

Investor Presentation

March 2020

Forward-Looking Statements and Use of Non-GAAP Measures

Certain statements contained in this presentation may qualify as “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact should be considered forward-looking statements made in good faith and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Words such as “anticipate”, “believe”, “expect”, “estimate”, “forecast”, “goal”, “intend”, “objective”, “plan”, “project”, “seek”, “strategy”, “target”, “will” and similar expressions are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements.

These risks and uncertainties include, but are not limited to, the following: general economic conditions on an international, national, state and local level; weather conditions in our marketing areas; changes in commodity costs; changes in the availability of natural gas; “non-routine” or “extraordinary” disruptions in our distribution system; regulatory, legislative and court decisions; competition; the availability and cost of capital; costs and effects of legal proceedings and environmental liabilities; the failure of customers or suppliers to fulfill their contractual obligations; and changes in business strategies. These cautionary statements should not be construed by you to be exhaustive. While SJI believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience. Further, SJI undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

This presentation includes certain non-GAAP financial measures, which the Company believes are useful in evaluating its performance. You should not consider the presentation of this additional information in isolation or as a substitute for results prepared in accordance with GAAP. The Company has provided reconciliations of comparable GAAP to non-GAAP measures in tables found later in this presentation.

Investor Contact:

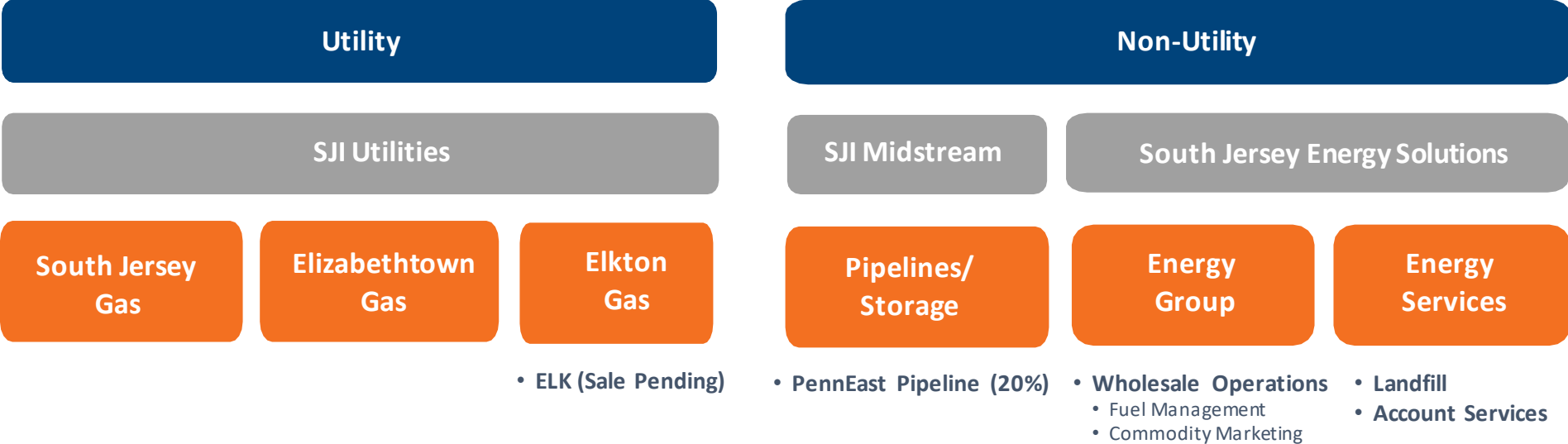
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Overview

Overview | SJI Organizational Structure



Overview | Shareholder Value & Customer Satisfaction

- ❖ Our vision is to drive shareholder value and customer satisfaction through *investment in expanding and modernizing our utility infrastructure* and through regulatory innovation that provides safety, reliability, value and certainty to our customers.
- ❖ Knowing the criticality of reliable, cost effective supply to our region, we also seek *investment in long-term contracted energy infrastructure that will support a more sustainable environment* while making the mid-Atlantic region more affordable for families and competitive for businesses.
- ❖ Finally, we look to leverage our deep industry expertise and relationships, to *provide essential services to utilities, power generators and industrial customers* through our wholesale marketing, fuel management and consulting services.



Overview | Environmental, Social and Corporate Governance (ESG)

*SJI formed an internal ESG Committee to evaluate and monitor our stewardship
ESG Committee reports to the Corporate Responsibility Committee of SJI's Board
of Directors, ensuring the highest level of oversight*

Environmental

- ✓ Collaborate with DEP and our state regulators to support effective environmental, health and safety standards and regulations
- ✓ Design/construct/operate/maintain infrastructure for efficiency to minimize leaks
- ✓ Significant capital investment in ongoing remediation efforts as well as infrastructure replacement
- ✓ 117+ CNG vehicles installed across our fleet reduce the use of diesel and carbon emissions
- ✓ Anticipate over 500 tons of carbon emissions will be reduced at the current pipe replacement rate

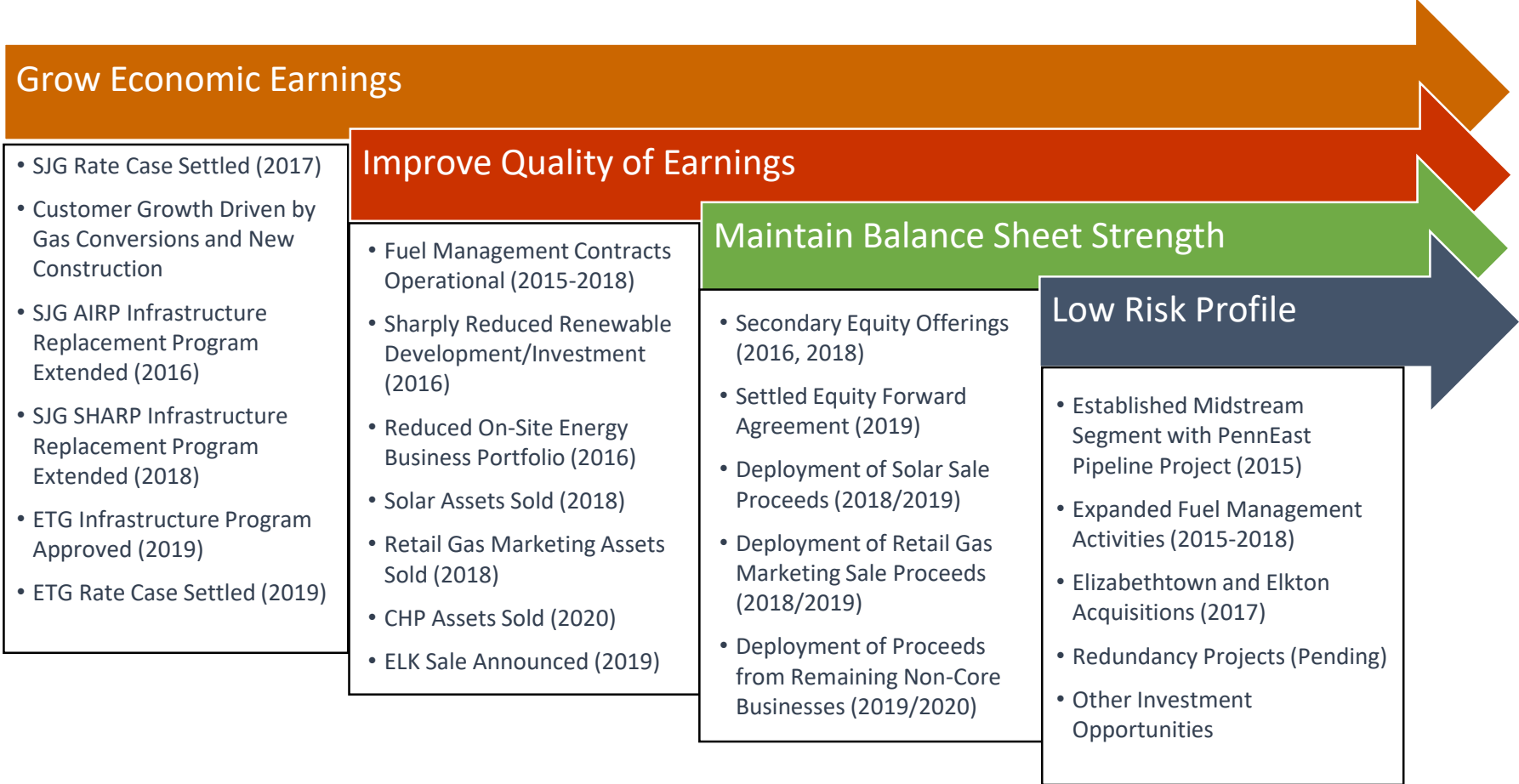
Social

- ✓ Unwavering commitment to safety as the organization's non-negotiable top priority
- ✓ Commitment to supplier diversity
- ✓ 52% workforce diversity across 1,100+ employees
- ✓ 60% of CEO's direct reports are female
- ✓ Significant investment in technology, people and customer communications to drive the Customer Experience
- ✓ Significant monetary and employee volunteer time contributions support community investment and over 30 local non-profit organizations
- ✓ Robust intern program, with 28 interns participating from 14 universities
- ✓ Health and financial wellness programs to support employee engagement

Governance

- ✓ 30% of SJI's board members are female
- ✓ 90% of board members are considered independent
- ✓ 70% of board members have tenure of 10 years or less
- ✓ Mandatory retirement age at 75
- ✓ Annual independent third-party board evaluation and compensation evaluation

