

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

Operating Income

Other Income, Net

Interest Charges

Pre-tax Income

Income Taxes

Net Income from Continued Ops

Diluted EPS from Continued Ops

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%
<u>\$1.96</u>	<u>\$1.77</u>	10.7%

Financial Summary

Operating Results for 2021 and 2020

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

Consolidated Results

<i>(in thousands)</i>	Three Months Ended March 31,		Change	Percent Change
	2021	2020		
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	<u>\$ 51,597</u>	<u>\$ 42,134</u>	<u>\$ 9,463</u>	<u>22.5 %</u>

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

Regulated Energy Segment

<i>(in thousands)</i>	Three Months Ended March 31,		Change	Percent Change
	2021	2020		
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	<u>\$ 32,864</u>	<u>\$ 27,888</u>	<u>\$ 4,976</u>	<u>17.8 %</u>

- ✓ 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

Unregulated Energy Segment

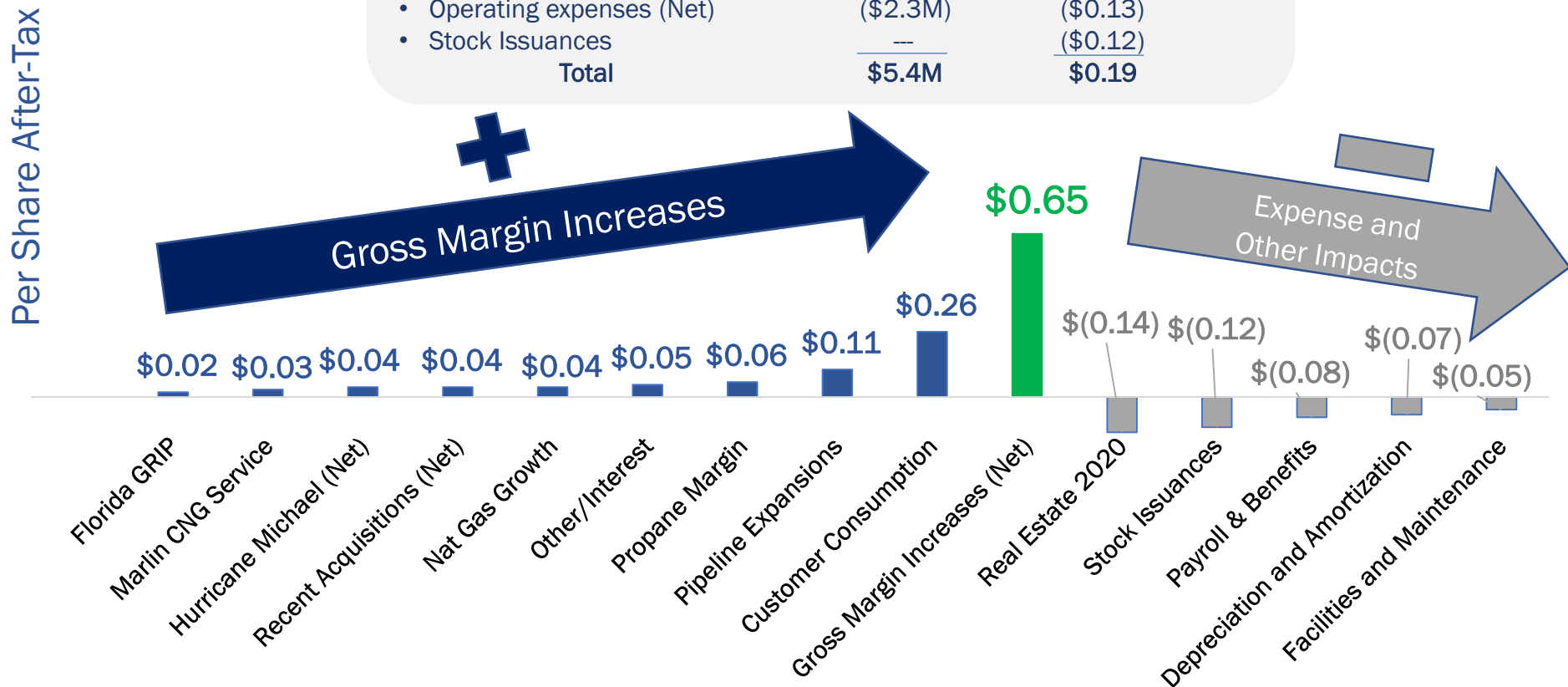
<i>(in thousands)</i>	Three Months Ended March 31,		Change	Percent Change
	2021	2020		
Gross margin	\$ 38,776	\$ 31,782	\$ 6,994	22.0 %
Depreciation, amortization and property taxes	3,769	3,240	529	16.3 %
Other operating expenses	15,902	14,680	1,222	8.3 %
Operating income	<u>\$ 19,105</u>	<u>\$ 13,862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

