

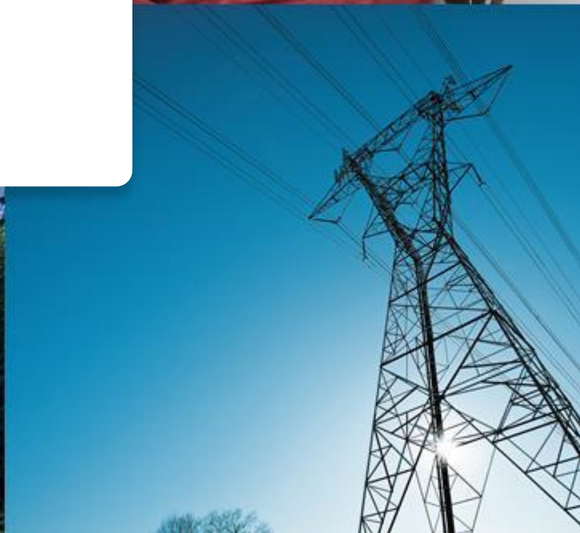


# Fourth quarter 2018 earnings call

February 1, 2019

Dominion Energy®





# Important note to investors

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 regarding Dominion Energy. The statements relate to, among other things, expectations, estimates and projections concerning the business and operations of Dominion Energy. We have used the words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", “outlook”, "predict", "project", “should”, “strategy”, “target”, "will“, “potential” and similar terms and phrases to identify forward-looking statements in this presentation. As outlined in our SEC filings, factors that could cause actual results to differ include, but are not limited to: unusual weather conditions and their effect on energy sales to customers and energy commodity prices; extreme weather events and other natural disasters; federal, state and local legislative and regulatory developments; changes to federal, state and local environmental laws and regulations, including proposed carbon regulations; cost of environmental compliance; changes in enforcement practices of regulators relating to environmental standards and litigation exposure for remedial activities; capital market conditions, including the availability of credit and the ability to obtain financing on reasonable terms; fluctuations in interest rates; changes in rating agency requirements or credit ratings and their effect on availability and cost of capital; impacts of acquisitions, divestitures, transfers of assets by Dominion Energy to joint ventures, and retirements of assets based on asset portfolio reviews; receipt of approvals for, and timing of, closing dates for acquisitions and divestitures; changes in demand for Dominion Energy’s services; additional competition in Dominion Energy’s industries; changes to regulated rates collected by Dominion Energy; changes in operating, maintenance and construction costs; timing and receipt of regulatory approvals necessary for planned construction or expansion projects and compliance with conditions associated with such regulatory approvals; the inability to complete planned construction projects within time frames initially anticipated. Other risk factors are detailed from time to time in Dominion Energy’s quarterly reports on Form 10-Q or most recent annual report on Form 10-K filed with the Securities and Exchange Commission.

