Constellation Reports Fourth Quarter and Full Year 2023 Results

February 27, 2024

Earnings Release Highlights

- GAAP Net Loss of ($36) million and Adjusted EBITDA (non-GAAP) of $1,137 million for the fourth quarter of 2023. GAAP Net Income of $1,623 million and Adjusted EBITDA (non-GAAP) of $4,025 million for the full year 2023, exceeding the top end of our guidance range of $3,800 million to $4,000 million
- Delivered on our commitments to shareholders:
  - Expanded the nation's largest, highly reliable, carbon-free nuclear fleet by acquiring a partial ownership stake in the South Texas Project Nuclear Generating Station
  - Completed our initial $1 billion of share repurchases and authorized an additional $1 billion in continuation of the program, reinforcing our commitment to return value to shareholders
  - Our issuer credit rating was upgraded by Standard & Poor's (S&P) for the second time since separation, from BBB to BBB+, reflecting our improving financial measures and risk profile
  - Doubled the annual per share dividend from the 2022 level
  - Commenced our $350 million project to expand our renewable energy portfolio by completing the repowering of Criterion and beginning the repowering of our Missouri wind generation facilities
- Recognized by Just Capital in its "Just 100" annual ranking that reflects the performance of America's largest publicly traded companies based on a variety of key factors
- Ranked the No. 1 producer of carbon-free energy and have the lowest rate of carbon dioxide emissions for the 10th consecutive year amongst our peer group
- Received the Community Partnership Award from The Center for Energy Workforce Development for our work in building a skilled energy workforce that represents the diverse communities we serve
- Earned 2023 Great Place to Work® certification based on positive ratings from our employees on their experience working at Constellation

BALTIMORE--(BUSINESS WIRE)--Feb. 27, 2024-- Constellation Energy Corporation (Nasdaq: CEG) today reported its financial results for the fourth quarter and full year 2023.

"We had extremely strong financial and operational performance as our nuclear fleet continued to achieve unmatched reliability, allowing us to deliver carbon-free energy to our customers in all hours of the day under some of the harshest weather conditions in decades," said Joe Dominguez, president and CEO of Constellation. "Our generation fleet was matched by an industry-leading commercial business serving the most competitive large industrial customers and three-fourths of the Fortune 100 last year, including top names in technology and other industries seeking to drive economic growth with clean energy across our nation. We took a disciplined approach to growing our business in 2023, completing our acquisition of a partial stake in the South Texas Project nuclear plant, repowering our wind assets, taking steps to extend the life of our nuclear plants and investing in new equipment to increase their output. We are delivering our hourly-matched carbon-free energy product to top sustainability leaders, and our results reflect growing acknowledgement by our customers that nuclear energy delivers unique value that can't be matched anywhere in the marketplace."

"Our high investment grade balance sheet and the competitive advantage of our integrated generation and commercial business delivered exceptional financial performance in 2023, earning $4.025 billion in adjusted EBITDA, up from $2.667 billion in the previous year and over $900 million above the midpoint of our original guidance," said Dan Eggers, chief financial officer of Constellation. "We continue to invest in organic and inorganic growth opportunities, while doubling our dividend, completing our $1 billion share repurchase program and authorizing a second $1 billion repurchase program in December."

Investor and Analyst Webcast Information

We will host a virtual investor and analyst event via webcast to highlight Constellation's business and earnings outlook for 2024 and beyond, scheduled for tomorrow at 8:30 a.m. Eastern Time. The webcast and associated materials can be accessed at https://investors.constellationenergy.com.

Fourth Quarter 2023

Our GAAP Net Loss for the fourth quarter of 2023 was ($36) million, down from $34 million GAAP Net Income in the fourth quarter of 2022. Adjusted EBITDA (non-GAAP) for the fourth quarter of 2023 increased to $1,137 million from $605 million in the fourth quarter of 2022. For the reconciliations of GAAP Net Income (Loss) to Adjusted EBITDA (non-GAAP), refer to the tables beginning on page 4.