Overview | Execution of Business Transformation Strategy



SJI Utilities

SJI Utilities | Overview

Utility

SJI Utilities

South Jersey Gas

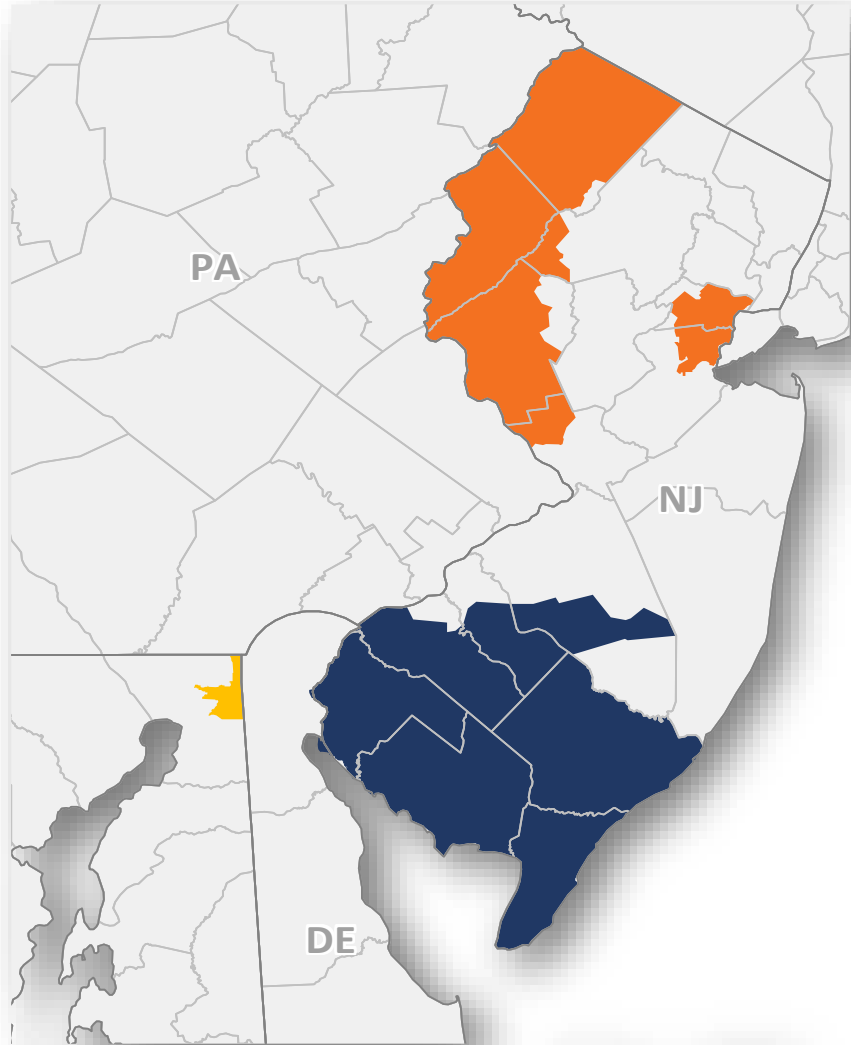
Elizabethtown Gas

Elkton Gas

• ELK (Sale Pending)

Largest Stand-Alone Natural Gas Utility in New Jersey

- Three gas distribution utilities – South Jersey Gas (SJG) and Elizabethtown Gas (ETG) in NJ; and Elkton Gas (ELK) in MD
- ~10,000 miles of distribution and transmission pipeline
- ~700,000 total customers
- ~\$3B combined Rate Base
- Growing customer base
- Mix of new construction and conversions
- Collaborative relationship with NJ regulators
- NJ ranks #4 in the nation in per capita income and #8 for GDP



SJI Utilities | South Jersey Gas

➤ Overview

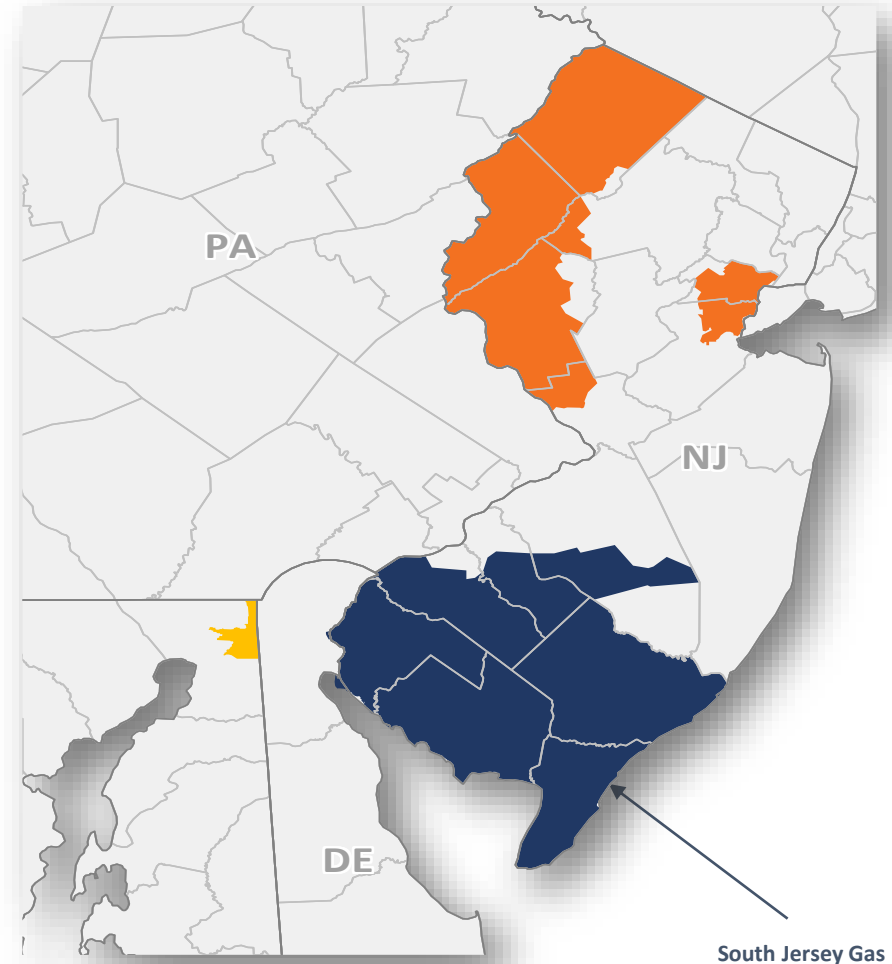
- 397,000+ customers served in southern New Jersey
- Mix of urban, suburban, rural and coastal communities
- Service territory covers more than 2,500 square miles
- ~6,600 miles of distribution pipeline
- ~70% gas saturation in service area
- Regulated by the NJ Board of Public Utilities

➤ Regulatory Construct

- Authorized rate base: \$1.6B
- Authorized ROE: 9.6%
- Authorized Equity Component 52.5%
- Authorized Trackers: Decoupling (CIP), AIRP and SHARP, Energy Efficiency Tracker (EET), Recovery of Environmental Costs (RAC)

➤ Growth Drivers

- Customer growth – new home construction and conversions
- Multi-year infrastructure investment programs (AIRP, SHARP)
- Periodic base rate cases
- Reliability and Redundancy Projects



SJI Utilities | Elizabethtown Gas

➤ Overview

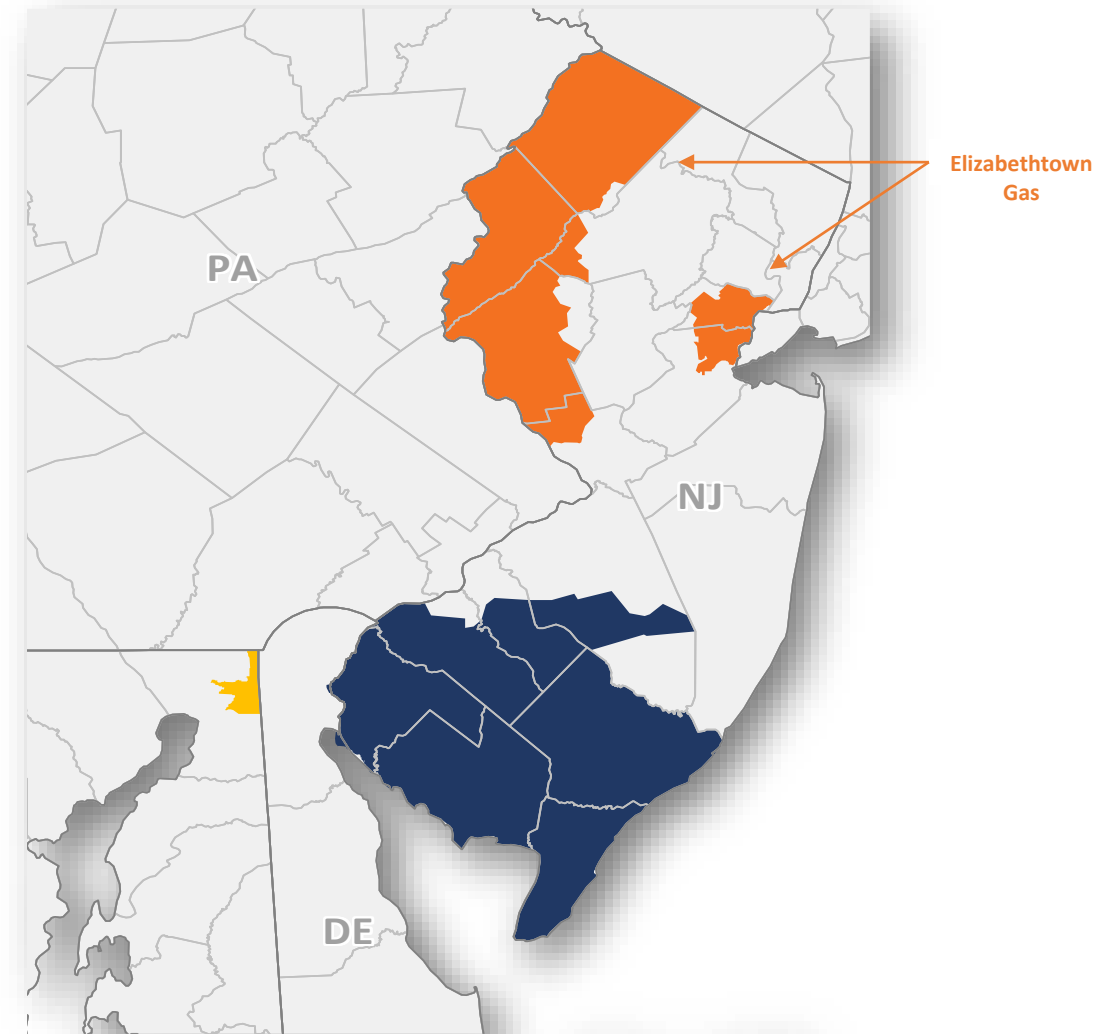
- 297,000+ customers served in northern New Jersey
- Densely populated service area in Union; Sparsely populated in Western service area
- ~3,200 miles of distribution pipeline
- Regulated by the NJ Board of Public Utilities

➤ Regulatory Construct

- Authorized rate base: ~\$1.0B
- Authorized ROE: 9.6%
- Authorized Equity Component: 51.5%
- Authorized Trackers: Weather Normalization, Infrastructure Investment Plan (IIP), Energy Efficiency Program (EEP), RAC
- Last Rate Case: \$34 million revenue increase effective 11/15/19

➤ Growth Drivers

- Customer growth – new home construction and conversions
- Multi-year infrastructure investment program
- Periodic base rate cases
- Reliability and Redundancy Projects
- Tangible growth runway extending well beyond 5-year plan



