Sempra Energy®

Sempra Energy

First Quarter 2020 Earnings Results

May 4, 2020

Information Regarding Forward-Looking Statements

This presentation 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 May 4, 2020. 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 presentation, 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 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.

Table of Contents

- Health + Safety Update
- Executive Summary
- High-Growth Infrastructure Portfolio
- Sales of South American Businesses
- Disciplined Capital Rotation Program
- Liquidity + Strengthening Credit Profile
- Operating Company Updates
- Financial Updates
- Summary

Health + Safety Update

Sempra Energy

In the midst of the coronavirus pandemic, we're reminded that our employees face health risks in their daily lives and unique challenges in performing their jobs. That's why our first principle has been, and continues to be, keeping them safe

1. Activated Executive Crisis Management (ECM) Task Force to mitigate impacts of COVID-19
2. Issued additional PPE for field employees + revised protocols for safe customer engagement
3. Retained a leading infectious disease expert to support our ECM Task Force
4. Instituted travel bans, restricted office access + increased sanitization
5. Continuing to engage with public health authorities to implement current health, safety + security guidelines; return to work plan underway
6. Providing employees technology reimbursement, stress management + mental health resources
7. Expanding paid sick + emergency leave policies for employees who need additional flexibility
8. Supporting our communities through Sempra Energy Foundation + subsidiaries' charitable giving

Executive Summary

Although these are challenging times, Sempra is committed to advancing its strategy to become North America's premier energy infrastructure company, while building resiliency into its business model + improving the competitive position of its portfolio

- Executing our disciplined strategy to become North America's premier energy infrastructure company
  - Nearing completion of capital rotation program, with Chile sale expected to close in May
  - Targeting a ~$7.5B 2020 capital program primarily related to our U.S. utility infrastructure[1]
  - Operating a more resilient business model to help deliver our financial commitments in various market conditions
  - Creating a high-growth platform with improved earnings power and visibility
- In combination, our strategy and disciplined execution is driving strong financial results
- Reporting Q1-2020 adjusted earnings per common share (EPS) of $3.08 compared to Q1-2019 adjusted EPS of $1.92[2]
- Reaffirming and guiding to the upper-end of our FY-2020 adjusted EPS guidance range of $6.70 – $7.50 and updating our FY-2020 GAAP EPS guidance range[2]
- Reaffirming our FY-2021 EPS guidance range of $7.50 – $8.10

1) Actual amounts expended will depend on a number of factors and may differ materially from the amounts reflected in our 2020 capital plan. The ~$7.5B represents our proportionate ownership share of the 2020 capital plan and includes ~$1.9B of capex that will be funded by unconsolidated entities, including our equity interests in Oncor, Sharyland and our unconsolidated JVs. Amount is before noncontrolling interests.
2) Represents a non-GAAP financial measure. GAAP EPS for Q1-2020 and Q1-2019 were $2.53 and $1.59, respectively. GAAP EPS Guidance Range for 2020 is $11.88 - $13.02 and includes the estimated gain on sale of the South American businesses and litigation costs related to Aliso Canyon and RBS Sempra Commodities LLP. See Appendix for information regarding non-GAAP financial measures.

High-Growth Infrastructure Portfolio

Over the past two years, Sempra has repositioned its infrastructure portfolio in some of the most attractive markets in North America

SDG&E

SoCalGas

ONCOR

Sempra LNG

IEnova
INFRAESTRUCTURA ENERGÉTICA
Una empresa de Sempra

Sales of South American Businesses

Total expected net sales proceeds of ~$4.7B will be used to pay down parent debt and fund our record capital program[(1)]

