

Diego County, & Southern California Gas Company, which distributes gas to most of Southern California. Owns 80% of Oncor (acq'd 3/18), which distributes electricity in Texas. Customers: 5.2 million electric, 7.0 million gas. Electric revenue breakdown not

iness in '10. Power costs: 20% of revenues. '21 reported deprec. rates: 2.6%-7.2%. Has 15,400 employees. Chairman, President & CEO: Jeffrey W. Martin, Inc.: CA. Address: 488 8th Ave., San Diego, CA 92101. Tel.: 619-696-2000. Internet: www.sempra.com.

181 159 NMF Fixed Charge Cov. (%) ANNUAL RATES Past Past Est'd '19-'21 of change (per sh) 10 Yrs. to '25-'27 -1.5% 2.5% 3.5% Revenues .5% 6.0% 'Cash Flow' 3.0% 2.0% 10.0% 11.5% Earnings 8.0% 7.5% Dividends Book Value

% Change Customers (vr-end)

NMF

+.8

NMF NMF

NMF

+.9

NMF

NMF

+.8

Cal- endar	QUAR Mar.31	TERLY RE Jun.30	VENUES (Sep.30	\$ mill.) Dec.31	Full Year
2019	2898	2230	2758	2943	10829
2020	3029	2526	2644	3171	11370
2021	3259	2741	3013	3844	12857
2022	3900	3000	3200	3900	14000
2023	4100	3150	3350	4100	14700
Cal-	EARNINGS PER SHARE A				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2019	1.78	.85	2.00	1.34	5.97
2020	2.30	1.58	1.23	1.43	6.58
2021	2.87	1.37	d2.03	1.90	4.01
2022	2.60	1.90	1.95	1.90	8.35
2023	2.85	2.00	2.05	2.00	8.90
Cal-	QUARTERLY DIVIDENDS PAID B =				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2018	.8225	.895	.895	.895	3.51
2019	.895	.9675	.9675	.9675	3.80
2020	.9675	1.045	1.045	1.045	4.10
2021	1.045	1.10	1.10	1.10	4.35
2022	1.10	1.145			

Sempra Energy stock has been the top performer in the electric utility industry so far in 2022. The price has risen more than 25%. We attribute this to investor interest in the company's liquefied natural gas export business, which is part of Sempra Infrastructure Partners. The demand for LNG is increasing due to sanctions on Russia. However, any benefit to Sempra from increased LNG demand will be seen over the long term as the company increases its capacity. Its current capacity is under long-term contracts.

Earnings will likely rebound this year and advance in 2023 after a depressed result in 2021. The bottom line fell into the red in the September quarter due to a \$1.6 billion pretax charge related to litigation that arose from a leak in a gas storage facility several years ago. Besides the absence of this charge, Sempra will benefit from rate relief at its utility subsidiaries in California and growth at its utility in Texas. These factors should help lift profits in 2023, as well. We are assuming no change in the allowed return on equity at the utilities (see below). Our shareearnings estimates are within the compa-

ny's targeted ranges of \$8.10-\$8.70 and \$8.60-\$9.20 in 2022 and 2023, respectively. A cost-of-capital case is pending in California. A provision under the state's regulatory mechanism would force a cut in the allowed ROEs for San Diego Gas and Electric from 10.2% to 9.62%. However, the utility is arguing that the mechanism should not take effect due to the extremely low interest rates from the easing that happened two years ago as the economy was under lockdown. In fact, SDG&E is proposing to increase its allowed ROE to 10.55% and its common-equity ratio from 52% to 54%. Any change would be in effect only for 2022 and would be retroactive to the start of the year.

An asset sale will probably be completed this summer. Sempra has agreed to sell a 10% interest in its infrastructure unit for \$1.8 billion. It plans to use the cash for capital spending and stock buvbacks.

We think the stock is overbought. The dividend yield is below the utility average, and the recent quotation is well within our 3- to 5-year Target Price Range. Paul E. Debbas, CFA April 22, 2022

(A) Dil. EPS. Excl. nonrec. gains (losses); '09, (26¢); '10, (\$1.05); '11, \$1.15; '12, (98¢); '13, (30¢); '15, 14¢; '16, \$1.23; '17, (17¢); '18, (\$2.06); '19, 16¢; gains from disc. ops.: '19,

95¢; '20, \$6.32. '20 & '21 EPS don't sum due to chg. in shs. Next egs. report due early May.

(B) Div'ds paid mid-Jan., Apr., July, Oct. ■ Div'd reinv. avail. (C) Incl. intang. In '21:

\$12.57/sh. **(D)** In mill. **(E)** Rate base: Net orig. cost. Rate all'd on com. eg.: SDG&E in '20: 10.2%; SoCalGas in '20: 10.05%; earned on avg. com. eq., '21: 5.5%. Reg. Climate: Avg.

Company's Financial Strength Stock's Price Stability Price Growth Persistence **Earnings Predictability**

90

55

75