SJI Utilities | Elkton Gas (Sale Pending)

➤ Overview

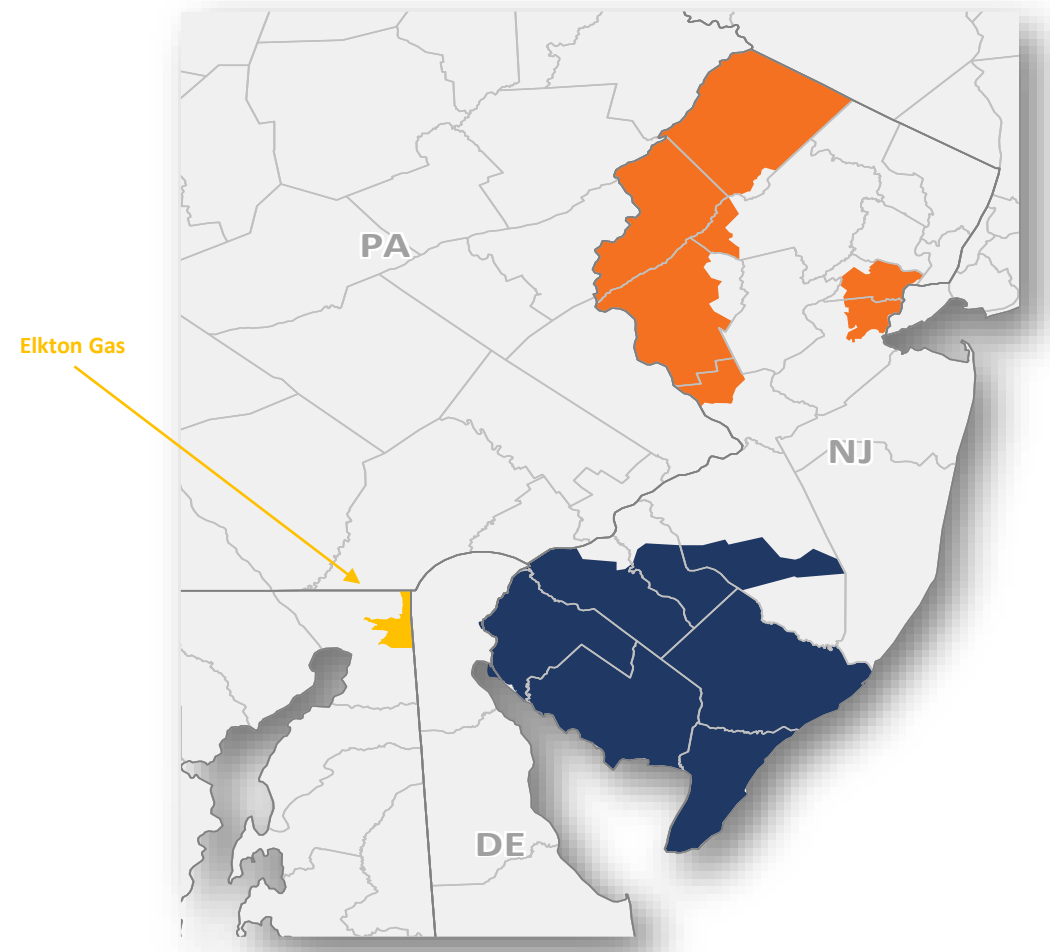
- 6,700+ customers served in northeast Maryland
- Lightly populated 64-mile Elkton service area
- ~100 miles of pipeline main
- Throughput: Residential ~30% / Commercial ~70%
- Regulated by the MD Public Service Commission (MPSC)

➤ Regulatory Construct

- Authorized Rate Base: \$9.2M
- Authorized ROE: 9.8%
- Authorized Equity: 50.0%
- Authorized Trackers: Revenue Normalization Adjustment

➤ Growth Drivers

- Last Rate Case: \$0.09M revenue increase authorized 2/19
- Stay-out for 30 months as per the Acquisition proceeding Final Order
- Beyond stay out, will seek to recover investments associated with Pipeline Remediation Plan



SJI Utilities | Safety is Our Top Priority

➤ Building A Strong Safety Culture

- Tone at the top
- DuPont Engagement – stand-up of comprehensive safety management system
- Enhanced communication and training
- Improving incident metrics – inclusion of leading indicators
- Leverage best of best

➤ Benefits of Strong Safety Culture

- More engaged workforce
- Increased employee retention
- Better recruiting
- Improved customer experience
- Lower claims costs and insurance premiums
- Fewer lost work days



SJI Utilities | Focus on Customer Experience

➤ Top JD Power Customer Satisfaction Scores

- ✓ ETG is #1 in peer group for 5th consecutive year
- ✓ SJG is #3 in same peer group

➤ Cultural Maturity Curves

- SJG Improvement Initiative - People, Processes and Technology
- ETG/ELK's advanced stage journey

➤ Benefits of Strong Customer Culture

- Enhanced customer growth
- Self-service options lower labor costs
- Lower un-collectibles
- More engaged workforce
- Increased employee retention
- Reduced customer attrition
- Builds trust, credibility and brand awareness



Customer Growth

Customer Growth | South Jersey Gas

➤ Long Track Record of Strong Customer Growth

- SJG customer base grew 1.5% annually from 2009-2019
- Above-average growth achieved despite varying local economic conditions
- Conversions from alternate fuels, including heating oil and propane, outpacing new construction adds for a decade
- 90%+ of new customers are residential, representing ~65% of utility gross margin

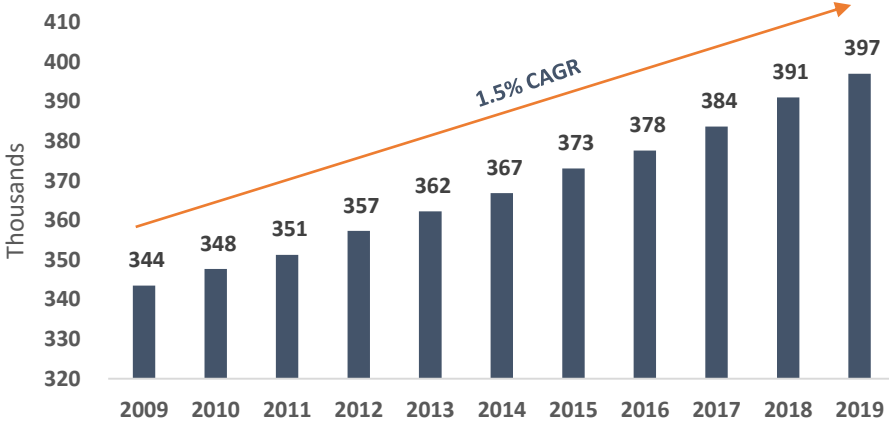
➤ Conversion Opportunity

- Residential Conversions (single family homes)
 - On Main – ~25,000
 - Off Main – ~35,000
- Commercial Conversions
 - On Main – ~5,000
 - Off Main – ~1,700

➤ Future Growth

- **Expected 1.6% annualized growth 2018-2022**
- Innovation, partnerships and strategies position us well for future growth
- Continuation of successful “off main” approach
- More robust partnerships with the HVAC contractor network

South Jersey Gas (SJG)
Customer Growth



Customer Growth | Elizabethtown Gas

➤ Track Record of Positive Customer Growth

- ETG customer base grew 0.9% annually from 2009-2019, generally in line with the peer average
- Balanced mix of new construction and conversions from alternate fuels, including heating oil and propane

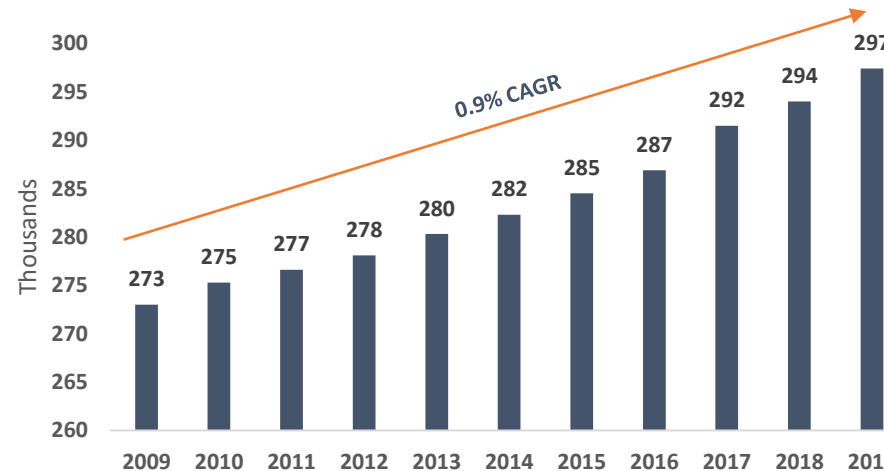
➤ Conversion/Additional Load Opportunity

- Residential Conversions (single family homes)
 - Primary Target: ~35,000 customers have gas service, but not currently using for heating
 - On Main:
 - Residential ~26,900
 - Commercial ~8,500

➤ Future Growth

- **Expected 1.4% annualized growth 2018-2022**
- Opportunity to significantly increase 5-year customer growth rate closer to SJG rate (~1.6%) driven by enhanced focus on conversion opportunities
- Identifying and pursuing opportunities to introduce natural gas for new/different applications

Elizabethtown Gas (ETG) Customer Growth



Regulatory Initiatives

Regulatory Initiatives | Infrastructure Modernization

➤ **SJG: Accelerated Infrastructure Replacement Program (AIRP; 2013-Present)**

- Authorized program by NJBPU designed to continue efforts to enhance the safety and reliability of SJG's infrastructure system
- AIRP I: \$141M from 2013-2016 replaced ~360 miles of bare steel and cast-iron mains
- AIRP II: Approved in 2016, \$302.5M from 2016-2021 to replace remaining cast iron and bare steel
- Timely recovery of investment on an annual basis through a separate rider recovery mechanism, with new rates effective on October 1
- **Current Status: On track to complete replacement of all remaining bare steel and cast iron main by 2021**

➤ **SJG: Storm Hardening and Reliability Program (SHARP; 2014-Present)**

- Following major storms, authorized program by NJBPU to replace low pressure mains in coastal regions
- SHARP I: \$103.5M from 2014-2017 replaced 92 miles of coastal infrastructure
- SHARP II: Approved in 2018, \$100M from 2018-2021 focused on 4 targeted system enhancement projects within the barrier islands
- Timely recovery of investment on an annual basis through a separate rider recovery mechanism, with new rates effective on October 1
- **Current Status: On track to complete project queue by 2021**

