

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



# Sidoti Spring 2022 Virtual Conference

March 16, 2022

# Today's Presenters



**Beth Cooper**

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



**Alex Whitelam**

Head of Investor Relations



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# 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.



- **160+** – Years providing energy
- **~1,000** – Employees at Dec. 31, 2021
- **~300,000** – Distribution customers
- **\$2.1 billion** – Total Assets at Dec. 31, 2021
- **12.4%** - Increase in full-year 2021 diluted EPS from continuing operations over 2020
- **15<sup>th</sup>** - Consecutive year of earnings growth\*
- **2x** – Doubled Net Income over last 6 year
- **1<sup>st</sup>** – RNG transportation project completed in 2021
- **61 Years** – of consecutive dividends in 2021

\*Excludes TCJA impact in 2017

# Business Overview

## Strong Base of Regulated Utilities

### Natural Gas Transmission

### States Served

**EASTERN SHORE**  
NATURAL GAS

DE, MD, PA

**PENINSULA**  
PIPELINE

FL

### Natural Gas Distribution

### States Served

**CHESAPEAKE**  
UTILITIES

DE, MD

**SANDPIPER**  
ENERGY

MD

**CHESAPEAKE**  
ELKTON GAS

MD

**FLORIDA PUBLIC**  
UTILITIES

