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Second Quarter 2019 Earnings Conference Call

August 9, 2019

CHESAPEAKE UTILITIES CORPORATION

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 2018 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.

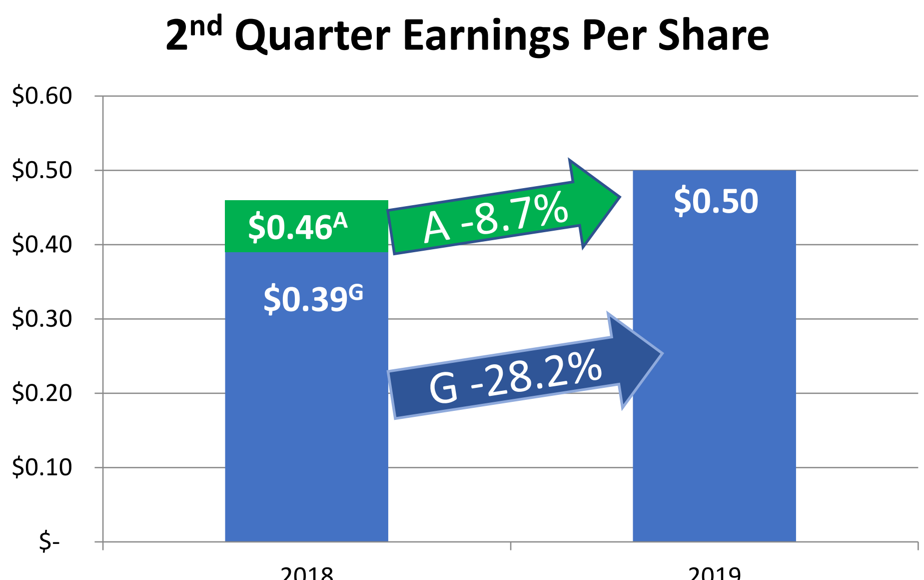
Gross Margin (non-GAAP measure): Gross Margin is determined by deducting the cost of sales from operating revenue. Cost of sales includes the purchased fuel cost for natural gas, electric and propane distribution operations and the cost of labor spent on different revenue-producing activities and excludes depreciation, amortization and accretion. 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, but not limited to, the following: the impact of unrealized mark-to-market ("MTM") changes and one-time charges, such as severance charges. The Company calculates "adjusted earnings" by adjusting reported (GAAP) earnings to exclude the impact of certain significant non-cash items, including the impact of unrealized MTM gains (losses), one-time charges such as severance charges, and any prior year tax savings retained by our regulated businesses as a result of current year regulatory authorizations.

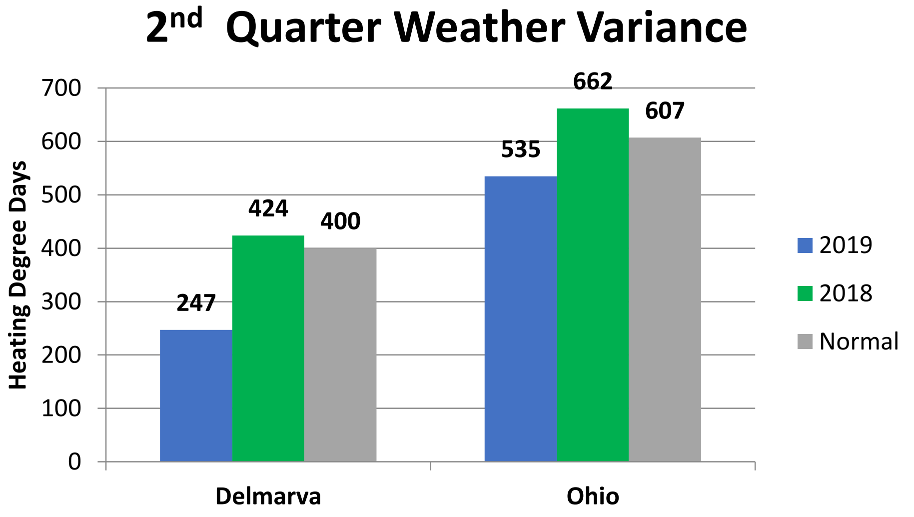
Second Quarter 2019 Earnings Summary

8.7 percent growth over prior year (adjusted[1]) earnings per share

- **Second quarter 2019 EPS of $0.50 per share (GAAP and Adjusted[1])**
- **Natural gas transmission and distribution expansion and growth were the primary drivers of EPS growth**
- **Decreased customer consumption – primarily due to warmer weather in Delmarva and Ohio reduced earnings by $0.09 per share**
- **$0.14 per share in lower other expenses (excluding the $0.14 per share increase for depreciation, asset removal, property tax, and Marlin and Ohl costs) offset the weather impact**



G – GAAP; A - Adjusted



% warmer than:	Delmarva	Ohio
Prior year	42%	19%
Normal	38%	12%

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Chesapeake Utilities – First Half 2019 Highlights

Superior Return Driven by Consistent Above Average Earnings and Dividend Growth

- Greater than 15 percent total shareholder return for 1, 3, 5 & 10 years ended June 30, 2019
- 2019 first half Adjusted EPS of $2.19 represents 17.7 percent growth over 2018 Adjusted[1] EPS as shown on the following slide
- Dividend increased by 9.5 percent in May 2019; 5 year dividend growth (CAGR) = 8.4 percent

Continued Growth Across the Company's Businesses

- $8.1 million from new pipeline projects *($10.6 million expected for full year*)
- $3.4 million from natural gas distribution growth - including GRIP and natural gas conversions
- $3.4 million from Marlin acquisition *($5.3 million expected for full year)*
- $1.1 million from Aspire Energy due to customer growth and higher negotiated rates
- Ohl acquisition and higher retail margins (*$1.7 million*) offset lower weather related consumption and wholesale margin for propane

Successful Regulatory Initiatives

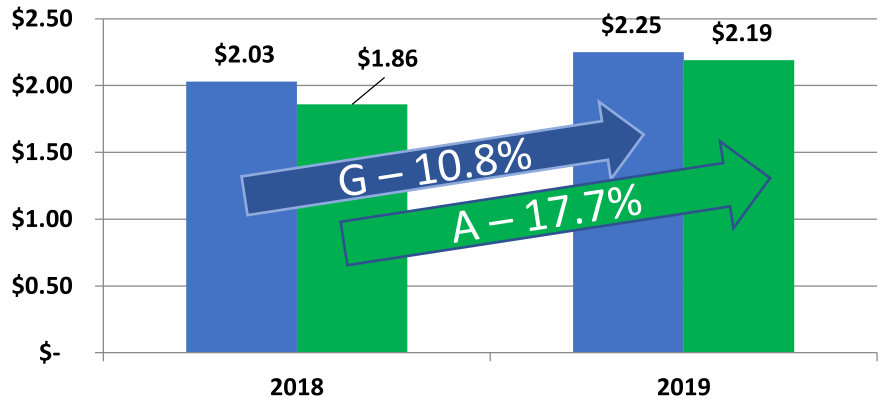
- Florida PSC approved retention of a portion of TCJA tax savings:
  - $1.3 million gain on reversal of 2018 tax reserves in 2019
  - $1.9 million incremental benefit annually beginning in 2019 ($1.0 million in first half of 2019)
- Florida PSC approved storm recovery fund surcharge ($2.3 million to be recovered from April 2019 to March 2021)

