

# Second Quarter 2024 Earnings Conference Call

**August 1, 2024**



# Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this presentation is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, financial objectives, projected capital expenditures, projected resource additions, earnings guidance, long-term projected adjusted EPS growth, load growth projections, and planned financing activities. Southern Company and its subsidiaries caution that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company and its subsidiaries; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's and its subsidiaries' Annual Reports on Form 10-K for the year ended December 31, 2023, Quarterly Reports on Form 10-Q for the quarters ended March 31, 2024 and June 30, 2024, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, including tax, environmental and other laws and regulations to which Southern Company and its subsidiaries are subject, as well as changes in application of existing laws and regulations; the extent and timing of costs and legal requirements related to coal combustion residuals; current and future litigation or regulatory investigations, proceedings, or inquiries, including litigation and other disputes related to the Kemper County energy facility and Plant Vogtle Units 3 and 4; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate, including from the development and deployment of alternative energy sources; variations in demand for electricity and natural gas; available sources and costs of natural gas and other fuels and commodities; the ability to complete necessary or desirable pipeline expansion or infrastructure projects, limits on pipeline capacity, public and policymaker support for such projects, and operational interruptions to natural gas distribution and transmission activities; transmission constraints; the ability to control costs and avoid cost and schedule overruns during the development, construction, and operation of facilities or other projects due to challenges which include, but are not limited to, changes in labor costs, availability, and productivity, challenges with the management of contractors or vendors, subcontractor performance, adverse weather conditions, shortages, delays, increased costs, or inconsistent quality of equipment, materials, and labor, contractor or supplier delay, the impacts of inflation, delays due to judicial or regulatory action, nonperformance under construction, operating, or other agreements, operational readiness, including specialized operator training and required site safety programs, engineering or design problems or any remediation related thereto, design and other licensing-based compliance matters, challenges with start-up activities, including major equipment failure or system integration, and/or operational performance, challenges related to pandemic health events, continued public and policymaker support for projects, environmental and geological conditions, delays or increased costs to interconnect facilities to transmission grids, and increased financing costs as a result of changes in interest rates or as a result of project delays; legal proceedings and regulatory approvals and actions related to past, ongoing and proposed construction projects, including Public Service Commission approvals and Federal Energy Regulatory Commission and U.S. Nuclear Regulatory Commission actions; the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; investment performance of the employee and retiree benefit plans and nuclear decommissioning trust funds; advances in technology, including the pace and extent of development of low- to no-carbon energy and battery energy storage technologies and negative carbon concepts; performance of counterparties under ongoing renewable energy partnerships and development agreements; state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to return on equity, equity ratios, additional generating capacity, and fuel and other cost recovery mechanisms; the ability to successfully operate the electric utilities' generation, transmission, and distribution facilities, Southern Power Company's generation facilities and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions; the inherent risks involved in operating nuclear generating facilities; the inherent risks involved in generation, transmission and distribution of electricity and transportation and storage of natural gas, including accidents, explosions, fires, mechanical problems, discharges or releases of toxic or hazardous substances or gases and other environmental risks; the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities; internal restructuring or other restructuring options that may be pursued; potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required; the ability to obtain new short- and long-term contracts with wholesale customers; the direct or indirect effect on the Southern Company system's business resulting from cyber intrusion or physical attack and the threat of cyber and physical attacks; global and U.S. economic conditions, including impacts from geopolitical conflicts, recession, inflation, tariffs, interest rate fluctuations and financial market conditions, and the results of financing efforts; access to capital markets and other financing sources; changes in Southern Company's and any of its subsidiaries' credit ratings; the ability of Southern Company's electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, tornadoes, hurricanes and other storms, droughts, pandemic health events, political unrest, wars or other similar occurrences; the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid, natural gas pipeline infrastructure, or operation of generating or storage resources; impairments of goodwill or long-lived assets; and the effect of accounting pronouncements issued periodically by standard-setting bodies. Southern Company and its subsidiaries expressly disclaim any obligation to update any forward-looking information.

# Non-GAAP Financial Measures

*In addition to including earnings per share (EPS) in accordance with generally accepted accounting principles (GAAP), this presentation also includes historical adjusted EPS excluding: (1) estimated loss on plants under construction, (2) costs associated with the extinguishment of debt at Southern Company, and (3) estimated loss on qualifying infrastructure plant.*

*Estimated loss on plants under construction includes charges/(credits) related to Georgia Power's completion of Plant Vogtle Units 3 and 4, which impacted EPS for the three and six months ended June 30, 2024. Further charges/(credits) may occur; however, the amount and timing of any such charges/(credits) are uncertain.*

*Also included in estimated loss on plants under construction are charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts related to Mississippi Power's integrated coal gasification combined cycle project in Kemper County, Mississippi (Kemper IGCC). The charges impacted EPS for the three and six months ended June 30, 2024 and 2023. Mississippi Power expects to complete dismantlement of the abandoned gasifier-related assets and site restoration activities by 2026. The additional pre-tax period costs associated with these activities, including related costs for compliance and safety, asset retirement obligation accretion, and property taxes, are estimated to total approximately \$15 million annually through 2025.*

*The costs associated with the extinguishment of debt at Southern Company impacted EPS for the six months ended June 30, 2023. Further charges may occur; however, the amount and timing of any such charges are uncertain.*

*The estimated loss on qualifying infrastructure plant includes a charge related to a disallowance at Nicor Gas, which impacted EPS for the three and six months ended June 30, 2023. Further charges may occur; however, the amount and timing of any such charges are uncertain.*