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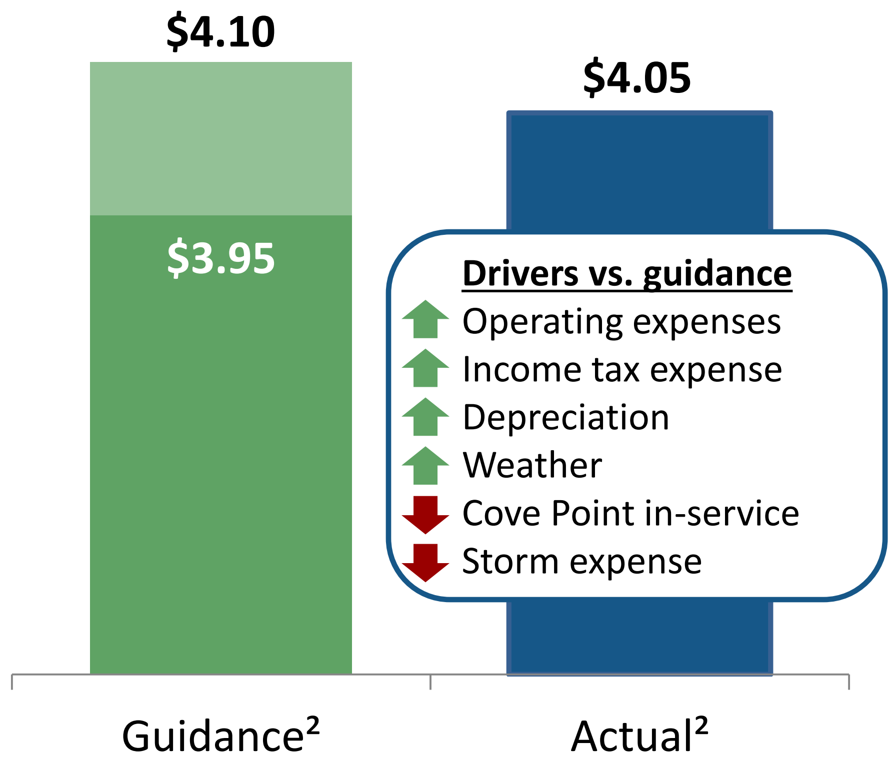
This presentation includes various estimates of EBITDA which is a non-GAAP financial measure. Please see the fourth quarter 2018 Dominion Energy earnings release kit for a reconciliation to GAAP. Please continue to regularly check Dominion Energy’s website at www.dominionenergy.com/investors.

# Operating earnings per share

Actual versus guidance ($ per share)

## Fourth quarter 2018


## 2018




[1] See pages 28 and 34 of the fourth quarter 2018 Earnings Release Kit for supporting information and a reconciliation to GAAP.

[2] See page 27 and 34 of the fourth quarter 2018 Earnings Release Kit for supporting information and a reconciliation to GAAP.

# Operating EBIT

Actual versus guidance ($ millions)

| Fourth quarter 2018 | | |
|---|---|---|
| **Operating segment** | **Guidance range *(midpoint)*** | **Actual[1] / *Drivers*** |
| Power Delivery | $225—$250 *($238)* | $211 ⬇ *Storm expense* |
| Power Generation | $305—$360 *($332)* | $293 ⬇ *Millstone extended outage* |
| Gas Infrastructure | $580—$615 *($598)* | $612 ⬆ *LDC & other margins* |

| 2018 | | |
|---|---|---|
| **Operating segment** | **Guidance range *(midpoint)*** | **Actual[1] / *Drivers*** |
| Power Delivery | $1,035—$1,080 *($1,057)* | $1,012 ⬇ *Storm expense* |
| Power Generation | $1,745—$1,905 *($1,825)* | $1,932 ⬆ *O&M* ⬆ *DD&A* |
| Gas Infrastructure | $1,910—$2,035 *($1,973)* | $1,904 ⬇ *Cove Point in-service* |

[1] See pages 38 and 40 of the fourth quarter 2018 Earnings Release Kit for a reconciliation to GAAP.

