

First Quarter 2016 Earnings Conference Call

Friday, May 6, 2016

“Driving Growth By Focusing on Long-term Sustainable Growth Opportunities”



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 2015 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: 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.

Year to Date Financial Results

First Quarter 2016 Performance Summary

For the periods ended March 31,
(in thousands except per share amounts)

	1Q16	1Q15	Change
Operating Income			
Regulated Energy segment	\$ 24,319	\$ 22,182	\$ 2,137
Unregulated Energy segment	11,936	15,229	(3,293)
Other businesses and eliminations	125	97	28
Total Operating Income	36,380	37,508	(1,128)
Other Income / (loss)	(34)	133	(167)
Interest Charges	2,650	2,448	202
Income Before Taxes	33,696	35,193	(1,497)
Income Taxes	13,329	14,084	(755)
Net Income	\$ 20,367	\$ 21,109	(742)
Diluted Earnings Per Share	\$ 1.33	\$ 1.44	\$ (0.11)

Results

- Net income declined by 3.5% compared to the first quarter of 2015
- Diluted EPS of \$1.33, representing a \$0.11 per share decrease, or 7.6%
- Warmer weather in the Company's natural gas and propane distribution operations reduced EPS by \$0.27 per share compared to 2015

Regulated Energy Segment Results

First Quarter 2016 Performance Summary

(in thousands)			
For the periods ended March 31,	1Q16	1Q15	Change
Revenue	\$ 89,216	\$ 109,582	\$ (20,366)
Cost of Sales	34,905	57,129	(22,224)
Gross Margin	54,311	52,453	1,858
Operations & Maintenance	20,460	21,283	(823)
Depreciation & Amortization	6,296	5,900	396
Other Taxes	3,236	3,088	148
Other Operating Expenses	29,992	30,271	(279)
Operating Income	\$ 24,319	\$ 22,182	\$ 2,137

Results

- Operating income increased by \$2.1 million, or 9.6% to \$24.3 million
- Gross Margin increased by \$1.9 million primarily due to:
 - Natural gas transmission expansions (+\$1.9 million)
 - Florida GRIP (+\$1.1 million)
 - Natural gas customer growth (+\$745,000)
 - Lower margin due to significantly warmer weather in the first quarter of 2016 (-\$2.4 million)

Unregulated Energy Segment Results

First Quarter 2016 Performance Summary

(in thousands)

<i>For the periods ended March 31,</i>	1Q16	1Q15	Change
Revenue	\$ 57,516	\$ 60,996	\$ (3,480)
Cost of Sales	34,415	35,677	(1,262)
Gross Margin	23,101	25,319	(2,218)
Operations & Maintenance	9,389	8,557	832
Depreciation & Amortization	1,183	1,051	132
Other Taxes	593	482	111
Other Operating Expenses	11,165	10,090	1,075
Operating Income	\$ 11,936	\$ 15,229	\$ (3,293)

Results

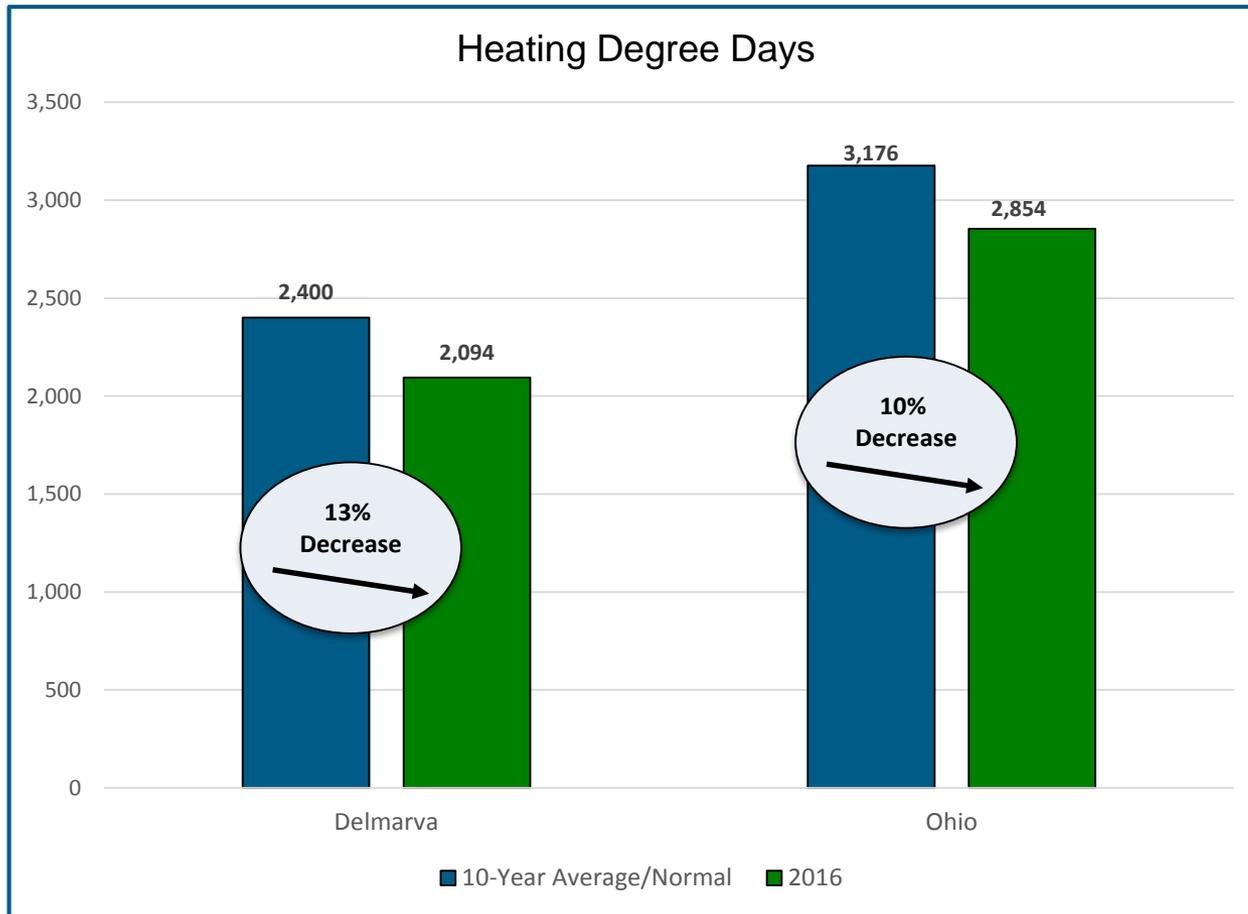
- Operating income decreased by \$3.3 million to \$11.9 million
- Gross Margin decreased \$2.2 million primarily due to:
 - Lower propane consumption due to warmer weather (-\$4.3 million)
 - Lower retail propane margins as margins began to return to more normal, anticipated levels (-\$1.8 million)
 - Aspire Energy of Ohio (+\$4.2 million), acquired on April 1, 2015; and therefore not included in prior year first quarter results
- Higher operating expenses include \$1.6 million related to Aspire Energy of Ohio, partially offset by \$436,000 in lower incentive compensation accruals

Reconciliation of 2016 Results Year-to-Date

Key variances for the three months ended March 31, 2016 vs. 2015 included:

<i>(in thousands, except per share)</i>	<u>Pre-tax Income</u>	<u>Net Income</u>	<u>Earnings Per Share</u>
First Quarter of 2015 Reported Results	\$ 35,193	\$ 21,109	\$ 1.44
Adjusting for unusual items:			
Weather impact	(6,656)	(3,992)	(0.27)
	<u>(6,656)</u>	<u>(3,992)</u>	<u>(0.27)</u>
Increased Gross Margins:			
Regulated energy segment	3,800	2,280	0.16
Unregulated energy segment	(1,837)	(1,102)	(0.07)
	<u>1,963</u>	<u>1,178</u>	<u>0.09</u>
Increased Other Operating Expenses	<u>(23)</u>	<u>(14)</u>	<u>-</u>
Net contribution from Aspire Energy, including impact of shares issued	2,633	1,676	0.06
Interest Charges and Net Other Charges	586	410	(0.01)
First Quarter of 2016 Reported Results	<u>\$ 33,696</u>	<u>\$ 20,367</u>	<u>\$ 1.33</u>

