Sempra Energy Virtual Investor Day Focuses On Business Resilience And Sustainable Growth

March 24, 2020

- Executing Record Five-Year, $32 Billion Capital Program
- Maintaining Strong Liquidity Across Family of Companies
- On Track to Close South American Asset Sales

SAN DIEGO, March 24, 2020 /PRNewswire/ -- Today, Sempra Energy's (NYSE: SRE) senior management team is providing an update on the company's business strategy on an Investor Day conference call, including details on the company's five-year capital plan, projected rate base growth, segment-level earnings guidance and planned improvements to balance sheet strength.

"In the midst of a global health crisis, our first obligation is to the health and safety of our employees and the communities we serve," said Jeffrey W. Martin, chairman and CEO of Sempra Energy. "Building resilience into our business model and investing in safe and reliable infrastructure is at the core of our strategy."

"At Sempra Energy, our five-year capital plan – the most robust in our company's history – gives us great visibility into sustainable earnings growth that should help create long-term value for our stakeholders," added Martin. "Our strategy also focuses our investments within the most attractive markets in North America, with a sharp focus on the portion of the energy value chain where we believe we can create the most attractive risk-adjusted returns."

Sempra Energy reiterated its five-year capital plan of approximately $32 billion, primarily focused on investments at the company's U.S. utilities – San Diego Gas & Electric Co. (SDG&E), Southern California Gas Co. (SoCalGas) and Oncor Electric Delivery Co. LLC. These investments support safety, reliability and sustainability for the benefit of customers and all stakeholders. The capital plan results in a projected 9% rate base compound annual growth rate (CAGR) for 2019 to 2024, and a projected combined rate base of more than $51 billion in 2024.

Sempra Energy's full-year 2020 GAAP earnings-per-share (EPS) guidance range is $12.78 to $14.26 and includes the estimated gain on the sale of the company's South American businesses. Today, the company reaffirmed its full-year 2020 adjusted EPS guidance range of $6.70 to $7.50 and 2021 guidance range of $7.50 to $8.10.

Additionally, Sempra Energy continues to focus on strengthening its balance sheet to create financial flexibility and fund future growth. Across its consolidated family of companies, Sempra Energy has approximately $6.4 billion in liquidity, including cash and available credit capacity. In addition, Oncor has $2.3 billion in liquidity, including cash and available credit capacity dedicated to their operations. In connection with its financial plan, Sempra Energy does not have current plans for equity offerings.

In 2019, Sempra Energy announced two agreements that would conclude the company's planned sale of its South American businesses for expected combined after-tax cash proceeds of approximately $4.55 to $4.85 billion, subject to adjustments and satisfaction of closing conditions. Both of the company's South American sale transactions, one to sell Sempra Energy's equity interests in its Peruvian businesses and the other to sell its equity interests in its Chilean businesses, continue to advance and are expected to be completed in the next three to six weeks. The expected sale proceeds will be used to strengthen the company's balance sheet and help fund future growth.

Across Sempra Energy's liquefied natural gas (LNG) business, the company continues to target portfolio returns above those of its U.S. utility businesses and continues to advance its development projects with a disciplined approach.

Phase 1 of the Cameron LNG liquefaction-export project in Hackberry, Louisiana, is nearing completion. Once complete, Sempra Energy's share of full-year run-rate earnings from Phase 1, which includes the first three trains, are projected to be between $400 million and $450 million annually under Cameron LNG's tolling agreements. Sempra Energy indirectly owns 50.2% of Cameron LNG. Cameron LNG is jointly owned by affiliates of Sempra LNG, Total S.A., Mitsui & Co., Ltd., and Japan LNG Investment, LLC, a company jointly owned by Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha.

Phase 1 of the Energía Costa Azul (ECA) LNG liquefaction-export project, under development in Baja California, Mexico, continues to move forward. Earlier this month, ECA LNG signed a fixed-price, lump-sum, turn-key engineering, procurement and construction (EPC) contract with Technip FMC. ECA LNG is targeting a final investment decision in the second quarter of 2020.

Additionally, earlier this month, Port Arthur LNG, LLC and Bechtel Oil, Gas, and Chemicals, Inc., signed a fixed-price EPC contract for the Port Arthur LNG liquefaction project under development in Port Arthur, Texas, and site preparation work continues.