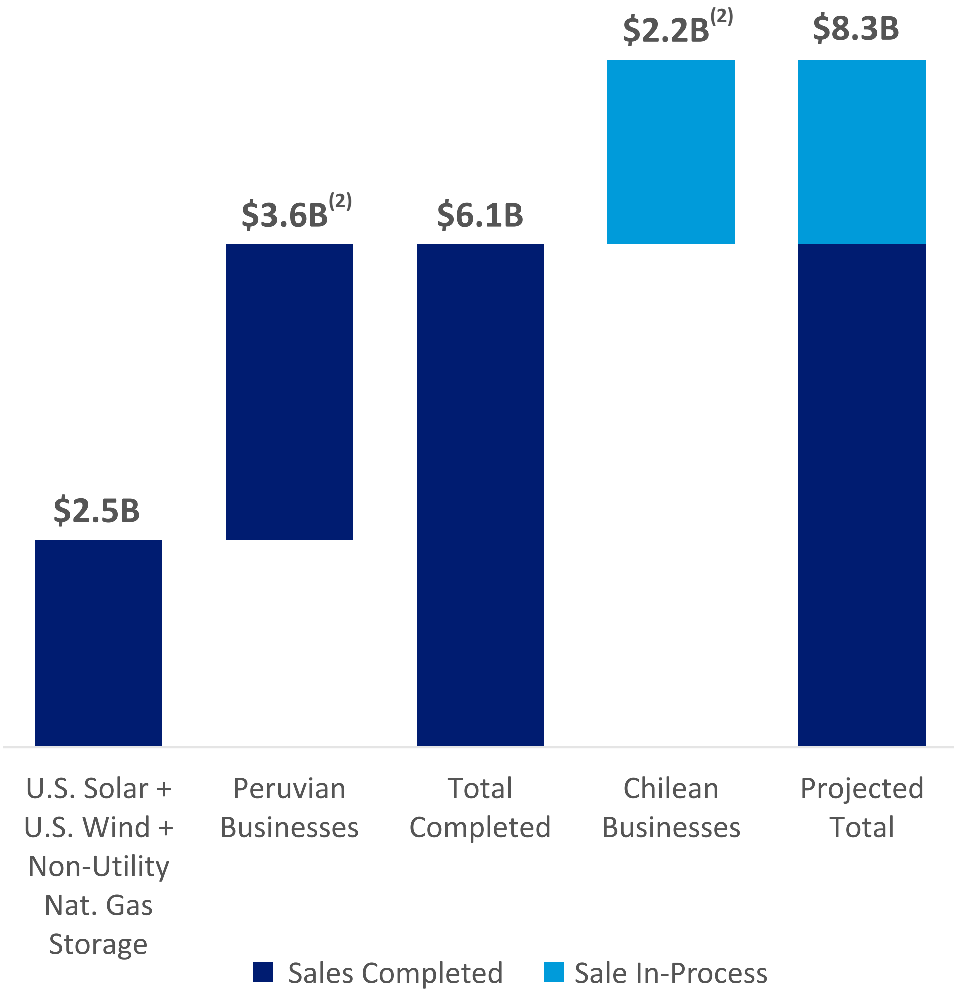
	Peru	Chile
Status	✓ Closed	Targeting May close
Buyer	Affiliate of China Yangtze Power International (Hongkong) Co., Ltd.	China State Grid International Development Ltd.
Sale Price[(2)]	$3.59B	$2.23B
Net Debt Relief[(3)]	$0.5B	$0.2B

- Q1-2019: Announced Decision to Sell
- Q2-2019
- Q3-2019: Announced Peru Sales Agreement
- Q4-2019: Announced Chile Sales Agreement
- Q2-2020: Closed Sale of Peru April 2020 + Expect Chile in May 2020

1) ~$4.7B of expected net proceeds based on our previously disclosed $4.55B - $4.85B range.
2) Subject to post-closing adjustments and, with respect to Chile, various conditions to closing.
3) Targeted adjusted net indebtedness amount per the Purchase and Sale Agreements dated September 27, 2019 for Peru and October 12, 2019 for Chile. Peru's amount represents Sempra's share at 83.6%.

Disciplined Capital Rotation Program

Divestitures Overview[1]



Strategic Rationale

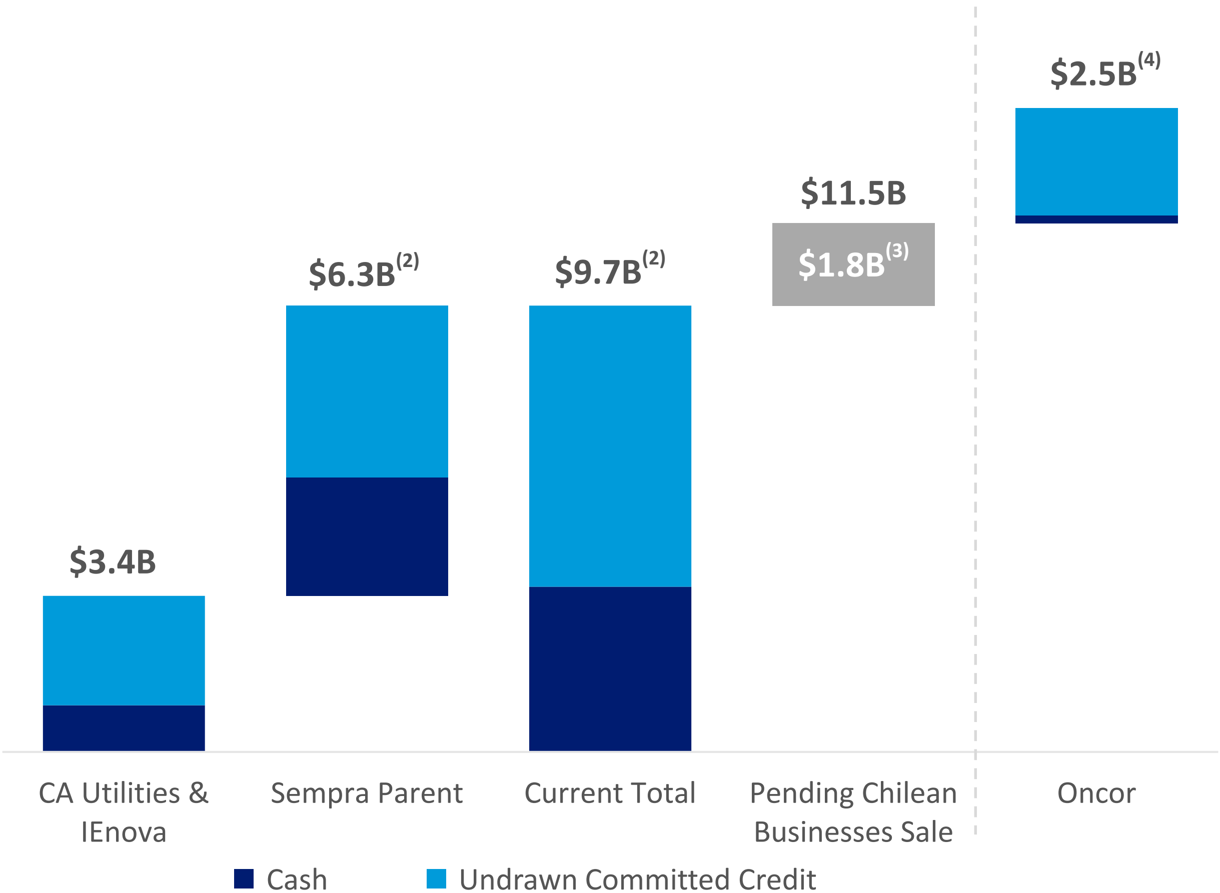
- Narrowing focus to some of the most attractive markets in North America
- Positioning business on what we believe is the lower-risk, higher-value portion of energy value chain
- Recycling proceeds to pay down debt + expand utility footprint in Texas with Oncor and InfraREIT
- Creating high-growth platform delivering safe + reliable energy with improved earnings power

