

# SEMPRA ENERGY

## Fourth Quarter 2020 Earnings Results

February 25, 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 February 25, 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; moves to reduce or eliminate reliance on natural gas 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 (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 of natural gas from 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, 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 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](http://www.sec.gov), and on the company’s website, [www.sempra.com](http://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

Reporting Q4-2020 adjusted earnings per common share (EPS) of \$1.90 compared to Q4-2019 EPS of \$1.55<sup>1</sup>

Reporting strong FY-2020 adjusted EPS of \$8.03 compared to FY-2019 adjusted EPS of \$6.78<sup>1</sup>

Progressing integrated transactions to form Sempra Infrastructure Partners and sell a non-controlling interest (NCI)<sup>2</sup>

Reaffirming FY-2021 EPS guidance range of \$7.50 – \$8.10<sup>3</sup>

Raising the annualized dividend to \$4.40 from \$4.18 per share<sup>4</sup>

1. Adjusted EPS is a non-GAAP financial measure. GAAP EPS for FY-2020, FY-2019 and Q4-2020 were \$12.88, \$7.29, and \$1.43, respectively. See Appendix for information regarding non-GAAP financial measures. There were no adjustments made to Q4-2019 EPS.
2. Sempra Infrastructure Partners represents the combined businesses of Sempra LNG and IEnova. The ability to complete these transactions is subject to conditions and a number of risks and uncertainties. Please also refer to "Risk Factors" and "Capital Resources and Liquidity" in our most recent Annual Report on Form 10-K for a description of the risks and other factors associated with these transactions.
3. Excludes impacts of the proposed IEnova exchange offer and transaction to sell an NCI in Sempra Infrastructure Partners, and foreign currency, inflation, and mark-to-market impacts.
4. The amount and timing of dividends payable and the dividend policy are at the sole discretion of the Sempra Energy Board of Directors and, if declared and paid, dividends may be in amounts that are less than projected.

# 2020 ACCOMPLISHMENTS

## TRACK RECORD OF CONTINUED HIGH PERFORMANCE

### STRATEGIC

- ✓ Realigned business strategy to help enable the energy transition
- ✓ Completed multi-year capital rotation program

- ✓ Announced proposed Sempra Infrastructure Partners transactions<sup>4</sup>
- ✓ Launched sustainability strategy at SDG&E

### OPERATIONAL

- ✓ Deployed record ~\$7B capital centered around U.S. Utilities<sup>1</sup>
- ✓ Achieved full COD at Cameron LNG Phase 1<sup>2</sup>

- ✓ Reached FID at ECA LNG Phase 1<sup>5</sup>
- ✓ Finalized FERC ROE of 10.6% at SDG&E<sup>6</sup>

### FINANCIAL

- ✓ Raised '20 adj. EPS guidance range<sup>3</sup>
- ✓ Guided to high end of increased '20 adj. EPS guidance range<sup>3</sup>

- ✓ Executed \$500M share buyback
- ✓ Delivered results above increased '20 adj. EPS guidance range<sup>3</sup>

1. Amounts represent expenditures for PP&E and investments. Represents our proportionate ownership share and includes amounts funded by unconsolidated entities, including Oncor, Sharyland and our unconsolidated JVs. See Appendix for reconciliation of this financial measure.

2. Commercial operation date (COD).

3. Adjusted EPS and EPS Guidance Range for FY-2020 of \$8.03 and \$7.20 – \$7.80, respectively, represent non-GAAP financial measures. GAAP Earnings and EPS Guidance Range for FY-2020 were \$12.88 and \$12.02 – \$12.62, respectively. See Appendix for information regarding non-GAAP financial measures and changes to FY-2020 GAAP EPS Guidance Range.

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

5. Final investment decision (FID). The ability to complete major construction projects is subject to a number of risks and uncertainties. Please also refer to "Risk Factors" and "Capital Resources and Liquidity" in our most recent Annual Report on Form 10-K for a description of the risks and other factors associated with project development, construction and other opportunities.

6. Consists of a base return on equity (ROE) of 10.1% plus an additional 50 basis points for participation in the California Independent System Operator jurisdiction that remains subject to refund by the Federal Energy Regulatory Commission (FERC).

# U.S. UTILITIES PLATFORM

ONE OF NORTH AMERICA'S LARGEST ENERGY NETWORKS<sup>1</sup>

**\$2B+** Adjusted Earnings<sup>2</sup>

**~\$37B** Rate Base<sup>3</sup>

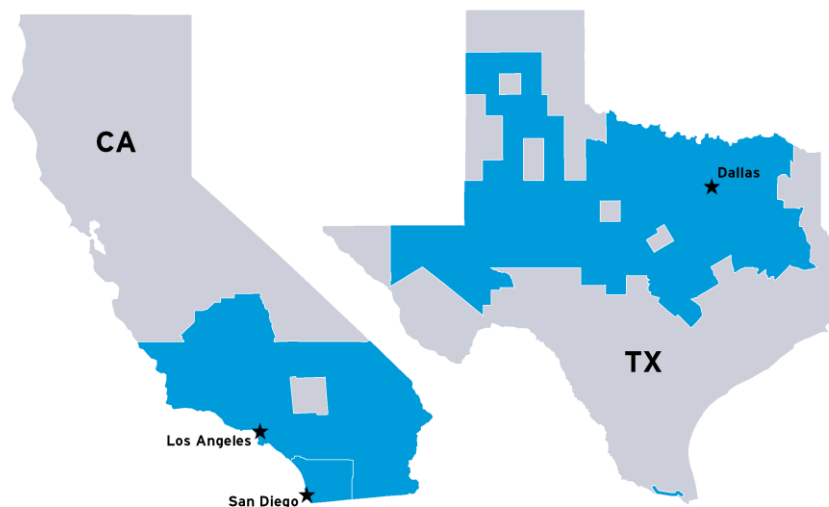
**~36M** Consumers Served

**284,000+** mi T+D Lines<sup>1</sup>

**~56,000** EVs in SDG&E's service territory<sup>4</sup>

**~35%** of TX electricity delivered by Oncor<sup>5</sup>

**10+** Hydrogen R&D Projects at CA Utilities



- **10.1%** Authorized Blended ROE<sup>6</sup>
- **~74%** CA and TX Electric Rate Base<sup>3</sup>
- **#1** Largest Consumer Base in U.S.<sup>7</sup>

1. Based on Sempra's top quartile rank for total transmission and distribution (T+D) miles among S&P 500 Utilities peers and top energy providers in Mexico and Canada as available in their most recent Form 10-Ks, Annual Reports and company websites. Sempra's total includes T+D miles for SDG&E, SoCalGas and 100% of Oncor and Sharyland at 12/31/2020. Distribution lines include distribution and service pipelines.

2. Represents Adjusted Earnings for our U.S. Utilities, which include SDG&E, SoCalGas and Sempra Texas Utilities. U.S. Utilities Adjusted Earnings represents a non-GAAP financial measure. U.S. Utilities GAAP Earnings for FY-2020 was \$1.9B. See Appendix for information regarding non-GAAP financial measures.

3. Rate base figure represents combined 13-month weighted-average, excluding construction work in progress (CWIP) for SDG&E and SoCalGas, 100% of Oncor and Sharyland's year-end rate base at 12/31/2020.

4. Electric vehicles (EVs). Includes electric and plug-in hybrid vehicles.

5. Based on Oncor's total megawatts (MWh) sold relative to total ERCOT MWhs in 2019. Source: ERCOT Demand and Energy Report.

6. Calculated by taking the weighted-average authorized ROEs based on rate base at 12/31/2020 and, for Oncor, represents Sempra's 80.25% indirect ownership.

