energized …

First Quarter Earnings Conference Call

Friday May 11, 2018

Dover, DE

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 2017 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 (non-GAAP measure): 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.

Adjusted EPS (non-GAAP measure): Diluted Earnings per share excluding the impact of certain significant new non-cash items, including: the impact of the revaluation of the Company's unregulated energy segment's deferred tax assets and liabilities due to the Tax Cuts and Jobs Act of 2017, and the timing related to mark-to-market accounting.

Energized for Growth

2018 First Quarter Highlights

- GAAP earnings per share increased $0.47 to $1.64 for first quarter 2018 compared to $1.17 for first quarter 2017
- 40 percent increase in 1st Quarter earnings – most profitable quarter in Chesapeake's history
- Continued growth across business units led by Propane, ESNG, Natural Gas and Electric Distribution and Aspire Energy
- Board of Directors declared 13.8 percent dividend increase reflecting strong growth and lower income tax rate
- Regulated businesses reserved $3.2 million in estimated refunds for customers due to lower tax rates
- Eastern Shore and Florida Expansion Projects under construction

Key drivers of the EPS increase in first quarter 2018 included:	Earnings per Share
• Regulated Distribution and Transmission (growth/ESNG rate settlement)	+ $0.28
• Growth: $0.15; ESNG settled rates: $0.13	
• Propane and Aspire Energy	+ $0.17
• Growth: $0.07; Net impact of lower tax rate: $0.10	
• Colder weather (although still warmer than normal - $1.7 M, or $0.07/share)	+ $0.17
• Lower contribution from PESCO (weather conditions/gas supply/absence of 1Q 2017 contract)	- $0.10
• Higher depreciation, operating expenses and interest (to support growth)	- $0.09

2018 First Quarter Operating Results

Higher Gross margin and Operating Income

Regulated Energy Segment

(in thousands)	March 31, 2018	March 31, 2017	Change	Percent Change
Gross margin excluding the TCJA impact	**$ 64,317**	$ 57,410	$ 6,907	12.0 %
Impact of the TCJA reserves for customer refunds	**(3,155)**	—	(3,155)	N/A
Gross margin	**61,162**	57,410	3,752	6.5 %
Depreciation, amortization and property taxes	**11,156**	10,190	966	9.5 %
Other operating expenses	**23,295**	23,825	(530)	(2.2)%
Operating income	**$ 26,711**	$ 23,395	$ 3,316	14.2 %

Unregulated Energy Segment

(in thousands)	March 31, 2018	March 31, 2017	Change	Percent Change
Gross margin	**$ 30,301**	$ 26,819	$ 3,482	13.0%
Depreciation, amortization and property taxes	**2,505**	2,250	255	11.3%
Other operating expenses	**14,112**	12,994	1,118	8.6%
Operating income	**$ 13,684**	$ 11,575	$ 2,109	18.2%

Reconciliation of Year to Date Results

Key variances for the three months ended March 31, 2018 vs. 2017 included:

(in thousands except per share data)	Pre-Tax Income	Net Income	Diluted Earnings Per Share
First Quarter ended March 31, 2017 Reported Results	$ 31,660	$ 19,144	$ 1.17
Increased (Decreased) Gross Margins:			
Colder weather	$ 3,914	$ 2,855	$ 0.17
Pass through of lower tax rate for regulated businesses	(3,155)	(2,302)	$ (0.14)
Regulated Distribution & Transmission Growth	6,086	4,440	$ 0.28
Aspire Energy / Propane - customer / margin growth	1,682	1,227	$ 0.07
PESCO natural gas marketing	(2,292)	(1,672)	$ (0.10)
	6,235	4,548	$ 0.28
Increased Other Operating Expenses	(931)	(679)	$ (0.04)
Income taxes - TCJA impact - decreased effective tax rate	-	4,594	$ 0.28
Interest Charges and Net Other Changes	(154)	(752)	$ (0.05)
First Quarter ended March 31, 2018 Reported Results	$ 36,810	$ 26,855	$ 1.64

Key Variances:

- **CPK earnings capacity with colder weather**
  - $3.9M margin increase compared to Q1-2017
  - $1.7M additional margin if normal weather
- **TCJA – lower Federal income tax rate**
  - pass through of lower taxes to regulated customers ($3.2 million reserved in Q1-2018)
  - $1.6 million in higher unregulated net income
- **Regulated Energy Segment Growth:**
  - Natural gas expansions and customer growth
  - Implementation of ESNG settled rates
  - Florida GRIP and Electric Reliability/Modernization program
- **Unregulated Energy Segment Growth:**
  - Increase in customers, consumption, service offerings and margins from Florida and Delmarva propane operations and Aspire Energy
  - Increased wholesale propane margins
- **PESCO margin decrease of $2.3M reflects:**
  - Absence of supply contract in Q1 2017
  - Unusually high gas costs to serve customers in January
  - Offset by reversal of Q4-2017 MTM loss and improved margins during February and March
- **Higher operating expenses and interest charges reflect costs to support and finance growth**