1) Amounts listed represent expected gross proceeds for the South American businesses sales.
2) Subject to post-closing adjustments and, with respect to Chile, various conditions to closing.

Liquidity Position(1)

Robust liquidity position supports execution of our strategy in the current market environment

Strong Enterprise-Wide Liquidity



Summary

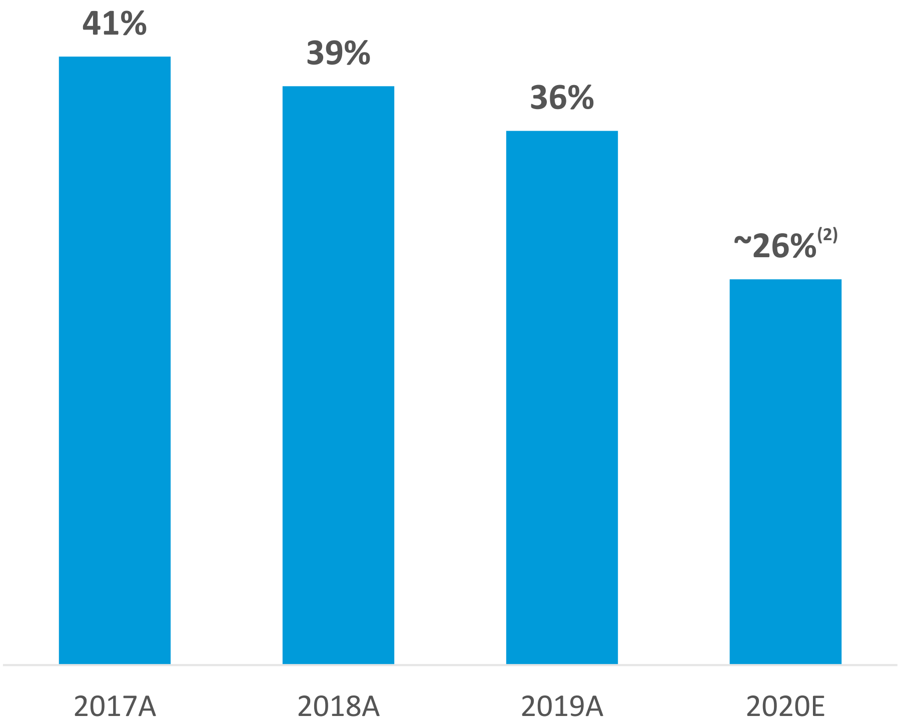
- ~$6.1B undrawn and available committed credit capacity
- ~$3.6B in cash
- Chile transaction expected to close in May
- Including expected Chile proceeds, Sempra's + Oncor's liquidity could total ~$14.0B(4)

1) Expected balances represent approximate liquidity as of May 1, 2020.
2) Net of expected foreign taxes on the sale of Peru.
3) The $1.8B in net proceeds represents the midpoint of the previously disclosed range of $1.75B - $1.85B. Subject to post-closing adjustments and various conditions to closing.
4) Amount reflects 100% of Oncor's liquidity. Due to ring-fencing measures, none of Oncor's assets are available to satisfy the debts or obligations of any Sempra entity and Oncor's assets and liabilities are separate and distinct from those of any Sempra entity.