7. Based on U.S. Utility consumers served. Source: Bloomberg.

# SEMPRA INFRASTRUCTURE PARTNERS<sup>1</sup>

## VALUE PROPOSITION

### SEMPRA'S OBJECTIVES

Simplify our business model

Highlight value of infrastructure platform

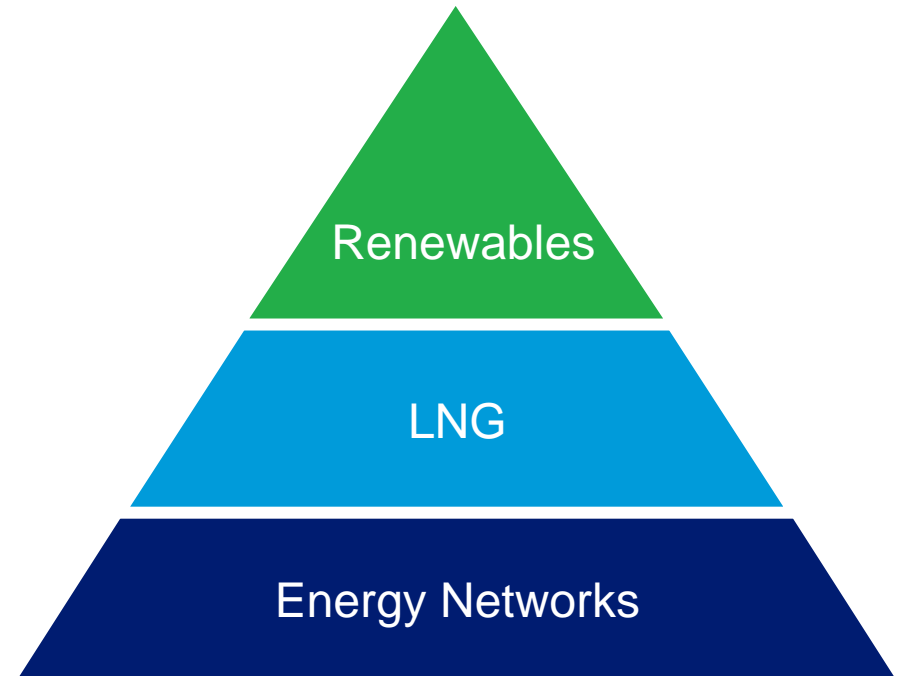
Support cross-border renewables

Expand LNG growth

Improve business strength + scale

Strengthen balance sheet

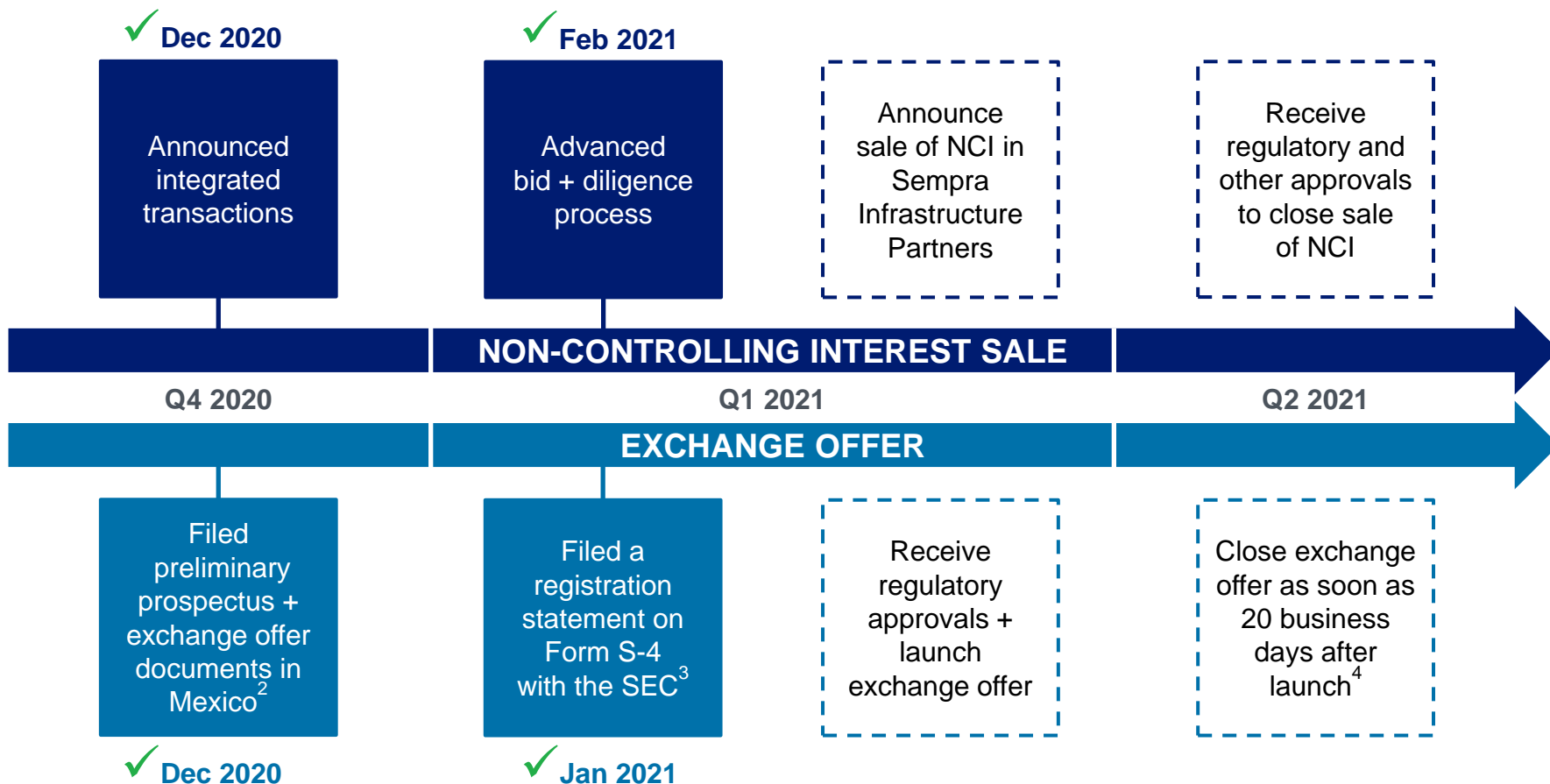
Grow EPS over the long-term



**Advancing the integrated transactions to support growth and highlight the overall value of the infrastructure platform**

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

# SEMPRA INFRASTRUCTURE PARTNERS DEMONSTRATIVE TIMELINE UPDATE<sup>1</sup>



1. Timeline is illustrative, actual order of events may differ. The ability to complete these transactions is subject to conditions and a number of risks and uncertainties. Please also refer to "Risk Factors" and "Capital Resources and Liquidity" in our most recent Annual Report on Form 10-K for a description of the risks and other factors associated with these transactions.
2. Documents were filed with the Comisión Nacional Bancaria y de Valores and the Bolsa Mexicana de Valores, S.A.B de C.V.
3. U.S. Securities and Exchange Commission (SEC).
4. Exchange offer will remain open for no less than 20 business days, with Sempra having the option to extend it under certain circumstances, including if any of the conditions of the exchange offer have not been satisfied or waived by Sempra as of the expiration date.



# BUSINESS UPDATES

## U.S. UTILITIES

- U.S. Utilities executed record ~\$5.8B 2020 capital program focused on safety and reliability, exceeding 2019 by ~25%<sup>1</sup>
- SoCalGas achieved ~20% methane reductions below 2015 levels in 2020, which is five years earlier than mandated<sup>2</sup>
- Oncor connected ~77,000 premises in 2020, exceeding 2019 connections by ~20%
- Oncor completed six major transmission projects in West Texas totaling ~260 circuit miles and ~\$300M investment

## INFRASTRUCTURE

- ECA LNG Phase 1 reached FID. Total also secured a 16.6% equity stake in the project<sup>3</sup>
- IEnova Renewables | Don Diego Solar project reached COD in Dec 2020. In Feb 2021 IEnova announced an agreement to acquire the remaining 50% interest in ESJ<sup>4</sup>

1. Amounts represent expenditures for PP&E. Includes our proportionate ownership share of amounts funded by unconsolidated entities, including Oncor and Sharyland. See Appendix for reconciliation of this financial measure.

2. As statutorily required pursuant to California Senate Bill 1371 to reduce methane emissions by approximately 20% by 2025 compared to the 2015 baseline.

3. The ability to complete major construction projects is subject to a number of risks and uncertainties. Please also refer to "Risk Factors" and "Capital Resources and Liquidity" in our most recent Annual Report on Form 10-K for a description of the risks and other factors associated with project development, construction and other opportunities.

4. Energía Sierra Juárez, S. de R.L. de C.V. (ESJ). Acquisition of the remaining 50% interest in ESJ is subject to various closing conditions, including authorizations from the FERC and the Comisión Federal de Competencia Económica (COFECE).

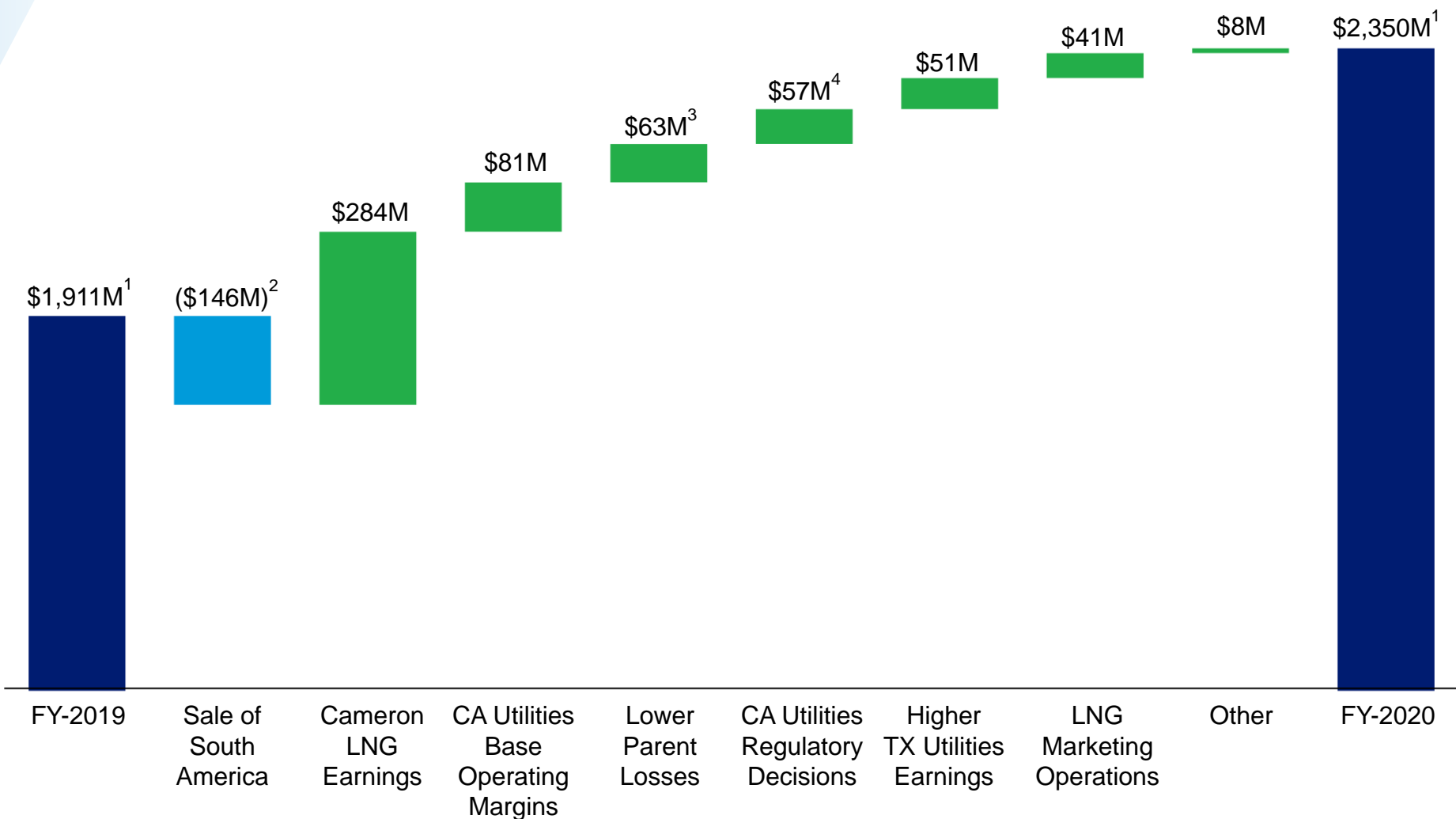
# Q4 + FY-2020 FINANCIAL RESULTS

<i>(Dollars, except EPS, and shares, in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2020	2019	2020	2019
	<i>(Unaudited)</i>			
GAAP Earnings	\$ 414	\$ 447	\$ 3,764	\$ 2,055
Gain on Sale of South American Businesses	-	-	(1,747)	-
Impacts Associated with Aliso Canyon Litigation and Regulatory Matters	139	-	233	-
Losses from Investment in RBS Sempra Commodities LLP	-	-	100	-
Tax Impacts from Holding the South American Businesses for Sale	-	-	-	(99)
Gain on Sale of Certain Renewables Assets	-	-	-	(45)
<b>Adjusted Earnings<sup>1</sup></b>	<b>\$ 553</b>	<b>\$ 447</b>	<b>\$ 2,350</b>	<b>\$ 1,911</b>
GAAP Diluted Weighted-Average Common Shares Outstanding	290	289	292	282
GAAP Earnings Per Diluted Common Share	\$ 1.43	\$ 1.55	\$ 12.88	\$ 7.29
Adjusted Diluted Weighted-Average Common Shares Outstanding <sup>1</sup>	290	289	306	282
<b>Adjusted Earnings Per Diluted Common Share<sup>1,2</sup></b>	<b>\$ 1.90</b>	<b>\$ 1.55</b>	<b>\$ 8.03</b>	<b>\$ 6.78</b>

