CHESAPEAKE UTILITIES CORPORATION

Second Quarter 2015 Earnings Conference Call

Friday, August 7, 2015

10:30 a.m. EDT

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 2014 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.

Consolidated 2015 Financial Results

Second Quarter 2015 Performance Summary

For the periods ended June 30, (in thousands except per share amounts)		2Q15		2Q14		Change
Operating Income						
Regulated Energy segment	$	13,605	$	10,711	$	2,894
Unregulated Energy segment		(540)		(43)		(497)
Other businesses and eliminations		105		(211)		316
Total Operating Income		13,170		10,457		2,713
Other Income (Loss), Net of Other Expenses		(171)		405		(576)
Interest Charges		2,485		2,303		182
Pre-tax Income		10,514		8,559		1,955
Income Taxes		4,220		3,425		795
Net Income	$	6,294	$	5,134		1,160
Diluted Earnings Per Share		$0.41		$0.35		$0.06

Results

- 2nd Quarter net income of $6.3 million, or $0.41 in diluted earnings per share
- 2015 2nd Quarter earnings per share higher by $0.06 per share, or 17%
- Growth initiatives generated $2.9 million in higher regulated energy segment operating income; results also include a non-recurring $1.5 million gain from a customer billing system settlement

Regulated Energy Segment Results

Second Quarter 2015 Performance Summary

(in thousands)	2015	2014	Change
Revenue	$ 62,060	$ 61,646	$ 414
Cost of Sales	21,124	24,672	(3,548)
Gross Margin	40,936	36,974	3,962
Operations & Maintenance	18,484	18,109	375
Depreciation & Amortization	6,080	5,623	457
Other Taxes	2,767	2,531	236
Other Operating Expenses	27,331	26,263	1,068
Operating Income	$ 13,605	$ 10,711	$ 2,894

Results

- Operating income increased by $2.9 million to $13.6 million in the second quarter of 2015 compared to 2014.
- Gross margin increased by $4.0 million
  - Customer growth - $1.3 million
  - Florida GRIP - $1.1 million
  - Natural gas service expansions completed in 2014 and 2015 - $919,000
  - Florida electric rate increase - $731,000
- Other operating expenses increased $1.1 million
  - $2.6 million of increased operating expenses which were offset by a $1.5 million gain from a billing system settlement
  - Operating expense increases largely driven by growth and year-to-date performance

Unregulated Energy Segment Results

Second Quarter 2015 Performance Summary

(in thousands)

	2015	2014	Change
Revenue	$ 32,559	$ 34,321	$ (1,762)
Cost of Sales	22,156	26,020	(3,864)
Gross Margin	10,403	8,301	2,102
Operations & Maintenance	9,130	7,022	2,108
Depreciation & Amortization	1,439	986	453
Other Taxes	374	336	38
Other Operating Expenses	10,943	8,344	2,599
Operating Income	$ (540)	$ (43)	$ (497)

Results

- Operating loss of $540,000 for the second quarter compared to an operating loss of $43,000 for the same quarter of 2014
- Due to the seasonal nature of propane distribution and Aspire Energy operations, the unregulated energy segment typically reports a loss or modest income in the second quarter
- Gross margin increased by $2.1 million
  - Aspire Energy - $1.6 million
  - Propane retail margins and other - $478,000
- Other operating expenses increased by $2.6 million
  - Aspire Energy - $1.9 million
  - Other - $704,000

Reconciliation of Second Quarter 2015

Key variances for the three months ended June 30, 2015 vs. 2014 included:

(in thousands, except per share	Pre-tax Income	Net Income	Earnings Per Share
Second Quarter of 2014 Reported Results	$ 8,559	$ 5,134	$ 0.35
Adjusting for Unusual Items:			
Gain from a settlement	1,500	900	0.06
Gain on sale of business, recorded in 2014	(397)	(238)	(0.02)
Absence of BravePoint, which was sold in October 2014	319	191	0.01
	1,422	853	0.05
Increased (Decreased) Gross Margins:			
Contribution from Aspire Energy of Ohio	1,624	974	0.07
Natural gas growth (excluding service expansions)	1,347	808	0.06
GRIP	1,067	640	0.04
Service expansions	919	551	0.04
FPU Electric base rate increase	731	439	0.03
Higher retail propane margins	649	389	0.03
Decrease in customer consumption	(203)	(122)	(0.01)
	6,134	3,679	0.26
Increased Other Operating Expenses:			
Expenses from Aspire Energy of Ohio	(1,895)	(1,137)	(0.08)
Higher payroll and benefits costs	(802)	(481)	(0.03)
Increased accrual for incentive compensation	(606)	(364)	(0.02)
Higher depreciation, asset removal and property tax costs due to recent capital investments	(495)	(297)	(0.02)
Costs associated with billing system settlement and other initiatives	(465)	(279)	(0.02)
Higher facility maintenance	(194)	(116)	(0.01)
Higher amortization expense	(172)	(103)	(0.01)
	(4,629)	(2,777)	(0.19)
Interest Charges	(182)	(109)	(0.01)
Net Other Changes	(790)	(486)	(0.05)
Second Quarter of 2015 Reported Results	$ 10,514	$ 6,294	$ 0.41

