



# Seaport Global Road Show Chicago, Illinois

Thursday October 19, 2017

Reaching  
New Heights

Transforming  
Opportunities

Investing in  
Growth

Engaging  
Our Team



# 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 2016 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.

# Chesapeake Utilities Corporation

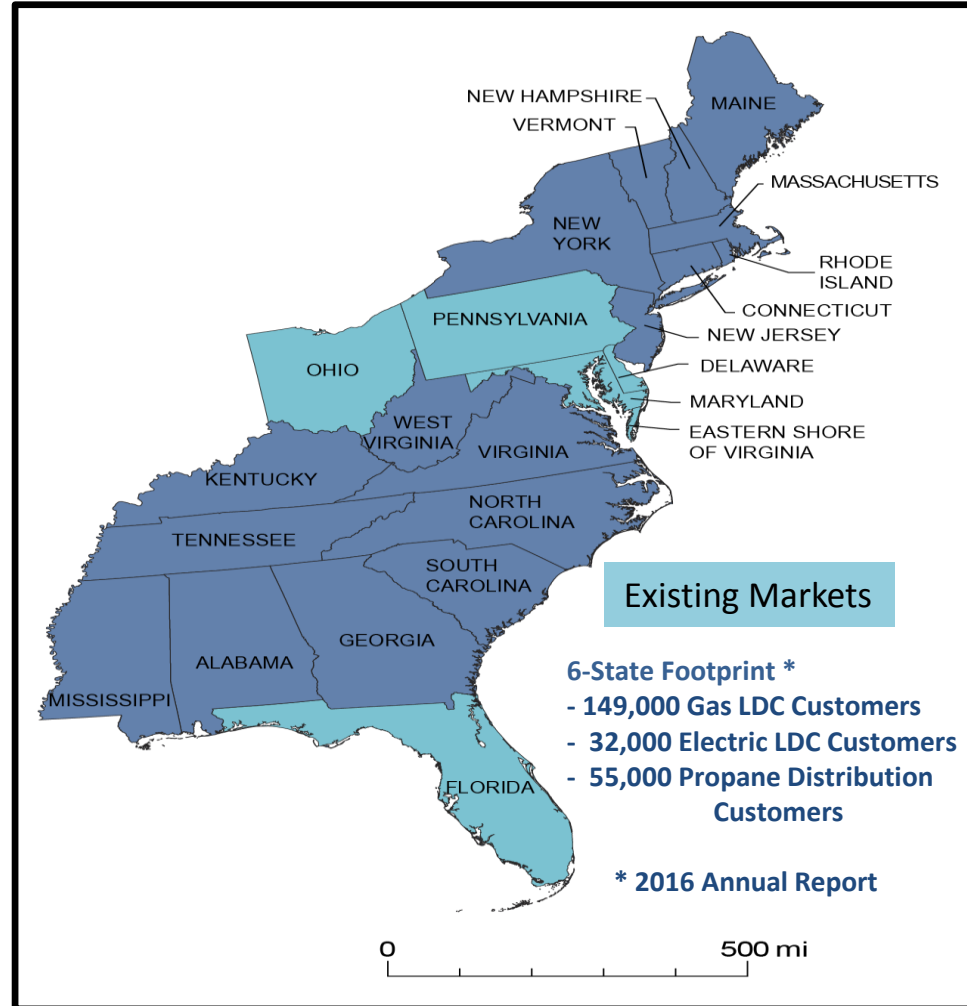
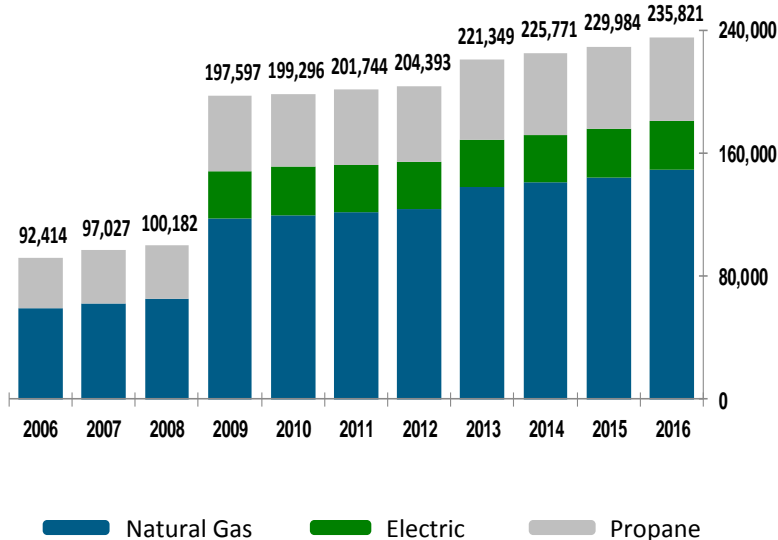
## Business Overview

# Chesapeake Utilities Corporation

## Company Overview

Chesapeake is a diversified energy company providing superior care and service to approximately **236,000** customers through regulated energy, unregulated energy, and other business segments.

### Historic Customer Growth



# Chesapeake Family of Companies

*Chesapeake strives to provide operational excellence and positive experiences for the customers and the communities it serves*



- Natural Gas Transmission, Distribution and Marketing
- Propane Distribution
- Vehicle Fueling



- Propane Distribution



- Natural Gas Transmission, Distribution and Marketing
- Electricity Distribution
- Combined Heat and Power Plant (CHP)
- Propane Distribution



- Natural Gas Transmission
- NEW - Natural Gas Marketing
- Propane Distribution and Fueling

