

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): May 5, 2021

Chesapeake Utilities Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-11590
(Commission
File Number)

51-0064146
(I.R.S. Employer
Identification No.)

909 Silver Lake Boulevard, Dover, Delaware
(Address of principal executive offices)

19904
(Zip Code)

Registrant's telephone number, including area code: 302. 734.6799

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|----------------------|--|
| Common Stock - par value per share \$0.4867 | CPK | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 7.01 Regulation FD Disclosure.

On May 5, 2021, Chesapeake Utilities Corporation (the “Company”) posted a presentation that was used during its conference call to discuss the Company’s financial results for the first quarter ended March 31, 2021 on its website (www.chpk.com) under the “Investors” section. This presentation is being furnished as Exhibit 99.1 to this Current Report on Form 8-K (this “Report”).

The information contained in this Item 7.01 and in Exhibit 99.1 attached to this Report is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such section. Furthermore, such information shall not be deemed to be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

| Exhibit Numbers | Description |
|--------------------|---|
| 99.1 | First Quarter 2021 Earnings Call Presentation |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Chesapeake Utilities Corporation

May 6, 2021

By: /s/ Beth W. Cooper
Name: Beth W. Cooper
Title: Executive Vice President and Chief Financial Officer

Standing Strong. Embracing Change. **Shaping Our Future.**



First Quarter 2021
Earnings Call

May 5, 2021



Presenters



Jeff Householder
President & CEO



Beth Cooper
Executive Vice President,
CFO and Asst. Secretary



Jim Moriarty
Executive Vice President,
General Counsel , Corporate
Secretary and Chief Policy
and Risk Officer

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. You should refer to the additional information contained in Chesapeake Utilities' Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC and other SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

Reg D Disclosure

Today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation D. Although non-GAAP measures are not intended to replace GAAP measures for evaluation of Chesapeake's performance, Chesapeake believes that 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 and excludes depreciation, amortization and accretion. Other companies may calculate gross margin in a different manner.

COVID-19 Impact

At this time, we cannot fully quantify the future impact that the Coronavirus Disease 2019 ("COVID-19") will have on the economy, and more particularly, on Chesapeake Utilities Corporation. The earnings and capital estimates we have included herein do not reflect any future estimates of the potential impact. The Company has established regulatory assets totaling \$1.6 million associated with the net incremental expense impacts, as authorized by the Delaware and Maryland PSCs, and initially provided by the Florida PSC. We are continuing to review the various expense impacts associated with COVID-19 and will adjust these estimates, as necessary, in the future.

First Quarter 2021 Financial Performance

Key Highlights

Return to more normal weather and customer consumption for the quarter increased gross margin by \$6.4 million

Expansion projects, customer growth, and pipeline replacements generated \$4.1 million in additional gross margin

Acquisitions (Elkton and Western Natural Gas) added \$1.8 million in incremental gross margin

CONTINUED PROFITABLE GROWTH INITIATIVES ACROSS BUSINESS UNITS

First quarter 2021 earnings per share from continuing operations was \$1.96, an increase of \$0.19 or 10.7% compared to \$1.77 for the first quarter of 2020.

Hurricane Michael regulatory proceeding resulted in \$2.6 million in gross margin

Higher retail propane margins per gallon generated \$1.3 million in additional gross margin

Increased demand for Marlin CNG services added \$0.7 million in incremental gross margin

Growth in Earnings Drives Dividend Growth Annualized Dividends



Our continued dividend growth and earnings retention for investment growth contributes to CPK's above average shareholder returns.

For the quarters ended March 31, 2021 and 2020

(in thousands except per share data)

Total Gross Margin

| First Quarter | | |
|-------------------|------------------|-------|
| 2021 | 2020 | |
| <u>\$ 116,890</u> | <u>\$ 99,820</u> | 17.1% |
| \$ 51,597 | \$ 42,134 | 22.5% |
| 385 | 3,319 | |
| (5,105) | (5,814) | |
| 46,877 | 39,639 | |
| (12,405) | (10,598) | |
| <u>\$ 34,472</u> | <u>\$ 29,041</u> | 18.7% |
| \$1.96 | \$1.77 | 10.7% |

Financial Summary

Operating Results for 2021 and 2020

Chesapeake Utilities is committed to Gross Margin Growth through efficient operations.