Weather Impact



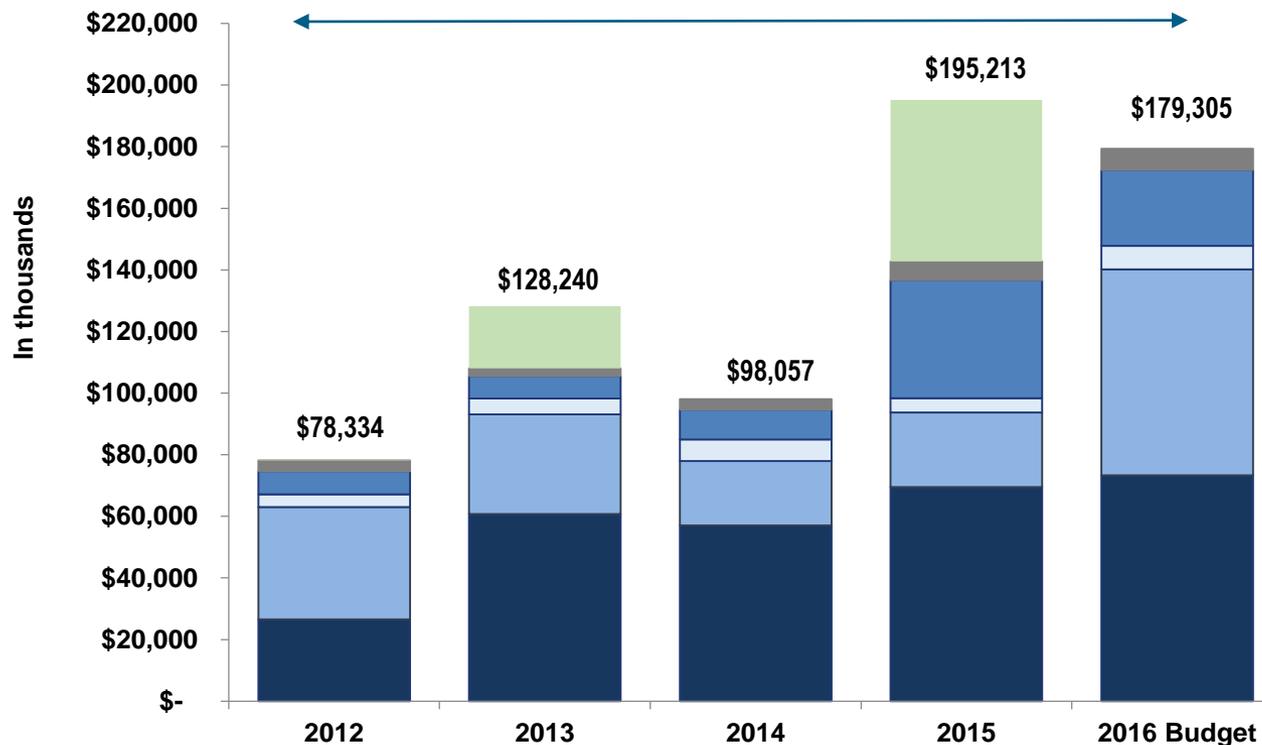
Significantly warmer temperatures during the three months ended March 31, 2016 when the demand for natural gas and propane is normally high, had a large negative (\$0.27 per share) impact on our earnings.

Delmarva 2015 1st Quarter HDDs: 2,822 – 2016 25% warmer than 2015

Continuing to Build for the Future

Capital Expenditures

*Cumulative Expenditures and Acquisitions
of \$679 Million
(2012 through 2016 Budget)*



Major Projects Underway:

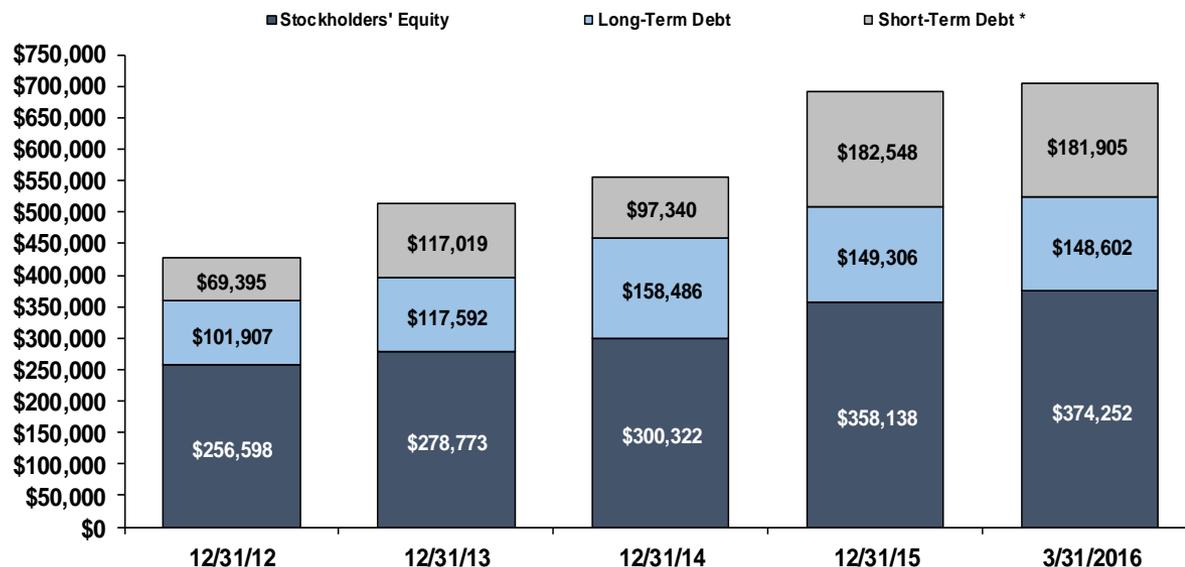
- Eight Flags CHP plant
- Expansion of facilities to serve Calpine power plant
- Eastern Shore Natural Gas system reliability project
- Florida GRIP investments

**82% Regulated Energy
Natural Gas and Electric**

Total Capitalization

Historical Structure and Increased Debt Capacity

(in thousands)



Equity/Permanent Capitalization	71.6%	70.3%	65.5%	70.6%	71.6%
Equity/Total Capitalization	60.0%	54.3%	54.0%	51.9%	53.1%

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

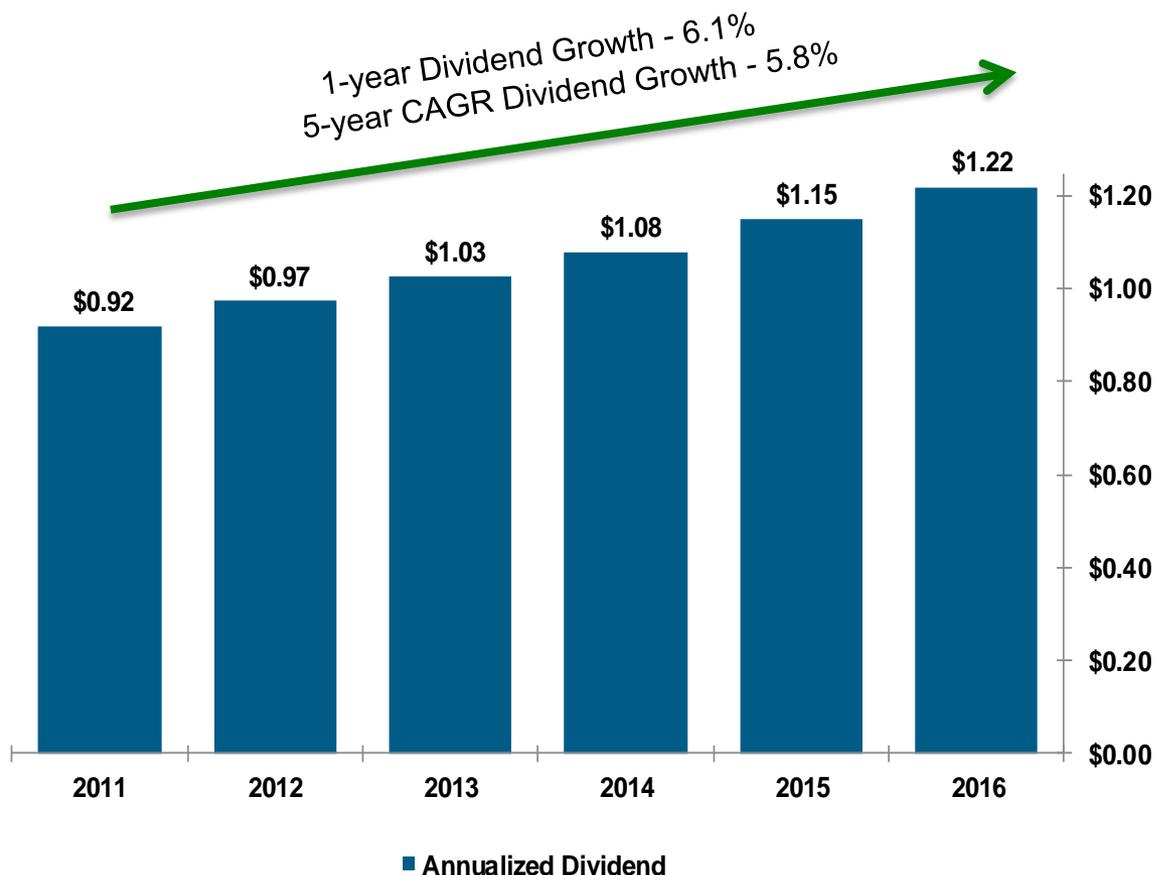
Target Capital Structure: 50% to 60%
Equity to Total Capitalization

