Earnings Conference Call
Fourth Quarter and Year-End 2017

Friday, March 2, 2018

Dover, DE

Reaching New Heights

Transforming Opportunities

Investing in Growth

Engaging Our Team

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 unrealized mark-to-market accounting.

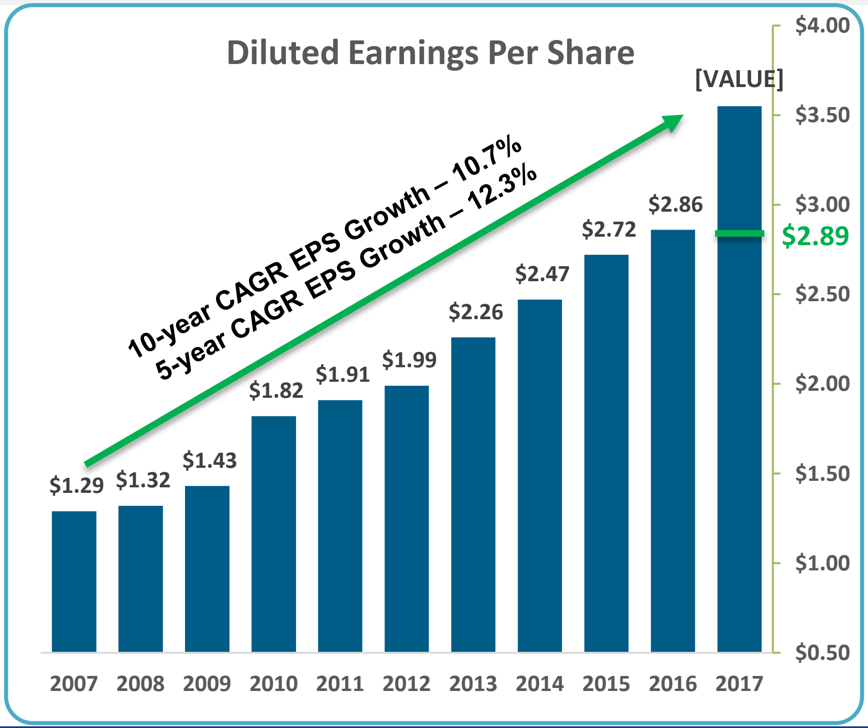
Earnings Overview

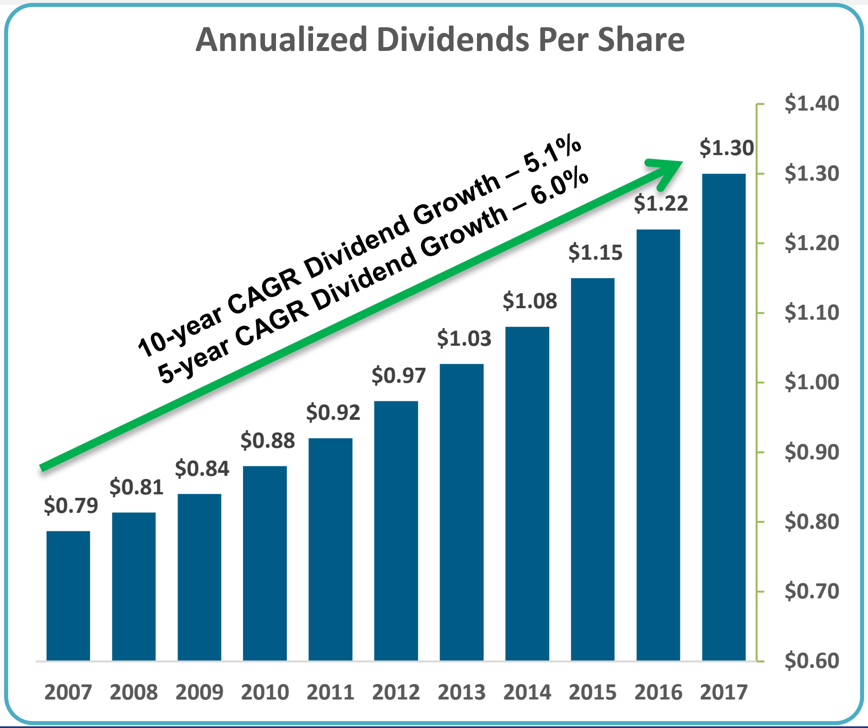
For the period ended December 31	2017		Fourth Quarter	
(in thousands except per share data)	**Net Income**	**EPS**	**Net Income**	**EPS**
Reported Earnings	**$ 58,124**	**$ 3.55**	**$ 26,101**	**$ 1.59**
Tax reform impact	(14,299)	(0.87)	(14,299)	(0.87)
Unrealized MTM loss	3,499	0.21	3,467	0.21
Adjusted (Non-GAAP) Earnings	**$ 47,324**	**$ 2.89**	**$ 15,269**	**$ 0.93**

