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CenterPoint Energy reports Q4 and strong full-year 2022 results; reiterates 2023 guidance

- *Reported Q4 2022 earnings of $0.19 per diluted share and full year 2022 earnings of $1.59 per diluted share on a GAAP basis*
- *Non-GAAP earnings per diluted share ("non-GAAP EPS") was $0.28 for Q4 2022 and $1.38 for full year 2022*
- *Reiterated 2023 non-GAAP EPS guidance range of $1.48-$1.50, which represents an 8% growth over 2022 actual at the midpoint; and further reiterated growth targets of 8% for 2024 and the mid-to-high end of 6%-8% annually thereafter, through 2030*[1]
- *Deployed a company record $4.8 billion of capital investment across its regulated footprint for the benefit of customers in 2022*

Houston – February 17, 2023 - CenterPoint Energy, Inc. (NYSE: CNP) or "CenterPoint" today reported income available to common shareholders of $122 million, or $0.19 per diluted share on a GAAP basis, for the fourth quarter of 2022 compared to $1.01 of diluted EPS for the fourth quarter 2021 which included the impact of the merger between Enable Midstream, LP and Energy Transfer LP and subsequent divestitures of our midstream investment.

Non-GAAP EPS for the fourth quarter 2022 was $0.28, a 4% increase over the comparable 2021 non-GAAP Utility EPS. The positive variance was predominantly driven by increased regulatory recovery of capital, which contributed $0.06 per share, largely from the Houston Electric service territory. In addition, the cold weather across a number of service territories contributed another $0.02 per share of favorable variance over the comparable quarter of 2021. These drivers were partially offset by other unfavorable variances of $0.08 per share for the fourth quarter 2022, primarily driven by higher interest expense.

"I am pleased to announce yet another quarter of execution and back-to-back years of 9% non-GAAP EPS growth. A few years ago, I think this level of performance would have been hard to imagine. To achieve this growth in 2022 and invest a company record $4.8B of capital is really a testament to our people and our strategy. All of the employees here at CenterPoint have worked hard to deliver results for all our stakeholders over the past few years and are committed to continued execution in 2023." said Dave Lesar, Chief Executive Officer of CenterPoint.

[1] CenterPoint is unable to present a quantitative reconciliation of forward-looking non-GAAP diluted earnings per share without unreasonable effort because changes in the value of ZENS (as defined herein) and related securities, future impairments, and other unusual items are not estimable and are difficult to predict due to various factors outside of management's control.

Lesar added, "2022 was not without its challenges given some of the extreme weather and the macroeconomic environment. With the country facing increasing interest rates and some of the highest rates of inflation in four decades, we continue to focus on customer affordability through efficient deployment of our capital plan and O&M discipline."

Earnings Outlook

Given CenterPoint's divestiture of its remaining midstream investments during 2022, CenterPoint will be presenting a consolidated non-GAAP EPS guidance range for 2023.

In addition to presenting its financial results in accordance with GAAP, including presentation of income (loss) available to common shareholders and diluted earnings (loss) per share, CenterPoint provides guidance based on non-GAAP income and non-GAAP diluted earnings per share. Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future financial performance that excludes or includes amounts that are not normally excluded or included in the most directly comparable GAAP financial measure.

Management evaluates CenterPoint's financial performance in part based on non-GAAP income and non-GAAP earnings per share. Management believes that presenting these non-GAAP financial measures enhances an investor's understanding of CenterPoint's overall financial performance by providing them with an additional meaningful and relevant comparison of current and anticipated future results across periods. The adjustments made in these non-GAAP financial measures exclude items that management believes do not most accurately reflect the company's fundamental business performance. These excluded items are reflected in the reconciliation tables of this news release, where applicable. CenterPoint's non-GAAP income and non-GAAP diluted earnings per share measures should be considered as a supplement to, and not as a substitute for, or superior to, income available to common shareholders and diluted earnings per share, which respectively are the most directly comparable GAAP financial measures. These non-GAAP financial measures also may be different than non-GAAP financial measures used by other companies.

