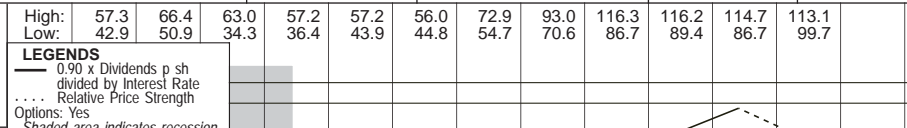


# SEMPRA ENERGY NYSE-SRE

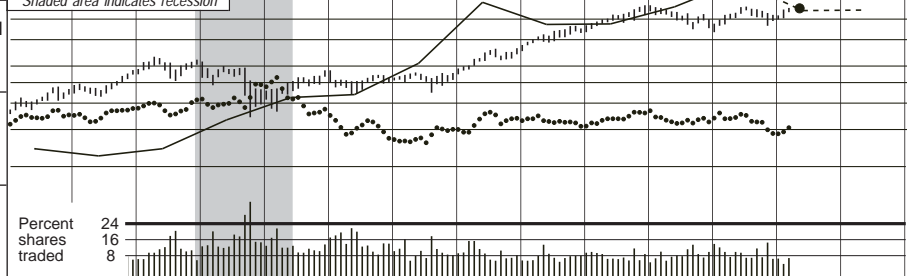
RECENT PRICE **112.50** P/E RATIO **21.6** (Trailing: 26.7 Median: 15.0) RELATIVE P/E RATIO **1.10** DIV'D YLD **3.0%** **VALUE LINE**

**TIMELINESS** 3 Lowered 10/28/16  
**SAFETY** 2 Raised 7/29/16  
**TECHNICAL** 3 Raised 4/14/17  
**BETA** .80 (1.00 = Market)



Target Price Range	2020	2021	2022

**2020-22 PROJECTIONS**  
 Price: High 150, Low 110  
 Gain: (+35%)  
 Ann'l Total Return: 10%  
**Insider Decisions**  
 to Buy: J 0, J 0, A 0, S 0, O 0, N 1, D 0, J 0, F 0  
 Options: J 1, J 1, A 0, S 0, O 0, N 1, D 1, J 1, F 0  
 to Sell: J 1, J 0, A 2, S 0, O 0, N 0, D 3, J 4, F 1  
**Institutional Decisions**  
 202016: to Buy 266, to Sell 249, Hlds(000) 199665  
 3Q2016: to Buy 227, to Sell 253, Hlds(000) 200473  
 4Q2016: to Buy 276, to Sell 242, Hlds(000) 202823



% TOT. RETURN 3/17	THIS STOCK	VLARITH: INDEX
1 yr.	9.3	20.2
3 yr.	24.0	22.0
5 yr.	111.7	78.0

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
39.27	29.38	34.81	40.18	45.64	44.89	43.79	44.21	32.88	37.44	41.83	39.80	43.18	44.80	41.20	40.71	<b>41.45</b>	<b>42.30</b>	Revenues per sh	52.75
5.39	5.71	5.56	6.58	5.96	6.74	6.93	7.40	7.94	7.76	8.58	8.92	8.87	9.50	10.32	9.50	<b>10.60</b>	<b>11.45</b>	"Cash Flow" per sh	15.25
2.55	2.79	3.01	3.93	3.52	4.23	4.26	4.43	4.78	4.02	4.47	4.35	4.22	4.63	5.23	4.24	<b>5.00</b>	<b>5.50</b>	Earnings per sh A	7.50
1.00	1.00	1.00	1.00	1.16	1.20	1.24	1.37	1.56	1.56	1.92	2.40	2.52	2.64	2.80	3.02	<b>3.29</b>	<b>3.56</b>	Div'd Decl'd per sh B	4.55
5.22	5.92	4.63	4.62	5.46	7.28	7.70	8.47	7.76	8.58	11.85	12.20	10.52	12.68	12.71	16.85	<b>13.50</b>	<b>10.45</b>	Cap'l Spending per sh	11.50
13.17	13.79	17.17	20.78	23.95	28.66	31.87	32.75	36.54	37.54	41.00	42.42	45.03	45.98	47.56	51.77	<b>53.40</b>	<b>55.20</b>	Book Value per sh C	57.75
204.48	204.91	226.60	234.18	257.19	262.01	261.21	243.32	246.51	240.45	239.93	242.37	244.46	246.33	248.30	250.15	<b>252.00</b>	<b>254.00</b>	Common Shs Outst'g D	236.00
9.7	8.2	9.0	8.6	11.8	11.5	14.0	11.8	10.1	12.6	11.8	14.9	19.7	21.9	19.7	24.4	<b>24.4</b>	<b>24.4</b>	Avg Ann'l P/E Ratio	17.5
.50	.45	.51	.45	.63	.62	.74	.71	.67	.80	.74	.95	1.11	1.15	.99	1.29	<b>1.29</b>	<b>1.29</b>	Relative P/E Ratio	1.10
4.1%	4.4%	3.7%	2.9%	2.8%	2.5%	2.1%	2.6%	3.2%	3.1%	3.6%	3.7%	3.0%	2.6%	2.7%	2.9%	<b>2.7%</b>	<b>2.9%</b>	Avg Ann'l Div'd Yield	3.5%

