

# Investor Presentation

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2022 Sidoti Fall Conference

# Today's Presenters



**Beth Cooper**

Executive Vice President,  
Chief Financial Officer,  
Treasurer and Assistant  
Corporate Secretary



**Alex Whitelam**

Head of Investor Relations



# Forward Looking Statements and Other Statements

## 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, 2021 filed with the SEC and other subsequent SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

## Non-GAAP Financial Information

This presentation includes non-GAAP financial measures including Adjusted Gross Margin. A "non-GAAP financial measure" is generally defined as a numerical measure of a company's historical or future performance that includes or excludes amounts, or that is subject to adjustments, so as to be different from the most directly comparable measure calculated or presented in accordance with GAAP. Our management believes certain non-GAAP financial measures, when considered together with GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionately positive or negative impact on results in any particular period. A reconciliation of GAAP to non-GAAP financial measures is included in the appendix of this presentation.

The Company calculates Adjusted Gross Margin by deducting the purchased cost of natural gas, propane and electricity and the cost of labor spent on direct revenue-producing activities from operating revenues. The costs included in Adjusted Gross Margin exclude depreciation and amortization and certain costs presented in operations and maintenance expenses in accordance with regulatory requirements. Adjusted Gross Margin should not be considered an alternative to Gross Margin under US GAAP which is defined as the excess of sales over cost of goods sold. The Company believes that Adjusted Gross Margin, although a non-GAAP measure, is useful and meaningful to investors as a basis for making investment decisions. It provides investors with information that demonstrates the profitability achieved by the Company under the Company's allowed rates for regulated energy operations and under the Company's competitive pricing structures for unregulated energy operations. The Company's management uses Adjusted Gross Margin as one of the financial measures in assessing a business unit's performance. Other companies may calculate Adjusted Gross Margin in a different manner.

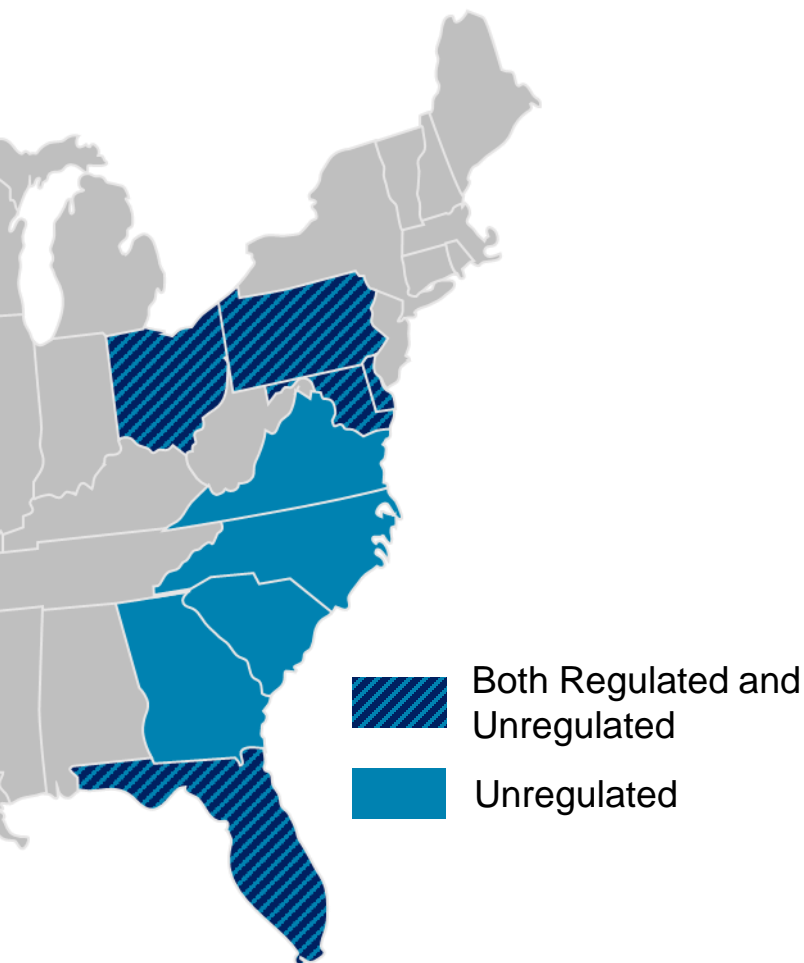
# Financial Highlights



- **160+** – Years providing energy
- **~1,000** – Employees at Dec. 31, 2021
- **~300,000** – Distribution customers
- **\$2.1 billion** – Total Assets at June 30, 2022
- **10.5%** - Increase in year-to-date diluted EPS as-of June 30, 2022 over the same period in 2021
- **15<sup>th</sup>** - Consecutive year of earnings growth in 2021\*
- **2x** – Doubled Net Income over last 6 years
- **1<sup>st</sup>** – RNG transportation project completed in 2021
- **61** – Consecutive years paying quarterly dividends
- **19<sup>th</sup>** - Consecutive year increasing annualized dividend per share

