

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



Sidoti & Company

Small Cap Investor Conference

September 22-23, 2021

Today's Presenters



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CFO and Asst. Secretary



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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 subsequent 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.



- **160+** – Years providing energy
- **924** – Employees at July 2021
- **280,000** – Distribution customers
- **\$1.97 billion** – Total Assets at June 2021
- **30%** – Growth in Net Income from Continuing Operations
(6 months ending June 2021)
- **22%** – Growth in Net Income from Continuing Operations
(12 months ending June 2021)
- **14th Year** – of record earnings growth in 2020
- **60 Years** – of consecutive dividends in 2021

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

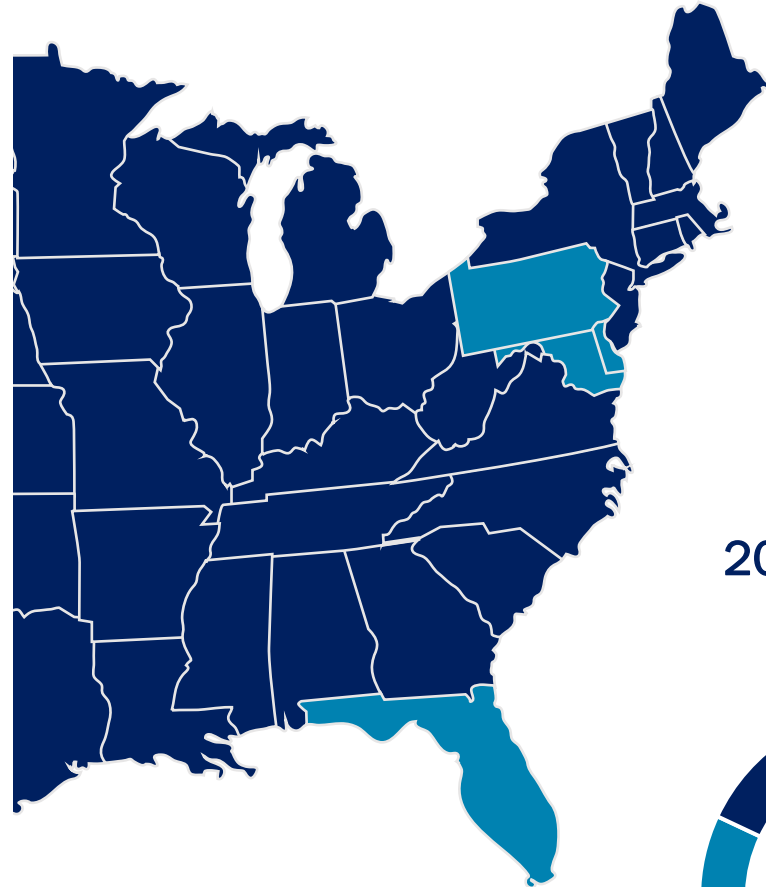
FL

Electric Distribution

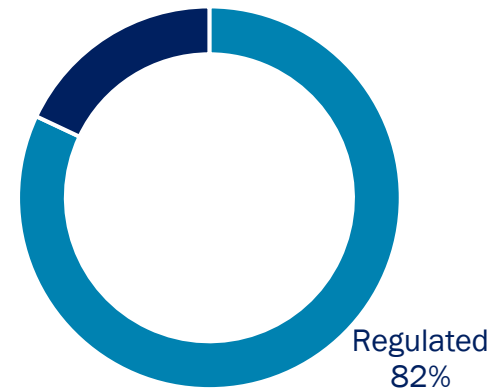
States Served

FLORIDA PUBLIC
UTILITIES

FL



2020 Operating
Income



Growing Set of Complementary Unregulated Businesses

Propane Distribution

States Served



DE, MD, PA,
VA, FL



FL

Natural Gas Pipeline System

States Served



OH

CNG Virtual Pipeline

States Served



Multiple

CHP Generation

States Served



FL

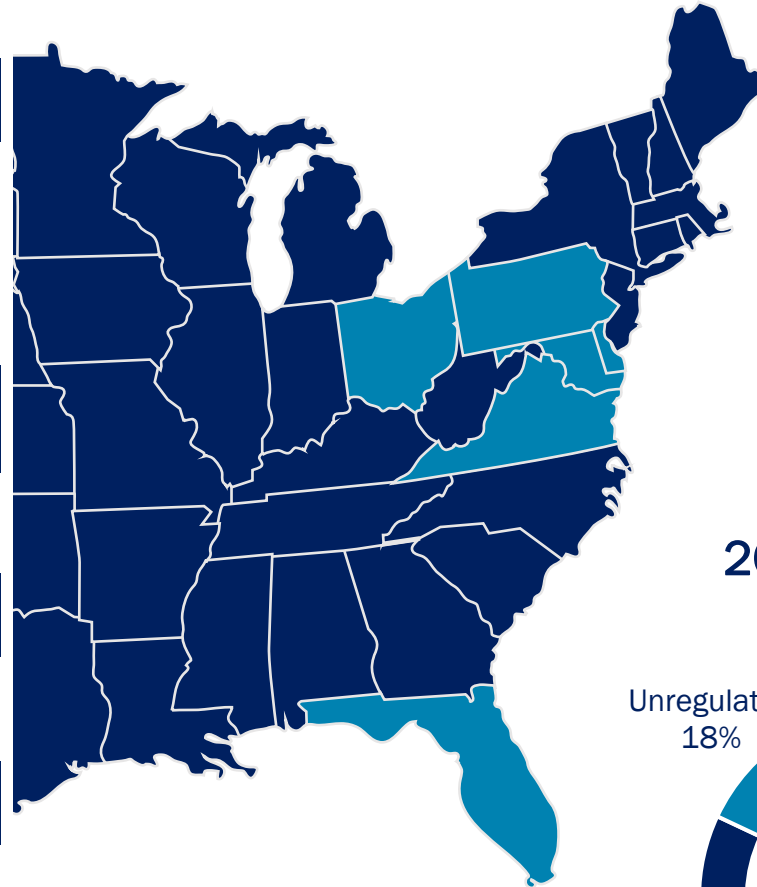
RNG Opportunities

States Served



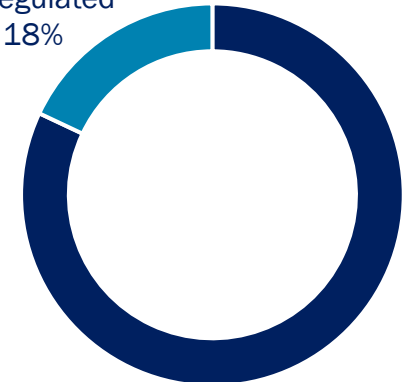
Family of Businesses

DE, MD,
OH, FL
and others



2020 Operating Income

Unregulated
18%



We have generated a strong track record of growth, whether measured over the near term or longer term.