Consolidated Results

| | Three Months Ended March 31, | | | |
|---|---------------------------------|-----------|-----------|-------------------|
| (in thousands) | 2021 | 2020 | Change | Percent Change |
| Gross margin | \$ 116,890 | \$ 99,820 | \$ 17,070 | 17.1 % |
| Depreciation, amortization and property taxes | 20,710 | 17,035 | 3,675 | 21.6 % |
| Other operating expenses | 44,583 | 40,651 | 3,932 | 9.7 % |
| Operating income | \$ 51,597 | \$ 42,134 | \$ 9,463 | 22.5 % |

- Gross Margin increased \$17.1M or 17.1% compared to Q1 2020

- ✓ 14.7% Growth in Regulated
- ✓ 22.0% Growth in Unregulated

- Operating income increase 22.5%

- ✓ 17.8% Growth in Regulated
- ✓ 37.8% Growth in Unregulated

Regulated Energy Segment

| | Three Months Ended March 31, | | | |
|---|---------------------------------|-----------|-----------|-------------------|
| (in thousands) | 2021 | 2020 | Change | Percent Change |
| Gross margin | \$ 78,154 | \$ 68,123 | \$ 10,031 | 14.7 % |
| Depreciation, amortization and property taxes | 16,924 | 13,758 | 3,166 | 23.0 % |
| Other operating expenses | 28,366 | 26,477 | 1,889 | 7.1 % |
| Operating income | \$ 32,864 | \$ 27,888 | \$ 4,976 | 17.8 % |

Unregulated Energy Segment

| | Three Months Ended March 31, | | | |
|---|---------------------------------|-----------|----------|-------------------|
| (in thousands) | 2021 | 2020 | Change | Percent Change |
| Gross margin | \$ 38,776 | \$ 31,782 | \$ 6,994 | 22.0 % |
| Depreciation, amortization and property taxes | 3,769 | 3,240 | 529 | 16.3 % |
| Other operating expenses | 15,902 | 14,680 | 1,222 | 8.3 % |
| Operating income | \$ 19,105 | \$ 13,862 | \$ 5,243 | 37.8 % |

Key Drivers of Our Performance Quarter Ended March 31, 2021



Diluted Earnings per Share – Recent Acquisitions and Hurricane Michael margins are shown net of expenses, with (\$0.12) per share diluted from increased share count from the 2020 – 2021 equity offerings

Capital Expenditures Forecast Still on Track with 2021 Initial Guidance

(dollars in thousands)

Regulated Energy:

| |
|--------------------------|
| Natural gas distribution |
| Natural gas transmission |
| Electric distribution |
| Total Regulated Energy |

Unregulated Energy:

| |
|--------------------------|
| Propane distribution |
| Energy transmission |
| Other unregulated energy |
| Total Unregulated Energy |

Other:

| |
|--------------------------------|
| Corporate and other businesses |
|--------------------------------|

Total Capital Expenditures

| Forecast 2021 | |
|---------------|------------|
| Low | High |
| \$ 79,000 | \$ 85,000 |
| 55,000 | 60,000 |
| 9,000 | 13,000 |
| 143,000 | 158,000 |
| 82% | 79% |
| 9,000 | 12,000 |
| 14,000 | 15,000 |
| 8,000 | 12,000 |
| 31,000 | 39,000 |
| 1,000 | 3,000 |
| \$ 175,000 | \$ 200,000 |

**Year-to-date
2021
Capital expenditures
just under \$49 million**

2021 Key Projects:

Delmarva Natural Gas Distribution - Somerset County, Eastern Shore's Del-Mar Energy Pathway, Florida's Western Palm Beach County, Florida GRIP, natural gas distribution and transmission systems, natural gas and electric system infrastructure improvement activities, Marlin Gas Services' CNG transport growth and expansion into RNG and LNG transport, Bioenergy Devco RNG, CleanBay RNG, information technology systems, and other strategic initiatives and investments.