# Diversified Portfolio of Energy Solutions

## With an Expanding Footprint

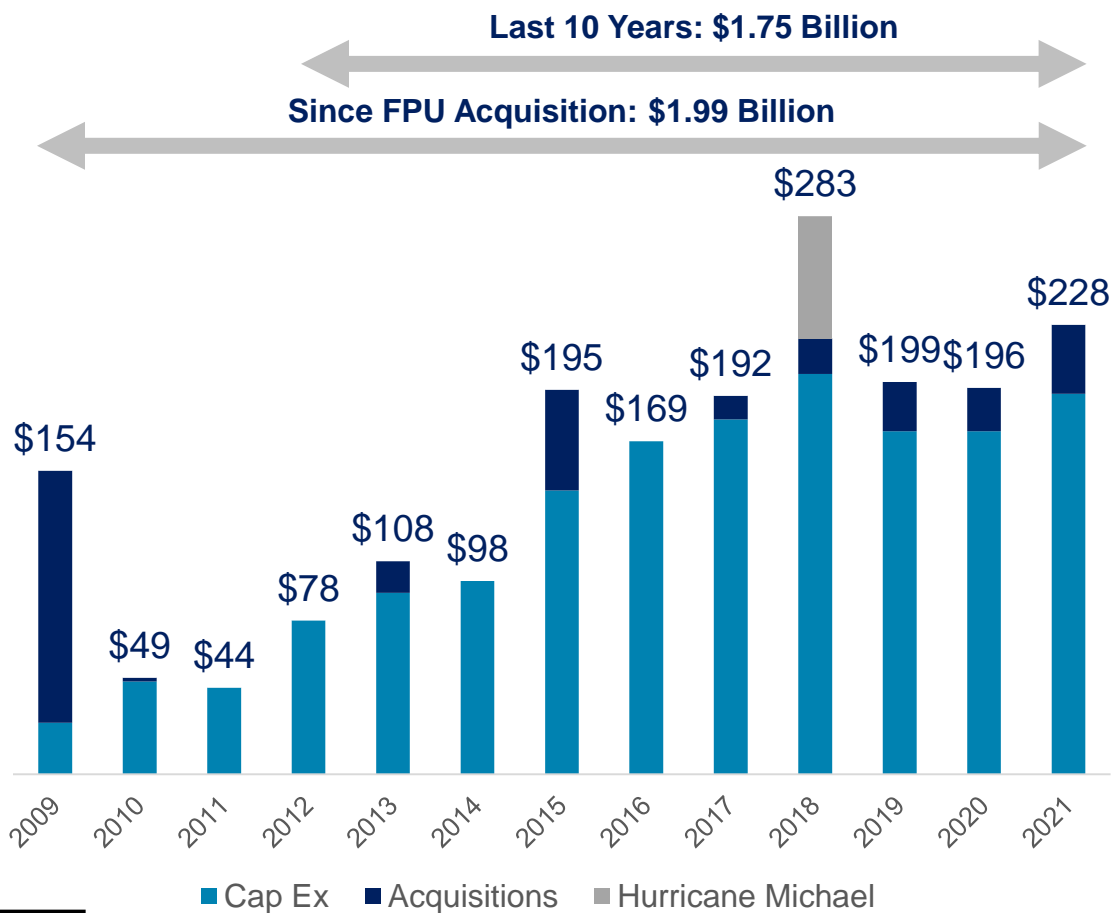


Business Line	States Served
<b>Regulated Energy Segment</b>	
Natural Gas Transmission	DE, FL, MD, PA, OH
Natural Gas Distribution	DE, MD, FL
Electric Distribution	FL
<b>Unregulated Energy Segment</b>	
Propane Distribution	PA, DE, MD, VA, NC, SC, FL
Natural Gas Pipeline System	OH
CNG Services	Multiple – Including New CNG Fueling Station in GA
CHP Generation	FL
RNG Opportunities	Multiple – Including recent RNG project in OH