Strong utility foundation with above average industry growth rate driven by increased customer demand

Capital investments of
\$1.7 Billion
since 2009

Top Quartile
16%+
Total Shareholder Returns

Successful unregulated energy portfolio that complements our utility foundation

14 years
consecutive earnings growth through 2020

60 years of dividend payments, with increases in each of last **14** years

9.5% avg. annual growth

Strong balance sheet, disciplined capital deployment and proven project development capabilities

15 years
with
11%+ ROE

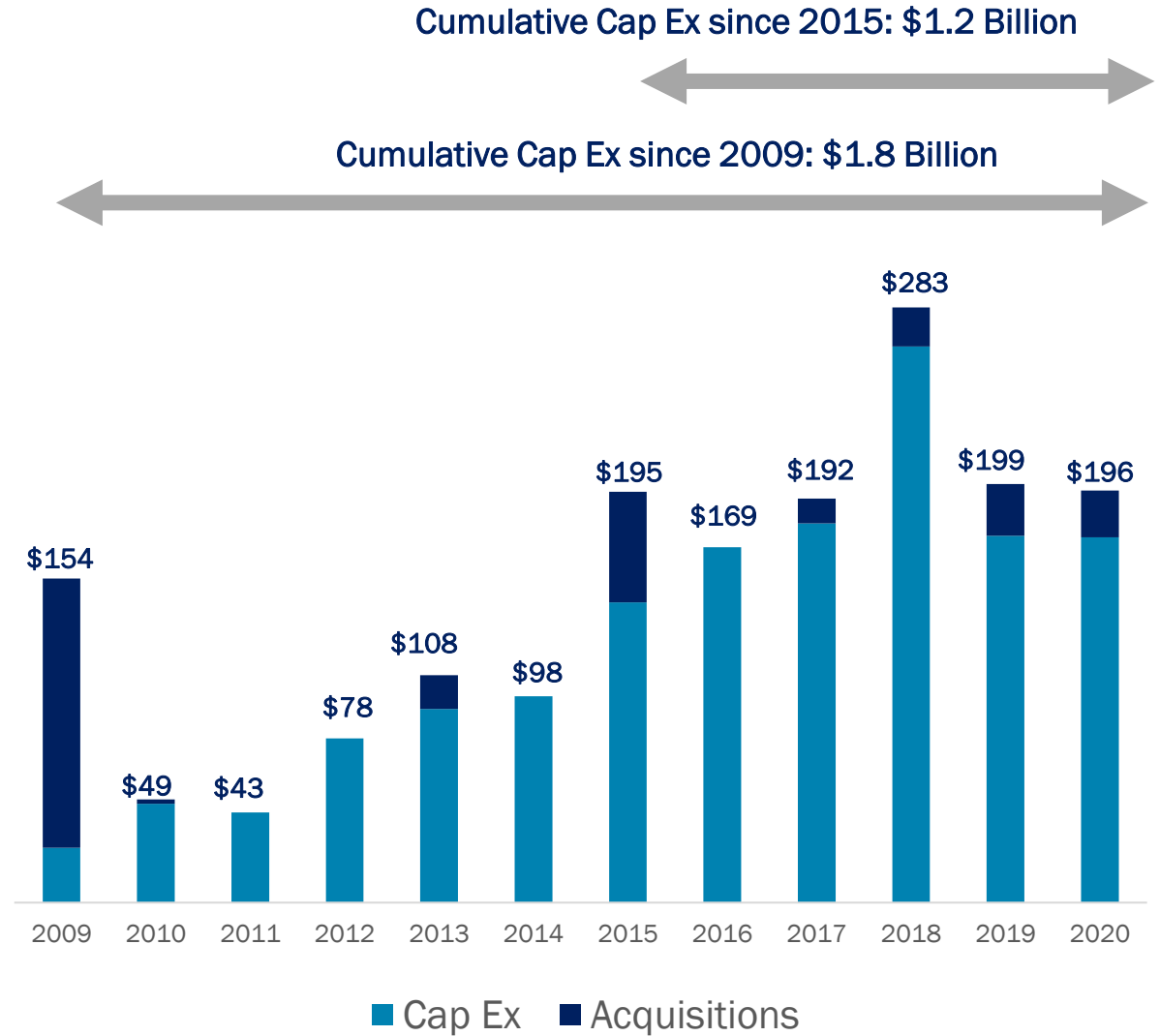
Well positioned for future growth as we continue delivering affordable, reliable and sustainable energy solutions

Consistently Delivering Strong Performance



Capital Investment Has Driven Our Earnings Growth

Historical Capital Expenditures and Acquisitions

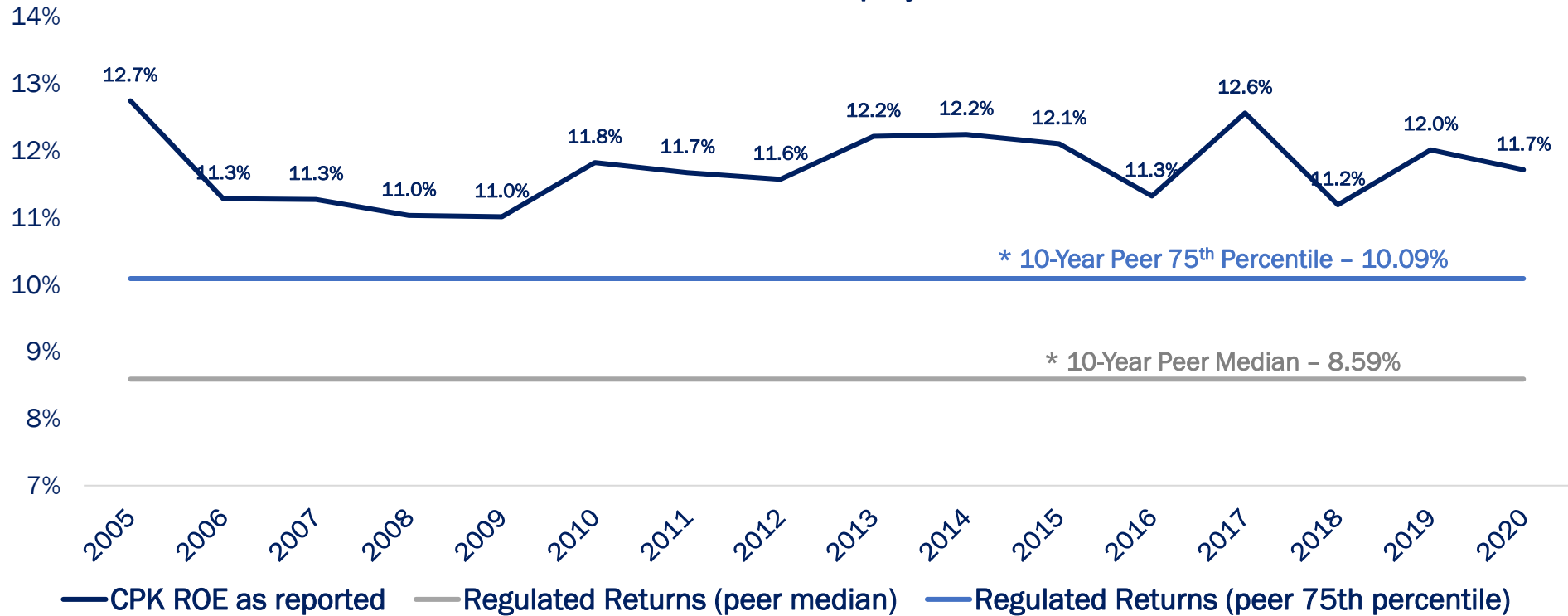


Amounts in chart reflected in millions.