1. Represents a non-GAAP financial measure. See Appendix for information regarding non-GAAP financial measures.

2. To calculate FY-2020 Adjusted EPS, preferred dividends of \$104M are added back to Adjusted Earnings because of the dilutive effect of Series A mandatory convertible preferred stock.

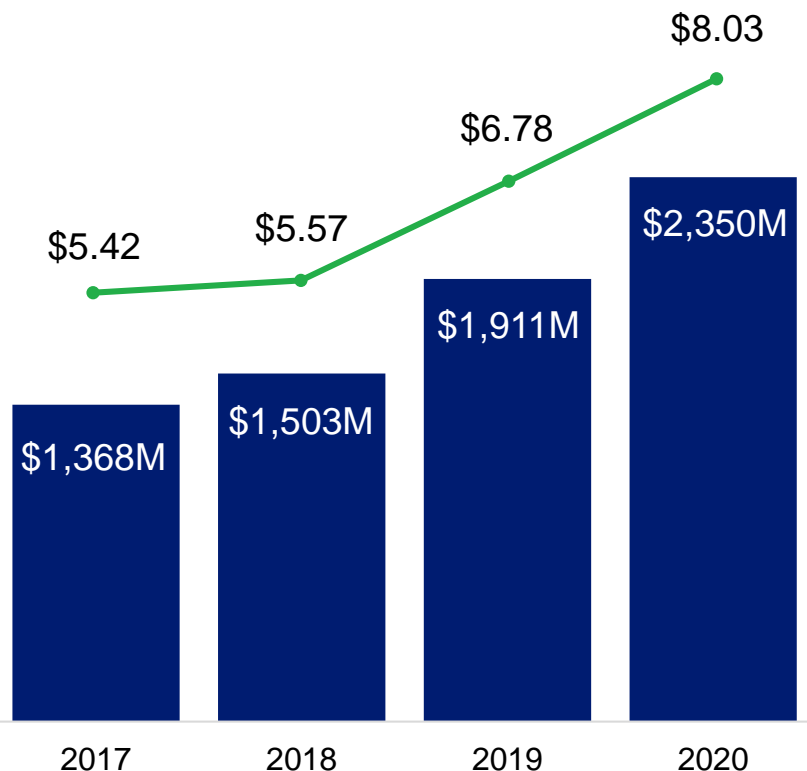
# FY-2020 ADJUSTED EARNINGS DRIVERS



1. Represents a non-GAAP financial measure. GAAP Earnings for FY-2020 and FY-2019 were \$3,764M and \$2,055M, respectively. See Appendix for information regarding non-GAAP financial measures.
2. Represents a non-GAAP financial measure. GAAP Earnings at Discontinued Operations were higher by \$1,512M. See Appendix for information regarding non-GAAP financial measures.
3. Represents a non-GAAP financial measure. GAAP Losses at Parent and Other were higher by \$47M. See Appendix for information regarding non-GAAP financial measures.
4. Includes \$62M and \$64M at SDG&E and SoCalGas, respectively, release of a regulatory liability in 2020 related to 2016 – 2018 income tax expense forecasting differences, offset by \$31M and \$38M at SDG&E and SoCalGas, respectively, income tax benefit in 2019 from the January 2019 regulatory decision that allocated certain excess deferred income tax balances to shareholders.

# STRONG FINANCIAL EXECUTION

Adjusted Earnings + Adjusted EPS<sup>1</sup>



Executed disciplined capital rotation program while delivering top-tier adjusted EPS growth<sup>2</sup>

Transacted ~\$27B enterprise value while:<sup>3</sup>

- Improving strategic alignment
- Improving earnings quality with strong visibility to future growth

**2017 – 2020**

- ✓ ~14% Adjusted EPS CAGR<sup>2</sup>
- ✓ ~20% Adjusted Earnings CAGR<sup>2</sup>

1. Adjusted Earnings and Adjusted EPS are non-GAAP financial measures. GAAP earnings for 2017, 2018, 2019, and 2020 were \$256M, \$924M, \$2,055M and \$3,764M, respectively. GAAP EPS for 2017, 2018, 2019 and 2020 were \$1.01, \$3.42, \$7.29 and \$12.88, respectively. See Appendix for more information regarding non-GAAP financial measures.

2. Adjusted Earnings compound annual growth rate (CAGR) and Adjusted EPS CAGR are non-GAAP financial measures. Represents Adjusted Earnings CAGR and Adjusted EPS CAGR from 2017 – 2020. Growth rates for each individual year will vary. GAAP Earnings CAGR and GAAP EPS CAGR from 2017 – 2020 were 145% and 134%, respectively. See Appendix for more information regarding non-GAAP financial measures.

3. Net of transaction costs. Enterprise value (EV) 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. EV of ~\$27B is calculated by adding the EVs of the following transactions: the purchase of our ~80% interest in Oncor of ~\$15.3B; the sales of our share of our U.S. solar assets, non-utility U.S. natural gas storage assets, and U.S. wind assets of ~\$2.1B, ~\$0.3B and ~\$0.9B, respectively; the purchase of our 50% interest in Sharyland and Oncor's interest in InfraREIT of ~\$2.0B; and the sales of our share of our Peruvian and Chilean businesses of ~\$4.2B and ~\$2.6B, respectively.

# 5-YEAR CAPITAL PLAN

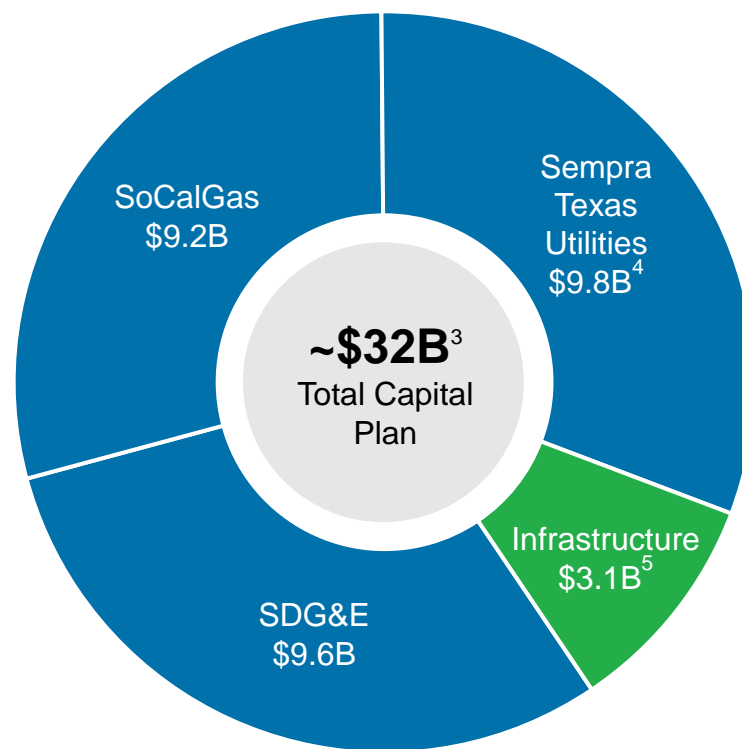
## U.S. Utilities

- ~90% of Sempra's 5-year capital plan is dedicated to U.S. Utilities
- ~\$1.1B increase in 2021 – 2022 capital plan<sup>1</sup>
- U.S. Utilities capital plan driven by focus on safety, reliability and cleaner fuels
- Continued organic growth in Texas drives the increased capital plan at Oncor<sup>2</sup>

## Infrastructure

- Goal to self-fund capex through Sempra Infrastructure Partners
- Continued execution of financial discipline to produce quality utility-like cash flows