# Capital Investment Has Driven Our Earnings Growth

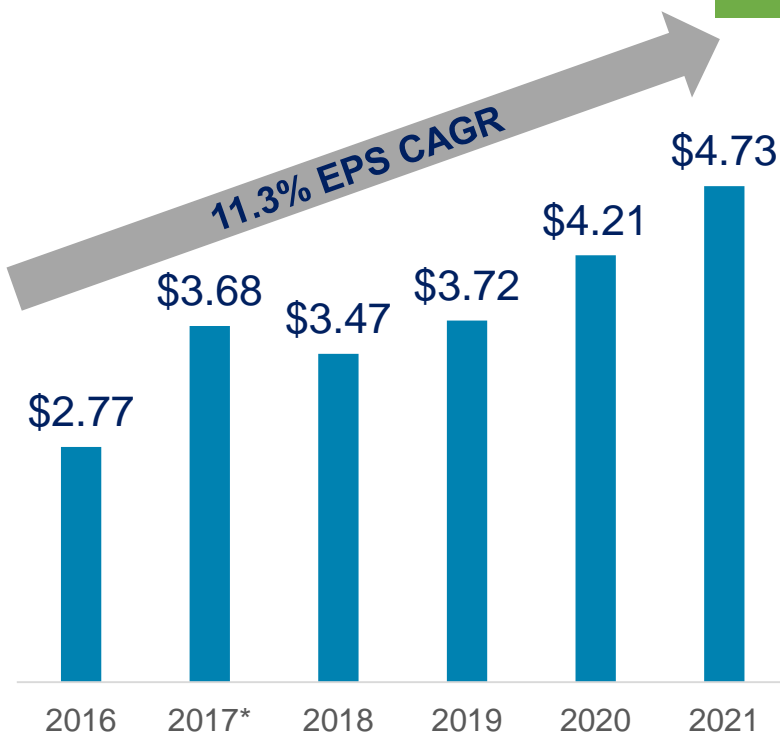
## Historical Capital Expenditures and Acquisitions



# Historical Earnings and Dividend Performance

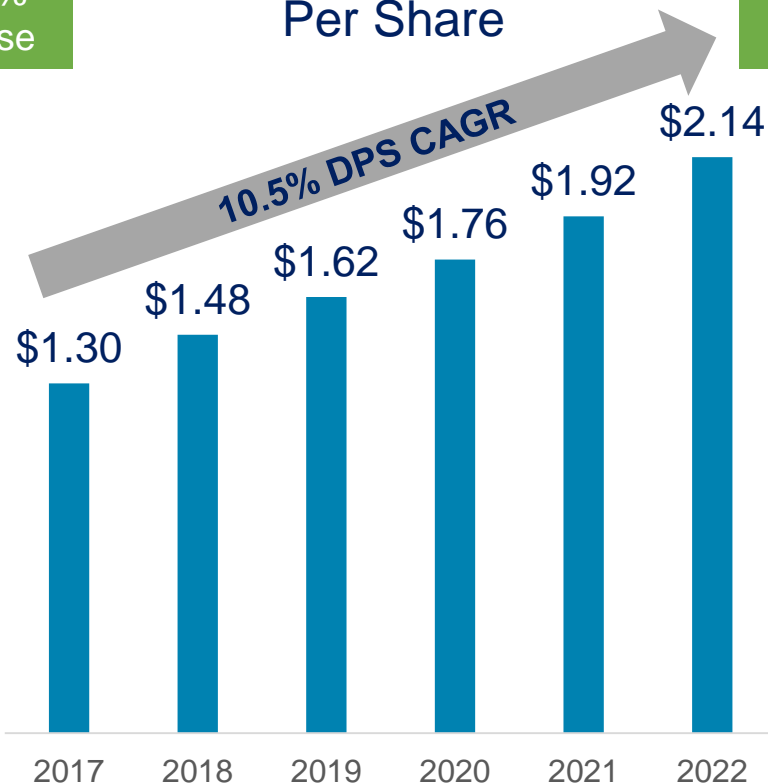
Diluted Earnings Per Share  
from Continuing Operations