*This presentation also includes projected adjusted EPS for future periods excluding any additional: acquisition and disposition impacts, charges/(credits) associated with the Kemper IGCC and/or the completion of Plant Vogtle Units 3 and 4, charges associated with Nicor Gas disallowances, impairment charges, and/or costs associated with the extinguishment of debt at Southern Company and its non-state regulated subsidiaries. Information concerning the magnitude of the impacts, if any, from these items on EPS is not available at this time. Accordingly, this presentation does not include a quantitative reconciliation of projected adjusted EPS (which is a forward-looking non-GAAP financial measure) because doing so would involve unreasonable efforts.*

*Southern Company believes presentation of EPS excluding the items described above provides investors with information comparable to guidance. Management also uses such measures to evaluate Southern Company's performance.*

# Q2 2024 Earnings Results

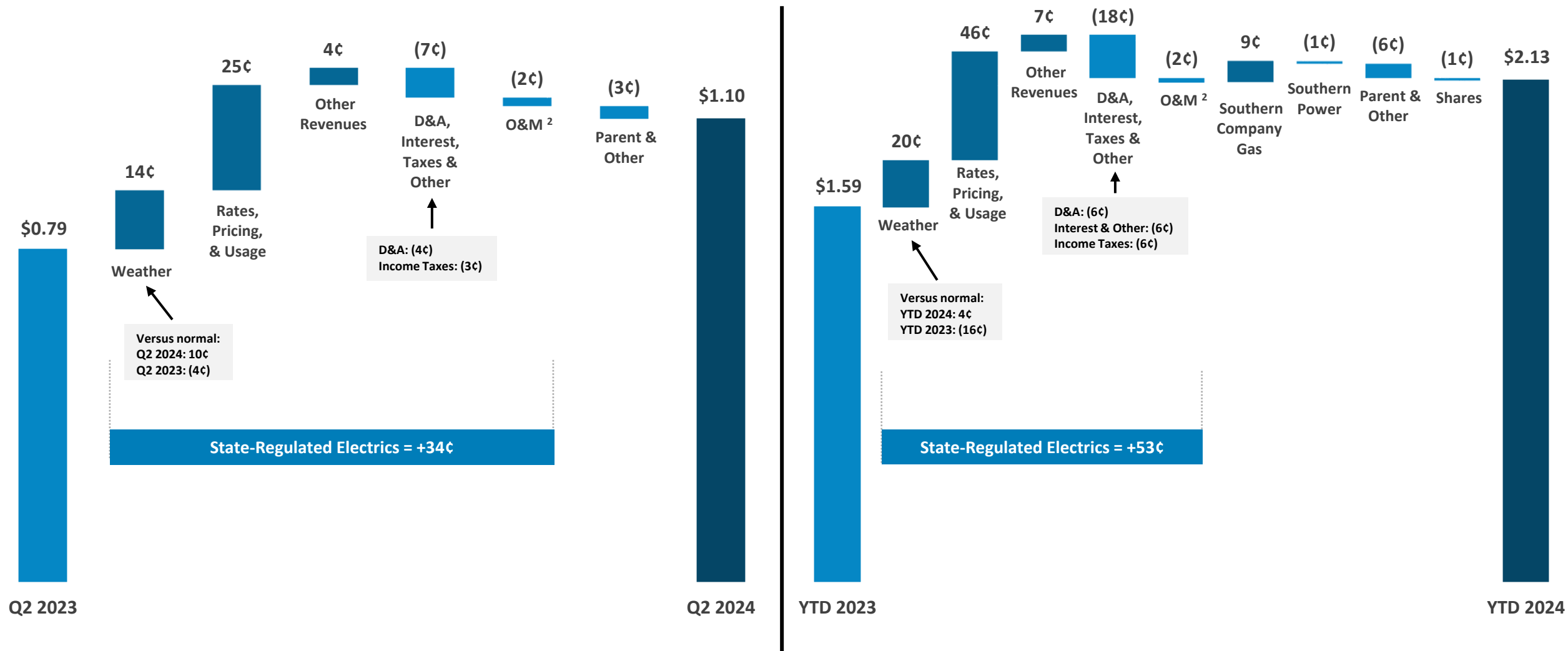
	Q2		YTD	
	2024	2023	2024	2023
<b>Earnings Per Share As Reported</b>	<b>\$1.10</b>	<b>\$0.77</b>	<b>\$2.13</b>	<b>\$1.56</b>
Less:				
Estimated Loss on Plants Under Construction <sup>1</sup>	-	-	-	-
Loss on Extinguishment of Debt <sup>2</sup>	-	-	-	-
Estimated Loss on Qualifying Infrastructure Plant <sup>3</sup>	-	(\$0.02)	-	(\$0.03)
<b>Earnings Per Share Excluding Items</b>	<b>\$1.10</b>	<b>\$0.79</b>	<b>\$2.13</b>	<b>\$1.59</b>

<sup>1</sup> Includes a credit of \$0.01 per share for the three and six months ended June 30, 2024 associated with a revision to the total project capital cost forecast for completion of Plant Vogtle Units 3 and 4. Includes a charge of \$0.01 per share for the three and six months ended June 30, 2024 related to the remeasuring of deferred tax assets associated with the previously recognized estimated probable loss on Plant Vogtle Units 3 and 4 due to a change in the State of Georgia corporate tax rate. Includes charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts resulting from the abandonment and closure activities associated with the Kemper IGCC.

<sup>2</sup> Represents costs associated with the extinguishment of debt at Southern Company.

<sup>3</sup> Represents a charge associated with an Illinois Commerce Commission disallowance related to its review of the Qualifying Infrastructure Plant (QIP) capital investments by Nicor Gas for the calendar year 2019 under the QIP Rider, or Investing in Illinois program.

