# Sempra Reports Second-Quarter 2023 Earnings Results

August 3, 2023

SAN DIEGO, Aug. 3, 2023 /PRNewswire/ -- Sempra (NYSE: SRE) (BMV: SRE) today announced second-quarter 2023 earnings of $603 million, or $1.91 per diluted share, compared to second-quarter 2022 earnings of $559 million, or $1.77 per diluted share. On an adjusted basis, the company's second-quarter 2023 earnings were $594 million, or $1.88 per diluted share, compared to $626 million, or $1.98 per diluted share, in 2022.

"Today, Sempra is continuing its mission to build North America's premier energy infrastructure company, and we take a lot of pride in our progress," said Jeffrey W. Martin, chairman and chief executive officer of Sempra. "We have been successful in simplifying our business model and rotating capital into our three growth platforms — Sempra California,Sempra Texas and Sempra Infrastructure. In combination, these actions have contributed to another strong quarter of financial performance, while also positioning us for continued growth and value creation through the end of the decade."

Sempra's earnings for the first six months of 2023 were $1.572 billion, or $4.97 per diluted share, compared with earnings of $1.171 billion, or $3.70 per diluted share, in the first six months of 2022. Adjusted earnings for the first six months of 2023 were $1.516 billion, or $4.80 per diluted share, compared to $1.550 billion, or $4.90 per diluted share, in the first six months of 2022.

The reported financial results reflect certain significant items as described on an after-tax basis in the following table of GAAP (generally accepted accounting principles in the United States of America) earnings, reconciled to adjusted earnings, for the second quarter and first six months of 2023 and 2022.

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| *(Dollars and shares in millions, except EPS)* | 2023 | 2022 | 2023 | 2022 |
| | *(Unaudited)* | | | |
| **GAAP Earnings** | **$ 603** | **$ 559** | **$ 1,572** | **$ 1,171** |
| Impact associated with Aliso Canyon litigation | — | 32 | — | 98 |
| Equity losses from a write-off of rate base disallowances resulting from the PUCT's final order in Oncor's comprehensive base rate review | — | — | 44 | — |
| Impact from foreign currency and inflation on our monetary positions in Mexico | 93 | 16 | 202 | 91 |
| Net unrealized (gains) losses on derivatives | (102) | 19 | (319) | 70 |
| Net unrealized losses on a contingent interest rate swap related to the Port Arthur LNG Phase 1 project | — | — | 17 | — |
| Deferred income tax expense associated with the change in our indefinite reinvestment assertion related to the sale of noncontrolling interest to Abu Dhabi Investment Authority | — | — | — | 120 |
| **Adjusted Earnings[(1)]** | **$ 594** | **$ 626** | **$ 1,516** | **$ 1,550** |
| Diluted Weighted-Average Common Shares Outstanding | 316 | 316 | 316 | 317 |
| **GAAP EPS** | **$ 1.91** | **$ 1.77** | **$ 4.97** | **$ 3.70** |
| **Adjusted EPS[(1)]** | **$ 1.88** | **$ 1.98** | **$ 4.80** | **$ 4.90** |

*1) See Table A for information regarding non-GAAP financial measures and descriptions of adjustments.*

**Sempra California**

San Diego Gas & Electric Co. (SDGE) and Southern California Gas Co. (SoCalGas) are making critical investments in energy networks to better serve customers, continue to improve operational safety and reliability and help drive electrification and decarbonization across multiple sectors of the state's economy.

SDGE was awarded an estimated $500 million of planned transmission projects to support reliability as part of the California Independent System Operator's (CAISO) final 2022-2023 transmission plan. In June, CAISO also initiated a competitive bidding process for several transmission projects to help ensure California can meet growth and future energy demand and add renewable generation to its system, with $2.3 billion of those projects located within SDGE's service territory. In addition, to further bolster reliability and help CAISO store and dispatch clean energy to meet peak demand, SDGE began operations at two new utility-owned energy storage facilities totaling 171 megawatts (MW). SDGE expects to grow its energy storage portfolio to 345 MW by the end of the year — enough to meet more than 15% of its customers' energy demand on a typical day.

Additionally, it is important to note that the utility market in California continues to evolve. In SDGE's service territory, for example, more than 80% of its customers in San Diego County are now procuring their electricity supplies from third parties, which has the benefit of allowing the company to focus primarily on developing and operating modern energy networks that more efficiently integrate renewable resources, battery storage, electric vehicle charging stations and other clean technologies. Moreover, SDGE's narrower focus on energy delivery and connecting producers of cleaner energy to customers directly supports the transition to a lower carbon energy system and the state's overall public policy goals.

At SoCalGas, the focus remains on safety and affordably supporting reliability and decarbonization using its existing energy network. In connection

with Senate Bill 1440, the utility recently launched a request for offers to procure renewable natural gas (RNG) and bio-synthetic natural gas from eligible suppliers. These actions are being taken in accordance with state-mandated targets for approximately 12% utility procurement of biomethane supply from landfills, woody biomass and other agricultural sources by 2030. In 2022, SoCalGas was successful in achieving 5% RNG penetration in core gas deliveries. This supports SoCalGas' goal of reaching 20% RNG throughput for core customers by 2030. The company also released an update to its 2021 Clean Fuels Study, which indicates that meeting the state's decarbonization and reliability goals will require critical new infrastructure investments to facilitate the delivery of cleaner fuels, a considerable scale-up of renewable generation resources and up to 10 gigawatts of electricity fueled by clean hydrogen by 2045.

