

ASPIRING, CARING,
CONNECTING, GROWING



Annual Meeting of Shareholders

May 6, 2015



CHESAPEAKE
UTILITIES CORPORATION



Forward Looking Statements and Other Disclosures



Safe Harbor Statement: Some of the Statements in this document concerning future company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Chesapeake Utilities Corporation's 2014 Annual Report on Form 10-K filed with the SEC and our other SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

REG G Disclosure: Today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. Although non-GAAP measures are not intended to replace the GAAP measures for evaluation of Chesapeake's performance, Chesapeake believes that the portions of the presentation, which include certain non-GAAP financial measures, provide a helpful comparison for an investor's evaluation purposes.

Gross Margin: Gross Margin is determined by deducting the cost of sales from operating revenue. Cost of sales includes the purchased fuel cost for natural gas, electric and propane distribution operations and the cost of labor spent on different revenue-producing activities. Other companies may calculate gross margin in a different manner.

Stock Split: All share and per share data have been presented on a post split basis, reflecting the 3-for-2 stock split, effected in the form of a stock dividend, which was distributed on September 8, 2014.

Sustainable Growth



Financial Results

- Achieving strong growth in earnings and ROE
- Disciplined capital allocation process and unwavering financial discipline
- Delivering superior shareholder value

Drive to Grow

- Identifying and cultivating opportunities
- Transforming these opportunities into future profitable earnings growth
- Some examples – capturing new organic growth, new service expansions and new business opportunities

Engaged, Dedicated Employees

- Safety minded and focus
- Reliability of our systems
- Serving our customers and communities with determination, creativity and drive

2014 Financial Results



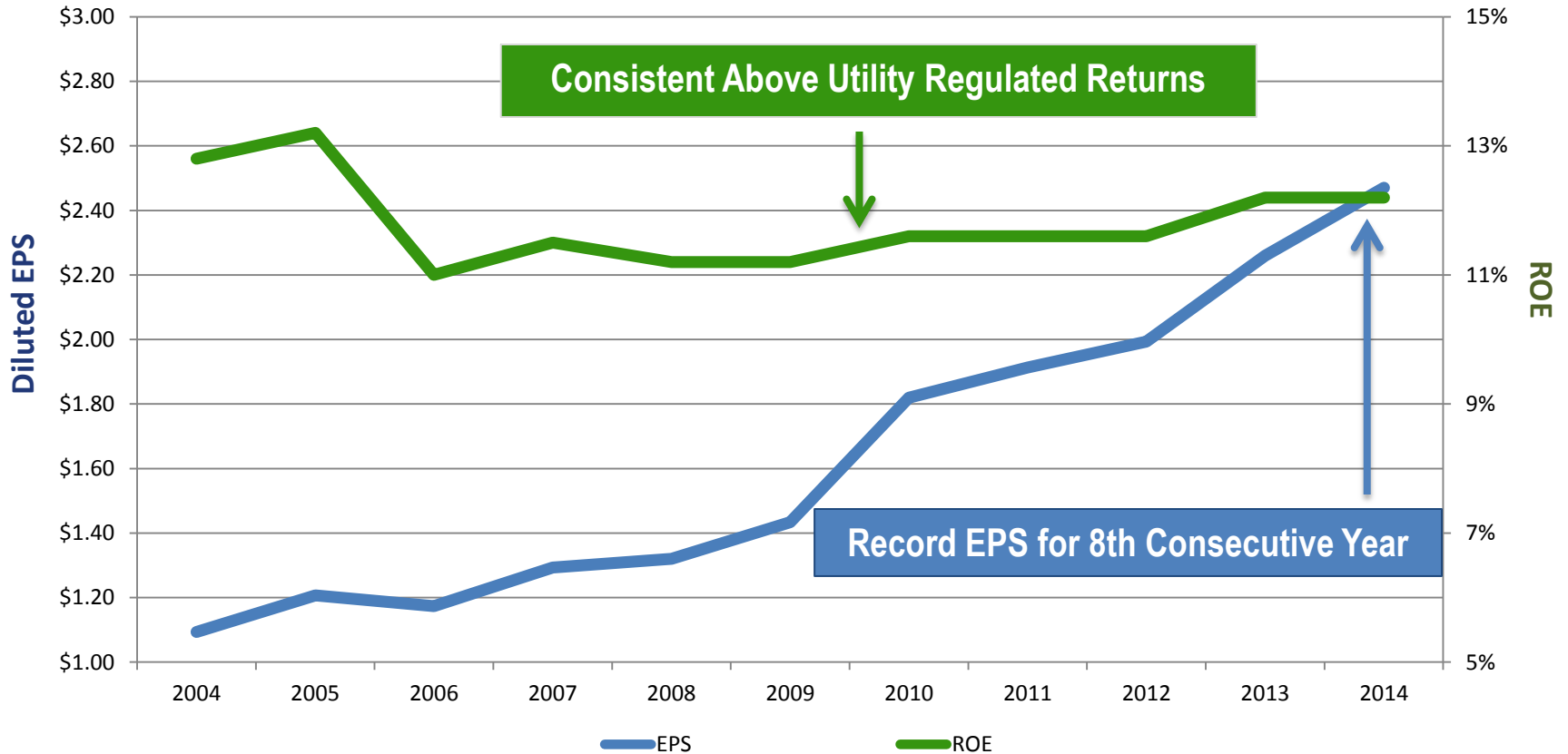
For the years ended December 31,
(in thousands except per share amounts)

