



# ***Analyst Call to Review***

## ***Fiscal 2023 First Quarter Financial Results***

***February 8, 2023***  
*9:00 a.m. Eastern*

# Fiscal Q1 2023 Review

# Q1 Fiscal 2023 Financial Performance



## Fiscal 2023 Highlights

- **Financial Performance**

- YTD Diluted EPS of \$1.91
- \$796 million in capital spending; 88% allocated to safety and reliability spending
- 8.8% increase in fiscal 2023 annual dividend to \$2.96 per diluted share
  - 39th consecutive year of rising dividends

- **Executed Our Regulatory Strategy**

- Completed \$115.2 million as of February 7, 2023
- \$36.1 million currently in progress

- **Strong Balance Sheet**

- Approximately \$3.4 billion in liquidity
- \$1.0 billion of financing to support operations
  - Issued \$500 million 30-year senior notes at 5.75%
  - Issued \$300 million 10-year senior notes at 5.45%
  - Settled \$220 million of equity forwards
- Equity capitalization at 60.0% as of December 31, 2022, excluding storm-related financing

# Q1 Fiscal 2023 Financial Performance



## Consolidated Financial Highlights

Segment Net Income <i>(\$millions, except EPS)</i>	Three Months Ended December 31	
	2022	2021
Distribution	\$ 195	\$ 179
Pipeline & Storage	77	70
<b>Net Income</b>	<b>\$ 272</b>	<b>\$ 249</b>
<b>Diluted EPS<sup>1</sup></b>	<b>\$ 1.91</b>	<b>\$ 1.86</b>
<b>Capital Expenditures</b>	<b>\$ 795.7</b>	<b>\$ 684.2</b>

1. Since Atmos Energy has non-vested share-based payments with a nonforfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.

# Q1 Fiscal 2023 Financial Performance



## Segment Operating Income Highlights

Three Months Ended December 31 (\$millions)	2022	2021	Change
Distribution	\$ 231.8	\$ 190.5	\$ 41.3
Pipeline & Storage	89.4	85.4	4.0
<b>Operating Income</b>	<b>\$ 321.2</b>	<b>\$ 275.9</b>	<b>\$ 45.3</b>

### Distribution Key Drivers

- \$57.5MM – Net increase due to rate case outcomes
- \$5.7MM – Increase due to a decrease in EDIT refunds<sup>1</sup>
- \$5.5MM – Increase due to customer growth and increased industrial load
- \$13.2MM – Increase in O&M – primarily line locate spending and administrative costs
- \$16.0MM – Increase in D&A and property tax expense

### Pipeline & Storage Key Drivers

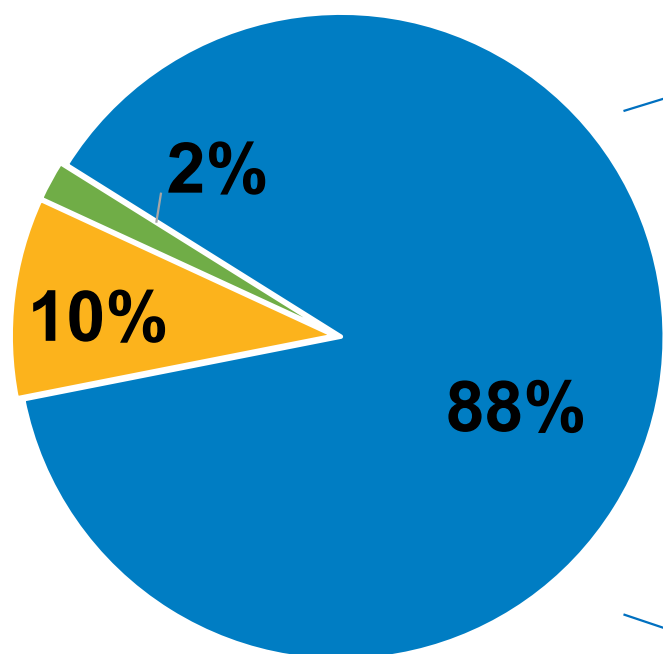
- \$21.0MM – Increase due to rate case outcomes
- \$4.9MM – Increase in through-system revenues
- \$12.6MM – Increase in O&M – primarily in-line inspection spending
- \$4.4MM – Increase in D&A and property tax expense
- \$3.4MM – Decrease in other revenues due to nonrecurring retention gas sale in prior year

1. Increases to operating income from excess deferred income tax (EDIT) refunds substantially offset by higher income tax expense by the end of the fiscal year.