The California Public Utilities Commission continues to advance the ongoing general rate cases of SDGE and SoCalGas, which focus on delivering cleaner energy, safely and reliably, in alignment with California's sustainability goals. The proposed decision is expected to be issued in the second quarter of 2024 with rates to be retroactively effective to January 1 of that year.

**Sempra Texas**

In Texas, the 2023 state legislative session closed out with the enactment of several energy reform measures that are expected to strengthen grid resiliency and facilitate new energy infrastructure development across the state. Moreover, the new laws are expected to help improve regulatory certainty regarding recovery of certain utility investments, reduce regulatory lag and shorten certain administrative processing time, which is intended to streamline project development to support increasing demand for electrification and reliability. These positive legislative reforms, coupled with recent regulatory outcomes related to Oncor's base rate review at the Public Utility Commission of Texas, strengthen the company's ability to better serve customers and support critical system growth and expansion.

To date, Oncor has made significant progress executing on its more than $19 billion, five-year capital budget, investing in critical transmission and distribution infrastructure projects to support population growth in Texas and increase reliability for the Electric Reliability Council of Texas (ERCOT) market. Throughout the quarter, Oncor continued to experience solid growth in new premises and the construction of new transmission and distribution lines, all while remaining focused on safety and reliability. In the second quarter, Oncor connected 21,000 new premises to the ERCOT grid, constructed or upgraded roughly 575 miles of distribution lines and placed nearly $560 million of projects into service. The company also had approximately 720 active generation and retail transmission point-of-interconnection (POI) requests in queue as of June 30, 2023.

**Sempra Infrastructure**

Sempra Infrastructure remains on track to deliver strong financial performance for 2023 as it advances its three integrated business lines: clean power, energy networks and liquefied natural gas (LNG) and net-zero solutions.

The company continues to advance its Pacific and Atlantic basin LNG supply strategy. Construction continues according to plan at the Energía Costa Azul LNG Phase 1 project located on the Pacific Coast, which has logged 8 million hours worked with no lost-time incidents and remains on track to reach commercial operations by summer of 2025.

In the Atlantic basin, the company is making progress at its proposed Port Arthur energy hub, which is benefiting from the integrated development capabilities of its energy network and LNG business lines. Construction is underway at the Port Arthur LNG Phase 1 project with more than 2.7 million hours of work completed, all without a lost-time incident.

Notably, Sempra Infrastructure Partners, LP (Sempra Infrastructure) is announcing today that it expects to finalize its ownership stake in Port Arthur LNG Phase 1 at an indirect ownership of 28%, landing near the high end of the previously shared target ownership of 20% to 30%. The transaction is anticipated to close in the third quarter of this year, subject to regulatory approvals and closing conditions.

Another critical component of the proposed Port Arthur energy hub is the development of the 72-mile Louisiana Connector pipeline, which is expected to deliver approximately 2 billion cubic feet per day of natural gas to Port Arthur LNG. Additionally, Sempra Infrastructure has acquired pore space for the proposed Titan Carbon Sequestration project, which is located nearby in Jefferson County, Texas, and is envisioned to capture carbon from the Port Arthur LNG Phase 1 project under construction and potential future phases, as well as potentially from other entities.

Finally, the competitive front-end engineering design process on the proposed Cameron LNG Phase 2 project continues. Cameron LNG JV recently informed Bechtel that it had been selected to perform additional value engineering work on the proposed Phase 2 project, and the parties are negotiating the terms and conditions for a definitive engineering, procurement and construction (EPC) contract. Sempra Infrastructure expects this process to continue through the fall, positioning the company to make a final investment decision in 2024 after executing the EPC contract and securing project financing and necessary regulatory approvals.

**Two-for-One Stock Split**

Sempra today announced that its Board of Directors has declared a two-for-one stock split in the form of a 100% stock dividend. Each stockholder of record at the close of business on August 14, 2023 will receive one additional share of common stock for every then-held share of common stock, to be distributed after the close of trading on August 21, 2023. The company expects its common stock to begin trading at the split-adjusted price on August 22, 2023.

The stock split is intended to make Sempra's common stock more accessible to a broader base of investors and to improve the overall trading volume of such shares due to the increased number of shares outstanding. The split-adjusted price offers an opportunity to appeal to new investors who want to join the company's mission to be North America's premier energy infrastructure company.

**Earnings Guidance**

Given the strength of the company's financial performance in the first half of this year, Sempra is updating its full-year 2023 GAAP earnings per common share (EPS) guidance range to $8.78 to $9.38 and affirming its full-year 2023 adjusted EPS guidance range of $8.60 to $9.20. The company is also affirming its full-year 2024 EPS guidance range of $9.10 to $9.80 and its projected long-term EPS growth rate of 6% to 8%. The foregoing GAAP and adjusted EPS guidance ranges will be updated for the aforementioned stock split in the company's third quarter and full year 2023 financial results.