	2014	2013	Change
Operating Income			
Regulated Energy segment	\$ 50,451	\$ 50,084	\$ 367
Unregulated Energy segment	11,723	12,353	\$ (630)
Other businesses and eliminations	105	297	(192)
Total Operating Income	62,279	62,734	(455)
Gain from sale of business	7,139	-	7,139
Other Income	101	372	(271)
Interest Charges	9,482	8,234	1,248
Income Before Taxes	60,037	54,872	5,165
Income Taxes	23,945	22,085	1,860
Net Income	\$ 36,092	\$ 32,787	\$ 3,305
Diluted Earnings Per Share	\$ 2.47	\$ 2.26	\$ 0.21

- Eighth consecutive year of record earnings
- Diluted EPS of \$2.47, representing a \$0.21 per share increase, or 9.3%.
- Five-year diluted EPS growth rate of 11.6%
- Growth in the natural gas businesses generated \$8.3 million in additional gross margin
- Acquisitions completed in 2013 added \$2.4 million in operating income
- Colder weather as compared to 2013 added \$2.8 million in gross margin

Generating Growth

Return on Equity and Earnings per Share



Year to Date Financial Results



First Quarter 2015 Performance Summary

For the periods ended March 31,
(in thousands except per share amounts)

	1Q15	1Q14	Change
Operating Income			
Regulated Energy	\$ 22,182	\$ 21,091	\$ 1,091
Unregulated Energy	15,229	10,858	4,371
Other	97	(326)	423
Total Operating Income	37,508	31,623	5,885
Other Income	133	6	127
Interest Charges	2,448	2,155	293
Income Before Taxes	35,193	29,474	5,719
Income Taxes	14,084	11,793	2,291
Net Income	\$ 21,109	\$ 17,681	3,428
Diluted Earnings Per Share	\$ 1.44	\$ 1.22	\$ 0.22

- Diluted EPS of \$1.44, representing a \$0.22 per share increase, or 18%
- Higher retail propane margins per gallon generated \$5.0 million in additional gross margin
- Natural gas expansions and other customer growth generated \$2.8 million in additional gross margin during the quarter

Eight Flags Energy, LLC

Combined Heat and Power Plant

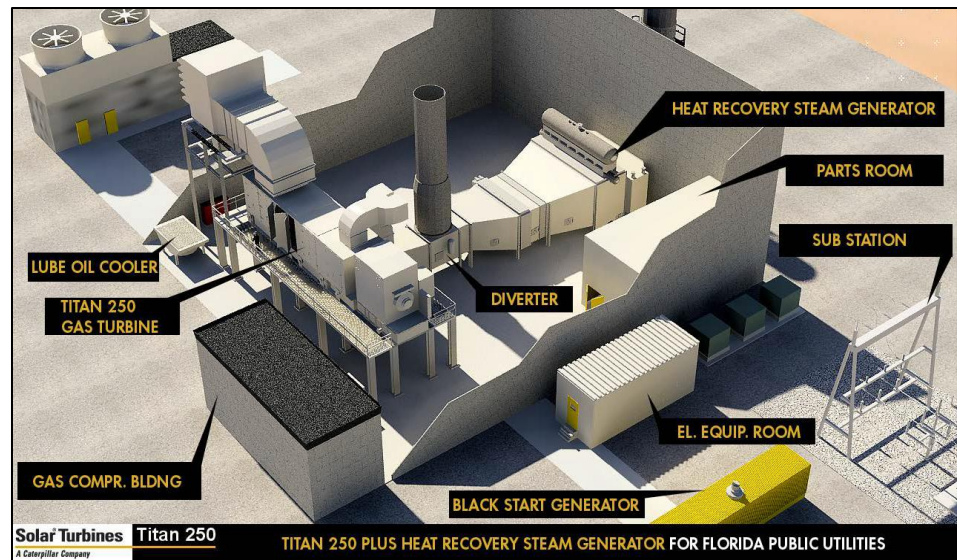


General Information

- FERC certified Qualified Facility (QF) Combined Heat and Power Project
- Sited at the Rayonier Advanced Materials paper mill on Amelia Island, Florida.
- 100% of electric sales to FPU electric distribution system; 100% of steam sales to Rayonier Advanced Materials
- Key agreements have been executed
- Purchase Power Agreement approved by the FPSC
- Completed air permit and preliminary work on-site

Project Specifics

- Capital Investment: \$40.0 Million
- Capacity: 19.8 MW
- Annual Margin: \$7.3 Million
- Projected In-service date: 3rd Qtr. of 2016
- Est. electric purchase savings: \$3 to \$4 Million per year depending on natural gas prices