- **2017 reported earnings of $3.55 per share**
- **2017 earnings of $2.89 per share (after adjustment for the following significant items recorded in the fourth quarter):**
  - **$0.87 per share gain from revaluation of net deferred tax assets and liabilities in the unregulated energy segment based on the new federal tax law**
  - **$0.21 per share mark-to-market ("MTM") charge for unrealized loss on hedges in the natural gas marketing business**
- **Forecasted earnings per share growth of 17% plus in 2018 including tax reform and key projects (based upon 2017 Adjusted EPS)**

Earnings and Dividends

Eleven Years of Consistent Growth





- *Chesapeake's $3.55 earnings per share for 2017 represents the eleventh year of earnings per share growth*
- *Adjusted EPS of $2.89, which excludes $0.66 earnings per share related to tax reform and MTM hedging, still represents the eleventh consecutive year of record earnings*
- *EPS Growth Rates:*

	Reported Earnings	Adjusted Earnings
5-year Growth Rate	12.3%	7.7%
10-year Growth Rate	10.7%	8.4%

2017 Highlights

Financial

- Adjusted earnings per share of $2.89
- Significant growth in operating income from all businesses generated from increased gross margin of $24.6 million (excluding unrealized MTM loss)

Operations

- Eight Flags CHP Plant operations - Approximately $5 million of additional gross margin
- Eastern Shore rate settlement - $9.8 million annual increase in base rates; $3.7 million in gross margin in 2017
- Natural gas growth - $4.9 million increase in gross margin ($2.8 million from organic growth and $2.1 million from service expansions)
- Propane operations - $2.8 million in incremental margin from growth in multiple areas
- Aspire Energy - $2.3 million in additional margin from higher volumes and pricing amendments

Capital Investments

- Completed the Eastern Shore System Reliability and White Oak projects
- $117 million Eastern Shore expansion project approved by FERC; TETCO upgrade in service 2017
- $48 million+ in Florida pipeline and distribution projects initiated; in service during 2018
- Continued investments to support growth and reliability in Delmarva and Florida distribution businesses

Shareholder Return

- Total Return to shareholders of more than 17% for 1, 3, 5 and 10 years ended December 31, 2017
- Dividend increased by 6.6% in May 2017 with 2017 payout of 44% of Adjusted EPS
- 5 year average dividend growth of 6%; dividend increased for 14 consecutive years
- Dividend growth supported by earnings per share growth

Reconciliation of Fourth Quarter Results

Key Variances for the three months ended December 2017 vs. 2016 included:

(in thousands except per share data)	Pre-Tax Income	Net Income	Diluted Earnings Per Share
Fourth Quarter 2016 Reported Results	$ 18,804	$ 11,863	$ 0.73
Adjusting for Unusual Items:			
Federal tax reform impact	-	14,299	0.87
Natural gas marketing - unrealized MTM losses	(5,765)	(3,467)	(0.21)
Weather Impact	1,885	1,133	0.07
Winding down of Xeron and absence of 2016 loss	1,086	653	0.04
	(2,794)	12,618	0.77
Other Increased Gross Margins:			
Regulated Energy Segment	4,799	2,885	0.18
Unregulated Energy Segment	2,690	1,617	0.10
	7,489	4,502	0.28
Increased Other Operating Expenses	(2,511)	(1,509)	(0.10)
Increased Depreciation, Asset Removal and Property Taxes	(999)	(601)	(0.04)
Interest charges	(870)	(523)	(0.03)
Change in effective tax rate prior to tax reform	-	(581)	(0.04)
Net other changes and expenses	510	332	0.02
Fourth Quarter 2017 Reported Results	$ 19,629	$ 26,101	$ 1.59

- ***Our fourth quarter EPS grew $0.86 per share***
- ***Excluding the tax reform impact and MTM accounting, fourth quarter EPS grew $0.20 per share, or 27%***

Chesapeake Utilities Corporation

Key Impacts from Tax Reform

Federal rate change from 35% to 21%, effective January 1, 2018 although revaluation of deferred tax assets and liabilities occurred at December 31, 2017

	Regulated Businesses	Unregulated Businesses
Impact of 2017 Results	• Resulted in $98 million of deferred taxes being classified as regulatory liability as of 12/31/17 • Regulatory jurisdictions to prescribe approach regarding customer rates and flow-back of excess ADIT	• Net deferred tax liability revaluation increased net income $14.3 million or $0.87 per share in 2017 • The revaluation impact resulted from the investments we have made over the last 5 years, including Eight Flags and the Aspire Energy transaction
Impact on Future Results	• We expect rate reductions to be implemented in 2018 in accordance with orders from regulatory bodies • Regulatory liabilities set up to record the impact of tax reform change on the deferred tax balances are expected to be flowed back to customers over time • As the regulatory liabilities primarily relate to our plant investments, they are expected to be amortized over the remaining useful lives of plant assets	• Will positively impact earnings initially; ultimately, the competition may adjust their pricing/margins
General Impact	• Bonus depreciation eliminated effective September 27, 2017 • CPK's Northwest Florida and ESNG expansion projects were underway as of 9/27/17, and will still qualify for bonus depreciation of 40% • Regulated entities are allowed current period interest deduction	• Qualify for 100% bonus depreciation beginning on 9/27/17 • Interest deduction limited to 30% of EBITDA through 2021, and 30% of EBIT thereafter; we expect interest to be fully deductible for our unregulated businesses

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Tax Reform Discussions with Regulatory Authorities

Florida

- FPU electric included tax reform in its most recent electric proceeding settlement with the impact of the tax rate reduction to be reflected in customer rates within 120 days
- No docket has been opened by the PSC related to gas operations. Informal meetings conduced by PSC staff requesting parties' input.
- FPU regulatory team is preparing proposals related to tax reform regulatory liabilities.