**Non-GAAP Financial Measures**

Non-GAAP financial measures include Sempra's adjusted earnings, adjusted EPS and adjusted EPS guidance range. See Table A for additional information regarding these non-GAAP financial measures.

**Internet Broadcast**

Sempra will broadcast a live discussion of its earnings results over the internet today at 12 p.m. ET with the company's senior management. Access is available by logging onto the Investors section of the company's website, sempra.com/investors. The webcast will be available on replay a few hours after its conclusion at sempra.com/investors.

**About Sempra**

Sempra is a leading North American energy infrastructure company that helps meet the daily energy needs of nearly 40 million consumers. As the owner of one of the largest energy networks on the continent, Sempra is helping to electrify and decarbonize some of the world's most significant economic markets, including California, Texas, Mexico and the LNG export market. The company is also consistently recognized as a leader in sustainable business practices and for its long-standing commitment to building a high-performance culture focused on safety and operational excellence, leadership and workforce development and diversity and inclusion. Investor's Business Daily named Sempra the top-ranked utility in the U.S. for environmental, social and governance scores and financial performance. Sempra was also included on the Dow Jones Sustainability North America Index for the 12th consecutive year. More information about Sempra is available at sempra.com and on Twitter @Sempra.

*This press release 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 or implied in any forward-looking statement. These forward-looking statements represent our estimates and assumptions only as of the date of this press release. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise.*

*In this press release, forward-looking statements can be identified by words such as "believes," "expects," "intends," "anticipates," "contemplates," "plans," "estimates," "projects," "forecasts," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "in process," "construct," "develop," "opportunity," "initiative," "target," "outlook," "optimistic," "poised," "maintain," "continue," "progress," "advance," "goal," "aim," "commit," 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 expressed or implied in any forward-looking statement include risks and uncertainties relating to: California wildfires, including potential liability for damages regardless of fault and any inability to recover all or a substantial portion of costs from insurance, the wildfire fund established by California Assembly Bill 1054, rates from customers or a combination thereof; decisions, investigations, inquiries, regulations, denials or revocations of permits, consents, approvals or other authorizations, renewals of franchises, and other actions by (i) the California Public Utilities Commission (CPUC), Comisión Reguladora de Energía, U.S. Department of Energy, U.S. Federal Energy Regulatory Commission, Public Utility Commission of Texas, and other governmental and regulatory bodies and (ii) the U.S., Mexico and states, counties, cities and other jurisdictions therein and in other countries where we do business; the success of business development efforts, construction projects and acquisitions and divestitures, including risks in (i) being able to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) realizing anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent or approval of third parties; litigation, arbitrations, property disputes and other proceedings, and changes to laws and regulations, including those related to the energy industry in Mexico; cybersecurity threats, including by state and state-sponsored actors, of ransomware or other attacks on our systems or the systems of third parties with which we conduct business, including the energy grid or other energy infrastructure, all of which have become more pronounced due to recent geopolitical events; our ability to borrow money on favorable terms and meet our obligations, including due to (i) actions by credit rating agencies to downgrade our credit ratings or place those ratings on negative outlook or (ii) rising interest rates and inflation; failure of foreign governments, state-owned entities and our counterparties to honor their contracts and commitments; the impact on affordability of San Diego Gas & Electric Company's (SDG&E) and Southern California Gas Company's (SoCalGas) customer rates and their cost of capital and on SDG&E's, SoCalGas' and Sempra Infrastructure's ability to pass through higher costs to customers due to (i) volatility in inflation, interest rates and commodity prices, (ii) with respect to SDG&E's and SoCalGas' businesses, the cost of the clean energy transition in California, and (iii) with respect to Sempra Infrastructure's business, volatility in foreign currency exchange rates; the impact of climate and sustainability policies, laws, rules, regulations, disclosures and trends, including actions to reduce or eliminate reliance on natural gas, increased uncertainty in the political or regulatory environment for California natural gas distribution companies, the risk of nonrecovery for stranded assets, and our ability to incorporate new technologies; weather, natural disasters, pandemics, accidents, equipment failures, explosions, terrorism, information system outages or other events that disrupt our operations, damage our facilities or systems, cause the release of harmful materials or fires or subject us to liability for damages, fines and penalties, some of which may not be recoverable through regulatory mechanisms or insurance or may impact our ability to obtain satisfactory levels of affordable insurance; the availability of electric power, natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid, pipeline system or limitations on the withdrawal of natural gas from storage facilities; Oncor Electric Delivery Company LLC's (Oncor) ability to reduce or eliminate its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director; changes in tax and trade policies, laws and regulations, including tariffs, revisions to international trade agreements and sanctions, any of which may increase our costs, reduce our competitiveness, impact our ability to do business with certain counterparties, or impair our ability to resolve trade disputes; and other uncertainties, some of which are difficult to predict and beyond our control.*

*These risks and uncertainties are further discussed in the reports that Sempra 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, sec.gov, and on Sempra's website, sempra.com. Investors should not rely unduly on any forward-looking statements.*

*Sempra Infrastructure, Sempra Infrastructure Partners, Sempra Texas, Sempra Texas Utilities, Oncor and Infraestructura Energética Nova, S.A.P.I. de C.V. (IEnova) are not the same companies as the California utilities, SDG&E or SoCalGas, and Sempra Infrastructure, Sempra Infrastructure Partners, Sempra Texas, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.*

