Zacks Report Date: December 31, 2025

Sempra Energy (SRE)

$89.09 (Stock Price as of 12/30/2025)

Price Target (6-12 Months): **$92.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 07/29/25) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM: F
	Value: C | Growth: D | Momentum: D	

Summary

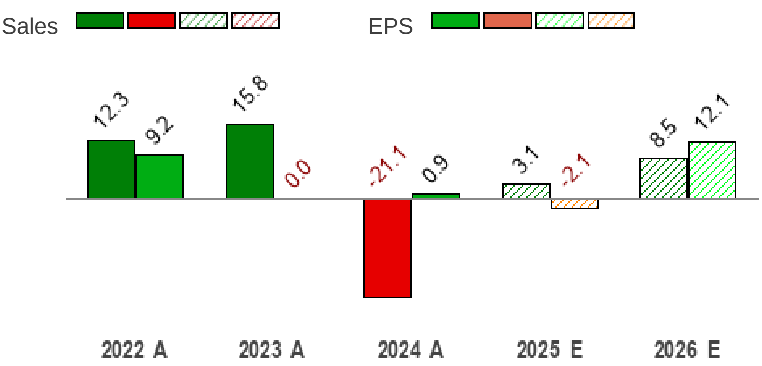
Sempra Energy benefits from systematic investments in infrastructure development, allowing it to meet the increasing demand for electricity to better serve its customers. Successful returns from the company's investments are expected to result in a long-term earnings growth rate in the high end or above the range of 7-9% through 2029. However, the company's shares have underperformed the industry in the past year. Increasing wildfire activities in California continue to pose a risk to the stock. The early 2025 LA fires damaged some of its infrastructure and resulted in service disruptions in some of its service territories. Sempra Energy also holds a weak solvency position.

Price, Consensus & Surprise[1]

Data Overview

52 Week High-Low	**$95.72 - $61.90**
20 Day Average Volume (sh)	**3,194,334**
Market Cap	**$58.1 B**
YTD Price Change	**1.6%**
Beta	**0.73**
Dividend / Div Yld	**$2.58 / 2.9%**
Industry	**Utility - Gas Distribution**
Zacks Industry Rank	**Top 44% (108 out of 243)**
Last EPS Surprise	**19.4%**
Last Sales Surprise	**-2.2%**
EPS F1 Est- 4 week change	**0.4%**
Expected Report Date	**02/24/2026**
Earnings ESP	**0.0%**
P/E TTM	**18.0**
P/E F1	**19.6**
PEG F1	**4.1**
P/S TTM	**4.2**

Sales and EPS Growth Rates (Y/Y %)[1]



Sales Estimates (millions of $)[1]

	Q1	Q2	Q3	Q4	Annual*
2026	4,093 E	3,348 E	3,634 E	3,484 E	14,743 E
2025	3,802 A	3,000 A	3,151 A	3,635 E	13,588 E
2024	3,640 A	3,011 A	2,776 A	3,758 A	13,185 A

EPS Estimates[1]

	Q1	Q2	Q3	Q4	Annual*
2026	1.34 E	1.12 E	1.21 E	1.40 E	5.10 E
2025	1.44 A	0.89 A	1.11 A	1.12 E	4.55 E
2024	1.34 A	0.89 A	0.89 A	1.50 A	4.65 A

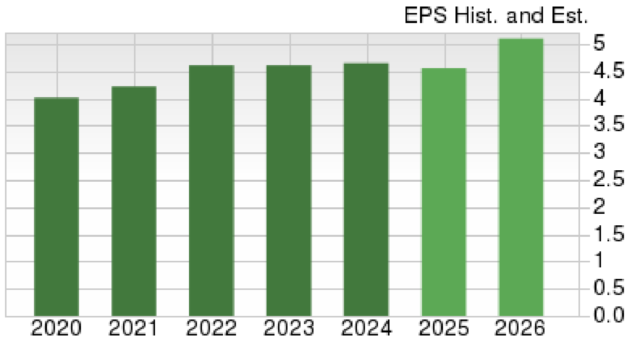
*Quarterly figures may not add up to annual.