# Q2 2024 & YTD Year-Over-Year Adjusted Drivers<sup>1</sup>

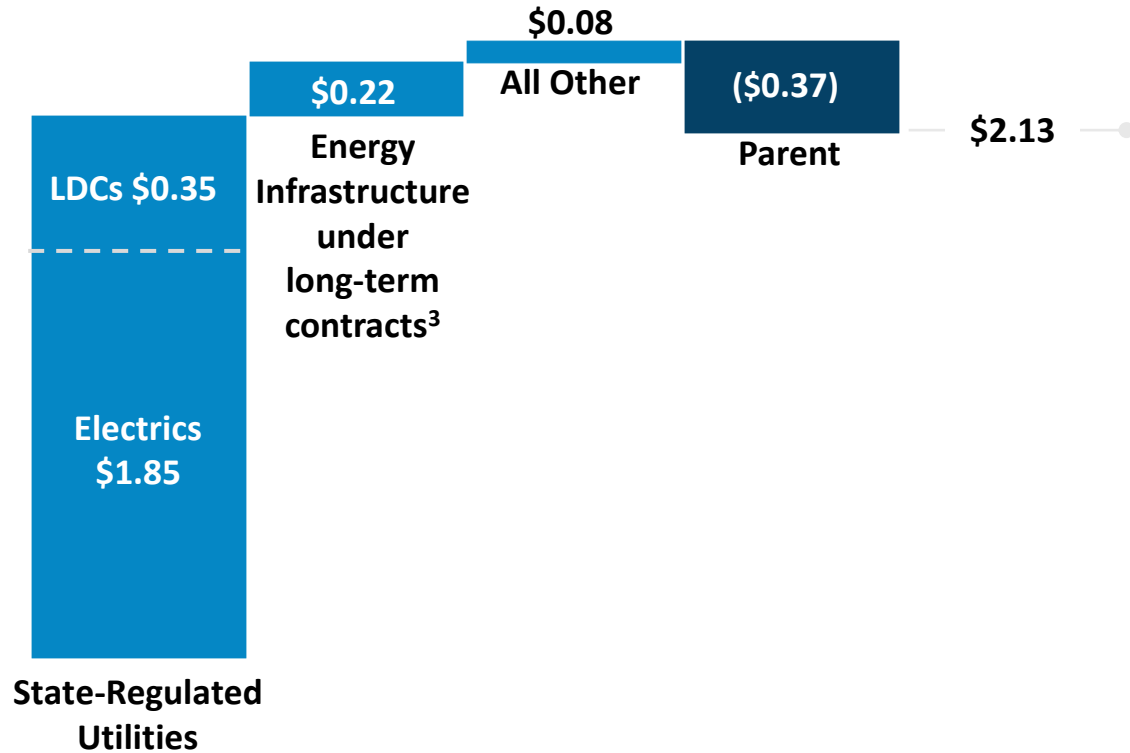


<sup>1</sup> Excludes a credit associated with the completion of Plant Vogtle Units 3 and 4, a charge related to the remeasuring of deferred tax assets associated with the previously recognized estimated probable loss on Plant Vogtle Units 3 and 4 due to a change in the State of Georgia corporate tax rate, charges (net of salvage proceeds), associated legal expenses (net of insurance recoveries), and tax impacts associated with the Kemper IGCC, costs associated with the extinguishment of debt at Southern Company, and a charge associated with a disallowance at Nicor Gas.

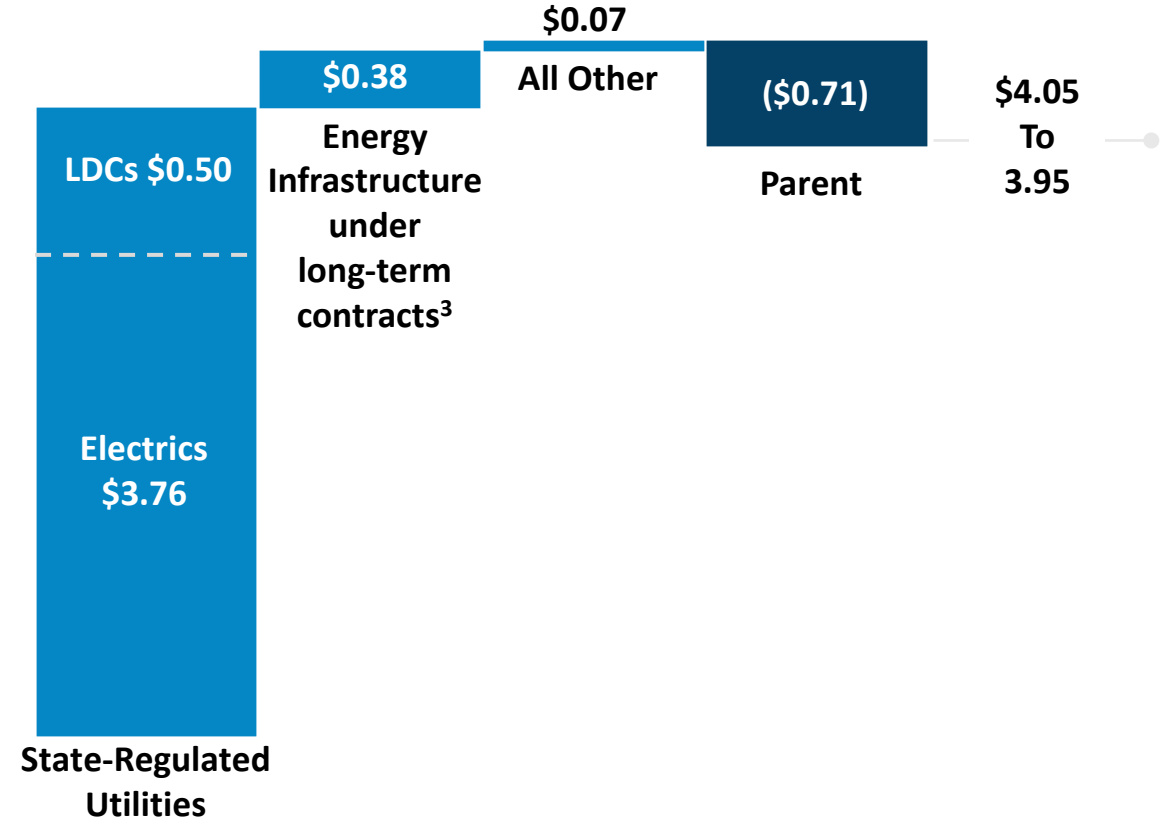
<sup>2</sup> Excludes gains/losses on asset sales, which are included in D&A, Interest, Taxes & Other.

