

# 2023 Annual Report



# 2023 Financial Highlights

Data is as of December 31, 2023,  
unless otherwise indicated.

## 10%

annualized 10-year  
total shareholder return

## \$2.96

annual adjusted EPS<sup>1</sup>

## 64%

of adjusted net income<sup>2</sup>,  
excluding Corporate costs,  
comes from Florida

## \$2.9B

invested in 2023, leading  
to a 10.2% annual increase  
in rate base

## 4%

dividend increase  
in 2023

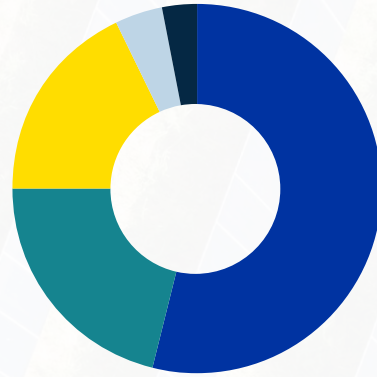
1 Adjusted earnings per share ("EPS") is a non-GAAP ratio, which does not have standardized meaning under USGAAP. For more information, refer to "Non-GAAP Financial Measures and Ratios" in Emera's Q4 2023 MD&A.

2 Based on 2023 adjusted net income attributable to common shareholders ("adjusted net income"), excluding Corporate costs of \$356 million and including holding company interest costs. Adjusted net income is a non-GAAP measure, which does not have standardized meaning under USGAAP. For more information and a reconciliation to the nearest GAAP measure, refer to "Non-GAAP Financial Measures and Ratios" in Emera's Q4 2023 MD&A.

### 2023 ADJUSTED NET INCOME<sup>2</sup>

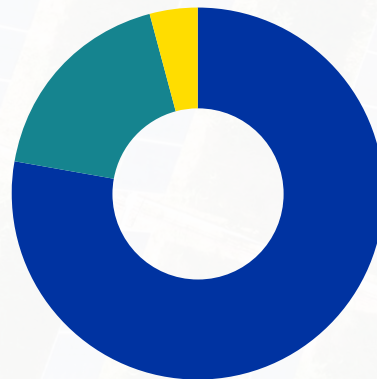
Excluding Corporate costs

#### BY BUSINESS SEGMENT



- 54% Florida electric
- 21% Canadian electric
- 18% Gas utilities and infrastructure
- 4% Other
- 3% Other electric

#### BY REVENUE TYPE



- 78% Regulated electric
- 18% Regulated gas
- 4% Unregulated

# Why Invest in Emera

With our proven strategy and portfolio of high-quality, regulated utilities, Emera is well positioned to continue delivering cleaner, more reliable energy for our customers while also providing our shareholders with long-term growth in earnings, cash flow and dividends.

## VISIBLE GROWTH PLAN

**\$9B**

capital investment plan<sup>1</sup> through 2026, with \$5.4B+ committed to decarbonization and reliability

**75%**

of CapEx plan through 2026 is focused in Florida – the fastest-growing US state

**7% to 8%**

annualized, forecasted rate-base growth through 2026

## STRONG RECORD OF DIVIDEND GROWTH

**5.4%**

annualized dividend growth since 2000

**17 years**

of consecutive dividend growth

**5.7%**

dividend yield<sup>2</sup>

## EFFECTIVE AND COLLABORATIVE REGULATORY ENVIRONMENTS

**Highly rated**

regulatory environments

**96%**

of adjusted net income<sup>3</sup>, excluding Corporate costs, derived from our regulated utilities

## STRONG, SUSTAINABLE STRATEGY

**47%**

reduction in CO<sub>2</sub> emissions<sup>4</sup>, and 77% reduction in coal use<sup>5</sup>, since 2005

**18%**

of Board Director Nominees for 2024 identify as members of a diverse group, other than gender<sup>6</sup>

**\$12M**

invested in our communities in 2023

**0.25 Lost Time Injury Rate**

down 11% from 2022 (0.28) and a 24% improvement over 5-year average (0.33)

1 Emera's capital investment plan includes \$240 million equity investment in 2024.

2 Based on December 29, 2023, share price of \$50.30.

3 Based on 2023 adjusted net income, excluding Corporate costs of \$356 million and including holding company interest costs. Adjusted net income is a non-GAAP measure, which does not have a standardized meaning under USGAAP. For more information and a reconciliation to the nearest GAAP measure, refer to "Non-GAAP Financial Measures and Ratios" in Emera's Q4 2023 MD&A.