Adjusted EBITDA (non-GAAP) in the fourth quarter of 2023 primarily reflects:

- Favorable market and portfolio conditions partially offset by unfavorable labor, contracting, and materials, decreased ZEC revenues, decreased capacity revenues, and unfavorable impacts of nuclear outages

Full Year 2023

Our GAAP Net Income for 2023 was $1,623 million, compared to ($160) million GAAP Net Loss in 2022. Adjusted EBITDA (non-GAAP) for 2023 increased to $4,025 million from $2,667 million in 2022.

Adjusted EBITDA (non-GAAP) for the full year 2023 primarily reflects:

- Favorable market and portfolio conditions partially offset by unfavorable labor, contracting, and materials, decreased capacity revenues, and unfavorable impacts of nuclear outages

Recent Developments and 2023 Highlights

- **Delivering on Our Capital Allocation Promises:** Through our strong free cash flows we delivered on our commitments announced last year to grow the business and return capital to shareholders. We grew our nuclear fleet with our acquisition of an undivided ownership interest in the South Texas Project Nuclear Generating Station, a 2,645-megawatt, dual-unit nuclear plant located about 90 miles southwest of Houston, for $1.65 billion, further expanding our contribution to a carbon-free future. We completed our initial $1 billion of share repurchases, buying back nearly 10.6 million shares. In December our Board of Directors approved expanding the program for an additional $1 billion, reinforcing our continued commitment to return value to shareholders. We received our second issuer credit rating upgrade from S&P since separation, from BBB to BBB+, reflecting their view that the financial risk has significantly improved with the nuclear production tax credit (PTC). We doubled our dividend from the 2022 level. During the year we also commenced our previously announced $350 million effort to increase the output and lifespan of our renewable energy portfolio, beginning with the repowering of our Criterion and Missouri wind facilities.

- **No. 1 Producer of Carbon-Free Energy:** For the 10th consecutive year we are the nation's largest producer of carbon-free energy and have the lowest rate of carbon dioxide emissions among the 20 largest private, investor-owned power producers in the United States, according to an independent analysis based on publicly reported 2021 air emissions data. The annual Benchmarking Air Emissions of the 100 Largest Electric Power Producers in the United States report showed that the next cleanest company among the group of 20 had more than four-and-a-half times the rate of carbon dioxide emissions as Constellation.

- **Just Capital "Just 100":** Just Capital recognized Constellation in its "Just 100," an annual ranking that reflects the performance of America's largest publicly traded companies based on a variety of issues deemed by Americans to be most important in business today. Key factors for selection range from how a company invests in its employees and communities, to how it treats customers and minimizes environmental impact.

- **Community Partnership Award:** We received the Community Partnership Award from The Center for Energy Workforce Development (CEWD) for our work in building a skilled energy workforce that represents the diverse communities we serve. The award recognizes our multi-faceted efforts to establish lasting and impactful relationships with our local community — including educators, minority facing organizations, workforce development nonprofits and others — to fue the energy talent pipeline. We also teamed up with CEWD to sponsor its Energy Industry Fundamentals 2.0 program. The interactive, 120-hour curriculum for high school and technical school students aims to provide expanded energy education and career awareness to 500,000 students over the next decade.

- **2023 Great Place to Work Certification:** In the third quarter we were Certified™ by Great Place To Work®. The designation is based on how our employees rate their experience working at Constellation. In a survey of about 5,000 of our employees, 81% of those who responded said it is a great place to work – about 24 points higher than the average U.S. company. Great Place To Work® is acknowledged worldwide as a global benchmark for workplace culture, employee experience and the leadership behaviors proven to deliver strong market performance, employee retention and increased innovation.