Consolidated Financial Results

Year-to-Date 2015 Performance Summary

For the periods ended June 30, (in thousands except per share amounts)	Year-to-Date 2015	Year-to-Date 2014	Change
Operating Income			
Regulated Energy segment	$ 35,788	$ 31,802	$ 3,986
Unregulated Energy segment	14,689	10,815	3,874
Other businesses and eliminations	201	(538)	739
Total Operating Income	50,678	42,079	8,599
Other Income (Loss), Net of Other Expenses	(38)	413	(451)
Interest Charges	4,933	4,459	474
Pre-tax Income	45,707	38,033	7,674
Income Taxes	18,304	15,218	3,086
Net Income	$ 27,403	$ 22,815	4,588
Diluted Earnings Per Share	$ 1.83	$ 1.57	$ 0.26

Results

- Year-to-date diluted EPS of $1.83 represents a $0.26 per share, or 17% increase over 2014
- Regulated energy operating income increased by $4.0 million as a result of customer growth, service expansions, the GRIP and the electric rate case; as well as the non-recurring $1.5 million gain from a customer billing system settlement
- Unregulated energy operating income rose by $3.9 million as a result of higher retail propane margins
- Other business and eliminations improved by $739,000; BravePoint was sold in the fourth quarter of 2014

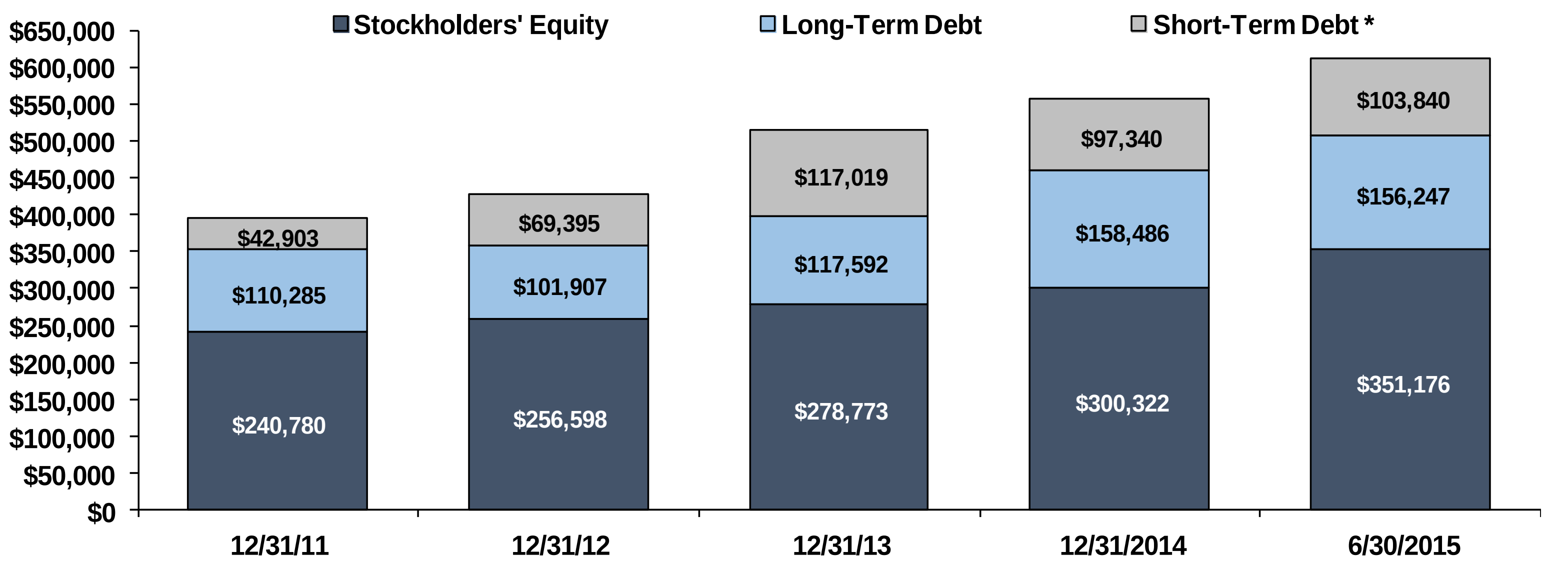
Reconciliation of 2015 Results Year-to-Date

Key variances for the six months ended June 30, 2014 vs. 2014 included:

(in thousands, except per share)	Pre -tax Income	Net Income	Earnings Per Share
Six months ended June 30, 2014 Reported Results	$ 38,033	$ 22,815	$ 1.57
Adjusting for Unusual Items:			
Gain from a settlement	1,500	900	0.06
Absence of BravePoint, which was sold in October 2014	757	454	0.03
Gain on sale of business, recorded in 2014	(397)	(238)	(0.02)
Weather impact	320	192	0.01
	2, 180	1,308	0.08
Increased (Decreased) Gross Margins:			
Higher retail propane margins	5,650	3,387	0.23
Natural gas growth (excluding service expansions)	2,378	1,426	0.10
Service expansions	2,377	1,425	0.10
GRIP	1,822	1,092	0.07
FPU Electric base rate increase	1,693	1,015	0.07
Contribution from Aspire Energy of Ohio	1,624	974	0.07
Propane wholesale marketing	(984)	(590)	(0.04)
Increase in customer consumption	408	245	0.02
	14,968	8,974	0.62
Increased Other Operating Expenses:			
Expenses from Aspire Energy of Ohio	(1,895)	(1,136)	(0.08)
Higher payroll and benefits costs	(1,654)	(992)	(0.07)
Costs associated with billing system settlement and other transactions	(1,081)	(648)	(0.04)
Higher depreciation, asset removal costs and property tax costs due to recent capital investments	(944)	(566)	(0.04)
Higher service contractor and other consulting costs	(853)	(511)	(0.04)
Increased accruals for incentive compensation	(837)	(502)	(0.03)
Higher facility maintenance	(657)	(394)	(0.03)
Higher amortization expense	(302)	(181)	(0.01)
	(8,223)	(4,930)	(0.34)
Interest Charges	(474)	(284)	(0.02)
Net Other Changes	(777)	(480)	(0.08)
Six months ended June 30, 2015 Reported Results	$ 45,707	$ 27,403	$ 1.83

Total Capitalization

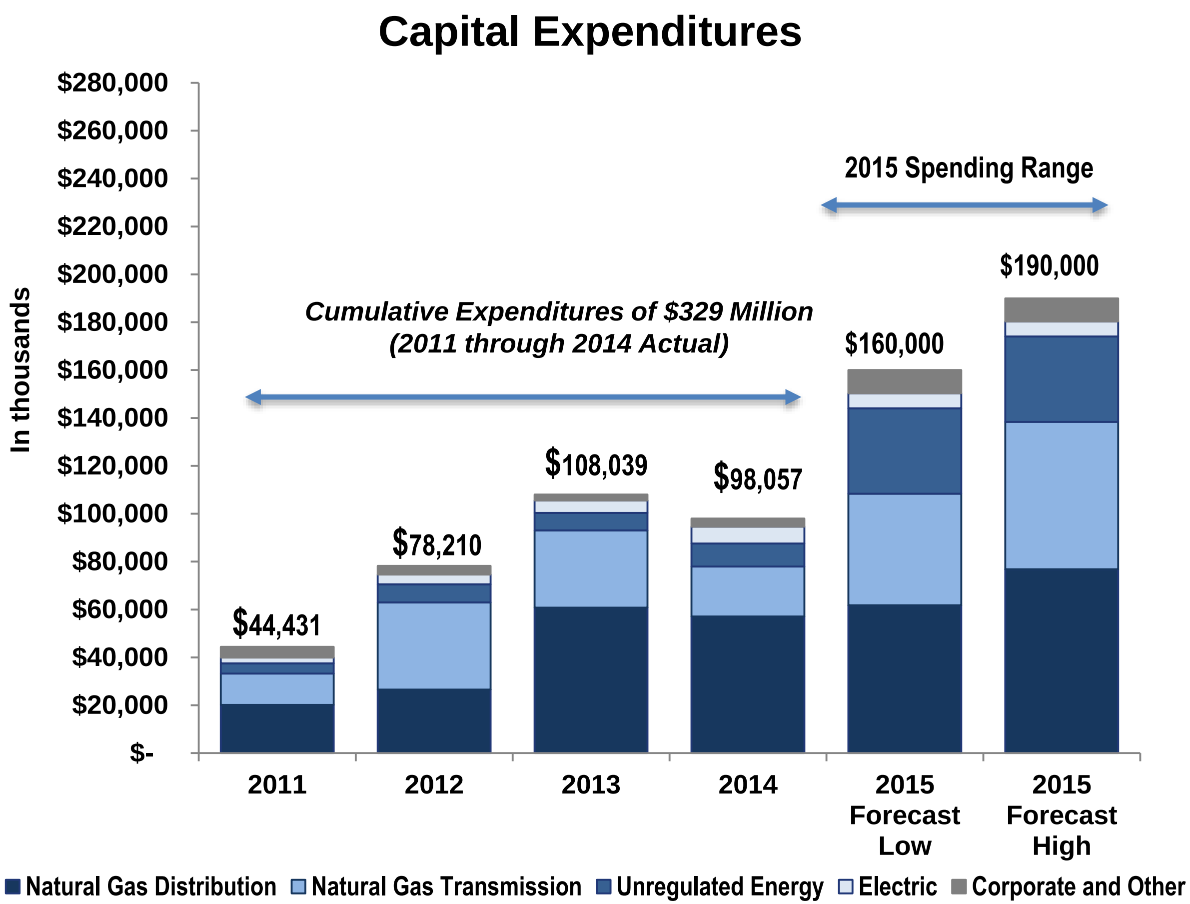
(in thousands)