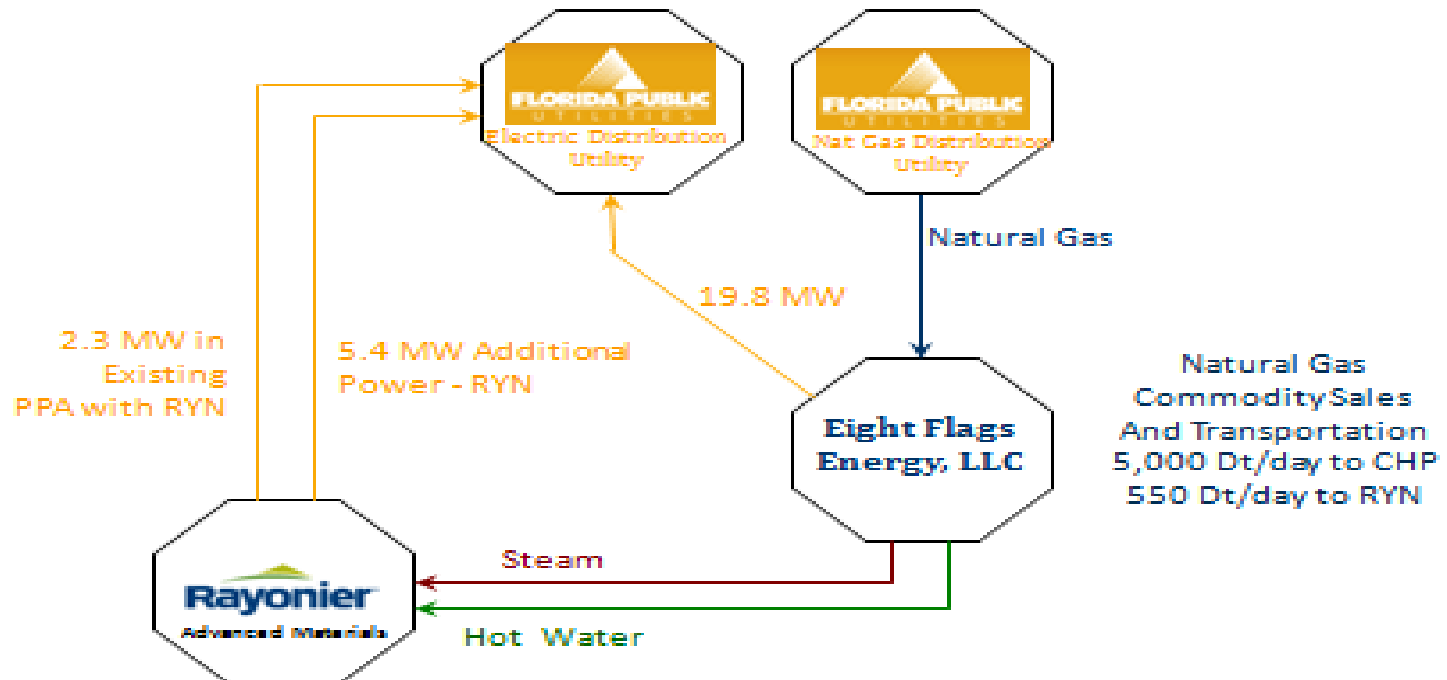


Eight Flags Energy, LLC

Combined Heat and Power Plant



Eight Flag CHP – Structure of the Deal



Natural Gas Service to Calpine Energy Services

Garrison Energy Center



Garrison Energy Center	
Estimated Capital Cost	Approximately \$30 million
Miles of Pipeline/Compression	7.2 miles of 16-inch looping 3,550 hp at Delaware City
Capacity Increase (dt/d)	45,000 firm May – October, with allowable interruption period of up to 90 days from November-April
Annualized Margin	\$5.8 million

- Chesapeake’s natural gas transmission subsidiary, Eastern Shore Natural Gas (ESNG), entered into a Precedent Agreement with Calpine Energy Services in August 2014.
- Calpine is committed to enter into a twenty year service agreement for ESNG to provide natural gas transportation services for Calpine’s new state-of-the art electric generating plant in Dover, DE pending the completion of certain project activities, including the receipt of the necessary governmental approvals and completion of pipeline facilities.
- Service will be provided under ESNG’s new Off Peak \leq 90 Firm Transportation Rate Schedule (OPT).
- Pipeline facilities are targeted to be completed with service under the twenty year service agreement initiated during late first quarter/early second quarter of 2016.

Gatherco Acquisition and Merger



- Chesapeake and Gatherco consummated the merger on April 1, 2015.
- Gatherco merged with and is now operated as Aspire Energy of Ohio, LLC, a newly formed, wholly-owned subsidiary of Chesapeake.
- Consideration
 - Gatherco shareholders received cash and shares of Chesapeake Utilities Corporation in exchange for their Gatherco shares, and stock options were settled for cash.
 - 592,970 shares were issued to Gatherco shareholders pursuant to the transaction.