# Q1 Fiscal 2023 Financial Performance



## Capital Spending Highlights



- Safety and Reliability
- Customer Expansion
- Other

\$millions		Fiscal 2023 YTD CapEx
\$	359	Repair and replace transmission and distribution pipelines
	105	Pipeline integrity management projects
	73	Fortifications
	68	Install & replace measurement & regulating equipment
	61	Service line replacement
	35	Enhance storage and compression capabilities
\$	701	<b>Total Safety and Reliability Spending</b>
\$	796	<b>Total Capital Spending</b>

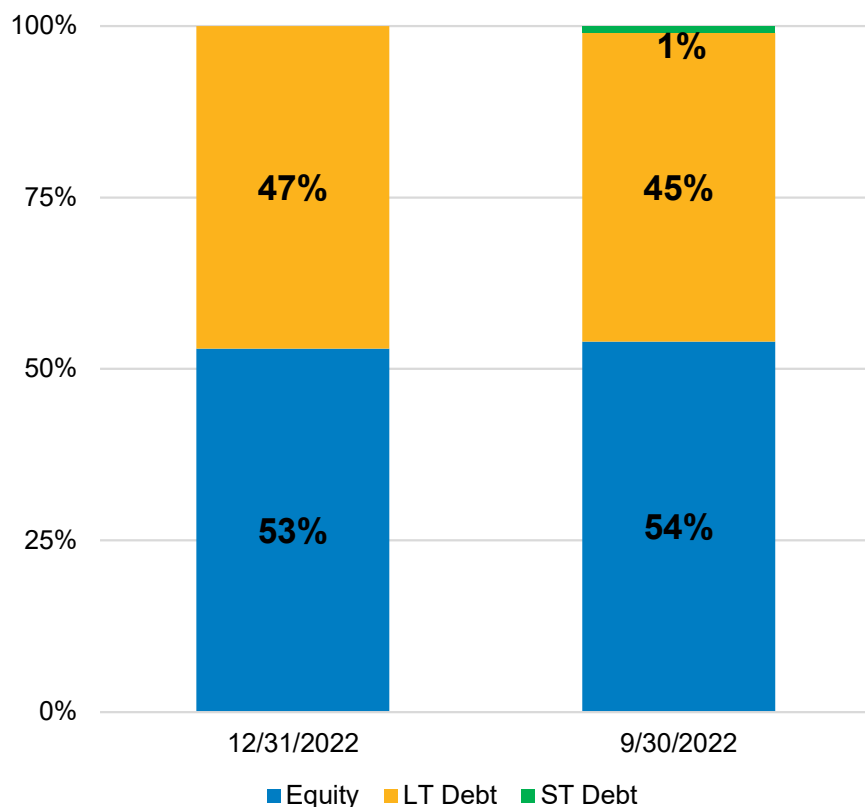
# Q1 Fiscal 2023 Financial Performance



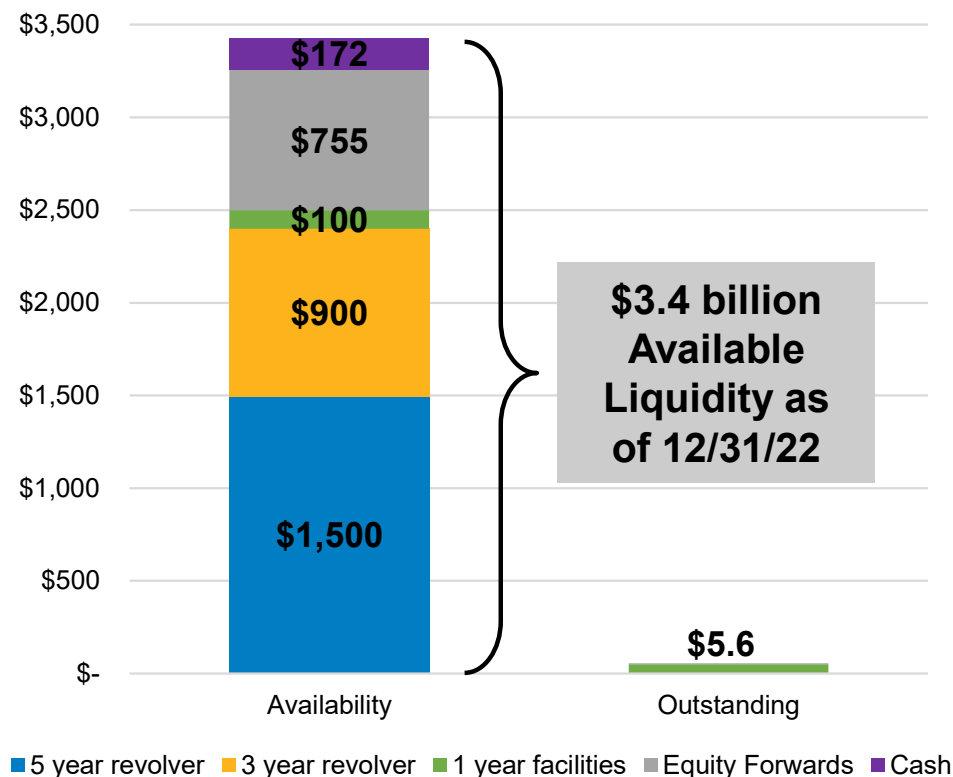
Strong Financial Foundation Supports Capital Spending Program

## Capitalization and Liquidity Profile

Total Capitalization<sup>1</sup>



Liquidity Profile as of December 31, 2022 (\$millions)



1. Excluding the \$2.2 billion of incremental Winter Storm Uri financing, the equity capitalization rate is 60.0% as of December 31, 2022 and 61.3% as of September 30, 2022.