**Legend** ⬇ Hurt ⬆ Help

# 2018 in review

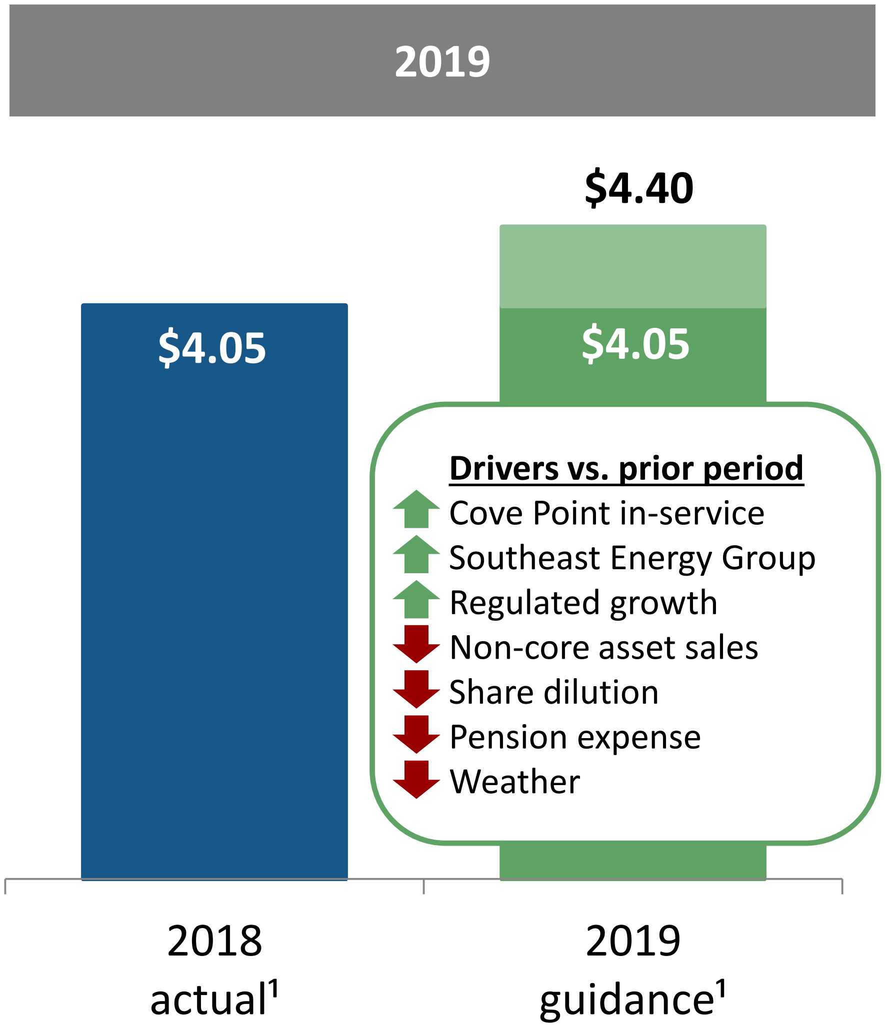
Establishing a foundation for success in 2019 and beyond

| | Status | Guidance | Results |
|---|---|---|---|
| **Operating EPS** | ✓ | ~10% YoY growth[1] | **12.5% increase vs. 2017 actuals**<br>**11.0% increase vs. 2017 midpoint** |
| **Dividend per share** | ✓ | ~10% YoY growth[2] | **10% increase vs. 2017** |
| **Non-core asset sales** | ✓ | Pre-tax proceeds of $1.0 to $1.5 billion[3] | **Pre-tax proceeds of ~$2.5 billion** |
| **Cove Point** | ✓ | COD in 2017[4]<br>$2.5 to $3.0 billion asset leverage[3] | **COD in April 2018**<br>**$3.0 billion asset leverage** |
| **Greensville** | ✓ | COD in late 2018[5] | **COD in December 2018** |
| **Credit** | ✓ | "aggressive plans...to address the shortfall in credit"[3] | **Parent-debt target two years early**<br>**Increase in cash coverage metric**<br>**Ratings affirmed / lower thresholds** |
| **GTSA** | ✓ | — | **Bipartisan legislation that supports path to sustainable energy future for VA** |
| **SCANA** | ✓ | Significant value to customers<br>Preserve transaction economics<br>Complete in Q3[6] | **Significant value to customers**<br>**Preserved transaction economics (~$0.10/sh)**<br>**Completed 1/1/2019** |