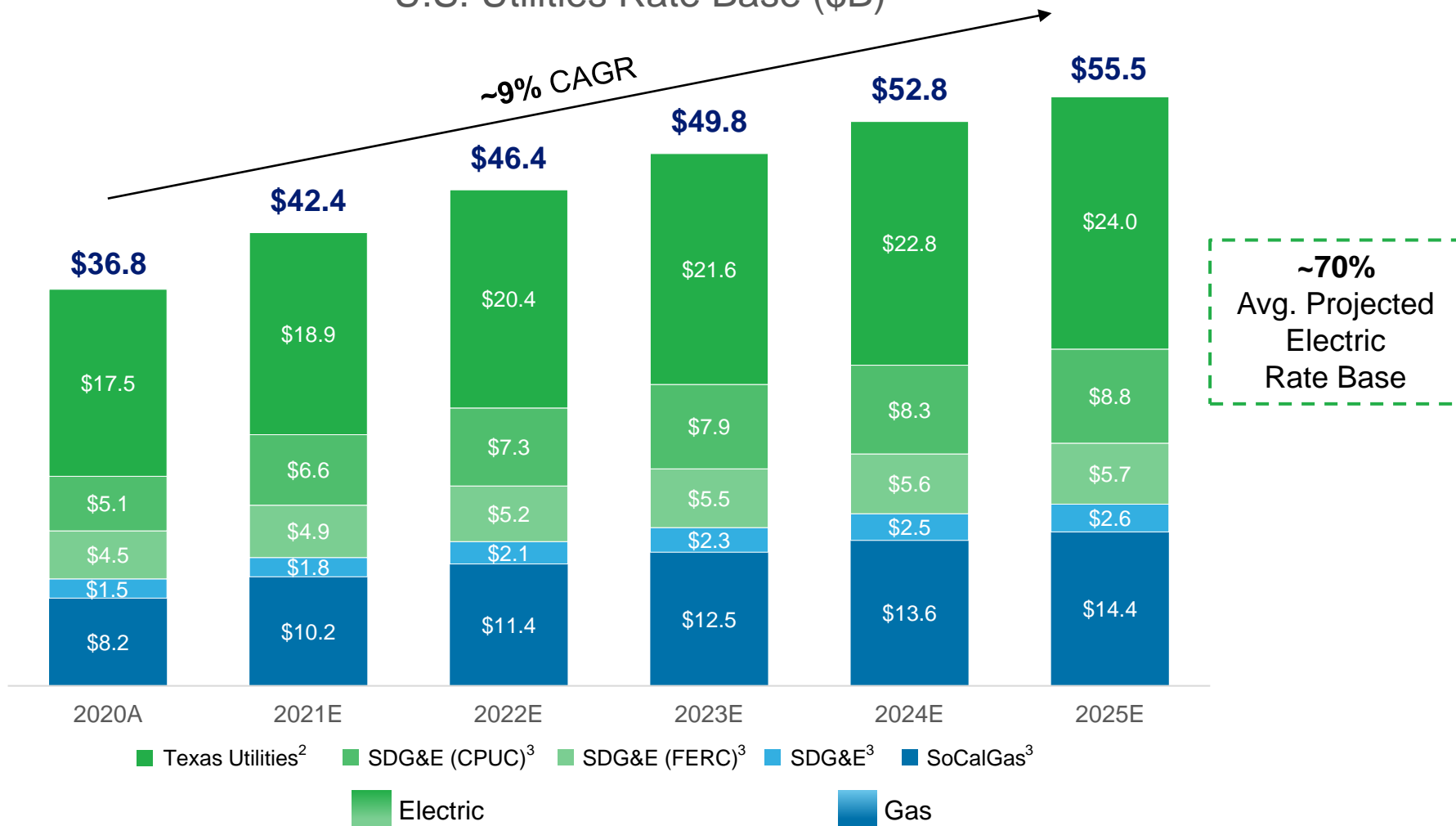
## 2021 – 2025 Base Capital Plan<sup>3</sup>



1. Represents the sum of the 2021 and 2022 midpoint variance for U.S. Utilities capital expenditures from our 2020 – 2024 capital plan compared to our 2021 – 2025 capital plan. Includes our proportionate ownership share and amounts that will be funded by unconsolidated entities, including equity interests in Oncor, Sharyland and our unconsolidated JVs. See Appendix for a reconciliation of this financial measure.
2. Refers to Oncor's 2021 – 2025 capital plan as previously announced on November 5, 2020.
3. Actual amounts expended will depend on a number of factors and may differ materially from the amounts reflected in our 5-year capital plan for 2021 – 2025. Amount represents our proportionate ownership share and includes ~\$9.2B of capex that will be funded by unconsolidated entities, including equity interests in Oncor, Sharyland and our unconsolidated JVs.
4. Represents our proportionate ownership share and includes ~\$9.2B of capex that will be funded by Sempra Texas Utilities' unconsolidated entities, Oncor and Sharyland.
5. Includes Sempra LNG and Sempra Mexico. Represents our proportionate ownership share and includes ~\$0.04B of capex that will be funded by Sempra Mexico's unconsolidated JVs.

# PROJECTED RATE BASE GROWTH

U.S. Utilities Rate Base (\$B)<sup>1</sup>



1. Projected rate base. Actual amounts/results may differ materially.

2. Reflects 100% of Oncor's and Sharyland's actual year-end rate base at 12/31/2020 and projected year-end rate base for years 2021 – 2025. Actual amounts/results may differ materially.

3. Rate base figures represent 13-month weighted-average, excluding CWIP. Actual amounts/results may differ materially.

# 2021 PRIORITIES

## KEY ACTION ITEMS

- 1** Execute health + safety programs to help mitigate COVID-19 risk for our employees
- 2** Maintain a sharp focus on safety + operational excellence across all our operating companies
- 3** Advance People | Priorities | Culture initiatives through strong alignment with ESG goals<sup>1</sup>
- 4** Continue to foster + invest in a high-performance culture with a focus on safety, leadership development and a diverse + inclusive workforce
- 5** Further our investment in innovation, sustainability + leadership
- 6** Close proposed IEnova exchange offer + simplify Sempra LNG + IEnova ownership under Sempra Infrastructure Partners<sup>2</sup>
- 7** Close proposed sale of a non-controlling interest in Sempra Infrastructure Partners<sup>2</sup>
- 8** Execute on record capital plan centered around our U.S. Utilities
- 9** Continue to improve balance sheet strength to execute our plan
- 10** Deliver strong financial results

**Continuing with our strong track record of execution, we expect to deliver on key priorities in 2021 to advance our strategic mission**

1. Environmental, social, and governance (ESG).

2. The ability to complete these transactions is subject to conditions and a number of risks and uncertainties. Please also refer to “Risk Factors” and “Capital Resources and Liquidity” in our most recent Annual Report on Form 10-K for a description of the risks and other factors associated with these transactions.

# SEMPRA VALUE PROPOSITION

- ✓ **Top-tier** T+D infrastructure platform in attractive markets
- ✓ **Robust** capital investments + rate base growth
- ✓ **Strong** earnings visibility + EPS growth
- ✓ **Sustainable** dividend growth<sup>1</sup>
- ✓ **Commitment** to innovation, sustainability + leadership



1. The amount and timing of dividends payable and the dividend policy are at the sole discretion of the Sempra Energy Board of Directors and, if declared and paid, dividends may be in amounts that are less than projected.



# SUMMARY

Advanced our mission to be North America's premier energy infrastructure company, even in a challenging economic and operating environment in 2020

Reporting Q4-2020 adjusted EPS of \$1.90 compared to Q4-2019 EPS of \$1.55<sup>1</sup>

Reporting strong FY-2020 adjusted EPS of \$8.03 compared to FY-2019 adjusted EPS of \$6.78<sup>1</sup>

Progressing integrated transactions to form Sempra Infrastructure Partners and sell an NCI<sup>2</sup>

Reaffirming FY-2021 EPS guidance range of \$7.50 – \$8.10<sup>3</sup>

Raising the annualized dividend to \$4.40 from \$4.18 per share<sup>4</sup>

1. Adjusted EPS is a non-GAAP financial measure. GAAP EPS for FY-2020, FY-2019 and Q4-2020 were \$12.88, \$7.29, and \$1.43, respectively. See Appendix for information regarding non-GAAP financial measures. There were no adjustments made to Q4-2019 EPS.
2. Sempra Infrastructure Partners represents the combined businesses of Sempra LNG and IEnova. The ability to complete these transactions is subject to conditions and a number of risks and uncertainties. Please also refer to "Risk Factors" and "Capital Resources and Liquidity" in our most recent Annual Report on Form 10-K for a description of the risks and other factors associated with these transactions.
3. Excludes impacts of the proposed IEnova exchange offer and transaction to sell an NCI in Sempra Infrastructure Partners, and foreign currency, inflation, and mark-to-market impacts.
4. The amount and timing of dividends payable and the dividend policy are at the sole discretion of the Sempra Energy Board of Directors and, if declared and paid, dividends may be in amounts that are less than projected.

# APPENDIX

# FINANCIAL HIGHLIGHTS

2019 ACTUALS <sup>1</sup>		2020 ACTUALS <sup>1</sup>
<b>\$1.9B</b>	<b>ADJUSTED EARNINGS<sup>2</sup></b>	<b>\$2.4B</b>
<b>\$6.0B</b>	<b>CAPITAL DEPLOYED<sup>3</sup></b>	<b>\$7.0B</b>
<b>\$25.7B</b>	<b>NET DEBT<sup>4</sup></b>	<b>\$23.2B</b>
<b>10.0%</b>	<b>U.S. UTILITY AUTHORIZED BLENDED ROE<sup>5</sup></b>	<b>10.1%</b>
<b>\$1.0B</b>	<b>COMMON DIVIDENDS PAID</b>	<b>\$1.2B</b>
<b>\$65.7B</b>	<b>TOTAL ASSETS</b>	<b>\$66.6B</b>

1. Amounts are approximate.

2. Adjusted Earnings is a non-GAAP financial measure. GAAP Earnings for FY-2020 and FY-2019 were \$3.8B and \$2.1B, respectively. See Appendix for information regarding non-GAAP financial measures.

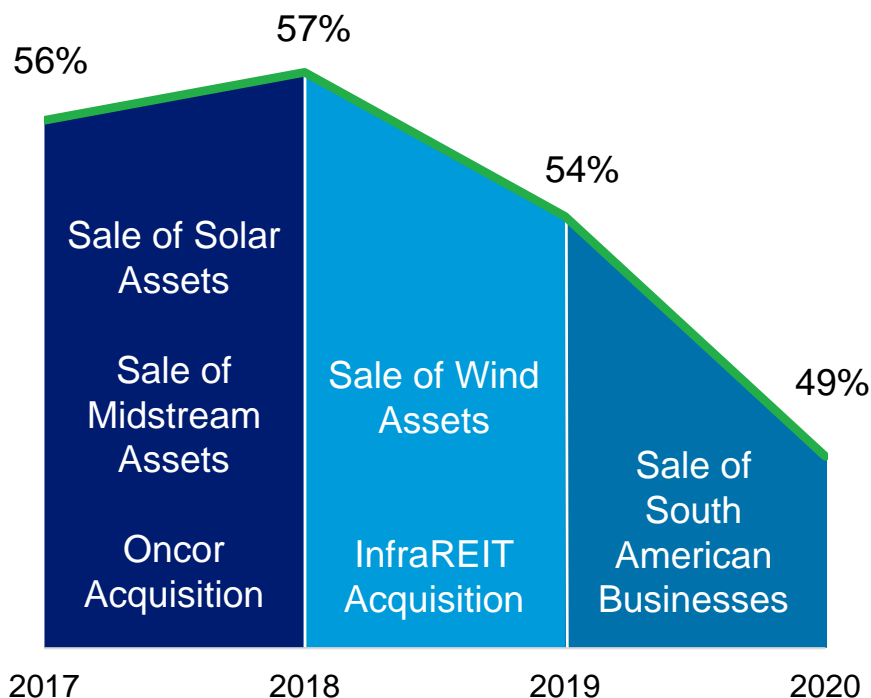
3. Amounts represent expenditures for PP&E and investments. Represents our proportionate ownership share and includes amounts funded by unconsolidated entities, including Oncor, Sharyland and our unconsolidated JVs. See Appendix for reconciliations of these financial measures.