Equity/Permanent Capitalization	68.6%	71.6%	70.3%	65.5%	69.2%
Equity/Total Capitalization	61.1%	60.0%	54.3%	54.0%	57.5%

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

Building for the Future



Results

- The current capital spending forecast for 2015 is a range from $160 million to $190 million. The change from the original capital expenditure budget of $223 million primarily represents a shift in the timing of spending to 2016.
- Current range of $160-$190 million does not include the acquisition of Gatherco, Inc.
- Major projects include the Eight Flags CHP plant, new facilities to serve an industrial customer in Kent County, Delaware, and additional GRIP investments.

Gross Margin Highlights

Major Projects and Other Key Initiatives

	Gross Margin for the Period							
	Three Months Ended June 30,			Six Months Ended June 30,			Estimate for	Total 2014
	2015	2014	Variance	2015	2014	Variance	2015	Margin
Acquisition:								
Aspire Energy of Ohio (formerly Gatherco)	$ 1,624	$ —	$ 1,624	$ 1,624	$ —	$ 1,624	$ 8,797	$ —
Service Expansions								
Natural Gas Transmission:								
Short-term								
New Castle County, Delaware	$ 523	$ 599	$ (76)	$ 1,491	$ 599	$ 892	$ 2,505	$ 2,026
Kent County, Delaware	398	—	398	398	—	398	2,516	—
Total short-term	921	599	322	1,889	599	1,290	5,021	2,026
Long-term								
Kent County, Delaware	463	—	463	926	—	926	1,844	463
Polk County, Florida	134	—	134	161	—	161	908	—
Total long-term	$ 597	$ —	$ 597	$ 1,087	$ —	$ 1,087	$ 2,752	$ 463
Total Service Expansions	$ 1,518	$ 599	$ 919	$ 2,976	$ 599	$ 2,377	$ 7,773	$ 2,489
Florida GRIP	$ 1,769	$ 702	$ 1,067	$ 3,248	$ 1,426	$ 1,822	$ 7,267	$ 3,348
Total Major Projects	$ 4,911	$ 1,301	$ 3,610	$ 7,848	$ 2,025	$ 5,823	$ 23,837	$ 5,837

Status of Aspire Energy

Aspire Energy of Ohio, provides natural gas midstream services (which include gathering & processing) to over 300 producers, and wholesale natural gas supply to Columbia Gas of Ohio & Consumers Gas Cooperative who deliver gas to over 30,000 end users in Ohio.

With operations in 40 counties throughout the state, Aspire Energy's assets include 16 gathering systems and more than 2,000 miles of pipelines and right-of-way in central and eastern Ohio.

- Aspire Energy of Ohio, a wholly owned subsidiary of Chesapeake Utilities Corporation, was merged with Gatherco on April 1, 2015.
- The acquisition is expected to be accretive to earnings in the first full year of operations.
- We continue the re-branding to Aspire Energy, and are pleased with significant progress made in our overall transition plan and remain excited about the growth potential of this business. On July 20, 2015, we named Doug Ward as the Business Unit Leader and Vice President of Aspire Energy. Doug brings over 25 years of industry experience to the team.
- Gross margin for the 2nd quarter was \$1.6 million and the operating expenses were \$1.9 million, reflecting the seasonality of Aspire's business (the bulk of Aspire's earnings are historically generated during the first and fourth quarters).

Recent and Upcoming Rate Cases

- Florida Electric Rate Case:
  - An increase in FPU's annual rates by approximately $3.8 million, effective for meter readings on or after November 1, 2014
  - $731,000 incremental margin during first quarter 2015

- Sandpiper Rate Case
  - Filed a revenue neutral rate change to improve competitive position by creating three separate residential rate classes with eligibility based on annual consumption. The proposed rate changes are still under review by the Maryland PSC.

  - In accordance with the Settlement Agreement reached when Sandpiper acquired Eastern Shore Gas's assets, we are required to file a rate case to support our currently effective rates. Filing required to be filed no later than on November 30, 2015.

- Eastern Shore Natural Gas
  - In accordance with the settlement agreement reached in ESNG's last rate case, we are required to file our next rate case such that proposed new rates are effective on February 1, 2017.