# Q1 Fiscal 2023 Financial Performance



## Financing Highlights

- **\$800 million of long-term debt financing issued**
  - \$500 million 5.75% 30-year senior notes issued in October 2022
  - \$300 million 5.45% 10-year senior notes issued in October 2022
- **Equity needs satisfied through our ATM program**
  - \$199.8 million of equity forward arrangements priced
  - \$220.0 million in settled equity forward arrangements
  - \$754.9 million available under equity forward agreements as of December 31, 2022
    - Maturity: September 29, 2023 through June 28, 2024
    - Shares: 6,598,862
    - Forward Share Price: \$114.39
  - \$281.9 million available for issuance through our ATM program as of December 31, 2022
- **\$1.4 billion currently available under existing shelf registration statement**

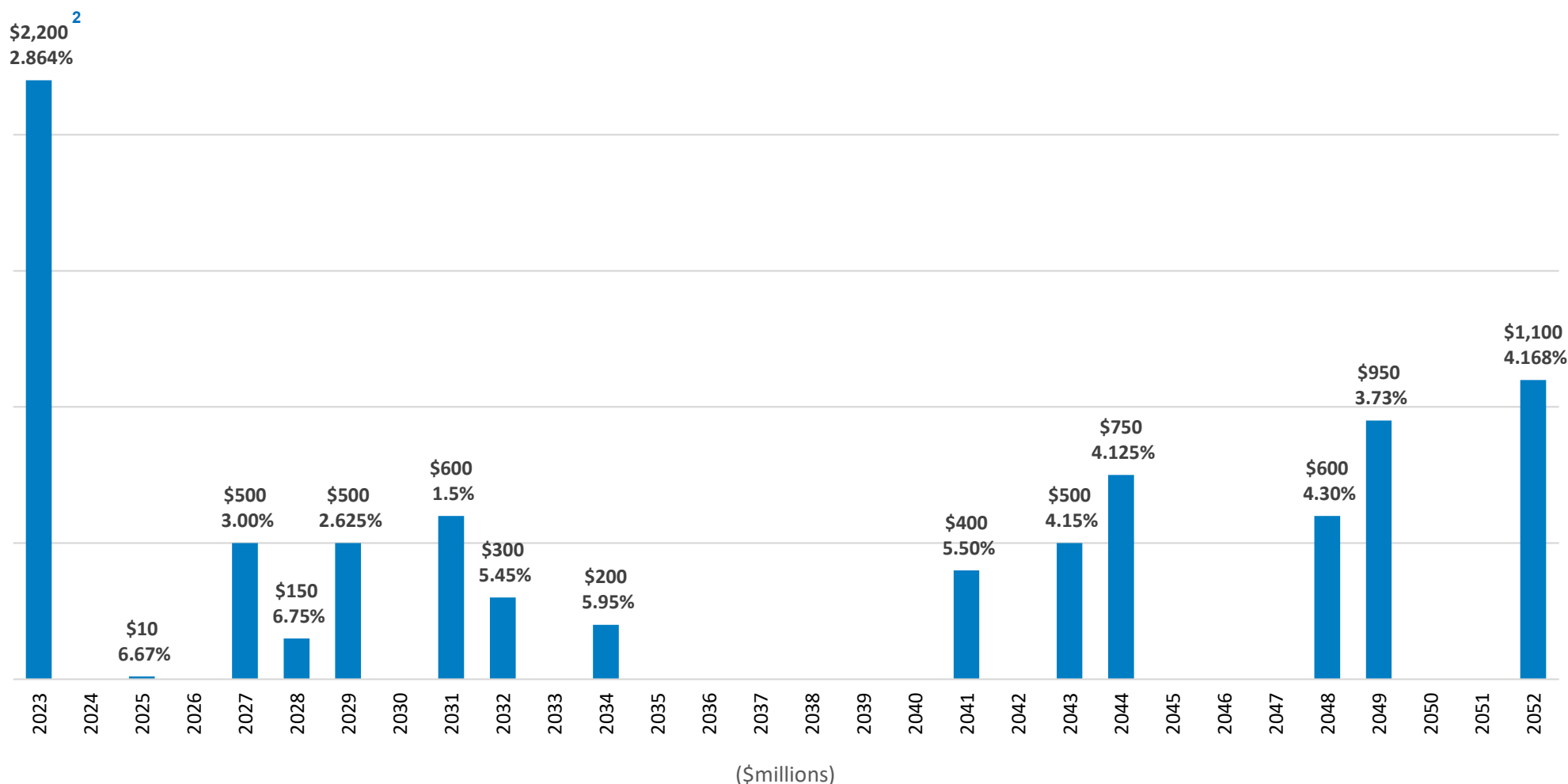


# Q1 Fiscal 2023 Financial Performance



Manageable Debt Maturity Schedule Supports Capital Spending Program

Weighted Average Maturity ~18.7 Years<sup>1</sup>



1. Excluding the \$2.2 billion of incremental Winter Storm Uri financing. Weighted average maturity is 14.0 years including the incremental financing.

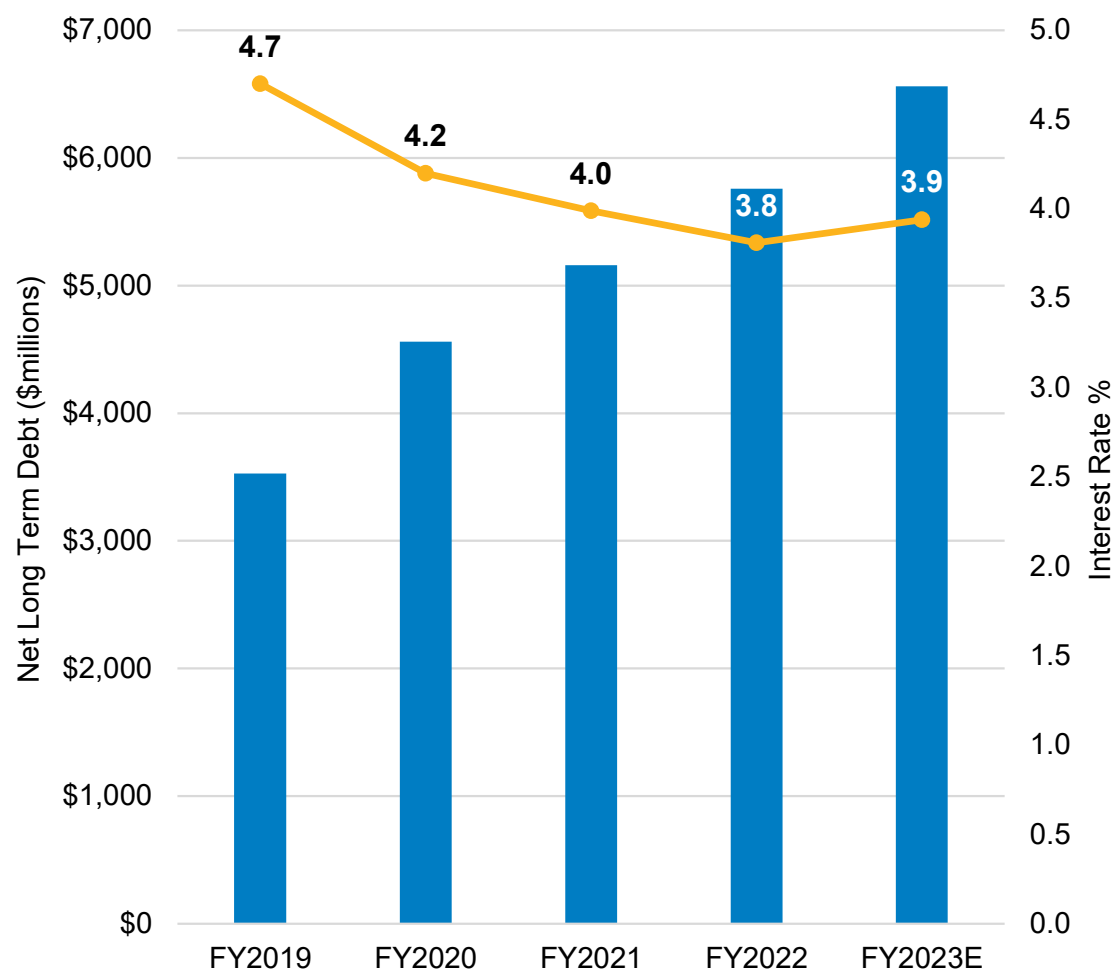
2. Figure includes a LIBOR floating rate component that may change over time.

