



OGE Energy Corp. reports second quarter 2023 results

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OKLAHOMA CITY, Aug. 9, 2023 /PRNewswire/ -- OGE Energy Corp. (NYSE: OGE), the parent company of Oklahoma Gas and Electric Company ("OG&E"), today reported earnings of \$0.44 per diluted share during the three months that ended June 30, 2023, compared to \$0.36 per diluted share in the same period of 2022. Earnings for the second quarter of 2022 included a loss of \$0.09 per diluted share from natural gas midstream operations, which OGE Energy fully exited in 2022 through the sale of all Energy Transfer units. Beginning in 2023, OGE Energy no longer has a Natural Gas Midstream Operations reporting segment.

- OG&E, a regulated electric company, contributed earnings of \$0.46 per diluted share in the second quarter, compared to earnings of \$0.50 per diluted share in the second quarter 2022.
- Other operations, which includes the holding company, contributed a loss of \$0.02 per diluted share compared to a loss of \$0.05 per diluted share in the second quarter 2022.

"Broad business expansion in a number of sectors drives economic growth in the thriving communities across our service area," said Sean Trauschke, OGE Energy Corp. Chairman, President and CEO. "When combined with increased electrification from customers of all types, we see sustained growth of electricity demand for the foreseeable future. Our team's outstanding operational execution keeps us on track to deliver on our 2023 plans."

Second Quarter 2023

OG&E contributed net income of \$91.9 million, or \$0.46 per diluted share, in the second quarter compared to \$100.7 million, or \$0.50 per diluted share, in the same period 2022. The decrease in net income was primarily due to less favorable weather, expected higher depreciation and interest expense on a growing asset base, as well as increased other operation and maintenance expense due in part to timing of activities. These drivers were partially offset by higher operating revenues from the recovery of capital investments, load growth and higher net other income. OG&E continues to experience strong growth, with weather-normal load increasing 3.5% year-over-year in the second quarter 2023.

Other Operations resulted in a loss of \$3.5 million, or \$0.02 per diluted share, in the second quarter compared to a loss of \$8.7 million, or \$0.05 per diluted share, in the same period 2022. The decrease in net loss was primarily due to lower income tax expense as a result of a 2022 consolidating tax benefit related to OGE Energy's former investment in Energy Transfer, partially offset by higher interest expense related to increased short-term debt.

OGE Energy's net income was \$88.4 million or \$0.44 per diluted share in the second quarter, compared to earnings of \$73.1 million, or \$0.36 per diluted share, in the same period 2022. Earnings for the second quarter of 2022 included a loss of \$0.09 per diluted share from natural gas midstream operations, which OGE Energy fully exited in 2022 through the sale of all Energy Transfer units.

2023 Outlook

OGE Energy's 2023 earnings guidance is reaffirmed and is projected to be between \$387 million to \$416 million, or \$1.93 to \$2.07 per average diluted share, with a midpoint of \$402 million, or \$2.00 per average diluted share. OG&E is projected to earn approximately \$400 million to \$421 million, or \$1.99 to \$2.09 per average diluted share, with a midpoint of \$411 million, or \$2.04 per average diluted share. Other Operations (primarily Holding Company) projects a loss of \$5 million to \$13 million, or \$0.02 to \$0.06 per average diluted share, with a midpoint of a loss of \$9 million, or \$0.04 per average diluted share. The guidance assumes, among other things, approximately 201 million average diluted shares outstanding and normal weather for the year. OG&E has significant seasonality in its earnings due to weather on a year over year basis.

See OGE Energy's 2022 Form 10-K for other key factors and assumptions underlying its 2023 guidance.

Conference Call Webcast

OGE Energy Corp. will host a conference call for discussion of the results on Wednesday, August 9, 2023, at 8 a.m. CDT. The conference will be available through the Investor Center at www.oge.com.

OGE Energy Corp. is the parent company of OG&E, a regulated electric company with approximately 892,000 customers in Oklahoma and western Arkansas.