Debt Capacity Available:

- \$150 million Private Placement Shelf Agreement with Prudential Investment Management
 - Available for three years
 - Issue Notes up to 15 years
- Revolving Credit Agreement for \$150 million for five years
 - \$40 million outstanding as of 3/31/16
- \$170 million of Bank Lines available through 12/31/16
 - \$133 million outstanding as of 3/31/16

Continuous Dividend Growth

We are committed to providing superior dividend growth that is supported by earnings growth



- The Board increased the annualized dividend by \$0.07 or 6.1% on May 4, 2016.
- We have delivered 5.8% five year compound annual dividend growth in our dividend, while continuing to invest in the business to generate future earnings and dividend growth.
- As of March 31st, we have a five year compound annual earnings per share growth rate of 6.9%.

Gross Margin Highlights

Major Projects and Initiatives Summary

	Gross Margin for the Period					
	Three Months Ended		Total 2015 Margin	Estimate for		
	March 31,			2016	2017	2018
	2016	2015				
Completed major projects and initiatives \$	11,445	\$ 4,149	\$ 25,270	\$ 40,791	\$ 42,350	\$ 44,846
Major projects and initiatives underway	—	—	—	3,700	9,550	11,800
	<u>\$ 11,445</u>	<u>\$ 4,149</u>	<u>\$ 25,270</u>	<u>\$ 44,491</u>	<u>\$ 51,900</u>	<u>\$ 56,646</u>

- Actual and Expected Margin Increases:
 - \$19.2 million increase in 2016 over 2015
 - \$7.4 million in projected margin growth from disclosed projects for 2017
- Existing projects include Aspire Energy of Ohio, natural gas transmission expansions, GRIP and Florida rate case
- Projects underway include natural gas expansions, system reliability projects, and the Eight Flags Energy combined heat and power project (“CHP”)

We are focused on developing new growth opportunities that will increase the margin growth in 2017 and beyond

Gross Margin Highlights

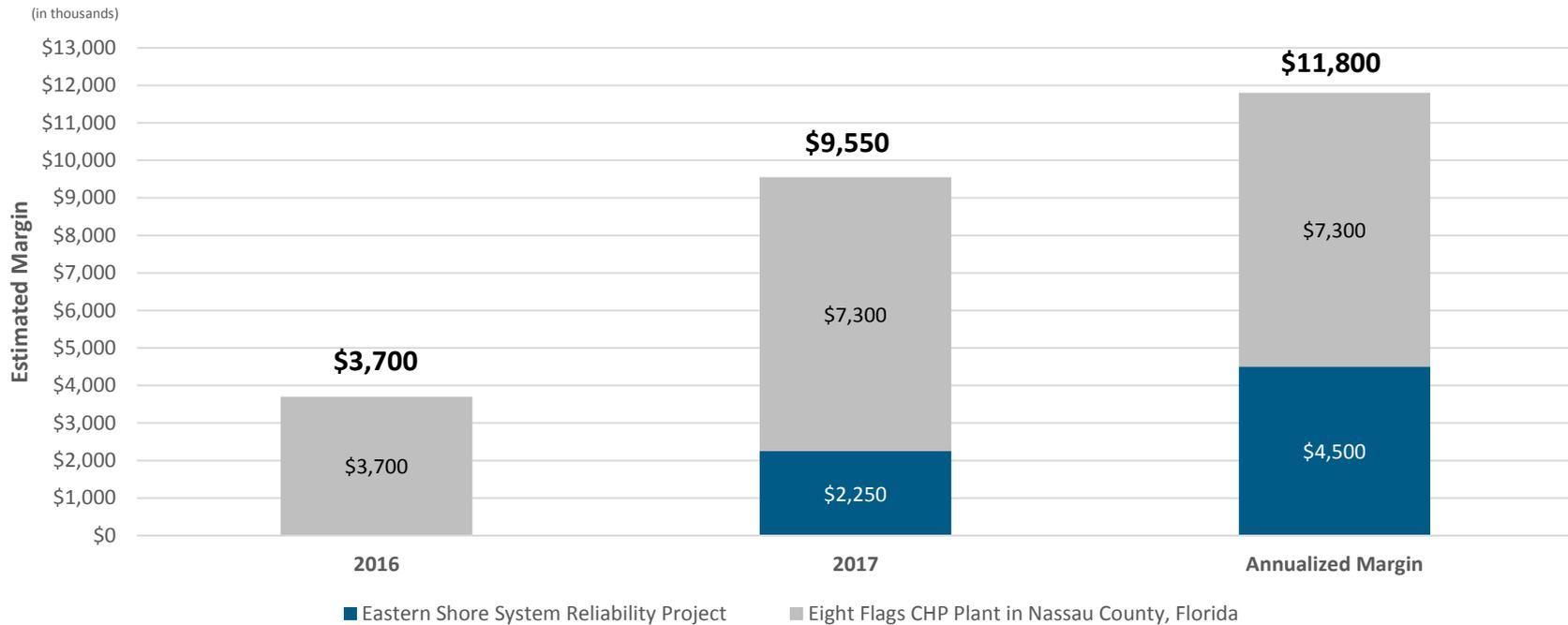
Existing Major Projects and Initiatives

Gross Margin for the Period

	Three Months Ended			Total 2015 Margin	Estimate for		
	March 31,				2016	2017	2018
	2016	2015	Variance				
Acquisition:							
Aspire Energy	\$ 4,241	\$ —	\$ 4,241	\$ 6,324	\$ 12,824	\$ 14,198	\$ 15,415
Natural Gas Transmission Expansions and Contracts:							
Short-term contracts							
New Castle County, Delaware	\$ 760	\$ 968	\$ (208)	\$ 2,682	\$ 2,607	\$ 1,578	\$ 677
Kent County, Delaware	1,783	—	1,783	2,270	6,951	—	—
Total short-term Contracts	\$ 2,543	\$ 968	\$ 1,575	\$ 4,952	\$ 9,558	\$ 1,578	\$ 677
Long-term Contracts							
Kent County, Delaware	\$ 455	\$ 463	\$ (8)	\$ 1,844	1,815	\$ 7,629	\$ 7,605
Polk County, Florida	407	27	380	908	1,627	1,627	1,627
Total long-term contracts	\$ 862	\$ 490	\$ 372	\$ 2,752	\$ 3,442	\$ 9,256	\$ 9,232
Total Expansions & Contracts	<u>\$ 3,405</u>	<u>\$ 1,458</u>	<u>\$ 1,947</u>	<u>\$ 7,704</u>	<u>\$ 13,000</u>	<u>\$ 10,834</u>	<u>\$ 9,909</u>
Florida GRIP	<u>\$ 2,587</u>	<u>\$ 1,479</u>	<u>\$ 1,108</u>	<u>\$ 7,508</u>	<u>\$ 11,405</u>	<u>\$ 13,756</u>	<u>\$ 15,960</u>
Florida Electric Rate Case	<u>\$ 1,212</u>	<u>\$ 1,212</u>	<u>\$ —</u>	<u>\$ 3,734</u>	<u>\$ 3,562</u>	<u>\$ 3,562</u>	<u>\$ 3,562</u>
Total Completed Major Projects and Initiatives	<u>\$ 11,445</u>	<u>\$ 4,149</u>	<u>\$ 7,296</u>	<u>\$ 25,270</u>	<u>\$ 40,791</u>	<u>\$ 42,350</u>	<u>\$ 44,846</u>