Delaware

- 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.
- Our regulatory team is in the process of preparing this filing.

Maryland

- 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.
- Initial filings submitted by our Maryland division and Sandpiper including preliminary estimates of the tax reform impact. More detailed analysis underway which will be included in formal filings before the end of March.

FERC

- 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.

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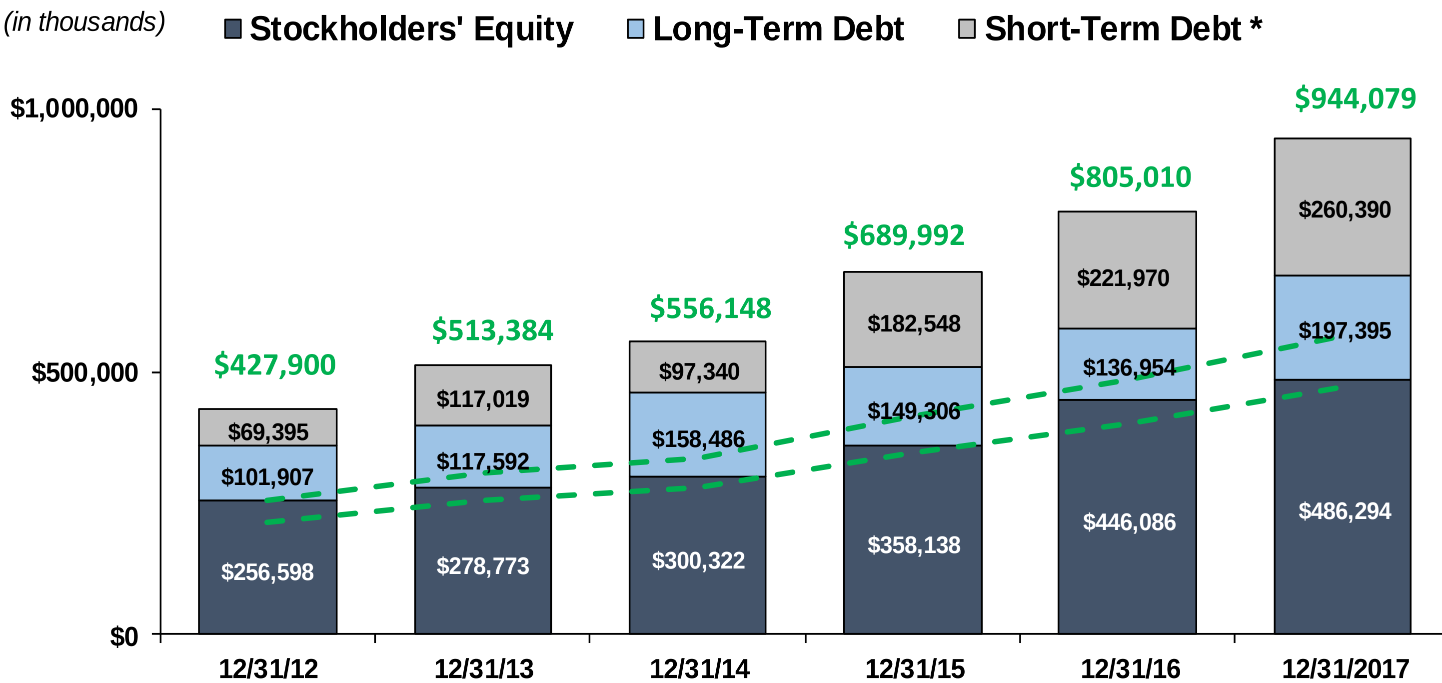
Key Takeaways Regarding Tax Reform Impact

- 2018 EPS Impact for unregulated energy businesses estimated at $0.10-$0.15 per share
- Currently engaging with our various regulatory bodies regarding the benefits to customers
- Lower rates to customers will impact our cash flow from operations but there should not be a significant impact to financing needs and cost
- Interest deductibility will be retained
- 100% expense deductibility for capital investments in our unregulated businesses is a significant benefit and will be valuable as we can to grow and expand our unregulated portfolio
- We will continue to provide updates as we progress through 2018 and we will refine our assessment and impact

Total Capitalization

Significant Growth in Book Capitalization over the Five Years with a Strong Balance Sheet to Support Future Growth