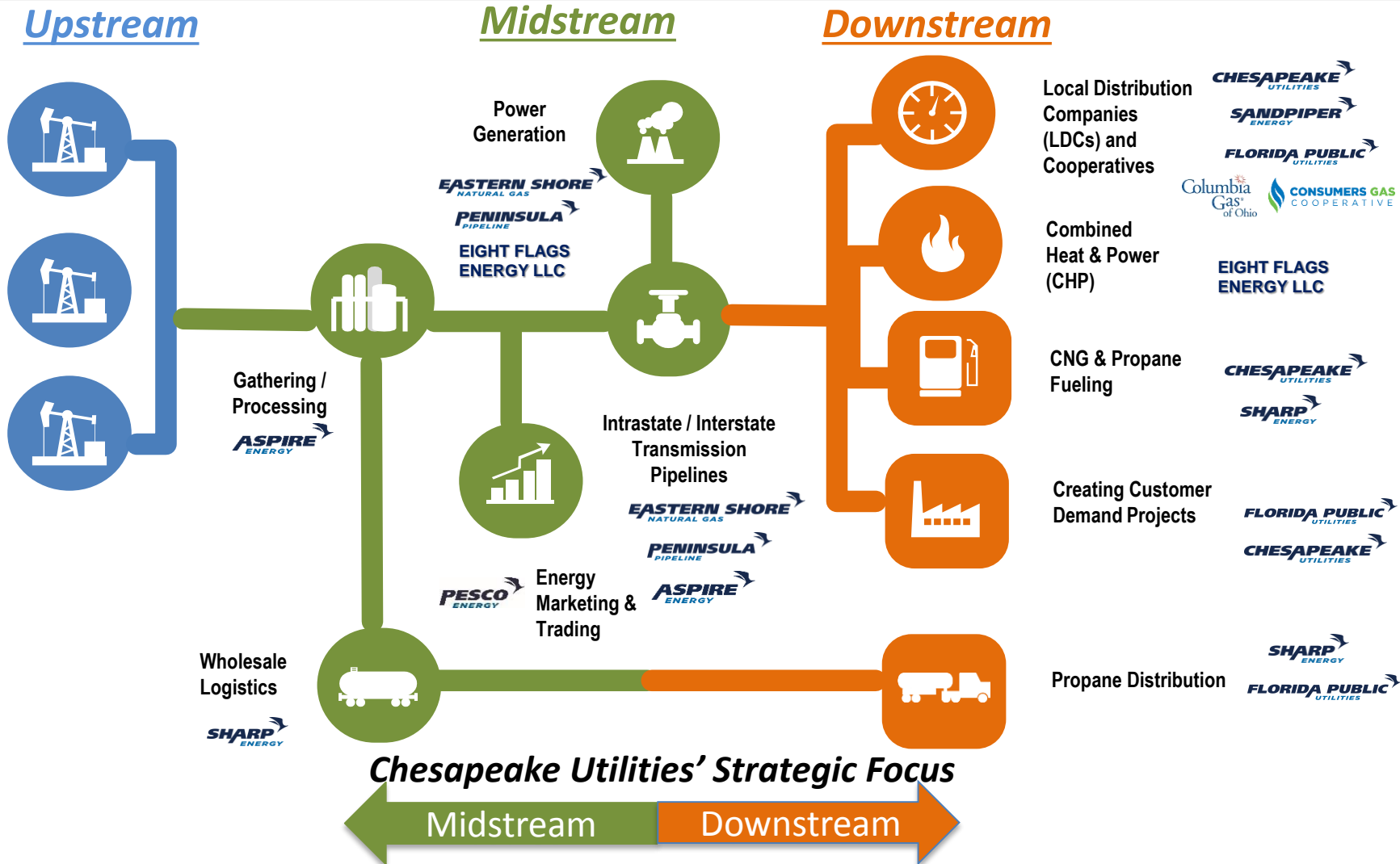


- Natural Gas Gathering, Marketing, Liquids Processing and Supply Distribution



# Growth Across the Energy Value Chain

## Expanding CPK Geography and Services



# Chesapeake Utilities Corporation

## Financial Overview

# Chesapeake Utilities Corporation

Profile Overview: NYSE – CPK ([www.cpk.com](http://www.cpk.com))

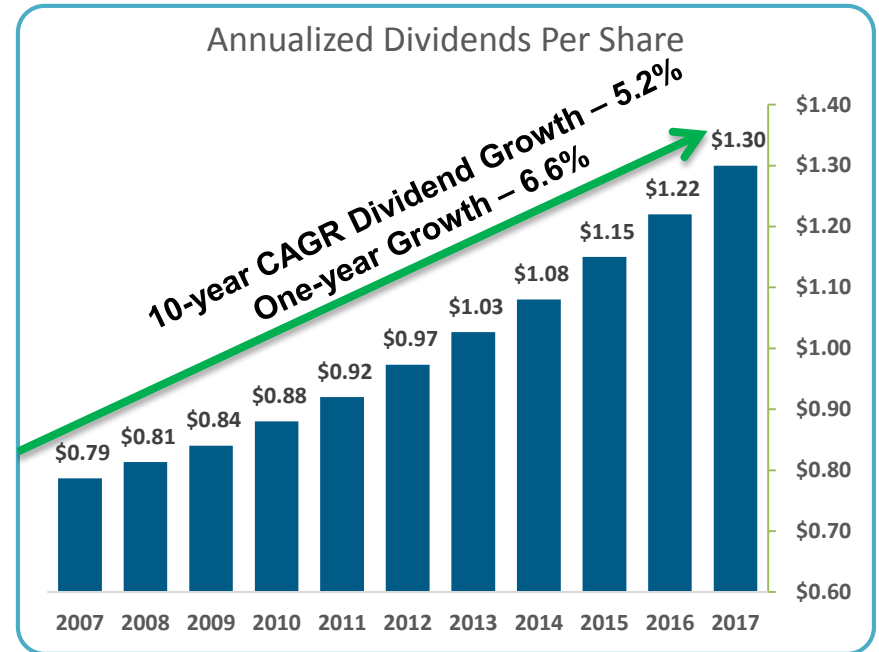
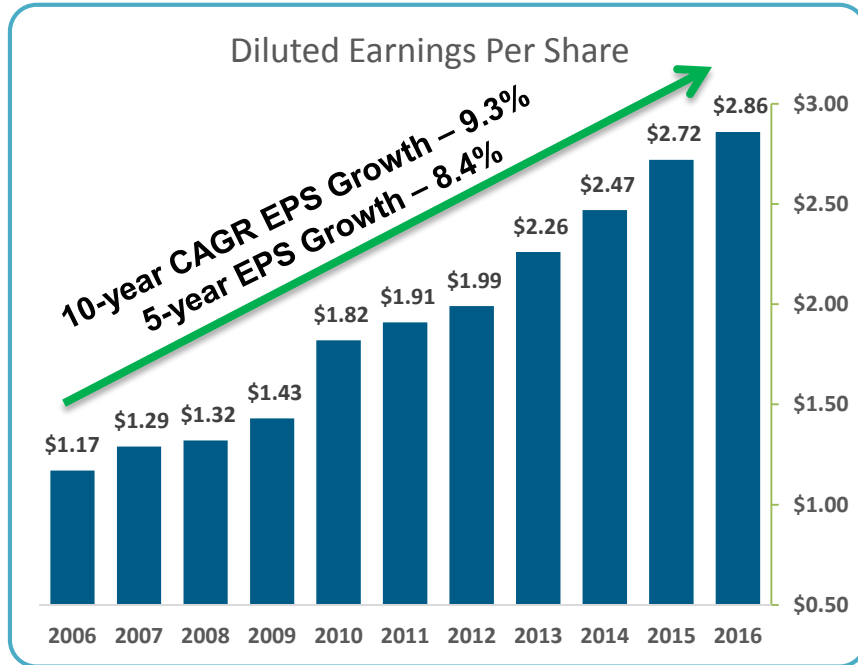
Market capitalization:	\$1.3 billion (10/13/2017)			
Shares outstanding:	16.3 million			
Closing stock price:	\$81.10 (10/13/2017)			
P/E ratio:	31.5x			
Market to book value:	2.8x			
Top 25 shareholders:	49% of outstanding shares (6/30/17)			
Diluted EPS:	2016	\$2.86	2017 YTD	\$1.54
2016 Return on equity:	1-year	11.3%	5-Years	11.9%
Diluted EPS growth:	1-year	5.1%	5-Years	8.4%
Annualized dividend:	\$1.30			
Annualized dividend growth:	1-year	6.6%	5-Years	6.0%
Capital expenditures:	2017 Forecast	\$208 MM		
	Five Years through 2016	\$669 MM		



# Earnings and Dividends

## Ten Years of Consistent Growth

Market capitalization: \$1.3 billion  
 Closing stock price: \$81.10 (10/13/17)



Chesapeake has generated earnings per share growth for ten consecutive years. Chesapeake's earnings growth has led to continuous dividend growth over the period.

# Consolidated Financial Results

For the periods ended June 30<sup>th</sup>

For the periods ended June 30,  
(in thousands except per share amounts)