*None of the website references in this press release are active hyperlinks, and the information contained on, or that can be accessed through, any such website is not, and shall not be deemed to be, part of this document.*

**SEMPRA**
**Table A**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
*(Dollars in millions, except per share amounts; shares in thousands)*

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | (unaudited) | | | |
| REVENUES | | | | |
| Utilities: | | | | |
| Natural gas | $ 1,660 | $ 1,704 | $ 6,072 | $ 4,024 |
| Electric | 1,054 | 1,189 | 2,081 | 2,306 |
| Energy-related businesses | 621 | 654 | 1,742 | 1,037 |
| Total revenues | 3,335 | 3,547 | 9,895 | 7,367 |
| EXPENSES AND OTHER INCOME | | | | |
| Utilities: | | | | |
| Cost of natural gas | (311) | (528) | (2,994) | (1,330) |
| Cost of electric fuel and purchased power | (88) | (251) | (202) | (456) |
| Energy-related businesses cost of sales | (81) | (289) | (274) | (424) |
| Operation and maintenance | (1,366) | (1,162) | (2,575) | (2,248) |
| Aliso Canyon litigation and regulatory matters | — | (45) | — | (137) |
| Depreciation and amortization | (549) | (501) | (1,088) | (994) |
| Franchise fees and other taxes | (148) | (150) | (340) | (312) |
| Other income (expense), net | 31 | (1) | 72 | 37 |
| Interest income | 17 | 15 | 41 | 40 |
| Interest expense | (317) | (271) | (683) | (514) |
| Income before income taxes and equity earnings | 523 | 364 | 1,852 | 1,029 |
| Income tax expense | (175) | (80) | (551) | (414) |
| Equity earnings | 388 | 375 | 607 | 701 |
| Net income | 736 | 659 | 1,908 | 1,316 |
| Earnings attributable to noncontrolling interests | (121) | (88) | (313) | (122) |
| Preferred dividends | (11) | (11) | (22) | (22) |
| Preferred dividends of subsidiary | (1) | (1) | (1) | (1) |
| Earnings attributable to common shares | $ 603 | $ 559 | $ 1,572 | $ 1,171 |
| Basic earnings per common share (EPS): | | | | |
| Earnings | $ 1.91 | $ 1.78 | $ 4.99 | $ 3.71 |
| Weighted-average common shares outstanding | 315,007 | 314,845 | 314,963 | 315,595 |
| Diluted EPS: | | | | |
| Earnings | $ 1.91 | $ 1.77 | $ 4.97 | $ 3.70 |
| Weighted-average common shares outstanding | 316,060 | 315,867 | 316,092 | 316,647 |

**SEMPRA**
**Table A (Continued)**

*RECONCILIATION OF SEMPRA ADJUSTED EARNINGS TO SEMPRA GAAP EARNINGS (Unaudited)*

Sempra Adjusted Earnings and Adjusted EPS exclude items (after the effects of income taxes and, if applicable, noncontrolling interests (NCI)) in 2023 and 2022 as follows:

Three months ended June 30, 2023:

- $(93) million impact from foreign currency and inflation on our monetary positions in Mexico
- $102 million net unrealized gains on commodity derivatives

Three months ended June 30, 2022:

- $(32) million impact associated with Aliso Canyon natural gas storage facility litigation at Southern California Gas Company (SoCalGas)

- $(16) million impact from foreign currency and inflation on our monetary positions in Mexico
- $(19) million net unrealized losses on commodity derivatives

Six months ended June 30, 2023:

- $(44) million equity losses from investment in Oncor Electric Delivery Holdings Company LLC (Oncor Holdings) related to a write-off of rate base disallowances resulting from the Public Utility Commission of Texas' (PUCT) final order in Oncor Electric Delivery Company LLC's (Oncor) comprehensive base rate review
- $(202) million impact from foreign currency and inflation on our monetary positions in Mexico
- $319 million net unrealized gains on commodity derivatives
- $(17) million net unrealized losses on a contingent interest rate swap related to the initial phase of the Port Arthur LNG liquefaction project (PA LNG Phase 1 project)

Six months ended June 30, 2022:

- $(98) million impact associated with Aliso Canyon natural gas storage facility litigation at SoCalGas
- $(91) million impact from foreign currency and inflation on our monetary positions in Mexico
- $(70) million net unrealized losses on commodity derivatives
- $(120) million deferred income tax expense associated with the change in our indefinite reinvestment assertion as a result of progress in obtaining regulatory approvals necessary to close the sale of 10% NCI in Sempra Infrastructure Partners, LP (SI Partners) to Abu Dhabi Investment Authority (ADIA)

Sempra 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 on our monetary positions in Mexico and net 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'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 GAAP Earnings and GAAP EPS, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