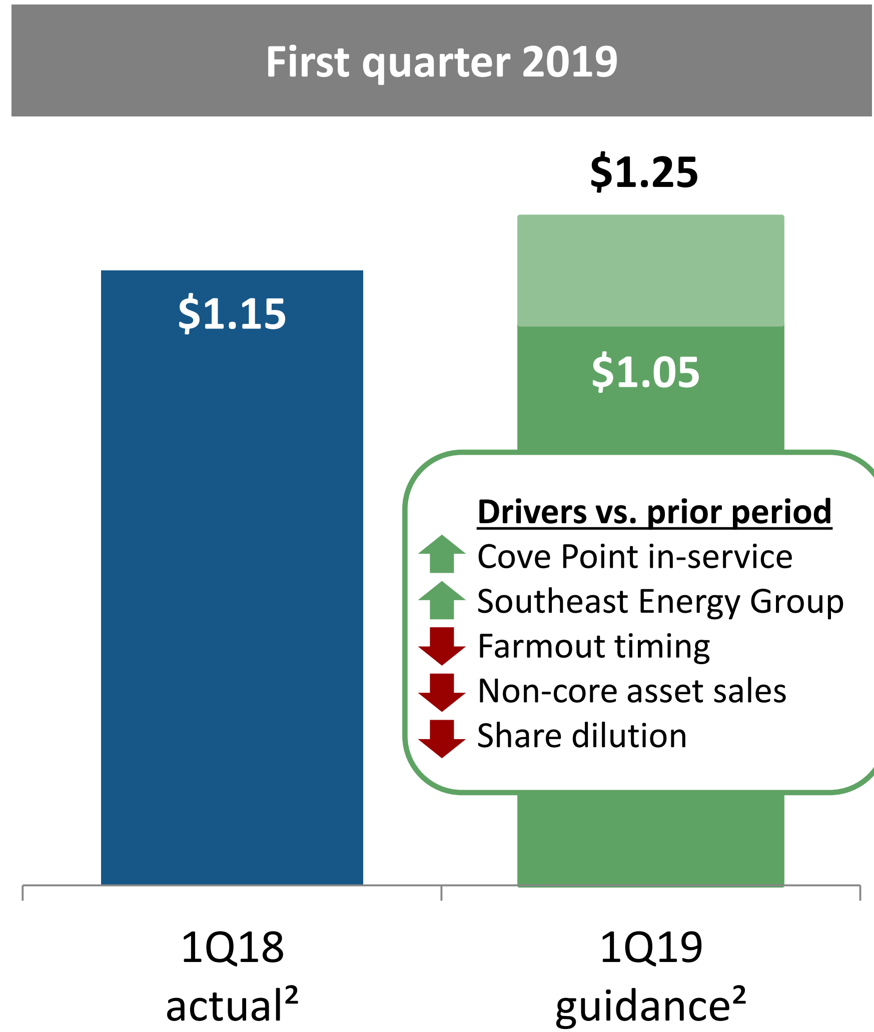
[1] January 29, 2018 (midpoint of 2018 guidance vs. midpoint of 2017 guidance ); [2] November 5, 2017; [3] April 27, 2018; [4] April 26, 2012; [5] May 4, 2015; [6] January 3, 2018

# Operating earnings per share

Guidance versus prior period actual ($ per share)