First Half 2019 Earnings Summary

17.7 percent growth over prior year (adjusted[1]) earnings per share

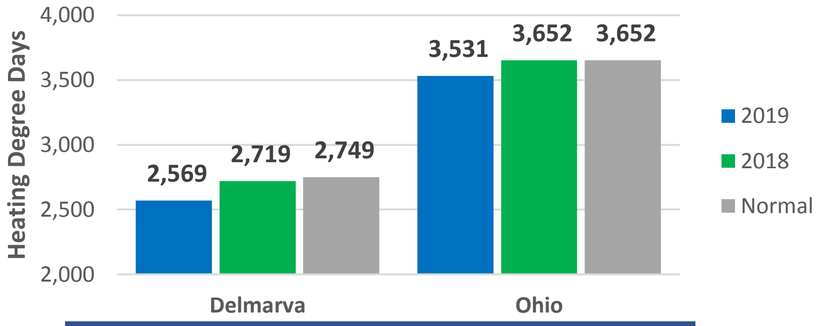
- **Year-to-date 2019 EPS of $2.25 per share and $2.19 per share (GAAP and Adjusted[1],respectively)**
- **Gross margin increased $1.02 per share**
- **The largest EPS drivers were:**
  - **Natural gas transmission and distribution expansion**
  - **Margins generated from Marlin Gas Services**
  - **Retained tax savings from Florida natural gas distribution**
- **Decreased customer consumption - primarily due to warmer in Delmarva and Ohio reduced earnings per share by $0.19**

First Half 2019 Earnings Per Share



G – GAAP; A - Adjusted

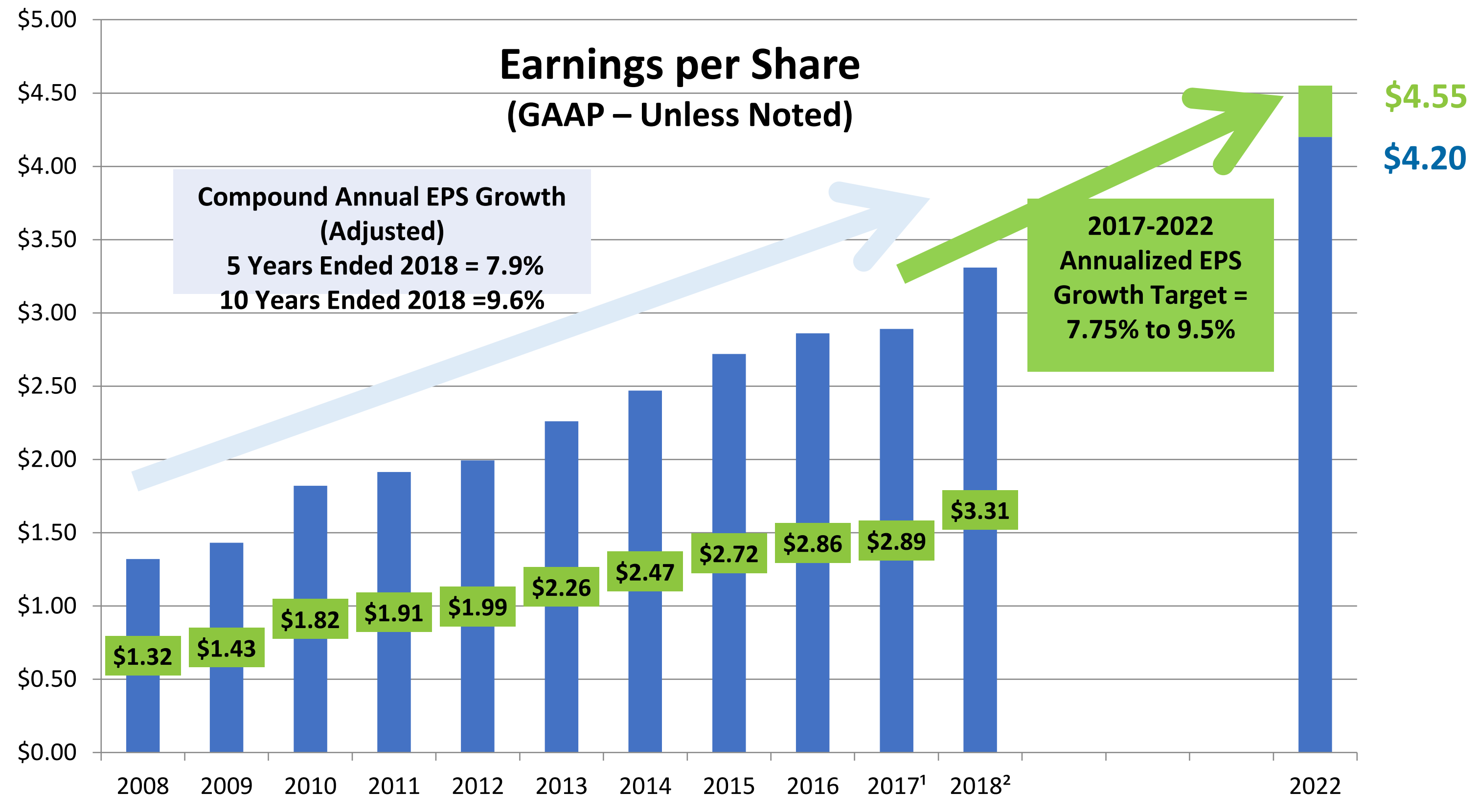
First Half 2019 Weather Variance



% warmer than:	Delmarva	Ohio
Prior year	6%	3%
Normal	7%	3%

Chesapeake Utilities

Positioned for Growth and Total Return



[1] 2017 GAAP $3.55; Adjusted $2.89; [2] 2018 GAAP $3.45; Adjusted $3.31

- Outlook for earnings growth within the range of previous guidance remains strong
- Commitment to achieve the target range is demonstrated by our long-term track record of delivering superior growth
- Expansion projects, organic growth and regulatory and efficiency savings will continue to drive increased earnings
- We will continue to pursue accretive, related opportunities like Marlin, Aspire Energy and Eight Flags

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Reconciliation of Second Quarter Results