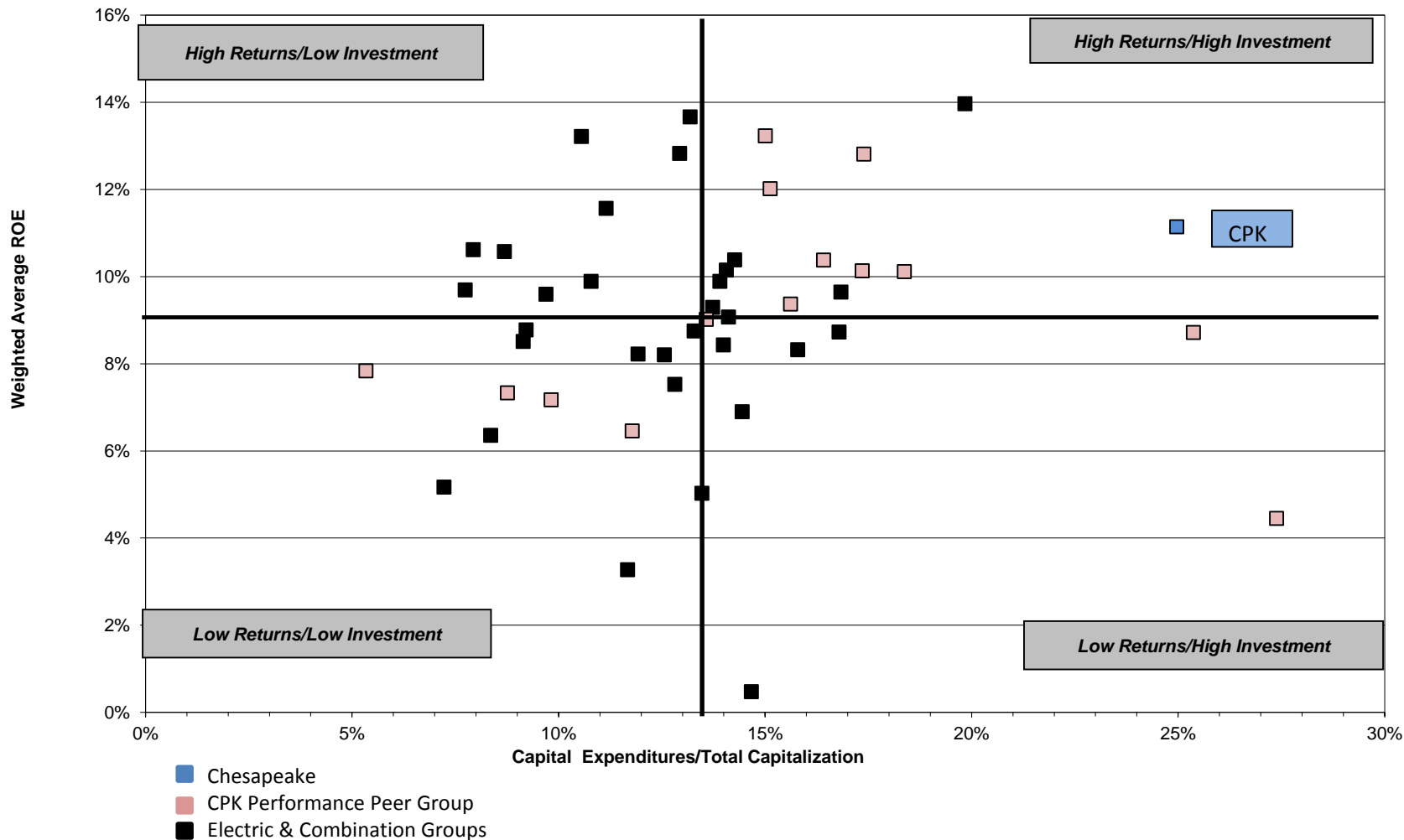
	Second Quarter		Year-to-Date	
	2017	2016	2017	2016
<b>Operating Income</b>				
Regulated Energy segment	\$ 13,730	\$ 15,226	\$ 36,747	\$ 39,545
Unregulated Energy segment	(38)	412	11,492	12,347
Other businesses and eliminations	(26)	104	102	230
<b>Total Operating Income</b>	13,666	15,742	48,341	52,122
<b>Other Expenses</b>	607	8	884	42
<b>Interest Charges</b>	3,073	2,624	5,811	5,274
<b>Income Before Taxes</b>	9,986	13,110	41,646	46,806
<b>Income Taxes</b>	3,940	5,081	16,456	18,410
<b>Net Income</b>	<b>\$ 6,046</b>	<b>\$ 8,029</b>	<b>\$ 25,190</b>	<b>\$ 28,396</b>
<b>Diluted Earnings Per Share</b>	<b>\$0.37</b>	<b>\$0.52</b>	<b>\$1.54</b>	<b>\$1.85</b>

# Performance Quadrant

## Peer ROE vs. Capital Expenditures

7/1/2014 – 6/30/2017

	Cap Ex	ROE
CPK	24.97%	11.14%
Median	13.47%	9.07%
75 <sup>th</sup> Percentile	15.49%	10.38%



# Continuing to Build for the Future

2017 Forecasted Capital Expenditures of \$208 million

<i>\$ thousands</i>	2017 Forecasted Capital Expenditures
\$105,147	Natural Gas Transmission
\$ 85,200	Natural Gas and Electric Distribution (1)
\$ 10,451	Propane Distribution
\$ 7,153	Corporate / Other
<b>\$207,951</b>	<b>Total Forecasted Capital Spending</b>

(1) Natural Gas and Electric Distribution includes Delmarva, Florida and Ohio

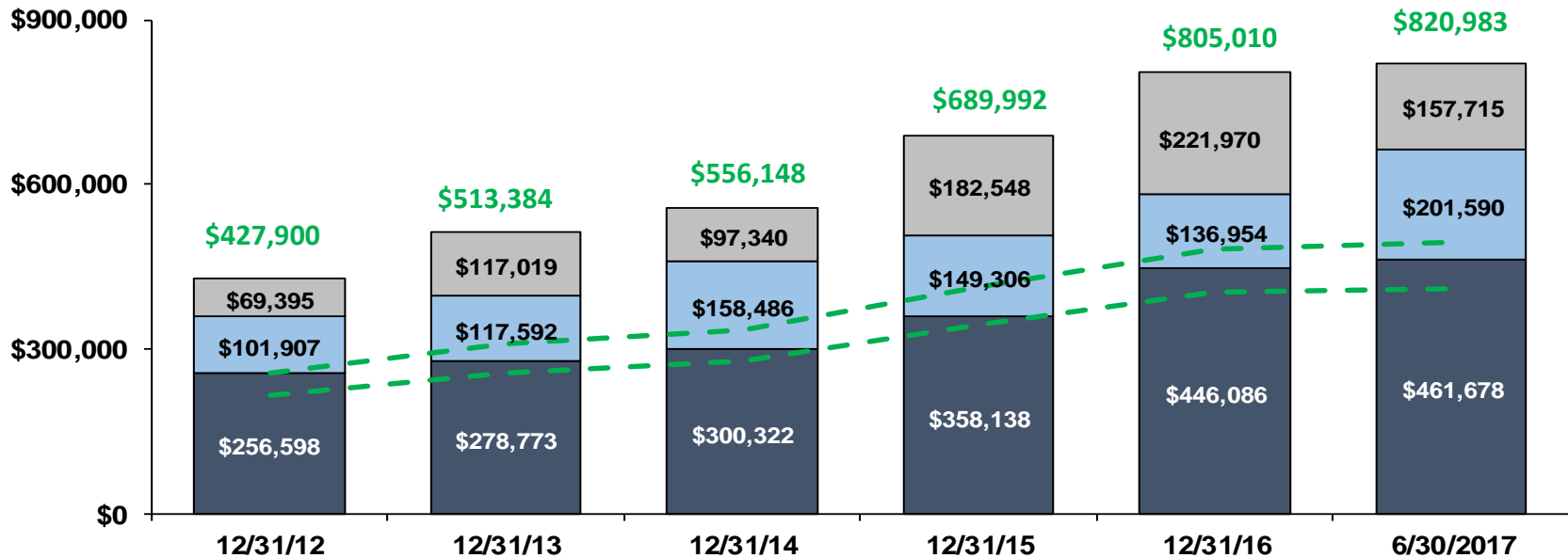
# Total Capitalization

## Strong Balance Sheet to Support Growth

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

(in thousands)

■ Stockholders' Equity    ■ Long-Term Debt    ■ Short-Term Debt \*



Equity/Permanent Capitalization	71.6%	70.3%	65.5%	70.6%	76.5%	69.6%
Equity/Total Capitalization	60.0%	54.3%	54.0%	51.9%	55.4%	56.2%