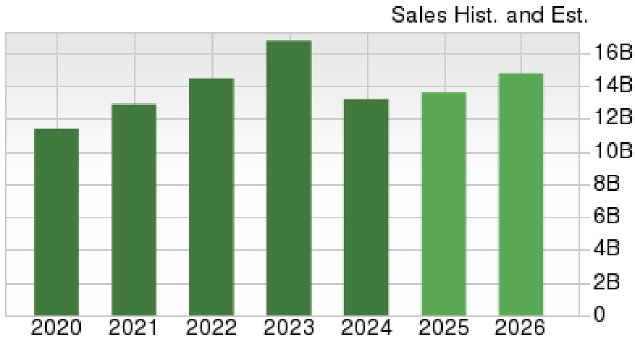
(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/30/2025.
(2) The report's text and the price target are as of 12/19/2025.

Overview

Sempra Energy is a southern California-based energy services holding company involved in the sale, distribution, storage and transportation of electricity and natural gas. Formed in 1998, Sempra Energy also invests in, develops and operates energy infrastructure. Outside North America, the company boasts a strong and growing presence in Mexico, through a diverse portfolio of energy infrastructure projects and assets serving Mexico's growing energy need. In the fourth quarter of 2023, the company realigned its reportable segments and now has three segments.

Sempra California: This segment consists of the company's former segments- San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas). SDG&E is a regulated public utility that provides electric services to a population of approximately 3.6 million and natural gas services to approximately 3.3 million of that population, covering an estimated 4,100 square mile service territory in Southern California that encompasses San Diego County and an adjacent portion of Orange County, as of Dec 31, 2024. SoCalGas is a regulated public utility that owns and operates a natural gas distribution, transmission and storage system that delivered natural gas to a population of approximately 21.1 million, as of Dec 31, 2024, covering an approximate 24,000 square mile service territory that encompasses Southern California and portions of Central California (excluding San Diego County, the City of Long Beach and the desert area of San Bernardino County). The segment's earnings amounted to $1,846 million for 2024.





As of 12/30/2025

Sempra Texas Utility: It is comprised of Sempra Energy's equity method investments in Oncor Holdings and Sharyland Holdings. The segment's earnings amounted to $781 million for 2024.

Sempra Infrastructure: This segment includes the operating companies of Sempra Energy's subsidiary, SI Partners, and a holding company and certain services companies. The segment reported earnings of $911 million for 2024.

As of 12/30/2025

Reasons To Buy:

> Systematic investments in infrastructure development and regular dividend payments should attract more investors to choose Sempra Energy. Also, its progress in LNG projects is appreciating

- As a clean-burning alternative to coal, the worldwide demand for natural gas and, in turn, liquified natural gas (LNG) is soaring significantly. Against this backdrop, Sempra Energy is well-positioned with its strategically located opportunities in North America, with the United States being the leading exporter of LNG worldwide. Notably, Sempra Infrastructure's LNG business line remains focused on securely delivering natural gas to the world in support of the energy transition. During the second quarter, Sempra's Cameron LNG Phase 1 facility successfully exported its 1,000th LNG cargo, a significant milestone reached just six years after first commissioning cargo.

  The global LNG supply capacity is expected to increase significantly over the next few years, with an increase in liquefaction capacity from North America playing the role of a major growth catalyst. To benefit from this growth trend, Sempra Infrastructure is currently developing a handful of natural gas liquefaction export projects. As of Sept. 2025, the company has made steady progress in construction at its ECA LNG Phase 1 and Port Arthur LNG Phase 1 projects. In particular, its ECA LNG Phase 1 project, with a nameplate export capacity of approximately 3 million tons per annum (Mtpa) of LNG, was more than 95% complete. Sempra expects to reach mechanical completion for this project later this year, followed by substantial completion in the spring of 2026.