4. Net Debt refers to Total Debt less Cash and Cash Equivalents. 2020 and 2019 Net Debt is a non-GAAP financial measure. See Appendix for information regarding non-GAAP financial measures.

5. Calculated by taking the weighted-average authorized ROEs based on rate base at 12/31/2020 and 12/31/2019, and for Oncor, represents Sempra's 80.25% indirect ownership.

# STRENGTHENING BALANCE SHEET

## Total Debt-to-Capitalization<sup>1</sup>



Achieved key targeted metrics

- ✓ FFO-to-Debt of 17%<sup>2</sup>
- ✓ Debt-to-Capitalization of 49%

Completed capital rotation program resulting in a strengthened balance sheet

Potential improvement after proposed Sempra Infrastructure Partners transactions<sup>3</sup>

1. As reported as of December 31 in the respective year.
2. Calculated based on financial statements as of December 31, 2020. FFO (Funds from Operations), 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 and cash flows from Discontinued Operations. Net Cash Provided by Operating Activities-to-Debt was ~11% as of December 31, 2020. See Appendix for information regarding non-GAAP financial measures.
3. The ability to complete these transactions is subject to conditions and a number of risks and uncertainties. Please also refer to "Risk Factors" and "Capital Resources and Liquidity" in our most recent Annual Report on Form 10-K for a description of the risks and other factors associated with these transactions.

# 2020 ESG ACHIEVEMENTS<sup>1</sup>

E	<h3>Cleaner Energy</h3> <ul style="list-style-type: none"> <li>SDG&amp;E service territory has ~16% rooftop solar and has the #1 solar penetration per capita<sup>2</sup></li> <li>SDG&amp;E has 3,000+ EV chargers installed and ~56,000 EVs in its service territory<sup>3</sup></li> </ul>	<h3>Decarbonization Leadership</h3> <ul style="list-style-type: none"> <li>SoCalGas is on track to meet its goal of ~5% renewable natural gas (RNG) by 2022<sup>4</sup></li> <li>SDG&amp;E on track to deliver 100% renewable or zero-carbon energy to electric customers by 2045</li> </ul>	<h3>Energy Transition</h3> <ul style="list-style-type: none"> <li>LNG has potential to lower global emissions through displacement of more carbon intensive fuel sources</li> <li>INova is among the top renewable energy generators in Mexico with 1,041 MW of capacity<sup>6</sup></li> </ul>
S	<h3>Community Giving</h3> <ul style="list-style-type: none"> <li>Sempra companies gave over \$42M in charitable contributions to nonprofit organizations within their communities</li> </ul>	<h3>Supplier Diversity</h3> <ul style="list-style-type: none"> <li>SDG&amp;E and SoCalGas allocated over ~40% of total spending with Diverse Business Enterprises<sup>5</sup></li> </ul>	<h3>Sustainable Bonds</h3> <ul style="list-style-type: none"> <li>Oncor issued \$450M sustainable bonds, one of the first of its kind committed to spend with minority- and women-owned businesses</li> </ul>
G	<h3>Political Accountability</h3> <ul style="list-style-type: none"> <li>Sempra recognized for political transparency with a 95.7 2020 CPA-Zicklin Index Score, compared to utilities avg. of 77.2</li> </ul>	<h3>Leadership Recognitions</h3> <ul style="list-style-type: none"> <li>Jeffrey Martin, Chairman and CEO, was named Chief Executive of the Year by S&amp;P Global Platts</li> </ul>	<h3>Board Diversity</h3> <ul style="list-style-type: none"> <li>Sempra board of directors received National Association of Corporate Directors' NXT Award for diversity + inclusion</li> </ul>



1. Environmental, social, and governance (ESG).  
 2. San Diego has highest solar photovoltaic installed per capita in the mainland United States. Source: Environment America Research & Policy Center.  
 3. Includes electric and plug-in hybrid vehicles.  
 4. Related to core customer deliveries.  
 5. Total spending with diverse business enterprises refers to non-labor O&M and capital spend.  
 6. Includes total capacity of assets in joint venture and projects under development.

# LNG PROJECTS OVERVIEW

	Project <sup>1</sup>	Nameplate Capacity <sup>2</sup>	Offtake Capacity <sup>2</sup>	Status
OPERATIONS	CAMERON LNG PHASE 1	~15 Mtpa	~12 Mtpa	<ul style="list-style-type: none"> <li>Full commercial operations under tolling agreements achieved</li> <li>Full run-rate \$400M – \$450M earnings</li> <li>DOE FTA and Non-FTA authorizations to 2050<sup>3</sup></li> </ul>
CONSTRUCTION	ECA LNG PHASE 1	~3.25 Mtpa	~2.5 Mtpa	<ul style="list-style-type: none"> <li>FID achieved and full notice to proceed provided to TechnipFMC under EPC contract<sup>4</sup></li> <li>Total secured a 16.6% equity stake</li> <li>20-year SPAs with Total for 1.7 Mtpa and Mitsui for 0.8 Mtpa</li> <li>DOE FTA and Non-FTA authorizations to 2050</li> </ul>
UNDER DEVELOPMENT	CAMERON LNG PHASE 2	~10 Mtpa	~8 Mtpa	<ul style="list-style-type: none"> <li>FERC permits extension received</li> <li>DOE FTA and Non-FTA authorizations to 2050</li> <li>MOUs signed with Total, Mitsui and Mitsubishi for the offtake<sup>5</sup></li> </ul>
	ECA LNG PHASE 2	~14 Mtpa	~12 Mtpa	<ul style="list-style-type: none"> <li>DOE FTA and Non-FTA authorizations to 2050</li> <li>MOUs signed with Total and Mitsui<sup>5</sup></li> </ul>
	PORT ARTHUR LNG	~13.5 Mtpa	~10 Mtpa	<ul style="list-style-type: none"> <li>IPPA with Aramco Services Company for 5 Mtpa + 25% equity<sup>5</sup></li> <li>Definitive LNG SPA for sale of 2 Mtpa per year to PGNiG<sup>6</sup></li> <li>FERC authorization received</li> <li>DOE FTA and Non-FTA authorizations to 2050</li> </ul>

1. The ability to complete major construction projects is subject to a number of risks and uncertainties. Please also refer to “Risk Factors” and “Capital Resources and Liquidity” in our most recent Annual Report on Form 10-K for a description of the risks and other factors associated with project development, construction and other opportunities.

2. Nameplate and Offtake Capacity represent 100% of project, not Sempra’s ownership. Nameplate Capacity is the LNG amount the plant can produce under standard atmospheric conditions running 365 days per year at full load. Cameron LNG Phase 1 Nameplate Capacity represents FERC-permitted export capacity. For projects under construction and development, capacities are illustrative and estimated as final designs have not been completed.

3. U.S. Department of Energy (DOE). Free trade agreement (FTA).

4. Engineering, procurement and construction (EPC).

5. Subject to negotiating and reaching definitive agreements. The interim project participation agreement (IPPA) and memorandums of understanding (MOUs) do not commit any party to enter into a definitive agreement, or otherwise participate in these projects.

6. The sale and purchase agreement (SPA) with Polish Oil & Gas Company (PGNiG) is subject to certain conditions precedent, including Sempra Energy reaching FID within certain agreed timelines.

# HYDROGEN DEMONSTRATION PROJECTS

	Project	Technology Overview
CA UTILITIES	<b>BLENDING DEMONSTRATION</b>	<ul style="list-style-type: none"> <li>Test hydrogen blending impact on pipeline integrity in order to gain understanding of how to safely incorporate hydrogen, a zero-emission fuel, to be stored and used in the gas distribution system. This is the first step toward the establishment of a statewide hydrogen injection standard.</li> </ul>
	<b>H2 HYDROGEN HOME</b>	<ul style="list-style-type: none"> <li>Microgrid includes a home, solar arrays, home battery, and electrolyzer to convert solar energy into clean hydrogen. Includes fuel cell that converts hydrogen to electricity</li> </ul>
SOCALGAS	<b>PURIFICATION + COMPRESSION</b>	<ul style="list-style-type: none"> <li>Demonstrating hydrogen injection into natural gas grid, selectively extracting hydrogen at point of use, and pressurized hydrogen for on-site storage and dispensing</li> </ul>
	<b>FUEL CELLS (RAIL + MARINE)</b>	<ul style="list-style-type: none"> <li>Develop the first shared hydrogen refueling station for locomotives and on-road heavy-duty trucks to increase use of hydrogen fuel and hydrogen</li> </ul>
	<b>END-USE DEMONSTRATIONS</b>	<ul style="list-style-type: none"> <li>Develop faster fueling systems for heavy-duty fuel cell trucks</li> <li>Demonstrate use of hydrogen in direct reduction of iron for steelmaking</li> <li>Integrate hydrogen blends with turbine assets for energy storage</li> </ul>
	<b>P2G + BIOGAS INTEGRATION</b>	<ul style="list-style-type: none"> <li>Accelerate commercialization of power-to-gas (P2G) by further studying efficiency and performance of P2G as a renewable energy storage strategy</li> </ul>
	<b>MODULAR PRODUCTION</b>	<ul style="list-style-type: none"> <li>R&amp;D 100 Award-winning STARS technology operates on solar-thermal and/or renewable electricity. Features high-efficiency, low emissions hydrogen production</li> </ul>
	<b>FUEL CELLS (TRANSPORTATION)</b>	<ul style="list-style-type: none"> <li>Advance fuel cell technology for on-road trucking and transit, near-zero emissions natural gas technology for rail locomotives and practices to reduce costs</li> </ul>
	<b>CO<sub>2</sub> AIR CAPTURE DEMONSTRATIONS</b>	<ul style="list-style-type: none"> <li>Potential to remove GHGs from atmosphere at lower cost and provide building blocks for carbon neutral methane, as well as other key commercial chemicals</li> </ul>
SDG&E	<b>P2GP PROJECT<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Energy storage project incorporating electrolysis and a fuel cell to store green hydrogen made from abundant renewable energy</li> </ul>
	<b>MULTI-USE ELECTROLYZER PILOT</b>	<ul style="list-style-type: none"> <li>Technologies such as electrolysis and renewable resources to demonstrate energy storage, P2G hydrogen fuel blending for combustion, and vehicle hydrogen fueling</li> </ul>