2021 non-GAAP Utility EPS

In 2021, prior to CenterPoint's divestiture of its midstream investments, CenterPoint presented "Utility EPS" (a non-GAAP financial measure), which included net income from the company's Electric and Natural Gas segments, as well as after-tax Corporate and Other operating income and an allocation of corporate overhead based upon Electric's and Natural Gas's relative earnings contribution. Corporate overhead consisted primarily of interest expense, preferred stock dividend requirements, and other items directly attributable to the parent, along with the associated income taxes.

- 2021 Utility EPS excluded:
    - Earnings or losses from the change in value of the CenterPoint 2.0% Zero-Premium Exchangeable Subordinated Notes due 2029 ("ZENS") and related securities;
    - Earnings and losses associated with the ownership and disposal of midstream common and preferred units (including amounts reported in discontinued operations), net gain associated with the consummation of the merger between Enable Midstream Partners, LP and Energy Transfer LP, a corresponding amount of debt related to midstream common and preferred units, and an allocation of associated corporate overhead;
    - Cost associated with the early extinguishment of debt;
    - Impacts associated with Arkansas and Oklahoma gas LDC sales; and

    - Certain impacts associated with other mergers and divestitures.

2022 non-GAAP EPS; 2023 non-GAAP EPS guidance range

Beginning in 2022, and for 2023, CenterPoint no longer separates utility and midstream operations and will report on a consolidated non-GAAP EPS basis.

- 2023 non-GAAP EPS guidance excludes:
    - Earnings or losses from the change in value of ZENS and related securities; and
    - Gain and impact, including related expenses, associated with mergers and divestitures.
- 2022 non-GAAP EPS also excluded income and expense related to ownership and disposal of Energy Transfer LP common and Series G preferred units, and a corresponding amount of debt related to the units.

In providing 2023 non-GAAP EPS guidance, CenterPoint does not consider the items noted above and other potential impacts such as changes in accounting standards, impairments, or other unusual items, which could have a material impact on GAAP reported results for the applicable guidance period. The 2023 non-GAAP EPS guidance range also considers assumptions for certain significant variables that may impact earnings, such as customer growth and usage including normal weather, throughput, recovery of capital invested, effective tax rates, financing activities and related interest rates, and regulatory and judicial proceedings. To the extent actual results deviate from these assumptions, the 2023 non-GAAP EPS guidance range may not be met, or the projected annual non-GAAP EPS growth rate may change. CenterPoint is unable to present a quantitative reconciliation of forward-looking non-GAAP diluted earnings per share without unreasonable effort because changes in the value of ZENS and related securities, future impairments, and other unusual items are not estimable and are difficult to predict due to various factors outside of management's control.

Reconciliation of Consolidated income (loss) available to common shareholders and diluted earnings (loss) per share (GAAP) to non-GAAP income and non-GAAP diluted earnings per share

	Quarter Ended December 31, 2022	
	Dollars in millions	Diluted EPS [1]
Consolidated income (loss) available to common shareholders and diluted EPS	$ 122	$ 0.19
ZENS-related mark-to-market (gains) losses:		
Equity securities (net of taxes of $12) [2][3]	(46)	(0.07)
Indexed debt securities (net of taxes of $12) [2]	45	0.07
Midstream-related earnings (net of taxes of $11) [2][4]	(12)	(0.02)
Impacts associated with mergers and divestitures (net of taxes of $18) [2][5]	69	0.11
Consolidated on a non-GAAP basis	$ 178	$ 0.28

1) Quarterly diluted EPS on both a GAAP and non-GAAP basis are based on the weighted average number of shares of common stock outstanding during the quarter, and the sum of the quarters may not equal year-to-date diluted EPS.
2) Taxes are computed based on the impact removing such item would have on tax expense.
3) Comprised of common stock of AT&T Inc., Charter Communications, Inc. and Warner Bros. Discovery, Inc.
4) Includes earnings and expenses related to ownership and disposal of Energy Transfer LP units, a corresponding amount of debt related to the units and an allocation of associated corporate overhead.
5) Includes a settlement charge of $35 million, net of tax, related to CenterPoint Energy pension plan's purchase of a group annuity contract in December 2022 to transfer benefit obligations of CenterPoint Energy's previously divested businesses to an insurance company.