Chesapeake Utilities Equity Consideration	\$30.2 Million
Cash Consideration	19.9 Million
Cash Consideration – Gatherco Stock Options	<u>7.7 Million</u>
Aggregate Merger Consideration	\$57.8 Million
Plus: Acquired Debt	1.7 Million
Less : Cash Acquired	<u>(6.7) Million</u>
Net Purchase Price	\$52.8 Million

Gatherco's Overview of Business



Background

- Established in 1997
- Purchased gathering assets of Columbia Gas Transmission

Assets

- 16 gathering systems
- Over 2,000 miles of pipelines in Central and Eastern Ohio

Services

- Natural gas gathering
- Natural gas liquid processing
- Natural gas supply to local distributors

Customers

- 300 local producers
- Consumers Gas Cooperative
6,000 Members
- Supplier for Columbia Gas of Ohio's local 24,000 customers

Status of Gatherco Transition to Aspire Energy

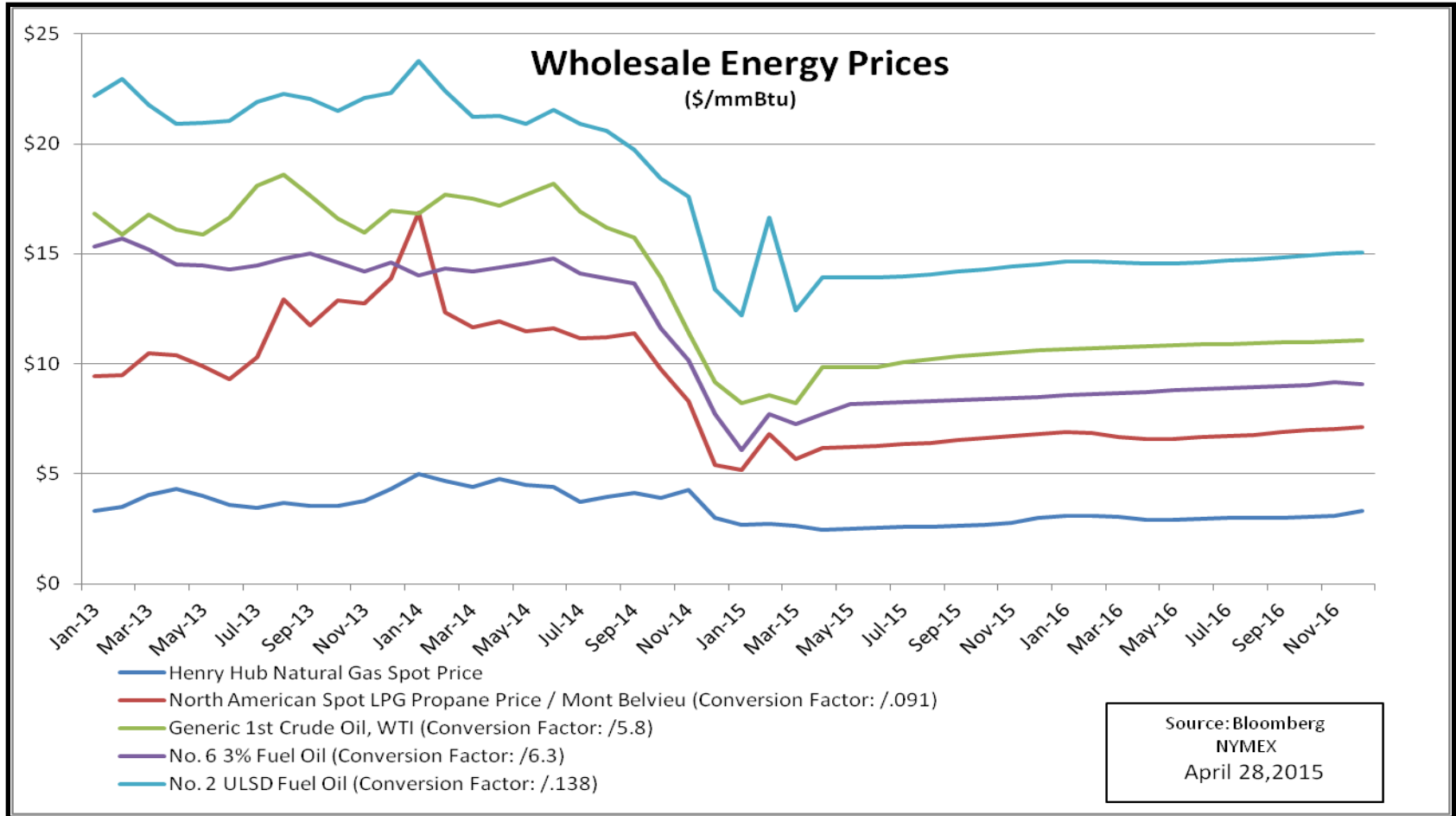


- Integration is well underway and going well
- Transitioning brand to Aspire Energy
- Current Operations
 - Managed through the Strategic Development group who has provided direct oversight and on-premise guidance
 - On-boarding process initiated
 - Began recruiting for current key positions
 - Identifying candidates to fill new positions to further our growth strategy
 - Key functions centralized at Chesapeake's corporate headquarters – i.e., oversight of human resources, accounting, treasury, etc. functions
 - Rollout of our safety, environmental compliance, etc. plans
- Growth Strategy
 - Formalizing the Co-op funnel and future strategy for growth
 - Beginning to identify gathering projects that provide the opportunity to increase the footprint and throughput of the gathering system