4 Undergoing final review and verification

5 As a percentage of total GWh generated compared to 2005 levels. Just 13 per cent of energy generated across Emera comes from coal.

6 One Director Nominee identifies as a racialized person and one Director Nominee identifies as a member of the LGBTQ2SI+ community.

# Emera at a Glance

Data is as of December 31, 2023, unless otherwise indicated.

From our origins as a single electric utility, Emera has grown into an energy leader serving customers in Canada, the US and the Caribbean. Our companies include electric and natural gas utilities, gas pipelines, and energy marketing and trading operations.

### HIGHLIGHTS

**\$39B**

total assets

**\$7.6B**

revenue

**7,300**

employees

**2.5M**

customers

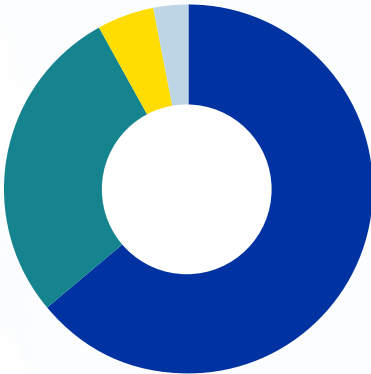
**6**

electric and natural gas utilities

### ADJUSTED NET INCOME<sup>1</sup>

Excluding Corporate costs

#### BY GEOGRAPHY



- **64%** Florida
- **28%** Canada
- **5%** New Mexico
- **3%** Caribbean

<sup>1</sup> Based on 2023 adjusted net income, excluding Corporate costs of \$356 million and including holding company interest costs. Adjusted net income is a non-GAAP measure, which does not have a standardized meaning under USGAAP. For more information and a reconciliation to the nearest GAAP measure, refer to "Non-GAAP Financial Measures and Ratios" in Emera's Q4 2023 MD&A.



### OUR PURPOSE

Energizing modern life and delivering a cleaner energy future for all.



### OUR VISION

To be the energy provider of choice for our customers, the employer of choice for our people and a preferred choice for investors.



### OUR VALUES

Our core values shape our culture and guide our work every day.

- We put safety above all else.
- We put customers at the centre of everything we do.
- We value candour, respect and collaboration.
- We care for each other, the environment and our communities.
- We set a high bar and take on big things.



## OUR STRATEGY

We're focused on safely delivering cleaner, reliable energy at a pace that's balanced with the cost impacts for our customers.

### OUR CLIMATE COMMITMENT

The team across Emera is working together to meet our Climate Commitment goals<sup>1</sup> and our vision to achieve net-zero CO<sub>2</sub> emissions by 2050.

#### 2023 PROGRESS



**47% reduction** in CO<sub>2</sub> emissions and **77% reduction** in coal use<sup>2</sup>

#### 2025 GOAL



**55% reduction** in CO<sub>2</sub> emissions

#### 2040 GOAL



**80% reduction** in CO<sub>2</sub> emissions and **last coal unit retired** no later than 2040

#### 2050 VISION



**Net-Zero** CO<sub>2</sub> emissions

1 Our Climate Commitment goals are compared to 2005 levels. Achieving our climate goals on these timelines is subject to external factors beyond our control, including government policies and regulatory decisions.

2 Still undergoing review and verification. Reduction in coal use is a percentage of total GWh generated compared to 2005 levels.