As of 12/31/17
ST Debt Cost
2.42%
LT Debt Cost
4.36%

2018 Commitment
$100 million LTD
Private Placement
3.53% - 20 Years

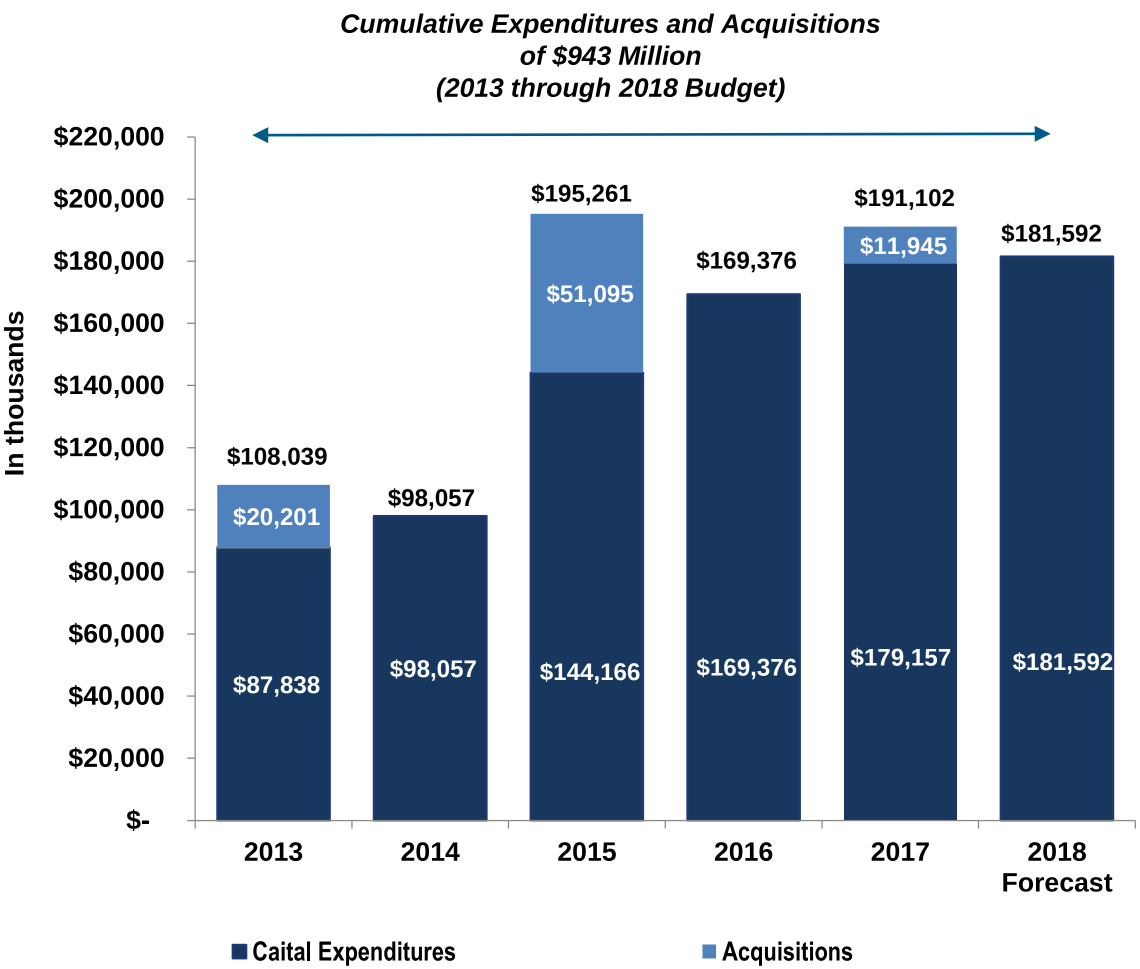
Target Equity to Total Capitalization Ratio of 50% - 60%

	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/2017
Equity/Permanent Capitalization	71.6%	70.3%	65.5%	70.6%	76.5%	71.1%
Equity/Total Capitalization	60.0%	54.3%	54.0%	51.9%	55.4%	51.5%

**** Short-Term Debt includes Current Portion of Long-Term Debt***

Continuing to Build for the Future

Capital Expenditures



The increase in our Book Capitalization over the last five years has been to fund the investments we have made.

$ 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 2017 and 2018 margin growth

Gross Margin for the Period

Dollars in thousands	Actual		Estimate for	
	2016	**2017**	**2018**	**2019**
Major Projects and Initiatives Completed				
Capital Investment Projects	$ 29,819	$ 38,251	$ 34,041	$ 34,137
ESNG Uncontested Rate Case Settlement Agreement Filed	-	3,693	9,800	9,800
Delaware Division Rate Case	1,487	2,318	2,250	2,250
Electric Limited Proceeding	-	94	1,558	1,558
Total Existing Major Projects and Initiatives Completed	**$ 31,306**	**$ 44,356**	**$ 47,649**	**$ 47,745**
Future Major Projects and Initiatives				
2017 ESNG System Expansion	-	433	9,708	15,799
Northwest Florida Expansion	-	-	3,484	6,032
Other Florida Pipeline Expansions	-	-	635	1,131
Total Future Major Projects and Initiatives	**$ -**	**$ 433**	**$ 13,827**	**$ 22,962**
Total Completed and Future Projects and Initiatives	**$ 31,306**	**$ 44,789**	**$ 61,476**	**$ 70,707**

Note: Organic growth opportunities not included.