2021  
+12.4%  
Increase



Annualized Dividends  
Per Share

2022  
+11.5%  
Increase

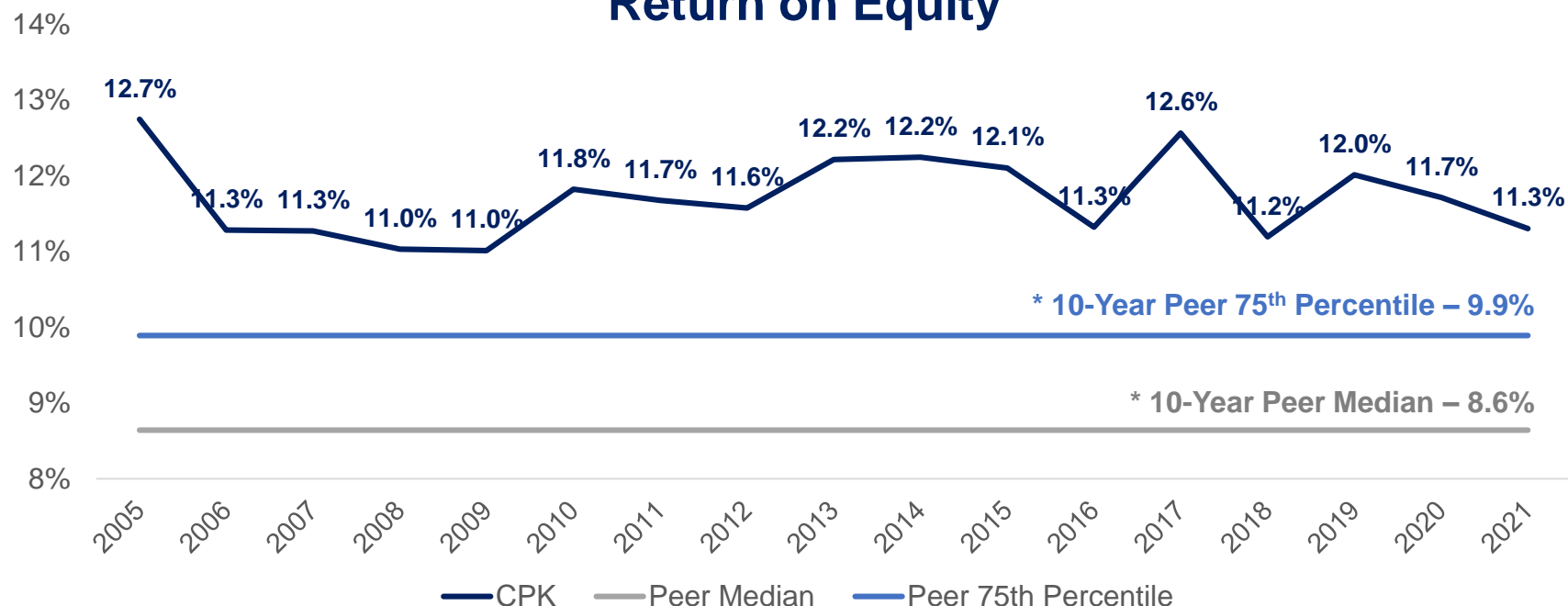


Long history of industry leading earnings and dividend growth

# Solid Track Record of Return on Equity

Consistently exceeding peer median and 75<sup>th</sup> percentile

## Return on Equity



17 years with 11%+ Return on Equity








# Financial Metrics Performance

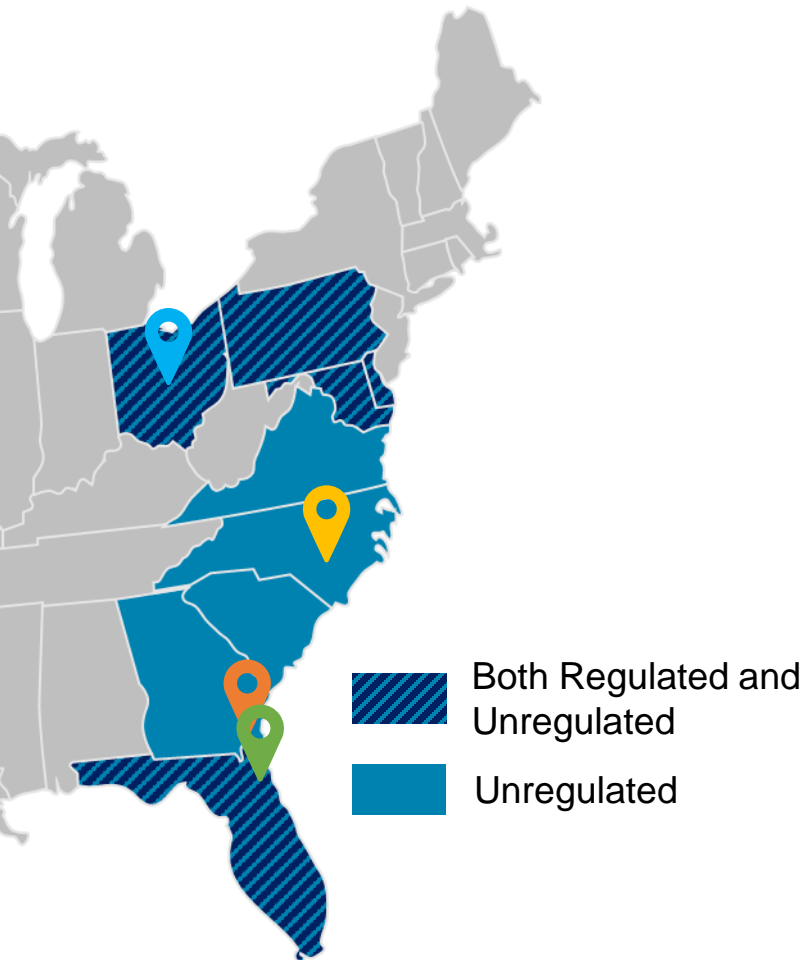
Performance Metrics	CPK Results				Chesapeake Percentiles Compared to Performance Peer Group			
	1yr	3yr	5yr	10yr	1yr	3yr	5yr	10yr
<b>CapEx / Total Capitalization</b>	13.3%	14.9%	18.1%	19.9%	81%	92%	100%	100%
<b>EPS Growth (CAGR)</b>	11.0%	11.1%	10.5%	9.4%	83%	90%	92%	90%
<b>Return on Equity</b>	11.4%	11.7%	11.7%	11.7%	100%	100%	99%	98%
<b>DPS Growth (CAGR)</b>	9.1%	9.1%	9.5%	7.6%	100%	100%	94%	100%
<b>Earnings Retention Ratio</b>	59.4%	59.0%	59.5%	58.1%	100%	100%	100%	100%
<b>Shareholder Return (CAGR)</b>	36.8%	23.6%	18.9%	20.1%	100%	100%	100%	100%

Industry leading financial performance is driving increased value

# Platforms for Growth

	<b>Organic Growth:</b>	<ul style="list-style-type: none"><li>• 5.7% residential customer growth on Delmarva</li><li>• 4.1% residential customer growth in Florida</li><li>• \$1.9 million gain from real estate rationalization</li></ul>
	<b>Gas Transmission:</b>	<ul style="list-style-type: none"><li>• Continuing with Beachside, Winter Haven and Southern expansion projects</li><li>• Margin from Escambia Meter Station acquisition</li><li>• St. Cloud / Twin Lakes Project petition filed</li></ul>