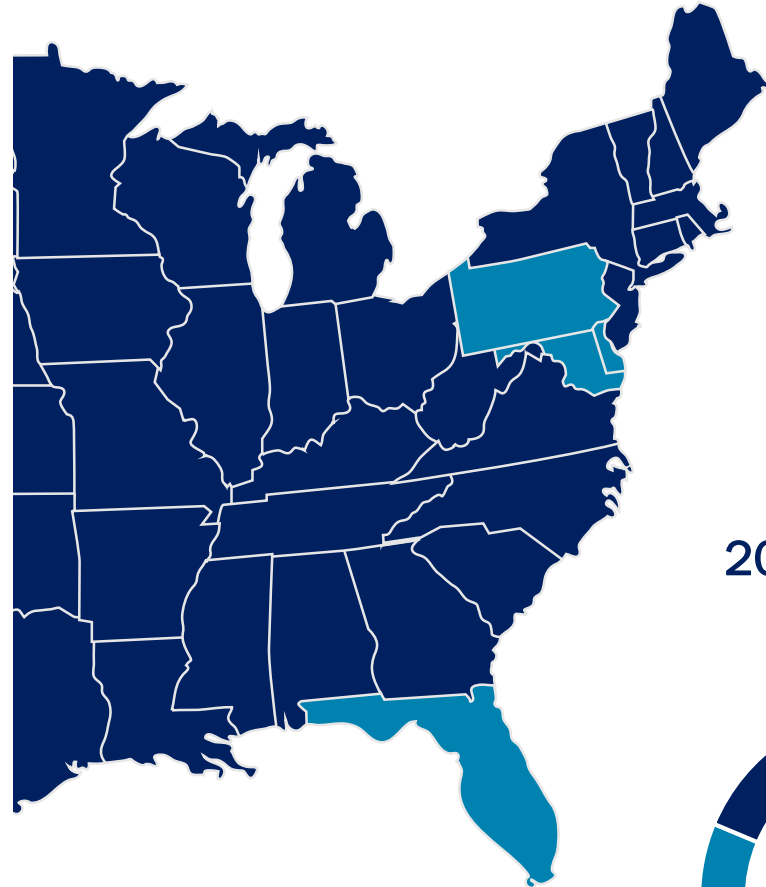
FL

### Electric Distribution

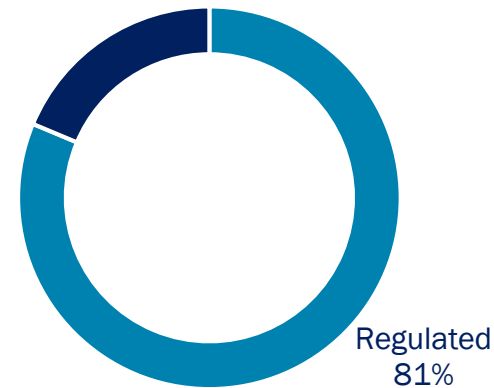
### States Served

**FLORIDA PUBLIC**  
UTILITIES

FL



2021 Operating Income



## Growing Set of Complementary Unregulated Businesses

### Propane Distribution

### States Served



PA, DE, MD,  
VA, NC, SC, FL



FL

### Natural Gas Pipeline System

### States Served



OH

### CNG Virtual Pipeline

### States Served



Multiple

### CHP Generation

### States Served



FL

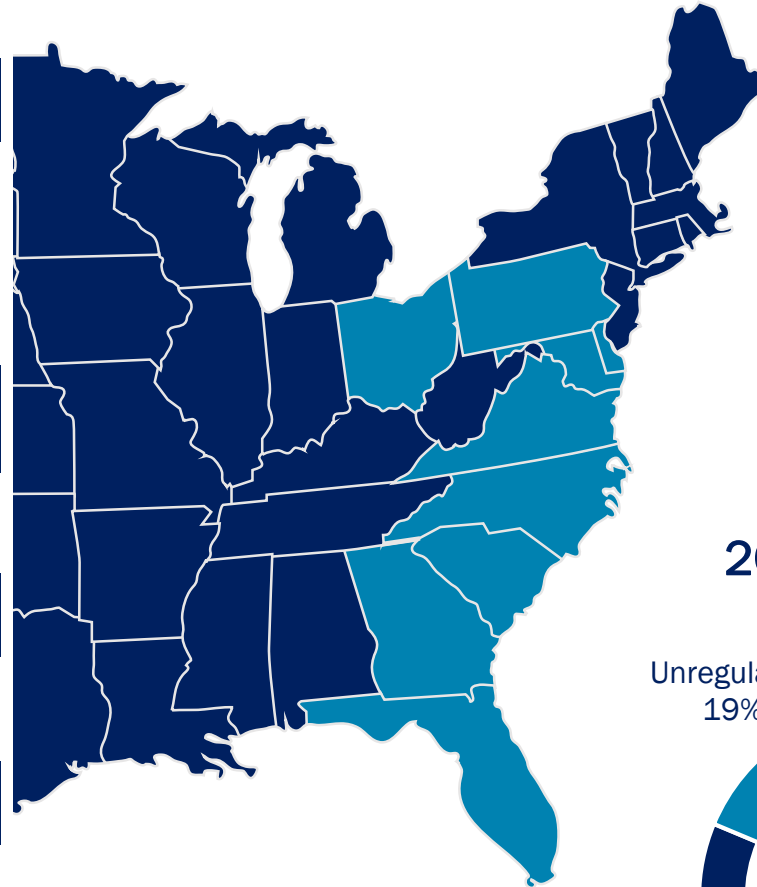
### RNG Opportunities

### States Served



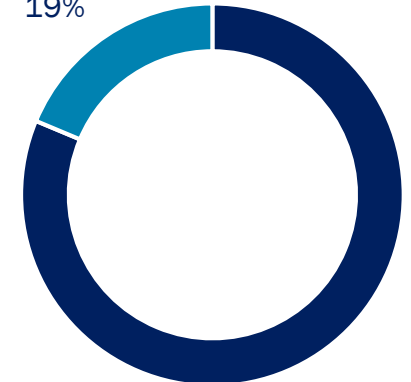
*Family of Businesses*

DE, MD,  
OH, FL  
and others



### 2021 Operating Income

Unregulated  
19%



# Growth Platform Accomplishments



## Organic Growth:

- 4.5% residential customer growth on Delmarva
- 4.7% residential customer growth in Florida
- New customers from CGS conversions
- Escambia Meter Station acquisition



## Gas Transmission:

- Completed Somerset, MD pipeline expansion
- First pipeline expansion in Ohio (Guernsey)
- Announced Winter Haven, Beachside and Southern expansions



## Propane Distribution:

- Expanded service territory into the Carolinas through the acquisition of Diversified Energy's propane assets