**RECONCILIATION OF ADJUSTED EARNINGS TO GAAP EARNINGS**

*(Dollars in millions, except EPS; shares in thousands)*

| | Pretax amount | Income tax expense (benefit)[1] | Non-controlling interests | Earnings | Pretax amount | Income tax (benefit) expense[1] | Non-controlling interests | Earnings |
|---|---|---|---|---|---|---|---|---|
| | Three months ended June 30, 2023 | | | | Three months ended June 30, 2022 | | | |
| | | | | (unaudited) | | | | |
| Sempra GAAP Earnings | | | | $ 603 | | | | $ 559 |
| Excluded items: | | | | | | | | |
| Impact associated with Aliso Canyon litigation | $ — | $ — | $ — | — | $ 45 | $ (13) | $ — | 32 |
| Impact from foreign currency and inflation on our monetary positions in Mexico | 18 | 117 | (42) | 93 | 4 | 14 | (2) | 16 |
| Net unrealized (gains) losses on commodity derivatives | (200) | 41 | 57 | (102) | 18 | (5) | 6 | 19 |
| Sempra Adjusted Earnings | | | | $ 594 | | | | $ 626 |
| | | | | | | | | |
| Diluted EPS: | | | | | | | | |
| Weighted-average common shares outstanding, diluted | | | | 316,060 | | | | 315,867 |
| Sempra GAAP EPS | | | | $ 1.91 | | | | $ 1.77 |
| Sempra Adjusted EPS | | | | $ 1.88 | | | | $ 1.98 |

| | Pretax amount | Income tax expense (benefit)[1] | Non-controlling interests | Earnings | Pretax amount | Income tax (benefit) expense[1] | Non-controlling interests | Earnings |
|---|---|---|---|---|---|---|---|---|
| | Six months ended June 30, 2023 | | | | Six months ended June 30, 2022 | | | |
| | | | | (unaudited) | | | | |
| Sempra GAAP Earnings | | | | $ 1,572 | | | | $ 1,171 |
| Excluded items: | | | | | | | | |
| Impact associated with Aliso Canyon litigation | $ — | $ — | $ — | — | $ 137 | $ (39) | $ — | 98 |
| Equity losses from a write-off of rate base disallowances resulting from the PUCT's final order in Oncor's | — | — | — | 44 | — | — | — | — |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| comprehensive base rate review | | | | | | | | |
| Impact from foreign currency and inflation on our monetary positions in Mexico | 43 | 252 | (93) | 202 | 29 | 84 | (22) | 91 |
| Net unrealized (gains) losses on commodity derivatives | (628) | 126 | 183 | (319) | 106 | (25) | (11) | 70 |
| Net unrealized losses on a contingent interest rate swap related to the PA LNG Phase 1 project | 33 | (6) | (10) | 17 | — | — | — | — |
| Deferred income tax expense associated with the change in our indefinite reinvestment assertion related to the sale of NCI to ADIA | — | — | — | — | — | 120 | — | 120 |
| Sempra Adjusted Earnings | | | | $ 1,516 | | | | $ 1,550 |
| | | | | | | | | |
| Diluted EPS: | | | | | | | | |
| Weighted-average common shares outstanding, diluted | | | | 316,092 | | | | 316,647 |
| Sempra GAAP EPS | | | | $ 4.97 | | | | $ 3.70 |
| Sempra Adjusted EPS | | | | $ 4.80 | | | | $ 4.90 |

*(1)* Except for adjustments that are solely income tax, income taxes on pretax amounts were primarily calculated based on applicable statutory tax rates. We record equity losses for our investment in Oncor Holdings net of income tax.

**SEMPRA**
**Table A (Continued)**

*RECONCILIATION OF SEMPRA 2023 ADJUSTED EPS GUIDANCE RANGE TO SEMPRA 2023 GAAP EPS GUIDANCE RANGE (Unaudited)*

Sempra 2023 Adjusted EPS Guidance Range of $8.60 to $9.20 excludes items (after the effects of income taxes and, if applicable, NCI) as follows:

- $(44) million equity losses from investment in Oncor Holdings related to a write-off of rate base disallowances resulting from the PUCT's final order in Oncor's comprehensive base rate review
- $(202) million impact from foreign currency and inflation on our monetary positions in Mexico
- $319 million net unrealized gains on commodity derivatives
- $(17) million net unrealized losses on a contingent interest rate swap related to the PA LNG Phase 1 project

Sempra 2023 Adjusted EPS Guidance is a non-GAAP financial measure. This non-GAAP financial measure excludes significant items that are generally not related to our ongoing business activities and/or infrequent in nature. This non-GAAP financial measure also excludes the impact from foreign currency and inflation on our monetary positions in Mexico and net 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's business operations to prior and future periods. Sempra 2023 Adjusted EPS Guidance Range should not be considered an alternative to Sempra 2023 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 2023 Adjusted EPS Guidance Range to Sempra 2023 GAAP EPS Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

**RECONCILIATION OF ADJUSTED EPS GUIDANCE RANGE TO GAAP EPS GUIDANCE RANGE**

| | Full-Year 2023 | |
|---|---|---|
| Sempra GAAP EPS Guidance Range | $ 8.78 to $ 9.38 | |
| Excluded items: | | |
| Equity losses from a write-off of rate base disallowances resulting from the PUCT's final order in Oncor's comprehensive base rate review | 0.14 | 0.14 |
| Impact from foreign currency and inflation on our monetary positions in Mexico | 0.64 | 0.64 |
| Net unrealized gains on commodity derivatives | (1.01) | (1.01) |
| Net unrealized losses on a contingent interest rate swap related to the PA LNG Phase 1 project | 0.05 | 0.05 |
| Sempra Adjusted EPS Guidance Range | $ 8.60 to $ 9.20 | |
| Weighted-average common shares outstanding, diluted (millions) | | 316 |