- **Nuclear Operations:** Our nuclear fleet, including our owned output from the Salem and South Texas Project (STP) Generating Stations, produced 45,563 gigawatt-hours (GWhs) in the fourth quarter of 2023, compared with 44,436 GWhs in the fourth quarter of 2022. Excluding Salem and STP, our nuclear plants at ownership achieved a 95.1% capacity factor for the fourth quarter of 2023, compared with 95.4% for the fourth quarter of 2022. There were 56 planned refueling outage days in the fourth quarter of 2023 and 65 in the fourth quarter of 2022. There were seven non-refueling outage days in the fourth quarter of 2023 and three in the fourth quarter of 2022.

- **Natural Gas, Oil, and Renewables Operations:** The dispatch match rate for our gas and hydro fleet was 97.5% in the fourth quarter of 2023, compared with 96.1%[1] in the fourth quarter of 2022. Energy capture for the wind and solar fleet was 96.3% in the fourth quarter of 2023, compared with 96.7%[1] in the fourth quarter of 2022.

GAAP/Adjusted EBITDA (non-GAAP) Reconciliation

Adjusted EBITDA (non-GAAP) for the three and twelve months ended December 31, 2023 and 2022 does not include the following items that were included in our reported GAAP Net Income:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
(in millions)	**2023**	**2022**	**2023**	**2022**
GAAP Net Income (Loss) Attributable to Common Shareholders	**$ (36)**	**$ 34**	**$ 1,623**	**$ (160)**
Income Tax (Benefit) Expense	158	133	840	(339)
Depreciation and Amortization	288	272	1,096	1,091
Interest Expense, Net	139	64	431	251
Unrealized Loss (Gain) on Fair Value Adjustments	1,002	413	658	1,058
Asset Impairments	—	—	71	—
Plant Retirements and Divestitures	—	(7)	(28)	(11)
Decommissioning-Related Activities	(439)	(306)	(716)	820
Pension & OPEB Non-Service Credits	(14)	(31)	(54)	(116)
Separation Costs	17	41	101	140
Acquisition Related Costs	9	—	12	—
ERP System Implementation Costs	5	6	25	22
Change in Environmental Liabilities	15	(2)	43	10
Prior Merger Commitment	—	—	—	(50)
Noncontrolling Interests	(7)	(12)	(77)	(49)
Adjusted EBITDA (non-GAAP)	**$ 1,137**	**$ 605**	**$ 4,025**	**$ 2,667**

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[1]Prior year dispatch match and energy capture was previously reported as 96.6% and 95.9%, respectively. The update reflects a change to include the Conowingo run-of-river hydroelectric operational performance within renewable energy capture, and remove the performance from dispatch match.

About Constellation

A Fortune 200 company headquartered in Baltimore, Constellation Energy Corporation (Nasdaq: CEG) is the nation's largest producer of clean, carbon-free energy and a leading supplier of energy products and services to businesses, homes, community aggregations and public sector customers across the continental United States, including three fourths of Fortune 100 companies. With annual output that is nearly 90% carbon-free, our hydro, wind and solar facilities paired with the nation's largest nuclear fleet have the generating capacity to power the equivalent of 16 million homes, providing about 10% of the nation's clean energy. We are further accelerating the nation's transition to a carbon-free future by helping our customers reach their sustainability goals, setting our own ambitious goal of achieving 100% carbon-free generation by 2040, and by investing in promising emerging technologies to eliminate carbon emissions across all sectors of the economy.

Non-GAAP Financial Measures

In analyzing and planning for our business, we supplement our use of net income as determined under generally accepted accounting principles in the United States (GAAP), with Adjusted EBITDA (non-GAAP) as a performance measure. Adjusted EBITDA (non-GAAP) reflects an additional way of viewing our business that, when viewed with our GAAP results and the accompanying reconciliation to GAAP net income included above, may provide a more complete understanding of factors and trends affecting our business. Adjusted EBITDA (non-GAAP) should not be relied upon to the exclusion of GAAP financial measures and is, by definition, an incomplete understanding of our business, and must be considered in conjunction with GAAP measures. In addition, Adjusted EBITDA (non-GAAP) is neither a standardized financial measure, nor a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this press release and earnings release attachments. We have provided the non-GAAP financial measure as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. Adjusted EBITDA (non-GAAP) should not be deemed more useful than, a substitute for, or an alternative to the most comparable GAAP Net Income measure provided in this earnings release and attachments. This press release and earnings release attachments provide reconciliations of Adjusted EBITDA (non-GAAP) to the most directly comparable financial measures calculated and presented in accordance with GAAP and are posted on our website: www.ConstellationEnergy.com, and have been furnished to the Securities and Exchange Commission on Form 8-K on February 27, 2024.