	<b>Propane Distribution:</b>	<ul style="list-style-type: none"><li>• Diversified Energy contributed approximately \$1.5 million in adjusted gross margin</li><li>• Acquired Davenport Energy's Siler City propane division</li><li>• Drove \$1.1 million in greater adjusted gross margin</li><li>• First AutoGas fueling station in North Carolina</li></ul>
	<b>Marlin Gas Services:</b>	<ul style="list-style-type: none"><li>• \$0.5 million in increased demand for CNG services</li><li>• Recent project transporting RNG</li></ul>
	<b>Sustainable Investments:</b>	<ul style="list-style-type: none"><li>• Pursuing several RNG investments along the East Coast</li><li>• Secured renewable propane to fuel a portion of our propane powered fleet</li></ul>

# Expanding Our Service Territory With Sustainable Investments



## Noble Road Landfill RNG Pipeline

- 33-mile pipeline transporting RNG to Aspire Energy's gathering system



## Diversified Energy Propane Acquisition

- ~19,000 new customers
- Expanded with Davenport acquisition
- Completed first AutoGas expansion in September 2022
- Opportunity for Renewable Propane



## Port of Savannah CNG Filling Station

- Opened in Q2 2022
- 14,000 vehicles pass by each day on I-95
- Built to distribute RNG



## Hydrogen Testing at Eight Flags CHP

- Successful test of 4% hydrogen blend
- Hydrogen transported by Marlin Gas Services
- Goal to scale to 20% - new turbine equipped to accommodate greater quantities of hydrogen