➤ **ETG: Infrastructure Investment Program (IIP; 2019-2024)**

- Consistent with acquisition approval, SJI was required to develop a plan to address remaining aging infrastructure at ETG
- ETG system has more than 425 miles of aging cast iron and bare steel pipeline
- In June 2019, NJBPU authorized \$300M, five-year infrastructure replacement program effective July 1, 2019 through June 30, 2024
- Authorized IIP program includes replacement of up to 250 miles of cast iron and bare steel mains and related services in ETG system, as well as installation of excess flow valves on new service lines
- Timely recovery of investment on annual basis through separate rider recovery mechanism, with new rates effective on October 1
- **Current Status: On track to complete replacement of 250 miles of cast iron and bare steel main by 2024**

Regulatory Initiatives | Calendar 2019/2020

Company	Filing Type	Objective	Filing/Submitted Date	Expected Outcome Date
Elizabethtown Gas	Infrastructure Replacement	Safety and Modernization	Filed October 2018	June 2019 Order/ Effective July 1, 2019
South Jersey Gas	Annual Recovery of Infrastructure Programs	Safety and Modernization	Filed Q2 2019	Effective October 1, 2019
Elizabethtown Gas	Base Rate Case	System Reliability and Growth	Filed April 2019	Effective November 15, 2019
South Jersey Gas	Engineering/Route Approval For LNG Redundancy Project	Supply Redundancy	Filed December 2019	Q2 2020
South Jersey Gas	Base Rate Case *	System Reliability and Growth	Early 2020	Q4 2020
South Jersey Gas / Elizabethtown Gas	Annual Recovery of Infrastructure Programs	Safety and Modernization	Q2 2020	Q4 2020
South Jersey Gas	Extension of Infrastructure Replacement Program	Safety and Modernization	Q4 2020	Q2 2021

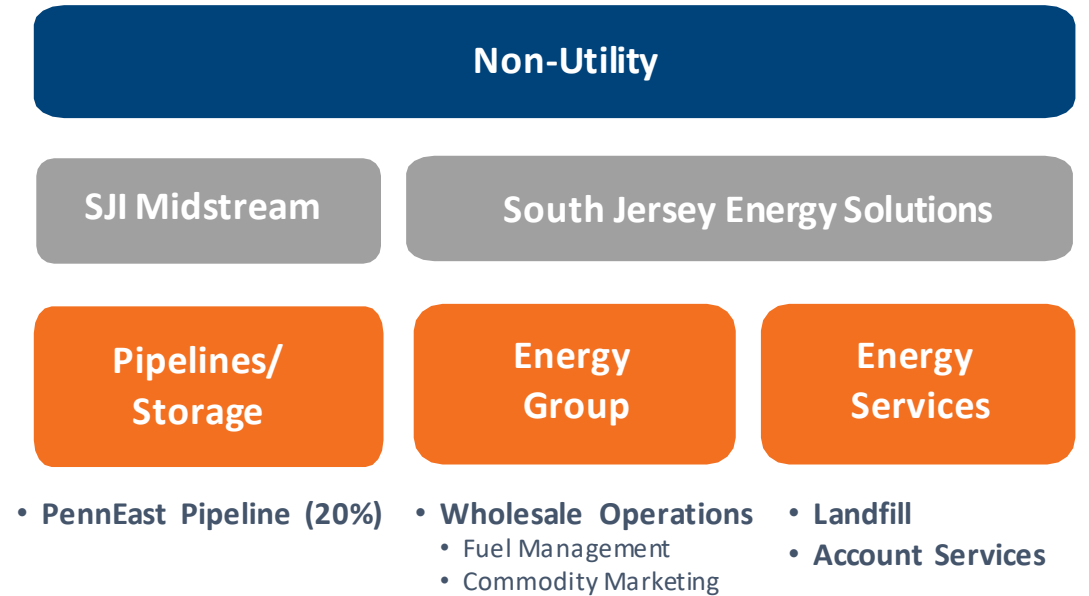
*** Base Rate Case**

- Pursuant to the AIRP II Extension Order, SJG is required to file next base rate case no later than November 2020
- Estimated to include more than \$300M in incremental plant additions since the last base rate case approval, excluding AIRP II & SHARP II

Non-Utility Operations

Non-Utility Operations | Overview

- ❖ **Complementary, non-utility businesses that support our utility operations**
- ❖ **Provide positive net income while remaining modest portion of SJI overall earnings**
- ❖ **Energy Group, Energy Services and Midstream**
- ❖ **Key earnings drivers include fuel management/commodity marketing and AFUDC from PennEast Pipeline investment**



Non-Utility Operations | Energy Group and Energy Services

ENERGY GROUP

➤ Fuel Supply Management

- Natural gas supply to new and existing merchant generation facilities on multi-year contracts
- Services offered are firm supply of fuel to the plant along with daily and intra-day swing service
- Portfolio of 9 contracts, with 8 currently operational
- Contract terms range from 4 to >15 years
- Average contract value is \$1.0 to \$1.5 million

➤ Commodity Marketing

- Purchase of natural gas from producers and marketers for sale and delivery to retail aggregators or large consumers such as merchant generators, utilities or other marketers
- Capitalize on growing gas demand, Shale production, changing dynamics of pipeline infrastructure, and weather volatility
- Efforts focused in Northeast and Mid-Atlantic regions
- Seek to maximize value of our leased transportation assets through a combination of “index plus” margin contracts, and the ability to arbitrage (i.e. limited commodity/market risk)

Fuel Supply Management Contracts							
Counterparty	Location	Capacity	Volume	In Service	Start Date	End Date	Current Term
		(MW)	(Dth/Day)				(Yrs)
Starwood	Marcus Hook, PA	750	80,000	✓	2004	2035	17
LS Power	West Deptford, NJ	738	76,700	✓	2014	2029	15
Moxie - Liberty	Bradford Co, PA	825	137,655	✓	2016	2021	5
Moxie - Patriot	Lycoming Co, PA	825	137,655	✓	2016	2020	4
Panda - Stonewall	Leesburg, VA	750	110,000	✓	2017	2021	4
Moxie Freedom	Luzerne Co, PA	1,029	157,000	✓	2018	2028	10
Lordstown	Trumbull County, OH	1,025	160,000	✓	2018	2024	5
Invenergy	Lackawanna, PA	1,480	210,000	✓	2018	2029	10
TYR Energy (Hickory Run)	Lawrence Co, PA	1,000	162,000		2020	2025	5

ENERGY SERVICES

➤ Energy Production Assets

- Following non-core asset sales in 2018-2019, remaining assets include landfill-to-electric assets, legacy solar assets and account services
- 2019 economic earnings of \$0.1 million

Non-Utility | PennEast Pipeline

➤ Project Description

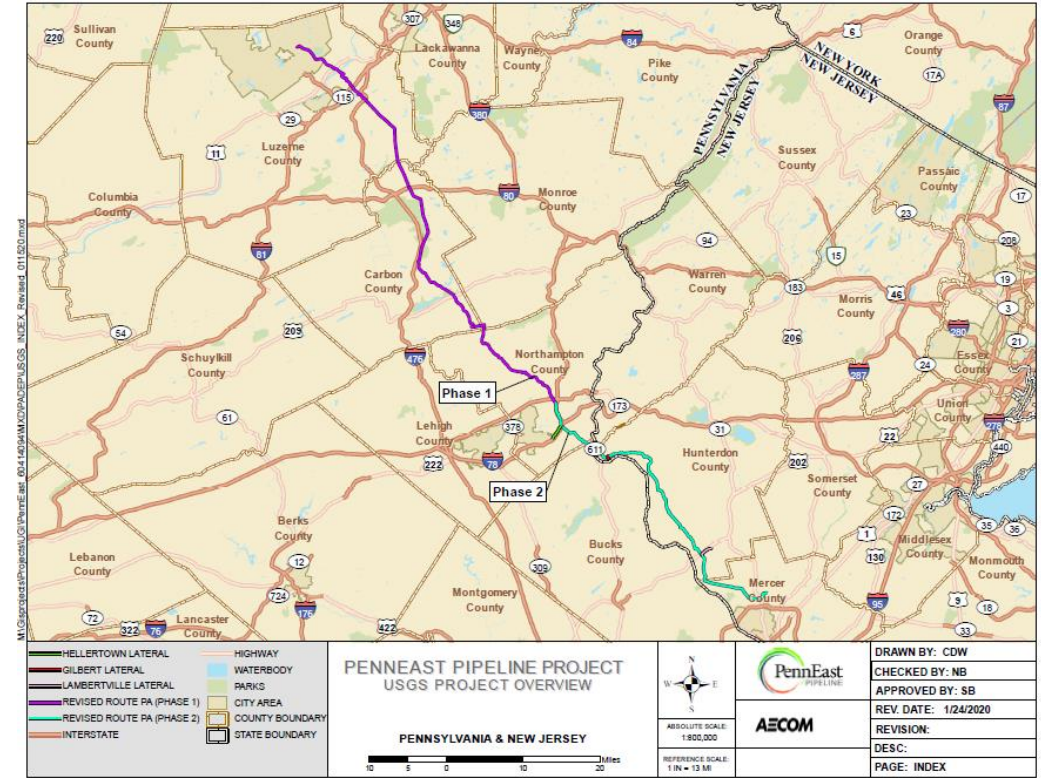
- 20% equity owner in 1.1 Bcf/d, 120-mile interstate pipeline from Marcellus region of Pennsylvania into New Jersey
- Access to low cost supply; benefits customers and local economies
- \$200M+ investment with FERC level returns projected
- 90%+ subscribed; 80%+ capacity under 15-year agreements

➤ Recent Actions

- On January 30, the FERC granted, in part, PennEast’s petition for a Declaratory Order requesting the Commission’s interpretation of the Natural Gas Act, in light of the Third Circuit’s decision that PennEast was barred from bringing an eminent domain lawsuit in federal court against the state of New Jersey or its agencies.
- On January 31, PennEast filed with the FERC a request for an amendment of the certificate to allow the Project to proceed on a phased basis. Phase One would consist of 68-miles of 36-inch pipe, constructed entirely within Pennsylvania and ready to deliver natural gas by November 2021. The Phase Two portion would include the remaining route in Pennsylvania and New Jersey, with a targeted completion of 2023.
- On February 18, PennEast filed a Petition for Certiorari with the US Supreme Court to review the Third Circuit’s decision.