Gross Margin Highlights

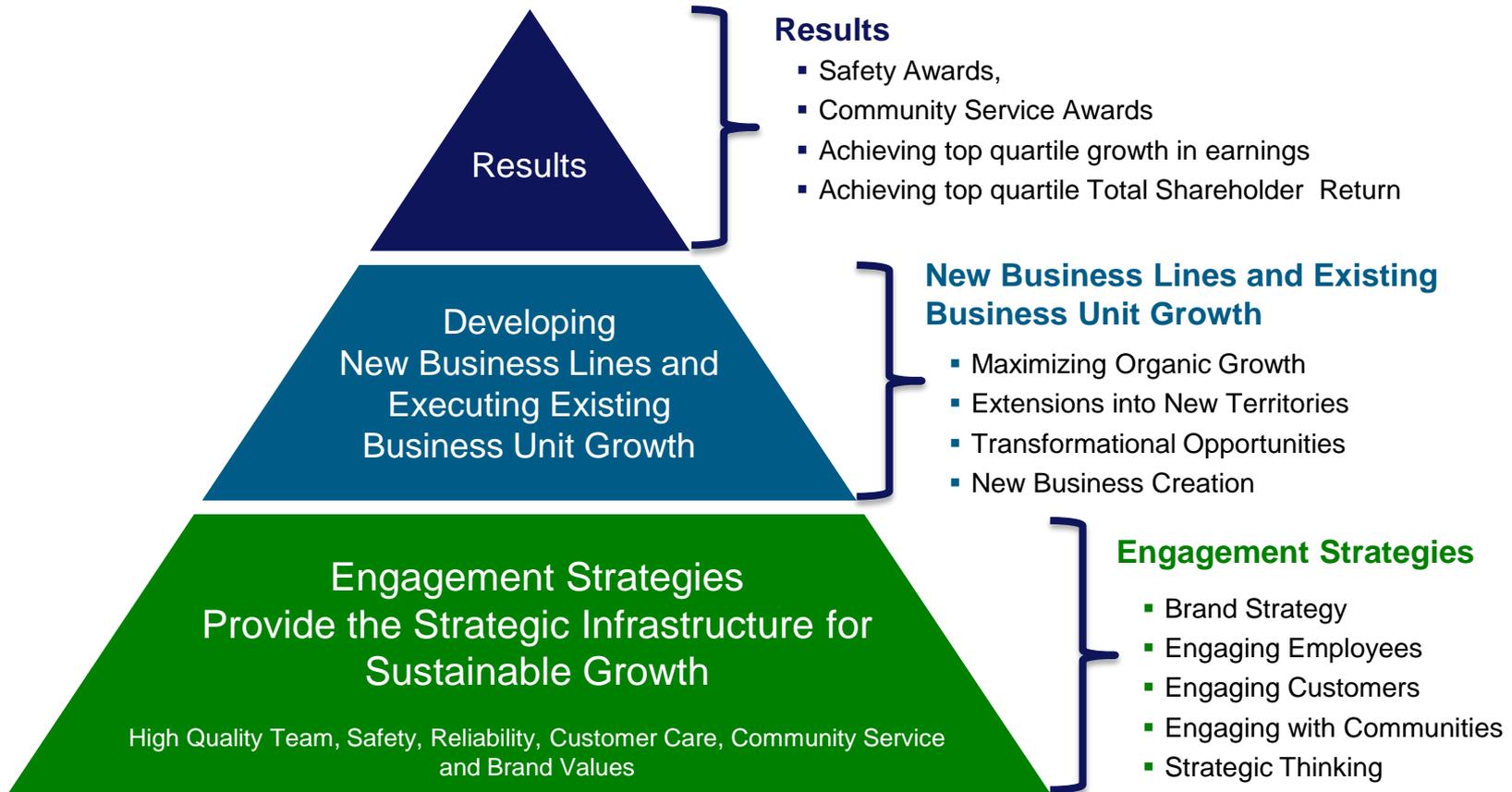
Future Major Projects and Initiatives



Project	Estimated Margin for		
	2016	2017	Annualized Margin
Eastern Shore System Reliability Project	\$ —	\$ 2,250	\$ 4,500
Eight Flags CHP plant in Nassau County, Florida	3,700	7,300	7,300
Total Major Projects and Initiatives Underway	\$ 3,700	\$ 9,550	\$ 11,800

Company Performance & Direction

Strategic Platform for Growth



Our strategy continues to produce financial performance with strong growth in earnings, capital investment and return on equity. We are making investments in the strategic infrastructure needed to develop and execute sustainable long-term growth strategies.

Our Foundation for Growth –

Engagement Strategies

- Our platform for strategic growth starts with our engagement strategies, beginning with our brand and our employees.
- Guided by our brand, our employees work together toward common goals that are aligned with our strategic plan and remained disciplined in our growth strategy.
- The creativity and dedication of our employees enable us to pursue growth initiatives with perseverance to achieve our objectives and transform opportunities into profitable earnings growth.
- For the fourth consecutive year in 2015, Chesapeake Utilities Corporation was recognized as a Top Workplace in Delaware.

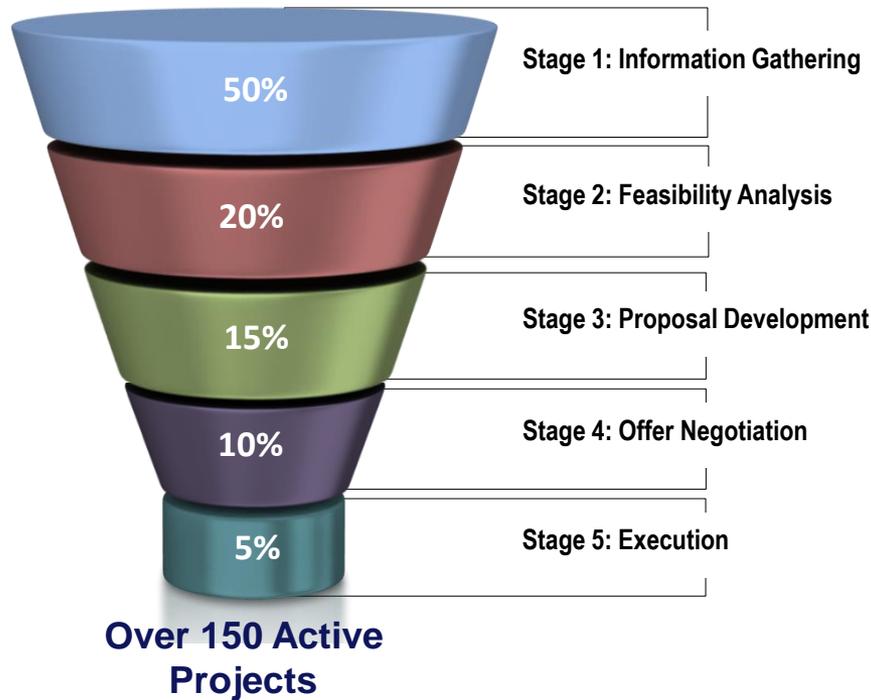
Employees Engaging with our Customers and Communities

- We feel privileged to have the opportunity to serve our customers and provide energy resources in a safe and reliable manner – and we take this responsibility seriously.
- In 2015, Chesapeake Utilities Corporation was honored by the Central Delaware Chamber of Commerce with the “Excellence in Business Award for Corporation of the Year” based on significant contributions to the business community.
- We take pride in being a true partner in our communities and delivering value to our communities and society as a whole.
- Our various work with the Delaware community led to Chesapeake Utilities Corporation being recognized by the Jefferson Awards Foundation with the “Outstanding Service by a Major Company” award.

