

SEMPRA ENERGY

First Quarter 2021 Earnings Results

May 5, 2021



INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains statements that 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. Future results may differ materially from those expressed in any forward-looking statements. These forward-looking statements represent our estimates and assumptions only as of May 5, 2021. 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,” “in process,” “under construction,” “in development,” “target,” “outlook,” “maintain,” “continue,” or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: California wildfires, including the risks that we may be found liable for damages regardless of fault and that we may not be able to recover costs from insurance, the wildfire fund established by California Assembly Bill 1054 or in rates from customers; decisions, investigations, regulations, issuances or revocations of permits and other authorizations, renewals of franchises, and other actions by (i) the Comisión Federal de Electricidad, California Public Utilities Commission (CPUC), U.S. Department of Energy, Public Utility Commission of Texas, and other regulatory and governmental bodies and (ii) states, counties, cities and other jurisdictions in the U.S., Mexico and other countries in which we do business; 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, (ii) completing construction projects or other transactions on schedule and budget, (iii) the ability to realize anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent of partners or other third parties; the resolution of civil and criminal litigation, regulatory inquiries, investigations and proceedings, and arbitrations, including, among others, those related to the natural gas leak at Southern California Gas Company’s (SoCalGas) Aliso Canyon natural gas storage facility; the impact of the COVID-19 pandemic on our capital projects, regulatory approval processes, supply chain, liquidity and execution of operations; actions by credit rating agencies to downgrade our credit ratings or to place those ratings on negative outlook and our ability to borrow on favorable terms and meet our substantial debt service obligations; actions to reduce or eliminate reliance on natural gas, including any deterioration of or increased uncertainty in the political or regulatory environment for local natural gas distribution companies operating in California, and the impact of volatility of oil prices on our businesses and development projects; weather, natural disasters, pandemics, accidents, equipment failures, explosions, acts of terrorism, 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, 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 of natural gas from storage facilities, and equipment failures; cybersecurity threats to the energy grid, the 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, failure of foreign governments and state-owned entities to honor their 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 and local power generation, including from departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation, 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, inflation and interest rates and commodity prices and our ability to effectively hedge these risks; changes in tax and trade policies, laws and regulations, including tariffs and revisions to international trade agreements that may increase our costs, reduce our competitiveness, or impair our ability to resolve trade disputes; 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 SoCalGas, and Sempra North American Infrastructure, Sempra LNG, Sempra Mexico, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.

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EXECUTIVE SUMMARY

Advancing our mission to be North America's premier energy infrastructure company

Progressing Sempra Infrastructure through the following transactions¹

- Announced agreement to sell 20% noncontrolling interest (NCI) to KKR for \$3.37B^{2,3}
- Launched IEnova exchange offer on April 26th and expect to close by end of May²

Reporting Q1-2021 adjusted earnings per common share (EPS) of \$2.95 compared to Q1-2020 adjusted EPS of \$2.47⁴

Affirming FY-2021 adjusted EPS guidance range of \$7.50 – \$8.10⁴

1. Sempra Infrastructure represents the combined businesses of Sempra LNG and IEnova under Sempra Global.
2. Subject to adjustments and various conditions to closing. The ability to complete this transaction is subject to conditions to closing and a number of risks and uncertainties. Please refer to "Risk Factors" in our most recent Annual Report on Form 10-K and "Risk Factors" and "Capital Resources and Liquidity" in our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with this transaction.
3. KKR Pinnacle Aggregator L.P., an affiliate of Kohlberg Kravis Roberts & Co. L.P. (KKR).
4. Adjusted EPS and Adjusted EPS Guidance Range represent non-GAAP financial measures. GAAP EPS for Q1-2021 and Q1-2020 were \$2.87 and \$2.53, respectively. GAAP EPS Guidance Range for FY-2021 is \$7.42 – \$8.02. Q1-2020 Adjusted EPS has been updated to exclude additional items to conform to current year presentation. See Appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

BUSINESS UPDATES

GROWTH PLATFORMS

CALIFORNIA UTILITIES

- Received proposed GRC decision for 2022 and 2023 attrition rates, respectively:¹
 - SDG&E | 3.92% (~\$87M) and 3.70% (~\$86M)
 - SoCalGas | 4.53% (~\$142M) and 3.97% (~\$130M)