➤ Current Status

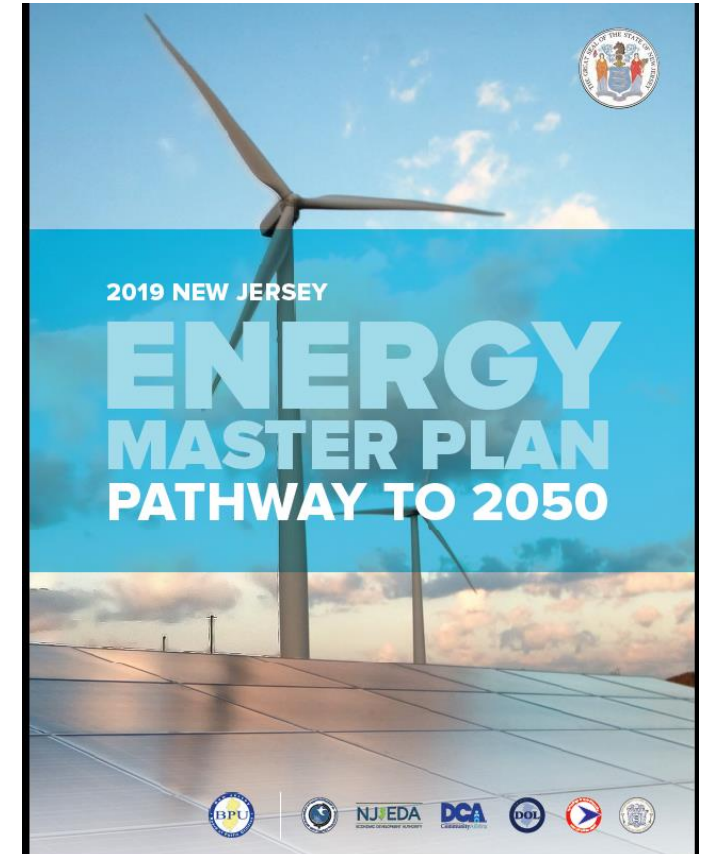
- The PennEast member companies remain fully committed to the project and the affordable, reliable service it will bring to the region, including nine million Garden State residents



New Jersey Energy Master Plan

In January, New Jersey Governor Phil Murphy unveiled the state's updated Energy Master Plan (EMP)

- The EMP is intended to set forth a strategic vision for the production, distribution, consumption, and conservation of energy in the State of New Jersey
- The EMP is updated and revised periodically -- allows for improvements to reflect changes with technology, energy, and environmental developments and demands
- Updated EMP outlines Murphy administration's goal of 100% clean energy by 2050
- Updated EMP varies dramatically from the prior EMP in 2015 which was heavily supportive of natural gas as an abundant, clean and affordable commodity meriting aggressive expansion to homes and businesses in the state



New Jersey Energy Master Plan | New Opportunities for SJI

SJI Supports the Clean Energy Goals of the EMP

PAST ACTIONS AND INVESTMENTS

❖ REDUCING ENERGY CONSUMPTION/EMISSIONS

- ✓ Replacement of aging infrastructure, improving safety and reliability for customers and reducing greenhouse gas emissions (GHG) from fugitive emissions; On track for expected reduction of 500 tons of carbon emissions at current replacement rate
- ✓ Conservation incentive program (CIP) severed the tie between volumes and margins, encouraging reductions in consumption

❖ DEPLOYMENT OF RENEWABLE ENERGY

- ✓ Sizable investments in solar, combined heat-and-power (CHP), and landfill-to-electric generation

❖ MAXIMIZING ENERGY EFFICIENCY

- ✓ Energy Efficiency program (EE) designed to reduce consumption

❖ MODERNIZING VIA TECHNOLOGY

- ✓ Developed enterprise level environmental policy and management system

FUTURE INVESTMENT OPPORTUNITIES

❖ REDUCING ENERGY CONSUMPTION/EMISSIONS

- Acceleration/extension of NJBPU-approved infrastructure modernization programs

❖ DEPLOYMENT OF RENEWABLE ENERGY

- Solar Installations: SJI corporate facilities, landfill properties, community solar and other development projects
- Renewable Natural Gas (RNG): Investment opportunities including repurposing existing landfills

❖ MAXIMIZING ENERGY EFFICIENCY

- Expansion of existing NJBPU-approved energy efficiency programs to reduce consumption

❖ MODERNIZING VIA TECHNOLOGY

- Smart Meter pilot program for 700,000 utility customers to reduce consumption



2019 Financial Results

2019 Financial Results | Highlights

FINANCIAL PERFORMANCE

- ✓ GAAP earnings of \$0.84 per diluted share compared to \$0.21 per diluted share in 2018
- ✓ Economic Earnings of \$1.12 per diluted share compared to \$1.38 per diluted share in 2018
- ✓ Capital spending of \$500+ million; 96% allocated to growth, safety and reliability for SJG and ETG customers

RATE CASES

- ✓ ETG authorized \$34 million increase in base rates effective November 15, 2019
- ✓ SJG rate case on track for 1Q 2020 filing

CUSTOMER GROWTH

- ✓ 9,500+ new customers added, reflecting 1.4% annualized growth rate; 70%+ converted from heating oil or propane

INFRASTRUCTURE MODERNIZATION

- ✓ SJG infrastructure modernization programs executed on schedule, with rate true-ups on October 1
- ✓ ETG authorized \$300 million, five-year infrastructure modernization program, with rate true-ups on October 1

SUPPLY/SYSTEM REDUNDANCY

- ✓ Submitted engineering/route filing to NJBPU to advance critical non-pipeline supply solution for SJG
- ✓ Accelerated review of critical supply/system reliability solutions for ETG and SJG customers

BALANCE SHEET

- ✓ \$300+ million deployed toward debt repayment, using proceeds from equity forward, and solar and retail marketing asset sales
- ✓ Refinanced debt via \$200 million issuance of junior subordinated notes with 60-year duration, with 50% equity credit from S&P

2019 Financial Results | Highlights

GOVERNANCE

- ✓ Formation of ESG Committee that reports directly to Corporate Responsibility Committee of Board
- ✓ Extensive shareholder engagement in support of optimal alignment of benefits and TSR
- ✓ Annual independent third-party board evaluation and compensation evaluation

ENVIRONMENT

- ✓ Developed enterprise level environmental policy and management system
- ✓ Replacement of 238 miles of cast iron, bare steel and other aging distribution pipe; 39% reduction in fugitive emissions since 2011
- ✓ On track for expected reduction of 500 tons of carbon emissions at the current pipe replacement rate

SOCIAL

- ✓ Unwavering commitment to safety as non-negotiable top priority
- ✓ 43% female workforce; 39% female leadership; and 50% female Senior Officers
- ✓ JD Power customer satisfaction scores – ETG #1 in peer group for 5th consecutive year; SJG #3 in same peer group
- ✓ Monetary and employee volunteer support to more than 30 local non-profit organizations

INTEGRATION

- ✓ Advanced integration of ETG, embedding best practices for people, processes and technology
- ✓ On track for wind down of transition-services agreement (TSA) with Southern in early 2020

ASSET SALES

- ✓ Announced sale of Marina Thermal Facility and Elkton Gas, with \$100+ million total proceeds targeted for debt repayment

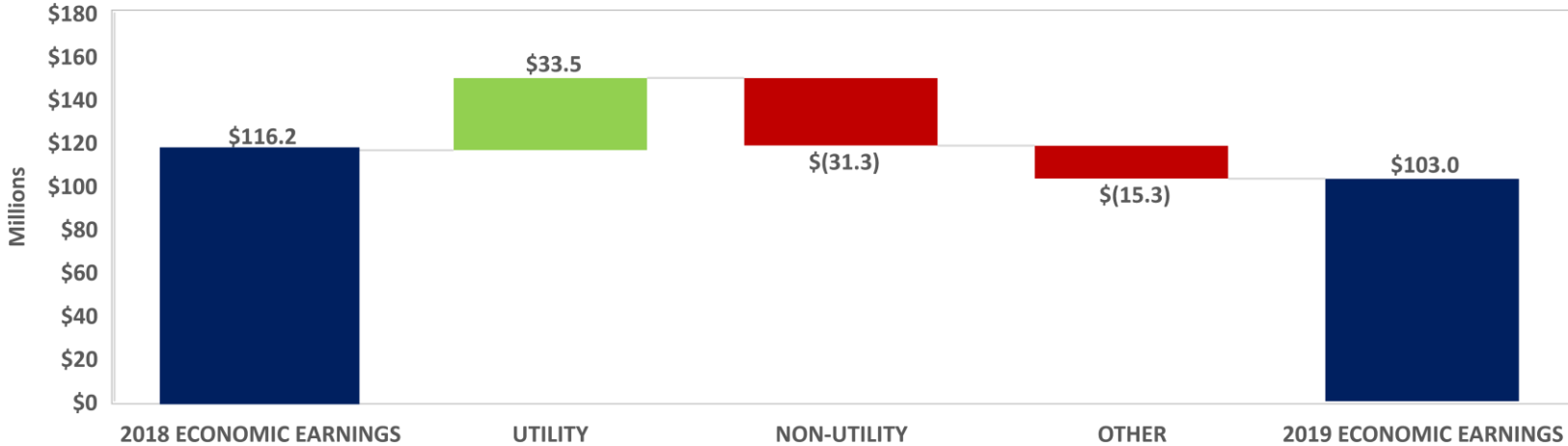
DIVIDENDS

- ✓ 2.6% increase in indicated annual dividend to \$1.18 per diluted share; 21 consecutive years of rising dividends

2019 Financial Results | Consolidated Fiscal 2019

	Twelve months ended December 31, 2019				Twelve months ended December 31, 2018			
	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS
Utility	\$122.2	\$1.33	\$122.2	\$1.33	\$77.7	\$0.92	\$88.8	\$1.05
Non-Utility	(\$3.2)	(\$0.03)	\$13.8	\$0.15	(\$12.4)	(\$0.15)	\$45.0	\$0.53
Other	(\$41.8)	(\$0.45)	(\$33.0)	(\$0.36)	(\$47.4)	(\$0.56)	(\$17.7)	(\$0.21)
Total - Continuing Operations	\$77.2	\$0.84	\$103.0	\$1.12	\$17.9	\$0.21	\$116.2	\$1.38
Average Diluted Shares		92.3		92.3		84.5		84.5