Key Variances 2019 versus 2018

(in thousands, except per share data)	Pre-tax Income	Net Income	Earnings Per Share
Second Quarter of 2018 Reported Results	$ 9,105	$ 6,387	$ 0.39
Adjusting for Unusual Items:			
Nonrecurring separation expenses associated with a former executive	1,548	1,421	0.09
Decreased customer consumption - primarily due to warmer weather	(2,081)	(1,507)	(0.09)
Net impact of PESCO's MTM activity	(302)	(210)	(0.02)
	(835)	(296)	(0.02)
Increased (Decreased) Gross Margins:			
Eastern Shore and Peninsula Pipeline service expansions (including related Florida natural gas distribution operation expansions)	3,680	2,666	0.16
Margin contribution from Marlin Gas Services (acquired assets of Marlin Gas Transport in December 2018) and Ohl acquisition (assets acquired in December 2018)	1,142	827	0.05
Natural gas distribution growth (excluding service expansions)	867	628	0.04
Florida GRIP	310	225	0.01
TCJA impact - primarily from the 2019 retained tax savings for certain Florida natural gas operations	255	185	0.01
Sandpiper's margin from natural gas conversions	231	167	0.01
Aspire Energy rate increases	203	147	0.01
Other margin change for PESCO operations	(1,563)	(1,132)	(0.07)
	5,125	3,713	0.22
(Increased) Decreased Operating Expenses (Excluding Cost of Sales):			
Depreciation, asset removal and property tax costs due to growth investments	(2,055)	(1,488)	(0.09)
Operating expenses for Marlin Gas Services and Ohl (Assets acquired in December 2018) including costs to expand the future growth prospects for the businesses	(1,155)	(837)	(0.05)
Outside services, regulatory, and facilities maintenance costs	1,866	1,351	0.08
Payroll, benefits and other employee-related expenses	678	491	0.03
Incentive compensation costs (including timing of accruals)	512	371	0.03
	(154)	(112)	—
Change in effective tax rate	—	(100)	(0.01)
Interest charges	(1,774)	(1,285)	(0.08)
Net other changes	(2)	(3)	—
	(1,776)	(1,388)	(0.09)
Second Quarter of 2019 Reported Results	$ 11,465	$ 8,304	$ 0.50

Increased gross margin of $5.1 million driven by:

- Eastern Shore and Peninsula Pipeline expansion projects
- Marlin and Ohl acquisitions
- Organic growth in natural gas distribution business
- Regulatory initiatives in Florida
- Partially offset by PESCO

Higher depreciation, amortization and taxes reflects capital investment for growth

Lower other operating expenses as a result of:

- Reduced outside services regulatory and facilities costs
- Lower payroll and benefits expense
- Lower incentive compensation costs – based on change in allocation of expense
- Partially offset by operating expenses from Marlin and Ohl (acquired at the end of 2018)

Higher interest expense reflects borrowing to fund growth and Hurricane Michael restoration efforts

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Key Drivers in Interest Expense

Six Months Ended June 30, 2019 and 2018

Capital Investment - Interest Impact
Six Months Ended
June 30, 2019 versus June 30, 2018

(in thousands)	2019	2018	Rate	Interest
Increased average short-term borrowing	$272,780	$218,263	2.72%	$ 741
Increased rate on short-term borrowing	$272,780	-	3.47%	1,030
Hurricane Michael Intermediate Notes	$ 60,000	-	3.15%	893
Long-term Debt Notes at 3.53%	$100,000	$ 8,333	3.53%	1,577
Debt Amortization	-	-	-	(421)
Total interest change	-	-		$3,820

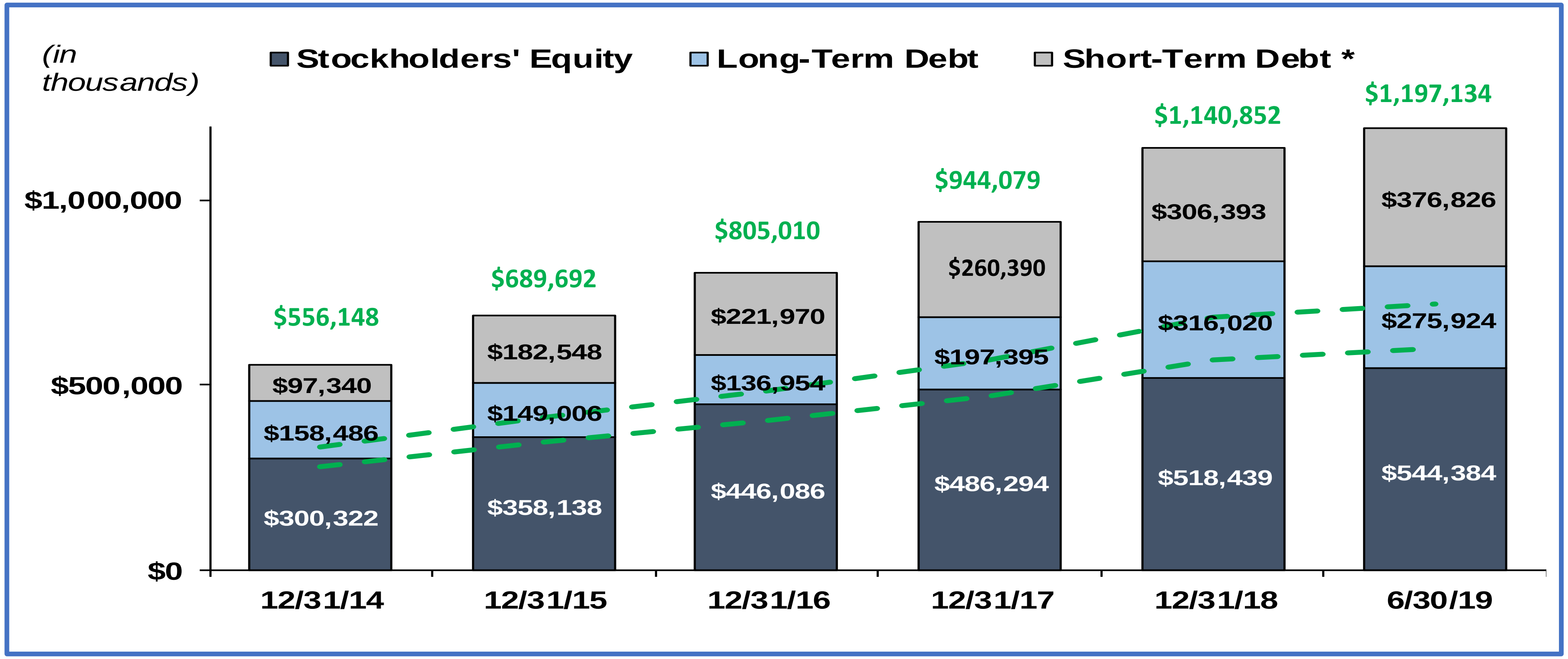
	6/30/2019	1/1/2018
Total Debt	$652,750	$457,785
Weighted Average Cost of Debt	3.68%	3.72%