Key Drivers of Our Performance

Quarter Ended March 31, 2021

Earnings per share drivers

		EPS after-tax
• Gross Margin (Net)	\$10.4M	\$0.60
• 2020 Property Sales	(\$2.3M)	(\$0.14)
• Other (Net)	\$0.9M	\$0.05
• Depreciation and Amortization	(\$1.3M)	(\$0.07)
• Operating expenses (Net)	(\$2.3M)	(\$0.13)
• Stock Issuances	---	(\$0.12)
Total	\$5.4M	\$0.19



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
Natural gas distribution	\$ 79,000	\$ 85,000
Natural gas transmission	55,000	60,000
Electric distribution	9,000	13,000
Total Regulated Energy	143,000	158,000
	82%	79%
Propane distribution	9,000	12,000
Energy transmission	14,000	15,000
Other unregulated energy	8,000	12,000
Total Unregulated Energy	31,000	39,000
Corporate and other businesses	1,000	3,000
Total Capital Expenditures	\$ 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, 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	156,123	175,644
Total capitalization and short-term financing	\$ 1,404,636	\$ 1,394,828
Equity to Permanent Capital	58.8%	57.8%
Equity to Total Capitalization	51.7%	50.0%
New Long-Term Debt Issuance	\$ -	\$ 90,000
Net New Equity Issuance	\$ 2,522	\$ 89,700

**Long-Term Debt
Avg. Interest
Rate - 3.62%**

**Short-Term Debt
Avg. Interest
Rate - 1.20%**

**Within
our target
equity range**

*Issuances
Full Year 2020*

- 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”

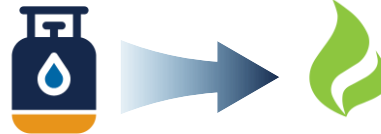
The key to our success is a strong culture that fully engages all of our team members across the organization as we transform this business for continued growth.



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

<i>in thousands</i>	Three Months Ended		Year Ended	Estimate for	
	March 31,		December 31,	Fiscal	
	2021	2020	2020	2021	2022
<u>Pipeline Expansions:</u>					
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	<u>3,985</u>	<u>1,189</u>	<u>10,480</u>	<u>17,196</u>	<u>21,019</u>
CNG Transportation	2,077	1,347	7,231	7,900	8,500
Renewable Natural Gas ("RNG") Transportation	-	-	-	150	1,000
<u>Acquisitions:</u>					
Elkton Gas	1,312	-	1,344	3,992	4,200
Western Natural Gas	550	-	389	1,800	1,854
Total Acquisitions	<u>1,862</u>	<u>-</u>	<u>1,733</u>	<u>5,792</u>	<u>6,054</u>
<u>Regulatory Initiatives:</u>					
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	<u>6,776</u>	<u>3,828</u>	<u>26,565</u>	<u>29,103</u>	<u>31,076</u>
Total	\$ 14,700	\$ 6,364	\$ 46,009	\$ 60,141	\$ 67,649

Increases (000's)