**Piloting hydrogen technologies to advance the pathway to commercialization**

1. Power-to-Gas-to-Power (P2GP).

# APPENDIX

## Business Unit Earnings



# SDG&E

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	<i>(Unaudited)</i>			
SDG&E GAAP Earnings	\$ 191	\$ 185	\$ 824	\$ 767

Q4-2020 earnings are higher than Q4-2019 earnings primarily due to:

- \$20M higher income tax benefits from flow-through items, **partially offset by**
- \$5M lower electric transmission margin, and
- \$4M higher net interest expense

FY-2020 earnings are higher than FY-2019 earnings primarily due to:

- \$62M due to the release of a regulatory liability in 2020 related to 2016-2018 income tax expense forecasting differences,
- \$52M higher electric transmission margin, including impacts from the March 2020 FERC-approved TO5 settlement,
- \$23M higher AFUDC equity, and
- \$16M higher income tax benefits from flow-through items, **partially offset by**
- \$44M expected to be refunded to customers and a fine related to the Energy Efficiency Program inquiry,
- \$31M income tax benefit in 2019 from the release of a regulatory liability established in connection with 2017 tax reform for excess deferred income tax balances that the CPUC directed to be allocated to shareholders in a January 2019 decision
- \$13M higher amortization and accretion of the Wildfire Fund asset and liability, respectively, and
- \$12M higher net interest expense

# SOCALGAS

<i>(Dollars in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2020	2019	2020	2019
	<i>(Unaudited)</i>			
SoCalGas GAAP Earnings	\$ 79	\$ 204	\$ 504	\$ 641
Impacts Associated with Aliso Canyon Litigation and Regulatory Matters	139	-	233	-
SoCalGas Adjusted Earnings <sup>1</sup>	\$ 218	\$ 204	\$ 737	\$ 641

Q4-2020 adjusted earnings are higher than Q4-2019 earnings primarily due to \$18M higher income tax benefits primarily from flow-through items<sup>1</sup>

FY-2020 adjusted earnings are higher than FY-2019 earnings primarily due to:<sup>1</sup>

- \$64M due to the release of a regulatory liability in 2020 related to 2016-2018 income tax expense forecasting differences,
- \$29M higher CPUC base operating margin authorized for 2020, net of operating expenses,
- \$21M impairment of non-utility native gas assets in 2019,
- \$10M higher income tax benefits primarily from flow-through items, and
- \$8M penalties in 2019 related to the SoCalGas Billing Practices OII, **partially offset by**
- \$38M income tax benefit in 2019 from the impact of the January 2019 CPUC decision allocating certain excess deferred income tax balances to shareholders, and
- \$12M higher net interest expense

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

# SEMPRA TEXAS UTILITIES

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	<i>(Unaudited)</i>			
Sempra Texas Utilities GAAP Earnings	\$ 121	\$ 109	\$ 579	\$ 528

Q4-2020 earnings are higher than Q4-2019 earnings primarily due to higher equity earnings driven by:

- Increased revenues from rate updates to reflect increases in invested capital and customer growth, **partially offset by**
- Unfavorable weather and increased operating costs and expenses attributable to invested capital

FY-2020 earnings are higher than FY-2019 earnings primarily due to higher equity earnings driven by:

- Increased revenues from rate updates to reflect increases in invested capital and customer growth,
- Impact of Oncor's acquisition of InfraREIT in May 2019, and
- Higher AFUDC equity, **partially offset by**
- Unfavorable weather and increased operating costs and expenses attributable to invested capital

# SEMPRA MEXICO<sup>1</sup>

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	<i>(Unaudited)</i>			
Sempra Mexico GAAP (Losses) Earnings	\$ (43)	\$ 39	\$ 259	\$ 253

Q4-2020 losses compared to Q4-2019 earnings primarily due to:

- \$86M unfavorable impact from foreign currency and inflation effects net of foreign currency derivatives,
- \$6M higher interest expense, and
- \$5M lower earnings at Termoelectrica de Mexicali (TdM) primarily due to scheduled major maintenance in the fourth quarter of 2020, **partially offset by**
- \$9M lower income tax expense in 2020 primarily related to the extension of the tax abatement that expires in 2024

FY-2020 earnings are higher than FY-2019 earnings primarily due to:

- \$21M higher earnings primarily due to the start of commercial operations of the Sur de Texas-Tuxpan marine pipeline at the IMG JV in September 2019,
- \$16M favorable impact from foreign currency and inflation effects net of foreign currency derivatives, **partially offset by**
- \$14M higher interest expense,
- \$14M lower earnings at the Guaymas-El Oro segment of the Sonora pipeline primarily from force majeure payments that ended in August 2019, and
- \$8M lower earnings at TdM primarily due to scheduled major maintenance in the fourth quarter of 2020

1. All variance explanations are shown after noncontrolling interests.

# SEMPRA LNG

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	<i>(Unaudited)</i>			
Sempra LNG GAAP Earnings (Losses)	\$ 113	\$ (19)	\$ 320	\$ (6)

Q4-2020 earnings compared to Q4-2019 losses primarily due to:

- \$99M higher equity earnings from Cameron LNG JV primarily due to Phase 1 commencing commercial operations, and
- \$21M higher earnings from Sempra LNG's marketing operations primarily driven by changes in natural gas prices

FY-2020 earnings compared to FY-2019 losses primarily due to:

- \$284M higher equity earnings from Cameron LNG JV primarily due to Phase 1 commencing commercial operations, and
- \$41M higher earnings from Sempra LNG's marketing operations primarily driven by changes in natural gas prices

# PARENT & OTHER

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	<i>(Unaudited)</i>			
Parent & Other GAAP Losses	\$ (47)	\$ (132)	\$ (562)	\$ (515)
Losses from Investment in RBS Sempra Commodities LLP	-	-	100	-
Reduction in Tax Valuation Allowance Against Certain NOL Carryforwards <sup>1</sup>	-	-	-	(10)
Parent & Other Adjusted Losses <sup>2</sup>	\$ (47)	\$ (132)	\$ (462)	\$ (525)

Q4-2020 losses are lower than Q4-2019 losses primarily due to:

- \$38M higher income tax benefit primarily due to changes to a valuation allowance against certain tax credit carryforwards,
- \$15M lower net interest expense,
- \$11M higher net investment gains on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation obligations, and
- \$11M loss from foreign currency derivative in 2019 used to hedge exposure to fluctuations in the Peruvian sol related to the sale of our South American businesses, **partially offset by**
- \$12M higher preferred dividends due to the issuance of series C preferred stock in June 2020

FY-2020 adjusted losses are lower than FY-2019 primarily due to:<sup>1</sup>

- \$36M lower net interest expense,
- \$28M higher income tax benefit primarily due to changes to a valuation allowance against certain tax credit carryforwards,
- \$8M decrease in losses from foreign currency derivatives used to hedge exposure to fluctuations in the Peruvian sol and Chilean peso related to the sale of our South American businesses, **partially offset by**
- \$26M higher preferred dividends due to the issuance of series C preferred stock in June 2020

1. Net Operating Loss (NOL).

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

# DISCONTINUED OPERATIONS (SEMPRA SOUTH AMERICAN UTILITIES)<sup>1</sup>

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	<i>(Unaudited)</i>			
Discontinued Operations GAAP Earnings	\$ -	\$ 61	\$ 1,840	\$ 328
Gain on Sale of South American Businesses	-	-	(1,747)	-
Change in Indefinite Reinvestment Assertion of Basis Differences and Structure of Sale	-	-	-	(89)
Discontinued Operations Adjusted Earnings <sup>2</sup>	\$ -	\$ 61	\$ 93	\$ 239

Q4-2020 earnings are lower than Q4-2019 earnings and FY-2020 adjusted earnings are lower than FY-2019 due to the sales of our Peruvian businesses in April 2020 and Chilean businesses in June 2020<sup>2</sup>

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 adjustments above.