Cautionary Statements Regarding Forward-Looking Information

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. Words such as "could," "may," "expects," "anticipates," "will," "targets," "goals," "projects," "intends," "plans," "believes," "seeks," "estimates," "predicts," and variations on such words, and similar expressions that reflect our current views with respect to future events and operational, economic, and financial performance, are intended to identify such forward-looking statements.

The factors that could cause actual results to differ materially from the forward-looking statements made by Constellation Energy Corporation and Constellation Energy Generation, LLC, (Registrants) include those factors discussed herein, as well as the items discussed in (1) the Registrants' 2023 Annual Report on Form 10-K (to be filed on February 27, 2024) in (a) Part I, ITEM 1A. Risk Factors, (b) Part II, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and (c) Part II, ITEM 8. Financial Statements and Supplementary Data: Note 19, Commitments and Contingencies, and (2) other factors discussed in filings with the SEC by the Registrants.

Investors are cautioned not to place undue reliance on these forward-looking statements, whether written or oral, which apply only as of the date of this press release. Neither of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this press release.

Constellation Energy Corporation
GAAP Consolidated Statements of Operations and
Adjusted EBITDA (non-GAAP) Reconciling Adjustments
(unaudited)
(in millions, except per share data)

	Three Months Ended December 31, 2023			Three Months Ended December 31, 2022		
	GAAP [(a)]	Non-GAAP Adjustments		GAAP [(a)]	Non-GAAP Adjustments	
Operating revenues	$ 5,796	$ (84)	(b),(c)	$ 7,333	$ (713)	(b),(c)
Operating expenses						
Purchased power and fuel	4,018	(898)	(b)	5,708	(1,125)	(b)
Operating and maintenance	1,422	(83)	(c),(d),(f),(l),(n)	1,375	(86)	(c),(d),(f),(g),(l)
Depreciation and amortization	288	(288)	(h)	272	(272)	(h)
Taxes other than income taxes	134	—		138	—	
Total operating expenses	5,862			7,493		
Gain (loss) on sales of assets and businesses	(1)	—		(12)	—	
Operating income (loss)	(67)			(172)		
Other income and (deductions)						
Interest expense, net	(139)	139	(i)	(64)	64	(i)
Other, net	349	(326)	(b),(c),(e),(m)	383	(367)	(b),(c),(d),(e),(f),(g),(j),(m)
Total other income and (deductions)	210			319		
Income (loss) before income taxes	143			147		
Income tax (benefit) expense	182	(182)	(j)	116	(116)	(j)
Equity in income (losses) of unconsolidated affiliates	—	—		(4)	—	
Net income (loss)	(39)			27		
Net income (loss) attributable to noncontrolling interests	(3)	7	(k)	(7)	12	(k)
Net income (loss) attributable to common shareholders	$ (36)			$ 34		
Effective tax rate	127.3%			78.9%		
Earnings per average common share						
Basic	$ (0.11)			$ 0.10		
Diluted	$ (0.11)			$ 0.10		
Average common shares outstanding						
Basic	320			328		
Diluted	321			329		