Strengthening Credit Profile

Over the last few years, Sempra has executed a concerted strategy to strengthen its balance sheet and improve its business risk profile

HoldCo Debt to Total Debt Continues Downward Trend[1]



- Diversified U.S. utility rate base through acquisitions of T+D assets in Texas
- Divested U.S. renewable generation + non-core assets to fund acquisitions and pay down debt
- Issued ~$6.5B in common equity and mandatory convertible preferred stock
- Moved Cameron into operation, refinanced $3B of debt and improved project economics

Targeting ~16% FFO-to-Debt | ~50% Debt-to-Total Capitalization by year-end 2020[3]

1) 2018A, 2019A and 2020E amounts reflect Sempra's proportional ownership share in Oncor's debt. Sempra's indirect ownership in Oncor at December 31 was 80.25% for 2018 and 2019 and 80.45% for 2020.
2) Actual amounts may differ materially and does not include potential financing options.
3) Funds from Operations (FFO), and thereby the ratio of FFO to Debt, are non-GAAP financial measures. As defined and used by management, FFO, which is comprised of Net Cash Provided by Operating Activities (also referred to as operating cash flows), which we consider to be the most directly comparable GAAP measure, is adjusted to exclude changes in working capital. Targeted FFO-to-Debt represents a non-GAAP financial measure. A quantitative reconciliation to the most directly comparable GAAP financial measure is not accessible on a forward-looking basis.

U.S. Utility Infrastructure

Update
SDG&E | FERC Settlement Approved
▪ Approved ROE of 10.6% including 50 basis point CAISO adder(1)
▪ Effective June 1, 2019
SDG&E + SoCalGas | Petition for Modification Filed for 2019 General Rate Case
▪ SDG&E filed for attrition rates of 4.77% (~$106M) and 4.64% (~$108M) for years 2022 and 2023, respectively(2)
▪ SoCalGas filed for attrition rates of 4.95% (~$155M) and 4.16% (~$137M) for years 2022 and 2023, respectively(2)
▪ Requested final decision by YE-2020
Oncor | Continued Execution of 5-Year Capital Plan
▪ ~90% of projects in Oncor’s transmission budget through 2021 do not need further approvals before commencing construction
▪ ~18,000 new premises added in Q1-2020
▪ Strong premise growth continuing in Oncor’s service territory

1) Subject to refund if the FERC issues an order ruling that California IOUs are no longer eligible for the additional California Independent System Operator (ISO) ROE.
2) CPUC Docket # D.19-09-051.

North American Infrastructure

Project	Status
Cameron LNG Phase 1 | Nearing completion[1]	
▪ Train 1 + Train 2 COD	✓
▪ Train 3 achieved mechanical completion and has initiated startup process	✓
▪ Train 3 first LNG production expected Q2-2020 | COD expected in Q3-2020[1]	On-Track
ECA LNG Phase 1 | 2.5 Mtpa sold[1]	
▪ Signed 20-year SPAs with Total and Mitsui for 2.5 Mtpa	✓
▪ FID targeted Q2-2020, subject to receiving export permit	Ongoing
Cameron LNG Phase 2 | Continuing to advance development[1]	
▪ Signed MOU with Mitsubishi; MOUs with Total, Mitsui and Mitsubishi for 100% of project's offtake capacity with no change in equity ownership[2]	✓
Port Arthur LNG | Continuing to advance development[1]	
▪ Announced fixed-price, turnkey EPC agreement with Bechtel	✓
▪ FID moved to 2021	Ongoing
IEnova | Infrastructure to support energy needs in Mexico	
▪ Continuing to monitor the situation, but as a result of the current pandemic, it's reasonable to expect some of the construction capital will be deferred from 2020 to 2021	Ongoing

1) The ability to successfully complete major construction and LNG projects is subject to a number of risks and uncertainties, including uncertainty relating to disruptions caused by the COVID-19 pandemic. Please also refer to "Risk Factors" and "Capital Resources and Liquidity" in our most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q for a description of the risks and other factors associated with LNG development, construction and other opportunities.
2) Subject to negotiating and reaching definitive agreements. The MOUs do not commit any party to enter into a definitive agreement, or otherwise participate in these projects.