<u>Reconciliation of Consolidated income (loss) available to common shareholders and diluted earnings (loss) per share (GAAP) to non-GAAP income and non-GAAP diluted earnings per share</u>

	Year-to-Date Ended December 31, 2022	
	Dollars in millions	Diluted EPS [1]
Consolidated income (loss) available to common shareholders and diluted EPS	$ 1,008	$ 1.59
ZENS-related mark-to-market (gains) losses:		
Equity securities (net of taxes of $66) [2][3]	247	0.39
Indexed debt securities (net of taxes of $68) [2]	(256)	(0.40)
Midstream-related earnings (net of taxes of $2) [2][4]	(46)	(0.07)
Impacts associated with mergers and divestitures (net of taxes of $165) [2][5]	(80)	(0.13)
Consolidated on a non-GAAP basis	$ 873	$ 1.38

1) Quarterly diluted EPS on both a GAAP and non-GAAP basis are based on the weighted average number of shares of common stock outstanding during the quarter, and the sum of the quarters may not equal year-to-date diluted EPS.
2) Taxes are computed based on the impact removing such item would have on tax expense.
3) Comprised of common stock of AT&T Inc., Charter Communications, Inc., and Warner Bros. Discovery, Inc.
4) Includes earnings and expenses related to ownership and disposal of Energy Transfer LP units, a corresponding amount of debt related to the units and an allocation of associated corporate overhead.
5) Includes a settlement charge of $35 million, net of tax, related to CenterPoint Energy pension plan's purchase of a group annuity contract in December 2022 to transfer benefit obligations of CenterPoint Energy's previously divested businesses to an insurance company.

Quarter Ended
December 31, 2021

	Utility Operations		Midstream Investments		Corporate and Other [7]		Consolidated	
	Dollars in millions	Diluted EPS [1]	Dollars in millions	Diluted EPS [1]	Dollars in millions	Diluted EPS [1]	Dollars in millions	Diluted EPS [1]
Consolidated income (loss) available to common shareholders and diluted EPS	$ 185	$ 0.29	$ 616	$ 0.97	$ (160)	$ (0.25)	$ 641	$ 1.01
ZENS-related mark-to-market (gains) losses:								
Equity securities (net of taxes of $20) [2][3]	—	—	—	—	71	0.11	71	0.11
Indexed debt securities (net of taxes of $19) [3]	—	—	—	—	(71)	(0.11)	(71)	(0.11)
Impacts associated with gas LDC sales (net of taxes of $2, $2) [2][4]	7	0.01	—	—	6	0.01	13	0.02
Impacts associated with Enable & Energy Transfer merger:								
Gain at merger close, net of transaction costs (net of taxes of $134 and $0) [2]	—	—	(546)	(0.86)	(1)	—	(547)	(0.86)
Loss on equity securities (net of taxes of $24) [2][5]	—	—	—	—	98	0.15	98	0.15
Costs associated with the early extinguishment of debt (net of taxes of $1) [2]	—	—	—	—	6	0.01	6	0.01
Impacts associated with other mergers and divestitures (net of taxes of $3, $13) [2][6]	(1)	—	—	—	20	0.03	19	0.03
Corporate and Other Allocation	(20)	(0.03)	(11)	(0.02)	31	0.05	—	—
Consolidated on a non-GAAP basis	$ 171	$ 0.27	$ 59	$ 0.09	$ —	$ —	$ 230	$ 0.36

1) Quarterly diluted EPS on both a GAAP and non-GAAP basis are based on the weighted average number of shares of common stock outstanding during the quarter, and the sum of the quarters may not equal year-to-date diluted EPS. EPS figures for Utility Operations, Corporate and Other and Discontinued Operations are non-GAAP financial measures.
2) Taxes are computed based on the impact removing such item would have on tax expense.
3) Comprised of common stock of AT&T Inc. and Charter Communications, Inc.
4) Includes gain from remeasurement of state deferred taxes, costs to achieve the sales and costs associated with the early extinguishment of debt.
5) Comprised of Energy Transfer LP common and Series G preferred units.
6) Includes impacts associated with the Vectren merger and the sales of Infrastructure Services (CIS) and Mobile Energy Solutions (MES).
7) Corporate and Other, plus income allocated to preferred shareholders.