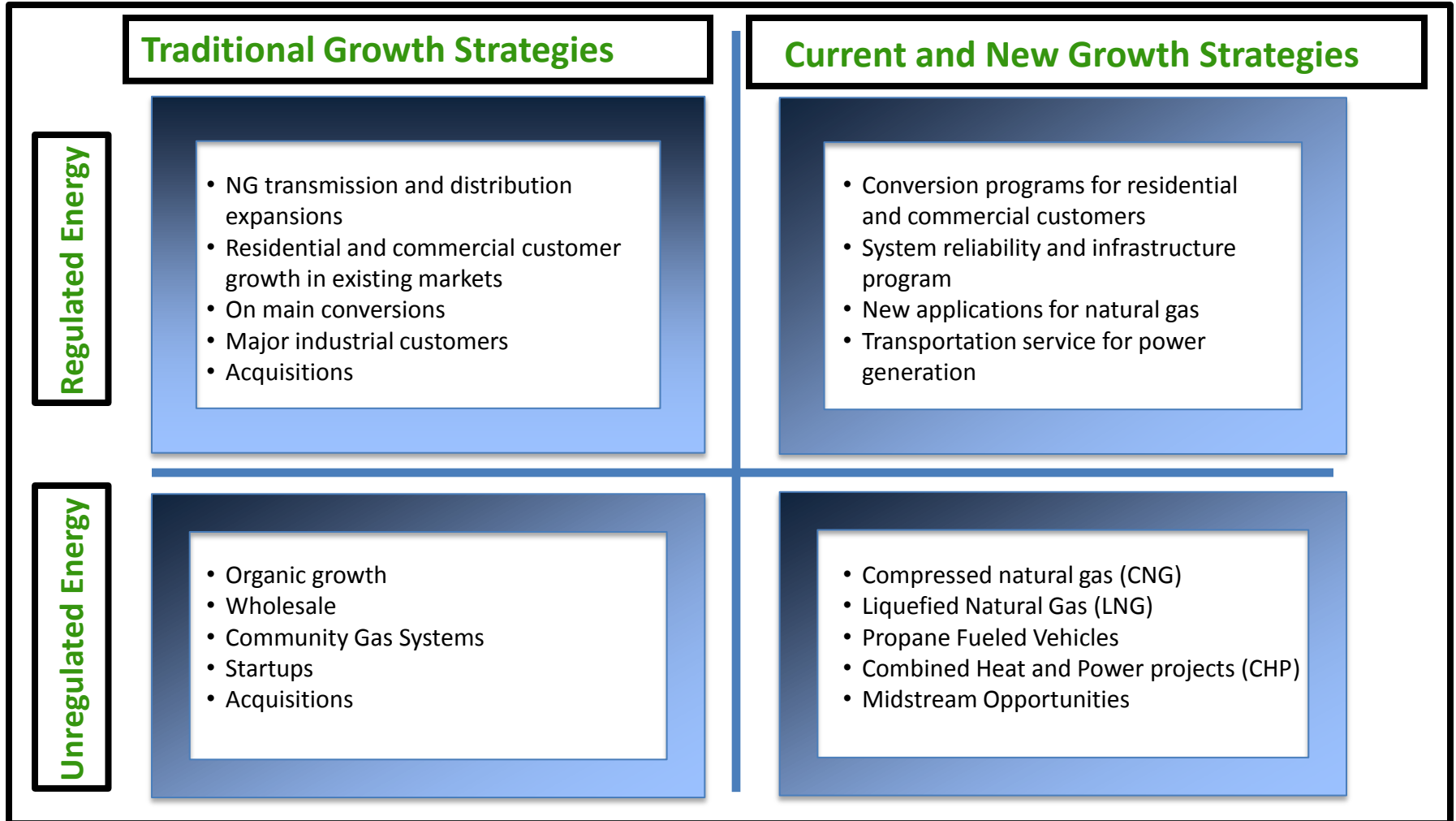


Natural Gas Price Advantage

Despite Decreasing Commodity Prices

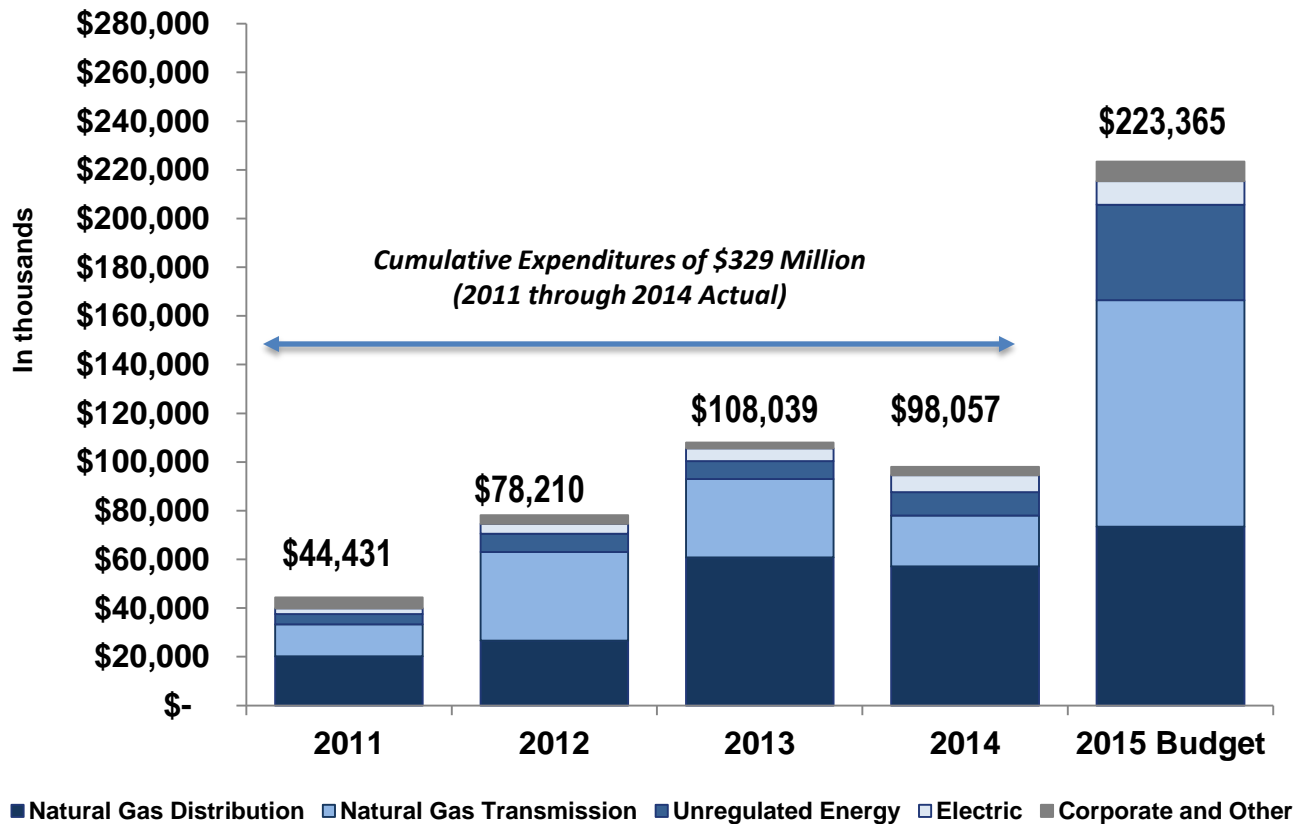


Growth Trajectory



Building for the Future

Capital Expenditures

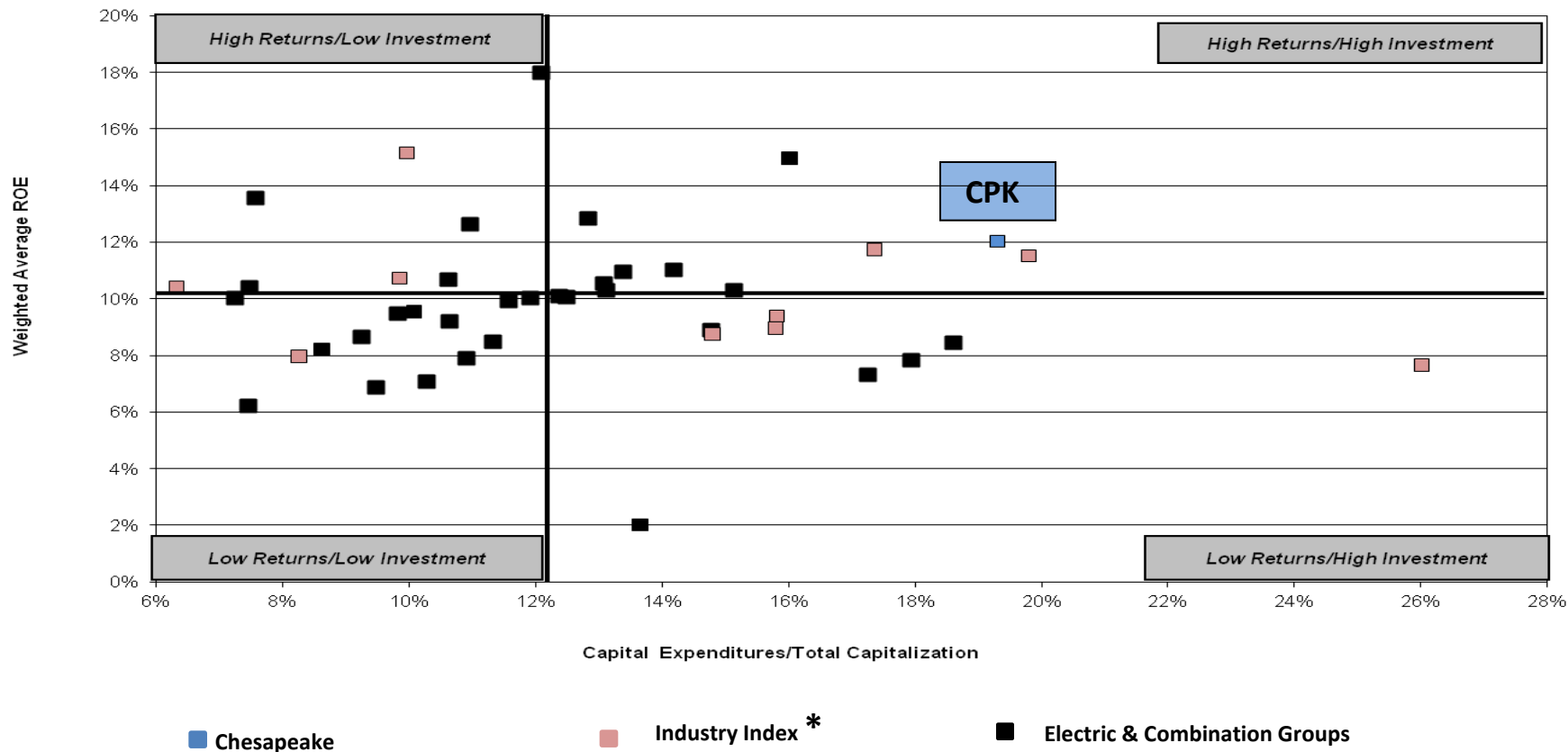


- Higher capital investment in 2015 for expansions of natural gas distribution and