(a) Results reported in accordance with GAAP.
(b) Adjustment for mark-to-market on economic hedges and fair value adjustments related to gas imbalances and equity investments.
(c) Adjustment for all gains and losses associated with NDTs, ARO accretion, ARO remeasurement, and any earnings neutral impacts of contractual offset for Regulatory Agreement Units.
(d) Adjustment for certain incremental costs related to the separation (system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the separation), including a portion of the amounts billed to us pursuant to the TSA.
(e) Adjustment for Pension and Other Postretirement Employee Benefits (OPEB) Non-Service credits.
(f) Adjustment for costs related to a multi-year ERP system implementation.
(g) Adjustments related to plant retirements and divestitures.
(h) Adjustment for depreciation and amortization expense.
(i) Adjustment for interest expense.
(j) Adjustment for income taxes.
(k) Adjustment for elimination of the noncontrolling interest related to certain adjustments.
(l) Adjustment for certain changes in environmental liabilities.
(m) Adjustment includes amounts contractually owed to Exelon under the TMA.
(n) Adjustment for acquisition related costs.

Constellation Energy Corporation
GAAP Consolidated Statements of Operations and
Adjusted EBITDA (non-GAAP) Reconciling Adjustments
(unaudited)

(in millions, except per share data)

	Twelve Months Ended December 31, 2023			Twelve Months Ended December 31, 2022		
	GAAP [a]	Non-GAAP Adjustments		GAAP [a]	Non-GAAP Adjustments	
Operating revenues	$ 24,918	$ (1,404)	(b),(c)	$ 24,440	$ 1,184	(b),(c)
Operating expenses						
Purchased power and fuel	16,001	(2,365)	(b)	17,462	138	(b)
Operating and maintenance	5,685	(343)	(c),(d),(f),(l),(o),(p)	4,841	(28)	(c),(d),(e),(f),(g),(l),(n)
Depreciation and amortization	1,096	(1,096)	(h)	1,091	(1,091)	(h)
Taxes other than income taxes	553	—		552	(2)	(d)
Total operating expenses	23,335			23,946		
Gain (loss) on sales of assets and businesses	27	(27)	(g)	1	1	(g)
Operating income (loss)	1,610			495		
Other income and (deductions)						
Interest expense, net	(431)	431	(i)	(251)	251	(i)
Other, net	1,268	1,184	(b),(c),(e),(m)	(786)	845	(b),(c),(d),(e),(g),(j),(m)
Total other income and (deductions)	837			(1,037)		
Income (loss) before income taxes	2,447			(542)		
Income tax (benefit) expense	859	(859)	(j)	(388)	388	(j)
Equity in income (losses) of unconsolidated affiliates	(11)	—		(13)	—	
Net income (loss)	1,577			(167)		
Net income (loss) attributable to noncontrolling interests	(46)	77	(k)	(7)	49	(k)
Net income (loss) attributable to common shareholders	$ 1,623			$ (160)		
Effective tax rate	35.1%			71.6%		
Earnings per average common share						
Basic	$ 5.02			$ (0.49)		
Diluted	$ 5.01			$ (0.49)		
Average common shares outstanding						
Basic	323			328		
Diluted	324			329		

(a) Results reported in accordance with GAAP.
(b) Adjustment for mark-to-market on economic hedges and fair value adjustments related to gas imbalances and equity investments.
(c) Adjustment for all gains and losses associated with NDTs, ARO accretion, ARO remeasurement, and any earnings neutral impacts of contractual offset for Regulatory Agreement Units.
(d) Adjustment for certain incremental costs related to the separation (system-related costs, third-party costs paid to advisors, consultants, lawyers, and other experts assisting in the separation), including a portion of the amounts billed to us pursuant to the TSA.
(e) Adjustment for Pension and OPEB Non-Service credits.
(f) Adjustment for costs related to a multi-year ERP system implementation
(g) Adjustments related to plant retirements and divestitures.
(h) Adjustment for depreciation and amortization expense.
(i) Adjustment for interest expense.
(j) Adjustment for income taxes.
(k) Adjustment for elimination of the noncontrolling interest related to certain adjustments.
(l) Adjustment for certain changes in environmental liabilities.
(m) Adjustment includes amounts contractually owed to Exelon under the tax matters agreement.
(n) Reversal of a charge related to a prior 2012 merger commitment.
(o) Adjustment for an asset impairment.
(p) Adjustment for acquisition related costs.

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