Year-to-Date Ended December 31, 2021								
	Utility Operations		Midstream Investments		Corporate and Other [7]		Consolidated	
	Dollars in millions	Diluted EPS [1]	Dollars in millions	Diluted EPS [1]	Dollars in millions	Diluted EPS [1]	Dollars in millions	Diluted EPS [1]
Consolidated income (loss) available to common shareholders and diluted EPS	$ 878	$ 1.44	$ 818	$ 1.34	$ (305)	$ (0.50)	$ 1,391	$ 2.28
ZENS-related mark-to-market (gains) losses:								
Equity securities (net of taxes of $11) [2][3]	—	—	—	—	40	0.07	40	0.07
Indexed debt securities (net of taxes of $11) [2]	—	—	—	—	(39)	(0.06)	(39)	(0.06)
Impacts associated with gas LDC sales (net of taxes of $2, $3) [2][4]	(4)	(0.01)	—	—	5	0.01	1	—
Cost associated with the early extinguishment of debt (net of taxes of $7) [2]	—	—	—	—	27	0.04	27	0.04
Impacts associated with Enable & Energy Transfer merger:								
Gain at merger close, net of transaction costs (net of taxes of $134 and $0) [2]	—	—	(546)	(0.90)	(1)	—	(547)	(0.90)
Loss on equity securities (net of taxes of $24) [2][5]	—	—	—	—	98	0.16	98	0.16
Costs associated with the early extinguishment of debt (net of taxes of $1) [2]	—	—	—	—	6	0.01	6	0.01
Impacts associated with other mergers and divestitures (net of taxes of $2, $13) [2][6]	4	0.01	—	—	20	0.03	24	0.04
Corporate and Other Allocation	(105)	(0.17)	(44)	(0.07)	149	0.24	—	—
Consolidated on a non-GAAP basis	$ 773	$ 1.27	$ 228	$ 0.37	$ —	$ —	$ 1,001	$ 1.64

1) Quarterly diluted EPS on both a GAAP and non-GAAP basis are based on the weighted average number of shares of common stock outstanding during the quarter, and the sum of the quarters may not equal year-to-date diluted EPS. EPS figures for Utility Operations, Corporate and Other and Discontinued Operations are non-GAAP financial measures.
2) Taxes are computed based on the impact removing such item would have on tax expense.
3) Comprised of common stock of AT&T Inc. and Charter Communications, Inc.
4) Includes gain from remeasurement of state deferred taxes, costs to achieve the sales and costs associated with the early extinguishment of debt.
5) Comprised of Energy Transfer LP common and Series G preferred units.
6) Includes impacts associated with the Vectren merger and the sales of Infrastructure Services (CIS) and Mobile Energy Solutions (MES).
7) Corporate and Other, plus income allocated to preferred shareholders.

Filing of Form 10-K for CenterPoint Energy, Inc.

Today, CenterPoint Energy, Inc. filed with the Securities and Exchange Commission (SEC) its Annual Report on Form 10-K for the fiscal year ended December 31, 2022. A copy of that report is available on the company's website, under the Investors section. Investors and others should note that we may announce material information using SEC filings, press releases, public conference calls, webcasts, and the Investor Relations page of our website. In the future, we will continue to use these channels to distribute material information about the company and to communicate important information about the company, key personnel, corporate initiatives, regulatory updates, and other matters. Information that we post on our website could be deemed material; therefore, we encourage investors, the media, our customers, business partners and others interested in our company to review the information we post on our website.