Capital Structure Overview

Strong Balance Sheet to Support Growth

| | 03/31/21 | 12/31/2020 | |
|---|--------------|--------------|--|
| Stockholders' equity | \$ 726,388 | \$ 697,085 | Long-Term Debt Avg. Interest Rate - 3.62% |
| Long-term debt, net of current maturities | 508,525 | 508,499 | |
| Total permanent capitalization | \$ 1,234,913 | \$ 1,205,584 | |
| Current portion of long-term debt | 13,600 | 13,600 | Short-Term Debt Avg. Interest Rate - 1.20% |
| Short-term debt | 156,123 | 175,644 | |
| Total capitalization and short-term financing | \$ 1,404,636 | \$ 1,394,828 | |
| Equity to Permanent Capital | 58.8% | 57.8% | Within our target equity range |
| Equity to Total Capitalization | 51.7% | 50.0% | |
| New Long-Term Debt Issuance | \$ - | \$ 90,000 | Issuances Full Year 2020 |
| Net New Equity Issuance | \$ 2,522 | \$ 89,700 | |

- Stockholders' Equity increased \$29.3 million during the first quarter of 2021 primarily driven by:
 - Retained Earnings increased \$26.6 million
 - Dividend Reinvestment and Stock Compensation Plans increased \$2.5million

Key 2021-2025 Strategic Initiatives

Optimize the earnings potential in our existing businesses through growth and business transformation

Pursue interstate and intrastate transmission projects

Further expansion of our propane business

Expand Marlin Gas Services Virtual Pipeline Business (CNG, RNG, LNG)

Renewable Natural Gas (RNG) opportunities across the CPK Value Chain

Chesapeake Utilities “Special Sauce”

The key to our success is a strong culture that fully engages all of our team members across the organization as we transform this business for continued growth.