## Marlin Gas Services:

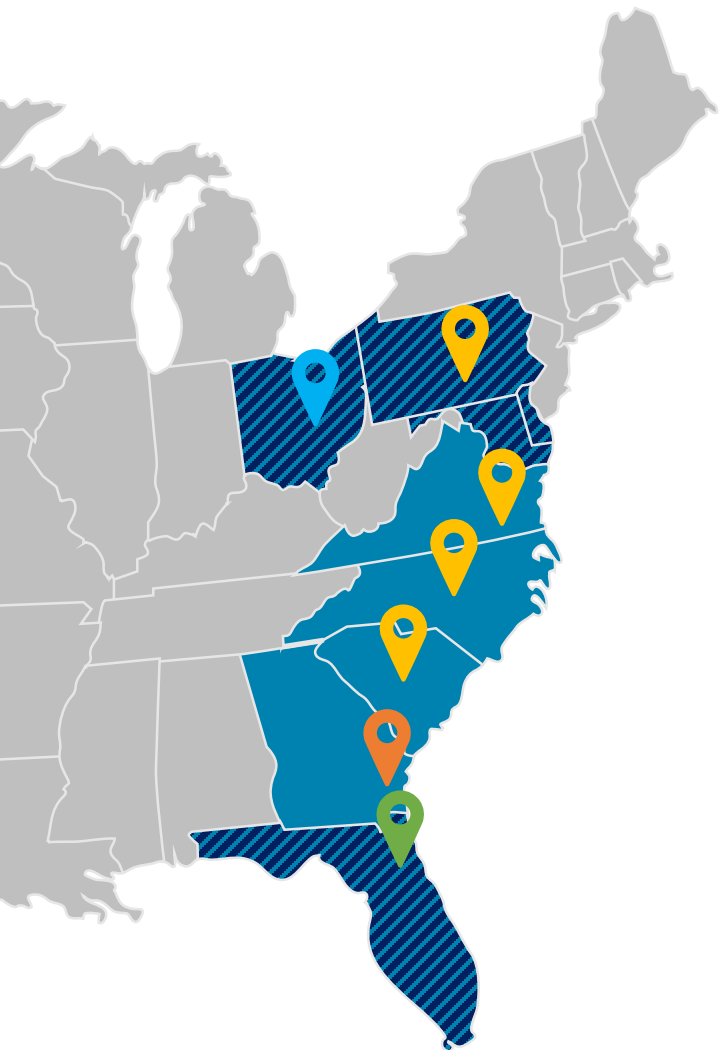
- CNG filling station at Port of Savannah significantly underway
- Built complex tankers for hydrogen testing at Eight Flags CHP facility



## Sustainable Investments:

- Completed 33-mile RNG pipeline
- Successful hydrogen testing at Eight Flags CHP
- Secured sustainability-linked financing
- Published inaugural ESG report

# Expanding Our Service Territory With Sustainable Investments



 Both Regulated and Unregulated

 Unregulated



## Noble Road Landfill RNG Pipeline

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



## Diversified Energy Propane Acquisition

- \$37.5 million purchase price
- ~19,000 new customers
- ~10 million gallons distributed annually
- \$11.3 million annual adjusted gross margin
- Opportunity for AutoGas expansion