# Major Projects and Initiatives

## Key Projects Driving Adjusted Gross Margin

### Project/Initiative

*in thousands*

#### Pipeline Expansions:

Western Palm Beach County, Florida Expansion<sup>1</sup>

Del-Mar Energy Pathway<sup>1,2</sup>

Guernsey Power Station

Southern Expansion

Winter Haven Expansion

Beachside Pipeline Extension

North Ocean City Connector

St. Cloud / Twin Lakes Expansion

Total Pipeline Expansions

#### CNG/RNG/LNG Transportation and Infrastructure

#### Acquisitions:

Propane Acquisitions

Escambia Meter Station

Total Acquisitions

#### Regulatory Initiatives:

Florida GRIP

Capital Cost Surcharge Programs

Elkton Gas STRIDE Plan

Florida Rate Case Proceeding<sup>3</sup>

Total Regulatory Initiatives

**Total**

Adjusted Gross Margin							
Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,	Estimate for Fiscal		
2022	2021	2022	2021	2021	2022	2023	
\$ 1,307	\$ 1,172	\$ 2,615	\$ 2,340	\$ 4,729	\$ 5,227	\$ 5,227	
1,728	921	3,450	1,805	4,584	6,980	6,980	
368	47	631	94	187	1,380	1,486	
—	—	—	—	—	—	586	
28	—	61	—	—	401	976	
—	—	—	—	—	—	1,825	
—	—	—	—	—	—	400	
—	—	—	—	—	—	584	
3,431	2,140	6,757	4,239	9,500	13,988	18,064	
2,427	1,708	4,660	3,785	7,566	9,500	10,500	
1,491	—	5,466	—	603	11,300	12,000	
249	83	499	83	583	1,000	1,000	
1,740	83	5,965	83	1,186	12,300	13,000	
4,950	4,181	9,802	8,236	16,995	18,797	19,475	
497	120	1,014	257	1,199	2,018	1,936	
66	—	140	—	26	241	354	
—	—	—	—	—	TBD	TBD	
5,513	4,301	10,956	8,493	18,220	21,056	21,765	
\$ 13,111	\$ 8,232	\$ 28,338	\$ 16,600	\$ 36,472	\$ 56,844	\$ 63,329	

<sup>1</sup> Includes adjusted gross margin generated from interim services

<sup>2</sup> Includes adjusted gross margin from natural gas distribution services.

<sup>3</sup> Subject to approval from the Florida PSC.

# Key Expansion Projects

## Pipeline Growth Contribution

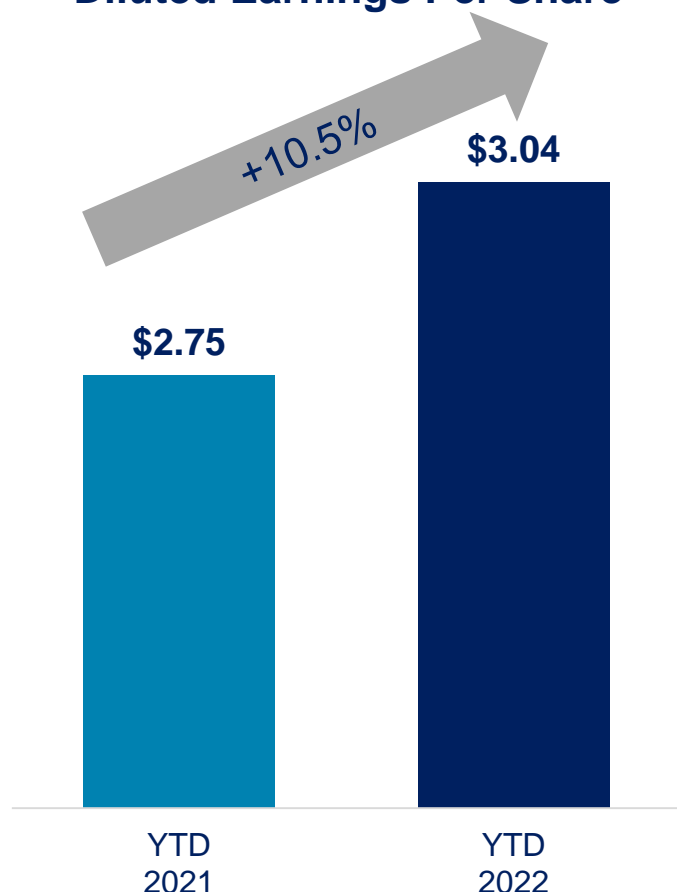
Project	Capital Investment	Fully In Service	Annual Adjusted Gross Margin Estimate
Del-Mar Energy Pathway*	\$60.1 million	Q4 2021	\$7.0 million
West Palm Beach County*	\$28.9 million	Q4 2021	\$5.2 million
Guernsey Power Station	\$6.5 million	Q4 2021	\$1.5 million
Winter Haven Expansion	\$3.5 million	Q3 2022	\$1.0 million
North Ocean City Connector	\$6.3 million	Q4 2022	\$0.4 million
St. Cloud / Twin Lakes Expansion	\$3.5 million	Q1 2023	\$0.6 million
Beachside Pipeline Extension	\$16.7 million	Q2 2023	\$2.5 million
Southern Expansion	\$14.0 million	Q4 2023	\$2.3 million