TEXAS UTILITIES

- Oncor continued strong organic growth connecting ~19,000 premises in Q1-2021 vs ~18,000 premises in Q1-2020
- Oncor proactively implemented rolling outages in Feb 2021 to preserve system resiliency as instructed by ERCOT and continues working to mitigate impacts from future weather events

SEMPRA INFRASTRUCTURE

- Finalized acquisition of remaining 50% equity interest in Energía Sierra Juárez for \$79M in Mar 2021
- Placed 150MW Border Solar in service Mar 2021
- Exchange offer for IEnova shares expected to close end of May²
- Sale of 20% equity interest in Sempra Infrastructure to KKR expected to close in mid-2021²

1. CPUC Docket: Application A.17-10-007, A.17-10-008. General Rate Case (GRC).

2. The ability to complete this transaction is subject to conditions to closing and a number of risks and uncertainties. Please refer to "Risk Factors" in our most recent Annual Report on Form 10-K and "Risk Factors" and "Capital Resources and Liquidity" in our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with this transaction.

SEMPRA INFRASTRUCTURE

\$3.37B¹

CASH PROCEEDS

Highlighting
value to our
owners

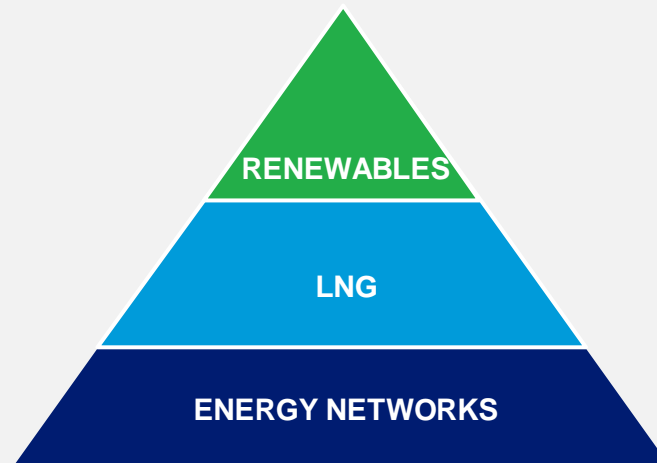


USE OF PROCEEDS



Fund future growth
focused on U.S.
Utilities and
strengthen the
balance sheet

SEMPRA INFRASTRUCTURE



Expected to create scale, unlock portfolio synergies, drive growth and help enable the global energy transition

\$25.2B²

ENTERPRISE VALUE

Mid-2021¹

EXPECTED CLOSE

STRONG BALANCE SHEET



Targeting investment-grade
credit rating for Sempra
Infrastructure

KKR GLOBAL INFRASTRUCTURE³

KKR has infrastructure investments across a range of sub-sectors and geographies

20% EQUITY INTEREST

1. Subject to adjustments and various conditions to closing. The ability to complete this transaction is subject to conditions to closing and a number of risks and uncertainties. Please refer to "Risk Factors" in our most recent Annual Report on Form 10-K and "Risk Factors" and "Capital Resources and Liquidity" in our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with this transaction.
2. Enterprise value is defined as the measure of a company's total value and includes in its calculation the market capitalization of a company but also short-term and long-term debt as well as any cash on the company's balance sheet. The implied enterprise value of \$25.2B is calculated by dividing total purchase price of \$3.37B by equity interest of 20% to get to a total equity value of \$16.85B plus expected direct and indirect net debt at closing of \$8.37B.
3. KKR will be making the investment primarily through its Global Infrastructure Funds.