- Like many utility providers, Sempra Energy is systematically investing in infrastructure to support rising electricity demand, driven in part by the rapid expansion of AI-driven data centers across the United States. A majority of Sempra Energy's capital expenditures are targeted toward improving the company's transmission and distribution generation. Notably, during 2025, the company plans to invest $13 billion, which will be used for transmission and distribution improvements at its regulated public utilities, with more than $10 billion allocated toward its growing U.S. utilities. The company already deployed capital worth more than $9 billion during the first nine months of 2025. The company expects a 30% increase in investments for the 2026-2029 period.

  These planned investments are projected to strengthen infrastructure and enable the company to serve its customers more efficiently with safe and reliable electricity, resulting in strong rate base growth of 10% annually during the 2025-2029 period. Successful returns from these investments are also expected to boost the company's bottom line and result in a long-term earnings growth rate in the high end or above the range of 7-9% through 2029.

- The company is also working toward delivering the Port Arthur LNG Phase 1 project on time and on budget, targeting commercial operations for Train 1 in 2027 and Train 2 in 2028. Current construction is advancing the foundations, steel installation, LNG tank construction, ground piping and dredging activities, with the overall project now surpassing 50% completion. Meanwhile, its Port Arthur LNG Phase 2 project received all the major permits necessary for taking a final investment decision (FID).The company's other LNG projects that are currently under development are the Cameron LNG Phase 2 project, the ECA LNG Phase 2 project and the Vista Pacifico LNG liquefication project. It is also building Louisiana Storage, a 12.5-Bcf salt dome natural gas storage facility to support the PA LNG Phase 1 project.

  Moreover, in Europe, the EU ban on transshipments of Russian LNG from earlier this year and Ukraine's rejection of a deal to extend their gas volumes through the pipelines reflect growing confidence in the future without Russian gas and therefore, a greater reliance on U.S. LNG. This shift should position both Cameron and Port Arthur facilities of Sempra Energy for significant growth to meet the surging gas demand from Asia.

- With industries across the board rapidly adopting clean energy as their preferred choice of energy source, utility providers like Sempra Energy are making increased efforts to expand their renewable energy portfolio to earn the economic and environmental, social, and governance (ESG) incentives offered by the utility-scale renewable energy market. To this end, it is imperative to mention that Sempra Infrastructure develops, invests in and operates renewable energy generation facilities that have long-term purchase power agreements (PPAs) to sell the electricity they generate to their customers.

  As of Dec. 31, 2024, Sempra Infrastructure had a fully contracted total nameplate capacity of 1,044 megawatts (MW) related to its fully operating wind and solar power generation facilities. As of Dec. 31, 2024, the residential and commercial rooftop solar capacity in SDG&E's territory totaled 2,318 MW. Sempra Infrastructure is currently developing the Cimarrón Wind project, an approximately 320-MW wind generation facility in Baja California, Mexico. This project is currently on time and on budget, with overall project completion beyond 85%. Sempra continues to target the commencement of power generation later this year, with commercial operations planned for the first half of 2026. Such developments should enable Sempra Energy to duly achieve its net zero carbon emission target by 2050.

- Sempra Energy has consistently been paying out dividends at increasing rates and repurchasing shares, backed by its solid cash flow position. The company generated solid cash flow from operating activities worth $3.38 billion during the first nine months of 2025. Such a solid cash position must have allowed the company to pay out dividends worth $1.20 billion during the first nine months of 2025, indicating a year-over-year improvement of 6.6%. Going forward, the company targets a 50-60% dividend payout ratio.

Reasons To Sell:

> Unfavorable valuation, weak financial position and increased wildfire activities in California pose risk to the company's growth prospects

- A comparative analysis of the company's trailing 12-month Enterprise Value/Sales (EV/Sales) ratio indicates a relatively gloomy picture, which might be a cause for investors' concern. Evidently, the stock currently has a trailing 12-month EV/Sales ratio of 6.27, higher than the industry's EV/sales ratio of 5.04 in the past year.