Interest expense increased by $3.8 million for the six months ended June 2019 driven by:

- $1.8 million in higher interest on short term borrowings
  - $0.7 million increase due to $55 million increased borrowing
  - $1.0 million increase due to higher interest rates
- $0.9 million in higher interest on $60 million of intermediate notes issued to fund Hurricane Michael restoration
  - Filed for recovery on August 7, 2019
  - Expect to refinance with long-term debt before the end of 2019
- $1.6 million in higher interest due to full year-to-date impact of $100 million 3.53% long-term notes issued in May and November 2018
- $100 million in 3.98% long-term debt (20 years) will be funded August 12th to reduce short-term borrowings
- Total amortization of long-term debt through 2024 equals $92 million

Capital Capacity to Support Future Growth

Total Capitalization has More Than Doubled in Less Than Five Years



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

	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	6/30/19
Equity/Permanent Capitalization	65.5%	70.6%	76.5%	71.1%	62.1%	66.4%
Equity/Total Capitalization	54.0%	51.9%	55.4%	51.5%	45.4%	45.5%

Excluding $60 MM 2020 Term Notes Equity to Total Capitalization equals 48%

* *Short-term debt includes current portion of long-tem debt*

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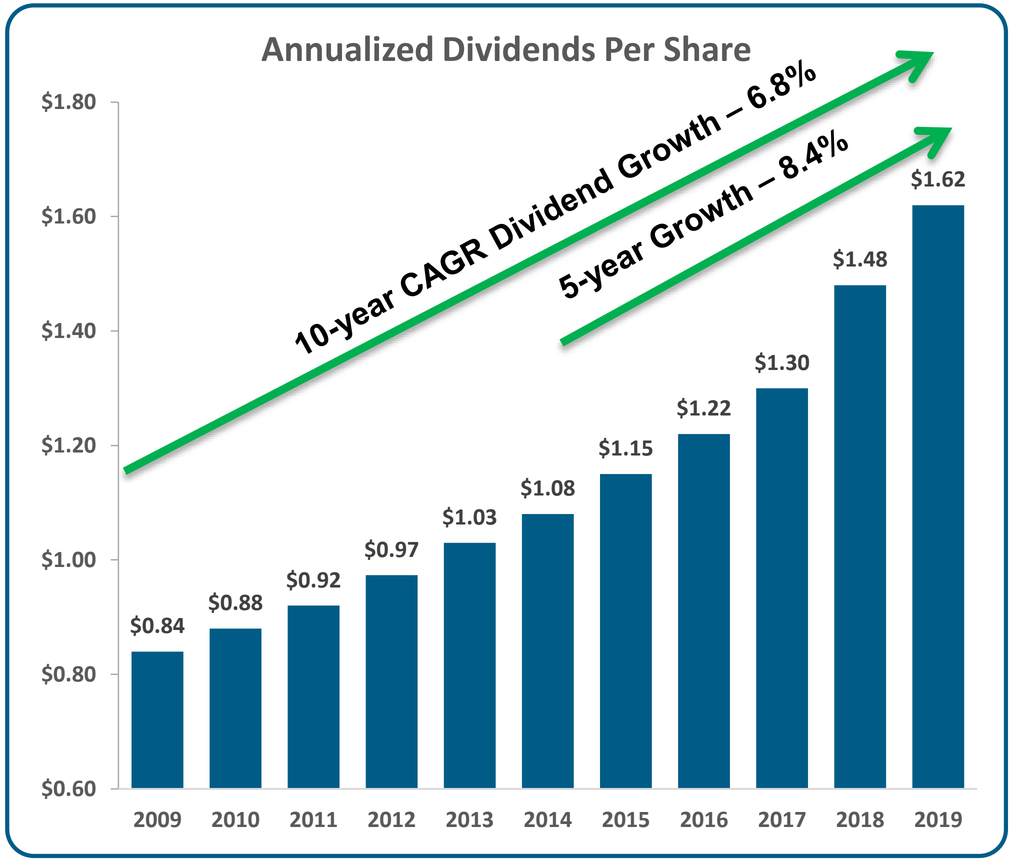
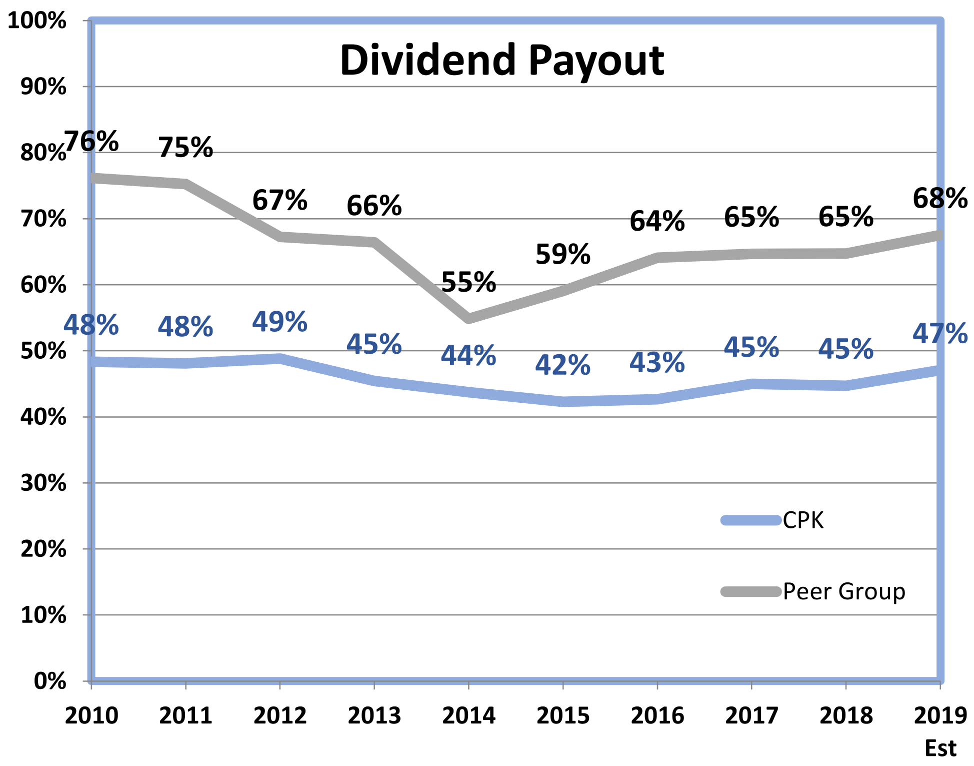
Dividend Increased 9.5% in May 2019

Superior Dividend Growth with Retention to Fund Future Earnings and Dividend Growth





CPK's one-year and five-year dividend growth of 9.5% and 8.4%, respectively, leads our peer group.
Strong EPS Growth drives Dividend Growth and the lower Dividend payout allows for reinvesting in future growth.