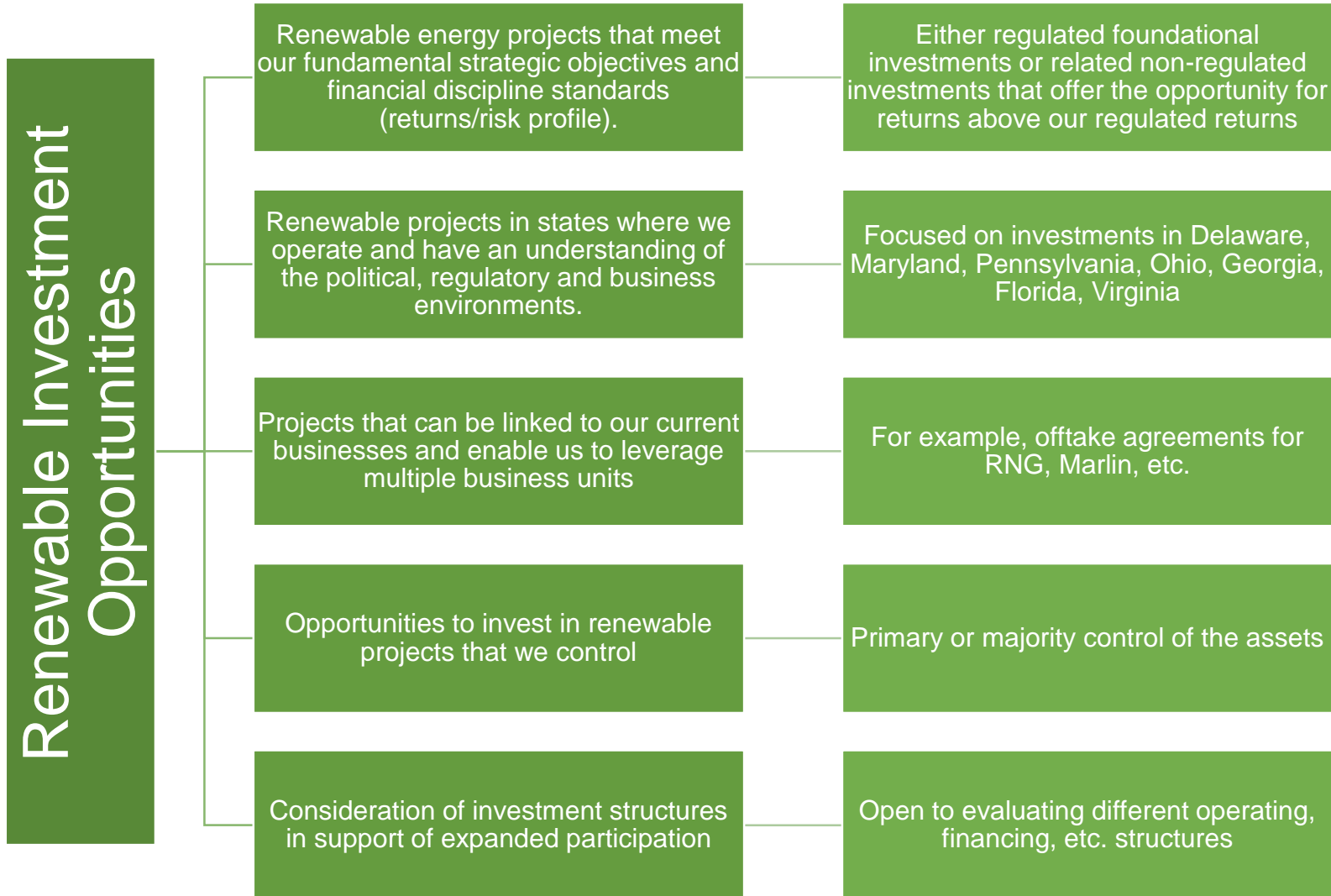
\$8,336

\$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.

ESG Stewardship

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.