# Letter from the Chair and the CEO

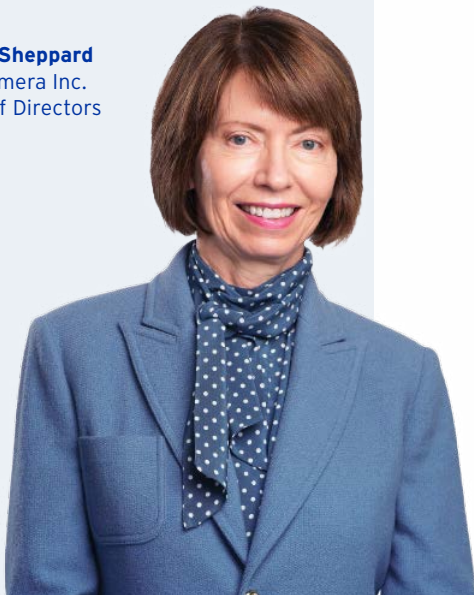
## **Fellow shareholders,**

We are in an unprecedented time of change and of opportunity. The energy industry worldwide continues to grapple with the complexities of transitioning to cleaner energy while also meeting increasing energy demands. These new realities are amplified by the added pressures of global economic factors such as higher interest rates, increasingly unpredictable weather events and the need to balance the impacts on costs for customers.

Despite these challenges, we continue to advance our strategy of safely delivering cleaner, reliable energy in a way that balances the impacts on costs for customers – and we are making meaningful progress. We are investing in renewable and cleaner generation, reliability and system integrity, infrastructure modernization and expansion, and in new and emerging technologies.

Our work to deliver for our customers across Emera is also driving continued value for our shareholders in the form of sustainable growth in dividends and returns over the long term.

**Jackie Sheppard**  
Chair, Emera Inc.  
Board of Directors



**Scott Balfour**  
President and  
CEO, Emera Inc.





“The Emera Team’s belief in our shared strategy and common values drives our business forward.”

### THE CLEAN ENERGY TRANSITION

There are significant and competing pressures that must be addressed and carefully balanced in order to deliver a successful energy transition. A clean energy future must be achieved in a way that’s balanced with affordability for customers and without sacrificing reliability – all within a system that was built at a time of lower energy demand and with different goals in mind.

As energy policy and objectives continue to evolve, the demand for cleaner, reliable energy increases and the challenges to customer affordability intensify. Each of these critical forces directly impacts the other – affordability is challenged by the need to invest in cleaner energy and reliability. While renewable energy is becoming increasingly cost-effective, our systems were not built to support their intermittency, which means we must invest in backup energy and in grid modernization to support reliability. And all of this requires increased capital investment in an environment where the cost of capital is much higher, inevitably impacting affordability.

In some cases, government policy is enabling the energy transition, with programs such as the Inflation Reduction Act in the US and recent federal incentives in Canada, including Investment Tax Credits, grants and loans. Current policy objectives, such as the need to achieve 80 per cent renewable energy and close coal plants in Nova Scotia by 2030, are being augmented with anticipated future policies, including the

Environmental Protection Agency Guidelines in the US and Clean Energy Regulations in Canada. As we navigate long-term capital investment decisions under these evolving policy constructs, we are working with governments and regulators to add our voice to these important discussions to help inform policy with the goal of developing the most effective and cost-efficient path forward for customers.

### 2023 HIGHLIGHTS

We are continuing to make progress on this complex energy transition, thanks to the dedicated and highly skilled members of our team across Emera. Their belief in our shared strategy and common values drives our business forward. Last year, we reinforced this commitment by refreshing our company-wide purpose, vision and values – an articulation of why and how we do what we do – fortifying our commitment to delivering for our customers every day. We are working together to energize modern life and deliver a cleaner energy future for all. We strive to be the energy provider of choice for customers, the employer of choice for our people and a preferred choice for investors. We do all this by putting the needs of our customers at the centre of everything we do. We collaborate and care for each other, the environment and our communities – and we’re not afraid to tackle big challenges, including those that arise as we navigate the complexities of the clean energy transition. Above all, we value the safety of our teams and communities.