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Continuing to Build for the Future

2019 Forecasted Capital Expenditures

(dollars in thousands)			2019
Regulated Energy:			
Natural gas distribution		$	64,143
Natural gas transmission			66,787
Electric distribution			5,949
Total Regulated Energy	77% Regulated Energy		136,879
Unregulated Energy:			
Propane distribution			11,870
Energy transmission			8,345
Other unregulated energy			11,000
Total Unregulated Energy	18% Unregulated Energy		31,215
Other:			
Corporate and other businesses	5% Corporate and other Businesses		9,705
Total Other			9,705
Total 2019 Forecasted Capital Expenditures		$	177,799

Our team continues to pursue new growth projects that could further increase our 2019 capital projection.

We will selectively, and with our customary discipline, seek to develop projects and acquire businesses that compliment our existing portfolio, provide rapid earnings accretion and generate targeted returns with acceptable risk profiles.

The increase in the forecasted capital expenditures of approximately $9M is largely driven by projects identified for Marlin Gas Services.

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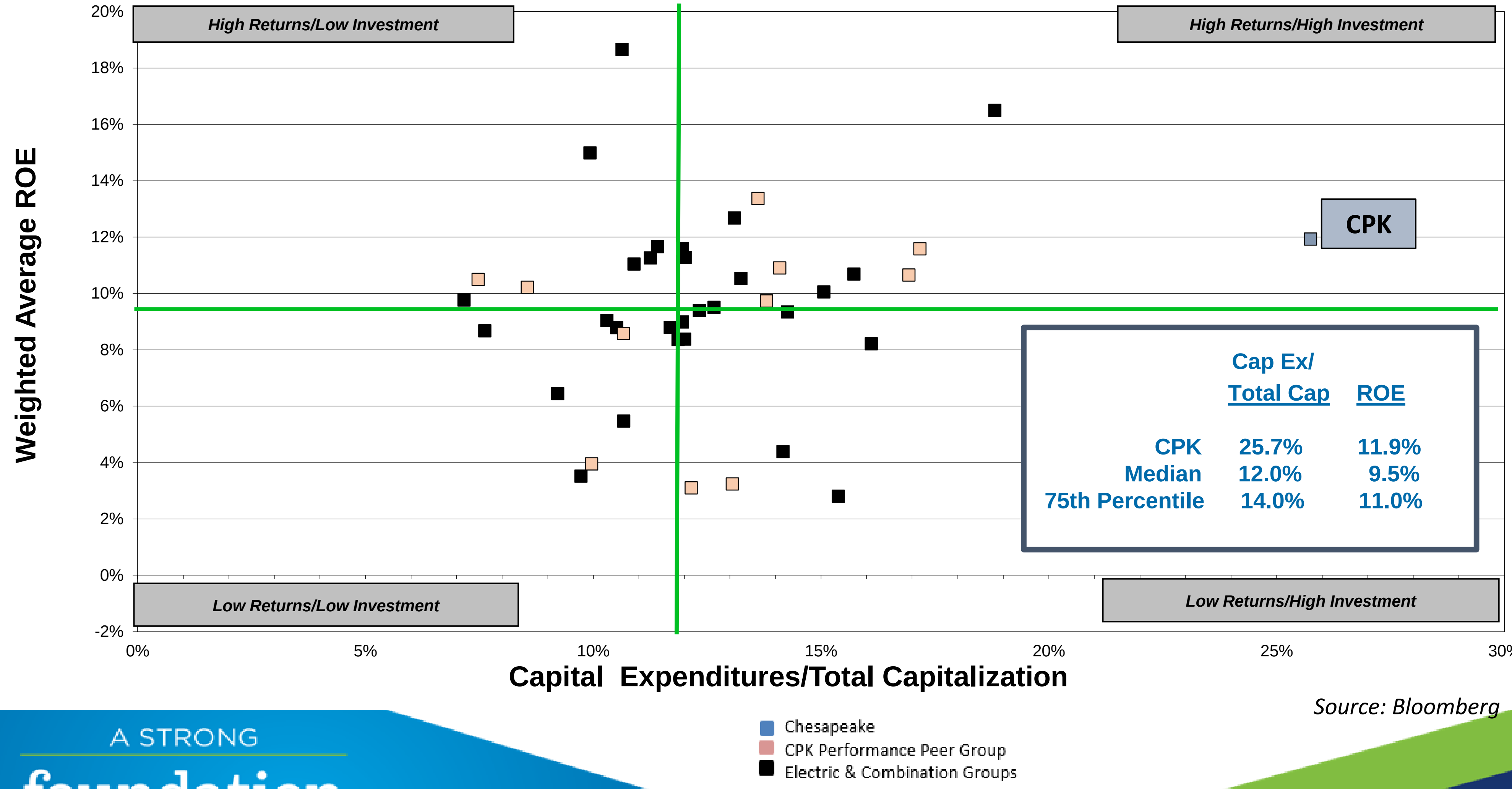
Capital Projects – High Return / High Investment

Peer ROE vs. Capital Expenditures (April 2016 – March 2019)



	Cap Ex/ Total Cap	ROE
CPK	25.7%	11.9%
Median	12.0%	9.5%
75th Percentile	14.0%	11.0%

Source: Bloomberg

Chesapeake Utilities Three Year Performance As of 3/31/19

	CPK	Median	75th
Cap Ex/ Total Cap	25.7%	12.0%	14.0%
EPS Growth	10.5%	7.3%	10.0%
ROE	11.9%	9.5%	11.0%
Dividend Growth	8.8%	6.0%	6.9%
TSR	15.2%	11.9%	13.9%

Source: Bloomberg

Major Projects and Initiatives

Increasing Shareholder Value by Continuously Seeking and Developing Projects and Initiatives

Project/Initiative	Gross Margin for the Period — Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018	Year Ended December 31, 2018	Estimated for Fiscal 2019	Estimated for Fiscal 2020
in thousands							
Florida GRIP	**$ 3,530**	$ 3,220	**$ 6,904**	$ 6,370	$ 13,323	$ 14,172	$ 15,491
2017 Eastern Shore System Expansion Project - including interim services	**3,645**	859	**8,445**	3,117	9,103	16,183	15,799
Northwest Florida Expansion (including related natural gas distribution services)	**1,691**	1,147	**3,289**	1,152	4,350	6,500	6,500
Western Palm Beach County, Florida Expansion	**161**	-	**322**	-	54	676	4,581
Marlin acquisition	**1,030**	-	**3,359**	-	110	5,400	6,300
Ohl propane acquisition	**112**	-	**588**	-	-	1,200	1,236
Del-Mar Energy Pathway Project - including interim services	**189**	-	**353**	-	-	725	3,039
Callahan Pipeline Project - new project announced May 2019	**-**	-	**-**	-	-	-	2,250
Tax benefit retained by certain Florida entities	**249**	-	**2,329**	-	-	3,039	1,879
Total	**$ 10,607**	**$ 5,226**	**$25,589**	**$10,639**	**$ 26,940**	**$ 47,895**	**$ 57,075**
Change	**$ 5,381**		**$14,950**			**$ 20,955**	**$ 9,180**