First Quarter 2018 Adjusted Earnings Overview

Significant Item Impacting Earnings

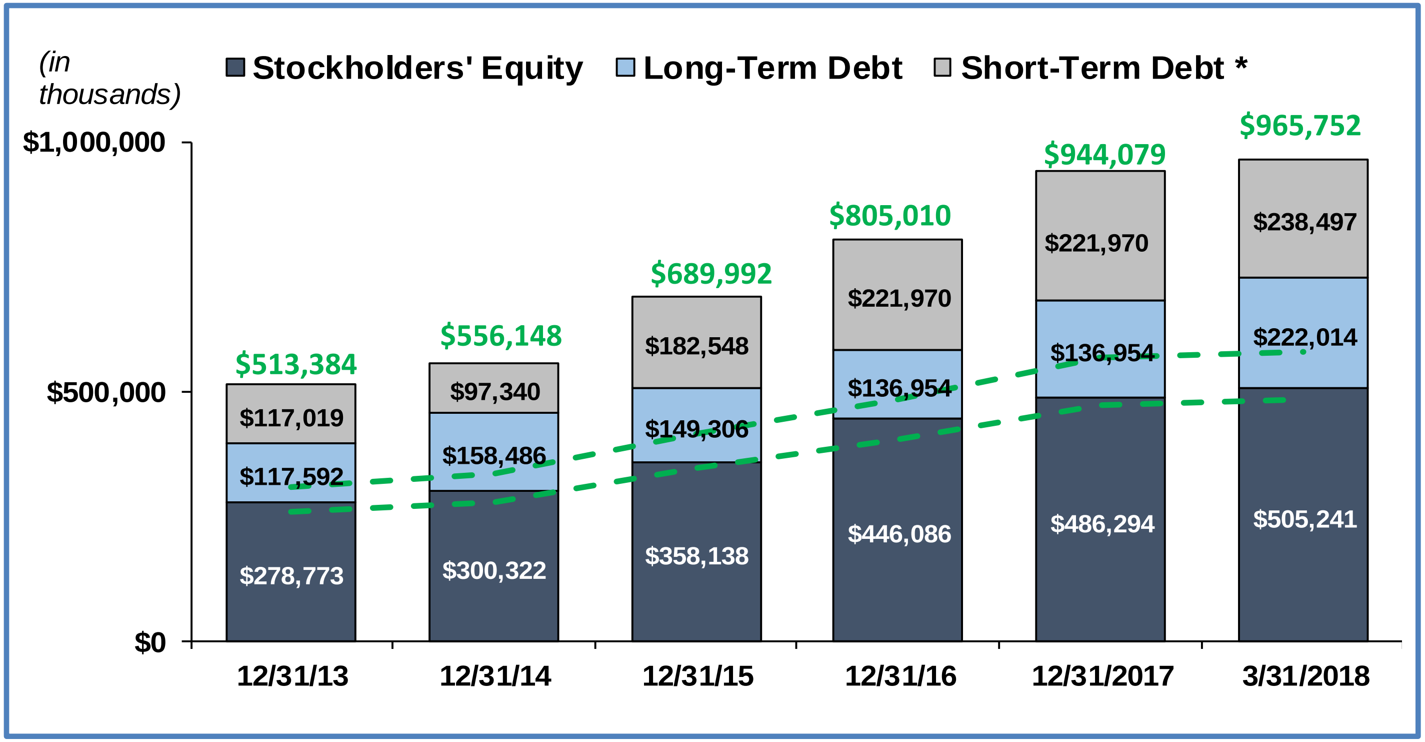
Results for the first quarter of 2018 were impacted by the following significant item:

For the quarter ended March 31, 2018	Net Income		EPS	
(in thousands, except per share data)				
Reported (GAAP) Earnings	$	**26,855**	$	1.64
Less: Realized Mark-to-Market ("MTM") gain		(4,008)		(0.24)
Adjusted (Non -GAAP) Earnings*	**$**	**22,847**	**$**	**1.40**

- **First Quarter 2018 reported EPS of $1.64 per share**
- ***First Quarter 2018 adjusted EPS of $1.40 per share:**
  - **$0.24 per share mark-to-market ("MTM") associated with unrealized loss on hedges in the natural gas marketing business in the fourth quarter of 2017 (that reversed in the first quarter of 2018)**
- **Affirm previous year end guidance for forecasted earnings per share growth of 17% plus in 2018 including tax reform and key projects (based upon 2017 Adjusted EPS)**

Total Capitalization

Significant Growth in Capitalization and Strong Balance Sheet to Support Future Growth



	12/31/13	12/31/14	12/31/15	12/31/16	12/31/2017	3/31/2018
Equity/Permanent Capitalization	70.3%	65.5%	70.6%	76.5%	71.1%	69.5%
Equity/Total Capitalization	54.3%	54.0%	51.9%	55.4%	51.5%	52.3%

Stockholders' Equity of $505 million as of 3/31/18

<u>As of 3/31/18</u>
ST Debt Cost 2.70%
LT Debt Cost 4.21%

<u>2018 Commitment</u>
$100 million LTD Private Placement 3.53% - 20 Years

Target Equity to Total Capitalization Ratio of 50% - 60%

- **** Short-Term Debt includes Current Portion of Long-Term Debt***
- ***Long-term Debt includes $25 million borrowed under Revolving Credit to be refinanced with $50 million 3.48% private placement funding in May 2018***

TCJA Impact on Regulated Entities

Tax Reform Discussions with Regulatory Authorities

Florida
$1.4M Reserve

- FPU electric included tax reform in its 2017 limited proceeding settlement with the impact of the tax rate reduction to be reflected in customer rates.
- Dockets have been opened by the PSC related to gas operations; but no hearing dates have been set at this time.
- FPU regulatory team is preparing proposals related to tax reform regulatory liabilities.

Delaware
$387K Reserve

- PSC issued an order requiring each regulated utility to file an application no later than 3/31/18 addressing the impacts of tax reform, and providing new rate schedules that may be appropriate.
- On March 30, the Company filed its estimated impact of the TCJA with proposed rate schedules.