Q1-2021 FINANCIAL RESULTS

	Three months ended	
	March 31,	
(Dollars, except EPS, and shares in millions)	2021	2020
	(Unaudited)	
GAAP Earnings	\$ 874	\$ 760
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ¹	(3)	(150)
Net Unrealized Losses (Gains) on Commodity Derivatives ¹	29	(41)
Impacts Associated with Aliso Canyon Litigation	-	72
Losses from Investment in RBS Sempra Commodities LLP	-	100
Adjusted Earnings²	\$ 900	\$ 741
Diluted Weighted-Average Common Shares Outstanding	308	314
GAAP EPS ^{3,4}	\$ 2.87	\$ 2.53
Diluted Weighted-Average Common Shares Outstanding	308	314
Adjusted EPS^{2,3,4}	\$ 2.95	\$ 2.47

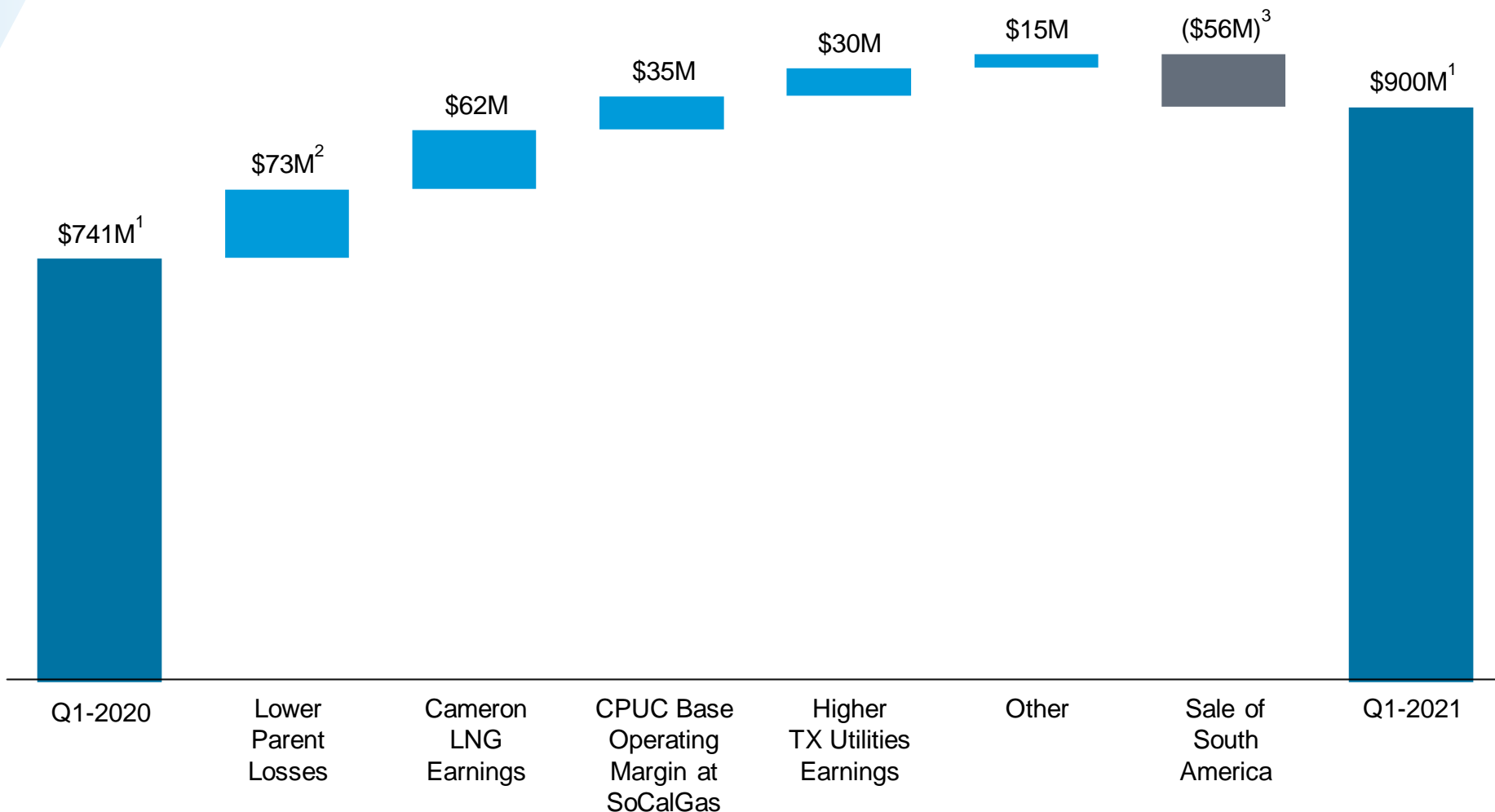
1. Q1-2020 Adjusted Earnings and Adjusted EPS have been updated to exclude this item to conform to current year presentation.