transmission systems, improvement for infrastructure, facilities, and systems; and other strategic investments.
- Projects include the Eight Flags CHP, expanded service to supply natural gas and Florida GRIP.
- In addition to the capital budget, we completed the Gatherco, Inc. acquisition on April 1, 2015.

Performance Quadrant Peer ROE vs. Capital Expenditures



January 1, 2012 – December 31, 2014



Source: Bloomberg

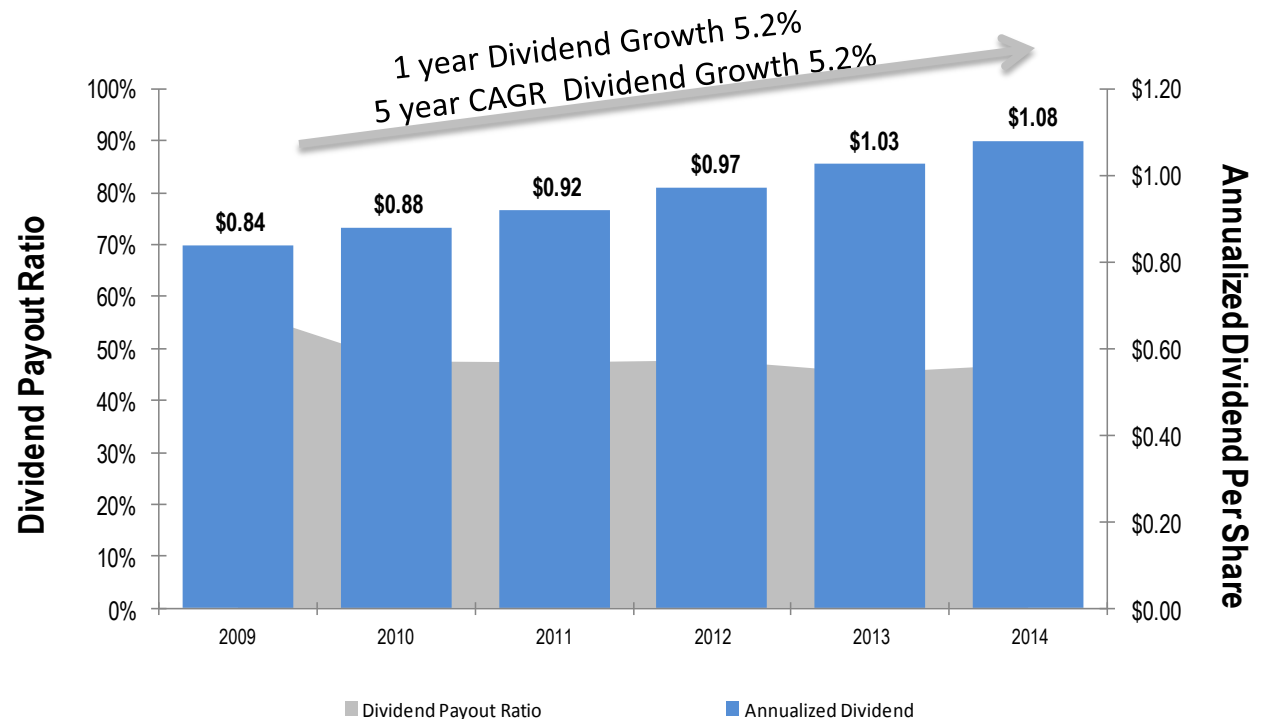
* Includes companies previously a part of the Edward Jones Natural Gas Distribution peer group.

Continuous Dividend Growth



We are committed to providing superior dividend growth that is supported by earnings growth.