Recently Completed and Underway Natural Gas Expansion Projects

Eastern Shore and Peninsula Pipeline Transmission

Expansion Projects	Completion Date	Investment Amount (000's)	2020 Annual Margin (000's)
2017 Eastern Shore System Expansion (1)	Q3 - 2019	$132,800	$15,779
Northwest Florida Expansion	Q2 - 2018	44,300	6,500
Western Palm Beach County (2)	Q1 - 2020	33,015	4,581
Callahan Pipeline Project (3)	Q3 – 2020	32,500	2,250
Del-Mar Pathway Project (4)	Q2 - 2021	37,000	3,039
Total		$279,615	$32,149

(1) Eastern Shore expansion substantially completed in 2018

(2) Western Palm Beach County expansion partially in-service in December 2018
- *Projects/Phases include Belvedere, Westlake/Arden, Avenir and Research Park*
- *Fully in-service 2020 with annual margin of $4.6 million*

(3) Callahan Pipeline Project will generate $6.0 million gross margin annually once completed

(4) Del-Mar Pathway project to generate $5.1 million gross margin annually once fully in-service

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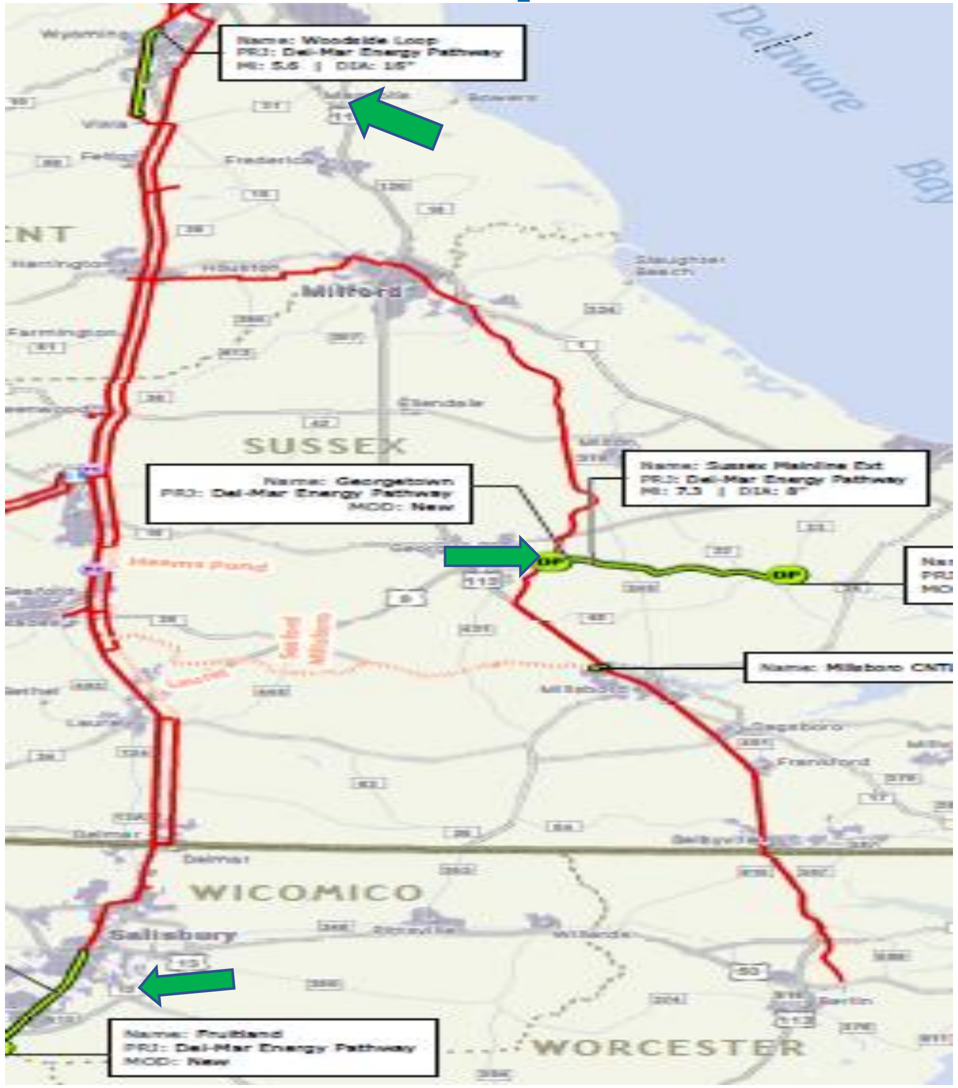
Del-Mar Energy Pathway Project Under Development

Strategic Growth Initiative

Provides additional natural gas transmission pipeline infrastructure in Eastern Sussex County, Delaware and expands service into Somerset County, Maryland; serves four large anchor customers

- Estimated Project Cost: $ 37 Million
- Estimated In Service Date: Mid-2021*
- Estimated Annual Gross Margin:
  - 2019 - $ 0.7 million
  - 2020 - $ 3.0 million
  - 2021 - $ 4.6 million
  - 2022 forward - $ 5.1 million
- Interim service in advance of this project generated $0.2 milion and $0.4 million gross margin for the three months and six months ended June 30, 2019, respectively.