2. Represents a non-GAAP financial measure. Q1-2020 Adjusted Earnings and Adjusted EPS have been updated to exclude additional items to conform to current year presentation. See Appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

3. To calculate Q1-2021 GAAP EPS and Adjusted EPS, preferred dividends of \$10M are added back to GAAP Earnings and Adjusted Earnings because of the dilutive effect of Series B mandatory convertible preferred stock in the quarter.

4. 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.

Q1-2021 ADJUSTED EARNINGS DRIVERS



1. Represents a non-GAAP financial measure. GAAP Earnings for Q1-2021 and Q1-2020 were \$874M and \$760M, respectively. Q1-2020 Adjusted Earnings has been updated to exclude additional items to conform to current year presentation. See Appendix for information regarding non-GAAP financial measures and descriptions of adjustments.
2. Represents a non-GAAP financial measure. GAAP Losses at Parent and Other were lower by \$165M. See Appendix for information regarding non-GAAP financial measures.
3. Represents a non-GAAP financial measure. GAAP Earnings at Discontinued Operations were lower by \$72M. See Appendix for information regarding non-GAAP financial measures.

SUMMARY

Advancing our mission to be North America's premier energy infrastructure company by consistently growing our three business platforms

- California Utilities
- Texas Utilities
- Sempra Infrastructure

Progressing Sempra Infrastructure through the following transactions¹

- Announced agreement to sell 20% NCI to KKR for \$3.37B²
- Launched IEnova exchange offer on April 26th and expect to close by end of May²

Reporting Q1-2021 adjusted EPS of \$2.95 compared to Q1-2020 adjusted EPS of \$2.47³

Affirming FY-2021 adjusted EPS guidance range of \$7.50 – \$8.10³

1. Sempra Infrastructure represents the combined businesses of Sempra LNG and IEnova under Sempra Global.
2. Subject to adjustments and various conditions to closing. The ability to complete this transaction is subject to conditions to closing and a number of risks and uncertainties. Please refer to "Risk Factors" in our most recent Annual Report on Form 10-K and "Risk Factors" and "Capital Resources and Liquidity" in our most recent Quarterly Report on Form 10-Q for a description of the risks and other factors associated with this transaction.
3. Adjusted EPS and Adjusted EPS Guidance Range represent non-GAAP financial measures. GAAP EPS for Q1-2021 and Q1-2020 were \$2.87 and \$2.53, respectively. GAAP EPS Guidance Range for FY-2021 is \$7.42 – \$8.02. Q1-2020 Adjusted EPS has been updated to exclude additional items to conform to current year presentation. See Appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

APPENDIX

SUSTAINABILITY GOALS

ACCELERATING THE ENERGY TRANSITION

DECARBONIZATION

- Reducing the carbon content of energy
- Including GHG emissions across all scopes

DIVERSIFICATION

- Bringing new lower- to zero-carbon fuel choices to every market we serve
- Expanding distributed networks and storage to improve resiliency

DIGITALIZATION

- Improving operational efficiency, safety and service
- Integrating real-time information and cutting-edge analytics

TIMELINE OF TARGETED GOALS

Each Year →

2030 →

2045 →

2050



- Operate existing LNG infrastructure at a GHG emissions intensity 20% below 2020 baseline¹
- Fulfill 100% of renewable energy requests for interconnections at Oncor

- Reduce our CA utilities + Mexico (non-LNG) GHG emissions by 50% compared to 2019 baseline
- Deliver 20% renewable natural gas at SoCalGas²

- Achieve net-zero GHG emissions at SDG&E + SoCalGas
- Deliver 100% renewable or zero-carbon energy to CA electric customers at SDG&E

100% net-zero GHG emissions across all scopes³

<https://www.sempra.com/sustainability/sustainability-report>

1. This goal is through 2025. As the LNG business gains operational history, a new goal is expected to be established.
 2. Specifically, aim to provide 20% renewable natural gas to core customers as defined in SoCalGas' Tariff Rule No. 23, by 2030.
 3. Due to certain ring-fencing measures, Oncor sets its own ESG goals, and unless specifically indicated, enterprise goals and activities identified do not include Oncor.