- In recent years, California has experienced some of the largest wildfires (measured by acres burned) in its history. These wildfires sometimes cause temporary power shortages in SDG&E and SoCalGas' service territories and also jeopardize the company's electric and natural gas infrastructure, resulting in significant losses. To this end, it is imperative to mention that in October 2023, SDG&E submitted a separate request to the California Public Utilities Commission ("CPUC"), known as a Track 2 request. This request sought review and recovery of $1.5 billion of wildfire mitigation plan costs incurred from 2019 through 2022 that were in addition to amounts authorized in the 2019 general rate case (GRC). If the decision regarding this Track 2 request, expected in the second half of 2025, does not come in favor of SDG&E, the company might incur notable losses in the coming years.

  Meanwhile, the wildfires in Los Angeles County, CA, including the Palisades, Eaton and other fires (also known as the LA fires), which raged in January and February of 2025, damaged some of SoCalGas' natural gas infrastructure and significant third-party property and resulted in service disruptions in some of its service territory. As of Feb. 6, 2025, the California Department of Forestry and Fire Protection estimated that the Palisades and Eaton fires damaged approximately 2,000 structures and destroyed approximately 16,200 structures. The potential costs to SoCalGas, as a result of this fire, might adversely impact Sempra Energy's operating results in the coming quarters. Sempra Energy's shares have gained 0.5% in the past year compared with the industry's growth of 11.1%.

- Sempra Infrastructure faces risks related to doing business with PEMEX and the CFE, which are Mexican state-owned enterprises, including their financial solvency and regulation by the Mexican government and the risk that they may fail to meet their respective contractual obligations, among others. Any delay or default in payment of the company's counterparties' financial obligations could result in its recording of a provision for credit losses on past due receivable balances and lower revenues, as was the case in 2023 and 2024 for a customer at Sempra Infrastructure. The failure of any of Sempra's counterparties to perform in accordance with their arrangements with Sempra could adversely impact the company's operations, financial condition, cash flows, and/or prospects.

- As of Sept. 30, 2025, Sempra Energy's long-term debt totaled $28.99 billion. As of the same date, its current debt totaled $3.71 billion. Its cash and cash equivalents, along with restricted cash, amounted to $0.01 billion at the end of the third quarter, which came in much lower than the long-term and current debt. Hence, we may conclude that the company holds a weak solvency position.

Last Earnings Report

Sempra Energy's Q3 Earnings Top Estimates, Revenues Increase Y/Y

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Nov 05, 2025
Sales Surprise	-2.20%
EPS Surprise	19.35%
Quarterly EPS	1.11
Annual EPS (TTM)	4.94

Sempra Energy reported third-quarter 2025 adjusted earnings per share (EPS) of $1.11, which beat the Zacks Consensus Estimate of 93 cents by 19.4%. The bottom line also increased 24.7% from year-ago quarter's figure of 89 cents.

Including one-time items, the company generated GAAP earnings of 12 cents per share compared with $1.00 in the third quarter of 2024.

Total Revenues

Sempra Energy's total revenues of $3.15 billion missed the Zacks Consensus Estimate of $3.22 billion by 2.2%. However, the top line increased 13.3% from $2.78 billion in the year-ago quarter.

Segmental Update

Sempra California: Quarterly earnings amounted to $370 million compared with the year-ago quarter's level of $247 million.

Sempra Texas Utilities: Earnings in this segment increased to $306 million from $261 million in the year-ago quarter.

Sempra Infrastructure: The segment recorded a loss of $580 million against earnings of $230 million in the year-ago quarter.

Parent and Other: The segment reported a loss of $19 million, narrower than the prior-year period's loss of $100 million.