Maryland
$475K Reserve

- PSC issued an order directing utilities to track the tax rate reduction impact beginning 1/1/18 and apply regulatory accounting treatment including regulatory liabilities impacted by tax reform. The impact of the lower tax rate is expected to be flowed back to retail customers.
- On April 25, 2018 the PSC issued an order to implement a one-time bill credit to refund the impacts of the TCJA for the months January through April; and to implement new rates effective May 1, 2018 that reflect the impacts of the TCJA

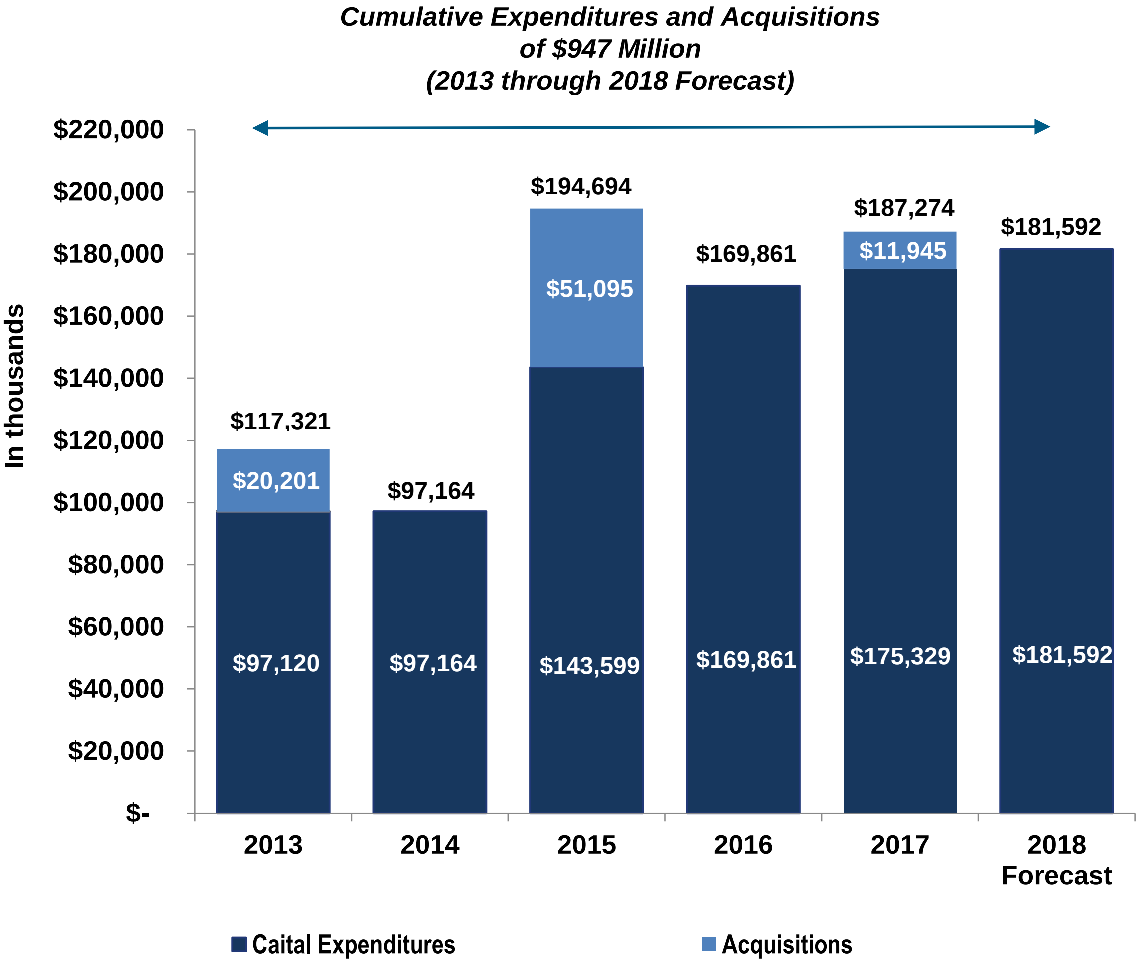
FERC
$900K Reserve

- Impact of tax reform was anticipated in the settlement agreement between ESNG and FERC.
- Settlement rates are established to reflect the change in the federal corporate income tax rate.

$3.155M ***Total Estimated Refunds/Reserves for Regulated Entities***

Continuing to Build for the Future

Capital Expenditures



The investments we have made over the last five years have doubled our Total Capitalization.

$ thousands	2018 Forecasted Capital Expenditures
$92,562	Natural Gas Transmission
61,871	Natural Gas and Electric Distribution
17,062	Unregulated Energy
10,097	Corporate / Other
$181,592	Total Forecasted Capital Expenditures

Major Projects and Initiatives
Key Sources of Margin Growth

	Gross Margin for the Period				
(in thousands)	Quarter Ended March 31, 2017	Quarter Ended March 31, 2018	Fiscal 2017	Fiscal 2018 Estimate	Fiscal 2019 Estimate
Florida GRIP	$ 3,267	$ 3,565	$ 13,454	$ 14,287	$ 14,370
Eastern Shore Rate Case/ Settled Rat	-	2,843	3,693	9,800	9,800
Florida Electric Reliability/Moderniza	-	372	94	1,558	1,558
New Smyrna Beach, Florida Project	-	352	235	1,409	1,409
2017 Eastern Shore System Expansion	-	1,040	433	7,446	15,799
Northwest Florida Expansion Project	-	-	-	3,484	6,032
(Palm Beach County) Belvedere, Flori	-	-	-	635	1,131
Total	$ 3,267	$ 8,172	$ 17,909	$ 38,619	$ 50,099