Three Year Total ▲ $39,401

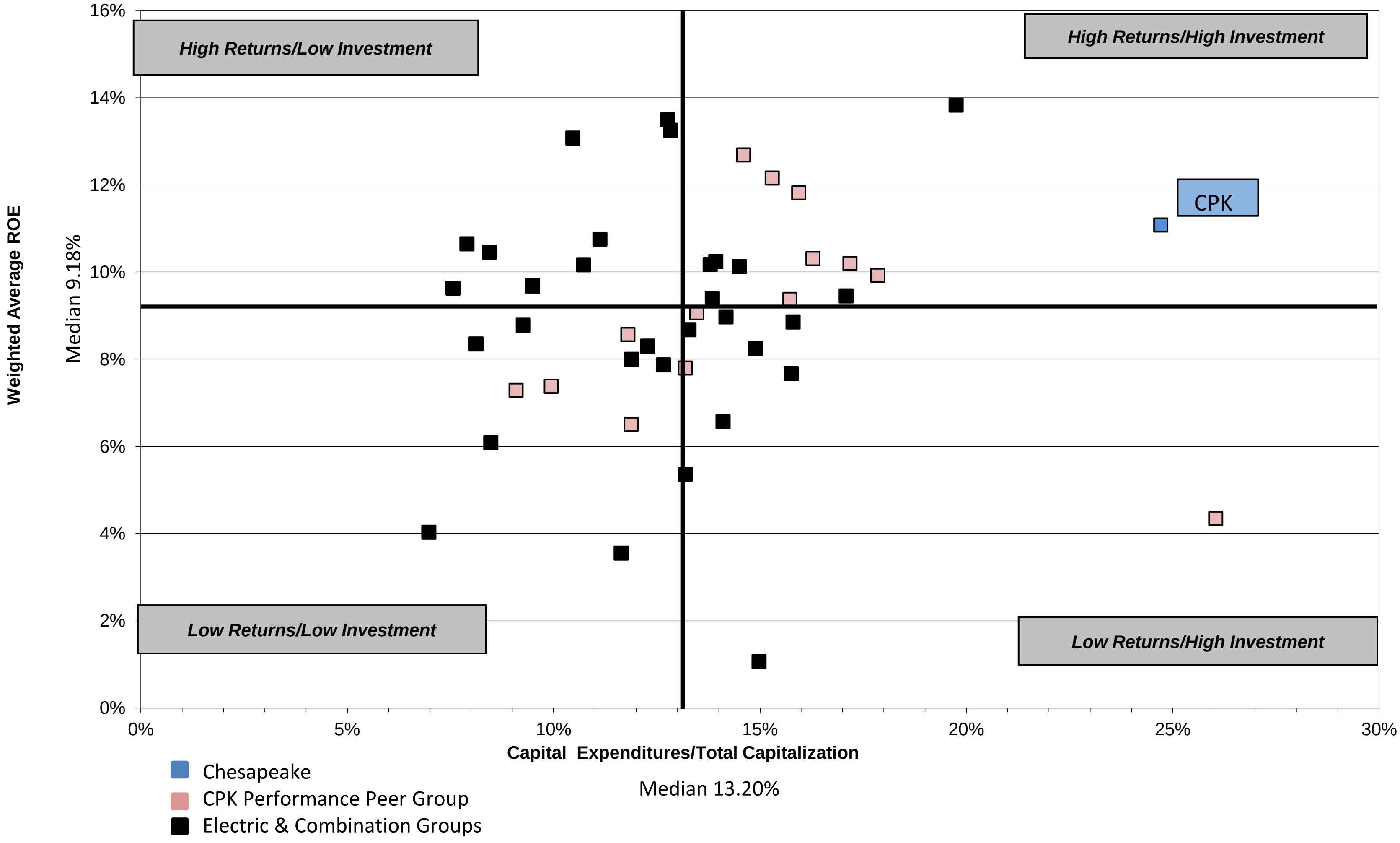
▲ **$13,483** ▲ **$16,687** ▲ **$9,231**

We are focused on developing new growth opportunities that will increase the margin growth beyond 2018.