**SEMPRA**
**Table B**

**CONDENSED CONSOLIDATED BALANCE SHEETS**
*(Dollars in millions)*

| | June 30, 2023 | December 31, 2022[1] |
|---|---|---|
| | (unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 1,077 | $ 370 |
| Restricted cash | 74 | 40 |
| Accounts receivable – trade, net | 1,970 | 2,635 |
| Accounts receivable – other, net | 489 | 685 |
| Due from unconsolidated affiliates | 26 | 54 |
| Income taxes receivable | 74 | 113 |
| Inventories | 383 | 403 |
| Prepaid expenses | 159 | 268 |
| Regulatory assets | 105 | 351 |
| Fixed-price contracts and other derivatives | 256 | 803 |
| Greenhouse gas allowances | 143 | 141 |
| Other current assets | 91 | 49 |
| Total current assets | 4,847 | 5,912 |
| Other assets: | | |
| Restricted cash | 91 | 52 |
| Regulatory assets | 3,227 | 2,588 |
| Greenhouse gas allowances | 1,045 | 796 |
| Nuclear decommissioning trusts | 863 | 841 |
| Dedicated assets in support of certain benefit plans | 520 | 505 |
| Deferred income taxes | 149 | 135 |
| Right-of-use assets – operating leases | 722 | 655 |
| Investment in Oncor Holdings | 13,869 | 13,665 |
| Other investments | 2,146 | 2,012 |
| Goodwill | 1,602 | 1,602 |
| Other intangible assets | 331 | 344 |
| Wildfire fund | 288 | 303 |
| Other long-term assets | 1,549 | 1,382 |
| Total other assets | 26,402 | 24,880 |
| Property, plant and equipment, net | 51,478 | 47,782 |
| Total assets | $ 82,727 | $ 78,574 |

[1] *Derived from audited financial statements.*

**SEMPRA**
**Table B (Continued)**

**CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)**
*(Dollars in millions)*

| | June 30, 2023 | December 31, 2022[1] |
|---|---|---|
| | (unaudited) | |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Short-term debt | $ 2,512 | $ 3,352 |
| Accounts payable – trade | 1,790 | 1,994 |
| Accounts payable – other | 234 | 275 |
| Due to unconsolidated affiliates | 5 | — |
| Dividends and interest payable | 651 | 621 |
| Accrued compensation and benefits | 364 | 484 |
| Regulatory liabilities | 650 | 504 |
| Current portion of long-term debt and finance leases | 924 | 1,019 |
| Reserve for Aliso Canyon costs | 126 | 129 |
| Greenhouse gas obligations | 143 | 141 |

| | | |
|---|---|---|
| Other current liabilities | 1,052 | 1,380 |
| Total current liabilities | 8,451 | 9,899 |
| Long-term debt and finance leases | 27,521 | 24,548 |
| Deferred credits and other liabilities: | | |
| Due to unconsolidated affiliates | 282 | 301 |
| Regulatory liabilities | 3,435 | 3,341 |
| Greenhouse gas obligations | 800 | 565 |
| Pension and other postretirement benefit plan obligations, net of plan assets | 346 | 410 |
| Deferred income taxes | 5,064 | 4,591 |
| Asset retirement obligations | 3,536 | 3,546 |
| Deferred credits and other | 2,278 | 2,117 |
| Total deferred credits and other liabilities | 15,741 | 14,871 |
| Equity: | | |
| Sempra shareholders' equity | 27,836 | 27,115 |
| Preferred stock of subsidiary | 20 | 20 |
| Other noncontrolling interests | 3,158 | 2,121 |
| Total equity | 31,014 | 29,256 |
| Total liabilities and equity | $ 82,727 | $ 78,574 |

(1) Derived from audited financial statements

**SEMPRA**
**Table C**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
*(Dollars in millions)*

| | Six months ended June 30, | |
|---|---|---|
| | 2023 | 2022 |
| | (unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | $ 1,908 | $ 1,316 |
| Adjustments to reconcile net income to net cash provided by operating activities | 467 | 949 |
| Net change in working capital components | 1,474 | (3) |
| Insurance receivable for Aliso Canyon costs | — | 16 |
| Distributions from investments | 402 | 403 |
| Changes in other noncurrent assets and liabilities, net | (514) | (317) |
| **Net cash provided by operating activities** | 3,737 | 2,364 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Expenditures for property, plant and equipment | (4,282) | (2,361) |
| Expenditures for investments | (184) | (181) |
| Purchases of nuclear decommissioning and other trust assets | (322) | (397) |
| Proceeds from sales of nuclear decommissioning and other trust assets | 356 | 397 |
| Other | 11 | 7 |
| **Net cash used in investing activities** | (4,421) | (2,535) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Common dividends paid | (734) | (711) |
| Preferred dividends paid | (22) | (22) |
| Issuances of common stock | — | 3 |
| Repurchases of common stock | (31) | (476) |
| Issuances of debt (maturities greater than 90 days) | 5,614 | 4,818 |
| Payments on debt (maturities greater than 90 days) and finance leases | (3,392) | (1,543) |
| Decrease in short-term debt, net | (388) | (2,011) |
| Advances from unconsolidated affiliates | 14 | 18 |
| Proceeds from sales of noncontrolling interests | 265 | 1,732 |
| Distributions to noncontrolling interests | (252) | (106) |
| Contributions from noncontrolling interests | 543 | 13 |
| Settlement of cross-currency swaps | (99) | — |