$4,905

$20,710

$11,480

2018 – 2019 Increase versus 2017: $32,190

Eastern Shore Natural Gas

2017 System Expansion Project

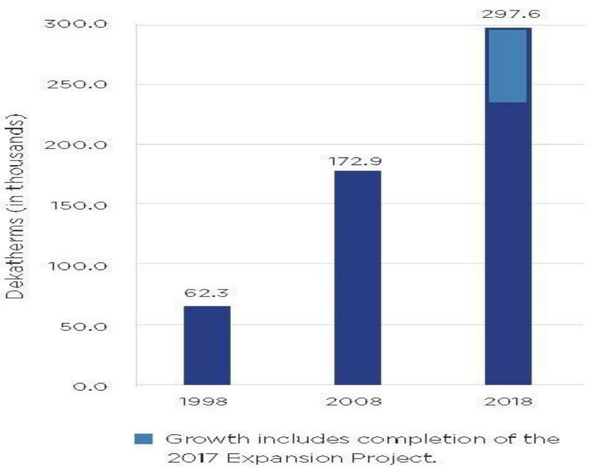
EASTERN SHORE NATURAL GAS

$117M+ Project

The 2017 Expansion Project, the single largest expansion in ESNG's history

More than $117 million is being invested in ESNG's natural gas interstate pipeline system in order to provide more than 60,000 dekatherms per day of additional firm natural gas service to meet the growing energy needs of the Mid-Atlantic region.

NATURAL GAS AVAILABILITY ON THE DELMARVA PENINSULA
Year-End Pipeline Capacity



23 miles
Of pipeline looping in PA, MD and DE

17 miles
Of mainline extension

3,750 HP
Of new compression

25%
More capacity

Total Capital Investment	**$117,000,000**
Spending to Date	**$52,000,000**
Forecasted Remaining Spending	**$65,000,000**
In-Service to Date	**TETCO Upgrade Construction Completed**
Final In-Service Date	**Staged Through Remainder of 2018**
Estimated Total Annual Margin	**$15,800,000**