2019 Financial Results | Economic Earnings Bridge - 2018 to 2019

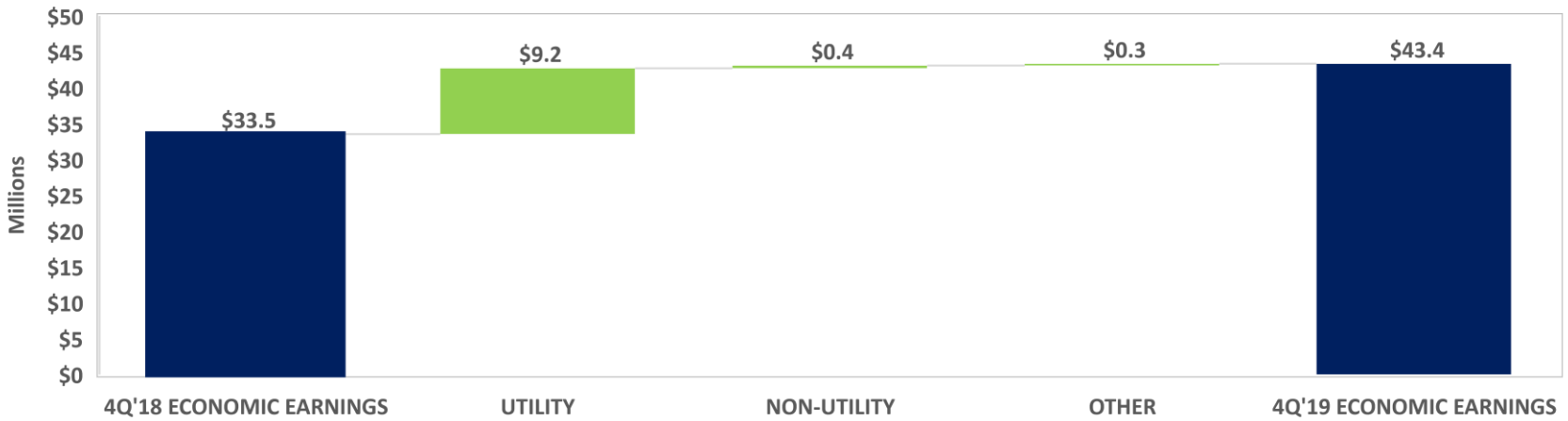


- UTILITY:** Variance reflects ETG/ELK contribution of \$29.1 million driven by full year of ownership and ETG incremental rate relief effective 11/15/19; and SJG contribution of \$4.4 million primarily reflecting customer growth and infrastructure modernization investment; partially offset by operation and interest costs
- NON-UTILITY:** Variance reflects Energy Group contribution of \$(33.1) million driven by tighter wholesale marketing spreads and milder weather which limited asset optimization opportunities and legacy contract headwinds; partially offset by contributions from Midstream of \$1.1 million reflecting AFUDC for PennEast Pipeline project and Energy Services contribution of \$0.7 million driven by legacy energy production activities
- OTHER:** Variance reflects acquisition-related financing costs net of debt repayments from asset sales

2019 Financial Results | Consolidated 4Q 2019

	Three months ended December 31, 2019				Three months ended December 31, 2018			
	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS
Utility	\$45.8	\$0.49	\$45.8	\$0.49	\$36.6	\$0.42	\$36.6	\$0.42
Non-Utility	\$3.5	\$0.04	\$6.4	\$0.07	\$26.8	\$0.31	\$6.0	\$0.07
Other	(\$9.9)	(\$0.11)	(\$8.7)	(\$0.09)	(\$17.3)	(\$0.20)	(\$9.1)	(\$0.11)
Total - Continuing Operations	\$39.5	\$0.43	\$43.4	\$0.47	\$46.1	\$0.53	\$33.5	\$0.39
Average Diluted Shares		92.5		92.5		86.4		86.4

2019 Financial Results | Economic Earnings Bridge - Q4'18 to Q4'19



- **UTILITY:** Variance reflects SJG contribution of \$4.7 million and ETG contribution of \$4.5 million driven by customer growth, infrastructure modernization investment and ETG incremental rate relief effective 11/15/19; partially offset by operation and interest costs
- **NON-UTILITY:** Variance reflects contributions of \$0.4 million from Energy Group driven by fuel supply management activities
- **OTHER:** Variance reflects acquisition-related financing costs net of debt repayments from asset sales

2019 Financial Results | Segment Information

Fourth Quarter Ended December 31

GAAP Earnings	Millions			Per Diluted Share		
	2019	2018	+/-	2019	2018	+/-
UTILITY	\$45.8	\$36.6	\$9.2	\$0.49	\$0.42	\$0.07
SOUTH JERSEY GAS (SJG)	\$28.3	\$23.6	\$4.7	\$0.31	\$0.27	\$0.04
ELIZABETHTOWN GAS (ETG)	\$17.2	\$12.8	\$4.4	\$0.19	\$0.15	\$0.04
ELKTON GAS (ELK)	\$0.3	\$0.2	\$0.1	\$0.00	\$0.00	\$0.00
NON-UTILITY	\$3.5	\$26.8	(\$23.3)	\$0.04	\$0.31	(\$0.27)
MIDSTREAM	\$1.0	\$1.1	(\$0.1)	\$0.01	\$0.01	(\$0.00)
ENERGY GROUP	\$9.9	\$21.4	(\$11.5)	\$0.11	\$0.25	(\$0.14)
ENERGY SERVICES	(\$7.4)	\$4.3	(\$11.7)	(\$0.08)	\$0.05	(\$0.13)
OTHER	(\$9.9)	(\$17.3)	\$7.4	(\$0.11)	(\$0.20)	\$0.09
	\$39.4	\$46.1	(\$6.7)	\$0.43	\$0.53	(\$0.10)

Year-to-Date Period Ended December 31

GAAP Earnings	Millions			Per Diluted Share		
	2019	2018	+/-	2019	2018	+/-
UTILITY	\$122.2	\$77.7	\$44.5	\$1.33	\$0.92	\$0.41
SOUTH JERSEY GAS (SJG)	\$87.4	\$82.9	\$4.4	\$0.95	\$0.98	(\$0.03)
ELIZABETHTOWN GAS (ETG)	\$34.2	(\$5.0)	\$39.2	\$0.37	(\$0.06)	\$0.43
ELKTON GAS (ELK)	\$0.6	(\$0.2)	\$0.8	\$0.01	(\$0.00)	\$0.01
NON-UTILITY	(\$3.2)	(\$12.4)	\$9.2	(\$0.03)	(\$0.14)	\$0.11
MIDSTREAM	\$4.2	\$3.1	\$1.1	\$0.05	\$0.04	\$0.01
ENERGY GROUP	(\$0.7)	\$60.4	(\$61.1)	(\$0.01)	\$0.72	(\$0.73)
ENERGY SERVICES	(\$6.7)	(\$75.9)	\$69.2	(\$0.07)	(\$0.90)	\$0.83
OTHER	(\$41.8)	(\$47.4)	\$5.6	(\$0.45)	(\$0.56)	\$0.11
	\$77.2	\$17.9	\$59.3	\$0.84	\$0.21	\$0.63

Fourth Quarter Ended December 31

Economic Earnings	Millions			Per Diluted Share		
	2019	2018	+/-	2019	2018	+/-
UTILITY	\$45.8	\$36.6	\$9.2	\$0.49	\$0.42	\$0.07
SOUTH JERSEY GAS (SJG)	\$28.3	\$23.6	\$4.7	\$0.31	(\$0.11)	\$0.42
ELIZABETHTOWN GAS (ETG)	\$17.2	\$12.8	\$4.4	\$0.19	\$0.15	\$0.04
ELKTON GAS (ELK)	\$0.3	\$0.2	\$0.1	\$0.00	\$0.00	\$0.00
NON-UTILITY	\$6.4	\$6.0	\$0.4	\$0.07	\$0.07	(\$0.00)
MIDSTREAM	\$1.0	\$1.1	(\$0.1)	\$0.01	\$0.01	(\$0.00)
ENERGY GROUP	\$5.0	\$4.5	\$0.5	\$0.05	\$0.05	\$0.00
Fuel Supply Management	\$3.2	\$2.3	\$0.9	\$0.04	\$0.03	\$0.01
Wholesale Marketing	\$1.3	\$2.1	(\$0.8)	\$0.01	\$0.02	(\$0.01)
Retail Marketing	\$0.2	\$0.1	\$0.1	\$0.00	\$0.00	\$0.00
Other	\$0.2	\$0.0	\$0.2	\$0.00	\$0.00	\$0.00
ENERGY SERVICES	\$0.4	\$0.4	\$0.0	\$0.00	\$0.00	(\$0.00)
CHP	\$0.8	(\$1.9)	\$2.7	\$0.01	(\$0.02)	\$0.03
Solar	(\$0.2)	\$3.0	(\$3.2)	(\$0.00)	\$0.03	(\$0.04)
Landfill	(\$1.1)	(\$1.2)	\$0.1	(\$0.01)	(\$0.01)	\$0.00
Account Services	\$0.8	\$0.5	\$0.3	\$0.01	\$0.01	\$0.00
OTHER	(\$8.7)	(\$9.1)	\$0.4	(\$0.09)	(\$0.11)	\$0.02
	\$43.4	\$33.5	\$9.9	\$0.47	\$0.39	\$0.08

Year-to-Date Period Ended December 31

Economic Earnings	Millions			Per Diluted Share		
	2019	2018	+/-	2019	2018	+/-
UTILITY	\$122.2	\$88.8	\$33.4	\$1.33	\$1.05	\$0.28
SOUTH JERSEY GAS (SJG)	\$87.4	\$82.9	\$4.5	\$0.95	\$0.98	(\$0.03)
ELIZABETHTOWN GAS (ETG)	\$34.2	\$5.8	\$28.4	\$0.37	\$0.07	\$0.30
ELKTON GAS (ELK)	\$0.6	\$0.1	\$0.5	\$0.01	\$0.00	\$0.01
NON-UTILITY	\$13.8	\$45.0	(\$31.3)	\$0.15	\$0.53	(\$0.38)
MIDSTREAM	\$4.2	\$3.1	\$1.1	\$0.05	\$0.04	\$0.01
ENERGY GROUP	\$9.5	\$42.6	(\$33.1)	\$0.10	\$0.50	(\$0.40)
Fuel Supply Management	\$10.9	\$8.6	\$2.3	\$0.12	\$0.10	\$0.02
Wholesale Marketing	(\$2.2)	\$35.0	(\$37.2)	(\$0.02)	\$0.41	(\$0.43)
Retail Marketing	\$0.4	(\$1.2)	\$1.6	\$0.00	(\$0.01)	\$0.01
Other	\$0.3	\$0.2	\$0.1	\$0.00	\$0.00	\$0.00
ENERGY SERVICES	\$0.1	(\$0.6)	\$0.7	\$0.00	(\$0.01)	\$0.01
CHP	\$2.0	(\$2.4)	\$4.4	\$0.02	(\$0.03)	\$0.05
Solar	(\$0.3)	\$3.3	(\$3.6)	(\$0.00)	\$0.04	(\$0.04)
Landfill	(\$4.1)	(\$3.7)	(\$0.4)	(\$0.04)	(\$0.04)	(\$0.00)
Account Services	\$2.5	\$2.1	\$0.4	\$0.03	\$0.03	\$0.00
OTHER	(\$33.0)	(\$17.7)	(\$15.3)	(\$0.36)	(\$0.21)	(\$0.15)
	\$103.0	\$116.2	(\$13.2)	\$1.12	\$1.38	(\$0.26)

Non-GAAP, see "Explanation and Reconciliation of Non-GAAP Financial Measures."