## Port of Savannah CNG Filling Station

- To be completed 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%



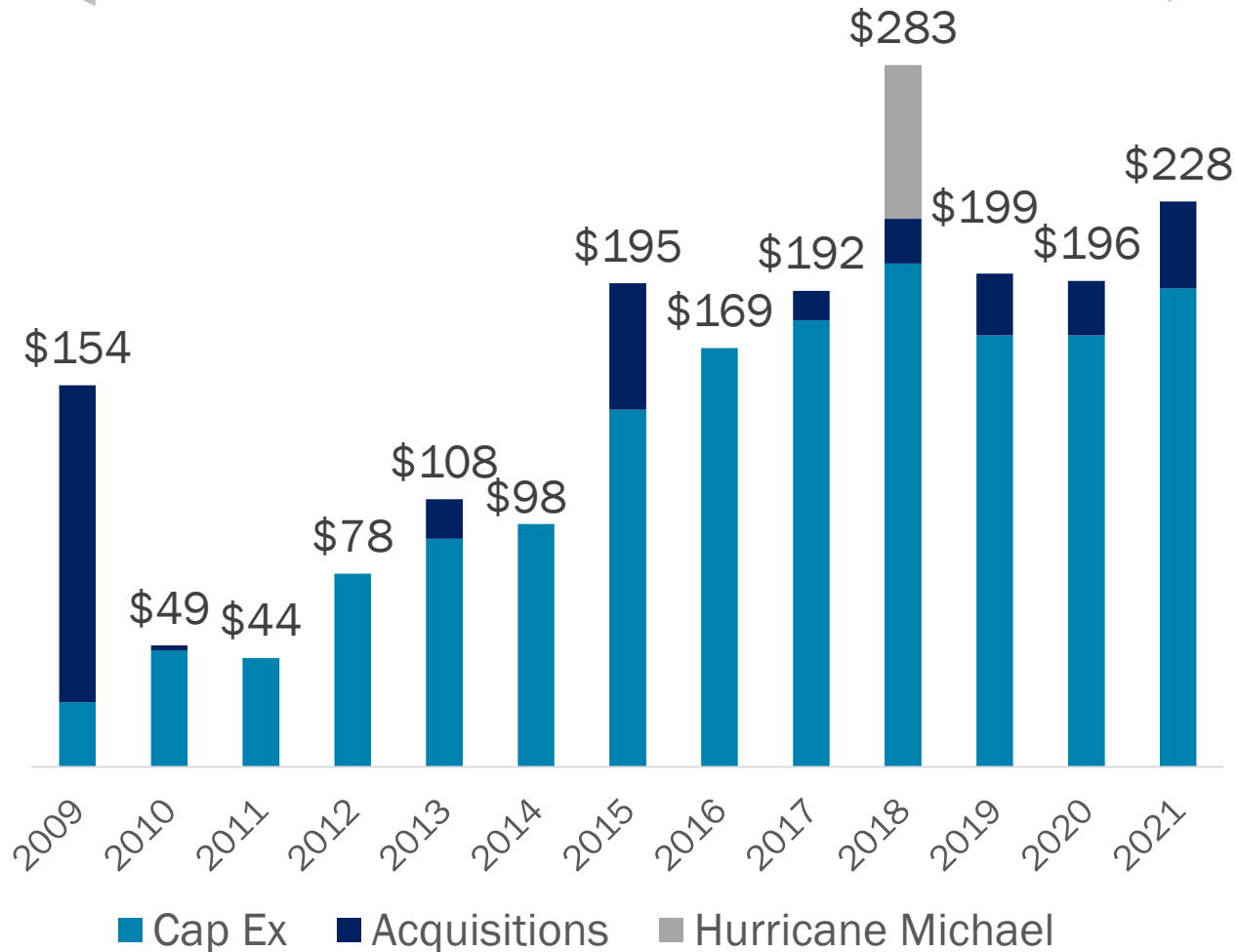
# Capital Investment Has Driven Our Earnings Growth