Financial Update

As of Sept. 30, 2025, Sempra Energy's cash and cash equivalents totaled $0.005 billion compared with $1.57 billion as of Dec. 31, 2024.

As of the same date, long-term debt and finance leases amounted to $28.98 billion compared with $31.56 billion as of Dec. 31, 2024.

Cash flow from operating activities in the first nine months of 2025 was $3.38 billion compared with $3.54 billion in the year-ago period.

Guidance

Sempra Energy reaffirmed its 2025 earnings projection. The company still expects its adjusted EPS to be in the range of $4.30-$4.70. The Zacks Consensus Estimate for 2025 earnings is pegged at $4.53 per share, higher than the midpoint of the company's guided range.

SRE still expects its 2026 earnings to be in the range of $4.80-$5.30 per share. The Zacks Consensus Estimate for 2026 earnings is pegged at $5.15 per share, higher than the midpoint of the company's guided range.

The company still expects its long-term EPS growth rate to be in the high-end or above its earlier projected band of 7-9% through 2029.

Valuation

Sempra Energy's shares are up 17.8% in the past six months and up 0.5% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 13.8%, while the Zacks Utilities sector is up 7.9% in the past six months. Over the past year, the Zacks sub-industry is up 11.1% whereas the sector is up 16.9%.

The S&P 500 index is up 15.1% in the past six months and 15.2% in the past year.

The stock is currently trading at 17.20X forward 12-months earnings, which compares with 15.52X for the Zacks sub-industry, 15.74X for the Zacks sector and 17.20X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.16X and as low as 13.41X, with a 5-year median of 16.13X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $92 price target reflects 18.14X forward 12-months earnings.

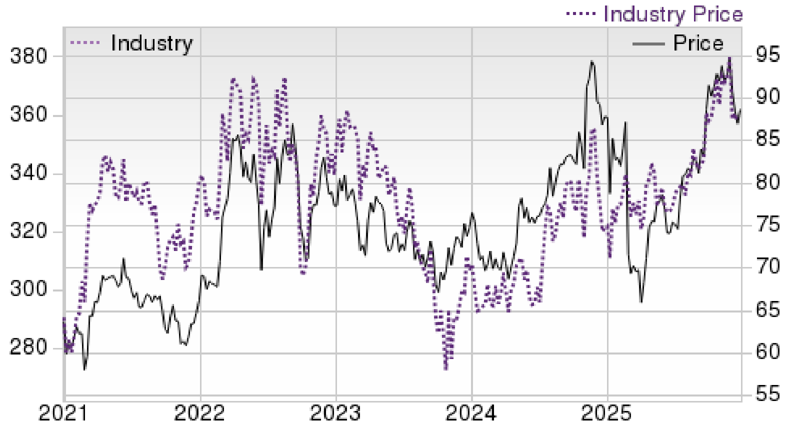
The table below shows summary valuation data for SRE.

Valuation Multiples - SRE

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	17.2	15.52	15.74	17.2
	5-Year High	20.16	22.17	17.86	23.78
	5-Year Low	13.41	13.81	13.13	15.73
	5-Year Median	16.13	16.23	15.85	21.22
P/S F12M	Current	3.94	2.69	3.05	5.18
	5-Year High	4.29	2.89	3.24	5.5
	5-Year Low	2.27	1.49	2.28	3.83
	5-Year Median	3.2	2.19	2.72	5.05
P/B TTM	Current	1.49	1.37	3.08	8.35
	5-Year High	2.04	1.78	3.28	9.17
	5-Year Low	1.12	1.11	2.87	6.6
	5-Year Median	1.59	1.42	3.08	8.05

As of 12/18/2025 *Source: Zacks Investment Research*

Industry Analysis[1] Zacks Industry Rank: Top 44% (108 out of 243)



Top Peers [1]