Strategic Planning & Thinking

- Our Strategic Planning process requires that we achieve aggressive growth targets. These targets are deliberately set high enough to challenge us to think differently.
- We involve all of our business units in our strategic planning process to identify and develop new growth opportunities in a five-year plan.
- Our Strategic Plan is updated every year to reflect changes in market conditions or more often if market forces dictate.
- This concerted effort produces a dynamic plan that challenges all of us to focus on investment opportunities that can sustain the growth required to achieve our aggressive targets over the long term

Disciplined Execution of our Strategic Growth Plan



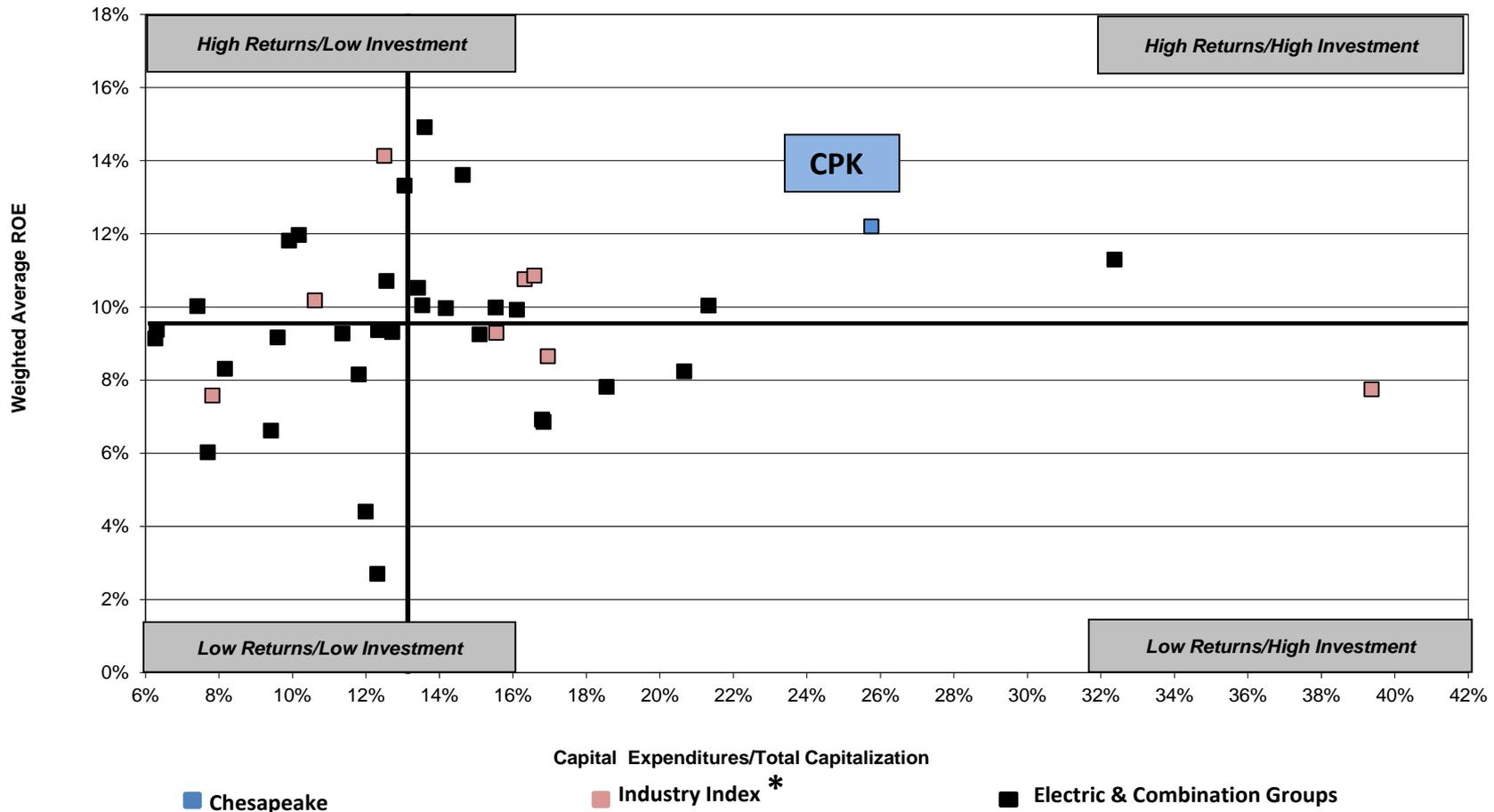
We continue our relentless efforts to drive growth by focusing on long-term, sustainable growth opportunities.

- We remain both aggressive and disciplined in our quest for growth through a disciplined Growth Council process.
- The Growth Council:
 - Consists of executives with operations, engineering, business development, regulatory, financial and legal backgrounds.
 - Evaluates and develops large strategically significant projects based on strategic fit, the cost and benefits and, the risks associated with each project.
 - Ensures sound resource allocation decisions.
- This supports sustainability of our growth efforts by maintaining our ability to raise capital when necessary

Performance Quadrant

Peer ROE vs. Capital Expenditures

January 1, 2013 – December 31, 2015

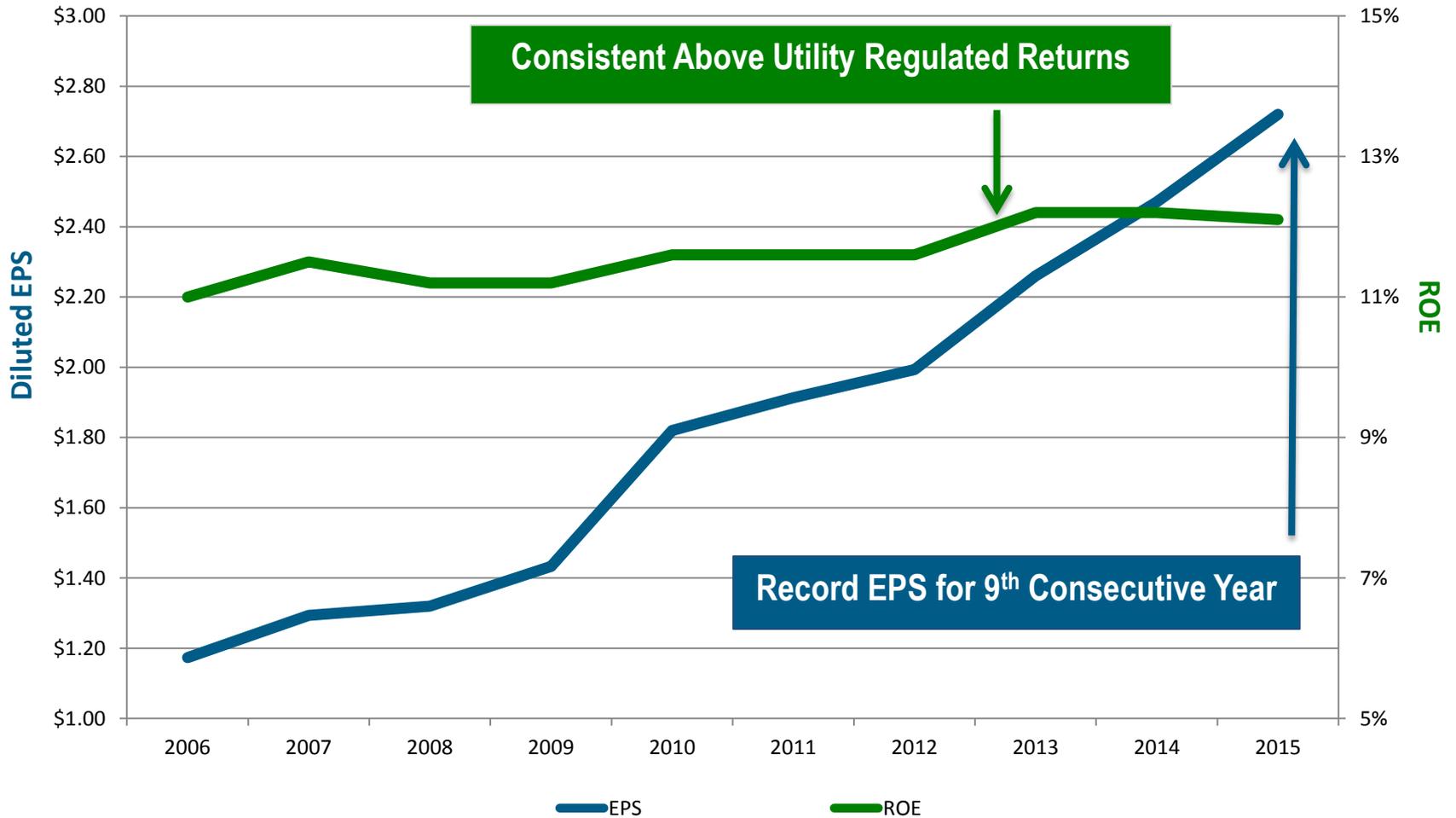


* Includes companies previously a part of the Edward Jones Natural Gas Distribution peer group.