# Q1 Fiscal 2023 Financial Performance



Strong Investment Grade Ratings Support Affordable Customer Bills

## Declining Weighted Average Cost of Debt<sup>1,2</sup>



## Strong Investment Grade Credit Ratings

	Moody's	Standard & Poor's
Senior Unsecured	A1	A-
Commercial Paper	P-1	A-2
Ratings Outlook	Stable	Stable

## Forward Starting Interest Rate Swaps

	Amount Hedged (\$Millions)	Effective Interest Rate
FY2024	\$450	1.80%
FY2025	\$600	1.75%
FY2026	\$300	2.16%

1. Excluding the \$2.2 billion of incremental Winter Storm Uri financing.

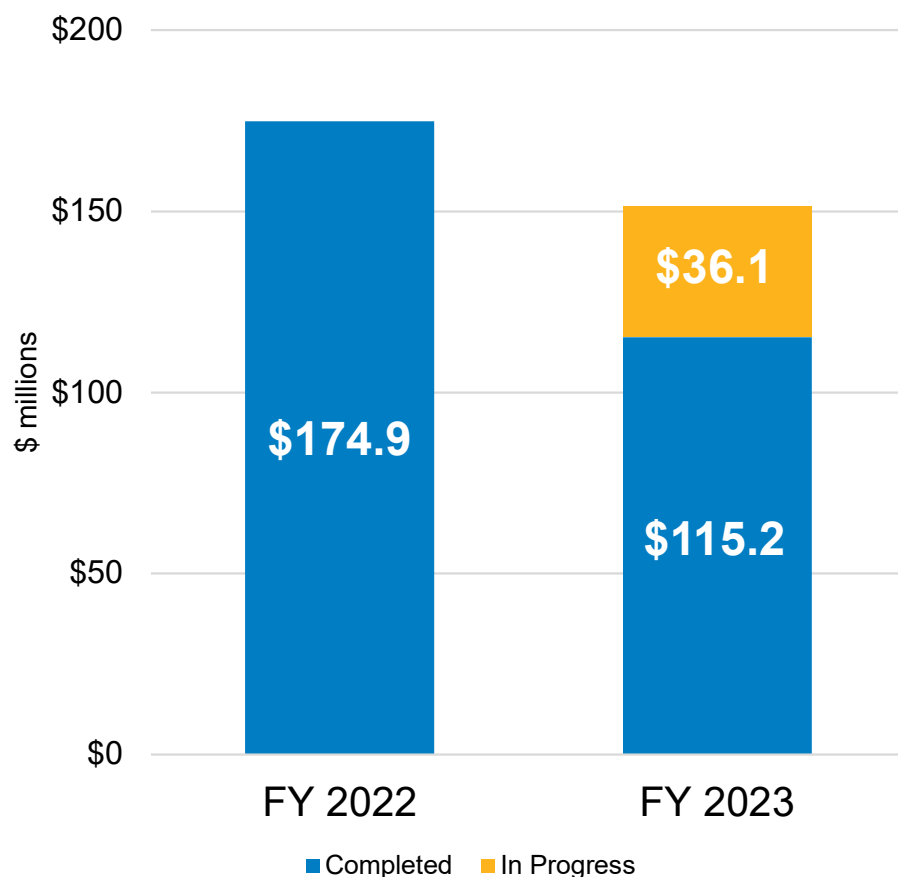
2. Effective interest rate after giving effect to offering costs and settlement of interest rate swaps.

# FY 2023 Financial Performance



## Regulatory Highlights

### Approved Annualized Operating Income Increases<sup>1,2</sup>



### Key Rate Activity Through February 7, 2023

- **\$115.2MM Completed**
  - \$ 81.4MM – Mid-Tex Cities RRM
  - \$ 12.2MM – Mississippi SRF
  - \$ 8.6MM – Mississippi SIR
  - \$ 7.3MM – West Texas Cities RRM
  - \$ 2.0MM – Colorado SSIR
  - \$ 1.9MM – Kentucky PRP<sup>3</sup>
  - \$ 1.3MM – Kansas Ad Valorem
  - \$ 0.5MM – Virginia SAVE
- **\$36.1MM In-Progress**
  - \$ 19.7MM – Mid-Tex DARR
  - \$ 8.0MM – Kansas Rate Case
  - \$ 7.6MM – Colorado Rate Case
  - \$ 0.8MM – Kansas SIP

1. Excluding the impact of EDIT fiscal 2022 rate outcomes were \$215.6 million.

2. Includes \$17.7 million excluding the impact of EDIT for the LA RSC in fiscal 2022; Implemented subject to refund.

3. Implemented subject to refund.

# Financial Outlook

## Fiscal 2023E Guidance



(\$millions, except EPS)	FY 2022	FY 2023 <sup>1</sup>
Distribution	\$ 522	\$ 570 - 590
Pipeline & Storage	252	285 - 295
<b>Total Net Income</b>	<b>\$ 774</b>	<b>\$ 855 - 885</b>
Average Diluted Shares	138.1	144 - 146
<b>Diluted EPS<sup>2</sup></b>	<b>\$ 5.60</b>	<b>\$ 5.90 - 6.10</b>
<b>Capital Spending</b>	<b>\$ 2,444</b>	<b>\$ ~2,700</b>

1. Changes in events or other circumstances that the Company cannot currently anticipate could materially impact earnings and could result in earnings for fiscal 2023 significantly above or below this outlook.