2016 –Major Projects under Construction and Development

Project	Estimated In Service Date	Projected Capital Cost	Estimated Annualized Margin
20-year OPT ≤ 90 service to an industrial customer in Kent County, Delaware	Late first quarter or early second quarter of 2016	$30.0 million	$5.8 million
System Reliability Project	Third quarter of 2016	$32.1 million	--
Eight Flags CHP plant in Nassau County, Florida	Third quarter of 2016	$40.0 million	$7.3 million

Eastern Shore Natural Gas

Calpine Energy Services – Garrison Energy Center

Eastern Shore Natural Gas, a wholly-owned subsidiary of Chesapeake Utilities Corporation, will provide natural gas transportation services to Calpine's new state-of-the-art electric generating plant in Dover, Delaware, under a 20-year service agreement upon completion of certain facilities, identified below.

Estimated Capital Cost	Approximately $30.0 million
Miles of Pipeline/Compression	7.2 miles of 16-inch looping and 3,550 hp compression
Capacity Increase	45,000 dt/d firm from May to October with allowable interruption period of up to 90 days from November to April (OPT $\leq$ 90)
Annualized Margin	$5.8 million 1/
Targeted Completion Date	Second quarter of 2016

1/ Annualized margin shown assumes full 90-days of interruption as allowed by service.

Eastern Shore Natural Gas

Natural Gas Transmission System Reliability

Eastern Shore Natural Gas will construct, own, operate and maintain additional facilities that will improve the overall reliability and flexibility of its pipeline system for the benefit of all customers. These facilities are necessary to restore the operational integrity of the entire pipeline system upon certain design changes made based on operational experience over the past two winter periods.

Estimated Capital Cost	Approximately $32.1 million
Miles of Pipeline/Compression	10.1 miles of 16-inch looping and 1,775 hp compression
Capacity Increase	No additional capacity associated; the proposed facilities support deliveries of maximum contract quantities under all existing firm transportation and storage service agreements
Regulatory Status	FERC accepted and publicly noticed ESNG application ESNG requested FERC to issue order for the project by December 2015
Targeted Completion Date	Late third quarter of 2016

Eight Flags Energy, LLC

Combined Heat and Power Plant

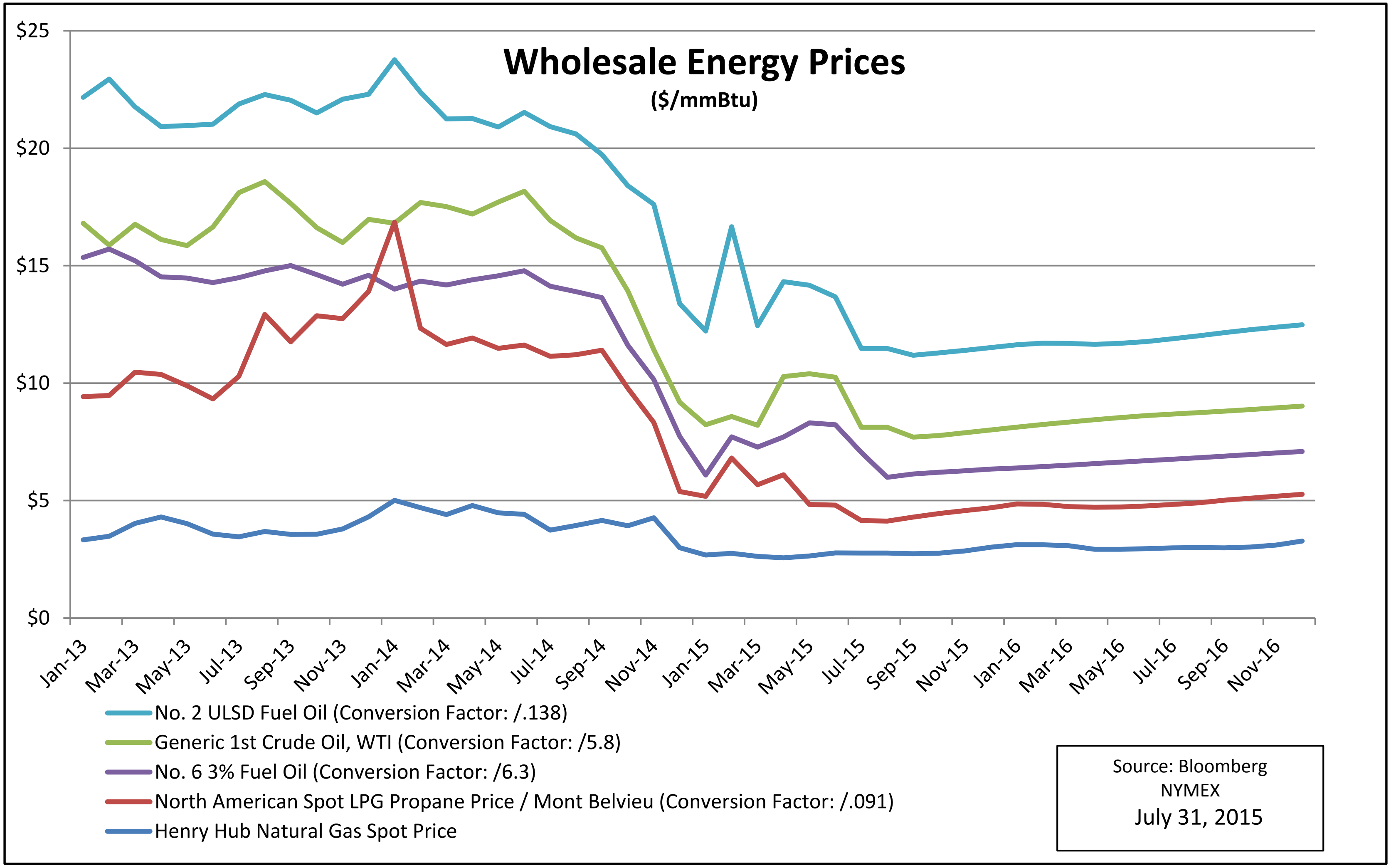
Eight Flags Energy, LLC is a Combined Heat and Power (CHP) plant being developed on Amelia Island in Nassau County, Florida. The CHP plant is a FERC certified Qualified facility Combined Heat and Power Project, which will be built on a site leased from Rayonier Performance Fibers, LLC, a subsidiary of Rayonier Advanced Materials.