Solid Track Record of Return on Equity

Consistently Exceeding Peer Median and 75th Percentile

Return on Equity

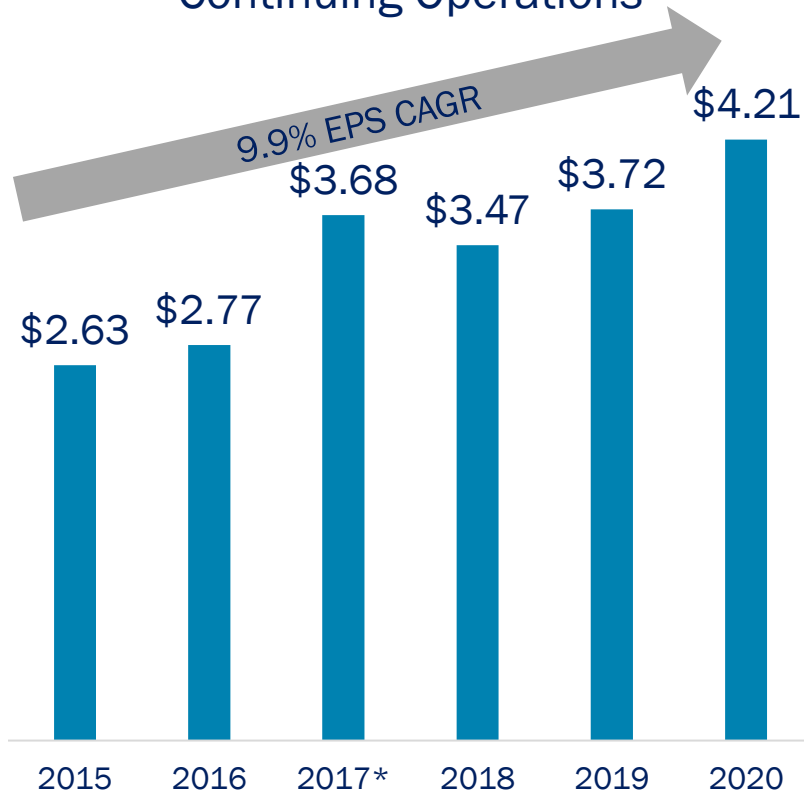


Return on Equity				
For the periods ending December 31, 2020				
	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
CPK	11.7%	11.6%	11.7%	11.8%
Peer Median	8.8%	9.4%	9.0%	8.6%
Peer 75th Percentile	9.9%	9.9%	10.2%	10.1%

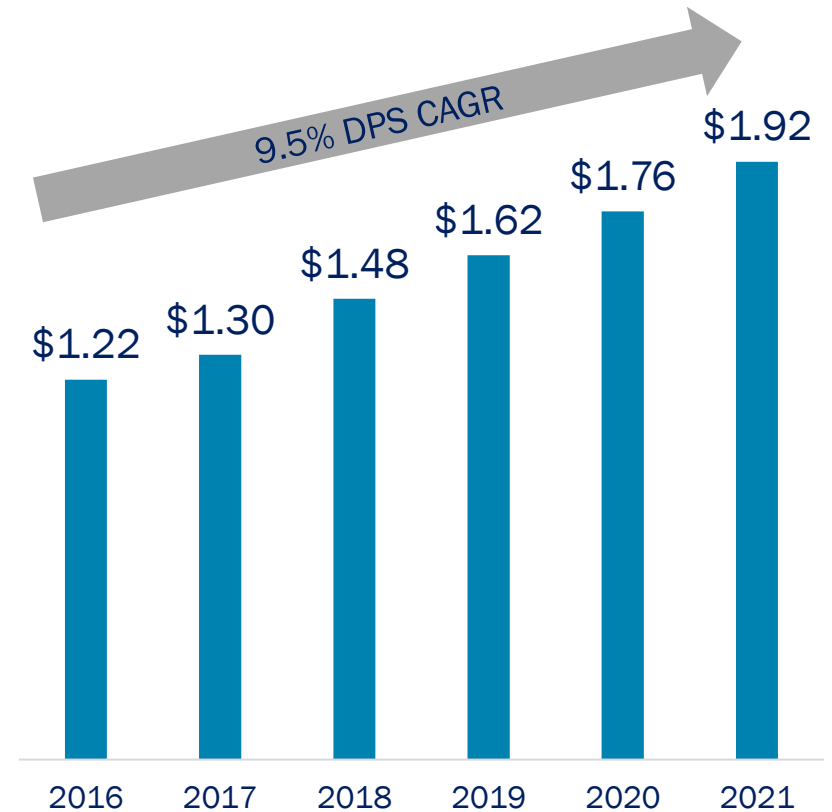
Growth in Earnings Drives Dividend Growth