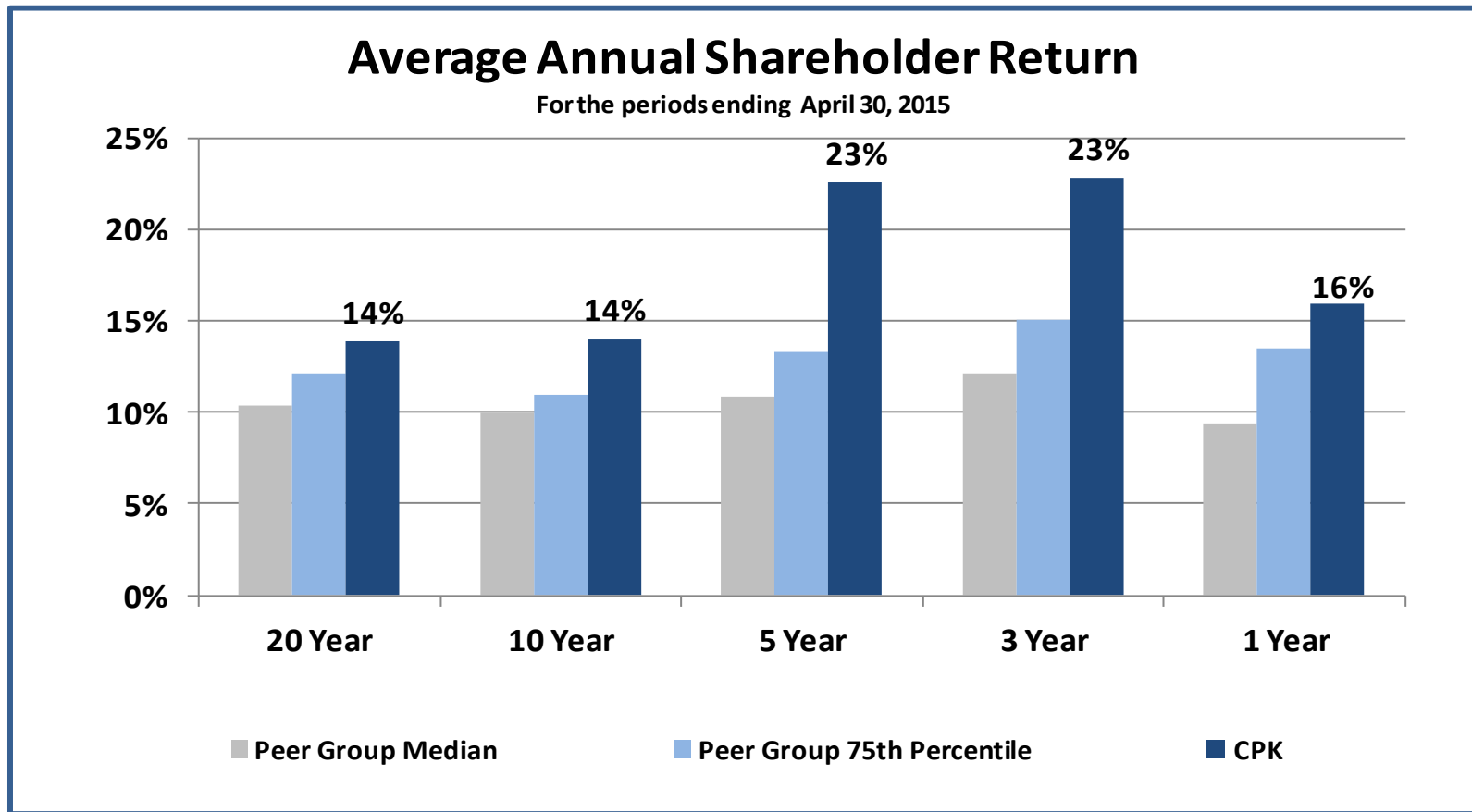
- The Board increased the annualized dividend by 5.2% in May 2014.
- We have delivered 5.2% five-year compound annual dividend growth while continuing to invest in the business to generate future earnings and dividend growth.
- The five-year declared dividend payout ratio through 2014 is 46%.



Superior Shareholder Return



Investors in Chesapeake achieved compound average annual returns in excess of 14% over all periods shown



Financial Metrics Performance Summary



CPK has a very successful track record and has performed well against its peers

** For periods ending 12/31/14 (unless noted)		CPK	Peer 1	Peer 2	Peer 3	Peer 4	Peer 5	Peer 6	Peer 7	Peer 8	Peer 9	Peer 10
Earnings Per Share Growth (CAGR)	1 Year		✓		✓		✓					
	3 Year		✓		✓		✓					
	5 Year	✓	✓	✓								
Dividends Per Share Growth (CAGR) <i>for the period ending 3/31/2015</i>	1 Year		✓	✓		✓						
	3 Year	✓	✓	✓								
	5 Year	✓	✓	✓								
Earnings Retention Ratio	1 Year	✓	✓				✓					
	3 Year	✓	✓			✓						
	5 Year	✓	✓			✓						
Total Shareholder Return (TSR) <i>for the period ending 3/31/2015</i>	1 Year	✓	✓		✓							
	3 Year	✓			✓	✓						
	5 Year	✓			✓	✓						
	10 Year	✓	✓			✓						
	20 Year	✓	✓	✓								
Capital Expenditures / Total Capitalization	1 Year	✓			✓					✓		
	3 Year	✓						✓	✓			
	5 Year						✓	✓	✓			
ROE	1 Year	✓	✓				✓					
	3 Year	✓	✓	✓								
	5 Year	✓	✓	✓								
		16	15	7	6	6	5	2	2	1	0	0

✓ denotes top quartile performance for the corresponding metric

Source: Bloomberg

THANK YOU!

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