# YTD 2024 & Projected Full Year Adjusted EPS

## YTD 2024 Adjusted EPS



## 2024 Projected Full Year Adjusted EPS Guidance<sup>1,2</sup>



**Q3 2024 Estimate = \$1.30<sup>1</sup>**

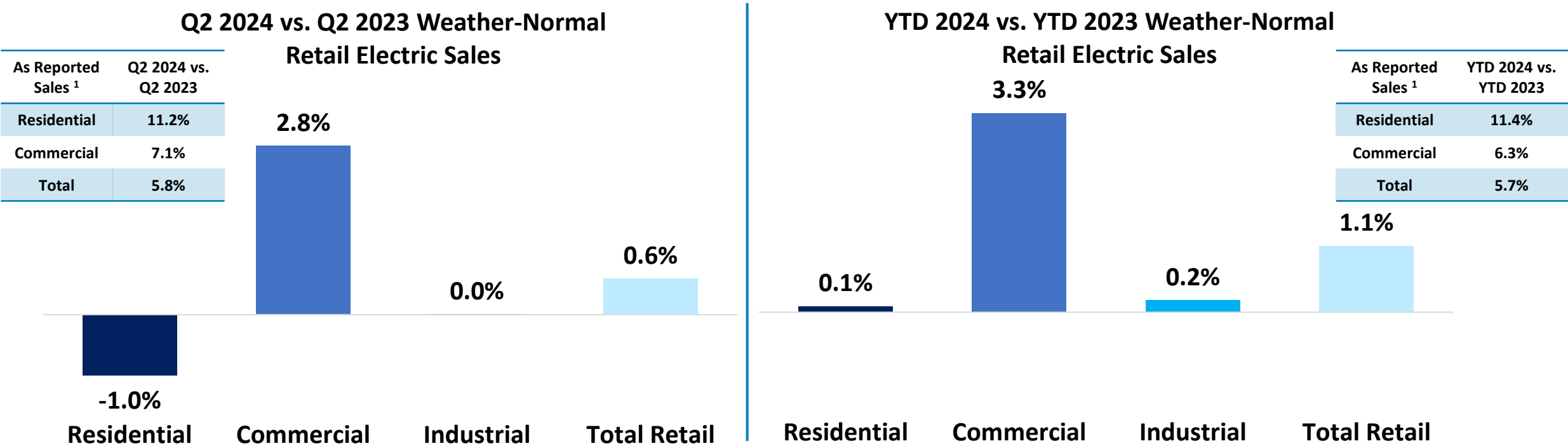
<sup>1</sup> Excludes any further charges/(credits) associated with the completion of Plant Vogtle Units 3 and 4, charges (net of salvage proceeds), associated legal expenses (net of insurance proceeds), and tax impacts from the abandonment and closure activities associated with the mine and gasifier-related portions of the Kemper IGCC, future acquisition and disposition impacts, future impairment charges, any further charges associated with Nicor Gas disallowances and/or additional costs associated with the extinguishment of debt at Southern Company and its non-state regulated subsidiaries.

<sup>2</sup> Guidance provided as of February 15, 2024.

<sup>3</sup> Includes Southern Power, interstate natural gas pipelines, and Southern Company system-owned distributed energy resources.

# Retail Electricity Sales

- Robust Q2 2024 customer growth: +14K residential electric customers and +6K residential gas customers
- Strong weather-normal commercial sales growth driven by increased customer usage, including accelerated usage by existing data centers
  - Existing data center sales +17% for the quarter compared to 2023
- Economic development activity across the system continues to increase above historical levels



<sup>1</sup> As Reported / Non-Weather Adjusted Retail Electric Sales

# Southern Company Value Proposition - Objective of Regular, Predictable and Sustainable

Strategy: Maximize long-term value to shareholders through a customer-, community-, and relationship-focused business model that produces sustainable levels of return for investors

## Objective of maintaining a high degree of financial integrity and strong investment-grade credit ratings

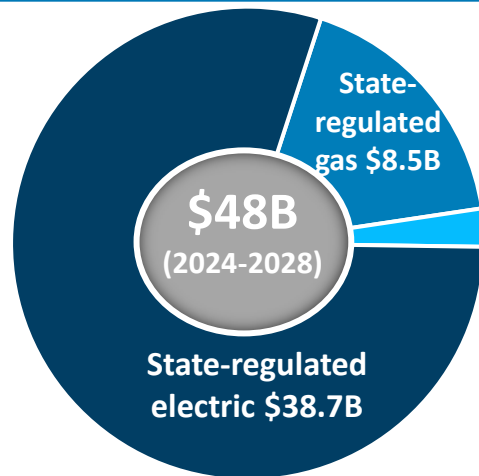
Targeting credit profiles that support  
'A' ratings for each state-regulated utility and  
strong 'BBB+' at Parent

## Objective of providing superior risk-adjusted total shareholder return to our investors

**77 years  
of dividends<sup>1</sup>**  
equal to or greater than  
the previous year, and  
**23 consecutive years  
of dividend increases<sup>1</sup>**



**97% of  
projected  
capex in  
state-  
regulated  
utilities**



**Long-term projected  
adjusted EPS growth of  
5% to 7%<sup>2</sup>**

Supported by projected  
state-regulated electric and gas  
utility rate base growth of 6%

**>90% of Earnings**  
from state-regulated  
electric & gas utilities

**Projected electric load growth  
of ~6% from 2025 to 2028**  
Driven by strong economic development  
with the potential to benefit all customers

<sup>1</sup> Future dividends are subject to approval of the Southern Company Board of Directors and depend on earnings, financial condition and other factors.