| | | |
|---|---|---|
| Other | (61) | (30) |
| **Net cash provided by financing activities** | 1,457 | 1,685 |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | 7 | (2) |
| Increase in cash, cash equivalents and restricted cash | 780 | 1,512 |
| Cash, cash equivalents and restricted cash, January 1 | 462 | 581 |
| Cash, cash equivalents and restricted cash, June 30 | $ 1,242 | $ 2,093 |

**SEMPRA**
**Table D**

**SEGMENT EARNINGS (LOSSES) AND CAPITAL EXPENDITURES AND INVESTMENTS**
*(Dollars in millions)*

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | (unaudited) | | | |
| **Earnings (Losses) Attributable to Common Shares** | | | | |
| SDG&E | $ 184 | $ 176 | $ 442 | $ 410 |
| SoCalGas | 155 | 87 | 515 | 421 |
| Sempra Texas Utilities | 160 | 186 | 243 | 348 |
| Sempra Infrastructure | 208 | 183 | 523 | 278 |
| Parent and other | (104) | (73) | (151) | (286) |
| Total | $ 603 | $ 559 | $ 1,572 | $ 1,171 |

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | (unaudited) | | | |
| **Capital Expenditures and Investments** | | | | |
| SDG&E | $ 615 | $ 538 | $ 1,239 | $ 1,090 |
| SoCalGas | 503 | 463 | 961 | 931 |
| Sempra Texas Utilities | 93 | 86 | 178 | 171 |
| Sempra Infrastructure | 1,340 | 164 | 2,084 | 346 |
| Parent and other | — | 2 | 4 | 4 |
| Total | $ 2,551 | $ 1,253 | $ 4,466 | $ 2,542 |

**SEMPRA**
**Table E**

**OTHER OPERATING STATISTICS**

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | (unaudited) | | | |
| UTILITIES | | | | |
| ***SDG&E and SoCalGas*** | | | | |
| Gas sales (Bcf)[1] | 80 | 71 | 225 | 187 |
| Transportation (Bcf)[1] | 124 | 138 | 273 | 282 |
| Total deliveries (Bcf)[1] | 204 | 209 | 498 | 469 |
| Total gas customer meters (thousands) | | | 7,056 | 7,028 |
| ***SDG&E*** | | | | |
| Electric sales (millions of kWhs)[1] | 974 | 1,698 | 2,570 | 3,964 |
| Community Choice Aggregation and Direct Access (millions of kWhs)[2] | 2,797 | 2,131 | 5,529 | 4,029 |
| Total deliveries (millions of kWhs)[1] | 3,771 | 3,829 | 8,099 | 7,993 |
| Total electric customer meters (thousands) | | | 1,511 | 1,495 |

| | | | | |
|---|---|---|---|---|
| ***Oncor*[3]** | | | | |
| Total deliveries (millions of kWhs) | 38,056 | 37,829 | 72,835 | 71,540 |
| Total electric customer meters (thousands) | | | 3,933 | 3,867 |
| ***Ecogas*** | | | | |
| Natural gas sales (Bcf) | 1 | 1 | 2 | 2 |
| Natural gas customer meters (thousands) | | | 154 | 146 |
| ENERGY-RELATED BUSINESSES | | | | |
| ***Sempra Infrastructure*** | | | | |
| Termoeléctrica de Mexicali (millions of kWhs) | 348 | 725 | 917 | 1,249 |
| Wind and solar (millions of kWhs)[1] | 886 | 927 | 1,698 | 1,659 |

*(1) Includes intercompany sales.*

*(2) Several jurisdictions in SDG&E's territory have implemented Community Choice Aggregation, including the City of San Diego in 2022. Additional jurisdictions are in the process of implementing or considering Community Choice Aggregation.*

*(3) Includes 100% of the electric deliveries and customer meters of Oncor, in which we hold an indirect 80.25% interest through our investment in Oncor Holdings.*