APPENDIX

Business Unit Earnings

CA UTILITIES | SDG&E

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2021	2020
SDG&E GAAP Earnings	\$ 212	\$ 262

Q1-2021 earnings are lower than Q1-2020 primarily due to:

- \$26M lower electric transmission margin, including favorable impacts from the March 2020 FERC-approved TO5 settlement proceeding, and
- \$21M lower CPUC base operating margin, net of operating expenses, primarily due to favorable resolution of regulatory matters in 2020

CA UTILITIES | SOCALGAS

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2021	2020
SoCalGas GAAP Earnings	\$ 407	\$ 303
Impacts Associated with Aliso Canyon Litigation	-	72
SoCalGas Adjusted Earnings ¹	\$ 407	\$ 375

Q1-2021 earnings are higher than Q1-2020 adjusted earnings primarily due to \$35M higher CPUC base operating margin, net of operating expenses¹

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

TX UTILITIES | SEMPRA TEXAS UTILITIES

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2021	2020
Sempra Texas Utilities GAAP Earnings	\$ 135	\$ 105

Q1-2021 earnings are higher than Q1-2020 primarily due to higher equity earnings driven by:

- Increased revenues from rate updates to reflect increases in invested capital, and
- Higher consumption due to weather, **partially offset by**
- Increased operating costs and expenses attributable to invested capital

INFRASTRUCTURE | SEMPRA MEXICO¹

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2021	2020
Sempra Mexico GAAP Earnings	\$ 57	\$ 191
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ²	(3)	(127)
Net Unrealized Losses on Commodity Derivatives ²	9	2
Sempra Mexico Adjusted Earnings ³	\$ 63	\$ 66

Q1-2021 adjusted earnings are in-line with Q1-2020³

1. All variance explanations are shown after noncontrolling interest.

2. Q1-2020 Adjusted Earnings has been updated to exclude this item to conform to current year presentation.

3. Adjusted Earnings represents a non-GAAP financial measure. Q1-2020 Adjusted Earnings has been updated to exclude items to conform to current year presentation. See Appendix for information regarding non-GAAP financial measures and description of the adjustments above.

INFRASTRUCTURE | SEMPRA LNG

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2021	2020
Sempra LNG GAAP Earnings	\$ 146	\$ 75
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ¹	-	1
Net Unrealized Losses (Gains) on Commodity Derivatives ¹	20	(43)
Sempra LNG Adjusted Earnings ²	\$ 166	\$ 33

Q1-2021 adjusted earnings are higher than Q1-2020 primarily due to:²

- \$69M higher earnings from marketing operations, primarily driven by changes in natural gas prices, and
- \$62M higher equity earnings from Cameron LNG JV primarily due to the three-train liquefaction project achieving commercial operations in August 2020

1. Q1-2020 Adjusted Earnings has been updated to exclude this item to conform to current year presentation.

2. Adjusted Earnings represents a non-GAAP financial measure. Q1-2020 Adjusted Earnings has been updated to exclude items to conform to current year presentation. See Appendix for information regarding non-GAAP financial measures and description of the adjustments above.

PARENT & OTHER

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2021	2020
Parent & Other GAAP Losses	\$ (83)	\$ (248)
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ¹	-	(8)
Losses from Investment in RBS Sempra Commodities LLP	-	100
Parent & Other Adjusted Losses ²	\$ (83)	\$ (156)

Q1-2021 losses are lower than Q1-2020 adjusted losses primarily due to:²

- \$2M net investment gains in 2021 compared to \$19M net investment losses in 2020 on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation obligations,
- \$19M lower net interest expense,
- \$15M lower operating costs retained at Parent, and
- \$15M lower preferred dividends from \$26M lower dividends due to the mandatory conversion of Series A preferred stock in January 2021, offset by \$11M higher dividends due to issuance of Series C preferred stock in June 2020

1. Q1-2020 Adjusted Earnings has been updated to exclude this item to conform to current year presentation.

2. Adjusted Earnings represents a non-GAAP financial measure. Q1-2020 Adjusted Earnings has been updated to exclude an additional item to conform to current year presentation. See Appendix for information regarding non-GAAP financial measures and description of the adjustments above.