<sup>2</sup> From 2024 adjusted EPS guidance range, provided as of February 15, 2024.

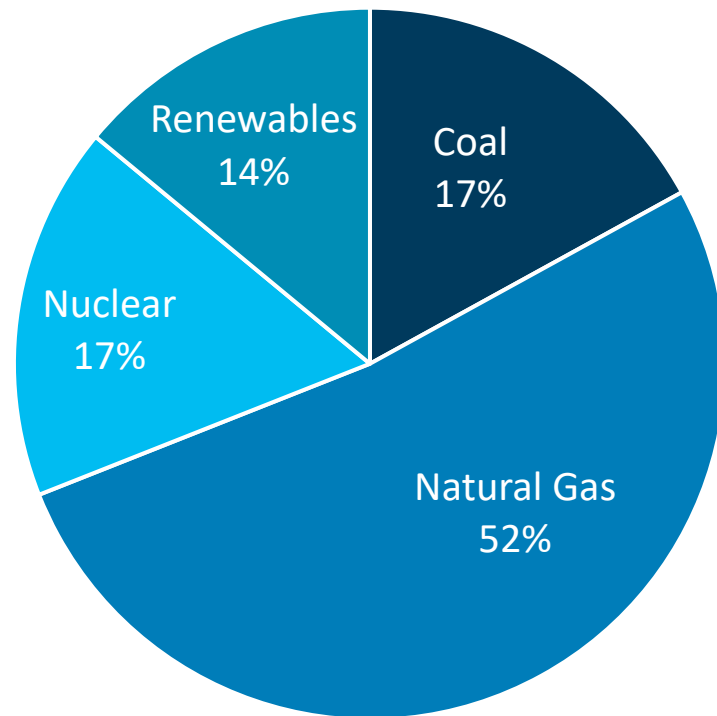


# Appendix

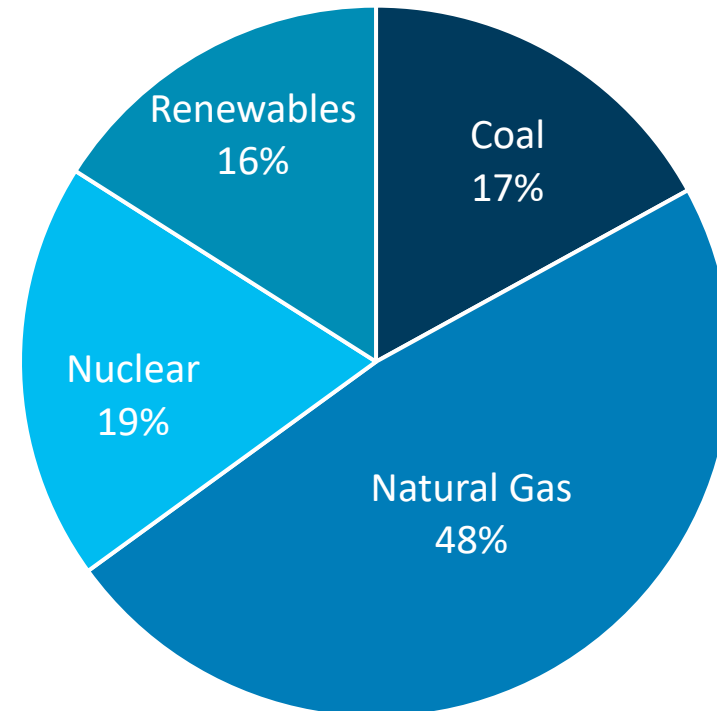


# Total Energy Mix Comparison <sup>1</sup>

## 2023 Total Energy Mix



## Q2 YTD 2024 Total Energy Mix



<sup>1</sup>Energy mix represents all of the energy the Southern Company system uses to serve its retail and wholesale customers. It is not meant to represent delivered energy mix to any particular retail customer or class of customers. Energy mix percentages include non-affiliate power purchase agreements. Renewables category includes wind, solar, hydro, biomass, landfill gas and fuel cells. With respect to certain renewable generation and associated renewable energy credits (RECs), to the extent an affiliate of Southern Company has the right to the RECs associated with renewable energy it generates or purchases, it retains the right to sell the energy and RECs, either bundled or separately, to retail customers and third parties.

# We are well positioned for the growth opportunity...

## Experience and Discipline

- Deep understanding of utility economics and marginal costs to serve
- Decades of experience with competition for new customers and load
- Robust models and tools
- Protecting existing customers is job #1

## Flexible Pricing Framework

- Existing PSC-approved pricing frameworks
- Marginal cost considerations
- Customer-specific
- Potential benefits for existing customers

## Institutional Wherewithal

- 100+ years deploying energy infrastructure
- Ongoing electric and gas investments to support reliability and resilience
- Deep experience with every major energy supply technology

## Supportive States and Constructive Regulation

- Great partners on economic development
- Policies that promote and support growth
- Focused on reliability and affordability