Note: Earnings are in millions. Amounts and/or EPS may not add due to rounding.

\$504 Million Capital Spending in 2019

78% Invested in Safety & Reliability

UTILITY

- System Growth & Maintenance includes projects to enhance the safety and reliability of SJG and ETG systems
- Infrastructure Modernization includes the replacement of aging pipeline for SJG (AIRP, SHARP) and ETG (IIP), with costs recovered annually on October 1
- New Business includes the addition of new customers to our system; 1.4% annualized growth rate; 70%+ of 9,500+ new customers converted from alternate fuels in 2019
- Redundancy Projects include investments in support of critical supply and system reliability for SJG and ETG customers

NON-UTILITY

- Includes our 20% equity investment in the PennEast Pipeline project; investments to provide essential services to utilities, power generators and industrial customers through wholesale marketing, fuel management, consulting and other services; and legacy energy production assets

Consolidated (\$millions)	2019A CAPEX	Safety & Reliability	Annual Recovery
UTILITY	\$479		
System Growth & Maintenance	\$247	X	
Infrastructure Modernization	\$141	X	X
New Business	\$91		
Redundancy Projects	\$0	X	
NON-UTILITY	\$25		
Midstream	\$5	X	
Energy Group	\$0		
Energy Services	\$2		
Other	\$18		
Total Capital Expenditures	\$504	78%	28%

2019 Financial Results | Financing Recap

\$464 Million Net Financing in 2019

Balance Sheet Strengthening Remained Core Focus

NON-CORE ASSET SALES

- \$189 million settlement of equity forward, deployed for debt repayment
- \$300+ million sale of solar and retail gas marketing, deployed for debt repayment

REFINANCING

- \$194+ million from issuance of 60-yr junior subordinated notes for debt refinancing; S&P assigned equity credit of 50% due to long duration/deep subordination of notes

CAPITALIZATION

- GAAP Equity-to-total capitalization (12/31/19): 29.6%
- GAAP Equity-to-total capitalization (12/31/18): 28.9%
- Conversion of mandatory convertible equity units due 2021 (\$287.5 million)
- Non-GAAP Equity-to-total capitalization (12/31/19): 37.5%
- Non-GAAP Equity-to-total capitalization (12/31/18): 35.3%

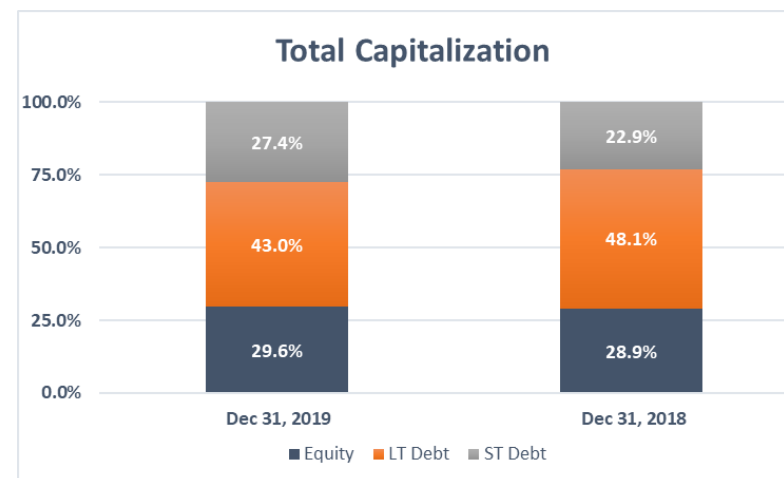
LIQUIDITY

- Total facilities (12/31/19): \$1.06B; \$860.0M drawn/\$200.0M available

(\$millions)	2019A
Cash Flow From Operations	\$121
Cash Flow From Investing, Net of Asset Sales	(\$478)
Dividends	(\$107)
Free Cash Flow	(\$464)

Financing Activities

Common Equity	\$189
Debt Proceeds, Net	\$271
Other	\$4
Total Financing Activities	\$464



*Note: ST Debt includes current maturities of LT Debt

2020 Financial Outlook

2020 Financial Outlook | Priorities

FINANCIAL PERFORMANCE

- Economic Earnings guidance range \$1.50 to \$1.60 per diluted share, with ~75% from utility operations
- Capital spending \$600+ million, with \$500+ million allocated to growth, safety and reliability and \$100+ million targeted for solar investment in support of updated New Jersey Energy Master Plan (EMP) goals
- Increase in indicated annual dividend ~3%, subject to Board approval, continuing trend toward 55-65% payout ratio target

GENERAL RATE CASES

- Execute SJG rate case consistent with historic precedent

CUSTOMER GROWTH

- 10,000+ new customers, reflecting 1.5% annualized growth rate; 70%+ conversions from oil and propane

INFRASTRUCTURE MODERNIZATION

- Execute infrastructure modernization programs for SJG and ETG on schedule, with rate true-ups on October 1
- File for extension of SJG accelerated replacement program

SUPPLY/SYSTEM REDUNDANCY

- Advance critical non-pipeline supply solution for SJG
- Complete review of critical reliability solutions for ETG

BALANCE SHEET

- Strengthening driven by \$100+ million debt repayment from pending sale of Marina Thermal Facility and Elkton Gas
- Equity issuance in support of utility redundancy project

Economic Earnings Guidance Primarily Reflects:

Utility operations ~75% of earnings, excluding acquisition-related interest costs

- ~\$500 million capital spending on growth, safety and reliability for SJG/ETG customers
- 10,000+ new gas utility customers, reflecting 1.5% customer growth, driven by accelerated pace at ETG
- Lower operating costs, driven by business transformation activities
- Infrastructure modernization at SJG/ETG under existing programs
- Execution of regulatory initiatives, including recovery of utility investment

Non-Utility operations ~25% of earnings, excluding acquisition-related interest costs

- Energy Services: \$100+ million on renewable solar installations in support of EMP, and landfill exit
- Energy Group: Fuel management contracts, reshaped wholesale portfolio and contract expiration
- Midstream: AFUDC associated with PennEast Pipeline project

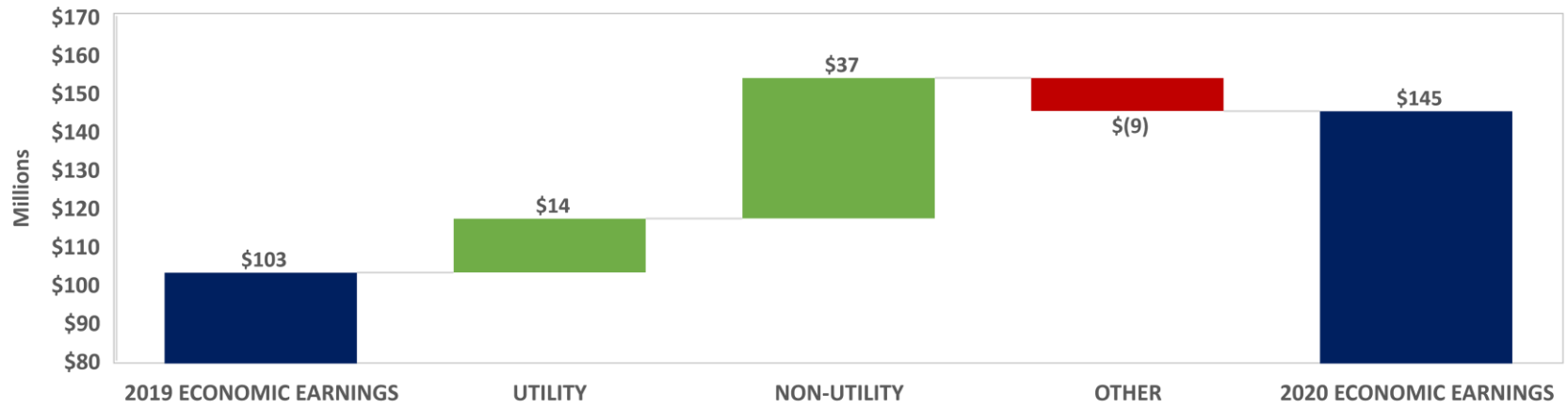
Balance sheet strengthening, driven by pending asset sales and refinancing activities

Equity issuance in support of utility redundancy project

Consolidated (\$millions, except EPS)	2019A Economic Earnings	2020E Economic Earnings
UTILITY	\$122	\$130 - \$140
NON-UTILITY	\$14	\$45 - \$55
OTHER	(\$33)	(\$35) - (\$45)
Total	\$103	\$140 - \$150
Average Diluted Shares	92.3	93.3 - 93.7
Diluted EPS *	\$1.12	\$1.50 - \$1.60
Capital Expenditures	\$504	\$625 - \$655

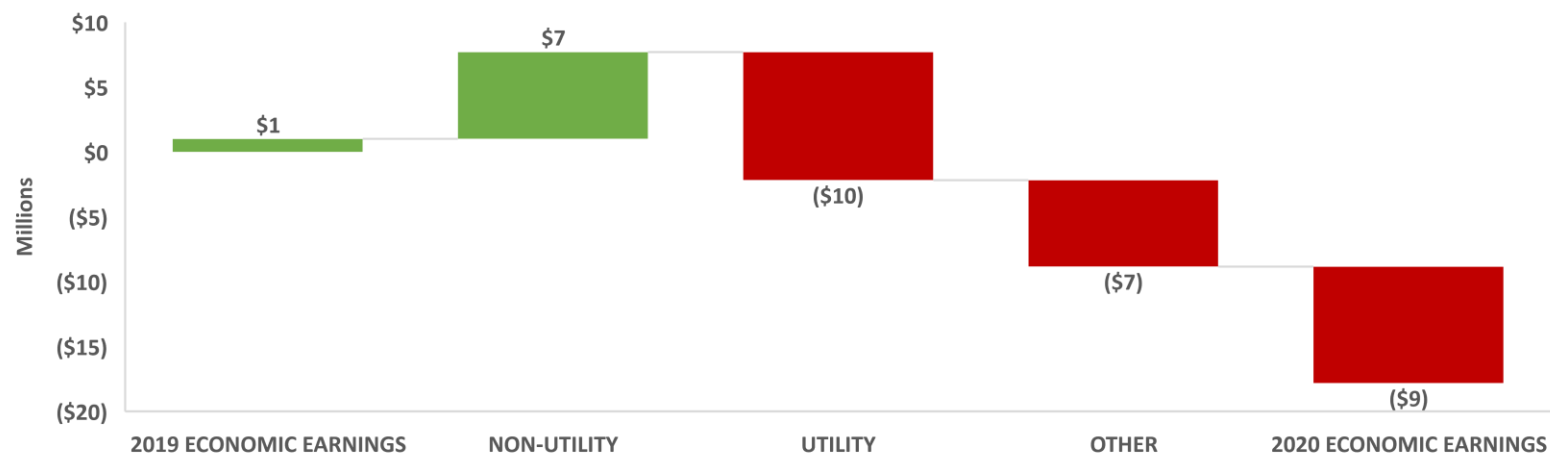
* Changes in events or other circumstances that the Company cannot currently anticipate could materially impact earnings and could result in earnings for 2020 significantly above or below this outlook