Earnings and Dividend Performance for Periods Ended December 31st

Diluted Earnings Per Share from Continuing Operations

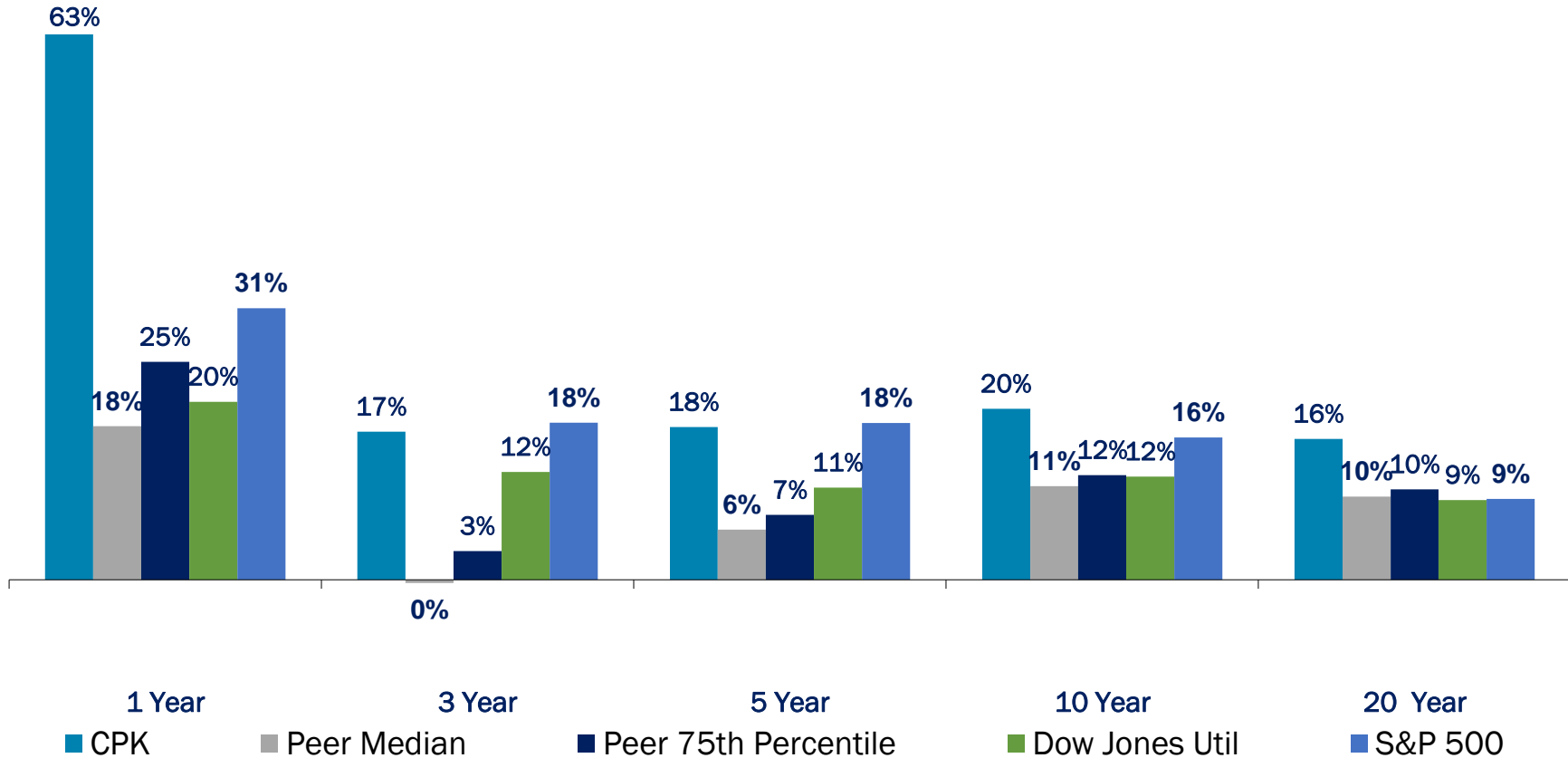


Annualized Dividends Per Share



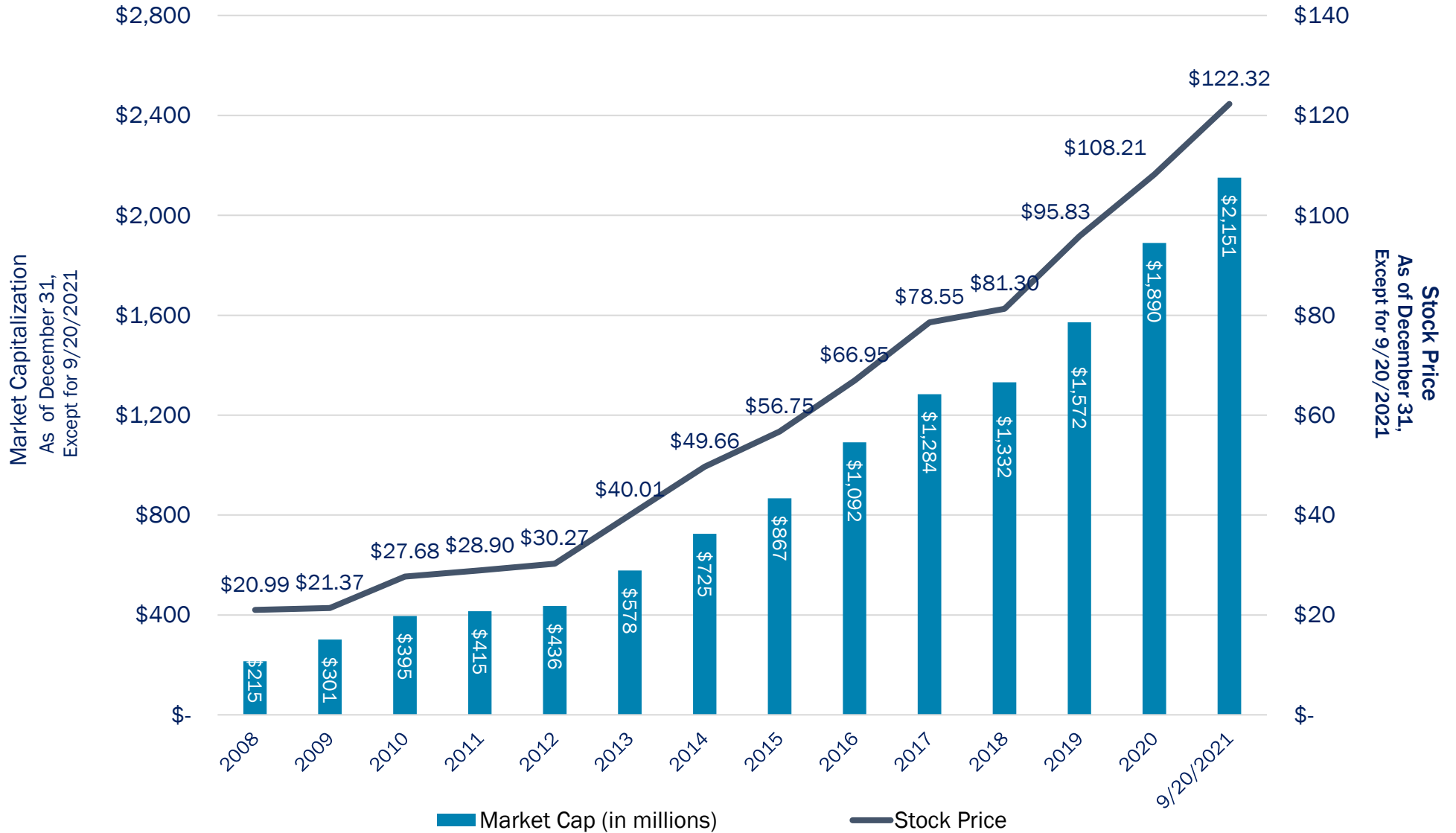
Our earnings growth drives our consistent and growing dividend

Average Annualized Shareholder Return for Periods Ended August 31, 2021



Our increased performance is driving increased value for our shareholders

Stock Price and Market Capitalization





Organic Growth

Optimize the earnings potential of our existing businesses through organic growth and business transformation.



Gas Transmission

Pursue intrastate and interstate gas transmission projects in selected markets.



Propane

Expand the propane wholesale, retail and AutoGas businesses in the Mid-Atlantic and Southeast, including through new acquisitions.



Marlin Gas Services

Expand Marlin virtual pipeline and product transport business (CNG, LNG, RNG, Hydrogen, CO²).



Sustainable Investments

- Renewable Natural Gas from waste sources
- CNG/RNG vehicle fuels
- Combined Heat and Power Projects
- Renewable power generation associated with RNG
- Introduction of Hydrogen

We are providing our customers with affordable, reliable and sustainable energy delivery solutions

Margin Contribution from Major Projects and Initiatives

		Gross Margin for the Period												
		Three Months Ended		Six Months Ended		Year Ended	Estimate for							
		June 30,		June 30,		December 31,	Fiscal							
		2021	2020	2021	2020	2020	2021	2022						
<i>in thousands</i>														
Pipeline Expansions:														
	\$	1,172	\$	967	\$	2,340	\$	1,968	\$	4,167	\$	4,811	\$	5,227
		921		452		1,805		641		2,462		4,134		6,708
		2,121		536		4,239		536		3,851		7,564		7,598
		47		-		94		-		-		514		1,486
New		-		-		-		-		-		-		426
		-		-		-		-		-		-		-
		4,261		1,955		8,478		3,145		10,480		17,023		21,445
		1,708		2,107		3,785		3,454		7,231		7,900		8,500
		-		-		-		-		-		150		1,000
Acquisitions:														
		746		-		2,058		-		1,344		3,992		4,113
		389		-		939		-		389		2,066		2,251
New		83		-		83		-		-		583		1,000
		1,218		-		3,080		-		1,733		6,641		7,364
Regulatory Initiatives:														
		4,181		3,609		8,236		7,305		15,178		16,848		17,882
		3,145		-		5,720		-		10,864		11,014		11,014
		120		128		257		261		523		1,186		1,985
New		-		-		-		-		-		45		299
		7,446		3,737		14,213		7,566		26,565		29,093		31,180
	\$	14,633	\$	7,799	\$	29,556	\$	14,165	\$	46,009	\$	60,807	\$	69,489