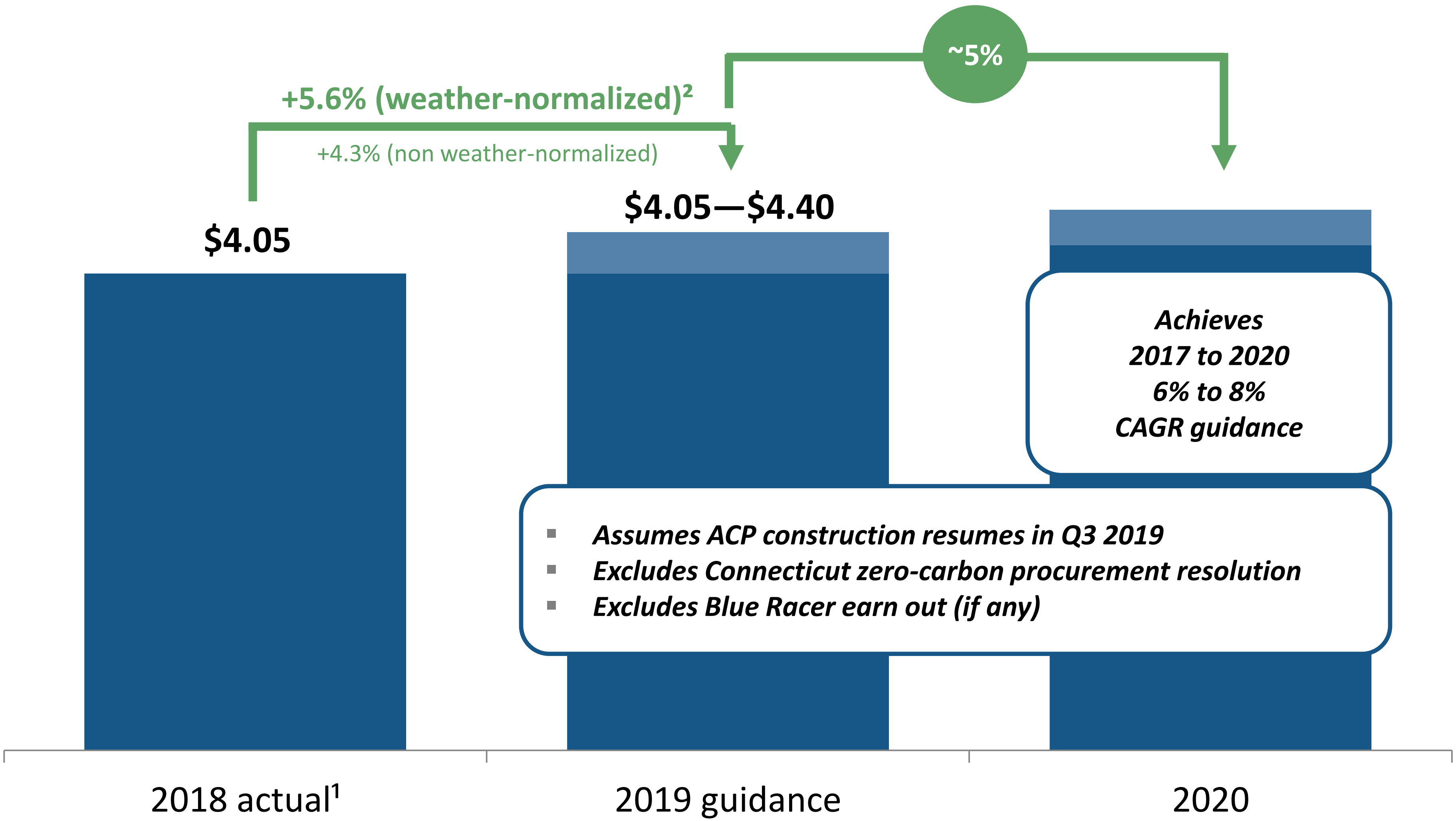

[1] See pages 29, 34 and 38 of the fourth quarter 2018 Earnings Release Kit for supporting information and a reconciliation to GAAP.




[2] See pages 30 and 42 of the fourth quarter 2018 Earnings Release Kit for supporting information and a reconciliation to GAAP.

# Operating earnings per share

($ per share)




[1] See pages 29, 34 and 38 of the fourth quarter 2018 Earnings Release Kit for supporting information and a reconciliation to GAAP.
[2] Based on weather-normalized 2018 operating EPS of ~$4.00 per share; growth measured to the midpoint of 2019 guidance.

# 2019 external financing plan

| Issuer | Planned financings | Planned amount ($M) | Timing |
|---|---|---|---|
| DEI | DRIP | $300 | Throughout year |
| | Mandatory convertible remarketing[1] | $1,400 | Converts August 15<br>Remarketing Q2 |
| | Long-term debt/hybrids | $1,300—$2,200 | TBD |
| VEPCO | Long-term debt | $1,100—$1,400 | TBD |
| DEGH | Long-term debt | $500—$700 | TBD |

**Legend**

Dominion Energy, Inc. (DEI) Dominion Energy Gas Holdings, Inc. (DEGH) Virginia Electric and Power Company (VEPCO)

Note: Excludes Atlantic Coast Pipeline, commercial paper and other short-term debt financings and any liability management exercise; no financing activities planned for QGC, QPC, SCE&G, or PSNC.
[1] Remarketing transactions do not represent increases in total debt.