2. Since Atmos Energy has non-vested share-based payments with a non-forfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.

# Financial Outlook

## Fiscal 2023E Guidance



Selected Expenses (\$millions)	FY 2022	FY 2023E <sup>1</sup>
O&M	\$ 710	\$ 740 - 760
D&A	\$ 536	\$ 600 - 610
Interest	\$ 103	\$ 123 - 129
Income Tax	\$ 78	\$ 105 - 120
Effective Tax Rate	9.1%	11% - 13% <sup>2</sup>

1. Changes in events or other circumstances that the Company cannot currently anticipate could materially impact earnings and could result in earnings for fiscal 2023 significantly above or below this outlook.

2. Excluding the amortization of excess deferred tax liabilities, the effective rate is expected to be 22.5% - 24.5%.

# Regulatory Information

# Regulatory Mechanisms To Support Recovery

Jurisdiction	Annual Revenue and Lag Mechanisms		Revenue Stability and Lag Mechanisms		
	Annual Rate Stabilization	Infrastructure	Pension and Retirement Cost Trackers	WNA	Bad Debt in GCA
Colorado		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Kansas		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Kentucky		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Tennessee	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Virginia		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Louisiana	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Mississippi	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Mid-Tex	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
West Texas	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
APT		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

# Key Regulatory Filings – Fiscal 2023E



## Rate Filing Planned Timing

Q1 October – December	Q2 January – March	Q3 April – June	Q4 July – September
Mid-Tex and WTX Cities – Implemented RRM filing of \$88.3MM; \$88.7MM net of excess deferred income tax amortization	Colorado – Implemented SSIR filing of \$2.0MM	Mid-Tex and WTX Cities – Anticipate filing Rate Review Mechanism (RRM) in April 2023; new rates anticipated Q1 fiscal 2024	Mississippi – Anticipate Stable Rate Filing (SRF) in July 2023; new rates anticipated Q1 fiscal 2024
Mississippi – Implemented SRF and SIR filings of \$21.6MM; \$20.8MM net of excess deferred income tax amortization	Mid-Tex Dallas – Filed Dallas Annual Rate Review (DARR) in January 2023; new rates anticipated Q4 fiscal 2023	Louisiana – Anticipate filing Rate Stabilization Clause (RSC) in April 2023; new rates anticipated Q4 fiscal 2023	Kentucky – Anticipate PRP filing in August 2023; new rates anticipated Q1 fiscal 2024
Virginia – Implemented SAVE filing of \$0.5MM	Kansas – Filed System Integrity Program (SIP) in January 2023; new rates anticipated Q3 fiscal 2023	Virginia – Anticipate filing General Rate Case in May 2023; new rates anticipated Q3 fiscal 2024	Kentucky – Anticipate filing General Rate Case in September 2023; new rates anticipated Q3 fiscal 2024
Kentucky – Implemented PRP filing of \$1.9MM	Tennessee – Filed Annual Review Mechanism (ARM) in January 2023; new rates anticipated Q3 2023	Virginia – Anticipate filing SAVE in June 2023; new rates anticipated Q4 fiscal 2023	
	Atmos Pipeline – Texas (APT) – Anticipate filing GRIP in February 2023; new rates anticipated Q3 fiscal 2023	Atmos Pipeline – Texas (APT) – Anticipate filing General Rate Case in June 2023; new rates anticipated Q2 fiscal 2024	
	Mid-Tex ATM, WTX ALDC, WTX Triangle and Texas Environs – Anticipate filing GRIP in March 2023; new rates anticipated Q3 fiscal 2023		
	Mississippi – Anticipate filing System Integrity Rider (SIR) in March 2023; new rates anticipated Q1 fiscal 2024		