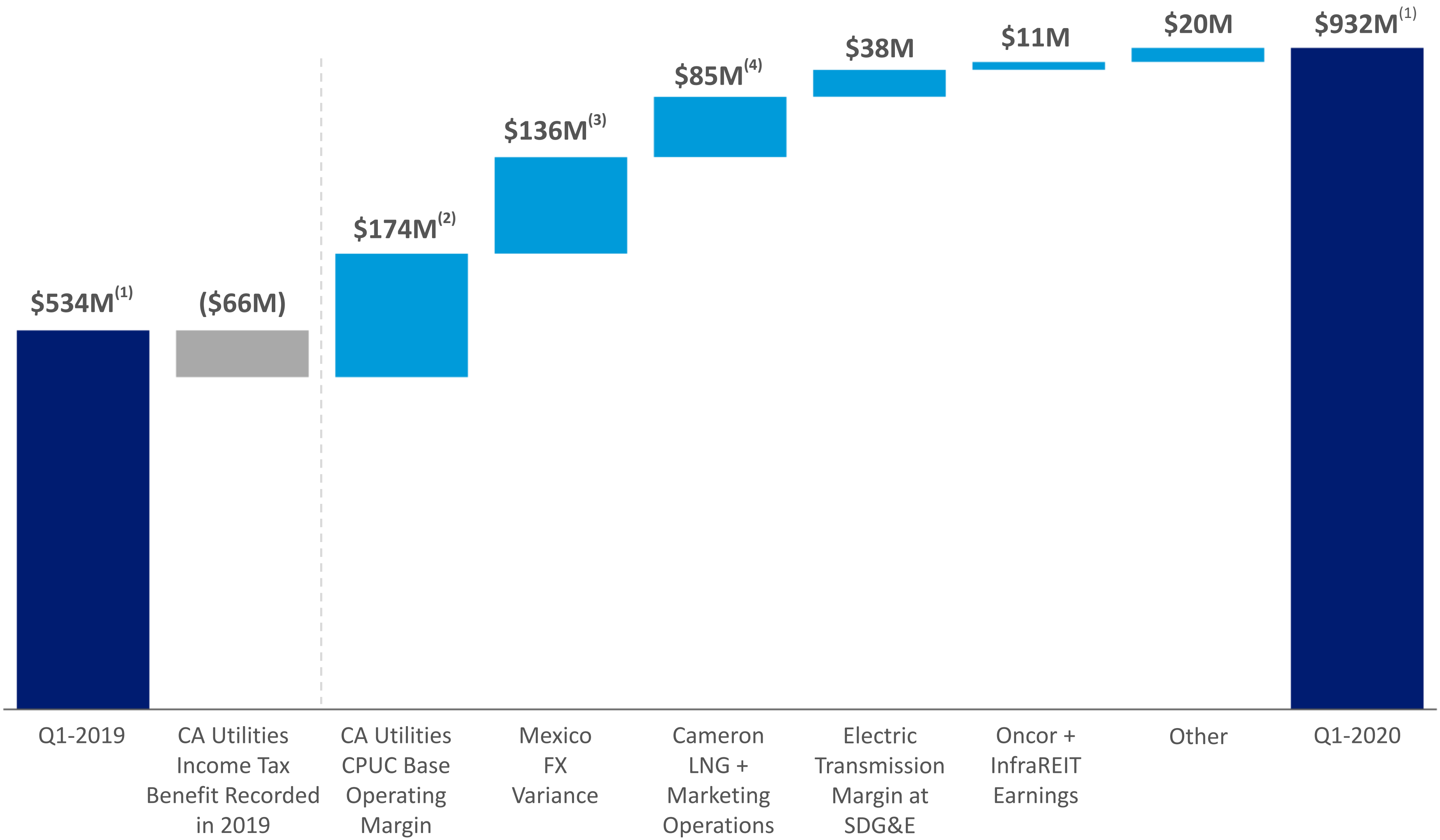
First Quarter 2020 Results

Sempra Energy

(Dollars, except EPS, and shares, in millions)	Three months ended March 31, 2020	2019
	(Unaudited)	
GAAP Earnings	$ 760	$ 441
Impacts Associated with Aliso Canyon Litigation	72	-
Losses from Investment in RBS Sempra Commodities LLP	100	-
Tax Impacts from Expected Sale of South American Businesses	-	93
Adjusted Earnings[1]	$ 932	$ 534
GAAP Diluted Weighted-Average Common Shares Outstanding	314	277
GAAP Earnings Per Diluted Common Share[2]	$ 2.53	$ 1.59
Adjusted Diluted Weighted-Average Common Shares Outstanding[1],[3]	314	291
Adjusted Earnings Per Diluted Common Share[1],[2],[3]	$ 3.08	$ 1.92

1) Represents a non-GAAP financial measure. See Appendix for information regarding non-GAAP financial measures.
2) To calculate Q1-2020 GAAP EPS and Adjusted EPS, preferred dividends of $36M are added back to GAAP Earnings and Adjusted Earnings because of the dilutive effect of Series A and Series B mandatory convertible preferred stock in the quarter.
3) To calculate Q1-2019 Adjusted EPS, preferred stock dividends of $26M are added back to Adjusted Earnings and ~14M shares are included in Adjusted Diluted Weighted-Average Common Shares Outstanding because of the dilutive effect of Series A mandatory convertible preferred stock in the quarter.

Q1-2020 Adjusted Earnings[1] Drivers



1) Represents a non-GAAP financial measure. GAAP Earnings for Q1-2020 and Q1-2019 were $760M and $441M, respectively. See Appendix for information regarding non-GAAP financial measures.
2) Includes $120M of lower CPUC base operating margin in 2019 due to the delay in issuance of the final decision in the 2019 GRC.
3) All variance explanations for Sempra Mexico are shown after noncontrolling interests.
4) Includes $43M higher equity earnings from Cameron LNG JV primarily due to Train 1 and Train 2 commencing commercial operations under their tolling agreements in August 2019 and February 2020, respectively, and $42M higher earnings from marketing operations primarily driven by changes in natural gas prices.