Total investments of \$139.5 million generate incremental adjusted gross margin of \$20.5 million once fully in service in 2024

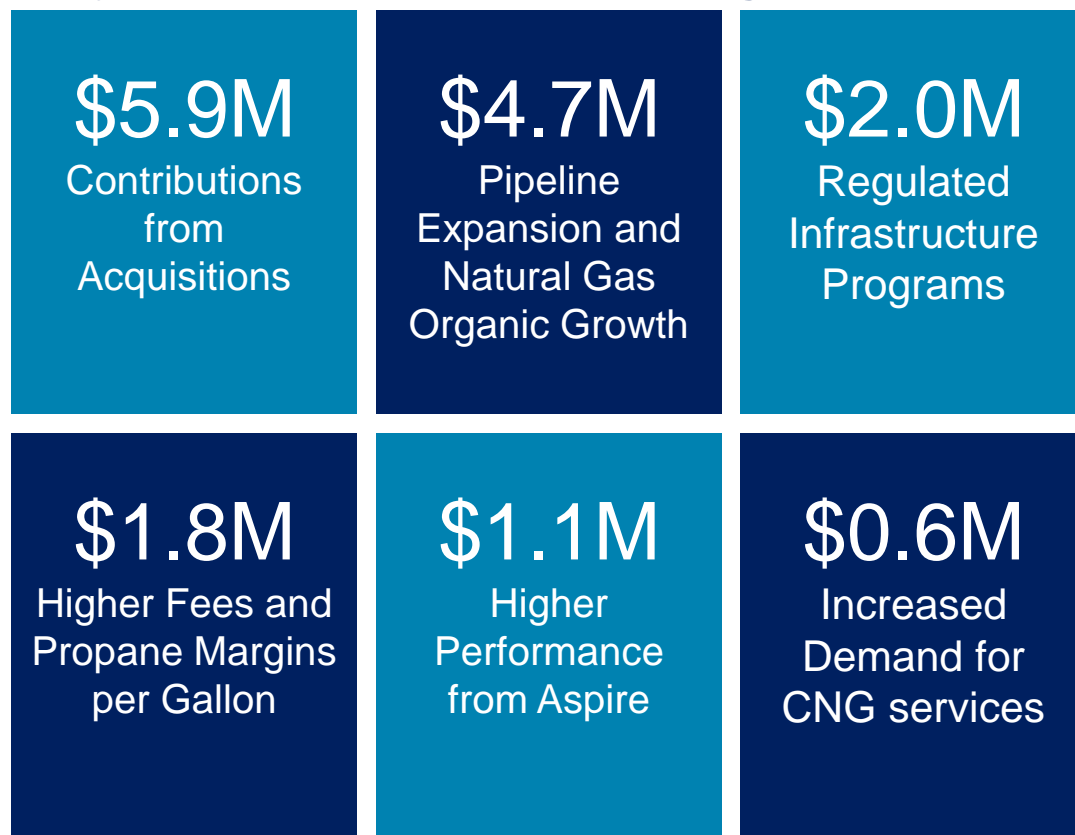
# Year-to-Date 2022 Financial Performance