Source: Bloomberg

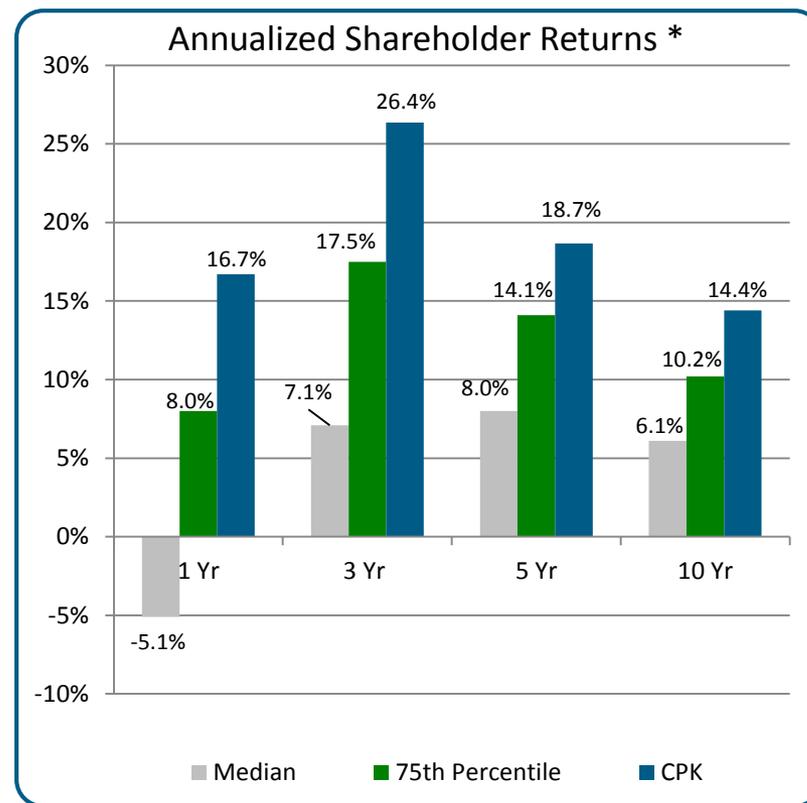
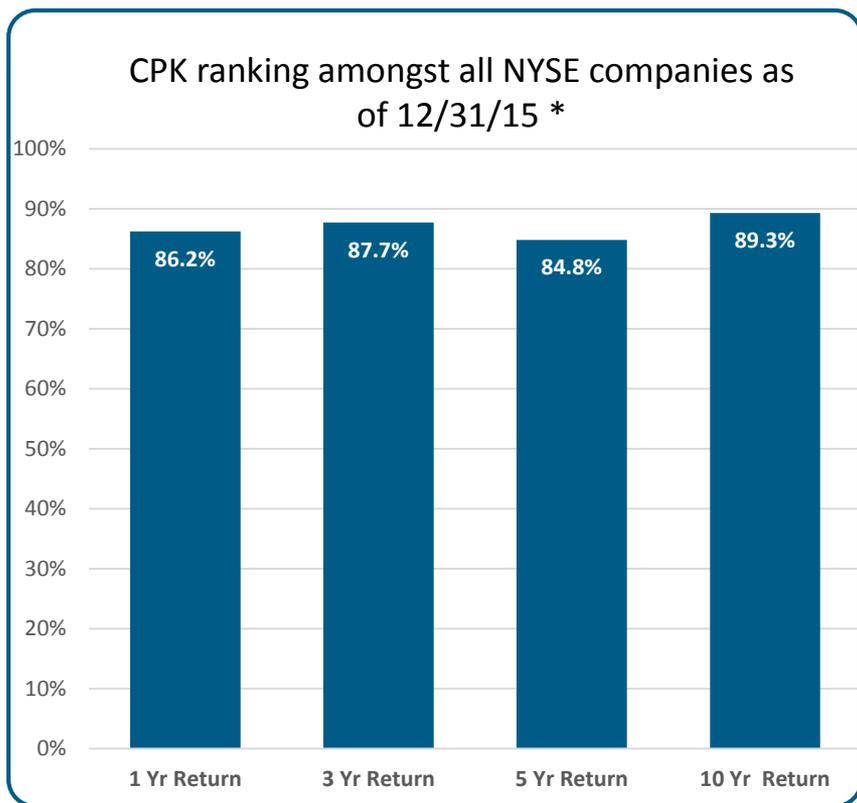
Generating Record Results

EPS and Return on Equity



Shareholder Return – Comparison to Broader Market – NYSE Companies

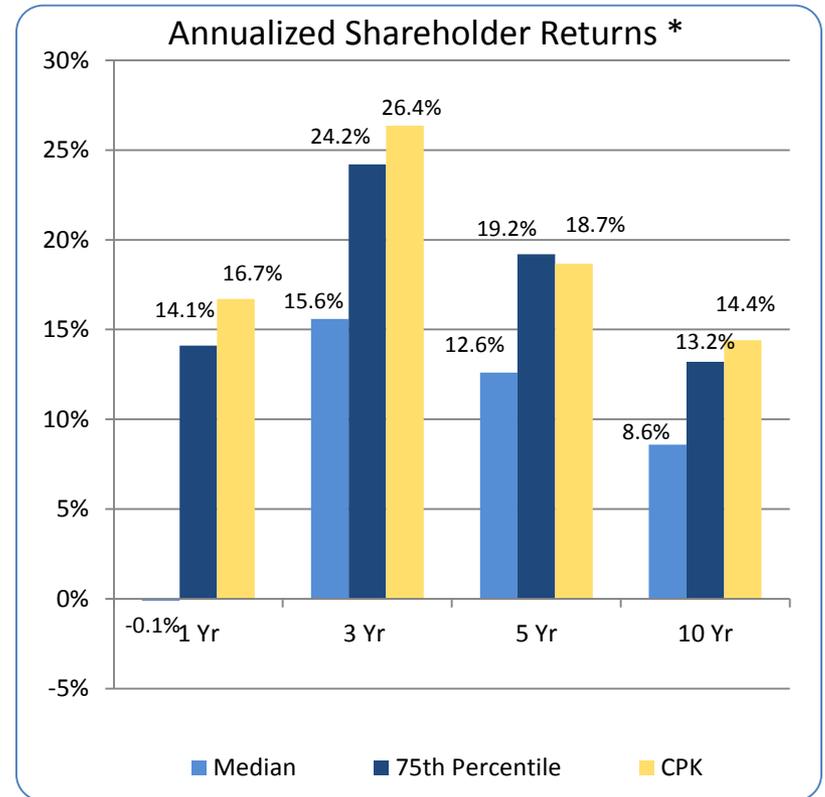
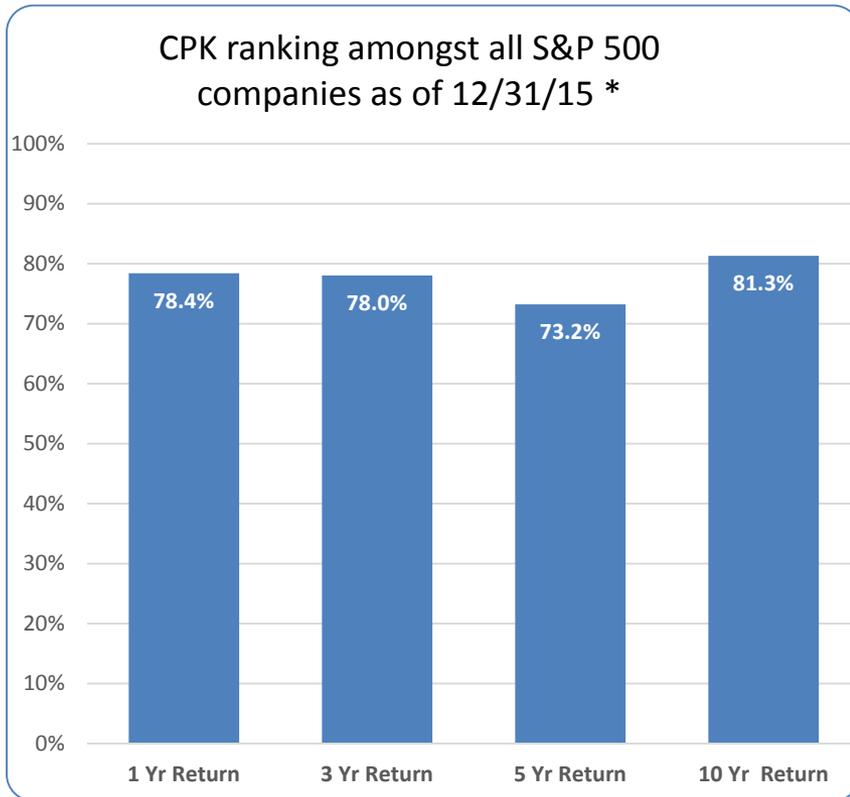
Chesapeake's Total Shareholder Return is in the top quartile when compared to all companies listed on the New York Stock Exchange.