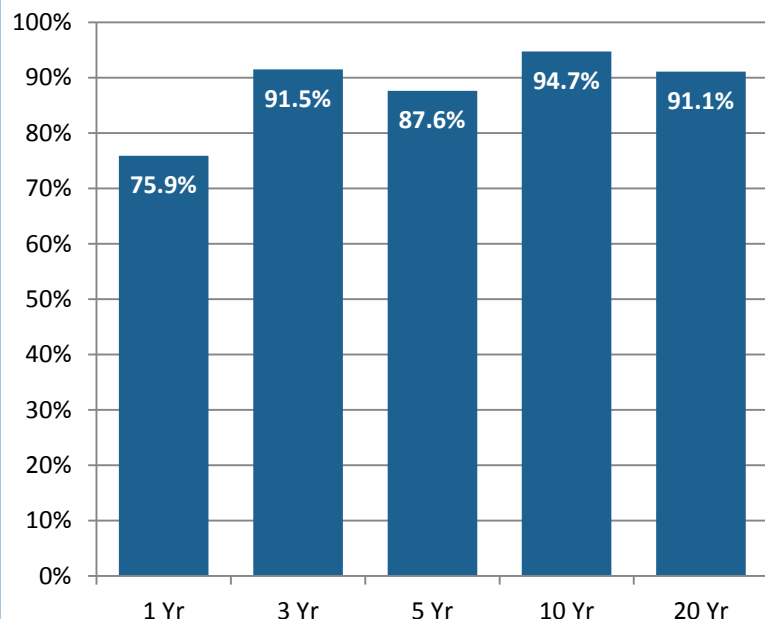
\* Short-Term Debt includes Current Portion of Long-Term Debt

# Shareholder Return

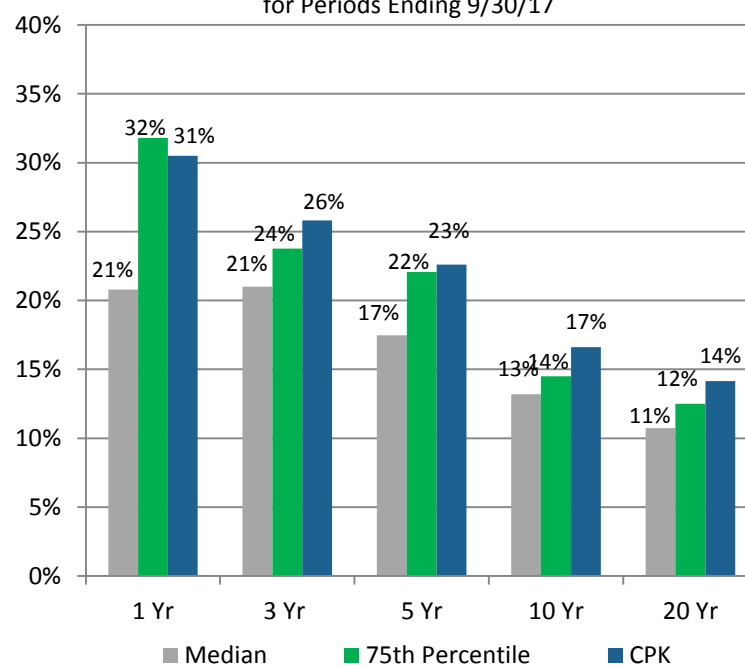
## Comparison to Broader Market – NYSE Companies

- Chesapeake's compound annual return has exceeded 14% for all periods shown.
- Total return relative to the broad market has been in the top quartile of all NYSE companies also for all periods shown.

CPK Ranking amongst all NYSE companies for periods ending 9/30/17



Annualized Shareholder Returns for Performance Peer Group for Periods Ending 9/30/17



# Chesapeake Utilities Corporation

## Our Growth Strategy

# Conclusion

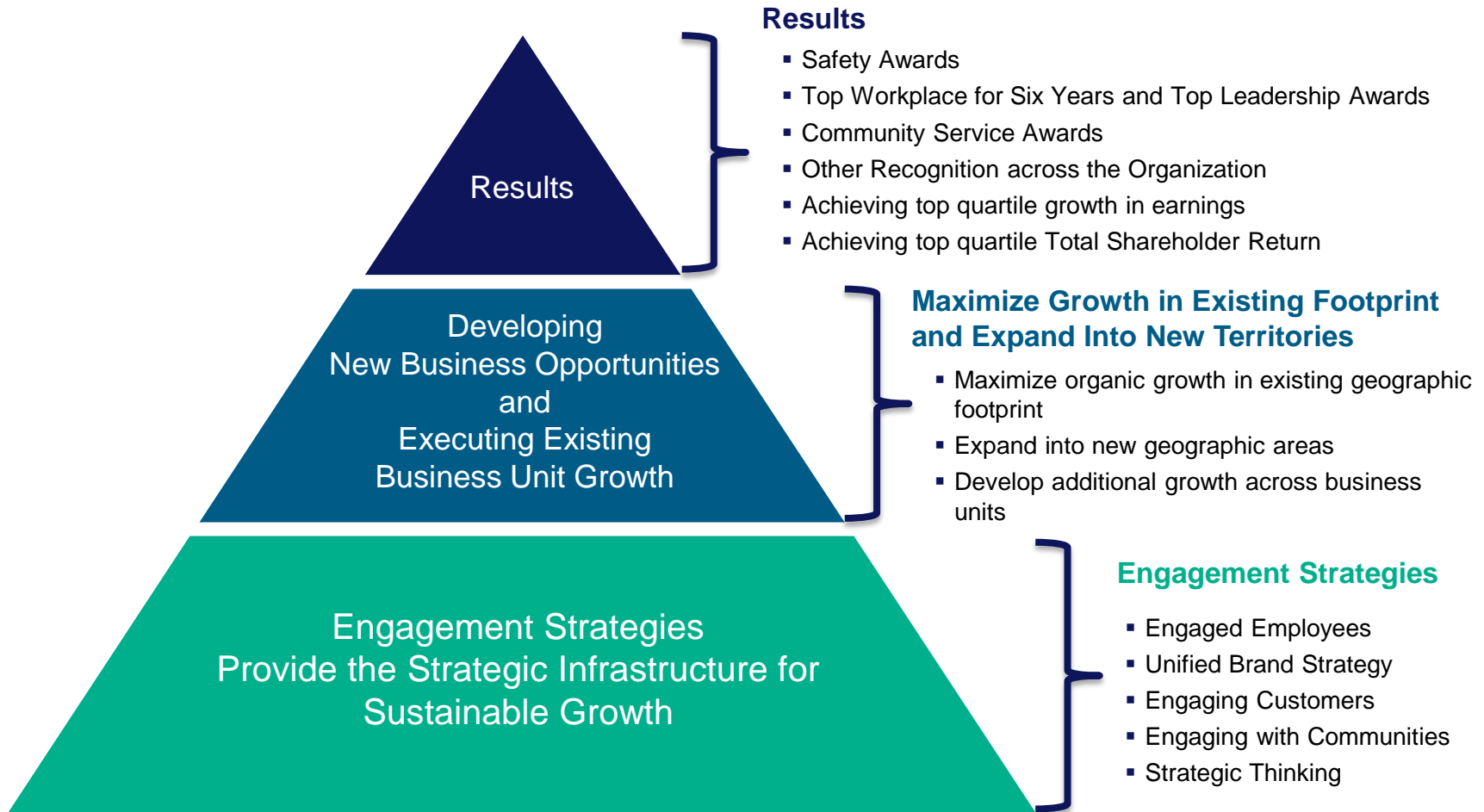
## Disciplined Focus on Shareholder Returns