**CAPITAL STRUCTURE as of 12/31/16**  
 Total Debt \$17121 mill. Due in 5 Yrs \$7861 mill.  
 LT Debt \$14429 mill. LT Interest \$620 mill.  
 Incl. \$240 mill. capitalized leases.  
 (LT interest earned: 2.8x)  
**Leases, Uncapitalized** Annual rentals \$78 mill.  
**Pension Assets-12/16** \$2459 mill.  
**Oblig** \$3679 mill.  
**Pfd Stock** \$20 mill. Pfd Div'd \$1.2 mill.  
 811,073 shs. 6% cum., \$25 par.  
**Common Stock** 250,543,688 shs.  
 as of 2/21/17  
**MARKET CAP: \$28 billion (Large Cap)**

11438	10758	8106.0	9003.0	10036	9647.0	10557	11035	10231	10183	<b>10450</b>	<b>10750</b>	Revenues (\$mill)	12450
1135.0	1123.0	1193.0	1008.0	1088.0	1079.0	1060.0	1162.0	1314.0	1065.0	<b>1375</b>	<b>1510</b>	Net Profit (\$mill)	1875
33.6%	29.2%	30.5%	26.5%	25.3%	18.2%	26.5%	19.7%	19.2%	14.4%	<b>29.0%</b>	<b>29.0%</b>	Income Tax Rate	28.0%
11.5%	13.2%	10.6%	11.3%	15.2%	17.2%	11.2%	14.4%	15.3%	22.2%	<b>15.0%</b>	<b>13.0%</b>	AFUDC % to Net Profit	11.0%
34.8%	44.5%	44.8%	49.4%	50.4%	52.8%	50.5%	51.7%	52.6%	52.7%	<b>53.0%</b>	<b>53.0%</b>	Long-Term Debt Ratio	60.0%
63.7%	54.2%	54.1%	49.6%	49.2%	46.7%	49.4%	48.2%	47.3%	47.3%	<b>47.0%</b>	<b>46.5%</b>	Common Equity Ratio	40.0%
13071	14692	16646	18186	20015	22002	22281	23513	24963	27400	<b>28750</b>	<b>30225</b>	Total Capital (\$mill)	33900
14884	16865	18281	19876	23572	25191	25460	25902	28039	32931	<b>34925</b>	<b>36075</b>	Net Plant (\$mill)	39100
9.6%	8.5%	8.3%	6.8%	6.7%	6.1%	6.0%	6.1%	6.4%	5.0%	<b>6.0%</b>	<b>6.0%</b>	Return on Total Cap'l	7.0%
13.3%	13.8%	13.0%	10.9%	10.9%	10.4%	9.6%	10.2%	11.1%	8.2%	<b>9.5%</b>	<b>10.0%</b>	Return on Shr. Equity	13.0%
13.5%	14.0%	13.1%	11.1%	11.0%	10.4%	9.6%	10.3%	11.1%	8.2%	<b>9.5%</b>	<b>10.0%</b>	Return on Com Equity E	13.0%
9.7%	9.7%	9.3%	7.0%	6.5%	5.1%	4.1%	5.0%	5.8%	2.9%	<b>3.5%</b>	<b>3.5%</b>	Retained to Com Eq	5.0%
29%	31%	29%	37%	41%	52%	58%	52%	48%	65%	<b>65%</b>	<b>64%</b>	All Div'ds to Net Prof	61%

**ELECTRIC OPERATING STATISTICS**  
 2014 2015 2016  
 % Change Retail Sales (KWH) +1.8 -1.0 -3.8  
 Avg. Indust. Use (MWH) 4543 4683 4785  
 Avg. Indust. Revs. per KWH (c) 16.55 17.58 NA  
 Capacity at Peak (Mw) NMF NMF NMF  
 Peak Load, Summer (Mw) NMF NMF NMF  
 Annual Load Factor (%) NMF NMF NMF  
 % Change Customers (yr-end) +6 +7 +6

**BUSINESS:** Sempra Energy is a holding co. for San Diego Gas & Electric Company, which sells electricity & gas mainly in San Diego County, & Southern California Gas Company, which distributes gas to most of Southern California. Customers: 1.4 mill. electric, 6.6 mill. gas. Elec. rev. breakdown: residential, 41%; commercial, 42%; industrial, 10%; other, 7%. Purchases most of its power; the rest is

gas. Has subs. in gas pipeline & storage, power generation, & liquefied natural gas. Sold commodities business in '10. Power costs: 38% of revs. '16 reported deprec. rates: 2.4%-6.6%. Has 17,400 employees. Chairman and CEO: Debra L. Reed. President: Mark A. Snell. Inc.: CA. Address: 488 8th Avenue, San Diego, CA 92101. Tel.: 619-696-2000. Internet: www.sempra.com.