* Source: Robert W. Baird

Shareholder Return – Comparison to Broader Market – S&P 500

Chesapeake's Total Shareholder Return is in the top quartile when compared to the S&P 500, except for the 5 year period when we were at the 73.2% level.



* Source: Robert W. Baird

Financial Metric Summary

- We achieved top quartile performance in 19 out of 20 categories.
- Chesapeake's Shareholder Return (CAGR) for 10 and 20 years was 15.4% and 13.7%, respectively; ranking as #2 for the 10 years and #1 for the 20 years in the peer group.

Performance Metrics	Chesapeake Results			Chesapeake Percentile Ranking		
	1 Year	3 Year	5 Year	1 Year	3 Year	5 Year
<i>For periods ending 12/31/15 unless otherwise noted</i>						
Capital Expenditures / Total Capitalization	32.3%	25.8%	22.3%	100.0%	93.2%	83.6%
Earnings Per Share Growth (CAGR)	10.6%	11.3%	8.5%	93.0%	100.0%	97.3%
Return on Equity	12.2%	12.2%	12.0%	100.0%	93.4%	89.1%
Dividends Per Share Growth (CAGR) for the periods ending 3/31/16	6.5%	5.7%	5.5%	79.6%	75.0%	85.9%
Earnings Retention Ratio	58.0%	56.4%	54.8%	100.0%	100.0%	100.0%
Shareholder Return (CAGR) for the periods ending 3/31/16	26.9%	27.3%	21.0%	43.7%	100.0%	100.0%

□ denotes percentiles in top quartile performance for the corresponding metric

Source: Bloomberg

Note: Certain peer group companies have only been included in the respective years in which they had a return (if a new company) and have been excluded if they had less than one year of returns after a spin-off.

Current Key Growth Initiatives

Delmarva

Project	Description	Capacity	Estimated Annualized Margin
Eastern Shore Natural Gas White Oak Expansion	Natural gas transportation services to Calpine's electric generating plant in Dover, DE, under a 20-year service agreement.	Capacity increase of 45,000 dt/d from May to October with allowable interruption period of up to 90 days from November to April	\$5.8 million
Eastern Shore Natural Gas TETCO Capacity Expansion	Capacity expansion at the existing TETCO interconnect. Providing customers the option of additional TETCO supply and access to that supply under an accelerated time frame.	Capacity increase of 53,000 dt/d	\$344,000 + additional firm / interruptible margin opportunity
Eastern Shore Natural Gas System Reliability	Additional facilities that ensure the quality of service and optimal system design and operation, benefiting all customers on ESNG's system.	10.1 miles of pipeline and 1,775 hp compression	\$4.5 million

Current Key Growth Initiatives

Florida & Ohio

Project	Description	Capacity	Estimated Annualized Margin
Florida Public Utilities Gas Reliability Infrastructure Program (GRIP)	Natural gas pipe replacement program approved by Florida PSC. Enhances reliability and integrity of systems and allows recovery of capital and related costs through rates.	Replaced 162 miles of distribution mains through 2015; 58 mains planned for 2016	\$7.5 million
Eight Flags Energy, LLC	Combined heat and power plant being constructed in our natural gas and electric distribution territory on Amelia Island in Nassau County, Florida. The CHP plant is a FERC qualifying cogeneration facility, which is under construction on a site leased from Rayonier Performance Fibers, LLC, a subsidiary of Rayonier Advanced Materials.	Plant will produce approximately 20MW of base load power that will be sold to FPU for distribution to its retail electric customers. Steam generated will be sold to Rayonier Performance Fibers for use in the operation of its facility.	\$7.3 million
Aspire Energy of Ohio	Acquisition of Gatherco, Inc. on April 1, 2015. Provides natural gas supply to local distribution cooperatives and companies; and sources gas from 300 producers in eastern Ohio.	2,500 miles of pipeline	\$12.8 million in 2016

New Business Lines – Expanding Opportunities

Eight Flags Energy, LLC

Combined Heat and Power Plant



Any Questions?

THANK YOU!



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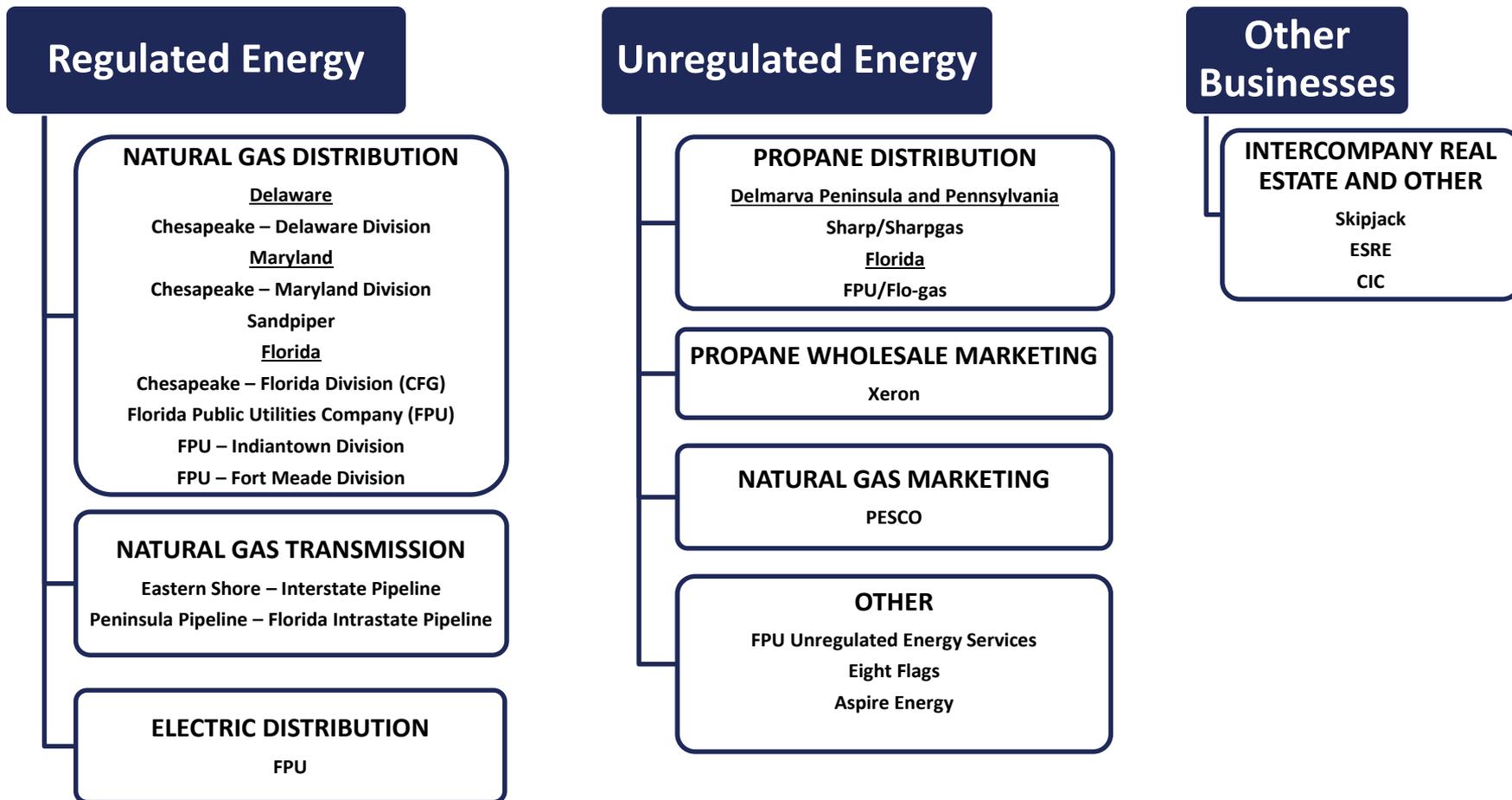
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APPENDIX