Implemented

Pending or anticipated



# Regulatory Summary



Jurisdiction		Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Authorized Operating Income \$millions	Requested Operating Income \$millions	Rate Base \$millions <sup>(1)</sup>	Requested Rate Base \$millions	Authorized Rate of Return <sup>(1)</sup>	Requested Rate of Return	Authorized Return on Equity <sup>(1)</sup>	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 12/31/22
Atmos Pipeline-TX (GUD 10580)		8/1/17		\$13.0		\$1,767		8.87%		11.50%		47/53		NA
Atmos Pipeline-TX GRIP	3	5/18/22		\$78.8		\$3,432		8.87%		11.50%		47/53		NA
Mid-Tex - City of Dallas DARR		9/1/22	1/13/23	\$13.2	\$19.7	\$5,052	\$5,905	7.41%	7.43%	9.80%	9.80%	41/59	40/60	234,745
Mid-Tex Cities RRM		10/1/22		\$81.4		\$5,235		7.28%		9.80%		42/58		1,318,962
Mid-Tex ATM Cities SOI/GRIP (GUD 10779)	3	6/10/22		\$12.8		\$5,121		7.97%		9.80%		40/60		188,169
Mid-Tex Environs SOI/GRIP (GUD 10944)	3	6/10/22		\$5.6		\$5,121		7.97%		9.80%		40/60		91,938
WTX Cities RRM		10/1/22		\$7.3		\$855		7.28%		9.80%		42/58		151,759
WTX ALDC SOI	4	6/1/21		\$5.1		\$752		7.35%		2		2		154,057
WTX ALDC GRIP	3,4	6/11/22		\$6.1		\$858		7.35%		2		41/59		NA
WTX Environs SOI/GRIP (GUD 10945)	3	6/11/22		\$1.2		\$855		7.97%		9.80%		40/60		24,333
WTX Triangle (GUD 10900)		6/11/22		\$1.5		\$50		7.71%		9.80%		40/60		NA
Louisiana RSC (U-35525)	5	7/1/22		\$17.7		\$942		7.30%		2		2		377,715
Mississippi SRF (2005-UN-0503)		11/1/22		\$12.2		\$525		7.53%		2		2		274,462
Mississippi SIR (2015-UN-049)		11/1/22		\$8.6		\$390		7.53%		2		2		NA
Kentucky (2018-00281)		5/20/22		\$5.9		\$569		6.82%		9.23%		45/55		185,607
Kentucky PRP (2022-00222)	5	10/2/22		\$1.9		\$16		7.75%		10.95%		45/55		NA

# Regulatory Summary (continued)



Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Authorized Operating Income \$millions	Requested Operating Income \$millions	Rate Base \$millions <sup>(1)</sup>	Requested Rate Base \$millions	Authorized Rate of Return <sup>(1)</sup>	Requested Rate of Return	Authorized Return on Equity <sup>(1)</sup>	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 12/31/22
Tennessee ARM (19-00067)	7/1/22	1/31/23	\$2.5	\$0.0	\$447	\$499	7.53%	7.58%	9.80%	9.80%	39/61	38/62	163,404
Kansas (23-ATMG-538-RTS)	4/1/20	9/9/22	(\$0.2)	\$8.0	\$242	\$302	7.03%	8.18%	9.10%	10.95%	44/56	39/61	141,592
Kansas GSRS	2/1/22		\$1.8		\$36		7.03%		9.10%		44/56		NA
Kansas SIP	4/1/22	1/19/23	\$0.6	\$0.8	\$6	\$13	7.03%	7.03%	9.10%	9.10%	44/56	44/56	NA
Colorado (22AL-0348G)	5/3/18	8/5/22	(\$0.2)	\$7.6	\$135	\$267	7.55%	8.17%	9.45%	10.95%	44/56	39/61	128,276
Colorado SSIR (20AL-0471G)	1/1/23		\$2.0		\$115		7.55%		9.45%		44/56		NA
Colorado GIS (18A-0765G)	4/1/19		\$0.1		\$1		7.55%		9.45%		44/56		NA
Virginia (PUR-2018-00014)	4/1/19		(\$0.4)		\$48		7.43%		9.20%		42/58		24,987
Virginia SAVE (PUR-2020-00107)	10/1/22		\$0.5		\$12		7.43%		9.20%		42/58		NA

1. Rate base, authorized rate of return and authorized return on equity presented in this table are those from the last base rate case for each jurisdiction. These rate bases, rates of return and returns on equity are not necessarily indicative of current or future rate bases, rates of return or returns on equity.
2. A rate base, rate of return, return on equity or debt/equity ratio was not included in the final decision.
3. GRIP filings are based on existing returns and the change in net utility plant investment.
4. Includes the cities of Amarillo, Lubbock, Dalhart and Channing.
5. Implemented subject to refund.