Some of the matters discussed in this news release may contain forward-looking statements that are subject to certain risks, uncertainties, and assumptions. Such forward-looking statements are intended to be identified in this document by the words "anticipate," "believe," "estimate," "expect," "forecast," "intend," "objective," "plan," "possible," "potential," "project," "target" and similar expressions. Actual results may vary materially. Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to: general economic conditions, including the availability of credit, access to existing lines of credit, access to the commercial paper markets, actions of rating agencies and inflation rates, and their impact on capital expenditures; the ability of the Company and its subsidiary to access the capital markets and obtain financing on favorable terms, as well as inflation rates and monetary fluctuations; the ability to obtain timely and sufficient rate relief to allow for recovery of items such as capital expenditures, fuel and purchased power costs, operating costs, transmission costs and deferred expenditures; prices and availability of electricity, coal and natural gas; competitive factors, including the extent and timing of the entry of additional competition in the markets served by the Company, potentially through deregulation; the impact on demand for services resulting from cost-competitive advances in technology, such as distributed electricity generation and customer energy efficiency programs; technological developments, changing markets and other factors that result in competitive disadvantages and create the potential for impairment of existing assets; factors affecting utility operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages; unusual maintenance or repairs; unanticipated changes to fossil fuel, natural gas or coal supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints; availability and prices of raw materials and equipment for current

and future construction projects; the effect of retroactive pricing of transactions in the SPP markets or adjustments in market pricing mechanisms by the SPP; federal or state legislation and regulatory decisions and initiatives that affect cost and investment recovery, have an impact on rate structures or affect the speed and degree to which competition enters the Company's markets; environmental laws, safety laws or other regulations that may impact the cost of operations, restrict or change the way the Company's facilities are operated or result in stranded assets; changes in accounting standards, rules or guidelines; the discontinuance of accounting principles for certain types of rate-regulated activities; the cost of protecting assets against, or damage due to, terrorism or cyberattacks, including losing control of our assets and potential ransoms, and other catastrophic events; creditworthiness of suppliers, customers and other contractual parties, including large, new customers from emerging industries such as cryptocurrency; social attitudes regarding the electric utility and power industries; identification of suitable investment opportunities to enhance shareholder returns and achieve long-term financial objectives through business acquisitions and divestitures; increased pension and healthcare costs; national and global events that could adversely affect and/or exacerbate macroeconomic conditions, including inflationary pressures, rising interest rates, supply chain disruptions, economic recessions, pandemic health events and uncertainty surrounding continued hostilities or sustained military campaigns, and their collateral consequences; costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters and other risk factors listed in the reports filed by the Company with the Securities and Exchange Commission, including those listed within the Company's 2022 Form 10-K for the year ended December 31, 2022.

Note: Condensed Consolidated Statements of Income for OGE Energy Corp., Condensed Statements of Income and Comprehensive Income for Oklahoma Gas & Electric Company, and Financial and Statistical Data for Oklahoma Gas & Electric Company attached.

OGE ENERGY CORP.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share data)	2023	2022	2023	2022
OPERATING REVENUES				
	\$	\$	\$	\$
Revenues from contracts with customers	589.2	791.0	1,133.8	1,369.1
Other revenues	15.8	12.7	28.4	23.9
Operating revenues	605.0	803.7	1,162.2	1,393.0
FUEL, PURCHASED POWER AND DIRECT TRANSMISSION EXPENSE	181.8	393.3	382.4	649.0
OPERATING EXPENSES				
Other operation and maintenance	128.3	118.1	258.7	233.1
Depreciation and amortization	124.1	111.6	245.3	219.0
Taxes other than income	24.4	24.1	52.9	52.2
Operating expenses	276.8	253.8	556.9	504.3
OPERATING INCOME	146.4	156.6	222.9	239.7
OTHER INCOME (EXPENSE)				
Allowance for equity funds used during construction	5.1	0.9	9.6	2.2
Other net periodic benefit income (expense)	1.1	(2.7)	2.6	(12.1)
Gain (loss) on equity securities	—	(39.6)	—	242.7
Other income	12.7	21.9	29.6	44.5
Other expense	(4.4)	(8.4)	(10.9)	(13.6)
Net other income (expense)	14.5	(27.9)	30.9	263.7
INTEREST EXPENSE				
Interest on long-term debt	52.9	39.5	101.0	78.9
Allowance for borrowed funds used during construction	(1.3)	(0.9)	(3.4)	(2.1)
Interest on short-term debt and other interest charges	6.1	3.8	7.9	5.7
Interest expense	57.7	42.4	105.5	82.5
INCOME BEFORE TAXES	103.2	86.3	148.3	420.9
INCOME TAX EXPENSE	14.8	13.2	21.6	68.3
NET INCOME	\$ 88.4	\$ 73.1	\$ 126.7	\$ 352.6
BASIC AVERAGE COMMON SHARES OUTSTANDING	200.3	200.2	200.3	200.2
DILUTED AVERAGE COMMON SHARES OUTSTANDING	200.8	200.7	200.8	200.6
BASIC EARNINGS PER AVERAGE COMMON SHARE	\$ 0.44	\$ 0.37	\$ 0.63	\$ 1.76
DILUTED EARNINGS PER AVERAGE COMMON SHARE	\$ 0.44	\$ 0.36	\$ 0.63	\$ 1.76