DISCONTINUED OPERATIONS (SEMPRA SOUTH AMERICAN UTILITIES)¹

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2021	2020
Discontinued Operations GAAP Earnings	\$ -	\$ 72
Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives ²	-	(16)
Discontinued Operations Adjusted Earnings ³	\$ -	\$ 56

Q1-2021 earnings are lower than Q1-2020 adjusted earnings due to the sales of our Peruvian businesses in April 2020 and Chilean businesses in June 2020³

1. Discontinued Operations include the operations of Sempra's South American businesses and income tax impacts associated with holding those businesses for sale.
2. Q1-2020 Adjusted Earnings has been updated to exclude this item to conform to current year presentation.
3. Adjusted Earnings represents a non-GAAP financial measure. Q1-2020 Adjusted Earnings has been updated to exclude an item to conform to current year presentation. 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 and Adjusted EPS exclude items (after the effects of income taxes and, if applicable, noncontrolling interests) in 2021 and 2020 as follows:

In the three months ended March 31, 2021:

- \$3M impact from foreign currency and inflation and associated undesignated derivatives
- \$(29)M net unrealized losses on commodity derivatives

In the three months ended March 31, 2020:

- \$150M impact from foreign currency and inflation and associated undesignated derivatives
- \$41M net unrealized gains on commodity derivatives
- \$(72)M from impacts associated with Aliso Canyon natural gas storage facility litigation at 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

Sempra Energy Adjusted Earnings and Adjusted EPS are non-GAAP financial measures (GAAP represents generally accepted accounting principles in the United States of America). These non-GAAP financial measures exclude significant items that are generally not related to our ongoing business activities and/or are infrequent in nature. These non-GAAP financial measures also exclude the impact from foreign currency and inflation effects and associated undesignated derivatives and unrealized gains and losses on commodity derivatives, which we expect to occur in future periods, and which can vary significantly from one period to the next. Exclusion of these items is useful to management and investors because it provides a meaningful comparison of the performance of Sempra Energy's 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 table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy GAAP Earnings 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)

	Pretax amount	Income tax benefit ¹	Non-controlling interests	Earnings	Pretax amount	Income tax (benefit) expense ¹	Non-controlling interests	Earnings
	Three months ended March 31, 2021				Three months ended March 31, 2020			
<i>(Dollars in millions, except per share amounts; shares in thousands)</i>								
Sempra Energy GAAP Earnings				\$ 874				\$ 760
Excluded items:								
Impact from foreign currency and inflation and associated undesignated derivatives	\$ 30	\$ (42)	\$ 9	(3)	\$ 95	\$ (353)	\$ 108	(150)
Net unrealized losses (gains) on commodity derivatives	46	(13)	(4)	29	(57)	16	-	(41)
Impacts associated with Aliso Canyon litigation	-	-	-	-	100	(28)	-	72
Losses from investment in RBS Sempra Commodities LLP	-	-	-	-	100	-	-	100
Sempra Energy Adjusted Earnings²				<u>\$ 900</u>				<u>\$ 741</u>
Diluted EPS:								
Sempra Energy GAAP Earnings				\$ 874				\$ 760
Add back dividends for dilutive series A preferred stock				-				26
Add back dividends for dilutive series B preferred stock				10				10
Sempra Energy GAAP Earnings for GAAP EPS				<u>\$ 884</u>				<u>\$ 796</u>
Weighted-average common shares outstanding, diluted				308,458				313,925
Sempra Energy GAAP EPS				<u>\$ 2.87</u>				<u>\$ 2.53</u>
Sempra Energy Adjusted Earnings ²				\$ 900				\$ 741
Add back dividends for dilutive series A preferred stock				-				26
Add back dividends for dilutive series B preferred stock				10				10
Sempra Energy Adjusted Earnings for Adjusted EPS ²				<u>\$ 910</u>				<u>\$ 777</u>
Weighted-average common shares outstanding, diluted				308,458				313,925
Sempra Energy Adjusted EPS ²				<u>\$ 2.95</u>				<u>\$ 2.47</u>

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. Adjusted Earnings, Adjusted Earnings for Adjusted EPS and Adjusted EPS have been updated to reflect impact from foreign currency and inflation and associated undesignated derivatives and net unrealized gains on commodity derivatives for the three months ended March 31, 2020.