# Colorado - Kansas Division



- **Kansas: Filed System Integrity Program (SIP) on January 19, 2023**
  - Requested an increase in annual operating income of \$0.8 million
  - Requested ROE: 9.10%; ROR: 7.03%
  - Requested capital structure: 44% debt / 56% equity
  - Requested rate base: \$13.3 million
- **Colorado: Implemented System Safety and Integrity Rider (SSIR) on January 1, 2023**
  - Authorized an increase in annual operating income of \$2.0 million
  - Authorized ROE: 9.45%; ROR: 7.55%
  - Authorized capital structure: 44% debt / 56% equity
  - Authorized rate base: \$114.7 million

# Kentucky/Mid-States Division



- **Kentucky: Implemented Annual PRP on October 2, 2022**
  - Authorized an annual operating income increase of \$1.9 million
  - Authorized ROE: 10.95%; ROR: 7.75%
  - Authorized capital structure: 45% debt / 55% equity
  - Authorized rate base: \$16.0 million
  - Subject to refund
- **Virginia: Implemented SAVE Infrastructure Program on October 1, 2022**
  - Authorized an annual operating income increase of \$0.5 million
  - Authorized ROE: 9.20%; ROR: 7.43%
  - Authorized capital structure: 42% debt / 58% equity
  - Authorized rate base: \$11.8 million
- **Tennessee: Filed Annual Review Mechanism (ARM) on January 31, 2023**
  - Requested no change to annual operating income
  - Requested ROE: 9.80%; ROR: 7.58%
  - Requested capital structure: 38% debt / 62% equity
  - Requested rate base: \$499.4 million

- **Mid-Tex Cities: Implemented Rate Review Mechanism RRM on October 1, 2022**
  - Authorized an increase in annual operating income of \$81.4 million
  - Authorized ROE: 9.80%; ROR: 7.28%
  - Authorized capital structure: 42% debt / 58% equity
  - Authorized rate base: \$5.2 billion
  - Test year ending December 31, 2021
- **Mid-Tex City of Dallas: Filed Dallas Annual Rate Review DARR on January 13, 2023**
  - Requested an increase in annual operating income of \$19.7 million
  - Requested ROE: 9.80%; ROR: 7.43%
  - Requested capital structure: 40% debt / 60% equity
  - Requested rate base: \$5.9 billion
  - Test year ending September 30, 2022

- **Mississippi: Implemented Annual System Integrity Rider (SIR) on November 1, 2022**
  - Authorized an increase in annual operating income of \$8.6 million
  - Authorized ROR: 7.53%
  - Authorized rate base: \$390.3 million
  - Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2022 - October 2023
- **Mississippi: Implemented Annual Stable Rate Filing (SRF) on November 1, 2022**
  - Authorized an increase in annual operating income of \$12.2 million
  - Authorized ROR: 7.53%
  - Authorized rate base: \$525.3 million
  - Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2022 - October 2023

- **West Texas Cities: Implemented Rate Review Mechanism RRM on October 1, 2022**
  - Requested an increase in annual operating income of \$7.3 million
  - Requested ROE: 9.80%; ROR: 7.28%
  - Requested capital structure: 42% debt / 58% equity
  - Requested rate base: \$855.3 million
  - Test year ending December 31, 2021

# Forward Looking Statements



The matters discussed or incorporated by reference in this presentation may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this presentation are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this presentation, or any other of the company’s documents or oral presentations, the words “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “goal”, “intend”, “objective”, “plan”, “projection”, “seek”, “strategy” or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements relating to our strategy, operations, markets, services, rates, recovery of costs, availability of gas supply and other factors. These risks and uncertainties include the following: federal, state and local regulatory and political trends and decisions, including the impact of rate proceedings before various state regulatory commissions; increased federal regulatory oversight and potential penalties; possible increased federal, state and local regulation of the safety of our operations; possible significant costs and liabilities resulting from pipeline integrity and other similar programs and related repairs; the inherent hazards and risks involved in distributing, transporting and storing natural gas; the availability and accessibility of contracted gas supplies, interstate pipeline and/or storage services; increased competition from energy suppliers and alternative forms of energy; failure to attract and retain a qualified workforce; natural disasters, terrorist activities or other events and other risks and uncertainties discussed herein, all of which are difficult to predict and many of which are beyond our control; increased dependence on technology that may hinder the Company’s business if such technologies fail; the threat of cyber-attacks or acts of cyber-terrorism that could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information; the impact of new cybersecurity compliance requirements; adverse weather conditions; the impact of greenhouse gas emissions or other legislation or regulations intended to address climate change; the impact of climate change; the capital-intensive nature of our business; our ability to continue to access the credit and capital markets to execute our business strategy; market risks beyond our control affecting our risk management activities, including commodity price volatility, counterparty performance or creditworthiness and interest rate risk; the concentration of our operations in Texas; the impact of adverse economic conditions on our customers; changes in the availability and price of natural gas; and increased costs of providing health care benefits, along with pension and postretirement health care benefits and increased funding requirements. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, we undertake no obligation to update or revise any of our forward-looking statements whether as a result of new information, future events or otherwise.

Further, we will only update our annual earnings guidance through our quarterly and annual earnings releases. All estimated financial metrics for fiscal year 2023 and beyond that appear in this presentation are current as of February 7, 2023.