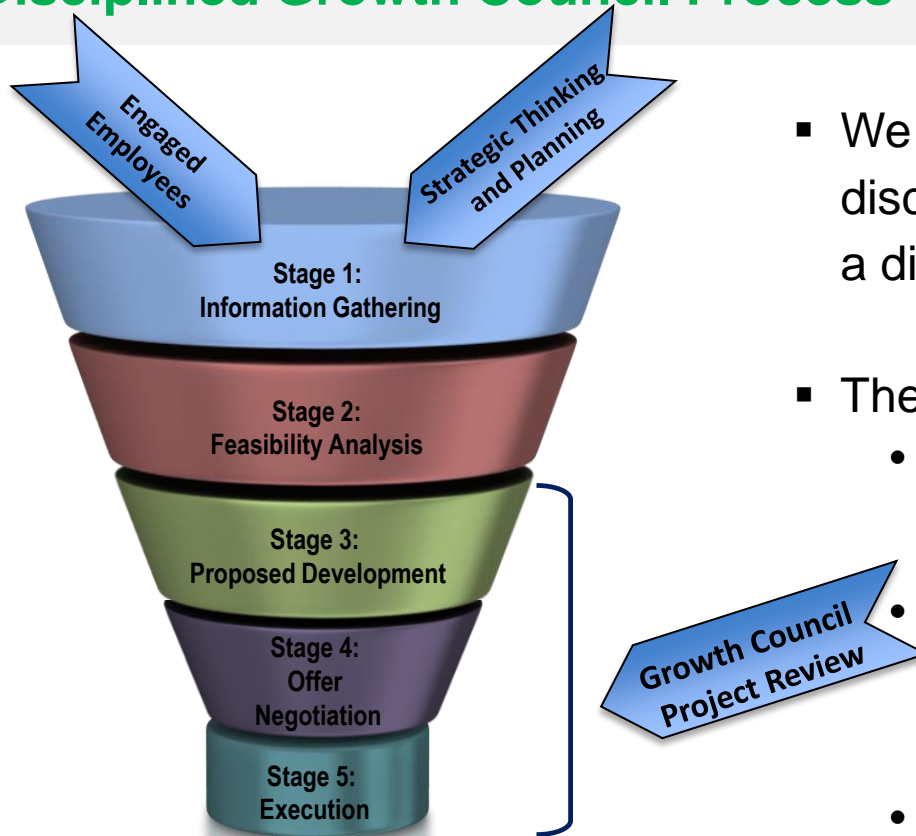
# Our Disciplined Approach to Reaching New Heights

## Strategic Platform for Sustainable Growth



# Strategic Plan Execution

## Disciplined Growth Council Process

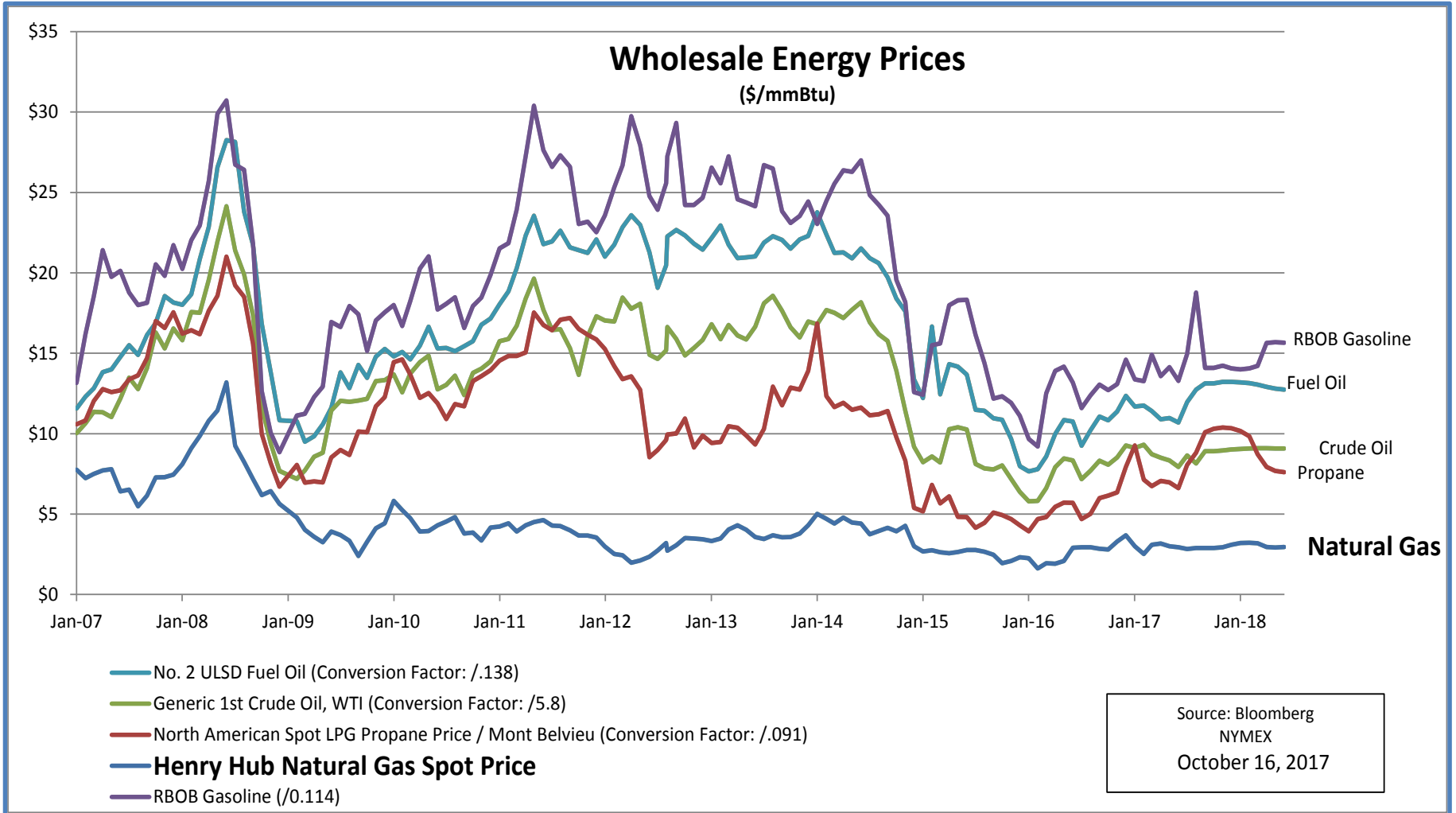


*We continue our relentless efforts to drive growth by focusing on long-term, sustainable growth opportunities.*

- 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.
  - Reviews the capital deployment process.
  - Ensures successful completion and integration into the Chesapeake portfolio.

# Wholesale Energy Prices

Natural Gas Provides Energy Users with an Economic Advantage



# Recent Growth Initiatives

## Summary of completed and Underway Projects

	Project	Description	Capacity	Status
Delmarva	<b>Eastern Shore Natural Gas White Oak Mainline Expansion</b>	Natural gas transportation services to electric generating plant in Dover, DE, under a 20-year service agreement.	Capacity increase of 45,000 dt/d. Annual Gross margin between \$5.8 million and \$7.0 million	Project completed in March, 2017
	<b>Eastern Shore Natural Gas System Reliability</b>	Additional facilities that ensure the quality of service and optimal system design and operation, benefiting all customers on ESNG's system.	No new capacity is being created; this project is strictly a reliability project. Estimated revenue requirement of \$4.5 million.	Project completed in June, 2017
Florida	<b>Florida Public Utilities Gas Reliability Infrastructure Program (GRIP)</b>	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.	Invested \$108 million to date to replace 240 miles of distribution mains and expected to generate \$13.8 million gross margin in 2017	Ongoing
	<b>Eight Flags Energy, LLC</b>	Combined heat and power plant constructed and operating in our natural gas and electric distribution territory on Amelia Island in Nassau County, Florida.	Plant produces 20MW of base load power that is sold to FPU. Steam generated is sold to Rayonier Performance Fibers for use in the operation of its facility. Annual gross margin estimate for 2017 is \$8.4 million.	Service Commenced June, 2016