Increases (000's) : **2021** **2022** **Total**
\$14,798 \$8,682 \$23,480

Key Expansion Projects

Pipeline Growth and Margin Contribution

Project	Capital Investment	Fully In Service	Annual Gross Margin Estimate
West Palm Beach County	\$28.9 million	2021 Fourth Quarter	\$5.2 million
Del-Mar Energy Pathway*	\$63.4 million	2021 Fourth Quarter	\$6.7 million
Callahan Pipeline (JV)	\$33.5 million CPK 50%	2020 Second Quarter	\$7.6 million
Guernsey Power Station	\$6.5 million	2021 Fourth Quarter	\$1.5 million
New Winter Haven Expansion	\$3.5 million	2022 First Quarter	\$0.4 million
New Beachside Pipeline Extension	\$16.7 million	2023 First Quarter	\$2.5 million

Total investments of \$152.5 million generate incremental gross margin of \$23.9 million once fully in service in 2023

Active Renewable Natural Gas Projects



- **Noble Road Landfill Project** where Aspire Energy will construct a 17.5 mile pipeline to inject RNG developed at the landfill for distribution to its end use customers.
- **BioEnergy Devco and CleanBay** RNG source created from poultry waste. Services include the transport of RNG by Marlin Gas Services to Eastern Shore Natural Gas (our interstate pipeline) which is ultimately distributed to CPK's natural gas customers. CPK is involved in discussions to potentially offer additional services. The projects are under development and the timing of RNG availability is dependent on the construction schedule of each project.
- **CNG Filling Station** at the Port of Savannah in conjunction with Southern Company Gas. CPK will build the physical station on behalf of Southern and then lease and operate it. The facility is designed to serve local CNG fleets as well as RNG fueled vehicles.

Recent State Level Governmental Affairs Activities

Florida Activity

Energy Preemption Bill

- Filed by the Florida Natural Gas Association (FNGA).
- Cleared both chambers of the Florida legislature and was signed by the Governor in June 2021.
- Restricts local governments from limiting energy choice for consumers.
- Retroactive implementation.

Renewable Energy Bill

- Filed by Chesapeake Utilities.
- Cleared both chambers of the Florida legislature and was signed by the Governor in June 2021.
- Defines Biogas, Renewable Natural Gas (RNG). Amends the definition of Renewable Energy to include RNG as a source.
- Provides for RNG's 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.

Ohio Activity

Energy Preemption Bill

- Ohio HB 201
- State Energy preemption legislation to prevent towns and municipalities from banning natural gas passed the Ohio House in a 64-32 favorable vote
- The bill is now in the Ohio Senate Energy & Public Utilities Committee awaiting a hearing.

We continue to monitor other states' activities in regards to energy preemption and renewable energy opportunities.

Florida GRIP

- Natural gas pipe replacement program approved by the Florida PSC.
- Since inception in August 2012, invested \$178.9 million of capital expenditures to replace 333 miles of qualifying distribution mains, including \$13.0 million of new pipes during the first six months of 2021.
- Annual gross margin of approximately \$16.8 million in 2021, and \$17.9 million in 2022.

Hurricane Michael Settlement

- The settlement agreement allowed FPU to:
 - (a) refund the over-collection of interim rates through the fuel clause;
 - (b) record regulatory assets for storm costs in the amount of \$45.8 million including interest which will be amortized over six years;
 - (c) recover these storm costs through a surcharge for a total of \$7.7 million annually;
 - (d) collect an annual increase in revenue of \$3.3 million to recover capital costs associated with new plant and a regulatory asset for the cost of removal and undepreciated plant

Capital Cost Surcharge Programs

- Eastern Shore recovery mechanism for capital costs associated with mandated highway or railroad relocation projects that required the replacement of existing Eastern Shore facilities.
- Estimated gross margin of approximately \$1.2 million in 2021 and \$2.0 million in 2022 from relocation projects.

Elkton Gas STRIDE Plan

- Settlement reached with the Maryland PSC Staff and the Maryland Office of the Peoples Counsel.
- Aldyl-A pipeline replacement program which enables recovery of the capital investment in the form of a fixed charge rider through a proposed 5-year surcharge.
- Expected to go into service in the third quarter of 2021 and generate less than \$0.1 million of margin for the remainder of the year, \$0.3 million in 2022, and \$0.4 million annually thereafter.

Florida COVID-19 Regulatory Proceeding

- Florida regulated business units reached a settlement with the Office of Public Counsel in June 2021.
- Allows the Florida regulated business units to establish a regulatory asset of \$2.1 million.
- Amortize the amount over two years beginning January 1, 2022 and recover the regulatory asset.
- Annual additional gross margin of \$1.0 million that will be offset by a corresponding amortization of regulatory asset expense for both 2022 and 2023.



- 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.

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.

American
Disabilities Act
Marks
Anniversary

Celebrating
PRIDE Month

Employee
Walking
Challenge

LQBTQIA+
History –
National
Coming Out
Day

Mentoring
Program

The Civil Rights
Act of 1964

Juneteenth
Independence
Day

Internal Employee Resource Groups



CHESAPEAKE UTILITIES
**EQUITY
DIVERSITY
& INCLUSION**



CHESAPEAKE UTILITIES
SPARC

SUPPORT • PROMOTE • ATTRACT • RETAIN • CONNECT



CHESAPEAKE UTILITIES
**WISDOM
SEEKERS
& SHARERS**



CHESAPEAKE UTILITIES
**BLACK
EMPLOYEE
NETWORK**



CHESAPEAKE UTILITIES
**VETERANS
RESOURCE
GROUP**

CHESAPEAKE
**Women
in Energy**

Chesapeake Cares



More than 100 local charities supported each year



More than 110 scholarships awarded to children of CPK employees

Recent Awards and Recognitions



THE NEWS JOURNAL
delawareonline.com

Chesapeake Utilities Corporation is a 2021 Top Workplace!

Named Top Work Place in US for 2021,
Top Work Place in Delaware for 10 Years in a Row