“We are continuing to make progress on this complex energy transition, thanks to the dedicated and highly skilled members of our team across Emera.”

Despite the economic headwinds faced in 2023, we safely executed on a nearly \$3 billion capital program – the largest annual capital program in our history – with a focus on decarbonization and reliability. This investment is driving our progress toward realizing our vision to achieve net-zero CO<sub>2</sub> emissions by 2050. As of 2023, we have reduced CO<sub>2</sub> emissions by 47 per cent compared to 2005 levels. Some of our accomplishments across Emera in 2023 include:

- Tampa Electric brought four new solar projects into service in 2023, bringing total solar capacity to 1,255 MW – enough to power more than 200,000 homes. Solar energy has saved Tampa Electric customers approximately \$200 million in fuel costs over the last five years.
- Tampa Electric reported its best year for reliability, setting all-time records in four of its five main reliability metrics, including a 56 per cent reduction in the average duration of customer outages since 2018.
- Despite the impacts of one hurricane, record low temperatures, wildfires, historic flooding and unprecedented daily lightning strikes, NS Power still improved reliability for customers in 2023. In addition to reducing the average frequency of outages over the last five years, the team also achieved a 36 per cent reduction in the duration<sup>1</sup> of outages over the five-year average.
- The Maritime Link performed well, delivering almost 160 per cent of the contracted energy in 2023, accounting for nearly 20 per cent of NS Power’s energy requirements. The Maritime Link achieved 99.9 per cent availability for 2023, putting it in the top 10 per cent of high-voltage direct current links globally.
- At Peoples Gas, the New River, Brightmark and Alliance renewable natural gas (RNG) projects were completed in 2023. These are now online and providing a clean, cost-effective source of energy, while also capturing methane that would otherwise be emitted into the atmosphere.
- New Mexico Gas was recognized by the American Gas Association for best practices on leak management. Its Advanced Mobile Leak Detection technology uses lasers that detect and analyze methane gas emissions. It uses special software to calculate wind speeds and determine the precise location of emissions sources, allowing the team to detect and address leaks more efficiently, reducing the risk of a safety incident.

1 Customer Average Interruption Duration Index (CAIDI), including the impacts of major weather events





- The Barbados Light & Power team achieved record reliability in 2023 with a 10 per cent improvement in intensity (a measure that considers the product of the average interruption duration and frequency rates) compared to 2022 – which was their previous best-performing year. At Grand Bahama Power, the team signed three Independent Power Purchase Agreements to add 14.5 MW of solar to its mix in 2024, while also continuing to advance the development of 5MW of additional solar to be added to its generation fleet in 2025.
- New rates came into effect in two of our utilities in January 2023. At Peoples Gas, the increase is helping us continue to deliver safe, reliable natural gas service to an expanding customer base. At NS Power, the new rate is helping us meet the growing demand for electricity, strengthen reliability and protect our systems against increasingly severe weather as we work to meet government targets for moving off of coal generation.

As we continue working to meet our climate objectives, more than 60 per cent of our \$9 billion capital plan through 2026 will be invested in cleaner energy and reliability initiatives across the business.

## SAFETY

The safety of our teams, customers and communities always comes first. We work to continually improve as we strive for an Emera that's predictably safe and where team members are empowered to speak up for safety and know they should only perform a task if they're certain it can be done safely. And 2023 was no exception as we continued to improve on our overall safety performance in the past year.

Our lost time injury rate improved by 24 per cent compared to our average over the last five years, achieving our best-ever level of safety performance.

Our strong safety culture is underpinned by effective safety leadership and robust safety programs. In 2023, we placed even greater focus on reinforcing leadership safety by setting a goal for 75 per cent of the corporate senior management team to complete at least one safety engagement every six months. We were pleased to surpass this goal, achieving 86 per cent.

While we are proud of our achievements in 2023, we know our work to keep each other safe each and every day is never complete.

