate; the success of business development efforts, construction projects, and major acquisitions, divestitures and internal structural changes, including risks in (i) obtaining or maintaining authorizations; (ii) completing construction projects on schedule and budget; (iii) obtaining the consent of partners; (iv) counterparties' ability to fulfill contractual commitments; (v) winning competitively bid infrastructure projects; (vi) the ability to complete contemplated acquisitions and/or divestitures and the disruptions caused by such efforts; and (vii) the ability to realize anticipated benefits from any of these efforts once completed; the resolution of civil and criminal litigation, regulatory investigations and proceedings, and arbitrations; actions by credit rating agencies to downgrade our credit ratings or those of our subsidiaries or to place those ratings on negative outlook and our ability to borrow at favorable interest rates; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; denial of approvals of proposed settlements; delays in, or denial of, regulatory agency authorizations to recover costs in rates from customers or regulatory agency approval for projects required to enhance safety and reliability; and moves to reduce or eliminate reliance on natural gas; the availability of electric power and natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid, limitations on the withdrawal or injection of natural gas from or into storage facilities, and equipment failures; expropriation of assets, the failure to honor the terms of contracts by foreign governments and state-owned entities such as the CFE, and other property disputes; risks posed by actions of third parties who control the operations of our investments; weather conditions, natural disasters, accidents, equipment failures, computer system outages, explosions, terrorist attacks and other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits), may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; cybersecurity threats to the energy grid, storage and pipeline infrastructure, the information and systems used to operate our businesses, and the confidentiality of our proprietary information and the personal information of our customers and employees; actions of activist shareholders, which could impact the market price of our securities and disrupt our operations as a result of, among other things, requiring significant time by management and our board of directors; changes in capital markets, energy markets and economic conditions, including the availability of credit; volatility in currency exchange, interest and inflation rates and commodity prices and our ability to effectively hedge the risk of such volatility; the impact of federal or state tax reform and our ability to mitigate adverse impacts; changes in foreign and domestic trade policies and laws, including border tariffs and revisions to or replacement of international trade agreements, such as the North American Free Trade Agreement, that may increase our costs or impair our ability to resolve trade disputes; the impact at San Diego Gas & Electric Company on competitive customer rates and reliability of electric transmission and distribution systems due to the growth in distributed and local power generation and from possible departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation or other forms of distributed and local power generation and the potential risk of nonrecovery for stranded assets and contractual obligations; Oncor Electric Delivery Company LLC's (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory capital requirements and other regulatory and governance commitments, including the determination by a majority of Oncor's independent directors or a minority member director to retain such amounts to meet future requirements; and other uncertainties, some of which may be difficult to predict and are beyond our control.

These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the U.S. Securities and Exchange Commission (SEC). These reports are available through the EDGAR system free-of-charge on the SEC's website, www.sec.gov. Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.

Sempra South American Utilities, Sempra North American Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor Electric Delivery Company LLC (Oncor) and Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) are not the same companies as the California utilities, San Diego Gas & Electric Company (SDG&E) or Southern California Gas Company (SoCalGas), and Sempra South American Utilities, Sempra North American Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor and IEnova are not regulated by the California Public Utilities Commission.

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