# Upcoming investor meetings

## What to expect

**March 25th — New York City and live webcast**

**Two distinct presentations:**

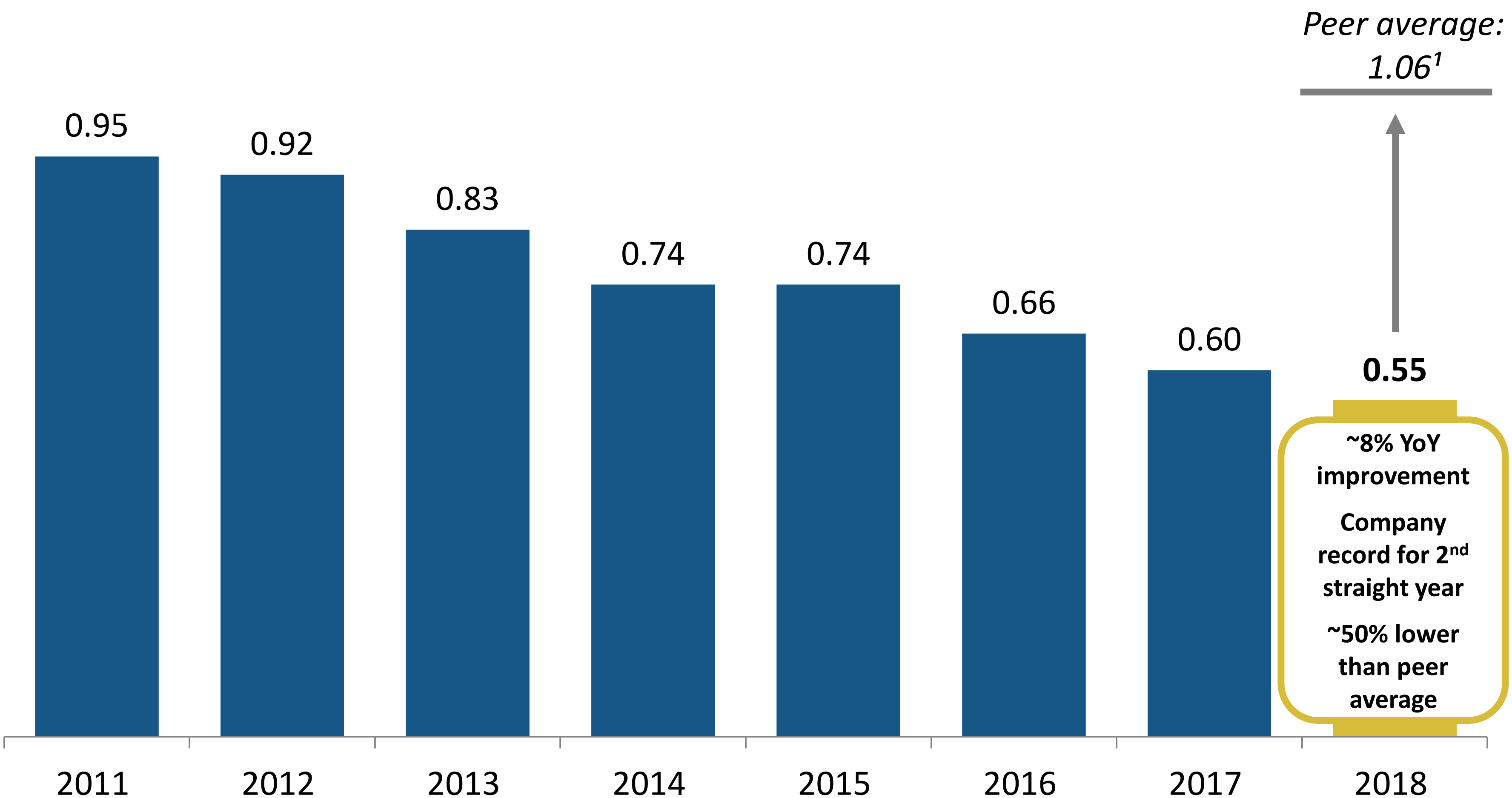
- Session one: General update
  - *Target audience: Investor and analyst community (equity and fixed income)*
  - Asset profile updates including Southeast Energy Group
  - Capital investment programs
  - Grid Transformation and Security Act opportunities
  - O&M initiatives
  - Long-term dividend growth and capital structure objectives