## FINANCIAL RESULTS

For 2023, we reported annual adjusted earnings<sup>1</sup> of \$809 million and adjusted earnings per share (EPS)<sup>1</sup> of \$2.96. Adjusted EPS in 2023 was down approximately two per cent from 2022, which was a record earnings year for Emera when you adjust for the \$45 million after-tax earnings impact of a litigation settlement received in Q4 2022.

This decrease was primarily due to the impacts of higher interest rates and unfavourable weather conditions in Florida. While our annual results for 2023 were down year-over-year, we continue to build long-term value for our shareholders. We raised our dividend by four per cent in 2023, continuing our more than 17-year history of growing our dividend. And we've delivered annualized dividend growth of 5.4 per cent since 2000.

Across the energy industry, 2023 was not a good year for North American utility stock total returns. In Canada, the TSX Capped Utilities Index underperformed by 11.6 per cent compared to the broader TSX Index. In the US, the utilities index delivered its worst performance in 50 years compared to the S&P 500.

Emera's Total Shareholder Return (TSR) for 2023 was 2.5 per cent, which outperformed both the Canadian and US utility indices. Over the longer term, we delivered 10 per cent annualized TSR over the last 10 years.

## THANK YOU

At Emera, we believe good strategy starts with a strong team and effective execution – and that we all work better because our strategy and teams are grounded in shared purpose and values. Our people are the driving force behind our shared achievements and are essential to our success.

To the Board of Directors and the entire Emera team, thank you for your ongoing focus on delivering strong results for our customers, communities and shareholders.

With demand for clean, reliable energy on the rise, the drivers for growth remain strong, evidenced by our forecasted 7-8 per cent rate-base growth CAGR over the next three years, as we invest to meet the demands of our customers. We are confident that as we make these customer-focused investments, and as we work to continue to improve our balance sheet, we will also deliver long-term value for Emera's shareholders.

## BOARD CHANGES

We would like to acknowledge long-time Director Andrea Rosen who is stepping down from the Emera Board this year. Since joining the Board in 2007, her leadership experience, financial acumen and experience and knowledge of investment and commercial banking have been of great benefit to Emera. We thank Andrea for her many contributions and wish her continued success.

We are pleased to welcome Brian Porter to the Board. Brian is the former President and Chief Executive Officer of the Bank of Nova Scotia (Scotiabank). His extensive expertise in capital markets and corporate strategy, as well as his experience in driving growth and leading a public company, will bring significant value. Welcome, Brian.

To our valued shareholders, thank you for your ongoing confidence in Emera.



**Jackie Sheppard**  
Chair, Emera Inc.  
Board of Directors



**Scott Balfour**  
President and Chief  
Executive Officer, Emera Inc.

<sup>1</sup> Adjusted net income and adjusted EPS are non-GAAP measures, which do not have standardized meaning under USGAAP. For more information and a reconciliation to the nearest GAAP measure, refer to "Non-GAAP Financial Measures and Ratios" in Emera's Q4 2023 MD&A.

# Our Operating Companies

As of December 31, 2023

## **TAMPA ELECTRIC**

Vertically integrated electric utility serving about 840,000 customers in west central Florida.

## **NOVA SCOTIA POWER**

Vertically integrated electric utility serving approximately 549,000 customers in Nova Scotia.

## **PEOPLES GAS**

Natural gas utility serving 490,000 customers in Florida.

## **NEW MEXICO GAS**

Natural gas utility serving 540,000 customers in New Mexico.

## **EMERA CARIBBEAN**

Vertically integrated electric utilities serving more than 150,000 customers on the islands of Barbados and Grand Bahama.

## **EMERA NEWFOUNDLAND & LABRADOR**

Owns and operates the Maritime Link and manages Emera's investment in an associated project.

## **EMERA ENERGY**

Energy marketing and trading, asset management and optimization in Canada and the US.

## **EMERA NEW BRUNSWICK**

Owns and operates the Brunswick pipeline, a 145-kilometre natural gas pipeline in New Brunswick.

## **BLOCK ENERGY**

A technology company focused on finding new, innovative ways to deliver renewable and resilient energy to customers.



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