ADJUSTED EARNINGS (LOSSES) BY BUSINESS UNITS (UNAUDITED)^{1,2}

(Dollars in millions)

GAAP Earnings (Losses)

Impact from foreign currency and inflation and associated undesignated derivatives, net of \$42 income tax benefit

Net unrealized losses on commodity derivatives, net of \$13 income tax benefit

Adjusted Earnings (Losses)

Three months ended March 31, 2021								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Energy Consolidated	
\$ 212	\$ 407	\$ 135	\$ 57	\$ 146	\$ (83)	\$ -	\$ 874	
			(3)				(3)	
			9	20			29	
\$ 212	\$ 407	\$ 135	\$ 63	\$ 166	\$ (83)	\$ -	\$ 900	

GAAP Earnings (Losses)

Impact from foreign currency and inflation and associated undesignated derivatives, net of \$353 income tax benefit³

Net unrealized losses (gains) on commodity derivatives, net of \$16 income tax expense³

Impact associated with Aliso Canyon litigation, net of \$28 income tax benefit

Losses from investment in RBS Sempra Commodities LLP

Adjusted Earnings (Losses)⁴

Three months ended March 31, 2020								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Energy Consolidated	
\$ 262	\$ 303	\$ 105	\$ 191	\$ 75	\$ (248)	\$ 72	\$ 760	
			(127)	1	(8)	(16)	(150)	
			2	(43)			(41)	
	72						72	
					100		100	
\$ 262	\$ 375	\$ 105	\$ 66	\$ 33	\$ (156)	\$ 56	\$ 741	

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. Amounts are presented after noncontrolling interest.

3. Q1-2020 Adjusted Earnings has been updated to exclude this item to conform to current year presentation.

4. Q1-2020 Adjusted Earnings has been updated to exclude additional items to conform to current year presentation.

2021 ADJUSTED EPS GUIDANCE RANGE (UNAUDITED)

Sempra Energy 2021 Adjusted EPS Guidance Range of \$7.50 to \$8.10 excludes items (after the effects of income taxes and, if applicable, noncontrolling interests) as follows:

- \$3M impact from foreign currency and inflation and associated undesignated derivatives for the three months ended March 31, 2021
- \$(29)M net unrealized losses on commodity derivatives for the three months ended March 31, 2021

Sempra Energy 2021 Adjusted EPS Guidance is a non-GAAP financial measure. This non-GAAP financial measure excludes the impact from foreign currency and inflation and associated undesignated derivatives and unrealized gains and losses on commodity derivatives, which we expect to occur in future periods, and which can vary significantly from one period to the next. Exclusion of these items is useful to management and investors because it provides a meaningful comparison of the performance of Sempra Energy's business operations to prior and future periods. Sempra Energy 2021 Adjusted EPS Guidance Range should not be considered an alternative to Sempra Energy 2021 GAAP EPS Guidance Range. 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 2021 Adjusted EPS Guidance Range to Sempra Energy 2021 GAAP EPS Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Full-Year 2021	
Sempra Energy GAAP EPS Guidance Range ¹	\$ 7.42	to \$ 8.02
Excluded items:		
Impact from foreign currency and inflation and associated undesignated derivatives	(0.01)	(0.01)
Net unrealized losses on commodity derivatives	0.09	0.09
Sempra Energy Adjusted EPS Guidance Range	<u>\$ 7.50</u>	to <u>\$ 8.10</u>
Weighted-average common shares outstanding, diluted (millions) ²		308

1. Sempra Energy's prior GAAP EPS Guidance Range for full-year 2021 of \$7.50 to \$8.10 has been updated to reflect the impact from foreign currency and inflation and undesignated derivatives and net unrealized losses on commodity derivatives for the three months ended March 31, 2021.

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 2021. If such mandatory convertible preferred stock were dilutive for the full year, the 2021 GAAP EPS Guidance Range would differ from the range presented above.