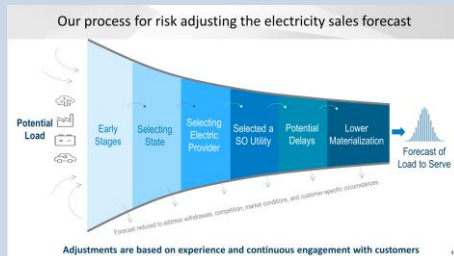
**Our long-term integrated resource planning processes are the cornerstone of our ability to provide clean, safe, reliable and affordable energy to serve growing needs**

# ...and our long-standing approach helps ensure all customers benefit

## The 3 key questions raised by stakeholders:

### Will the load materialize?

Our robust load forecasting process includes risk adjustments based on experience and continuous engagement with customers



(see next slide)

### Is the pricing appropriate?

We employ robust models to ascertain the marginal cost to serve new load and establish customer-specific pricing (within approved frameworks) that protects existing customers

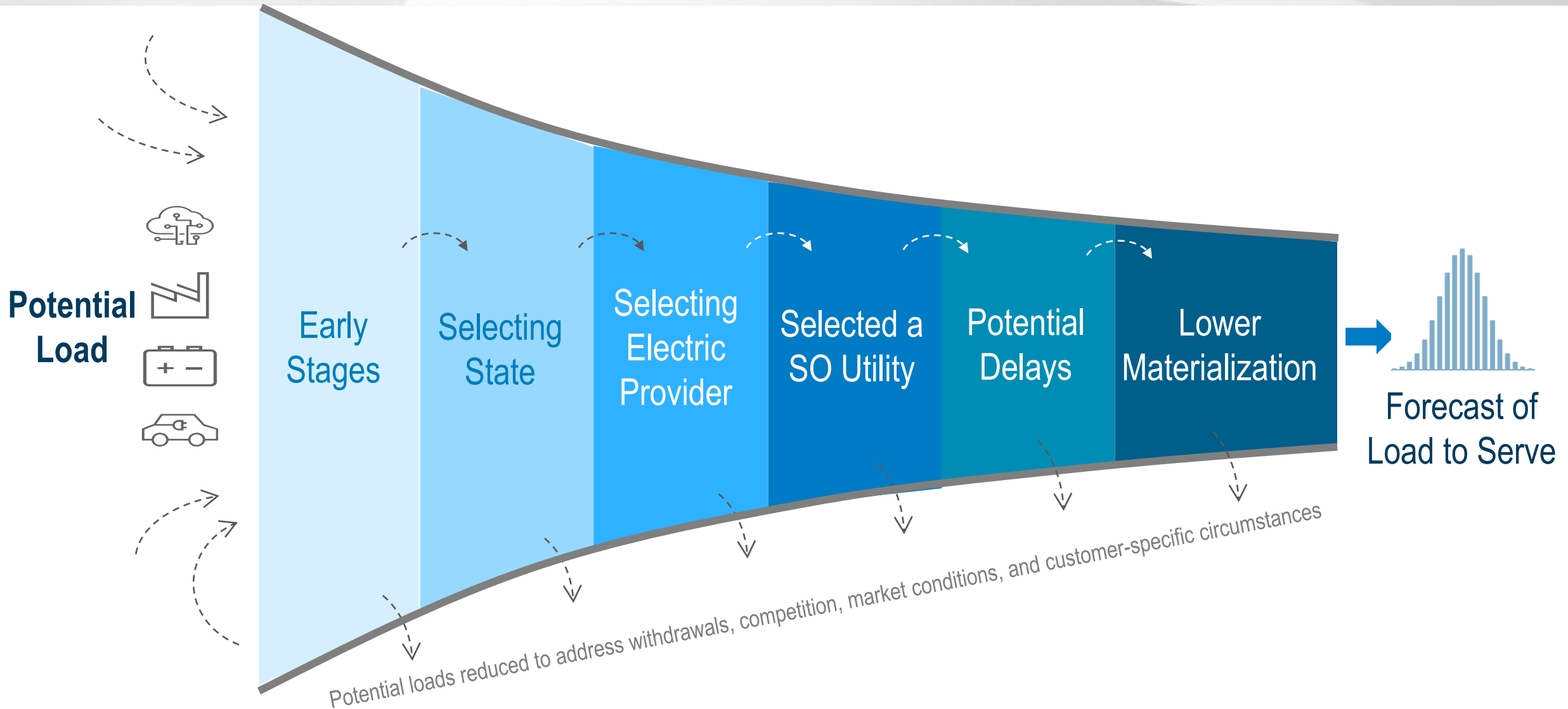


### What protections are in place?

A risk-adjusted load forecast, local grid improvement costs recovered from new large-load customers upfront, and a diverse supply portfolio that provides optionality