**Updates supportive of continued expectation of 5%+ earnings growth post-2020**

- Session two: Sustainability and ESG update
  - *Target audience: ESG investor specialists, ESG rating agencies*
  - Focused exclusively on ESG matters

# Safety

## OSHA recordable incidence rate

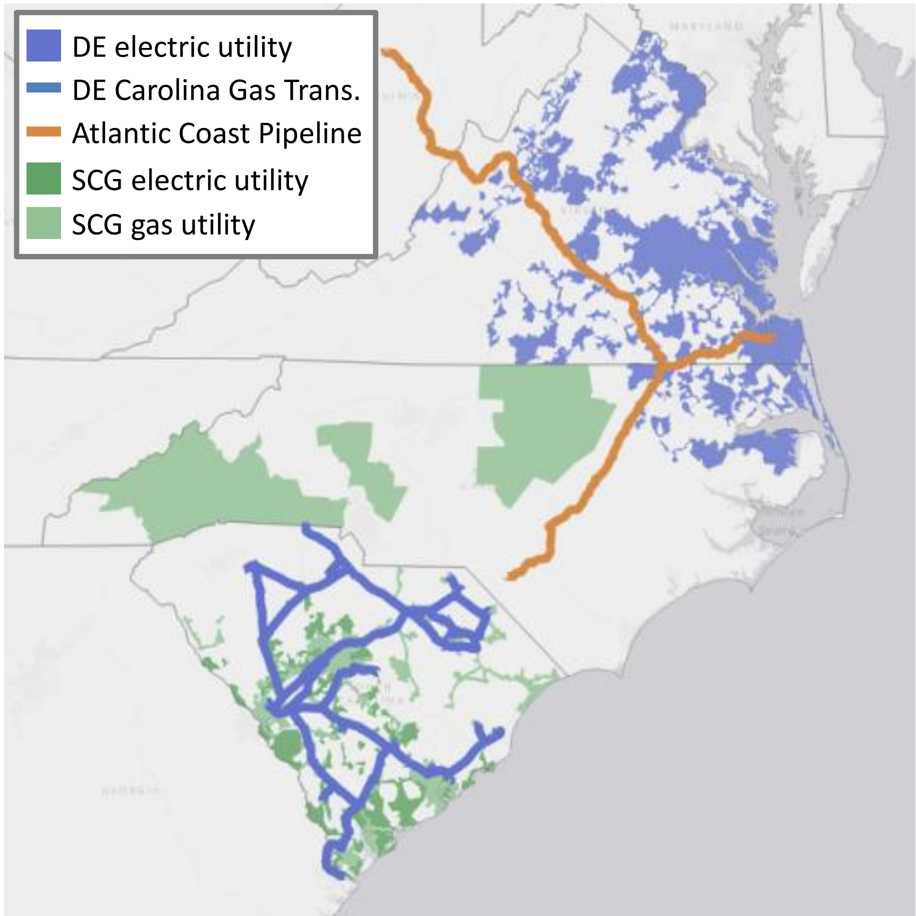



[1] Represents the preliminary average 2018 OSHA recordable cases incidence rate for the electric utility operations of the 17 peer operating companies that comprise the Southeastern Electric Exchange

# Business updates

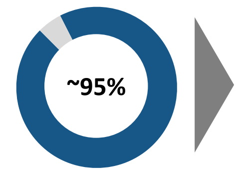
## Southeast Energy Group

### Pro forma footprint (select assets)




### Strategic and financial rationale

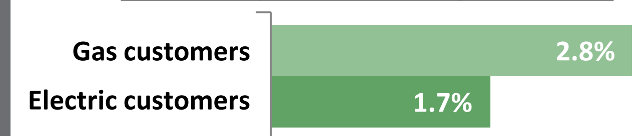
**Pro forma DE business risk profile**



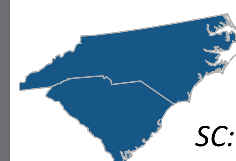

*~95% regulated/regulated-like earnings*

**Attractive utility fundamentals**

***Year-over-year customer growth rate***




**Enhanced regulatory diversity**



*NC: Highest regulatory classification[1]*

*SC: Highest regulatory classification until recent nuclear abandonment[1]*

**Compelling valuation and conservative financing**

- 100% stock-for-stock transaction
- ~15—16x price-to-earnings transaction multiple compares favorably to other regulated utility M&A transactions
- Addition of high-quality regulated assets a qualitative credit positive