Company (Ticker)	Rec	Rank
Atmos Energy Corpora...**(ATO)**	Neutral	2
Consolidated Edison ...**(ED)**	Neutral	3
NewJersey Resources ...**(NJR)**	Neutral	3
ONE Gas, Inc. **(OGS)**	Neutral	3
ONEOK, Inc. **(OKE)**	Neutral	3
Public Service Enter...**(PEG)**	Neutral	3
Southwest Gas Corpor...**(SWX)**	Neutral	3
UGI Corporation **(UGI)**	Neutral	4

Industry Comparison[1] Industry: Utility - Gas Distribution

Industry Peers

	SRE	X Industry	S&P 500	ATO	OGS	OKE
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	2	3	3
VGM Score	F	-	-	F	D	B
Market Cap	58.15 B	4.91 B	39.67 B	27.27 B	4.68 B	46.45 B
# of Analysts	4	2	22	6	5	6
Dividend Yield	2.90%	2.99%	1.4%	2.37%	3.44%	5.58%
Value Score	C	-	-	C	B	B
Cash/Price	0.00	0.02	0.04	0.01	0.00	0.03
EV/EBITDA	15.57	11.61	14.72	15.21	9.97	11.68
PEG Ratio	4.14	2.66	2.21	2.64	2.68	4.51
Price/Book (P/B)	1.52	1.54	3.34	2.00	1.47	2.10
Price/Cash Flow (P/CF)	10.35	8.62	15.38	14.10	8.50	10.34
P/E (F1)	19.58	17.84	20.05	21.03	17.84	13.80
Price/Sales (P/S)	4.24	1.98	3.14	5.80	1.97	1.47
Earnings Yield	5.11%	5.36%	4.94%	4.76%	5.60%	7.25%
Debt/Equity	0.76	0.80	0.57	0.66	0.74	1.44
Cash Flow ($/share)	8.61	6.10	8.98	11.95	9.17	7.14
Growth Score	D	-	-	F	F	C
Hist. EPS Growth (3-5 yrs)	3.90%	2.99%	8.21%	8.99%	2.07%	16.82%
Proj. EPS Growth (F1/F0)	-2.15%	4.09%	8.58%	7.51%	11.76%	3.48%
Curr. Cash Flow Growth	4.99%	-2.83%	7.00%	12.47%	1.66%	21.65%
Hist. Cash Flow Growth (3-5 yrs)	9.12%	6.18%	7.48%	13.43%	7.19%	18.89%
Current Ratio	1.59	0.75	1.18	0.77	0.47	0.90
Debt/Capital	43.09%	44.56%	38.15%	39.83%	42.53%	59.08%
Net Margin	15.63%	10.86%	12.77%	25.49%	10.76%	10.58%
Return on Equity	8.67%	8.73%	17.03%	9.07%	8.06%	15.12%
Sales/Assets	0.14	0.25	0.53	0.17	0.28	0.49
Proj. Sales Growth (F1/F0)	3.10%	3.73%	5.85%	NA	15.80%	62.10%
Momentum Score	D	-	-	F	B	C
Daily Price Chg	0.20%	-0.51%	-0.14%	-0.12%	-0.27%	0.22%
1 Week Price Chg	1.92%	0.59%	-0.20%	0.86%	0.17%	1.65%
4 Week Price Chg	-2.05%	-2.88%	0.98%	-0.88%	-3.37%	0.98%
12 Week Price Chg	-5.23%	-1.42%	2.71%	-3.62%	-2.99%	1.89%
52 Week Price Chg	1.56%	14.07%	17.25%	21.05%	12.59%	-26.47%
20 Day Average Volume	3,194,334	426,610	2,628,137	951,732	446,610	3,509,967
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.44%	0.00%	0.00%	-0.04%	0.41%	0.25%
(F1) EPS Est 12 week change	-2.72%	0.00%	0.69%	2.69%	0.54%	-1.74%
(Q1) EPS Est Mthly Chg	-12.55%	0.00%	0.00%	0.00%	1.25%	-0.11%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	D
Momentum Score	D
VGM Score	F

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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