Major Initiatives



**DELMARVA AND FLORIDA
ORGANIC GROWTH AND
PIPELINE EXPANSIONS**



**COMMUNITY GAS
SYSTEM CONVERSIONS
CUSTOMER GROWTH,
AUTOGAS, ACQUISITIONS**



**DISTRIBUTION SYSTEM
IMPROVEMENT PROJECTS**



**SAFETY TOWN
STATE OF THE ART
TRAINING CENTER**



**INFRASTRUCTURE
INVESTMENT**



**RNG
COLLABORATIONS**

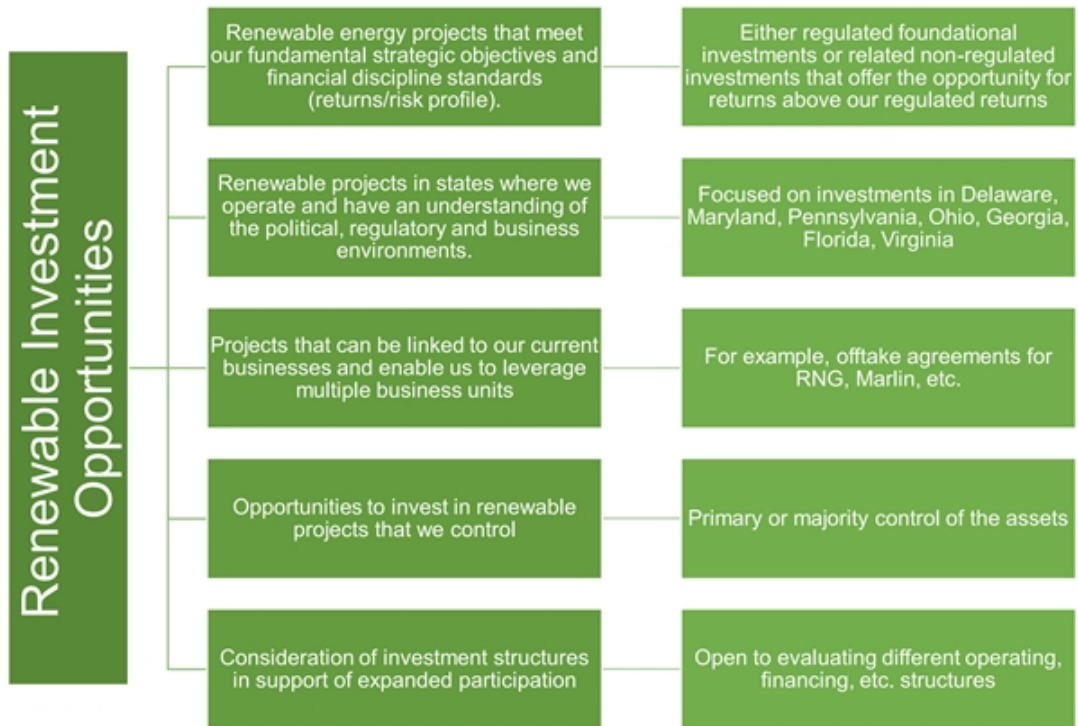
**MARLIN
TRANSPORT
(VIRTUAL PIPELINE)**

Major Projects and Initiatives Margin Contribution

| | Three Months Ended | | Year Ended | Estimate for | |
|---|--------------------|-----------------|------------------|------------------|------------------|
| | March 31, | | December 31, | Fiscal | |
| | 2021 | 2020 | 2020 | 2021 | 2022 |
| <i>In thousands</i> | | | | | |
| Pipeline Expansions: | | | | | |
| Western Palm Beach County, Florida Expansion | \$ 1,167 | \$ 1,000 | \$ 4,167 | \$ 4,984 | \$ 5,227 |
| Del-Mar Energy Pathway | 884 | 189 | 2,462 | 4,134 | 6,708 |
| Callahan Intrastate Pipeline | 1,887 | - | 3,851 | 7,564 | 7,598 |
| Guernsey Power Station | 47 | - | - | 514 | 1,486 |
| Total Pipeline Expansions | 3,985 | 1,189 | 10,480 | 17,196 | 21,019 |
| CNG Transportation | 2,077 | 1,347 | 7,231 | 7,900 | 8,500 |
| Renewable Natural Gas ("RNG") Transportation | - | - | - | 150 | 1,000 |
| Acquisitions: | | | | | |
| Elkton Gas | 1,312 | - | 1,344 | 3,992 | 4,200 |
| Western Natural Gas | 550 | - | 389 | 1,800 | 1,854 |
| Total Acquisitions | 1,862 | - | 1,733 | 5,792 | 6,054 |
| Regulatory Initiatives: | | | | | |
| Florida GRIP | 4,065 | 3,695 | 15,178 | 16,739 | 17,712 |
| Hurricane Michael regulatory proceeding | 2,575 | - | 10,864 | 11,014 | 11,014 |
| Capital Cost Surcharge Programs | 136 | 133 | 523 | 1,350 | 2,350 |
| Total Regulatory Initiatives | 6,776 | 3,828 | 26,565 | 29,103 | 31,076 |
| Total | \$ 14,700 | \$ 6,364 | \$ 46,009 | \$ 60,141 | \$ 67,649 |
| Increases (000's) | | \$8,336 | \$14,132 | \$7,508 | |

Note: Auburndale Pipeline (\$679K) and Boulden Acquisition (\$3,909K) fully in service in 2020 so have been removed from this Key Projects Table.

Renewable Investment Opportunities



Driving Sustainability Efforts at State Level

Example – Recent Florida Activity

- Energy Preemption bill:
 - Filed by the Florida Natural Gas Association (FNGA).
 - Has cleared both chambers and is waiting on signature from the Governor.
 - Restricts local governments from limiting energy choice for consumers.
 - Retroactive implementation.
- Renewable Energy bill:
 - Filed by Chesapeake Utilities.
 - Has cleared both chambers and is waiting on signature from the Governor.
 - Defines Biogas, Renewable Natural Gas (RNG).
 - Amends the definition of Renewable Energy to include RNG as a source.
 - Provides for RNGs use in transportation, electric generation, and injection into gas distribution systems.
 - Authorizes the PSC to approve cost recovery for RNG contracts that exceed market rates under certain conditions.
 - Prospective implementation (July 1, 2021).

- We take seriously our responsibility to be a good, trusted and ethical corporate citizen, and doing all we can to contribute, through investment, charitable contributions and volunteerism, to greater sustainability, environmental benefits and societal advancement.
- For more than 160 years, we have delivered affordable and sustainable energy solutions that respond timely to the evolving needs of our customers and the communities we serve.
- We take positive and informed steps to continue our tradition of reducing our direct methane emissions, while at the same time helping our customers and communities to reduce their emissions.
- We are committed to ensuring that safety, equity, diversity and inclusion are at the center of our culture.
- Each and every day, we proudly deliver essential, safe, reliable, affordable, sustainable and efficient energy solutions to our customers in Florida, Ohio and across the Delmarva Peninsula.
- We are committed to sustainable growth with financial discipline that generates long-term value for our stakeholders.
- Our success rests on the strength and dedication of our team, our diverse, inclusive and collaborative culture, and our award winning corporate governance practices, all of which contribute to our strong financial performance.