## Historical Capital Expenditures and Acquisitions



Last 10 Years: \$1.75 Billion

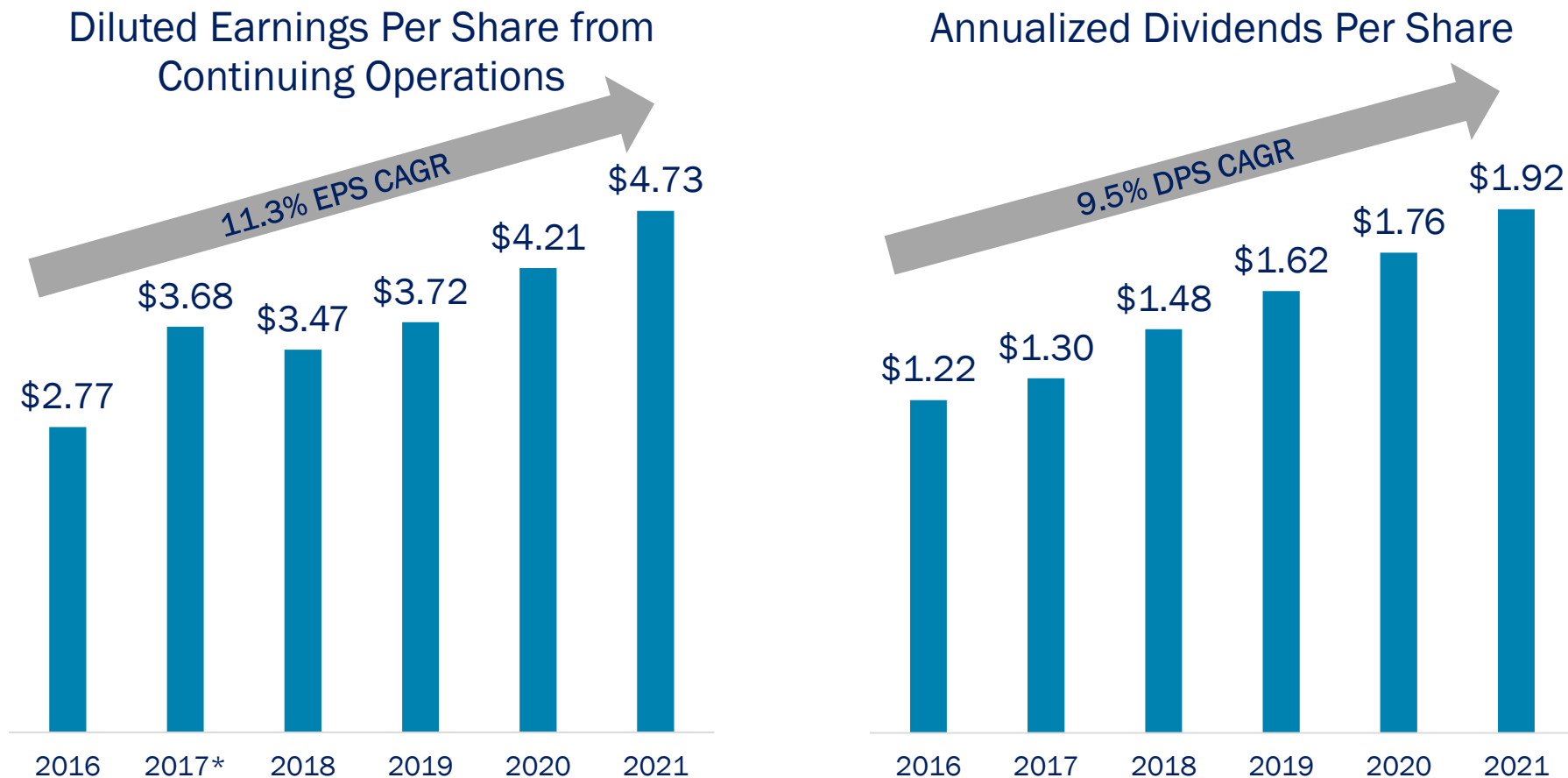
Since FPU Acquisition: \$1.99 Billion



Amounts in chart reflected in millions.