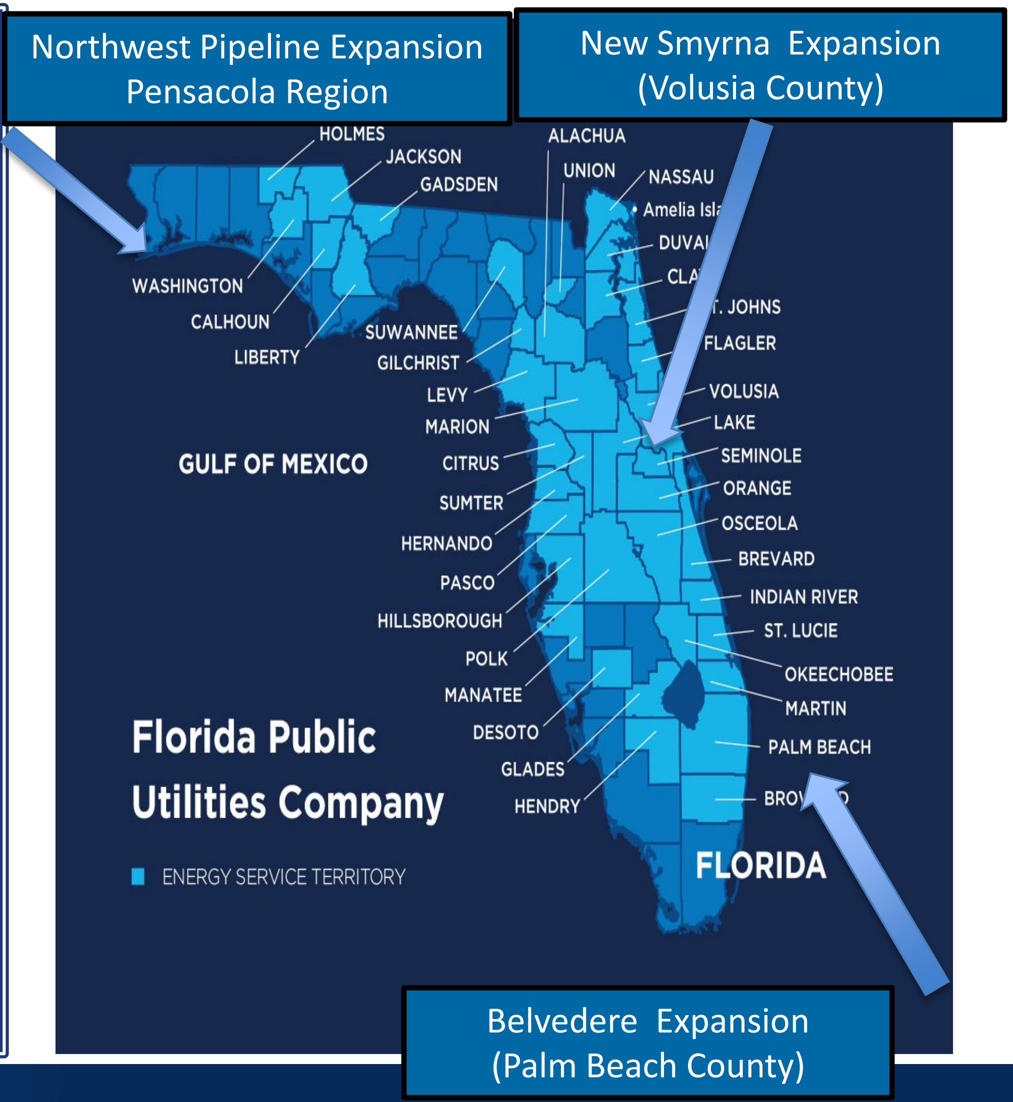
Florida Natural Gas Projects

Pipeline Expansions

Northwest Pipeline Expansion:
- $35.9M capital investment
- $6.0M estimated annual gross margin
- Currently partially in service
- Completed Project by the end of 2Q2018
- Northwest transmission (38 miles) and distribution (5 miles) pipeline
  - Customer Commitments of 68,500 dts/d, with total capacity of 80,000 dts/d

New Smyrna Pipeline Expansion:
- $9.1M capital investment
- $1.4M estimated annual gross margin
- Fully in service September 2018
- Transmission pipeline (14 miles)

Belvedere Pipeline Expansion:
- $3.8M Capital Investment
- $1.1M Estimated Annual Gross Margin
- In service end of 3Q2018
- Transmission pipeline (2 miles)



Propane Operations

Sharp Energy and Flo-Gas

(in thousands)	Gross Margin
	Qtr. 3/31/18
Propane delivery operations - additional customer consumption related to weather	1,956
Propane delivery operations - increased margin driven by growth and other factors *	1,392
Growth in wholesale propane margins and sales	379
Quarter over quarter increase in gross margin	$ 3,727

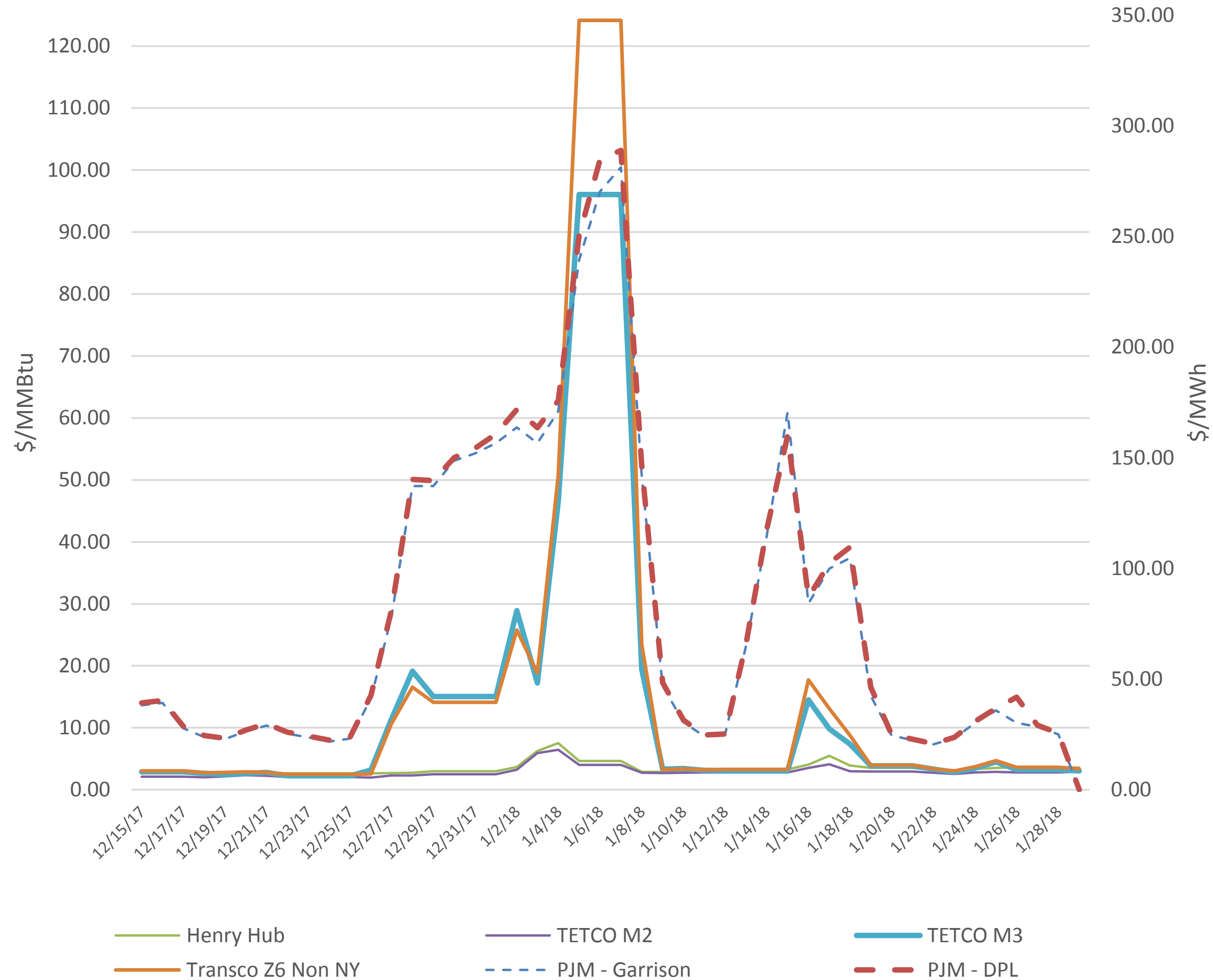
** Still warmer weather than normal*

- We continue to execute our multi-pronged growth strategy:
  - Organic growth in existing markets
  - Expanded growth in new territories beyond our geographic footprint via start-ups
  - Acquisition opportunities that roll into existing operations
  - Targeted marketing to commercial and industrial users to convert to propane and expand our customer base
  - Targeting new community gas systems in high growth areas
  - Expansion of propane vehicular platform through Sharp AutoGas, where propane is a clean-burning fuel alternative
- Our propane business units provide a higher return on capital than regulated allowed returns