While the majority of Sempra Energy's businesses are considered critical by the federal government and are currently operating without material disruptions, the fast-evolving global health crisis adds more uncertainty to the projections contained in this press release and the projections planned for the company's Investor Day conference call.

Non-GAAP Financial Measure

This press release includes Sempra Energy's 2020 adjusted EPS guidance range, which is a non-GAAP financial measure. See the appendix for additional information regarding this non-GAAP financial measure.

About Sempra Energy

Sempra Energy's mission is to be North America's premier energy infrastructure company. With more than $65 billion in total assets reported in 2019, 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 over 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. The company was also named one of the "World's Most Admired Companies" for 2020 by Fortune Magazine.

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. Forward-looking statements are based on assumptions with respect to the future, involve risks and uncertainties, and are not guarantees of performance. Future results may differ materially from those expressed in the forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of the date of this press release. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors.

In this press release, forward-looking statements can be identified by words such as "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "target," "pursue," "outlook," "maintain," or similar expressions, or when we discuss our guidance, strategy, goals, vision, mission, opportunities, projections or intentions.

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: California wildfires and the risk that we may be found liable for damages regardless of fault and the risk that we may not be able to recover any such costs from insurance, the wildfire fund established by California Assembly Bill 1054 or in rates from customers; decisions, investigations, regulations, issuances of permits and other authorizations, renewal of franchises, and other actions by the Comisión Federal de Electricidad, California Public Utilities Commission, U.S. Department of Energy, Public Utility Commission of Texas, regulatory and governmental bodies and jurisdictions in the U.S. and other countries in which we operate; the success of business development efforts, construction projects and major acquisitions and divestitures, including risks in (i) the ability to make a final investment decision and completing construction projects on schedule and budget, (ii) obtaining the consent of partners, (iii) counterparties' financial or other ability to fulfill contractual commitments, (iv) the ability to complete contemplated acquisitions and/or divestitures, and (v) 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 to place those ratings on negative outlook and our ability to borrow at favorable interest rates; moves to reduce or eliminate reliance on natural gas; the impact of the novel coronavirus on (i) our ability to commence and complete capital projects and obtain regulatory approvals, (ii) our current and prospective counterparties, customers and partners, and (iii) the stability of the capital markets; weather, natural disasters, accidents, equipment failures, computer system outages and other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires and subject us to 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; 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; 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; expropriation of assets, the failure of foreign governments and state-owned entities to honor the terms of contracts, and property disputes; the impact at San Diego Gas & Electric Company (SDG&E) on competitive customer rates and reliability due to the growth in distributed power generation and from departing retail load resulting from customers transferring to Direct Access, Community Choice Aggregation or other forms of distributed power generation and the 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 and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director; volatility in foreign currency exchange, interest and inflation rates and commodity prices and our ability to effectively hedge the risk of such volatility; changes in trade policies, laws and regulations, including 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 of changes to federal and state tax laws and our ability to mitigate adverse impacts; 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, and on the company's website, www.sempra.com. Investors should not rely unduly on any forward-looking statements.

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

APPENDIX

RECONCILIATION OF SEMPRA ENERGY 2020 ADJUSTED EPS GUIDANCE RANGE TO SEMPRA ENERGY 2020 GAAP EPS GUIDANCE RANGE (Unaudited)

Sempra Energy 2020 Adjusted EPS Guidance Range of $6.70 to $7.50 excludes approximately $1.8 billion to $2.0 billion estimated after-tax gain on the sale of our South American businesses, net of approximately $1.2 billion of income tax expense, which was calculated primarily based on applicable statutory tax rates.

Sempra Energy 2020 Adjusted EPS Guidance is a non-GAAP financial measure. Because of the significance and/or nature of the excluded item, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Sempra Energy's business operations to prior and future periods. Sempra Energy 2020 Adjusted EPS Guidance should not be considered an alternative to Sempra Energy 2020 GAAP EPS Guidance. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles Sempra Energy 2020 Adjusted EPS Guidance Range to Sempra Energy 2020 GAAP EPS Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Full-Year 2020
Sempra Energy GAAP EPS Guidance Range	$ 12.78 to $ 14.26

Excluded item:			
Estimated gain on sale of South American businesses	(6.08)		(6.76)
Sempra Energy Adjusted EPS Guidance Range	$ 6.70	to	$ 7.50
Weighted-average common shares outstanding, diluted (millions)			295

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