# APPENDIX

## Non-GAAP Financial Measures + Other Reconciliations



# 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 2020 and 2019 as follows:

In the three months ended December 31, 2020:

- \$(139)M from impacts associated with Aliso Canyon natural gas storage facility litigation and regulatory matters at SoCalGas

In the year ended December 31, 2020:

- \$(233)M from impacts associated with Aliso Canyon natural gas storage facility litigation and regulatory matters at SoCalGas
- \$(100)M equity losses at RBS Sempra Commodities LLP, which represent an estimate of our obligations to settle pending tax matters and related legal costs at our equity method investment at Parent and Other
- \$1,747M gain on the sale of our South American businesses

In the year ended December 31, 2019:

- \$45M gain on the sale of certain Sempra Renewables assets

Associated with holding the South American businesses for sale:

- \$89M income tax benefit 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 and a change in the anticipated structure of the 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

Sempra Energy Adjusted Earnings, 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 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, 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)

	Three months ended December 31, 2020			Three months ended December 31, 2019		
	Pretax amount	Income tax (benefit) expense <sup>1</sup>	Earnings	Pretax amount	Income tax expense (benefit) <sup>1</sup>	Earnings
<i>(Dollars in millions, except per share amounts; shares in thousands)</i>						
<b>Sempra Energy GAAP Earnings</b>			\$ 414			\$ 447
Excluded item:						
Impacts associated with Aliso Canyon litigation and regulatory matters	\$ 180	\$ (41)	139	\$ -	\$ -	-
<b>Sempra Energy Adjusted Earnings</b>			<u>\$ 553</u>			<u>\$ 447</u>
Diluted EPS:						
Weighted-average common shares outstanding, diluted – GAAP			290,216			288,787
Sempra Energy GAAP EPS			<u>\$ 1.43</u>			<u>\$ 1.55</u>
Sempra Energy Adjusted EPS			<u>1.90</u>			
	Year ended December 31, 2020			Year ended December 31, 2019		
<b>Sempra Energy GAAP Earnings</b>			\$ 3,764			\$ 2,055
Excluded items:						
Impacts associated with Aliso Canyon litigation and regulatory matters	\$ 307	\$ (74)	233	\$ -	\$ -	-
Losses from investment in RBS Sempra Commodities LLP	100	-	100	-	-	-
Gain on sale of South American businesses	(2,899)	1,152	(1,747)	-	-	-
Gain on sale of certain Sempra Renewables assets	-	-	-	(61)	16	(45)
Associated with holding the South American businesses for sale:						
Change in indefinite reinvestment assertion of basis differences and structure of sale of discontinued operations	-	-	-	-	(89)	(89)
Reduction in tax valuation allowance against certain NOL carryforwards	-	-	-	-	(10)	(10)
<b>Sempra Energy Adjusted Earnings</b>			<u>\$ 2,350</u>			<u>\$ 1,911</u>
Diluted EPS:						
Sempra Energy GAAP Earnings			\$ 3,764			\$ 2,055
Weighted-average common shares outstanding, diluted – GAAP			292,252			282,033
Sempra Energy GAAP EPS			<u>\$ 12.88</u>			<u>\$ 7.29</u>
Sempra Energy Adjusted Earnings			\$ 2,350			\$ 1,911
Add back dividends for dilutive series A preferred stock			104			-
Sempra Energy Adjusted Earnings for Adjusted EPS			<u>\$ 2,454</u>			<u>\$ 1,911</u>
Weighted-average common shares outstanding, diluted – Adjusted <sup>2</sup>			305,669			282,033
Sempra Energy Adjusted EPS			<u>\$ 8.03</u>			<u>\$ 6.78</u>
Sempra Energy Adjusted Earnings Growth Rate (YTD 2019 to YTD 2020)						23%
Sempra Energy Adjusted EPS Growth Rate (YTD 2019 to YTD 2020)						18%

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. In the year ended December 31, 2020, 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 the denominator used to calculate Adjusted EPS.

# ADJUSTED EARNINGS (LOSSES) BY BUSINESS UNITS (UNAUDITED)<sup>1</sup>

(Dollars in millions)

GAAP Earnings (Losses)  
 Impacts Associated with Aliso Canyon Regulatory Matters, Net of \$41 Income Tax Benefit  
 Adjusted Earnings (Losses)

Three months ended December 31, 2020								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Energy Consolidated	
\$ 191	\$ 79	\$ 121	\$ (43)	\$ 113	\$ (47)	\$ -	\$ 414	
	139						139	
<b>\$ 191</b>	<b>\$ 218</b>	<b>\$ 121</b>	<b>\$ (43)</b>	<b>\$ 113</b>	<b>\$ (47)</b>	<b>\$ -</b>	<b>\$ 553</b>	

GAAP Earnings (Losses)

Three months ended December 31, 2019								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Energy Consolidated	
\$ 185	\$ 204	\$ 109	\$ 39	\$ (19)	\$ (132)	\$ 61	\$ 447	

GAAP Earnings (Losses)  
 Impacts Associated with Aliso Canyon Litigation and Regulatory Matters, Net of \$74 Income Tax Benefit  
 Losses from Investment in RBS Sempra Commodities LLP  
 Gain on Sale of South American Businesses, Net of \$1,152 Income Tax Expense  
 Adjusted Earnings (Losses)

Year ended December 31, 2020								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Parent & Other	Discontinued Operations	Sempra Energy Consolidated	
\$ 824	\$ 504	\$ 579	\$ 259	\$ 320	\$ (562)	\$ 1,840	\$ 3,764	
	233						233	
					100		100	
						(1,747)	(1,747)	
<b>\$ 824</b>	<b>\$ 737</b>	<b>\$ 579</b>	<b>\$ 259</b>	<b>\$ 320</b>	<b>\$ (462)</b>	<b>\$ 93</b>	<b>\$ 2,350</b>	

GAAP Earnings (Losses)  
 Gain on Sale of Certain Sempra Renewables Assets, Net of \$16 Income Tax Expense  
 Tax Impacts from Holding the South American Businesses for Sale  
 Adjusted Earnings (Losses)

Year ended December 31, 2019								
SDG&E	SoCalGas	Sempra Texas Utilities	Sempra Mexico	Sempra LNG	Sempra Renewables	Parent & Other	Discontinued Operations	Sempra Energy Consolidated
\$ 767	\$ 641	\$ 528	\$ 253	\$ (6)	\$ 59	\$ (515)	\$ 328	\$ 2,055
					(45)			(45)
						(10)	(89)	(99)
<b>\$ 767</b>	<b>\$ 641</b>	<b>\$ 528</b>	<b>\$ 253</b>	<b>\$ (6)</b>	<b>\$ 14</b>	<b>\$ (525)</b>	<b>\$ 239</b>	<b>\$ 1,911</b>

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 U.S. UTILITIES ADJUSTED EARNINGS<sup>1</sup> (UNAUDITED)

(Dollars in millions)	Pretax amount	Income tax benefit <sup>2</sup>	Earnings
	<b>Year ended December 31, 2020</b>		
<b>U.S. Utilities GAAP Earnings</b>			<b>\$ 1,907</b>
Excluded items:			
Impacts Associated with Aliso Canyon Litigation and Regulatory Matters	\$ 307	\$ (74)	233
<b>U.S. Utilities Adjusted Earnings</b>			<b>\$ 2,140</b>

1. U.S. Utilities includes SDG&E, SoCalGas, and Sempra Texas Utilities.

2. Income taxes were primarily calculated based on applicable statutory tax rates.

# 2020 ADJUSTED 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 and, if applicable, noncontrolling interests) as follows:

- \$(233)M from impacts associated with Aliso Canyon natural gas storage facility litigation and regulatory matters at SoCalGas
- \$(100)M equity losses at RBS Sempra Commodities LLP, which represent an estimate of our obligations to settle pending tax matters and related legal costs at our equity method investment at Parent and Other
- \$1,747M gain on the sale of our South American businesses

Sempra Energy 2020 Adjusted EPS Guidance Range 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 Range should not be considered an alternative to Sempra Energy 2020 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 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 <sup>1</sup>	\$ 12.02	to \$ 12.62
Excluded items:		
Impacts associated with Aliso Canyon litigation and regulatory matters	0.80	0.80
Losses from investment in RBS Sempra Commodities LLP	0.34	0.34
Gain on sale of South American businesses	(5.96)	(5.96)
Sempra Energy Adjusted EPS Guidance Range	<u>\$ 7.20</u>	to <u>\$ 7.80</u>
Weighted-average common shares outstanding, diluted (millions) <sup>2</sup>		293

1. Sempra Energy's prior GAAP EPS Guidance Range for full-year 2020 has been updated to reflect additional impacts associated with the Aliso Canyon natural gas storage facility litigation and regulatory matters.

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 would differ from the range presented above.

# 2018 AND 2017 ADJUSTED EARNINGS AND ADJUSTED EPS (UNAUDITED)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Common Share (Adjusted EPS) exclude items (after the effects of income taxes and, if applicable, noncontrolling interests) in 2018 and 2017 as follows:

In the year ended December 31, 2018:

- \$367M gain on the sale of certain Sempra Renewables assets
- \$(65)M impairment of RBS Sempra Commodities LLP (RBS Sempra Commodities) equity method investment at Parent and Other
- \$(629)M impairment of certain non-utility natural gas storage assets at Sempra LNG & Midstream
- \$(145)M other-than-temporary impairment of certain U.S. wind equity method investments at Sempra Renewables
- \$(22)M impacts associated with Aliso Canyon natural gas storage facility litigation at SoCalGas
- \$(85)M income tax expense in 2018 to adjust the Tax Cuts and Jobs Act of 2017 (TCJA) provisional amounts recorded in 2017

In the year ended December 31, 2017:

- \$(870)M income tax expense from the impact of the TCJA
- \$(208)M write-off of wildfire regulatory asset at SDG&E
- \$(47)M impairment of TdM assets that were held for sale until June 2018 at Sempra Mexico
- \$(20)M associated with Aliso Canyon litigation reserves at SoCalGas
- \$5M deferred income tax benefit on the TdM assets that were held for sale
- \$28M of recoveries related to 2016 permanent releases of pipeline capacity at Sempra LNG & Midstream

Sempra Energy Adjusted Earnings, Weighted-Average 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 Sempra Energy's business operations from 2018 to 2017 and to 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 (Losses), Weighted-Average Shares Outstanding-GAAP and GAAP Diluted Earnings (Losses) Per Common Share (GAAP EPS), which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

# 2018 AND 2017 ADJUSTED EARNINGS AND ADJUSTED EPS (UNAUDITED)

	Year ended December 31, 2018				Year ended December 31, 2017			
	Pretax amount	Income tax expense (benefit) <sup>1</sup>	Non-controlling interests	Earnings	Pretax amount	Income tax expense (benefit) <sup>1</sup>	Non-controlling interests	Earnings
<i>(Dollars in millions, except per share amounts)</i>								
<b>Sempra Energy GAAP Earnings</b>				\$ 924				\$ 256
Excluded items:								
Gain on sale of certain Sempra Renewables assets	\$ (513)	\$ 146	\$ -	(367)	\$ -	\$ -	\$ -	-
Impairment of investment in RBS Sempra Commodities	65	-	-	65	-	-	-	-
Impairment of non-utility natural gas storage assets	1,117	(452)	(36)	629	-	-	-	-
Impairment of U.S. wind equity method investments	200	(55)	-	145	-	-	-	-
Impacts associated with Aliso Canyon litigation	1	21	-	22	-	-	-	-
Impact from the TCJA	-	85	-	85	-	870	-	870
Write-off of wildfire regulatory asset	-	-	-	-	351	(143)	-	208
Impairment of TdM assets held for sale	-	-	-	-	71	-	(24)	47
Aliso Canyon litigation reserves	-	-	-	-	20	-	-	20
Deferred income tax benefit associated with TdM	-	-	-	-	-	(8)	3	(5)
Recoveries related to 2016 permanent release of pipeline capa	-	-	-	-	(47)	19	-	(28)
<b>Sempra Energy Adjusted Earnings</b>				<u>\$ 1,503</u>				<u>\$ 1,368</u>
Diluted earnings per common share:								
Sempra Energy GAAP EPS				<u>\$ 3.42</u>				<u>\$ 1.01</u>
Sempra Energy Adjusted EPS				<u>\$ 5.57</u>				<u>\$ 5.42</u>
Weighted-average common shares outstanding, diluted (thousands)				269,852				252,300
Sempra Energy Adjusted Earnings (2017-2020) CAGR								20%
Sempra Energy Adjusted EPS (2017-2020) CAGR								14%
Sempra Energy GAAP Earnings (2017-2020) CAGR								145%
Sempra Energy GAAP EPS (2017-2020) CAGR								134%

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. Income taxes associated with TdM were calculated based on the applicable statutory tax rate, including translation from historic to current exchange rates. An income tax benefit of \$12 million associated with the 2017 TdM impairment has been fully reserved.