# Our process for risk adjusting the electricity sales forecast

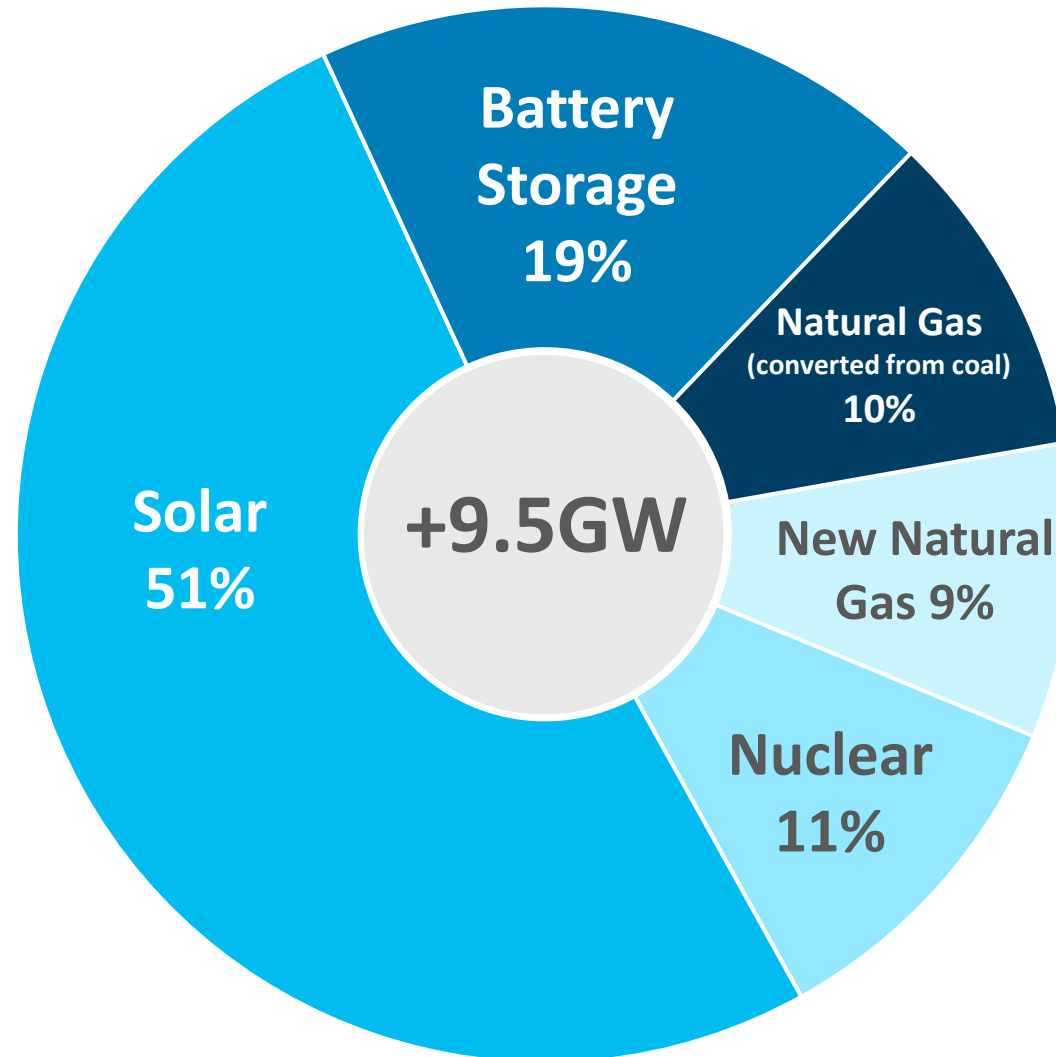


**Adjustments are based on experience and continuous engagement with customers**

Our plans include a diverse mix of projected resource additions

State-Regulated Electric Utilities 2023-2030

**~80% of planned  
capacity additions are  
zero carbon-emitting  
technologies**



# Capital Markets / Financing



# Long-term Financings <sup>1</sup>

as of August 1, 2024

Actual		Projected			
		Remaining			
<u>Long-term Debt (\$ in millions)</u>	<u>YTD 2024</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2024R-2026</u>
Alabama Power	-	300	450	300	1,050
Georgia Power	1,400	600	2,000	1,000	3,600
Mississippi Power	250	-	-	-	-
<b>State-Regulated Electrics</b>	<b>\$1,650</b>	<b>\$900</b>	<b>\$2,450</b>	<b>\$1,300</b>	<b>\$4,650</b>
Southern Power	-	300	-	300	600
Southern Company Gas Capital	-	400	700	850	1,950
Nicor Gas	-	325	300	300	925
Parent Company	2,300	700	2,000	2,500	5,200
<b>Total Long-term Debt Issuances</b>	<b>\$3,950</b>	<b>\$2,625</b>	<b>\$5,450</b>	<b>\$5,250</b>	<b>\$13,325</b>
<b>Total Equity Financings <sup>2</sup></b>	<b>\$151</b>	<b>\$199</b>	<b>\$350</b>	<b>\$350</b>	<b>\$899</b>

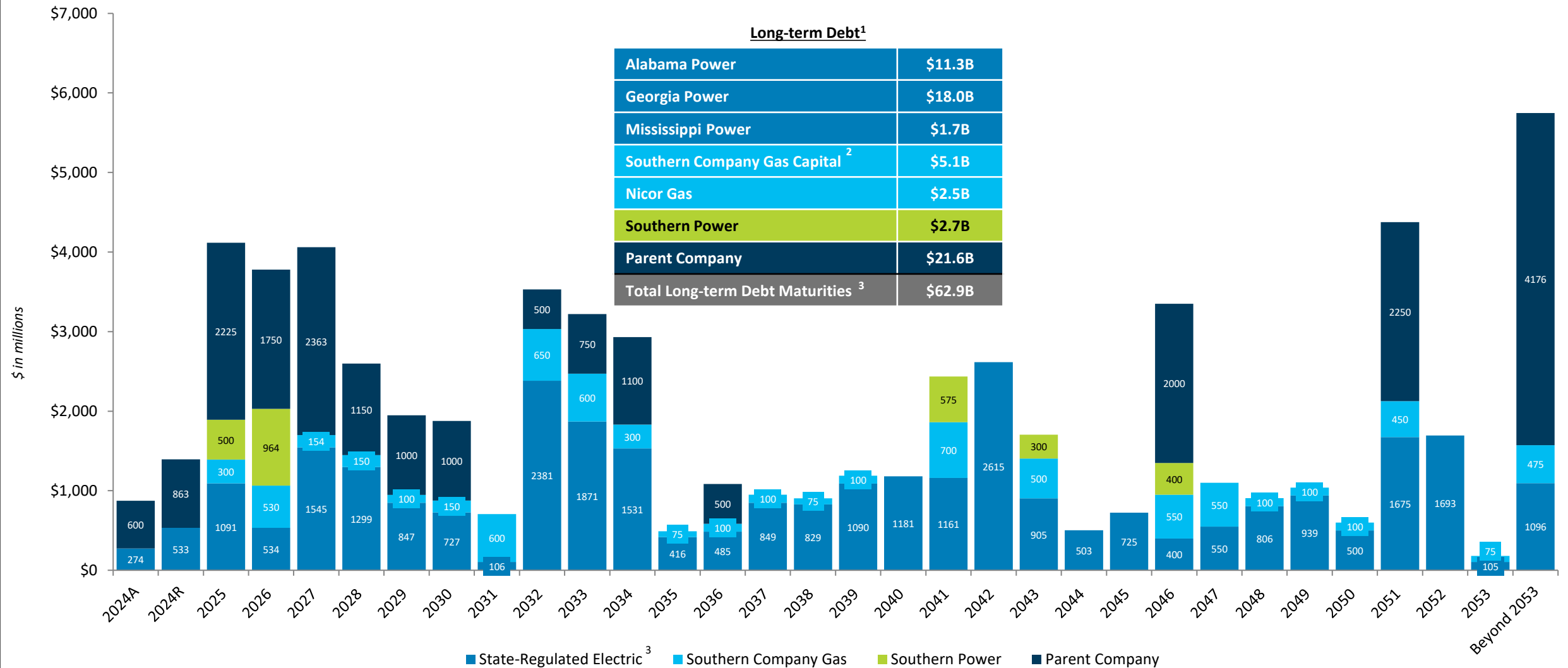
<sup>1</sup> Amounts and timing could materially change based upon numerous factors, including market conditions, regulatory approvals, the Southern Company system's capital requirements and available investment opportunities. Projected financings exclude potential tax-exempt remarketings and potential replacement of callable securities. Excludes long term-bank notes and lease obligations.