Performance Quadrant

Peer ROE vs. Capital Expenditures
2014 – 2017 (10/1/14 – 9/30/17)

	Cap Ex	ROE
CPK	24.71%	11.08%
Median	13.20%	9.18%
75th Percentile	15.06%	10.26%



Eastern Shore Natural Gas

System Expansion Project Details

Capital Investment:
- Updated estimate of $117M

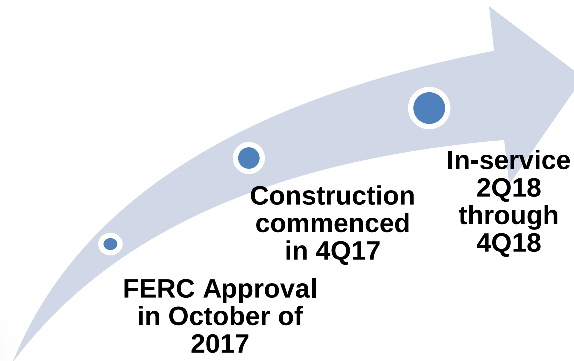
Annual Estimated Margin:
- $15.8M in the first full year of operation; $433k recognized in 2017 because of the TETCO upgrade being placed into service

Construction Period:
- FERC approval on 10/4/2017
- TETCO upgrade construction completed and in-service 12/14/17
- Remaining construction underway
- Placed into service in various phases through 2018

Project Description:
- 23 miles of pipeline looping in PA, DE, & MD
- 17 miles of new mainline extension
- Upgrades to the TETCO interconnect
- 3,750 hp new compression-Daleville Compressor Station
- Two (2) new pressure control stations

Total Capacity Increase:
- 61,162 dts/d on Eastern Shore's pipeline system – 26% increase in capacity

Construction Period



CHESAPEAKE UTILITIES · SANDPIPER ENERGY · delmarva power · Delaware City Refining Company · CALPINE · EASTON UTILITIES

Florida Natural Gas Projects

Florida Pipeline Expansions

Northwest Pipeline Expansion:

- $35.9M capital investment
- $6.0M estimated annual gross margin
- In service 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:

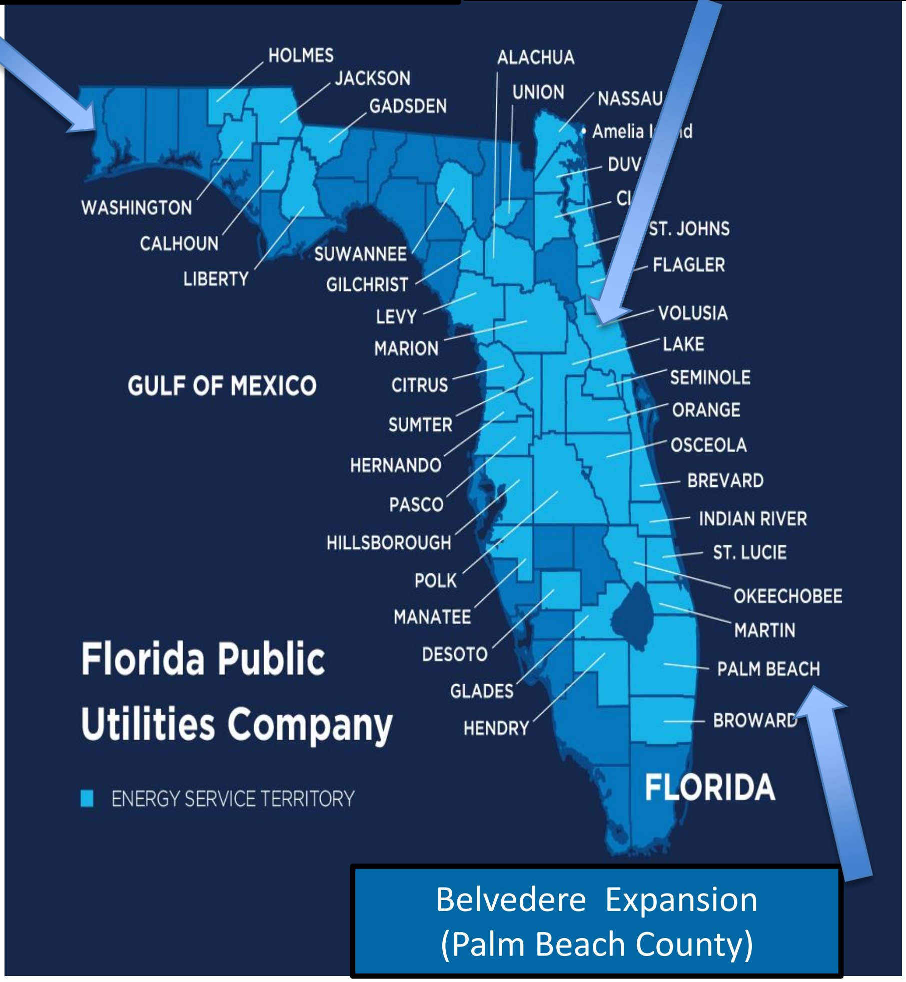
- $9.1M capital investment
- $1.4M estimated annual gross margin
- In service end of 3Q2018
- Transmission (14 miles) pipeline

Belvedere Pipeline Expansion:

- $3.8M Capital Investment
- $600,000 Estimated Annual Gross Margin
- In service end of 3Q2018
- Transmission pipeline (2 miles)

Northwest Pipeline Expansion
Pensacola Region

New Smyrna Expansion
(Volusia County)



Belvedere Expansion
(Palm Beach County)

Regulatory Update

Rate Activity Across All Our Jurisdictions

FERC

- On February 28, 2018, the FERC issued a letter order approving the ESNG settlement agreement for its base rate case with the FERC resulting in an increase of approximately $9.8 million in annual base rates, prior to any federal tax reform impact.
- There is a 30 day waiting period (for right to re-hearing) before the order is deemed final.
- FERC issued a Certificate of Public Convenience and Necessity authorizing Eastern Shore to construct and operate its $117 million system expansion, which will generate $15.8 million of gross margin in the first full year of operation as discussed previously.

Delaware

- Rate case settlement included $2.25 million annual increase in base rates.
- For the year and three months ended December 31, 2017, the Company recorded incremental gross margin of approximately $831,000 and $431,000 respectively, related to the increased rates.

Florida

- Florida PSC approved our electric limited proceeding via settlement agreement, including a $1.6 million annualized rate increase effective in January 2018.
- The limited proceeding included recovery of a limited number of investments and related costs associated with reliability, safety and modernization initiatives for FPU’s electric systems.

Propane Operations

Sharp Energy and Flo-Gas

For the Year Ended		Gross Margin Increase 12/31/2017
Growth in wholesale propane margins and sales	$	678
Higher retail propane margins per gallon		645
Increased customer consumption driven by growth and other		657
Higher service contract revenue		248
Additional growth in Alliance AutoGas		171
Additional customer consumption - weather		122
Other		279
	$	2,800

- 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 AutoGas, where propane is the clean-burning fuel alternative
- Our propane business units provide a higher return on capital than regulated allowed returns

- **Sharp Energy** distributes propane to approximately 38,500 customers in Delaware, Maryland and the Eastern Shore of Virginia, and southeastern Pennsylvania.
- **Flo-Gas** distributes propane to approximately 16,500 customers in Florida.
- **AutoGas** fuels over 600 independent customer vehicles through 12 multi-fleet propane fueling stations and 19 private-fleet propane fueling stations in Delaware, Maryland, Virginia and Pennsylvania.
- Propane storage capacity is in excess of 5 million gallons; more than any other propane provider on the Delmarva Peninsula.

PESCO Energy

Natural Gas Supply, Pipeline Capacity and Storage Services

	Gross Margin		Operating Income	
For the Year ended December 31, 2017				
(in thousands)				
As Reported	$	2,212	$	(3,147)
Unrealized MTM loss		5,783		5,783
Adjusted totals excluding unrealized MTM loss	$	7,995	$	2,636