Webcast of Earnings Conference Call

CenterPoint's management will host an earnings conference call on February 17, 2023, at 7:00 a.m. Central time / 8:00 a.m. Eastern time. Interested parties may listen to a live audio broadcast of the conference call on the company's website under the Investors section. A replay of the call can be accessed approximately two hours after the completion of the call and will be archived on the website for at least one year.

About CenterPoint Energy, Inc.

As the only investor owned electric and gas utility based in Texas, CenterPoint Energy, Inc. (NYSE: CNP) is an energy delivery company with electric transmission and distribution, power generation and natural gas distribution operations that serve more than 7 million metered customers in Indiana, Louisiana, Minnesota, Mississippi, Ohio and Texas. As of December 31, 2022, the company owned approximately $38 billion in assets. With approximately 9,000 employees, CenterPoint Energy and its predecessor companies have been in business for more than 150 years. For more information, visit CenterPointEnergy.com.

Forward-looking Statements

This news release includes, and the earnings conference call will include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this news release, the words "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "goal," "intend," "may," "objective," "plan," "potential," "predict," "projection," "should," "target," "will" or other similar words are intended to identify forward-looking statements. These forward-looking statements are based upon assumptions of management which are believed to be reasonable at the time made and are subject to significant risks and uncertainties. Actual events and results may differ materially from those expressed or implied by these forward-looking statements. Examples of forward-looking statements in this news release or on the earnings conference call include statements regarding capital investments (including with respect to incremental capital opportunities, deployment of capital, renewables projects and mobile generation spend), the impacts of the February 2021 winter storm event on our business and service territories, the recovery and timing of recovery of associated gas costs and related litigation, future earnings and guidance, including long-term growth rate, customer charges, operations and maintenance expense reductions, financing plans (including the timing of any future equity issuances, securitization, credit metrics and parent level debt), the impact of disruptions to the global supply chain on our business, including our generation transition plan and our capital plan, ZENS and impacts of the maturity of ZENS, tax planning opportunities (such as any potential use of the repairs expense deduction), future financial performance and results of operations, including with respect to regulatory actions and recoverability of capital investments, customer rate affordability, value creation, opportunities and expectations, ESG strategy, including our net zero and carbon emissions reduction goals, and any other statements that are not historical facts are forward-looking statements. Each forward-looking statement contained in this news release or discussed on the earnings conference call speaks only as of the date of this release or the earnings conference call.

Important factors that could cause actual results to differ materially from those indicated by the provided forward-looking information include, but are not limited to, risks and uncertainties relating to: (1) CenterPoint's business strategies and strategic initiatives, restructurings, joint ventures and acquisitions or dispositions of assets or businesses, including the completed sale of our Natural Gas businesses in Arkansas and Oklahoma, the exit from midstream and the internal restructuring of certain subsidiaries, which we cannot assure you will have the anticipated benefits to us; (2) industrial, commercial and residential growth in CenterPoint's service territories and changes in market demand; (3) CenterPoint's ability to fund and invest planned capital, and the timely recovery of its investments; (4) financial market and general economic conditions, including access to debt and equity capital and inflation, and their effect on sales, prices and costs; (5) continued disruptions to the global supply chain and increases in commodity prices; (6) actions by credit rating agencies, including any potential downgrades to credit ratings; (7) the timing and impact of regulatory proceedings and actions and legal proceedings, including those related to

Houston Electric's mobile generation and the February 2021 winter storm event; (8) legislative decisions, including tax and developments related to the environment such as global climate change, air emissions, carbon, waste water discharges and the handling of coal combustion residuals, among others, and CenterPoint's net zero and carbon emissions reduction goals; (9) the impact of pandemics, including the COVID-19 pandemic; (10) the recording of impairment charges; (11) weather variations and CenterPoint's ability to mitigate weather impacts, including the approval and timing of securitization issuances; (12) changes in business plans; (13) CenterPoint's ability to execute on its initiatives, targets and goals, including its net zero and carbon emissions reduction goals and operations and maintenance goals; and (14) other factors discussed CenterPoint's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, including in the "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Information" sections of such reports, and other reports CenterPoint or its subsidiaries may file from time to time with the Securities and Exchange Commission.