# Eastern Shore Natural Gas

## 2017 System Expansion Project Details

### Capital Investment:

- Approximately \$98.6 Million

### Annual Estimated Margin:

- \$15.8 million in the first full year of operation

### Construction Period:

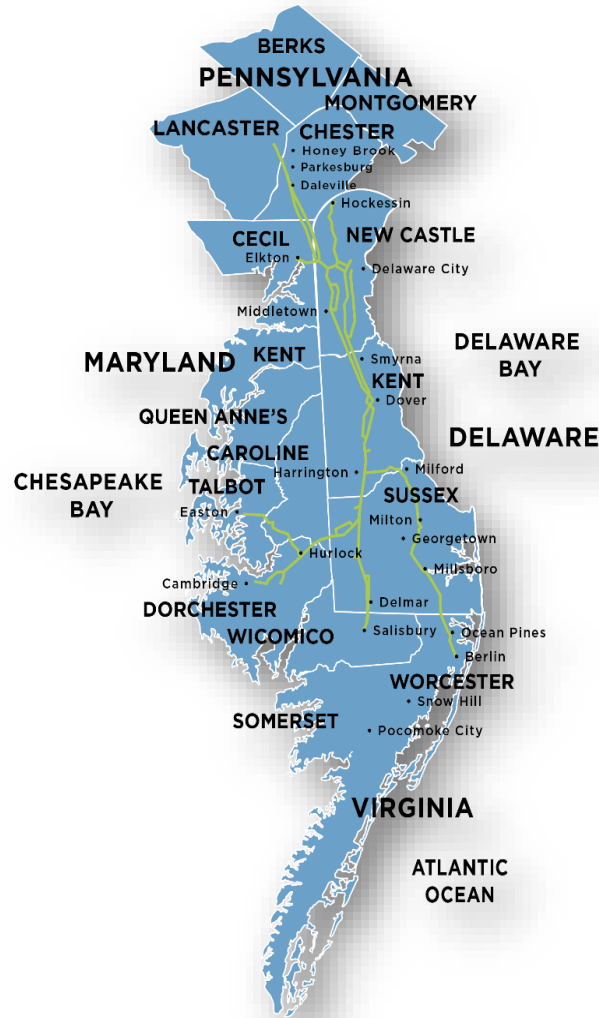
- FERC certificate issued 10/4/2017
- Construction commencing in early fourth quarter of 2017
- In service second quarter 2018

### Project Description:

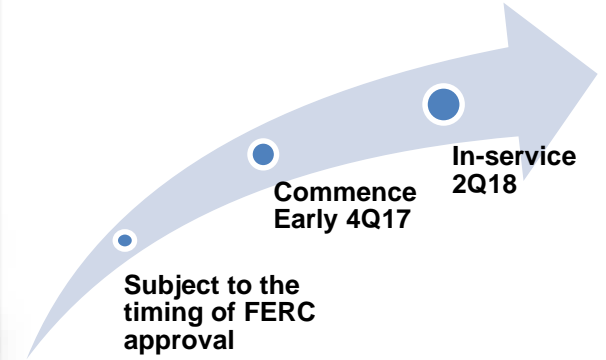
- 23 miles of pipeline looping in PA, DE, & MD
- 17 miles of new mainline extension
- Upgrades to the TETCO interconnect
- 3,750 hp new compression-Daleville Compressor Station
- Two (2) new pressure control stations

### Total Capacity Increase:

- 61,162 dts/d on Eastern Shore's pipeline system



### *Construction Period*



# Florida Natural Gas Project

## 2017 Northwest Florida Expansion

### Capital Investment:

- Approximately \$35.9 Million

### Annual Estimated Margin:

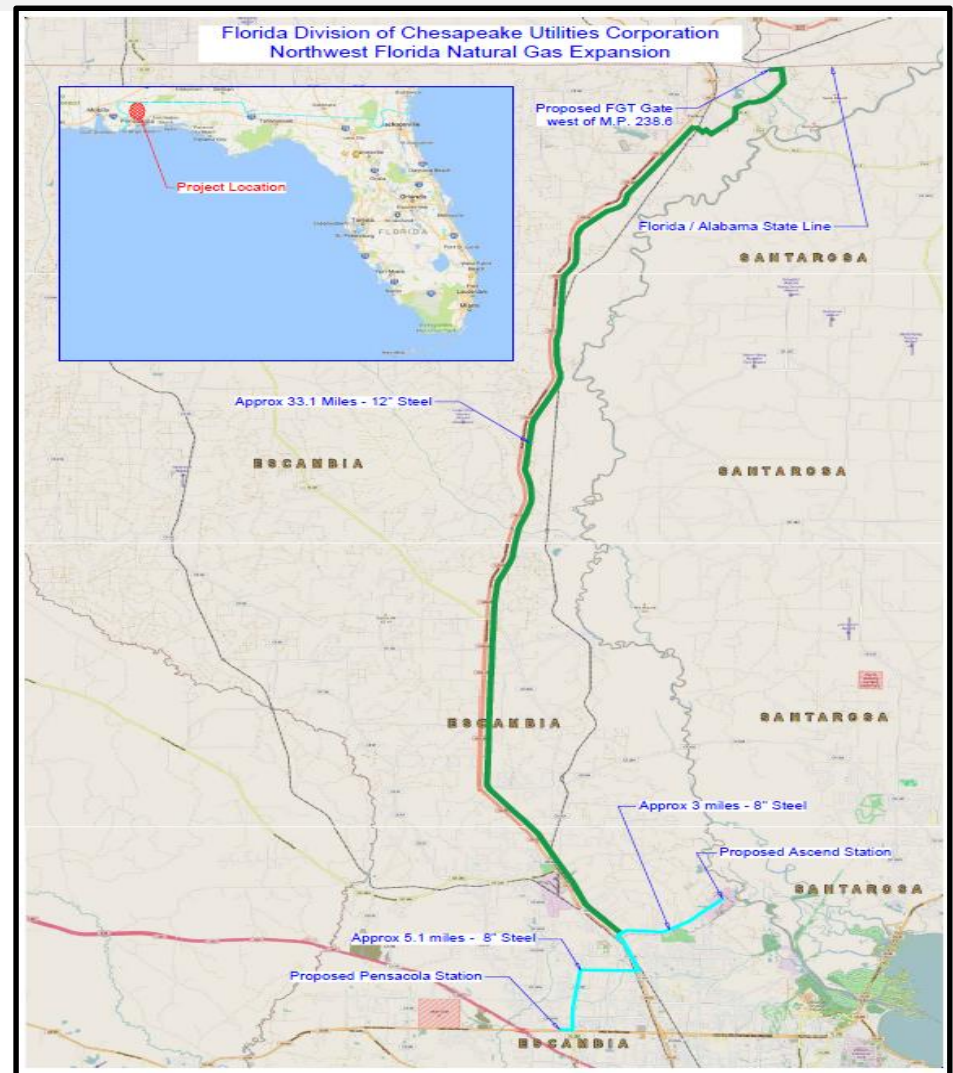
- \$5.1 million in the first full year of operation

### Construction Period:

- Construction began June 3, 2017
- Project moving forward as scheduled
- In service second quarter 2018

### Project Description:

- 33 miles of transmission pipeline to interconnect with Florida Gas Transmission (FGT)
- 8 miles of distribution pipeline to serve firm LDC commitments in Escambia County (Pensacola), Florida
- Committed utilization of 68,500 dts/d, with total capacity of 80,000 dts/d



# Celebrating One Year of Operation

## Eight Flags Energy Combined Heat and Power Plant

Project Commencement: June 2016

Capital Investment: \$40.0 million

Gross Margin :

- \$9.4 million in the first full year of operation
- \$5.0 million generated in the first half of 2017

Estimated FPU Electric Customer Savings

- \$3 to \$4 million per year depending on natural gas prices

Project Description:

- Natural-gas-fired turbine and electric generator
- Combined heat and power plant
- 20 megawatts base power load
- Sells power to Florida Public Utilities for FPU's retail electric customers under 20-year agreement
- Sells steam to an industrial customer under 20-year agreement
- Natural gas supplied by FPU's distribution and transmission system