- The CHP plant will generate steam that will be sold to Rayonier Performance Fibers for use in the operation of its facility.
- The plant will also produce approximately 20MW of base load power that will be sold to Florida Public Utilities Company for distribution to its retail electric customers.
- Site construction started on July 13, 2015.

Capital Investment	$40.0 million
Annual Margin	$7.3 million
Targeted In-Service Date	Third quarter of 2016
Estimated Electric Purchase Savings	$3.0 to $4.0 million per year depending on natural gas prices

Natural Gas Price Advantage

Despite Decreasing Energy Prices

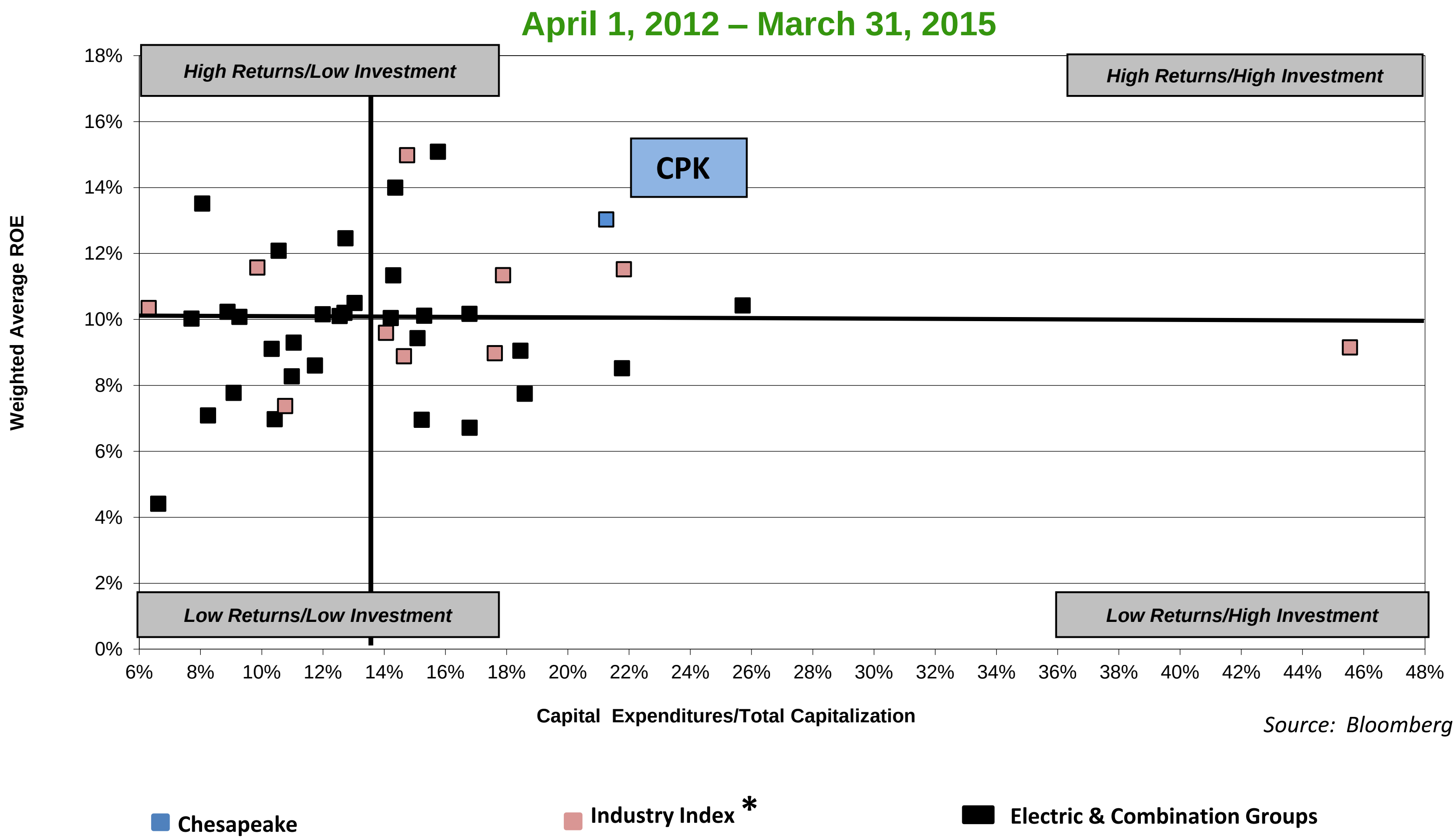


Growth Trajectory

	Traditional Growth Strategies	Current and New Growth Strategies
Regulated Energy	• NG transmission and distribution expansions • Residential and commercial customer growth in existing markets • On main conversions • Major industrial customers • Acquisitions	• Conversion programs for residential and commercial customers • System reliability and infrastructure program • New applications for natural gas • Transportation service for power generation
Unregulated Energy	• Organic growth • Wholesale • Community Gas Systems • Startups • Acquisitions	• Compressed natural gas (CNG) • Liquefied Natural Gas (LNG) • Propane Fueled Vehicles • Combined Heat and Power projects (CHP) • Midstream Opportunities