**SEMPRA**
**Table F (Unaudited)**

**STATEMENTS OF OPERATIONS DATA BY SEGMENT**
*(Dollars in millions)*

| **Three months ended June 30, 2023** | SDG&E | SoCalGas | Sempra Texas Utilities | Sempra Infrastructure | Consolidating Adjustments, Parent & Other | Total |
|---|---|---|---|---|---|---|
| Revenues | $ 1,262 | $ 1,467 | $ — | $ 660 | $ (54) | $ 3,335 |
| Cost of sales and other expenses | (709) | (1,055) | (2) | (270) | 42 | (1,994) |
| Depreciation and amortization | (268) | (208) | — | (70) | (3) | (549) |
| Other income, net | 22 | 1 | — | 3 | 5 | 31 |
| Income (loss) before interest and tax[1] | 307 | 205 | (2) | 323 | (10) | 823 |
| Net interest expense | (119) | (70) | — | (19) | (92) | (300) |
| Income tax (expense) benefit | (4) | 21 | — | (201) | 9 | (175) |
| Equity earnings | — | — | 162 | 226 | — | 388 |
| Earnings attributable to noncontrolling interests | — | — | — | (121) | — | (121) |
| Preferred dividends | — | (1) | — | — | (11) | (12) |
| Earnings (losses) attributable to common shares | $ 184 | $ 155 | $ 160 | $ 208 | $ (104) | $ 603 |

| **Three months ended June 30, 2022** | SDG&E | SoCalGas | Sempra Texas Utilities | Sempra Infrastructure | Consolidating Adjustments, Parent & Other | Total |
|---|---|---|---|---|---|---|
| Revenues | $ 1,399 | $ 1,501 | $ — | $ 689 | $ (42) | $ 3,547 |
| Cost of sales and other expenses | (846) | (1,121) | (1) | (453) | 41 | (2,380) |
| Aliso Canyon litigation and regulatory matters | — | (45) | — | — | — | (45) |
| Depreciation and amortization | (244) | (188) | — | (67) | (2) | (501) |
| Other income (expense), net | 22 | 4 | — | 7 | (34) | (1) |
| Income (loss) before interest and tax[1] | 331 | 151 | (1) | 176 | (37) | 620 |
| Net interest expense | (113) | (44) | — | (23) | (76) | (256) |
| Income tax (expense) benefit | (42) | (19) | — | (70) | 51 | (80) |
| Equity earnings | — | — | 187 | 188 | — | 375 |
| Earnings attributable to noncontrolling interests | — | — | — | (88) | — | (88) |
| Preferred dividends | — | (1) | — | — | (11) | (12) |
| Earnings (losses) attributable to common shares | $ 176 | $ 87 | $ 186 | $ 183 | $ (73) | $ 559 |

(1) Management believes Income (Loss) Before Interest and Tax is a useful measurement of our segments' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income tax, neither of which is directly relevant to the efficiency of those operations.

**SEMPRA**

**Table F (Unaudited)**

**STATEMENTS OF OPERATIONS DATA BY SEGMENT**

*(Dollars in millions)*

| **Six months ended June 30, 2023** | SDG&E | SoCalGas | Sempra Texas Utilities | Sempra Infrastructure | Consolidating Adjustments, Parent & Other | Total |
|---|---|---|---|---|---|---|
| Revenues | $ 2,915 | $ 5,261 | $ — | $ 1,856 | $ (137) | $ 9,895 |
| Cost of sales and other expenses | (1,746) | (4,116) | (3) | (625) | 105 | (6,385) |
| Depreciation and amortization | (530) | (414) | — | (139) | (5) | (1,088) |
| Other income (expense), net | 50 | (7) | — | 13 | 16 | 72 |
| Income (loss) before interest and tax[(1)] | 689 | 724 | (3) | 1,105 | (21) | 2,494 |
| Net interest expense | (236) | (135) | — | (99) | (172) | (642) |
| Income tax (expense) benefit | (11) | (73) | — | (531) | 64 | (551) |
| Equity earnings | — | — | 246 | 361 | — | 607 |
| Earnings attributable to noncontrolling interests | — | — | — | (313) | — | (313) |
| Preferred dividends | — | (1) | — | — | (22) | (23) |
| Earnings (losses) attributable to common shares | $ 442 | $ 515 | $ 243 | $ 523 | $ (151) | $ 1,572 |

| **Six months ended June 30, 2022** | SDG&E | SoCalGas | Sempra Texas Utilities | Sempra Infrastructure | Consolidating Adjustments, Parent & Other | Total |
|---|---|---|---|---|---|---|
| Revenues | $ 2,844 | $ 3,494 | $ — | $ 1,113 | $ (84) | $ 7,367 |
| Cost of sales and other expenses | (1,682) | (2,411) | (3) | (732) | 58 | (4,770) |
| Aliso Canyon litigation and regulatory matters | — | (137) | — | — | — | (137) |
| Depreciation and amortization | (483) | (375) | — | (132) | (4) | (994) |
| Other income (expense), net | 56 | 38 | — | (9) | (48) | 37 |
| Income (loss) before interest and tax[(1)] | 735 | 609 | (3) | 240 | (78) | 1,503 |
| Net interest expense | (219) | (84) | — | (29) | (142) | (474) |
| Income tax expense | (106) | (103) | — | (161) | (44) | (414) |
| Equity earnings | — | — | 351 | 350 | — | 701 |
| Earnings attributable to noncontrolling interests | — | — | — | (122) | — | (122) |
| Preferred dividends | — | (1) | — | — | (22) | (23) |
| Earnings (losses) attributable to common shares | $ 410 | $ 421 | $ 348 | $ 278 | $ (286) | $ 1,171 |

*(1)* Management believes Income (Loss) Before Interest and Tax is a useful measurement of our segments' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income tax, neither of which is directly relevant to the efficiency of those operations.

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301892208.html

SOURCE Sempra

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