Operating Efficiency and Highlights:

- Eight Flags CHP is running at 78% efficiency
- Eight Flags is running at 98% utilization



Recent Honors for Eight Flags CHP Plant

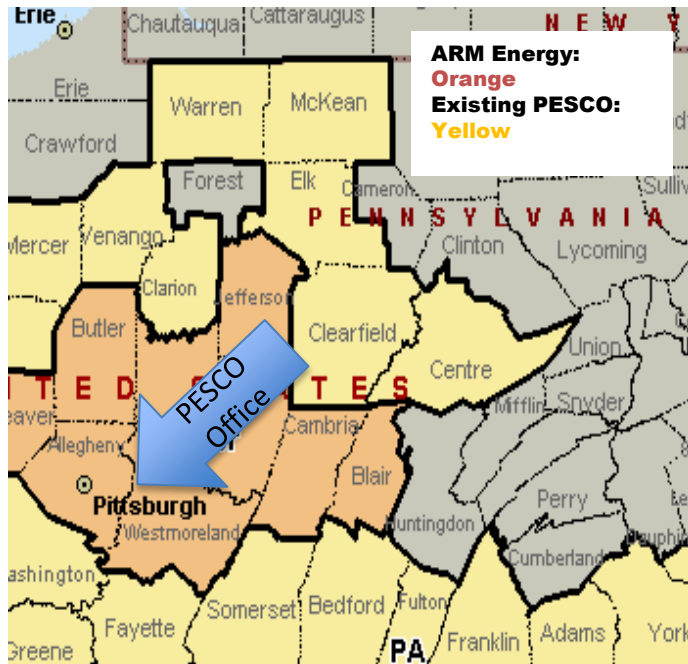
- Southeastern Electric Exchange, Inc. recognized the *Eight Flags CHP plant as a 2017 Industry Excellence Award in the Production Category*
- Southeastern Gas Association recognized *Eight Flags CHP plant as 2017 First Place Engineering Award*
- Power Engineering recognized the plant as *Best CHP Project for 2016*

# Peninsula Energy Service Company, Inc.

## Acquisition of Certain Marketing Assets of ARM Energy Management

### Peninsula Energy Services Company (PESCO)

#### Acquisition of Assets ARM Energy Management Effective August 1, 2017



### Strategic Opportunity

- Peninsula Energy Services Company (PESCO) acquired certain commercial and industrial marketing assets in Western Pennsylvania from ARM Energy Management, LLC (AEM), a subsidiary of ARM Energy.
- PESCO is Chesapeake Utilities non-regulated energy marketing business that provides energy services to commercial and industrial customers in the Southeast, Mid-Atlantic and Mid-West regions.
- The AEM assets are an excellent strategic fit for PESCO and Chesapeake Utilities:
  - Extends our regional footprint and deepens our commercial relationships with natural gas producers and end-users while continuing to provide growth opportunities and value to our customers
  - Complements PESCO's current portfolio and will expand the Company's retail demand in a market where it has existing pipeline capacity and wholesale liquidity
  - Provides PESCO opportunities to aggregate supply and provide associated services, similar to the strategy that has been executed with producers served by its Aspire Energy subsidiary throughout the Appalachian region of the United States



# Our Investment Proposition



Positioned to have sustainable dividend growth that is supported by earnings growth

Strong balance sheet and credit ratings, coupled with access to new capital

Focus on organic growth and identifying new business lines that complement our portfolio

Portfolio of strong, efficient utility and non-utility businesses

Successful track record and focus on continued long-term growth

Engaged employees who are focused on identifying opportunities to expand our service offerings within and beyond our current markets

# Appendices

## Business Unit Overviews

# Business Unit Overview

## Eastern Shore Natural Gas



- **Eastern Shore Natural Gas Company (“ESNG”)** owns and operates a 448-mile interstate pipeline that transports natural gas from various points in Pennsylvania to customers in Delaware, Maryland and Pennsylvania.
- Operates under the jurisdiction of the Federal Energy Regulatory Commission (FERC)
- Currently inter-connected with 3 upstream pipelines at 4 interconnect points
- Serves a mix of Local Distribution Companies, Industrials and Electric Power Generation customers



# Business Unit Overview

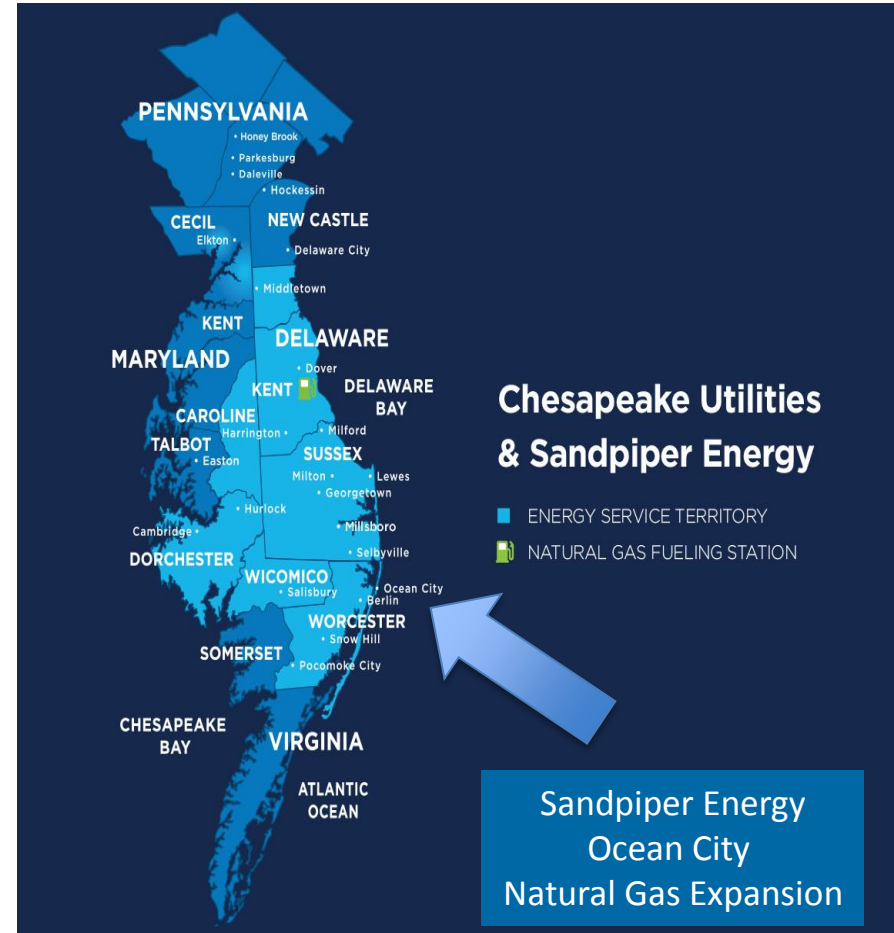
## Chesapeake Utilities & Sandpiper Energy



- **Chesapeake Utilities** distributes natural gas to approximately 62,000 residential and commercial customers in Delaware and Maryland.
- In Delaware, Chesapeake continues to expand its system in southeast Sussex County.
- In Maryland, Chesapeake continues to expand its system in Cecil County.



- In Maryland, Chesapeake's **Sandpiper Energy** business unit distributes propane and natural gas to approximately 11,000 customers in Worcester County - primarily through community gas systems.
- Sandpiper continues to extend its distribution mains, including providing natural gas service into Ocean City, Maryland.