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



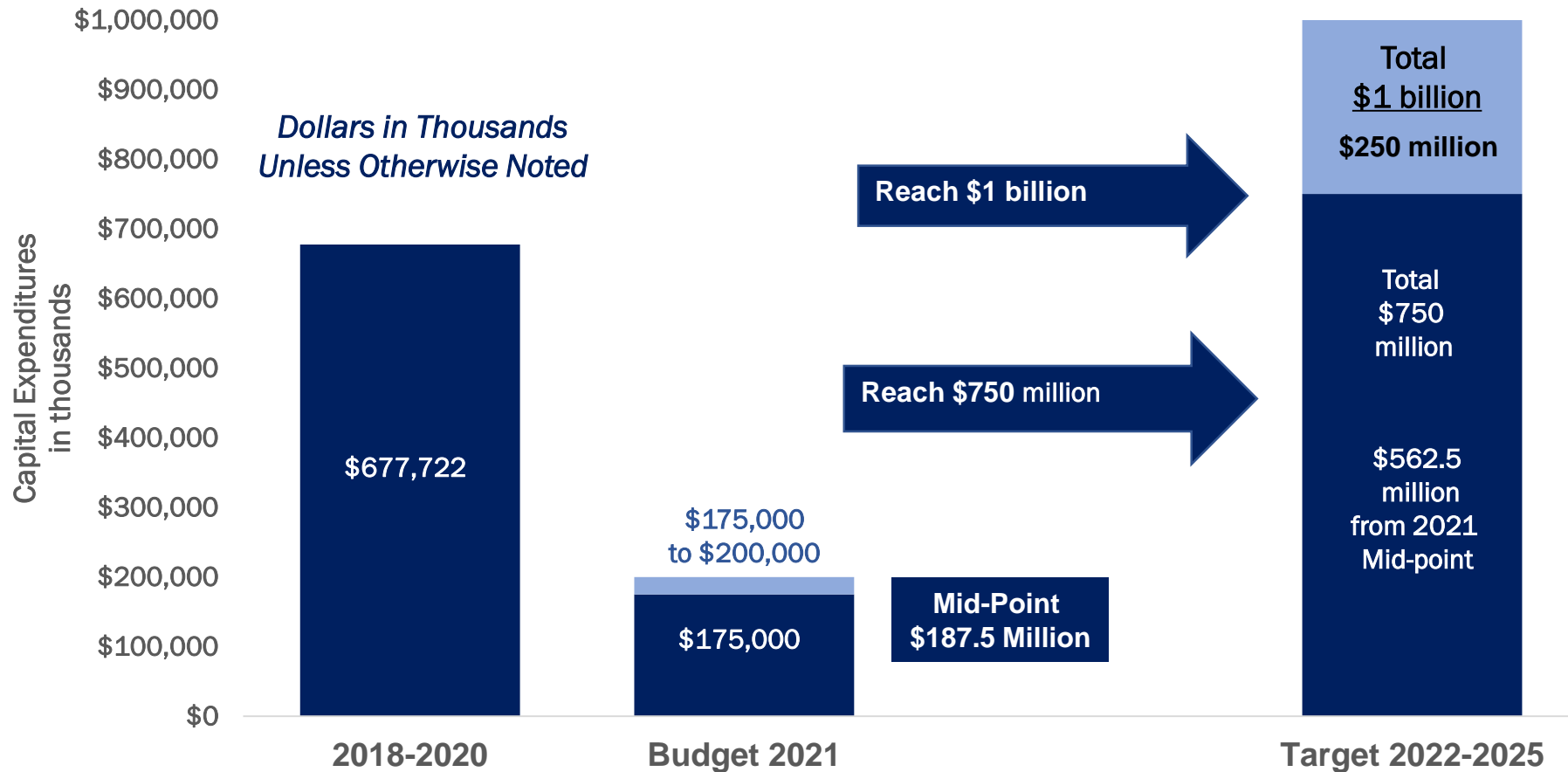
Through our 10-year Aspiring Scholars Program, 111 Chesapeake children of Company employees were selected to receive scholarship funds toward their studies at an accredited college, university or post-secondary education technical school.