# 2020 AND 2019 CAPITAL DEPLOYED (UNAUDITED)

<i>(Dollars in millions)</i>	2020	2019
<b>Sempra Energy</b>		
Expenditures for property, plant and equipment	\$ 4,676	\$ 3,708
Expenditures for investments and acquisitions	652	1,797
Total Capital Expenditures, Investments and Acquisitions (On Balance Sheet)	5,328	5,505
Exclude:		
Capital contribution to Oncor for Oncor's acquisition of 100% of InfraREIT and Sempra's acquisition of a 50% indirect interest in Sharyland	-	(1,162)
Acquisition of 1% interest in Texas Transmission Holdings Corporation (TTHC) from Hunt	(16)	-
Total Capital Expenditures and Investments (On Balance Sheet)	5,312	4,343
<b>Oncor Electric Delivery Company LLC</b>		
Capital expenditures (100%)	2,540	2,097
Total Capital Expenditures (Off Balance Sheet)	2,540	2,097
<b>Sharyland Utilities</b>		
Capital expenditures (100%)	5	2
Total Capital Expenditures (Off Balance Sheet)	5	2
<b>Sempra Texas Utilities - Proportionate Ownership Share of Unconsolidated Entities</b>		
80.25% of Oncor Electric Delivery Company LLC capital expenditures	2,038	1,683
50% of Sharyland Utilities capital expenditures	3	1
Less:		
Sempra Texas Utilities investments and acquisitions (On Balance Sheet)	(648)	(1,685)
Add Back:		
Sempra Texas Utilities acquisitions (On Balance Sheet) <sup>1</sup>	16	1,162
Capital Expenditures, Investments and Acquisitions - Sempra Texas Utilities (Off Balance Sheet)	1,409	1,161
Capital Expenditures - Unconsolidated Joint Ventures at Sempra LNG and Sempra Mexico (Off Balance Sheet) <sup>2</sup>	228	446
Total Capital Expenditures, Investments and Acquisitions of Unconsolidated Entities (Off Balance Sheet)	1,637	1,607
<b>Total Capital Deployed A+B</b>	<b>\$ 6,949</b>	<b>\$ 5,950</b>

1. Includes Sempra's acquisition of 1% interest in TTHC from Hunt in 2020 and Sempra's capital contribution to Oncor for Oncor's acquisition of 100% of InfraREIT and Sempra's acquisition of a 50% indirect interest in Sharyland in 2019.

2. Amounts are net of capital contributions from Sempra. 2020 and 2019 includes \$146 and \$337, respectively, of capex funded by Sempra LNG's unconsolidated JV (Cameron LNG JV) and \$82 and \$109, respectively, funded by Sempra Mexico's unconsolidated JVs.



# 2020 AND 2019 U.S. UTILITIES CAPITAL DEPLOYED (UNAUDITED)

<i>(Dollars in millions)</i>	2020	2019
<b>U.S. Utilities</b>		
SDG&E capital expenditures	\$ 1,942	\$ 1,522
SoCalGas capital expenditures	1,843	1,439
Sempra Texas Utilities investments and acquisitions	648	1,685
Total Capital Expenditures, Investments and Acquisitions (On Balance Sheet)	4,433	4,646
Exclude:		
Capital contribution to Oncor for Oncor's acquisition of 100% of InfraREIT and Sempra's acquisition of a 50% indirect interest in Sharyland	-	(1,162)
Acquisition of 1% interest in TTHC from Hunt	(16)	-
Total Capital Expenditures and Investments (On Balance Sheet)	4,417	3,484
<b>Oncor Electric Delivery Company LLC</b>		
Capital expenditures (100%)	2,540	2,097
Total Capital Expenditures (Off Balance Sheet)	2,540	2,097
<b>Sharyland Utilities</b>		
Capital expenditures (100%)	5	2
Total Capital Expenditures (Off Balance Sheet)	5	2
<b>Sempra Texas Utilities - Proportionate Ownership Share of Unconsolidated Entities</b>		
80.25% of Oncor Electric Delivery Company LLC capital expenditures	2,038	1,683
50% of Sharyland Utilities capital expenditures	3	1
Less:		
Sempra Texas Utilities investments and acquisitions (On Balance Sheet)	(648)	(1,685)
Add Back:		
Sempra Texas Utilities acquisitions (On Balance Sheet) <sup>1</sup>	16	1,162
Capital Expenditures, Investments and Acquisitions - Sempra Texas Utilities (Off Balance Sheet)	1,409	1,161
<b>Total U.S. Utilities Capital Deployed <b>A+B</b></b>	<b>\$ 5,826</b>	<b>\$ 4,645</b>
<b>Total increase in Capital Deployments from 2019 to 2020</b>		<b>25%</b>

1. Includes Sempra's acquisition of 1% interest in TTHC from Hunt in 2020 and Sempra's capital contribution to Oncor for Oncor's acquisition of 100% of InfraREIT and Sempra's acquisition of a 50% indirect interest in Sharyland in 2019.

# FUNDS FROM OPERATIONS (FFO) TO DEBT RATIO (UNAUDITED)

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 and cash flows from discontinued operations. We believe that FFO is a useful measure and management uses it to evaluate our business because it is one of the key metrics used by rating agencies to evaluate how leveraged a company is, and therefore how much debt a company can issue without negatively impacting its credit rating. It also provides management with a measure of cash available for debt service and for shareholders in the form of potential dividends or potential share repurchases.

FFO has limitations due to the fact it does not represent the residual cash flow available for discretionary purposes. For example, FFO does not incorporate dividend payments and debt service. Therefore, we believe it is important to view FFO as a complement to the entire Statement of Cash Flows. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information in accordance with GAAP.

The tables below reconcile FFO to Net Cash Provided by Operating Activities, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP, and we provide the ratio of Net Cash Provided by Operating Activities to Debt, which we consider to be the most comparable financial measure calculated in accordance with GAAP to the ratio of FFO to Debt.

# FUNDS FROM OPERATIONS (FFO) TO DEBT RATIO AND NET DEBT (UNAUDITED)

<i>(Dollars in millions)</i>	<b>Sempra</b>
<b>2020 Net Cash Provided by Operating Activities</b>	\$ 2,591
Exclude:	
Decreases in working capital	550
Cash flows from discontinued operations	1,051
<b>2020 FFO</b>	<b>\$ 4,192</b>
Short-term debt	\$ 885
Current portion of long-term debt and finance leases	1,540
Long-term debt and finance leases	21,781
<b>2020 Total Debt</b>	<b>\$ 24,206</b>
<b>FFO-to-Debt</b>	<b>17%</b>

<i>(Dollars in millions)</i>	<b>Sempra</b>	
	<b>2020</b>	<b>2019</b>
Short-term debt	\$ 885	\$ 3,505
Current portion of long-term debt and finance leases	1,540	1,526
Long-term debt and finance leases	21,781	20,785
<b>Total Debt</b>	<b>\$ 24,206</b>	<b>\$ 25,816</b>
Less: Cash and cash equivalents	(960)	(108)
<b>Total Net Debt</b>	<b>\$ 23,246</b>	<b>\$ 25,708</b>

# INCREASE IN 2021 + 2022 CAPITAL PLAN

<i>(Dollars in millions)</i>	<b>2020 - 2024 Capital Plan</b>		<b>2021 - 2025 Capital Plan</b>	
	Low	High	Low	High
	<b>2021</b>		<b>2021</b>	
<b>2021 Sempra U.S. Utilities</b>	\$ 5,700	to \$ 6,400	\$ 6,075	to \$ 6,575
SDG&E	2,150	2,350	2,300	2,500
SoCalGas	1,800	2,000	1,950	2,100
Sempra Texas On-Balance Sheet <sup>1</sup>	150	250	175	225
Sempra Texas Off-Balance Sheet <sup>2</sup>	1,600	1,800	1,650	1,750
<b>2021 Sempra U.S. Utilities Midpoint</b>	<b>\$6,050</b>		<b>\$6,325</b>	
	<b>2022</b>		<b>2022</b>	
<b>2022 Sempra U.S. Utilities</b>	\$ 4,850	to \$ 5,400	\$ 5,550	to \$ 6,250
SDG&E	1,500	1,600	1,900	2,100
SoCalGas	1,600	1,800	1,800	2,000
Sempra Texas On-Balance Sheet <sup>1</sup>	50	100	150	250
Sempra Texas Off-Balance Sheet <sup>2</sup>	1,700	1,900	1,700	1,900
<b>2022 Sempra U.S. Utilities Midpoint</b>	<b>\$5,125</b>		<b>\$5,900</b>	
<b>2021 + 2022 Sempra U.S. Utilities Increase in Capital Plan</b>			<b>\$1,050</b>	

1. Represents Sempra's capital contributions to Oncor.

2. Represents our proportionate ownership share of capital that will be funded by Sempra Texas Utilities' unconsolidated entities, Oncor and Sharyland.