American Gas Association

Three CPK Business Received Industry Leader Accident Prevention Awards for 2020

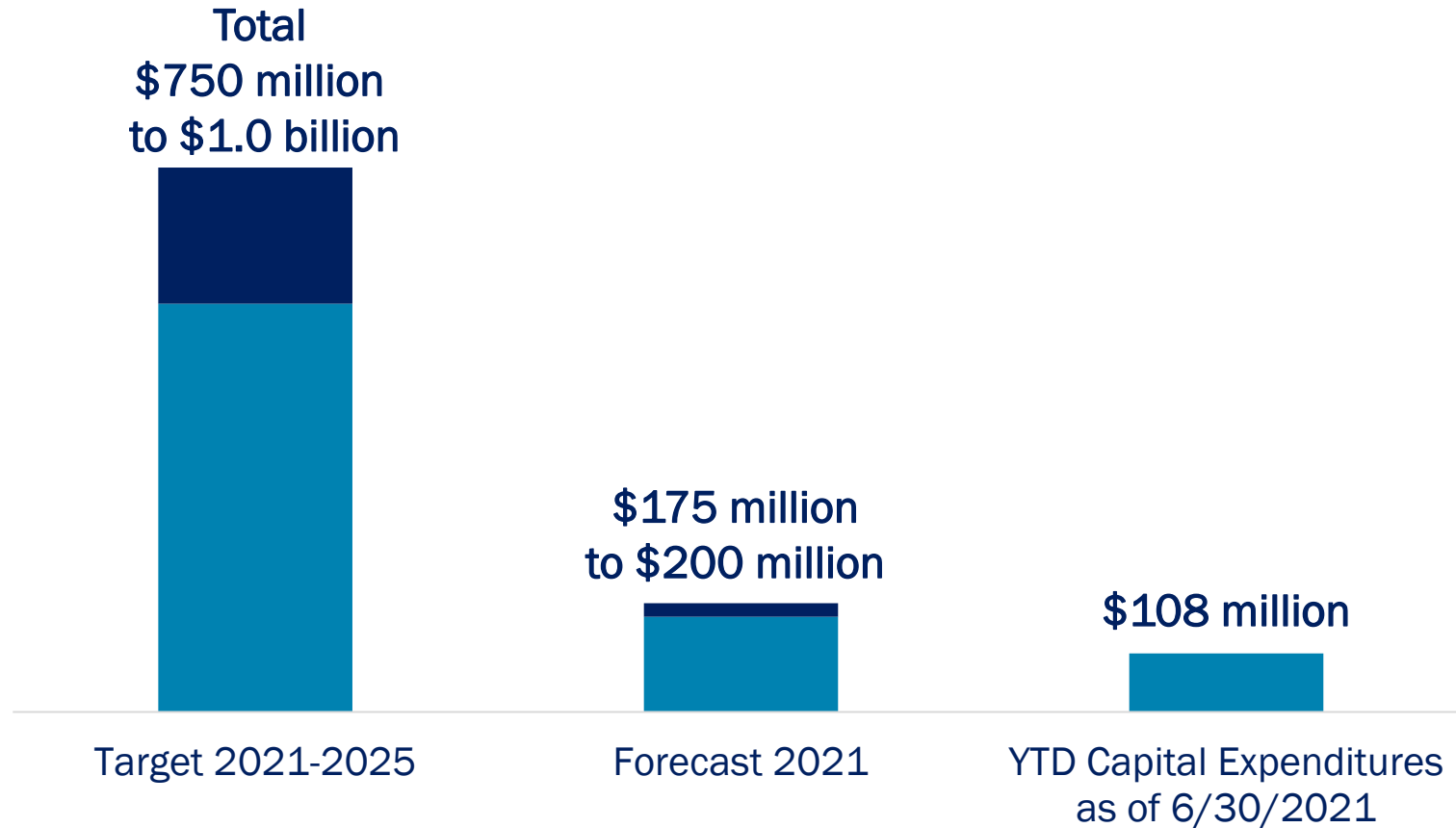


Chesapeake Utilities named 2021 Best Company with Over 50 People
Sharp Energy named 2021 Best Propane Company

Capital Investment Guidance

Continued Record Investment in Our Business Growth

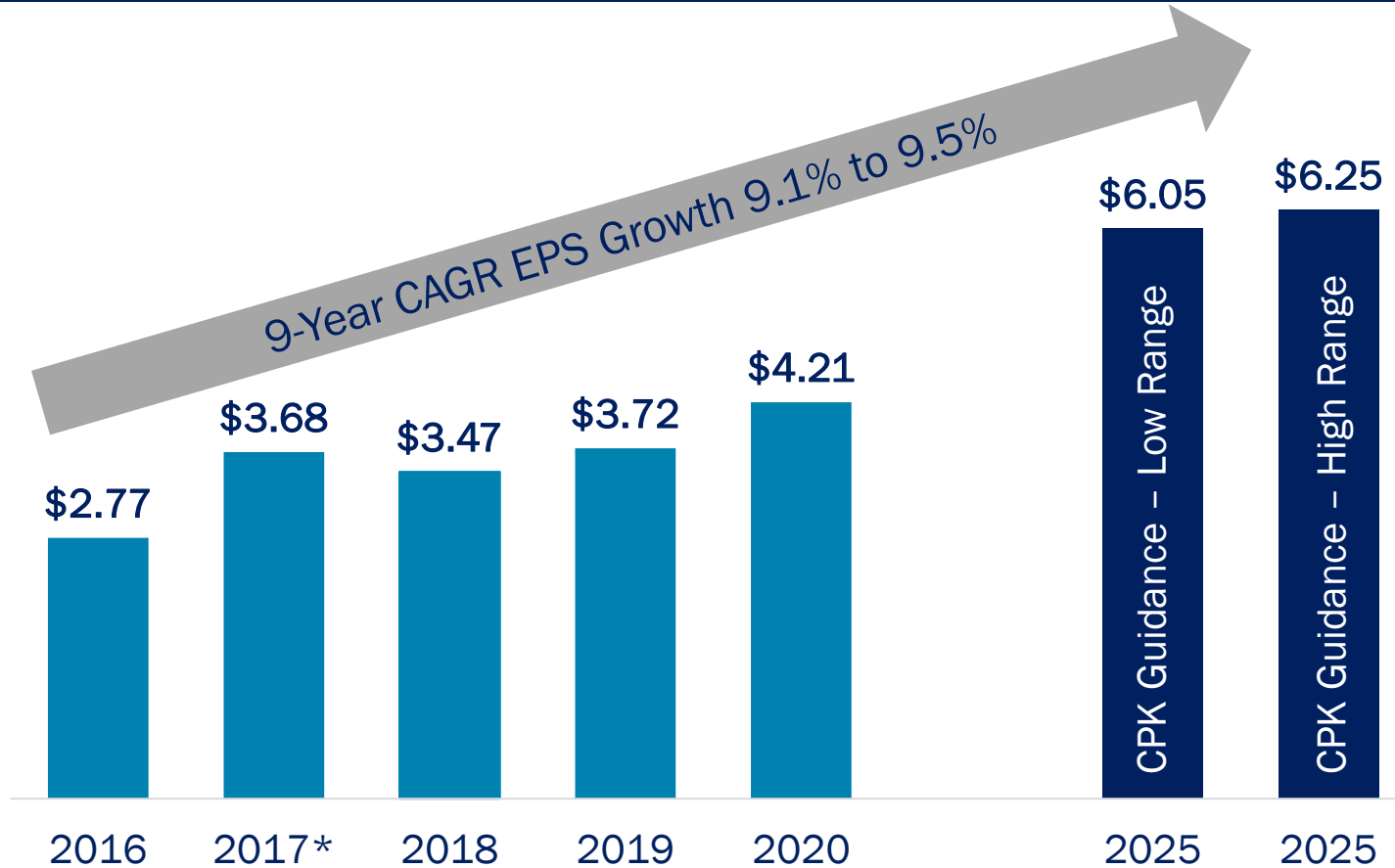
5-year capital expenditure guidance 2021 thru 2025 up to \$1 billion.



2021 Capital Forecast range of \$175 million to \$200 million remains on track

Diluted Earnings per Share Guidance Continuing Operations

Diluted Earnings Per Share from Continuing Operations Guidance through 2025



Strategic capital investments
continue to drive earnings growth.