[1] S&P, "U.S. and Canadian Regulatory Jurisdiction Support Utilities' Credit Quality—But Some More So Than Others", June 25, 2018; "Most Credit Supportive" ranking awarded to top 13 of 60 jurisdictions

# Business updates

## Key VEPCO initiatives

| GTSA summary | | | | | | SB 1355[1] |
|---|---|---|---|---|---|---|
| | **Coastal Virginia off-shore wind** | **Strategic undergrounding** | **Grid transformation** | **Utility solar** | **Environmental rider** | **Coal ash** |
| Description | 2 turbine (12MW) off-shore pilot project | Undergrounding of electric tap lines | Enhanced resiliency/ security/ customer exp. | Regulated, utility-scale solar | Upgrades to coal-fired facilities ash disposal | Recycling and landfilling of legacy coal ash |
| Status | **Approved** | **Approved** | **Approved-partial refile summer 2019** | **Approved (CPCN)** | Pending | In General Assembly |
| Date | November 2 | December 19 | January 17 | January 24 | Fall 2019 | Feb 23[2] |
| Cost | $300M capex *(pilot project only)* | $240M capex *(Phases 2 & 3 only)* | ~$100M capex *(phase 1)* | $410M capex | $300M | Full recovery up to $225M/year[3] *(primarily O&M)* |
| Anticipated program total | Up to 2—4GW | Up to $2 billion | Up to $3 billion | Up to ~5.5GW | — | Multi-year |
| Proposed recovery | Base rates *(pilot project only)* | Rider | Rider/base rates | Rider *(pending approval)* | Rider *(pending approval)* | Rider *(subject to approval)* |

**To date, Virginia SCC approval of over $1 billion of capital investment under the GTSA**

[1] Senate Bill 1355 is proposed legislation. [2] VA General Assembly scheduled to conclude on February 23, 2019. [3] Costs that exceed $225M per year are eligible for deferral.

# Business updates

## Millstone & ACP

| | Location | Highlights |
|---|---|---|

### Millstone

- Began engaging in legislative process 3 years ago
- Deemed "at-risk" by regulators
- 10-year, 9 million MWh per year award from DEEP
- Initial pricing indication not acceptable
- Engaging with Governor to seek a result that recognizes the plant's full energy security, environmental, and economic value

### Atlantic Coast Pipeline

- Highly confident in completion of full 600-mile route
- Pursuing judicial, legislative, and administrative solutions

| | Current expectation | Alternative |
|---|---|---|
| Construction re-start | Fall 2019 | Fall 2019 |
| Initial in-service | Late 2020 | Late 2020 |
| Full in-service | Early 2021 | Late 2021 |
| Cost[1] | \$7.0—\$7.5B | \$7.25—\$7.75B |

[1] Excludes financing costs.

# Summary

- ✓ Safety performance set new company record for 2nd straight year
- ✓ 2018 operating earnings per share exceeded guidance midpoint
- ✓ 2019 operating earnings per share guidance midpoint implies 5.6% annual growth[1]
- ✓ 2019 dividend per share growth of 10%[2]
- ✓ Successful execution of credit improvement initiatives
- ✓ Completion of buy-in of Dominion Energy Midstream Partners
- ✓ Successful completion of SCANA merger
- ✓ Continued progress on successful resolution for Millstone and the Atlantic Coast Pipeline
- ✓ Capital programs that support 5%+ ongoing earnings growth

[1] Based on weather normalized 2018 operating EPS of ~$4.00 per share; growth measured to the midpoint of 2019 guidance.
[2] All dividend declarations are subject to Board approval.