Business Structure



Chesapeake's Existing Service Areas

Delaware and Maryland

Natural Gas Transmission, Distribution and Marketing
Propane Distribution

Virginia

Propane Distribution

Pennsylvania

Natural Gas Transmission
Propane Distribution

Florida

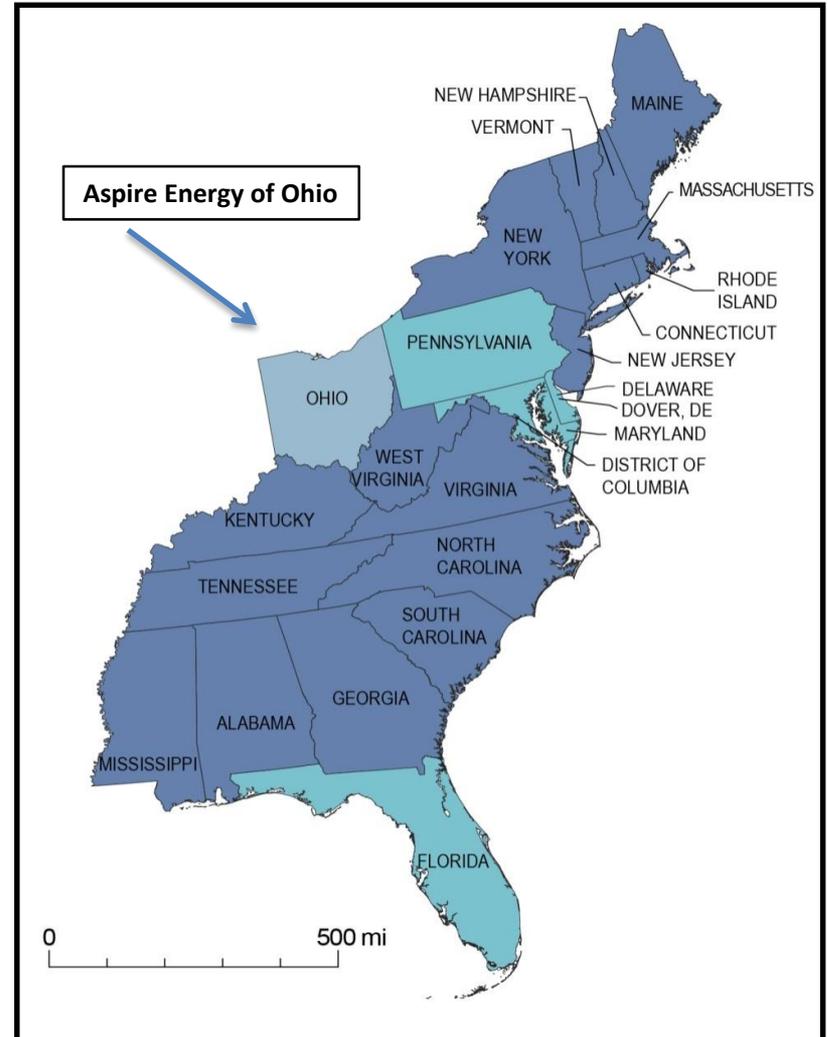
Natural Gas Transmission, Distribution and Marketing
Electricity Distribution
Combined Heat and Power Plant
Propane Distribution

Ohio

Natural Gas Gathering, Marketing, Liquids Processing
and Supply Distribution

Texas

Propane Marketing



Regulated Energy – Delmarva Distribution



- **Chesapeake Utilities** distributes natural gas to approximately 60,000 residential and commercial customers in Delaware and Maryland.
- In Delaware, Chesapeake continues to expand its system in southeast Sussex County.
- In Maryland, Chesapeake's Sandpiper business unit distributes propane and natural gas to approximately 11,000 customers in Worcester County.



Regulated Energy – Delmarva Transmission



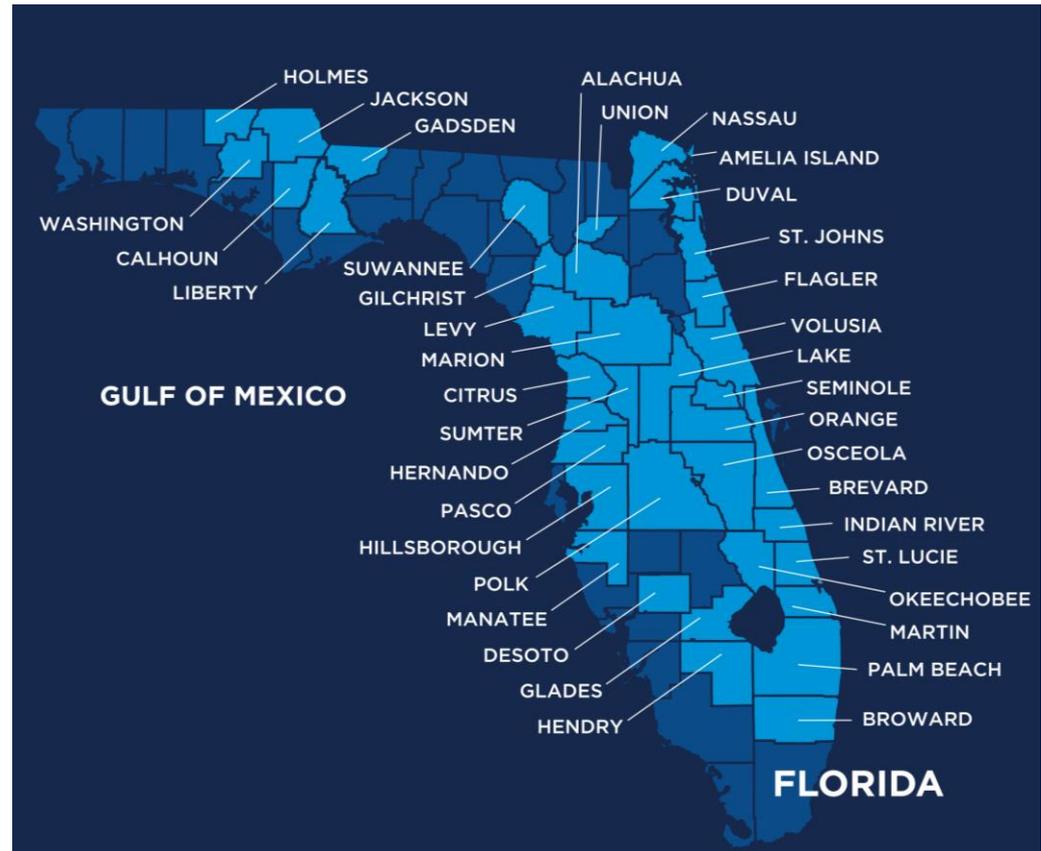
- Eastern Shore Natural Gas Company (“ESNG”) owns and operates a 442-mile interstate pipeline that transports natural gas from various points in Pennsylvania to customers in Delaware, Maryland and Pennsylvania.
- Recent extensions through Cecil County, Maryland, and through southeastern Sussex County, Delaware, and into Worcester County, Maryland, are providing opportunities for growth.



Regulated & Unregulated Energy - Florida



- **Florida Public Utilities** distributes natural gas to approximately 74,000 residential and commercial customers and electricity to 31,000 customers across Florida.
- **Peninsula Pipeline Company, Inc.** provides natural gas transmission services in Florida.
- **Florida Public Utilities'** propane distribution subsidiary provides service to approximately 16,000 customers in various areas of Florida.



Unregulated Energy – Sharp Energy



- **Sharp Energy** distributes propane to 37,000 customers in Delaware, the Eastern Shore of Maryland and Virginia, and southeastern Pennsylvania.
- Our propane operations have grown organically through our Community Gas Systems (“CGS”) strategy, and our recent expansions of service into Cecil County, Maryland and eleven counties in Pennsylvania.
- Sharp Autogas fuels over 280 vehicles through 14 propane fueling stations in Delaware, Maryland and Pennsylvania.



Unregulated Energy – Aspire Energy



- **Aspire Energy of Ohio** is an unregulated natural gas infrastructure company with over 2,500 miles of pipeline systems in 40 counties throughout Ohio.
- Aspire Energy provides natural gas supplies to various local gas cooperatives and local distribution companies.
- Aspire Energy primarily sources gas from 300 conventional producers and provides gathering and processing services necessary to maintain quality and reliability to wholesale markets.



Recent and Upcoming Rate Cases