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 August 31, 2021

1 Year	3 Year	5 Year	10 Year	20 Year
63%	17%	18%	20%	16%

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



Thank You

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



Appendix

Financial results for the quarters and six months ended June 30, 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

Income (Loss) Discontinued Ops

Net Income

Diluted EPS from Continued Ops

Diluted EPS

Second Quarter	
2021	2020
<u>\$ 84,381</u>	<u>\$ 74,090</u>
\$ 22,578	\$ 17,977
1,456	(279)
(5,054)	(5,054)
18,980	12,644
(5,165)	(1,983)
13,815	10,661
(2)	295
<u>\$ 13,813</u>	<u>\$ 10,956</u>
<u>\$0.78</u>	<u>\$0.64</u>
<u>\$0.78</u>	<u>\$0.66</u>

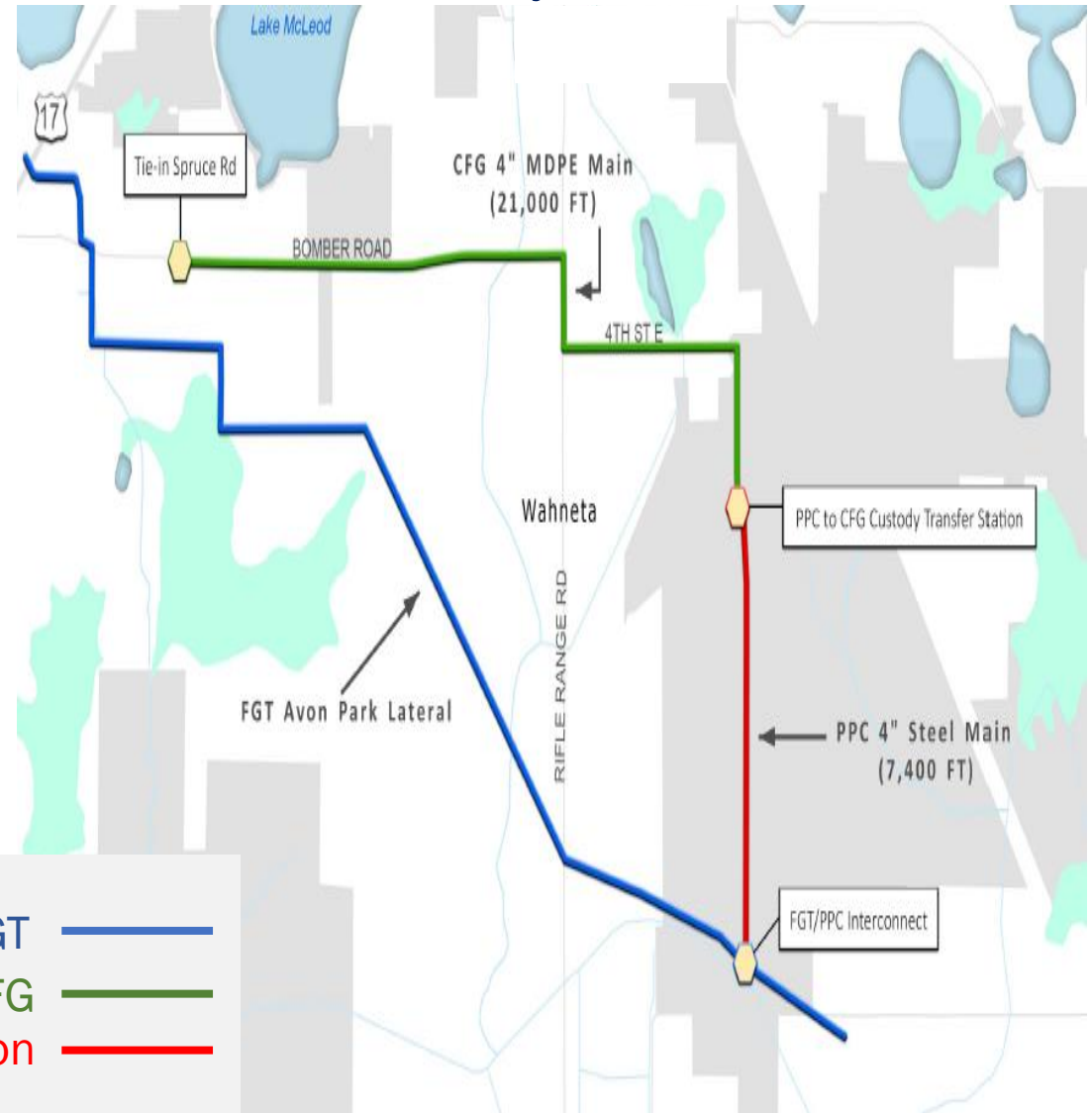
Year-to-Date	
2021	2020
<u>\$ 201,271</u>	<u>\$ 173,911</u>
\$ 74,175	\$ 60,111
1,841	3,039
(10,159)	(10,868)
65,857	52,282
(17,570)	(12,580)
48,287	39,702
(8)	184
<u>\$ 48,279</u>	<u>\$ 39,886</u>
<u>\$2.75</u>	<u>\$2.41</u>
<u>\$2.75</u>	<u>\$2.42</u>

Strong Performance driven by over \$27 million in additional gross margin for the first half of 2021.

The year-to-date timing impact of Hurricane Michael impact will reverse in the third quarter as the regulatory proceeding was finalized in the third quarter of 2020 and the year-to-date impact was reflected in the third quarter.

- Peninsula Pipeline will provide Chesapeake Utilities' Central Florida Gas ("CFG") with incremental firm service in the Winter Haven, Florida, area.
- CFG is also extending its distribution system to connect to the new station.
- Estimated capital investment of \$3.5 million.
- Additional gross margin of \$0.4 million beginning in 2022 and beyond.