Together, the Chesapeake Utilities Team

PROUDLY DELIVERS UNINTERRUPTED ENERGY SERVICES TO OUR CUSTOMERS

- We have an unwavering focus on advancing initiatives that are consistent with our long-history of growth, upper-quartile performance, and the reduction of greenhouse gas emissions.
- Our inaugural Corporate Responsibility and Sustainability Report will be made available during 2021, providing additional information and insights on our long-standing ESG stewardship.
- We are continuing to strengthen our safety culture.
- We are accelerating a business transformation process to address the organizational and technology enhancements that will support our continued responsible growth.

ESG Stewardship



Earth Day

Lineworker Appreciation Day



Happy Ramadan



Happy Cinco De Mayo



Developmental Disabilities Month



Women's History Month



National Gas Workers Day



World Wildlife Day

Committed to equity, diversity and inclusion Embracing a Culture where all are welcome



Awarded a top work place
for 9 consecutive years
and national top work
place in 2021



29 safety achievement awards

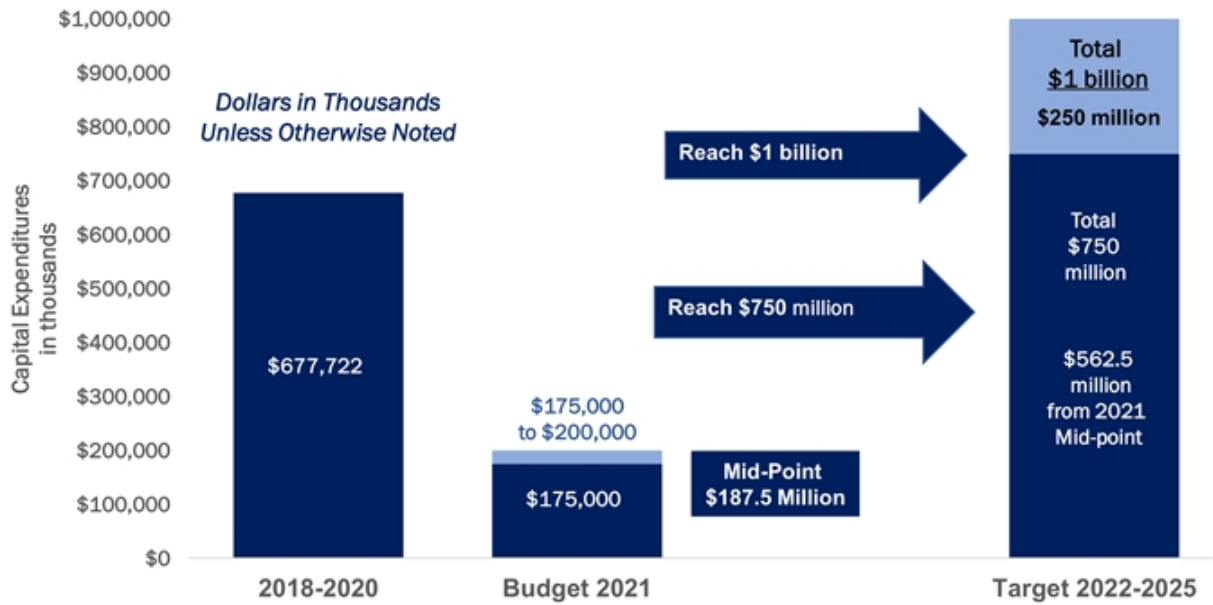


Through our 10-year Aspiring Scholars Program,
111 Chesapeake children of Company employees
were selected to receive scholarship funds toward
their studies at an accredited college, university or
post-secondary education technical school.



