Sempra Energy Advances North American Strategy

June 30, 2020

- Exits South America

- Completes Multi-Year Capital Recycling Program

- Raises Company's 2020 EPS Guidance Ranges

SAN DIEGO, June 30, 2020 /PRNewswire/ -- Sempra Energy (NYSE: SRE) has completed its business exit from South America, following the recently announced sale of its Chilean businesses, which generated approximately $2.23 billion in total cash proceeds, subject to post-closing adjustments. The completion of the Chilean transactions concludes Sempra Energy's sales of its South American businesses in both Chile and Peru, resulting in approximately $5.82 billion in combined total cash proceeds, subject to customary post-closing adjustments. The company's investments are now focused in top-tier markets in North America.

"By successfully executing on a broad capital recycling program, the past two years have proven to be transformational for our company and have allowed us to efficiently concentrate our capital program on the most attractive markets in North America," said Trevor I. Mihalik, executive vice president and chief financial officer of Sempra Energy.

Completion of Multi-Year Capital Recycling Program

The company is executing its mission to build North America's premier energy infrastructure company by focusing on transmission and distribution (T&D) energy infrastructure in the most attractive markets in North America including California, Texas, Mexico and North America's liquefied natural gas export market. Over the past two years, Sempra Energy has repositioned its infrastructure portfolio through the divestiture of non-core assets and is committed to invest a record $32 billion in capital over its 2020-2024 five-year plan with a focus on T&D investments in its Texas and California utilities.

In total, including the sale of the company's South American businesses and the company's U.S. renewables business and non-utility natural gas storage assets, which was completed in 2019, the company has generated approximately $8.3 billion in total cash proceeds from these divestitures.

"These proceeds are being used to support our growth initiatives, strengthen our balance sheet and return value to our owners," said Mihalik.

Company Raises 2020 EPS Guidance Ranges

As a result of enhanced visibility into earnings growth related to progress made on the company's strategic plan, today Sempra Energy announced that it is raising its full-year 2020 GAAP earnings-per-share (EPS) guidance range to $12.38 to $13.32, from $11.88 to $13.02. The company's full-year 2020 adjusted EPS guidance range also has been increased to $7.20 to $7.80, from $6.70 to $7.50.

Non-GAAP Financial Measure

Sempra Energy's full-year 2020 adjusted EPS guidance is a non-GAAP financial measure (GAAP represents accounting principles generally accepted in the United States of America). For a reconciliation of this non-GAAP financial measure to its most comparable GAAP financial measure, refer to the table at the end of this document.

About Sempra Energy

Sempra Energy's mission is to be North America's premier energy infrastructure company. With more than $60 billion in total assets 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 18,000 employees deliver energy with purpose to over 35 million consumers. 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 sustainability, diversity and inclusion, 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 impact of the COVID-19 pandemic on our (i) ability to commence and complete capital and other projects and obtain regulatory approvals, (ii) supply chain and current and prospective counterparties, contractors, customers, employees and partners, (iii) liquidity, resulting from bill payment challenges experienced by our customers, decreased stability and accessibility of the capital markets and other factors, and (iv) ability to sustain operations and satisfy compliance requirements due to social distancing measures or if employee absenteeism were to increase significantly; 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 and the impact of the extreme volatility and unprecedented decline of oil prices on our businesses and development projects; 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 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 North American Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor and IEnova are not regulated by the California Public Utilities Commission.

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 $7.20 to $7.80 excludes items (after the effects of income taxes[1] and, if applicable, noncontrolling interests) as follows:

- $(72) million from impacts associated with Aliso Canyon natural gas storage facility litigation at Southern California Gas Company, net of $28 million income tax benefit
- $(100) million equity losses, on both a pretax and after-tax basis, at RBS Sempra Commodities LLP, which represents an estimate of our obligations to settle pending tax matters and related legal costs at our equity method investment at Parent and Other
- approximately $1.7 billion to $1.8 billion estimated after-tax gain on the sale of our South American businesses, net of approximately $1.2 billion of income tax expense.

Sempra Energy 2020 Adjusted EPS Guidance is a non-GAAP financial measure. Because of the significance and/or nature of the excluded items, 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	$ 12.38	to	$ 13.32
Excluded items:			
Impacts associated with Aliso Canyon litigation	0.24		0.24
Losses from investment in RBS Sempra Commodities LLP	0.34		0.34
Estimated gain on sale of South American businesses	(5.76)		(6.10)
Sempra Energy Adjusted EPS Guidance Range	$ 7.20	to	$ 7.80
Weighted-average common shares outstanding, diluted (millions)			295[2]

(1) Income taxes were primarily calculated based on applicable statutory tax rates. We did not record an income tax benefit for the equity losses from our investment in RBS Sempra Commodities LLP because, even though a portion of the liabilities may be deductible under United Kingdom tax law, it is not probable that the deduction will reduce United Kingdom taxes.

(2) Weighted-average common shares outstanding does not include the dilutive effect of mandatory convertible preferred stock as they are assumed to be antidilutive for full-year 2020. If such mandatory convertible preferred stock were dilutive for the full year, the 2020 GAAP EPS Guidance Range will differ from the range presented above.

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