# Historical Earnings and Dividend Growth

Earnings and Dividend Performance for Periods Ended December 31<sup>st</sup>



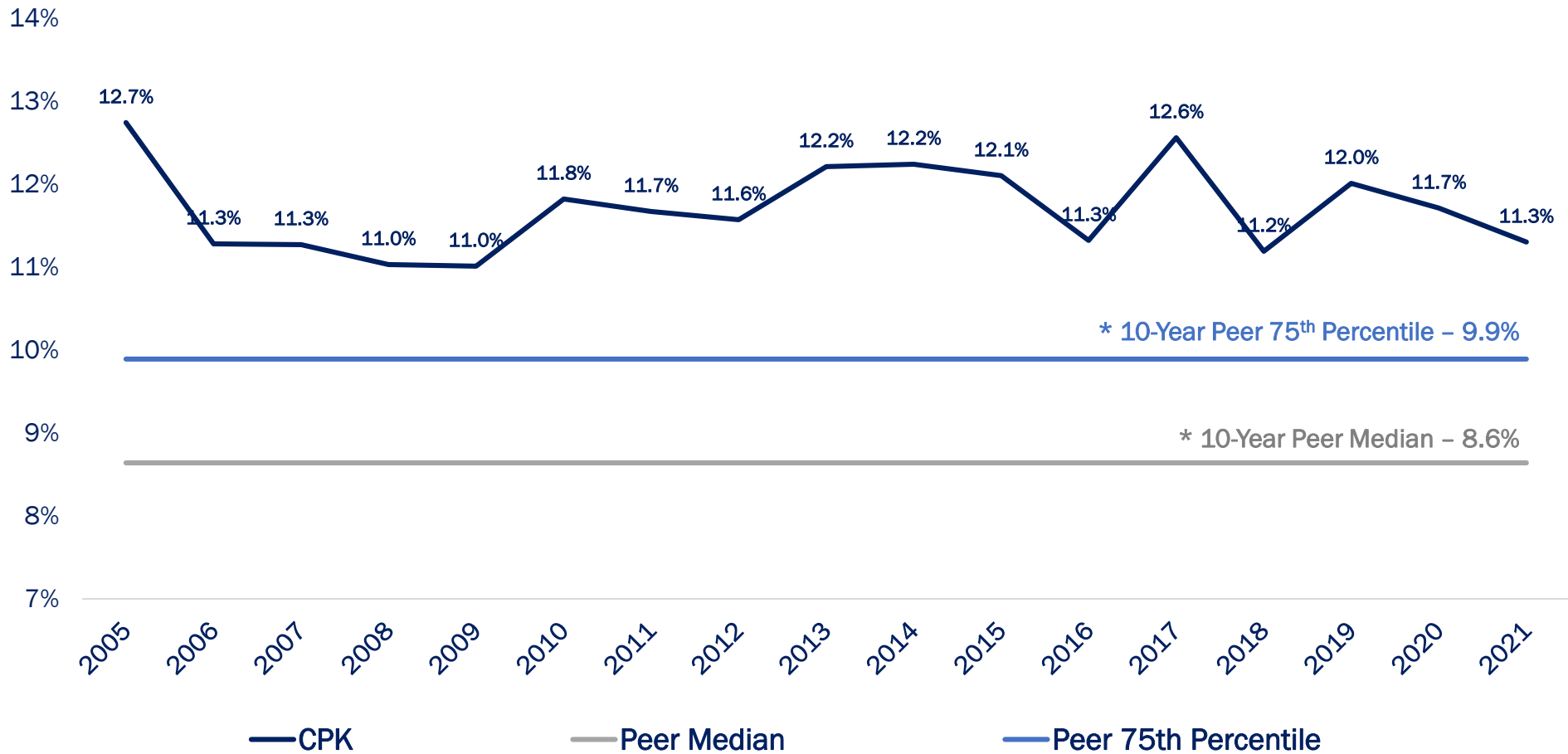
Long history of industry leading earnings and dividend growth