Summary

- Executing our disciplined strategy to become North America's premier energy infrastructure company
  - Nearing completion of capital rotation program, with Chile sale expected to close in May
  - Targeting a ~$7.5B 2020 capital program primarily related to our U.S. utility infrastructure[1]
  - Operating a more resilient business model to help deliver our financial commitments in various market conditions
  - Creating a high-growth platform with improved earnings power and visibility
- In combination, our strategy and disciplined execution is driving strong financial results
- Reporting Q1-2020 adjusted EPS of $3.08 compared to Q1-2019 adjusted EPS of $1.92[2]
- Reaffirming and guiding to the upper-end of our FY-2020 adjusted EPS guidance range of $6.70 – $7.50 and updating our FY-2020 GAAP EPS guidance range[2]
- Reaffirming our FY-2021 EPS guidance range of $7.50 – $8.10

1) Actual amounts expended will depend on a number of factors and may differ materially from the amounts reflected in our 2020 capital plan. The ~$7.5B represents our proportionate ownership share of the 2020 capital plan and includes ~$1.9B of capex that will be funded by unconsolidated entities, including our equity interests in Oncor, Sharyland and our unconsolidated JVs. Amount is before noncontrolling interests.
2) Represents a non-GAAP financial measure. GAAP EPS for Q1-2020 and Q1-2019 were $2.53 and $1.59, respectively. GAAP EPS Guidance Range for 2020 is $11.88 - $13.02 and includes the estimated gain on sale of the South American businesses and litigation costs related to Aliso Canyon and RBS Sempra Commodities LLP. See Appendix for information regarding non-GAAP financial measures.

Appendix

COVID-19 Update | California Utilities

Sempra Energy

Workforce Protocol

- Revised protocols for onsite employees including physical separation within operating groups, separate service vehicles and increased protective gear
- Employees that can work remotely continue to do so

Customer Exposure

- Level of uncollectible bill expense currently authorized in revenue requirement (0.17% at SDG&E and 0.31% at SoCalGas for 2020)
  - Authorized to track and request recovery of incremental costs associated with the CPUC-directed COVID-19 Pandemic Protections Memo Account

SDGE

SoCalGas

Volumetric Exposure

- Decoupled revenues with no earnings exposure to changes in volumes or commodity prices
- Revenue shortfall is tracked and recovered through rates in subsequent years

Capital Deployment

- Utilities designated as essential and critical service providers
- 80%+ of 5-year capital plan relates to safety and reliability
- 2020 capital budget remains on track

COVID-19 Update | Oncor

Workforce Protocol

- Revised protocols for onsite employees including physical separation within operating groups, separate service vehicles and increased use of masks
- Employees that can work remotely continue to do so

Customer Exposure

- T+D operator with distribution billing services provided by Retail Electric Providers (REPs)
  - 33 cents per MWh on bills to create recovery fund for REPs
  - Write-offs of uncollectible amounts owed by REPs recorded as a regulatory asset for recovery in subsequent years

Volumetric Exposure

- Across all customer classes, volumetric exposure is primarily related to residential customers (largely driven by weather)
- Majority of large C&I revenues are demand charge driven; set by the higher of peak demand in current month or 80% of highest peak over last 11 months

Capital Deployment

- Utilities designated as essential and critical service providers
- About 90% of projects in Oncor's transmission budget through 2021 need no further approvals before commencing construction and ~18,000 new premises connected in Q1-2020

COVID-19 Update | NA Infrastructure

Workforce Protocol

- Cameron LNG Phase 1 | Onsite workforce requirements continue to decline as project is well into commissioning phase; health protocols in place for all personnel
- IEnova | Revised protocols for onsite employees; those that can work remotely continue to do so

Customer Exposure

- Cameron LNG Phase 1 | A-rated customers that are also JV equity partners
- Sempra LNG | Strong credit quality of potential customers at development projects
- IEnova | Private customers account for more than 50% of total revenues

Volumetric Exposure

- Sempra LNG | Take-or-pay tolling arrangements at Cameron; all other development projects expected to be take-or-pay
- IEnova | Majority of contracts are take-or-pay + U.S. dollar denominated; average remaining portfolio contract life of 21 years

Capital Deployment

- Sempra LNG | Dev. projects driven by customer demand + only pursued if economics are well in excess of U.S. utilities(1)
- IEnova | Continuing to monitor the situation, but as a result of the current pandemic, it's reasonable to expect some of construction capital will be deferred from 2020 to 2021

1) Actual results may differ materially from anticipated results.