- **Sharp Energy** distributes propane to approximately 38,000 customers in Delaware, Maryland and the Eastern Shore of Virginia, and southeastern Pennsylvania.
- **Flo-Gas** distributes propane to approximately 16,500 customers in Florida.
- **Sharp AutoGas** fuels over 800 independent customer vehicles at 42 fueling stations in Delaware, Maryland, and Pennsylvania.
- Propane storage capacity is in excess of 6 million gallons; more than any other propane provider on the Delmarva Peninsula.

PESCO Natural Gas Marketing

Summary of gas and power prices in December and January



- ***Natural gas prices in the southeastern PA region (TETCO M3 and Transco Z6 Non NY) started their climb during the last week of December and then skyrocketed on January 4th and 5th.***
- ***The "Bomb Cyclone" which impacted the mark-to market accounting and PESCO's earnings in December 2017 and January 2018.***

PESCO Natural Gas Marketing

Natural Gas Supply Services, Gross Margin and Risk Management

Three Months Ended March 31, 2018

(in thousands)	Margin Impact
PESCO First Quarter 2017 Margin	$ 3,467
Reversal of fourth quarter 2017 unrealized MTM loss	5,713
Margin from 2017 customer Supply Agreement that was not renewed	(2,124)
Net impact for the Mid-Atlantic wholesale portfolio from extraordinary costs associated with the 2018 Bomb Cyclone	(3,284)
Loss for the Mid-Atlantic retail portfolio caused by capacity constraints in January and warm weather in February	(2,261)
Other	(336)
PESCO First Quarter 2018 Margin	**$ 1,175**

Serving three geographic regions: Southeast, Mid-Atlantic and Appalachian Basin

Demand Origination

- Expanding our downstream business on LDC's served by core pipelines on which we have deep experience

Supply Aggregation

- Purchasing physical production in upstream geographies that enable wholesale liquidity and competitive supplies

Optimization

- Utilizing storage, firm transportation and other assets to capture the margin generated by our Demand Origination and Supply Aggregation efforts

We continue to enhance our Risk Management

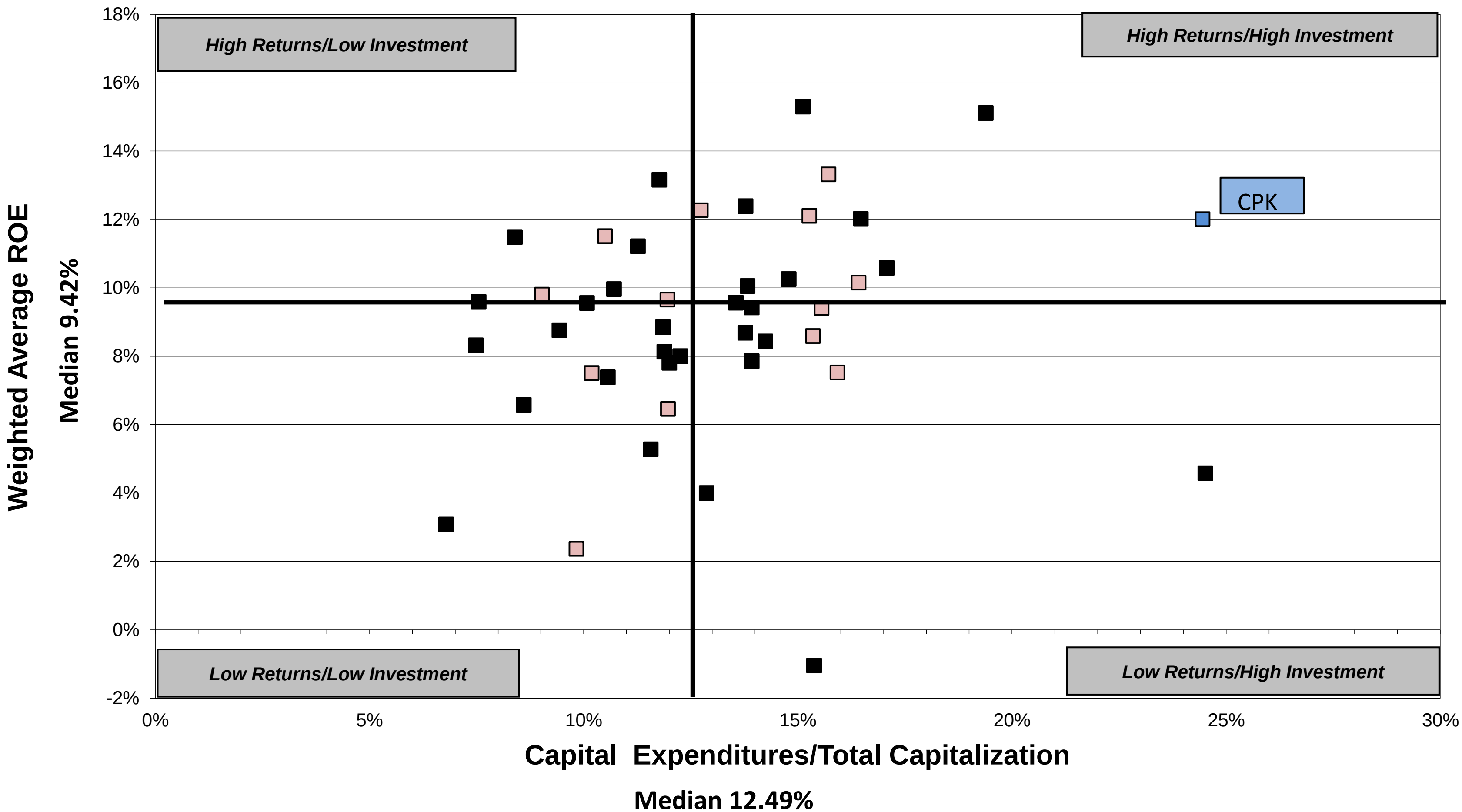
- **Reassessed peak day demand analysis and stress tested under more extreme weather events**
- **Modified capacity management and operational plans**
- **Secured firm transportation and/or delivered dekatherms to mitigate interstate pipeline operational constraints**
- **Actions taken improved February and March results and better position us for the remainder of 2018**
- **Enhancements to Risk Management Policy**