<sup>2</sup> Estimated annual proceeds from internal equity plans. Southern Company also maintains an at-the-market program to, among other things, partially finance incremental capital increases associated with further increases to the capital forecast or, potentially, to partially refinance callable hybrid securities, if doing so preserves or improves its credit profile and/or long-term EPS.



# Long-term Debt Maturity Tower <sup>1</sup>

as of August 1, 2024



**Southern Company's weighted average long-term debt maturity is 15.5 years**

<sup>1</sup> Excludes financing leases, fair value adjustments, unamortized debt issuance costs and unamortized discount/premium.

<sup>2</sup> Includes maturities at Southern Company Gas Capital and Atlanta Gas Light.

<sup>3</sup> Includes SEGCO.

# Long-term Debt Maturity Schedule <sup>1</sup>

as of August 1, 2024

Long-term Debt (\$ in millions)	Actual	Projected			
	YTD 2024	Remaining 2024	2025	2026	2024R-2026
Alabama Power	21	-	250	45	295
Georgia Power	43	443	831	424	1,698
Mississippi Power	200	-	11	65	76
<b>State-Regulated Electrics <sup>2</sup></b>	<b>\$274</b>	<b>\$533</b>	<b>\$1,091</b>	<b>\$534</b>	<b>\$2,158</b>
Southern Power	-	-	500	964	1,464
Southern Company Gas Capital <sup>3</sup>	-	-	250	380	630
Nicor Gas	-	-	50	150	200
Parent Company	600	863	2,225	1,750	4,838
<b>Total Long-term Debt Maturities</b>	<b>\$874</b>	<b>\$1,395</b>	<b>\$4,116</b>	<b>\$3,779</b>	<b>\$9,290</b>

Totals may not foot due to rounding.

<sup>1</sup> Excludes financing leases, as well as fixed rate tax-exempt bonds subject to remarketing.

<sup>2</sup> 2024 Total State-Regulated Electrics maturities includes \$100M related to SEGCO (\$10M of redemptions YTD).

<sup>3</sup> Includes maturities at Southern Company Gas Capital and Atlanta Gas Light.

# Liquidity and Credit

\$ in millions as of June 30, 2024

**Over \$7.9 billion in committed credit facilities and available liquidity of nearly \$6.7 billion**

<i>(in millions)</i>	2025	2026	2027	2028	2029	Total
<b>Credit Facility Expirations</b>	\$580	\$650	\$275	-	\$6,400	\$7,905

<i>(in millions)</i>	Alabama Power	Georgia Power	Mississippi Power	Southern Company Gas	Southern Power	Parent Company	Other <sup>1</sup>	Consolidated
Unused Credit Lines	\$1,350	\$2,026	\$275	\$1,598	\$600	\$1,998	\$30	<b>\$7,877</b>
Cash	\$287	\$68	\$19	\$34	\$145	\$402	\$196	<b>\$1,152</b>
<b>Total</b>	<b>\$1,637</b>	<b>\$2,094</b>	<b>\$294</b>	<b>\$1,632</b>	<b>\$745</b>	<b>\$2,400</b>	<b>\$226</b>	<b>\$9,029</b>
Less: Outstanding CP	\$80	\$122	\$102	\$141	\$219	-	-	<b>664</b>
Less: Tax-Exempt Floaters <sup>2</sup>	796	819	69	-	-	-	-	<b>1,684</b>
<b>Net Available Liquidity</b>	<b>\$761</b>	<b>\$1,154</b>	<b>\$124</b>	<b>\$1,491</b>	<b>\$526</b>	<b>\$2,399</b>	<b>\$226</b>	<b>\$6,681</b>

Due to rounding, totals may not foot.

<sup>1</sup> Represents amounts from non-SEC reporting subsidiaries, including SEGCO, PowerSecure, Southern Nuclear, Southern LINC and others.

<sup>2</sup> Tax-Exempt Floaters include all outstanding variable rate tax-exempt bonds. Does not include \$307 million of fixed-rate tax-exempt bonds subject to remarketing within 12 months.



Southern  
Company