**Contingent upon FERC issuing authorization for the project by the third quarter of 2019*.



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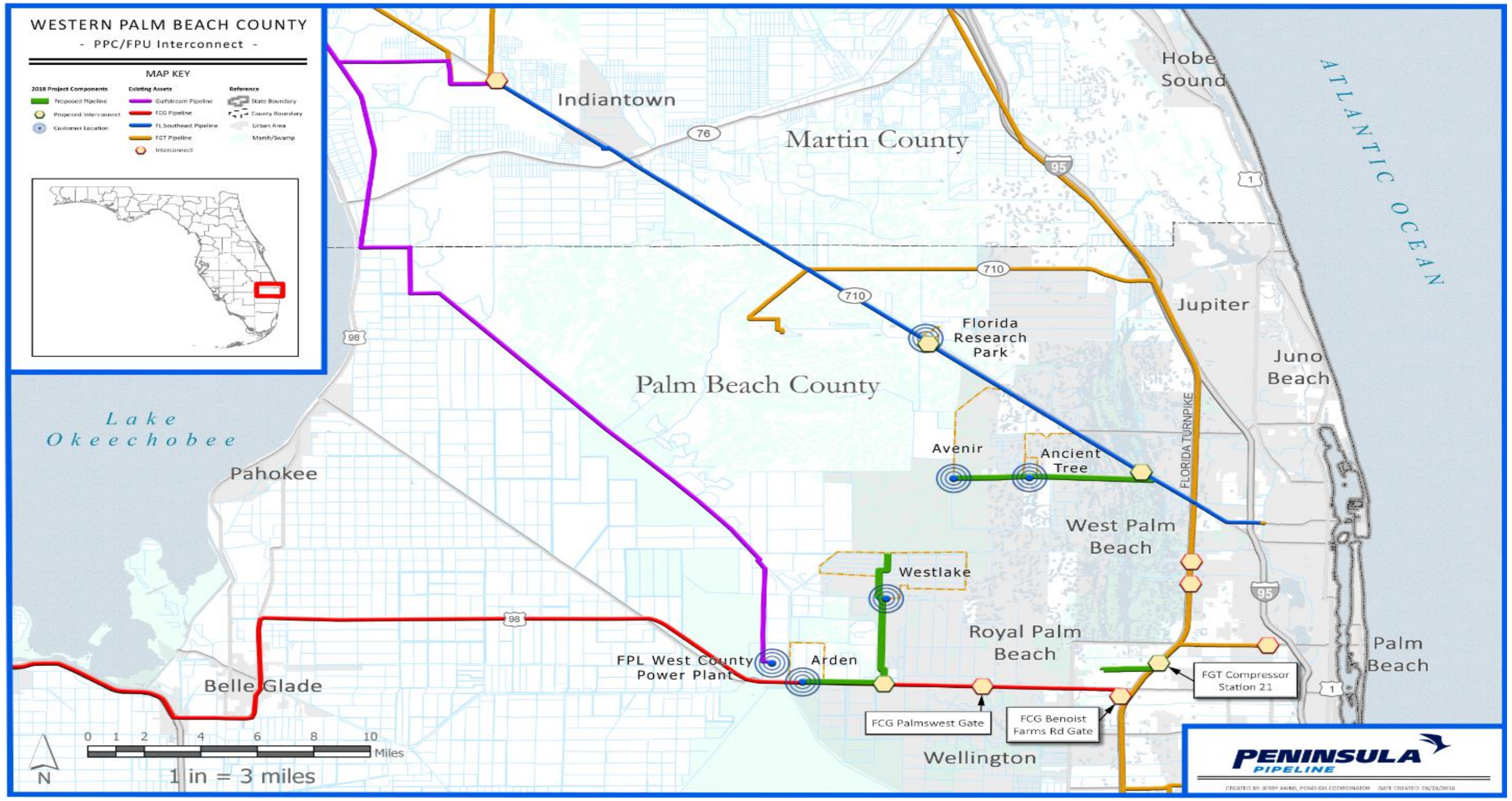
West Palm Beach Expansion

Enhances Reliability and Provides Additional Customer Growth

- $4.6 MM annual margin
- $0.7 million in 2019
- $30 million total capital invested
- Approved by the Florida PSC on August 7, 2019
- Mid-2019 initial service; fully in-service in phases through 2020



- Four Peninsula Pipeline projects to serve FPU's natural gas distribution systems expansions in Palm Beach County.
- Resolves a pipeline capacity constraint.

Western Palm Beach County expansion partially in-service in December 2018

- *Projects /Phases include Belvedere, Westlake/Arden, Avenir and Research Park*
- *Fully in-service 2020 with annual margin of $4.6 million*

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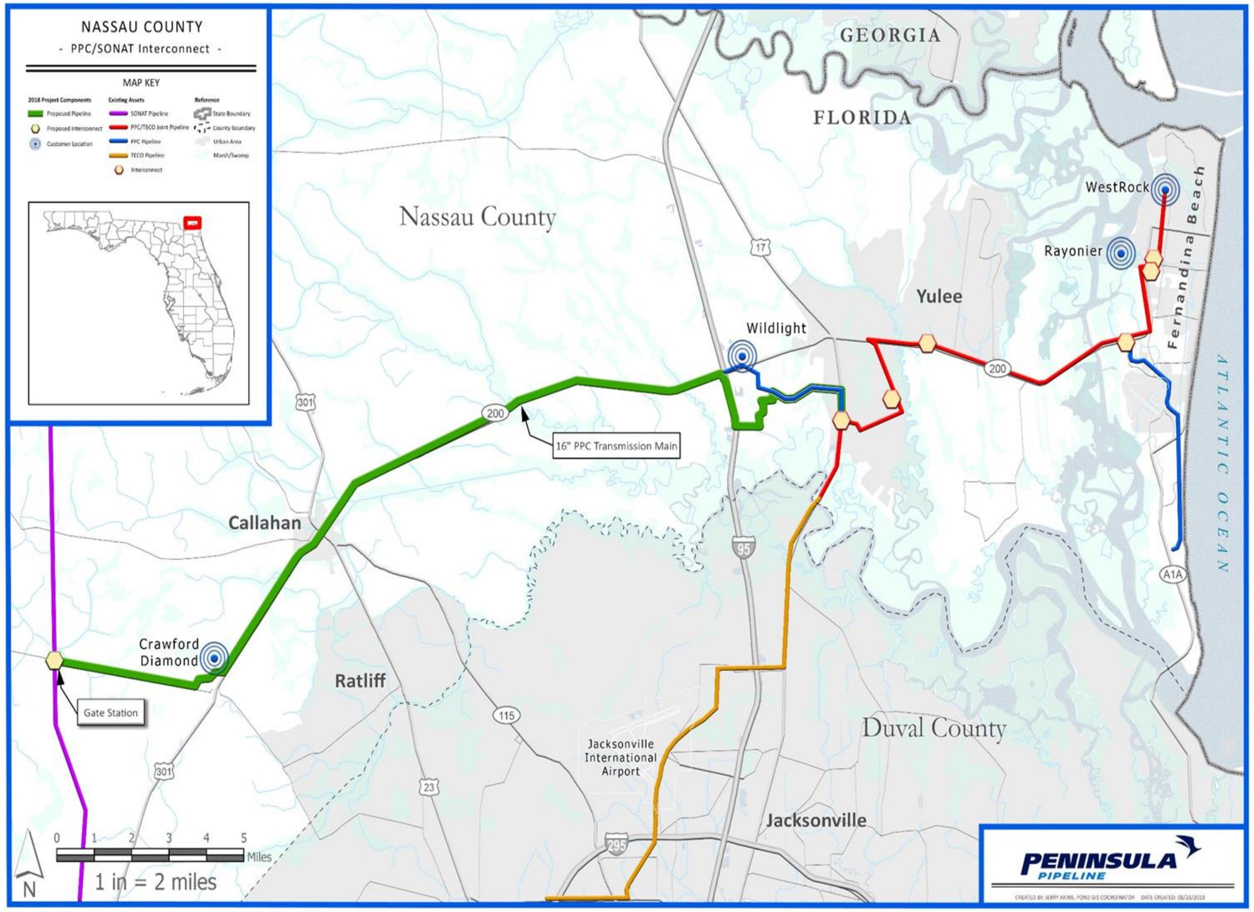
Callahan Pipeline