Performance Quadrant

Peer ROE vs. Capital Expenditures

2015 – 2017 (1/1/15 – 12/31/17)

	Cap Ex	ROE
CPK	24.45%	12.01%
Median	12.49%	9.42%
75th Percentile	15.16%	10.74%



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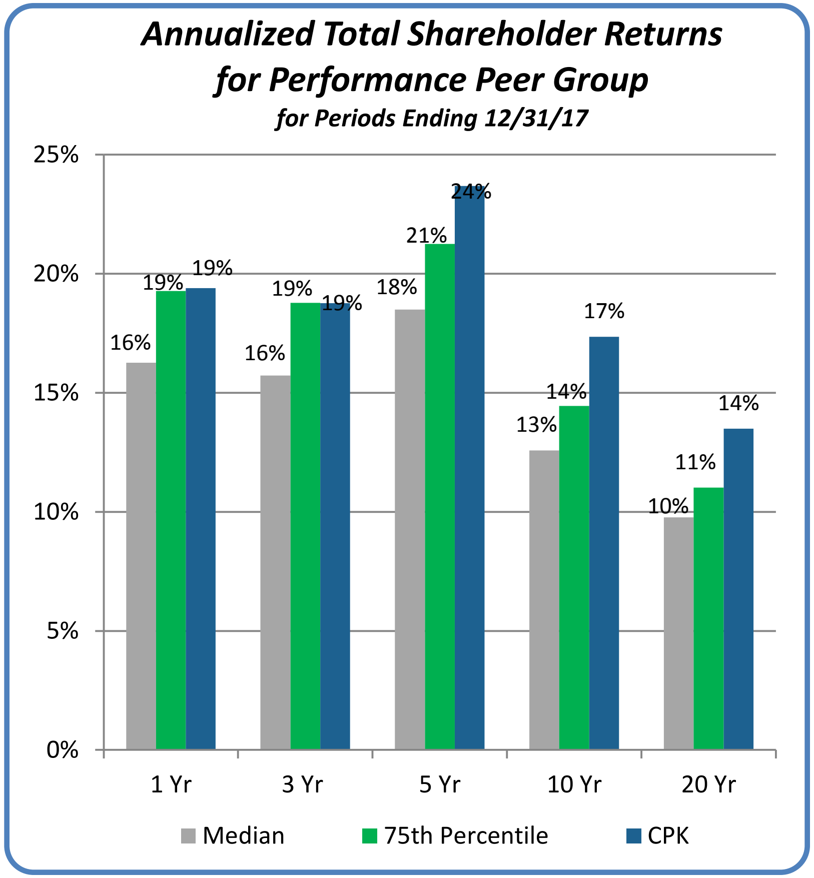
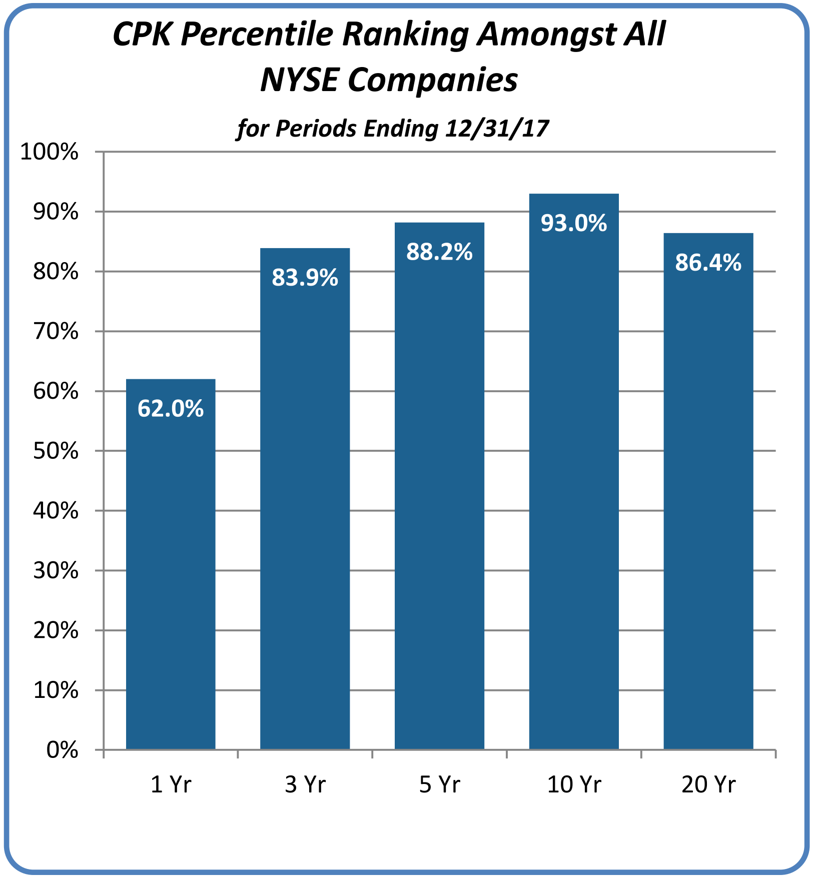
TOP WORK PLACES