Performance Quadrant

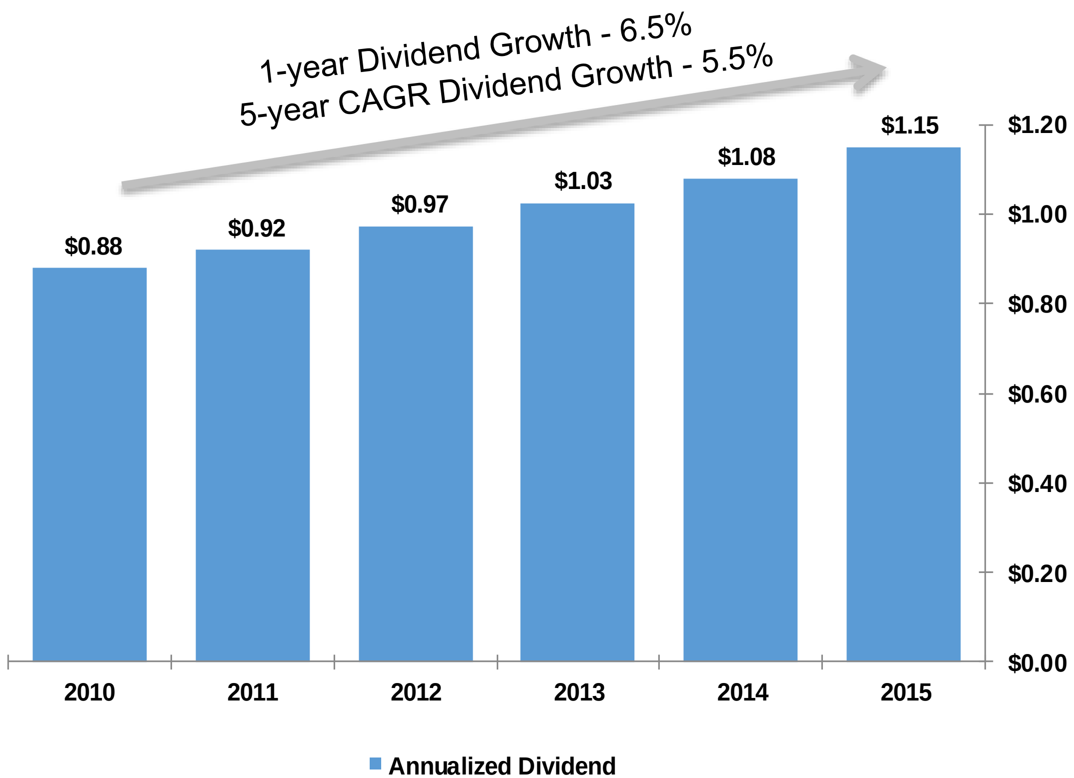
Peer ROE vs. Capital Expenditures



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

Continuous Dividend Growth

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

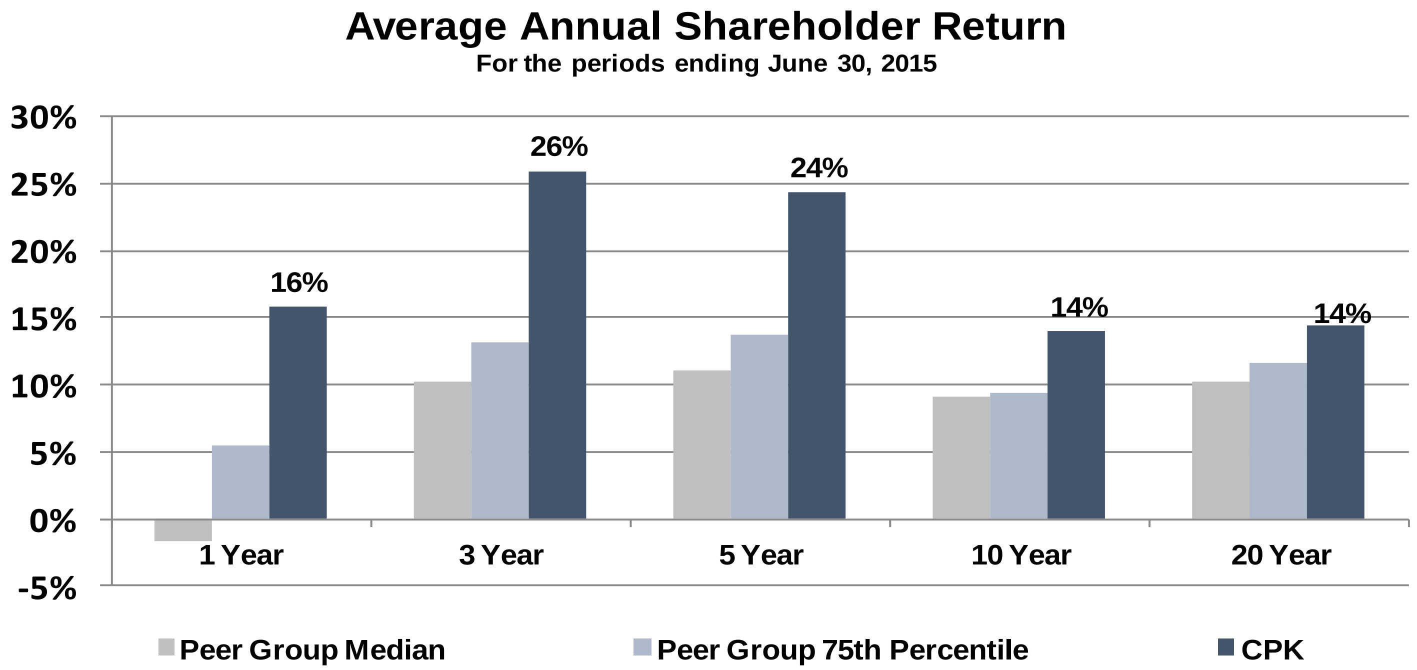


Results

- Our Board of Directors increased the annualized dividend by $0.07 or 6.5% on May 6, 2015.
- We have delivered 5.5% five-year compound annual dividend growth while continuing to invest in the business to generate future earnings and dividend growth.

Superior Shareholder Return

Investors in Chesapeake achieved compound average annual returns in excess of 14% over all periods shown.



Financial Metric Summary

We achieved top quartile performance in 18 out of 20 categories.

Performance Metrics *For periods ending 3/31/15 unless otherwise noted*	Chesapeake Results 1 Year	Chesapeake Results 3 Year	Chesapeake Results 5 Year	Chesapeake Percentile Ranking 1 Year	Chesapeake Percentile Ranking 3 Year	Chesapeake Percentile Ranking 5 Year
Capital Expenditures / Total Capitalization	19.9%	21.3%	18.7%	78.5%	87.2%	78.0%
Earnings Per Share Growth (CAGR)	10.3%	16.6%	11.6%	72.2%	69.0%	100.0%
Return on Equity	13.1%	13.0%	12.2%	86.0%	93.6%	86.0%
Dividends Per Share Growth (CAGR) for the periods ending 6/30/15	6.3%	5.7%	5.5%	84.8%	86.9%	86.6%
Earnings Retention Ratio	60.2%	58.8%	55.6%	100.0%	100.0%	100.0%
Shareholder Return (CAGR) for the periods ending 6/30/15	15.8%	25.9%	24.3%	91.5%	100.0%	100.0%

□ ***denotes percentiles in top quartile performance for the corresponding metric***

Source: Bloomberg

Chesapeake's Shareholder Return (CAGR) for 10 and 20 years was 14.0% and 14.4%, respectively; ranking as top performance among the peer group.

Sustainable Growth

Financial Results

- Achieving strong growth in earnings and ROE
- Disciplined capital allocation process and unwavering financial discipline
- Delivering superior shareholder value

Drive to Grow

- Identifying and cultivating opportunities
- Transforming these opportunities into future profitable earnings growth
- Some examples – capturing new organic growth, new service expansions and new business opportunities

Engaged, Dedicated Employees

- Safety minded and focused
- Reliability of our systems
- Serving our customers and communities with determination, creativity and drive

THANK YOU!

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