# Business Unit Overview

## Florida Operation



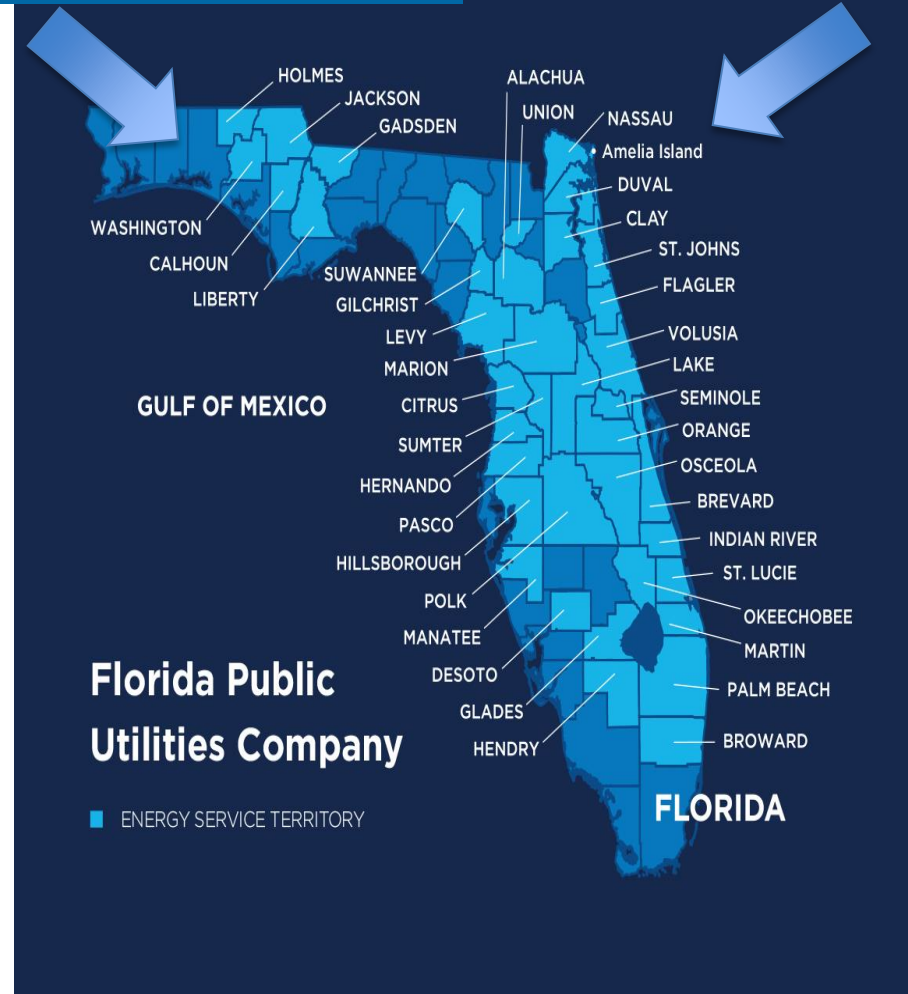
- **Florida Public Utilities and Chesapeake's Central Florida Gas division** distribute natural gas to approximately 76,000 residential and commercial customers throughout Florida, and electricity to approximately 32,000 customers in Marianna and Amelia Island, Florida.
- **Florida Public Utilities'** propane distribution subsidiary provides service to approximately 16,000 customers in various areas of Florida.
- **Eight Flags'** combined heat and power plant produces steam which is sold to Rayonier, and 20 MW of electricity which is distributed to FPU customers on Amelia Island.



- **Peninsula Pipeline Company, Inc.** provides natural gas transmission services in Florida.

Northwest Pipeline Expansion  
Pensacola Region

Eight Flags CHP Plant  
Amelia Island

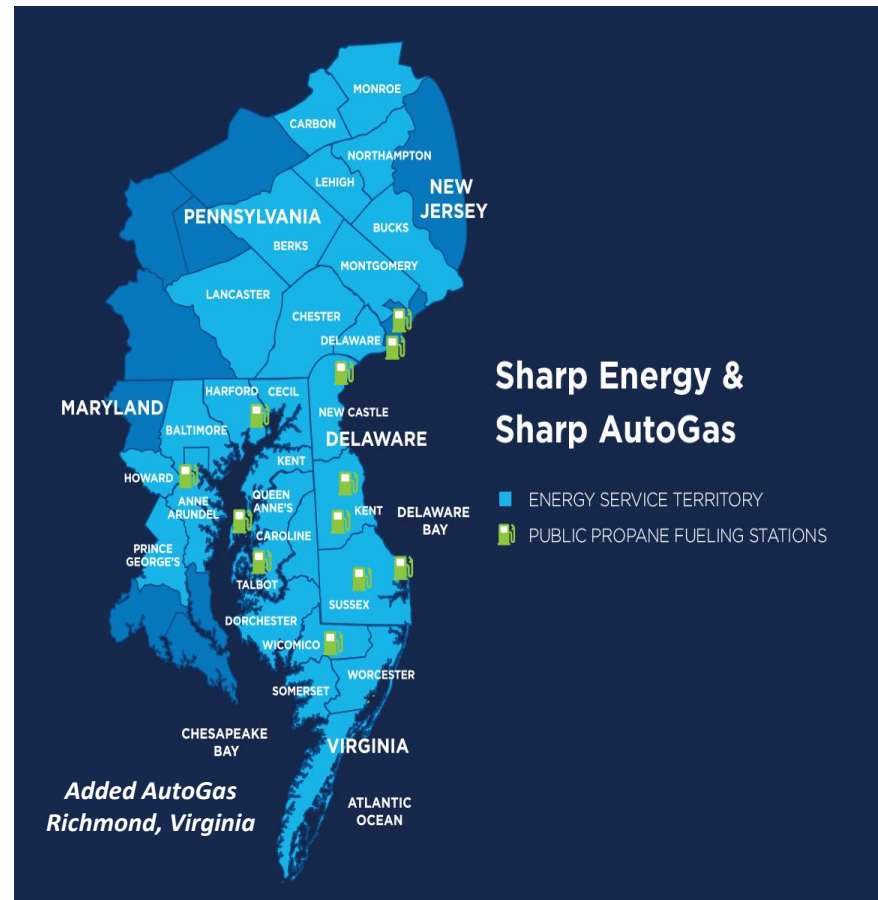


# Business Unit Overview

## Sharp Energy



- **Sharp Energy** distributes propane to approximately 39,000 customers in Delaware, Maryland and the Eastern Shore of Virginia, and southeastern Pennsylvania.
- Our propane operations have grown organically through our Community Gas Systems (“CGS”) strategy, and our recent expansions of service into the western shore of Maryland and eastern Pennsylvania.
- Sharp AutoGas fuels over 600 independent customer vehicles through 12 multi-fleet propane fueling stations and 19 private-fleet propane fueling stations in Delaware, Maryland, Virginia and Pennsylvania.
- Propane storage capacity is in excess of 5 million gallons; more than any other propane provider on the Delmarva Peninsula.



# Business Unit Overview

## Aspire Energy



- **Aspire Energy** of Ohio is an unregulated natural gas infrastructure company with approximately 2,600 miles of pipeline systems in 40 counties throughout Ohio.
- Aspire Energy provides natural gas supply to various local gas distribution system companies, with an aggregate of more than 20,000 end-use customers.
- Aspire Energy primarily sources gas from more than 300 conventional producers and provides gathering and processing services necessary to maintain quality and reliability to wholesale markets.



# Business Unit Overview

## PESCO Energy



- Provides energy marketing services, including natural gas supply and related management services to commercial industrial and wholesale customers
- PESCO Energy's strategic growth plan is driven by three key initiatives:

### Demand Origination

- Expanding our downstream business on LDC's served by core pipelines on which we have deep experience

### Supply Aggregation

- Purchasing physical production in upstream geographies that enable wholesale liquidity and competitive supplies

### Optimization

- Utilizing storage, firm transportation and other assets to capture the margin generated by our Demand Origination and Supply Aggregation efforts

## Market Area

Serving three geographic regions: Southeast, Mid-Atlantic and Mid-West

### Peninsula Energy Services Company

- LEGACY
- NEW IN 2016
- FUTURE EXPANSION





# Thank You



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