## Solid Growth Despite Inflationary Pressures

### Diluted Earnings Per Share



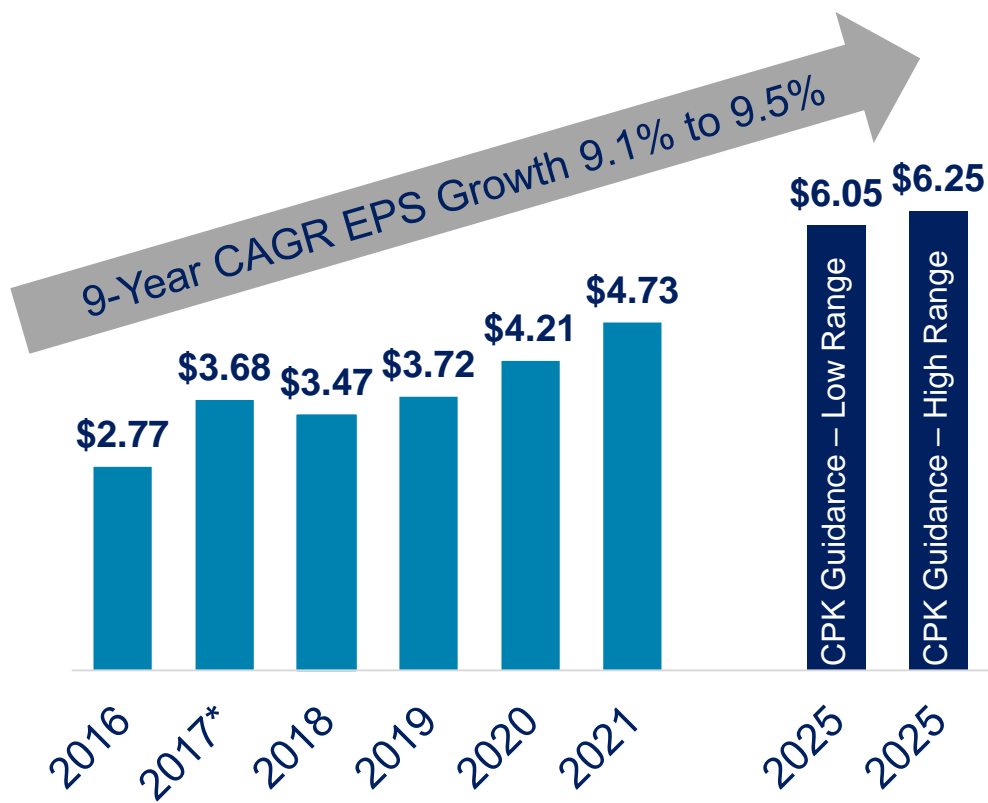
### Key Drivers of Year-to-Date Earnings Performance



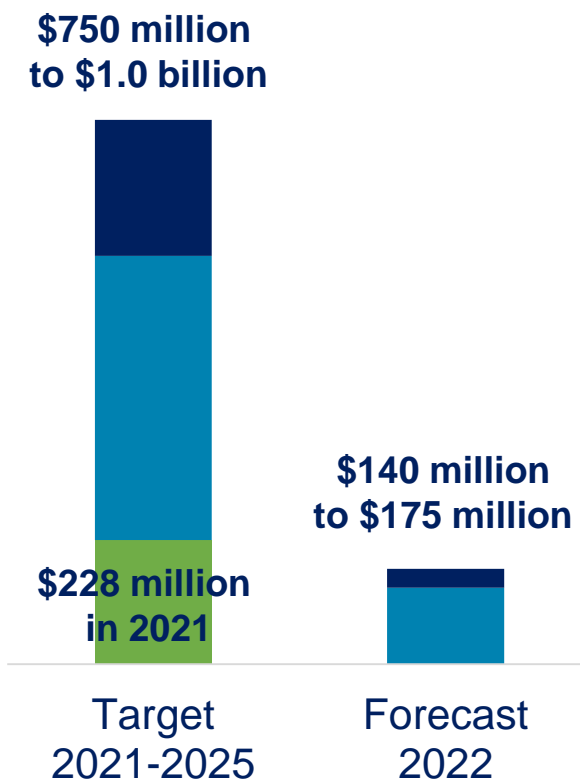


# Guidance Update

## Diluted Earnings Per Share from Continuing Operations Guidance through 2025



## Capital Expenditures Guidance through 2025 and for 2022



Strategic capital investments continue to drive earnings growth.

# Investment Proposition

## Committed to Superior Performance

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

- Capitalizing on new organic growth and continuing our Business Transformation initiatives
- 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 utilizing Marlin's capabilities (CNG, LNG, RNG, etc.)
- Expanding our RNG footprint by using our energy delivery solutions and expertise 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



### 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 September 15, 2022

1 Year	3 Year	5 Year	10 Year	20 Year
3%	17%	14%	19%	17%

Questions?