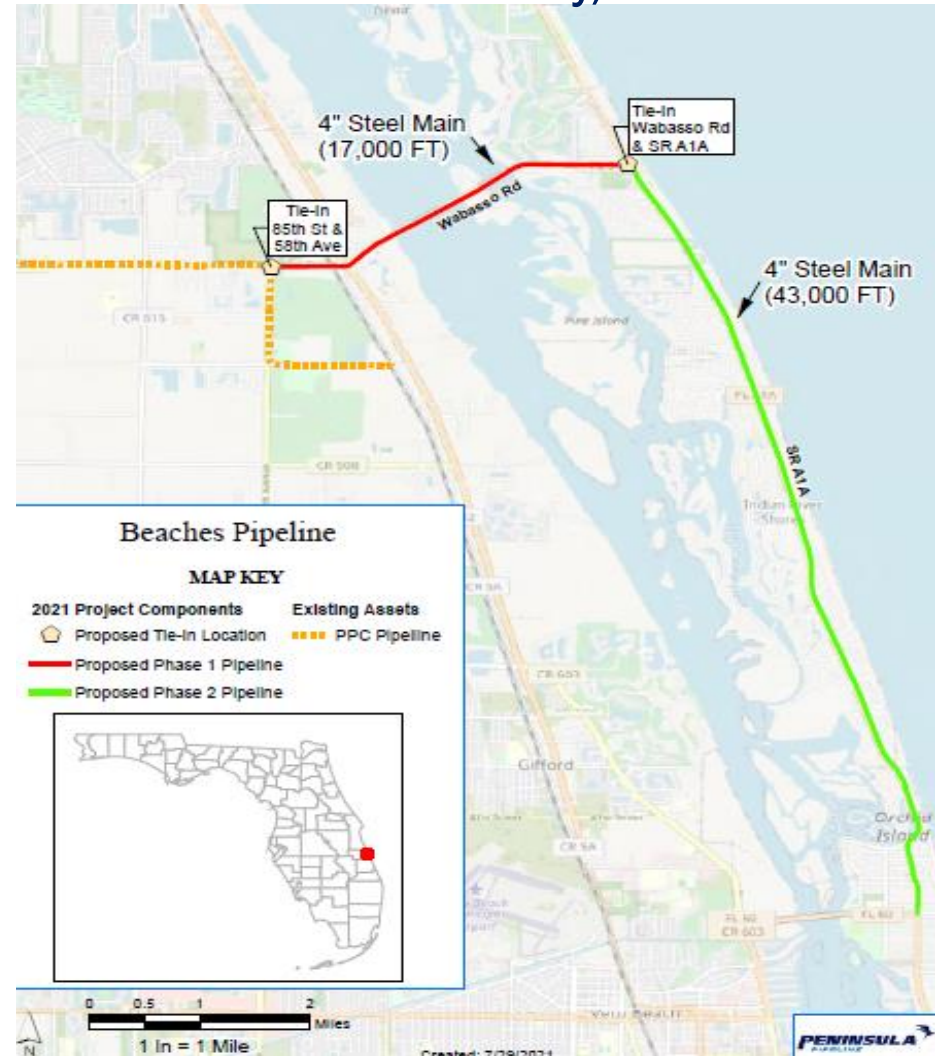
Polk County, Florida



FGT ———
 CFG ———
 New Expansion ———

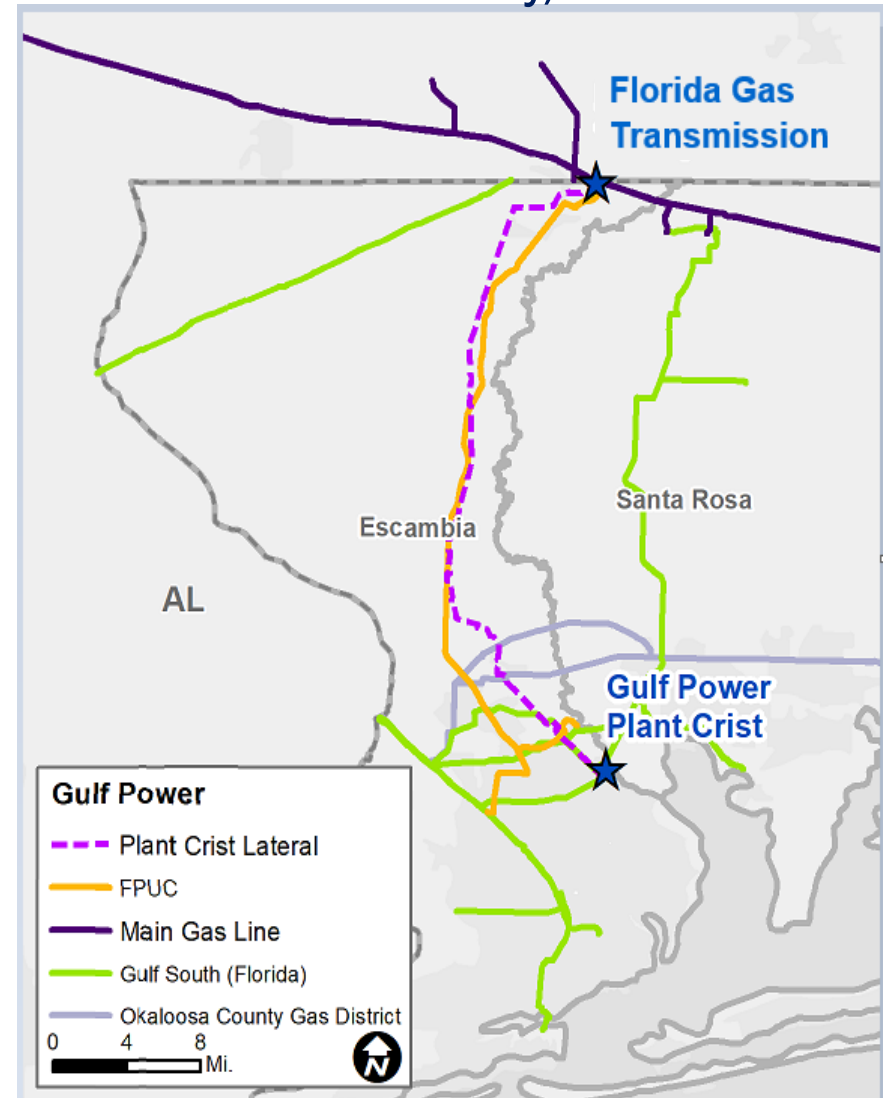
- Peninsula Pipeline to provide incremental firm service in Indian River County, Florida, to support Florida City Gas' growth along the Indian River Shore barrier island.
- Pipeline from the Sebastian, Florida, area east under the Intercoastal Waterway and southward on the barrier island.
- Estimated capital investment of \$16.7 million.
- Projected additional annual gross margin of \$2.5 million in 2023 and beyond.

Indian River County, Florida



- Peninsula Pipeline purchased the Escambia Meter Station from Florida Power and Light Company and also entered into a Transportation Service Agreement to provide up to 530,000 dts/d of firm service from an interconnect with Florida Gas Transmission to Florida Power & Light's Crist Lateral pipeline.
- Provides \$0.1 million in additional gross margin in the second quarter of 2021; estimated gross margin of approximately \$0.6 million in 2021, growing to \$1.0 million in 2022.

Escambia County, Florida



Capital Expenditures Forecast

(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 through June 30, 2021
Capital expenditures
were \$107.8 million

2021 Key Projects:

- Del-Mar Energy Pathway
- Florida's Western Palm Beach County Expansion
- Florida GRIP
- Natural gas distribution and transmission system expansions including several newly announced projects
- Natural gas and electric system infrastructure improvement activities
- Marlin Gas Services' CNG transport growth and expansion into RNG and LNG transport
- Newly announced pipeline expansion projects

We remain on track with initial capital expenditure guidance for 2021

Capital Structure Overview

Strong Balance Sheet to Support Growth

	06/30/21	12/31/2020
Stockholders' equity	\$ 741,564	\$ 697,085
Long-term debt, net of current maturities	498,450	508,499
Total permanent capitalization	\$ 1,240,014	\$ 1,205,584
Current portion of long-term debt	13,600	13,600
Short-term debt	169,294	175,644
Total capitalization and short-term financing	\$ 1,422,908	\$ 1,394,828
Equity to Permanent Capital	59.8%	57.8%
Equity to Total Capitalization	52.1%	50.0%
New Long-Term Debt Issuance	\$ -	\$ 90,000
Net New Equity Issuance	\$ 9,089	\$ 89,700

Long-Term Debt Avg.
Interest Rate - 3.61%
\$50 Million - 2.49%
Funding 1/25/2022

Short-Term Debt
\$400 million Facility
LIBOR + 0.70 bps

Within our target
equity range

Stockholders' Equity increased \$44.5 million during the first half of 2021 primarily driven by:

- Strong Net Income driving an increase in Retained Earnings of \$32.0 million
- Dividend Reinvestment and Stock Compensation Plans increased \$9.1 million
- Other Comprehensive Income was \$3.4 million