Fixed Charge Cov. (%)	288	295	237
<b>ANNUAL RATES</b>	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 to '20-'22
of change (per sh)	-5%	2.5%	4.0%
Revenues	4.0%	4.0%	8.0%
"Cash Flow"	2.0%	1.0%	8.0%
Earnings	9.5%	11.0%	8.5%
Dividends	7.0%	5.0%	3.0%
Book Value			

**Sempra Energy's earnings will probably rise significantly this year.** This is partly because the comparison with the 2016 tally is easy, especially in the second quarter. In the June period last year, the company took an aftertax charge of \$123 million for the early release of gas pipeline capacity. Beyond this, Sempra is experiencing growth in both its utility and non-utility operations. The domestic utilities are benefiting from rate hikes and growth in their rate bases, and the South American utilities are experiencing rising demand for power. On the nonutility side, several projects are coming on line in 2017, particularly in Mexico (see below). Our earnings estimate is within Sempra's guidance of \$4.85-\$5.25 a share. **We forecast another year of solid growth in 2018.** Sempra will benefit from a full year of income from projects that are coming on line in 2017, as well as a partial year of profits from those for which completion is expected in 2018. Our estimate is within guidance of \$5.30-\$5.80 a share. **The company's earning power should accelerate in 2019.** The Cameron liquefied natural gas export facility should

begin contributing to the bottom line. Once the project is fully operating, annual earnings are expected to amount to \$300 million-\$350 million initially, rising as debt is paid down. **Mexico provides ample opportunities for investment for Sempra.** Through the company's 66.4% stake in IEnova, management expects operating earnings to surge 50% in 2017, thanks to acquisitions and projects that are scheduled for completion this year. The company has built some gas pipelines, and has opportunities to build electric transmission lines and renewable energy projects. **The board of directors raised the dividend significantly.** The annual payout was raised \$0.27 a share (8.9%). Sempra expects 8%-9% dividend growth through 2019, with the possibility of accelerating this once Cameron is completed. **The dividend yield of Sempra stock is low, by utility standards.** This reflects the company's healthy earnings and dividend growth potential. Total return prospects over the 3- to 5-year period are a cut above the norm for utility equities. *Paul E. Debbas, CFA* April 28, 2017

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	2795	2678	2815	2747	11035
2015	2682	2367	2481	2701	10231
2016	2622	2156	2535	2870	10183
2017	<b>2750</b>	<b>2250</b>	<b>2550</b>	<b>2900</b>	<b>10450</b>
2018	<b>2850</b>	<b>2350</b>	<b>2600</b>	<b>2950</b>	<b>10750</b>

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2014	.99	1.08	1.39	1.17	4.63
2015	1.74	1.03	.99	1.47	5.23
2016	1.61	.06	1.02	1.52	4.24
2017	<b>1.70</b>	<b>1.00</b>	<b>1.00</b>	<b>1.30</b>	<b>5.00</b>
2018	<b>1.85</b>	<b>1.10</b>	<b>1.10</b>	<b>1.45</b>	<b>5.50</b>

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	.60	.63	.63	.63	2.49
2014	.63	.66	.66	.66	2.61
2015	.66	.70	.70	.70	2.76
2016	.70	.755	.755	.755	2.97
2017	.755	.8225			

(A) Dil. EPS. Excl. nonrec. gains (losses): '05, 17c; '06, (6c); '09, (26c); '10, (\$1.05); '11, \$1.15; '12, (98c); '13, (30c); '15, 14c; '16, \$1.23; gain (losses) from disc. ops.: '05, (4c); '06, \$1.21; '07, (10c). '14 & '16 EPS don't sum due to rounding or chg. in shs. Next egs. due early May. (B) Div'ds pd. mid-Jan., Apr., July, Oct. = Div'd reinv. plan avail. (C) Incl. intang. In '16: \$25.29/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq.: SDG&E in '13: 10.3%; SoCalGas in '13: 10.1%; earn. on avg. com. eq., '16: 8.6%. Reg. Clim.: Avg.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	85
Earnings Predictability	80