Appendix
Business Unit Earnings

SDG&E

(Unaudited, dollars in millions)	Three months ended March 31, 2020	2019
SDG&E GAAP Earnings	$ 262	$ 176

- Q1-2020 earnings are higher than Q1-2019 primarily due to:
  - $65M higher CPUC base operating margin, net of operating expenses, including $36M lower CPUC base operating margin in 2019 due to the delay in the issuance of the 2019 GRC Final Decision,
  - $38M higher electric transmission margin, including impacts from FERC approval of the TO5 settlement, and
  - $9M higher AFUDC equity, **partially offset by**
  - $31M income tax benefit in 2019 from the January 2019 regulatory decision that provided direction on how to allocate certain excess deferred income tax balances
  - $6M amortization of Wildfire Fund asset

SoCalGas

Sempra Energy

(Unaudited, dollars in millions)	Three months ended March 31, 2020		Three months ended March 31, 2019	
SoCalGas GAAP Earnings	$	303	$	264
Impacts Associated with Aliso Canyon Litigation		72		-
SoCalGas Adjusted Earnings[1]	$	375	$	264

- Q1-2020 adjusted earnings are higher than Q1-2019 earnings primarily due to:[1]
  - $109M higher CPUC base operating margin, net of operating expenses, including $84M lower CPUC base operating margin in 2019 due to the delay in the issuance of the 2019 GRC Final Decision,
  - $21M higher income tax benefits from flow-through items, and
  - $8M in penalties in 2019 related to the SoCalGas Billing Practices OII, **partially offset by**
  - $35M income tax benefit in 2019 from the January 2019 regulatory decision that provided direction on how to allocate certain excess deferred income tax balances

1) Adjusted Earnings represents a non-GAAP financial measure. See Appendix for information regarding non-GAAP financial measures and description of the adjustment above.

Sempra Texas Utilities

(Unaudited, dollars in millions)	Three months ended March 31, 2020	2019
Sempra Texas Utilities GAAP Earnings	$ 105	$ 94

- Q1-2020 earnings are $11M higher than Q1-2019 due to higher equity earnings from Oncor Holdings in 2020, driven mainly by the impact of Oncor's acquisition of InfraREIT in May 2019 and higher revenues due to rate updates to reflect increases in invested transmission capital, partially offset by higher operating costs and lower consumption due to weather

Sempra LNG

(Unaudited, dollars in millions)	Three months ended March 31, 2020	2019
Sempra LNG GAAP Earnings	$ 75	$ 5

- Q1-2020 earnings are higher than Q1-2019 primarily due to:
  - $43M higher equity earnings from Cameron LNG JV primarily due to Train 1 and Train 2 commencing commercial operations under their tolling agreements in August 2019 and February 2020, respectively, and
  - $42M higher earnings from marketing operations primarily driven by changes in natural gas prices, **partially offset by**
  - $5M higher liquefaction project development costs

Sempra Mexico[1]

(Unaudited, dollars in millions)	Three months ended March 31, 2020	2019
Sempra Mexico GAAP Earnings	$ 191	$ 57

- Q1-2020 earnings are higher than Q1-2019 primarily due to:
  - $136M favorable impact from foreign currency and inflation effects net of foreign currency derivatives effects, and
  - $5M higher earnings, primarily due to the start of commercial operations of the Sur de Texas-Tuxpan marine pipeline at IMG JV in the third quarter of 2019, **partially offset by**
  - $6M lower earnings at the Guaymas-El Oro segment of the Sonora pipeline primarily from force majeure payments that ended in August 2019

1) All variance explanations are shown after noncontrolling interests.

Discontinued Operations (Sempra South American Utilities)[1]

(Unaudited, dollars in millions)	Three months ended March 31, 2020	Three months ended March 31, 2019
Discontinued Operations GAAP Earnings (Losses)	$ 72	$ (51)
Change in Indefinite Reinvestment Assertion of Basis Differences in Discontinued Operations	-	103
Discontinued Operations Adjusted Earnings[2]	$ 72	$ 52

- Q1-2020 adjusted earnings are higher than Q1-2019 primarily due to $7M income tax benefit in 2020 compared to $13M income tax expense in 2019 related to changes in outside basis differences from earnings and foreign currency effects since January 25, 2019[2]

1) Discontinued Operations include the operations of Sempra's South American businesses and income tax impacts associated with holding those businesses for sale.
2) Adjusted Earnings represents a non-GAAP financial measure. See Appendix for information regarding non-GAAP financial measures and description of the adjustment above.

Parent & Other

(Unaudited, dollars in millions)	Three months ended March 31, 2020	2019
Parent & Other GAAP Losses	$ (248)	$ (117)
Losses from Investment in RBS Sempra Commodities LLP	100	-
Reduction in Tax Valuation Allowance Against Certain NOL Carryforwards	-	(10)
Parent & Other Adjusted Losses[1]	$ (148)	$ (127)

- Adjusted losses in Q1-2020 are higher than Q1-2019 primarily due to $19M net investment losses in 2020 compared to $15M net investment gains in 2019 on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation obligations

1) Adjusted Losses represents a non-GAAP financial measure. See Appendix for information regarding non-GAAP financial measures and description of the adjustments above.