BUSINESS UNIT ADJUSTED EARNINGS (UNAUDITED)¹

(Dollars, except EPS, and shares in millions)

	Year ended December 31, 2020										
	SDG&E	SoCalGas	California Utilities	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Sempra Renewables	North American Infrastructure	Parent & Other	Discontinued Operations	Sempra Energy Consolidated
GAAP Earnings (Losses)	\$ 824	\$ 504	\$ 1,328	\$ 579	\$ 259	\$ 320	\$ -	\$ 579	\$ (562)	\$ 1,840	\$ 3,764
Impacts Associated with Aliso Canyon Litigation and Regulatory Matters, Net of \$74 Income Tax Benefit		233	233								233
Losses from Investment in RBS Sempra Commodities LLP									100		100
Gain on Sale of South American Businesses, Net of \$1,152 Income Tax Expense										(1,747)	(1,747)
Adjusted Earnings (Losses)	\$ 824	\$ 737	\$ 1,561	\$ 579	\$ 259	\$ 320	\$ -	\$ 579	\$ (462)	\$ 93	\$ 2,350
Weighted-average of common shares outstanding, diluted GAAP											292
GAAP EPS contribution	\$ 2.82	\$ 1.72	\$ 4.54	\$ 1.98	\$ 0.89	\$ 1.09	\$ -	\$ 1.98	\$ (1.91)	\$ 6.29	\$ 12.88
Weighted-average of common shares outstanding, diluted Adjusted ²											306
Adjusted EPS contribution ³	\$ 2.70	\$ 2.41	\$ 5.11	\$ 1.89	\$ 0.85	\$ 1.05	\$ -	\$ 1.90	\$ (1.17)	\$ 0.30	\$ 8.03
Percentage of Sempra Energy Consolidated GAAP EPS/Earnings			35%	15%				15%	(15%)	50%	100%
Percentage of Sempra Energy Consolidated Adjusted EPS/Earnings excluding Parent & Other			56%	21%				21%		2%	100%

	Year ended December 31, 2017										
	SDG&E	SoCalGas	California Utilities	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Sempra Renewables	North American Infrastructure	Parent & Other	Discontinued Operations	Sempra Energy Consolidated
GAAP Earnings (Losses)	\$ 407	\$ 396	\$ 803	\$ -	\$ 169	\$ 150	\$ 252	\$ 571	\$ (1,060)	\$ (58)	\$ 256
Write-off of wildfire regulatory asset, net of \$143 income tax benefit	208		208								208
Aliso Canyon litigation reserves		20	20								20
Impairment of TdM assets held for sale, net of \$24 NCI					47			47			47
Deferred income tax benefit associated with TdM, net of \$(3) NCI					(5)			(5)			(5)
Recoveries related to 2016 permanent release of pipeline capacity, net of \$19 income tax expense						(28)		(28)			(28)
Impact from the TCJA	28	2	30			(133)	(192)	(325)	914	251	870
Adjusted Earnings (Losses)	\$ 643	\$ 418	\$ 1,061	\$ -	\$ 211	\$ (11)	\$ 60	\$ 260	\$ (146)	\$ 193	\$ 1,368
Weighted-average of common shares outstanding, diluted GAAP											252
GAAP EPS contribution	\$ 1.61	\$ 1.57	\$ 3.18	\$ -	\$ 0.67	\$ 0.59	\$ 1.00	\$ 2.26	\$ (4.20)	\$ (0.23)	\$ 1.01
Adjusted EPS contribution	\$ 2.55	\$ 1.65	\$ 4.20	\$ -	\$ 0.84	\$ (0.05)	\$ 0.24	\$ 1.03	\$ (0.58)	\$ 0.77	\$ 5.42
Percentage of Sempra Energy Consolidated GAAP EPS/Earnings			315%					224%	(416%)	(23%)	100%
Percentage of Sempra Energy Consolidated Adjusted EPS/Earnings excluding Parent & Other			70%					17%		13%	100%

1. Except for adjustments that are solely income tax and tax related to outside basis differences, income taxes on pretax amounts 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. Because the assumed conversion of the Series A preferred stock is dilutive for Adjusted Earnings, 13,417 Series A preferred stock shares are added back to weighted-average of common shares outstanding used to calculate Adjusted EPS.

3. Because of the dilutive effect of Series A preferred stock, preferred dividends of \$104M are added back to Parent & Other Adjusted Earnings.