Nassau County, Florida



Peninsula Pipeline announced in May 2019 plans to construct a jointly owned 26 mile pipeline serving Nassau and Duval counties in Florida; Project will be jointly owned and built with Seacoast Gas Transmission (affiliate of Emera)

- Estimated Project Cost: $ 32.5 Million*
- Estimated In Service Date: Third Quarter of 2020
- Estimated Annual Gross Margin:
  - 2020 - $ 2.3 million
  - 2021 forward - $ 6.0 million

Total project cost is estimated at $65 million
– Chesapeake and Seacoast will fund 50% each.

Marlin Gas Services

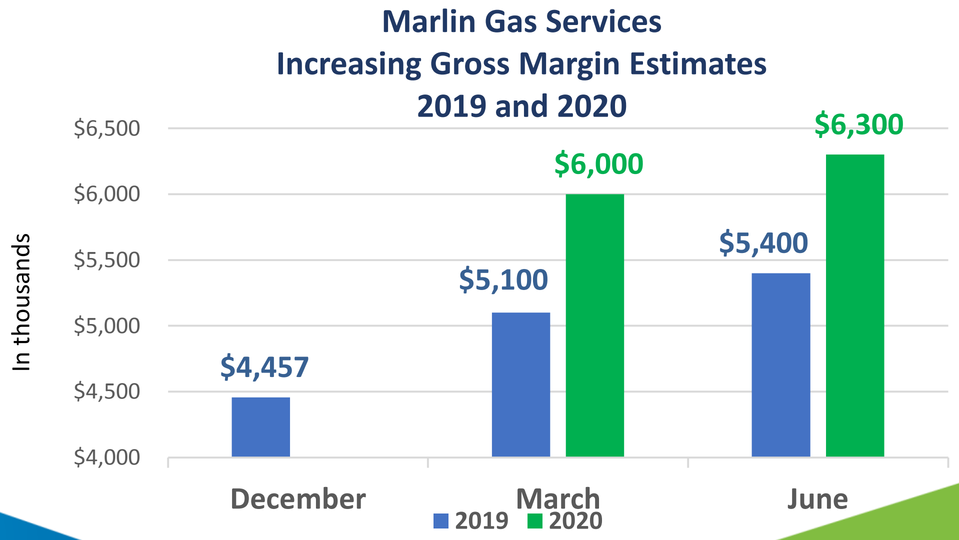
Exceeding Initial Margin Projections Year-to-Date

Financial Performance

- Marlin generated $3.4 million of gross margin and $1.4 million in operating income during the first half of 2019.
- Based on results to date and the outlook going forward, we increased our gross margin estimates for Marlin to approximately <u>$5.4 million in 2019 and $6.3 million in 2020</u>.

Marlin Gas Services Capabilities

- Operates a large fleet of 36 tube trailers dedicated to transportation of compressed natural gas ("CNG")
- Nationwide service with primary focus on Gulf Coast
- Over 7 billion cubic feet of natural gas transported
- Provides temporary and emergency natural gas services
- Planning new additional trailers for later in 2019



Since the December acquisition, our estimated annual gross margin for Marlin Gas Services for 2019 and 2020 has increased in each quarterly report.

** Estimate not provided in December quarterly report for 2020.*

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ESG at Chesapeake Utilities

Combination of Strategic Focus, Engaged Employees and Innovation

Corporate Governance is the foundation of our processes and decision making

- *Honored as "2018 Best North American Utility for Corporate Governance"*
- *Calvert A. Morgan, Jr., Chesapeake Board Member since 2000, has been named a 2019 Delaware Business Leaders Hall of Fame inductee by the Junior Achievement of Delaware Leadership Council*
- *Recently celebrated the 25th anniversary of our listing on the NYSE with employees from across the Company*

Employee-Centric company focused on sustaining our aspiring and caring culture.

- *Chesapeake Women in Energy gathered in Florida with Board member Dianna Morgan regarding her "A Leadership Journey, Reflections for My Daughter"*

- *Shane Breakie, AVP of Chesapeake Utilities, was recently named Chair of the Central Delaware Chamber of Commerce*

Connecting with our Customers and Communities is in our DNA

- *Our subsidiaries, Florida Public Utilities and Aspire Energy, earned national Safety Achievement awards from AGA based on criteria that included professional and personal commitment and dedication to improving the operations and engineering sectors of the natural gas industry*
- *Chesapeake's tradition of volunteering continues across the Company – recent events include volunteering at Food Banks, sponsoring lunches at food shelters*

CHESAPEAKE Cares WITH A CAUSE
Cares With A Cause

ESG at Chesapeake Utilities

- *Chesapeake Utilities has a long-standing history of ESG practices and our internal working group (Governance, HR, Finance, Operations, and Technology) has been reviewing industry practices and communicating with stakeholders to ensure we provide the most relevant information on ESG.*

- *Every day, our employees show their entrepreneurial spirit by identifying energy efficient opportunities, generating savings for customers, and reducing carbon emissions within our business operations.*

- *Chesapeake Utilities is committed to providing safe, efficient and reliable solutions to our customers.*

- *Our employees not only participate in community events, they hold leadership roles.*

Chesapeake Utilities Corporation

Investment Proposition – Committed to Superior Performance

Strong Foundation

- Providing solutions for more efficient energy use and conducting business with environmental responsibility to yield carbon footprint benefits for our customers and communities
- $1.7 billion in assets; the average return on equity for five years through 12/31/18 was 11.9%
- Strong balance sheet and high retention rate for reinvestment

Superior Growth and Total Return

- CAGR in EPS of 7.9% (5 years) and 9.6% (10 years) (periods ended December 31, 2018)
- Total return to shareholders exceeded 15% for 1, 3, 5 years and 10 years ended June 30, 2019
- 5 Year dividend growth of 8.4%; 9.5% dividend increase in 2019

Energized Engaged Employees

- Commitment to customer service, safety and reliability
- Proven ability to identify profitable growth opportunities
- Focused on efficiency to maximize growth and profitability

Positioned for Continued Growth

- $178 million in capital spending forecasted for 2019
- $750 million to $1 billion in targeted spending (2018-2022)
- On track for 2017-2022 Annualized EPS Growth Target = 7.75% to 9.5%

Any Questions?

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Thank You!

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