\* 2017 Includes TCJA Impact

# Solid Track Record of Return on Equity

## Consistently Exceeding Peer Median and 75th Percentile

### Return on Equity

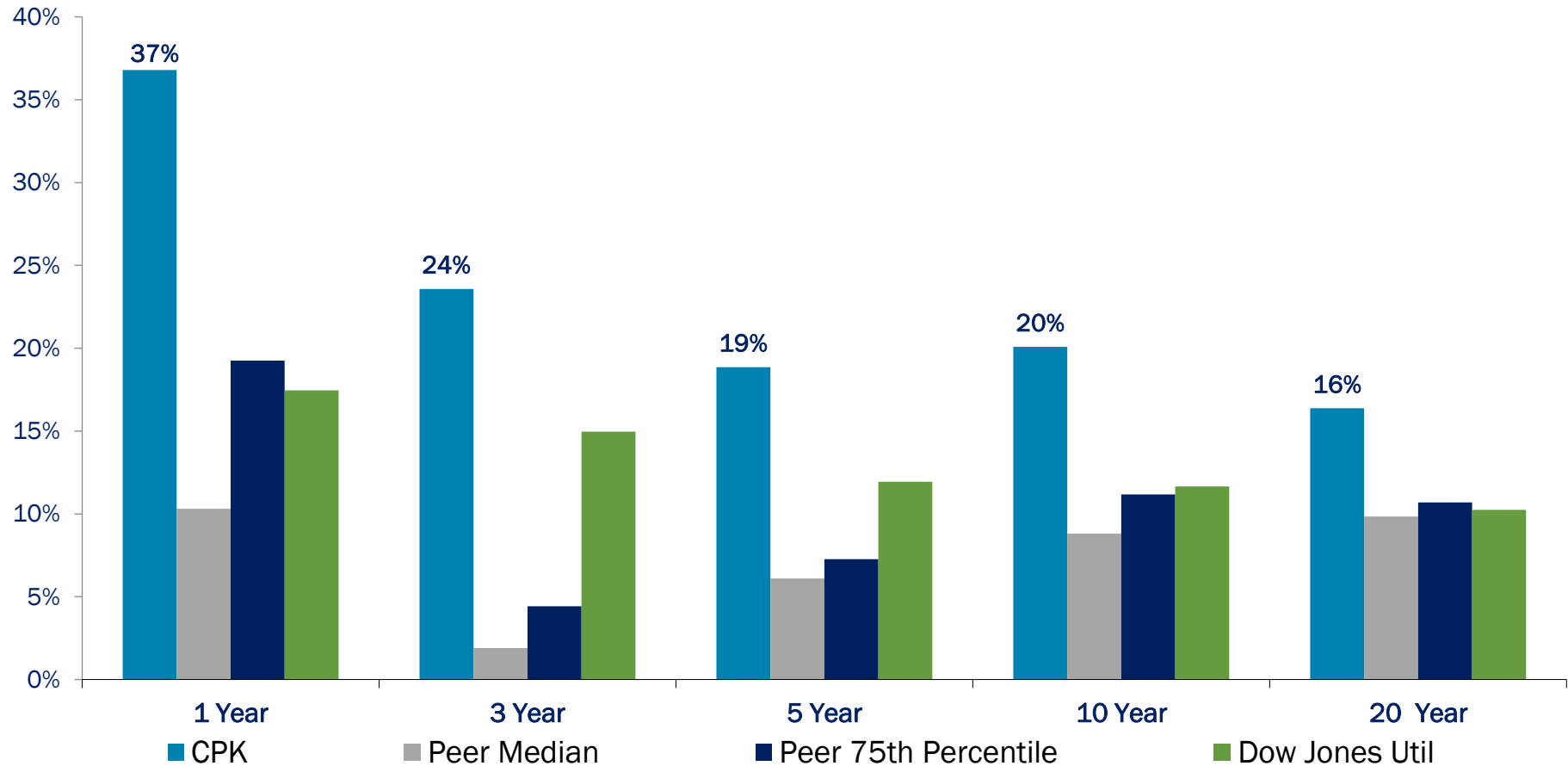


17 years with 11%+ Return on Equity

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

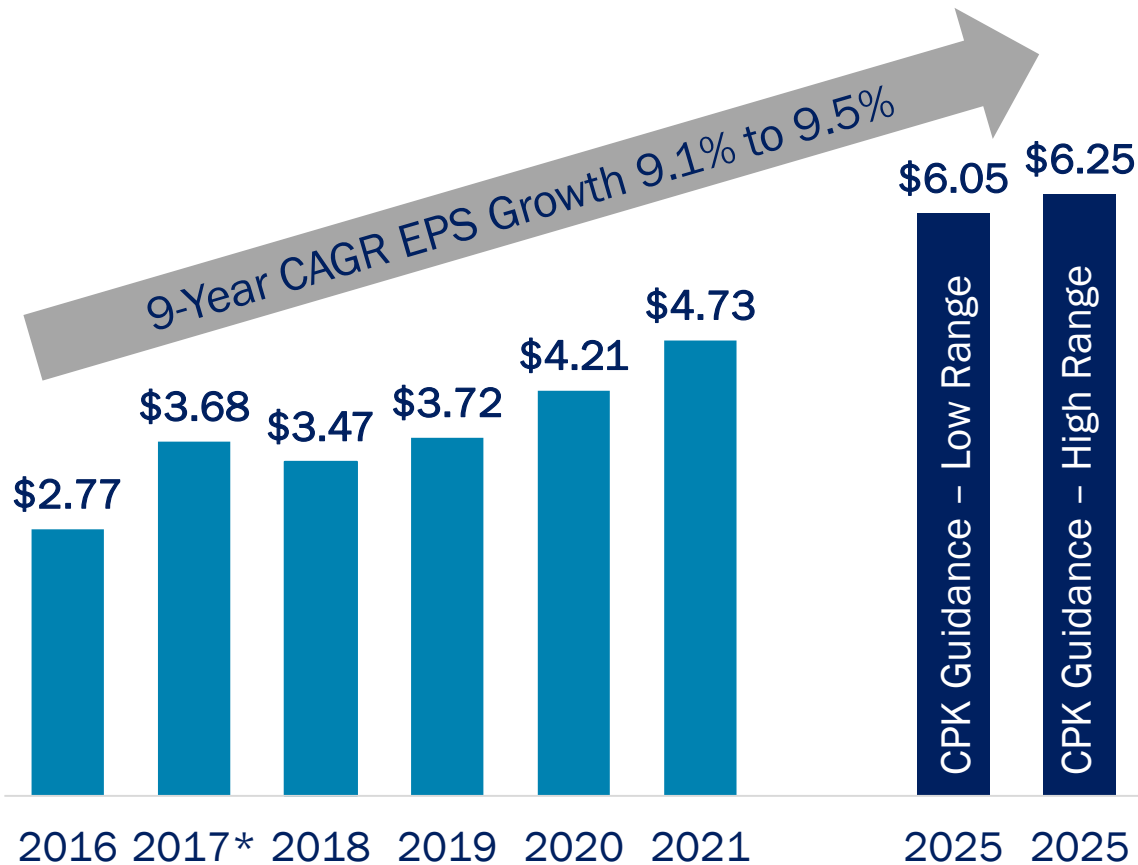
Industry leading financial performance  
is driving increased value