2020 Financial Outlook | Economic Earnings Bridge - 2019 to 2020 Midpoints



- UTILITY:** Midpoint variance reflects ETG rate relief; 10,000+ new customers; infrastructure investment under modernization programs; benefits from business transformation activities and execution of SJG regulatory initiatives (rate case & redundancy project)
- NON-UTILITY:** Midpoint variance reflects Energy Group contribution of \$10-15 million driven by fuel management, reshaped wholesale portfolio and expiration of legacy contracts; Energy Services contribution of \$20-\$25 million driven by solar investment in support of NJ Energy Master Plan (EMP) and legacy energy production activities; and Midstream contribution of \$1.0 million driven by AFUDC for PennEast Pipeline project
- OTHER:** Midpoint variance reflects acquisition-related financing costs, net of debt repayments from asset sales

2020 Financial Outlook | Updated Guidance Vs. Prior Guidance



- **NON-UTILITY:** Midpoint variance reflects Energy Services contribution of \$18 million primarily from solar investment in support of NJ Energy Master Plan (EMP) net of Marina Thermal Facility (MTF) sale; partially offset by Midstream contribution of (\$11) million reflecting adjusted timing for PennEast Pipeline project
- **UTILITY:** Midpoint variance reflects pending sale of Elkton Gas (ELK) and timing associated with regulatory initiatives including SJG base rate case and SJG supply redundancy project
- **OTHER:** Midpoint variance reflects acquisition-related financing costs net of debt repayments

2020 Financial Outlook | Capital Expenditures

\$625+ Million Anticipated Capital Spending in 2020

67% Targeted for Safety & Reliability

UTILITY

- **System Growth & Maintenance** includes myriad projects to enhance the safety and reliability of SJG and ETG systems; Variance reflects timing of certain projects
- **Infrastructure Modernization** includes the replacement of aging pipeline for SJG (AIRP, SHARP) and ETG (IIP), with costs recovered annually on October 1; Variance reflects NJBPU authorization of ETG's IIP in 2019
- **New Business** includes addition of customers to our system; Variance reflects 10,000+ new customers, 1.5% growth rate, 70%+ converting from alternate fuels
- **Redundancy Projects** include investments in support of critical supply and system reliability for SJG and ETG customers; Variance reflects timing of certain projects

NON-UTILITY

- **Non-Utility** includes investment in Energy Services, Energy Group and Midstream
- Variance largely reflects solar investments focused on SJI Corporate facilities, landfill properties, community solar and other development projects in support of the EMP; and investments in PennEast Pipeline project

Consolidated (\$millions)	2019A CAPEX	2020E CAPEX	Safety & Reliability	Annual Recovery
UTILITY	\$479	\$480 - \$500		
System Growth & Maintenance	\$247	\$210 - \$215	X	
Infrastructure Modernization	\$141	\$165 - \$170	X	X
New Business	\$91	\$85 - \$90		
Redundancy Projects	\$0	\$20 - \$25	X	
NON-UTILITY	\$25	\$145 - \$155		
Midstream	\$5	\$25 - \$30	X	
Energy Group	\$0	\$10 - \$10		
Energy Services	\$2	\$110 - \$115		
Other	\$18	\$0		
Total Capital Spending, Net	\$504	\$625 - \$655	67%	26%

\$20+ Million Anticipated Spending in 2020 on Critical Redundancy Projects

- In response to the NJBPU's call for utilities to evaluate preparedness for supply interruptions, we have evaluated potential redundancy solutions for SJG and ETG
- These projects are important to ensure service is not interrupted to customers in the event of a significant outage, either behind our city gate, or on one of the two interstate pipelines that serve the SJG system
- We have evaluated multiple options including redundant supply feeds and large-scale storage and liquefaction
- In December 2019, SJG submitted an engineering/route filing to the NJBPU for approval to construct needed system upgrades in support of a planned 2.0+ Bcf liquefied natural gas (LNG) facility that would provide 15 days of critical supply for SJG customers
- Anticipated cost \$300+ million; In-service 2023

A resolution from the NJBPU is expected in 2020



\$100+ Million Anticipated Spending in 2020 on EMP-Supportive Projects

*Solar Investment focused on SJI corporate facilities,
landfill properties, community solar and other development projects*

Targeting Additional Utility & Non-Utility Investment Opportunities:

- **REDUCING ENERGY CONSUMPTION/EMISSIONS (UTILITY SOLUTION)**
 - Acceleration/extension of NJBPU-approved infrastructure modernization programs
- **ACCELERATING DEPLOYMENT OF RENEWABLE ENERGY (UTILITY/NON-UTILITY SOLUTIONS)**
 - Renewable Natural Gas (RNG): Investment opportunities including repurposing existing landfills
 - Solar: SJI corporate facilities, landfill properties, community solar and other development projects
- **MAXIMIZING ENERGY EFFICIENCY (UTILITY SOLUTION)**
 - Expansion of existing NJBPU-approved energy efficiency programs to reduce consumption
- **MODERNIZING VIA TECHNOLOGY (UTILITY SOLUTION)**
 - Smart Meter pilot program for 700,000 utility customers to reduce consumption



2020 Financial Outlook | Financing Plan

\$365+ Million Anticipated Net Financing in 2020

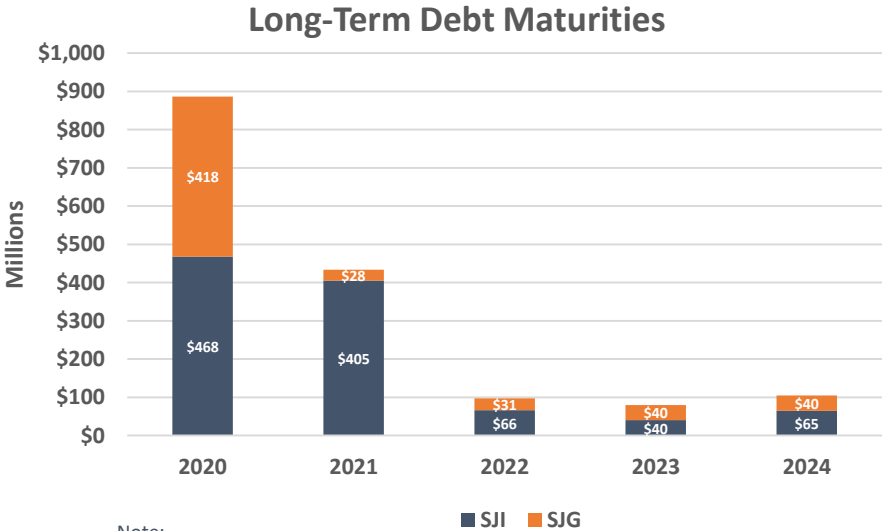
Balance Sheet Strengthening Remains Core Focus

- Committed to a capital structure that supports our regulated-driven capital spending plan while maintaining a balanced equity-to-total capitalization, ample liquidity and a solid investment grade credit rating
- \$100+ million in asset sale proceeds anticipated from sale of MTF and ELK, with majority used for debt prepayment
- \$215+ million net debt financing in support of capital spending plan
- \$150+ million equity issuance anticipated in support of planned LNG redundancy project for SJG

Financing plans are reflected in our earnings and EPS growth estimates and are expected to support current credit metrics

(\$millions)	2019A	2020E
Cash Flow From Operations	\$121	\$255 - \$265
Cash Flow From Investing, Net of Asset Sales	(\$478)	(\$520) - (\$550)
Dividends	(\$107)	(\$110) - (\$112)
Free Cash Flow	(\$464)	(\$365) - (\$407)

Financing Activities		
Common Equity	\$189	\$150 - \$175
Debt Proceeds, Net	\$271	\$215 - \$232
Other	\$4	\$0
Total Financing Activities	\$464	\$365 - \$407



Note:

- SJG - 2020 includes \$400 million term loan maturing April 26, 2020
- SJL - 2021 includes \$289 million Mandatory Convertible Equity Units maturing April 25, 2021



Non-GAAP Financial Measures

Management uses the non-generally accepted accounting principles (non-GAAP) financial measures of Economic Earnings and Economic Earnings per share when evaluating its results of operations. These non-GAAP financial measures should not be considered as an alternative to GAAP measures, such as net income, operating income, earnings per share from continuing operations or any other GAAP measure of liquidity or financial performance.

Economic Earnings is a significant performance metric used by our management to indicate the amount and timing of income from continuing operations that we expect to earn after taking into account the impact of derivative instruments on the related transactions, those transactions or contractual arrangements where the true economic impact will be realized primarily in a future period or was realized in a previous period, and other events that management believes make period to period comparisons of SJI's operations difficult or potentially confusing. Specifically regarding derivatives, we believe that this financial measure indicates to investors the profitability of the entire derivative-related transaction and not just the portion that is subject to mark-to-market valuation under GAAP. We believe that considering only the change in market value on the derivative side of the transaction can produce a false sense as to the ultimate profitability of the total transaction as no change in value is reflected for the non-derivative portion of the transaction.

We define Economic Earnings as: Income from continuing operations, (i) less the change in unrealized gains and plus the change in unrealized losses on all derivative transactions; (ii) less realized gains and plus realized losses on all commodity derivative transactions attributed to expected purchases of gas in storage to match the recognition of these gains and losses with the recognition of the related cost of the gas in storage in the period of withdrawal; (iii) less the impact of transactions or contractual arrangements where the true economic impact will be realized in a future period, along with other events that management believes make period to period comparisons of SJI's operations difficult or potentially confusing.

Please refer to our annual report on form 10-k and other SEC filings where the reconciliations to GAAP earnings can be found.