OKLAHOMA GAS AND ELECTRIC COMPANY
CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2023	2022	2023	2022

OPERATING REVENUES

	\$	\$	\$	\$
Revenues from contracts with customers	589.2	791.0	1,133.8	1,369.1
Other revenues	15.8	12.7	28.4	23.9
Operating revenues	605.0	803.7	1,162.2	1,393.0
FUEL, PURCHASED POWER AND DIRECT TRANSMISSION EXPENSE	181.8	393.3	382.4	649.0
OPERATING EXPENSES				
Other operation and maintenance	128.6	118.3	260.1	233.8
Depreciation and amortization	124.1	111.6	245.3	219.0
Taxes other than income	23.5	23.3	50.6	50.1
Operating expenses	276.2	253.2	556.0	502.9
OPERATING INCOME	147.0	157.2	223.8	241.1
OTHER INCOME (EXPENSE)				
Allowance for equity funds used during construction	5.1	0.9	9.6	2.2
Other net periodic benefit income (expense)	1.6	(1.8)	3.2	(3.2)
Other income	8.3	1.0	18.4	2.2
Other expense	(1.8)	(0.4)	(2.7)	(0.8)
Net other income	13.2	(0.3)	28.5	0.4
INTEREST EXPENSE				
Interest on long-term debt	51.6	38.6	98.1	77.1
Allowance for borrowed funds used during construction	(1.3)	(0.9)	(3.4)	(2.1)
Interest on short-term debt and other interest charges	1.8	2.1	3.1	3.0
Interest expense	52.1	39.8	97.8	78.0
INCOME BEFORE TAXES	108.1	117.1	154.5	163.5
INCOME TAX EXPENSE	16.2	16.4	22.8	23.8
	\$	\$		
NET INCOME	91.9	100.7	131.7	139.7
Other comprehensive income, net of tax	—	—	—	—
	\$	\$		
COMPREHENSIVE INCOME	91.9	100.7	131.7	139.7

OKLAHOMA GAS AND ELECTRIC COMPANY FINANCIAL AND STATISTICAL DATA

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in millions)	2023	2022	2023	2022
Operating revenues by classification:				
Residential	\$ 223.1	\$ 294.6	\$ 434.8	\$ 526.3
Commercial	161.0	197.7	299.4	329.2
Industrial	53.1	82.5	106.0	141.2
Oilfield	47.2	79.5	94.9	132.9
Public authorities and street light	54.0	72.6	100.2	122.0
System sales revenues	538.4	726.9	1,035.3	1,251.6
Provision for tax refund	0.6	(2.1)	2.0	(2.7)
Integrated market	18.8	43.0	31.5	65.8
Transmission	36.1	32.9	71.3	68.7
Other	11.1	3.0	22.1	9.6
Total operating revenues	\$ 605.0	\$ 803.7	\$ 1,162.2	\$ 1,393.0
MWh sales by classification (In millions)				
Residential	2.1	2.3	4.3	4.8
Commercial	2.1	1.9	4.0	3.5
Industrial	1.0	1.2	2.0	2.2
Oilfield	1.1	1.2	2.2	2.2
Public authorities and street light	0.7	0.7	1.4	1.4
System sales	7.0	7.3	13.9	14.1
Integrated market	0.3	0.2	0.4	0.5
Total sales	7.3	7.5	14.3	14.6
Number of customers	891,755	884,397	891,755	884,397
Weighted-average cost of energy per kilowatt-hour (In cents)				
Natural gas	2.619	7.613	3.187	6.928
Coal	3.500	3.302	3.450	2.968

Total fuel	2.663	5.821	3.082	5.008
Total fuel and purchased power	2.360	4.995	2.536	4.237
Degree days (A)				
Heating - Actual	234	210	1,926	2,220
Heating - Normal	249	249	2,136	2,136
Cooling - Actual	571	736	577	739
Cooling - Normal	553	553	563	563

(A) Degree days are calculated as follows: The high and low degrees of a particular day are added together and then averaged. If the calculated average is above 65 degrees, then the difference between the calculated average and 65 is expressed as cooling degree days, with each degree of difference equaling one cooling degree day. If the calculated average is below 65 degrees, then the difference between the calculated average and 65 is expressed as heating degree days, with each degree of difference equaling one heating degree day. The daily calculations are then totaled for the particular reporting period.

 View original content: <https://www.prnewswire.com/news-releases/oqe-energy-corp-reports-second-quarter-2023-results-301896384.html>

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