Chesapeake Utilities for
Best Company Over 50
People

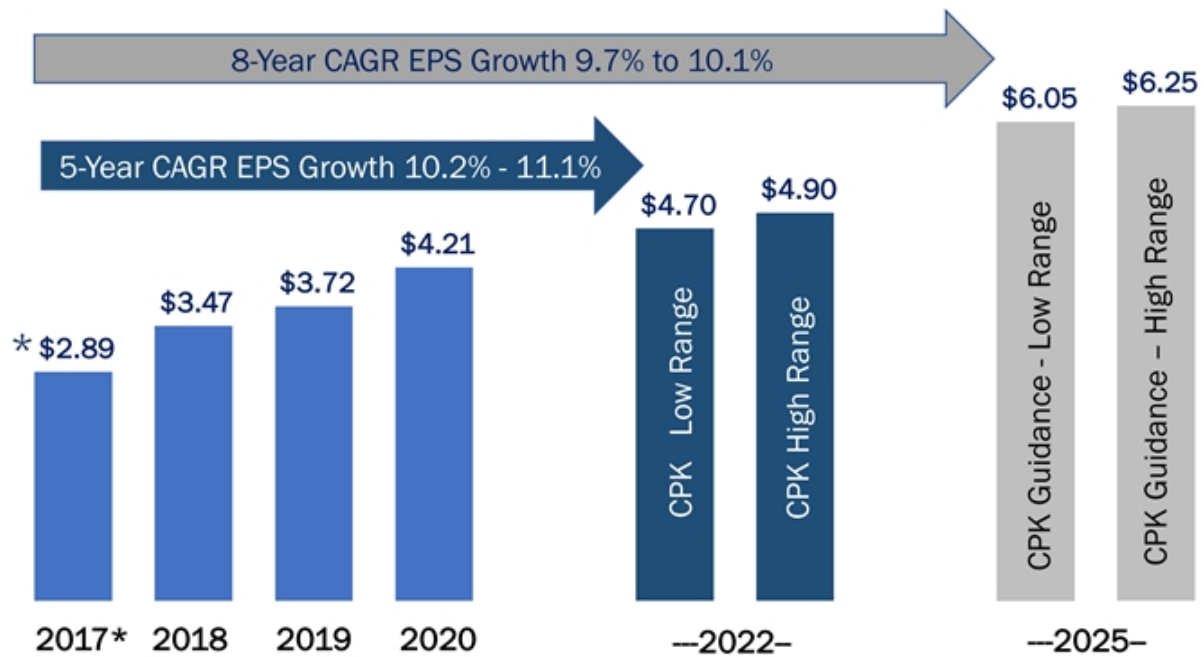
Capital Investment Guidance Continued Record Investment in Our Business Growth



*2021 Capital Forecast range of \$175 million to \$200 million
We will continue to update this forecast as we move through the year.

Diluted Earnings per Share Guidance Continuing Operations

Strategic Capital Investments
Continue to Drive Earnings Growth



*2017 Adjusted for TCJA Impact

Diluted Earnings per Share from Continuing Operations

We seek to identify and develop opportunities to drive our future earnings growth and increase shareholder value.

- Capitalizing on new organic growth and operational efficiencies
- Investing in pipeline systems that provide natural gas service to downstream customers
- Identifying propane opportunities to access new markets with significant growth potential
- Pursuing virtual pipeline opportunities given Marlin capabilities (CNG, LNG, RNG)
- Expanding our RNG footprint through multiple channels throughout our service areas
- Investing in our diverse talented team
- Engaging with communities where we work and live
- Driving brand excellence through safety awards, top workplace, employee engagement and community service

Strong Foundation for Growth:

- Track Record
- Energized Team
- Financial Discipline
- Platforms for Growth

Financial Objectives in Support of Increased Shareholder Value:

- Investing \$750 million to \$1 billion through 2025
- Targeting 2025 EPS \$6.05 to \$6.25
- Seeking 11.0% or higher consolidated return on equity
- Pursuing dividend growth supported by earnings growth
- Maintaining a strong balance sheet

Average Annualized Shareholder Return For Periods Ending April 30, 2021

| 1 Year | 3 Year | 5 Year | 10 Year | 20 Year |
|--------|--------|--------|---------|---------|
| 37% | 18% | 17% | 18% | 16% |

Standing Strong. Embracing Change. **Shaping Our Future.**



Thank You