Chesapeake Utilities for Best Company Over 50 People

Capital Investment Guidance

Continued Record Investment in Our Business Growth

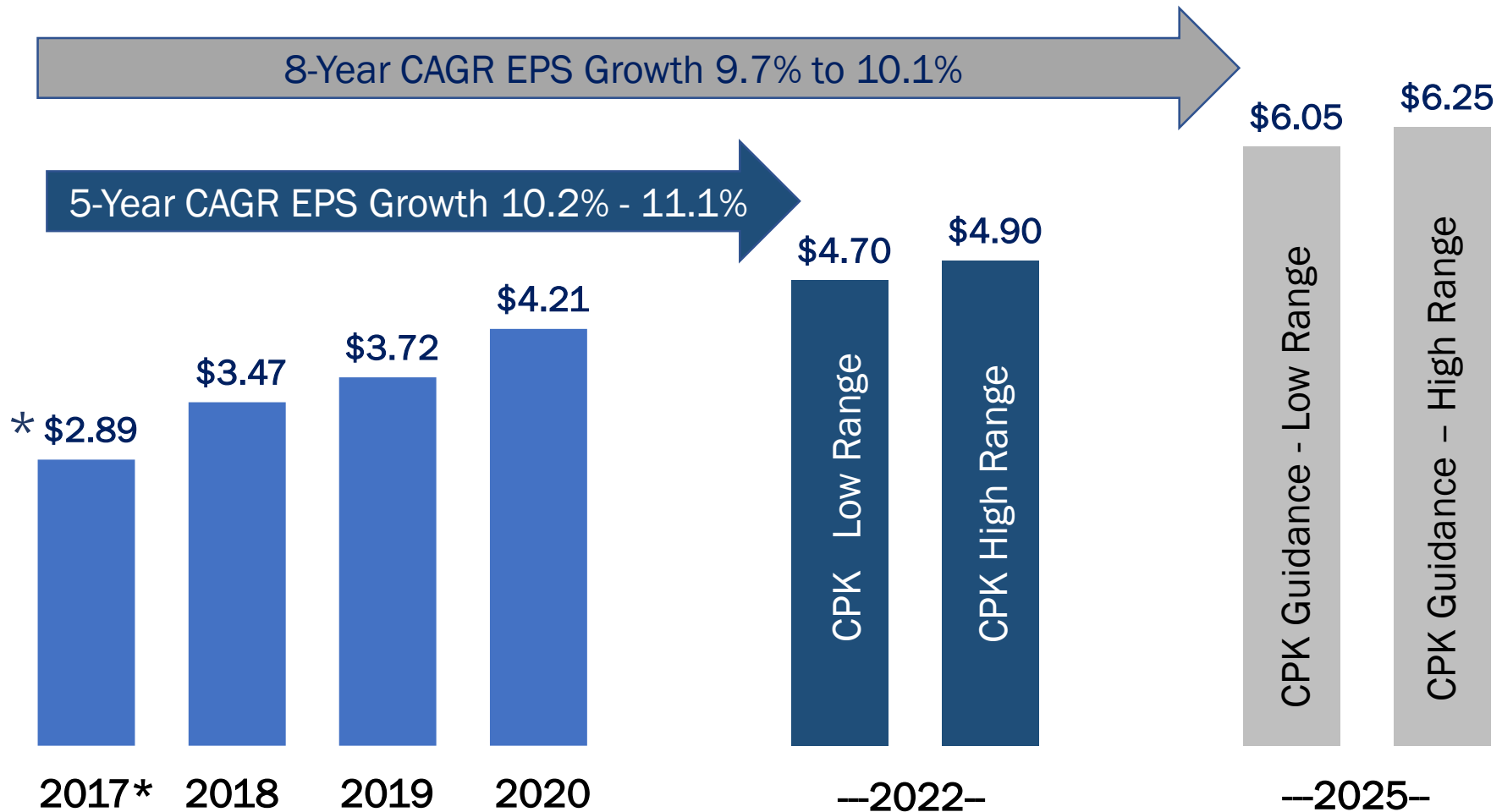


Management provides its five year capital expenditure guidance 2021 thru 2025 up to \$1 billion.

*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

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 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