## Average Annualized Shareholder Return for Periods Ended December 31, 2021

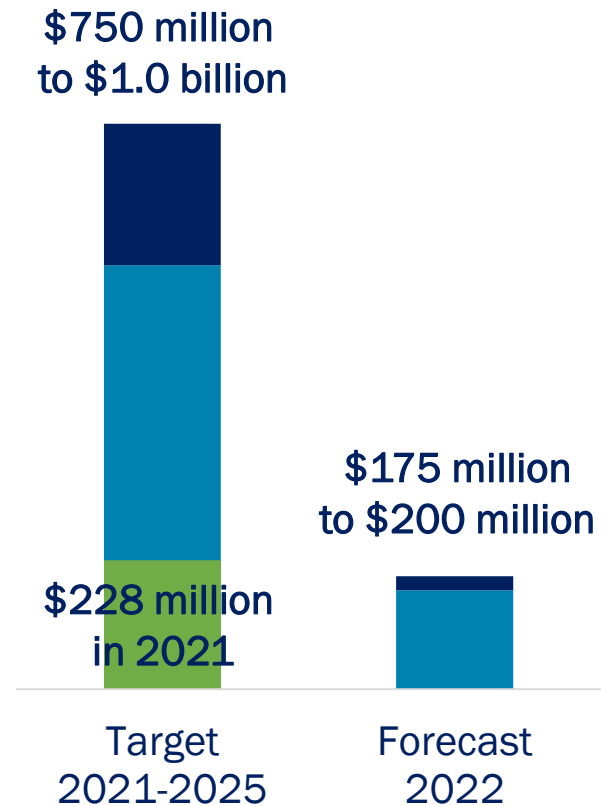


Our increased performance is driving increased value for our shareholders

## 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

\* 2017 Includes TCJA Impact

# 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 December 31, 2021

1 Year	3 Year	5 Year	10 Year	20 Year
37%	24%	19%	20%	16%

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



Thank You