Shareholder Return

Comparison to Peers and Broader Market

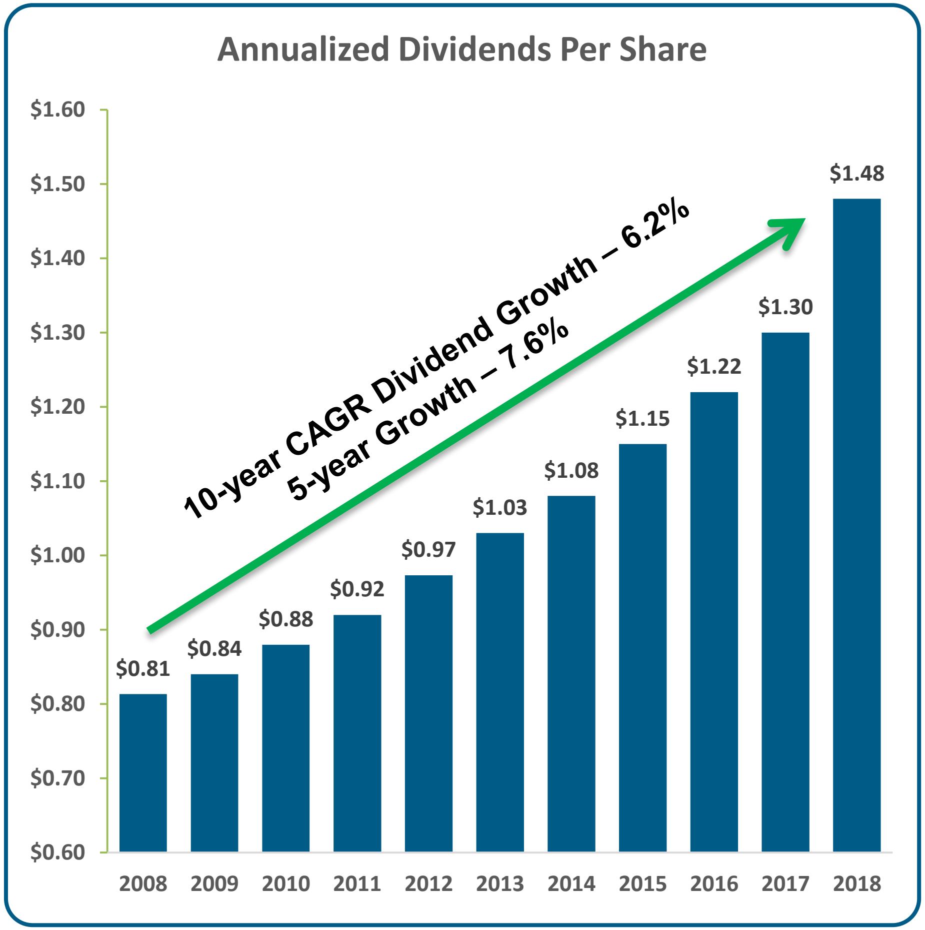




- *CPK's compound annual return has exceeded 14% for all the past periods ended December 31, 2017.*
- *CPK's total return ranks in the top quartile of all NYSE companies for the 3, 5, 10 and 20 years ended December 31, 2017.*

Dividend Growth Continues

Fifteen Years of Above Average Dividend Growth



- The $1.48 annualized dividend per share in 2018 is a result of the positive energy of our team's track record in delivering superior earnings growth.
- This year's annualized increase of $0.18 per share, or 13.8 percent, also reflects the positive impact of the Tax Cuts and Job Act on earnings from our unregulated businesses.
- Chesapeake's five-year annualized dividend growth rate is 7.6 percent – in line with our five-year CAGR in adjusted earnings through 2017 of 7.7 percent.
- Our goal remains to be to provide above average growth in dividends, supported by our engaged team, continued disciplined approach to investment opportunities and the resulting strong earnings per share growth.

CPK's five-year dividend growth of 7.6% leads our peer group dividend growth percentile metric based on the most recent annualized dividend increases

Creative Energy. Powerful Team

We are proud of our track record of identifying strategic opportunities and producing superior total returns driven by earnings and dividend growth.

We are energized by our team, our corporate strategy and execution, our financial and operating performance, and our future growth plans and objectives.

This is a result of our excellent team and culture that values both capital discipline and entrepreneurship.

We are driven to find innovative ways to serve our customers, while honoring our obligation to operate in a safe and environmentally responsible manner, and to provide investors a competitive return on their investments with us.

Thank You

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To generate increased shareholder value

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