Serving three geographic regions: Southeast, Mid-Atlantic and Mid-West

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

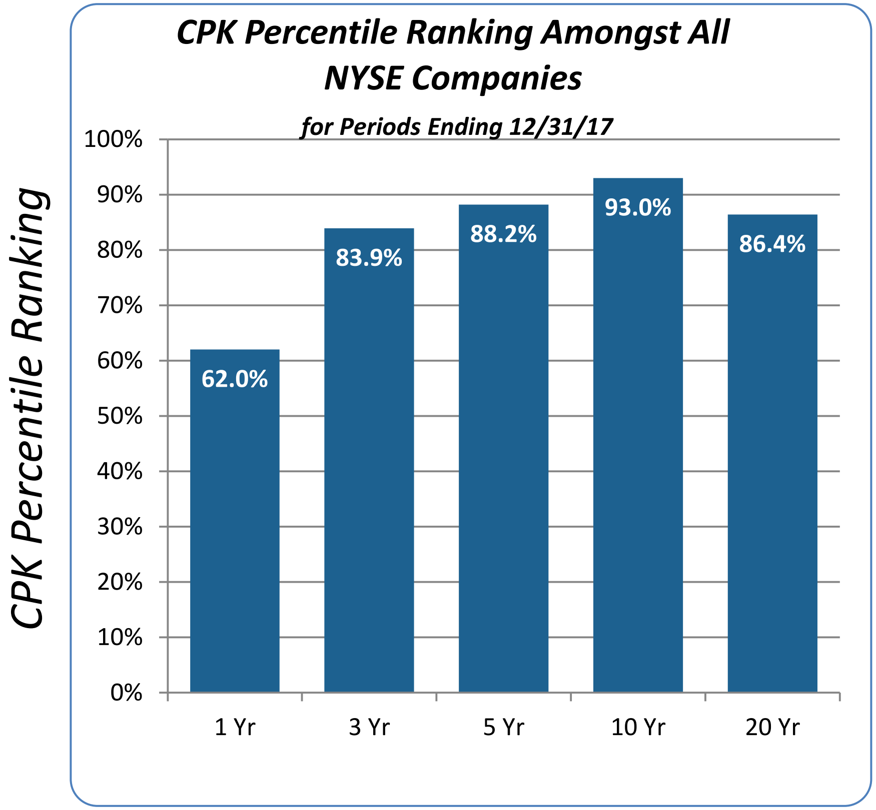
Optimization

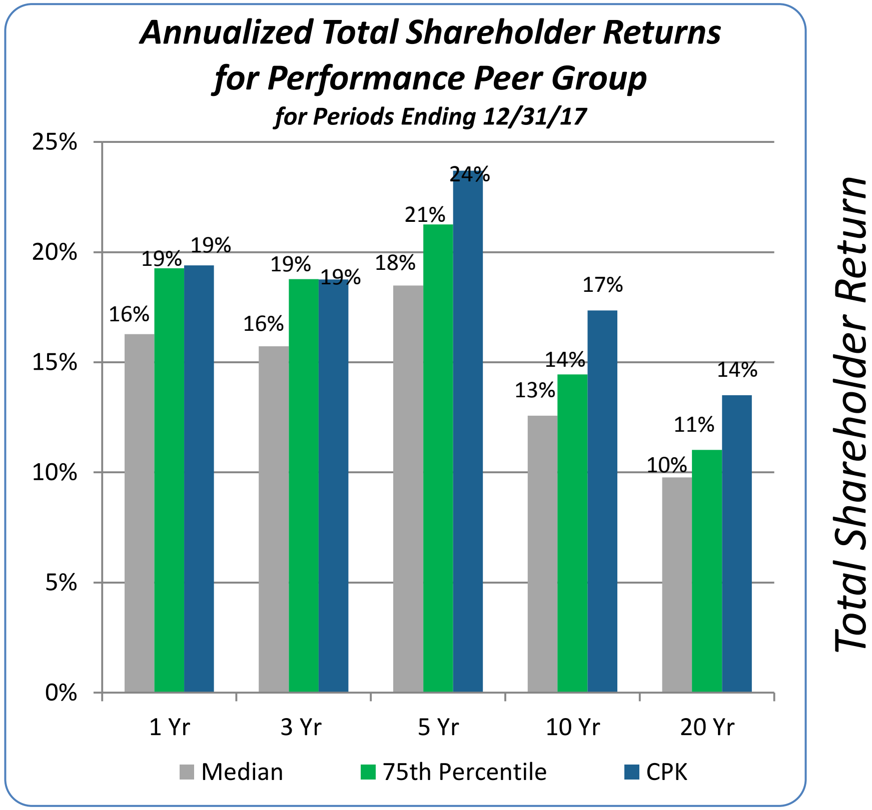
- Utilizing storage, firm transportation and other assets to capture the margin generated by our Demand Origination and Supply Aggregation efforts

- PESCO services includes natural gas supply and related management services to commercial and wholesale customers
- Compliments our natural gas business units on Delmarva, Ohio and Florida
- Generate margins through gas marketing at supply and demand trading points through a diverse group of counterparties
- We continue to build upon our Risk Management Oversight:
  - Executive Risk Management Committee provides oversight authorizations for PESCO trading plans
  - PESCO credit review of counterparties and working capital requirements
  - Risk policy regarding PESCO market hedges, volume, mark to market activity, and permitted trade duration
  - Company plans to adopt ASU-2017-12 in 2018 which is expected to reduce MTM accounting volatility

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.*

Positioning the Company for the Future

Our Energy Delivery Investment Proposition

Strategic Focus

- Eastern Shore and Peninsula Pipeline natural gas expansions as well as Delmarva and Florida natural gas distribution growth projects
- Continued growth in our unregulated businesses that complement our regulated portfolio
- Engaged employees doing a great job day in and day out – it all starts with our employees
- Maintain operating efficiency and provide safe reliable service to our customers
- Expanding skill sets

Strong Financial Performance & Consistent Track Record

- Top quartile shareholder returns for 1, 3, 5, 10, and 20 year periods when compared to peers
- Total return ranks in the top quartile of all NYSE companies for the 3, 5, 10 and 20 years ended December 31, 2017.
- 11 consecutive years of EPS growth; 7.7% five year annual compound EPS growth (based on Adjusted EPS)
- Dividend increased by 6.6% in May 2017; 5 year annualized dividend growth rate of 6.0%

Balance Sheet that Supports Growth

- Strong balance sheet with equity to total capitalization target of 50% - 60%
- Total assets of $1.4 billion with approximately $1.1 billion of those assets in net plant
- High investment-grade credit rating (NAIC1) with ample liquidity to support growth
- Committed bank lines of credit and available capacity under pre-approved shelf agreements

Future Earnings Growth Opportunities

- Identify profitable capital investments that produce earnings growth and attractive returns
- $191 million in capital invested in 2017; $182 million budgeted for 2018
- Continue developing and harvesting growth opportunities based on our core competencies to further expand our capabilities for future growth
- Continue to expand our capabilities to provide new services, expand our footprint to new customers in new areas, and develop unregulated opportunities – all to grow earnings and increase shareholder value

Thank You

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