Appendix
Non-GAAP Financial Measures

Adjusted Earnings and Adjusted EPS (Unaudited)

Sempra Energy

Adjusted Earnings (Losses) and Adjusted EPS exclude items (after the effects of income taxes and, if applicable, noncontrolling interests) in 2020 and 2019 as follows:

In the three months ended March 31, 2020:

- $(72)M from impacts associated with Aliso Canyon natural gas storage facility litigation at Southern California Gas Company (SoCalGas)
- $(100)M equity losses 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

In the three months ended March 31, 2019:

Associated with holding the South American businesses for sale:

- $(103)M income tax expense from outside basis differences in our South American businesses primarily related to the change in our indefinite reinvestment assertion from our decision in January 2019 to hold those businesses for sale
- $10M income tax benefit to reduce a valuation allowance against certain net operating loss (NOL) carryforwards as a result of our decision to sell our South American businesses

Adjusted Earnings (Losses), Weighted-Average Common Shares Outstanding – Adjusted and Adjusted EPS are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and/or nature of the excluded items, management believes that these non-GAAP financial measures provide a meaningful comparison of the performance of business operations to prior and future periods. 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 tables below reconcile for historical periods these non-GAAP financial measures to GAAP Earnings (Losses), Weighted-Average Common Shares Outstanding – GAAP and GAAP EPS, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

Adjusted Earnings and Adjusted EPS (Unaudited)

(Dollars in millions, except per share amounts; shares in thousands)	Pretax amount	Income tax (benefit) expense[1]	Earnings	Income tax expense (benefit)[1]	Earnings
	Three months ended March 31, 2020			Three months ended March 31, 2019	
Sempra Energy GAAP Earnings			$ 760		$ 441
Excluded items:					
Impacts associated with Aliso Canyon litigation	$ 100	$ (28)	72	$ -	-
Losses from investment in RBS Sempra Commodities LLP	100	-	100	-	-
Associated with holding the South American businesses for sale:					
Change in indefinite reinvestment assertion of basis differences in discontinued operations	-	-	-	103	103
Reduction in tax valuation allowance against certain NOL carryforwards	-	-	-	(10)	(10)
Sempra Energy Adjusted Earnings			$ 932		$ 534
Diluted EPS:					
Sempra Energy GAAP Earnings for GAAP EPS[2]			$ 796		$ 441
Weighted-average common shares outstanding, diluted - GAAP			313,925		277,228
Sempra Energy GAAP EPS			$ 2.53		$ 1.59
Sempra Energy Adjusted Earnings for Adjusted EPS[2],[3]			$ 968		$ 560
Weighted-average common shares outstanding, diluted - Adjusted[3]			313,925		291,179
Sempra Energy Adjusted EPS			$ 3.08		$ 1.92

(1) Except for adjustments that are solely income tax and tax related to outside basis differences, 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) In the three months ended March 31, 2020, due to the dilutive effect of the mandatory convertible preferred stock, the numerator used to calculate GAAP EPS and Adjusted EPS includes an add-back of $36M of mandatory convertible preferred stock dividends declared in that quarter.

(3) In the three months ended March 31, 2019, the assumed conversion of the series A preferred stock and the series B preferred stock are antidilutive for GAAP Earnings, however, the series A preferred stock is dilutive for the higher Adjusted Earnings. As such, the series A preferred stock dividends of $26M have been added back to the numerator and the dilutive effect of the series A preferred stock shares of ~14M has been added to the denominator when calculating Adjusted EPS.

Adjusted Earnings (Losses) by Business Units (Unaudited)[1]

	SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Energy Consolidated
GAAP Earnings (Losses)	$ 262	$ 303	$ 105	$ 191	$ 75	$ (248)	$ 72	$ 760
Impacts Associated with Aliso Canyon Litigation, Net of $28 Income Tax Benefit		72						72
Losses from Investment in RBS Sempra Commodities LLP						100		100
Adjusted Earnings (Losses)	$ 262	$ 375	$ 105	$ 191	$ 75	$ (148)	$ 72	$ 932

	Three months ended March 31, 2019								
	SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra Renewables	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Energy Consolidated
GAAP Earnings (Losses)	$ 176	$ 264	$ 94	$ 57	$ 13	$ 5	$ (117)	$ (51)	$ 441
Tax Impacts from Expected Sale of South American Businesses							(10)	103	93
Adjusted Earnings (Losses)	$ 176	$ 264	$ 94	$ 57	$ 13	$ 5	$ (127)	$ 52	$ 534

[1] Except for adjustments that are solely income tax and tax related to outside basis differences, 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.

2020 Adjusted EPS Guidance Range (Unaudited)

Sempra Energy 2020 Adjusted EPS Guidance Range of $6.70 to $7.50 excludes items (after the effects of income taxes and, if applicable, noncontrolling interests) as follows:

- $(72) million from impacts associated with Aliso Canyon natural gas storage facility litigation at SoCalGas
- $(100) million equity losses 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, 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 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 in accordance with GAAP.

	Full-Year 2020		
Sempra Energy GAAP EPS Guidance Range	$ 11.88	to	$ 13.02
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	$ 6.70	to	$ 7.50
Weighted-average common shares outstanding, diluted (millions)			295